

15th Annual Capital Link New York Maritime Forum

October 10, 2023



Avance Gas



FORWARD LOOKING STATEMENTS



Matters discussed in this announcement may constitute forward-looking statements. All statements other than statements of historical facts included in this announcement, including those regarding Avance Gas' plans, strategies, business prospects, changes and trends in its business and the markets which it operates are forward-looking statements. These forward-looking statements may, but not necessarily, be identified by words such as "anticipate", "believe", "continue", "estimate", "expect", "intends", "may", "should", "will", "would", "can", "could" or, in each case, their negative, or other variations or comparable terminology and similar expressions. The forward-looking statements in this release are based upon various assumptions and may not be guaranteed, many of which are based, in turn, upon further assumptions. Although Avance Gas believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements.

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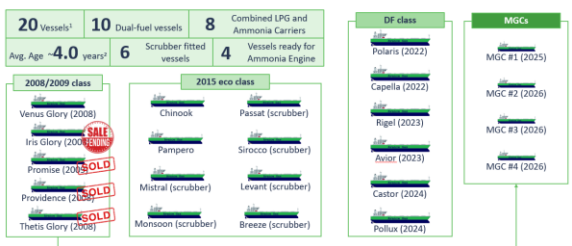
INVESTMENT HIGHLIGHTS



Attractive Fleet

20 vessels (incl. NBs), only 4yrs average age

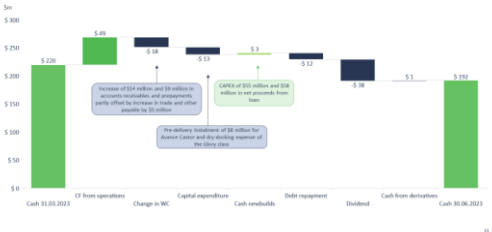
THE AVANCE FLEET



Strong Balance Sheet

Cash of \$ 192m and an Equity ratio of >50%

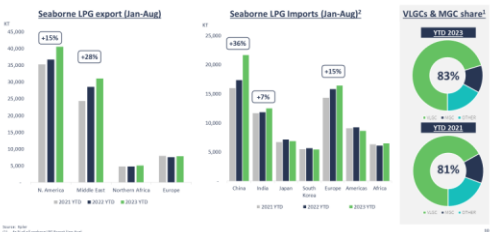
SOLID CASH POSITION OF \$192M AT QUARTER-END



Attractive market fundamentals

Continued increase in demand for VLGCs

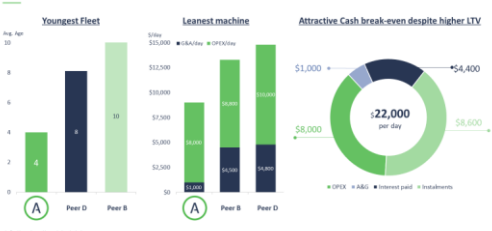
STRONG DEMAND FOR SEABORNE TRANSPORTATION OF LPG



Attractive Cash Break-Even

Cash break-even of just \$22,000/day

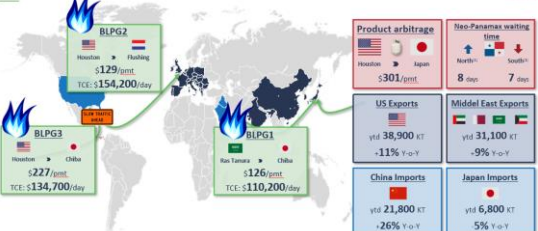
PREMIUM FLEET OPERATED AT INDUSTRY LOW G&A AND OPEX



High exposure to strong market

Liq. Mkt offering strong earnings potential

VLGC FREIGHT RATES REMAINS HIGH



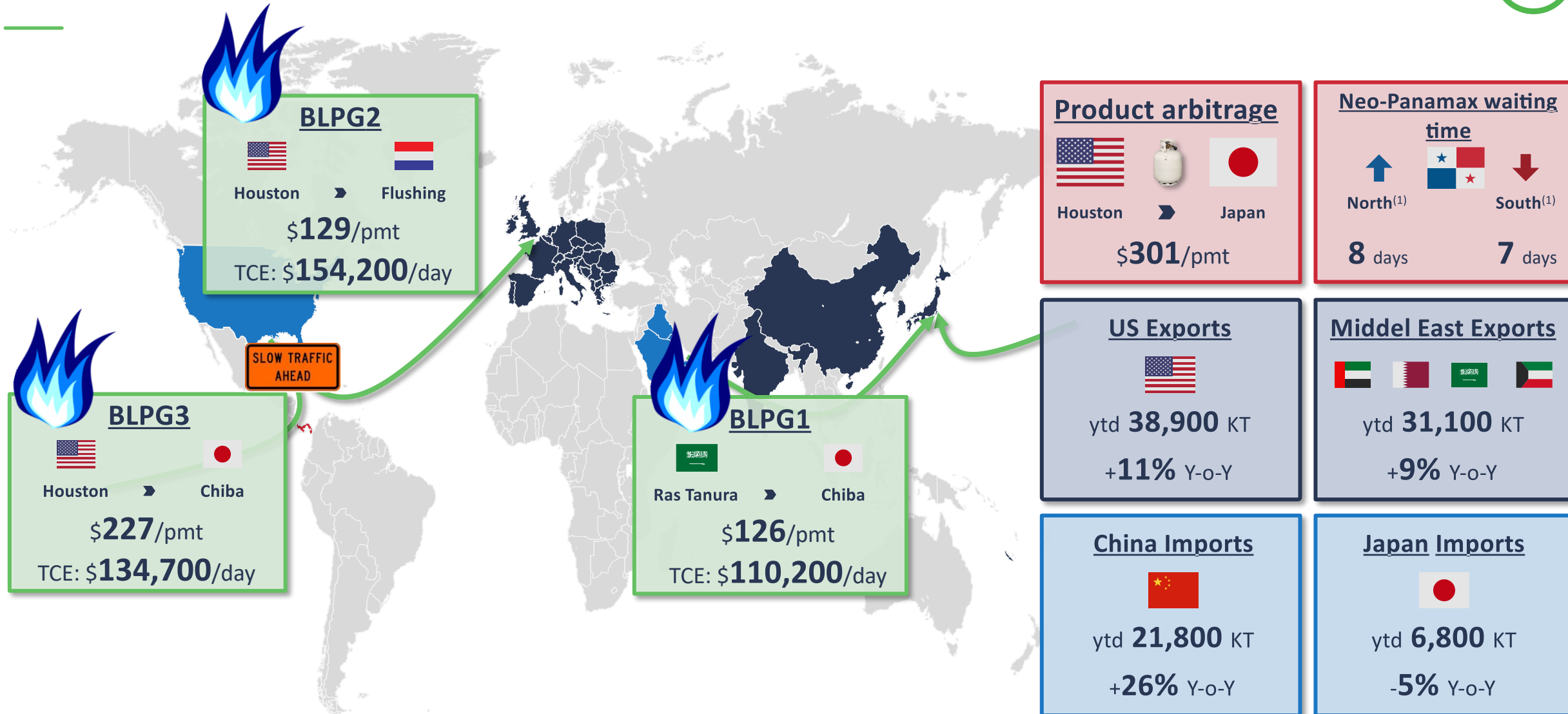
Maximizing shareholder value

\$1.70 per share in dividends LTM

RAMPING UP DIVIDEND IN LINE WITH INCREASED EARNINGS



VLGC FREIGHT RATES REMAINS HIGH



THE AVANCE FLEET

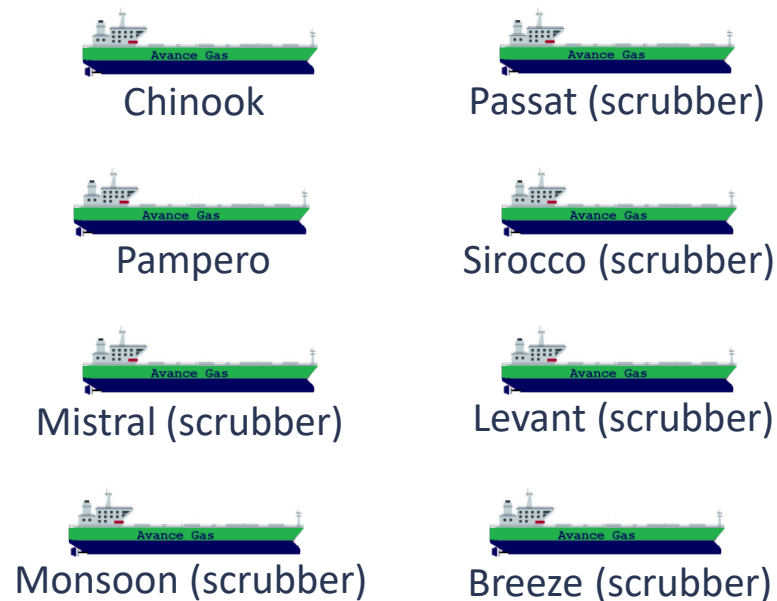


20 Vessels ¹	10 Dual-fuel vessels	8 Combined LPG and Ammonia Carriers
Avg. Age ~ 4.0 years ²	6 Scrubber fitted vessels	4 Vessels ready for Ammonia Engine

2008/2009 class



2015 eco class



DF class



MGCs



(1) Including vessels under construction and vessels held for sale

(2) Incl. VLGC and MGC newbuilds, but excluding vessel held for sale and MGCs

EMPLOYMENT OVERVIEW



Vessel	Size (CBM)	Built	EGCS	LPG	NH3	2023				2024			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Iris Glory	83 700	2008								Vessel sold			
Venus Glory	83 700	2008											
Breeze	83 000	2015	v										
Chinook	83 000	2015											
Levant	83 000	2015	v										
Mistral	83 000	2015	v										
Monsoon	83 000	2015	v										
Pampero	83 000	2015											
Passat	83 000	2015	v										
Sirocco	83 000	2015	v										
Polaris	91 000	2022		v									
Capella	91 000	2022		v									
Rigel	91 000	2023		v	v*								
Avior	91 000	2023		v	v*								
Castor	91 000	2023		v	v								
Pollux	91 000	2024		v	v								
MGC Newbuild #1	40 000	Q4-2025			v								
MGC Newbuild #2	40 000	Q1-2026			v								
MGC Newbuild #3	40 000	Q2-2026			v								
MGC Newbuild #4	40 000	Q4-2026			v								
FFA 1 scrubber vessel (HFO)						\$47.5k/day							
FFA 1 dual fuel vessel (VLSFO)						\$53k/day \$63.4k/day							

- Docking scheduled for Venus Glory during Q3. Iris Glory docked during Q1 and subsequently sold, expected delivery between October 2023 – January 2024.
- We have mutually agreed to terminate variable hire TC for Capella which was due February 2024. This TC cover was replaced through FFAs.
- There are upside in the FFA dual vessel (VLSFO) numbers in case we burn LPG instead of VLFSO and/or if we load larger cargoes than conventional size as our dual fuel ships can carry ~5,000mt larger parcels than conventional ships.

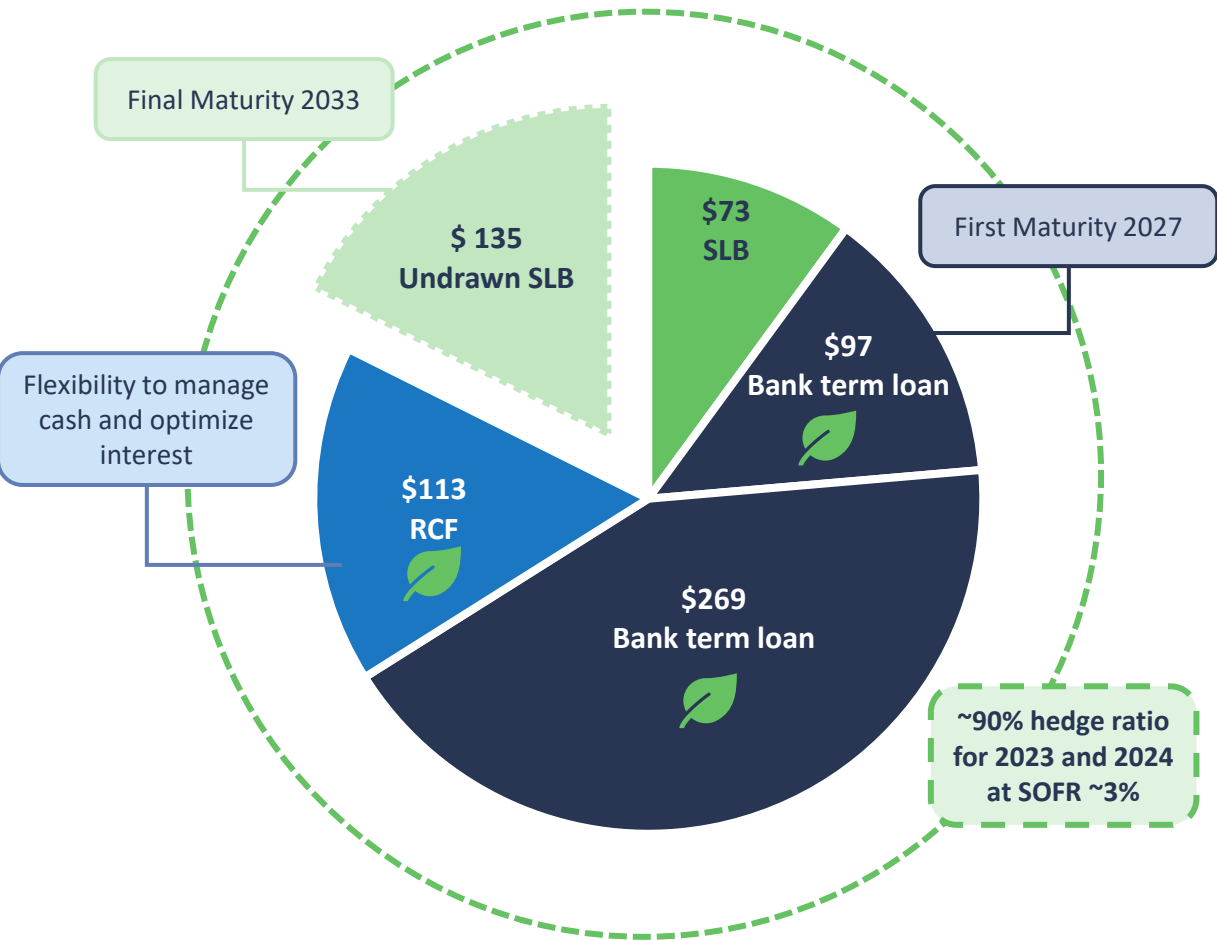
*Can run on NH3 (ammonia) subject main engine modification, but not carry NH3

Spot Fixed TC Variable TC FFA Yard

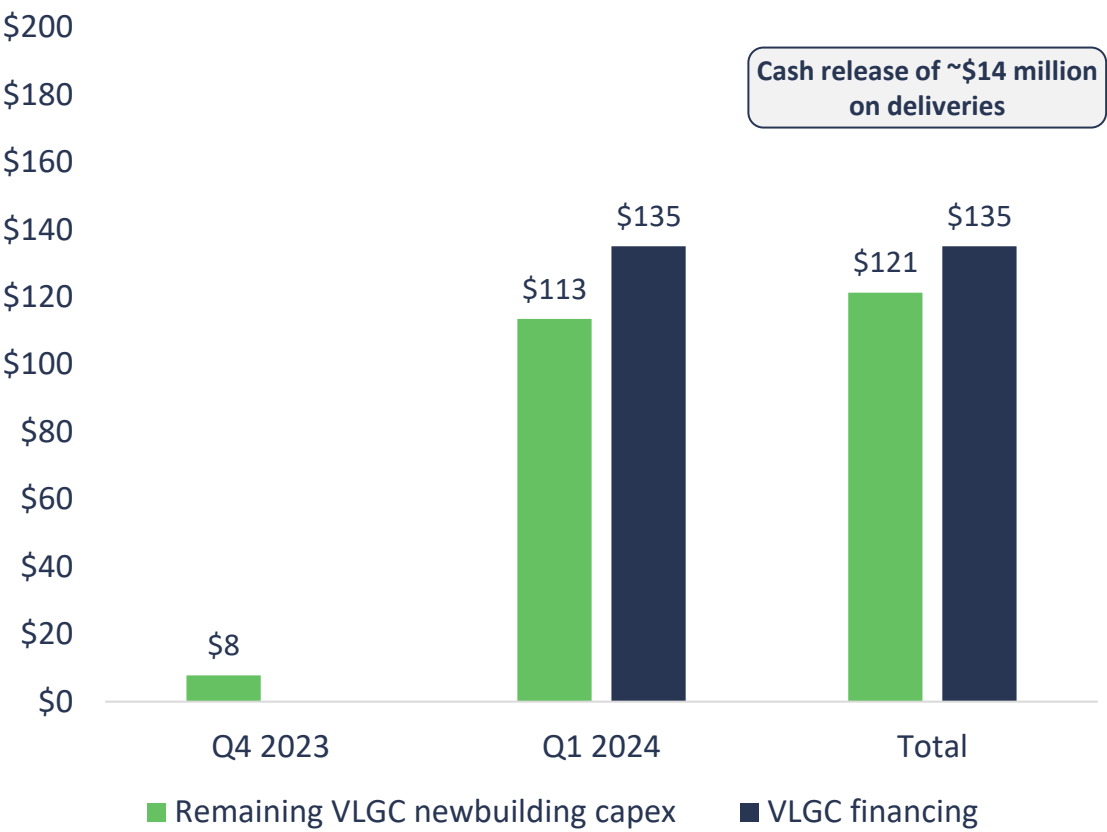
EXISTING FINANCING STRUCTURE




Outstanding debt and committed financing Q2-2023¹
(in million \$)



VLGC Newbuilding financing exceeds remaining capex
(in million \$)

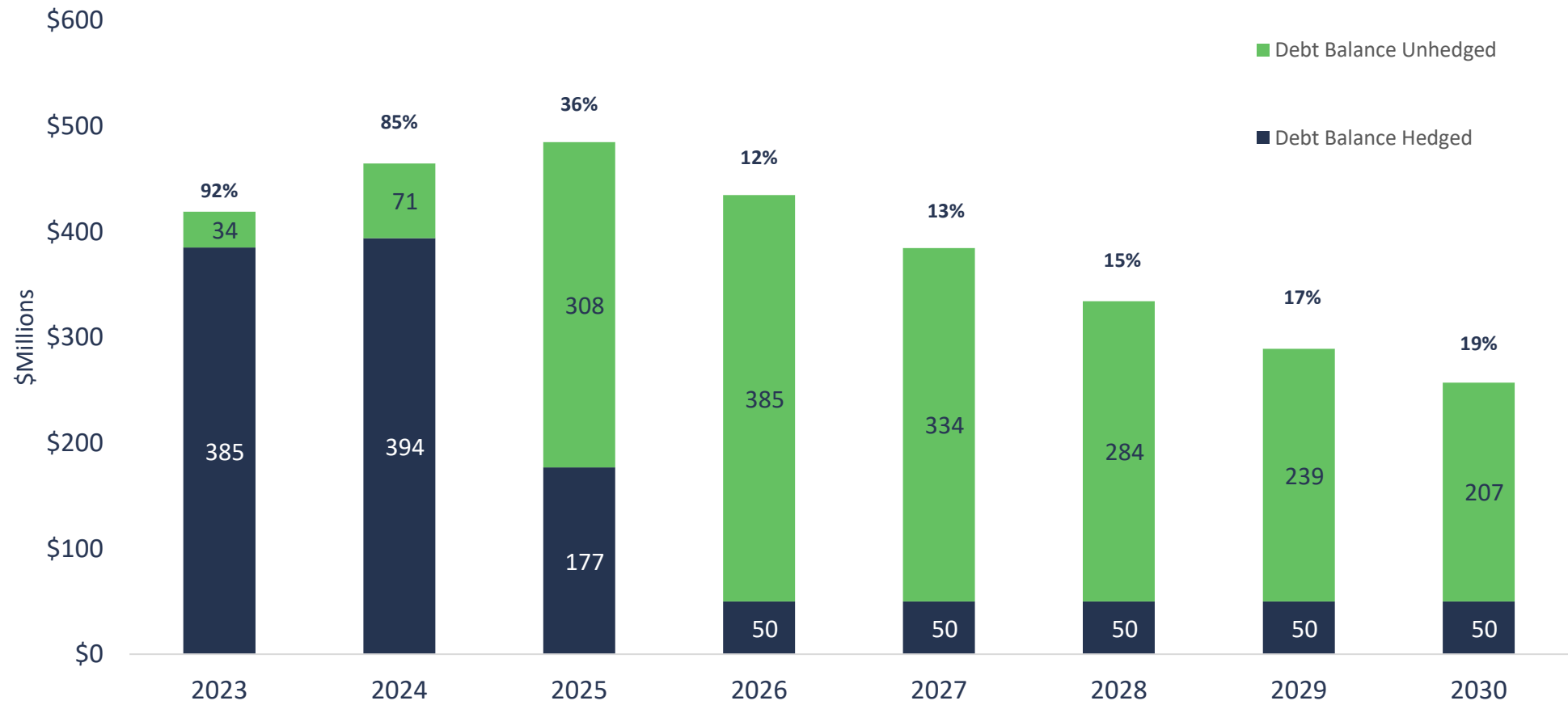


 Green leaf icon illustrate sustainability linked financing
(1) See appendix for further details of outstanding debt and committed financing

CURRENT INTEREST RATE HEDGING OVERVIEW

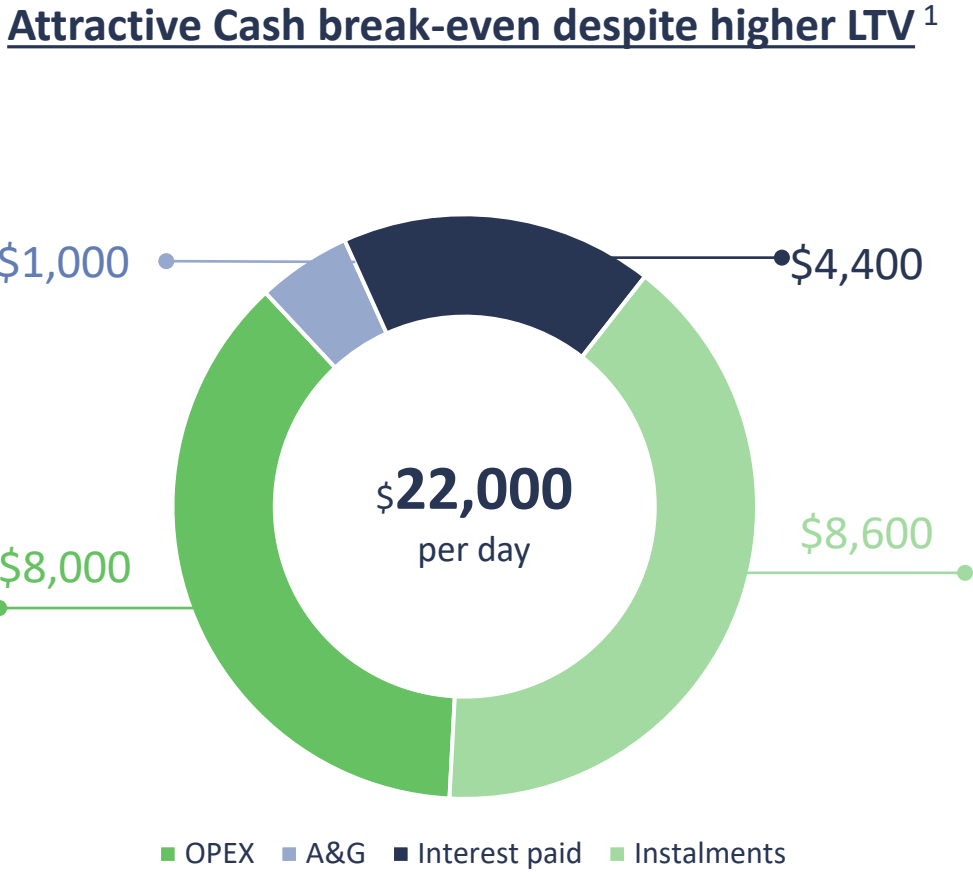
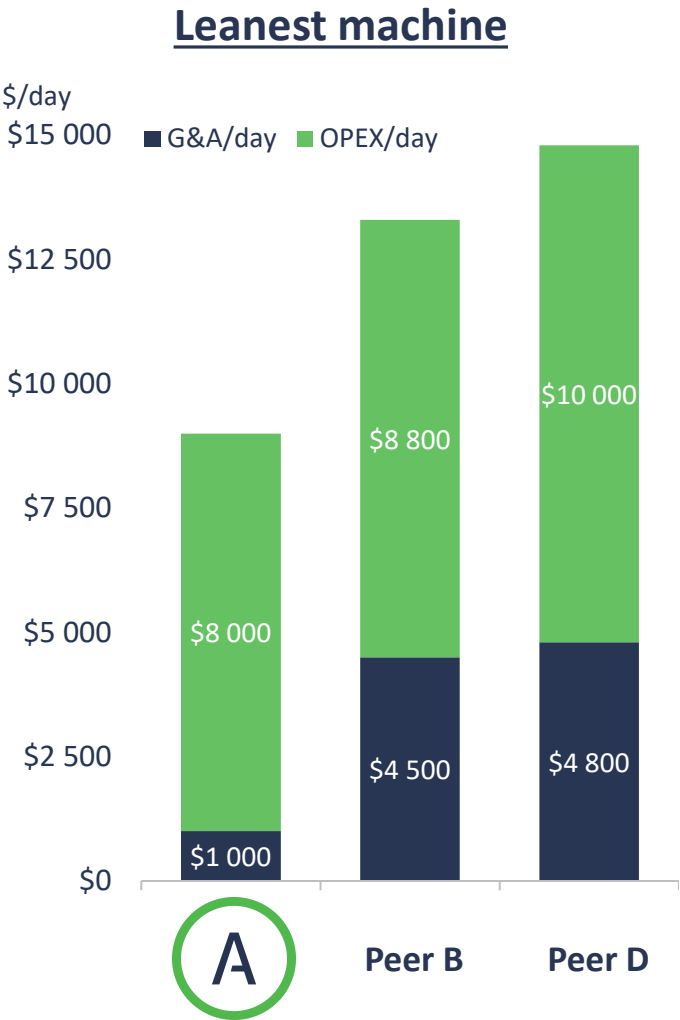
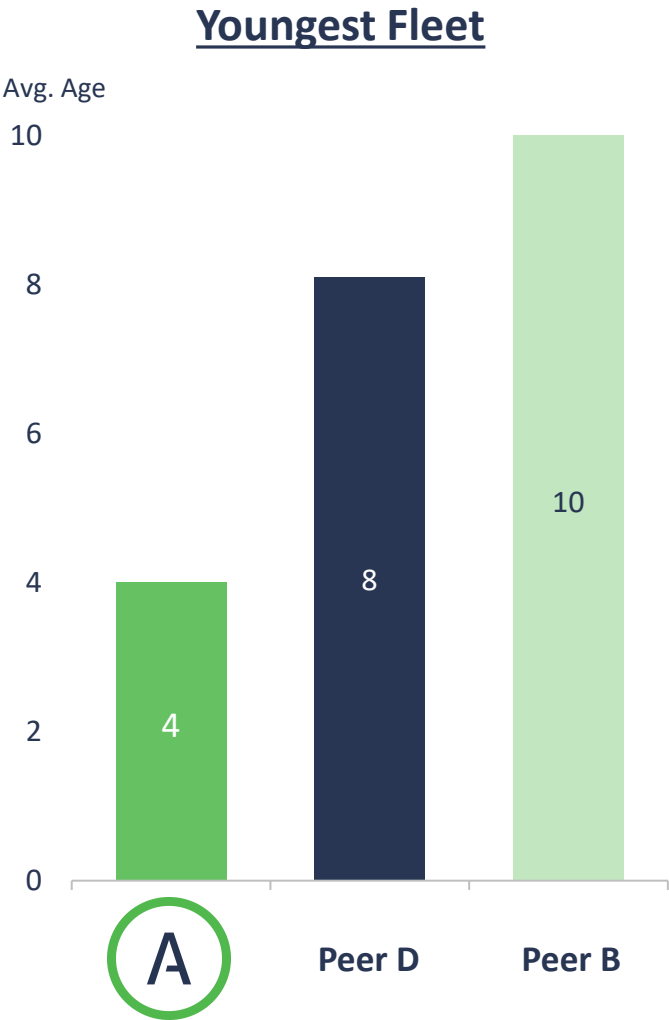


Avance Gas Hedging Ratio basis outstanding and committed financing Q2-2023



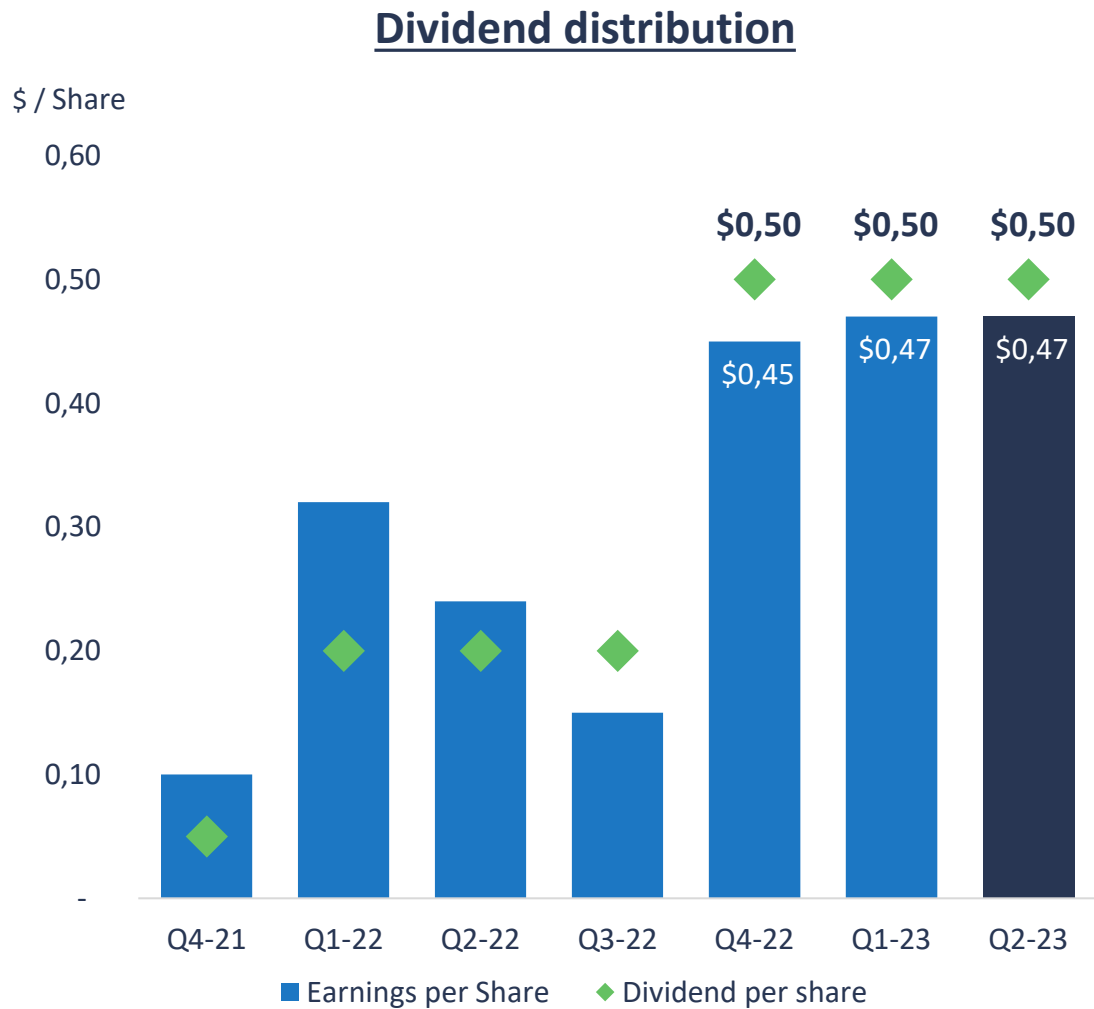
- ~90% of the debt is hedged for 2023 and 2024 at ~3% basis SOFR. Corresponds to a discount of 43% basis current SOFR rate at 5.3%.
- Based on average debt balance and average swap balance for each period.
- The graph assumes that debt maturing in 2027 and 2028 is refinanced with funding of the same amount. Further, the graph assumes that the revolving credit facility is undrawn during the period.

PREMIUM FLEET OPERATED AT INDUSTRY LOW G&A AND OPEX



(1) G&A /day and OPEX/day excluding drydocking expenses per Q2 2023

RAMPING UP DIVIDEND IN LINE WITH INCREASED EARNINGS



		Dividend decision criteria's		
		Q1-23	Q2-23	
1	Earnings and cashflow	✓	✓	Strongest ever 1H profit of \$72m
2	Market outlook	✓	✓	Q3-23 TCE/day bookings are in the high \$50s and FFAs suggest solid levels for Q4-23
3	Backlog and visibility	✓	✓	Three ships on fixed hire rate, two on variable hire and two ship hedged by FFAs
4	Liquidity	✓	✓	Solid cash position of ~\$192m end Q2-23
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 Q2-2023



Income Statement (in million \$)	Q2 2023	Q1 2023	Variance
TCE earnings	63	62	0.2
Operating Profit before depreciation	52	51	0.3
Depreciation	(12)	(11)	(1)
Net finance expense	(4)	(4)	0.1
Net profit	36	36	(0.6)
Earnings per share (\$)	0.47	0.47	-
Per day figures (in \$)	Q2 2023	Q1 2023	Variance
TCE (Discharge to Discharge)	50,826	55,500	(4,674)
TCE (Load to Discharge)	52,015	58,379	(6,365)
Operating expense ('OPEX')	8,003	8,626	(623)

- TCE of \$52,000/day for Q2, above guidance of \$50,000/day. TCE Earnings maintained due to more vessel days as we took delivery of Avance Avior
- Spot market considerably stronger than FFA coverage of \$47,500/day, thereby a loss of \$2,500/day is recognized thru TCE earnings
- Interest expense in line with the first quarter despite increase in interest rates due to high hedge ratio (~90%)
- Net profit of \$35.7 million or EPS of \$0.47 - results for Avance Gas. Net profit year to date of \$72 million or EPS of \$0.94 is the best first half result ever
- Annualised return on book equity ~24%

BALANCE SHEET AND KEY FINANCIAL FIGURES Q2-2023

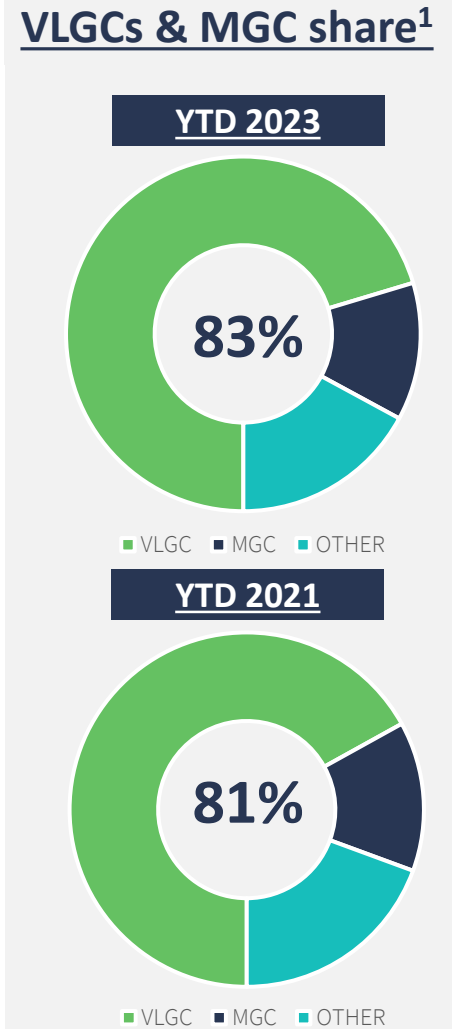
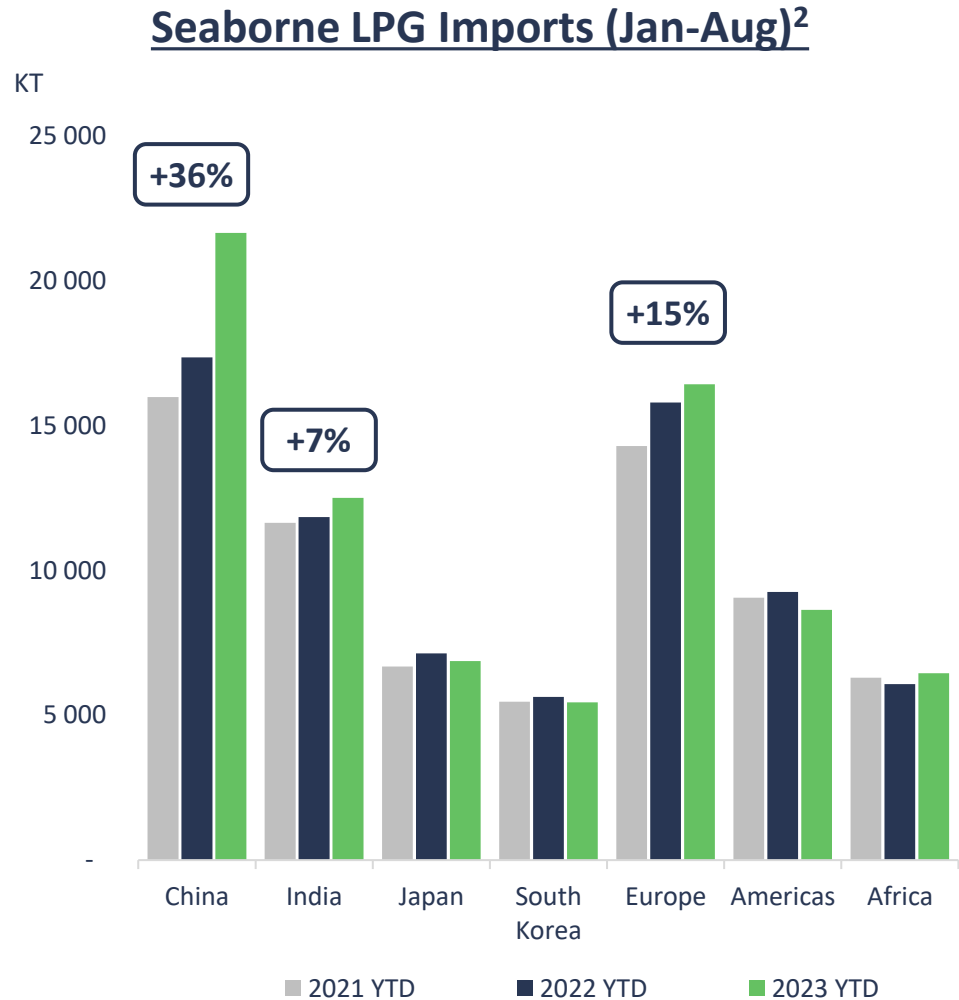
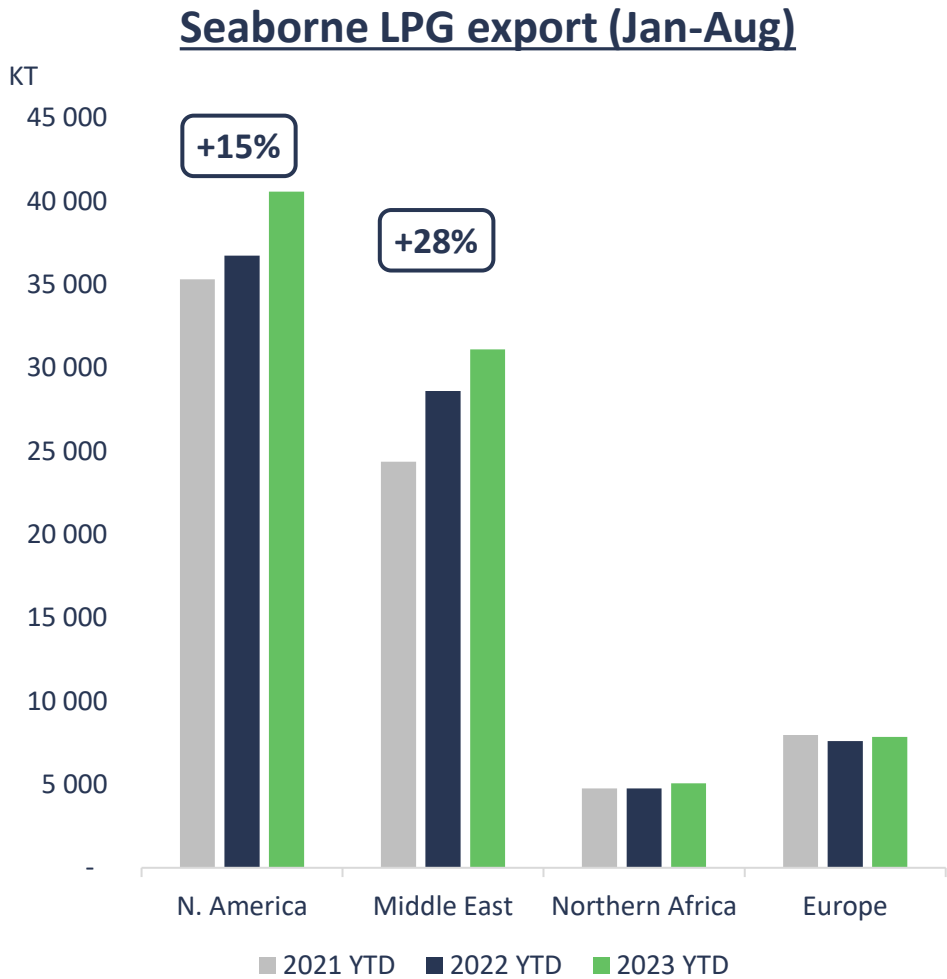


Balance Sheet (in million \$)	Q2 2023	Q1 2023	Variance
Cash & cash equivalents	192	219	(28)
VLGCs & newbuildings under construction	907	850	56
Other assets	68	42	26
Total assets	1,166	1,112	54
Total liabilities	576	511	64
Total shareholders' equity	590	601	(10)
Balance sheet ratios	Q2 2023	Q1 2023	Variance
Book equity ratio	51%	54%	-3%
Loan to value ¹	51%	55%	-4%

- Total assets consist primarily of 14 VLGCs on water as well as two dual fuel VLGC. In addition, four MGC newbuilds contracted in June and August 2023.
- Avance Rigel was delivered during the first quarter 2023 while Avance Avior was delivered during second quarter on May 30, 2023
- Reasonable loan to value of ~51%
- Maintained a strong book equity ratio ~ 51% at quarter-end
- Significant cash balance of \$192 million

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

STRONG DEMAND FOR SEABORNE TRANSPORTATION OF LPG

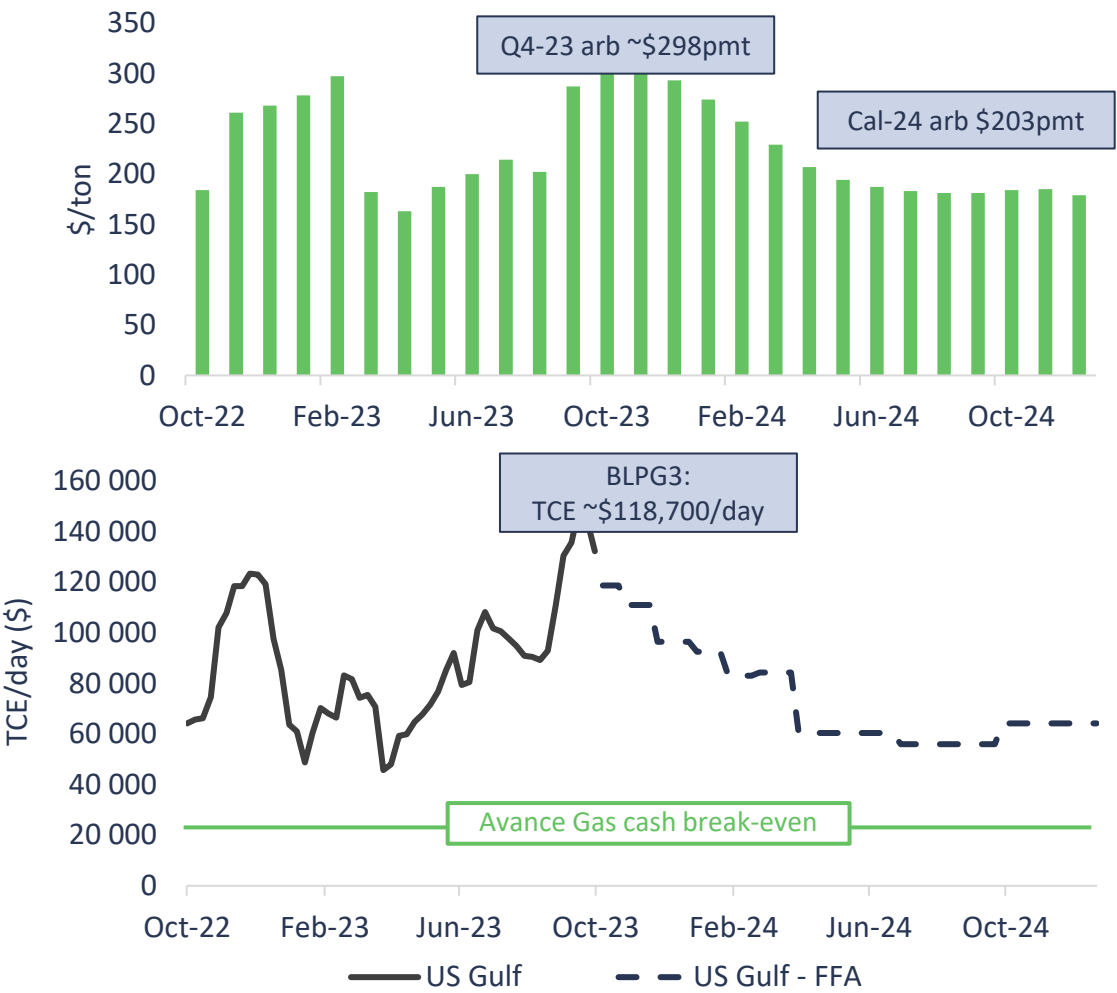


Source: Kpler
(1) As % of all seaborne LPG Export (Jan-Aug)
(2) Kpler export data based on cargo destination as of Sept. 17th 2023

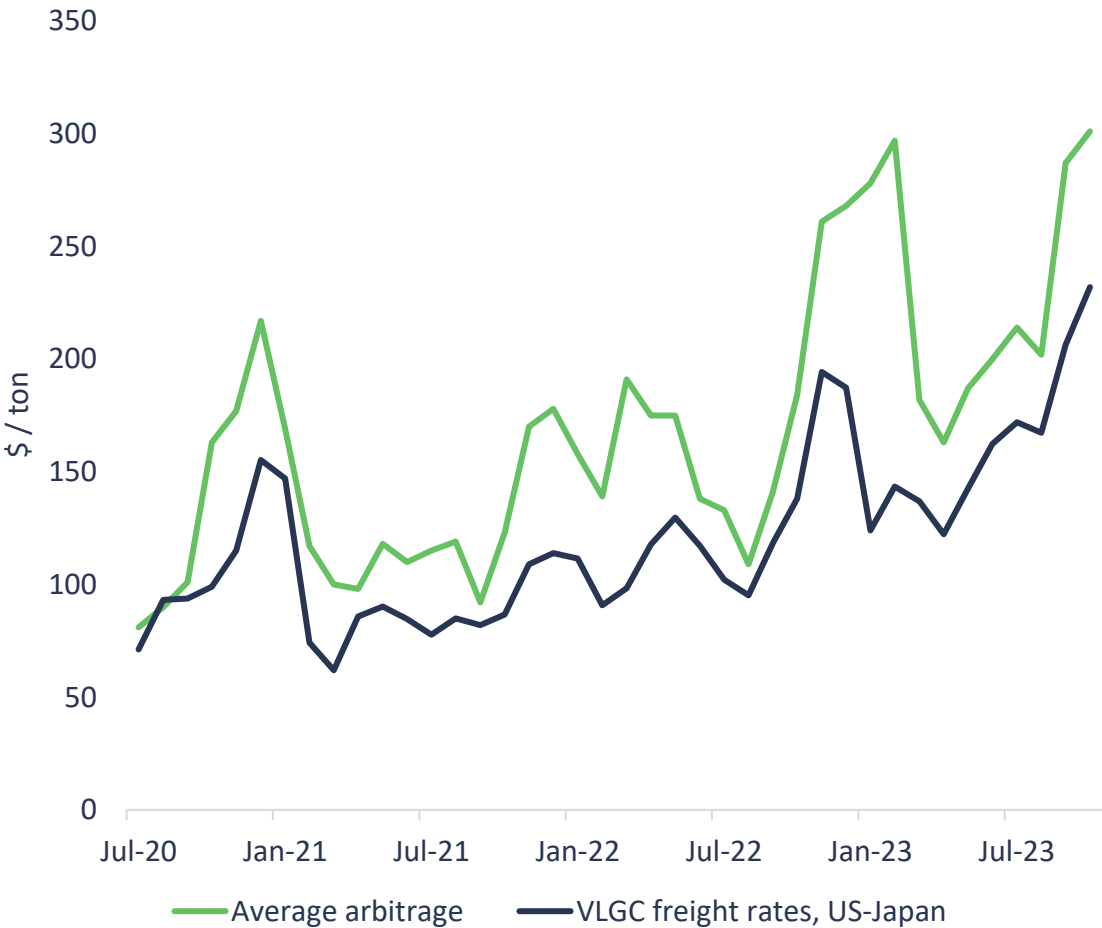
STRONG PRODUCT ARBITRAGE SUPPORTING FREIGHT RATES



US Far East product arbitrage



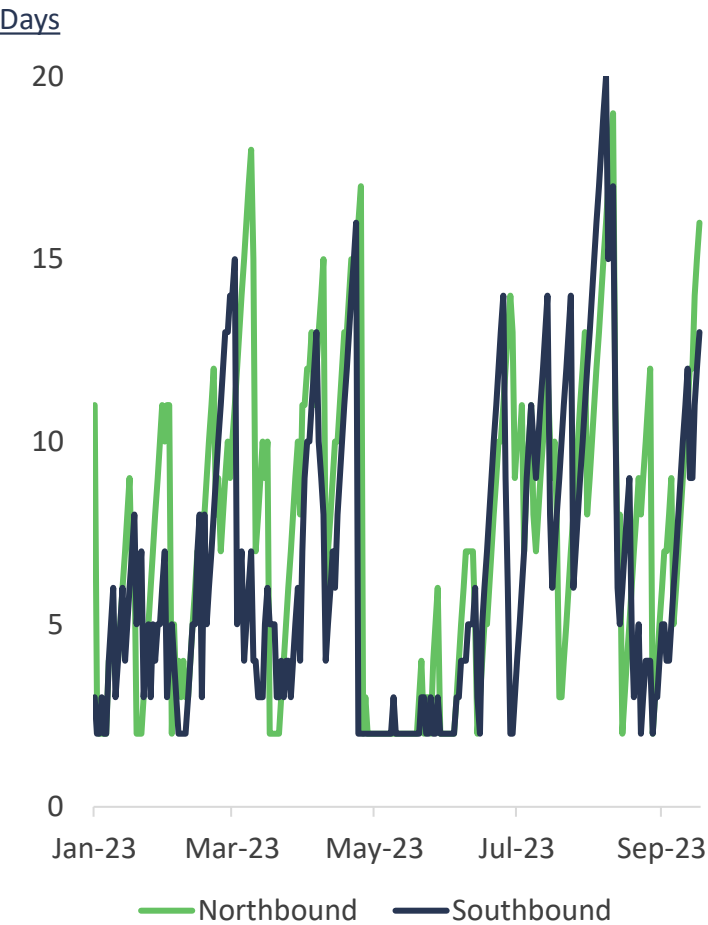
Strong correlation between arbitrage and freight rates



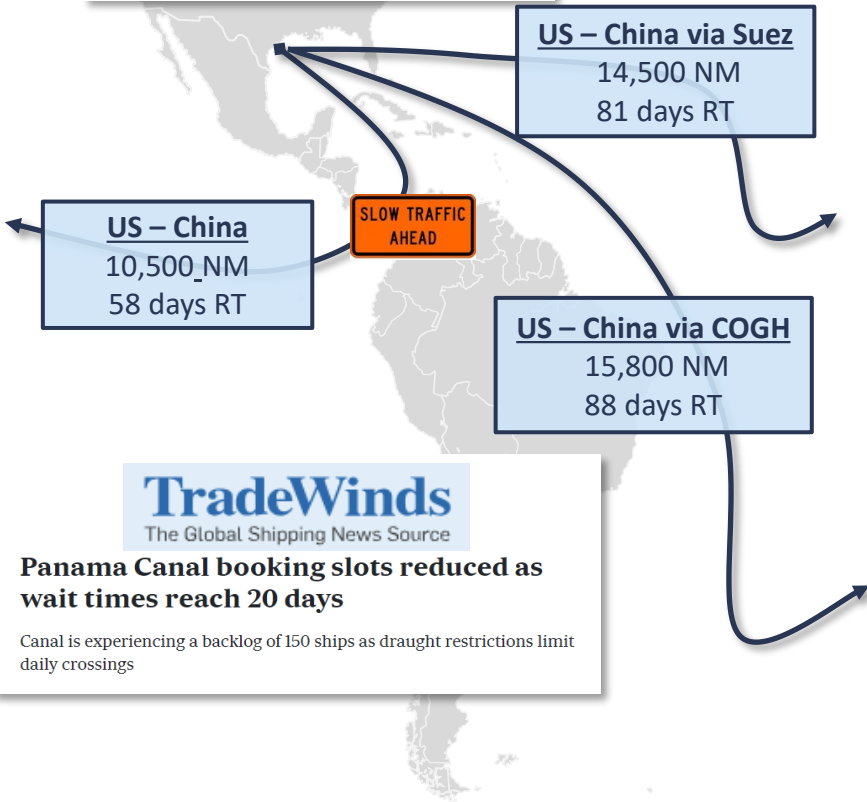
Source: Kpler, Argus, Gibson, Clarkson, Fearnleys, Steam, Poten, Hesnes and Company estimates

PANAMA CANAL HAS BECOME “THE TRAFFIC JAM OF THE SEAS” A

Waiting time Panamax: Neo-Panamax



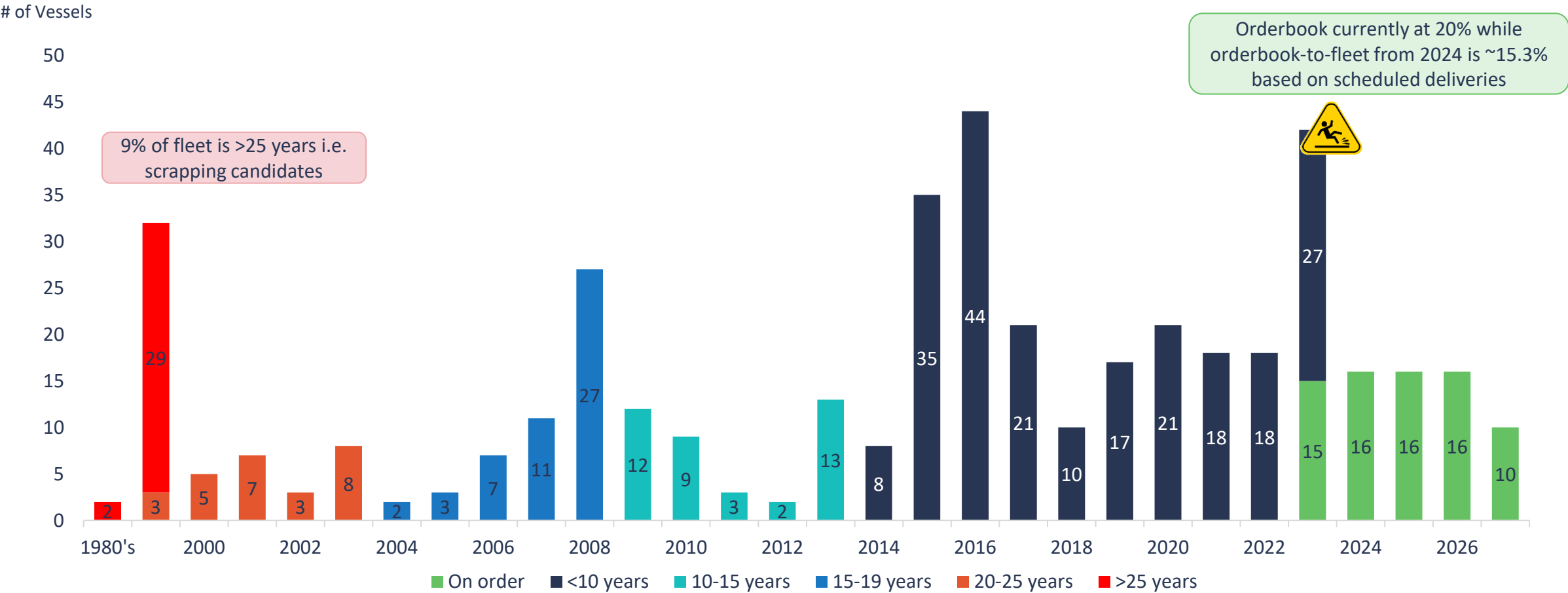
THE WALL STREET JOURNAL.
BUSINESS | LOGISTICS
The Panama Canal Has Become a Traffic Jam of the Seas
More than 200 vessels are stuck on either side of the waterway as a serious drought cuts crossings



Auction price for spot Neo-Panamax slot



RENEWAL OF THE VLGC FLEET AHEAD OF NEW REGULATIONS



Source: Clarkson SIN, as of August 29, 2023

Q&A and
Appendix

Thank you!



Avance Gas



APPENDIX – COMMENTS TO THE INCOME STATEMENT



Income Statement (in thousands \$)	Q2 2023 3-months	Q1 2023 3-months	Variance 3-months
Operating revenue	84,575	77,042	7,533
Voyage expenses	(22,006)	(14,693)	(7,313)
Operating expenses	(9,724)	(9,756)	32
Administrative and general expenses	(1,296)	(1,325)	29
Operating profit before depreciation expense	51,549	51,268	281
Depreciation and amortisation expense	(11,525)	(10,547)	(978)
Gain on Sale	-	-	-
Operating profit	40,024	40,721	(698)
Finance Expense	(5,864)	(5,337)	(527)
Finance Income	1,692	1,225	467
Foreign currency exchange losses	(95)	(237)	142
Tax expense	(50)	(51)	1
Net profit	35,707	36,321	(615)
Earnings per share:			
Basic	0.47	0.47	-
Diluted	0.46	0.47	(0.01)

- TCE earnings (net of operating revenue and voyage expenses) of \$62.6 million for the second quarter, up from \$62.3 million in previous quarter due to more vessel days as we took delivery of the VLGC Avance Avior in May 2023.
- Operating expenses were \$9.7 million, equaling a daily average of \$8,003/day. This compares to \$9.7 million or \$8,626/day for the first quarter. Operating expenses are down as we have taken delivery of two newbuildings year to date 2023 requiring less maintenance and repair.
- Administrative and general expenses (A&G) were \$1.3 million, in line with the first quarter. A&G/day was \$1,067 for the second quarter and \$1,171 as we have more vessel days.
- Finance expenses increased by \$0.5 million from the first quarter primarily due to higher net average debt and rising interest rates which was offset by interest rate hedges. Finance income consist of interest income from cash deposits
- Net profit of \$35.7 million or EPS of \$0.47 down from net profit of \$36.3 million or EPS of \$ 0.47.

APPENDIX – COMMENTS TO THE BALANCE SHEET



Balance Sheet (in thousands \$)	Q2 2023 30.06.2023	Q1 2023 31.03.2023	Variance 3-months
ASSETS			
Cash and cash equivalents	191,619	219,469	(27,850)
Trade and other receivables	27,660	13,883	13,777
Inventory	7,626	5,073	2,553
Prepaid expenses and other current assets	19,333	12,487	(6,846)
Derivative financial instruments (current)	9,797	7,273	2,524
Total current assets	256,035	258,185	(2,150)
Property, plant and equipment (PPE)	865,681	791,801	73,880
Newbuildings	41,108	58,550	(17,442)
Derivative financial instruments (non-current)	3,362	3,480	(118)
Total non-current assets	910,151	853,831	56,320
Total assets	1,166,186	1,112,016	54,170
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current portion of interest-bearing debt	42,921	40,110	2,831
Trade and other payables	6,621	2,194	4,427
Accrued voyage expenses and other current liabilities	12,748	10,259	2,489
Derivative financial instruments	10,753	-	10,753
Total current liabilities	73,063	52,563	20,500
Long-term debt	502,711	458,812	43,899
Total non-current liabilities	502,711	458,812	43,899
Share capital	77,427	77,427	-
Paid-in capital	431,366	431,366	-
Contributed capital	95,130	94,951	179
Retained loss	(10,186)	(7,597)	(2,589)
Treasury shares	(11,351)	(11,351)	-
Accumulated other comprehensive loss	8,025	15,845	(7,820)
Total shareholders' equity	590,412	600,641	(10,229)

- Total assets consist primarily of cash and 14 VLGCs on water and 2 dual fuel newbuildings under construction. The increase in PPE and decrease in newbuildings are primarily due to delivery of the newbuildings, Avance Rigel and Avance Avior
- Solid cash balance of \$192 million
- Derivative financial instruments consist of positive market to market value on interest rate swaps of \$13.1 million and negative market to market on forward freight agreements (FFA) and bunker hedges of \$10.7 million
- Total outstanding interest-bearing debt of \$545 million equalling a loan to value of 51% at quarter end
- Total shareholders' equity was \$590.4 million at quarter end and decreased by \$10.2 million during the quarter mainly due to net profit of \$35.7 million being offset by paid dividend of \$38.3 million for the first quarter 2023 and decrease in other comprehensive income of \$7.8 million

APPENDIX – COMMENTS TO THE CASH FLOW



Cash flow statement (in thousands \$)	Q2 2023 3-months	Q1 2023 3-months	Variance
Cash flows from operating activities:			
Cash generated from operations	35,482	53,455	(17,973)
Interest paid	(4,764)	(5,845)	1,081
Net cash flows from operating activities	30,718	47,610	(16,892)
Cash flows used in investing activities:			
Net proceeds from sale of assets	-	-	-
Capital expenditures	(67,785)	(60,919)	(6,866)
Net cash flows used in investing activities	(67,785)	(60,919)	(6,866)
Cash flows (used in) from financing activities:			
Dividends Paid	(38,297)	(38,297)	-
Repayment of long-term debt	(11,734)	(9,566)	(2,168)
Proceeds from loans and borrowings, net of transaction costs	58,200	56,705	1,495
Settlement of share options	-	-	-
Cash settlement of derivatives	1,073	-	1,073
Net cash flows from (used in) in financing activities	9,241	8,843	398
Net increase in cash and cash equivalents	(27,827)	(4,465)	(23,362)
Cash and cash equivalents at beginning of period	219,469	224,243	(4,773)
Effect of exchange rate changes on cash	(24)	(308)	284
Cash and cash equivalents at end of period	191,619	219,469	(27,851)

- Cash and cash equivalents were \$191.6 million on 30 June 2023, compared to \$ 219.5 million on 31 March 2023. Cash flow from operating activities was \$30.7 million, compared with \$ 47.6 million for the first quarter of 2023.
- Net cash flow used in investing activities was \$67.8 million and relates to delivery of Avance Avior, the fourth of six dual fuel newbuildings. This compares with a net cash flow from investing activities of \$ 60.9 million for the first quarter 2023 which relates to delivery of Avance Rigel, the third of six dual fuel newbuildings.
- Net cash flow from financing activities was \$9.3 million, including repayments of debt of \$11.7 million, proceeds from loans and borrowings of \$58 million in relation to delivery of Avance Avior, cash proceeds from settlement of derivatives of \$1.1 million and payment of dividend of \$38.3 million for the fourth quarter.

APPENDIX – OUTSTANDING DEBT AND COMMITTED FINANCING Q2-2023



#	Facility	Lender(s)/Lessor	Vessel	Original Loan	Outstanding debt	Maturity	Tenor
1,	US\$ 200 mill. Senior secured Credit facility - Term loan ⁽¹⁾	7 Commercial Banks	8 VLGCs	\$200	\$156	2028	5.6 years
2,	US\$ 115 mill. Senior secured Credit facility - Term loan ⁽¹⁾	"	2 VLGCs	\$115	\$113	"	5.6 years
3,	US\$ 125 mill. Revolving Credit Facility ⁽¹⁾	"	8 VLGCs	\$125	\$113	"	5.6 years
4,	US\$ 104 mill. Senior Secured Credit Facility	3 Commercial Banks	2 VLGCs	\$104	\$97	2027	5 years
5,	US\$ 135 mill. Sale leasebacks ⁽²⁾	Bocomm	2 VLGC NBs	-	-	2034	10 years
6,	US\$ 45 mill. Sale leaseback ⁽³⁾	Chinese Lease	1 VLGC	\$45	\$39	2030	10 years
7,	US\$ 42 mill. Sale leaseback ⁽⁴⁾	Japanese Lease	1 VLGC	\$42	\$34	2030	9 years

Notes

- (1) Secured by the same security packages as the US\$ 555mill. Senior secured credit Facility.
- (2) Drawn at delivery scheduled during the first quarter 2024. First repurchase option in month 30 following delivery of the vessels Avance Castor and Avance Pollux.
- (3) Repurchase option of buying the vessel back is exercised to achieve improved terms and financing structure. Refinancing of the vessel is scheduled to be completed during the fourth quarter 2023.
- (4) Repurchase option of buying the vessel back is exercised as the vessel Iris Glory (2009) is sold with scheduled delivery to the new owner between October 2023 and January 2024.

Loan Covenants

Financial covenants

- Total Equity > \$250 million
- Equity Ratio > 30%
- Working Capital > 0
- Minimum Free liquidity: Cash and cash equivalents

shall be at least the higher of (i) \$ 35 million and (ii) 5% of the consolidated gross interest-bearing debt of the Group

Other covenants

- A change of control provision which will be triggered if a person or company other than Hemen Holding Ltd, Frontline Ltd. Or Sungas Holdings Ltd gains control, directly or indirectly, of one-third or more of the voting and/or shares of Avance Gas
- Fair market value of VLGCs shall be minimum 130% of the aggregated loan outstanding for the \$104 million facility. Fair market value of VLGCs shall be minimum 125% of the aggregate of total loans outstanding for the first two years then subsequently increase to 130% for the \$ 555 million facility

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



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Investor Relations



<https://www.avancegas.com/Investor-Relations>

Stock Exchange



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