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Valuation of Flex LNG

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Abstract

This report presents a valuation of Flex LNG using discounted cash flow (DCF), net asset value (NAV) and comparable companies analysis (CCA) methodologies. These models are combined in a blended approach to estimate the intrinsic value of the share. The analysis yields a price target of $24.16 and a HOLD recommendation. The report describes the forecast assumptions and methodology. The blended valuation implies only a 0.8% upside from the current share price of $23.97, supporting a neutral recommendation.

Keywords

Equity Valuation, LNG Shipping, Discounted Cash Flow, Net Asset Value

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1 Company Overview

1.1 Business Model

Flex LNG Ltd. is an operator of modern liquefied natural gas (LNG) carriers. LNG is natural gas cooled to about -161 degrees Celsius to become liquid form, making it easier and safer to transport by ship (National Grid, 2025). The global LNG market is dominated by a few large exporters (USA, Qatar, Australia) and major importers in Asia (Clarksons, 2025).

Flex LNG currently operates 13 modern LNG vessels. Their vessels operate around the world servicing major LNG trade routes, where they connect supply-rich countries with demand centers. The routes can typically be shipment from US or West African export terminals to Asia and Europe (Flex LNG, 2025).

The company is known for a generous dividend policy, returning a large share of earnings to shareholders. In 2024 they paid out $3 per share as dividends, implying a dividend yield of approximately 12% (Flex LNG, 2025). They have been paying similar dividends for the last 3 years. Flex LNG currently has a strong balance sheet and holds a large cash position and is therefore expected to continue to pay similar dividends. Although some peers pay similar dividends, the median peer dividend yield is only 4%. The high payout of Flex LNG's therefore reflects its strong liquidity, low reinvestment needs, and shareholder-friendly strategy, rather than being a sign of distress.

1.2 Operational Structure

The revenue of Flex LNG has been stable at around $340-370 million in recent years (Figure 1). The huge increase in revenue from 2020 to 2021 is due to the acquisition of several new vessels, while the small changes in revenue thereafter are due to changes in market conditions.

Their revenue model is built around three vessel chartering strategies: fixed charter contracts, variable charter contracts, and exposure to the spot market. Eleven of the thirteen ships are currently on long-term fixed-rate charters. Under these charters, customers pay fixed daily rates regardless of short-term market prices, insulating Flex LNG from spot volatility. One vessel is on a variable charter contract, and one trades in the spot market. In their 2024 Q4 presentation,

Flex LNG reported a firm backlog of 62 years, extendable to 95 years. (Flex LNG, 2025).
Flex LNG's operating expenses are classified into voyage expenses, vessel operating expenses, and administrative expenses. Voyage expenses primarily include port and canal charges, fuel expenses, and broker fees. The operating expenses of the vessel include the wages of the crew, the cost of insurance, the expenses of repairs and maintenance, and other miscellaneous expenses (Flex LNG, 2025). Administrative expenses encompass the cost associated with employee and management compensation, office and administrative overhead, and professional services.

1.3 Company History and Corporate Structure

Flex LNG was founded in 2006 and completed their IPO in 2009 (Table 1). They are today registered in Bermuda and have a dual listing on the NYSE and The Oslo Stock Exchange (Flex LNG, 2025). The company's largest shareholder is Geveran Trading Co. Ltd, which owns 43.3% of the outstanding shares (Figure 2). Geveran Trading is a holding company affiliated with Norwegian-born shipping tycoon John Fredriksen.
The growth of Flex LNG has been largely organic in fleet expansion. The company took delivery of two LNG carriers in 2018 and has since expanded to 13 vessels (Flex LNG, 2025). There is no history of corporate mergers or acquisitions. The financing of newbuilding orders is mostly done through equity issues and debt financing. Despite its Bermuda headquarters, Flex LNG is often associated with Norway's shipping sector due to its Norwegian founder (John Fredriksen) and listing in Oslo.

1.4 Tax Regime

Flex LNG is registered in Bermuda and under current Bermuda law, the company is not required to pay taxes on income or capital gains (Flex LNG, 2025). For US source income, Flex LNG qualifies for an IRS exemption and pays only 4% US tax on gross freight revenues. Certain of the company's subsidiaries in Norway and the UK are subject to income tax in their respective jurisdictions. As a result of these circumstances, the Flex LNG income tax ranged between 0.05% and 0.11% over the last four years, with an average of 0.07% (Flex LNG, 2025). Beyond income taxes, LNG shipping can incur other levies such as fuel excise, port dues, and new

environmental charges. Flex LNG's filings do not detail these, but any such costs are treated as operating expenses. Overall, the company's effective tax burden is minimal.

2 Industry Analysis

2.1 The Global LNG Carrier Market

Historical Trends

In the past decade, the global LNG Carrier (LNGC) market has experienced rapid expansion. This has happened in line with the increase in LNG trade, which has doubled between 2013 and 2023 and reached a level of approximately 408 million tonnes (Clarksons, 2025). Since 2016, the total capacity of the fleet has increased by 45% capacity, and by 2025 the LNGC fleet has more than 800 vessels.

Charter spot rates have been volatile in recent years (Figure 3). From an average of $170,000/day in 2022 to a long-time low of $14,000/day in January 2025, due to an oversupplied market (Clarksons, 2025). This boom-bust cycle demonstrates the sector's sensitivity to supply-demand imbalances and seasonal shifts.

Recent Development & Outlook

During recent years, with high spot rates, the orderbook for new LNG vessels has increased rapidly. By the end of 2024, the orderbook consisted of 345 vessels which is equal to above 40% of the current Fleet (Table 3). According to the current orderbook and projected scrapping, the overall LNGC fleet is expected to grow 11.8% in 2025, 9.2% in 2026, 9.4% in 2027, before stabilizing. This near-term oversupply of vessels, in addition to delays in some LNG supply projects, is putting pressure on both utilization and spot prices (Clarksons, 2025). Looking beyond 2025 there is projected a 11.4% increase in LNG shipping demand by 2026, which will likely outpace the fleet growth. And by 2030 the global LNG trade is projected to reach almost 700 million tonnes, which is 68% above the 2024 levels (Clarksons, 2025).

Macroeconomic & Regulatory Factors

The global dynamics of gas prices influence LNG trade flows and shipping demand. For example, the Russia-Ukraine war in 2022 caused European gas prices to spike and shifted LNG trade

routes, temporarily shortening average distances and increasing spot rates (Clarksons, 2025).

Another regulatory driver concerns environmental impacts. The International Maritime Organization (IMO) decarbonization measures pressure older, inefficient carriers (IMO, 2025). Steam carriers are especially under pressure as they are currently the least environmentally friendly vessels. Scrapping of such vessels has been increasing in recent years.

In addition, increasing US trade protectionism introduces uncertainty. The ongoing tariff war between the United States and China could affect one of the main LNG trade routes. But analysts note that broad US tariffs so far have had little direct impact on LNG flows as demand is relatively inelastic, but warn that an escalated trade war could slow global growth and curb gas demand overall (Argus Media, 2025). The implications of both an escalated trade war and the resolution of the Russia-Ukraine conflict will be further discussed later in the Scenario Analysis part.

2.2 LNG Supply and Demand

Production & Export Trends

The global supply of LNG has grown in recent years and reached 412 million tons in 2024 (Figure 4). For many years, Qatar and Australia were the two largest exporters of LNG. But in 2023, the United States emerged as the largest supplier. Last year, they exported 88 million tonnes and are expected to export 113 in 2026 (Clarksons, 2025). Other countries like Qatar, Canada, and Russia are also expected to grow in the coming years. In total, an increase of about 40% is planned for 2025-2028 (IEEFA, 2024). This wave of new supply will potentially boost the demand for LNG shipping.

Import Demand & Trade Flows

Asia is the largest importer of LNG in the world. In 2020, 71% of the global LNG demand was in Asia, led by China, Japan, and South Korea (Figure 5). Although the Southeast is still a huge importer, LNG trade flows changed drastically in 2021-2022 due to Europe's energy crisis. When the Russia-Ukraine war broke loose, EU pivoted away from Russian pipeline gas and turned to, among other sources of gas, LNG. European LNG imports increased by 57% in 2022 (Clarksons, 2025). This demand also affected shipping routes, from long-distance to shorter

Atlantic routes (e.g., US to Europe). The demand for LNG tonne miles decreased by 2.4% in 2022, despite the global trade of LNG increasing by 4.8%, reflecting shorter average voyages (Clarksons, 2025). In addition, multiple new importing countries are entering the market and the number of LNG import countries increased from 30 in 2013 to 51 in 2024 (International Gas Union, 2024). Emerging Asia is forecasted to see a demand growth through 2030, as they add import capacity to fuel power generation (IEEFA, 2024).

Figure 6 shows how demand and fleet size have moved together in recent years. Between 2020 and estimates for 2026, LNG trade is projected to increase from approximately 360Mt to 485Mt, while the fleet grows from roughly 618 to 983 vessels. This parallel growth highlights the tight link between cargo volumes and carrier supply. Shipping capacity has expanded in a large way in response to global LNG trade.

Future Outlooks

McKinsey's Global Gas outlook from 2021 states that the demand for gas will slowly increase until it reaches its peak in 2037. After that, it will start to decline, having a CAGR of -0.7% in 2040-2049. Although gas demands begin to decline in 2037, LNG demand will continue to grow, before reaching its peak in 2046, and also begin to decline (McKinsey, 2021). The Gas Exporting Countries Forum made a similar forecast in March 2025. They do not see natural gas or LNG reaching its peak before 2050, but the growth rate stagnates at 0.6% for natural gas in 2050 and 1.4% p.a. for LNG (GECF, 2025).

2.3 Competitive Analysis

In this section, four peers of Flex LNG are presented. Similarly to Flex LNG, these companies have independent owners and have a smaller fleet. For a summarized comparison, see Table 4. The Norwegian competitor **Awilco LNG** is a small player with only two LNG vessels in their fleet. Both vessels are 12 years old and each have a cargo capacity of 156,000 cbm. Their propulsion system is a generation behind the Flex LNG's ships, using an older TFDE propulsion. At the moment, they have one vessel on time charter while the other is trading in the spot market (Awilco LNG, 2025).

A company more similar to Flex LNG is NASDAQ-listed **Capital Clean Energy Carriers**

(CCEC). Their fleet has a size of 12 LNG carriers at the moment, in addition to 6 more expecting delivery in 2026 and 2027. Their fleet is rather young having an average age of just 2.8 years, and they all have a cargo capacity of 174,000 cbm. In addition to their LNG vessels, they operate 3 container vessels and have 4 multi-gas carriers and 6 LPG vessels ordered. Their fleet is mostly locked in on multi-year contracts, leaving them insulated from the current weak spot market. Its contract profile and current fleet composition are similar to Flex LNG's with long, fixed contracts and modern vessels. One key difference is that CCEC will soon surpass Flex LNG in number of vessels and have a more diversified profile operating in the LNG, LPG, container and multi-gas market (Capital Clean Energy Carriers, 2025).

A rather new entrant in the LNGC market is **Cool Company (CoolCo)**. Cool Company was spun off from Golar LNG in 2023. They have 13 LNG vessels with an average age of 8 years. Similarly to Flex LNG and CCEC, the majority of Cool Company's fleet have multi-year contracts with an average of 2.6 years per vessel (4.7 years including options) (CoolCo, 2025).

NYSE listed **Dynagas LNG Partners** operates a fleet of six rather old LNG vessels, with an average age of approximately 15 years. All of Dynagas' vessels are employed on multi-year charters. Unlike Flex LNG and the other peers, Dynagas' fleet includes specialized ice-class vessels. Their fleet consists of older propulsion systems, including steam turbine and TFDE designs (Dynagas LNG Partners LP, 2025).

2.4 SWOT Analysis

Flex LNG's core **strength** lies in its modern fleet and long-term contract coverage. The 13 vessels in their fleet are rather new and have modern propulsion systems. This gives Flex LNG a competitive edge in an industry that increasingly favors low-emission, high-performance ships. Another current key strength is Flex LNG's portfolio of long-term charters that ensures fleet utilization and predictable cash flows.

Despite their advantages, Flex LNG has a few **weaknesses**. Firstly, they only transport LNG. Compared to some competitors who have diversified into LPG carriers, container ships, FSRUs, etc., Flex LNG operates only in one single segment. Another potential weakness is their fixed-charter strategy. Although at the moment it being a strength, when spot rates are low, it could

turn to a weakness if the market spikes in the years to come. They can potentially miss out on some of the upside if the ships are locked in at lower rates.

There are significant **opportunities** ahead for Flex LNG. The projected growth in global LNG demand and trading volume provides great opportunities. As detailed earlier, LNG trade is expected to have a significant increase through 2030, before stabilizing, but still increasing, in the next decades. This means a need for additional LNG carriers to transport LNG, which gives Flex LNG the opportunity to employ any available vessels. Another opportunity is the replacement of older vessels in the worldwide fleet. With more than 200 steam LNGCs still in operation (of which many are likely to retire in the coming years), modern fleets such as Flex LNG's are preferred (Clarksons, 2025).

The most urgent of the potential **threats** is the oversupply of LNG carriers. The heavy order-book means that competition for charters is fierce and spot rates have dipped below operating costs for less efficient ships. Although Flex LNG charters protect it in the near term, prolonged oversupply could put pressure on Flex LNG when the charters expire. In addition, regulatory changes in environmental policy could impose new costs. If the IMO of the EU accelerates the decarbonization targets, even a modern LNG carrier might need further investment. In the long term, there is also the threat of the energy transition. If global decarbonization efforts significantly reduce the demand for natural gas, the LNGC segment could potentially be oversupplied.

3 Financial Analysis

3.1 Profitability Analysis

The return on invested capital (ROIC) of Flex LNG has improved markedly in 2019-2024, increasing from 4% in 2019 to almost 9-10% in 2023 and 2024 (Figure 7). This upward trend indicates that the company became significantly more efficient in generating profit from its capital base. Its return on assets (ROA) also increased, from roughly 1% in 2019 to around 4.5% in 2023 and 2024 (Figure 8). This is a strong outcome for an asset-intensive business and on par with peers. In comparison, the return on equity (ROE) strengthened similarly (peaking around 21% in 2022), but this reflected higher leverage and generous dividend payouts rather

than purely operational gains (Figure 9). Putting emphasis on ROIC and ROA thus gives a clearer view of Flex LNG's core profitability, which has improved substantially in recent years.

3.2 Margin Analysis

Flex LNG's EBITDA margin has remained high in recent years, being close to 80% of the revenues. Such margins are well above the peer median, ranging around 60-70% in the last years (Figure 10). The superior EBITDA margin of Flex LNG's reflects its modern fuel-efficient fleet and the economies of scale from its larger fleet size. Long-term fixed charter contracts contribute to additional cost stability and high utilization, further supporting strong margins. At the net profit level, Flex LNG's net margins have been volatile but impressive at its peak. Strong freight rates in 2021 pushed net margin above 47%, and expanded further to over 54% in 2022. This means that more than half of the revenue became profit. As market conditions normalized by 2023, the net margin moderated to approximately 32%, roughly matching the peer median. In summary, Flex LNG enjoys very high EBITDA margins and solid net margins, providing a substantial buffer through market cycles.

3.3 Liquidity Analysis

Flex LNG maintains a robust liquidity position, as evidenced by its current ratio, which increased from approximately 2.5x in 2019 to nearly 3.0x in 2024 (Figure 11). This is a much stronger position than the peers, where the medians generally are below 1.0x in the same period. This trend reflects the growth of Flex LNG's current assets relative to their short-term liabilities. Flex LNG's Cash Ratio is especially high, showing a strong cash position. It dipped in 2020 to 0.98x during fleet expansion, but has been stable at around 2.7x in 2023 and 2024. In 2024 Flex LNG held $437 million in cash against only $159 in current liabilities, meaning that cash alone could cover nearly 2.7 times its short-term liabilities. In contrast, the median Cash Ratio to the peer group was less than 1.0x during the same period. Overall, Flex LNG's ample cash holding and high current ratio underscore a strong liquidity profile, enabling the company to comfortably meet its short-term obligations.

3.4 Capital Structure Analysis

Flex LNG has progressively leveraged its balance sheet, although it remains in line with industry norms and retains a solid equity base. Net debt-to-equity increased from 0.77x in 2019 to 1.7x in 2024. This means that as of 2024, Flex LNG net borrowing was 1.7 times its shareholders equity. Although the leverage has increased, it is not excessive relative to peers (Figure 12). The peer median Net Debt-to-Equity was 1.4x in 2024, down from more than 2x a few years prior, and with an average of 1.6x the last 5 years. Importantly, a significant portion of Flex LNG's debt is long-term and tied to its assets under favorable financing terms, for instance, sale-leasebacks. The Times interest-earned ratio improved to 3.6x in 2021 when earnings peaked, then moderated to 1.9x in 2024. At 1.9x, 2024 EBIT covered interest expense roughly two times, on par with peer median. This coverage level is acceptable, though not high, given the rising interest costs. In conclusion, while Flex LNG has significant debt, its steady EBITDA and charter income allow it to comfortably meet interest obligations.

3.5 Performance Analysis

The share price of Flex LNG has steadily decreased in the last 12 months. In May 2024, it opened at an indexed value of 100 and dipped to 90 during the summer months (Figure 13). During the fall of 2024 it continued to decline until it reached 72 in December. By early 2025, Flex LNG's price hovered in the mid 80s, underscoring ongoing uncertainty, but also reflecting a measure of resilience thanks to its long-term contracts and modern fleet. By the 4th of May it settled on an indexed price of 81.5.

The EPS analysis of Flex LNG shows that from minimal levels in 2020 to a peak of 3.5 in 2022, it has normalized to 2.2 in 2023 and 2024. Even as freight rates cooled, Flex LNG's EPS remained comfortably higher than the peer median of 1.2, underscoring the benefit of locked-in charter coverage.

Alongside solid earnings, Flex LNG's dividends have mirrored shifts in net income. Dividends increased during 2020 and 2021, before reaching their maximum in 2022 (Figure 15). Since Q3 2021, Flex LNG has paid at least $0.75 dividends per share every quarter. In 2024, this equaled a dividend yield of approximately 12%. This commitment to returning capital provides

Flex LNG's shareholder with a consistent yield and highlights the company's strategic focus on rewarding investors, despite evolving market conditions.

4 Forecast

4.1 Revenue Forecast

In forecasting Flex LNG's revenues, a bottom-up methodology is used that builds the projection vessels-by-vessel. Each of the 13 LNG carriers owned by the company is individually modeled, incorporating its specific charter contract terms, expected operational performance, and maintenance schedule. This approach ensures that the revenue forecast is firmly grounded in the actual employment profile of Flex LNG, thus enhancing transparency and robustness. By assigning estimated revenue to each vessel based on its charter structure and likely utilization, the differences in the fleet are captured. For example, distinguishing a vessel on long-term fixed charter from one trading in the spot market. The result is a forecast that reflects operational realities such as charter expiry, technical uptime, and dry-docking downtime, aligning the forecast with the company's day-to-day revenue generation process. Such a bottom-up construction also allows the analysis to stress-test key inputs at the micro level, reinforcing the credibility of the overall revenue outlook.

Charter Coverage and Expiry Profile

A key driver of Flex LNG's revenue forecast is the charter coverage and how it evolves over time. At the beginning of 2025, Flex LNG enjoys very high revenue visibility in the near term thanks to an extensive contract backlog. As mentioned above, 11 of its 13 vessels are on fixed-rate charters, 1 is on variable hire, and 1 is exposed to the spot market. In the revenue forecast model, each vessel's contract is mapped as reported in recent quarterly report and annual filings, and it is assumed that these contracts run fully to their stated expiry or to their options expire. This means that for the forecast period 2025-2027, a substantial portion of the fleet is locked in at the contracted charter rates, which were set based on historical fixtures. These fixed charters provide an earnings cushion that shields Flex LNG's revenue from short-term market volatility.

However, as these charters gradually expire, an increasing share of the fleet will be exposed to the spot market. The forecast assumes that when a vessel's time charter expires, the ship is re-chartered at the prevailing spot rate. For more information on the fleets contract coverage, see Figure 16.

Spot Rate Assumptions and Market Environment

For the portions of revenue not covered by fixed charters, reliance is placed on a combination of forward market data and fundamental market analysis to project spot rates. In 2025-2027, the assumptions are informed by LNG freight forward curves from Spark Commodities (Spark Commodities, 2025), a leading LNG freight pricing agency. For the years after (2028-2030), where reliable forward curves are not available, the analysis shifts to a fundamentally driven approach. The spot charter rates are then estimated on the basis of the projected balance of LNG vessel supply and seaborne LNG demand. In particular, the analysis examines the relationship between global LNG trade and the size of the worldwide LNG carrier fleet (Clarksons, 2025). The intuition is that a higher volume of LNG to be moved per ship will tighten vessel utilization and support higher freight rates. By 2028, the combination of continued trade growth and the delivery of new-build tonnage is expected to result in a moderately tight but more balanced market. The average daily spot rates are forecasted at approximately $54,000 in 2028, $69,000 in 2029, and $75,000 in 2030 (Table 5).

An important adjustment in the methodology is the treatment of recent extreme spot market events. Explicitly acknowledge the abnormal spike in LNG shipping rates that occurred in 2022 and ensure that the long-term forecast is not influenced by such outliers. So, by 2028-2030, the assumed spot rates are far below the peak in 2022 and instead align with a plausible equilibrium consistent with supply/demand. Although the ratio between seaborne LNG demand and LNG carriers is similar and even exceeds the ratio of 2022, it is not considered plausible that spot rates should reach the same level. In addition, the forecasted fleet size is based on the current orderbook. So, there is a chance that the number of vessels will be even higher and the ratio will be lower. In conclusion, this conservative stance protects against overly optimistic revenue projections and is consistent with an academically grounded valuation approach.

Operational Uptime and Drydocking Adjustments

The bottom-up revenue model also carefully accounts for the number of revenue-earning days each vessel has in each year, which is a function of both utilization and downtime. Flex LNG's fleet has an excellent technical uptime track record, historically in the 99-100% range of availability (Flex LNG, 2025). Therefore, it is assumed that, aside from scheduled maintenance, vessels are effectively fully utilized. However, explicit deductions are made for planned drydocking, which occurs on a 5-year cycle for LNG carriers (Flex LNG, 2025).

Projected Revenue Trajectory

Under the combination of drivers outlined above, the annual revenues of Flex LNG's are expected to follow a measured trajectory over the next years (Table 6). In 2025, revenue is expected to decrease to about $329 million. This is due to both low spot rates, which 2 vessels are exposed to, and 4 vessels are expected to drydock. For 2026 and 2027, the revenue is forecasted to have a modest recovery and stabilize. For 2026, the expected revenue is $340 million, and for 2027 it is $342 million. These years benefit from slightly improving spot market conditions and fewer off-hire days. In 2028, revenue is expected to have a slight dip at $332 million due to a significant share of the fleet now being exposed to the spot market and also here 4 vessels expected to drydock. Finally, for 2029 and 2030 the projected revenue has an upswing to approximately $350 million and $357 million.

4.2 Cost and Capital Allocations Forecast

Costs of Core Operations

The forecast for operating costs is grounded in the historical cost structure of Flex LNG, focusing on voyage expenses, vessel operating expenses, and administrative expenses. These core cost categories are projected as a stable percentage of revenue, based on the average of the last years. Voyage expenses are minimal for Flex LNG and have been well below 1% of revenue. They are expected to remain around 0.8% of the revenue. Vessel operating expenses are the direct costs of running the fleet and have mostly been around 18-19% of revenue. The model

therefore maintains the opex of the vessel at approximately 18.5% of the revenue through 2030. The calculations of vessel operating expenses could also have been done on the basis of numbers of vessels and technical uptime. However, the revenue is directly affected by these factors, so taking a percentage of the revenue seems more efficient. Administrative expenses are similarly steady at 2-3% of revenue, and are projected at approximately 2.6% of revenue going forward. Together, these assumptions keep total core operating costs around 22% of revenue, in line with the company's average for 2019-2024.

Property, Plant & Equipment

Forecasting of PP&E is based on the existing fleet's depreciation schedule and planned capital expenditure for maintenance (drydockings). Flex LNG's accounting policy divides the asset of the vessel into the vessel itself and the drydocking component, each depreciated separately over different useful lives (Flex LNG, 2025). Vessels are depreciated on a straight-line basis over an estimated 35-year life with appropriate residual values. In contrast, drydocking costs are capitalized when incurred and amortized evenly over the 5-year period until the next scheduled drydock. Consistent with this policy, the forecast models depreciation in two components: one reflecting the long-term depreciation of the vessel and another for the amortization of periodic drydock costs. Each vessel contributes a steady depreciation charge based on its remaining 35-year life, and when a ship undergoes a drydock, the incurred capital expenditure is added to PP&E and then written off over the subsequent five years as drydock amortization.

Capital expenditures are thus maintenance capex for scheduled drydockings, since no new vessel acquisitions are assumed in the forecast horizon. The fixed asset schedule incorporates the drydock cycle of the company. For example, multiple vessels are scheduled for their 5-year special survey in 2025 and in 2028, incurring significant drydocking capex in those years. These outlays increase the PP&E balance, which then decreases as drydock costs are amortized. The result is a depreciation profile shaped by the lives of assets and drydock cycles (Table 7). In summary, the PP&E forecast methodology ensures that vessel depreciation and drydocking amortization are counted according to Flex LNG policies (Flex LNG, 2025), providing a realistic projection of capital consumption and replacement over the forecast period.

Capital Structure

The capital structure forecast assumes that Flex LNG will maintain a constant level of long-term debt throughout 2025-2030, approximately equal to the 2024 balance. In practice, this means scheduled debt maturities are assumed to be refinanced as needed, rather than materially paying down or raising new debt. This approach is grounded in the company's financial strategy and current debt profile. Flex LNG has increasingly leveraged its balance sheet in recent years (net debt-to-equity rose from 0.77x in 2019 to 1.7x in 2024) while staying within industry norms. During the last five years, peer companies have on average had a net debt-to-equity level of 1.6x, roughly the same as Flex LNG's current leverage. Crucially, a large portion of Flex LNG's borrowing is long-term in nature and is secured by its vessels, often through sale-leaseback agreements (Flex LNG, 2025). These financial agreements come with multi-year tenors and balloon repayments, which the company can roll over. The 2024 debt maturity schedule shows relatively modest installments due in 2025-2027 and large balloon payments after (Flex LNG, 2025), implying that without refinancing, debt would decline sharply late in the decade. However, the emphasis of Flex LNG's on stable long-term financing suggests that it will refinance those obligations to maintain leverage. In the forecast, the total long-term debt is kept flat year-to-year, reflecting this intention to replace the maturing debt with new debt of similar magnitude. This results in a consistent debt-to-capital ratio through 2030 and aligns with management's practice of utilizing debt capacity while concurrently returning cash to shareholders. In addition, this leverage is on the level with the average of peers' net debt-to-equity in recent years.

Working capital items are projected in proportion to operating activity, using historical turnover rates. Accounts receivable are kept in line with previous average collection periods, and accounts payable are forecasted based on typical payment timing for operating expenses. Inventory is minor in the shipping segment and is assumed to remain at a stable level relative to voyage needs.

Finally, the model incorporates Flex LNG's active dividends policy as a key capital allocation decision. The company has a track record of paying a large share of its earnings in dividends.

For example, $3 per share in 2024 (about 12% dividend yield) and similar payouts in previous years (Flex LNG, 2025). The forecast assumes that this generous payout continues, meaning that a substantial portion of annual profits is distributed as dividends rather than retained. This has two effects on the capital structure: it keeps equity growth modest and supports the decision to hold debt constant (excess cash is returned to shareholders instead of being used to deleverage). In essence, Flex LNG prioritizes shareholder returns and long-term financing stability over rapid debt repayment. The combination of steady debt and high dividends in the forecast reflects a capital structure aimed at sustaining leverage at an optimal level while rewarding shareholders.

4.3 Free Cash Flow Forecast

The free cash flow at time t is calculated as

$$\text{FCF}_t = \text{EBIT}_t\big(1-\tau\big) + \text{Depreciation}_t - \text{CAPEX}_t - \Delta\text{NWC}_t, \tag{1}$$

where τ is the effective tax rate. The EBIT is based on the revenue and cost forecast mentioned above and can be seen in Table 6. As mentioned earlier, the effective tax rate for Flex LNG is second to none, so in the free cash flow calculation it is set to 0. Depreciation and Capex are calculated as explained in the section about PP&E. ΔNWC_t is the year-to-year change in net working capital, defined as current assets minus current liabilities, and captures the incremental non-cash investment required to support operations. The resulting free cash flows are estimated to be $248 m in 2026, $270 m in 2027, $234 m in 2028, $262 m in 2029, and $255 m in 2030; see Table 9.

5 Valuation

5.1 Discounted Cash Flow

Weighted Average Cost of Capital

The weighted average cost of capital (WACC) of Flex LNG's is estimated at 9.65%, reflecting

the blended required return on its equity and debt based on its capital structure (Table 10). This rate is derived from a cost of equity of 14.23% and a cost of debt of 6.37%, weighted equity 42% and debt 58%. The equity weights reflect the current share price times the outstanding shares, while the debt weights use the 2024 balance that, as discussed above, remains unchanged through the forecast.

The cost of debt of Flex LNG is estimated by first inferring a synthetic credit rating using Moody's shipping industry methodology (Moody's, 2024). The company's credit metrics imply a B1 rating, with a credit spread of 3.14% above the risk-free rate. Adding this to the 10-year US Treasury yield (4.42%) indicates a nominal interest rate of 7.56%. The account of the risk of default then reduces the effective cost of the debt to 6.37% (Table 11). Given the Flex LNG tax regime, 6.37% is treated as the relevant after-default, pre-tax cost of WACC.

The cost of equity is estimated using the capital asset pricing model (CAPM). A risk-free rate of 4.42% and a market risk premium of 8.88% are assumed, reflecting the strong average total return of the S&P500 (including dividends) over the last decade. Flex LNG's equity beta is taken as 1.10, derived by re-levering the median 5-year unlevered beta of comparable peers to reflect the company's 58% debt and 42% equity capital structure. Applying the CAPM formula (Berk & DeMarzo, 2020) yields an implied cost of equity of 14.23%, underscoring the higher risk profile of equity investment in the LNG shipping sector (Table 12).

Perpetual Growth Rate

The terminal free cash flow growth rate for Flex LNG beyond 2030 is set at 0.5% per year. This conservative perpetual growth assumption is derived from a weighted average of three sector-specific, long-term natural gas and LNG demand indicators. Each indicator is assigned an equal weight of one third to balance optimistic and pessimistic outlooks, yielding an average of 0.5% (Table 13). This indicator is the Gas Exporting Countries Forum (GECF) 2025 outlook for global LNG import growth, which points to approximately 1.4% annual expansion in LNG trade over the long run. The second is McKinsey's 2021 gas market outlook, which in a de-carbonization scenario foresees a slight long-term decline of -0.4% in LNG demand. The third indicator is GECF's projection for total natural gas demand growth, indicating a modest 0.6%

annual increase in the long run. Averaging these three forecasts anchors the terminal growth rate of 0.5%.

This sector-specific approach is intentionally chosen instead of relying on a broad macroeconomic growth assumption. A broad GDP or inflation-based rate (typically 2-3%) would be inappropriate for the terminal growth rate of a LNG shipping company, given the unique dynamics of the industry. Flex LNG operates in a sector where future cash flow growth is tied to the growth of LNG demand and trade, not to the overall economic output. Thus, a perpetual growth rate of 0.5% grounded in a sector demand outlook provides a more realistic basis for the terminal value. It reflects expectations that the LNG sector will enter a mature, low-growth phase in the long run as the energy transition progresses and the demand for fossil fuels decreases, rather than assuming an unsustainable high growth rate. Anchoring the terminal value to industry demand metrics ensures that the DCF's terminal stage remains aligned with fundamental market prospects for LNG shipping, thereby lending credibility to the valuation.

Discounted Cash Flow

The final discounted cash flow can be seen in Table 14. It is based on the sum of the present value of the free cash flow described above. These free cash flows are discounted using a constant WACC of 9.65%. The terminal value is calculated using the same WACC and a perpetual growth rate of 0.5%, and then discounted to the same level as the last year of the free cash flow. That gives an enterprise value of $2.744 billion. Subtracting the net debt gives an equity value of $1.447 billion, or $26.77 per share.

5.2 Net Asset Value

Net Asset Value (NAV) provides an asset-based valuation for Flex LNG by marking its balance sheet with current market conditions. In shipping, NAV is derived by estimating the market value of the fleet, adding the book value of the rest of the assets, and subtracting debt, generating the equity value supported by the assets. This methodology is particularly relevant for Flex LNG, as the company's vessels are recorded on the balance sheet at depreciated book values, which may understate their true worth in today's market. Revaluing the fleet to reflect the

prevailing price of ships bridges the gap between the value of the accounting book and the economic reality, offering a clearer picture of intrinsic value.

Flex LNG operates 13 modern LNG carriers. The combined book value of this fleet is approximately $2.1 billion. However, due to the strong price of the vessels in the LNG shipping market, the real market value of these vessels is estimated to be more than $2.7 billion. This estimate is based on Clarksons real-time market prices for LNG vessels from March 2025. Incorporating the fleet's market value and the company's debt profile per YE2025 leads to revised net asset value. This yields a NAV of $1.43 billion at the end of 2025.

During the past four years, the P/NAV ratio of Flex LNG has ranged from 0.84x to 0.95x. These figures are derived using estimates from the Clarksons Research Portal alongside historical share prices. Applying the historical average NAV for the last 4 years of 0.89, yields a Market Capitalization of $1277 million which yields an implied share price of $23.64. Comparing this NAV per share to the current share price, as of May the 4th, of 23.97, it is observed that the current share price trades a moderate premium to the NAV.

5.3 Relative Valuation

The valuation of Flex LNG's is examined via a Comparable Company Analysis (CCA), benchmarking its trading multiples against a peer group of LNG shipping companies. Given the valuation date of 31/12/2025, 2026 estimates form the most appropriate basis for the comparable multiples. Forward-looking multiples capture the expected normalized performance beyond the current cycle, whereas trailing multiples can be distorted by short-term cyclicality in shipping. Although this method carries some risk due to the inherent uncertainty in future projections, the use of 2026 forward-looking multiples is justified because they better capture the expected normalized earnings of Flex LNG beyond the current market downturn, offering a more forward-aligned valuation reference. As supported by Damodaran (2002), forward multiples often provide a cleaner view when industry cycles distort recent results, particularly in capital-intensive and cyclical sectors such as shipping. These 2026 estimates were gathered from Bloomberg. The only exception is P/NAV, which is based on current share prices and vessel values per March 2025.

As mentioned above, **P/NAV** is particularly telling in shipping because vessel values fluctuate with maritime cycles, and companies often trade at discount or premiums to NAV based on market outlook. The current P/NAV of Flex LNG is 0.91x, which is above the peer average of 0.77x. This indicates that Flex LNG trades at a modest premium to the value of its net asset compared to its peers. Applying the peer median P/NAV to Flex's estimated NAV of $1.43 billion implies a value of $16.86 per share. This implied share price is below the recent trading price of Flex LNG of 23.97, suggesting that the market assigns a small premium to Flex LNG assets beyond what the typical peer receives.

The **EV/EBIT** multiple captures the value of the company relative to operating earnings after depreciation, thus incorporating the effect of fleet age and depreciation, which is crucial for capital-intensive operators. Flex LNG's 2026E EV/EBIT is about 13.16x, marginally above the peer median of 12.94x. This indicates that on an EBIT basis, Flex LNG is roughly valued in line with peers. Using the peer median multiple on FLEX LNG's forecasted 2026 EBIT of almost $190 million yields an implied enterprise value of just above $2.4 billion. After subtracting the estimated net debt for 2026, the result is an equity value of about $1.1 billion, or $19.88 per share. That figure is below the current share price, echoing the P/NAV result in pointing to a modest overvaluation relative to peers.

In shipping, **EV/EBITDA** is a widely referenced multiple, since EBITDA represents cash flow from operations. In asset-heavy sectors it is particularly useful for comparing companies, since it excludes capital structure effects and non-cash charges. The EV/EBITDA of Flex LNG is 9.56x based on the 2026E EBITDA, which is markedly higher than the peer median of 7.82x. This considerable premium underscores strong market confidence in the operational cash flows of Flex LNG. Investors are willing to pay more for each dollar of Flex LNG's EBITDA, likely due to its high charter coverage, modern efficient fleet, and robust profit margins. Applying the peer median EV/EBITDA to Flex LNG's 2026E EBITDA, the implied enterprise value is about $2.1 billion. After debt, this implies an equity value of only $754 million, which corresponds to approximately $14 per share. The implied price is well below the current price of Flex LNG.

An **EV/Sales** ratio provides a broad measure of how the market values each dollar of revenue, abstracting from profitability. In sectors like shipping, where profit margins can swing with

charter rates and operating costs, EV/Sales is sometimes examined to see if a company's revenue is being valued on par with peers. Flex LNG's EV/Sales multiple is roughly 7.28x, significantly higher than the peer median of 5.65x. This indicates that for a given amount of revenue, Flex's enterprise value is substantially greater than that of the median peer, which is consistent with Flex LNG's stronger profit margins and perhaps longer contract visibility on its revenues. Each dollar of Flex LNG's revenue could be valued more because that dollar likely converts to more profit than a peer's dollar of revenue. If the median EV/sales of the peers were applied to the estimated sales of Flex LNG in 2026, the implied enterprise value would be almost $1.9 billion. Subtracting net debt, the result is an implied equity value of approximately $600 million, or roughly $11 per share. This is less than half of the current price of Flex LNG. The EV/Sales based valuation is so low largely because it fails to account for Flex LNG's superior profitability. Peers with lower EV/Sales often have lower margins, whereas Flex LNG's high margins mean it can support a higher EV per unit of revenue.

When performing the final relative valuation, weights are assigned to the different multiples and the weighted average implied share price of Flex LNG is calculated. A weight of 40% is assigned to the P/NAV valuation, reflecting its prominence in the analysis of the shipping industry. In addition, an equal weight of 25% is assigned to EV/EBIT and EV/EBITDA. The are both important metrics when valuing a shipping company. In the end, EV/Sales is only weighted with 10%. As mentioned above, this metric does not capture Flex LNG's superior profitability and hence has a lower weights.

Using these weights, the calculation yields a weighted average share price of $16.31. This can be interpreted as the fair value of Flex LNG's stock based on peer multiples. This is substantially below the current market price of Flex LNG of $23.97 and indicates that the market is currently pricing a considerable premium. However, several differences between peer companies limit direct comparability. For example, the Flex LNG fleet is younger and more efficient than some peers (e.g., Dynagas), but other peers differ markedly. CCEC operates an even newer and rapidly growing fleet with broader segment exposure. Cool Company is a newer entrant with 13 LNG carriers and its own multi-year charter profile. These disparities in fleet age, propulsion technology, and business focus mean that none of the peers is a perfect match. Consequently,

the CCA is assigned only a weight of 10% in the final blended valuation.

5.4 Sensitivity Analysis, Scenario Analysis and Monte Carlo Simulation

Sensitivity Analysis

The two key drivers of NAV are the market value of the fleet and the P/NAV multiple that investors are willing to pay. This sensitivity analysis examines how changes in these assumptions could impact the implied share price of Flex LNG. The analysis uses NAV that changes with an increment of $10 million and P/NAV that changes by 0.05. The lower end of the P/NAV represents a scenario where the market heavily discounts Flex LNG assets, while at the upper end they assign a slight premium to NAV. The NAV sensitivity matrix reveals that the implied share price of Flex LNG's can vary widely under different assumptions. In the most bearish case, the implied equity value per share would be just above $19. This scenario might correspond to a significant drop in vessel values or persistently a drop in market sentiment. On the other hand, in a bullish scenario, the implied share price would rise to above $28. This upside case reflects conditions where LNG vessels values remain strong and market participants are optimistic about Flex LNG's prospects.

The DCF sensitivity matrix shows that the implied share price of Flex LNG varies dramatically with the WACC and terminal growth assumptions (Table 16). In the base case, the model produces the $26.77 value per share mentioned above. In the most conservative estimate, where WACC is 11.15% and the perpetual growth rate is -1.0%, the implied share price collapses into the mid-teens. This reflects the impact of much higher discounting and a shrinking terminal value. The most optimistic estimate, where the WACC is 8.15% and the perpetual growth rate is 2.0%, drives the implied share price to over $47. This is due to very low capital costs and strong long-term growth assumptions. In other words, the table indicates that if market sentiment turns negative, the fair price of Flex LNG's could fall sharply below the base-case target, while an upbeat outlook would justify a significantly higher valuation. This range underscores how investor sentiment and financing conditions can swing the valuation of Flex LNG's from bearish to bullish, with the $26.77 base case in the middle of the spectrum.

Scenario Analysis

The Scenario Analysis is constructed by making three DCF cases: Pessimistic, Base, and Optimistic. The Base case uses the same assumptions as the primary DCF model, yielding $26.77 per share. The pessimistic case reduces the perpetual rate to -0.4% and assumes the 2026-2030 spot charter rates 20% below the base forecast. The optimistic case raises the growth to 1.4% and the charter rates 20% above the base case (Table 17). The resulting DCF valuations are $19.08 for the pessimistic case, $26.77 for the base case and $35.87 for the optimistic case. Figure 17 plots the trajectories of the price of current shares $23.97 up to each value of the scenario.

In the **Pessimistic** scenario, the lower growth rate and spot rates reflect weak demand for LNG and chronic oversupply. Here, the fleet grows faster than demand, which presses freight rates. Geopolitical risks could also affect trade. Analysts warn that renewed US-China tariffs would reduce tonne-mile demand and "aggravate oversupply conditions" in LNG shipping (DREWRY, 2025). Under these conservative assumptions, the DCF yields $19.08 per share, well below the current price. The **Base** case replicates the main assumptions of the DCF: perpetual growth rate of 0.5% and baseline spot rates. It reflects a moderate demand outlook. Under these inputs, the DCF value is $26.77 as before. In the **Optimistic** scenario, long-term growth is set to be stronger at 1.4% and charter rates 20% over the base case. These numbers are based on a higher demand for LNG than in the base case due to several factors. New pipeline and plant delays have kept LNG supply growth subdued , and disruptions to Russian pipeline flows are expected to increase European LNG import needs (International Energy Agency, 2025) . Moreover, Asia is projected to post robust gas and LNG growth (Clarksons, 2025). Global regasification capacity is also expanding rapidly, with dozens of new import terminals planned. Together, these factors could push spot rates above the baseline. Applying +20% to spot rates and 1.4% perpetual growth raises the DCF value to $35.87 per share.

Monte Carlo Simulation

Monte Carlo simulation provides a probabilistic valuation range, highlighting upside and downside potential rather than a single-point estimate. Two key input factors were modeled as random variables in the DCF: Perpetual Growth Rate and Spot Rate Multiplier. The growth rate was

drawn from a truncated normal distribution centered on the base case 0.5%, with lower and upper bounds at -0.4% and +1.4%, respectively. These limits mirror the growth assumptions used in the pessimistic and optimistic scenarios. The spot rate multipliers are drawn for each year (2026-2030) independently from a truncated normal distribution with mean 1.0 and bounds of +-20%.

In the simulation, the mean share price is $26.73 (Table 18), almost identical to the DCF result in the base case, but the true value of this analysis lies in the distribution of the results. The simulations range from $16.51 to $38.54 per share, and the median result of $26.65 indicates a roughly symmetric distribution centered near the base case value. In particular, the fifth percentile outcome of $20.91 reflects the downside risk (only 5% chance that the value falls below this level), while the 95th percentile of $32.78 demonstrates substantial upside (a 5% chance of exceeding this level). In other words, there is about a 90% probability that the value of Flex LNG per share is between roughly $21 and $33. This range is illustrated by the simulation histogram (Figure 18), which shows that most outcomes cluster in the mid $20s and taper toward the extremes.

6 Risks & ESG

6.1 Risks Factors

Macroeconomic and Geopolitical uncertainties are significant external risks. Global economic volatility and geopolitical conflicts pose a high risk to LNG shipping. Economic downturns or trade disruptions can quickly reduce LNG demand or block routes (IEA, 2025). These risks are viewed as high probability (persistent global instability) with high impact (potentially large cancellations of charters or route diversions) (Figure 19).

A surge in newbuilds can cause a **LNGC Oversupply**, which can flood the market. With limited demand growth, this can likely pressure freight rates. The probability of this happening is viewed as high (ship order already underway) and economic impact high (lower rates erode earnings).

New **Climate Regulations** and the intensifying rules on shipping emissions can increase costs.

For example, IMO's new net-zero framework will raise compliance expenses (IMO, 2025), and EU now requires LNG carriers to report emissions and pay penalties on excess emissions starting in 2026 (LA Illuminator, 2025). These regulations are effectively certain (high probability) and will impose costs to a certain level (medium) on LNG vessel operators.

Long-term declines in LNG demand due to the **Energy Transition** are a strategic risk. Some sources state that major import markets have already reduced imports and are shifting to renewable and nuclear (IEEFA, 2024), while others have more beliefs about the long-term LNG market (GECF, 2025). Given this disparity, the risk is viewed as low-medium, with high impact since sustained weak demand would leave many vessels underutilized and charter rates subdued.

Flex LNG's revenues on a limited set of charterers due to their **Customer Concentration**. About 90% of its fleet is under contract for next year (Flex LNG , 2025), meaning only a few large customers generate the most income. If one major charterer defaults or fails to renew, the effects on earnings will be substantial. This risk is low probability (contracts are firm) with high impact (loss of multiyear charter severely cuts cash flow).

6.2 Environmental, Social & Governance

Environmental

Flex LNG focuses on reducing greenhouse gas emissions and improving vessel efficiency, leveraging a modern fleet with fuel-efficient engines and operational optimizations. In 2023, these initiatives yielded a 7% reduction in CO2 emissions and an above-average carbon intensity rating (Flex LNG, 2024). The company also reported no significant spills or environmental incidents, highlighting robust environmental performance (Table 19).

Social

The social performance of Flex LNG's is marked by excellent safety outcomes and strong labor practices. In 2023, it achieved a lost-time injury frequency far below industry target levels and ensures that seafarers are covered by collective bargaining agreements. These strengths place its safety and labor metrics above industry norms, even as workforce diversity remains an area for improvement.

Governance

Flex LNG's governance framework combines solid oversight with some structural challenges. All board members are independent, the board includes female representation, and the company maintains rigorous compliance standards, reflecting strong internal controls. However, concentrated ownership raises potential minority rights concerns, and independent ratings indicate that its governance is adequate but not top-tier.

7 Conclusion

The blended valuation yields a price target of $24.16 versus the current share price of $23.97, leading to a HOLD recommendation (Figure 20). The share price is based on giving NAV a weight of 50%, DCF 40%, and CCA 10%. This reflects NAV's prominence in shipping valuations and limitations of peer metrics. The high dividend payout of Flex LNG provides attractive downside protection, but limited near-term catalysts and broader headwinds in the LNG market limit the upside. Overall, the stock appears fairly valued, justifying a neutral position.

Appendix

Tables

Date	Milestone	Detail
2006	Company founded	Incorporation to pursue LNG shipping
2009	IPO (Oslo Axess)	First public listing, raising growth capital
Aug 2013	First two orders	Foundation of the owned fleet
Feb 2017	Acquire Endeavour & Enterprise contracts	Shift from chartered tonnage to owned MEGI newbuilds
May 2017	Acquire Constellation & Courageous contracts	Pipeline expanded to six vessels
Jun 2017	Transfer to Oslo Børs main list	Improved share liquidity and visibility
Jan 2018	Deliveries of Endeavour & Enterprise	Entry into commercial operations with 5th-gen carriers
Jun 2018	Deliveries of Ranger & Rainbow	Fleet grew to four operating vessels
Oct 2018	$300 m private placement + five newbuilds	Fleet on order rose to 13; largest Norwegian equity raise of 2018
Jun 2019	Delivery of Flex Constellation	Completion of initial MEGI series begins
Aug 2019	Delivery of Flex Courageous	—
Jul 2020	Delivery of Flex Aurora (first X-DF)	Introduced lower-emission dual-fuel tech
Oct 2020	Delivery of Flex Amber (X-DF)	—
Aug–Sep 2020	Deliveries of Flex Artemis & Resolute	Fleet reached double digits ahead of market upcycle
Oct 2024	$160 m sale-and-leaseback of Endeavour	Liquidity unlocked; long-term control retained
Feb 2025	Board proposes Oslo Børs delisting	Intention to trade solely on NYSE (AGM vote pending)

Table 1: Key historical milestones of Flex LNG

Name	Age	Role	Since	Indep.
Ola Lorentzon	75	Chairman of the Board	2017	Yes
Nikolai Grigoriev	50	Director (Audit-chair)	2017	Yes
Steen Jakobsen	60	Director	2021	Yes
Susan Sakmar	58	Director	2022	Yes

Table 2: Flex LNG Board composition

Fiscal Year	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e	2029e	2030e
Orderbook						88	94	97	47	11	6
Delivered	39	66	34	41	69	15					
Scrap	6	7	1	7	8	1					
Estimated Scrap						7	11	5	6	5	4
Fleet size	**618**	**677**	**710**	**744**	**805**	**900**	**983**	**1075**	**1116**	**1122**	**1124**
YoY growth		9.5%	4.9%	4.8%	8.2%	11.8%	9.2%	9.4%	3.8%	0.5%	0.2%

Table 3: LNG carrier fleet development

Company	# of vessels	Avg age	Total capacity	Backlog (yrs)	Backlog incl. options (yrs)	Revenue USDm (2024)
Flex LNG	13	6	2,257,800	4.77	7.38	356
Peer Median	**10**	**10**	**1,521,018**	**3.57**	**5.78**	**247**
Awilco LNG	2	12	312,000	0.50	1.50	71
CCEC	15	3	2,127,936	4.53	6.87	440
Cool Company	13	7	2,160,000	2.62	4.69	338
Dynagas	6	15	914,100	5.90	10.90	156

Table 4: Comparison of Flex LNG and peer group

Year	Spot Price	Fleet Size	World Seaborne LNG Trade (Mt)	LNG Trade per Vessel
2020	71,173	618	360	0.58
2021	112,283	677	380	0.56
2022	167,548	710	399	0.56
2023	124,837	744	408	0.55
2024	54,149	805	412	0.51
2025	30,479	900	431	0.48
2026	32,938	983	480	0.49
2027	42,000	1075	528	0.49
2028e	54,000	1116	570	0.51
2029e	69,000	1122	632	0.56
2030e	75,000	1124	691	0.61

Table 5: Spot prices, LNG fleet size, and trade volumes (2020–2030e)

Fiscal Year	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Core Operations												
Revenue												
Vessel Operating Revenue	120.0	164.5	343.4	347.9	371.0	356.3	328.5	339.9	342.3	332.5	348.1	356.7
Total Revenue	120.0	164.5	343.4	347.9	371.0	356.3	328.5	339.9	342.3	332.5	348.1	356.7
Growth %		*37%*	*109%*	*1%*	*7%*	*-4%*	*-8%*	*3%*	*1%*	*-3%*	*5%*	*2%*
Expenses												
Voyage expenses	(6.3)	(3.7)	(3.3)	(2.5)	(1.7)	(3.4)	(2.5)	(2.6)	(2.6)	(2.6)	(2.7)	(2.8)
% of Revenue	*5.2%*	*2.2%*	*1.0%*	*0.7%*	*0.5%*	*0.9%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*	*0.8%*
Vessel operating expenses	(22.4)	(37.0)	(61.2)	(63.4)	(68.4)	(69.9)	(60.8)	(63.0)	(63.4)	(61.6)	(64.5)	(66.1)
% of Revenue	*18.7%*	*22.5%*	*17.8%*	*18.2%*	*18.4%*	*19.6%*	*18.5%*	*18.5%*	*18.5%*	*18.5%*	*18.5%*	*18.5%*
Administrative expenses	(7.5)	(6.3)	(7.9)	(9.1)	(10.5)	(9.8)	(8.6)	(8.9)	(9.0)	(8.7)	(9.1)	(9.4)
% of Revenue	*6.3%*	*3.8%*	*2.3%*	*2.6%*	*2.8%*	*2.7%*	*2.6%*	*2.6%*	*2.6%*	*2.6%*	*2.6%*	*2.6%*
OPEX % of Revenue	*30.2%*	*28.6%*	*21.1%*	*21.6%*	*21.7%*	*23.3%*	*21.9%*	*21.9%*	*21.9%*	*21.9%*	*21.9%*	*21.9%*
EBITDA	83.8	117.5	271.0	272.8	290.5	273.3	256.5	265.4	267.2	259.6	271.8	278.5
Depreciation	(28.7)	(41.8)	(69.8)	(72.2)	(73.4)	(75.5)	(78.6)	(80.2)	(78.1)	(80.8)	(80.8)	(83.0)
% of Vessel & Equipment	*2.5%*	*2.3%*	*3.0%*	*3.2%*	*3.3%*	*3.5%*	*3.7%*	*3.8%*	*3.8%*	*4.1%*	*4.3%*	*4.5%*
EBIT	55.0	75.6	201.2	200.6	217.2	197.8	177.9	185.2	189.2	178.7	191.0	195.5
Provision for Income Tax	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
% of EBIT	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Result Core NOPAT	54.8	75.5	201.1	200.5	217.1	197.7	177.7	185.1	189.0	178.5	190.9	195.4
Financing Operations												
Interest Income	1.1	0.3	0.0	2.0	4.9	4.5	4.5	4.7	5.2	5.7	6.2	6.8
% of avg. Cash & Equiv.		*0.3%*	*0.0%*	*0.8%*	*1.3%*	*1.1%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*
Interest Expense	(33.9)	(41.8)	(56.2)	(76.6)	(108.7)	(105.6)	(101.6)	(101.5)	(101.5)	(101.5)	(101.5)	(101.5)
YoY growth		*23.4%*	*34.5%*	*36.2%*	*41.9%*	*-2.9%*	*-3.7%*	*-0.2%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
% of Prev. Yr's tot. debt		*5.4%*	*3.9%*	*4.7%*	*6.3%*	*5.8%*	*5.6%*	*5.6%*	*5.6%*	*5.6%*	*5.6%*	*5.6%*
Extinguishment of L-T debt	(3.4)	-	(1.2)	(16.1)	(10.2)	(0.6)	-	-	-	-	-	-
(Loss)/gain on derivatives	(1.6)	(25.2)	18.4	79.7	18.3	22.8	34.8	34.8	34.8	34.8	34.8	34.8
Other financial items	(0.1)	(0.8)	0.1	(1.5)	(1.2)	(1.1)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
% of Interest Expense	*0.3%*	*1.8%*	*-0.2%*	*1.9%*	*1.1%*	*1.0%*	*0.9%*	*0.9%*	*0.9%*	*0.9%*	*0.9%*	*0.9%*
Result Financing	(37.9)	(67.4)	(38.9)	(12.5)	(97.0)	(80.0)	(63.3)	(63.0)	(62.4)	(61.9)	(61.4)	(60.9)
Net Income	17.0	8.1	162.2	188.0	120.0	117.7	114.5	122.2	126.6	116.6	129.4	134.5

Table 6: Flex LNG Income Statement Forecast

Fiscal Year	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Operating Invested Capital												
Current Operating Assets												
Trade Receivables (Customers)	8.0	10.1	12.3	7.0	12.6	21.1	15.1	15.7	15.8	15.3	16.1	16.4
Avg. Collection Period (days)	*24*	*22*	*13*	*7*	*12*	*22*	*17*	*17*	*17*	*17*	*17*	*17*
Receivables from Related Parties	0.3	0.2	0.2	0.1	0.8	0.7	0.5	0.5	0.5	0.5	0.5	0.5
Avg. Collection Period RP (days)	*1*	*0*	*0*	*0*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*
Inventory	2.7	3.7	6.5	5.3	5.1	4.8	5.3	5.5	5.5	5.4	5.6	5.8
Avg. Holding Period	*34*	*33*	*36*	*29*	*27*	*24*	*31*	*31*	*31*	*31*	*31*	*31*
Prepaid Expenses	2.8	11.3	2.5	7.9	7.5	6.7	6.8	6.6	6.4	6.2	6.0	5.8
% of Vessel & Equipment	*0.24%*	*0.61%*	*0.11%*	*0.35%*	*0.34%*	*0.31%*	*0.33%*	*0.33%*	*0.33%*	*0.33%*	*0.33%*	*0.33%*
Other Current Operating Assets	1.0	3.6	2.3	1.4	6.6	3.8	3.5	3.6	3.6	3.5	3.7	3.8
% of COGS	*3.6%*	*9.0%*	*3.5%*	*2.2%*	*9.4%*	*5.2%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*
Non-Current Operating Assets												
Vessels & Equipment	1,147.3	1,856.5	2,342.2	2,269.9	2,217.3	2,154.5	2,097.9	2,034.2	1,956.1	1,897.3	1,827.6	1,766.6
Newbuildings (Prepayments)	349.5	289.6	-	-	-	-	-	-	-	-	-	-
Other Fixed Assets	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-	-	-	-
Current Operating Liabilities												
Trade Payables	(0.6)	(3.4)	(2.0)	(1.8)	(3.5)	(2.0)	(2.5)	(2.6)	(2.6)	(2.6)	(2.7)	(2.7)
Avg. Payable Period (days)	*7*	*30*	*11*	*10*	*18*	*10*	*15*	*15*	*15*	*15*	*15*	*15*
Payables to Related Parties	(0.1)	(0.3)	(0.3)	(0.3)	(0.4)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
RP Avg. Payable Period (days)	*1*	*3*	*2*	*2*	*2*	*3*	*2*	*2*	*2*	*2*	*2*	*2*
Accrued Expenses	(6.9)	(14.0)	(12.6)	(20.7)	(12.6)	(10.8)	(13.3)	(13.7)	(13.8)	(13.4)	(14.1)	(14.4)
% of OPEX	*19.1%*	*29.8%*	*17.4%*	*27.6%*	*15.6%*	*13.0%*	*18.4%*	*18.4%*	*18.4%*	*18.4%*	*18.4%*	*18.4%*
Deferred Charter Revenue	(12.6)	(25.3)	(26.9)	(33.0)	(32.4)	(37.1)	(29.9)	(31.0)	(31.2)	(30.3)	(31.7)	(32.5)
% of Vessel Operating Revenue	*10.5%*	*15.4%*	*7.8%*	*9.5%*	*8.7%*	*10.4%*	*9.1%*	*9.1%*	*9.1%*	*9.1%*	*9.1%*	*9.1%*
Other Current Operating Liabilities	(0.6)	(0.9)	(3.5)	(1.9)	(0.5)	(1.6)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Net Invested Capital (Core)	1,490.8	2,131.0	2,320.5	2,233.9	2,200.4	2,139.6	2,081.1	2,016.5	1,938.0	1,879.7	1,808.7	1,746.9

Table 7: Balance Sheet Forecast: Operating Invested Capital

Fiscal Year	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**
Financial Assets & Liabilities												
Cash & Cash Equivalents	129.0	128.9	200.7	332.3	410.4	437.2	436.7	461.5	544.5	553.1	640.8	658.5
Restricted Cash	0.1	0.1	0.5	0.1	0.1	0.0	0.2	0.2	0.2	0.2	0.2	0.2
Derivative Assets	0.6	0.1	5.9	55.5	48.8	40.1	48.1	48.1	48.1	48.1	48.1	48.1
Current Portion of LT Debt	(34.6)	(64.5)	(81.5)	(95.5)	(103.9)	(106.7)	(103.6)	(103.6)	(103.6)	(103.6)	(103.6)	(103.6)
% of LT Debt	*4.6%*	*4.8%*	*5.2%*	*5.9%*	*6.1%*	*6.3%*	*6.1%*	*6.1%*	*6.1%*	*6.1%*	*6.1%*	*6.1%*
Derivative Liabilities	(2.4)	(23.4)	(4.8)	-	-	-	-	-	-	-	-	-
% of LT Debt (Deriv.)	*0.3%*	*1.8%*	*0.3%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Long-term Debt	(744.3)	(1,337.0)	(1,551.9)	(1,619.2)	(1,708.3)	(1,703.5)	(1,703.5)	(1,703.5)	(1,703.5)	(1,703.5)	(1,703.5)	(1,703.5)
% of Total Debt	*95.3%*	*93.8%*	*94.7%*	*94.4%*	*94.3%*	*94.1%*	*94.3%*	*94.3%*	*94.3%*	*94.3%*	*94.3%*	*94.3%*
Net Financial Assets	(651.5)	(1,295.8)	(1,431.2)	(1,326.8)	(1,352.8)	(1,332.9)	(1,322.1)	(1,297.3)	(1,214.3)	(1,205.7)	(1,118.0)	(1,100.3)
Total Equity	839.3	835.2	889.4	907.1	847.7	806.6	759.0	719.1	723.6	673.6	690.9	646.1
Total Debt	(781.2)	(1,424.9)	(1,638.2)	(1,714.7)	(1,812.1)	(1,810.2)	(1,807.1)	(1,807.1)	(1,807.1)	(1,807.1)	(1,807.1)	(1,807.1)
Net Debt	(651.5)	(1,295.8)	(1,431.2)	(1,326.8)	(1,352.8)	(1,332.9)	(1,322.1)	(1,297.3)	(1,214.3)	(1,205.7)	(1,118.0)	(1,100.3)

Table 8: Balance Sheet Forecast: Financial Assets, Liabilities and Equity

Fiscal Year	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e	2029e	2030e
EBIT (1-tax rate)	75.6	201.2	200.6	217.2	197.8	177.9	185.2	189.2	178.7	191.0	195.5
+ Depreciation	28.7	41.8	69.8	72.2	73.4	75.5	78.6	80.2	78.1	80.8	80.8
– CAPEX	691.4	265.9	0.0	20.7	12.6	22.0	16.5	–	22.0	11.0	22.0
– Change in NWC	(9.0)	(6.6)	(14.4)	19.2	2.0	(1.8)	(1.0)	(0.4)	0.5	(1.3)	(0.8)
FCF	(578.0)	(16.4)	284.9	249.5	256.5	233.2	248.3	269.7	234.3	262.1	255.1

Table 9: Free Cash Flow (FCF) development in USD million

WACC Calculation	
Current Share Price	23.97
# of Shares	54
Market Value of Equity	1,295
Debt	1,810
Total Capital	3,105
% Equity	42%
% Debt	58%
Weighted Cost	
Equity	5.94%
Debt	3.71%
WACC	**9.65%**

Table 10: Weighted Average Cost of Capital (WACC)

Cost of Debt	
Debt Beta	0.215
Credit Rating	B1
Implied Credit Spread	3.14%
Implied Interest Rate	7.56%
Loss given default	60.00%
Probability of default	1.98%
Cost of Debt	**6.37%**

Table 11: Cost of Debt calculation

Cost of Equity	
Risk-Free Rate	4.42%
Market Risk Premium	8.88%
Median 5Y Unlevered Beta	0.79
Relevered Beta	1.10
Cost of Equity	**14.23%**

Table 12: Cost of Equity calculation

Source	**Growth Rate**	**Weight**
LNG Imports Mt (GECF, 2025)	1.4%	33%
LNG Demand Mt (McKinsey, 2021)	-0.4%	33%
Total Natural Gas Demand bcm (GCEF, 2025)	0.6%	33%
Perpetual Growth Rate	**0.5%**	

Table 13: Perpetual growth rate estimation based on market forecasts

Implied Share Price Calculation	
Sum of PV of FCF	971
Growth Rate	0.5%
WACC	9.65%
Terminal Value	2811
PV of Terminal Value	1773
Enterprise Value	2744
(+) Net Debt	-1297
Equity Value	1447
# of shares	54
Implied Share Price	**26.77**

Table 14: Implied Share Price Calculation

	Applied P/NAV Multiple						
NAV	**0.74**	**0.79**	**0.84**	**0.89**	**0.94**	**0.99**	**1.04**
1390	19.12	20.40	21.69	22.98	24.26	25.55	26.83
1400	19.25	20.55	21.85	23.14	24.44	25.73	27.03
1410	19.39	20.70	22.00	23.31	24.61	25.92	27.22
1420	19.53	20.84	22.16	23.47	24.79	26.10	27.41
1430	19.67	20.99	22.31	23.64	24.96	26.28	27.61
1440	19.80	21.14	22.47	23.80	25.13	26.47	27.80
1450	19.94	21.28	22.63	23.97	25.31	26.65	27.99
1460	20.08	21.43	22.78	24.13	25.48	26.83	28.19
1470	20.22	21.58	22.94	24.30	25.66	27.02	28.38

Table 15: NAV sensitivity analysis based on NAV and P/NAV multiple assumptions

	Perpetual Growth Rate						
WACC	**–1.0%**	**–0.5%**	**0.0%**	**0.5%**	**1.0%**	**1.5%**	**2.0%**
11.15%	16.01	17.11	18.31	19.62	21.05	22.64	24.40
10.65%	17.75	18.97	20.30	21.77	23.38	25.18	27.18
10.15%	19.65	21.00	22.49	24.14	25.97	28.01	30.29
9.65%	21.72	23.24	24.91	26.77	28.85	31.18	33.82
9.15%	24.00	25.71	27.60	29.71	32.09	34.77	37.84
8.65%	26.51	28.44	30.60	33.01	35.75	38.87	42.46
8.15%	29.31	31.50	33.96	36.75	39.93	43.58	47.84

Table 16: DCF sensitivity analysis based on WACC and perpetual-growth assumptions

	Pessimistic	**Base**	**Optimistic**
Growth Rate	−0.4%	0.5%	1.4%
2026e Spot Rate	26,351	32,938	39,526
2027e Spot Rate	33,600	42,000	50,400
2028e Spot Rate	43,200	54,000	64,800
2029e Spot Rate	55,200	69,000	82,800
2030e Spot Rate	60,000	75,000	90,000

Table 17: Scenario analysis assumptions

	Implied share price ($)
Minimum	16.51
5th percentile	20.91
1st Quartile	24.17
Median	26.65
Mean	26.73
3rd Quartile	29.23
95th percentile	32.78
Maximum	38.54

Table 18: Monte-Carlo share-price valuation summary for Flex LNG

Type	**Key Factor**	**Metric**	**Flex LNG**	**Industry Benchmark**
Environmental	Carbon emissions	CO_2 (t)	745 186	Size-dependent
Environmental	Emissions intensity	CII rating (IMO)	B	C
Environmental	Fleet efficiency	Engine technology	100% modern 2-stroke	Older steam/DFDE
Environmental	Pollution incidents	Spills	0	Occasional
Social	Crew safety	LTIF	0.33	Target < 1.0
Social	Fatalities	Cases	0	Rare
Social	Port detentions	Detentions	0	Avg < 0.5
Social	Labour standards	% crew under CBA	100%	High
Social	Workforce diversity	% female crew	Very low	$\sim$1–2%
Governance	Board independence	% independent directors	100%	$>$ 50% best practice
Governance	Board diversity	% female board	20%	$\sim$23% avg
Governance	Ownership conc.	Top shareholder stake	$\sim$43%	Higher than peers
Governance	ESG oversight	ESG committee	Yes	Common
Governance	Anti-corruption	Screening & training	100%	High
Governance	Corruption incidents	Reported cases	0	Zero tolerated
Governance	External ESG rating	MSCI ESG	BB	B–BBB range

Table 19: Flex LNG ESG metrics versus industry benchmarks

Figures

Company Overview

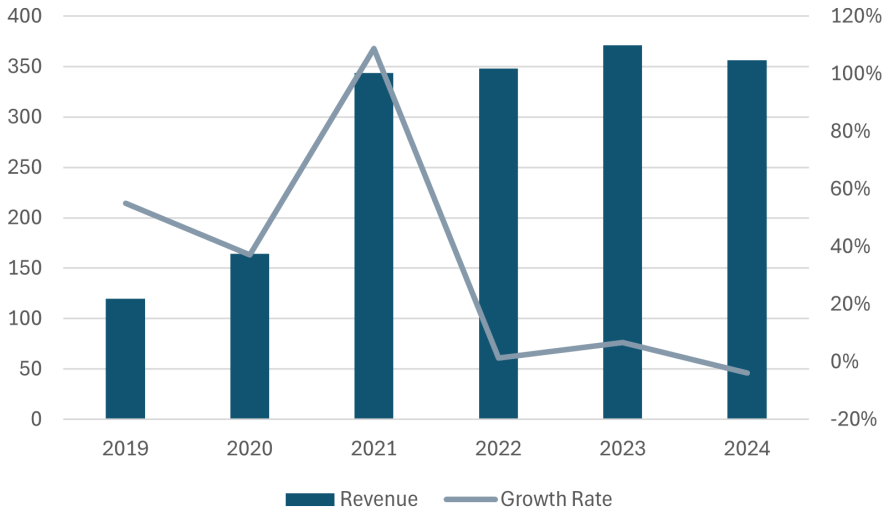

Figure 1: Operational revenue and growth rate (2019–2024)

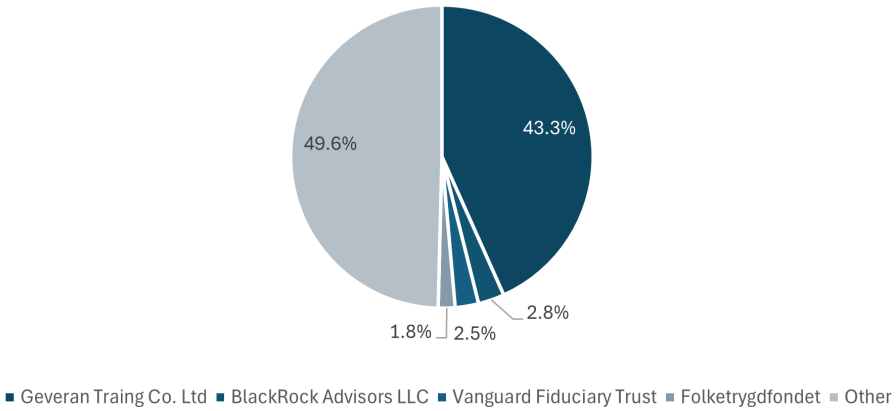

Figure 2: Major shareholders of Flex LNG as of 2025

Industry Analysis

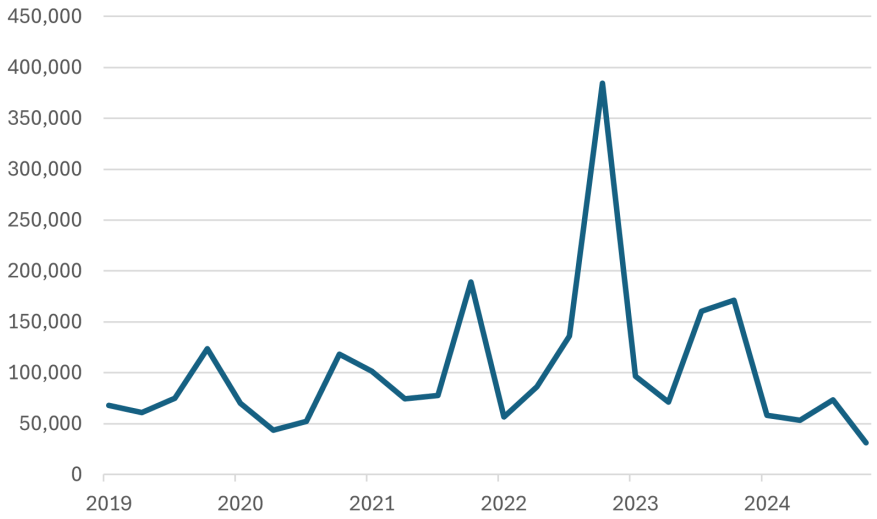

Figure 3: Historical LNG spot rates (2019–2024)

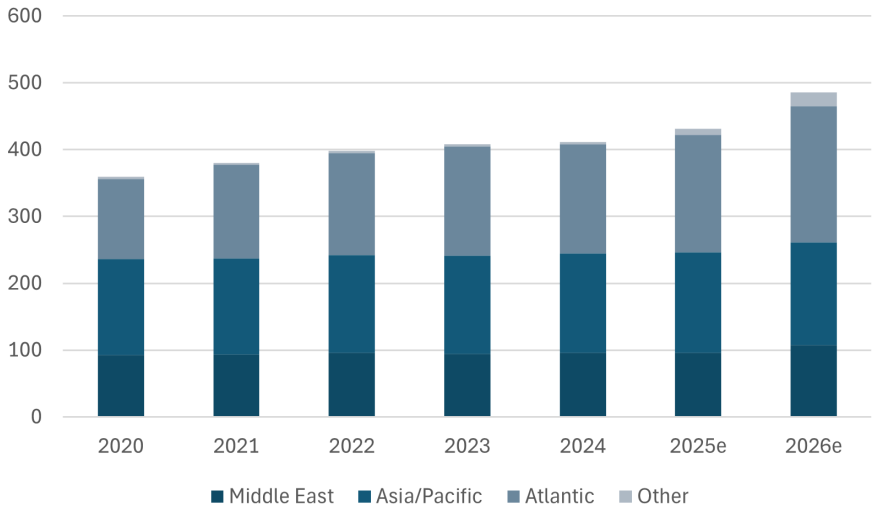

Figure 4: Global LNG supply by region (2020–2026e)

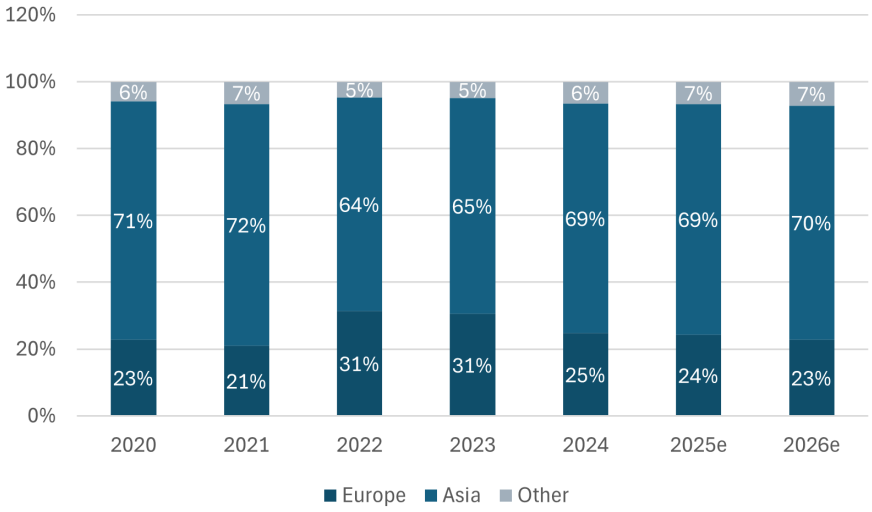

Figure 5: LNG Demand by region (2020-2026e)

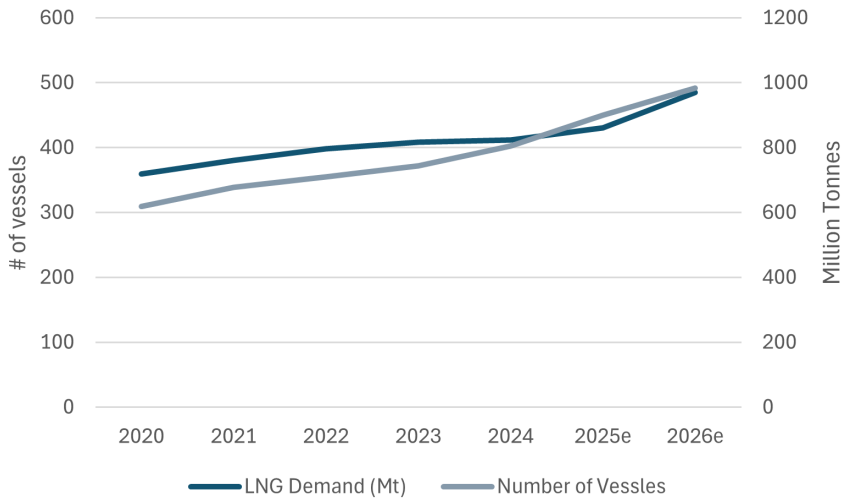

Figure 6: LNG Demand and number of vessels

Financial Analysis

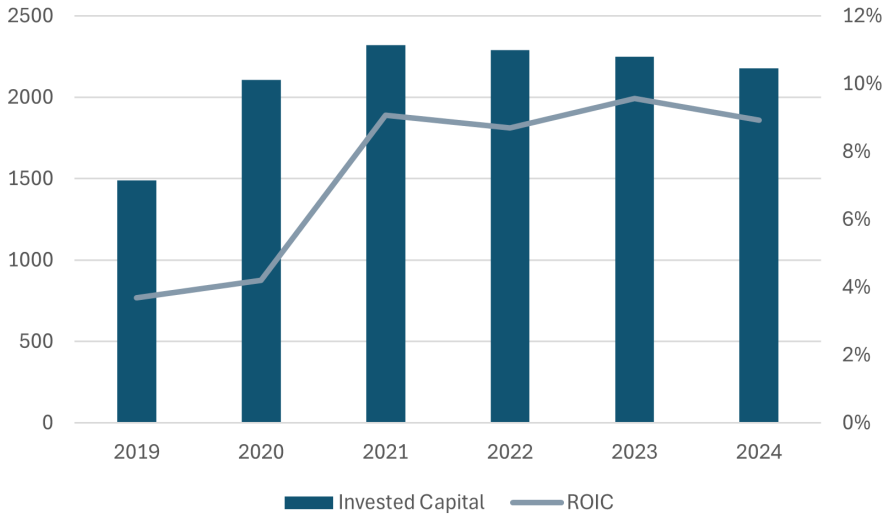

Figure 7: ROIC and Invested Capital

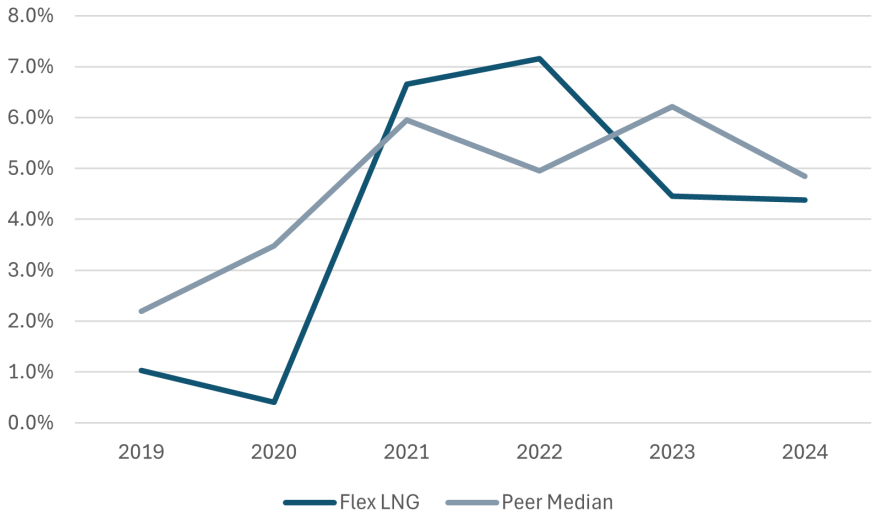

Figure 8: Return on Assets

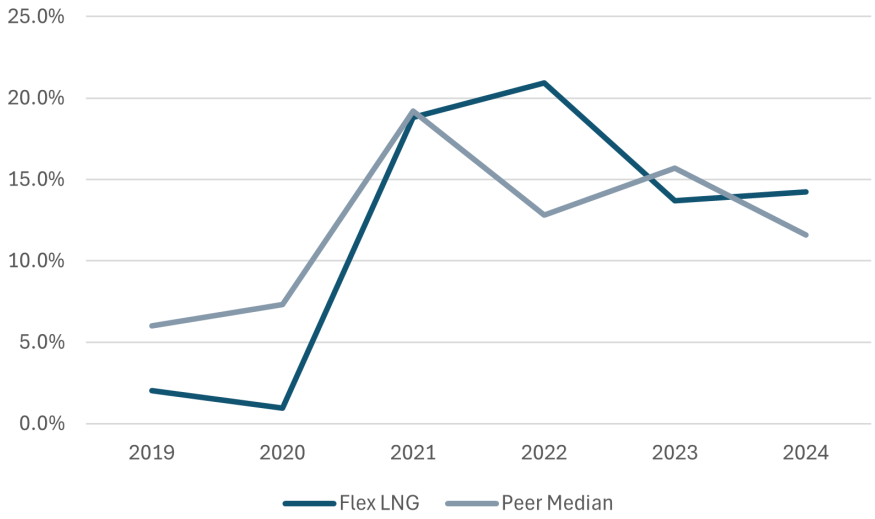

Figure 9: Return on Equity

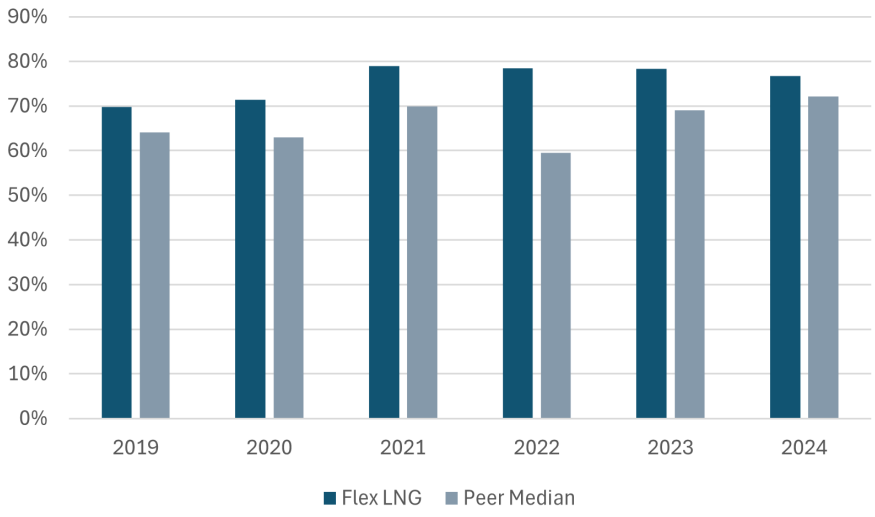

Figure 10: EBITDA Analysis

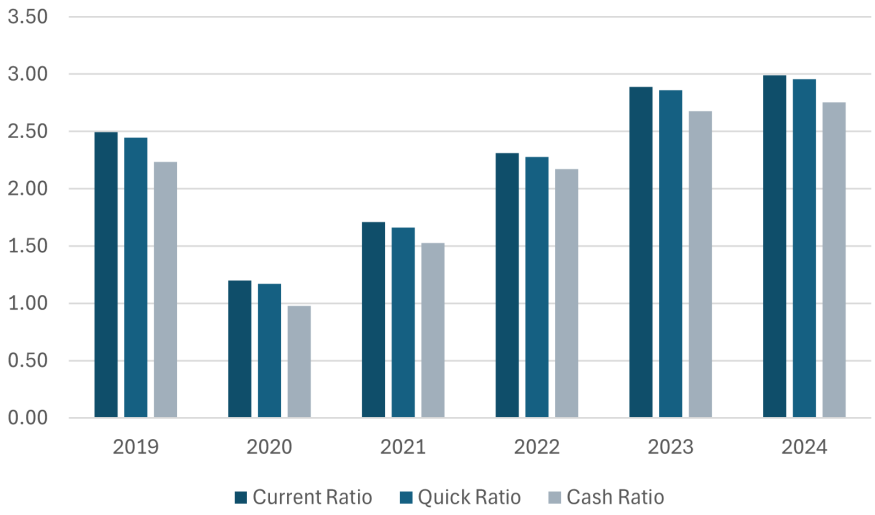

Figure 11: Liquidity Ratios

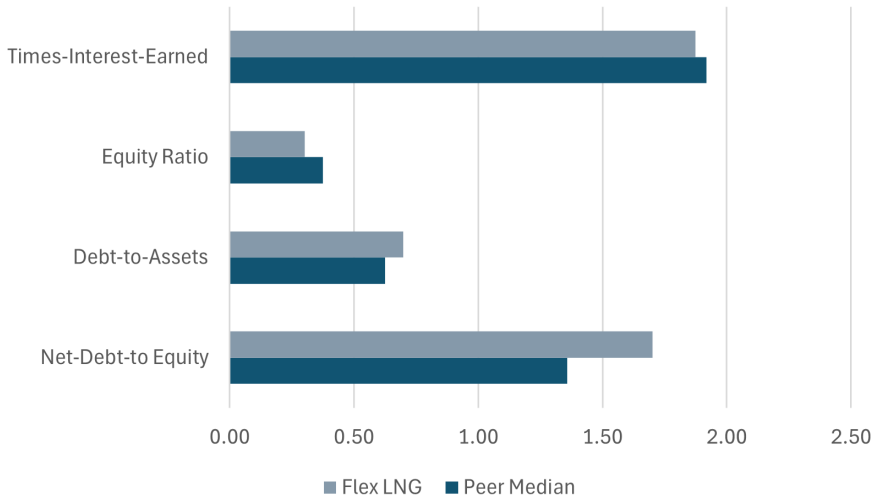

Figure 12: Capital Structure Ratios 2024

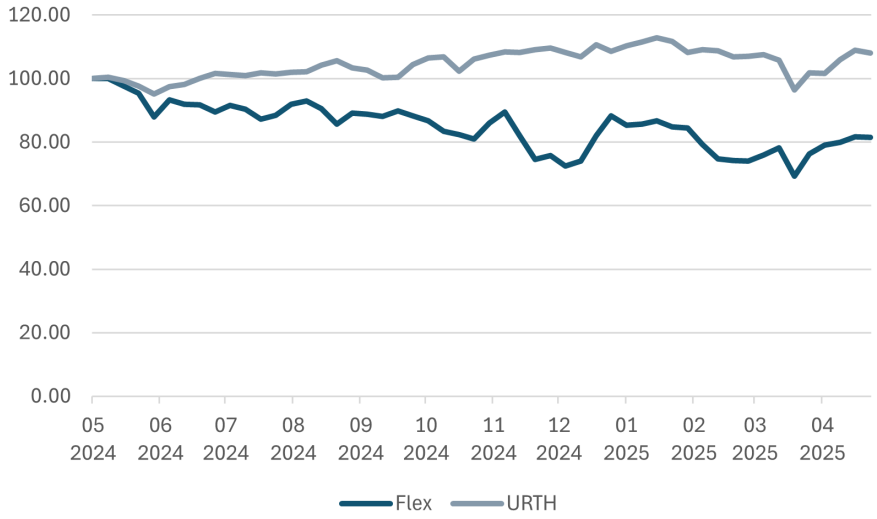

Figure 13: Share Price Evolution LTM

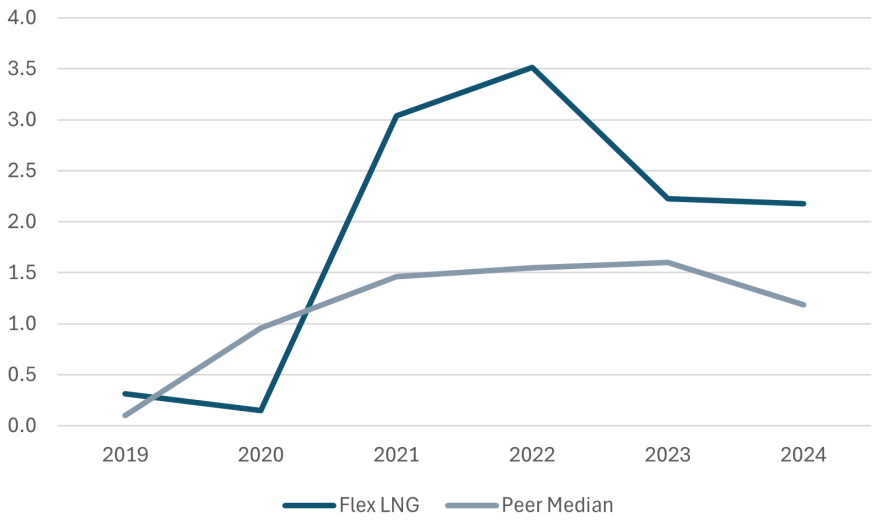

Figure 14: Earnings Per Share

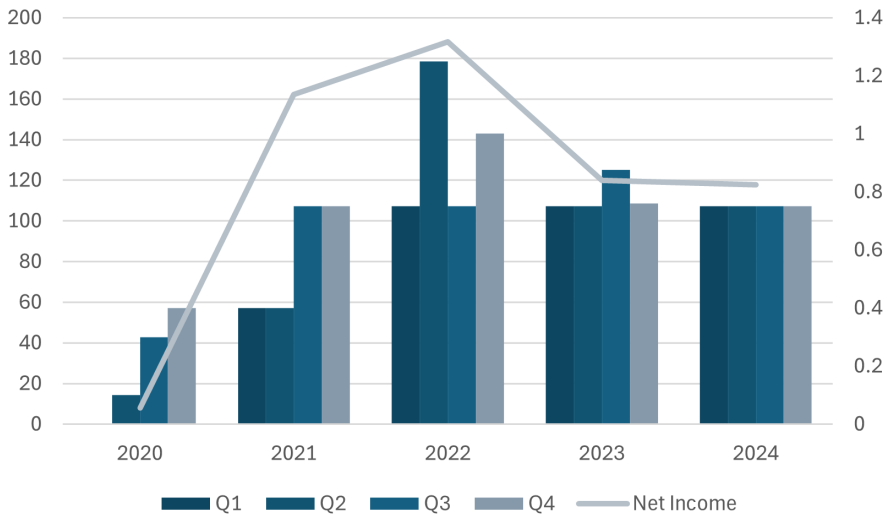

Figure 15: Dividends per share and net income

Forecast

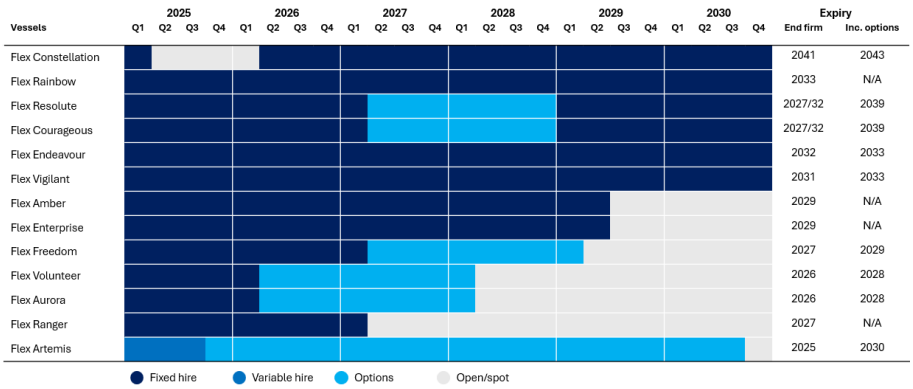

Figure 16: Flex LNG Contract Coverage

Valuation

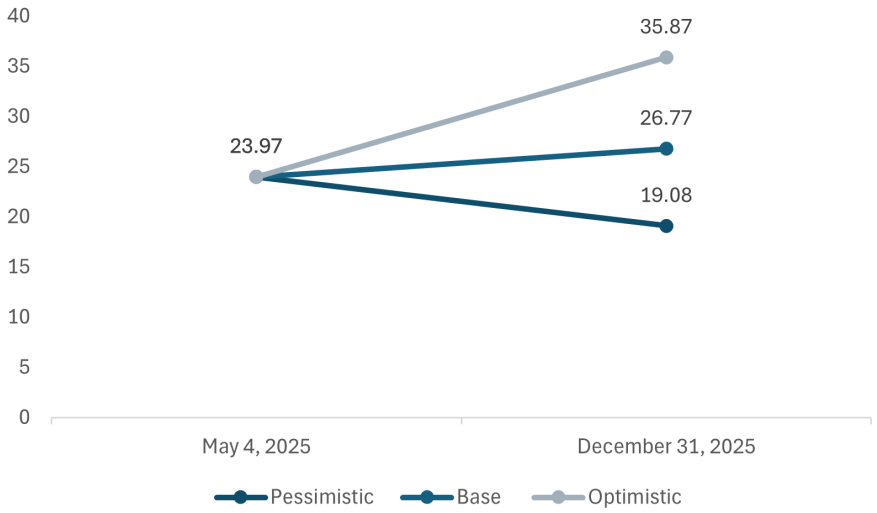

Figure 17: Scenario Analysis

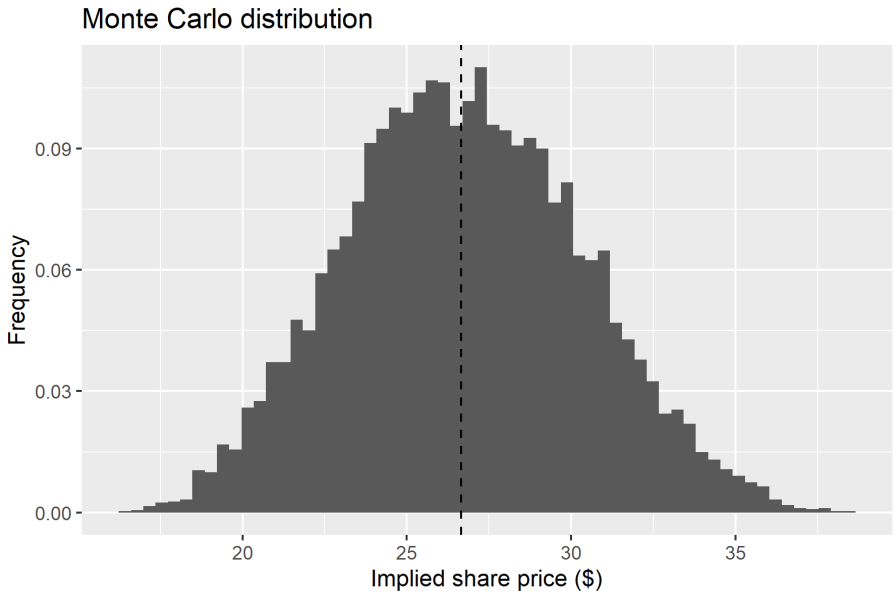

Figure 18: Monte Carlo Distribution

Risks & ESG

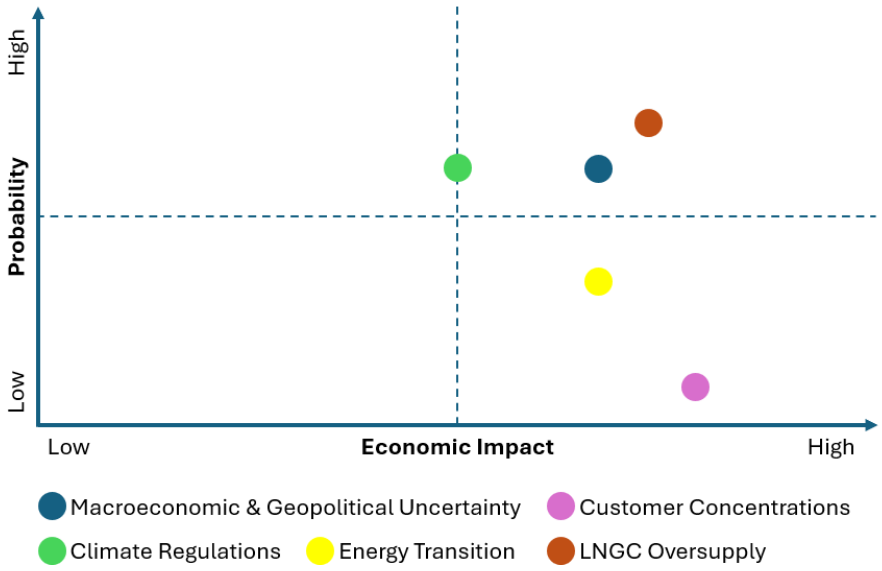

Figure 19: Risk Matrix

Conclusion

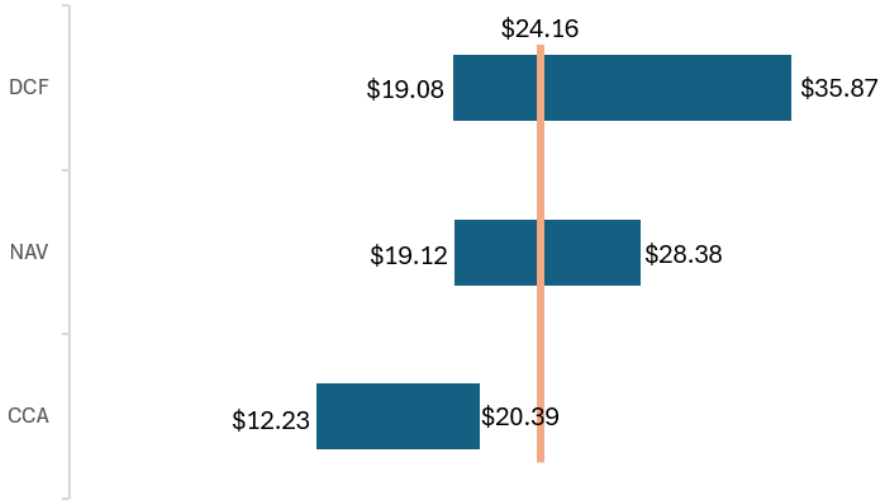

Figure 20: Football Field of valuation methodologies

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