

**Golar LNG**



# SECOND QUARTER RESULTS 2006





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.



1. Introduction
2. Industry overview
3. Q2 Highlights
4. Financial review
5. Strategy



### Liquefaction:

- Several new projects enter FEED
- Rising costs and project complexity contribute to FID delay

### Regas:

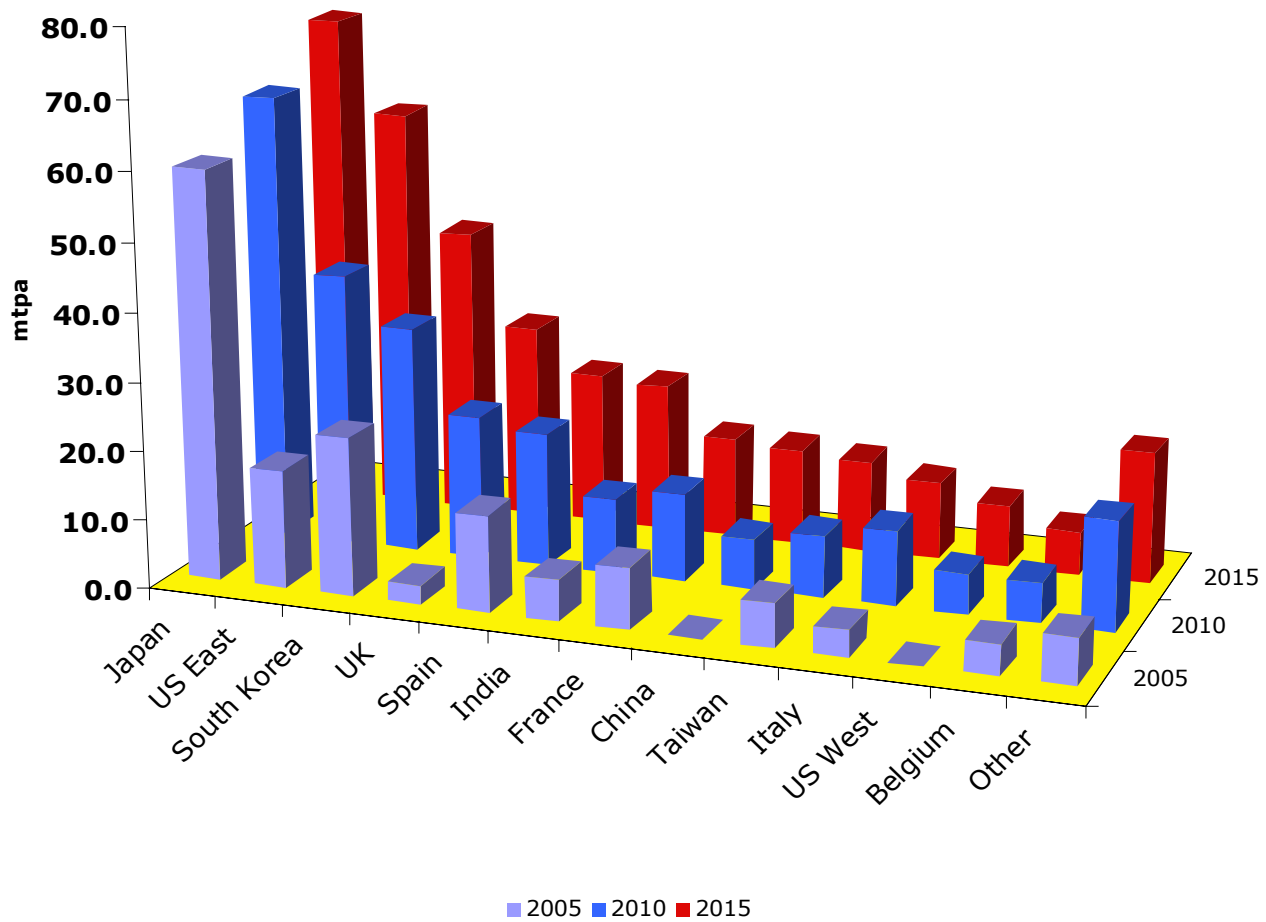
- Slow progress in US onshore/offshore project development
- Altamira and Guangdong commissioning

### Ships:

- 'Final' Qatar ship acquisition project to conclude by year end
- Delayed projects have freed up earlier berths
- Yards claim other ship sector demand sustains pricing
- In thin market. prices unchanged (std 155,000m<sup>3</sup> \$215-220m)
- Future demand still anticipated: speed of development is the issue.

# Forecast LNG Demand

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Source: Wood Mackenzie

# LNG Shipping Projects

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	Delivery Date	No. and m <sup>3</sup> Capacity	Remarks
<b><u>Qatargas-2</u></b> ExxonMobil, Total & Qatar Petroleum	2009	6 x 260~265,000	Train 5 ~ 7.8 mmtpa to UK; tender completed but awards delayed AWARDED
<b><u>Qatargas-3</u></b> ConocoPhillips & Qatar Petroleum	2009~10	10~12 x 210~265,000	Train 6 ~ 7.5 mmtpa to US. Delayed
<b><u>Qatargas-4</u></b> Shell & Qatar Petroleum	2010~12	12~13 x 210-265,000	Train 7 ~ 7.8 mmtpa to US/Europe; tender due in 2007
<b><u>RasGas II</u></b> CPC/RasGas	2009	3~4 x 145~220,000	Up to 3.3 mmtpa to Tatan power station (Taipower); Awarded: NYK
<b><u>RasGas III</u></b> ExxonMobil & Qatar Petroleum	2010~11	10~12 x 210-265,000	Train 7 ~ 7.8 mmtpa to US; tender process delayed
<b><u>Petronet LNG</u></b> Petronet LNG	2009~10	2 x 165~175,000	To serve 2.5 mmtpa Kochi terminal from undetermined sources; pending
<b><u>Hyproc Shipping Co.</u></b> Sonatrach	2009	1 x 160,000	Tender for 2 vessels Oct-06
<b><u>Peru LNG</u></b> Repsol-YPF	2009	4 x 155,000	To transport 4 mmtpa to west coast Mexico; groundbreaking at liquefaction terminal site in Jan 2006; shipping tender delayed
<b><u>Nigeria LNG</u></b> Shell with NNPC, Total, Eni-Agip	2010~	12 x 150~200,000	Train 7 ~ 8 mmtpa. To include six options; bids received from shipyards & owners during January; FID 2007 NLNG likely to take stakes or full ownerships of some ships.
<b><u>Gassi Touil</u></b> Repsol Gas Natural LNG	2010~	2 x 155,000	To transport 4 mmtpa from Arzew to US East; tender expected mid-2006;
<b><u>Angola LNG</u></b> Chevron, BP, Total, ExxonMobil, Norsk Hydro	2010~	6~7 x 155~220,000	To serve 5 mmtpa initial train (of four eventually).
<b><u>Brass LNG</u></b> NNPC, ConocoPhillips, Eni-Agip	Jan~Sep 2010	10~14 x 155~220,000	To serve 10 mmtpa two-train development;
<b><u>Olokola (OK) LNG</u></b> NNPC, Chevron, BG, Shell	2010~	22~31 x 155~220,000	To serve 22 mmtpa project, NNPC partnering in the marketing of each of two dual trains with Chevron/BG and Shell

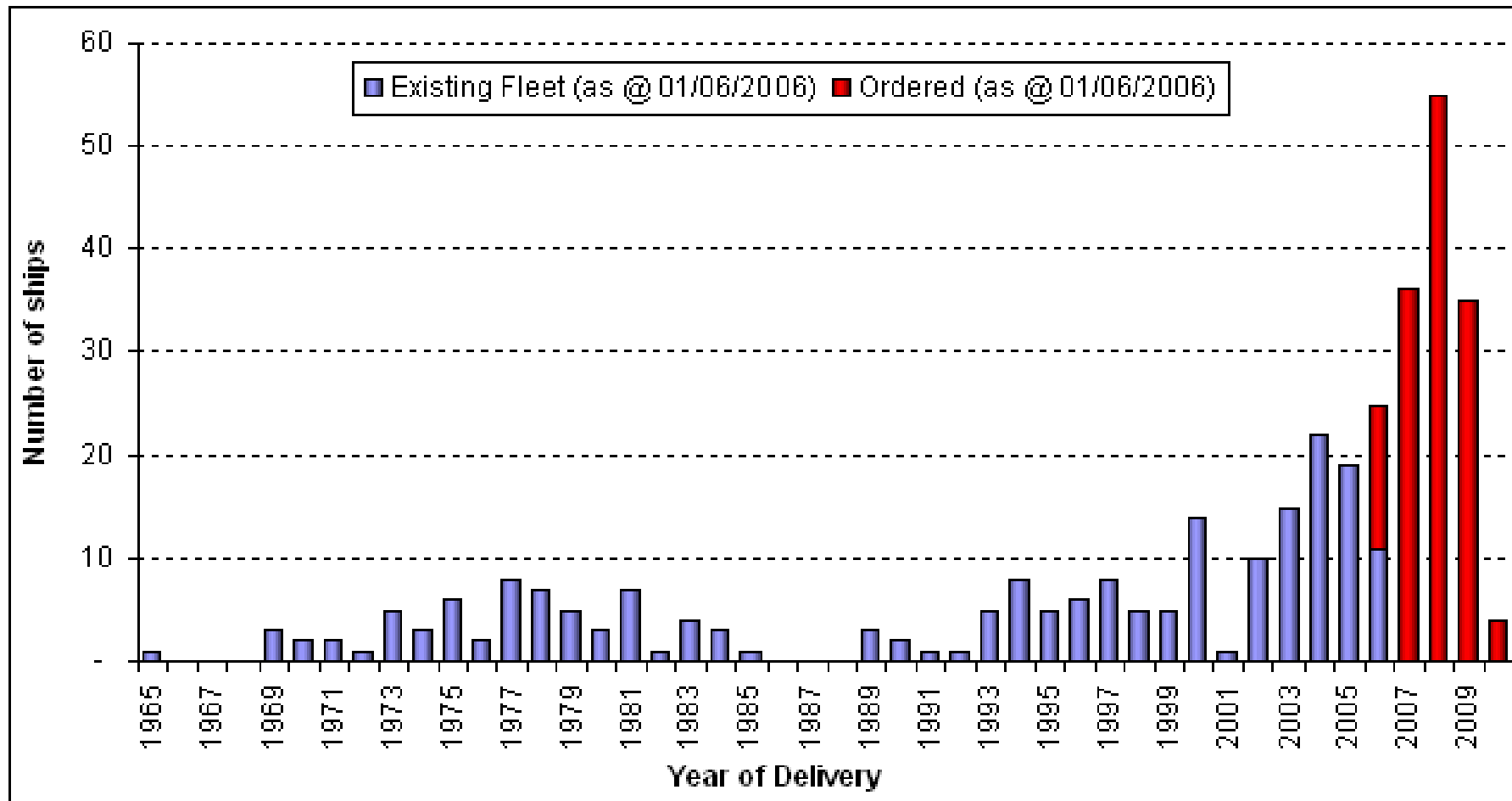
Source: Wood Mackenzie

# Fleet Development

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## Number of Vessels Delivered by Year

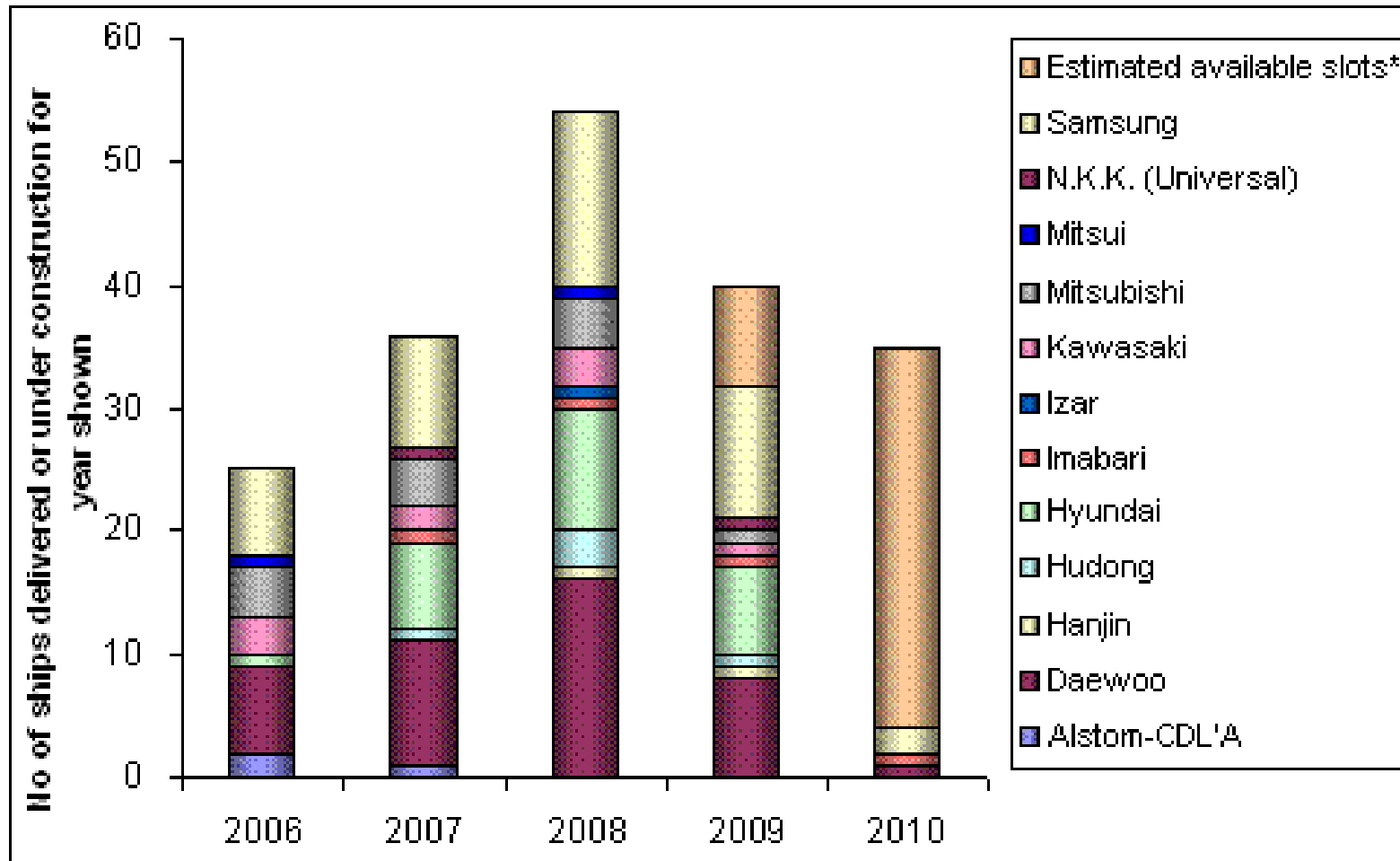


As At 1/6/2006

Source: Wood Mackenzie

# SHIPYARD CAPACITY

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As At 1/6/2006

Source: Wood Mackenzie



### Cargoes:

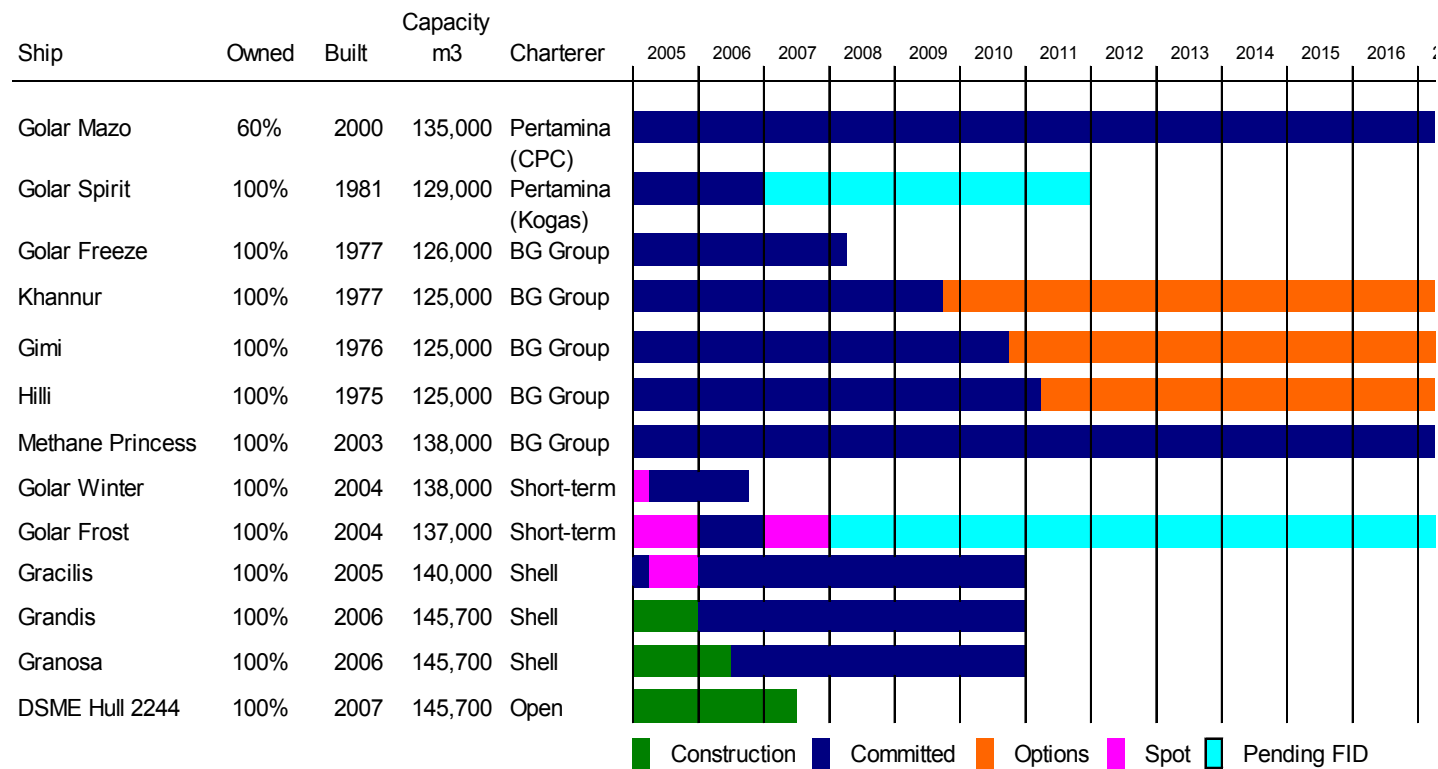
- Production outages: Egypt, Trinidad, Nigeria, NWS, Indonesia
- Far East and US Prices Gas down from winter highs: only US stock building keeps demand moving as Europe 'full'
- India take spot cargoes

### Tonnage Availability:

- Vessels returning from Far East cause 'bubble' of oversupply ahead of production resumption and winter demand.
- Expectation of strong winter demand has kept Charterers seeking over-winter coverage
- As new projects slide some adjustment of interim tonnage has led to some intra-project 2-3 year charters

# Golar Portfolio

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FSRU Projects

Golar Frost 'earmarked' for Livorno FRT project



- Significant improvement in results from last year although down on Q1
- Spot vessels charter rates in line with Q1 but lower utilisation – improved outlook for the winter period
- Interest rate swap gains
- Reduced Korea Line contribution
- Interesting commercial developments - LNG storage
  
- Delivery of *Granosa* – Shell charter
- Draw down of \$120m *Granosa* loan facility
- LNG Ltd investment completed

# Key financials

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	<b>Q2 2006</b>	<b>Q1 2006</b>	<b>Q2 2005</b>	<b>6m to June 06</b>	<b>6m to June 05</b>
<i>(USD million)</i>					
Net operating revenues	49.8	54.6	37.5	104.3	80.7
EBITDA	36.0	41.9	24.4	77.8	54.8
Operating income	22.3	28.5	11.6	50.9	29.8
Net financial expenses	(2.3)	(3.9)	(21.5)	(6.3)	(29.7)
Equity investment earnings, minorities, taxes	(2.6)	3.3	5.6	0.7	12.8
Net income	17.3	27.9	(4.4)	45.3	13.0
Vessel numbers	11	11	10	11	10
<i>(USD thousand per day)</i>					
Time charter equivalent rates	49,700	55,100	41,200	52,400	45,700
Ship operating expenses	9,815	10,500	10,600	10,150	10,650

# Second Quarter 2006 Report

## Golar LNG



<b>INCOME STATEMENT</b> <i>(in thousands of \$)</i>	<b>2006</b> <b>Apr-Jun</b> <i>(unaudited)</i>	<b>2005</b> <b>Apr-Jun</b> <i>(unaudited)</i>	<b>2006</b> <b>Jan-Jun</b> <i>(unaudited)</i>	<b>2005</b> <b>Jan-Jun</b> <i>(unaudited)</i>	<b>2005</b> <b>Jan-Dec</b> <i>(audited)</i>
<b>Operating revenues</b>	<b>53,682</b>	<b>38,907</b>	<b>111,022</b>	<b>83,103</b>	<b>171,042</b>
Vessel operating expenses	9,972	9,645	20,363	19,217	37,215
Voyage expenses	3,918	1,402	6,692	2,446	4,594
Administrative expenses	3,805	3,452	6,119	6,637	13,563
Depreciation and amortisation	13,669	12,821	26,990	24,956	50,991
<b>Total operating expenses</b>	<b>31,364</b>	<b>27,320</b>	<b>60,164</b>	<b>53,256</b>	<b>106,363</b>
<b>Operating income</b>	<b>22,318</b>	<b>11,587</b>	<b>50,858</b>	<b>29,847</b>	<b>64,679</b>
Interest income	9,941	9,479	19,054	18,189	35,653
Interest expense	(24,016)	(20,913)	(46,961)	(40,346)	(82,479)
Other financial items	11,732	(10,107)	21,650	(7,510)	7,507
<b>Income before taxes and minority interest</b>	<b>19,975</b>	<b>(9,954)</b>	<b>44,601</b>	<b>180</b>	<b>25,360</b>
Minority interest	(2,501)	(1,504)	(4,551)	(3,783)	(8,505)
Taxes	(215)	(295)	(406)	(420)	(818)
Equity in net earnings of investee	84	7,403	5,644	16,994	18,492
<b>Net income</b>	<b>17,343</b>	<b>(4,350)</b>	<b>45,288</b>	<b>12,971</b>	<b>34,529</b>
<b>Earnings per share (\$)</b>	<b>\$0.26</b>	<b>(\$0.07)</b>	<b>\$0.69</b>	<b>\$0.20</b>	<b>\$0.53</b>

# Second Quarter 2006 Report

**Golar LNG**



<b>BALANCE SHEET ASSETS</b> <i>(in thousands of \$)</i>	<b>2006</b> <b>June 30</b> <i>(unaudited)</i>	<b>2005</b> <b>June 30</b> <i>(unaudited)</i>	<b>2005</b> <b>Dec 31</b> <i>(audited)</i>
<b>Short term assets</b>			
Cash and cash equivalents	65,532	87,794	62,227
Restricted cash and short-term investments	47,546	41,131	49,448
Other current assets	22,698	14,899	17,915
<b>Long term assets</b>			
Restricted cash (relates to leases)	729,807	718,127	696,308
Equity in net assets of non-consolidated associate	78,941	65,601	65,950
Newbuildings	32,381	108,002	111,565
Vessel and equipment, net	1,487,495	1,238,044	1,209,044
Other long term assets	41,103	11,116	18,238
<b>TOTAL ASSETS</b>	<b>2,505,503</b>	<b>2,284,714</b>	<b>2,230,695</b>

# Second Quarter 2006 Report

**Golar LNG**



<b>BALANCE SHEET LIABILITIES</b> <i>(in thousands of \$)</i>	<b>2006</b> <b>June 30</b> <i>(unaudited)</i>	<b>2005</b> <b>June 30</b> <i>(unaudited)</i>	<b>2005</b> <b>Dec 31</b> <i>(audited)</i>
<b>Short term liabilities</b>			
Current portion of long-term debt	73,048	65,759	67,564
Current portion of capital lease obligations	4,962	2,466	2,466
Other current liabilities	43,634	56,826	53,963
<b>Long term liabilities</b>			
Long term debt	839,606	792,654	758,183
Long term capital lease obligations	947,949	836,264	801,500
Other long term liabilities	83,703	84,326	84,878
Minority interest	32,138	30,065	27,587
Stockholders' equity	480,463	416,354	434,554
<b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	<b>2,505,503</b>	<b>2,284,714</b>	<b>2,230,695</b>
<b>Percentage of fixed interest debt</b>	<b>56%</b>	<b>59%</b>	<b>58%</b>

# Second Quarter 2006 Report

## Golar LNG



STATEMENT OF CASH FLOWS <i>(in thousands of \$)</i>	Apr-Jun 2006 <i>(unaudited)</i>	Apr-Jun 2005 <i>(unaudited)</i>	Jan-Jun 2006 <i>(unaudited)</i>	Jan-Jun 2005 <i>(unaudited)</i>	Jan-Dec 2005 <i>(audited)</i>
<b>OPERATING ACTIVITIES</b>					
Net income (loss)	17,343	(4,350)	45,288	12,971	34,529
Depreciation and amortisation	14,052	13,144	27,731	27,305	54,026
Income (loss) attributable to minority interests	2,501	1,504	4,551	3,783	8,505
Undistributed net earnings of non-consolidated investee	1,095	(5,856)	(4,465)	(15,447)	(16,948)
Drydocking expenditure	(349)	(508)	(650)	(9,383)	(9,373)
Stock-based compensation	1,029	0	1,349	0	0
Change in market value of interest, currency & equity derivatives	(15,824)	15,950	(28,091)	14,746	4,605
Interest element included in capital lease obligations	1,302	1,527	3,266	3,731	7,351
Unrealised foreign exchange (gain) loss	5,594	(5,605)	7,351	(9,303)	(15,709)
Change in operating assets and liabilities	(7,938)	(4,261)	(1,633)	3,773	4,040
<b>Net cash provided by operating activities</b>	<b>18,805</b>	<b>11,545</b>	<b>54,697</b>	<b>32,176</b>	<b>71,026</b>
<b>INVESTING ACTIVITIES</b>					
Additions to newbuildings, vessels & equipment	(127,235)	(32,929)	(232,767)	(139,969)	(145,728)
Long-term restricted cash	1,122	(46,586)	1,144	(47,839)	(56,953)
Purchase of unlisted investments	0	0	(500)	(3,000)	(3,000)
Purchase of marketable securities	(10,386)	0	(10,386)	0	0
Proceeds from disposal of marketable securities	2,248	0	2,248	0	0
Short-term restricted cash and investments	(2,363)	5,815	1,902	822	(7,495)
<b>Net cash used in investing activities</b>	<b>(136,614)</b>	<b>(73,700)</b>	<b>(238,359)</b>	<b>(189,986)</b>	<b>(213,176)</b>
<b>FINANCING ACTIVITIES</b>					
Proceeds from long-term debt & Lease obligations	120,000	44,800	222,983	464,800	464,800
Repayments of long-term lease obligations	(1,098)	(544)	(1,556)	(1,961)	(3,004)
Repayments of long-term debt	(21,066)	(9,763)	(33,094)	(264,540)	(297,206)
Financing costs paid	(1,353)	(916)	(1,366)	(3,626)	(3,944)
Dividends paid to minority shareholders	0	0	0	0	(7,200)
Payments to repurchase equity	0	0	0	(667)	(667)
<b>Net cash provided by (used in) financing activities</b>	<b>96,483</b>	<b>33,577</b>	<b>186,967</b>	<b>194,006</b>	<b>152,779</b>
<b>Net increase (decrease) in cash &amp; cash equivalents</b>	<b>(21,326)</b>	<b>(28,578)</b>	<b>3,305</b>	<b>36,196</b>	<b>10,629</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>86,858</b>	<b>116,372</b>	<b>62,227</b>	<b>51,598</b>	<b>51,598</b>
<b>Cash and cash equivalents at end of period</b>	<b>65,532</b>	<b>87,794</b>	<b>65,532</b>	<b>87,794</b>	<b>62,227</b>

# Second Quarter 2006 Report

Golar LNG



NET FINANCIAL EXPENSES <i>(in thousands of \$)</i>	2006 Apr -Jun	2006 Jan -Mar	2005 Oct -Dec	2005 Jul -Sep	2005 Apr -Jun
Lease related interest income	8.8	8.3	8.0	8.1	8.7
Other Interest income	1.1	0.8	0.7	0.7	0.8
	<b>9.9</b>	<b>9.1</b>	<b>8.7</b>	<b>8.8</b>	<b>9.5</b>
Lease interest expense	(12.3)	(11.6)	(9.7)	(9.8)	(10.4)
Debt interest expense	(11.7)	(11.3)	(11.2)	(11.4)	(10.5)
	<b>(24.0)</b>	<b>(22.9)</b>	<b>(20.9)</b>	<b>(21.2)</b>	<b>(20.9)</b>
Interest rate swap gain/(loss)	9.3	8.5	6.1	9.5	(7.8)
Net FX gain /(loss) on lease balances	1.1	1.8	(0.7)	0.3	(2.2)
Other financial items	1.5	(0.6)	(0.7)	(0.8)	(0.1)
Equity swap gain	(0.2)	0.2	1.3	-	-
	<b>11.7</b>	<b>9.9</b>	<b>6.0</b>	<b>9.0</b>	<b>(10.1)</b>
<b>Net Financial Expenses</b>	<b>(2.4)</b>	<b>(3.9)</b>	<b>(6.2)</b>	<b>(3.4)</b>	<b>(21.5)</b>



## Core Business:

- LNG Ship owning
  - Enhance Safety/Operating Structures
  - 3rd Party Manager Development
  - Customer Service
  - Commercial flexibility
  - Build on existing customer base



## Margin Enhancement:

- Regas Opportunities
  - Livorno
  - Torp
  - FSRU conversions
- Liquefaction
  - LNG Ltd investment and cooperation
- Trading
  - Opportunities under development



## Core Business:

- Shell Deal now fully operational
- Winter period 06 firming up
- Charterers concentrate on over-wintering
- 3 year charter options emerging

## Margin Enhancement:

- Floating regas
  - Livorno: FID targeted for Dec 06
  - Spirit FSRU conversion
    - In discussion with prospective charterers
    - Major equipment item orders placed
- Contango “floating storage” charter executed