HÖEGH LNG

INTERIM RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2019

Highlights for the quarter ended 30 June 2019

- EBITDA[1] of USD 45.7 million
- Net loss of USD 3.6 million
- Dividend of USD 0.025 per share paid in the second quarter of 2019
- Representative office opened in Shanghai, China

Subsequent events

- Dividend of USD 0.025 per share declared for the third quarter of 2019
- Interim LNGC charter for Höegh Galleon executed
- Class renewal survey afloat completed for PGN FSRU Lampung

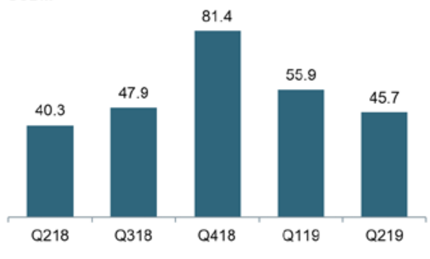
Securing further financial diversification

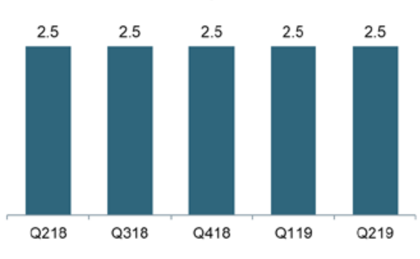
Höegh LNG's financial results for the second quarter of 2019 were negatively affected by the dry docking costs for the Höegh Gallant (off-hire and part of the dry docking costs expensed as Opex), the seasonality of Höegh Esperanza operating in LNGC mode, and a lower spot rate achieved for Höegh Giant.

On the financing side, the company has achieved further diversification of funding sources by executing Höegh LNG's first sale and leaseback agreement for the Höegh Galleon with China Construction Bank Financial Leasing (CCBL), marking the start of a long-term relationship with the world's second largest bank. Through this sale and leaseback agreement, Höegh LNG is fully funded with both equity and debt for its current newbuilding programme, which will be completed with the delivery of Höegh Galleon in August 2019. Höegh Galleon has been employed on an 18-months interim LNGC time charter with Cheniere Marketing International LLP (Cheniere) before its intended long-term charter with AIE in Australia. Under the time charter, which commences in September 2019, Höegh Galleon will earn a fixed daily charter rate.

The rapid growth in the global LNG market is being maintained as increasing supplies of LNG come on stream. Competitive prices, combined with a desire to reduce greenhouse gas emissions and improved local air quality drives the demand for cleaner-burning natural gas, and new FSRU import facilities. The group has won exclusivity or been selected for a total of three FSRU contracts, two of which are in Australia and the third addresses a south Asian market. In addition, the group has progressed to the final round of one ongoing FSRU tender with the award expected to be taken in the near future. Numerous FSRU projects are under development in the market, and Höegh LNG is involved in several selection processes which are at various stages of development.

Reported EBITDA and declared dividend per share





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[1] Please see the 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 75.5 million for the second quarter of 2019, compared with USD 84.3 million in the preceding quarter. The decrease mainly reflects Höegh Esperanza being in LNGC mode during second quarter, Höegh Gallant being off-hire relating to dry docking and a lower spot rate achieved for Höegh Giant.

Höegh Gallant was dry docked during the second quarter of 2019 and successfully completed its first class-renewal as well as additional maintenance. In addition to off-hire, fuel costs and regular maintenance during dry docking were expensed as Opex. The off-hire and additional Opex had a negative impact of USD 2.2 million and USD 2.7 million respectively on EBITDA for the second quarter. Dry dock cost of USD 2.9 million was capitalised on the balance sheet related to the class-renewal.

FSRU PGN Lampung commenced its class-renewal afloat during second quarter and the work was completed in the third quarter. No off-hire was incurred outside the contract allowance. A capital expenditure of USD 0.2 million was capitalised in the balance sheet related to the class-renewal in the second quarter. An additional USD 0.5 million is estimated for the third quarter and is expected to be capitalised.

Höegh LNG reported EBITDA of USD 45.7 million for the second quarter, down from USD 55.9 million in the preceding quarter. The decline reflects the lower income and higher Opex owing to the factors described above, but was partly offset by reduced SG&A.

Höegh LNG recorded a net loss of USD 3.6 million after tax for the second quarter, down from a profit of USD 4.5 million in the previous quarter. This decrease is the result of lower EBITDA, partly offset by reduced interest expenses.

Operating cash flows decreased by USD 2.6 million in the second quarter to USD 47.6 million. The net reduction was mainly driven by the above-mentioned quarter-on-quarter decrease in EBITDA and partly offset by variations in working capital between the two quarters. Other sources during the quarter comprised USD 2.5 million in proceeds from an equity issue in Höegh LNG Partners. Uses during the quarter mainly comprised USD 33.2 million in debt redemption and lease payments, dividends paid and interest expenses. The net decrease in cash and cash equivalents during the second quarter was USD 26.0 million.

At 30 June 2019, Höegh LNG held USD 140.4 million in current cash (USD 165.4 million). Net interest-bearing debt decreased by USD 2 million to USD 1 461 million (USD 1 463 million). Total assets and book equity at 30 June 2019 after adjusting for the mark-to-market of interest rate swaps, were USD 2 436 million (USD 2 492 million), and USD 809 million (USD 822 million), respectively, equivalent to an adjusted book equity ratio of 33% (33%).

For the first half of 2019, Höegh LNG reported a total income of USD 159.8 million and EBITDA of USD 101.6 million, which compare with USD 148.1 million and USD 78.4 million respectively for the same period of 2018. The improvement in EBITDA primarily reflects the delivery of Höegh Esperanza and Höegh Gannet in April 2018 and December 2018 and the implementation of IFRS 16 – Leases, partly offset by lower income for Höegh Gallant owing to the recognition of USD 40.3 million in revenue under the suspension and settlement agreement with Egas in the fourth quarter of 2018.

Höegh LNG reported a net profit of USD 0.9 million for the first half of 2019, which compares with USD 21.1 million for the same period of last year. The decrease is mainly a result of lower income for Höegh Gallant owing to the suspension and settlement agreement with Egas, the implementation of IFRS 16 – Leases (which increased the depreciations and interest expenses more than the charter hire expenses it replaced), and additions to the fleet which affects the results for the group.

[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 first quarter 2019.

Key financial figures

(in USD'000 unless otherwise indicated)	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Income statement					
Total income	75 491	84 290	122 343	82 254	75 774
Operating profit before depreciation and amortisation (EBITDA)	45 676	55 883	81 405	47 889	40 269
Operating profit	19 248	29 740	64 371	25 338	26 692
Profit (loss) for the period	(3 626)	4 517	44 983	5 962	7 848
Balance sheet					
Total assets	2 436 795	2 492 448	2 304 777	2 138 504	2 146 533
Equity adjusted for hedging transactions	808 500	822 413	829 705	791 620	782 316
Adjusted equity ratio (%)	33	33	36	38	37
Net interest-bearing debt including lease liabilities [1]	(1 461 195)	(1 463 396)	(1 250 786)	(1 082 471)	(1 108 855)
Cash flow					
Net cash flow from operating activities	47 627	50 202	52 209	44 548	41 242
Net cash flow from investing activities	(6 304)	(3 486)	(204 103)	48 232	(234 371)
Net cash flow from financing activities	(67 325)	(46 274)	117 407	(38 348)	157 732
Net increase/(decrease) in cash and cash equivalents	(26 002)	442	(34 487)	54 432	(35 397)

[1] IFRS 16 has been implemented from 1 January 2019 in accordance with the modified retrospective method with no restatement of comparable figures for prior periods, see note 7. Lease liabilities of USD 210.2 million are recorded at 30 June 2019.

Corporate/other activities

Attractive sale and leaseback financing executed for Höegh Galleon

On 7 June 2019 Höegh LNG signed a 12-year sale and leaseback agreement for up to USD 206 million with China Construction Bank Financial Leasing for Höegh Galleon in order to finance the final instalment at delivery in August 2019. The facility will be available to fund 70% of the delivered cost of the FSRU, increasing to 80% once long-term employment for Höegh Galleon has been secured. In addition to giving a further diversification of financing sources, the sale and leaseback agreement is attractively priced with a long repayment profile and tenor.

Avenir LNG update

The asset portfolio of Avenir LNG currently consists of one small-scale LNG import terminal under construction in Sardinia, Italy and four 7 500 cbm and two 20 000 cbm small-scale LNG carrier newbuildings. The strategy of Avenir LNG is to supply LNG to smaller markets, such as Sardinia, and to supply the fast-growing market for LNG as a marine fuel. Höegh LNG is actively pursuing business opportunities jointly with Avenir LNG based on Höegh LNG's existing FSRU platform and Avenir's stated strategy as a small-scale LNG supplier.

Höegh LNG, Golar LNG Ltd and Stolt-Nielsen Ltd are the three main shareholders of Avenir LNG. The initial equity commitment from Höegh LNG was USD 42.75 million, representing a 22.5% equity holding. The remaining part of this commitment amounts to USD 18 million, and is expected to be invested during 2019.

Distribution from Höegh LNG Partners

Höegh LNG Partners declared a quarterly distribution of USD 0.44 per unit for the second quarter on 18 July 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 first quarter of 2019 on 14 August 2019.

Quarterly dividend of USD 0.025 per share

Höegh LNG Holdings paid a cash dividend of USD 0.025 per share in the second quarter of 2019, equivalent to USD 1.9 million. The board of directors has furthermore declared a dividend of USD 0.025 per share for the third quarter of 2019. Höegh LNG shares will trade ex-dividend on 29 August 2019 and shareholders recorded in the VPS following the close of trading on Oslo Børs on 30 August 2019 will be entitled to the distribution. This will be payable on or around 12 September 2019.

Business review

Overall performance

The group's technical availability was 99.5% during the first half year of 2019. The lost-time injury frequency was zero for the quarter ending 30 June, marking the 23rd consecutive month with no injuries.

Technical availability of fleet and safety performance

	2019	2018	2017	2016	2015
Technical availability	99.5 %	99.8 %	99.8 %	99.9 %	100.0 %
Lost time injury frequency [1]	0.00	0.00	0.38	0.00	0.73

1) Calculated per million hours of exposure for sea going personnel only

Business development activity

Höegh LNG is engaged in negotiations and business development activities which aim to see the complete fleet of FSRUs on firm long-term FSRU contracts by the end of 2021. Meanwhile, the FSRUs currently on interim LNGC employment are chartered to high-quality counterparties.

Höegh LNG was selected in December 2018 by AGL Energy (AGL) as the FSRU provider for its LNG import facility under development at Crib Point in the state of Victoria, Australia. The signed time charter party is for a period of 10 years with anticipated start-up in the first half of calendar year 2022. At the end of June, AGL selected the Höegh Esperanza to serve as the FSRU for the project. The project is currently completing its Environment Effects Statement (EES) process. The contract remains conditional on the completion of the EES and a Final Investment Decision by AGL. The Höegh Esperanza is expected to generate annual EBITDA of USD 31 million while serving AGL.

Additionally, Höegh LNG has won exclusivity on two further projects. The first is Australian Industrial Energy's (AIE) Port Kembla Gas Terminal which announced the signing of a supply contract with its foundation customer, Energy Australia, on 22 May 2019. The project entered into a construction contract on 3 June 2019 for the Port Kembla facilities, and the FSRU charter party with HLNG is at an advanced stage of completion. The Final Investment Decision is anticipated this year and the Höegh Galleon FSRU is planned to serve the project from the end of 2020.The second project is a south Asian FSRU project which is currently progressing permits and the LNG supply agreement.

In addition, the group remains involved in the final round of one ongoing FSRU tender which is expected to be awarded in the near future, with FSRU operations starting in first half of 2021. It is also involved in several FSRU selection processes which are at various stages of development.

The group is currently the only FSRU provider which has ongoing operations in China with the Höegh Esperanza in the port of Tianjin. Since the strong growth in LNG imports to China is expected to make a further increase in LNG import capacity necessary, Höegh LNG has recently opened a representative office in China and is actively pursuing further growth in this market.

Market

The stellar growth in global LNG trade continued in the second quarter of 2019. LNG volumes traded reached 88.1 million tonnes, an increase of 19% compared with the same quarter of last year. As in the first quarter of this year Europe and China were the main drivers behind the volume growth, whilst Japan scaled back on imports. For the first half of 2019, global LNG trade increased by 16% relative to the same period of 2018 and totalled a volume of 177.3 million tonnes.

Chinese imports of LNG were up by 23% in the second quarter of 2019 compared with the same period of last year. China thereby continues to be the high-growth market for LNG and this trend is expected to persist. The absolute level of Chinese energy consumption is expected to increase going forward and combined with policies supporting an increased share of natural gas in the energy mix the growth in future gas consumption is well underpinned. As Chinese domestic production of gas continues to lag behind demand, the LNG import potential continues to look strong.

The increase in LNG export volumes from the USA continued in the second quarter of 2019 and provided a significant part of the year-on-year incremental growth in global LNG volumes. Relative to the second quarter of 2018, US export volumes increased by 59% to 7.9 million tonnes. The long-term potential for additional growth in US LNG exports continues to be strong, with several new projects under construction and start-up of the Cameron LNG plant, which shipped its first cargo this May. A total of around 62 million tonnes per annum (mtpa) of nameplate capacity is currently under construction in the USA with expected project start-up in 2019-25. In addition, a number of projects are expected to reach a final investment decision in the coming years, ensuring further growth in US LNG exports.

The natural gas trade is expected to grow strongly in the long term as the global availability of natural gas increases. With a growth rate significantly above either oil or coal, natural gas is likely to become the second largest source of primary energy by the late 2020s. The growth in demand stems mainly from the industry and power generation sectors. Industrial demand is driven by industrialisation in developing countries and by coal and oil-to-gas switching, while the primary driver for power sector growth is the need for flexible back-up power to support the rapid growth in renewable energy sources such as solar and wind. The Asia Pacific markets represent the lion's share of expected global growth in demand for LNG, particularly China, India, Bangladesh and Pakistan.

Demand for FSRUs is supported by several factors, including the increase in LNG supply at a competitive price and the environmental benefits of natural gas compared with coal and oil. Equally as important is the fact that FSRUs represent the lowest cost and most efficient gateway to global LNG supplies for new LNG importers or gas markets with a declining or limited indigenous gas supply.

Outlook

Höegh LNG continues to operate in a market with solid demand for LNG which is the foundation for new FSRU projects. With a well-proven track record in building and operating FSRUs and associated facilities, as well as strong technological experience and capabilities, the group continues to compete for the most attractive floating regasification projects.

Operating results in the third quarter of 2019 will reflect the delivery of Höegh Galleon in August 2019. Since Höegh Giant is on an index-linked contract, the realised rate in the third quarter depends on the development of the spot market rates for LNGC. Furthermore, Höegh Esperanza is expected to operate as an LNGC for the full third quarter, as it did for the second quarter.

Interim consolidated statement of income

USD'000 (unaudited)	Note	Q2 2019	Q1 2019	Q2 2018	YTD 2019	YTD 2018
Time charter revenues	4	70 679	79 504	70 663	150 183	138 195
Management and other income	5	807	1 111	1 813	1 918	2 584
Share of results from investments in associates and joint ventures		4 005	3 675	3 298	7 680	7 286
Total income		**75 491**	**84 290**	**75 774**	**159 781**	**148 065**
Charter hire expenses		-	-	(8 809)	-	(17 521)
Bunker and other voyage related expenses		(220)	184	(1 734)	(35)	(2 859)
Operating expenses		(18 885)	(15 810)	(13 997)	(34 695)	(27 120)
Project administrative expenses		(3 942)	(4 677)	(4 431)	(8 619)	(8 791)
Group administrative expenses		(4 608)	(6 112)	(4 924)	(10 720)	(10 199)
Business development expenses		(2 160)	(1 993)	(1 610)	(4 153)	(3 205)
Operating profit before depreciation and amortisation (EBITDA)	4	**45 676**	**55 883**	**40 269**	**101 559**	**78 370**
Depreciation		(26 428)	(26 143)	(13 577)	(52 571)	(24 880)
Operating profit		**19 248**	**29 740**	**26 692**	**48 988**	**53 490**
Interest income		1 098	1 176	556	2 274	1 029
Interest expenses		(21 051)	(23 203)	(16 235)	(44 254)	(28 745)
Income from other financial items		-	66	241	66	1 261
Expenses from other financial items		(1 738)	(1 563)	(1 979)	(3 301)	(2 480)
Net financial items		**(21 691)**	**(23 523)**	**(17 417)**	**(45 214)**	**(28 935)**
Ordinary profit (loss) before tax		**(2 443)**	**6 216**	**9 275**	**3 773**	**24 555**
Income taxes		(1 183)	(1 699)	(1 427)	(2 882)	(3 496)
Profit (loss) for the period		**(3 626)**	**4 517**	**7 848**	**891**	**21 059**
Profit (loss) for the period attributable to (from):						
Equity holders of the parent		(11 144)	(5 122)	(1 948)	(16 272)	2 097
Non-controlling interests		7 518	9 639	9 797	17 163	18 962
Total		**(3 626)**	**4 517**	**7 848**	**891**	**21 059**
Earnings per share attributable to equity holders of the parent:						
Basic and diluted earnings per share		(0.15)	(0.07)	(0.03)	(0.21)	0.03

Interim consolidated statement of comprehensive income

USD'000 (unaudited)	Q2 2019	Q1 2019	Q2 2018	YTD 2019	YTD 2018
Profit (loss) for the period	(3 626)	4 517	7 848	891	21 059
Items that will not be reclassified to profit or loss					
Net gain (loss) on other capital reserves	-	2	-	2	-
Items that may be subsequently reclassified to profit or loss					
Net gain (loss) on hedging reserves	(29 379)	(20 100)	3 736	(49 479)	21 467
Share of other comprehensive income from associates and joint ventures	(6 660)	(3 847)	4 396	(10 507)	14 040
Other comprehensive income (loss) for the period net of tax	**(36 039)**	**(23 945)**	**8 132**	**(59 984)**	**35 507**
Total comprehensive income (loss)	**(39 665)**	**(19 428)**	**15 980**	**(59 093)**	**56 566**
Total comprehensive income attributable to (from):					
Equity holders of the parent	(40 834)	(24 763)	3,881	(65 602)	29,521
Non-controlling interests	1 168	5 335	12,099	6 509	27,045
Total comprehensive income (loss)	**(39 665)**	**(19 428)**	**15 980**	**(59 093)**	**56 566**

Interim consolidated statement of financial position

	Note	30 June 2019 (unaudited)	31 Mar 2019 (unaudited)	31 Dec 2018 (audited)
ASSETS				
Non-current assets				
Deferred tax assets		399	370	369
Vessels and depot spares		1 878 501	1 890 686	1 907 560
Newbuildings under construction		95 339	91 465	88 761
Right of use assets	7	207 547	215 290	-
Investments in associates and joint ventures		24 102	25 198	25 486
Other non-current financial assets		3 802	7 197	19 656
Other non-current assets		12 068	11 059	11 840
Shareholder loans		3 679	3 606	3 536
Restricted cash		17 687	17 835	17 925
Total non-current assets		**2 243 124**	**2 262 706**	**2 075 133**
Current assets				
Bunkers and inventories		523	722	2 726
Trade and other receivables		51 035	58 993	54 670
Other current financial assets		1 691	4 627	7 771
Restricted cash		8 027	7 004	6 523
Cash and cash equivalents		132 394	158 396	157 954
Total current assets		**193 671**	**229 742**	**229 644**
TOTAL ASSETS		**2 436 795**	**2 492 448**	**2 304 777**
EQUITY AND LIABILITIES				
Equity				
Share capital		773	773	773
Other paid-in capital		555 331	554 920	554 660
Capital reserves		(74 167)	(44 485)	(24 844)
Retained earnings		(50 955)	(37 615)	(30 258)
Equity attributable to equity holders of the parent		**430 983**	**473 593**	**500 330**
Non-controlling interests		273 866	281 141	286 667
Total equity		**704 850**	**754 736**	**786 999**
Non-current liabilities				
Deferred tax liability		11 214	10 707	10 030
Non-current interest-bearing debt	6	1 121 885	1 333 738	1 059 506
Non-current lease liability	7	174 709	180 847	-
Investments in joint ventures		10 523	8 964	9 080
Other non-current financial liabilities		39 273	20 320	10 108
Deferred revenue		1 113	1 573	2 033
Total non-current liabilities		**1 358 718**	**1 556 149**	**1 090 757**
Current liabilities				
Current interest-bearing debt	6	287 201	96 156	373 682
Current lease liability	7	35 508	35 890	-
Income tax payable		2 294	3 859	3 611
Trade and other payables		15 651	18 762	18 358
Other current financial liabilities		14 370	12 448	9 521
Other current liabilities		18 205	14 449	21 849
Total current liabilities		**373 227**	**181 563**	**427 021**
TOTAL EQUITY AND LIABILITIES		**2 436 795**	**2 492 448**	**2 304 777**

Interim consolidated statement of cash flows

USD'000 (unaudited)	Q2 2019	Q1 2019	Q2 2018	YTD 2019	YTD 2018
Cash flow from operating activities					
Profit (loss) before tax for the period	(2 443)	6 216	9 276	3 773	24 556
Adjustments to reconcile profit before tax to net cash flows					
Depreciation	26 428	26 143	13 577	52 571	24 880
Fair value adjustments on marketable securities	-	-	(330)	-	(685)
Interest income	(1 098)	(1 176)	(556)	(2 274)	(943)
Interest expenses	21 051	23 203	16 235	44 254	28 745
Net loss (income) on interest rate hedges	493	571	89	1 065	(575)
Share-based payment cost and Board remuneration not paid-out	479	316	747	793	988
Share of results from investments in associates and joint ventures	(4 005)	(3 675)	(3 298)	(7 680)	(7 286)
Working capital adjustments					
Change in inventories, receivables and payables	8 403	(559)	6 906	7 843	6 179
Payment of income tax	(1 680)	(835)	(1 404)	(2 516)	(2 026)
i) Net cash flow from operating activities	**47 627**	**50 202**	**41 242**	**96 830**	**73 833**
Cash flow from investing activities					
Proceeds from sale of marketable securities	-	-	-	-	25 000
Investments in FSRUs, dry docking and newbuildings	(6 531)	(3 880)	(234 262)	(10 411)	(237 720)
Investment in intangibles, equipment and other	(433)	(279)	(517)	(711)	(1 285)
Interest received	660	672	408	1 332	795
Repayment of shareholder loans	-	-	-	-	(71)
ii) Net cash flow from investing activities	**(6 304)**	**(3 486)**	**(234 371)**	**(9 790)**	**(213 282)**
Financing activities					
Gross proceeds from equity issuance (HMLP)	2 500	-	12 016	2 500	22 911
Transaction costs on equity issuance (HMLP)	-	-	(231)	-	(412)
Dividend paid to non-controlling interest (HMLP)	(11 295)	(11 248)	(10 627)	(22 542)	(21 974)
Dividend paid to shareholders of the parent	(1 905)	(1 905)	(1 901)	(3 810)	(3 802)
Proceeds from borrowings	-	320 000	200 000	320 000	200 000
Payment of debt issuance costs	(910)	(5 796)	-	(6 706)	-
Repayment of borrowings	(24 039)	(321 799)	(21 478)	(345 838)	(39 831)
Lease payments	(9 158)	(9 025)	-	(18 183)	-
Interest paid	(19 023)	(16 112)	(17 070)	(35 135)	(32 586)
(Increase) decrease in restricted cash and cash collateral	(3 495)	(391)	(2 977)	(3 885)	210
iii) Net cash flow from financing activities	**(67 325)**	**(46 274)**	**157 732**	**(113 599)**	**124 516**
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	**(26 002)**	**442**	**(35 397)**	**(25 560)**	**(14 932)**
Current cash and cash equivalents at the beginning of the period	158 396	157 954	173 403	157 954	152 940
Current cash and cash equivalents at the end of the period	**132 394**	**158 396**	**138 006**	**132 394**	**138 006**

Interim consolidated statement of changes in equity for the period ended 30 June 2019

		Attributable to equity holders of Höegh LNG Holdings Ltd.									
USD'000 (unaudited)	Note	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 2019		**773**	**447 035**	**(12)**	**107 637**	**(22 050)**	**(2 794)**	**(30 258)**	**500 330**	**286 667**	**786 999**
Profit (loss) for the period								(16 272)	(16 272)	17 163	891
Other comprehensive income						(49 330)			(49 330)	(10 654)	(59 984)
Total comprehensive income						**(49 330)**	**-**	**(16 272)**	**(65 602)**	**6 509**	**(59 093)**
HMLP dividend to non-controlling interests										(22 542)	(22 542)
Net proceeds from issuance of common units					472				472	557	1 029
Net proceeds from issuance of Series A Preferred Units										1 316	1 316
Share-based settlement			531	1	(532)				-	-	-
Shares granted to the board of HLNG			90	(0)					90	-	90
Units granted to the board of HMLP					20	7			27	128	155
Dividend to shareholders of the parent								(3 809)	(3 809)	-	(3 809)
Share-based payment costs					562				562	143	704
Capital contribution to/from HMLP								34	34	(34)	-
Transfer of assets to HMLP								(650)	(650)	650	-
Total other transactions recognised directly in equity		**-**	**621**	**1**	**522**	**7**	**-**	**(4 425)**	**(3 275)**	**(19 784)**	**(23 057)**
At 30 June 2019		**773**	**447 656**	**(11)**	**108 159**	**(71 373)**	**(2 794)**	**(50 955)**	**431 453**	**273 392**	**704 849**

Interim consolidated statement of changes in equity for the period ended 30 June 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 for the period							2 097	2 097	18 962	21 059
Other comprehensive income					27 423			27 423	8 084	35 507
Total comprehensive income	**-**	**-**	**-**	**-**	**27 423**	**-**	**2 097**	**29 521**	**27 045**	**56 566**
MLP dividend to non-controlling interests								-	(21 974)	(21 974)
Net proceeds from issuance of common units				592	61			653	2 431	3 084
Net proceeds from issuance of								-	19 996	19 996
Series A Preferred Units				27	5			32	128	160
Shares granted to the board of HLNG		90						90	-	90
Dividend to shareholders of the parent							(3 802)	(3 802)	-	(3 802)
Share-based payment costs				650				650	89	739
Other changes in equity							1 330	1 330	(1 330)	-
Total other transactions recognised directly in equity	**-**	**90**	**-**	**1 269**	**66**	**-**	**(2 472)**	**(1 047)**	**(661)**	**(1 708)**
At 30 June 2018	**773**	**447 035**	**(12)**	**106 669**	**(4 855)**	**(2 794)**	**(40 190)**	**506 625**	**253 472**	**760 096**

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 21 August 2019.

The number of issued shares for the quarter ending 30 June 2019 was 77 260 580, of which 1 056 553 were held in treasury. The number of outstanding shares at 30 June 2019 was 76 204 027.

2. BASIS FOR PREPARATION AND ACCOUNTING POLICIES

The interim consolidated financial statements for the period ending 30 June 2019 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 2018. 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.

With effect from 1 January 2019, the company implemented IFRS 16 – Leases. Reference is made to note 7 for further information about the standard, the policy choices made and the implementation effect.

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 June 2019, the company held 45.87% of the common and subordinated units issued in Höegh LNG Partners LP. HMLP is consolidated on the basis of 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 associates, joint ventures and subsidiaries, in the annual consolidated financial statements for 2018 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.

Joint ventures: claims and provisions

Under the Neptune and 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 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 initial claim asserted a gross amount of compensation of USD 58 million for the excess boil-off volume, which was reduced to USD 52 million when the charterer submitted its arbitration request. The charterer reserved its right to make a further claim with respect to subsequent performance periods. Depending on interpretations of the contractual provisions, including exclusions to the performance standards, and based on available information at that time, it was 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 the gross claim of USD 58 million. 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. Höegh LNG's 50% share of the accrual was approximately USD 11.9 million. The arbitration tribunal's determination was received in March 2019. This did not cover all the questions of contractual interpretation on which disagreement exists between the parties. Except for one issue, the tribunal's conclusions on the contractual interpretations were unambiguous. For the remaining issue related to the calculation of a deduction from the gross claim, the tribunal did not specify how the deduction should be determined. As a result, significant uncertainty remains in the evaluation of the potential outcome of the boil-off claim. Based on the additional information from the tribunal's determination and updated estimates of the potential range of the liability, the joint ventures concluded that the existing provision of USD 23.7 million continues to represent their best estimate of the probable liability at 31 December 2018 and 31 March 2019 and Höegh LNG's 50% share of the provision remains at approximately USD 11.9 million. On 14 June 2019, the charterer served an undated claim submission for approximately USD 54 million to the tribunal, incorporating claims for the second performance period and certain other claims. The owners do not agree with the charterer's claims or its interpretation of the deduction to the gross claim in accordance with the tribunal's determination. As a result, the owners are in the process of developing a response to the updated claim submission. In addition, the charterer and the owners are continuing discussions with the objective of reaching a negotiated solution. Depending on interpretations of the deduction to the gross claim and the other disputed contractual provisions and based on additional information available for the period ended 30 June 2019, the joint ventures estimate that their aggregate liability associated with the boil-off claim could range between USD 15 million to USD 35 million, of which the Höegh LNG's share would be 50%. At 30 June 2019, there were no significant changes to the estimates of the potential range of liability compared with 31 March 2019. The accrual was accordingly unchanged at 30 June 2019. Given the on-going discussions between the parties, the claim may be settled through a negotiated solution. However, it is also possible that the claim could ultimately be settled through further arbitration.

The joint ventures will continue to monitor this issue and adjust the provision, as might be required, based on 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 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 2018 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 which have not been transferred to Höegh LNG Partners LP. It includes the four FSRUs Independence, Höegh Giant, Höegh Esperanza and Höegh Gannet as well as the LNGCs Arctic Princess and Arctic Lady. The segment comprises revenues and expenses related to FSRUs and LNGCs in operation 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 includes corporate functions such as group management, group finance, legal and other administrative expense which are not allocated to the other operating segments.

OPERATING INCOME AND OPERATING EXPENSES PER SEGMENT

	HMLP		Operations		Business development and project execution		Corporate and other		Total	
(USD million)	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018	Q2 2019	Q2 2018
Time charter revenues	35.7	37.4	35.0	33.3	-	-	-	-	70.7	70.7
Management and other income	0.0	-	0.8	1.8	-	-	-	-	0.8	1.8
Share of results from investments in associates and joint ventures	3.0	2.0	1.0	1.3	-	-	-	-	4.0	3.3
Total income	**38.7**	**39.4**	**36.8**	**36.4**	**0,0**	**0.0**	**-**	**0.0**	**75.5**	**75.8**
Charter hire expenses	-	-	-	(8.8)	-	-	-	-	-	(8.8)
Bunker and other voyage related expenses	(0.2)	-	(0.0)	(1.7)	-	-	-	-	(0.2)	(1.7)
Operating expenses	(8.7)	(5.5)	(9.9)	(8.1)	(0.2)	(0.3)	-	-	(18.9)	(14.0)
Project administrative expenses	(0.8)	(1.4)	(2.4)	(2.2)	(0.7)	(0.8)	-	-	(3.9)	(4.4)
Group administrative expenses	(1.4)	(1.2)	-	-	-	-	(3.2)	(3.7)	(4.6)	(4.9)
Business development expenses	-	-	-	-	(2.2)	(1.6)	-	-	(2.2)	(1.6)
Operating profit (loss) before depreciation and amortisation (EBITDA)	**27.7**	**31.2**	**24.4**	**15.5**	**(3.1)**	**(2.8)**	**(3.2)**	**(3.7)**	**45.7**	**40.3**

	HMLP		Operations		Business development and project execution		Corporate and other		Total	
(USD million)	YTD 2019	YTD2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018	YTD 2019	YTD 2018
Time charter revenues	73.7	74.1	76.5	64.2	-	-	-	-	150.2	138.3
Management and other income	0.1	0.4	1.8	2.2	-	-	-	-	1.9	2.6
Share of results from investments in JVs	5.7	4.7	1.9	2.5	-	-	-	-	7.7	7.2
Total income	**79.6**	**79.2**	**80.2**	**68.9**	**0.0**	**0.0**	**0.0**	**0.0**	**159.8**	**148.1**
Charter hire expenses	-	-	-	(17.5)	-	-	-	-	-	(17.5)
Bunker and other voyage related expenses	(0.2)	(0.0)	0.1	(2.8)	-	-	-	-	(0.0)	(2.8)
Operating expenses	(14.8)	(11.2)	(19.6)	(15.2)	(0.3)	(0.6)	-	-	(34.7)	(27.1)
Project administrative expenses	(1.5)	(2.5)	(5.0)	(4.3)	(2.1)	(2.0)	-	-	(8.5)	(8.8)
Group administrative expenses	(3.2)	(3.2)	-	-	-	-	(7.5)	(7.0)	(10.7)	(10.2)
Business development expenses	-	-	-	-	(4.2)	(3.2)	-	-	(4.2)	(3.2)
EBITDA	**59.9**	**62.2**	**55.7**	**29.0**	**(6.5)**	**(5.9)**	**(7.5)**	**(7.0)**	**101.6**	**78.4**

ASSETS AND LIABILITIES ALLOCATED TO THE OPERATING SEGMENTS AT 30 JUNE

(USD million)	HMLP 2019	HMLP 2018	Operations 2019	Operations 2018	Business development and project execution 2019	Business development and project execution 2018	Corporate and other 2019	Corporate and other 2018	Total 2019	Total 2018
Tangible assets										
Vessels, newbuildings and RoU assets	791.5	814.0	1 294.5	568.0	95.3	166.6	-	-	2 181.4	1 837.2
Liabilities										
Interest-bearing debt incl. lease liabilities	429.9	454.8	884.7	382.2	-	-	304.8	311.8	1 619.3	1 317.0

Revenues from contracts with customers

The group presents its revenue by segment, disaggregated by revenue recognised in accordance with the accounting standard on leasing (IFRS16) and on revenue from contracts with customers (IFRS15) for time charter services. In addition, material elements are presented separately where the nature, amount, timing and uncertainty of revenue and cash flows differ from the monthly invoicing under time charter contracts. The LNGCs' time charter contracts include provisions for the charterer to make upfront payments to compensate for variable dry docking costs. Such 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 2019 AND Q2 2019

(USD million)	HMLP YTD 2019	Operations YTD 2019	Total YTD 2019	HMLP Q2 2019	Operations Q2 2019	Total Q2 2019
Lease revenues	30.6	66.9	97.5	15.4	31.4	46.8
Time charter service revenues	43.1	8.7	51.8	20.3	3.1	23.4
Amortisation of deferred revenue for dry docking	0.0	0.9	0.9	0.0	0.4	0.5
Total time charter revenues	**73.7**	**76.5**	**150.2**	**35.7**	**35.0**	**70.7**

The group's FSRUs and LNGCs operate on time charter 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 affect 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.

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 0.7 million in the second quarter of 2019 (USD 0.6 million in the first quarter of 2019). For a more detailed description of recurring related-party transactions, see information disclosed in Note 31 of the 2018 annual report.

On 1 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 a charter. The option must be exercised before expiry of the charter with Egas. Management consider it likely that the option will be utilised and have made a provision for the net present value of the obligation (net of estimated future time charter hire) as a long-term liability in the statutory accounts of Höegh LNG Ltd. Transfer of assets do not generally affect the allocation of profit between non-controlling interests and the equity holders of the company in the consolidated accounts. The increase of USD 0.6 million in the non-controlling interests' share of the obligation has been reflected separately in the consolidated statement of changes in equity for the first half of 2019.

6. COMMITMENTS AND FINANCING

Höegh LNG has entered into a FSRU shipbuilding contract with Samsung Heavy Industries for Höegh Galleon (FSRU #10), with delivery scheduled for August 2019. At 30 June 2019, total remaining capital expenditures relating to this commitment were around USD 171 million, including yard payments, project expenses, finance costs and contingencies.

Furthermore, Höegh LNG has made an investment commitment to Avenir LNG for up to USD 45.5 million. Following the private placement conducted in November 2018, this amount has been reduced to USD 42.75 million. The remaining part of this commitment amounts to USD 18 million and is expected to be invested during 2019. In April 2019, the company issued a guarantee of USD 11.7 million in connection with a shipbuilding contract signed by Avenir.

Total available liquidity at 30 June 2019 was USD 195 million, including the USD 63 million revolving credit facility in Höegh LNG Partners LP. In addition, Höegh LNG has executed a sale and leaseback financing of up to USD 206 million for Höegh Galleon. Provided by China Construction Bank Financial Leasing (CCBL), 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.

Including these financing amounts, total liquidity at 30 June 2019 would be USD 401 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.

Except for remaining capital commitments of USD 5.0 million related to certain regasification equipment on order, no other material contractual purchase commitments existed at 30 June 2019. Neptune is scheduled to be dry docked in the second half of 2019 for its class renewal survey. Estimated expenses for the class renewal will be covered by the charterer and no off-hire outside the contract allowance is expected.

INTEREST-BEARING DEBT INCLUDING LEASE LIABILITIES 30 JUNE 2019

USD'000	HLNG net of HMLP	HMLP	Total
Mortgage debt	686 741	440 154	1 126 895
Unsecured bond debt	306 091	-	306 091
Debt issuance costs	(13 491)	(10 409)	(23 900)
Lease liabilities	210 075	143	210 217
Interest-bearing debt including lease liabilities	**1 189 416**	**429 887**	**1 619 303**
Cash and cash equivalents	105 155	35 267	140 421
Long-term restricted cash	4 800	12 887	17 687
Net interest-bearing debt including lease liabilities, equity method	**1 079 462**	**381 734**	**1 461 195**
Proportionate share of joint venture debt	105 823	208 837	314 660
Proportionate share of joint venture debt issuance costs	-	(75)	(75)
Proportionate share of joint venture interest-bearing debt	**105 823**	**208 762**	**314 585**
Proportionate share of joint venture cash and marketable securities	15 648	13 726	29 374
Proportionate share of joint venture long-term restricted cash	-	17 200	17 200
Proportionate share of joint venture net interest-bearing debt	**90 175**	**177 837**	**268 012**

DEBT MATURITY PROFILE INCLUDING LEASE LIABILITIES 30 JUNE 2019

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	76 293	15 248	15 248	15 248	45 663	167 701
PGN FSRU Lampung facility	19 062	19 062	27 713	14 886	45 830	126 553
Höegh Esperanza facility	12 500	12 500	12 500	12 500	134 375	184 375
Höegh Giant facility	12 707	12 707	139 773	-	-	165 187
Höegh Gannet facility	11 042	11 042	11 042	11 042	125 313	169 479
Bond debt	130 000	-	176 091	-	-	306 091
USD 385 million facility (Höegh Grace and Höegh Gallant)	25 597	25 597	25 597	25 597	211 212	313 601
Interest-bearing debt outstanding	287 201	96 156	407 964	79 273	562 392	1 432 987
Debt issuance cost						(23 900)
Total interest-bearing debt excluding lease liabilities						**1 409 086**
Lease liabilities	35 508	33 470	31 687	30 173	79 379	210 217
Total interest-bearing debt including lease liabilities	**322 709**	**129 626**	**439 651**	**109 446**	**641 771**	**1 619 303**

7. IFRS 16 – LEASES

IFRS 16 Leases was implemented by Höegh LNG on 1 January 2019. The new accounting standard covers the recognition, measurement and presentation of leases and related disclosures in the financial statements and has replaced IAS 17 Leases. IFRS 16 requires that all leases, except for short-term leases and leases of low value assets are reflected in the balance sheet of a lessee as a lease liability and a right of use (RoU) asset. Höegh LNG has implemented the standard in accordance with the modified retrospective method with no restatement of comparable figures for 2018.These are still presented in accordance with IAS 17.

Reference is made to note 7 IFRS 16 – Leases in Höegh LNG's report for the first quarter of 2019 for a detailed description of policy choices, transition alternatives and conclusions on judgmental accounting matters made when implementing the standard.

The implementation of IFRS 16 at 1 January 2019 has increased the consolidated balance sheet by adding lease liabilities of USD 223.1 million and RoU assets of USD 223.1 million.

The RoU assets recognised in the opening balance at 1 January 2019 related to USD 214 million for vessels, USD 8.9 million for buildings and land, and USD 0.3 million for other.

The table below presents a maturity profile based on undiscounted cash flows for Höegh LNG's lease liabilities at1 January 2019:

USD '000	2019	2020-2021	2022-2023	2024-2026	Total
Lease payments	37 040	73 741	73 173	80 015	263 970

In the first half of 2019, Höegh LNG recorded total lease payments of USD 18.1 million, of which USD 5.3 million was payment of interest and USD 12.8 million was repayment of lease liabilities. Operating lease expenses amounted to USD 0.4 million and depreciation of RoU assets to USD 15.6 million. Total lease liabilities at 30 June 2019 were USD 210.2 million, presented in the balance sheet at USD 174.7 million in non-current lease liabilities and USD 35.5 million in current lease. RoU assets amounted to USD 207.5 million, with USD 199.1 million, USD 8.2 million and USD 0.2 million relating to vessels, buildings and land, and other respectively. The weighted average discount rate used to calculate the lease liability in the opening balance under IFRS 16 at 1 January 2019 was 5.1%.

8. EVENTS OCCURRING AFTER THE REPORTING PERIOD

- A dividend of USD 0.025 per share was declared for the third quarter of 2019.

9. FORWARD-LOOKING STATEMENTS

This interim report contains forward-looking statements. These 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, Höegh LNG cannot give assurances that it will achieve or accomplish these expectations, beliefs or intentions because such assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control.

Among the important factors which could cause actual results to differ materially from those in the forward-looking statements are: changes in LNG transport, 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 as well as Höegh LNG's ability to operate and control its vessels; changes in the financial stability of clients or 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 for 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 regulations and laws. Unpredictable or unknown factors herein could also have material adverse effects on forward-looking statements.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by EU, and additional requirements found in the Norwegian Securities Trading Act, and gives a true and fair view of the Höegh LNG Holdings Ltd.'s consolidated assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the financial review includes a fair review of important events which have occurred during the first six months of the financial year and their impact on the financial statements, any major related parties' transactions, and a description of the principal risks and uncertainties.

Hamilton, Bermuda, 21 August 2019

The Board of Directors of Höegh LNG Holdings Ltd.

Morten Høgh

Leif Høegh

Morten W. Høegh
Chairman

Leif O. Høegh
Deputy Chairman

D. Wedell-Wedell

A. Jamieson

Ditlev Wedell-Wedellsborg

Andrew Jamieson

Jørgen Kildahl

Christopher G. Finlayson

Jørgen Kildahl

Steven Rees Davies

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 intention 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 supplementary 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 the basis for measuring actual financial performance. These 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 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): operating profit plus depreciation, amortisation and impairments. EBITDA is defined as the line item operating profit before depreciation and amortisation in the consolidated statement of income.
- Net interest-bearing debt: non-current and current interest-bearing debt less cash, marketable securities and restricted cash (current and non-current).
- Equity adjusted for hedging: total book equity adjusted for the mark-to-market value of financial derivative swaps recorded against equity. Financial derivative swaps consist of interest-rate and cross-currency interest-rate swaps. In the money mark-to-market, financial derivative swaps will increase equity while, out of the money mark-to-market, financial derivative swaps will reduce equity. The mark-to-market value of interest-rate swaps in Höegh LNG's joint ventures is recorded as part of the 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.
- Adjusted basic and diluted earnings per share shows the value of EPS as if an allocation of profit had been made for transfer of assets (to) from HMLP.

NET INTEREST-BEARING DEBT	30 Jun 2019	31 Mar 2019	31 Dec 2018
Interest-bearing debt, current and non-current	(1 619 303)	(1 646 631)	(1 433 188)
Restricted cash, non-current	17 687	17 835	17 925
Cash and cash equivalents	140 421	165 400	164 477
Net interest-bearing debt	**(1 461 195)**	**(1 463 396)**	**(1 250 786)**

EQUITY ADJUSTED FOR HEDGING TRANSACTIONS	30 Jun 2019	31 Mar 2019	31 Dec 2018
Equity	704 851	754 736	786 999
Hedge reserve including non-controlling interest share	103 651	67 676	42 706
Equity adjusted for hedging transactions	**808 502**	**822 413**	**829 705**

EQUITY RATIO ADJUSTED FOR HEDGING TRANSACTIONS	30 Jun 2019	31 Mar 2019	31 Dec 2018
Total assets	2 436 794	2 492 448	2 304 777
Hedge assets	16 069	23 852	12 422
Total assets adjusted for hedging transactions	**2 452 863**	**2 516 301**	**2 317 199**
Equity adjusted for hedging transactions	**808 502**	**822 413**	**829 705**
Equity ratio adjusted for hedging transactions	**33 %**	**33 %**	**36 %**

EPS ADJUSTED FOR CAPITAL CONTRIBUTIONS (TO) FROM HMLP

USD'000	30 Jun 2019	31 Mar 2019	31 Dec 2018
Profit (loss) for the period attributable to (from):			
Equity holders of the parent	(11 144)	(5 122)	32 363
Diluted earnings per share	(0.14)	(0.07)	0.42
Transfer of assets/capital contribution (to) from HMLP			
Capital contribution (to) from HMLP	34	-	352
Transfer of assets (to) HMLP	(325)	(325)	(18 213)
Total contributions/transfers (to) from HMLP	(291)	(325)	(17 861)
Adjusted profit for the period attributable to (from) equity holders of the parent	(11 435)	(5 447)	14 502
ADJUSTED DILUTED EARNINGS PER SHARE (USD'1)	**(0.15)**	**(0.07)**	**0.19**

Appendix 2 – Abbreviations

Abbreviation	Definition
ATM	At-the-market
FSRU	Floating storage and regasification unit
Egas	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 Holdings or the company	Höegh LNG Holdings Ltd.
Höegh LNG Partners, HMLP or the partnership	Höegh LNG Partners LP
IDR	Incentive distribution rights
LNGC	LNG carrier
MLP	Master Limited Partnership
Naturgy	Naturgy Energy Group S.A., formerly Gas Natural Fenosa
NB	Newbuilding
RoU	Right of use
SG&A	Selling, general and administrative expenses
SHI or Samsung Heavy Industries	Samsung Heavy Industries Co., Ltd.
VPS	Norwegian Central Securities Depository