

StealthGas Inc.



LPG SHIPPING – *A RISING STAR*

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Disclaimer

Forward-Looking Statements

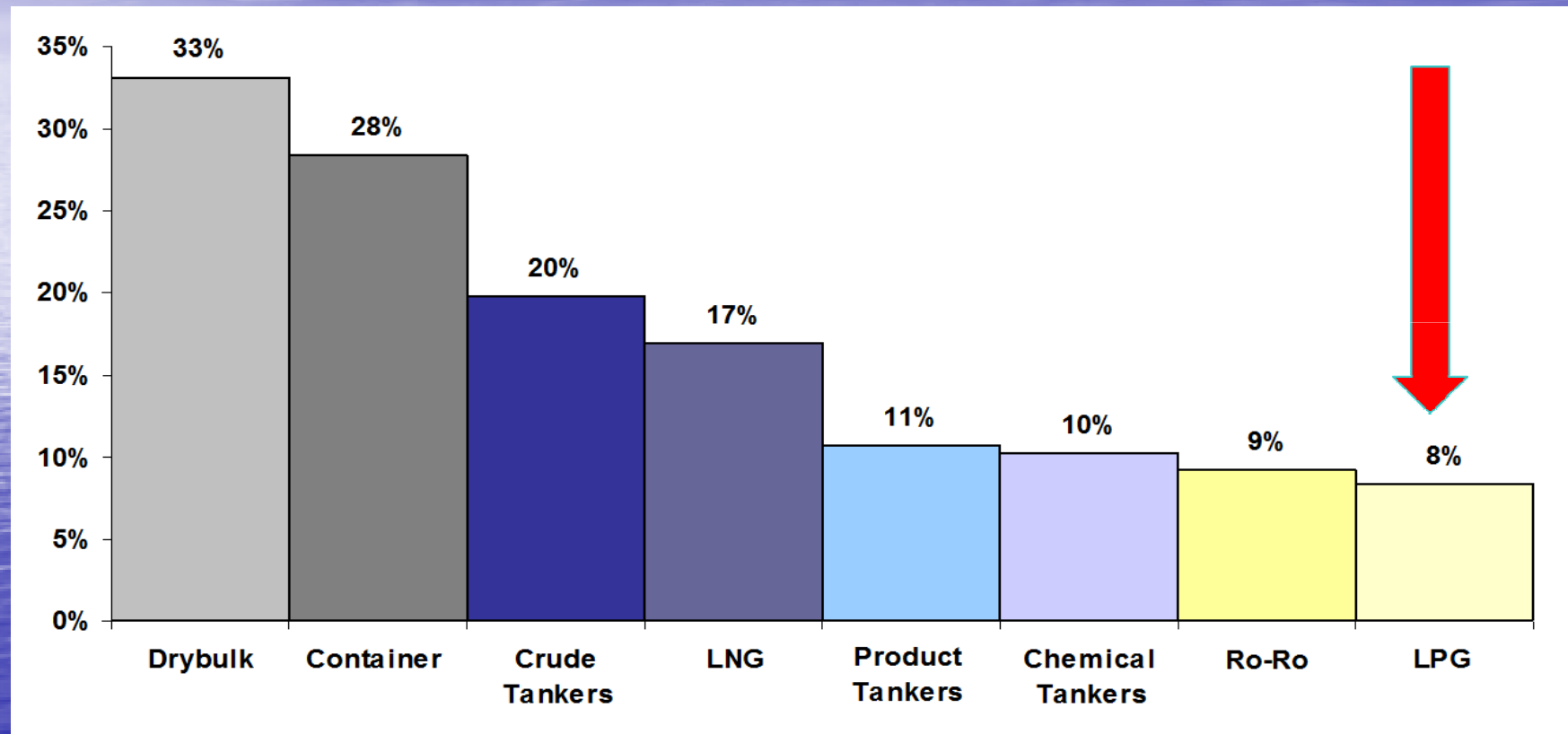
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Executive summary



- What is LPG, where does it come from, what is it used for, and how is it transported?
- Fully refrigerated segment
 - Freight Market development
 - Production / Trades
 - Fleet profile
- Semi ref / pressurized segment
 - Freight Market development
 - Production / Trades
 - Fleet profile
- StealthGas Inc.
 - An introduction into the leading provider of pressurized short sea LPG/Petrochemical gas transportation

Despite a “stop” in new ordering, lots of ships will be delivered

But not in the LPG space



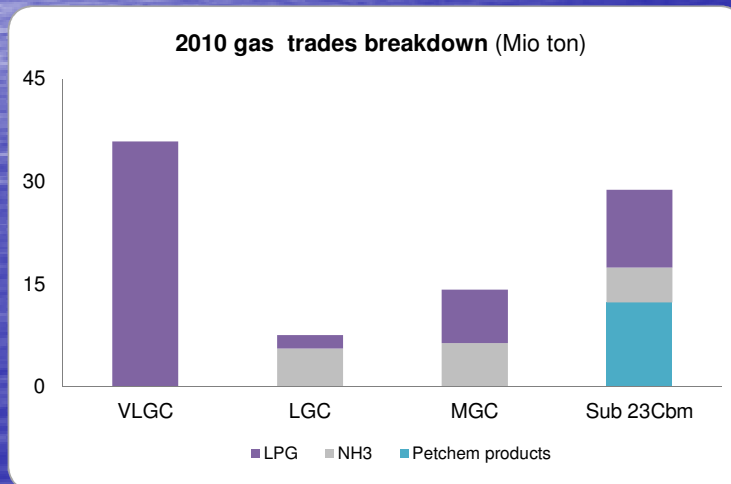
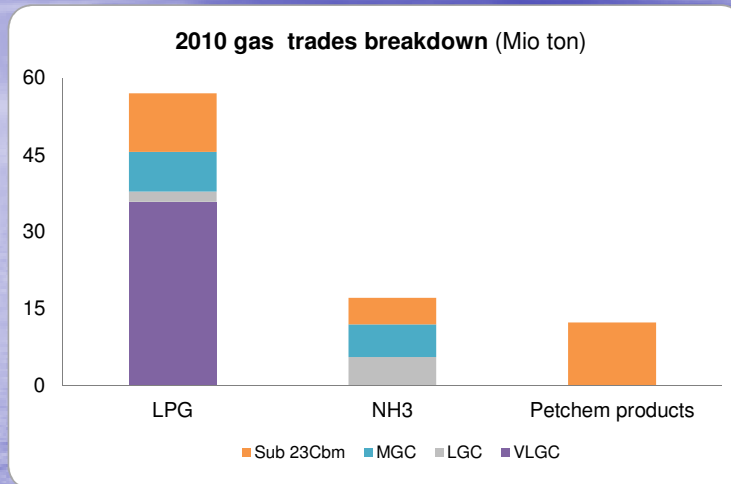
LPG (LIQUID PETROLEUM GAS)

Product	Derived from...	End Products			
Propane / Butane / Ethane	Natural Gas Production Crude Oil Refining	 Cars & Buses	 Other Vehicles	 Cooking, Heating	 Petrochemical Feedstock
Ethylene	Cracking Petroleum Feedstocks	 Car Components	 Plastics	 Antifreeze	
Propylene → Polypropylene	Gasoline and Ethylene	 Car Components	 Plastic Pipes	 Carpet	 Styrofoam
VCM (Vinyl Chloride Monomer) → PVC	Ethylene and Chloride Cracking	 Pipes	 Homebuilding	 Wires	 Irrigation Systems
Butadiene	Ethylene Cracking	 Synthetic Rubber	 Tires	 Homebuilding	
Ammonia	Natural Gas Production	 Fertilizers	 Agriculture		

Type of Carriers and Products

Vessel type	Size cbm	Type	Pressure	Freight
Qmax	255 - 265k	SSD/Reliquefaction	0.25 bar	LNG
Qflex	200 - 230k	SSD/DFDE	0.25 bar	LNG
Standard LNG	125 - 165k	DFDE/ST	0.25 bar	LNG
Small – Med Max	1 - 75k	DFDE/ST	0.25 bar	LNG
VLGC	60 - 85k	Fully Refrigerated	0.5 bar	LPG, CPP
LGC	50 - 60k	Fully Refrigerated	0.5 bar	LPG, NH3, CPP
MGC	18 - 42k	Fully Refrigerated	0.5 bar	LPG
Small	2 - 23k	Semi Refrigerated	7.5 bar	LPG NH3
		Ethylene Fully pressurized	 18 bar	Petro-chemicals

MARKET STRUCTURE



- VLGC segment is the dominant segment and predominantly taking longhaul LPG. The relevance for the smaller segments is part-cargoes
 - LGCs and MGCs used to be an integrated segment transporting NH3 and short(er)haul LPG
 - In addition to LPG and NH3, the small segment services also petchem markets
- ⇒ ***Substitution effects limited in the larger segments***

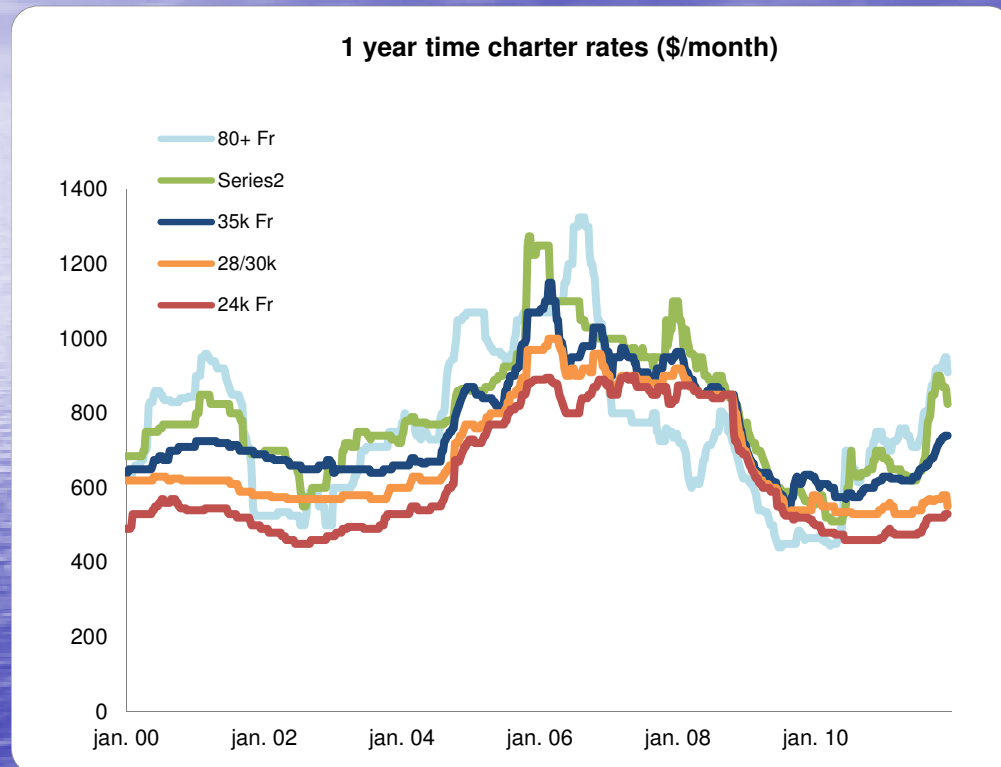
Source: Joachim Grieg

Fully Refrigerated segment



Clipper Sun – 84000cbm 2008 built – owned by Solvang

FREIGHT MARKETS RECOVERING

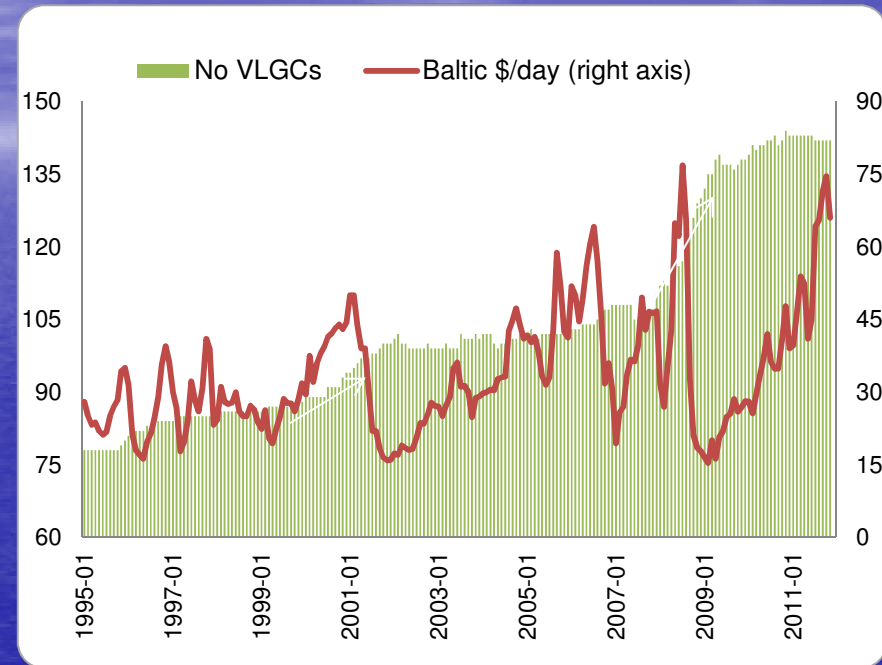
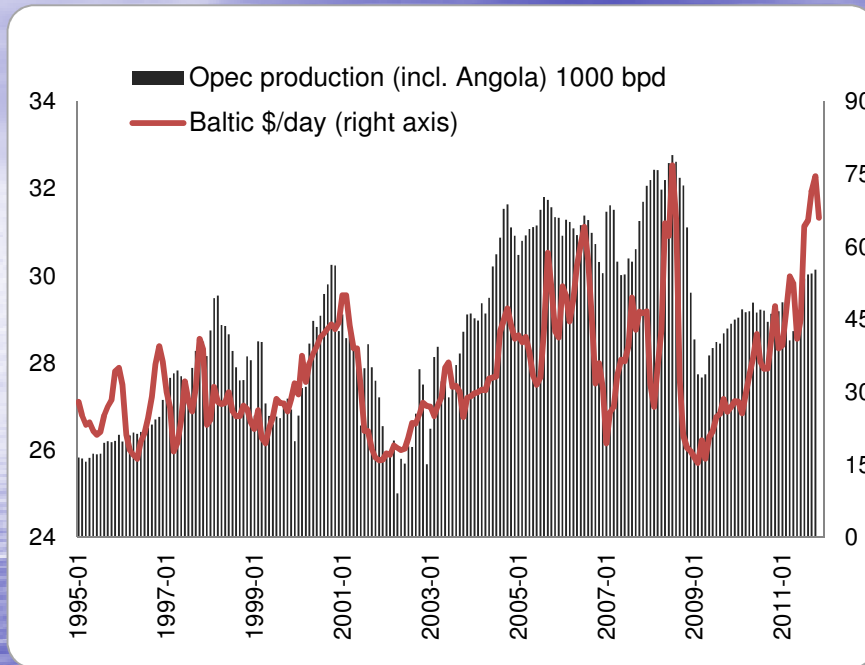


Source: Joachim Grieg

- Rates following world economic fundamentals and concerting in the longer run
- VLGC market have absorbed oversupply and are rebounding. Future LGCs questioned. Effect trickling down to lower segments
- Midsize and Handy looking stronger

⇒ ***New shipping cycle was well anticipated and rather obvious***

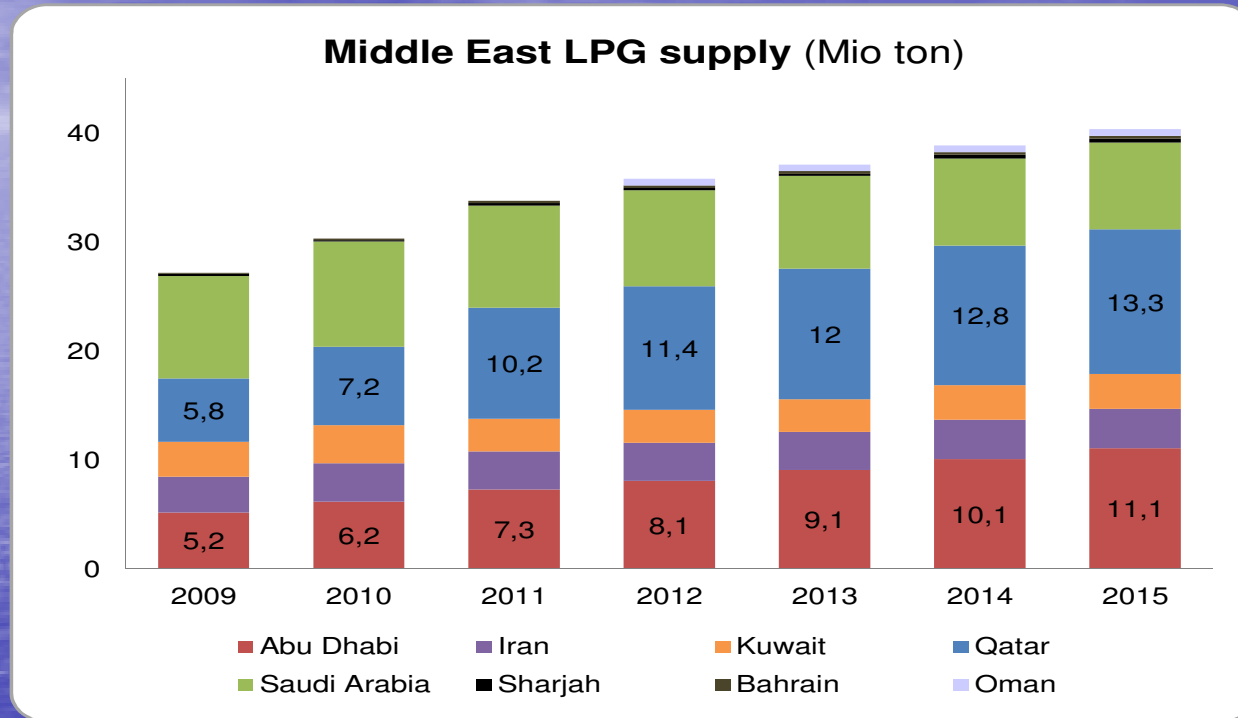
OPEC PRODUCTION CRUCIAL



Source: Joachim Grieg

- Fleet supply booms rather an exception in VLGC shipping
- Clearly supply driven market in terms of volumes: lackluster 2011 but still record additions
- Increase in VLGC rates due to LNG output, much less because of OPEC additions

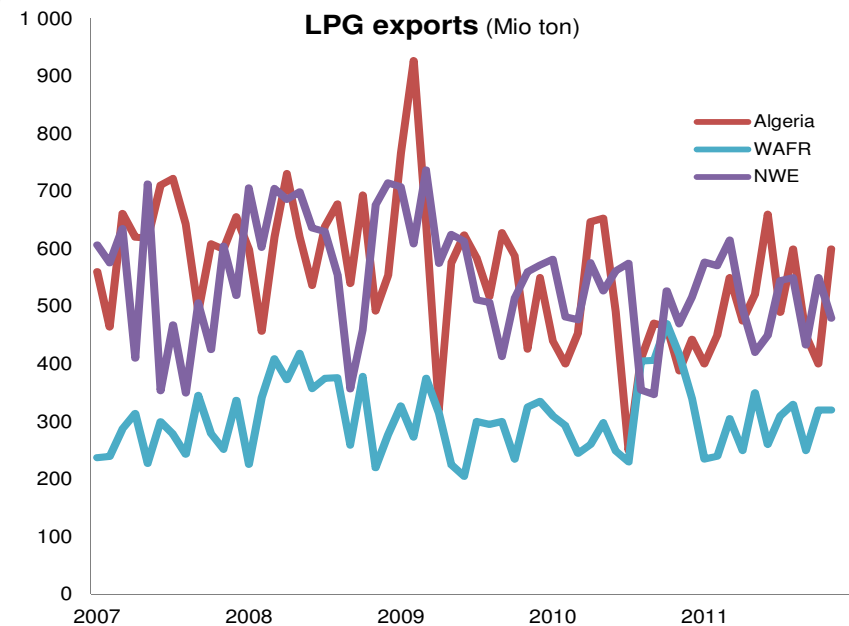
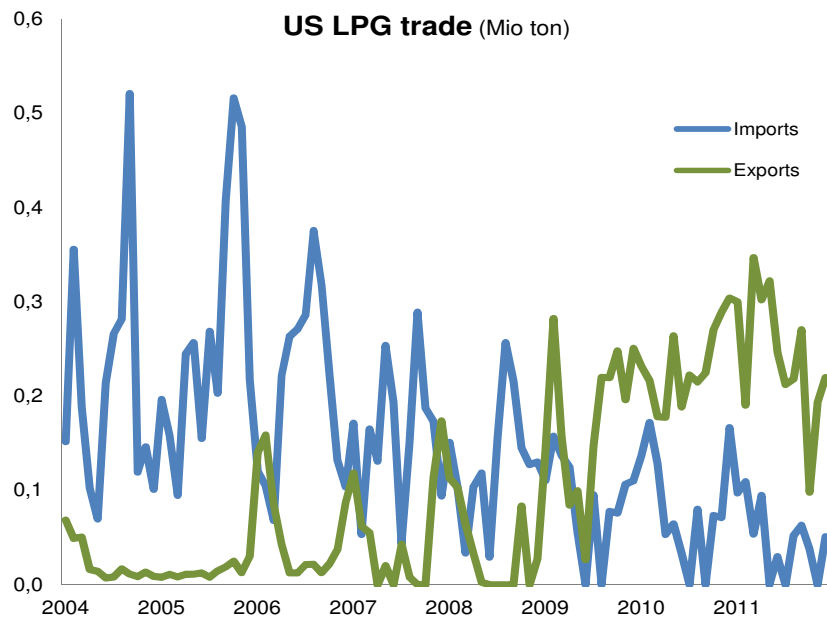
MEG KEY PLAYER



- Increasing volumes will be on account of the VLGCs and sourced from mainly 3 players: Qatar, Abu Dhabi and Saudi Arabia (+/-)
- Qatar added 3mio ton of trade in 2011
- Saudi exports still strong in 2011 despite pledge to massive direct LPG to petchem markets

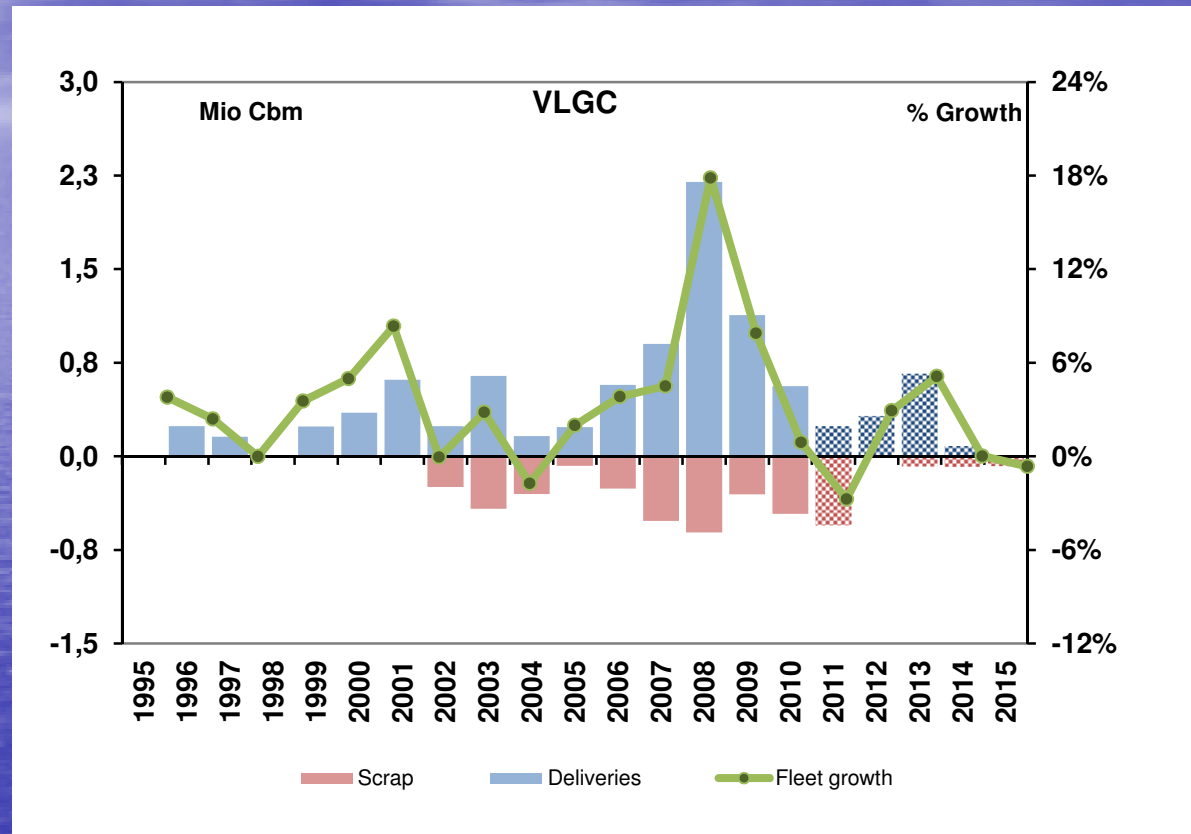
⇒ **Strong increase expected of LPG volumes to 70 mio ton**

US TRADE AND OTHER LPG EXPORTS



- US has become an LPG exporter because of adverse LPG pricing and shale gas revolution (?)
- Other LPG regions are more stable in terms of exports, although Algeria and North Sea have seen production problems in 2010 explaining lower output
- Exports out of Brazil have doubled in the period 2005-2010 (0.7 to 1.6mio ton)
- Indian LPG imports increasing to 4mio ton LPG (almost entirely on MGCs)

FLEET PROFILE



- Orderbook largely delivered

⇒ *Risk for tonnage oversupply has evaporated*

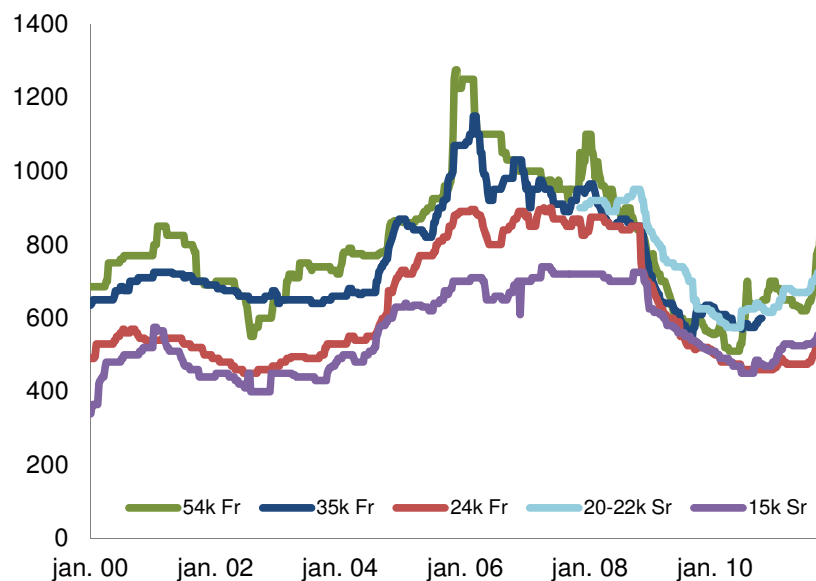
Semi ref / pressurized - segment



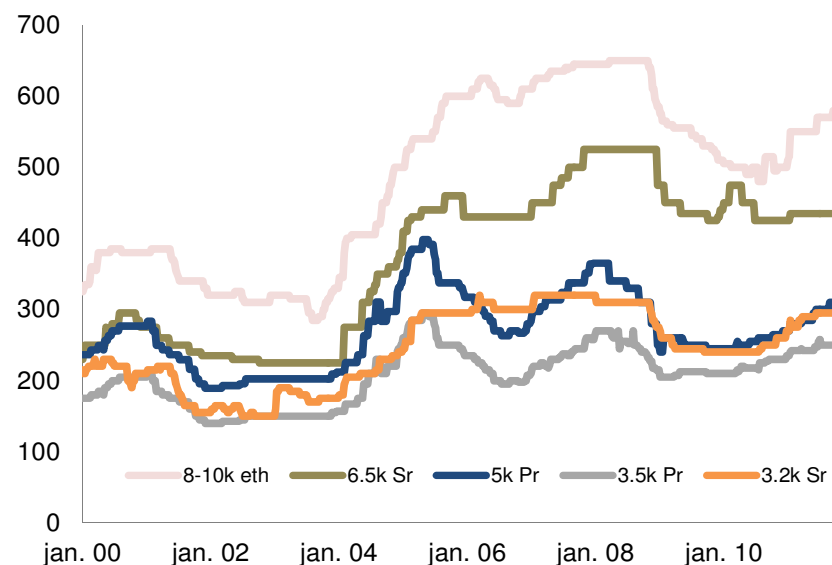
Gas Elixir – 5000cbm built 2011 – owned by StealthGas

FREIGHT RATES RECOVERING

1 year time charter rates (\$/month)



1 year time charter rates (\$/month)



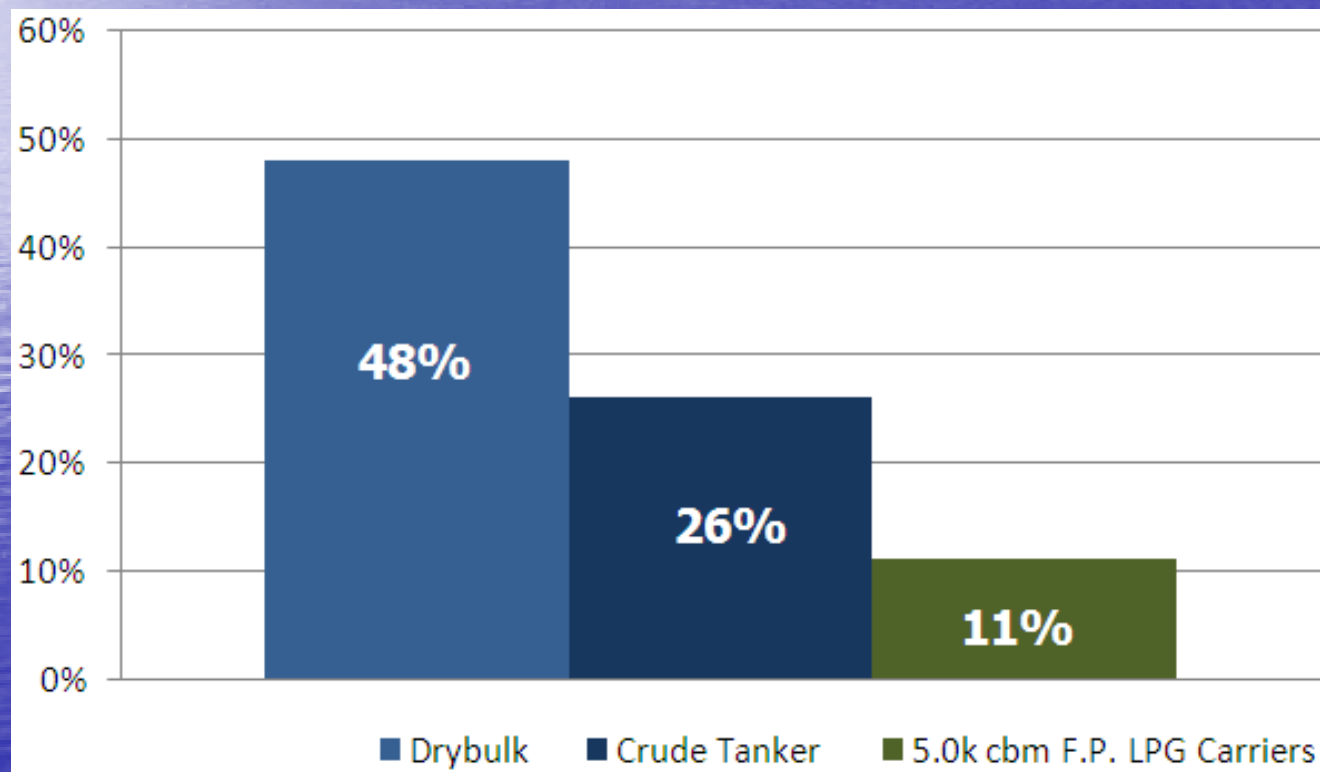
- Freight rates adjusted upwards by all shipbrokers
 - Fairly unique tightness in the small gas market
- ⇒ ***recovering global economics or simply more/new volumes to be shipped?***

1-Year TC Rate Volatility Since 2000

But, small LPG rates remain relatively stable

- ▶ Small LPG tanker rates are significantly less volatile than crude tanker and drybulk rates

1-Year TC Rate Volatility Since 2000



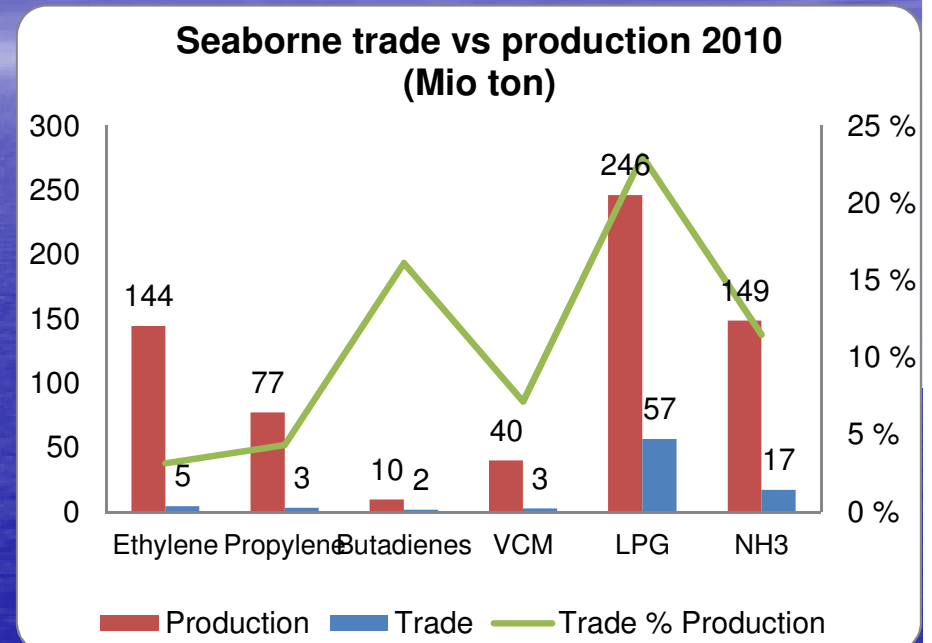
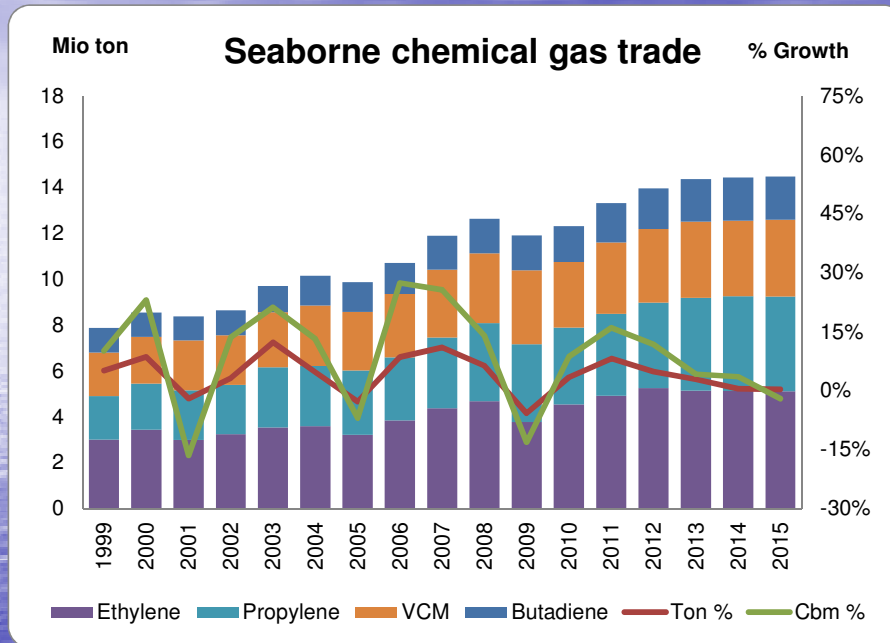
Data source: Clarkson Research Services

Rates: 1-year TC measured weekly

Dry Bulk: average of Cape, Panamax, Handymax, and Handysize rates

Crude Tanker: average of VLCC, Suezmax, and Aframax rates

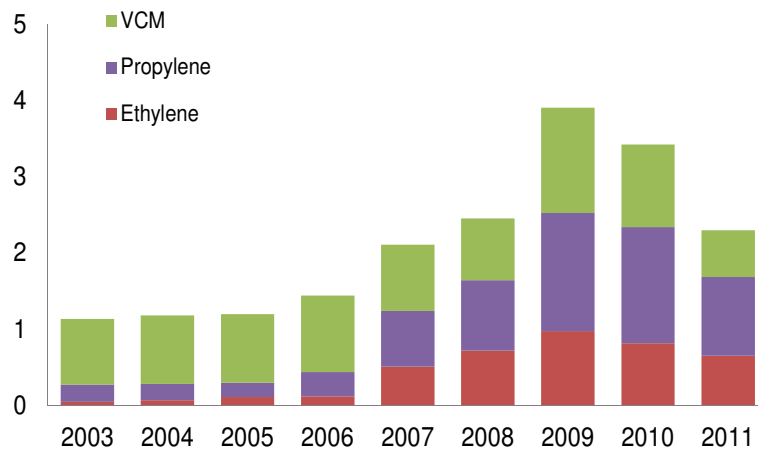
PETCHEM TRADE RECOVERING



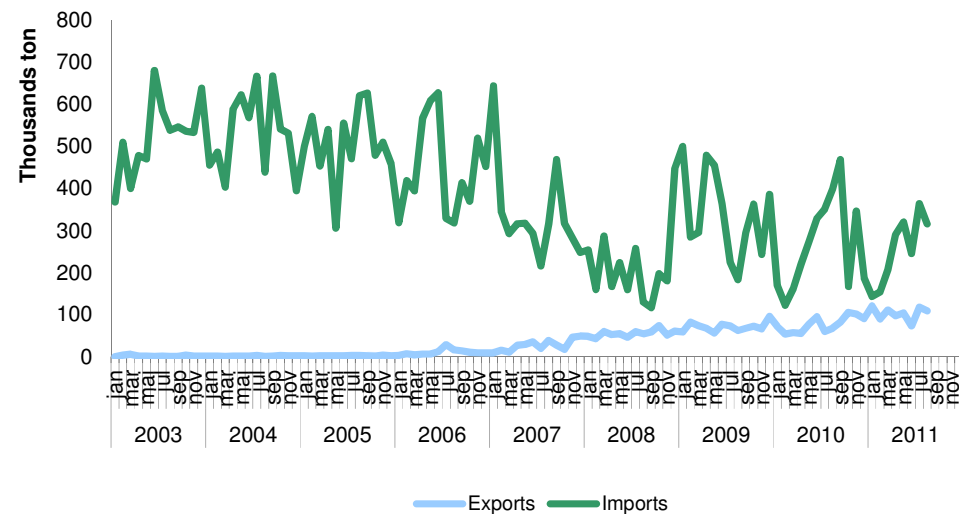
- Cyclical petchem trades rebounding from the crisis
- The trade % production shares are stable over time
- ***More longhaul volumes will add to handy ship demand over time***

CHINA, CHINA, CHINA?

Chinese petchem imports (mio ton)

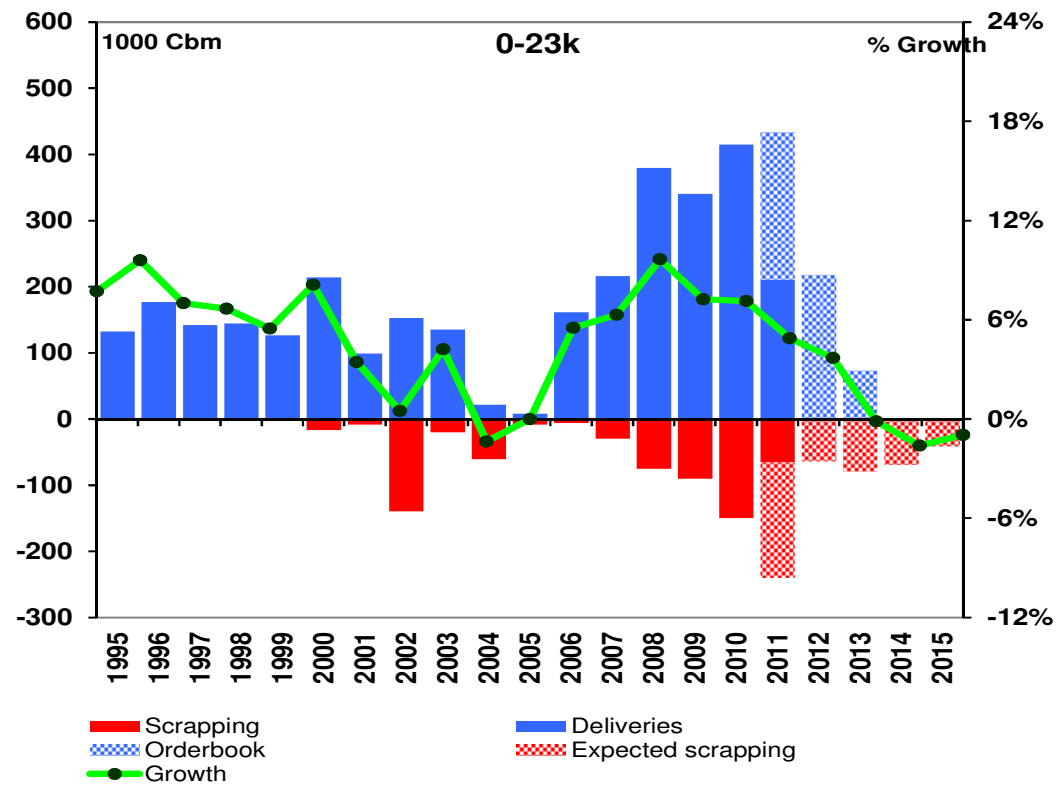


Chinese LPG trade



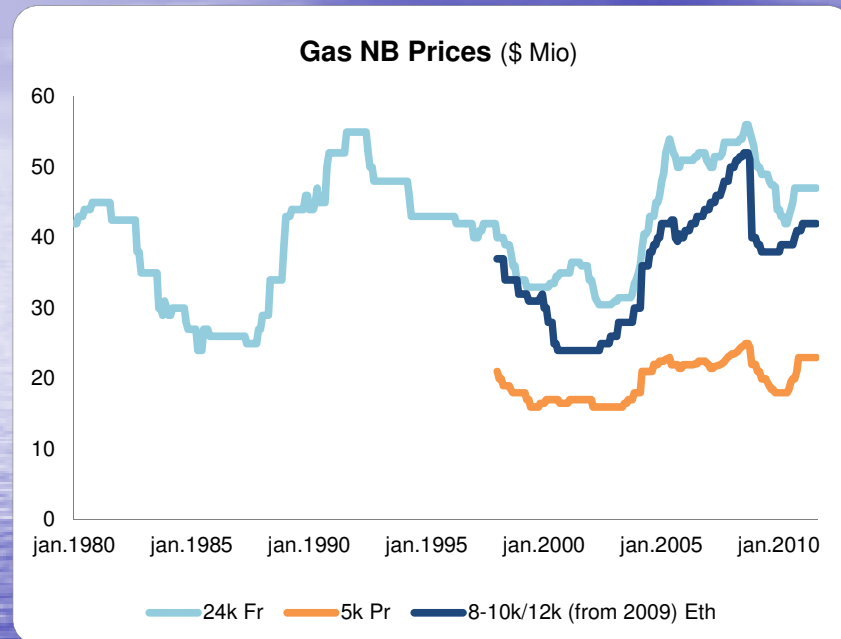
- Strong expansion in Chinese petchem imports halted? 2009 boost explained by stimulus program, lack of and delays in domestic cracker projects
- Distribution trading to close neighbors emerged overnight and provides significant employment for Pressurized ships

Fleet Profile

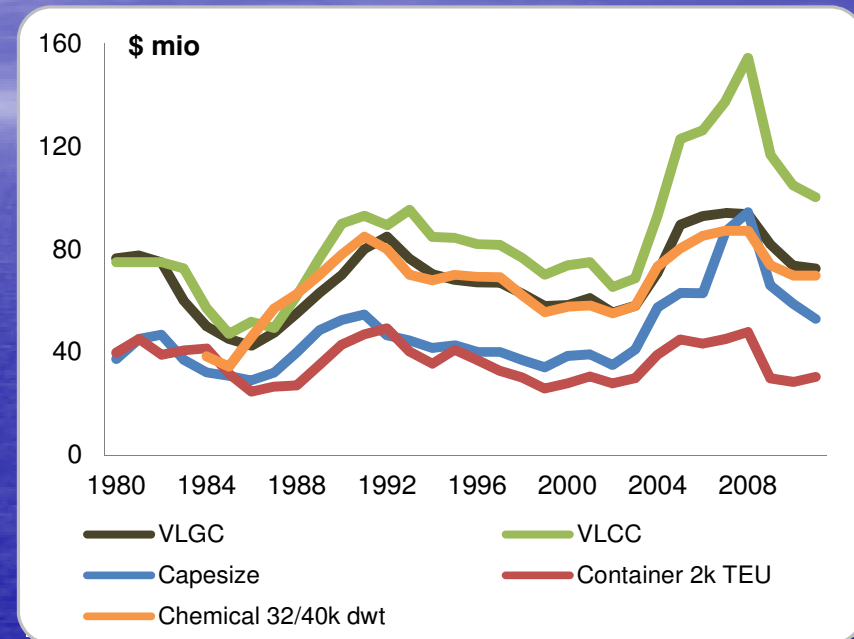


Negative fleet growth from 2013 and onwards

NB PRICES



Overall NB values



- Strong Yen resulting in expensive n/b's as Japan is the main builder of smaller LPG carriers, this again leads to very limited ordering

Summary

- Significant increase in LPG production
- Changes in trade patterns
- Small orderbook
- Expensive n/b in the small segments due to strong Yen
- Most factors in the equation point towards a strong period for LPG transportation throughout the size segments

StealthGas Inc.



Gas Haralambos – 7000cbm 2007 built – trading for Petrobras in Brazil

Business Strategy

Business Strategy

Implementation

Consolidation and fleet renewal

- Took delivery of 3 Newbuilding LPG carriers in 2011 and sold 4 LPG carriers
- 2 N/B LPG carriers to be delivered in 2012, and one vessel sold

Moderate Leverage

- Third Quarter 2011 net debt to capitalization: 44.3%

Visible Revenue Stream – Consistency

- 75% of voyage days fixed for FY 2012
- 40% of voyage days fixed for FY 2013

Modern Fleet

- Our fleet average age is approx 10 years

Close Customer Relations

- High quality customer base – low counterparty risk

Cost-Efficient Operations

- Net Income Breakeven of \$5,975 per day in Q3 2011 (net of realized loss on interest rate swaps) compared to \$6,161 in Q2 2011 and \$6,426 in Q1 2011.

Share Repurchases

- Bought 550,000 shares during August & September, 1.8million shares since the program's inception.



Business Overview

- Fleet:

34 LPG Carriers



Propane
Butane
Ethane
VCM
Butadiene
Propylene

3 Product Tankers



Diesel
Jet Fuel
Naphtha

1 Aframax Tanker



Crude
Oil

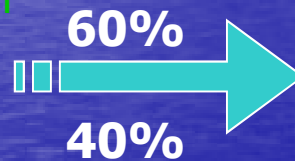
- Core Product:

Natural Gas Production

10% of Natural Gas is LPG

Crude Oil Refining

3% of Crude Oil Refined into LPG



Liquid Petroleum Gases

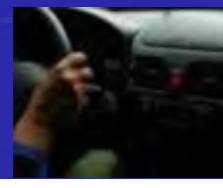
Propane
Butane
Ethane

Petrochemical
Feedstock

Petrochemical Gases

VCM
Butadiene
Propylene
Ethylene

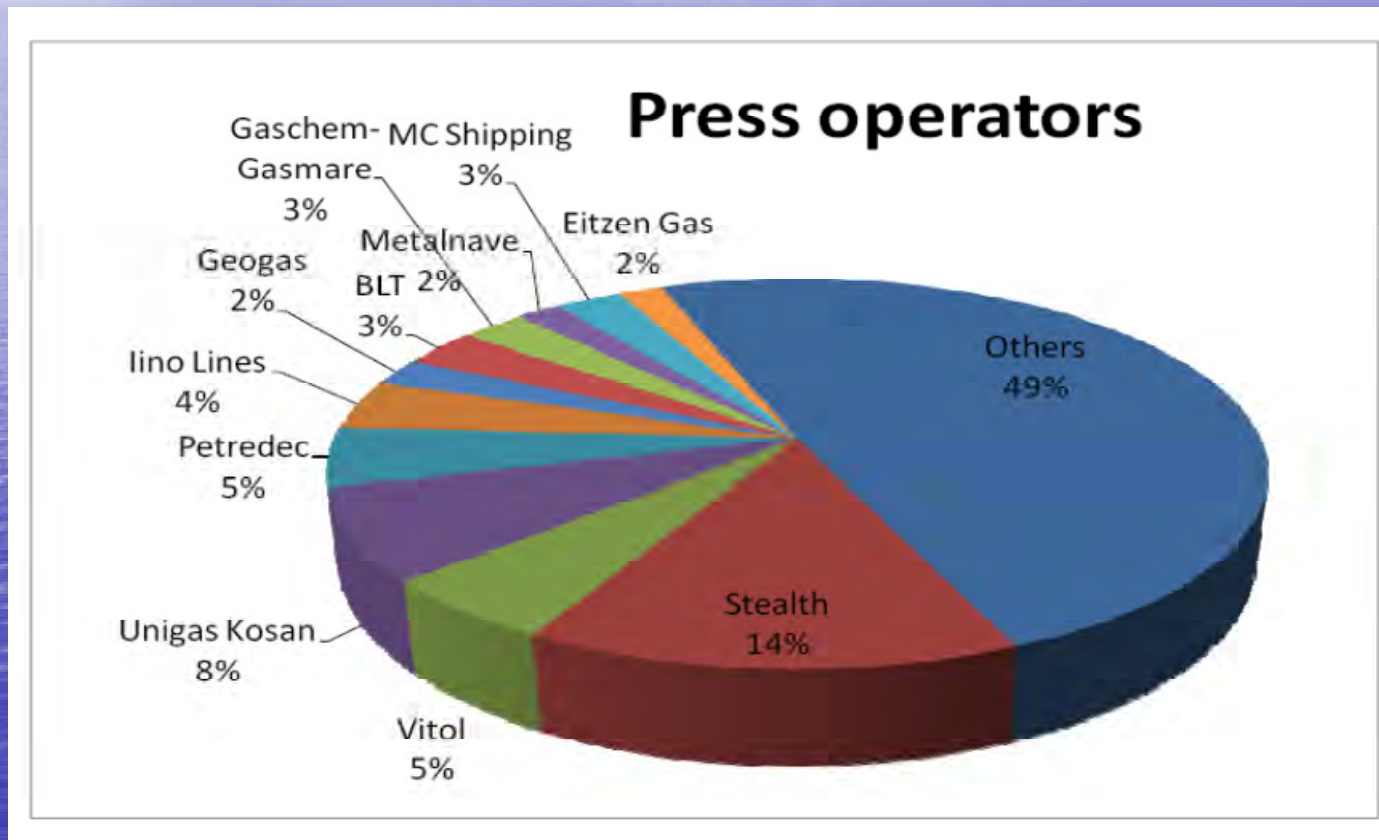
- Uses:



LPG Fleet composition

- Pressurized
 - 6300-7500cbm: 8 vessels
 - 5000cbm: 12 vessels
 - 3300-4100cbm: 10 vessels
- Semi-ref
 - 3200-4100cbm: 4 vessels

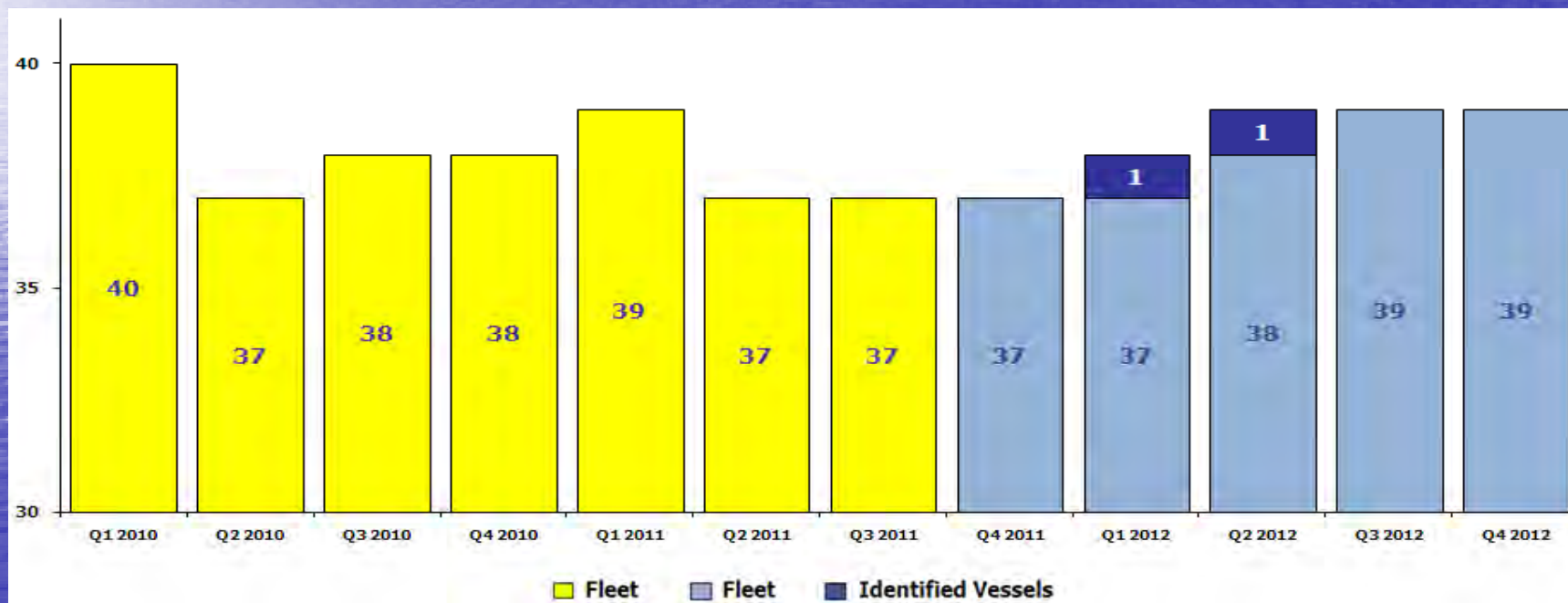
OPERATORS OF PRESSURIZED TONNAGE



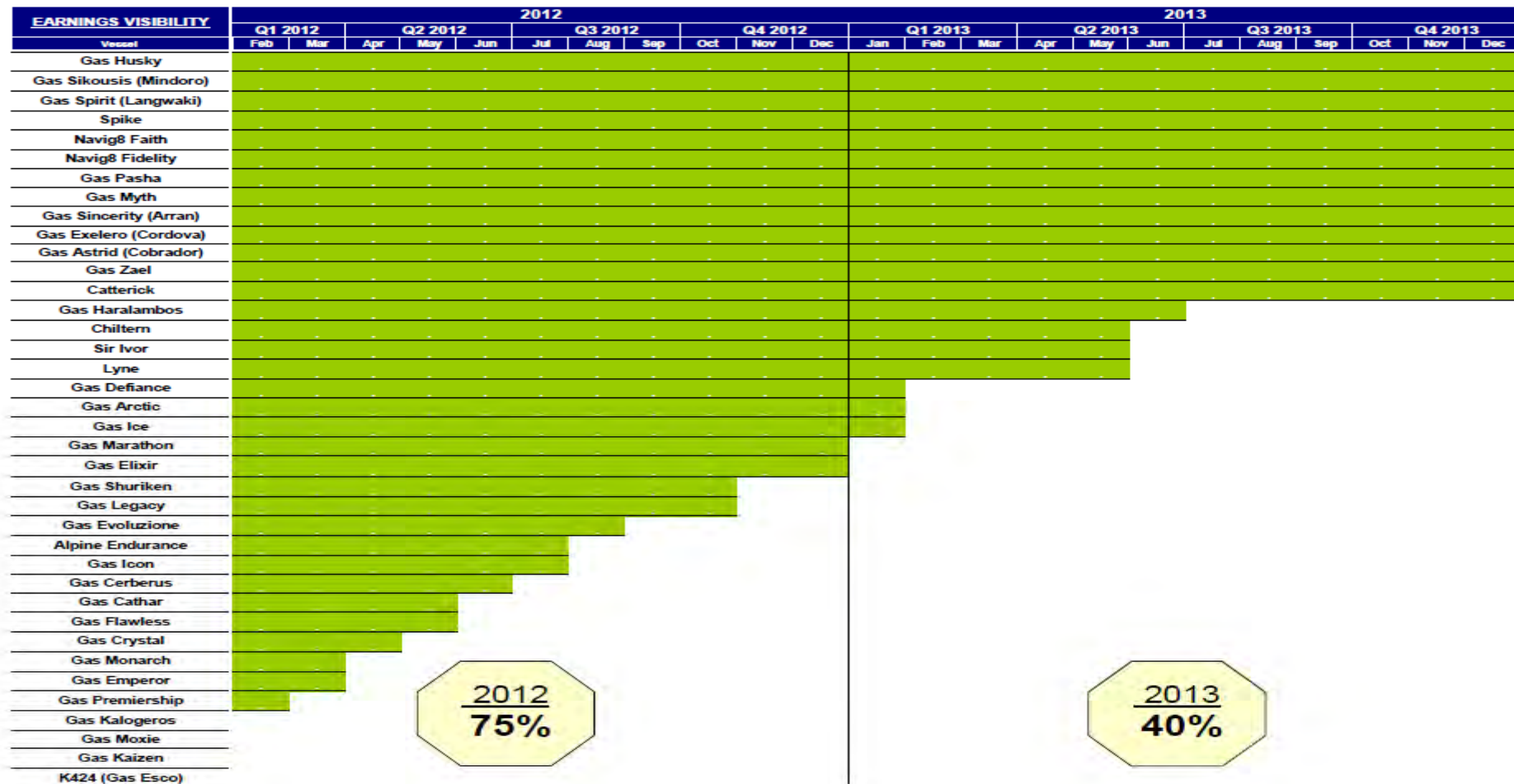
Source: Inge Steensland

Fleet Development

- Newbuilding program of 3 LPG carriers delivered in 2011 and 2 delivering in 2012
- Newbuilding program has committed financing
- Selective sale of older & smaller tonnage in 2011/12



Fleet Employment Profile



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