

**Golar LNG**



**FOURTH QUARTER RESULTS 2005**



## FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including examination of historical operating trends made by the management of Golar LNG. Although Golar LNG believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies, which are difficult or impossible to predict and are beyond its control, Golar LNG cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions.

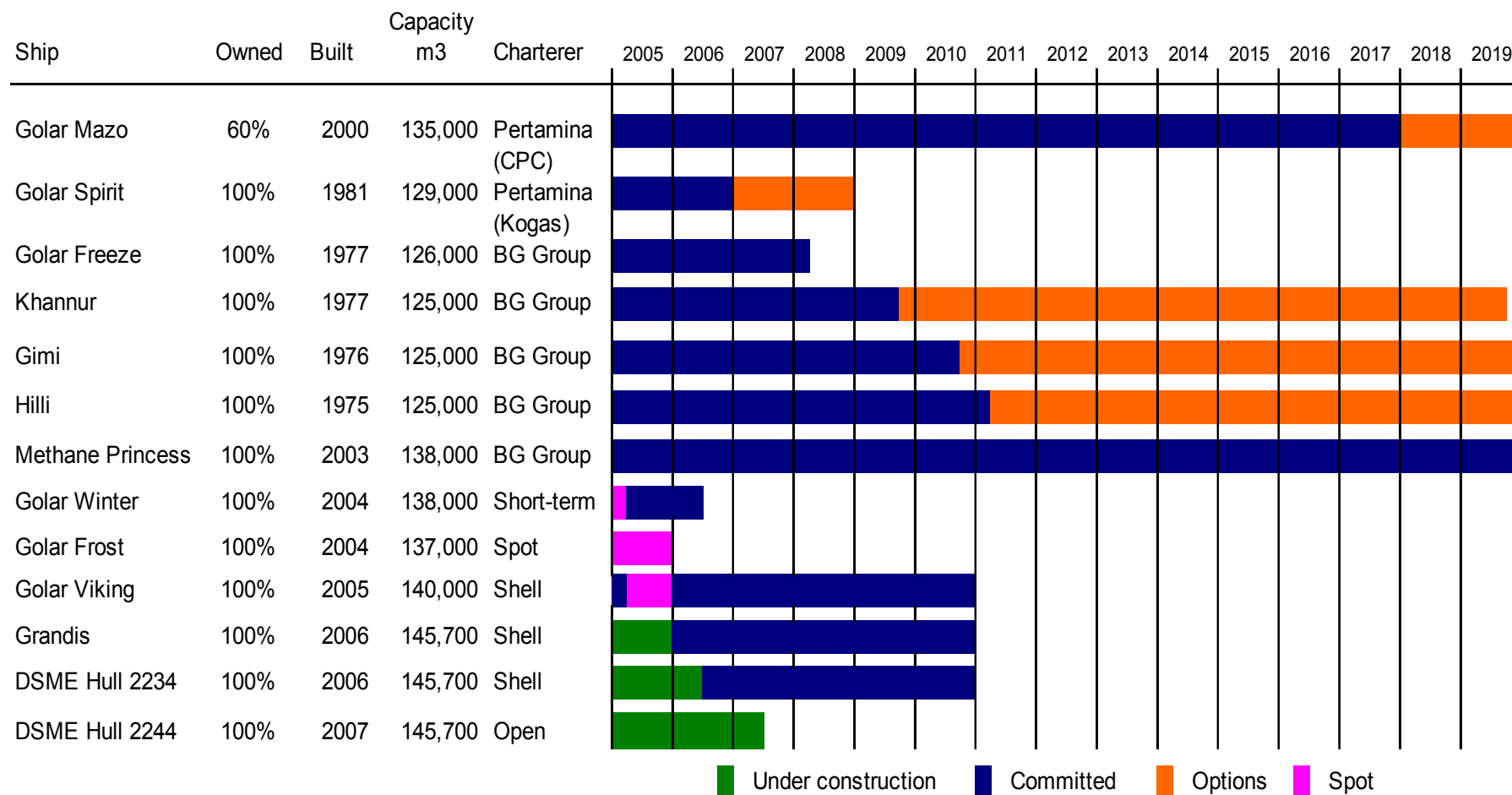


## AGENDA

1. Introduction
2. The Golar Portfolio
3. Q4 2005 and Recent Events
4. The Financials
5. Market Update



## THE GOLAR PORTFOLIO



Golar Frost 'earmarked' for Livorno FRT project



## Q4 AND RECENT MAIN EVENTS

- Improved spot vessel earnings
- Korea Line positive contribution
- Interest rate and Equity swap gains in Q4
  
- Shell charters
- Decree approving Livorno project issued
- FSRU conversion contract signed with Keppel



## GOLAR LNG FOURTH QUARTER 2005 REPORT (UNAUDITED)

<b>INCOME STATEMENT</b> <i>(in thousands of \$)</i>	<b>2005</b> <b>Oct-Dec</b> <i>unaudited</i>	<b>2004</b> <b>Oct-Dec</b> <i>unaudited</i>	<b>2005</b> <b>Jan-Dec</b> <i>unaudited</i>	<b>2004</b> <b>Jan-Dec</b> <i>audited</i>
<b>Operating revenues</b>	<b>45,151</b>	<b>45,378</b>	<b>171,042</b>	<b>163,410</b>
Vessel operating expenses	8,745	9,587	37,215	35,759
Voyage expenses	1,181	668	4,594	2,561
Administrative expenses	4,267	3,051	13,563	8,471
Depreciation and amortisation	13,122	10,910	50,991	40,502
<b>Total operating expenses</b>	<b>27,315</b>	<b>24,216</b>	<b>106,363</b>	<b>87,293</b>
<b>Operating income</b>	<b>17,836</b>	<b>21,162</b>	<b>64,679</b>	<b>76,117</b>
Interest income	8,712	8,896	35,653	31,879
Interest expense	(20,935)	(17,667)	(82,479)	(61,987)
Other financial items	6,009	5,653	7,507	4,804
<b>Income before taxes and minority interest</b>	<b>11,622</b>	<b>18,044</b>	<b>25,360</b>	<b>50,813</b>
Minority interest	(2,559)	(2,751)	(8,505)	(7,575)
Taxes	(247)	(72)	(818)	(420)
Equity in net earnings of investee	1,781	2,553	18,492	13,015
<b>Net income</b>	<b>10,597</b>	<b>17,774</b>	<b>34,529</b>	<b>55,833</b>
<b>Basic earnings per share (\$)</b>	<b>\$0.16</b>	<b>\$0.27</b>	<b>\$0.53</b>	<b>\$0.85</b>



## GOLAR LNG FOURTH QUARTER 2005 REPORT (UNAUDITED)

NET FINANCIAL EXPENSES <i>(in thousands of \$)</i>	2005 Oct-Dec	2005 Jul-Sep	2005 Apr-Jun	2005 Jan-Mar	2004 Oct-Dec
Lease related interest income	8.0	8.1	8.7	8.2	8.6
Other Interest income	0.7	0.7	0.8	0.5	0.3
	<b>8.7</b>	<b>8.8</b>	<b>9.5</b>	<b>8.7</b>	<b>8.9</b>
Lease interest expense	(9.7)	(9.8)	(10.4)	(9.8)	(10.0)
Debt interest expense	(11.2)	(11.4)	(10.5)	(9.6)	(7.7)
	<b>(20.9)</b>	<b>(21.2)</b>	<b>(20.9)</b>	<b>(19.4)</b>	<b>(17.7)</b>
Interest rate swap gain/(loss)	6.1	9.5	(7.8)	6.4	4.2
Net FX (loss)/gain on lease balances	(0.7)	0.3	(2.2)	(1.5)	2.6
Other financial items	(0.7)	(0.8)	(0.1)	(2.3)	(1.1)
Equity swap gain	1.3	-	-	-	-
	<b>6.0</b>	<b>9.0</b>	<b>(10.1)</b>	<b>2.6</b>	<b>5.7</b>
<b>Net Financial Expenses</b>	<b>(6.2)</b>	<b>(3.4)</b>	<b>(21.5)</b>	<b>(8.1)</b>	<b>(3.1)</b>



## GOLAR LNG FOURTH QUARTER 2005 REPORT (UNAUDITED)

<b>BALANCE SHEET</b> <i>(in thousands of \$)</i>	<b>2005</b> <b>Dec 31</b> <i>unaudited</i>	<b>2004</b> <b>Dec 31</b> <i>audited</i>
<b>ASSETS</b>		
<b>Short term</b>		
Cash and cash equivalents	62,227	51,598
Restricted cash and short-term investments	49,448	41,953
Other current assets	23,801	22,652
<b>Long term</b>		
Restricted cash (relates to leases)	696,308	714,802
Equity in net assets of non-consolidated associate	65,950	48,869
Newbuildings	111,565	145,233
Vessel and equipment, net	1,209,044	1,078,383
Other long term assets	12,352	6,839
	Korea Line	
<b>TOTAL ASSETS</b>	<b>2,230,695</b>	<b>2,110,329</b>



## GOLAR LNG FOURTH QUARTER 2005 REPORT (UNAUDITED)

<b>BALANCE SHEET</b> <i>(in thousands of \$)</i>	<b>2005</b> <b>Dec 31</b> <i>unaudited</i>	<b>2004</b> <b>Dec 31</b> <i>audited</i>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Short term</b>		
Current portion of long-term debt	67,564	66,457
Current portion of capital lease obligations	2,466	2,662
Other current liabilities	53,963	46,775
<b>Long term</b>		
Long term debt	758,183	636,497
Long term capital lease obligations	801,500	842,853
Other long term liabilities	84,878	86,033
Minority interest	27,587	26,282
Stockholders' equity	434,554	402,770
	Includes deferred lease benefit	
<b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	<b>2,230,695</b>	<b>2,110,329</b>



## GOLAR LNG FOURTH QUARTER 2005 REPORT (UNAUDITED)

STATEMENT OF CASH FLOWS <i>(in thousands of \$)</i>	2005 Oct-Dec <i>unaudited</i>	2004 Oct-Dec <i>unaudited</i>	2005 Jan-Dec <i>unaudited</i>	2004 Jan-Dec <i>audited</i>
<b>OPERATING ACTIVITIES</b>				
Net income	10,597	17,774	34,529	55,833
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortisation	13,460	11,283	54,026	41,772
Income attributable to minority interests	2,559	2,751	8,505	7,575
Undistributed net earnings of non-consolidated investee	(1,781)	(2,553)	(16,945)	(12,844)
Drydocking expenditure	(135)	(2,172)	(9,373)	(13,299)
Change in market value of equity, interest rate and currency derivatives	(3,491)	(15,855)	4,605	(12,237)
Interest element included in capital lease obligations	1,914	1,238	7,351	6,321
Unrealised foreign exchange (gain) / loss	(3,185)	9,100	(15,709)	5,161
Change in operating assets and liabilities	(922)	(1,742)	4,037	3,746
<b>Net cash provided by operating activities</b>	<b>19,016</b>	<b>19,824</b>	<b>71,026</b>	<b>82,028</b>
<b>INVESTING ACTIVITIES</b>				
Additions to newbuildings, vessels & equipment	(4,201)	(53,156)	(145,728)	(286,792)
Long-term restricted cash	(3,140)	(173)	(56,953)	(37,515)
Purchase of unlisted investments	-	-	(3,000)	-
Investment in associated companies	-	-	-	(21,948)
Short-term restricted cash and investments	(5,745)	4,546	(7,495)	(9,858)
<b>Net cash used in investing activities</b>	<b>(13,086)</b>	<b>(48,783)</b>	<b>(213,176)</b>	<b>(356,113)</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from long-term debt & lease obligations	-	-	464,800	273,715
Repayments of long-term lease obligations	(515)	(461)	(3,004)	(894)
Repayments of long-term debt	(20,697)	(20,038)	(297,206)	(62,281)
Financing costs paid	(201)	(447)	(3,944)	(2,740)
Dividends paid to minority shareholders	-	-	(7,200)	-
Payments to repurchase equity	-	-	(667)	-
<b>Net cash (used in) / provided by financing activities</b>	<b>(21,413)</b>	<b>(20,946)</b>	<b>152,779</b>	<b>207,800</b>
<b>Net (decrease) / increase in cash &amp; cash equivalents</b>	<b>(15,483)</b>	<b>(49,905)</b>	<b>10,629</b>	<b>(66,285)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>77,710</b>	<b>101,503</b>	<b>51,598</b>	<b>117,883</b>
<b>Cash and cash equivalents at end of period</b>	<b>62,227</b>	<b>51,598</b>	<b>62,227</b>	<b>51,598</b>

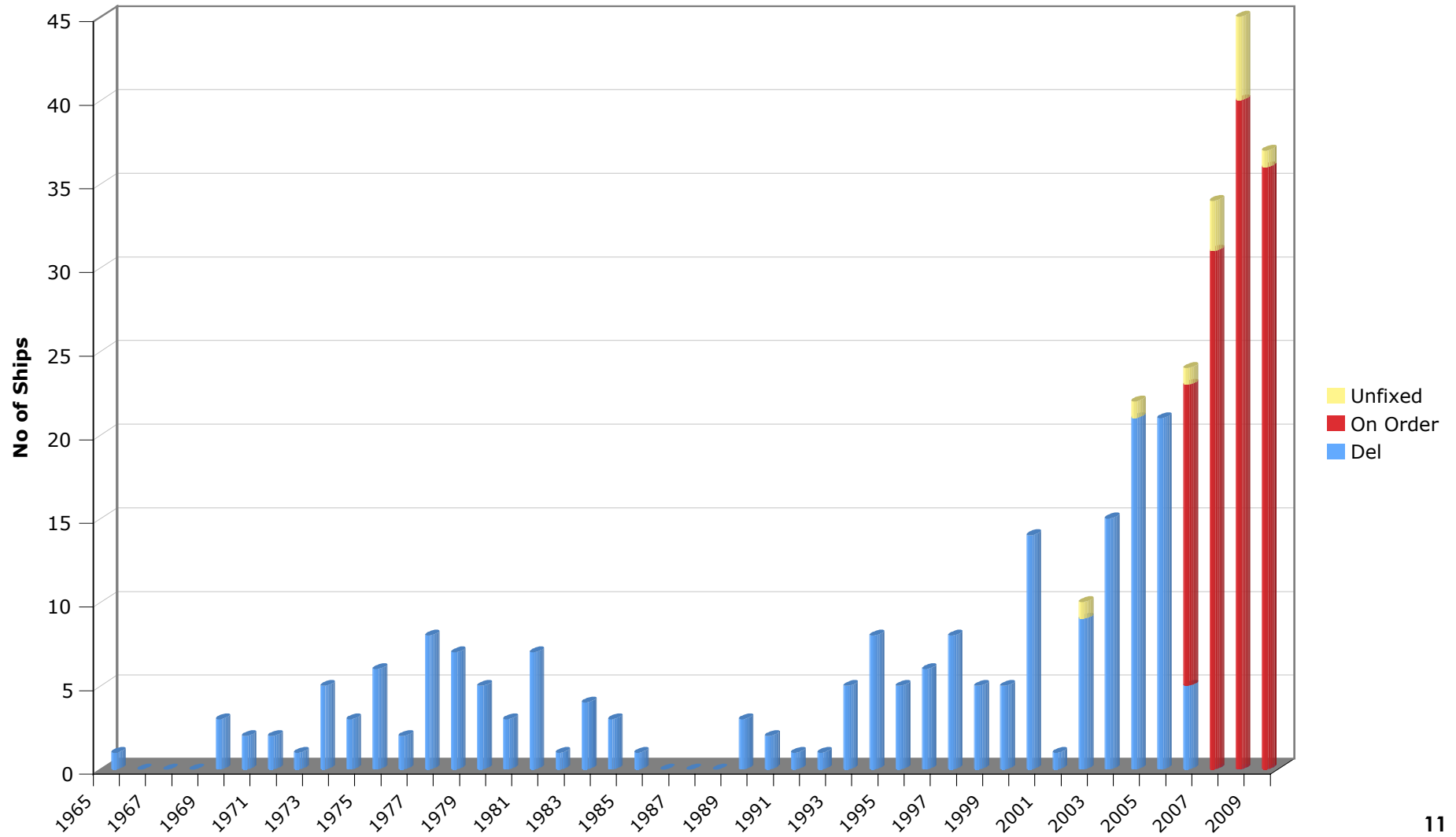


## SPOT MARKET OVERVIEW

- “Spare” capacity consolidated in the hands of major players
- Few independent owners remain:
  - Charterers’ cover with medium term
  - Shell / Excelerate / GdeF / Sonatrach
- Spot shipping demand met from within project schedules
- Spot sellers continue to take lions share
  - Trader involvement developing
- “Apparent” vessel shortage has raised rates
  - High reported rates don’t fully reflect actual earnings
  - Charterers’ now have to absorb waiting time and ballast costs
- Owners benefit from much improved utilisation and rate improvements



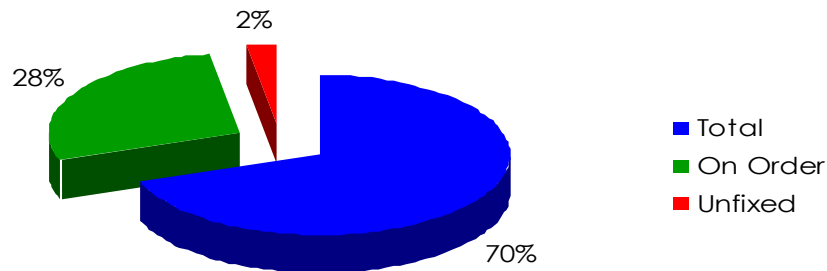
## LNG FLEET DEVELOPMENT





## LNG FLEET SUMMARY

**Current LNG Fleet  
Number of Vessels**



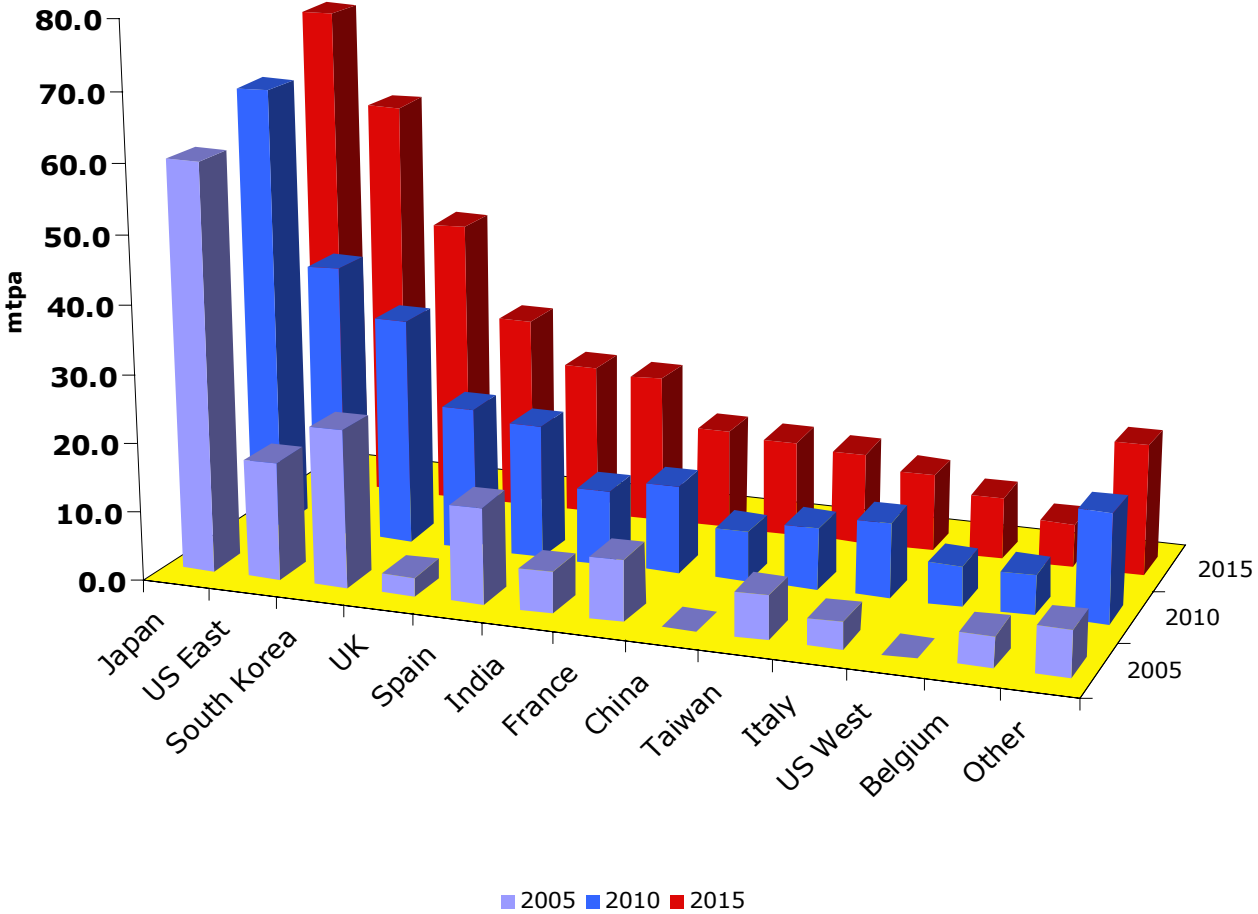
Existing Ships	199	
On Order	135	
Of Which Unfixed	10	
Delivered Unfixed	2	
Excludes	3 Golar Shell Vessels Golar Frost	5 Year TC Livorno
	Excelerate Vessels except Excalibur	
<b>Fleet and Current Order Book</b>		
Total	336	
On Order	135	28.7%
Unfixed	12	2.5%
Unfixed: No Long Term Commitments		

- The unfixed vessels are not a significant proportion of the whole fleet
- Given the NB price it is unlikely that further fully speculative vessels will be ordered
- It is unlikely that they will trade as independents for any period in the spot market

A spot market of independently owned vessels will be very restricted in number though earnings will be sustainable for any there are.



## FORECAST LNG DEMAND



Source: Wood Mackenzie



## PROJECT DEVELOPMENTS

- Major new project development has slowed
  - Uncertainties in Qatar, Iran, India, Nigeria
- Gas price volatility raises Base Load demand questions in US and Europe
- Shipyard situation: Continuing demand for future projects conceals long term overcapacity
  - Yards marketing 2010 delivery
  - Prices firm (standard 155,000 m<sup>3</sup> DFDE \$215m)
- Future demand growth still assured: speed of development is the issue



## OTHER OPPORTUNITIES

### TECHNOLOGY BASED

- Floating regasification
  - Livorno: Permits in place
  - Other: Mediterranean & Far East
  - U.S. site
- Power generation
  - Developing interest

### SPOT

- Strategic opportunities occur as project tonnage absorbed: further tonnage required to provide flexibility. Charterers move to medium term.