



**EPIC GAS**  
DELIVERY UNDER PRESSURE



**Epic Gas**

**Q2 2018**

## **Earnings Presentation**

15 August 2018



# Disclaimer



This Presentation (hereinafter collectively referred to as the “Presentation”) has been produced by Epic Gas Ltd. (the “Company”, or “Epic”) for information purposes only.

This Presentation contains information obtained from third parties. As far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. To the best of the knowledge of the Company, the information contained in this Presentation is in all material respects in accordance with the facts as of the date hereof. However, no independent verifications have been made and no representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, none of the Company or any of its parent or subsidiary undertakings or any such person’s officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.

This Presentation contains certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, and similar expressions. The forward-looking statements contained in this Presentation, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of the Company or any of its parent or subsidiary undertakings or any such person’s officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in this Presentation or the actual occurrence of the forecasted developments. The Company assumes no obligation, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to our actual results.

## Second Quarter 2018 Highlights



**Revenue** of \$36.7 million, up 8% year over year

**Adjusted EBITDA** of \$9.7 million, up 52% year over year

**Net Loss** of \$2.3 million, improved by \$3.1 million or 58% year over year

**Time Charter Equivalent revenues** of \$9,124 per vessel calendar day, up 14% year over year

**Operating Expenses** of \$4,127 per vessel calendar day, down 1% year over year

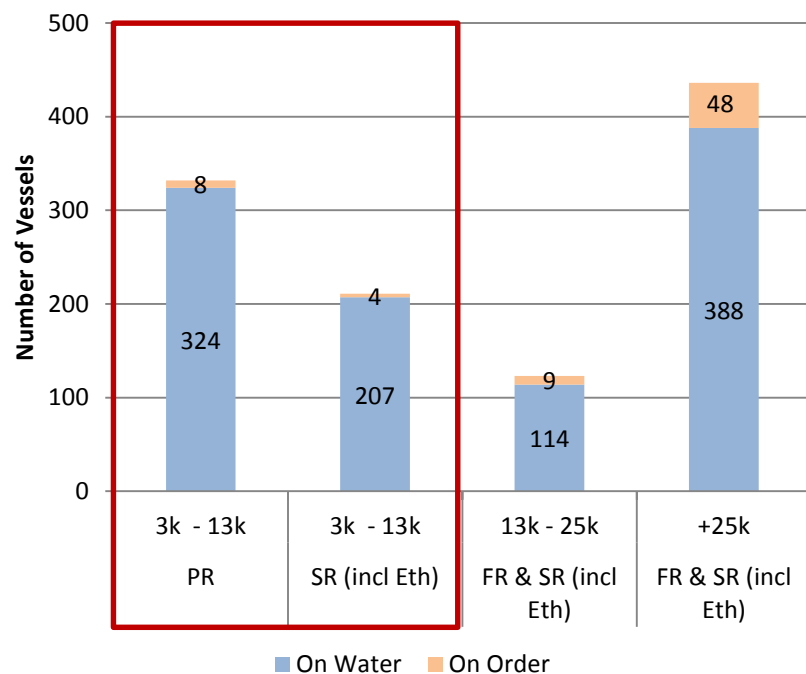
**Fleet:** as of 30 June 2018, 39 vessels on the water



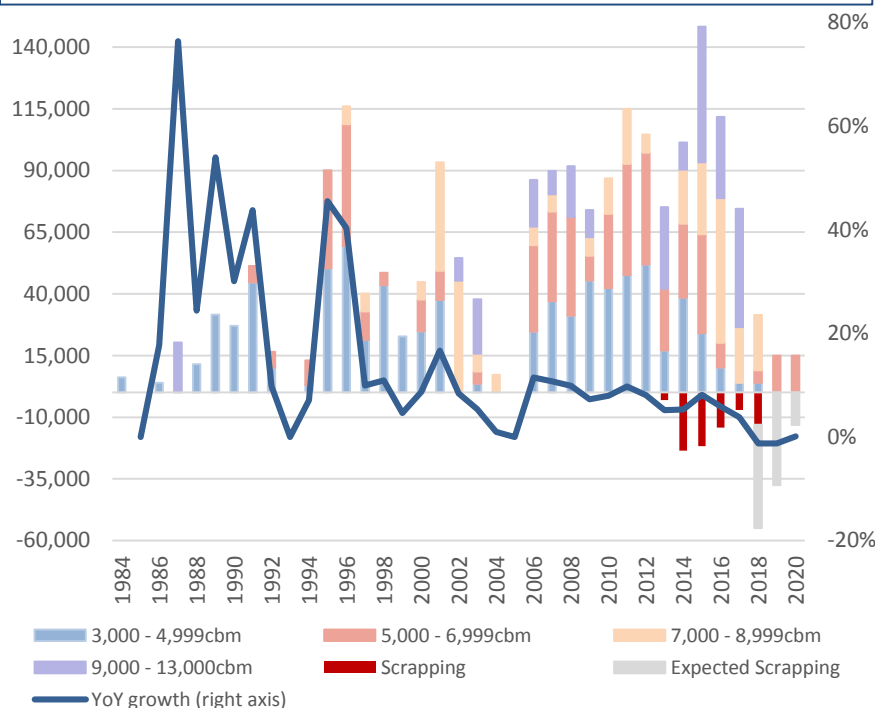
# Vessel Supply



Smaller LPG Vessels have Smallest Order Book  
(Chinese Fleet Excluded)



Pressure Vessel Global Fleet Development

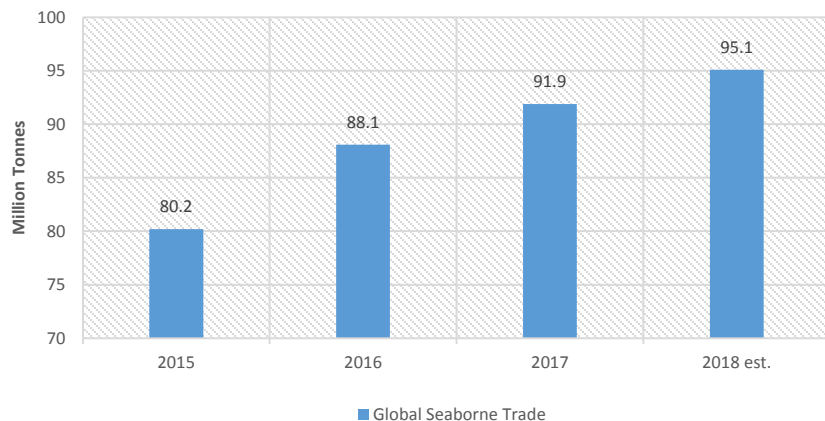


- 2/3/3 newbuild **pressure** vessels to be delivered in 2018/2019/2020 representing a 1.1%/0.9%/0.9% increase in existing fleet capacity.
- 4 newbuild small-sized **semi-ref** vessels to be delivered representing a 0.9%/0.9%/1% increase in 2018/2019/2020 in existing fleet capacity.
- 4 pressure and 10 small-sized semi-ref and Ethylene capable vessels average age 30.7 years scrapped so far in 2018
- A scrapping pool of 12 pressure and 21 semi-ref vessels aged 28 years and over.

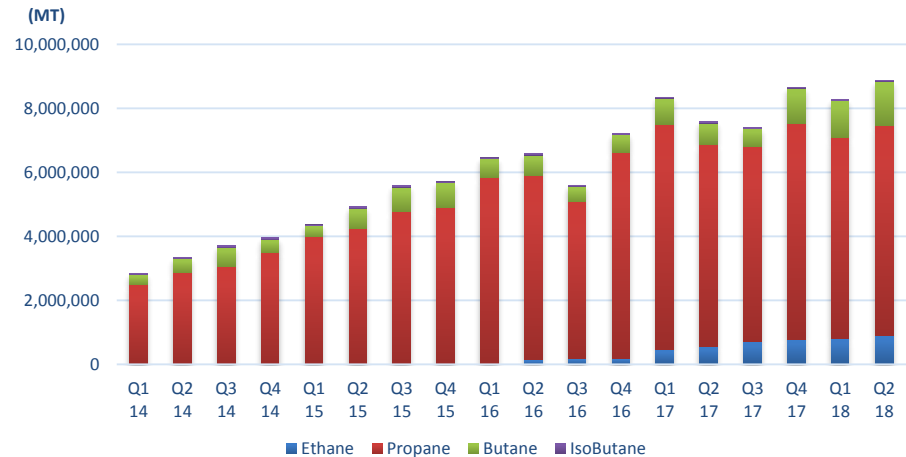
# Demand - Global Trade and Drivers



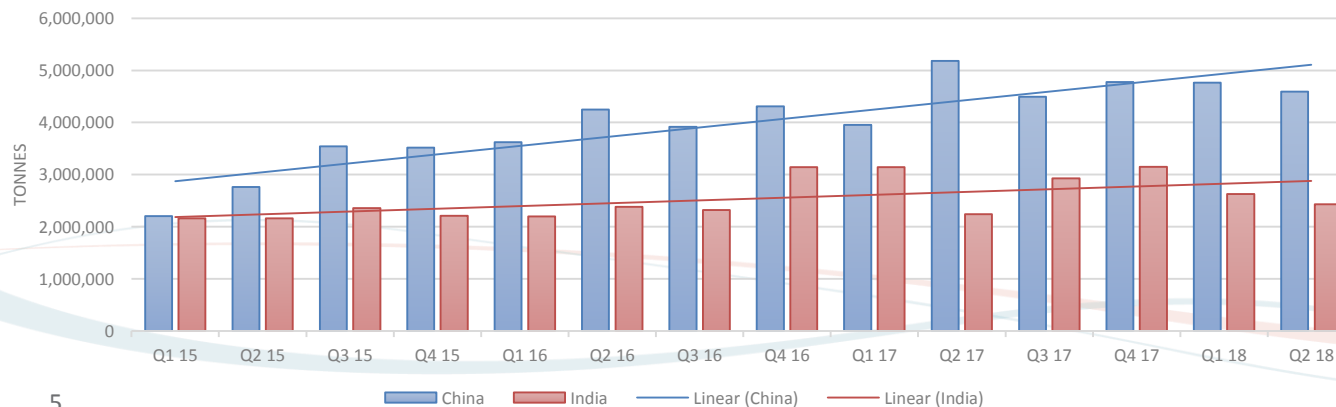
Global LPG seaborne  
2018: estimate +3.5% year on year growth



USA LPG exports Q2 2018 +17% year on year  
Propane, Butane, Ethane +4%, +108%, +63%



## India and China LPG Imports Key Demand Drivers



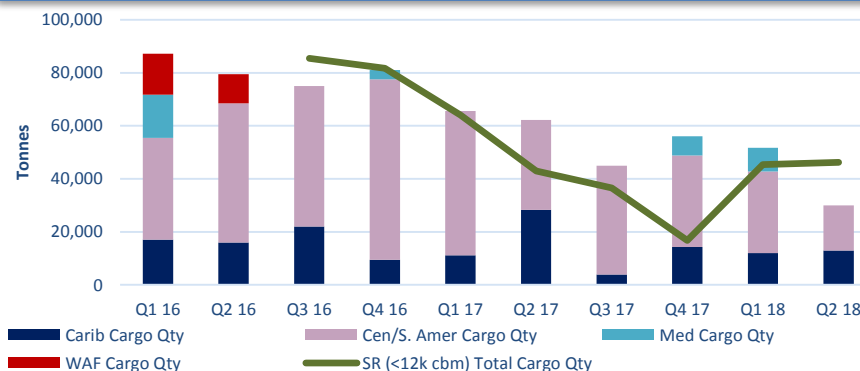
LPG Imports (Tonnes)	China	India
2015	12,031,000	8,889,502
2016	16,095,735	10,047,622
2017	18,400,550	11,463,000

# Demand - Regional Trade



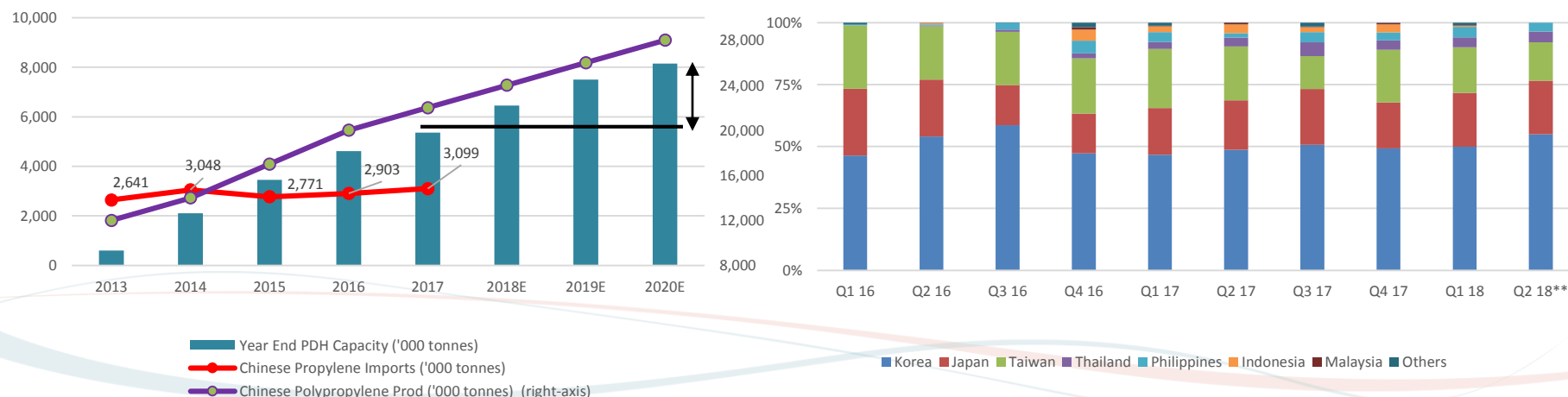
USA pressurised and small sized semi-ref. vessels LPG exports down 27% year on year

Growing demand drives import Growth



Million Tonnes	2016	2017	2020	2025
Indonesia	4.4	4.9	6.0	7.4
Philippines	1.0	1.1	1.2	1.3
Vietnam	1.2	1.3	1.7	2.1
West Africa	0.7	0.8	1.0	1.3
South Africa	0.3	0.3	0.5	0.7
East Med (excl Turkey, Egypt)	0.4	0.5	0.7	0.9

China Propylene Imports hold up as Polypropylene production drives Propylene demand and balances increased PDH capacity, with developing Imports from other Asian countries



Note: \*\*Q2 18 – China Customs ceased publishing export data in Q2'18. Hence Q2'18 data is based on export stats published by relevant countries.

# 12 Month Time Charter Market (US\$/day)

## Distinct Sector Rate Recovery



### Q2 2018 – ongoing distinct sector rate recovery

- 3,500cbm, 5,000cbm, 7,500cbm & 11,000cbm market daily rates averaged \$8,493, \$9,884, \$10,356 and \$13,464 respectively.
- Average rates up by 36% for 3,500cbm, 24% for 5,000cbm, down 2% for 7,500cbm and remained flat for 11,000cbm compared to Q2 2017.

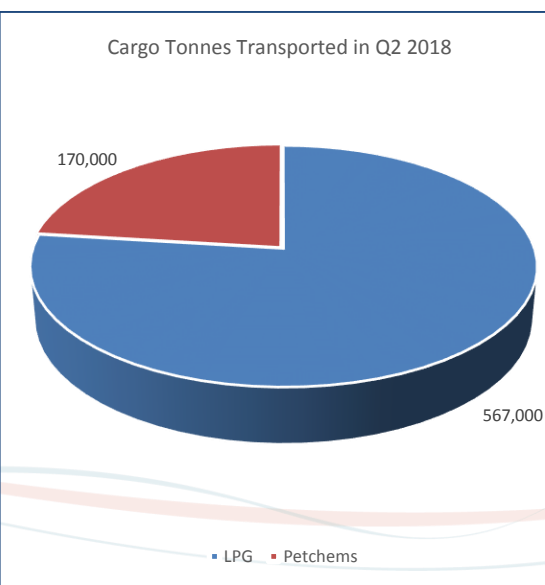
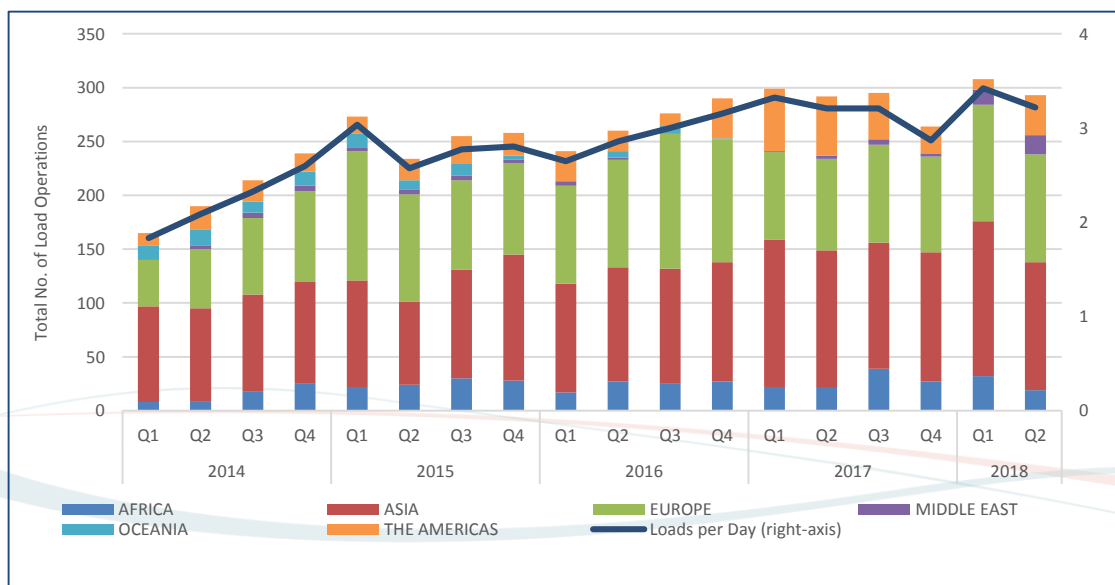
# Eplic Gas Operations - Global



Vessels by Segment	Americas	EMEA	Asia	Total Fleet
3,300 – 4,100cbm	2	1	4	7
5,000 – 6,300cbm	1	3	6	10
7,000 – 7,500cbm	1	10	3	14
9,500cbm	-	1	1	2
11,000cbm	-	4	2	6
Total	4	19	16	39
Fleet Capacity (cbm)				264,000
Average Size (cbm)				6,769

## Q2 2018:

- ✓ Loaded 737,000 tonnes
- ✓ 653 cargo operations
- ✓ 133 different ports
- ✓ 567,000 tonnes LPG (77%)
- ✓ 170,000 tonnes petchems (23%)
- ✓ 4 vessels operating in the Americas, 19 in the Europe/Middle East/Africa, 16 in Asia.

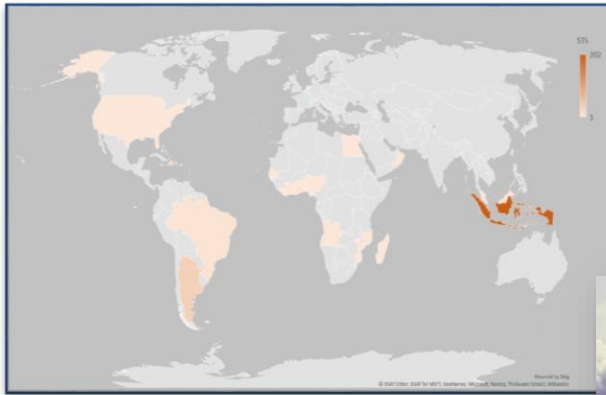




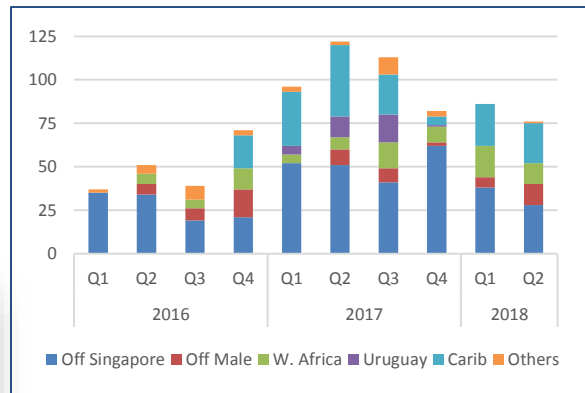
# Epic Gas Operations – Ship to Ship (STS)



## Epic Gas Ship-to-Ship (STS) Operations Heat Map



## Operations by Region



- 76 STS operations in Q2 2018
- A global demand
- Increased operations off Male

	2014	2015	2016	2017
No. STS Ops	24	108	198	413

# Operating Metrics



	Three Month Period Ended June 30,	
	2017	2018
Average number of vessels in period (1)	41.00	39.00
Number of vessels as of period end	41	39
Fleet capacity at period end (cbm)	268,900	264,000
Gas fleet average size as of period end	6,559	6,769
Fleet calendar days	3,731	3,549
Time charter days	2,583	2,594
Spot market days	912	863
COA days (relets excluded)	-	-
Voyage days (2)	3,495	3,457
Fleet utilisation (3)	93.7%	97.4%
Fleet operational utilisation (4)	89.6%	92.9%
Time charter equivalent earnings (5)		
Per Calendar Day	\$8,022	\$9,124
Per Voyage Day	\$8,564	\$9,365
Operating expenses per Calendar Day	\$4,170	\$4,127

- 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, excluding commercially idle days, by fleet calendar days.
- 5) Calculation of time charter equivalent earnings provided in Supplemental Information

# Income Statement and Cash Flow FY2018

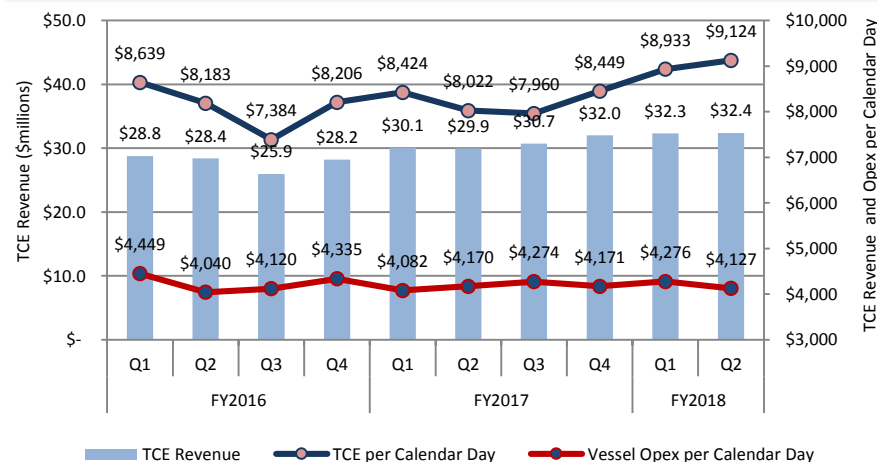


	Three Month Period Ended June 30,	
All amounts in \$ millions	2017	2018
<b>Revenue</b>	<b>33.9</b>	<b>36.7</b>
Address and brokerage commissions	0.9	0.7
Voyage expenses	3.5	4.1
Vessel operating expenses	15.6	14.6
Charter-in costs	4.1	3.8
Depreciation and amortization	7.2	7.4
Impairment/ (gain)/loss on vessels	0.0	0.0
General and administrative expenses	3.9	3.9
Total expenses	35.1	34.6
<b>Operating income</b>	<b>(1.3)</b>	<b>2.1</b>
Other (income) / losses, net	(0.2)	0.0
Finance expenses	4.2	4.3
Profit/(loss) before tax	(5.3)	(2.1)
Income tax expense	0.1	0.1
<b>Profit/(loss) after tax</b>	<b>(5.4)</b>	<b>(2.3)</b>
Other Comprehensive income:		
Income directly recognized in equity	0.0	0.0
Cash flow hedges gain/(loss)	(0.7)	0.4
Total Comprehensive Income/(Loss)	(6.1)	(1.8)

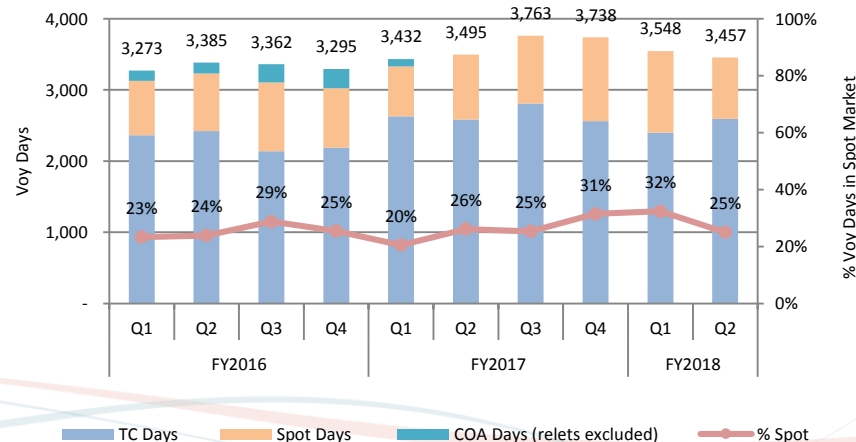
## STATEMENT OF CASH FLOWS (UNAUDITED)

	Six Month Period Ended June 30,	
All amounts in \$ millions	2017	2018
Cash from operating activities	8.9	8.5
Cash from investing activities	(37.1)	3.0
Cash from financing activities	31.7	(15.9)
Net Increase in cash and cash equivalents	3.5	(4.4)
Cash and cash equivalents at the beginning of the year	9.8	7.0
<b>Cash and cash equivalents at the end of the period</b>	<b>13.3</b>	<b>2.6</b>

## Time Charter Equivalent ("TCE") Revenue and Opex



## Voyage Days



# Balance Sheet 30 June 2018



BALANCE SHEET (UNAUDITED)		
<i>All amounts in \$ millions</i>	As of 31 Dec 2017	As of 30 Jun 2018
<b>ASSETS</b>		
Cash and cash equivalents	7.0	2.6
Trade and other receivables	25.8	26.7
Inventories	4.3	3.7
Derivative financial instruments	0.0	0.0
Current assets	37.1	33.0
Non-current assets	0.4	0.1
Restricted cash deposits	13.5	12.0
Property, plant and equipment	524.5	509.4
Advances for vessels under construction	0.0	0.0
Derivative financial instruments	0.8	2.9
Non-current assets	539.2	524.4
<b>TOTAL ASSETS</b>	<b>576.3</b>	<b>557.4</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Trade and Other Payables	26.2	24.0
Deferred income	9.0	10.7
Current income tax liabilities	0.5	0.5
Derivative liabilities	0.0	0.0
Finance lease liabilities	9.5	5.6
Bank Loan	31.7	26.4
Current liabilities	77.0	67.3
Trade and other Payables	0.1	0.0
Deferred taxation	0.1	0.0
Finance lease liabilities	44.3	44.7
Bank Loan	210.9	204.1
Non-current liabilities	255.4	248.8
<b>Total Liabilities</b>	<b>332.4</b>	<b>316.1</b>
Share capital	340.1	340.1
Share option reserves	3.8	4.1
Accumulated losses	(100.6)	(105.6)
Accumulated other comprehensive income	0.7	2.7
<b>Total Equity</b>	<b>244.0</b>	<b>241.3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>576.3</b>	<b>557.4</b>

## • Asset values

Book value of \$509m below latest broker FMV estimates

## • Liquidity

Cash of \$14.6m. Subsequent refinancing of 5 vessels on 2 July added \$5.5m unrestricted cash.

## • Low gearing

Net borrowings/total assets of 47.8%.

## • Refinancing

In April 2018, Epic Gas exercised purchase options and subsequently entered into a sale and 5-year bareboat charter back transaction for the Epic Balta, Epic Burano and Epic Bolivar (6,300-7,500cbm, 2000-2002 built) with a Japanese ship owning company.

In July 2018, we completed the refinancing of 5 LPG carriers in partnership with Crédit Agricole Corporate and Investment Bank. The new US\$ 34 million facility has a term of five years and has allowed the Company to reduce its margin by 85 bps.

## • Loan Profile

	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
ABN/NIBC/CA	64.2	59.1	54.0	48.9	43.8	7.3	0
ABN/DVB/Nord LB	61.1	48.8	38.8	30.5	22.1	14.7	0
Credit Agricole	32.0	27.9	23.9	20.5	18.0	0.0	0
NIBC	6.6	5.4	4.2	3.0	0.0	0.0	0
CIT	7.7	0.0	0.0	0.0	0.0	0.0	0
Japanese Owners	66.1	60.6	54.8	48.7	42.3	21.8	19.2
Finance Leases	33.7	29.8	25.6	21.3	0.0	0.0	0
Balloon		6.5			27.2	88.5	0
	271.4	238.2	201.3	172.8	153.4	132.2	19.2

# Summary and Outlook



## Summary Q2 2018

- 39 vessels on the water, total capacity 264,000cbm, average size 6,769cbm, average age 8.2 years.
- Fleet Operational Utilisation 92.9%, TCE \$9,124 per calendar day and \$9,365 per voyage day.
- Operating Expenses \$4,127 and General & Administrative expenses \$1,109 per calendar day.
- As of 30<sup>th</sup> June, 2018, 64% covered for the balance year 2018 at an average daily TCE rate of \$9,999.

## Outlook

- Freight levels for 3,500/5,000cbm continue to improve due to lack of incremental capacity and ongoing demand growth, forecast to be 3.5% in 2018.
- Market is absorbing 7,500/11,000cbm, utilisation improving, with 1.1% net fleet growth expected for 2018.
- Ongoing and potential scrapping in the pressurised and semi-ref LPG ship sector.
- Limited order book for the sector – 8 pressure and 4 semi-ref (including ethylene carriers).
- Positive macro environment and infrastructure development in demand centres.

# The Epic Gas Fleet



## Epic Gas Fleet List

Vessel: 3,300-4,100	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
Epic Corfu*	4,100	2000	Watanabe
<b>Sub Total 7 Vessels</b>	<b>25,100</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>	

\*Bareboat

Vessel: 7,200-7,500	cbm	Built	Yard
Epic Borkum	7,200	2000	Murakame Hide
Epic Barbados	7,200	2001	Murakame Hide
Epic Bermuda	7,200	2001	Murakame Hide
Epic Barnes	7,200	2002	Murakame 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	Murakame Hide
Epic Borinquen	7,500	2016	Sasaki
Epic Bonaire	7,500	2016	Sasaki
Epic Baluan	7,500	2017	Sasaki
<b>Sub Total 14 Vessels</b>	<b>102,600</b>	<b>cbm</b>	

Vessel: 9,500 cbm	cbm	Built	Yard
Epic Madeira	9,500	2006	Miura
Epic Manhattan	9,500	2007	Miura
<b>Sub Total 2 Vessels</b>	<b>19,000</b>	<b>cbm</b>	

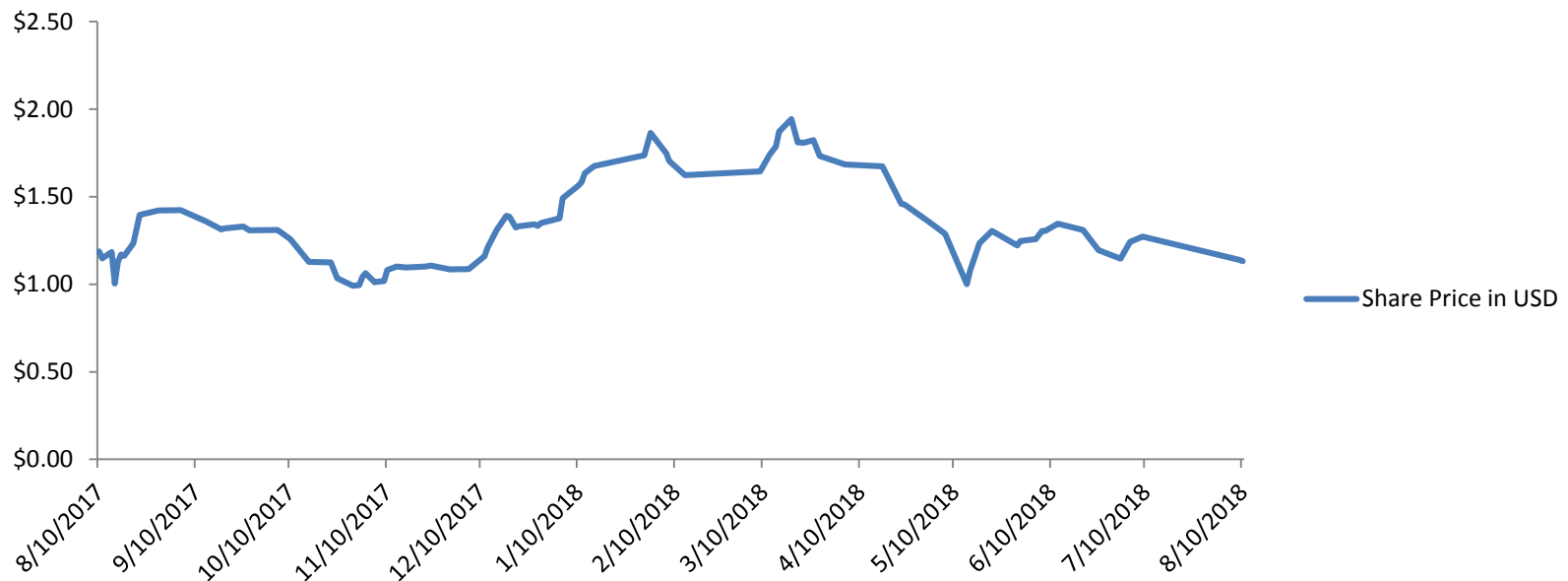
Vessel: 11,000 cbm	cbm	Delivery	Yard
Epic Sicily*	11,000	2015	Sasaki
Epic Samos	11,000	2016	Kyokuyo
Epic Sentosa	11,000	2016	Kyokuyo
Epic Shikoku	11,000	2016	Kyokuyo
Epic Sardinia*	11,000	2017	Kyokuyo
Epic Salina	11,000	2017	Kyokuyo
<b>Sub Total 6 Vessels</b>	<b>66,000</b>	<b>cbm</b>	

**Overall Total of 39 Vessels, and 264,000 cbm**

# Key Information on Epic Gas' Shares



## Epic Gas Share Price YTD



Listing Market  
Market Cap  
Shares Outstanding /Float

Merkur Market  
(NOK) 665.1 M  
70.4M /70.4M



