



## THIRD QUARTER 2018 RESULTS

### Highlights third quarter

- The Awilco LNG Group (Awilco LNG or the Group) reported net freight income of MUSD 7.4 (MUSD 4.6 in Q2 2018) and EBITDA of MUSD 3.8 (MUSD 1.9 in Q2 2018)
- Vessel utilisation of 70 % compared to 71 % in Q2 2018 (excluding off-hire from scheduled dry-docking)
- WilForce completed scheduled dry-docking in mid-August 2018 at a total cost of MUSD 3.3 and incurring 21 offhire days, on time and budget
- On 15 September 2018 WilForce was delivered on a 9-12 month time charter contract to an oil and gas major. The vessel is expected to contribute an annualised EBITDA of about MUSD 26 during the charter period

### Subsequent events

- WilPride is en route to yard for dry-docking, budgeted at MUSD 3.3 and 20 offhire days. Due to the current firm market the planned upgrades to reduce boil-off leading to additional off-hire will be postponed

### Key financial figures

USD million	Q3'18	Q2'18	Q1'18	2017
Freight income	8.6	6.4	13.8	20.4
Voyage related expenses	1.3	1.8	1.4	6.9
EBITDA	3.8	1.9	9.5	1.7
Net profit/(loss)	(4.8)	(6.5)	1.0	(31.8)
Total assets	398.3	392.2	398.3	399.6
Total equity	116.8	121.5	128.0	127.0
Interest bearing debt	267.3	268.2	269.0	268.9
Cash and cash equivalents	24.3	26.5	30.1	29.0
Book equity ratio	29 %	31 %	32 %	32 %

## **FINANCIAL REVIEW**

### *Income statement third quarter 2018*

Freight income for the quarter was MUSD 8.6, up from MUSD 6.4 in Q2 2018 due to improving market fundamentals, offset by 21 offhire days in connection with the 5-year survey and dry-docking of WilForce. Fleet utilisation for the quarter ended at 70 %, compared to 71 % in the previous quarter (excluding scheduled off-hire). Voyage related expenses amounted to MUSD 1.3, compared to MUSD 1.8 in Q2 2018.

Operating expenses were MUSD 6.7 in the quarter compared to MUSD 2.0 in Q2, including a MUSD 4.5 provision for repair of damage to the WilForce. In early September 2018 damage was incurred to certain non-critical machinery equipment on the WilForce, and a MUSD 4.5 non-cash provision has been recognised in the quarter. The repair costs are confirmed to be recoverable towards the vessel's H&M insurance, less a deductible, and an insurance claim of MUSD 4.0 has been recognised in Q3 2018 as other income. Yard repairs are expected to take place in the second half of 2019. Certain upgrades planned for WilPride during dry-docking in Q4 2018 will instead be carried out on WilForce concurrent with planned repairs in 2019, in order to reduce the overall number of off-hire days.

Administration expenses were MUSD 0.8 in Q3 compared to MUSD 0.7 in Q2 2018. EBITDA for the quarter was MUSD 3.8 (MUSD 1.9 Q2 2018). Depreciation for the quarter was MUSD 3.3, same as in Q2 2018.

Net financial items were MUSD (5.3) compared to MUSD (5.2). Interest expenses on the WilForce and WilPride financial leases amounted to MUSD 5.4, same as in the previous quarter.

Loss for the period was MUSD 4.8, compared to MUSD 6.5 in Q2 2018.

### *Statement of financial position*

Book value of vessels was MUSD 360.9 as at 30 September 2018 (MUSD 360.6 Q2 2018). The increase reflected capitalisation of dry-docking of WilForce during the quarter, offset by ordinary depreciation.

Total current assets were MUSD 37.4 as at 30 September 2018 (MUSD 31.6 Q2 2018), including the abovementioned insurance claim of MUSD 4.0 and cash and cash equivalents MUSD 24.3 (MUSD 26.5 Q2 2018).

Total equity as at 30 September 2018 was MUSD 116.8 (MUSD 121.5 Q2 2018).

Total current liabilities were MUSD 20.7 as at 30 September 2018 (MUSD 7.6 Q2 2018), of which MUSD 4.7 was deferred revenue relating to Q4 2018 invoiced in Q3 and MUSD 4.5 provision for repairs of WilForce. MUSD 6.4 of the current liabilities relates to the short-term portion of the WilForce and WilPride financial leases (MUSD 5.1 as at 30 June 2018).

Total non-current liabilities were MUSD 260.9 as at 30 September 2018 (MUSD 263.0 Q2 2018), of which the long-term portion of the WilForce and WilPride financial leases was MUSD 258.6 (MUSD 260.7 Q2 2018). Total deferred bareboat hire towards the financial leases was MUSD 17.0 as at 30 September 2018 (MUSD 14.1 Q2 2018).

## **MARKET UPDATE**

Increasing demand for gas in Asia coupled with higher oil price and rising electricity prices in Europe pushed NBP and FE gas prices to levels not seen in a third quarter since 2014. Far East gas price increased from USD 10.4/MMBTU at the start of Q3 to USD 11.4/MMBTU at the end of the quarter. UK NBP started Q3 at USD 7.2/MMBTU and closed at USD 9.6/MMBTU, while US Henry Hub opened and closed at USD 2.9/MMBTU.

According to Fearnleys LNG headline day rates started the quarter at USD 85,000 and 70,000 West and East of Suez respectively. Rates moved marginally down in July and early August before gradually, and in spite of the closing gas price differential, firming towards the current all-time high rates of USD 175,000 per day. The 3<sup>rd</sup> quarter ended with day rates quoted at USD 100,000 in the West and USD 90,000 in the East.

LNG trade is estimated to have increased by 6 % in the first nine months of 2018 compared to 2017. LNG imports to China increased by about 45 % in the period, and China is now the world's largest importer of gas, having surpassed Japan in Q3 2018. Imports to South Korea increased by 17 % and India 12 %. LNG imports to Japan were unchanged compared to same period last year.

Yamal LNG T2 (5.5 MTPA) started production in August, six months ahead of schedule, and in early October Ichthys (8.9 MTPA) loaded its first cargo. Prelude FLNG (3.8 MTPA), Yamal LNG T3 (5.5 MTPA), Corpus Christi T1 (4.5 MTPA), Elba Island (2.5 MTPA) and Sabine Pass T5 (4.5 MTPA) are all expected to start up before year end. A total of 47 MTPA of new LNG production capacity is expected to commence production in 2018, followed by 22 MTPA in 2019 and a total of 22 MTPA in 2020 and 2021. In October 2018, FID was announced on LNG Canada (14 MTPA) with expected start up in 2024, the second liquefaction FID in 2018. According to industry analysts new LNG production plants with total potential production capacity of over 380 MTPA are in various stages of planning.

38 LNG carriers were delivered in the first nine months of 2018, and a further 13 vessels are scheduled for delivery in the remainder of 2018, marking 2018 as a record year for newbuild deliveries.

42 newbuilding orders have been placed year to date of which about 27 are assumed speculative. According to shipbrokers the current orderbook for LNG vessels above 100,000 cbm (excl. FSRU and FLNG) is 93 vessels, of which 37 are potentially available for contract. Although the orderbook represents almost 20 % of the fleet, market analysts expect the 91 MTPA of new LNG production scheduled to start up from 2018 to 2021 to require more vessels than the current available tonnage and orderbook during periods of high ton-mile demand.

## **ORGANISATION**

The principal activity of Awilco LNG ASA and its subsidiaries is to invest in and operate LNG transportation vessels. Technical and commercial management of the fleet is performed from the Group's office in Oslo, Norway. The Group has 7 employees. In addition, 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 6 for further details.

## **VESSEL CONTRACT STATUS**

WilPride is scheduled for dry-docking expected to be completed early December 2018, and is being marketed in the spot/short term market.

WilForce was delivered 15 September 2018 on a 9-12 month time charter contract to an oil and gas major.

## **OUTLOOK**

Despite newbuild deliveries at an all-time high and a closed West – East arbitrage, spot market rates are presently at an all-time high. Heading into the winter season, with further LNG production coming on stream, activity may increase, and although there is always some uncertainty, Owners with available vessels have high expectations for the near future.

In the medium-term, a total of 91 MTPA of new LNG production capacity is expected to start up in 2018 to 2021. Close to 50 MTPA of the new production is out of the US, which is expected to increase average sailing distances, and combined with orderbook visibility until 2021 the medium-term outlook for LNG shipping is promising. However, periods of volatility and seasonality should be expected.

In the longer term recent liquefaction FIDs are promising, and to meet the growing demand for gas, estimated at twice the growth rate of the total global energy demand according to Shell Energy Outlook, several new LNG production plants are expected to be sanctioned in the next 6-12 months.

Awilco LNG has one vessel on contract until June / September 2019 and one vessel trading in the spot market and is well positioned in this exiting market.

Oslo, 14 November 2018

**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

*In USD thousands, except per share figures*

		Q3 2018	Q2 2018	Q3 2017	1.1 - 30.9 2018	1.1 - 30.9 2017
	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Freight income	2	8 602	6 435	5 723	28 844	10 804
Voyage related expenses	6	1 252	1 806	1 349	4 409	4 597
<b>Net freight income</b>		<b>7 350</b>	<b>4 629</b>	<b>4 374</b>	<b>24 435</b>	<b>6 207</b>
Other income	4	4 000	-	-	4 000	-
Operating expenses		2 216	1 982	2 222	6 131	6 003
Provision for repair of vessel damage	4	4 500	-	-	4 500	-
Administration expenses	6	793	703	940	2 503	2 721
<b>Earnings before interest, taxes, depr. and amort. (EBITDA)</b>		<b>3 841</b>	<b>1 944</b>	<b>1 212</b>	<b>15 301</b>	<b>(2 517)</b>
Depreciation and amortisation		3 290	3 268	3 198	9 801	9 074
<b>Earnings before interest and taxes (EBIT)</b>		<b>551</b>	<b>(1 325)</b>	<b>(1 987)</b>	<b>5 500</b>	<b>(11 590)</b>
Finance income		125	239	740	587	1 002
Finance expenses		5 432	5 427	5 552	16 356	16 693
<b>Net finance income/(expense)</b>		<b>(5 307)</b>	<b>(5 188)</b>	<b>(4 811)</b>	<b>(15 769)</b>	<b>(15 690)</b>
<b>Profit/(loss) before taxes</b>		<b>(4 756)</b>	<b>(6 513)</b>	<b>(6 798)</b>	<b>(10 269)</b>	<b>(27 281)</b>
Income tax expense		-	-	-	-	-
<b>Profit/(loss) for the period</b>		<b>(4 756)</b>	<b>(6 513)</b>	<b>(6 798)</b>	<b>(10 269)</b>	<b>(27 281)</b>
Earnings per share in USD attributable to ordinary equity holders of Awilco LNG ASA:						
Basic, profit/(loss) for the period		(0.04)	(0.05)	(0.05)	(0.08)	(0.29)
Diluted, profit/(loss) for the period		(0.04)	(0.05)	(0.05)	(0.08)	(0.29)

## Interim Consolidated Statement of Comprehensive Income

Profit/(loss) for the period	(4 756)	(6 513)	(6 798)	(10 269)	(27 281)
<b>Other comprehensive income:</b>					
Other comprehensive income items	-	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>(4 756)</b>	<b>(6 513)</b>	<b>(6 798)</b>	<b>(10 269)</b>	<b>(27 281)</b>

## Interim Condensed Consolidated Statement of Financial Position

<i>In USD thousands</i>		<b>30.9.2018</b>	<b>30.6.2018</b>	<b>31.12.2017</b>	<b>30.9.2017</b>
	<b>Note</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(audited)</b>	<b>(unaudited)</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Vessels		360 892	360 623	363 917	366 271
Other fixed assets		12	12	12	13
<b>Total non-current assets</b>		<b>360 904</b>	<b>360 635</b>	<b>363 929</b>	<b>366 284</b>
<b>Current assets</b>					
Trade receivables		4 754	-	1 611	1 367
Inventory		663	1 923	2 335	1 918
Other short term assets	4	7 754	3 168	2 730	2 283
Cash and cash equivalents		24 250	26 476	28 979	30 366
<b>Total current assets</b>		<b>37 421</b>	<b>31 567</b>	<b>35 655</b>	<b>35 934</b>
<b>TOTAL ASSETS</b>		<b>398 325</b>	<b>392 203</b>	<b>399 584</b>	<b>402 218</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	3	49 407	49 407	49 407	49 407
Share premium	3	133 384	133 384	133 384	133 384
Other paid-in capital		18 157	18 157	18 157	18 157
Retained earnings		(84 190)	(79 434)	(73 921)	(69 399)
<b>Total equity</b>		<b>116 759</b>	<b>121 515</b>	<b>127 028</b>	<b>131 550</b>
<b>Non-current liabilities</b>					
Pension liabilities		322	304	263	252
Long-term interest bearing debt	5	258 552	260 745	263 907	264 928
Other non-current liabilities	5	2 000	2 000	2 000	2 000
<b>Total non-current liabilities</b>		<b>260 875</b>	<b>263 048</b>	<b>266 170</b>	<b>267 180</b>
<b>Current liabilities</b>					
Short-term interest bearing debt	5	6 376	5 124	2 682	1 450
Trade payables		3 414	1 556	240	1 171
Income tax payable		-	-	-	-
Provisions and accruals	4,7	10 901	959	3 464	867
<b>Total current liabilities</b>		<b>20 692</b>	<b>7 639</b>	<b>6 386</b>	<b>3 488</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>398 325</b>	<b>392 203</b>	<b>399 584</b>	<b>402 218</b>

## Interim Consolidated Statement of Changes in Equity

### For the period ended 30 September 2018

<i>In USD thousands</i>	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2018	49 407	133 384	18 157	(73 921)	127 028
Profit/(loss) for the period	-	-	-	(10 269)	(10 269)
Other comprehensive income for the period	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	(10 269)	(10 269)
<b>Balance as at 30 September 2018 (unaudited)</b>	<b>49 407</b>	<b>133 384</b>	<b>18 157</b>	<b>(84 190)</b>	<b>116 759</b>

### For the period ended 30 September 2017

<i>In USD thousands</i>	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 1 January 2017	48 420	126 463	-	(42 118)	132 764
Profit/(loss) for the period	-	-	-	(27 281)	(27 281)
Other comprehensive income for the period	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	(27 281)	(27 281)
Share capital reduction	(18 157)	-	18 157	-	-
Equity issue	19 145	7 658	-	-	26 803
Transaction costs equity issue	-	(736)	-	-	(736)
<b>Balance as at 30 September 2017 (unaudited)</b>	<b>49 407</b>	<b>133 384</b>	<b>18 157</b>	<b>(69 399)</b>	<b>131 550</b>

## Interim Condensed Consolidated Cash Flow Statement

<i>In USD thousands</i>	Q3 2018 (unaudited)	Q2 2018 (unaudited)	1.1 - 30.9 2018 (unaudited)	1.1 - 30.9 2017 (unaudited)
<b>Cash Flows from Operating Activities:</b>				
Profit/(loss) before taxes	(4 756)	(6 513)	(10 269)	(27 281)
Income taxes paid	-	-	-	-
Interest and borrowing costs expensed	5 402	5 388	16 161	16 613
<i>Items included in profit/(loss) not affecting cash flows:</i>				
Depreciation and amortisation	3 290	3 268	9 801	9 074
<i>Changes in operating assets and liabilities:</i>				
Trade receivables, inventory and other short term assets	(4 080)	1 323	(2 495)	(464)
Trade payables, provisions and accruals	5 562	1 202	4 472	(535)
<b>i) Net cash provided by / (used in) operating activities</b>	<b>5 420</b>	<b>4 669</b>	<b>17 670</b>	<b>(2 565)</b>
<b>Cash Flows from Investing Activities:</b>				
Investment in vessels / sale of vessels	(3 559)	(2 079)	(6 776)	(1 485)
Proceeds from sale of other fixed assets	-	-	-	43
<b>ii) Net cash provided by / (used in) investing activities</b>	<b>(3 559)</b>	<b>(2 079)</b>	<b>(6 776)</b>	<b>(1 442)</b>
<b>Cash Flows from Financing Activities:</b>				
Gross proceeds from equity issue	-	-	-	26 803
Transaction costs equity issue	-	-	-	(736)
Repayment of borrowings	(609)	(1 105)	(1 714)	(5 580)
Interest and borrowing costs paid	(3 478)	(5 059)	(13 910)	(16 161)
<b>iii) Net cash provided by / (used in) financing activities</b>	<b>(4 087)</b>	<b>(6 164)</b>	<b>(15 624)</b>	<b>4 325</b>
<b>Net change in cash and cash equivalents (i+ii+iii)</b>	<b>(2 226)</b>	<b>(3 574)</b>	<b>(4 729)</b>	<b>318</b>
Cash and cash equivalents at start of period	26 476	30 050	28 979	30 047
<b>Cash and cash equivalents at end of period</b>	<b>24 250</b>	<b>26 476</b>	<b>24 250</b>	<b>30 366</b>

## Notes to the Interim Condensed Consolidated Financial Statements

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

#### Corporate information

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

The interim consolidated financial statements (the Statements) of the Parent Company comprise the Parent 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 two modern TFDE LNG carriers.

#### Basis for preparation

The Statements for the three months ended 30 September 2018 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 2017, 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 2017, with the exception of two new IFRS standards implemented with effect from 1 January 2018:

- IFRS 15 Revenue from contracts with customers: Under this new standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard applies to all revenue contracts. The Group's revenue is generated by time charter contracts which contain both a lease element and a vessel management element (service agreement). Whereas accounting of the lease element is still to be governed by IAS 17 Leases, accounting of the vessel management element will be governed by IFRS 15. The vessel management element is assessed as a performance obligation that is satisfied over time, given that the customer simultaneously receives and consumes the benefits provided by the Group. This is analogue to the Group's previous revenue recognition policy of load-to-discharge basis, and the Group's revenue recognition is not impacted by implementation of IFRS 15 besides extended note disclosure requirements in the annual financial statements. Voyage expenses are expensed as incurred. The Group has used a modified retrospective method, and cumulative impact of the new standard (nil) has been recognised towards retained earnings as of 1 January 2018. Comparative figures have not been restated.

- IFRS 9 Financial instruments: The standard addresses the classification, measurement and recognition of financial assets and financial liabilities, and have replaced the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 introduces a single approach for the classification and measurement of financial assets according to their cash flow characteristics, and provides a new impairment model based on expected credit losses. The new standard has not had an impact on the measurement of financial assets and changes in equity. The Group has used a modified implementation method, and cumulative impact of the new standard (nil) has been recognised towards retained earnings as of 1 January 2018. Comparative figures have not been restated.

#### New and amended standards and interpretations

The following new standards have been issued and become effective in 2019 onwards:

IFRS 16 - Leases (2019): The Group has made a preliminary assessment of the effects of replacing IAS 17 with IFRS 16, and does not expect any material impact on the Group's financial position or performance.

### Note 2 - Segment information

#### Operating segments

The Group owns and operates two 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 as the vessels trade globally and revenue is not dependent on any specific country. Revenue from the Group's country of domicile, Norway, was NIL in Q3 2018, same as in Q2 2018.

#### Information about major customers

The Group had four customers contributing with more than 10 per cent of the Group's freight income in Q3 2018, at 17, 24, 25 and 34 % of total revenue, and four in Q2 2018 at 12, 26, 29 and 30 % of total revenue.



### **Note 3 - Share capital**

The number of issued shares was 132,548,611 as at 30 September 2018. There were no changes in shares issued in Q3 2018. The share capital is denominated in NOK, and the nominal value per share is NOK 2.5. All issued shares are of equal rights.

### **Note 4 - Significant events in the quarter**

WilForce completed scheduled dry-docking in mid-August 2018 at a total cost of MUSD 3.3 and incurring 21 offhire days, on time and budget.

On 15 September 2018 WilForce was delivered on a 9-12 month time charter contract to an oil and gas major. The vessel is expected to contribute an annualised EBITDA of about MUSD 26 during the charter period.

In early September 2018 damage was incurred to certain non-critical machinery equipment on the WilForce, and a MUSD 4.5 non-cash provision has been recognised in the quarter together with a corresponding insurance claim of MUSD 4.0. Repairs at yard are expected to be undertaken in second half of 2019, subsequent to redelivery from the current charter.

### **Note 5 - Financing**

Both vessels are financed by sale/leaseback agreements with Teekay LNG Partners L.P., which mature 31. December 2019. Awilco LNG has rolling repurchase options throughout the lease period and repurchase obligations at maturity.

The contractual bareboat hire per day is USD 49,100 per vessel. From July 2017 to March 2018, the bareboat hire payable was USD 28,500 per day, from April 2018 to March 2019 USD 33,500 per day, and from April 2019 to December 2019 USD 38,500 per day. The deferred amounts will become payable at maturity of the leases, or by way of a cash sweep mechanism measured on a quarterly basis. Net earnings in excess of cash break even levels, currently at approx USD 53,000 per day, is to be swept towards the outstanding deferred charter hire, subject to the Group retaining a minimum cash position after sweeping of approx. MUSD 31 prior to the scheduled 2018 dry-dockings and MUSD 23.5 thereafter. Deferred charter hire as of 30 September 2018 was MUSD 17 in total for both vessels (MUSD 14.1 as at 30 June 2018).

The purchase obligations at maturity of the lease agreements in December 2019 are MUSD 113.3 and MUSD 114.5 for WilForce and WilPride, respectively, in addition to the deferred hire.

According to the amended lease agreements a fee of MUSD 2 is payable to the lessor. The fee is payable either following voluntary prepayment of all, or parts, of the deferred amounts or by repurchase of the vessels. The fee has been capitalised as cost price of the vessels and depreciated over the term of the lease, and presented as other non-current liabilities until paid.

Until Teekay LNG and the Group agrees to not defer any bareboat hire, the Parent Company is not entitled to pay dividends to its shareholders.

## Note 6 - 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 2.0 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 Parent 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	Q3	Q2	1.1 - 30.9	1.1 - 30.9
	2018	2018	2018	2017
Awilco Technical Services AS	143	148	453	520
Awilhelmsen Management AS	59	61	185	242
Astrup Fearnley Group	21	-	67	-

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 expenses.

## Note 7 - Provisions and accruals

Provisions and accruals as at 30 September 2018 were MUSD 10.9 (MUSD 1.0 as at 30 June 2018), of which deferred revenue was MUSD 4.7 (NIL as at 30 June 2018), and provisions for repair of WilForce MUSD 4.5 (NIL 30 June 2018).

## Note 8 - Events after the balance sheet date

WilPride is en route to yard for dry-docking, budgeted at MUSD 3.3 and 20 offhire days. Due to the current firm market the planned upgrades to reduce boil-off leading to additional off-hire will be postponed and instead be carried out on WilForce concurrent with planned repairs in 2019.

## Appendix 1

### ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures (APMs), ie financial performance measures not within the applicable financial reporting framework, are used by Awilco LNG to provide supplemental information. Financial APMs are intended to enhance comparability of the results and cash flows from period to period, and it is Awilco LNG's experience that these are frequently used by analysts and investors.

These measures are adjusted IFRS measures defined, calculated and used consistently. Operational measures such as, but not limited to, volumes, utilisation and prices per MMBTU are not defined as financial APMs. Financial APMs should not be considered as a substitute for measures of performance in accordance with IFRS. Disclosures of APMs are subject to established internal control procedures.

Awilco LNG's financial APMs:

- Net freight income\*: freight income – voyage related expenses
- EBIT: Net freight income - operating expenses - administration expenses - depreciation and amortisation - impairments
- EBITDA: EBIT + depreciation and amortisation + impairments
- Interest bearing debt: long-term interest bearing debt + short-term interest bearing debt + pension liabilities + other non-current liabilities
- Book equity ratio: Total equity divided by total assets

\*When vessels operate in the spot market, freight income includes bunkers compensation and the fuel element of ballast bonuses, whereas voyage related expenses include the corresponding costs of bunkers compensation, and unless the vessels are fixed back to back also repositioning costs. The APM net freight income adjusts for this grossing up, and provides for improved comparability of the Group's performance between periods.