Gersemi Research
18 February 2018
Independence & Integrity

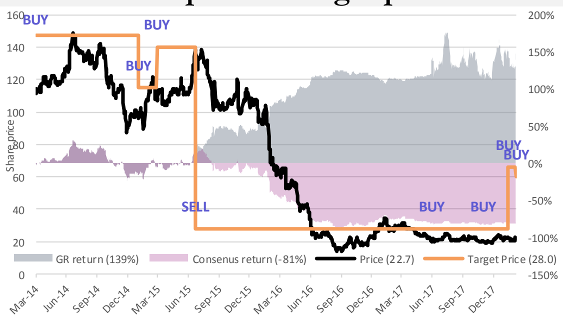
$AVANCE (#BUY, 60) 4Q17 review: Report was as expected. We see massive share upside ahead, with 2Q seasonally uptick as the first kicker

AVANCE-NO

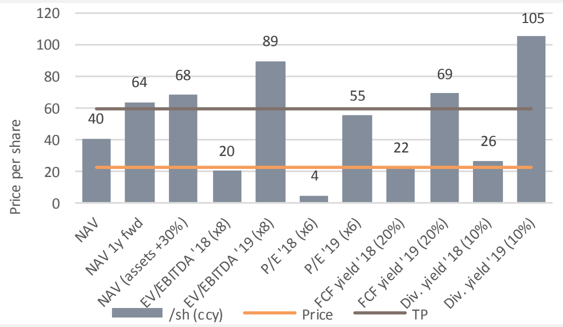
BUY/TP 60

Massive upside ahead

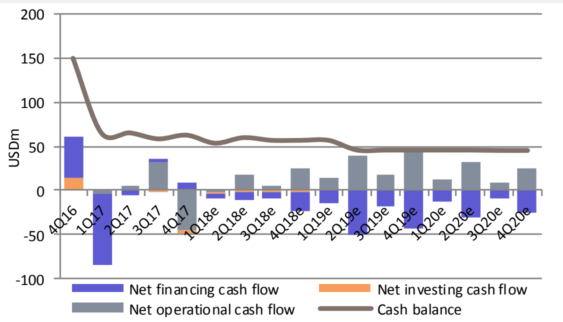
Share price vs target price



Valuation matrix



Cash & cash flows



Gersemi Research / Analysts

Joakim Hannisdahl
Head of Research
research@gersemiresearch.com

The 4Q17 numbers was in-line with expectations, with few surprises emerging in the report or presentation. Avance rallied 7% on the day amongst a general appreciation of the VLGC segment. As we enter the seasonally strong period from April to August, we simultaneously expect supply growth to turn negative. Add annualized demand growth of ~10% and we remain highly optimistic on the share price development over both the short- and long-term horizon. We reiterate our BUY recommendation and have a NOK 60 target price.

4Q17 review: The results were largely in-line with ours and consensus' forecast. The company achieved a timecharter equivalent (TCE) on its fleet of $12,262/day, below our forecast of $13,823. However, this was offset by a utilization of 97% in the quarter vs our 91% forecast. There is naturally a trade-off between utilization and spot rates achieved in the currently depressed market, and Avance struck a balance which was very close to our expectations.

Investment case: Avance is our #1 pick in the VLGC space, trading at a P/NAV of 0.54 (peers 0.60) and 1y fwd NAV of 0.34 (0.46) even after applying a China-discount to its applicable fleet. Add historically high operational leverage and we see EV/EBITDA in '19E of 4.0 (4.5) and potential dividend yield of 48% (29%). We have generated a 139% return on our recommendations since Mar/14 (vs consensus' -81%), and see 175% upside potential ahead as the VLGC segment is repriced in concert with the cyclical upturn.

Key numbers

USDm	2017	2018	2019	2020
Net sales	54	116	185	144
EBITDA	9	72	140	99
EBIT	-31	32	100	59
PTP	-55	6	76	37
Net earnings	-55	6	76	37
EPS	-0.86	0.09	1.18	0.57
DPS	-	0.34	1.35	0.61
USDm	**2017**	**2018**	**2019**	**2020**
Fwd NAV	335	526	601	600
Adj. equity ratio	40%	52%	57%	59%
FCF yield	-8%	20%	63%	41%
Dividend yield	0%	12%	48%	22%
EV/EBITDA	65.3	8.2	4.0	5.3
P/E (adj.)		29.3	2.4	4.9

Key numbers

USDm	2017	2018	2019	2020
Net operational cash flow	-12	46	116	77
Free cash flow	-15	37	114	74
Net cash flow	-87	-6	-11	-0
TCE/day	11,567	23,658	37,220	28,930
Cash break-even	24,986	17,738	20,814	19,830
Liquidity	62	56	45	45
Property & Equip. (incl. NBs)	823	793	755	718
Total equity	404	388	377	374
Interest bearing debt	488	467	429	395
Net interest bearing debt	425	411	384	350
Market Cap.	182	180	180	180
Enterprise value	607	590	564	529
Capex	3	10	2	3

Source: Gersemi Research, Bloomberg, company data

Disclaimer: The publisher currently owns shares in the company. More disclaimers at the end of this document

Table of Contents

4Q17 Review

The 4Q17 results were largely in-line with ours and consensus' forecast (see table below). The company achieved a timecharter equivalent (TCE) on its fleet of $12,262/day, below our forecast of $13,823. However, this was offset by a utilization of 97% in the quarter vs our 91% forecast. There is naturally a trade-off between utilization and spot rates achieved in the currently depressed market, and Avance struck a balance which was very close to our expectations.

The company reported a net cash flow for the quarter of +$4m vs our forecast of -$7m. This mainly relates to a $15m draw down under the revolving credit facility. That leaves $50m in undrawn credit + $62m in liquidity which should easily suffice against a low cash break even and improving spot rates ahead.

P&L

4Q17 review				Actuals vs		Actuals vs	
USDm	Actuals	GR	Consenus	GR	Consensus	GR	Consensus
Net sales	15.3	16.2	15.8	-0.9	-0.5	-6%	-3%
EBITDA	4.1	5.1	4.4	-1.0	-0.3	-23%	-7%
EBIT	-5.8	-5.0	-5.7	-0.8	-0.1	-14%	-1%
PTP	-12.3	-11.4	-11.2	-0.9	-1.1	-7%	-9%
Net earnings	-12.4	-11.4	-11.6	-0.9	-0.8	-8%	-6%
EPS	-0.19	-0.18	-0.17	-0.02	-0.02	-9%	-11%
DPS	-	-	-	-	-		
Implied, line by line	Actuals	GR	Consenus	GR	consensus	GR	consensus
TCE revenue	15.3	16.2	15.8	-0.9	-0.5	-6%	-3%
Opex & G&A	11.1	11.1	11.3	0.0	-0.2	0%	-2%
Depreciation	9.9	10.0	10.2	-0.1	-0.2	-1%	-2%
Net finance	6.5	6.5	5.5	0.0	1.0	1%	16%
Taxes & Minorities	0.1	-	0.4	0.1	-0.3	100%	-580%

CF & BS

4Q17 review				Actuals vs		Actuals vs	
USDm	Actuals	GR	Consenus	GR	Consensus	GR	Consensus
Net operational cash flow	-3	-1		-2		-56%	
Free cash flow	-6	-2		-4		-66%	
Net cash flow	4	-7		11		267%	
TCE/day	12,262	13,823		-1,561		-13%	
Utilization	97%	91%		6%		6%	
Cash break-even	12,923	17,666		-4,743		-37%	
Liquidity	62	51		11		18%	
Interest bearing debt	488	473		15		3%	
Net interest bearing debt	425	421		4		1%	

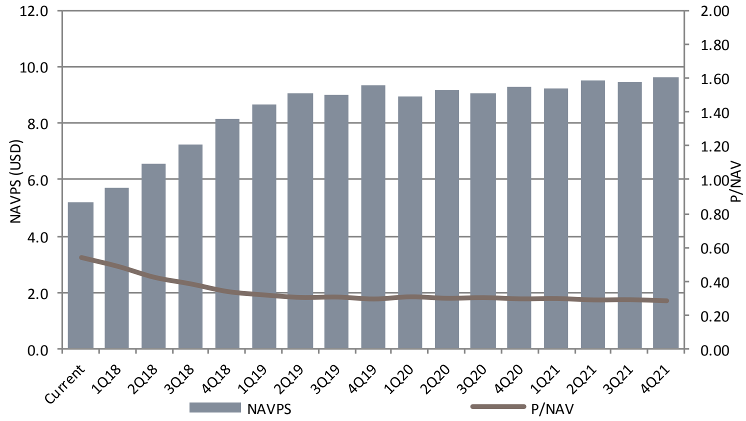
Source: Gersemi Research, Bloomberg, company data, www

Valuation

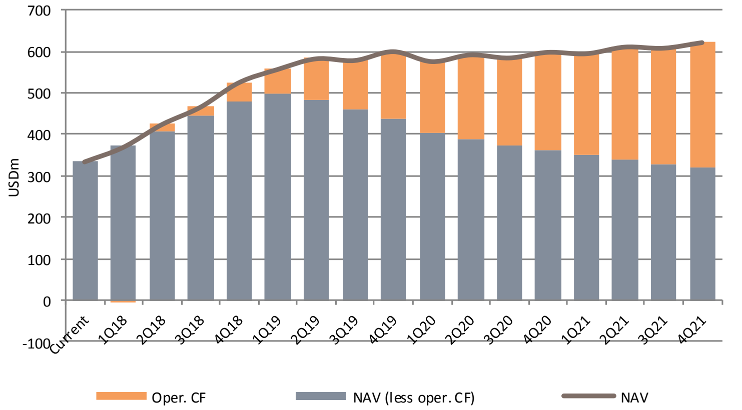
Valuation & target price

Net asset values			
USDm	**4Q17**	**Fair value**	**Implied**
Primary assets	823	**755**	602
Contract value	0	0	0
Other	14	14	11
GAV	**838**	**769**	**614**
Net debt	-425	-425	-425
Capex	0	0	0
Other	-9	-9	-9
NAV	**404**	**335**	**180**
Shares	65	65	65
NAVPS	**6.26**	**5.19**	**2.78**
Share price	48.7	40.4	21.7
P/NAV	**0.45**	**0.54**	**1.00**
EV/GAV	**0.73**	**0.80**	**1.00**
Adj. Total Assets	910	842	689
Adj. Equity Ratio	44%	**40%**	26%
Target price	**NOK**	**60**	**175%**

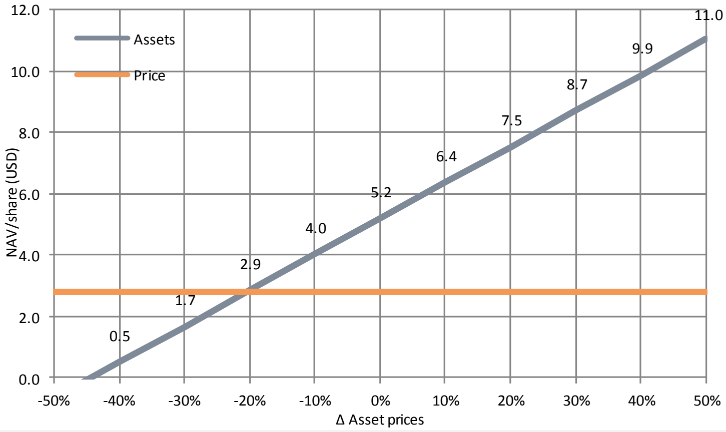
Quarterly forward NAV & P/NAV



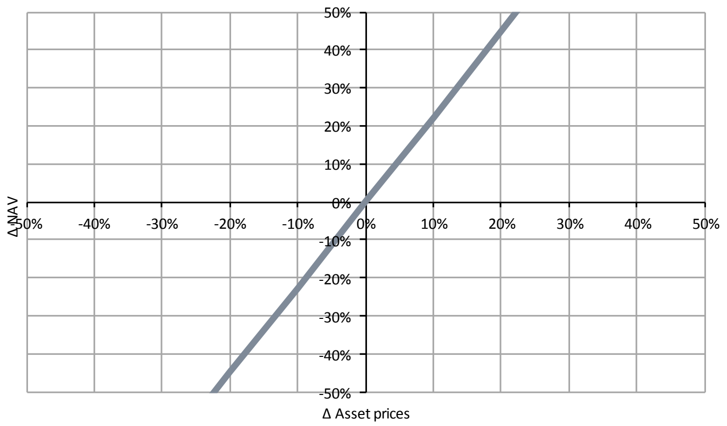
Quarterly forward NAV decomposition



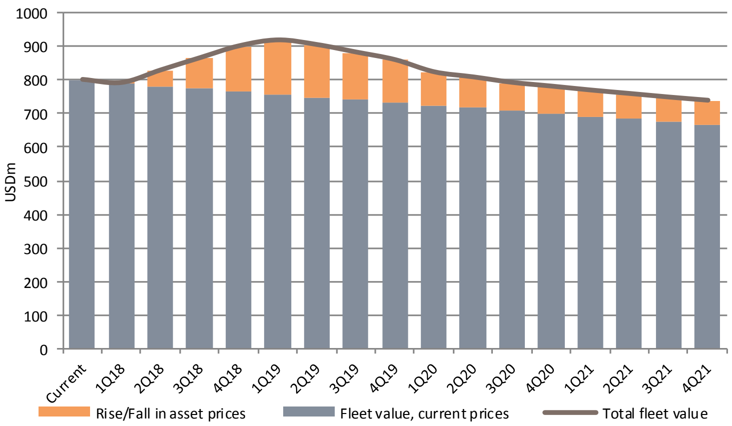
Impact on NAV/sh from % change in asset prices



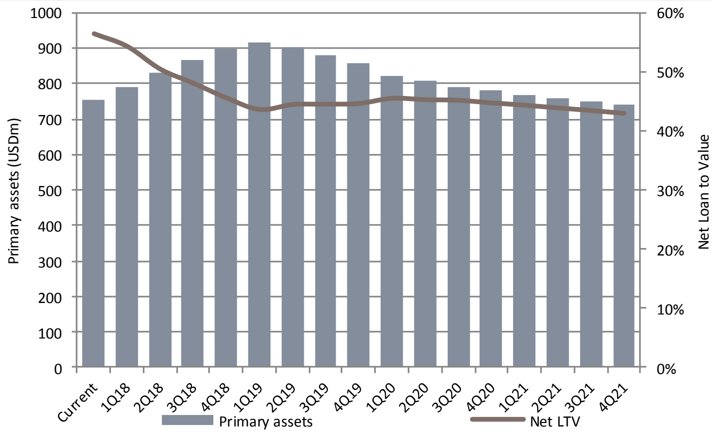
% Impact on NAV from % change in asset prices



Forward fleet valuation decomposition



Forward fleet value & net loan to value



Source: Gersemi Research, Bloomberg, company data, www

Estimate Changes

Profit & Loss

Estimate changes	New				Old				Change			
USDm	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Net sales	54	116	185	144	56	125	201	154	-2	-9	-16	-10
EBITDA	9	72	140	99	12	81	157	110	-2	-9	-16	-10
EBIT	-31	32	100	59	-29	40	117	69	-2	-9	-16	-10
PTP	-55	6	76	37	-53	15	93	48	-2	-9	-17	-12
Net earnings	-55	6	76	37	-53	15	93	48	-2	-9	-17	-12
EPS	-0.86	0.09	1.18	0.57	-0.82	0.24	1.45	0.75	-0.04	-0.14	-0.27	-0.18
DPS	-	0.34	1.35	0.61	-	0.38	1.48	0.86	-	-0.04	-0.13	-0.24

	2017	2018	2019	2020
TCE revenue	-2	-9	-16	-10
Opex & G&A	0	-0	-0	-0
Depreciation	-0	-0	-0	-0
Net finance	0	1	1	1
Taxes & Minorities	0	0	-	-

Cash Flows & Balance Sheet

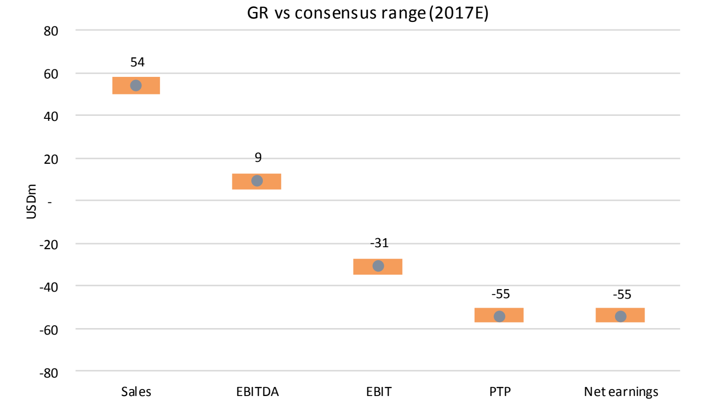
Estimate changes									Change			
USDm	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018	2019	2020
Net operational cash flow	-12	46	116	77	34	55	133	88	-45	-9	-17	-12
Free cash flow	-15	37	114	74	33	51	132	88	-48	-15	-18	-15
Net cash flow	-87	-6	-11	-0	-54	2	-	-	-33	-8	-11	-0
TCE/day	11,567	23,658	37,220	28,930	10,965	24,406	39,306	30,086	602	-748	-2,086	-1,157
Cash break-even	24,986	17,738	20,814	19,830	29,083	18,487	20,292	19,290	-4,097	-749	522	540
Liquidity	62	56	45	45	53	55	55	55	10	2	-9	-10
Property & Equip. (incl. NBs)	823	793	755	718	822	785	747	707	2	8	8	11
Total equity	404	388	377	374	403	393	391	384	1	-5	-14	-10
Interest bearing debt	488	467	429	395	473	448	411	378	15	19	18	16
Net interest bearing debt	425	411	384	350	420	393	357	324	5	18	27	26
Market Cap.	182	180	180	180	190	190	190	190	-8	-10	-10	-10
Enterprise value	607	590	564	529	610	583	547	513	-3	7	17	16
Capex	3	10	2	3	1	4	2	-	2	6	0	3

Valuation

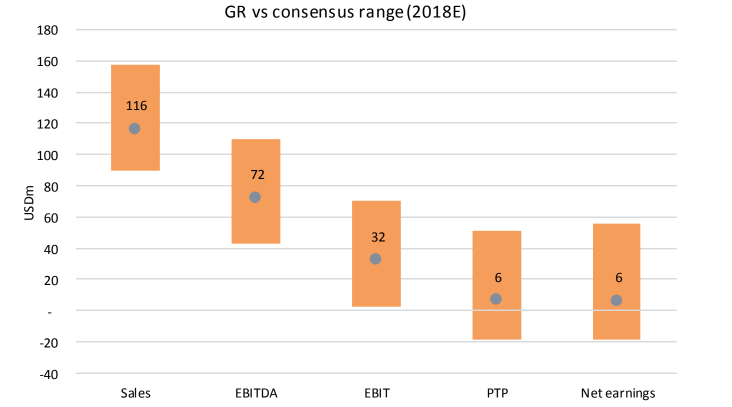
Estimate changes	New				New				Change			
USDm	2017	2018	2019	2020	2017	2018	2019	2020	2017	2018		2020
Fwd NAV	335	526	601	600	335	531	623	630	-0	-5	-22	-30
Adj. equity ratio	40%	52%	57%	59%	40%	53%	59%	61%	-1%	-1%	-2%	-2%
FCF yield	-8%	20%	63%	41%	17%	27%	69%	47%	-25%	-7%	-6%	-5%
Dividend yield	0%	12%	48%	22%	0%	13%	50%	29%	0%	-1%	-2%	-7%
EV/EBITDA	65.3	8.2	4.0	5.3	52.8	7.2	3.5	4.7	12.6	1.0	0.5	0.6
P/E (adj.)		29.3	2.4	4.9		12.4	2.0	3.9	#VALUE!	17	0	1

Our Estimates vs Consensus

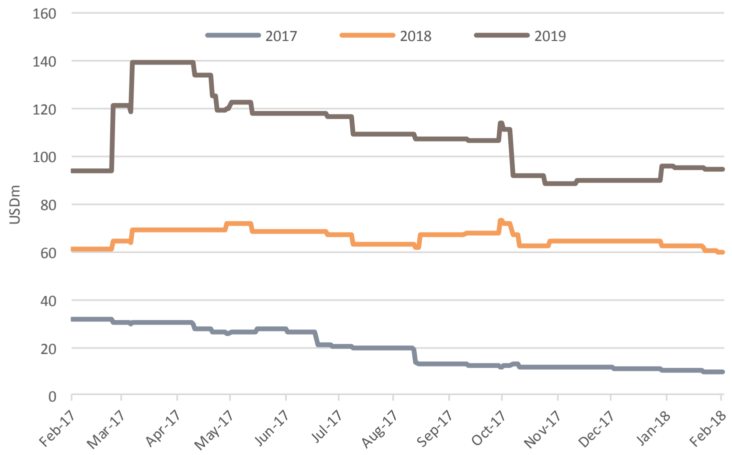
Profit & Loss, year I



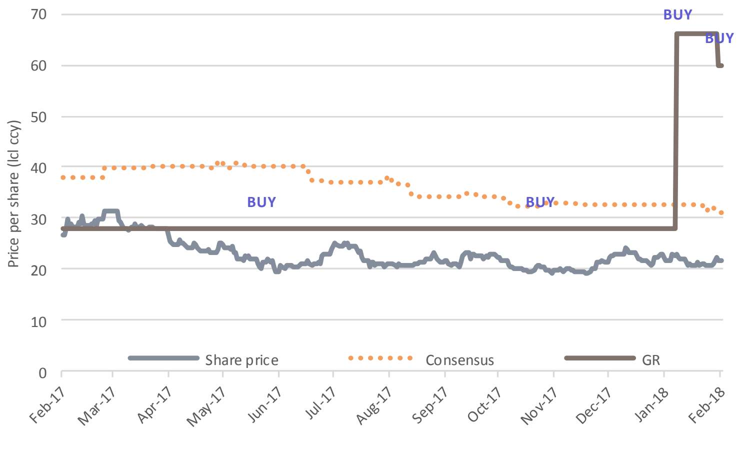
Profit & Loss, year II



Consensus EBITDA development



Target price vs share price

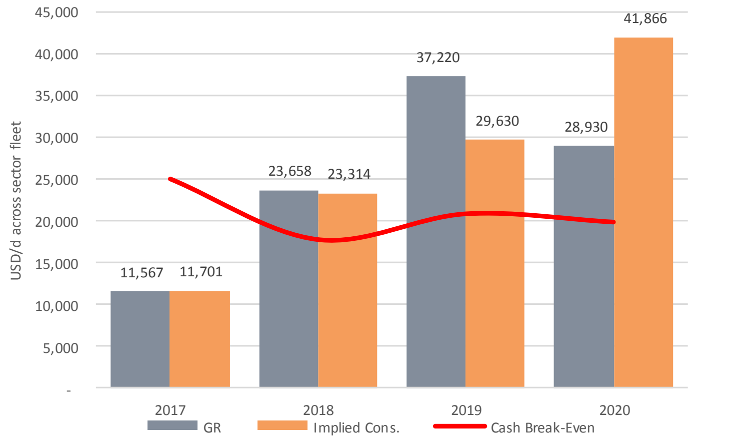


GR vs consensus: P&L break-down

2017	GR	Consensus	Diff.	Diff.
TCE revenue	54	54	-1	-1%
Opex + G&A	44	45	-1	-1%
Depreciation	40	40	-0	-1%
Net finance	24	23	1	5%
Taxes & Minorities	0	0	0	#DIV/0!

2018	GR	Consensus	Diff.	Diff.
TCE revenue	116	115	2	1%
Opex + G&A	44	55	-10	-19%
Depreciation	40	40	-0	-1%
Net finance	26	20	5	26%
Taxes & Minorities	0	-1	1	-109%

Avg. TCE/day across fleet vs consensus



Source: Gersemi Research, Bloomberg, company data, www

Profit & Loss (USDm)	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Net sales				**265**	**93**	**54**	**116**	**185**	**144**
Operational costs					-100	-44	-44	-44	-44
EBITDA					**-7**	**9**	**72**	**140**	**99**
Depreciation/Amortization					-42	-40	-40	-40	-40
EBIT	**10**	**23**	**—**	**196**	**-48**	**-31**	**32**	**100**	**59**
Net financials	-10	-12		-13	-20	-24	-26	-24	-22
PTP	**0**	**12**	**—**	**183**	**-68**	**-55**	**6**	**76**	**37**
Taxes/Minorities	0	0		0	0	0	0	0	0
Net earnings	**0**	**12**	**—**	**183**	**-68**	**-55**	**6**	**76**	**37**
Non-recurring items	0	0		0	0	0	0	0	0
Net earnings (adj.)	**0**	**12**	**—**	**183**	**-68**	**-55**	**6**	**76**	**37**
EPS				5.04	-1.07	-0.86	0.09	1.18	0.57
EPS (adj.)				5.04	-1.07	-0.86	0.09	1.18	0.57
DPS				4.74	0.51	0.00	0.34	1.35	0.61

Balance Sheet (USDm)	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Cash & short-term investments	30	200	—	70	149	62	56	45	45
Other current assets	26	24		81	23	24	24	24	24
Total current assets	**57**	**224**	**—**	**151**	**172**	**87**	**81**	**70**	**69**
Property & equip. (incl. NBs)	529	379	—	966	861	823	793	755	718
Other non-current assets	2	2		2	0	0	0	0	0
Total non-current assets	**531**	**381**	**—**	**968**	**861**	**824**	**793**	**755**	**718**
TOTAL ASSETS	**588**	**605**	**—**	**1,119**	**1,033**	**910**	**874**	**825**	**788**
Total equity	**112**	**392**	**—**	**500**	**457**	**404**	**388**	**377**	**374**
Short-term debt	311	69	—	93	21	21	45	45	33
Other current liabilities	66	9		10	11	14	14	14	14
Total current liabilities	**377**	**79**	**—**	**103**	**32**	**35**	**59**	**59**	**47**
Long-term debt	—	—	—	508	537	467	422	385	362
Other non-current liabilities				8	7	5	5	5	5
Total non-current liabilities	**99**	**134**	**—**	**516**	**544**	**472**	**427**	**390**	**367**
TOTAL EQUITY & LIABILITIES	**588**	**605**	**—**	**1,119**	**1,033**	**910**	**874**	**825**	**788**
Working capital, receivables				76	19	21	21	21	21
Working capital, payables	3	2	—	1	8	10	10	10	10
Net working capital				**75**	**11**	**11**	**11**	**11**	**11**
Interest bearing debt				601	558	488	467	429	395
Liquidity	39	211		70	149	62	56	45	45
Net interest bearing debt				**531**	**409**	**425**	**411**	**384**	**350**

Cash Flow (USDm)	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Net income	0	12	—	183	-68	-55	6	76	37
Depreciation					42	40	40	40	40
Other					54	2	0	0	0
Cash earnings					**28**	**-12**	**46**	**116**	**77**
Changes in working capital	—	—	—	—	57	1	0	0	0
Net operational cash flow	**12**	**36**	**—**	**167**	**85**	**-12**	**46**	**116**	**77**
Capex	-234	-6	—	-492	-1	-3	-10	-2	-3
Other investments	0	0	0	0	0	0	0	0	0
Proceeds from sales	—	—	—	0	0	0	0	0	0
Other	0	133		0	13	0	0	0	0
Net investing cash flow	**-234**	**127**	**—**	**-492**	**12**	**-3**	**-10**	**-2**	**-3**
Repayment of debt	227	-108	—	417	-44	-72	-21	-38	-35
Proceeds from debt	—	—	—	—	0	0	0	0	0
Dividends paid	—	—	—	-172	-33	0	-22	-87	-40
New equity	—	—	—	0	59	—	0	0	0
Other	0	116		-13	0	0	0	0	0
Net financing cash flow	**227**	**7**	**—**	**232**	**-18**	**-72**	**-43**	**-125**	**-74**
Currency effect	—	—	—	—	0	0	0	0	0
Net cash flow					**79**	**-87**	**-6**	**-11**	**0**
Cash balance	30	200		70	149	62	56	45	45
Free cash flow	**-222**	**162**		**-324**	**97**	**-15**	**37**	**114**	**74**

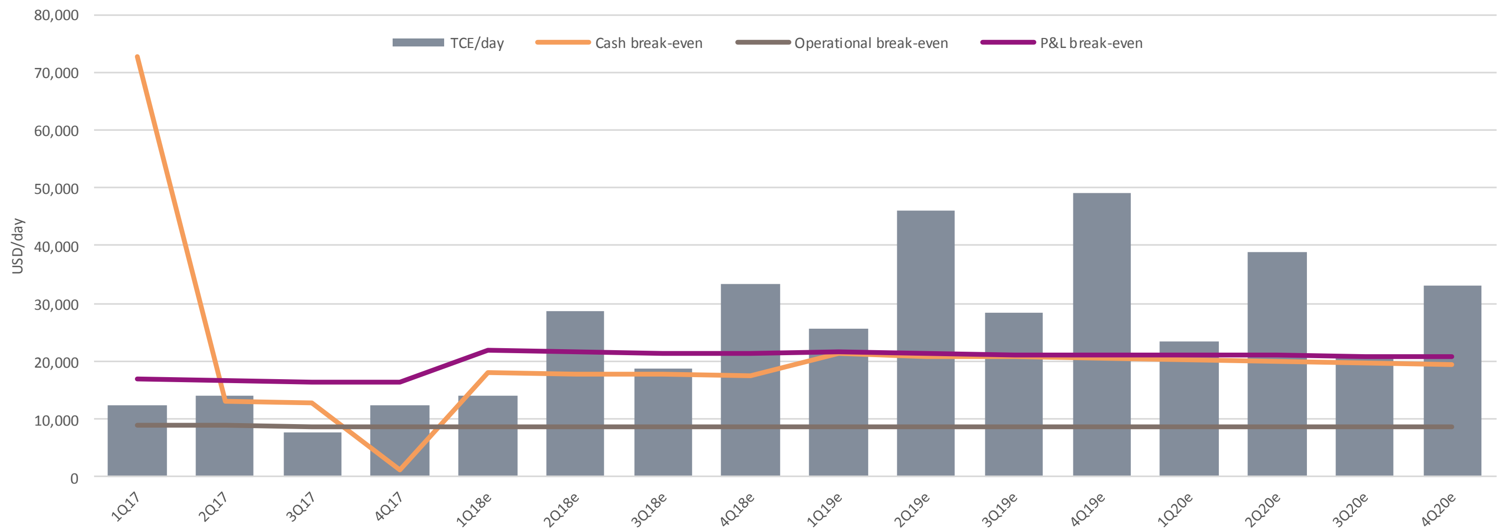
Source: Gersemi Research, Bloomberg, company data, www

Share Data & Valuation (USDm)	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Shares outstanding, end	—	—	—	36	64	64	65	65	65
Share price, avg (USD)		13	16	14	5	3	3	3	3
Share price, end (USD)	—	17	—	12	3	3	3	3	3
Market Cap.				**445**	**196**	**182**	**180**	**180**	**180**
NIBD				531	409	425	411	384	350
Minorities	0	0	—	0	0	0	0	0	0
Enterprise value				**977**	**604**	**607**	**590**	**564**	**529**

Key Figures & Ratios	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
P/E (reported)				2.4			29.3	2.4	4.9
P/E (adj.)				2.4			29.3	2.4	4.9
P/CE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/Sales				1.7	2.1	3.4	1.5	1.0	1.3
EV/Sales				3.7	6.5	11.3	5.1	3.1	3.7
EV/EBITDA						65.3	8.2	4.0	5.3
EV/EBIT				5.0			18.5	5.6	8.9
P/B				0.9	0.4	0.5	0.5	0.5	0.5
FCF yield				-73%	50%	-8%	20%	63%	41%
Dividend yield				38.7%	16.7%	0.0%	12.2%	48.5%	22.1%
Return on equity (ROE)	-0.3%	2.9%		36.6%	-14.9%	-13.6%	1.6%	20.2%	9.8%
Return on capital employed (ROCE)	2.5%	9.2%		19.0%	-5.6%	-3.7%	4.0%	13.2%	8.2%
Return on assets (ROA)	0.0%	1.9%		16.4%	-6.6%	-6.0%	0.7%	9.2%	4.7%
Sales growth					-65%	-42%	116%	59%	-22%
EBITDA margin					-7%	17%	62%	76%	69%
EBIT margin				74%	-52%	-57%	28%	54%	41%
Net margin				69%	-73%	-102%	5%	41%	26%
Net interest rate				0.0%	0.0%	0.0%	6.3%	6.3%	6.4%
Tax rate	-45.4%	0.0%		0.0%	-0.2%	-0.1%	0.8%	0.0%	0.0%
Equity ratio	19%	65%		45%	44%	44%	44%	46%	48%
Leverage ratio	81%	35%		55%	56%	56%	56%	54%	52%
NIBD / EBITDA (past 1y)					-59.8	45.8	5.7	2.7	3.5
Operating cash flow/NIBD				0.3	0.2	0.0	0.1	0.3	0.2
Net interest coverage ratio (EBITDA)							2.8	5.8	4.4
Current ratio	0.2	2.8		1.5	5.4	2.5	1.4	1.2	1.5
Adj. equity ratio						40%	52%	57%	59%
Operating assets	548	394		1,049	884	848	818	780	743
Operating liabilities	165	143		17	18	19	19	19	19
Net operating assets	384	251		1,031	866	829	799	761	724

Source for financial items: Historical numbers primarily gathered from Bloomberg and company data. Forecast from Gersemi Research

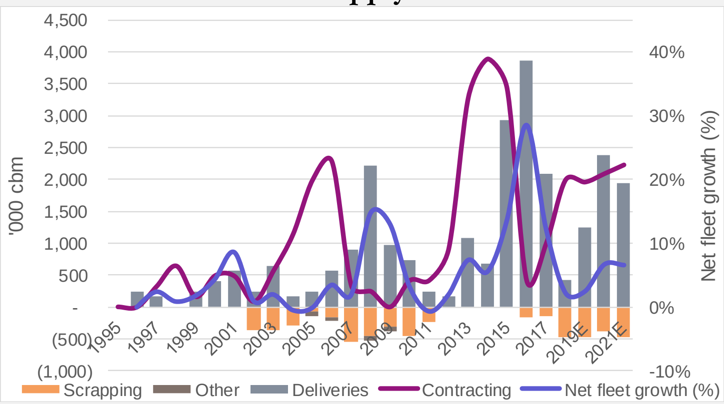
Break-even levels vs TCE revenue (USD per fleet day)



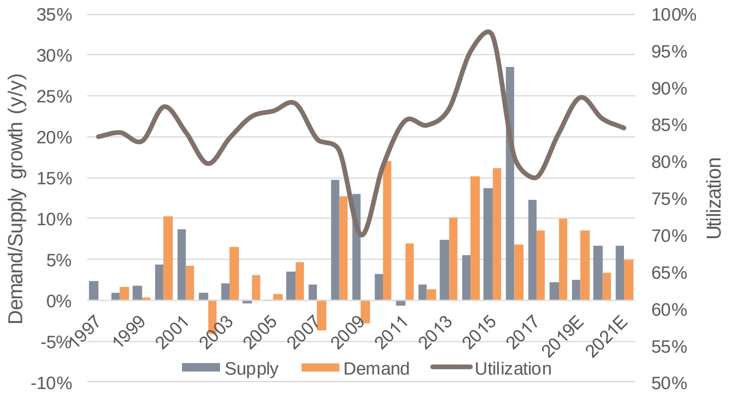
Source: Gersemi Research, Bloomberg, company data, www

Market Balance

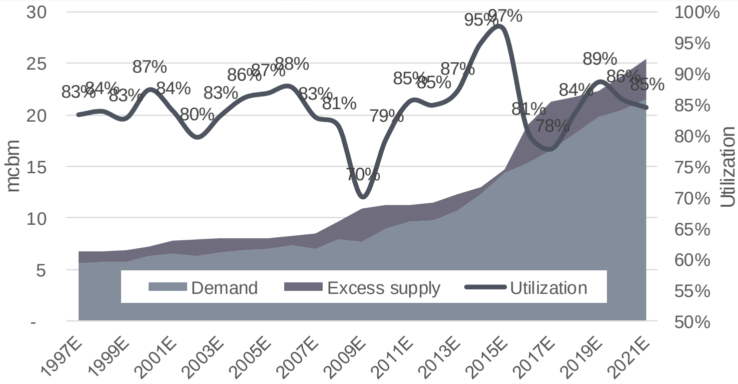
Supply



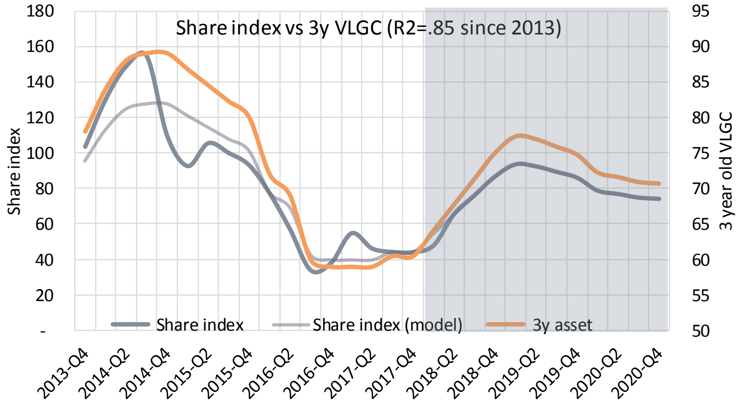
Supply/Demand



Supply/Demand



Shares highly correlated with 3y old vessel values



Source: Gersemi Research, Bloomberg, company data, www

Econometrics

Demand/Supply ('000 cbm)																
Base case	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Deliveries¹	575	904	2,206	975	733	244	162	1,073	669	2,935	3,863	2,081	412	1,236	2,371	1,940
Scrapping¹	(157)	(546)	(453)	(304)	(461)	(241)	-	-	-	-	(161)	(154)	(468)	(468)	(386)	(468)
Other¹	(71)	(0)	(76)	(80)	0	(0)	(0)	(0)	-	-	-	-	-	-	-	-
Contracting¹	*2,271*	*325*	*242*	*-*	*413*	*415*	*913*	*3,271*	*3,879*	*3,410*	*416*	*986*	*1,986*	*1,953*	*2,084*	*2,221*
Supply²	**8,279**	**8,438**	**9,685**	**10,945**	**11,297**	**11,223**	**11,447**	**12,292**	**12,979**	**14,760**	**18,977**	**21,316**	**21,791**	**22,332**	**23,832**	**25,407**
Δ y/y	*3%*	*2%*	*15%*	*13%*	*3%*	*-1%*	*2%*	*7%*	*6%*	*14%*	*29%*	*12%*	*2%*	*2%*	*7%*	*7%*
Demand²	**7,270**	**7,000**	**7,885**	**7,662**	**8,970**	**9,593**	**9,716**	**10,702**	**12,319**	**14,317**	**15,285**	**16,583**	**18,227**	**19,794**	**20,447**	**21,470**
Δ y/y	*5%*	*-4%*	*13%*	*-3%*	*17%*	*7%*	*1%*	*10%*	*15%*	*16%*	*7%*	*8%*	*10%*	*9%*	*3%*	*5%*
Utilization²	**88%**	**83%**	**81%**	**70%**	**79%**	**85%**	**85%**	**87%**	**95%**	**97%**	**81%**	**78%**	**84%**	**89%**	**86%**	**85%**
Spot rate² (USD/day)	**37,845**	**24,023**	**23,234**	**6,074**	**17,178**	**30,861**	**30,817**	**36,951**	**72,669**	**82,644**	**21,136**	**14,162**	**25,695**	**40,522**	**31,017**	**27,401**
Vessel value, 3y² (USDm)	**105**	**92**	**83**	**71**	**67**	**73**	**71**	**73**	**88**	**83**	**65**	**60**	**70**	**76**	**71**	**70**
OB²	**4,361**	**4,724**	**3,130**	**1,492**	**807**	**1,006**	**1,454**	**2,490**	**6,773**	**7,304**	**5,284**	**2,770**	**3,609**	**4,483**	**4,592**	**4,752**
Low case	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Deliveries¹	575	904	2,206	975	733	244	162	1,073	669	2,935	3,863	2,081	412	1,236	1,383	520
Scrapping¹	(157)	(546)	(453)	(304)	(461)	(241)	-	-	-	-	(161)	(154)	(468)	(468)	(386)	(468)
Other¹	(71)	(0)	(76)	(80)	0	(0)	(0)	(0)	-	-	-	-	-	-	-	-
Contracting¹	*2,271*	*325*	*242*	*-*	*413*	*415*	*913*	*3,271*	*3,879*	*3,410*	*416*	*986*	*743*	*506*	*499*	*591*
Supply²	**8,279**	**8,438**	**9,685**	**10,945**	**11,297**	**11,223**	**11,447**	**12,292**	**12,979**	**14,760**	**18,977**	**21,316**	**21,937**	**22,712**	**23,721**	**24,009**
Δ y/y	*3%*	*2%*	*15%*	*13%*	*3%*	*-1%*	*2%*	*7%*	*6%*	*14%*	*29%*	*12%*	*3%*	*4%*	*4%*	*1%*
Demand²	**7,270**	**7,000**	**7,885**	**7,662**	**8,970**	**9,593**	**9,716**	**10,702**	**12,319**	**14,317**	**15,285**	**16,583**	**16,915**	**17,253**	**17,598**	**17,950**
Δ y/y	*5%*	*-4%*	*13%*	*-3%*	*17%*	*7%*	*1%*	*10%*	*15%*	*16%*	*7%*	*8%*	*2%*	*2%*	*2%*	*2%*
Utilization²	**88%**	**83%**	**81%**	**70%**	**79%**	**85%**	**85%**	**87%**	**95%**	**97%**	**81%**	**78%**	**77%**	**76%**	**74%**	**75%**
Spot rate² (USD /day)	**37,845**	**24,023**	**23,234**	**6,074**	**17,178**	**30,861**	**30,817**	**36,951**	**72,669**	**82,644**	**21,136**	**14,162**	**13,087**	**11,542**	**9,568**	**10,214**
Vessel value, 3y² (USDm)	**105**	**92**	**83**	**71**	**67**	**73**	**71**	**73**	**88**	**83**	**65**	**60**	**62**	**62**	**61**	**62**
High case	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Deliveries¹	575	904	2,206	975	733	244	162	1,073	669	2,935	3,863	2,081	412	1,236	2,896	3,327
Scrapping¹	(157)	(546)	(453)	(304)	(461)	(241)	-	-	-	-	(161)	(154)	(468)	(468)	(386)	(468)
Other¹	(71)	(0)	(76)	(80)	0	(0)	(0)	(0)	-	-	-	-	-	-	-	-
Contracting¹	*2,271*	*325*	*242*	*-*	*413*	*415*	*913*	*3,271*	*3,879*	*3,410*	*416*	*986*	*2,680*	*3,449*	*3,519*	*3,472*
Supply²	**8,279**	**8,438**	**9,685**	**10,945**	**11,297**	**11,223**	**11,447**	**12,292**	**12,979**	**14,760**	**18,977**	**21,316**	**21,474**	**21,508**	**23,109**	**25,724**
Δ y/y	*3%*	*2%*	*15%*	*13%*	*3%*	*-1%*	*2%*	*7%*	*6%*	*14%*	*29%*	*12%*	*1%*	*0%*	*7%*	*11%*
Demand²	**7,270**	**7,000**	**7,885**	**7,662**	**8,970**	**9,593**	**9,716**	**10,702**	**12,319**	**14,317**	**15,285**	**16,583**	**18,241**	**20,065**	**22,072**	**24,279**
Δ y/y	*5%*	*-4%*	*13%*	*-3%*	*17%*	*7%*	*1%*	*10%*	*15%*	*16%*	*7%*	*8%*	*10%*	*10%*	*10%*	*10%*
Utilization²	**88%**	**83%**	**81%**	**70%**	**79%**	**85%**	**85%**	**87%**	**95%**	**97%**	**81%**	**78%**	**85%**	**93%**	**96%**	**94%**
Spot rate² (USD /day)	**37,845**	**24,023**	**23,234**	**6,074**	**17,178**	**30,861**	**30,817**	**36,951**	**72,669**	**82,644**	**21,136**	**14,162**	**29,021**	**61,175**	**74,454**	**67,865**
Vessel value, 3y² (USDm)	**105**	**92**	**83**	**71**	**67**	**73**	**71**	**73**	**88**	**83**	**65**	**60**	**74**	**94**	**94**	**90**
OB²	**4,361**	**4,724**	**3,130**	**1,492**	**807**	**1,006**	**1,454**	**2,490**	**6,773**	**7,304**	**5,284**	**2,770**	**4,019**	**6,095**	**7,398**	**7,830**
OB/Fleet²	**53%**	**56%**	**32%**	**14%**	**7%**	**9%**	**13%**	**20%**	**52%**	**49%**	**28%**	**13%**	**19%**	**28%**	**32%**	**30%**

¹Sum during period ²Average during period

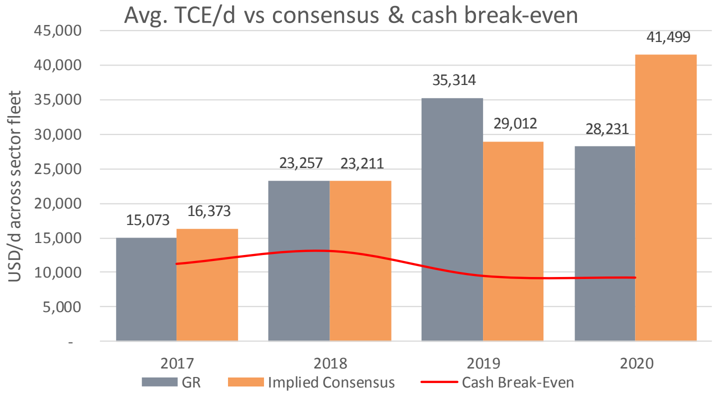
Peer Group

Valuation matrix

USDm	Mcap	Turnover	P/sh	Value	+/-	P/NAV NAV	P/NAV Now	P/NAV 1y fwd	P/NAV +20%	P/NAV ε	EV/EBITDA 2017	EV/EBITDA 2018	EV/EBITDA 2019	EV/EBITDA 2020
AVANCE NO	1,399	1.8	22	60	**175%**	40.4	0.54	0.34	0.32	0.23	65.3	8.2	4.0	5.3
BWLPG NO	4,805	5.1	34	74	**119%**	51.9	0.65	0.52	0.46	0.21	14.3	8.9	4.4	5.6
LPG US	416	3.1	7.5	15	**96%**	13.5	0.56	0.41	0.41	0.17	16.6	9.5	4.6	6.2
Average	**2,206**	**3.3**			130%		**0.58**	**0.42**	**0.40**	**0.20**	**32.1**	**8.9**	**4.3**	**5.7**
Median	**1,399**	**3.1**			119%		**0.56**	**0.41**	**0.41**	**0.21**	**16.6**	**8.9**	**4.4**	**5.6**

USDm	P/E (adj.) 2017	P/E (adj.) 2018	P/E (adj.) 2019	P/E (adj.) 2020	Liquidity/(GIBD + eq. capex) 2017	Liquidity/(GIBD + eq. capex) 2018	Liquidity/(GIBD + eq. capex) 2019	Liquidity/(GIBD + eq. capex) 2020	FCF yield 2017	FCF yield 2018	FCF yield 2019	FCF yield 2020	Dividend yield 2017	Dividend yield 2018	Dividend yield 2019	Dividend yield 2020
AVANCE NO		29.3	2.4	4.9	13%	12%	10%	11%	-8%	20%	63%	41%	0%	12%	48%	22%
BWLPG NO	-	21.4	3.1	5.5	4%	5%	7%	8%	12%	18%	49%	38%	0%	7%	31%	23%
LPG US	-	39.4	3.8	7.5	11%	11%	14%	15%	16%	18%	42%	28%	0%	0%	26%	17%
Average	**0.0**	**30.0**	**3.1**	**6.0**	**9%**	**9%**	**10%**	**12%**	**7%**	**19%**	**51%**	**36%**	**0%**	**6%**	**35%**	**21%**
Median	**0.0**	**29.3**	**3.1**	**5.5**	**11%**	**11%**	**10%**	**11%**	**12%**	**18%**	**49%**	**38%**	**0%**	**7%**	**31%**	**22%**

Avg. TCE/day across peer fleet vs consensus



Disclaimers

Gersemi Research does not make any money directly from any recommendations/publications. Gersemi Research is based on voluntary work from all involved analyst(s). Gersemi Research and related persons may have investments in companies encompassed by recommendations/publications.

All recommendations/publications are distributed by Gersemi Research as a free informational service, and is not meant to constitute any form of investment advice as defined in the Norwegian Securities Trading Act Section 2-4 (1). Recommendations/publications should not be construed as an offer or solicitation to buy or sell investment products or services. Opinions expressed in the recommendations/publications may be subject to change without notice and should be independently confirmed prior to making any investment decision. Gersemi Research and analyst(s) accept no responsibility and expressively disclaim any and all liabilities for any and all losses related to investments caused by or motivated by recommendations/publications from Gersemi Research. Any person receiving recommendations/publications from Gersemi Research is deemed to have accepted this disclaimer. The disclaimer shall apply even if recommendations/publications is shown to be erroneous or incomplete or based upon incorrect or incomplete facts, interpretations or assessments or assumptions by Gersemi Research, and irrespective of whether Gersemi Research or any person related to Gersemi Research can be blamed for the incident. The information in the recommendations/publications have unless otherwise stated been obtained from public sources believed to be reliable but Gersemi Research do not represent that such information is accurate or complete and it should not be relied upon as such. Gersemi Research or related persons may not be held liable for any errors or inaccuracies or incompleteness in the analysis or for the fitness of the information for any purposes and hereby expressly disclaim all liability for any loss, direct or indirect or any other kind of damage resulting from any reliance upon or use of recommendations/publications and the information contained therein.

Recommendations/publications for shares and share related instruments are based on price targets fixed with different valuation methods that may include analysis of earnings multiples (absolute and relative), valuation of a company using DCF calculations (discounted cash flow) and by carrying out net asset value (NAV) assessments. Price targets are changed when earnings and cash flow forecasts are changed. They may also be changed when the underlying value of the issuer's assets changes or when factors impacting the required rate of return change.

There is an element of risk attached to all investments in financial instruments. There may be uncertainties with respect to the accurateness and reliability of any information, interpretation and assessment. There are uncertainties and risks attached to the correctness of any recommendations/publications by Gersemi Research and with respect to forward looking statements and expectations. Gersemi Research's coverage encompasses companies within highly cyclical sectors and will over time presumably have a higher volatility than the overall market.

Gersemi Research has no fixed schedule for updating unless stated or implied in the Recommendations/publications.

Please contact us at admin@gersemiresearch.no to receive an overview of Gersemi Research's recommendations/publications in the financial instruments of the issuing company the last 12 months, including data on changes in recommendations/publications. Please be aware that certain informal recommendations/publications may be excluded.