Golar LNG

# Cheaper and cleaner

Golar LNG – leading the transition to LNG fuelled energy

SEB Nordic Seminar, Copenhagen
January 2020

# Forward Looking Statements

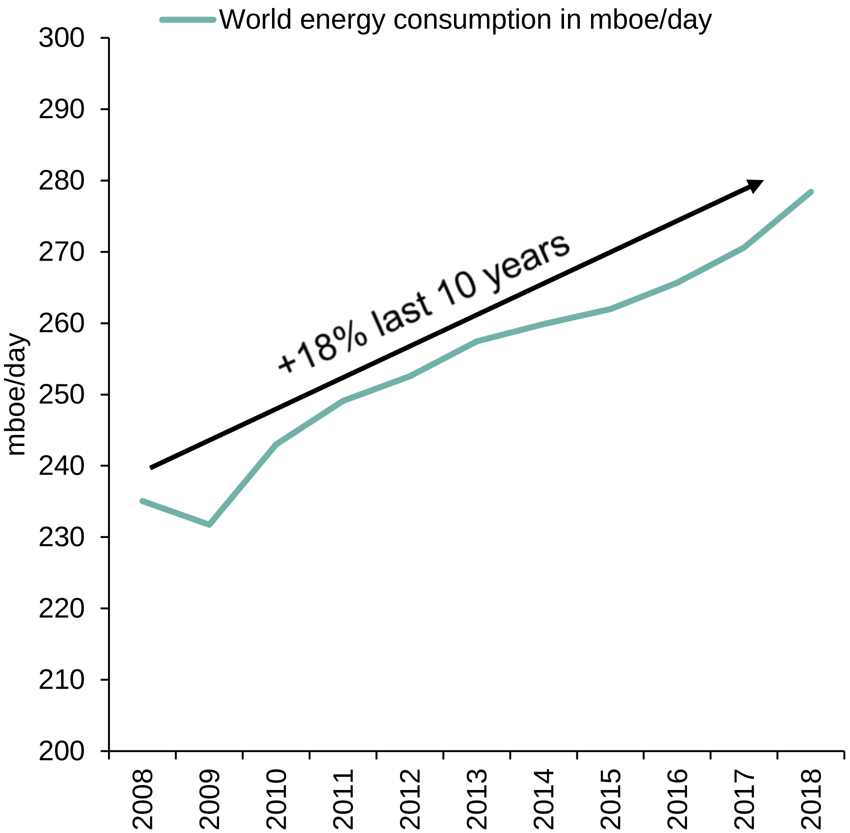
*This press release contains forward-looking statements as defined in the Securities Exchange Act of 1934, as amended and which reflect management's current expectations, estimates and projections about its operations. All statements, other than statements of historical facts, that address activities and events that should, could or may occur in the future are forward-looking statements. Words such as "may," "could," "should," "would," "expect," "plan," "anticipate," "intend," "believe," "estimate," "propose," "potential," "continue," or the negative of these terms and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Unless legally required, Golar undertakes no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise.*

*Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are: our inability and that of our counterparty to meet our respective obligations under the Lease and Operate agreement entered into in connection with the BP Greater Tortue / Ahmeyim Project ("Gimi GTA Project"); changes in our ability to retrofit vessels as FSRUs or FLNGs and in our ability to obtain financing for such conversions on acceptable terms or at all; changes in our ability to obtain additional financing on acceptable terms or at all; our inability to complete the Tri-Fuel Diesel Electric ("TFDE") shipping spin off; Golar Power's ability to successfully commission the Sergipe power station project and related FSRU contract and to execute its downstream LNG distribution plans; changes in our relationship with our affiliates, Golar Partners, Golar Power or Avenir and the sustainability of any distributions they pay to us; failure of our contract counterparties, including our joint venture co-owners, to comply with their agreements with us or other key project stakeholders; challenges by authorities to the tax benefits we previously obtained under certain of our leasing agreements; changes in liquefied natural gas ("LNG"), carrier, floating storage and regasification unit, ("FSRU"), or floating liquefaction natural gas vessel ("FLNG"), or small-scale LNG market trends, including charter rates, vessel values or technological advancements; our ability to close potential future sales of additional equity interests in our vessels, including the Hilli Episeyo, on a timely basis or at all and our ability to contract the full utilization of the Hilli Episeyo or other vessels and the benefits that may to accrue to us as the result of any such modifications; changes in the supply of or demand for LNG carriers, FSRUs, FLNGs or small-scale LNG infrastructure; a material decline or prolonged weakness in rates for LNG carriers, FSRUs, FLNGs or small-scale LNG infrastructure; changes in the performance of the pool in which certain of our vessels operate and the performance of our joint ventures; changes in trading patterns that affect the opportunities for the profitable operation of LNG carriers, FSRUs, FLNGs or small-scale LNG infrastructure; changes in the supply of or demand for LNG or LNG carried by sea; changes in commodity prices; changes in the supply of or demand for natural gas generally or in particular regions; changes in our relationships with our counterparties, including our major chartering parties; a decline or continuing weakness in the global financial markets; changes in general domestic and international political conditions, particularly where we operate; changes in the availability of vessels for purchase and the time it takes to construct new vessels; failures of shipyards to comply with delivery schedules or performance specifications on a timely basis o r at all; our ability to integrate and realize the benefits of acquisitions; changes in our ability to sell vessels to Golar Partners or Golar Power; changes to rules and regulations applicable to LNG carriers, FSRUs, FLNGs or other parts of the LNG supply chain; our inability to achieve successful utilization of our expanded fleet or inability to expand beyond the carriage of LNG and provision of FSRUs, FLNGs, and small-scale LNG infrastructure particularly through our innovative FLNG strategy and our joint ventures; actions taken by regulatory authorities that may prohibit the access of LNG carriers, FSRUs, FLNGs or small-scale LNG vessels to various ports; increases in costs, including, among other things, wages, insurance, provisions, repairs and maintenance; and other factors listed from time to time in registration statements, reports or other materials that we have filed with or furnished to the Securities and Exchange Commission, or the Commission, including our most recent annual report on Form 20-F.*

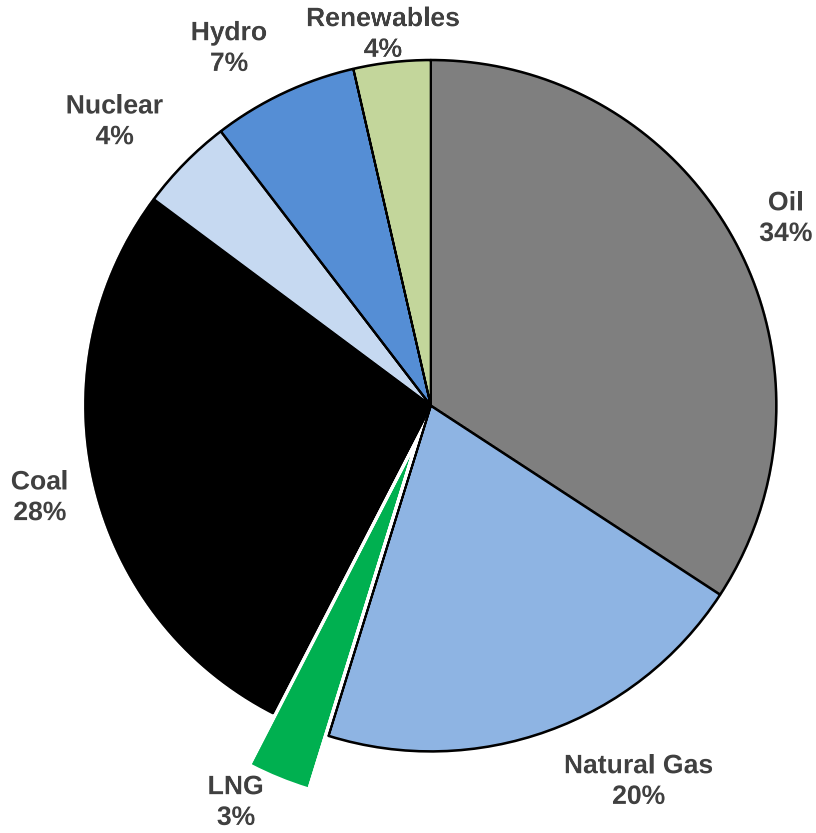
*As a result, you are cautioned not to rely on any forward-looking statements. Actual results may differ materially from those expressed or implied by such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless required by law.*

# The world's energy balance = 278m boe/day

## Global energy demand of 278m boe/day




## Global energy demand by source




"Gas will supply the largest share of energy demand growth, supplying over 40% of additional demand by 2035" - Shell LNG Outlook 2019



Source: BP Statistical Review 2018, Shell LNG Outlook 2019

# LNG: Cleaner and cheaper

## Cleaner

| Pounds emission per bn BTU of Energy Input | | | |
|---|---|---|---|
| **Emissions** | **LNG** | **Oil** | **Coal** |
| $CO_2$ | 117,000 | 164,000 | 208,000 |
| NOx | 92 | 442 | 457 |
| SOx | 1 | 1,122 | 2,591 |
| Particulates | 7 | 84 | 2,744 |
| Mercury | - | 0,007 | 0,016 |

## Cheaper

**LNG price FOB US**
**= USD 24/boe, or**
**= USD 4/mmbtu**


***Fuel spread:***
***USD 37/boe***
***USD 6/mmbtu***

**Brent oil price**
**= USD 61/boe, or**
**= USD 10/mmbtu**


**LNG price FOB US**
**= USD 24/boe, or**
**= USD 4/mmbtu**

***Fuel spread:***
***USD 128/boe***
***USD 22/mmbtu***

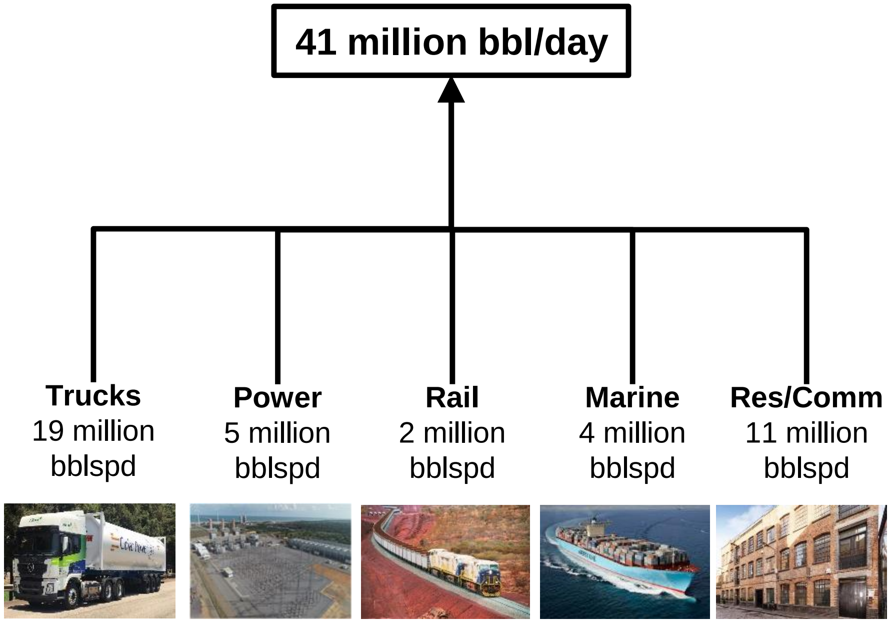
**Diesel price, Manaos, Brazil**
**= USD 152/boe, or**
**= USD 26/mmbtu**

- LNG is 30-44% cleaner than oil and coal on $CO_2$ emissions and 80-100% cleaner on other key emission metrics.
- As energy sources oil is 10x larger and coal is 7x larger than LNG.

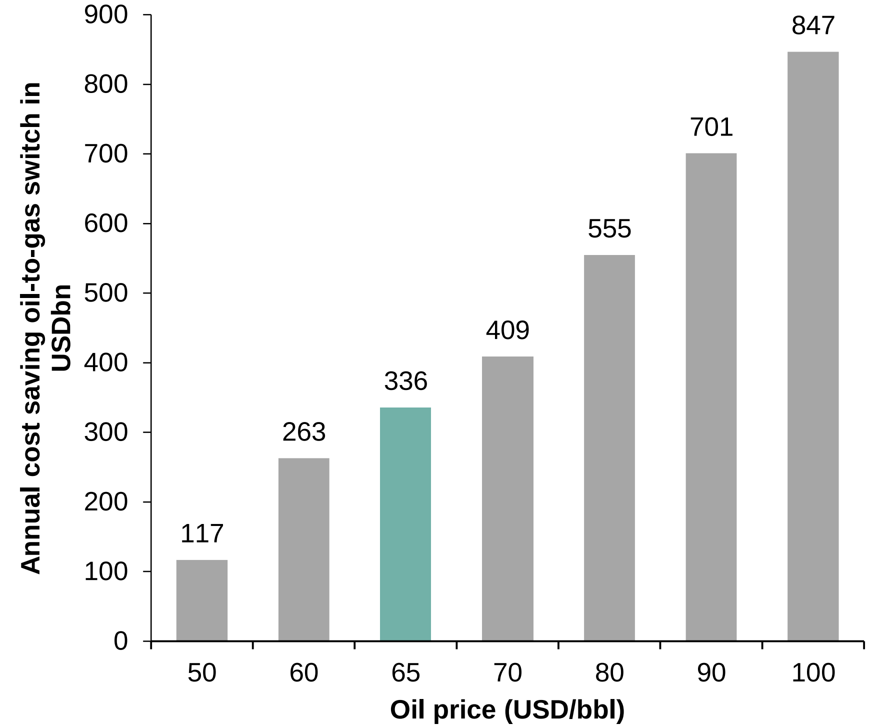
# The potential oil to LNG fuel switch

*An environmentally friendly multi billion dollar opportunity*

## Oil-to-gas switch potential



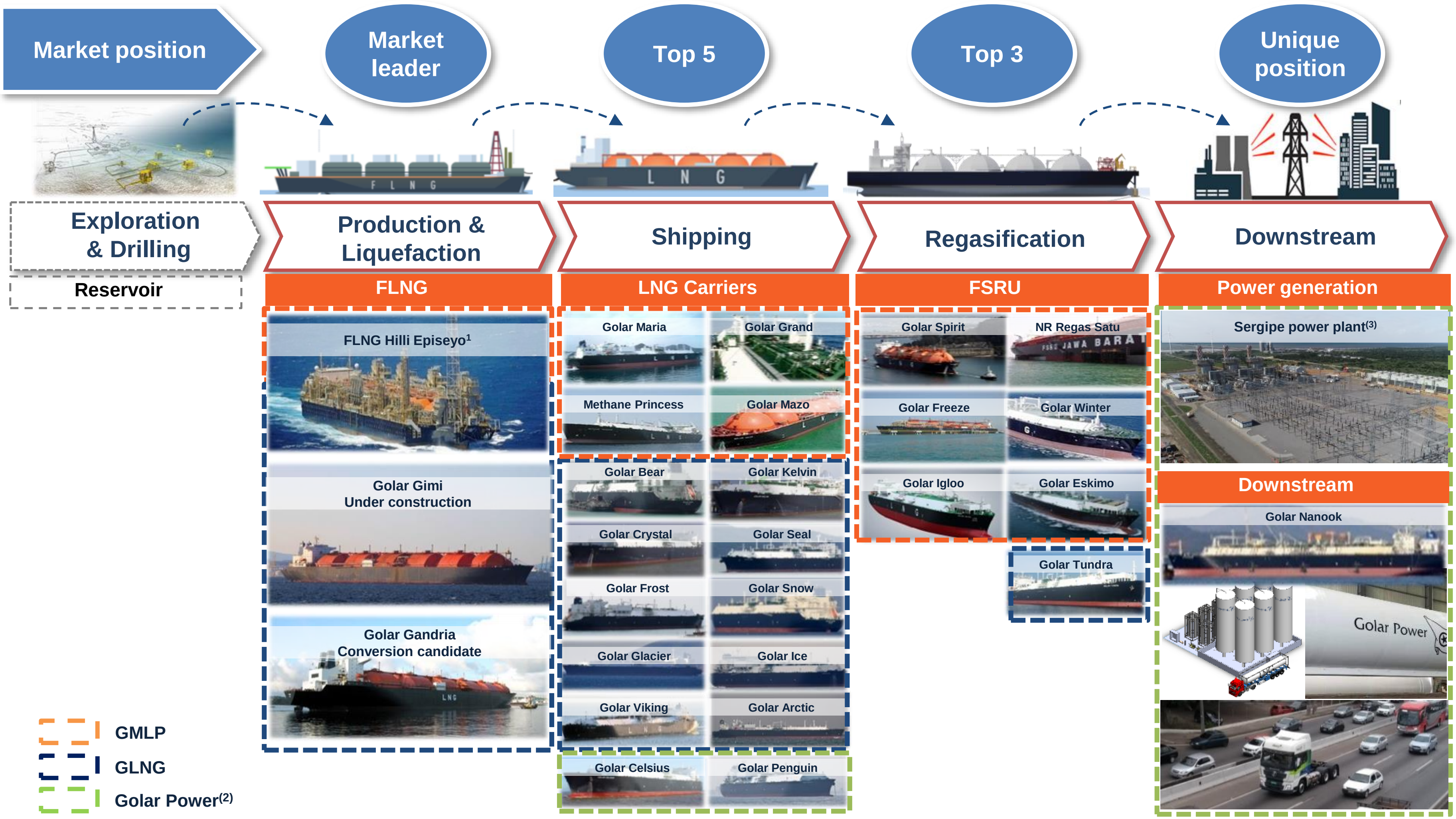

## Annual cost saving vs. oil price (USDbn)




- LNG / Natural Gas can replace ~40 million barrels of oil per day.
- Oil-to-gas switch savings potential of USD ~336bn based on current oil price.

# Golar Group: Asset overview

*Profitable, sustainable growth through the delivery of cleaner and cheaper LNG based energy*

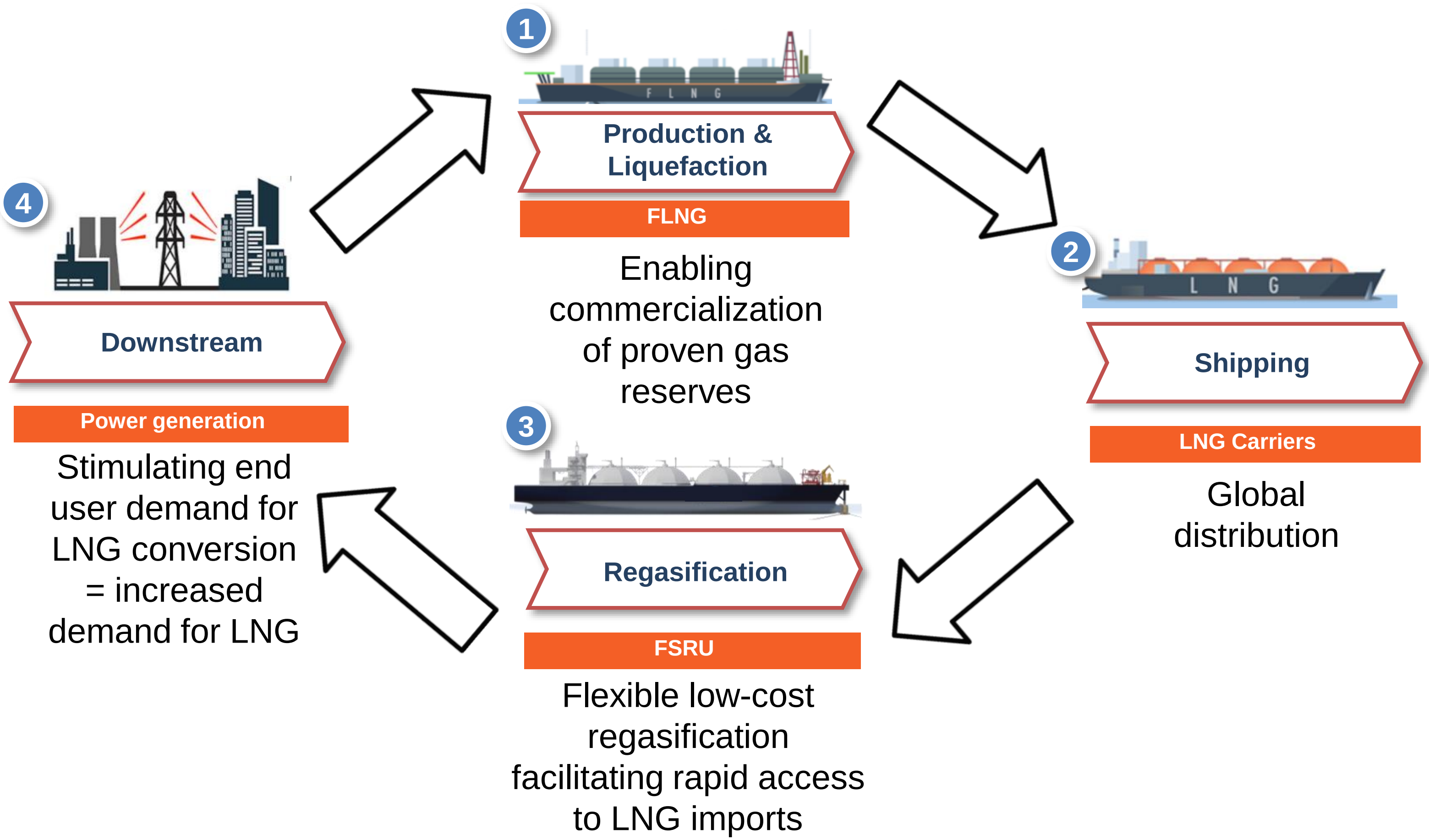



LNG infrastructure from upstream to downstream, confusing?



1) GMLP currently has 50% interest in Hilli T1 and T2, which represents the current contracted capacity of the Hilli Episeyo, which has a total of 4 trains
2) Golar Power is a 50/50 JV between Golar LNG Limited and Stonepeak Infrastructure
3) Sergipe is a 50/50 JV between Golar Power and EBRASIL Energia Ltda, one of the largest independent power producers in Brazil

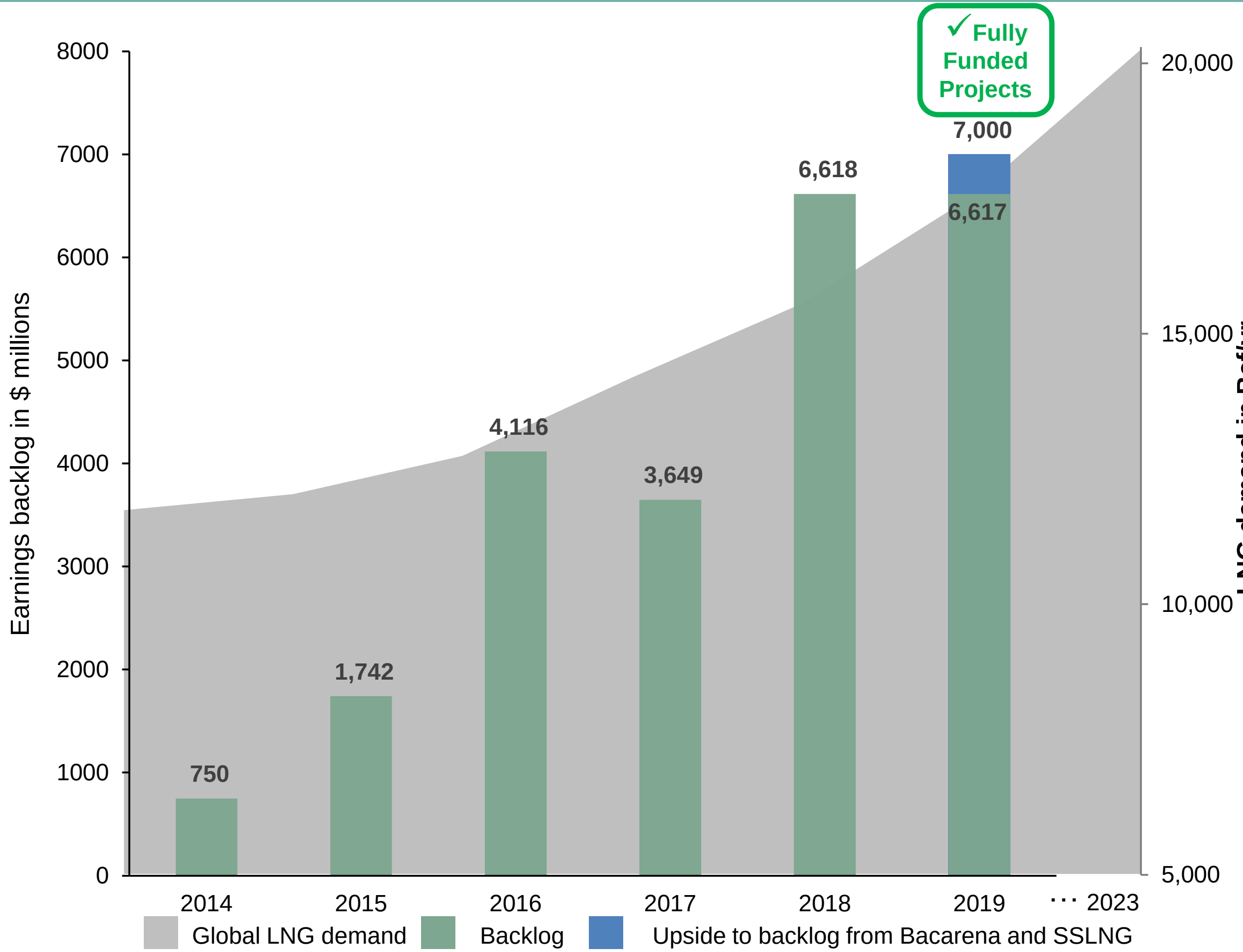
# The Golar business model




Enabling development of cheap gas reserves 1, global distribution 2 and stimulating end-user demand for cheaper and cleaner energy 3 & 4

Monetizing through long-term contracted cash flows to solid counterparts.

# Leading the Global LNG Transition




1. **LNG demand forecast to continue strong growth as gas becomes the transition fuel**

2. **Golar with leading position in this transition through 3 access channels - FLNG, shipping, downstream**
   - *Successfully de-risked project pipeline, by delivering cash-generating assets*
   - *Solid contract backlog of $6.6bn and growing*

3. **Golar is focused on delivering value to shareholders**
   - *Separation of shipping to highlight value*
   - *Monetising and de-risking FLNG*
   - *Delivering high value downstream projects*

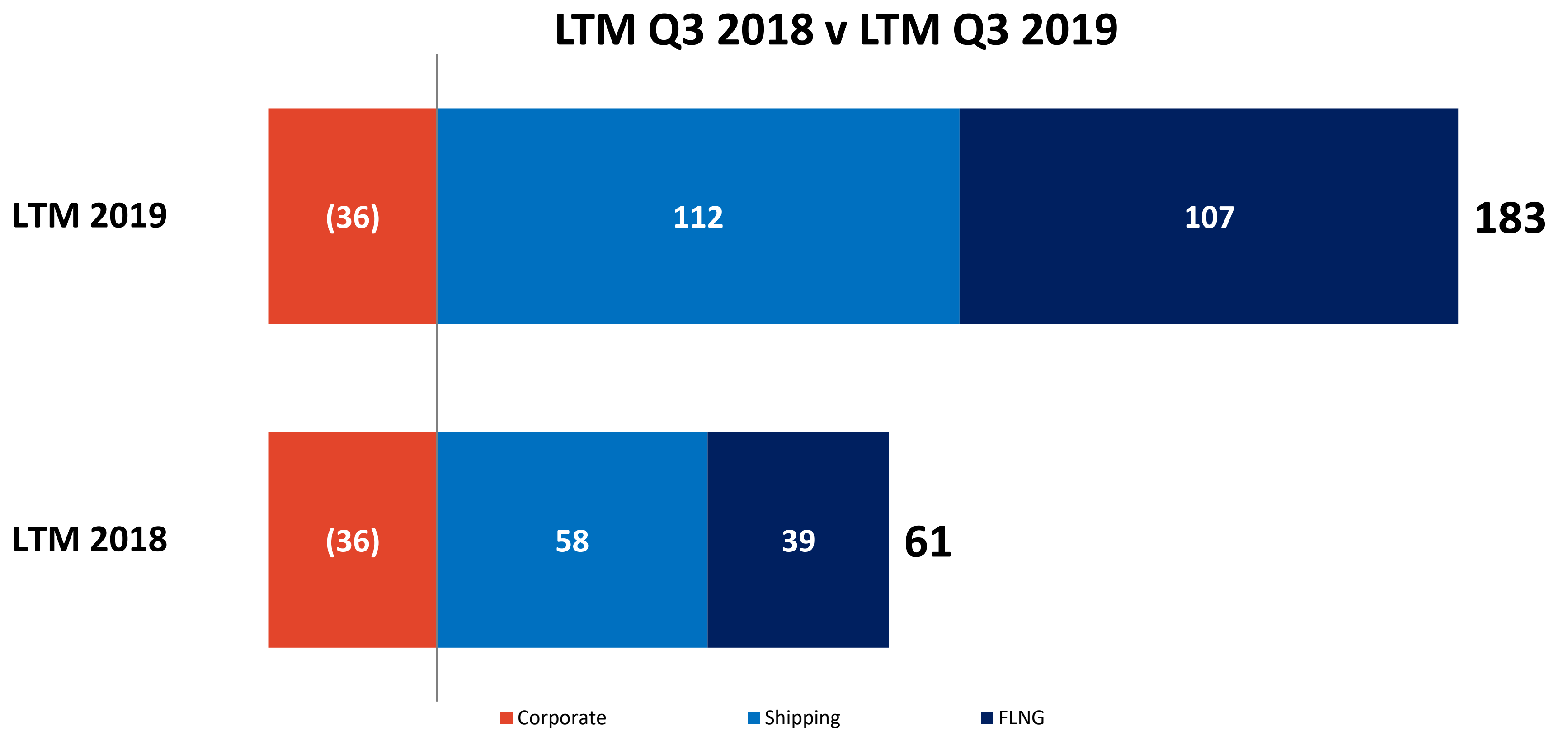
Golar backlog growing with increasing LNG demand globally. Fixed, fully financed Contract Backlog[1] of $6.6bn due on line in next 3 years. Backlog increasing to $7bn if Barcarena and SSLNG offtake included.



(1) Contract Backlog is a Non GAAP measure see the Appendix attached for a definition.
(2) Upside for Bacarena and SSLNG includes a $2 spread from ~100 committed downstream customers who have signed LOIs for SSLNG with Golar Power

# 300% increase in LTM Further Adjusted EBITDA[1]

*Demonstrating Golar's successful track record of delivering projects*

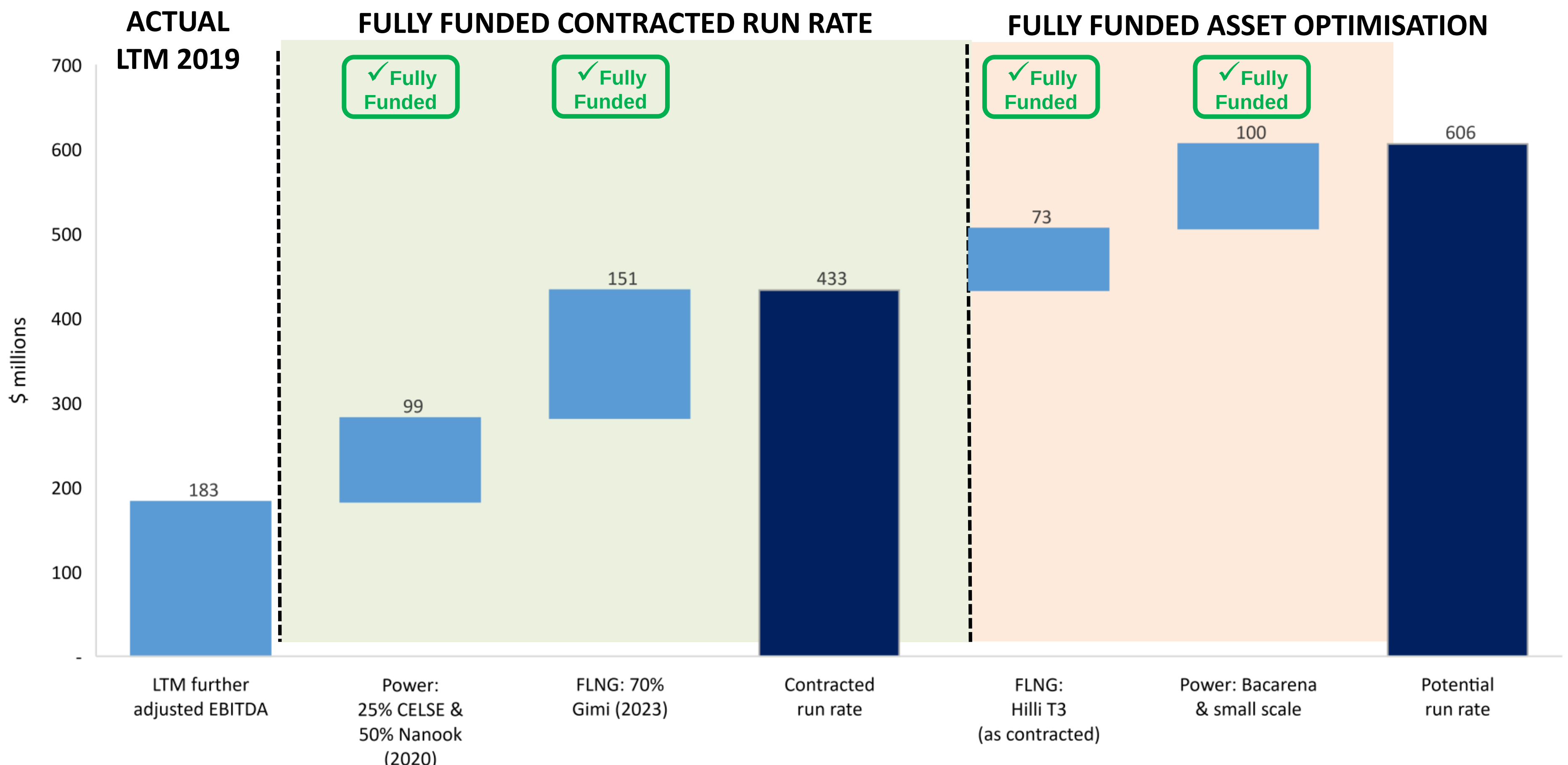



Year-on-year LTM further adjusted EBITDA[1] has increased 3x driven by FLNG and shipping whilst corporate costs have remained static

(1) LTM (last twelve months) further adjusted EBITDA is a non GAAP measure. Please see appendix for definition.

# Current Project Pipeline is Fully Funded

*Allowing us to deliver shareholder value whilst self funding new projects*




**ADDITIONAL UPSIDE**

- Contracted run rate[1] excludes ~$37m of annual dividends from the MLP.
- Hilli oil link; $1/bbl per annum increase in Brent above $60 adds approximately $3m in annual tolling fees.
- LTM shipping is based on a TCE[1] of $44k per day. A $10k change in TCE[1] equates to an increase/decrease of approximately $40m in EBITDA
- Only executed projects are included in our Contracted Run Rate[1]. Projects that appear in our full potential include downstream LNG distribution activities in Brazil, the Bacarena gas to power project and exercise of the Hilli T3 option at the contracted price. No oil revenue is included.



(1) TCE, contracted run rate and LTM further adjusted EBITDA are non-GAAP measures. See the Appendix attached for a definition and an explanation of assumptions. (2) Please note Golar Power's CELSE and Nanook distribution is based on an exchange rate of 3.7

# FLNG: Delivering what we have, preparing for the future

## Operational track record is key

***FLNG Hilli Episeyo (Cameroon):***

- Unit operating with 100% commercial uptime. 31 cargoes offloaded to date.
- Golar is the most experienced FLNG operating company in the industry.
- Perenco are planning for a drilling campaign to prove up more reserves during 2020. If successful, this may lead to further capacity utilization and/or contract extension for FLNG Hilli Episeyo.

*FLNG Gimi has now completed her second of five drydocks at Keppel Shipyard.*

***BP-Kosmos (Mauritania/Senegal):***

- Gimi conversion remains on schedule and budget.
- First $300m of equity invested.
- First drawdown against $700m financing facility completed.
- 80 Golar staff and 1,500 Keppel personnel working daily on project.
- COD on schedule for Q4 2022.
- $3bn in contract earnings backlog[1] to Golar.

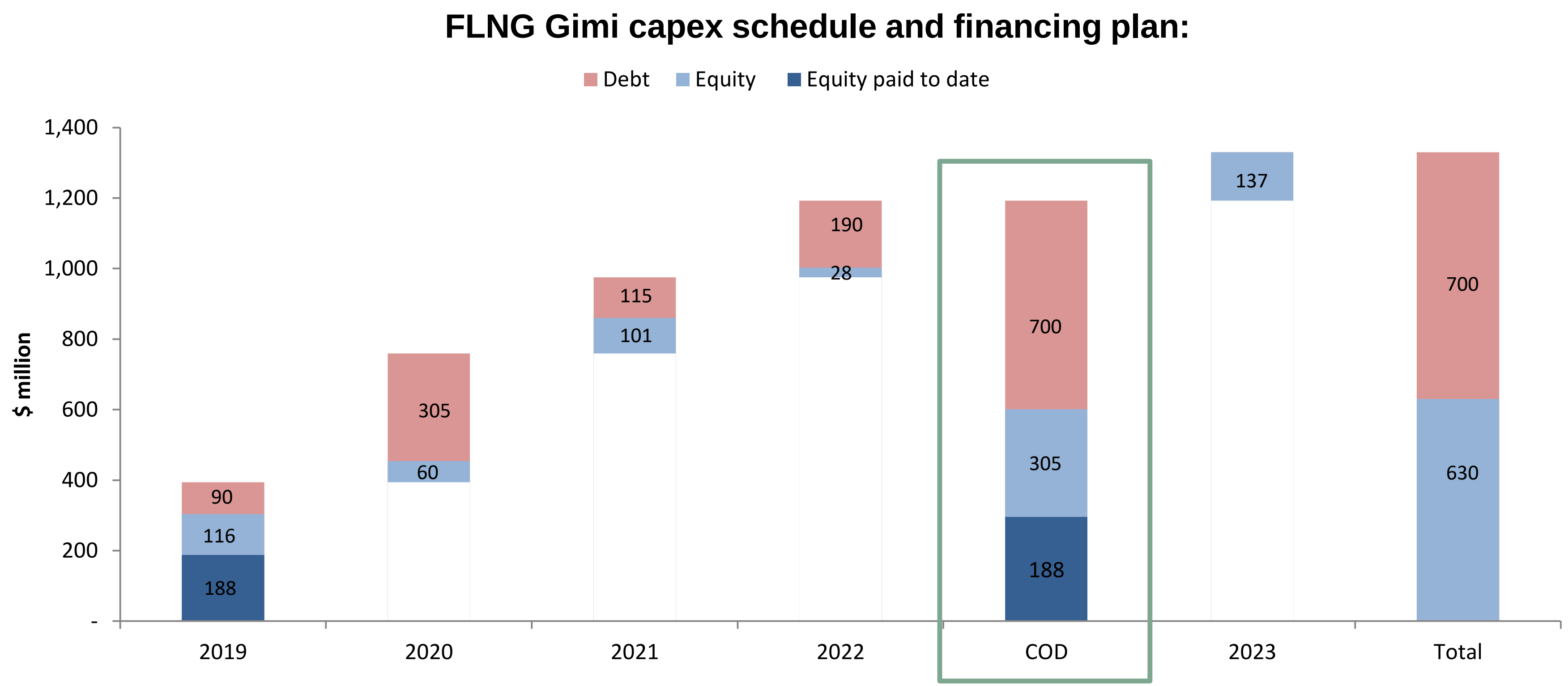
## Growth Pipeline

*"Building and broadening our portfolio"*

- Progressing development of "top five" opportunities at a measured pace.
- Newbuild FEED in progress to establish alternative to conversion.
- Cost effective solutions are paramount.
- Evaluating offers from infrastructure funds looking to invest in contracted earnings backlog.
- Capital discipline remains important when considering future projects.

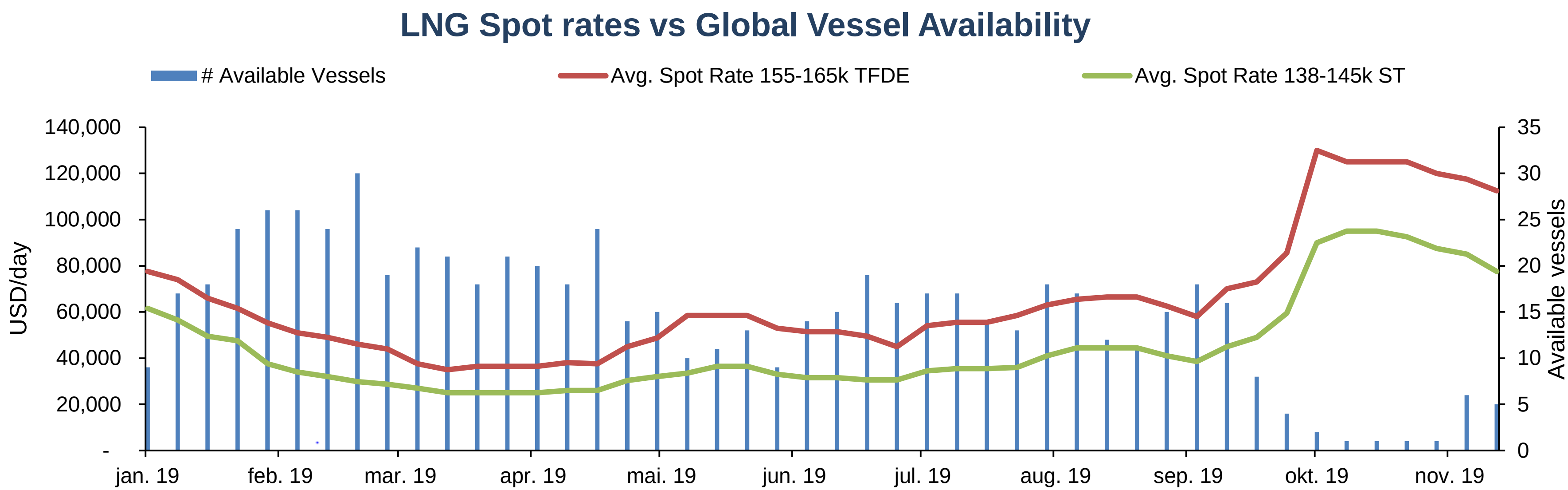
(1) Contract Earnings Backlog is a non GAAP measure. Please see the appendix for definitions

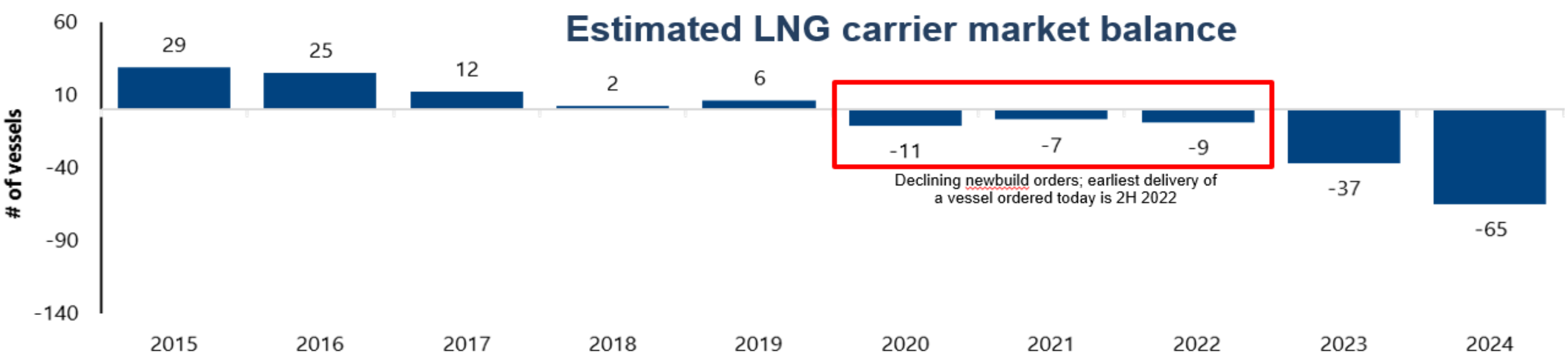
# FLNG Gimi: On track and fully funded




- Equity paid in at 30 Sept is $188m (100% basis).
- First drawdown against $700 million loan took place during 4Q.
- Remaining equity contribution until COD is $305m of which Golar's share is $214m.
- Q3 free cash is $250m plus $75m relating to the Hilli LC released post quarter end (total $325m).
- Plan to refinance debt at COD. Expect debt of 5-6x EBITDA, releasing paid in equity to Golar.

# Shipping: Tightening market balance



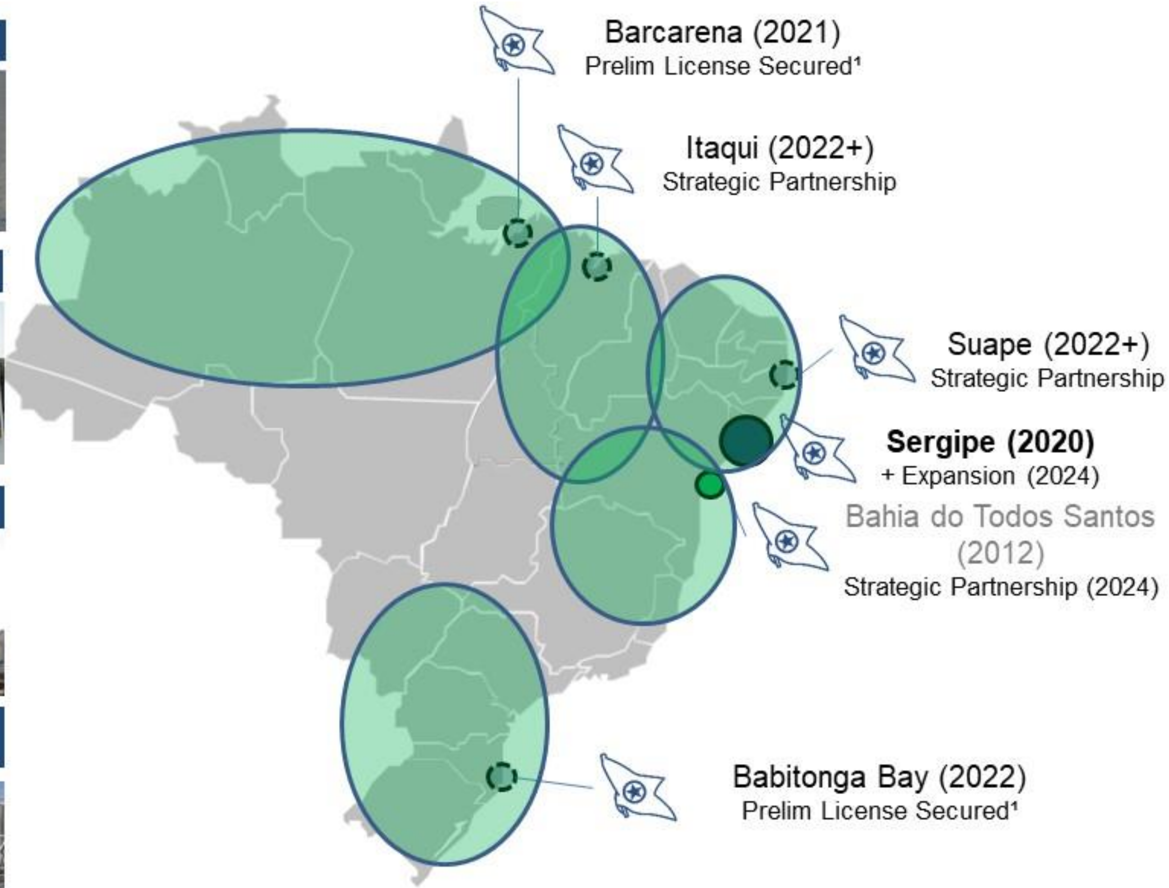




Golar to benefit from improving LNG rates and strong market outlook.
Golar remains committed to shipping spin off. Revised structure being developed.

Source: Fearnley LNG.

# Downstream: Competitively Positioned in Brazil

*Hub/Terminal approach provides foundation for extended distribution to inland and off-grid consumers*


Source: Golar Power. Note: (1) Preliminary License requires significant development expenses (e.g. engineering/feasibility studies, draft environmental reports, stakeholder outreach, project plan, etc. and takes 12-24 months to issue) and is effectively an official license to start construction.

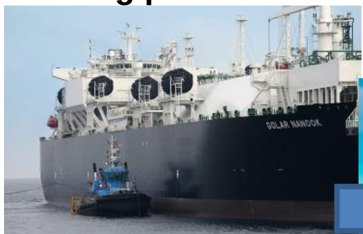
# Downstream Infrastructure Rolling Out

*Next project to start up - 1.5GW Sergipe (Brazil) power station and FSRU Nanook*


*Top left: FSRU Golar Nanook moored offshore; Bottom left: Gas in the system/downstream isotainers are being delivered; Right: Sergipe, Latin America's largest thermal power station*

# Golar Power rolling out the downstream LNG infrastructure

**I. Sergipe FSRU terminal**



**II. Avenir small scale LNG**

**III. ISO container distribution**

**IV. Fuel stations**

**V. LNG trucking**


Downstream distribution value chain being rolled out using existing infrastructure:

I. Source gas from the Sergipe FSRU terminal.

II. Distribution to strategic locations with the use of an Avenir LNG small scale LNG vessel.

III. Fuel ISO storage containers on land feeding

IV. Fuel stations that fuel

V. LNG powered trucks being permitted in Brazil by a related party, and other LNG end users.

# Brazil: From Diesel crisis to cheaper & cleaner LNG trucking

| From diesel crisis… | …to cheaper and cleaner LNG trucking |
|---|---|




# ESG

*Developing our reporting and KPIs*

We believe that Natural Gas has a critical role to play in providing cleaner energy for many years to come:

- ➢ Gas is a highly complimentary companion fuel to renewables
- ➢ Provides significant emission savings compared to other fossil fuels
- ➢ Most relevant in remote communities that currently have little choice on how they create energy.
- ➢ Our business provides people with cleaner energy at a lower cost.

- We will focus our ESG reporting on what really matters to us.
- We have identified five key focus areas (see right).
- We will formally report from 2020.
- We believe that the Golar ESG story is an important one to explain.

## Making an impact – our focus areas

Five key areas which will be covered in our external reporting and will be a focus of our efforts internally:

**1. Health, safety and security**

**2. Environmental impact**

**3. Energy efficiency and innovation**

**4. People and community**

**5. Governance & Business Ethics**

# ESG

*Developing our ESG reporting and KPI's*

## Health, safety and security

- Golar has a culture that encourages safety, learning & innovation.
- 40+ years of safe high quality marine operations with an ingrained technical competence
- Safety is the primary goal for every operation and project. Safety is integrated in everything we do.

## Environmental Impact

- Our vessels comply with relevant environmental requirements and we hold ISO 14001 certification.
- We monitor and analyse fleet efficiency in order to learn and improve. This includes voyage optimisation, hull performance and trim.
- Our vessels operate predominantly on LNG, rather than marine or heavy fuel oil enabling us to meet the standard set by IMO 2030 already.

## Energy Efficiency and Innovation

- We have a program of converting vessels to extend their useful lives.
- We pursue opportunities to improve vessel energy efficiency recent examples include:
  - We use HRSGs to recover waste heat energy from the liquification trains on our FLNGs.
  - We are investigating hydro energy systems and we are trialling this technology on one of our FSRUs in 2020

## People and community

- We have diversity and inclusion and equal opportunities policies and practises.
- We have strong and diverse culture onboard and have over 90% retention rate for our crew.
- We contribute to social development funds in countries where Golar has a significant presence.
- We invest in developing our staff with leadership and development programs for onshore and offshore staff

## Governance and Business Ethics

- We have an environmental committee which oversees ESG performance
- We have anti-bribery policy and compliance program including annual training for all staff.
- Modern slavery and human trafficking statement
- Anonymous whistleblowing hotline
- Compliance with NASDAQ requirements including Sox compliance.

# ESG

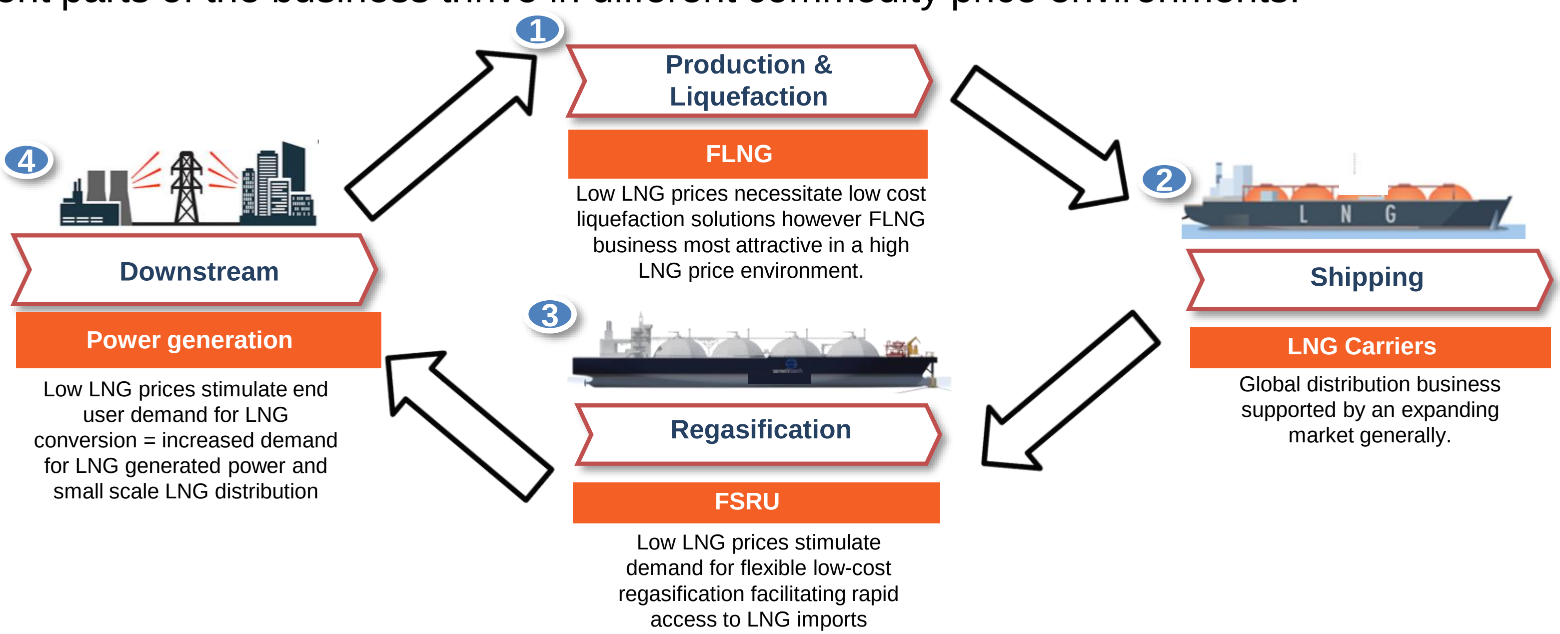
*Environmental example: LNG powered trucking*

- Converting 1 truck from diesel to LNG will save ~35 tons of $CO_2$ per year, equivalent to the $CO_2$ uptake from 14 hectares of forest or ~ 6,000 trees
- Converting 1,100x trucks from diesel to LNG is the equivalent of 62 square km of trees, equivalent to the area of Manhattan or 6.4 million trees
- Converting all of Brazil's 2.8m trucks from diesel to LNG is the equivalent of foresting an area of ~155,000 square kilometers or 16.4 billion trees (~5% of total trees in the Amazon)
  – 100x the size of London
  – 3.6x the size of Denmark
  – Similar to the size of Florida

Diesel to LNG switch is an economic ESG initiative of global scale

# Summary

- LNG is cleaner and cheaper than other fossil fuels
- Golar has a strong ESG story to tell
- Over the last 5 years Golar LNG has grown its Contract Earnings Backlog[1] by $6bn
- Golar's $6.6bn Contracted Earnings Backlog[1] is not exposed to any commodity risk
- Our planned shipping spin-off is expected to reduce adjusted net debt[1] by approximately $1.0bn
- A fully financed project portfolio, plans to de-lever, an expanding addressable market for LNG and the commencement of long-term contracts that bake in earnings growth and insulate against business cycle fluctuations make Golar a strong candidate for value investors
- Different parts of the business thrive in different commodity price environments:



# Contact Us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# Appendix

*Non-GAAP Measures*

**Adjusted EBITDA:** Adjusted EBITDA is calculated by taking net income before interest, tax, unrealized mark-to-market movements on the oil derivative instrument, depreciation and amortization. We believe that the exclusion of these items enables investors and other users of our financial information to assess our sequential and year over year performance and operating trends on a more comparable basis and is consistent with management's own evaluation of business performance. Adjusted EBITDA is a non-GAAP financial measure and should not be considered as an alternative to net (loss) income or any other indicator of Golar's performance calculated in accordance with US GAAP. Please see our Q3 earnings release for a reconciliation to net income the most comparable US GAAP measure: http://www.golarlng.com/investors/results-centre/highlights

**LTM Further Adjusted EBITDA:** In Q1 2019 we moved away from an annualized Further Adjusted EBITDA metric to a trailing 12 month approach. This removes the impact of seasonality on our results. We use LTM Further Adjusted EBITDA for the purposes of showing the proportion of Adjusted EBITDA that is attributable to Golar after removing the Partnership's share of Hilli Adjusted EBITDA and the impact of non-occurring items. In looking at LTM Q3 2019 the most material adjustment is the removal of a one off gain relating to Tundra claim monies as this would not be expected to occur on a regular basis ($24m). Management believes that that the definition of LTM Further Adjusted EBITDA provides relevant and useful information to investors. Further Adjusted EBITDA is not intended to represent future cashflows from operations or net income (loss) as defined by US GAAP. This measure should be seen as a supplement to and not a substitute for our US GAAP measures of performance and the financial results calculated in accordance with US GAAP and reconciliations from these results should be carefully evaluated. Please see below for a reconciliation to adjusted EBITDA. Adjusted EBITDA is reconciled to Net Income (the more comparable US GAAP measure) in our Q3 Earnings Release. http://www.golarlng.com/investors/results-centre/highlights

**Partnership's share of Hilli Adjusted EBITDA:** In Q3 2018, we completed the dropdown of 50% of the Common Units in Golar HilliLLC to the Partnership. As we have retained control we continue to consolidate the results of Golar Hilli LLC on a line by line basis. In order to calculate our proportionate share of LTM Further Adjusted EBITDA management has removed the amount attributable to the Partnership. The Partnership's share of Hilli Adjusted EBITDA is defined as the Partnership's share of Golar Hilli LLC's revenue and operating expenses before interest, tax, depreciation, and amortization. From a US GAAP perspective the Partnership's share of Golar HilliLLC is reflected within "net income attributable to non-controlling interests". Partnership's share of Hilli Adjusted EBITDA is not intended to represent future cashflows attributable to the Partnership. The measure should be seen as a supplement to and not a substitute for our US GAAP measures of performance.

**TCE:** The average daily TCE rate of our fleet is a measure of the average daily revenue performance of a vessel. TCE is calculated only in relation to our vessel operations. For time charters, TCE is calculated by dividing total operating revenues (including revenue from the Cool Pool, but excluding vessel and other management fees and liquefaction services revenue), less any voyage expenses, by the number of calendar days minus days for scheduled off-hire. We include average daily TCE, a non-GAAP measure, as we believe it provides additional meaningful information in conjunction with total operating revenues, the most directly comparable US GAAP measure, because it assists our management in making decisions regarding the deployment and use of its vessels and in evaluating their financial performance. Our calculation of average daily TCE may not be comparable to that reported by other entities. Please see our Q3 earnings release for a reconciliation to the most comparable US GAAP measure: http://www.golarlng.com/investors/results-centre/highlights

**Contract Earnings Backlog:** Contract earnings backlog represents Golar's share of contracted fee income for executed contracts less forecasted operating expenses for these contracts. In calculating forecasted operating expenditure, management has assumed that where there is an Operating Services Agreement the amount receivable under the services agreement will cover the associated operating costs. For contracts, which do not have a separate Operating Services Agreement management has made an assumption about operating costs based on the current run rate. The only material application of this methodology was to the Hilli Earnings backlog where we assumed operating costs of approximately $120kpd. For consolidated subsidiaries where we do not own 100% of the share capital, management has only included our proportionate share of contract earnings. The material application of this assumption was to Gimi (70% ownership) and Hilli (44.5% of the Common Unit entitlement). No contracted fee income is included for T3 or T4 capacity or for the Hilli oil derivative. For "Upside For Bacerna and SSLNG" we have estimated contracted fee income less forecasted operating expenses based on LOIs signed with customers and assuming a $2 spread. For equity accounted investments (the Partnership and Golar Power) we have included our proportionate share of their contract earnings backlog under the same assumptions that we have applied to our consolidated subsidiaries. In the future when our contract earnings backlog actualises, we will show our share of their earnings net of interest and tax in one line in the Income Statement "Equity in net earnings/(losses) of affiliates".

**Contracted Run Rate:** Reflects the Further Adjusted EBITDA for our pipeline of strategic projects which are actualizing in the coming periods. For the purpose of this exercise the growth projects are utilisation of T3, the commencement of Golar Power's operations, the Gimi lease and future upside for Bacarena and small scale LNG. For T3 Keppel and B&V have a 5% and 0.4% respective ownership interest of the income stream. Their share will be reflected as noncontrolling interest in our financial statements prepared in accordance with US GAAP; in Run Rate we do not remove their interest. We equity account for our investment in Golar Power therefore in the future we will report our share of their earnings net of interest and tax in one line in the Statement of Income "Equity in net earnings (losses) of affiliates". In forecasting Golar Power's run rate we have removed the effect of Golar Power's interest, tax and depreciation. Management has not forecasted net income for these initiatives which would be the most directly comparable US GAAP measure. The run rate is not intended to represent future cash flows that will be generated from these projects and the measure should be seen as a supplement and not a substitute for our US GAAP measures of performance. In the Golar power section we have included an upside for Bacarena and SSLNG. These are estimated numbers based on the assumptions provided in the footnotes. Management has not forecasted net income for these initiatives which would be the most directly comparable GAAP measure as the information to provide such a forward looking estimate is not available without unreasonable effort. This measure is not intended to represent cash flows and it should be seen as a supplement and not a substitute for US GAAP measures of performance.

**Adjusted Net Debt and Contractual Debt:** The Company consolidates a number of lessor VIEs, which means that on consolidation, Golar's contractual debt under various sale and leaseback facilities are eliminated and replaced with the lessor VIE's debt. Adjusted net debt is calculated by taking net debt defined by GAAP line items and reversing out the lessor VIE debt and restricted cash balances and replacing it with Golar's contractual debt under the sale and leaseback facilities. We also remove the collateral posted for the total return swap which is reflected as "restricted cash" in accordance with US GAAP our Balance Sheet. We believe that contractual net debt is useful to investors and users of our financial information in allowing them to assess our liquidity based on our underlying debt obligations and aids comparability with our competitors. This presentation is consistent with management's view of the business. Contractual net debt is a non-GAAP financial measure and should not be considered as an alternative to net debt or any other indicator of Golar's performance calculated in accordance with US GAAP. Please see our Q3 earnings release for a reconciliation to the most comparable US GAAP measure: http://www.golarlng.com/investors/results-centre/highlights