



THIRD QUARTER 2016 RESULTS

Highlights third quarter

- Awilco LNG ASA (Awilco LNG or the Company) reported freight income of MUS\$ 8.4 (MUS\$ 8.3 in Q2 2016) and EBITDA of MUS\$ 4.6 (MUS\$ 4.2 in Q2 2016).
- WilEnergy and WilGas were sold and delivered to new owner on 18 August 2016, contributing with a net positive cash effect of MUS\$ 32.2 including settlement of bunkers and lubes.
- Vessel utilisation of 80 % compared to 76 % in Q2 2016 (trading vessels).

Key financial figures

USD million	Q3'16	Q2'16	Q1'16	2015
Freight income	8.4	8.3	8.9	37.4
Voyage related expenses	0.7	1.1	0.7	4.9
EBITDA	4.6	4.2	4.9	15.8
Net profit/(loss)	(4.2)	(11.5)	(4.6)	(36.3)
Total assets	415.9	423.1	437.9	445.5
Total equity	135.3	139.5	151.0	155.6
Interest bearing debt	276.4	279.6	282.7	285.8
Cash and cash equivalents	34.5	5.7	10.8	17.3
Book equity ratio	33 %	33 %	34 %	35 %

FINANCIAL REVIEW

Income statement third quarter 2016

Freight income for the quarter was MUSD 8.4, up from MUSD 8.3 in the previous quarter. Fleet utilisation for the quarter ended at 80 %, compared to 76 % in Q2 2016 (trading vessels). Voyage related expenses were MUSD 0.7, compared to MUSD 1.1 in the previous quarter.

Operating expenses were MUSD 2.2 (MUSD 2.3 in Q2 2016) and administration expenses for the quarter were MUSD 0.9 (MUSD 0.7 in Q2 2016). EBITDA for the quarter was MUSD 4.6 (MUSD 4.2 Q2 2016). Depreciation for the quarter was recorded at MUSD 2.9, compared to MUSD 3.4 in Q2 2016. The decrease in depreciation was due to the sale of WilEnergy and WilGas. The vessels were delivered to its new owners on 18 August 2016.

Net financial items were MUSD (5.9), compared to MUSD (5.8) in the previous quarter. Interest expenses on the WilForce and WilPride financial leases amounted to MUSD 5.8 (MUSD 5.8 in Q2 2016).

Loss for the period was MUSD 4.2, compared to a loss of MUSD 11.5 in Q2 2016.

Statement of financial position

Book value of vessels was MUSD 374.7 as at 30 September 2016 (MUSD 377.6 30 June 2016). The decrease reflects ordinary depreciation during the quarter.

Total current assets were MUSD 41.1 as at 30 September 2016 (MUSD 13.2 as at 30 June 2016), of which cash and cash equivalents were MUSD 34.5 (MUSD 5.7 Q2 2016).

Total equity as at 30 September 2016 was MUSD 135.3.

Total current liabilities were MUSD 17.8 as at 30 September 2016 (MUSD 17.3 Q2 2016). MUSD 13.5 of the current liabilities relates to the short term portion of the WilForce and WilPride financial leases (MUSD 13.3 as at 30 June 2016). Total non-current liabilities were MUSD 262.9 as at 30 September 2016 (MUSD 266.4 Q2 2016), of which the long term portion of the WilForce and WilPride financial leases was MUSD 262.6 (MUSD 266.1 Q2 2016).

MARKET UPDATE

The increasing gas price trend in Europe and Far East from the last quarter continued in Q3. The Far East gas price started the quarter at USD 5.16/MMBTU and ended Q3 at USD 5.80/MMBTU. The UK NBP price followed same trend, starting at about USD 4.6/MMBTU and ended at USD 5.14/MMBTU while US prices increased from USD 2.7/MMBTU to USD 3.0/MMBTU. In Q4 gas prices for forward delivery has continued to improve in both Europe and Far East while spot prices in the US have come off. This has created arbitrage opportunities leading to increased fixing activity.

After a promising start of the quarter, the activity in the Atlantic region eased off halfway. Activity in the Far East was higher than in the West, but due to more available vessels in Asia rates were still reported higher in the Atlantic. West of Suez rates started at about USD 32,000 per day and increased during the quarter. Fixtures were reported in the high USD 40' per day during the quarter and ended at about USD 40,000 per day. Far East rates improved from USD 30,000 per day to USD 35,000 per day at the end of the quarter.

Short-and mid-term chartering activity has increased in Q4, so far resulting in seven vessels fixed on short term T/C and three on long term T/C while rates have so far not reacted to the increased activity.

The increasing LNG production trend from the first half has continued in Q3. LNG production was up 5.6 % YoY in the first 6 months of 2016, and continued to 8.5 % YoY for the first nine months. LNG imports to China and India were up compared to Q3 2015 by 38 % and 16 % respectively. The declining import trend to Japan was halted as Japanese LNG imports in Q3 were at the same level as last year.

Q3 saw the completion of train 2 at both Australia Pacific and Sabine Pass with a combined nameplate production capacity of 9 MTPA. Both trains shipped first cargoes in October. Furthermore, Petronas MLNG completed its train 9, with a nameplate capacity of 3.6 MTPA at the end of September. The technical issues at Gorgon have been resolved and train 1 is reportedly producing at 85 % of nameplate capacity and train 2 is expected to start during Q4.

So far in 2016 we have seen 33 MTPA of new LNG nameplate production capacity added, which is merely the beginning of the largest production capacity increase in history, as additional 110 MTPA of increases is expected by 2020.

Newbuilding activity has been low during 2016. So far in 2016 5 newbuildings have been ordered, all against long term contracts. This compares to a newbuilding activity of 20 during the first 9 months of 2015. According to shipbrokers the orderbook at end Q3 2016 for LNG vessels above 100,000 cbm (excl. FSRU and FLNG) was 115 vessels, of which only 8 are available for contract. 23 vessels have been delivered in 2016, of which five in Q3 2016. A further 13 are scheduled for delivery in the remainder of 2016. As a result of the weak market and shipyard constraints some deliveries are expected to be delayed.

ORGANISATION


The principal activity of Awilco LNG ASA and its subsidiaries is to invest in and operate LNG transportation vessels. The Group handles the commercial and technical operation of the vessels from its main office in Oslo, and currently has 8 employees. Awilco LNG purchases certain administrative and sub-management technical services from two companies in the Awilhelmsen Group; Awilhelmsen Management AS and Awilco Technical Services AS, see note 5 in the interim condensed consolidated financial statements for further details.

VESSEL CONTRACT STATUS

WilForce: employed on a three year charter with a one year option in charterer’s favour to an oil and gas major, which commenced in January 2014.

WilPride: is trading in the spot/short term market.

Contract overview

	2016	2017
WilPride		Available
WilForce	On charter	Available

OUTLOOK

The LNG shipping market has been very weak for the last two years, both in terms of low utilisation and depressed freight rates. The market for older tonnage has been even more affected by the tough market, resulting in very few fixtures for such vessels and several steam vessels have been placed in hot and cold lay-up.

The start-up of new LNG production facilities over the last 9 months has provided a positive impact to the market. We have seen both an encouraging trend in terms of improving spot market rates and increased chartering activity for both short and longer term. As a result of the new production capacity being added over the next 3 years, the outlook for LNG transportation is promising.

WilPride is currently operating in the spot market. The improving market and the Company's comfortable liquidity position suggest this is not the right time to commit to long term employment. The outlook for the long term LNG transportation market is firm and Awilco LNG is well positioned to benefit from the improving market.

Oslo, 17 November 2016

Sigurd E. Thorvildsen
Chairman of the Board

Jon-Aksel Torgersen
Board member

Henrik Fougner
Board member

Annette Malm Justad
Board member

Synne Syrrist
Board member

Jon Skule Storheill
CEO

Interim Condensed Consolidated Income Statement

<i>In USD thousands, except per share figures</i>						
		Q3	Q2	Q3	1.1 - 30.9	1.1 - 30.9
		2016	2016	2015	2016	2015
	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Freight income	2	8 435	8 346	8 326	25 671	27 751
Voyage related expenses	5	668	1 113	1 124	2 461	4 215
Net freight income		7 767	7 233	7 202	23 209	23 536
Operating expenses		2 247	2 294	3 417	6 904	10 360
Administration expenses	5	937	691	945	2 590	3 121
Earnings before interest, taxes, depr. and amort. (EBITDA)		4 583	4 248	2 840	13 716	10 055
Depreciation and amortisation		2 926	3 407	4 043	9 979	12 532
Impairment of vessels	4	-	6 569	-	6 569	3 189
Earnings before interest and taxes		1 657	(5 728)	(1 203)	(2 833)	(5 666)
Finance income		1	1	12	99	176
Finance expenses		5 875	5 789	6 069	17 570	18 190
Net finance income/(expense)		(5 874)	(5 788)	(6 057)	(17 472)	(18 013)
Profit/(loss) before taxes		(4 217)	(11 516)	(7 260)	(20 304)	(23 679)
Income tax expense		-	-	2	-	(9)
Profit/(loss) for the period		(4 217)	(11 516)	(7 258)	(20 304)	(23 688)
Earnings per share in USD attributable to ordinary equity holders of Awilco LNG ASA:						
Basic, profit/(loss) for the period		(0.06)	(0.17)	(0.11)	(0.30)	(0.35)
Diluted, profit/(loss) for the period		(0.06)	(0.17)	(0.11)	(0.30)	(0.35)

Interim Consolidated Statement of Comprehensive Income

Profit/(loss) for the period	(4 217)	(11 516)	(7 258)	(20 304)	(23 688)
Other comprehensive income:					
Other comprehensive income items	-	-	-	-	-
Total comprehensive income/(loss) for the period	(4 217)	(11 516)	(7 258)	(20 304)	(23 688)

Interim Condensed Consolidated Statement of Financial Position

<i>In USD thousands</i>		30.9.2016	30.6.2016	31.12.2015	30.9.2015
	Note	(unaudited)	(unaudited)	(audited)	(unaudited)
ASSETS					
Non-current assets					
Vessels		374 666	377 584	422 506	434 575
Other fixed assets		99	107	124	132
Total non-current assets		374 765	377 691	422 630	434 707
Current assets					
Trade receivables		2 619	2 998	2 460	2 578
Inventory		572	939	1 911	2 312
Other short term assets		3 452	3 640	1 154	405
Cash and cash equivalents		34 505	5 669	17 299	21 358
Total current assets		41 147	13 247	22 823	26 653
Vessels held for sale	4	-	32 190	-	-
TOTAL ASSETS		415 913	423 128	445 454	461 360
EQUITY AND LIABILITIES					
Equity					
Share capital	3	48 420	48 420	48 420	48 420
Share premium		126 463	126 463	126 463	126 463
Retained earnings		(39 624)	(35 407)	(19 320)	(6 732)
Total equity		135 258	139 475	155 563	168 150
Non-current liabilities					
Pension liabilities		300	268	215	203
Long-term interest bearing debt		262 575	266 094	272 804	276 111
Total non-current liabilities		262 875	266 362	273 019	276 314
Current liabilities					
Short-term interest bearing debt		13 535	13 254	12 752	12 487
Trade payables		261	505	332	582
Income tax payable		-	-	4	56
Provisions and accruals	6	3 983	3 531	3 783	3 771
Total current liabilities		17 779	17 291	16 872	16 896
TOTAL EQUITY AND LIABILITIES		415 913	423 128	445 454	461 360

Interim Consolidated Statement of Changes in Equity

For the period ended 30 September 2016

<i>In USD thousands</i>	Share capital	Share premium	Retained earnings	Total equity
Equity at 1 January 2016	48 420	126 463	(19 320)	155 563
Profit/(loss) for the period	-	-	(20 304)	(20 304)
Other comprehensive income for the period	-	-	-	-
<i>Total comprehensive income</i>	-	-	(20 304)	(20 304)
Balance as at 30 September 2016 (unaudited)	48 420	126 463	(39 624)	135 258

For the period ended 30 September 2015

<i>In USD thousands</i>	Share capital	Share premium	Retained earnings	Total equity
Equity at 1 January 2015	48 420	126 463	16 956	191 838
Profit/(loss) for the period	-	-	(23 688)	(23 688)
Other comprehensive income for the period	-	-	-	-
<i>Total comprehensive income</i>	-	-	(23 688)	(23 688)
Balance as at 30 September 2015 (unaudited)	48 420	126 463	(6 732)	168 150

Interim Condensed Consolidated Cash Flow Statement

<i>In USD thousands</i>	Q3 2016 (unaudited)	Q2 2016 (unaudited)	1.1 - 30.9 2016 (unaudited)	1.1 - 30.9 2015 (unaudited)
Cash Flows from Operating Activities:				
Profit/(loss) before taxes	(4 217)	(11 516)	(20 304)	(23 679)
Income taxes paid	-	(8)	(12)	-
Interest and borrowing costs expensed	5 797	5 800	17 461	18 152
<i>Items included in profit/(loss) not affecting cash flows:</i>				
Depreciation and amortisation	2 926	3 407	9 979	12 532
Impairment of vessels	-	6 569	6 569	3 189
(Gain)/Loss on sale of other fixed assets	-	-	-	45
<i>Changes in operating assets and liabilities:</i>				
Trade receivables, inventory and other short term assets	935	(272)	1 055	110
Trade payables, provisions and accruals	246	(46)	224	(3 898)
i) Net cash provided by / (used in) operating activities	5 686	3 934	14 973	6 451
Cash Flows from Investing Activities:				
Investment in vessels / sale of vessels	32 185	-	32 185	17 764
Proceeds from sale of other fixed assets	-	-	-	89
ii) Net cash provided by / (used in) investing activities	32 185	-	32 185	17 853
Cash Flows from Financing Activities:				
Repayment of borrowings	(3 261)	(3 193)	(10 552)	(7 701)
Interest and borrowing costs paid	(5 774)	(5 841)	(19 399)	(16 065)
iii) Net cash provided by / (used in) financing activities	(9 034)	(9 034)	(29 951)	(23 766)
Net change in cash and cash equivalents (i+ii+iii)	28 836	(5 101)	17 206	538
Cash and cash equivalents at start of period	5 669	10 769	17 299	20 819
Cash and cash equivalents at end of period	34 505	5 669	34 505	21 358

Notes to the Interim Condensed Consolidated Financial Statements

Note 1 - Corporate information, basis for preparation and accounting policies

Corporate information

Awilco LNG ASA (the Company) is a public limited liability company incorporated and domiciled in Norway. The Company's registered office is Beddingen 8, 0250 Oslo, Norway.

The interim consolidated financial statements (the Statements) of the Company comprise the Company and its subsidiaries, together referred to as the Group. The principal activity of the Group is the investment in and operation of LNG transportation vessels. The Group owns and operates a fleet of two modern TFDE LNG carriers.

Basis for preparation

The Statements for the three months ended 30 September 2016 are prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The Statements have not been subject to audit or review. The Statements do not include all of the information and disclosures required by International Financial Reporting Standards (IFRS) for a complete set of financial statements, and the Statements should be read in conjunction with the Group's annual consolidated financial statements for the period ended 31 December 2015, which includes a detailed description of the applied accounting policies.

Significant accounting policies

The accounting policies adopted in the preparation of the Statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

Note 2 - Segment information

Operating segments

The Group currently owns and operates two modern TFDE LNG vessels. For internal reporting and management purposes the Group's business is organised into one reporting segment, LNG transportation. Performance is not evaluated by geographical region. Revenue from the Group's country of domicile was nil in Q3 2016, same as in Q2 2016.

Information about major customers

The Group had two customers contributing with more than 10 per cent of the Group's freight income in Q3 2016.

Note 3 - Share capital

The number of issued shares was 67,788,874 at 30 September 2016. There were no changes in shares issued in Q3 2016. The share capital is denominated in NOK, and the nominal value per share is NOK 4 (in US dollars 0.74). All issued shares are of equal rights.

Note 4 - Significant events and commitments

Sale of vessels WilEnergy and WilGas

The 1983 and 1984 built LNG carriers WilEnergy and WilGas were agreed sold in Q2 2016. The vessels were delivered to its new owner on 18 August 2016, contributing with a net positive cash effect of MUSD 32.2.

Note 5 - Related party transactions

Agreements

Related party	Description of service	Note
Awilco Technical Services AS (ATS)	Technical Sub-management Services	1
Awilhelmsen Management AS (AWM)	Administrative Services	2
Astrup Fearnley Group	Ship Brokering Services	3

(1) The Group's in-house technical manager, ALNG TM, has entered into a sub-management agreement with ATS, whereby ATS assists ALNG TM in management of the Group's fleet. The sub-management services also include management for hire of the managing director in ALNG TM. ALNG TM pays ATS a management fee based on ATS' costs plus a margin of 7 %, cost being time accrued for the sub-manager's employees involved. The fee is subject to quarterly evaluation, and is regulated according to the consumer price index in Norway. The agreement can be terminated by both parties with three months notice. ATS is 100 % owned by Awilco AS.

(2) AWM provides the Group with administrative and general services including accounting and payroll, legal, secretary function and IT. The Group pays AWM MNOK 2.6 in yearly management fee (approx. MUSD 0.3) based on AWM's costs plus a margin of 5 %. The fee is subject to semi-annual evaluation, and is regulated according to the consumer price index in Norway. The agreement can be terminated by both parties with three months notice. AWM is 100 % owned by Awilhelmsen AS, which owns 100 % of Awilco AS.

(3) One of the Company's Board Members is also the General Manager of the Astrup Fearnley Group. The Astrup Fearnley Group delivers ship brokering services on a competitive basis to the Group.

Purchases from related parties

<i>In USD thousands</i>	Q3	Q2	1.1 - 30.9	1.1 - 30.9
Related party	2016	2016	2016	2015
Awilco Technical Services AS	179	154	542	484
Awilhelmsen Management AS	78	79	234	400
Astrup Fearnley Group	-	316	320	-

Purchases from related parties are included as part of Administration expenses in the income statement, except from commissions paid to the Astrup Fearnley Group, which are included in Voyage related expense (KUSD 4) and impairment of vessels (KUSD 316).

Note 6 - Provisions and accruals

Provisions and accruals as at 30 September 2016 were MUSD 4.0 (MUSD 3.5 as at 30 June 2016), of which deferred revenue was MUSD 2.4, same as at 30 June 2016.

Note 7 - Events after the balance sheet date

There were no material events after the balance sheet date.