Golar LNG

The Floating Gas Pipeline Increases Capacity

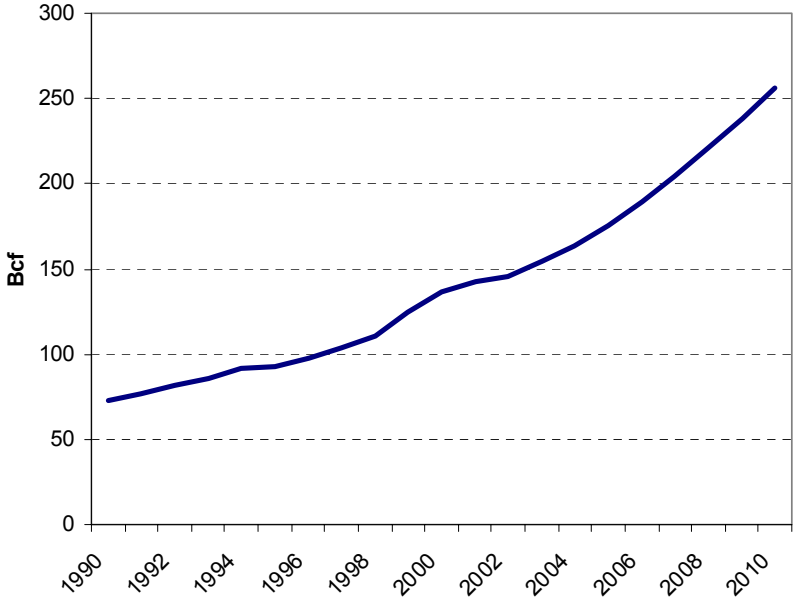
Pareto Offshore Seminar

August 28th 2003

The Expansion Part I

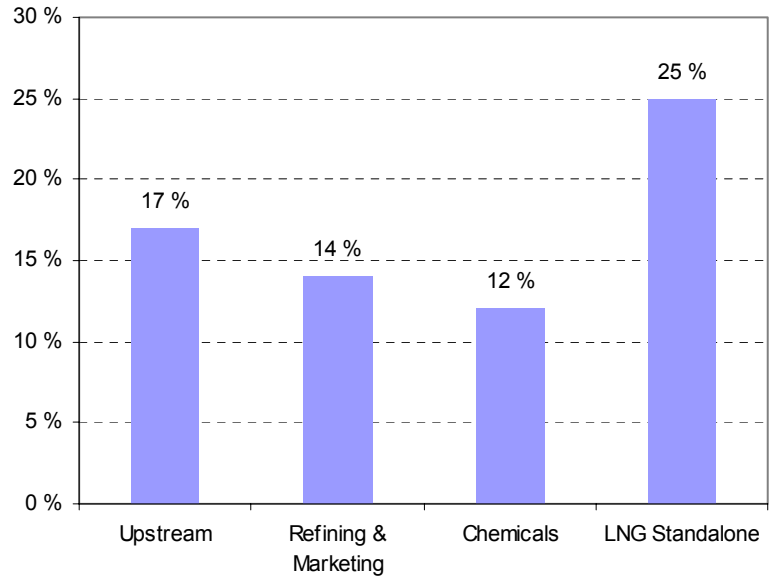
LNG High Growth & High Profitability

LNG Trade Development & Projected Growth



Source: Ocean Shipping Consultants

Estimated Division Return for Oil Majors



Source: Morgan Stanley Research

Robust Economy – Strong Forward Prices

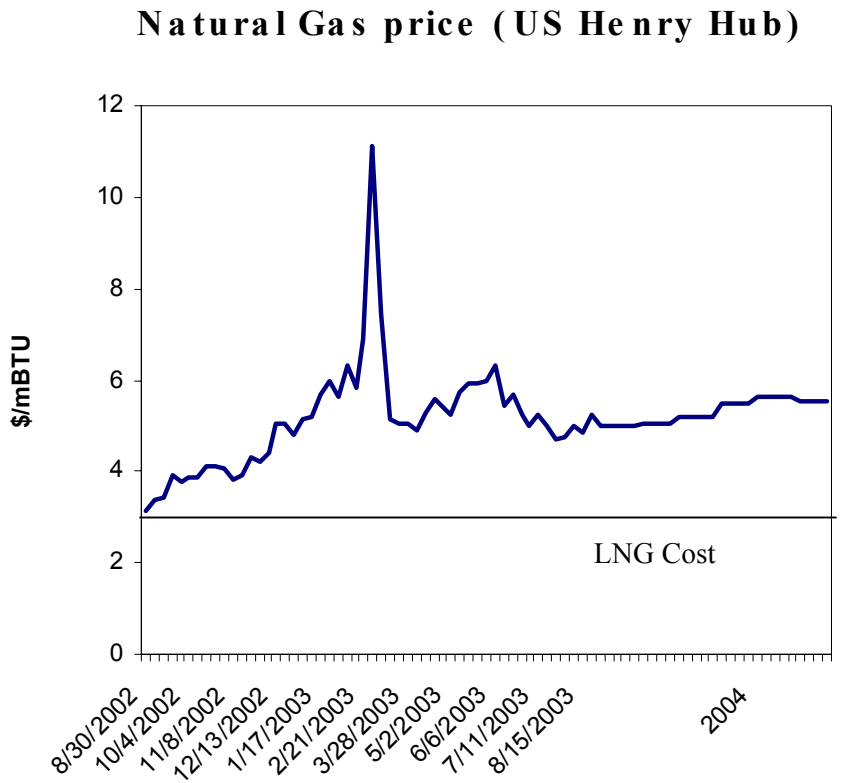
LNG Costs & Returns: Selected Routes

(US$) From	To	Supply	Liqui-faction	Shipping	Re-Gas	Total	Return at US$3.5/ mcf (%)
Algeria	EL	0,50	1,05	0,54	0,50	2,59	25
Nigeria	EV	0,30	1,04	0,64	0,50	2,48	26
Norway	LC	1,00	1,04	0,69	0,44	3,17	15
Venezuela	CP	0,75	1,04	0,28	0,42	2,49	29
Trinidad	EV	0,50	1,04	0,31	0,50	2,35	31
Qatar	LC	0,50	1,02	1,25	0,44	3,21	14
Average		0,59	1,04	0,62	0,47	2,72	23

Return Sensitivity: Selected Routes

Gas Price (US$)	Sourced from Qatar	Sourced from Trinidad
2,20	-3 %	12 %
2,60	2 %	21 %
3,00	8 %	30 %
3,40	13 %	39 %
3,80	19 %	48 %
4,20	24 %	57 %

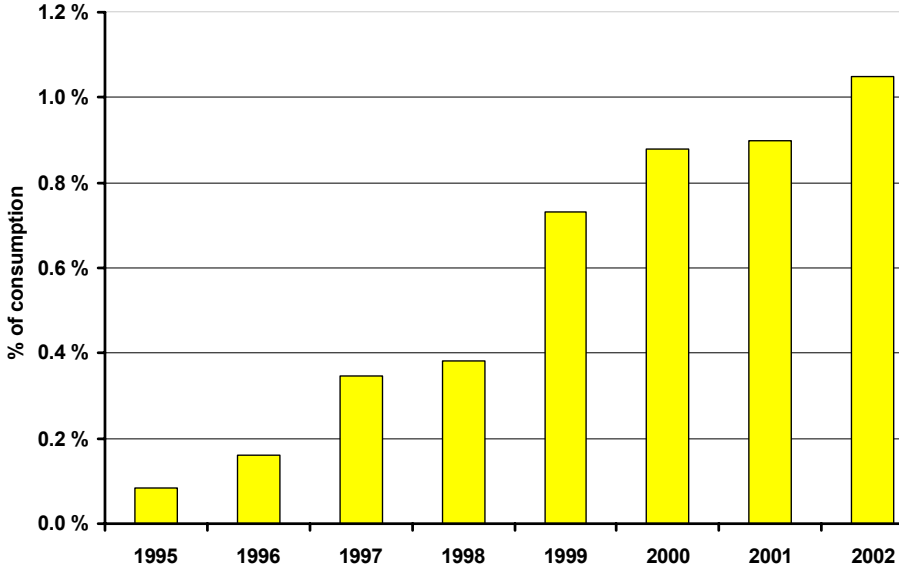
Terminals: EL=Elba Island; EV=Everett; LC=Lake Charles; CP=Cove Point
Source: Morgan Stanley Research



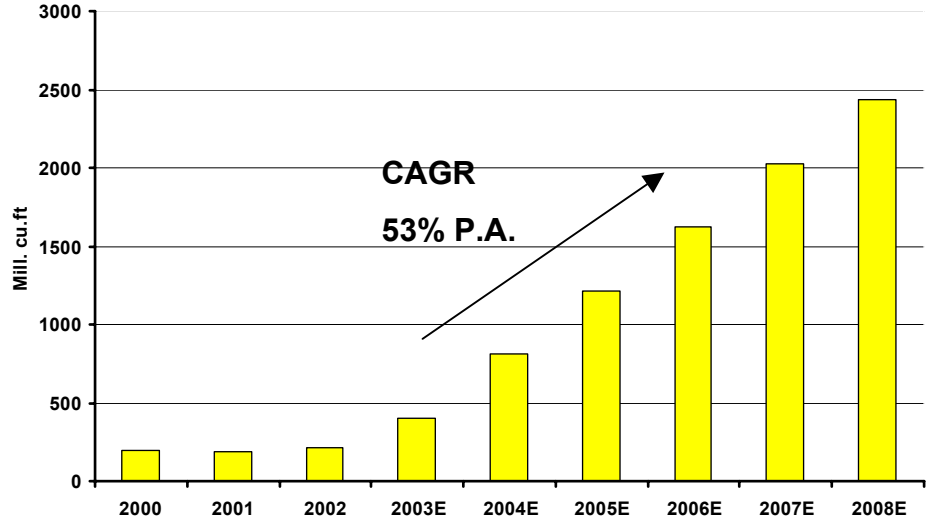
Source: Bloomberg

The US LNG Story

LNG imports in % of US consumption



Projected US LNG imports



The LNG Trades

LNG Trade Movements in 2002

LNG Trade movements

Heading Billion cubic metres

To	USA	Trinidad & Tobago	Oman	Qatar	UAE	From Algeria	Libya	Nigeria	Australia	Brunei	Indonesia	Japan	Malaysia	South Korea	Total
Imports															
North America															
USA		4,28	0,09	0,99		0,75		0,23		0,07			0,07		6,48
South&Central America															
Puerto Rico		0,58		0,05											0,63
Europe															
Belgium					0,10	3,20									3,30
France			0,54			10,20		0,80							11,54
Greece						0,50									0,50
Italy						2,20		3,50							5,70
Portugal								0,43							0,43
Spain		0,46	0,76	2,20	0,50	5,95	0,63	1,61	0,07	0,08					12,26
Turkey						4,08		1,27							5,35
Asia Pacific															
Japan	1,70		1,09	8,40	5,93				9,72	7,95	23,40		14,50	0,05	72,74
South Korea			5,48	6,95	0,32				0,24	1,04	6,78	0,15	3,10		24,06
Taiwan											4,15		2,85		7,00
Total exports	**1,70**	**5,32**	**7,96**	**18,59**	**6,85**	**26,88**	**0,63**	**7,84**	**10,03**	**9,14**	**34,33**	**0,15**	**20,52**	**0,05**	**149,99**

The New Demand / LNG Production 2003 - 2006

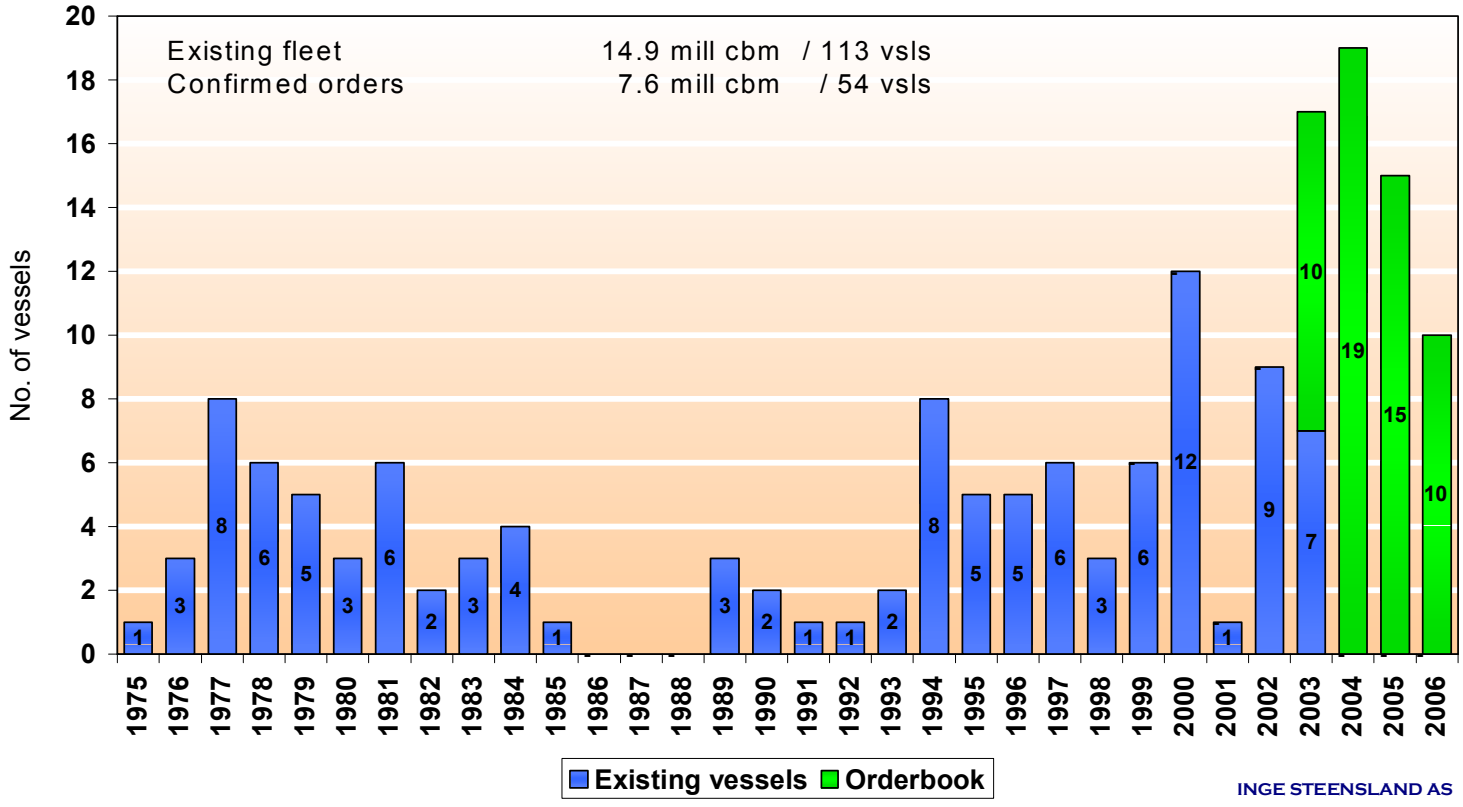
LNG Liquefaction Plants

Country	Location	Plant Operator	Start-up	No. of trains	Capacity Mmtpa
Nigeria	Bonny Island	NLNG	2003	1	2,95
Malaysia	Malaysia Tiga	MLNG III	2003	2	6,80
Trinidad	Point Fortin	Atlantic LNG	2003	1	3,30
Australia	North West Shelf (NWS)	Woodside Petroleum	2004	1	4,20
Qatar	Ras Laffan	Ras Laffan LNG	2004	2	9,40
Egypt	Damietta	Union Fenosa	2005	2	4,50
Egypt	Idku	BG/Edison	2005	2	4,00
Indonesia	Bontang I	PT Badak LNG	2005	1	3,00
Norway	Snohvit	Statoil	2006	1	4,20
Total				13	42,45

Source: Drewry

The Supply

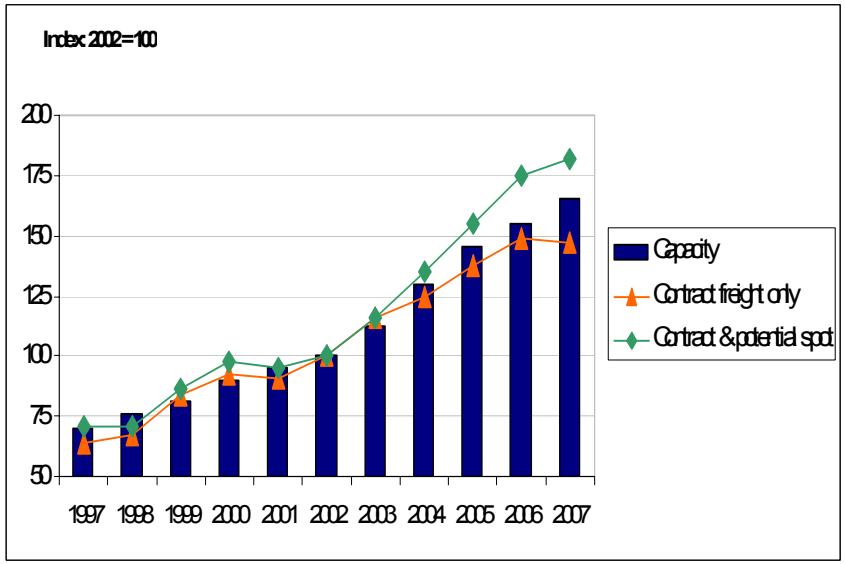
Age distribution of existing fleet including confirmed orders (120,000+ cbm)



Source: Inge Steensland A/S, Research Dept.

A Developing Spot Market

The LNG Shipping Outlook



Source: PIRA Energy Group

Spot cargoes 2001

Supplier	Receiver	# of cargoes	Total
Algeria	France, Italy, Spain, USA	9, 18, 26, 4	57
Qatar	Franse, Japan, South Korea, USA	2, 6, 12, 12, 10	42
Indonesia	Japan, South Korea	20, 5	25
Nigeria	Belgium, France, USA	1, 1, 15	17
Oman	Belgium, Japan, Spain, Taiwan	1, 1, 2, 1, 6	11
Abu Dhabi	South Korea, Spain	2, 9	11
Trinidad	USA	9	9
Malaysia	Japan, South Korea	2, 5	7
Australia	Japan, South Korea	1, 1	2

Golar LNG – Our Business

- **To be a ship owner that charters out LNG tonnage for various periods to the market in general**

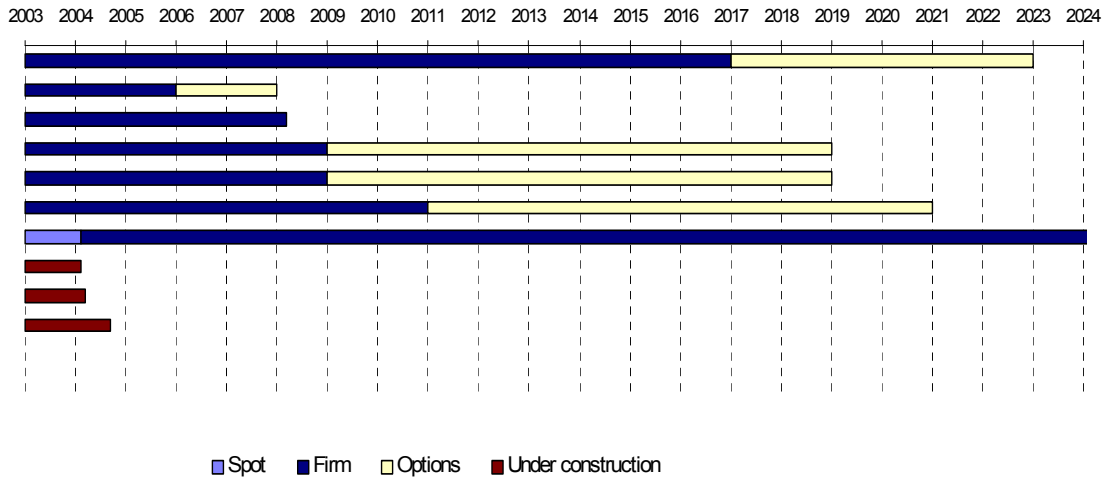
- **To be an LNG shipper that buys LNG FOB from various sources jointly with our major clients, and sells gas to LNG customers all over the world. As part of this activity, Golar will consider investing in other parts of the LNG chain, like upstream , liquefaction or regasification capacity**

- **To be an LNG development / construction company that invests in or develops new concepts like floating regas or liquefaction units**

Golar LNG – The Fleet

Vessel	Owned	Built	Capacity m3	Charterer
Golar Mazo	60 %	2000	138 000	CPC B/B
Golar Spirit	100 %	1981	129 013	Pertamina BB
Khannur	100 %	1977	125 003	BG T/C
Gimi	100 %	1976	124 872	BG T/C
Hilli	100 %	1975	124 890	BG T/C
Golar Freeze	100 %	1977	125 862	BG T/C
NB#1	100 %	2003/9	138 000	BG T/C
NB#2	100 %	2004/1	138 000	Free
NB#3	100 %	2004/2	138 000	Free
NB#4	100 %	2004/7	138 000	Free
NB option# 1	100 %	2005	145 000	
NB option# 2	100 %	2006	145 000	

NGSCO 1	0% (mgnt.)		Abu Dhabi
NGSCO 2	0% (mgnt.)		Abu Dhabi
NGSCO 3	0% (mgnt.)		Abu Dhabi
NGSCO 4	0% (mgnt.)		Abu Dhabi



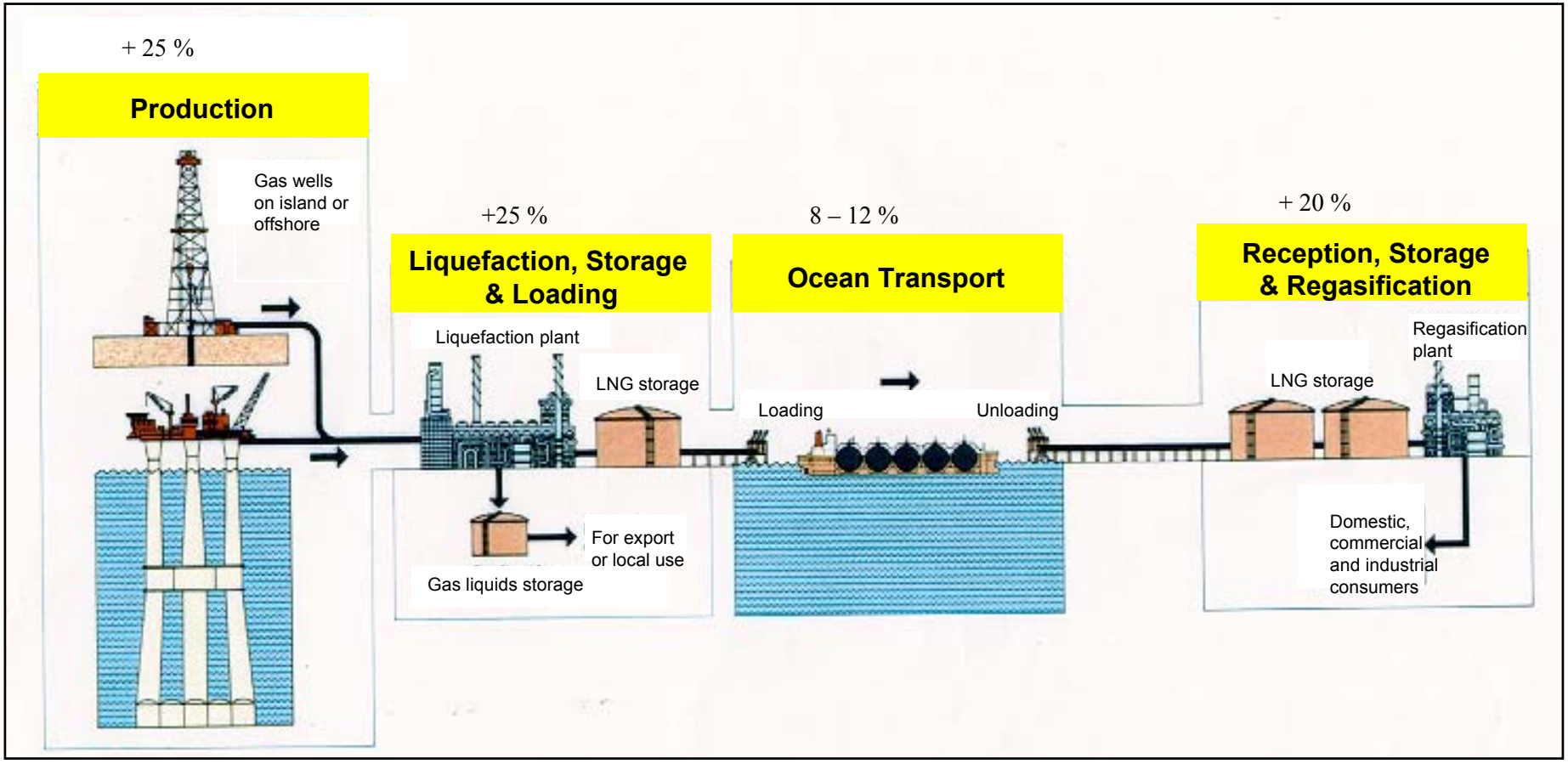
Golar LNG – The Projects

- The Cross Gas Floating Receiving Terminal in Livorno
- The Baja Mexico Receiving Facility
- Several other terminal projects under consideration
- The Statoil Coastal LNG Ship
- The development of an LNG Trading Arm
- The Producer / Shipper Joint venture

LNG Shipping Trends

- Optimizing of shipping capacity
- Larger vessels
- New propulsion systems
- Development of floating solutions
- New vessels – lower operating costs / less downtime
- Shorter charter periods - spot market develops
- Shortage of qualified marine crew
- Increased focus on financing – tax leases / interest risk
- Tight yard situation
- Strong growth
- **LNG TAKES TIME**

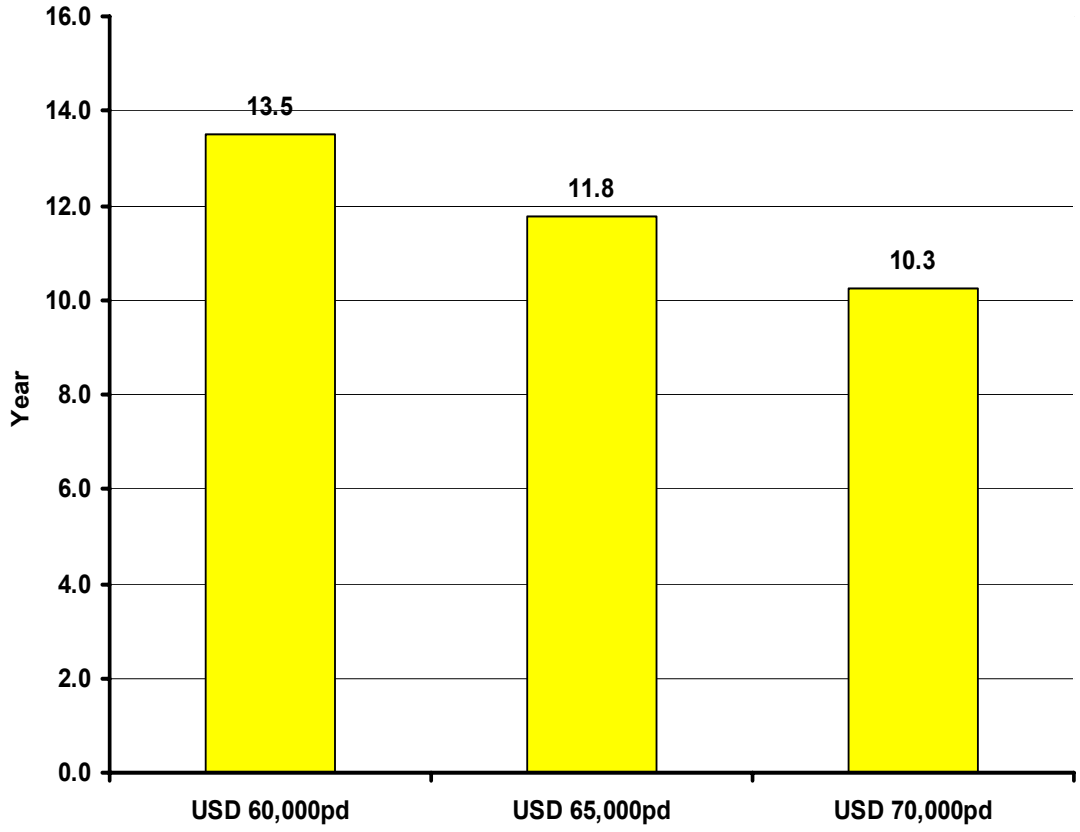
The LNG Chain Return



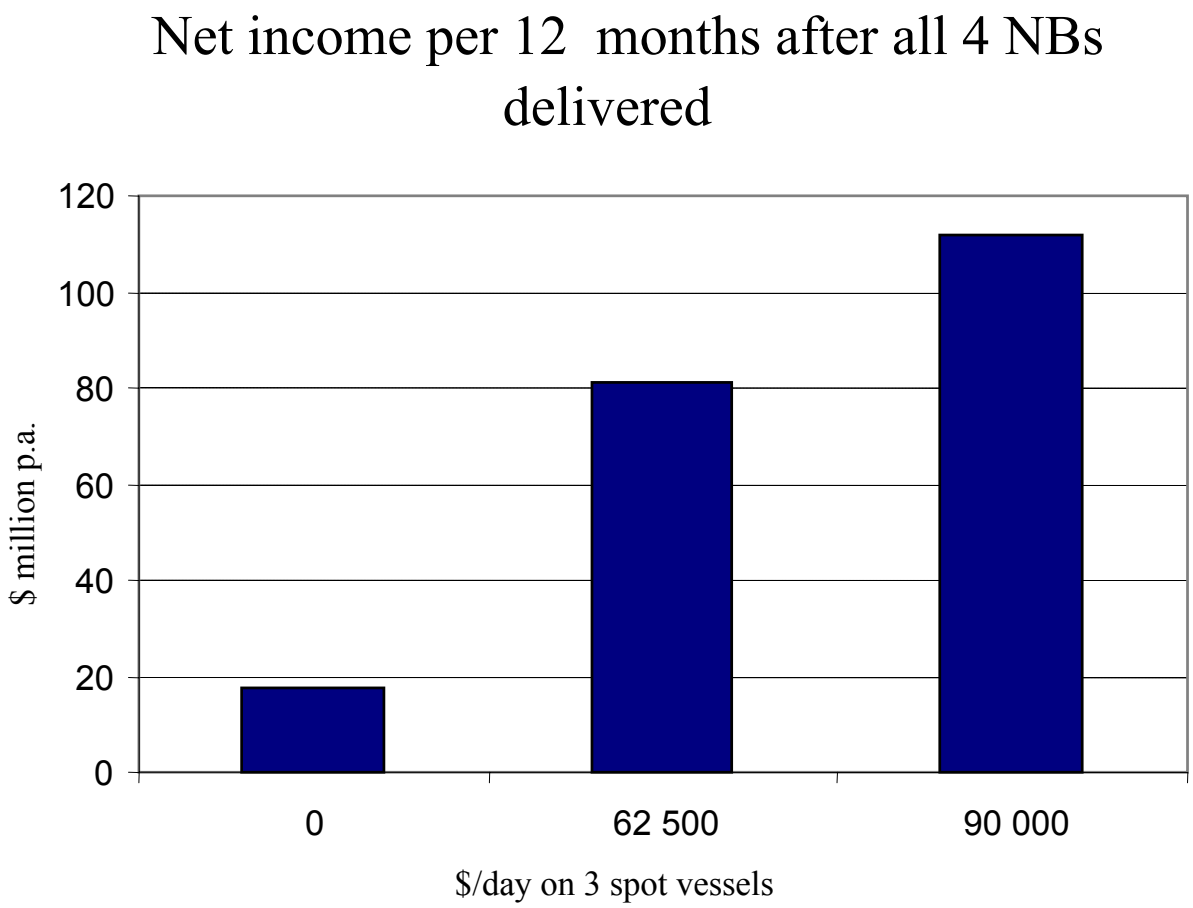
Our Targets for the next 12 Months

- **FIX 1 – 2 ships on medium to long-term charter**
- **Develop a prudent spot operation preferably together with major LNG prod.**
- **Do at least one major corporate transaction with focus on consolidation**
- **Increase existing fleet with 1 – 2 ships through internal growth**
- **Be successful on at least one infrastructure project**
- **Optimize financing**
- **Have an impeccable operation**
- **Focus Existing clients needs (BG–Pertamina–CPC–NGSCO-Cross)**
- **Tailor LNG solutions for Utilities – Industrial Groups.**
- **Broaden Golar's position in the LNG chain**
- **Make money for our shareholders**

Payback Time for LNG Vessels



The GOLAR Earnings



The Financials

GOLAR LNG LIMITED FIRST QUARTER 2003 REPORT (UNAUDITED)

INCOME STATEMENT *(in thousands of $)*	**2003 Jan-Mar**	**2002 Jan-Mar**	**2002 Jan-Dec**
Operating revenues	**33,021**	**32,389**	**130,611**
Vessel operating expenses	7,254	6,542	28,061
Administrative expenses	1,206	1,249	6,127
Depreciation and amortisation	7,646	8,022	31,300
Total operating expenses	**16,106**	**15,813**	**65,488**
Operating income	**16,915**	**16,576**	**65,123**
Interest income	107	296	1,073
Interest expense	(5,406)	(6,049)	(23,553)
Other financial items	(1,197)	(927)	(17,887)
Income before taxes and minority interest	**10,419**	**9,896**	**24,756**
Minority interest	671	806	(2,469)
Taxes	32	45	88
Net income	**9,716**	**9,045**	**27,137**
Earnings per share ($)	$0.17	$0.16	$0.48

GOLAR LNG LIMITED FIRST QUARTER 2003 REPORT (UNAUDITED)

BALANCE SHEET *(in thousands of $)*	2003 Mar 31	2002 Mar 31	2002 Dec 31
ASSETS			
Short term			
Cash and cash equivalents	49,354	53,682	52,741
Restricted cash and short-term investments	19,141	20,396	12,760
Other current assets	5,724	5,904	5,240
Amounts due from related parties	281	125	281
Long term			
Newbuildings	303,298	182,993	291,671
Vessel and equipment, net	611,983	635,309	617,583
Other long term assets	10,004	5,169	7,659
Total assets	**999,785**	**903,578**	**987,935**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Short term			
Current portion of long-term debt	51,626	41,054	48,437
Current indebtedness due to related parties	32,703	32,703	32,703
Other current liabilities	50,802	26,604	44,764
Amounts due to related parties	1,109	1,071	642
Long term			
Long term debt	620,747	575,131	629,173
Other long term liabilities	22,926	16,947	22,731
Minority interest	14,020	26,626	13,349
Stockholders' equity	205,852	183,442	196,136
Total liabilities and stockholders' equity	**999,785**	**903,578**	**987,935**

GOLAR LNG LIMITED FIRST QUARTER 2003 REPORT (UNAUDITED)

STATEMENT OF CASH FLOWS *(in thousands of $)*	2003 Mar 31	2002 Mar 31	2002 Dec 31
OPERATING ACTIVITIES			
Net income			
Adjustments to reconcile net income to net cash	9,716	9,045	27,137
Provided by operating activities:Depreciation and amortisation	7,646	8,022	31,300
Amortisation of deferred charges	188	412	972
Income (loss) attributable to minority interests	671	806	(2,469)
Drydocking expenditure	(98)	(304)	(1,600)
Change in market value of interest rate derivatives	931	502	16,459
Change in operating assets and liabilities	3,340	(2,375)	(583)
Net cash provided by operating activities	**22,394**	**16,108**	**71,216**
INVESTING ACTIVITIES			
Additions to newbuildings	(11,627)	(50,137)	(158,815)
Additions to vessels and equipment	(1,948)	(1,656)	(5,912)
Restricted cash and short short-term investments	(6,381)	(6,233)	1,403
Net cash used in investing activities	**(19,956)**	**(58,026)**	**(163,324)**
FINANCING ACTIVITIES			
Proceeds from long-term debt	2,263	99,356	194,335
Proceeds from long-term debt due to related parties	-	-	16,259
Repayments of long-term debt	(7,500)	(7,500)	(41,054)
Repayments of long-term debt due to related parties	-	(52,575)	(68,834)
Financing costs paid	(588)	(1,250)	(3,424)
Dividends paid to minority shareholders	-	-	(10,002)
Net cash provided by financing activities	**(5,825)**	**38,031**	**87,280**
Net increase (decrease) in cash and cash equivalents	**(3,387)**	**(3,887)**	**(4,828)**
Cash and cash equivalents at beginning of period	**52,741**	**57,569**	**57,569**
Cash and cash equivalents at end of period	**49,354**	**53,682**	**52,741**

Golar LNG Limited
SMOKING
Thank You !
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