

**Pareto**  
Securities

# 31st Annual Energy Conference

September 12, 2024



Avance Gas



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# INVESTMENT HIGHLIGHTS



1

## Sale of VLGC fleet to BW LPG for \$1,050m

- 12x VLGCs to be delivered to BW LPG prior year-end 2024
- Settlement in cash (\$585m), BW LPG shares (\$333m)<sup>1</sup> and novation of debt (\$132m)

2

## Locking in attractive returns for shareholders

- Attractive investment and divestment point with all-time high asset prices
- Total shareholder return close to 1,000% over the last five years<sup>2</sup>

3

## NAV of approx. NOK124/share following ex-div September 10, 2024

- Value driven by significant cash holding, BW LPG shares and value of MGCs
- Some value in trading vessels to delivery, positive working capital and MTM on swaps

4

## Strong capital distribution

- Dividend from H1-24 of \$268m or \$3.50 per share, approx. 35% of current market cap
- Cash from the sale of 12 VLGCs to be distributed to shareholders in a timely manner

5

## 4 MGCs on order - well-in the money

- Approx. \$10m increase in value per vessel since the orders were placed in June and August 2023
- Highly attractive MGC market with strong demand growth and a modest orderbook of 16%

(1) BW LPG's share price based on transaction consideration of \$17.25/share

(2) Source: Bloomberg. Total return, daily cumulative in NOK for period August 15, 2019, to September 4, 2024. Assuming dividends are reinvested

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# IF YOU LIKED FRONTLINE 2012, YOU'RE GONNA LOVE AVANCE 2024



## 2008/2009 class

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

## 2015 eco class

- Chinook **SALE PENDING**
- Mistral (scrubber) **SALE PENDING**
- Pampero **SALE PENDING**
- Monsoon (scrubber) **SALE PENDING**
- Levant (scrubber) **SALE PENDING**
- Passat (scrubber) **SALE PENDING**
- Breeze (scrubber) **SALE PENDING**
- Sirocco (scrubber) **SALE PENDING**

## DF class

- Polaris (2022) **SALE PENDING**
- Capella (2022) **SALE PENDING**
- Rigel (2023) **SALE PENDING**
- Avior (2023) **SALE PENDING**
- Castor (2024) **SOLD**
- Pollux (2024) **SOLD**

## MGC/MACs

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

Proceeds: \$1,559m  
 Gains: ~\$455m  
 Cash release: \$474m + \$333m<sup>1</sup>  
 in BW LPG shares



"Locking in" about 1,000% NOK return last 5 years or 800% in USD

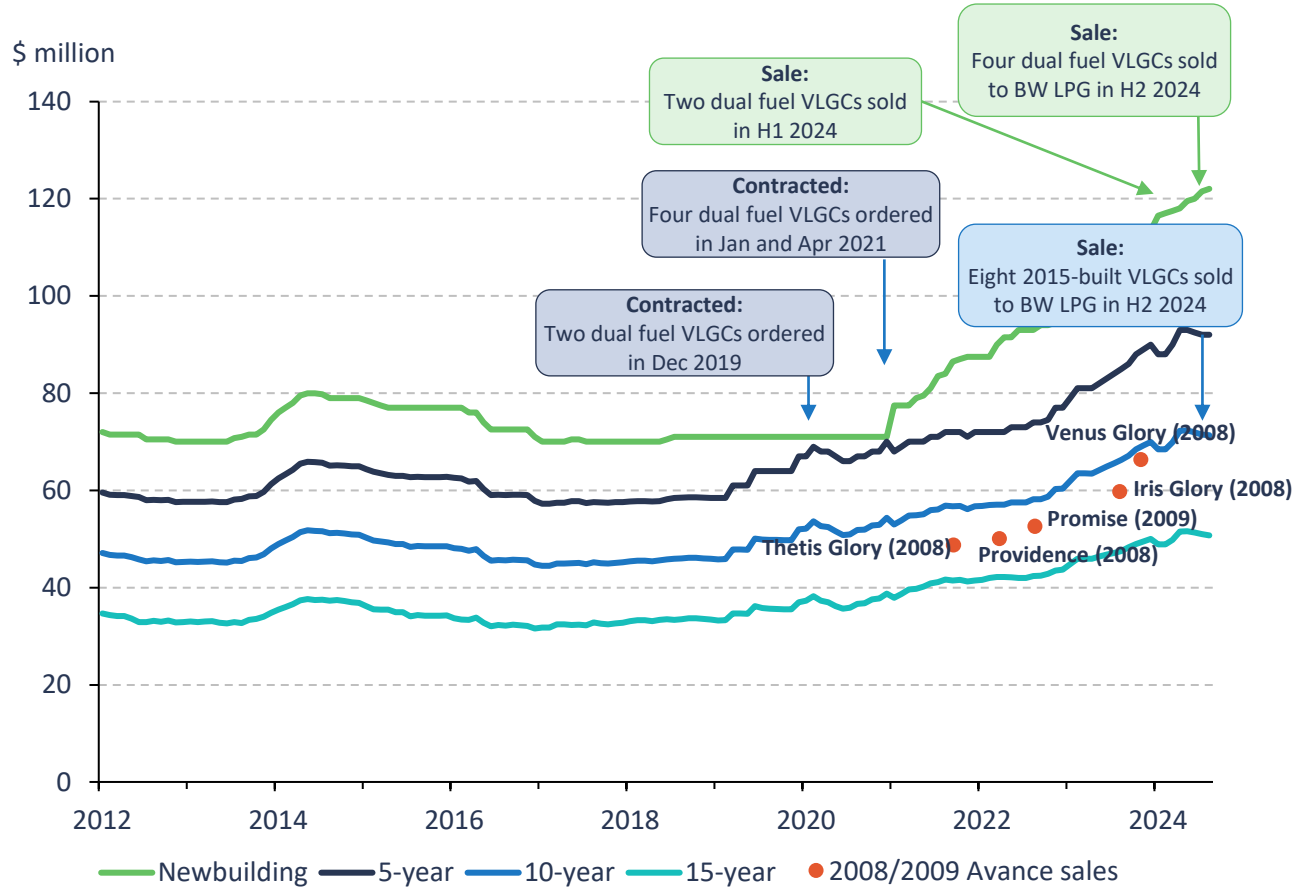
(1) BW LPG's share price based on transaction consideration of \$17.25/share

Contracted June/Aug 2023 @ \$61.5m each  
 Paid in equity: \$43m  
 "MTM" profit: ~\$40m

# LOCKING IN ATTRACTIVE RETURNS FOR SHAREHOLDERS



## Attractive investment & divestment point<sup>1</sup>



## Total shareholder return last 5-years<sup>2</sup>



(1) The 5, 10, and 15-year series are derived from implied values, specifically newbuilding prices with linear depreciation to scrap value over a 25-year period from 2012 to March 2019. From March 2019 onwards, the 5-year values are based on Clarksons SIN secondhand values, while the 10 and 15-year values are calculated using 5-year secondhand values with linear depreciation to scrap value

(2) Source: Bloomberg. Total return, daily cumulative in NOK for period August 15, 2019 to September 4, 2024. Assuming dividends are reinvested

# WHAT IS AVANCE GAS AFTER THE SALE OF ITS VLGC FLEET?



## Overview of assets

**MGC owner**



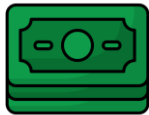
- Owner of four high-spec dual-fuel Medium-Sized Gas Carriers (MGC) newbuildings capable of carrying full ammonia cargoes (98% filling)
- To be delivered between Q4 2025 and Q4 2026

**BW LPG shareholder**



- Second largest shareholder in BW LPG, with an ownership of ~12.8%
- BW LPG is by far the largest owner and operator of VLGCs post the transaction
- Value of ownership ~\$333 million<sup>1</sup>

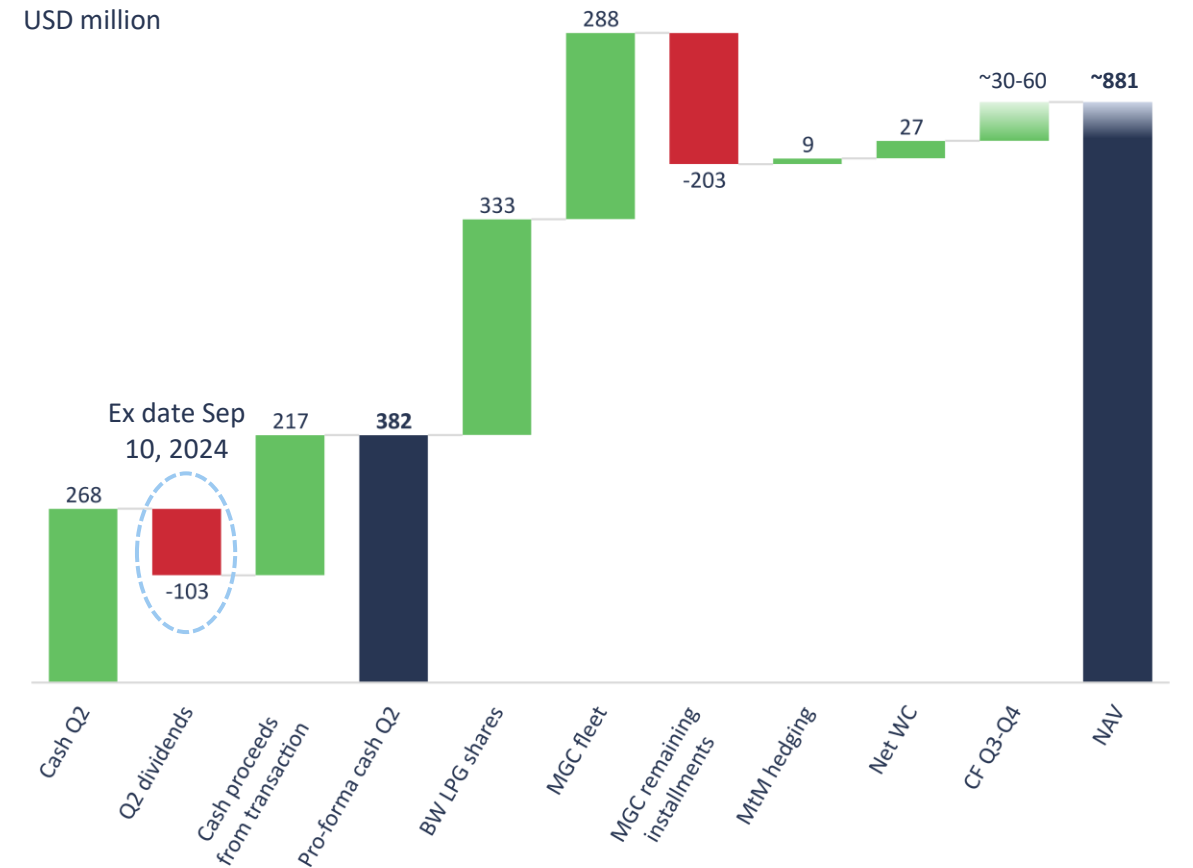
**Cash holding**



- Strong cash position of \$165 million end of Q2, adjusted for Q2 distributions
- Cash proceeds of ~\$217 million from the transaction
- Cash generation from operating the vessels until delivery

## Pro-forma NAV<sup>1,2,3</sup>

NAV estimate approx. \$11.5/share or NOK124/share<sup>4</sup>



(1) BW LPG's share price based on transaction consideration of \$17.25/share

(2) MGC value based on latest Clarkson SIN newbuilding price with delivery 2027 + a premium of \$2.0m due to early delivery ('25/26 vs '27)

(3) Mid-point cash flow of ~\$45m based on booked days in Q3 2024 and FFA curve for October and November with delivery to BW LPG November/December. Cash flow can change given spot market development

(4) Based on USD/NOK of 10.8 as of September 10, 2024

# INCOME STATEMENT AND KEY FINANCIAL FIGURES Q2 2024



Income Statement (in million \$)	Q2 2024 3-months	Q1 2024 3-months	Q2 2024 6-months
TCE earnings	51	92	143
Operating Profit before depreciation	36	81	117
Gain on sale	36	85	121
Net finance expense	(1)	(9)	(11)
Net profit	61	146	207
Net profit adjusted for gain on sale	25	62	86
Earnings per share (\$)	0.79	1.91	2.70
Earnings per share (\$) adjusted for gain on sale	0.32	0.80	1.12
Per day figures (in \$)	Q2 2024 3-months	Q1 2024 3-months	Q2 2024 6-months
TCE (Load to Discharge)	46,700	78,800	63,300
TCE (Discharge to Discharge)	50,100	60,900	55,700
Operating expense ('OPEX')	8,100	8,200	8,180

- TCE of \$50,100/day for Q2 2024 on discharge-to-discharge basis and \$55,700/day for H1 2024
- TCE on load-to-discharge basis was \$46,700/day for Q2 2024 and \$63,300/day for H1 2024
- Gain on sale of \$36 million recognised for the second quarter related to sale of Avance Pollux, bringing total gain on sale for the first half of the year to \$121 million
- Net profit of \$61 million or EPS of \$0.79 for Q2 2024 and \$207 million or EPS of \$2.70 for H1 2024 – best half year results ever
- Net profit adjusted for gain on sale of \$25 million or EPS of \$0.32 for Q2 2024 and \$86 million or EPS of \$1.12 for H1 2024

# PRO-FORMA CASH POST TRANSACTION AND Q2 DIVIDENDS



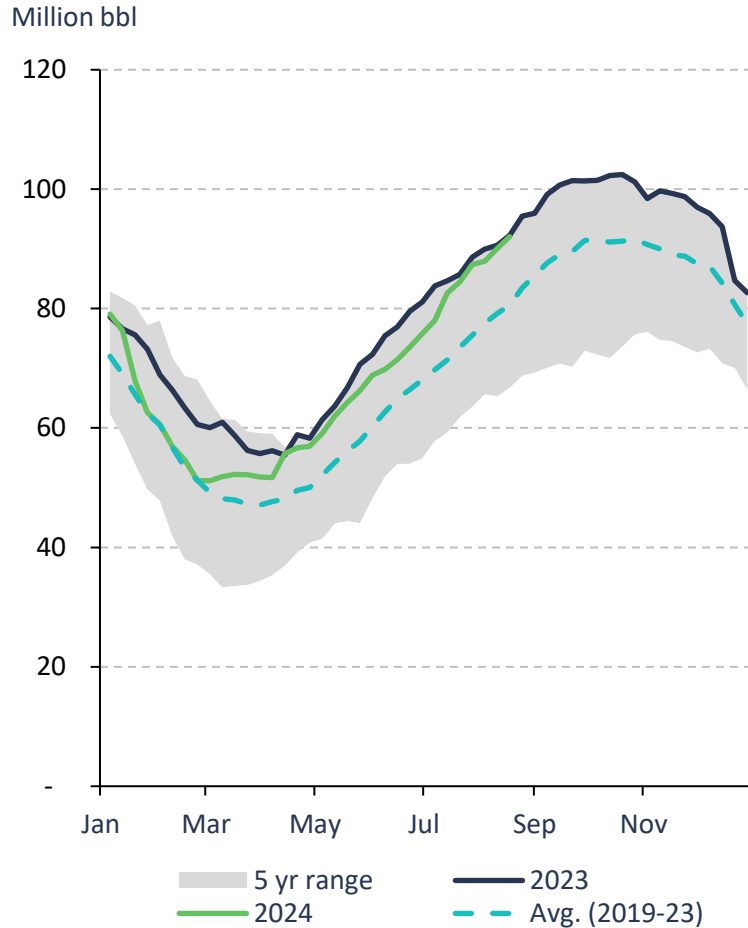
(1) Mid-point cash flow of ~\$45m based on booked days in Q3 2024 and FFA curve for October and November with delivery to BW LPG November/December 2024. Cash flow can change given spot market development



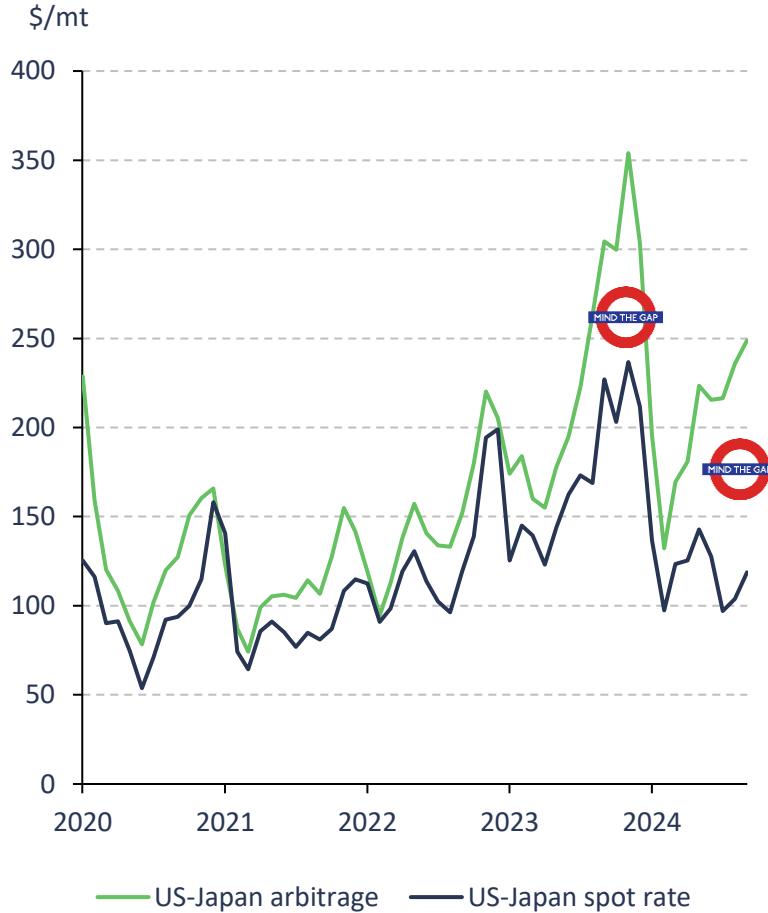
# FAVORABLE FUNDAMENTALS FOR WINTER MARKET



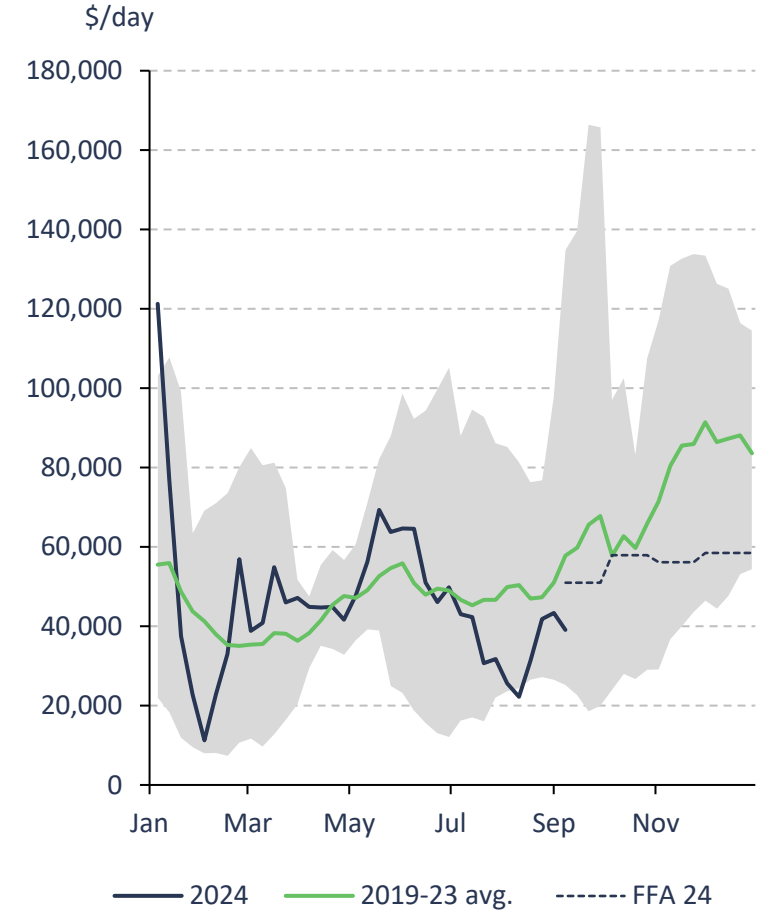
## US inventories



## Price arbitrage US-Japan



## US spot freight rates



Source: Clarksons SIN, Braemar and EIA

# GAME PLAN GOING FORWARD: THREE ALTERNATIVES FOR AVANCE GAS

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## 1 Selling the vessels to a third party without a charter agreement in place

- Selling the vessels in the second-hand market. Yard quotation now low \$70m per ship of similar spec, but with delivery in 2027 rather than 25/26

### Pros:

- ✓ Strong value creation from the investments due to increased newbuilding and resale prices, with limited invested capital
- ✓ There has already been interest in the vessels, making the sale process expected to be smooth
- ✓ Provides immediate liquidity which can be distributed to shareholders

### Cons:

- Not benefiting from potential strong charter agreements that could provide a better price
- Closing down Avance Gas

## 2 Selling the vessels to a third party after securing charter agreements

- Selling the vessels after securing medium- to long-term charter agreements with strong counterparties

### Pros:

- ✓ Potential for a higher sale price by selling cash flow rather than just their steel value
- ✓ MGC term market has improved markedly
- ✓ Attracts a wider range of potential buyers, including tonnage providers who are likely very interested

### Cons:

- Securing long-term charter agreements can take time, potentially delaying the sale
- Exposure to market risks during the period of securing charter agreements

## 3 Avance Gas to be a fully operator and expand the MGC fleet

- Avance Gas becomes a full operator and expands its fleet through M&A and/or contracting of more MGCs

### Pros:

- ✓ Exposure to the attractive ammonia market
- ✓ Potential long term charter agreements could provide cash flow visibility
- ✓ Strong organizational setup with proven capabilities of creating shareholder values & access to capital through existing listing

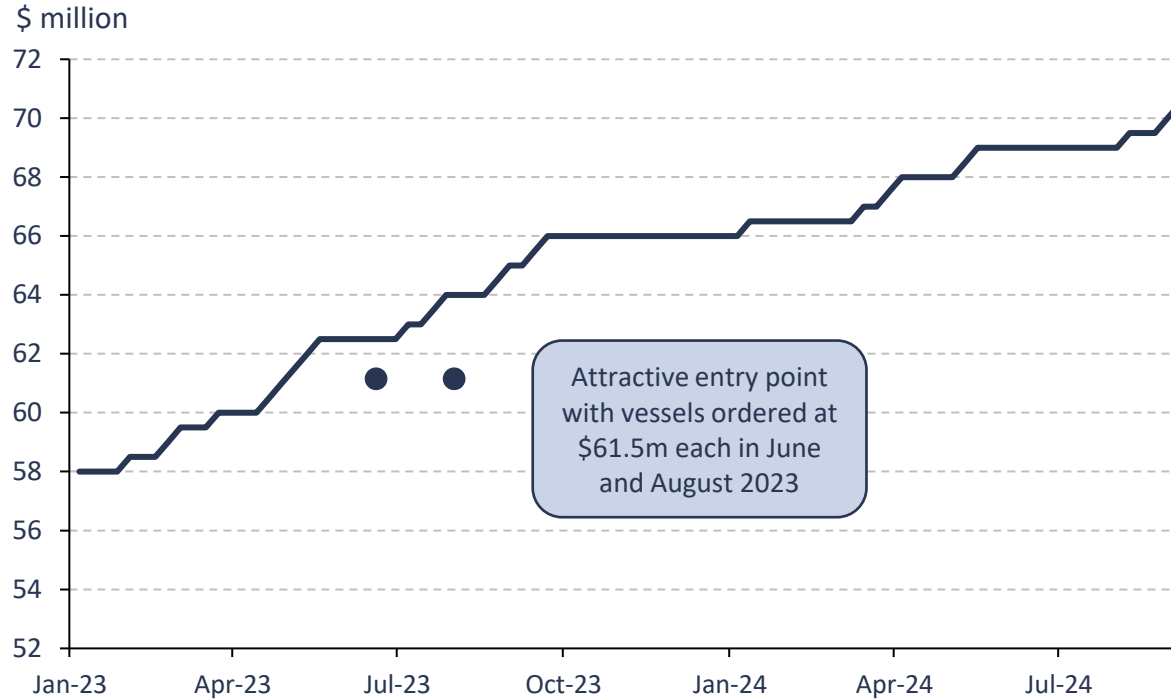
### Cons:

- Currently, sub-scale number of vessels
- In any case, we will repay the capital from the VLGC sale to our shareholders. Hence, expansion of MGC fleet will probably require us to raise new capital to finance such growth

# OUR MGC INVESTMENT IS WELL IN-THE-MONEY

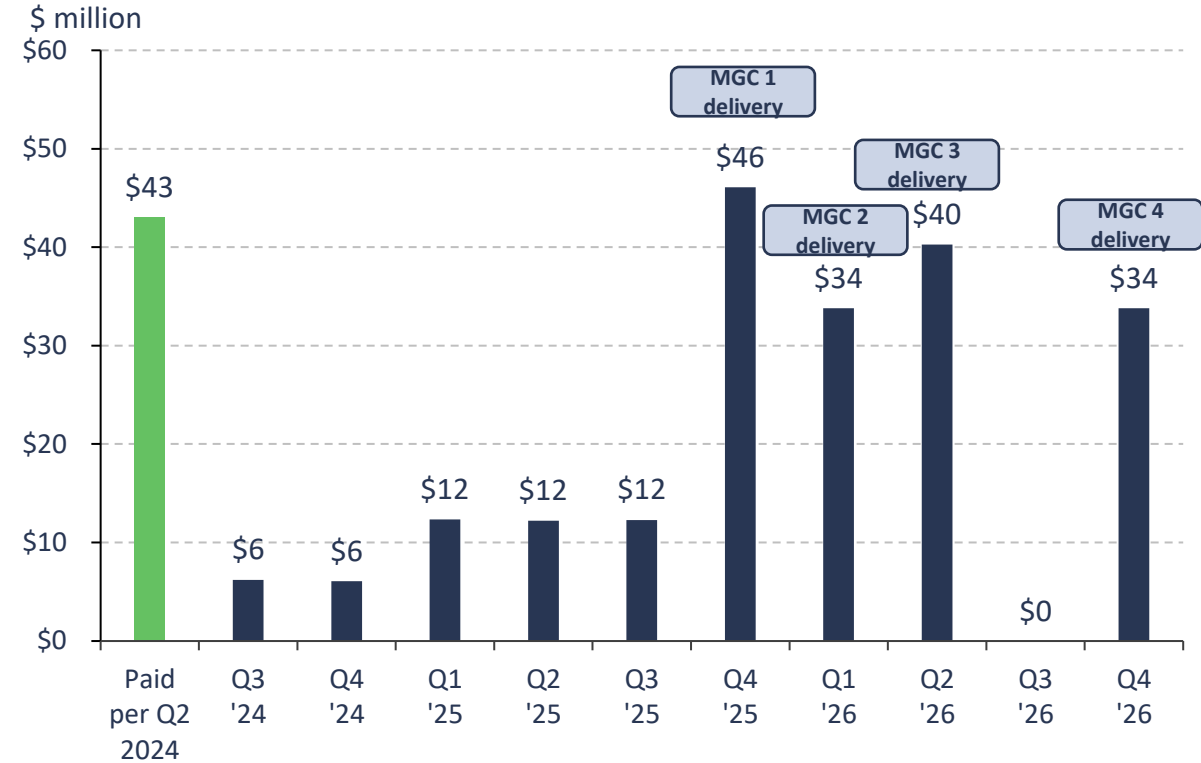


## MGC newbuilding prices



Potential resale prices expected to be somewhat higher than newbuilding prices due to early delivery slots

## Committed capex for the 4 MGCs

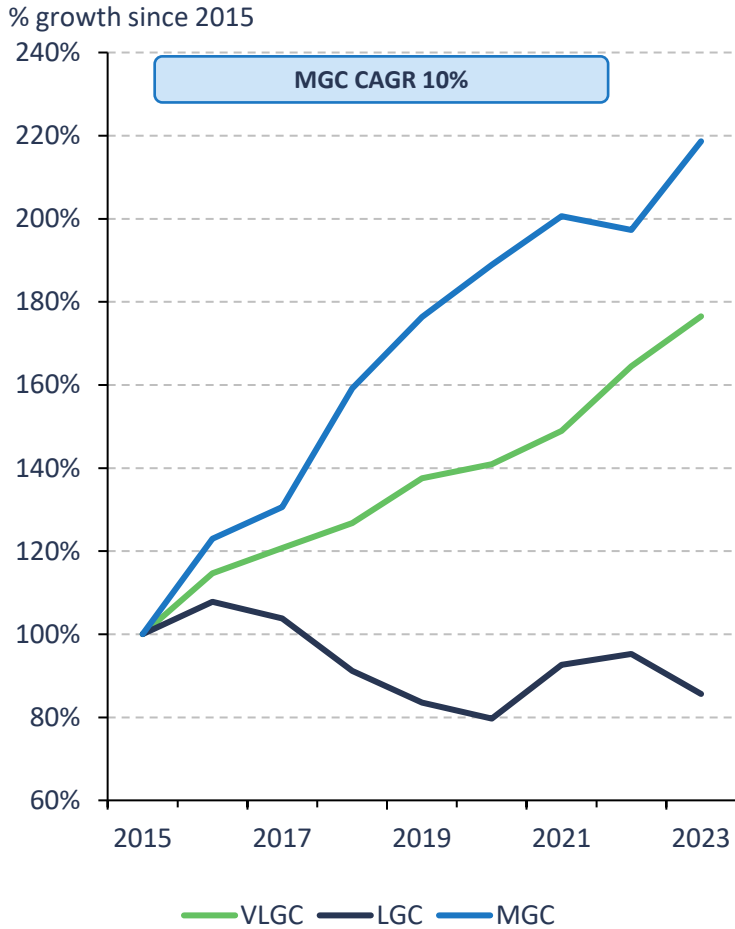


Total CAPEX of \$246 million of which \$43 million already paid

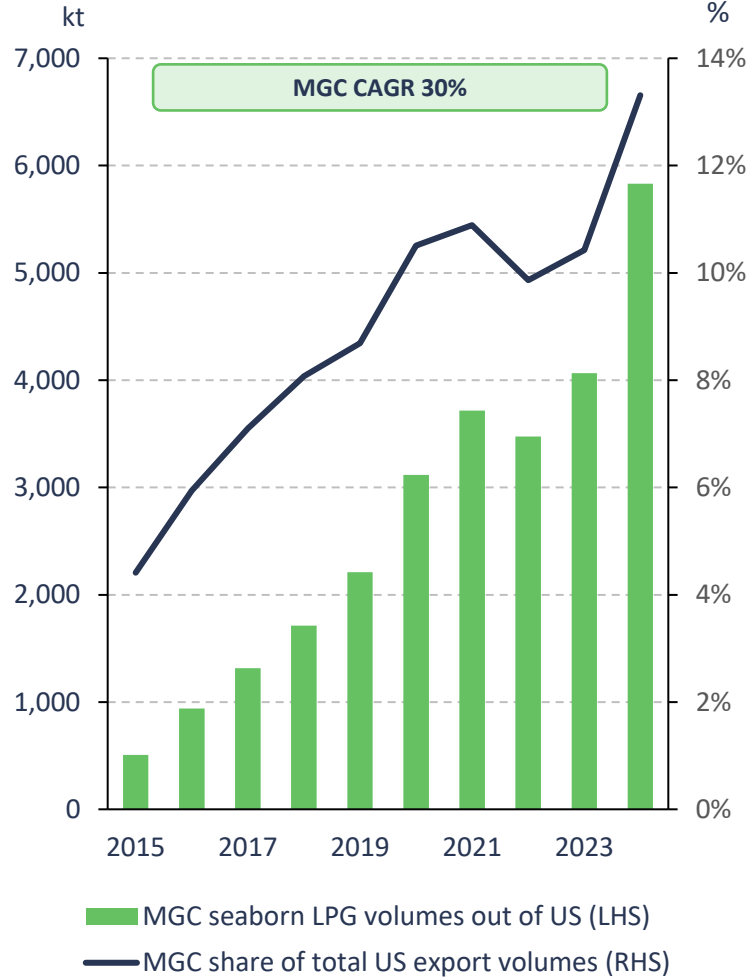
# MGC DEMAND IS GROWING FASTER THAN THE SEABORN LPG MARKET



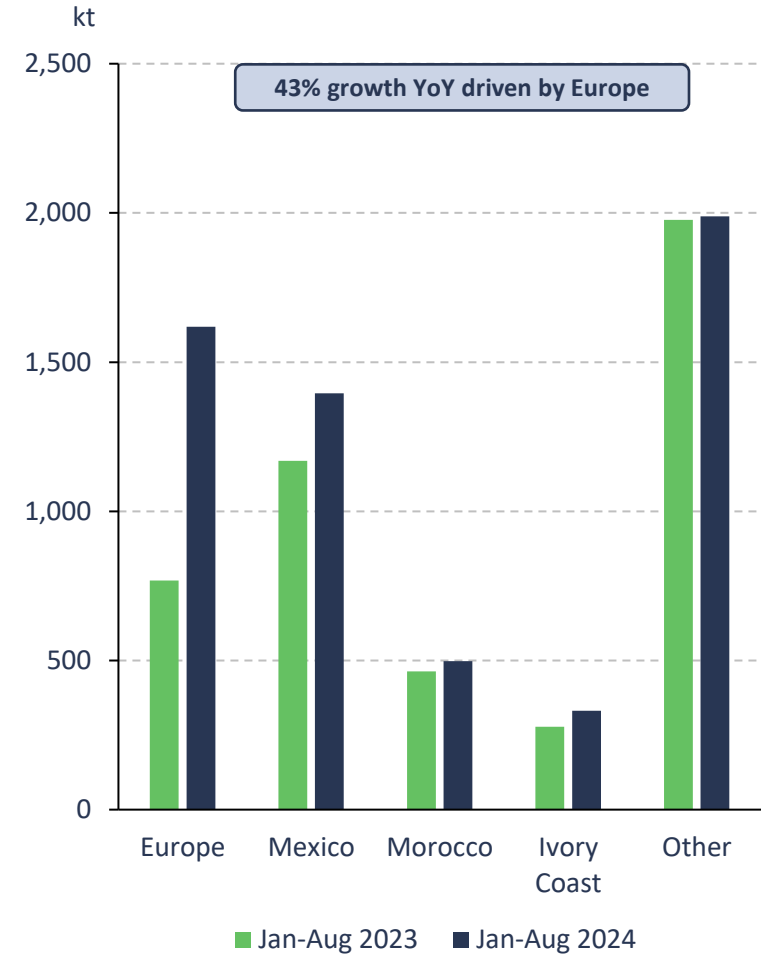
## Seaborn LPG export volumes



## US MGC seaborn export volumes<sup>1</sup>



## Import destinations MGC out of US



Source: Kpler, as of september 5, 2024

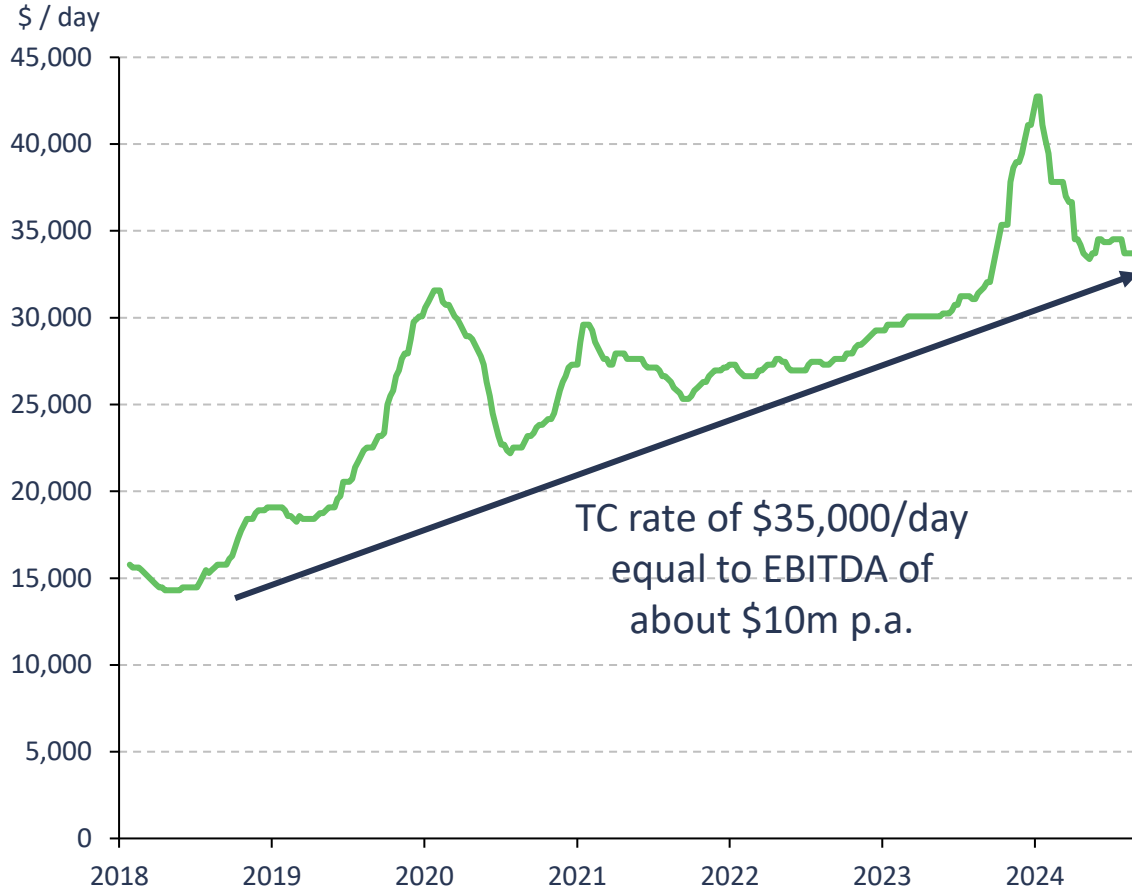
(1) For period Jan-Aug



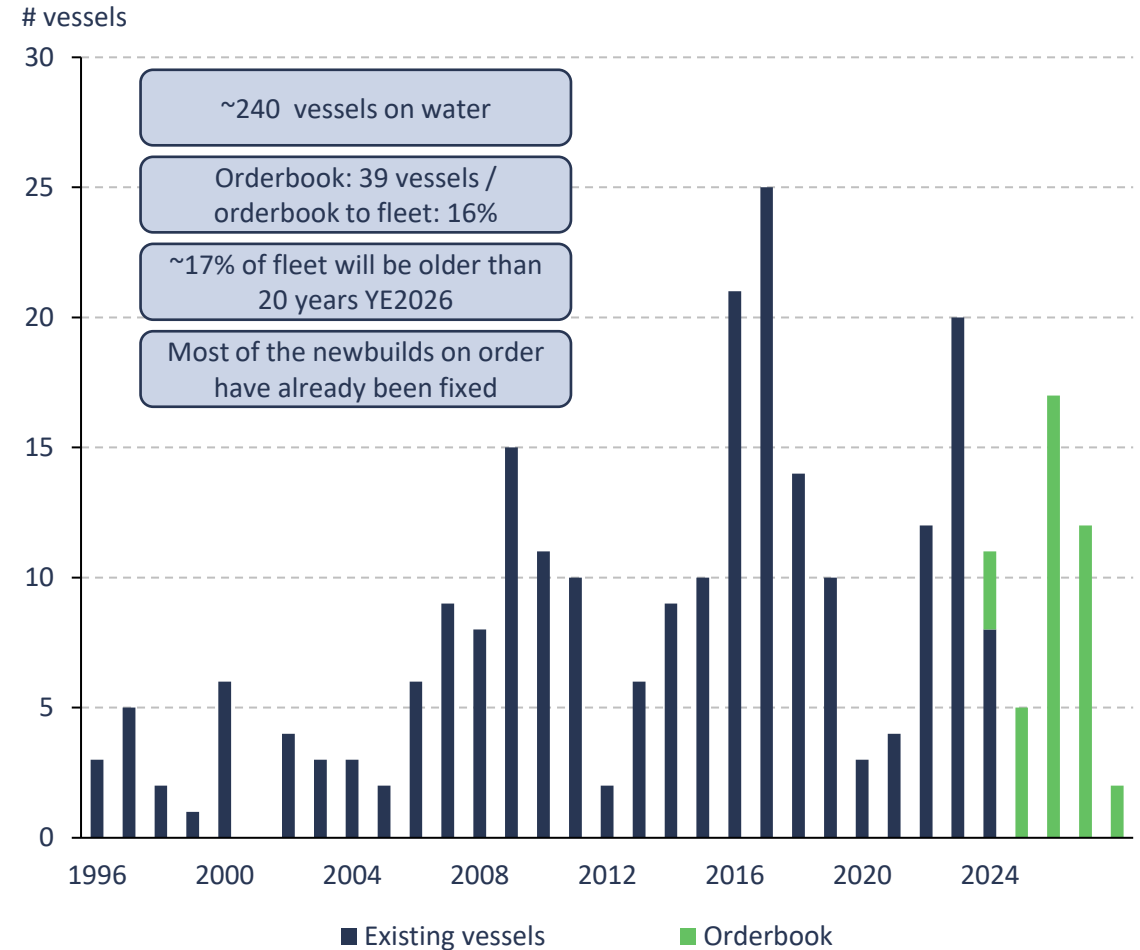
# MGC RATES TRENDING UPWARDS TOWARDS ATTRACTIVE LEVELS



## 38K CBM 12-month TC rate

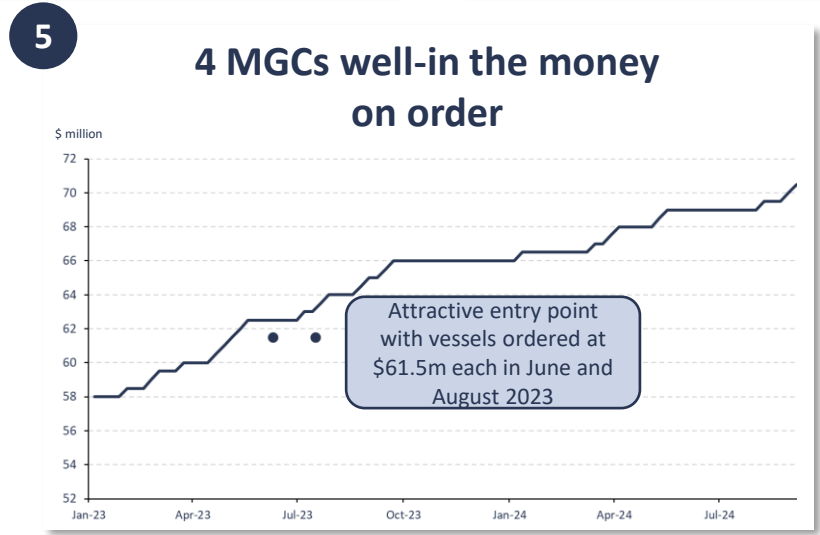
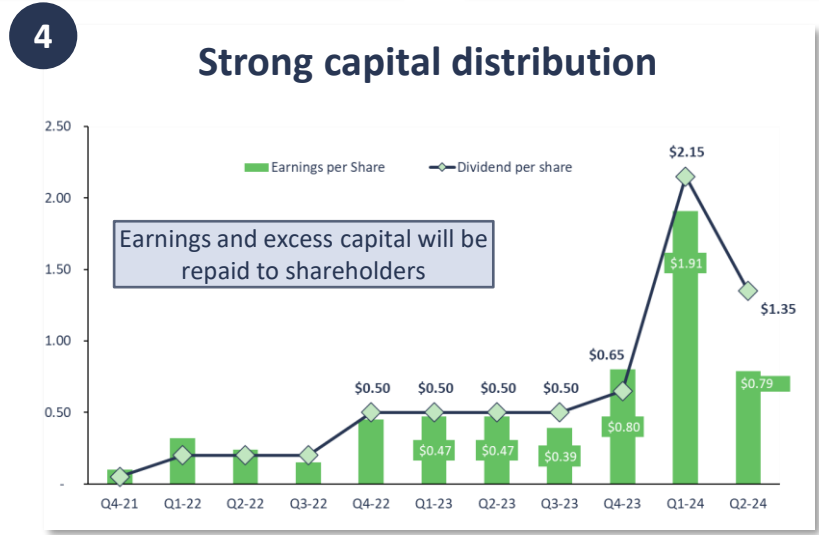
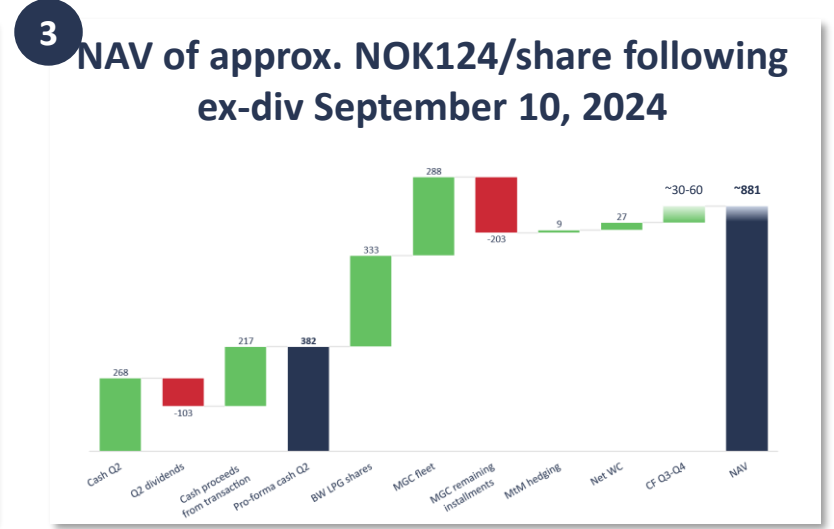
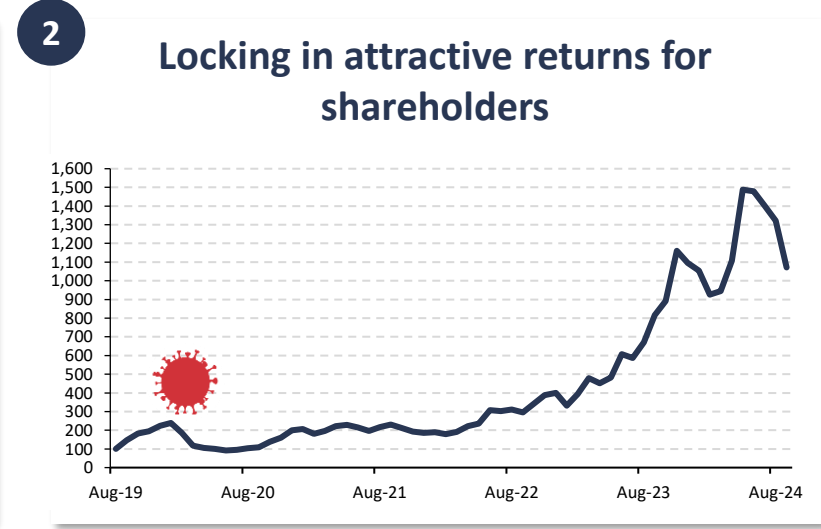
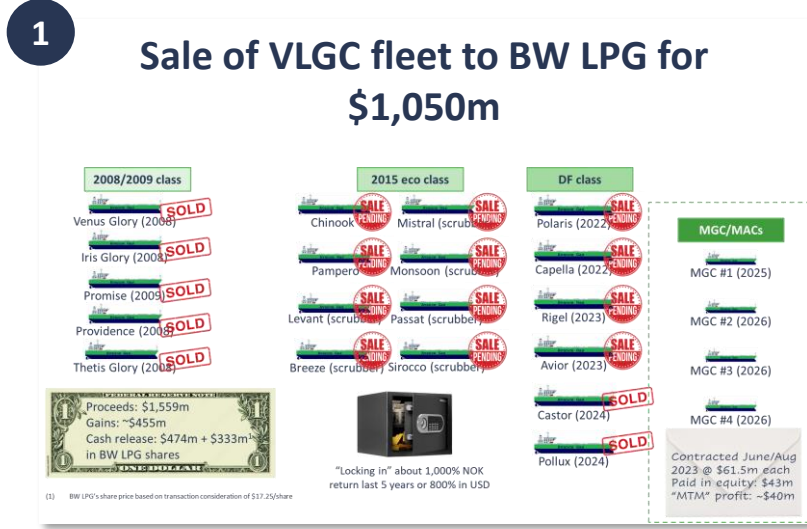


## MGC fleet and deliveries



Source: Clarksons SIN

# INVESTMENT SUMMARY





Avance Gas



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## Investor Relations



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## Stock Exchange



ticker: AGAS