



LNG Shipping Market

August 2018

Gonzalo de Arteaga | Senior Analyst | LNG

Direct: +47 22 93 61 18 | Mobile: +47 95 75 58 83

gda@fearnleys.no | fearnresearch@fearnleys.no

Fearnleys | Fearnresearch www.fearnleys.no | An Astrup Fearnley Company

IMPORTANT / DISCLAIMER: This presentation is prepared by Fearnresearch and Fearnley Consultants, companies in the Astrup Fearnley Group. Copyright protected. Any retransmission or distribution is prohibited.



www.fearnleys.com | An Astrup Fearnley Company

Disclaimer

IMPORTANT / DISCLAIMER: The statistical and graphic information set forth in the analysis is compiled by Fearnley Consultants A/S based on the databases and time series supplied by Fearnresearch, the research division of Fearnleys A/S, and other external sources of information. Fearnresearch compiles, processes and publishes data for the benefit of the brokering departments of Fearnleys A/S and its clients. Its methodologies for collecting data, and therefore the data collected, may differ from those of other sources, and its data do not reflect all or even necessarily a comprehensive set of actual transactions occurring in the market. Certain estimates may be based on prevailing market conditions. There can be no assurance that such data reflect actual market conditions. Data compilation, especially for earlier historical periods, is subject to limited audit and validation procedures. Both closed and open sources, interviews and market intelligence to gain information on different topics may be used. Accordingly, there can be no assurance as to the accuracy or completeness of the estimates, advice, statements and any other information contained in the analysis.

The analyses, estimates, advice, statement and any other information contained in the analysis are prepared and presented in good faith. However, neither Fearnley Consultants A/S, Fearnleys A/S nor any of their subsidiaries, associated companies, organisations, management personnel, employees, agents or independent contractors (collectively the "Fearnley Interests") shall under any circumstances be under any liability for any losses, damages or costs caused to any person, company or other legal entity arising or resulting directly or indirectly from reliance on any inaccurate, incorrect, incomplete or misleading analyses, estimate, advice, statement or any other information contained in the analysis resulting directly or indirectly from any negligent or gross negligent act(s) or omission (s), or wilful misconduct, committed by any of the Fearnley Interests.

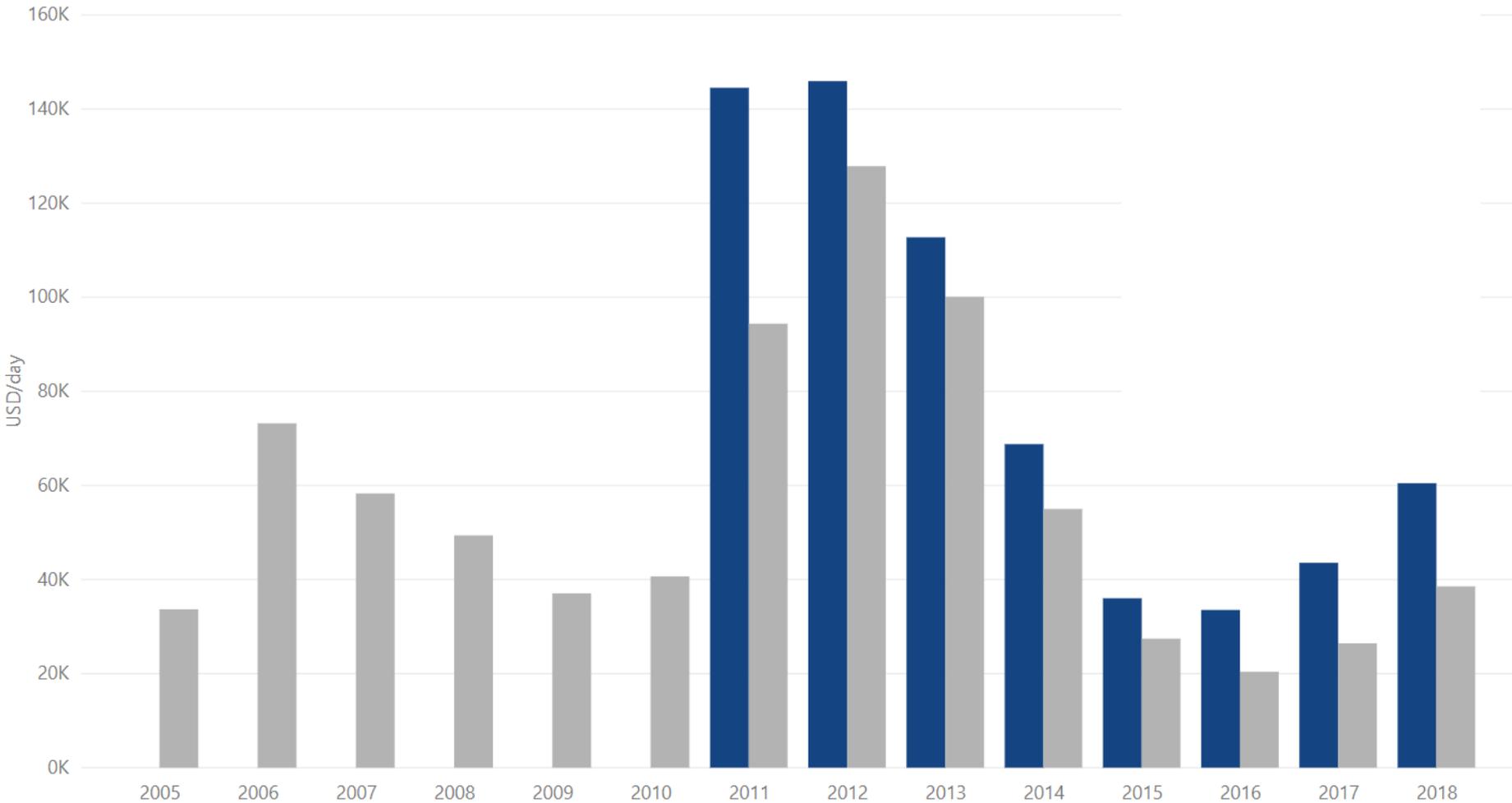
In the event that a court or tribunal, notwithstanding the above liability exemptions, should hold any, some or all of the Fearnley Interests liable in damages for any inaccurate, incorrect, incomplete or misleading analyses, estimate, advice, statement or any other information, the liability shall not under any circumstances whatsoever exceed in total ten (10) times the fees payable for the analysis in question, or US\$ 100,000 (United States Dollar Hundred Thousand), whichever is the higher. Under no circumstances whatsoever shall the individual or individuals who have caused the losses, damage or costs be held personally responsible or liable in any way. The Fearnley Interests shall under no circumstances whatsoever be liable for punitive damages.

The analysis is prepared to the benefit of the named addressee only. No other third party may rely on the analysis or any of its content without prior written approval of Fearnley Consultants A/S.

Spot rates continue to recover...

LNGC Rates

● Spot 155-165k TFDE ● Spot 138-145k ST

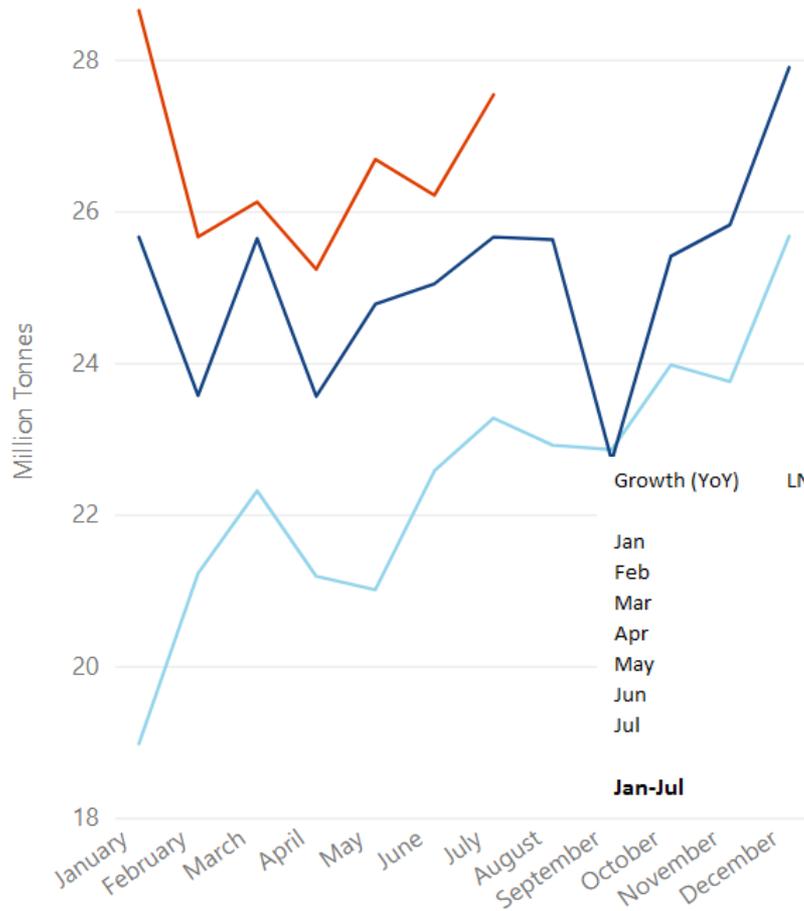


Sources: Fearnleys
Note: Data until 1st July 2018

LNG trade and shipping demand keeps growing

LNG - Million Tonnes

● 2016 ● 2017 ● 2018



Growth (YoY)	LNG (MT)	Ton-Miles
Jan	11.8%	13.0%
Feb	9.5%	14.0%
Mar	2.4%	18.9%
Apr	6.4%	4.3%
May	8.6%	8.0%
Jun	3.7%	8.9%
Jul	7.6%	19.2%
Jan-Jul	7.1%	12.4%

Volume below the expected 9.5% (28mt) for the year
Shipping demand above expected 11% for the year

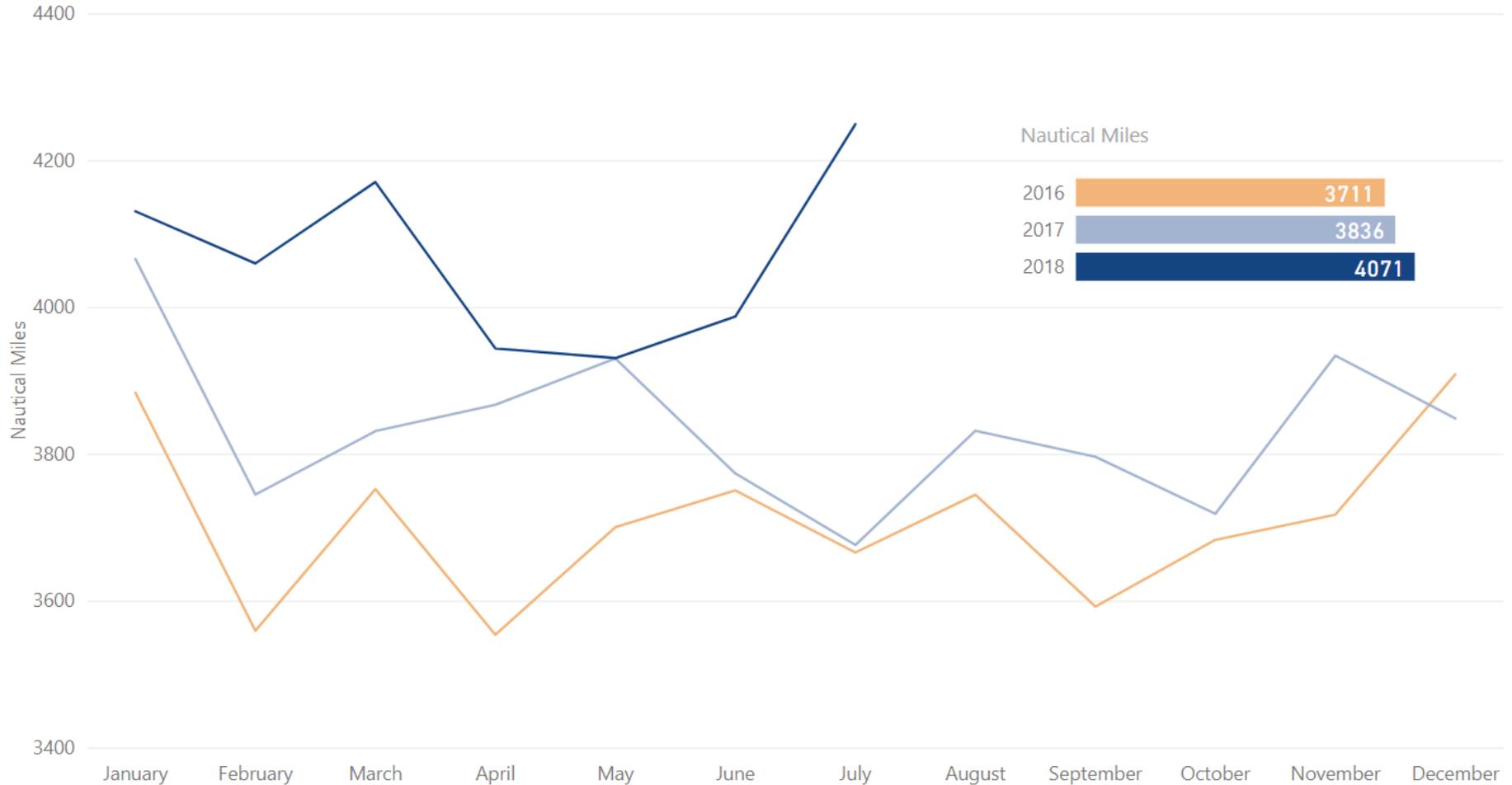
Tonne-Miles

● 2016 ● 2017 ● 2018



LNG is travelling longer distances

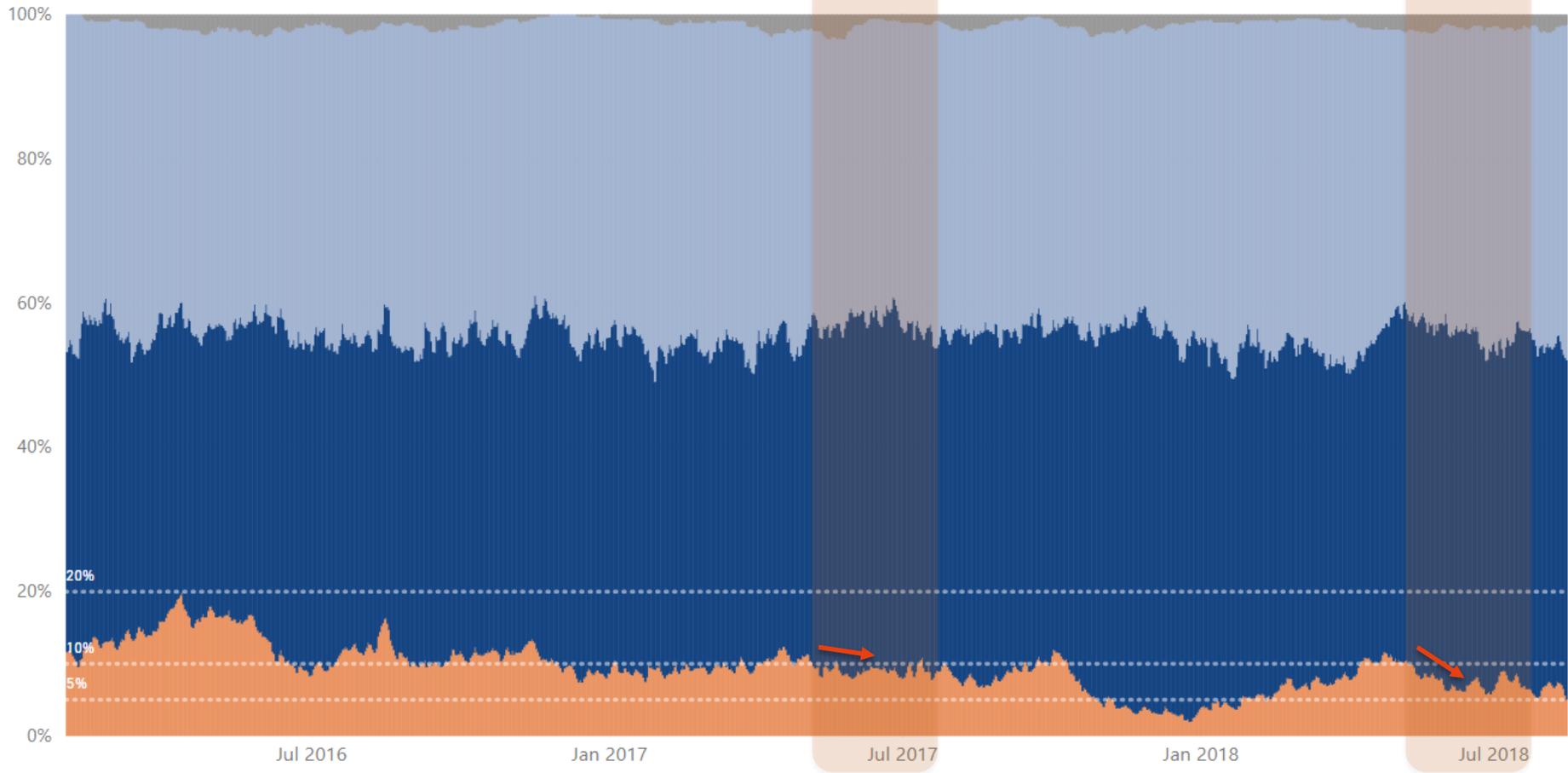
Average Distance



LNGC Utilization recovering strongly from shoulder months

LNGC Fleet (120km³-181km³)

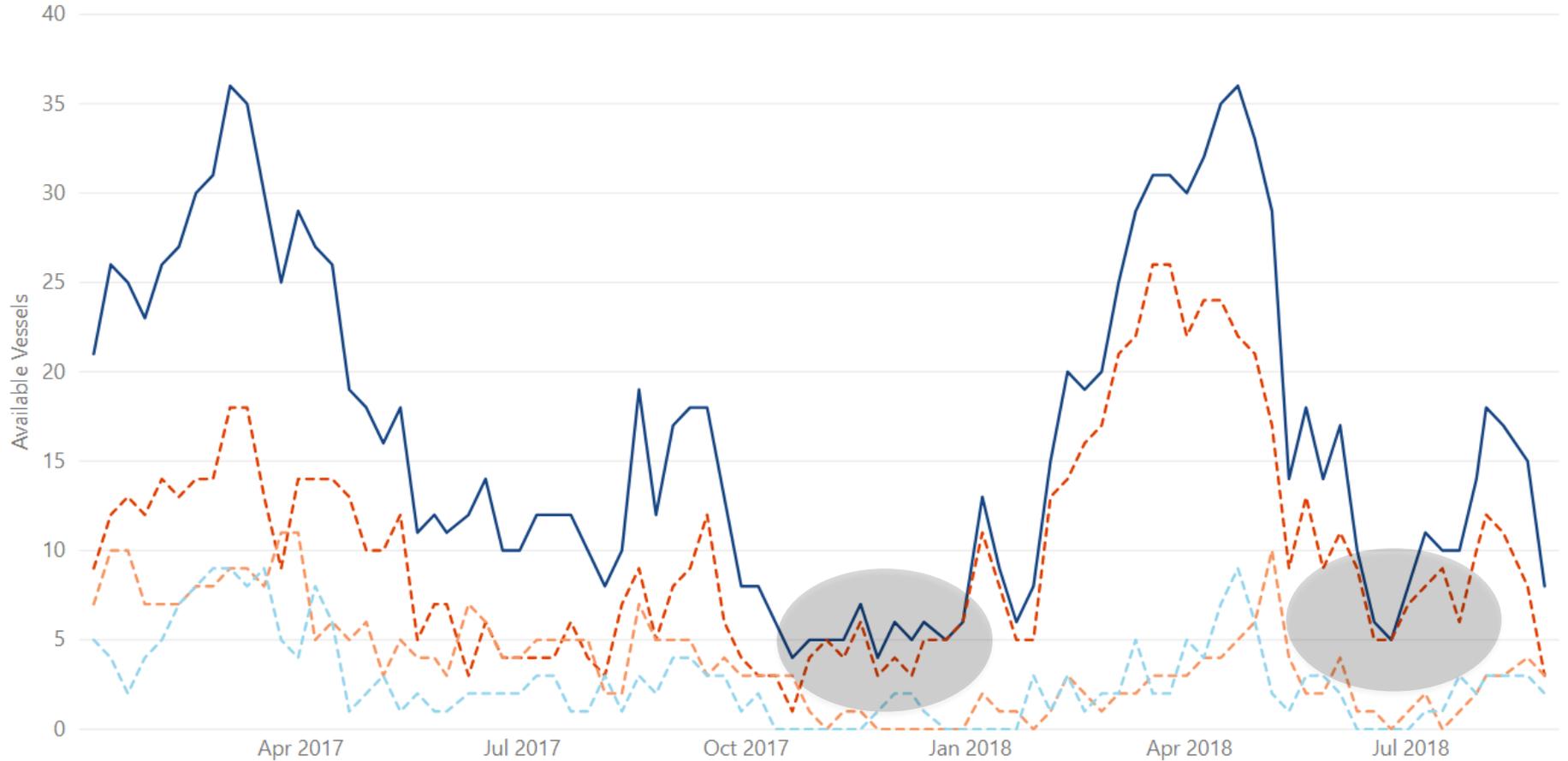
● Idle Time ● Laden Time ● Ballast Time ● Drydock Time



Spot Market - Vessel Availability

Prompt availability almost reaching winter levels this summer

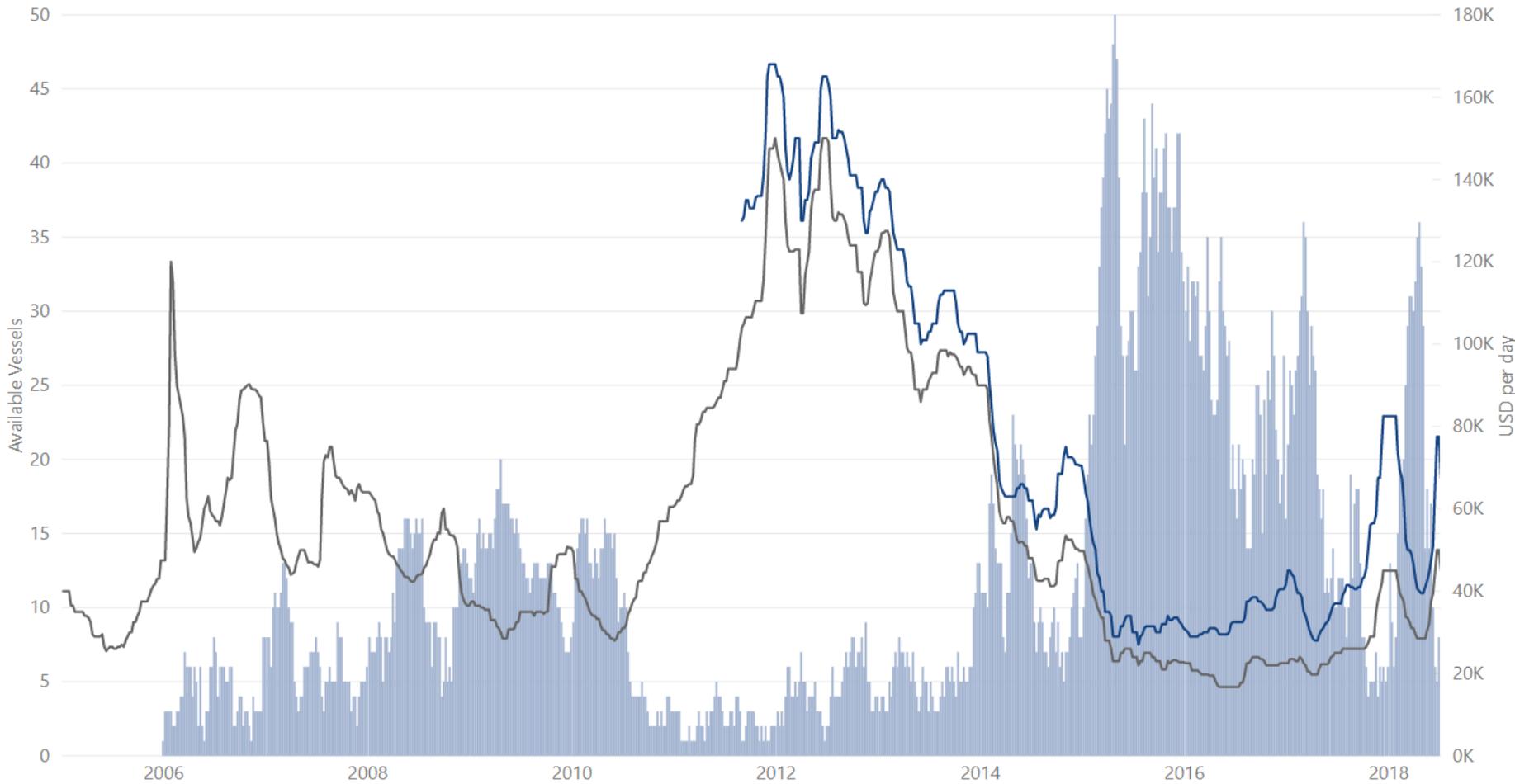
● Global ● Pacific Ocean ● Indian Ocean ● Atlantic Ocean



Spot Market - Vessel Availability vs Rates

Availability vs Rates

● # Available Vessels ● ST - Average ● TFDE - Average

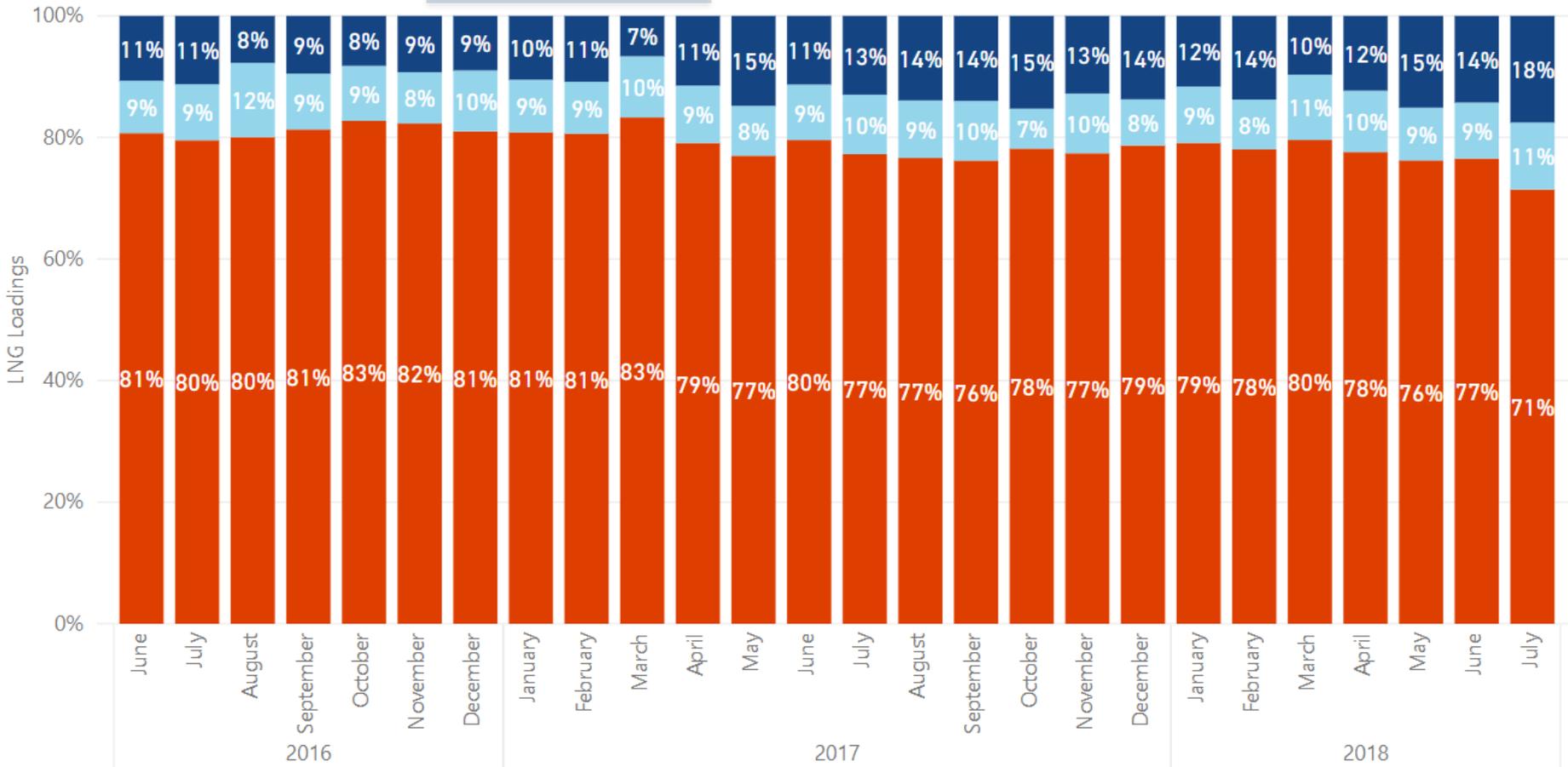


Long-Term vs Short-term shipping

Short-term shipping is taking a larger share of the LNG trade pie.

LNG Loadings - Long vs Short-term shipping

● Long Term ● Mid Term (3-10 years) ● Short term (<3 years)

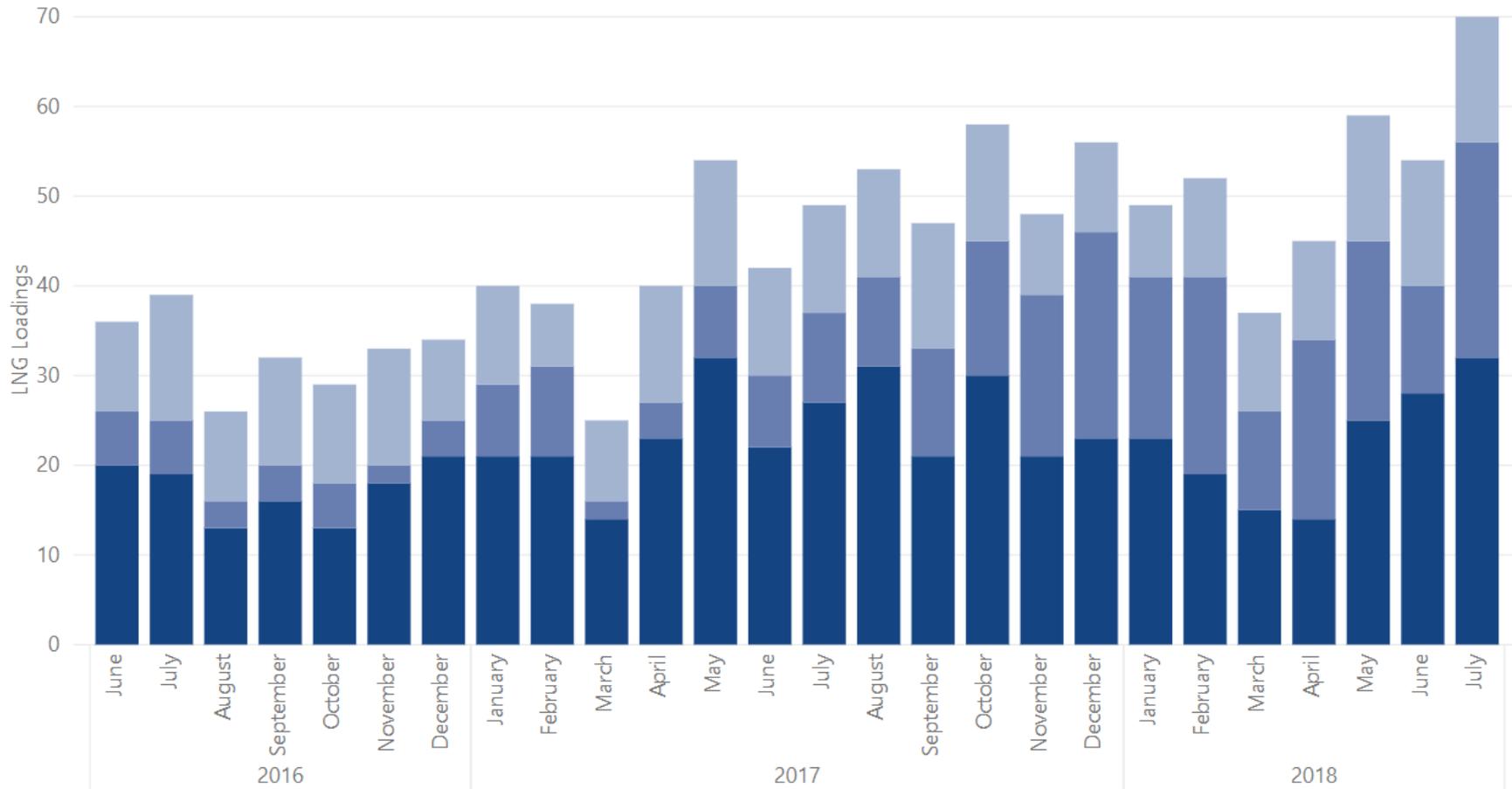


Short-term loadings

Spot takes the largest share inside short-term activity, but multi-month is growing!

LNG Loadings with short-term shipping

● .Spot (<90d) ● Multi Month (<365d) ● Rest of Short term (<3y)



Still riding the LNG wave!

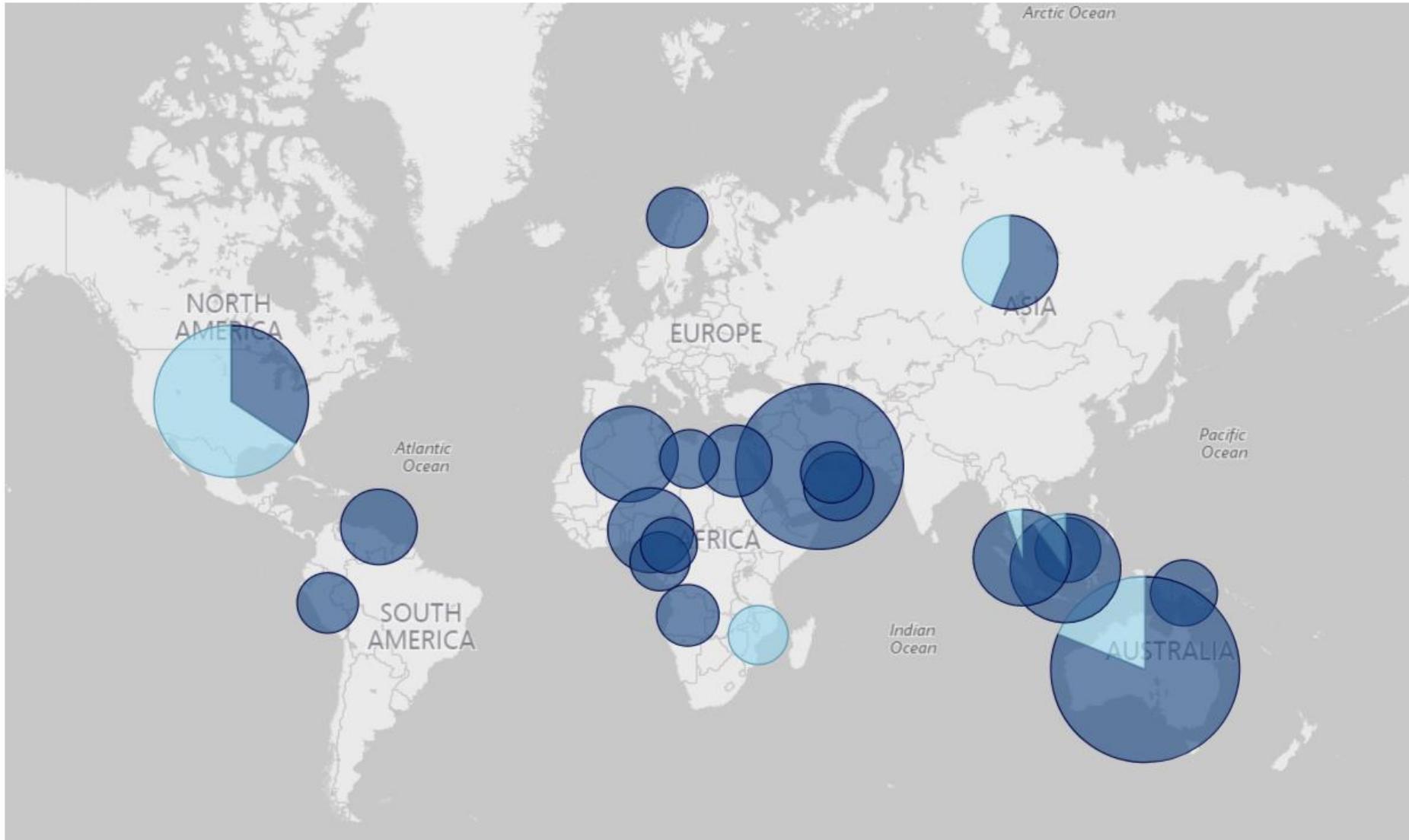
Total LNG Exports



Sources: GIIGNL, Fearnleys
Note: 2018-2022 data is a reference

LNG Projects by Capacity

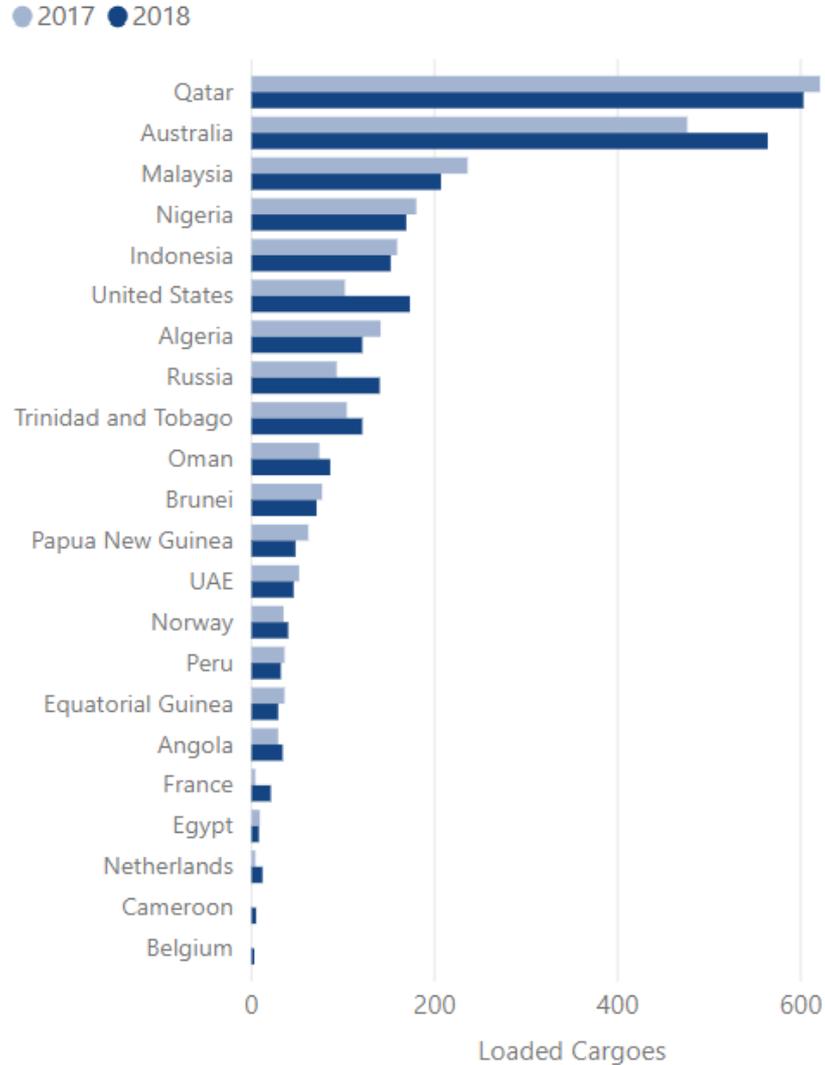
● Live ● Under Construction



Exports & Imports (YoY)

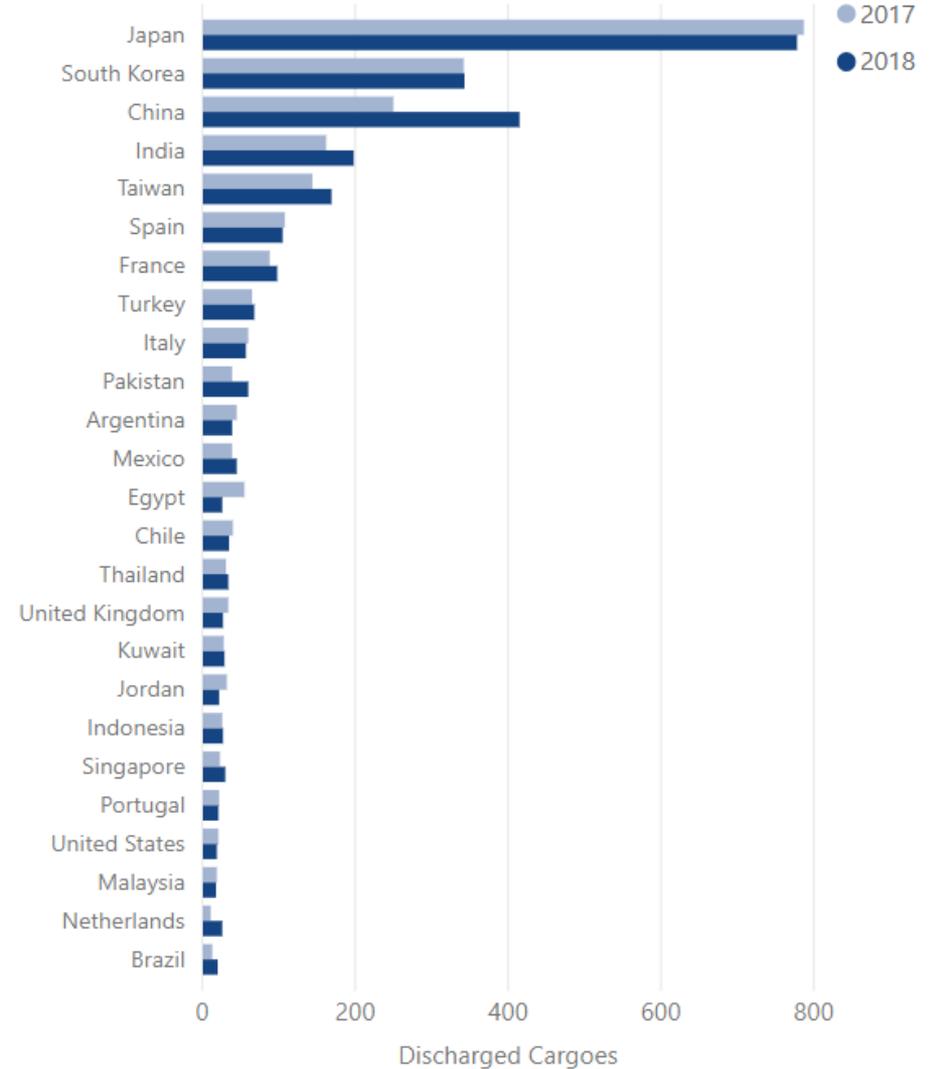
Exports

Loadings by Country - YTD vs Same Period Last Year



Imports

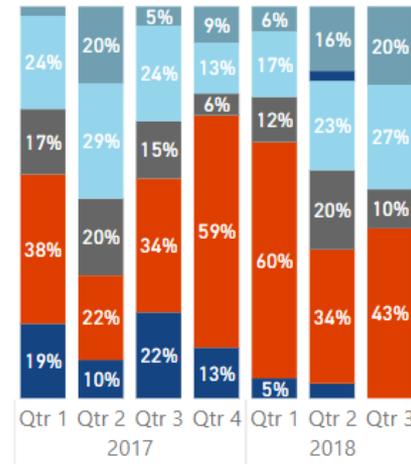
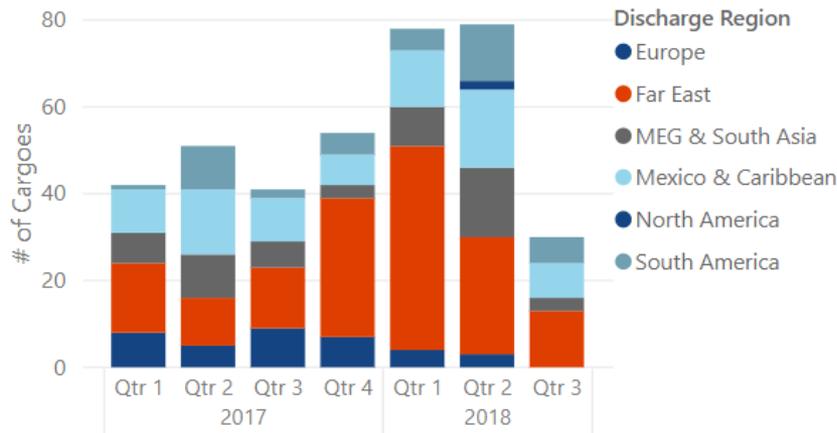
Discharges by Country - YTD vs Same Period Last Year



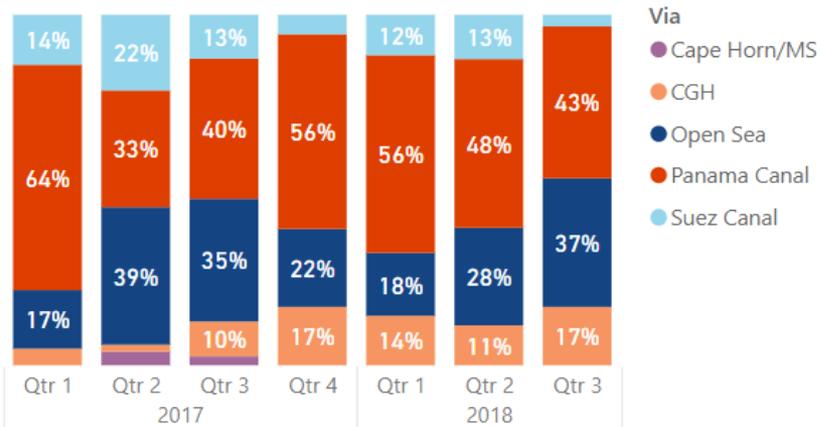
US LNG comes with a lot of shipping demand

More US LNG is heading to Asia than previously expected, and not all of it is taking the shortest route.

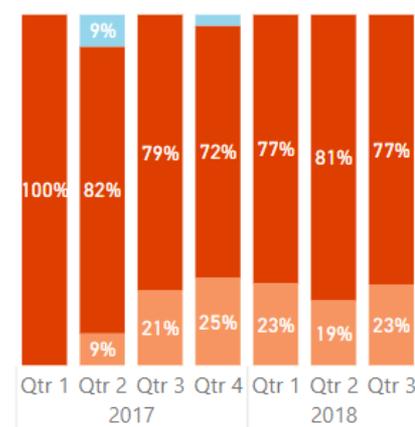
US Exports



Routes - Total US LNG



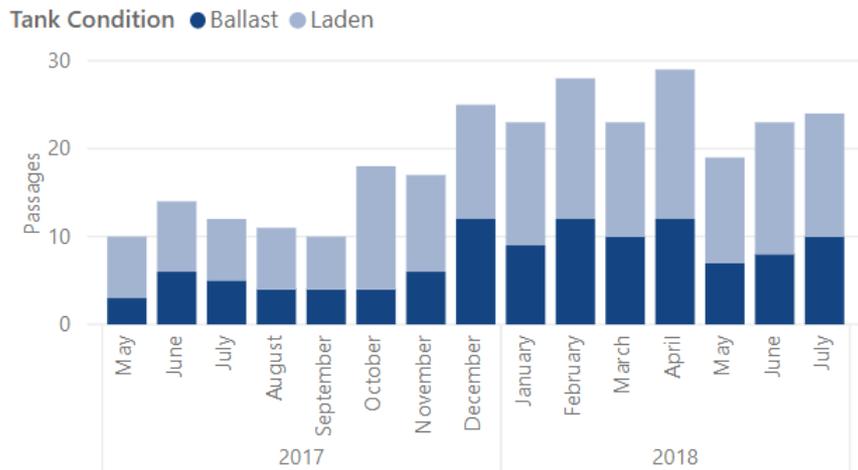
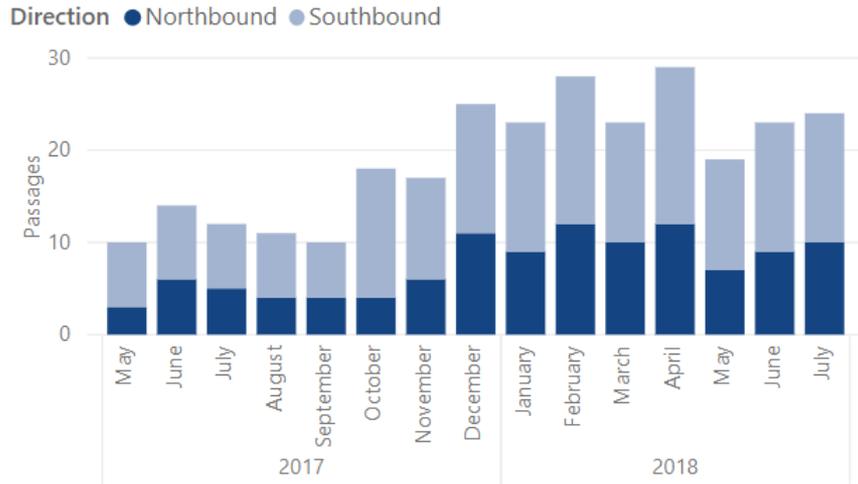
Routes - US LNG to Far East



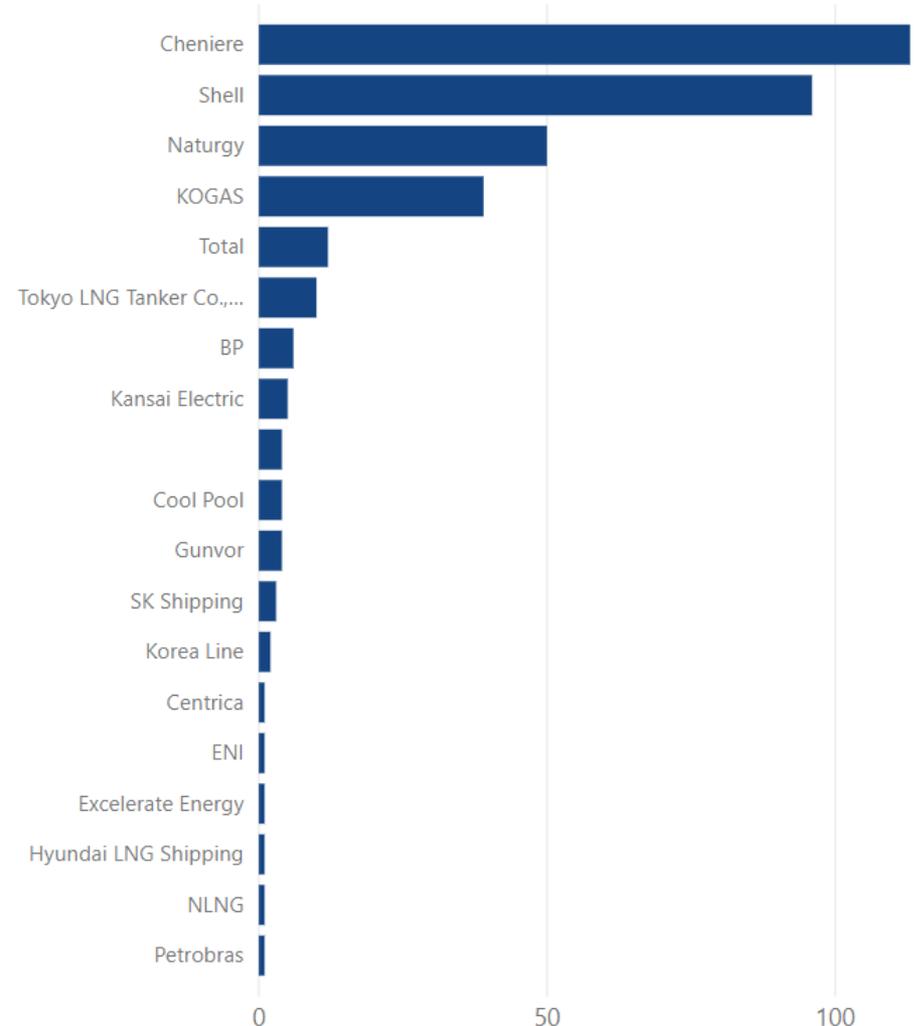
Panama Canal

Double and occasional triple transits are needed during winters.

LNGC Transits via Panama Canal

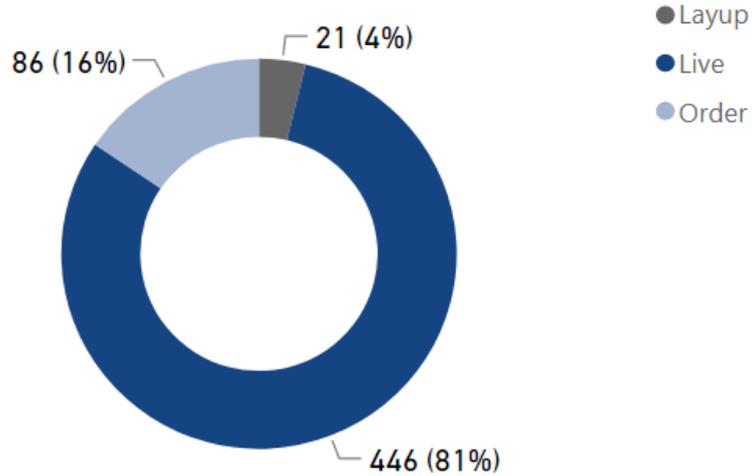


Top Charterers via Panama

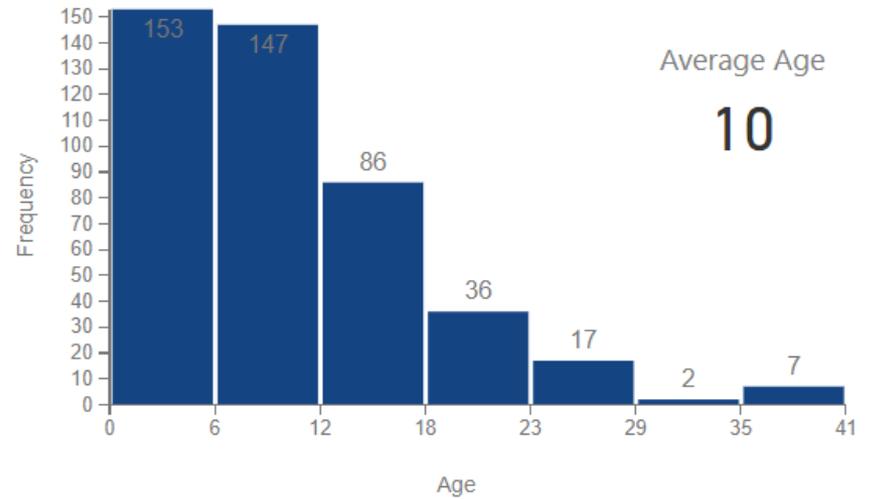


LNGC Fleet Overview

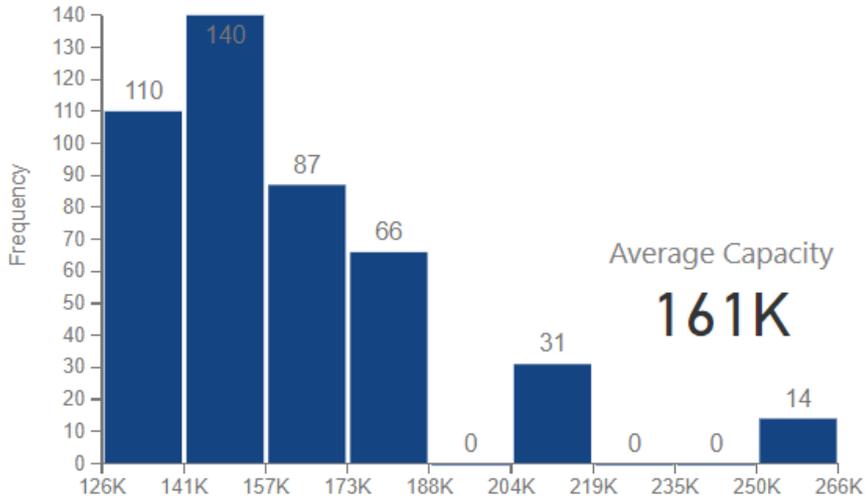
Fleet by Status



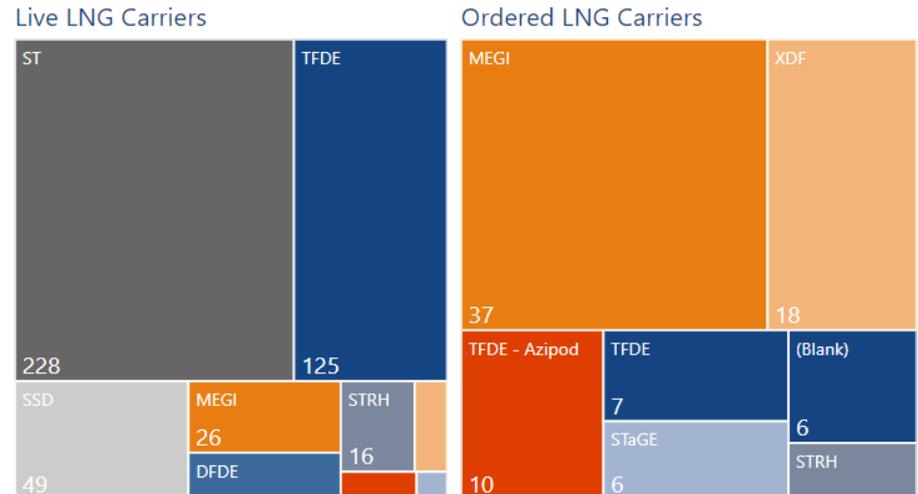
Fleet by Age



Fleet by Capacity



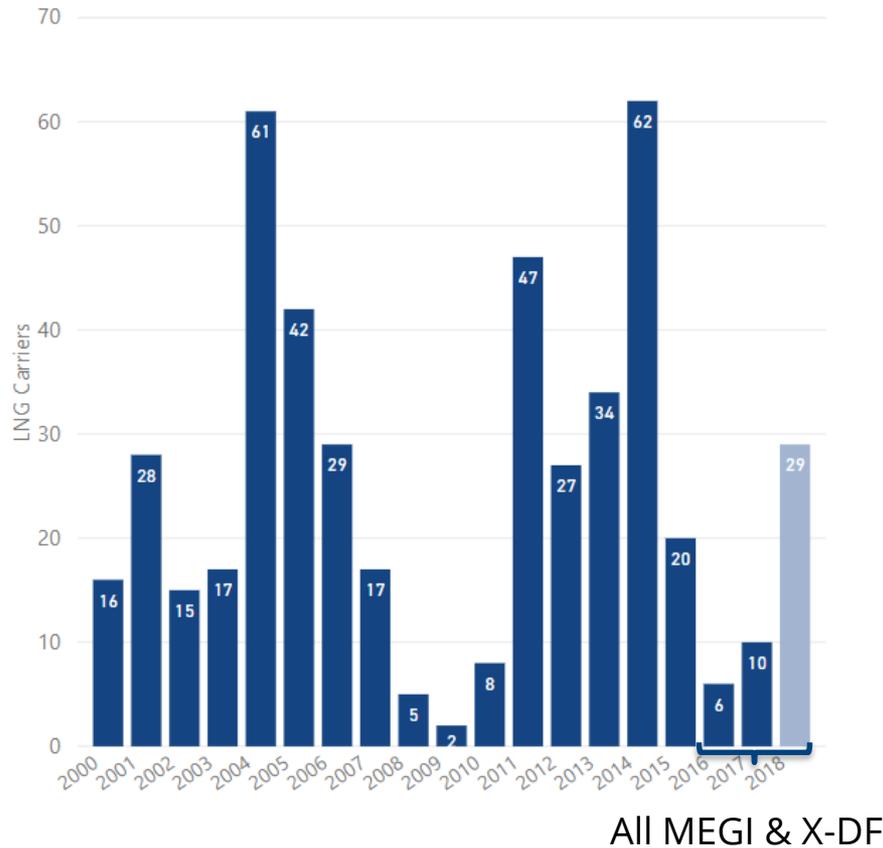
Fleet by Propulsion



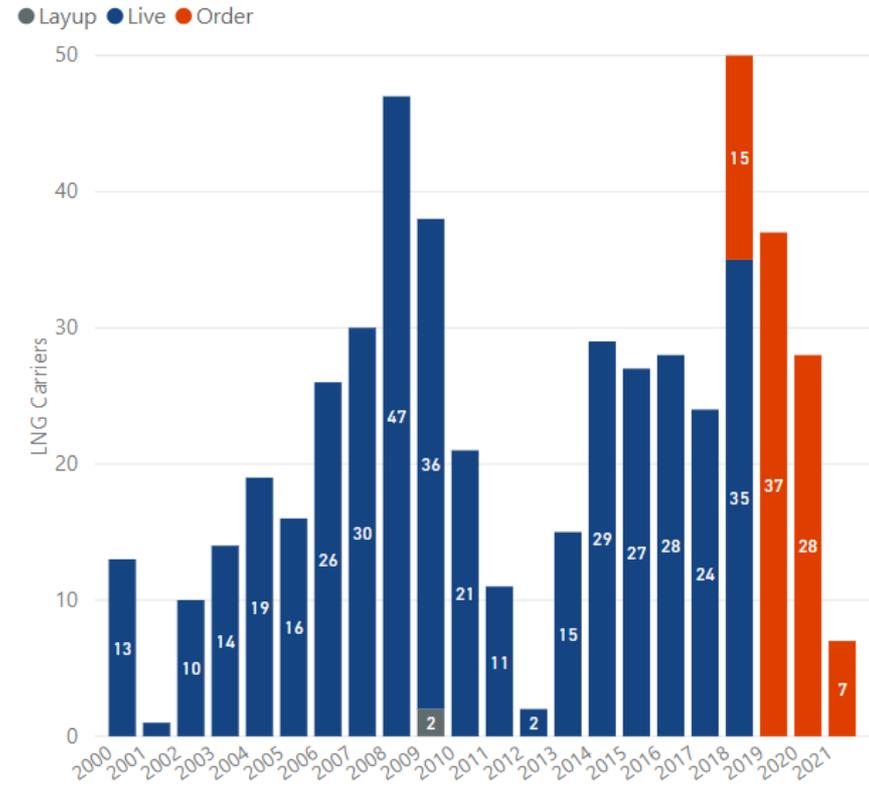
NB Orders & Deliveries

Orders are recovering. Many deliveries in 2018/19 aligned with new projects

Orders - LNG Carriers

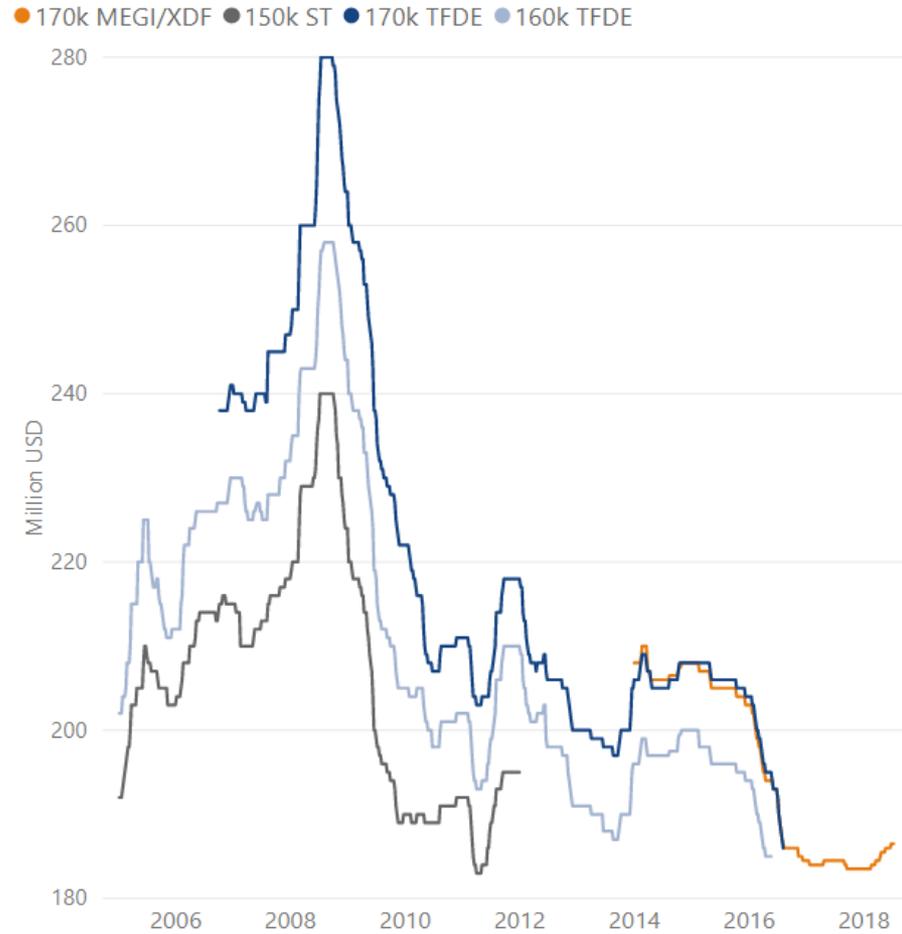


Deliveries - LNG Carriers

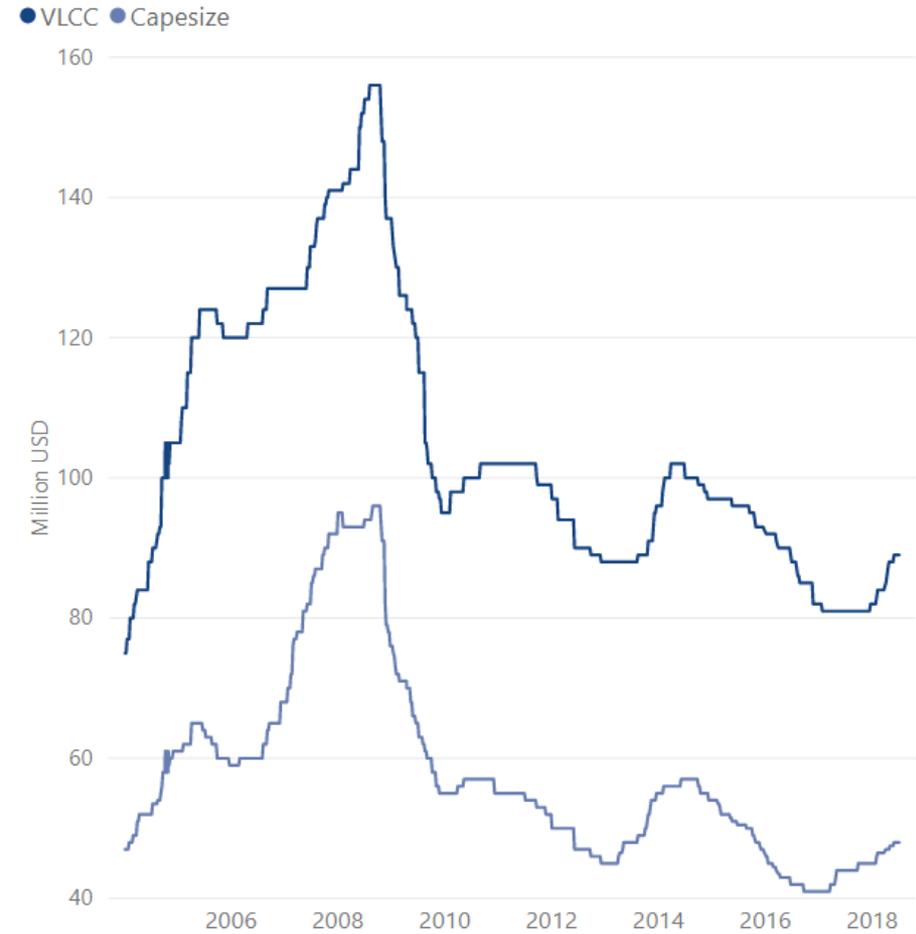


Newbuilding Prices

LNGC Prices



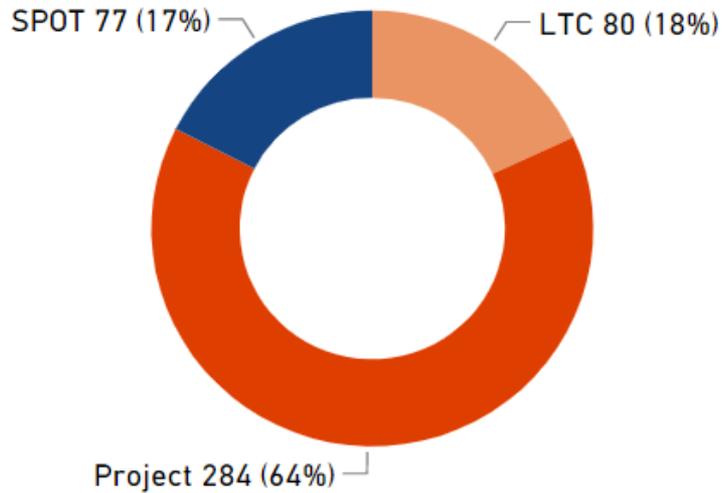
VLCC & Capesize Prices



Commercial Type and Availability

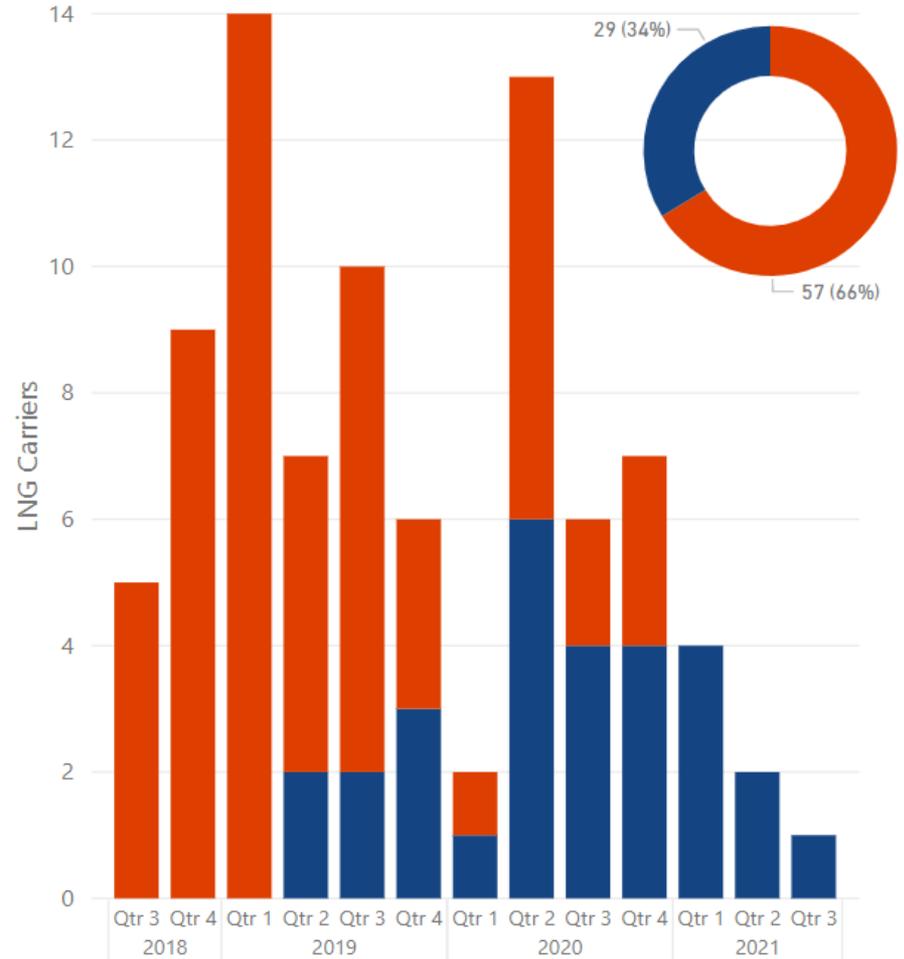
Available vessels fall in the "Spot" group, but LTC and Project vessels can add to pool

Live Fleet



Availability in Orderbook

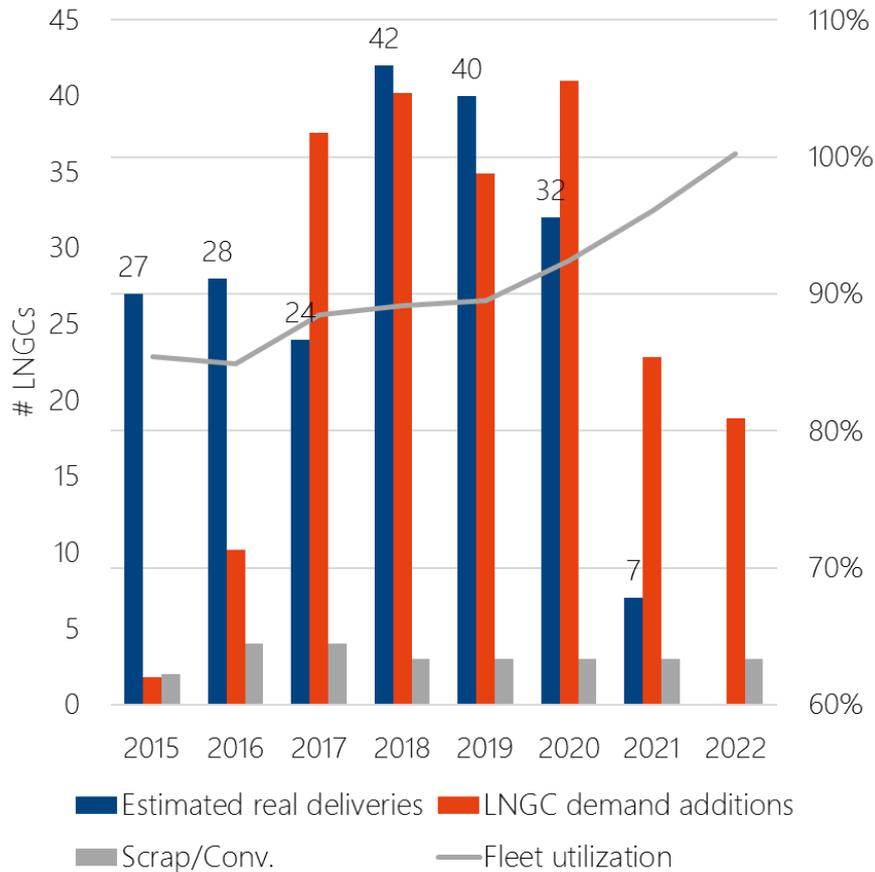
● Available ● Not-Available



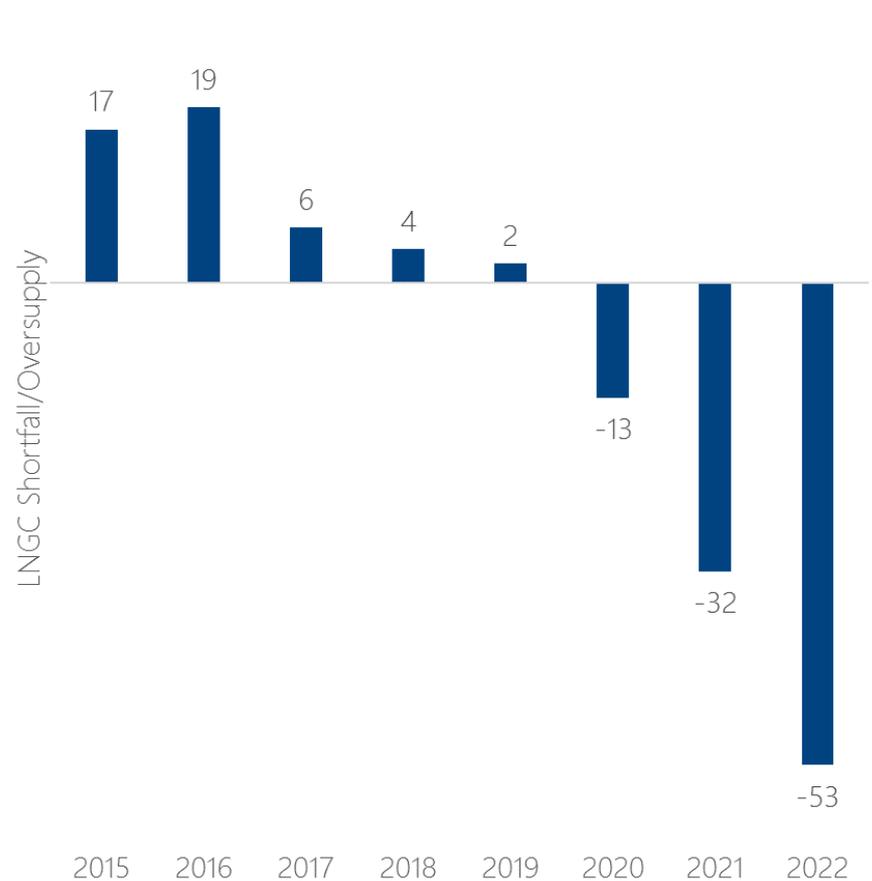
Base Case

LNGC Market Forecast - We need more LNG carriers!

Additional LNGC Demand/Supply



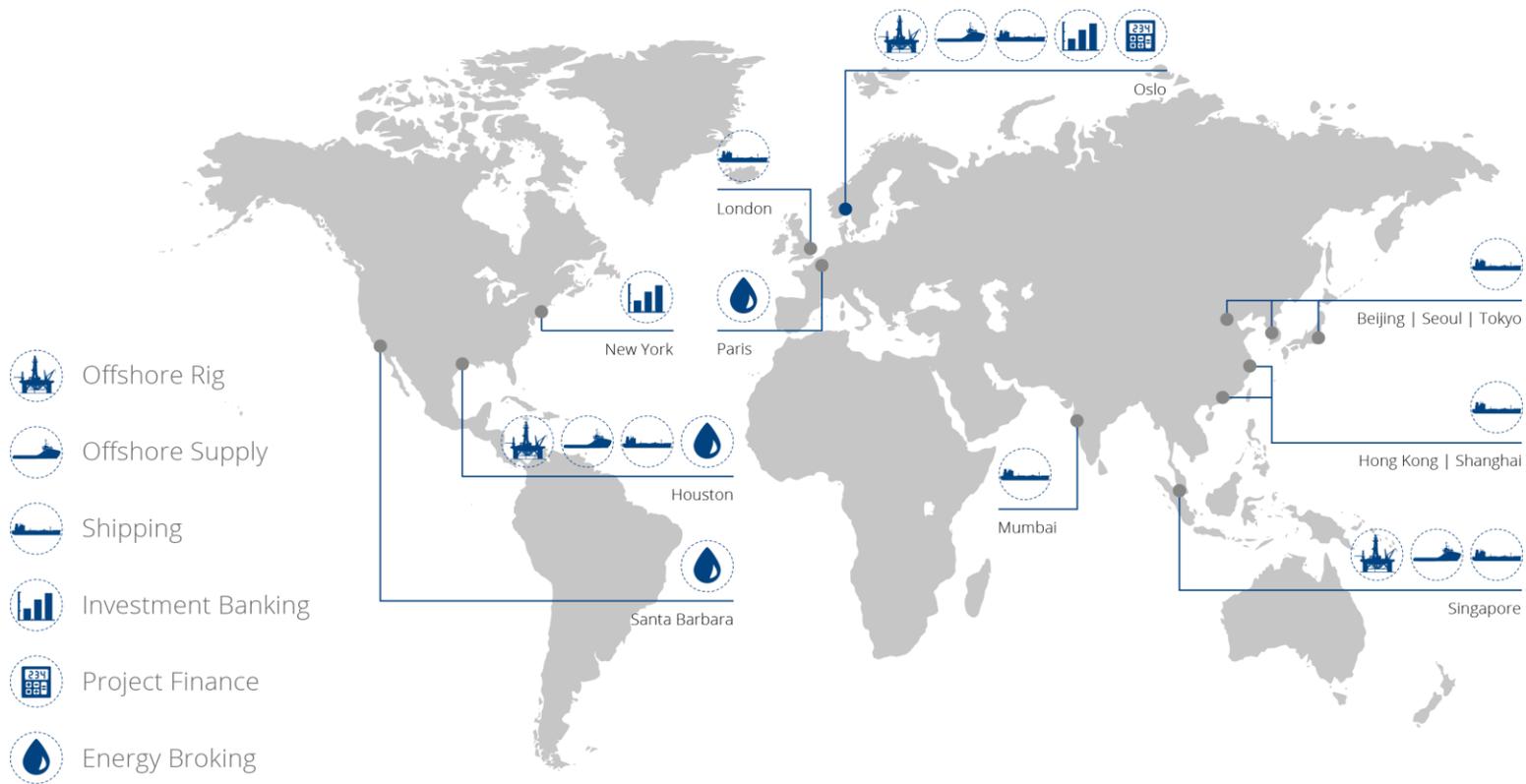
LNGC Oversupply/Shortfall



Sources: Fearnleys
 Note: Balance market considered at 90% utilisation.

Final Remarks

- LNG demand strong in short and middle-term thanks to China
- Healthier oil price and project delays increase LNG price and arb
- Timing of LNGC deliveries 2H18/2019 still something to follow
- LNG shipping Market expected to continue recovery (with seasonality)
- NB orders still not enough to cover for capacity coming online by 2020



Oslo	Houston	New York	Seoul	Tokyo
Beijing	London	Paris	Shanghai	
Hong Kong	Mumbai	Santa Barbara	Singapore	

The Astrup Fearnley Global Network

Fearnleys AS

Grev Wedels plass 9 | P.O.Box 1158 Sentrum | N-0107 Oslo, Norway
 Phone: +47 33 93 60 00 | Fax: +47 22 93 63 60
www.fearnleys.com | An Astrup Fearnley Company