



**FLEX LNG**

# **Second Quarter 2022 Results Presentation**

August 24, 2022



# FORWARD-LOOKING STATEMENTS

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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.

# Q2-22 HIGHLIGHTS

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## RESULTS

Revenues of \$84m in line with guidance ~\$85m  
Net income and adj. net income<sup>(1)</sup> of \$44m and \$33m  
EPS and adj. EPS<sup>(1)</sup> of \$0.83 and \$0.61 respectively

## RECENT EVENTS

Announced ~\$750m of new fixed hire backlog in June 2022  
Two seven-year charters and one 10-year charter to strong counterparties  
Total minimum backlog is now 54 years<sup>(3)</sup>

## GUIDANCE

Q3-22: Reiterate revenue guidance of ~\$90m  
Q4-22: Reiterate revenue guidance range of \$90-100m

## DIVIDEND

Quarterly dividend of \$1.25 per share, including a \$0.50 special dividend  
Shareholder distribution LTM implies a yield of ~10%<sup>(2)</sup>

1) 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

2) Annualized dividend yield assuming a share price of \$34

3) As per 30 June 2022

# WE RECENTLY ADDED ~\$750M OF ADDITIONAL FIRM BACKLOG



## Flex Enterprise and Flex Amber fixtures

- On June 23, 2022, we announced that Flex LNG and the existing charterer, a supermajor, agreed to replace the variable Time Charters for each ship with new seven-year fixed hire Time Charters commencing July 1, 2022, to June 30, 2029.

## Flex Rainbow fixture

- On June 23, 2022, we also announced a ten-year extension of Flex Rainbow in direct continuation of an existing Time Charter elapsing January 2023. The new Time Charter with an international trading house thus commence in January 2023 running to January 2033.



Altogether this added 24 years of firm backlog bringing the total to minimum 54 years<sup>(1)</sup>

1) In addition, we have 28 years of optional backlog (charterers' options)

# WE HAVE FIXED OUT OUR SHIPS AS THE MARKET RECOVERED



Please note that some of the ships also have extension options

# 100% CONTRACT COVERAGE UNTIL AT LEAST MID-2024



1) Charter expiry if no option(s) are declared

# BALANCE SHEET PHASE 1 COMPLETED WITH SPECIAL DIVIDEND



	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	LTM
<b>Adjusted EPS<sup>(1)</sup></b>	<b>\$0.64</b>	<b>\$0.29</b>	<b>\$0.60</b>	<b>\$1.18</b>	<b>\$0.45</b>	<b>\$0.61</b>	<b>\$2.84</b>
DPS	\$0.40	\$0.40	\$0.75	\$0.75	\$0.75	\$0.75	\$3.00
Special-DPS						\$0.50	\$0.50
Buy-backs	\$0.10	\$0.01	\$0.04				\$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>\$3.54</b>

## Decision Factors

Earnings and cash flow	✓	i	✓	✓	i	✓
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

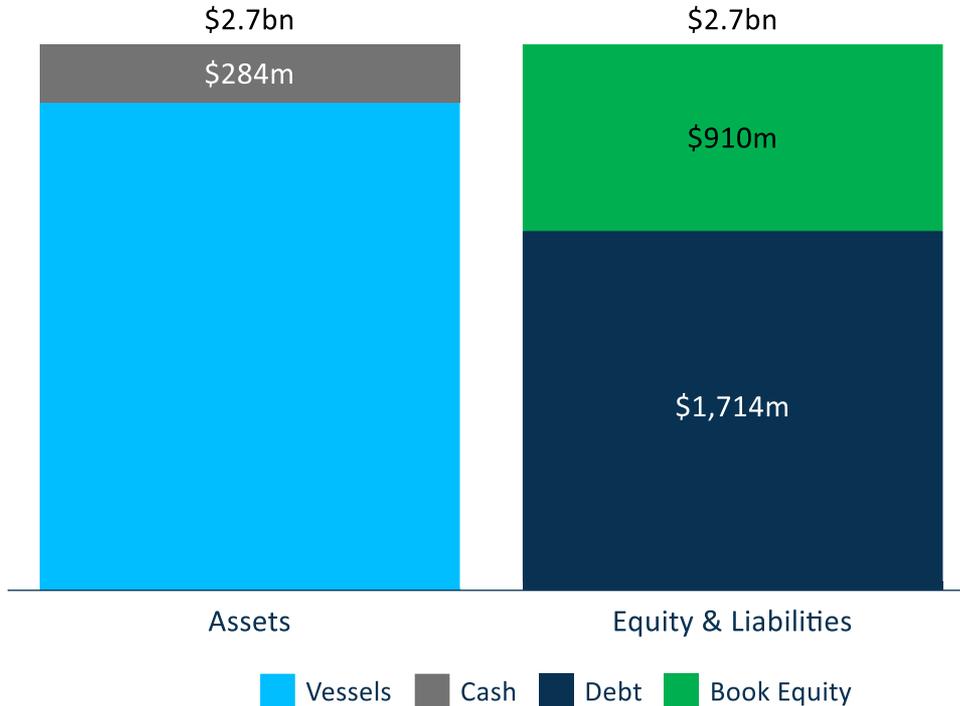
# KEY FINANCIAL HIGHLIGHTS



Income statement (\$m)	Q2 2022	Q1 2022	Δ\$	H1 2022	H1 2021	Δ\$	Comments
Revenues	84	75	10	159	147	12	<i>TCE<sup>1</sup> per day of \$70,707</i>
Operating expenses	(15)	(14)	(1)	(30)	(30)	(0)	<i>Opex per day of \$12,990</i>
<b>Operating income</b>	<b>48</b>	<b>38</b>	<b>10</b>	<b>87</b>	<b>77</b>	<b>9</b>	
Interest expenses	(16)	(15)	(1)	(30)	(28)	(3)	<i>Hedged by derivatives</i>
Gain on derivatives	14	32	(17)	46	10	36	<i>See further details on slide 12</i>
<b>Net income</b>	<b>44</b>	<b>56</b>	<b>(12)</b>	<b>100</b>	<b>60</b>	<b>40</b>	
EPS (\$/share)	0.83	1.05	(0.22)	1.88	1.12	0.76	
Adjusted EBITDA (\$m) <sup>1</sup>	66	56	10	122	111	12	
Adjusted net income (\$m) <sup>1</sup>	33	24	9	56	50	7	
Adjusted EPS (\$/share) <sup>1</sup>	0.61	0.45	0.16	1.06	0.93	0.13	

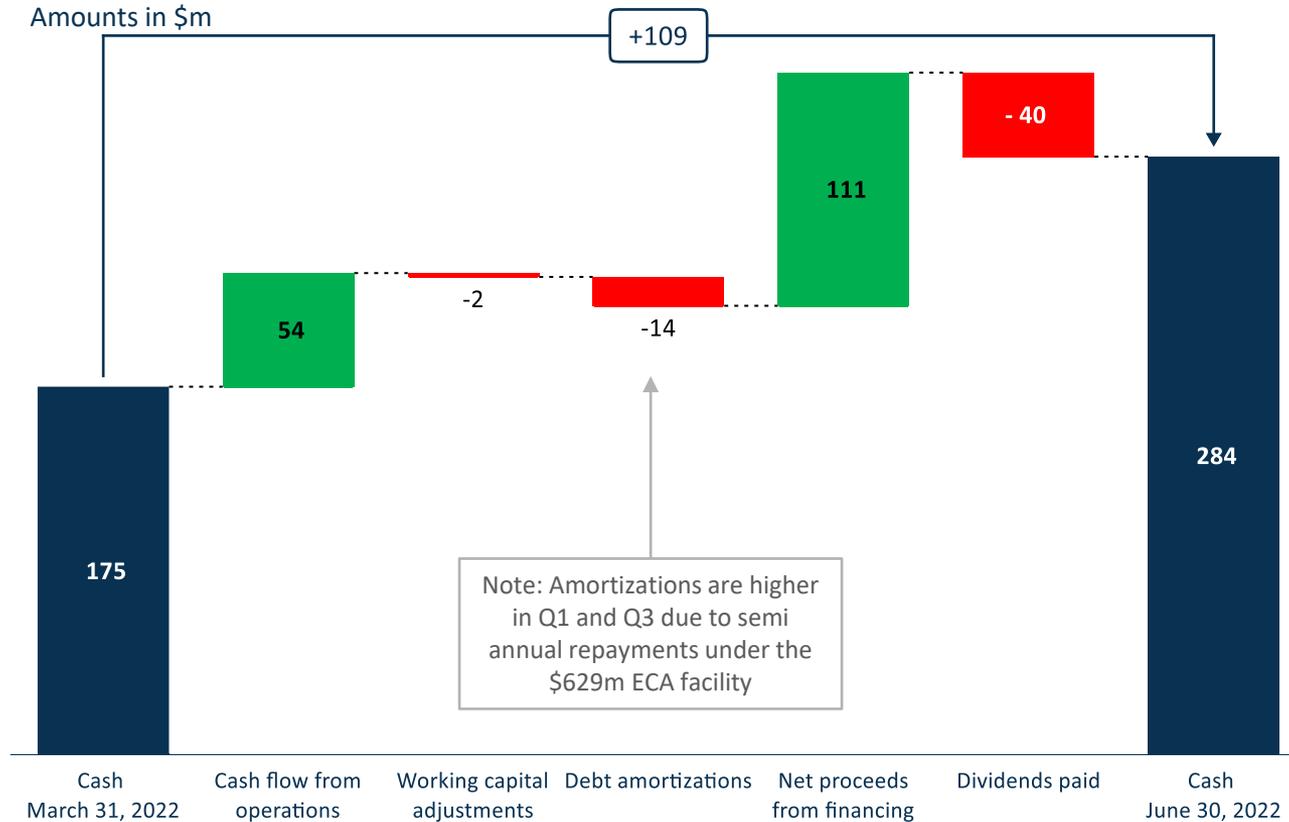
1) TCE, adjusted EBITDA, adjusted net income and adjusted EPS are non-GAAP measures. A reconciliation to the most directly comparable GAAP measure is included in the earnings report

# ROBUST AND CLEAN BALANCE SHEET



- 13 state-of-the art LNGCs
- Average fleet age of 2.6 years as per end Q2
- 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 \$284m
- Solid book equity ratio of 34%

# ALL TIME HIGH CASH POSITION AFTER REFINANCINGS IN Q2



# BALANCE SHEET OPTIMIZATION PHASE 2 INITIATED



## Phase 1 Completed

- Status: Released \$137m in cash
- ✔ \$160m Sale Lease Back - December 2021
  - ✔ \$375m Term Loan and RCF - April 2022
  - ✔ \$320 Sale & Lease Back - May 2022

## Phase 2 Initiated

- Target: Further optimize debt funding & free up \$100m in cash
- Priorities:
- » Repayment Profile
  - » Pricing
  - » Tenor
  - » Leverage

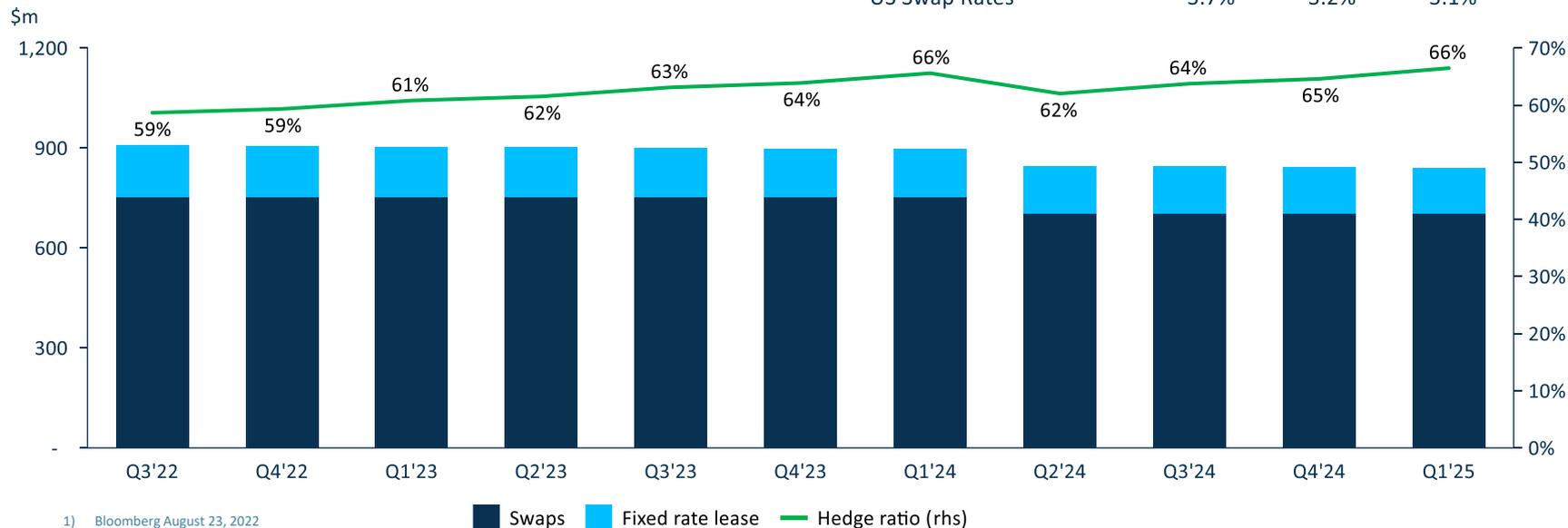
Candidates	Existing financing	Maturity Date	Contract	Contract End	New Financing
Flex Enterprise	Unencumbered	N/A	Supermajor	Q3 2029	\$150m bank loan
Flex Amber	Sale & Lease Back	2030	Supermajor	Q3 2029	Amend or refinance
Flex Rainbow	\$375m Facility	2028	Trading house	Q1 2033	Amend or refinance
Flex Artemis	\$629m ECA Facility	2025	Trading house	Q3 2025 + options	Amend & extend or refinance
Flex Aurora	\$629m ECA Facility	2025	Cheniere	Q1 2026 + options	Amend & extend or refinance
Flex Resolute	\$629m ECA Facility	2025	Energy major	Q1 2025 + options	Amend & extend or refinance
Flex Freedom	\$629m ECA Facility	2025	Portfolio player	Q1 2027 + options	Amend & extend or refinance
Flex Vigilant	\$629m ECA Facility	2025	Cheniere	Q2 2024 + options	Amend & extend or refinance

# INTEREST RATE RISK MANAGED BY ACTIVE HEDGING



- During Q2 and Q3 we have amended and extended an additional \$250m of shorter LIBOR based swaps to 10 years SOFR based swaps at attractive levels.
- On average the interest rate for 63% of the debt (excl RCF) is fixed by LIBOR and SOFR interest rate swaps and fixed rate leases until 2025.

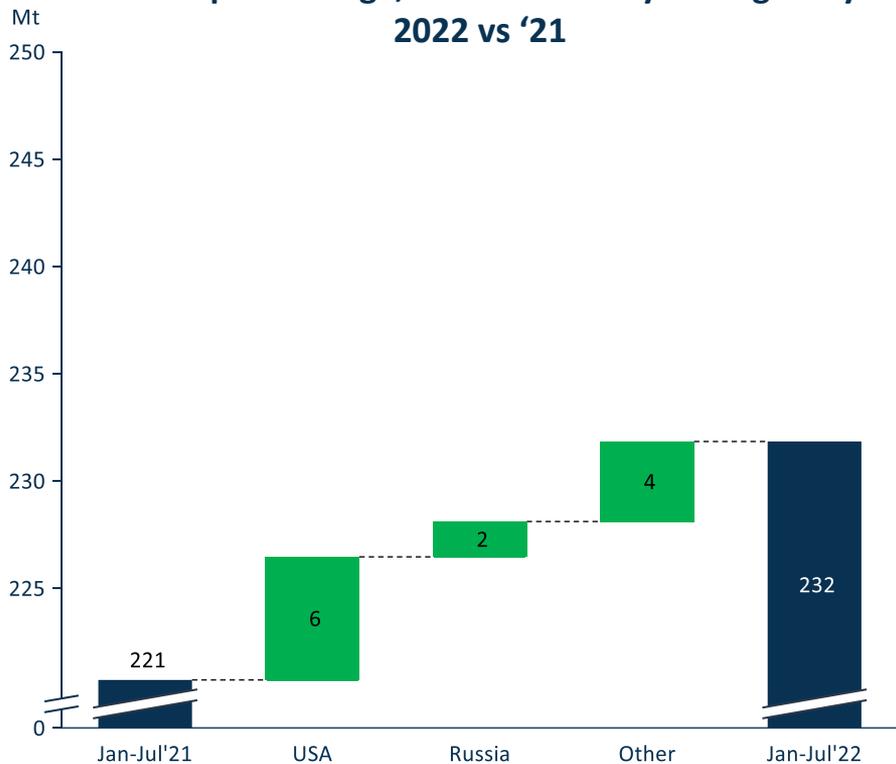
SUMMARY	SOFR	LIBOR	TOTAL
Notional swap amounts	\$450m	\$403m	\$853m
Weighted average duration	8.9 years	2.8 years	
Weighted average rate	1.90%	1.04%	
	<b>2Y</b>	<b>5Y</b>	<b>10Y</b>
	3.7%	3.2%	3.1%



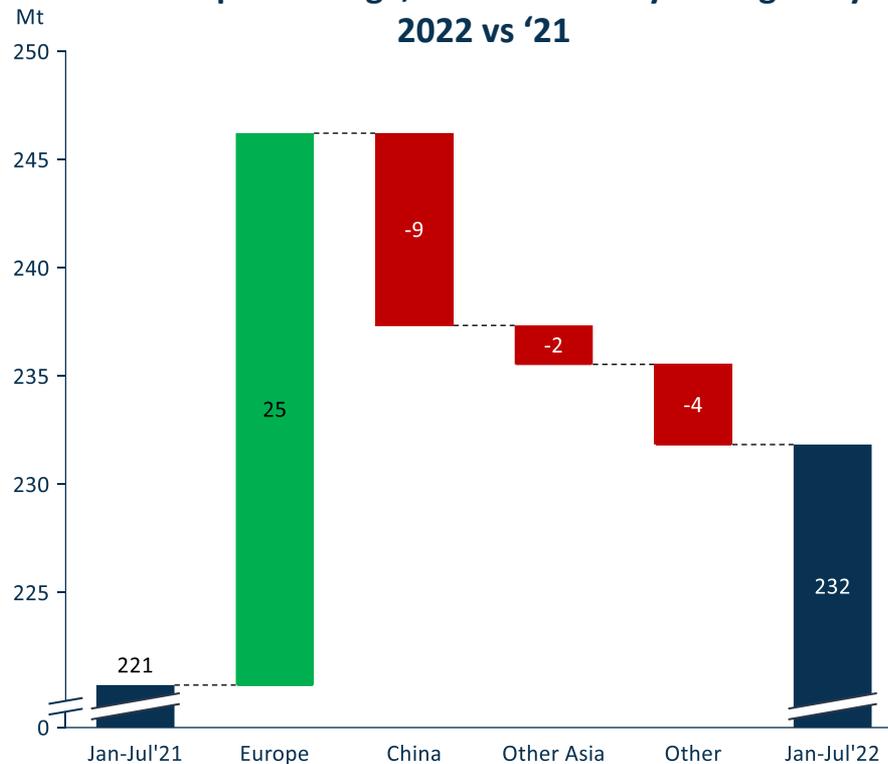
# GLOBAL LNG VOLUMES UP BY 5% IN FIRST SEVEN MONTHS OF 2022



## LNG export change, YOY for January through July 2022 vs '21



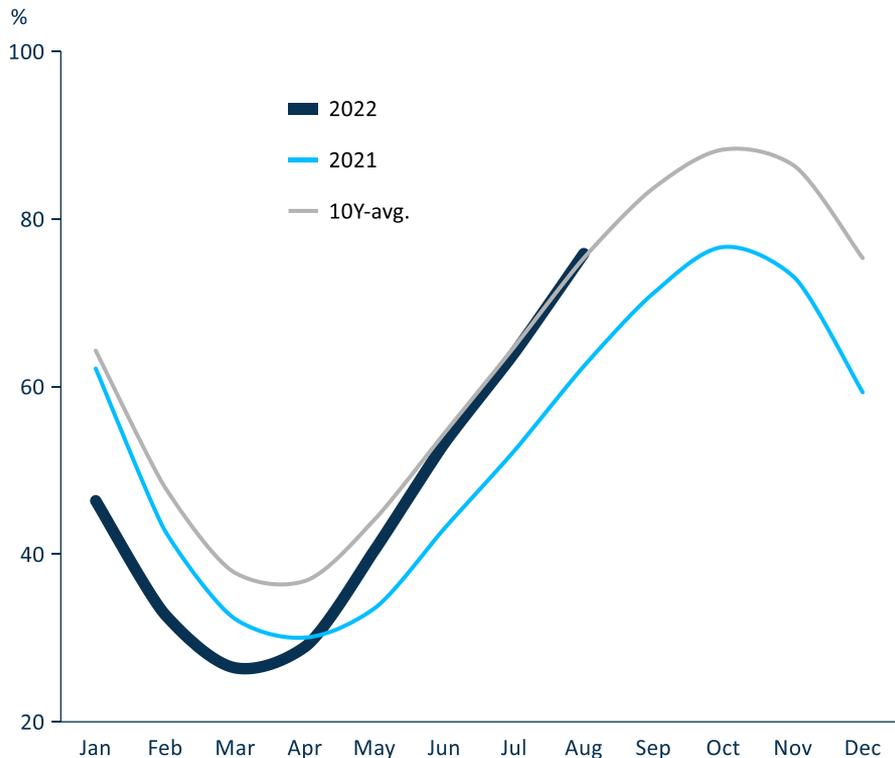
## LNG import change, YOY for January through July 2022 vs '21



# EUROPE BUILT INVENTORIES DESPITE PLUMMETING RUSSIAN FLOWS

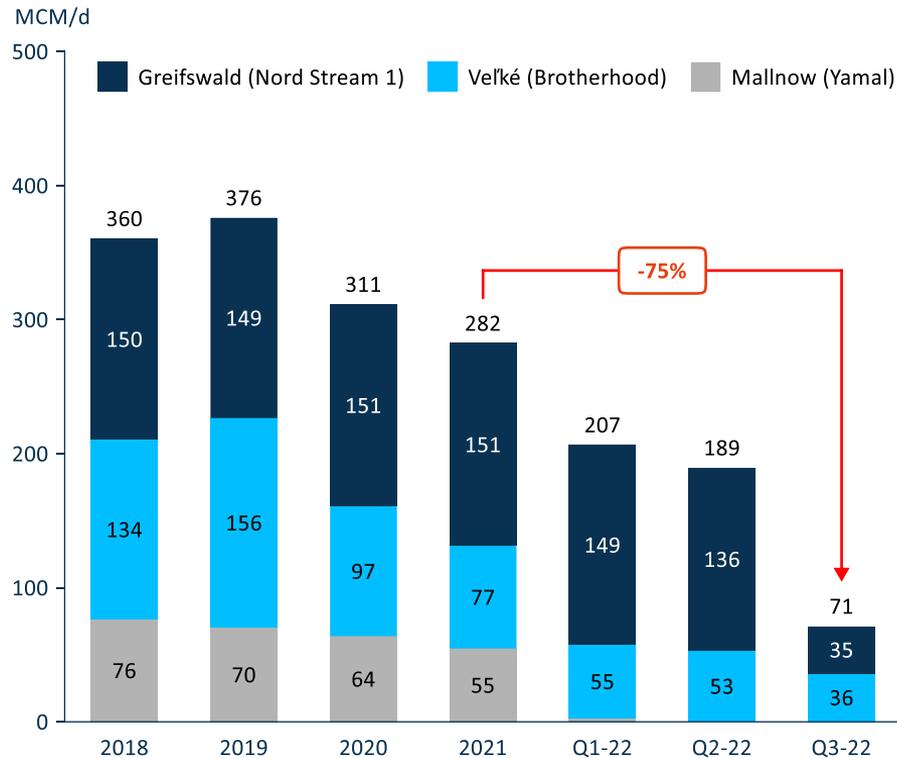


## EU natural gas storage inventory (% of full)



Source: GIE AGSI & Bloomberg

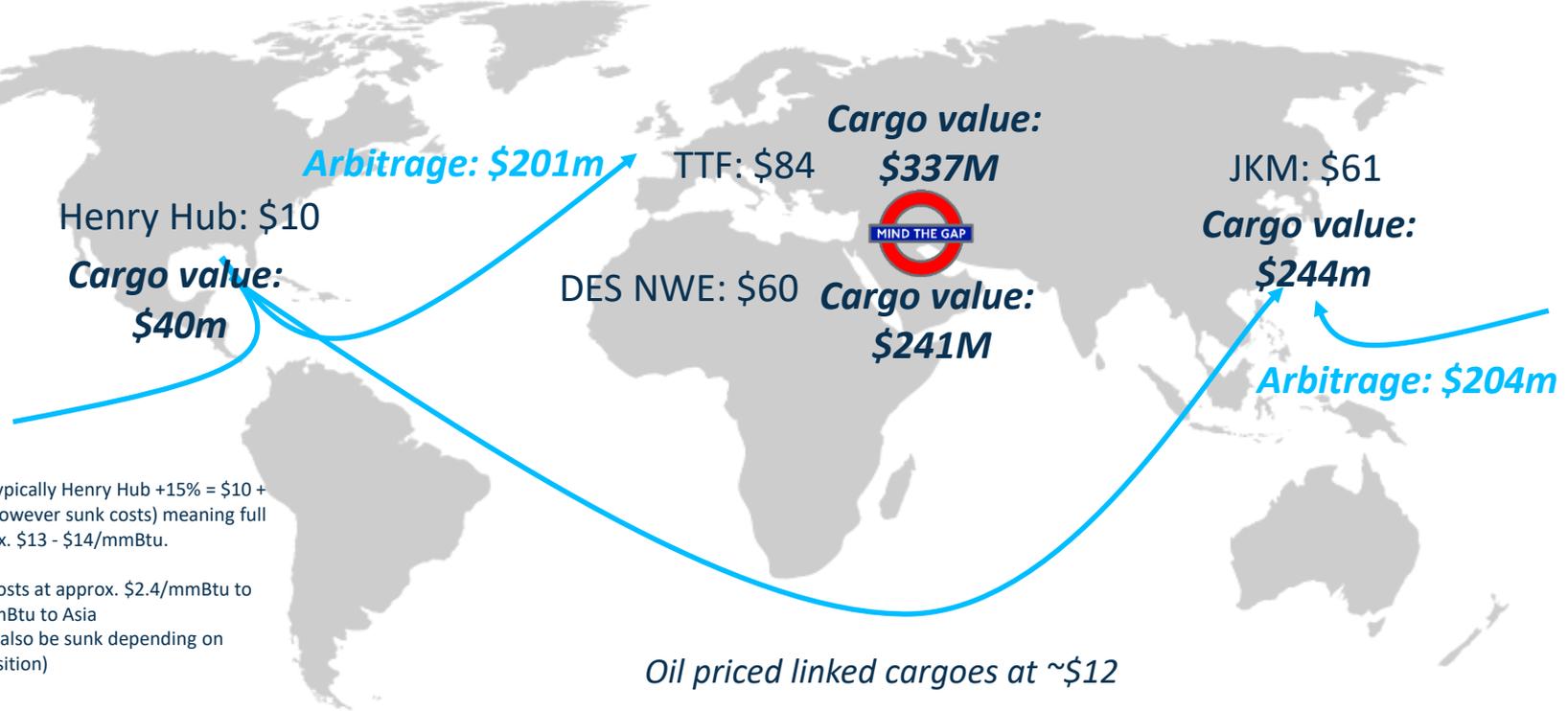
## EU pipeline daily flows from Russia (MCM/day)



# WORLDWIDE GAS CRUNCH



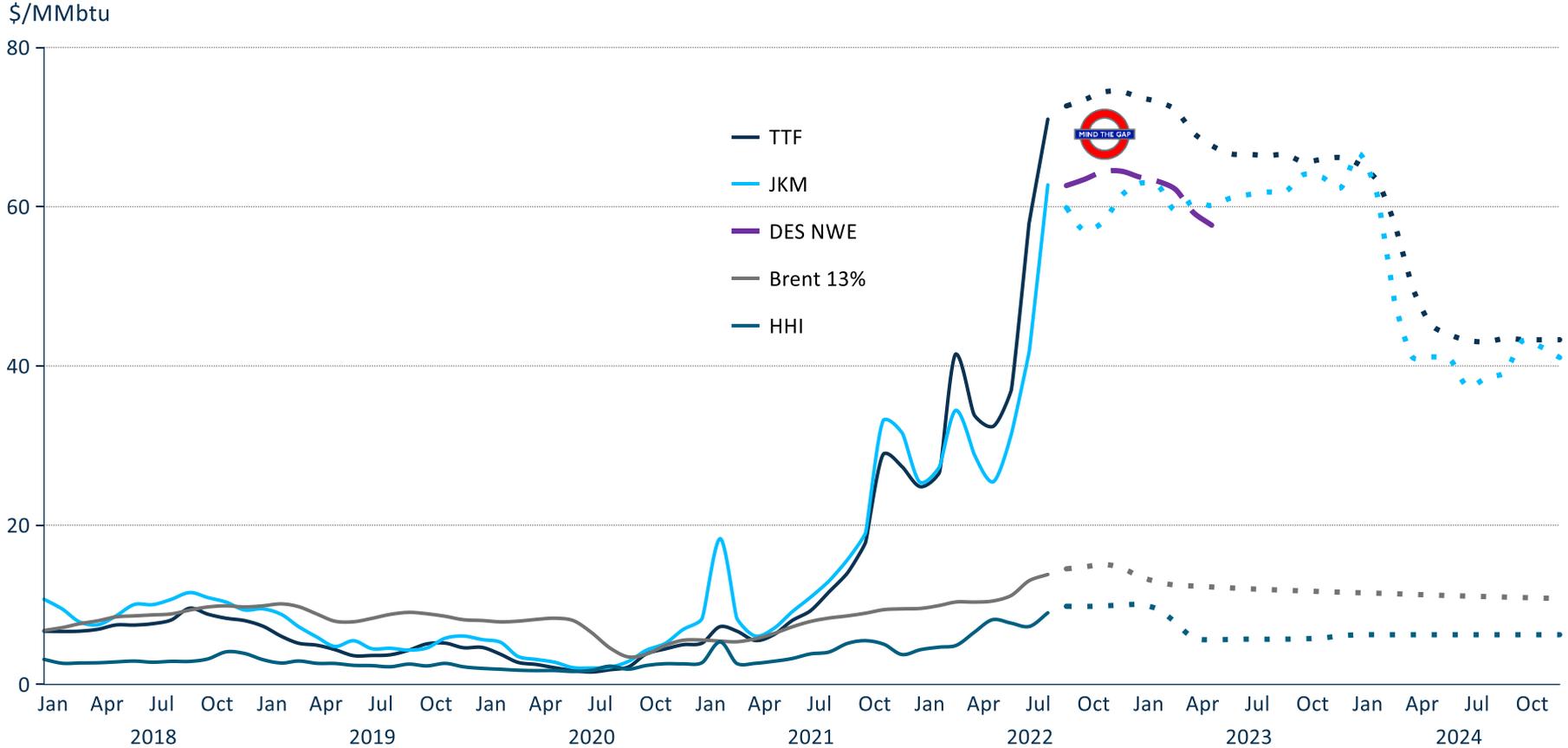
Spread between pipeline gas price (TTF) and LNG prices in Europe (DES NWE) is very high due import bottlenecks



Full price US cargo typically Henry Hub +15% = \$10 + tolling fee of \$2-3 (however sunk costs) meaning full costs (FOB) at approx. \$13 - \$14/mmBtu.

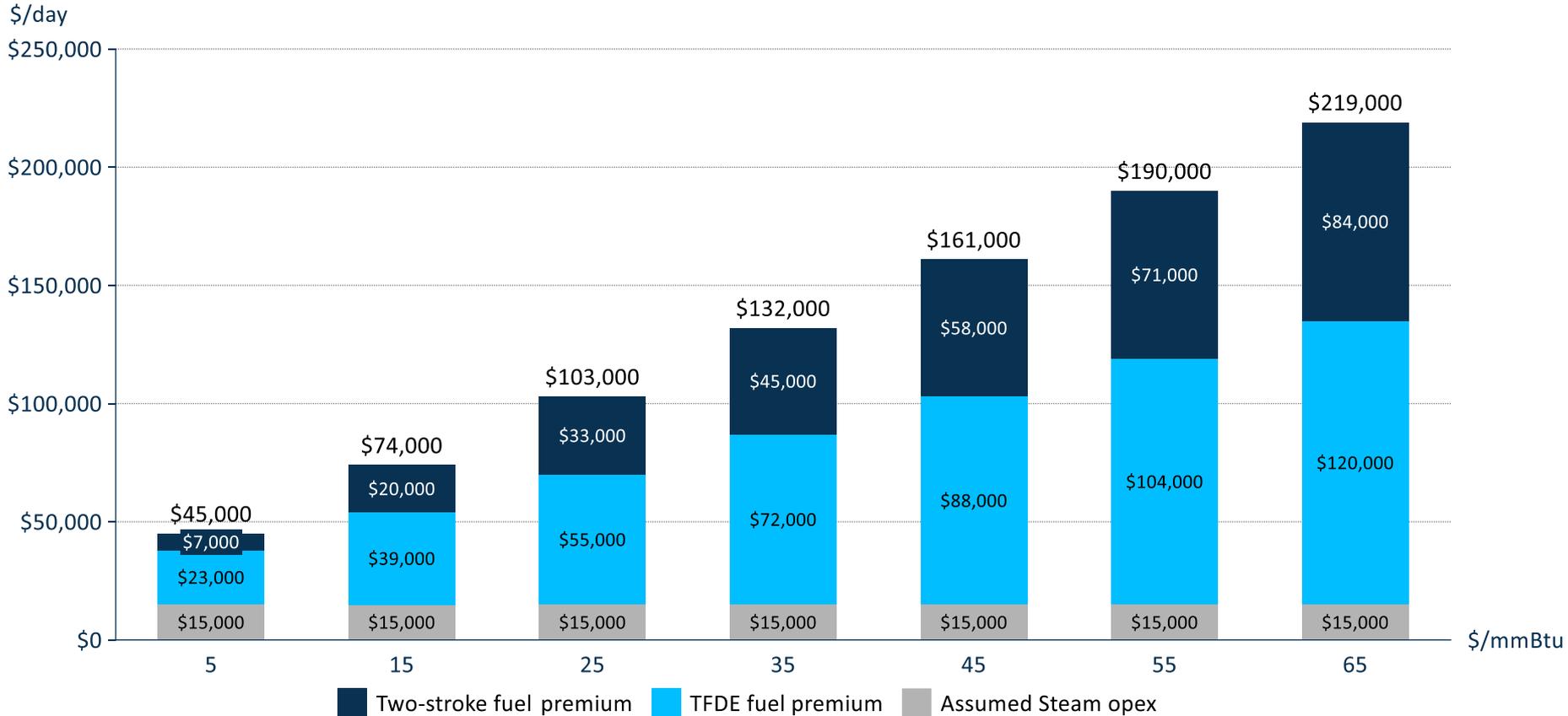
Then add shipping costs at approx. \$2.4/mmBtu to Europe and \$4.5/mmBtu to Asia (shipping cost could also be sunk depending on trader's shipping position)

# AND GAS CRUNCH NOT GOING AWAY ANYTIME SOON



Source: Bloomberg, CME, Platts  
Dotted lines indicate forward curves, data per 22 August 2022  
DES NWE is assumed at \$10/MMBtu discount to TTF until May 2023

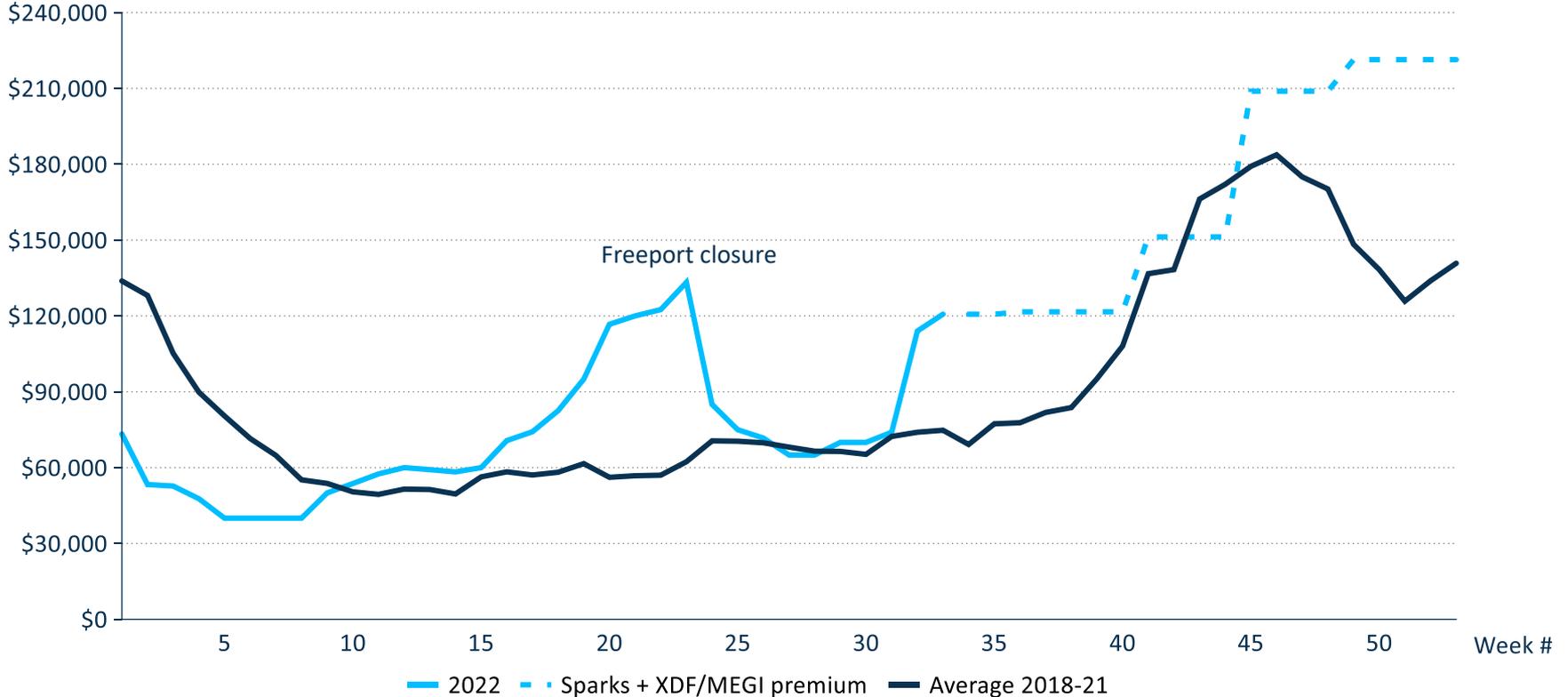
# HIGH LNG PRICES = HIGHER EARNINGS POTENTIAL FOR MODERN LNGCs



# SPOT MARKET PICKING UP AHEAD OF WINTER



Headline rate MEGI/XDF (\$/day)

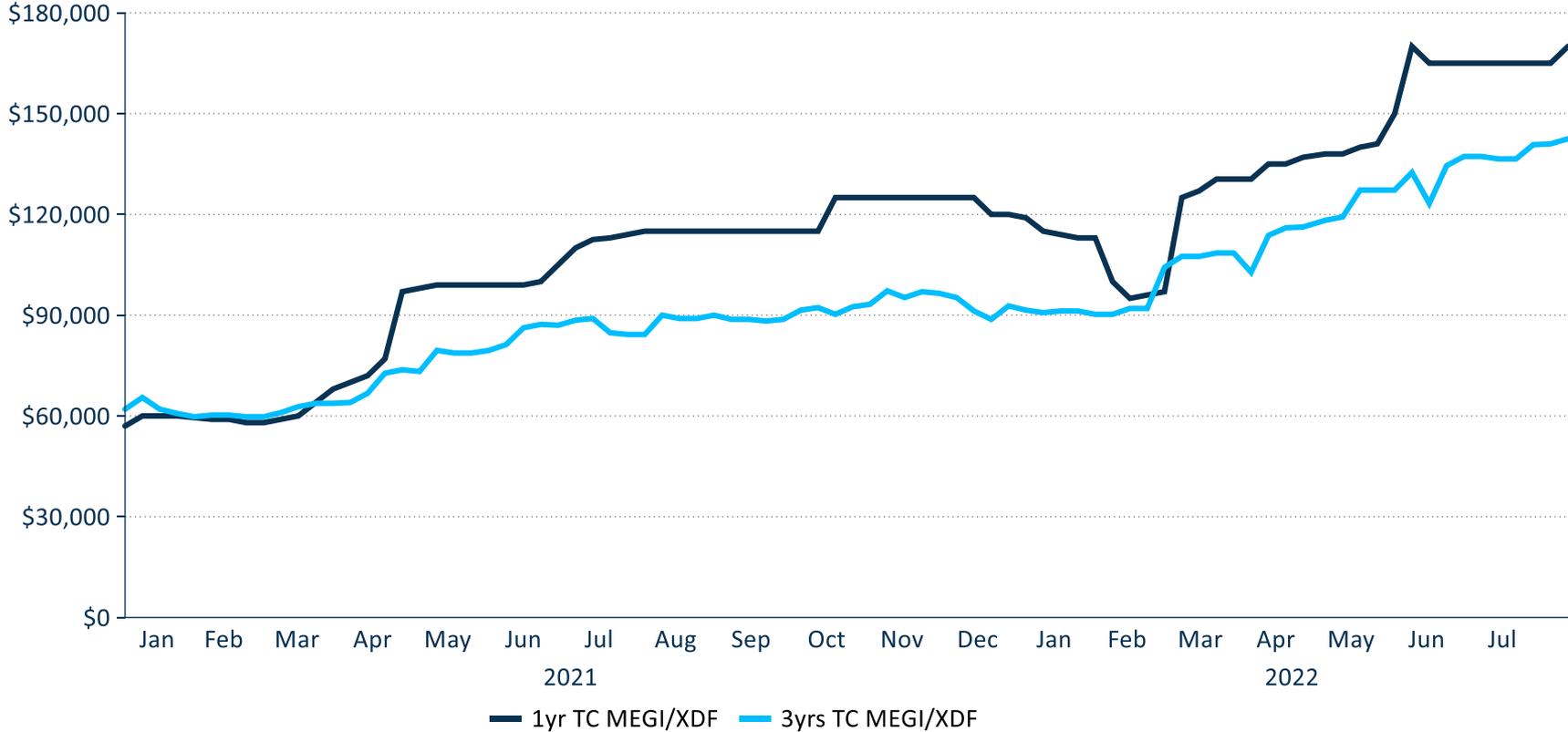


Source: Affinity and Spark. MEGI/XDF premium at fixed \$30,000 per day to TFDE

# WHILE THE TERM MARKET REMAINS VERY FIRM

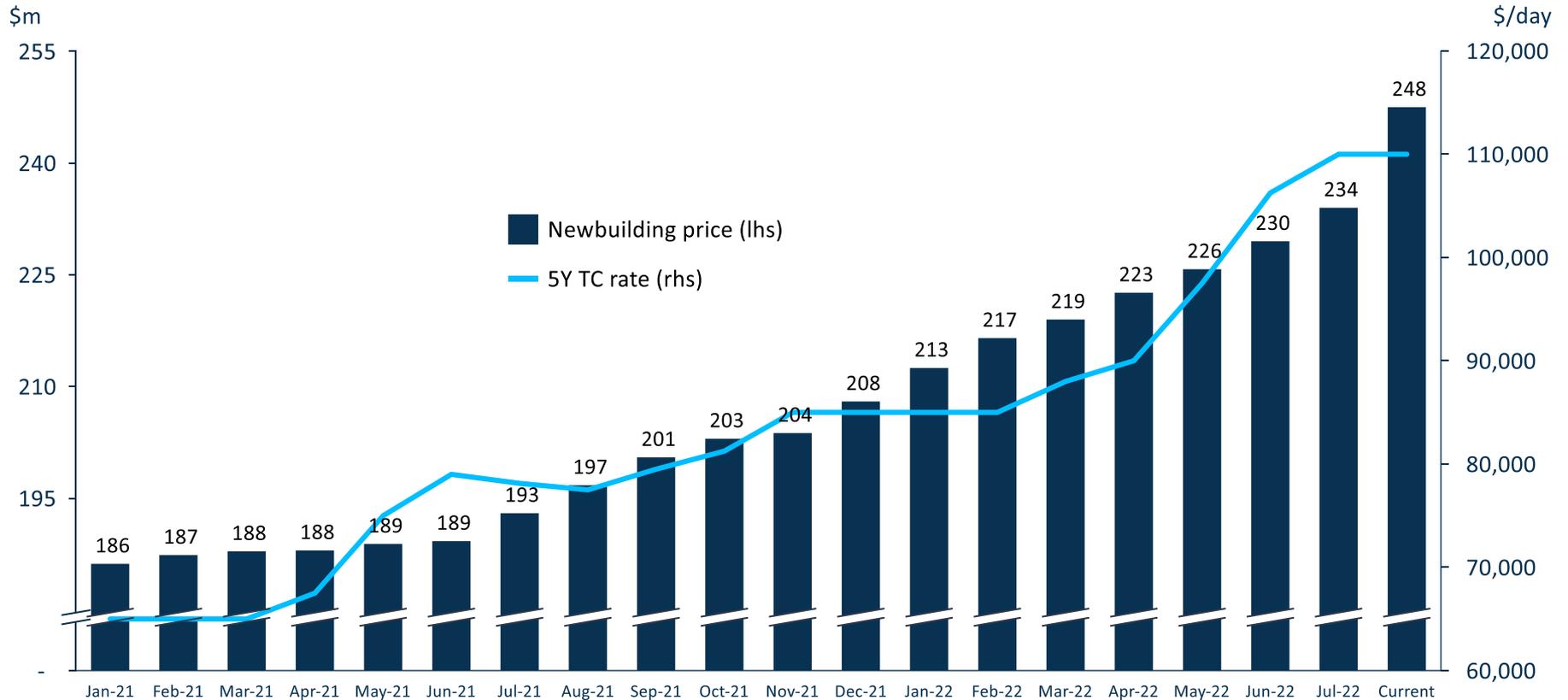


Term rates (\$/day)

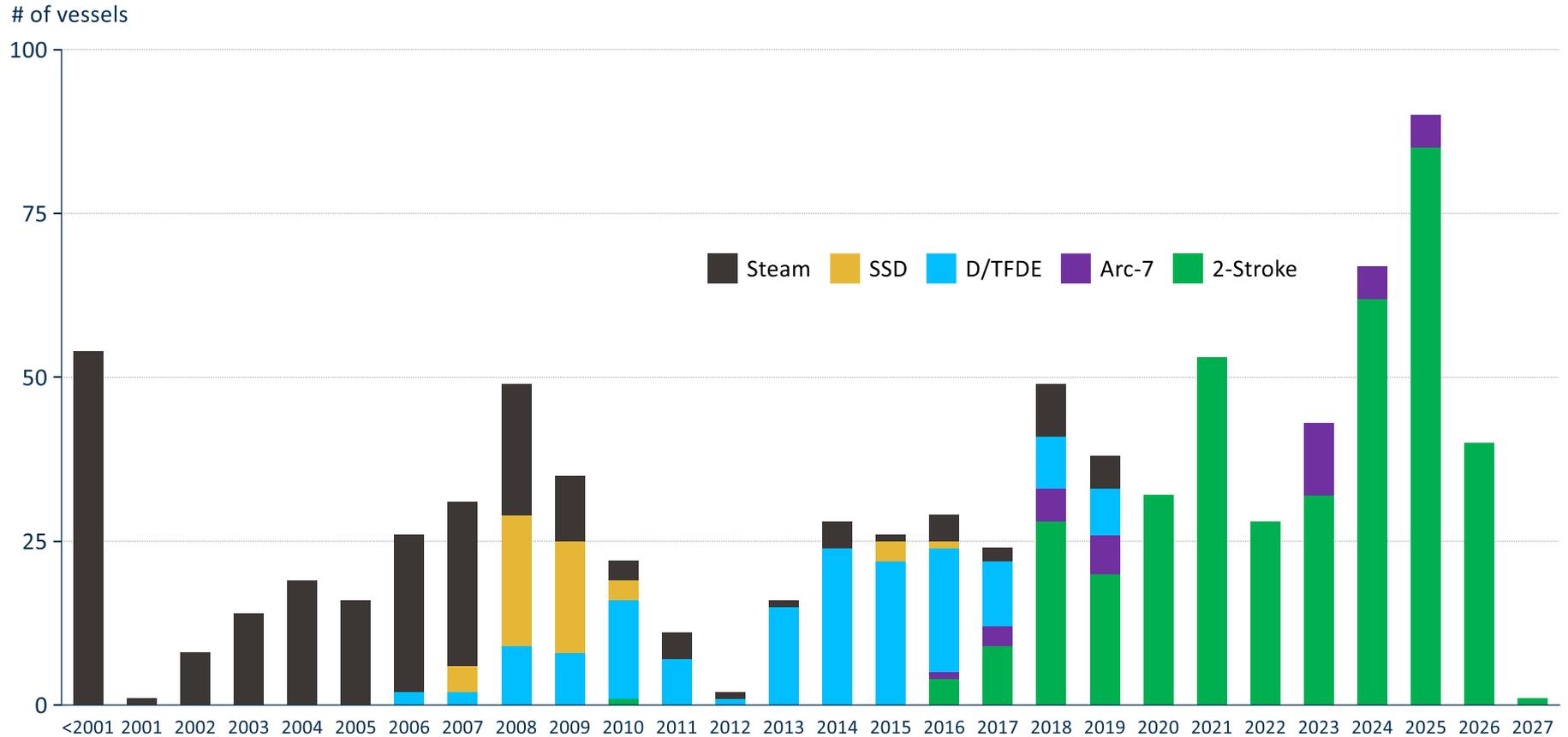


Source: Fearnleys (1yr), Affinity (3yrs)

# HIGHER NEWBUILD PRICES PUSHING UP LONG TERM RATES

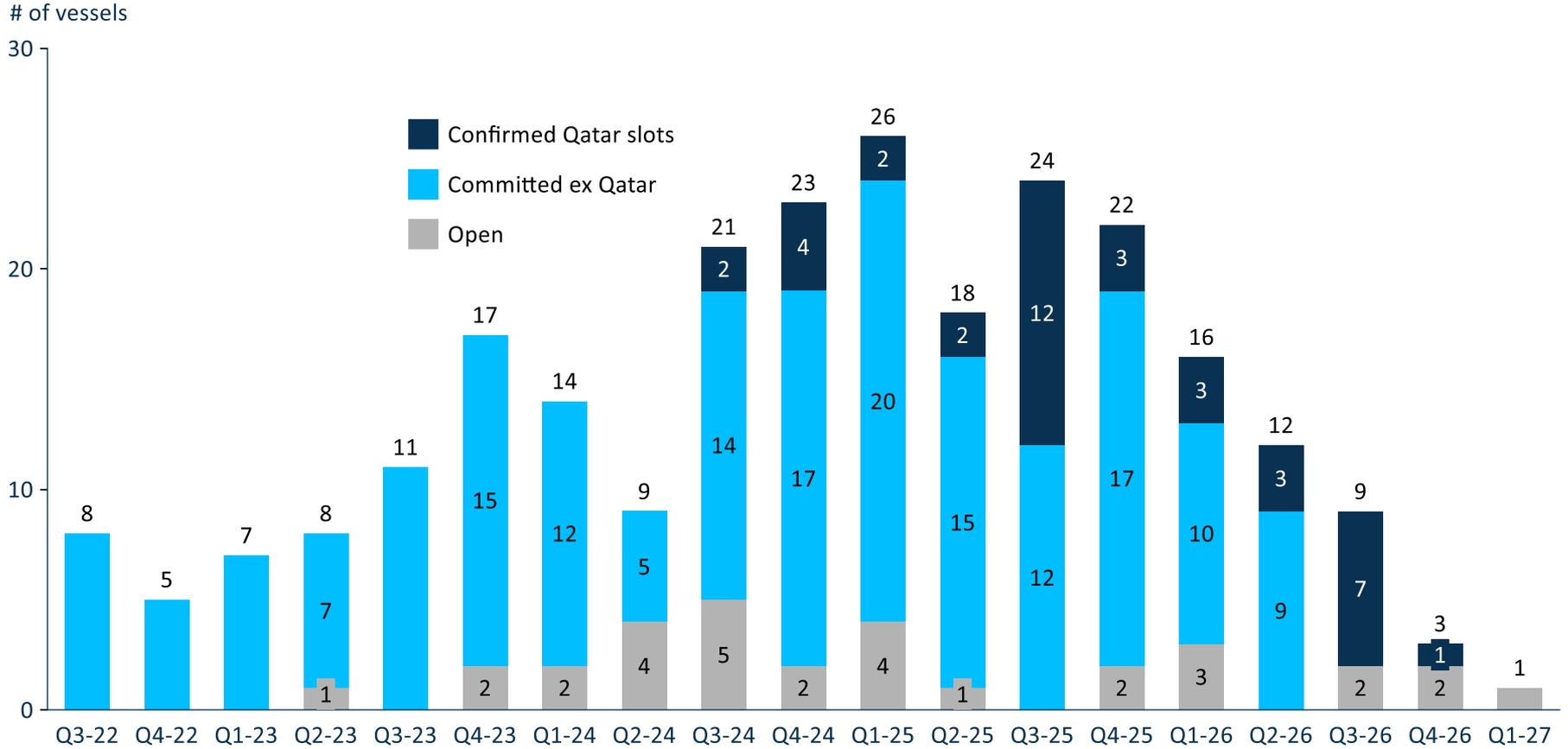


# FLEET RENEWAL ACCELERATES FROM 2024 BASED ON NEW VOLUMES



Source: Poten, Clarkson, Affinity & Fearnleys

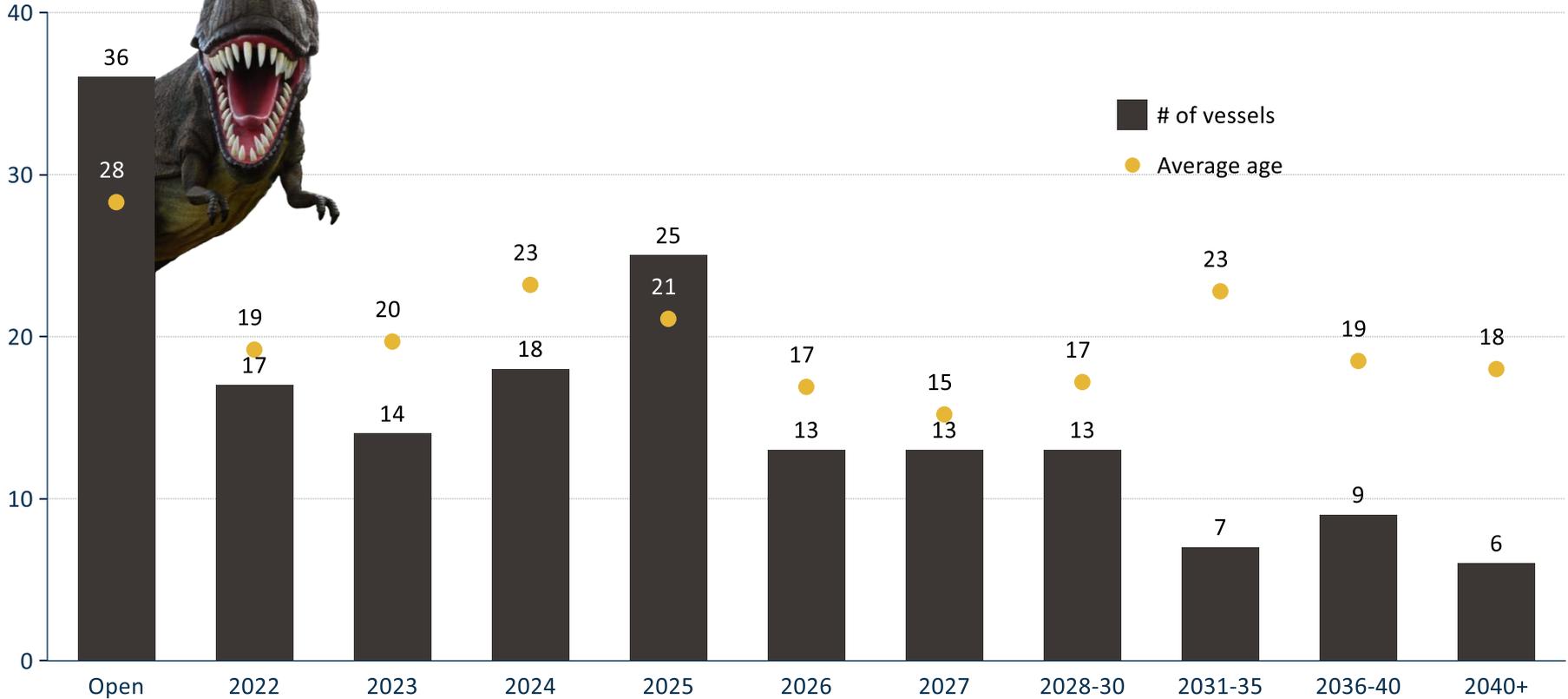
# BUT ONLY 30 VESSELS AVAILABLE OF THE CURRENT ORDERBOOK



# 100 STEAM VESSELS WITH CONTRACT EXPIRY BY 2027



# vessels & age



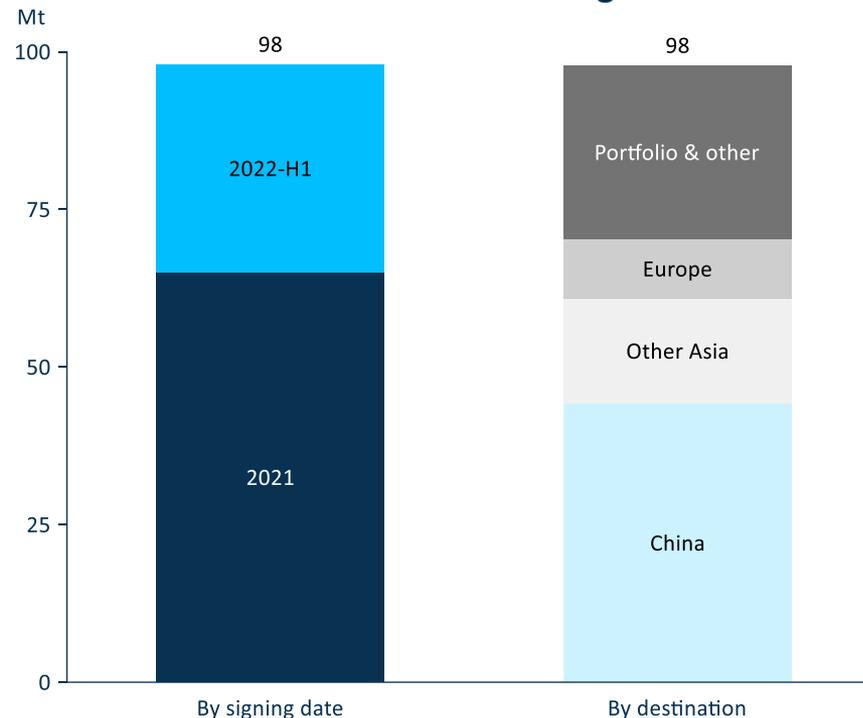
# GAS CRUNCH CREATING NEW WAVE OF LNG CONTRACTING



## Recent LNG SPAs

Date	Country	Project	Buyer	Start	Duration	Volume
Jul-22	Mexico	Mexico Pacific LNG	Shell	2026	20	2.6
Jul-22	USA	Rio Grande	China Gas Holdings	2027	20	1
Jul-22	USA	Rio Grande	Guangdong Energy	2026	20	1.5
Jun-22	USA	Sabine Pass	Chevron	2026	16.0	1.0
Jun-22	USA	Corpus Christi	Chevron	2027	15.0	1.0
Jun-22	USA	Plaquemines	Chevron	2024	20.0	1.0
Jun-22	USA	CP2	Chevron	2027	20.0	1.0
Jun-22	USA	Plaquemines	EnBW	2026	20.0	0.8
Jun-22	USA	CP2	EnBW	2026	20.0	0.8
Jun-22	USA	Cheniere Portfolio	Equinor	2026	15.0	1.8
Jun-22	USA	Lake Charles	China Gas Holdings	2026	25.0	0.7
May-22	USA	Corpus Christi	POSCO	2026	20.0	0.4
May-22	USA	Total Portfolio	Hanwha Energy Corporation	2024	15.0	0.6
May-22	USA	Cameron	PGNiG	TBD	20.0	2.0
May-22	USA	Port Arthur LNG	PGNiG	TBD	20.0	1.0
May-22	USA	Plaquemines	Petronas	2026	20.0	1.0
May-22	USA	Plaquemines	ExxonMobil	2026	20.0	1.0
May-22	USA	CP2	ExxonMobil	2024	20.0	1.0
May-22	USA	Lake Charles	SK Gas Trading	2026	18.0	0.4
May-22	USA	Rio Grande	ENGIE	2026	15.0	1.8
May-22	USA	Lake Charles	Gunvor	2026	20.0	2.0
Apr-22	USA	bp Portfolio	KOGAS	2025	18.0	1.6
Apr-22	USA	Rio Grande	ENN LNG Singapore	2026	20.0	1.5
Mar-22	Mexico	Mexico Pacific LNG	Guangzhou Development	2026	20.0	2.0
Mar-22	USA	Lake Charles	ENN	2026	20.0	2.7
Mar-22	USA	Plaquemines	New Fortress Energy	2024	20.0	1.0
Mar-22	USA	CP2	New Fortress Energy	2025	20.0	1.0
Mar-22	USA	Plaquemines	Shell	2024	20.0	2.0

## Recent LNG offtake agreements



# Q2-22 HIGHLIGHTS

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## RESULTS

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## RECENT EVENTS

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## DIVIDEND

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2) Annualized dividend yield assuming a share price of \$34

3) As per 30 June 2022

# Bon Voyage!



FLEX LNG