

## 4Q 2018

### Presentation of financial results

### 27 February 2019



# Forward looking statements

This presentation contains forward-looking statements which reflects management's current expectations, estimates and projections about Höegh LNG's operations. All statements, other than statements of historical facts, that address activities and events that will, should, could or may occur in the future are forward-looking statements. Words such as "may," "could," "should," "would," "expect," "plan," "anticipate," "intend," "forecast," "believe," "estimate," "predict," "propose," "potential," "continue" or the negative of these terms and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Unless legally required, Höegh LNG undertakes no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise.

Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are: changes in LNG transportation and regasification market trends; changes in the supply and demand for LNG; changes in trading patterns; changes in applicable maintenance and regulatory standards; political events affecting production and consumption of LNG and Höegh LNG's ability to operate and control its vessels; change in the financial stability of clients of the Company; Höegh LNG's ability to win upcoming tenders and securing employment for the FSRUs on order; changes in Höegh LNG's ability to convert LNG carriers to FSRUs including the cost and time of completing such conversions; changes in Höegh LNG's ability to complete and deliver projects awarded; changes to the Company's cost base; changes in the availability of vessels to purchase; failure by yards to comply with delivery schedules; changes to vessels' useful lives; changes in the ability of Höegh LNG to obtain additional financing, including the impact from changes in financial markets; changes in the ability to achieve commercial success for the projects being developed by the Company; changes in applicable regulations and laws; and unpredictable or unknown factors herein also could have material adverse effects on forward-looking statements.

# Agenda



- **Highlights**
- Operational update
- Market update
- Financials
- Summary

# Highlights for the fourth quarter of 2018 and subsequent events

## Highlights

- EBITDA of USD 81.4 million and net profit of USD 45 million
  - Including USD 34.7 million in recognition of remaining payments from Egas under the amended contract structure for Höegh Gallant<sup>1</sup>
- Dividend of USD 0.025 per share paid in the fourth quarter of 2018
- Investment in Avenir LNG to develop small-scale LNG segment
- Höegh Gannet delivered on interim time-charter to Naturgy
- Signed 10-year conditional FSRU contract with AGL Energy Ltd. (AGL) 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)

<sup>1</sup> 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 does not have any cash flow effects in this period as Egas continues to pay monthly under the amended contract structure



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# Höegh LNG: Continued company progress

## Commercial

- 10-year FSRU time-charter signed for AGL's Crib Point proposed LNG regas terminal in Australia
- Achieved exclusivity on two additional FSRU projects, in final selection round for one project
- Höegh Esperanza started operations as China's sole FSRU

## Operational

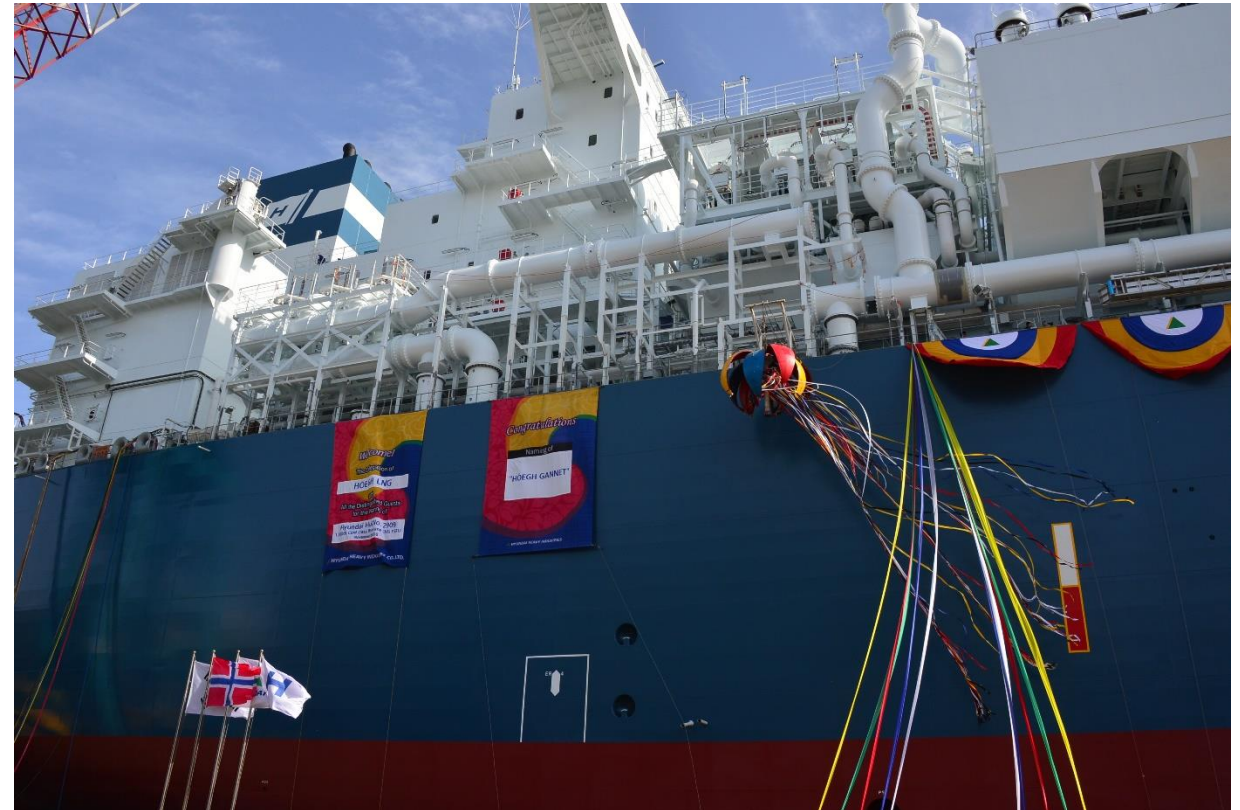
- 99.8% technical availability across the global fleet
- Excellent HSEQ statistics - Zero LTIs last 17 months

## Financing

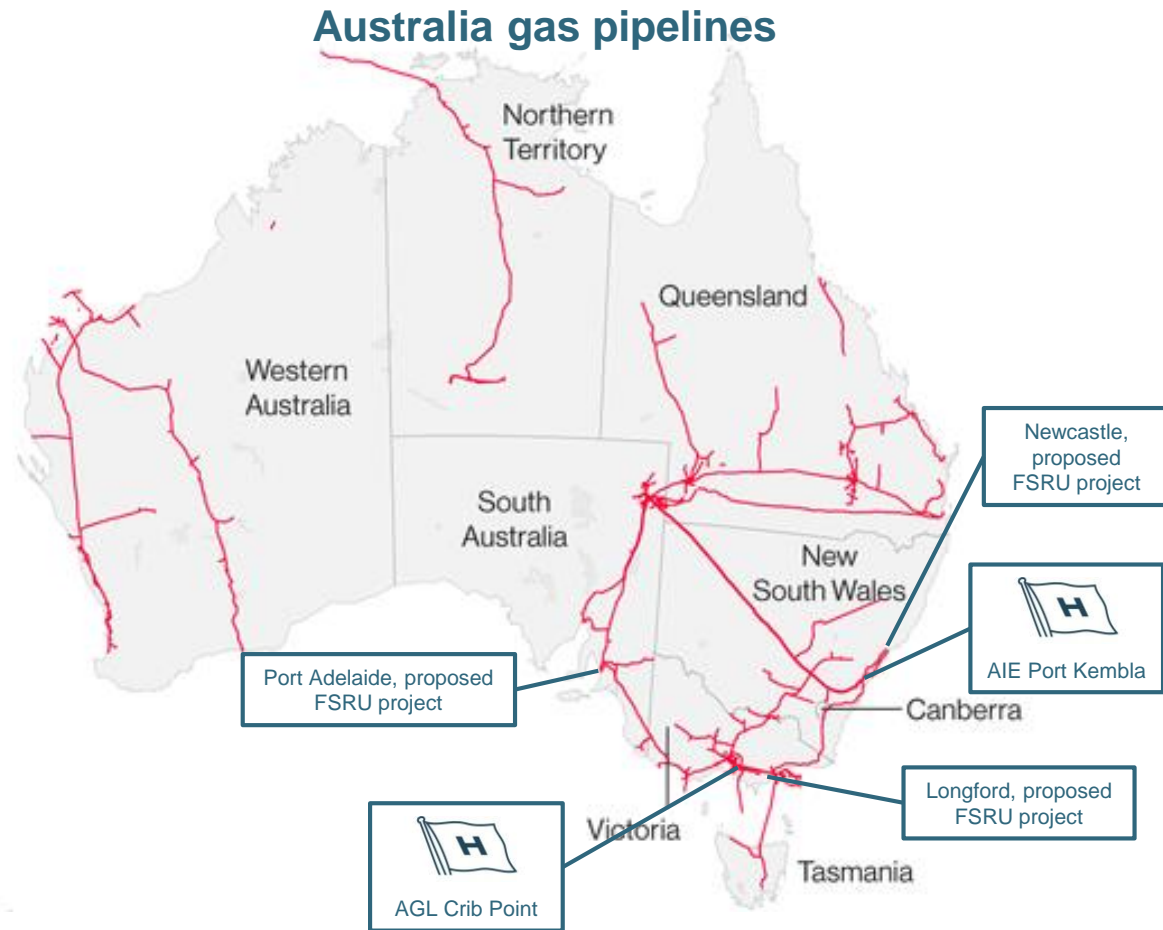
- Newbuilding programme fully debt and equity funded
- First debt refinancing well ahead of maturity and at improved terms

# FSRU Höegh Gannet delivered with state-of-the-art capabilities

- Höegh Gannet, successfully delivered from Hyundai Heavy Industries on 6 December 2018
- State-of-the-art technical capabilities
  - 1,000 MMscf/day (7.5 MMtpa) regasification capacity
  - 170,000-cbm storage capacity
  - DFDE propulsion and full trading capabilities
- Excellent HSEQ record continued
  - 54 months without LTIs for Höegh LNG's NB programme
  - "Safety First" policy across the HLNG organisation
- Delivered to Naturgy on 15-month LNGC charter
- Intended for long-term FSRU contracts under exclusivity



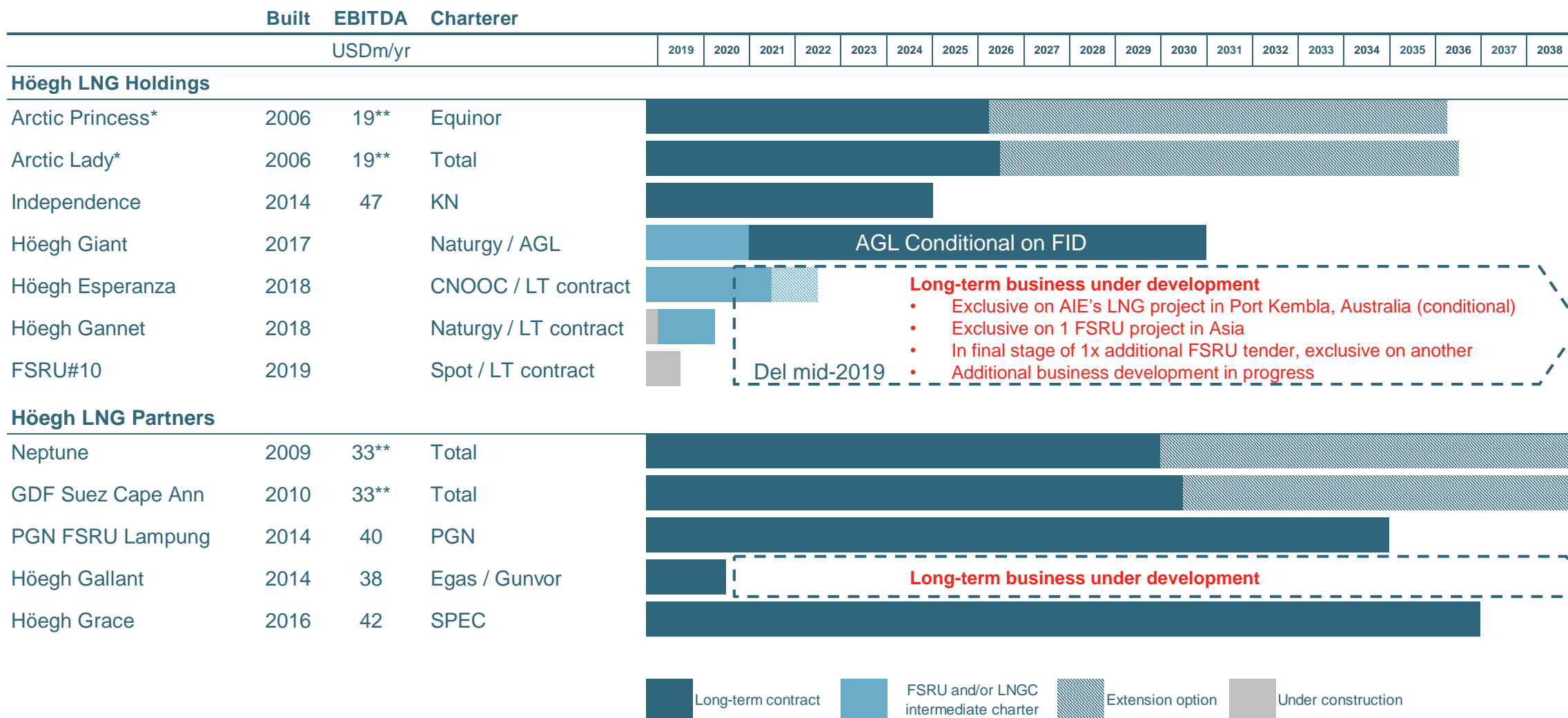
# Höegh LNG the FSRU provider for the two leading LNG import projects in Australia



- 10-year time charter signed with AGL Energy Ltd. (AGL) for its FSRU terminal at Crib Point, Victoria, Australia
  - Targeted start-up 2020-21
  - Expected to generate annual EBITDA of USD 29-31 million
  - Subject to necessary environmental approvals and FID
- Höegh LNG in 2018 selected as the FSRU provider for AIE's proposed LNG import facility in Port Kembla, New South Wales, Australia
- Both FSRU projects are intended to increase the supply and number of sources for natural gas to the south-east Australian market, currently being supplied only through pipeline gas from domestic reserves



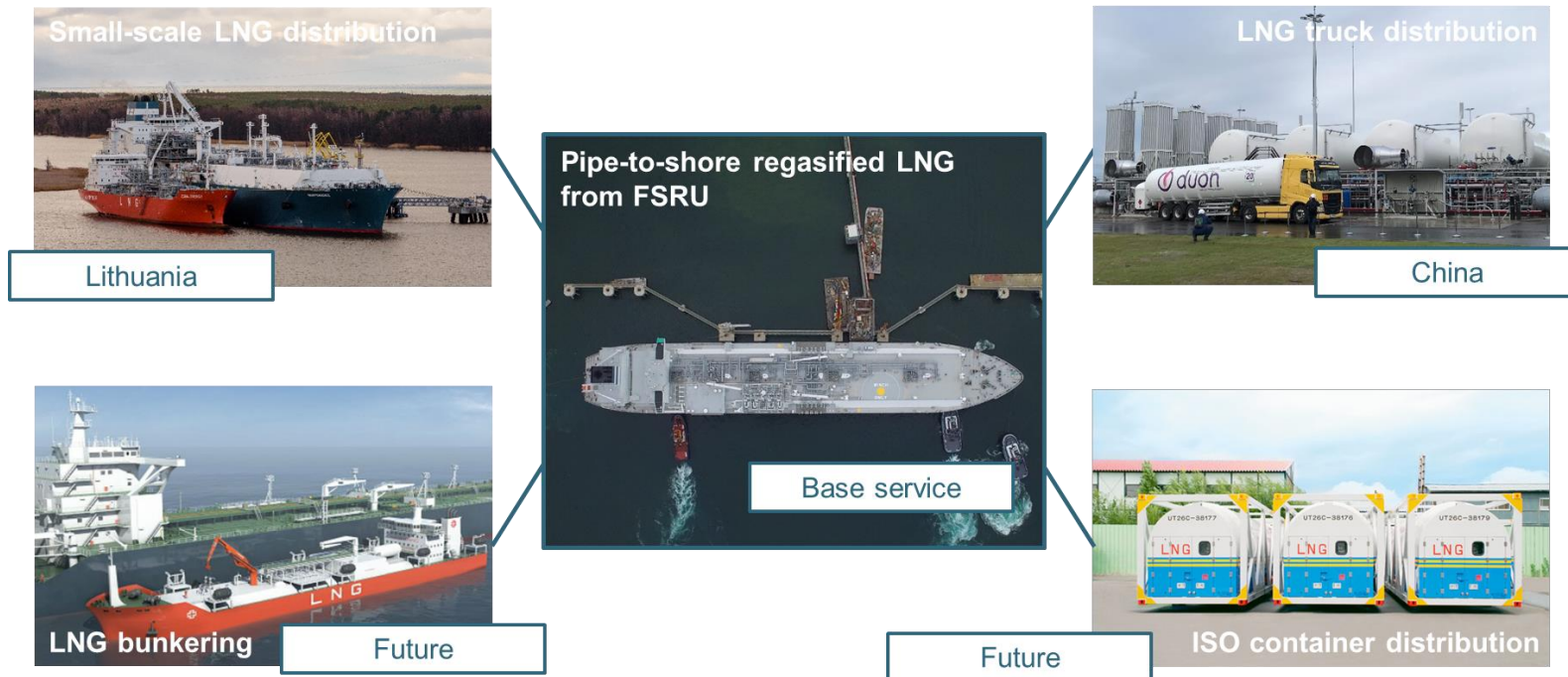
# Modern fleet marketed in growing long-term FSRU market



\* LNG carriers  
 \*\* 100% basis, units are jointly owned

# Avenir LNG the vehicle to develop small scale LNG markets

## FSRUs providing small-scale services



## Status, Avenir LNG

- Main shareholders Höegh LNG Ltd., Golar LNG Ltd. and Stolt-Nielsen Ltd.
- Avenir LNG's business model is to supply LNG to off-grid gas consumers and the LNG bunker market
- 6 small scale LNG carriers under construction
- First small-scale LNG import terminal under construction in Sardinia
- Planned start-up of LNG deliveries 2020

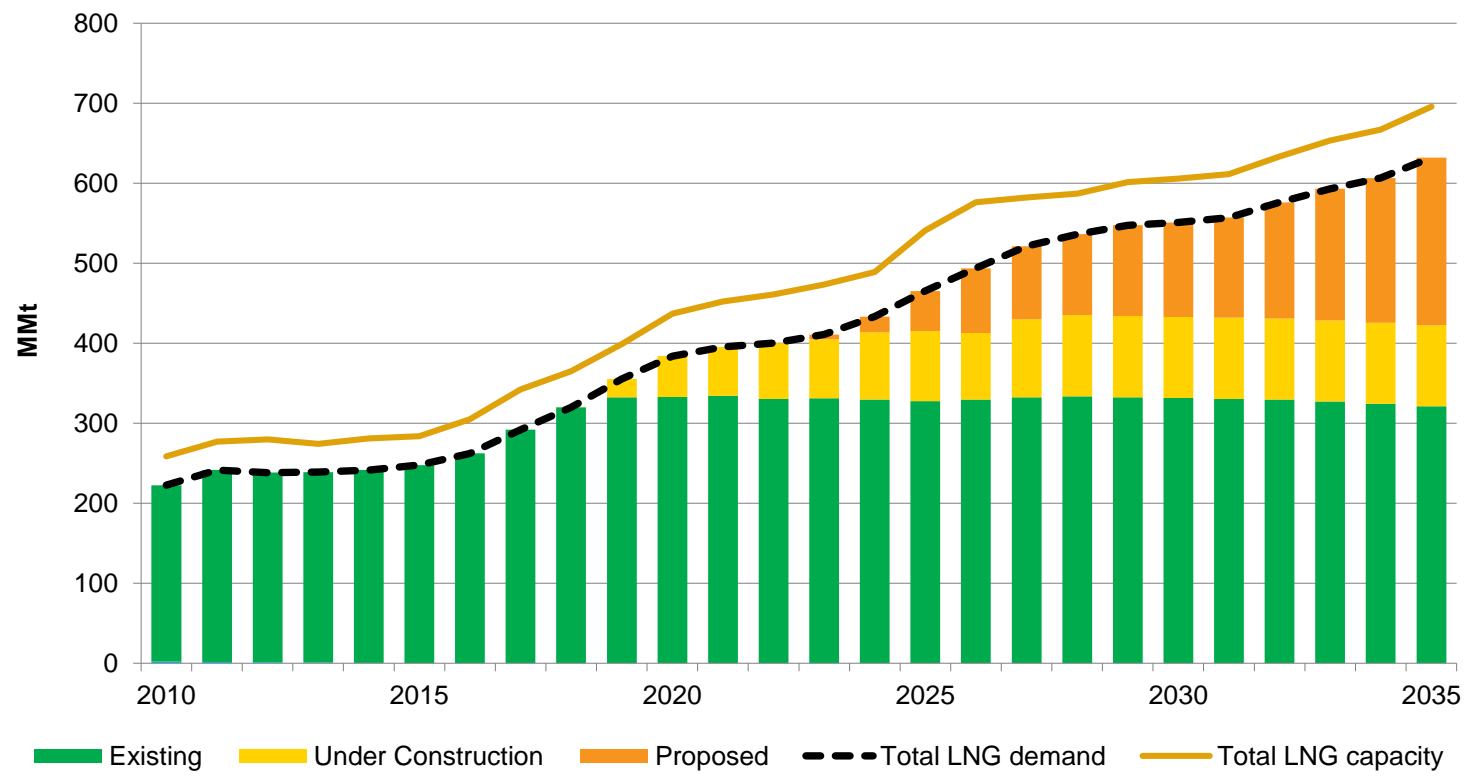
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# Global LNG trade accelerating, fuelled by increasing production capacity

## Global LNG supply and demand



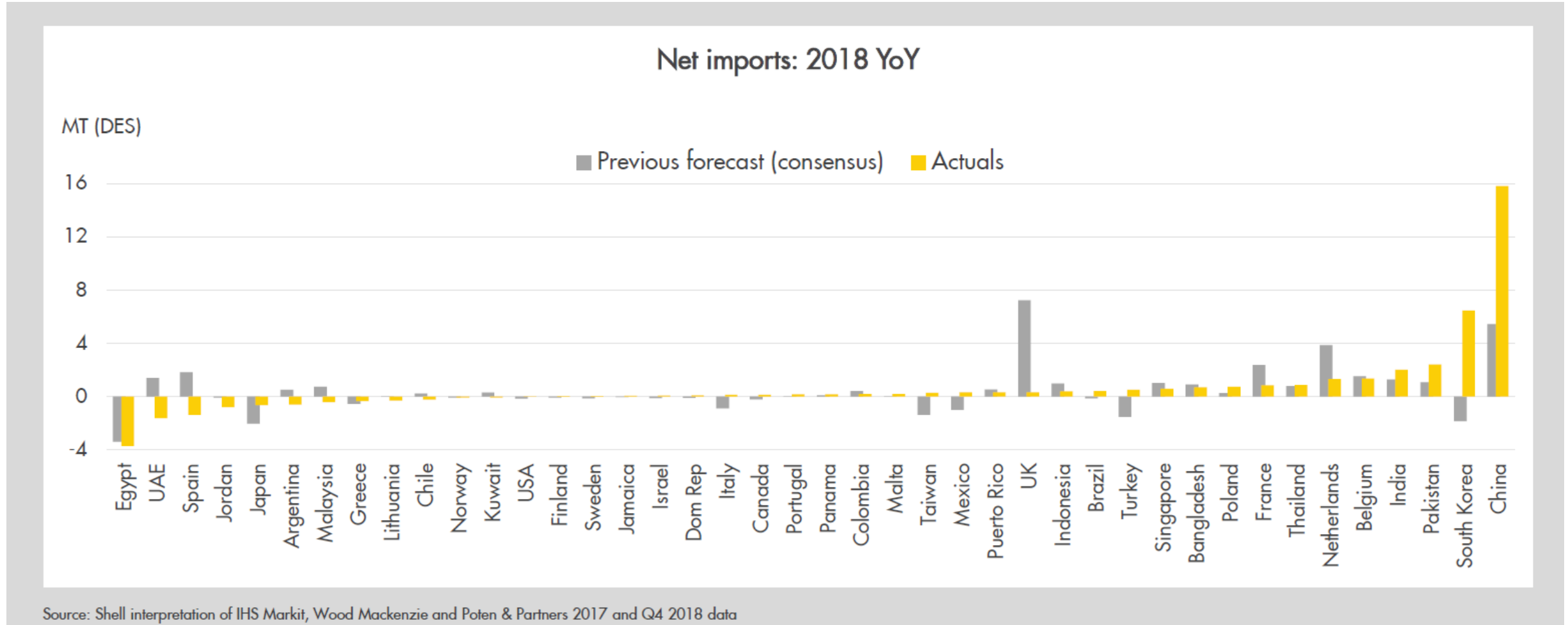
Notes: Based on IHS Markit start dates  
Source: IHS Markit

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- Solid outlook for global LNG demand
- Impasse on investment decisions for new liquefaction capacity ended
  - LNG Canada: 14 mtpa FID
  - Golden Pass: 16 mtpa FID
  - Qatar: 33 mtpa expansion
  - FERC approval for Venture Global indicating easing of US regulatory bottleneck
- Recent FIDs backed by shareholders; volumes to be sold to final end-users/consumers at later stage



# Shell LNG outlook 2019: China, South Korea and Pakistan driving LNG consumption growth in 2018

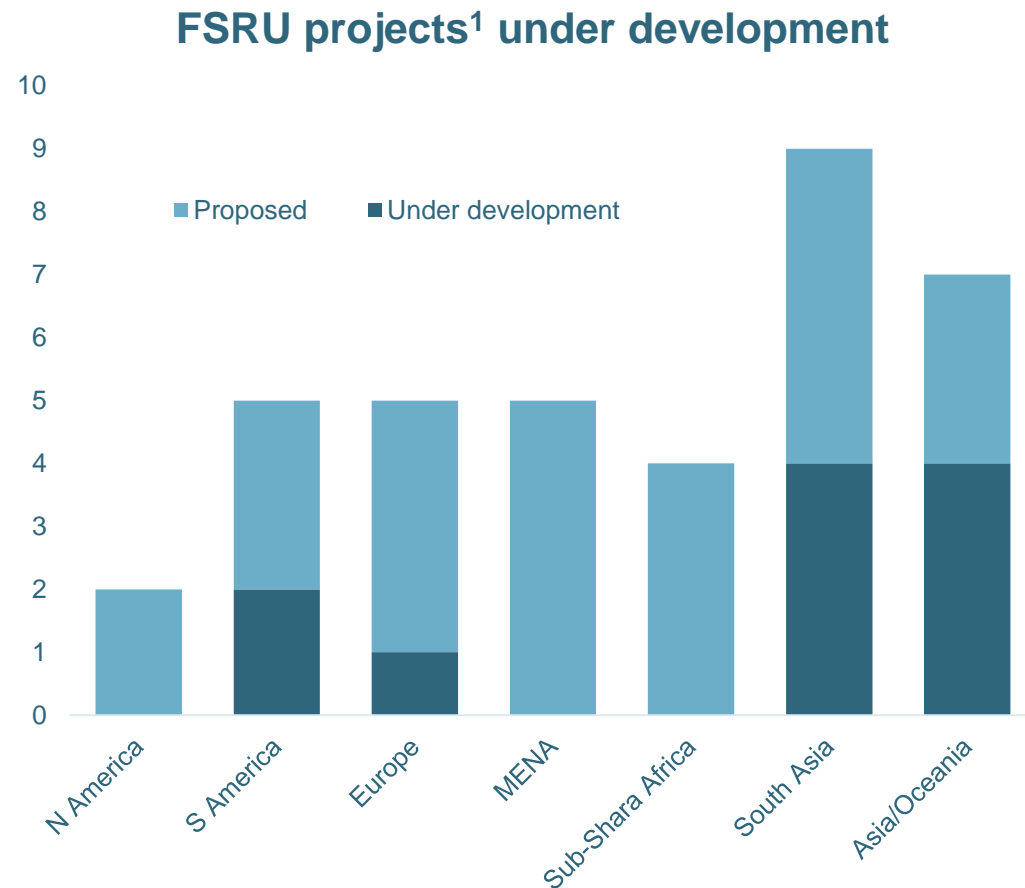
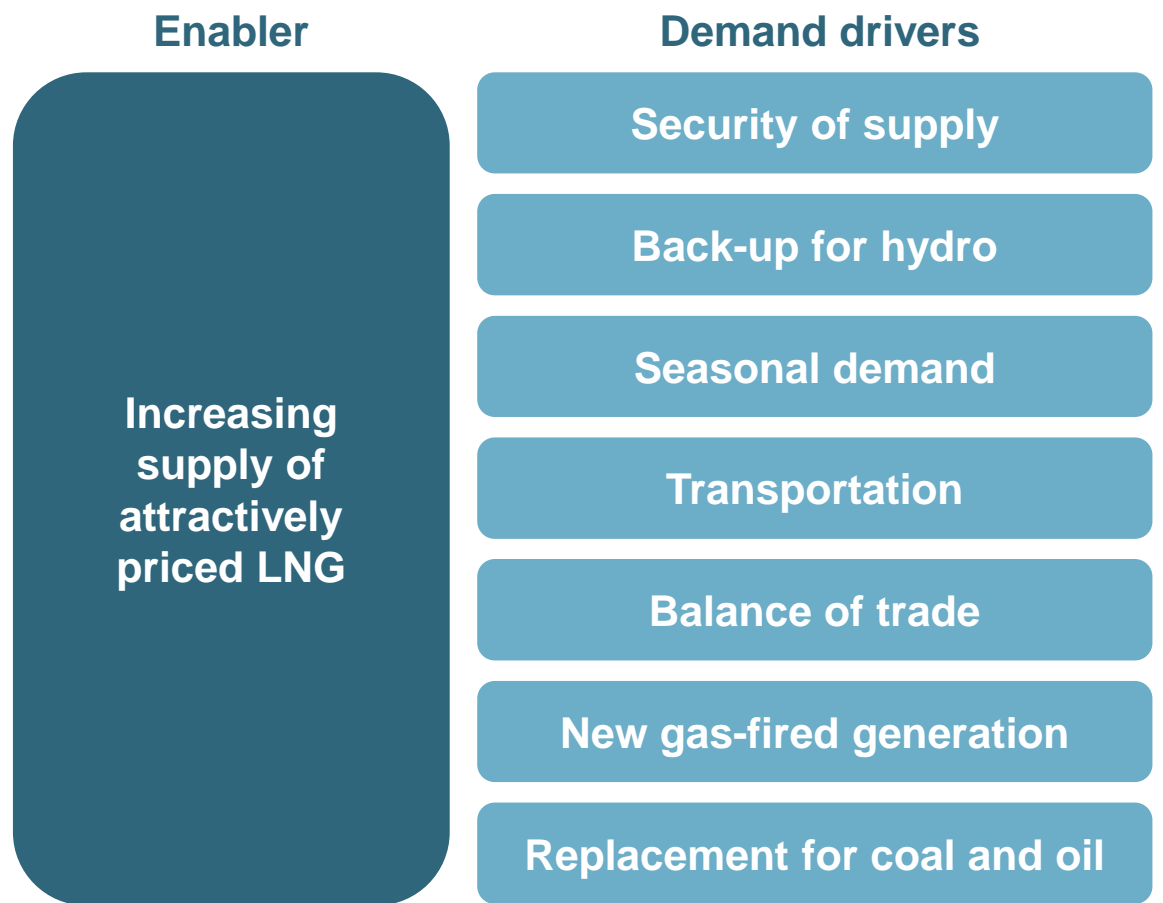


# 2018: Turning point in LNG and FSRU markets

	2017		2018
<b>LNG trade</b>	292 million tonnes		320 million tonnes
<b>Liquefaction FIDs</b>	4.5 million tonnes		19 million tonnes
<b>5-year+ SPAs (excl HOAs/MOUs)</b>	15 million tonnes		43 million tonnes
<b>LNGC spot rates (DFDE, average)</b>	45,000 per day		USD 85,000 per day
<b>LNGCs ordered</b>	17 (4% of the fleet)		60 (14% of the fleet)
<b>FSRUs ordered</b>	4 (17% of the fleet)		1 (4% of the fleet)
<b>FSRU awards</b>	2 short-term contracts		6 long-term contracts

Source: IHS Markit, Höegh LNG

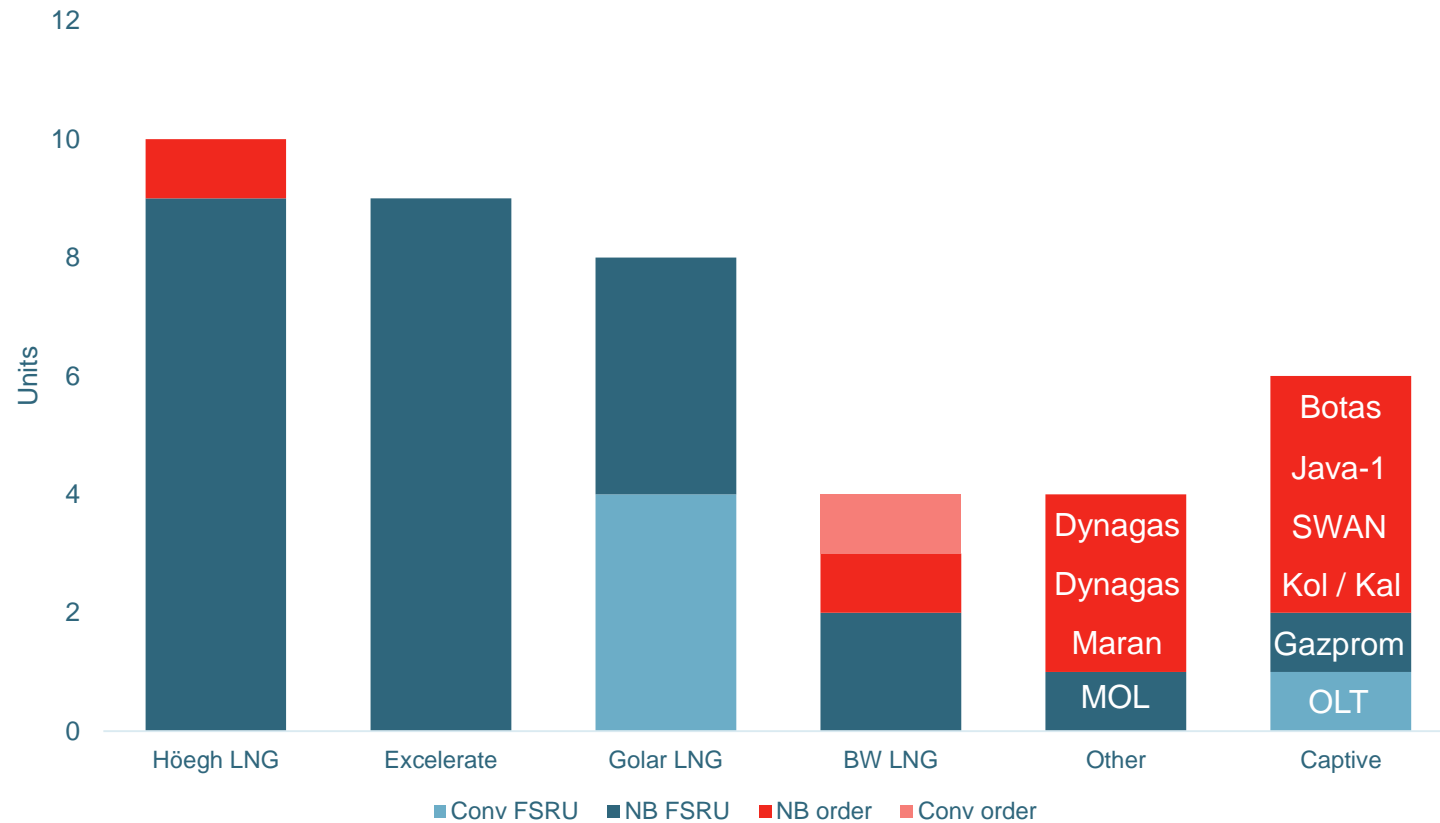
# Large number of FSRU projects backed by increasing LNG supplies and diverse drivers of demand



1) FSRU projects that are mentioned in the public domain

# 31 FSRUs currently on the water – 10 new units scheduled to deliver through 2022

## FSRU fleet and orderbook<sup>1</sup> by owner



- Of 10 newbuilding orders, 4 are captive built for own projects, and thus are not offered in the market
- Of the remaining 6 orders, 4 appear uncommitted with delivery through 2022
  - HLNG with one FSRU newbuilding scheduled for delivery by mid-2019

<sup>1</sup> Excluding small-scale and barges. Orderbook defined as confirmed orders, excluding LOIs, options and conversions not firmed up



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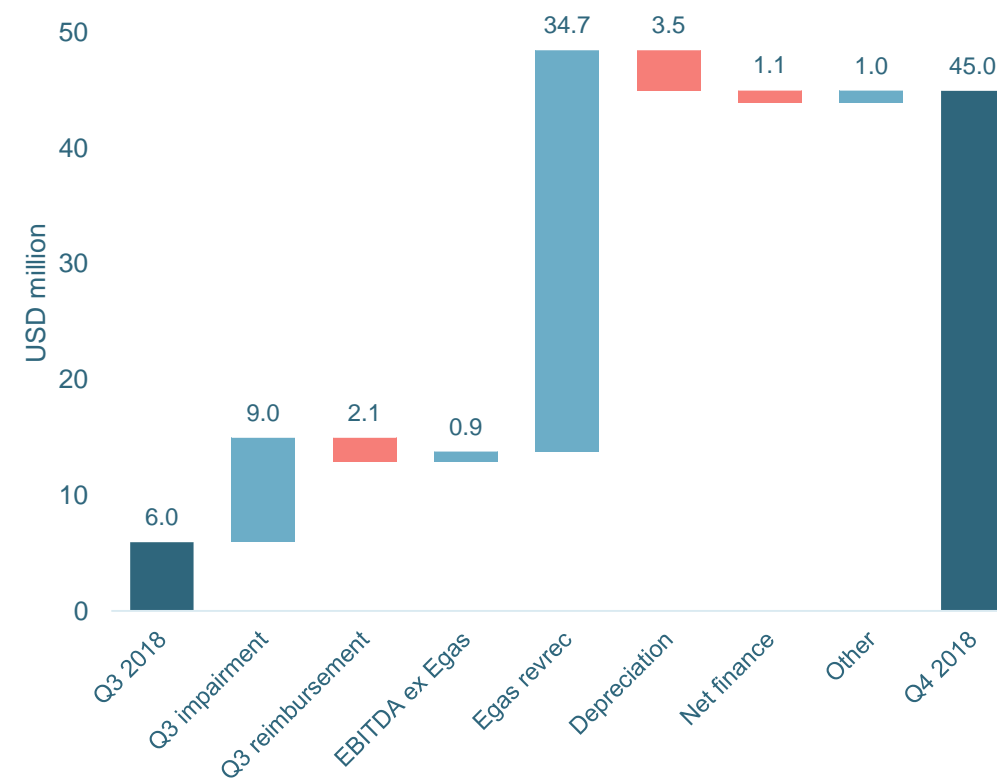


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# Income statement for the quarter and year ended 31 December 2018

<i>USD million</i>	<b>4Q 2018</b>	<b>3Q 2018</b>	<b>YTD 2018</b>	<b>YTD 2017</b>
<b>Total income</b>	<b>122.3</b>	<b>82.3</b>	<b>352.7</b>	<b>279.3</b>
Charterhire and other expenses	-9.7	-8.9	-39.0	-36.2
Operating expenses	-18.0	-14.1	-59.3	-51.6
Administrative and BD expenses	-13.2	-11.3	-46.7	-42.7
<b>EBITDA</b>	<b>81.4</b>	<b>47.9</b>	<b>207.7</b>	<b>148.9</b>
Depreciation	-17.0	-13.5	-55.5	-42.4
Impairment	0.0	-9.0	-9.0	-0.4
<b>EBIT</b>	<b>64.4</b>	<b>25.3</b>	<b>143.2</b>	<b>106.2</b>
Net interest expense	-15.8	-15.1	-58.6	-58.4
Net other financials	-1.7	-1.3	-4.2	-1.6
<b>Profit before taxes</b>	<b>46.9</b>	<b>8.9</b>	<b>80.4</b>	<b>46.2</b>
Corporate income tax	-1.9	-3.0	-8.4	-5.1
<b>Profit for the period</b>	<b>45.0</b>	<b>6.0</b>	<b>72.0</b>	<b>41.1</b>

## Net profit variation



# Financial position

<i>USD million</i>	<b>31-Dec-18</b>	<b>30-Sep-18</b>	<b>31-Dec-17</b>
Investments in FSRUs	1,908	1,658	1,386
Investments in newbuildings	89	172	233
Other	133	95	92
Long-term restricted cash	13	13	14
Marketable securities	0	0	74
Cash and short-term restricted cash	163	201	160
<b>Total assets</b>	<b>2,305</b>	<b>2,139</b>	<b>1,959</b>
Equity attributable to the parent	500	510	479
Non-controlling interests	287	269	226
<b>Total equity</b>	<b>787</b>	<b>779</b>	<b>705</b>
Interest bearing debt	1,433	1,297	1,156
Other	85	63	98
<b>Total equity and liabilities</b>	<b>2,305</b>	<b>2,139</b>	<b>1,959</b>
<i>NIBD</i>	<i>1,251</i>	<i>1,082</i>	<i>908</i>
<i>Adjusted equity</i>	<i>830</i>	<i>792</i>	<i>763</i>
<i>Adjusted equity ratio</i>	<i>36%</i>	<i>38%</i>	<i>39%</i>

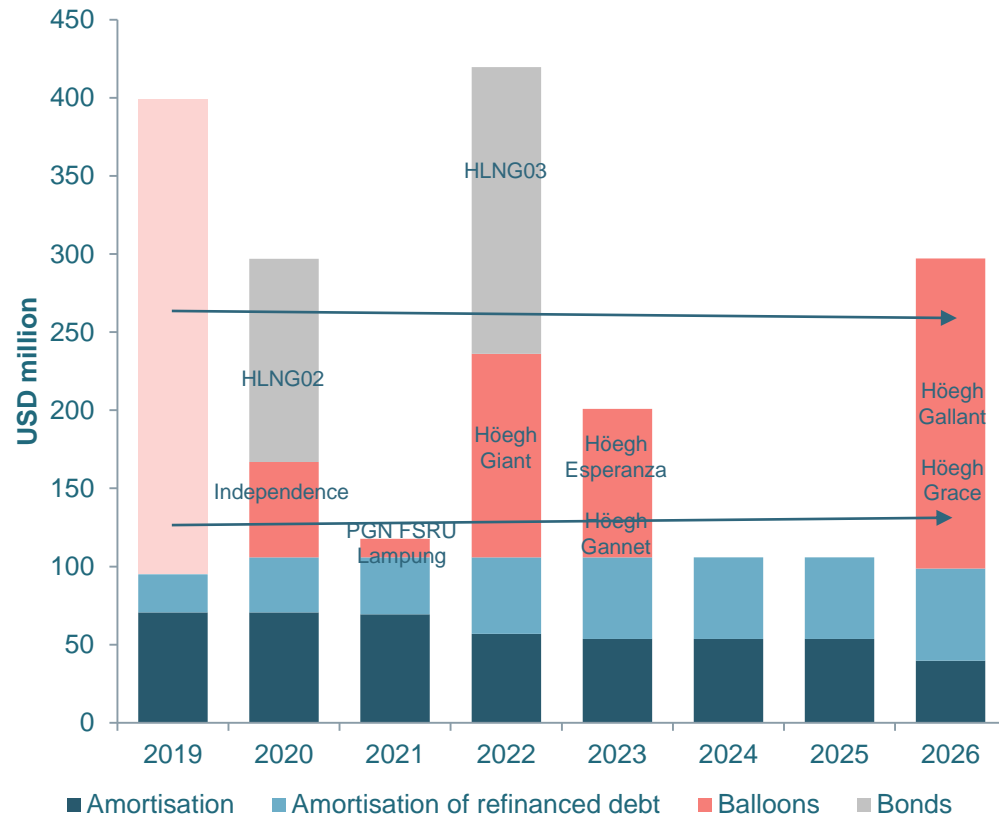
- Increase in interest bearing debt following draw-down of USD 175 million facility to fund Höegh Gannet delivery
- Net interest bearing debt of USD 1,251 million
- Equity ratio, adjusted for mark-to-market of hedges, of 36%

- IFRS 16 Leases will be implemented by the group on 1 January 2019, covering the recognition of leases and related disclosures in the financial statements
- 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 recognised within operating expenses will be replaced by depreciation charges and interest expenses
  - Increase in right-of-use-of assets and lease liabilities of USD 223 million, mainly relating to the bareboat charters for Arctic Lady and Arctic Princess
  - Reduction in operating expenses of approximately USD 37 million, offset by increase in depreciation charges and interest expense of approximately USD 31 million and USD 10 million respectively



# Fully financed at attractive terms

## Debt repayment schedule

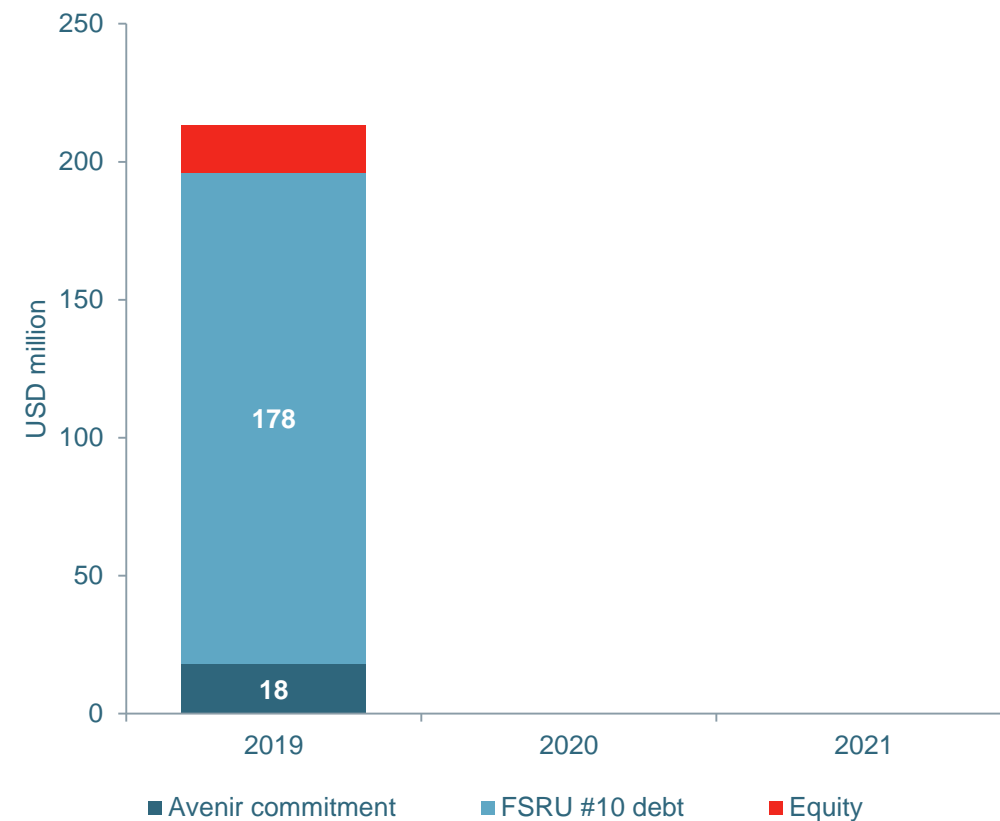


- Höegh Gannet newbuilding financing
  - 5-year tenor with 16-year downpayment profile
  - Financing 65% of the delivered cost of Höegh Gannet
- FSRU # 10 newbuilding financing
  - Sale and leaseback provided by CCB
  - 12-year tenor with 20 year downpayment profile
  - Financing up to 80%, or USD 206 million, of the unit
- Refinancing of Höegh Gallant and Höegh Grace totalling USD 383 million
  - USD 320 million term loan / USD 63 million in RCF
  - Tenor stretched from 5 to 7 years
  - Fixed interest expected to be approximately 5%
  - Term loan fully drawn in January 2019

# Outstanding capital expenditures fully matched by available liquidity

Available liquidity <sup>1</sup> at 31 Dec 2018	USDm
Cash, net of HMLP	132
Revolving credit facility to HMLP <sup>2</sup>	39
Debt for FSRU #10	178
<b>Available liquidity</b>	<b>349</b>
Increased leverage on Höegh Giant / Höegh Esperanza / FSRU #10	87
<b>Targeted available liquidity</b>	<b>349-436</b>
<b>Outstanding capital expenditures, 31 December</b>	<b>~200-220</b>

## Capital expenditures and funding



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**EBITDA of USD 81.4 million and net profit of USD 45 million for Q4 2018**

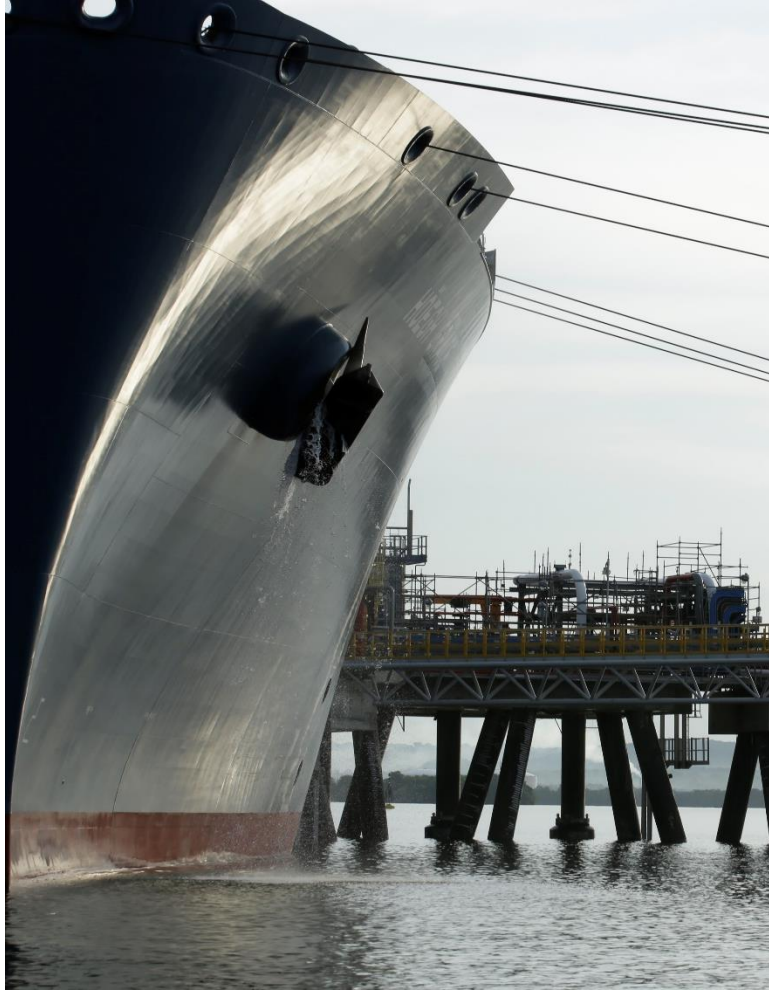
**Signed time-charter with AGL for its LNG import project in Crib Point, Australia**

**Increasing number of FSRU contract awards**

**Solid market backdrop backed by accelerating supply of competitively priced LNG**

**Newbuilding programme fully financed and successful refinancing of Höegh Grace / Höegh Gallant**





# Q&A session

**27 February 2019 - 09:00 CET**

Call-in details:

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