EPIC GAS LTD

PRELIMINARY FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED

31 December 2017

SINGAPORE, 14 February 2018 - Epic Gas Ltd. ("Epic Gas" or the "Company") today announced its unaudited financial and operating results for the fiscal year ended December 31, 2017. All amounts reported in US Dollars unless otherwise stated.

A conference call to discuss these results is scheduled for 14 February 2018 at 10:00 AM (New York) / 3:00PM (London) and can be accessed via the following dial-in information.

Conference call details:

United States:	+1 845 507 1610
United Kingdom:	+44 203 651 4876
Norway:	80010866
Singapore:	+65 31580667
Hong Kong:	+852 3051 2792
International:	+61 283 733 610
Conference ID Number:	4093319

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 fourth quarter ended December 31, 2017 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.

Fiscal Year 2017 Highlights

- Vessel Calendar days up 8% year over year to 14,946 days
- Revenue of $139.5 million, up 8% year over year
- Time charter equivalent revenues of $8,210 per vessel calendar day, up 1% year over year
- General & administrative expenses of $1,006 per vessel calendar day, down 2.2% year over year
- Adjusted EBITDA of $29.4 million, up 14% year over year
- Net Loss of $18.0 million before a non-cash impairment charge on goodwill of $12.9 million
- $32.3 million Private Placement of common equity closed in March 2017
- 7-year, $90 million senior secured term loan completed in March 2017 to refinance two loan facilities that were due to mature in December 2017 and 2019/2020 respectively
- 5-year, $8.5 million senior secured term loan drawn down to part-finance acquisition of 2009 built 7,500 cubic metre (cbm) vessel
- Delivery of 3 new buildings from shipyards in Japan (2 owned, one bareboat chartered in), capital expenditure of $19 million of which $18 million drawn under existing loan facility
- As of 31 December 2017, 41 vessels on the water

The Pressurised Market

The 3,500cbm and 5,000cbm vessels continued their positive run with market rates improving a further 8% on the previous quarter. The larger-sized 7,500cbm and 11,000cbm vessels experienced flat freight levels, as the market absorbed marginal over supply into developing trades but hindered by larger semi-ref vessels chasing part cargoes in a few trades.

For the fourth quarter of 2017, 3,500cbm, 5,000cbm, 7,500cbm and 11,000cbm market rates averaged $7,714, $9,329, $10,000 and $13,075 per day, respectively. Compared to fourth quarter of 2016, average rates have increased 30% for the 3,500cbm and 5,000cbm vessels, down by 1.9% for the 7,500cbm vessels and remained flat for the 11,000cbm vessels.

During the quarter, two pressurised vessels – a 4,000cbm and a 13,000cbm, and one 7,000cbm semi-ref vessel delivered, whilst 4 small-sized semi-ref vessels were scrapped. Effectively, a zero increase in capacity.

The year 2017 ended with a total of 329 pressure vessels (non-Chinese flagged over 3,000cbm) on the water, including 8 newbuilds totaling 74,500cbm that delivered during the year. Two pressure vessels involved in international trade were scrapped. They totalled 7,134cbm and were an average age of 28.5 years. This resulted in a net fleet year on year growth in capacity of 4.1% compared to 6.4% in the previous year. Presently, there are 6 newbuild vessels to be delivered in 2018 and 2019 representing a 1.8% increase in existing fleet capacity, the lowest supply growth in any bulk commodity shipping sector. Further, in the existing international trading fleet, there are 11 ships / 36,537cbm that are aged 28 years and older, making them potential scrapping candidates, which will further reduce the aforementioned 1.8% fleet growth rate.

The smaller-sized semi-ref fleet that can compete with the pressure vessels has an order book of 7 vessels, 4 of which are the more expensive ethylene vessels purpose built for that trade. This newbuild capacity equates to a semi-ref net fleet growth of 3.3%, which is more than likely to be lower due to a scrapping 'pool' of 18 vessels older than 28 years. 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. A total of 12 smaller semi-ref vessels were scrapped in 2017, at an average age of 28 years.

Global seaborne LPG volumes saw continued growth in 2017 reaching 91.9 million tonnes, 4.3% higher than the 88.1 million tonnes shipped in 2016. Epic Gas loaded 2.8 million tonnes in 2017 and was involved in 2,486 cargo operations in 266 different ports. LPG cargoes made up 80% of the cargoes lifted with the balance being petrochemical. At the year end, we had 4 vessels operating in the Americas, 18 in the Europe/Middle East/Africa (EMEA) belt and 19 in Asia.

Propylene imports into China reached a record high of 3.1 million tonnes, a 6.8% year on year increase despite a 16% increase in domestic Propane DeHydrogenation (PDH) capacity. Monthly imports in the last quarter averaged 295,000 tonnes indicating strong downstream demand. During the year, there was significant growth of propylene cargoes out of Thailand, Philippines and Indonesia, with Japan and Malaysia also showing moderate gains. This contributed additional tonne-miles to the usual North Asia trade flow from South Korea, Japan and Taiwan. The smaller 3,500cbm and 5,000cbm vessels are the preferred sizes in these trades and the tightening market and an upward movement in rates for these vessel sizes is a case in point.

Our operations in the LPG break bulk trade has continued to grow. Epic's vessels carried out 82 ship-to-ship (STS) operations during the last quarter, and a total of 413 during the year, which was more than double the number carried out in 2016, and equivalent to about 17% of our loadings.

We have seen strong growth in STS activity off Singapore, which supplies regional demand centres like Sri Lanka and Bangladesh. Operations off West Africa have been growing, albeit at a slower pace, as new infrastructure in the region is developed.

In the Mediterranean, imports into Turkey, Morocco and Spain grew, varying from a modest 2.8% up to a strong 8.3%, the majority of these volumes these delivered on longer haul routes, with Black Sea exports remaining subdued.

Pressurised LPG exports from the USA increased in the fourth quarter, up by 30% from the previous quarter and almost on par with the stronger first half of the year. Exports to the Caribbean and Central America remained firm, with a noteworthy transatlantic cargo to the Mediterranean also loaded in December, a year since the last such delivery. Epic has remained involved with new projects in the region. Most recently, one of our vessels made the first ever delivery of pressurised LPG to a new facility in Puerto Sandino, Nicaragua.

Revenue

We ended the year with a fleet size of 41 vessels with a total capacity of 273,100cbm and an average size and age of 6,661cbm and 7.7 years respectively, a 5.7% increase in average size whilst maintaining the average fleet age below 8 years.

During the fourth quarter, the fleet experienced 50 technical off-hire days, which included one scheduled dry-docking. This resulted in fleet availability of 98.7% (Q4 2016, 95.9%), with operational utilisation of 94.4% (Q4 2016, 93.0%).

TCE revenue per calendar day of $8,449 was 2.7% higher than the $8,206 in Q4 2016. Our revenue for full year 2017 was $8,210 per vessel calendar day, 1.4% higher than the $8,095 achieved in 2016.

The fleet traded under time charter for 68.5% of total voyage days during the final quarter compared to an average of 74% for the year, highlighting a higher exposure to the stronger spot market towards the end of the year.

As of 31 December 2017, the Company was 39% covered for the year 2018 with 5,023 voyage days covered at an average daily TCE rate of $8,988, leaving 7,969 calendar days open on the current fleet for the rest of the year.

Operating Expenses

Vessel operating expenses increased from $58.2 million in 2016 to $62.4 million in 2017 primarily as a result of the Company's fleet expansion by 8% as measured by the number of fleet calendar days as well as the increased ship average size by 6% as measured in cbm. Vessel operating expenses per calendar day decreased by 1% from $4,233 in 2016 to $4,176 in 2017. Our focus remains on improving the quality and performance of our vessels to further increase utilisation. Voyage costs were $15.5 million, unchanged compared with $15.6 million in 2016. The Company's voyage charter activity decreased 8% from 4,200 spot market days in 2016 to 3,845 spot market days in 2017.

During 2017, charter-in costs increased $2.4 million to $16.0 million due to the delivery of one 11,000cbm bareboat vessel in Q1 2017. As of 31 December 2017, the Company had 8 ships on traditional inward bareboat charter arrangements under which charter payments are expensed.

The Company recorded a non-cash goodwill impairment of $12.9 million during the year ended December 31, 2017 as a result of the goodwill's carrying value exceeding its fair value. There was no impairment indicator for any of the vessels.

General and administrative expenses per calendar day fell by 2% to $1,006, but driven by the growth in the Company's fleet, increased by 7% to $15.0 million for the full year 2017. General and administrative expenses, 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 during the year increased from $13.8 million to $17.2 million primarily due to an increase in the Company's total finance leases and bank borrowings and the effect of interest rate hedges. The Company has interest rate swaps in place for a total amount of $133 million at a weighted average interest rate of 1.87%.

Subsequent Events

In February 2018, the Company entered into a Memorandum of Agreement to sell the oldest ship in its fleet, the Epic St. John (5,000cbm, 1998 built). The sale is expected to be completed in March 2018 and will not have a material impact on the Company's FY2018 earnings. In respect to contract coverage, recent fixtures have raised our 2018 cover to 53%.

In January 2018, the Company has granted under the Company's existing share option plan up to 355,393 stock options to its executive management team at a strike price of $1.85. The options will vest after five years.

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 41 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)		
All amounts in $ millions	As of 31 Dec 2016	As of 31 Dec 2017
ASSETS		
Cash and cash equivalents	9.8	7.0
Trade and other receivables	21.6	24.3
Inventories	3.3	4.3
Derivative financial instruments	0.4	0.8
Current assets	35.1	36.4
Non-current assets	0.2	0.1
Restricted cash deposits	12.2	13.5
Property, plant and equipment	487.4	524.5
Advances for vessels under construction	26.5	0.0
Intangible assets	12.9	0.0
Non-current assets	539.2	538.1
TOTAL ASSETS	**574.3**	**574.5**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Trade and Other Payables	18.9	24.5
Deferred income	6.6	9.0
Current income tax liabilities	0.4	0.6
Derivative liabilities	0.0	0.0
Finance lease liabilities	7.2	9.5
Bank Loan	27.8	31.7
Current liabilities	60.8	75.4
Deferred taxation	0.1	0.0
Finance lease liabilities	53.8	44.3
Bank Loan	218.1	210.9
Non-current liabilities	272.1	255.2
Total Liabilities	332.9	330.6
Share capital	308.3	340.1
Share option reserves	2.8	3.9
Accumulated losses	(69.8)	(100.8)
Other Reserves	0.2	0.7
Total Equity	241.4	243.9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**574.3**	**574.5**

INCOME STATEMENT (UNAUDITED)

	Three Month Period Ended December 31,		Twelve Month Period Ended December 31,	
All amounts in $ millions	2016	2017	2016	2017
Revenue	33.0	37.3	128.8	139.5
Address and brokerage commissions	0.8	0.8	3.1	3.3
Voyage expenses	4.5	5.1	15.6	15.5
Vessel operating expenses	14.9	15.8	58.2	62.4
Charter-in costs	3.2	4.1	13.4	16.0
Depreciation and amortization	6.9	7.4	24.6	29.3
Impairment loss/loss on sale of vessels	9.9	0.0	9.9	0.0
Impairment of Goodwill	0.0	12.9	0.0	12.9
General and administrative expenses	3.5	3.7	14.0	15.0
Total expenses	43.8	49.8	139.0	154.4
Operating income	**(10.9)**	**(12.5)**	**(10.2)**	**(15.0)**
Other (income) / losses, net	1.3	(0.5)	(1.1)	(1.8)
Finance expenses	3.7	4.3	13.8	17.2
Profit/(loss) before tax	(15.8)	(16.3)	(22.9)	(30.4)
Income tax expense	0.1	0.1	0.4	0.5
Profit/(loss) after tax	**(15.9)**	**(16.4)**	**(23.3)**	**(30.9)**
Other Comprehensive income:				
Cash flow hedges gain/(loss)	(7.0)	1.1	0.8	0.5
Total Comprehensive Income/(Loss)	(22.9)	(15.4)	(22.5)	(30.4)

STATEMENT OF CASH FLOWS (UNAUDITED)

All amounts in $ millions	FY2016	FY2017
Cash from operating activities	3.5	16.3
Cash from investing activities	(95.9)	(39.7)
Cash from financing activities	58.7	20.5
Net Increase in cash and cash equivalents	(33.7)	(2.8)
Cash and cash equivalents at the beginning of the year	43.5	9.8
Cash and cash equivalents at the end of the period	**9.8**	**7.0**

SUPPLEMENTAL INFORMATION

All amounts in $ millions except per day amounts	Three Month Period Ended December 31,		Twelve Month Period December 31,	
	2016	2017	2016	2017
REVENUE AND TIME CHARTER EQUIVALENT EARNINGS				
Charter hire	32.6	37.1	127.2	138.2
Technical management revenue	0.4	0.2	1.6	1.3
Revenue	33.0	37.3	128.8	139.5
Charter hire	32.6	37.1	127.2	138.2
Less: Voyage expenses	(4.5)	(5.1)	(15.6)	(15.5)
Less: Bunker hedge losses	0.1	0.0	(0.2)	0.0
Time charter equivalent earnings	28.2	32.0	111.4	122.7
RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA				
Profit/(loss) after tax	(15.9)	(16.4)	(23.3)	(30.9)
Add:				
Depreciation and amortization	6.9	7.4	24.6	29.3
Impairment loss / loss on sale of vessels	9.9	(0.7)	9.9	(0.7)
Impairment of Goodwill	0.0	12.9	0.0	12.9
Net Interest expense	3.7	4.3	13.8	17.2
Income taxes	0.1	0.1	0.4	0.6
Provision for bad debt	0.3	0.0	0.3	0.0
Foreign exchange loss / (gain)	0.5	0.1	(1.2)	0.1
EBITDA	5.5	7.7	24.6	28.4
Stock-based compensation expense	0.3	0.3	1.0	1.0
Adjusted EBITDA	5.8	8.0	25.7	29.4

TOTAL INDEBTEDNESS	As of 31/12/16	As of 31/12/17
Finance leases	61.0	53.8
DVB – 2017	69.0	0.0
CIT – 2019 / 2020	57.6	50.7
NordLB – 2019 / 2020	24.5	0.0
CTL – 2023	20.4	19.3
Japanese owner- 2027	0.0	19.7
ABN/CA/NIBC – 2023/2024	74.4	69.3
ABN/DVB/Nord LB – 2024	0.0	75.9
NIBC – 2022	0.0	7.8
Total	306.9	296.5

EPIC GAS
DELIVERY UNDER PRESSURE

SUMMARY FINANCIALS (UNAUDITED) AND OPERATING METRICS

	Three Month Period Ended December 31,		Twelve Month Period Ended December 31,	
	2016	2017	2016	2017
INCOME STATEMENT ($Millions)				
Revenue	33.0	37.3	128.8	139.5
Profit/(loss) after tax	(15.9)	(16.4)	(23.3)	(30.9)
Adjusted EBITDA	5.8	8.0	25.7	29.4

BALANCE SHEET ($Millions)	As of 31/12/16	As of 31/12/17
Cash, cash equivalents and restricted cash	22.0	20.5
PP&E, advances for vessels under construction, and finance lease deposits	513.9	524.5
Other assets, net	12.4	(-4.6)
Less: indebtedness	(306.9)	(296.4)
Book value of equity	241.4	243.9

CASH FLOWS ($Millions)		
Cash from Operations	3.5	16.3
Cash from Investing	(95.9)	(39.7)
Cash from Financing	58.7	20.5
Change of cash in period	(33.7)	(2.8)

OPERATING METRICS				
Average number of vessels in period (1)	37.3	41.2	37.6	40.9
Number of vessels as of period end	38	41	38	41
Fleet capacity at period end (cbm)	239,400	273,100	239,400	273,100
Gas fleet average size as of period end	6,300	6,661	6,300	6,661
Fleet calendar days	3,436	3,788	13,748	14,946
Time charter days	2,188	2,562	9,116	10,584
Spot market days	837	1,176	3,376	3,744
COA days	270	-	824	101
Voyage days (2)	3,295	3,738	13,316	14,428
Fleet utilisation (3)	95.9%	98.7%	96.9%	96.5%
Fleet operational utilisation (4)	93.0%	94.4%	93.4%	92.0%
Time charter equivalent earnings (5)				
Per Calendar Day	$8,206	$8,449	$8,095	$8,210
Per Voyage Day	$8,556	$8,563	$8,365	$8,505
Operating expenses per Calendar Day	$4,336	$4,172	$4,233	$4,176

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