



FLEX LNG

First Quarter 2024 Result Presentation

May 23, 2024



DISCLAIMER



Matters discussed in this press release 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. The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words "believe," "expect," "forecast," "anticipate," "estimate," "intend," "plan," "possible," "potential," "pending," "target," "project," "likely," "may," "will," "would," "should," "could" and similar expressions identify forward-looking statements.

The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in the Company's records and other data available from third parties. Although management believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond the Company's control, there can be no assurance that the Company will achieve or accomplish these expectations, beliefs or projections. As such, these forward-looking statements are not guarantees of the Company's future performance, and actual results and future developments may vary materially from those projected in the forward-looking statements. The Company undertakes no obligation, and specifically declines any obligation, except as required by applicable law or regulation, to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors. Further, the Company cannot assess the effect of each such factor on its business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement.

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 impact of public health threats, 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, customers' increasing emphasis on environmental and safety concerns, potential liability from pending or future litigation, general domestic and international political conditions or events, including the war between Russia and Ukraine, as well as the developments in the Middle East, including continued conflicts between Israel and Hamas and the conflict regarding the Houthi attack in the Red Sea, business disruptions, including supply chain disruption and congestion, due to natural or other disasters or otherwise, potential physical disruption of shipping routes due to accidents, climate-related incidents, 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 ("Other Reports"). For a more complete discussion of certain of these and other risks and uncertainties associated with the Company, please refer to the Other Reports.

Q1 HIGHLIGHTS



RESULTS

Q1-24 Revenues of \$90.2m in line with guidance of ~\$90m
Net income and adj. net income⁽¹⁾ of \$33.2m and \$37.9m, respectively
Earnings Per Share (EPS) and adj. EPS⁽¹⁾ of \$0.62 and \$0.70, respectively

RECENT EVENTS

Extended Flex Resolute and Flex Courageous by 2 years until minimum Q1-2027
Extended Flex Endeavour by 500 days from Q3-2030 to Q1-2032
Firm TC for Flex Constellation to Q1-2025, with 1-year option to Q1-2026

GUIDANCE





Drydock of Flex Constellation and Flex Courageous according to plan and budget
Expect Q2 Time Charter Equivalent earnings of ~\$72-74,000/day
Expect Q2 Revenues to be close to \$85m due to drydockings/softer spot market

DIVIDEND

Declaring quarterly dividend of \$0.75 per share for Q1 from contributed surplus
Dividend per share the last twelve months is \$3.125 implying a yield of ~11%
Strong financial position and contract backlog supporting our dividend capacity

Q1 RESULTS IN LINE WITH GUIDING



Key metrics	Q1-2024		Guiding for Q2-2024
	Guiding	Actuals	
 TCE rate	~\$75-80'/day	~\$76,500/day	~\$72-74'/day
 Revenues	~\$90m	\$90.2m	Close to \$85m
 Adj. EBITDA	~\$70m	\$70.6m	Close to \$65m
 Drydock	<ul style="list-style-type: none"> • 5-year special survey of Flex Constellation successfully completed in April, according to schedule and budget (\$5m) • Flex Courageous progressing according to plan and budget (\$5m) 		

Note: 1) Adjusted EBITDA and TCE are non-GAAP measures. A reconciliation to the most directly comparable GAAP measure is included in the earnings report

DRYDOCKING ACCORDING TO PLAN



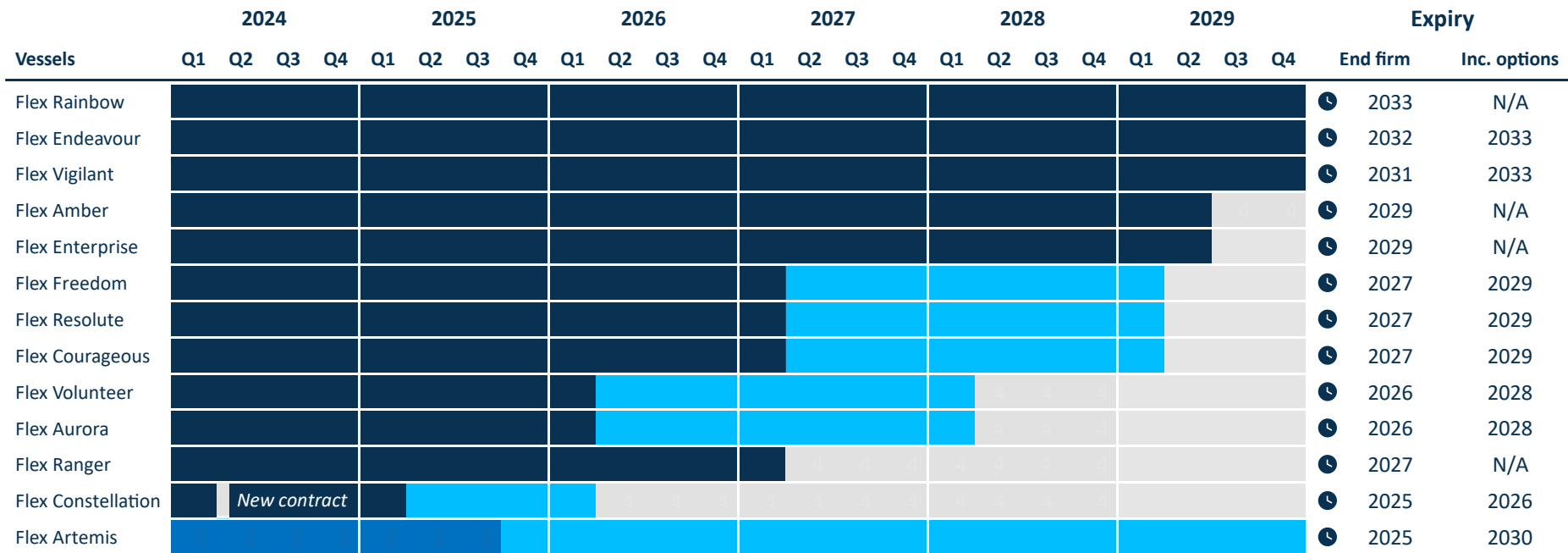
- Flex Constellation completed her 5-year special survey in April, and traded in a challenging spot market for a short period, before commencing a firm TC of 312 days + 1-year charterer's option
- Flex Courageous progressing according to schedule and budget. She is now currently out of drydock berthed alongside quay for finalization and expect to be back in service end-May



HIGH CONTRACT COVERAGE AND EARNINGS VISIBILITY...



50 years of minimum firm charter backlog which may grow to 69 years with charterer's extension options



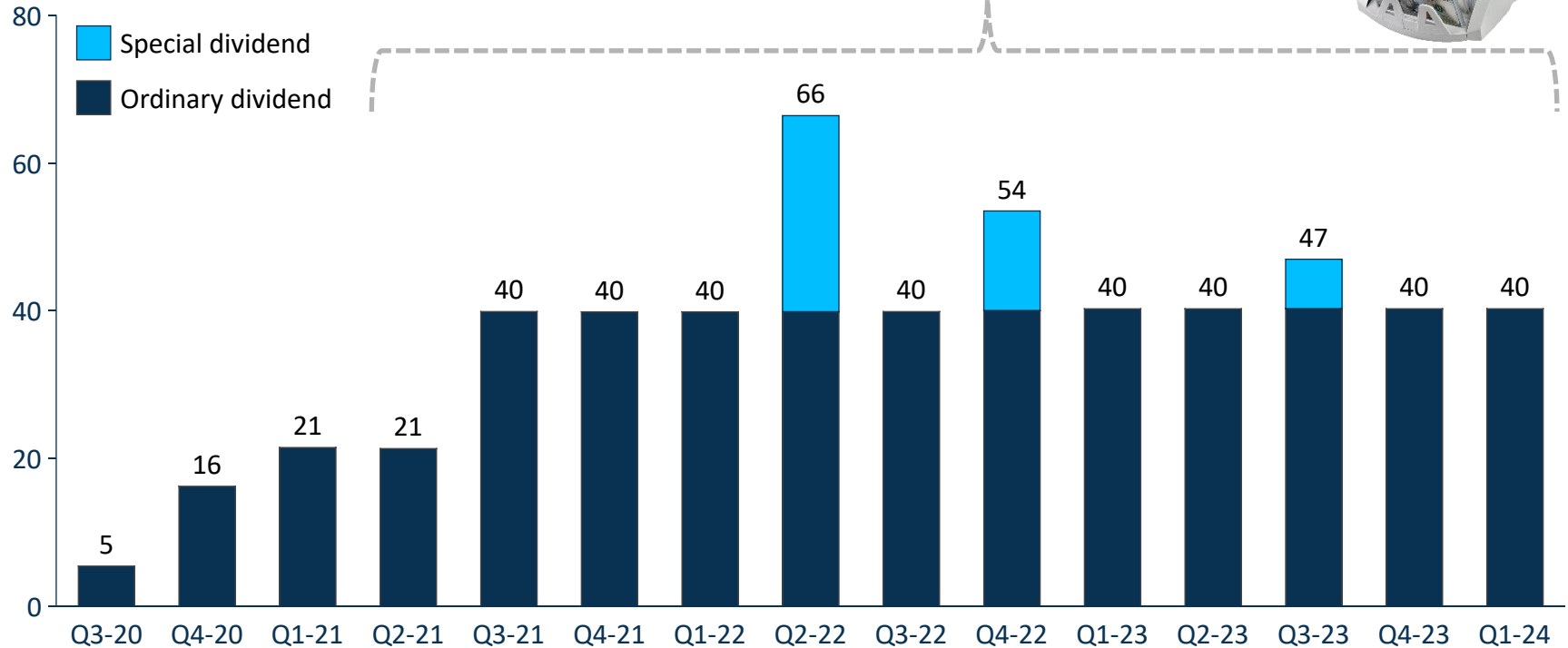
● Fixed hire
 ● Variable hire
 ● Options
 ● Open/spot

...SUPPORT STABLE ATTRACTIVE DIVIDEND...



Quarterly dividend, \$m

\$510m in dividends last three years and counting...



...AND EARNINGS BELONG TO SHAREHOLDERS



	Q4-22	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24	LTM
Adjusted Earnings per Share⁽¹⁾	\$1.02	\$0.66	\$0.53	\$0.67	\$0.70	\$0.70	\$2.60
Ordinary Dividend per Share	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$3.00
Special Dividend per Share	\$0.25			\$0.125			\$0.125
Total distribution	\$1.00	\$0.75	\$0.75	\$0.875	\$0.75	\$0.75	\$3.125

Decision Factors

Earnings and cash flow	✓	✓	✓	✓	✓	✓
Market outlook	✓	✓	✓	✓	✓	ⓘ
Backlog and visibility	✓	✓	✓	✓	✓	✓
Liquidity position	✓	✓	✓	✓	✓	✓
Covenant compliance	✓	✓	✓	✓	✓	✓
Debt maturities	✓	✓	✓	✓	✓	✓
Capex liabilities	✓	✓	✓	✓	✓	✓
Other considerations	✓	✓	✓	✓	✓	✓

Spot market is weaker this year dragging down the front-end of the rate curve, while long term rates have stabilized at healthy levels. This is a key reason for us adding near term coverage.

Note: 1) Adjusted EPS is a non-GAAP measure. A reconciliation to the most directly comparable GAAP measure is included in the earnings report

FINANCIAL HIGHLIGHTS



Income statement (\$m)	Q1-2024	Q4-2023	Δ\$	Q1-2023	Δ\$
Revenues	90.2	97.2	(7.0)	92.5	(2.2)
Operating expenses	(16.7)	(18.4)	1.7	(15.7)	(1.0)
Operating income	51.9	57.7	(5.8)	55.0	(3.1)
Interest expenses	(26.7)	(27.7)	1.0	(26.3)	(0.4)
Gain/(loss) on derivatives	7.3	(11.6)	18.9	(2.8)	10.2
Net income	33.2	19.4	13.8	16.5	16.7
EPS (\$/share)	0.62	0.36	0.26	0.31	0.31
Adjusted EBITDA (\$m)	70.6	76.2	(5.6)	72.5	(1.9)
Adjusted net income (\$m)	37.9	37.8	0.1	35.2	2.6
Adj. EPS (\$/share)	0.70	0.70	0.00	0.66	0.05

Comments:

Revenues: TCE of ~\$76,500/day in Q1-2024 compared to ~\$81,100 in Q4-2023. Seasonal softer spot market affecting Revenues, due to the variable index hire from Flex Artemis as well as Flex Constellation entering drydock end of March.

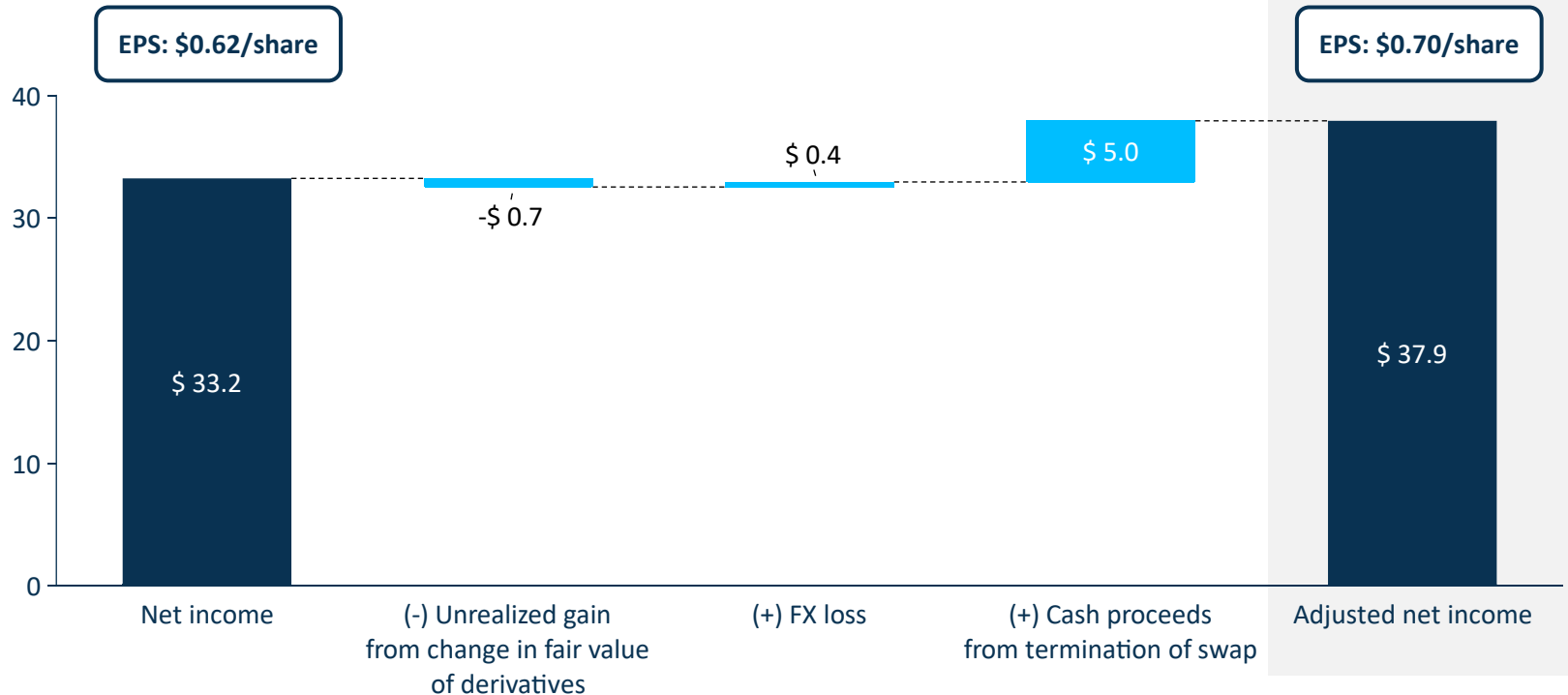
OPEX: Average vessel OPEX of ~\$14,100/day in the first quarter vs. ~\$15,400/day in Q4-2023. FY2024 OPEX guidance of ~\$14,900/day

Gains on derivatives: Recorded a gain of \$7.3m, of which \$0.7m in unrealized gain and a net realized gain of \$6.6m. In addition, we realized a cash proceed of \$5m from the termination of the back-end of an interest rate swap in Q1-2024

ADJUSTED NET INCOME OF \$37.9M IN THE QUARTER



Adjusted net income bridge, \$m

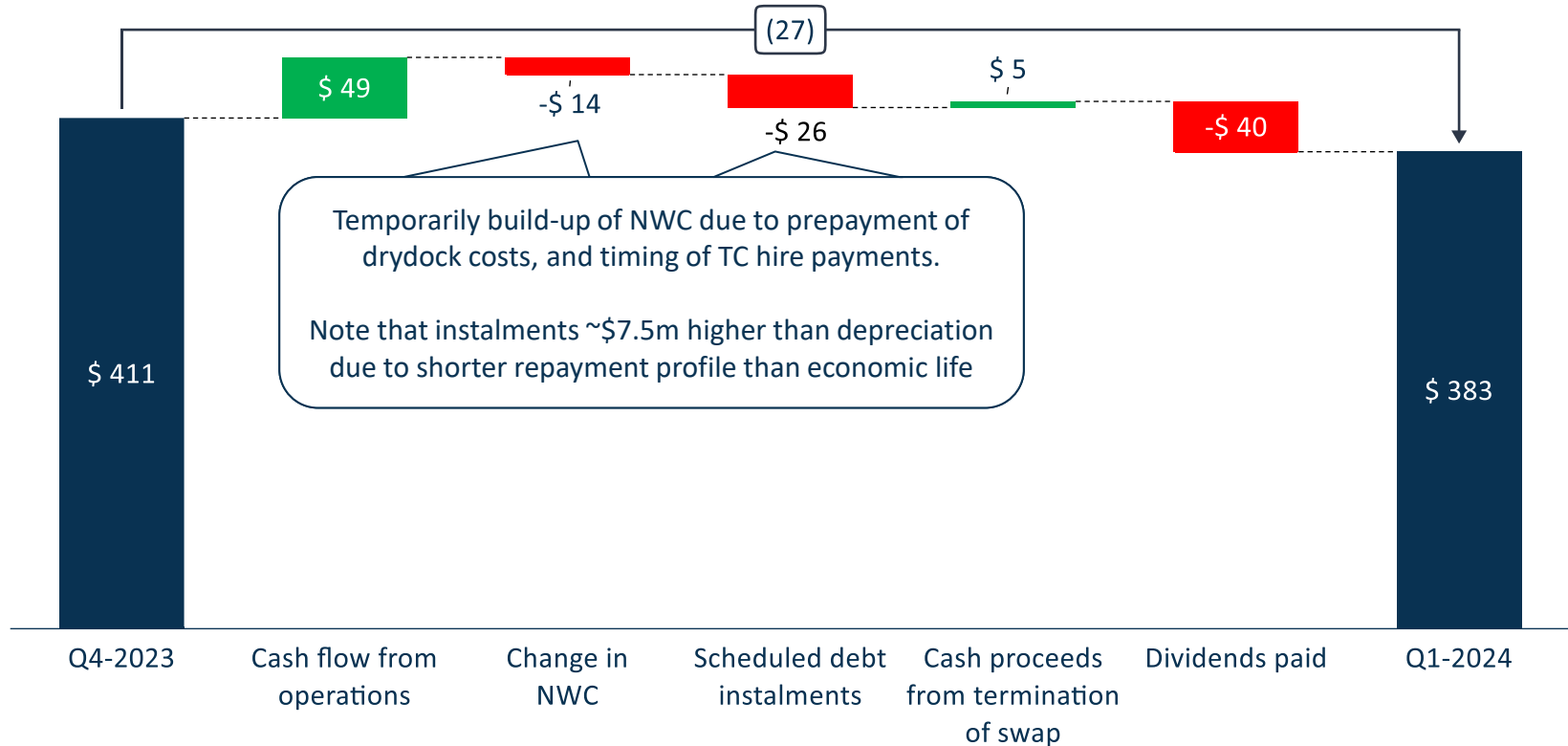


NOTE: Adjusted net income is a non-GAAP measure. A reconciliation to the most directly comparable GAAP measure is included in the earnings report

CASH POSITION REMAINS ROUBST



Cash flow Q4-2023 to Q1-2024, \$m



FLEXIBLE FUNDING PORTFOLIO WITH NO MATURITIES PRIOR 2028



Resilient balance sheet:

- No debt maturities prior 2028
- Sound split between traditional bank financing and leasing
- Geographically diversified set of lenders

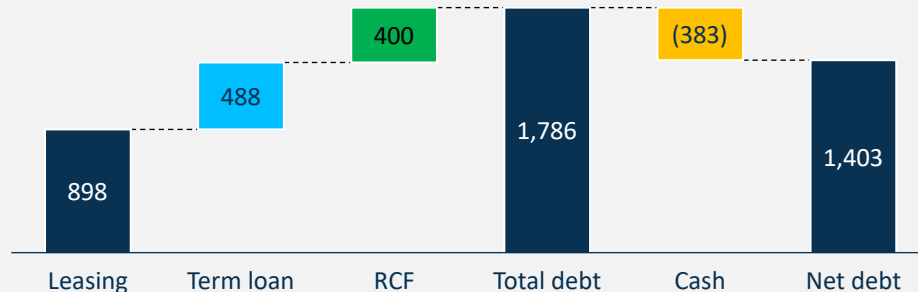
Strategic optionality:

- Attractive loan terms
- \$400m in RCF provides optionality for counter-cyclical opportunities as well as cash management optimization

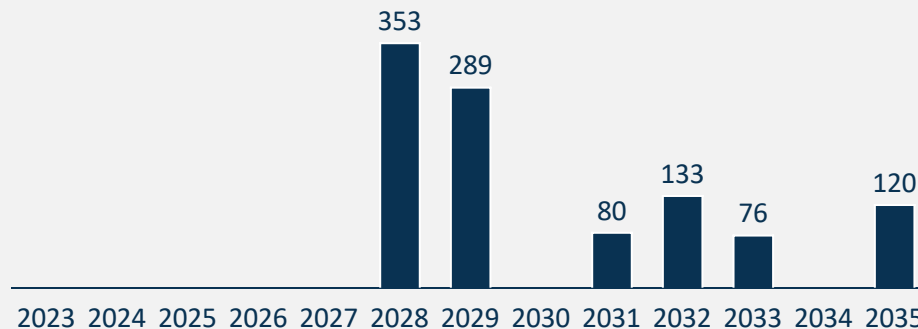
Active hedging strategy:

- Balance sheet value of interest rate swap portfolio totals ~\$45m
- Net notional value of the swap portfolio is \$720m, with avg. duration of 2.6 yrs. @ 1.35%
- Fixed rate leases of ~\$198m with an average term of ~8 years @ 3.9%
- \$124m in unrealized and realized gains on interest rate swaps since 2021

Debt position Q1-24, \$m







Debt maturity profile¹, \$m



Note: 1) Debt maturity profile assume that Flex LNG will utilize our option (at no cost) to extend the \$330m SLB by two years from 2033 to 2035

OUR SIXTH ANNUAL ESG REPORT RELEASED TODAY



- We publish our sixth annual ESG report according to SASB guidelines, which includes information about:
 -  Environmental footprint of fuel use
 -  Ecological impacts
 -  Business ethics
 -  Health & safety
- Key accomplishments in 2023 include reduced fleet emissions (tonnes CO₂) with ~7% compared to 2022, achieved LTIF¹ of 0.33, and zero spills or releases
- Furthermore, we received a B-rating on our reporting from CDP in 2023, an improvement from B- in 2022

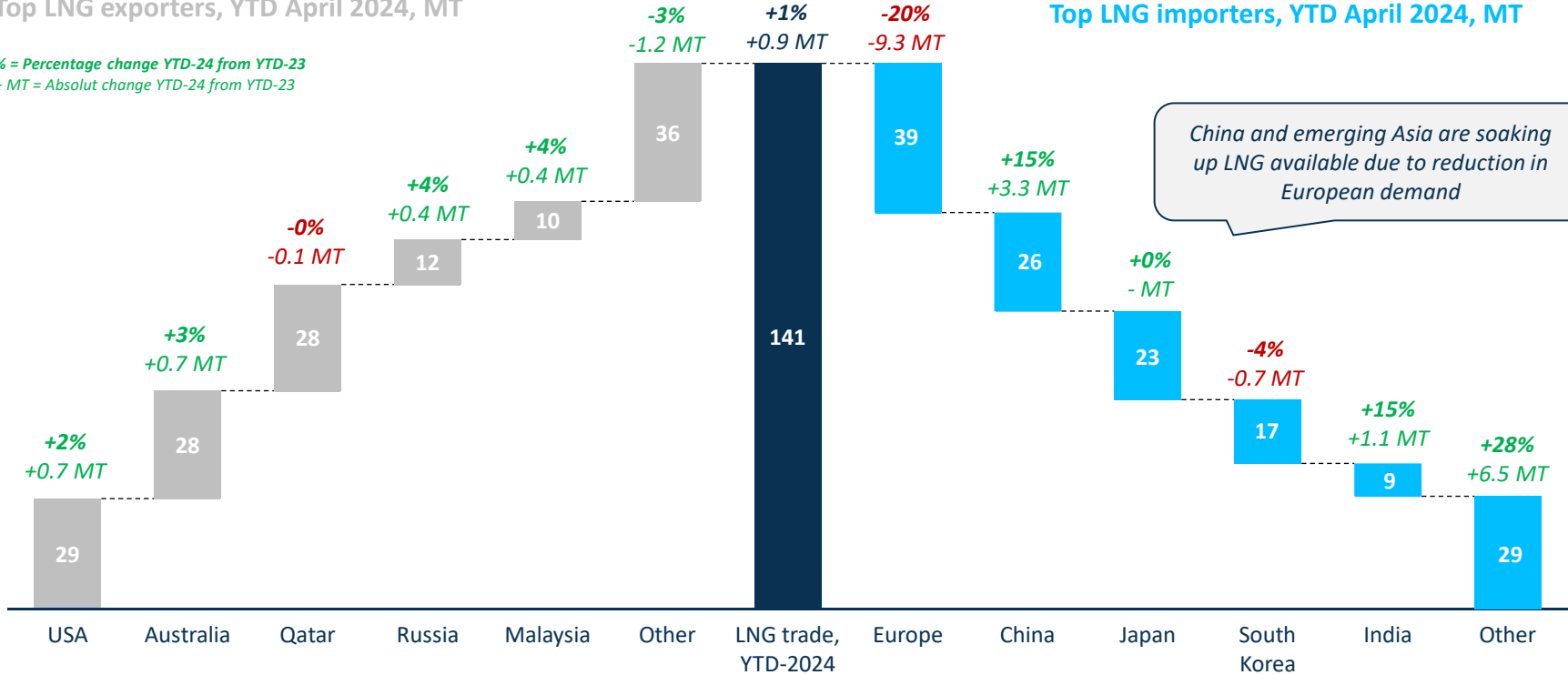


LOWER EUROPEAN PULL SPUR ASIAN DEMAND



Top LNG exporters, YTD April 2024, MT

% = Percentage change YTD-24 from YTD-23
 + MT = Absolut change YTD-24 from YTD-23

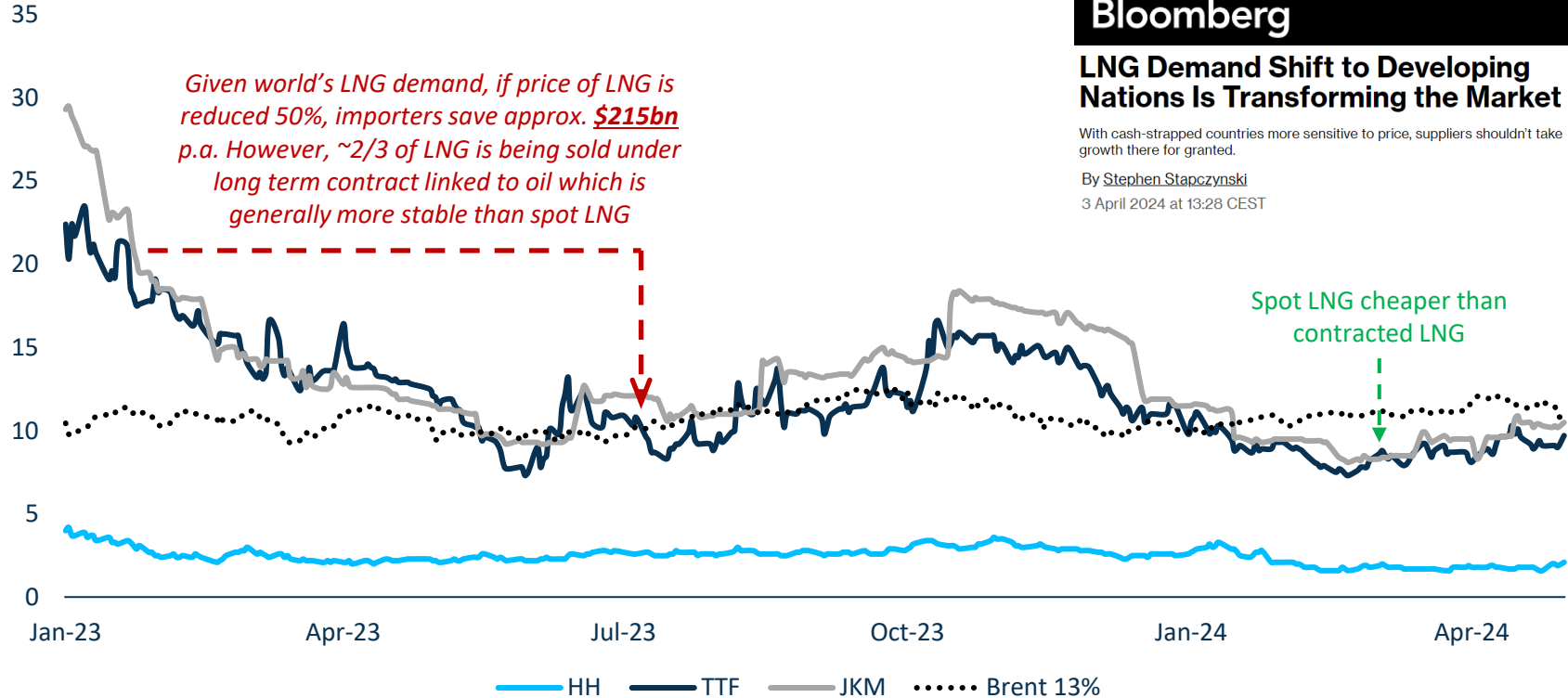


China and emerging Asia are soaking up LNG available due to reduction in European demand

CHEAPER LNG IS CREATING NEW DEMAND



\$/MMBtu



Bloomberg

LNG Demand Shift to Developing Nations Is Transforming the Market

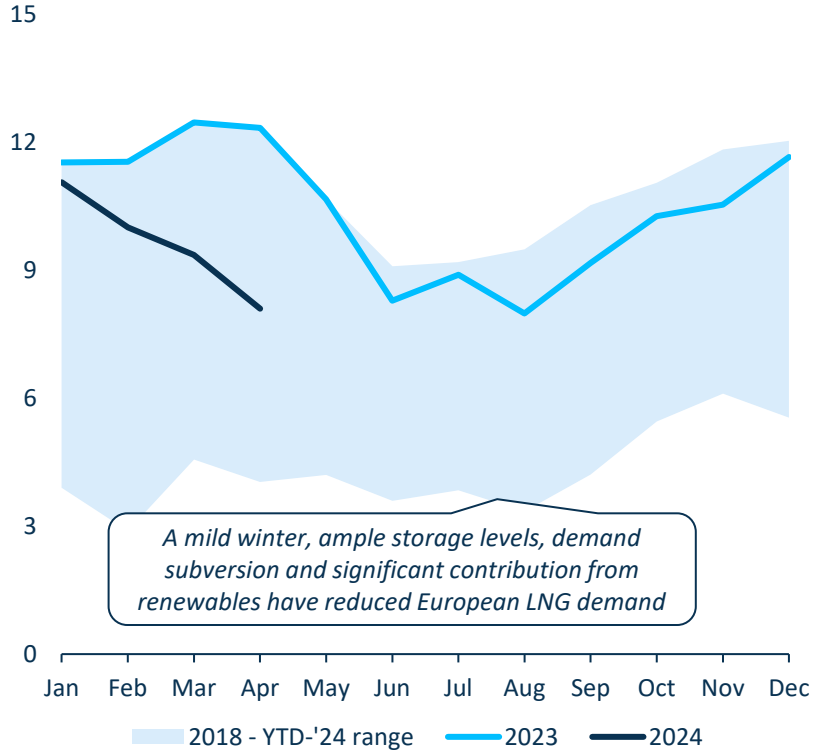
With cash-strapped countries more sensitive to price, suppliers shouldn't take growth there for granted.

By [Stephen Stapczynski](#)
3 April 2024 at 13:28 CEST

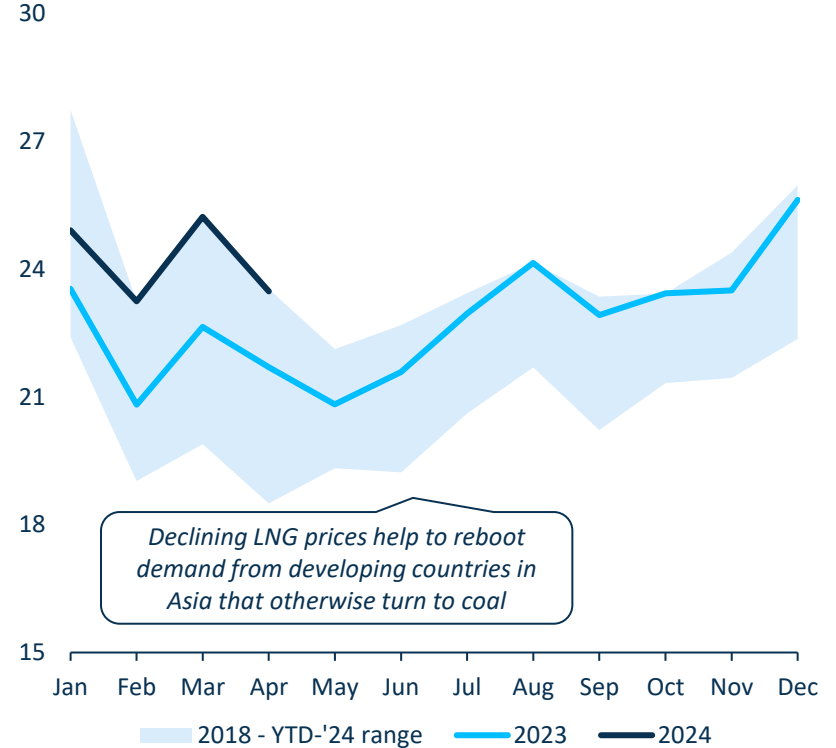
ASIA REPLACED EUROPE AS THE LNG DEMAND SINK



European LNG imports, YTD-2024, MT



Asian LNG imports, YTD-2024, MT

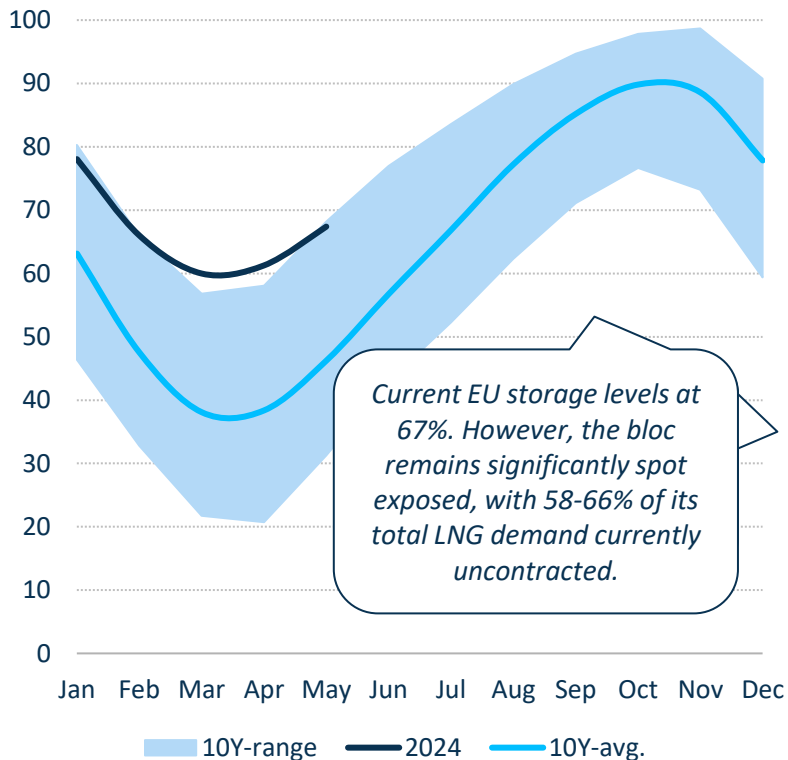


Source: Kpler
 Note: YTD-2024 comprise of period 1st Jan 2024 until 30th April 2024

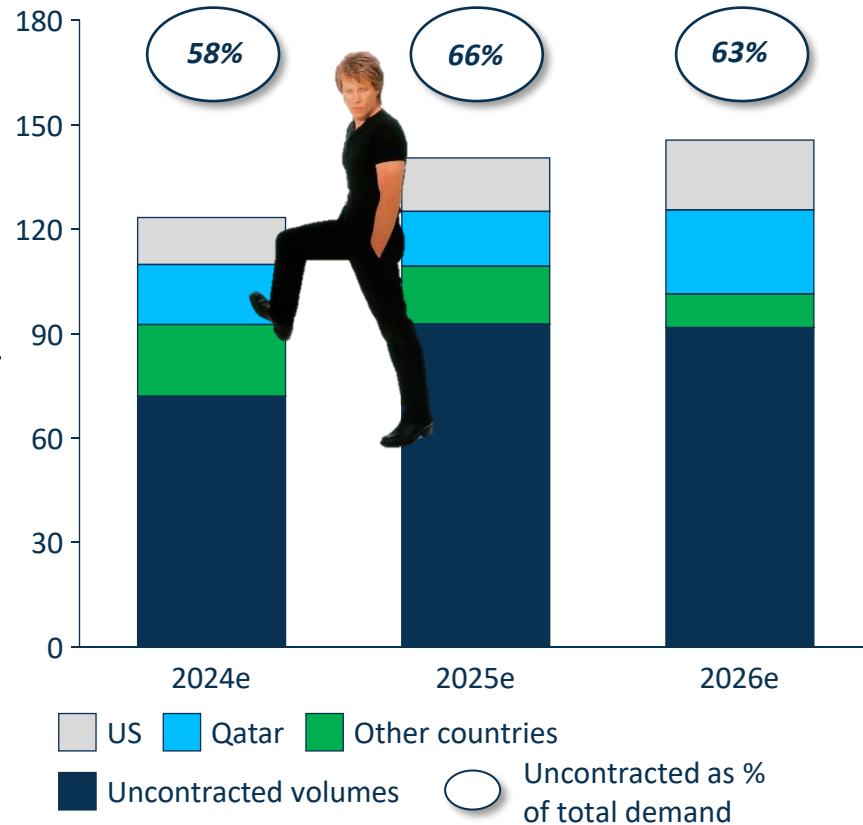
EUROPE'S LNG DEMAND STILL LIVING ON A PRAYER



EU natural gas storage inventory, % of full



European LNG suppliers by country, MT

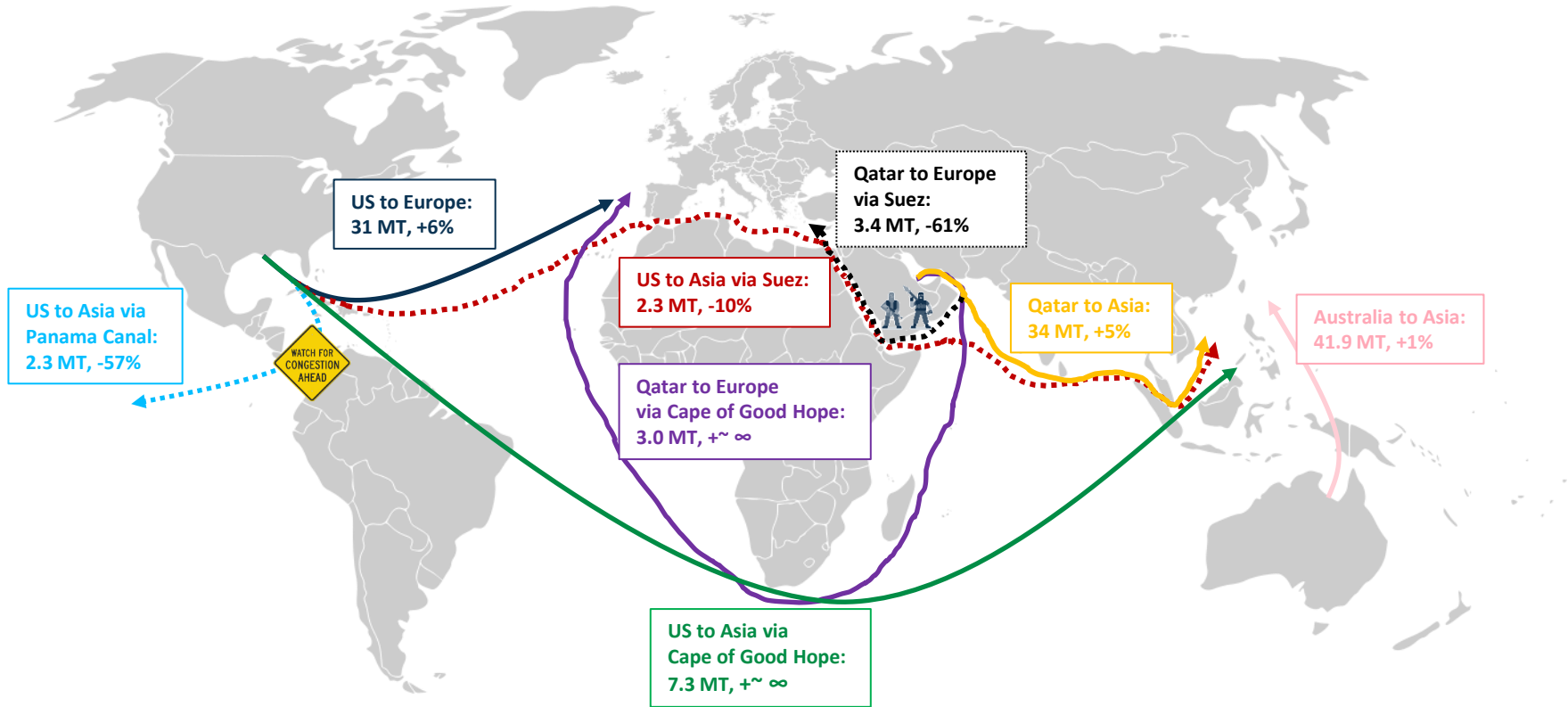


Source: Rystad Energy, GIE AGSI
 Note: Inventory based on average of daily observations per month

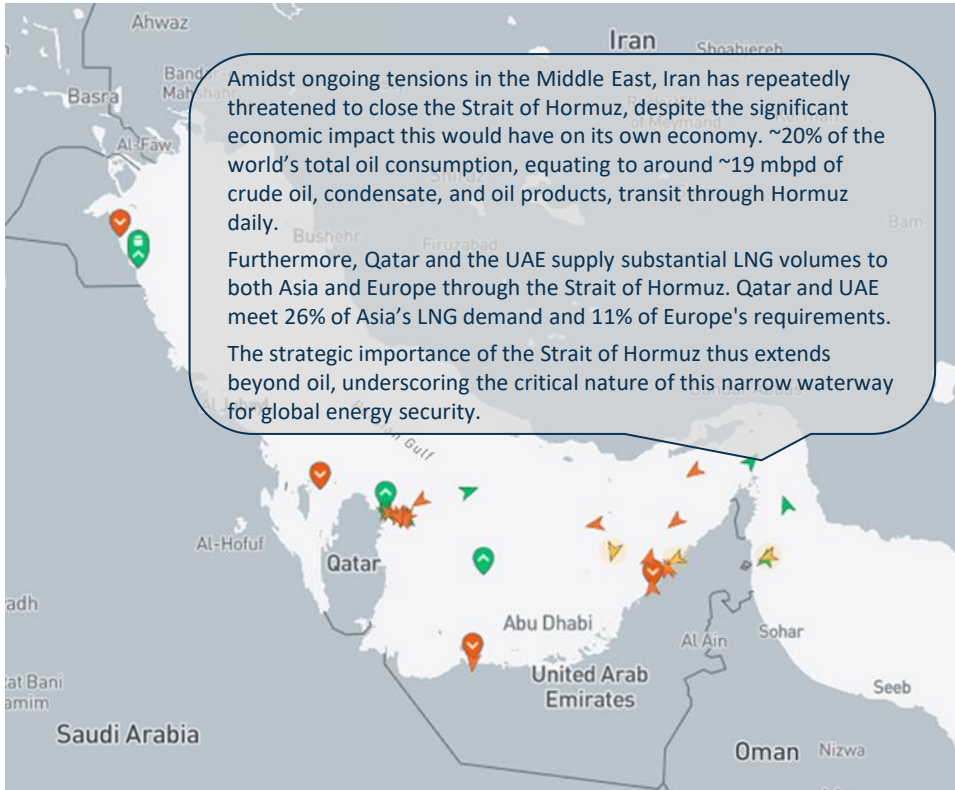
BOTTLENECKS CREATE LONGER SAILING ROUTES



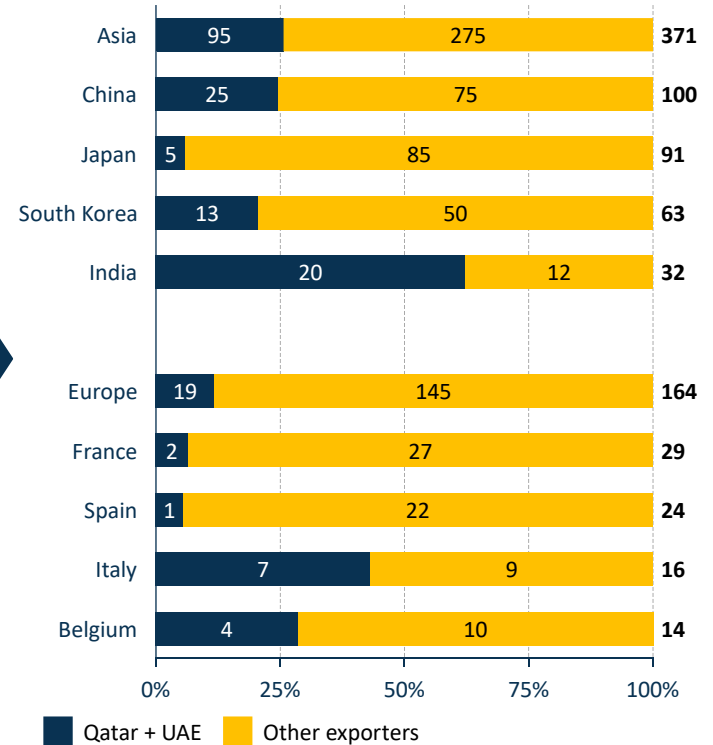
LNG export by sailing route, winter season 2023-'24 vs. winter season 2022-'23



MIDDLE EAST VOLATILITY THREATENS CRITICAL LNG SUPPLY ROUTE



LNG exports from Qatar + UAE, Jan 2023-YTD-2024, MT



RUSSIAN LNG EXPANSION FACE SANCTIONS AS CAPACITY SET TO DOUBLE



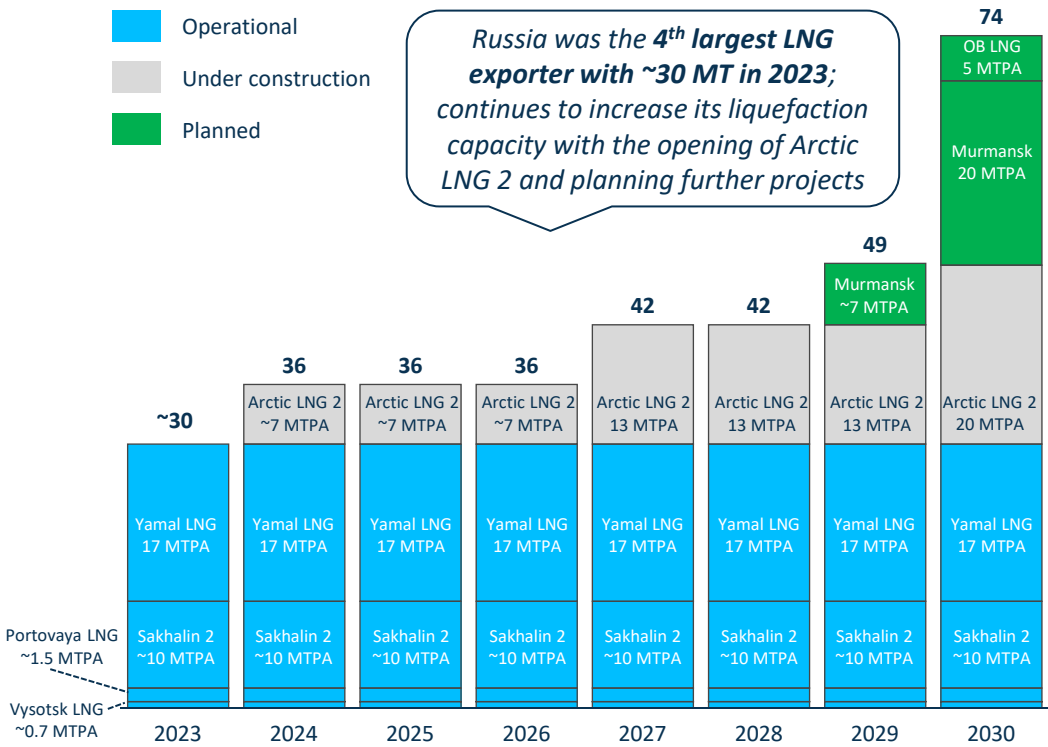
POLITICO
EU proposes first sanctions on Russia's LNG sector

REUTERS
EU to target LNG, ships, violations in new Russia sanctions package

Russian liquefaction capacity, MTPA

- Operational
- Under construction
- Planned

Russia was the 4th largest LNG exporter with ~30 MT in 2023; continues to increase its liquefaction capacity with the opening of Arctic LNG 2 and planning further projects



Commentary:

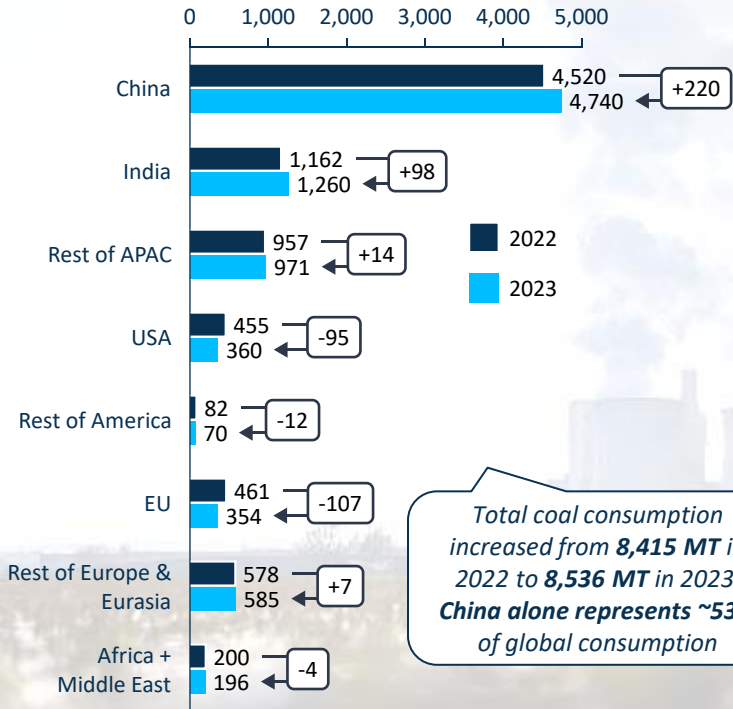
- Russian liquefaction capacity is set to double by 2030, increasing from ~36 MTPA to more than 74 MTPA in 2030
- EU, the world's largest LNG importer, is still reliant on Russian LNG and the bloc imported ~6 MT (20%¹) from Russia YTD-2024 and ~15.5 MT (15%²) in 2023
- However, EU has recently proposed a set of sanctions targeting the Russian LNG sector, including a ban on re-loading of Russian LNG in the EU, and a ban on new investments and provisions of technology and services by EU operators for new Russian LNG projects
- These measures build upon existing US and EU sanctions targeting suppliers and shareholders of the Arctic LNG 2 project. The project has suspended production primarily due to shortage of ice-classed LNGC tonnage, of which the original plan was to build 21 Arc7 vessels
- Russia's inability to construct or charter in the necessary tonnage capacity for its projects could lead to increased demand for existing vessels on the water, potentially resulting in the emergence of an "LNG dark fleet"

Source: Rystad Energy, Reuters, Politico, Bloomberg
Note: 1) 20% of total imports YTD-2024; 2) 15% of total imports in 2023

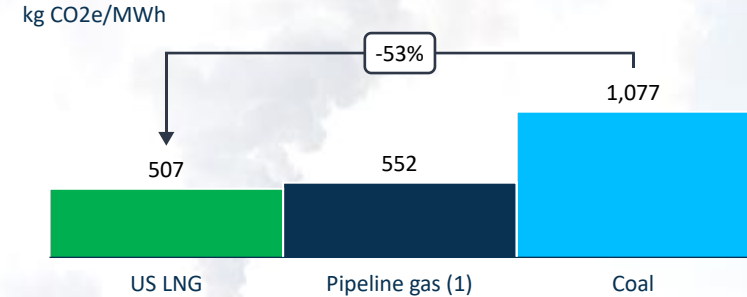
GROWING COAL DEMAND DESPITE HIGH EMISSIONS INTENSITY



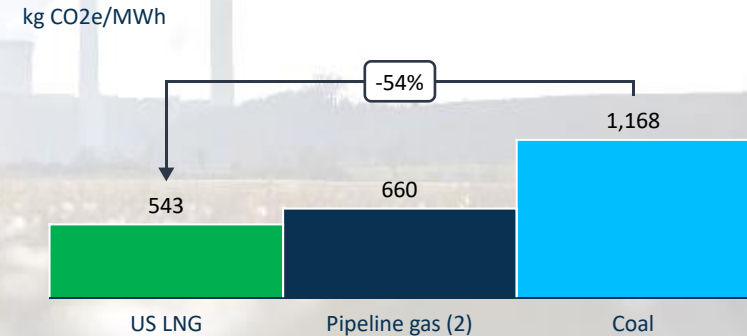
Total coal consumption 2022 vs. 2023, MT



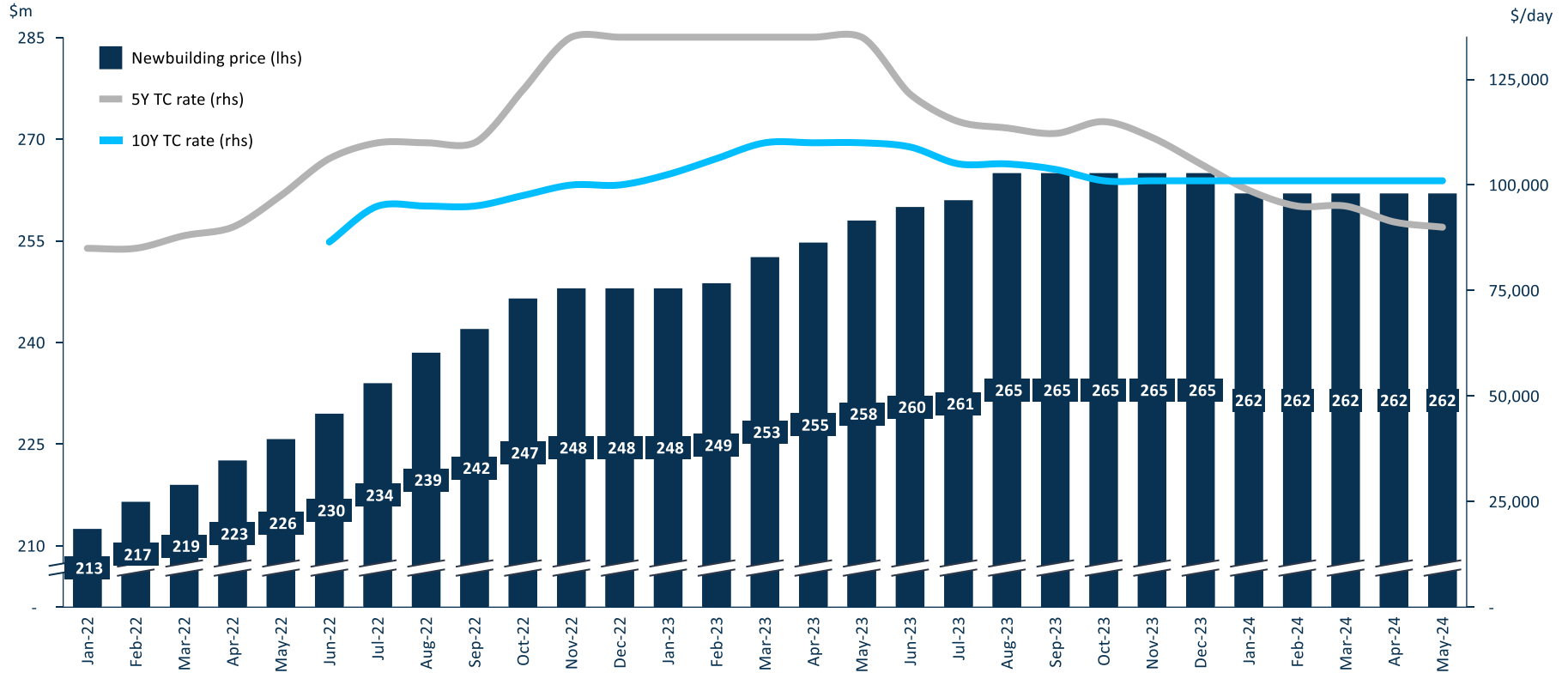
GHG emission intensity of primary fuels in Europe



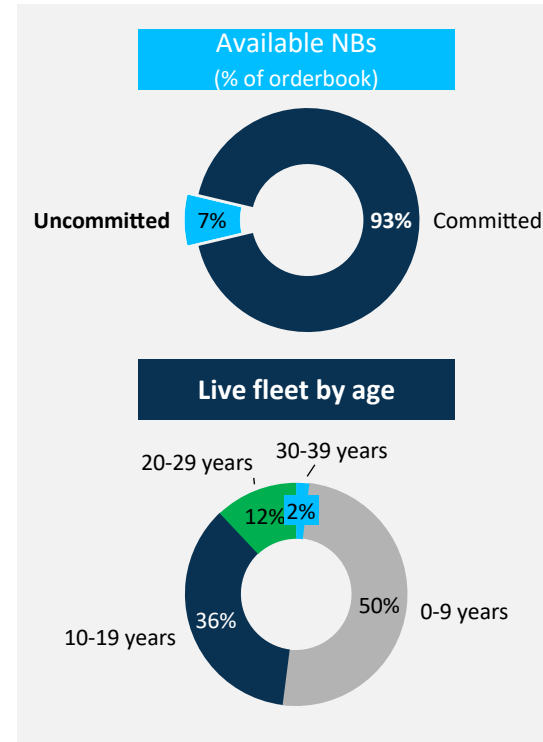
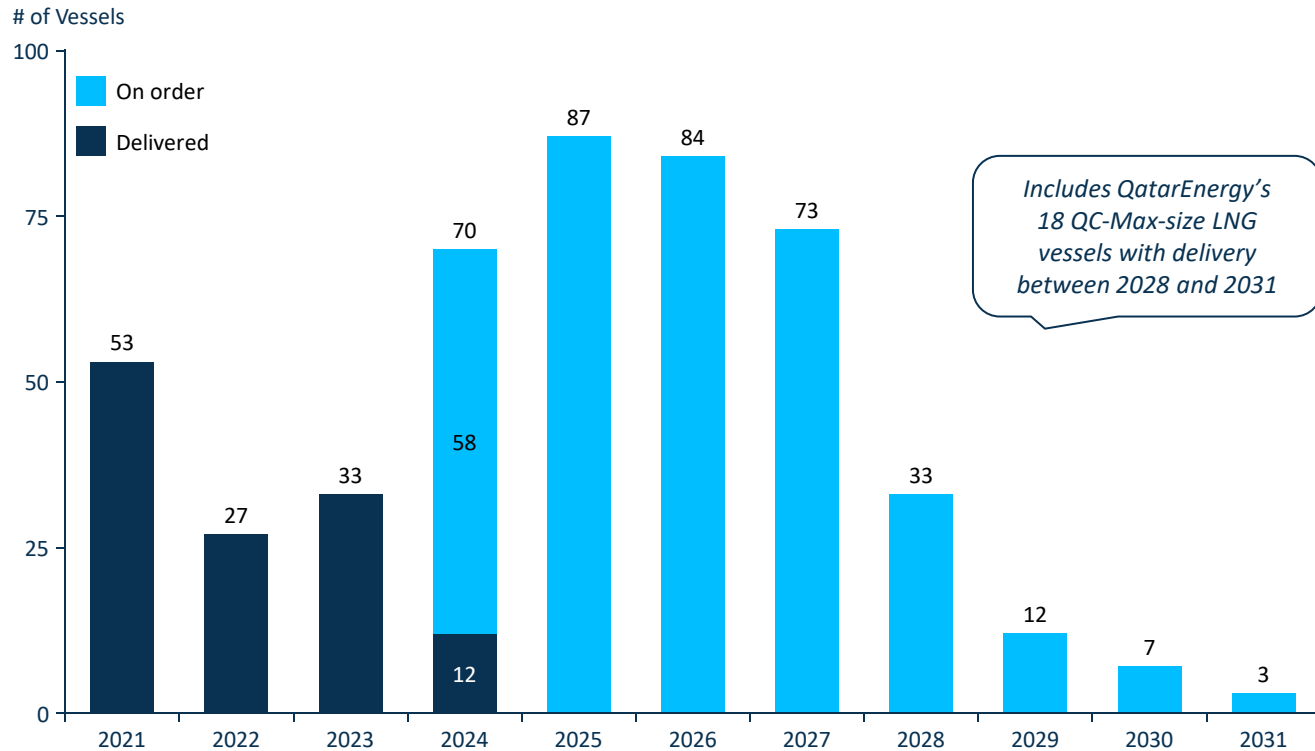
GHG emission intensity of primary fuels in Asia



NEWBUILDING PRICES STABILIZED, TERM RATES IN CONTANGO



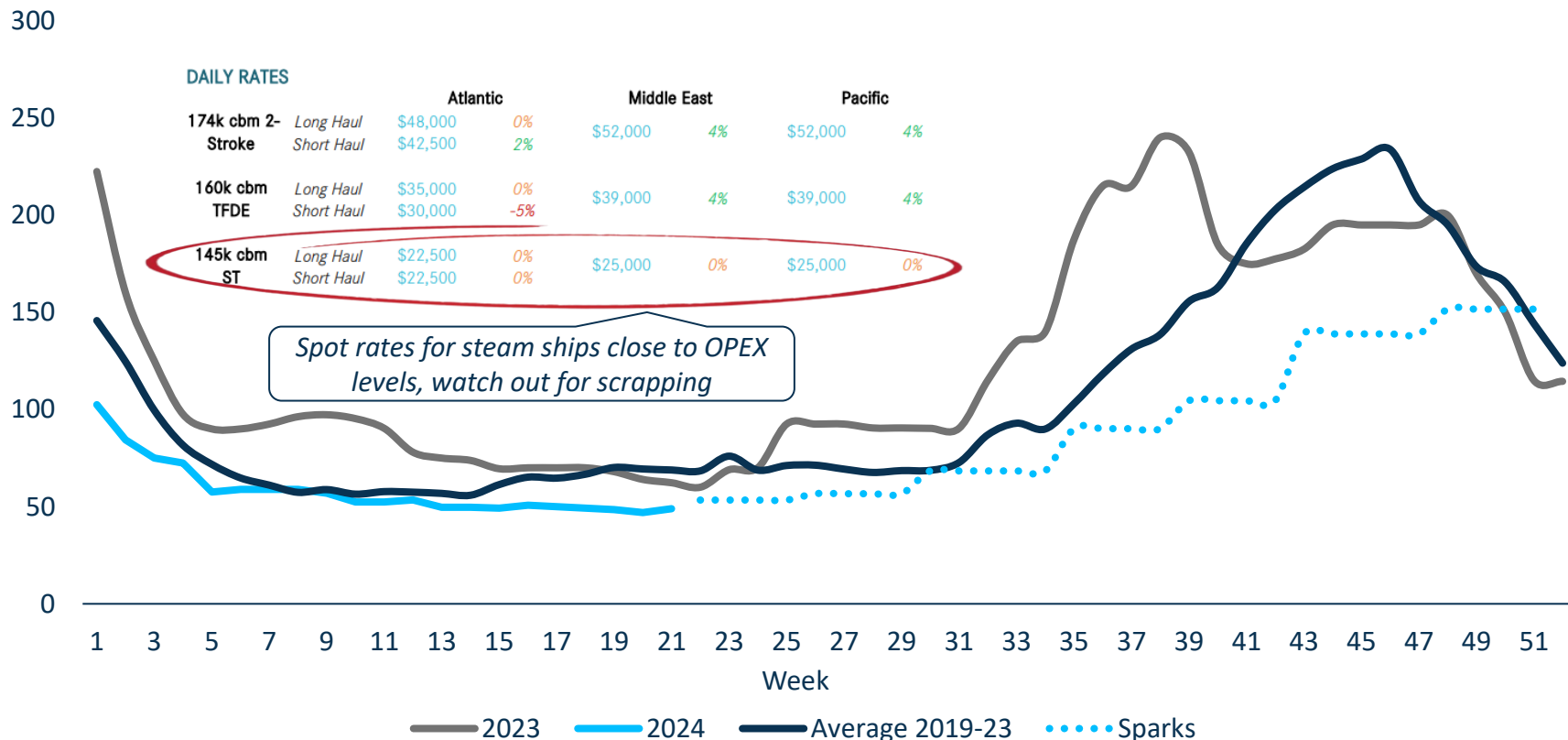
WE ARE INSULATED FROM HIGH VESSEL GROWTH NEAR TERM



SPOT RATES FOLLOW THE SEASONAL TREND, STEAMERS CLOSE TO OPEX



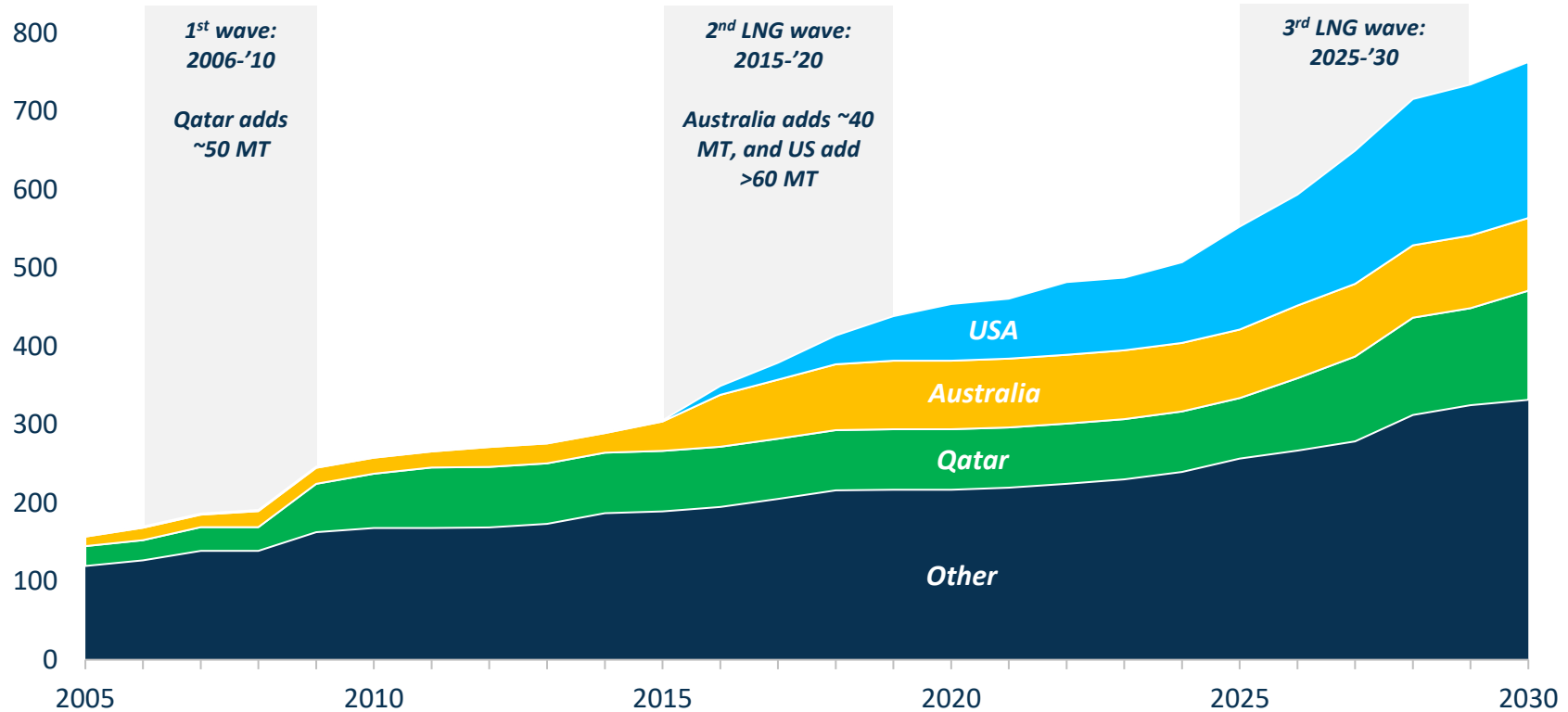
Spot rates 2-stroke, \$'000/day



THIRD WAVE OF LNG WILL ADD >200 MTPA IN NEW CAPACITY



Liquefaction supply, MTPA



Source: Rystad Energy

Note: Includes projects in operation, under construction (Pluto LNG, Petronas FNG 3 Tiga, QatarGas LNG, Mozambique LNG Area 1, Congo Marine XII FLNG, Gabon LNG, NLNG, Tortue LNG, Altamira LNG, ECA LNG, Corpus Christi LNG Expansion, Golden Pass LNG, Plaquemines LNG, Port Arthur LNG, Rio Grande LNG, LNG Canada, Woodfibre LNG, Arctic LNG 2) and planned new capacity (Papua LNG, QatarGas LNG, Ruwais LNG, Marsa LNG, Coral North FLNG, UTM Offshore FLNG, Mexico Pacific Ltd. LNG, Cameron LNG, Corpus Christi LNG Expansion, CP2 LNG, Delfin FLNG, Texas LNG, Cedar FLNG, Tilbury LNG)

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Thank you!

Q&A

