Capital Clean Energy Carriers(Q1 2025 Results)

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Corporate Speakers:

- Brian Gallagher; Capital Clean Energy Carriers; Executive Vice President, Investor Relations
- Gerasimos Kalogiratos; Capital Clean Energy Carriers; Chief Executive Officer
- Nikos Tripodakis; Capital Clean Energy Carriers; Chief Commercial Officer

Participants:

- Jonathan Chappell; Evercore; Analyst
- Liam Burke; B. Riley Securities; Analyst
- Alexander Bidwell; Webber Research & Advisory; Analyst
- Omar Nokta; Jefferies; Analyst
- Climent Molins; Value Investor's Edge; Analyst

PRESENTATION

Operator^ Thank you for standing by. And welcome to the Capital Clean Energy Carrier Corp. First Quarter 2025 Financial Results Conference Call. We have with us Mr. Gerry Kalogiratos, Chief Executive Officer; Mr. Brian Gallagher, Executive Vice President, Investor Relations; and Mr. Nikos Tripodakis, Chief Commercial Officer. (Operator Instructions) I must advise you that this conference is being recorded today, Thursday, May 8, 2025.

The statement in today's conference call that are not historical facts including our expectations regarding acquisition, transactions and their expected effect on us, cash generation, equity returns and future debt levels, our ability to pursue growth opportunities, our expectations or objectives regarding future distribution amounts or share buyback amounts, capital reserve amounts, dividend coverage, future earnings, capital allocation as well as our expectations regarding market fundamentals and the employment of our vessels including redelivery dates and charter rates, may be forward-looking statements as such as defined in Section 21E of the Securities Exchange Act of 1934 as amended.

These forward-looking statements involve risks and uncertainties that could cause the stated or forecasted results to be materially different from those anticipated.

Unless required by law, we expressly disclaim any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in our views or expectations to conform to actual results or otherwise.

We make no prediction or statement about the performance of our common shares. I would now like to hand over to your first speaker today, Mr. Brian Gallagher. Please go ahead, sir.

Brian Gallagher^ Thank you, Operator. Good morning and afternoon to wherever you are. And thank you for listening to the Capital Clean Energy Carriers Q1 2025 Earnings Call.

As a reminder, we will be referring to the supporting slides available on our website as we go through today's presentation. Let's start then on Slide 4 with the highlights. First quarter 2025 was an important quarter for the company in many respects.

Firstly, net income from operations for the quarter amounted to just under $81 million including a $46.2 million gain from the sale of two container vessels. This is included in the earnings release in our discontinued operations. These are the last two of the 5, 5,000 TEU containers that we agreed to sell last year and they were delivered to the new owners during this quarter.

Overall, we have raised a total of $472.2 million in net proceeds from the sale of 12 container vessels since December 2023 and have recycled this capital into our focus on gas transportation assets.

Another key development for the quarter is that we have secured employment for two of our newbuilding LNG carriers for five and seven years, respectively, both with an additional 5-year option. My colleague, Nikos will cover that in more detail later.

What is more during the first quarter of the year, the LNG carrier Axios II commenced its 7-year bareboat charter where the charter has the option to extend by an additional three years.

The new charters in addition to certain options exercised by one of our charters has increased our firm charter backlog to $3.1 billion.

We believe that these charters further corroborate our view on the positive fundamentals of the longer-term LNG shipping market and provide our investors visibility into both employment prospects and cash flows, well in advance of our first LNG newbuilding delivery.

With that, I'll now turn it over to Chief Executive, Gerry Kalogiratos; and Nikos Tripodakis, our Chief Commercial Officer, for the remainder of the presentation.

Gerasimos Kalogiratos^ Thank you, Brian. And good morning to everyone listening in today. It has been indeed a very busy quarter across all fronts and is also reflected in our financials, which you will find on Slide 6.

As Brian pointed out, we derived a further $46 million in one-off gains this quarter from completing the sale of the last two out of the five container vessels we agreed to sell last year.

We will continue to be opportunistic about the sale of the three remaining container vessels as these are modern eco vessels with long-term cash flow attached. The dividend, as we discussed on the last call is a core component of the company's value proposition to shareholders and making this quarter the 72nd consecutive quarter that the company has paid a cash dividend.

Turning to Slide 7. We can see that our capital base continues to consolidate, and we await the next schedule of ships to be delivered next year. Our cash position continues to be solid, supported by the completion of two further container sales, bringing total cash to $420 million.

With a great deal of uncertainty and volatility injected into capital markets in recent months, money markets continue to factor in almost 100 basis points in interest rate cuts by the Fed during 2025. And we take this opportunity to remind investors that CCEC could be a beneficiary of such a move given 80% of our funding is on floating rates.

Finally, our balance sheet is strong, which is important within the business we operate, but the main development for this quarter is a reduction of our open LNG carrier exposure by a third and enhancing the contract length of our existing LNG charter book.

We expect these developments to further enhance our financial flexibility. I will now turn to the more strategic matters on Slide 9. Our average charter duration now stands at 7.3 years across the fleet with our LNG fleet showcasing a charter backlog of 91 years or $2.8 billion of contracted revenue.

As you can see at the bottom of the schedule, two of our six LNG carriers under construction have now been placed with an energy super major for five and seven years, respectively, with options to extend both charters by a further five years.

This is in addition to certain options exercised by one of our charters for three existing vessels. This translates into an average daily time charter equivalent for our fleet across the time charters of approximately $87,300 or $91,150 that is per day including all options.

In summary, our charter book continues to expand as we work towards fixing the employment for the remaining assets in our fleet.

Turning now to Slide 10 and looking at the contracted revenue base in more detail. The impact of these charter extensions and the new charters has boosted our total contracted backlog including our container vessels to $3.1 billion or $4.5 billion should all options be exercised.

The pie chart illustrates the breakdown of our total time charter revenue base using the firm charter periods. This remains a core strength of our proposition as a company that is counterparty diversity. You will note a slight departure from earlier presentations where we used the names of all our counterparties. As the counterparties increase and also in an effort to preserve confidentiality of certain commercial agreements, we have moved this to a more simplified format.

It is important to highlight here that the industry typically super majors and other national and international energy companies, utilities traders and liquefaction plant operators with high credit credentials.

Overall, when it comes to CCEC, no single counterparty represents more than 20% of the $3.1 billion of contracted revenue backlog. This diversity provides the company with a very strong framework to build our gas transportation portfolio further with a mix of existing corporate relationships and new customers.

I will finish off this section now with a quick look at our newbuilding CapEx program and our expectations with regard to financing described in more detail on Slide 11.

So we ended the quarter with $420 million of cash on our balance sheet, which provides a solid buffer for the business. Clearly, our recent contract wins and option declarations, as we have stated previously give us further financial flexibility.

From our newbuilding program of $2.3 billion underway, we have already paid advances by quarter end to the tune of $467 million.

Assuming we finance 70% of the acquisition price with the LNG carriers and 60% of the other gas vessels with debt amounting to approximately $1.560 billion, that would leave us with an excess equity of $105 million as Slide 11 shows, that is without taking into account cash flow generation from our existing fleet.

I would like to turn now to our Chief Commercial Officer, Nikos Tripodakis, who will run through our LNG market slides. I will be available to answer your questions at the end of the call. Nikos, over to you.

Nikos Tripodakis^ Thank you, Gerry. And good morning or afternoon, everybody. There are two important issues to deal before I move on to the market focused commentary on LNG.

Firstly, the effect of the U.S. Trade Representative's recently announced port fees. These are the fees that the new Trump administration has proposed to be levied on ships entering U.S. ports and which have been substantially reduced in their potential impact from the original proposals.

As far as LNG shipping is concerned, we expect minimum impact. The U.S. is targeting a rising percentage of U.S. LNG exports to be transported on U.S. flagged operated or built

LNG carriers from 2028 onwards. And until then, LNG shipping is exempted from any such levies.

In any case, CCEC is heavily insulated against this development as none of our LNG fleet on the water was built in China and none of our six LNG carriers under construction are being built in China either. Moreover, we view any theoretical suspension of LNG export licenses as a low probability scenario, the exact mechanisms of such suspension is still unclear.

So as far as the effects of USTR port fees are concerned, in our view, our business model is unaffected for now but we will, of course, continue to closely monitor any developments. Moving on to the impact of tariffs.

As Slide 14 shows, it is perhaps counterintuitive for the U.S., the largest LNG exporter and China, the world's biggest importer to have little direct LNG traffic between them. However this has been increasingly the case as the graph on the left-hand side shows.

Indeed, there have been no direct cargo from the U.S. to China since February and trade has been modest in recent years between the two nations. We summarize our thoughts on the medium and longer-term potential impacts from tariffs on the right-hand side of Slide 14.

A positive development in this situation could be the signing of bilateral agreements between the U.S. and other nations with the aim to alleviate tariffs and balance the trade deficit with the U.S. More sale and purchase agreements from the U.S. -- for U.S. LNG project will facilitate new final investment decisions and as such, significantly boost demand for LNG freight.

A potential headwind if tariffs persist, however, could be the rising cost of LNG projects looking to reach that FID. The financing, operational and capital funding costs for U.S. projects have risen since the pandemic and the effect of tariffs is likely to further increase this cost and potentially delay FIDs. This remains a fast-moving, complicated and very important issue, and we will be looking to update investors going forward. Turning now to the LNG market itself.

On Slide 15, we have highlighted three key areas. Point number one illustrates that newbuilding prices remain firm. There was a single order for an LNG vessel during Q1 for a reported price north of $260 million. Prices for newbuildings have been above $250 million since February 2023, according to brokers and have not been affected by the weakness in the spot market throughout 2024 and 2025. This trend is now further expected to increase due to Trump's regulatory release for U.S.

LNG projects on the one hand and port fees on Chinese build ships on the other. On the first point, we have seen multiple new sale and purchase agreements signed since the beginning of the year as well as the first final investment decision since 2023 from Woodside on the 16.5 million tons per annum Louisiana LNG project.

On the second point, the U.S. Trade Representative's imposed port fees on Chinese building vessels is expected to increase demand for Korean-build vessels and as such, strengthen newbuilding prices further.

Point number two on graph on the Slide 15 illustrates that the longer-term time charter market has remained almost immune from the volatility and largely downward movement in spot rates over the past 12 to 18 months. 10-year rates remain in the high $80s to low $90s range.

As with the strength in newbuilding prices, long-term rates continue to reflect the fact that despite the weakness in the front of the curve, the LNG shipping market has and continues to be short modern tonnage from 2026 and 2027 onwards.

Lastly, point number three shows how short-term time charter rates have been recovering from the lows we have seen in January.

While the scale on this chart does not illustrate the scale of this recovery, spot rates have increased by around 300% from below $10,000 per day in January to around $40,000 per day at the end of April. This recovery has been a combination of an increase in spot requirements throughout the first quarter, windows of open arbitrage to Asia, which removed shipping length in the

Atlantic Basin as vessels reposition east and also reduced appetite from charterers to regulate their own tonnage. And finally, as is illustrated in the next chart, an increase in the number of idle steam and tri-fuel vessels.

Looking now on Slide 16, we can see the LNG carrier vessel supply dynamics. Slide 16 illustrates the effect that the weakness in the current spot market has had on older tonnage and how operators of such tonnage are responding to the low charter rate environment.

On the left-hand side, you can see the percentage of idle steam and tri-fuel vessels with idle being defined as vessels being static for 14 days or longer.

It is clear that there has been a steep increase in the percentage of idling vessels throughout the past year as the percentage of both idle steam and tri-fuel vessels is currently the highest it has been over the past five years for both vessel types. According to market analysts, at the end of Q1 2025, the number of idle steam vessels reached 41, up from 19 in Q3 2024, while 18 tri-fuel vessels were idle at the end of Q1 '25 from only two in Q3 2024.

Moreover, there are some interesting points around scrapping as we can see on the chart on the right-hand side. Firstly, whilst relatively small in absolute number, 2024 saw a record number of LNG vessels being scrapped.

Secondly, Q1 2025 has already seen the highest number of scrapping of any quarter with three vessels sold for demolition, a number that, if annualized, would mean that 12 LNG vessels will exit the fleet, which is a 50% increase from the previous record year.

In conclusion, the combination of record high idling and scrapping of older vessels supports our view that in the current LNG market, where large, efficient and regulation compliant vessels are required, there is limited room for older ships. Moving over to Slide 17.

We can see what is, in our view, a relatively neutral approach to the LNG shipping supply and demand balance projection. The approach on this chart is holistic, aiming to consider all parameters that affect both the supply and the demand side. The basic premise under this analysis is that only projects that have reached FID are considered on the demand side and only vessels that are on order are considered for the supply side.

With relatively conservative assumptions around vessel scrapping and ton-mile demand, both in terms of East-West arbitrage and transiting through Suez, we can see that towards the end of 2026 and the very beginning of 2027, the market is balancing. From Q1 2028, the market becomes significantly short modern tonnage with a deficit reaching approximately 100 vessels by 2029 once we have the recent FID on Woodside's Louisiana LNG.

This deficit could widen even further by 2029 to 2030 if we consider the circa 80 million tons per annum of pre-FID projects and the fact that there is limited yard capacity available, especially until 2030.

As we all know this analysis is multi-varied and can be affected by many parameters. However it is a strong view that there is significant upside from this base case.

As an example for this, if the proportion of U.S. LNG delivered to Asia instead of Europe increases by just 10%, everything else in the analysis being equal, then the market would rebalance more than a year earlier in Q1 2026. Thank you, everybody, and I will now turn it back to Gerry for the summary.

Gerasimos Kalogiratos^ Thank you, Nikos. Moving to Slide 19. I firmly believe that the progress made during the reported quarter in solidifying our existing charter book and placing two new medium-term charters with a new high-quality customer further improves the company outlook and visibility for our shareholders.

On the remaining LNG carriers, we have an order, we will continue to be opportunistic about fixing long-term employment as there are increasingly fewer uncommitted LNG newbuildings available at this time when we see growing activity in the LNG industry with both new SPAs being signed and FIDs being taken, as Nikos described earlier.

We are also engaged in constructive discussions on the rest of our gas vessels, recognizing, however, that this will be employed into a more shorter-term market and it is

more likely than not that we will be able to provide deployment updates only closer to their delivery. The three remaining container vessels are well underpinned on long-term contracts potentially out to the end of the next decade, but provide optionality for CCEC going forward.

Now turning to the last slide in the deck. Capital Clean Energy Carriers has continued to deliver on the objectives we set out and the scale of the delivery has been strong for this quarter.

Our LNG charter book has increased further. We derisked a third of our LNG order book by securing employment for two of our vessels, while retain optionality with three containers on fleet and with a strong balance sheet, which includes over $420 million of cash.

Importantly, this company has and will continue to have, going forward, a very young fleet delivering the lowest unit freight cost possible today to our customer with the lowest environmental footprint, both critical aspects to success given the commercial requirements of our customers and the emerging regulatory environment when it comes to carbon and methane emissions.

Looking forward, CCEC is expected to control the largest LNG 2-stroke carrier fleet available to investors upon delivery in addition to the other 10 multi-gas vessels. The company has considerable contract coverage of over seven years already and strong visibility on cash flows, while we believe that we have an advantage over many of our peers in only being invested in the latest gas technology vessels with dual fuel capabilities.

However we're not satisfied or tempted to rest, we need to address the deployment of our LPG and liquid CO2 portfolio that will start delivering early next year.

We need to continue to raise the profile and recognition of the company in capital markets and gain traction with investors. So plenty of work to do, but the first quarter shows that the company is capable of on our growth trajectory. With that, I will now pass it back to the operator for questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) And your first question comes from the line of Jon Chappell from Evercore.

Jonathan Chappell^ So first question is on the CapEx schedule. It looks like about $486 million that was pegged for 1Q '26 has been shifted about half to 3Q '26 and half to 1Q '27. Is that your choice based on kind of chartering opportunities? Or was that something from the shipyard or maybe even the financing side?

Gerasimos Kalogiratos^ John, very well spotted. We have been able with our partners to adjust some of our CapEx and operational scheduling, which we have reflected in the CapEx schedule, we provide every quarter.

It was some optionality that we had arranged with our partners, the shipbuilder at a minimal cost. And this, together with the charter opportunities we see in the market and the flexibility that we have in deploying these assets is -- has been a very valuable tool. So we decided to swift some of the deliveries by a few quarters.

Jonathan Chappell^ Okay. And then on the gas carriers, I understand that we're going to have to wait to get closer to delivery to have a better idea. So maybe you can just help us understand how the discussions are going at this point. Some of the potential liquids that could be carried or relatively new markets, unestablished.

What are these conversations that you've had so far? And is there a rough kind of target at this point, understanding we're still maybe 12 months away to kind of think about from either duration or a type of rate perspective?

Gerasimos Kalogiratos^ So as we discussed a couple of quarters ago when we went through the -- I'll start with the liquid CO2 carriers, the handy vessels, right? So as we discussed a couple of quarters ago, there is a lot of activity on the front of the movement of liquid CO2 and the number of projects.

Some of them have taken FID, and we have already an operational project, Northern Lights, but the timeline of most of these projects is from 2028, 2029 onwards.

So our current discussions around the four liquid CO2 carriers, which are effectively the semi-ref handysize multi-gas vessels that can carry LPG as well as ammonia and other cargoes.

In addition, of course, the liquid CO2 is -- have been around either large companies that have different types of gas volumes including gray as well as low-carbon ammonia, LPG and are also involved in the liquid CO2 supply chains.

So some of these guys, they are interested in taking vessels like this for three to five years and be able to deploy them across their logistic needs. But I think also you have the more, if you want, normal LPG and ammonia business that would be very much interested in vessels like that.

The order book for handysize semi-ref vessels is extremely small. Actually, we control a very big part of it. And we see good interest also for these vessels in the, let's say, "spot" right because this is more a short [TC] market, so 1- to 3-year type of charters.

Usually, this type of demand where you see most of the bid is -- will become more active, much closer to delivery. So multiple type lines of inquiries, but I think the default would be to trade them as effectively handysize LPG ammonia carriers.

Operator^ Your next question comes from the line of Liam Burke from B. Riley Securities.

Liam Burke^ Your analysis between production coming online in 2027 and an aging fleet would not only imply a stabilization of supply/demand, but capacity constraint beyond the '27, '28 timeframe. Are your potential charterers of the four unchartered LNG vessels recognizing this? And are you seeing that in your negotiations?

Gerasimos Kalogiratos^ Liam, I'll let Nikos take this one.

Nikos Tripodakis^ Liam, thank you for this question. It's actually a very good one. And I think that's exactly what our recent deals reflect, i.e. the front of the curve can be very low and the spot market can be weak, the 1-year market can be weak.

But when it comes to the supply and demand fundamentals in terms of serious charters that are looking for multiple vessels, efficient vessels, then the weakness dissipates and we revisit rates and periods around the 90,000 per day mark.

So I don't know if that answers your question, but charters, yes, understand this deficit coming in the market from '27, '28 onwards and pay rates that reflect that.

Liam Burke^ Gerry, on the four handysize on order, if the -- do you see the potential for them to operate in the LPG spot market for the time they're delivering until you can secure work for them?

Gerasimos Kalogiratos^ Yes, absolutely. I mean these are multi-gas vessels of the semi-vessel type, very attractive ships. And as I said earlier on, because the order book is very small, and this is an aging fleet in the water, we see quite a bit of interest from, let's say, kind of normal chartering inquiries that used to trade in the gray ammonia and LPG business.

Operator^ Your next question comes from the line of Alexander Bidwell from Webber Research & Advisory.

Alexander Bidwell^ So the three options exercised on the water vessels and the two charters for the newbuilds delivering in 2027 seems to point towards a very clear demand for tonnage 2027 onwards. Are you seeing any uptick in appetite for longer-term charters in the near term, so say, late '25 into 2026? Or charterers expecting the spot market to be more beneficial to them?

Nikos Tripodakis^ In terms of earlier deliveries, 2025 and 2026, anybody that expected volumes for those periods had already secured shipping for them. And there's sort of a lag in terms of how the delay of some projects we expect in 2024, 2025 has affected the market exactly because charters had been covered with the shipping positions for those periods.

What we do see for deliveries in 2025 and 2026 are opportunistic charters that are trying to take advantage of the weakness in the front of the curve to basically buy some optionality for the years in which they anticipate the deficit of freight to kick in.

For example, starting 2025, two years plus 1, plus one in terms of options. That is something very common recently when we're discussing about the bids in the market for 2025 and 2026 but not for longer periods. There has been one discussion for 2026 delivery for seven years that concluded this year, but that has been the only one.

Alexander Bidwell^ All right. And then looking, I guess, over at sort of global supply/demand. So there's a significant amount of attention on these new liquefaction volumes hitting the market.

What sort of developments are you seeing on the regas side? And what potential headwinds or tailwinds could we see in the carrier market stemming from an over or undersupply of regas capacity?

Nikos Tripodakis^ It's a good question. And what I can tell you in terms of regas capacity, both in Europe and Asia is that in the multiples in terms of liquefaction capacity.

So we don't expect any issues when it comes to regasification capacity being able to cover the liquefaction capacity. China, Japan, Europe have multiples in terms of their demand for that capacity.

Alexander Bidwell^ Okay. And then just a quick follow-up. Just looking at a seasonal basis, do you see any, I guess, potential tailwinds from floating storage opportunities as we enter a period of oversupply of liquefaction capacity?

Nikos Tripodakis^ If we're seeing any tailwinds from -- sorry, I didn't hear that.

Alexander Bidwell^ Do you foresee any tailwinds from floating storage opportunities as we enter a period of oversupply of liquefaction capacity sort of in the back half of the decade?

Nikos Tripodakis^ It's an interesting question. Traditionally, floating storage and LNG has not worked the same way as it does in oil because, obviously of the boiler, it comes at an extra cost.

So you need the contango between specific parts of the curve to be steep. And what we're seeing right now with all the risks, the geopolitical risks around Europe and the prices of global markets, European prices and Asian prices, we do not see any floating storage being incentivized right now.

Obviously this can change, and it depends a lot on seasonal patterns, storage deficits and contango in the curve. But as of now we cannot really say that floating storage will be or is -- there are any indications that it will be a demand factor.

Operator^ Your next question comes from the line of Omer Nokta from Jefferies.

Omar Nokta^ Just a couple of follow-ups on the two newbuilding charters. Obviously nice to see that. And as you mentioned, it shows that the sector, the business is still operating or functioning appropriately. You didn't explicitly give a rate, but Nikos, you sort of mentioned in your comments that in 2027 rates are closer to $90,000. Should we extrapolate that that's kind of what the rate achieved is on these charters?

Nikos Tripodakis^ Yes.

Omar Nokta^ Okay. Good. And then what's the expected sort of given the financing that you put on, what do you think the breakeven is going to be on these newbuildings?

Gerasimos Kalogiratos^ We have not -- Omar, it's Gerry. We have not yet concluded on the financing of these assets. We can provide a breakeven number potentially in a couple of quarters when we have more visibility.

Omar Nokta^ Okay. And then just finally, just on those -- the interesting kind of note that you have on those charters is that you can swap to other later generation ships at you're choosing, it sounds like, clearly gives you some flexibility. Can you just -- maybe just two questions on that.

Can you give just a sense of what is -- what would you say is late generation that all of your ships? Or is it just a new build? And then also, what circumstances or conditions would you want to do that where you'd want to substitute?

Nikos Tripodakis^ So it's a very good question. Just to clarify what it means, it means that it is within our option to deliver any of the vessels we have on our newbuildings to those two charters. And a situation whereby we would be incentivized to do something like that would be, let's say, we would secure a very good shorter-term rate for one of the vessels delivering in -- towards the end of 2026, let's say, a six-month winter charter at very high rates, and then we could deliver that vessel to the all your major charters. So it provides a lot of flexibility and optionality for us, which in a market like this is very valuable.

Operator^ (Operator Instructions) And your next question comes from the line of Climent Molins from Value Investor's Edge.

Climent Molins^ Most has already been covered, but I wanted to delve a bit into your U.S. port fees commentary. You mentioned U.S.-built LNG carriers by 2029 sounds optimistic, which is almost a given.

But could you talk a bit further about your, let's say, theoretical cost expectations for a U.S.-built LNG carrier relative to the usual Korean-built? And secondly, based on the current proposal, who will be responsible for complying with this regulation?

Gerasimos Kalogiratos^ So Climent now this is the more esoteric stuff that we are going into the -- and I don't think anybody has full clarity.

What I can tell you from our previous experience is that the rule of thumb has been that the cost of a U.S.-built ship of any type has been maybe 3, 4x the cost of building the same ship in Korea or China.

In this particular case, when we're talking about LNG carriers where there are also additional challenges with containment systems, LNG fueled engines, cryogenics and other more complex machinery.

I mean there have been even failures at the beginning in very large shipyards in Korea when the shipyard was -- when the industry started trying new systems.

So I think it's going to be quite challenging for a nascent shipyard capacity to take on such projects if that exists at all, which many people say that there is no such shipyard capacity at least for another two or three years.

Now with regard to who exactly is going to be responsible to implement that? It looks to me, but again, I'm not 100% sure if there is clarity on that, that it's going to be the liquefaction operators, the exporters that they will have to ensure that their volume is transported on U.S.-built LNG ships.

Operator^ There are currently no further questions. I will now hand the call back to Gerry for closing remarks.

Gerasimos Kalogiratos^ Thank you, Sharon. And thank you all for joining us today.

Operator^ Thank you. This concludes today's conference call. Thank you for participating. You may now disconnect.