



phi·los·o·phy
CAPITAL

Golar LNG Limited
("GLNG")

December 9, 2021

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Summary: Golar LNG

Business: Golar LNG Limited (“GLNG”) is an LNG infrastructure business comprised of two components: LNG shipping and floating LNG liquefaction (FLNG). The business is founded and chaired by Tor Olav Trøim, a Norwegian shipping magnate.

Shipping (LNG Carriers): GLNG owns a fleet of 10 LNG carriers which are generally contracted on 1-5 year charters. The fleet is newer and more fuel efficient than the global average and has 50% of charters expiring in 2022 in the midst of record rates.

FLNG: GLNG owns and operates the *Hilli Episeyo*, an FLNG off the coast of Cameroon chartered by Perenco, and is constructing *Gimi*, which is contracted with BP for 20 years in western Africa. FLNGs enable producers to access stranded gas and liquefy that gas at sea. There are only 5 functional FLNGs in the world today.



GLNG Cap Structure¹

Last Px	\$11.64
(x) Dil SO	108.20
Mkt Cap	1,259
(+) Corp Debt	500
(+) Asset Backed Debt	2,185
(+) Minority Interest	433
(-) NFE shares (18.6mm shares @ \$25)	468
(-) Cash (incl. restricted)	319
TEV	3,591



1: Pro Forma for refinancings post-9/30/21 quarter end, assuming convert paydown. Includes all fully consolidated debt (per Appendix A of Q3 results)

Source: Philosophy Capital analysis; Bloomberg

Agenda

- Shipping (\$4/sh)
 - LNG carrier fleet worth ~\$4/sh at 0.6x Book NAV
 - GLNG re-chartering 50% of fleet in record rate environment
- FLNG (\$22/sh)
 - GLNG owns 2 of only 5 deepwater FLNGs in world
 - Hilli is worth \$13/sh net to GLNG
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LNG carrier fleet worth ~\$4/sh at 0.6x Book NAV

We assume GLNG spins or sells shipping and associated debt/overhead into a separate entity in 2022

LNG Fleet								
Vessel	Built	Power	Size (m ³)	Mkt Val ²	Book Val	Debt	Mkt NAV	Book NAV
Golar Arctic	2003	Steam	140	45	130	31	14	99
Golar Bear	2014	TFDE	160	150	178	103	47	75
Golar Crystal	2014	TFDE	160	150	173	88	62	86
Golar Frost	2014	TFDE	160	150	181	60	90	121
Golar Glacier	2014	TFDE	162	145	177	126	19	51
Golar Ice	2015	TFDE	160	150	185	127	23	58
Golar Kelvin	2015	TFDE	162	150	179	124	26	54
Golar Seal	2013	TFDE	160	145	168	101	44	67
Golar Snow	2015	TFDE	160	150	185	129	21	56
Golar Tundra (FSRU) ¹	2015	TFDE	170	225	200	158	67	42
Total				1,460	1,757	1,047	413	710
(x) NAV Multiple							1.00x	0.6x
Value							413	426
(÷) GLNG shares							108	108
Value per Share							\$3.8	\$3.9

At 0.6x NAV, GLNG's LNG fleet is worth \$4/sh.

This closely aligns with three other LNG fleet deals in 2021.

Implied EV / EBITDA	
	EV/EBITDA
Value / Sh	\$4
(x) Dil SO	108
Mkt Cap	426
(+) Debt	1,047
TEV	1,473
(÷) '21 EBITDA	130
EV/EBITDA	11x

Implied EV/EBITDA of ~11x on 2021 EBITDA of \$130mm is consistent with prior deals

LNG Carrier Transaction Comps						
Date	Carrier	Purchaser	Purchase	EBITDA	EV/EBITDA	P/NAV
2/22/2021	GasLog (GLOG)	BlackRock	3,700	320	11.6x	0.6x
3/8/2021	Hoegh LNG (HLNG)	Morgan Stanley	1,700	169	10.1x	0.7x
10/4/2021	Teekay LNG (TGP)	Stonepeak	6,200	540	11.5x	0.9x
Average					11.0x	0.7x

Note: Market and book values are from 12/31/2020 (debt is updated as of 9/30/2021 and pro forma for Golar Tundra refinancing). Since 12/31/2020 market values have risen steadily along w/ LNG rates

1: Pro Forma for Golar Tundra refinancing after Q3 '21. Market value estimated from 70% LTV (LNG carrier average) on \$158mm refi

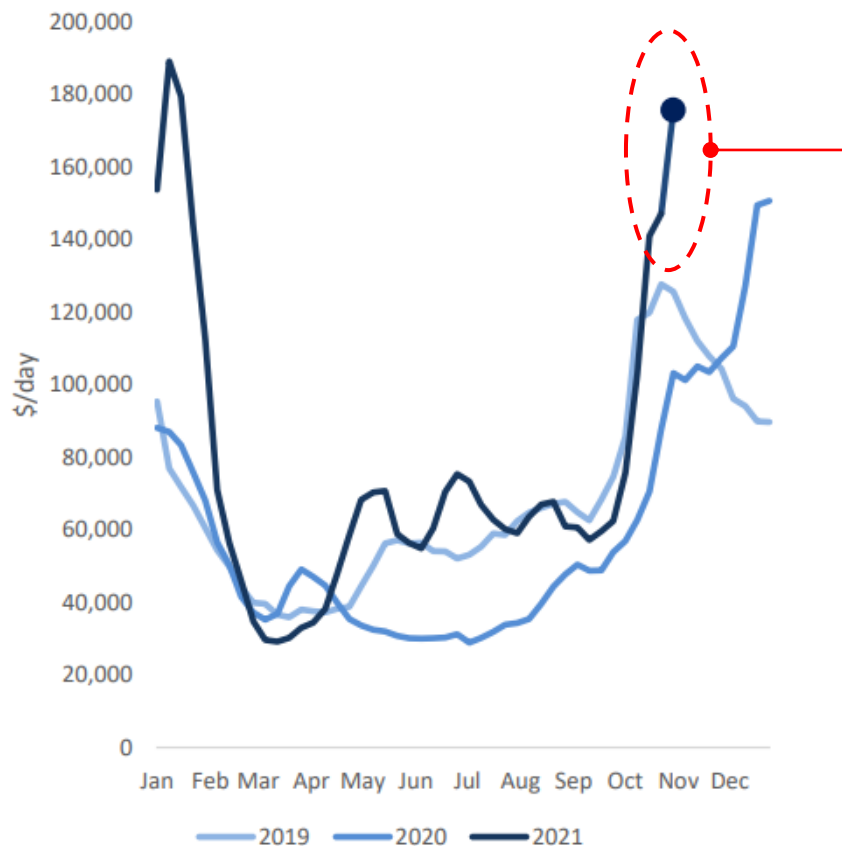
2: Market values are slight discount (\$5-10mm per ship) vs. reported market values as of 12/31/2020 to reflect expected transaction cost vs. broker quotes

Source: Philosophy Capital analysis; GLNG; Bloomberg

GLNG re-chartering 50% of fleet in record rate env.

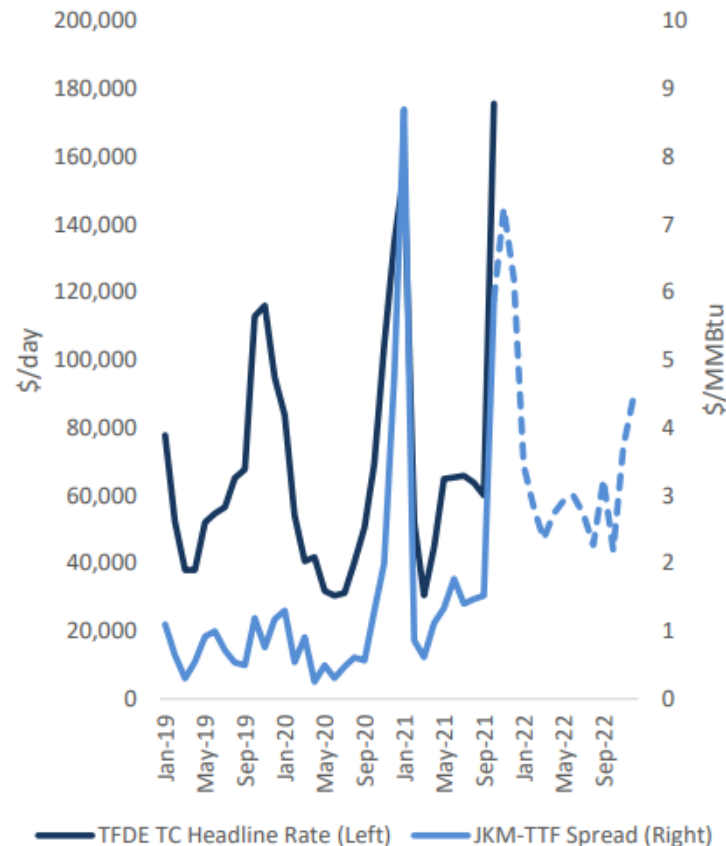
Low inventory, high demand, and limited supply of ships leading to surging rates into 2022

LNGC headline TC rate (TFDE): Next stop is a new high



Roughly 50% of GLNG's fleet's charters expire through 2022 and will need to be re-chartered. **GLNG's average rates are currently ~\$50k/day, with a recent charter of \$100k/day. Market spot rates are now above \$260k/day¹**

LNGC rate vs JKM-TTF Spread: Wider spreads = Higher day rates



A \$10k/day increase in average daily rates is worth ~\$3.5/sh to GLNG at 11x EBITDA

1: <https://lloydlist.maritimeintelligence.informa.com/LL1138547/LNG-carrier-rates-top-260000-per-day-as-arbitrage-profits-exceed-100m>

Source: Philosophy Capital analysis; GLNG; GLOG; HLNG NO; TGP; Bloomberg

Agenda

➤ Shipping (\$4/sh)

- LNG carrier fleet worth ~\$4/sh at 0.6x Book NAV
- GLNG re-chartering 50% of fleet in record rate environment

➤ FLNG (\$22/sh)

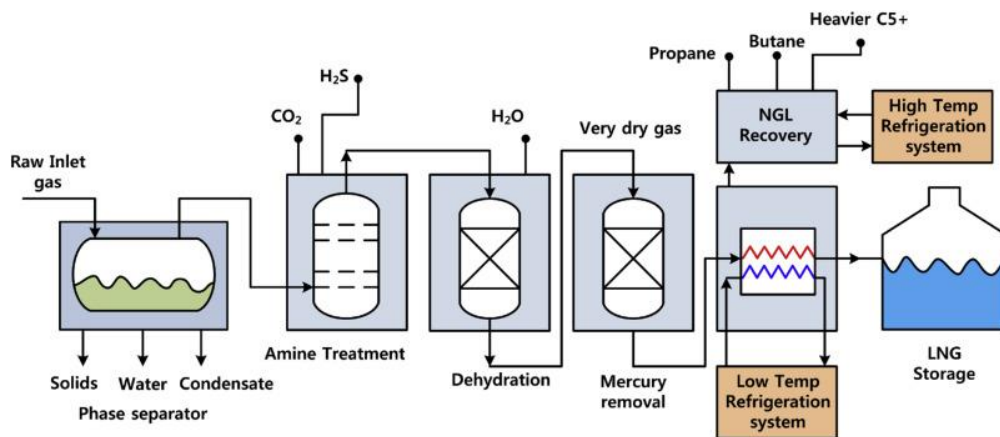
- GLNG owns 2 of only 5 deepwater FLNGs in world
- Hilli is worth \$13/sh net to GLNG
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- Future projects: Integrated and tolling options

➤ NFE shares (\$4/sh)

➤ GLNG is worth \$28/sh (excl. future project upside)

GLNG owns 2 of only 5 deepwater FLNGs in world

These assets are uniquely valuable for accessing remote stranded gas reserves



A liquefaction train takes raw gas as an input, then cleans and cools the gas until it becomes a liquid (600x more compact).

Liquefaction trains have historically been built on land, However, **marine designs allow for faster construction (54 -> 36 months¹), easier environmental permitting, and better access to cheap stranded gas.**

FLNG Ships Worldwide										
Ship	Owner	Size (mmtpa)	Cost (\$bn)	\$/tpa	Launch	Limitations	Customer	Location	Status	
Prelude	Shell	5.3	13.0	2,453	2019	None	Shell	Australia	Producing	
Coral Sul	Eni	3.4	2.5	735	2022	None	ExxonMobil	Mozambique	Under construction	
Gimi	GLNG	2.5	1.4	571	2023	None	BP	Mauritania/Senegal	Under construction	
Hilli	GLNG	2.4	1.7	708	2017	None	Perenco	Cameroon	Producing	
Dua	Petronas	1.5	3.3	2,200	2021	None	ConocoPhillips	Malaysia	Producing	
Satu	Petronas	1.2	2.8	2,300	2017	Shallow water only	ConocoPhillips	Malaysia	Producing	
Tango	Exmar	0.5			2019	Shallow water only	YPF	Argentina	Customer defaulted	

Land-based liquefaction plants had avg. build costs of \$1200/tpa (2012-2015²) to \$1500/tpa (2019³). **GLNG's Hilli and Gimi ships achieved savings of 50% and 60% respectively vs. similar land-based liquefaction.**

1: <https://www.ashlandinvest.com/blog-01/golar-lng-hygo-sale-begins-golar-20>

2: <https://www.linkedin.com/pulse/overview-global-lng-plant-development-costs-reza-naghash-cpm-p-e/>

3: <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2019/03/Outlook-for-Competitive-LNG-Supply-NG-142.pdf>

Source: Philosophy Capital analysis; GLNG; Bloomberg

Hilli is worth \$13/sh net to GLNG

We expect Perenco & SNH to exercise the option through 2026



Stats:

Launch: 2017
 Customer: Perenco & SNH (Cameroon)
 Capacity: 2.4mmtpa
 Leased: 1.4mmtpa (1.6 option in mid-23)
 Lease expiry: 2023 (customer option to extend to 2026)
 Comdty Link: Brent (+\$1 = \$3mm EBITDA/yr from \$60-\$102)
 2022 EBITDA¹: ~\$300mm (\$200mm to GLNG)
GLNG owns: 45% of Trains 1&2, 87% of Trains 3&4
Construction Cost: \$1.7bn
 Debt: \$730mm
 Return on Cost: 12% (13% if option exercised)

	Hilli 2022	
	100%	GLNG
EBITDA ²	299	191
(x) EV/EBITDA	8x	8x
Hilli TEV	2,392	1,529
(-) Debt ³	729	91
Equity	1,663	1,438
(÷) Dil SO		108
Value / Sh		\$13

Discount to Cheniere's contracted LNG tolling business (12.5x '22 EBITDA):
1) Forward TTF curve is backwardated (outsized profits in 2022)
2) Hilli has shorter contract duration ('26) than Cheniere or Gimi

Perenco Contract & Cameroon

Since 1993, Perenco has operated in Cameroon as the principal partner of the national oil & gas company (SNH). Perenco signed a 20yr contract w/ SNH in 2006 to supply gas from the Sanga Sud field. In 2016, Perenco and SNH signed a 10yr contract w/ GLNG for 1.2mmtpa of liquefaction on trains 1 & 2. Cameroon is estimated to have ~6 TCF of gas reserves⁴.

In July 2021, Perenco and SNH agreed to raise Hilli's output by 0.2mmtpa in 2022 with the option to increase production from 2023-2026 to a total of 1.6mmtpa (+0.4). Perenco is drilling another 4 wells in the field and must declare the option by Q3 2022.

1: \$165mm of EBITDA on Trains 1&2 are toll-based, with no commodity exposure

2: Assumes option extension w/ Perenco and Brent/TTF at forward strip

3: GLNG debt includes \$325mm GLNG portion of Hilli debt less 5 quarters of FCF through end of 2022

4: https://eiti.org/files/documents/eiti_cameroon_2017_report_-_en.pdf

Source: Philosophy Capital analysis; GLNG; Bloomberg

Gimi is worth \$9/sh net to GLNG

75% complete on construction, signed 20yr contract with BP (fixed term, price, and volume)



Stats:

Launch: 2023 (expect first gas October 2023)

Completion: 75%

Customer: BP (Mauritania & Senegal)

Capacity: 2.5mmtpa

Leased: 2.5mmtpa

Lease expiry: 2043

Base EBITDA¹: \$215mm

GLNG owns: 70%

Construction Cost: \$1.5bn

Debt: \$410mm (expect ~\$700mm at completion)

Return on Cost: 14%

BP & Greater Tortue Ahmeyim (GTA) field

In 2016, the Tortue (Mauritania) and Ahmeyim (Senegal) fields were discovered. BP (60%) entered an agreement² with Kosmos Energy (30%), Mauritania (5%), and Senegal (5%) to develop the field. Phase 1 will produce 2.5mmtpa of LNG (2023) with Phase 2 (2026) doubling to 5mmtpa.

In Feb 2019, GLNG entered an agreement with BP for Gimi to process 2.5mmtpa of LNG for the GTA Project over 20 years. GTA is located near the maritime border between Mauritania and Senegal, containing 15 TCF of gas reserves, with an estimated 100 TCF in the entire basin³.

To give perspective: 100 TCF being extracted and liquefied at a rate of 2.5mmtpa would equate to 821 years of production.

We apply a discount relative to Cheniere for execution risk and time until first production

Gimi Pro Forma 2024		
	100%	GLNG (70%)
Run-rate EBITDA	215	151
(x) EV/EBITDA	11x	11x
Gimi TEV	2,365	1,656
(-) Debt (incl. CX)	700	490
(-) CX (equity funded)	319	223
Equity	1,346	943
(÷) DiI SO		108
Value / Sh		\$9

1: No commodity exposure undertaken on base EBITDA, purely a tolling fee

2: <https://www.nenergybusiness.com/projects/greater-tortue-ahmeyim-lng-project/>

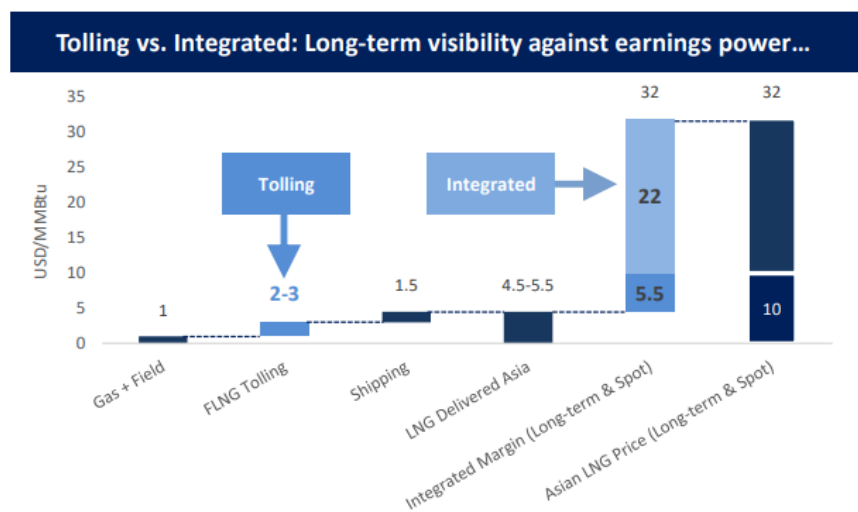
3: https://www.bp.com/content/dam/bp/country-sites/en_sn/senegal/home/pdf/greater-tortue-ahmeyim-fact-sheet-english.pdf

Source: Philosophy Capital analysis; GLNG; Bloomberg

Future projects: Integrated and tolling options

Elevated interest in FLNG given current LNG market prices and limited liquefaction capacity

Integrated Project



GLNG's FLNG assets are rare and valuable, allowing for the extraction of cheap stranded gas at ~\$1/MMBtu in a market where Asian LNG spot is trading for \$32/MMBtu. The economics are mind-blowing.

Tolling Project



GLNG is in talks with an existing customer (believed to be BP) for a new 5mtpa Mark III newbuild (2x the capacity of Gimi). GTA Phase 2 FID is expected late-2022 which would double production to 5mtpa. FLNG (Gimi) is the only infrastructure component of GTA which currently does not have capacity to scale to 5mtpa. A Mark III newbuild design would fix this.

Golar has the *Golar Gandria* berthed in Singapore which remains a candidate for future Mark I or II FLNG conversion.

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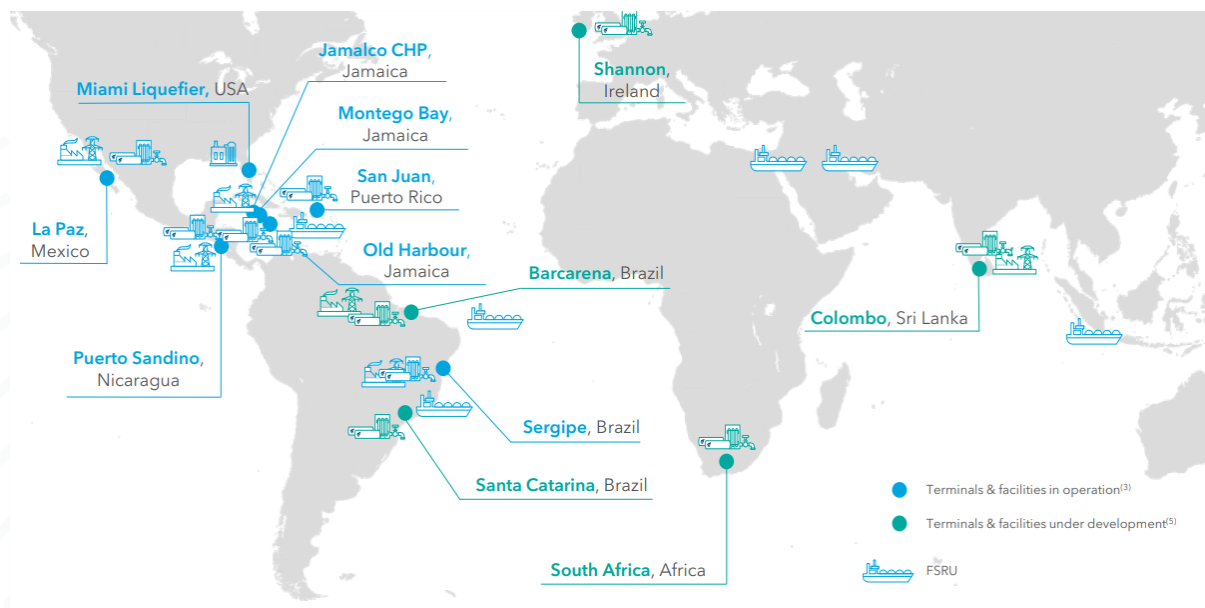
18.6mm shares of NFE worth \$4.3/sh¹ to GLNG

GLNG has pledged NFE shares as collateral for the refinanced \$200mm revolver

NFE is an integrated "gas-to-power" infrastructure company founded by Wes Edens. NFE replaces diesel- and coal-burning power generation in developing economies with gas plants which NFE owns and operates. NFE's gas power is cheaper (30%) and cleaner (50%) than diesel power.

NFE's producing plants are in Jamaica, Puerto Rico, Mexico, Nicaragua, and Brazil. NFE is developing additional plants in Brazil, Ireland, South Africa, and Sri Lanka.

NFE owns 25% of Hilli and is a significant consumer of natural gas. As such, GLNG and NFE have a symbiotic relationship and could be partners on a future integrated FLNG project.



NFE Enterprise Value	
Last	24.66
(x) Dil SO	207
Mkt Cap	5,101
(+) Preferred	-
(+) Debt	3,973
(-) Leases	110
(+) Min Int	228
(+) Pension	-
(-) Cash & equiv	224
TEV	8,968

NFE Valuation				
Metric	2021	2022	2023	2024
EV/EBITDA	15.1x	9.0x	5.7x	4.3x
P/E	25.2x	9.0x	6.5x	5.7x
FCF yield	(4%)	2%	13%	20%

1: Based on NFE at \$25 as of 12/3/2021

Source: Philosophy Capital analysis; GLNG; NFE; Bloomberg

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GLNG is worth \$28/sh (excl. future project upside)

Pro Forma for recent refinancings, GLNG has 100%+ upside from here

Valuation (GLNG portions only) - Pro Forma for Philosophy adjustments					
	EV	Debt	Equity	Per Share	Comments
(+) Shipping	1,757	1,047	426	\$3.9	<- Book NAV value @ 0.6x
(+) Hilli	1,529	91	1,438	\$13.3	<- Assumes Perenco option. 325mm debt (9/30) - \$245mm FCF over next 5 qtrs
(+) Gimi	1,656	490	943	\$8.7	<- Pro Forma for remainig CX (debt & equity funded)
(+) NFE	467	-	467	\$4.3	<- 18.6mm NFE shares (-50% YTD)
(+) Corp Overhead	(60)	-	(60)	(\$0.6)	<- (\$7.5mm) EBITDA @ 8x. Note, we assume 50% of overhead goes w/ shipping
(+) Corp Net Debt	-	181	(181)	(\$1.7)	<- \$268mm cash - 100mm Revolver - 403 convert + refinancings post 9/30 ¹
Total	5,348	1,808	3,033	\$28	

1: \$268mm cash (9/30) - \$100m Revolver (9/30) - \$403mm convert (9/30) - \$100mm Revolver refi - \$300mm unsecured + \$54mm net Tundra refi + \$403mm convertible payment
Source: Philosophy Capital analysis; GLNG; Bloomberg

Appendix

Cheniere Energy, Inc. (“LNG”) Valuation

Cheniere serves as a highly relevant comp and trades at ~12.5x fully contracted EBITDA

Cheniere (“LNG”) serves as a highly relevant valuation comp for GLNG’s FLNG assets, Hilli and Gimi. The liquefaction assets perform the same function (liquefying gas), Cheniere on land and GLNG at sea.

The vast majority of LNG’s EBITDA is subject to long term agreements (17 years) and is 90% contracted, with minimal commodity exposure.

Cheniere (LNG) Valuation Methodology					
Bank	Date	Valuation	Discount	22 Implied	Comment
GS	11/4/21	12x '23 EBITDA	7.5%	12.9x	Blended
JPM	11/4/21	13x '23 Contracted EBITDA	8.0%	13.9x	SOTP (DCF)
		5.5x '23 Marketing EBITDA	14.0%	6.3x	SOTP (DCF)
RBC	11/9/21	12x '24 Contracted EBITDA	8.0%	14.0x	SOTP
		10x '24 Open EBITDA	8.0%	11.7x	SOTP
		5x '24 Marketing EBITDA	8.0%	5.8x	SOTP
Barclays	11/10/21	10.3x '23 Contracted EBITDA	8.0%	11.1x	DCF
Mizuho	11/17/21	10.25x '24 Contracted EBITDA		10.3x	SOTP
		6.5x '24 Marketing EBITDA		6.5x	SOTP
Average		Contracted		12.4x	
Average		Marketing		6.2x	

Hilli Financials

Hilli	2018	2019	2020	2021	2022	2023	2024	'22-'24	Comments
Trains 1 & 2									
(+) Tolling EBITDA		161	164	165	165	165	165	495	
(+) Over-production EBITDA		-	8	1	-	-	-	-	
% GLNG		45%	45%	45%	45%	45%	45%		
(+) Commodity-linked EBITDA		13	3	25	41	27	14	82	<- +\$2.7mm EBITDA/yr per \$1 Brent > \$60
% GLNG		89%	89%	89%	89%	89%	89%		
Brent ¹		65	61	69	75	70	65		
Train 1 & 2 EBITDA		174	175	191	206	192	179	577	
GLNG EBITDA		84	79	96	110	98	86	293	
Train 3									
Utilization (mmtpa)					0.2	0.4	0.4		
TTF ¹ (\$/mmBtu)					\$26.78	\$12.50	\$10.00		
Train 3 EBITDA					93	73	55	221	<- ±\$3.7mm EBITDA/yr per \$1/TTF per 0.2mmtpa
GLNG EBITDA					81	64	48	192	
% GLNG					87%	87%	87%	87%	
Total Hilli									
Total EBITDA		174	175	191	299	265	233	797	
GLNG EBITDA		84	79	96	191	161	133	486	
(-) Cash Interest		9	9	9	9	9	9	27	
FCF		75	70	87	182	152	124	459	

1: Brent & TTF forecast prices are current future prices as of 12/6/2021

Source: Philosophy Capital analysis; GLNG; Bloomberg

Gimi & Corporate Financials (excl. shipping)

Gimi	2018	2019	2020	2021	2022	2023	2024	'22-'24
Total EBITDA					-	54	215	269
GLNG EBITDA					-	38	151	188
% GLNG						70%	70%	70%
(-) Cash Interest				10	13	15	15	42
GLNG FCF		-	-	(10)	(13)	23	136	146
Corporate	2018	2019	2020	2021	2022	2023	2024	'22-'24
EBITDA (FLNG only)	(15)	(13)	(8)	(8)	(8)	(8)	(8)	(23) <- Assume 50% goes with ships
(-) Cash Interest			13	14	14	14	14	41
FCF		(13)	(21)	(21)	(21)	(21)	(21)	(64)
Consolidated	2018	2019	2020	2021	2022	2023	2024	'22-'24
Total EBITDA		174	4,040	4,042	2,321	2,342	2,472	7,135
GLNG EBITDA		70	71	89	184	191	276	651
(-) Cash Interest		9	22	33	36	37	37	110
FCF		61	49	56	148	154	239	541
(+) Hilli Debt		325	325	325	325	325	325	
(+) Gimi Debt				325	428	528	528	
(+) Corp Debt			484	500	500	500	500	
Total Debt			809	1,150	1,253	1,353	1,353	

Source: Philosophy Capital analysis; GLNG; Bloomberg