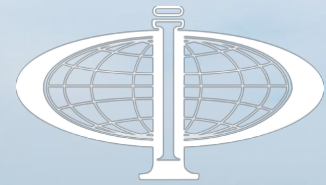


LNG Shipping: How Long Will The Good Times Last?

Marine Money 19th Annual Ship Finance Conference



Poten & Partners

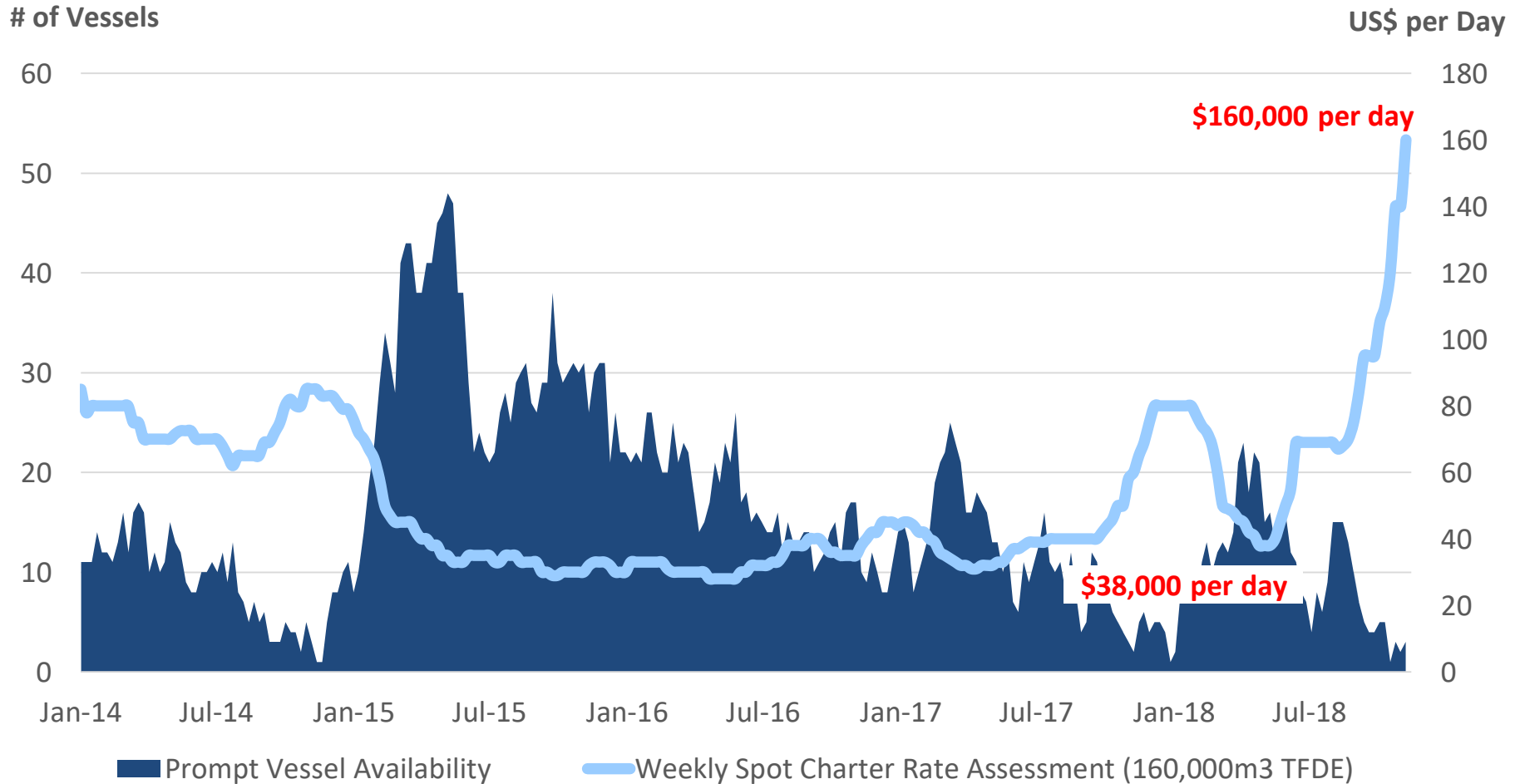
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A GLOBAL BROKER AND COMMERCIAL ADVISOR FOR THE ENERGY AND OCEAN TRANSPORTATION INDUSTRIES

LNG Shipping Spot Rates Are At 5-Year Highs And There Is Limited Availability

Spot Charter Rates vs Vessel Availability



Notes:

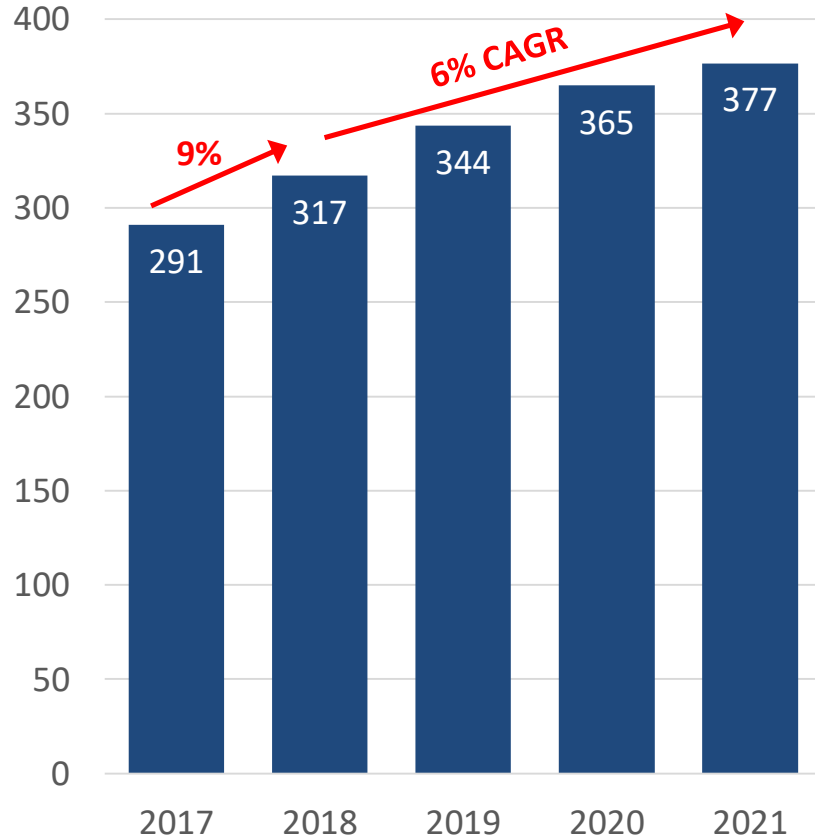
- Prompt vessel availability are LNG carriers that are immediately available for spot hire, defined as charter periods 6 months or less
- Weekly spot charter rate assessment are a global average for a 160,000m³ TFDE vessel available in cold condition

LNG Fleet Growth Has Been In-Line With Trade Growth....

LNG market growth has been significant and is forecasted to remain strong, but the fleet is forecasted to grow faster

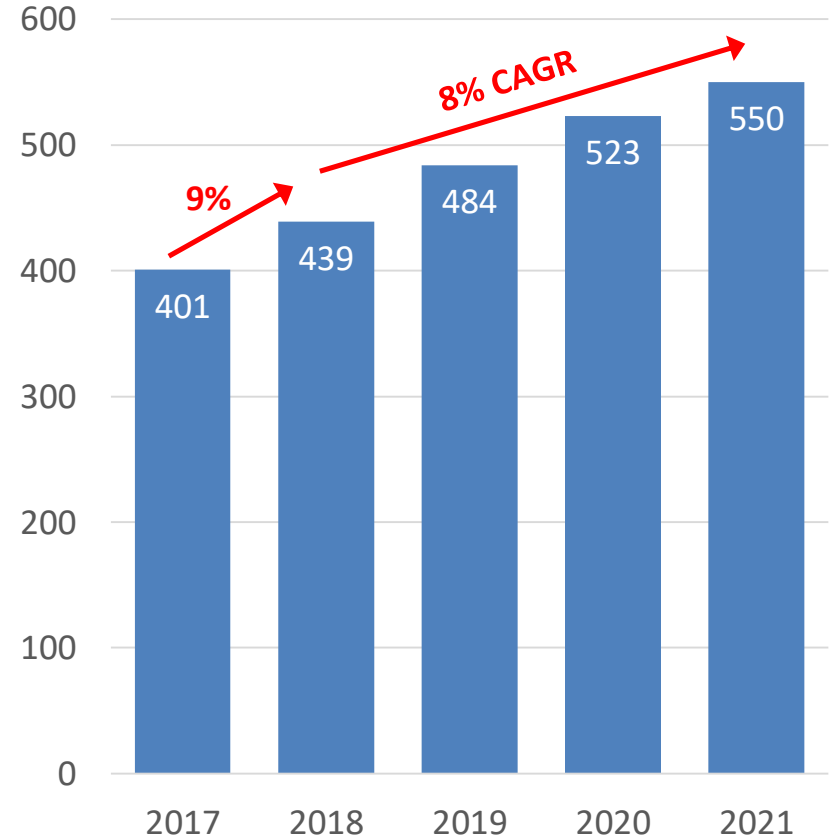
LNG Global Trade Volumes

Million Tons



LNG Fleet (Normalized to 160,000 m³)

of Vessels



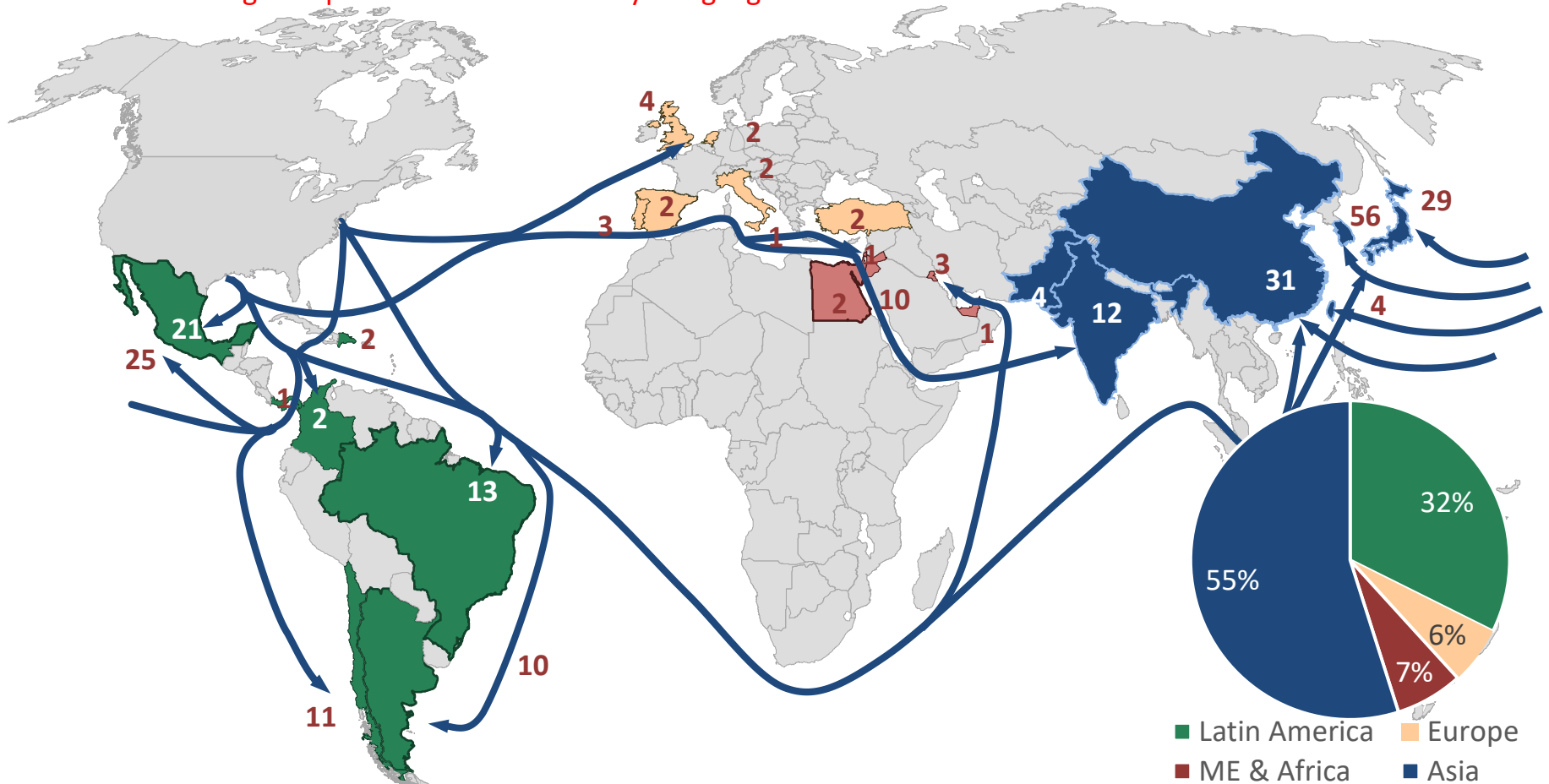
Note: fleet statistics exclude vessels <65,000 m³, FLNG, FSRUs, FSUs, and Laid-up vessels

...But A Significant Volume of U.S. Supply Is Being Exported To Asian Markets

Over 50% of all U.S. supply in 2018 has been exported to Asia because of higher than expected demand in China, South Korea, India, and Taiwan

U.S. Export Trading Patterns (January 2018 Through October 2018)

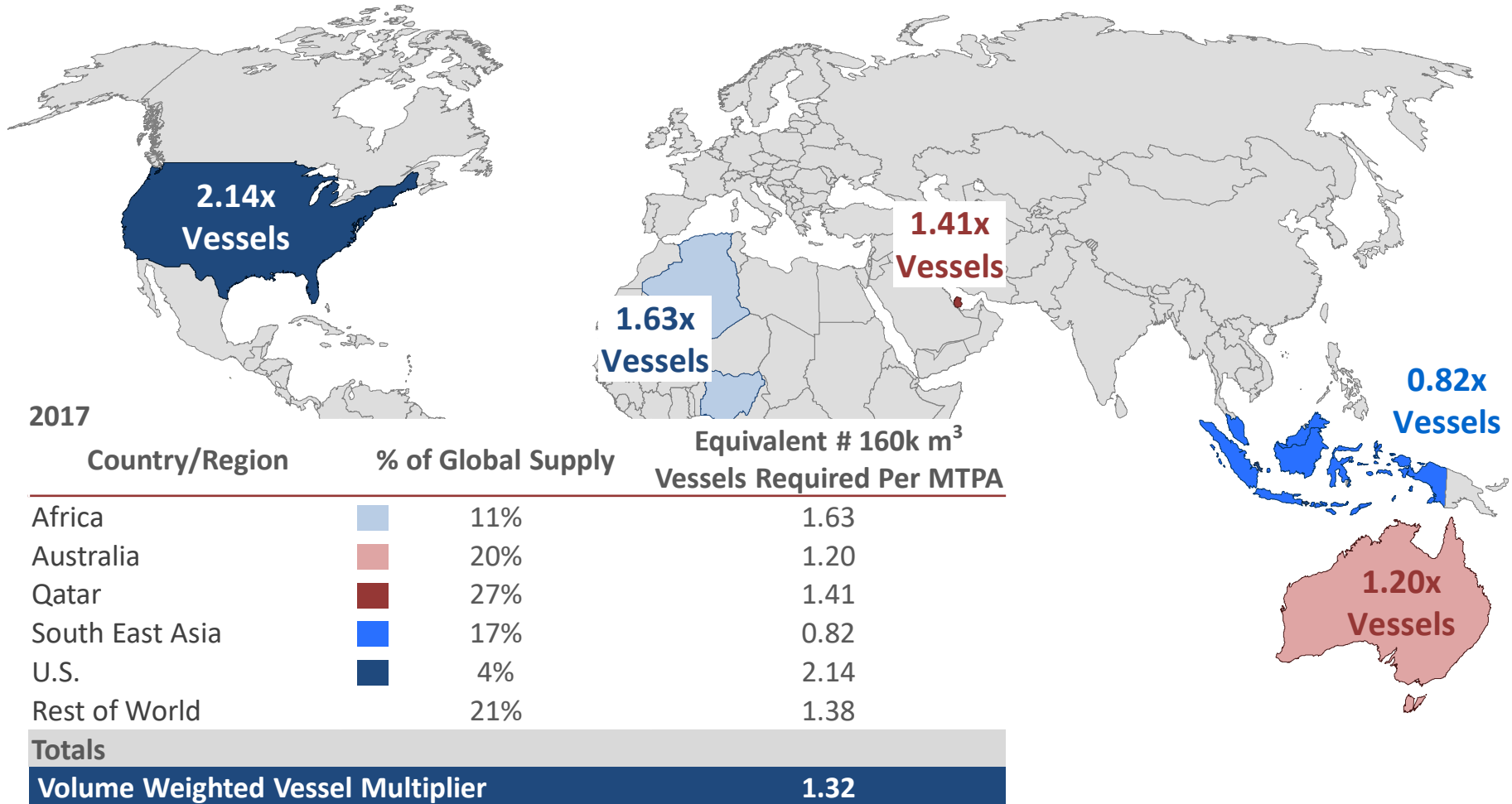
The number of cargos imported into each country is highlighted



Which Has A Significant Impact On Shipping Demand

U.S. exports require a high level of shipping to be able to deliver their cargoes to Asia

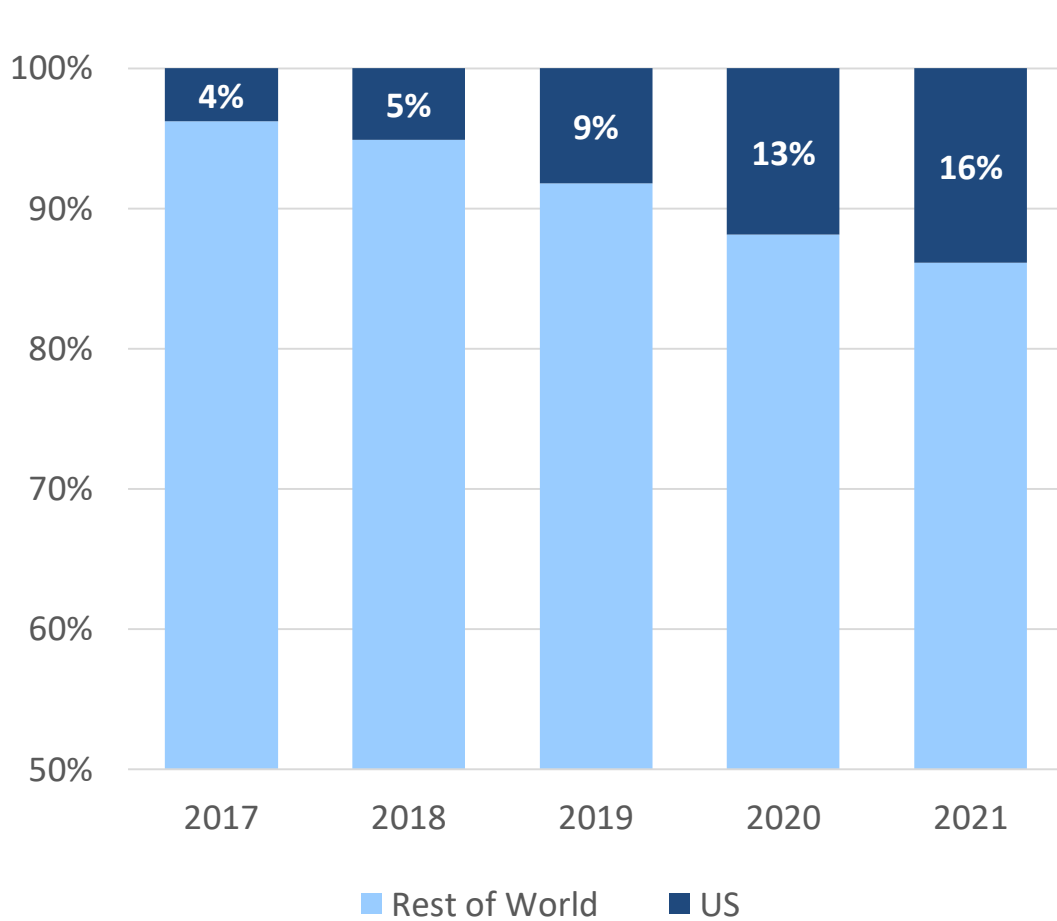
of Vessels Required to Deliver 1 Million Tons of LNG by Export Region - 2017



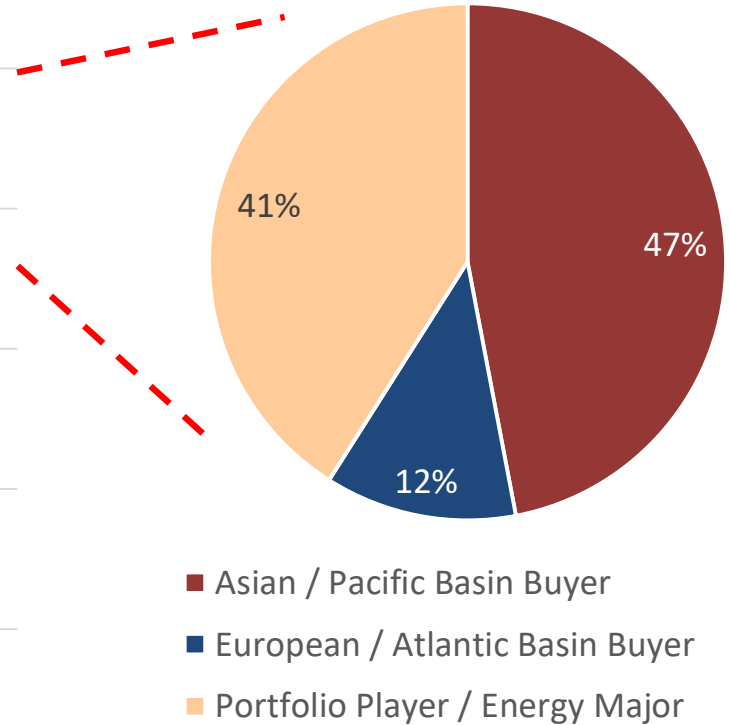
U.S. Exports Will Grow Their Market Share of LNG Supply

The U.S. market share of global LNG trade will grow to 16% of the total market, approximately 60 million tons, by 2021 based on current projects under construction

Market Share of U.S. Exports vs Global Supply



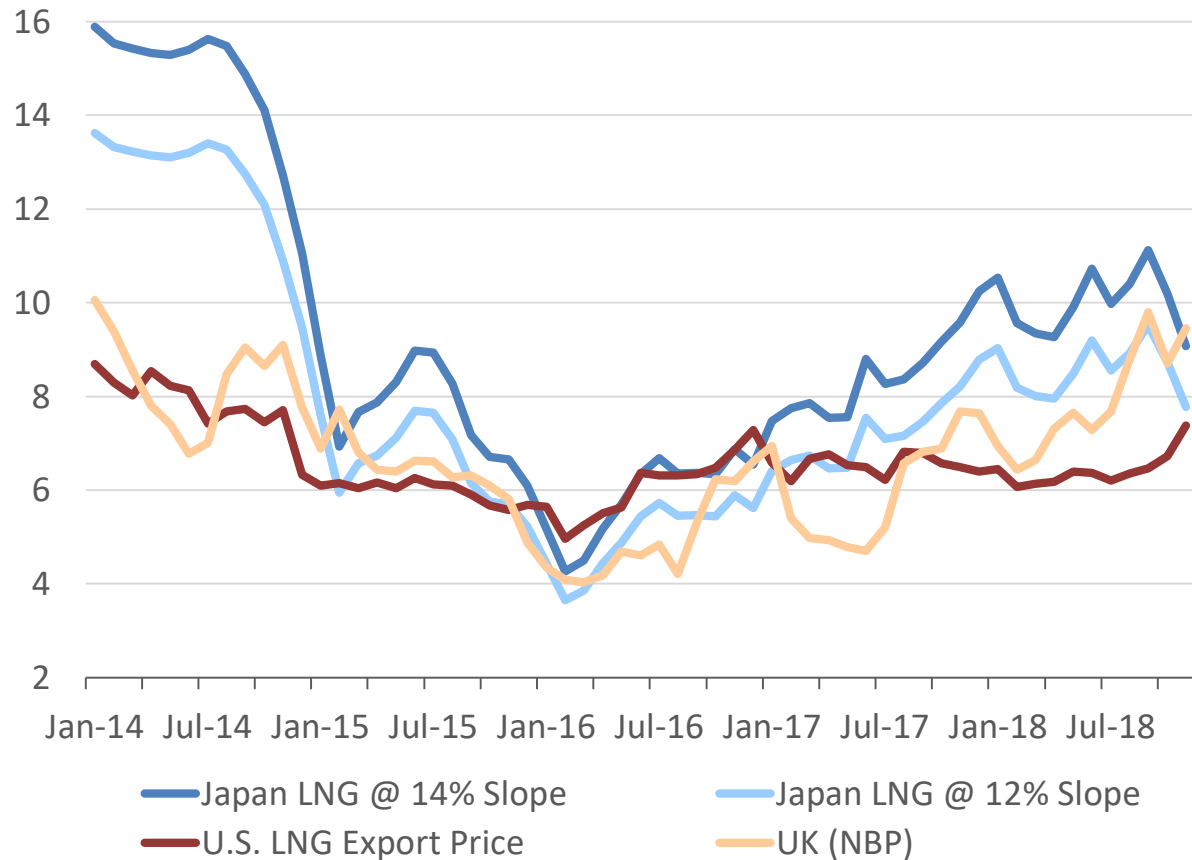
Breakdown of U.S. Offtakers



LNG Prices Encouraged Inter-Basin Trading Earlier This Year, But The Arb Closed

Global LNG / Natural Gas Price Markers

US\$ / mmbtu

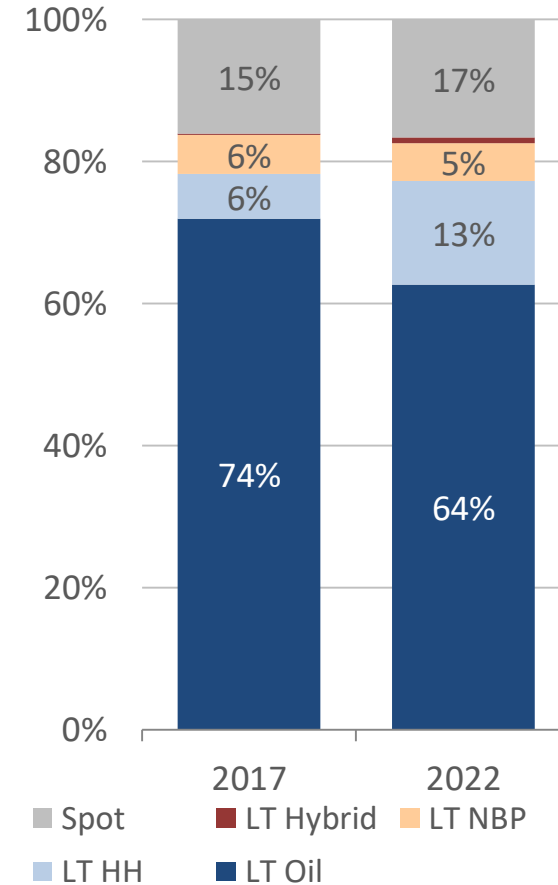


Notes:

- Asian LNG imports prices use (JCC or Japanese Crude Cocktail) multiplied by a slope of 12% and 14%, as a proxy of oillinked sale and purchase agreements typically signed by Asian buyers
- U.S. LNG export prices calculated at Henry Hub * 115% + \$3.00 liquefaction fee
- UK (NBP) is the domestic gas price for the UK market. Does not include a regasification fee

Gas Sales by Price Structure

Percentage

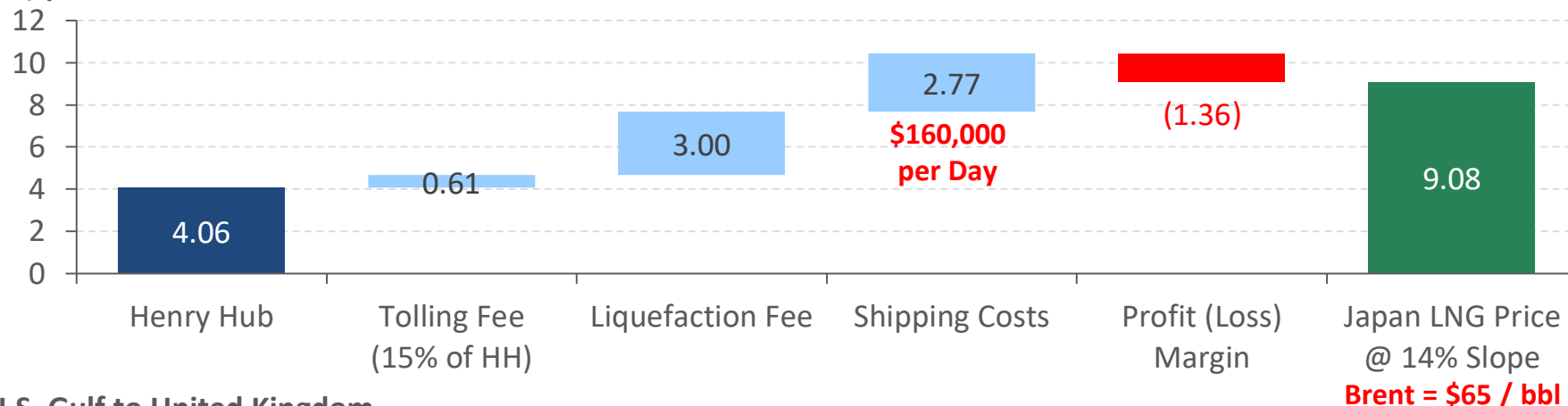


U.S. Export Prices Are Above Breakeven Levels At Today's Shipping Costs

U.S. offtakers who are fully exposed to variable prices across the value chain would sell cargos loss based on current commodity prices and spot charter rates

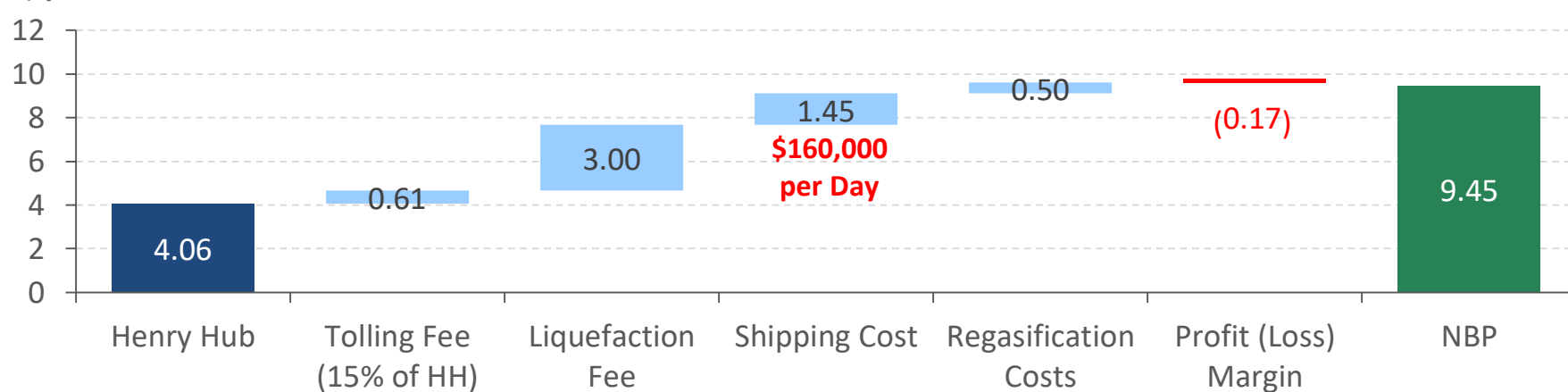
U.S. Gulf to Asia (via Panama)

US\$ / mmbtu



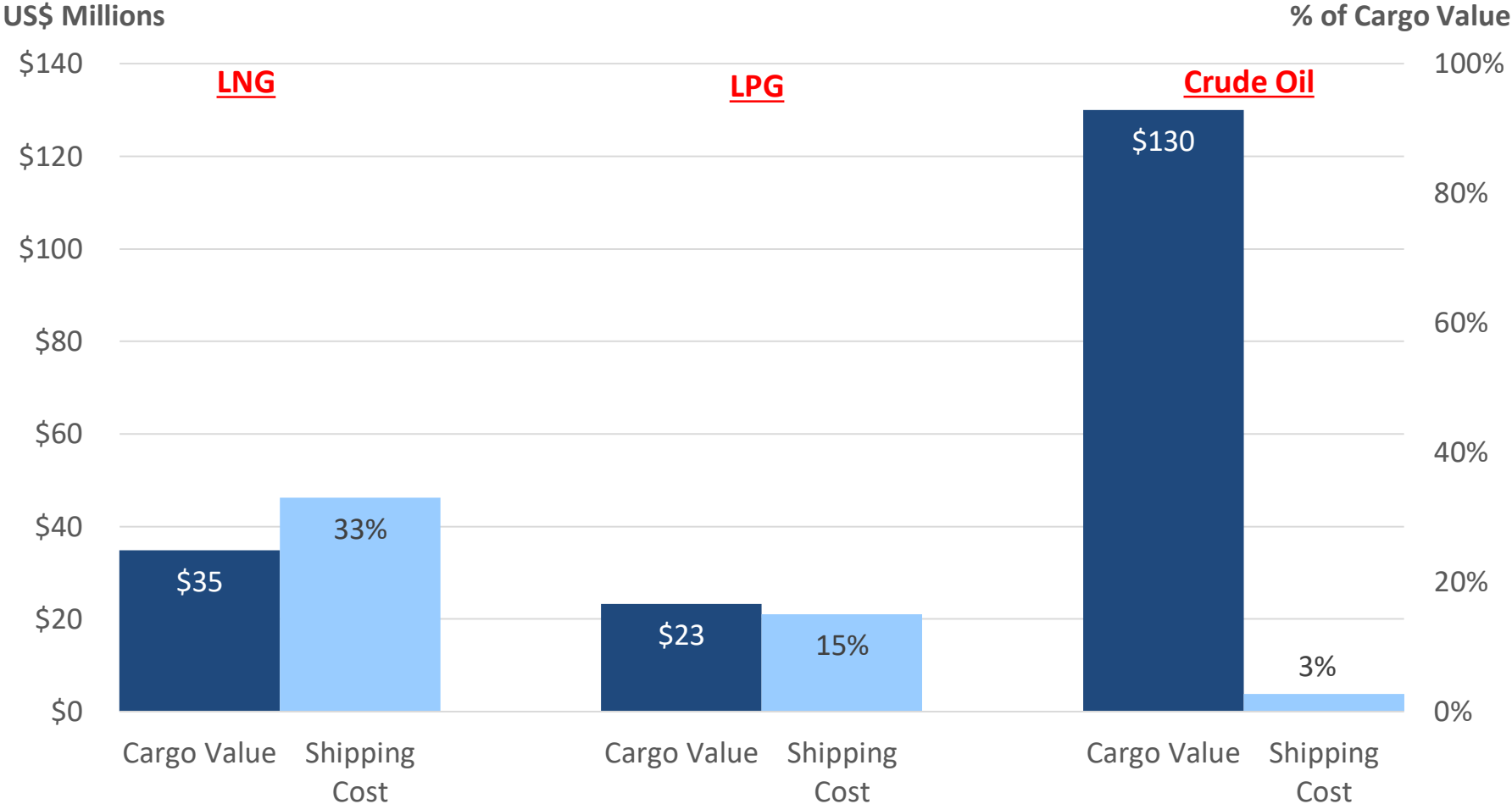
U.S. Gulf to United Kingdom

US\$ / mmbtu



LNG Shipping Is One Of The Most Expensive Forms Of Energy Transportation

Shipping Costs vs Cargo Value

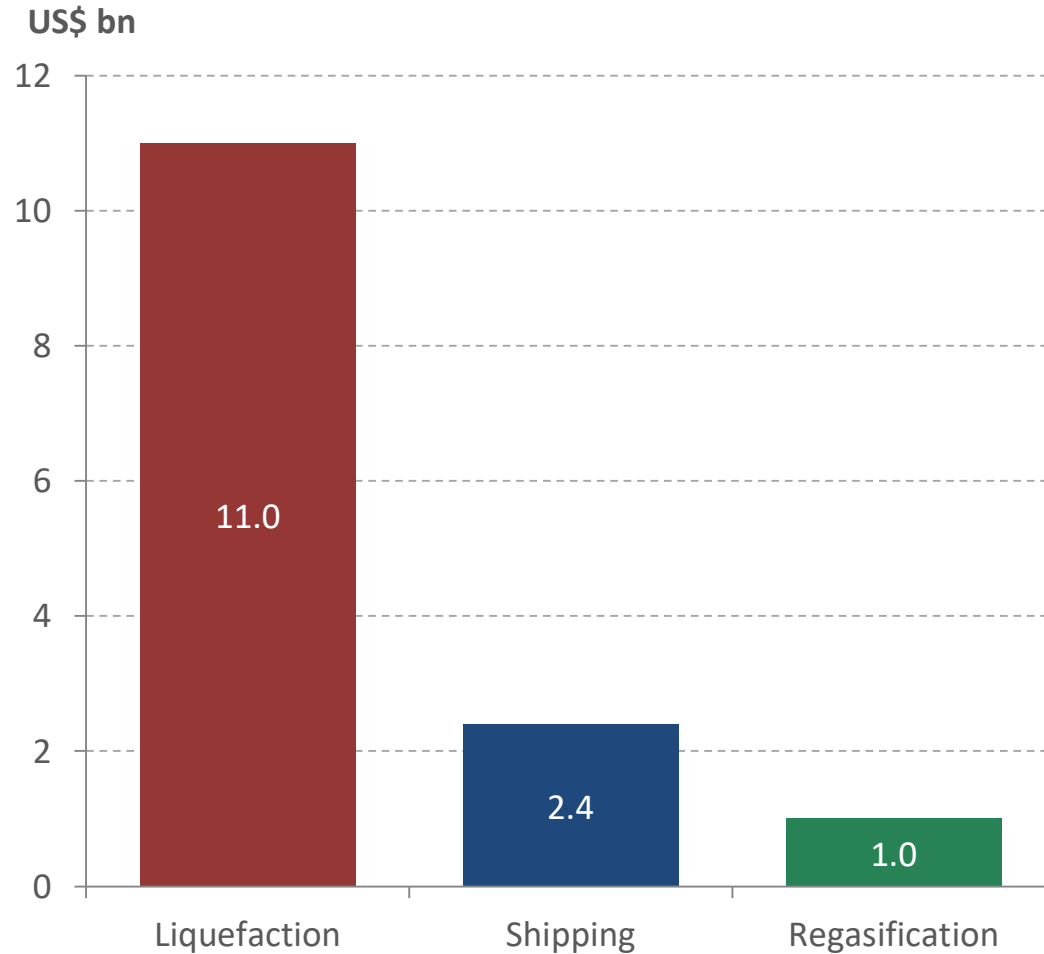


Notes:

- Cargo Value based on current prices: LNG - \$9.10 / mmbtu, LPG - \$503 / ton, Crude - \$65 / bbl
- Shipping Cost is based on current spot charter rates: LNG - \$160,00 / day charter rate, LPG - \$77 / ton freight cost, Crude – 93 WS

LNG is Capital Intensive Industry and Remains Underpinned by Term Agreements

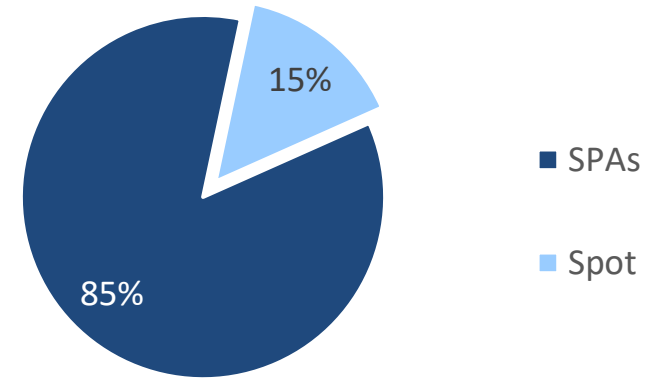
Capital Expenditure for a 10 million ton per annum project (2 Trains)



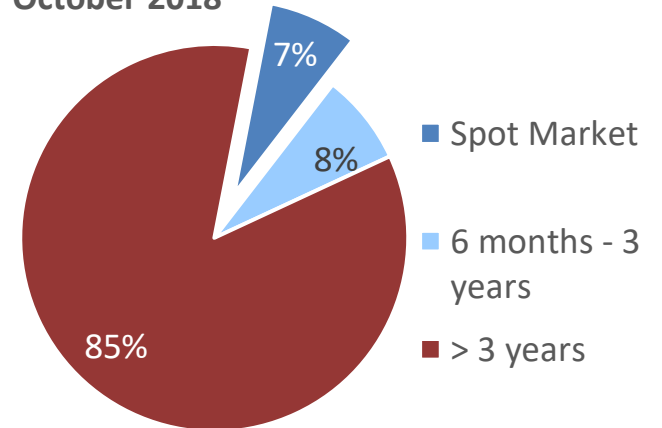
Shipping capital expenditure assumes 13 newbuild vessels acquired to service a 10 mtpa project
Regasification capital expenditure for 1 land-based receiving terminal

Global LNG Charter Coverage

% of Global Trade by Dedicated SPAs October 2018



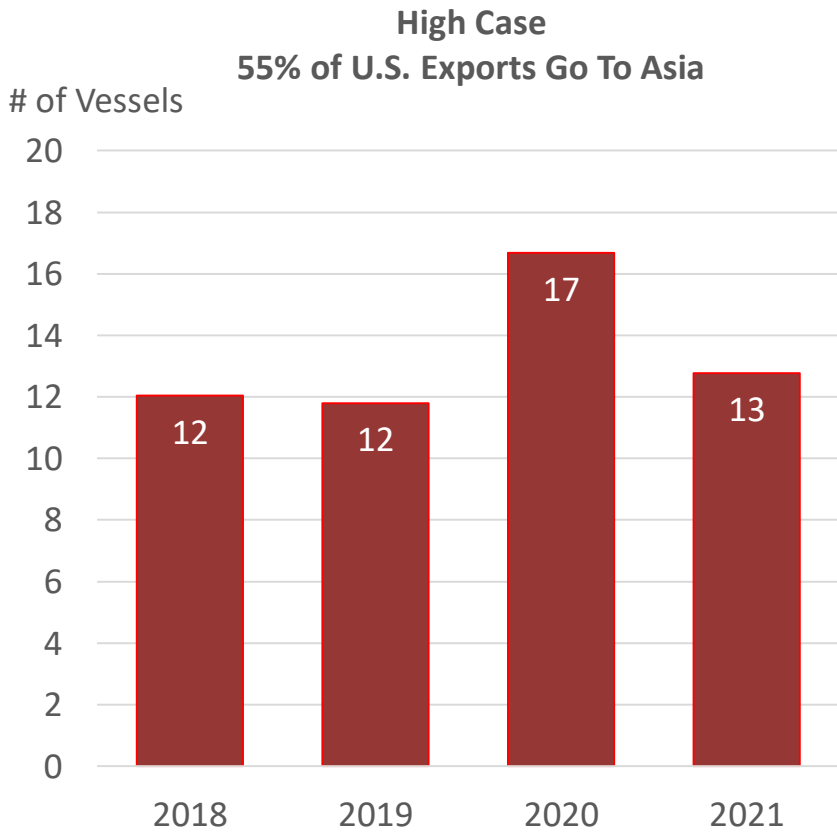
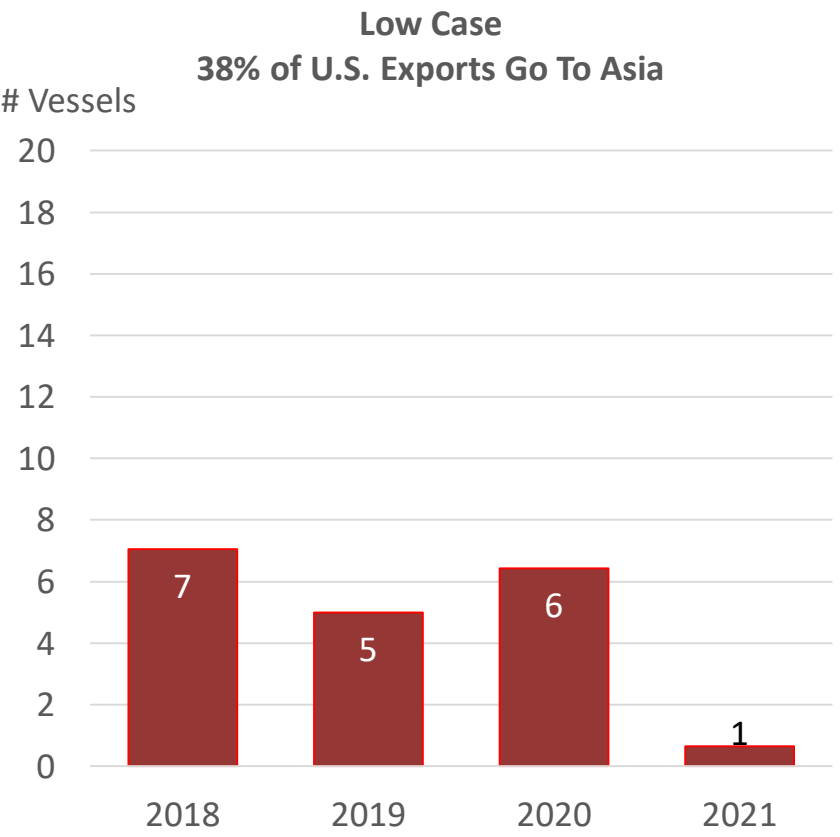
Percentage of Fleet by Charter Length October 2018



The LNG Market Is Not As Short As Believed

The next two years are expected to be strong, but the market can be in balance by 2021. Owners need to restrain from overordering despite attractive newbuild prices

Additional Demand for Shipping Above Current Orderbook



Notes:

Additional shipping demand is estimated by the number of vessels required to keep spot charter rates at \$70,000 per day



LONDON



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HOUSTON



PERTH



ATHENS



SINGAPORE



GUANGZHOU