



**EPIC GAS**  
DELIVERY UNDER PRESSURE



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# **Epic Gas**

## **Q1 2020**

### **Earnings Presentation**

13 May 2020



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# Q1 2020 Highlights

## Increased Revenue and Improved Operational Performance



	Q1 2020	Q1 2019	Q120 vs Q119 %	Q4 2019	Q120 vs Q419 %
Revenue	<b>\$48.0m</b>	\$39.7m	+20.9%	\$43.1m	+11.3%
Calendar Days	<b>4,003</b>	3,496	+14.5%	4,026	-0.6%
TCE/Calendar Day	<b>\$10,246</b>	\$9,718	+5.4%	\$9,388	+9.1%
Fleet operational utilisation	<b>92.9%</b>	93.8%	-1.0%	90.5%	+2.7%
Tonnes loaded	<b>930,630</b>	760,115	+22.4%	707,229	+31.6%
Total capacity	<b>320,900 cbm</b>	267,400 cbm	+20.0%	320,900 cbm	0%
Average vessel size	<b>7,293 cbm</b>	6,856 cbm	+6.4%	7,293 cbm	0%
Average vessel age	<b>9.4 years</b>	8.9 years		8.4 years	
Cargo operations	<b>673</b>	640	+5.2%	647	+4.0%
Different ports visited	<b>156</b>	103	+51.5%	138	+13.0%
Total Opex per cal/day	<b>\$4,442</b>	\$4,400	+0.9%	\$4,407	+0.8%
Total G&A per cal/day	<b>\$1,076</b>	\$1,190	-9.6%	\$1,158	-7.1%
EBITDA	<b>\$14.9m</b>	\$10.9m	+36.7%	\$10.9m	+36.7%

- 21% Year on Year Revenue growth.
- 37% Year on Year EBITDA growth.
- Net profit of \$2.3 million
- 47% covered for balance 2020, at an average daily Time Charter Equivalent rate of \$10,619, up 6% year on year.
- Covid-19 and OPEC disagreement are disrupting our business operationally, both to the negative and positive, demand for residential LPG remains strong.

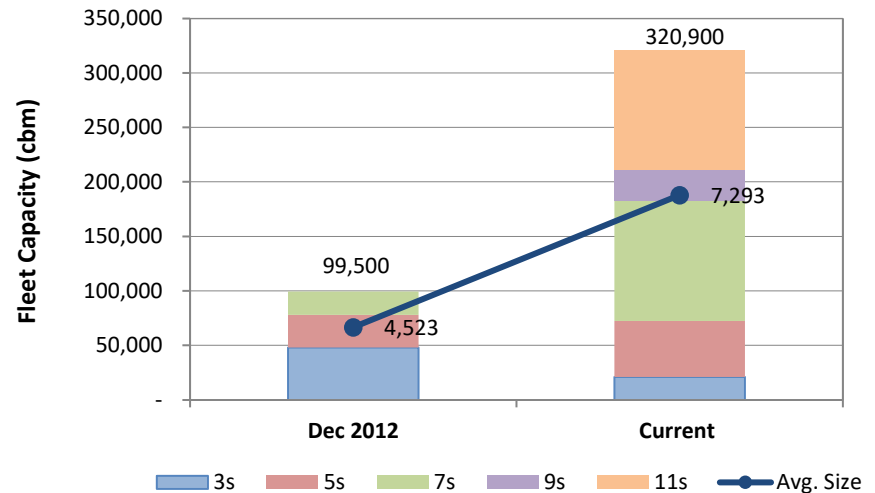
# Epic Gas at a glance



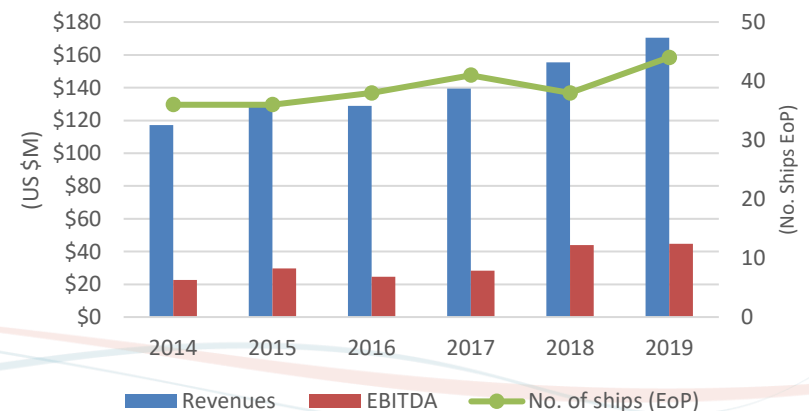
## Strong Operating Model

- Epic Gas Ltd., owns and operates a fleet of 44 modern, pressurised gas carriers providing seaborne services for the transportation of liquefied petroleum gas (LPG) and petrochemicals.
- Our vessels serve as a crucial link in the international gas supply chains of leading oil majors and commodity trading houses throughout Southeast Asia, Europe, West Africa and the Americas.
- We are headquartered in Singapore with additional offices in London, Manila and Tokyo.
- Epic Gas has the scale, fleet and operational resources to serve our customers on a truly global basis. We will continue to leverage our in-house commercial and technical expertise to provide the safest, most dependable solutions for our customers.

## Focused on the largest pressure vessels



## Steady Revenue & EBITDA Growth

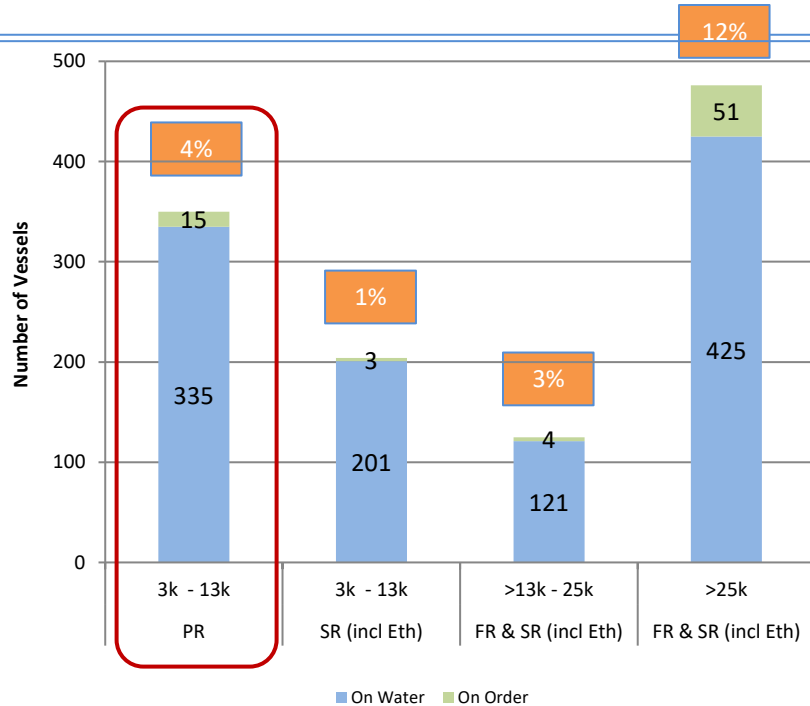


# Low Newbuild Vessel Supply



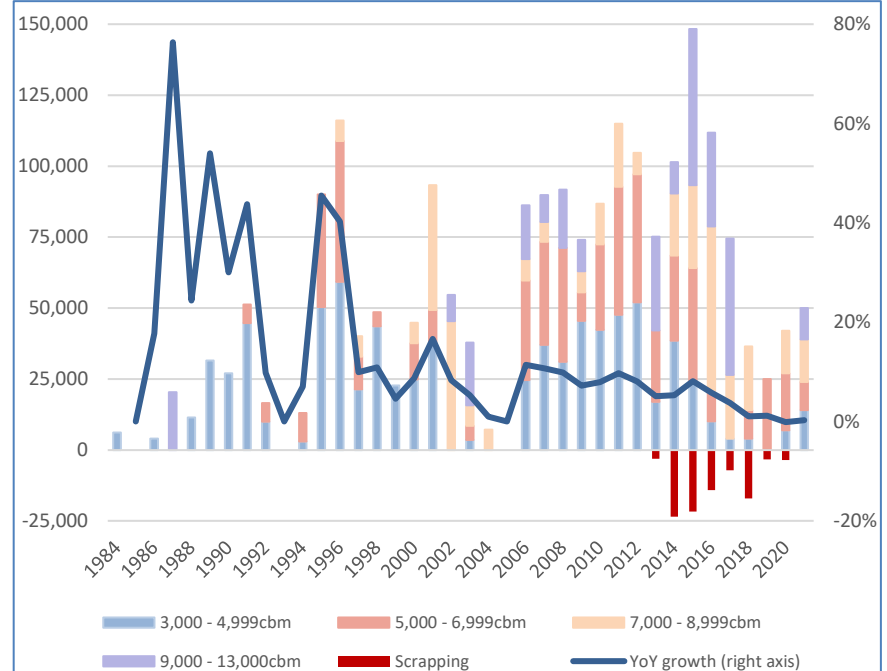
## Smaller LPG Vessels Order Book Remains Low

Source: Clarksons Register, Company Data



## Pressure Vessel Global Fleet Development

Source: Clarksons Register, Company Data



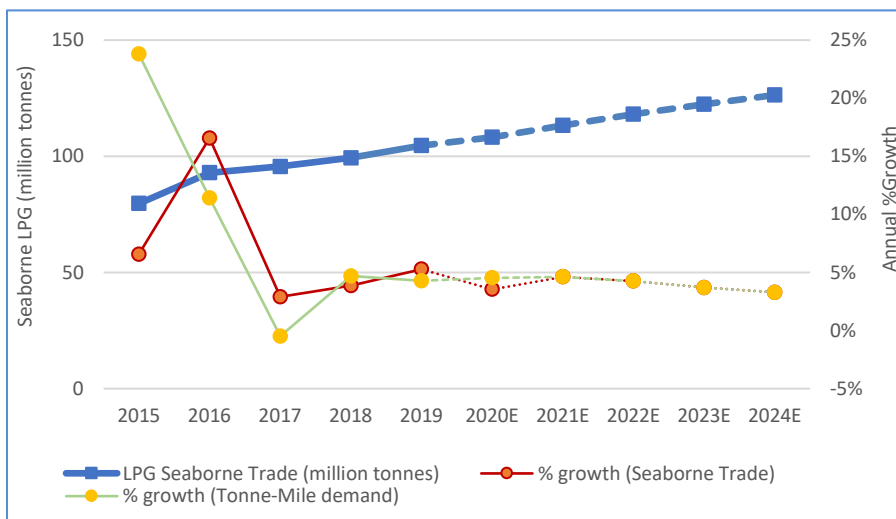
- 2 x 5,000cbm pressure vessels and 1 x 9,100cbm semi-ref vessel (non-Eth) delivered in Q1 2020.
- 1 x 3,500cbm 31-year old pressure vessel, and 2 x small sized semi-ref vessels (non-Eth) scrapped in Q1 2020.
- 6/9 newbuild **pressure** vessels to be delivered in 2020/2021 representing a 2.2%/2.8% increase in existing fleet capacity.
- 1 x newbuild small-sized **semi-ref** (non-Eth) vessel to be delivered in 2020 representing a 1.7% increase in existing fleet capacity.
- A scrapping pool of 22 pressure and 12 semi-ref (non-Eth) vessels aged 28 years and over.

# LPG Demand



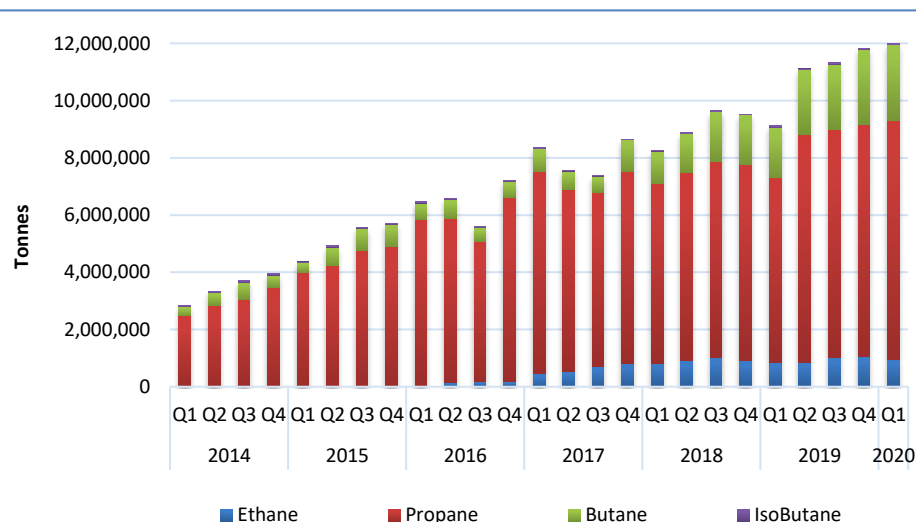
Global LPG Seaborne Trade in 2019 = 104.5 M Tonnes  
2020 Demand Growth Forecast lowered (5.7% to 3.5%)

(Source: Drewry)



Q1'20 US Total LPG Exports 1% qoq, 31% yoy  
Butane 2% qoq, 53% yoy

(Source: IHS Markit – Apr'20)



Asia's Big Importers Aggregate -6% qoq  
Q1 2020: Japan & S. Korea Increased USA cargoes

	LPG Imports (tonnes)				(Source: Kpler)	
	2019				2020	
	Q1	Q2	Q3	Q4	Q1	% qoq
China	4,592,644	5,056,974	5,286,255	5,084,455	3,854,228	-24%
India	3,793,225	3,450,655	3,980,258	4,133,612	4,102,066	-1%
Japan	2,841,965	2,658,951	2,529,515	2,537,641	2,995,305	18%
S. Korea	1,763,722	1,744,303	2,438,157	2,114,099	2,154,091	2%
	12,991,556	12,910,883	14,234,185	13,869,807	13,105,690	-6%

Larger Volume Import Demand:

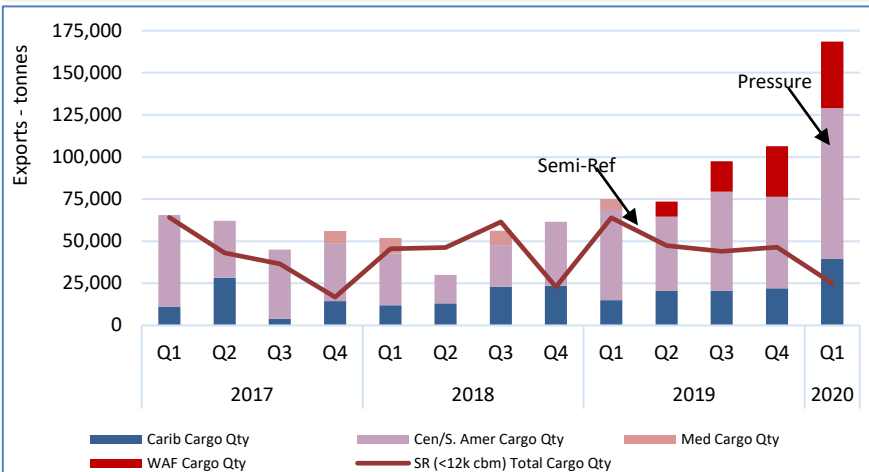
- Imports to larger ports and plants including industrial and petrochemical.
- Volatile few months; China & India remain key drivers.
- China's PDH plants and other petrochemical units are re-starting, but derivatives production is part dependent on global economic recovery and demand.
- India's domestic LPG demand spike and lower refinery runs spurs imports in the short term (Q2).

# Strong US LPG exports, Steady domestic LPG demand, but declining Petchems



## US Pressure and small sized Semi-Ref (SR) Exports 58% qoq on Pressure vessels, -46% qoq on SR vessels

(Source: IHS Markit)



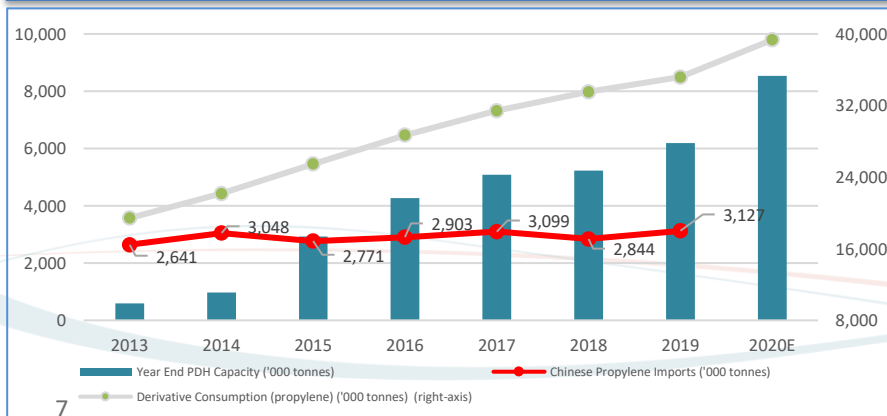
## Growing domestic demand drives import Growth

(Source: FGE – Jan'20)

Country	Pop. 2019 (Mill)	Per Capita GDP (USD)	Res LPG Demand (kt)	Per Capita LPG Cons (kg)	LPG Imports 2018 ('000t)	LPG Imports 2019 ('000t)	LPG Imports est. 2020 ('000t)
Pakistan	221	\$1,070	604	3	256	317	320
South Africa	59	\$5,932	203	3	300	400	500
Bangladesh	165	\$2,109	650	4	850	950	1,000
Philippines	110	\$3,486	1,305	12	1,300	1,400	1,700
Sri Lanka	21	\$4,386	376	18	480	500	540
Brazil	213	\$8,873	5,280	25	2,400	2,700	2,700
Indonesia	274	\$4,380	7,077	26	5,600	5,700	6,000
Morocco	37	\$3,366	2,260	61	2,400	2,600	2,600

## China Propylene Imports -6% qoq as Covid-19 lockdowns impact petrochemical derivatives demand

(Source: Argus, China Customs Data)

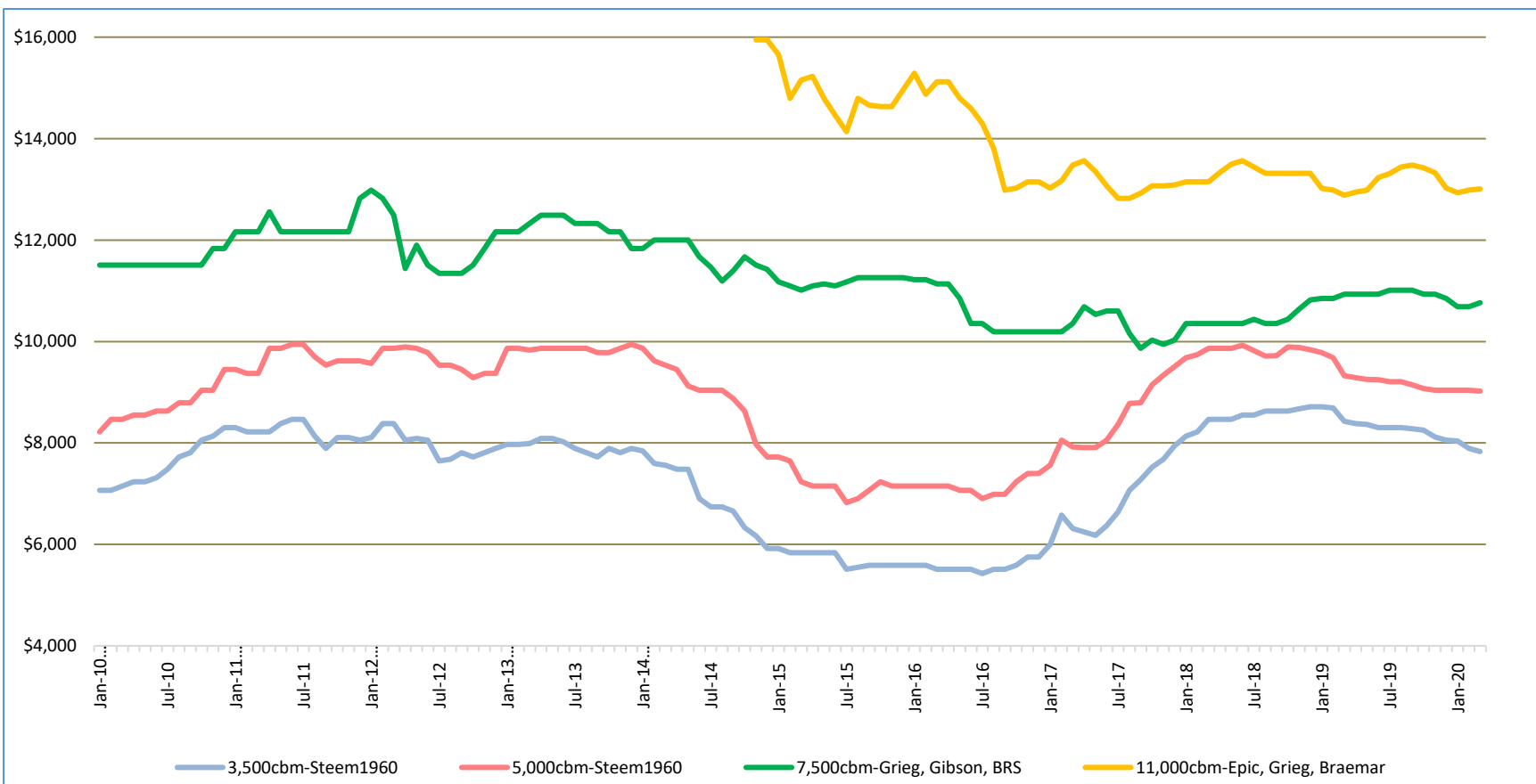


### China imports (tonnes)

	2019				2020		
	Q1	Q2	Q3	Q4	Q1	% qoq	% yoy
Propylene	775,296	801,672	744,248	805,975	476,738	-41%	-39%
Ethylene	719,511	674,299	602,119	513,827	466,227	-9%	-35%
VCM	178,909	267,969	251,297	287,919	185,113	-36%	3%
Butadiene	91,805	66,540	34,862	97,147	103,267	6%	12%

# Longer Term Market History

## 12 Month Time Charter Market (USD/day)



### **Q1 2020 – weaker rates compared to the previous quarter, approx. down by 2%**

- 3,500cbm, 5,000cbm, 7,500cbm & 11,000cbm market daily rates averaged \$7,919, \$9,034, \$10,712 and \$12,977, respectively.
- Average rates down 8% for 3,500cbm, down 6% for 5,000cbm, down 1-2% for 7,500cbm, and level for 11,000cbm, compared to Q1'19.

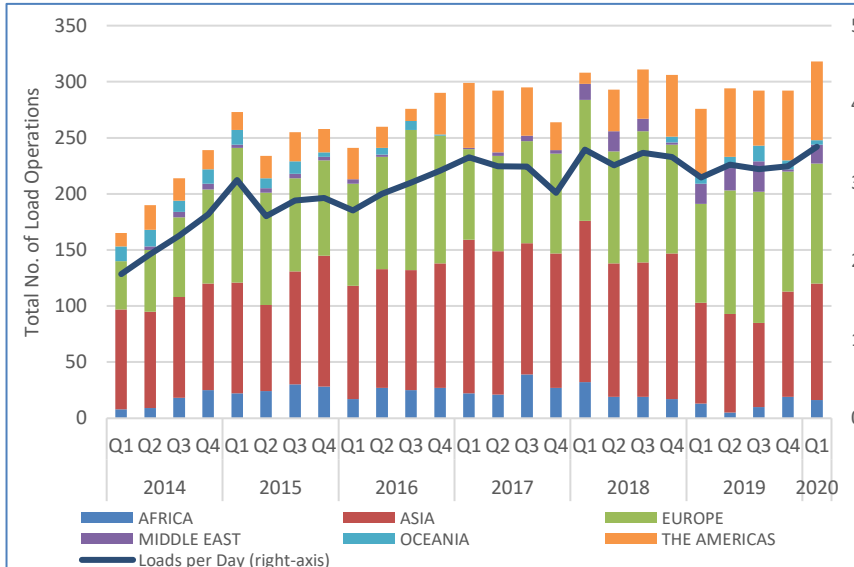


# Geographical and Commodity Diversity

## Provides optionality and earnings stability



### Diversified Geographical Trade Route Options Higher in the Americas, Middle East and Asia



### Diversified Geographical Location of Fleet (as of 01 May 2020)

Vessels by Segment	Americas	EMEA	Asia	Total Fleet
3,300 – 4,100cbm	2	1	3	6
5,000 – 6,300cbm	1	4	5	10
7,000 – 7,500cbm	1	13	1	15
9,500cbm	-	3	-	3
11,000cbm	2	6	2	10
<b>Total</b>	<b>6</b>	<b>27</b>	<b>11</b>	<b>44</b>
Fleet Capacity (cbm)				320,900
Avg. Vessel Size (cbm)				7,293

### Benefits of Commodity & Geography

- ✓ Optionality on choice, Diversified earnings, Risk mitigation
- ✓ Maximising seasonal demand and weather impact
- ✓ Ability to flex between LPG and Petchem markets
- ✓ Developing new customers, niche markets, and routes
- ✓ Maximising operational efficiencies.

### Cargo Operations Summary, Q1 2020

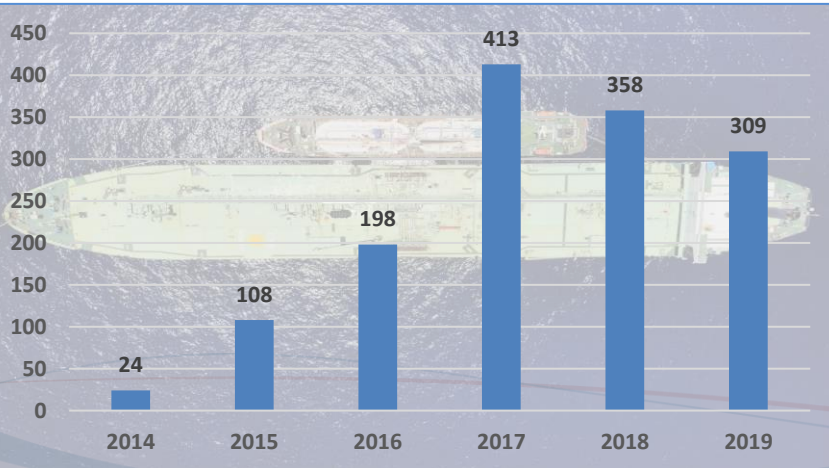
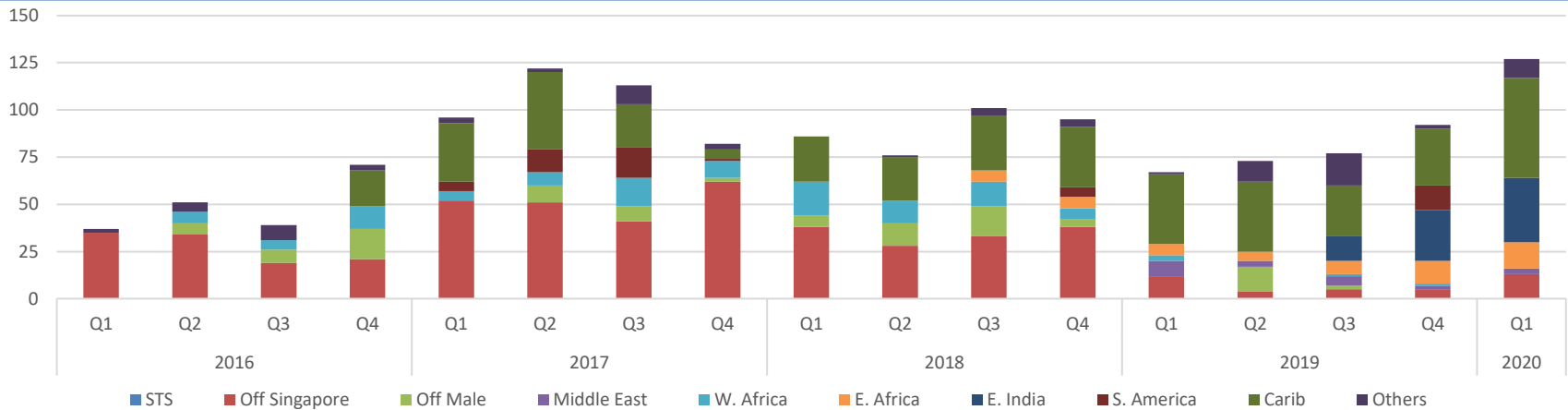
- ✓ Loaded 930,630 tonnes
- ✓ 318 load operations
- ✓ 3.5 loads ops every day
- ✓ 673 cargo operations
- ✓ 156 different ports
- ✓ LPG (79%) 735,193 mt, Petchems (21%) 195,437 mt

# LPG break bulk trade

An Integral Part of the Global Seaborne LPG Supply Chain for all vessel sizes



Epic Gas Ship to Ship (STS) Operations by Region  
qoq - higher off East Coast India, Singapore, Caribbean



- ✓ 127 STS operations in Q1'20.
- ✓ Increased operations off the East Coast of India, Singapore, and in the Caribbean.
- ✓ Typically to allow access over last tonne-mile delivery, shallow waters, restricted berths.
- ✓ Complementary to LPG supply chain and delivery by VLGCs.
- ✓ Increasing demand for VLGC leading to reduced availability and increasing tonne / mile demand for smaller vessels on some routes.

# Key financials:

## Operating Metrics

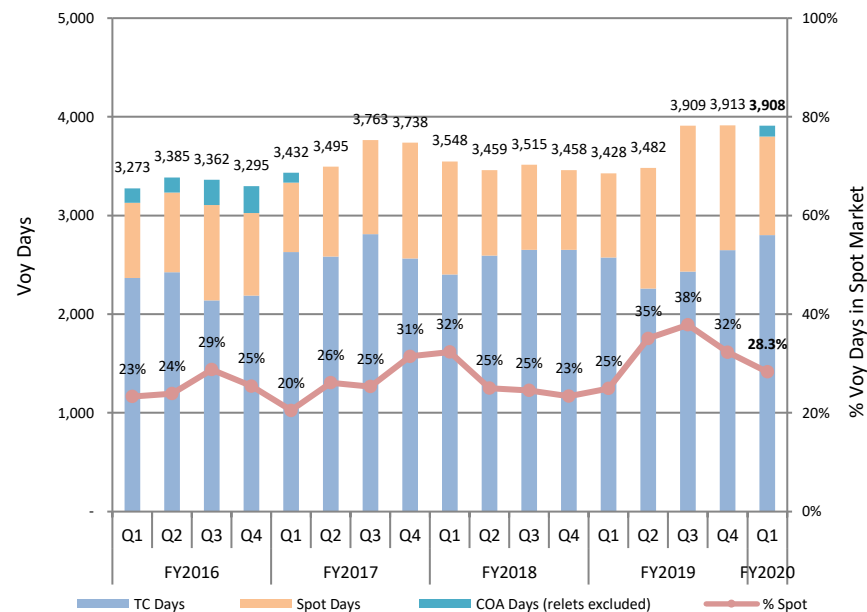


### Operating Metrics

	Q1 2020	Q1 2019
Average number of vessels in period (1)	44.0	38.8
Number of vessels as of period end	44	39
Fleet capacity at period end (cbm)	320,900	267,400
Gas fleet average size as of period end	7,293	6,856
Fleet calendar days	4,003	3,496
Time charter days	2,802	2,573
Spot market days	998	855
COA days (relets excluded)	108	
Voyage days (2)	3,908	3,428
Fleet utilisation (3)	97.6%	98.1%
Fleet operational utilisation (4)	92.9%	93.8%
Time charter equivalent earnings		
Per Calendar Day	\$10,246	\$9,718
Per Voyage Day	\$10,494	\$9,911
Operating expenses per Calendar Day (5)	\$4,442	\$4,400

- 1) The number of days each vessel was a part of our fleet during the period divided by the number of calendar days.
- 2) Calendar days net of off-hire days associated with major repairs, dry dockings or special or intermediate surveys.
- 3) Calculated by dividing voyage days by fleet calendar days.
- 4) Calculated by dividing voyage days, after deducting commercially idle days, by fleet calendar days.
- 5) TC-in vessels excluded

### Voyage Days



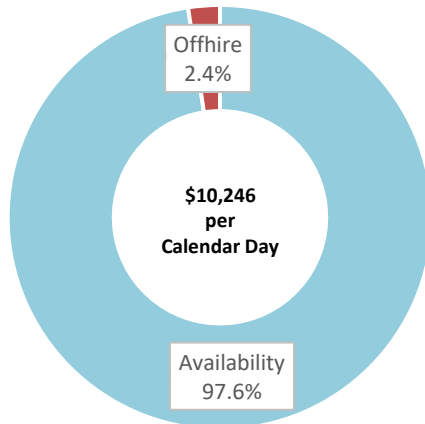
### Highlights

- Epic Gas has a loyal, consistent client base and focuses on meeting customer needs, with flexibility between time charter, voyage charter, contract of affreightment ('COA') and spot contracts
- Maintenance is conducted as efficiently as possible, with minimal idle days – however the impact of Covid-19 started to create some incremental costs and time in delivery of spares and dry docking towards the end of the period.

# Fleet Performance – Days & Earnings

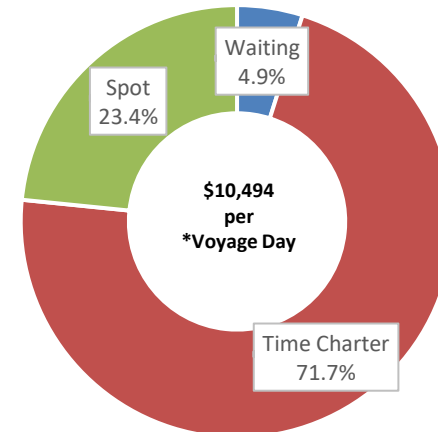


## Calendar Days

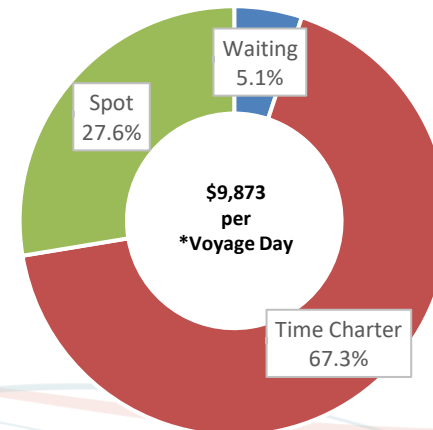
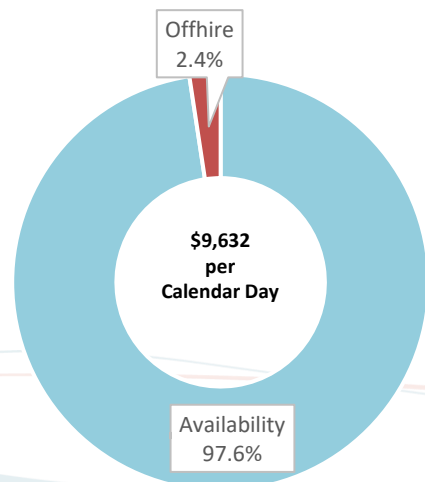


Q1 2020

## \*Voyage Days



FYE 2019



\*Calendar days net of off-hire days associated with major repairs, dry dockings or special or intermediate surveys.

# Key financials:

## Income Statement and Cash Flow Q1 2020

### INCOME STATEMENT (UNAUDITED)

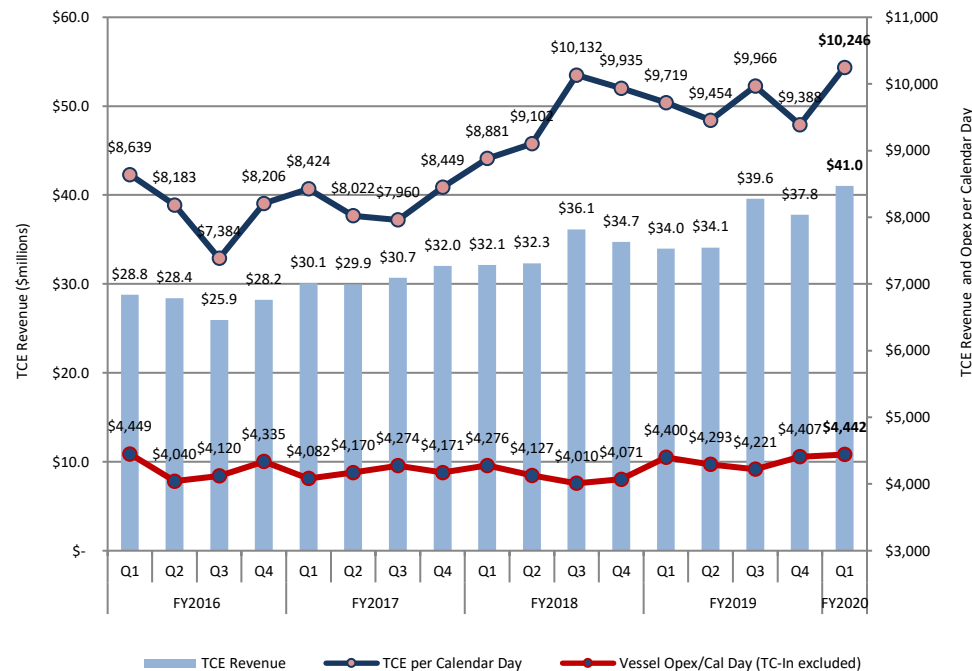
	Three Month Period Ended March 31,	
All amounts in \$ millions	2020	2019
Charter Revenue	47.8	39.5
Voyage Expenses	(6.8)	(5.5)
<b>TCE Income</b>	<b>41.0</b>	<b>34.0</b>
Management Revenue	0.2	0.2
Other Income/(expenses)	0.5	0.9
Address commissions	(1.0)	(0.7)
Charter-in costs	(4.5)	(4.2)
Vessel operating expenses	(17.0)	(15.0)
General and administrative expenses	(4.3)	(4.2)
<b>EBITDA</b>	<b>14.9</b>	<b>10.9</b>
Depreciation and amortisation	(8.3)	(7.2)
Impairment loss, Gain/(loss) on sale of vessels	0.0	0.0
Provision for bad debt & claims	(0.1)	0.0
<b>Operating Profit/(loss) (EBIT)</b>	<b>6.5</b>	<b>3.7</b>
Derivative P&L	0.0	0.0
Interest and finance costs	(4.1)	(4.0)
Foreign exchange gain/(loss)	(0.1)	0.0
<b>Finance Expense – Net</b>	<b>(4.2)</b>	<b>(4.0)</b>
<b>Profit/(loss) before income tax</b>	<b>2.3</b>	<b>(0.3)</b>
Income tax expense	(0.0)	(0.0)
<b>Net Profit/(Loss) after tax</b>	<b>2.3</b>	<b>(0.3)</b>
Other Comprehensive Income/(Loss)	(6.9)	(1.2)
<b>Total Comprehensive Income/(Loss)</b>	<b>(4.6)</b>	<b>(1.5)</b>

### STATEMENT OF CASH FLOWS (UNAUDITED)

	Three Month Period Ended March 31,	
All amounts in \$ millions	2020	2019
Cash from operating activities	11.0	4.3
Cash from investing activities	(0.0)	(1.2)
Cash from financing activities	(8.5)	(8.2)
<b>Net Increase in cash and cash equivalents</b>	<b>2.5</b>	<b>(5.1)</b>
Cash and cash equivalents at the beginning of the year	41.4	16.7
<b>Cash and cash equivalents at the end of the period</b>	<b>43.9</b>	<b>11.6</b>



### Time Charter Equivalent (“TCE”) Revenue and Opex



### Highlights

- 21% Year on Year Revenue growth.
- 37% Year on Year EBITDA growth.
- Net profit of \$2.3 million for the quarter.

# Key financials

## Balance Sheet 31 March 2020



### BALANCE SHEET (UNAUDITED)

All amounts in \$ millions	As of 31 Mar 2020	As of 31 Dec 2019
<b>ASSETS</b>		
Cash and cash equivalents	43.9	41.4
Trade and other receivables	17.0	18.3
Inventories	1.3	4.9
Derivative financial instruments	0.0	0.0
Current assets	62.2	64.5
Trade and other receivables – Non-current	0.2	0.2
Restricted cash deposits	8.4	8.4
Property, plant and equipment	598.1	606.3
Leased Assets	22.7	26.4
Derivative financial instruments	0.0	0.1
Deferred tax assets	0.1	0.1
Non-current assets	629.4	641.5
<b>TOTAL ASSETS</b>	<b>691.7</b>	<b>706.1</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Trade and Other Payables	17.1	23.5
Deferred income	11.5	10.4
Current income tax liabilities	0.2	0.2
Derivative liabilities	0.0	0.0
Capital lease liabilities	2.6	2.6
Borrowings	30.8	30.8
Lease liabilities	12.3	12.4
Current liabilities	74.6	79.9
Derivative financial instruments	7.0	0.3
Deferred income tax liabilities	0.1	0.1
Capital lease liabilities	9.5	10.2
Borrowings	299.3	306.9
Lease liabilities	10.4	13.4
Non-current liabilities	326.4	330.9
Total Liabilities	401.0	410.8
Share capital	399.9	399.9
Share option reserves	4.7	4.7
Accumulated losses	(106.7)	(109.0)
Accumulated other comprehensive income/(loss)	(7.2)	(0.3)
Total Equity	290.7	295.2
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>691.7</b>	<b>706.1</b>

### Conservative accounting

Book value of vessels of \$597 million, below latest broker FMV estimates

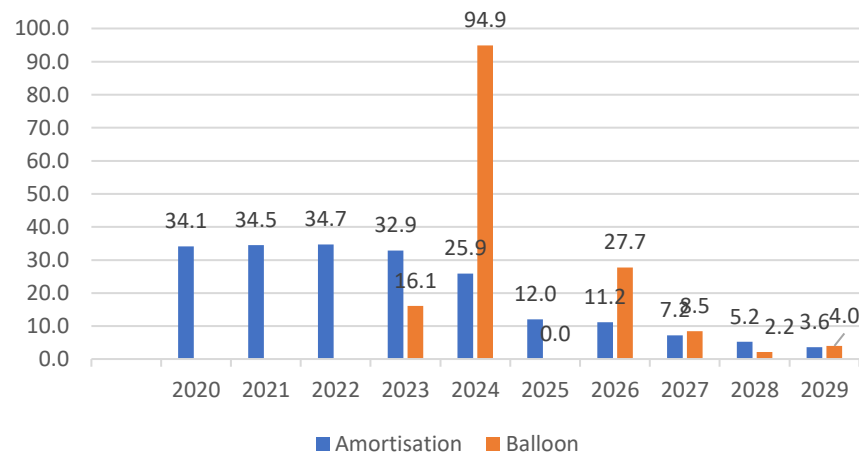
### Strong Cash position

\$52.3 million

### Loan profile:

Bank debt and Finance leases: \$342.3 million (Net leverage of 49%)

No loan expiry until 2023



# Summary and Outlook



## Q1 2020 Summary

- ✓ Increasing revenues, and forward TCE cover rate.
- ✓ Improved operational performance.
- ✓ Stable long-term financing.
- ✓ Increased average fleet size from a year ago.
- ✓ Young fleet, reduced emissions.

## Outlook

- ✓ Covid-19 and OPEC disagreement are disrupting our business operationally, both to the negative and positive, demand for residential LPG remains strong.
- ✓ Global economic contraction/recovery will impact petrochemical derivative demand.
- ✓ Limited order book for the sector – 18 pressurised vessels, which includes a recent order for 3+2 x 5,000cbm LPG dual fuel ships ex CIMC-SOE China, and 3 semi-ref (including 2 ethylene carriers).
- ✓ Ongoing & potential scrapping in both pressurised and semi-ref.
- ✓ IMO 2020 complete, turning to IMO 2030 and IMO 2050.

# The Epic Gas Fleet (as of 01<sup>st</sup> May 2020)



Vessel: 11,000 cbm	cbm	Delivery	Yard
Kahyasi	11,000	2015	Sasaki
Kris Kin	11,000	2015	Sasaki
Epic Sicily	11,000	2015	Sasaki
Kisber	11,000	2015	Kyokuyo
Kingcraft	11,000	2015	Kyokuyo
Epic Samos	11,000	2016	Kyokuyo
Epic Sentosa	11,000	2016	Kyokuyo
Epic Shikoku	11,000	2016	Kyokuyo
Epic Sardinia*	11,000	2017	Kyokuyo
Epic Salina	11,000	2017	Kyokuyo
<b>Sub Total 10 Vessels</b>	<b>110,000</b>	<b>cbm</b>	

Vessel: 9,500 cbm	cbm	Built	Yard
Epic Madeira	9,500	2006	Miura
Epic Manhattan	9,500	2007	Miura
Westminster**	9,500	2011	Miura
<b>Sub Total 3 Vessels</b>	<b>28,500</b>	<b>cbm</b>	

Vessel: 5,000-6,300 cbm	cbm	Built	Yard
Epic St. George	5,000	2007	Shitanoe
Epic St. Kitts	5,000	2008	Kanrei
Epic St. Martin	5,000	2008	Kanrei
Epic St. Lucia	5,000	2008	Sasaki
Epic St. Vincent	5,000	2008	Sasaki
Epic St. Croix	5,000	2014	Sasaki
Epic St. Thomas	5,000	2014	Sasaki
Epic St. Agnes	5,000	2015	Kitanihon
Epic St. Ivan	5,000	2015	Kitanihon
Epic Balta	6,300	2000	Higaki
<b>Sub Total 10 Vessels</b>	<b>51,300</b>	<b>cbm</b>	

Vessel: 7,200-7,500	cbm	Built	Yard
Epic Borkum	7,200	2000	Murakami Hide
Epic Barbados	7,200	2001	Murakami Hide
Epic Bermuda	7,200	2001	Murakami Hide
Epic Barnes	7,200	2002	Murakami Hide
Epic Bali	7,200	2010	Kyokuyo
Epic Borneo	7,200	2010	Kyokuyo
Epic Bell*	7,200	2014	Kyokuyo
Epic Bird*	7,200	2014	Kyokuyo
Epic Bolivar	7,500	2002	Shin Kurushima
Epic Burano	7,500	2002	Watanabe
Epic Boracay	7,500	2009	Murakami Hide
Emmanuel**	7,500	2011	Murakami Hide
Epic Borinquen	7,500	2016	Sasaki
Epic Bonaire	7,500	2016	Sasaki
Epic Baluan	7,500	2017	Sasaki
<b>Sub Total 15 Vessels</b>	<b>110,100</b>	<b>cbm</b>	

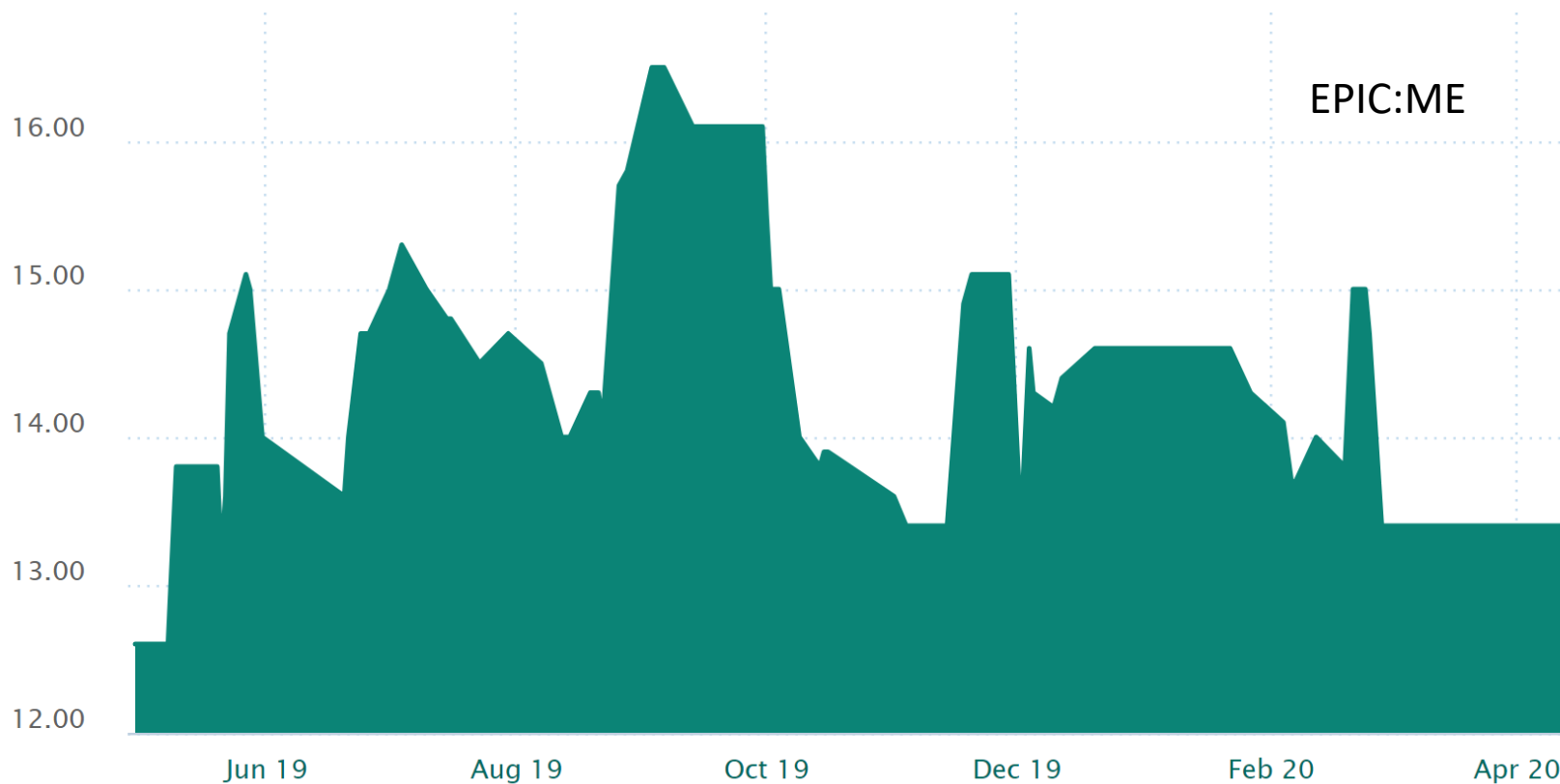
Vessel: 3,500 cbm	cbm	Built	Yard
Epic Catalina	3,500	2007	Kanrei
Epic Cobrador*	3,500	2009	Kanrei
Epic Cordova*	3,500	2009	Kanrei
Epic Corsica	3,500	2009	Kanrei
Epic Caledonia	3,500	2014	Kitanihon
Epic Curacao	3,500	2014	Kitanihon
<b>Sub Total 6 Vessels</b>	<b>21,000</b>	<b>cbm</b>	

\*Bareboat \*\*TC-in

**Overall Total of 44 Vessels, and 320,900 cbm**



# Key Information on Epic Gas' Shares



Source: OsloBors

Listing Market  
Market Cap  
Shares Outstanding / Float

Merkur Market  
(NOK) 1,428.7 M  
106.6M / 106.6M