

First Quarter Results 2023

May 30, 2023



Avance Gas



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.

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Q1-23 HIGHLIGHTS



RESULTS

Q1-23 TCE (load-to-discharge) of \$58,400/day in line with guidance of ~\$58,000/day.
Q1-23 TCE (discharge-to-discharge) of \$55,500/day also in line with guidance of ~\$55,000/day
Q1-23 Net Profit of \$36.3 million (EPS of \$0.47) vs. \$34m in Q4-22 (EPS of \$0.45)

RECENT EVENTS

We took delivery of our third dual fuel VLGC, Avance Rigel, in February 2023
Successfully took delivery of our fourth dual fuel VLGC, Avance Avior, today May 30, 2023
Increased FFA coverage to 1.9 ship ~\$52,300/day for H2-2023 by hedging freight and fuel

GUIDANCE

TCE expectation for Q2-23 of ~\$50,000/day on discharge-to-discharge and load-to-discharge basis
Current market level at mid \$83,000/day basis Houston-Chiba trade for a modern non scrubber vessel
About 40% coverage including FFAs for H2-2023 similar to H1-2023, remaining ships to trade spot

DIVIDEND

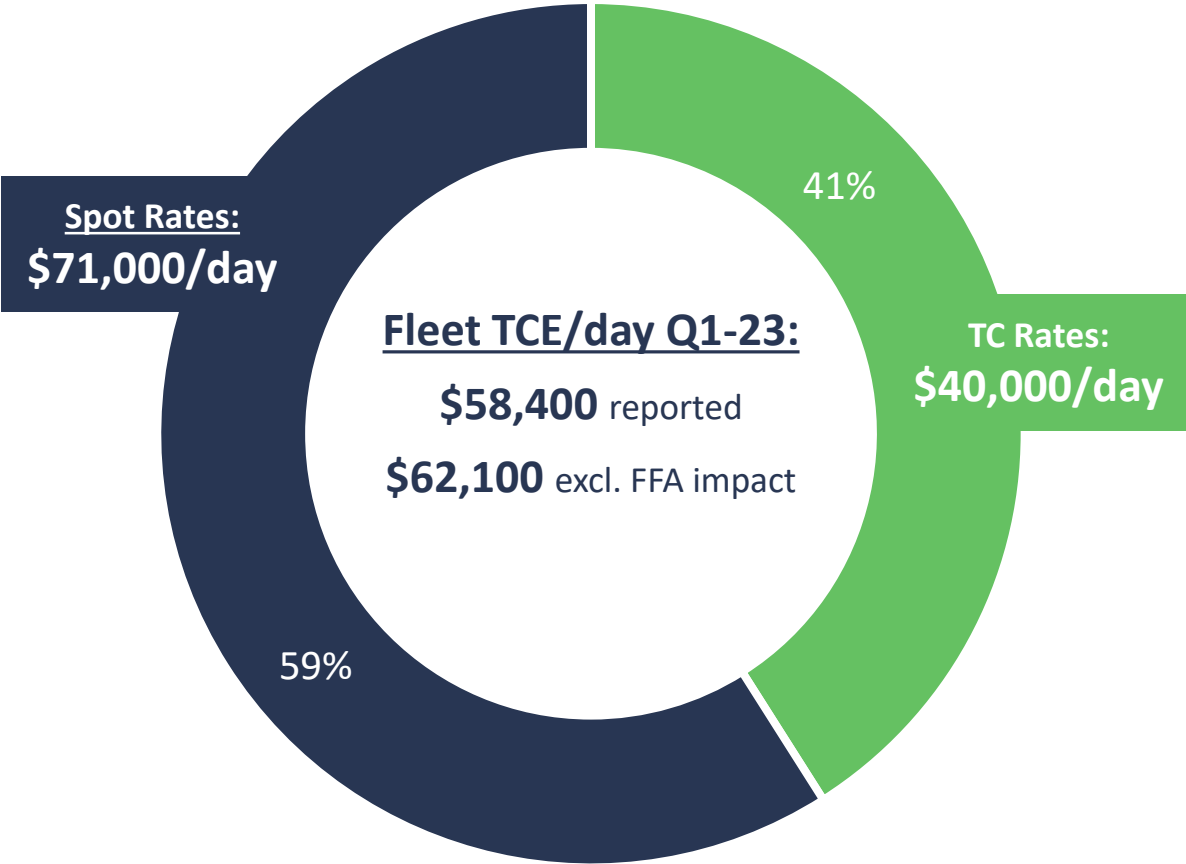
Declaring a dividend of \$0.50 per share for Q1-23 - annualized dividend yield of ~26%⁽¹⁾
Dividend last twelve months of \$1.40 per share equating to 18% dividend yield p.a.

(1) Annualized yield given share price of NOK 85 with USDNOK 11

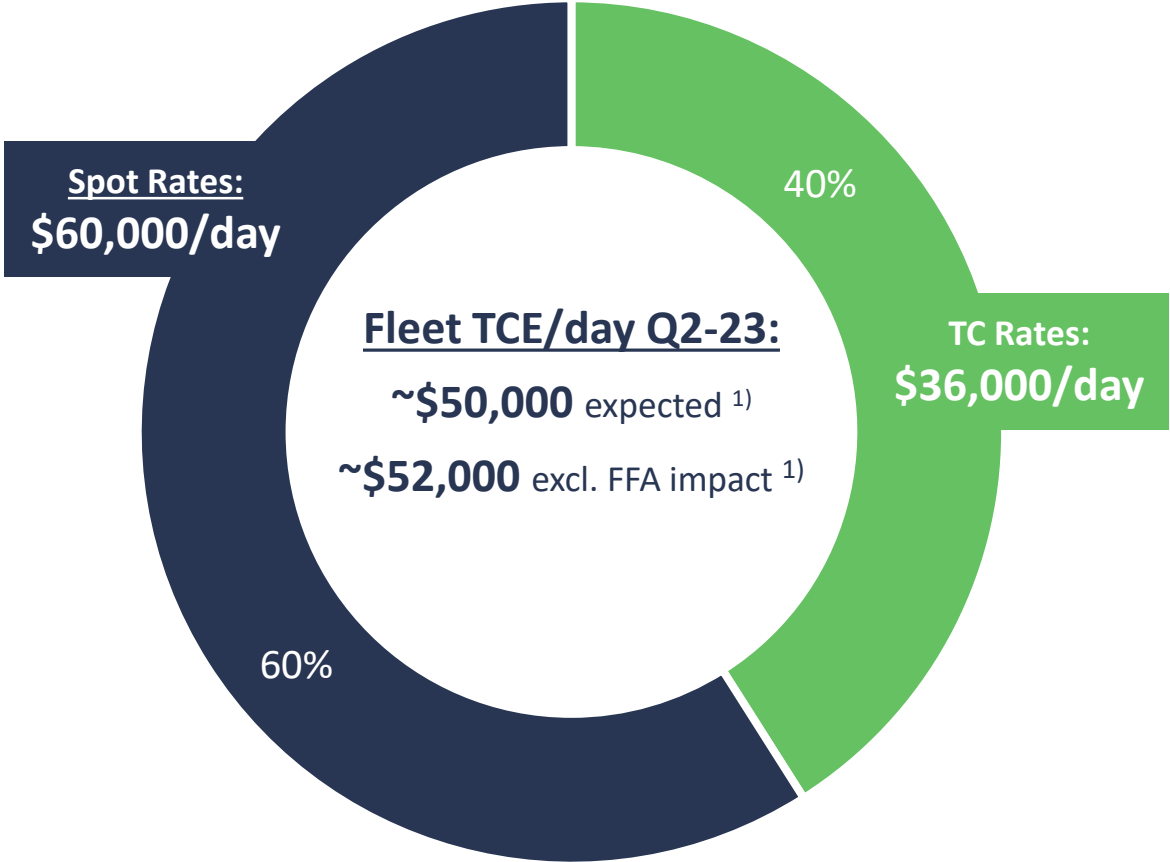
STRONG COMMERCIAL IN H1-2023



Q1-Commercial Performance

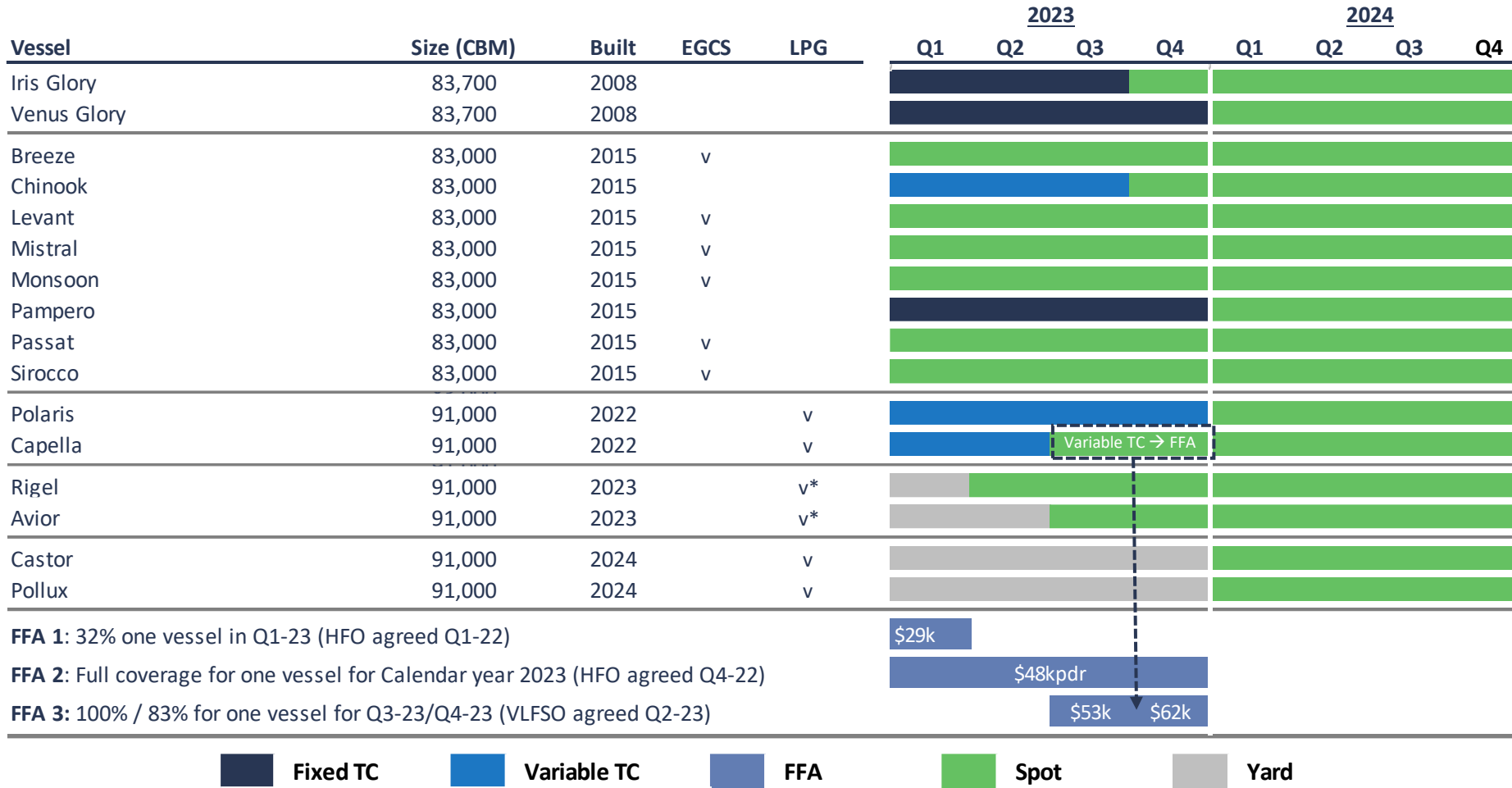


Q2-Commercial Guidance



(1) Fleet TCE/day expected is basis discharge to discharge and load to discharge

HIGH SPOT EXPOSURE IN A STRONG MARKET



- Docking scheduled for Venus Glory during Q3. Iris Glory docked during Q1.
- We have mutually agreed to terminate variable hire TC for Capella which was due February 2024. This TC cover have been replaced through FFAs where 100% of Q3 and 83% of Q4 is covered as of today.
- There are upside in the FFA3 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 burn NH3 (ammonia) subject main engine modification, but not carry NH3

RAMPING UP DIVIDEND IN LINE WITH INCREASED EARNINGS



	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	LTM
Earnings per share	\$0.10	\$0.32	\$0.24	\$0.15	\$0.45	\$0.47	\$1.31
Dividends per share	\$0.05	\$0.20	\$0.20	\$0.20	\$0.50	\$0.50	\$1.40

Decision Factors

Earnings and cash flow	✓	✓	✓	✓	✓	✓
Market outlook	✓	✓	✓	✓	✓	✓
Backlog and visibility	✓	✓	✓	✓	✓	✓
Liquidity position	✓	✓	✓	✓	✓	✓
Covenant compliance	✓	✓	✓	✓	✓	✓
Debt maturities	✓	✓	✓	✓	✓	✓
Capex liabilities	✓	✓	✓	✓	✓	✓
Other considerations	✓	✓	✓	✓	✓	✓

Strongest first quarter since 2015 with TCE/day of \$58,400

Q2-23 bookings are ~\$50,000/day and FFA suggest higher levels in 2H-23

Three ships on fixed hire rate, two on variable hire and ~1.9 ship on FFA

Ample cash position of \$220m at end of the quarter

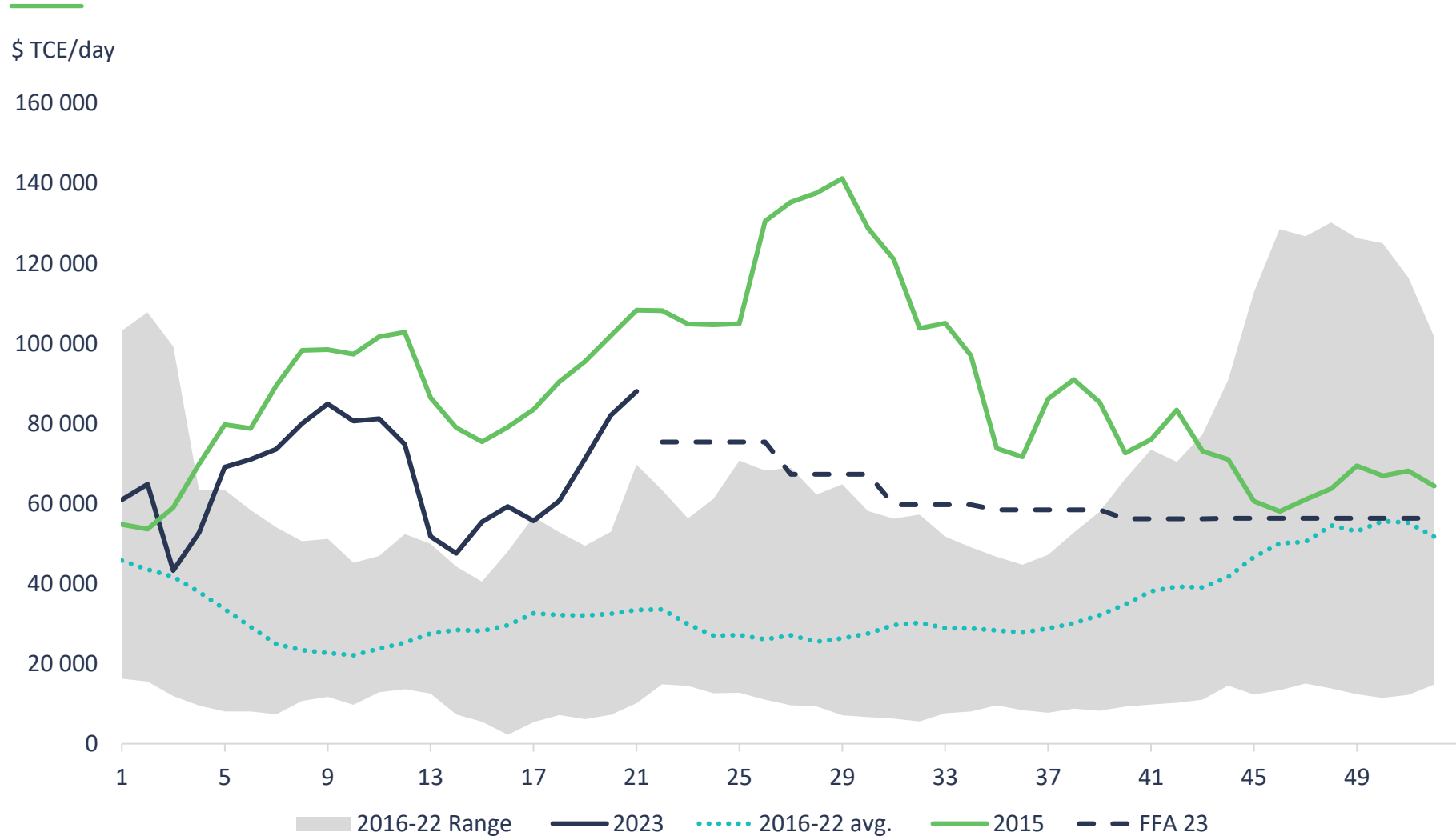
We are passing all debt covenants with flying green colours

Staggered debt with first scheduled maturities in 2027

No capex except of drydocking and all remaining newbuildings are fully financed

Robust balance sheet to handle any downturn in the market

STRONGEST VLGC FREIGHT MARKET SINCE 2015



Strong export growth coupled with firm Asian demand

Elevated arbitrage levels due to low gas prices in the US

Owners looking to avoid Panama canal due to volatile waiting time

Slippage on scheduled NB deliveries

Strongest freight market in Q1 since 2015, with FFAs for the remainder of the year at constructive levels

INCOME STATEMENT AND KEY FINANCIAL FIGURES



Income Statement (in million \$)	Q1 2023	Q4 2022	Variance
TCE earnings	62	53	9
Operating Profit before depreciation	51	41	10
Depreciation	(11)	(11)	-
Gain on sale	-	8	(8)
Net finance expense	(4)	(4)	-
Net profit	36	34	2
Earnings per share (diluted) (\$)	0.47	0.45	0.02
Per day figures (in \$)	Q1 2023	Q4 2022	Variance
TCE (Discharge to Discharge)	55,500	55,813	300
TCE (Load to Discharge)	58,379	46,478	11,901
Operating expense ('OPEX')	8,626	8,738	(112)

- TCE of \$58,400/day for Q1, in line with guidance of \$58,000/day
- Spot market considerably stronger than FFA coverage of \$42,000/day, thereby a loss of \$3,700/day is recognized thru TCE earnings
- Interest expense up by \$1 million offset by realised swap gain of \$1.4 million thereby maintaining a flat net finance expense
- Net profit of \$36.3 million or EPS of \$0.47 – best first quarter results for Avance Gas
- Annualised earnings yield of ~24% basis average shareholders book equity at quarter end

BALANCE SHEET AND KEY FINANCIAL FIGURES



Balance Sheet (in million \$)	Q1 2023	Q4 2022	Variance
Cash & cash equivalents	220	224	(4)
VLGCs & newbuildings under construction	850	800	50
Other assets	42	44	(2)
Total assets	1,112	1,068	44
Total liabilities	511	464	47
Total shareholders' equity	601	604	(3)
Balance sheet ratios	Q1 2023	Q4 2022	Variance
Shareholders equity ratio *	54%	56%	-2%
Leverage ratio**	45%	42%	3%
Loan to value***	55%	59%	-4%

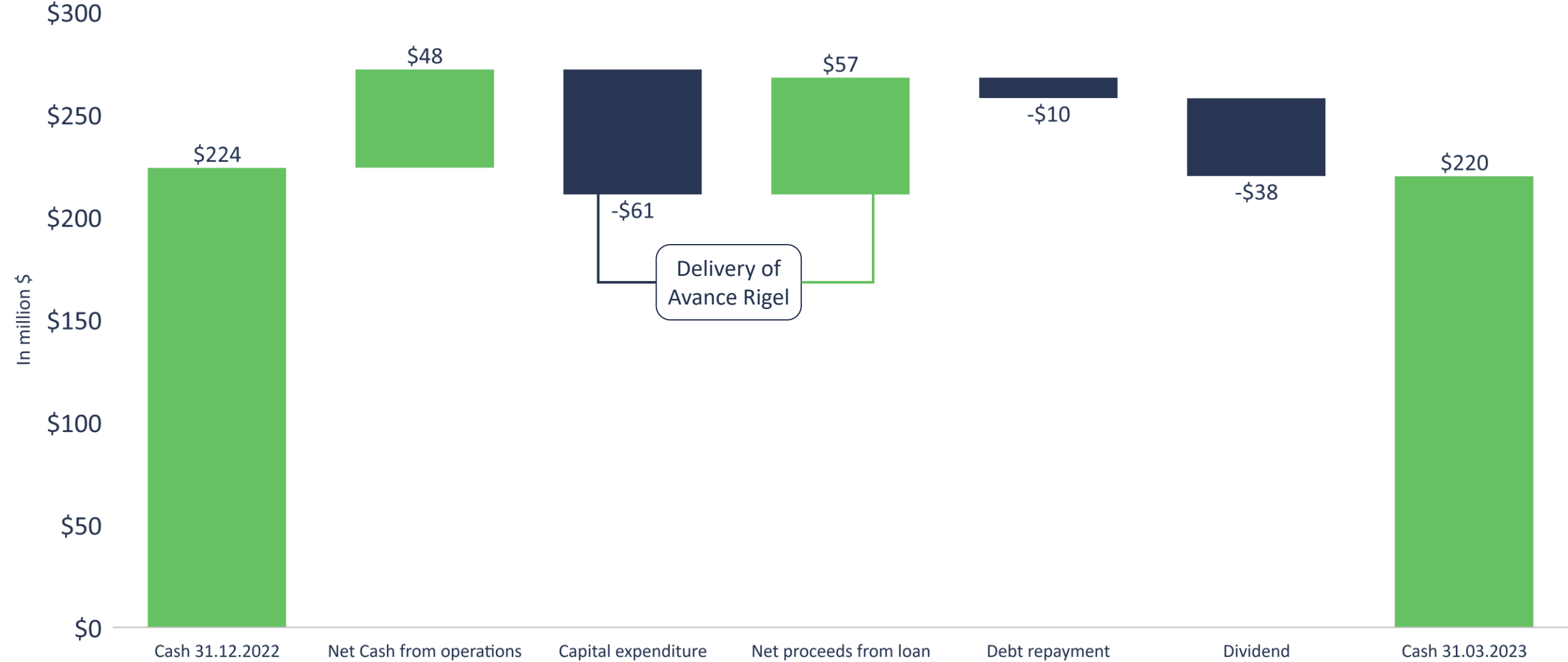
- Total assets consist primarily of 13 VLGCs on water and 3 dual fuel newbuildings under construction. Avance Rigel was delivered during the first quarter 2023 while Avance Avior was delivered May 30, 2023
- Balanced loan to value of ~55%.
- Maintained a strong equity ratio ~ 54% at quarter end
- Significant cash balance of \$220 million

*Shareholders equity ratio: shareholders book equity divided by total assets at period end

**Leverage ratio: total interest bearing debt divided by the total assets

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

SOLID AND STABLE CASH POSITION OF \$220M AT END Q1

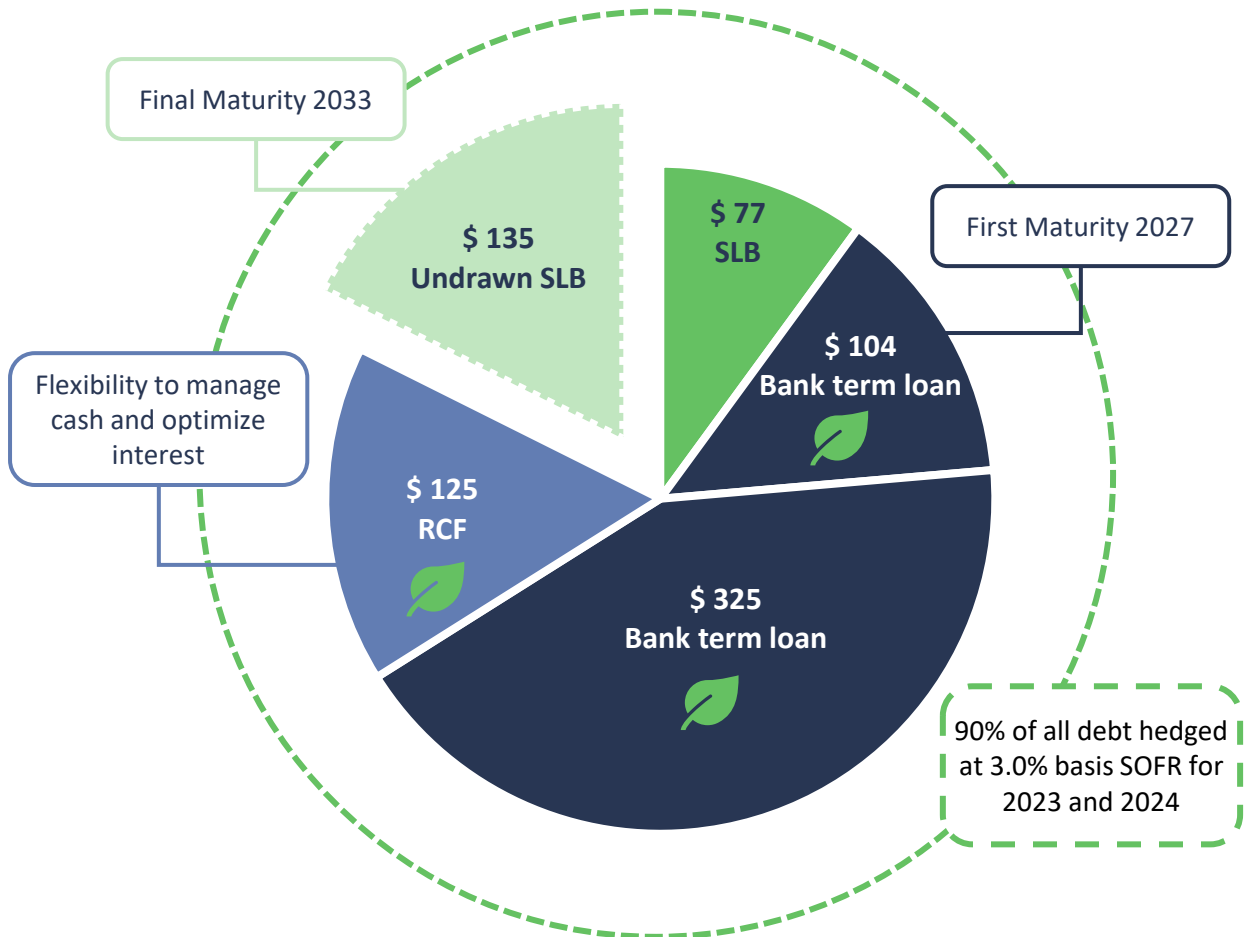


FLEXIBLE FINANCING STRUCTURE & NEWBUILDS FULLY FUNDED



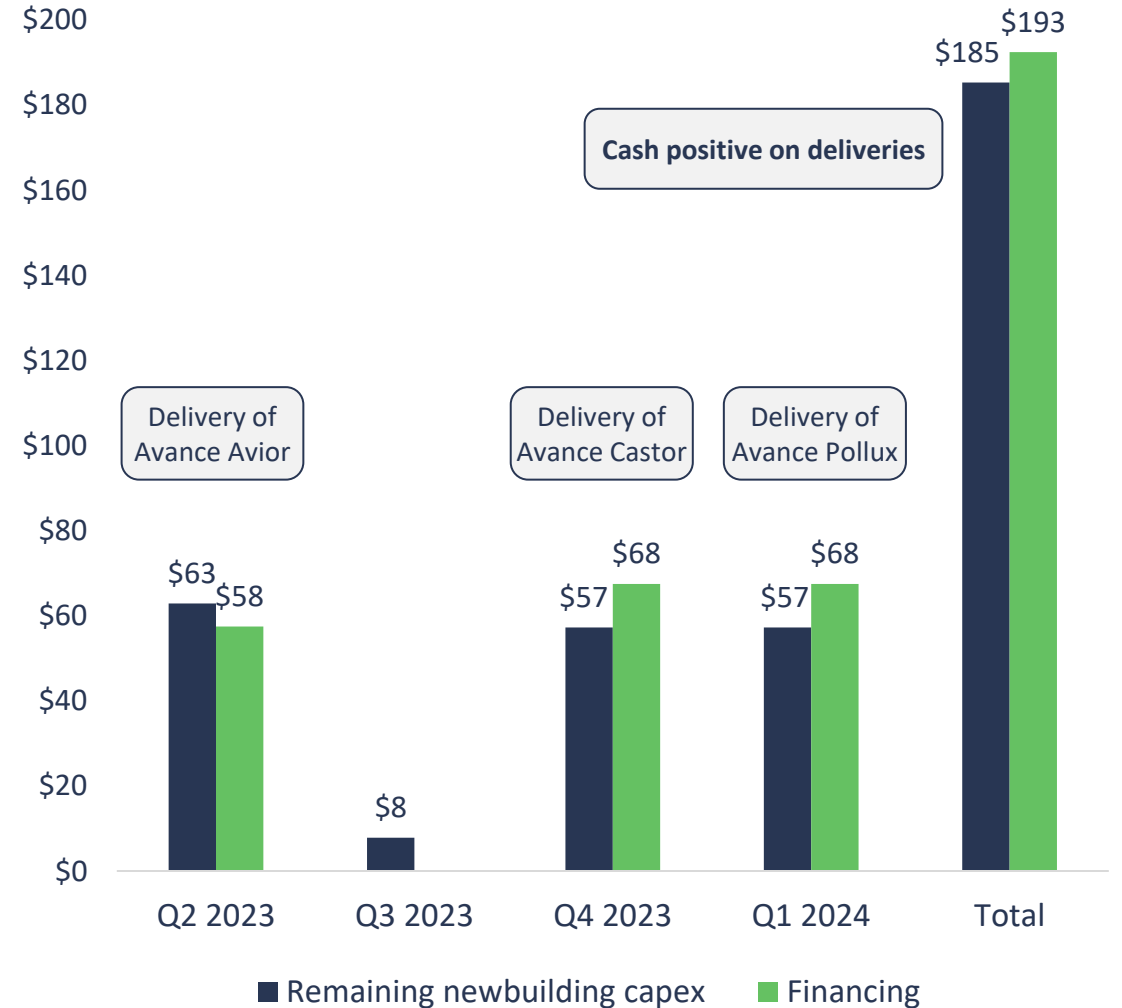
Total committed financing as of Q1-2023

(in million \$)



Newbuilding financing exceeds remaining capex

(in million \$)

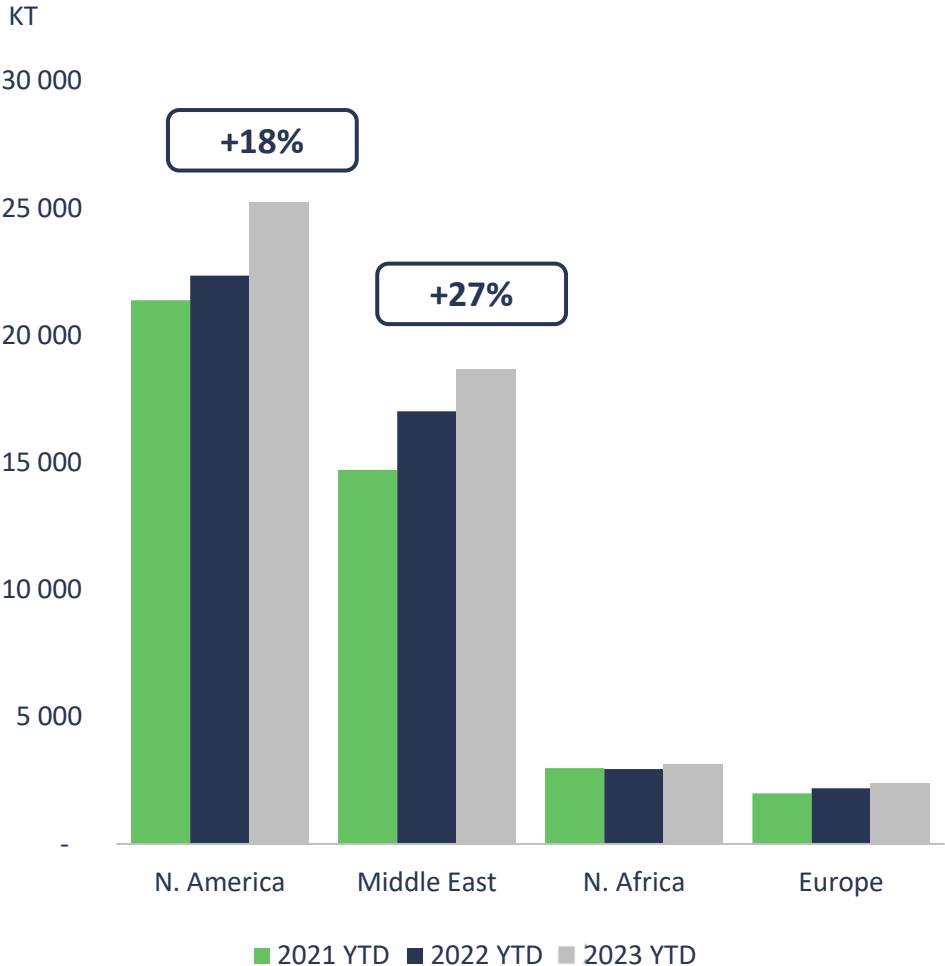


Green leaf icon illustrate sustainability linked financing

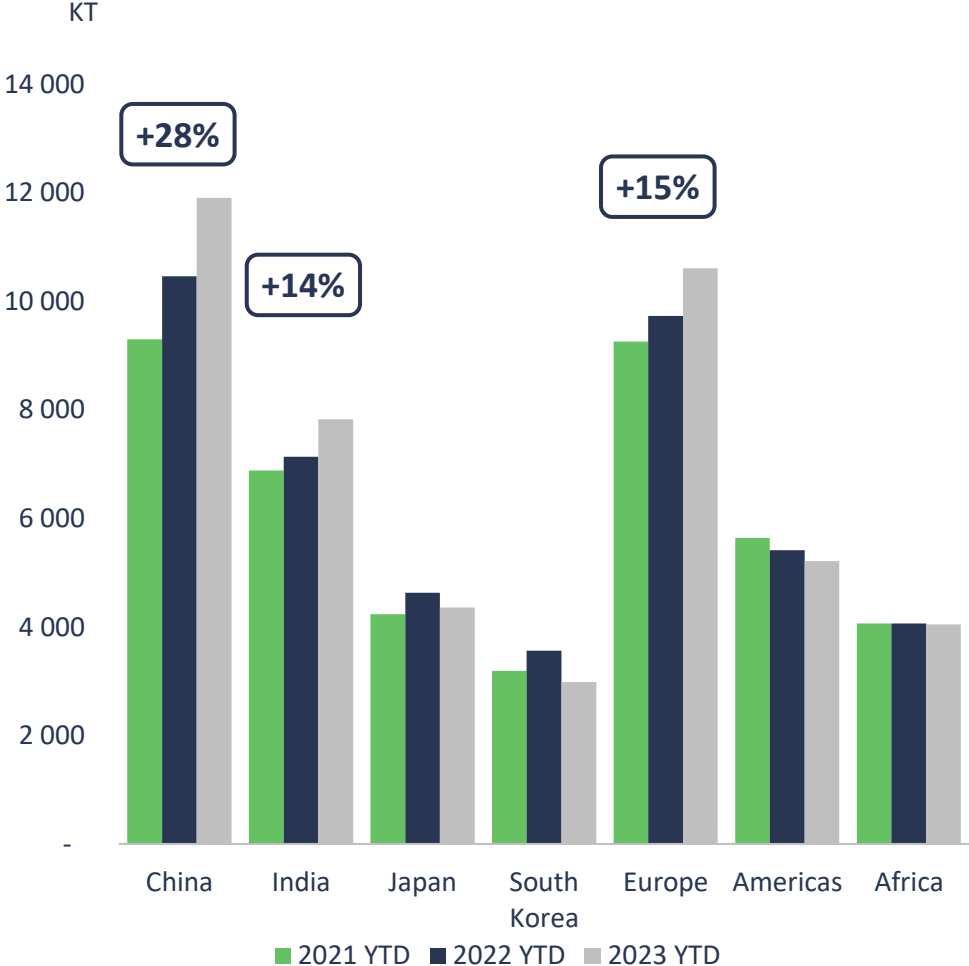
SEABORNE LPG FREIGHT DEMAND CONTINUES TO GROW



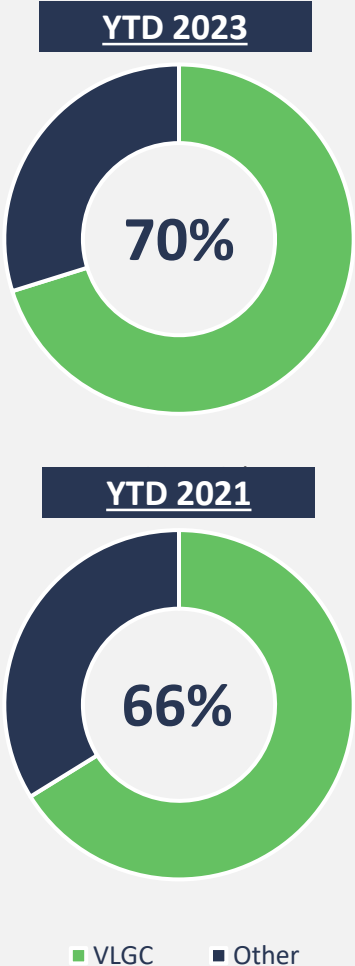
Seaborne LPG export (Jan-May)



Seaborne LPG Imports (Jan-May)



VLGCs share¹

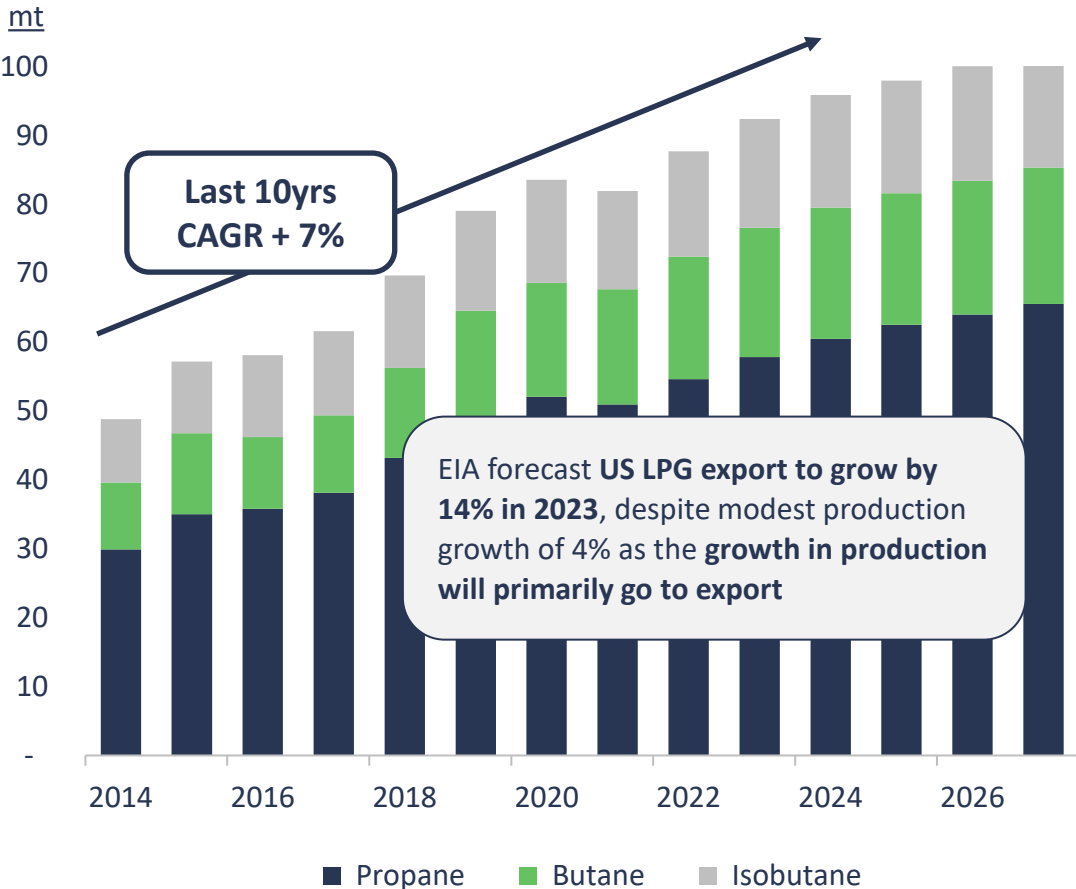


Source: Kpler
 (1) As % of all seaborne LPG Export (Jan-May)

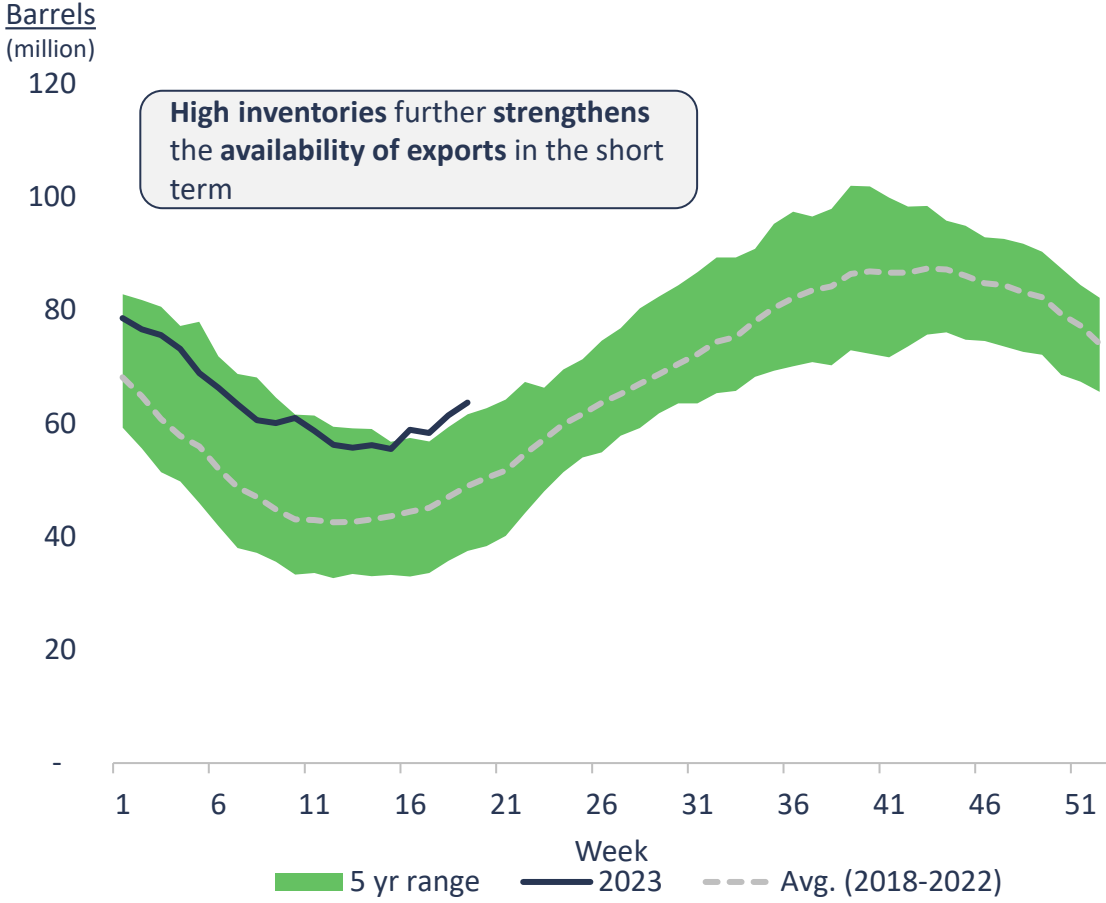
US LPG EXPORT ESTIMATED TO GROW BY 14% IN 2023



US LPG Production



US Propane and Propylene stocks

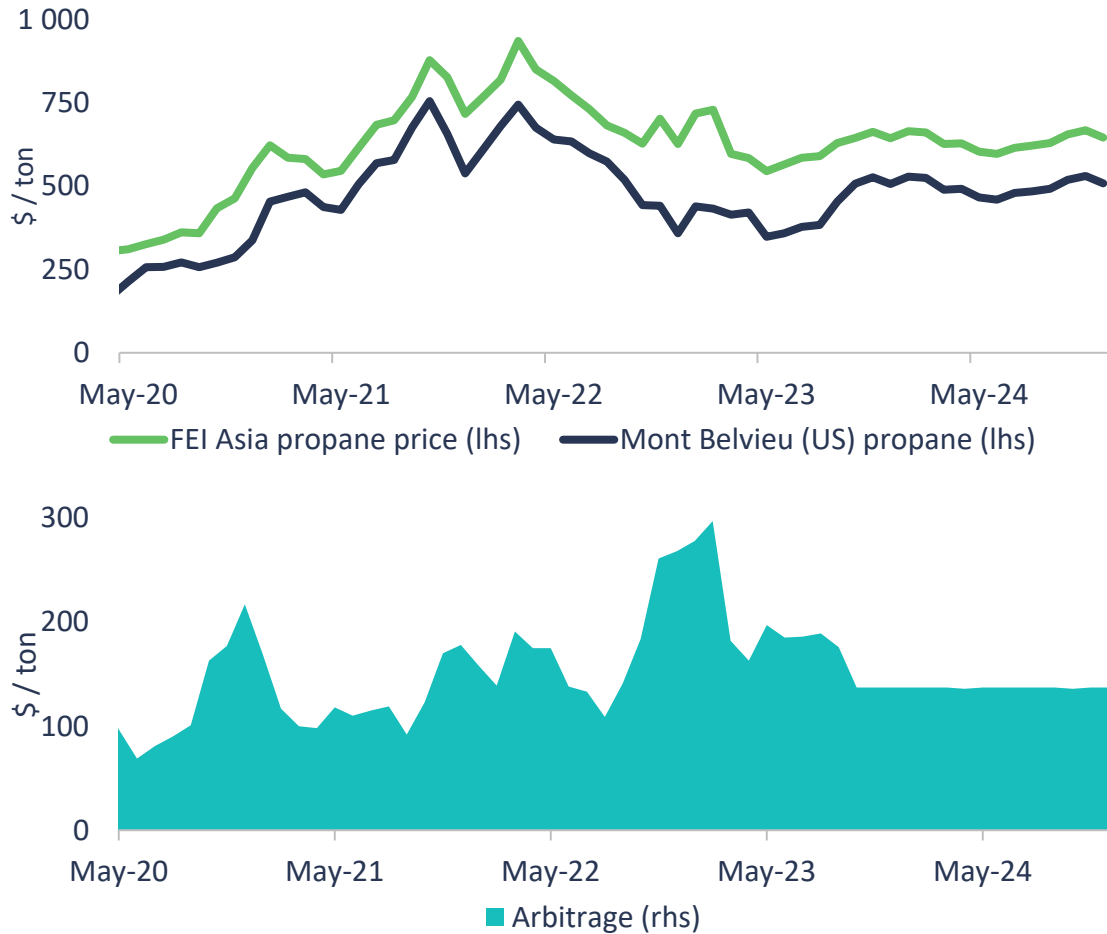


Source: Kpler, Gibson, EIA
(1) As of the end April 2023

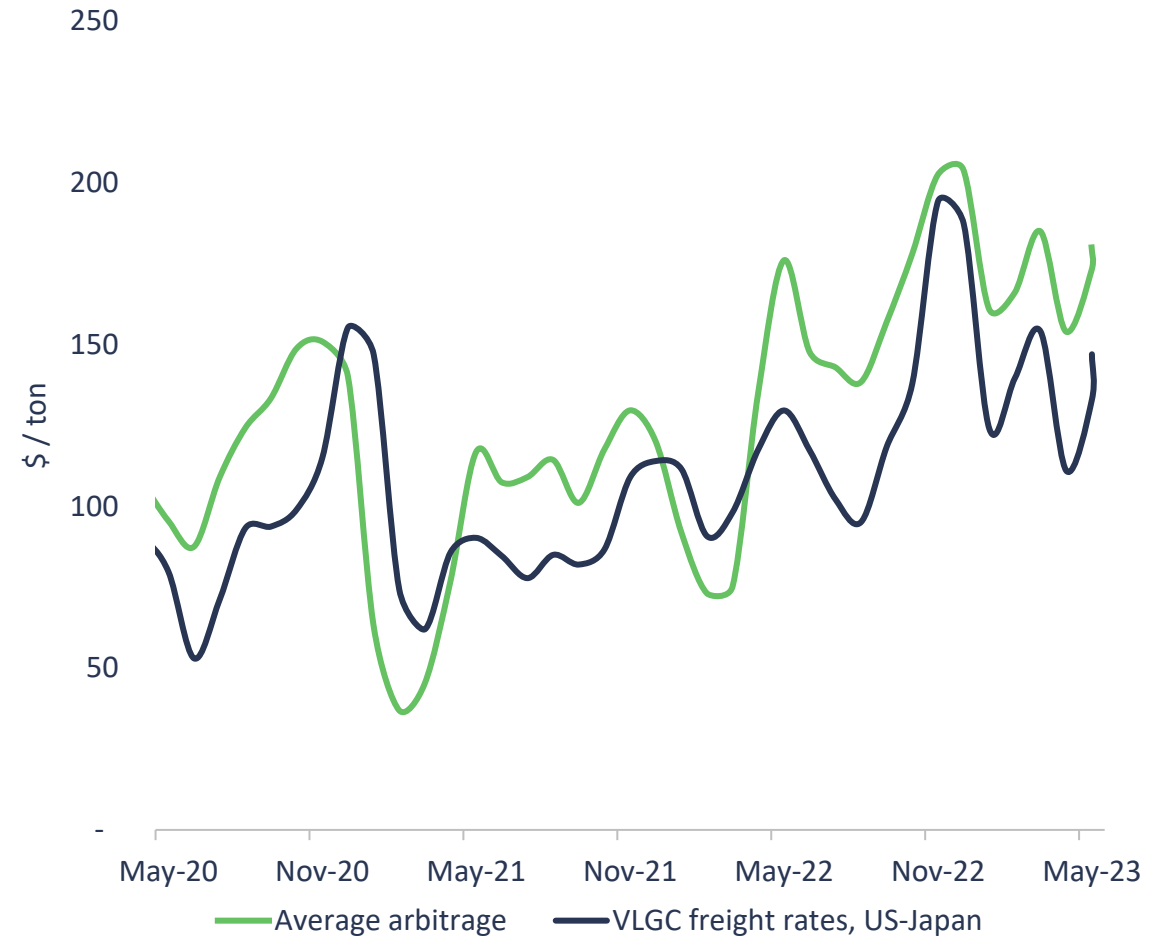
ARBITRAGE SUPPORTING HIGH FREIGHT RATES



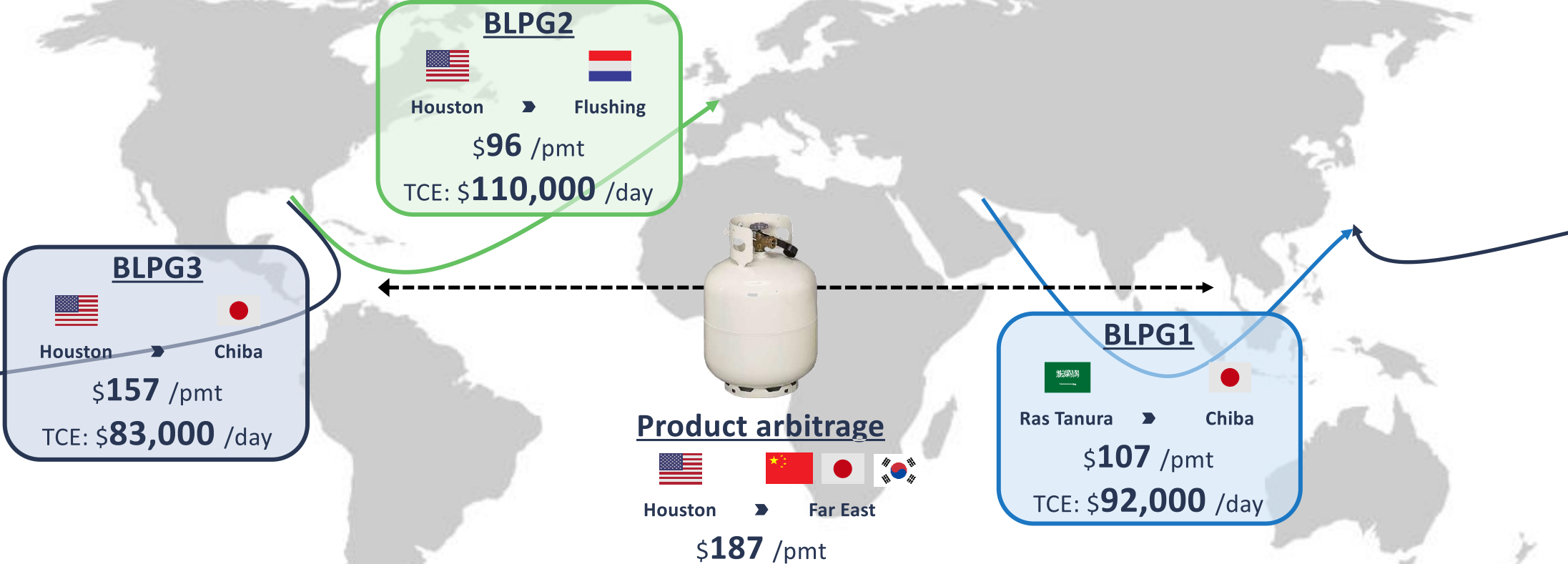
FFA price spread US-Japan



Strong correlation between arbitrage and freight rates



CURRENT STATUS OF THE VLGC MARKET

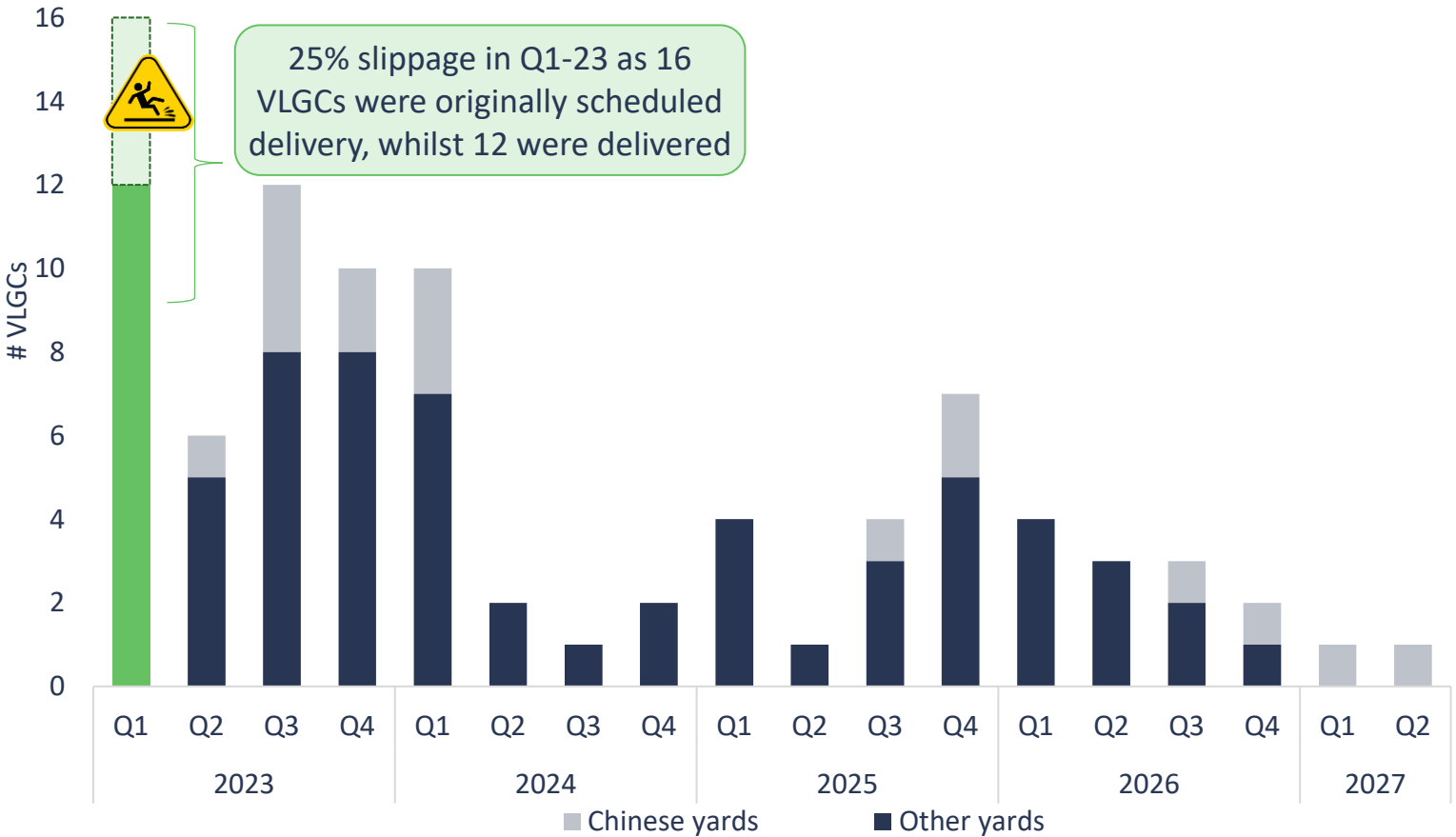


Source: Fearnleys numbers. TCE theoretical numbers calculated basis fuel consumption and waiting days. Numbers is for non scrubber eco ships.

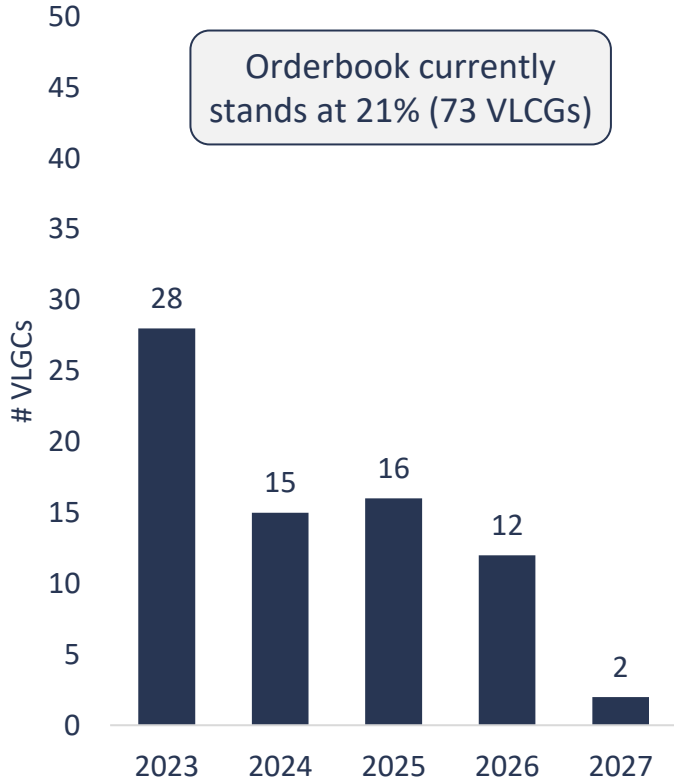
SLIPPAGE HOLDING BACK FLEET GROWTH



Scheduled newbuilding deliveries by quarter

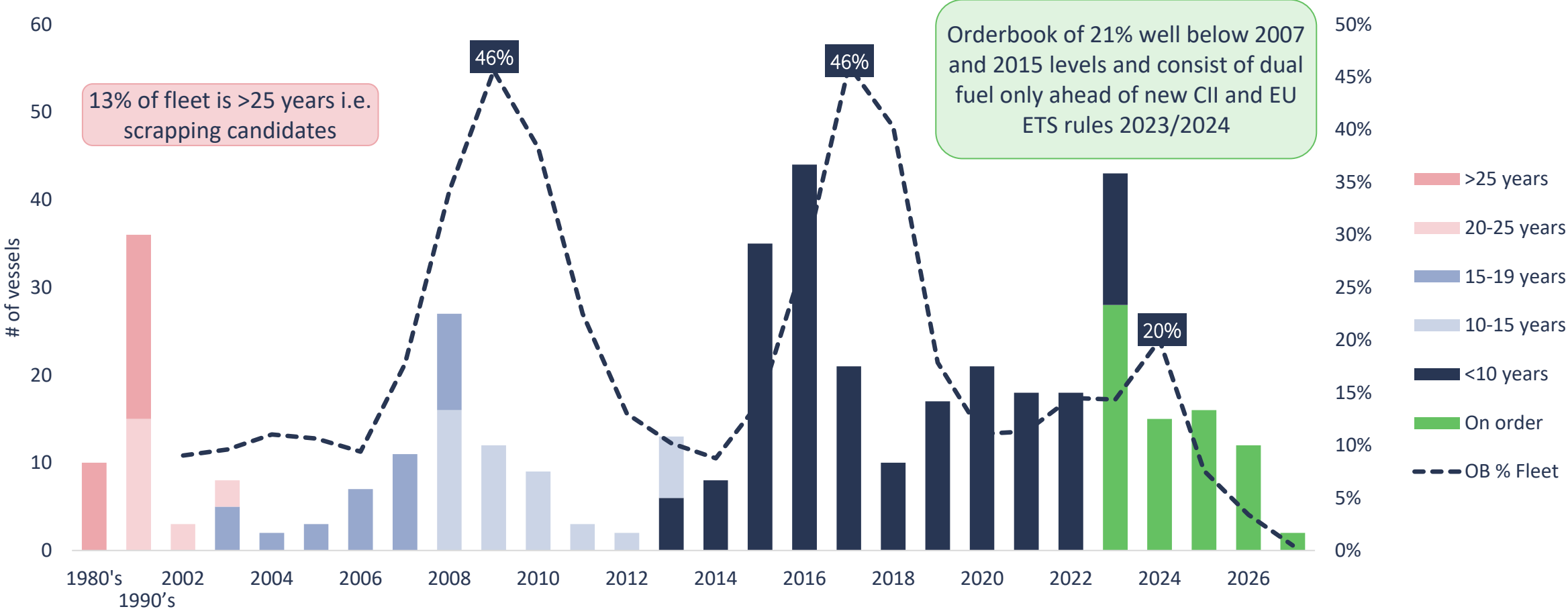


Deliveries by year



Source: Clarkson SIN

RENEWAL OF THE VLGC FLEET AHEAD OF NEW REGULATIONS



Source: Clarkson SIN

Q1-23 HIGHLIGHTS



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Dividend last twelve months of \$1.40 per share equating to 18% dividend yield p.a.

(1) Annualized yield given share price of NOK 85 with USDNOK 11



Thank you!

Avance Gas

Q&A and
Appendix



APPENDIX – COMMENTS TO THE INCOME STATEMENT



Income Statement (in thousands \$)	Q1 2023 3-months	Q4 2022 3-months	Variance 3-months
Operating revenue	77,042	67,410	9,632
Voyage expenses	(14,693)	(13,914)	(779)
Operating expenses	(9,756)	(10,162)	406
Administrative and general expenses	(1,325)	(1,831)	506
Operating profit before depreciation expense	51,268	41,503	9,765
Depreciation and amortisation expense	(10,547)	(10,633)	86
Gain on Sale	-	7,877	(7,877)
Operating profit	40,721	38,747	1,974
Finance Expense	(5,337)	(5,401)	64
Finance Income	1,225	1,056	169
Foreign currency exchange losses	(237)	460	(697)
Tax expense	(51)	(151)	100
Net profit	36,321	34,711	1,610
Earnings per share:			
Basic	0.47	0.45	0.02
Diluted	0.47	0.45	0.02

- TCE earnings (net of operating revenue and voyage expenses) of \$62.3 million for the first quarter, up from \$53.5 million in previous quarter due to a slightly better spot market combined with a positive load to discharge adjustment (IFRS 15) of \$3.1 million compared to a negative effect of \$10.8 million for the fourth quarter
- Operating expenses were \$9.7 million, down from \$10.2 million due to less ship/calendar days as we sold Promise in November combined with improved crew change costs
- Administrative and general expenses (A&G) were \$1.3 million, down from \$1.8 million, and represent a normalised A&G for the fiscal year 2023
- Net finance expense consistent with previous despite an increase in interest expense of \$1 million which was offset by realised swap gain of \$1.4 million. Finance income consist of interest income from cash deposits
- Net profit of \$36.3 million or EPS of \$0.47 up from net profit of \$26.8 million or EPS of \$0.35 excluding gain on vessel sale (Promise - 2008) of \$7.9 million recognised in the fourth quarter
- Annualised earnings yield of 24% basis average shareholders book equity at quarter end

APPENDIX – COMMENTS TO THE BALANCE SHEET



Balance Sheet (in thousands \$)	Q1 2023 31.03.2023	Q4 2022 31.12.2022	Variance 3-months
ASSETS			
Cash and cash equivalents	219,469	224,243	(4,774)
Trade and other receivables	13,883	12,229	1,654
Inventory	5,073	4,975	98
Prepaid expenses and other current assets	12,487	15,101	(2,614)
Derivative financial instruments (current)	7,273	5,988	1,285
Total current assets	258,185	262,536	(4,351)
Property, plant and equipment (PPE)	791,801	715,866	75,935
Newbuildings	58,550	83,597	(25,047)
Derivative financial instruments (non-current)	3,480	5,871	(2,391)
Total non-current assets	853,831	805,334	48,497
Total assets	1,112,016	1,067,870	44,150
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current portion of interest-bearing debt	40,110	37,278	2,832
Trade and other payables	2,194	4,556	(2,362)
Accrued voyage expenses and other current liabilities	10,259	7,866	2,393
Total current liabilities	52,563	49,700	2,863
Long-term debt	458,812	414,245	44,567
Total non-current liabilities	458,812	414,245	44,567
Share capital	77,427	77,427	-
Paid-in capital	431,366	431,366	-
Contributed capital	94,951	94,772	179
Retained loss	(7,597)	(5,620)	(1,977)
Treasury shares	(11,351)	(11,351)	-
Accumulated other comprehensive loss	15,845	17,331	(1,486)
Total shareholders' equity	600,641	603,925	(3,284)

- Total assets consist primarily of cash and 13 VLGCs on water and 3 dual fuel newbuildings under construction. The increase in PPE and decrease in newbuildings are primarily due to delivery of the third dual fuel newbuilding, Avance Rigel
- Solid cash balance of \$220 million
- Derivative financial instruments consist of positive market to market value on interest rate swaps of \$8 million and positive market to market on forward freight agreements (FFA) and bunker hedges of \$1.7 million
- Total outstanding interest-bearing debt of \$505 million equalling a loan to value of 55% at quarter end
- Total shareholders equity was \$600.6 million at quarter end and decreased by \$3.6 million during the quarter as the paid dividend for the fourth quarter exceeded the net profit of \$36.3 million for the first quarter

APPENDIX – COMMENTS TO THE CASH FLOW



Cash flow statement (in thousands \$)	Q1 2023 3-months	Q4 2022 3-months	Variance
Cash flows from operating activities:			
Cash generated from operations	53,455	41,559	11,896
Interest paid	(5,845)	(5,680)	(165)
Net cash flows from operating activities	47,610	35,879	11,731
Cash flows used in investing activities:			
Net proceeds from sale of assets	-	49,398	(49,398)
Capital expenditures	(60,919)	(649)	(60,720)
Net cash flows used in investing activities	(60,919)	48,749	(110,118)
Cash flows (used in) from financing activities:			
Dividends Paid	(38,297)	(15,320)	(22,977)
Repayment of long-term debt	(9,566)	(39,130)	29,564
Proceeds from loans and borrowings, net of transaction costs	56,705	22	34,705
Settlement of share options	-	(516)	516
Cash settlement of derivatives	-	6,067	(6,067)
Net cash flows from (used in) in financing activities	8,843	(48,877)	40,034
Net increase in cash and cash equivalents	(4,465)	35,751	(31,286)
Cash and cash equivalents at beginning of period	224,243	188,222	36,021
Effect of exchange rate changes on cash	(308)	270	(38)
Cash and cash equivalents at end of period	219,469	224,243	(4,465)

- Cash and cash equivalents were \$219.5 million on 31 March 2023, compared to \$224.2 million on 31 December 2022. Cash flow from operating activities was \$47.6 million, compared with \$35.9 million for the fourth quarter of 2022.
- Net cash flow used in investing activities was \$60.9 million and relates to delivery of Avance Rigel, the third of six dual fuel newbuildings. This compares with a net cash flow from investing activities of \$48.7 million for the fourth quarter 2022 which relates to proceeds from sale of Promise offset by capital newbuilding expenses.
- Net cash flow from financing activities was \$8.8 million, including repayments of debt of \$9.6 million, proceeds from loans and borrowings of \$56.8 million in relation to delivery of Avance Rigel and payment of dividend of \$38.3 million for the fourth 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



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Investor Relations



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

Stock Exchange



ticker: AGAS