# Investor Presentation


June 2011

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# Transaction summary

## Offering details

- Use of proceeds: Partly finance two FSRUs to be constructed at Hyundai HI
- Offering size: NOK 810 – 945 million (approx. USD 150 – 175 million)
- Offering structure:
  - Offering to international institutional investors outside the U.S. in reliance on Regulation S and in the U.S. in reliance on Rule 144A
  - Retail offering in Norway
- New shares to be issued: approx. 15 – 25 million
  - Shares outstanding pre-issue: 28,214,127
- Price range per share: NOK 38 – 54 (approx. USD 7 – 10)
  - Pre-money valuation: NOK 1,070 – 1,521 million (approx. USD 198 – 282 million)
- Over-allotment option:
  - Up to 10% of the issue amount
- Participation from majority shareholder:
  - Leif Höegh & Co Ltd. will subscribe for up to USD 20 million to maintain a minimum ownership of 55% post IPO
- Joint-Lead Managers and Bookrunners:
  - DnB NOR Markets (Global Coordinator)
  - ABG Sundal Collier
  - Pareto Securities
- Co-Managers: Danske Bank and Nordea Markets

## Time table and key conditions

- Application period:
  - Institutional: 14 Jun 2011 at 09:00 CET – 24 Jun 2011 at 17:30 CET
  - Retail: 14 Jun 2011 at 09:00 CET – 24 Jun 2011 at 12:00 CET
  - Application period may be closed or extended at any time
- Pricing and allocation announced on or about 27 Jun 2011
  - Payment and delivery of shares: On or about 29 Jun 2011
  - List and start of trading on Oslo Børs, alternatively Oslo Axess: On or about 30 Jun 2011
- Allocation criteria institutional offering:
  - Management road-show participation and feedback
  - Timeliness of the application
  - Price leadership and relative order size
  - Sector knowledge and investment horizon
  - Perceived investor quality
- Documentation:
  - Prospectus
  - Investor Presentation
  - Term Sheet
- Conditions:
  - Company resolution on the final issue price, the number of new shares to be issued, the allocation of the new shares and approval by the Board of Directors of the Oslo Stock Exchange

# Presentation team

## Management

Sveinung Støhle
President & CEO

Steffen Føreid
CFO

## Owners

Morten W. Høegh
Chairman

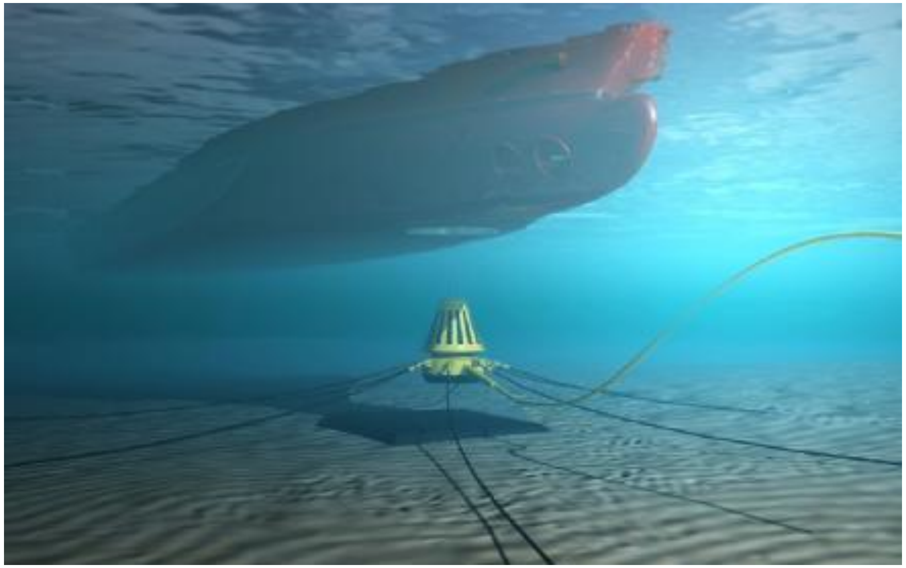
Leif O. Høegh
Deputy Chairman

# Agenda

**Investment highlights**

Appendix

1. Company overview
2. Financials
3. LNG industry



# Investment highlights overview

1. Experienced LNG player with unique in-house technical competence and proven track record
2. LNG – a clean, cheap and rapidly growing source of energy
3. FSRU is a quick, cheap and flexible alternative to meet growing regas demand
4. Ideally positioned with FSRU newbuildings with favourable prices and delivery dates
5. Strong and stable cash flows from existing business
6. Strong and committed sponsor – USD 100m invested in project development to date

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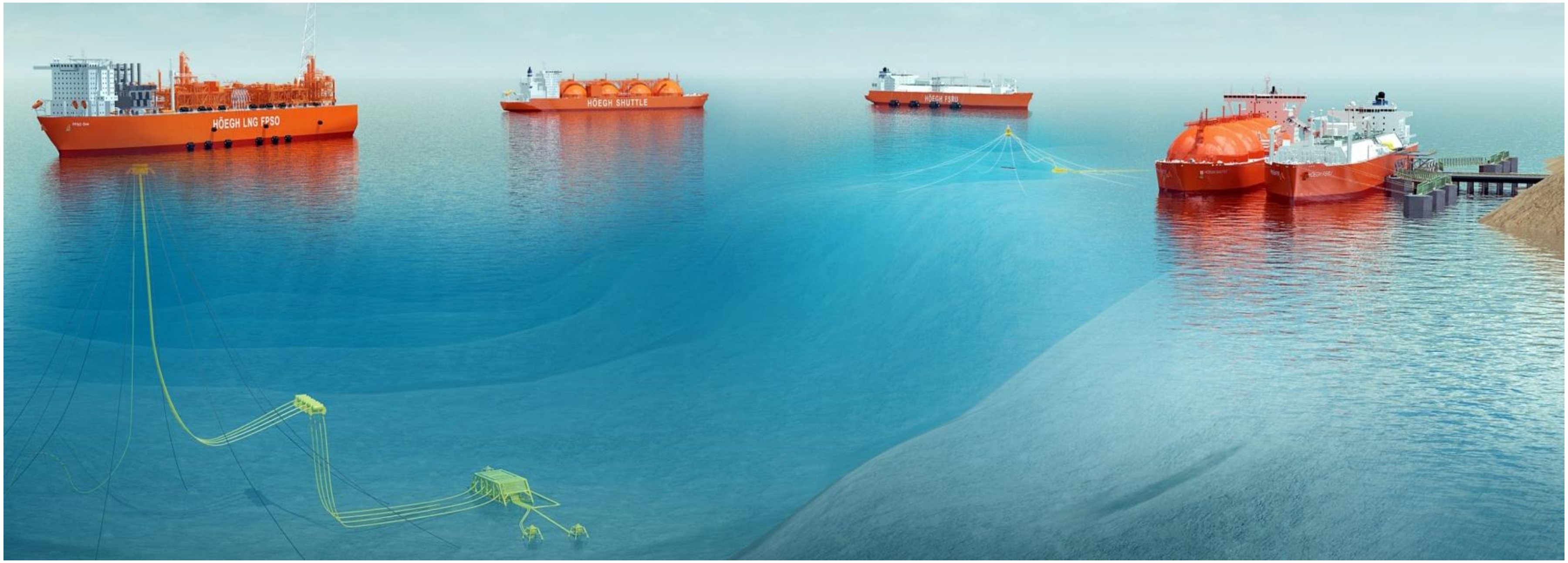
# Höegh LNG: Floating LNG services

| Exploration | Production | Transportation | Re-gasification | Distribution |
| --- | --- | --- | --- | --- |

| LNG FPSO (FLNG) | Shipping | SRV | FSRU |
| --- | --- | --- | --- |



# Our business activities

1

## LNG transportation | Floating regas | Business development

### LNGC

- 5 LNG vessels in operation

### SRV

- 2 Shuttle and Regasification Vessels (SRV) in operation


### FSRU

- 2 Floating Storage and Regasification Units (FSRU) newbuildings secured at HHI
- Option for 1+1+2 additional units

### Floating regas

- Port Meridian (UK) and Port Dolphin (US), both with Governmental approval and planning consent
- Project pipeline of 30-40 projects

### LNG FPSO (FLNG)

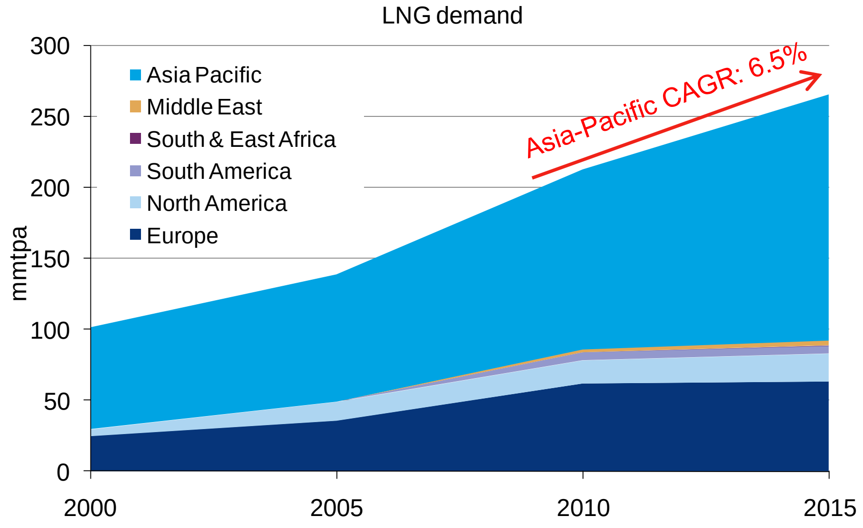
- Proprietary FLNG design
- Principle agreements in place for FLNG project in Papua New Guinea
- Shell/Prelude the game changer in FLNG


- Pioneer in LNG transportation with more than 40 years experience
- Fully integrated activities with in-house technical and commercial management
- About 70 employees and approx. 350 seafarers world wide

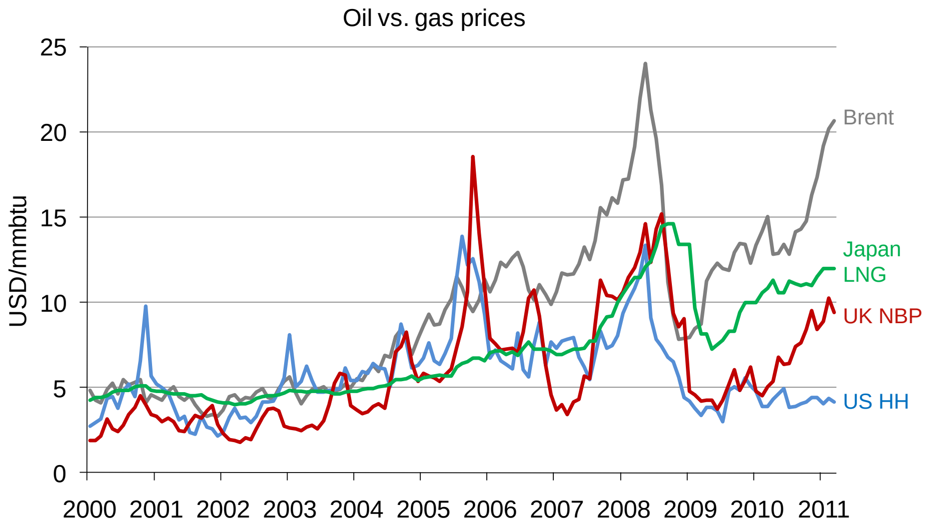
- 15 dedicated in-house business development staff and engineers
- Proven track record in developing and permitting floating regas projects

# LNG: A clean, cheap and growing source of energy

- Global demand to increase by 25% over next 5 years
- 90% of growth to come from Asia-Pacific region
- LNG is cheap relative to crude and the gap is widening – substitution from crude to LNG based power generation to accelerate, particularly in Asia
- Most new power plants are CCGTs running on natural gas, nuclear issues will increase this trend across the region




Source: Wood Mackenzie




Source: Reuters, Bloomberg



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# Limited regas capacity in Asia is a major growth constraint

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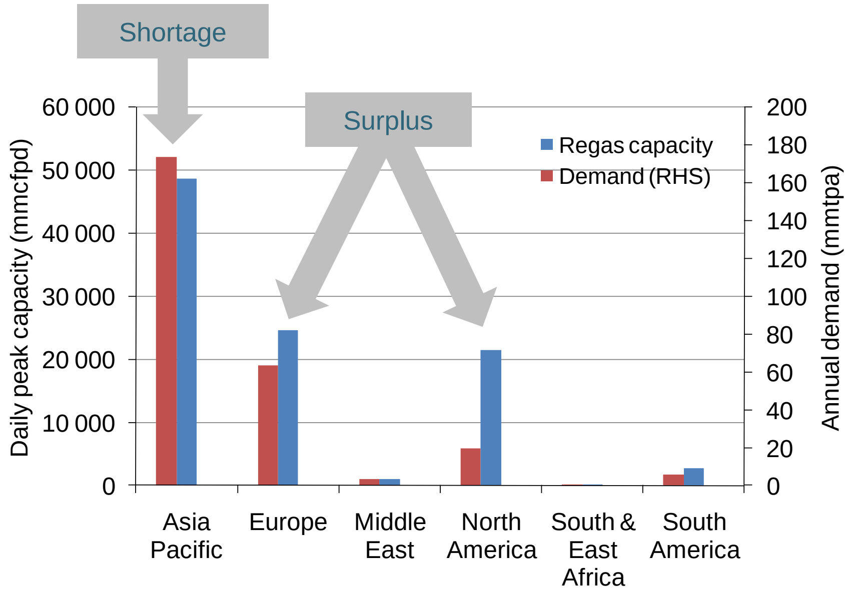
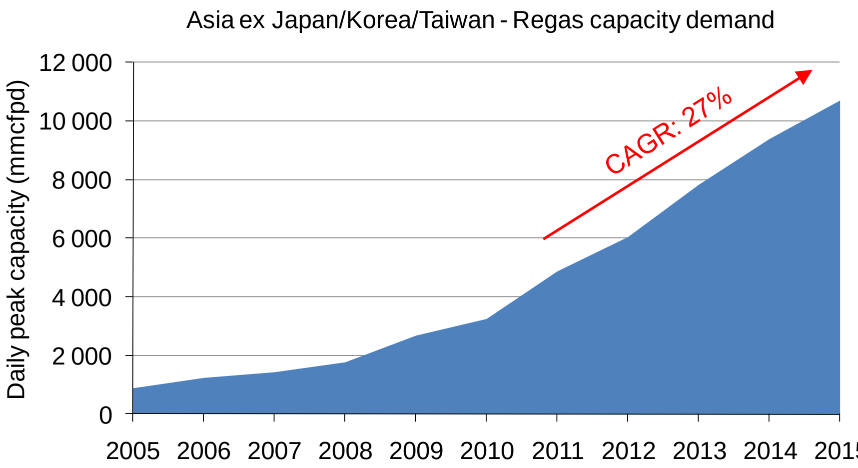
## Asia is short on regas capacity




- Shortage of regas capacity cannot be filled by conventional land based receiving terminals short term
- Floating regas is the most viable option

## Strong demand for new regas capacity




- Asia (ex Japan/Korea/Taiwan) regas demand to grow by 7.5 bcfd over next 5 years
- This equals approximately 21 new FSRU projects in Asia only*

Source: Wood Mackenzie

* Assuming 350 mmcfpd per FSRU project and no excess buffer capacity.



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# Floating regas: The cost effective, quick and flexible solution

3

| Floating regas (FSRU) | Onshore receiving terminal |
| --- | --- |
| ✓ Low cost ($200-300m) | ÷ High cost ($350m-1bn) |
| ✓ Short lead time (1-3 years) | ÷ Long lead time (5-7 years) |
| ✓ No or limited regulatory issues (unit deployed offshore) | ÷ Complex regulatory approval processes |
| ✓ Flexible and scalable | ÷ Limited flexibility and scalability |
| ✓ Unit deployed offshore or on jetty | |


* Based on throughput capacity of 350-1,000 mmcfpd with a construction cost of approx. USD 1 billion per 1 bcfpd

# FSRUs offer superior return potential to conventional LNG shipping

3

| | Conventional LNG shipping | | Floating regas (FSRU) | |
|---|---|---|---|---|
| **Market characteristics:** | ▪ High competition (50+ players)<br>▪ Low barriers to entry | | ▪ Limited competition<br>– 3 proven players<br>▪ High barriers to entry<br>– Technical competence<br>– Track-record to pre-qualify for tenders<br>– Availability of units / newbuilds | |
| **Sample long-term project terms:** | Cost (all-in) | USD 220m | Cost (all-in) | USD 275m |
| | T/C rate/day | USD 80,000 | T/C rate/day | USD 125,000 |
| | Opex/day | USD 15,000 | Opex/day | USD 18,500 |
| | Annual EBITDA | USD 23m | Annual EBITDA | USD 38m |
| | **Total capital IRR*** | **8.5%** | **Total capital IRR*** | **12.0%** |
| | **Equity IRR**** | **14.0%** | **Equity IRR**** | **23.0%** |

* Assumes 20 year contract and residual value based on 30 years linear depreciation
** Assumes 80% leverage



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# Attractive FSRU newbuildings secured at HHI

4

## Two purpose built FSRU newbuildings

- Price: USD 253m per unit (turnkey)
- Delivery Q4 2013 and Q1 2014
- Payment terms: 5+5+10+10+10+60%
- Options for 1+1+2 additional newbuildings*
  - 1st option to be declared within Sept. 2011, delivery Q2 2014
  - 2nd option to be declared within Oct. 2011, delivery Q4 2014
- Flexibility on final specification – to be tailored to specific projects
- Base specification
  - 170,000 cbm, reinforced membrane containment system
  - Modular regas equipment
  - 10 knots transit speed
  - Jetty or offshore mooring

## Why newbuildings?

- Larger storage capacity optimizes logistics efficiency
- Minimum size required to qualify for certain tenders
- More efficient storage (less boil-off)
- Lower fuel cost
- Lower project risk than conversions
- Time-to-market not an issue – can use existing SRVs or conversions as interim solution

* Price and delivery date TBA for last 2 options



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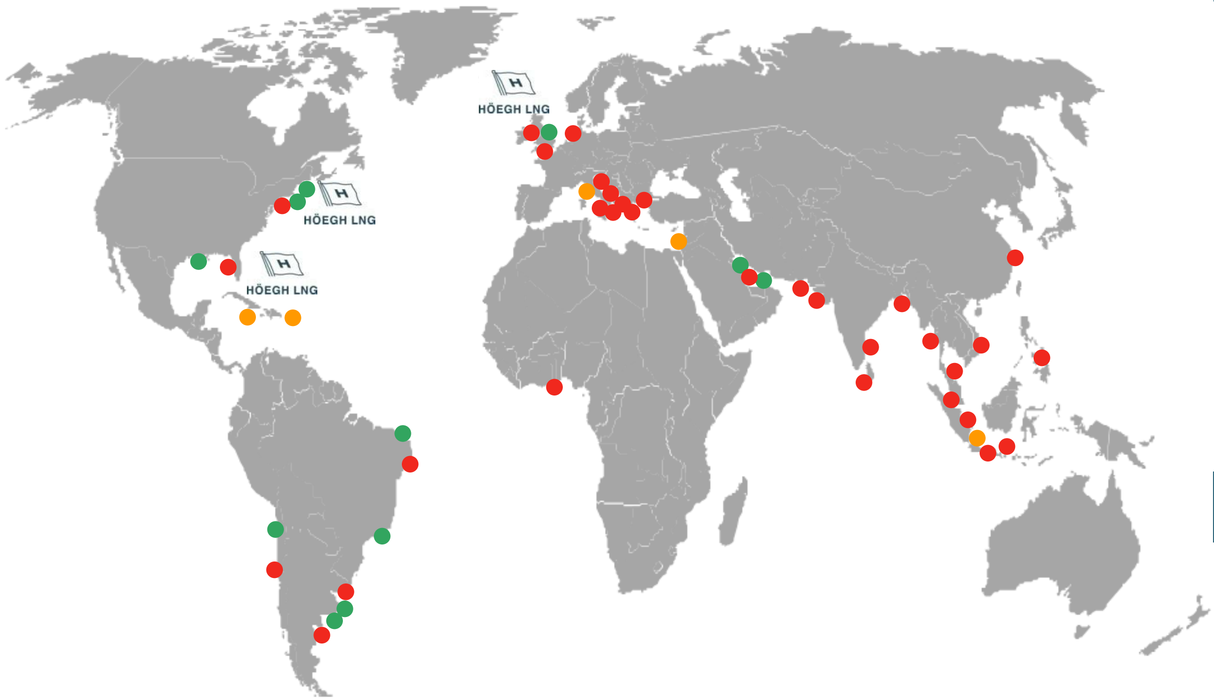
# 30 - 40 FSRU projects in pipeline worldwide




- Existing
- Under construction / awarded
- Potential

## Existing FSRU projects

- 11 existing floating regas projects
  - 2 x HLNG Neptune SRVs
  - 3 x Golar FSRUs
  - 5 Excellerate SRVs (6 offshore buoys)
- 2 projects under construction, 3 awarded

## 30 - 40 projects in pipeline

- 15 projects in Asia/Middle East
- 6 projects in North/South America
- 11 projects in Europe/Africa
- Höegh LNG has 4-6 additional proprietary projects under development

Source: Höegh LNG



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# Near-term FSRU contract award opportunities

4

1

**Indonesia / Medan:**

- Bids submitted mid-May
- Short-listed bidders: Höegh LNG, Golar and Excellerate
- Expected contract award: within Q2 2011
- Most likely a conversion project

2

**Brazil / Petrobras:**

- Bids due early June
- Expected contract award: Q3 2011
- Most likely newbuilding (or vessel with size 170,000 cbm or greater)

3

**Chile:**

- Bids due July 2011
- Expected contract award: Q1 2012

4

**Proprietary projects:**

- Proprietary 1: Q4 2011
- Proprietary 2: Q1 2012

Source: Höegh LNG

# Existing contract coverage provides strong and stable cash flows

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| | Name | Ownership | Capacity | Built | T/C ($/d) | 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2027 2029 2031 2033 2035 2037 2039 2041 |
|---|---|---|---|---|---|---|
| LNG CARRIERS | **Norman Lady** | 50% | 87,600m3 | 1973 | 34,500* | Gas Natural; Option |
| LNG CARRIERS | **Matthew** | - | 126,538m3 | 1979 | - | Ship management w ith GDF Suez LNG |
| LNG CARRIERS | **Arctic Lady** | 50% | 147,208m3 | 2006 | 70,000* | Total; Option 5+5 |
| LNG CARRIERS | **Arctic Princess** | 34% | 147,208m3 | 2006 | 70,000* | Statoil; Option 5+5 |
| LNG CARRIERS | **STX Frontier** | - | 153,600m3 | 2010 | 2,000** | Repsol; Purchase option - USD 226m (100% basis) / USD 194m (50% basis) |
| SRV | **GDF Suez Neptune** | 50% | 145,130m3 | 2009 | 110,000* | GDF Suez; Option 5+5 |
| SRV | **GDT Suez Cape Ann** | 50% | 145,130m3 | 2010 | 110,000* | GDF Suez; Option 5+5 |
| FSRU | **Newbuild 1** | 100% | 170,000m3 | 2013 | - | Construction |
| FSRU | **Newbuild 2** | 100% | 170,000m3 | 2014 | - | Construction |

* Based on full opex-pass through and 365 day basis

** Spread between charter in/out



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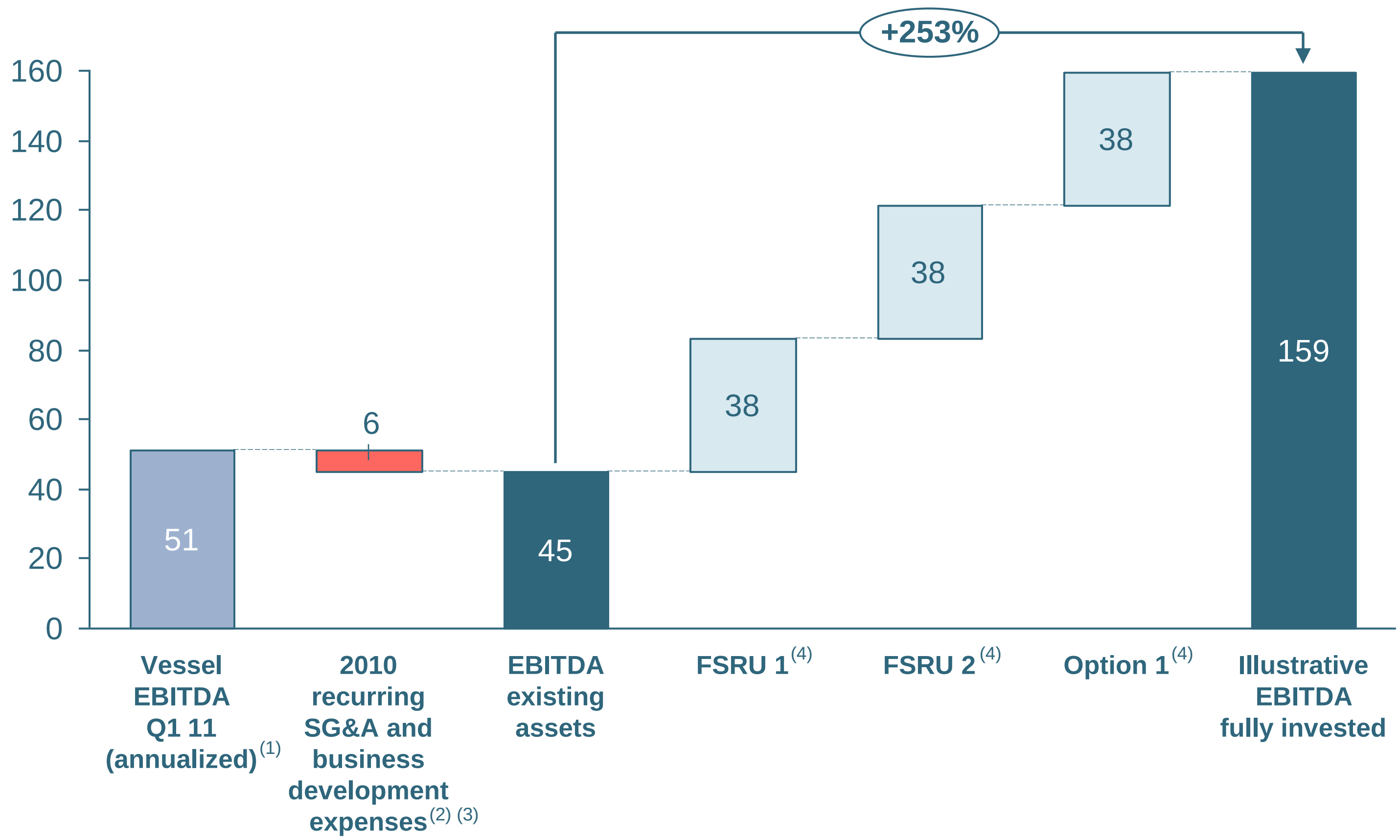
# Strong EBITDA growth potential from newbuildings post contract award




1) Based on Q1 2011 reported T/C income less charterhire expenses and operating expenses. Assumes that Q1 2011 is representative quarter.
2) Based on 2010 reported SG&A related to ongoing management of existing fleet only. Exclusive of non-recurring projects related SG&A of approx. USD 5.1m per year which going forward are intended to be capitalized at contract award of future projects.
3) Based on 2010 reported project development expenses for new projects less non-recurring expenses of approx. USD 9,4m which is intended to be capitalized as project capex at contract award of future projects.
4) Assumes charter hire of USD 125,000 per day and opex of USD 18,500 per day.



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# Significant value added potential from FSRU contract awards

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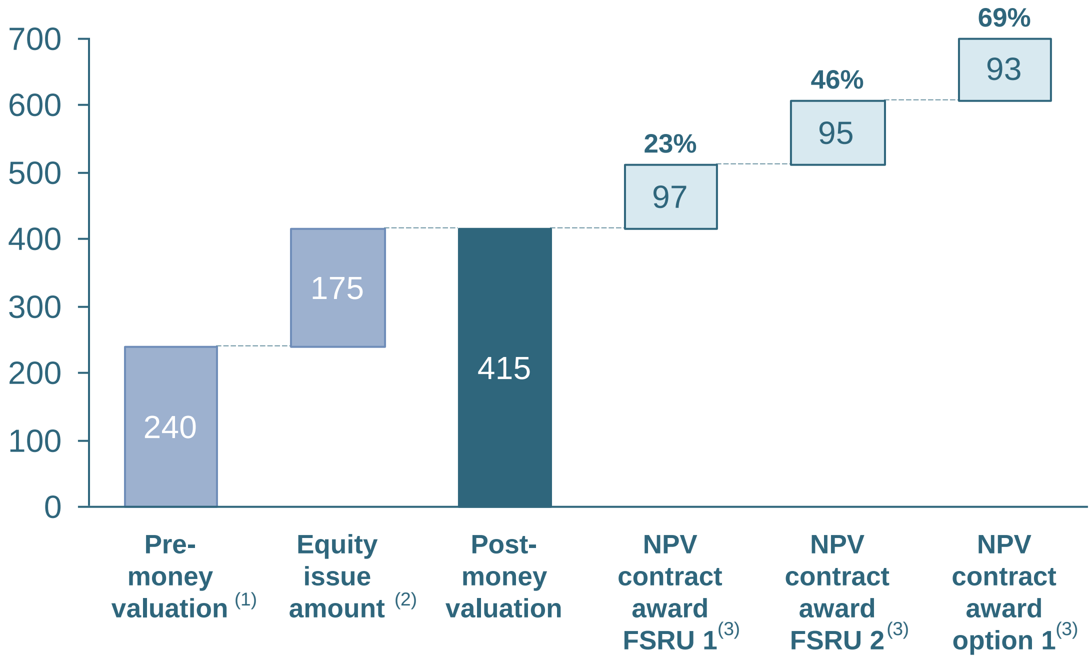
## Upside potential from contract awards (cumulative %)




## NPV sensitivities

| Day rate (USD/day) | NPV contract award FSRU 1 (USDm)[3] |
|---|---|
| 120,000 | 81 |
| 125,000 | 97 |
| 130,000 | 112 |
| 135,000 | 128 |
| 140,000 | 143 |

1) Approx. mid-point of indicative price range
2) Assumes USD 175m issue amount
3) PV of a 20 year contract at a charter rate of USD 125,000 per day and operating expenses of USD 18,500 per day, assuming a discount rate of 7%, net of capex of USD 275 million

# Financial highlights

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## Financial summary (USDm)

| | Q1 2011 |
|---|---|
| Total assets | 636 |
| Net debt (1) | 366 |
| Book equity | 75 |
| Adj. book equity (2) | 150 |
| Adj. equity ratio | 23.6% |

## Indicative valuation (USDm)

| | Low | Mid | High |
|---|---|---|---|
| **Pre-money:** | | | |
| Price per share (USD) | 7.0 | 8.5 | 10.0 |
| Market capitalization | 198 | 240 | 282 |
| Net debt (1) | 366 | 366 | 366 |
| Enterprise value | 564 | 606 | 647 |
| **Fully invested:** | | | |
| Capex (all-in delivered cost): | | | |
| - FSRU 1 | 275 | 275 | 275 |
| - FSRU 2 | 275 | 275 | 275 |
| - Option 1 | 270 | 270 | 270 |
| Enterprise value | 1,384 | 1,426 | 1,467 |

1) Includes promissory note of USD 51.4m
2) Adjusted for marked-to-market valuation of interest rate swaps of USD 75.2m

# Floating LNG production: Option for further upside

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## Proprietary FLNG design

- 4 years and USD 50m invested in FLNG project development to date (of which USD 36m is capitalized)
- 300,000 engineering man-hours invested, completed FEED 2009
- Proprietary FLNG design with AIP* from DNV
- World class contractors in DSME, KBR and BWO for construction and operation
- HLNG's design ready for construction


## Papua New Guinea FLNG project

- 4-5 TCF of discovered, uncommitted gas in Western regions and Gulf of Papua
- JV with PNG FLNG project partners, Petromin PNG and DSME E&R, signed on 30 May 2011
  - Project LNG capacity: 3 mmtpa
  - Planned FID: End 2012
  - Strong upstream gas owners: Talisman, Oil Search
- Only consortium with government approval for FLNG
- Estimated CAPEX (EPC): USD 1,6bn
  - Business model; straight lease, additional upside from commodity participation possible
  - When obtain contract, project to be spun off into separate subsidiary

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- Shell's Prelude development, the game changer on FLNG, FID made on 20th May 2011
- This will put a stamp of acceptance for FLNG developments across the industry

* Approval in Principle

# Høegh family: A strong and committed sponsor

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## Committed to the LNG industry

- Approx. USD 100m invested in project development (of which 80m is capitalized) by the family through Höegh LNG over the last 5 years
- Sponsor has a long-term horizon and is committed to participate in further investments

Morten W. Høegh

Leif O. Høegh

## Höegh Autoliners

- 5th largest PCTC/RoRo operator worldwide
- Fleet of approximately 70 vessels
- Key clients: Nissan, GM, Airbus
- 61.2% owned by Høegh family and 38.8% owned by AP Møller-Maersk



HÖEGH CAPITAL PARTNERS

HÖEGH EIENDOM

GEMINI OIL+GAS ADVISORS LLP

RIFT VALLEY AFRICA HOLDINGS LIMITED

HECTORRAIL

KSK Power from knowledge

# Why invest in Höegh LNG?

1. LNG market fundamentals have never been better – Asia the key driver behind demand for LNG and floating regas and floating production solutions

2. FSRU is the cost effective, quick and flexible alternative to meet increased regas demand

3. USD 100m invested in project development gives Höegh LNG a strong competitive position in a high barrier to entry market

4. Höegh LNG value proposition:
   - Existing assets with strong contract backlog and cash flow
   - Newbuildings on order at attractive prices and delivery dates
   - Well positioned for new FSRU contract awards with significant upside potential
   - Added value opportunity from proprietary FLNG design and associated project portfolio
   - Added value from STX Frontier purchase option which gives potential exposure to soaring spot market rates next 2-3 years

# Agenda

Investment highlights

**Appendix**

1. **Company overview**
2. Financials
3. LNG industry



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# Company key milestones

**Start-up**
Initial investments

**Development and positioning**
Pioneering regas and floating production solutions

**Growth**
Capitalize on platform

**1973**
Takes delivery of the world's first LNG vessel with the Moss spherical cargo containment system

**2002**
Time charter agreement signed with Statoil for Arctic Princess to serve the Snøhvit field in Norway

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**2006**
Höegh LNG spun-off from Leif Höegh & Co. as a stand-alone company with separate management team


**2008**
First company to be awarded an Approval in Principal (AIP) for the company's FLNG

**2009**
Takes delivery of first SRV, chartered to GDF Suez for its deepwater port project, Neptune, in the US

PortMeridian PortDolphin

**2009**
Port Meridian (UK) and Port Dolphin (US), both with Governmental approval and planning consent

**2010**
Received NEC approval for PNG FLNG project

**2011**
Orders the world's first regas newbuilds at Hyundai HI (LOI)



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# First class partners and customers

| | |
|---|---|
| MOL | ▪ Mitsui O.S.K. Lines (MOL) is 50% partner in GDF Suez Neptune, GDF Suez Cape Ann, Arctic Lady and Norman Lady and 33.98% partner in Arctic Princess<br>▪ Longstanding relationship with Höegh LNG since 1980 |
| GDF SUEZ | ▪ GDF Suez and Höegh LNG have an extensive business relationship through the long term charter of the GDF Suez Neptune and the GDF Suez Cape Ann operating on the Neptune project<br>▪ Höegh LNG also has the management of Matthew for GDF Suez LNG Shipping NA |
| Statoil | ▪ Statoil Petroleum AS has an equity share of 33.53% in the Snøhvit LNG project<br>▪ Statoil ASA is the charterer and co-owner (32.04%) of Arctic Princess |
| TOTAL | ▪ Total E&P Norge AS has an equity share of 18,4% in the Snøhvit LNG project<br>▪ Total is the charterer of the Arctic Lady<br>▪ Total has a significant presence in the LNG market with ownership in several LNG projects |
| gasNatural | ▪ The charter party for Norman Lady was signed with Gas Natural in February 1996 for commencement in 2000<br>▪ Gas Natural is one of the leading multinational companies in the gas and electricity sector, operating in 25 countries and with more than 20 million customers |
| REPSOL | ▪ September 2009 HLNG entered into a 3 year time charter with Repsol for the LNG vessel STX Frontier<br>▪ Respol is a leading player in the energy sector, operating in 30 countries and is consolidated as the third largest LNG operator in the world |

# World-class management team

**Sveinung Støhle**

- CEO
- 25 years experience from the LNG industry with both shipping and oil and gas companies
- Nigeria LNG, Total LNG and Golar LNG Ltd

**Vegard Hellekleiv**

- Senior Vice President Project Services
- 12 years experience from various newbuilding and ship management positions within the Höegh Group, 3 years of experience from Det Norske Veritas

**Stephan Tschudi-Madsen**

- COO
- 25 years with the Höegh Group, played a key role in the development of the LNG activity over several years

**Gunnar Knutsen**

- Senior Vice President Floating LNG Production
- 30 years experience from project management, project control, procurement and contracts administration from the offshore oil and gas industry

**Steffen Føreid**

- CFO
- Experience as CFO at Grenland Group ASA, Executive Vice President in a management-buy-out of Kværner and with corporate lending and M&A at JPMorgan Chase

**Ragnar Wisløff**

- Managing Director Höegh LNG Asia, Singapore
- With Höegh LNG since 2005, 15 years of experience in the gas industry in both upstream and downstream activities with Esso, Total and Norsk Hydro

# Höegh LNG Board from listing: Strong industrial and professional experience

**Morten W. Høegh**
- Chairman
- B.Sc. MIT, MBA Harvard
- Morgan Stanley, Höegh Capital Partners

**Timothy Counsell**
- Director
- B.Sc. Trent, M.Sc. And LL.B. Western Ontario
- Bermuda Bar Counsel, Appleby

**Andrew Jamieson**
- Director
- Ph. D Glasgow University
- Royal Dutch Shell, Nigeria LNG, Bonny Gas Transport

**Leif O. Høegh**
- Deputy Chairman
- MA Cambridge, MBA Harvard
- McKinsey & Company, the Royal Bank of Canada Group, Höegh Capital Partners

**Cameron Adderley**
- Director
- BA Bristol, Qualified Solicitor
- Simmons & Simmons, Appleby

**Guy D. Lafferty**
- Director
- Höegh Capital Partners
- Extensive investment banking experience from RBC and NatWest

**Ditlev Wedell-Wedellsborg**
- Director
- BA Stanford, MBA INSEAD
- McKinsey & Co, Dannebrog Rederi, Capitellum, Weco Invest

**Jon Erik Reinhardsen**
- Director
- University of Bergen, IMD Lausanne
- Petroleum Geo-Services, Alcoa Primary Metals, Aker Kværner

**Thor Jørgen Guttormsen**
- Deputy director*
- M.Sc. Norwegian School of Economics and Business Admin.
- Höegh Autoliners, Leif Höegh & Co

- The Company's investment and corporate decisions are made by its Board of Directors
- None of the members of the Board of Directors is a member of the Management

* Deputy Director to Leif O. Høegh and formally not part of the Board of Directors

# Neptune LNG: Proven track record in executing complex LNG regas projects

## The Neptune SRV project

- 2 Shuttle Regas Vessels (SRVs), one offshore terminal with 2 buoys and associated pipelines to shore
- GDF Suez Neptune delivered 30 November 2009, GDF Suez Cape Ann delivered 1 June 2010
- Commissioning and operations have been going after plan without interruptions
- 20 year t/c with GDF Suez (option 5+5)
- 50% ownership with MOL
- Project delivered on budget and on time
- Favourable economics relative to conventional LNG shipping projects




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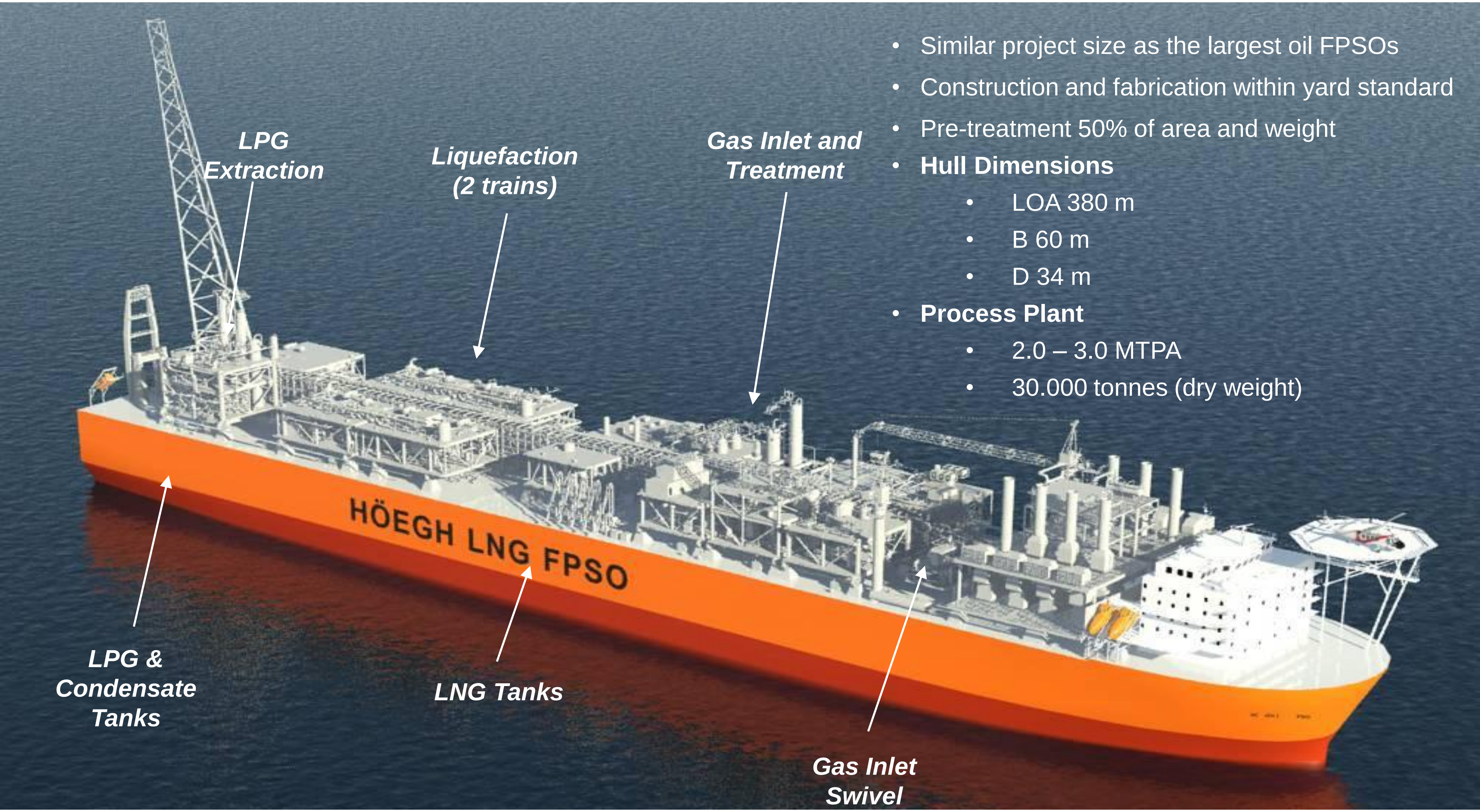
# Fleet details

| | Name | Type | Ownership | Containment | Capacity | Built | Yard | Charterer | Expiry | Financing |
|---|---|---|---|---|---|---|---|---|---|---|
|  | Norman Lady | LNGC | HLNG (50%) MOL (50%) | Moss | 87,600m3 | 1973 | Rosenberg Verft | Gas Natural | 2013 | - |
|  | Matthew | LNGC | - | Membrane | 126,538m3 | 1979 | Newport News | - | Ever-green | Ship management |
|  | Arctic Lady | LNGC | HLNG (50%) MOL (50%) | Moss | 147,208m3 | 2006 | Mitsubishi HI | Total | 2026 | UK tax lease |
|  | Arctic Princess | LNGC | HLNG (~34%) MOL (~34%) Statoil (~32%) | Moss | 147,208m3 | 2006 | Mitsubishi HI | Statoil | 2026 | UK tax lease |
|  | GDF Suez Neptune | SRV | HLNG (50%) MOL (50%) | Membrane | 145,130m3 | 2009 | Samsung HI | GDF Suez | 2029 | Loan facility |
|  | GDT Suez Cape Ann | SRV | HLNG (50%) MOL (50%) | Membrane | 145,130m3 | 2010 | Samsung HI | GDF Suez | 2030 | Loan facility |
|  | STX Frontier | LNGC | HLNG purchase option | Membrane | 153,600m3 | 2010 | Hanjin HI | Repsol | 2013 | B/B in |
|  | Newbuild 1 | FSRU | 100% | Membrane | 170,000m3 | 2013 | Hyundai HI | - | - | - |
|  | Newbuild 2 | FSRU | 100% | Membrane | 170,000m3 | 2014 | Hyundai HI | - | - | - |

# Höegh LNG FPSO: Our FLNG solution




- Similar project size as the largest oil FPSOs
- Construction and fabrication within yard standard
- Pre-treatment 50% of area and weight
- **Hull Dimensions**
  - LOA 380 m
  - B 60 m
  - D 34 m
- **Process Plant**
  - 2.0 – 3.0 MTPA
  - 30.000 tonnes (dry weight)

# Agenda

Investment highlights

**Appendix**

1. Company overview
2. **Financials**
3. LNG industry

# Capex plan for newbuildings and target financing structure

| Uses of funds (USDm) | FSRU 1 | FSRU 2 | Option 1 | Total |
|---|---|---|---|---|
| Yard instalments | 253 | 253 | 247 | 753 |
| Capitalized project development costs | 15 | 15 | 15 | 45 |
| Financing costs | 7 | 7 | 7 | 22 |
| Total delivered cost | 275 | 275 | 270 | 820 |

| Target sources of funds post contract awards (USDm) | FSRU 1 | FSRU 2 | Option 1 | Total |
|---|---|---|---|---|
| Assumed bank financing at contract award (80%) | 220 | 220 | 215 | 655 |
| Required new equity | 55 | 55 | 55 | 165 |
| Total sources | 275 | 275 | 270 | 820 |

**Bank financing:**

- Pre-delivery bank debt of approx. 50% of delivered cost secured
- Post-delivery financing of approx. 50% of yard cost secured
- Expected gearing post contract award: 75-80% of delivered cost

**Shareholder support:**

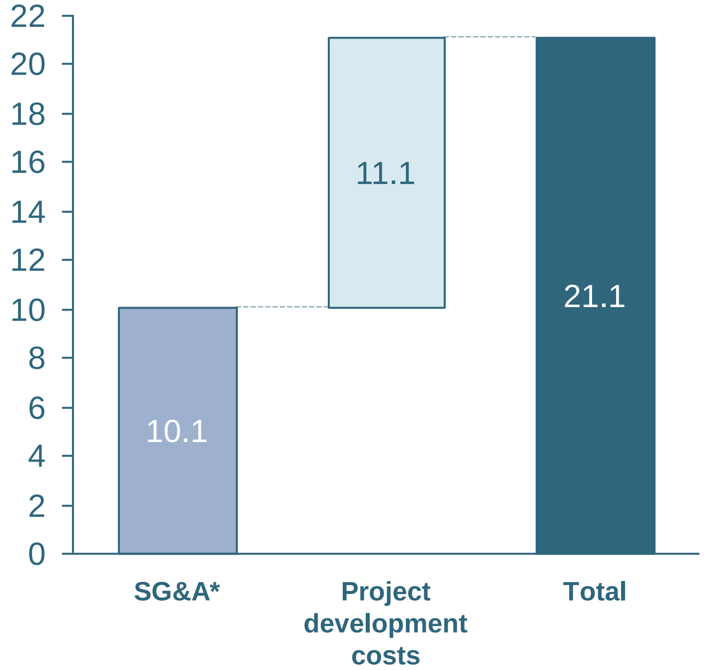
- The Company can draw on a shareholder loan from Sponsor to cover last installments to yard (if needed)

**Equity funding requirement:**

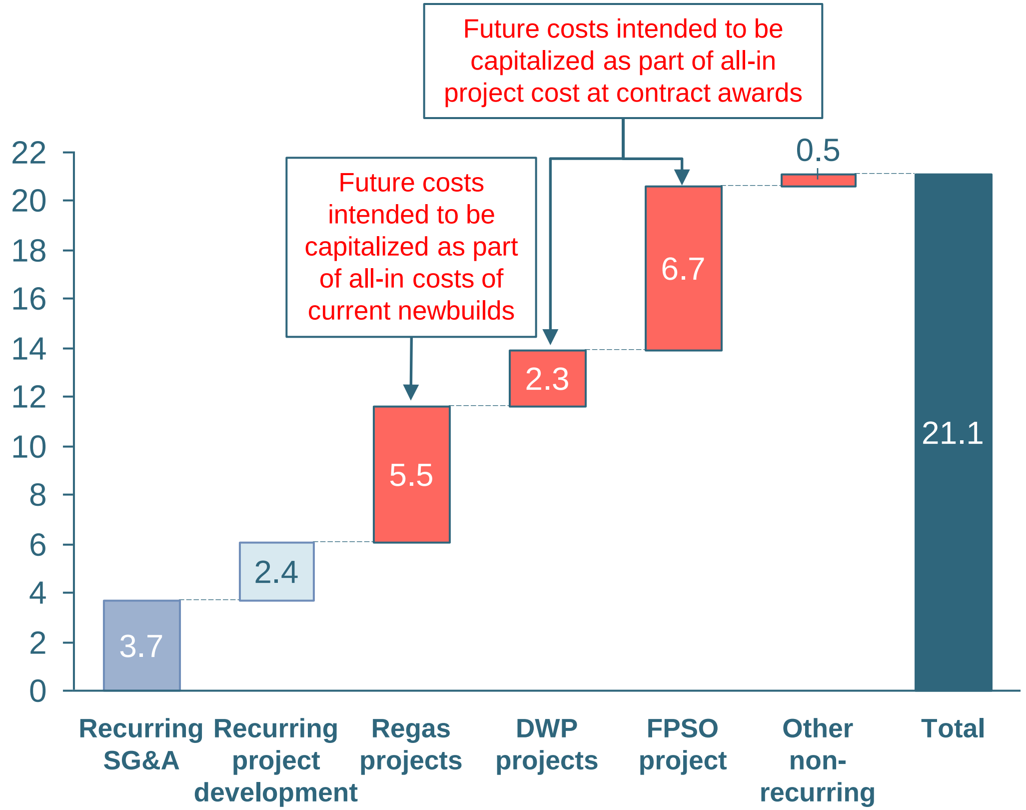
- Company is fully funded until delivery of 1st newbuilding (Q4 2013)
- In case of 80% bank financing on both newbuilds the Company will have sufficient funds to take delivery of 1st option without having to raise additional equity

# SG&A / Project development costs breakdown

## SG&A and project development (2010)




## Recurring vs. non-recurring costs (2010)




* Net of management income of USD 3.5m



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# Höegh LNG income statement

| (USD 1 000) | 2009 | 2010 | Q1 2011 |
|---|---|---|---|
| Income on T/C basis | 65 155 | 91 445 | 25 101 |
| Management income | 2 511 | 3 484 | 842 |
| Charterhire expenses | -20 507 | -19 244 | -4 964 |
| Operating expenses | -21 875 | -27 076 | -7 334 |
| Administrative expenses | -10 225 | -13 549 | -3 715 |
| Project development expenses | -6 707 | -11 077 | -3 195 |
| **EBITDA** | **8 352** | **23 983** | **6 735** |
| Depreciation & amortization | -8 444 | -13 811 | -4 517 |
| Other | 2 934 | -3 | -16 |
| **EBIT** | 2 842 | 10 169 | 2 201 |
| Net interest expense | 17 849 | -21 304 | -6 492 |
| Taxes | -81 | -787 | - |
| Other income/(expense) | -8 164 | -51 | - |
| **Net Income** | **12 446** | **-11 973** | **-4 291** |

**Key highlights:**

- Vessel SPC consolidated on a proportional ownership basis
- 2010 figures includes 12 months operation of GDF Suez Neptune but only 7 months operation of GDF Suez Cape Ann
- Admin cost level reflects company's positioning towards high growth
- Level of project development cost reflects shift from technical to commercial project development work



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# Höegh LNG balance sheet

| (USD 1 000) | 2009 | 2010 | Q1 2011 |
|---|---|---|---|
| Cash and other short-term deposits | 21 998 | 28 779 | 19 995 |
| Promissory note | - | 51 068 | 51 426 |
| Other current assets | 74 127 | 8 905 | 6 662 |
| Fixed assets | 422 704 | 467 585 | 463 319 |
| Licenses, design & other intangibles | - | 80 058 | 81 930 |
| Restricted cash | - | 10 216 | 10 848 |
| Other long-term assets | 77 035 | 2 109 | 1 994 |
| **Total assets** | **595 864** | **648 720** | **636 174** |
| Short-term interest bearing debt | 7 748 | 12 131 | 12 307 |
| Other current liabilities | 35 818 | 47 937 | 40 217 |
| Long-term interest bearing debt | 395 556 | 438 880 | 435 813 |
| Other non-current liabilities | 55 036 | 76 737 | 72 779 |
| Shareholders' equity | 101 706 | 73 035 | 75 059 |
| **Total liabilities and shareholders' equity** | **595 864** | **648 720** | **636 175** |
| **Adj. book equity** | **163 742** | **154 155** | **150 284** |
| **Adj. equity ratio*** | **27,5 %** | **23,8 %** | **23,6 %** |

**Key highlights:**

- Promissory note due from related party to be repaid prior to close of offering and reinvested in marketable securities
- Vessel SPC consolidated on a proportional ownership basis
- Approx. USD 82 million in capitalized project development costs (licenses, designs, etc.)
- Net interest bearing debt of USD 365.9 million and gross interest bearding debt of USD 448.1 million per Q1 2011.
- Relatively high gearing due to non-recourse project financing
- Equity ratio temporarily affected by MTM of interest rate swaps



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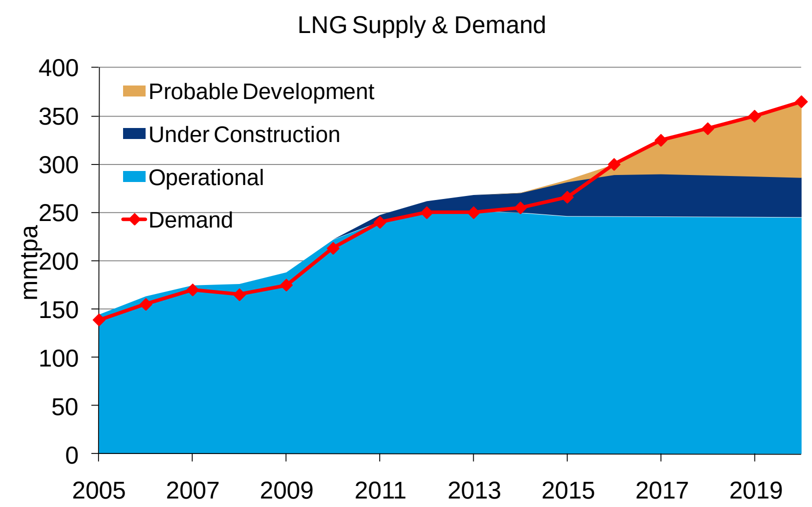
HÖEGH LNG

# Global outlook for LNG

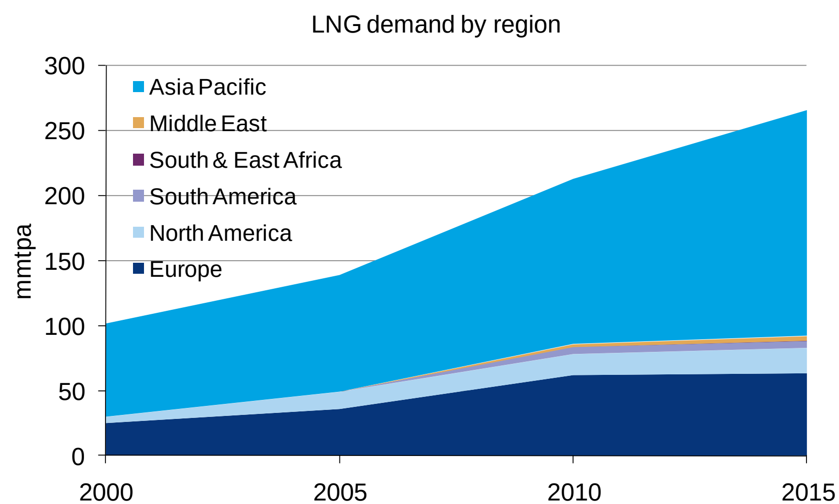
## LNG demand to outgrow LNG supply

- Global gas demand to grow 50% by 2030
- Supply will have to be provided as LNG, transported from the Middle East and Australia
- LNG trade as proportion of global gas consumption expected to increase from 8.5% in 2009 to 14% in 2015




## LNG demand driven by Asia-Pacific region

- Total LNG demand set to increase by 25% next 5 years
- The demand is driven both by additional power generation and the shift in feedstock from oil and coal to gas
- Fall out from Japanese nuclear power incident
- 90% of growth in demand derived from Asia




Source: Wood Mackenzie



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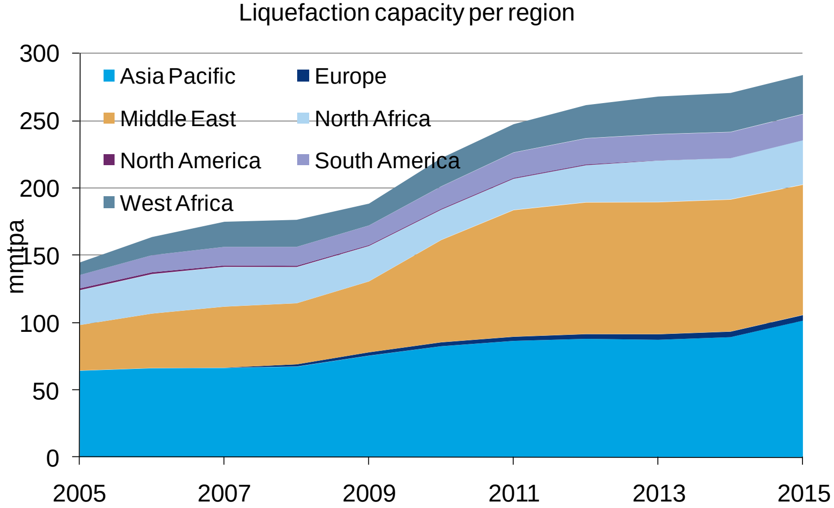
# Global liquefaction capacity

## LNG supply growth




- Qatar and Australia to contribute with more than 60% of global liquefaction increase in the period 2010-15
- Australia is the "game changer" for LNG production post 2015 with approx. 40% of new potential liquefaction capacity

## Potential new liquefaction projects post 2015

| Country | Plant | mmtpa |
|---|---|---|
| **Middle East** | | |
| Iran | Persian LNG | 10,0 |
| Iran | NIOC LNG | 9,6 |
| Iran | Pars LNG | 8,0 |
| Egypt | Damietta Train 2 | 5,0 |
| **North America** | | |
| Canada | Kitmat | 10,0 |
| USA | Sabine Pass | 7,0 |
| **Europe** | | |
| Russia | Yamal LNG | 15,0 |
| Russia | Shtokman | 7,5 |
| **Asia/Pacific** | | |
| Australia | APLNG | 18,0 |
| Australia | Ichthys LNG | 8,5 |
| Australia | Queensland Curtis LNG | 8,5 |
| Australia | Pilbara LNG | 6,0 |
| Australia | Sunrise LNG | 5,3 |
| Australia | Wheatstone LNG | 5,0 |
| Australia | Prelude FLNG | 3,6 |
| Australia | Bonaparte LNG | 3,0 |
| Australia | Fishermans Landing LNG | N/A |
| Australia | Scarborough LNG | N/A |
| Papua New Guinea | Liquid Niugini LNG | 5,0 |
| Indonesia | Dongi LNG | 2,0 |
| **Others** | | |
| Venezuela | Cigma LNG | N/A |
| **Total** | | **137,0** |

Source: Wood Mackenzie



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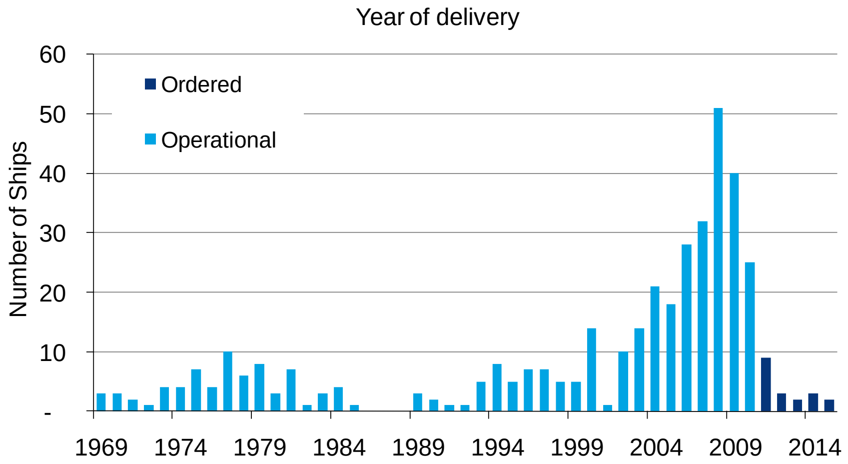
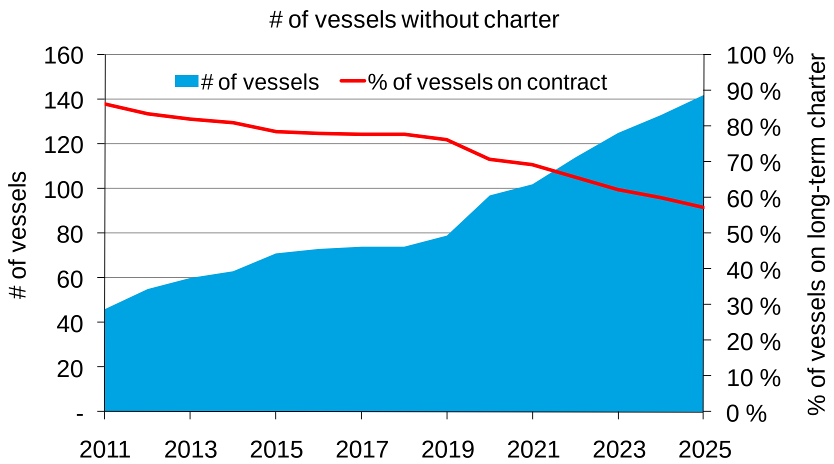
# LNG shipping: Fleet overview

## Fleet profile




- 361 vessels in fleet
- 30 newbuildings on order (8.3%)
- Average age 11 years (ex newbuildings)
- Limited relative scrapping potential

## Fleet employment




- 91% of fleet on long-term charters
- 46 vessels without long-term employment at year end 2011
  - 16 vessels are smaller than 120,000 cbm
  - 16 vessels >120,000 cbm built before 1990
  - 14 vessels are built after 2000

Source: Wood Mackenzie, Managers



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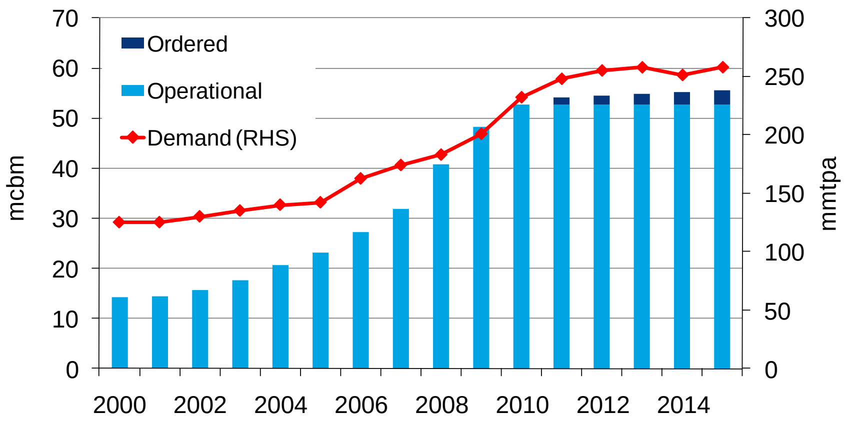
# LNG shipping: Supply/demand balance

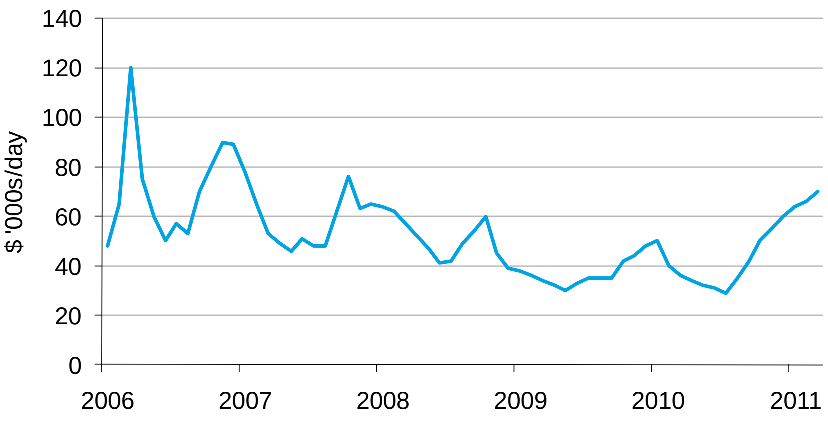
## Supply/demand balance

Shipping capacity vs. LNG exports




## Spot charter rates strengthening

LNG spot charter rates 2006-2011 YTD




- Expect tightening shipping market
- Limited orderbook

Source: Wood Mackenzie and Fearnley LNG



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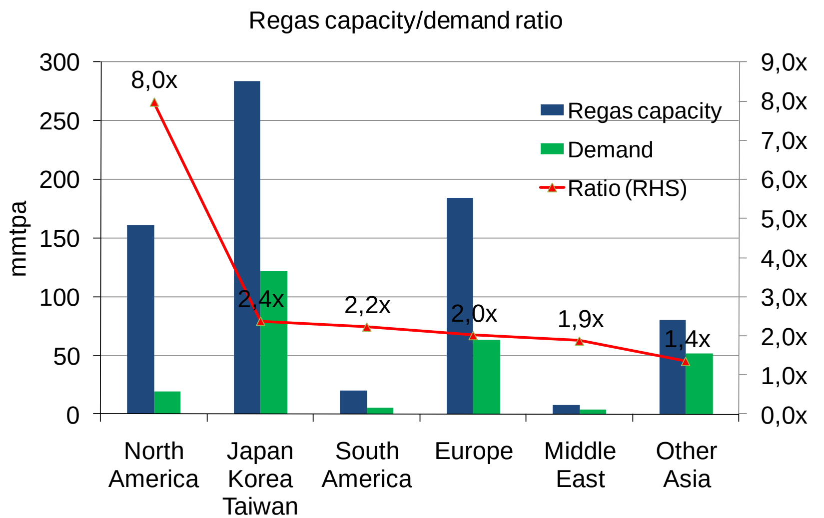
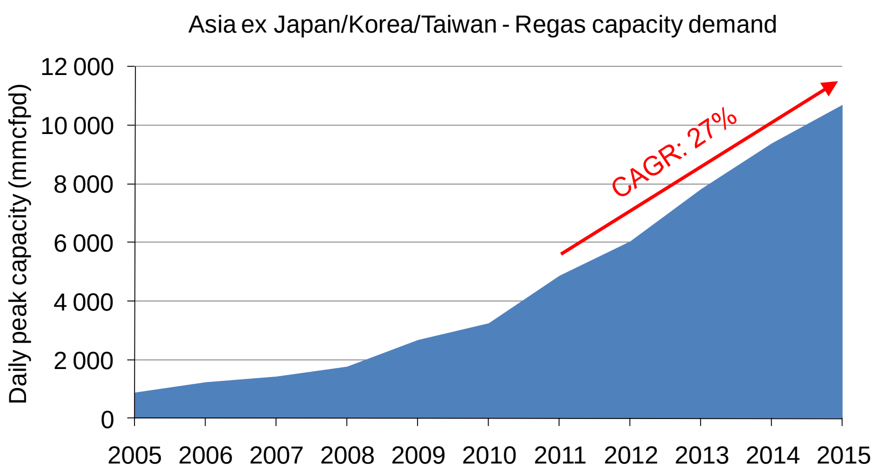
# Global regas capacity

## Regional regas capacity vs. demand (2015E)




- Annual regas capacity typically far exceeds annual regas demand due to seasonality and daily peak capacity
- Asia (ex Japan/Korea/Taiwan) has the lowest relative regas capacity world-wide and is the region with the highest LNG demand

## Strong demand for new regas capacity in Asia




- Asia (ex Japan/Korea/Taiwan) regas demand to grow by 7.5 bcfd over next 5 years
- This equals approximately 21 new FSRU projects*

Source: Wood Mackenzie
* Assuming 350mcfpd per FSRU project and no excess buffer capacity.



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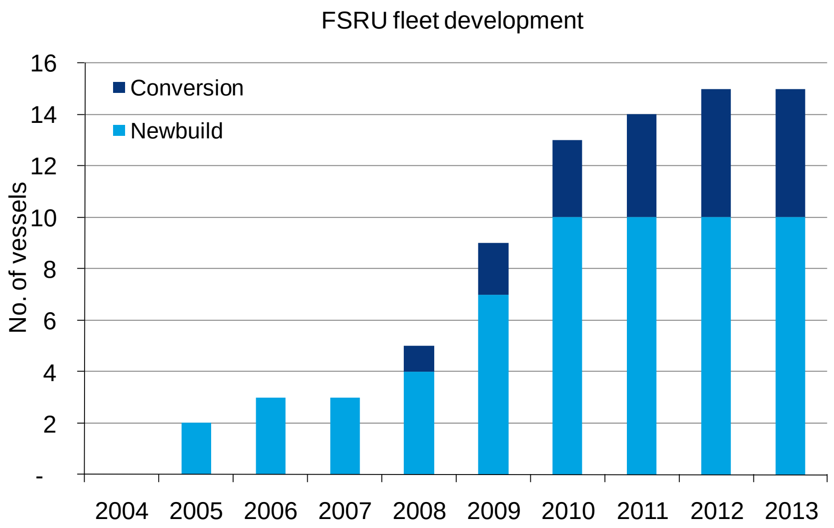
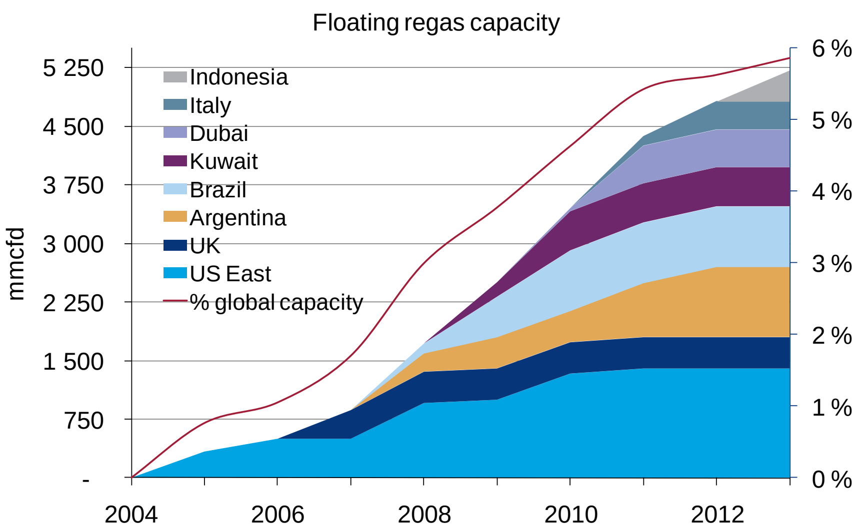
# Floating regas market overview

## FSRU/SRV fleet




## Floating regas capacity by region




Source: Wood Mackenzie



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# Floating regas: Existing projects

| Country | Project | Sponsor | Operator | Start | Nominal Capacity (mmcfd) |
|---|---|---|---|---|---|
| **Existing** | | | | | |
| UK | Teesside | - | Excelerate Energy | 2007 | 500 |
| USA | Northeast Gateway | - | Excelerate Energy | 2008 | 650 |
| Argentina | Bahia Blanca | ENARSA / Repsol | Excelerate Energy | 2008 | 450 |
| Brazil | Pecem | Petrobras | Golar LNG | 2009 | 250 |
| Brazil | Guanabara | Petrobras | Golar LNG | 2009 | 500 |
| Kuwait | Al-Ahmadi | KNPC | Excelerate Energy | 2009 | 550 |
| Chile | Mejillones | GDF Suez / Codelco | Suez Energy | - | 200 |
| USA | Neptune | GDF Suez | Höegh LNG | 2010 | 600 |
| Dubai | Dubai LNG | Dubai Supply Authority | Golar LNG | 2010 | 450 |
| Argentina | Escobar LNG | ENARSA | Excelerate Energy | 2011 | 250 |
| **Under Construction** | | | | | |
| Italy | LNG Toscana | E.ON / IREN / ASA | E.ON / IREN / ASA | 2011 | 350 |
| Indonesia | West Java | Pertamina / PGN | Golar LNG | 2012 | 250 |
| Jamaica | - | Promigas | Exmar | 2013 | 200 |

Source: Tri-Zen, Wood Mackenzie

# Floating regas: Identified projects pipeline Asia

| Country | Project | Sponsor | Operator | Start | Nominal Capacity (mmcfd) |
|---|---|---|---|---|---|
| Indonesia | North Sumatra | PGN | - | 2012 | 300 |
| Malaysia | Melaka LNG | Petronas | MISC | 2014 | 500 |
| Thailand | TBC | PTT LNG | - | 2015 | 500 |
| Bangladesh | Bangladesh LNG | Petrobangla | - | 2017 | 600 |
| Bahrain | Bahrain LNG | Bapco | - | - | 400 |
| India | GAIL | GAIL | - | - | 350 |
| Indonesia | East Java LNG | Pertamina | - | - | 400 |
| Indonesia | Central Java LNG | Pertamina | - | - | 350 |
| Indonesia | - | - | - | - | - |
| Pakistan | Pakistan GasPort | Jamshoro JV | - | - | 600 |
| Pakistan | Port Qasim LNG | Dana Gas, SBM | - | - | 400 |
| Sri Lanka | Kerawalapitiya | GAIL | - | - | - |
| Vietnam | Vietnam LNG | PetroVietnam | - | - | - |
| China | - | - | - | - | 500 |
| Phillipines | - | - | - | - | - |

Source: Tri-Zen, Wood Mackenzie

# Floating regas: Identified projects pipeline Americas

| Country | Project | Sponsor | Operator | Start | Nominal Capacity (mmcfd) |
|---|---|---|---|---|---|
| Brazil | Sao Francisco | Petrobras | - | 2014 | 500 |
| Chile | - | - | - | 2014 | 100 |
| Uruguay | GNL Del Plata | ANCAP/UTE | ANCAP/UTE | 2014 | 200 |
| Puerto Rico | TBC | Prepa | Excelerate Energy | 2014 | - |
| Argentina | Punta Alta LNG | PDVSA / ENARSA | - | - | - |
| US | Liberty Natural Gas | Excalibur Energy | - | - | 2400 |
| US | Port Dolphin | Höegh LNG | Höegh LNG | - | 400 |

Source: Tri-Zen, Wood Mackenzie



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# Floating regas: Identified projects pipeline Europe and Africa

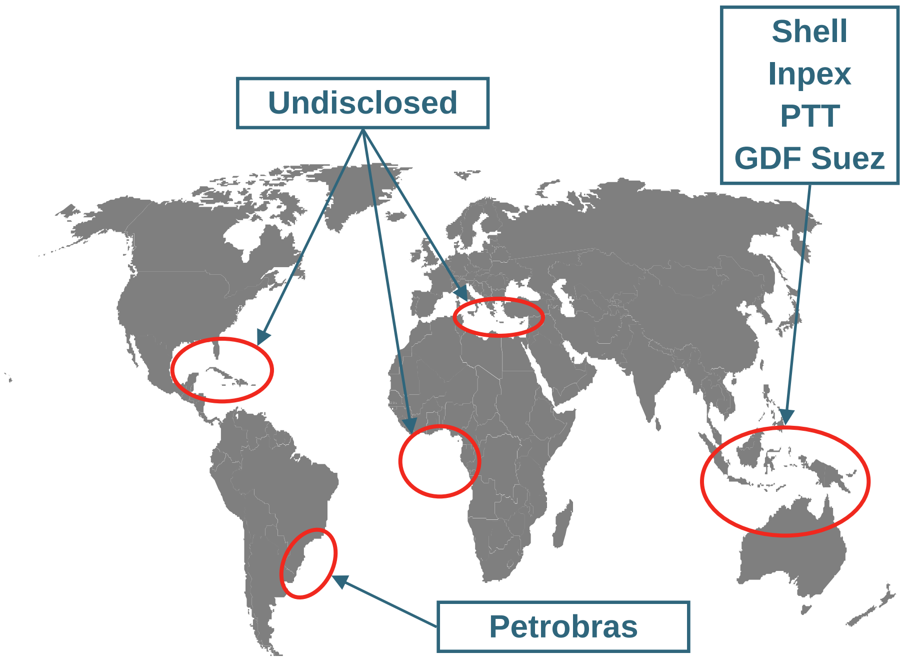
| Country | Project | Sponsor | Operator | Start | Nominal Capacity (mmcfd) |
|---|---|---|---|---|---|
| Israel | Israel LNG | Israel Electric Corp | Excelerate Energy | 2012 | 350 |
| UK | Port Meridian | Höegh LNG | Höegh LNG | 2014 | 400 |
| Albania | Albania LNG | Gruppo Falcione | - | - | - |
| Belgium | Zeebrugge 2 | Fluxys LNG | Exmar | - | - |
| Croatia | Kirk | - | - | - | - |
| Greece | Gulf of Corinth | Mytilineos | - | - | 200 |
| Greece | Kavala | DEPA | - | - | - |
| Italy | Azzurro LNG | Sorgenia | TORP | - | 1200 |
| Italy | Falconara LNG | API | - | - | 250 |
| Italy | Triton LNG | GDF Suez | Höegh LNG | - | 500 |
| Ghana | - | - | - | - | 400 |
| Germany | Wilhelmshaven GasPort | RWE | Excelerate Energy | - | 450 |

Source: Tri-Zen, Wood Mackenzie

# FLNG: Identified projects pipeline

## Several major oil & gas companies currently planning FLNG projects

- Shell has developed its own solutions for the Prelude field offshore Australia; FID made
- Shell and Woodside are planning an FLNG for their Sunrise field offshore Australia
- GDFSuez / Santos are planning an FLNG for their Bonaparte field offshore Australia
  - Pre-FEED work is ongoing, planned completion by end of 2011
- PTT from Thailand are planning to use FLNG for their Cash / Maple fields offshore Australia
  - Pre-FEED work is ongoing and planned for completion by the end of 2011
- Inpex of Japan has for several years been planning an LNG FPSO for their Masela field offshore Indonesia; start FEED work Q3-2011
- Petrobras has developed their own solution for the Tupi field offshore Brazil; FID Q3-2011



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