



**FLEX LNG**

# **First Quarter 2023 Results Presentation**

May 16, 2023



# FORWARD-LOOKING STATEMENTS

---



MATTERS DISCUSSED IN THIS PRESENTATION MAY CONSTITUTE FORWARD-LOOKING STATEMENTS. THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 PROVIDES SAFE HARBOR PROTECTIONS FOR FORWARD-LOOKING STATEMENTS IN ORDER TO ENCOURAGE COMPANIES TO PROVIDE PROSPECTIVE INFORMATION ABOUT THEIR BUSINESS. FORWARD-LOOKING STATEMENTS INCLUDE STATEMENTS CONCERNING PLANS, OBJECTIVES, GOALS, STRATEGIES, FUTURE EVENTS OR PERFORMANCE, AND UNDERLYING ASSUMPTIONS AND OTHER STATEMENTS, WHICH ARE OTHER THAN STATEMENTS OF HISTORICAL FACTS.

FLEX LNG LTD. ("FLEX LNG" OR "THE COMPANY") DESIRES TO TAKE ADVANTAGE OF THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND IS INCLUDING THIS CAUTIONARY STATEMENT IN CONNECTION WITH THIS SAFE HARBOR LEGISLATION. THE WORDS "BELIEVE," "EXPECT," "FORECAST," "ANTICIPATE," "ESTIMATE," "INTEND," "PLAN," "POSSIBLE," "POTENTIAL," "PENDING," "TARGET," "PROJECT," "LIKELY," "MAY," "WILL," "WOULD," "SHOULD," "COULD" AND SIMILAR EXPRESSIONS IDENTIFY FORWARD-LOOKING STATEMENTS.

THE FORWARD-LOOKING STATEMENTS IN THIS PRESENTATION ARE BASED UPON VARIOUS ASSUMPTIONS, MANY OF WHICH ARE BASED, IN TURN, UPON FURTHER ASSUMPTIONS, INCLUDING WITHOUT LIMITATION, MANAGEMENT'S EXAMINATION OF HISTORICAL OPERATING TRENDS, DATA CONTAINED IN THE COMPANY'S RECORDS AND OTHER DATA AVAILABLE FROM THIRD PARTIES. ALTHOUGH FLEX LNG BELIEVES THAT THESE ASSUMPTIONS WERE REASONABLE WHEN MADE, BECAUSE THESE ASSUMPTIONS ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT AND ARE BEYOND THE COMPANY'S CONTROL, THERE CAN BE NO ASSURANCE THAT THE COMPANY WILL ACHIEVE OR ACCOMPLISH THESE EXPECTATIONS, BELIEFS OR PROJECTIONS. FLEX LNG UNDERTAKES NO OBLIGATION, AND SPECIFICALLY DECLINES ANY OBLIGATION, EXCEPT AS REQUIRED BY LAW, TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

IN ADDITION TO THESE IMPORTANT FACTORS, OTHER IMPORTANT FACTORS THAT, IN THE COMPANY'S VIEW, COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE DISCUSSED IN THE FORWARD-LOOKING STATEMENTS INCLUDE: UNFORESEEN LIABILITIES, FUTURE CAPITAL EXPENDITURES, THE STRENGTH OF WORLD ECONOMIES AND CURRENCIES, GENERAL MARKET CONDITIONS, INCLUDING FLUCTUATIONS IN CHARTER RATES AND VESSEL VALUES, CHANGES IN DEMAND IN THE LNG TANKER MARKET, THE LENGTH AND SEVERITY OF THE COVID-19 OUTBREAK, THE IMPACT OF PUBLIC HEALTH THREATS AND OUTBREAKS OF OTHER HIGHLY COMMUNICABLE DISEASES, CHANGES IN THE COMPANY'S OPERATING EXPENSES, INCLUDING BUNKER PRICES, DRY-DOCKING AND INSURANCE COSTS, THE FUEL EFFICIENCY OF THE COMPANY'S VESSELS, THE MARKET FOR THE COMPANY'S VESSELS, AVAILABILITY OF FINANCING AND REFINANCING, ABILITY TO COMPLY WITH COVENANTS IN SUCH FINANCING ARRANGEMENTS, FAILURE OF COUNTERPARTIES TO FULLY PERFORM THEIR CONTRACTS WITH THE COMPANY, CHANGES IN GOVERNMENTAL RULES AND REGULATIONS OR ACTIONS TAKEN BY REGULATORY AUTHORITIES, INCLUDING THOSE THAT MAY LIMIT THE COMMERCIAL USEFUL LIVES OF LNG TANKERS, POTENTIAL LIABILITY FROM PENDING OR FUTURE LITIGATION, GENERAL DOMESTIC AND INTERNATIONAL POLITICAL CONDITIONS, POTENTIAL DISRUPTION OF SHIPPING ROUTES DUE TO ACCIDENTS OR POLITICAL EVENTS, VESSEL BREAKDOWNS AND INSTANCES OF OFF-HIRE, AND OTHER FACTORS, INCLUDING THOSE THAT MAY BE DESCRIBED FROM TIME TO TIME IN THE REPORTS AND OTHER DOCUMENTS THAT THE COMPANY FILES WITH OR FURNISHES TO THE U.S. SECURITIES AND EXCHANGE COMMISSION ("SEC").

FOR A MORE COMPLETE DISCUSSION OF CERTAIN OF THESE AND OTHER RISKS AND UNCERTAINTIES ASSOCIATED WITH THE COMPANY, PLEASE REFER TO THE REPORTS AND OTHER DOCUMENTS THAT FLEX LNG FILES WITH OR FURNISHES TO THE SEC.

THIS PRESENTATION IS NOT AN OFFER TO PURCHASE OR SELL, OR A SOLICITATION OF AN OFFER TO PURCHASE OR SELL, ANY SECURITIES OR A SOLICITATION OF ANY VOTE OR APPROVAL.

# FIRST QUARTER HIGHLIGHTS

---



## RESULTS

- Q1-23 Revenues of \$92.5m in line with guidance of \$90-93m
- Delivered an average TCE of \$80,175/day in line with 2023 guidance of ~\$80,000/day
- Adj. Net Income and Adj. earnings per share of \$35.2m and \$0.66 respectively

## RECENT EVENTS

- Completed Balance Sheet Optimization in Q1 with total net proceeds of \$387m
- Cash balance at quarter end of \$475m or ~\$9 per share
- Carried out the first two dry-dockings according to schedule and budget

## GUIDANCE

- Expect Q2 Revenues to be \$85-90m due to three dry-dockings and softer spot market
- Quarterly revenues to pick up to \$90-100m Q3/Q4 as dry-docking program completed
- Reaffirm 2023 Revenue guidance of ~\$370m with adj. EBITDA of about \$290-295m

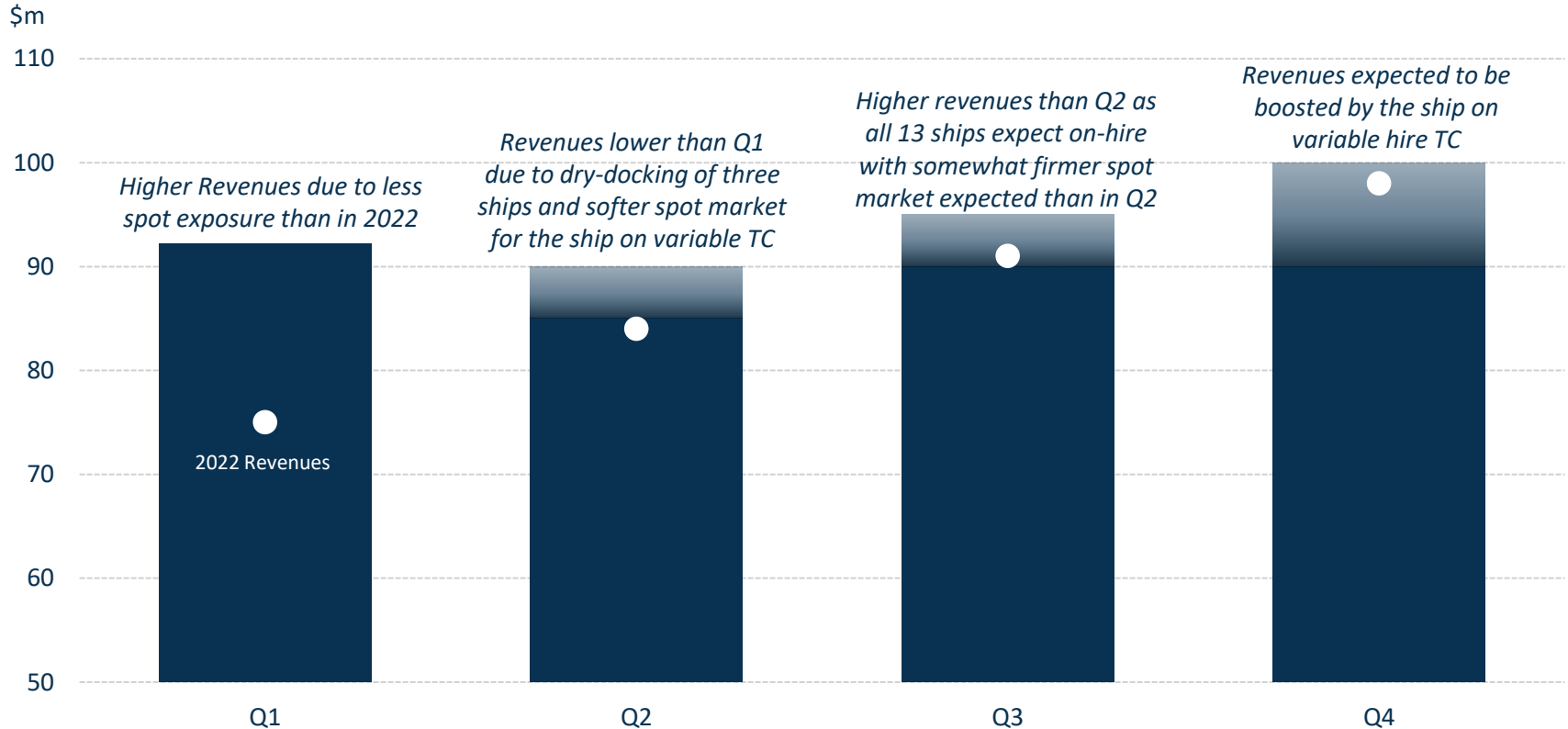
## DIVIDEND

- Declaring ordinary quarterly dividend of \$0.75 per share for Q1
- Dividend per share the last twelve months is \$3.75 implying a yield of ~11%<sup>(2)</sup>
- Strong financial position and contract backlog supports our dividend

1) Adjusted net income, adjusted EPS and TCE are non-GAAP measures. A reconciliation to the most directly comparable GAAP measure is included in the earnings report.

2) Annualized dividend yield assuming a share price of \$33

# REAFFIRM OUR REVENUE GUIDANCE OF ~\$370M FOR 2023

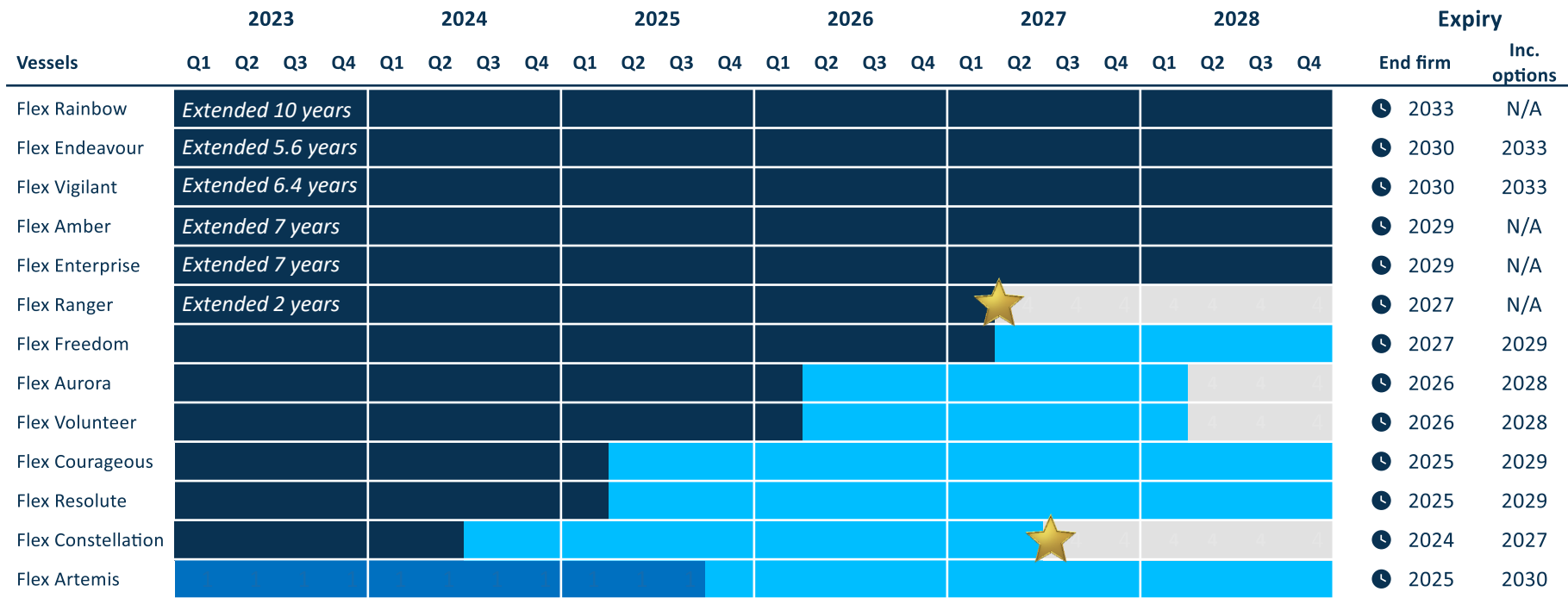


# DRY-DOCKING PROGRESSING ACCORDING TO PLAN AND BUDGET



- Flex Enterprise carried out her 5-year special survey (dry-docking) in March while the sister ship Flex Endeavour carried out her 5-year special survey in April
- Average off-hire of ~18 days was below guided off-hire of 20 to 22.5 days while capex of \$4.5m per ship was in line with guided capex estimate of \$4.5m to \$5m

# HIGH CONTRACT COVERAGE – NOW MARKETING 2027 POSITIONS



# EARNINGS BELONG TO SHAREHOLDERS



## Adjusted Earnings per Share<sup>(1)</sup>

Ordinary Dividend per Share

Special Dividend per Share

Buy-back of Shares

**Total distribution**

	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23
Adjusted Earnings per Share <sup>(1)</sup>	\$0.61	\$0.26	\$0.57	\$1.17	\$0.42	\$0.60	\$0.79	\$1.02	\$0.66
Ordinary Dividend per Share	\$0.40	\$0.40	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75
Special Dividend per Share						\$0.50		\$0.25	
Buy-back of Shares	\$0.10	\$0.01	\$0.04						
<b>Total distribution</b>	<b>\$0.50</b>	<b>\$0.41</b>	<b>\$0.79</b>	<b>\$0.75</b>	<b>\$0.75</b>	<b>\$1.25</b>	<b>\$0.75</b>	<b>\$1.00</b>	<b>\$0.75</b>

LTM
\$3.07
\$3.00
\$0.75
\$0.00
<b>\$3.75</b>

## Decision Factors

Earnings and cash flow

Market outlook

Backlog and visibility

Liquidity position

Covenant compliance

Debt maturities

Capex liabilities

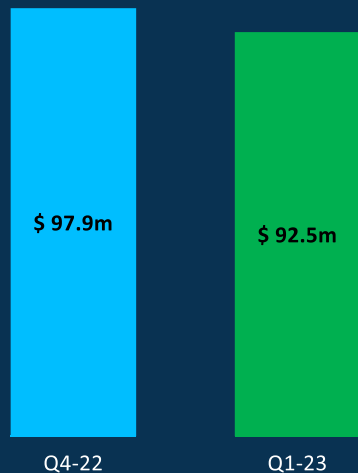
Other considerations

Earnings and cash flow	✓	ⓘ	✓	✓	ⓘ	✓	✓	✓	✓
Market outlook	✓	✓	✓	✓	✓	✓	✓	✓	✓
Backlog and visibility	✓	✓	✓	✓	✓	✓	✓	✓	✓
Liquidity position	✓	✓	✓	✓	✓	✓	✓	✓	✓
Covenant compliance	✓	✓	✓	✓	✓	✓	✓	✓	✓
Debt maturities	✓	✓	✓	✓	✓	✓	✓	✓	✓
Capex liabilities	✓	✓	✓	✓	✓	✓	✓	✓	✓
Other considerations	✓	✓	✓	✓	✓	✓	✓	✓	✓

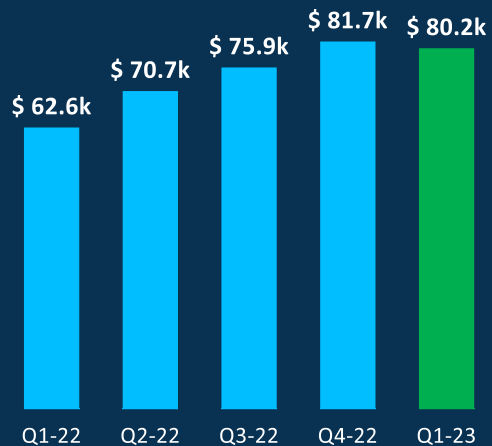
1) Adjusted EPS is a non-GAAP measure. A reconciliation to the most directly comparable GAAP measure is included in the earnings report

# KEY FINANCIAL HIGHLIGHTS FIRST QUARTER 2023

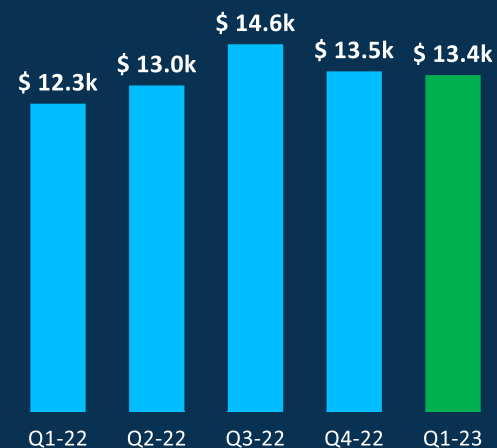
## REVENUES



## TCE<sup>(1)</sup> PER DAY



## OPEX<sup>(1)</sup> PER DAY



1) TCE and opex per day are non-GAAP measures. A reconciliation to the most directly comparable GAAP measure is included in the earnings report.



# INCOME STATEMENT



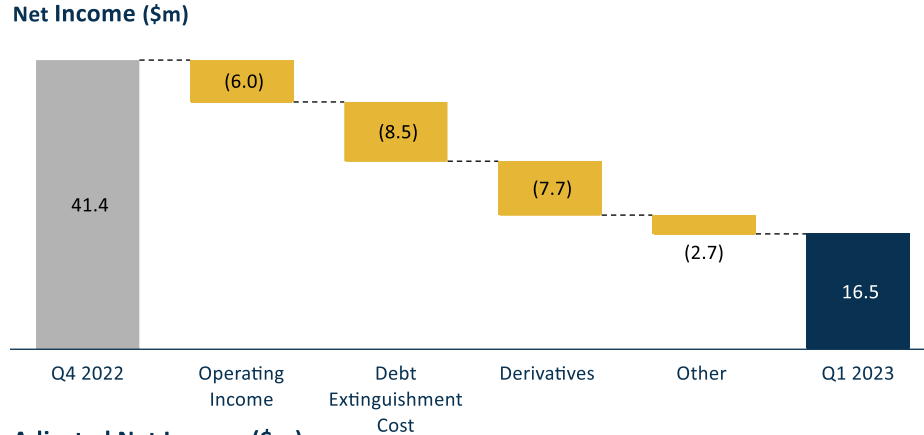
Income statement (\$m)	Q1 2023	Q4 2022	Δ\$	Q1 2022	Δ\$	Comments
Revenues	92.5	97.9	(5.5)	74.6	17.9	<i>TCE<sup>1</sup> per day of \$80,200</i>
Operating expenses	(15.7)	(16.2)	0.5	(14.4)	(1.4)	<i>Opex<sup>1</sup> per day of \$13,400</i>
<b>Operating income</b>	<b>55.0</b>	<b>61.0</b>	<i>(6.0)</i>	<b>38.4</b>	<b>16.7</b>	
Interest expenses	(26.3)	(24.5)	(1.8)	(14.6)	(11.7)	<i>Derivatives:</i>
Gain/loss on derivatives	(2.8)	4.9	(7.7)	31.9	(34.7)	<i>\$7.8m unrealized MtM loss offset by \$5m realized gains from the swap portfolio.</i>
Extinguishment of debt	(10.2)	(1.7)	(8.5)	—	(10.2)	
<b>Net income</b>	<b>16.5</b>	<b>41.4</b>	<i>(24.9)</i>	<b>55.8</b>	<b>(39.2)</b>	
EPS (\$/share)	0.31	0.78	(0.47)	1.05	(0.74)	<i>Extinguishment costs:</i>
Adjusted EBITDA (\$m)	72.5	79.1	(6.6)	56.3	16.2	<i>Write off of \$8.8m of debt issuance cost (non-cash element) and \$1.4m termination fee in connection with refinancings under the Balance Sheet Optimization program</i>
Adjusted net income (\$m)	35.2	54.5	(19.3)	22.3	12.9	
Adjusted EPS (\$/share)	0.66	1.02	(0.37)	0.42	0.24	

1) TCE, opex, adjusted EBITDA, adjusted net income and adjusted EPS are non-GAAP measures. A reconciliation to the most directly comparable GAAP measure is included in the earnings report

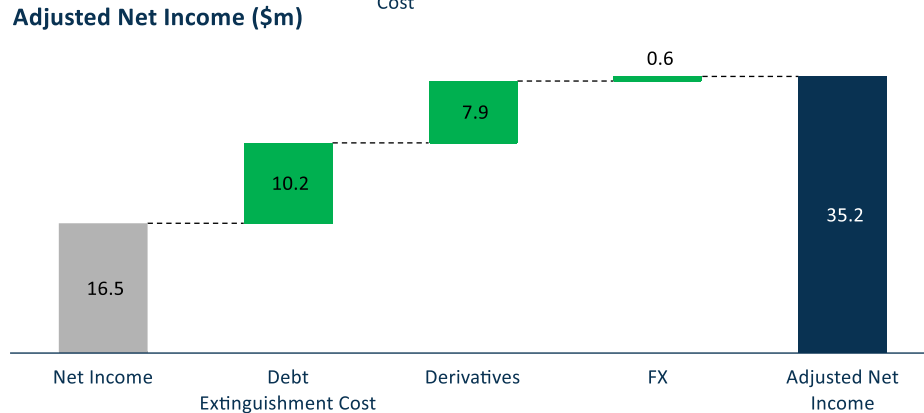
# FIRST QUARTER RESULTS AFFECTED BY NON-CASH ONE-OFFS



Q-o-Q  
Net Income  
Bridge

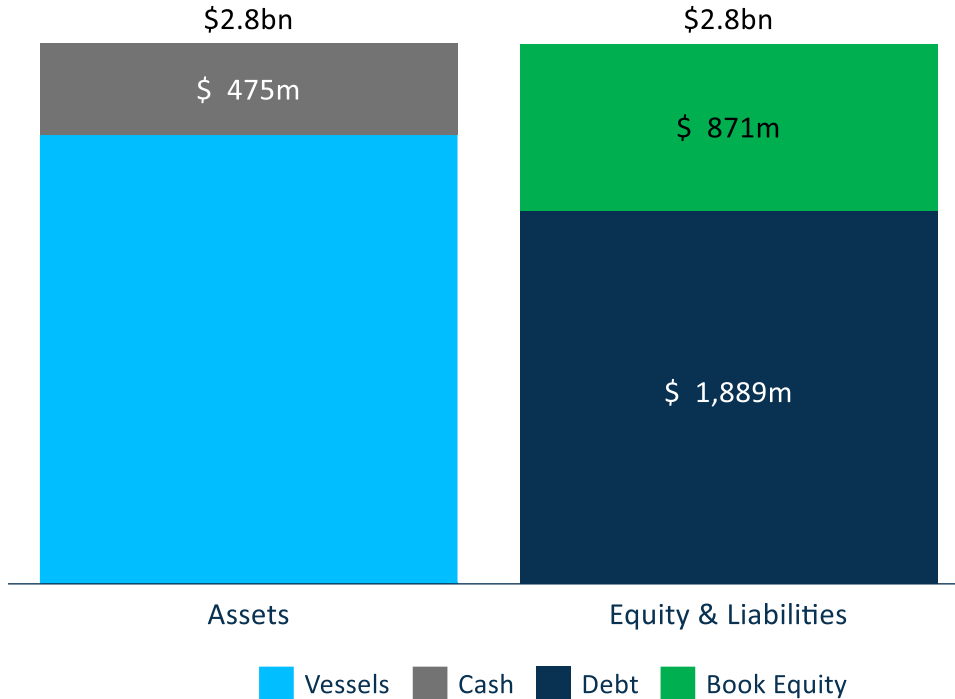


Adjusted  
Net Income  
Reconciliation



- Q-o-Q Operating income impacted seasonal lower revenues from the variable contract and off-hire in connection with scheduled dry-docking of Flex Enterprise.
- Q-o-Q changes to write-off of debt issuance cost and unrealized MtM losses on derivatives are largely non-cash one-offs.

# ROBUST AND CLEAN BALANCE SHEET

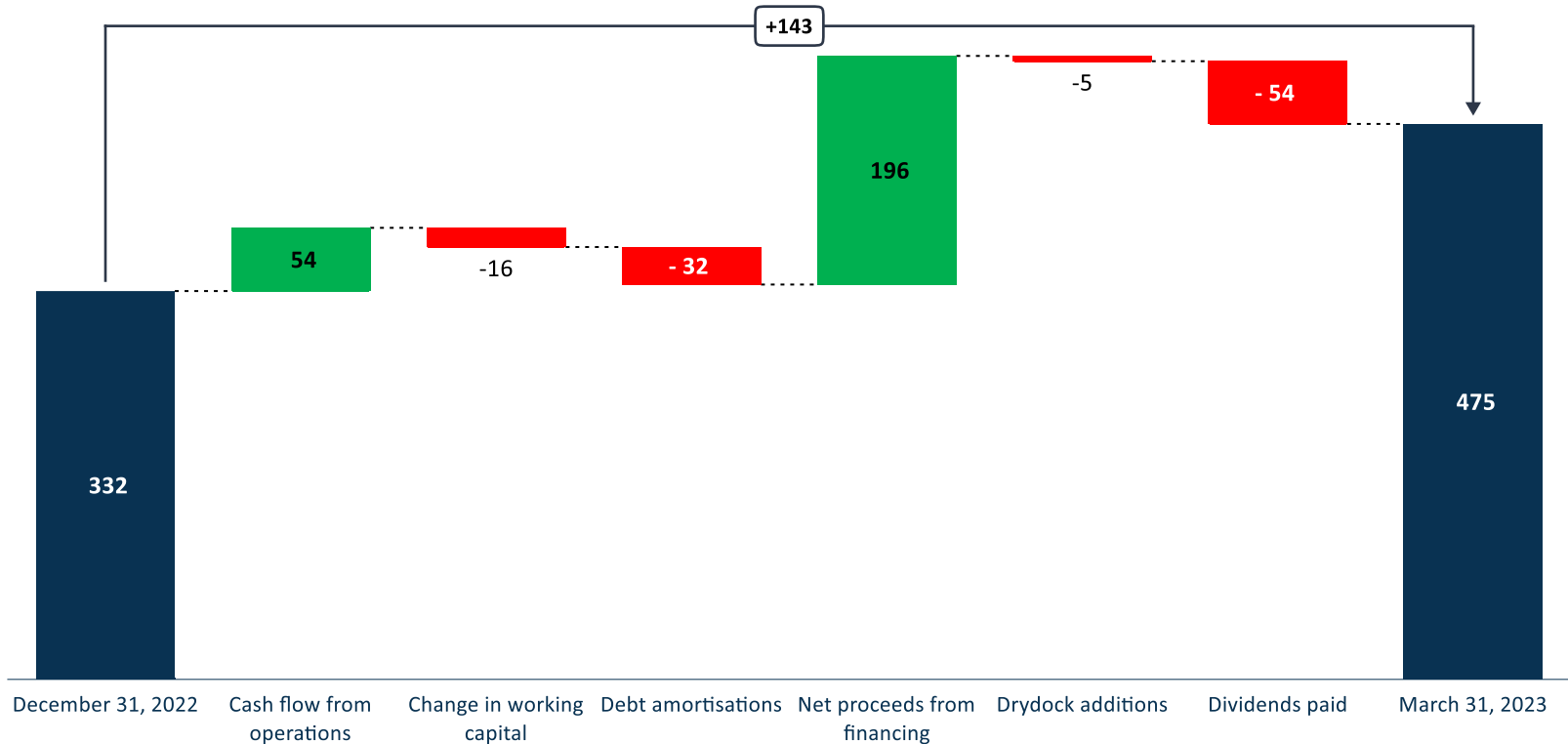


- 13 state-of-the art LNGCs
- Average fleet age of 3.4 years as per end Q1
- The fleet has been acquired at historical attractive prices compared to the newbuilding prices today, while book equity values reflect historical cost adjusted with regular depreciations
- Ample cash position of \$475m
- Solid book equity ratio of 31%

# ALL TIME HIGH CASH POSITION AFTER COMPLETION OF REFINANCING



Amounts in \$m

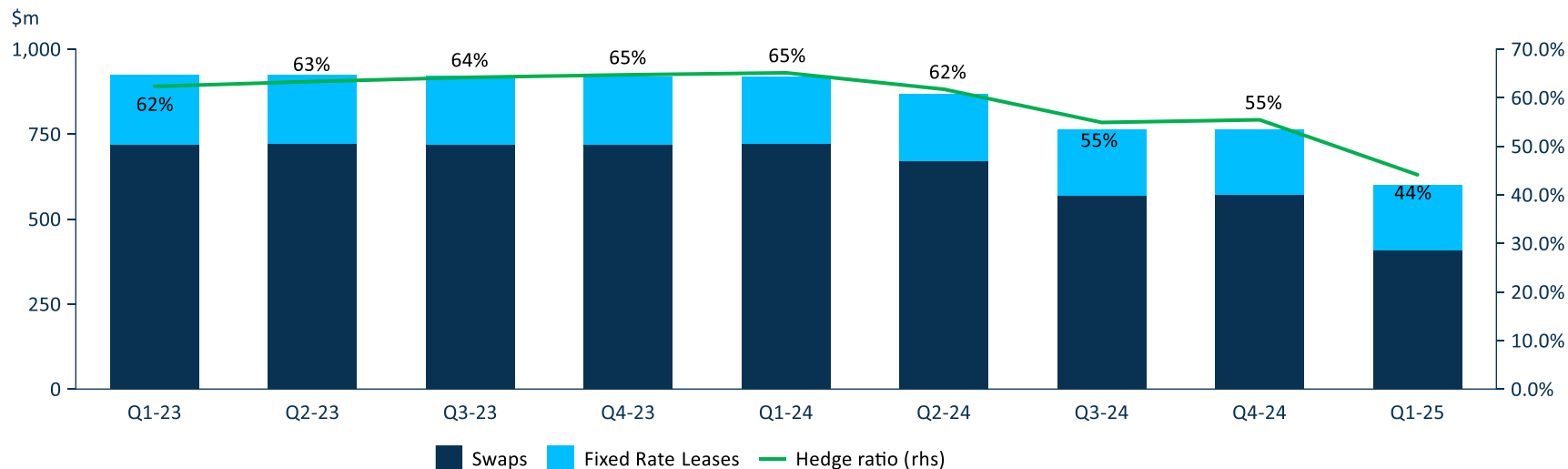


# INTEREST RATE RISK MANAGED BY ACTIVE HEDGING STRATEGY



- Entered into a ~2 year mirror swap of \$181m at 4.8% (receive fixed) matching the \$181m 0.9% (pay fixed) swap effectively locking in \$15m of market value over the period.
- Increased short term hedges with \$260m during the banking turmoil as short term interest rates collapsed. We also added \$50m of 10 year swaps during the quarter.

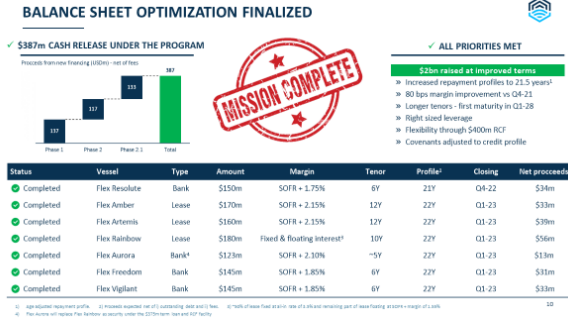
SUMMARY (as per May 2023)	SOFR	LIBOR	TOTAL
Notional swap amounts	\$660m	\$160m	<b>\$820m</b>
Weighted average duration	5.3 years	2.0 years	
Weighted average rate	1.81%	2.01%	
Fixed rate leases (all-in rate)	\$205m	3.94%	



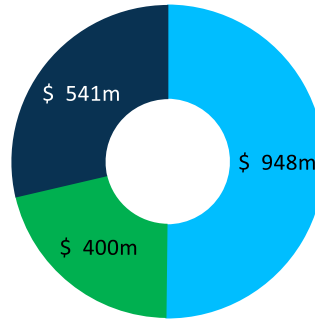
# FLEXIBLE FUNDING PORTFOLIO WITH NO MATURITY BEFORE 2028



## Balance Sheet Optimization Complete

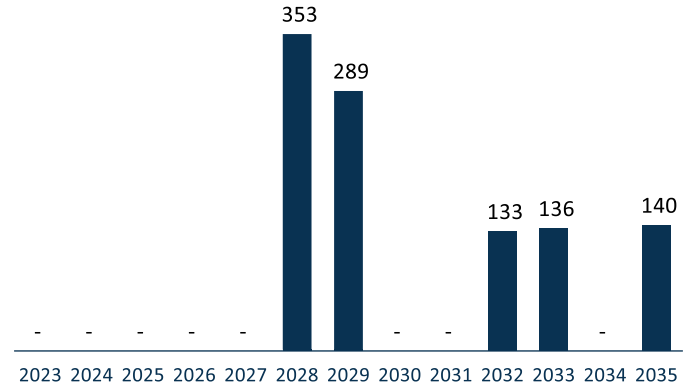


## Debt Distribution



■ Term ■ RCF ■ Lease

## Debt Maturity Profile (\$m)

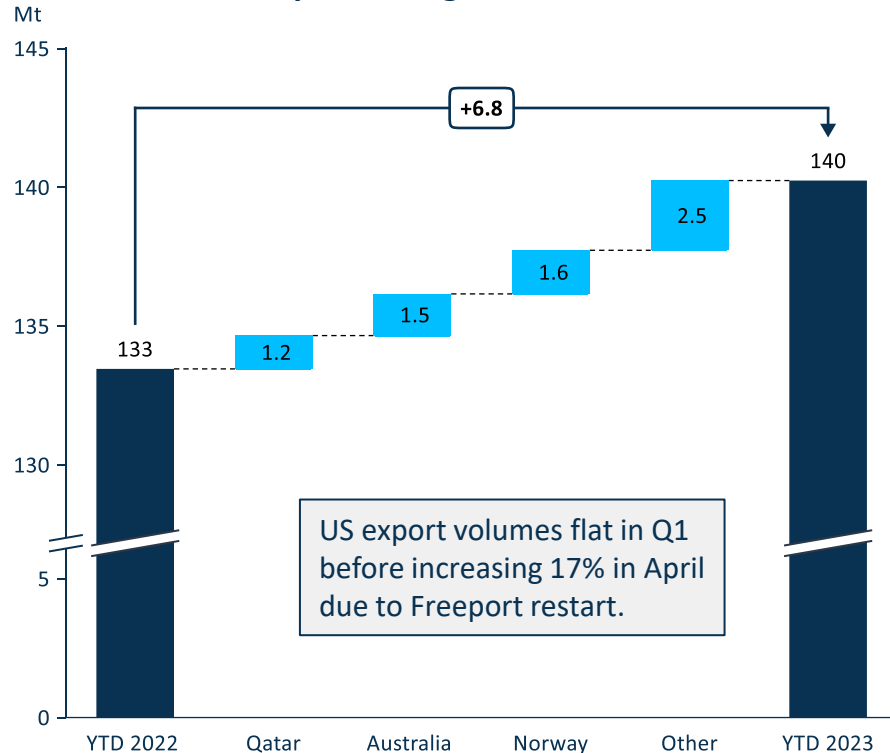


1) 2035 maturity is assumed as we have an option to extend the maturity on the 10-year \$330m SLB by two additional years

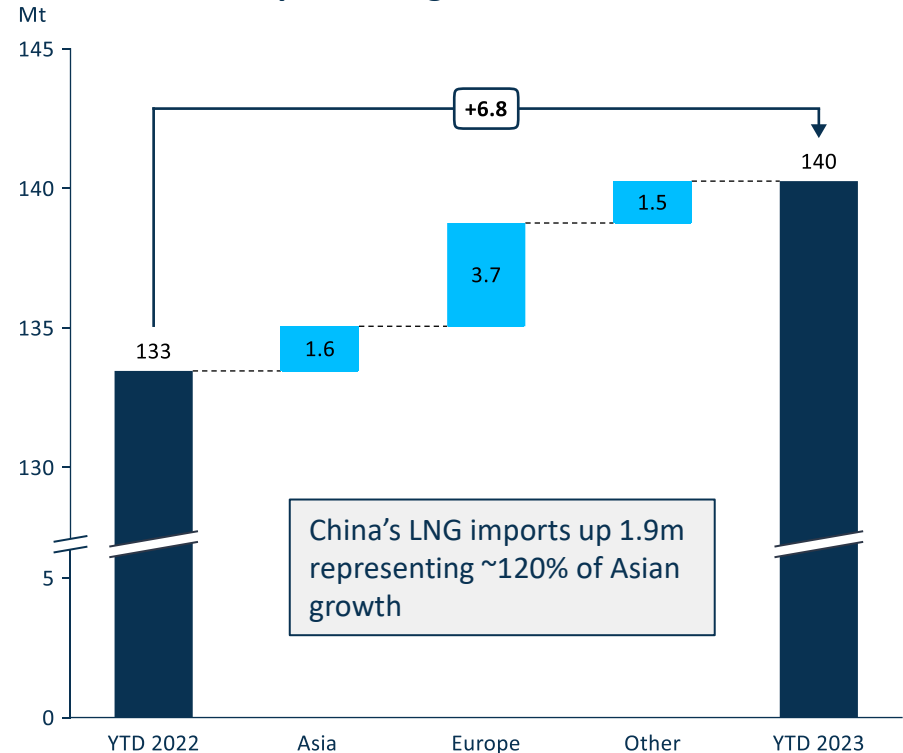
# CONTINUED GROWTH IN EXPORT, MOST US CARGOS GOING TO EUROPE



## LNG export change, YTD<sup>1</sup> 2023 vs 2022

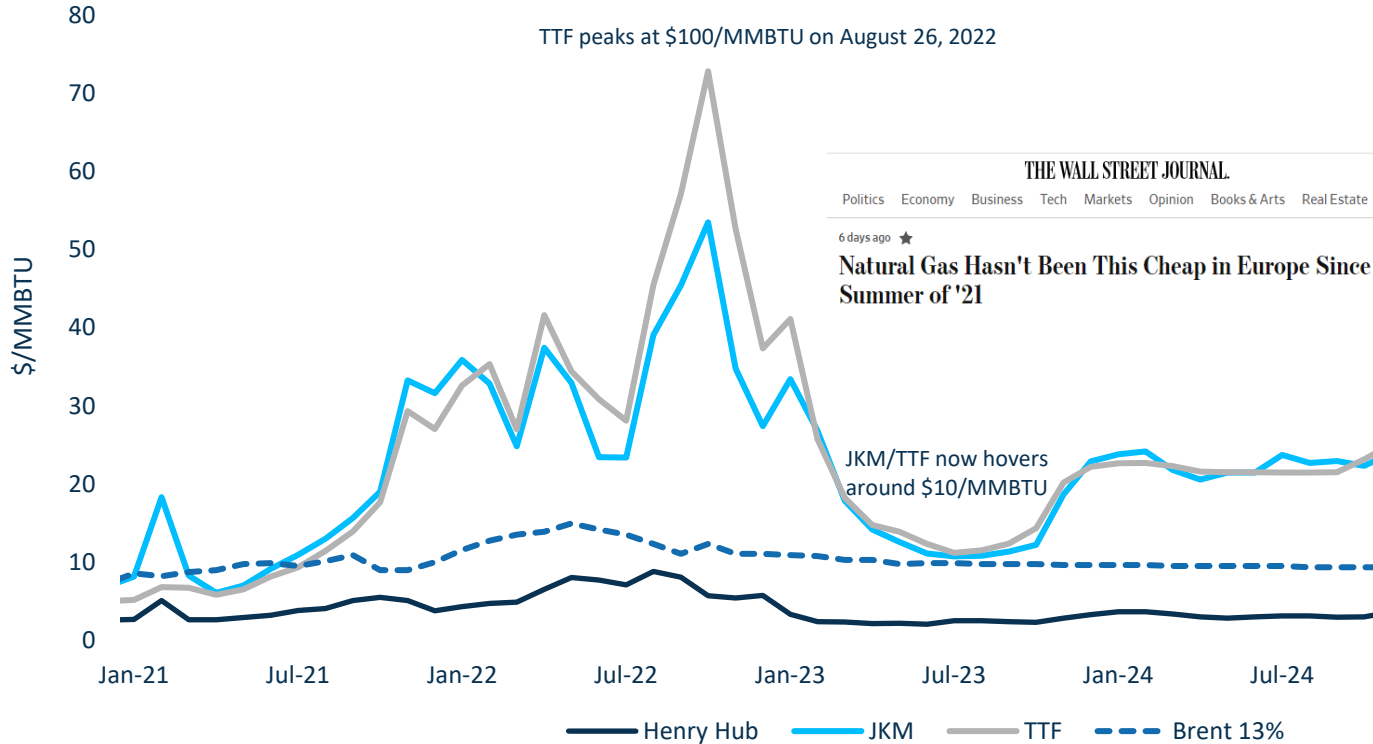


## LNG import change, YTD<sup>1</sup> 2023 vs 2022



(1) Source: Kpler as of April 30, 2023

# GAS PRICES REACHING COAL SWITCHING LEVELS



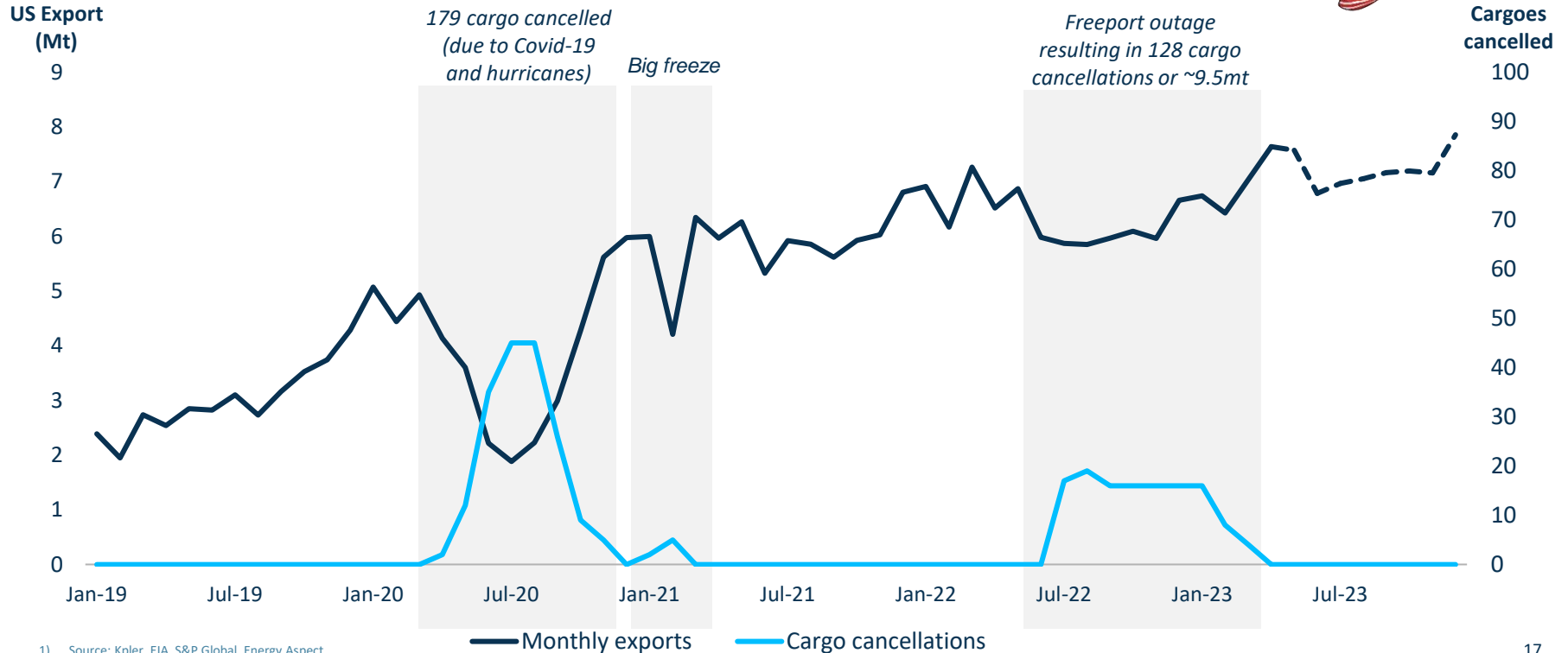
1) Source: Energy Aspect



# THE EAGLE IS BACK



EIA expect **US LNG exports to grow ~14%** in 2023 resulting in total exports of ~86mt making **US the biggest exporter despite loss of Freeport volumes**

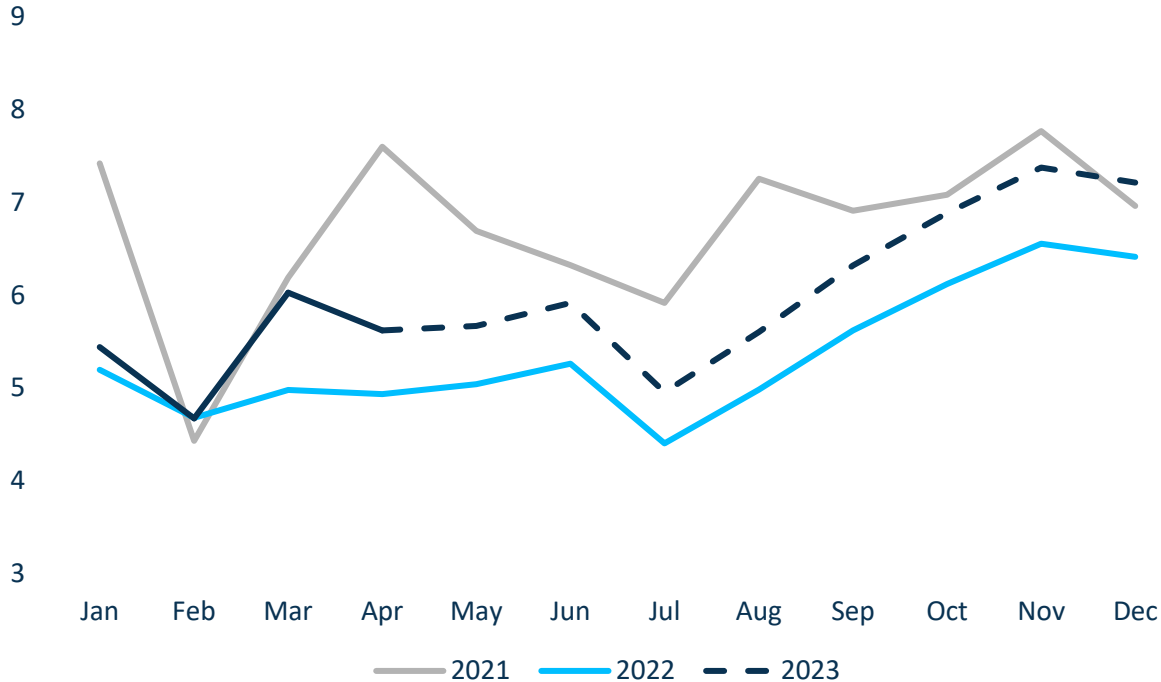


1) Source: Kpler, EIA, S&P Global, Energy Aspect

# THE BIG QUESTION: DO WE SEE A RETURN OF THE DRAGON?



## China monthly LNG imports (Mt)

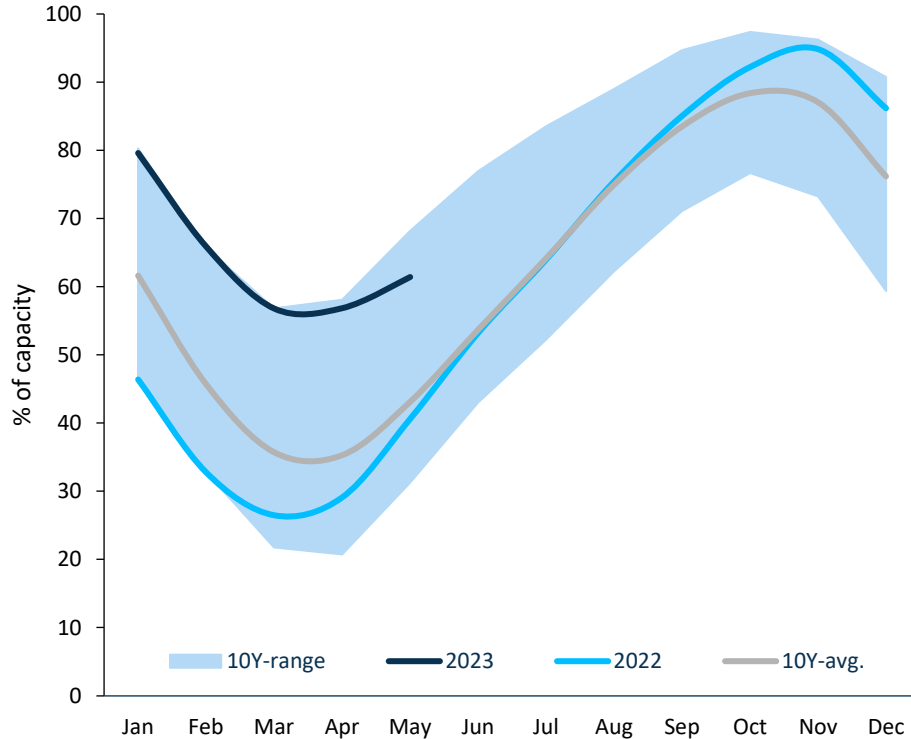


- China's LNG import has bounced back with 10% growth YTD, but where growth in March/April was on average ~17%
- IEA expect LNG import growth to be 10-15% for 2023 giving total LNG imports of ~70mt. This is also in line with forecast from Energy Aspect of 71mt
- China has term LNG contracts for ~70mt in 2022 so they will not have to source much from the spot market.
- Imports will thus be up from ~64mt in 2022 but still well below the ~80mt recorded in 2021 leaving upside in LNG imports in 2024
- By comparison, imports YTD of coal and LPG is up 89% and 15% respectively while crude imports are up ~5%

# DEMAND SUBVERSION IN EUROPE RESULTING IN HIGH STORAGE



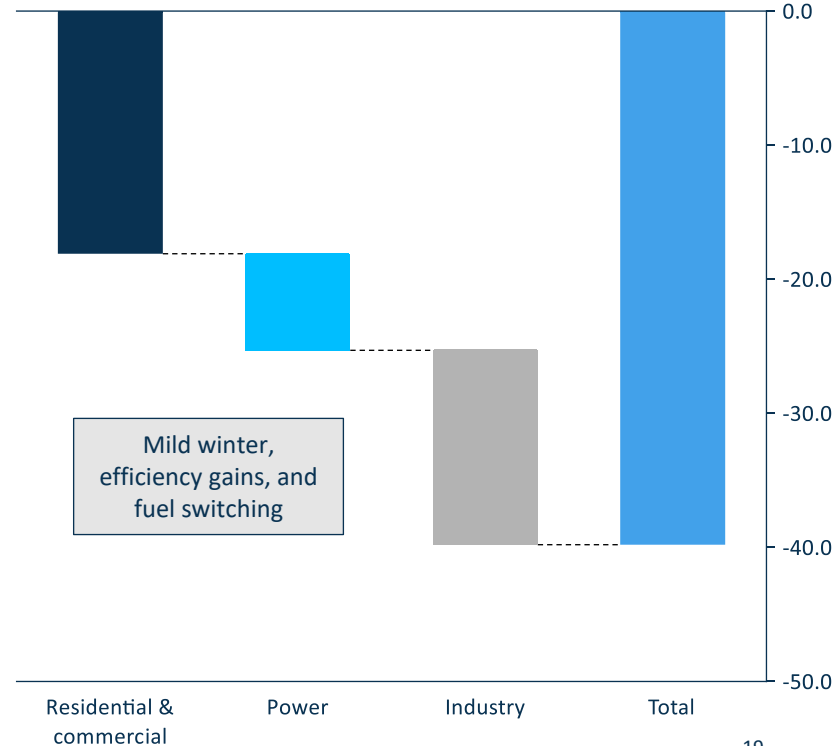
## EU natural gas storage inventory (% of full)



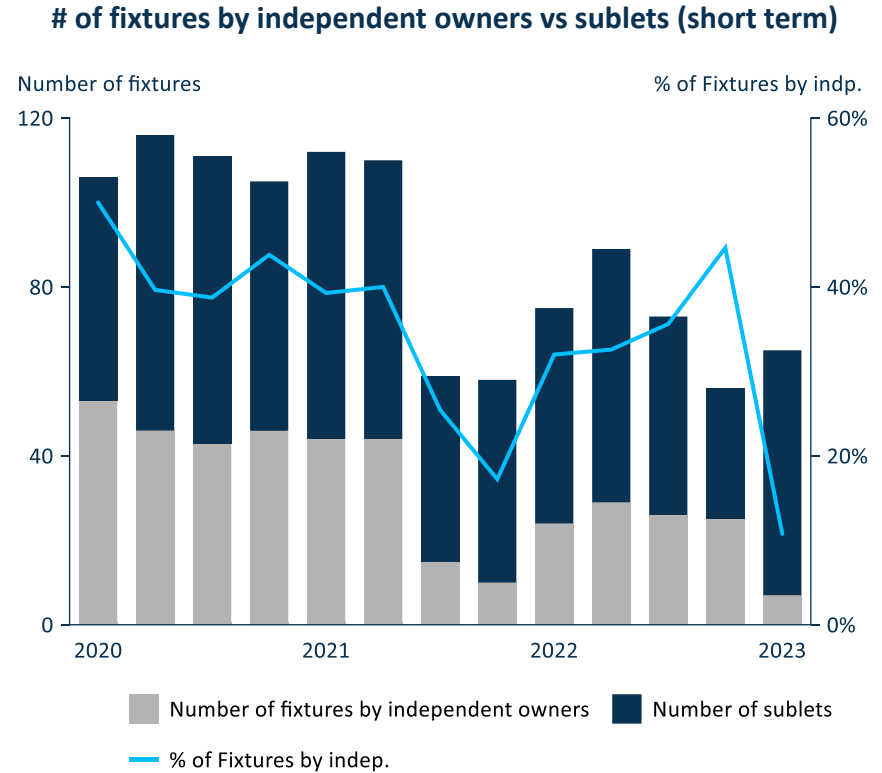
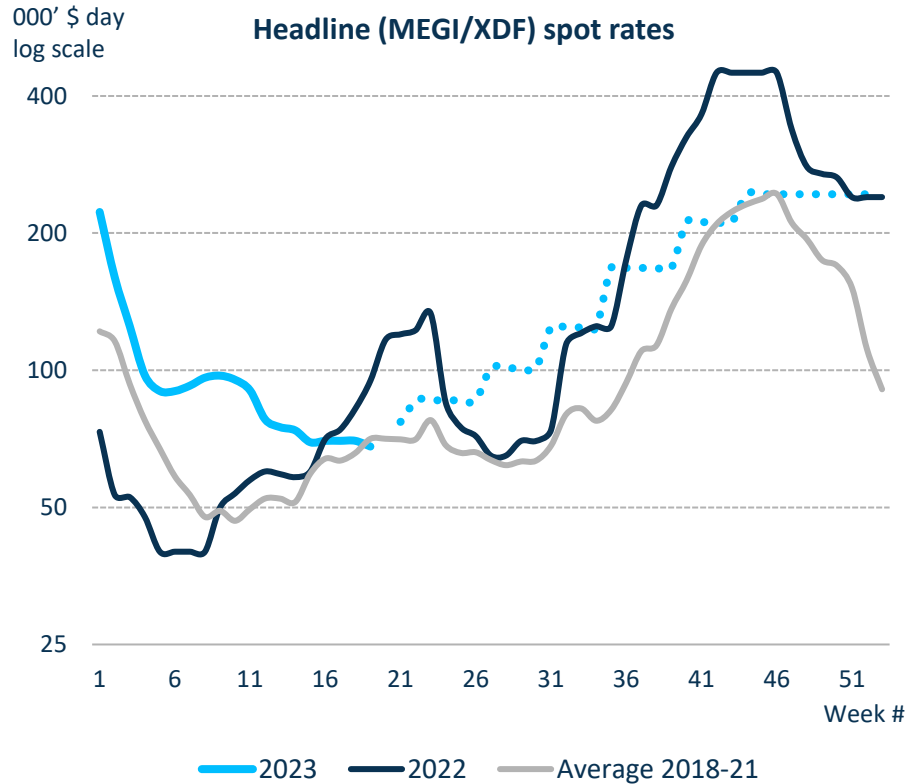
Source: GIE AGSI & IEA

## European gas demand reduction per sector

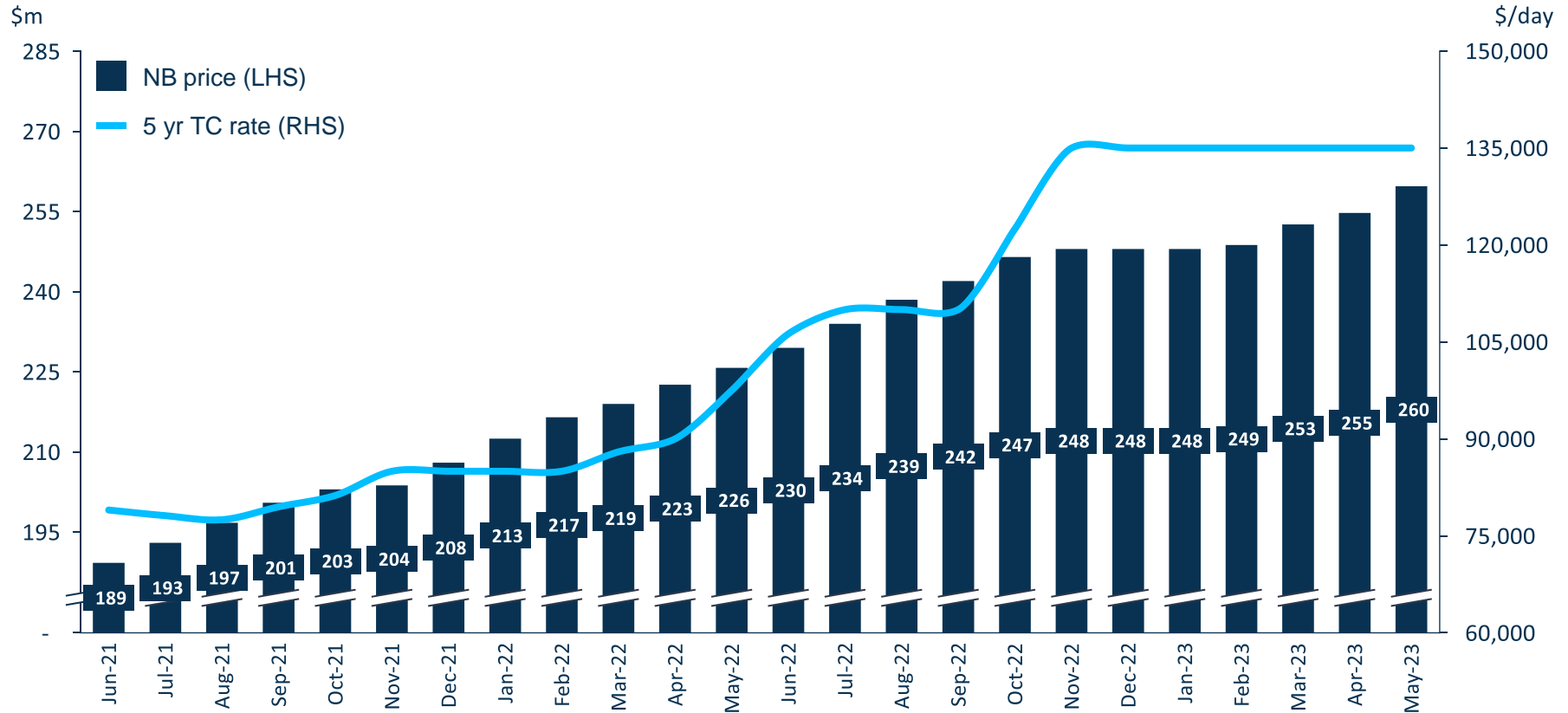
(Est. Y-o-Y change gas demand (in Mt LNG) 22/23 heating season vs 21/22 heating season)



# SPOT RATES SOFTEN IN Q1 BUT LIMITED FREE TONNAGE

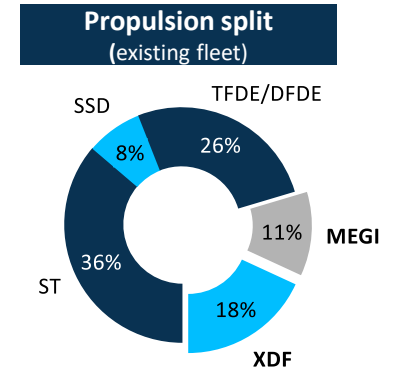
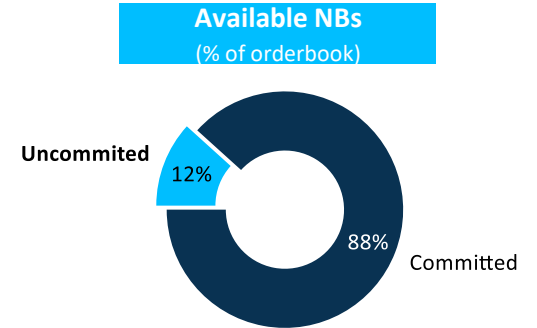
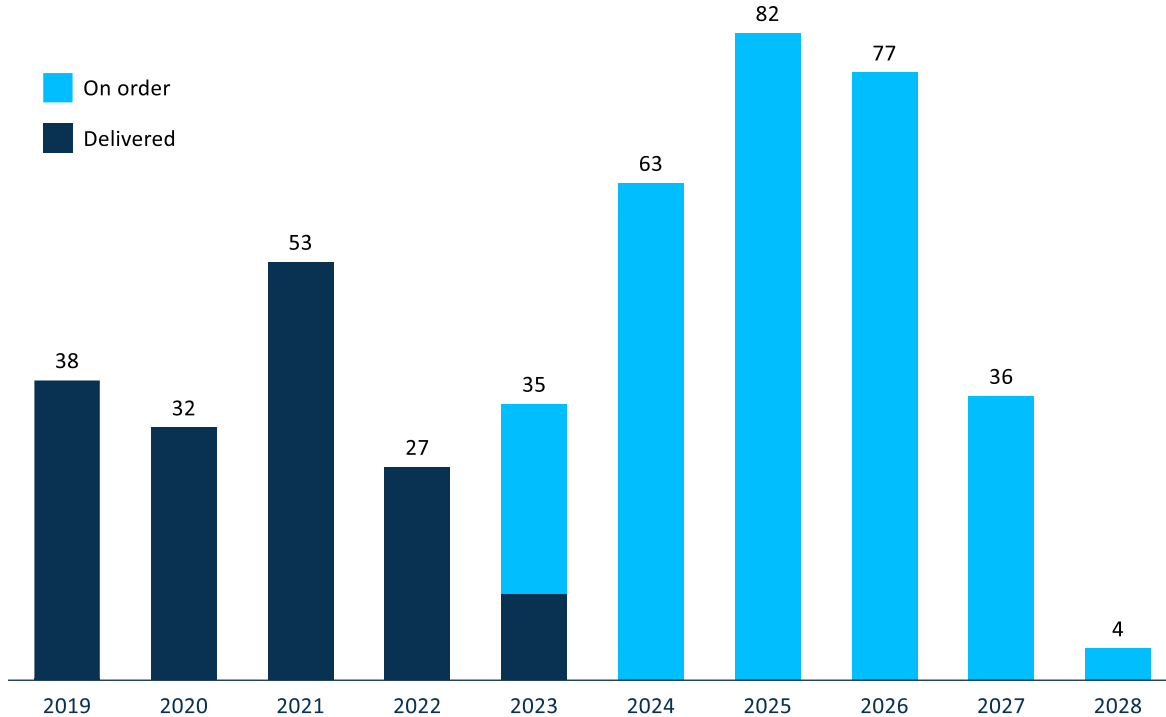


# HIGH NEWBUILDING PRICES RESULTS IN HIGHER TERM RATES

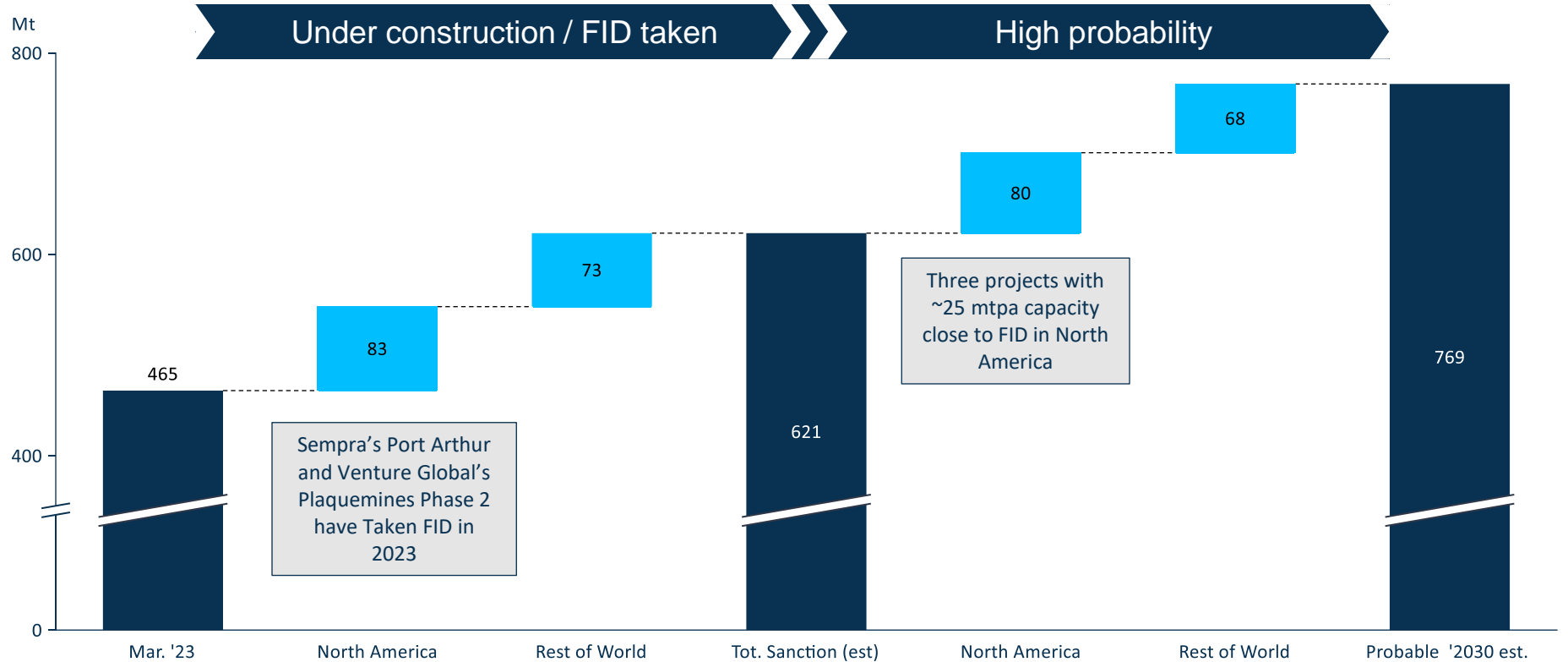


Source: Clarkson SIN, S5Y

# GROWING ORDERBOOK, LIMITED AVAILABILITY OF MODERN VESSELS



# LNG SUPPLY CONTINUES TO INCREASE WITH MORE PROJECTS SANCTIONED



Source: Affinity, Clarkson and IEA

# FIRST QUARTER HIGHLIGHTS

---



## RESULTS

- Q1-23 Revenues of \$92.5m in line with guidance of \$90-93m
- Delivered an average TCE of \$80,175/day in line with 2023 guidance of ~\$80,000/day
- Adj. Net Income and Adj. earnings per share of \$35.2m and \$0.66 respectively

## RECENT EVENTS

- Completed Balance Sheet Optimization in Q1 with total net proceeds of \$387m
- Cash balance at quarter end of \$475m or ~\$9 per share
- Carried out the first two dry-dockings according to schedule and budget

## GUIDANCE

- Expect Q2 Revenues to be \$85-90m due to three dry-dockings and softer spot market
- Quarterly revenues to pick up to \$90-100m Q3/Q4 as dry-docking program completed
- Reaffirm 2023 Revenue guidance of ~\$370m with adj. EBITDA of about \$290-295m

## DIVIDEND

- Declaring ordinary quarterly dividend of \$0.75 per share for Q1
- Dividend per share the last twelve months is \$3.75 implying a yield of ~11%<sup>(2)</sup>
- Strong financial position and contract backlog supports our dividend

1) Adjusted net income, adjusted EPS and TCE are non-GAAP measures. A reconciliation to the most directly comparable GAAP measure is included in the earnings report.

2) Annualized dividend yield assuming a share price of \$33





**FLEX LNG**

**Thank you!**

**Q&A**

