



Avance Gas

Second Quarter Results 2022

August 31, 2022



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.

Q2-22 HIGHLIGHTS



RESULTS

TCE Income of \$43.6 million corresponding to TCE rate of \$36,212/operating day or \$35,446/calendar day.
EBITDA of \$31.6 million with net profit of \$18.4 million translating into an Earnings per Share (EPS) of \$0.24.
Completed the sale of the VLGC Providence with gain on sale of \$4.5million and net cash release of \$25.8 million.

RECENT EVENTS

Company signed a \$135 million sale and leaseback agreement for the financing of newbuildings #5 and #6.
Following this financing, the Company has no unfunded capex and a cash balance of \$198.6 million at quarter-end.
Appointed Halfdan Marius Foss as Chief Commercial Officer starting August 30, 2022.

GUIDANCE

For the third quarter of 2022, we estimate TCE rate of ~\$32,000 day on load to discharge basis.
We have so far booked ~50% of Q4 days with somewhat higher TCE expectations given stronger forward freight rates.

DIVIDEND

Declared a dividend of \$0.20 per share corresponding to 83% of net profit or \$15.3 million for the second quarter 2022.
Annualizing dividend payments in H1-22 provides an attractive yield of ~16% ⁽¹⁾

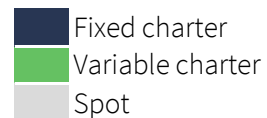
(1) Annualized yield given share price as of close on OSE of NOK 48.4 / USD 5 on August 30, 2022

CURRENT FLEET STATUS



Fleet							
Vessel	Scrubber	LPG	Built	Shipyard	Size CBM	2022	2023
Iris Glory			2008	Daewoo	83,700		
Venus Glory			2008	Daewoo	83,700		
Promise			2009	Daewoo	83,800		
Mistral	✓		2015	Jiangnan	83,000		
Monsoon	✓		2015	Jiangnan	83,000		
Breeze	✓		2015	Jiangnan	83,000		
Passat	✓		2015	Jiangnan	83,000		
Sirocco	✓		2015	Jiangnan	83,000		
Avance Levant	✓		2015	Jiangnan	83,000		
Chinook			2015	Jiangnan	83,000		
Pampero			2015	Jiangnan	83,000		
Avance Polaris		✓	2022	Daewoo	91,000		
Avance Capella		✓	2022	Daewoo	91,000		

Orderbook							
Vessel	Scrubber	LPG	Built	Shipyard	Size CBM	2022	2023
Avance Rigel		✓	2023-Q1	Daewoo	91,000		
Avance Avior		✓	2023-Q1	Daewoo	91,000		
Avance Castor		✓	2023-Q4	Daewoo	91,000		
Avance Pollux		✓	2024-Q1	Daewoo	91,000		



Our investment in efficient dual fuel VLGCs and divestment of two older ships in H1-2022 reflects our commitment to improve the emission profile of fleet.

13 VLGCs on the water with an average age of 7.7yrs and further four dual fuel VLGCs for delivery 2023-24.








The six Dual-Fuel VLGCs contracted at very attractive levels compared to newbuilding prices today at ~\$95m.

Scrubber installations have mitigated the risk of significant higher bunker prices caused by the energy crisis.

Balanced chartering portfolio with time charter contracts at fixed and variable rate structures while maintaining market exposure.

LPG IS A CLEAN AND AFFORDABLE FUEL



						
	Thermal coal	Crude oil	Diesel	Spot LNG	Contract LNG	Propane
\$	~\$120/boe	~\$100/boe	~\$150/boe	~\$450/boe	~\$80/boe	~\$90/boe
	98kg CO2/mmBtu	77kg CO2/mmBtu	74kg CO2/mmBtu	59kg CO2/mmBtu	59kg CO2/mmBtu	66kg CO2/mmBtu
	2.7g PM2.5/MJ		1g PM2.5/MJ	0.004g PM2.5/MJ	0.004g PM2.5/MJ	0.02g PM2.5/MJ

LPG is:

- ✓ Efficient
- ✓ Portable
- ✓ Clean burning
- ✓ Versatile
- ✓ Accessible &
- ✓ Affordable

Source: Avance, IPCC

FINANCIAL HIGHLIGHTS – STRONGEST FIRST HALF SINCE 2015



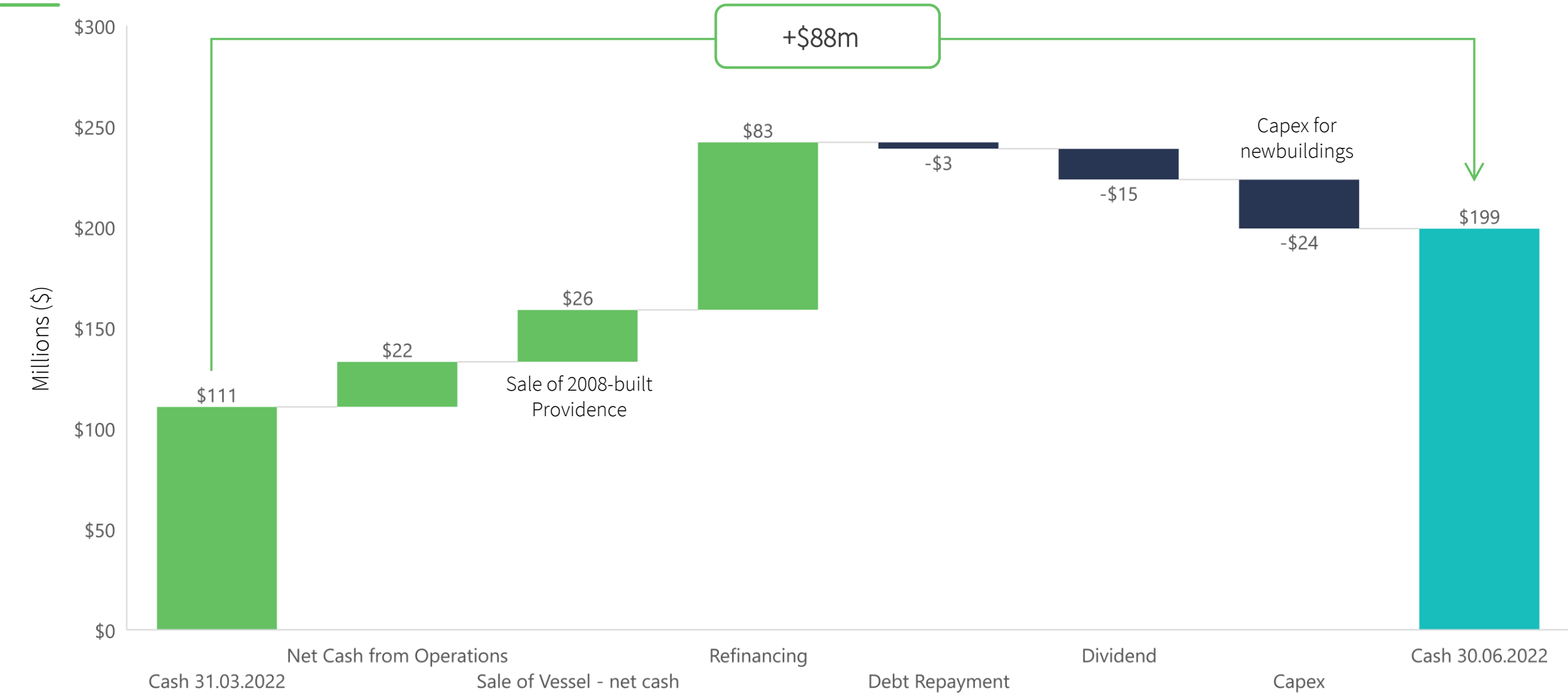
In \$ thousands	3 months Q2-2022	3 months Q1-2022	6 months Q2-2022	6 months Q2-2021
Income Statement				
TCE earnings	43 563	46 860	90 424	78 483
Operating Profit before depreciation	31 609	34 773	66 384	53 424
Net profit	18 369	24 306	42 677	20 396
Earnings per share (diluted) (\$)	0.24	0.32	0.56	0.29
Balance Sheet				
Total assets	1 091 317	1 023 892	1 091 317	948 024
Total liabilities	511 860	452 652	511 860	421 302
Cash and cash equivalents	198 609	110 641	198 609	107 928
Total shareholders' equity	579 457	571 240	579 457	526 722
Cash Flows				
Net cash from operating activities	22 459	38 859	61 318	41 689
Net cash used in from investing activities	22 460	(75 712)	(53 252)	(33 991)
Net cash used in financing activities	43 492	45 617	89 110	24 342
Net increase (decrease) in cash and cash equivalents	88 412	8 764	97 176	32 040

Key performance indicators (\$/day):*				
TCE (Discharge to discharge)	36 930	35 084	35 991	32 793
TCE (IFRS 15)	36 212	37 608	36 923	35 195
Operating expense ('OPEX')	8 199	8 459	8 330	9 376
Administrative and general expenses ('A&G')	1 528	1 126	1 325	1 274

COMMENTS

- Achieved Time Charter Equivalent freight rate of \$36,212/day for the second quarter and a commercial utilization of 99.2%.
- Net profit of \$18.4 million or EPS of \$0.24 for the second quarter and \$42.7 million or EPS of \$0.56 for the first half – The strongest H1 in seven years.
- Concluded the sale of the 2008-built VLGC Providence resulting in a gain of \$4.5 million for the second quarter and \$10.8 million in total gain for the first half including sale of the 2008-built VLGC Thetis Glory.
- The Board declared a dividend for the **seventh** quarter in a row – \$0.20 per share or 83% of net profit for the second quarter 2022.
- Equity ratio of 53% and robust cash position of \$198.6 million at the end of Q2 2022 with refinancing boosting our cash availability in the second quarter.

STRONG CASH BALANCE AT QUARTER END



NEW ATTRACTIVE LONG-TERM FINANCING SECURED



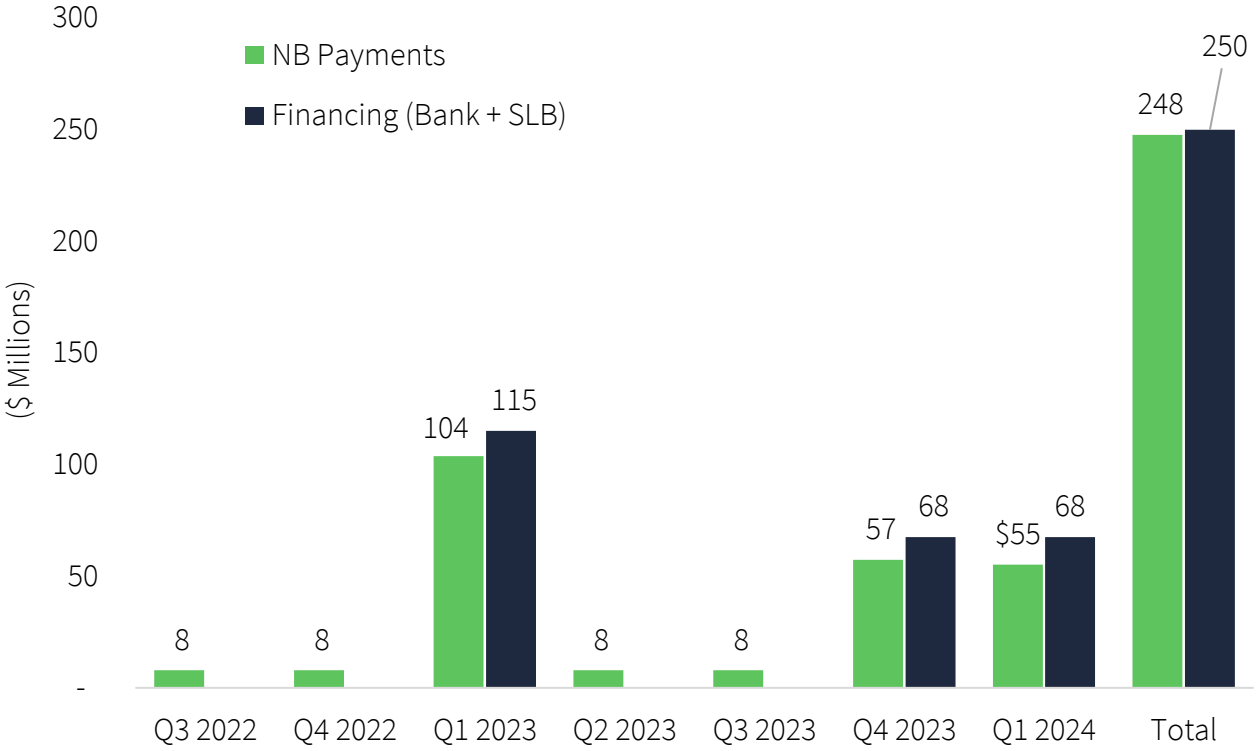
KEY MAIN TERMS IN NEW FINANCING

Signed \$135 million Sale and Leaseback agreement

- Financing for the final two newbuildings for delivery 2H 2023 and Q1 2024
- Loan amount per vessel: \$67.5 million
- Lease Term: 10 Years from date of delivery
- Repayment Profile: ~22 years
- Total cash release of \$39 million or \$19.7 million per vessel at delivery
- Re-purchase options in favour of Avance Gas from month 30 following delivery of the vessels



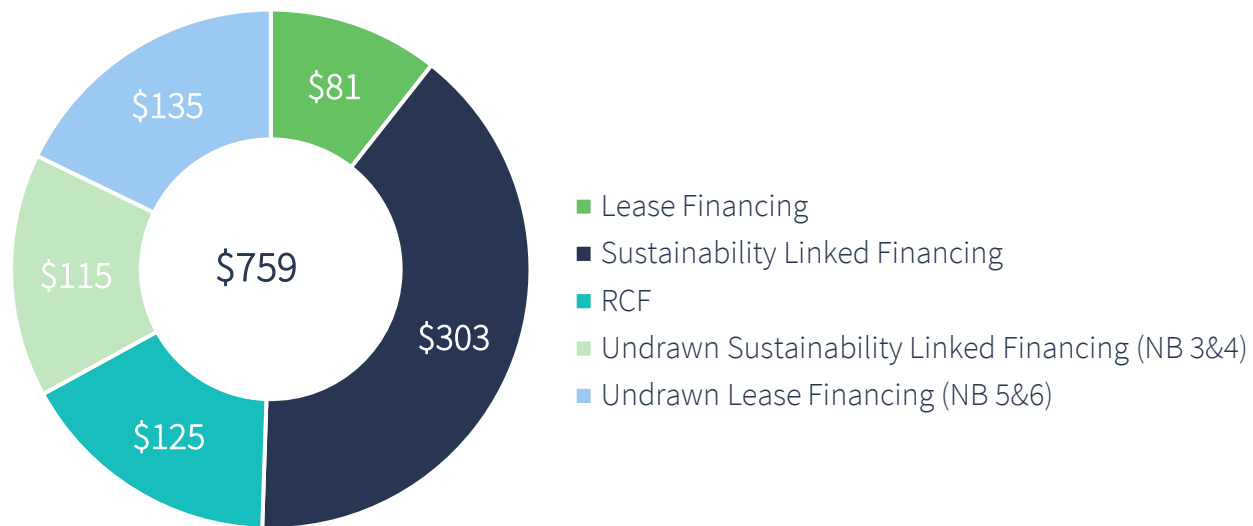
NEWBUILDING PROGRAM FULLY FINANCED



FULLY FINANCED WITH STAGGERED DEBT MATURITY



COMMITTED FINANCING (USD Millions)



- First debt maturity in February 2027
- Well diversified pool of financiers with 10 different lenders
- 55% of the committed financing is Sustainability Linked

(1) Lessor has a one-time put option to terminate the SLB in 2025 providing one years' notice

FINANCING COMPLETED

Vessel	Built	Secured Financing	Maturity
Iris Glory	2008	Sale leaseback ✓	2030
Venus Glory	2008	Bank loan ✓	2028
Promise	2009	Bank loan ✓	2028
Mistral (scrubber)	2015	Bank loan ✓	2028
Monsoon (scrubber)	2015	Bank loan ✓	2028
Breeze (scrubber)	2015	Bank loan ✓	2028
Passat (scrubber)	2015	Bank loan ✓	2028
Sirocco (scrubber)	2015	Bank loan ✓	2028
Avance Levant (scrubber)	2015	Bank loan ✓	2028
Chinook	2015	Bank loan ✓	2028
Pampero	2015	Sale leaseback ✓	2030 ⁽¹⁾
Avance Polaris (LPG dual fuel)	2022	Bank loan ✓	2027
Avance Capella (LPG dual fuel)	2022	Bank loan ✓	2027
Avance Rigel (LPG dual fuel)	2023-Q1	Bank loan ✓	2028
Avance Avior (LPG dual fuel)	2023-Q1	Bank loan ✓	2028
Avance Castor (LPG dual fuel)	2023-2H	Sale leaseback ✓	2033
Avance Pollux (LPG dual fuel)	2024-Q1	Sale leaseback ✓	2034

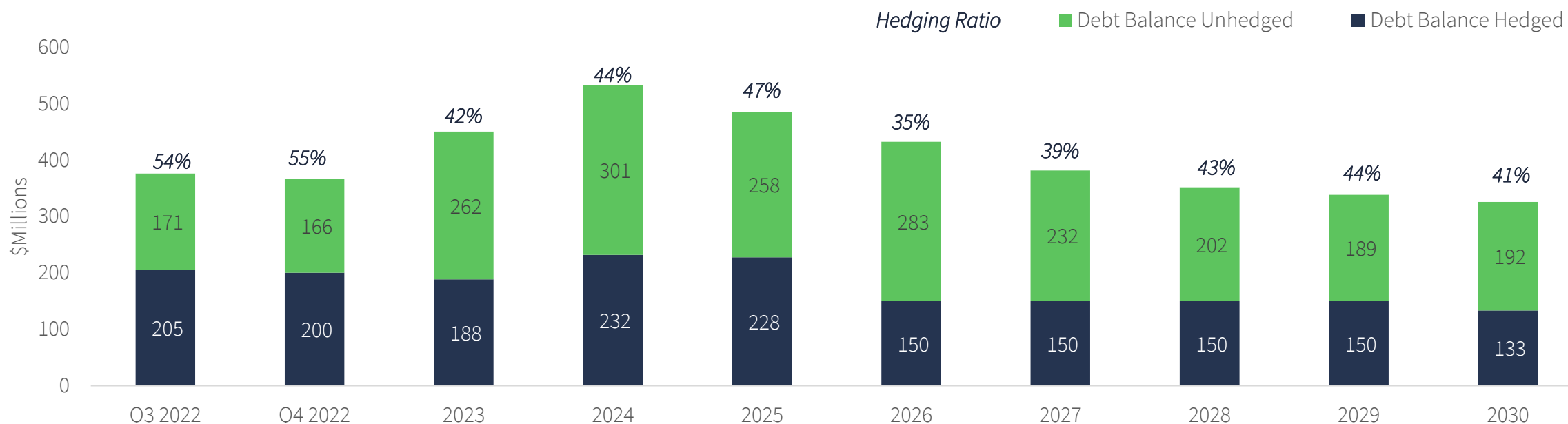
INTEREST RATE RISK MANAGED BY HEDGING



Summary	LIBOR	SOFR*	Total
Notional Swap	\$206m	\$150m	\$356m
Maturities	2025	2030/31	
Weighted Average Rate	2.82%	1.87%	

- During Q3, we restructured an existing \$50 million LIBOR interest rate swap into two SOFR interest rate swaps with total nominal value of \$150 million. These swaps have two and three year forward starts with an average fixed rate of 1.87%. The first \$50 million of the swaps mature in 2030 with the remaining \$100 million maturing in 2031.
- Total gains in the first half of the year from interest hedging was \$16.8 million booked under other comprehensive income as we utilize hedging accounting.

*SOFR swaps are forward starting in 2024 & 2025

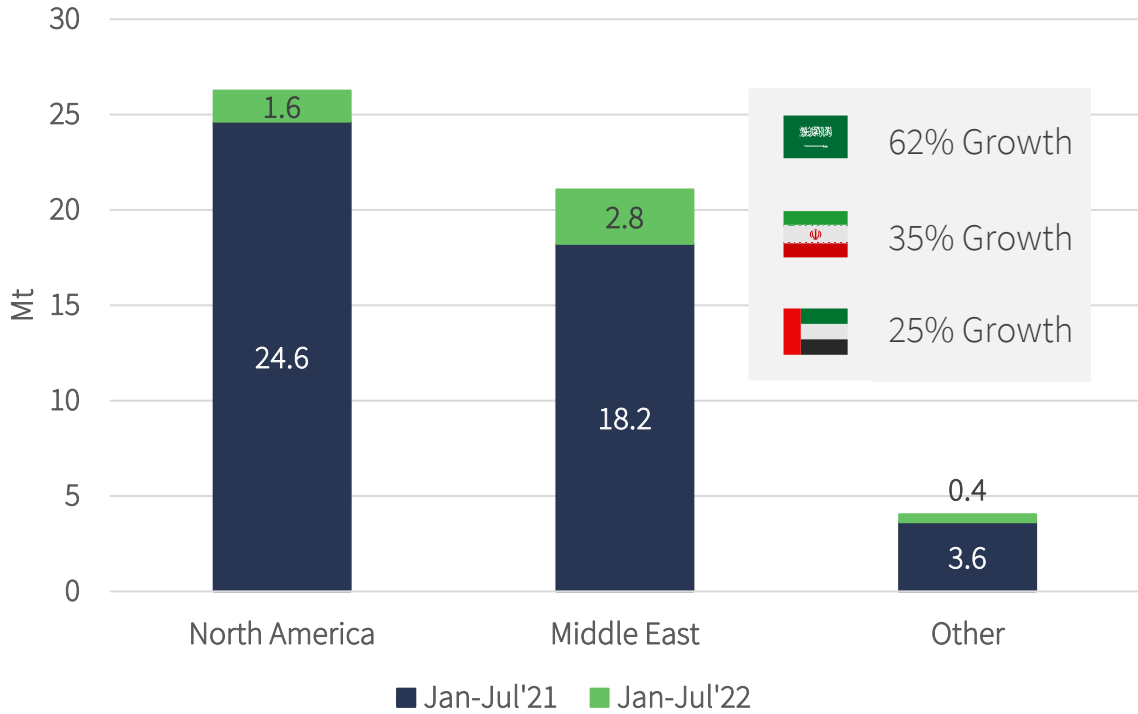


*Based on average debt balance and average swap balance for each period
 Assume debt maturing in 2027 and 2028 is refinanced with funding of the same amount
 Assumes that Revolving Credit Facility is undrawn*

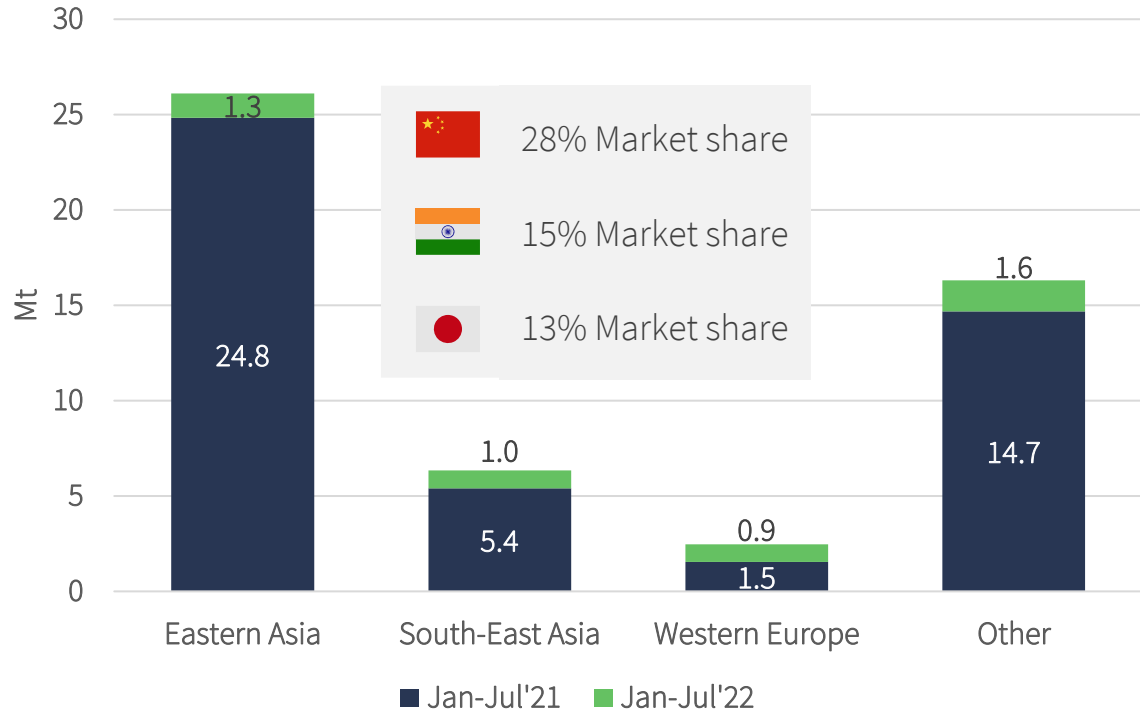
VLGC TRADE GREW 11% FIRST SEVEN MONTHS OF 2022



LPG EXPORTED ON VLGCs, JAN-JUL 2022 VS JAN-JUL 2021



LPG IMPORTED FROM VLGCs, JAN-JUL 2022 VS JAN-JUL 2021



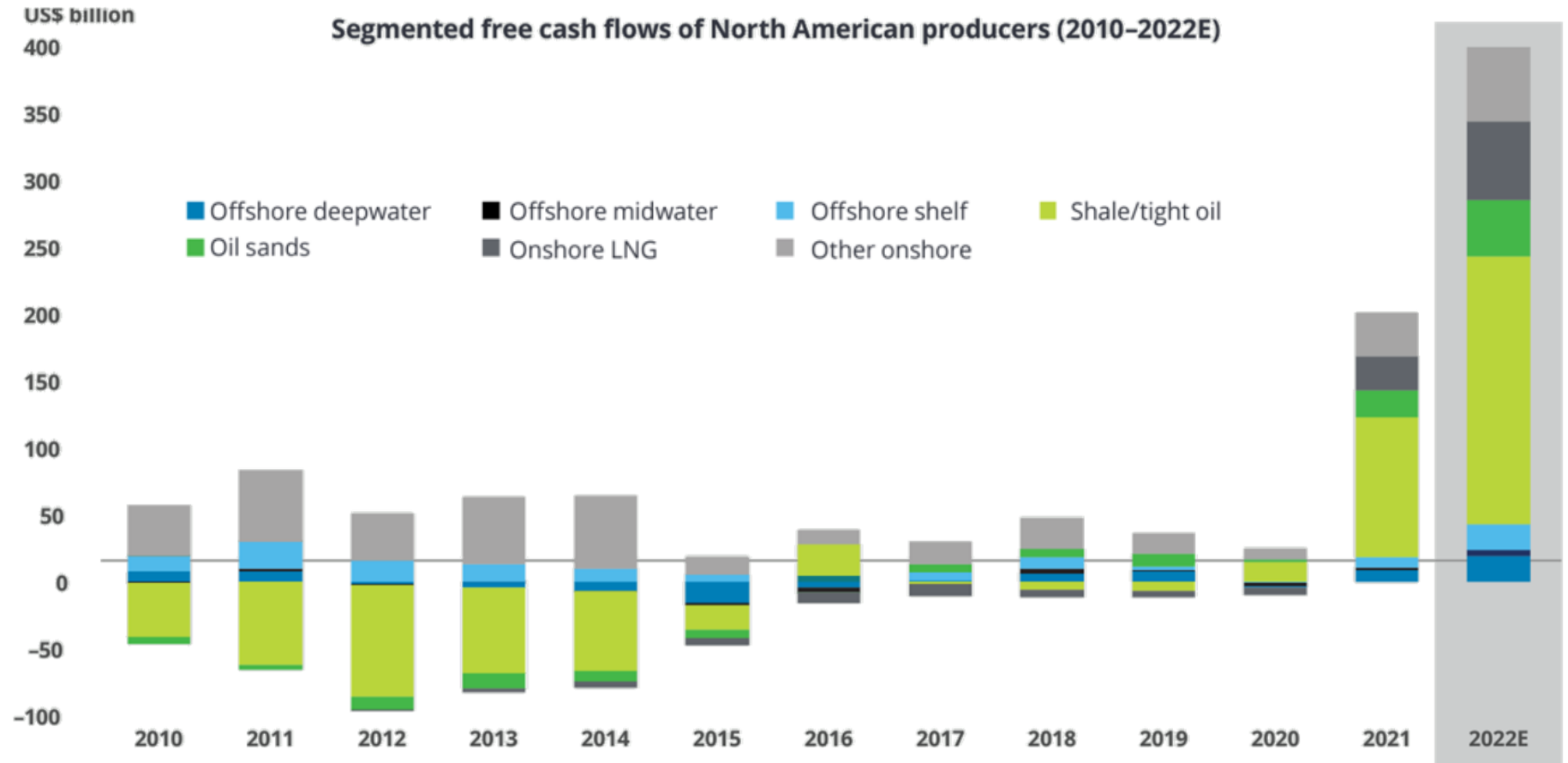
Source: Kpler

SHALE PLAYERS FROM CASH DRAIN TO CASH COWS



The North American upstream industry is expected to generate close to \$400 billion in free cash flows in 2022.

Shale producers, which generated negative cash flows in nine out of the last 10 years, will likely witness a record free cash flow in 2021–2022 that could overcome the decade-long loss of \$300 billion

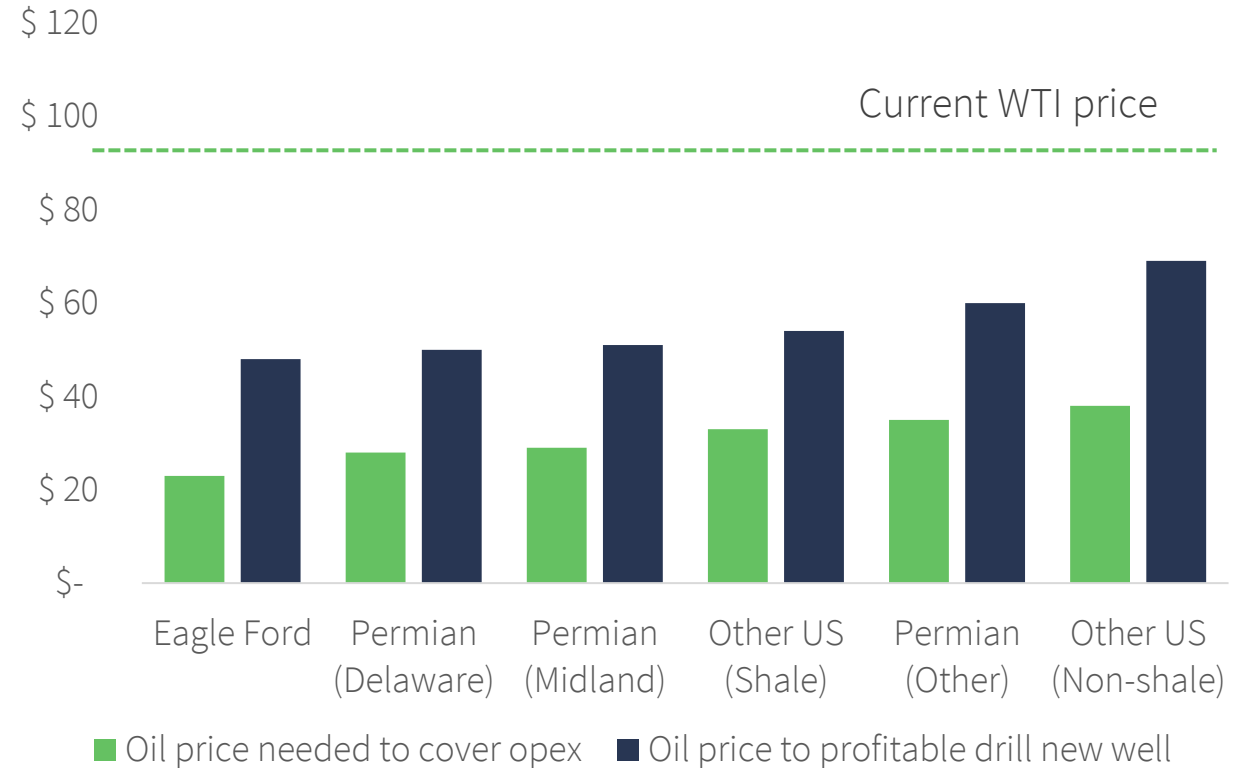
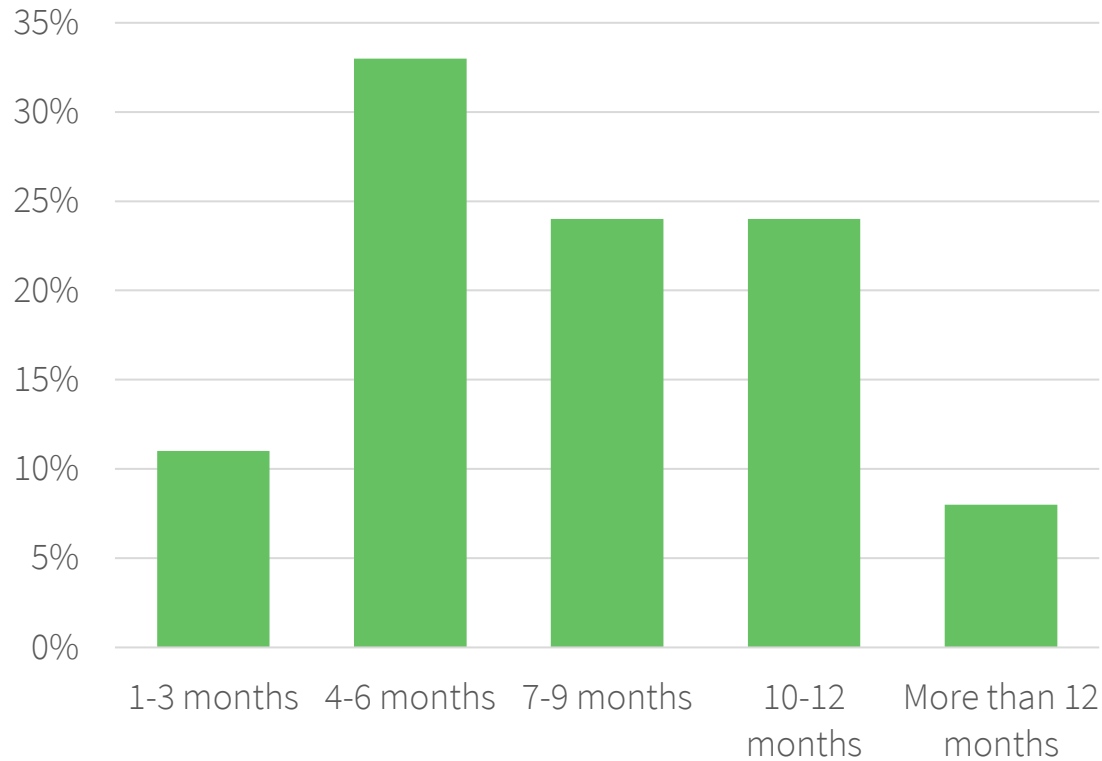


Source: Deloitte

HIGH PROFITABILITY AND SHORT LEAD TIME FOR US SHALE



«If your firm wanted to drill and complete an additional well above and beyond current plans, how long would it take to do so?»

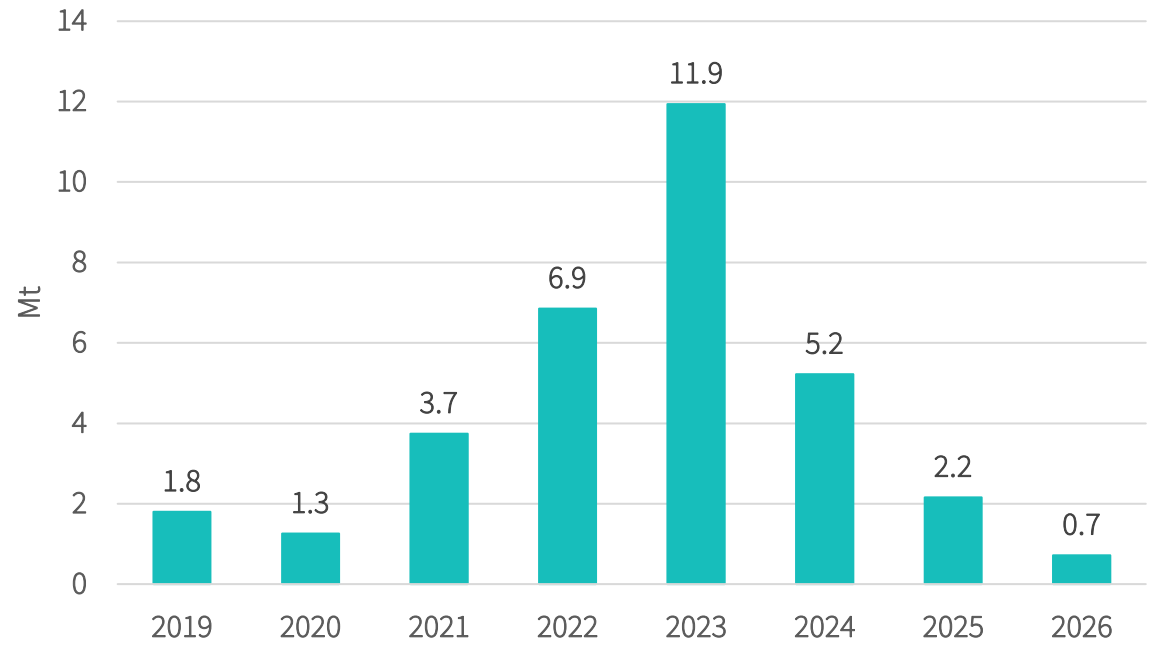


Source: Dallas FED

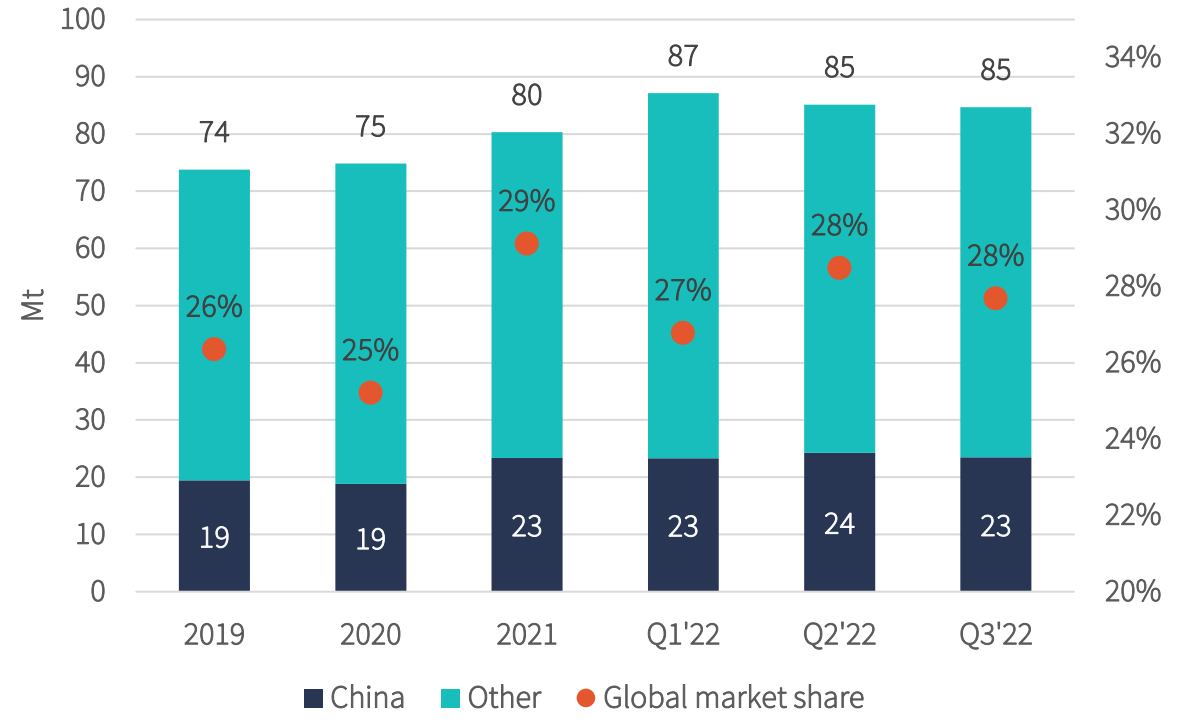
CHINA BUILDING DEMAND BACKLOG WITH MORE PDH PLANTS



CHINA NEW PDH PLANTS PROPANE DEMAND

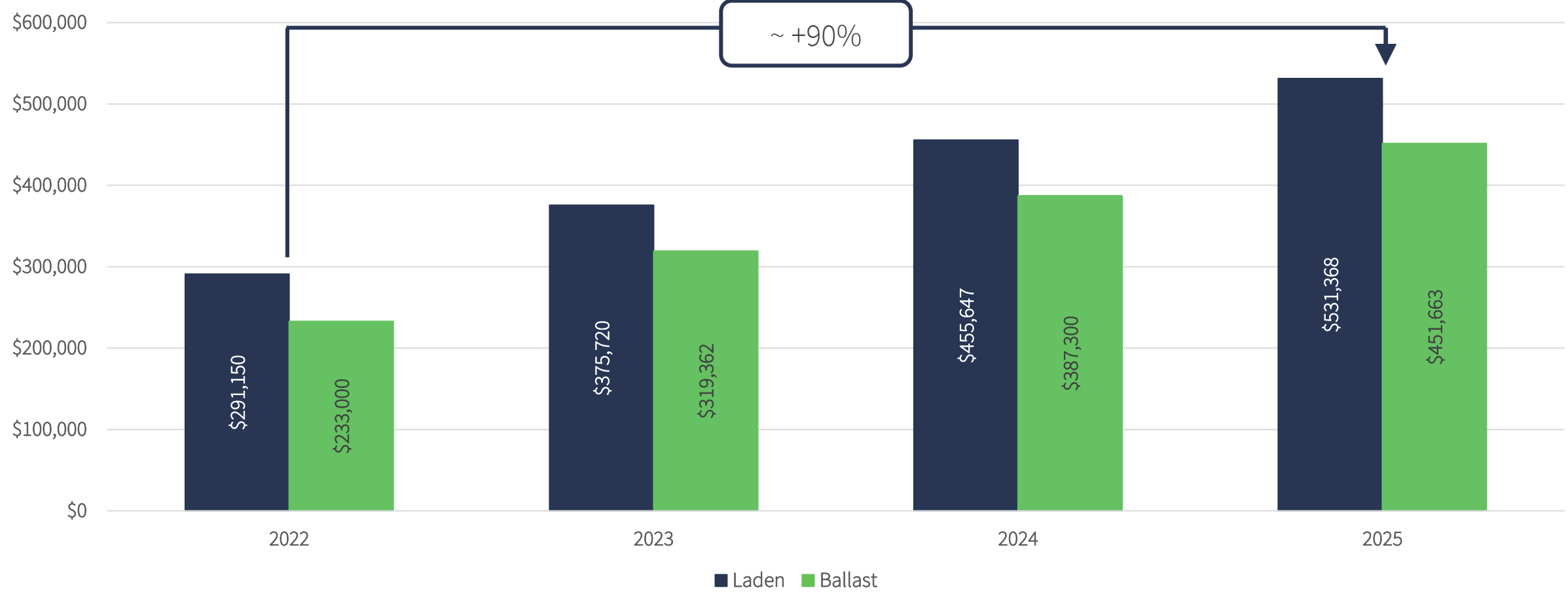


CHINA VLGC LPG IMPORTS (RUN-RATE ANNUALIZED)



Source: Energy Aspects (assuming running on 100% utilization), Kpler

HIGHER PANAMA TOLLS WILL INCREASE SAILING DISTANCES

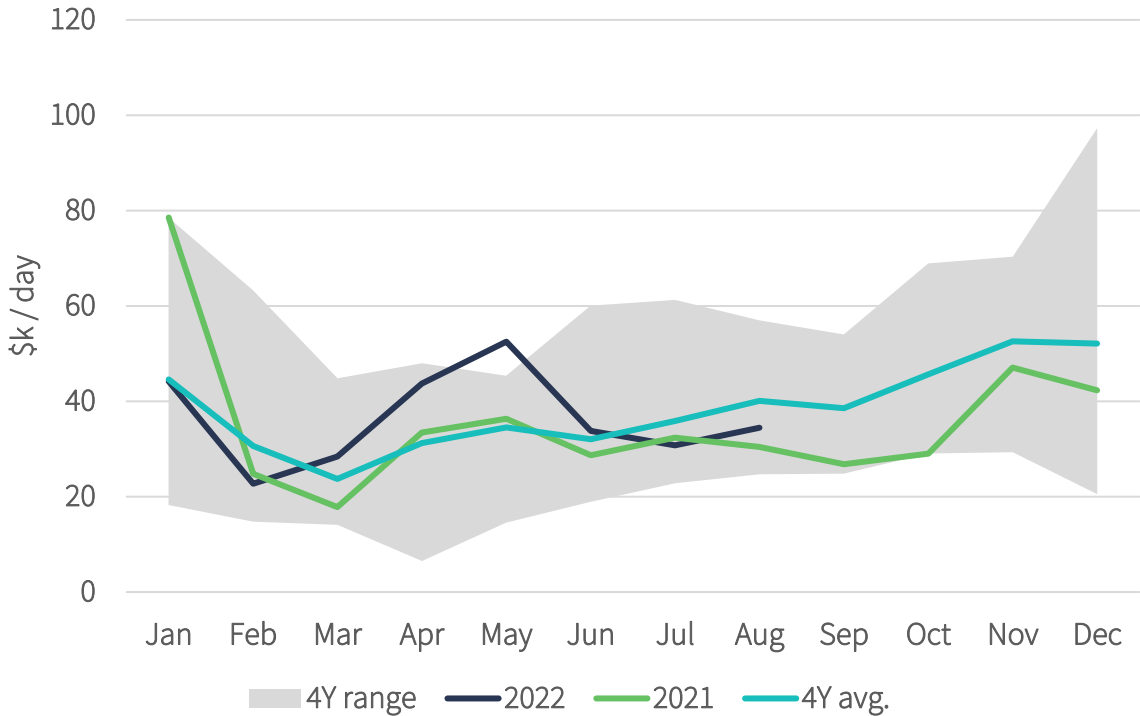


Source: Panama Canal Authorities / WSS

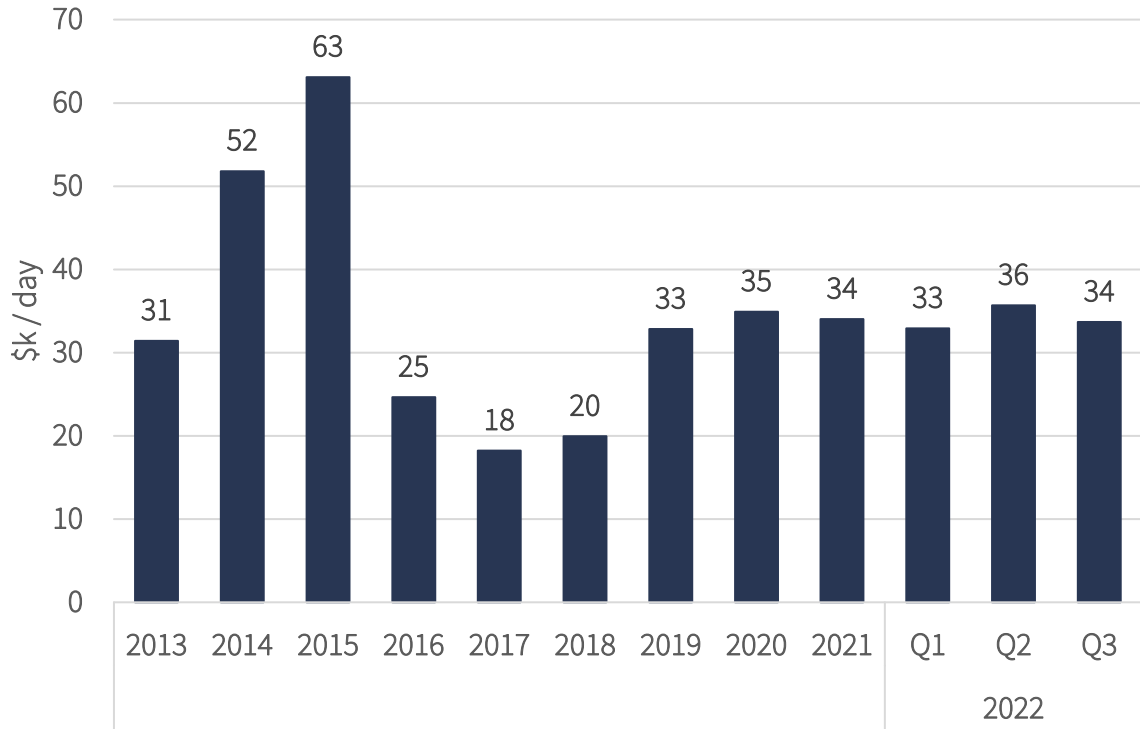
Q2 FREIGHT RATES ABOVE SEASONAL AVERAGE



HOUSTON-CHIBA SPOT EARNINGS

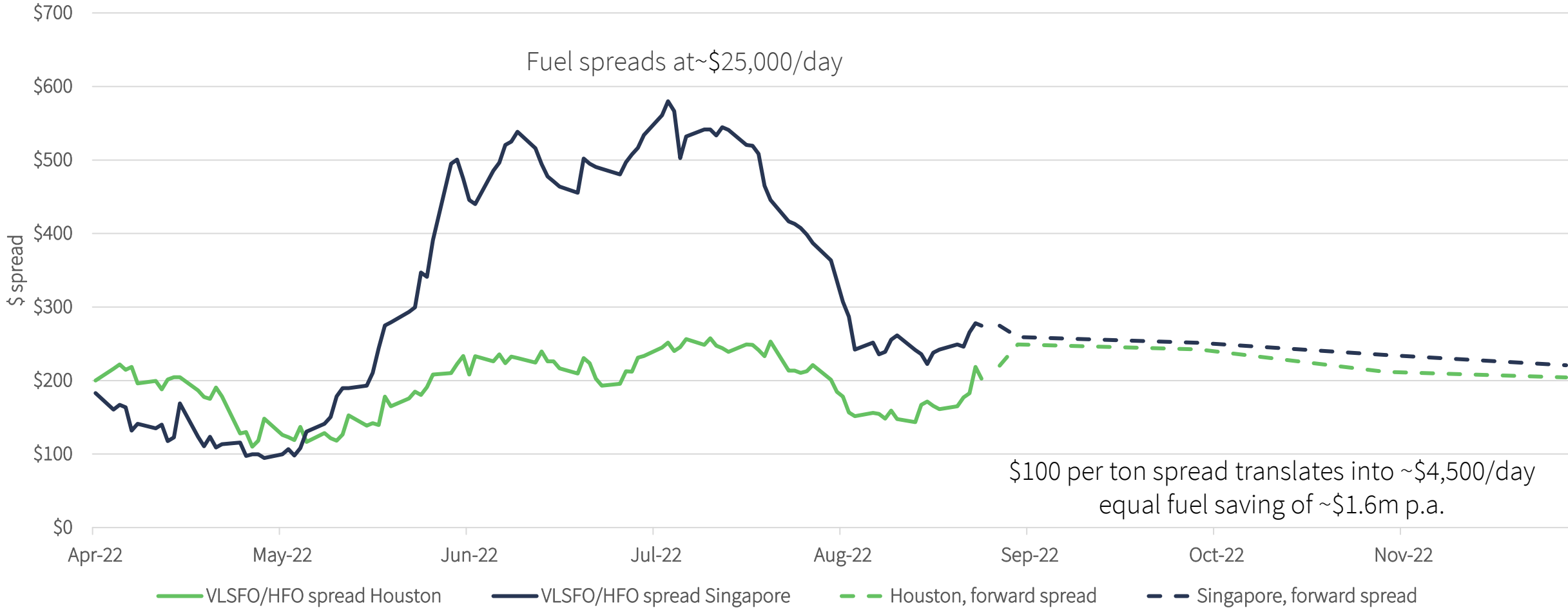


VLGC 1-YEAR TIME CHARTER RATE



Source: Company and Clarksons SIN

SCRUBBERS – OCEAN BASED ATMs

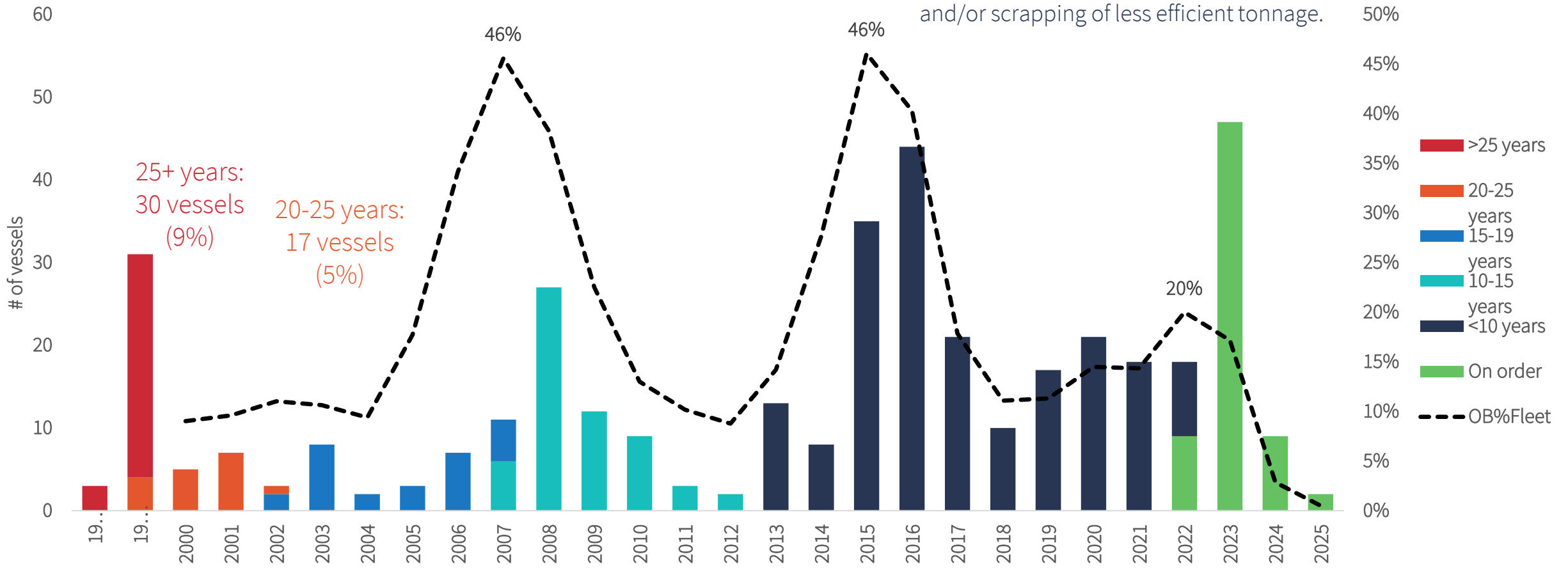


Source: shipandbunker.com, CME and Company estimates

NEW DUAL FUEL SHIPS SET TO REPLACE OLDER SHIPS



While there are many VLGCs scheduled for delivery in 2023, the total orderbook accounts for 20% of the fleet, which is far lower than 46% in 2007 and 2015. From 2023, IMO decarbonization rules will enter into force, which will, in addition to higher fuel prices, incentivize slow-steaming and/or scrapping of less efficient tonnage.



Source: Clarkson SIN

Q2-22 HIGHLIGHTS



RESULTS

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RECENT EVENTS

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Annualizing dividend payments in H1-22 provides an attractive yield of ~16%.



Avance Gas

Thank you!

Q&A and
Appendix



APPENDIX – FINANCIALS Q2 2022



In \$ thousands (unless stated otherwise)	3m ended Q2-2022	3m ended Q1-2022	6m ended Q2-2022	6m ended Q2-2021
Income Statement				
Operating revenue	65 186	66 525	131 712	111 161
Voyage expenses	(21 623)	(19 665)	(41 288)	(32 678)
Operating expenses	(10 076)	(10 667)	(20 742)	(22 061)
Administrative and general expenses	(1 878)	(1 420)	(3 298)	(2 998)
Gross operating profit	31 609	34 773	66 384	53 424
Depreciation and amortisation expenses	(11 143)	(12 105)	(23 247)	(24 457)
Gain on Sale	4 522	6 250	10 772	-
Operating profit	24 988	28 918	53 908	28 967
Non-operating (expenses) income:				
Net finance expense	(6 527)	(4 612)	(11 139)	(8 571)
Profit before income tax expense	18 461	24 306	42 769	20 396
Income tax expense	(92)		(92)	
Net profit	18 369	24 306	42 677	20 396
Earnings per share:				
Basic	0.24	0.32	0.56	0.29
Diluted	0.24	0.32	0.56	0.29

COMMENTS

- TCE earnings of \$43.6 million, compared to 46.9 million in the first quarter
- Operating expenses of \$10.1 million, down from \$10.7 million in previous quarter
- Administrative and general expenses of \$1.9 million, up from \$1.4 million in the first quarter
- Depreciation of \$11.1 million, down from \$12.1 million in Q1, reflecting sale of one vessel
- Gain on sale of \$4.5 million from the sale of VLGC Providence
- Non-operating expenses of \$6.5 million, up from \$4.6 million in Q1, reflecting acceleration of \$1.6 million in debt issuance costs on refinancing, higher level of debt and higher interest rates
- A reported net profit of \$18.4 million compared to a net profit of \$24.3 million in Q1 2022

APPENDIX – FINANCIALS Q2 2022



In \$ thousands (unless stated otherwise)	June 30, 2022	March 31, 2022
Balance sheet		
Cash and cash equivalents	198 609	110 641
Trade and other receivables	15 083	5 944
Inventory	6 833	9 987
Prepaid expenses and other current assets	10 298	11 666
Derivative financial instruments (current asset)	1 713	348
Assets Held for Sale	-	42 191
Total current assets	232 536	180,777
Property, plant and equipment	778 787	789 484
Newbuildings	73 074	48 584
Long-term derivative financial instruments	6 920	5 047
Total non-current assets	858 781	843 114
Total assets	1 091 317	1 023 892
Current portion of interest-bearing debt	39 697	47 275
Trade and other payables	4 242	5 949
Derivative financial instruments	395	2 225
Accrued voyage expenses and other current liabilities	6 217	4 531
Total current liabilities	50 551	59 980
Long-term debt	461 309	392 619
Derivative financial instruments	-	53
Total non-current liabilities	461 309	392 672
Share capital	77 427	77 427
Paid-in capital	431 366	431 366
Contributed capital	95 030	94 969
Retained loss	(21 298)	(24 349)
Treasury shares	(11 351)	(11 351)
Accumulated other comprehensive loss	8 283	3 178
Total shareholders' equity	579 457	571 240
Total liabilities and shareholders' equity	1 091 317	1 023 892

COMMENTS

- Total current assets of \$232.5 million, up from \$180.8 million in Q1 due to increase in cash balance from refinancing, trade receivables and derivatives, offset by assets held for sale
- Total non-current assets of \$858.8 million, up from \$843.1 million in Q1 mainly due to capitalized instalments, borrowing costs and other related expenses in the newbuilding program
- Outstanding interest-bearing debt of \$508.1 million, up from \$444.6 million in Q1 due to refinancing of the existing facility financing 9 vessels.
- Shareholders' equity was \$579.5 million, corresponding to an equity ratio of 53.1%, down from 55.8% in Q1

APPENDIX – FINANCIALS Q2 2022



In \$ thousands (unless stated otherwise)	3m ended Q2-2022	3m ended Q1-2022	6m ended Q2-2022	6m ended Q2-2021
Cash flow statement				
Cash flows from operating activities:				
Cash flow from operations	26 526	43 096	69 622	50 646
Net Interest paid	(4 067)	(4 237)	(8 304)	(8 957)
Net cash flows from operating activities	22 459	38 859	61 318	41 689
Cash flows used in investing activities:				
Net cash proceeds from sale of asset	46 741	45 386	92 127	-
Capital expenditures	(24 281)	(121 098)	(145 379)	(33 991)
Net cash flows used in investing activities	22 460	(75 712)	(53 252)	(33 991)
Cash flows used in financing activities:				
Payment of dividend	(15 320)	(3 830)	(19 150)	(17 717)
Proceeds from issue of share capital	-	-	-	64 414
Repayment of long-term debt	(261 527)	(53 936)	(315 463)	(22 090)
Proceeds from loans and borrowings, net of transaction costs	320 594	103 383	423 977	-
Settlement of share options	(254)	-	(254)	(265)
Net cash flows used in financing activities	43 493	45 617	89 110	24 342
Net increase (decrease) in cash and cash equivalents	88 412	8 764	97 176	32 040
Effect of exchange rate changes on cash	(444)	(33)	(477)	6
Cash and cash equivalents at beginning of period	110 641	101 910	101 910	75 882
Cash and cash equivalents at end of period	198 609	110 641	198 609	107 928

COMMENTS

- Cash flow from operating activities was \$22.5 million for the second quarter, compared to \$38.9 million in Q1.
- Investing activities for the quarter includes instalments and related costs paid in the newbuilding program and net receipts of \$46.7 million on sale of vessel.
- Cash dividend payment of \$15.3 million in May 2022
- Cash flows from financing activities were positive \$43.4 million for the second quarter, reflecting cash release on refinancing of \$83.2 million, offset by schedule debt repayments and repayment of debt on sold vessel
- Cash Position at quarter end was \$198.6 million

GLOSSARY



A&G = Administrative and general

CBE = Cash break even

CAPEX = Capital expenditure

EEXI = Energy Efficiency Existing Ship Index

FY = Fiscal year

IFRS = International Financial Reporting Standards

IMO = International Maritime Organisation

LPG = Liquefied petroleum gas

OPEX = Operating expenses

PDH = Propane Dehydrogenation

TC = Time charter

TCE = Time charter equivalent

VLGCs = Very large gas carrier




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Stock Exchange

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