

BYNN

December 17, 2021



FLEX LNG

FORWARD-LOOKING STATEMENTS



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THE ENERGY CRISIS IS NOT GOING AWAY



Bloomberg Businessweek

https://en.wikipedia.org/wiki/2021_global_energy_crisis

2021 global energy crisis - Wikipedia

The 2021 global **energy crisis** is an ongoing shortage of energy across the world, affecting countries such as the United Kingdom and China, among others.

[Background](#) · [Effects by location](#) · [China](#) · [Europe](#)



27 September 2021, 06:01 CEST

Europe's Energy Crisis Is Coming for the Rest of the World, Too

● Millions of people around the globe will feel the impact of soaring natural gas prices this winter.



FINANCIAL TIMES

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Power crunch threatens Chinese economic growth, warn banks

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The engineering challenges around renewables means we need to be realistic while waiting for the green transition

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European gas prices soar as Berlin casts doubt over Russian pipeline

● EU law compliance questioned ● Ukraine tension 'a factor' ● Futures rates jump 11%

GUY CHAZAN - BERLIN
TOM WILSON - LONDON
MAX HEDGECOCK - MOSCOW

European gas futures soared 11 per cent yesterday after Germany's new foreign minister said Russia's Nord Stream 2 pipeline could not be permitted as the current form because it did not comply with EU law.

The situation on the Ukrainian border, where Russia has amassed an estimated 150,000 troops, was "also a factor", Annalena Baerbock said. "The last government discussed with the Americans that if there are further escalations the pipeline can't come on-line."

Nord Stream 2 was top of the list when US officials considered potential western sanctions against Russia last week.

Baerbock said the three parties that

make up the new German government – the Green party, along with the Social Democrats and Free Democrats – had agreed that all energy projects must be in accordance with EU energy legislation. "And that means that, as things stand at the moment, this pipeline can't be approved," she said.

Baerbock's comments suggest that Germany's position on Nord Stream 2 could harden now that the Greens, who have opposed the project, are in charge of the foreign ministry. However, the Social Democrats, the party of Chancellor Olaf Scholz, have in the past supported the pipeline.

Nord Stream 2, which is complete but has not been permitted to operate, will double the capacity of undersea routes from Russia to Europe. Critics say it will

increase EU dependence on Russian energy exports and allow the Kremlin to put pressure on Ukraine, which would be denied lucrative gas transit fees.

European natural gas futures rose to their highest since early October. The European benchmark for January delivery jumped as much as 11 per cent to a high of €112.25 per megawatt-hour.

Cold weather and weak flows from Russia are hurting gas stocks. Across Europe, storage facilities were just 62.8 per cent full, more than 10 per cent below seasonal norms. If the downturn continues at current rates, levels will reach critical levels by March/April.

Nord Stream 2 can only go into operation once it has been approved by German regulators and Brussels.

Regulators suspended the certification



New German foreign minister Annalena Baerbock said, "As things stand at the moment, this pipeline can't be approved."

process last month, citing non-compliance with the EU's gas directive. This has strict rules that any companies producing, transporting and distributing gas in the EU must be separate.

Nord Stream 2 will seek to comply with the law by setting up a subsidiary in Germany that will operate the pipeline running across German territory.

Nord Stream 2 AG, the operator of the pipeline, and Gazprom, which supplies the gas, both declined comment.

When asked for a response to Baerbock's comments, the Kremlin said the pipeline company was "working with the regulator and fulfilling all demands. We just need to be a bit more patient."

Additional reporting by Neil Sturt in London and Natsiana Atrachshapova in Moscow

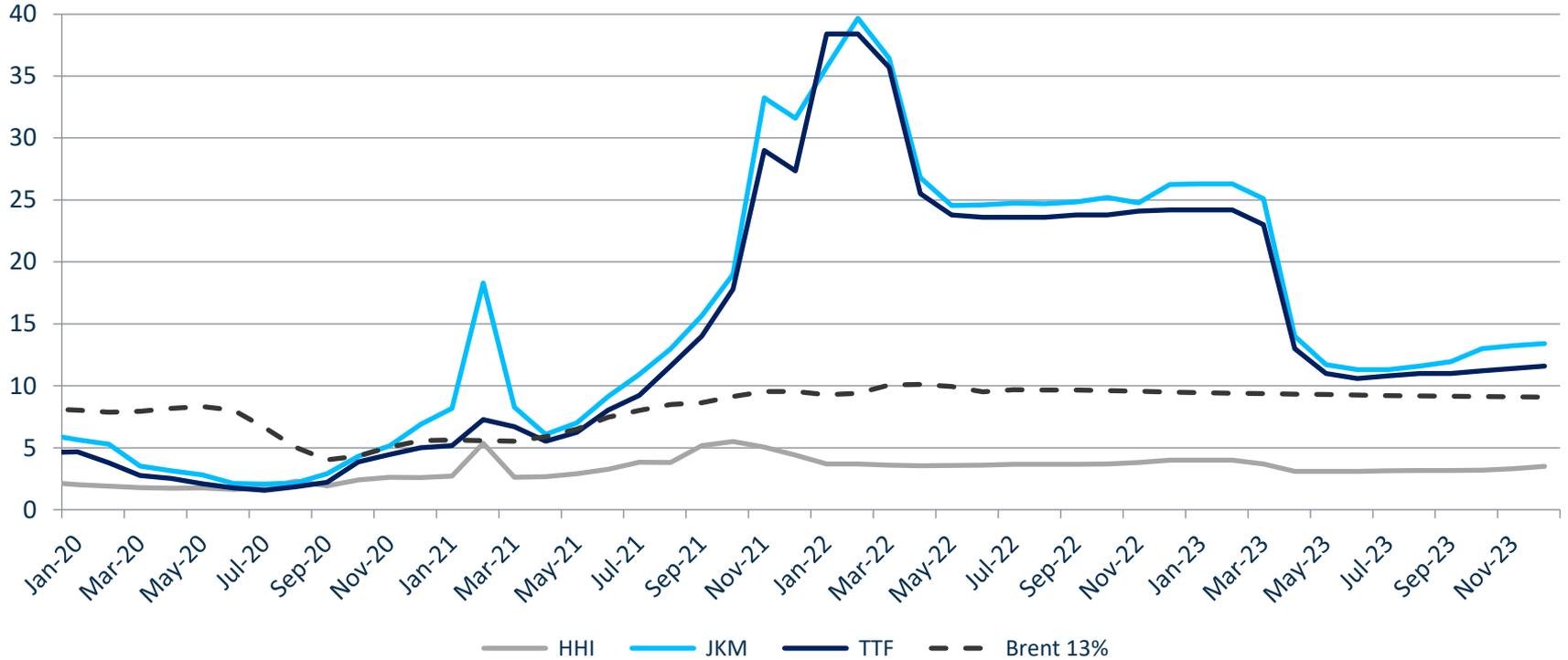
Politics

Norway to Subsidize Households for Rising Electricity Costs

AND SPOT LNG PRICES ARE AT HISTORICAL HIGHS



\$/MMBtu

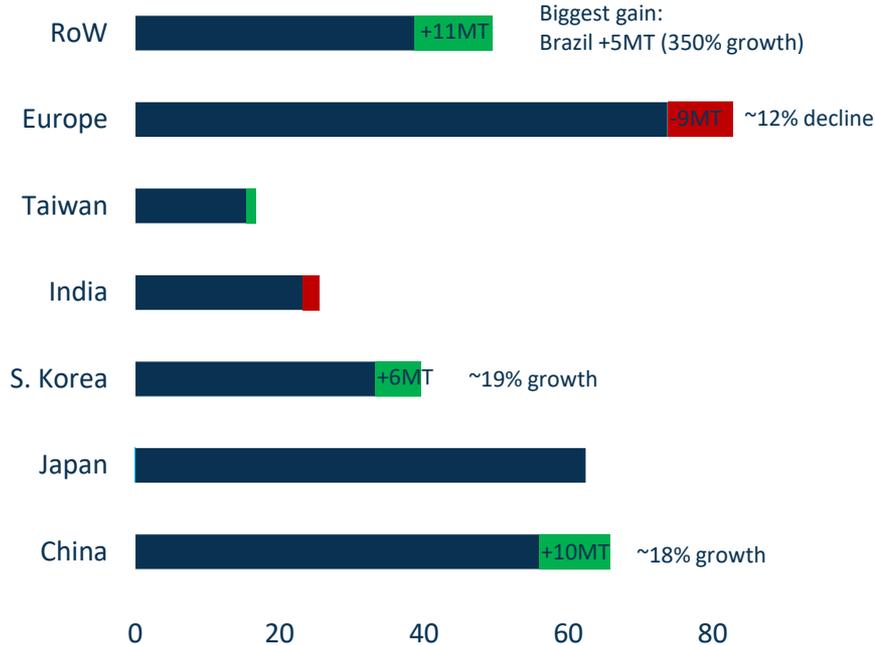


1) Source: Platts, EIA and ICE
2) Historical TTF defined as Platts DES NEW

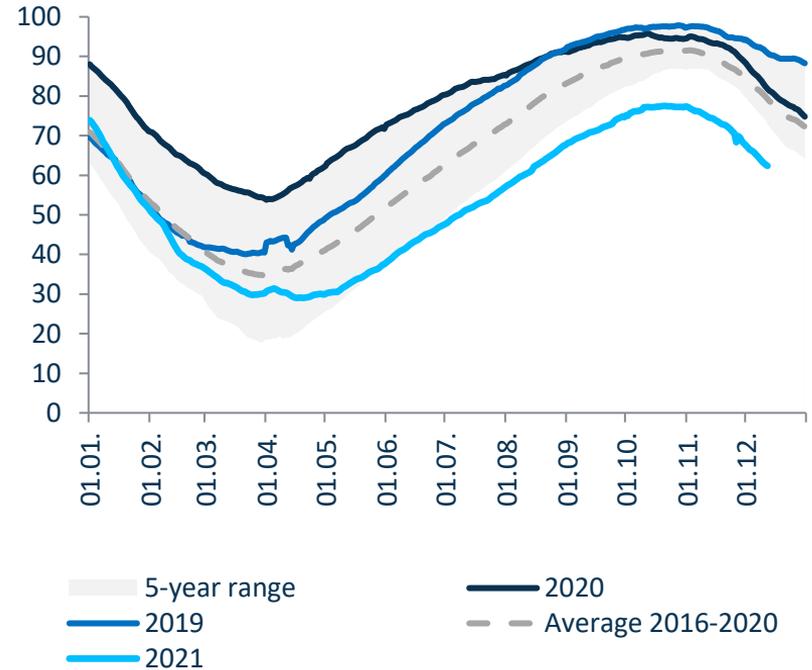
EUROPE AND ASIA ARE NOW FIGHTING FOR THE MARGINAL CARGO



Import growth January to October driven by Asia



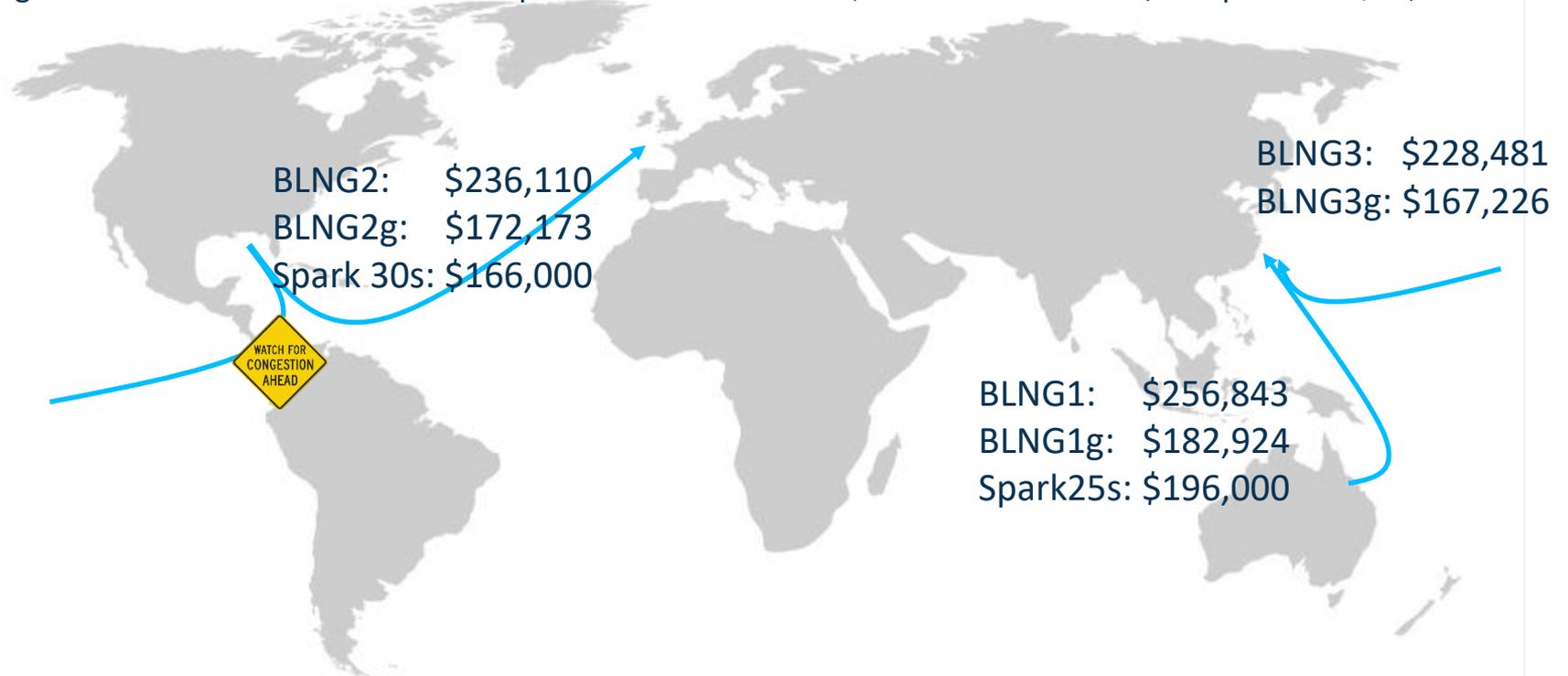
Resulting in low natural gas inventories in Europe



SPOT RATES ARE DOWN FROM PEAK, BUT STILL AT ELEVATED LEVELS

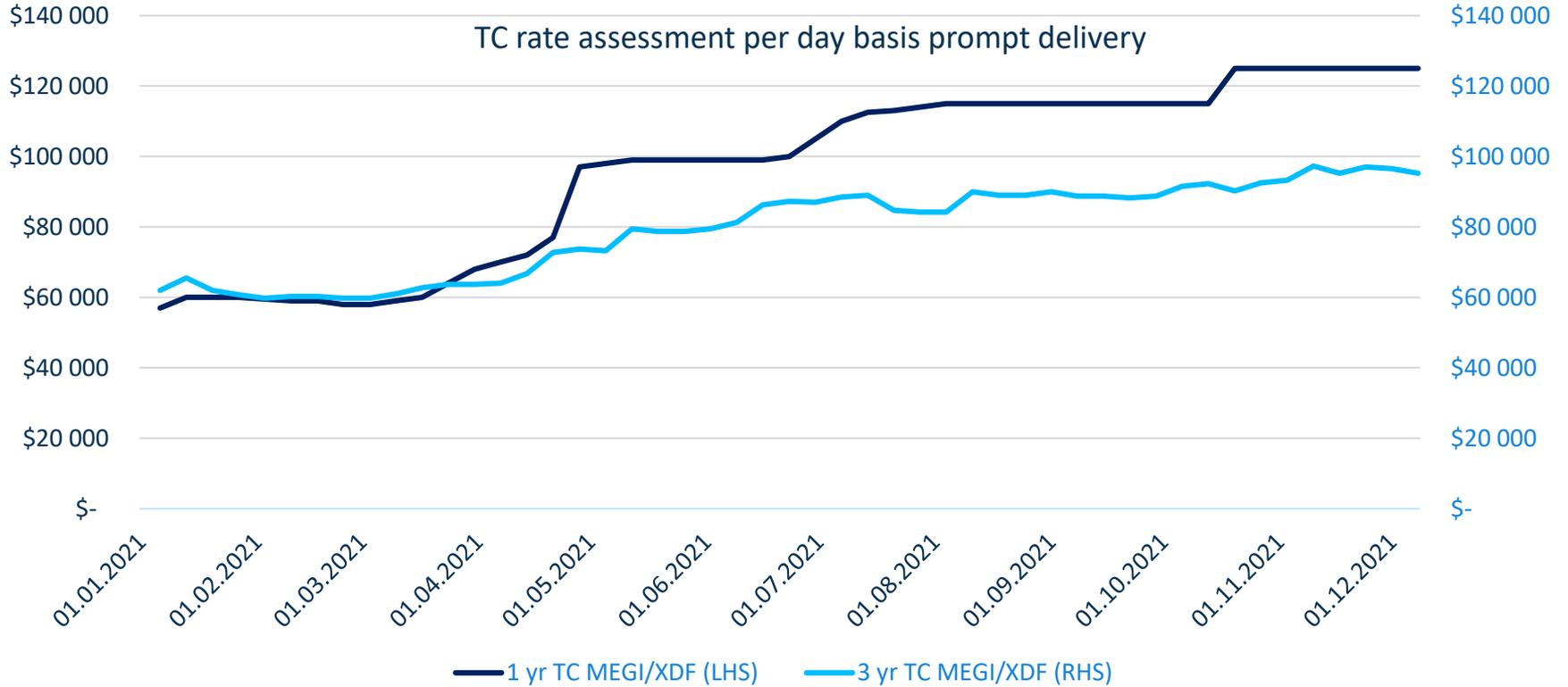


Freight indices: 160k cbm TFDE roundtrip basis on December 14, 2021. Current MEGI/XDF premium \$53,750²



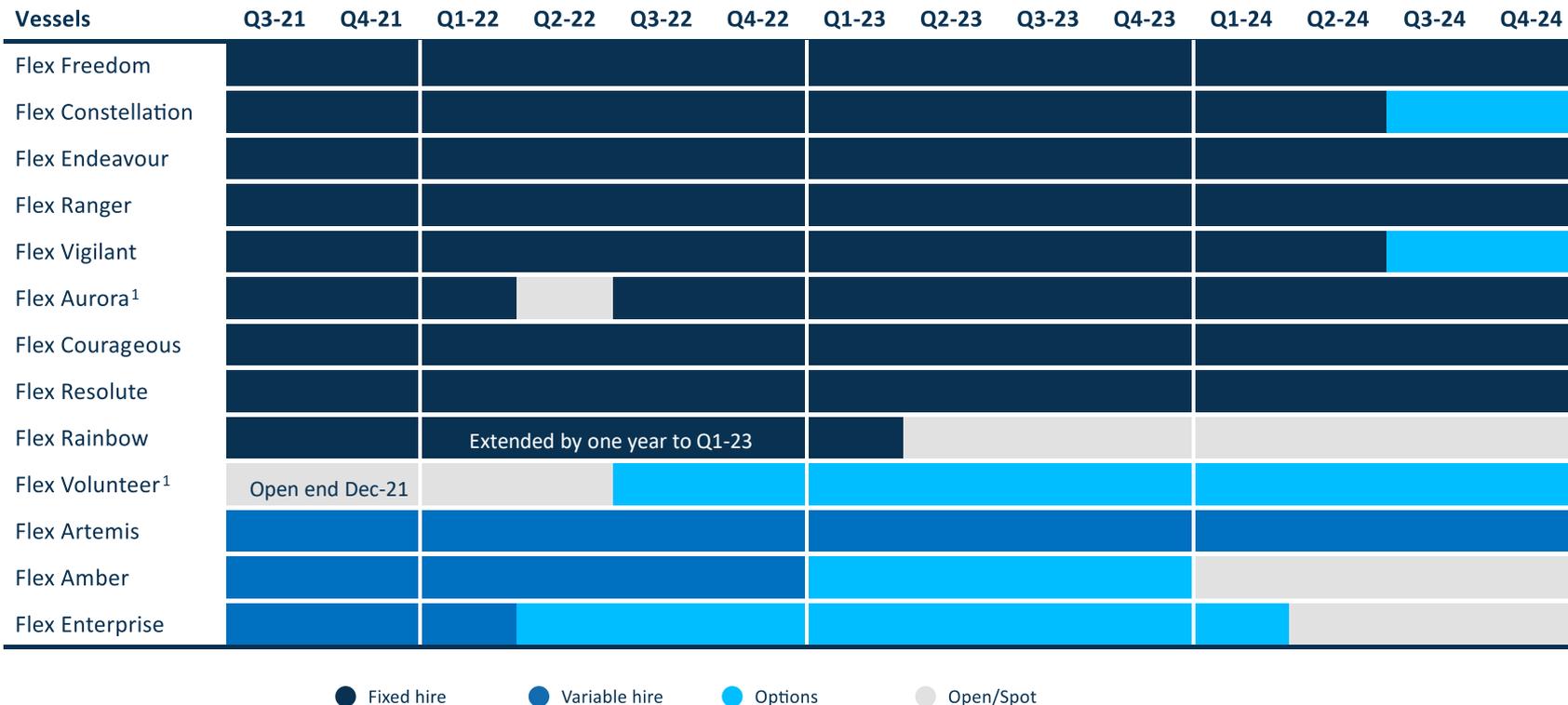
1) Source: Affinity, Fearnleys, Clarksons, Spark Commodities and Baltic Exchange
2) BLNGg is gas mode while BLNG is fuel mode. MEGI/XDF 174k cbm vs 160k cbm TFDE premium from Spark

TERM RATES HAVE HOWEVER STABILIZED AT ATTRACTIVE LEVELS



1) Source: Fearnleys for 1yr and Affinity for 3yr rates

HIGH EARNINGS VISIBILITY WHILE MAINTAINING MARKET EXPOSURE



1) Under the TCs with Cheniere, Flex LNG can nominate performing vessels for the TC and the actual vessels might differ from Flex Aurora and Flex Volunteer depending on vessel availability and fleet portfolio management



FLEX-MAS