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Value-Oriented Research & Advisory

StealthGas Inc. (NasdaqGS: GASS)

Investor's Case for Change

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Introduction

StealthGas Inc. (“GASS” or the “Company”) is a dominant operator in the niche liquified petroleum gas (LPG) short- and mid-range seaborne transportation market (coastal carrier market). The global supply/demand outlook remains very favorable in this sector of the energy shipping market, and Global Value Investment Corp. (“GVIC”) believes that an opportunity exists for GASS to capitalize on positive trends to provide attractive shareholder returns for the foreseeable future.

Review

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On January 11, 2018, GVIC sent an open letter to the Company's Board of Directors with four recommendations that addressed clear weaknesses in the Company's operations with reasonable proposals.

1. Immediately begin a search for a qualified CFO with public company experience, independent of the Vafias group of shipping companies.

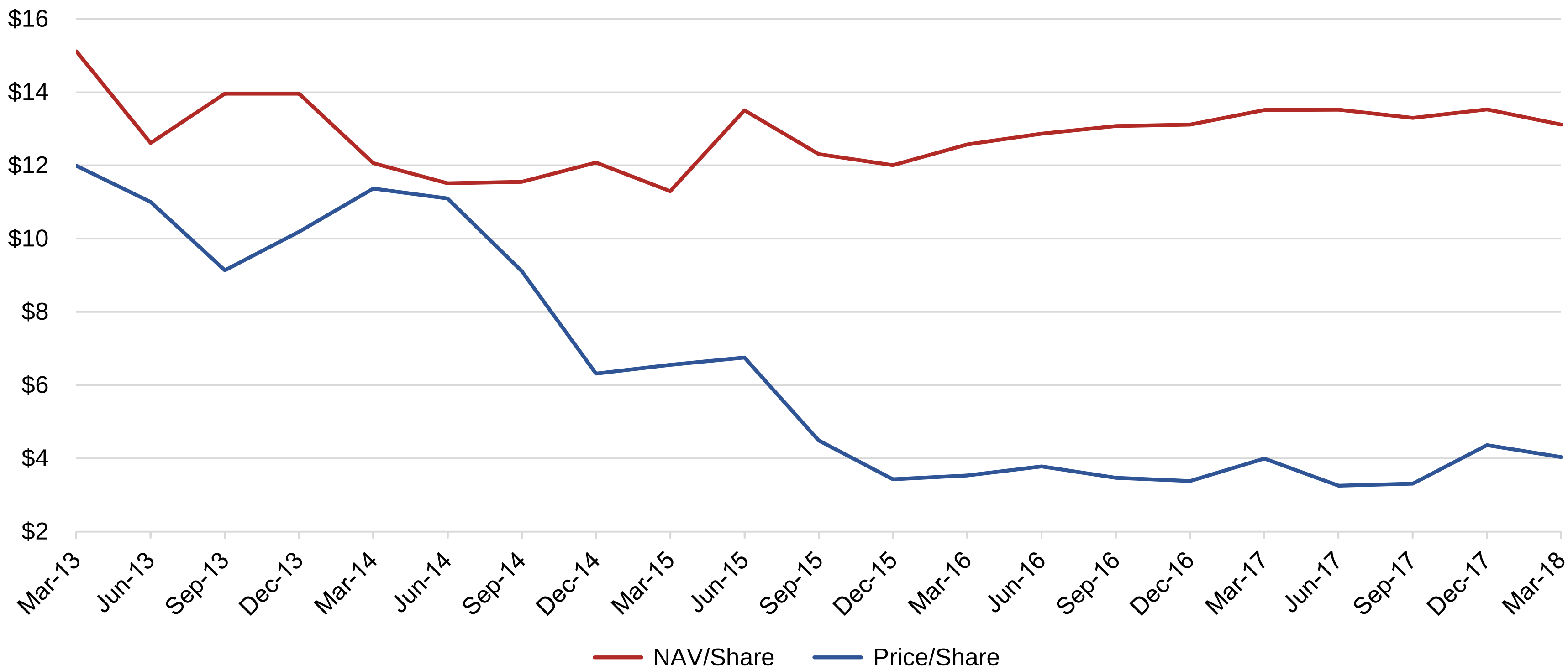
2. Immediately retain a US-based investor relations firm with experience representing NASDAQ-listed companies.

3. Implement metrics to measure executive performance, and regularly communicate the management team's performance against these metrics to shareholders.

4. Immediately initiate a cash dividend to provide a tangible return to shareholders. Begin with a small dividend that can be sustained and increased in the future, consistently returning a portion of excess cash.

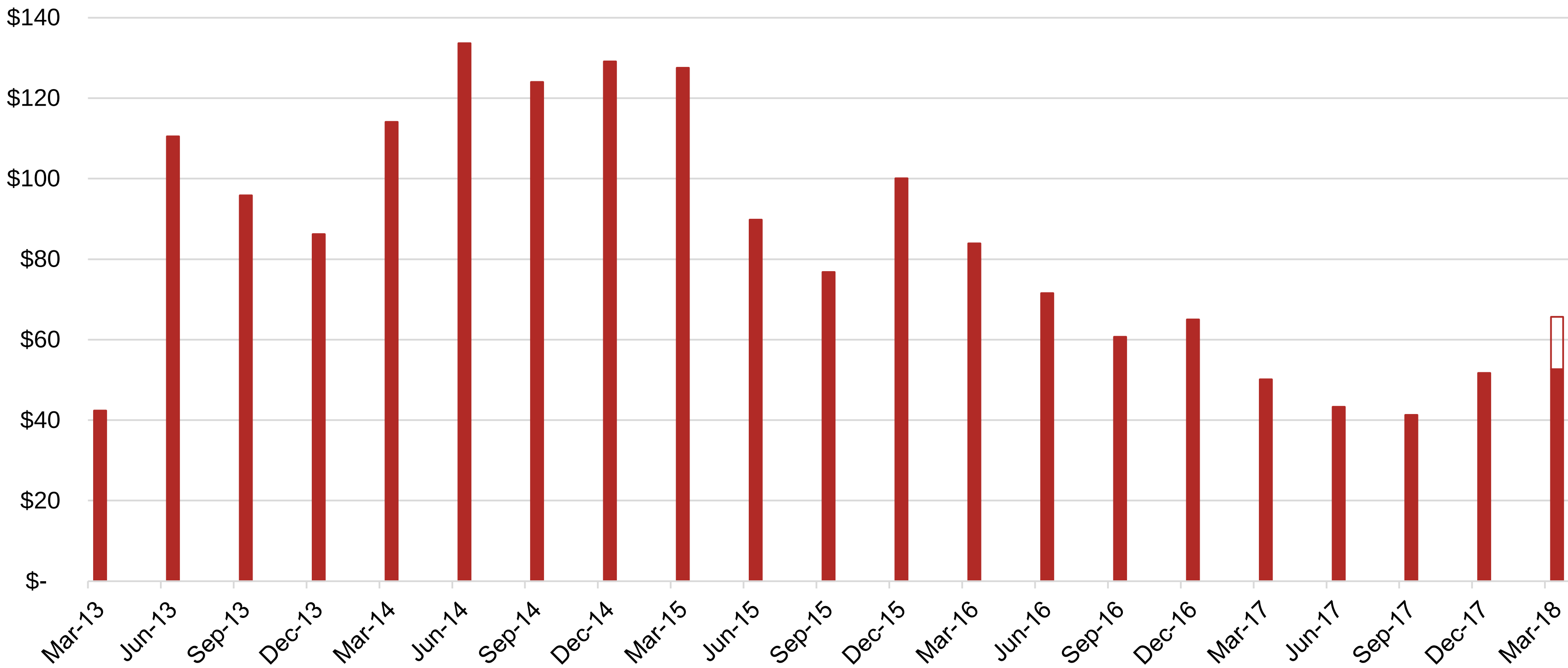
NAV/Share and Price

A large gap between share price and NAV per share remains. The Company's executives and the Board of Directors have been unable to remedy this disparity, and the return on the company's common stock has been unacceptable.



Excess Undistributed Cash

The Company's cash balance remains high, at approximately $53 million. The recent sale of three vessels for an aggregate of $17.5 million (approximately $13 million net of debt) will push this balance higher as the sales close in Q2 and Q3 2018. Capital expenditure requirements are low following the conclusion of the Company's newbuild program.



Cash balances shown exclude restricted cash ($12.9 million as of March 31, 2018). Q1 2018 adjusted cash balance includes approximately $13 million related to vessel sales that will close in Q2 2018 and Q3 2018.

Return Capital to Shareholders

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Despite the recent conclusion of a newbuilding program, the return of capital to shareholders through a dividend or stock buybacks is not currently under consideration; the most recent share repurchase occurred in Q2 2016.

Such consideration is long overdue, especially after dilutive equity issuances of \$109.2 million, \$31.9 million, \$46.3 million and \$34.1 million in Q2 2013, Q1 2014, Q2 2014 and Q3 2014, respectively.

CEO Harry Vafias, Q4 2017 Earnings Call (February 22, 2018):
"When we announce Q1 results, and the market continues to be going as strong as it has been until now… and the stock is still at such a huge discount to NAV, then obviously we will go to the board and request further share repurchases."

CEO Harry Vafias, Q1 2018 Earnings Call (May 24, 2018):
"And at the end of the year, depending on what the market has done and what our cash position is and what our debt position is, to decide either to continue buybacks, as you know, we have spent \$21 million to buy stock already, or instead of buying back more stock, start a small dividend."

Fleet Rationalization

GVIC fully expects the Company to refrain from further vessel purchases until the gap between share price and NAV per share is closed. At the end of Q1 2018, GASS traded at $4.03 per share – 30.7% of reported NAV of $13.11 per share.

The ROI expected when repurchasing stock at 30.7% of its value almost certainly outweighs the ROI that might be expected when purchasing new or secondhand vessels. Furthermore, reducing shares outstanding through buybacks would demonstrate commitment to enhancing shareholder value.

CEO Harry Vafias, Q4 2017 Earnings Call (February 22, 2018):
“If we trade at such a discount to NAV, there’s no point of adding more ships at NAV, right?”

Additionally, the Company owns one very large crude carrier (VLCC) and three medium range (MR) product tankers, assets that do not logically fit into the Company’s portfolio. GVIC views these investments as ill-advised and believes the Company should sell them opportunistically in order to focus more intently on its core LPG operations.

Fleet Management

GASS contracts the technical and commercial management of its fleet to Stealth Maritime and Brave Maritime – both of which are Vafias-affiliated entities. Among other arrangements, GASS pays these entities for:

- Technical, administrative, commercial and certain other services (both a fixed fee and percentage of gross freight, demurrage and charter hire)
- Onboard supervision
- Broker commissions for vessels bought or sold on behalf of GASS
- Executive services (CEO, CFO, internal auditor, CTO)
- Supervision of vessel construction
- Office space (rented from affiliated entity)

Given that GASS carries $1.06 billion in assets on its balance sheet, GVIC questions the necessity and financial wisdom of outsourcing such services when many other shipping companies of comparable size have realized the cost benefit of bringing these services in house. As such, GVIC believes GASS should internalize the technical and commercial management of its fleet.

Waning Investor Interest

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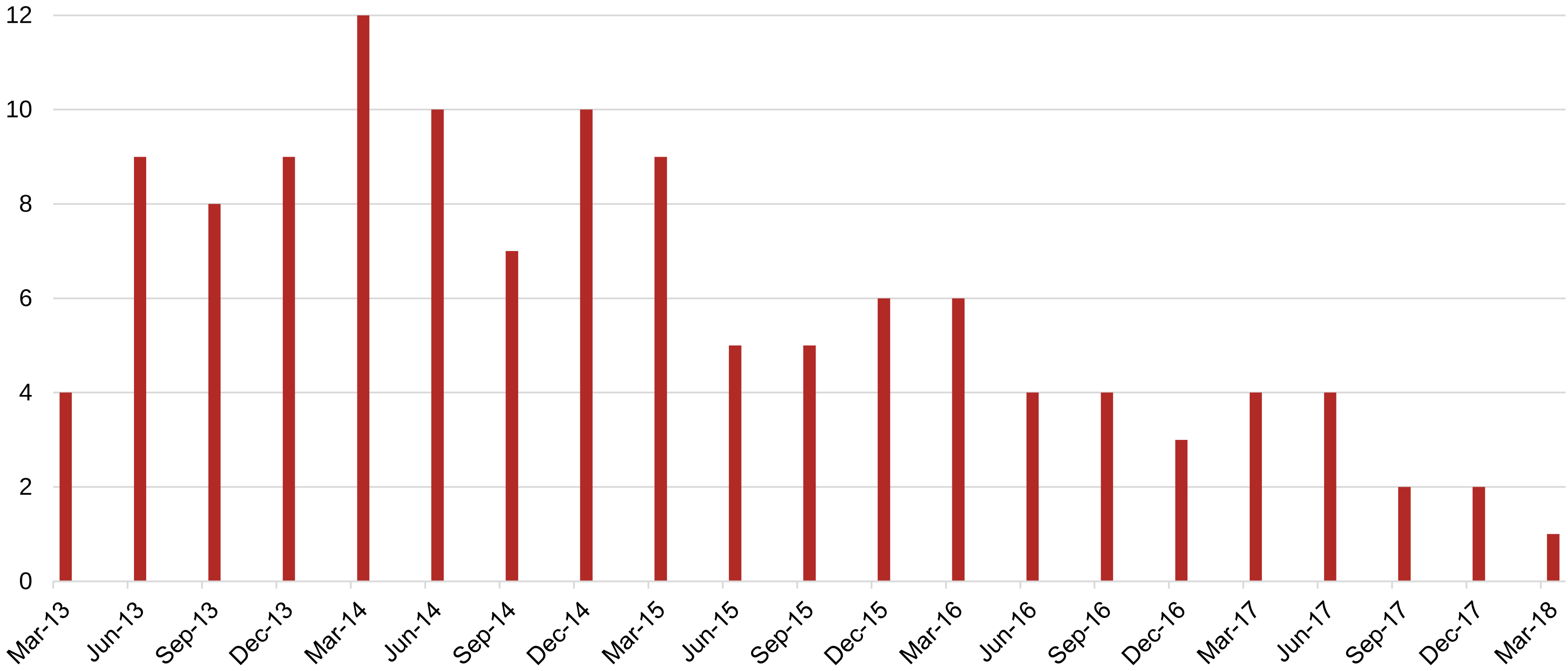
As evidenced by the marked decline in analyst coverage over the past five years, the Company's results and interaction with investors have failed to generate continued interest. Today, just one analyst actively covers GASS.



Conclusion

GVIC's January 11, 2018 letter and subsequent communication with the Company resulted in no substantive change. Disappointing operating and financial results continue as industry fundamentals improve.

Poor operating management and insufficient Board oversight have persistently eroded shareholder value as the gap between share price and net asset value per share has endured.

Investors have very little insight into the Company's convoluted relationships with Stealth Maritime and Brave Maritime, which provide technical and commercial management to the fleet. Given the Company's sizable asset base, GVIC believes these services should be provided internally.

Diminishing investor interest, as evidenced by decreased analyst coverage, is indicative of growing shareholder dissatisfaction.

GVIC believes that change is a prerequisite to reconciling the sharp discount at which the company's stock currently trades.

About GVIC

Global Value Investment Corp. is a value-oriented investment research and advisory firm focused on investing in the equity and debt of publicly traded companies around the world. The firm identifies undervalued investments and concentrates on closing the valuation gap.

The firm was founded in 2007 in Mequon, WI. Global Value investment Corp has additional offices in Boston, MA, Charleston, SC and Hyderabad, India.

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