

StealthGas Inc.
Form 424B5
July 09, 2007
Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-143804

The information in this prospectus supplement is not complete and may be changed. This prospectus supplement is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion Dated July 6, 2007

PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus dated July 5, 2007)

6,000,000 Shares

StealthGas Inc.

Common Stock

\$ per share

We are offering 6,000,000 shares of our common stock with this prospectus supplement and the accompanying prospectus. We have granted the underwriters an option to purchase up to 900,000 additional shares of common stock to cover over-allotments, if any.

Our common stock is traded on the Nasdaq Global Market under the symbol "GASS." The last reported sale price of our common stock on the Nasdaq Global Market on July 5, 2007 was \$18.98 per share.

Investing in our common stock involves risks. See "Risk Factors" beginning on page S-13.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	\$	\$
Underwriting Discounts	\$	\$
Proceeds to StealthGas Inc. (before expenses)	\$	\$

The underwriters expect to deliver the shares on or about , 2007.

Citi
Cantor Fitzgerald & Co.

Johnson Rice & Company L.L.C.
Morgan Keegan & Company, Inc.

DVB Capital Markets
, 2007. Scotia Capital

Table of Contents

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

<u>Service of Process and Enforcement of Liabilities</u>	S-ii
<u>About This Prospectus Supplement and the Accompanying Prospectus Summary</u>	S-ii
<u>Special Note Regarding Forward-Looking Statements</u>	S-1
<u>Risk Factors</u>	S-12
<u>Common Stock Price Range and Dividends</u>	S-13
<u>Dividend Policy</u>	S-30
<u>Use of Proceeds</u>	S-31
<u>Capitalization</u>	S-32
<u>Dilution</u>	S-33
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	S-34
<u>The International Gas Carrier Market</u>	S-36
<u>Business</u>	S-54
<u>Management</u>	S-63
<u>Principal Shareholders</u>	S-72
<u>Related Party Transactions</u>	S-75
<u>Description of Capital Stock</u>	S-77
<u>Marshall Islands Company Considerations</u>	S-79
<u>Tax Considerations</u>	S-83
<u>Underwriting</u>	S-87
<u>Legal Matters</u>	S-96
<u>Experts</u>	S-98
<u>Where You Can Find Additional Information</u>	S-98
<u>Incorporation of Certain Information by Reference</u>	S-99
BASE PROSPECTUS	
<u>Special Note Regarding Forward-Looking Statements</u>	1

<u>Risk Factors</u>	<u>2</u>
<u>Service of Process and Enforcement of Liabilities</u>	<u>2</u>
<u>About this Prospectus</u>	<u>2</u>
<u>Prospectus Summary</u>	<u>3</u>
<u>Where You Can Find Additional Information</u>	<u>7</u>
<u>Incorporation of Certain Information by Reference</u>	<u>7</u>
<u>Ratio of Earnings to Fixed Charges</u>	<u>8</u>
<u>Use of Proceeds</u>	<u>8</u>
<u>Capitalization</u>	<u>8</u>
<u>Description of Debt Securities</u>	<u>9</u>
<u>Description of Warrants</u>	<u>17</u>
<u>Description of Purchase Contracts</u>	<u>17</u>
<u>Description of Units</u>	<u>18</u>
<u>Description of Capital Stock</u>	<u>18</u>
<u>Form, Exchange and Transfer</u>	<u>23</u>
<u>Book-Entry Procedures and Settlement</u>	<u>23</u>
<u>Selling Shareholders</u>	<u>24</u>
<u>Plan of Distribution</u>	<u>25</u>
<u>Legal Matters</u>	<u>28</u>
<u>Experts</u>	<u>28</u>

i

Table of Contents

Service of Process and Enforcement of Liabilities

We are a Marshall Islands company, and our executive offices are located outside of the United States in Athens, Greece. All of our directors and officers reside outside of the United States, and most of our assets and their assets are located outside the United States. As a result, it may be difficult or impossible for United States investors to effect service of process within the United States upon us or any of our directors and officers or to realize against them judgments obtained in the United States courts against us or these persons in any action, including actions based upon the civil liability provisions of United States federal or state securities laws.

There is also substantial doubt that the courts of the Marshall Islands or Greece would enter judgments in original actions brought in those courts predicated on United States, federal or state securities laws.

About this Prospectus Supplement and the Accompanying Prospectus

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of common stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which does not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus together with the documents incorporated herein by reference and the additional information about us described in the sections entitled “Where You Can Find More Information” and “Incorporation of Certain Information by Reference.”

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell, and seeking offers to buy, these shares of our common stock only in jurisdictions where such offers and sales are permitted. The information contained in or incorporated by reference in this document is accurate only as of the date of this prospectus supplement, regardless of the time of delivery of this prospectus supplement or of any sale of shares of our common stock.

ii

Table of Contents

Summary

This summary highlights information contained elsewhere, or incorporated by reference, in this prospectus supplement. As a result, it does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein or therein, which are described under “Incorporation of Certain Information by Reference” in this prospectus supplement. Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus supplement and the accompanying prospectus to “the Company,” “we,” “us,” “our Company,” “ours,” or “our” refer to StealthGas Inc. and its consolidated subsidiaries, except where it is clear that such terms refer to StealthGas Inc. only. Unless we have indicated otherwise, the term “LPG” refers to liquefied petroleum gas. Generally, when we refer only to the “prospectus,” we are referring to both parts combined, and when we refer to the “accompanying prospectus,” we are referring to the base prospectus only. If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference in this prospectus supplement.

Our Company

We are a provider of international seaborne transportation services to LPG producers and users. We carry various petroleum and petrochemical gas products in liquefied form, including propane, butane, butadiene, isopropane, propylene and vinyl chloride monomer, which are all byproducts of the production of crude oil and natural gas. These products are transported in liquefied form in order to reduce their volume and to facilitate their handling. Transportation by sea represents a major element of gas transportation logistics. LPG products have a variety of both industrial and other uses, including transportation, fertilizer production, the manufacture of plastics, space heating, cooking, water heating and process heating. We serve national and independent oil companies, energy traders and industrial companies such as Petredec Ltd., Shell Oil Co., Vitol S.A., Statoil ASA and Finaval SpA. These customers collectively accounted for 72% of our 2006 revenues.

LPG Products and Carriers

Liquefied petroleum gases are primarily used as fuel for transportation, residential and commercial heating/cooking, and as a feedstock for the production of petrochemicals. Petrochemical gases are used in the production of a vast array of chemicals and new production technologies that allow plastic to displace metal, cotton, wood and other materials in an increasing number of end-user products. We believe transportation of petrochemical gases is a fast growing market, driven primarily by industrial and consumer demand for products derived from petrochemical gases such as plastics/polymers, synthetic-based products, textiles, chemicals and rubber. We believe that with expected increases in crude oil and natural gas production as well as the expanding use of liquefied petroleum gases worldwide, seaborne

trade volumes will increase significantly.

LPG products are divided into three categories:

- Liquefied petroleum gases consisting mainly of butane, propane and ethane, which accounted for 65% of the total volume of petroleum gas products transported by sea in 2006, are carried in all types of LPG carriers. These gases are used for cooking, as fuel for cars, as fuel in refineries, as chemical feedstock for industrial and power plant fuels and at gas utilities.
- Petrochemical gases that are traded as butadiene, propylene, ethylene and vinyl chloride monomer, or VCM, are carried in both fully-pressurized ships and semi-refrigerated ships. These petrochemical gases are primarily used in the plastics manufacturing industry and represented approximately 14% of the volume of petroleum gas products transported by sea in 2006.

S-1

Table of Contents

- Ammonia, which is carried in both fully-refrigerated ships and semi-refrigerated ships, is mainly used in the fertilizer industry and as a feedstock in the petrochemical industry. Ammonia represented approximately 21% of the volume of petroleum gas products transported by sea in 2006.

Ships which can transport liquefied petroleum and petrochemical gases as well as ammonia are commonly referred to as LPG carriers. However, only a limited number of LPG carriers can transport ammonia and certain petrochemical gases such as VCM, which have characteristics that require additional design features and/or equipment on the vessels.

There are three main types of LPG carriers classified based on method of liquefaction:

- Fully-pressurized carriers, which liquefy their cargoes at ambient temperatures under high pressure of up to 17 bar (kg/cm²), are generally small vessels of under 8,000 cbm. The majority of these ships are less than 5,000 cbm.
- Semi-refrigerated carriers, which liquefy their cargoes under a combination of pressure and refrigeration to temperatures down to minus 48° Celsius and pressure up to 9 bar (kg/cm²). Certain semi-refrigerated carriers with gas plants are able to cool cargoes further to minus 104° Celsius and are referred to as ethylene carriers. The majority of these ships are less than 20,000 cbm.
- Fully-refrigerated carriers can liquefy their cargoes at or under their boiling temperatures down to approximately minus 48° Celsius at atmospheric pressure with onboard compressors. These ships are typically 22,000 cbm and larger.

Our Fleet

We own a fleet of LPG carriers that carry various petroleum gas products in liquefied form, including propane, butane, butadiene, isopropane, propylene and VCM. We believe that we have established a reputation as a safe, cost efficient operator of well-maintained LPG carriers. We also believe that these attributes, together with our strategic focus on meeting our customers' chartering needs, has contributed to our ability to attract leading charterers as our customers and to our success in obtaining charter renewals. Our fleet is managed by Stealth Maritime, S.A., or Stealth Maritime, a privately owned company controlled by the Vafias Group. We have a management agreement with Stealth Maritime which expires in December 2009, but extends for an additional one year term on an annual basis

unless notice is given, under which Stealth Maritime is responsible for the administration of our affairs and the commercial and technical management of our fleet.

As of June 30, 2007, our fleet consisted of 33 vessels with an average age of 11.1 years. We deploy our fleet on period charters, including time and bareboat charters which can last up to several years, and spot market charters (through voyage charters and short-term time charters), which generally last from one to six months, subject to market conditions. As of June 30, 2007, 11 of our vessels operated on bareboat charters, one of our vessels operated on a spot charter and the remaining 21 of our vessels operated on time charters. For a further discussion of our fleet and its deployment, see “Business—Overview.”

In addition, as of June 30, 2007, we had five vessels scheduled for delivery in 2007. On February 28, 2007, we entered into an agreement to acquire the Gas Sophie, which is scheduled to be delivered to us in October 2007, as is the Gas Haralambos, a vessel that we agreed to purchase in 2006. On March 30, 2007, we entered into an agreement to acquire the Gas Sikousis and the Gas Kalogeros, which are scheduled to be delivered to us in late July 2007. On May 8, 2007, we entered into an agreement to acquire the Gas Evoluzione, which is also scheduled to be delivered to us in late July 2007. These five vessels are referred to herein as our “Identified Vessels.” Upon delivery to us, four of our Identified Vessels will operate under time charters and the remaining Identified Vessel is currently expected to operate on spot charter.

Following the acquisition of the five Identified Vessels, which will be funded with a portion of the net proceeds of this offering, we expect to have committed borrowing capacity of \$40.1 million and