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GasLog Ltd. (GLOG)

Investor Day

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MANAGEMENT DISCUSSION SECTION

Thor Knappe
Senior Vice President-Business Development, GasLog Ltd.

Ladies and gentlemen, to start, we'd just like to mention that there is no scheduled fire alarms for today. And should you hear such then the fire exits are to the left and to the right as you go out through the door.

Now, I'd just like to give you the compulsory eye test. You've seen it. Moving on. And just to describe to you the order of proceedings today, we'll – Philip Radziwill, our Vice Chairman, will kick things off, followed by Paul Wogan, and then – our CEO – and then Robin West and then myself talking about the industry. After that, we will then have a coffee break for, perhaps, 10 minutes before we then proceed with Graham and Simon and then the wrap up. And then all that will be followed by a Q&A session, which will be substantial. So, hopefully, we'll get the chance to answer all your questions. And following that, we will then have a small drinks reception in the meeting room down the corridor where you can also ask us other questions and discuss items with us, as you wish.

So, without further ado, I'd like to introduce to you, Mr. Philip Radziwill.

Philip Radziwill
Vice Chairman, GasLog Ltd.

No need to clap. Thank you, though. Welcome, everyone, and thank you for taking the time to come to GasLog's Investor Day. I am filling in for our Chairman, Peter Livanos, who unfortunately is recovering from pneumonia right now, and so he was grounded by his doctor.

But there is a lot of exciting developments that are going on with this company and so we thought it was important not to delay this. And anytime we can get out and give a comprehensive update on what's going on with the story, we're going to try and do that. So I'll make a few remarks on behalf of the Board and the inside shareholders, before I turn it over to the management team.

Our priority is to maximize shareholder value, and nobody has a larger vested interest in doing so than our group. And I think it's important to note that we put our equity behind this business, and this is not just an option to the upside for us. And so the point is, we are always thinking about how we can get the best returns on our equity investment.

Further to that point, our group has a long track record in the private market of managing investments through various shipping cycles. And the way we've done this is by trying to position our businesses so that they have a disproportionate upside versus the potential downside. And so that's what you'll find with GasLog.

We're bullish on LNG shipping. We're excited about all the opportunities that we think are going to come in this sector. And so when you look at GasLog's earning potential going forward, I think, what you'll find is very high growth for a long period of time and relatively low risk. And that's compelling.

So it's this underlying focus on risk-adjusted returns on capital coupled with the fact that this business has done everything it said it could do and much more by adding further additional accretive growth that gives us the confidence that this is going to be an excellent return on our equity investment.

With all that being said, though, it all comes down to people at the end of the day. And so it's with great pleasure that I introduce our management team. They have a very deep understanding of the shipping industry, there is financial expertise, there is operational expertise, and there is excellent industry knowledge. And so we think it's a really complementary group, and it's the right team to execute this story and deliver the resulting value.

So, with that being said, I will turn it over to our CEO, Mr. Paul Wogan, and for those of you who stick around for cocktail hour, I look forward to catching up more then. Thank you.

Paul Wogan

Chief Executive Officer, GasLog Ltd.

Thank you very much, Philip. I'd like to add my welcome to that of Philip. It's very nice to see a lot of familiar and friendly faces here today. So, my name is Paul Wogan. I'm the CEO of GasLog. And I want to spend the next few minutes telling you why it is I am so excited to be the CEO of GasLog in this shipping market and this evolution of the industry.

So when we look at GasLog, we're in the LNG industry, that's going to see long-term growth and we'll take you through that in some of the presentations. And so, shipping is going to see long-term growth as well. And with the platform that we've put together in GasLog, we believe that we're really well positioned to attract and execute on that growth.

But you're going to hear a lot about what we see coming down the path, but I'd just like to emphasize that even if we don't do anything else, we have a huge amount of inbuilt growth in this business through to 2016 and we have contracted revenues of $2.2 billion going forward. So, we are excited about the opportunities out there, but just what we've put together already gives us a huge confidence that we're going to deliver value for the shareholders. And it's that combination of high growth and low risk – we've put together a contract portfolio, which is long-term with high quality counterparties that make us believe we offer one of the most attractive risk-adjusted returns in the LNG shipping industry.

And the final thing is when you buy into GasLog, you can be confident that we're going to execute on what we say. And so, I'd like to just take you through a little bit of our track record of execution since the IPO.

So, first of all, at the time of the IPO, we told you about growth. Well, we've grown the fleet 50% since the time of the IPO. You can see the chart there on the right. We've gone from 10.25 ships to 15.25 ships. And in that same period, we've done it by putting primarily long-term contracts in place. We've added over $1 billion of contracted revenue into our company.

But we've also done that by diversifying on the portfolio mix. So we've put in some longer-term contracts and we've also positioned ourselves to take advantage of what we see as some really fundamental changes in the LNG shipping industry and for us to be able to take advantage of the upside in those changes. And I'll talk to you a little bit more about that as we go through the presentation.

When we did the IPO, we said that we will pay a dividend and we've done that now for a few quarters and we gave you financial projections and we've hit those financial projections. We've diversified our sources of funding. So I think the biggest thing is with the growth that we've put into this business – and you'll hear us a couple of times this afternoon, we've done that without the need to raise any further equity. So what we've done around the funding has been really accretive for this business.

And when we did the IPO, we came to people and we said, we have two ships on the water then and we said, we've got all this backlog of ships coming and we're going to deliver on time and we're going to put them into contracts. And I think there was a degree of skepticism there, people saying, come on then walk the talk and we've done that. We've delivered four ships this year, most of them ahead of schedule, all – on or before schedule, all on budget. And they're going straight into their contracts and not only that we've had 100% utilization, we haven't had any [ph] off-hire (08:16) time.

And I think when you look at our long-term portfolio, it's worth dwelling on the 100% utilization a little bit because unlike the spot market where you see these very high rates where you may get high rates for a short period of time and then you're waiting for your next cargo, our ships get the rates day in, day out. And the fact that we have 100% utilization, [ph] no off-hire (08:37) means that that revenue is coming in every single day. So execution has been a huge part of what we've achieved, I think, since the IPO.

And then also we've added an on the water vessel we announced at the end of last week and I'll talk a little bit more about that later. But that's what we've delivered in what I think is a fairly short space of time, the 18 months since we did the IPO.

So that's all we've delivered so far but what are the value drivers going forward and why should you guys be investing in this company? Well, as we've talked about, we see the LNG industry growing and we see the demand for shipping growing. So we're forecasting healthy LNG shipping rates going forward. And we think we're well positioned to capture the upside of that both in long-term contracts and in what we're doing around our portfolio able to capture some of the short-term growth opportunities.

The development of our business, I think, has helped us as well in terms of our optionality. We've put in place two 10-year contracts with BG, two seven-year contracts with BG since we did the IPO. And what that's done is it allowed us to look at different ways of developing our capital structure.

So one of the things that we're going to be talking about today is an MLP, putting those long-term contracts in place means we have a bigger pipeline if we decide to go forward with an MLP. So we've not only delivered value through those contracts in their own right, we've actually given ourselves some further optionality. And we'll also talk a lot today about the platform, the GasLog platform and what that allows us to do and we believe the way we've positioned this company and the results we delivered so far mean that we're really well placed to deliver further long-term accretive business into our shareholders.

There's potential for significant upside to our dividend. We're in a growth phase at the moment, we have the CapEx, but when these ships deliver in 2016 into 2017, this company throws off significant free cash flow. And at that point, we have the opportunity to have a significant dividend for our shareholders. And as Philip's already alluded to, one of the things we're really focused on this company is making sure that we deliver the returns to our shareholders.

And we also think that there's potential for GasLog to be an industry consolidator. You've seen we did the STX Frontier, we think there are going to be more opportunities for single ships coming up from time to time. There are people in the industry who bought two or three ships were not really committed to the industry. Now taking the speculative view, we think that those people may take a view to exit the industry at some point.

We also think that some of the oil companies and gas majors may actually review their portfolios and say, is this a core competence for us, do we really need to be in shipping, maybe this is something we can offload and redeploy capital elsewhere? So we think there are going to be opportunities for further consolidation in this industry. And we believe with the strength of our business and with our platform that we are really well placed to be one of those consolidators.

Now, this is a slide I really like because, as you can see, the shipping is right in the middle of it, and that's not just sort of putting it there for effect. This is a very expensive multi-billion dollar value chain and we, in GasLog, sit in the middle of it. We are the way that this product gets from its – where it's produced to its market. And when you think that the customers are putting so many billions of dollars into this chain, what are they looking for? They are looking for people who can deliver on time, safely, be reliable, have high quality standards, have high safety standards and that speaks very well to what we've been doing so far in the industry and what we will continue to do.

So, there we are in the value chain, but we see LNG shipping not only growing, but the market for these ships also changing and I'll take you through that. So, first of all, the growth – and Robin, I think, and Thor will take you through how we see the growth for shipping developing going forward. But there's going to be significantly liquefaction coming on stream, that's going to need more ships, that plays into the GasLog story.

But when I look at the LNG space, shipping space, it very much reminds me of the tanker market of the 1950s. I wasn't around then. I just read about it. But let me tell you, at that time you had the oil companies own the ships. They own the oil. They moved it from A to B to their own facilities and then they sold it on. It was a very tightly controlled market.

What happened there over time was the independent ship owners came in. They started to move around on those ships. The traders come in. The product started to be much more fungible, much more traded. Arbitrage happened and the ton miles increased. But when I look at the LNG shipping market right now, that's exactly what I see happening. So we're seeing a huge increase in the number of bilateral trade routes and we're seeing a huge number, a huge number of ton mile increases, that's been driven by the trading that's going on.

But although it reminds me of the tanker market of the 1950s – I've been in this industry for nearly 30 years now and I've been in dry cargo, I've been in tankers, I've been in chemical shipping, and LNG shipping is not like those spaces. LNG shipping has barriers to entry which those markets do not have. I've already talked about the demands of the customers in terms of health, safety and quality. This has the highest levels of operational demands of any bit of the industry I've been in. You have to have in-house operational platforms with experience to quality for these long-term value chain contracts with these customers, we have that in GasLog.

But the other thing is that it takes between two and a half, three years to build these vessels. So you can't just go out and build them. We pretty much know what this market – this order book is going to be until 2016. So unlike other parts of the shipping industry, it's very hard to buildout this industry very quickly. And adding to that, there are very limited number of shipyards who can actually build these high quality vessels. So again, it makes it much more difficult to buildout this industry.

And then finally, it's capital intensive, these assets at $200 million a time, mean it's very difficult for somebody who fancies getting into this industry just on a whim to come in, in the way that you can in other shipping – parts of the shipping industry. So there are significant barriers to entry to this business which you don't find elsewhere in shipping. And obviously those barriers to entry, I think, help a company like GasLog.

Now this is a slide that, I think, many of you may have seen before, but we've put a slightly different slant on it today because how are we set up to capture the value that we see coming through both the growing market and the changing market? And so what we've done here is to group the vessels. First of all, the vessels on the top and the vast majority of them you can see are the ones that have the firm contractual business.

These vessels that will underpin our business give us the strength; give us the ability to do other things. And I think in a capital intensive industry like this, you need to have the strong underlying asset base, strong underlying contracts to underpin your business.

And then we have in the middle there, we have two or three vessels which are able, we think, to capture the upside in the market. We are very bullish about the long-term LNG rates and we feel that with the two new buildings coming out end of 2014 and into 2015 and the STX Frontier that we just announced, we are positioning ourselves to take some advantage from what we see will be an interesting market going forward.

And then finally at the bottom we have the options that we have with Samsung. We have the potential growth. You've seen what we've done with the options before. This gives us the potential to replicate on that. So that's how looking at our fleet in a slightly different way, very modern fleet, very efficient. We've got the Tri-Fuel Diesel Electric engines and we think those assets are well-positioned to how we've put the contracts against them and how we position them for us to take advantage of what we see happening in the market.

But the assets are only one part of the story. The other part is the partnerships that we've put together in this industry. And we've built all our vessels with Samsung and it isn't a coincidence. They produced very good quality ships, but they also produced ships on budget and they also produced ships on time. Simon and I – you may have heard us when we met at the Investor Days and things talking about the Swiss clock. We like to see – Samsung is like the Swiss clock. They just turn these ships out when they say they'll turn them out and that means we can be certain that we're going to be able to execute on what we say and execute on our contracts.

And the other thing that's really helpful with our relationship with Samsung is that we get the sister ship effect. We build a number of ships at the yard, we can get improved pricing on the ships and also we're able, because of our relationship, to have quite heavy tail end payments for these ships, which helps us as we're looking to finance them so, huge benefits from that relationship.

If I swap over to the left hand side of that, you'll be very familiar with BG and Shell, two of the biggest players in the LNG market, the people we have our contracts with. Obviously, very financially strong. We don't have to go to bed at night worrying are those guys going to be able to perform on their contracts?

But more than what I don't think is always apparent is that we don't have project risk with those people. These ships that we have are actually chartered against the equity gas, the equity position that these companies have not against a project-specific risk. So if they have a problem with one project, they can't call force major on us, we continue to be on hire and earn our daily bread.

So, there is the strength of the customer, but the other side of it is that – I've talked about the importance of quality and safety in this industry and both BG and Shell are probably at the forefront of that. I think they have the highest standards of anybody in this industry and basically if you qualify to do business with Shell and BG, you basically qualify to do business with anybody in the industry and that for us is a huge benefit as we go out and look for new customers and new business.

So, we talked about the opportunities, we talked about the market, we talked about the growth that we see. So, how are we going to deliver on that? So, first of all, we are going to go after the growth, but I really like to stress here that we're going after value-driven growth. We're not going after growth for its own sake. If you look at the contracts that we've put in place since we did the IPO those contracts have been at least as good and often better than the contracts we had prior to IPO. So we are very focused on growing, but growing with value in accretive business.

We're going to take advantage of what we see is the increasing market liquidity as this becomes more of a trading market as more opportunities there. We think we can capture some of the upside in that market. And so we're going to position ourselves with a small number of our fleet to be able to take advantage of that. To seize and, if you like, just spice up a little bit and the returns that we think we can offer back to the shareholders.

We're going to create options for funding. We're going to talk a little bit today about some of those options, how we can fund this, how we can get the fuel, if you like, to power the platform that we've put together. And Simon will take you through some of those different options. But that's something we focus on, something that we think we can really add value to the business.

When we look at the additional customers, they are important for a couple of reasons. One is, as I talked about earlier, even if we just deliver on the growth that we have, we have tremendous growth and tremendous upside in this business, so we have to execute well for our existing customers and they're also through the most dynamic people in this LNG shipping space at the moment. So there's potential for further growth there.

But we also would like to expand our customer base. Now, on the long-term business, what we don't want to do is have one or two ships with 10 different customers or whatever, we like the partnership model that we have been developing with these two customers. And so, when I go to bed at night tonight, fall asleep and I dream, I dream about two or three years time maybe we'll have an Exxon contract and a BP and an Eni and those kind of people, and these are the people we're pretty marketing effort on and who we are targeting as our potential customers. And Robin will talk a little bit about how he sees the IOCs developing in this business and why we think they're good target customers.

And finally, I keep talking about the platform, but we think we have put in place a very advantageous platform in this business. And we think that can work not only in the shipping space but also as we move across the LNG value chain. So we believe, going forward, we'll be looking FSRUs, we'll be looking at the distribution of LNG, we'll be looking LNG perhaps as a bunkering, lots of different opportunities where we think we can bring the GasLog platform to bear and have an advantage to move into those different markets.

So, that's the business strategy. But just before I hand over to Robin to take you through the industry, I'd just like to introduce GasLog's newest addition. We announced on Friday that we had agreed to purchase the GasLog – sorry – the STX Frontier to be the GasLog to be named. We can't – I was going to name it today actually but Graham told me, as an old seafarer himself that that was very bad luck. So we'll have an unveiling of that at some future point. But she is a very modern ship. She has got the latest propulsion. She is a great trading ship as well, able to fit into most of the ports in the world. And we were able to buy it at what we think is an extremely attractive price for two reasons. One, we were able to move quickly without having a contract against it. And, two, we were talking to a distressed partner.

So, we saw this as a great opportunity. I really don't think there's anyway at all we could replicate this right now in the market. The price we got here was fantastic. And so, even if we put extremely conservative assumptions around what we can earn on that vessel, the returns on capital as good, if not better, than other returns we have in the business.

So I think our ability to be able to move quickly and to be able to take the ship is going to pay real dividends in terms of our earnings and returns to the shareholders. And again, just talking to you about how we've funded this business, we're able to do this without the need to raise additional equity.

So, with that, I'd just like to say, I'm very happy to get this new ship here, very happy to see you all here this afternoon. Looking forward to the questions at the end of the session. And I'm now going to hand over to Robin West, to take you through the industry section. Thank you.

J. Robinson West

Senior Advisor, IHS Energy Insight

I'm Robin West. I'm now a Senior Advisor with IHS Energy Insights, until a couple of months ago I chaired a company called PFC Energy, which I'm happy to say we sold to IHS. At any rate, I'm joined today with two colleagues, Ben Gage and Nikos Tsafos, right here on the front.

And so, A, if you get questions that are too complicated, I'll turn it over to them. But if not, during question hour or cocktail time or whatever, feel free ask them as well.

My job is not to talk about the LNG shipping business, but instead my job is to talk about the LNG business, which in turn will drive the shipping business. And our view is that the – that this is a business which has very strong growth outlook, in terms of the gas business and also in the global LNG business, which is a critical subset.

But the thing that I think a lot of people don't realize and we do a lot of work with the international oil company themselves, is how much this business is changing and it's changing structurally. It's a far more dynamic business that used to be.

The LNG business in the old days was the belts and suspenders business, an enormous amount of time was spent negotiating contracts, developing these huge projects and then selling them on a 20-year contract to a bulletproof AAA credit and it was a great business. It was a belts and suspenders business.

My definition of a good business is a business that makes money while you sleep and this money – this business made money for 20 years, it was great.

However, it's all changing. There are a lot of new projects that are being discussed, that are going to have lots of upstream liquefaction project risks. Secondly, the project developer experience involved in lot of these, it varies very substantially and it's going to affect – I'll show you later some numbers, the number of projects which were announced versus the number of projects which actually are going to get done is very different. And you have not only inexperienced producers, you have inexperienced host governments and you have inexperienced buyers; the nature of buyers are changing dramatically.

And you have the whole – the nature of LNG production is changing and it's – the business going forward is going to be very, very different than the business of the past. And from our view as we look at this and advising GasLog, our view is that this is going to change the role of international oil companies that are shipping and there are going to be new markets for companies coming into this trade which don't have legacy affiliations. And, again, this is going to create certain opportunities.

In the old days, again, you had certain buyers such as Japan and certain sellers such as Malaysia, they control the shipping. But now what's happening, that will continue, but the pie is going to grow a lot, there are whole bunch of new players and we believe that this going to create a whole bunch of new opportunities.

Now in terms of energy growth, energy demand is going to grow by economic growth around the world, population and demographics, energy efficiency and energy targets really emissions, and gas works perfectly for all of this.

Now, what's going to drive energy supply? Well, part of it's going to be domestic resource availability or the lack of availability, which is going to create demand for LNG. Secondly, are going to be discoveries around the world that certainly going to affect supply. One of the things that's very important is going to be both import and export infrastructure. There has been an explosion in receiving terminals around the world. And, again, I'll show you some charts, which shows the flexibility and the changes in the business.

Government policies are changing, countries want to diversify; they want gas, they don't have their production or they don't have the ability to develop the gas and I'll show you that. And, finally, the geopolitics and strategic considerations; companies and countries are looking for diverse supplies and the great thing about LNG versus pipelines is you can diversify your supply from a number of different sources, which you really cannot do with the pipelines.

Now, one of the things that's important to recognize, again, historically, this was a business that was dominated first by Japan and then Korea and Taiwan. And Asian demand is leading the shift, but it's – again, it's away from Japan and that's towards the non-OECD economies. And very importantly, everyone keeps thinking, that means China, and China is important. But it also – there are a lot of other markets, which are springing up.

And also there's going to be growth by different sectors. The power sector is going to be critical, obviously, for the gas business. But what this means is that you're going to have a whole new class of buyers in this sector, which are the power utilities in these consuming countries so they're coming to the market, they're building utilities, there going to be demand. And the other area where we see a lot of growth in demand is going to be in the transportation sector.

Now, one of the questions that comes up is, – and we do a lot of work in exploration and production around the world, there is a fear among a number of people in the industry and some developers of gas projects, say, oh! my God, is there going to be this – just wall of gas coming out of North America? And, frankly, there is a lot of shale reserves around the world of gas – or resources I should say more technically. And is this going to basically crush the international trade-in gas? And our answer is, no.

And the reason is that if you look here on this chart, you can see that in the United States we've drilled more than 15,000 gas wells and with horizontal drilling for shale. If you look around the world – if you look at – and there was a lot of discussion about Poland, for example. And the Poles were going to stand up to the Russians, and the Poles were going to be a new Eastern European gas producer. I think they have eight wells. If you look at China and the Chinese are – they have enormous resources in shale, theoretically, according to their geological survey. But the fact of the matter is that they've drilled very, very few wells. And if you look at the experience in North

America to prove up each of these plays, you have to drill hundreds if not thousands of these wells. It's been a function of innovation.

And if you go to the next slide, these are the critical components that you need to develop shale gas plays. And you can see, in the United States, we have the access to water, we had property rights in a number of countries. The surface owner does not have any underlying mineral rights. In some countries in fact, the underlying shale is held by the coal ministry and I can assure you that coal ministry is going to do very little to encourage the shale gas business.

A cooperative government, in some cases, that's true elsewhere but in the United States, in fact, 95% of the shale gas production in North America is on state and private land, the federal government have virtually nothing to do with it. This was a private sector response. So government just – it didn't even have to get out of the way, it wasn't in the way to start with.

In other places you have onerous government standards. Another thing is to drill thousands of wells, you need thousands of rigs. And if you go around the world, most places, they don't have the rigs. They don't have the service sector. And another area is innovation via competition. That means you have, in this country, hundreds of independent companies who developed these plays.

In most places around the world, they don't have any independence. They may have a state company. They may bring in some foreign companies but it's a completely different structure that we have in the United States.

The willingness to spend money – I would have actually changed this, it's rather the ability to raise money, in the United States, what fueled our development was, A, access to equity and, secondly, the ability, if you found gas, to sell it forward and finance it. So the ability to raise capital is critical and, in most of these countries, that's very difficult.

Favorable natural gas prices; what drove initially in the United States was $11 or $12 gas prices where any gas well, any gas well was profitable. And so people went out, they realized there was an enormous of gas in the shale structures and they went out and created ways to produce it. And the price collapse as a result, which is exactly the way the market supposed to work. You can market the gas in this country, we have gas transmission and gathering, it's a huge network. In most countries of the world, you're lucky if you have a trunk line crossing the country.

So – and finally, incentives for unconventional; really was just high prices and animal spirits and the chance to get rich which drove it here. In other countries, it's much more difficult. My point is, is that in important countries around the world that the fear of shale gas search overtaking the gas markets is extremely unlikely.

Now, one of the things is that LNG is growing and its share of the gas business. The price of oil is very high and so to the extent you can bring LNG in to substitute somewhat, there are domestic production constraints. If you look around the world, places like the U.K. and the Middle East, they are desperate for gas, gas prices are very high. They need more gas.

Another aspect which is very attractive about LNG is the flexibility and seasonality. In certain markets, for example, winter in Poland comes at a different time than winter in Argentina and so that creates market opportunities. The kind of opportunity which just didn't exist in the past and so that's going to bring increased flexibility in the market and opportunities for certain kind of players, and again the growth of non-OECD demand.

You can see here in this chart here, the share of gas demands by LNG. It's risen very substantially. This is world market. But the thing that to me just never ceases but to amaze me is not the number of exporters, it's the number of importers. And that is going to affect this industry enormously. And you can see the chart in the bottom left, the growth in bilateral trade routes has grown from 42 to 171 in 12 years and this is going to continue to grow. So you have a market which is expanding enormously. It's not the old point-to-point big projects to big utilities, it's all changing.

And one of the things I said before is that – there have been a lot of projects which have been announced. And we look at – again, we come to this more from the exploration and production side of the business than we do from the shipping side of the business. And if you look at the projects, a lot have been announced and if they all get produced, the world is going to be awash with gas. They're not all going to get produced.

We've risked these projects and what our anticipation shows that we expect something in the order of – growth from 281 million tons to 532 million tons in 2025 versus the announced capacity of 771 million. So there, I would say, many are called, a lot fewer are chosen. And again, if you look around the world and if you look at how capital-intensive and difficult these LNG projects are, there are just not that many companies that can pull it off. And so there are going to be a lot of – there are going to be a lot of stalled projects.

In this chart, we, again, if you pickup my point earlier of the risked forecasted LNG capacity growth, and it's very unequal. Now, one of the things is that North America has changed this business radically first by the surge in production, demand collapse for imports. I was a director of a company called Cheniere Energy which was a very wild ride indeed, but the fact is that it was a complete reversal in a very short period of time for this production surge.

But what happened was basically demand for imports collapsed, so cargoes were moved elsewhere. They were moved – because of Japan, the Fukushima, they were – because of Fukushima, they were moved to Japan – excuse me. They moved to Europe. They are moving in a number of different areas, but the patterns change and the patterns will continue to change. I keep coming back – this is a dynamic business. It requires flexibility. And we believe the heart of flexibility is really shipping.

If you look at the chart, you can see that North America is going to grow up to about – in 2025 to about 79 million tons; 50 million tons from the Lower 48 and about 29 from Canada. The Canadian projects in Western Canada are structurally – completely different than the ones in the Lower 48.

You can see where else the growth is going to come from – is going to be Africa, largely East Africa, the resource base is enormous, but the challenges of developing projects in Tanzania and Mozambique are daunting. These are projects that are going to cost tens of billions of dollars. And you are dealing with governments that have largely non-existed and it's going to be a tremendous challenge.

The Middle East you will see isn't even on here which is extraordinary given the role of Qatar, but what we're looking for is growth and there is going to be very little growth in the Middle East. And, in fact, what is happening is that the Middle East is becoming bigger and bigger market for demand for natural gas, which is quite a change.

The other area, obviously, that's going to play a big role is Australia and those projects are proceeding. But again, so what you have is a diversified global business and you are going to have more production, but you're going to have a lot more buyers.

Now, the role of international oil companies or IOCs in LNG; one of the things to keep in mind is that the international oil – excuse me – the national oil companies control about 75% of the oil reserves in the world. And this has created tremendous problem for the international oil companies, where they are going to go and invest their money. And basically the two places where they go is the deepwater and LNG. These are capital-incentive, high-technology businesses which really need the skills of the IOCs and which give the IOCs an outlet for their capital.

LNG is a critical part of their portfolios. As you can see, it's a growing part of their portfolios. And the other thing, though, is the nature of this business is changing. So I say, it's no longer a point-to-point business, it's – there's much more commercialization, the oil companies are interested in upstream, in production and liquefaction and they are interested in downstream marketing. They don't want to tie up a lot of capital. In shipping, they don't think it's necessary. But they want the ability to trade around. Paul talked about BG and Shell, they have the deepest portfolios. They are the best positioned to be able to swing cargoes, a seasonal cargo to Buenos Aires or to Poland or all around. That's what they are able to do. And that's why the IOCs are taking more and more off-take contracts, because they can get the best price at different times in different markets.

I think this is really quite an extraordinary chart when you look at it which is the rise in the spot trades in this business. And who's coming in, you have companies like Vitol, Trafigura and Glencore, they want to be traders in this business. The other are going to be these emerging market utilities that I keep talking about. And countries such as Israel, Mexico, India, and Argentina, their utilities are now buyers. 10 years ago, they were not buyers. They did not have the receiving infrastructure.

So you have a much, much more flexible market. You can see the number of spot trades is going up dramatically and the percentage of total LNG trades is going up. But again, what it does is it leads you inevitably back to the importance of shipping and flexibility. It's critical; the importance of spot cargoes. Again, spot cargoes can be very, very, very profitable for traders. There is going to be a growth in LNG production and the growth in LNG markets. But again it's – a lot of the profitability is going to about flexibility in this market.

So finally in closing, couple of points, gas is the fastest-growing fuel type – you saw a chat earlier – in the energy mix. And LNG is a critical part of this growth. And it gives flexibility to markets who would otherwise not have it. It's – at times, it can be much more attractive if you can even get it than pipe gas.

The changing business landscape; the projects are becoming complex and a lot of these projects are not going to happen. And the international oil companies are critical to move projects forward; again, these are multi-billion dollar projects and cost $10 billion or $20 billion. The Gorgon project in Australia that has Chevron, Exxon and Shell, that's a $40 billion project. That's real – I'm from Washington, even in Washington that's real money. And it's really the international oil companies are the only ones that have sort of the broad shoulders; the balance sheet, the technology, the marketing and the project management skills and these are big projects.

So, again, also the IOCs are important in terms of developing the projects and they want to try it, have deep enough portfolios resulting from that so they can trade around it, but you're also are going to have the new marketers pursuing new strategies.

And so from our standpoint, again, coming to this as we see the LNG business and it's going to influence the LNG shipping business, we think that the IOCs are going to be reliant increasingly on the independent shipping companies and that the new LNG marketers and the off-takers they don't have shipping affiliates. They're not going to get into this business. They don't have the balance sheet, but they need the shipping. And so, we see this as an opportunity for high quality independent shippers, such as GasLog, so.

Thor Knappe

Senior Vice President-Business Development, GasLog Ltd.

Thank you, Robin, for an excellent talk on the LNG industry. My name is Thor and I'm in charge of commercial at GasLog and I've been with GasLog for six years and in LNG shipping for 12 years. And I would like to build on what Robin was talking about and go into more details regarding something very close to my heart, which is LNG shipping itself.

Let's dive straight into the supply and demand for LNG carriers. This is something we get asked quite a bit about and, obviously, something which is very important to the growth going forward. What we see here on the graph, on the left hand side, is the incremental demand for LNG ships. This is based on the estimated production of LNG going forward. The graph which Robin showed you a short while ago.

What you see here in the bottom blue bars, which plateau out in 2018 at 165 ships, that is the number of LNG carries estimated that are – to be needed for the LNG production that is currently under construction. Perhaps more importantly are the gray bars, which is what is the expected incremental demand for LNG ships, which is based on not only for these under-construction, but the new projects which are expected to be added to those – to that list. And that brings you to an incremental demand for 256 LNG carriers on top of the current global fleet of approximately 365 LNG carriers.

One way to think about the supply/demand picture when you may do your own modeling, for example, is the rule of thumb of maybe of around 1.5 ships per 1 million tons of capacity. How do we get to that figure? Well, consider the last couple of years; we've seen a global trade of around 240 million tons of LNG.

At the same time, there's been around 360 ships in the global fleet, and of course in this time the shipping market has been balanced, if not actually very tight, and actually a little bit short of shipping.

So, that speaks to the 1.5 ships per 1 million tons ratio and that's a ratio which actually has increased and we expect to continue increasing. 10 years ago, that ratio was closer to one to one. In the future with the advent of long distance trades like U.S. export to the Far East, we should see that ratio go up even further.

Now may I draw your attention to the right hand side here where we join up the supply and demand for LNG ships. Here, the solid line denotes the demand for incremental LNG ships which we saw on the bar chart plateauing out at 165 ships by 2018. And then the dotted line shows the expected demand for LNG carriers out to 2020 to 250 plus ships by 2020.

Now, compared that to the order book of LNG carries, which are denoted by the bars here in terms of the number of ships delivering in each respective year. At this point, it's worth bearing in mind what Paul mentioned earlier, which is the barriers to entry from the shipyard order book side. It takes two to three years just to build an LNG carrier and there is only less than – well, there is less than 10 yards in the world that can build these things.

So a large buildout of the order book is simply not possible. I mean when we go to the yard, we could – we can get 2016, but you can't get earlier. So there you have it. You have an order book, which tallies to around 105 LNG carriers currently. And you have a demand through this decade of around 250 ships. I'll let you do the maths.

Now on this slide and on the next couple of slides, I just want to draw your attention to a couple of the key trends we're seeing in LNG shipping, which speaks to what both Paul and Robin have talked about of the changing industry. The graph on the left hand side is very important trend which illustrates the growth of LNG volumes, which have been sent from the Atlantic Basin through the power hungry markets of the Pacific Rim.

You can see here the clear growth in those volumes and what's interesting is also 10 years or less than 10 years ago this trade simply did not exist. To answer the question what's driving this, we'll shortly come on to talking about the arbitrage in LNG trade volumes and also the flexibility of the volumes in the contacts underpinning them.

If we move to the right hand, no LNG presentation is complete without a little mention of the day rates that we are seeing. Allow us here to segment the markets into two different – the market where LNG ships into two different sectors, the prompt spot market and the forward market. The spot markets which is – as you may know is defined as ships which are due to commence their charters in the near-term future for periods up to 12 or 18 months. This is obviously been a pretty hot market especially since the Fukushima tragedy in 2011.

I would like to point out that the spot market in itself and the ships – the ships which are dedicated to it still represent a minority of the global fleet same as to what Robin showed earlier where the spot market is still a smaller part of the global business, but an increasingly growing one, offering exciting opportunities.

Now let's consider the forward market, which as you can see is a lot more flat over time. This has been the bread and butter of the GasLog business. It served us well. It provides great returns, which Simon will come on to later. And we expect that we will continue to do so going forward. It's also provided us with about $2.2 billion worth of contracted revenues, which in turn allows us to take advantage of exciting opportunities we see emerging from markets related to the spot prompt market. And I'll draw your attention to the deal we announced two days ago.

On this slide, slide 30, we talk a little bit about the ton miles. Not only our volume is increasing and have been increasing and will be increasing going forward, we're also seeing a growth in the voyage distances. The distances have been consistently increasing over the past decade and we expect it will continue to do so. I mentioned a short while ago the increase in trade from the U.S. And what this is underpinned by is also the huge plethora of new importers and exporters which Robin showed you so clearly in that exponential graph you saw a short while ago.

Driving the ton miles, one factor which we find very interesting is shown here on the right hand side. What this graph does on the right, this shows you the LNG trade volumes which are based on fixed destinations and then increasingly on flexible destinations. Traditionally, if we go back just to the start of the last decade, a vast majority of LNG volumes were sold on fixed contracts where the volume is growing from A to B and would not go anywhere else but B. What we're seeing and we've seen and increasingly will do going forward is we're seeing contracts negotiated by the new – by the IOCs and the traders where the destination, it may not be B, it can be – the buyer can sell it to X, Y or Z.

And what that does is that drives – that drives distances up. We're seeing – and we're seeing it with our own fleet. We're seeing ships being re-diverted mid-voyage. Also to capture the arbitrage which I'll shortly come on to. And combined with this flexibility on the destinations is also – we're also seeing a drive to short – to flexibility in the durations of contracts. Back here when we saw these very fixed contractual terms, this was also the 20-year contracts which Robin so well described earlier. Now what we've seen is an increase to, shall we say, medium term and more flexible durations on the sales volumes, which actually have gone hand in hand, we've also drive towards medium-term contracts for the shipping.

And this is something which GasLog is been at the forefront of with our contracts of 5 to 10 years of duration. This is always an interesting slide. What it shows is a nice picture of the world map and selected regional prices of natural gas in various regions. What stands out, of course, is the Far East where here we show the buyers – the buying nations of Japan and South Korea who are paying close to oil price parity for their natural gas, which is primarily LNG imports. China and Taiwan are also rapidly increasing their imports of LNG. So as India; India is now biting the bullet and paying top dollar for increased volumes as well.

South America; a very interesting market evolving there, not least for its exciting counter-seasonal demand, which we're seeing emerging. And that brings us around to Henry Hub in the U.S., which stands out of course for this very low gas price that we're seeing. The prices here are the 2012 averages.

Now you see these large interregional price discrepancies and let's consider the cost of shipping. LNG shipping, as Paul showed, is such a key part of the chain and the whole – the all-in cost of that key element is anywhere from $0.5 to maybe $3 British thermal unit dependent on the distance.

Now let's take the U.S., call it $3 to $4 per MMBtu for the natural gas, $3 to $4 for the liquefaction, $3 for long distance shipping and maybe $0.5 for the regasification means that you can land the – not U.S. natural gas, the LNG in the Far East for around $10. And clearly when you're talking mid-teens for your end-user price, that's a clear driver of future year's exports.

We often get asked the question about the Panama Canal. And just as a slight side note, it's interesting that the – currently the Panama Canal cannot take LNG carriers. It's simply too narrow. But the Panama Canal is being expanded and what we – and so in 2015, we will see LNG carriers being able to transit the Panama Canal.

That coincides incidentally, with the – when we see the exports from the Lower 48 of the U.S. What does that mean? Well, the trade distance is still substantial when going through Panama. We're talking well over 9,000 nautical miles from the U.S. Gulf through the Panama and up to the Asian market, which is approximately double the current average trade route in LNG. So even with the Panama Canal, we're going to see a huge demand for LNG ships based on the huge volumes that will be exported from the U.S.

While we have the world map in front of us, Mozambique, Tanzania, the East Africa, they have huge gas reserves, very little indigenous demand. And once they develop that towards the end of this decade and into the new decade, we'll also see very – we should expect to see very large trade volumes going from – being exported from that region. It's noteworthy to see how the Indian and Chinese companies are buying into that sector.

Australia, of course, having a huge buildout of LNG production, as we speak and that will continue as well, not least for the exciting technology that they will be deploying offshore Australia with floating production plants.

So this – we have this huge arbitrage potential and this arbitrage is also driving the increased flexibility that we saw on the slide previously where the buyers in particular seeking to take advantage of the regional price discrepancies and increased number of countries which are emerging in this market.

So in summary, we are in a changing market, both Paul and Robin mentioned this earlier, and now you're seeing some of these aspects which are driving this change – fundamental change in the LNG business. There's flexible contracts. There's increased distances. There's the continuing arbitrage. And a number of players, a number of new nations importing, the number of new IOCs, a number of traders now coming into the market. All this is adding to the market dynamics in a really exciting way, especially for GasLog.

In terms of demand, this is really driving a huge increase in demand for LNG ships, one which by the end of this decade should be more than double what's currently on order for – of LNG carriers.

So that brings me to the end of my section and I'd just like to finish it with an adage of an old shipper and he once said that, "God himself or herself must have been a ship owner for placing natural resources so far away from the end-user markets." Well, from what we've seen perhaps, God also likes the GasLog story. Thank you.

So, I believe we now have a coffee break. So we have coffee served just outside the door. So help yourselves. We also have some nibbles I believe and we will reconvene in around 10 minute's time when we'll then hear a little bit more about our platform and our financials. Thank you.

[Break 61:05 – 61:59]

Graham Westgarth
Chief Operating Officer, GasLog Ltd.

Good afternoon, ladies and gentlemen. And I'd like to add my welcome to everyone else's. My name is Graham Westgarth and seems to be the trend to actually say how long you've been in the industry and I've been in the industry just over 40 years now. And clearly, I started when I was about 5. Or another way of looking at it, if you actually put Paul and Thor together, then you get me [indiscernible] (62:29). And I can tell you I have been beaten down. So it's actually nice to talk about something that's pretty positive.

So my role here is then – I recognize that you all want to get into the nuts and bolts of ships as opposed to the finances. My role is really to provide you with a little bit more detail on the operational platform. And before I do that, just to – this is a kind of what we call GasLog at a glance and I'd just like to highlight a couple of things. We've been around since 2001. So we know this business. We know how to operate ships and I'll explain to you why that's so important later on. And that's a lot longer than the majority of our competitors.

The second thing is – and Paul has made mention of this, he made mention on a couple of occasions, we are working for two of the – probably the most demanding customers in the business, Shell and BG. Not only are we working for them, BG have entrusted the management of their own – their wholly-owned fleet to GasLog. That's pretty significant.

And the final point is, we have 1,100 people currently in our company. That's a very solid platform of expertise that we have to build on. So they are the three kind of key points just to take away from the platform.

So everything starts with a project. And we've been in Korea for 12 years now. We've had teams continuously in Korea for 12 years now. During that time, we've supervised the construction of 18 LNG carriers. What's more important is that we've actually delivered all of those ships and we've delivered them directly to our charterers, which I think is a testament to our focus on quality and Samsung's ability to deliver.

But as everyone says, the proof of the pudding is in the eating so it's kind of – everybody is kind of still eating their dessert here so it's – what's interesting is each – well what is I think compelling is each and one of these ships is delivered into service to a charterer, a very demanding charterer and then basically operated flawlessly. What that actually means is it's guaranteed income and, of course, that's of interest to us all.

So a little bit more detail, you can see here the ships at the top, these are the ships that we've delivered. And as Paul also mentioned earlier, these ships were all delivered within budgets and typically ahead of schedule.

But certainly none of them were behind schedule. And if you look at the actual – the ships that we have to deliver, there is nothing that I can see to indicate that we actually won't see the same pattern for the rest of these ships. I'm absolutely sure they'll all deliver on budget and probably ahead of schedule. Of course, once you've delivered the ships and you go into operation. And I was just advised earlier today that the 4% figure is wrong, it's actually 5%. So, with the acquisition of the STX Frontier, then we've tipped the balance into 5%. So we're currently operating 5% of the current global LNG fleet.

Again, we've been managing it for these ships for quite some time. 100% utilization. And the bottom point – the last point I'd make on this particular area is we have an ability to scale-up our operations. We have a lot of growth planned, but we've managed growth in the past. So we have this great ability to scale-up operations and that's something we've done in the past and we know how to do and I think we do it well.

In this sector, there is a massive priority to given – to safety performance and we have the same priority – we have the same priority. Why? Because we don't want people to be injured, we don't do damage, we don't want to harm the environment, but it also makes a very good business sense, because that's what our customers demand of us. And you can see some, I think, fairly compelling statistics that with 5 million hours since our last lost time incident. Zero LTIs to our people during the construction of these 18 LNG carriers over 12 years. And when we benchmark at the industry, you can quite clearly see that we actually excel and we're very proud of that.

So, all of this happens because of our people. And you can see here the normal slide that tells you where we are in retention and we have a retention of over 90% in our offices and on our ships. But here is the real point in this slide, if you take the lowest projections that were provided by both Robin and Thor, they said, that by 2020, we would need another 165 ships. If you convert that into the number of officers you have to train, it equates to around 5,000 officers. And if you then say, well, actually to take a conventional tanker officer and to convert him to an LNG, then it can take up to two years. And you realize that this industry has a significant challenge ahead of us.

Luckily, I only have to worry about GasLog, and what I know is that we have a good base of personnel, we are an attractive company to work for, we pay our people well, we treat them well. We've got tried and tested recruitment schemes and, basically, once people join us, they typically hardly ever leave. So it's going to be all about attracting, training, and retaining. And I don't think the many of our competitors have woken up to this yet. But it is going to be interesting to see how it develops.

So moving on a little now to the hardware and the slide on your left, I guess, just basically shows the age of GasLog fleet compared to the industry. So we have a very young fleet and I'll come back to why we think that's important. And then on the right, we're depicting the propulsion technology. So, GasLog's fleet is all Triple-Fuel Diesel Electric or as we – TFDE. And whereas if you look at the global fleet then you can see that the significant number of vessels are steam turbine, some are slow speed diesel and some are TFDE.

Now, we probably all have seen and so what, at this point, and hopefully in the next couple of slides I'll try and illustrate why that's actually important from an economic perspective. So first, I'll just touch base a little bit on the Tri-Fuel. First of all, these ships are extremely – incredibly fuel-efficient. If you compare them to a steam ship of a similar size, they probably burn between 45 and 50 tons a day less and if you – fuel oil equivalent. A ton of fuel oil today is probably about $650. So that's a big number.

They are clean engines, which means that the – their emissions are very – just about every way you measure it, are actually lower. And what that means is they don't just comply with today's legislation, they comply with legislation that is actually going to be enforced in the next four to five years. The configuration of the engines is such that it – we have lots of redundancy, we have four engines, and that gives you increased safety. And it also reduces the risk of down-time. And what I mean by that is that if we lose an engine, we actually know that we can still maintain the charter speed in our contract. So again, we back to the guaranteed revenue.

And finally I think the – we have a proven [ph] – the engines (71:08) have a proven track record. So they've been in the industry and being utilized since 2006.

And then we talk about sister ship synergies, what we mean by this is that all of our ships were built in the same yards, okay there are slight – there are two different sizes and I'll come to that in a second, but they basically have the same type of equipment on board and that means that when you're ordering spares or you're entering into contracts then you can actually – you can be really strong in your negotiations and you don't need as many spare parts.

And these are expensive pieces of kit and some of the spares cost many millions of dollars. So if you have lots of different ships then you need lots of different spare parts, that means you have – you carry a big inventory, you don't need that in our fleet.

And finally, we only have to train the crews for – on two different sizes of ships. We're not training all of our crews to fly, as an analogy, every different type of aircraft, and again there are significant savings in that and it go directly to the bottom line.

And finally, you might say, well, why do you have two different sizes? Why do have 155 and 174? Well, the 155s, it was mentioned quite a lot in the earlier presentations about how this market's going to become more liquid, more trading routes, that means you go to more ports, and every port has a different – there were different types of restriction. So what you do need, you need ships which, if you like, fit for purpose. So the 155 is very flexible, it can go anywhere in the world, still good solid economic ships. But then there are some trading routes where a bigger ship can actually provide greater economies of scale. And so that's why we like having the two different sizes, because then we – our customers come to us, we can just about – we can probably deliver whatever they require on that particular occasion, and I think that's important.

And now I'm wondering into the science of math, and I'm going to start with a couple of stats really. First of all, 74% of the vessels that currently exist are steam ships and 68% of the ships – of those ships are 150,000 – less than 150,000 cubic meters. And the third point I want to make, which is the important one is, when our customers deciding which ships to charter, what they're really concerned about is what is the cheapest cost per molecule landed? That's what drives them. So they're really looking at what size of ship? How much does it consume to provide me with the cheapest dollar value of molecule landed? Because that's where they can maximize [ph] their upside (74:12).

So what we've done in the bottom here is talk a little bit about the comparison between the typical steam ship and, again, 74% of existing ships of that type versus a modern TFDE. And you can pretty clearly see that the savings comes in two areas. One is actually the transportation costs, so that's basically the fuel saving. And the other is actually the amount of extra LNG that you're delivering. So that's $7.6 million and $1.6 million. If you NPV that over 25 years, 10% discount rate, $83.5 million. And that's how our customers look at it. And if we look at it in that way, that means that we basically build and deliver ships to them, that provide compelling value.

So the hypothesis of this is that ultimately – and we don't – it could be the next two years, it could be three to five years, but ultimately the steam ships will become marginalized. So when you – if you kind of go back again and think of the amount of ships that are required and then some of these are going to get marginalized, you can kind of work out for yourself that this could – the market dynamics, so the market potential could be even greater than we've talked about today.

So, what's my story? Well, we're great at executing on projects. We deliver first-class operations. We have an award-winning safety record. Experienced and committed people and a state-of-the-art fleet. So just why wouldn't you invest?

Okay. Ladies and gentlemen, thank you.

Simon Crowe
Chief Financial Officer, GasLog Ltd.

Thank you, Graham. I see they're all leaving just [ph] for the – we're on the last peg (76:10). I know you all have been waiting for this bit. Before I get going, I just wanted to introduce you to [ph] Jamie Buckland (76:17), who is becoming the new Head of Investor Relations for GasLog in October. So, [ph] Jamie (76:23), maybe you could just stand up and give us a twirl, give us a smile.

So, [ph] Jamie (76:26) – joining us from Jefferies in London. He had six years there and four years at Ernst & Young in London before that. So, Thor, as you know, has been doing a dual role of Investor Relations and Commercial and clearly they are big jobs and Thor is going to be focusing much more on commercial opportunities going forward.

So, last but not least, my background is – I joined GasLog in January. Before that I was – a few years ago, drilling. I was in the Transocean for four years in Paris running their European and Africa rig fleet from a financial perspective. Two years in strategy for Transocean and deepwater drilling. And then three years doing the plumbing with a company called Subsea 7, which is one of the largest subsea pipelay companies and then joined GasLog in January.

And why is that important? I think it blends into the team. I think we've got a fantastic team here at GasLog now and Philip was kind enough to talk about that earlier, but I think it's a blend of energy and shipping expertise.

But also I think for me, when I joined GasLog, Paul talked about the tanker market in the 1950s, for me it reminds me of the deepwater rig market in 2004. As I looked out then, 2004, I saw the supply and demand, I saw the squeeze, this tightness coming, these are high day rates. Very similar in my view high barriers to entry, lots of capital required, good returns and the prospect of very good returns. And it reminded me of that time in my life and I think you've heard from Robin and Thor and the rest of the team.

I think the attractiveness of the platform we have to deliver on those terms going forward is second to none. So I love this business. I think it's a fascinating business. I'm very passionate about oil and gas. We sit in the middle of the value chain. I think Robin mentioned the project Gorgon and I think it's the second or third largest project in the history of mankind. You know I think the first one is the NASA moon landings; [ph] I haven't (78:26) inflation adjusted, it's probably the pyramids or something.

But anyway, so I think we've got a very dynamic industry and part of my role at GasLog is to adapt dynamically, if you like, to the ever-changing needs of this industry and adapt – and provide the financial flexibility, the firepower and to power the platform. So, this is about how do we power that platform.

So we've had – we've been very busy this year. It's been a year of progress. It's been a very busy year. But we're on track, absolutely on track, we set out [ph] our stall (79:03) last year at the time of the IPO, we came to you and we said give us some capital and we'll look after that capital, we'll shepherd that capital, we'll steward that capital well and I think you'll see in a minute that we've done that absolutely what we said we are going to do. We set out what we said we are going to do and more and a lot more.

So we refinanced GasLog Singapore. We did that earlier in the year. It gave us a little bit more firepower. We came out and renegotiated debt to cap covenant. I think why is that important? Why could we do that? Well, we had very strong underlying cash flows and we have extremely good relationships with our banks. We have 12 banks in our group. Some of them I think sitting, hiding in the audience today, but we have very, very good relationships with banking group and that access to capital of our relationship allowed us to increase that covenant. That gave us the flexibly and, therefore, we were able to go out and do a bond.

So we started in the Norwegian market, we thought it was – the size was about right. The documentation, the process is relatively straightforward as you know. So we started that. We got about 7.5% all in fixed for five years, senior unsecured money. When I think about how I deploy that capital in terms of a levered return of mid-teens for the existing stable long-term cash flow type business, I think it's not a bad place to be deploying that sort of capital for those sort of returns.

Now clearly STX now – the STX Frontier takes us to a new level of returns and potential returns given what we're looking at. So we've also added four newbuilds, I love – in fact we've added $1 billion of firm revenue. We've done that since January, $1 billion of firm revenue, good returns with good counterparties, long-term secure platform and just really underpins the platform.

And we've now done the STX Frontier and we haven't come back to any of you and asked you for equity. So I don't think that's a bad place to be. We started off with some equity. We started off with some debt. And we haven't asked you for anything. And that's where we are as we stand today.

Share price performance has been pretty good over the last year. We had a very good response I think to the STX Frontier on Friday and yesterday. We're still below consensus. I'll come on to talk about that in a little bit. So I think we got a balance of risk. We're relatively low risk and we've got relatively high growth. So the risk adjusted returns, I think, are pretty interesting, are pretty interesting. We've got $2.2 billion of backlog underpinning that – the company.

So, look just a snapshot of what we've done, where we've been. We've delivered on the promise. We told you what we're going to do. We've steward, good stewards of capital. Revenues grown according to plan, the OpEx is in line, the G&A, we're controlling our costs, we don't want to take our eye off the cost control, that's important going forward. Our adjusted EBITDA 20% compound growth, that's not too bad. It's what we've said we were going to do.

And I think you can trust us to go forward and deliver. You've heard from the team here, we've got a very solid platform. We believe we're going to deliver all of those ships on time, on budget as we've done – we've already done 18 ships from Samsung. I think Samsung has over 100 – done over 100 ships out of the global fleet of 360 ships. So this is what we've done and I have no reason to doubt that this is what we'll do going forward.

The cash flow; cash is very important, I spend a lot of my time looking at the cash flow. This is really important. This is where it's so, so critical to get it right. So we're delivering on our operational cash flow. The financings are going well. We've got financing in place for 10 of our newbuilds at the moment, as you know. We've got four that we announced this year. So we've got the two 10 years we announced with BG and the two 7 years.

So what am I going to do? Well, they don't deliver till 2016. So I've got a little bit of time. I don't want to pay lots of commitment fees well in advance of those delivering. So I'm going to probably come to the banking market, the export credit market, next year start to form the basis for financing. But I have reasons to be optimistic. I think with 10-year and 7-year charters, we think the bank market and the export credit market will be a very, very readily able to meet the requirements that we have there. We've just done STX Frontier, as you know. We've got the financing lined up and, over the next few weeks, we'll just execute on that, but that's looking good.

In terms of the investments we've been making, absolutely on plan, on track, everything goes out when we think is meant to go out. So there's no issue there. And the cash balance is very healthy, as you can see we had about just over $200 million at the end of the first half of this year. I think the banking market is also very responsive to other opportunities. Paul mentioned briefly the kind of consolidation opportunities we're after. In my mind, will there be some more STX Frontiers? I hope so. I think that will be very interesting for us. Will there be divestment of the [ph] oil majors' (84:22) fleets? I hope so, I think so. Again, I come from the rig market that's what they did, they divested the rigs, they gave them to some very trusted rig companies and they were able to deploy their capital. I think they may start doing that with the LNG fleets. I don't know when that is precisely, but we need to be ready.

And I think Paul dreams about Exxon and Eni and Total, I dream about the sort of big merger, the big consolidations that potentially could come in the future. I think that could happen, that's my personal view.

But the point is the banks already step in, they are ready to step up for us. We've had lots of discussions. There were things come and go all the time in our business as you know and the banks have been extremely supportive in any type of activity that we've had. So we think we have the ability to act quickly, we've demonstrated that with the STX and I have no reason to doubt that we will have that ability going forward.

Our relation with Samsung is very, very key. We've got tail-heavy shipyard payments; I don't think that any competitor or new entrant could achieve that sort of tail-heavy payment. And what does that mean? It means we don't have to deploy capital earlier, we can deploy that capital later on and as the cash flows are starting to be realized, as the ships are delivering, as they are going on to contract, we can deliver – we can deliver the capital then. So all-in-all, I think you'll see it's a very healthy position that we are in today.

So, debt schedule; as you can see, it's out there. 2018 is really the first time we've got any refinancing needs to do. You can see the bond there, is due in 2018. So why am I showing this? What sort of could happen here? Well, we believe that once a ship is in the program with BG or Shell, it probably stay in the program with BG and Shell. And it's likely they exercise their options. So they typically have 12 to 18 months type timeframe to exercise that option, they've all got options on them, these BG and Shell ships.

So typically likely that they would exercise, then obviously we would refinance and push those financing needs forward along with any new contract. So that's typically what we would see. Also on this slide, you can see we've hedged off about 60-odd-percent of our interest rate exposure. Interest rates were at lows – all-time lows at the moment and we think it's very prudent to actually hedge and fix our interest rates at the moment. And we have an ongoing program of review of those hedges. So, trying to mitigate any of the variability in our cash flow.

The dividend; I know you've been waiting for this one. So how do I think about the dividend? Well, we've been paying $0.11 per quarter, we said we would do that at the time of the IPO and we've committed to that and we've executed on that. I think about dividend in two ways, or sort of returns to shareholders, shall we say, so think about it in two ways. Firstly, as the fleet grows, as the growth phase completes, I happen to think the growth phase will continue, but as the growth phase we have on the table today completes, as we potentially add new ships, existing on the water ships, of course, the capacity and the free cash flow will ramp-up and we have more than our facility to increase our payout ratio and to return cash to shareholders. I mean it's key in creating shareholder value is to be able to return that cash to shareholders.

So you can rest assured that it's at the forefront of my mind as things – as our growth phase complete as we potentially add other ships on the water, we will look to do that. So that sort of one way of thinking about it.

The other way I'd like to think about it is – I'll come and just talk about it in a second, why don't you do an MLP, Simon? Everyone is talking about MLP, so why don't you do an MLP? That's another way of thinking about it and another way of getting returns back to shareholders. MLP, you form the MLP, you drop down the vessels, you –

cash flow flows up to the [ph] Seacor (88:36), potentially there is dividend – well, there is a dividend that coming out of the MLP for shareholders, there is cash coming up to the parent either to deploy into growth or to dividend out to shareholders. So either way you look at it – either way you look at it, you're going to get returns to shareholders.

We've got free cash flow coming online in the next few years that will be return to shareholders. And we've been – I think we've been good stewards of your capital. So I would hope that going forward, you can trust us to be to stewards of your capital, going forward that's what we want to do. So we've added this $1 billion of revenue without need for equity. We're growing the business. We're busy adding value.

So what have we been using to-date? We, we've been using obviously common equity, mortgage debt and the Norwegian bond. That's how we've been funding our growth and our business. I mean, at the moment, common equity, we think it's undervalued. I'll come on to see why I say that in a minute. We're very sensitive to any follow on. We're very sensitive to dilution. We're very sensitive to returns that you, the equity holders, need and desire. We got very strong stewardship from the Board and from management. We're very focused on returning cash to shareholders.

We got very meaningful engagement as Philips said earlier in his introduction, very meaningful engagement from our Board. And we're driving value. We're making the right decisions, they are involved. We're thinking things through. And we would rather use other sources of capital that are cheaper at the moment to fund that growth.

Mortgage debt; classic way of funding our business, very typical in our business 70% type loan to value, we can get quite a long amortization profiles, which is very helpful, especially as we're growing the business. Support from the banks, as I mentioned earlier. Support from export credit agencies, which is again very helpful. So this is really sort of the cornerstone of our financing efforts and we've added the Norwegian bond; $83 million. Okay, it's not going to – it's not a huge number but it just – it's a toe in the water. We were debut issuer in Norway. It's traded up since the launch, very positive and we've got good appetite for a follow on. So you could see us coming back to that market sometime in the future. So we were pretty pleased where we landed on the Norwegian bond.

MLP; so this is something that we've talked about, our competitors are doing it. Well, we've got this under review; I am spending lot of time looking into this working with my team, working with others to really review the pros and cons of this. I mean, obviously, the cost of capital, the non-diluted growth. Our fleet fits very well into an MLP. The competitors do it. There is good value for [ph] Seacor (91:46) shareholders, but we're – you know we're quite a conservative company, as you know. You've seen us have a conservative strategy, adding $2.2 billion of firm contracted backlog you know, has been a conservative approach to date. So we're weighing up the pros and cons with the Board. We're taking a prudent approach. We're watching the markets, watching the interest rate environment, we're watching those yield products and we're working our way through the MLP.

Myself, personally, I'd hope to get a decision from the Board in the next few months, by Christmas, I wouldn't delay any process if were to launch an MLP. But, you know what? We will make our decision when we're good and ready. We know what the benefits are, we know what the pros and cons are, we'll have the dialogue and we'll make our decision and we'll tell you about that when we are ready.

But rest assured, we are committed, as I said, to driving shareholder value and whatever way you look at it, whether it's an increase in dividends and a high payout ratio or an MLP which accelerates that and provides growth capital whatever you do, we think you're in a pretty good position if you're a GasLog shareholder.

Something else we're looking at is preferred equity. You've seen that happen with some of our competitors, you've seen it happen with some of the other shipping companies. It's not a huge number that you will potentially be able to gain from that market, but it's a good source of incremental capital for us and it's something that we're studying and it's very much open at the moment that market to people like ourselves.

U.S. bond market; again, another source of capital, it requires a bigger size, you need a rating. So it's probably something for a little bit further down the road at this point. But I think we're in a great position. I think we're in a really good position.

We're developing optionality. We're developing alternatives. We're constantly evaluating the pros and cons of different markets. It's always – and they always say, I – I think the adage is if you don't need the money, you should go and get the money, that's when you should absolutely go and get the money when you don't need the money.

So, even though there is a cost to carry, when you don't need the money, you should get the money because markets open and shut, they are so volatile these days that I think we are very focused on that.

But the great thing is there's so much opportunity, just as Thor and Robin have talked about and Paul, there is so much opportunity out there. So the great challenge we have, which is a fantastic challenge, is to meet those opportunities with the right sorts of fuel for the platform, if you like.

So, this is our revenue and I know some of you will be getting your binoculars out and trying to work out, well, what on earth has he used for those red bars, he is putting a projection up there and I can work out that he's used – yes, he's used some X day rates and I can – well, actually, I've just used a sort of historical average – sorry, to disappoint you there. We've used – it's not indicative of what we may do.

Our EBITDA margins have been traditionally sort of 80-odd-percent, very, very healthy. There is no reason why that shouldn't be maintained in this sort of business. This is a great position to be in. This is a great position to be. This is what we've got, $2.2 billion of revenue, 27,000, 28,000 contracted days. If you do the math, it's about 80,000 today, just shy of 80,000 today. That's not a bad place to be for our fleet.

But I think there is more. I think there is so much more to be had there. There is so much more in the industry. And as I said, the challenge is working out how to do that, when to do it, when to jump on that opportunity, when to pass on an opportunity. But I think there is so much more to do. But this is great. This is what GasLog is today. And it's a pretty good place to be.

So valuation; I don't want to give you the [ph] MBA 101 (95:45) but look, there is many ways of coming to this valuation and I'm sure there are people much smarter than me in the room who've got views on this. But I mean, the way I think about it is, I think about net asset value. Now, what does that mean for me? I mean steel value and that's just sort of how much does a ship cost when it's got a charter on it, so that's real simple. We do something at GasLog, it's called granny math, so granny can understand it and then we do the granny math and we're all kind of going, oh yeah, we get – we can get this. We try to make it simple. If you can make it simple, generally you can understand it. If you can understand it, we can generally execute on it. So we try to make things simple.

So for me, net asset value, it's about the value of the share. We got a contract on it. You take off the debt, you had some – divide by the number of shares and you can get to this sort of $16.50. Actually, that's just gone up. I think we had JPMorgan in yesterday or with a new target number of $21 per share. I think Jefferies is up at $19 and there are others sort of around about $16.5. So that's our average as of sort of Thursday when we went to press with this presentation, but it's changed for the better since the STX announcement.

So net asset value, you know, steel plus charter, debt, off you go. Discounted cash flow; I am a – I think discounted cash flow is the sort of purest form, that is really where one should be and, obviously, all depends on your assumptions. But again, we've got contracted cash flows, $2.2 billion going out to 2026. If we do the kind of discounted cash flow, you apply a reasonable WACC, which could be anything from 9-ish-percent, divide by the number of shares; you can get to something north of that consensus number quite easily.

Multiples; some people have great store in the multiple valuation and what your competitors are doing, how do you fit? Are you more risky? Are you more growth orientated? Where do you fit? Are you in the middle somewhere? Perhaps, we are. What is the multiple? And, again, if you do a multiple on a sort of fully delivered fleet basis, you can easily get to those sort of numbers.

And then yield, some people take the cash flow per share, divide by a target yield and off we go. So I think, all-in-all, this is a value gap, I think. There is definite value gap. As I said, we're in a great position from the last slide, if that's all that happens, that's a great place to be.

So another way of thinking about it – and just to give you some things for your models, some of you. EBITDA per ship, roughly, $23 – $23 million per annum – very, very roughly. Give or take, these are all illustrations. They are all indicative. But that's sort of roughly where we are.

We amortize 70% of the $200 million delivered, it's over 18 years, it's about $8 million roughly, take off an interest cost of 5% – again, I'm just using an illustration -you get to about $8 million per annum, you divide by a conservative and illustrative yield – I think there is a conservative numbers, the comps, suggest something more healthy. But let's not get carried away here; let's just focus on $250 million ship – that sort of works for me.

And then if I sort to say, well I've got 15 ships, I got $8 million per annum, you know $120 million, I take off a bit of – G&A and I divide by a sort of – in perpetuity, I'm getting north of the market cap just on my rough – this is the granny math. This is the granny math that we do.

So whatever way you come from it, wherever you come from it, if you discounted back a little bit, you still see the value. And the great thing is that we've delivered on our promise. We're being good stewards of the capital. There is more to come. There is more to come, but even if it didn't come for some reason – but I can't understand why wouldn't – we're in a good place. And I think the value is there to be had.

So the finale before I hand it over to Mr. Wogan. Well, it's been a busy year. It's been very busy year. It's been a fun year. We've had a lot of fun growing this business so far, and I think there is a lot more to be had going forward. It's exciting place to be. As Robin said, it's deepwater or LNG for a lot of the IOCs. We're in LNG, I've been in deep water, that was a lot of fun.

LNG, I think is a long way to go and a lot to be had. We've raised our covenants. We've done a bond. We've started to diversify our funding sources. We've added to the fleet, four ships, $1 billion of contracted revenue and we just did the STX, and I think that's just only enhances what we've got to offer. We've credit flexibility; I think that's the key. The optionality, the flexibility for analyzing different avenues of capital, we're making sure we can serve that common equity value, we're trying to boost that value.

We're aiming to add value either we execute and grow and raise the dividend and that's great, or we go with the MLP route and we seek new sources of finance and that's pretty good as well. So, either way, I think, GasLog adds a tremendous amount of value.

So with that, I will hand over to young Mr. Wogan.

Paul Wogan
Chief Executive Officer, GasLog Ltd.

I have to say, I don't get called young very often this days and that's quite nice. So, I promise you this would be very quick. We are back where we started, the GasLog highlights.

So, we think LNG shipping is on an accelerated long-term growth trajectory. We've got a well-established platform that we think positions us well for that growth. We've got significant inbuilt growth and contracted revenues. We offer what we believe and probably the best, most attractive risk-adjusted returns in the LNG shipping industry and we're an LNG shipping company that's got a proven track record of execution.

And given all this, we believe presently as we would as the management team that the GasLog shares are undervalued. But we also believe that the train is about to leave the station. So I invite you all to come on and enjoy the journey with us because it's going to be one hell of a ride.

So now, we'll turn it over to questions and hope there's a lot of interesting what we've been talking about this afternoon. So, anybody got any questions. One here. Yeah, well, just – if you could talk into microphone, because we're actually – also this is going out live as well, so if you talk into the microphone, people who are listening to it, or listening to it afterwards can hear. So, please.

QUESTION AND ANSWER SECTION

Q

Thanks. So, can you just talk a little bit about you know the operating cost per day for your boats. Does that include, like, a maintenance CapEx accrual?

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

Yeah, the great thing actually about being CEO is I can pass on questions here. So, I'll pass that on to our CFO.

Simon Crowe
Chief Financial Officer, GasLog Ltd.

A

Thank you. I don't know if this – yeah. We are – I mean in our models there is sort of about 15,000, 16,000 a day. We have drydocks every – I think it's every five years $2 million, 2.5 million is a sort of a good modeling figure as an approximation. So yeah, 15,000 to 16,000 day, roughly.

Q

The long-term contract day rates that you – are they 75,000 a day...?

Simon Crowe
Chief Financial Officer, GasLog Ltd.

A

Well, if you do the math on the slide, it's $2.2 billion divided by 27,545 days – probably my figure is not exact, but it's about 27,000, 28,000 days, it's about $79.9 a day, call it 80,000 a day. Yeah, that's the simple math.

Q

And the spot rates that you had quoted up there, they're around 100 today, that's for the modern boats?

Simon Crowe
Chief Financial Officer, GasLog Ltd.

A

Yeah.

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

Well, actually those rates are for – mainly quoted for the steam ships, so that's probably a little bit on those for the modern vessels as well, because the market really is a steam ships at the movement, there are not that many of these modern ships trading in that market. So that's the rate that tends to be quoted.

Q

So the ultra modern boats, the new ones that are coming out, what kind of premiums in the spot market are they getting?

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

I would say it depends very much on the voyage and it depends very much on what's going to be used for in the charterers, but you would be expecting to get maybe about $10,000 a day differential on the spot, give or take, it depends on the charter, it depends on where it's being used, the length of the voyage. It could be more, it could be less, but that's probably in the spot market what you'd like to what you'd see.

Q

The last question I had is on – how does the insurance work on this? So, what type of coverage do you have, how long does it last? Can you just talk about that a little bit?

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

Graham, do you want to take that?

Graham Westgarth
Chief Operating Officer, GasLog Ltd.

A

Sure, I can take that. Basically, the two primarily types of – three types of insurance, loss of hire. So basically, if we had an issue where the ship – we have to take a ship out of service, then we'd be covered for the hire, the loss of – the hire that we lost. Hull and machinery; so if we had an incident where basically we – the hull was damaged significantly then that would cover the direct costs. And, of course, you'd have the off-hire cost as well – or the off-hire coverage as well. And then finally, P&I, which is basically third-party insurance. And that's all include – all of that – those insurances are actually covered in the OpEx figures.

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

[ph] Fotis. (105:42)

Q

Paul, you mentioned earlier very briefly about alternative growth opportunities apart from shipping, you mentioned FSRUs, but you also said about trading. Can you elaborate on these type of opportunities that you see viable in the next couple of years?

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

Yeah, what we were saying was, we – I think with the platform that we have, we do see that there is the opportunity to look at floating regasification, some of our competitors are in that. We see that as a viable alternative. Actually, we're – what we're not looking at I think is getting into the trading side of the business. I think we feel that is stepping on the toes of our customers, if we try and enter the – trading the actual LNG bit of the business.

But I think as LNG is developing, not only is the sort of the market for the long-term shipment developing, but we're seeing a lot more kind of opportunities for hub and spoke movements for distribution of LNG on smaller vessels. There is a lot of work going on at the movement by some of the majors around LNG as a bunkering fuel for ships rather than using the fuel oil that we have at the movement.

So when we look at it, we think there is a number of opportunities that we can be looking at. We – it happens at the movement, we've had so much coming down the line at us in terms of the shipping that we've been kind of focused on that. But I think as a management team, we see there are opportunities for us there to actually use the platform to move into those areas. But at the moment, the trading side of the LNG is not on our radar.

Q

Just to understand, you are talking about similar model with what you have with chartering an asset for a number of years and receiving your profitability through a secure charter, the same way that you are deploying your current fleet?

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

I think when we look at those opportunities that's one way it could happen and probably a likely way for it to happen. But there may be other opportunities to jointly develop and maybe share in some of the equity side with partners, with – if we're growing with one of our customers, for example, there may be opportunities to do something slightly different. But, in general, I think the way that would develop would be around long-term contracts based upon assets.

But I think what we are trying to do is as we look at the market, we just – as we see this market changing, what we are trying to do is position ourselves to take advantage of that. And so flexibility for us is going to be really important. So we'll look at those opportunities as they come and see what's the best way to take advantage of those. But certainly, I think, the majority of them will be based around assets on longer-term.

Q

Can you talk a little bit about kind of the best growth opportunities in the shorter-term and then also maybe elaborate a little bit more on the potential consolidation, particularly with the oil majors and maybe what they do? How do you see that playing out over time? But I guess the first question is, what do you see is the most nearer-term opportunities for fleet growth for you?

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

I think as we've talked about, the ships on the – there are two ways that we've been growing the business. One has been the traditional long-term newbuildings put against long-term contracts and when you look at those and the returns that we've been able to get, they've been very attractive for us, great additional MPV to the company and so we'll definitely continue to look at those.

But as we've seen with the STX Frontier, we think there will be opportunities for ships on the water. We have a number of newbuildings coming over the next sort of year, 18 months. A lot of those ships are with people who are not traditional ship owners in this segment of the market and one of the things that people ask us is, do we have concerns about ships – about having ships open at this point in the market – in the cycle? And, for us, fundamentally not, because I believe very strongly in the platform that we've put together for GasLog and – that that gives us an advantage above a lot of the ships that are coming out.

Now, that does two things for us; one it means that we're going to able to charter our ships into the market. But two, it gives us the option to look at ships that are coming in which won't find as easy given the ownership structure to be able to find those trades. So I think we see this as a very interesting point in the cycle.

Q

And the majors, how does that consolidation play out do you think?

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

So the question – because it wasn't into microphone – was, how does the majors, the consolidation play out? Well, I think what we've been talking about is that we see a number of the majors who are actually in the shipping space at the moment who are reviewing that and saying, given – if we can go to a high-quality owner with good operations, reliable, safe, why do we need to do that ourselves? Is that a core competence for us?

And even with these large companies with huge balance sheets, where they put the capital is very important to them. So there are two things there, they're saying, one, do we really want to be in this business if we have great suppliers who can do it for us and going back to the rig analogy that Simon was talking about, that's what happened there.

And the second is – and if we don't, we can redeploy that capital elsewhere, into our upstream, into our liquefaction plants et cetera. So we think those are going to be the kind of opportunities which are likely to come down the path.

Q

I've got one for Paul and one for Simon. Paul just to follow up on [ph] Fotis' (111:12) question around growth. You mentioned not wanting to trade the gas and not actually take molecule ownership but just to dig a little bit deeper, in terms of floating liquefaction, you've got a number of your competitors that are entering that market and going after projects and at times fighting after the same projects. Can you talk a bit about the way you look at that market and why or why not that might makes sense for GasLog at this point in time?

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

Yeah, I mean I keep coming back to one of the things that we see is that we have huge opportunities in the shipping market and we're very happy to grow in that but we do also see that there are opportunities as the LNG value chain develops.

We think we have a lot to offer in the FSRU. We think the liquefaction is a very nascent industry at the moment and I think the challenges there are probably much more – are much deeper and maybe not as well understood as in some other areas. So for us, I think certainly we will, over time, take a look at that but I don't think for us it's an area where we are rushing to become involved.

Q

Makes sense. And then a nerdy one for Simon. Two to three years from now, we're probably looking at a – new FASB or GAAP regulations in terms of lease accounting and I'm just curious considering the length of contract you guys are focused on whether or not any of your counterparties are starting to factor that into their commercial decisions and whether or not that language is actually being incorporated into your contracts in terms of their ability to either get out of charters or just their desire to lock into long-term operating leases?

Simon Crowe
Chief Financial Officer, GasLog Ltd.

A

I haven't really seen it. We've – what we've been – obviously we're aware of the changes that are potentially coming down. We've actually been encouraged by a number of people to start forming an industry sort of lobby to meet the challenge of the changing accounting rules. So we – it's a couple of years down the pipe but I think we'll face that challenge and we haven't seen any of our customers sort of changing their behavior, not to my knowledge anyway.

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

Anybody else? Okay. And then [ph] afterwards please (113:32)...

Q

A question on the STX Frontier, you refinanced the GasLog Singapore with $160 million of debt and that's the 2011 built Tri-Fuel vessel, same as STX Frontier. Are you able to get basically the entire acquisition financed by the banks?

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

Simon, do you want to take that?

Simon Crowe
Chief Financial Officer, GasLog Ltd.

A

Well I mean, the STX Frontier cost us sort of $160 million, we'd look at 60% to 70% type loan to value. Clearly, if there is an opportunity to increase that and the so-called value is higher then so be it but our base case conservative case is you know, getting a sort of 60% to 70% loan on the value that we paid for it.

Q

Okay. And also could you say a few words about the chartering strategy of that vessel, is it going to be, call it, a spot market where, say, one-year time charter or will you do, say, five to 10 years as you've done with the rest of the fleet?

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

I think what – what we like about the position we put ourselves in is that and I'm sorry if I keep talking about this, but we've underpinned the business with a lot of long-term, fixed rate, fixed contract business. And what that's allowed us to do is take optionality, flexibility on the STX Frontier and also on the two ships that we've got coming out in – end of 2014, beginning of 2015.

And so when I talk about the optionality, what that really means to me is, where do we get the best value for those vessels? And so, I'm very happy to kind of leave that open, in fact if somebody comes along who wants to do a longer-term contract that looks very good for us, then we'll certainly look at it. But we're also very happy to look at the shorter-term business on those vessels if we think that's where we're going to get the most value and it positions us well for the next charter et cetera. So I really like the optionality that we've been able to create for ourselves around those vessels and we – we don't have a fixed blinkered view on the best way to do those, you know, that's I think how – why we like that position with those ships is, we've bought ourselves, if you like, optionality which is always I think very valuable in this market.

Q

Thank you. And last, I mean, just to Simon on your, call it, valuation slides; if you're able to drop down these vessels to an MLP at $250 million, it seems like a pretty simple decision by the company to commit to an MLP structure and, I call it, unlock what you refer to as a value gap on the share price, why is it difficult to commit to a strategy?

Simon Crowe
Chief Financial Officer, GasLog Ltd.

A

We're evaluating it. We'll make a decision when we're good and ready. We well understand the pros and cons but as you know, we just want to take our time. We're not delaying and we'll take a decision when we're good and ready. We can see the benefits but things are changing and the world is changing, so we just want to make a proper, thorough, prudent assessment.

Q

Okay, thank you.

Paul Wogan
Chief Executive Officer, GasLog Ltd.
A

[indiscernible] (116:33)

Q

Hi, there. You talked about the majors potentially outsourcing their fleets, what percent of the global fleet do they have today?

Paul Wogan
Chief Executive Officer, GasLog Ltd.
A

And I am going to pass that straight over to Thor. He's my expert.

Thor Knappe
Senior Vice President-Business Development, GasLog Ltd.
A

If we're talking the – purely the independent oil companies, the share of the fleet, I have to estimate it at this stage, it's around 10% to 20%. On top of that of, course, we also have the NOCs who own the national oil companies who have a considerably larger share of the global fleet, perhaps 30% to 40%, and potentially some of those could also be in play.

Q

And [ph] what – (117:20)

Paul Wogan
Chief Executive Officer, GasLog Ltd.
A

What – sorry, just as an adjunct to that, what's interesting is we were taking a look at that just the other day so I should have remembered the figures, but I think I'm getting old, but you have the amount of the fleet that's owned by IOCs and NOCs in the existing fleet and then you look at the order book and that kind [ph] – whereas (117:36) it shows you, what – how this market is changing, because the proportions of the fleets that are owned now compared to the order book is completely different. It's much, much more independent – driven by the independents in the existing order book. And I think it talks to this fact that the IOCs, NOCs don't see the need to be in the shipping in the way they did when this was a 20-year point-to-point business.

Q

Just to continue that, where do you see your market share in three to five years?

Paul Wogan
Chief Executive Officer, GasLog Ltd.
A

Very good question. I mean I think as we as – we, as a management team, and when we're talking to our Board, have said that we would – we have the ambition to double our fleet over the next five to seven years. What that gives us then in terms of the actual market share, I'm not sure, but we think we have the platform and the ability to have those kind of growth ambitions.

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

[ph] Here. (118:35)

Q

Yes. Hello? Yeah.

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

Okay.

Q

My question is for – I'll start off with Robin. I really enjoyed your presentation on the LNG market. When you look at growth globally in terms of capacity expansion across the various countries, regions, where do you see the biggest risks to production coming online across the LNG space? Maybe if – and I'm referring to slide 23?

J. Robinson West
Senior Advisor, IHS Energy Insight

A

[indiscernible] (119:02) slide 23. [ph] I haven't got that (119:06).

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

It's a long way back.

J. Robinson West
Senior Advisor, IHS Energy Insight

A

I think that if you – my sense is a lot of the risk is going to be in East Africa and the timing of brining Mozambique and Tanzania along, these are huge projects, none of the traditional majors are involved right now, some of them I think will eventually come in. The Chinese [ph] farmed in Anadarko (119:42) last week – I think it was the week before. So I think that this is going to be a very – there's going to be growth but I think it's going to be very challenged. And as I say, I think in the end some of the majors are going to have to come in and kind of with their broad shoulders get it done.

Q

Okay, great. And then just turning back to the MLP strategy, I mean clearly throughout the presentation you focused on the developing liquidity in the LNG market and potentially the development of a real spot market. How do you think about balancing the fleet as you potentially pursue an MLP opportunity with also having vessels and potentially operating in the spot market? Is that something where you will potentially have an MLP with the focus on long contracted vessels with potentially GasLog as a [ph] Seacor (120:40) with primarily spot assets? Is that something that we should be thinking about or is it still kind of, you know, in the developmental phase?

Paul Wogan
Chief Executive Officer, GasLog Ltd.
A

I would think that's certainly one strategy that we could certainly employ and as we look at the – if we went down the path of an MLP, that would tend to make sense. But I think, we, as a company, irrespective of whether we do the MLP or not, we will continue to look at growing the underlying long-term strong cash flow business and also looking at ways that we can add to and increase our exposure to what's a really – we think is going to be a very strong market.

Simon Crowe
Chief Financial Officer, GasLog Ltd.
A

I think that's – it's right, it's about risk adjusted returns. It's having that strong platform, but taking some incremental risk on the upside with those spot vessels, and you can balance that as you grow your solid platform, you can take on another ship or another two ships on the spot side. It's all about risk-adjusted returns for us though I think and – you're right.

Paul Wogan
Chief Executive Officer, GasLog Ltd.
A

Here?

Q

So back in July of 2012, spot rates gone up to like 150,000, so what were the conditions in the market at that time to have that kind of a squeeze? And we know that 2014 there is going to be a little oversupply of boats for a little while, but then you've got all these new projects coming on. What's the dynamics that made us reach that level and how do you look at that going forward?

Paul Wogan
Chief Executive Officer, GasLog Ltd.
A

Do you want to take that Thor?

Thor Knappe
Senior Vice President-Business Development, GasLog Ltd.
A

Yeah, sure. The – you very rightly point out, hit an all-time high as last year and we saw a couple of these spot trade – spot charters does at those kind of rates for relatively short periods. What was driving that was the arbitrage and in particular the increased imports of LNG into Japan, and all driven of course by the Fukushima tragedy. So, no big surprise there. What I was doing was, of course, dragging the Atlantic cargoes to the Far East. And in particular you simply had a situation where there was one ship left at certain times in the Atlantic Basin and that one ship then commanded a very nice charter rate. So, you know, then could set the market. So – and we still – it's interesting to see today as well, I mean we're still seeing what our historically high rates in the spot market and you see – it's more than one ship available, but it's various tightnesses in different regions around the world and very interesting dynamics.

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

I think for me as I look at the spot market today, some of the commentators in the industry were saying that they felt that we would see rates falling this year. And you saw on the graph that there been some downgrade, but that picking back up again now. And I read a broker's report the other day they said, well, who would have thought this would happen.

And, of course, I think what people are missing is the changes in the industry that we've been talking about, the fact that we're seeing this change in trading patterns, you've seen huge amounts of gas which was being put into Spain, being re-exported straight back out because the price arbitrage is there adding to the ton miles. So if you look at just the underlying liquefaction, I think you can say, this market shouldn't be where it is, but I think people are missing the fact that it's a changing market.

It's a traders market. We're seeing the ton miles coming on and I think that's going to continue to grow. And that's why I think one of the – I talked about it before, the cake, the lovely cake there is the liquefaction plants which are coming on which are going to create the big demand and then the nice icing on top of that is the fact that we are going to see this market developing as we see – increasing as we see the developing trading patterns of the market.

Q

So, one follow up, so you have [ph] obviously productive (124:35) capacity coming on in 2015. Robin, do you think that some of these boats are going to get contracted in advance of that because the market is going to see that there is not enough boats and that it's a key asset for them to include in the project. So this weakness that some are expecting in 2014 might not be as weak as this company's [indiscernible] (125:30) projects look to add capacity?

J. Robinson West
Senior Advisor, IHS Energy Insight

A

I'll turn to – Thor is the market guy. The only point I would make is that I'll let Thor speak to that particular question, but the point I would make is that the international oil companies tend to be quite conservative and if there is a probability of their project coming on, they want shipping. They are not a sort of just-in-time organization and they have so much capital tied up in the liquefaction that shipping is actually a relatively small part of it.

Thor Knappe
Senior Vice President-Business Development, GasLog Ltd.

A

I think you put it very well, Robin. I mean we continue to see new demand for the projects which are due to come online. I mean it's no secret that we are seeing huge – we will be seeing additional – those projects ramping up right now. There'll be another project or two in the middle of next year and, at the end of 2014, we'll start to see the wave of Australian projects coming online and that will continue through 2015, 2016 as Australia then becomes a greater exporter at least nameplate capacity-wise, and greater than Qatar.

And when you have so much volume hitting the market and the increased dynamics of the market we've been talking about, the increased flexibility of contracts, increased number of traders, it is – you will see new demand creeping up where you would never expect it; lots of exciting opportunities where we wouldn't be able to predict it two years ago and that's what's really going to be exciting going forward.

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

I think one example of that was if we look at the Angola project where just taking Robin's point from earlier that this switch from the U.S. being an importer of gas to being an exporter of gas, when Angola was actually conceived, the thought was all the product was going to go to the U.S. So they looked at their shipping needs and said, how much do we need to ship this product into the U.S.?

Well guess what, it ain't going to go to the U.S. It's more likely to go out to the Far East now and so I think they are going to have to reassess what their shipping needs are because their ton miles is so much greater.

So I think those are the kind of things that are sort of changing this market and happening very quickly I have to say, making this a very dynamic, very interesting market.

Q

So, one last follow up.

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

Sure

Q

[indiscernible] (127:12) I mean there seem to some dynamic in the marketplace [indiscernible] (127:17) marketplace, do you expect this kind of lower form factor [ph] floating (127:22) projects to gain traction [indiscernible] (127:25).

J. Robinson West
Senior Advisor, IHS Energy Insight

A

These are early days in FLNG. It's very capital-intensive. I mean I think it will come, but I think it's going to come slowly and cautiously and a lot of people are talking about it, but it's – we are not there yet.

Thor Knappe
Senior Vice President-Business Development, GasLog Ltd.

A

Just if I may add to that, I mean it is – as Robin points out, it's not there yet. We have two exciting projects in the world currently where floating production is going to be deployed. Shell is currently building out in Samsung the prelude FPSO and the Malaysians are similarly building a unit [ph] up in Daewoo (128:06) and while those volumes, when you add them up, is still a small part of the global trade. It's a very interesting development for the longer term of outsourcing, shall we say, the building of LNG plants.

If anyone can build a LNG facility on time and on budget, it's the Korean shipyards and I think this is very exciting going forward and I'd like to think that there will more of them – more of them will be deployed, potentially also within this decade.

J. Robinson West
Senior Advisor, IHS Energy Insight

A

I agree. But remember the thing to keep in mind is the credit worthiness of the operator and it's one thing if it's – if it's Shell or Petronas, it's a nice business once the technology is managed. The question gets interesting is if you have smaller companies with smaller fields are trying to develop it and trying to get things going, then it becomes much more speculative.

Q

Can you explain to us – this question is for Robin and for Thor – what are the differences in the current market in terms of ordering shipping capacity. In the past, we saw that the market was dominated by producers, primarily Qatar, now we've seen a wave of independents taking up the growth of demand with new orders.

What is the reason that the new producers are not also in the ship owning activity provided that the – given that the, these producers they do have the financial muscle and the ability to order the ships and they leave this excess return, this profit to be captured by the independents like GasLog and other shipping companies?

Thor Knappe
Senior Vice President-Business Development, GasLog Ltd.

A

I think this one comes a little bit back to what Paul was talking about earlier. I mean these companies – yeah, you're right, they have great, they have huge balance sheets and in theory they could take shipping on board. But it also becomes capital allocation and the return for the oil majors perhaps greater for them [ph] in their sphere (130:20) in the upstream.

And so becomes internally they then make the assessment. Do they stay, become ship owners or continue to be ship owners? And as you rightly point out yourself, the trend is towards the increasing market share for the independent owners like GasLog for the LNG fleet going forward, which is a trend we love, of course.

Graham Westgarth
Chief Operating Officer, GasLog Ltd.

A

I mean, Qatar, I think we're very much focused on securing the supply chain from whereas – and nowadays I think the trade is becoming – within these organizations, they are the ones who are actually driving the strategy. And they really don't care where they get their ships from. So that's a fundamental change in how these – some of these organizations are looking at this.

J. Robinson West
Senior Advisor, IHS Energy Insight

A

There's one other thing too and that is that if you look at the pressure that the major oil companies are under that although the price of oil is high, their upstream returns are substantially reduced from where they were a number of years ago.

And so, they are becoming much more capital-conscious and they don't want to tie up capital, if they don't want to have to – and they don't have to it. And if you look around some of the majors how they are rationalizing their assets getting rid of midstream assets, they are getting rid of pipelines, they are getting rid of all that kind of thing and this is, would be in the same category.

Philip Radziwill
Vice Chairman, GasLog Ltd.

A

It's just like the rigs.

Q

I understand that from a general trend but what prevents them from creating MLPs, shipping MLPs and buying assets or even doing what Qatar was doing in the past in certain [ph] essence (131:56) getting sale and leasebacks and potentially issuing tenders for newbuildings that could potentially increase the number of newbuildings in the market?

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

I mean – I'll take that, I think there is nothing stopping them, but they are not doing it. And as – to coin Graham's phrase the proof of the pudding is in the eating, I think that just talks to what we've been saying that they're happy to put this out to good quality operators like ourselves.

Q

Paul and Thor, both of you guys mentioned the 100% utilization for the fleet, and just want to get a sense of where you think about utilization in the spot market? So in other words, where do spot rates really have to be in order for you guys to get excited about it? I mean, if we're talking about a gap of between $20,000 a day between longer term charters and [ph] above (132:56) $100,000 spot rates, does that make you excited, or does a low-end utilization mean that rates have to go even further north for you guys to enter the market?

Paul Wogan
Chief Executive Officer, GasLog Ltd.

A

No, I mean, I think as we look at it there are definitely risks in being in the spot market, you have to manage those risks. If you – you're getting $100,000 a day but you are then waiting 14 days between a 30-day charter for your next voyage then that eats away your returns very quickly. You also have to manage the heel; you have to keep the ships cooled down.

So, when we look at it, the shorter-term market I think is very interesting to us. We would look at the spot market, but we go into that with our eyes open, saying, okay, what are the real returns that we need to get to do that. And I think you do that on a case-by-case basis. But we are very cognizant that that needs to be managed very closely for you to get returns, which are – which justify the extra risk that you take to do that.

Paul Wogan
Chief Executive Officer, GasLog Ltd.

Anybody, any further questions?

Philip Radziwill
Vice Chairman, GasLog Ltd.

The management team are going to be very happy because I think they are going to go for drink, but maybe we could just stop them so if there are anymore – anymore for anymore.

Paul Wogan

Chief Executive Officer, GasLog Ltd.

Okay. Well, I'd just like to say thank you very much for everyone attending. It's really good to see you all here. I hope you've got a lot out of this. We're always happy and willing to take calls, questions anytime. We'd love to chat to you now when we're having drinks but the stuff you want to follow-up on afterwards please feel free to call us. We love to have conversations with investors, analysts because we actually learn a lot from that as well. So, thank you much and please help yourself to a drink. Thank you.