



## INTERIM RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

### Highlights

- Golar LNG Partners LP (“Golar Partners” or “the Partnership”) reports net income attributable to unit holders of \$49.0 million and operating income of \$62.0 million for the third quarter of 2018.
- Generated distributable cash flow<sup>1</sup> of \$29.3 million for the third quarter with a distribution coverage ratio<sup>1</sup> of 1.02.
- Completed acquisition of initial equity interest in Golar Hilli LLC (“Hilli”).
- Selected FSRU *Golar Freeze* to service new 15-year Atlantic (Jamaica) project.
- *Golar Maria* commences 10-month charter.
- *Methane Princess* enters scheduled dry-dock.

### Subsequent Events

- Shipping market continues to improve. *Golar Mazo* re-enters spot market and completes multiple voyages.
- *Methane Princess* redelivered to charterers on October 25.
- Distribution for the third and subsequent quarters declared at \$0.4042 per unit.

### Financial Results Overview

Golar Partners reports net income attributable to unit holders of \$49.0 million and operating income of \$62.0 million for the third quarter of 2018 (“the third quarter” or “3Q”), as compared to net income attributable to unit holders of \$28.4 million and operating income of \$36.6 million for the second quarter of 2018 (“the second quarter” or “2Q”) and net income attributable to unit holders of \$26.5 million and operating income of \$53.3 million for 3Q 2017.

(USD '000)	Q3 2018	Q2 2018	Q3 2017
Total Operating Revenues	108,232	84,201	105,635
Adjusted EBITDA <sup>1</sup>	103,573	61,805	80,573
Operating Income	62,011	36,640	53,295
Other Non-operating Income	—	236	922
Interest Income	1,177	3,300	2,105
Interest Expense	(20,062)	(19,303)	(19,876)
Gains/(Losses) on Derivative Instruments*	11,338	12,701	(225)
Other Financial Items, net*	(545)	74	(1,809)
Tax	(4,512)	(4,503)	(4,378)
Equity in Net Losses of Affiliate	(71)	—	—
Net Income attributable to Golar LNG Partners LP Owners	48,964	28,440	26,543
Adjusted Net Debt <sup>1</sup>	1,579,441	1,098,771	1,171,153

\*With effect from the three months ended September 30, 2018, we presented a new line item, "Gains/(losses) on derivative instruments", which relates to the movement of our derivative instruments. Previously, these items were presented within "Other financial items, net" on the face of the statements of operations along with our general finance costs. This presentation change has been retrospectively adjusted in prior periods.

<sup>1</sup> Refer to 'Appendix A - Non-GAAP financial measures'.

Total operating revenues increased, from \$84.2 million in 2Q to \$108.2 million in 3Q. Of the \$24.0 million increase, \$25.1 million is related to October 2018 - April 2019 revenues to be received but recognized in full in respect of a previous *Golar Freeze* contract. *Golar Freeze* entered Dubai Dry-docks in July for dry-dock and modifications necessary to service its new 15-year project offshore Jamaica. Cash payments due under the existing charter will however continue to be paid through to April 2019. An additional \$3.7 million was also received in respect of the *Golar Maria* which recorded higher levels of utilization during the quarter. Against this, the Partnership incurred offhire amounting to \$2.6 million as a result of the scheduled dry-docking of LNG carrier *Methane Princess*.

At \$16.4 million, vessel operating costs were in line with 2Q. Administrative expenses at \$2.9 million were \$1.0 million lower than 2Q, the prior quarter having been inflated by higher legal and professional fees.

Depreciation and amortization at \$24.6 million was in line with 2Q.

Interest expense at \$20.1 million in 3Q was \$0.8 million higher than 2Q, the increase a result of an increase in LIBOR. Interest income on the \$177.0 million prepayment in respect of *Hilli Episeyo* ceased to be receivable after closing of the acquisition on July 12. As a result, 3Q interest income at \$1.2 million is \$2.1 million lower than 2Q.

Gains/(losses) on derivative instruments recorded a gain of \$11.3 million for 3Q compared to a 2Q gain of \$12.7 million. The recent distribution cut meant that the contingent Earn Out units arising out of the October 2016 Incentive Distribution Rights reset did not crystallize. The remaining balance of the related derivative has therefore been written off resulting in a \$2.9 million non-cash gain. There were also further non-cash interest rate swap gains following an increase in 2-3 year interest swap rates.

By virtue of its 50% interest in Hilli common units, the Partnership is entitled to 50% of the net earnings of Hilli attributable to common unit holders after July 12 when the acquisition closed. The Partnership's reported share of net earnings in 3Q amounted to a loss of \$0.1 million which includes non-cash charges of \$7.3 million related to the depreciation and amortization of fair value adjustments made upon acquisition of the common units (see Appendix A).

Excluding \$25.1 million additional revenues recognised during 3Q in respect of *Golar Freezes'* prior contract, 3Q distributable cash flow<sup>1</sup> increased \$6.3 million to \$29.3 million, compared to \$23.0 million in 2Q. Together with a reduction in distributions paid, effective 3Q 2018, this resulted in an improvement in the distribution coverage ratio<sup>1</sup> from 0.56 in 2Q to 1.02 in 3Q.

## Commercial Review

*Golar Maria's* 10-month charter commenced in early August. Spot voyages prior to this resulted in the vessel achieving a utilization rate of 89% for the quarter. As a result of the charter the vessel will improve utilization and TCE<sup>1</sup> rates over the next year.

FSRU *Golar Freeze* will shortly arrive offshore Jamaica where she will service a 15-year charter for an energy and logistics company. From commencement of commercial operations, expected during January, 2019, hire will be receivable at the full daily base rate, initially expected to deliver approximately \$18 million in annual Adjusted EBITDA<sup>1</sup>.

*Golar Mazo* was reactivated from warm layup during September and commenced a voyage charter in early October. This was subsequently extended at an attractive rate.

Kuwait National Petroleum Company, charterers of the FSRU *Golar Igloo* have extended the 2018 regas season to include December. A decision on the exercise of their option to extend the charter by a further year is expected by the end of November.

## Acquisitions

Golar LNG Limited ("Golar") and affiliates of Keppel Shipyard Limited and Black & Veatch closed the sale of 50% of the common units in Hilli, the indirect owner of *Hilli Episeyo*, to the Partnership on July 12. Equivalent to 50% of the two liquefaction

<sup>1</sup> Refer to 'Appendix A - Non-GAAP financial measures'.

trains currently contracted for 8 years to Perenco Cameroon SA and Société Nationale Des Hydrocarbures, out of a total of four, this initial interest includes a pro-rated 5% stake in any future distributions generated by the currently uncontracted expansion capacity, but does not include exposure to the oil linked component of the vessel's earnings stream. Golar Partners equity accounts for its interest in Hilli with its share of results included in "Equity in net losses of affiliate". The first cash dividend in respect of this investment was declared and approved in 3Q and will be received in 4Q.

## Operational Review

Two of the Partnership's vessels undertook scheduled dry-dockings in 3Q. FSRU *Golar Freeze* entered dry-dock on July 19. Works undertaken will allow the vessel to remain in service for up to 15 years in Jamaica without dry-dock. Minor modifications required to ensure compatibility with the vessel's new receiving terminal were also completed. *Golar Freeze* departed dry-dock on October 20. Dry-dock of the LNG carrier *Methane Princess* was initiated on August 24. Total off-hire in 3Q amounted to 37 days. The vessel departed the yard on October 3 and was returned to its charterer on October 25. This will result in 25 days off hire in 4Q.

After accounting for warm layup of *Golar Mazo* and dry docking of *Golar Freeze* and *Methane Princess*, utilization of 74% was recorded for 3Q. This compares to 85% in 2Q.

## Financing and Liquidity

As of September 30, 2018, Golar Partners had cash and cash equivalents of \$75.8 million. The Partnership also has a \$75.0 million undrawn credit facility, now available until 2Q 2021. Including \$463.5 million of proportionate share of debt in respect of FLNG *Hilli Episeyo*, total Adjusted Net Debt<sup>1</sup> as at September 30, 2018 was \$1,579.4 million. 3Q 2018 Adjusted EBITDA<sup>1</sup>, including \$17.0 million in respect of FLNG *Hilli Episeyo*, amounts to \$103.6 million. Also included in the \$103.6 million is \$19.0 million of October 2018 - April 2019 Adjusted EBITDA<sup>1</sup> related to the previous *Golar Freeze* contract. Based on the above Adjusted Net Debt<sup>1</sup> amount and annualized<sup>1</sup> 3Q 2018 Adjusted EBITDA<sup>1</sup>, Golar Partners' Adjusted Net Debt<sup>1</sup> to Adjusted EBITDA<sup>1</sup> ratio was 3.8. As of September 30, 2018, Golar Partners had interest rate swaps with a notional outstanding value of approximately \$1,803 million (including swaps with a notional value of \$400.0 million in connection with the Partnership's bonds and \$463.5 million in respect of *Hilli Episeyo*) representing approximately 107% of total debt and capital lease obligations, including assumed debt in respect of *Hilli Episeyo*, net of long-term restricted cash.

The average fixed interest rate of swaps related to bank debt is approximately 2.2% with an average remaining period to maturity of approximately 4.9 years as of September 30, 2018.

Exclusive of *Hilli Episeyo* related debt, outstanding bank debt as of September 30, 2018 was \$854.4 million, which had average margins, in addition to LIBOR, of approximately 2.13%. The Partnership also has a 2020 maturing \$150.0 million Norwegian USD bond with a swapped all-in rate of 6.275% and a 2021 maturing \$250 million Norwegian USD bond with a swapped all-in rate of 8.194%. The 2020 maturing \$150.0 million Norwegian USD bond represents the Partnership's next scheduled debt maturity.

## Corporate and Other Matters

As of September 30, 2018, there were 71,286,849 common and general partner units outstanding in the Partnership. Of these, 22,662,977, including 1,436,391 General Partner units, were owned by Golar, representing a 31.8% interest in the Partnership.

In line with what was communicated in 2Q, Management completed its review of the Partnership's distribution capacity on October 23. The Board approved a quarterly distribution going forward of \$0.4042 per unit, effective 3Q, 2018. Representing a 30% cut, distributions at this level are sustainable based on cash balances available for investment and forecast future cash flows. The distribution for 3Q of \$0.4042 per unit will be paid on November 14, 2018 to common and general partner unitholders of record on November 7, 2018. The distribution will be paid on total units of 71,286,849. A cash distribution of \$0.546875 per

<sup>1</sup> Refer to 'Appendix A - Non-GAAP financial measures'.

Series A preferred unit for the period covering 15 August through to 14 November was also declared. This will be paid on November 15, 2018 to all Series A preferred unitholders of record on November 8, 2018.

Total outstanding options as at September 30, 2018 were 99,000.

At the Partnership's Annual General Meeting on September 26, Paul Leand and Jeremy Kramer were elected as Class III Directors.

## Outlook

The roll-off of historic charters for four of the Partnership's vessels over the last 18-months has reduced revenues and forced the Board to reconsider the distribution policy. It has been a target for the Board to set a distribution based on existing assets that is sustainable for the long-term. After a thorough review, the Board has set an annual distribution level of \$1.6168.

Dry-dock of the *Methane Princess* negatively impacted 3Q distribution coverage<sup>1</sup>. The next scheduled dry-dock with offhire implications is the FSRU *Golar Eskimo* at the end of 2019. With the exception of FSRU *Golar Spirit*, the remaining fleet is expected to be cash flow generative. Distribution coverage<sup>1</sup> is therefore expected to continue to improve over the coming quarters.

The reduced distribution level was reached after applying conservative earnings assumptions for vessels without long term contracts. Although the FSRU is being tendered into various employment opportunities, no earnings have been assumed for the *Golar Spirit*. The Partnership is therefore well positioned financially with an existing effective revenue backlog<sup>1</sup> of \$2.4 billion and a sustainable level of distribution that has the potential to increase over the coming years. Golar also remains firmly committed to the Partnership which it views as an important component of its capital structure. Acquisition opportunities exist including additional units in Hilli and the 25-year contracted FSRU *Golar Nanook* and associated Sergipe cash flows. The long duration of the Sergipe contracts minimizes residual risk and improves the stability of cash flows making them particularly attractive targets for the Partnership. These opportunities will however, to a large extent, be dependent on more effectively priced equity or debt, or realization of a flatter debt amortization profile that better reflects the economic life of the Partnership's assets.

Together, a strong balance sheet, solid order backlog and robust growth in the LNG market are expected to present a number of interesting opportunities for Golar Partners going forward.

<sup>1</sup> Refer to 'Appendix A - Non-GAAP financial measures'.

## FORWARD LOOKING STATEMENTS

This press release contains certain forward-looking statements concerning future events and Golar Partners' operations, performance and financial condition. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "believe," "anticipate," "expect," "estimate," "project," "will be," "will continue," "will likely result," "plan," "intend" or words or phrases of similar meanings. These statements involve known and unknown risks and are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond Golar Partners' control. Actual results may differ materially from those expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially include, but are not limited to:

- our ability to maintain cash distributions and the amount of any such distributions;
- market trends in the floating storage and regasification unit (or FSRU), liquefied natural gas (or LNG) carrier and floating liquefied natural gas vessel (or FLNG) industries, including charter rates, factors affecting supply and demand, and opportunities for the profitable operations of FSRUs, LNG carriers and FLNGs;
- Golar Power's ability to successfully complete and start up the Sergipe power station project and related FSRU contract.
- the ability of Golar LNG Partners LP ("Golar Partners," "we," "us" and "our") and Golar LNG Limited ("Golar") to retrofit vessels as FSRUs or FLNGs and the timing of the delivery and acceptance of any such retrofitted vessels by their respective charterers;
- our ability to consummate the potential acquisition of additional common units in Golar Hilli LLC, the disponent owner of the *Hilli Episeyo* on a timely basis or at all;
- our ability to integrate and realize the expected benefits from acquisitions and potential acquisitions, including the *Hilli Episeyo*;
- the future share of earnings relating to the *Hilli Episeyo*, which is accounted for under the equity method;
- our ability to realize the expected benefits from the Jamaica FSRU Project;
- our anticipated growth strategies;
- the effect of a worldwide economic slowdown;
- turmoil in the global financial markets;
- fluctuations in currencies and interest rates;
- general market conditions, including fluctuations in charter hire rates and vessel values;
- changes in commodity prices;
- the liquidity and creditworthiness of our charterers;
- changes in our operating expenses, including dry-docking and insurance costs and bunker prices;
- our future financial condition or results of operations and future revenues and expenses;
- the repayment of debt and settling of interest rate swaps;
- our and Golar's ability to make additional borrowings and to access debt and equity markets;
- planned capital expenditures and availability of capital resources to fund capital expenditures;
- our ability to maintain long-term relationships with major LNG traders;
- our ability to leverage the relationships and reputation of Golar and Golar Power Limited (or Golar Power) in the LNG industry;
- our ability to purchase vessels from Golar and Golar Power in the future;
- our continued ability to enter into long-term time charters, including our ability to re-charter FSRUs and carriers following the termination or expiration of their time charters;
- our ability to maximize the use of our vessels, including the re-deployment or disposition of vessels no longer under long-term time charter;
- timely purchases and deliveries of newbuilding vessels;
- future purchase prices of newbuildings and secondhand vessels;
- our ability to compete successfully for future chartering and newbuilding opportunities;
- acceptance of a vessel by its charterer;
- termination dates and extensions of charters;

- the expected cost of, and our ability to comply with, governmental regulations, maritime self-regulatory organization standards, as well as standard regulations imposed by its charterers applicable to our business;
- availability of skilled labor, vessel crews and management;
- our general and administrative expenses and its fees and expenses payable under the fleet management agreements and the management and administrative services agreement;
- the anticipated taxation of our partnership and distributions to our unitholders;
- challenges by authorities to the tax benefits we previously obtained;
- estimated future maintenance and replacement capital expenditures;
- our and Golar's ability to retain key employees;
- customers' increasing emphasis on environmental and safety concerns;
- potential liability from any pending or future litigation;
- potential disruption of shipping routes due to accidents, political events, piracy or acts by terrorists;
- our business strategy and other plans and objectives for future operations; and
- other factors listed from time to time in the reports and other documents that we file with the U.S. Securities and Exchange Commission (the "SEC").

Factors may cause actual results to be materially different from those contained in any forward-looking statement. Golar Partners does not intend to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Golar Partners' expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.

November 5, 2018

Golar LNG Partners L.P.

Hamilton, Bermuda

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Brian Tienzo - Chief Executive and Chief Financial Officer

Stuart Buchanan - Head of Investor Relations

**Golar LNG Partners LP**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
<i>(in thousands)</i>	<b>Jul-Sep</b>	<b>Apr-Jun</b>	<b>Jan-Sep</b>	<b>Jul-Sep</b>	<b>Jan-Sep</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
Time charter revenues	\$ 108,232	\$ 84,201	\$ 266,647	\$ 99,449	\$ 328,081
Time charter revenues from related parties <sup>(1)</sup>	—	—	—	6,186	14,908
<b>Total operating revenues</b>	<b>108,232</b>	<b>84,201</b>	<b>266,647</b>	<b>105,635</b>	<b>342,989</b>
Vessel operating expenses	16,372	16,646	49,378	17,198	52,894
Voyage and commission expenses	2,312	2,042	7,241	3,853	7,475
Administrative expenses	2,944	3,944	10,140	4,933	9,753
Depreciation and amortization	24,593	24,929	75,171	26,356	77,254
<b>Total operating expenses</b>	<b>46,221</b>	<b>47,561</b>	<b>141,930</b>	<b>52,340</b>	<b>147,376</b>
<b>Operating income</b>	<b>62,011</b>	<b>36,640</b>	<b>124,717</b>	<b>53,295</b>	<b>195,613</b>
<b>Other non-operating income</b>	—	236	236	922	922
<b>Financial income / (expenses)</b>					
Interest income	1,177	3,300	7,959	2,105	4,725
Interest expense	(20,062)	(19,303)	(59,679)	(19,876)	(56,979)
Gains/(losses) on derivative instruments <sup>(2)</sup>	11,338	12,701	34,274	(225)	(2,134)
Other financial items, net <sup>(2)</sup>	(545)	74	(1,115)	(1,809)	(14,513)
<b>Net financial expenses</b>	<b>(8,092)</b>	<b>(3,228)</b>	<b>(18,561)</b>	<b>(19,805)</b>	<b>(68,901)</b>
<b>Income before tax, earnings of affiliate and non-controlling interests</b>	<b>53,919</b>	<b>33,648</b>	<b>106,392</b>	<b>34,412</b>	<b>127,634</b>
Tax	(4,512)	(4,503)	(12,938)	(4,378)	(12,521)
Equity in net losses of affiliate <sup>(3)</sup>	(71)	—	(71)	—	—
<b>Net income</b>	<b>49,336</b>	<b>29,145</b>	<b>93,383</b>	<b>30,034</b>	<b>115,113</b>
Net income attributable to non-controlling interests	(372)	(705)	(1,224)	(3,491)	(11,188)
<b>Net income attributable to Golar LNG Partners LP Owners</b>	<b>\$ 48,964</b>	<b>\$ 28,440</b>	<b>\$ 92,159</b>	<b>\$ 26,543</b>	<b>\$ 103,925</b>
<b>Weighted average units outstanding (in thousands of units):</b>					
General partner units	1,436	1,436	1,435	1,413	1,398
Preference units	5,520	5,520	5,520	—	—
Common units <sup>(4)</sup>	69,947	69,929	69,983	69,248	68,414

<sup>(1)</sup> Revenues from related parties relates to the charter of the *Golar Grand* to Golar which ended on November 1, 2017.

<sup>(2)</sup> With effect from the three months ended September 30, 2018, we presented a new line item, "Gains/(losses) on derivative instruments", which relates to the movement of our derivative instruments. Previously, these items were presented within "Other financial items, net" on the face of the statements of operations along with our general finance costs. This presentation change has been retrospectively adjusted in prior periods.

<sup>(3)</sup> Equity in net losses of affiliate relates to our share of the earnings of our investment in 50% of the common units in our affiliate Golar Hilli LLC, net of basis difference amortization.

<sup>(4)</sup> In March 2018, the Board approved a common unit repurchase program of up to \$25 million. As of September 30, 2018, 535,772 common units were repurchased.



**Golar LNG Partners LP**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	At September 30, 2018	December 31, 2017
<i>(in thousands)</i>	<i>Unaudited</i>	<i>Audited</i>
<b>ASSETS</b>		
<i>Current</i>		
Cash and cash equivalents	\$ 75,781	\$ 246,954
Restricted cash and short-term deposits	27,106	27,306
Other current assets	50,439	26,105
Amount due from related parties	—	7,625
Inventories	3,041	3,506
<b>Total Current Assets</b>	<b>156,367</b>	<b>311,496</b>
<i>Non-current</i>		
Restricted cash	145,932	155,627
Investment in affiliate <sup>(1)</sup>	208,554	—
Vessels and equipment, net	1,537,261	1,588,923
Vessel under capital lease, net	112,389	105,945
Intangible assets, net	63,578	73,206
Other non-current assets	38,790	14,927
Amount due from related parties	—	177,247
<b>Total Assets</b>	<b>\$ 2,262,871</b>	<b>\$ 2,427,371</b>
<b>LIABILITIES AND EQUITY</b>		
<i>Current</i>		
Current portion of long-term debt and short-term debt <sup>(2)</sup>	267,030	118,850
Current portion of obligation under capital lease	1,504	1,276
Amount due to related parties	9,964	—
Other current liabilities	45,205	59,961
<b>Total Current Liabilities</b>	<b>323,703</b>	<b>180,087</b>
<i>Non-current</i>		
Long-term debt <sup>(2)</sup>	975,131	1,252,184
Obligation under capital lease	121,095	126,805
Other non-current liabilities	30,313	20,694
<b>Total Liabilities</b>	<b>1,450,242</b>	<b>1,579,770</b>
<b>Equity</b>		
Partners' capital	734,861	771,031
Accumulated other comprehensive income	—	26
Non-controlling interests	77,768	76,544
<b>Total Liabilities and Equity</b>	<b>\$ 2,262,871</b>	<b>\$ 2,427,371</b>

<sup>(1)</sup> On July 12, 2018, we completed the acquisition from Golar and affiliates of Keppel Shipyard Limited and Black and Veatch for 50% of the common units in Golar Hilli LLC, which owns Golar Hilli Corporation, the disponent owner of the floating liquefied natural gas vessel.

<sup>(2)</sup> As of September 30, 2018, included within short-term debt is \$203.9 million which relates to the long-term Golar Eskimo lease financing. We are required to consolidate the financing entity's (CMBL's) subsidiary as a Variable Interest Entity ("Eskimo SPV"). As CMBL are currently

funding their subsidiary with a short-term loan facility we are therefore required to classify this debt as short-term even though it relates to a long-term financing.

## **Golar LNG Partners LP**

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS

<i>(in thousands )</i>	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>Jul-Sep</b>	<b>Apr-Jun</b>	<b>Jan-Sep</b>	<b>Jul-Sep<sup>(1)</sup></b>	<b>Jan-Sep<sup>(1)</sup></b>
<b>OPERATING ACTIVITIES</b>					
Net income	\$ 49,336	\$ 29,145	\$ 93,383	\$ 30,034	\$ 115,113
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	24,593	24,929	75,171	26,356	77,254
Equity in net losses of affiliate	71	—	71	—	—
Movement in deferred tax liability	507	379	1,326	530	1,544
Utilization of deferred tax asset	—	—	—	1,355	4,585
Amortization of deferred charges	1,687	1,707	5,974	1,424	4,578
Dry-docking expenditure	(7,116)	(1,704)	(12,027)	(7,298)	(13,713)
Realized loss on bond repurchase	—	—	—	—	6,573
Foreign exchange (gain)/losses	(263)	(670)	(671)	1,992	3,582
Unit options expense	58	58	174	59	180
Interest element included in obligation under capital lease, net	—	(73)	(34)	22	(16)
Change in market value of derivatives <sup>(1)</sup>	(10,423)	(12,329)	(33,420)	265	2,919
Change in assets and liabilities:					
Trade accounts receivable	(29,765)	(7,195)	(26,731)	2,296	11,247
Inventories	969	(385)	465	1,467	1,824
Other current assets and other non-current assets <sup>(1)</sup>	1,918	979	2,989	22,851	418
Amount due (from)/to related parties	77	(4,112)	(2,783)	5,264	28,275
Trade accounts payable	127	(429)	(3,127)	126	1,340
Accrued expenses	925	1,790	(4,104)	(486)	6,217
Other current liabilities <sup>(1)</sup>	(2,794)	3,288	(3,174)	(3,169)	(6,137)
<b>Net cash provided by operating activities</b>	<b>29,907</b>	<b>35,378</b>	<b>93,482</b>	<b>83,088</b>	<b>245,783</b>
<b>INVESTING ACTIVITIES</b>					
Additions to vessels and equipment	(1,626)	(3,018)	(6,317)	(266)	(266)
Deposit made in connection with acquisition from Golar	—	—	—	(70,000)	(70,000)
<b>Net cash used in investing activities</b>	<b>(1,626)</b>	<b>(3,018)</b>	<b>(6,317)</b>	<b>(70,266)</b>	<b>(70,266)</b>
<b>FINANCING ACTIVITIES</b>					
Proceeds from debt	—	—	1,419	—	375,000
Repayments of debt	(21,564)	(21,444)	(134,583)	(26,844)	(205,532)
Repayments of obligation under capital lease	(315)	(335)	(967)	(311)	(650)
Advances from/(releases to) related party in relation with lease security deposit	153	164	481	162	(1,659)
Repurchase of high yield bonds and related swaps	—	—	—	—	(180,188)
Proceeds from issuances of equity, net of issue costs	—	—	13,854	(664)	118,774
Dividends paid to non-controlling interest	—	—	—	—	(7,000)
Common units buy-back and cancellation	—	(1,474)	(9,477)	—	—
Cash distributions paid	(44,180)	(44,236)	(133,416)	(40,807)	(119,371)
Financing costs paid	—	—	(1,699)	(87)	(5,377)
<b>Net cash used in financing activities</b>	<b>(65,906)</b>	<b>(67,325)</b>	<b>(264,388)</b>	<b>(68,551)</b>	<b>(26,003)</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash <sup>(2)</sup>	(1,392)	(6,943)	(3,845)	3,306	9,475
Net (decrease)/increase in cash, cash equivalents and restricted cash <sup>(2)</sup>	(39,017)	(41,908)	(181,068)	(52,423)	158,989
Cash, cash equivalents and restricted cash at beginning of period <sup>(2)</sup>	287,836	329,744	429,887	439,537	228,125
Cash, cash equivalents and restricted cash at end of period <sup>(2)</sup>	<b>\$ 248,819</b>	<b>\$ 287,836</b>	<b>\$ 248,819</b>	<b>\$ 387,114</b>	<b>\$ 387,114</b>

<sup>(1)</sup> With effect from the quarter ended September 30, 2018, we presented a new line item in the statement of cash flows, "Change in market value of derivatives", which relates to the movement of our derivative instruments. Previously, these items were presented within "Change in assets and liabilities" in the statement of cash flow. This presentation change has been retrospectively adjusted in prior periods.

<sup>(2)</sup> Following the adoption of the amendments to ASC 230, the statement of cash flows presents the change in the period in total cash, cash equivalents and restricted cash. These amendments have been applied retrospectively for all prior periods presented.

## APPENDIX A - NON-GAAP FINANCIAL MEASURES

### Distributable Cash Flow (“DCF”)

Distributable cash flow represents Adjusted EBITDA adjusted for the cash components of interest, derivatives, tax and earnings from affiliates. We also include an adjustment for maintenance and replacement expenditures (including dry docking). Maintenance and replacement capital expenditures, including expenditure on dry-docking, represent capital expenditures required to maintain over the long-term the operating capacity of, or the revenue generated by, Golar Partners' capital assets. The Partnership's share of equity accounted affiliate's DCF net of estimated capital expenditures represents the Partnership's proportionate share of Adjusted EBITDA adjusted for the cash components of interest, tax and replacement expenditure. Distributable cash flow is a quantitative standard used by investors in publicly-traded partnerships to assist in evaluating a partnership's ability to make quarterly cash distributions to common unitholders, general partners and incentive distribution rights ("IDRs"). Distributable cash flow is a non-GAAP financial measure and should not be considered as an alternative to net income or any other indicator of Golar Partners' performance calculated in accordance with U.S. GAAP. The table below reconciles distributable cash flow to net income before non-controlling interests, the most directly comparable U.S. GAAP measure and the computation of coverage ratio.

<i>(in thousands)</i>	Three months ended September 30, 2018	Three months ended June 30, 2018
<b>Adjusted EBITDA</b>	<b>103,573</b>	<b>61,805</b>
Interest income	1,177	3,300
Interest expense (excluding amortization of deferred charges)	(18,375)	(17,596)
Other cash financial items	106	(224)
Current income tax charge	(4,005)	(4,124)
Deferred income	(25,190)	(234)
Estimated maintenance and replacement capital expenditures (including dry-docking reserve)	(15,763)	(15,600)
Non-controlling interest's share of DCF before maintenance and replacement capital expenditure	(1,023)	(1,358)
Unrealized partnership's share of equity accounted affiliate's DCF net of estimated capital expenditures <sup>1</sup>	(8,228)	—
Distributions relating to preferred units	(3,019)	(3,019)
<b>Distributable cash flow</b>	<b>29,253</b>	<b>22,950</b>
Depreciation and amortization	(24,593)	(24,929)
Unrealized gain from interest rate derivatives	7,524	7,829
Unrealized gain on IDR reset	2,900	4,500
Unrealized foreign exchange loss	263	670
Amortization of deferred charges	(1,687)	(1,707)
Deferred income	25,190	234
Movement in deferred tax liability	(507)	(379)
Distributions relating to preferred units	3,019	3,019
Estimated maintenance and replacement capital expenditures (including dry-docking reserve)	15,763	15,600
Realized partnership's share of equity accounted affiliate's DCF net of estimated capital expenditures <sup>1</sup>	(8,812)	—
Non-controlling interest's share of DCF before maintenance and replacement capital expenditure	1,023	1,358
<b>Net income</b>	<b>49,336</b>	<b>29,145</b>
<b>Distributions declared:</b>		
Common unitholders	28,234	40,339
General partner	581	830
<b>Sub-total</b>	<b>28,815</b>	<b>41,169</b>
<b>Distribution coverage ratio</b>	<b>1.02</b>	<b>0.56</b>

<sup>1</sup> The estimated capital expenditure relating to the Partnership's share of equity accounted affiliate was \$1.5 million and \$nil for the three months ended September 30, 2018 and June 30, 2018, respectively.

### **Adjusted EBITDA**

Adjusted EBITDA is defined as operating income before interest, tax, depreciation, and amortization. The Partnership's Adjusted EBITDA also includes the company's proportionate share of the Hilli's EBITDA (see definition below). The Partnership believes that Adjusted EBITDA assists its management and investors by increasing the comparability of its performance from period to period and against the performance of other companies in its industry that provide Adjusted EBITDA information. This increased comparability is achieved by excluding the potentially disparate effects between periods or companies of interest, taxes depreciation and amortization, which items are affected by various and possibly changing financing methods, capital structure and historical cost basis and which items may significantly affect net income between periods. The Partnership believes that including Adjusted EBITDA as a financial and operating measure benefits investors in (a) selecting between investing in the Partnership and other investment alternatives and (b) monitoring the Partnership's ongoing financial and operational strength in assessing whether to continue to hold common units. Adjusted EBITDA is a non-GAAP financial measure and should not be considered as an alternative to net income or any other indicator of Golar Partners' performance calculated in accordance with U.S. GAAP. The table below reconciles Adjusted EBITDA to net income and operating income, the most directly comparable GAAP measure. Annualized means the figure for the quarter multiplied by four.

### **Share of Hilli's EBITDA**

EBITDA is defined as operating income before interest, tax, depreciation, and amortization. As the Hilli investment is accounted for as an investment in associate under the equity method of accounting the Partnership reports its share of Hilli's profit or loss, net of interest and taxation in one line in the Income Statement, "Equity in net earnings/(losses) of affiliates". This Income Statement line item also includes the amortization of fair value balances relating to the notional fair value exercise that was undertaken on the date of acquisition to allocate the cost of investment to the acquired assets, liabilities and contingent liabilities. The acquisition date fair values attributed to the various assets and liabilities require a subjective judgement based on a range of complex variables at a point in time. In calculating Hilli's EBITDA management have removed the effect of Hilli's interest, tax, depreciation and amortization plus reversed the amortization of the fair value assets and liabilities from the net earnings amount reported in the Partnership's Income Statement. We have presented Share of Hilli's EBITDA as we believe it provides useful information to investors because it is a basis upon which we measure our operations and efficiency. This is not a measure of our financial performance under U.S. GAAP and should not be construed as an alternative to net income/(loss) or other financial measures presented in accordance with U.S. GAAP.

<i>(in thousands)</i>	Three months ended September 30, 2018	Three months ended June 30, 2018	Three months ended September 30, 2017
<b>Net income</b>	<b>\$ 49,336</b>	<b>\$ 29,145</b>	<b>\$ 30,034</b>
Depreciation and amortization	24,593	24,929	26,356
Interest income	(1,177)	(3,300)	(2,105)
Interest expense	20,062	19,303	19,876
(Gains)/losses on derivative instruments <sup>(1)</sup>	(11,338)	(12,701)	225
Other financial items, net <sup>(1)</sup>	545	(74)	1,809
Tax	4,512	4,503	4,378
Equity in net losses of affiliate	71	—	—
Share of Hilli's EBITDA	16,969	—	—
<b>Adjusted EBITDA</b>	<b>\$ 103,573</b>	<b>\$ 61,805</b>	<b>\$ 80,573</b>
<b>Annualized Adjusted EBITDA</b>	<b>\$ 414,292</b>	<b>\$ 247,220</b>	<b>\$ 322,292</b>
<b>Reconciliation to operating income</b>			
Depreciation and amortization	(24,593)	(24,929)	(26,356)
Share of Hilli's EBITDA	(16,969)	—	—
<b>Operating income</b>	<b>\$ 62,011</b>	<b>\$ 36,876</b>	<b>\$ 54,217</b>
<b>Reconciliation to share of Hilli's EBITDA</b>			
Equity in net losses of affiliate	(71)	—	—
Basis difference amortization <sup>(2)</sup>	7,313	—	—
Share of Hilli's net financial charges <sup>(3)</sup>	7,027	—	—
Share of Hilli's depreciation and amortization <sup>(3)</sup>	2,700	—	—
<b>Share of Hilli's EBITDA</b>	<b>\$ 16,969</b>	<b>—</b>	<b>—</b>

<sup>1</sup> With effect from the three months ended September 30, 2018, we presented a new line item, "Gains/(losses) on derivative instruments", which relates to the movement of our derivative instruments. Previously, these items were presented within "Other financial items, net" on the face of the statements of operations along with our general finance costs. This presentation change has been retrospectively adjusted in prior periods.

<sup>2</sup> Basis difference amortization relates to depreciation and the amortization of the fair value uplift on the assets and liabilities that were recognized as part of the purchase price accounting exercise carried out on the date of acquisition.

<sup>3</sup> The Hilli agreement is an entity where the economic results are allocated based on a contractual agreement rather than relative ownership percentages. This is due to the different classes of equity within the Hilli entity (Common Units, Series A Units, Series B Units). In calculating the Partnership's equity pick up the underlying results of the Hilli entity were allocated based on the LLC agreement as opposed to as a percentage of the underlying results.



## Adjusted Net Debt

Adjusted Net Debt includes short and long term third party borrowings and our obligations under our capital leases offset by cash, cash equivalents and restricted cash. Management also includes the Partnership's proportionate share of the Hilli loan facility.

As the Hilli investment is accounted for as an investment in associate under the equity method of accounting the Partnership reports its share of Hilli's profit or loss, net of interest and taxation in one line in the Income Statement, "Equity in net earnings/(losses) of affiliates" with the offsetting entry to the Investment on the Balance Sheet. The underlying line items in the Hilli Balance Sheet do not appear in the Partnership's financial statements. Management believe that including their proportionate share of the Hilli facility is a better reflection of the overall net debt position. This is consistent with management's definition of Adjusted EBITDA.

Adjusted Net Debt is a non-GAAP financial measure used by investors to measure our performance and should not be considered as an alternative to any other indicator of Golar Partners' performance calculated in accordance with U.S. GAAP. The Partnership believes that Adjusted Net Debt assists its management and investors by increasing the comparability of its combined indebtedness and cash position against other companies in its industry. This increased comparability is achieved by providing a comparative measure of debt levels irrespective of the levels of cash that a company maintains. We provide a ratio of Adjusted Net Debt to annualized Adjusted EBITDA to enable our investors to understand better our liquidity position and our ability to service our debt obligations.

<i>(in thousands)</i>	At September 30, 2018	At June 30, 2018	At September 30, 2017
Current portion of long-term debt and short-term debt	267,030	271,360	158,067
Current portion of obligation under capital lease	1,504	1,431	1,112
Long-term debt	975,131	990,678	1,273,037
Obligation under capital lease - non current	121,095	123,138	126,051
Share of Hilli's sale and leaseback debt	463,500	—	—
<b>Total Debt</b>	<b>\$ 1,828,260</b>	<b>\$ 1,386,607</b>	<b>\$ 1,558,267</b>
Cash and cash equivalents	75,781	115,877	206,821
Restricted cash and short term deposits - current	27,106	22,356	21,817
Restricted cash - non current	145,932	149,603	158,476
<b>Total Cash, Cash Equivalents and Restricted Cash</b>	<b>\$ 248,819</b>	<b>\$ 287,836</b>	<b>\$ 387,114</b>
<b>Adjusted Net Debt</b>	<b>\$ 1,579,441</b>	<b>\$ 1,098,771</b>	<b>\$ 1,171,153</b>
<b>Adjusted Net Debt to Annualized Adjusted EBITDA</b>	<b>3.8</b>	<b>4.4</b>	<b>3.6</b>

**Effective revenue backlog:** Effective revenue backlog is defined as the contracted daily charter rate for each vessel multiplied by the number of scheduled hire days for the remaining contract term, which includes our pro-rata share of Hilli Episeyo contractual billings which will be recorded as "Equity in net earnings of affiliates".

**Average Daily TCE:** It is standard industry practice to measure the revenue performance of a vessel in terms of average daily TCE. For time charters, this is calculated by dividing total operating revenue less voyage and commission expenses by the number of calendar days minus days for scheduled off-hire. Scheduled off-hire days includes days when vessels are in lay-up or undergoing dry dock. Where we are paid a fee to position or reposition a vessel before or after a time charter, this additional revenue, less voyage and commission expenses, is included in the calculation of net time charter revenues. TCE rate is a standard shipping industry performance measure used primarily to compare period-to-period changes in a company's performance despite changes in the mix of charter types (i.e. spot charters, time charters and bareboat charters) under which the vessels may be employed between the periods. We include average daily TCE, a non-U.S. GAAP measure, as we believe it provides additional meaningful information in conjunction with total operating revenues, the most directly comparable U.S. GAAP measure, because it assists our management in making decisions regarding the deployment and use of our vessels and in evaluating their financial performance. Our calculation of average daily TCE may not be comparable to that reported by other companies. Refer to our most recent quarterly investor presentation on our investor relations section on our website ([www.golarlngpartners.com](http://www.golarlngpartners.com)) for a reconciliation to the most directly comparable financial measure under US GAAP.