HÖEGH LNG

INTERIM RESULTS FOR THE QUARTER ENDED 31 MARCH 2017

Highlights

- EBITDA[1] of USD 36.7 million
- Profit after tax of USD 11.4 million
- Dividend of USD 0.125 per share paid in the first quarter of 2017
- Successful placement of NOK 1,500 million in unsecured bonds maturing on 1 February 2022
- Signed HOA with LNG producers for FSRU terminal infrastructure for the GEI project in Pakistan
- Announced the signing of a FSRU newbuilding contract with Hyundai Heavy Industries for delivery in the fourth quarter 2018

Subsequent events

- Declared dividend of USD 0.125 per share for the second quarter of 2017
- Höegh Giant delivered from Hyundai Heavy Industries and USD 190 million in debt drawn down

Earnings potential demonstrated

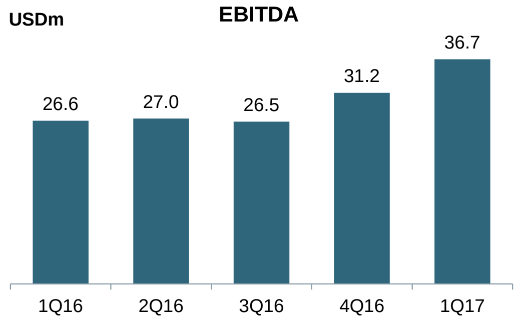
Following the fourth quarter of 2016, in which Höegh LNG reached several important milestones, the first quarter of 2017 demonstrated the earnings potential of its business model. With EBITDA of USD 36.7 million and a net profit of USD 11.4 million, underlying earnings reached a new high. The increase from the quarterly run rate in 2016 reflected the commencement of Höegh Grace's long-term contract in Colombia, which adds around USD 40 million in annualised EBITDA, as well as approximately USD 22 million in annualised net earnings.

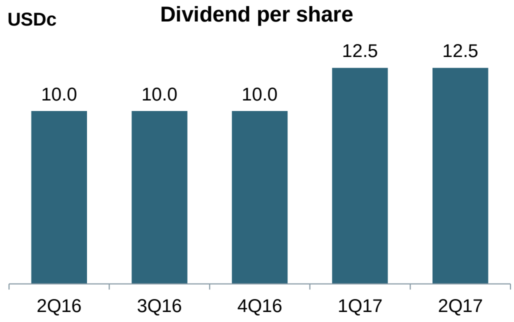
Höegh LNG's main focus is to prepare for the start-up of three long-term FSRU contracts commencing in 2018 and 2019. These will trigger further stepwise improvements in the company's financial results and support its rates of return. Progress is also being made towards securing employment for the uncommitted FSRU newbuilding and for further FSRU newbuilding options, in line with the target of having 12 FSRUs in operation or under construction by 2019. Höegh LNG continues to operate in a positive market environment as LNG volumes expand, keeping gas prices at very competitive levels and triggering interest in new and existing regions for installing FSRUs to import LNG.

Höegh LNG is maintaining its solid operational track record with zero lost-time incidents and high technical availability, contributing to steady earnings from existing contracts and enabling it to maintain a dividend of USD 0.125 per share for the second quarter.

[1] Please see list of abbreviations in Appendix 1

Table: reported EBITDA and declared dividend per share





Group financial review[2]

Höegh LNG Holdings Ltd. (the company) and its subsidiaries (together Höegh LNG or the group) reported EBITDA of USD 36.7 million for the first quarter of 2017, compared with USD 31.2 million for the previous quarter. The increase reflects the start-up of Höegh Grace under the long-term FSRU contract with SPEC in December 2016, offset by higher operating expenses and lower management income.

Depreciation totalled USD 9.3 million in the first quarter and was in line with the fourth quarter of 2016. Interest expenses rose by USD 0.5 million following the placement of NOK 1,500 million in unsecured bonds at 1 February 2017, while net financial expenses fell from USD 18.5 million to USD 14.0 million because of a non-recurring foreign exchange loss in the fourth quarter of 2016.

Profit after tax was USD 11.4 million for the quarter, up from USD 0.8 million in the preceding quarter owing to higher EBITDA, lower net financial expenses and a reduction in taxes.

Operating cash flows increased by USD 5.4 million in the first quarter of 2017 to USD 27.8 million. Cash flows were further supported by the issue of the NOK bond, equivalent to USD 177 million. Uses during the quarter consisted primarily of capital expenditures of USD 111.0 million, debt service of USD 41.0 million, dividend payments of USD 16.7 million and investments of USD 75.1 million net in marketable securities. Adding a combined USD 5.9 million negative in other investing and financing items bring net cash flows for the quarter USD 45.0 million negative, compared with a positive USD 116.3 million in the previous quarter.

At 31 March 2017, Höegh LNG had USD 364.6 million in current cash and marketable securities (31 December 2016: USD 332.4 million) and net interest-bearing debt of USD 705.5 million (31 December 2016: USD 663.1 million). Book equity at 31 March 2017, after adjusting for the mark-to-market of interest rate swaps, was USD 672.3 million (31 December 2016: USD 677.1 million), which is equivalent to an adjusted book equity ratio of 36.6% (39.7%).

Table: selected financial items

USD'000	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Total income	68 659	62 275	58 056	57 142	55 439
EBITDA	36 679	31 183	26 492	26 895	26 620
EBIT	27 404	22 067	17 265	17 757	19 342
Profit (loss) after tax	11 445	828	3 334	3 550	6 302
Total assets	1 842 987	1 713 461	1 616 466	1 643 546	1 667 495
Equity adjusted for hedging reserves	672 272	677 110	576 441	584 661	592 432
Net interest-bearing debt	(705 489)	(584 911)	(663 129)	(650 476)	(615 837)
Equity ratio adjusted for hedging	36.6 %	39.7 %	35.7 %	35.6 %	35.5 %

2 The financial statements for Höegh LNG include HMLP on a consolidated basis and, unless otherwise stated, figures in this section are compared with figures for the fourth quarter of 2016.

Corporate/other activities

Dividend payment of USD 0.125 per share for 2Q 2017, in line with 1Q 2017

The company paid a cash dividend of USD 0.125 per share in the first quarter of 2017, equivalent to USD 9.6 million.

On 23 May 2017, the board of directors of the company declared a cash dividend of USD 0.125 per share for the second quarter of 2017. The company's shares will trade ex-dividend on 8 June 2017. Shareholders recorded in the VPS following the close of trading on the Oslo stock exchange on 9 June 2017 will be entitled to the dividend. This will be payable on or around 23 June 2017.

Increased distribution from Höegh LNG Partners LP (Höegh LNG Partners)

Höegh LNG received USD 6.3 million in distributions and USD 0.1 million in incentive distribution rights from Höegh LNG Partners in the first quarter of 2017.

Following the closing of the sale of a 51% equity interest in Höegh Grace to Höegh LNG Partners on 3 January 2017, Höegh LNG Partners declared a quarterly distribution on 20 April 2017 for the first quarter of USD 0.43 per unit, representing a 4.24% increase from the fourth quarter of 2016. The company holds 13,156,060 subordinated units and 2,116,600 common units in Höegh LNG Partners, and will receive USD 0.3 million in incentive distribution rights for the first quarter of 2017.

Pipeline of drop-down candidates

Subject to MLP equity market conditions, the sale of the remaining 49% equity stake in Höegh Grace to Höegh LNG Partners is the next planned drop-down. In addition to the balance of Höegh Grace, FSRUs and related contracts in Ghana, Pakistan and Chile with scheduled start-ups in 2018 and 2019 represent the future pipeline of candidates for drop-down to Höegh LNG Partners.

Recycling capital through Höegh LNG Partners is the company's preferred source of new equity. The intention remains to utilise Höegh LNG Partners to fund the equity portion of the continued expansion of Höegh LNG's newbuilding programme by selling FSRUs with long-term employment to Höegh LNG Partners in transactions funded by equity issues in the MLP market.

Successful placement of NOK 1,500 million in unsecured bonds maturing on 1 February 2022

On 19 January 2017, the company successfully completed a new unsecured bond issue of NOK 1,500 million which matures on 1 February 2022. The bonds have subsequently been listed on Oslo Børs under the ticker HLNG03 and have been swapped from floating three-month Nibor plus a margin of 500 basis points to a fixed USD interest rate of 7.7%.

Acquisition of own shares to settle exercise of options

The company acquired 19,497 of its own shares on 5 April 2017 to settle the exercise of 34,999 stock options as part of the management's option scheme. The volume of shares delivered reflects the market value of the shares less the strike price of NOK 39.3. At 31 March 2017, the company's issued share capital remained at USD 772,364.60 consisting of 77,236,460 fully paid common shares with a par value of USD 0.01 each while the number of stock options outstanding totalled 1,917,426.

Enhanced segment reporting to provide a better reflection of changes to the organisational structure

On 6 January 2017, the company announced a new organisational structure to reflect the strong growth of its operating FSRU fleet. In order to align with the new organisational structure and to improve the visibility of earnings, Höegh LNG has changed and enhanced its segment reporting. Assets owned by Höegh LNG Partners are now separated from operating assets, business development and corporate activities for the remainder of the group. Following from this change, the presentation and allocation of general and administrative costs are presented at a more detailed level. An updated definition of segments and relevant details can be found in note 3.

Business review

Overall performance

All six FSRUs and two LNG carriers in Höegh LNG's fleet operated in accordance with contracts during the quarter, and the group's technical availability remained stable at close to 100%.

Höegh LNG had no lost-time injuries in the first quarter of 2017, which marks a continuation of its strong track record from 2016, when the lost-time injury frequency (LTIF) was zero.

The FSRUs in operation delivered 17% more gas to their charterers than in the fourth quarter of 2016, and 43% more than in the first quarter of 2016.

Table: Technical availability of fleet and safety performance

	YTD 2017	2016	2015	2014	2013
Technical availability	99.5 %	99.9 %	100.0 %	99.7 %	99.9 %
Lost Time Injury Frequency*	0.00	0.00	0.73	0.44	1.07

*Calculated per million exposure hours for seagoing personel only.

Penco LNG Chile FSRU project update

The timeline for the Penco FSRU project has been delayed by 12-18 months, but is currently making progress towards a final investment decision in accordance with the revised project schedule. With the firm long-term contract to deliver electricity into the Chilean market, Penco LNG's economic rationale for importing LNG remains in place. Höegh LNG remains fully committed to the project.

Quantum Power Ghana FSRU project update

The Quantum Power (QP) FSRU project continues to make progress and is working towards the mid-2018 start-up. Höegh LNG has allocated Höegh Giant to serve the 20-year FSRU contract with QP, providing an annualised EBITDA contribution of USD 36 million.

GEI Pakistan FSRU project update

The Global Energy Infrastructure Ltd. (GEI) FSRU project in Pakistan is working towards start-up in the second half of 2018 and making progress towards its final investment decision (FID). The strategic rationale behind LNG imports to Pakistan is strong, since this will increase supplies to an established and growing market for natural gas which is suffering from supply shortages as domestic production declines.

Höegh LNG announced in February 2017 that it had joined a consortium with Qatar Petroleum, Total, ExxonMobil and Mitsubishi for joint development of the terminal, which includes the jetty and the pipeline connecting the FSRU to the domestic gas grid. Höegh LNG has the role as technical operator for the engineering, procurement and construction (EPC) development, and the objective is to complete the EPC and engineering for the FID on the infrastructure in mid-2017.

Business development activities

The company is pursuing several discussions with potential counterparties in projects at various stages of development. Business development activity remains high, driven by the increasing volumes of LNG available globally and by gas producers playing a more active role in opening up new markets. In addition to their traditional role as providers of LNG on long-term contracts, LNG producers are now investing in regasification infrastructure in order to bring gas to markets. As in Pakistan, Höegh LNG is working actively with gas producers to reach such goals.

Höegh Giant delivered on 27 April

Höegh LNG took delivery of Höegh Giant on 27 April 2017. The company drew down USD 190 million in debt on delivery to finance the remaining USD 161 million in yard instalments, and thereby released USD 29 million in equity. The unit is intended to start a 20-year contract with Quantum Power in Ghana by mid-2018, and has been chartered to a leading LNG trader for short-term contracts as an LNG carrier or FSRU in the interim. Once all conditions on the Quantum Power charter contract have been lifted, the credit facility will be increased to USD 223 million to cover project-specific amendments to the unit as well as adding further liquidity to Höegh LNG.

Three FSRUs under construction – one uncommitted

Höegh LNG has three FSRUs under construction at Hyundai Heavy Industries and Samsung Heavy Industries. These newbuildings have scheduled delivery dates in the first quarter of 2018, the fourth quarter of 2018 and the second quarter of 2019 respectively.

Market

LNG demand rose by 13% from levels in the first quarter of 2016 to around 75 million tonnes for the first quarter of 2017. The greatest contributors to year-on-year demand growth are Japan, South Korea, China, Turkey, Pakistan, Thailand and Portugal, while Australia and the USA are the two largest drivers behind LNG supply growth.

LNG supply is growing rapidly on the back of expanding production capacity and could increase by another 100 million tonnes or 35% by 2020. This expansion is changing market dynamics, and LNG producers are becoming much more active in opening up new markets for LNG. FSRUs hold the key to unlocking the majority of such markets, owing to the effectiveness of floating regasification solutions in terms of cost and time. Egypt, Turkey and Pakistan are examples of countries utilising FSRUs in order to fill gas deficits with competitively priced LNG, while markets such as south-east Australia, Poland and Hong Kong are currently contemplating the installation of FSRUs for various strategic reasons.

FSRU market activity reflects the increase in LNG supply as both throughput volumes and the number of contract awards for FSRUs increase. Six new FSRU contracts were awarded in 2016, and market activity has remained high into 2017. Höegh LNG sees a potential for another three-five FSRU contracts being awarded in 2017.

Rising levels of activity in the FSRU market generate interest among potential new entrants, and competition is therefore likely to increase. However, newbuilding and conversion projects said to be under consideration are yet to come to fruition, leaving Höegh LNG as the largest company in the FSRU industry with seven FSRUs in operation (as of the second quarter) and three units under construction. Höegh LNG plans to continue expanding its newbuilding portfolio on the basis of further contract awards, and to maintain its strategy of always having one uncommitted FSRU newbuilding in its portfolio to meet the timeline for future FSRU projects.

Outlook

Höegh LNG now has a total of 10 FSRUs in operation and on order. With a solid operational and financial platform in place, and backed by a positive market environment, the company continues to pursue additional business opportunities and remains confident it will reach its goal of a fleet of 12 units in operation or under construction by 2019.

While earnings improved into 2017, the delivery of Höegh Giant is likely to affect net earnings in the second and subsequent quarters until it starts its long-term contract in Ghana, or the short term LNGC market improves.

Höegh LNG continues to focus on operational excellence and aims to keep operational performance indicators at market-leader levels, forming the basis for stable operating results generated from long-term contracts.

INTERIM CONSOLIDATED STATEMENT OF INCOME

USD'000	Note	*Unaudited* 1Q 2017	*Unaudited* 4Q 2016	*Unaudited* 1Q 2016	*Unaudited* YTD 2017	*Unaudited* YTD 2016
Freight revenues		64 515	56 879	51 150	64 515	51 150
Management and other income		710	1 738	990	710	990
Share of results from investments in joint ventures		3 434	3 658	3 299	3 434	3 299
Total income		**68 659**	**62 275**	**55 439**	**68 659**	**55 439**
Charterhire expenses		(8 752)	(8 888)	(8 792)	(8 752)	(8 792)
Bunker and other voyage related expenses		(92)	(170)	(37)	(92)	(37)
Operating expenses		(11 744)	(10 587)	(9 349)	(11 744)	(9 349)
Project administrative expenses		(4 316)	(4 323)	(2 960)	(4 316)	(2 960)
Group administrative expenses		(5 153)	(5 704)	(4 765)	(5 153)	(4 765)
Business development expenses		(1 923)	(1 420)	(2 916)	(1 923)	(2 916)
Operating profit before depreciation and impairment	3	**36 679**	**31 183**	**26 620**	**36 679**	**26 620**
Depreciation		(9 275)	(9 116)	(7 278)	(9 275)	(7 278)
(Impairment) / reversal of impairment		-	-	-	-	-
Operating profit after depreciation and impairment		**27 404**	**22 067**	**19 342**	**27 404**	**19 342**
Interest income		366	297	452	366	452
Interest expenses		(13 811)	(13 335)	(12 939)	(13 811)	(12 939)
Income from other financial items		887	1 302	1 591	887	1 591
Expenses from other financial items		(1 484)	(6 798)	(1 335)	(1 484)	(1 335)
Net financial items		**(14 042)**	**(18 534)**	**(12 231)**	**(14 042)**	**(12 231)**
Ordinary profit before tax		**13 362**	**3 533**	**7 111**	**13 362**	**7 111**
Corporate income tax		(1 917)	(2 705)	(809)	(1 917)	(809)
Profit for the period		**11 445**	**828**	**6 302**	**11 445**	**6 302**
Profit of the period attributable to (from):						
Equity holders of the parent		5 782	(3 412)	3 775	5 782	3 775
Non-controlling interests		5 663	4 240	2 527	5 663	2 527
		11 445	**828**	**6 302**	**11 445**	**6 302**
Earnings per share attributable to equity holders of the parent during the period:						
Basic and diluted earnings per share		0.07	(0.04)	0.05	0.07	0.05

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD'000	Note	*Unaudited* 1Q 2017	*Unaudited* 4Q 2016	*Unaudited* 1Q 2016	*Unaudited* YTD 2017	*Unaudited* YTD 2016
Profit for the period		**11 445**	**828**	**6 302**	**11 445**	**6 302**
Items that will not be reclassified to profit or loss						
Net gain (loss) on other capital reserves		-	22	-	-	-
Items that may be subsequently reclassified to profit or loss						
Net gain (loss) on hedging reserves		(1 569)	29 565	(16 987)	(1 569)	(16 987)
Share of other comprehensive income from joint ventures		3 691	23 702	(12 716)	3 691	(12 716)
Other comprehensive income (loss) for the period net of tax	6	**2 122**	**53 289**	**(29 703)**	**2 122**	**(29 703)**
Total comprehensive income (loss)		**13 567**	**54 117**	**(23 401)**	**13 567**	**(23 401)**
Total comprehensive income attributable to (from):						
Equity holders of the parent		5 812	37 071	(19 716)	5 812	(19 716)
Non-controlling interests		7 755	17 046	(3 685)	7 755	(3 685)
		13 567	**54 117**	**(23 401)**	**13 567**	**(23 401)**

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

USD'000	Note	*Unaudited* **2017** 31 Mar	*Audited* **2016** 31 Dec
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax assets		342	353
Tangible assets			
Investments in FSRUs		1 130 917	1 139 734
Investments in new buildings under construction		243 188	129 678
Other non-current financial assets	6	21 207	22 123
Other non-current assets		21 469	22 120
Shareholder loans		291	943
Restricted cash	7	14 155	18 580
Total non-current assets		**1 431 569**	**1 333 531**
Current assets			
Bunkers and inventories		750	745
Trade and other receivables		40 392	40 539
Shareholder loans		5 730	6 275
Marketable securities		211 722	135 751
Restricted cash		11 423	10 274
Cash and cash equivalents		141 401	186 346
Total current assets		**411 418**	**379 930**
TOTAL ASSETS		**1 842 987**	**1 713 461**
EQUITY AND LIABILITIES			
Equity			
Share capital		772	769
Other paid-in capital		551 069	550 659
Capital reserves		(52 596)	(53 853)
Retained earnings		(37 921)	(51 599)
Equity attributable to equity holders of the parent		**461 324**	**445 976**
Non-controlling interests		132 024	150 087
Total equity		**593 348**	**596 063**
Non-current liabilities			
Deferred tax liability		7 010	6 114
Non-current interest-bearing debt		945 944	786 567
Investments in joint ventures		41 404	48 530
Other non-current financial liabilities	6	19 542	16 938
Deferred revenue		5 301	5 761
Total non-current liabilities		**1 019 201**	**863 910**
Current liabilities			
Current interest-bearing debt		138 246	149 295
Income tax payable		2 181	1 109
Trade and other payables		18 254	19 023
Other current financial liabilities	6	50 236	57 890
Other current liabilities		21 521	26 171
Total current liabilities		**230 438**	**253 488**
TOTAL EQUITY AND LIABILITIES		**1 842 987**	**1 713 461**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

USD'000	*Unaudited* **1Q 2017**	*Unaudited* **4Q 2016**	*Unaudited* **1Q 2016**	*Unaudited* **YTD 2017**	*Unaudited* **YTD 2016**
Operating activities:					
Profit (loss) before tax for the period	13 362	3 533	7 111	13 362	7 111
Non-cash adjustment to reconcile profit before tax to net operational cash flow					
Depreciation FSRUs, drydocking and equipment	9 275	9 116	7 278	9 275	7 278
Impairment (reversal of impairment)	-	-	-	-	-
Fair value adjustments on marketable securities	(860)	(1 141)	(1 397)	(860)	(1 397)
Interest income	(366)	(297)	(452)	(366)	(452)
Interest cost	13 810	13 335	12 939	13 810	12 939
Net loss (income) on interest rate hedges	26	(161)	(194)	26	(194)
Currency loss on restricted cash balances	-	4 644	-	-	-
Share based payment cost and board remuneration not paid-out	497	418	414	497	414
Share of profit from investments in joint ventures	(3 434)	(3 658)	(3 299)	(3 434)	(3 299)
Working capital adjustments					
Change in inventories, receivables and payables	(4 542)	(3 280)	(7 150)	(4 542)	(7 150)
Dividend received from joint ventures	-	-	-	-	-
Payment of income tax	69	(83)	-	69	-
i) Net cash flow from operating activities	**27 836**	**22 426**	**15 250**	**27 836**	**15 250**
Investing activities:					
Investment in marketable securities	(105 111)	(116)	-	(105 111)	-
Proceeds from sale of marketable securities	30 000	55 000	11 514	30 000	11 514
Investments in FSRUs, drydocking and new buildings	(111 039)	(32 543)	(199 092)	(111 039)	(199 092)
Net proceeds from sale of LNG Libra	-	-	17 978	-	17 978
Investment in intangibles, equipment and other	(384)	(189)	-	(384)	-
Interest received	403	614	-	403	-
Repayment of shareholder loans	1 198	1 512	1 750	1 198	1 750
ii) Net cash flow from investing activities	**(184 933)**	**24 278**	**(167 850)**	**(184 933)**	**(167 850)**
Financing activities:					
Gross proceeds from equity issuance	-	112 013	-	-	-
Transaction cost of equity issuance	-	(484)	-	-	-
Dividend paid to non-controlling interest (HMLP)	(7 276)	(4 558)	(4 554)	(7 276)	(4 554)
Dividend paid to shareholders of the parent	(9 503)	(7 567)	(7 562)	(9 503)	(7 562)
Proceeds from borrowings	176 960	-	200 000	176 960	200 000
Payment of debt issuance cost	(1 928)	(2)	(2 310)	(1 928)	(2 310)
Repayment of borrowings	(27 202)	(15 177)	(11 864)	(27 202)	(11 864)
Interest paid	(13 774)	(13 634)	(11 896)	(13 774)	(11 896)
Payment to unwind swaps	(8 403)	-	-	(8 403)	-
(Increase) decrease in restricted cash	3 277	(1 005)	4 122	3 277	4 122
iii) Net cash flow from financing activities	**112 152**	**69 586**	**165 936**	**112 152**	**165 936**
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	**(44 945)**	**116 292**	**13 336**	**(44 945)**	**13 336**
Current cash and cash equivalents at the beginning of the period	186 346	70 054	97 623	186 346	97 623
Current cash and cash equivalents at the end of the period	**141 401**	**186 346**	**110 959**	**141 401**	**110 959**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2017

	Attributable to equity holders of the parent									
	Paid-in capital				***Capital reserves***					
USD'000	Issued capital	Share premium	Treasury shares	Other paid-in capital	Cash flow hedge reserves (Note 6)	Other capital reserves	Retained earnings	**Total**	Non-controlling interests (Note 6) [1]	**Total equity**
At 1 January 2017	**769**	**445 078**	**(12)**	**105 593**	**(51 059)**	**(2 794)**	**(51 599)**	**445 976**	**150 087**	**596 063**
Profit (loss) for the period							5 782	5 782	5 663	11 445
Other comprehensive income / (loss)					30			30	2 092	2 122
Total comperehensive income					*30*		*5 782*	*5 812*	*7 755*	*13 567*
Capital contribution to HMLP							(216)	(216)	216	-
MLP dividend to non-controlling interest								-	(7 276)	(7 276)
Sale of subsidiary to MLP					1 227		17 615	18 842	(18 842)	-
Net proceeds of equity issuance	3	1 886		(1 889)				-	-	-
Units granted to the board of HMLP								-	-	-
Dividend to shareholders of the parent							(9 503)	(9 503)	-	(9 503)
Share-based payment cash settled				(15)				(15)	-	(15)
Share-based payment costs				428				428	84	512
At 31 March 2017 (Unaudited)	**772**	**446 964**	**(12)**	**104 117**	**(49 802)**	**(2 794)**	**(37 921)**	**461 324**	**132 024**	**593 348**

[1] *Equity attributable to non-controlling interests at 31 March 2017 of USD 132.0 million includes negative USD 29.1 million in cash flow hedge reserves*. See table in Note 6.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Attributable to equity holders of the parent									
	Paid-in capital				***Capital reserves***					
USD'000	Issued capital	Share premium	Treasury shares	Other paid-in capital	Cash flow hedge reserves (Note 6)	Other capital reserves	Retained earnings	**Total**	Non-controlling interests (Note 6) [1]	**Total equity**
At 1 January 2016	**768**	**444 740**	**(12)**	**78 226**	**(78 622)**	**(2 816)**	**(19 927)**	**422 357**	**69 208**	**491 565**
Profit (loss) for the period							1 298	1 298	12 714	14 012
Other comprehensive income / (loss)					18 270	22		18 292	6 951	25 243
Total comperehensive income	-	-	-	-	*18 270*	*22*	*1 298*	*19 590*	*19 665*	*39 255*
Capital contribution to HMLP							(1 613)	(1 613)	1 613	-
MLP dividend to non-controlling interest								-	(18 225)	(18 225)
Net proceeds of equity issuance	1	338		(252)				87	-	87
Net proceeds of equity issuance HMLP				25 848	9 274			35 122	76 406	111 528
Units granted to the board of HMLP				56	19			75	114	189
Dividend to shareholders of the parent							(30 263)	(30 263)	-	(30 263)
Share-based payment cash settled				(100)				(100)	-	(100)
Share-based payment costs				1 815				1 815	212	2 027
Other changes in equity							(1 094)	(1 094)	1 094	-
At 31 December 2016 (Audited)	**769**	**445 078**	**(12)**	**105 593**	**(51 059)**	**(2 794)**	**(51 599)**	**445 976**	**150 087**	**596 063**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The parent company, Höegh LNG Holdings Ltd. (the company), is an exempted limited company domiciled in and incorporated under the laws of Bermuda. The principal activities of the company and its subsidiaries (collectively Höegh LNG or the group) are described under the segment information in Note 3. The interim financial statements were authorised for issue by the board of directors of Höegh LNG Holdings Ltd. on 23 May 2017.

2. BASIS FOR PREPARATION AND ACCOUNTING POLICIES

The interim consolidated financial statements for the period ended 31 March 2017 have been prepared in accordance with IAS 34. The statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at 31 December 2016. New and amended standards effective for periods beginning at or after 1 January 2017 are considered not to have material effects on the group's financial statements.

3. SEGMENT INFORMATION

For the purpose of making decisions about resource allocation and performance assessment, management monitors the operating results of Höegh LNG's operating segments separately. The only assets and liabilities included in the segment report are vessels, newbuildings, interest-bearing debt and intangible assets.

The segment reporting is based on the same basis as the external reporting. Any internal revenue or expenses are presented net.

HMLP

The segment includes activities related to Höegh LNG Partners, which was formed to own, operate and acquire FSRUs, LNGCs and other LNG infrastructure assets under long-term charters, defined as five years or more. Höegh LNG Partner's fleet comprises ownership interests in four FSRUs, namely (i) a 50% interest in Neptune, (ii) a 50% interest in GDF Suez Cape Ann, (iii) a sole economic interest in PGN FSRU Lampung and (iv) a 100% interest in Höegh Gallant. As of January 2017, a 51% ownership interest in Höegh Grace was transferred to Höegh LNG Partners and from the same date fully consolidated in the HMLP segment. Capitalised costs in the segment relate to the ownership of FSRUs.

Operations

The segment is responsible for the commercial and technical management of the group's FSRUs and LNGCs in operations that have not been transferred to Höegh LNG Partners. It includes the FSRU Independence and the LNGCs Arctic Princess and Arctic Lady. The LNGC LNG Libra was included in the segment until delivery to its new owners in the first quarter of 2016. Höegh Grace was included in the segment from delivery by the yard until it was transferred to the HMLP segment with effect from December 2016. The segment comprises all revenues and expenses related to FSRUs and LNGCs in operations as well as bareboat hire for Arctic Princess and Arctic Lady and management income for commercial management services paid by joint ventures. FSRUs are included in the operations segment on delivery from the yard.

BD and project execution

The segment comprises all activities in business development and project execution, including non-capex cost related to newbuilds.

It records expenses relating to new FSRU and LNGC contracts until delivery and the pre-commencement phase of commercial contracts. Capitalised costs in the segment relate to the FSRU newbuilding programme.

Corporate and other

The segment consists of the group's management, finance, legal and other corporate services. The figures contain administrative expenses which are managed on a group basis and have not been allocated to other segments.

The table below sets out the group's operating segments for the first quarter of 2017 and 2016 respectively.

Table: segment information

Segment information USDm	HMLP		Group ex. HMLP Operations		BD and project execution		Corporate and other		Total	
Income statement	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016
Freight revenue	36.9	23.1	27.6	28.1	-	-	-	-	64.5	51.2
Management and other income	-	-	0.7	0.9	-	0.1	-	-	0.7	1.0
Share of results from inv. in JVs	2.2	2.2	1.2	1.1	-	-	-	-	3.4	3.3
TOTAL INCOME	**39.1**	**25.3**	**29.5**	**30.1**	**-**	**0.1**	**-**	**-**	**68.7**	**55.5**
Charter hire expenses	-	-	(8.8)	(8.8)	-	-	-	-	(8.8)	(8.8)
Bunker and other voyage related expenses	(0.1)	-	-	-	-	-	-	-	(0.1)	-
Operating expenses	(6.2)	(4.0)	(5.2)	(5.2)	(0.4)	(0.2)	-	-	(11.8)	(9.4)
Project administrative expenses	(1.0)	(0.8)	(1.8)	(1.4)	(1.5)	(0.7)	-	-	(4.3)	(3.0)
Group administrative expenses	(1.6)	(1.5)	-	-	-	-	(3.5)	(3.3)	(5.1)	(4.8)
Business development expenses	-	-	-	-	(1.9)	(2.9)	-	-	(1.9)	(2.9)
EBITDA	**30.2**	**19.0**	**13.7**	**14.7**	**(3.8)**	**(3.7)**	**(3.5)**	**(3.3)**	**36.7**	**26.6**

Segment information USDm	HMLP		Operations		BD and project execution		Corporate and other		Total	
Selected items in Financial Position	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
Tangible assets										
Investments in FSRUs and NBs	844	568	287	595	243	62	-	-	1 374	1 225
Liabilities									-	-
Interest-bearing debt	508	353	197	407	-	-	379	219	1 084	979

The composition of Höegh LNG's operating segments was changed with effect from 1 January 2017. The group's activities are now focused on three operating segments, namely HMLP, operations and business development, and project execution. Activities which are not part of operations are included in corporate and other. The segment structure is in line with the way the group's operations are managed and monitored internally. Höegh LNG's chief operating decision-maker is the board of directors of the company, which distributes resources and assesses the performance of the group's operating segments. The reduced EBITDA compared with previously reported segment information reflects the presentation of the new segment structure on the basis of the equity method for joint ventures rather than the proportionate method.

Comparative figures for 2016 have been restated in accordance with the new segment structure, as set out below.

Segment information USDm	HMLP	Group ex. HMLP Operations	BD and project execution	Corporate and other	Total
Income statement	FY 2016	FY 2016	FY 2016	FY 2016	FY 2016
Freight revenue	96,5	117,4	-	-	213,9
Management and other income	0,2	4,9	0,2	(0,0)	5,3
Share of results from inv. in JVs	9,3	4,5	-	-	13,8
TOTAL INCOME	**106,1**	**126,7**	**0,2**	**(0,0)**	**232,9**
Charter hire expenses	-	(35,4)	-	-	(35,4)
Bunker and other voyage related expenses	(0,1)	(0,4)	-	-	(0,4)
Operating expenses	(16,9)	(25,2)	(1,6)	-	(43,8)
Project administrative expenses	(2,8)	(6,3)	(4,0)	-	(13,2)
Group administrative expenses	(6,7)	-	-	(13,9)	(20,6)
Business development expenses	-	-	(8,4)	-	(8,4)
EBITDA	**79,6**	**59,4**	**(13,8)**	**(13,9)**	**111,3**

4. RELATED-PARTY TRANSACTIONS

Höegh LNG provides various management services to the group's joint venture companies and receives management income from external joint venture partners related to technical, commercial and administrative services. Total management income from related parties in Höegh LNG amounted to USD 0.6 million in the first quarter of 2017 (USD 1.4 million). For a more detailed description of recurring related party transactions, see information disclosed in Note 32 of the 2016 annual report.

5. COMMITMENTS AND FINANCING

Höegh LNG entered into two FSRU shipbuilding contracts with HHI in 2014 and 2015, with delivery in the second quarter of 2017 and scheduled delivery in the first quarter of 2018 respectively. Furthermore, the group signed a firm FSRU shipbuilding contract with SHI on 18 January 2017 with delivery in the second quarter of 2019 under an agreement which includes three optional units. In January 2017, the group announced that it had signed a shipbuilding contract with HHI for a FSRU with delivery in the fourth quarter of 2018. As of 31 March 2017, total remaining capital expenditures relating to these commitments were about USD 0.9 billion, including yard payments, project expenses, finance costs and contingencies. Some USD 0.3 billion of this is payable by December 2017, with the remainder falling due through the second quarter of 2019. Capital expenditures related to the infrastructure project in Pakistan are not included in this figure.

Total available liquidity as of 31 March 2017 was USD 555 million, which includes USD 365 million in current cash and marketable securities and a bank loan facility of USD 190 million for the financing of FSRU #7, or Höegh Giant, which was drawn upon delivery of the FSRU in April 2017. When all conditions relating to Höegh Giant's long-term contract in Ghana are met, the available amount under the undrawn bank loan facility increases to USD 223 million. This will take total available liquidity up to USD 588 million. In addition, the group is planning to raise financing before delivery for FSRUs #8, #9 and #10, for which two 20-year time charters have been secured.

Table: interest-bearing debt

Spesification of interest-bearing debt

USD'000	Due in year 1	Due in year 2	Due in year 3	Due in year 4	Due in year 5 and later	Total
FSRU Independence facility*	15 248	15 248	76 293	15 248	79 971	202 009
Höegh Grace facility	13 250	13 250	13 250	147 000	-	186 750
Methane Ventures Limited facility	7 924	-	-	-	-	7 924
Höegh Gallant facility	13 146	13 146	137 310	-	-	163 602
PGN FSRU Lampung facility	19 062	19 062	19 062	19 062	93 194	169 443
Bond debt**	69 615	-	130 000	-	174 913	374 528
Interest-bearing debt outstanding	**138 246**	**60 706**	**375 916**	**181 310**	**348 078**	**1 104 256**
Debt issuance cost						(20 066)
Total interest-bearing debt						**1 084 190**

*Independence is financed by a commercial tranche of USD 61 million that needs to be refinanced by 2019. Should Höegh LNG not refinance this tranche the full outstanding amount of the Export Credit Gurantee Agency ("ECA") tranches, USD 106 million, will fall due in 2019. The above table assumes the ECA tranche will continue to amortize.

**HLNG01 matures in 2017 and has been swapped into USD 104 million. The negative value of the swap is presented under other current financial liabilities.

As of 31 March 2017, Höegh LNG holds own HLNG01 bonds totaling NOK 153 million.

USD'000	HLNG, net of HMLP	HMLP	Total
Mortgage debt	209 933	519 795	729 728
Unsecured bond debt	374 528	-	374 528
Debt issuance costs	(8 119)	(11 948)	(20 066)
Interest bearing debt	**576 342**	**507 848**	**1 084 190**
Cash and marketable securities	337 258	27 288	364 546
Long-term restricted cash	1	14 154	14 155
Net interest bearing debt, equity method	**239 084**	**466 406**	**705 490**
Proportionate share of joint venture debt	119 779	236 768	356 547
Proportionate share of joint venture debt issuance costs	-	(413)	(413)
Proportionate share of joint venture interest bearing debt	**119 779**	**236 355**	**356 134**
Proportionate share of joint venture cash and marketable securities	8 871	5 814	14 685
Proportionate share of joint venture long-term restricted cash	-	12 561	12 561
Proportionate share of joint venture net interest bearing debt	**110 908**	**217 980**	**328 888**

6. HEDGING RESERVES

Interest-rate swaps have been entered into for financing the group's vessels. The group has also entered into a cross-currency interest-rate swap relating to the NOK bond and an interest-rate swap on the USD bond.

As of 31 March 2017, the mark-to-market valuation of the interest-rate swaps was recognised in the financial position with a net liability of USD 111.9 million, of which USD 77.2 million was classified as non-current liabilities, USD 43.3 million as current liabilities and USD 8.5 million as non-current assets. USD 78.8 million of the mark-to-market valuation (MTM) of the interest rate swaps was recognised as hedge reserves in consolidated equity as of 31 March 2017.

The mark-to-market valuations of the interest-rate swaps in the group's joint ventures are recorded as part of investments in joint ventures, which results in the investments being treated as net liabilities. The negative valuations of the interest-rate swaps in the joint ventures represent USD 69.3 million of the below table.

In the first quarter of 2017, USD 2.0 million relating to the interest-rate swaps was recorded as a gain under other comprehensive income (OCI), compared with a gain of USD 53.3 million in the previous quarter.

Table: Interest rate swaps in Financial Position

MTMs of cash flow hedges in the Financial Position (USD'000)	31 Mar 2017	31 Dec 2016	30 Sep 2016	30 Jun 2016	31 Mar 2016
MTMs presented as financial assets	8 435	8 485	-	-	98
Total MTMs presented as financial liabilities	(51 183)	(56 967)	(72 067)	(85 770)	(76 219)
Total MTMs in the joint ventures	(69 250)	(72 942)	(96 643)	(102 634)	(96 857)
Net MTMs of cash flow hedges	**(111 998)**	**(121 424)**	**(168 710)**	**(188 404)**	**(172 978)**
Foreign exchange losses under cross currency swap included in MtM	36 123	43 258	37 117	40 741	39 567
Accumulated break cost paid	(4 285)	(4 285)	(4 285)	(4 285)	(4 285)
Accumulated loss on swap in profit or loss	1 236	1 404	1 565	1 771	1 726
Interest rate swaps recorded against equity	**(78 924)**	**(81 047)**	**(134 313)**	**(150 177)**	**(135 970)**
Attributable to non-controlling interest	(29 122)	(29 988)	(33 521)	(36 515)	(33 857)
Attributable to equity holders of the parent	(49 802)	(51 059)	(100 792)	(113 662)	(102 113)

7. NON-CURRENT RESTRICTED CASH

Restricted cash amounted to USD 14.1 million as of 31 March 2017.

Table: Non-current restricted cash

USD '000	31 Mar 2017	31 Dec 2016	30 Sep 2016	30 Jun 2016	31 Mar 2016
Debt service	14 155	14 154	14 258	14 440	14 596
Foreign currency	-	4 426	8 788	5 850	5 750
Total non-current restricted cash	**14 155**	**18 580**	**23 046**	**20 290**	**20 346**

To cover EGP-denominated costs relating to the time charter with EGAS in Egypt, a portion of the USD-denominated time charter hire is invoiced in EGP. Owing to Höegh LNG's cost-efficient project structure and the lack of a foreign exchange market, a portion of the EGP payment has been accumulating on the balance sheet. During the first quarter, Höegh LNG was able to convert the majority of its EGP balances and the remaining EGP have therefore been reclassified as free cash.

The amount of EGP that Höegh LNG will receive from EGAS in the future will vary depending on the prevailing exchange rate. However, the time charter hire received in USD terms will stay the same.

8. SUBSEQUENT EVENTS

The company declared a cash dividend on 23 May 2017 of USD 0.125 per share for the second quarter of 2017.

Höegh Giant was delivered from Hyundai Heavy Industries and USD 190 million in debt was drawn down.

9. FORWARD-LOOKING STATEMENTS

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

Among the important factors which could cause actual results to differ materially from those in the forward-looking statements are: changes in LNG transportation, regasification and floating liquefaction market trends; Changes in the supply and demand for LNG; changes in trading patterns; changes in applicable maintenance and regulatory standards; political events affecting production and consumption of LNG and

Höegh LNG's ability to operate and control its vessels; changes in the financial stability of clients of the group; Höegh LNG's ability to win upcoming tenders and to secure employment for the FSRUs on order; changes in Höegh LNG's ability to complete and deliver projects awarded; increases in the group's cost base; changes in the availability of vessels to purchase; failure by yards to comply with delivery schedules; changes in vessels' useful lives; changes in the ability of Höegh LNG to obtain additional financing; the success in achieving commercial agreements for the projects being developed by the group; changes in applicable regulation and laws. Unpredictable or unknown factors herein could also have material adverse effects on forward-looking statements.

APPENDIX 1

ALTERNATIVE PERFORMANCE MEASURES (APMS)

Höegh LNG's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition. it is management's intent to provide alternative performance measures which are regularly reviewed by management to enhance the understanding of Höegh LNG's performance. Operational measures such as, but not limited to, volumes, technical availability of vessels/fleet and contract backlog are not defined as financial APMs. Financial APMs should not be considered a substitute for measures of performance in accordance with the IFRS. The alternative performance measures presented may be determined or calculated differently by other companies.

Höegh LNG's APMs

- *EBIT:* EBIT is defined as line item "Operating profit after depreciation and impairment" in the interim consolidated statement of income.
- *EBITDA:* EBIT plus depreciation, amortisation and impairments. EBITDA is defined as line item "Operating profit before depreciation and impairment" in the interim consolidated statement of income.
- *Net interest-bearing debt:* Non-current and current interest-bearing debt less cash and marketable securities and restricted cash (current and non-current).
- *Equity adjusted for hedging reserves:* Total book equity adjusted for the mark-to-market value of financial derivative swaps recorded against equity. Financial derivative swaps consist of interest-rate and cross-currency interest-rate swaps. In the money mark-to-market, financial derivative swaps will increase equity, while out of the money mark-to-market, financial derivative swaps will reduce equity. The mark-to-market value of interest-rate swaps in the group's joint ventures is recorded as part of line item "Investment in joint ventures". See note 6 for more information on hedging reserves.
- *Equity ratio adjusted for hedging reserves:* Total book equity (see above) adjusted for hedging reserves divided by total assets.

ABBREVIATIONS

Abbreviation	Definition
EGAS	Egyptian Natural Gas Holding Company
EGP	Egyptian pounds
FSRU	Floating storage and regasification unit
HHI or Hyundai Heavy Industries	Hyundai Heavy Industries Co., Ltd.
HN	Hull number
HOA	Heads of agreement
Höegh LNG or the group	Höegh LNG Holdings Ltd. and subsidiaries
Höegh LNG Partners or HMLP	Höegh LNG Partners LP
LNGC	LNG carrier
MLP	Master Limited Partnership
MOU	Memorandum of Understanding
NB	Newbuilding
Quantum Power	Quantum Power Ghana Gas Ltd.
SEC	Securities Exchange Commission
SHI or Samsung Heavy Industries	Samsung Heavy Industries Co., Ltd.
SPEC	Sociedad Portuaria El Cayao SA ESP
The company	Höegh LNG Holdings Ltd.
VPS	Norwegian Central Securities Depository