INTERIM RESULTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2018

Highlights for the quarter ended 31 December 2018

- EBITDA[1] of USD 81.4 million
- Net profit of USD 45.0 million
- Dividend of USD 0.025 per share paid in the fourth quarter of 2018
- Investment in Avenir LNG to pursue small-scale LNG market
- Höegh Gannet delivered on interim time charter to Naturgy
- Revenue recognition of the suspension and settlement agreement with Egas
- Signed 10-year conditional FSRU contract with AGL Energy Ltd. for its project in Victoria, Australia

Subsequent events

- Dividend of USD 0.025 per share declared for the first quarter of 2019
- Refinancing of Höegh Gallant and Höegh Grace completed (owned by Höegh LNG Partners LP)

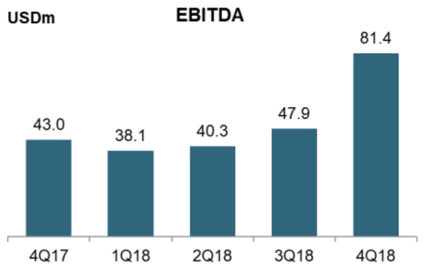
Increased momentum for LNG and FSRU markets

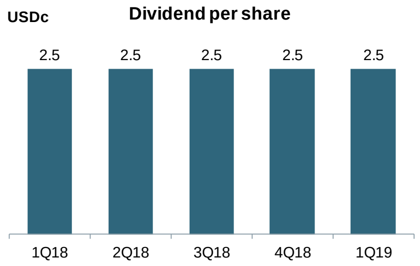
Momentum in the FSRU market reflected overall LNG dynamics in 2018. The number of FSRU contract awards rose in line with strong growth in LNG consumption, the sanctioning of additional liquefaction capacity and an increase in shipping rates. During the year, Höegh LNG made significant commercial progress with the conditional long-term contract secured from AGL for its Crib Point FSRU project, the installation of Höegh Esperanza as China's sole FSRU, and the company reaching the final round in several ongoing tender processes.

Höegh LNG took delivery of its FSRU #9 (Höegh Gannet) during the quarter. It has one newbuilding under construction at 31 December 2018, FSRU #10, which is due for delivery in mid-2019. This unit is fully debt- and equity-financed at attractive terms through a sale and leaseback facility. Moreover, the group's first major debt refinancing has been completed in the first quarter of 2019 at improved terms compared with the original debt facility, reflecting Höegh LNG's solid balance sheet and proven access to financing sources.

Höegh LNG's financial results for the fourth quarter of 2018 are positively impacted by the accounting treatment of the suspension and settlement agreement with Egypt Natural Gas Holdings Company (Egas). Adjusted for this effect and other reimbursements, the underlying results reflect a larger fleet in operation generating higher revenues and EBITDA on a quarter-by-quarter comparison.

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 122.3 million for the fourth quarter of 2018, compared with USD 82.3 million in the preceding quarter. The increase mainly reflects USD 34.7 million in revenue recognition of remaining contractual commitments under the suspension and settlement agreement with Egas. This agreement covers the difference in revenue between the original FSRU contract and the new LNG carrier time charter for Höegh Gallant and runs through April 2020, the termination date of the original FSRU contract. The revenue recognition will not have any cash flow effects as Egas continues to pay monthly under the amended contract structure, however it will result in lower future reported revenues for this contract. The increase in revenues is further driven by higher revenues for Höegh Giant under its spot-related contract and FSRU hire earned by Höegh Esperanza, partly offset by unscheduled off-hire for Höegh Gallant in the fourth quarter and reimbursement of expenses recorded in the third quarter of 2018.

Voyage and operating expenses rose in the fourth quarter, mainly owing to the December 2018 delivery and positioning voyage for Höegh Gannet, as well as a re-stocking of consumables for Höegh Gallant and a provision for bonus payments for sea-going personnel. Combined with higher administrative expenses, Höegh LNG reports EBITDA of USD 81.4 million for the quarter, representing an increase from USD 47.9 million in the preceding period.

Höegh LNG recorded a profit for the fourth quarter of USD 45.0 million, up from USD 6.0 million in the previous quarter. The increase is driven by higher EBITDA, offset by accelerated depreciation for Independence and depreciation and interest expenses related to Höegh Gannet.

For the full year ended 31 December 2018, Höegh LNG reports USD 352.7 million in total revenues, compared with USD 279.4 million for the previous year. The increase reflects a larger fleet, improved market conditions for LNG carriers, charter hire for Höegh Esperanza and the revenue recognition of remaining contractual commitments from Egas under the amended contract structure. EBITDA for the year increased to USD 207.7 million, an increase from USD 148.9 million for 2017, while the net profit rose to USD 72.0 million from USD 40.1 million. The improved net profit reflects higher EBITDA partly offset by increased depreciation, an impairment of jetty equipment and higher interest expense.

Operating cash flows increased by USD 8.1 million to USD 52.6 million in the fourth quarter because of higher revenue generated by Höegh Giant and Höegh Esperanza. Other sources during the second quarter comprised USD 175 million in draw-down under the Höegh Gannet financing facility and USD 4.3 million in net proceeds from the ATM programme at Höegh LNG Partners LP (Höegh LNG Partners or HMLP). Uses during the quarter mainly comprised the final USD 174.5 million newbuilding instalment for Höegh Gannet, USD 24.75 million in investment in Avenir LNG, dividends payable and debt service. The net decrease in cash and cash equivalents was USD 34.5 million during the fourth quarter.

At 31 December 2018, Höegh LNG held USD 164.5 million in current cash (USD 200.9 million) and net interest-bearing debt amounted to USD 1 251 million (USD 1 082 million). The increase relates to debt drawn to fund the final newbuilding instalment for Höegh Gannet, which was delivered in December 2018. Book equity at 31 December 2018, after adjusting for the mark-to-market of interest rate swaps, was USD 829.7 million (USD 791.6 million), equivalent to an adjusted book equity ratio of 36% (38%).

[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 third quarter of 2018.

Key financial figures

(in USD'000 unless otherwise indicated)	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Income statement					
Total income	122 343	82 254	75 774	72 290	76 052
Operating profit (loss) before depreciation and impairment (EBITDA)	81 405	47 889	40 269	38 101	42 967
Operating profit (loss) after depreciation and impairment (EBIT)	64 371	25 338	26 692	26 798	31 693
Profit (loss) for the period	44 983	5 962	7 848	13 210	19 961
Balance sheet					
Total assets	2 304 777	2 138 504	2 146 533	1 970 437	1 959 035
Equity adjusted for hedging transactions	829 705	791 620	782 316	773 883	763 136
Adjusted equity ratio (%)	36	38	37	40	39
Net interest-bearing debt	(1 250 786)	(1 082 471)	(1 108 855)	(908 532)	(908 081)
Cash flow					
Net cash flow from operating activities	52 209	44 548	41 242	32 591	32 174
Net cash flow from investing activities	(204 103)	48 232	(234 371)	21 089	(76 494)
Net cash flow from financing activities	117 407	(38 348)	157 732	(33 216)	(51 292)
Net increase/(decrease) in cash and cash equivalents	(34 487)	54 432	20 464	(95 612)	152 780

Corporate/other activities

Newbuilding financing

On 6 December 2018, Höegh Gannet was delivered, and the USD 175 million associated debt facility was fully drawn. The facility comprises a USD 132.5 million 12-year tranche guaranteed by K-SURE and a five-year non-amortising commercial bank tranche of USD 42.5 million. It has a blended 16-year amortisation profile and a swapped fixed interest rate of 5%.

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

On 31 January 2019 Höegh LNG Partners borrowed USD 320 million under the previously announced USD 385 million debt facility to refinance Höegh Gallant and Höegh Grace. Outstanding amounts under the USD 412 million facility (USD 303.3 million) were repaid with proceeds from the new financing. The new facility is structured as two term loans (a commercial and an export credit agency tranche) totalling USD 320 million plus a USD 63 million revolving credit facility. The facility has a tenor of seven years and a blended amortisation profile of 15 years, assuming full drawing under the revolving credit facility. The interest rate has been swapped to a fixed rate of approximately 5.0%.

The revolving credit facility will be drawn from time to time at the partnership's discretion and may be used to fund repayment of the outstanding revolving credit facility provided by Höegh LNG Holdings and for general partnership purposes.

Avenir LNG update

During the fourth quarter Höegh LNG announced its investment in Avenir LNG Ltd (Avenir LNG), initially a joint venture with Golar LNG Ltd. (Golar LNG) and Stolt-Nielsen Ltd. (Stolt-Nielsen) to pursue opportunities in the small-scale LNG market. The current combined equity commitment is USD 182 million, which will fund six small-scale LNG carriers and a small-scale LNG terminal under construction in Sardinia.

The combined initial equity contribution of USD 99 million by the three partners was supplemented with USD 11 million raised in a private placement on 13 November 2018. The shares in Avenir LNG were subsequently registered on the Norwegian OTC market under the ticker AVENIR. Höegh LNG and Golar LNG each hold 22.5% of the shares, while Stolt-Nielsen holds 45%.

Avenir LNG's ambition is to become the leading provider of small-scale LNG services. Its strategy is to aggregate demand for LNG from various end consumers and deliver LNG to these using a fleet of small-scale LNG carriers and terminals, as well as its shareholders' fleet of FSRUs. In accordance with this strategy, Avenir LNG is involved in several developments and tenders with the intention of securing long-term LNG supply agreements for its current asset base, as well as triggering investment in further small-scale LNG carriers, terminals and potentially other infrastructure.

Effect of IFRS 16

From the first quarter of 2019 Höegh LNG's financial statement will reflect the implementation of lease accounting standards under IFRS 16. The main impact on Höegh LNG's financial position will be an increase in both total assets and liabilities respectively of USD 223 million, mainly relating to the bareboat contracts for Arctic Princess and Arctic Lady. The main impact on the statement of income will be a reduction in charter hire expenses and a corresponding increase in EBITDA of approximately USD 37 million per annum and an increase in depreciation charges and interest expense of approximately USD 31 million and USD 10 million per annum respectively.

Status of the Höegh LNG Partners ATM equity-raising programme

As of 31 December 2018, Höegh LNG Partners LP ("Höegh LNG Partners") had raised USD 43.2 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 fourth quarter on 17 January 2019, 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 fourth quarter of 2018 on 14 February 2019.

Quarterly dividend of USD 0.025 per share

Höegh LNG Holdings paid a cash dividend of USD 0.025 per share in the fourth 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 first quarter of 2019. The Höegh LNG shares will trade ex-dividend on 6 March 2019, and shareholders recorded in the VPS following the close of trading on Oslo Børs on 7 March 2019 will be entitled to the distribution, which will be payable on or around 21 March 2019.

Business review

Overall performance

The group's technical availability was 99.8% during 2018.

The lost-time injury frequency was zero for the quarter ending 31 December, marking the 17th consecutive month without any injuries.

Technical availability of fleet and safety performance

	2018	2017	2016	2015	2014
Technical availability	99.8 %	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 sea going personnel only

10-year time charter with AGL

Höegh LNG announced on 21 December 2018 that it had entered into a time charter contract with AGL Shipping Pty Ltd (AGL), a wholly owned subsidiary of AGL Energy Ltd., for the provision of an FSRU to facilitate AGL's proposed LNG import facility at Crib Point in Victoria, Australia.

The charter is for a period of 10 years with anticipated start-up in 2020-21. The contract remains conditional on a final investment decision by the board of directors of AGL Energy Ltd. in relation to the project and on the receipt of key regulatory approvals. Such approvals relate to an independent governmental review and the environmental effect statement (EES) process, which is well under way.

The FSRU assigned to the project is expected to generate annual EBITDA of between USD 29 million and USD 31 million, depending on planned technical modifications which may be specified by AGL before project start-up. The most likely FSRU candidate for this project is Höegh Giant.

AGL Energy Ltd. operates Australia's largest electricity generation portfolio. It has 3.6 million customers and is publicly listed on ASX in Sydney with a market capitalisation of approximately USD 10 billion. Imports of LNG through its proposed Crib Point terminal are intended to increase the supply of and the number of sources for natural gas to the south-east Australian market, currently being supplied only through pipeline gas from existing reserves.

Business development activity

Höegh LNG remains involved in the final bidding round for one additional tender process. It has furthermore won exclusivity for two FSRU contracts, including the Australian Industrial Energy (AIE) import project at Port Kembla, Australia. This project intends to install an FSRU to supply the New South Wales natural gas market and is backed by a consortium consisting of Squadron Energy, owned by Australian industrialist Andrew Forrest, JERA Co., the largest buyer of LNG in the world, and Marubeni, a major trading and investment firm.

The group is involved in several additional selection and tender processes at various stages of development. China remains a key focus area since additional regasification capacity is deemed necessary to meet increasing demand for natural gas for the Chinese market.

Additional prospective projects which require FSRU newbuildings continue to come to market across all geographical regions. Although the strategic rationale of prospective projects may be robust, a combination of political, commercial, technical, financial and/or other factors affect FSRU developments, making the outcome of ongoing tendering processes difficult to predict until they are completed.

Delivery of Höegh Gannet

Höegh LNG took delivery of Höegh Gannet, its ninth FSRU newbuilding, on 6 December 2018. Höegh Gannet has a regasification capacity of 1 000 MMscf per day and an LNG storage capacity of 170 000 cubic metres. Combined, this makes it the largest FSRU built by capacity and positions it attractively as a candidate for certain projects with a scheduled start-up in 2020-21.

During the interim period until the start-up of a long-term contract, the unit will serve a 15-month LNGC charter with Naturgy. Höegh Gannet will earn a fixed day rate in line with the historical medium term LNGC market under this contract, which commenced on 24 December 2018.

Amendment of Höegh Gallant time charter

Höegh LNG announced on 15 October 2018 that it had agreed with Egas to amend the Höegh Gallant FSRU time charter in a manner that leaves the net economic contribution to Höegh LNG unchanged. Under the amended contract structure, Höegh Gallant is chartered as an LNG carrier to Clearlake Shipping, a subsidiary of commodity trader Gunvor, while Egas is compensating for the rate difference between the original FSRU time charter contract and the new LNG carrier time charter in the suspension and settlement agreement. The amended contract structure became effective in October 2018 and will run to April 2020, the termination date of the original five-year FSRU contract.

Interim employment for FSRU #10

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

Market

Global LNG trade reached 320 million tonnes in 2018, up by 9.6% from 2017. Increasing consumption in Asian markets such as China, South Korea and Pakistan accounted for most of the growth from 2017, while Europe also made a substantial contribution with imports rising sharply towards the end of the year. Rising demand for LNG was matched by expanding supply volumes from Australia and USA.

As much as 48.8 million tonnes of additional LNG production capacity is targeted to commence operation in 2019, including major new developments such as Ichthys LNG, Prelude FLNG, Corpus Christi LNG, Cameron LNG and Freeport LNG, as well as additional trains at Yamal LNG and Sabine Pass LNG. Adding to the 27.6 million tonnes which commenced operation in 2018, these new volumes will ensure increased availability of LNG at competitive prices and thereby enable further volume growth across the market.

Adding to the positive outlook for future LNG availability, the impasse on final investment decisions for new LNG production facilities seems to have ended. In the fourth quarter of 2018, 17 million tonnes of additional LNG production capacity were sanctioned. That included LNG Canada’s 14 million tonnes. Qatar Petroleum and ExxonMobil have advanced their Golden Pass LNG project on the US Gulf coast in the first quarter of 2019, which could add another 16 million tonnes of LNG from 2024, and in addition Qatar Petroleum is moving ahead with its announced expansion of around 30 million tonnes in its existing facilities, with a planned completion by 2025

The growing volumes of LNG continue to clear the market at competitive prices, reflecting robust demand for the fuel. China was the greatest contributor to growth in global demand during 2018, with imports up 40% to 54.7 million tonnes. Such volumes make China the world’s second-largest LNG consumer, second only to Japan’s 84.4 million tonnes of annual consumption.

The number of LNG importers continues to increase. Forty-two countries imported LNG in 2018, and this number is expected to increase to 46 by 2020 and 58 by 2025, according to research by IHS Markit. Although these new markets will gain market share, legacy importers such as Europe are also likely to import more LNG in the near term following several years of stagnation.

FSRUs were installed in China and Bangladesh during 2018, while Kaliningrad followed as a new LNG importer through the FSRU route in January 2019. In the future, Australia, Croatia, India, Hong Kong, El Salvador, Myanmar, Thailand, Vietnam, the Philippines, several north- and west-African countries and even Greece, Germany and Poland, among others, could emerge as FSRU markets. That reflects the wide acceptance this solution has achieved.

Three FSRUs were released from their contracts in 2018 owing to changing gas market balances. Previously serving Egypt, Argentina and Abu Dhabi with regasification capacity, the release of these FSRUs offset the positive impact from newly installed FSRUs on total FSRU LNG throughput, causing total LNG imports through FSRUs to decline 6% relative to 2017.

Six FSRU contracts were awarded in 2018, up from only two short-term contracts in 2017. FSRUs currently serve 22 import projects globally, while 10-12 projects have signed up FSRU capacity and are preparing to commence LNG imports over the next two years. A significant number of FSRU projects still in the selection process add to the market potential of and employment opportunities for FSRUs.

The global FSRU fleet consisted of 31 units at 31 December 2018. Ten FSRUs, including one LNGC-to-FSRU conversion, are currently under construction. Only one FSRU newbuilding was ordered in 2018, while one LNGC-to-FSRU conversion was sanctioned. Four of the FSRU newbuildings under construction appear to be uncommitted.

LNG carrier rates have compressed since the end of 2018 owing to warmer weather than anticipated in north-east Asia and reduced transport requirements as more cargo is shipped to Europe instead. However, the market perception remains that the LNG shipping market is in a cyclical upturn, discouraging efforts by certain LNG shipowners to enter the FSRU market. Consequently, the number of potential operators in the FSRU market in the future has been reduced, with a positive effect on the competitive position 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, it continues to compete for the most attractive floating regasification projects.

Operating results in the first quarter of 2019 are likely to be positively affected by Höegh Esperanza operating in FSRU mode for the full quarter, a full quarter of revenue contribution from Höegh Gannet and the implementation of IFRS 16, which will see parts of the charter hire costs for the two LNG carriers in the fleet split into an interest element and a depreciation element. Such positive elements will be partly offset by operating expenses and depreciation for Höegh Gannet, accelerated depreciation of Independence and the elimination of revenue earned under the suspension and settlement agreement with Egas since this was fully recognised in the fourth quarter of 2018.

INTERIM CONSOLIDATED STATEMENT OF INCOME

USD'000	Note	4Q 2018 (unaudited)	3Q 2018 (unaudited)	4Q 2017 (unaudited)	2018 (unaudited)	2017 (audited)
Time charter revenues	4	116 530	77 489	71 334	332 214	271 048
Management and other income	5	1 795	2 103	1 108	6 482	5 777
Share of results from investments in joint ventures		4 018	2 662	3 610	13 966	2 525
Total income		**122 343**	**82 254**	**76 052**	**352 662**	**279 350**
Charter hire expenses		(8 906)	(8 906)	(8 947)	(35 332)	(35 496)
Bunker and other voyage related expenses		(763)	(17)	(16)	(3 638)	(668)
Operating expenses		(18 029)	(14 133)	(13 502)	(59 282)	(51 612)
Project administrative expenses		(5 071)	(4 526)	(3 972)	(18 388)	(17 757)
Group administrative expenses		(5 919)	(4 709)	(4 766)	(20 827)	(17 684)
Business development expenses		(2 250)	(2 074)	(1 882)	(7 529)	(7 231)
Operating profit (loss) before depreciation and impairment	4	**81 405**	**47 889**	**42 967**	**207 666**	**148 902**
Depreciation		(17 034)	(13 545)	(11 274)	(55 458)	(42 362)
Impairment		-	(9 006)	-	(9 006)	(380)
Operating profit (loss) after depreciation and impairment		**64 371**	**25 338**	**31 693**	**143 202**	**106 310**
Interest income		1 025	726	606	2 780	2 256
Interest expenses		(16 817)	(15 814)	(13 929)	(61 376)	(60 666)
Income from other financial items		100	(60)	1 091	1 301	3 195
Expenses from other financial items		(1 767)	(1 260)	(1 062)	(5 503)	(4 755)
Net financial items		**(17 458)**	**(16 408)**	**(13 294)**	**(62 798)**	**(59 960)**
Ordinary profit or (loss) before tax		**46 915**	**8 930**	**18 399**	**80 404**	**46 200**
Income taxes		(1 923)	(2 968)	1 562	(8 396)	(5 148)
Profit (loss) for the period		**44 983**	**5 962**	**19 961**	**72 008**	**41 052**
Profit (loss) for the period attributable to (from):						
Equity holders of the parent		34 587	(4 323)	7 965	32 363	18 482
Non-controlling interests		10 396	10 284	11 996	39 644	22 570
Total		**44 983**	**5 962**	**19 961**	**72 008**	**41 052**
Earnings per share attributable to equity holders of the parent:						
Basic and diluted earnings per share		0,45	(0,06)	0,10	0,43	0,24

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD'000	4Q 2018 (unaudited)	3Q 2018 (unaudited)	4Q 2017 (unaudited)	2018 (unaudited)	2017 (audited)
Profit (loss) for the period	**44 983**	**5 962**	**19 963**	**72 008**	**41 052**
Items that will not be reclassified to profit or loss					
Net gain (loss) on other capital reserves	437	-	(50)	437	(50)
Items that may be subsequently reclassified to profit or loss					
Net gain (loss) on hedging reserves	(22 656)	4 487	9 887	3 298	12 303
Share of other comprehensive income from joint ventures	(5 887)	4 696	5 465	12 849	10 845
Other comprehensive income (loss) for the period net of tax	**(28 106)**	**9 183**	**15 302**	**16 584**	**23 098**
Total comprehensive income (loss)	**16 877**	**15 145**	**35 265**	**88 592**	**64 150**
Total comprehensive income attributable to (from):					
Equity holders of the parent	10 349	2 689	18 219	42 562	35 076
Non-controlling interests	6 528	12 455	17 046	46 030	29 074
Total comprehensive income (loss)	**16 877**	**15 145**	**35 265**	**88 592**	**64 150**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 Dec 2018 (unaudited)	30 Sep 2018 (unaudited)	31 Dec 2017 (audited)
ASSETS				
Non-current assets				
Deferred tax assets		369	432	528
Vessels and depot spares		1 907 560	1 658 010	1 386 132
Newbuildings under construction		88 761	171 822	232 998
Investments in joint ventures		25 486	2 190	-
Other non-current financial assets		19 656	37 711	25 795
Other non-current assets		11 840	12 613	22 871
Shareholder loans		3 536	3 466	3 263
Restricted cash		17 925	13 235	13 640
Total non-current assets		**2 075 133**	**1 899 480**	**1 685 227**
Current assets				
Bunkers and inventories		2 726	734	783
Trade and other receivables		54 670	29 926	37 697
Marketable securities		-	-	74 022
Other current financial assets		7 771	7 505	1 390
Restricted cash		6 523	8 420	6 976
Cash and cash equivalents		157 954	192 439	152 940
Total current assets		**229 644**	**239 024**	**273 808**
Total assets		**2 304 777**	**2 138 504**	**1 959 035**
EQUITY AND LIABILITIES				
Equity				
Share capital		772	772	772
Other paid-in capital		554 660	554 413	552 333
Capital reserves		(24 844)	(608)	(35 139)
Retained earnings		(30 258)	(44 513)	(38 486)
Equity attributable to equity holders of the parent		**500 330**	**510 065**	**479 480**
Non-controlling interests		286 667	268 516	225 758
Total equity		**786 999**	**778 582**	**705 238**
Non-current liabilities				
Deferred tax liability		10 030	12 410	8 301
Non-current interest-bearing debt	6	1 059 506	1 210 652	1 082 246
Investments in joint ventures		9 080	8 665	35 159
Other non-current financial liabilities		10 108	2 606	9 165
Deferred revenue		2 033	2 540	3 921
Total non-current liabilities		**1 090 757**	**1 236 874**	**1 138 792**
Current liabilities				
Current interest-bearing debt	6	373 682	85 913	73 413
Income tax payable		3 611	1 655	1 932
Trade and other payables		18 358	13 648	14 714
Other current financial liabilities		9 521	6 121	8 465
Other current liabilities		21 849	15 711	16 481
Total current liabilities		**427 021**	**123 048**	**115 005**
Total equity and liabilities		**2 304 777**	**2 138 504**	**1 959 035**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

USD'000	4Q 2018 (unaudited)	3Q 2018 (unaudited)	4Q 2017 (unaudited)	2018 (unaudited)	2017 (audited)
Cash flow from operating activities					
Profit (loss) before tax for the period	46 915	8 930	18 399	80 404	46 200
Adjustments to reconcile profit before tax to net cash flows					
Depreciation	17 034	13 545	11 274	55 458	42 361
Impairment (reversal of impairment)	-	9 006		9 006	380
Fair value adjustments on marketable securities	-	(708)	(471)	(1 393)	(2 940)
Interest income	(1 025)	(726)	(462)	(2 780)	(2 113)
Interest expenses	16 817	16 235	13 929	61 376	60 655
Net loss (income) on interest rate hedges	(101)	127	(510)	(549)	(93)
Share-based payment cost and Board remuneration not paid-out	346	532	525	1 867	2 352
Share of results from investments in joint ventures	(4 018)	(2 662)	(3 610)	(13 966)	(2 525)
Working capital adjustments					
Change in inventories, receivables and payables	(22 573)	645	(6 267)	(16 302)	(13 655)
Payment of income tax	(1 185)	(374)	(633)	(3 585)	(1 712)
i) Net cash flow from operating activities	**52 209**	**44 548**	**32 174**	**169 535**	**128 912**
Cash flow from investing activities					
Investment in marketable securities	-	-	(50 000)	-	(155 331)
Proceeds from sale of marketable securities	-	50 415	-	75 415	220 000
Investments in FSRUs, drydocking and newbuildings	(179 457)	(2 365)	(26 276)	(419 542)	(376 966)
Investment in intangibles, equipment and other	(441)	(390)	(614)	(2 116)	(1 928)
Investments in joint ventures	(24 750)	-		(24 750)	-
Interest received	545	571	462	1 911	1 529
Repayment of shareholder loans	-	-	(65)	(71)	3 956
ii) Net cash flow from investing activities	**(204 103)**	**48 232**	**(76 494)**	**(369 152)**	**(308 741)**
Financing activities					
Gross proceeds from equity issuance (HMLP)	4 823	15 198	115 000	43 981	115 000
Transaction costs on equity issuance (HMLP)	(85)	(268)	(4 076)	(758)	(4 076)
Purchase of own shares	-	-	-	-	(198)
Dividend paid to non-controlling interest (HMLP)	(11 244)	(11 100)	(7 589)	(44 318)	(30 035)
Dividend paid to shareholders of the parent	(1 901)	(1 894)	(9 504)	(7 597)	(38 014)
Proceeds from borrowings	175 000	-	-	375 000	367 560
Payment of debt issuance costs	(7 556)	-	(2 758)	(7 556)	(4 722)
Repayment of borrowings	(21 478)	(21 478)	(130 371)	(82 788)	(191 103)
Interest paid	(17 358)	(17 556)	(18 226)	(67 500)	(67 824)
Settlement of currency swaps	-	-	-	-	(8 403)
(Increase) decrease in restricted cash	(2 794)	(1 249)	6 233	(3 833)	8 239
iii) Net cash flow from financing activities	**117 407**	**(38 348)**	**(51 292)**	**204 630**	**146 424**
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	**(34 487)**	**54 432**	**(95 612)**	**5 013**	**(33 405)**
Current cash and cash equivalents at the beginning of the period	192 439	138 006	248 553	152 940	186 346
Current cash and cash equivalents at the end of the period	157 954	192 439	152 940	157 954	152 940

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2018

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
	Attributable to equity holders of Höegh LNG Holdings Ltd.									
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							32 363	32 363	39 644	**72 008**
Other comprehensive income					10 198			10 198	6 385	**16 584**
Total comprehensive income	**-**	**-**	**-**	**-**	**10 198**	**-**	**32 363**	**42 562**	**46 030**	**88 592**
Capital contribution to/from HMLP							352	352	(352)	**-**
HMLP dividend to non-controlling interests								**-**	(44 318)	**(44 318)**
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)									38 659	**38 659**
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							(7 604)	(7 604)	-	**(7 604)**
Share-based payment costs				1 327				**1 327**	250	**1 577**
Other changes in equity							1 330	**1 330**	(1 330)	**-**
Transfer of assets to HMLP [3]							(18 213)	**(18 213)**	18 213	**-**
Total other transactions recognised directly in equity	**-**	**90**	**-**	**2 237**	**96**	**-**	**(24 135)**	**(21 712)**	**14 879**	**(6 833)**
At 31 December 2018	**772**	**447 035**	**(12)**	**107 637**	**(22 050)**	**(2 794)**	**(30 258)**	**500 330**	**286 667**	**786 999**

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

USD'000	Issued capital	Share premium	Treasury shares	Other paid-in capital	Hedging reserve	Other capital reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to equity holders of Höegh LNG Holdings Ltd.									
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							18 482	18 482	22 570	41 052
Other comprehensive income					16 594			16 594	6 504	23 098
Total comprehensive income	**-**	**-**	**-**	**-**	**16 594**	**-**	**18 482**	**35 076**	**29 074**	**64 150**
Capital contribution to HMLP							(290)	(290)	290	**-**
HMLP dividend to non-controlling interests								-	(30 039)	**(30 039)**
Sale of subsidiaries to MLP					2 115		32 935	35 050	(35 050)	**-**
Issuance of redeemable preferred units in HMLP								-	110 924	**110 924**
Net proceeds of equity issuance	3	2 065		(1 978)				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							(38 014)	(38 014)	-	**(38 014)**
Share-based payment cash settled				(15)				(15)	-	**(15)**
Share-based payment costs				1 749				1 749	339	**2 088**
Total other transactions recognised directly in equity	**3**	**1 867**	**-**	**(193)**	**2 120**	**-**	**(5 369)**	**(1 572)**	**46 597**	**45 025**
At 31 December 2017	**772**	**446 945**	**(12)**	**105 400**	**(32 345)**	**(2 794)**	**(38 486)**	**479 480**	**225 758**	**705 238**

[3] *See Note 5.*

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 31 December 2018 was 77 260 580 of which 1 211 738 were held in treasury. The number of outstanding shares was 76 048 842 on 31 December 2018.

2. BASIS FOR PREPARATION AND ACCOUNTING POLICIES

The interim consolidated financial statements for the period ending 31 December 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 led 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. Reference is made to Note 7 disclosing the expected effect of implementing IFRS 16 from 1 January 2019.

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 31 December 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 always meet specified performance standards 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'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 31 December 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. The charterer and the joint ventures have asked the arbitration panel for a determination on certain key contractual interpretations which are a part of the total boil-off claim. These proceedings commenced in November 2018. The conclusions of the arbitration panel are expected to be available before Höegh LNG issues its audited financial statements. Depending upon the arbitration results on the interpretation of key contractual provisions, the joint ventures will evaluate any adjustment that may be required to the provisions for the arbitration claim.If an adjustment is made to the accruals for the arbitration claim, this would result in a reduction (or increase) in share of results from investments in joint ventures, profit (loss) for the period and the earnings per share in the Höegh LNG's audited financial statements for the year ended December 31, 2018. This impact could be material. 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, Höegh Esperanza and Höegh Gannet 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)	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017
Time charter revenues	39,2	28,4	77,4	3,9	-	-	-	-	116,5	32,3
Management and other income	0,5	0,0	1,3	1,1	0,0	-	(0,0)	(0,0)	1,8	1,1
Share of results from investments in JVs	2,9	2,3	1,1	1,3	-	-	-	-	4,0	3,6
Total income	**42,6**	**30,7**	**79,8**	**6,3**	**0,0**	**-**	**(0,0)**	**(0,0)**	**122,3**	**37,0**
Charter hire expenses	-	-	(8,9)	(8,9)	-	-	-	-	(8,9)	(8,9)
Bunker and other voyage related expenses	0,1	0,0	(0,8)	(0,0)	-	-	-	-	(0,8)	(0,0)
Operating expenses	(7,8)	(4,4)	(9,6)	(9,2)	(0,6)	0,0	-	-	(18,0)	(13,5)
Project administrative expenses	(0,6)	(0,6)	(3,1)	(2,1)	(1,3)	(1,3)	-	-	(5,1)	(4,0)
Group administrative expenses	(1,2)	(1,7)	-	-	-	-	(4,7)	(3,1)	(5,9)	(4,8)
Business development expenses	-	-	-	-	(2,3)	(1,8)	-	-	(2,3)	(1,8)
EBITDA	**33,0**	**24,0**	**57,3**	**(14,0)**	**(4,2)**	**(3,1)**	**(4,7)**	**(3,1)**	**81,4**	**3,9**

	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	152,3	112,9	179,9	119,1	-	-	-	-	332,2	232,0
Management and other income	1,8	0,1	4,7	3,2	0,0	0,0	0,0	(0,0)	6,5	3,3
Share of results from investments in JVs	9,0	(2,4)	5,0	4,8	-	-	-	-	14,0	2,5
Total income	163,1	110,7	189,6	127,1	0,0	0,0	(0,0)	(0,0)	352,7	237,8
Charter hire expenses	-	-	(35,3)	(35,5)	-	-	-	-	(35,3)	(35,5)
Bunker and other voyage related expenses	0,0	(0,1)	(3,7)	(0,6)	-	-	-	-	(3,6)	(0,7)
Operating expenses	(25,0)	(18,8)	(32,5)	(32,2)	(1,8)	(0,6)	-	-	(59,3)	(51,7)
Project administrative expenses	(2,9)	(2,8)	(11,1)	(7,8)	(4,3)	(7,3)	-	-	(18,4)	(17,9)
Group administrative expenses	(5,7)	(6,0)	-	-	-	-	(15,1)	(11,6)	(20,8)	(17,6)
Business development expenses	-	-	-	-	(7,5)	(7,1)	-	-	(7,5)	(7,1)
EBITDA	**129,5**	**82,9**	**107,0**	**51,0**	**(13,7)**	**(15,0)**	**(15,1)**	**(11,6)**	**207,7**	**107,3**

ASSETS AND LIABILITIES ALLOCATED TO THE OPERATING SEGMENTS AT 31 DECEMBER

	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	801,4	826,0	1 106,2	560,0	88,8	233,0	-	-	1 996,3	1 619,0
Liabilities										
Interest-bearing debt	433,4	476,0	698,9	368,0	-	-	300,9	310,4	1 433,2	1 154,4

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 4Q 2018

(USD million)	HMLP YTD 2018	Operations YTD 2018	Total YTD 2018	HMLP 4Q 2018	Operations 4Q 2018	Total 4Q 2018
Lease revenues	86,0	100,2	186,2	15,5	14,6	30,1
Time charter service revenues	66,2	78,0	144,2	23,6	62,3	85,9
Amortisation of deferred revenue for dry-docking	0,0	1,8	1,8	0,0	0,4	0,5
Total time charter revenues	**152,3**	**179,9**	**332,2**	**39,2**	**77,4**	**116,5**

The service component of TC revenues reported in the fourth quarter within operations (USD 62.3 million) includes present value in remaining contractual commitments under the suspension and settlement agreement with Egas (USD 34.7 million). 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 1.2 million in the fourth quarter of 2018 (USD 0.9 million in the third quarter). For a more detailed description of recurring related-party transactions, see information disclosed in Note 31 of the 2017 annual report.

On 1st October 2015, the company sold Höegh Gallant to HMLP in a dropdown transaction. The sales contract granted HMLP an option to lease the vessel back to Höegh LNG Ltd. from the date of termination or expiry of the lease and maintenance agreement (LMA) and until 31 July 2025 (with no option to extend), at a rate equal to 90% of the daily LMA rate plus any incremental taxes or operating expenses as a result of such charter. The option must be exercised before expiry of the charter with Egas. Management consider it likely that the option will be utilized and have made a provision for the net present value of the obligation (net of estimated future TC hire) as a long-term liability in the statutory accounts of Höegh LNG Ltd. Transfer of assets, generally, do not, impact the allocation of profit between non-controlling interest and the equity holders of the company in the consolidated accounts. The non-controlling interests share of the obligation, USD 18.2 million, have been reflected separately in the consolidated statement of changes in equity.

6. COMMITMENTS AND FINANCING

Höegh LNG has entered a FSRU shipbuilding with Samsung Heavy Industries for FSRU #10 with delivery by mid-2019. At 31 December 2018, total remaining capital expenditures relating to this commitment were around USD 200 million, including yard payments, project expenses, finance costs and contingencies.

Höegh LNG has further made an investment commitment to Avenir LNG for up to USD 45.5 million. Following the private placement conducted in November, this amount is reduced to USD 42.75 million, of which USD 18 million is outstanding and expected to fall due in 2019.

Total available liquidity at 31 December 2018 was USD 221 million including the USD 63 million revolving credit facility in Hoegh LNG Partners LP. In addition, Höegh LNG has received commitment letters for a sale and leaseback financing of up to USD 206 million for FSRU #10. Provided by China Construction Bank Financial Leasing Co Ltd ("CCB"), the facility will be 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 31 December 2018 would be USD 427 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 31 DECEMBER 2018

USD'000	HLNG net of HMLP	HMLP	Total
Mortgage debt	712 490	440 244	1 152 733
Unsecured bond debt	302 642	-	302 642
Debt issuance costs	(15 343)	(6 844)	(22 187)
Interest-bearing debt	**999 789**	**434 435**	**1 433 188**
Cash and cash equivalents	132 114	32 363	164 477
Long-term restricted cash	4 801	13 125	17 926
Net interest-bearing debt, equity method	**862 874**	**387 911**	**1 250 785**
Proportionate share of joint venture debt	109 572	215 384	324 956
Proportionate share of joint venture debt issuance costs	-	(150)	(150)
Proportionate share of joint venture interest-bearing debt	**109 572**	**215 234**	**324 806**
Proportionate share of joint venture cash and marketable securities	14 819	11 268	26 087
Proportionate share of joint venture long-term restricted cash	-	12 724	12 724
Proportionate share of joint venture net interest-bearing debt	**94 753**	**191 242**	**285 995**

DEBT MATURITY PROFILE 31 DECEMBER 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 (USD 250 million facility)	15 248	76 293	15 248	15 248	53 287	175 325
Höegh Grace (USD 412 million facility)	163 563	-	-	-	-	163 563
Höegh Gallant (USD 412 million facility)	140 597	-	-	-	-	140 597
PGN FSRU Lampung (USD 199 million facility)	19 062	19 062	29 801	14 886	53 273	136 084
Höegh Esperanza (USD 230 million facility)	12 500	12 500	12 500	12 500	140 625	190 625
Höegh Giant (USD 223 million facility)	12 707	12 707	12 707	133 420	-	171 540
Höegh Gannet (USD 175 million facility)	11 042	11 042	11 042	11 042	130 833	175 000
Bond issues	-	130 000	-	172 642	-	302 642
Interest-bearing debt outstanding	374 718	261 604	81 297	359 738	378 019	1 455 375
Debt issuance costs						(22 187)
Total interest-bearing debt						**1 433 188**

On 31 January 2019, outstanding amounts under the USD 412 million facility were repaid with proceeds from the USD 385 million debt facility in Höegh LNG Partners LP. As of 31 December 2018, total outstanding mortgage debt on Höegh Gallant and Höegh Grace (USD 304 million) is therefore presented as current liabilities.

7. IFRS 16 LEASES

IFRS 16 Leases, which will be implemented by the group on 1 January 2019, covers the recognition of leases and related disclosures in the financial statements, and will replace IAS 17 Leases.

The group will apply the modified retrospective transition method in its implementation of IFRS 16. This entails that comparative information will not be restated, but the retrospective cumulative impact of the new standard will be recognized within the opening balance of equity.

As of 1 January 2019, lease contracts where the group is lessee of vessels, office buildings, warehouses and equipment will be capitalized on the balance sheet as a lease liability representing the present value of the group's obligation to make lease payments, with a corresponding right-of-use assets. Lease expenses previously recognized within operating expenses will be replaced by depreciation charges and interest expenses.

The group estimates that it will recognize approximately USD 223 million of lease liabilities 1 January 2019 and a corresponding right-of-use asset with the same amount.

The anticipated full year impact in 2019 is that operating expenses will be reduced by approximately USD 37 million and that depreciation charges and interest expense will increase by USD 31 million and USD 10 million respectively.

8. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- Dividend of USD 0.025 per share declared for the first quarter of 2019
- Refinancing of Höegh Gallant and Höegh Grace closed (owned by Höegh LNG Partners LP)

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 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	**31 Dec 2018**	**30 Sep 2018**	**31 Dec 2017**
Interest-bearing debt, current and non-current	(1 433 188)	(1 296 565)	(1 155 659)
Restricted cash, non-current	17 925	13 235	13 640
Cash and marketable securities	164 477	200 859	233 938
Net interest-bearing debt	**(1 250 786)**	**(1 082 471)**	**(908 081)**

EQUITY ADJUSTED FOR HEDGING TRANSACTIONS	**31 Dec 2018**	**30 Sep 2018**	**31 Dec 2017**
Equity	786 999	778 582	705 238
Hedge reserve including non-controlling interest share	42 706	13 038	57 898
Equity adjusted for hedging transactions	**829 705**	**791 620**	**763 136**

EQUITY RATIO ADJUSTED FOR HEDGING TRANSACTIONS	**31 Dec 2018**	**30 Sep 2018**	**31 Dec 2017**
Total assets	2 304 777	2 138 503	1 959 035
Hedge assets	12 422	(34 336)	(12 560)
Total assets adjusted for hedging transactions	2 317 199	2 104 167	1 946 475
Equity adjusted for hedging transactions	829 705	791 620	763 136
Equity ratio adjusted for hedging transactions	**36 %**	**38 %**	**39 %**

APPENDIX 2 – ABBREVIATIONS

Abbreviation	Definition
ATM	At-the-market
FSRU	Floating storage and regasification unit
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