



# Second Quarter 2022 Earnings Presentation

August 2022



# Forward Looking Statements



This presentation contains certain statements that may be deemed to be “forward-looking statements” within the meaning of applicable federal securities laws. Most forward-looking statements contain words that identify them as forward-looking, such as “may”, “plan”, “seek”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “project”, “opportunity”, “target”, “goal”, “growing” and “continue” or other words that relate to future events, as opposed to past or current events. All statements, other than statements of historical facts, that address activities, events or developments that Navigator Holdings Ltd. (“Navigator” or the “Company”) expects, projects, believes or anticipates will or may occur in the future, including, without limitation, acquisitions of vessels, the outlook for fleet utilization and shipping rates, general industry conditions, future operating results of the Company’s vessels, capital expenditures, expansion and growth opportunities, business strategy, ability to pay dividends and other such matters, are forward-looking statements. Although the Company believes that its expectations stated in this presentation are based on reasonable assumptions, actual results may differ any expectations or goals expressed in, or implied by, the forward-looking statements included in this presentation, possibly to a material degree.

Navigator cannot assure you that the assumptions made in preparing any of the forward-looking statements will prove accurate or that any long-term financial goals will be realized. All forward-looking statements included in this presentation speak only as of the date made, and Navigator undertakes no obligation to update or revise publicly any such forward-looking statements, whether as a result of new information, future events, or otherwise. In particular, Navigator cautions you not to place undue weight on certain forward-looking statements pertaining to potential growth opportunities or long-term financial goals set forth herein.





# Highlights – Q2, 2022: A Steady Quarter

## Financial

- Operating revenues of \$123.9 million for Q2, 2022, up 45% compared to \$85.7 million for Q2, 2021.
- Net income of \$14.0 million, or \$0.18 per share for Q2, 2022, up 5,300% compared to \$0.3 million or \$0.01 per share for Q2, 2021.
- Adjusted EBITDA was \$55.0 million for Q2, 2022, compared to \$28.3 million for Q2, 2021.
- Cash increased to \$151.2 million as of June 30, 2022, compared to \$96.4 million as of June 30, 2021, with no material capex commitments.
- Debt reduced by \$45.9 million during Q2, 2022 to \$905.8 million, with net debt of \$754.6 million.

## Commercial

- Fleet utilization was 87.4% for Q2, 2022 compared to 85.4% for Q2, 2021.
- Ethylene export volumes through the Marine Export Terminal were 268,444 tons for Q2, 2022 compared to 155,428 tons for Q2, 2021.
- Ethane continues to be the preferred feedstock for the production of ethylene. Propane continues to be an attractive substitute to oil for production of propylene. Ammonia continues to grow in importance for the Company.
- 7 vessels chartered to transport ammonia, almost doubling that for Q2, 2021.

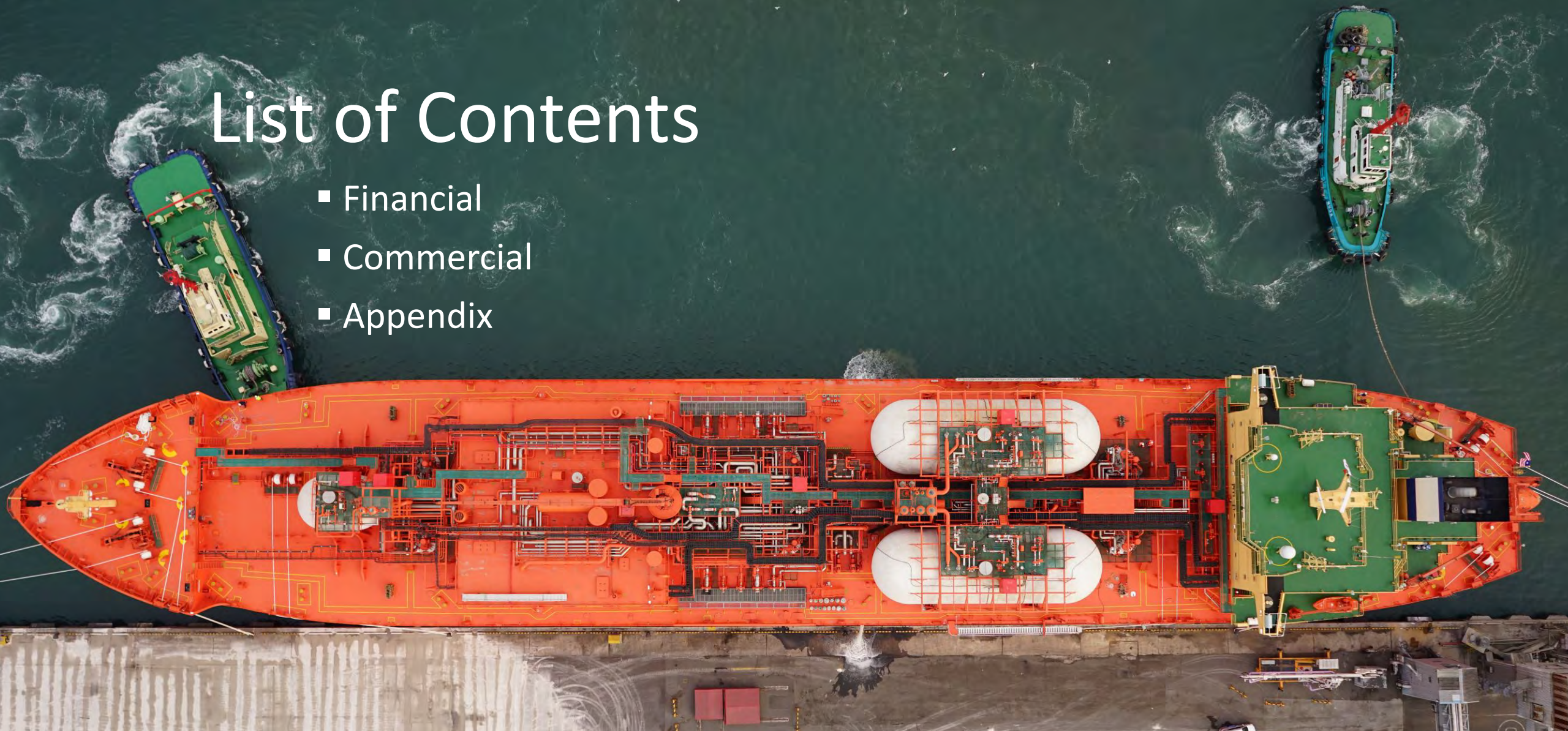
## Outlook

- Utilization in Q3, 2022 expected to remain above 85%.
- Q3, 2022 ethylene export volumes through the Marine Export Terminal expected to be approx. 200,000 tons.
- Reviewing options to double ethylene export terminal together with our JV partner EPD.
- Continued NGL production growth in U.S. indicates sustained demand for marine transportation of all liquid gases.
- High energy prices, inflation, and reduced growth in China has softened the near-term demand outlook for petrochemicals.
- Ton-mile demand for ammonia is set to increase and we expect incremental Handysize opportunities in this market.



# List of Contents

- Financial
- Commercial
- Appendix



Financial







# Income Statement: Vastly Improved Profitability

(US\$'M)	Q2, 2021	Q2, 2022
Operating revenues	80,153	105,875
Operating revenues – Unigas Pool	-	11,389
Operating revenues – Luna Pool	5,546	6,653
<b>Total Operating Revenues</b>	<b>85,699</b>	<b>123,917</b>
<b>Operating expenses:</b>		
Brokerage commissions	974	1,569
Voyage expenses	17,689	20,804
Voyage expenses – Luna Pool	5,663	6,950
Vessel operating expenses	28,826	38,628
Depreciation and amortization	19,473	31,477
General and administrative costs	5,796	7,827
Profit from sale of vessel	-	-
Other Income	(88)	(109)
<b>Total operating expenses</b>	<b>78,333</b>	<b>107,146</b>
<b>Operating income</b>	<b>7,366</b>	<b>16,771</b>
Foreign currency gain on senior secured bonds	330	8,218
Unrealized loss on derivative instruments	(269)	(5,346)
Net interest expense	(8,584)	(11,359)
Income taxes	(190)	(671)
Share of result of joint venture	2,001	6,757
Net income attrib to non-controlling interest	(394)	(348)
<b>Net income</b>	<b>260</b>	<b>14,022</b>

- Strong operational performance for Q2 2022, with net income of \$14.0 million and EBITDA of \$55.0 MM
- EPS of \$0.18 for Q2, 2022, (Adjusted EPS of \$0.14, after excluding the effects of unrealized gains on derivative instruments and the exchange gain on the Norwegian denominated bond)
- Highest terminal throughput volumes and net income on record in Q2, 2022
- Increased depreciation by \$6.1 MM as a result of reducing useful economic lives for all vessels from 30 years to 25 years, effective January 1, 2022

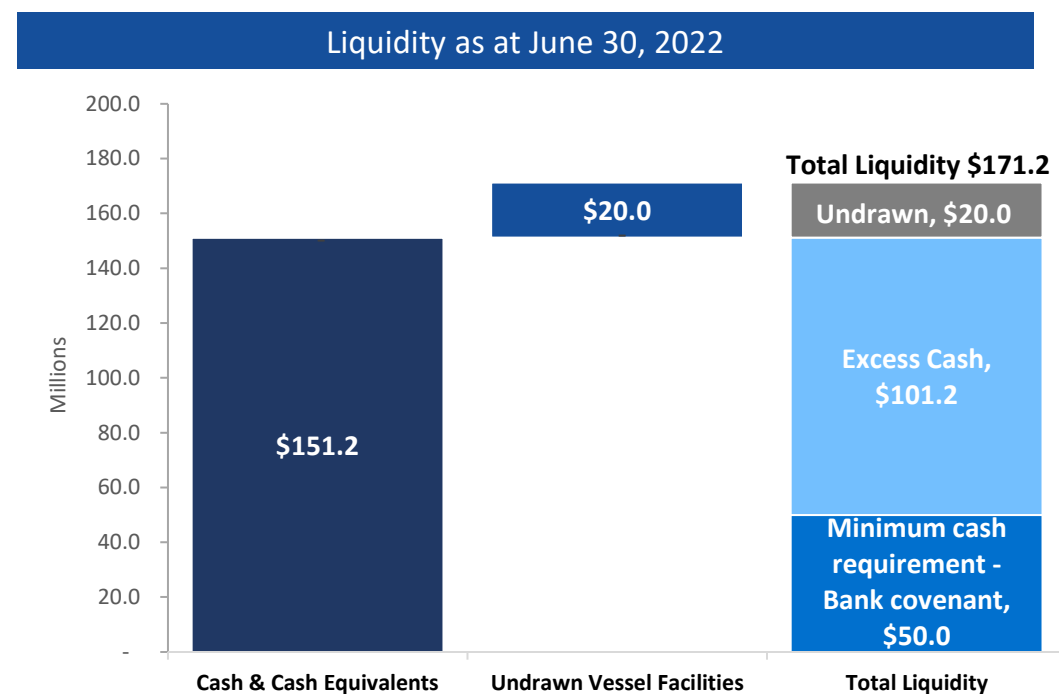
	Q2 2021	Q2 2022
Weighted average number of vessels	38	44
Ownership days	3,458	4,004
Available days	3,300	3,951
Operating days	2,818	3,454
<b>Fleet utilization</b>	<b>85.4%</b>	<b>87.4%</b>
<b>Average Daily Results:</b>		
<b>Time charter equivalent rate</b>	<b>\$ 22,169</b>	<b>\$ 24,633</b>
Daily vessel operating expenses	\$ 8,336	\$ 8,009
<i>*Excludes the 9 owned smaller vessels commercially managed by the independent Unigas Pool.</i>		

# Balance Sheet & Liquidity: Cash Position Provides Financial Flexibility



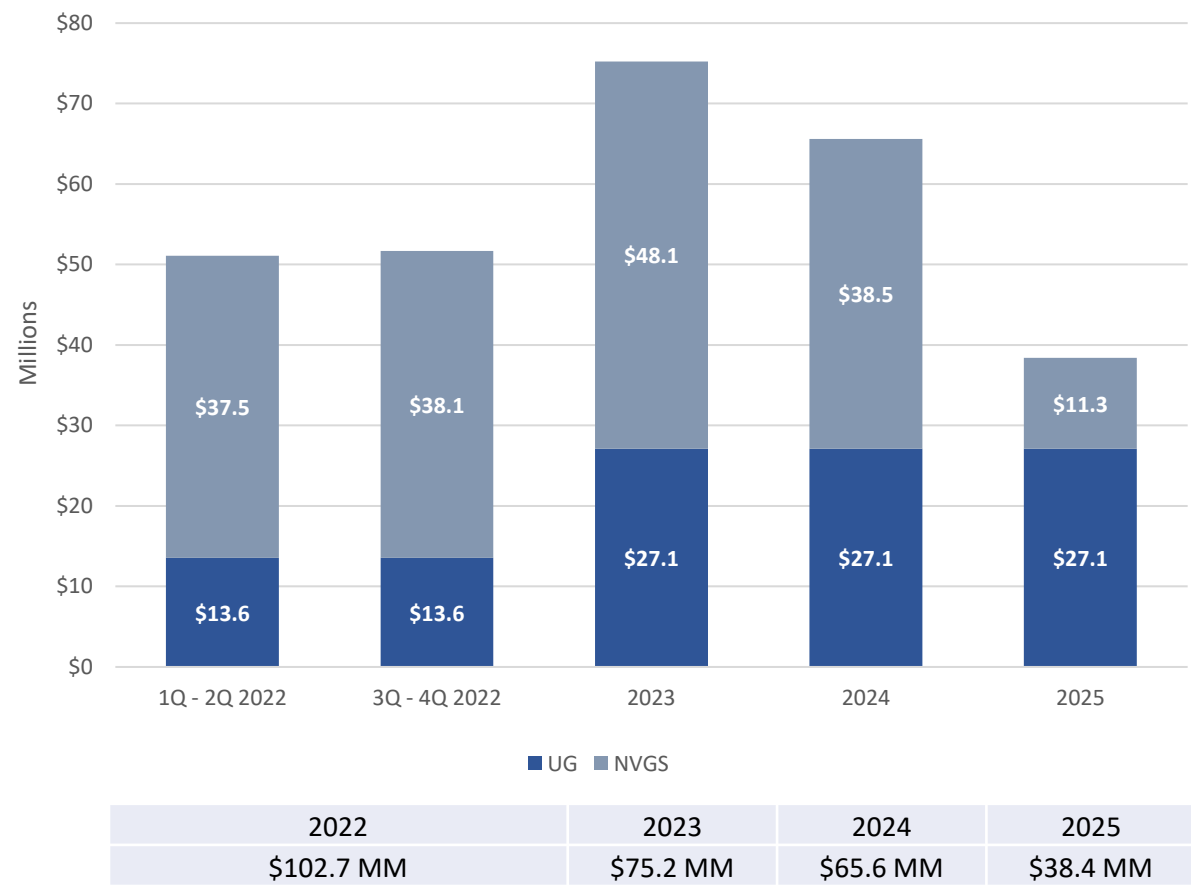
(US\$'M)	December 31, 2021	June 30, 2022
<b>Assets</b>		
Cash and cash equivalents	124,223	151,216
Other current assets	91,113	95,490
<b>Total current assets</b>	<b>215,336</b>	<b>246,706</b>
Vessels, net	1,789,926	1,709,356
Investment in Terminal JV	150,209	149,319
Other assets	1,954	19,484
<b>Total assets</b>	<b>2,157,425</b>	<b>2,124,865</b>
<b>Liabilities &amp; Equity</b>		
Net current portion of debt	148,570	222,684
Other current liabilities	56,173	51,716
<b>Total Current Liabilities</b>	<b>204,743</b>	<b>274,400</b>
Net long term debt	825,906	674,183
Other non-current Liabilities	9,322	16,822
<b>Total liabilities</b>	<b>1,039,971</b>	<b>965,405</b>
Equity	1,113,851	1,155,153
Non-controlling interest	3,603	4,307
<b>Total liabilities and Equity</b>	<b>2,157,425</b>	<b>2,124,865</b>

- Robust Balance Sheet with significant liquidity
- Reduction of debt by \$45.9 million during Q2, 2022
- Total liquidity increased by \$24.3 million during the six months of 2022 to \$171.2 million as of June 30, 2022
- Net Debt to Capitalization of 43.7% as of June 30, 2022

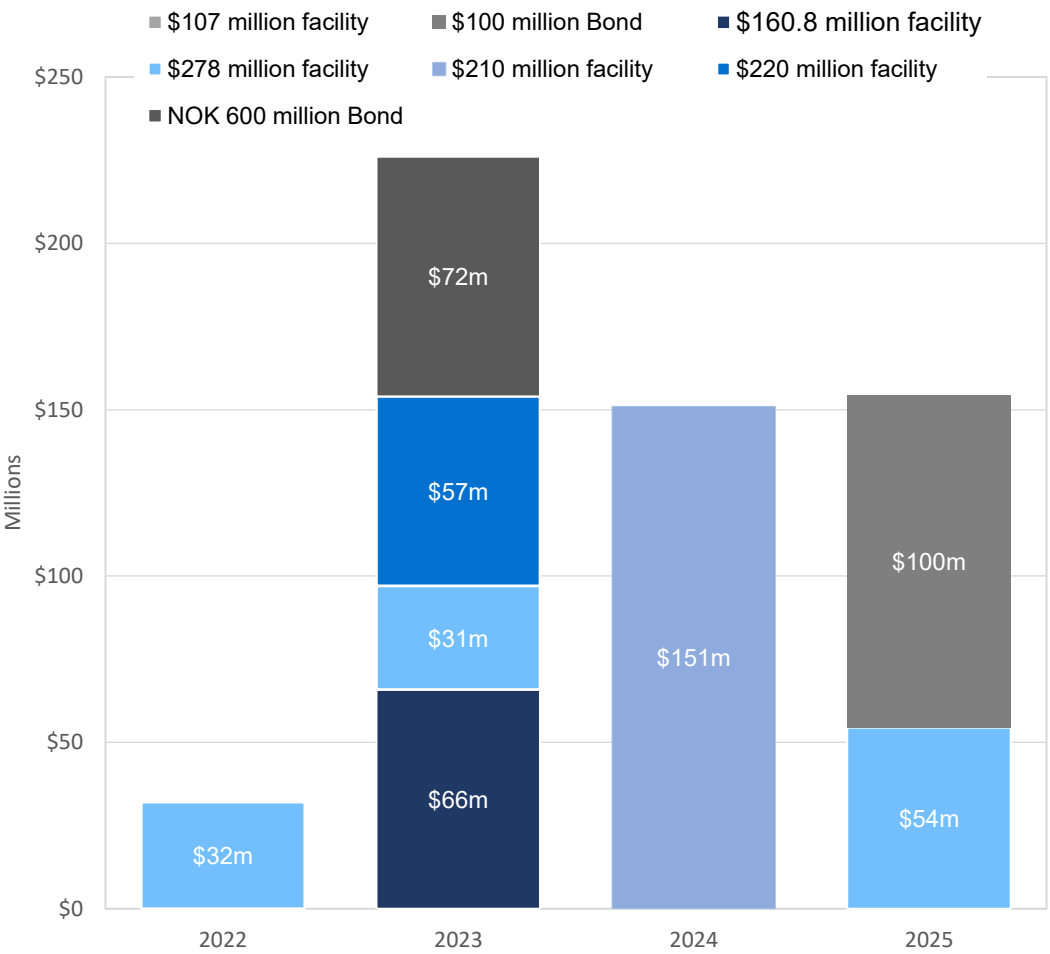




# Loan Repayment Profile: Aggressively Reducing Debt



# Staggered Debt Maturity Profile



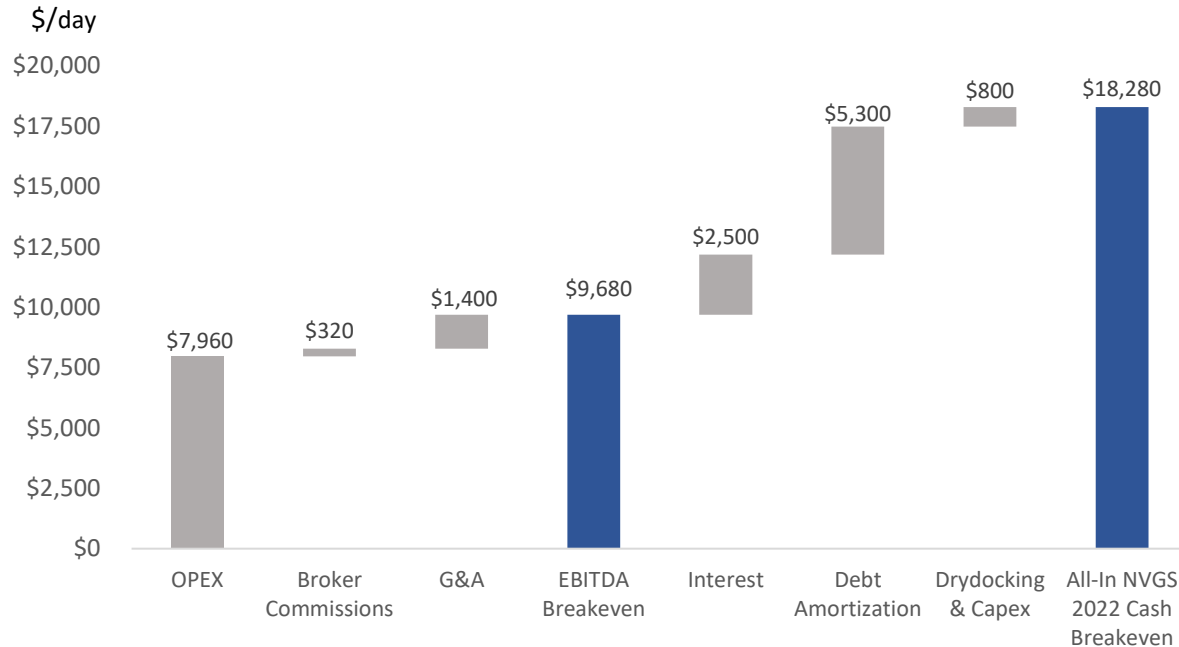




# Lean Operations Provide Low Cash Breakevens

- Low TCE breakeven levels allow NVGS to report positive EBITDA in even the toughest market conditions and remain cash flow positive throughout most of the shipping cycle
- All-in cash breakeven for 2022 includes \$103 MM in debt amortization

## Estimated Cash Breakeven for 2022 = \$18,280/day



## Expense Guidance for 2022

### Daily OPEX

Mid-sized	\$8,900/day
Semi-ref ethylene	\$9,000/day
Semi-ref LPG	\$7,900/day
Fully ref LPG	\$7,700/day
Small LPG	\$6,800/day

### Full Year Estimates

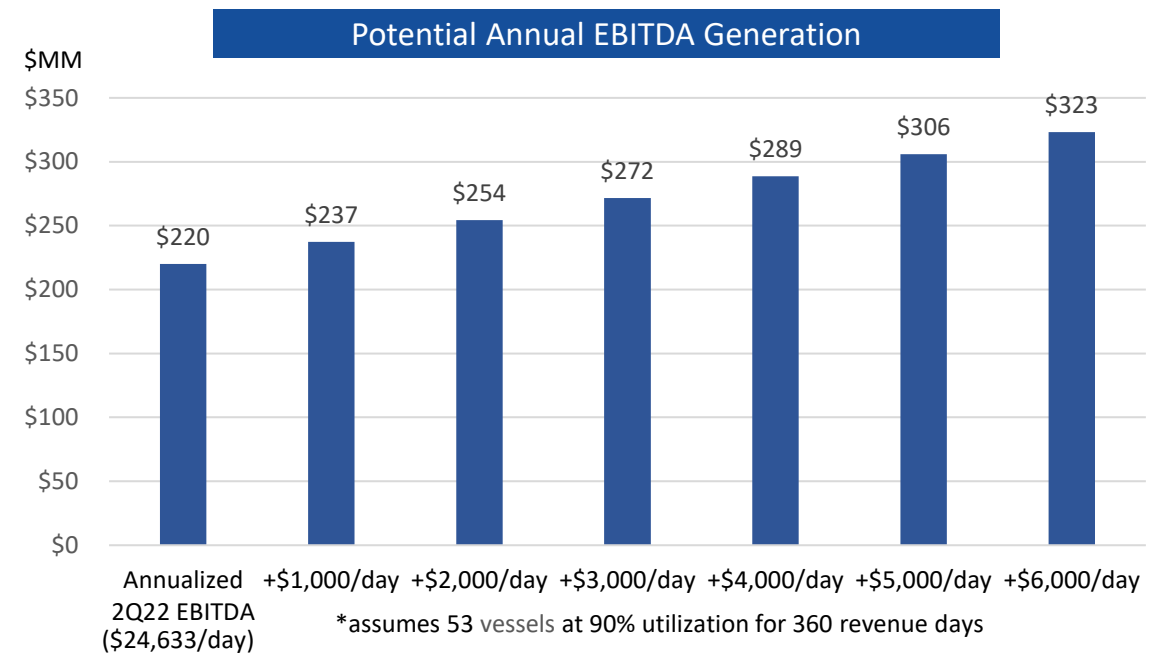
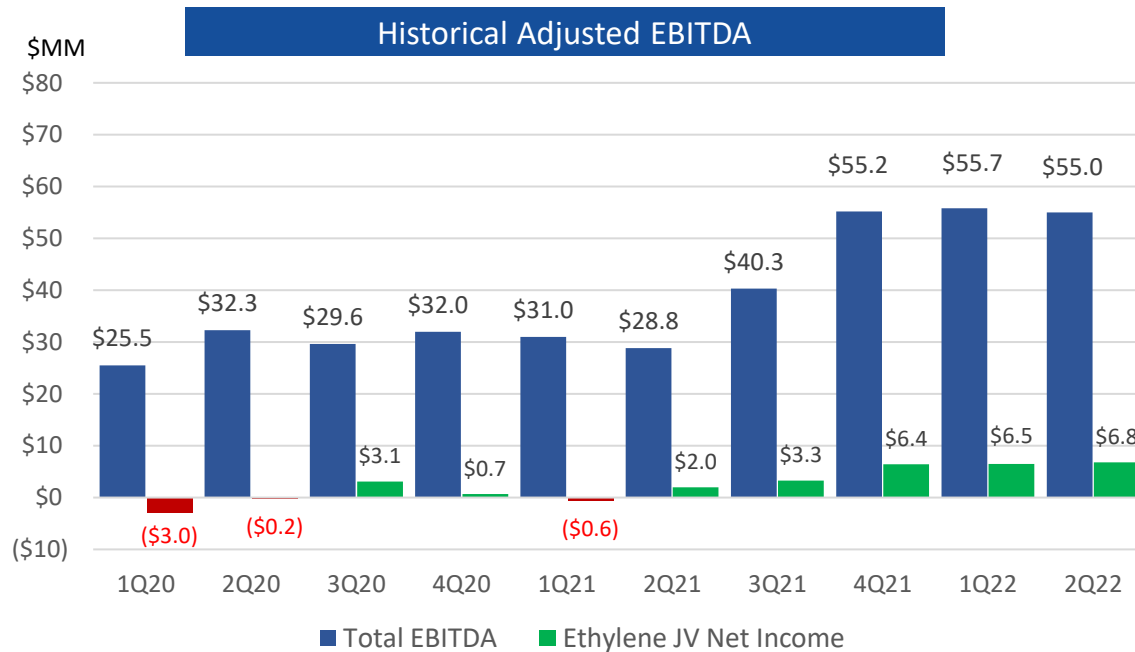
Vessel opex	\$154-157 MM
Cash G&A	\$27-29 MM
Depreciation	\$126-128 MM
Cash Interest Expense	\$47-49 MM

\*assumes no change in # of owned vessels



# Operational Leverage Provides Substantial EBITDA Upside

- Third consecutive quarterly EBITDA of >\$55.0 MM
- Includes record high contribution from the ethylene export terminal joint venture of \$6.8 MM (our 50% share)
- Annual EBITDA generation primarily driven by shipping operations, with every +\$1,000/day in TCE adding >\$17 MM in annual EBITDA



Commercial



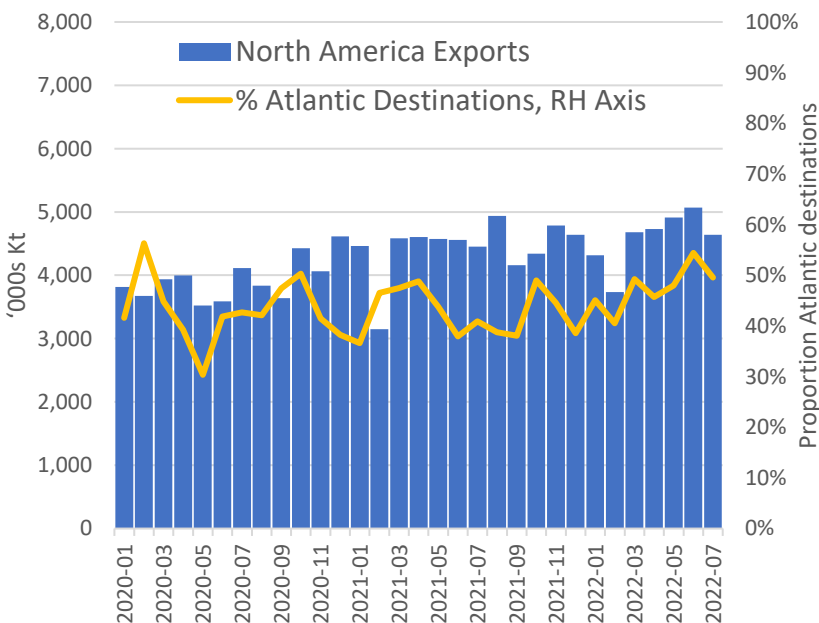


# North American NGL Production & Exports Continue To Reach New Highs

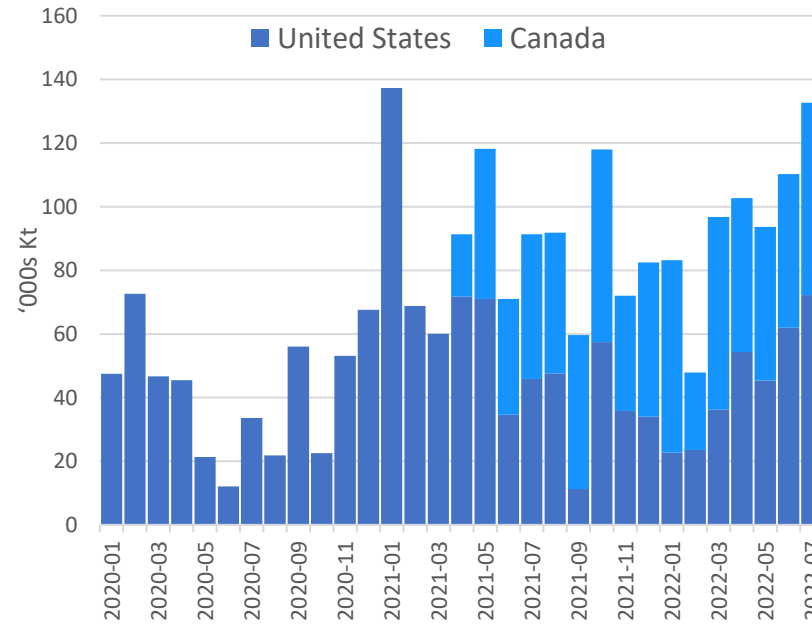


- North American LPG exports reached record levels during the second quarter; the portion heading to Atlantic Basin destinations\* increased which is positive for Handysize vessels due to shorter distances
- Handysize LPG exports from North America grew during this quarter
- Total U.S. ethane exports at high levels with increasing proportion heading to Asia

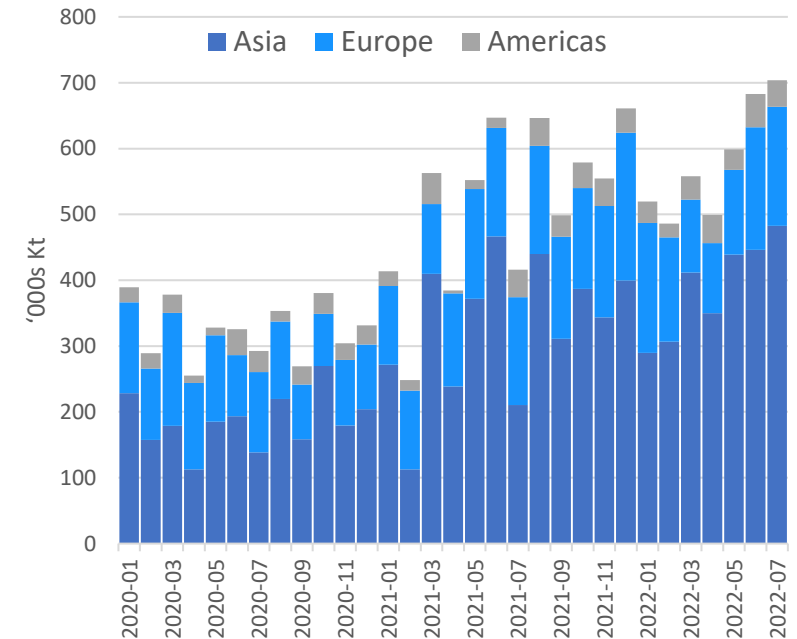
### North America LPG Exports



### North America Handysize LPG Exports



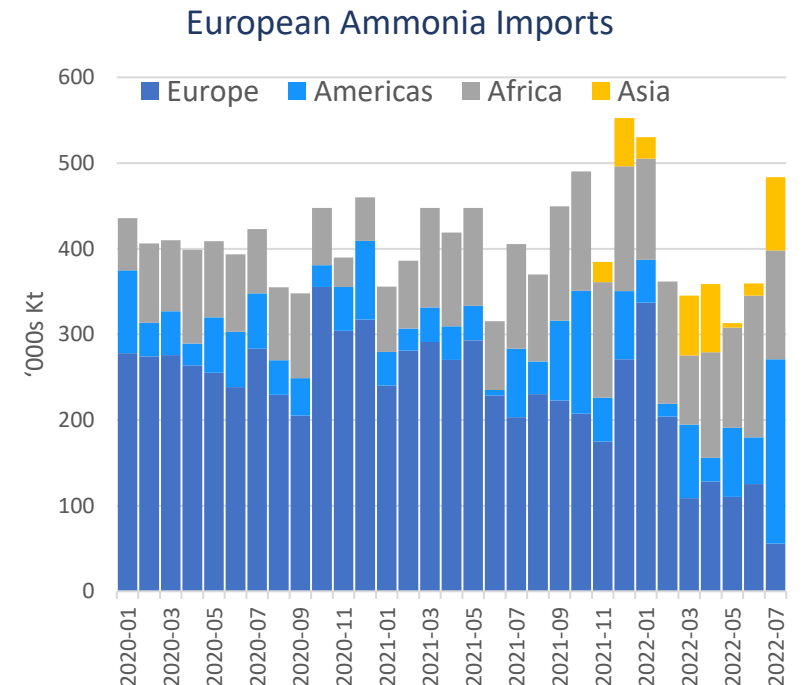
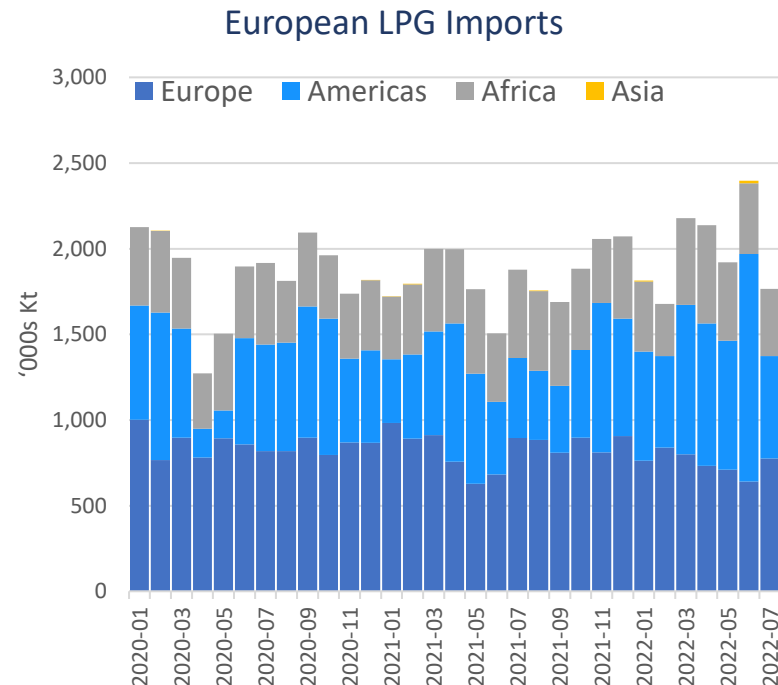
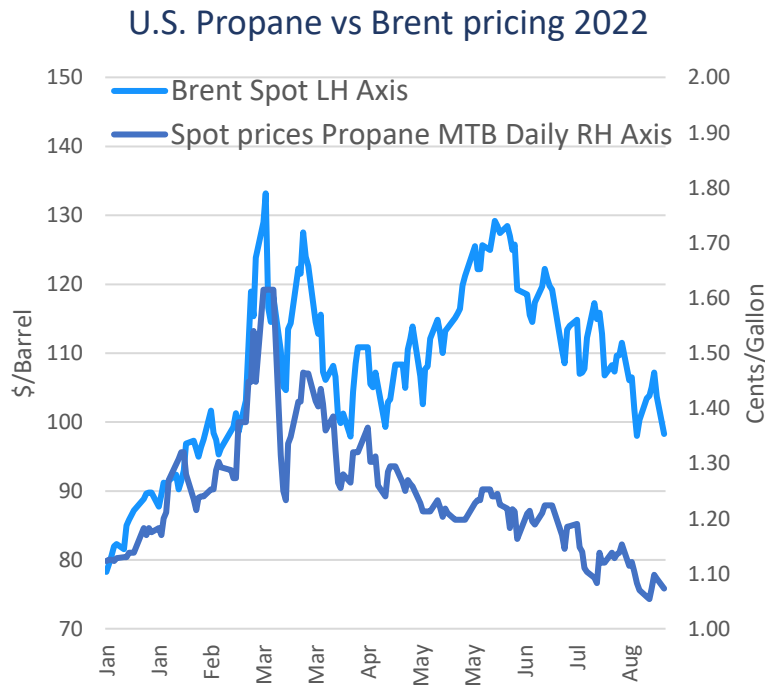
### U.S. Ethane Exports





# New Trade-lanes as Europe Seeks Alternative Sourcing Locations

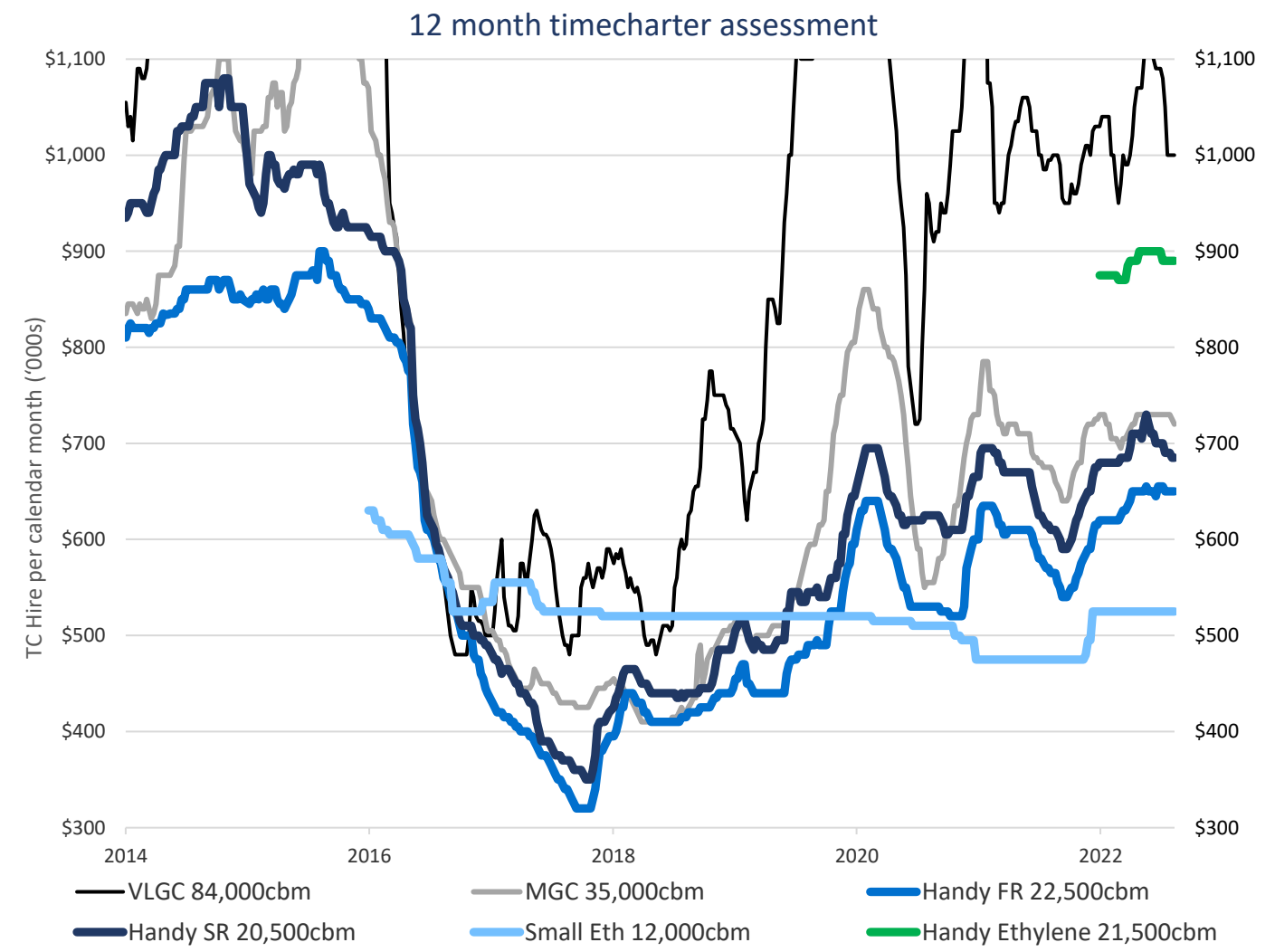
- U.S. propane as a substitute for naphtha (oil) remains attractive for European petrochemical producers
- Europe increased its imports of U.S. LPG during second quarter
- Ammonia ton-mile demand is growing as European consumers are looking further afield for supply. Far Eastern product is increasingly being imported to replace short-fall of traditional European supply



# Rate Environment Stable Throughout Summer



- Handysize segments remain stable despite the seasonally slower summer months
- Handy Ethylene \$890kpcm (\$29,200/day)
- Handy Semi-Ref \$685kpcm (\$22,500/day)
- Handy Fully-Ref \$650kpcm (\$21,400/day)



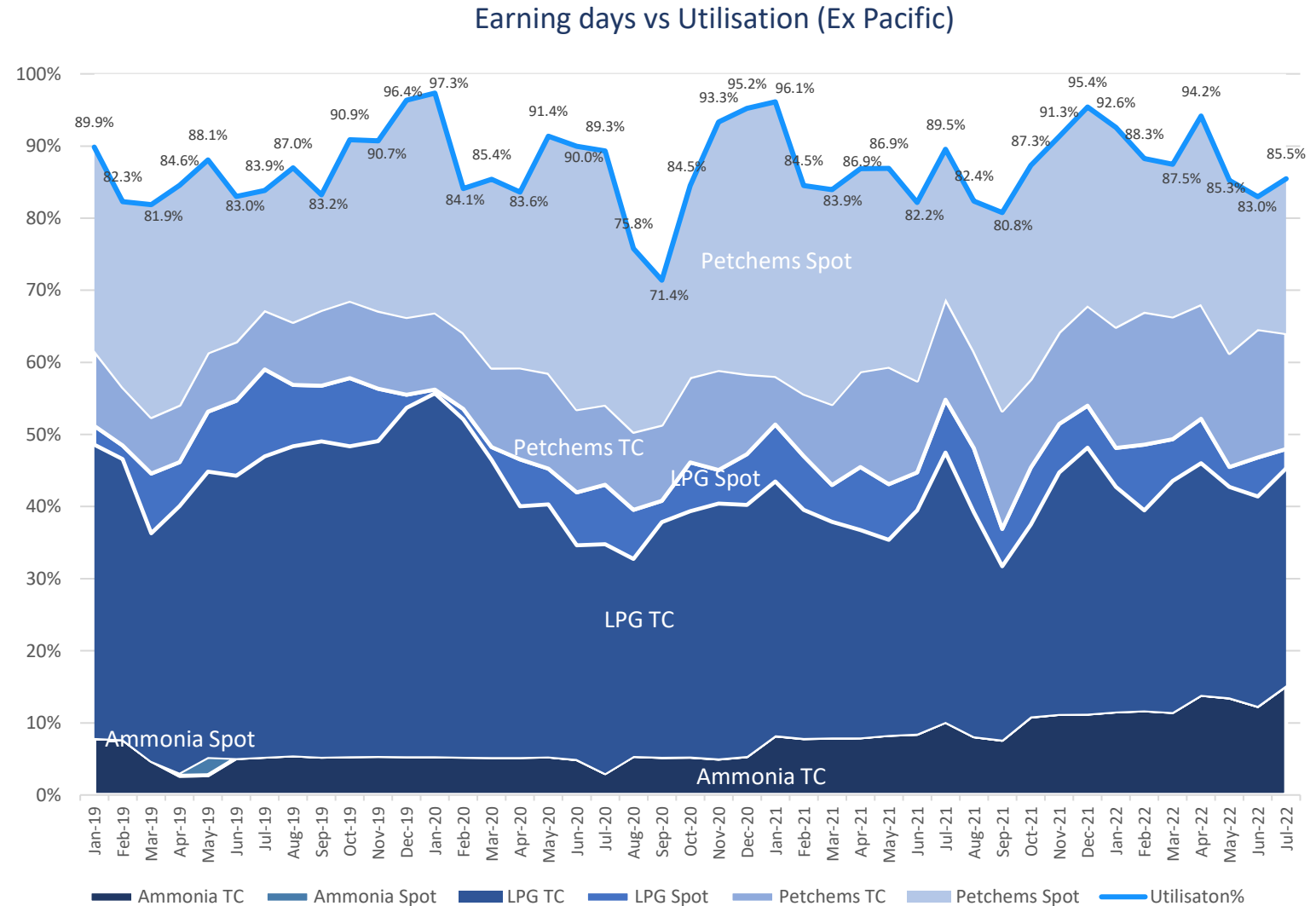
Source: Clarksons, 2022



# Earnings Days Diversifying By Commodity & Utilization Stabilizing



- Average utilization for Q2, 2022 87.4%
- Q2, 2022 Ammonia earnings days almost double compared to Q2, 2021 reaching a historic high of 15% of our total
- Q2, 2022 Petchem earnings days increased by 15% compared to Q2, 2021
- July utilization just shy of 86%



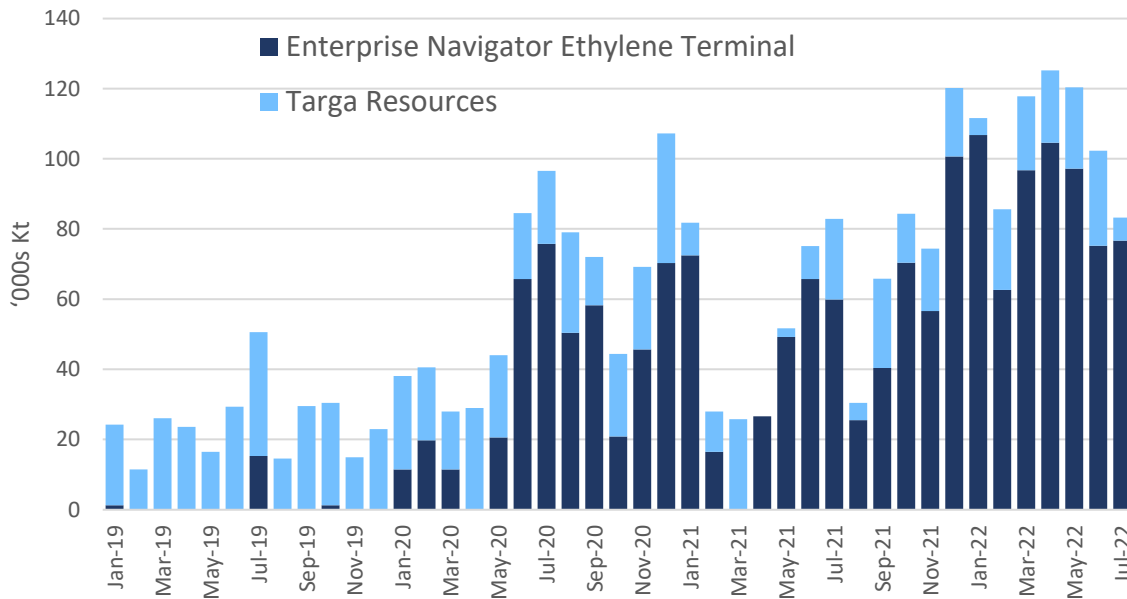
# U.S. Ethylene Exports: Our JV Terminal Delivering Its Potential



- Enterprise Navigator ethylene export terminal in Morgan's Point reaching up to 120% of nameplate capacity during 2022
- Steady revenue through long-term terminal offtakers
- Expansion plan is to double capacity

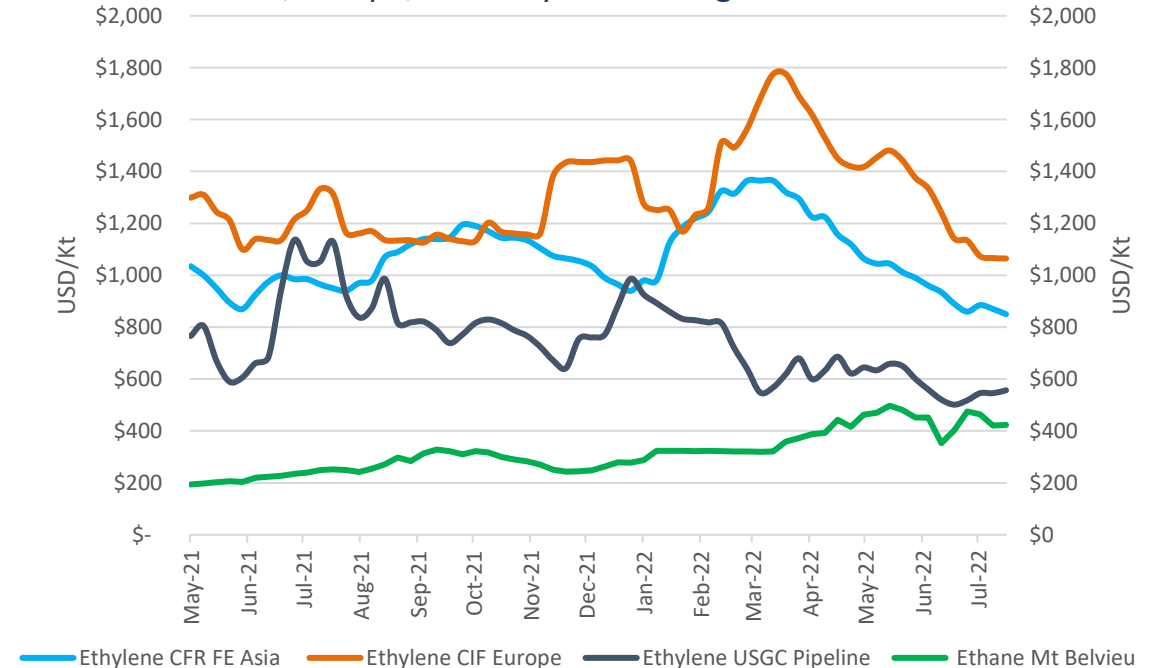
- International ethylene prices are volatile with shifting arbitrage opportunities between Europe and Asia. Current arbitrage open to Europe and should remain due to high \$ oil and high \$ gas prices
- Current arbitrage favours European imports

U.S. Ethylene Exports



Source: Kpler, May 2022







US /Europe/Asia Ethylene Pricing & U.S. Ethane



Source: Argus, 2022

# Fleet Supply Growth Limited With Low Handysize Orderbook



Vessel Type			Existing Number of Vessels	Order Book	
				Vessels on Order	% of Fleet (# vessels)
<b>Very Large Gas Carrier</b> >60,000 cbm	Fully-Refrigerated		330	66	20%
<b>Large Gas Carrier</b> 40,000 - 59,999 cbm	Fully-Refrigerated		21	-	-
<b>Medium Gas Carrier</b> 25,000 - 39,999 cbm	Fully-Refrigerated Ethylene & Ethane		106 15	25 -	24%
<b>Handysize Gas Carrier</b> 15,000 - 24,999 cbm	Fully-Refrigerated Semi-Refrigerated Ethylene		24 59 35	3 1 3	6%
<b>Small Gas Carrier</b> 5,000 - 14,999 cbm	Ethylene Semi-Refrigerated Pressure		363	27	7%
<b>Small Gas Carrier</b> <4,999 cbm	Semi-Refrigerated Pressure		254	3	1%

Source: Steem1960, 2022



# Conclusion: Navigator Well-Positioned in the Ongoing Upcycle

## Financial

- Three consecutive quarters of EBITDA above >\$55.0 MM.
- Cash increased to \$151.2 million as of June 30, 2022, with no capex commitments, providing substantial financial flexibility.
- Debt reduced by \$45.9 million during Q2, 2022 to \$905.8 million, with net debt of \$754.6 million.
- Continuing to reduce leverage through aggressive debt amortization.

## Commercial

- Fleet utilization 87.4% for Q2, 2022 compared to 85.4% for Q2, 2021.
- Ethylene export volumes through the Marine Export Terminal was approx. 268,444 tons for Q2, 2022 compared to 155,428 tons for Q2, 2021.
- Ethane continues to be the preferred feedstock for the production of ethylene. Propane continues to be attractive substitute to oil for production of propylene. Ammonia continues to grow in importance for the Company.
- 7 vessels on ammonia charters which nearly doubles that of Q2, 2021.

## Outlook

- Utilization in Q3, 2022 expected to remain above 85%.
- Q3, 2022 estimated ethylene export volumes through the Marine Export Terminal near 200,000 tons; reviewing options to double ethylene export terminal together with our JV partner EPD.
- Continued NGL production growth in U.S. indicates sustained demand for marine transportation of all liquid gases.
- Ton-mile demand for ammonia is set to increase and we expect incremental Handysize opportunities in this market.
- Navigator is actively working towards further improving its ESG ratings and sustainability reporting.

# Analyst Q&A



# Appendix





# NVGS Fleet List as of June 30, 2022

Operating Vessel	Year Built	Vessel Size (cbm)	Employment Status	Current Cargo	Time Charter Expiration Date
Ethylene/ethane capable semi-refrigerated midsize					
Navigator Aurora	2016	37,300	Time Charter	Ethane	December 2026
Navigator Eclipse	2016	37,300	Time Charter	Ethane	March 2026
Navigator Nova	2017	37,300	Time Charter	Ethane	September 2026
Navigator Prominence	2017	37,300	Time Charter	Ethane	January 2026
Ethylene/ethane capable semi-refrigerated handysize					
Navigator Orion*	2000	22,085	Spot Market	—	—
Navigator Pluto*	2000	22,085	Time Charter	Ethane	September 2022
Navigator Saturn*	2000	22,085	Spot Market	—	—
Navigator Venus*	2000	22,085	Spot Market	—	—
Navigator Atlas*	2014	21,000	Spot Market	Ethane	—
Navigator Europa*	2014	21,000	Time Charter	Ethane	December 2022
Navigator Oberon*	2014	21,000	Spot Market	—	—
Navigator Triton*	2015	21,000	Spot Market	—	—
Navigator Umbrio*	2015	21,000	Spot Market	Ethylene	—
Ethylene/ethane capable semi-refrigerated smaller size					
Happy Kestrel**	2013	12,000	Unigas Pool	—	—
Happy Osprey**	2013	12,000	Unigas Pool	—	—
Happy Peregrine**	2014	12,000	Unigas Pool	—	—
Happy Albatross**	2015	12,000	Unigas Pool	—	—
Happy Avocet**	2017	12,000	Unigas Pool	—	—
Semi-refrigerated handysize					
Navigator Magellan	1998	20,700	Time Charter	n-Butane	August 2022
Navigator Aries	2008	20,750	Time Charter	LPG	January 2023
Navigator Capricorn	2008	20,750	Spot Market	—	—
Navigator Gemini	2009	20,750	Time Charter	LPG	February 2023
Navigator Pegasus	2009	22,200	Time Charter	Propylene	November 2022
Navigator Phoenix	2009	22,200	Spot Market	—	—
Navigator Scorpio	2009	20,750	Spot Market	LPG	—

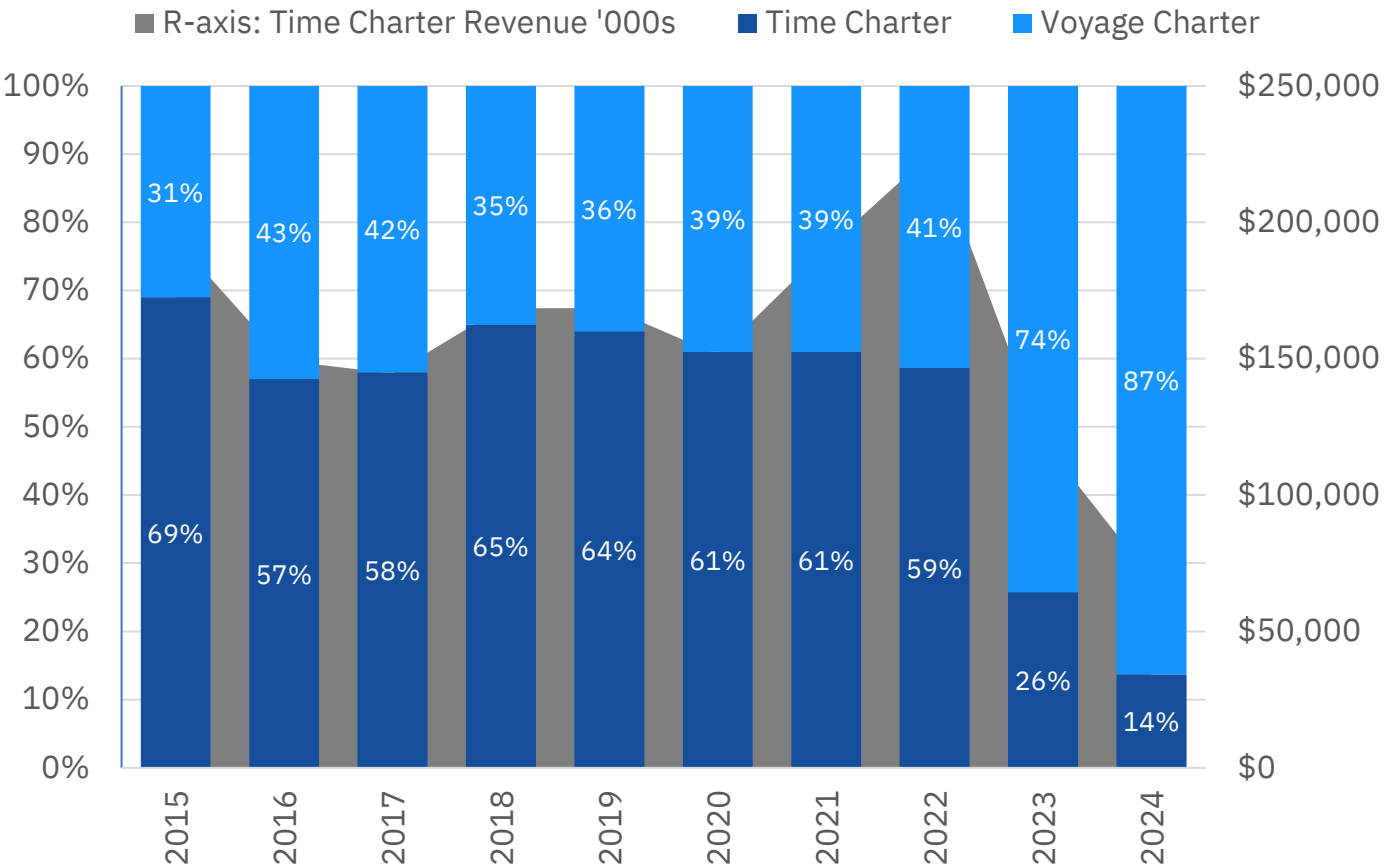
Navigator Taurus	2009	20,750	Time Charter	Ammonia	December 2022
Navigator Virgo	2009	20,750	Spot Market	—	—
Navigator Leo	2011	20,600	Time Charter	LPG	December 2023
Navigator Libra	2012	20,600	Time Charter	LPG	December 2023
Atlantic Gas	2014	22,000	Spot Market	—	—
Adriatic Gas	2015	22,000	Time Charter	n-Butane	September 2022
Balearic Gas	2015	22,000	Spot Market	Butadiene	—
Celtic Gas	2015	22,000	Spot Market	Butane	—
Navigator Centauri	2015	21,000	Time Charter	LPG	May 2023
Navigator Ceres	2015	21,000	Time Charter	LPG	June 2023
Navigator Ceto	2016	21,000	Time Charter	LPG	May 2023
Navigator Copernico	2016	21,000	Time Charter	LPG	June 2023
Bering Gas	2016	22,000	Spot Market	Butadiene	—
Navigator Luga	2017	22,000	Time Charter	LPG	June 2023
Navigator Yauza	2017	22,000	Time Charter	LPG	June 2023
Arctic Gas	2017	22,000	Spot Market	—	—
Pacific Gas	2017	22,000	Spot Market	Propylene	—
Semi-refrigerated smaller size					
Happy Falcon**	2002	3,770	Unigas Pool	—	—
Happy Condor**	2008	9,000	Unigas Pool	—	—
Happy Pelican**	2012	6,800	Unigas Pool	—	—
Happy Penguin**	2013	6,800	Unigas Pool	—	—
Fully-refrigerated					
Navigator Glory	2010	22,500	Time Charter	Ammonia	June 2025
Navigator Grace	2010	22,500	Time Charter	Ammonia	October 2022
Navigator Galaxy	2011	22,500	Time Charter	Ammonia	December 2022
Navigator Genesis	2011	22,500	Time Charter	Ammonia	January 2023
Navigator Global	2011	22,500	Time Charter	LPG	October 2022
Navigator Gusto	2011	22,500	Time Charter	Ammonia	March 2023
Navigator Jorf	2017	38,000	Time Charter	Ammonia	August 2027

\*denotes our owned vessels that operate within the Luna Pool

\*\*denotes our owned vessels that operate within the independently managed Unigas Pool

# Coverage Snapshot

- Historical time-charter coverage >50%
- Contracted coverage 2022-2024 totaling \$416 million with an average time charter rate of \$801,200 pcm (\$26,600/day)
- There is a further 7% coverage beyond 2024





## Investor Relations

[investorrelations@navigatorgas.com](mailto:investorrelations@navigatorgas.com)

