



## Avance Gas Holding Ltd Reports Unaudited Second Quarter 2014 Results

**BERMUDA, 25 June, 2014** – Avance Gas Holding Ltd (OSE: AVANCE) today reported unaudited results for the quarter ended on 31 May, 2014.

### **Strong performance in a resilient LPG market – \$0.30 per share dividend:**

- Average time charter equivalent (TCE) rate for the fleet was \$45,084/day compared to \$34,499/day in Q1 2014.
- TCE earnings were \$24.5 million in Q2 2014, up from \$18.4 million in Q1 2014.
- 543 operating days in Q2 2014, compared with 534 days in Q1 2014.
- Net profit was \$9.6 million in Q2 2014, compared with a net profit of \$6.1 million in Q1 2014.
- The Board declared a dividend of \$0.30 per share for the quarter.

### **Significant events for the quarter:**

- On 9 April, 2014, Avance Gas announced the successful completion of the initial public offering (IPO) of shares in the company. The total transaction amounted to \$273 million, including approximately \$95 million in net proceeds from the issuance of new shares and \$175 million in a sell-down by the three major shareholders. The latter included an over-allotment of shares of \$25 million. The three largest shareholders' aggregate shareholding in the company was reduced to 39.9% resulting from the IPO.
- On 9 April, 2014, a fire was reported on the first newbuilding under construction at Jiangnan Shipyard, China. The company estimates a delay of up to three months on the delivery of the ship as a result of the fire but does not expect any impact on the delivery dates of the seven other newbuildings.
- On 8 May, 2014, Avance Gas completed and partially drew down under a new six-year \$450 million credit facility agreement.
- Avance Gas continues its strategy of pursuing consolidation opportunities.

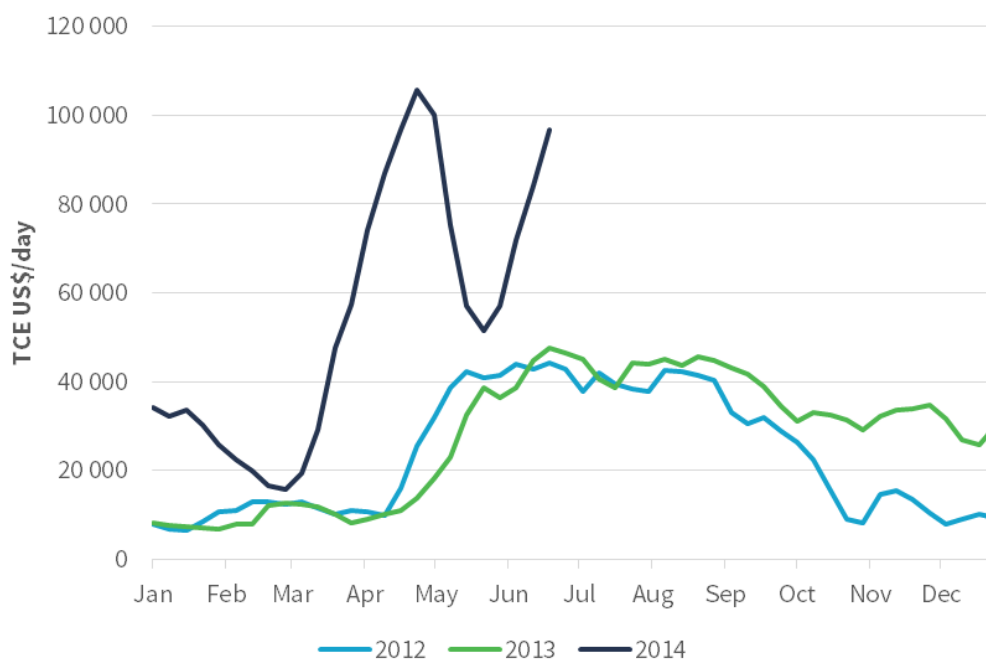
The trading activity in the fully refrigerated LPG market traditionally picks up in late spring/early summer each year. This usually creates higher demand for shipping services and, thus, stronger freight markets.

The freight market bottomed out in February and as we entered into March, spot rates started to improve. The market continued to strengthen, reaching levels above \$100,000/day by the end of April. Activity slowed down in May before picking up again in June.

The market has been driven by steady export volumes from the Middle East combined with increased exports from the US Gulf.

The Baltic Index is currently quoted at about \$130/ton, equaling to a time charter equivalent rate of about \$100,000/day.

## Avance Gas Spot Index



(Source: Avance Gas)

## FINANCIAL AND OPERATIONAL REVIEW KEY HIGHLIGHTS - SECOND QUARTER RESULTS

(In US\$ thousands)	Three Months Ended	
	May 31, 2014	February 28, 2014
<b>Income Statement:</b>		
Operating Revenue	32,038	28,122
TCE Earnings	24,458	18,430
Operating Profit before Depreciation Expense	17,073	11,659
Net Profit (Loss)	9,615	6,131
Net Profit per share	0.29	0.20
<b>Balance Sheet:</b>	<b>May 31, 2014</b>	<b>February 28, 2014</b>
Total Assets	695,586	603,501
Cash and Cash Equivalents	155,058	64,161
Total Shareholders' Equity	485,704	398,623
<b>Cash Flows:</b>	<b>May 31, 2014</b>	<b>February 28, 2014</b>
Net cash generated by operating activities	14,074	9,560
Net cash used in investing activities	(32)	(140,728)
Net cash generated by (used in) financing activities	76,861	(4,580)
Net increase (decrease) in cash and cash equivalents	90,898	(135,722)



The fleet continued to trade in the spot market and on spot-indexed time charter contracts in Q2 2014. TCE earnings were \$24.5 million, compared with \$18.4 million in Q1 2014, following a continued strong freight market.

Voyage expenses were \$7.6 million in Q2 2014, compared with \$9.7 million in Q1 2014. This was mainly due to differences in trading patterns and lower bunker costs, partially offset by higher fleet utilization in Q2 2014. The average bunker price paid was \$601 per ton in Q2 2014, versus \$623 per ton in Q1 2014.

Operating expenses were \$5.2 million in Q2 2014, down from \$5.3 million in Q1 2014. This was mainly due to lower provisioning and insurance expenses, offset by higher maintenance and repair costs.

Administrative and general expenses were \$2.2 million in Q2 2014, up \$0.7 million from Q1 2014, mainly as a result of higher professional fees and higher personnel costs.

Non-operating expenses were \$2.7 million for the quarter compared with \$0.7 million in Q1 2014. The increase mainly relates to a \$1.9 million write-off of the remaining debt issuance costs for the debt that was refinanced in May 2014.

Avance Gas recorded a net profit of \$9.6 million in Q2 2014, equal to \$0.29 per share.

## BALANCE SHEET AND CASH FLOWS

Avance Gas' total assets amounted to \$695.6 million at the end of Q2 2014. Total shareholders' equity amounted to \$485.7 million, corresponding to an equity ratio of 69.8%.

Total interest bearing debt was \$194.9 million, and total free cash and cash equivalents amounted to \$155.1 million at the end of Q2 2014. In addition, Avance Gas had available undrawn credit lines of \$50.0 million at the end of the quarter.

In Q2 2014, net cash generated by operating activities was \$14.1 million. Financing activities for the quarter included \$295.0 million aggregate proceeds from the IPO and the fleet refinancing. Cash generated from operations and financing activities was used to repay debt of \$200.5 million and to pay dividends of \$17.6 million. This resulted in a net increase in cash and cash equivalents at the end of Q2 2014 of \$90.9 million.

## DIVIDEND

The Board of Directors of Avance Gas approved a dividend of \$0.30 per share for the quarter, amounting to \$10.6 million. The dividend is payable on 10 July, 2014 to shareholders of record as of 3 July, 2014. In accordance with the normal settlement practice, the shares will trade ex-dividend on and after 1 July, 2014.

## FLEET OVERVIEW

On 9 April, 2014, there was a fire in hull 1071, the first ship scheduled for delivery from Jiangnan Shipyard. Fortunately, no personal injuries were reported. Cargo tanks 1 and 2 were damaged, of which the latter is believed to be beyond repair. The shipyard is in the process of replacing steel in the exposed areas around cargo tank 2. Hull 1071 was inspected by Avance Gas after the fire, and expected delivery is now estimated to be December 2014 or January 2015, representing a two to



three month delay. The incident is not expected to impact the delivery date of the remaining seven ships and all ships are scheduled to be delivered by August 2015.

On 8 May, 2014, the Company's fleet of six modern VLGCs was re-flagged to the Marshall Islands, and at the same time the VLGC *Stolt Avance*, was renamed *Avance*.

## EMPLOYMENT

During the quarter, four ships were employed in the spot market, mainly loading in the Middle East for discharge in India and the Far East. Two ships, *Venus Glory* and *Thetis Glory*, were employed on time charters while *Avance* was redelivered in early March 2014 from a one-year time charter. *Thetis Glory* commenced an 80-120 day time charter in early March.

Both *Venus Glory* and *Thetis Glory* are employed with a Baltic Index-related floating rate structure, capped at approximately \$40,000 and \$50,000 per day, respectively.

## WAITING DAYS AND OFFHIRE

*Avance Gas* recorded 543 operating days during Q2 2014.

After coming off its time charter, *Avance* had 22 waiting days in March. On 22 April, *Venus Glory* experienced a breakdown of two auxiliary engines, resulting in eight days off-hire. A further 1.5 offhire days were recorded in May in connection with the reflagging of the fleet.

Waiting days, which are included in the operating days, totaled 24.53 days for the fleet in Q2 2014. This represents 1.4 waiting days per ship per month, or 4.4 % waiting time for the fleet, compared with 0.1 days and 0.4 %, respectively, in Q1 2014.

## REFINANCING

On 25 March, *Avance Gas* signed a six-year \$450 million credit facility agreement with a group of large shipping banks.

The new credit facility consists of a \$200 million term loan facility and a \$50 million revolving credit facility, refinancing the existing debt of the company and available for general corporate purposes, plus a \$200 million term loan facility providing post-delivery financing for the first four newbuildings. The debts related to the existing ships and newbuildings have 13-year and 16-year repayment profiles, respectively.

The credit facility was completed and partially drawn on 8 May, 2014.

## BOARD COMPOSITION

In May, Mr. Peter Stokes, a member of the *Avance Gas* Board of Directors, stated his intention to step down. *Avance Gas* is currently seeking a replacement. The resignation of Mr. Stokes will be effective from end July 2014, or such earlier date his successor is appointed.

## SUBSEQUENT EVENTS

As part of the Company's growth strategy, *Avance Gas* will open an office in Singapore and has strengthened the management team by hiring Mr. Tore Krogsmyr (51) as Chief Commercial Officer.



Mr. Krogsmyr was previously employed by Statoil as Vice President Gas Liquids, Asia Pacific (Head of LPG and Naphtha trading).

## OUTLOOK

The LPG freight markets continued to develop strongly, with “all-time-high” freight rates experienced during Q2 2014. Moving towards the traditional summer high season, the market is expected to remain strong in the coming months.

LPG shipping demand is in particular driven by continued strong growth in exports from the United States, on top of the steady and high export activity from the Middle East. We expect the fleet utilization to continue to be above 95%, which will support strong freight rates.

Avance Gas is employing the fleet in the spot market or with spot market-related freight formulas. As ships are generally fixed four to six weeks prior to loading, the prevailing freight market will at any time need similar time to be reflected in the company’s financial accounts.

Although the orderbook remains high, with around 50% of the existing fleet to be delivered prior to 2017, the number of newbuildings for delivery in the second half of 2014 is limited and the short-term demand for VLGCs is expected to exceed new supply.

The Board reaffirms its strategy of growth, including growth through corporate transactions and is continuing to pursue such opportunities.

## PRESENTATION AND WEBCAST

Avance Gas will hold a presentation to discuss the company’s results for the quarter ended 31 May, 2014, on Wednesday, 25 June, 2014 at 15:00 CET in the offices of Swedbank First Securities, Filipstad Brygge 1, Oslo, on the 8th floor. There will be a Q&A session following the presentation.

The presentation and webcast will be hosted by:

- Mr. Christian Andersen – President, Avance Gas Holdings Ltd.
- Mr. Peder C. G. Simonsen – Chief Financial Officer, Avance Gas Holdings Ltd.

The presentation will also be available via audio webcast, which can be accessed at Avance Gas' website [www.avancegas.com/Investor-Relations/Reports-Presentations/Webcasts](http://www.avancegas.com/Investor-Relations/Reports-Presentations/Webcasts). Dial in details are +44(0)20 3427 0503 (UK and International), +1646 254 3364 (US) or +472350 0486 (Norway). Please quote the passcode: 2055263. Phone lines will open 10 minutes before the call.

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## ABOUT AVANCE GAS

Avance Gas operates in the global market for transportation of liquefied petroleum gas (LPG). The company is one of the world's leading owners and operators of very large gas carriers (VLGCs), and operates a fleet of six modern ships and has a newbuilding program of eight VLGCs.

For more information about Avance Gas, please visit: [www.avancegas.com](http://www.avancegas.com)

## FORWARD LOOKING STATEMENTS

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as “anticipate”, “believe”, “continue”, “estimate”, “expect”, “intends”, “may”, “should”, “will” and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although Avance Gas believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements.

The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and are subject to change without notice.

This information is subject to disclosure requirements pursuant to Section 5-12 of the Norwegian Securities Trading Act.

