



## THIRD QUARTER 2014 RESULTS

### Highlights third quarter

- Awilco LNG ASA (Awilco LNG or the Company) reported freight income of MUS\$ 20.8 (MUS\$ 19.9 in Q2 2014) and an EBITDA of MUS\$ 10.9 (same as in Q2 2014).
- WilGas completed scheduled dry-dock in mid-July at a total capital expenditure of MUS\$ 7.0.
- WilEnergy redelivered from charter in mid-September.
- Vessel utilisation of 95 % (trading vessels, excluding off-hire from scheduled dry-docking), compared to 94 % in Q2 2014.

### Subsequent events

- WilGas redelivered from charterer Petrobras in mid-October, and subsequently fixed for a short charter employing her for the balance of 2014.

### Key financial figures

USD million	Q3'14	Q2'14	Q1'14	2013
Freight income	20.8	19.9	20.2	54.7
Voyage related expenses	3.5	2.7	2.5	12.8
EBITDA	10.9	10.9	10.7	16.6
Net profit/(loss)	(0.3)	0.2	0.0	1.2
Total assets	504.4	505.9	510.8	513.6
Total equity	194.4	194.7	194.5	194.5
Interest bearing debt	300.0	302.8	305.4	308.0
Cash and cash equivalents	21.5	23.8	22.5	18.2
Book equity ratio	39 %	38 %	38 %	38 %

## FINANCIAL REVIEW

### *Income statement third quarter 2014*

Freight income for the quarter was MUSD 20.8, up from MUSD 19.9 in the previous quarter. The increase was due to increased utilisation of WilPride, less off-hire in connection with the dry-docking of WilGas than in the previous quarter, partly offset by reduced earnings on WilEnergy. Fleet utilisation for the quarter ended at 86 % (trading vessels, including dry-docking), compared to 84 % in Q2 2014. Excluding dry-dock, fleet utilisation for the quarter ended at 95 %, compared to 94 % in Q2 2014. Voyage related expenses were MUSD 3.5 (MUSD 2.7 Q2 2014). The increase in voyage related expenses compared to last quarter was mainly due to repositioning and cool down of WilGas after the scheduled dry-dock.

Operating expenses were MUSD 5.0 (MUSD 4.8 Q2 2014). The increase from last quarter was mainly due to natural fluctuations in timing of expenses. Administration expenses for the quarter were MUSD 1.4, same as in Q2 2014. EBITDA for the quarter was MUSD 10.9, same as in Q2 2014. Depreciation for the quarter was recorded at MUSD 4.8, up from MUSD 4.4 in Q2 2014. The increased depreciation in the quarter was due to depreciation of dry-docking of WilGas after completion in mid-July.

Net finance income/(expense) was MUSD (6.4) (MUSD 6.3 in Q2 2014). Interest expenses on the WilForce and WilPride financial leases amounted to MUSD 6.3, same as in Q2 2014.

Loss before tax and for the period was MUSD 0.3, compared to a profit of MUSD 0.2 in Q2 2014.

### *Statement of financial position*

Book value of vessels was MUSD 471.8 as at 30 September 2014 (MUSD 470.9 30 June 2014). The increase reflects capitalization of the WilGas dry-docking, offset by ordinary depreciation during the quarter. WilGas completed dry-docking in mid-July 2014 at a total capital expenditure of MUSD 7.0.

Total current assets were MUSD 32.3 as at 30 September 2014, compared to MUSD 34.7 as at 30 June 2014. Cash and cash equivalents were MUSD 21.5 at end of Q3 (MUSD 23.8 Q2 2014), trade receivables MUSD 3.0 (MUSD 3.9 Q2 2014), inventory MUSD 4.0 (MUSD 2.9 Q2 2014) and other short term assets MUSD 3.9 (MUSD 4.2 Q2 2014). MUSD 3.0 of other short term assets reflects prepayment of WilForce and WilPride monthly lease payments, same as in Q2 2014.

Total equity as at 30 September 2014 was MUSD 194.4.

Total current liabilities were MUSD 21.2 as at 30 September 2014, compared to MUSD 19.5 as at 30 June 2014. MUSD 11.5 of the current liabilities relates to the short term portion of the WilForce and WilPride financial leases (MUSD 11.2 as at 30 June 2014).

## **MARKET UPDATE**

Far East LNG prices and spot LNG freight rates stopped the declining trend during Q3. The Far East LNG price hit a low in the end of July at USD 10.5/MMBTU and subsequently increased to USD 14.7/MMBTU by mid-September. As the arbitrage increased, activity in both the spot and mid-term LNG shipping markets picked up. Spot rates for TFDE LNG carriers were reported at USD 63,000 per day at the start of the quarter and ended at about USD 68,000 per day.

Both Japan and China continued its LNG import increase and were up 6.3% and 5.6 % respectively year-on-year in the quarter. For the first 9 months China has increased LNG imports by 14.3 %, and is set for continued increase with two new import terminals planned for start-up during the winter of 2015.

On the supply side the ramp up from the new liquefaction terminal in Papua New Guinea (PNG) has been both stronger and faster than anticipated. There are two further scheduled start-up of liquefaction plants in 2014; Arzew in November and Queensland Curtis in December. Queensland Curtis will be the first of seven new Australian liquefaction plants currently under construction bringing Australian exports from the current 24.4 MTPA to 83 MTPA by 2017.

According to market analysts there is currently about 130 MTPA of new LNG production capacity under construction with expected startup over the next 4 years, including 40 MTPA of US exports. In total approved export to non-FTA countries from the US is currently about 79 MTPA, and market analysts expect this number to increase going forward.

Newbuilding activity continued to increase during the quarter, and 20 new orders are reportedly placed. In addition there are a number of orders in the process of being confirmed. Shipbuilding capacity at the three big Korean LNG builders is being filled for 2017 and 2018. According to shipbrokers the total orderbook for LNG vessels above 100,000 cbm (excl. FSRU), as of end October 2014, is reported at 122 of which 21 are available for contract. By end October 2014 26 newbuildings (excl. FSRU) have been delivered and 5 vessels are scheduled for delivery for the remaining of 2014. 30 vessels are scheduled for delivery in 2015 of which only 8 are available for contract. Some deliveries can be expected to be delayed for various reasons

## **ORGANISATION**

Awilco LNG ASA was established in February 2011. The principal activity of Awilco LNG ASA and its subsidiaries is to invest in and operate LNG transportation vessels. The three 2nd generation vessels were delivered to the Company during first half 2011, and the two TFDE vessels WilForce and WilPride were delivered in Q3 and Q4 2013. The Group handles the commercial and technical operation of the vessels from its main office in Oslo, and currently has 10 employees. Awilco LNG purchases certain administrative and sub-management technical services from two companies in the Awilhelmsen Group; Awilhelmsen Management AS and Wilhelmssen Marine Services AS, see note 5 in the interim condensed consolidated financial statements for further details.

## **VESSEL CONTRACT STATUS**

### *TFDE vessels*

WilForce: commenced a three year charter with a one year option in charterer's favour to an oil and gas major on 24 January 2014.

WilPride: is trading in the spot market.

## 2nd generation vessels

**WilGas:** was redelivered from charterer Petrobras in mid-October, and was subsequently fixed for a short charter employing her for the balance of 2014.

**WilEnergy:** was redelivered from charter in mid-September and is being marketed in the spot market.

**WilPower:** is in lay-up and marketed for primarily project work.

## Contract overview

	2014	2015
WilEnergy	On charter	DD Available
WilGas	On charter DD On charter	Available
WilPride	On charter	Available
WilForce	On charter	On charter
WilPower	Lay-up - Marketed for project work	Lay-up - Marketed for project work

## OUTLOOK

Although we have seen an increase in activity in Q3, the short term markets for LNG carriers is expected to remain challenging and volatile for the remaining part of 2014 and into 2015 as several newbuildings are scheduled for delivery. The market for older tonnage is more affected by the increased fleet than the modern, more efficient tonnage. It is expected that the phasing out of older tonnage will increase due to the soft market. Rates and utilisation are expected to improve when significant new LNG production comes online.

Oslo, 20 November 2014

**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 2014	Q2 2014	Q3 2013	1.1 - 30.9 2014	1.1 - 30.9 2013
	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Freight income	2	20 782	19 856	9 151	60 805	33 368
Voyage related expenses	5	3 490	2 701	2 586	8 712	7 332
<b>Net freight income</b>		<b>17 292</b>	<b>17 155</b>	<b>6 565</b>	<b>52 093</b>	<b>26 036</b>
Operating expenses		5 030	4 817	4 463	15 463	13 235
Administration expenses	5	1 392	1 455	1 716	4 134	4 280
<b>Earnings before interest, taxes, depr. and amort. (EBITDA)</b>		<b>10 870</b>	<b>10 882</b>	<b>386</b>	<b>32 496</b>	<b>8 521</b>
Depreciation and amortisation		4 770	4 442	2 222	13 653	6 152
<b>Earnings before interest and taxes</b>		<b>6 100</b>	<b>6 440</b>	<b>(1 836)</b>	<b>18 843</b>	<b>2 369</b>
Finance income		11	30	16	82	149
Finance expenses		6 364	6 290	633	18 987	1 195
<b>Net finance income/(expense)</b>		<b>(6 353)</b>	<b>(6 260)</b>	<b>(617)</b>	<b>(18 905)</b>	<b>(1 046)</b>
<b>Profit/(loss) before taxes</b>		<b>(254)</b>	<b>180</b>	<b>(2 453)</b>	<b>(61)</b>	<b>1 323</b>
Income tax expense		-	-	3	-	100
<b>Profit/(loss) for the period</b>		<b>(254)</b>	<b>180</b>	<b>(2 450)</b>	<b>(61)</b>	<b>1 423</b>
Earnings per share in USD attributable to ordinary equity holders of Awilco LNG ASA:						
Basic, profit/(loss) for the period		0.00	0.00	(0.04)	0.00	0.02
Diluted, profit/(loss) for the period		0.00	0.00	(0.04)	0.00	0.02

## Interim Consolidated Statement of Comprehensive Income

Profit/(loss) for the period	(254)	180	(2 450)	(61)	1 423
<b>Other comprehensive income:</b>					
Other comprehensive income items	-	-	-	-	-
<b>Total comprehensive income/(loss) for the period</b>	<b>(254)</b>	<b>180</b>	<b>(2 450)</b>	<b>(61)</b>	<b>1 423</b>

## Interim Condensed Consolidated Statement of Financial Position

<i>In USD thousands</i>		<b>30.9.2014</b>	<b>30.6.2014</b>	<b>31.12.2013</b>	<b>30.09.2013</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	4	471 753	470 888	478 705	275 751
Vessels under construction		-	-	-	63 053
Other fixed assets		314	330	361	377
<b>Total non-current assets</b>		<b>472 067</b>	<b>471 218</b>	<b>479 066</b>	<b>339 181</b>
<b>Current assets</b>					
Trade receivables		2 976	3 889	3 715	2 472
Inventory		3 939	2 861	4 316	4 834
Other short term assets		3 887	4 203	8 247	2 280
Cash and cash equivalents		21 491	23 754	18 244	10 420
<b>Total current assets</b>		<b>32 293</b>	<b>34 707</b>	<b>34 522</b>	<b>20 007</b>
<b>TOTAL ASSETS</b>		<b>504 360</b>	<b>505 925</b>	<b>513 588</b>	<b>359 187</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	3	48 420	48 420	48 420	48 420
Share premium		126 463	126 463	126 463	126 463
Retained earnings		19 558	19 811	19 620	19 871
<b>Total equity</b>		<b>194 440</b>	<b>194 694</b>	<b>194 502</b>	<b>194 753</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		-	-	-	8
Pension liabilities		168	152	105	96
Long-term interest bearing debt		288 598	291 577	297 256	149 479
<b>Total non-current liabilities</b>		<b>288 766</b>	<b>291 729</b>	<b>297 361</b>	<b>149 583</b>
<b>Current liabilities</b>					
Short-term interest bearing debt		11 457	11 219	10 765	5 314
Trade payables		2 221	1 008	3 507	1 254
Income tax payable		-	-	4	66
Provisions and accruals	6	7 478	7 277	7 449	8 218
<b>Total current liabilities</b>		<b>21 155</b>	<b>19 503</b>	<b>21 725</b>	<b>14 851</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>504 360</b>	<b>505 925</b>	<b>513 588</b>	<b>359 187</b>

## Interim Consolidated Statement of Changes in Equity

### For the period ended 30 September 2014

<i>In USD thousands</i>	Share capital	Share premium	Retained earnings	Total equity
Equity at 1 January 2014	48 420	126 463	19 620	194 502
Profit/(loss) for the period	-	-	(61)	(61)
Other comprehensive income for the period	-	-	-	-
<i>Total comprehensive income</i>	-	-	(61)	(61)
<b>Balance as at 30 September 2014 (unaudited)</b>	<b>48 420</b>	<b>126 463</b>	<b>19 558</b>	<b>194 440</b>

### For the period ended 30 September 2013

<i>In USD thousands</i>	Share capital	Share premium	Retained earnings	Total equity
Equity at 1 January 2013	48 420	126 463	18 448	193 330
Profit/(loss) for the period	-	-	1 423	1 423
Other comprehensive income for the period	-	-	-	-
<i>Total comprehensive income</i>	-	-	1 423	1 423
<b>Balance as at 30 September 2013 (unaudited)</b>	<b>48 420</b>	<b>126 463</b>	<b>19 871</b>	<b>194 753</b>

## Interim Condensed Consolidated Cash Flow Statement

<i>In USD thousands</i>	Q3 2014 (unaudited)	Q2 2014 (unaudited)	1.1 - 30.9 2014 (unaudited)	1.1 - 30.9 2013 (unaudited)
<b>Cash Flows from Operating Activities:</b>				
Profit/(loss) before taxes	(254)	180	(61)	1 323
Income taxes paid	-	(31)	(62)	-
Interest and borrowing costs expensed	6 294	6 290	18 888	1 099
<i>Items included in profit/(loss) not affecting cash flows:</i>				
Depreciation and amortisation	4 770	4 442	13 653	6 152
<i>Changes in operating assets and liabilities:</i>				
Trade receivables, inventory and other short term assets	52	2 965	5 476	(477)
Trade payables, provisions and accruals	1 528	(2 559)	(634)	(2 052)
<b>i) Net cash provided by / (used in) operating activities</b>	<b>12 390</b>	<b>11 288</b>	<b>37 260</b>	<b>6 045</b>
<b>Cash Flows from Investing Activities:</b>				
Investment in vessels	(5 618)	(1 033)	(6 651)	(1 044)
Investment in vessels under construction	-	-	(505)	(147 531)
Investment in other fixed assets	-	-	(2)	(157)
<b>ii) Net cash provided by / (used in) investing activities</b>	<b>(5 618)</b>	<b>(1 033)</b>	<b>(7 158)</b>	<b>(148 733)</b>
<b>Cash Flows from Financing Activities:</b>				
Proceeds from borrowings	-	-	-	157 092
Repayment of borrowings	(2 761)	(2 702)	(8 023)	(4 366)
Interest and borrowing costs paid	(6 274)	(6 340)	(18 832)	(2 186)
<b>iii) Net cash provided by / (used in) financing activities</b>	<b>(9 035)</b>	<b>(9 043)</b>	<b>(26 854)</b>	<b>150 540</b>
<b>Net change in cash and cash equivalents (i+ii+iii)</b>	<b>(2 263)</b>	<b>1 212</b>	<b>3 248</b>	<b>7 852</b>
Cash and cash equivalents at start of period	23 754	22 542	18 244	2 569
<b>Cash and cash equivalents at end of period</b>	<b>21 491</b>	<b>23 754</b>	<b>21 491</b>	<b>10 420</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 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 five LNG carriers.

#### **Basis for preparation**

The Statements for the three months ended 30 September 2014 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 2013, 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 2013, except for the adoption of new standards, amendments and interpretations effective and adopted as of 1 January 2014. IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosures of Interests in Other Entities have been implemented as of 1 January 2014, as described in the annual consolidated financial statements for 2013. The implementation of the new standards have not had any effect on the Group's financial position or performance.

### **Note 2 - Segment information**

#### **Operating segments**

The Group currently owns and operates five 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 2014, same as in Q2 2014.

#### **Information about major customers**

The Group had three customers each contributing with more than 10 per cent of the Group's freight income in Q3 2014, the contribution from each customer varying between 12 and 44 per cent of total freight income.

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

The number of issued shares was 67,788,874 at 30 September 2014. There were no changes in shares issued in Q3 2014. 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**

#### **Contract status**

WilEnergy was redelivered from charter in mid-September.

#### **WilGas dry-docking**

WilGas completed scheduled dry-docking in mid-July at a total capital expenditure of MUSD 7.0, of which MUSD 0.4 was capitalised as dry-docking in 2013, MUSD 1.1 in Q2 2014 and MUSD 5.5 in Q3 2014. The dry-docking is depreciated linearly over 2.5 years.



## Note 5 - Related party transactions

### Agreements

Related party	Description of service	Note
Wilhelmsen Marine Services AS (WMS)	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 WMS, whereby WMS 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 WMS a management fee based on WMS' costs plus a margin of 7 %, cost being time accrued for the sub-manager's employees involved. 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. WMS 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 4.0 in yearly management fee (approx. MUSD 0.7) 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	Q3	1.1 - 30.9	1.1 - 30.9
Related party	2014	2013	2014	2013
Wilhelmsen Marine Services AS	205	1 000	622	2 814
Awilhelmsen Management AS	173	168	538	510
Astrup Fearnley Group	63	91	221	332

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 6 - Provisions and accruals

Provisions and accruals as at 30 September 2014 were MUSD 7.5 (MUSD 7.3 30 September 2014), of which deferred revenue was MUSD 4.7 (MUSD 3.5 30 September 2014).

## Note 7 - Events after the balance sheet date

WilGas was redelivered from charterer Petrobras in mid-October, and was subsequently fixed for a short charter employing her for the balance of 2014.