



**EPIC GAS**  
DELIVERY UNDER PRESSURE



**Epic Gas**  
**FY 2018**

**Earnings Presentation**

14 February 2019



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# FY2018 Highlights



**Revenue** of \$155.5 million, up 11% year over year

**Adjusted EBITDA** of \$44.5 million, up 51% year over year

**Net Loss** of \$2.7 million, an improvement of 91% year over year

**Time Charter Equivalent revenues** of \$9,541 per vessel calendar day, up 16% year over year

**Operating Expenses** of \$4,122 per vessel calendar day, down 1% year over year

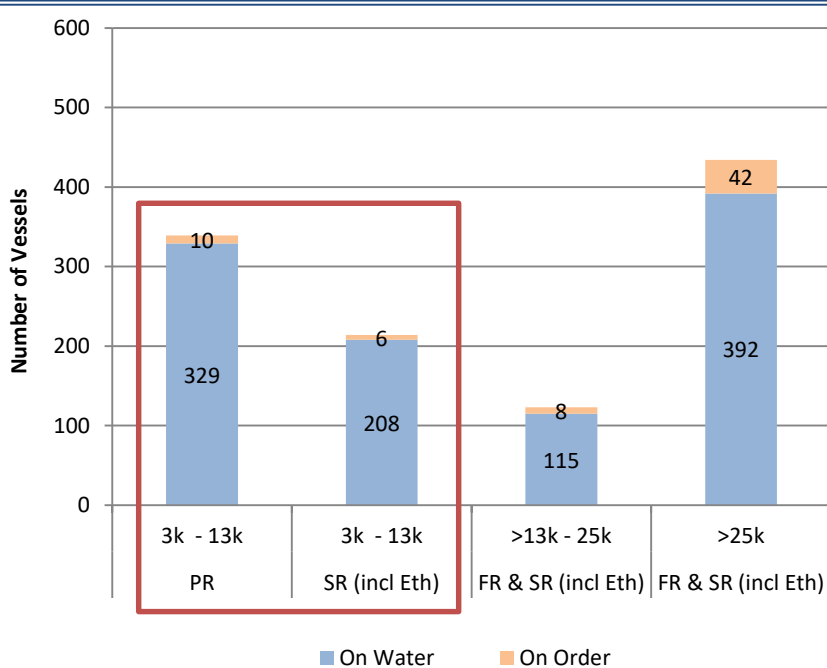
**Fleet:** as of 31 December 2018, 38 vessels on the water



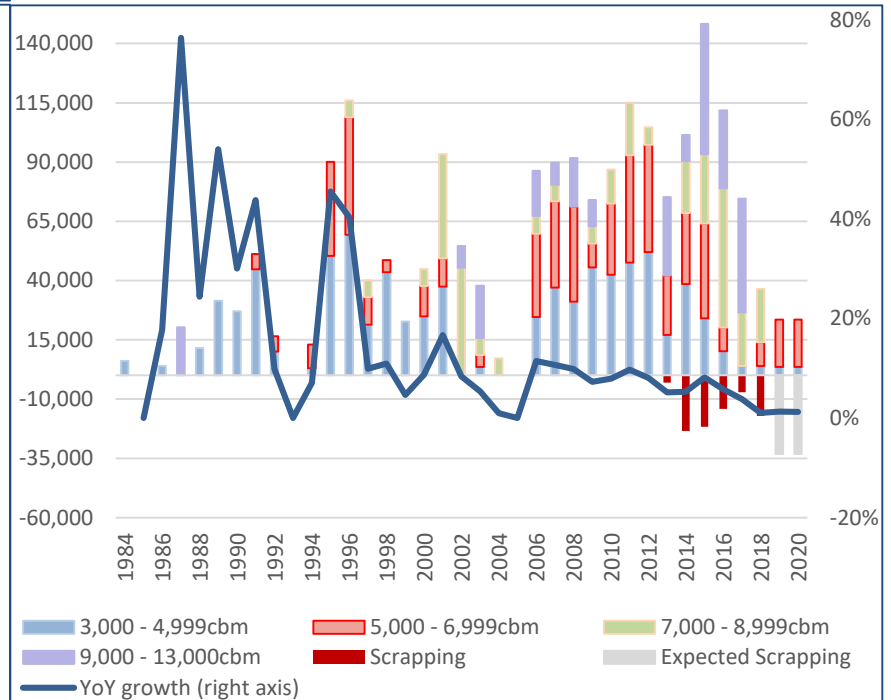
# Vessel Supply



**Smaller LPG Vessels have Smallest Order Book**  
(Chinese Fleet Excluded) Source: Clarksons Register



**Pressure Vessel Global Fleet Development**  
Source: Clarksons Register

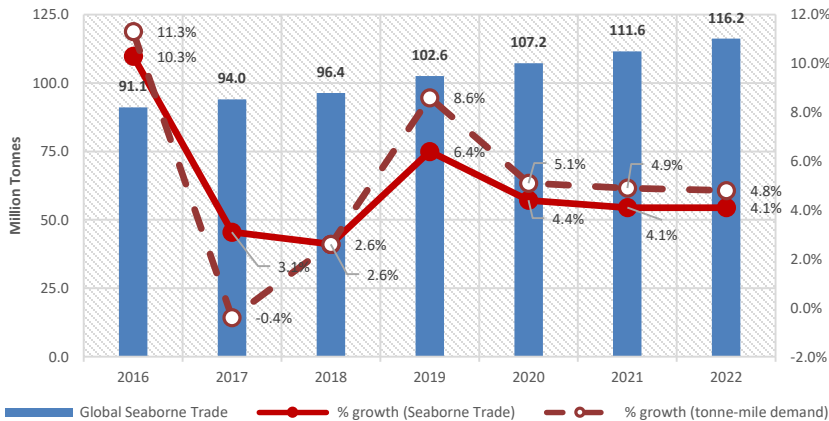


- 5/5 newbuild **pressure** vessels to be delivered in 2019/2020 representing a 1.4%/1.4% increase in existing fleet capacity.
- 1/2 newbuild small-sized **semi-ref** (non-Ethylene) vessels to be delivered in 2019/2020 representing a 2.4%/3.3% increase in existing fleet capacity.
- 5 pressure vessels of average age 27.6 totaling 17,100cbm scrapped in 2018.
- 13 small-sized semi-ref and ethylene capable vessels of average age 32.0 years scrapped in 2018.
- A scrapping pool of 16 pressure and 15 semi-ref vessels aged 28 years and over.

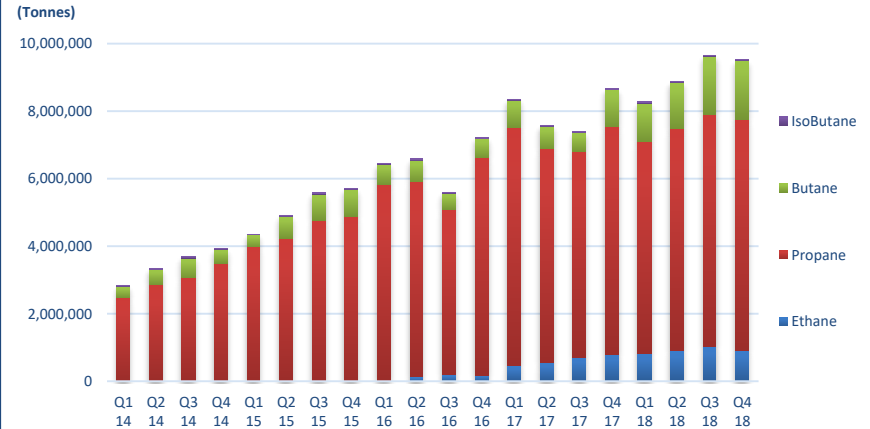
# Demand - Global Trade and Drivers



**Global LPG Seaborne Trade and Tonne-Mile Demand**  
2018: estimate +2.6% year on year growth Source: Drewry

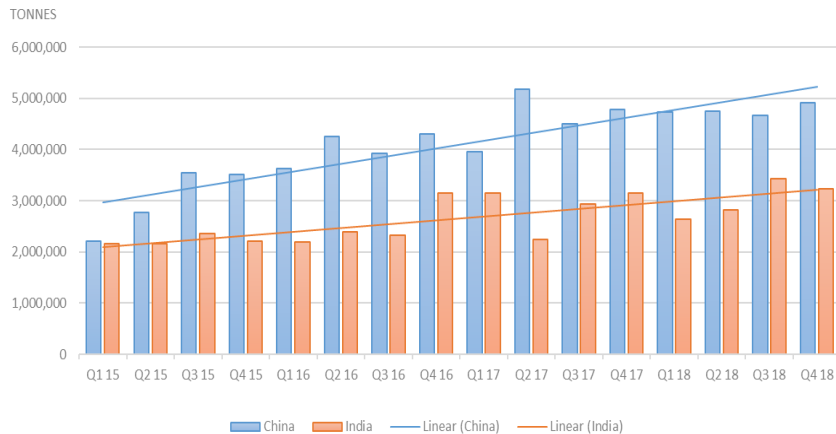


**USA LPG exports Q4 2018 +10% year on year**  
Propane, Butane, Ethane +2%, +59%, +15% Source: IHS Markit



## India and China LPG Imports Key Demand Drivers

Source: FGE



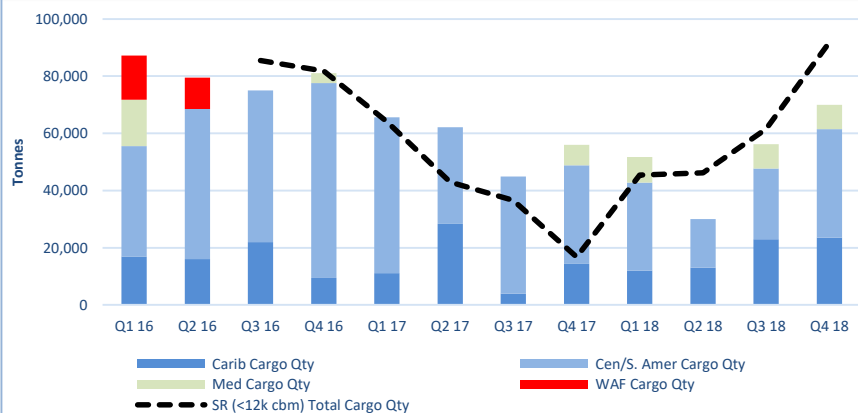
LPG Imports (million tonnes)

|      | China | India | Japan | South Korea |
|------|-------|-------|-------|-------------|
| 2017 | 18.4  | 11.1  | 10.8  | 6.3         |
| 2018 | 19.4  | 12.0  | 10.6  | 6.9         |
| 2019 | 21.7  | 12.7  | 10.3  | 7.0         |
| 2020 | 22.9  | 13.9  | 10.1  | 7.1         |
| 2021 | 24.2  | 15.3  | 9.8   | 7.1         |
| 2022 | 25.3  | 16.8  | 9.6   | 7.1         |
| 2023 | 26.1  | 18.2  | 9.3   | 7.1         |

# Demand - Regional Trade



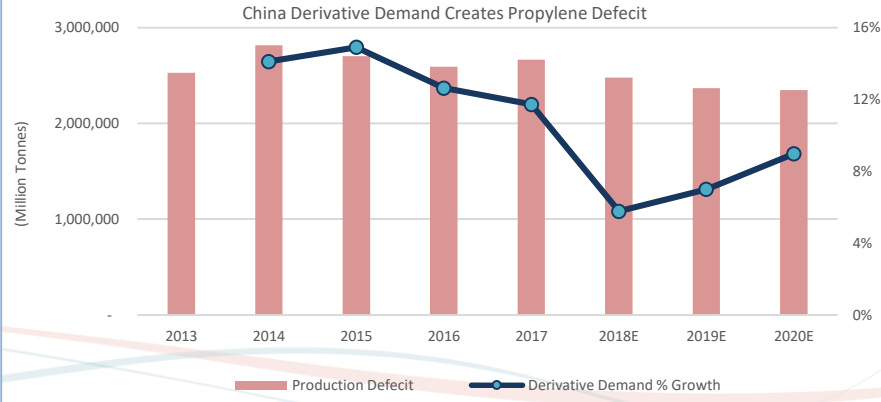
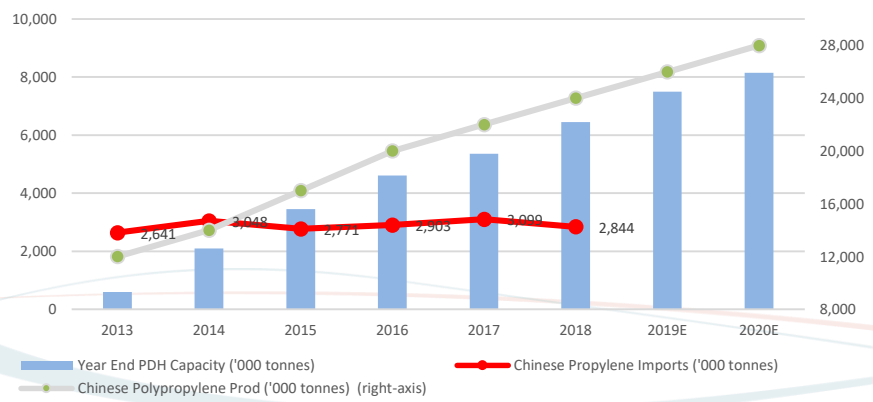
USA pressurised and small sized semi-ref. vessels LPG exports up 44% year on year Source: IHS Markit



Growing demand drives import Growth Source: FGE

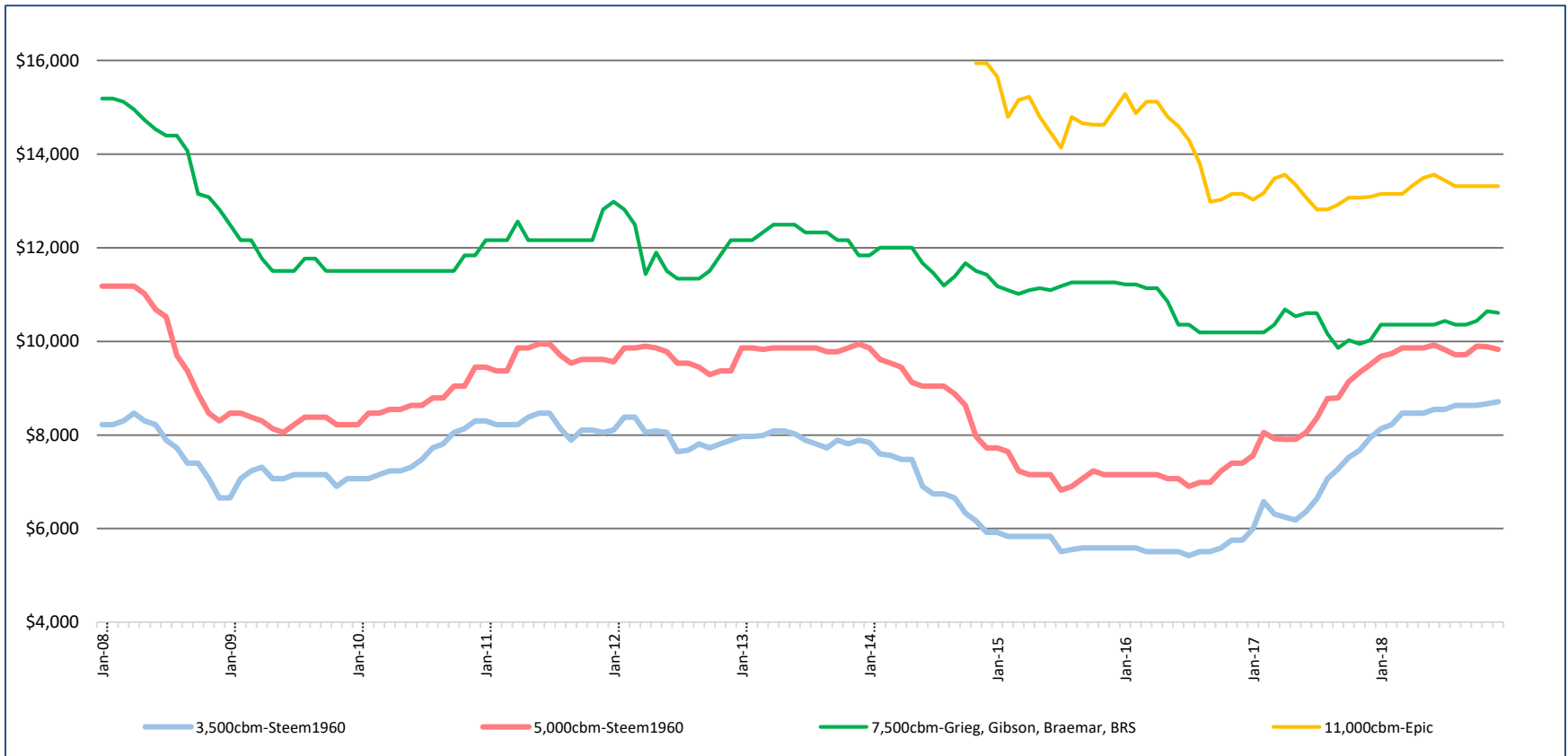
| Million Tonnes      | 2017 | 2018 | 2025 | 2030 |
|---------------------|------|------|------|------|
| <b>Indonesia</b>    | 5.5  | 5.3  | 7.2  | 8.4  |
| <b>Philippines</b>  | 1.2  | 1.2  | 2.1  | 2.7  |
| <b>Vietnam</b>      | 1.3  | 1.2  | 3.1  | 3.5  |
| <b>West Africa</b>  | 0.7  | 0.7  | 1.3  | 1.5  |
| <b>South Africa</b> | 0.3  | 0.2  | 0.7  | 1.0  |
| <b>Morocco</b>      | 2.8  | 3.0  | 3.0  | 3.0  |

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



# 12 Month Time Charter Market (USD/day)

## Distinct Sector Rate Recovery



### **Q4 2018 – freight levels remain firm**

- 3,500cbm, 5,000cbm, 7,500cbm & 11,000cbm market daily rates averaged \$8,671, \$9,870, \$10,565 and \$13,315 respectively.
- Average rates up by 12% for 3,500cbm, 6% for 5,000cbm and 7,500cbm, and 2% for 11,000cbm compared to Q4 2017.

# Epic Gas Operations - Global



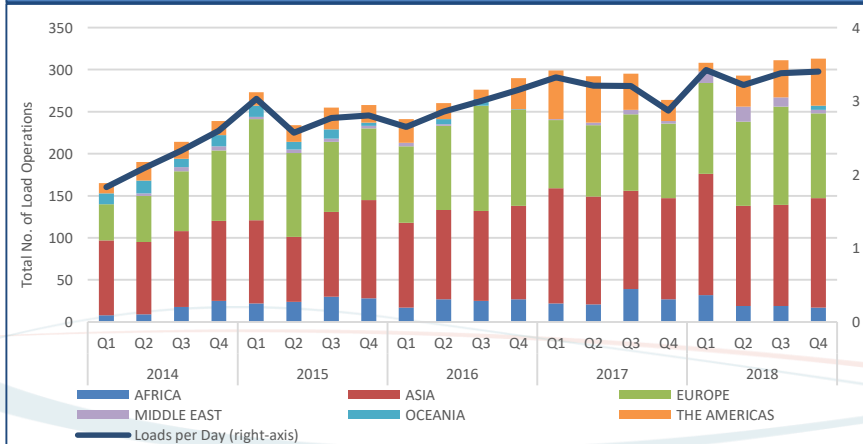
## Diversified Geographical Location of Fleet

| Vessels by Segment     | Americas | EMEA      | Asia      | Total Fleet |
|------------------------|----------|-----------|-----------|-------------|
| 3,300 – 4,100cbm       | 2        | -         | 4         | 6           |
| 5,000 – 6,300cbm       | 1        | 3         | 6         | 10          |
| 7,000 – 7,500cbm       | 3        | 9         | 2         | 14          |
| 9,500cbm               | -        | 2         | -         | 2           |
| 11,000cbm              | -        | 4         | 2         | 6           |
| <b>Total</b>           | <b>6</b> | <b>18</b> | <b>14</b> | <b>38</b>   |
| Fleet Capacity (cbm)   |          |           |           | 259,900     |
| Avg. Vessel Size (cbm) |          |           |           | 6,839       |

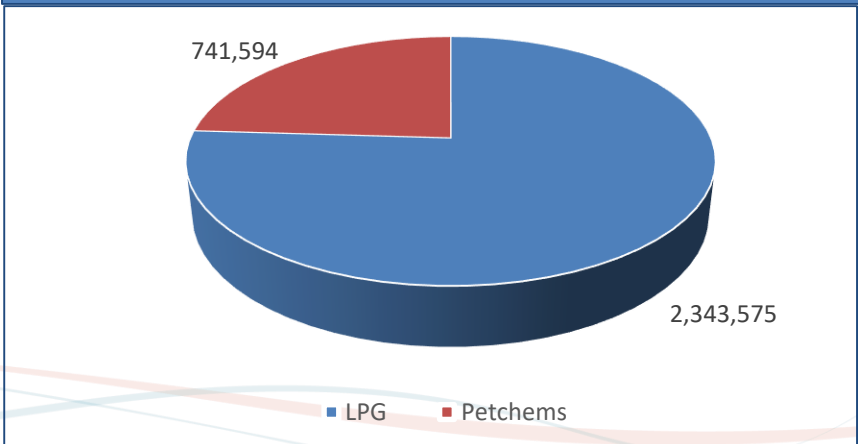
## Cargo Operations Summary, Q4 2018

- ✓ Loaded approximately 812,000 tonnes
- ✓ 726 cargo operations
- ✓ 137 different ports
- ✓ 593,894 tonnes LPG (73%)
- ✓ 218,405 tonnes petchems (27%)
- ✓ 6 vessels in the Americas, 18 in Europe/Middle East/Africa, 14 in Asia.

## Diversified Geographical Trade Route Options



## Cargoes (Tonnes) Transported in 2018, +11% YoY



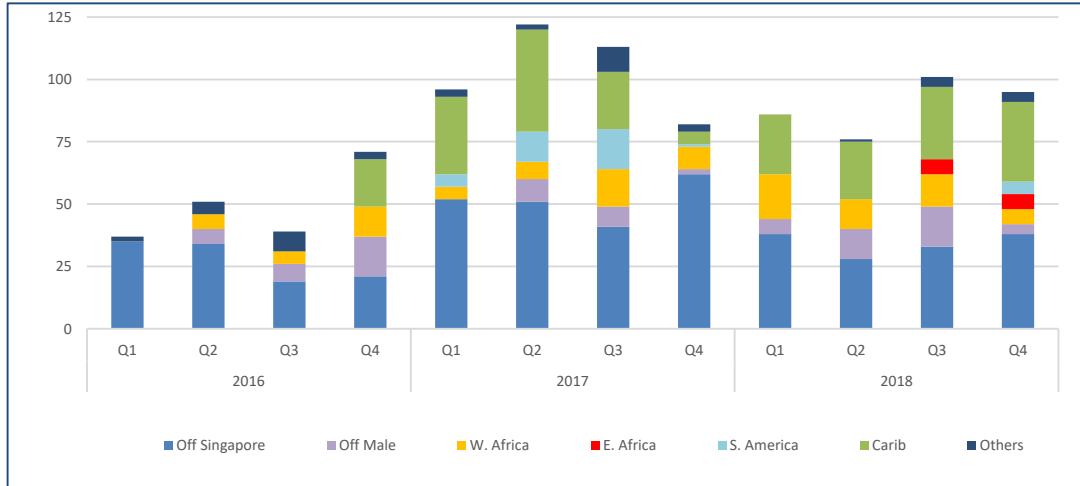


# Epic Gas Operations – Ship to Ship (STS)

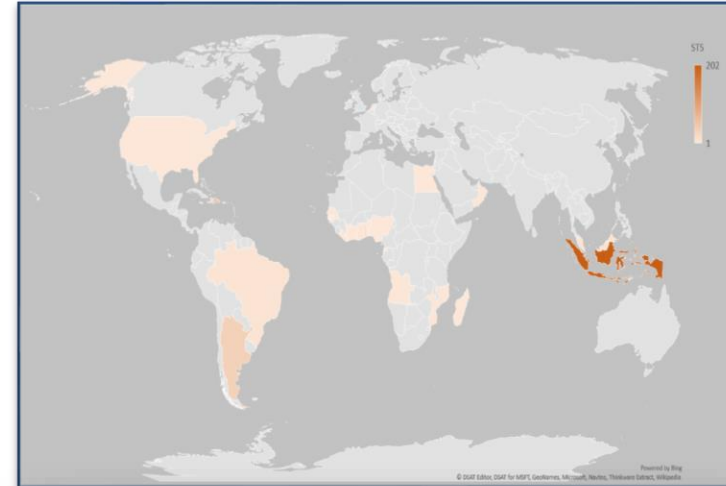
An Integral Part of the Global Seaborne LPG Supply Chain for all vessel sizes



## Epic Gas STS Operations by Region



## Epic Gas STS Operations Heat Map



|             | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------|------|------|------|------|------|
| No. STS Ops | 24   | 108  | 198  | 413  | 358  |

- Strong Global Demand
- 95 STS operations in Q4 2018
- Increased operations off East Africa and in South East Asia



# Operating Metrics



|  | Three Month Period<br>Ended December 31, |      | Twelve Month Period<br>Ended December 31, |      |
|--|--|------|---|------|
|  | 2017                                     | 2018 | 2017                                      | 2018 |

|  |         |          |         |         |
|--|---------|----------|---------|---------|
| <b>Average number of vessels in period (1)</b> | 41.2    | 38.0     | 40.9    | 39.0    |
| <b>Number of vessels as of period end</b>      | 41      | 38       | 41      | 38      |
| <b>Fleet capacity at period end (cbm)</b>      | 273,100 | 259,900  | 273,100 | 259,900 |
| <b>Gas fleet average size as of period end</b> | 6,661   | 6,839    | 6,661   | 6,839   |
| <b>Fleet calendar days</b>                     | 3,788   | 3,496    | 14,946  | 14,229  |
| <b>Time charter days</b>                       | 2,562   | 2,650    | 10,584  | 10,297  |
| <b>Spot market days</b>                        | 1,176   | 808      | 3,744   | 3,683   |
| <b>COA days</b>                                | -       | -        | 101     | -       |
| <b>Voyage days (2)</b>                         | 3,738   | 3,458    | 14,428  | 13,980  |
| <b>Fleet utilisation (3)</b>                   | 98.7%   | 98.9%    | 96.5%   | 98.2%   |
| <b>Fleet operational utilisation (4)</b>       | 94.4%   | 96.0%    | 92.0%   | 93.9%   |
| <b>Time charter equivalent earnings (5)</b>    |         |          |         |         |
| <b>Per Calendar Day</b>                        | \$8,449 | \$9,971  | \$8,210 | \$9,541 |
| <b>Per Voyage Day</b>                          | \$8,563 | \$10,082 | \$8,505 | \$9,711 |
| <b>Operating expenses per Calendar Day</b>     | \$4,172 | \$4,071  | \$4,176 | \$4,122 |

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.

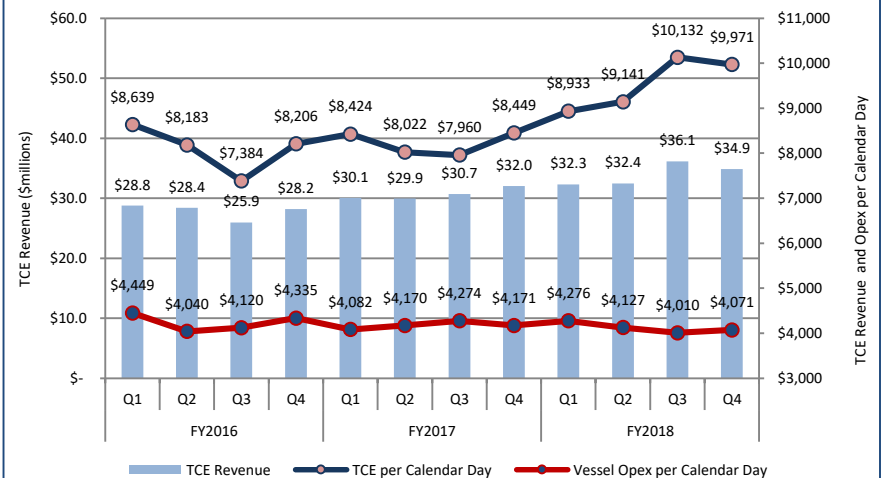
# Income Statement and Cash Flow FY2018



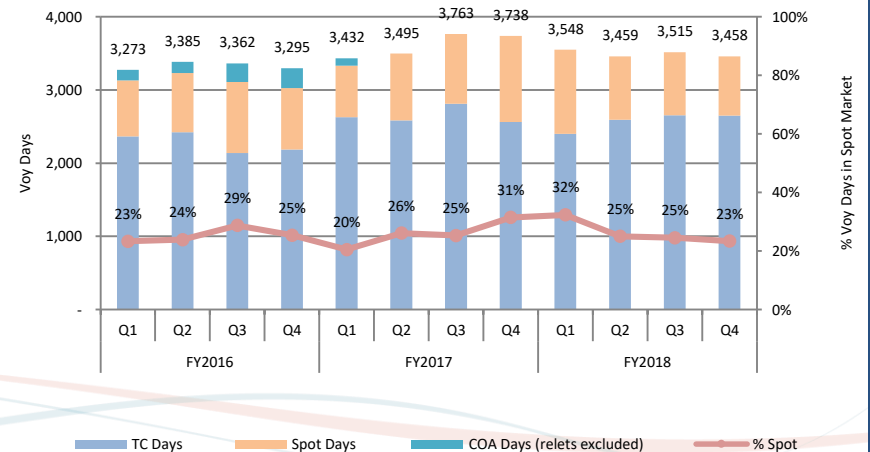
|  | Three Month Period<br>Ended December 31, |              | Twelve Month Period<br>Ended December 31, |              |
|--|--|--------------|---|--------------|
| <i>All amounts in \$ millions</i>        | 2017                                     | 2018         | 2017                                      | 2018         |
| <b>Revenue</b>                           | 37.3                                     | 39.4         | 139.5                                     | 155.5        |
| Address and brokerage commissions        | 0.8                                      | 0.8          | 3.3                                       | 3.2          |
| Voyage expenses                          | 5.1                                      | 4.4          | 15.5                                      | 18.9         |
| Vessel operating expenses                | 15.8                                     | 14.2         | 62.4                                      | 58.6         |
| Charter-in costs                         | 4.1                                      | 3.5          | 16.0                                      | 14.9         |
| Depreciation and amortization            | 7.4                                      | 7.3          | 29.3                                      | 29.5         |
| (Gain) Loss on sale of vessels/Bad Debts | 0.0                                      | 0.0          | 0.0                                       | (0.3)        |
| Impairment of Goodwill                   | 12.9                                     | 0.0          | 12.9                                      | 0.0          |
| General and administrative expenses      | 3.6                                      | 4.3          | 14.9                                      | 16.1         |
| <b>Total expenses</b>                    | <b>49.7</b>                              | <b>34.3</b>  | <b>154.3</b>                              | <b>140.9</b> |
| <b>Operating income</b>                  | <b>(12.4)</b>                            | <b>5.1</b>   | <b>(14.8)</b>                             | <b>14.7</b>  |
| Other (income) / losses, net             | (0.5)                                    | 0.0          | (1.8)                                     | 0.2          |
| Finance expenses                         | 4.3                                      | 4.1          | 17.2                                      | 16.6         |
| <b>Profit/(loss) before tax</b>          | <b>(16.2)</b>                            | <b>0.9</b>   | <b>(30.3)</b>                             | <b>(2.1)</b> |
| Income tax expense                       | 0.1                                      | (0.0)        | 0.5                                       | 0.5          |
| <b>Profit/(loss) after tax</b>           | <b>(16.3)</b>                            | <b>0.9</b>   | <b>(30.8)</b>                             | <b>(2.7)</b> |
| Other Comprehensive income:              |  |              |   |              |
| Cash flow hedges gain/(loss)             | 1.1                                      | (1.6)        | 0.5                                       | 0.7          |
| <b>Total Comprehensive Income/(Loss)</b> | <b>(15.2)</b>                            | <b>(0.7)</b> | <b>(30.3)</b>                             | <b>(1.9)</b> |

| <i>All amounts in \$ millions</i>                         | FY2017       | FY2018      |
|---|--------------|-------------|
| Cash from operating activities                            | 16.3         | 30.1        |
| Cash from investing activities                            | (39.7)       | 1.5         |
| Cash from financing activities                            | 20.5         | (21.9)      |
| <b>Net Increase in cash and cash equivalents</b>          | <b>(2.8)</b> | <b>9.7</b>  |
| 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>7.0</b>   | <b>16.7</b> |

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



## Voyage Days



# Balance Sheet 31 December 2018



| All amounts in \$ millions                        | As of<br>31 Dec 2017 | As of<br>31 Dec 2018 |
|---|----------------------|----------------------|
| <b>ASSETS</b>                                     |                      |                      |
| Cash and cash equivalents                         | 7.0                  | 16.7                 |
| Trade and other receivables                       | 25.8                 | 20.2                 |
| Inventories                                       | 4.3                  | 3.3                  |
| Derivative financial instruments                  | 0.0                  | 0.0                  |
| Current assets                                    | 37.1                 | 40.3                 |
| Trade and other receivables – Non current         | 0.4                  | 0.1                  |
| Restricted cash deposits                          | 13.5                 | 11.5                 |
| Property, plant and equipment                     | 524.5                | 497.2                |
| Advances for vessels under construction           | 0.0                  | 0.0                  |
| Derivative financial instruments                  | 0.8                  | 1.6                  |
| Non-current assets                                | 539.2                | 510.4                |
| <b>TOTAL ASSETS</b>                               | <b>576.3</b>         | <b>550.7</b>         |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                      |                      |
| Trade and Other Payables                          | 26.2                 | 22.7                 |
| Deferred income                                   | 9.0                  | 9.8                  |
| Current income tax liabilities                    | 0.5                  | 0.4                  |
| Derivative liabilities                            | 0.0                  | 0.0                  |
| Finance lease liabilities                         | 9.5                  | 4.2                  |
| Bank Loan   | 31.7                 | 26.5                 |
| Current liabilities                               | 77.0                 | 63.6                 |
| Trade and other Payables                          | 0.1                  | 0.0                  |
| Deferred taxation                                 | 0.1                  | 0.0                  |
| Finance lease liabilities                         | 44.3                 | 43.3                 |
| Bank Loan   | 210.9                | 201.2                |
| Non-current liabilities                           | 255.4                | 244.5                |
| Total Liabilities                                 | 332.4                | 308.1                |
| Share capital                                     | 340.1                | 340.1                |
| Share option reserves                             | 3.8                  | 4.4                  |
| Accumulated losses                                | (100.6)              | (103.3)              |
| Accumulated other comprehensive income            | 0.7                  | 1.4                  |
| Total Equity                                      | 244.0                | 242.6                |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>576.3</b>         | <b>550.7</b>         |

- **Asset values**  
Book value of \$497m below latest broker FMV estimates as of Dec 2018
- **Liquidity**  
Cash of \$28.2m. Refinancing of one vessel in October added \$5.8m unrestricted cash.
- **Low gearing**  
Net borrowings/total assets of 45%.
- **Refinancing**  
In October 2018, the Company completed a sale and lease back transaction for the Epic Madeira (9,500cbm, 2006 built) with a Japanese ship owning company. The transaction has the advantage of reducing the monthly finance cost, whilst also increasing the Company's liquidity position. The Company has purchase options to re-acquire the vessel during the charter period of 11 years, with the first such option exercisable on the sixth anniversary of the vessel delivery.

## Loan Profile

|                 | Dec-18       | Dec-19       | Dec-20       | Dec-21       | Dec-22       | Dec-23       | Dec-24      |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Credit Agricole | 32.0         | 27.9         | 23.9         | 20.5         | 18.0         |              |             |
| ABN/NIBC/CA     | 64.2         | 59.1         | 54.0         | 48.9         | 43.8         |              |             |
| ABN/DVB/Nor     |              |              |              |              |              |              |             |
| d LB            | 61.1         | 48.8         | 38.8         | 30.5         | 22.1         |              |             |
| NIBC            | 6.6          | 5.4          | 4.2          | 3.0          |              |              |             |
| Japanese        |              |              |              |              |              |              |             |
| Owners          | 64.9         | 60.9         | 56.8         | 52.5         | 48.1         | 31.0         | 27.2        |
| Finance Leases  | 47.5         | 41.7         | 35.4         | 28.8         | 4.5          |              |             |
| Interunity      | 1.3          | 0.9          | 0.4          |              |              |              |             |
| Balloon         |              |              |              |              | 27.2         | 88.5         |             |
| <b>Total</b>    | <b>277.7</b> | <b>244.7</b> | <b>213.5</b> | <b>184.1</b> | <b>163.7</b> | <b>119.5</b> | <b>27.2</b> |

# Summary and Outlook



## Summary Q4 2018

- 38 vessels on the water, total capacity 259,900cbm, average size 6,839cbm, average age 7.9 years.
- Fleet Operational Utilisation 96.0%, TCE \$9,971 per calendar day and \$10,082 per voyage day.
- Operating Expenses \$4,071 and General & Administrative expenses \$1,216 per calendar day.
- As of 31<sup>st</sup> December 2018, 38% covered for 2019 at an average daily TCE rate of \$10,061.

## Outlook

- Utilisation and Freight levels for all sizes continue to improve due to low incremental capacity and ongoing demand growth for LPG shipping, forecast to be over 6% in 2019.
- Ongoing and potential scrapping in the pressurised and semi-ref LPG ship sector.
- Limited order book for the sector – 10 pressure and 5 semi-ref (including ethylene carriers).
- Positive macro environment and infrastructure development in demand centres.

# The Epic Gas Fleet



## Epic Gas Fleet List

| 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> |           |

| 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

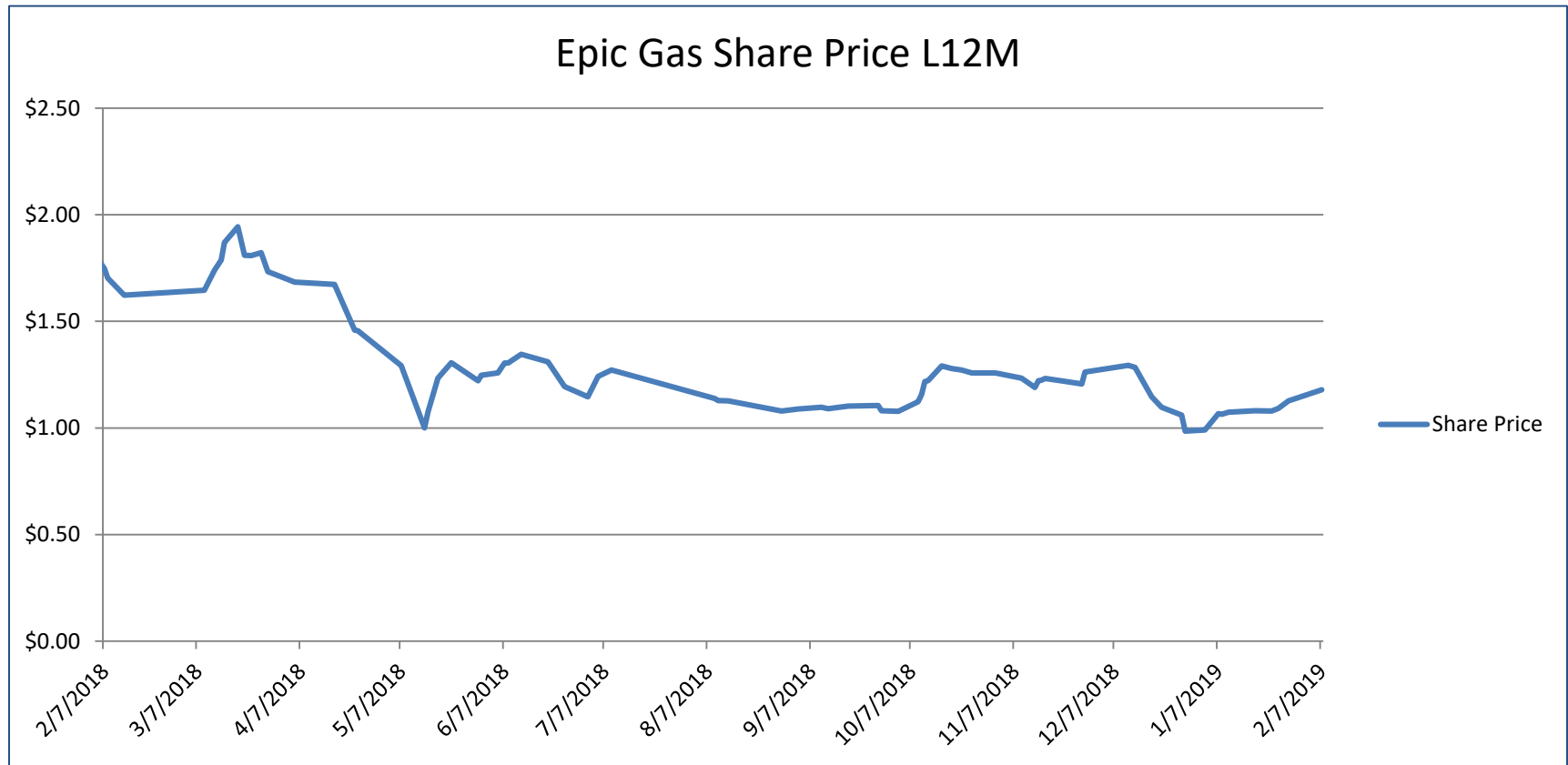
| Vessel: 7,200-7,500         | cbm            | Built      | Yard           |
|-----------------------------|----------------|------------|----------------|
| Epic Borkum                 | 7,200          | 2000       | Murakame Hide  |
| Epic Barbados               | 7,200          | 2001       | Murakame 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 38 Vessels, and 259,900 cbm**

# Key Information on Epic Gas' Shares



|                           |               |
|---------------------------|---------------|
| Listing Market            | Merkur Market |
| Market Cap                | (NOK) 710.9 M |
| Shares Outstanding /Float | 70.4M /70.4M  |

