

# [***Navigator Holdings Ltd.: Preliminary Results for the Three and Six Months Ended June 30, 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5T02-NCP1-JB72-11K3-00000-00&context=1516831)

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**Body**

Highlights

Navigator Holdings Ltd. (the "Company") reported operating revenue of $73.2 million for the three months ended June 30, 2018.Net loss was $3.2 million (resulting in a loss per share of $0.06) for the three months ended June 30, 2018.EBITDA1 was $27.2 million for the three months ended June 30, 2018.Net cash provided by operating activities was $21.0 million for the three months ended June 30, 2018.During the quarter the Company announced that construction is now under way on the 50/50 joint venture to construct an ethylene marine export terminal, which will be located at Morgan's Point, Texas on the Houston Ship Channel. The facility will have the capacity to export approximately one million tons of ethylene per year. Refrigerated storage for 30,000 tons of ethylene will be constructed on-site and will provide the capability to load ethylene at rates of 1,000 tons per hour. Commercial operations are expected to begin in the fourth quarter of 2019, one quarter earlier than previously projected.Maintained strong fleet utilization of 90.3% for the three months ended June 30, 2018, up from the 86.2% achieved during the second quarter of 2017.

Fleet utilization was 90.3% during the second quarter of 2018, up from the 86.2% achieved during the second quarter of 2017, but slightly down on the 91.7% achieved during the first quarter of 2018. Petrochemical activity, particularly long-haul carriage of petrochemicals (butadiene, crude C4 and butene-1) from Europe to the U.S. Gulf of Mexico and Brazil to the Far East have been the primary factor behind this increase in utilization. Two handysize and two midsize vessels have been fully employed transporting ethane for the majority of the second quarter of 2018, trading from the U.S. to Central and South America as well as North West Europe. All five midsized gas carriers ("MGCs") in the fleet are now contracted to operate under time charters for the remainder of 2018.

However, the increase in utilization has been tempered by a continued low charter rate ***environment***, compounded by an approximate 30% increase in bunker prices across the second quarter of 2018 as crude prices rise, translating to further reductions in charter rates achieved. Ethylene handysize vessels have returned to charter rates of approximately $25,000 per day during the second quarter, although rates for standard LPG transportation remained at approximately $15,000 per day. Energy Transfer Partners' Marcus Hook export facility remained offline for nearly all of the second quarter, which caused much disruption to the Atlantic's time charter business operators that rely on this facility.

Reconciliation of Non-GAAP Financial Measures

The following table sets forth a reconciliation of net income to EBITDA for the three months ended June 30, 2018:

|  |  |
| --- | --- |
|  | (in thousands) |
| Net loss | $             (3,159) |
| Interest expense | 11,353 |
| Interest income | (207) |
| Income taxes | 146 |
| Depreciation and amortization | 19,029 |
|  |  |
| **EBITDA** | $            27,162 |
|  |  |

1  EBITDA is a non-GAAP financial measure. EBITDA represents net income before net interest expense, income taxes and depreciation and amortization. Management believes that EBITDA is useful to investors in evaluating the operating performance of the Company. EBITDA does not represent and should not be considered as an alternative to any financial measure prepared in accordance with U.S. GAAP, and our calculation of EBITDA may not be comparable to that reported by other companies. See the table above for a reconciliation of EBITDA to net income (loss), our most directly comparable financial measure calculated accordance with U.S. GAAP.

A Form 6-K with more detailed information on our second quarter 2018 financial results is being filed with the U.S. Securities and Exchange Commission simultaneously with this release for the quarter ended June 30, 2018.

Conference Call Details:

Tomorrow, Tuesday, August 7, 2018, at 9:00 A.M. ET, the Company's management team will host a conference call to discuss the financial results.

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: 1 (877) 553-9962 (US Toll Free Dial In), 0(808) 238-0669 (UK Toll Free Dial In) or +44 (0) 2071 928 592 (Standard International Dial In). Please quote "Navigator" to the operator. There will also be a live, and then archived, webcast of the conference call, available through the Company's website ([*http://www.navigatorgas.com*](http://www.navigatorgas.com)). Participants to the live webcast should register on the website approximately 10 minutes prior to the start of the webcast.

A telephonic replay of the conference call will be available until Tuesday, August 14th, 2018, by dialing 1(866) 331-1332 (US Toll Free Dial In), 0(808) 238-0667 (UK Toll Free Dial In) or +44 (0) 3333 009 785 (Standard International Dial In). Access Code: 11870348#

About Us

Navigator Holdings Ltd. is the owner and operator of the world's largest fleet of handysize liquefied gas carriers and a global leader in the seaborne transportation of petrochemical gases, such as ethylene and ethane, liquefied petroleum gas ("LPG") and ammonia. Navigator's fleet consists of 38 semi- or fully-refrigerated liquefied gas carriers, 14 of which are ethylene and ethane capable. The Company plays a vital role in the liquefied gas supply chain for energy companies, industrial consumers and commodity traders, with our sophisticated vessels providing an efficient and reliable 'floating pipeline' between the parties. We continue to build strong, long-term partnerships based on mutual trust, our depth of technical expertise and a modern versatile fleet.

FORWARD LOOKING STATEMENTS

Statements included in this press release concerning plans and objectives of management for future operations or economic performance, or assumptions related thereto, including our financial forecast, contain forward-looking statements. In addition, we and our representatives may from time to time make other oral or written statements that are also forward-looking statements. Such statements include, in particular, statements about our plans, strategies, business prospects, changes and trends in our business and the markets in which we operate as described in this press release. In some cases, you can identify the forward-looking statements by the use of words such as "may," "could," "should," "would," "expect," "plan," "anticipate," "intend," "forecast," "believe," "estimate," "predict," "propose," "potential," "continue," or the negative of these terms or other comparable terminology. These risks and uncertainties include, but are not limited to:

Future operating or financial results;Pending acquisitions, business strategy and expected capital spending;Operating expenses, availability of crew, number of off-hire days, drydocking requirements and insurance costs;Fluctuations in currencies and interest rates;General market conditions and shipping market trends, including charter rates and factors affecting supply and demand;Our financial condition and liquidity, including our ability to refinance our indebtedness as it matures or obtain additional financing in the future to fund capital expenditures, acquisitions and other corporate activities;Estimated future capital expenditures needed to preserve our capital base;Our expectations about the availability of vessels to purchase, the time that it may take to construct new vessels, or the useful lives of our vessels;Our continued ability to enter into long-term, fixed-rate time charters with our customers;Changes in governmental rules and regulations or actions taken by regulatory authorities;Potential liability from future litigation;Our expectations relating to the payment of dividends;Our expectation regarding providing in-house technical management for certain vessels in our fleet and our success in providing such in-house technical management;Our ability to meet our expectations regarding the construction and financing of our joint venture ethylene marine export terminal and our expectations regarding the financial success of such terminal.; andOther factors detailed from time to time in other periodic reports we file with the Securities and Exchange Commission.

All forward-looking statements included in this press release are made only as of the date of this press release. New factors emerge from time to time, and it is not possible for us to predict all of these factors. Further, we cannot assess the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement. We expressly disclaim any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in our views or expectations, or otherwise. We make no prediction or statement about the performance of our common stock.

|  |  |  |
| --- | --- | --- |
|  |  |  |
| **Navigator Holdings Ltd.** |  |  |
|  |  |  |
| **Condensed Consolidated Balance Sheets** |  |  |
| **(Unaudited)** |  |  |
|  |  |  |
|  | December 31,  2017 | June 30,  2018 |
|  |  |  |
|  | (in thousands except share data) |  |
| **Assets** |  |  |
| **Current assets** |  |  |
| Cash and cash equivalents | $          62,109 | $         55,096 |
| Accounts receivable, net | 14,889 | 11,585 |
| Accrued income | 15,791 | 5,031 |
| Prepaid expenses and other current assets | 10,964 | 17,020 |
| Bunkers and lubricant oils | 8,008 | 7,122 |
| Insurance recoverable | 376 | 825 |
|  |  |  |
| Total current assets | 112,137 | 96,679 |
| **Non-current assets** |  |  |
| Vessels in operation, net | 1,740,139 | 1,704,895 |
| Investment in equity accounted joint venture | - | 10,475 |
| Property, plant and equipment, net | 1,611 | 1,466 |
|  |  |  |
| Total non-current assets | 1,741,750 | 1,716,836 |
|  |  |  |
| **Total assets** | $    1,853,887 | $    1,813,515 |
|  |  |  |
| **Liabilities and stockholders' equity** |  |  |
| **Current liabilities** |  |  |
| Current portion of secured term loan facilities, net of deferred financing costs | $          81,559 | $         73,274 |
| Accounts payable | 8,071 | 10,163 |
| Accrued expenses and other liabilities | 12,478 | 14,105 |
| Accrued interest | 3,500 | 3,466 |
| Deferred income | 4,824 | 4,963 |
|  |  |  |
| **Total current liabilities** | 110,432 | 105,971 |
|  |  |  |
| **Non-current liabilities** |  |  |
| Secured term loan facilities, net of current portion and deferred financing costs | 681,658 | 651,034 |
| Senior unsecured bond, net of deferred financing costs | 98,584 | 98,812 |
|  |  |  |
| Total non-current liabilities | 780,242 | 749,846 |
|  |  |  |
| **Total liabilities** | 890,674 | 855,817 |
| **Commitments and contingencies (see note 9)** |  |  |
| **Stockholders' equity** |  |  |
| Common stock-$.01 par value; 400,000,000 shares authorized; 55,656,304 shares issued and       outstanding, (2017: 55,529,762) | 555 | 557 |
| Additional paid-in capital | 589,436 | 589,800 |
| Accumulated other comprehensive loss | (277) | (343) |
| Retained earnings | 373,499 | 367,684 |
|  |  |  |
| Total stockholders' equity | 963,213 | 957,698 |
|  |  |  |
| **Total liabilities and stockholders' equity** | $    1,853,887 | $    1,813,515 |
|  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Navigator Holdings Ltd.** |  |  |  |  |
|  |  |  |  |  |
| **Condensed Consolidated Statements of Income** |  |  |  |  |
| **(Unaudited)** |  |  |  |  |
|  |  |  |  |  |
|  | Three months ended | Six months ended |  |  |
|  | June 30, | June 30, |  |  |
|  | (in thousands except share data) | (in thousands except share data) |  |  |
|  | 2017 | 2018 | 2017 | 2018 |
| **Revenues** |  |  |  |  |
| Operating revenue | $            74,381 | $            73,163 | $         151,700 | $         150,970 |
|  |  |  |  |  |
| **Expenses** |  |  |  |  |
| Brokerage commissions | 1,389 | 1,219 | 2,914 | 2,360 |
| Voyage expenses | 13,516 | 13,930 | 28,515 | 28,908 |
| Vessel operating expenses | 25,001 | 26,040 | 48,906 | 52,751 |
| Depreciation and amortization | 18,304 | 19,029 | 35,938 | 38,410 |
| General and administrative costs | 3,578 | 3,818 | 6,330 | 8,049 |
| Other corporate expenses | 329 | 994 | 952 | 1,209 |
|  |  |  |  |  |
| **Total operating expenses** | 62,117 | 65,030 | 123,555 | 131,687 |
| **Operating income** | 12,264 | 8,133 | 28,145 | 19,283 |
|  |  |  |  |  |
| **Other income/(expense)** |  |  |  |  |
| Interest expense | (9,372) | (11,353) | (18,298) | (21,877) |
| Write off of deferred financing costs | (627) | - | (1,281) | - |
| Write off of call premium and redemption charges on 9%     unsecured bond | - | - | (3,517) | - |
| Interest income | 119 | 207 | 232 | 359 |
|  |  |  |  |  |
| **Income/(loss) before income taxes** | 2,384 | (3,013) | 5,281 | (2,235) |
| Income taxes | (130) | (146) | (289) | (228) |
|  |  |  |  |  |
| **Net income/(loss)** | $             2,254 | $                               (3,159) | $             4,992 | $                                (2,463) |
|  |  |  |  |  |
| Earnings per share: |  |  |  |  |
| Basic: | $               0.04 | $                                 (0.06) | $               0.09 | $                                  (0.04) |
| Diluted: | $               0.04 | $                                 (0.06) | $               0.09 | $                                  (0.04) |
|  |  |  |  |  |
| Weighted average number of shares outstanding: |  |  |  |  |
| Basic: | 55,531,831 | 55,656,304 | 55,488,984 | 55,601,772 |
| Diluted: | 55,905,571 | 55,656,304 | 55,862,724 | 55,601,772 |
|  |  |  |  |  |

|  |  |  |
| --- | --- | --- |
| **Navigator Holdings Ltd.** |  |  |
|  |  |  |
| **Condensed Consolidated Statements of Cash Flows** |  |  |
| **(Unaudited)** |  |  |
|  |  |  |
|  | Six Months ended  June 30,  2017 | Six Months ended  June 30,  2018 |
|  | (in thousands) | (in thousands) |
| **Cash flows from operating activities** |  |  |
| Net income/(loss) | $                  4,992 | $                (2,463) |
| **Adjustments to reconcile net income to net cash provided by operating activities** |  |  |
| Depreciation and amortization | 35,938 | 38,410 |
| Payment of drydocking costs | (33) | (2,880) |
| Adjustment to equity for the adoption of the new revenue standard | - | (3,352) |
| Call option premium on redemption of 9.00% unsecured bond | 2,500 | - |
| Prior year expenses recovered in insurance claim | (504) | (754) |
| Amortization of share-based compensation | 773 | 366 |
| Amortization of deferred financing costs | 2,508 | 1,131 |
| Unrealized foreign exchange | 155 | (30) |
| **Changes in operating assets and liabilities** |  |  |
| Accounts receivable | (6,091) | 3,392 |
| Bunkers and lubricant oils | (461) | 886 |
| Prepaid expenses and other current assets | (2,329) | 4,706 |
| Accounts payable, accrued interest and other liabilities | 2,604 | 3,734 |
|  |  |  |
| **Net cash provided by operating activities** | 40,052 | 43,146 |
|  |  |  |
| **Cash flows from investing activities** |  |  |
| Payment to acquire vessels | (1,352) | (79) |
| Investment in equity accounted joint venture | - | (10,475) |
| Payment for vessels under construction | (97,147) | - |
| Purchase of other property, plant and equipment | (1,506) | (97) |
| Receipt of shipyard penalty payments | 280 | - |
| Insurance recoveries | 991 | 305 |
| Placement of short term investment | (25,000) | - |
|  |  |  |
| **Net cash used in investing activities** | (123,734) | (10,346) |
|  |  |  |
| **Cash flows from financing activities** |  |  |
| Proceeds from secured term loan facilities | 142,508 | 3,800 |
| Issuance of 7.75% senior unsecured bonds | 100,000 | - |
| Repayment of 9.00% senior unsecured bonds | (127,500) | - |
| Issuance costs of 7.75% senior unsecured bonds | (1,819) | - |
| Repayment of secured term loan facilities | (57,981) | (43,613) |
|  |  |  |
| **Net cash provided by/(used in) financing activities** | 55,208 | (39,813) |
|  |  |  |
| **Net decrease in cash and cash equivalents** | (28,474) | (7,013) |
| **Cash and cash equivalents at beginning of period** | 57,272 | 62,109 |
|  |  |  |
| **Cash and cash equivalents at end of period** | $                28,798 | $                55,096 |
|  |  |  |
| **Supplemental Information** |  |  |
| Total interest paid during the period, net of amounts capitalized | $                15,799 | $                20,799 |
|  |  |  |
| Total tax paid during the period | $                     317 | $                       52 |
|  |  |  |

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