



Avance Gas Holding Ltd Reports Unaudited Results for the First Quarter of 2018

BERMUDA, 8 May 2018 – Avance Gas Holding Ltd (OSE: AVANCE) today reported unaudited results for the first quarter of 2018.

Due to implementing the new accounting standard for revenue recognition (IFRS 15), with effect from 1 January 2018, the comparable results related to operating revenue and voyage related expenses for Q4 2017 presented herein will deviate from those previously reported. The change only effects the timing of revenue recognition in the Q4 2017 results, with a negative impact on TCE earnings of \$1.2 million, which is reversed in Q1 2018. Please see the Q1 2018 interim financial statements for further information.

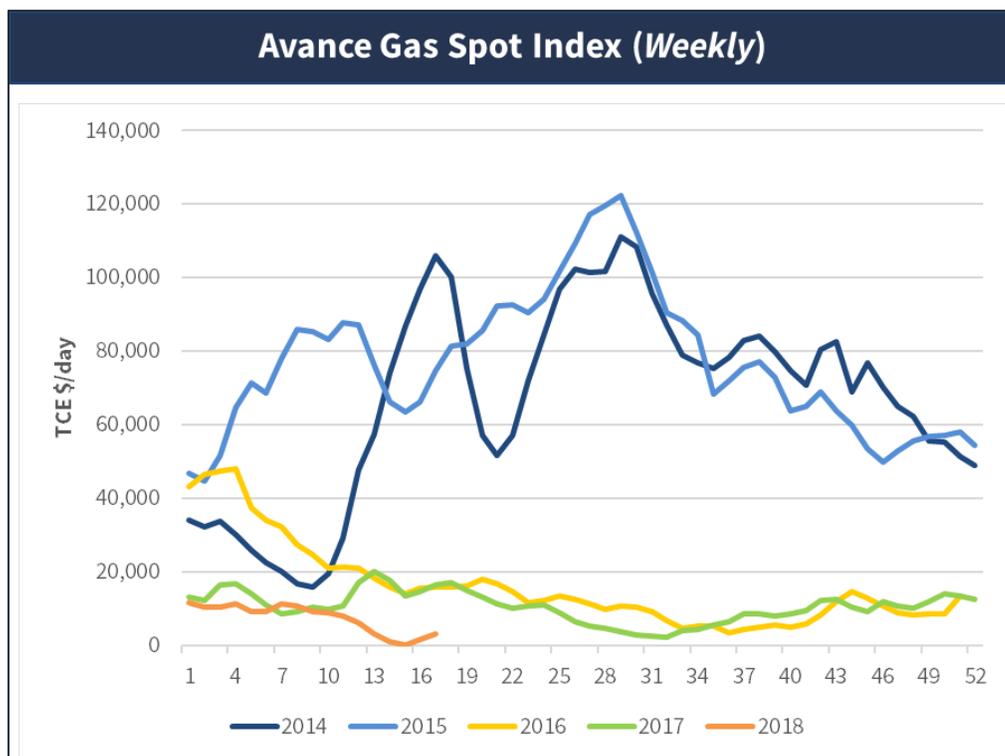
HIGHLIGHTS:

- The average time charter equivalent (TCE) rate for the fleet was \$12,637/day, up from \$11,164/day in Q4 2017
- TCE earnings in Q1 2018 were \$14.5 million, up from \$14.0 million in Q4 2017
- Daily operating expenses (OPEX) decreased to \$7,408/day, down from \$7,636/day in Q4 2017
- Avance Gas reported a net loss of \$12.3 million, up from a net loss of \$13.6 million in Q4 2017
- Avance Gas' available liquidity at quarter end was \$97.1 million, consisting of available undrawn revolving credit facilities of \$50.0 million and the company's cash balance of \$47.1 million

US LPG production and export is the key driver for the VLGC freight market. The freight market in Q1 2018 weakened due to reduced exports from US, as low winter temperatures increased domestic LPG demand. However, US official statistics (EIA) show continued growth US LPG production and the US LPG exports are expected to return as domestic demand normalizes. Furthermore, as the new Mariner East II pipeline is commissioned during second half 2018, the Marcus Hook terminal on the US East Coast is expected to increase exports.

Average monthly US Gulf/US East Coast VLGC exports decreased to 46 cargoes Q1 2018, down from 48 cargoes in Q4 2017 but up from 45 cargoes for full year 2017. After recording 50 cargoes in January, the US Gulf/US East Coast export fell to 38 cargoes in February. This has had a negative impact on the freight market in March which has continued into Q2 2018. In March, VLGC export returned to 50 cargoes. Export volumes from Middle East were 8.6 million tons in Q1 2018, compared to 8.4 million tons in Q4 2017.

Four newbuildings have been delivered in Q1 2018. One more ship was delivered in April and five more ships are due for delivery before year-end. In 2019 and 2020, 32 ships are due for delivery, representing an aggregate 13% of the global fleet. The Avance Gas Spot Index (adjusted 30 days) for Q4 2018 averaged \$11,124/day, compared with \$9,400/day in Q4 2017.



(Source: Avance Gas)

In US\$ thousands (unless stated otherwise)	Three months Ended	Restated Three months Ended
Income statement:	31 March 2018	31 December 2017
TCE earnings	14,461	14,000
TCE per day (\$)	12,637	11,164
Operating profit (loss) before depreciation expense	3,971	2,861
Net loss	(12,314)	(13,622)
Net loss per share (diluted) (\$)	(0.19)	(0.21)
Balance sheet:	31 March 2018	31 December 2017
Total assets	888,699	908,023
Total liabilities	492,948	506,508
Cash and cash equivalents	47,129	62,316
Total shareholders' equity	395,751	401,515
Cash flows:	31 March 2018	31 December 2017
Net cash used in operating activities	(4,457)	(3,205)
Net cash used in investing activities	(5,169)	(2,334)
Net cash used in financing activities	(5,561)	9,749
Net (decrease) increase in cash and cash equivalents	(15,187)	4,210



FINANCIAL AND OPERATIONAL REVIEW:

Avance Gas reported TCE earnings of \$14.5 million in Q1 2018, up from \$14.0 million in Q4 2017.

Operating expenses in Q1 2018 decreased to \$9.3 million from \$9.8 million in Q4 2017. The decline was mainly due to a \$0.5 million reversal of an accrual related to the replacement of the stern tube bearings for VLGC *Monsoon* in 2015, partially offset by \$0.3 million insurance deductible accrual in connection with unscheduled dry docking of the VLGC *Passat*, as previously reported.

Administrative and general expenses in Q1 2018 decreased to \$1.2 million from \$1.3 million in Q4 2017, also due to reversal of accrued expenses related to *Monsoon* insurance claim from 2015.

Non-operating expenses, consisting mainly of financial expenses, were \$6.5 million, unchanged from Q4 2017.

Avance Gas reported a first-quarter net loss of \$12.3 million, or \$0.19 per share, compared with a net loss of \$13.6 million, or \$0.21 per share, in Q4 2017.

Avance Gas' total assets amounted to \$888.7 million at 31 March 2018, compared with \$908.0 million at 31 December 2017, reflecting normal depreciation of the fleet and reduced cash. Total shareholders' equity amounted to \$395.8 million at quarter end, corresponding to an equity ratio of 44.5%, compared with total shareholders' equity of \$401.5 million, corresponding to an equity ratio of 44.2%, at the end of Q4 2017.

Cash and cash equivalents were \$47.1 million, at 31 March 2018, down from \$62.3 million at 31 December 2017 reflecting negative cash flow from operations, debt repayments and dry-docking cash payments. Total receivables are in line with receivables as of December 31, 2017. Net total interest-bearing debt was \$482.5 million, compared with \$487.6 million at 31 December 2017 reflecting ordinary debt repayments of \$5.5 million. At quarter end, the company had \$50.0 million in available undrawn credit lines.

Cash flow from operating activities and interest was negative \$4.5 million, compared with negative \$3.2 million in Q4 2017. Net cash flow used in investing activities was \$5.2 million, up from \$2.3 million in Q4 2017, which mainly reflected costs relating to drydocking for the fleet. Net cash flow from financing activities was negative \$5.6 million reflecting scheduled payment of long-term debt, compared with positive \$9.7 million in Q4 2017, which included scheduled repayment of long-term debt offset by drawdown on the revolving credit facilities. The cash position was \$47.1 million at quarter-end, which, together with undrawn credit lines, resulted in total available liquidity of \$97.1 million at the end of Q1 2018.



FLEET AND EMPLOYMENT OVERVIEW

The Avance Gas fleet of 14 modern VLGCs was employed in the spot market during Q1 2018, mainly loading in the Middle East and US Gulf for discharge in the Far East.

Avance Gas recorded 1,144 operating days in Q1 2018, compared with 1,254 operating days in Q4 2017. A total of 116 off-hire days was recorded in the quarter.

Avance Gas recorded 116 offhire days, of which 69 days related to the scheduled drydocking of *Thetis Glory* and *Iris Glory*. The remaining three Korean built ships *Venus Glory*, *Providence* and *Promise*, are expected to complete their drydocking during 2018.

As previously reported, VLGC *Passat* was involved in a collision offshore South Korea with minor damage to the ship's hull. The ship was drydocked in February for repairs and returned to service in April. Total offhire days for *Passat* was 46 days.

Waiting days, which are included in operating days, totaled 25.4 for the fleet in Q1 2018, or 0.6 waiting days per month per ship, giving Avance Gas a fleet utilization during the quarter of 98%. This excludes 36 repositioning days for one ship ballasting to US Gulf, and the adjusted utilisation rate is 93%. This compared with 42.7 waiting days for the fleet in Q4 2017, or 1.0 waiting days per month per ship, which represented a fleet utilization of 97%.

OUTLOOK

Based on the expectation of further growth in US LPG production, driven by the ramp up in US oil and natural gas production, VLGC freight market is expected to improve. Enhancements to pipelines serving both the US Gulf and the US East Coast will support higher US LPG export volumes from second half 2018. Asian demand continues to be strong.

The orderbook per quarter end was approx. 37 ships representing 13% of the global fleet, following four new orders in Q1 2018 and two ships being recycled. As the implementation of the new IMO emission regulations are approaching, there is potential for the older part of the VLGC fleet to be removed from the freight market, either through re-cycling or floating storage contracts.

The Board and management are closely monitoring the drivers of the freight market and continue to maintain a disciplined focus on operational efficiency, on managing costs and on the company's liquidity position and balance sheet.

PRESENTATION AND WEBCAST

Avance Gas will hold a presentation to discuss the company's results for the period ended 31 March 2018 on Tuesday, 8 May 2018, at 15:00 CET in the offices of Swedbank, Filipstad Brygge 1, Oslo. There will be a Q&A session following the presentation.



The presentation and webcast will be hosted by:

- Mr. Christian Andersen – President
- Mr. Peder C. G. Simonsen – Chief Financial Officer

The presentation will also be available via audio webcast, which can be accessed at Avance Gas' website www.avancegas.com. Dial in details are +44 (0)330 336 9411 (UK and International), +1 929-477-0448 (US) or +47 23 50 02 96 (Norway). Please quote the passcode: 9727528. Phone lines will open 10 minutes before the conference call.

For further queries, please contact:

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ABOUT AVANCE GAS

Avance Gas Holding Ltd 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), operating a fleet of 14 modern ships.

For more information about Avance Gas, please visit: 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.

