

# Navigator Holdings Ltd. (NYSE: NVGS) Capital Link Presentation January 2023





# Forward Looking Statements

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# Today's Speakers



- Mads Peter Zacho - Chief Executive Officer



- Oeyvind Lindeman - Chief Commercial Officer



- Randy Giveans - EVP Investor Relations & Business Development

# Company History: Proven Track Record With The Best Still To Come



1997

Navigator Holdings formed with the purpose of building and operating a fleet of five semi-refrigerated, ethylene-capable gas carriers

2006

Navigator Holdings' entire ownership and management changed following the Company's emergence from Chapter 11.

2012

The Company acquired 11 handysize gas vessels from Maersk Tankers for USD 470 million and gained the position as the world's largest owner of handysize gas vessels

2016

Navigator Gas moved into the mid-sized market, commissioning newbuild ethylene vessels with increased capacity accommodating the needs of the Company's business partners

2018

Navigator and Enterprise announce location and construction under way of the ethylene export terminal.

2020

30,000cbm tank successfully constructed completing phase 2 of the ethylene export terminal maximizing throughput capacity to 1.0 million tons per annum.

2022

Announced a new joint venture, owned 60% by Navigator and 40% by Greater Bay Gas, to acquire a total of five ethylene vessels from 4Q22 through 2023.

2000

The Company's initial vessels came into operation in 2000.



2011

Invesco, the Company's largest shareholder, made their first investment by acquiring 2.5m shares. Later becoming majority shareholder in 2012 following their acquisition of the Lehman Brothers shareholding.

2013

Initial Public Offering at \$19 per share on the New York Stock Exchange (NVGS).

2017

Navigator announced an intention to develop an ethylene marine export terminal.

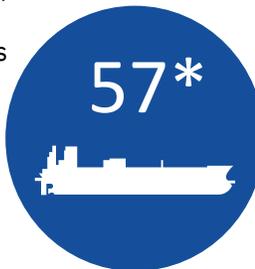


2019

Commercial operations of the ethylene export terminal commences following the completion of phase 1 of the construction.

2021

Successfully completed the merger of Ultragas ApS' fleet and business activities with our own, adding 18 vessels and uniting two leading gas shipping companies.



# What We Transport: Diverse Commodity Mix



## LPG



Liquefied Petroleum Gas (LPG) is a portable, clean and efficient energy source which is readily available to consumers around the world. LPG is primarily obtained from natural gas and oil production but is also produced increasingly from renewable sources; its unique properties make it a versatile energy source which can be used in more than 1,000 different applications.

## Petrochemicals



Ethylene is the fundamental plastic building block in the chemical industry and is produced through steam cracking. It has a boiling point of  $-103^{\circ}\text{C}$ . Our ethylene capable vessels are suited to carry this cargo.

## Ammonia



Liquid ammonia has a boiling point at  $-33^{\circ}\text{C}$ . 90% of ammonia production globally is used as a key component in the manufacturing of fertilizers to help sustain food production for billions of people around the world.

## Ethane



Ethane is produced from gas processing and fractionation of North American shale gas and from liquids rich gas fields. Ethane as feedstock to a petrochemical steam cracker increases its yield of ethylene as a derivative product compared to other inputs such as propane and naphtha. Competitively priced U.S. ethane is available and can be carried on specialized gas carriers capable of loading and maintaining the cargo at its boiling point of  $-88^{\circ}\text{C}$ .

## Carbon Dioxide

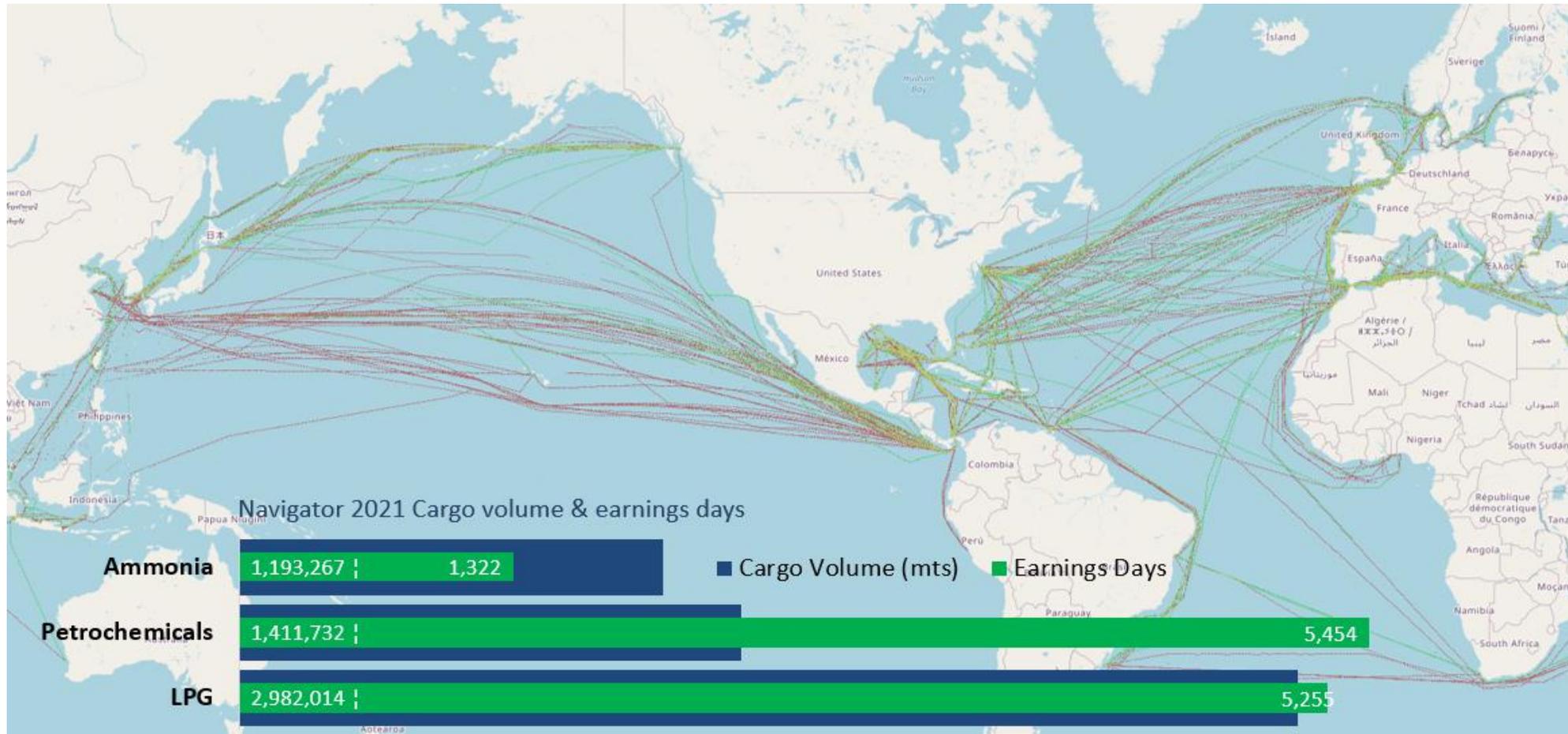


Maritime transportation of carbon dioxide will play a vital role in enabling the carbon capture & storage value chain for industrial clusters. CO<sub>2</sub> transportation in liquid form is one real and proven avenue to reduce green house gas emissions to the atmosphere, and is driven by legislation for carbon tax.



# Navigator “Virtual Pipeline” Connecting Markets

- We provide safe, reliable and efficient logistics service to the midstream industry, to producers and to consumers by extending a ‘virtual pipeline’ to international markets
- LPG & Ammonia trading-patterns are of regional nature, and Petrochemicals are typically on longer transcontinental routes



# Our Chosen Fleet Positioning: Flexibility & Versatility



		Fully Refrigerated	Semi Refrigerated	Pressurised
		<b>Prismatic tanks</b> Steel thickness = 10mm Max pressure = 0.2 bar Typical size = 15,000 - 80,000+ cbm (95,000-500,000 barrels)	<b>Cylindrical Bi Lobe</b> Steel thickness = 20mm Max pressure = 5.9 bar Typical size = 5,000 - 25,000 cbm (30,000-150,000 barrels)	<b>Cylindrical Bottle</b> Steel thickness = 32mm Max pressure = 18 bar Typical size = 500 - 11,500 cbm (3,000-7,000 barrels)
<b>Load Cargo type</b>	Cooled	✓	✓	—
	Pressurized	—	✓	✓
<b>Cargo Capability (Boiling Temp)</b>	Butane (23°F/-5°C)	✓	✓	✓ Ambient
	Ammonia (-27°F/-32°C)	✓	✓	—
	Propane (-52°F/-46°C)	✓	✓	✓ Ambient
	Ethane (-128°F/-88°C)	—	✓	—
	Ethylene (-155°F/-103°C)	—	✓	—

# Offering Flexibility Across All Natural Gas Liquids: Feedstock & Derivatives



Loading C3 Propane

VLGC Fully-Ref LPG only

Discharging C4 Butadiene

Loading C2 Ethylene

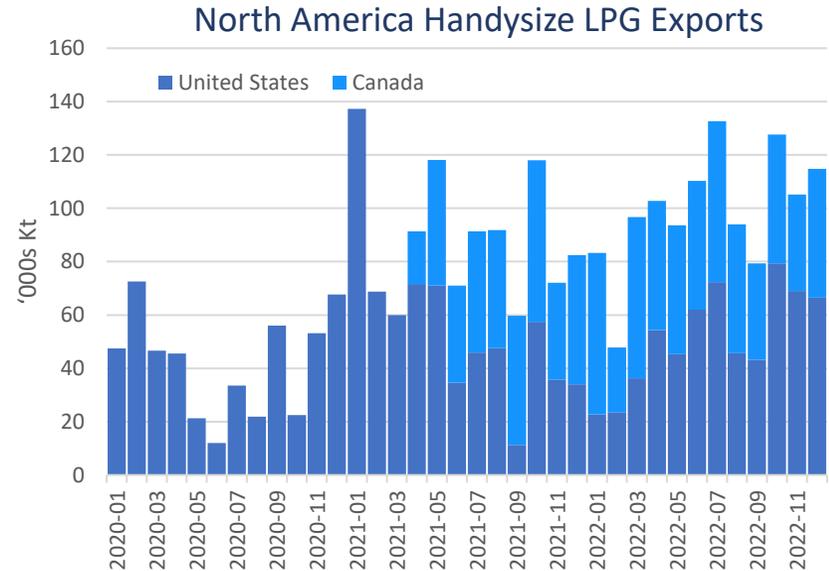
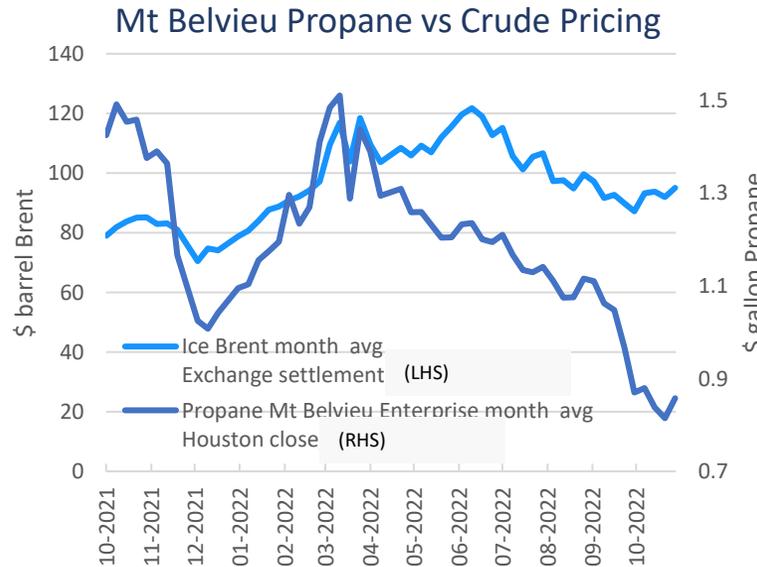
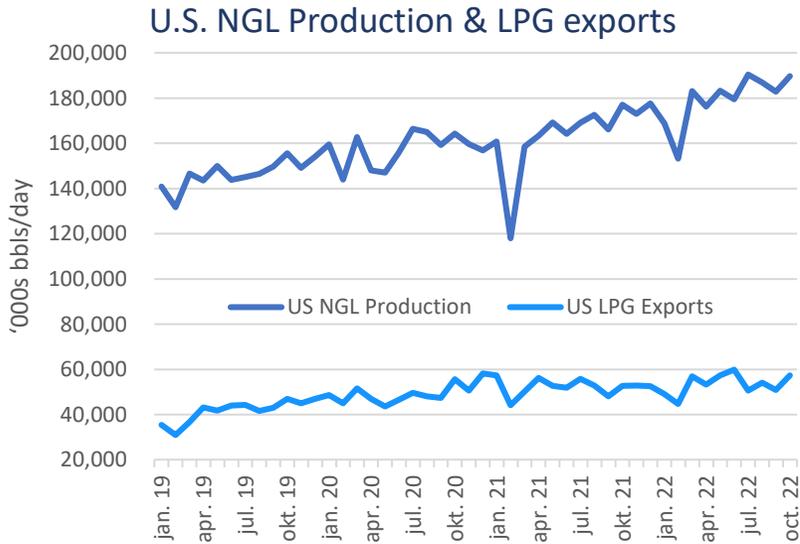
# Commercial





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

- North American Natural Gas Liquids are continuing to increase underpinning U.S. competitiveness; domestic demand flat
- Propane attractive against oil, both for energy use and as a feedstock to the petrochemical industry
- Handysize LPG exports from North American picked up throughout 4Q22

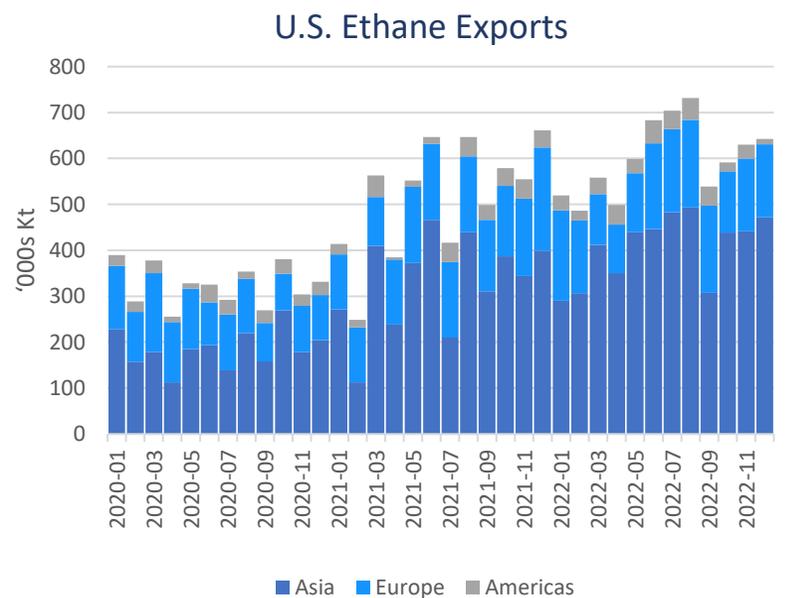
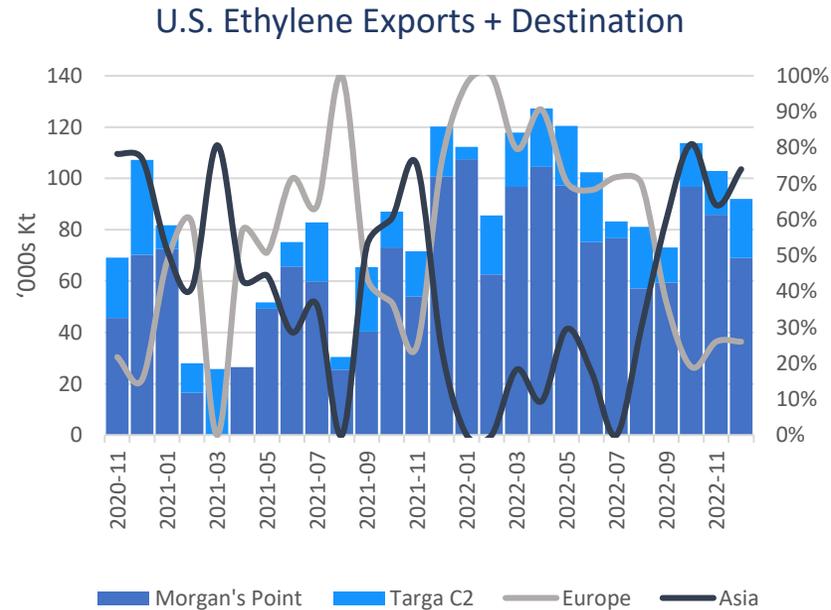
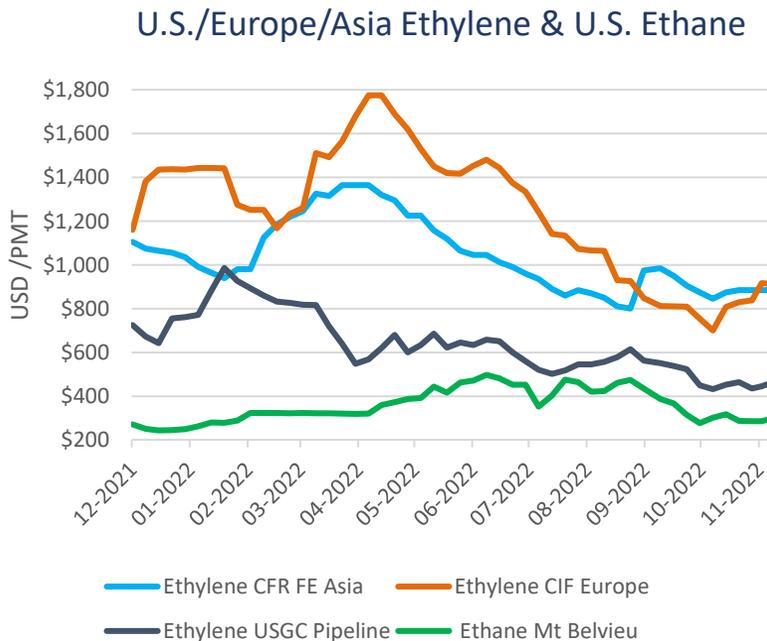


Source: ,EIA, Kpler, Argus, 2022



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

- Ethylene arbitrage remains open; U.S. ethylene exports on the rise with Asia being key importer
- U.S. ethylene exports above nameplate capacity in Q4, 2022 after softer volumes during Q3, 2022
- Ethylene Export Terminal to be expanded at Morgan's Point, expected to begin commercial service in 2024

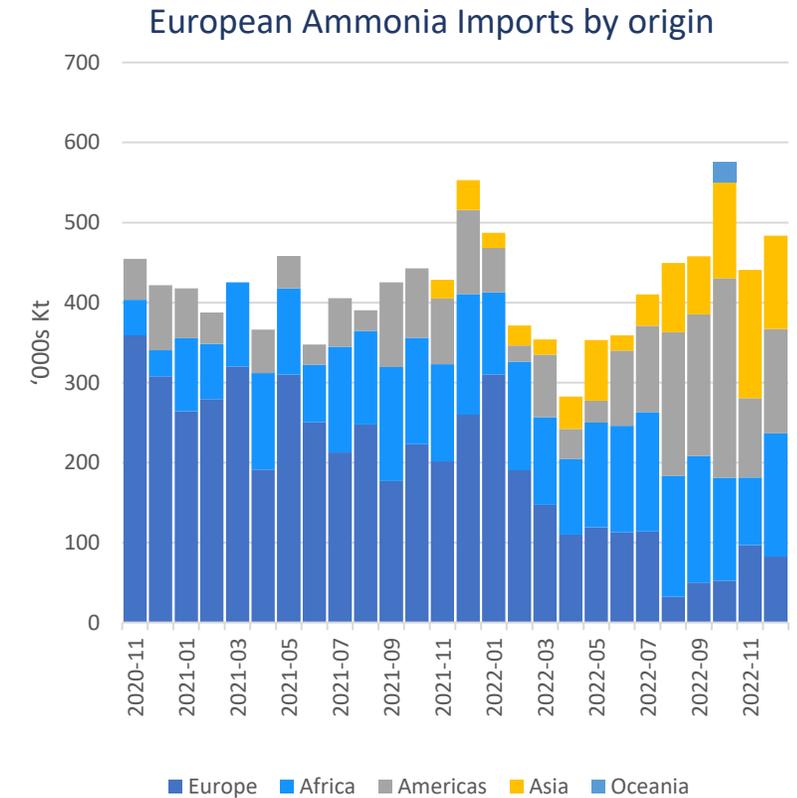
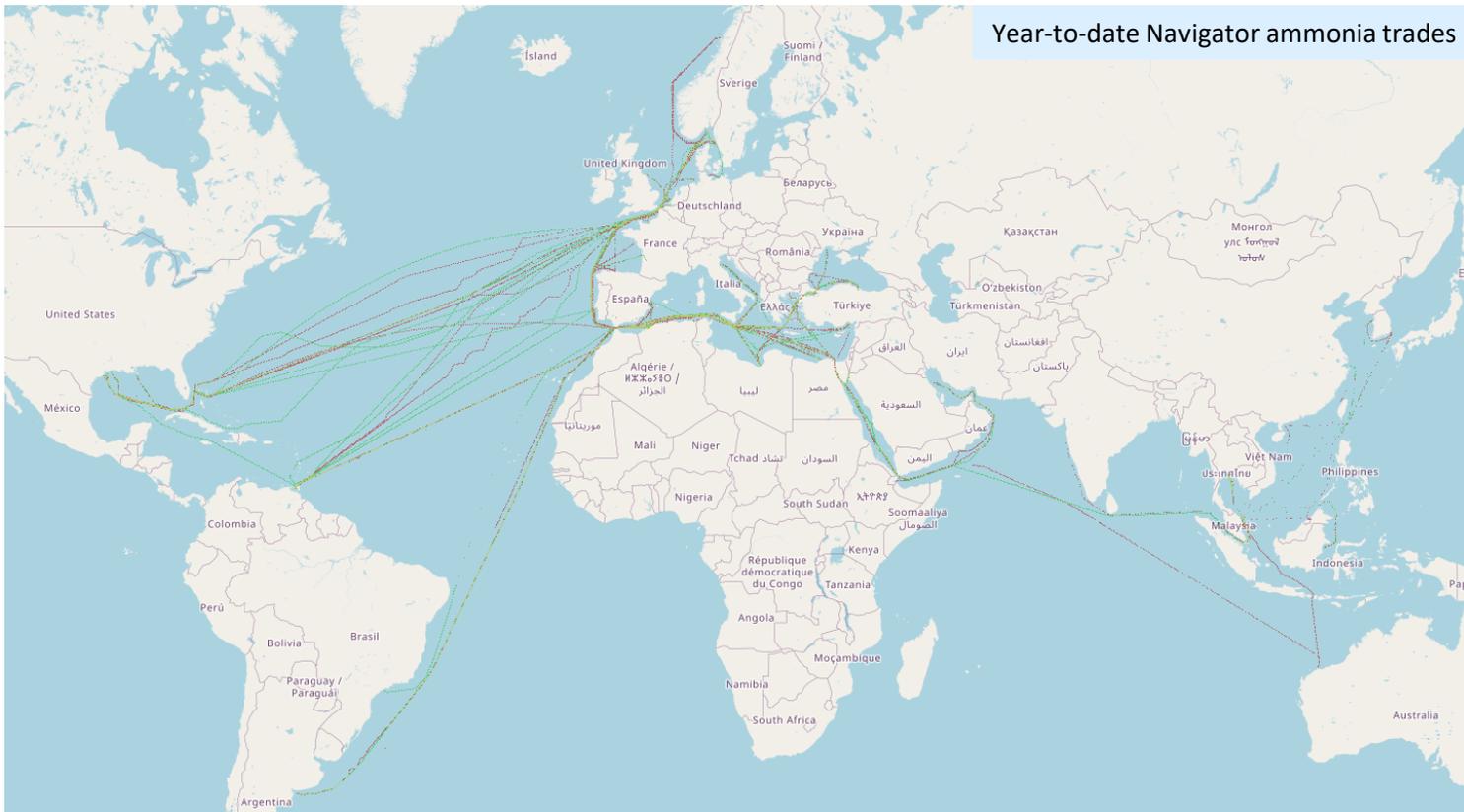


Source: Argus, Kpler, 2022



# Ammonia Imports To Europe Driving Handysize Ship Demand

- High natural gas prices in Europe and stoppage of ammonia supply through Ukraine create a large deficit for European consumption; replacement supply located further afield
- Tons are transported on Handysize vessels from China, Australia, and Middle East leading to increasing ton-mile demand for our vessels



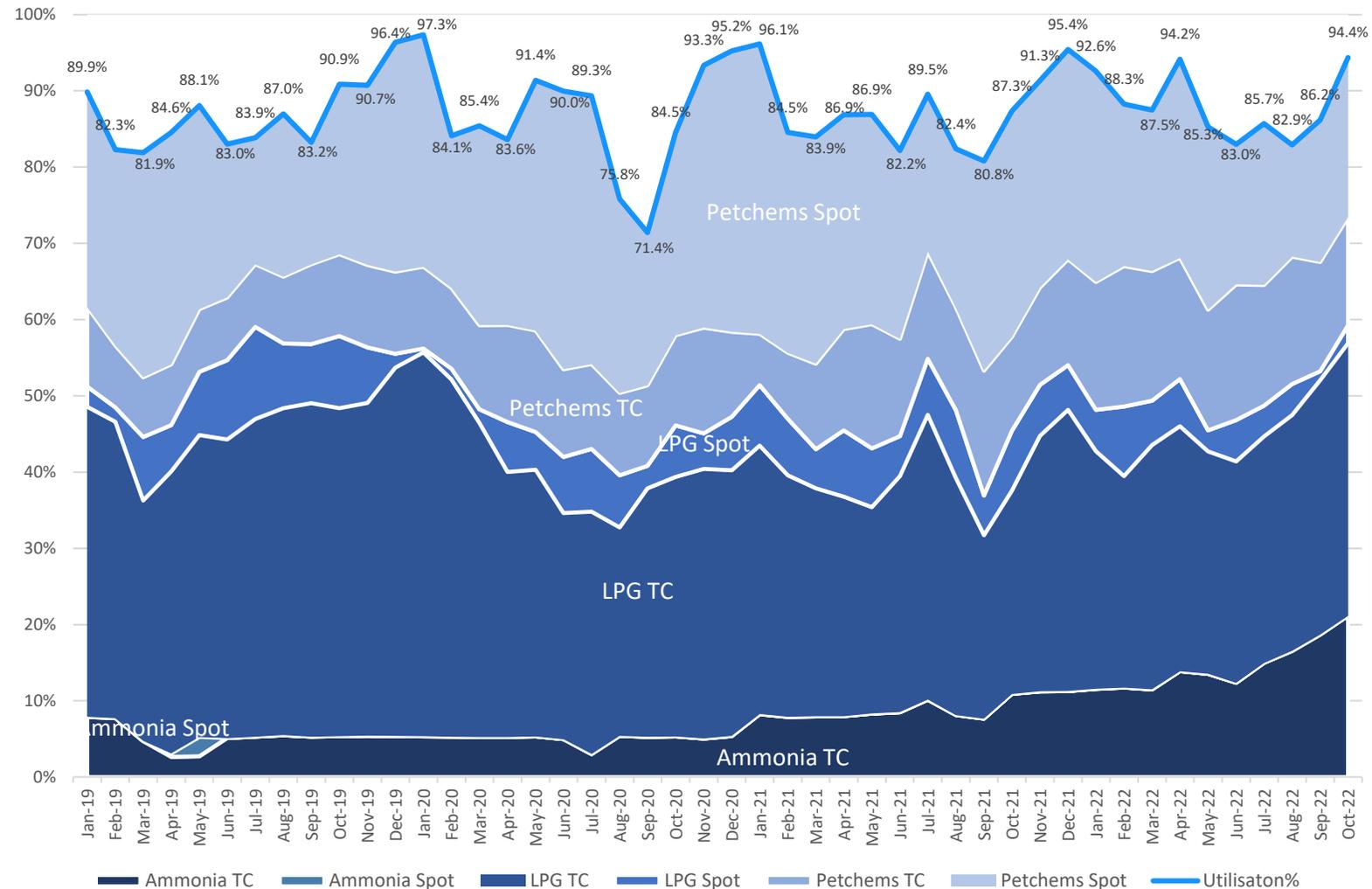
Source: Kpler, 2022

# Earnings Days Diversifying By Commodity & Utilization Stabilizing



- Average utilization for Q3, 2022 84.9%
- Q3, 2022 Ammonia earnings days has more than double compared to Q3, 2021 reaching a new historic high of 20% of our total, up 5% from Q2, 2022
- October utilization was 94%, highest in 2022. November and December remained strong, hence our guidance for 4Q to be above 90%.

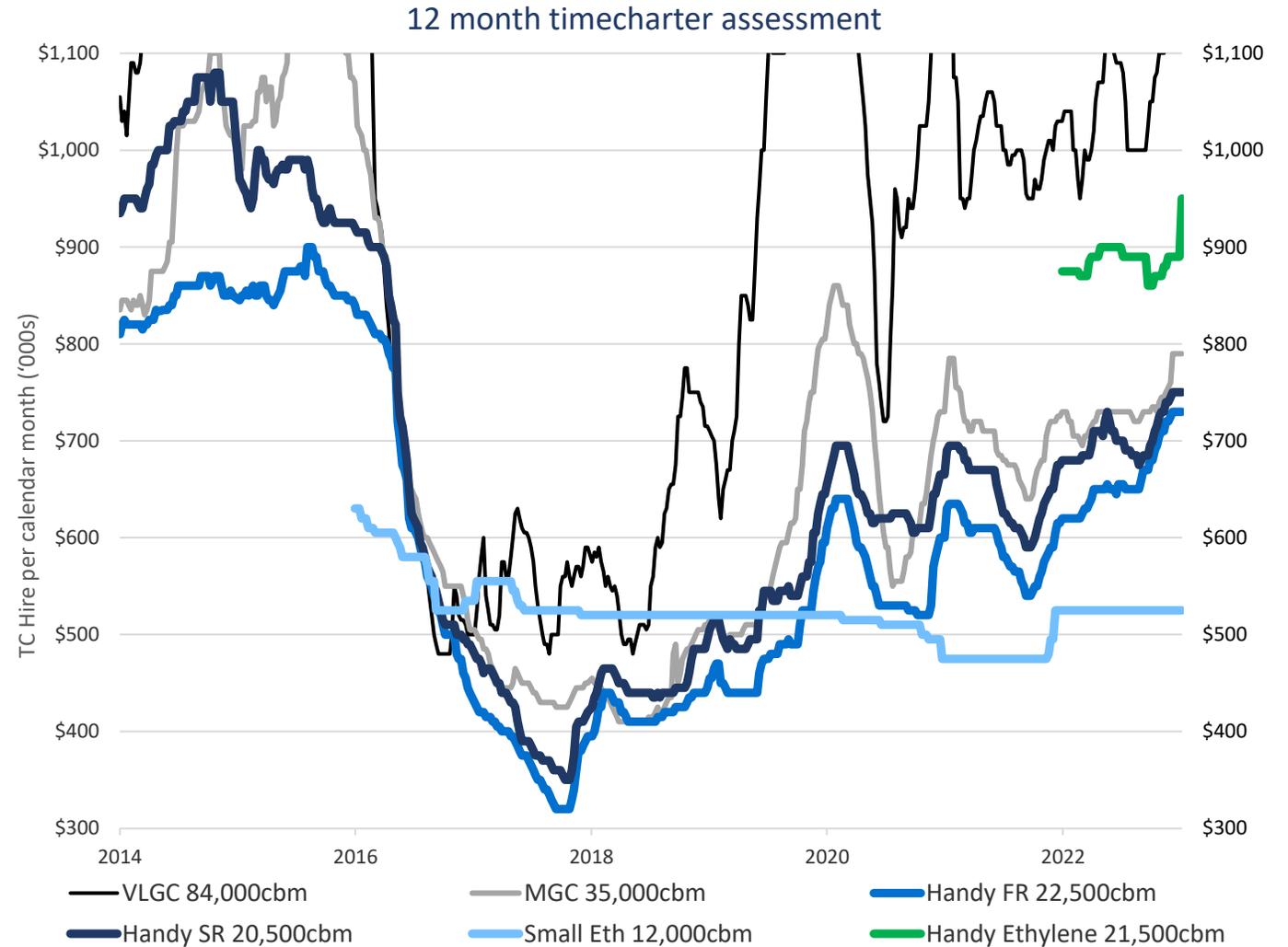
Earning days vs Utilisation (Ex Pacific)



# TimeCharter Rate Environment Strengthening After 3Q Seasonal Softness



- Small ethylene: \$485kpcm (\$16,000/day)
- Handy FR: \$730kpcm (\$24,000/day)
- Handy SR: \$750kpcm (\$24,500/day)
- Handy Eth: \$950kpcm (\$31,000/day)
- MGC 35: \$790kpcm (\$25,000/day)
- MGC 38: \$890kpcm (\$29,000/day)
- VLGC 84: \$1,175kpcm (\$38,500/day)



Source: Clarksons, 2022

# Fleet Supply Growth Limited With Low Handysize Orderbook



Vessel Type			Existing Number of Vessels	Order Book		Navigator Fleet
				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		107 15	32 -	26%	5
<b>Handysize Gas Carrier</b> 15,000 - 24,999 cbm	Fully-Refrigerated Semi-Refrigerated Ethylene		24 59 36	2 - 2	4%	43*
<b>Small Gas Carrier</b> 5,000 - 14,999 cbm	Ethylene Semi-Refrigerated Pressure		363	27	7%	9
<b>Small Gas Carrier</b> <4,999 cbm	Semi-Refrigerated Pressure		254	3	1%	

Source: Steem1960, 2022

\*pro forma fleet count includes 60% of 5 vessels to be acquired through our joint venture with Greater Bay Gas

# Financial



# Income Statement: Another Profitable Quarter Despite Seasonal Softness



(US\$'M)	Q3, 2021	Q3, 2022
Operating revenues	87,085	93,960
Operating revenues – Unigas Pool	8,155	9,615
Operating revenues – Luna Pool	7,504	3,238
<b>Total Operating Revenues</b>	<b>102,744</b>	<b>106,813</b>
<b>Operating expenses:</b>		
Brokerage commissions	1,163	1,430
Voyage expenses	16,775	20,208
Voyage expenses – Luna Pool	4,772	3,643
Vessel operating expenses	34,948	38,663
Depreciation and amortization	24,054	32,842
General and administrative costs	7,988	6,137
Profit from sale of vessel	-	-
Other Income	(98)	(60)
<b>Total operating expenses</b>	<b>89,602</b>	<b>102,863</b>
<b>Operating income</b>	<b>13,142</b>	<b>3,950</b>
Foreign currency gain on senior secured bonds	1,372	5,117
Unrealized loss on derivative instruments	(227)	2,541
Net interest expense	(10,064)	(12,996)
Income taxes	(446)	(426)
Share of result of joint venture	3,302	4,673
Net income attrib to non-controlling interest	(389)	(414)
<b>Net income</b>	<b>6,690</b>	<b>2,445</b>

- Fair operational performance for Q3 2022, with net income of \$2.4 million, EPS of \$0.03, and EBITDA of \$41.5 MM
- Reduced terminal throughput volumes and net income in Q3, 2022 due to normal seasonal slowdown and tighter global price spreads; terminal throughput volumes and net income expected to be higher in Q4, 2022
- Increased depreciation by \$6.2 MM as a result of reducing useful economic lives for all vessels from 30 years to 25 years, effective January 1, 2022

	Q3 2021	Q3 2022
Weighted average number of vessels	42.6	44
Ownership days	3,923	4,048
Available days	3,822	3,943
Operating days	3,212	3,349
<b>Fleet utilization</b>	<b>84.0%</b>	<b>84.9%</b>
<b>Average Daily Results:</b>		
<b>Time charter equivalent rate</b>	<b>\$ 21,891</b>	<b>\$ 22,022</b>
Daily vessel operating expenses	\$ 7,607	\$ 7,930

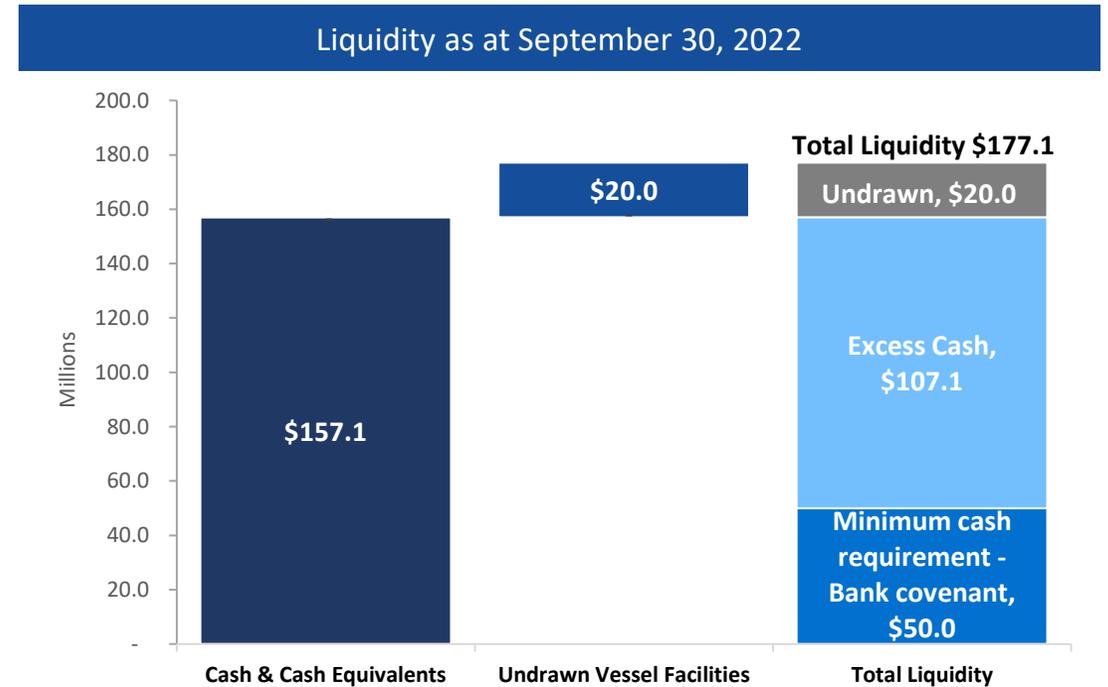
*\*Excludes the 9 owned smaller vessels commercially managed by the independent Unigas Pool.*

# Balance Sheet & Liquidity: Cash Position Provides Financial Flexibility



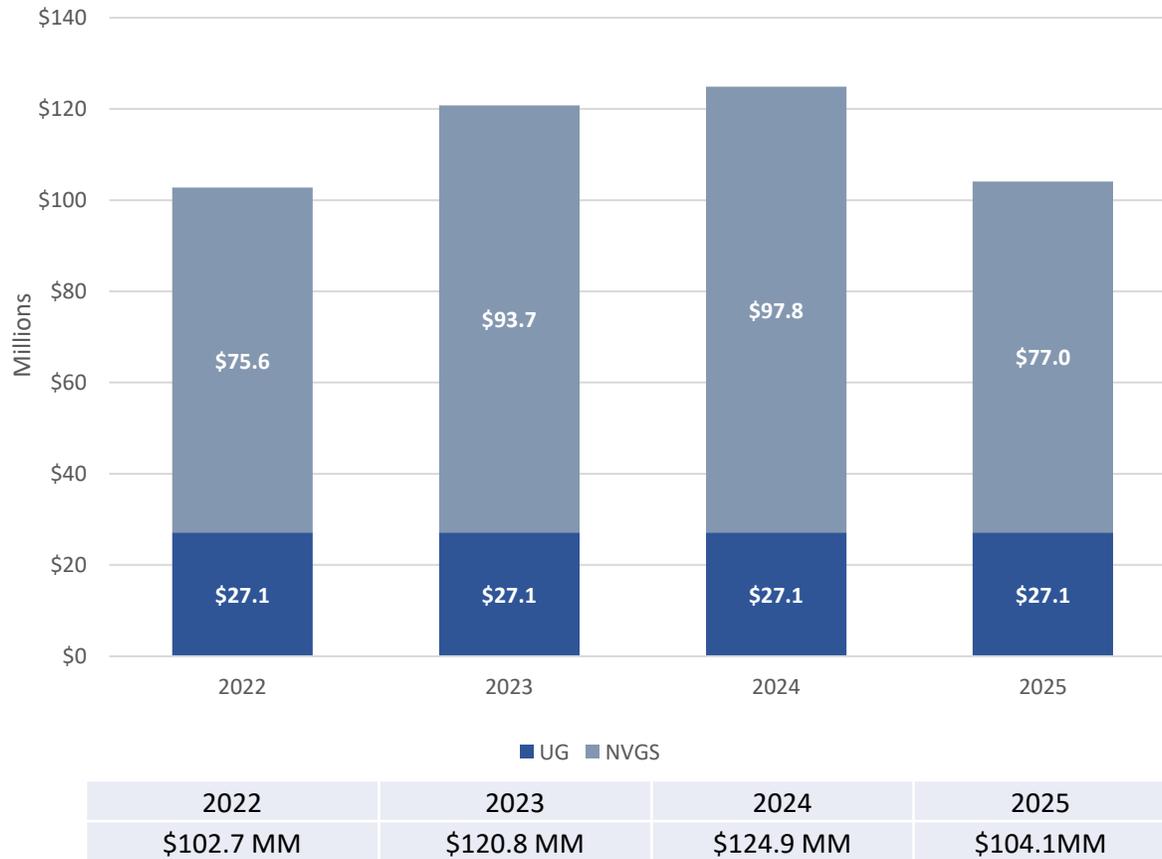
(US\$'M)	December 31, 2021	September 30, 2022
<b>Assets</b>		
Cash and cash equivalents	124,223	157,097
Other current assets	91,113	80,592
<b>Total current assets</b>	<b>215,336</b>	<b>237,689</b>
Vessels, net	1,789,926	1,681,946
Investment in Terminal JV	150,209	147,580
Other assets	1,954	27,213
<b>Total assets</b>	<b>2,157,425</b>	<b>2,094,428</b>
<b>Liabilities &amp; Equity</b>		
Net current portion of debt	148,570	201,650
Other current liabilities	56,173	56,222
<b>Total Current Liabilities</b>	<b>204,743</b>	<b>257,872</b>
Net long term debt	825,906	652,213
Other non-current Liabilities	9,322	21,947
<b>Total liabilities</b>	<b>1,039,971</b>	<b>932,032</b>
Equity	1,113,851	1,157,675
Non-controlling interest	3,603	4,721
<b>Total liabilities and Equity</b>	<b>2,157,425</b>	<b>2,094,428</b>

- Robust Balance Sheet with significant liquidity
- Reduction of debt by \$38.8 million during Q3, 2022
- Total liquidity increased by \$30.1 million during the nine months of 2022 to \$177.1 million as of September 30, 2022
- Net Debt to Capitalization of 42.4% as of September 30, 2022
- Net debt to EBITDA of 3.4x for LTM as of September 30, 2022

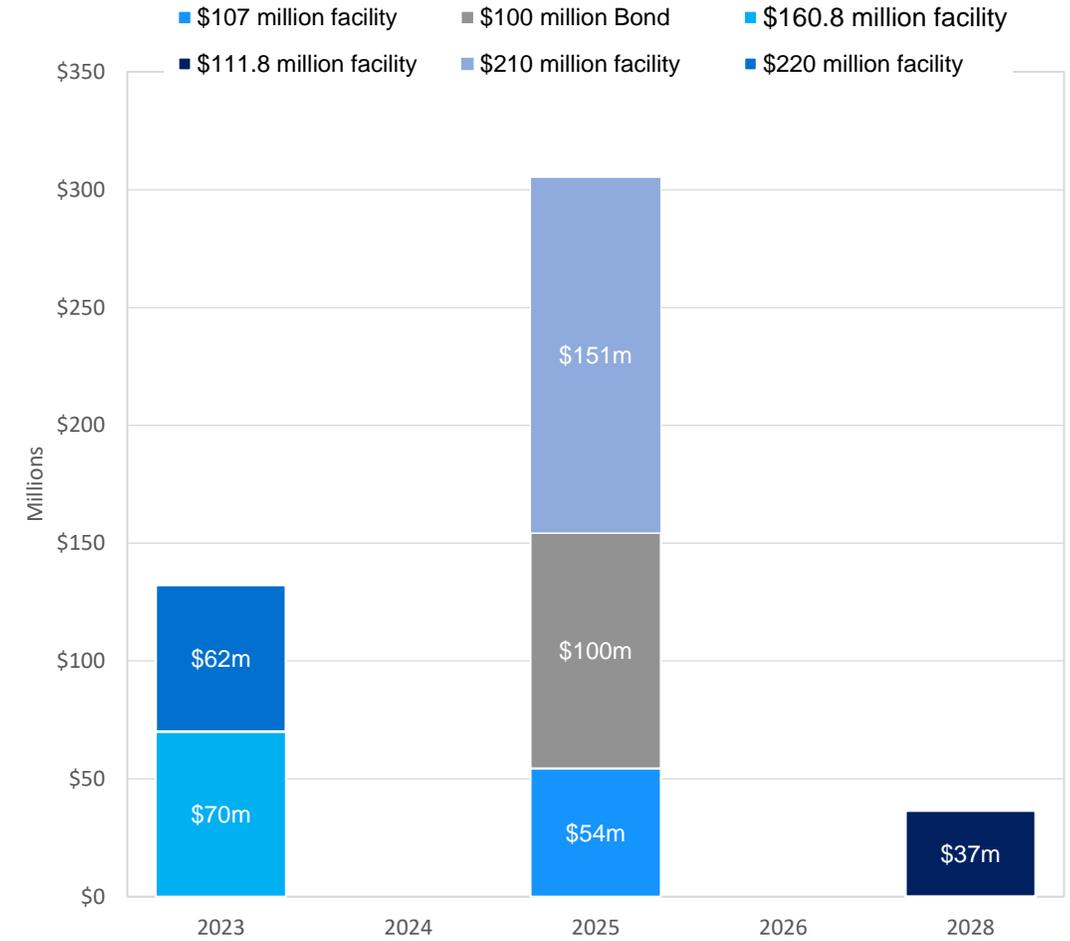




## Forecasted Loan Repayment Profile: Aggressively Reducing Debt



## Staggered Debt Maturity Profile

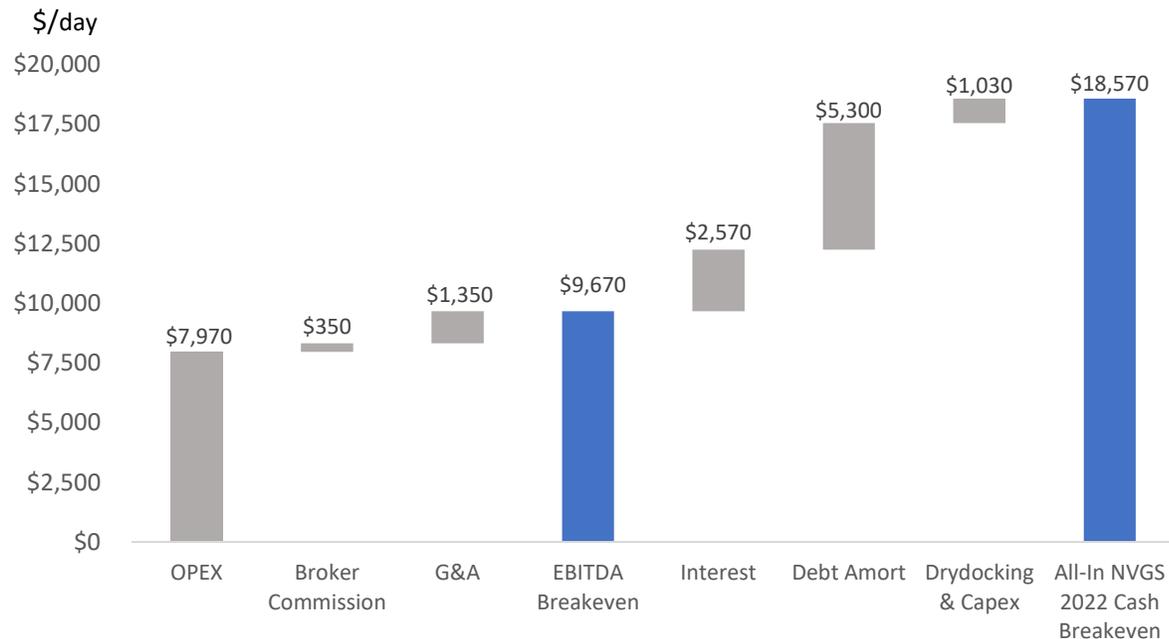




# Lean Operations Provide Low Cash Breakevens

- Low TCE breakeven levels allow NVGS to report positive EBITDA in even the toughest market conditions and remain cash flow positive throughout the vast majority of the shipping cycle
- All-in cash breakeven for 2022 includes \$103 MM in debt amortization; daily breakeven to be slightly higher in 2023 as debt amortization is expected to increase to \$120.8 MM as a result of the new Luna Pool joint venture loan and other refinancings

## Estimated Cash Breakeven for 2022 = \$18,570/day



## Expense Guidance for 2022

### Daily OPEX

Mid-sized	\$8,700/day
Semi-ref ethylene	\$9,100/day
Semi-ref LPG	\$7,900/day
Fully ref LPG	\$7,500/day
Small LPG	\$6,900/day

### Full Year Estimates

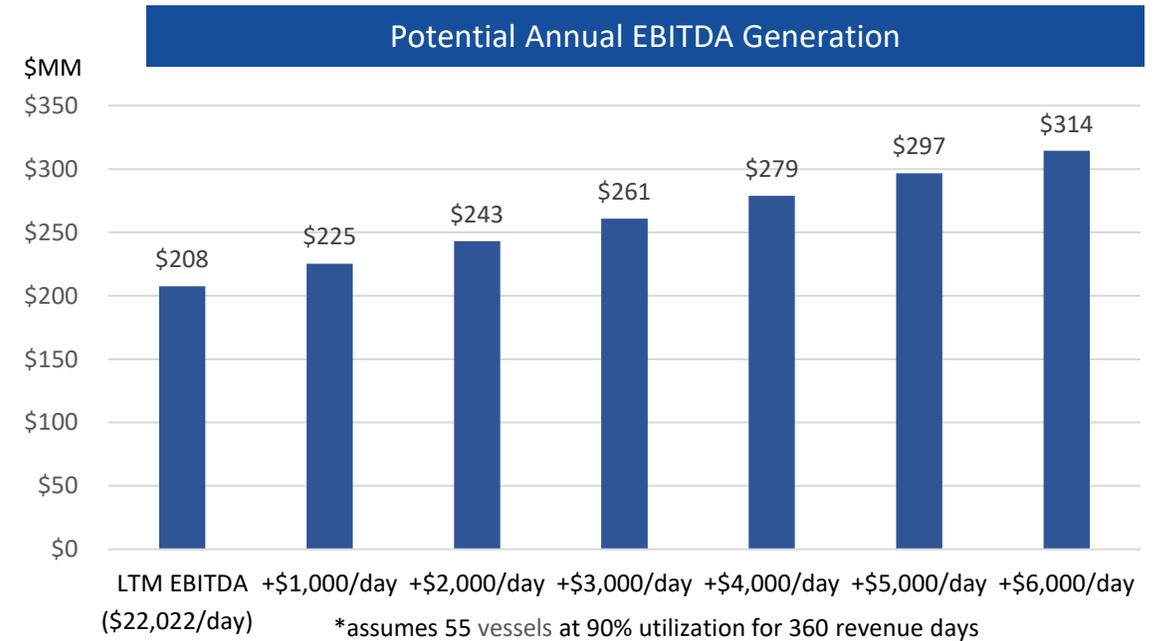
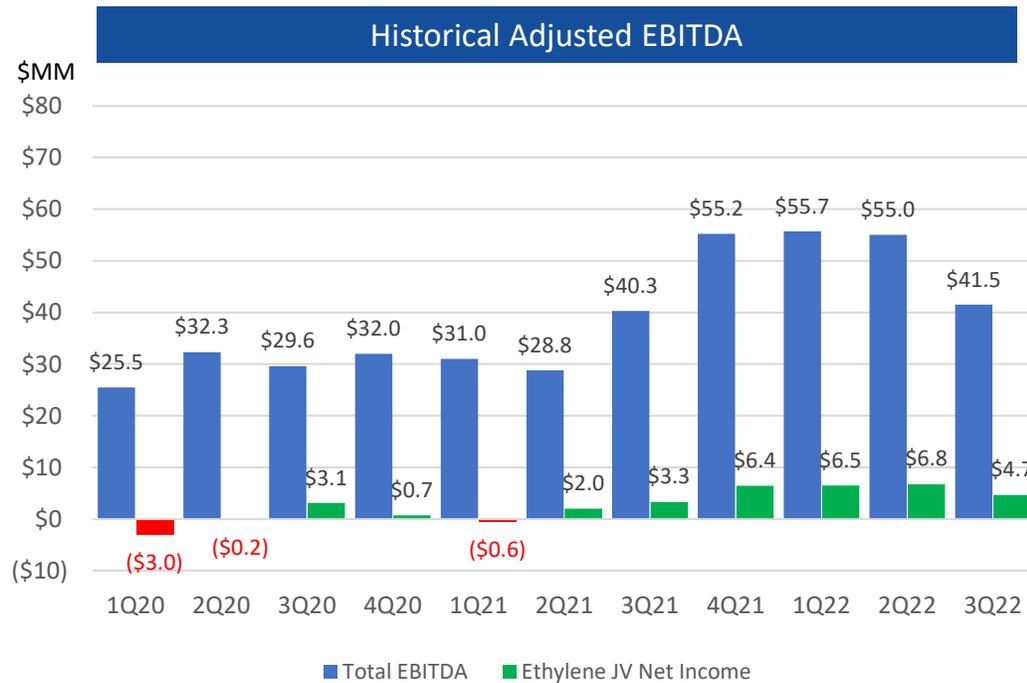
Vessel opex	\$153-155 MM
Cash G&A	\$27-29 MM
Depreciation	\$126-128 MM
Cash Interest Expense	\$50-52 MM

\*assumes no change in # of owned vessels



# Operational Leverage Provides Substantial EBITDA Upside

- Q3 2022 was the fifth consecutive quarterly EBITDA of >\$40 MM
- Includes contribution from the ethylene export terminal joint venture of \$4.7 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



# Recent Announcements



# Acquiring Five Vessels Through New Joint Venture with Greater Bay Gas Company

- On September 30, 2022, Navigator Holdings announced that we entered into a joint venture agreement with Greater Bay Gas Co.
- The joint venture, owned 60% by Navigator and 40% by Greater Bay Gas, intends to acquire a total of five ethylene vessels (table below)
- The vessels are expected to be acquired on a staggered basis between December 2022 and November 2023
- The total purchase price for the five vessels is \$233 million, and our 60% portion of that is \$139.8 million
- For capital outlay, assuming 65% debt financing (around \$90 million of Navigator's \$139.8 million commitment), the total cash needed for the acquisitions will likely be less than \$50 million, spread out over the next 12 months

Vessel Name	Size (cbm)	Month Built	Age (years)
Pacific Mars	22,000	July 2019	3.32
Pacific Mercury	22,000	January 2019	3.81
Pacific Saturn	22,000	November 2019	2.98
Pacific Venus	17,000	March 2018	4.65
Pacific Jupiter	17,000	September 2018	4.15



# Announced Board Approval for \$50 MM Share Buyback Program

- On October 18th, Navigator Holdings announced the Board's authorization for a share repurchase program of up to \$50 million of NVGS common stock, to be implemented via open market purchases, privately negotiated transactions, or in accordance with an approved trading plan (under Rule 10b5-1)
- Reasons for share buybacks: Repurchasing shares at less than NAV/share is an accretive use of cash and boosts the NAV/share; Provides additional support and a theoretical floor for the share price (detering the shorting of shares); Reduces share count and increases EPS; Share price was >\$15 in June but has been sold off with the broader markets; Diversifies uses of cash: debt repayment, terminal expansion, fleet renewal, capital returns to shareholders

- Clarksons** - Buy rating - \$18 price target
- Evercore** - Buy rating - \$14 price target
- Fearnleys** - Buy rating - \$19 price target
- Jefferies** - Buy rating - \$15 price target
- Stifel** - Buy rating - \$19 price target

Market Summary > Navigator Holdings Ltd

**11.64** USD

+2.66 (29.62%) ↑ past year

Closed: Jan 9, 4:00 PM EST • Disclaimer

After hours 11.64 0.00 (0.00%)

1D | 5D | 1M | 6M | YTD | **1Y** | 5Y | Max

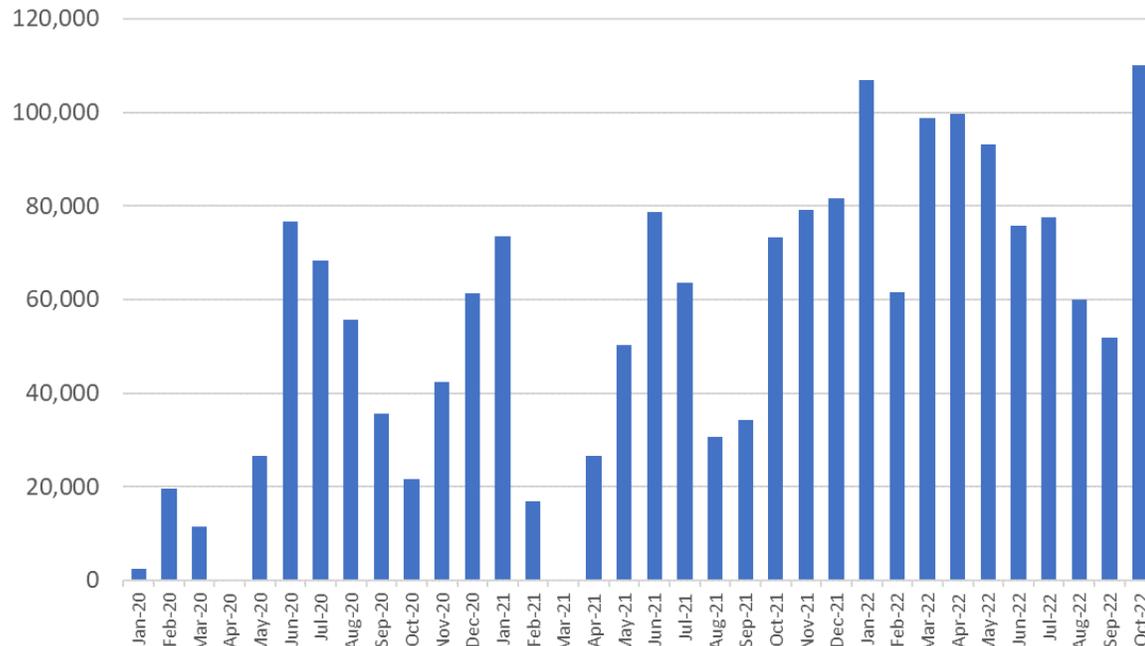




# Expanding Our Ethylene Export Terminal at Morgan's Point

- The Company announced a project under its existing 50/50 joint venture with Enterprise Products Partners to expand its ethylene export terminal at Morgan's Point
- Construction is expected to commence in 1Q23 and end in 2024, at which time the Expansion Project is expected to be fully operational; various options are being discussed, all with different timelines, capex, and throughput capacity
- Current limited spot cargo availability is leading new customers to discuss multi-year offtake contracts

Ethylene Export Terminal Throughput (metric tons)



# Conclusion: Navigator Well-Positioned To Outperform In The Coming Quarters

## Financial

- Five consecutive quarters of EBITDA above >\$40.0 MM.
- Cash increased to \$157.1 million as of September 30, 2022, compared to \$124.2 million as of September 30, 2021, with no material capex commitments.
- Debt reduced by \$38.8 million during Q3, 2022 to \$881.4 million, with net debt of \$724.3 million.
- Entered into a new secured term loan to refinance a maturing credit facility, increasing liquidity by \$78.5 million.
- Fully repaid all outstanding bonds under the NOK 600 million senior secured bonds in December 2022.
- Continuing to reduce leverage through aggressive debt amortization.

## Commercial

- Fleet utilization was 84.9% for Q3, 2022 compared to 84.0% for Q3, 2021.
- Ethylene export volumes through the Marine Export Terminal were 189,140 tons for Q3, 2022 compared to 128,466 tons for Q3, 2021.
- 10 vessels contracted on time charters transporting ammonia to Europe compared to 7 during Q2, 2022.
- Accretive vessel acquisitions through new Joint Venture with Greater Bay Gas Company; first vessel was delivered in Q4, 2022, remaining four vessels expected throughout 2023.
- Announced Board approval for \$50 million Share Buyback Program.

## Outlook

- Utilization in Q4, 2022 guidance remains above 90%, with October utilization above 94%.
- Q4, 2022 ethylene export volumes through the Marine Export Terminal expected to be approx. 270,000 tons.
- U.S. produced ethylene is currently being exported to Asia-Pacific, doubling ton-mile demand compared to Q3, 2022 exports to European destinations.
- Announced a project under the existing 50/50 joint venture with Enterprise to expand the ethylene export terminal at Morgan's Point, expected to begin commercial service in 2024.
- Ton-mile demand for ammonia continues to increase and we expect incremental Handysize opportunities in this market.
- Navigator is actively working towards improving its ESG ratings and sustainability reporting.

# Q&A



# Appendix



# NVGS Fleet List as of September 30, 2022

Operating Vessel	Year Built	Vessel Size (cbm)	Employment Status	Current Cargo	Time Charter Expiration Date
<b>Ethylene/ethane capable semi-refrigerated midsize</b>					
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
<b>Ethylene/ethane capable semi-refrigerated handysize</b>					
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	—
<b>Ethylene/ethane capable semi-refrigerated smaller size</b>					
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	—	—
<b>Semi-refrigerated handysize</b>					
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



## Investor Relations

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