



EPIC GAS LTD
FINANCIAL STATEMENTS FOR THE INTERIM PERIOD TO
30 June 2018

SINGAPORE, 15 August 2018 - Epic Gas Ltd. ("Epic Gas" or the "Company") today announced its unaudited financial and operating results for the interim period ended June 30, 2018. All amounts reported in US Dollars unless otherwise stated.

A conference call to discuss these results is scheduled for 15 August 2018 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

Please quote "Epic Gas."

A telephonic replay of the conference call will be available until Wednesday, August 22nd, 2018. 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 - Slides 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.

The slide presentation on the second quarter 2018 financial results will be available in PDF format 10 minutes prior to the conference call and webcast, accessible on the company's website www.epic-gas.com on the investor relations page.

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

Second Quarter 2018 Highlights

- Revenue of \$36.7 million, up 8% year over year
- Time charter equivalent revenues of \$9,124 per vessel calendar day, up 14% year over year
- Adjusted EBITDA of \$9.7 million, up 52% year over year
- Net Loss of \$2.3 million, reduced by \$3.1 million or 58% year over year
- Vessel Calendar days down 5% year over year to 3,549
- Operating Expenses of \$4,127 per vessel calendar day, down 1% year over year
- As of 30 June 2018, all 39 vessels in our fleet are on the water.

Management Commentary

Charles Maltby, the Chief Executive Officer of Epic Gas stated “Our performance during the second quarter of 2018 reflects the improving market conditions as well as our continued focus on cost control and fleet optimization. The TCE per vessel calendar day increased by 13.7% year over year, while the TCE per voyage day was up 9.4% from the same period in 2017 and our fleet utilization improved to 92.9%. Year-to-date in 2018, we completed the refinancing of a total of 9 vessels reducing our annual financial expense, enhancing our liquidity and optimizing our capital structure.

With a young and modern fleet of 39 vessels and a 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 market. Global seaborne LPG volume is expected to grow by 3.5% in 2018 and beyond. Fleet supply in the smaller vessels segment where we operate remains contained taking into account minimal newbuilding deliveries scheduled for the next three years and a growing pool of scrapping candidates from older vessels. Our current fleet positioning provides cash flow stability with upside potential in an improving market as 64% of our calendar days in 2018 are covered at an average daily TCE rate of \$9,999 while the remaining 36% are open.”

The Pressurised Market

The market remained buoyant with rates continuing to generally trend upwards. Compared to the start of the year, the 3,500cbm and 5,000cbm vessels have improved by 6% to 10%, whilst the larger-sized 7,500cbm and 11,000cbm vessels have earned a more modest gain of 3% to 4%.

For the second quarter of 2018, 3,500cbm, 5,000cbm, 7,500cbm and 11,000cbm market rates averaged \$8,493, \$9,884, \$10,356 and \$13,464 per day, respectively. Compared to the second quarter of 2017, average market rates have increased 36% for the 3,500cbm vessels, 24% for the 5,000cbm vessels, down by 2% for the 7,500cbm vessels and remained flat for the 11,000cbm vessels.

During the quarter, two 7,500cbm pressurised vessels were delivered and immediately absorbed into the market. Three 3,200cbm pressurised vessels and six small-sized semi-ref ethylene capable vessels were sold for scrap, which totalled 53,856cbm and were an average age of 32.3 years. This translates into a net reduction in total fleet capacity of 38,856cbm, or 1.2%.

Presently, there are a total of 324 pressure vessels over 3,000cbm (non-Chinese flagged) on the water, with 8 newbuilds totalling 39,000cbm on order. There are 2 more newbuild vessels to be delivered in

2018, 3 in 2019 and 3 in 2020, representing a 1.1%, 0.9% and 0.9% increase respectively in existing fleet capacity, the lowest supply growth in any bulk commodity shipping sector. Further, in the existing international trading fleet, there are 12 ships / 41,800cbm 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 4 vessels, 1 of which is the more expensive ethylene vessel purpose built for that trade. This newbuild capacity of 41,600cbm equates to a semi-ref net fleet growth of 2.8%, which should ultimately net lower due to a scrapping candidate pool of 21 vessels aged 28 years and older.

According to Facts Global Energy (FGE), global seaborne LPG volumes are expected to grow to 95.1 million tonnes in 2018, 3.5% higher than the 91.9 million tonnes achieved in 2017. In the second quarter 2018, Epic Gas loaded 737,000 tonnes and was involved in 653 cargo operations in 133 different ports. LPG cargoes made up 77% of the cargoes lifted with the balance being petrochemicals. We had 4 vessels operating in the Americas, 19 in the Europe/Middle East/Africa (EMEA) belt and 16 in Asia.

We remained actively involved in the LPG breakbulk trade across various geographical regions. In the second quarter 2018 our vessels performed 76 ship-to-ship (STS) operations, with more operations in the Indian Ocean but fewer in South East Asia and off West Africa, reflecting the dynamic nature of the trade and vessel utilisation.

The market in Asia remained firm for most of the quarter. China's Propylene imports remain an important driver in the 3,500cbm and 5,000cbm vessels sector and imports this quarter were understood to have remained at the previous quarter's level of 230,000 tonnes.

The Middle East was busy with LPG and petrochemical exports. The region saw an increasing presence of the largest sized pressure vessels to serve growing markets in Pakistan, Bangladesh, Sri Lanka, and more recently in Sudan.

Like the previous quarter, the Mediterranean and Black Sea spot market was generally quiet as Russian and Ukrainian exports remain weak, and trader-controlled tonnage moved contractual volumes.

In North West Europe, the heightened level of activity continued from the previous quarter but eased back as the seasonal summer lull set in. The larger sized vessels, which had shown some oversupply in the first quarter and towards the beginning of the second quarter, were better employed during the latter part of this period with appropriately larger parcel sizes and firmer rates.

Across the Atlantic, whilst exports from the USA on the large ships gained ground, the volumes on pressurised and small sized semi-ref vessels dropped by about 22% compared to the first quarter. There were no transatlantic cargoes to the Mediterranean and West Africa but ongoing deliveries to the Caribbean and Central America.

Revenue

We ended the quarter with a fleet size of 39 vessels with a total capacity of 264,000cbm and an average size and age of 6,769cbm and 8.2 years respectively, a 3.2% increase in average size from a year ago.

During the second quarter, the fleet experienced 92 technical off-hire days, which included three scheduled dry-dockings and one unscheduled repair period. This resulted in improved fleet availability of 97.4% (Q2 2017, 93.7%), with operational utilisation of 92.9% (Q2 2017, 89.6%).

TCE revenue per calendar day of \$9,124 was 13.7% higher than the \$8,022 in Q2 2017, whilst the TCE revenue per voyage day was \$9,365 compared to \$8,564 in Q2 2017, up 9.4%

The fleet traded under time charter for 75.0% of total voyage days during the second quarter compared to 73.9% in the same period of 2017.

As of 30 June 2018, the Company was 64% covered for the year 2018 with 4,552 calendar days covered at an average daily TCE rate of \$9,999, leaving 2,531 calendar days open on the current fleet for the rest of the year.

Operating Expenses

Vessel operating expenses decreased from \$15.6 million in the second quarter of 2017 to \$14.6 million in the second quarter of 2018. The decrease is primarily a result of the Company's reduction of fleet calendar days by 5%. Vessel operating expenses per calendar day decreased by 1% from \$4,170 in the second quarter of 2017 to \$4,127 during the same period in 2018.

Voyage expenses increased by 17% to \$4.1 million in the second quarter of 2018, from \$3.5 million in the second quarter of 2017. The increase is primarily a result of increased bunker expenses whilst the Company's voyage charter activity was reduced by 5% from 912 spot market days to 863 spot market days year over year.

Charter-in costs decreased 7% year over year from \$4.1 million to \$3.8 million due to the re-delivery of one 4,100cbm bareboat vessel (2001 built) in February 2018. As of 30 June 2018, the Company had 7 ships on traditional inward bareboat charter arrangements under which charter payments are expensed.

General and administrative expenses remained flat at \$3.9 million in the second quarter of 2018. On a per calendar basis, general and administrative expenses increased 6% to \$1,109 (1% without currency fluctuation) which, in our integrated model, includes the cost of commercial and technical management of our fleet as well as all ownership and corporate-level general and administrative expenses.

Finance and other expenses

Finance expenses increased from \$4.2 million to \$4.3 million year over year primarily due to the increase in LIBOR rates. The Company has interest rate swaps in place for a total amount of \$150 million at a weighted average interest rate of 2.03%.

Refinancing

In April 2018, the Company exercised purchase options under existing leases expiring in Q1 2019, and subsequently entered into a finance lease transaction with a term of 5 years for the Epic Balta (6,300cbm, 2000 built), Epic Burano (7,500cbm, 2002 built) and Epic Bolivar (7,500cbm, 2002 built) with a Japanese ship-owning company, resulting in a net decreased monthly finance cost. The Company has purchase options to re-acquire the vessels during the charter period, with the first such option exercisable on the third anniversary of the vessels' delivery.

Subsequent Events

In July 2018, the Company completed the refinancing of 5 LPG carriers in partnership with Crédit Agricole Corporate and Investment Bank. The new \$34 million facility has a term of five years and has allowed the Company to reduce its margin by 85 bps. Proceeds from the facility were used to repay amounts outstanding of \$28.5 million under the Company's existing facilities expiring in 2019. The balance of \$5.5 million will be used for general corporate purposes.

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

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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 30 Jun 2018
ASSETS		
Cash and cash equivalents	7.0	2.6
Trade and other receivables	25.8	26.7
Inventories	4.3	3.7
Derivative financial instruments	0.0	0.0
Current assets	37.1	33.0
Non-current assets	0.4	0.1
Restricted cash deposits	13.5	12.0
Property, plant and equipment	524.5	509.4
Advances for vessels under construction	0.0	0.0
Derivative financial instruments	0.8	2.9
Non-current assets	539.2	524.4
TOTAL ASSETS	576.3	557.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
Trade and Other Payables	26.2	24.0
Deferred income	9.0	10.7
Current income tax liabilities	0.5	0.5
Derivative liabilities	0.0	0.0
Finance lease liabilities	9.5	5.6
Bank Loan	31.7	26.4
Current liabilities	77.0	67.3
Trade and other Payables	0.1	0.0
Deferred taxation	0.1	0.0
Finance lease liabilities	44.3	44.7
Bank Loan	210.9	204.1
Non-current liabilities	255.4	248.8
Total Liabilities	332.4	316.1
Share capital	340.1	340.1
Share option reserves	3.8	4.1
Accumulated losses	(100.6)	(105.6)
Accumulated other comprehensive income	0.7	2.7
Total Equity	244.0	241.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	576.3	557.4

INCOME STATEMENT (UNAUDITED)

<i>All amounts in \$ millions</i>	Three Month Period Ended June 30,		Six Month Period Ended June 30,	
	2017	2018	2017	2018
Revenue	33.9	36.7	67.7	75.3
Address and brokerage commissions	0.9	0.7	1.6	1.6
Voyage expenses	3.5	4.1	6.9	10.2
Vessel operating expenses	15.6	14.6	30.1	30.1
Charter-in costs	4.1	3.8	7.9	7.7
Depreciation and amortization	7.2	7.4	14.3	14.9
Impairment/ (gain)/loss on vessels	0.0	0.0	0.0	(0.8)
General and administrative expenses	3.9	3.9	7.4	7.9
Total expenses	35.1	34.6	68.3	71.5
Operating income	(1.3)	2.1	(0.6)	3.8
Other (income) / losses, net	(0.2)	0.0	(0.2)	0.1
Finance expenses	4.2	4.3	8.2	8.4
Profit/(loss) before tax	(5.3)	(2.1)	(8.6)	(4.7)
Income tax expense	0.1	0.1	0.2	0.2
Profit/(loss) after tax	(5.4)	(2.3)	(8.8)	(4.9)
Other Comprehensive income:				
Income directly recognized in equity	0.0	0.0	0.0	0.0
Cash flow hedges gain/(loss)	(0.7)	0.4	(0.9)	2.0
Total Comprehensive Income/(Loss)	(6.1)	(1.8)	(9.7)	(2.9)

STATEMENT OF CASH FLOWS (UNAUDITED)

<i>All amounts in \$ millions</i>	Six Month Period Ended June 30,	
	2017	2018
Cash from operating activities	8.9	8.5
Cash from investing activities	(37.1)	3.0
Cash from financing activities	31.7	(15.9)
Net Increase in cash and cash equivalents	3.5	(4.4)
Cash and cash equivalents at the beginning of the year	9.8	7.0
Cash and cash equivalents at the end of the period	13.3	2.6

SUPPLEMENTAL INFORMATION
All amounts in \$ millions except per day amounts

 Three Month Period
 Ended June 30,

 Six Month Period
 Ended June 30,

2017

2018

2017

2018

REVENUE AND TIME CHARTER EQUIVALENT EARNINGS

Charter hire	33.5	36.5	67.0	74.9
Relet revenue	-0.1	0.0	-0.1	0.0
Technical management revenue	0.4	0.2	0.8	0.5
Revenue	33.9	36.7	67.7	75.3

Charter hire	33.4	36.5	67.0	74.9
Less: Voyage expenses	(3.5)	(4.1)	(7.0)	(10.2)
Less: Derivative losses (bunker hedges)	0.0	0.0	0.0	0.0
Time charter equivalent earnings	29.9	32.4	60.0	64.7

RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA

Profit/(loss) after tax	(5.4)	(2.3)	(8.8)	(4.9)
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Add:

Depreciation and amortization	7.2	7.4	14.3	14.9
Impairment loss / (gain)	0.0	0.0	0.0	(0.8)
Net Interest expense	4.2	4.3	8.2	8.4
Income taxes	0.1	0.1	0.2	0.2
Foreign exchange loss / (gain)	0.0	0.1	0.0	0.2
EBITDA	6.1	9.6	13.9	18.0

Stock-based compensation expense	0.3	0.1	0.5	0.3
Adjusted EBITDA	6.4	9.7	14.4	18.2

TOTAL INDEBTEDNESS	As of 31 Dec 2017	As of 30 June 2018
Finance leases	53.8	50.3
CIT – 2019/2020	50.7	37.0
CTL - 2023	19.3	18.7
ABN/CA/NIBC - 2023	69.3	66.7
ABN/DVB/Nord LB - 2024	75.9	65.4
NIBC - 2022	7.8	7.2
Japanese Owners – 2027/2028	19.7	33.9
Others - 2021	0.0	1.6
Total Indebtedness	296.5	280.9

SUMMARY FINANCIALS (UNAUDITED) AND OPERATING METRICS

	Three Month Period Ended June 30,		Six Month Period Ended June 30,	
	2017	2018	2017	2018
INCOME STATEMENT (\$Millions)				
Revenue	33.9	36.7	67.7	75.3
Net Income	(5.4)	(2.3)	(8.8)	(4.9)
Adjusted EBITDA	6.4	9.7	14.4	18.2
BALANCE SHEET (\$Millions)				
			As of 31/12/17	As of 30/06/18
Cash, cash equivalents and restricted cash			20.5	14.6
PP&E, advances for vessels under construction			524.5	509.4
Other assets, net			(4.6)	(1.9)
Less: indebtedness			(296.4)	(280.8)
Book value of equity			244.0	241.3
CASH FLOWS (\$Millions)				
Cash from Operations			8.9	8.5
Cash from Investing			(37.1)	3.0
Cash from Financing			31.7	(15.9)
Change of cash in period			3.5	(4.4)
OPERATING METRICS				
Average number of vessels in period (1)	41.00	39.00	40.33	39.59
Number of vessels as of period end	41	39	41	39
Fleet capacity at period end (cbm)	268,900	264,000	268,900	264,000
Gas fleet average size as of period end	6,559	6,769	6,559	6,769
Fleet calendar days	3,731	3,549	7,300	7,166
Time charter days	2,583	2,594	5,211	4,995
Spot market days	912	863	1,615	2,010
COA days (relets excluded)	-	-	101	-
Voyage days (2)	3,495	3,457	6,927	7,005
Fleet utilisation (3)	93.7%	97.4%	94.9%	97.8%
Fleet operational utilisation (4)	89.6%	92.9%	91.4%	92.4%
Time charter equivalent earnings (5)				
Per Calendar Day	\$8,022	\$9,124	\$8,219	\$9,027
Per Voyage Day	\$8,564	\$9,365	\$8,661	\$9,235
Operating expenses per Calendar Day	\$4,170	\$4,127	\$4,127	\$4,202

- 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 above.