



Avance Gas

Third Quarter Results 2023

November 28, 2023



FORWARD LOOKING STATEMENTS



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The information, opinions and forward-looking statements contained in this announcement speak only as at its date and are subject to change without notice. Avance Gas undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for Avance Gas to predict all of these factors. Further, Avance Gas cannot assess the impact of each such factors on its business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statements.

This information is subject to disclosure requirements pursuant to Section 5-12 of the Norwegian Securities Trading Act

Q3 HIGHLIGHTS



RESULTS

Q3-23 TCE (discharge-to-discharge) of \$55,300/day versus guidance high ~\$50,000/day
Q3-23 TCE (load-to-discharge) of \$46,700/day impacted by FFA's and IFRS 15 timing effects
Net Profit of \$102 million or EPS of \$1.33– strongest YTD Q3 results since 2015

RECENT EVENTS

Sale of Iris Glory expected completed by Dec/Jan – Sale price \$60m of which book profit is \$22m
Refinanced the VLGC Pampero (built 2015) in a \$43 million bank facility at improved terms
Transit reduction in Panama Canal has increased sailing distances thus driving freight rates up

GUIDANCE

Q4-23 guidance of a TCE/day of \$70-75,000 on a discharge-to-discharge basis incl. FFA hedge deductions
Currently booking remaining Q4 at attractive levels given current spot market conditions
Current market level at ~\$138,000/day basis Ras Tanura-Chiba for a modern non-scrubber vessel

DIVIDEND

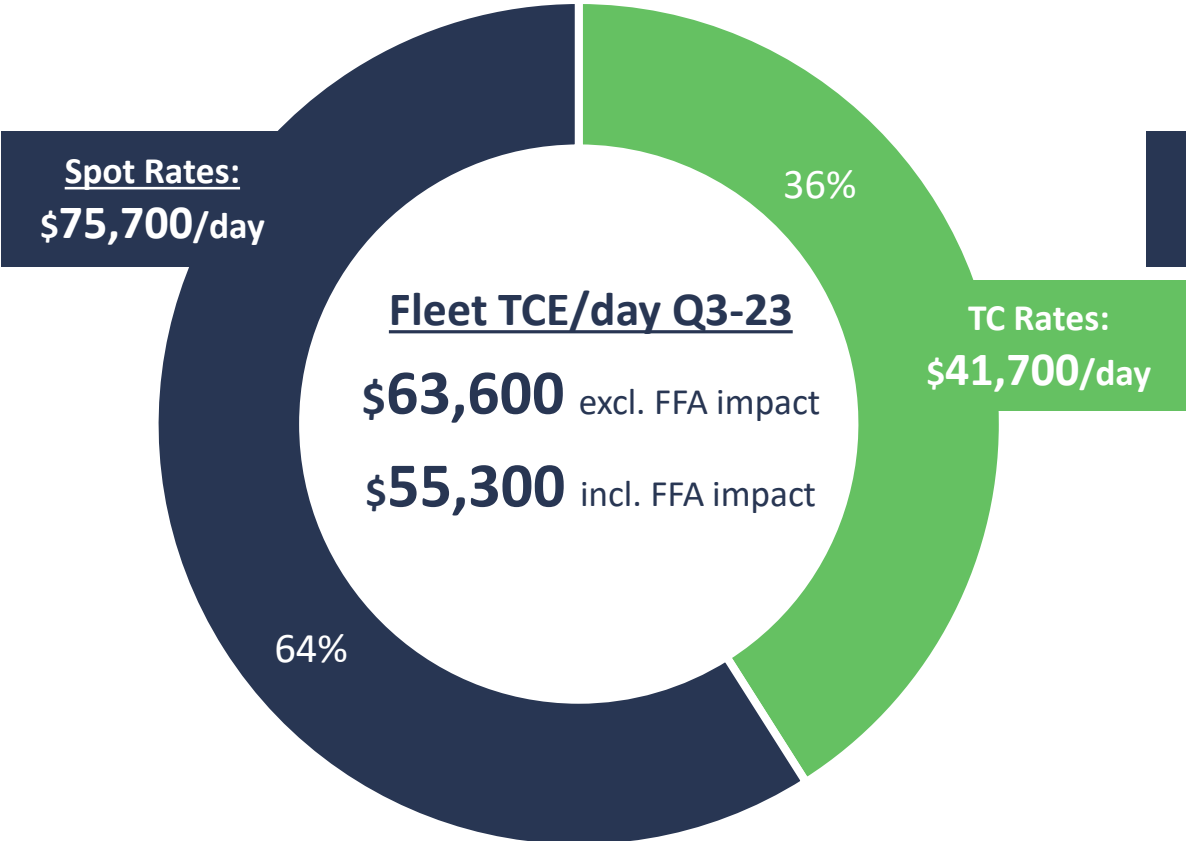
Declaring a quarterly dividend of \$0.50 per share providing a dividend yield of ~12%⁽¹⁾
Dividend last twelve months of \$2.00 per share equating to 12%⁽¹⁾ dividend yield p.a.

(1) Annualised yield given share price of NOK 175 with USDNOK 10.70

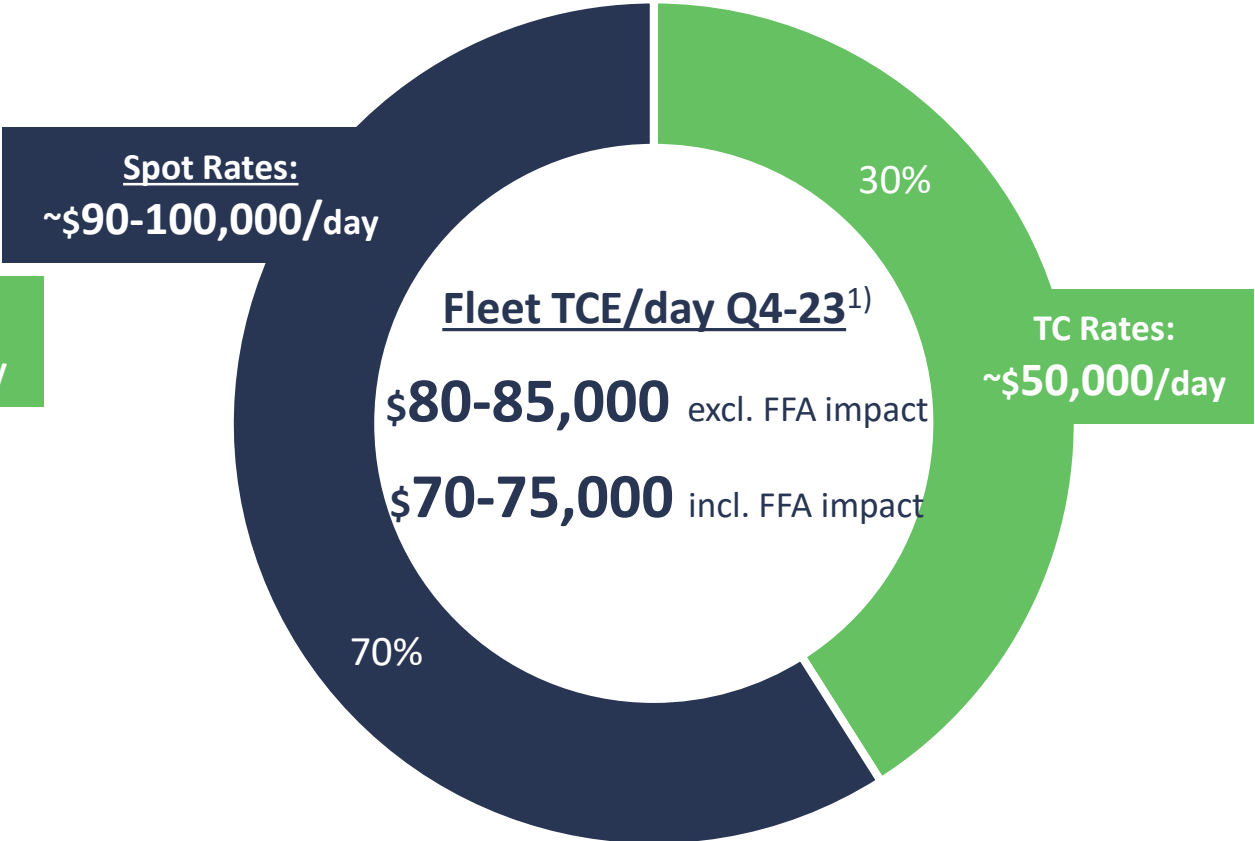
Q3/Q4 COMMERCIAL PERFORMANCE



Q3-Commercial Performance: (discharge-to discharge)



Q4-Commercial Guidance: (discharge-to discharge)



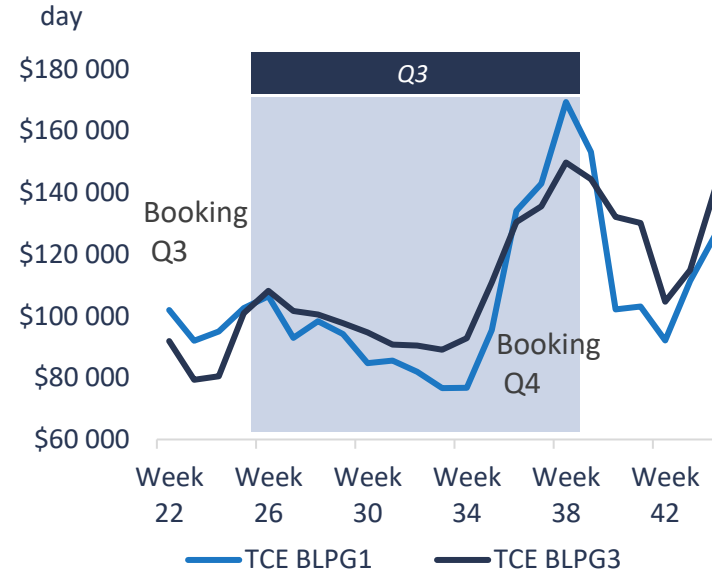
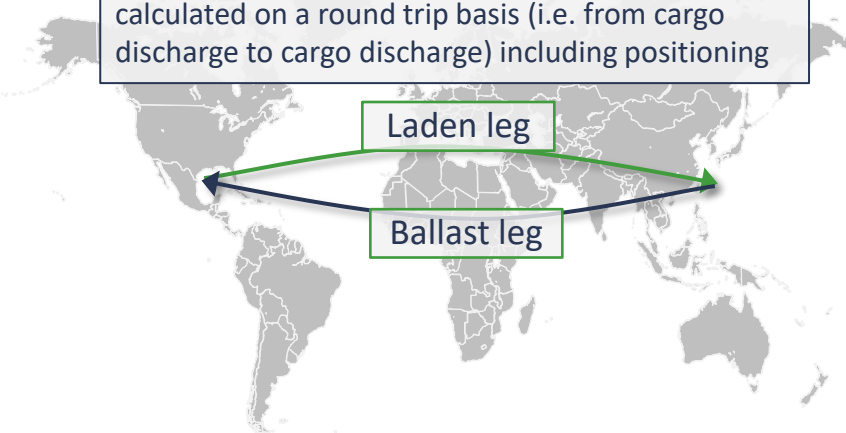
(1) Fleet TCE/day guidance is basis discharge to discharge. Load to discharge (reporting) figures expected to be \$2-5,000/day lower

Q3 IMPACTED BY IFRS15, TIMING EFFECTS & FFA HEDGES



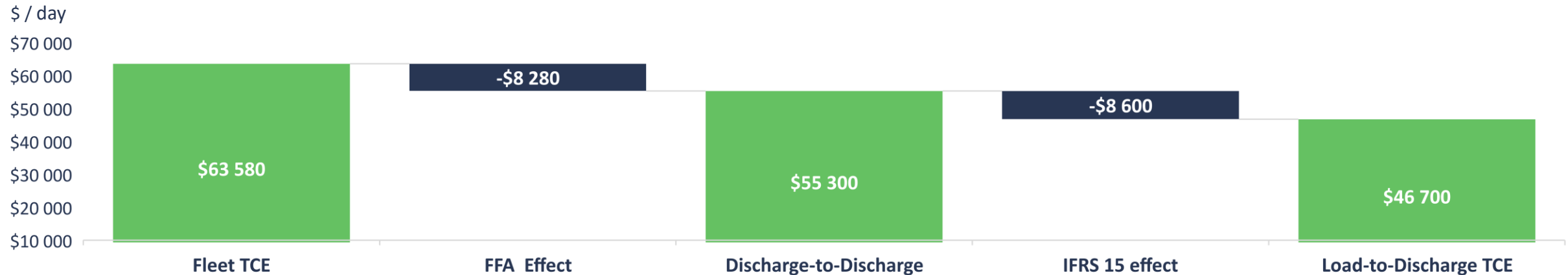
Discharge-to-discharge

On Discharge-to-discharge freight revenue is calculated on a round trip basis (i.e. from cargo discharge to cargo discharge) including positioning



Load-to-discharge

In financial reports, IFRS spot revenue is only recognized on laden voyage (i.e. load-to-discharge)



THE AVANCE FLEET



20 Vessels ¹	10 Dual-fuel vessels	8 Combined LPG and Ammonia Carriers
Avg. Age ~ 4.5 years ²	6 Scrubber fitted vessels	4 Vessels ready for Ammonia Engine

2008/2009 class

- Venus Glory (2008) **FOR SALE**
- Iris Glory (2008) **SALE PENDING**
- Promise (2009) **SOLD**
- Providence (2008) **SOLD**
- Thetis Glory (2008) **SOLD**

2015 eco class

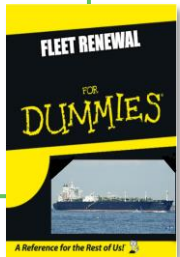
- | | |
|--------------------|--------------------|
| Chinook | Passat (scrubber) |
| Pampero | Sirocco (scrubber) |
| Mistral (scrubber) | Levant (scrubber) |
| Monsoon (scrubber) | Breeze (scrubber) |

DF class

- Polaris (2022)
- Capella (2022)
- Rigel (2023)
- Avior (2023)
- Castor (2024)
- Pollux (2024)

MGCs

- MGC #1 (2025)
- MGC #2 (2026)
- MGC #3 (2026)
- MGC #4 (2026)



(1) Including vessels under construction and vessels held for sale
 (2) Incl. VLGC and MGC newbuilds (assumed zero age), but excluding vessel held for sale (Iris Glory)

EMPLOYMENT OVERVIEW



Vessel	Size (CBM)	Built	EGCS	LPG	NH3	2023				2024			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Iris Glory	83 700	2008			v	Fixed TC				Vessel sold			
Venus Glory	83 700	2008			v	Fixed TC				Spot			
Breeze	83 000	2015	v			Spot				Spot			
Chinook	83 000	2015				Variable TC				Variable TC			
Levant	83 000	2015	v			Spot				Spot			
Mistral	83 000	2015	v			Spot				Spot			
Monsoon	83 000	2015	v			Spot				Spot			
Pampero	83 000	2015				Fixed TC				Fixed TC			
Passat	83 000	2015	v			Spot				Spot			
Sirocco	83 000	2015	v			Spot				Spot			
Polaris	91 000	2022		v		Variable TC				Spot			
Capella	91 000	2022		v		Variable TC		Spot		Spot			
Rigel	91 000	2023		v	v*	Yard		Spot		Spot			
Avior	91 000	2023		v	v*	Yard		Spot		Spot			
Castor	91 000	2024		v	v	Yard				Spot			
Pollux	91 000	2024		v	v	Yard			Spot	Spot			
MGC Newbuild #1	40 000	Q4-2025			v	Yard				Yard			
MGC Newbuild #2	40 000	Q1-2026			v	Yard				Yard			
MGC Newbuild #3	40 000	Q2-2026			v	Yard				Yard			
MGC Newbuild #4	40 000	Q4-2026			v	Yard				Yard			
FFA 1: one scrubber vessel (HFO)						\$48k/day				\$60k/day			
FFA 2: % of one scrubber vessel (HFO)										50% at \$70k/day			
FFA 3: one dual fuel vessel (VLSFO)								\$53k/day		\$63k/day			

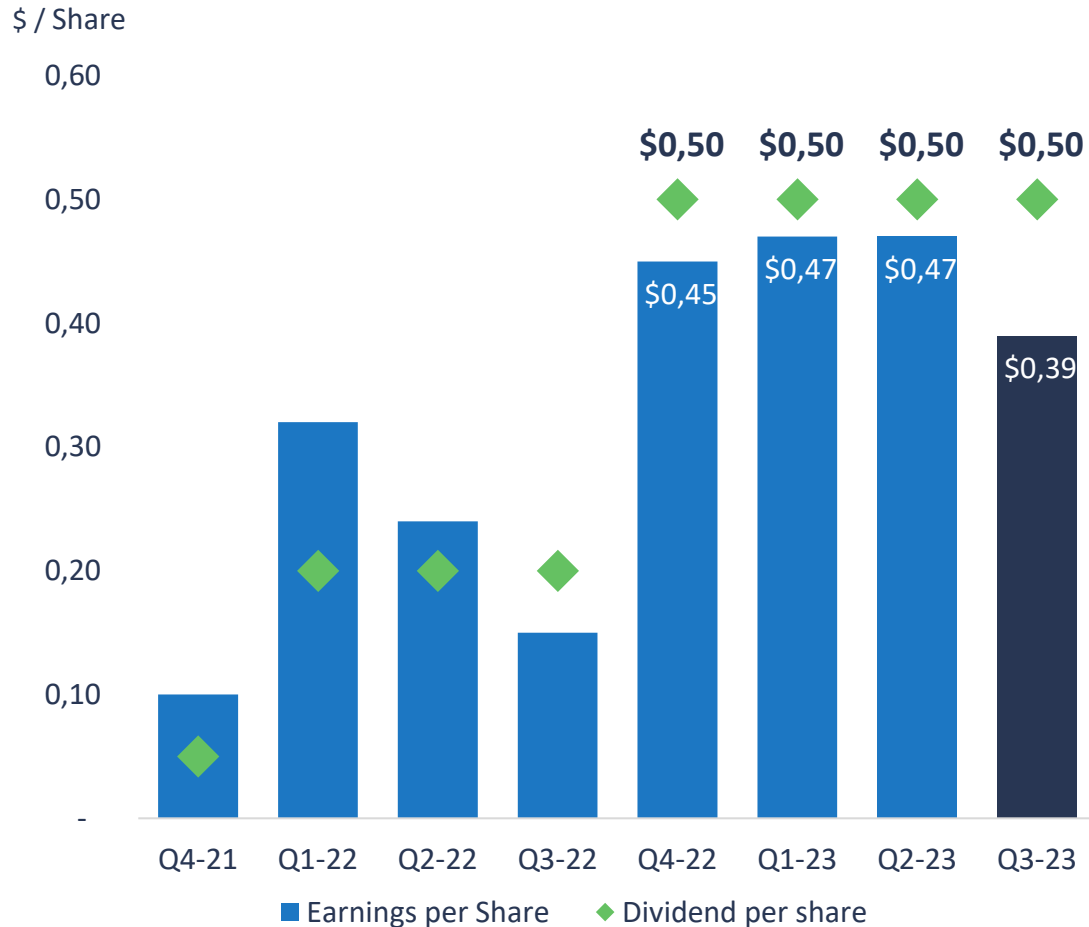
*Can run on NH3 (ammonia) subject main engine modification, but not carry NH3

■ Spot
 ■ Fixed TC
 ■ Variable TC
 ■ FFA
 ■ Yard

RAMPING UP DIVIDEND IN LINE WITH INCREASED EARNINGS



Dividend distribution



Dividend decision criteria's

	Q2-23	Q3-23	
1 Earnings and cashflow	✓	✓	Net Profit \$102m - Strongest YTD Q3 since 2015
2 Market outlook	✓	✓	Q4-23 TCE/day guidance at \$70-75kpdr and forward market suggest very buoyant rate levels for 2024
3 Backlog and visibility	✓	✓	Three ships on fixed hire rate, two on variable hire and two ship hedged by FFAs in Q4-23
4 Liquidity	✓	✓	Solid cash position of ~\$146m end Q3-23 vs. cash covenant of \$35m
5 Covenant compliance	✓	✓	Significant buffer to all debt covenant thresholds
6 Debt maturities	✓	✓	Staggered debt maturity profile with no debt maturities prior to 2027
7 Capex liabilities	✓	✓	MGCs to be financed closer to delivery, cash balance and cashflow sufficient to fund predelivery CAPEX
8 Other Considerations	✓	✓	Robust balance sheet capable of handling a potential sudden downturn in the market

INCOME STATEMENT AND KEY FINANCIAL FIGURES



Income Statement (in million \$)	Q3 2023	Q2 2023	Variance
TCE earnings	59	63	(3.3)
Operating Profit before depreciation	46	52	(5.5)
Depreciation	(11)	(12)	0.7
Net finance expense	(5)	(4)	(0.9)
Net profit	30	36	(5.6)
Earnings per share (\$)	0.39	0.47	(0.07)
Per day figures (in \$)	Q3 2023	Q2 2023	Variance
TCE (Discharge to Discharge)	55,262	50,826	4,437
TCE (Load to Discharge)	46,696	52,015	(5,318)
Operating expense ('OPEX')	8,071	8,003	68

- TCE of \$55,300/day for Q3 on discharge-to-discharge basis. TCE on load-to-discharge basis was \$46,700/day down from \$52,000/day for Q2. Adjustment related to load to discharge was negative \$10.9 million for Q3 as spot market reached all-time high levels by the end of the quarter
- Spot market considerably stronger than average FFA coverage of \$50,300/day, thereby a loss of \$8,300/day for the fleet is recognized through TCE earnings
- Interest expense slightly up from second quarter due to increase in interest rates, offset by interest hedges (hedge ratio ~90%)
- Net profit of \$30.1 million or EPS of \$0.39. Net profit year to date of \$102.1 million or EPS of \$1.33
- Annualised return on book equity ~21%

BALANCE SHEET AND KEY FINANCIAL FIGURES

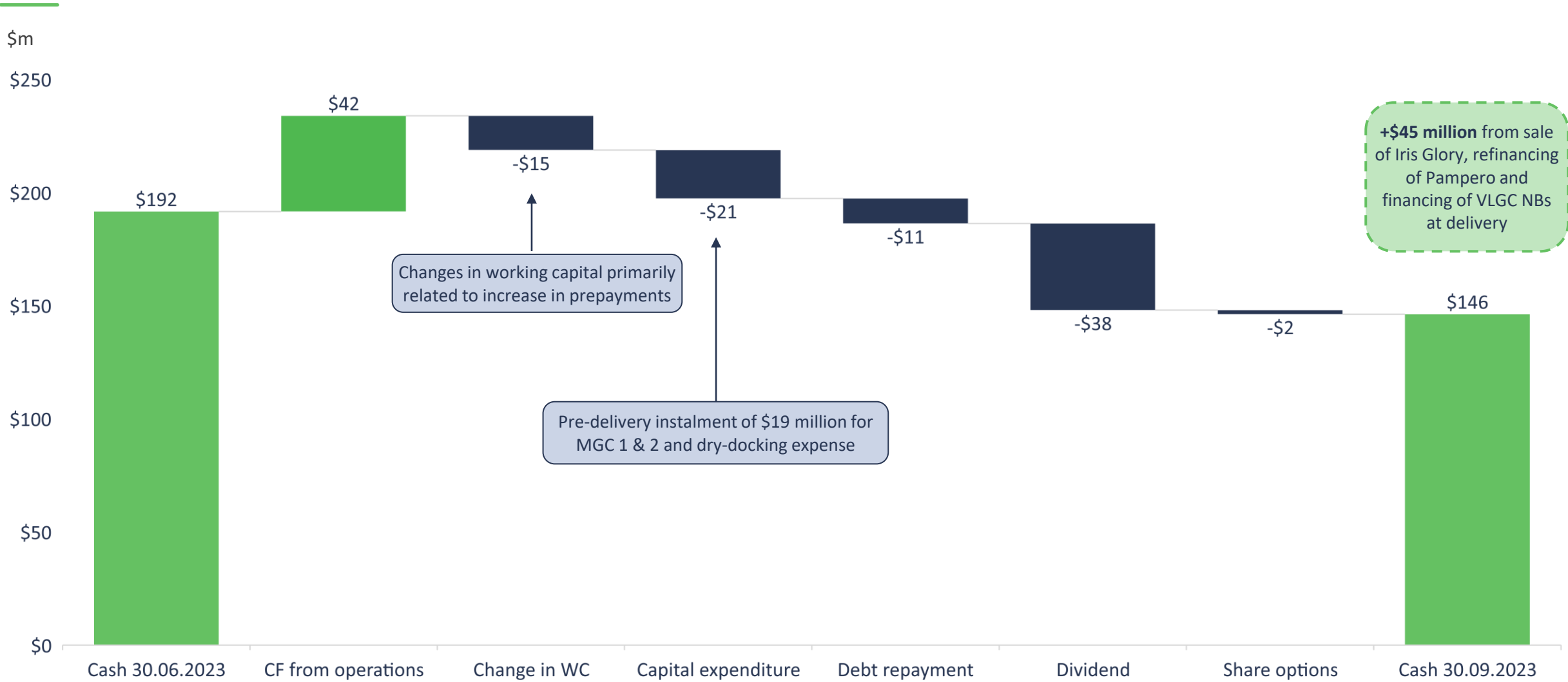


Balance Sheet (in million \$)	Q3 2023	Q2 2023	Variance
Cash & cash equivalents	146	192	(46)
VLGCs & newbuildings under construction	918	907	11
Other assets	89	68	21
Total assets	1,152	1,166	(14)
Total liabilities	571	576	(4)
Total shareholders' equity	581	590	(9)
Balance sheet ratios	Q3 2023	Q2 2023	Variance
Book equity ratio	50%	51%	0%
Loan to value ¹	49%	51%	(2%)

- Total assets consist primarily of 14 VLGCs on water (incl. asset held for sale) as well as two dual fuel VLGCs and two MGCs under construction. Two additional MGC newbuilds will start capitalize next quarter.
- Secured refinancing of Pampero (2015) at attractive terms
- Balanced loan to value of ~49%
- Maintained a strong book equity ratio ~ 50% at quarter-end
- Significant cash balance of \$146 million

1) Loan to value: total broker value of all vessels including newbuildings divided by total outstanding financing and committed financing for undrawn loans

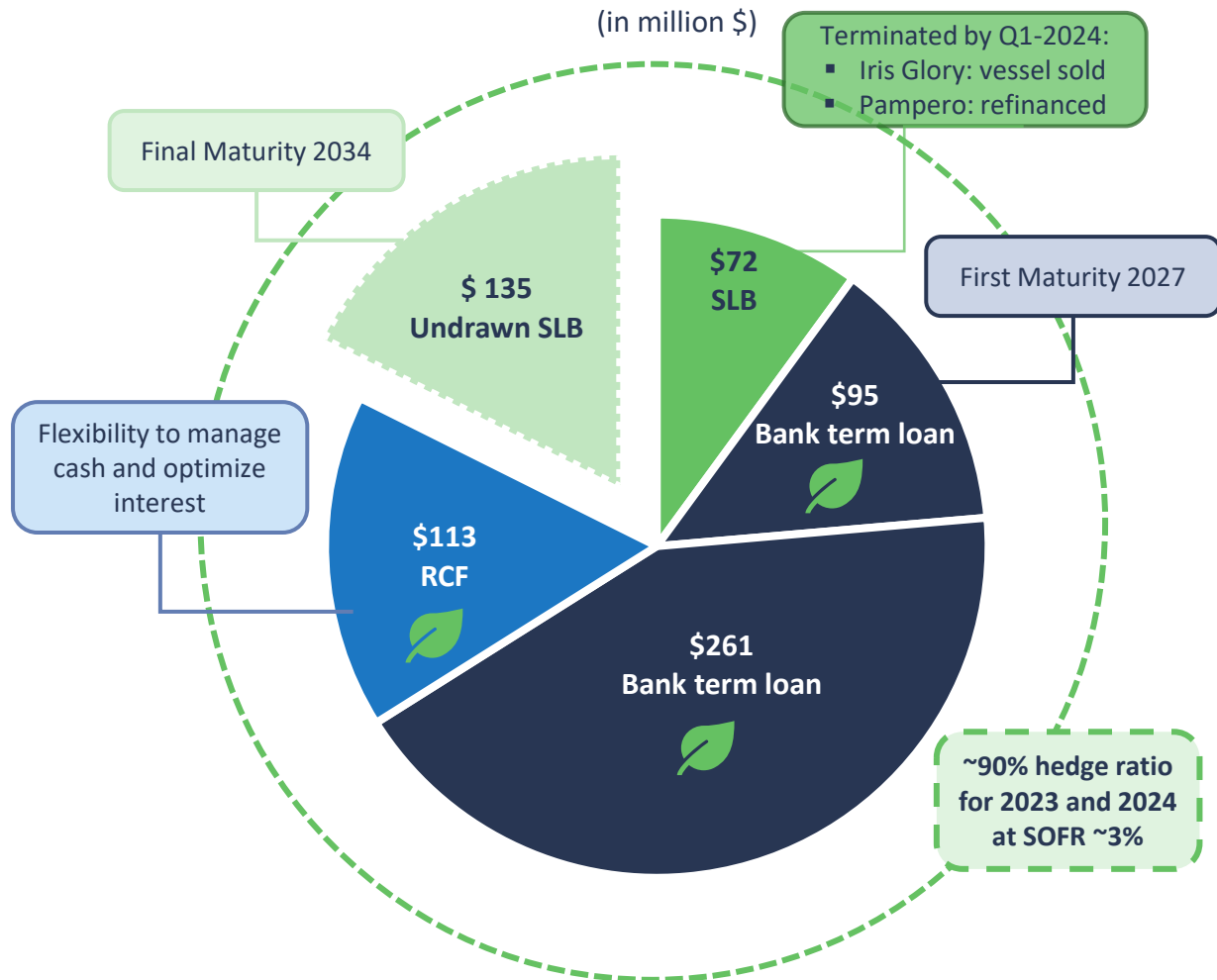
ROBUST CASH POSITION OF \$146M AT QUARTER-END



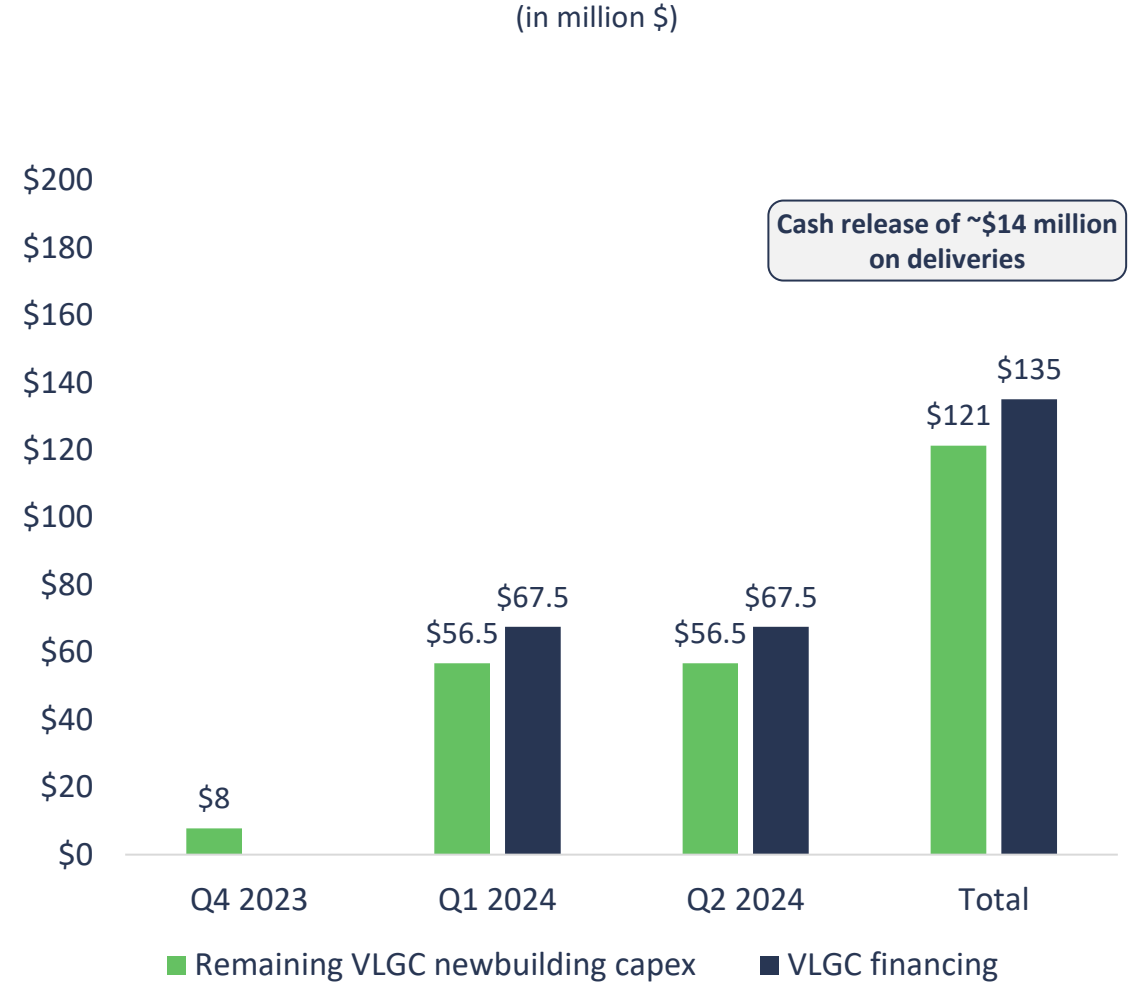
FLEXIBLE FINANCING STRUCTURE



Outstanding debt and committed financing Q3-2023



VLGC Newbuilding financing exceeds remaining capex



 Green leaf icon illustrate sustainability linked financing

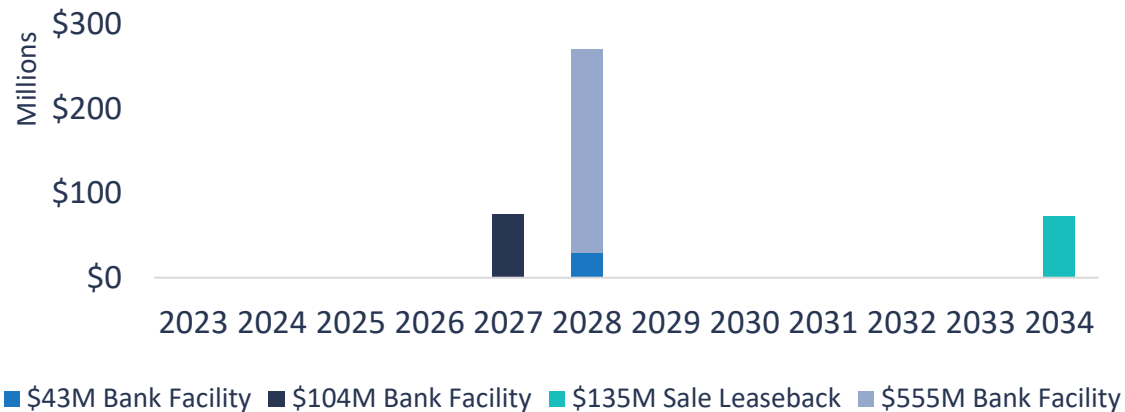
NEW ATTRACTIVE FINANCING SECURED



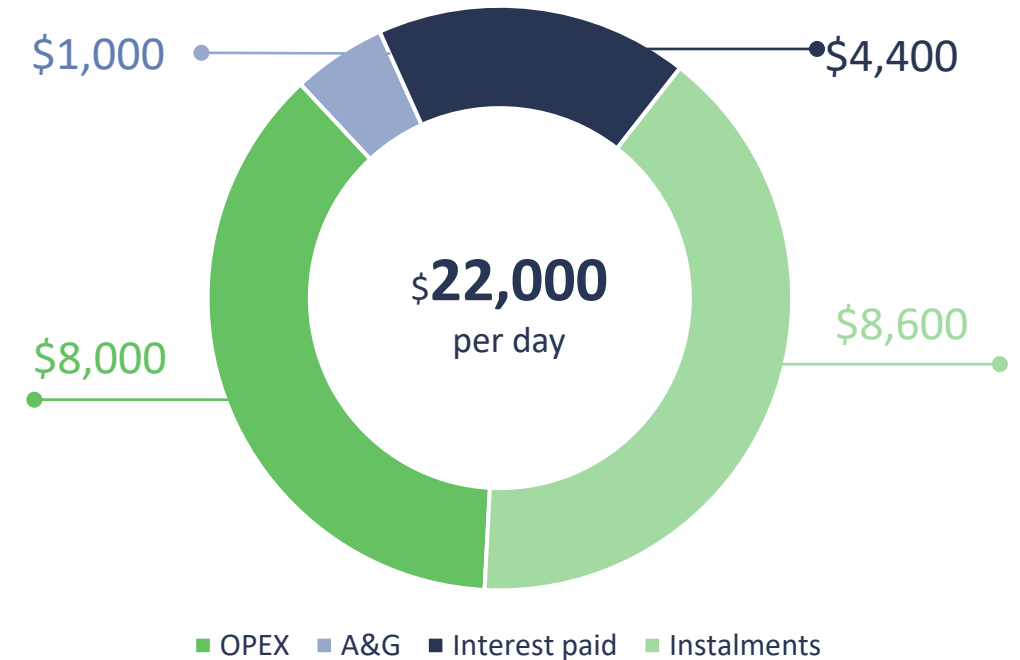
New attractive bank financing secured

- Financing amount: \$43 million for the VLGC Pampero (2015-built)
- Repayment profile: 20 years age-adjusted
- Maturity: January 2028
- Margin: SOFR + 190bps
- Cash release of ~\$5 million when refinancing SLB Q1-24

Staggered debt maturities (balloon payments)

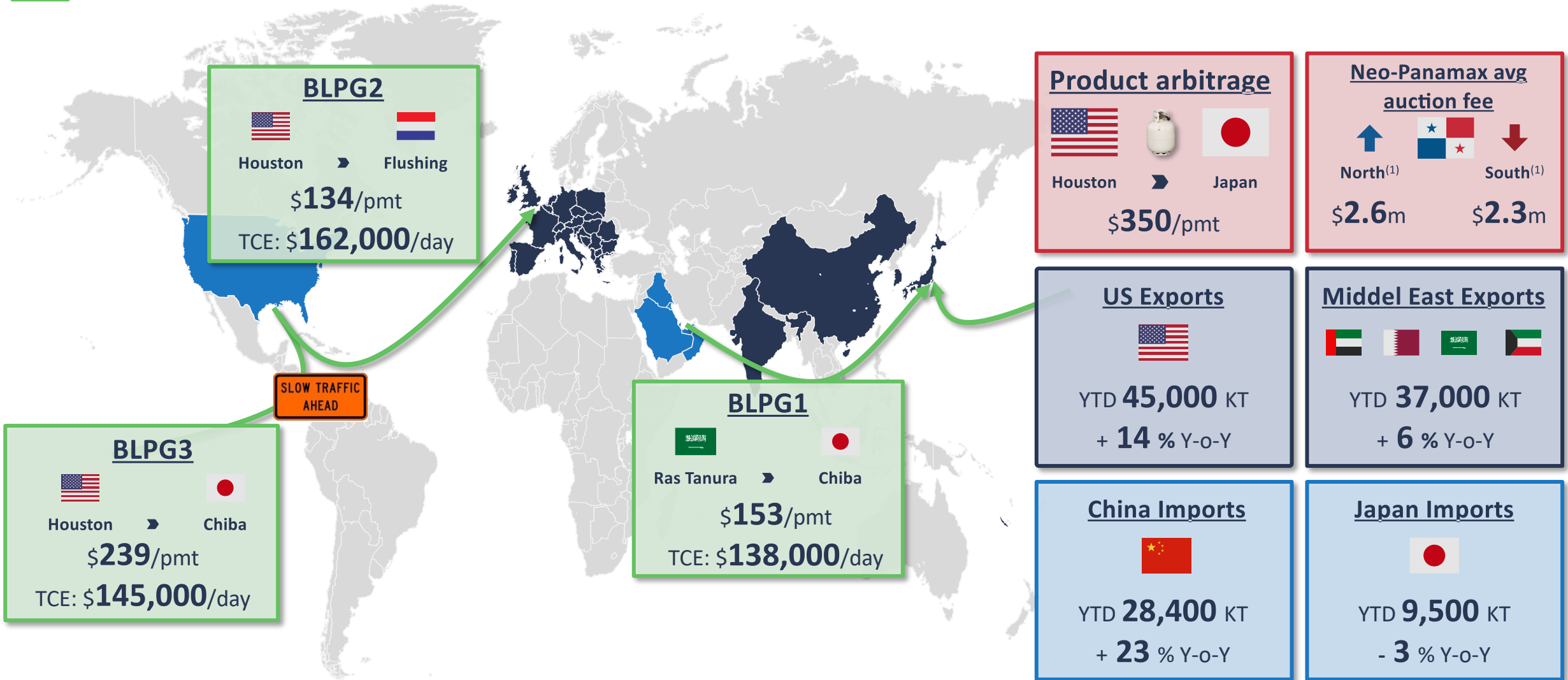


Maintaining industry low cash break-even ¹



(1) Normalised G&A /day and OPEX/day, excludes capital expenditures, post refinancing of Pampero and sale of Iris Glory

VLGC SPOT FREIGHT RATES REMAINS ON “FIRE”

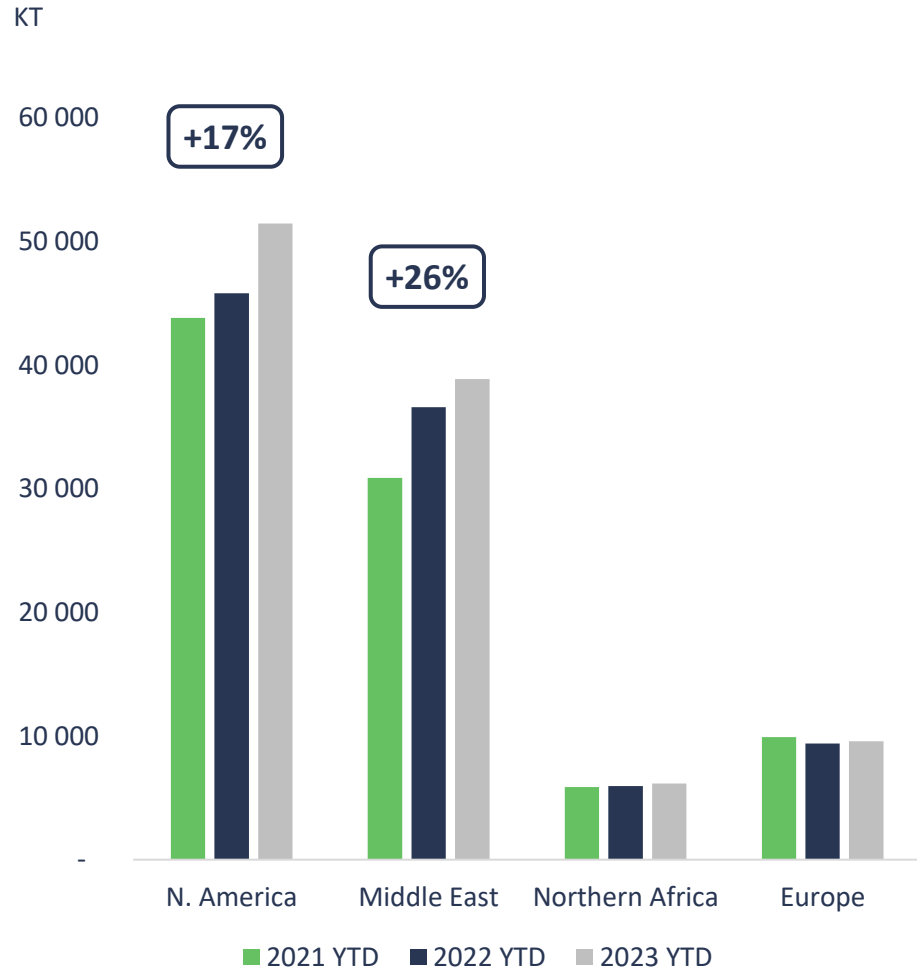


Source: Fearnley, Baltic Exchange, Gibson, Braemar and Kpler
 Note: Baltic rates as of Nov.27th, 2023, TCE numbers from Fearnleys, import export figures as of end November 2023 from Kpler
 (1) Average auction fee for November as of Nov.27th, 2023, for the Neo Panama locks from Norton Lilly

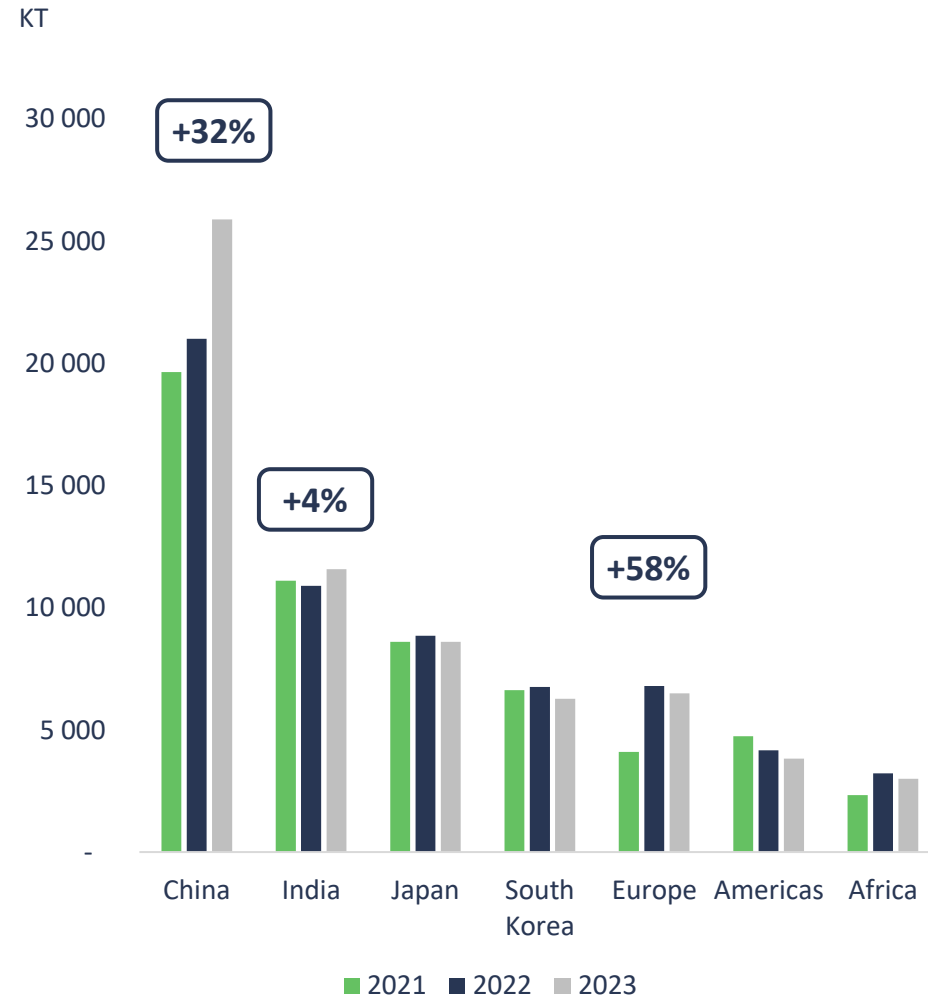
CONTINUED STRONG EXPORT GROWTH



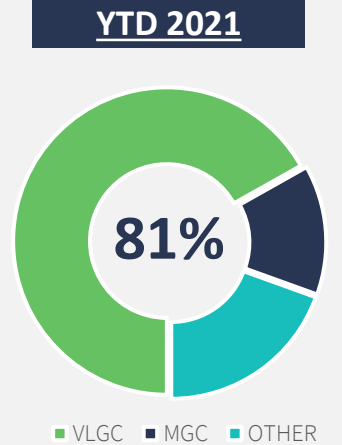
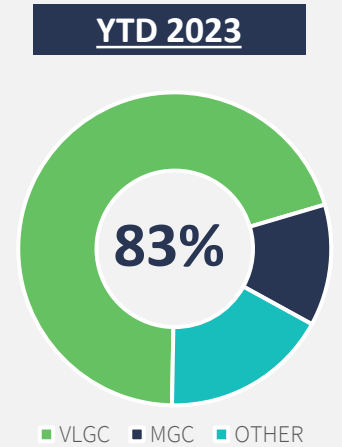
Seaborne LPG export (Jan-Oct)



Seaborne LPG Imports (Jan-Oct)²



VLGCs & MGC share¹

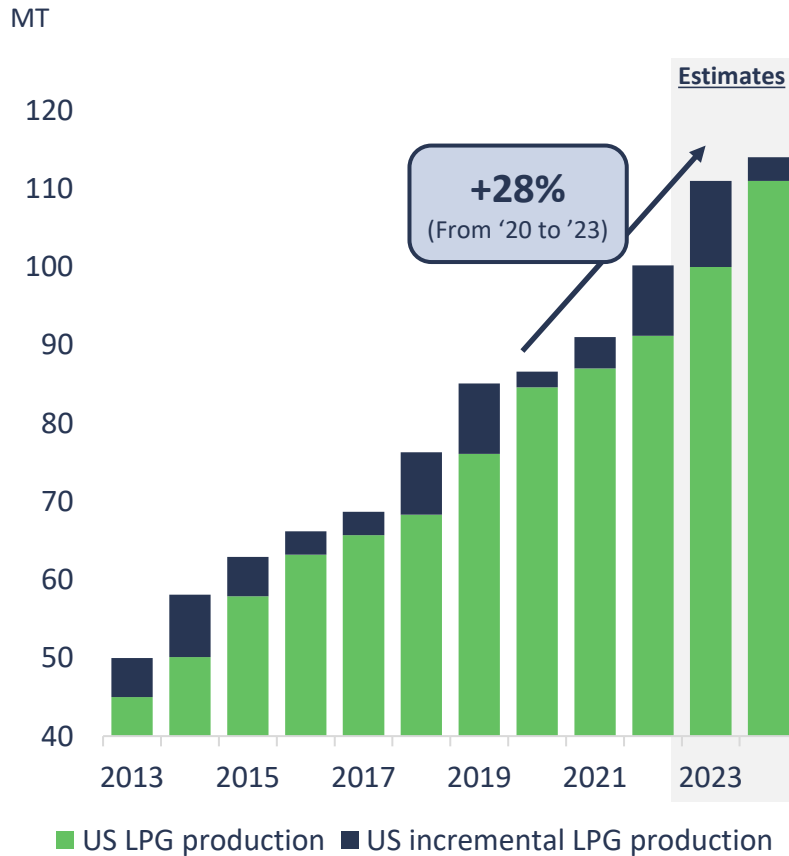


Source: Kpler
 (1) As % of all seaborne LPG Export (Jan-Oct)
 (2) Kpler export data based on cargo destination

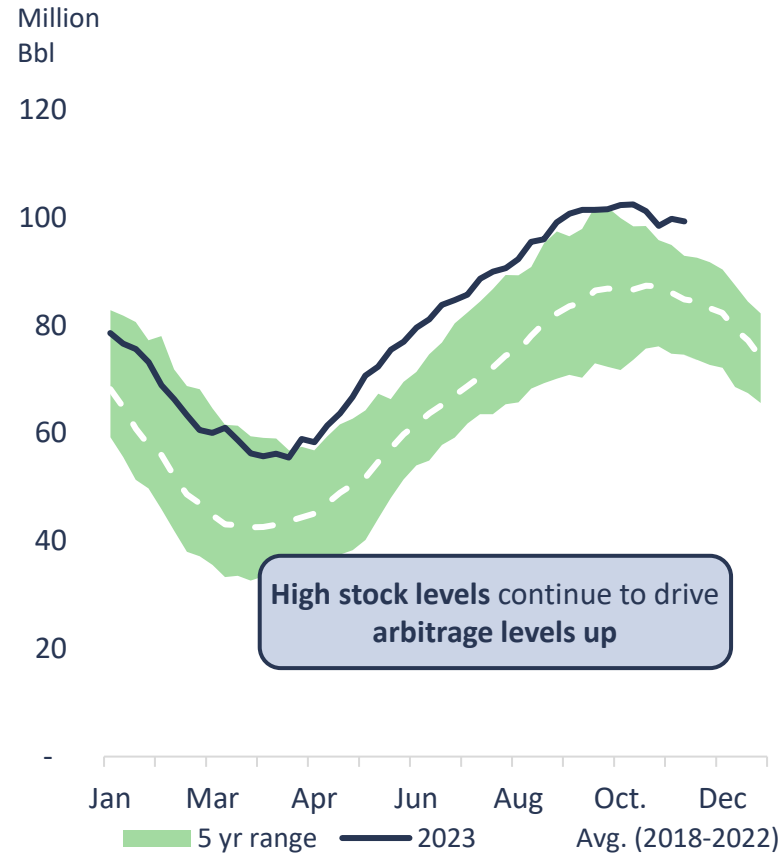
U.S. FUNDAMENTALS SUPPORTING ARBITRAGE TRADE



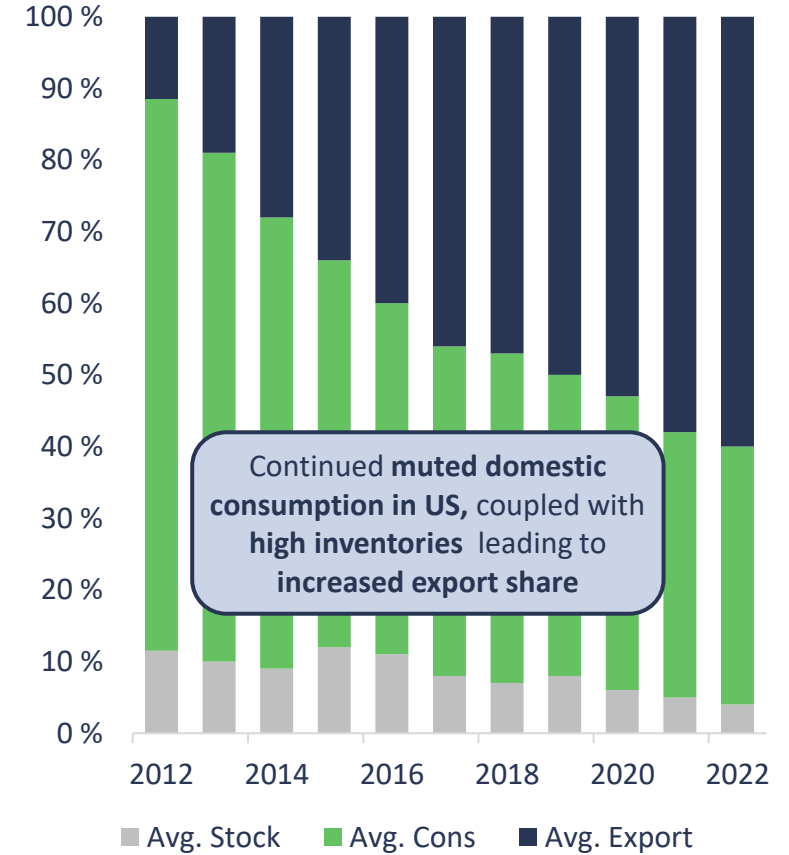
Strong production growth in the US



US Propane stock levels at historical highs



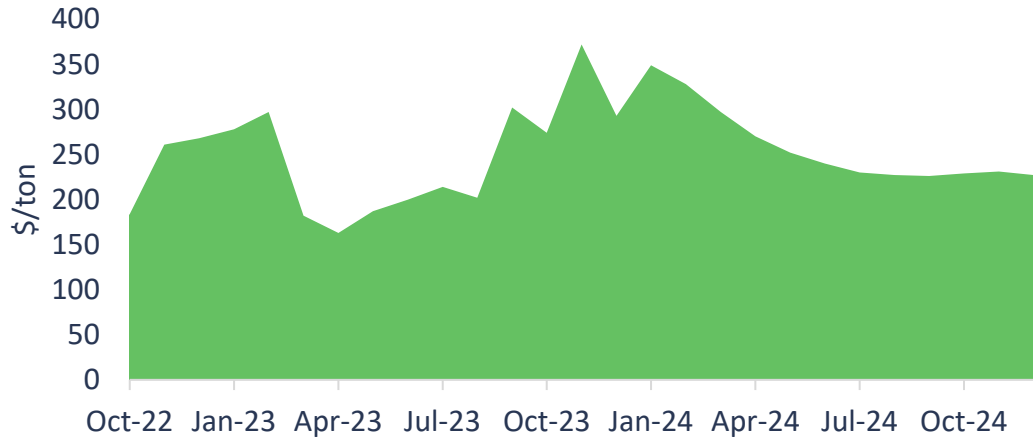
Continued strong export trend



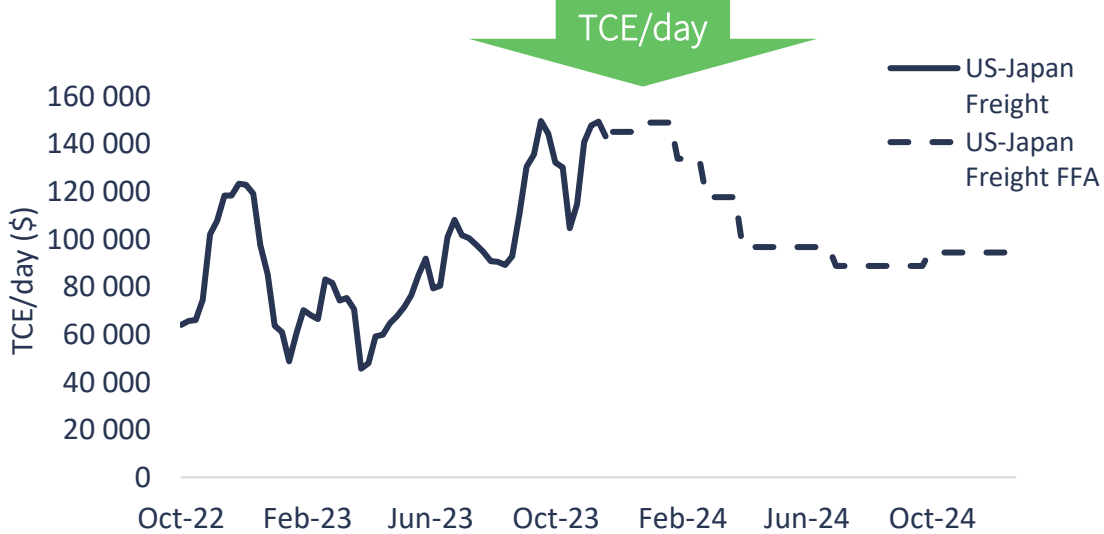
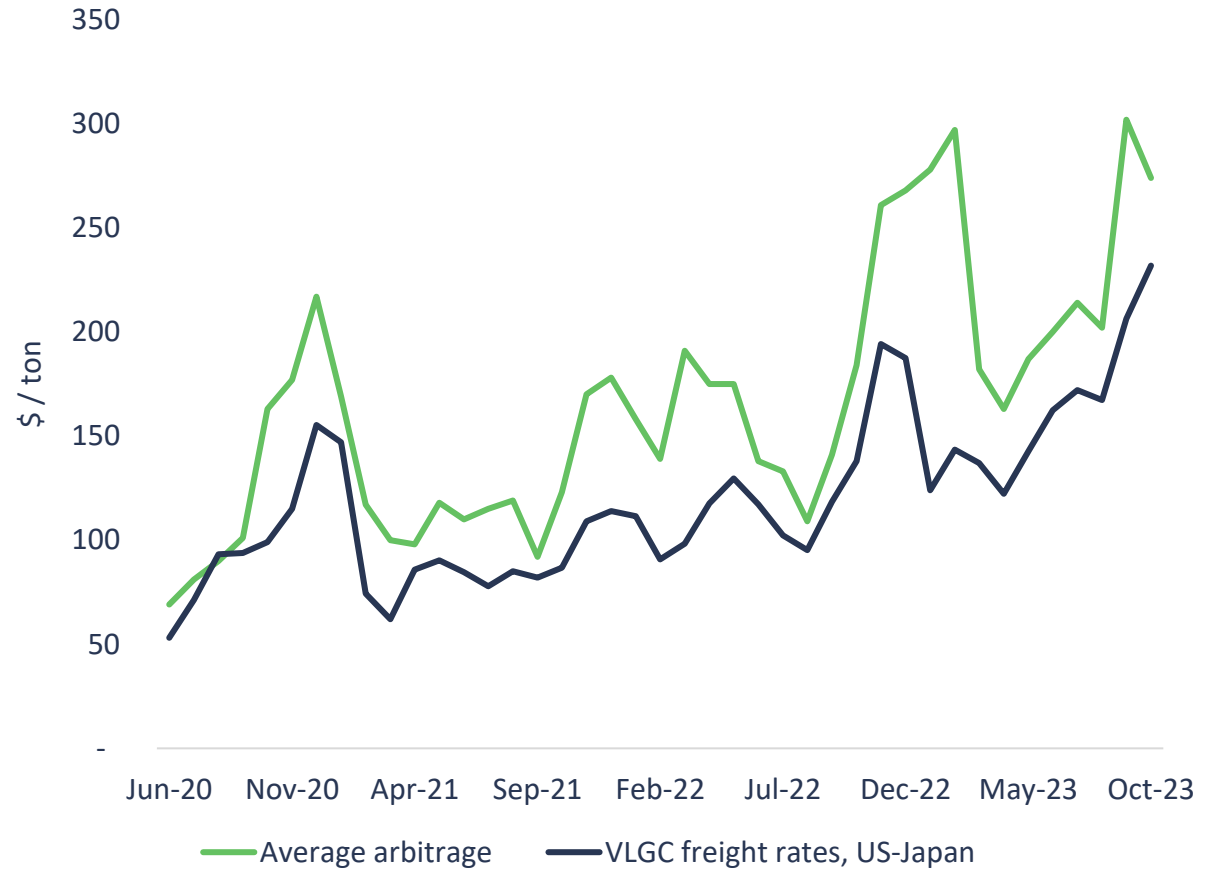
PRICE ARBITRAGE ARE HIGHLY SUPPORTIVE TO FREIGHT RATES



Propane price differential US and Far East



Spot freight rates are driven by the arbitrage

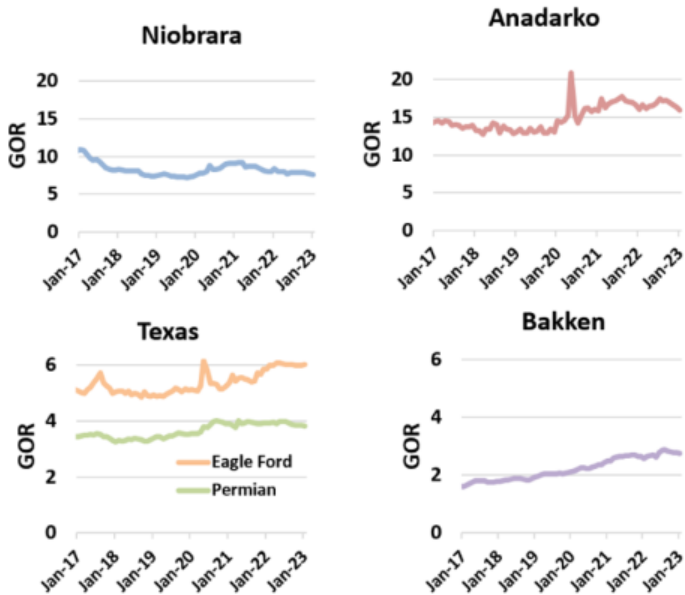


Source: Kpler, Argus and Company estimates

US FIELDS ARE BECOMING MORE GASEOUS

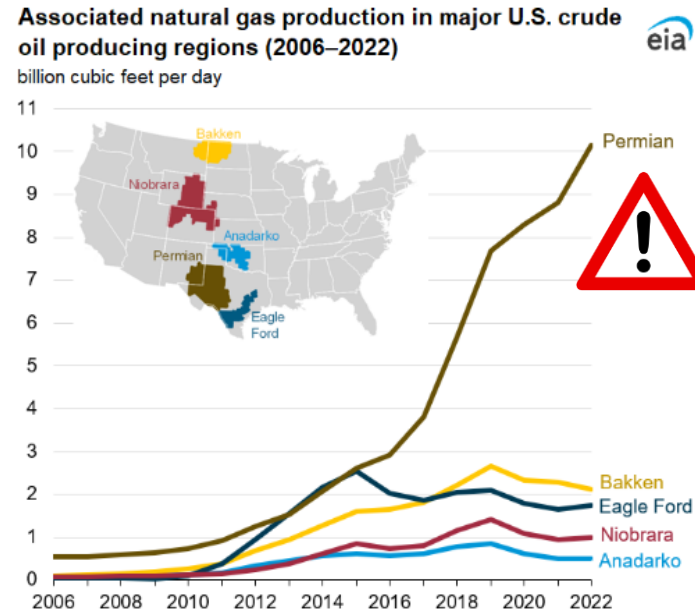


1. US Gas-Oil-Ratio trending upwards



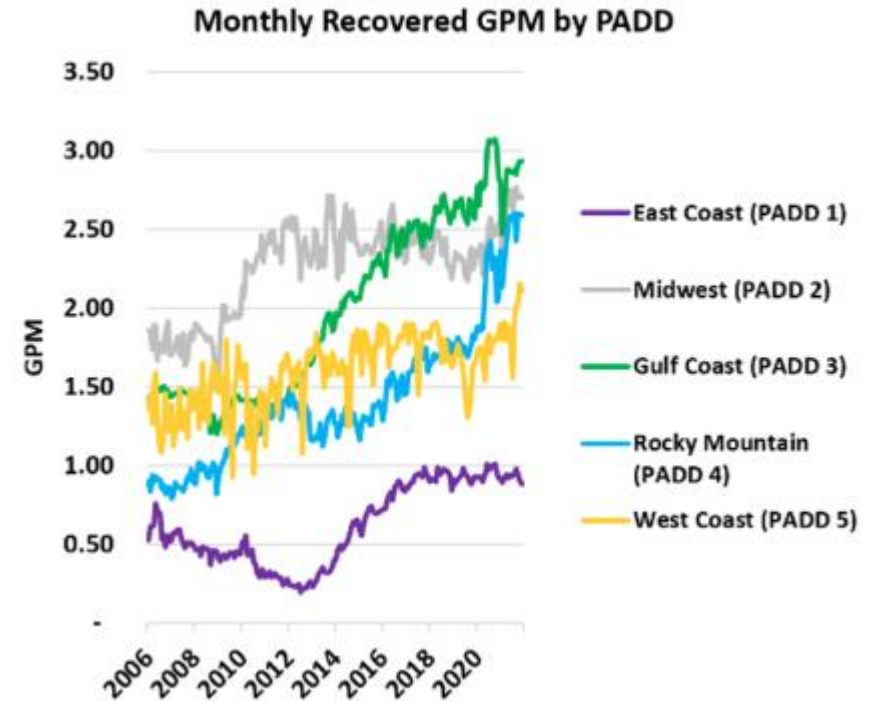
Gas-Oil-ratio (GOR) for fields generally increase with age and GOR for an average Permian well is today 3.8 vs 3.4 in 2017.

2. Higher GOR means more associated gas



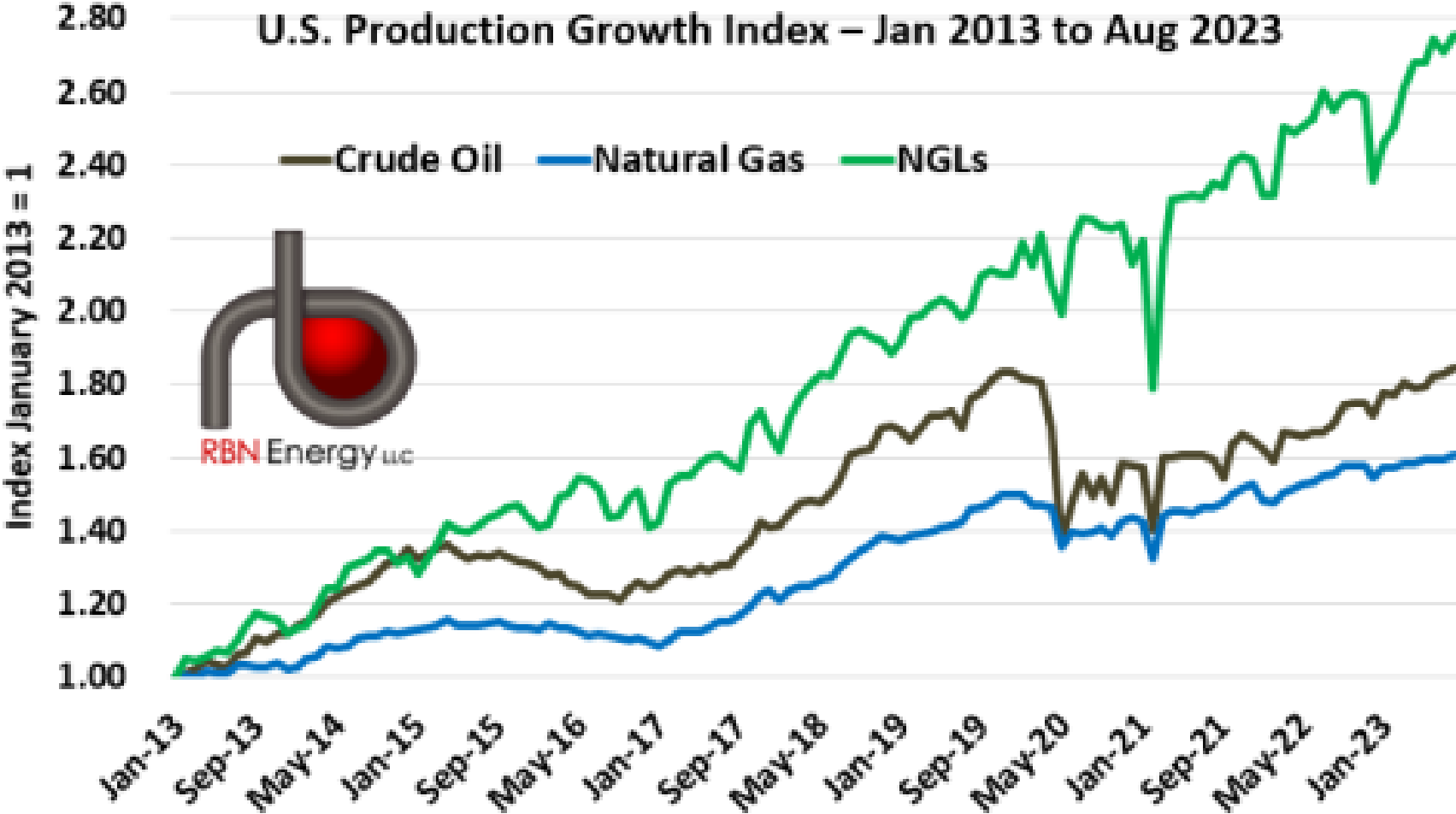
Associated gas production in Permian, close to existing infrastructure, has shot up due to increased production and higher GOR.

3. And the associated gas is saturated in NGLs



And the associated gas is saturated with NGLs increasing the recovered Gallons of NGL produced per thousand cubic feet (GPM) of gas processed.

NGL PRODUCTION GROWTH >50% HIGHER THAN CRUDE



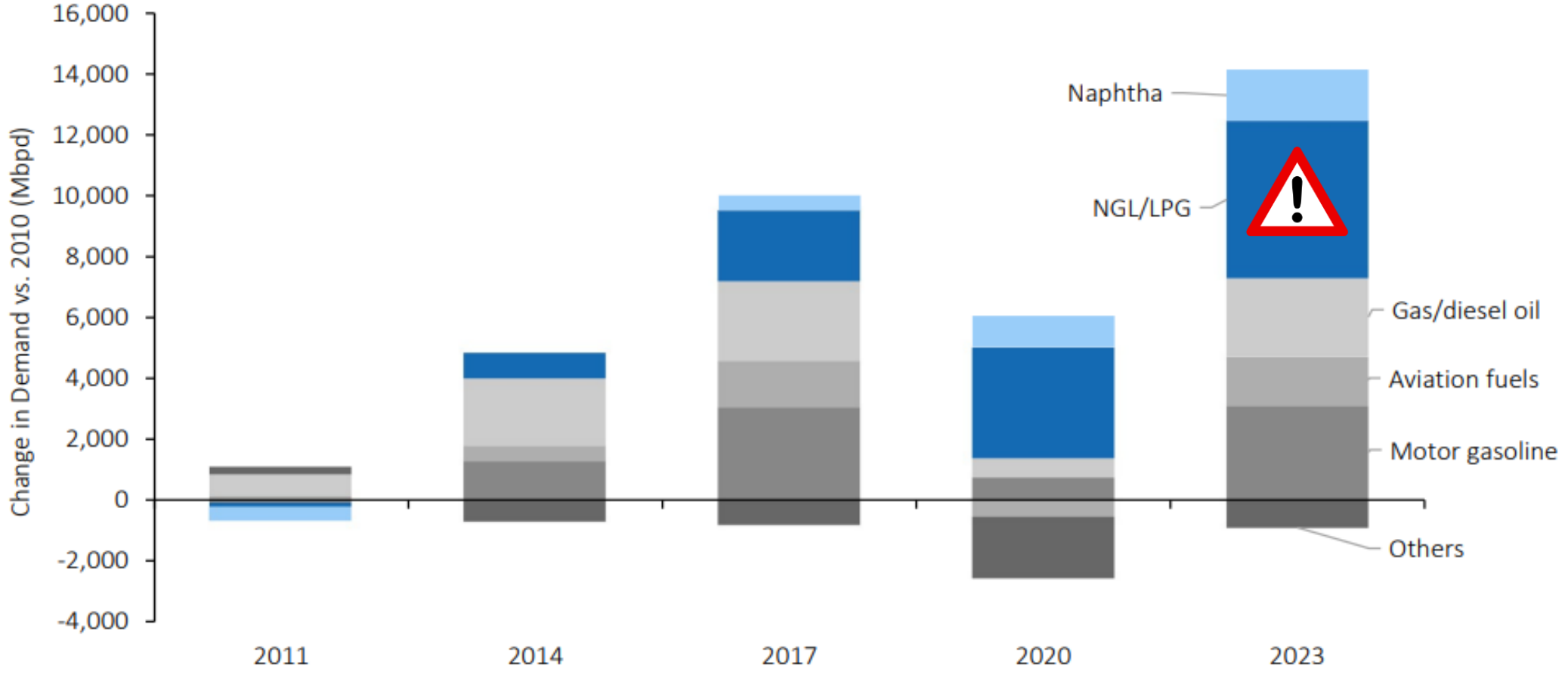
Source: RBN Energy

FOR EVERY BARREL US CRUDE THERE IS NOW ½ BARREL OF NGL



Source: RBN Energy and EIA

NGL/LPG 36% OF GLOBAL OIL DEMAND GROWTH SINCE 2010

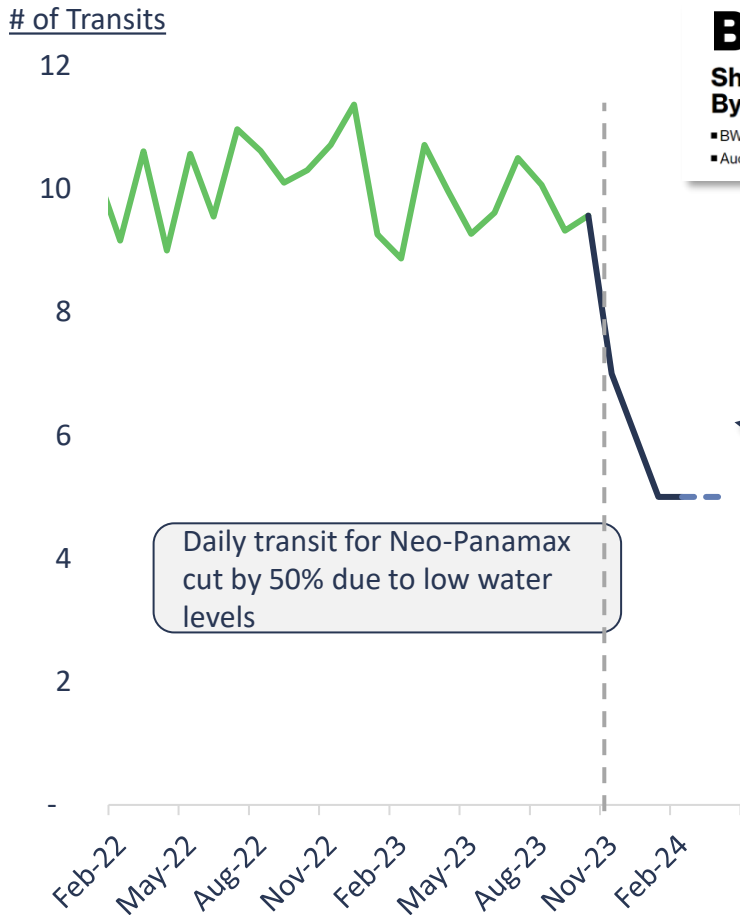


Source: Enterprise Product Partners

PANAMA CANAL CUT TRANSITS 50% THUS PRICING OUT VLGCs



Daily transits Neo-Panamax locks



Bloomberg

Shippers Spend \$235 Million in Bid to Bypass Panama Canal Congestion

- BW Gas and Equinor are the top firms paying for rapid transit
- Auction fees this year seen to cover projected canal shortfall

US – China
10,500 NM
58 days RT

SLOW TRAFFIC AHEAD

US – China via Suez
14,500 NM
81 days RT

US – China via COGH
15,800 NM
88 days RT

THE WALL STREET JOURNAL.

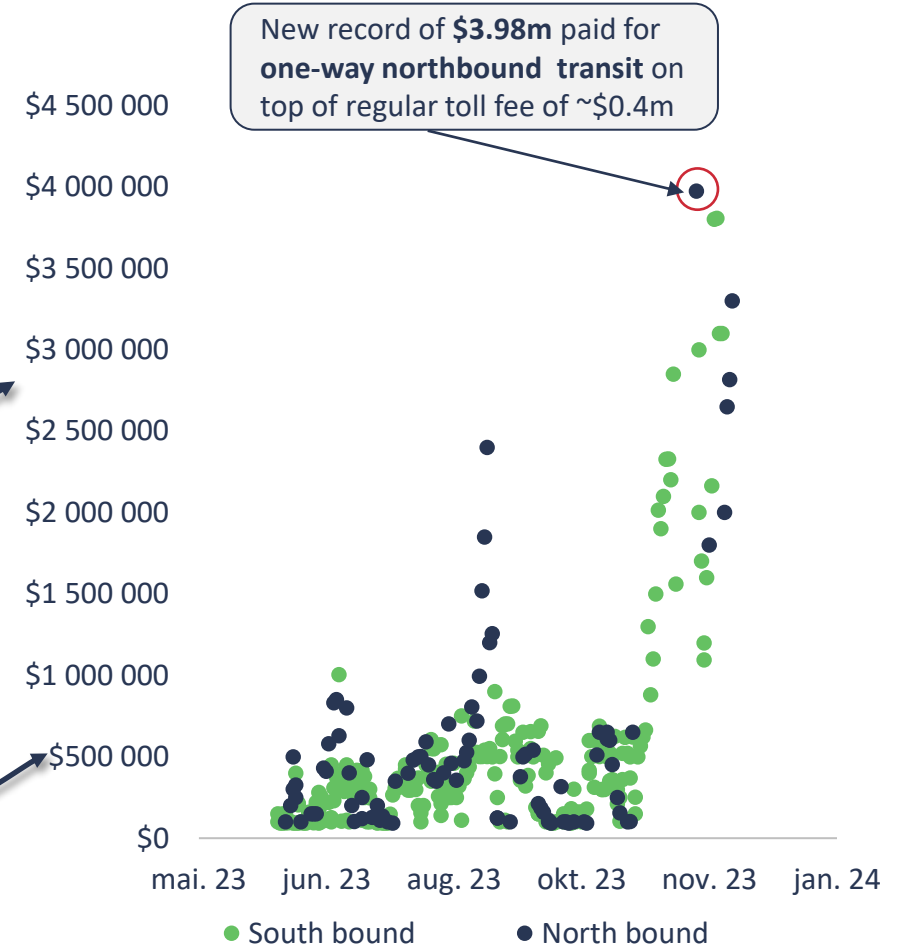
How the Panama Canal's Drought Is Threatening Global Supply Chains

The Panama Canal is running out of water, threatening the global supply chains and industries that depend on it. WSJ takes you inside the canal's operations to understand what this means for the future of this vital shipping route. Photo: Getty Images

By Wall Street Journal

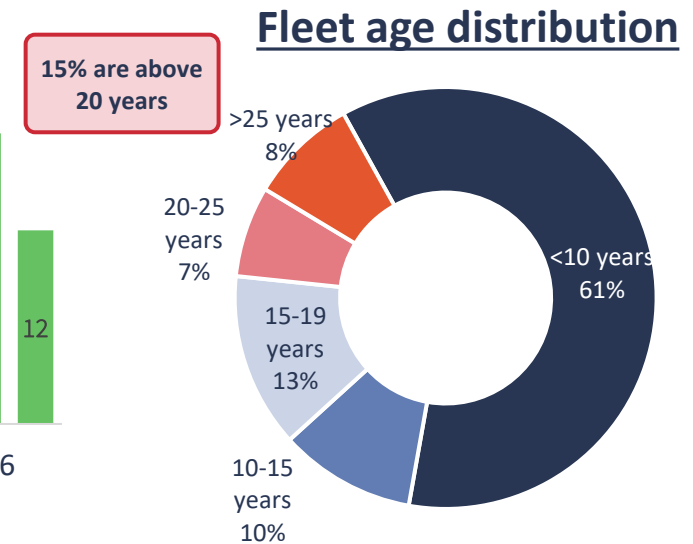
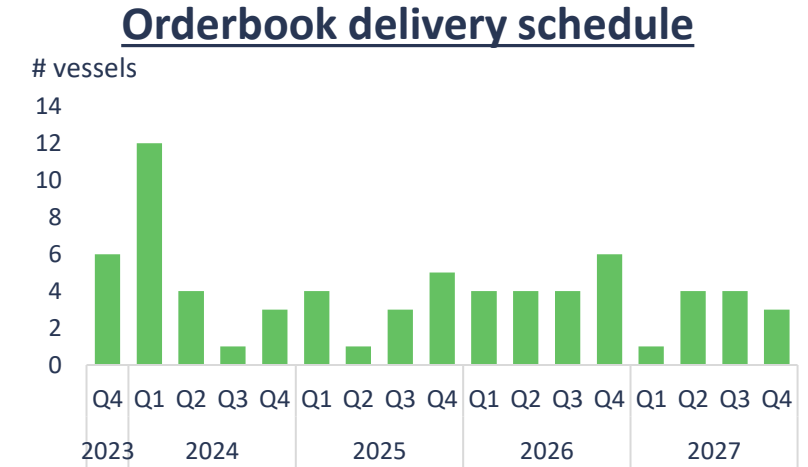
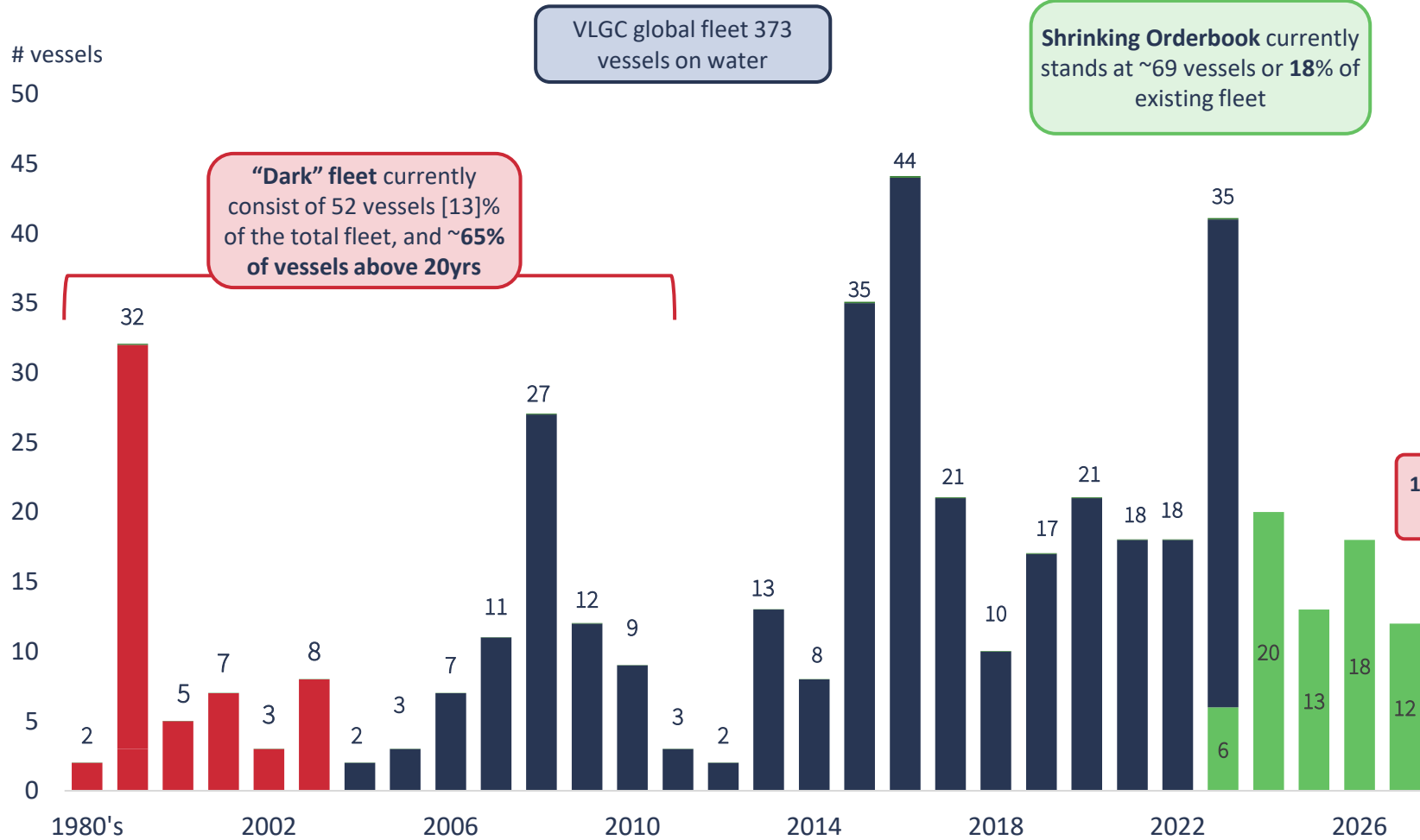
September 14, 2023 © 944

Auction price for spot Neo-Panamax slot



Source: Norton Lilly, Tradewinds, WSJ, Fearnleys, Clarkson
Note: Daily transit data is average daily transit based on monthly data from Clarkson

VLGC ORDERBOOK OFFSET BY STRONG FUNDAMENTALS



Source: Clarkson SIN, as of November 21, 2023, excluding ethane vessels as they don't operate in the VLGC spot market

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Current market level at ~\$138,000/day basis Ras Tanura-Chiba for a modern non-scrubber vessel

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Q&A and Appendix



Avance Gas



APPENDIX – COMMENTS TO THE INCOME STATEMENT



Income Statement (in thousands \$)	Q3 2023 3-months	Q2 2023 3-months	Variance 3-months
Operating revenue	79,475	84,575	(5,100)
Voyage expenses	(20,236)	(22,006)	1,770
Operating expenses	(10,396)	(9,724)	(672)
Administrative and general expenses	(2,788)	(1,296)	(1,492)
Operating profit before depreciation expense	46,055	51,549	(5,494)
Depreciation and amortisation expense	(10,807)	(11,525)	718
Gain on Sale	-	-	-
Operating profit	35,248	40,024	(4,776)
Finance Expense	(6,423)	(5,864)	(559)
Finance Income	1,234	1,692	(458)
Foreign currency exchange gains (losses)	55	(95)	150
Tax expense	(37)	(50)	13
Net profit	30,077	35,707	(5,630)
Earnings per share:			
Basic	0.39	0.47	(0.08)
Diluted	0.39	0.46	(0.07)

- TCE earnings (net of operating revenue and voyage expenses) of \$59.2 million for the third quarter, down from \$62.6 million in previous quarter. The TCE is reduced by \$10.6 million (Q2: \$3 million) in FFA and bunker hedges losses as well as IFRS 15 adjustment of negative \$10.9 million (Q2: positive \$1.4 million).
- Operating expenses were \$10.4 million, equalling a daily average of \$8,071/day. This compares to \$9.7 million or \$8,003/day for the second quarter. Operating expenses are at the same level as the previous quarter as there were no major changes in the fleet during the quarter.
- Administrative and general expenses (A&G) were \$2.8 million or \$2,165 per day, up from \$1.3 million or \$1,067 per day in the second quarter. The increase in A&G relates to settlement of employee share options during the third quarter.
- Finance expenses increased by \$0.6 million from the second quarter primarily due to rising interest rates which was offset by interest rate hedges. Finance income consist of interest income from cash deposits.
- Net profit of \$30.1 million or EPS of \$0.39 down from net profit of \$35.7 million or EPS of \$0.47.

APPENDIX – COMMENTS TO THE BALANCE SHEET



Balance Sheet (in thousands \$)	Q3 2023 30.09.2023	Q2 2023 30.06.2023	Variance 3-months
ASSETS			
Cash and cash equivalents	146,078	191,619	(45,541)
Trade and other receivables	24,931	27,660	(2,728)
Inventory	8,947	7,626	1,321
Prepaid expenses and other current assets	40,253	19,333	20,920
Derivative financial instruments (current)	9,845	9,797	48
Assets held for sale	37,980	-	37,980
Total current assets	268,034	256,035	11,999
Property, plant and equipment (PPE)	819,155	865,681	(46,526)
Newbuildings	60,370	41,108	19,263
Derivative financial instruments (non-current)	4,896	3,362	1,534
Total non-current assets	884,422	910,151	(25,729)
Total assets	1,152,456	1,166,186	(13,730)
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current portion of interest-bearing debt	42,875	42,921	(66)
Trade and other payables	7,169	6,621	548
Accrued voyage expenses and other current liabilities	12,798	10,753	2,045
Derivative financial instruments	16,612	12,748	3,864
Total current liabilities	79,454	73,063	6,391
Long-term debt	491,967	502,711	(10,745)
Total non-current liabilities	491,967	501,711	(10,745)
Share capital	77,427	77,427	-
Paid-in capital	431,366	431,366	-
Contributed capital	94,872	95,130	(259)
Retained loss	(18,405)	(10,186)	(8,220)
Treasury shares	(11,351)	(11,351)	-
Accumulated other comprehensive loss	7,127	8,025	(898)
Total shareholders' equity	581,036	590,412	(9,376)

- Total assets consist primarily of 14 VLGCs on water (incl. asset held for sale) as well as two dual fuel VLGCs and two MGCs under construction. Two additional MGC newbuilds will start capitalize next quarter. The decrease in PPE is primarily due to reclassification of the VLGC Iris Glory as current asset held for sale. The increase in newbuildings is primarily due to capitalization of pre-delivery instalments for the first two MGCs.
- Derivative financial instruments consist of positive market to market value on interest rate swaps of \$14.7 million and negative market to market on forward freight agreements (FFA) and bunker hedges of \$12.8 million.
- Total outstanding interest-bearing debt of \$535 million equalling a loan to value of 49% at quarter end.
- Total shareholders' equity was \$581.0 million at quarter end and decreased by \$9.4 million during the quarter mainly due to net profit of \$30.1 million being offset by paid dividend of \$38.3 million for the second quarter 2023 and decrease in other comprehensive income of \$0.9 million

APPENDIX – COMMENTS TO THE CASH FLOW



Cash flow statement (in thousands \$)	Q3 2023 3-months	Q2 2023 3-months	Variance
Cash flows from operating activities:			
Cash generated from operations	33,720	35,482	(1,762)
Interest paid	(6,632)	(4,764)	(1,868)
Net cash flows from operating activities	27,088	30,718	(3,630)
Cash flows used in investing activities:			
Net proceeds from sale of assets	-	-	-
Capital expenditures	(21,353)	(67,785)	46,432
Net cash flows used in investing activities	(21,353)	(67,785)	46,432
Cash flows (used in) from financing activities:			
Dividends Paid	(38,297)	(38,297)	-
Repayment of long-term debt	(11,029)	(11,734)	705
Proceeds from loans and borrowings, net of transaction costs	(46)	58,200	(58,246)
Settlement of share options	(1,815)	-	(1,815)
Cash settlement of derivatives	-	1,073	(1,073)
Net cash flows from (used in) in financing activities	(51,185)	9,241	(60,426)
Net increase in cash and cash equivalents	(45,450)	(27,827)	(17,623)
Cash and cash equivalents at beginning of period	191,619	219,469	(27,850)
Effect of exchange rate changes on cash	(91)	(24)	(67)
Cash and cash equivalents at end of period	146,078	191,619	(45,541)

- Cash and cash equivalents were \$146.1 million on 30 September 2023, compared to \$191.6 million on 30 June 2023. Cash flow from operating activities was \$27.1 million, compared with \$30.7 million for the second quarter of 2023.
- Net cash flow used in investing activities was \$21.4 million and mainly relates to pre-delivery instalments for the first two MGC newbuildings. This compares with a net cash flow from investing activities of \$67.8 million for the second quarter 2023 which relates to delivery of Avance Avior, the fourth of six dual fuel newbuildings.
- Net cash flow used in financing activities was \$51.2 million, including repayments of debt of \$11.0 million, settlement of share options of \$1.8 million and payment of dividend of \$38.3 million for the second quarter.

GLOSSARY



A&G = Administrative and general

CBE = Cash break even

CAPEX = Capital expenditure

EEXI = Energy Efficiency Existing Ship Index

EPS = Earnings Per Share

FY = Fiscal year

IFRS = International Financial Reporting Standards

IMO = International Maritime Organisation

LPG = Liquefied petroleum gas

OPEX = Operating expenses

PDH = Propane Dehydrogenation

RCF = Revolving Credit Facility

SLB = Sale Leaseback

TC = Time charter

TCE = Time charter equivalent

VLGCs = Very large gas carrier

WC = Working Capital



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