



FLEX LNG



Q2-2020 presentation

August 19, 2020

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.

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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.

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HIGHLIGHTS



Commercial

- Weak spot market in Q2/Q3 due to Covid-19 affecting demand
- 100% technical availability of ships despite pandemic
- TCE⁽¹⁾ of \$47kpdr in Q2 in line with guidance (TCE of \$57kpdr in H1-20)

Finance

- Adj. net loss⁽¹⁾ of \$0.7m in Q2 (adj. net income of \$8.6m in H1-20)
- \$920m debt secured for newbuilds with \$937m remaining capex
- Free cash at end Q2 of \$116m

Outlook

- Secured employment for Flex Aurora/Artemis/Resolute/Amber
- Higher Q3 revenues due to newbuilds, expect similar TCE in Q3 as Q2⁽²⁾
- Spot market improving from August ahead of winter season

1) TCE rate and Adjusted net income/(loss) are non-GAAP measures. A reconciliation to the most directly comparable GAAP measure is included in the Q2-20 earnings report

2) Subject normal operation and up-time on vessels

BALANCED CONTRACT PORTFOLIO



Fixed hire TCs

- Flex Ranger
- Flex Aurora
- Flex Resolute

Variable hire TCs

- Flex Enterprise
- Flex Rainbow
- Flex Artemis
- Flex Amber

Spot market

- Flex Endeavour
- Flex Constellation
- Flex Courageous

Newbuildings

- Flex Freedom
- Flex Volunteer
- Flex Vigilant

94% of available days in Q3 booked⁽¹⁾

1) Subject normal operation and up-time on vessels

INCOME STATEMENT



<i>(in thousands of \$ except per share data)</i>	<i>Three months ended</i>	
	Jun 30, 2020	Mar 31, 2020
Vessel operating revenues	25,753	38,192
Voyage expenses	(316)	(1,206)
Vessel operating expenses	(6,460)	(7,541)
Administrative expenses	(1,567)	(1,572)
Depreciation	(8,584)	(8,587)
Operating income/(loss)	8,826	19,286
Interest income	14	129
Interest expense	(9,498)	(10,105)
Gain/(loss) on derivatives	(6,648)	(21,903)
Foreign exchange gain/(loss)	701	(2,283)
Other financial items	(11)	(25)
Income/(loss) before tax	(6,616)	(14,901)
Income tax credit/(expense)	(41)	24
Net income/(loss)	(6,657)	(14,877)
Earnings/(loss) per share	(0.12)	(0.27)
Adjusted EBITDA	17,399	27,848
Adjusted net income/(loss)	(710)	9,309
Adjusted earnings/(loss) per share	(0.01)	0.17

- Vessel operating revenues of \$25.8m vs. \$38.2m for Q1-20
- Adjusted EBITDA⁽¹⁾ of \$17.4m vs. \$27.8m for Q1-20
- Gain/(loss) on derivatives includes unrealized non-cash loss on interest rate swaps of \$6.2m vs. \$21.8m in Q1-20
- Unrealized foreign exchange gain of \$0.7m vs. loss of \$2.3m in Q1-20
- Net loss of \$6.7m vs. \$14.9m for Q1-20
- Adjusted net loss⁽¹⁾ of \$0.7m vs. adjusted net income of \$9.3m for Q1-20
- Adjusted loss per share⁽¹⁾ of \$0.01 vs. adjusted earnings per share of \$0.17 for Q1-20

1) Adjusted EBITDA, Adjusted net income/(loss) and Adjusted earnings/(loss) per share are non-GAAP measures. A reconciliation to the most directly comparable GAAP measures are included in the Q2-20 earnings report

BALANCE SHEET



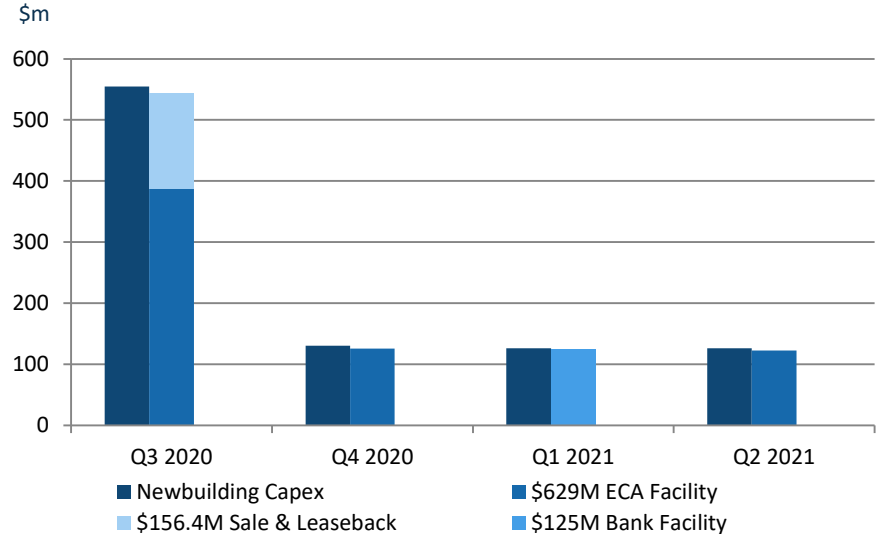
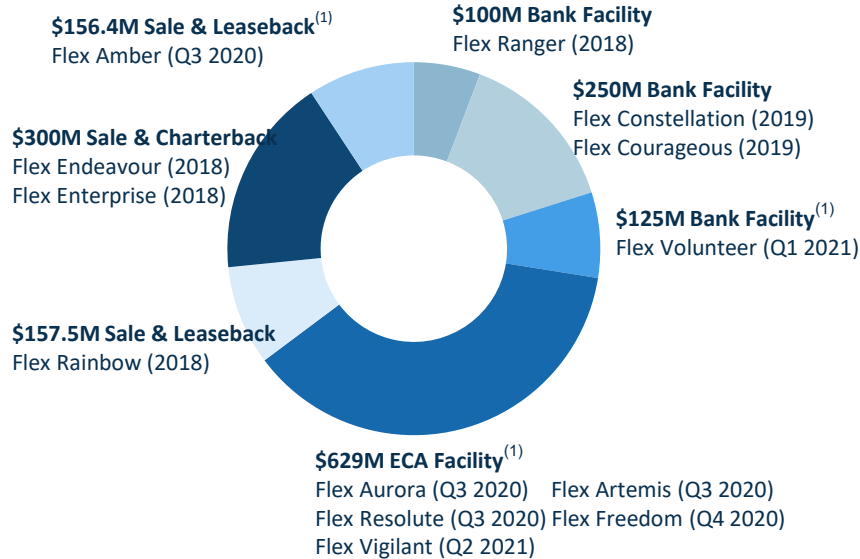
(in thousands of \$)

	Jun 30, 2020	Mar 31, 2020
Assets		
Current assets		
Cash, restricted cash and cash equivalents	115,993	120,802
Other current assets	20,312	19,201
Non-current assets		
Vessels and equipment	1,130,000	1,138,674
Other fixed assets	7	8
Vessel purchase prepayment	349,472	349,472
Derivative instruments	0	0
Total Assets	1,615,784	1,628,157
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	35,927	35,706
Derivative instruments	29,771	23,561
Other current liabilities	11,374	14,538
Non-current liabilities		
Long-term debt	726,252	735,310
Other non-current liabilities	2	1
Total equity	812,458	819,041
Total Equity and Liabilities	1,615,784	1,628,157

- Solid liquidity of \$116m as per June 30, 2020
- Restricted cash balance of only \$0.1m (tax)
- Increase in working capital of \$4.3m main reason for the reduction in cash by \$4.8m
- Assets consist of six vessels in operation and seven newbuildings under construction
- Vessel purchase prepayments of \$349.5m relates to remaining seven newbuildings
- Total interest bearing debt of \$762m, of which \$35.9m is due next 12 months⁽¹⁾
- Equity ratio of 50%

1) Long term debt is presented net of debt issuance cost

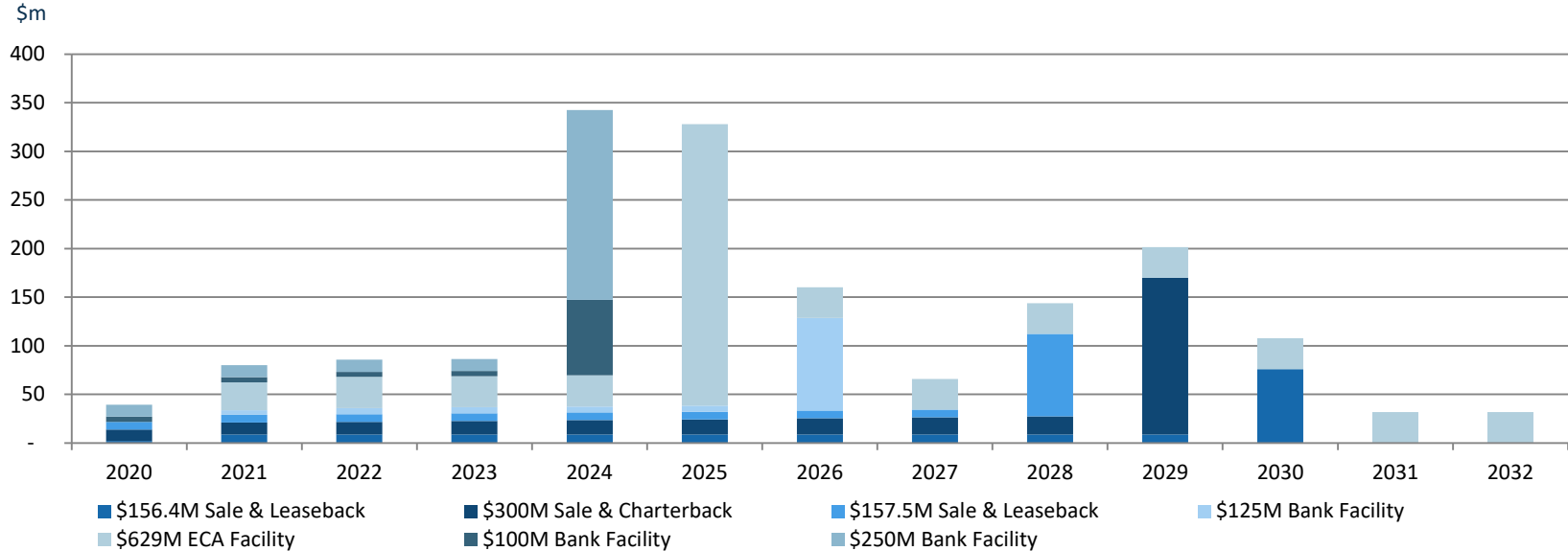
FINANCING SECURED FOR ALL VESSELS



- \$156.4m Sale and Leaseback for Flex Amber and \$125m bank facility for Flex Volunteer signed Q2 2020
- \$10m accordion increase for Flex Artemis under \$629m ECA Facility agreed July 2020
- Flex Amber swapped with Flex Vigilant under \$629m ECA Facility
- <\$20m in net remaining capex vs. cash of \$116m per quarter end

1) \$125M Bank Facility, \$156.4M Sale & Leaseback and remaining tranches under \$629M ECA Facility remains subject customary closing conditions

STAGGERED DEBT MATURITY PROFILE



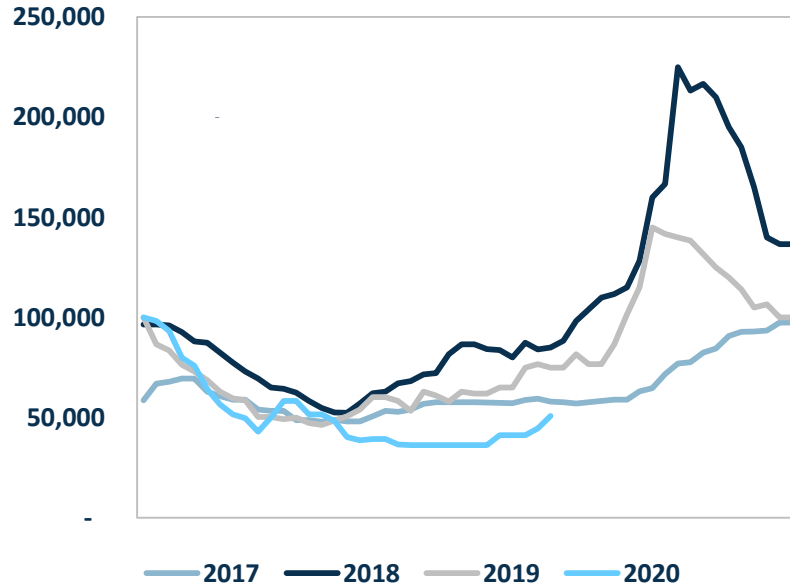
- Long funding secured with first loan maturity in July 2024
- Staggered debt maturity profile, mitigating re-financing risk

1) The \$156.4M Sale & Leaseback, \$125M Bank Facility and remaining tranches under \$629m ECA facility remains subject customary closing conditions. Repayment schedule based on contracted delivery dates for newbuildings. The 12-year ECA tranche under the \$629m ECA facility will mature at same time as the \$250m commercial tranche if commercial tranche is not refinanced on terms acceptable to the ECA lenders.

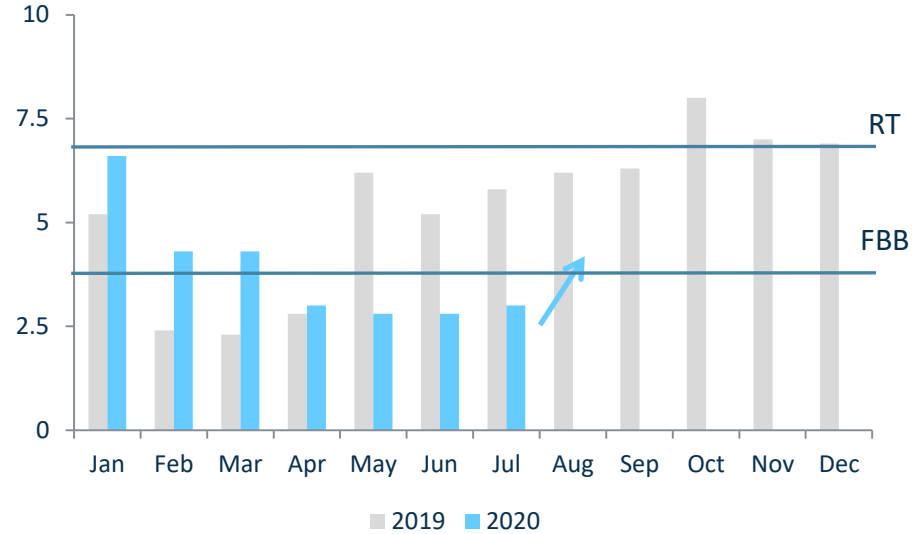
SPOT MARKET REVIEW



Spot LNGC headline freight rates per day (MEGI/XDF)

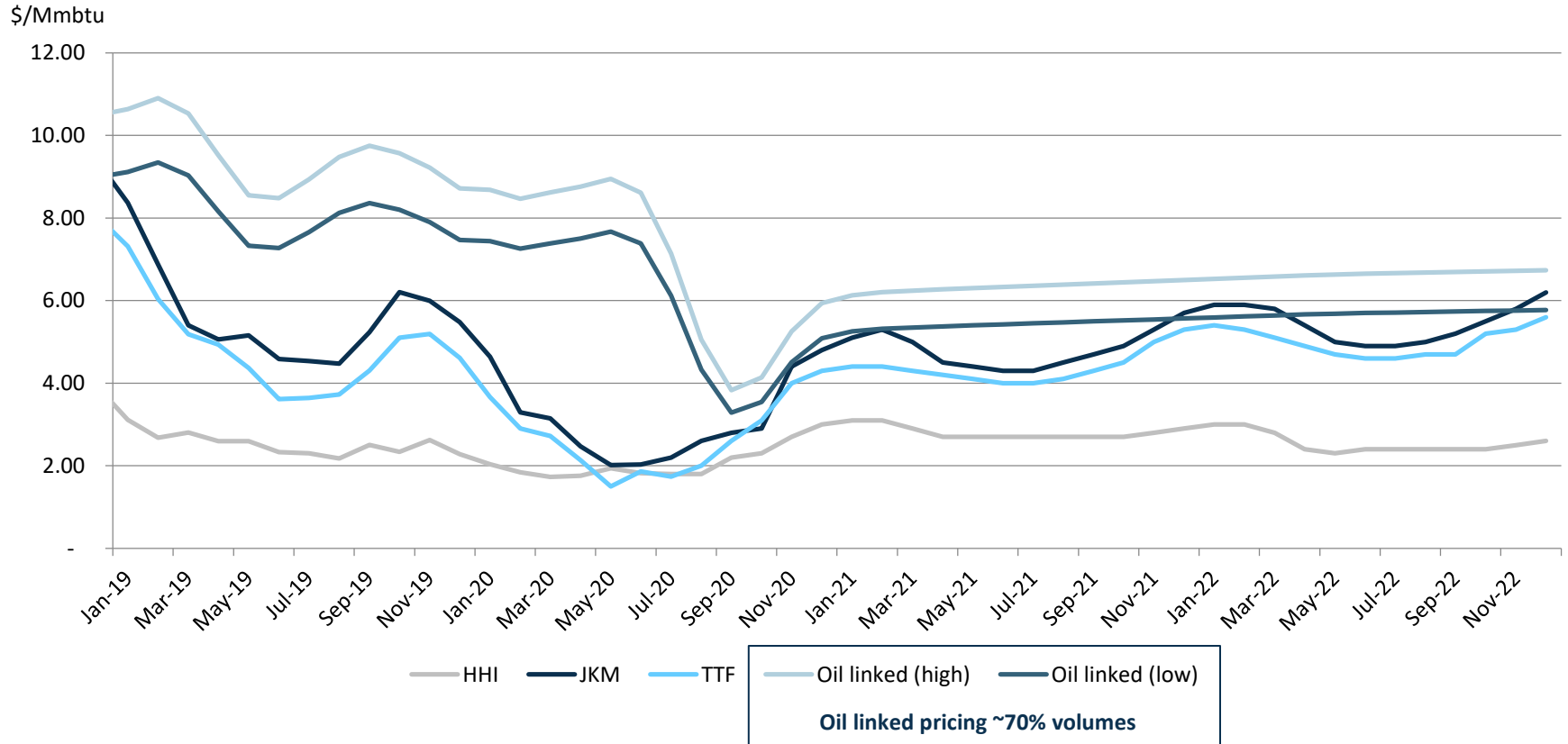


Ballast bonus conditions



Very weak ballast bonus conditions in April- July, but sharp improvement in ballast bonus conditions during August

GLOBAL GAS PRICES RECOVERED FROM SUMMER LOWS

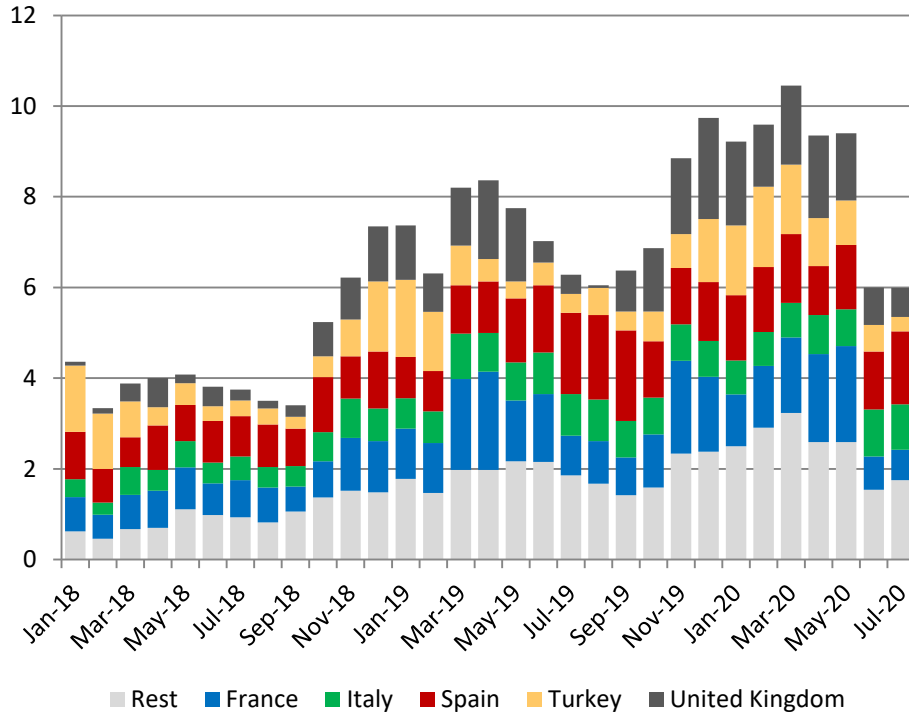


1) Source: CME, Energy Aspect, IGU
 2) Oil linked (high) is 331 formula with 14% Brent slope while oil price (low) is 331 formula with 12% Brent slope

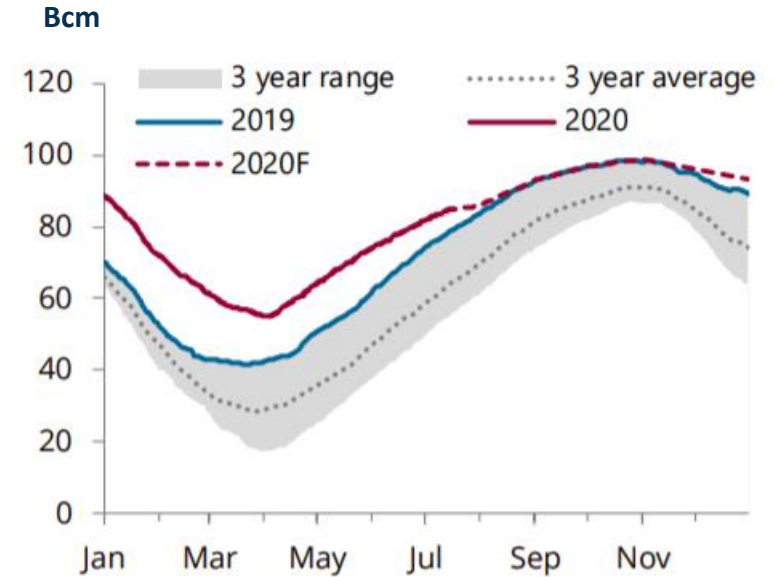
EUROPEAN IMPORTS UP BY ABOUT 9MT (16%)



Monthly European LNG imports (MT)

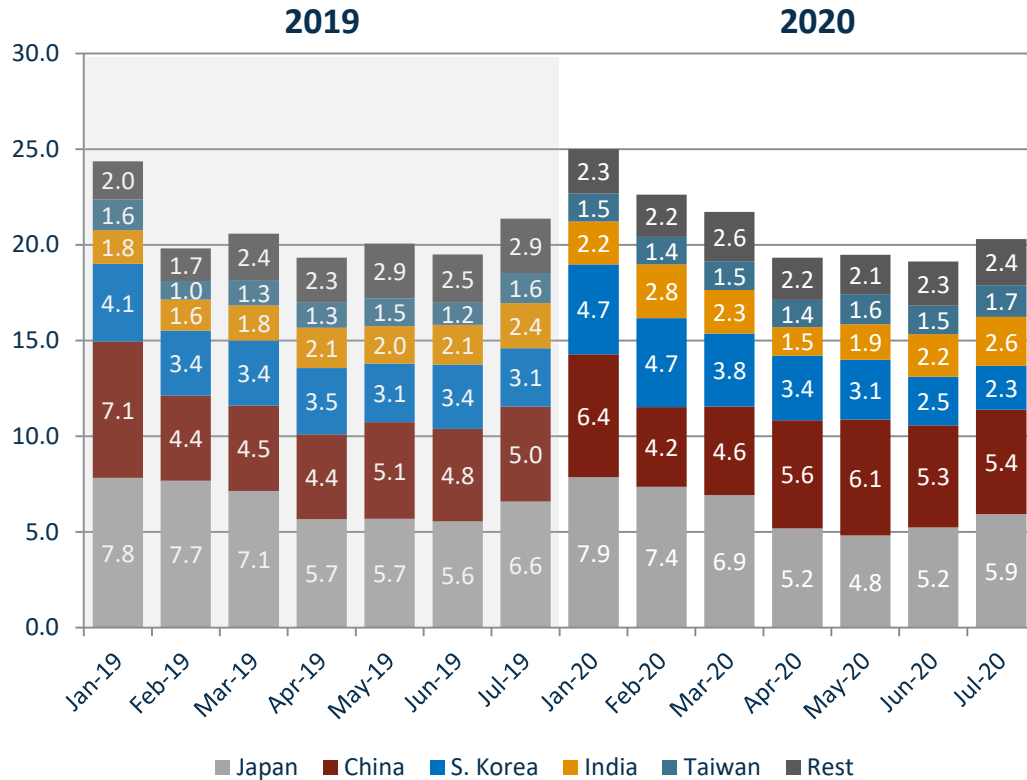


European inventory levels stabilizing



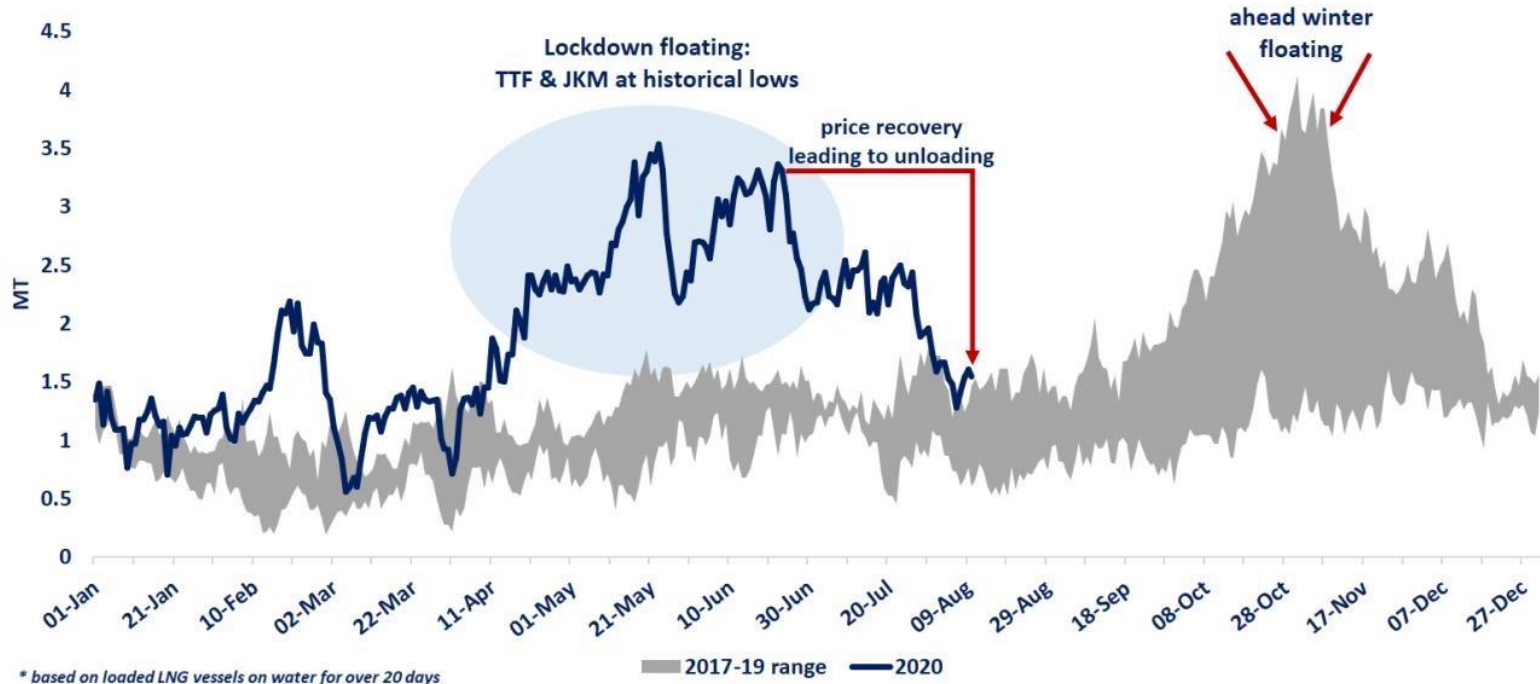
Pipeline gas imports in Europe during H1 was down ~22mt

ASIAN IMPORTS UP BY 3MT (2%)



- Chinese demand growth after Covid-19 disruptions in February/March, but few signs of adherence to the Phase 1 trade agreement with US
- Indian demand picked up again in May after easing of movement restrictions
- Weak demand in Japan and South Korea in Q2

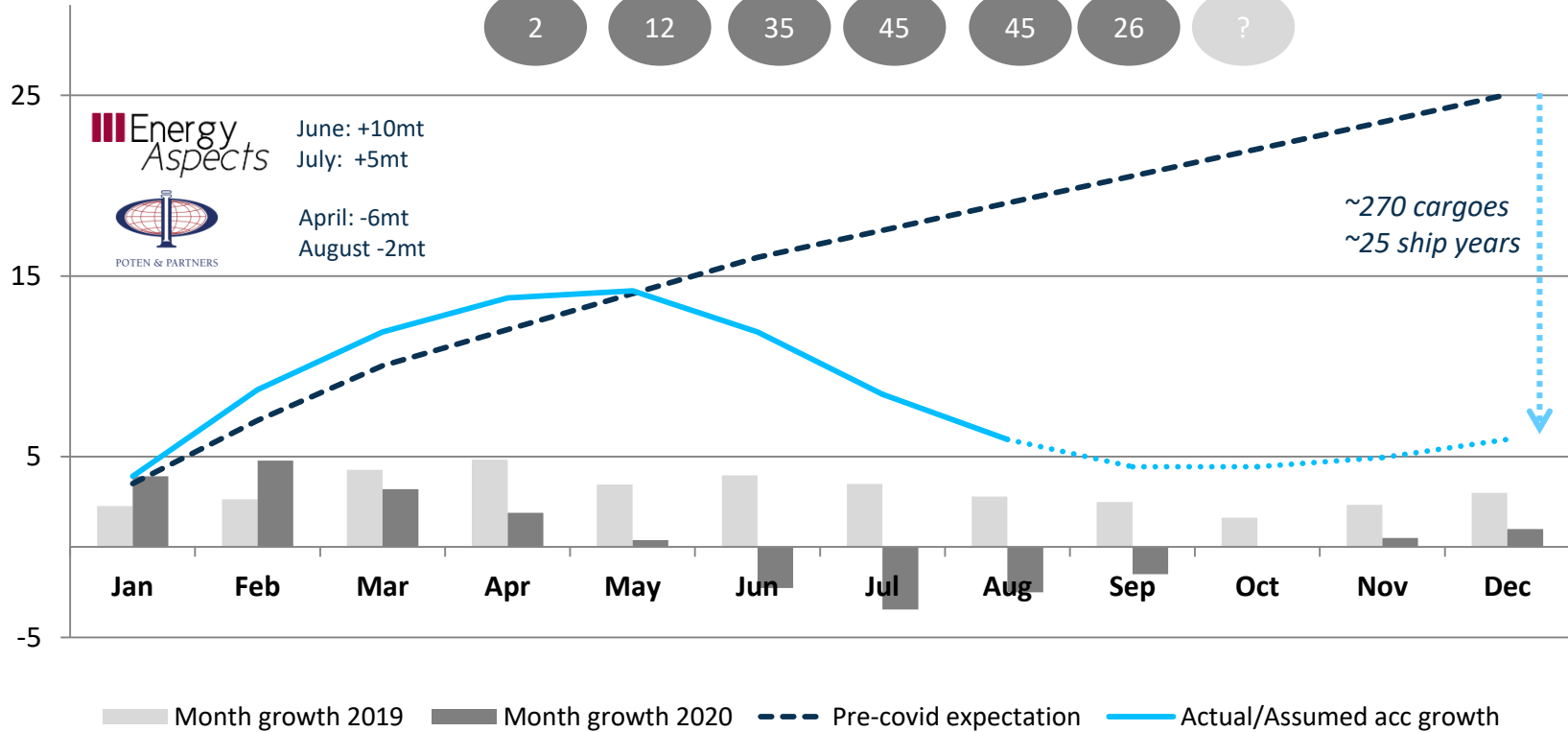
FLOATING STORAGE HAS BALANCED THE MARKET



WE EXPECT ~20MT LOST EXPORTS DUE TO COVID-19



Estimated US Cargo cancellations: 165



1) Source: Platts, Kpler, Energy Aspects, Potem and Company

SUMMARY



- Flex LNG is well positioned with a mixed portfolio of fixed and variable TCP as well as spot ships
- We expect incrementally tighter shipping market with less cargo cancellations from September
- Winter temperatures and economic recovery will decide the length of shipping tightness as well as inventory levels which again affects 2021 summer LNG prices
- Back to basics for newbuildings, ships will be ordered for long term charters with very limited speculative orders
- Flex LNG has secured \$920m financing while keeping \$116m cash at hand to cover the \$937m remaining capex
- Flex LNG owns 13 large and highly efficient (MEGI/XDF) LNG carriers, all fully financed, and operated by first class in-house mgt.



Flex Aurora cargo tank

Bon voyage!



FLEX LNG

