



**EPIC GAS**  
DELIVERY UNDER PRESSURE



# **Epic Gas**

## **FYE 2017**

### **Earnings Presentation**

14 February 2018



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# Fiscal Year 2017 Highlights



**Revenue** of \$139.5 million, up 8% year over year

**General & Administrative expenses** of \$1,006 per vessel calendar day, down 2.2% year over year

**Adjusted EBITDA** of \$29.4 million, up 14% year over year

**Net Loss** of \$18.0 million before a non-cash impairment charge on goodwill of \$12.9 million

**Time Charter Equivalent revenues** of \$8,210 per vessel calendar day, up 1% year over year

**Vessel Calendar days** up 8% year over year to 14,946 days

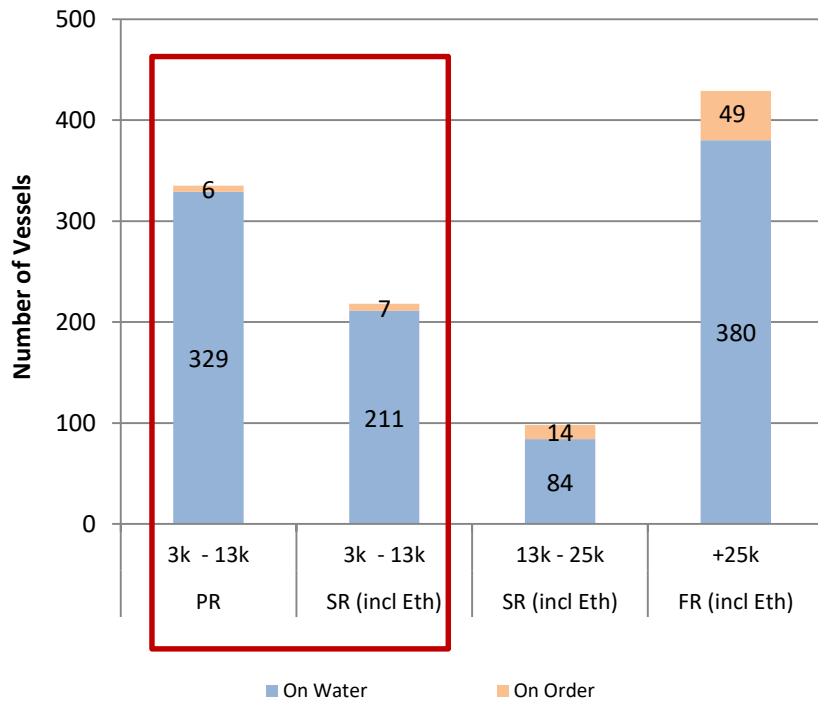
**Fleet:** as of 31 December 2017, 41 vessels on the water



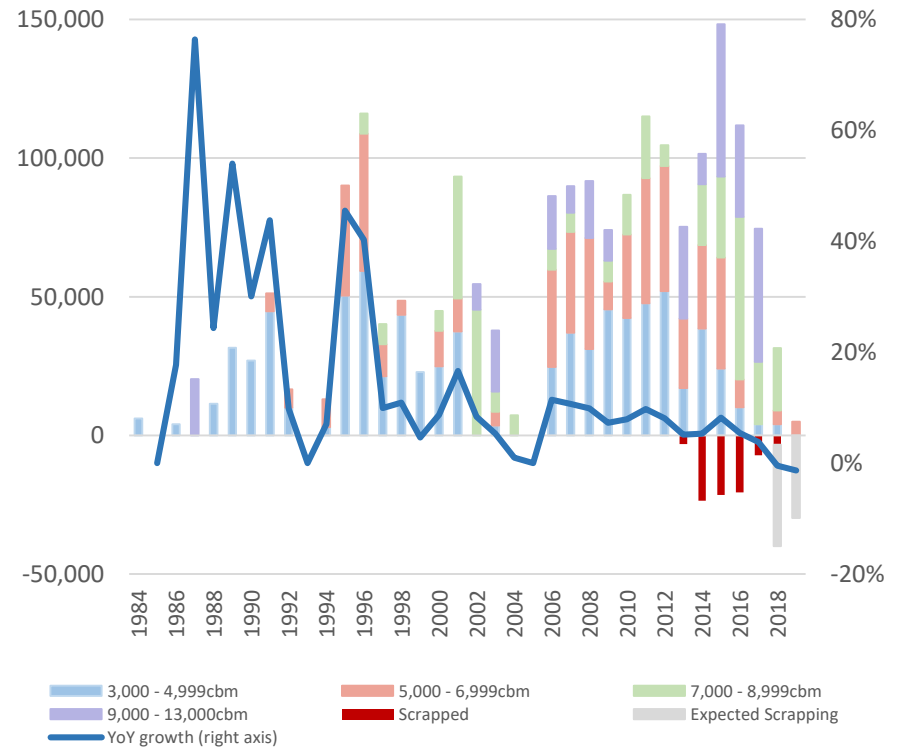
# Vessel Supply



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



**Pressure Vessel Global Fleet Development**

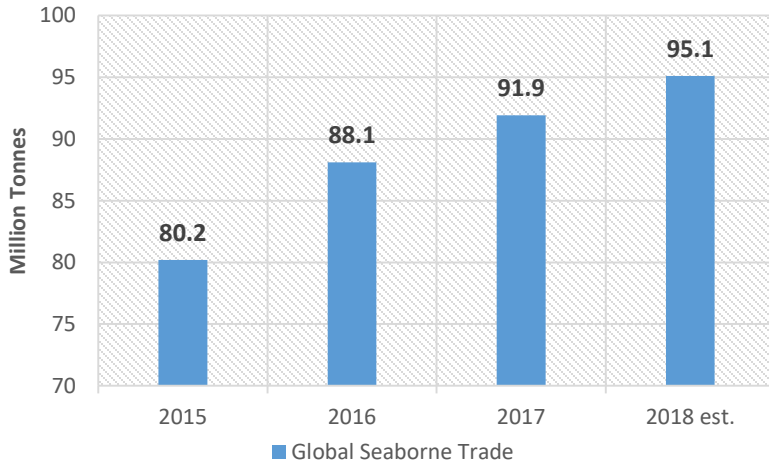


- 6 newbuild pressure vessels to be delivered in 2018 and 2019 representing a 1.8% increase in existing fleet capacity
- 7 newbuild small-sized semi-ref vessels to be delivered representing a 3.3% increase in existing fleet capacity
- 2 pressure and 12 small-sized semi-ref vessels average age 28 years scrapped in 2017
- 11 pressure and 18 semi-ref vessels aged 28 years and over

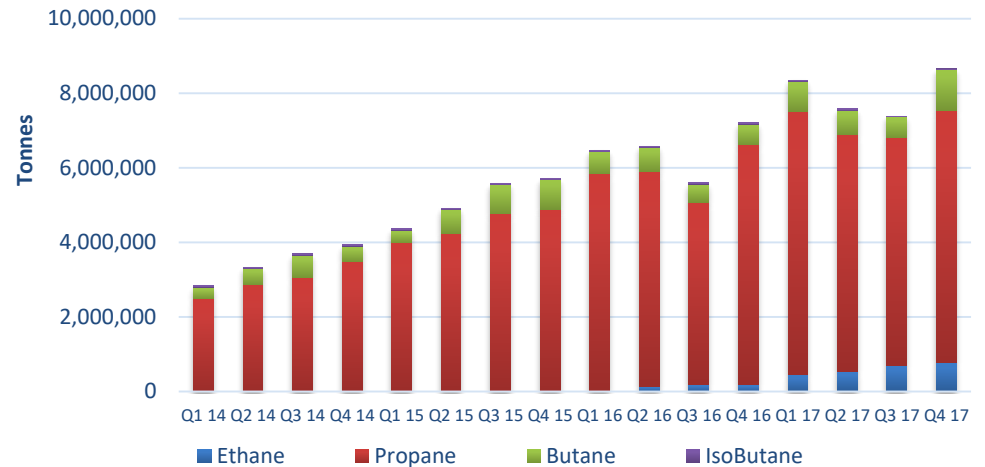
# Demand - Global Trade and Drivers



**Global LPG seaborne**  
2017: +4.3% year on year growth

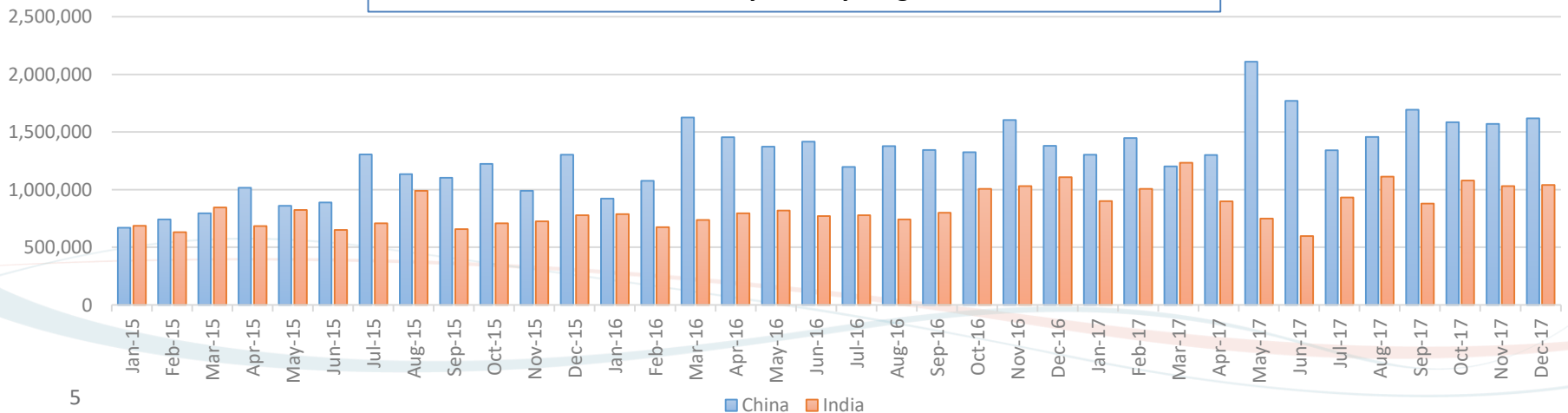


**USA LPG exports**  
2017: +23.6% year on year growth



(TONNES)

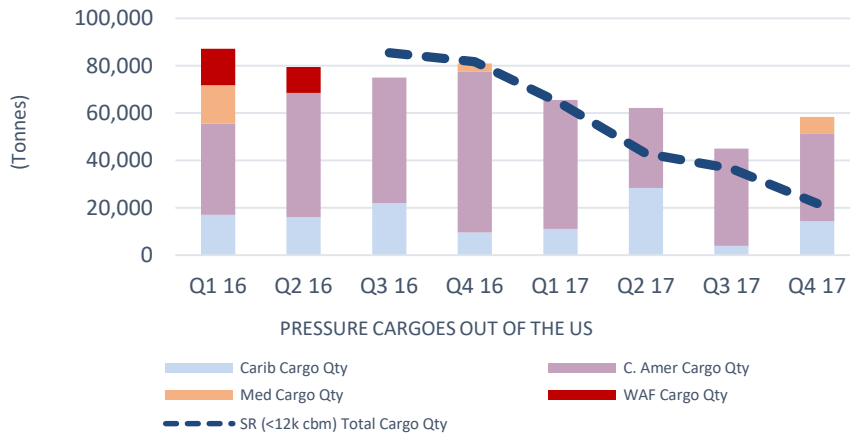
**India and China LPG imports**  
2017: +14% year on year growth



# Demand - Regional Trade



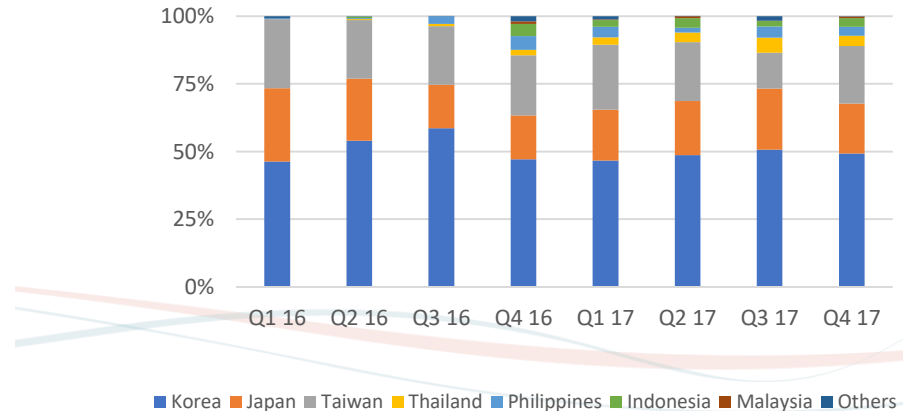
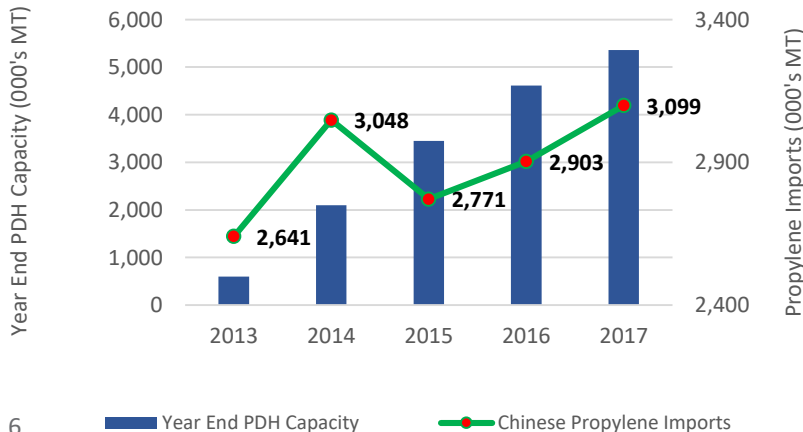
USA pressurised LPG exports  
Q4'17: +30% from Q3'17



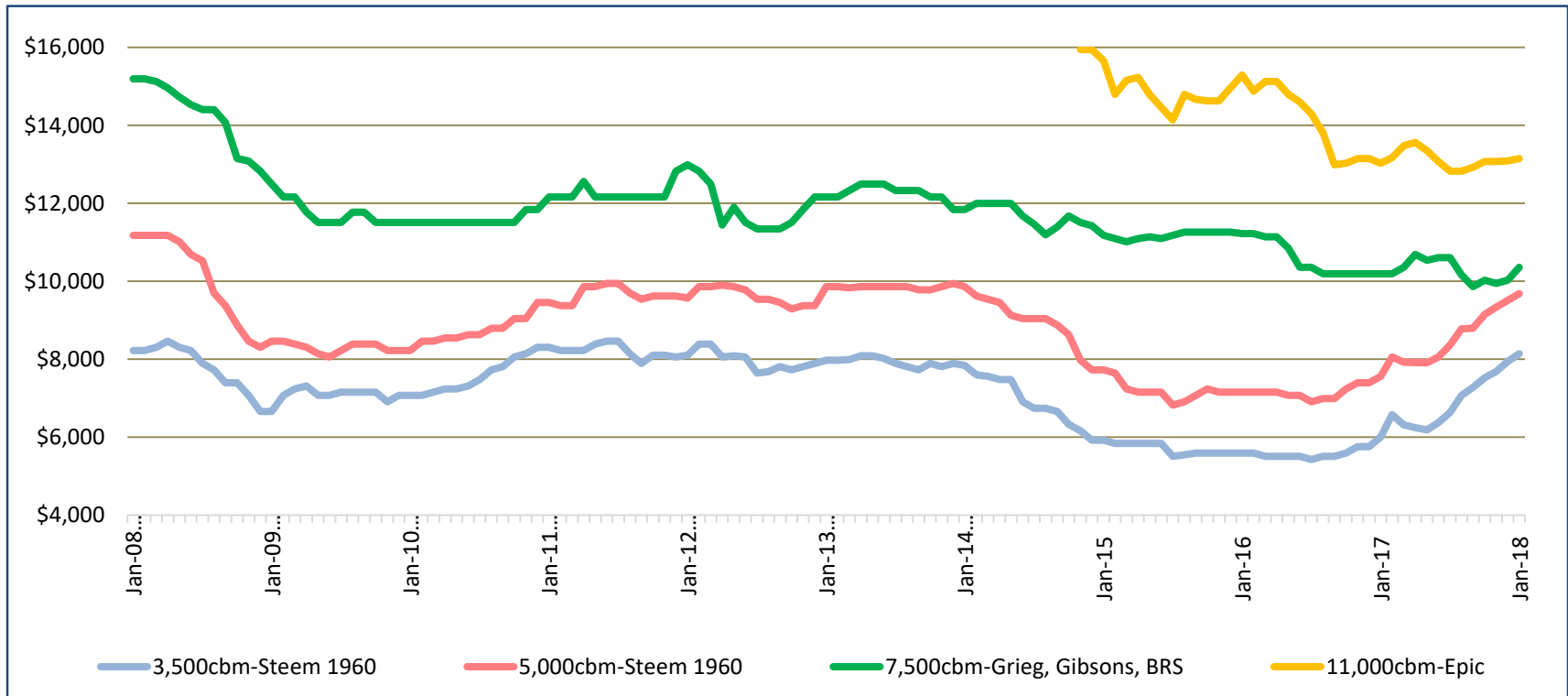
Imports into Turkey, Morocco and Spain +2.8% to +8.3%.

Million Tonnes	2015	2016	2017
<b>Turkey</b>	3.5	3.6	3.7
<b>Egypt</b>	3.0	3.1	3.1
<b>Morocco</b>	1.9	2.1	2.2
<b>Spain</b>	1.0	1.2	1.3

China's Propylene imports record high 3.1 million tonnes, +6.8% year on year, despite +16% domestic PDH capacity, Tonne Mile growth in 2017 due increase of propylene cargoes out of Thailand, Philippines and Indonesia



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



## Q4 2017

3,500cbm, 5,000cbm, 7,500cbm & 11,000cbm market daily rates averaged \$7,714, \$9,329, \$10,000 and \$13,075 respectively  
Average rates +30% for 3,500cbm & 5,000cbm, -1.9% for 7,500cbm vessels, flat for 11,000cbm compared to Q4 2016

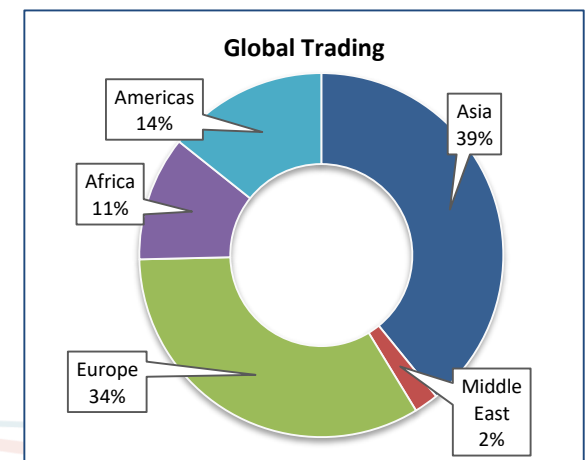
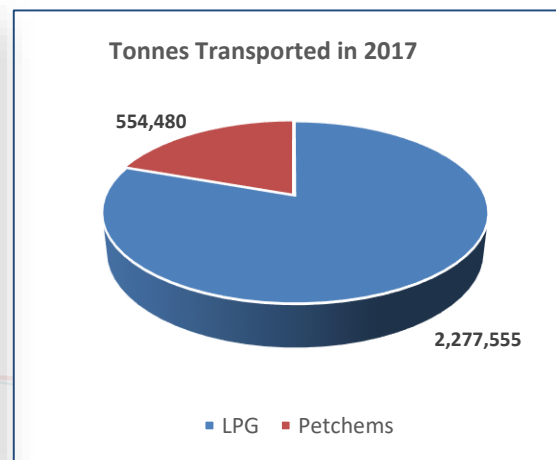
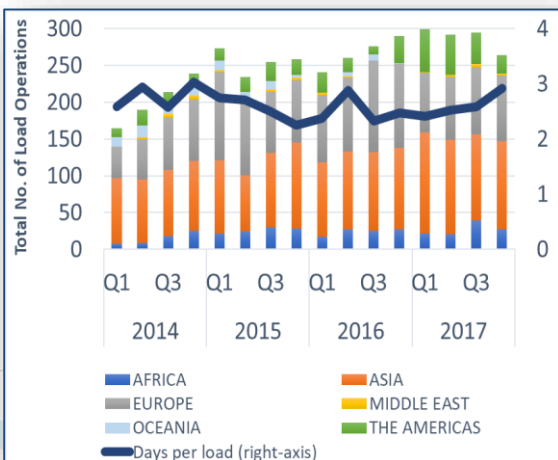
# Epic Gas Operations - Global



Vessels by Segment	Americas	EMEA	Asia	Total Fleet
3,300 – 4,100cbm	2	1	5	8
5,000 – 6,300cbm	1	3	7	11
7,000 – 7,500cbm	1	11	2	14
9,500cbm	-	1	1	2
11,000cbm	-	2	4	6
<b>Total</b>	<b>4</b>	<b>18</b>	<b>19</b>	<b>41</b>
Fleet Capacity (cbm)				273,100
Average Size (cbm)				6,661

## 2017, the Epic Gas Year:

- Loaded 2.8 million tonnes
- 2,486 cargo operations
- 266 different ports
- 2.3 million tonnes LPG (80%)
- 0.5 million tonnes petchems (20%)
- 4 vessels operating in the Americas, 18 in the Europe/Middle East/Africa, 19 in Asia.

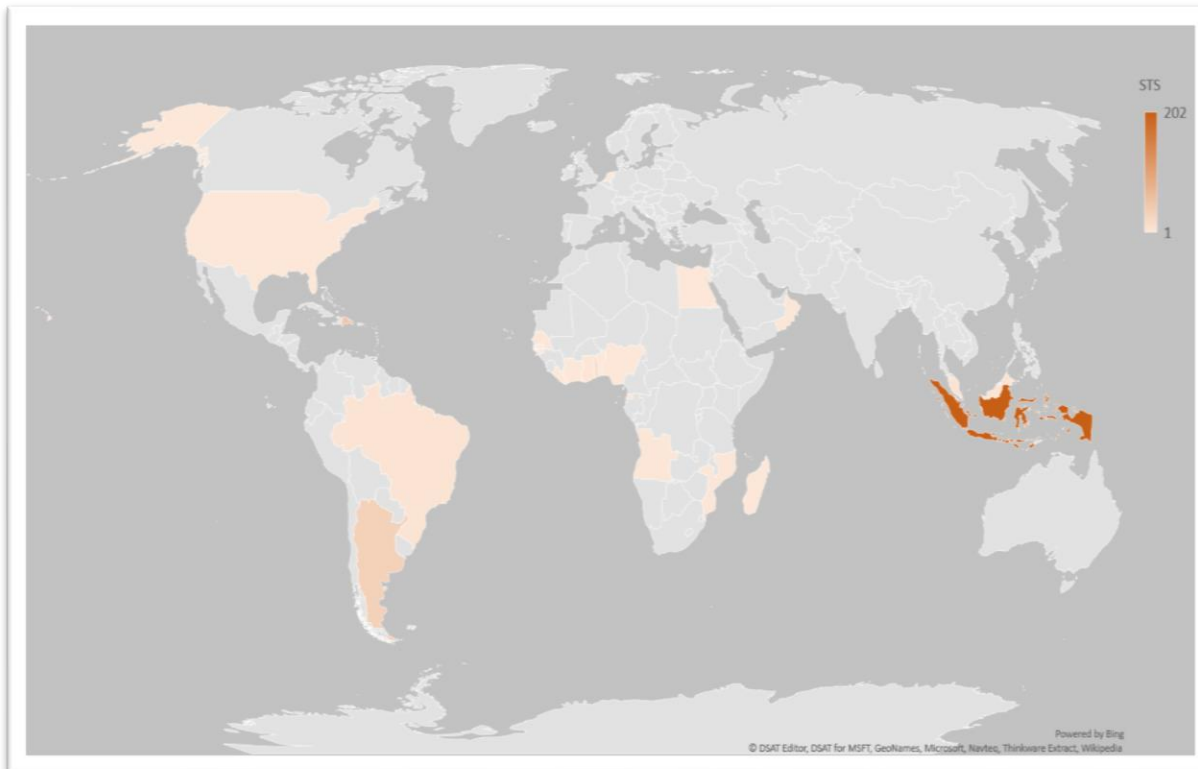




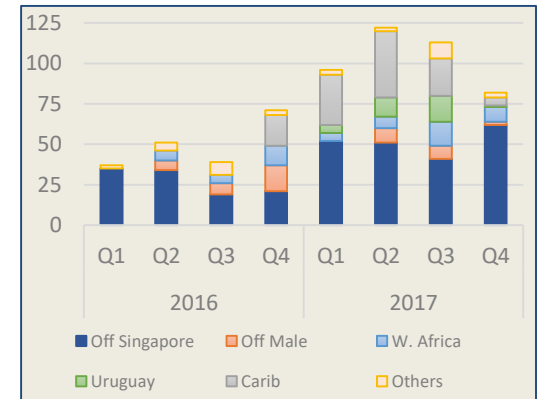
# Epic Gas Operations – Ship to Ship (STS)



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



Operations by Region



- 413 ship-to-ship operations in 2017
- 26 different countries
- 209% of the operations in 2016

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

# Operating Metrics



	Three Month Period Ended December 31,		Twelve Month Period Ended December 31,	
	2016	2017	2016	2017
<b>Average number of vessels in period (1)</b>	37.3	41.2	37.6	40.9
<b>Number of vessels as of period end</b>	38	41	38	41
<b>Fleet capacity at period end (cbm)</b>	239,400	273,100	239,400	273,100
<b>Gas fleet average size as of period end</b>	6,300	6,661	6,300	6,661
<b>Fleet calendar days</b>	3,436	3,788	13,748	14,946
<b>Time charter days</b>	2,188	2,562	9,116	10,584
<b>Spot market days</b>	837	1,176	3,376	3,744
<b>COA days</b>	270	-	824	101
<b>Voyage days (2)</b>	3,295	3,738	13,316	14,428
<b>Fleet utilisation (3)</b>	95.9%	98.7%	96.9%	96.5%
<b>Fleet operational utilisation (4)</b>	93.0%	94.4%	93.4%	92.0%
<b>Time charter equivalent earnings (5)</b>				
<b>Per Calendar Day</b>	\$8,206	\$8,449	\$8,095	\$8,210
<b>Per Voyage Day</b>	\$8,556	\$8,563	\$8,365	\$8,505
<b>Operating expenses per Calendar Day</b>	\$4,336	\$4,172	\$4,233	\$4,176

- 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

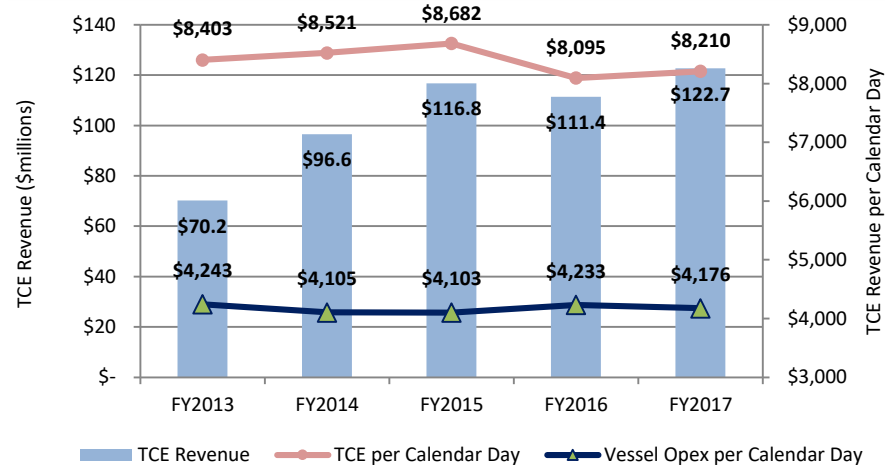
# Income Statement and Cash Flow FY2017



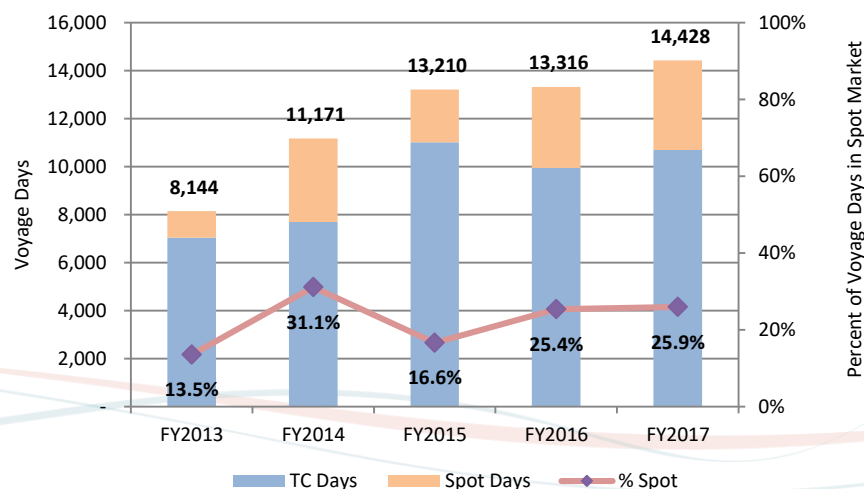
All amounts in \$ millions	Three Month Period Ended December 31,		Twelve Month Period Ended December 31,	
	2016	2017	2016	2017
<b>Revenue</b>	33.0	37.3	128.8	139.5
Address and brokerage commissions	0.8	0.8	3.1	3.3
Voyage expenses	4.5	5.1	15.6	15.5
Vessel operating expenses	14.9	15.8	58.2	62.4
Charter-in costs	3.2	4.1	13.4	16.0
Depreciation and amortization	6.9	7.4	24.6	29.3
Impairment loss/loss on sale of vessels	9.9	0.0	9.9	0.0
Impairment of Goodwill	0.0	12.9	0.0	12.9
General and administrative expenses	3.5	3.7	14.0	15.0
<b>Total expenses</b>	<b>43.8</b>	<b>49.8</b>	<b>139.0</b>	<b>154.4</b>
<b>Operating income</b>	<b>(10.9)</b>	<b>(12.5)</b>	<b>(10.2)</b>	<b>(15.0)</b>
Other (income) / losses, net	1.3	(0.5)	(1.1)	(1.8)
Finance expenses	3.7	4.3	13.8	17.2
<b>Profit/(loss) before tax</b>	<b>(15.8)</b>	<b>(16.3)</b>	<b>(22.9)</b>	<b>(30.4)</b>
Income tax expense	0.1	0.1	0.4	0.5
<b>Profit/(loss) after tax</b>	<b>(15.9)</b>	<b>(16.4)</b>	<b>(23.3)</b>	<b>(30.9)</b>
Other Comprehensive income:				
Cash flow hedges gain/(loss)	(7.0)	1.1	0.8	0.5
<b>Total Comprehensive Income/(Loss)</b>	<b>(22.9)</b>	<b>(15.4)</b>	<b>(22.5)</b>	<b>(30.4)</b>

All amounts in \$ millions	FY2016	FY2017
Cash from operating activities	3.5	16.3
Cash from investing activities	(95.9)	(39.7)
Cash from financing activities	58.7	20.5
<b>Net Increase in cash and cash equivalents</b>	<b>(33.7)</b>	<b>(2.8)</b>
Cash and cash equivalents at the beginning of the year	43.5	9.8
<b>Cash and cash equivalents at the end of the period</b>	<b>9.8</b>	<b>7.0</b>

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



## Voyage Days



# Balance Sheet 31 December 2017



All amounts in \$ millions	As of 31 Dec 2016	As of 31 Dec 2017
<b>ASSETS</b>		
Cash and cash equivalents	9.8	7.0
Trade and other receivables	21.6	24.3
Inventories	3.3	4.3
Derivative financial instruments	0.4	0.8
Current assets	35.1	36.4
Non-current assets	0.2	0.1
Restricted cash deposits	12.2	13.5
Property, plant and equipment	487.4	524.5
Advances for vessels under construction	26.5	0.0
Intangible assets	12.9	0.0
Non-current assets	539.2	538.1
<b>TOTAL ASSETS</b>	<b>574.3</b>	<b>574.5</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Trade and Other Payables	18.9	24.5
Deferred income	6.6	9.0
Current income tax liabilities	0.4	0.6
Derivative liabilities	0.0	0.0
Finance lease liabilities	7.2	9.5
Bank Loan	27.8	31.7
Current liabilities	60.8	75.4
Deferred taxation	0.1	0.0
Finance lease liabilities	53.8	44.3
Bank Loan	218.1	210.9
Non-current liabilities	272.1	255.2
<b>Total Liabilities</b>	<b>332.9</b>	<b>330.6</b>
Share capital	308.3	340.1
Share option reserves	2.8	3.9
Accumulated losses	(69.8)	(100.8)
Other Reserves	0.2	0.7
Total Equity	241.4	243.9
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>574.3</b>	<b>574.5</b>

- **Asset values**  
**Book value of \$525m in line with broker FMV estimates**
- **Low gearing**  
**Refinancing of 14 vessels/\$90m completed in Q1 2017. No expiring facilities until 2019. Net borrowings/total assets of 50%.**
- **Japanese Bareboat Charter back**  
**In July 2017, Epic Gas entered into a sale and 10-year bareboat charter back transaction for the Epic Salina (11,000cbm, 2017 built) with a Japanese ship owning company, resulting in decreased finance cost .**
- **Loan Profile**

	Dec-17	Dec-18	Dec-19	Dec-20
ABN/CA/NIBC	69.3	64.2	59.1	54.0
ABN/DVB/Nord LB	78.0	61.1	48.8	38.8
CIT	50.7	43.7	expires	
NIBC	7.8	6.6	5.4	4.2
CTL	19.2	18.0	16.9	15.7
Japanese Owner	19.7	18.8	17.8	16.8
Finance Lease Balta, Bolivar, Burano	19.2	13.0	expires	
Finance Lease Bali, Borneo	35.7	32.4	28.9	25.2
<b>Total</b>	<b>299.6</b>	<b>257.8</b>	<b>176.9</b>	<b>154.7</b>

# Summary and Outlook



## Summary FYE 2017

**41 vessels on the water, total capacity 273,100cbm, average size 6,661cbm, average age 7.7 years**

**Fleet Operational Utilisation 92%, TCE \$8,210 per calendar day and \$8,505 per voyage day**

**Operating Expenses \$4,176 and General & Administrative expenses \$1,006 per calendar day**

**As of 31<sup>st</sup> December 2017, 39% covered for the year 2018 at an average daily TCE rate of \$8,988**

## Outlook

**Freight levels for 3,500/5,000cbm continue to improve due lack of incremental capacity and ongoing demand growth**

**Market is gradually absorbing 7,500/11,000cbm, utilisation improving, with 1.7% net fleet growth expected for 2018**

**Potential scrapping in the pressurised and semi-ref LPG ship sector**

**Limited order book for the sector – 6 pressure and 7 semi-ref (including ethylene carriers)**

**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 Campbell*	4,100	2001	Higaki
Epic Corfu*	4,100	2000	Watanabe
<b>Sub Total 8 Vessels</b>	<b>29,200</b>	<b>cbm</b>	

Vessel: 5,000-6,300 cbm	cbm	Built	Yard
Epic St. John	5,000	1998	Higaki
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
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 11 Vessels</b>	<b>56,300</b>	<b>cbm</b>	

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
Mayfair	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>	

\*Bareboat

**Overall Total of 41 Vessels, and 273,100 cbm**

