



Avance Gas

Pareto Securities' 29th Energy Conference

September 15, 2022



FORWARD LOOKING STATEMENTS



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INVESTMENT HIGHLIGHTS



Modern VLGC fleet

Three older VLGCs on TC until end 2023 (sold two 2008 built ships in H1-22)
Eight 2015 VLGCs in the spot market of which six fitted with a scrubber
Two 2022 LPG DF VLGCs on water plus four LPG DF VLGCs for delivery 2023/4

Fully financed fleet

Super strong cash balance of \$199m at end of H1-22
Committed newbuilding finance of \$250m to cover remaining capex of \$248m
Staggard debt maturity profile with no maturities prior to 2027⁽¹⁾

Attractive yield

Fully financed fleet enables the Company to return free cashflow to shareholders
EPS of \$0.56 and DPS of \$0.40 in H1-22 i.e., pay-out ratio of 71%
Attractive annualized yield of 16%⁽²⁾

Low sector pricing

Worries about 2023 newbuilding schedule depressing pricing of VLGC sector
Pareto sector P/NAV of 0.67x while newbuilding prices are very firm
Are investors sufficiently compensated for 2023 worries? *Let's try to find out...*

(1) A lender has option to call a loan in 2025 for Pampero
(2) Assumed share price of NOK 50 per share and dividend level H1-22

MIXED PORTFOLIO OF TC, INDEX AND SPOT



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		

	Fixed charter
	Variable charter
	Spot

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
\$	~\$150/boe	~\$95/boe	~\$150/boe	~\$300/boe	~\$80/boe	~\$80/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

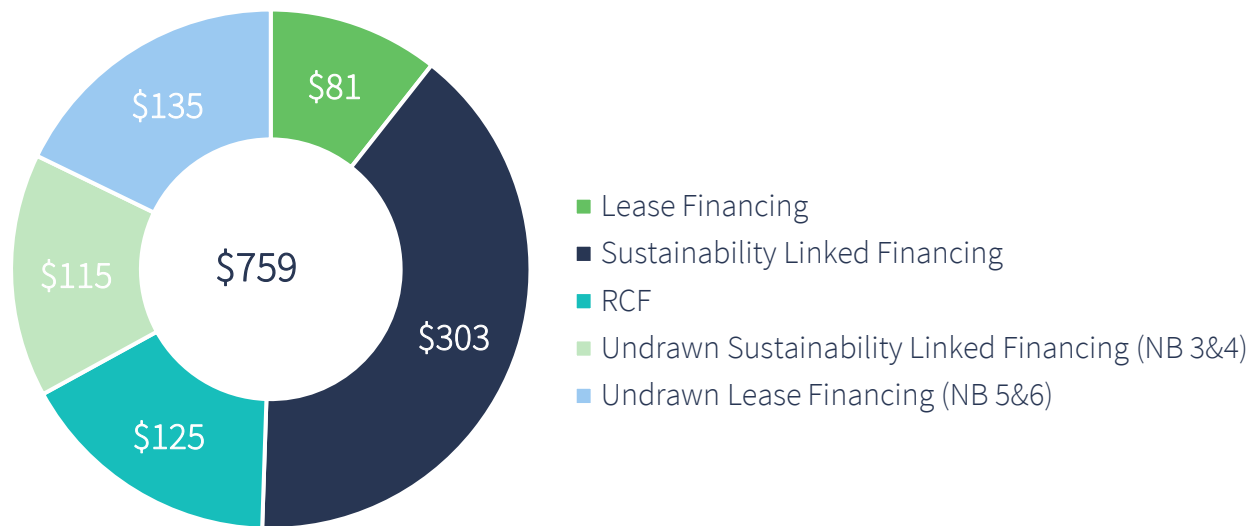
- LPG is:
- ✓ Efficient
 - ✓ Portable
 - ✓ Clean burning
 - ✓ Versatile
 - ✓ Accessible &
 - ✓ Affordable

Source: Avance, IPCC, CME, Argus, ICE

FULLY FINANCED WITH STAGGERED DEBT MATURITY



COMMITTED FINANCING (USD Millions)



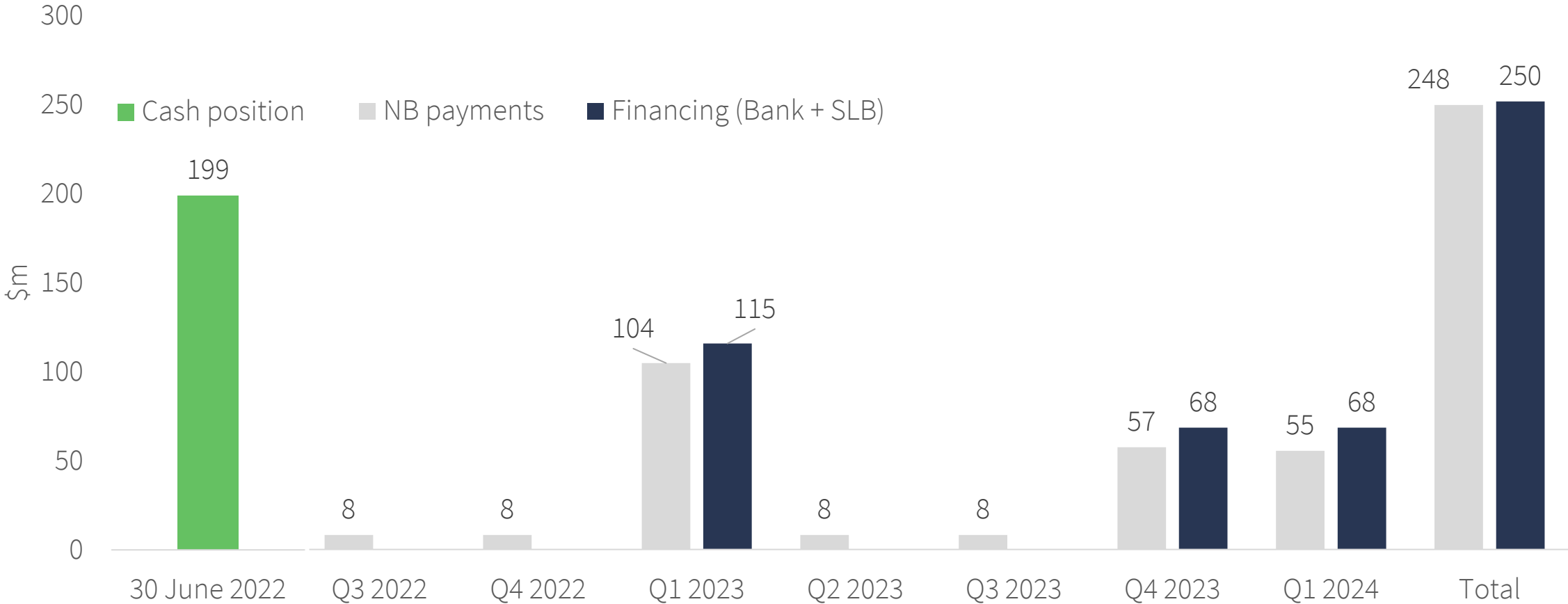
- First debt maturity in February 2027
- Well diversified pool of financiers with 10 different lenders
- 55% of the committed financing is Sustainability Linked

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

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

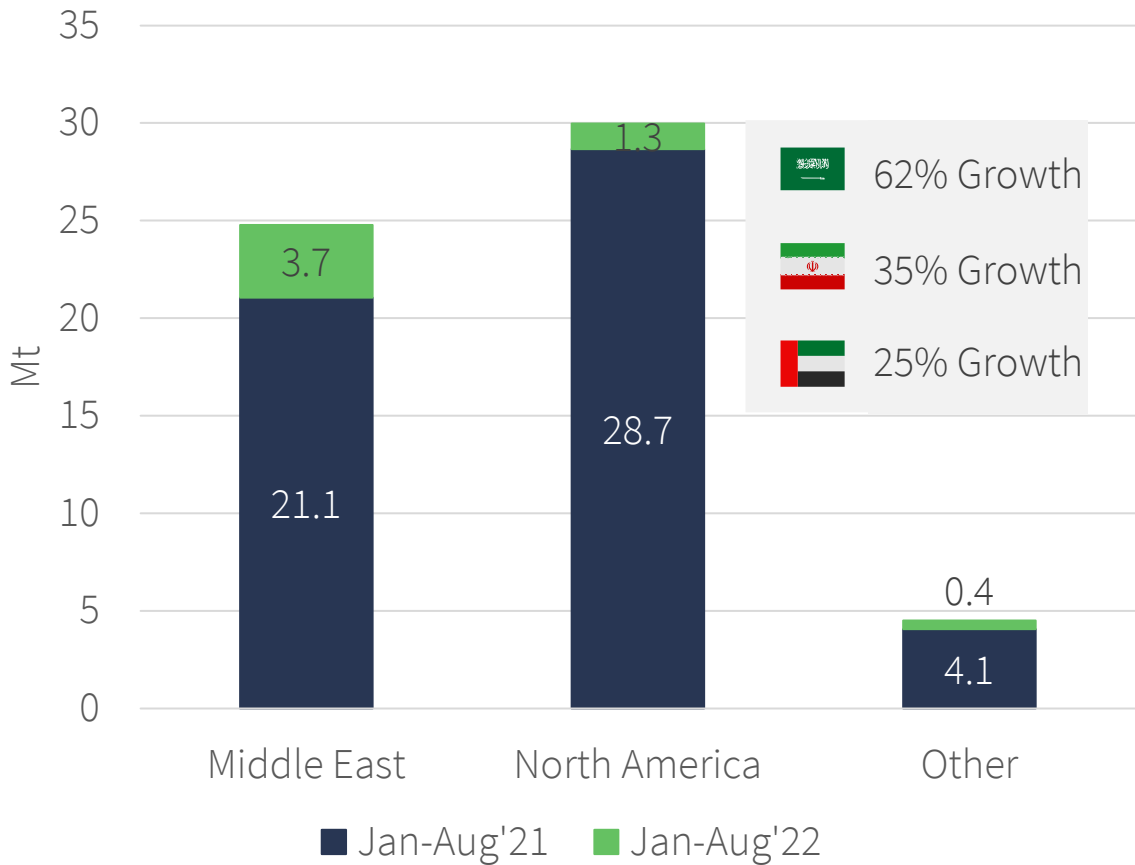
STRONG CASH BALANCE AND FULLY FINANCED CAPEX



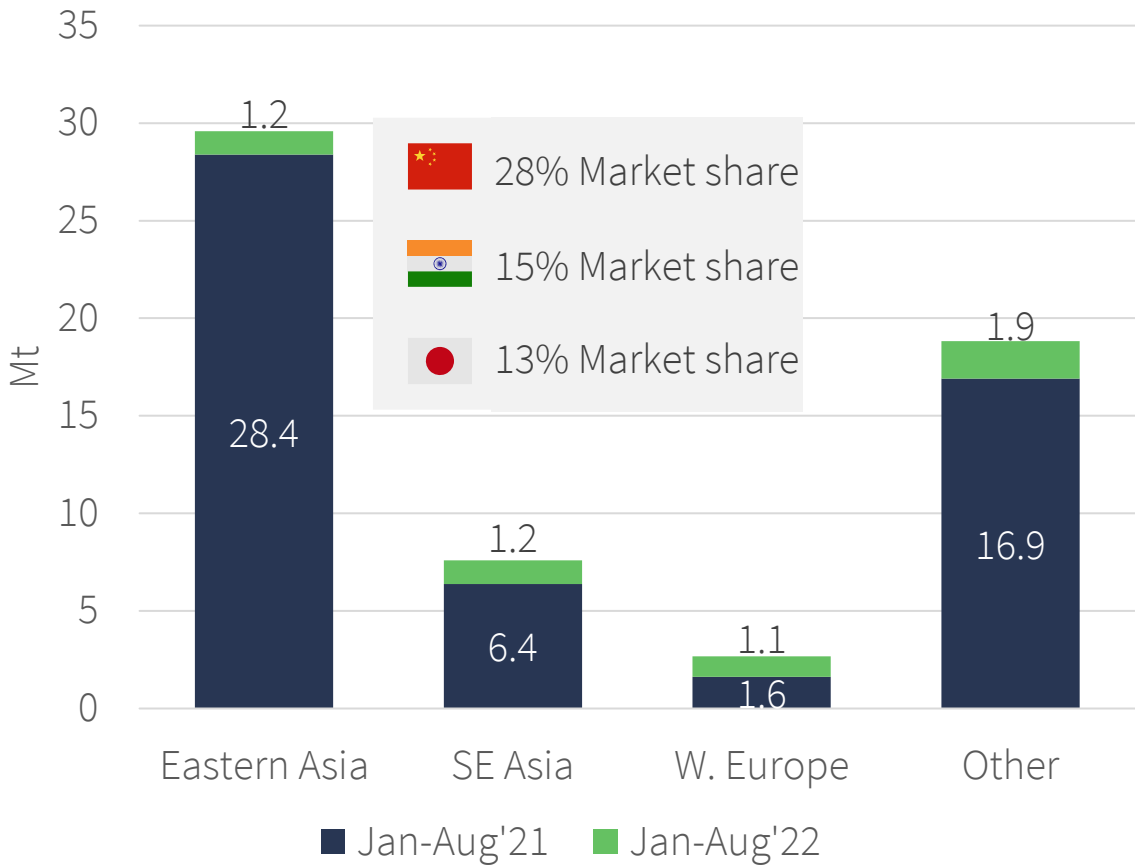
VLGC TRADE GREW 10% FIRST EIGHT MONTHS OF 2022



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



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

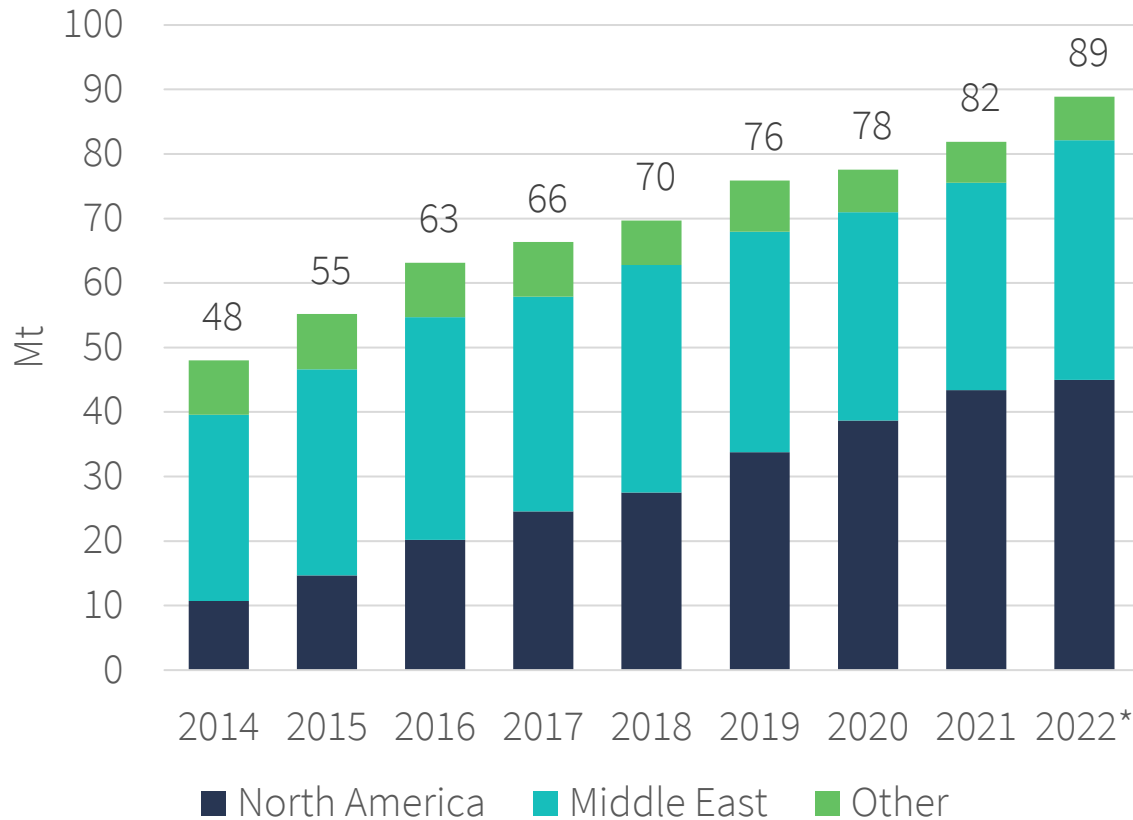


Source: Kpler

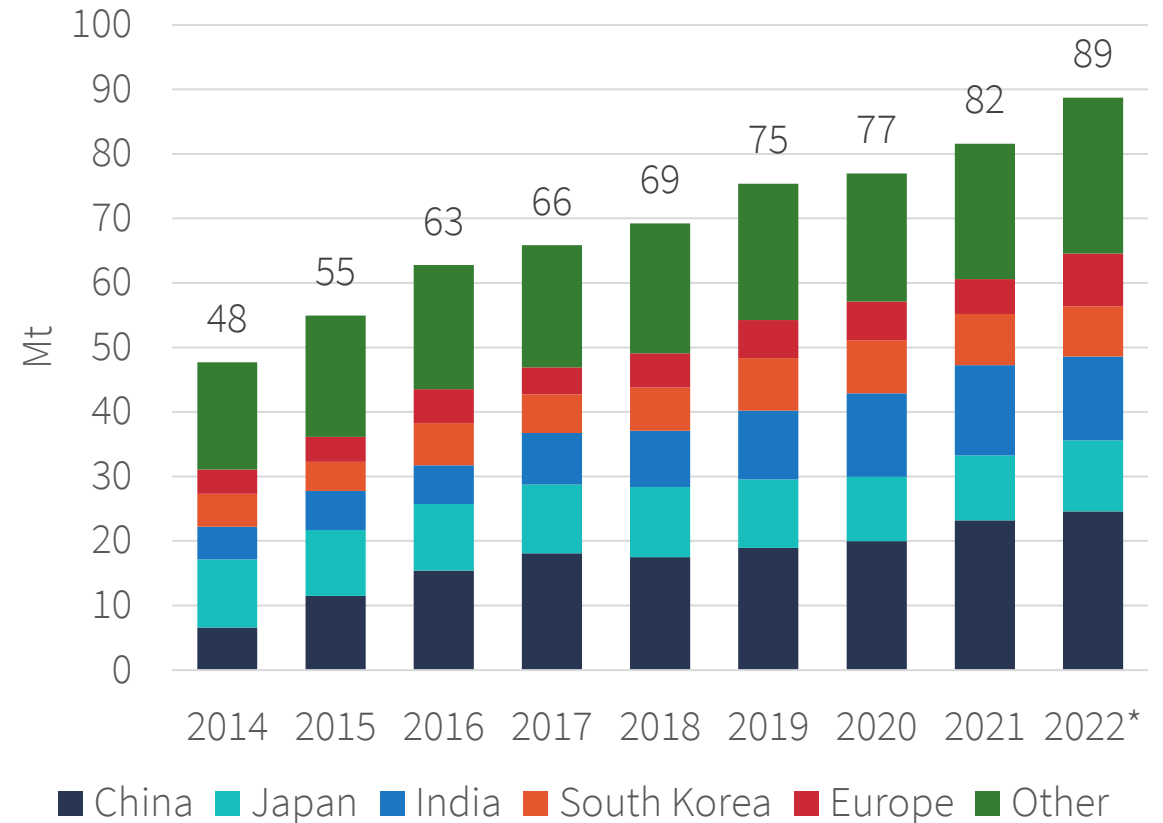
THE US SHALE BOOM HAS FUELLED VLGC EXPORTS



GLOBAL LPG EXPORT PER ORIGIN



GLOBAL LPG IMPORT PER DESTINATION

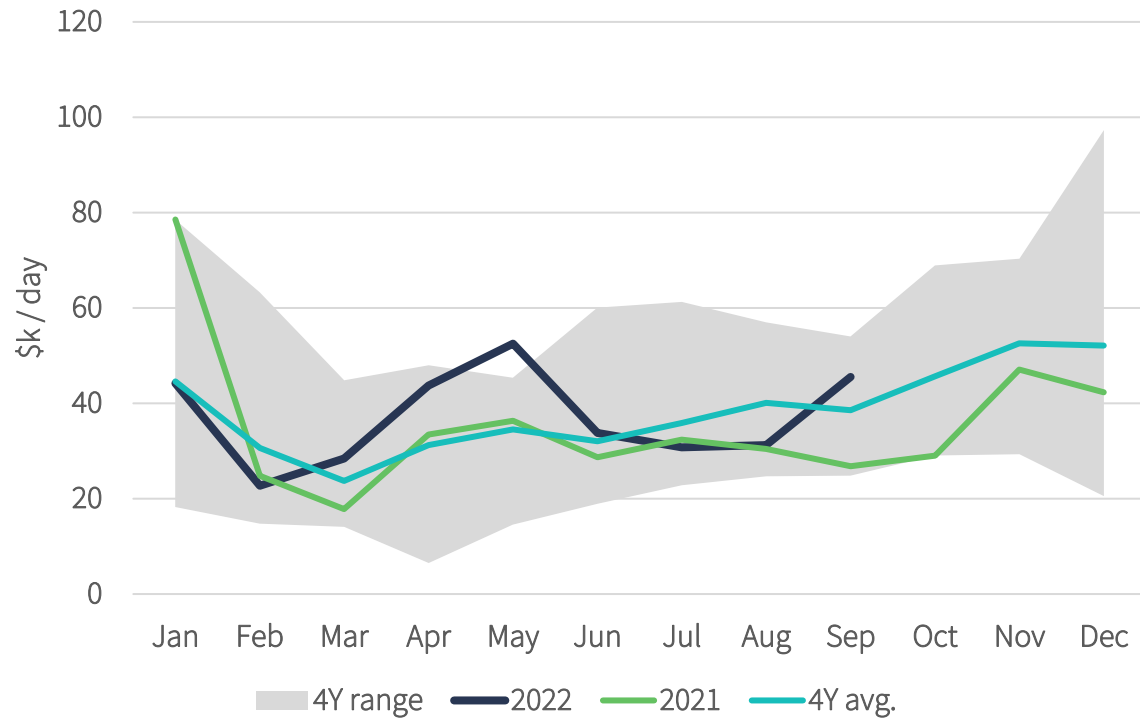


Source: Kpler
*Run-rate numbers for 2022

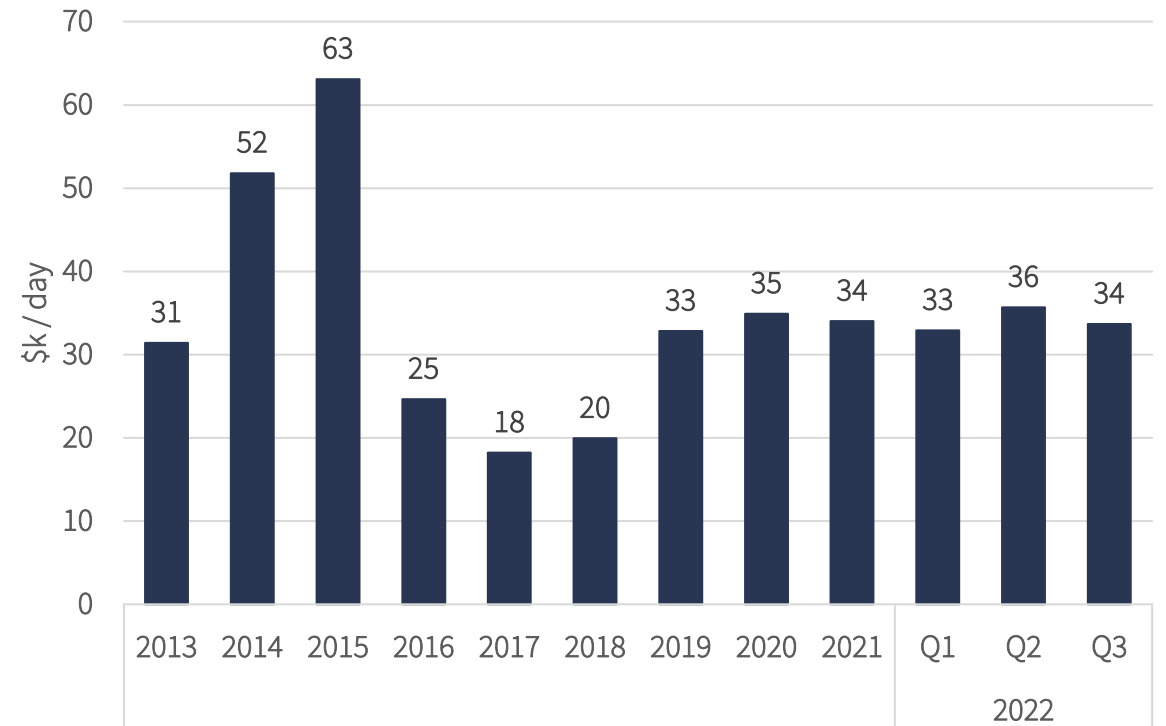
SPOT EARNINGS PICKING UP IN SEPTEMBER



HOUSTON-CHIBA SPOT EARNINGS

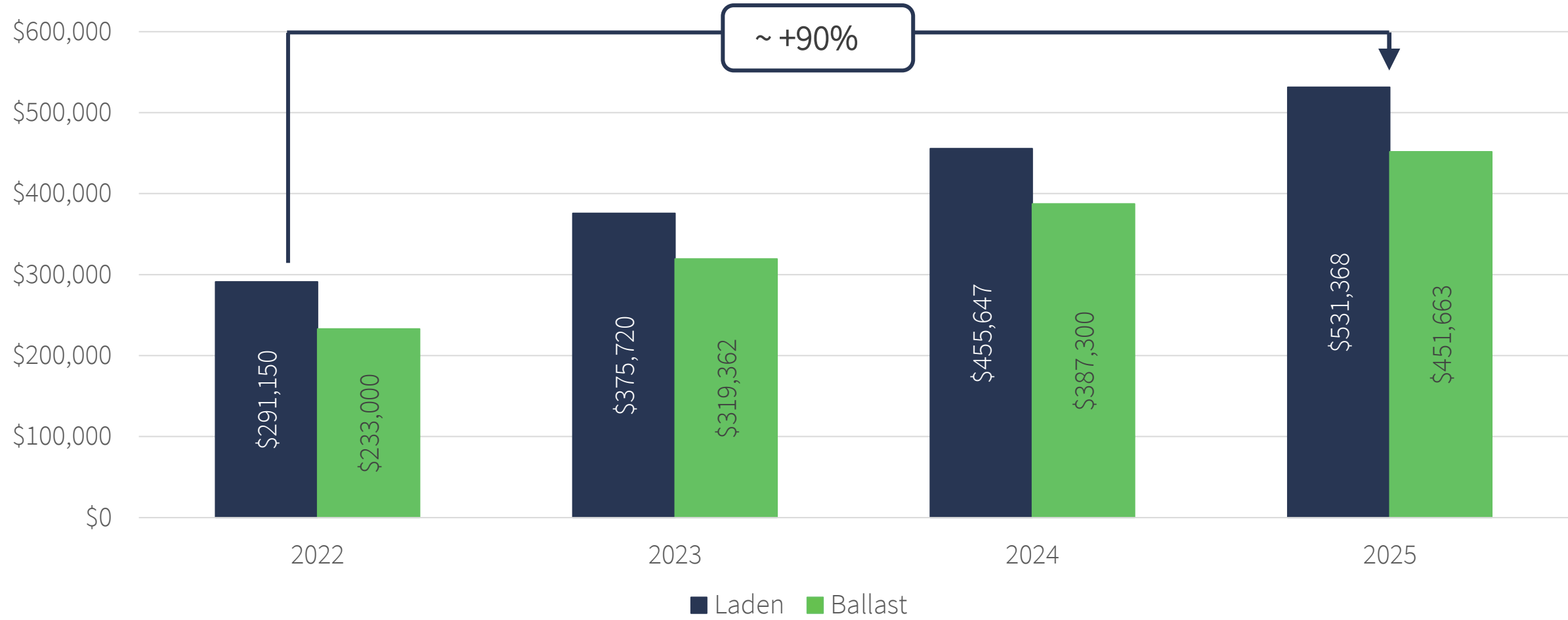


VLGC 1-YEAR TIME CHARTER RATE



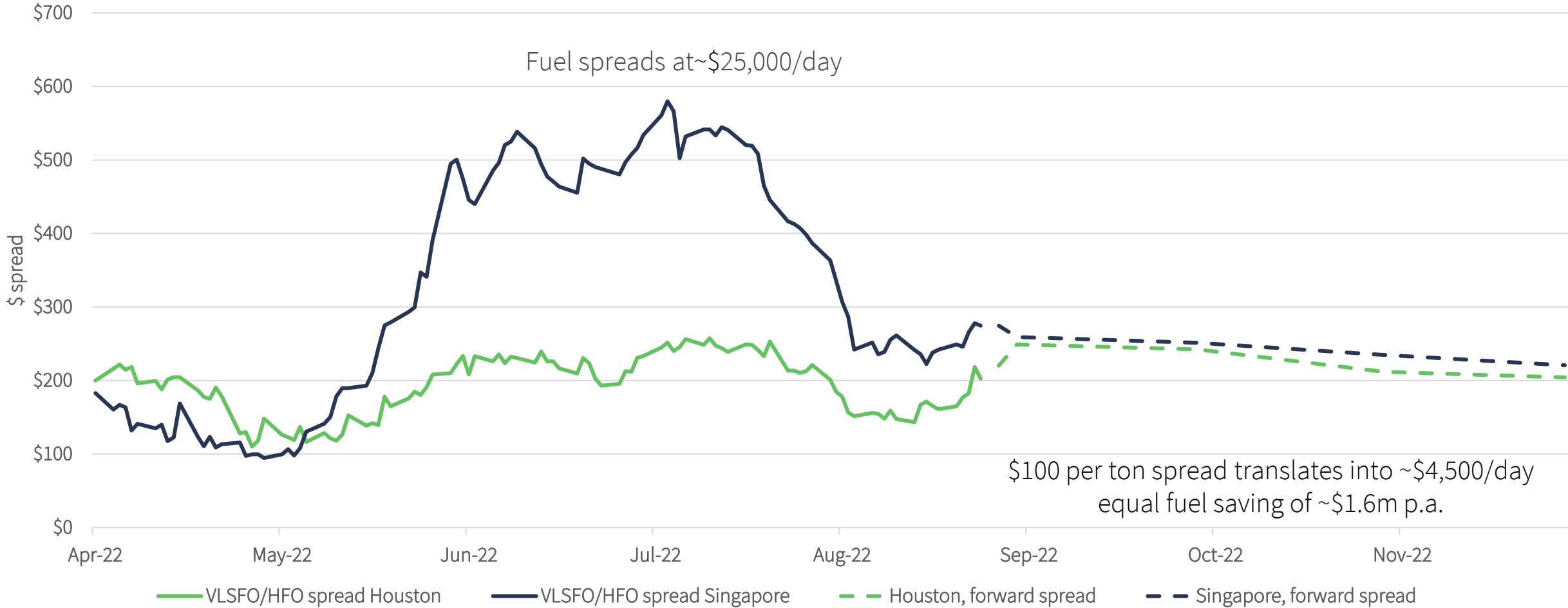
Source: Company and Clarksons SIN

HIGHER PANAMA TOLLS WILL INCREASE SAILING DISTANCES



Source: Panama Canal Authorities / WSS

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

INVESTMENT HIGHLIGHTS



2008/9 VLGCs on TC



Iris Glory



Venus Glory



Promise

Sold two 2008 VLGCs in H1-22 with book profit of \$10.5m

2015 VLGCs in spot



Pampero



Chinook



Breeze



Passat



Sirocco



Levant



Moonson



Mistral

Scrubber fitted

New LPG DF VLGCs



Polaris



Capella



Rigel



Avior



Castor



Pollux

Newbuildings for delivery 2023/4

Fully financed fleet

- Cash balance of \$199m at end of H1-22
- Committed newbuilding finance of \$250m to cover remaining capex of \$248m

Attractive yield

- EPS of \$0.56 and DPS of \$0.40 in H1-22 i.e., pay-out ratio of 71%
- Annualized yield of 16%

Low sector pricing

- Sector P/NAV of 0.67x despite firm secondhand and newbuilding prices coupled with attractive long-term fundamentals



Avance Gas

Thank you!

Q&A and
Appendix



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.

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




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