



FIRST QUARTER 2017 RESULTS

Highlights first quarter

- Awilco LNG ASA (Awilco LNG or the Company) reported freight income of MUS\$ 2.5 (MUS\$ 9.1 in Q4 2016) and EBITDA of MUS\$ -2.0 (MUS\$ 6.1 in Q4 2016).
- Vessel utilisation of 41 % compared to 83 % in Q4 2016.

Key financial figures

USD million	Q1'17	Q4'16	Q3'16	2016
Freight income	2.5	9.1	8.4	34.8
Voyage related expenses	1.6	0.3	0.7	2.8
EBITDA	(2.0)	6.1	4.6	19.8
Net profit/(loss)	(10.4)	(2.5)	(4.2)	(22.8)
Total assets	393.9	408.4	415.9	408.4
Total equity	122.4	132.8	135.3	132.8
Interest bearing debt	269.8	273.1	276.4	273.1
Cash and cash equivalents	19.4	30.0	34.5	30.0
Book equity ratio	31 %	33 %	33 %	33 %

FINANCIAL REVIEW

Income statement first quarter 2017

Freight income for the quarter was MUSD 2.5, down from MUSD 9.1 in the previous quarter, as a result of low activity and weak spot market rates. Both WilForce and WilPride have operated in the spot market in Q1 2017. Fleet utilisation for the quarter ended at 41 %, compared to 83 % in Q4 2016. Voyage related expenses increased to MUSD 1.6, compared to MUSD 0.3 in the previous quarter, due to extended periods of idling and repositioning of vessels.

Operating expenses were MUSD 1.9 (MUSD 1.8 in Q4 2016). Administration expenses for the quarter were MUSD 0.9, same as in the previous quarter. EBITDA for the quarter was MUSD -2.0 (MUSD 6.1 Q4 2016). Depreciation for the quarter was recorded at MUSD 2.9, same as in Q4 2016.

Net financial items were MUSD (5.5), compared to MUSD (5.7) in the previous quarter. Interest expenses on the WilForce and WilPride financial leases amounted to MUSD 5.5 (MUSD 5.7 in Q4 2016).

Loss for the period was MUSD 10.4, compared to a loss of MUSD 2.5 in Q4 2016.

Statement of financial position

Book value of vessels was MUSD 369.2 as at 31 March 2017 (MUSD 371.8 Q4 2016). The decrease reflects ordinary depreciation during the quarter, offset by minor vessel upgrades.

Total current assets were MUSD 24.6 as at 31 March 2017 (MUSD 36.4 Q4 2016), of which cash and cash equivalents were MUSD 19.4 (MUSD 30.0 Q4 2016).

Total equity as at 31 March 2017 was MUSD 122.4.

Total current liabilities were MUSD 15.8 as at 31 March 2017 (MUSD 16.3 Q4 2016). MUSD 14.1 of the current liabilities relates to the short term portion of the WilForce and WilPride financial leases (MUSD 13.8 Q4 2016).

Total non-current liabilities were MUSD 255.7 as at 31 March 2017 (MUSD 259.3 Q4 2016), of which the long-term portion of the WilForce and WilPride financial leases was MUSD 255.4 (MUSD 259.0 Q4 2016). The WilPride financial lease commenced in November 2013, and is for four years plus a one year unconditional option in Awilco LNG's favour. As the facility can be extended until November 2018 it is presented as a non-current liability as at 31 March 2017.

Liquidity and financing

After a steady improvement in rates and utilisation in the second half of 2016, the LNG shipping market weakened unexpectedly in the beginning of 2017. Both rates and utilisation so far in 2017 have been significantly below Awilco LNG's expectations. Activity in the market has shown signs of improvement thus far in Q2, but market rates are still significantly below current cash breakeven levels.

Due to the difficult current spot market conditions negatively impacting liquidity, the Group is in the process of evaluating its capital structure, and is in positive discussions with its main creditor Teekay LNG Partners L.P. The Board of Directors expects that the process will be successfully completed within a short period of time, and on this basis the Board of Directors confirms that it is correct to prepare the Q1 2017 financial statements on a going concern assumption.

MARKET UPDATE

After a firm start of 2017, with gas prices in the Far East hitting a two year high, the gas price declined sharply throughout the quarter. The Far East gas prices started the quarter at USD 9.13/MMBTU and ended at 5.3/MMBTU. The UK NBP followed the same declining trend, from USD 5.9/MMBTU to USD 4.9/MMBTU at the end of the quarter, while HH declined from USD 3.5/MMBTU to 3.1/MMBTU. Along with the declining prices, the gas price spread and arbitrage possibilities diminished during the quarter.

The year started encouraging with few available vessels and rates reported at USD 52,000 per day in the Atlantic and USD 38,000 per day East of Suez. Along with reduced gas price arbitrage opportunities and lower seasonal demand the activity eased off substantially in both basins, resulting in increased vessel availability combined with a sharp decline in rates. The quarter ended with day rates at USD 30,000 and USD 28,500 West and East of Suez respectively, coupled with low activity.

At the end of Q1 construction of Sabine Pass T3 and Gorgon T3 was completed. Sabine Pass T3 is expected to deliver its first cargo in June 2017. Gorgon T2 was down for maintenance in March, but restarted in Q2. In total more than 33 MTPA of new LNG capacity is scheduled for start-up in 2017. As a result of the new production capacity added in 2016, the worldwide LNG trade increased by 12 % in the first quarter of 2017 compared to same period last year. Based on estimated figures LNG imports to Japan, Korea and India increased by 13 %, 6 % and 5 % respectively compared to last quarter, while imports to China declined by 4 %.

Even though LNG trade has increased steadily over the last 9 months, the vessel overcapacity has not been fully absorbed, resulting in a continued weak and volatile shipping market. 9 vessels were delivered during Q1 2017, and a further 35 vessels are scheduled for delivery in the remainder of 2017, although some delays are likely to occur.

Newbuilding activity was low in 2016, but has picked up somewhat during 2017. Three newbuildings were ordered in Q1, of which one against contract. According to shipbrokers the orderbook at the end of Q1 for LNG vessels above 100,000 cbm (excl. FSRU and FLNG) was 104 vessels, of which only 10 are available for contract. As a result of the weak market and shipyard constraints some deliveries can be expected to be delayed.

ORGANISATION



The principal activity of Awilco LNG ASA and its subsidiaries is to invest in and operate LNG transportation vessels. Awilco LNG's fleet is technically and commercially managed from the Group's office in Oslo, Norway. The Group 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 4 in the interim condensed consolidated financial statements for further details.

VESSEL CONTRACT STATUS

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

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

Contract overview

	2017	2018
WilPride	 Available	Available
WilForce	 Available	Available

OUTLOOK

After a steady improvement in rates during the second half of 2016, the LNG shipping market weakened substantially in so far 2017 both in terms of market rates and utilisation. The volatility and seasonality is expected to continue, but as additional LNG production comes on stream the current overcapacity is expected to gradually be reduced, resulting in an improvement in the market going forward. The long-term outlook for LNG shipping remains promising as a result of scheduled LNG production capacity coming on stream over the next couple of years.

Oslo, 4 May 2017

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>					
		Q1	Q4	Q1	2016
	Note	2017	2016	2016	2016
		(unaudited)	(unaudited)	(unaudited)	(audited)
Freight income	2	2 492	9 098	8 890	34 769
Voyage related expenses	4	1 648	347	680	2 808
Net freight income		844	8 751	8 210	31 961
Operating expenses		1 876	1 754	2 363	8 658
Administration expenses	4	919	884	962	3 474
Earnings before interest, taxes, depr. and amort. (EBITDA)		(1 952)	6 113	4 885	19 829
Depreciation and amortisation		2 934	2 923	3 647	12 903
Impairment of vessels		-	-	-	6 569
Earnings before interest and taxes		(4 886)	3 190	1 238	357
Finance income		63	6	97	105
Finance expenses		5 545	5 690	5 907	23 260
Net finance income/(expense)		(5 481)	(5 684)	(5 809)	(23 156)
Profit/(loss) before taxes		(10 367)	(2 494)	(4 571)	(22 798)
Income tax expense		-	-	-	-
Profit/(loss) for the period		(10 367)	(2 494)	(4 571)	(22 798)
Earnings per share in USD attributable to ordinary equity holders of Awilco LNG ASA:					
Basic, profit/(loss) for the period		(0.15)	(0.04)	(0.07)	(0.34)
Diluted, profit/(loss) for the period		(0.15)	(0.04)	(0.07)	(0.34)

Interim Consolidated Statement of Comprehensive Income

Profit/(loss) for the period	(10 367)	(2 494)	(4 571)	(22 798)
Other comprehensive income:				
Other comprehensive income items	-	-	-	-
Total comprehensive income/(loss) for the period	(10 367)	(2 494)	(4 571)	(22 798)

Interim Condensed Consolidated Statement of Financial Position

<i>In USD thousands</i>		31.3.2017	31.12.2016	31.3.2016
	Note	(unaudited)	(audited)	(unaudited)
ASSETS				
Non-current assets				
Vessels		369 229	371 847	418 868
Other fixed assets		90	94	115
Total non-current assets		369 319	371 941	418 983
Current assets				
Trade receivables		-	552	3 069
Inventory		1 904	1 847	1 580
Other short term assets		3 310	3 983	3 527
Cash and cash equivalents		19 355	30 047	10 769
Total current assets		24 570	36 430	18 946
TOTAL ASSETS		393 889	408 371	437 929
EQUITY AND LIABILITIES				
Equity				
Share capital	3	48 420	48 420	48 420
Share premium		126 463	126 463	126 463
Retained earnings		(52 486)	(42 118)	(23 891)
Total equity		122 397	132 764	150 991
Non-current liabilities				
Pension liabilities		323	301	250
Long-term interest bearing debt		255 396	258 984	269 503
Total non-current liabilities		255 719	259 285	269 753
Current liabilities				
Short-term interest bearing debt		14 107	13 820	12 982
Trade payables		883	904	277
Income tax payable		-	-	-
Provisions and accruals		784	1 598	3 926
Total current liabilities		15 773	16 322	17 185
TOTAL EQUITY AND LIABILITIES		393 889	408 371	437 929

Interim Consolidated Statement of Changes in Equity

For the period ended 31 March 2017

<i>In USD thousands</i>	Share capital	Share premium	Retained earnings	Total equity
Equity at 1 January 2017	48 420	126 463	(42 118)	132 764
Profit/(loss) for the period	-	-	(10 367)	(10 367)
Other comprehensive income for the period	-	-	-	-
<i>Total comprehensive income</i>	-	-	(10 367)	(10 367)
Balance as at 31 March 2017 (unaudited)	48 420	126 463	(52 486)	122 397

For the period ended 31 December 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	-	-	(22 798)	(22 798)
Other comprehensive income for the period	-	-	-	-
<i>Total comprehensive income</i>	-	-	(22 798)	(22 798)
Balance as at 31 December 2016 (audited)	48 420	126 463	(42 118)	132 764

Interim Condensed Consolidated Cash Flow Statement

<i>In USD thousands</i>	Q1 2017 (unaudited)	Q4 2016 (unaudited)	Q1 2016 (unaudited)	2016 (audited)
Cash Flows from Operating Activities:				
Profit/(loss) before taxes	(10 367)	(2 494)	(4 571)	(22 798)
Income taxes paid	-	-	(4)	(12)
Interest and borrowing costs expensed	5 536	5 728	5 865	23 189
<i>Items included in profit/(loss) not affecting cash flows:</i>				
Depreciation and amortisation	2 934	2 923	3 647	12 903
Impairment of vessels	-	-	-	6 569
<i>Changes in operating assets and liabilities:</i>				
Trade receivables, inventory and other short term assets	1 168	260	392	1 315
Trade payables, provisions and accruals	(911)	(1 741)	24	(1 517)
i) Net cash provided by / (used in) operating activities	(1 640)	4 676	5 352	19 649
Cash Flows from Investing Activities:				
Investment in vessels	(312)	(99)	-	(99)
Proceeds from sale of vessels	-	-	-	32 185
ii) Net cash provided by / (used in) investing activities	(312)	(99)	-	32 085
Cash Flows from Financing Activities:				
Repayment of borrowings	(3 287)	(3 330)	(4 098)	(13 882)
Interest and borrowing costs paid	(5 453)	(5 704)	(7 784)	(25 103)
iii) Net cash provided by / (used in) financing activities	(8 740)	(9 034)	(11 882)	(38 985)
Net change in cash and cash equivalents (i+ii+iii)	(10 692)	(4 458)	(6 530)	12 749
Cash and cash equivalents at start of period	30 047	34 505	17 299	17 299
Cash and cash equivalents at end of period	19 355	30 047	10 769	30 047

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.

Going concern

The Statements for the quarter ended 31 March 2017 are prepared using the going concern assumption. As a result of the current weak market for LNG shipping, resulting in risk concerning sufficient liquidity throughout 2017, there is uncertainty with respect to this assumption.

After a steady improvement in rates and utilisation in the second half of 2016, the LNG shipping market weakened unexpectedly in the beginning of 2017. Both rates and utilisation so far in 2017 have been significantly below Awilco LNG's expectations. Activity in the market has shown signs of improvement in Q2 2017, but market rates are still significantly below current cash breakeven levels estimated at approx. USD 68,000 per vessel per day. Cash and cash equivalents as at 31 March 2017 were USD 19.4 million.

Due to the difficult current spot market conditions negatively impacting liquidity, the Group is in the process of evaluating its capital structure, and is in positive discussions with its main creditor Teekay LNG Partners L.P. The Board of Directors expects that the process will be successfully completed within a short period of time, and on this basis the Board of Directors confirms that it is correct to prepare the Q1 2017 financial statements on a going concern assumption.

The Group believes the long-term outlook for the LNG shipping market is positive, but if the outcome of the process described above is not successful, the Company's assets may be realised at values significantly below the current carrying values. Forecasting the market involves a high degree of uncertainty. Please see the Company's 2016 annual report for further information on this matter.

Basis for preparation

The Statements for the three months ended 31 March 2017 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 2016, 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 2016. None of the new accounting standards or amendments that came into effect in Q1 2017 had a significant effect on the Statements.

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 Q1 2017, same as in Q4 2016.

Information about major customers

The Group had two customers contributing with more than 10 per cent of the Group's freight income in Q1 2017.

Note 3 - Share capital

The number of issued shares was 67,788,874 at 31 March 2017. There were no changes in shares issued in Q1 2017. 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 - 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 2.7 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

Related party	Q1		Q4
	2017	2016	2016
Awilco Technical Services AS	168	126	669
Awilhelmsen Management AS	78	76	311
Astrup Fearnley Group	-	-	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 in 2016 were included in Voyage related expense (KUSD 4) and Impairment of vessels (KUSD 316).

Note 5 - Events after the balance sheet date

There were no material events after the balance sheet date.