

# Golar LNG Ltd.



***“The Floating Gas Pipeline”***

Presentation to US Investors

June 2001

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# Business Strategy

- Golar LNG shall develop its position as the leading independent owner of ocean based LNG transportation.
- The target is to achieve a major strategic long term position in the Global market for trading of LNG.
- In order to optimize the value of its fleet, Golar will have to extend its presence in the LNG logistical chain. This can be done through direct investments or through partnership / alliances with major industry players.
- The purpose is to provide Golar's customers with a safe and reliable transport service with an unique flexibility, and thereby create a basis for good long term return to shareholders.



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## The Golar LNG History

- Gotaas-Larsen (Golar) founded in 1946
- Contracted its first LNG carrier in 1970
- Took delivery of four LNG carriers (Gimi, Hilli, Khannur, Golar Freeze) in 1975-1977
- Took delivery of one LNG carrier (Golar Spirit) in 1981
- Took management of four LNG carriers for Abu Dhabi in 1995
- Took delivery of one LNG carrier (Golar Mazo, a joint venture with CPC, Taiwan) in 2000
- Signed two firm and up to four optional newbuilding contracts in 2001
- Golar LNG Ltd. completes USD 280 million equity offering and is established as a new holding company for the organisation and the assets in May 2001
- Golar LNG is expected to be listed at Oslo Stock Exchange – July 1-5 2001.

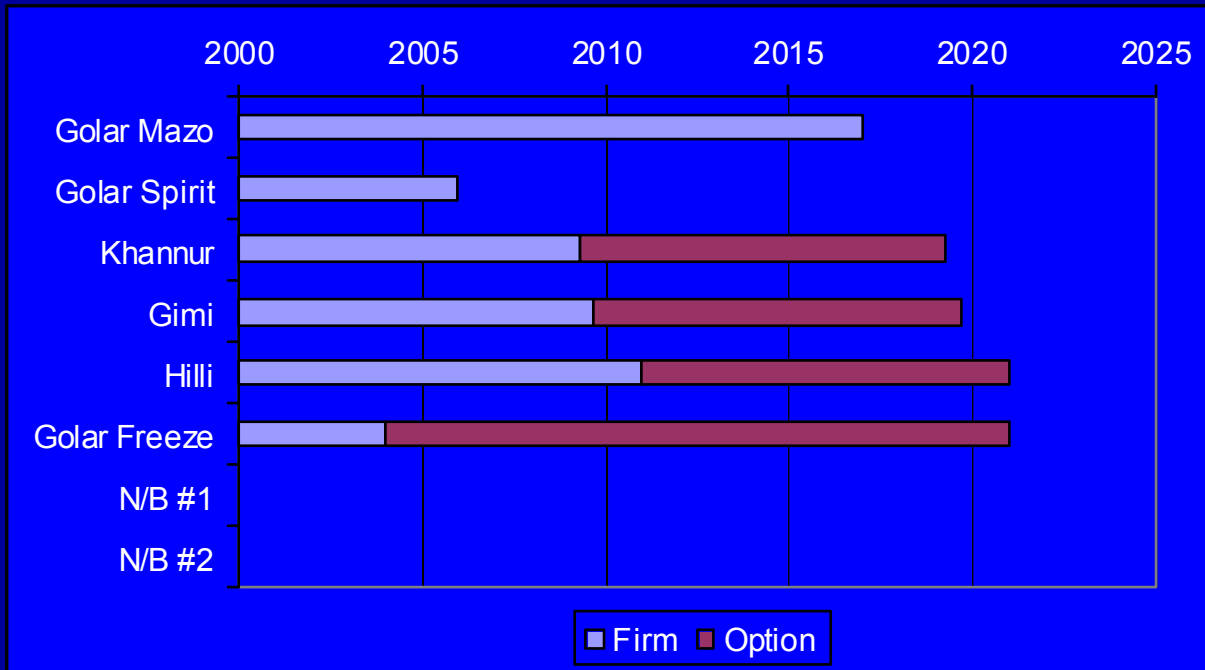


# Fleet list

Ship	Ownership	Built	Capacity (m3)	Charterer
Golar Mazo	60 %	2000	138,000	CPC (BB)
Golar Spirit	100 %	1981	129,013	Pertamina / KOGAS (BB)
Khannur	100 %	1977	125,003	British Gas (TC)
Gimi	100 %	1976	124,872	British Gas (TC)
Hilli	100 %	1975	124,890	British Gas (TC)
Golar Freeze	100 %	1977	125,862	British Gas (TC)
N/B #1	100 %	3/2003	138,000	
N/B #2	100 %	10/2003	138,000	
NGSCO #1	0 % (mgmt.)			Abu Dhabi
NGSCO #2	0 % (mgmt.)			Abu Dhabi
NGSCO #3	0 % (mgmt.)			Abu Dhabi
NGSCO #4	0 % (mgmt.)			Abu Dhabi



# Fleet Employment



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# Contract Rates

(USD/day)			2001	2002	2003	2004	2005
Golar Mazo	BB	60 %	84,900	84,900	84,900	84,900	84,900
Golar Spirit	BB	100 %	58,900	58,900	58,900	58,900	58,900
Khannur	TC	100 %	33,750	31,383	46,870	47,373	47,891
Gimi	TC	100 %	33,750	33,750	31,870	47,373	47,891
Hilli	TC	100 %	33,750	33,750	33,750	32,373	47,891
Golar Freeze	TC	100 %	33,750	33,750	33,750	32,373	47,891
N/B 1		100 %			open	open	open
N/B 2		100 %			open	open	open



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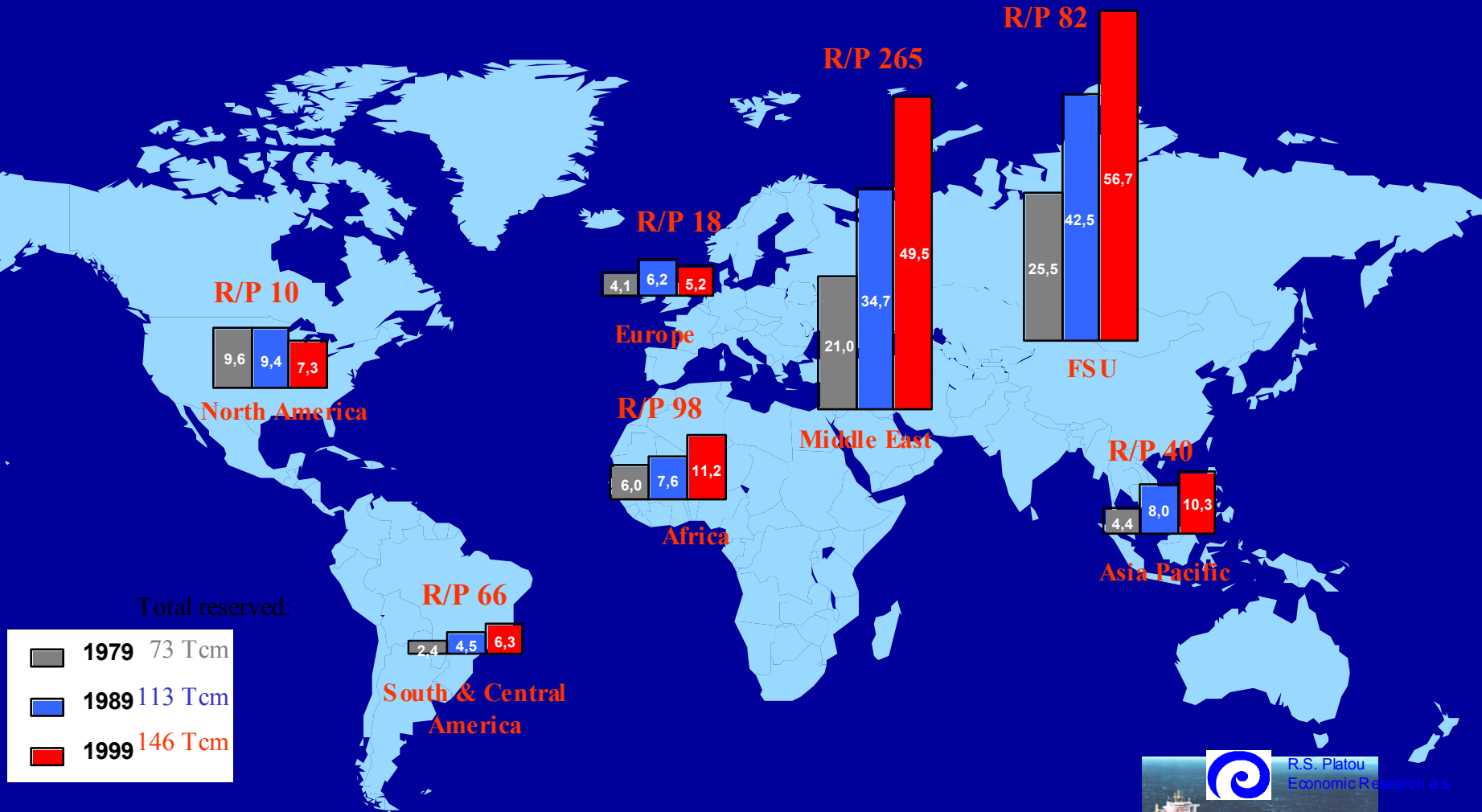
# Opening Balance Sheet

1 June 2007

Cash	85
Other current assets	13
Vessels	738
New buildings	65
Other assets	4
Intangible assets	6
<b>Total assets</b>	<b>912</b>
Debt due within one year	57
Other current liabilities	28
Long-term liabilities	518
Minority interests	33
Stockholders equity	276
<b>Total Liabilities and Stockholders' Equity</b>	<b>912</b>



# World Proved Reserves Of Natural Gas



R.S. Platou  
Economic Research a.s.



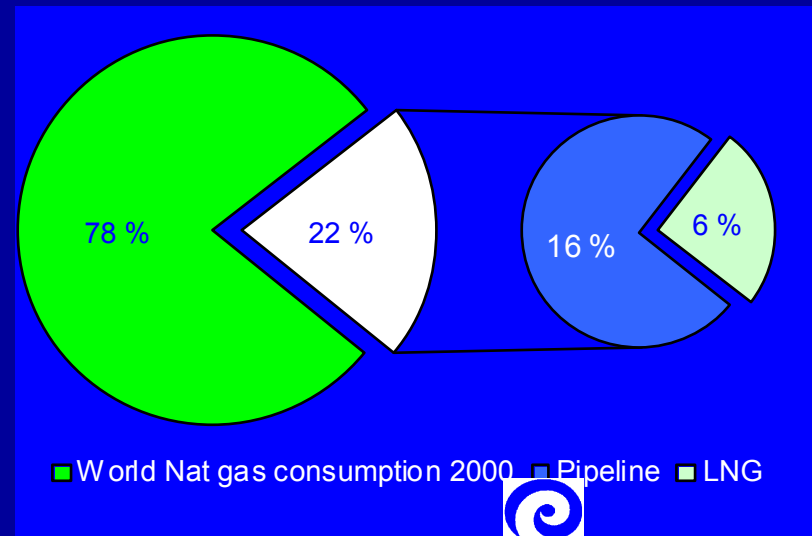
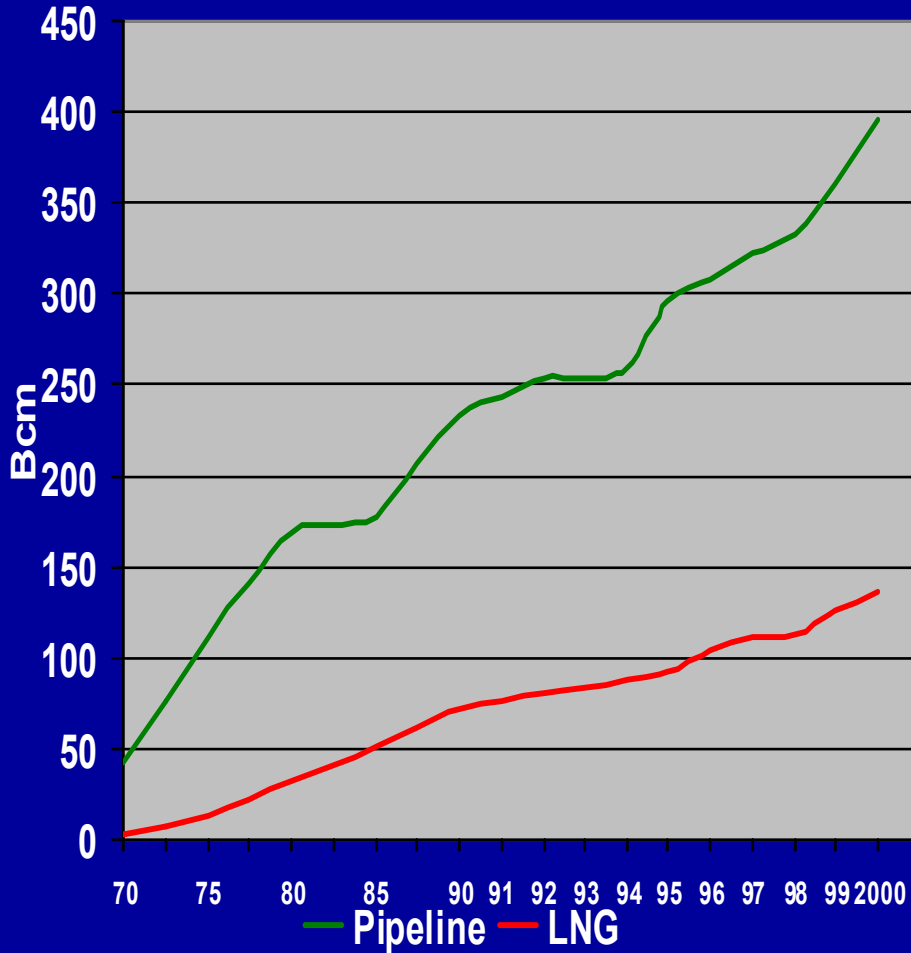
# Natural Gas Trade Development – Pipeline and LNG

## Percentage annual growth 1990-2000

Total	5.2% p.a.
Pipeline	4.9% p.a.
LNG	6.0% p.a.

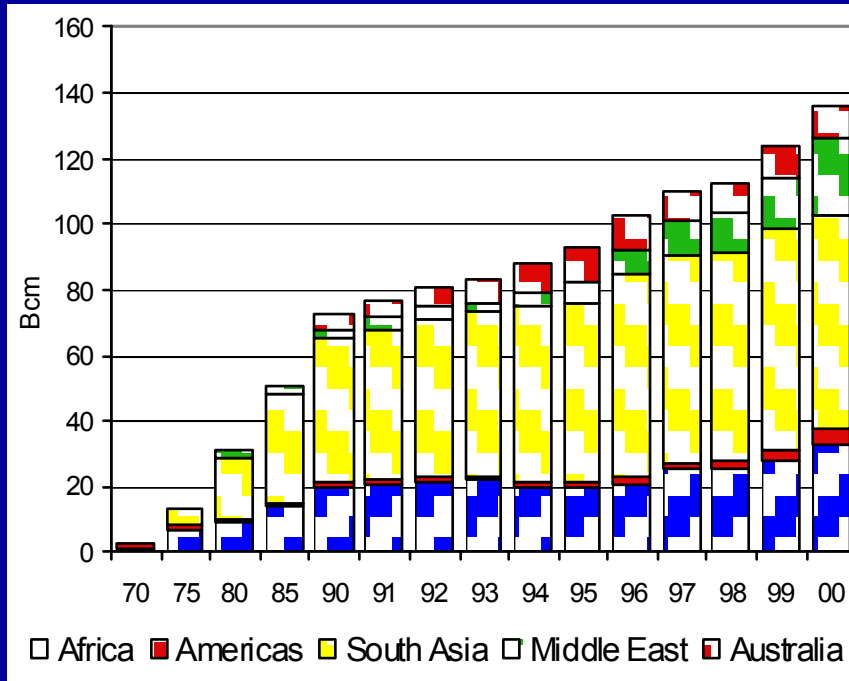
## LNG share of total traded volume

1970	6%
1975	10%
1980	16%
1985	22%
1990	24%
2000	26%



# LNG Exporters and Importers

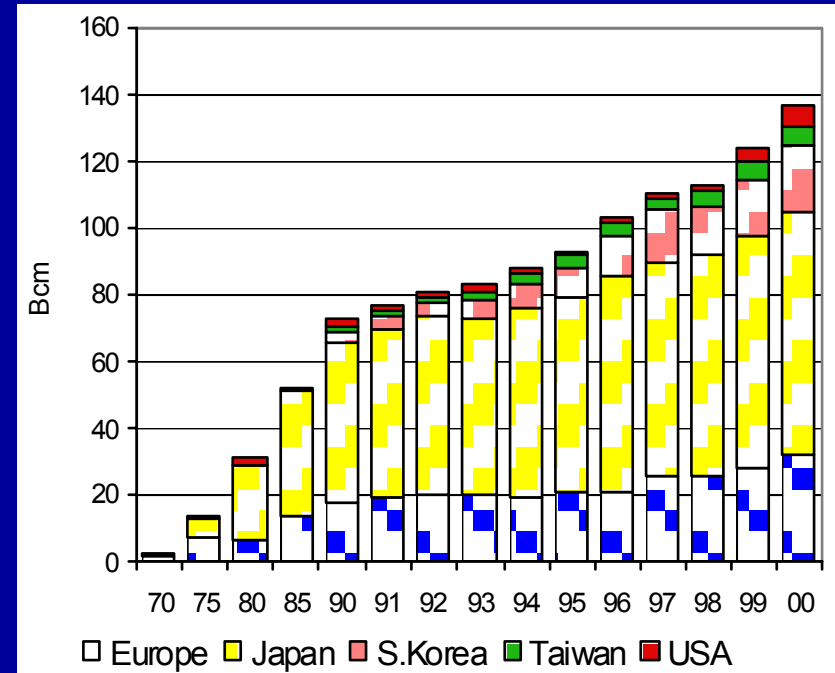
## EXPORTERS



Three dominant exporters, market share in 2000

Indonesia	26%
Algeria	19%
Malaysia	15%

## IMPORTERS

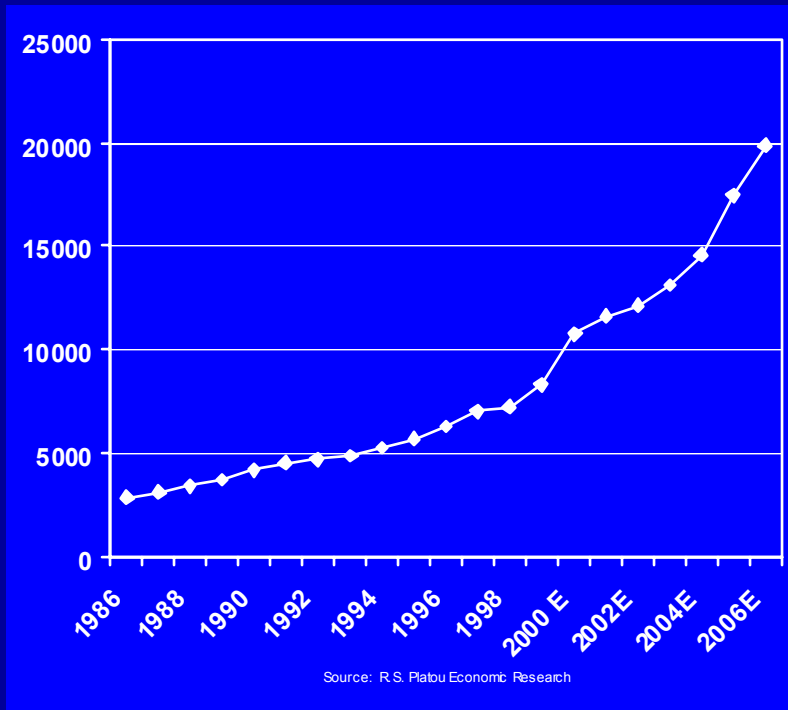


Three largest importers, market share 2000

Japan	53%
South Korea	14%
France	8%



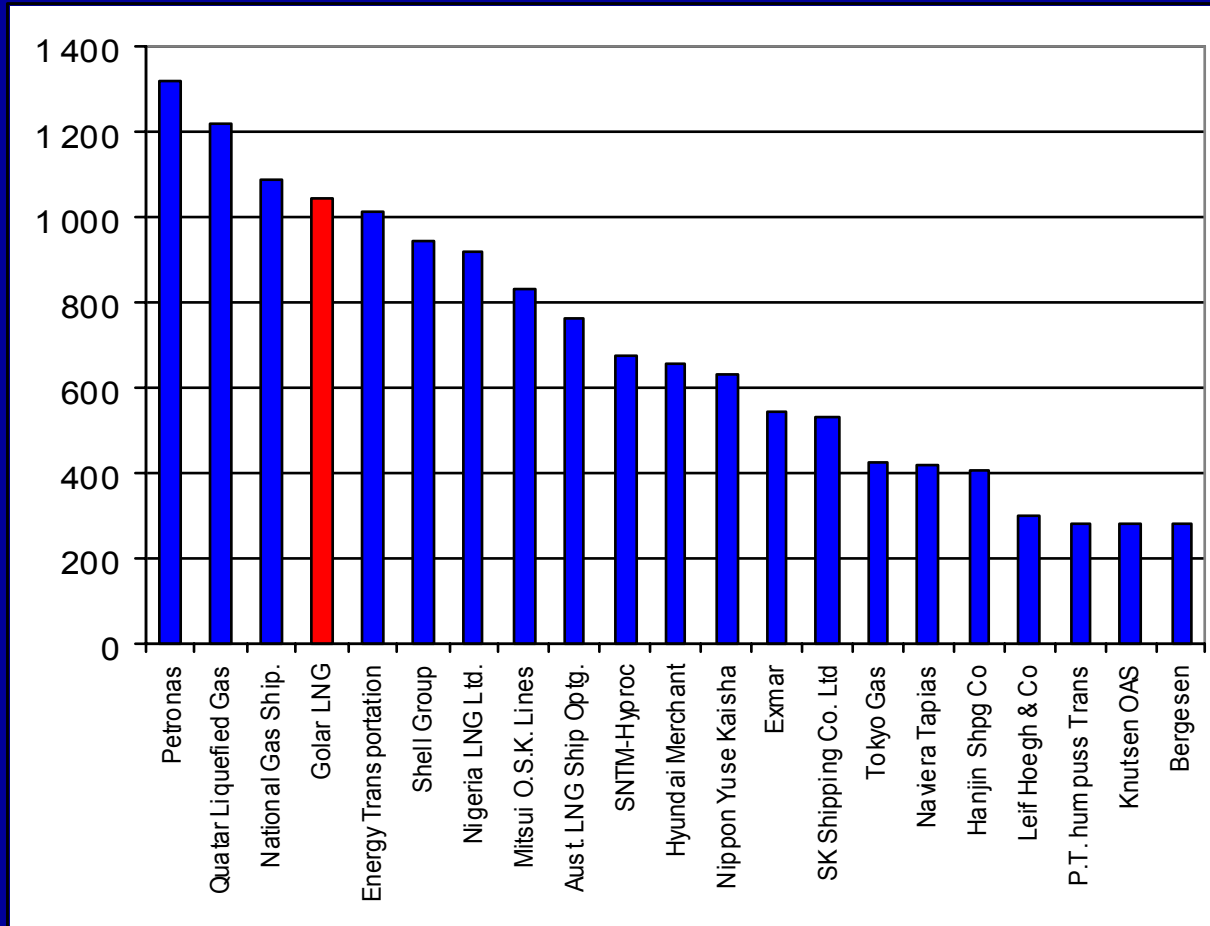
# Demand for Ocean Freight of LNG



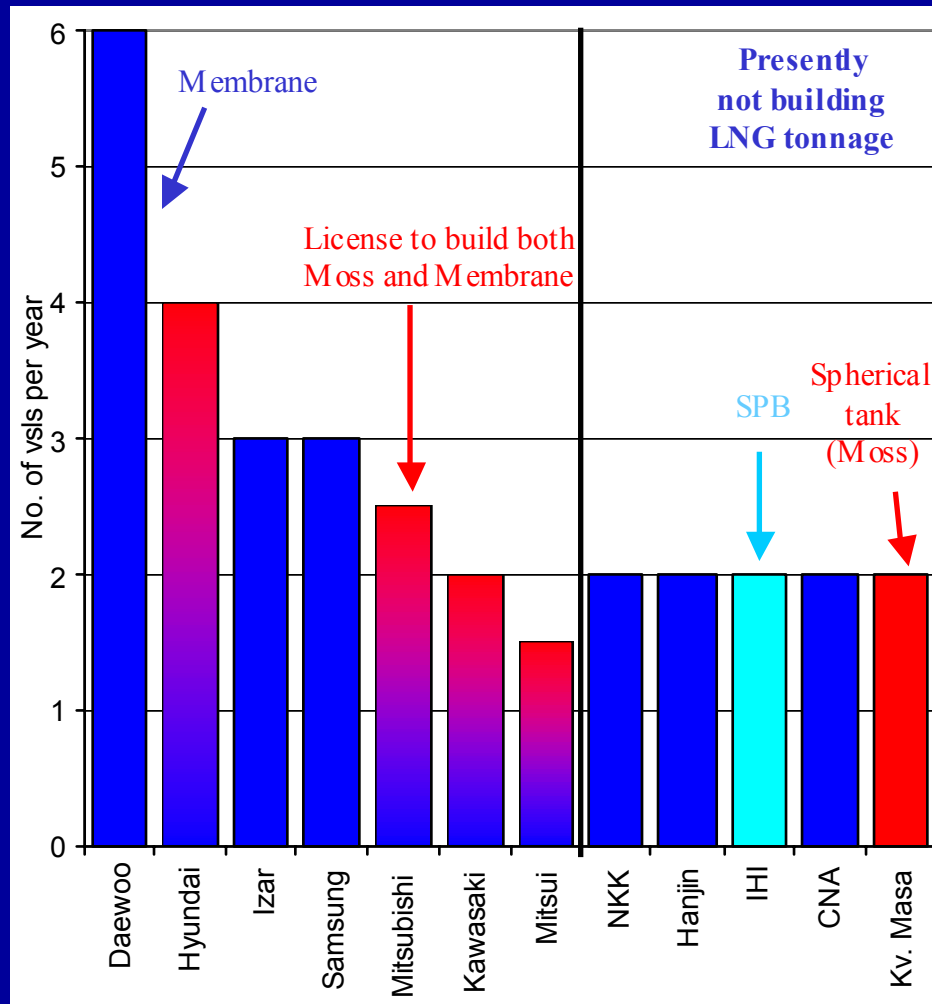
- Estimates are based entirely on planned projects - no “speculative” projects included
- Growth in global trades:
  - 1990-2000: +8.7% per year
  - 1999: +14.8%
  - 2000: +28.8%
  - 2001-2006: Est. +11.2% per year



# Market Structure



# LNG Builders and Building Capacity



Vessel built by cargo system (per 31/12/00):

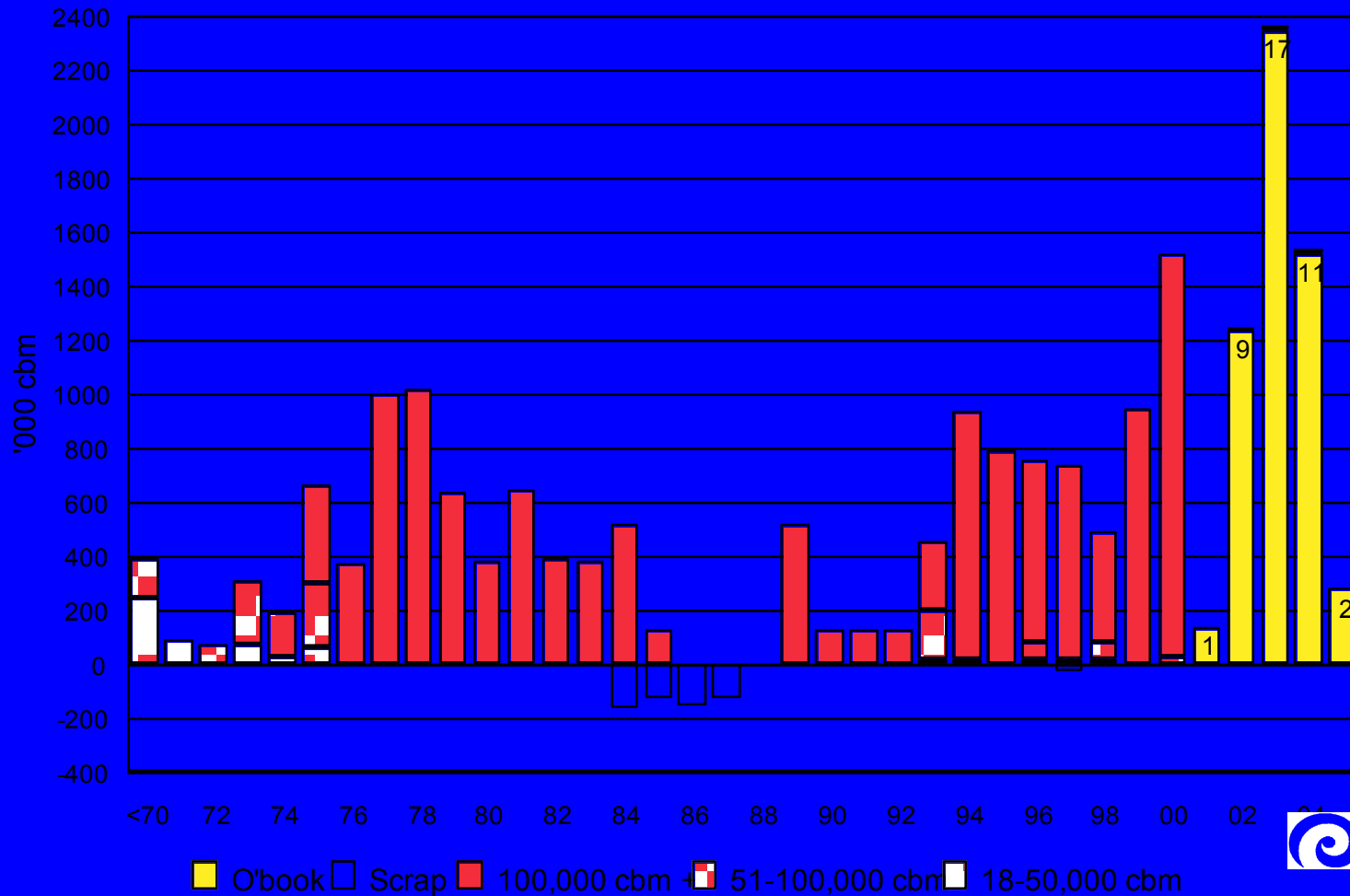
Moss Rosenberg	67
GT	39
TZ	14
Others	6

Hudong SY and Dalian New SY have also license to build Techigaz containment system.

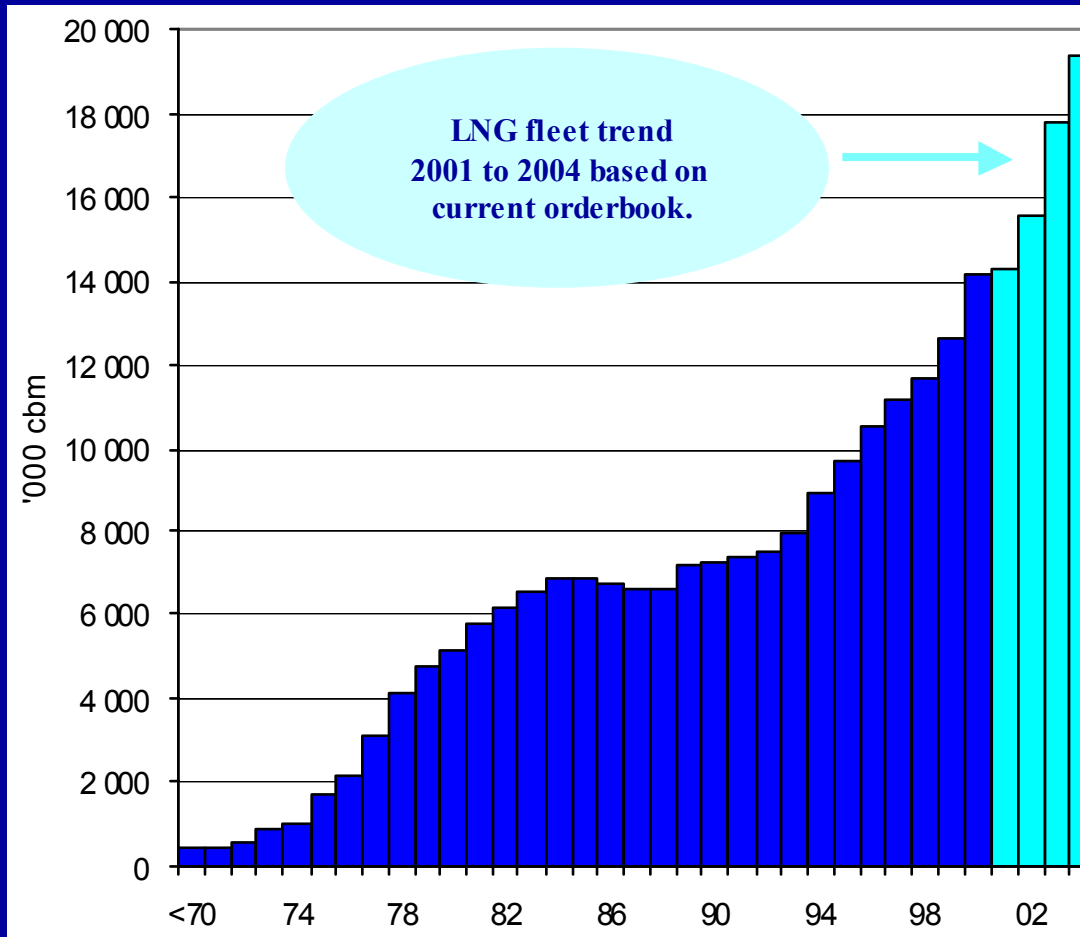


# LNG Fleet – Deliveries and Scrapping

31st May 2001



# LNG Fleet Trend 1970-2004



LNG fleet has grown by average 12.7 % (458,000 cbm) per year 1970-2000.

In the 1990's the fleet has grown by average 6.8% (685,000 cbm) per year.

Orderbook 21st May 2001 equals 39 % of existing fleet.

Fleet will increase average 8.2 % p.a. based on the current orderbook, assuming no scrapping in the period end 2000 – end 2004.



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# Summary of Market Balance

No. of ships

## Demand

Number of ships required for firm projects through 2006	36
Number of ships required, incl. planned projects	68
Number of ships required, incl. "speculative" projects	96
Additional ships required for spot trading	?

## Supply

Number of ships on order	40
Available berths through 2006	30

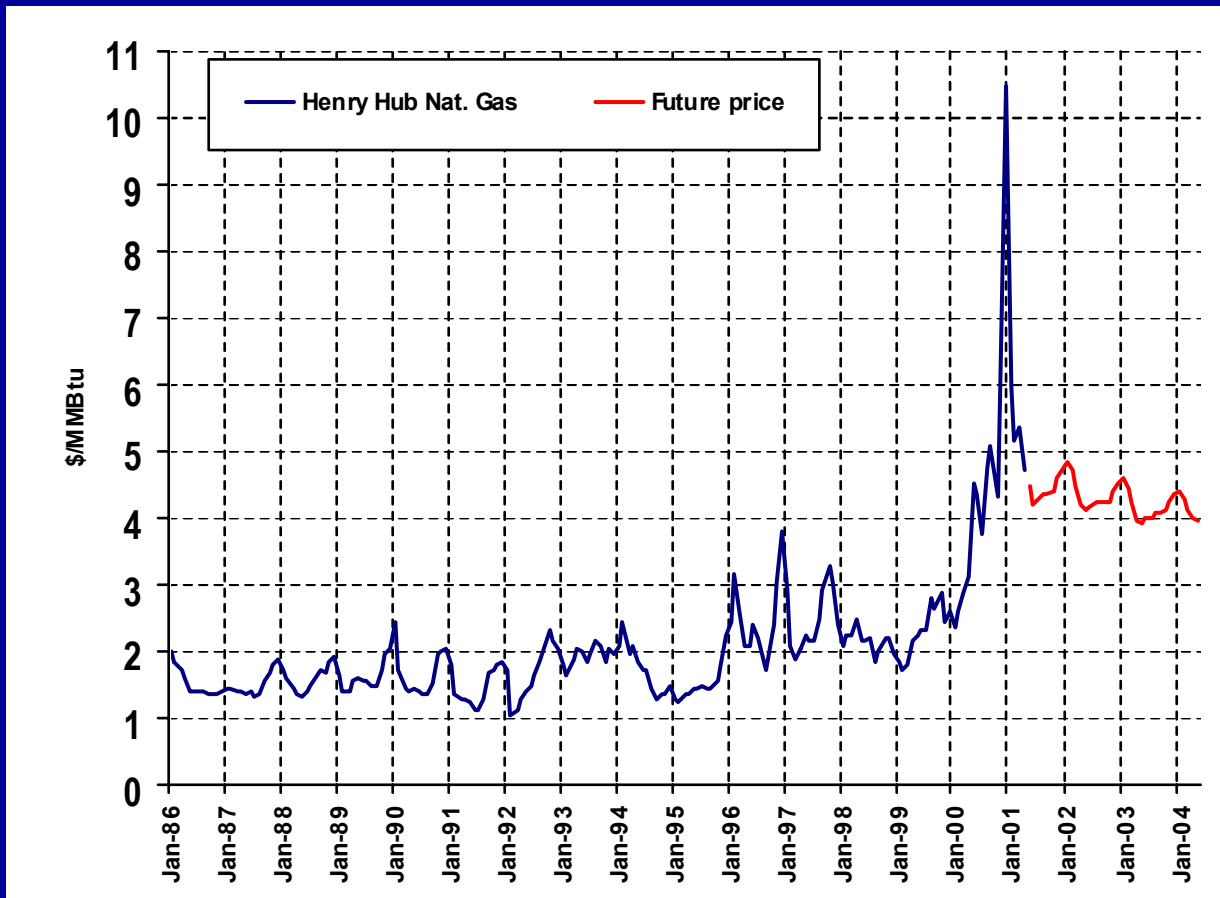
As per 1 May 2001

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# LNG Spot and Future Prices



Source: NY Merc. Exchange



# Voyage Calculation - Examples

Producer price FOB (USD/mm Btu)	2.35	2.35	2.35
Henry Hub price (USD/mmBtu)	4.38	4.38	4.38
Premium (USD/mmBtu)	0.75	-	1.25
Terminalering ( USD/per mmBtu)	0.35	0.35	0.35
Ship size (cbm)	130,000	130,000	130,000
Cargo size ( mmBtu )	3,081,000	3,081,000	3,081,000
Speed ( Knops )	20	20	20
Boil off	0.15 %	0.15 %	0.15 %
Average bunkercost per voyage day after boil off (USD/d)	8,500	8,500	8,500
Port days per voyage ( Days)	3	3	3
Waiting time ( Days )	0.5	0.5	0.5
Sea Margin	5 %	5 %	5 %
<b>Port A</b>	<b>Algeria</b>	<b>Algeria</b>	<b>Australia</b>
<b>Port B</b>	<b>Boston</b>	<b>Lake Charles</b>	<b>San Diego</b>
Distance ( N.miles)	3,270	4,925	7,290
<b>Roundvoyage (Days)</b>			
Voyage days	14.3	21.5	31.9
Waiting days	3.0	3.0	3.0
Port days	0.5	0.5	0.5
Total days roud voyage	17.8	25.0	35.4
<b>Calculation (USD)</b>			
Gas sale	15,805,530	13,494,780	17,346,030
Terminalering Cost	1,078,350	1,078,350	1,078,350
Port Cost	160,000	160,000	160,000
Boil off Cost	422,156	507,003	920,912
Bunker cost	151,353	212,898	300,847
Gas purchase Cost	7,240,350	7,240,350	7,240,350
Gas margin	6,753,321	4,296,178	7,645,572
<b>Day rates margin (USD/Day)</b>	<b>379,267</b>	<b>171,526</b>	<b>216,015</b>



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# Long Term Return on LNG Charters

- Example based on recent long-term contracts
- Ship price: USD 180 million delivered
- Rate: USD 68,000 per day
- Period: 20 years
- Benefit of tax lease: 8% of ship cost (USD 14 mill.)
- **IRR: 24% at 85% debt financing**
- **IRR: 27% at 90% debt financing**
- **Payback at 100% debt financing: 11.5 years**



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# Financial Projections

Profit and loss estimate	2001	2002	2003	2004	2005
Total operating revenue, TC basis	57.5	100.2	120.3	154.1	158.9
Operating expenses	12.0	19.7	22.8	27.1	27.7
G&A expenses	2.1	3.5	3.6	3.7	3.7
Depreciation & amortisation	15.7	27.0	28.4	33.9	33.9
<b>EBIT</b>	<b>27.7</b>	<b>50.0</b>	<b>65.5</b>	<b>89.4</b>	<b>93.6</b>
Net finance	-19.3	-30.8	-36.7	-46.1	-41.8
<b>Pre-tax profit</b>	<b>8.4</b>	<b>19.2</b>	<b>28.8</b>	<b>43.3</b>	<b>51.8</b>
Tax	0.0	0.0	0.0	0.0	0.0
<b>Net profit</b>	<b>8.4</b>	<b>19.2</b>	<b>28.8</b>	<b>43.3</b>	<b>51.8</b>
EPS	0.15	0.34	0.51	0.77	0.92



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## Why Golar LNG?

- Strong industry fundamentals
- Golar's existing charter coverage underpins equity value
- Large newbuilding programme creates huge upside
- Strong profitability in long-term charter market
- Attractive trading opportunities – a virgin market
- Attractive multiples
- Largest independent owner of LNG tonnage
- 30 years of experience in the LNG business
- Dynamic management with proven track record – benefit from close cooperation with Frontline



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## Conclusion

- *Deutsche Bank report May 2001 :*
- **”In short, the business is big, solid, and growing fast”.**

