HÖEGH LNG

INTERIM RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2018

Highlights for the quarter ended 30 September 2018

- EBITDA[1] of USD 47.9 million
- Net profit of USD 6.0 million
- Dividend of USD 0.025 per share paid in the third quarter of 2018
- Secured commitments for debt financing of FSRU #9 and FSRU #10

Subsequent events

- Dividend of USD 0.025 per share declared in the fourth quarter of 2018
- Investment in Avenir LNG to pursue small-scale LNG opportunities
- Höegh Esperanza commencing FSRU operations in Tianjin, China
- Höegh LNG Partners LP secured commitments for refinancing of Höegh Gallant and Höegh Grace

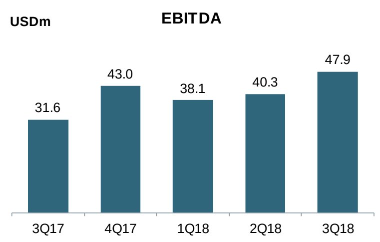
Fully financed and expanding LNG markets

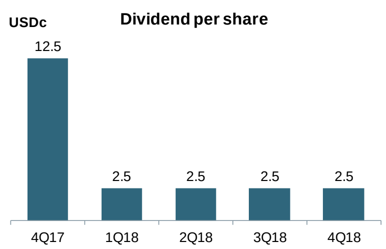
Höegh LNG reports record income and EBITDA for the third quarter of 2018, reflecting stable commercial operations, a full quarter of revenue contribution from Höegh Esperanza under its FSRU/LNGC contract with CNOOC, and higher charter hire generated by Höegh Giant. During the third quarter, Höegh LNG received commitment letters for the financing of its two FSRUs under construction, making the newbuilding programme fully financed. The book equity ratio was stable at 38% at 30 September 2018.

The small-scale LNG market is developing into an important source of additional LNG demand. With its investment in Avenir LNG Ltd., Höegh LNG intends to contribute to creating the leading provider of small-scale LNG volumes for the power, bunkering, trucking and industrial markets. Access to storage and reloading services provided by FSRUs is critical for a successful small-scale LNG operation, while well-developed small-scale LNG services are expected to stimulate FSRU capacity uptake by expanding the number of viable markets for full-size newbuilding FSRUs.

The LNG market continues to develop favourably. Backed by robust demand growth in Asia, volumes continue to increase, and upstream investors have again sanctioned new LNG production capacity. This will enable further expansion of LNG markets and should support FSRU demand. Höegh LNG remains involved in the final selection stages for several prospective FSRU projects with scheduled start-ups expected by 2020-2021, and will take an opportunistic approach to the cyclically strong LNGC chartering market in order to maximise earnings for the interim period.

Reported EBITDA and declared dividend per share





[1] Please see definition in Appendix 1.

Group financial review[2]

Höegh LNG Holdings Ltd. (Höegh LNG Holdings or the company) and its subsidiaries (together Höegh LNG or the group) reported a total income of USD 82.3 million for the third quarter of 2018, compared with USD 75.8 million in the second quarter of the year. The increase is mainly a result of higher revenues generated by Höegh Giant and Höegh Esperanza, as well as USD 2.1 million in revenue recognition of insurance proceeds and other reimbursement.

The combination of higher revenues and lower voyage expenses resulted in EBITDA of USD 47.9 million for the period, compared with USD 40.3 million for the previous quarter.

Höegh LNG has recorded a net profit of USD 6.0 million for the third quarter, down from USD 7.8 million in the previous quarter since the positive EBITDA development during the third quarter was offset by an impairment of USD 9.0 million. This impairment relates to jetty equipment previously installed in Ain Sokhna, Egypt, which was part of the Höegh Gallant time charter with Egas. The impairment will reduce future depreciation by around USD 1 million annually.

Operating cash flows were higher in the third quarter, increasing by USD 3.3 million to USD 44.5 million. Other sources during the second quarter comprised USD 50.4 million in sales of marketable securities and USD 14.9 million in net proceeds from the ATM programme at Höegh LNG Partners LP (Höegh LNG Partners or HMLP). Uses during the quarter mainly comprised dividends and debt service. The net increase in cash and cash equivalents was USD 54.4 million during the third quarter.

At 30 September 2018, Höegh LNG held USD 200.9 million in current cash and marketable securities (USD 194.7 million) and net interest-bearing debt amounted to USD 1,082 million (USD 1,109 million). Book equity at 30 September 2018, after adjusting for the mark-to-market of interest rate swaps, was USD 791.6 million (USD 782.3 million), equivalent to an adjusted book equity ratio of 38% (37%).

Key financial figures

(in USD'000 unless otherwise indicated)	3Q 2018	2Q 2018	1Q 2018	4Q 2017	3Q 2017
Income statement					
Total income	82 254	75 774	72 290	76 052	64 049
Operating profit (loss) before depreciation and impairment (EBITDA)	47 889	40 269	38 101	42 967	31 596
Operating profit (loss) after depreciation and impairment (EBIT)	25 338	26 692	26 798	31 693	20 357
Profit (loss) for the period	5 962	7 848	13 210	19 961	1 108
Balance sheet					
Total assets	2 138 504	2 146 533	1 970 437	1 959 035	1 991 983
Equity adjusted for hedging transactions	791 620	782 316	773 883	763 136	648 873
Adjusted equity ratio (%)	38	37	40	39	33
Net interest-bearing debt	(1 082 471)	(1 108 855)	(908 532)	(908 081)	(961 875)
Cash flow					
Net cash flow from operating activities	44 548	41 242	32 591	32 174	35 710
Net cash flow from investing activities	48 232	(234 371)	21 089	(76 494)	169 029
Net cash flow from financing activities	(38 348)	157 732	(33 216)	(51 292)	(51 959)
Net increase/(decrease) in cash and cash equivalents	54 432	(35 397)	20 464	(95 612)	152 780

[2] The interim consolidated 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 second quarter of 2018.

Corporate/other activities

Investment in Avenir LNG

Höegh LNG announced an investment of USD 24.75 million in Avenir LNG Ltd ("Avenir LNG") on 1 October 2018. The investment is part of a combined commitment of up to USD 182 million from Stolt-Nielsen Ltd. ("Stolt-Nielsen"), Golar LNG Ltd. ("Golar LNG") and Höegh LNG to pursue opportunities in small-scale LNG, including the delivery of LNG to power generation markets currently running on oil, the development of LNG bunkering services, and supply to the transport sector.

The market for small-scale LNG is rapidly expanding, with great potential to be realised – particularly in off-grid power generation, transport and bunkering markets because of high-margin oil-to-gas switching, policy changes and the environmental benefits of consuming LNG compared with alternative fossil fuels. The forthcoming IMO 2020 regulations for the maritime industry are one of many factors driving increased small-scale LNG consumption, and Avenir LNG plans to introduce safe and efficient ship-to-ship bunkering services at key strategic ports to meet and develop demand for LNG as a marine fuel.

The combined equity commitments will part-fund a series of four 7,500 cbm and two 20,000 cbm LNG carriers as well as the development of a small-scale LNG terminal in Sardinia. The first two 7,500 cbm vessels are scheduled for delivery in November 2019.

Access to LNG storage and reloading services are critical success factors for small-scale LNG operations, and the intention is to utilise the sponsors' LNG infrastructure for these purposes, hereunder Höegh LNG's and Golar LNG's existing and future FSRUs. In addition, the combination with access to markets developed by Avenir LNG could add the volume required to support otherwise marginal FSRU projects, thereby stimulating FSRU demand.

Avenir LNG closed a private placement of 110 million shares at a par price of USD 1 per share on 13 November 2018. Höegh LNG holds 22.5% of the outstanding shares following its initial investment. Golar LNG and Stolt-Nielsen hold 22.5% and 45% respectively, while the remainder are held by a group of institutional and professional investors. Avenir LNG's shares were listed on the N-OTC list with effect from 14 November 2018. Höegh LNG will account for its investment in Avenir LNG by the equity method.

Newbuilding financing

The previously announced debt financing of USD 177 million for FSRU #9 was formally signed on 18 October 2018. This facility is available to fund up to 65% of the delivered cost of the FSRU, and comprises a USD 132 million 12-year tranche guaranteed by K-SURE and a five-year non-amortising commercial bank tranche of USD 45 million. Furthermore, it has a 16-year blended amortisation profile, and Höegh LNG has fixed the interest rate to 5%.

Höegh LNG announced on 4 September 2018 that it had received a commitment letter for a sale and leaseback financing of up to USD 206 million for FSRU #10, which is under construction at SSHI in South Korea. Provided by China Construction Bank Financial Leasing Co Ltd ("CCB"), the facility is available to fund 70% of the delivered cost of the FSRU, increasing to 80% once long-term employment for the FSRU has been established. The facility bears a 20-year amortisation profile, has a tenor of 12 years and is subject to final documentation. With these two debt facilities Höegh LNG's newbuilding programme is fully debt and equity funded.

Refinancing of Höegh Gallant and Höegh Grace in Höegh LNG Partners LP

Höegh LNG Partners LP has in a subsequent event received commitment letters for the refinancing of Höegh Gallant and Höegh Grace, where the existing financing is maturing in 2019 and 2020. The new facility is structured as a USD 320 million term loan to refinance outstanding amounts under the existing facility, plus USD 65 million in drawing capacity under a revolving credit facility. The combined USD 385 million facility has a tenor of seven years and a blended amortisation profile of 12 to 15 years. Höegh LNG intends to swap the floating element of the interest rate and based on current swap rates, the fixed interest rate is expected to be around 5.3%. The revolving credit facility under the new facility will be drawn to fund repayment of outstanding amounts under the revolving credit facility provided by Höegh LNG Holdings and for general corporate purposes.

Status of the Höegh LNG Partners ATM equity-raising programme

As of 30 September 2018, Höegh LNG Partners LP ("Höegh LNG Partners") had raised USD 37.5 million in net proceeds under its ATM equity-raising programme, which was initiated on 26 January 2018. The ATM programme allows Höegh LNG Partners to issue new common units or 8.75% series A cumulative redeemable preferred units from time to time up to a limit of USD 120 million.

Distribution from Höegh LNG Partners

Höegh LNG Partners declared a quarterly distribution of USD 0.44 per unit for the third quarter on 18 October 2018, corresponding to an annualised distribution of USD 1.76 per unit. Höegh LNG Holdings accordingly received USD 6.7 million in distributions and USD 0.4 million in IDRs for the third quarter of 2018 on 14 November 2018.

Quarterly dividend of USD 0.025 per share

Höegh LNG Holdings paid a cash dividend of USD 0.025 per share in the third quarter of 2018, equivalent to USD 1.9 million. The board of directors has furthermore declared a dividend of USD 0.025 per share for the fourth quarter of 2018. The Höegh LNG shares will trade ex-dividend on 6 December 2018, and shareholders recorded in the VPS following the close of trading on Oslo Børs on 7 December 2018 will be entitled to the distribution, which will be payable on or around 20 December 2018.

Business review

Overall performance

All eight FSRUs and the two LNG carriers in Höegh LNG's fleet operated in accordance with contracts during the quarter, and the group's technical availability was 99.9% at the end of October

The lost-time injury frequency was zero for the quarter ending 30 September, with no lost-time injuries year-to-date.

Technical availability of fleet and safety performance

	YTD 2018	2017	2016	2015	2014
Technical availability	99.9 %	99.8 %	99.9 %	100.0 %	99.7 %
Lost time injury frequency [1)]	0.00	0.38	0.00	0.73	0.44

[1)] Calculated per million exposure hours for seagoing personnel only

Höegh Esperanza commences FSRU operations in Tianjin, China

Höegh Esperanza arrived in Tianjin, China, in early November 2018 and started commissioning for FSRU operations on 6 November 2018. Höegh Esperanza is currently serving a three-plus-one-year FSRU/LNGC charter with CNOOC Gas & Power Trading and Marketing Ltd ("CNOOC"). Under the contract, Höegh Esperanza will be utilised in FSRU mode for a guaranteed minimum period each year, with the balance of the year in LNGC and/or optional FSRU mode. The rate structure depends on the mode of use, with fixed and pre-agreed rates for the guaranteed FSRU period, optional FSRU days and LNGC days respectively.

Amendment of Höegh Gallant time charter

Höegh LNG announced on 15 October 2018 that it had agreed with Egypt Natural Gas Holdings Company ("Egas") to amend the Höegh Gallant time charter. Under the amended contract, Höegh Gallant will be chartered as an LNG carrier to Clearlake Shipping, a subsidiary of commodity trader Gunvor, and Egas will compensate for the rate difference between the original FSRU contract and the new LNG carrier time charter. The amended contract became effective in October 2018 and will run to April 2020, the termination date of the original five-year FSRU contract.

Since commencing operations in Egypt in 2015, Höegh Gallant has contributed significantly to matching gas supply with demand in the Egyptian market. This market is currently changing owing to increasing indigenous production. However, Egypt has the potential to emerge as a regional energy hub, and Höegh LNG hopes to continue to support Egas with regasification services in the future.

Interim employment secured for FSRU #9

FSRU #9, scheduled for delivery in December 2018, is being offered to several specific FSRU projects with scheduled start-up in the 2020-21 period. For the interim period it will serve an LNGC charter with Naturgy, which starts immediately after delivery and a position voyage from the shipyard in South Korea. The contract runs for 15 months, and the unit will earn a fixed day rate reflecting the long-term mid-cycle LNG carrier market.

Interim employment for FSRU #10

FSRU #10 is scheduled to be delivered from Samsung Heavy Industries in the second quarter of 2019, and the unit is part of ongoing processes for long-term FSRU contracts. However, planned start-up dates under these contracts suggest that the unit will be employed in the LNGC spot market for a certain period. Given the solid momentum in the LNGC spot market, Höegh LNG will continue to evaluate alternatives for interim employment of the unit in order to select the opportunity that best combines exposure to the strong LNGC market and the certainty of cashflows.

Business development activity

Höegh LNG's main commercial objective is to have all its FSRUs placed on long-term FSRU contracts. That includes FSRUs #9 and #10, which are still under construction.

The group is currently involved in the final bid rounds or has achieved exclusivity in four FSRU tender processes. Furthermore, it is involved in several additional selection processes at various stages of development. Höegh LNG is particularly focused on China where additional regasification capacity is required in order to meet increasing demand for natural gas, and Höegh LNG is working to leverage on its position as the sole FSRU operator in this high-potential market. Because of political, commercial, technical, financial and/or other factors affecting FSRU developments, the outcome of ongoing tendering processes is difficult to predict until they are completed.

Höegh LNG will take an opportunistic approach to opportunities arising from a buoyant LNGC market. This could include medium-term LNGC time charters, and/or combinations of short-to-medium term LNGC time charters with forward-start FSRU contracts to produce structures transferable by Höegh LNG Partners, pending terms and conditions of such interim LNGC employment.

Market

Global LNG trade reached 236 million tonnes in the first nine months of 2018, up by 7.1% from the same period of 2017 on a combination of robust Asian demand and new supplies of LNG from Australia and the USA. For the full year, LNG trade is expected to reach around 320 million tonnes, up by more than 7% from 2017.

Increasing Chinese demand continues to be a key driver for expanding LNG volumes. LNG imports by China were 37.7 million tonnes during the first nine months of 2018, up 46% from the same period in 2017 and pointing towards full-year imports of more than 55 million tonnes. That makes China the world's second-largest importer of LNG, second only to Japan with estimated imports of 85 million tonnes for 2018.

China's 20 land-based regasification terminals currently have a combined monthly regasification capacity of 5.6 million tonnes, which is expected to be insufficient for meeting seasonal demand swings and for supporting the current rate of growth in demand. In response, and to meet additional natural gas demand with sufficient regasification capacity, the FSRU Höegh Esperanza has been chartered to CNOOC and will operate as an FSRU in Tianjin.

LNG imports through FSRUs increased by 26% from the second to the third quarter of 2018. At 10.1 million tonnes, however, FSRU imports were 6% lower than in the same period of last year. Imports to Bangladesh, Pakistan, Turkey and Brazil are higher than last year, while growing indigenous production of natural gas continues to dampen Argentinian and Egyptian LNG imports. Excluding Egypt, FSRU imports were on par with last year's levels in the third quarter.

The final investment decision by LNG Canada on 1 October 2018 surpassed new liquefaction capacity sanctioned in 2016 and 2017 combined. The first two trains of this development will have a production capacity of 14 million tonnes when it comes online in 2025, making Canada a top-10 LNG producer globally with the ability to deliver LNG to Asia at highly competitive prices compared with other suppliers. What is more, the final investment decision was taken without foundation contracts with third-party customers, reflecting expectations of significant future LNG demand growth and positioning project developers to serve as a bridge to an increasingly diverse set of buyers without the ability to sign long-term contracts with suppliers.

The combination of increasing volumes of LNG being offered to an expanding set of buyers is the main demand driver for FSRUs. Five FSRU contract awards have been announced in 2018, up from only two short-term contracts last year. FSRUs currently serve 22 import projects globally, while ten to twelve projects have signed up FSRU capacity and are preparing to commence LNG imports over the next two years. In addition, comes a significant number of FSRU projects still in the selection process.

The global FSRU fleet consisted of 29 units at 30 September 2018. Thirteen FSRUs, including one LNGC-to-FSRU conversion, are currently under construction. Of these, three are not due for delivery until 2021 or later.

LNG carrier spot rates have increased to record levels of USD 180-200,000 per day on a combination of fast-growing LNG supply and longer sailing distances, resulting in an increase in fleet utilisation. The strong development in the LNG carrier spot market, combined with expectations of continued strength, appear to discourage efforts by certain LNG shipowners to enter the FSRU market. Consequently, the number of potential FSRU operators in the FSRU market in the future has been reduced, positively impacting the competitive situation in this market.

Outlook

Höegh LNG continues to operate in a market with solid demand for LNG and many business opportunities, especially in Asia. With a well-proven track record in building and operating FSRUs, as well as strong technological experience and capabilities, Höegh LNG continues to compete for the most attractive floating regasification projects.

Operating results in the fourth quarter of 2018 are likely to be positively impacted by Höegh Esperanza operating in FSRU mode and higher revenues from Höegh Giant, which is on a spot LNGC index-linked time charter with Naturgy. Partly offsetting this expected positive contribution, the delivery of FSRU #9 will result in higher operating and positioning expenses ahead of its fixed time charter, as well as depreciation and interest from the date of its delivery.

INTERIM CONSOLIDATED STATEMENT OF INCOME

USD'000 (unaudited)	Note	3Q 2018	2Q 2018	3Q 2017	YTD 2018	YTD 2017
Time charter revenues	4	77 489	70 663	69 977	215 684	199 713
Management and other income	5	2 103	1 813	1 991	4 687	4 669
Share of results from investments in joint ventures		2 662	3 298	(7 919)	9 948	(1 085)
Total income		**82 254**	**75 774**	**64 049**	**230 319**	**203 297**
Charter hire expenses		(8 906)	(8 809)	(8 947)	(26 426)	(26 549)
Bunker and other voyage related expenses		(17)	(1 734)	(68)	(2 876)	(652)
Operating expenses		(14 133)	(13 997)	(13 329)	(41 253)	(38 110)
Project administrative expenses		(4 526)	(4 431)	(4 625)	(13 317)	(13 785)
Group administrative expenses		(4 709)	(4 924)	(3 825)	(14 909)	(12 918)
Business development expenses		(2 074)	(1 610)	(1 659)	(5 279)	(5 349)
Operating profit (loss) before depreciation and impairment	4	**47 889**	**40 269**	**31 596**	**126 259**	**105 934**
Depreciation		(13 545)	(13 577)	(11 239)	(38 425)	(31 087)
Impairment/reversal of impairment		(9 006)	-	-	(9 006)	(380)
Operating profit (loss) after depreciation and impairment		**25 338**	**26 692**	**20 357**	**78 828**	**74 467**
Interest income		726	556	530	1 755	1 650
Interest expenses		(15 814)	(16 235)	(16 606)	(44 560)	(46 727)
Income from other financial items		(60)	241	562	1 201	2 104
Expenses from other financial items		(1 260)	(1 979)	(569)	(3 739)	(3 693)
Net financial items		**(16 408)**	**(17 417)**	**(16 083)**	**(45 343)**	**(46 666)**
Ordinary profit or (loss) before tax		**8 930**	**9 275**	**4 274**	**33 485**	**27 801**
Income taxes		(2 968)	(1 427)	(3 166)	(6 464)	(6 710)
Profit (loss) for the period		**5 962**	**7 848**	**1 108**	**27 021**	**21 091**
Profit (loss) for the period attributable to (from):						
Equity holders of the parent		(4 323)	(1 948)	1 206	(2 225)	10 517
Non-controlling interests		10 284	9 797	(98)	29 246	10 574
Total		**5 962**	**7 848**	**1 108**	**27 021**	**21 091**
Earnings per share attributable to equity holders of the parent:						
Basic and diluted earnings per share		(0.06)	(0.03)	0.02	(0.03)	0.14

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD'000 (unaudited)	3Q 2018	2Q 2018	3Q 2017	YTD 2018	YTD 2017
Profit (loss) for the period	**5 962**	**7 848**	**1 108**	**27 021**	**21 091**
Items that will not be reclassified to profit or loss					
Net gain (loss) on other capital reserves	-	-	-	-	-
Items that may be subsequently reclassified to profit or loss					
Net gain (loss) on hedging reserves	4 487	3 736	6 787	25 954	2 416
Share of other comprehensive income from joint ventures	4 696	4 396	2 755	18 736	5 380
Other comprehensive income (loss) for the period net of tax	**9 183**	**8 132**	**9 542**	**44 690**	**7 796**
Total comprehensive income (loss)	**15 145**	**15 980**	**10 650**	**71 711**	**28 887**
Total comprehensive income attributable to (from):					
Equity holders of the parent	2 689	3 881	9 152	32 210	15 280
Non-controlling interests	12 455	12 099	1 498	39 500	13 607
Total comprehensive income (loss)	**15 145**	**15 980**	**10 650**	**71 711**	**28 887**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 Sep 2018 (unaudited)	30 Jun 2018 (unaudited)	31 Dec 2017 (audited)
ASSETS				
Non-current assets				
Deferred tax assets		432	452	528
Vessels and depot spares		1 658 010	1 670 622	1 386 132
Newbuildings under construction		171 822	166 583	232 998
Investments in joint ventures		2 190	-	-
Other non-current financial assets		37 711	36 319	25 795
Other non-current assets		12 613	19 529	22 871
Shareholder loans		3 466	3 397	3 263
Restricted cash		13 235	13 405	13 640
Total non-current assets		**1 899 480**	**1 910 307**	**1 685 227**
Current assets				
Bunkers and inventories		734	773	783
Trade and other receivables		29 926	34 529	37 697
Marketable securities		-	49 708	74 022
Other current financial assets		7 505	6 209	1 390
Restricted cash		8 420	7 001	6 976
Cash and cash equivalents		192 439	138 006	152 940
Total current assets		**239 024**	**236 226**	**273 808**
Total assets		**2 138 504**	**2 146 533**	**1 959 035**
EQUITY AND LIABILITIES				
Equity				
Share capital		772	772	772
Other paid-in capital		554 413	553 692	552 333
Capital reserves		(608)	(7 650)	(35 139)
Retained earnings		(44 513)	(40 190)	(38 486)
Equity attributable to equity holders of the parent		**510 065**	**506 624**	**479 480**
Non-controlling interests		268 516	253 472	225 758
Total equity		**778 582**	**760 096**	**705 238**
Non-current liabilities				
Deferred tax liability		12 410	10 322	8 301
Non-current interest-bearing debt	6	1 210 652	1 231 062	1 082 246
Investments in joint ventures		8 665	13 833	35 159
Other non-current financial liabilities		2 606	3 949	9 165
Deferred revenue		2 540	3 000	3 921
Total non-current liabilities		**1 236 874**	**1 262 166**	**1 138 792**
Current liabilities				
Current interest-bearing debt	6	85 913	85 913	73 413
Income tax payable		1 655	1 187	1 932
Trade and other payables		13 648	11 981	14 714
Other current financial liabilities		6 121	6 032	8 465
Other current liabilities		15 711	19 161	16 481
Total current liabilities		**123 048**	**124 274**	**115 005**
Total equity and liabilities		**2 138 504**	**2 146 533**	**1 959 035**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

USD'000 (unaudited)	3Q 2018	2Q 2018	3Q 2017	YTD 2018	YTD 2017
Cash flow from operating activities					
Profit (loss) before tax for the period	8 930	9 276	4 274	33 485	27 801
Adjustments to reconcile profit before tax to net cash flows					
Depreciation	13 545	13 577	11 239	38 425	31 087
Impairment (reversal of impairment)	9 006	-	-	9 006	380
Fair value adjustments on marketable securities	(708)	(330)	(614)	(1 393)	(2 469)
Interest income	(726)	(556)	(530)	(1 669)	(1 651)
Interest expenses	16 235	16 235	16 606	44 980	46 726
Net loss (income) on interest rate hedges	127	89	51	(448)	417
Share-based payment cost and Board remuneration not paid-out	532	747	541	1 521	1 827
Share of results from investments in joint ventures	(2 662)	(3 298)	7 919	(9 948)	1 085
Working capital adjustments					
Change in inventories, receivables and payables	645	6 906	(3 143)	6 824	(7 386)
Payment of income tax	(374)	(1 404)	(633)	(2 400)	(1 079)
i) Net cash flow from operating activities	**44 548**	**41 242**	**35 710**	**118 381**	**96 738**
Cash flow from investing activities					
Investment in marketable securities	-	-	(110)	-	(105 331)
Proceeds from sale of marketable securities	50 415	-	170 000	75 415	220 000
Investments in FSRUs, drydocking and newbuildings	(2 365)	(234 262)	(2 099)	(240 085)	(350 690)
Investment in intangibles, equipment and other	(390)	(517)	(526)	(1 675)	(1 314)
Interest received	571	408	339	1 366	1 067
Repayment of shareholder loans	-	-	1 425	(71)	4 021
ii) Net cash flow from investing activities	**48 232**	**(234 371)**	**169 029**	**(165 050)**	**(232 247)**
Financing activities					
Gross proceeds from equity issuance (HMLP)	15 198	12 016	-	38 109	-
Transaction costs on equity issuance (HMLP)	(268)	(231)	-	(680)	-
Purchase of own shares	-	-	-	-	(198)
Dividend paid to non-controlling interest (HMLP)	(11 100)	(10 627)	(7 585)	(33 074)	(22 446)
Dividend paid to shareholders of the parent	(1 894)	(1 901)	(9 504)	(5 696)	(28 510)
Proceeds from borrowings	-	200 000	-	200 000	367 560
Payment of debt issuance costs	-	-	-	-	(1 964)
Repayment of borrowings	(21 478)	(21 478)	(18 353)	(61 310)	(60 732)
Interest paid	(17 556)	(17 070)	(18 294)	(50 142)	(49 598)
Settlement of currency swaps	-	-	-	-	(8 403)
(Increase) decrease in restricted cash	(1 249)	(2 977)	1 777	(1 039)	2 006
iii) Net cash flow from financing activities	**(38 348)**	**157 732**	**(51 959)**	**86 168**	**197 716**
	-				
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	**54 432**	**(35 397)**	**152 780**	**39 499**	**62 207**
Current cash and cash equivalents at the beginning of the period	138 006	173 403	95 773	152 940	186 346
Current cash and cash equivalents at the end of the period	192 439	138 006	248 553	192 439	248 553

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Attributable to equity holders of Höegh LNG Holdings Ltd.									
USD'000 (unaudited)	Issued capital	Share premium	Treasury shares	Other paid-in capital	Hedging reserve	Other capital reserves	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2018	**772**	**446 945**	**(12)**	**105 400**	**(32 345)**	**(2 794)**	**(38 486)**	**479 480**	**225 758**	**705 238**
Profit (loss) for the period							(2 225)	**(2 225)**	29 246	**27 021**
Other comprehensive income					34 435			**34 435**	10 254	**44 690**
Total comprehensive income	**-**	**-**	**-**	**-**	**34 435**	**-**	**(2 225)**	**32 210**	**39 500**	**71 711**
Capital contribution to/from HMLP							571	**571**	(571)	**-**
HMLP dividend to non-controlling interests								**-**	(33 074)	**(33 074)**
Net proceeds from issuance of common units (HMLP)				876	90			**966**	3 597	**4 563**
Net proceeds from issuance of Series A Preferred Units (HMLP)									34 326	**34 326**
Units granted to the board of HMLP				34	6			**40**	160	**200**
Shares granted to the board of HLNG		90						**90**	-	**90**
Dividend to shareholders of the parent							(5 703)	**(5 703)**	-	**(5 703)**
Share-based payment costs				1 081				**1 081**	150	**1 230**
Other changes in equity							1 330	**1 330**	(1 330)	**-**
Total other transactions recognised directly in equity	**-**	**90**	**-**	**1 990**	**96**	**-**	**(4 373)**	**(1 625)**	**3 257**	**1 632**
At 30 September 2018	**772**	**447 035**	**(12)**	**107 390**	**2 186**	**(2 794)**	**(44 513)**	**510 065**	**268 516**	**778 582**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Attributable to equity holders of Höegh LNG Holdings Ltd.									
USD'000 (unaudited)	Issued capital	Share premium	Treasury shares	Other paid-in capital	Hedging reserve	Other capital reserves	Retained earnings	Total	Non-controlling interests	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							10 517	**10 517**	10 574	**21 091**
Other comprehensive income					4 764			**4 764**	3 032	**7 796**
Total comprehensive income	**-**	**-**	**-**	**-**	**4 764**	**-**	**10 517**	**15 281**	**13 607**	**28 887**
Capital contribution to HMLP							(1 112)	**(1 112)**	1 112	**-**
HMLP dividend to non-controlling interests								**-**	(22 450)	**(22 450)**
Sale of subsidiaries to MLP					1 227		17 615	**18 842**	(18 842)	**-**
Net proceeds of equity issuance	3	2 065		(1 798)				**90**		**90**
Purchase of treasury shares		(198)	-					**(198)**		**(198)**
Units granted to the board of HMLP				51	5			**56**	133	**189**
Dividend to shareholders of the parent							(28 510)	**(28 510)**		**(28 510)**
Share-based payment cash settled				(15)				**(15)**		**(15)**
Share-based payment costs				1 312				**1 312**	251	**1 563**
Total other transactions recognised directly in equity	**3**	**1 867**	**-**	**(450)**	**1 232**	**-**	**(12 007)**	**(9 535)**	**(39 796)**	**(49 331)**
At 30 September 2017	**772**	**446 945**	**(12)**	**104 963**	**(45 063)**	**(2 794)**	**(53 089)**	**451 722**	**123 898**	**575 620**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The parent company, Höegh LNG Holdings Ltd. (Höegh LNG Holdings or 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 in Note 4 – Segment information. The interim financial statements were approved by the board of directors of Höegh LNG Holdings on 28 November 2018.

The number of issued shares for the quarter ending 30 September 2018 was 77 260 580 of which 1 211 738 were held in treasury. The number of outstanding shares was 76 048 842 on 30 September 2018.

2. BASIS FOR PREPARATION AND ACCOUNTING POLICIES

The interim consolidated financial statements for the period ending 30 September 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. 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 at 31 December 2017. The consolidated financial statements are presented in USD and all values are rounded to the nearest USD 1 000 unless otherwise indicated. Because of rounding adjustments, amounts and percentages may not add up to the total.

Höegh LNG implemented IFRS 15 at 1 January 2018. The new standard has been implemented using the modified retrospective approach. The cumulative effect of initially applying the standard recorded to equity was assessed to be nil. Consequently, the new standard only affected the note disclosures. IFRS 15 requires the group for each customer contract, to identify the performance obligations, determine the transaction price, allocate the transaction price to performance obligations to the extent that the contract covers more than one performance obligation, determine whether revenue should be recognised over time or at a point in time and recognise revenue when or as performance obligations are recognised. Höegh LNG's contracts typically qualify for recognition over time. The nature of the group's revenues from contracts with its customers is subdivided into the leasing element of the vessel and the service element related to the leased vessel. See Note 4 for further information.

IFRS 9 Financial Instruments became effective on 1 January 2018. The implementation of this standard has not lead to any significant changes in the timing of recognition or in the way assets or liabilities and related income and expenses have been measured. The documentation of the group's hedges is however affected by the new standard and will be updated accordingly.

The group has also made a preliminary assessment of the effect of the new IFRS 16 Leases standard, which takes effect from 1 January 2019. The impact is expected to be an increase in recognised tangible assets and debt with a corresponding shift of certain amounts from bareboat expenses, partly to depreciation and partly to interest expenses.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Preparation of interim financial statements in accordance with the IFRS implies the use of estimates, based on judgements and assumptions which affect the application of accounting principles and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts might differ from such estimates.

Significant accounting judgements

At 30 September 2018, the company held 45.97% of the common and sub-ordinated units issued in Höegh LNG Partners LP. HMLP is consolidated based on management's assessment that Höegh LNG Holdings has de facto control of HMLP even though it has less than 50% of the voting rights. The management's assessment is based on a combination of several factors, with the current composition of the board of directors of HMLP as an important element in the overall conclusion. See Note 20, Investments in joint ventures and subsidiaries, in the annual consolidated financial statements for 2017 for a more detailed description.

Significant estimates and assumptions

Benefits from uncertain tax positions are recognised when it is probable that a tax position will be sustained by an examination based on the technical merits of the position.

Contingent liabilities

Höegh LNG is an international group which, through its ongoing business operations, will be exposed to litigation and claims from public authorities and contracting parties as well as assessments from public authorities in each country it operates in.

Under the Neptune and the Cape Ann time charters, the joint ventures undertake to ensure that the vessels meet specified performance standards at all times during the term of the time charters. The performance standards include the vessels not exceeding a maximum average daily boil-off of LNG, subject to certain contractual exclusions, as specified in the time charter. Pursuant to the charters, the hire rate is subject to deduction by the charterer of, among other things, sums due in respect of the joint ventures' failure to satisfy the specified performance standards during the period. The charters for the Neptune and Cape Ann commenced in 2009 and 2010, respectively. On 8 September 2017, the charterer notified the joint ventures that it was formally making a claim for compensation in accordance with the provisions of the charters for a stated quantity of LNG exceeding the maximum average daily boil-off since the commencement of the charters. The claim asserted a gross amount of compensation of USD 58 million for the excess boil-off volume but recognised that the calculations for the amount required adjustment for allowable exclusions under the charters. The charterer and the joint ventures have referred the claim to arbitration and the various procedural filings are in process for the arbitration. The charterer and the joint ventures have asked the arbitration panel for a partial award on certain key contractual interpretations and the proceedings commenced in November 2018. The charterer's revised claim, as submitted in the arbitration request, was a gross amount of USD 52 million, covering a shorter time for the first performance period as defined in the time charter, and interest and expenses. Depending on interpretations of the contractual provisions including exclusions to the performance standards and based on currently available information, it is estimated that Höegh LNG's 50% share of the excess boil-off claim could range from zero or negligible amounts to approximately USD 29 million based on their gross claim of USD 58 million. Provisions are recorded for loss contingencies or claims when it is probable that a liability will be incurred, and the amount of loss can be reasonably estimated. At 30 September 2017, the joint ventures determined that the liability associated with the boil-off claim was probable and could be reasonably estimated, resulting in a total provision of USD 23.7 million which was recorded as a reduction of time charter revenues in the third quarter of 2017. Höegh LNG's 50% share of the accrual was approximately USD 11.9 million. The provision was maintained unchanged at 30 September 2018. The claim may ultimately be settled through negotiation or arbitration. The joint ventures will continue to monitor this issue and adjust the provisions as might be required, based upon additional information and further developments. Höegh LNG and the other major owner guarantee the performance and payment obligations of the joint ventures under the time charters. The guarantees are joint and several for the performance obligations and several for the payment obligations. To the extent that an excess boil-off claim results in a settlement or arbitration award, Höegh LNG will indemnify HMLP for its share of the cash impact of any settlement.

In 2002, two UK tax lease agreements were entered into for Arctic Princess and Arctic Lady respectively between two UK lessors and the Joint Gas Ltd. and Joint Gas Two Ltd. joint venture companies as lessees (the Arctic Leases). The vessels were delivered in 2006 and the lease agreements are for 25 years from delivery. Her Majesty's Revenue and Customs (HMRC) has been challenging the use of similar lease structures and has been engaged in litigation in one case, which was decided in the autumn of 2015 in favour of HMRC. In the event of a formal challenge by HMRC regarding the lessors' right to claim capital allowances under the Arctic Leases, this would lead to higher rental payments to the UK vessel lessors, which would have a negative effect on the earnings of the lessee companies and consequently on Höegh LNG. Leif Hoegh (U.K.) Limited, as managing owner and operator of the vessels, has been in dialogue with HMRC on this matter since 2005 and has presented the factual background to and the business rationale for entering into the lease agreements back in 2002. See Note 19, Commitments and guarantees (Arctic Vessels), in the annual consolidated financial statements for 2017 for a more detailed description.

4. SEGMENT INFORMATION

Höegh LNG's current segment structure was implemented at 1 January 2017. The group's activities are focused on four operating segments, namely HMLP, Operations, Business development and project execution and Corporate and other. The segment structure is in line with the way the group's operations are managed and monitored internally. Assets and liabilities allocated to the individual segments include vessels, newbuildings and interest-bearing debt. Other assets and liabilities are followed up at a consolidated level.

Segment reporting is based on the same principles as the group's internal management reporting. Any internal revenues or expenses are presented net.

HMLP

The segment includes the activities in Höegh LNG Partners LP, which is a limited partnership listed on the New York Stock Exchange. The partnership has been 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 Partners' fleet comprises ownership interests in five FSRUs, namely (i) a 50% interest in Neptune, (ii) a 50% interest in Cape Ann, (iii) a 100% interest in PGN FSRU Lampung, (iv) a 100% interest in Höegh Gallant and (v) a 100% interest in Höegh Grace.

Operations

The segment is responsible for the commercial and technical management of the group's operational FSRUs and LNGCs that have not been transferred to Höegh LNG Partners. It includes the FSRUs Independence, Höegh Giant and Höegh Esperanza as well as the LNGCs Arctic Princess and Arctic Lady. The segment comprises all revenues and expenses related to FSRUs and LNGCs in operation, 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.

Business development and project execution

The segment comprises all activities related to business development and project execution, including non-capital expenditure related to newbuildings.

Expenses related to new FSRU and LNGC contracts are included until delivery to the charterer and the pre-commencement phase of the 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 include certain administrative expenses which are managed on a group basis and which have not been allocated to other segments.

OPERATING INCOME AND OPERATING EXPENSES PER SEGMENT

	HMLP		Operations		Business development and project execution		Corporate and other		Total	
(USD million)	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017
Time charter revenues	39.1	37.5	38.4	32.4	-	-	-	-	77.5	70.0
Management and other income	1.2	0.1	0.9	0.6	(0.0)	1.3	(0.0)	-	2.1	2.0
Share of results from investments in JVs	1.3	(9.2)	1.3	1.3	-	-	-	-	2.7	(7.9)
Total income	**41.6**	**28.4**	**40.6**	**34.3**	**(0.0)**	**1.3**	**(0.0)**	**-**	**82.2**	**64.1**
Charter hire expenses	-	-	(8.9)	(8.9)	-	-	-	-	(8.9)	(8.9)
Bunker and other voyage related expenses	(0.0)	-	(0.0)	(0.1)	-	-	-	-	(0.0)	(0.1)
Operating expenses	(5.9)	(6.0)	(7.7)	(7.3)	(0.5)	(0.1)	-	-	(14.1)	(13.4)
Project administrative expenses	(1.1)	(0.7)	(2.4)	(1.6)	(1.0)	(2.3)	-	-	(4.5)	(4.6)
Group administrative expenses	(1.4)	(1.3)	-	-	-	-	(3.3)	(2.5)	(4.7)	(3.8)
Business development expenses	-	-	-	-	(2.1)	(1.7)	-	-	(2.1)	(1.7)
EBITDA	**33.2**	**20.4**	**21.6**	**16.4**	**(3.6)**	**(2.8)**	**(3.3)**	**(2.5)**	**47.9**	**31.6**

	HMLP		Operations		Business development and project execution		Corporate and other		Total	
(USD million)	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017
Time charter revenues	113.1	111.2	102.6	88.4	-	-	-	-	215.7	199.7
Management and other income	1.6	0.1	3.1	2.1	0.0	2.4	0.0	-	4.7	4.7
Share of results from investments in JVs	6.1	(4.7)	3.8	3.6	-	-	-	-	9.9	(1.1)
Total income	**120.8**	**106.6**	**109.5**	**94.1**	**0.0**	**2.4**	**0.0**	**-**	**230.2**	**203.3**
Charter hire expenses	-	-	(26.4)	(26.5)	-	-	-	-	(26.4)	(26.5)
Bunker and other voyage related expenses	(0.0)	(0.1)	(2.8)	(0.6)	-	-	-	-	(2.9)	(0.7)
Operating expenses	(17.2)	(18.1)	(22.9)	(19.5)	(1.2)	(0.7)	-	-	(41.2)	(38.2)
Project administrative expenses	(3.6)	(2.7)	(6.7)	(5.1)	(3.0)	(5.9)	-	-	(13.4)	(13.8)
Group administrative expenses	(4.6)	(4.3)	-	-	-	-	(10.4)	(8.5)	(14.9)	(12.9)
Business development expenses	-	-	-	-	(5.3)	(5.4)	-	-	(5.3)	(5.3)
EBITDA	**95.4**	**81.4**	**50.6**	**42.4**	**(9.5)**	**(9.6)**	**(10.4)**	**(8.5)**	**126.2**	**105.9**

ASSETS AND LIABILITIES ALLOCATED TO THE OPERATING SEGMENTS AT 30 SEPTEMBER

	HMLP		Operations		Business development and project execution		Corporate and other		Total	
(USD million)	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Tangible assets										
Vessels and newbuildings	807.7	832.5	850.3	564.0	171.8	202.0	-	-	1 829.8	1 598.6
Liabilities										
Interest-bearing debt	444.1	486.7	540.9	375.7	-	-	311.5	398.5	1 296.6	1 260.8

IFRS 15 Revenue from contracts with customers

Höegh LNG's time charter contracts contain a lease element and a performance obligation for the provision of time charter services. The lease of the vessel, representing the use of the vessel without any associated performance obligations or warranties, is accounted for in accordance with the provisions of IAS 17 Leases. Revenues for time charter services are recognised in accordance with IFRS 15. The group presents its revenue by segment, disaggregated by revenue recognised in accordance with the accounting standard on leasing and on revenue from contracts with customers for time charter services. In addition, material elements where the nature, amount, timing and uncertainty of revenue and cash flows differ from the monthly invoicing under time charter contracts are separately presented. The LNGCs' time charter contracts include provisions for the charterer to make upfront payments to compensate for variable drydocking costs. Such upfront payments are deferred and amortised over the shorter of the remaining charter period or the useful life of the additions. As a result, the timing of cash flows differs from monthly time charter invoicing.

DISAGGREGATION BY NATURE OF TIME CHARTER REVENUES BY SEGMENT FOR YTD 2018 AND 3Q 2018

(USD million)	**HMLP YTD 2018**	**Operations YTD 2018**	**Total YTD 2018**	**HMLP 3Q 2018**	**Operations 3Q 2018**	**Total 3Q 2018**
Lease revenues	70.4	85.6	156.0	32.5	26.1	58.5
Time charter service revenues,	42.6	15.6	58.3	6.6	11.9	18.5
Amortisation of deferred revenue for dry-docking	0.0	1.3	1.4	0.0	0.4	0.5
Total time charter revenues	**113.1**	**102.6**	**215.7**	**39.1**	**38.4**	**77.5**

The group's FSRUs and LNGCs operate on long-term contracts, where the charterer controls the choice of locations or routes to be served by the FSRUs/LNGCs, and the economic factors of a geographical region where the vessels are located would not impact revenues due under time charter contracts. Disaggregation of revenues by geographical region is therefore not meaningful. The group's risk and exposure related to uncertainty of revenues or cash flows related to its long-term time charter contracts relate primarily to the credit risk associated with the individual charterers. Payments are due under time charter contracts regardless of the demand for the charterers' gas output or utilisation of the vessel. For the second quarter and first half of 2017, the group did not present any disaggregated time charter revenues.

5. 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 2.1 million in the third quarter of 2018 (USD 1.8 million in the second quarter). For a more detailed description of recurring related-party transactions, see information disclosed in Note 31 of the 2017 annual report.

6. COMMITMENTS AND FINANCING

Höegh LNG has entered into FSRU shipbuilding contracts with Hyundai Heavy Industries Co for FSRU #9, with delivery in December 2018, and with Samsung Heavy Industries for FSRU #10 with delivery in the second quarter of 2019. At 30 September 2018, total remaining capital expenditures relating to these commitments were between USD 370 to 390 million, including yard payments, project expenses, finance costs and contingencies. Approximately USD 180 million is falling due in Q4 2018.

In addition, Höegh LNG on 1 October 2018 announced an equity commitment to Avenir LNG of up to USD 42.75 million, of which USD 24.75 million has been paid in Q4 2018.

Total available liquidity at 30 September 2018 was USD 201 million. In addition, Höegh LNG has signed a facility agreement with K-SURE, ABN Amro, Bank of America, Citi and DnB for a USD 177 million debt financing of FSRU #9 and received commitment letters for a sale and leaseback financing of up to USD 206 million for FSRU #10, which is under construction at SSHI in South Korea. Provided by China Construction Bank Financial Leasing Co Ltd ("CCB"), the facility is available to fund 70% of the delivered cost of the FSRU, increasing to 80% once long-term employment for the FSRU has been established. The facility is subject to final documentation. Including these financing amounts the total liquidity as of 30 September 2018 would be USD 584 million. Finally, when conditions relating to long-term employment of Höegh Giant and Höegh Esperanza have been met, the available amount under the respective financing facilities may be increased by up to USD 29 million and USD 30 million, respectively.

INTEREST-BEARING DEBT 30 SEPTEMBER 2018

USD'000	HLNG net of HMLP	HMLP	Total
Mortgage debt	547 603	451 608	999 211
Unsecured bond debt	313 425	-	313 425
Debt issuance costs	(8 552)	(7 519)	(16 072)
Interest-bearing debt	**852 477**	**444 089**	**1 296 565**
Cash and marketable securities	169 229	31 631	200 859
Long-term restricted cash	1	13 234	13 235
Net interest-bearing debt, equity method	**683 247**	**399 224**	**1 082 471**
Proportionate share of joint venture debt	111 091	218 583	329 674
Proportionate share of joint venture debt issuance costs	-	(188)	(188)
Proportionate share of joint venture interest-bearing debt	**111 091**	**218 395**	**329 486**
Proportionate share of joint venture cash and marketable securities	13 924	11 565	25 490
Proportionate share of joint venture long-term restricted cash	-	12 701	12 701
Proportionate share of joint venture net interest-bearing debt	**97 166**	**194 129**	**291 296**

DEBT MATURITY PROFILE 30 SEPTEMBER 2018

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
Independence facility	15 248	76 293	15 248	15 248	57 099	179 137
Höegh Grace facility	13 250	153 625	-	-	-	166 875
Höegh Gallant facility	13 146	130 737	-	-	-	143 883
PGN FSRU Lampung facility	19 062	19 062	30 845	14 886	56 994	140 850
Höegh Esperanza facility	12 500	12 500	12 500	12 500	143 750	193 750
Höegh Giant facility	12 707	12 707	12 707	136 597	-	174 717
Bond debt	-	130 000	-	183 426	-	313 426
Interest-bearing debt outstanding	**85 913**	**534 925**	**71 299**	**362 657**	**257 844**	**1 312 637**
Debt issuance costs						(16 072)
Total interest-bearing debt						**1 296 565**

7. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- Dividend of USD 0.025 per share declared in the fourth quarter of 2018
- Investment in Avenir LNG to pursue small-scale LNG opportunities
- Höegh Esperanza commences FSRU operations in Tianjin, China
- Amendment of the time charter party for Höegh Gallant
- Höegh LNG Partners LP secured commitments for a refinancing of Höegh Gallant and Höegh Grace

8. FORWARD-LOOKING STATEMENTS

This interim report contains forward-looking statements. The statements are based on various assumptions, many of which are based in turn on 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 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'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 the International Financial Reporting Standards (IFRS). In addition, it is management's intent to provide additional performance measures when this is deemed relevant for the understanding of Höegh LNG's financial performance.

Alternative performance measures are used by Höegh LNG to provide supplemental information to the different users of its external financial reporting. Financial APMs are intended to enhance comparability of the results and to give supplemental information related to measures not within the applicable financial reporting framework, and it is Höegh LNG's experience that these measures are frequently used by equity- and debt investors, analysts and other stakeholders. Management uses these measures internally to drive performance in terms of target setting and as basis for measuring actual financial performance. These measures are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner over the years and across the group.

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 as 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

- Earnings before interest, depreciation, amortisation and impairments (EBITDA): EBIT adding depreciation, amortisation and impairments. EBITDA is defined as the line item Operating profit before depreciation and impairment in the consolidated statement of income.
- Earnings before interest and tax (EBIT): EBIT is defined as line item Operating profit after depreciation and impairment in the consolidated statement of income.
- Net interest-bearing debt: Non-current and current interest-bearing debt deducted cash, marketable securities and restricted cash (current and non-current).
- Equity adjusted for hedging: Total book equity adjusted for 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. Mark-to-market value of interest-rate swaps in Höegh LNG's joint ventures are recorded as part of line item Investment in joint ventures. The computation of equity adjusted for hedging is consistent with the definitions set out in the group's covenants in loan agreements.
- Equity ratio adjusted for hedging: Total book equity (see above) adjusted for hedging reserves divided by total assets adjusted for hedge assets.

NET INTEREST-BEARING DEBT

	30 Sep 2018	30 Jun 2018	31 Dec 2017
Interest-bearing debt, current and non-current	(1 296 565)	(1 316 975)	(1 155 659)
Restricted cash, non-current	13 235	13 405	13 640
Cash and marketable securities	200 859	194 715	233 938
Net interest-bearing debt	**(1 082 471)**	**(1 108 855)**	**(908 081)**

EQUITY ADJUSTED FOR HEDING TRANSACTIONS

	30 Sep 2018	30 Jun 2018	31 Dec 2017
Equity	778 582	760 096	705 238
Hedge reserve including non-controlling interest share	13 038	22 220	57 898
Equity adjusted for hedging transactions	**791 620**	**782 316**	**763 136**

EQUITY RATIO ADJUSTED FOR HEDGING TRANSACTIONS

	30 Sep 2018	30 Jun 2018	31 Dec 2017
Total assets	2 138 504	2 146 533	1 959 035
Hedge assets	34 336	29 911	12 560
Total assets adjusted for hedging transactions	**2 104 168**	**2 116 620**	**1 946 475**
Equity adjusted for hedging transactions	**791 620**	**782 316**	**763 136**
Equity ratio adjusted for hedging transactions	**38 %**	**37 %**	**39 %**

APPENDIX 2 – ABBREVIATIONS

Abbreviation	Definition
ATM	At-the-market
FSRU	Floating storage and regasification unit
FSRU #9	HHI HN2909
FSRU #10	SHI HN2220
Egas	The Egyptian Natural Gas Holding Company
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, HMLP or the partnership	Höegh LNG Partners LP
IDR	Incentive distribution rights
LNGC	LNG carrier
MLP	Master Limited Partnership
NB	Newbuilding
SHI or Samsung Heavy Industries	Samsung Heavy Industries Co., Ltd.
The company	Höegh LNG Holdings Ltd.
VPS	Norwegian Central Securities Depository
Naturgy	Naturgy Energy Group S.A., formerly Gas Natural Fenosa