



Avance Gas

Q4 2020

19 February 2021



FORWARD LOOKING STATEMENTS



This presentation contains forward looking-statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as “anticipate”, “believe”, “continue”, “estimate”, “expect”, “intends”, “may”, “should”, “will”, and similar expressions. The forward-looking statements in this presentation are based upon various assumptions, 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 presentation by such forward-looking statements.

The information, opinions and forward-looking statements contained in this presentation speak only as at its date and are subject to change without notice.

FINANCIAL HIGHLIGHTS Q4 2020



In \$ thousands (unless stated otherwise)	Three months ended	Three months ended
Income Statement	31-Dec-2020	30-Sep-2020
TCE earnings	41,260	24,494
Operating expenses	(11,265)	(11,830)
A&G expenses	(839)	(930)
Depreciation and amortisation expenses	(10,877)	(10,120)
Non-operating expenses	(5,088)	(5,183)
Net profit	46,839	2,260
Net profit adjusted for reversal of impairment	13,106	-
Earnings per share (diluted) (\$)	0.73	0.04
Earnings per share adjusted for reversal of impairment	0.21	-
Balance Sheet	31-Dec-2020	30-Sep-2020
Total assets	897,238	853,553
Total liabilities	444,668	450,583
Cash and cash equivalents	75,882	77,633
Total shareholders' equity	452,570	402,970
Cash Flows	31-Dec-2020	30-Sep-2020
Net cash from operating activities	17,370	3,809
Net cash (used in) from investing activities	(18,521)	18,702
Net cash used in financing activities	(688)	(29,298)
Net decrease in cash and cash equivalents	(1,839)	(6,850)
Key performance indicators (\$/day):**	31-Dec-2020	30-Sep-2020
TCE (Discharge to discharge)	40,759	23,283
TCE (IFRS 15)	36,130	21,524
Operating expense ('OPEX')	9,419	9,256
Administrative and general expenses ('A&G')	701	728

**) Abbreviations: TCE = time charter equivalent, TC = Time Charter, LPG = Liquefied petroleum gas, VLGCs = Very Large Gas Carrier*

****) TCE calculated basis operating days. OPEX and A&G calculated basis calendar days. Operating days is calendar days less offhire/drydock days. Waiting days are included in operating days.*



TCE* \$40,759/day on a discharge to discharge basis and 99% commercial utilisation for the fleet in Q4



TC* coverage 35% in 4Q 2020 at an average TCE rate of ~\$31,000/day



Entered into shipbuilding contracts for two 91,000 cbm, LPG* Dual Fuel VLGCs* for delivery Q4 2022 and Q1 2023

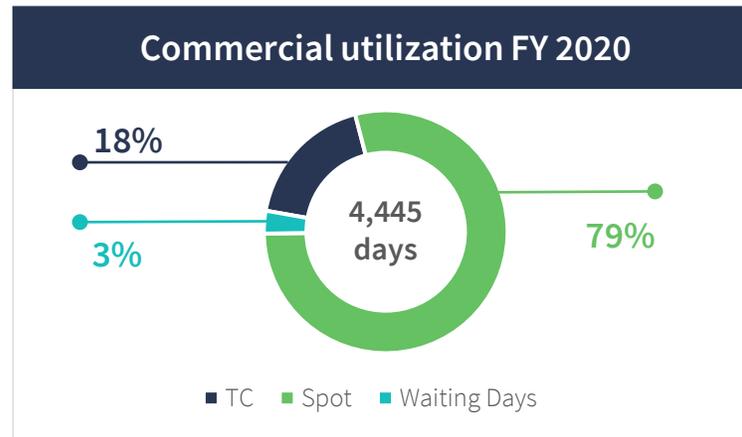
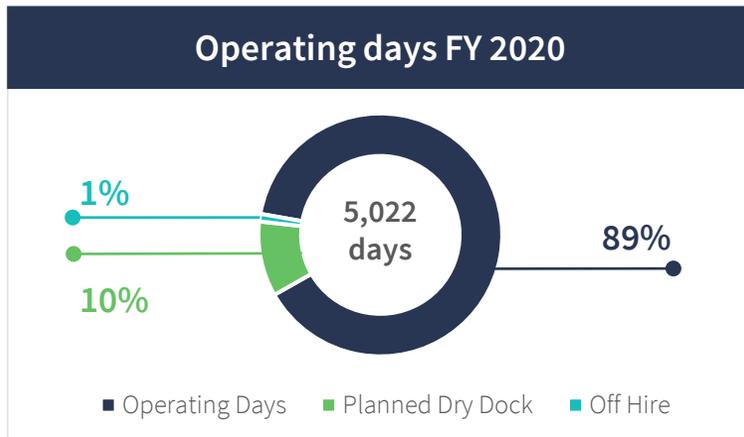
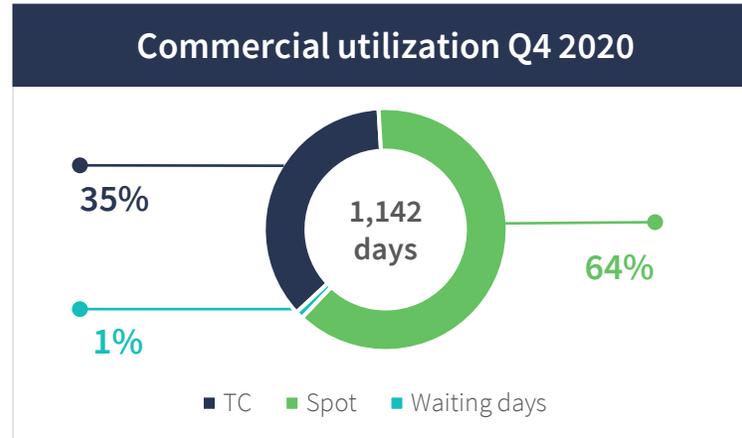
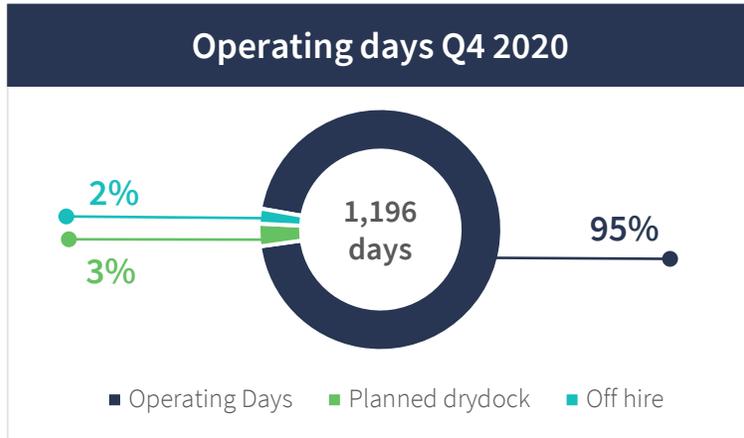


Equity ratio of 50.4%



Board announced a dividend of \$0.11/share

OPERATING AND COMMERCIAL UTILIZATION



99% commercial utilisation for the fleet in Q4, and 97 % utilisation for the year



Dry docking program fully completed



Technical manager change fully completed



5/6 scrubber installations completed



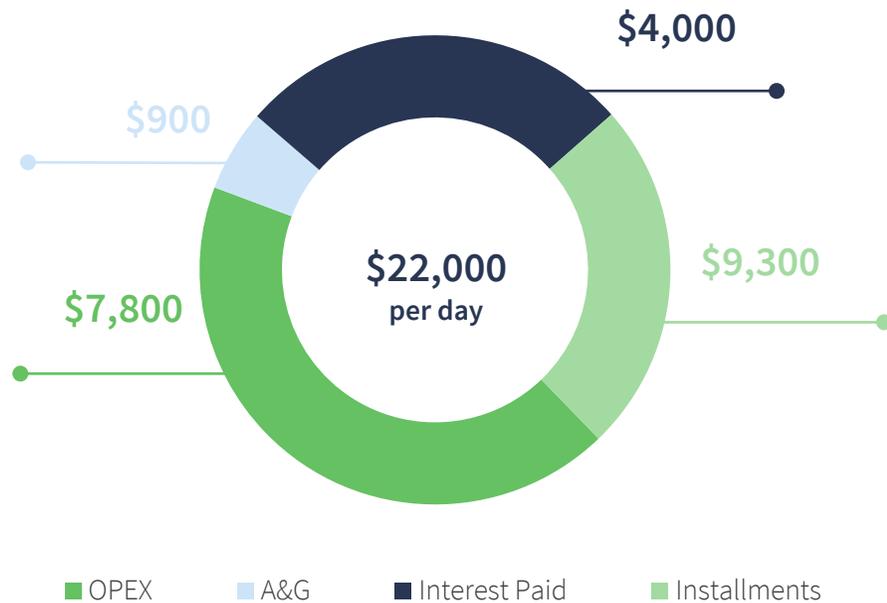
Offhire impacted by Corona virus

*Operating days is calendar days less offhire/drydock days. Waiting days are included in operating days.

FY 2021 – ESTIMATED CBE AND OUTLOOK



Estimated CBE* (\$/day) FY** 2021



Outlook – 2021

- ✓ No schedule dry dockings – fully tradeable fleet
- ✓ TC coverage of 25% at an average rate of \$30,000/day
- ✓ Strong long term fundamentals and significant free cash flow generation potential
- ✓ Enhancing the green profile of the Avance Gas fleet while increasing its competitiveness with adding four dual fuel VLGCs to the fleet

*) CBE = Cash break-even

(**) FY = Financial year

STRONG EXPORTS IN Q4 - INCREASED EXPORT CAPACITY



Freight Rates 2018 – YTD 2021
US\$ pr. ton



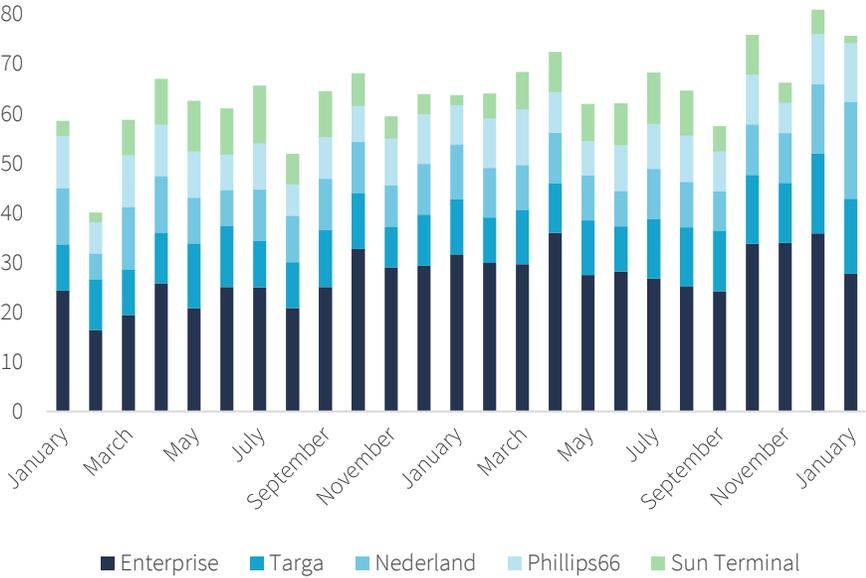
- ✓ Returning Asian demand and propane price spreads
- ✓ Increased LPG export capacity
- ✓ Arbitrage remained opened

Source: The Baltic Exchange, Clarksons, Poten & Partners, Fearnleys

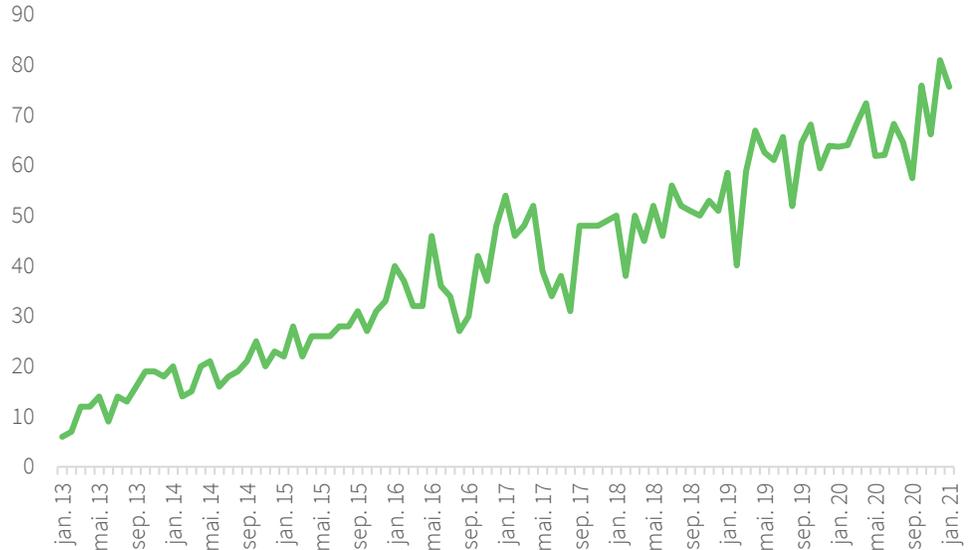
STRONG US EXPORT IN Q4 2020



US VLGC Liftings 2019 - YTD 2021



US VLGC Liftings 2013 - YTD 2021

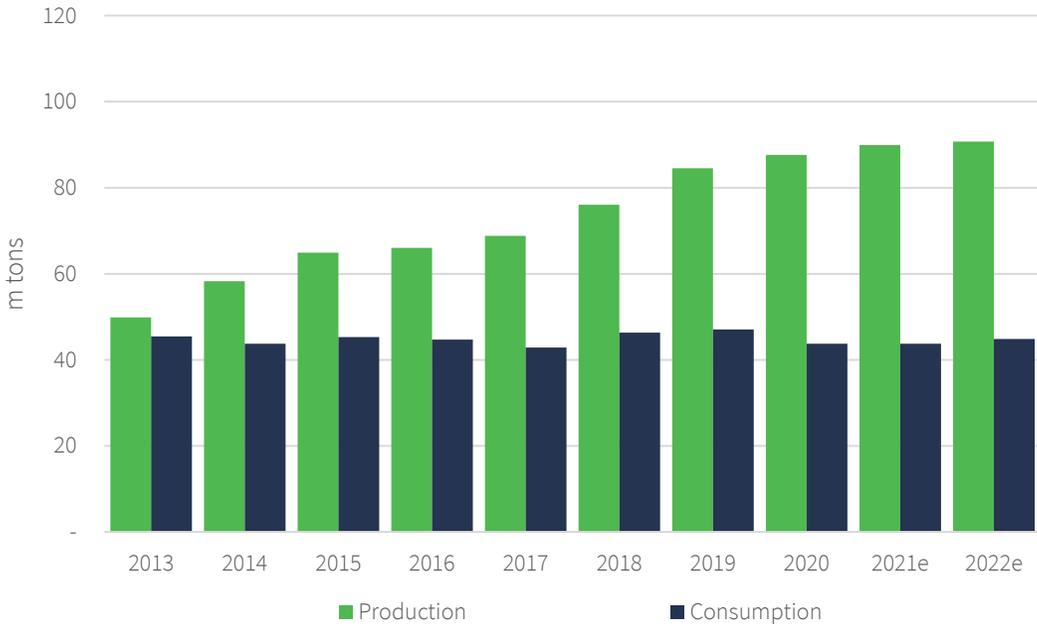


Source: IHS Markit

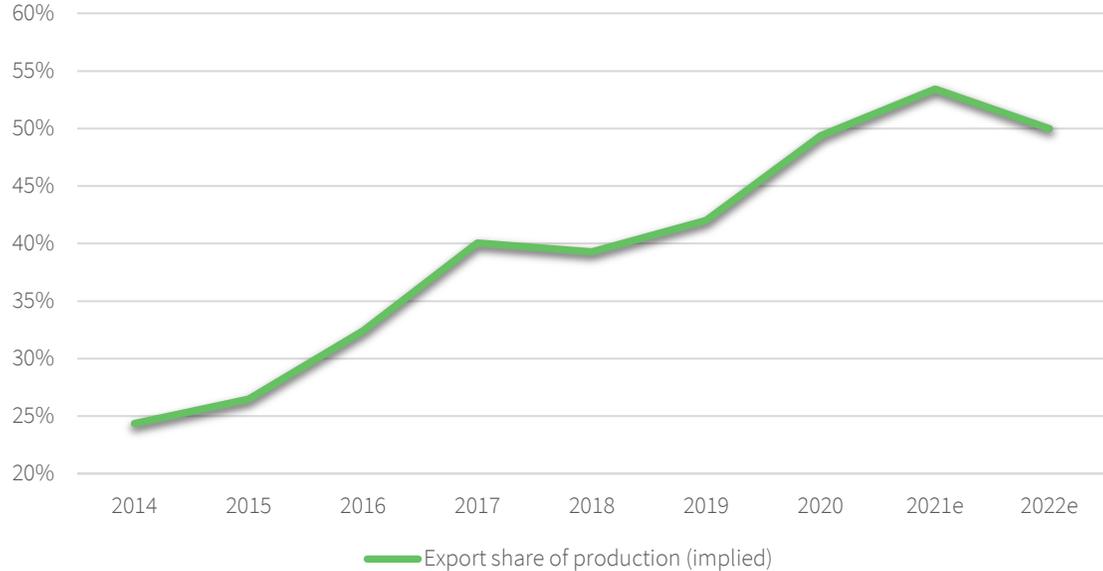
U.S. LPG PRODUCTION FORECAST IMPLIES PRODUCTION GROWTH



U.S. LPG production



U.S. implied export capacity

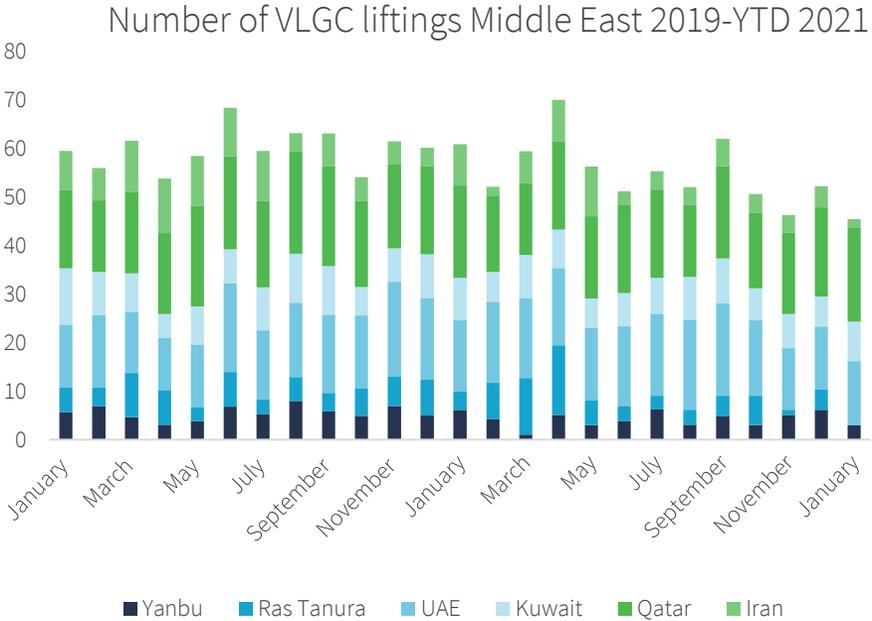


Source: EIA

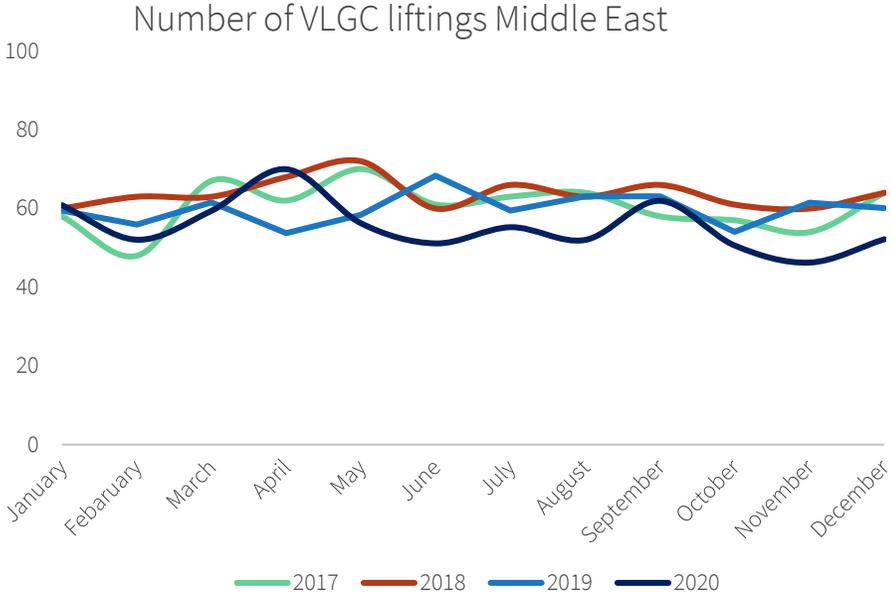
EXPECT STEADY MIDDLE EAST EXPORTS



VLGC Liftings Middle East by Country



VLGC Liftings Middle East 2017-2020



Source: IHS Markit

GROWTH IN ASIAN LPG DEMAND TO CONTINUE

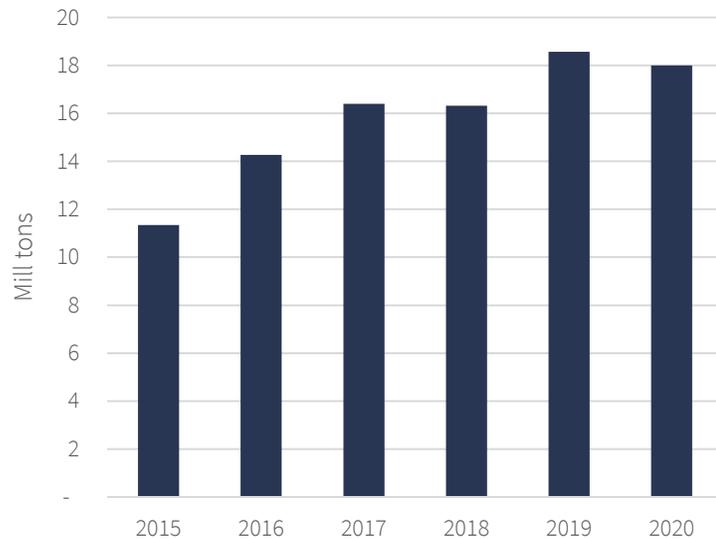


PDH and industrial

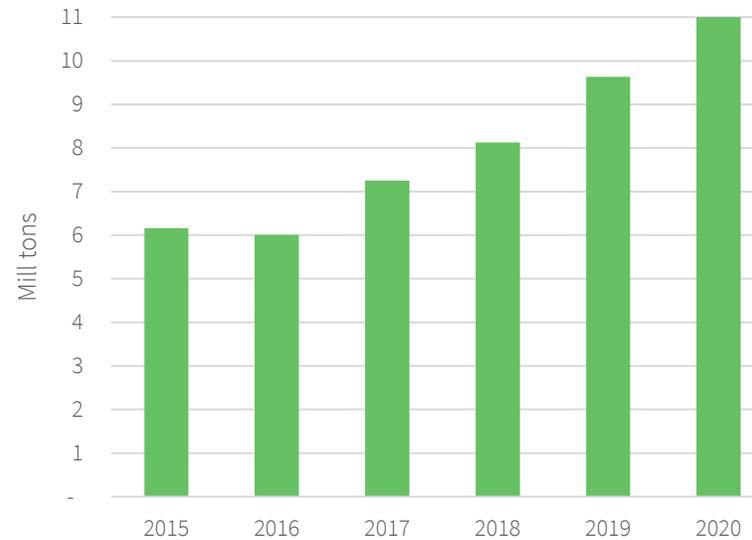


Cooking / heating – residential

VLGC Imports China



VLGC Imports India



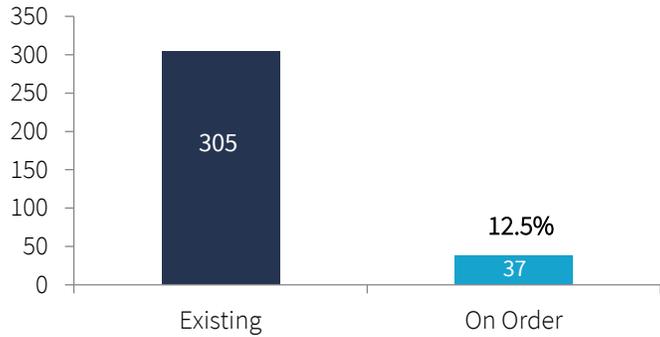
- ✓ ~80% of global demand in Asia
- ✓ ~70% of Asian demand is non industrial
- ✓ India and Indonesia imports up by 15-20% year-on-year
- ✓ 2mmts + new PDH demand

Source: Fearnleys, IHS Markit

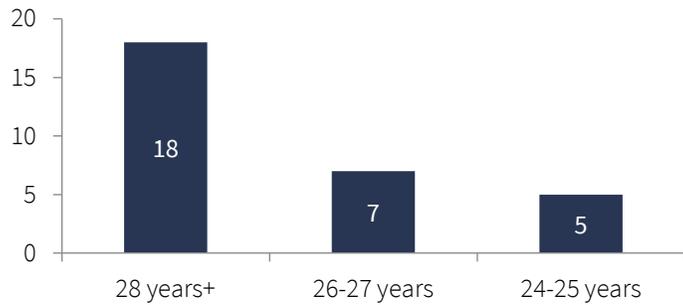
MODEST VLGC ORDER BOOK



Fleet and Orderbook



2020 Fleet 25 years and older



Orderbook February 2021



- ✓ Limited new ordering

- ✓ ~20-25% of fleet to drydock p.a. in 20-22

- ✓ 30 ships older than 25 years

- ✓ Special surveys and LPG retrofit

Source: Company, Fearnleys, Steem1960, Nordic Shipping

CONCLUSION



Supply

- ✓ Reasonable orderbook – moderate ordering activity
- ✓ 20-25% of fleet to dry dock annually in 2020-22
- ✓ 30 ships older than 25 years

Production and demand

- ✓ Increased US exports for 2021 and improving arbitrage fundamentals
- ✓ Oil price rebound expect to increase US production forecast
- ✓ Increasing demand in India, China and South Korea

Outlook

- ✓ TCE rate of approx. \$48,000/day* contracted for 70% of vessel days for the first quarter
- ✓ Strong fundamentals and fully tradeable fleet utilizing significant cash flow generation potential
- ✓ Investment in four dual fuel newbuildings taking an important step towards decarbonisation while contributing to a greener shipping industry

*) Discharge to discharge basis.



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Q&A



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APPENDIX

FINANCIAL HIGHLIGHTS YTD 2020



In \$ thousands (unless stated otherwise)	12 months ended	12 months ended
Income Statement	31-Dec-2020	31-Dec-2019
TCE earnings	144,098	173,553
Operating expenses	(45,040)	(40,795)
A&G expenses	(3,870)	(5,534)
Depreciation and amortization expenses	(41,705)	(41,846)
Reversal of impairment losses	33,733	-
Gain on disposal of asset	5,829	-
Non-operating expenses	(22,054)	(29,382)
Net profit	70,906	55,951
Net profit adjusted for reversal of impairment	37,174	-
Earnings per share (diluted) (\$)	1.11	0.88
Earnings per share adjusted for reversal of impairment	0.58	-
Balance Sheet	31-Dec-2020	31-Dec-2019
Total assets	897,238	899,048
Total liabilities	444,668	487,937
Cash and cash equivalents	75,882	85,909
Total shareholders' equity	452,570	411,111
Cash Flows	31-Dec-2020	31-Dec-2019
Net cash from operating activities	78,954	83,463
Net cash used in investing activities	(31,965)	(8,816)
Net cash used in financing activities	(56,976)	(36,190)
Net decrease in cash and cash equivalents	(9,987)	38,457
Key performance indicators (\$/day):	31-Dec-2020	31-Dec-2019
TCE (Discharge to discharge)	32,862	35,220
TCE (IFRS 15)	32,418	34,309
OPEX	8,968	7,983
A&G	771	1,083



TCE \$32,418/day and 97% commercial utilisation for the fleet in 2020



8/8 dry dockings completed, and 5/6 scrubbers installed



Completion of sale of *Avance* and sale leaseback transaction of *Pampero*, and \$37 million repayment of debt



Navigated through Covid-19 safely and recognised net profit of \$37.2 million corresponding to an earnings per share of \$0.58 adjusted for reversal of impairment



Board announced a dividend of \$0.11/share

APPENDIX – FINANCIALS Q4 2020



In \$ thousands (unless stated otherwise)	Three months ended	Three months ended
Income Statement	31-Dec-2020	30-Sep-2020
Operating revenue	51,030	36,323
Voyage expenses	(9,770)	(11,829)
Operating expenses	(11,265)	(11,830)
Administrative and general expenses	(839)	(930)
Gross operating profit	29,156	11,734
Depreciation and amortisation expenses	(10,877)	(10,120)
Reversal of impairment losses	33,733	-
Gain on disposal of asset sale	-	5,829
Operating profit	52,012	7,443
Non-operating (expenses) income:		
Net finance expense	(5,088)	(5,183)
Profit before income tax expense	49,924	2,260
Income tax expense	(85)	-
Net profit	46,839	2,260
Earnings per share:		
Basic	0.74	0.04
Diluted	0.73	0.04



TCE earnings of \$41.3 million, up from \$24.5 million



Operating expenses of \$11.3 million, slightly down from Q3 of \$11.8 million, impacted by change of technical manager and Covid-19 cost



Administrative and general expenses of \$0.8 million, slightly down from Q3 of \$0.9 million



Reversal of previous recognised impairment of \$33.7 million in Q4



Non-operating expenses of \$5.2 million, stable from Q3 of \$5.2 million



A reported net profit of \$46.8 million, and \$13.1 million adjusted for impairment reversal, compared to a net profit of \$2.6 million in Q3 2020

APPENDIX – FINANCIALS Q4 2020



In \$ thousands (unless stated otherwise)	Three months ended	Three months ended
	31-Dec-2020	30-Sep-2020
Balance sheet		
Cash and cash equivalents	75,882	77,633
Receivables	16,456	11,516
Inventory	4,358	4,839
Other current assets	7,559	8,357
Total current assets	104,254	102,345
Property, plant and equipment	761,159	735,672
Newbuildings	31,825	15,536
Total non-current assets	792,984	751,208
Total assets	897,238	853,553
Current portion of long-term debt	43,001	45,823
Accounts payable	2,853	6,258
Related party payable balances	124	148
Accrued expenses (inc voyage expenses)	3,643	3,493
Current portion of derivative financial instruments	6,223	6,985
Other current liabilities	55	43
Total current liabilities	55,900	62,750
Long-term debt	285,434	274,584
Long-term revolving credit facilities	88,110	96,026
Long-term derivative financial instruments	15,224	17,223
Total non-current liabilities	388,768	387,833
Share capital	64,528	64,528
Paid-in capital	379,851	379,851
Contributed capital	94,780	94,787
Retained loss	(53,856)	(100,694)
Treasury shares	(11,351)	(11,351)
Accumulated other comprehensive loss	(21,382)	(24,151)
Total shareholders' equity	452,570	402,970
Total liabilities and shareholders' equity	897,238	853,553



Cash Q4 of \$75.9 million, down from Q3 due to newbuilding CAPEX and scheduled debt repayment offset by increased cash flow from operations and ~\$10 million from sales leaseback transaction



Total assets of \$897.3 million up from \$853.6 million in Q3 primarily due to CAPEX in newbuilding and drydock offset by depreciation



Net interest-bearing debt of \$416.5 million, stable from Q3



Shareholders' equity was \$452.6 million and an equity ratio at 50.4%

APPENDIX – FINANCIALS Q4 2020



In \$ thousands (unless stated otherwise)	Three months ended	Three months ended
Cash flow statement	31-Dec-2020	30-Sep-2020
Cash flows from operating activities:		
Cash flow from operations	21,846	8,857
Net Interest paid	(4,476)	(5,049)
Net cash flows from operating activities	17,370	3,808
Cash flows used in investing activities:		
Sale of asset	-	34,257
Capital expenditures	(18,521)	(15,555)
Net cash flows used in investing activities	(18,521)	18,702
Cash flows used in financing activities:		
Repayment of long-term debt	(45,161)	(29,298)
Drawdown of long-term debt	44,473	-
Net cash flows used in financing activities	(688)	(29,298)
Effect of exchange rate changes on cash	88	(126)
Net increase in cash and cash equivalents	(1,751)	(6,914)
Cash and cash equivalents at beginning of period	77,633	84,546
Cash and cash equivalents at end of period	75,882	77,633



Cash flow from operating activities was \$17.4 million, compared to \$3.8 million in Q3



Cash flow from investing activities reflects investments in newbuilding CAPEX and drydocking



Cash flow from financing activities was negative \$0.7 million, reflecting scheduled repayments and the *Pampero* Sale leaseback transaction of ~\$10.0 million in positive cash effect



Cash position at quarter-end was \$75.9 million and available liquidity at the date of this report is approx. \$93 million



Avance Gas

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Stock Exchange



ticker: AGAS