

EPIC GAS LTD
PRELIMINARY FINANCIAL STATEMENTS FOR THE FISCAL YEAR
ENDED

31 December 2018

SINGAPORE, 14 February 2019 - Epic Gas Ltd. ("Epic Gas" or the "Company") today announced its unaudited financial and operating results for the fiscal year ended December 31, 2018. All amounts reported in US Dollars unless otherwise stated.

A conference call to discuss these results is scheduled for 14 February 2019 at 10:00 AM (New York) / 3:00PM (London) and can be accessed via the following dial-in information.

Conference call details

Participants should dial into the call 10 minutes before the scheduled time using the following numbers:

United States:	1 (877) 553 9962
United Kingdom:	0 (808) 238 0669
Standard International Dial In:	+44 (0) 2071 928 592
Norway:	+47 21033201
Singapore:	+65 31585482
Hong Kong:	+852 5808 5586

Please quote "Epic Gas."

A telephonic replay of the conference call will be available until Thursday, February 21st, 2019. The United States replay number is 1 (866) 331-1332; from the UK 0(808) 238-0667; the standard international replay number is (+44) (0) 3333 009 785 and the access code required for the replay is: 7969237#.

Audio Webcast - Slide Presentation

There will be a live and then archived audio webcast of the conference call, via the internet through the Epic Gas website www.epic-gas.com. Participants to the live webcast should register on the website approximately 10 minutes prior to the start of the webcast through the following link:

<https://epic-gas.irwebpage.com/webcast-Q4-2018.html>

The slide presentation on the fourth quarter 2018 financial results has been circulated together with the earnings release and is also available in PDF format, accessible on the investor relations page of the Company's website www.epic-gas.com.

Participants to the webcast are encouraged to download the PDF presentation as the conference call will follow the presentation slides.

Fiscal Year 2018 Highlights

- Revenue of \$155.5 million, up 11% year over year
- Adjusted EBITDA of \$44.5 million, up 51% year over year
- A fourth quarter Net Profit of \$0.9 million, leading to a Net Loss of \$2.7 million for the fiscal year, an improvement year over year of \$28.1 million, or 91%
- 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
- General & Administrative expenses of \$1,129 per vessel calendar day, up 13% year over year including one-off items.
- Vessel Calendar days down 5% year over year to 14,229 days
- \$80 million of debt and finance leases raised to refinance loan facilities on 10 vessels that were due to expire in 2019
- As of 31 December 2018, 38 vessels on the water

Management Commentary

Charles Maltby, the Chief Executive Officer of Epic Gas stated “The Company is pleased to report a significant year on year improvement in business performance with the net profit in the fourth quarter reflecting continued focus on quality, cost control and fleet optimization as well as the improving underlying market fundamentals. The Company’s EBITDA has increased by 51% year over year, and our fleet operational utilisation improved from 92% to 93.9%. We have completed refinancing of over 25% of our vessels reducing our annual finance expense, enhancing our liquidity and optimizing our capital structure.

With a modern fleet of 39 vessels and global footprint as the largest commercial operator of pressurised LPG carriers, Epic Gas is well positioned to benefit from the improving fundamentals of the LPG shipping market. Global seaborne LPG volume is expected to grow by over 6% in 2019 and surpass 100 million tonnes for the first time. Fleet supply in the smaller vessel segment where we operate remains contained due to limited newbuilding deliveries scheduled for the next two years, a growing pool of scrapping candidates from older vessels and increased activity in the second-hand market.”

The Pressurised Market

For the fourth quarter of 2018, freight levels for most sizes in the pressurised sector were similar to the stronger levels seen in the third quarter. Rates for the 3,500cbm, 5,000cbm, 7,500cbm and 11,000cbm averaged \$8,671, \$9,870, \$10,565 and \$13,315 per day, respectively, up 12% for the 3,500cbm, 6% for the 5,000cbm and 7,500cbm vessels, and 2% for the 11,000cbm vessels.

During the fourth quarter, three newly-built pressurised vessels delivered – a 4,000cbm and two 5,000cbm vessels - whilst two small-sized semi-ref vessels totalling 11,400cbm were scrapped.

The year 2018 ended with a total of 329 pressure vessels (non-Chinese flagged over 3,000cbm) on the water, including six newbuilds totalling 36,500cbm that delivered during the year. Five pressure vessels of an average age of 27.6 years and totalling 17,100cbm were scrapped. This resulted in a net fleet year on year growth in capacity of 1.1% as compared to net fleet growth of 4.1% in 2017, 6.4% in 2016 and 9.0% in 2015. There are five newbuild vessels scheduled to be delivered in 2019

and five more in 2020, representing a 1.4% increase in existing fleet capacity, assuming no scrapping of older vessels, the lowest supply growth in any bulk commodity shipping sector. Further, in the existing international trading fleet, there are sixteen ships / 56,533cbm that are aged 28 years and older, making them potential scrapping candidates, which will further reduce the net fleet growth rate.

The smaller-sized semi-ref fleet that can compete with the pressure vessels has an order book of five vessels, two of which are the more expensive ethylene vessels purpose built for that trade. This newbuild capacity of 53,300cbm equates to an average annual semi-ref fleet growth of approximately 3.5%, which is more than likely to be lower due to a scrapping 'pool' of fifteen non-ethylene vessels and seven ethylene vessels that are 28 years and older. We expect that higher operating costs for the older units and probable capital investments required by new legislation will compel owners to strongly consider scrapping these older ships. There were thirteen small-sized semi-ref vessels totalling 98,300cbm that were scrapped in 2018, at an average age of 32 years.

The second-hand market for pressure vessels remained active with 23 transactions concluded during the year, reaffirming the sector as having the highest asset liquidity within the LPG space. Over 90% of the sales were to buyers based in Asia and the Middle East. The average age of transacted vessels was 17 years, with second-hand prices trending upwards.

Drewry reports that global seaborne LPG volumes are expected to grow to 102.6 million tonnes in 2019, 6.4% higher than the 96.4 million tonnes shipped in 2018. In the fourth quarter 2018, Epic Gas loaded approximately 812,000 tonnes and was involved in 726 cargo operations in 137 different ports. LPG cargoes made up 73% of the cargoes lifted with the balance being petrochemicals. We had six vessels operating in the Americas, eighteen in the Europe/Middle East/Africa belt and fourteen in Asia.

The USA remains the largest single driver of LPG exports, a year on year gain of 13.5% on exported tonnes, and continued development of infrastructure and export capacity. In Asia, imports by China and India last year grew by 5.4% and 8.1% respectively compared to a year ago, as these two countries remain key demand drivers. Growing LPG consumption for domestic use and developing infrastructure in countries like Bangladesh, Indonesia, Philippines, Vietnam and in sub-Saharan Africa are expected to drive LPG imports and the pressurised LPG vessel trade.

During the quarter, our vessels performed a total of 95 ship-to-ship (STS) operations on a global basis, bringing the annual total to 358 operations, an equivalent of one operation a day. Due to the forecast increase in global LPG seaborne trade and VLGC shipments in 2019, we expect further growth ahead.

In the petrochemical trade, Chinese Propylene imports remains an important driver in the 3,500cbm and 5,000cbm pressure vessel trade in Asia. A robust and much larger underlying market for associated derivative products continues to positively impact propylene imports.

The market in North West Europe remained strong during the quarter with expected seasonal delays as well as low water levels on the Rhine causing trade disruptions and impacting vessel availability. The Mediterranean and Black Sea saw the usual movement of contract cargoes on trader-controlled tonnage. From the USA, export volumes on pressurised and on small sized semi-ref vessels this quarter amounted to approximately 162,000 tonnes, the highest in the year and a 37% increase from the previous quarter, with increased deliveries to Central and South America.

Revenue

We ended the year with a fleet size of 38 vessels with a total capacity of 259,900cbm and an average size and age of 6,839cbm and 7.9 years respectively, a 2.7% increase in average size whilst maintaining the average fleet age below 8 years.

During the fourth quarter, the fleet experienced 38 technical off-hire days, which included one scheduled dry-docking. This resulted in fleet availability of 98.9% compared to 98.7% in the fourth quarter of 2017, with an improved operational utilisation of 96.0% compared to a year ago when it was 94.4%.

TCE revenue per calendar day of \$9,971 was 18% higher than the \$8,449 in Q4 2017. Our revenue for full year 2018 was \$9,541 per vessel calendar day, 16.2% higher than the \$8,210 achieved in 2017.

The fleet traded under time charter for 76.6% of total voyage days during the final quarter compared to an average of 73.7% for the year.

As of 31 December 2018, the Company was 38% covered for the year 2019 with 5,396 voyage days covered at an average daily TCE rate of \$10,061, leaving 8,834 calendar days open on the current fleet for the rest of the year.

Operating Expenses

Vessel operating expenses per calendar day decreased by 1.3% from \$4,176 in 2017 to \$4,122 in 2018. Primarily as a result of the Company's 5% reduction in fleet calendar days, the Vessel operating expenses on a lumpsum basis decreased from \$62.4 million in 2017 to \$58.6 million in 2018. Our focus remains on improving the quality and performance of our vessels to further increase utilisation.

Voyage costs were \$18.9 million, up from \$15.5 million in 2017. The increase is a result of increased bunker expenses whilst the Company's voyage charter activity decreased by 4% year over year to 3,683 spot market days.

Consistent with the Company's focus on younger and larger pressurised vessels, the Company re-delivered two 4,100cbm bareboat vessels (2000 and 2001 built) in February and September 2018, leading to a \$1.1 million decrease in charter-in costs to \$14.9 million. As of 31 December 2018, the Company had 6 ships on traditional inward bareboat charter arrangements under which charter payments are expensed.

General and Administrative (G&A) expenses per calendar day increased 11% to \$1,129 for the full year 2018. The increase was mainly due to unfavourable SGD/USD exchange rates year over year and one-off legal costs related to re-financings and projects. General and Administrative expenses, in our integrated model, include the cost of commercial and technical management of our fleet as well as all ownership and corporate-level general and administrative expenses. We expect G&A cost per calendar day to decline modestly in 2019.

Finance and other expenses

Finance expenses during the year decreased from \$17.2 million to \$16.6 million primarily due to the reduction in outstanding debt by \$21 million year over year. The Company has outstanding bank indebtedness of \$180 million, all of which bears interest at a margin above a floating reference rate. The Company has agreed interest rate swaps on \$144 million of principal at a weighted average reference rate of 2.04%.

Dry-dockings

We are required to dry-dock each vessel once every five years until it reaches 15 years of age, after which we choose to drydock the applicable vessel every two and a half to three years. In the interim, there are shorter-duration, less-costly intermediate surveys. We capitalize dry-docking costs and amortize these costs on a straight-line basis over the period between dockings.

During 2018, we performed 12 dry-dockings and intermediate surveys with a total off-hire time of 139 calendar days. In 2019 we are planning dry-dockings and intermediate surveys on 18 vessels with a total expected off-hire time of 286 calendar days. The dry-docking schedule eases off in 2020 and 2021 with 16 and 12 vessels respectively. Notwithstanding the increased burden on costs and revenue days in 2019, we expect positive underlying earnings growth ahead.

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.

The Company has no further loan expiries until mid-2022.

Subsequent Events

In January 2019, the Company chartered in a 7,500cbm vessel (2011 built) for a period of 1+1 years with purchase options exercisable on the first anniversary of the vessel delivery.

In January 2019, the Company has granted under the Company's existing share option plan up to 297,220 stock options to certain members of the executive management team. The options have a strike price of \$1.75 and will vest after five years. As of February 14th 2019, the Company has 70,471,771 basic shares issued and outstanding and 4,900,320 options outstanding.

About Epic Gas Ltd.

Epic Gas owns and operates a fleet of fully pressurised gas carriers providing seaborne services for the transportation of liquefied petroleum gas and petrochemicals. The Company controls a fleet of 39 vessels which serve as a link in the global gas and petrochemical supply chains of leading oil majors and commodity trading houses. The Company's shares are traded over the Oslo Stock Exchange under the symbol "EPIC-ME".

For further information visit our website www.epic-gas.com

Company Contact
Uta Urbaniak-Sage
Chief Financial Officer
+65 6230 7801

Investor Relations / Media
Capital Link, Inc.
Nicolas Bornozis
+212 661 7566

Charles Maltby
Chairman & Chief Executive Officer

epic@capitallink.com

Forward Looking Statements

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words “believe,” “anticipate,” “intends,” “estimate,” “forecast,” “feel,” “project,” “plan,” “potential,” “may,” “should,” “expect,” “pending” and similar expressions identify forward-looking statements.

EPIC GAS LTD.

BALANCE SHEET (UNAUDITED)		
<i>All amounts in \$ millions</i>	As of 31 Dec 2017	As of 31 Dec 2018
ASSETS		
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
TOTAL ASSETS	576.3	550.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
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
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	576.3	550.7

INCOME STATEMENT (UNAUDITED)

<i>All amounts in \$ millions</i>	Three Month Period Ended December 31,		Twelve Month Period Ended December 31,	
	2017	2018	2017	2018
Revenue	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
Total expenses	49.7	34.3	154.3	140.9
Operating income	(12.4)	5.1	(14.8)	14.7
Other (income) / losses, net	(0.5)	0.0	(1.8)	0.2
Finance expenses	4.3	4.1	17.2	16.6
Profit/(loss) before tax	(16.2)	0.9	(30.3)	(2.1)
Income tax expense	0.1	(0.0)	0.5	0.5
Profit/(loss) after tax	(16.3)	0.9	(30.8)	(2.7)
Other Comprehensive income:				
Cash flow hedges gain/(loss)	1.1	(1.6)	0.5	0.7
Total Comprehensive Income/(Loss)	(15.2)	(0.7)	(30.3)	(1.9)

STATEMENT OF CASH FLOWS (UNAUDITED)

<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)
Net Increase in cash and cash equivalents	(2.8)	9.7
Cash and cash equivalents at the beginning of the year	9.8	7.0
Cash and cash equivalents at the end of the period	7.0	16.7

SUPPLEMENTAL INFORMATION				
<i>All amounts in \$ millions except per day amounts</i>	Three Month Period Ended December 31,		Twelve Month Period Ended December 31,	
	2017	2018	2017	2018
REVENUE AND TIME CHARTER EQUIVALENT EARNINGS				
Charter hire	37.1	39.2	138.2	154.7
Technical management revenue	0.2	0.2	1.3	0.8
Revenue	37.3	39.4	139.5	155.5
Charter hire	37.1	39.2	138.2	154.7
Less: Voyage expenses	(5.1)	(4.4)	(15.5)	(18.9)
Less: Bunker hedge losses	0.0	0.0	0.0	0.0
Time charter equivalent earnings	32.0	34.9	122.7	135.8
RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA				
Profit/(loss) after tax	(16.3)	0.9	(30.8)	(2.7)
Add:				
Depreciation and amortization	7.4	7.3	29.3	29.5
Impairment loss / loss on sale of vessels	(0.7)	0.0	(0.7)	(0.8)
Impairment of Goodwill	12.9	0.0	12.9	0.0
Net Interest expense	4.3	4.1	17.2	16.6
Income taxes	0.1	(0.0)	0.5	0.5
Provision for bad debt	0.0	(0.0)	0.0	0.5
Foreign exchange loss / (gain)	0.1	0.1	0.0	0.3
EBITDA	7.8	12.4	28.4	43.9
Stock-based compensation expense	0.3	0.2	1.0	0.6
Adjusted EBITDA	8.1	12.5	29.5	44.5

TOTAL INDEBTEDNESS	As of 31/12/17	As of 31/12/18
Finance leases	53.8	47.5
CIT – 2019 / 2020	50.7	0.0
CTL – 2023	19.3	18.1
Japanese owners- 2027/2028/2029	19.7	46.4
ABN/CA/NIBC – 2023/2024	69.3	64.2
ABN/DVB/Nord LB – 2024	75.9	59.5
Credit Agricole - 2023	0.0	31.5
NIBC – 2022	7.8	6.6
Others – 2021	0.0	1.3
Total	296.5	275.2

SUMMARY FINANCIALS (UNAUDITED) AND OPERATING METRICS

	Three Month Period Ended December 31,		Twelve Month Period Ended December 31,	
	2017	2018	2017	2018
INCOME STATEMENT (\$Millions)				
Revenue	37.3	39.4	139.5	155.5
Profit/(loss) after tax	(16.3)	0.9	(30.8)	(2.7)
Adjusted EBITDA	8.1	12.5	29.5	44.5
BALANCE SHEET (\$Millions)				
			As of 31/12/17	As of 31/12/18
Cash, cash equivalents and restricted cash			20.5	28.2
PP&E, advances for vessels under construction, and finance lease deposits			524.5	497.2
Other assets, net			(4.6)	(7.6)
Less: indebtedness			(296.5)	(275.2)
Book value of equity			244.0	242.6
CASH FLOWS (\$Millions)				
Cash from Operations			16.3	30.1
Cash from Investing			(39.7)	1.5
Cash from Financing			20.5	(21.9)
Change of cash in period			(2.8)	9.7
OPERATING METRICS				
Average number of vessels in period (1)	41.2	38.0	40.9	39.0
Number of vessels as of period end	41	38	41	38
Fleet capacity at period end (cbm)	273,100	259,900	273,100	259,900
Gas fleet average size as of period end	6,661	6,839	6,661	6,839
Fleet calendar days	3,788	3,496	14,946	14,229
Time charter days	2,562	2,650	10,584	10,297
Spot market days	1,176	808	3,744	3,683
COA days	-	-	101	-
Voyage days (2)	3,738	3,458	14,428	13,980
Fleet utilisation (3)	98.7%	98.9%	96.5%	98.2%
Fleet operational utilisation (4)	94.4%	96.0%	92.0%	93.9%
Time charter equivalent earnings (5)				
Per Calendar Day	\$8,449	\$9,971	\$8,210	\$9,541
Per Voyage Day	\$8,563	\$10,082	\$8,505	\$9,711
Operating expenses per Calendar Day	\$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 below