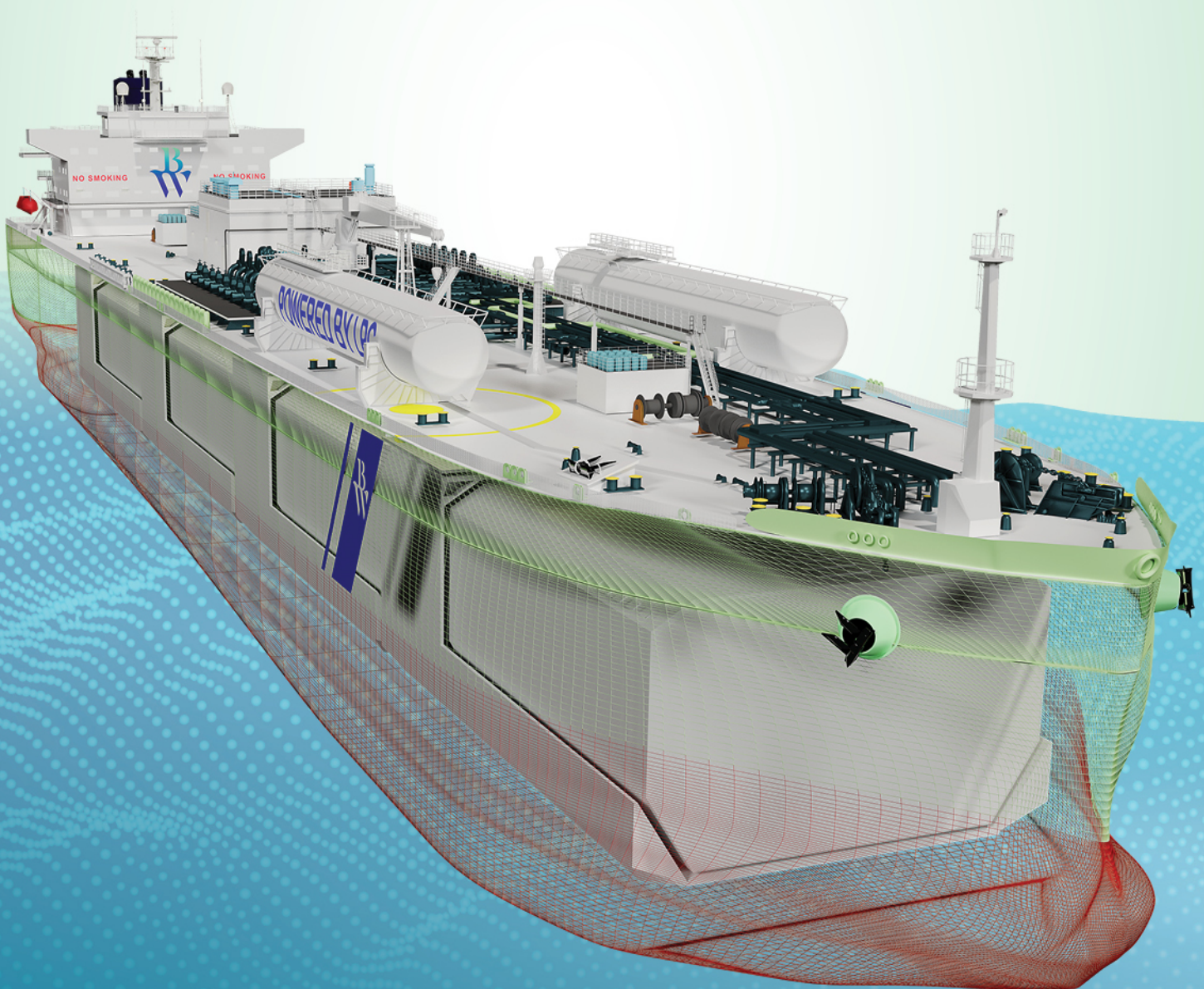


BW LPG Limited

Interim Financial Report
Q2 2021 and H1 2021



BW LPG



BW LPG Limited
Interim Financial Report
Q2 2021 and H1 2021

SELECTED KEY FINANCIAL INFORMATION

Income Statement	Q2 2021 US\$ million	Q2 2020 US\$ million	Increase/ (Decrease) %	H1 2021 US\$ million	H1 2020 US\$ million	Increase/ (Decrease) %
Net revenue from spot voyages	48.3	116.3	(58)	159.4	256.5	(38)
Revenue from time charter voyages	45.7	33.2	38	84.7	54.9	54
Total TCE income	94.0	149.5	(37)	244.1	311.4	(22)
EBITDA	54.8	113.1	(52)	167.4	239.4	(30)
Profit after tax	23.1	62.1	(63)	94.2	142.7	(34)
(US\$ per share)						
Basic and diluted EPS ¹	0.16	0.45	(64)	0.68	1.03	(34)
Dividend per share	0.10	0.15	(33)	0.28	0.35	(20)
Balance Sheet				30 June 2021 US\$ million	31 December 2020 US\$ million	Increase/ (Decrease) %
Cash & cash equivalents				141.7	90.3	57
Total assets				2,429.4	2,416.6	1
Total liabilities				1,115.4	1,165.1	(4)
Total shareholders' equity				1,314.0	1,251.6	5
Cash flow	Q2 2021 US\$ million	Q2 2020 US\$ million	Increase/ (Decrease) %	H1 2021 US\$ million	H1 2020 US\$ million	Increase/ (Decrease) %
Operating cash flow	67.5	134.7	(50)	223.9	284.8	(21)
Capital expenditure ²	13.3	(22.0)	(160)	(46.7)	(5.3)	781
Free cash flow	80.8	112.7	(28)	177.2	279.5	(37)
Financial Ratios	Q2 2021 %	Q2 2020 %	Increase/ (Decrease) %	30 June 2021 %	30 June 2020 %	Increase/ (Decrease) %
ROE ³ (annualised)	7.1	21.2	(67)	14.7	24.1	(39)
ROCE ³ (annualised)	5.9	11.9	(50)	9.7	13.8	(30)
EBITDA margin ⁴	58.3	75.7	(23)	68.6	76.9	(11)
Gross leverage ratio ⁵	43.3	48.2	(10)	43.3	48.2	(10)
Net leverage ratio ⁶	39.9	46.2	(14)	39.9	46.2	(14)
Other Information				30 June 2021	31 December 2020	Increase/ (Decrease) %
Shares – end of period (shares)				141,938,998	141,938,998	-
Treasury shares – end of period (shares)				3,629,345	3,842,345	(6)
Share price (NOK)				55.6	59.0	(6)
Market cap (NOK million)				7,891.8	8,374.4	(6)
Market cap (USD million)				923.9	975.4	(5)

[1] Basic and diluted EPS (earnings per share) is computed based on Q2 2021: 138.3 million shares, the weighted average number of shares outstanding less treasury shares during the period/year.

[2] Capital expenditure is the additions to property, plant and equipment including proceeds from vessel sales.

[3] ROE (return on equity) and ROCE (return on capital employed) is computed based on the average equity and capital employed at the end and beginning of the period.

[4] EBITDA margin is computed as EBITDA over TCE income.

[5] Gross leverage ratio is computed as total debt over total debt plus equity.

[6] Net leverage ratio is computed as total debt less cash over total debt less cash plus equity.

HIGHLIGHTS – Q2 2021

- Achieved Q2 2021 VLGC freight rates of US\$24,500 per calendar day (H1 2021: US\$33,400 per calendar day).
- Retrofitted four VLGCs with LPG dual-fuel propulsion engines during the quarter, bringing the current count to eight LPG-powered VLGCs on water.
- Concluded the sale and delivery of one VLGC in April 2021. The sale generated a net gain of US\$9.9 million.
- Increased the equity share in our Indian joint venture from 50% to 88.4%. Our equity investment is now accounted for as a subsidiary and the remeasurement of our existing equity interest was a gain of US\$9.8 million.
- Generated Q2 2021 Net Profit after Tax of US\$23.1 million (H1 2021: US\$94.2 million) or an earnings per share of US\$0.16 (H1 2021: US\$0.68) or NOK1.34 (H1 2021: NOK5.75).
- H1 2021 annualised return on equity of 15% with US\$177.2 million of free cash flow.
- Declared a Q2 2021 cash dividend of US\$0.10 per share amounting to US\$13.8 million. This translates to a payout ratio as a percentage of NPAT of 61% for the quarter. The shares will be traded ex-dividend on and after 31 August 2021. The dividend will be payable on or about 17 September 2021 to shareholders on record as at 1 September 2021.

PERFORMANCE REVIEW – Q2 2021 and H1 2021

Time Charter Equivalent (“TCE”) income decreased to US\$94.0 million for Q2 2021 (H1 2021: US\$244.1 million), mainly due to lower LPG spot rates and lower fleet utilisation, the latter due to the retrofitting of four VLGCs with LPG dual-fuel propulsion engines. This also includes a net downward US\$5.2 million related to the effects of IFRS 15 where spot voyages that straddle the quarter-end are now accounted for on a load to discharge basis.

EBITDA was US\$54.8 million for Q2 2021 (Q2 2020: US\$113.1 million) and US\$167.4 million for H1 2021 (H1 2020: US\$239.4 million), primarily due to lower TCE income.

Profit after tax was US\$23.1 million for Q2 2021 (Q2 2020: US\$62.1 million) and US\$94.2 million for H1 2021 (H1 2020: profit after tax of US\$142.7 million).

Net leverage ratio decreased to 39.9% in Q2 2021 (Q2 2020: 46.2%). This is mainly due to solid cash flows from operations, net of US\$113.2 million in total dividends paid in the period from Q3 2020 to Q2 2021.

BALANCE SHEET

As at 30 June 2021, BW LPG has a fleet of 45 VLGCs, including six which are owned and operated by our subsidiary operating in India. Total assets amounted to US\$2,429.4 million (31 December 2020: US\$2,416.6 million), of which US\$1,796.6 million (31 December 2020: US\$1,754.3 million) represented the carrying value of the vessels (including dry docking) and US\$142.9 million (31 December 2020: US\$147.3 million) represented the carrying value of the right-of-use assets (vessels).

Cash and cash equivalents amounted to US\$141.7 million as at 30 June 2021 (31 December 2020: US\$90.3 million). Cash flows from operating activities generated a net cash surplus of US\$223.9 million in H1 2021 (H1 2020: US\$284.8 million). The cash flows from operating activities were used for capital expenditure, to repay bank borrowings, and for interest and dividend payments.

In Q2 2021, BW LPG increased its ownership in its Indian Joint Venture from 50% to 88% and our equity investment is now accounted for as a subsidiary of the Group.

Market – Q2 2021

VLGC freight rates showed strong improvement in Q2. TCE rates increased from OPEX levels in early March to over \$40,000/day in mid-May. This was supported by strong recovery in U.S. LPG exports after the extreme cold winter, gradual easing of production cuts from the Middle East, and opening geographical LPG price arbitrage between the U.S. and the Far East.

However, the market remains volatile, and rates started to decline in June and have fallen below cash breakeven in early July. This was largely driven by diminishing LPG price arbitrage from the U.S. to Asia due to strong U.S. LPG prices and fractionator-related production issues in Saudi Arabia.

LPG Supply

Under today's oil price environment, U.S. LPG production and export continue to be supported by recovering shale oil production, depletion of drilled but uncompleted wells ('DUCs') and optimisation of natural gas liquids production. Stable and strong LPG production will also support faster build to inventory which is currently below the 5-year trailing average.

OPEC+ has agreed to progressively add back 0.4 million barrels per day of oil production on a monthly basis starting in August 2021 until the 5.8 million barrels per day adjustment has been phased out. We continue to expect LPG exports from the Middle East to gradually increase as oil production recovers in 2021, and more growth is expected from 2022 onwards as new gas projects come onstream.

LPG Demand

Current high LPG prices have squeezed the margins of Far East PDH plants. Price competitiveness of LPG versus naphtha has also diminished. However, LPG imports continue to be held up by recovering end user retail demand and rebuilding of LPG inventory prior to the winter season.

In the medium to long term, LPG imports are supported by a wave of new PDH plant developments in China and strong end user demand growth driven by a green trend towards decarbonisation and the use of cleaner energy.

Fleet Capacity

Year to date, nine VLGCs have been delivered. 43 newbuild orders have been placed. The newbuild orderbook until Q1 2024 stands at 72 vessels, which is 23% of the total VLGC fleet of 312 vessels.

The orderbook can be partly offset by reduction in vessel speed and potential scrapping driven by tightening emission controls, and continued Panama Canal transit inefficiencies. However, the high number of recent newbuild orders has increased the uncertainty for 2023.

VLGC Freight Market Outlook

For the rest of 2021, we expect VLGC freight rates to average above cash breakeven. This is driven by continued growth in U.S. LPG exports and recovering volumes from the Middle East. However, freight rate volatility is expected to remain high, as strong U.S. LPG prices and low U.S. LPG inventory may put pressure on the price arbitrage needed to drive exports out of the U.S. in the winter.

In the medium term, we continue to be optimistic for 2022 and 2023, but reiterate our view that sustained U.S. LPG production growth and no further newbuild orders remain key to a balanced VLGC market.

RISK FACTORS

BW LPG's results are largely dependent on the worldwide market for transportation of LPG. Market conditions for shipping activities are typically volatile and, as a consequence, the results may vary considerably from year to year. The market in broad terms is dependent on the following factors: the supply of vessels, U.S. LPG export volumes and the demand for LPG. The supply of vessels depends on the number of newbuildings entering the market, the demolition of older tonnage and legislation that limits the use of older vessels or sets new standards for vessels used in specific trades. The demand side depends mainly on developments in the global economy.

BW LPG is also exposed to risk in respect of fuel oil costs. Fuel oil prices are affected by the global political and economic environment. This risk is managed by pricing contracts of affreightment with fuel oil adjustment clauses, or by entering into forward fuel oil contracts. Other risks that Management takes into account are interest rate risk, credit risk, liquidity risk and capital risk. Management does not expect the exposure to these risks to change materially and cause a significant impact on the performance of BW LPG in the rest of 2021.

BW LPG Limited
Interim Financial Report
Q2 2021 and H1 2021

Statements to the Interim Financial Information

We confirm to the best of our knowledge that the Interim Financial Information for the six-month period ended 30 June 2021 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of BW LPG Limited’s consolidated assets, liabilities, financial position and income statement as a whole. We also confirm to the best of our knowledge, that the Interim Financial Information includes a fair review of important events that have taken place during the six-month period ended 30 June 2021 and their impact on the Interim Financial Information, and accounts properly for the principal risks and uncertainties for the remaining half year of 2021, as well as major related party transactions.

26 August 2021

Andreas Sohmen-Pao
Chairman

Anne Grethe Dalane
Director

Martha Kold Bakkevig
Director

Andrew E. Wolff
Director

Sonali Chandmal
Director



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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Board of Directors
BW LPG Limited

Introduction


We have reviewed the accompanying condensed consolidated balance sheet of BW LPG Limited ("the Company") and its subsidiaries ("the Group") as at 30 June 2021, the condensed consolidated statements of comprehensive income and cash flows for the three-month and six-month periods then ended, the condensed consolidated statement of changes in equity for the six-month period then ended and notes to the interim financial information ("condensed consolidated Interim Financial Information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".


KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
26 August 2021

BW LPG Limited
Interim Financial Report
Q2 2021 and H1 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Q2 2021 US\$'000	Q2 2020 US\$'000	H1 2021 US\$'000	H1 2020 US\$'000
Revenue from spot voyages	3	96,953	186,719	263,375	415,397
Voyage expenses		(48,682)	(70,476)	(104,011)	(158,900)
Net revenue from spot voyages		48,271	116,243	159,364	256,497
Revenue from time charter voyages	3	45,731	33,217	84,724	54,920
TCE income[^]		94,002	149,460	244,088	311,417
Net loss from commodity contracts		(1,478)	(997)	(3,900)	(469)
Fair value (loss)/gain from equity financial asset		(1,412)	-	1,361	-
Vessel operating expenses		(26,790)	(22,184)	(49,608)	(48,559)
Time charter contracts (non-lease components)		(2,344)	(3,508)	(5,881)	(6,769)
General and administrative expenses		(6,676)	(4,549)	(16,162)	(10,721)
Charter hire expenses		(3,833)	(4,384)	(6,788)	(6,291)
Finance lease income		277	503	611	1,060
Other operating income/(expenses) - net		3,033	(1,247)	3,682	(247)
Operating profit before depreciation, amortisation and impairment (EBITDA)		54,779	113,094	167,403	239,421
Depreciation charge		(39,061)	(38,112)	(75,105)	(76,251)
Amortisation of intangible assets		(135)	(52)	(258)	(65)
		15,583	74,930	92,040	163,105
Gain on disposal of vessels		-	-	1,638	-
Gain on disposal of assets held-for-sale		9,941	-	9,941	5,273
Impairment charge on right-of-use assets (vessels)		-	(4,200)	-	(4,200)
Remeasurement of equity interest in joint venture	15	9,835	-	9,835	-
Other expense	15	(1,145)	-	(1,145)	-
Operating profit (EBIT)		34,214	70,730	112,309	164,178
Foreign currency exchange (loss)/gain - net		(776)	1,170	(1,516)	(979)
Interest income		1,369	964	3,228	2,294
Interest expense		(10,836)	(11,097)	(19,909)	(23,298)
Derivative loss		-	-	-	18
Other finance expense		(705)	(724)	(1,338)	(1,457)
Finance expense - net		(10,948)	(9,687)	(19,535)	(23,422)
Share of profit of a joint venture		-	1,279	2,031	2,492
Profit before tax for the financial period		23,266	62,322	94,805	143,248
Income tax expense		(186)	(252)	(556)	(573)
Profit after tax for the financial period (NPAT)		23,080	62,070	94,249	142,675

[^] "TCE income" denotes "time charter equivalent income" which represents revenue from time charters and voyage charters less voyage expenses comprising primarily fuel oil, port charges and commission.

BW LPG Limited
Interim Financial Report
Q2 2021 and H1 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Q2 2021 US\$'000	Q2 2020 US\$'000	H1 2021 US\$'000	H1 2020 US\$'000
Other comprehensive income/(loss):				
Items that may be subsequently reclassified to profit or loss:				
Cash flow hedges				
- fair value gain/(loss)	218	(6,175)	22,820	(51,272)
- reclassification to profit or loss	2,936	7,475	5,804	9,609
Currency translation reserve	(2,168)	(17)	(2,146)	(228)
Other comprehensive income/(loss), net of tax	986	1,283	26,478	(41,891)
Total comprehensive income for the financial period	24,066	63,353	120,727	100,784
Profit attributable to:				
Equity holders of the Company	22,718	62,070	93,887	142,675
Non-controlling interests	362	-	362	-
	23,080	62,070	94,249	142,675
Total comprehensive income attributable to:				
Equity holders of the Company	23,955	63,353	120,616	100,784
Non-controlling interests	111	-	111	-
	24,066	63,353	120,727	100,784
Earnings per share attributable to the equity holders of the Company: (expressed in US\$ per share)				
Basic/Diluted earnings per share	0.16	0.45	0.68	1.03

BW LPG Limited
Interim Financial Report
Q2 2021 and H1 2021

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2021 US\$'000	31 December 2020 US\$'000
Intangible assets		2,065	1,949
Loan receivables from a joint venture	5	-	115,150
Finance lease receivables	6	14,331	18,061
Investment in a joint venture		-	5,027
Total other non-current assets		14,331	138,238
Vessels and dry docking	7	1,796,578	1,754,338
Right-of-use assets (vessels)	7	142,872	147,266
Other property, plant and equipment	7	80	136
Property, plant and equipment		1,939,530	1,901,740
Total non-current assets		1,955,926	2,041,927
Inventories		45,072	15,057
Trade and other receivables		166,402	197,824
Equity financial assets, at fair value		5,344	28,259
Derivative financial instruments	4	10,839	7,969
Loan receivables from a joint venture	5	-	18,073
Finance lease receivables	6	9,525	17,266
Assets held-for-sale		94,526	-
Cash and cash equivalents		141,724	90,256
Total current assets		473,432	374,704
Total assets		2,429,358	2,416,631
Share capital		1,419	1,419
Share premium		289,812	289,812
Treasury shares	9	(15,958)	(16,895)
Contributed surplus		685,913	685,913
Other reserves		(57,163)	(86,207)
Retained earnings		397,282	377,528
		1,301,305	1,251,570
Non-controlling interests		12,686	-
Total shareholders' equity		1,313,991	1,251,570
Borrowings	10	718,979	730,732
Lease liabilities	10	134,457	143,428
Derivative financial instruments	4	21,530	32,958
Other provisions		-	1,165
Total non-current liabilities		874,966	908,283
Borrowings	10	111,076	126,791
Lease liabilities	10	40,790	45,018
Derivative financial instruments	4	10,943	42,805
Current income tax liabilities		1,100	995
Trade and other payables		76,492	41,169
Total current liabilities		240,401	256,778
Total liabilities		1,115,367	1,165,061
Total equity and liabilities		2,429,358	2,416,631

BW LPG Limited
Interim Financial Report
Q2 2021 and H1 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company												Total equity US\$'000
	Share capital	Share premium	Treasury shares	Contributed surplus	Capital reserve	Hedging reserve	Share-based payment reserve	Currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interest	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Balance at 1 January 2021	1,419	289,812	(16,895)	685,913	(36,259)	(50,314)	457	(91)	-	377,528	1,251,570	-	1,251,570
Profit for the financial period	-	-	-	-	-	-	-	-	-	93,887	93,887	362	94,249
Other comprehensive income/(loss) for the financial period	-	-	-	-	-	28,624	-	(1,895)	-	-	26,729	(251)	26,478
Total comprehensive income/(loss) for the financial period	-	-	-	-	-	28,624	-	(1,895)	-	93,887	120,616	111	120,727
Share-based payment reserve - Value of employee services	-	-	-	-	-	-	121	-	-	-	121	-	121
Disposal of treasury shares	-	-	937	-	-	-	-	-	-	-	937	-	937
Dividend paid	-	-	-	-	-	-	-	-	-	(71,939)	(71,939)	-	(71,939)
Acquisition of subsidiary	15	-	-	-	-	-	-	-	-	-	-	12,575	12,575
Others	-	-	-	-	-	-	-	-	2,194	(2,194)	-	-	-
Total transactions with owners, recognised directly in equity	-	-	937	-	-	-	121	-	2,194	(74,133)	(70,881)	12,575	(58,306)
Balance at 30 June 2021	1,419	289,812	(15,958)	685,913	(36,259)	(21,690)	578	(1,986)	2,194	397,282	1,301,305	12,686	1,313,991

BW LPG Limited
Interim Financial Report
Q2 2021 and H1 2021

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the Company									
	Share capital	Share premium	Treasury shares	Contributed surplus	Capital reserve	Hedging reserve	Share-based payment reserve	Currency translation reserve	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2020	1,419	289,812	(14,432)	685,913	(36,259)	(9,602)	230	(57)	260,289	1,177,313
Profit for the financial period	-	-	-	-	-	-	-	-	142,675	142,675
Other comprehensive loss for the financial period	-	-	-	-	-	(41,663)	-	(228)	-	(41,891)
Total comprehensive (loss)/income for the financial period	-	-	-	-	-	(41,663)	-	(228)	142,675	100,784
Share-based payment reserve - Value of employee services	-	-	-	-	-	-	81	-	-	81
Purchases of treasury shares	-	-	(2,463)	-	-	-	-	-	-	(2,463)
Dividend paid	-	-	-	-	-	-	-	-	(85,322)	(85,322)
Total transactions with owners, recognised directly in equity	-	-	(2,463)	-	-	-	81	-	(85,322)	(87,704)
Balance at 30 June 2020	1,419	289,812	(16,895)	685,913	(36,259)	(51,265)	311	(285)	317,642	1,190,393

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Q2 2021 US\$'000	Q2 2020 US\$'000	H1 2021 US\$'000	H1 2020 US\$'000
Cash flows from operating activities				
Profit before tax for the financial period/year	23,266	62,322	94,805	143,248
Adjustments for:				
- amortisation of intangible assets	135	52	258	65
- depreciation charge	39,061	38,112	75,105	76,251
- impairment charge on right-of-use assets (vessels)	-	4,200	-	4,200
- gain on disposal of assets held-for-sale	(9,941)	-	(9,941)	(5,273)
- gain on disposal of vessels	-	-	(1,638)	-
- remeasurement of equity interest in joint venture	(9,835)	-	(9,835)	-
- interest income	(1,369)	(963)	(3,228)	(2,294)
- interest expense	10,836	11,097	19,909	23,298
- other finance expense	489	757	936	869
- share-based payments	174	58	121	81
- share of profit of a joint venture	-	(1,279)	(2,031)	(2,492)
- finance lease income	(277)	(503)	(611)	(1,060)
- fair value loss/(gain) from equity financial asset	1,412	-	(1,361)	-
	53,951	113,853	162,489	236,893
Changes in working capital:				
- inventories	(24,605)	22,837	(29,584)	(24,437)
- trade and other receivables	41,185	5,491	49,998	32,407
- trade and other payables	1,303	11,439	33,259	49,950
- derivative financial instruments	(7,551)	(9,444)	(17,535)	(17,698)
- margin account held with broker	3,541	(9,487)	25,784	7,765
Total changes in working capital:	13,873	20,836	61,922	47,987
Taxes paid	(311)	-	(484)	(73)
Net cash provided by operating activities	67,513	134,689	223,927	284,807
Cash flows provided by/(used in) investing activities				
Additions in property, plant and equipment	(29,587)	(559)	(76,499)	(7,375)
Progress payments for vessel upgrades and dry docks ¹	3,648	(21,398)	(9,264)	(29,900)
Additions in intangible assets	(230)	-	(374)	(53)
Net proceeds from sale of equity financial assets, at FVPL	14,555	-	24,276	-
Proceeds from sale of assets held-for-sale	39,441	-	39,441	31,998
Repayment of loan receivables from a joint venture	-	3,100	1,900	6,200
Repayment of finance lease receivables	5,764	5,539	11,471	11,022
Interest received	268	1,486	1,860	3,383
Acquisition of subsidiary, net of cash acquired	4,633	-	4,633	-
Net cash provided by/(used in) investing activities	38,492	(11,832)	(2,556)	15,275

¹ This will be reclassified from "prepayments" to "property, plant and equipment" upon completion.

BW LPG Limited
Interim Financial Report
Q2 2021 and H1 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Q2 2021 US\$'000	Q2 2020 US\$'000	H1 2021 US\$'000	H1 2020 US\$'000
Cash flows used in financing activities				
Proceeds from bank borrowings	104,990	-	134,990	150,000
Payment of financing fees	(714)	-	(714)	-
Repayments of bank borrowings	(75,726)	(176,154)	(128,731)	(302,421)
Payment of lease liabilities	(11,963)	(12,974)	(24,820)	(25,403)
Interest paid	(10,305)	(13,149)	(18,463)	(24,097)
Other finance expense paid	(463)	(707)	(921)	(799)
(Purchase)/sale of treasury shares	-	(651)	937	(2,463)
Drawdown of trust receipts	-	47,332	23,994	60,864
Repayment of trust receipts	(23,994)	(33,989)	(58,452)	(80,825)
Dividend payment	(24,679)	(28,120)	(71,939)	(85,322)
Net cash used in financing activities	(42,854)	(218,412)	(144,119)	(310,466)
Net increase/(decrease) in cash and cash equivalents	63,151	(95,555)	77,252	(10,384)
Cash and cash equivalents at beginning of the financial period	70,457	178,696	56,356	93,525
Cash and cash equivalents at end of the financial period	133,608	83,141	133,608	83,141

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	30 June 2021 US\$'000	31 December 2020 US\$'000
Cash and cash equivalents per consolidated balance sheet	141,724	90,256
Less: Margin account held with broker	(8,116)	(33,900)
Cash and cash equivalents per consolidated statement of cash flows	133,608	56,356

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial information.

1. General information

BW LPG Limited (the "Company") is listed on the Oslo Stock Exchange and incorporated and domiciled in Bermuda. The address of its registered office is c/o Inchona Services Limited, Washington Mall Phase 2, 4th Floor, Suite 400, 22 Church Street, HM 1189, Hamilton HM EX, Bermuda.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are shipowning and chartering.

This condensed consolidated interim financial information ("Interim Financial Information") was authorised for issue by the Board of Directors of the Company on 26 August 2021.

2. Significant accounting policies

Basis of preparation

The Interim Financial Information for the three-month and six-month ended 30 June 2021 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The Interim Financial Information should be read in conjunction with the annual audited financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Interim Financial Information does not include all the information required for a complete set of financial statements prepared in accordance with IFRS standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

All interim balances and transactions during the three-month period ("Q2 2021") and six-month period ("H1 2021") ended 30 June 2021 and the three-month period ("Q2 2020") and six-month period ("H1 2020") ended 30 June 2020 were reviewed. The balances as at and transactions for the year ended 31 December 2020 ("FY 2020") were audited.

In the preparation of this set of Interim Financial Information, the same accounting policies have been applied as those used in the preparation of the annual financial statements for the year ended 31 December 2020.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Management whose members are responsible for allocating resources and assessing performance of the operating segments.

Critical accounting estimates, assumptions and judgements

The preparation of the Interim Financial Information requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

BW LPG Limited
Interim Financial Report
Q2 2021 and H1 2021

3. Revenue

Charter revenue is comprised of:

	Q2 2021 US\$'000	Q2 2020 US\$'000	H1 2021 US\$'000	H2 2020 US\$'000
Revenue				
- voyage charter	96,953	186,719	263,375	415,397
- time charter	45,731	33,217	84,724	54,920
	142,684	219,936	348,099	470,317

The Group adopted IFRS 15 on 1 January 2018, where the Group's method of determining proportional performance was changed from discharge-to-discharge to load-to-discharge basis. The change in method gave rise to a decrease in TCE income of US\$5.3 million for Q2 2021 (Q2 2020: increase of US\$17.2 million) and an increase of US\$12.4 million in H1 2021 (H1 2020: increase of US\$18.7 million).

4. Derivative financial instruments

	30 June 2021		31 December 2020	
	Assets US\$'000	Liabilities US\$'000	Assets US\$'000	Liabilities US\$'000
Interest rate swaps	-	(22,777)	-	(34,235)
Forward freight agreements and related bunker swaps	8,515	(7,470)	3,108	(18,761)
Commodity contracts and derivatives	2,248	(2,200)	4,146	(22,767)
Forward foreign exchange contracts	76	(26)	715	-
	10,839	(32,473)	7,969	(75,763)
Non-current	-	(21,530)	-	(32,958)
Current	10,839	(10,943)	7,969	(42,805)
	10,839	(32,473)	7,969	(75,763)

As at 30 June 2021, the Group has interest rate swaps with total notional principal amounting to US\$553.6 million (2020: US\$587.8 million). The Group's interest rate swaps mature between 2022 to 2028.

Interest rate swaps were transacted to hedge the interest rate risk on bank borrowings. After taking into account the effects of these contracts, for part of the bank borrowings, the Group would effectively pay fixed interest rates ranging from 1.3% per annum to 2.9% per annum and would receive a variable rate equal to either US\$ three-month LIBOR or US\$ six-month LIBOR. Hedge accounting was adopted for these contracts.

Forward freight agreements and related bunker swaps were transacted to hedge freight rates and bunker price risks. Hedge accounting was adopted for these contracts.

Commodity contracts and derivatives comprise physical buy and sell commodity contracts measured at fair value through profit or loss, and commodity derivative contracts. The Group did not adopt hedge accounting for these contracts.

Forward foreign exchange contracts were transacted to hedge foreign exchange risks. The Group did not adopt hedge accounting for these contracts.

5. **Loan receivables from a joint venture**

In Q2 2021, the Group converted US\$80.6 million of loan receivables from the joint venture into equity, increasing its equity ownership in the joint venture from 50% to 88.4% (note 15). The outstanding balance was repaid predominantly with the proceeds from the joint venture's new financing with external banks which amounted to US\$106.0 million.

6. **Finance lease receivables**

In 2019, back-to-back time charter contracts were entered into and the subleases were accounted for as finance leases under IFRS 16. The adoption of IFRS 16 resulted in the recognition of net investment in the subleases as finance lease receivables of US\$23.9 million as at 30 June 2021 (31 December 2020: US\$35.3 million).

7. **Property, plant and equipment**

	Vessels US\$'000	Dry docking US\$'000	Furniture and fixtures US\$'000	Right-of-use assets (Vessels) US\$'000	Total US\$'000
At 30 June 2021					
Cost	2,287,342	61,869	546	225,029	2,574,786
Accumulated depreciation and impairment charge	(514,447)	(35,254)	(466)	(82,157)	(632,324)
Currency effects	(2,868)	(64)	-	-	(2,932)
Net book value	1,770,027	26,551	80	142,872	1,939,530

	Vessels US\$'000	Dry docking US\$'000	Furniture and fixtures US\$'000	Right-of-use assets (Vessels) US\$'000	Total US\$'000
At 31 December 2020					
Cost	2,250,450	68,444	546	213,408	2,532,848
Accumulated depreciation and impairment charge	(520,253)	(44,303)	(410)	(66,142)	(631,108)
Net book value	1,730,197	24,141	136	147,266	1,901,740

- (a) Vessels with an aggregate carrying amount of US\$1,796.6 million as at 30 June 2021 (2020: US\$1,619.3 million) are secured on bank borrowings (note 10).
- (b) As at 30 June 2021, the Group has capital commitments relating to vessel upgrade of US\$37.4 million (2020: US\$70.6 million).
- (c) No impairment charge or write-back of impairment charge was recognised in Q2 2021. In Q2 2020, the Group recognised an impairment charge of US\$4.2 million to write down the carrying amount of two right-of-use assets (vessels) to their recoverable amounts, which reflects the lower expected future earnings. The assessment of the recoverable amounts of these assets was based on value-in-use calculation with an estimated discount rate of 7%, with each asset being regarded as one cash generating unit.

7. **Property, plant and equipment** (continued)

(d) For owned assets, the assessment of the recoverable amounts of the vessels are based on the higher of fair value less cost to sell and value-in-use calculation, with each vessel being regarded as one cash generating unit. The recoverable amount of each vessel is estimated predominantly based on independent third party valuation reports, which made reference to comparable transaction prices of similar vessels. These are regarded as Level 2 fair values under the fair value hierarchy of IFRS 13 Fair value measurement that is also applicable for financial assets/liabilities. The Group has assessed that the brokers have the required competency and capability to perform the valuations. The Group has also considered the appropriateness of the valuation methodologies and assumptions used by the brokers.

8. **Cash and cash equivalents**

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	30 June 2021 US\$'000	31 December 2020 US\$'000
Cash and cash equivalents per consolidated balance sheet	141,724	90,256
Less: Margin account held with broker	(8,116)	(33,900)
Cash and cash equivalents per consolidated statement of cash flows	<u>133,608</u>	<u>56,356</u>

9. **Treasury shares**

Pursuant to the Company's Long-term Management Share Option Plan ("LTIP 2017") announced on 21 April 2017, the members of the management and primary insiders of the Company have exercised vested options granted under LTIP 2017 on 30 March 2021, and 213,000 shares were transferred at an average price of US\$4.4 (NOK37.71) per share. In 2020, pursuant to the same LTIP 2017 plan, the fourth tranche of 521,424 shares were purchased during the period from 4 March 2020 to 3 June 2020 at an average price of US\$4.72 (NOK44.10) per share for an aggregate consideration of US\$2.5 million (NOK23.0 million).

10. Borrowings and lease liabilities

	30 June 2021 US\$'000	31 December 2020 US\$'000
Borrowings		
Bank borrowings	828,201	821,169
Trust receipts	-	34,457
Interest payable	1,854	1,897
	830,055	857,523
Borrowings		
Non-current	718,979	730,732
Current	111,076	126,791
	830,055	857,523
Lease liabilities		
Non-current	134,457	143,428
Current	40,790	45,018
	175,247	188,446

Movements in borrowings and lease liabilities are analysed as follows:

	Borrowings US\$'000	Lease liabilities US\$'000	Total US\$'000
At 1 January 2021	857,523	188,446	1,045,969
Proceeds from bank borrowings	134,990	-	134,990
Lease extensions	-	11,621	11,621
Drawdown of trust receipts	23,994	-	23,994
Payment of financing fees	(715)	-	(715)
Interest expense	16,349	3,560	19,909
Less: Interest paid	(14,903)	(3,560)	(18,463)
Less: Principal repayment	(128,731)	(24,820)	(153,551)
Less: Repayment of trust receipts	(58,452)	-	(58,452)
At 30 June 2021	830,055	175,247	1,005,302

	Borrowings US\$'000	Lease liabilities US\$'000	Total US\$'000
At 1 January 2020	1,064,040	217,895	1,281,935
Proceeds from bank borrowings	150,000	-	150,000
Drawdown of trust receipts	60,864	-	60,864
Interest expense	18,832	4,466	23,298
Lease liabilities	-	22,293	22,293
Less: Interest paid	(19,631)	(4,466)	(24,097)
Less: Principal repayments	(302,421)	(25,403)	(327,824)
Less: Repayment of trust receipts	(80,825)	-	(80,825)
At 30 June 2020	890,859	214,785	1,105,644

10. Borrowings and lease liabilities (continued)

As at 30 June 2021, bank borrowings amounting to US\$830.1 million (31 December 2020: US\$823.1 million) are secured by mortgages on all vessels of the Group (note 7). These bank borrowings are interest bearing at three-month or six-month US Dollar LIBOR plus a margin. The carrying amounts of non-current and current borrowings approximate their fair values because interest rates are repriced on a regular basis.

11. Related party transactions

In addition to the information disclosed elsewhere in the Condensed Consolidated Interim Financial Information, the following transactions took place between the Group and related parties during the financial period at terms agreed between the parties:

(a) Services

	Q2 2021 US\$'000	Q2 2020 US\$'000	H1 2021 US\$'000	H1 2020 US\$'000
Corporate service fees charged by related parties*	1,710	1,514	3,394	3,164
Ship management fees charged by related parties*	352	412	791	1,129
Corporate service fees charged to related parties*	74	101	33	266

* "Related parties" refer to corporations controlled by a shareholder of the Company.

(b) Key management's remuneration

	Q2 2021 US\$'000	Q2 2020 US\$'000	H1 2021 US\$'000	H1 2020 US\$'000
Salaries and other short-term employee benefits	697	421	2,160	973
Post-employment benefits - contributions to defined contribution plans and share-based payment	177	60	297	85
Directors' fees	94	99	188	208
	968	580	2,645	1,266

(c) Others

	Q2 2021 US\$'000	Q2 2020 US\$'000	H1 2021 US\$'000	H1 2020 US\$'000
Interest income from a joint venture	-	870	1,849	1,878

12. Financial risk management

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2020. There have been no major changes in any risk management policies or processes since the previous year end.

(a) Financial instruments by category

The aggregate carrying amounts of the Group's financial instruments are as follows:

	30 June 2021 US\$'000	31 December 2020 US\$'000
Equity financial assets, at FVPL	5,344	28,259
Net derivative liabilities measured at fair value	(21,634)	(67,794)
Financial assets at amortised cost	233,173	319,617
Financial liabilities at amortised cost	902,498	892,059

(b) Estimation of fair value

IFRS 13 established a fair value hierarchy that prioritises inputs used to measure fair value. The three levels of the fair value input hierarchy defined by IFRS 13 are as follows:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Derivative financial assets and liabilities

The Group's financial derivative instruments primarily relate to interest rate swaps, forward freight agreements, bunker swaps and commodity contracts measured at fair value and are within Level 2 of the fair value hierarchy. The fair values of financial derivative instruments that are not traded in an active market are determined by using valuation techniques. The fair values of interest rate swaps are calculated at the present value of estimated future cash flows based on observable yield curves. The fair values of forward freight agreements, bunker swaps and commodity contracts measured at fair value are determined using quoted forward commodity indices at the balance sheet date.

Non-derivative non-current financial assets and liabilities

The carrying amount of non-derivative non-current financial assets and liabilities which bear floating interest rates are assumed to approximate their fair value because of the short repricing period. There are no non-current financial assets and liabilities which do not bear floating interest rates.

Non-derivative current financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair value because of the short period to maturity.

13. Segment information

The Group has two operating segments:

- (i) Very Large Gas Carriers (VLGCs); and
- (ii) Product Services

The Product Services Division was established on 25 February 2019 to support the Group's core shipping business and commenced its product trading and delivery services in Q2 2019.

The Product Services segment represent less than 10 percent of the Group's total assets, revenue and profit or loss. The Group has determined that this segment is not material to the Group for the period ended 30 June 2021, and has reported information as one combined segment.

Geographical information

Non-current assets comprise mainly vessels, operating on an international platform with individual vessels calling at various ports across the globe. The Group does not consider the domicile of its customers as a relevant decision making guideline and hence does not consider it meaningful to allocate vessels and revenue to specific geographical locations.

14. Dividends paid

An interim dividend of US\$24.7 million (US\$0.18 per share) was paid on 11 June 2021 in respect of Q1 2021. In the corresponding period last year, an interim dividend of US\$28.1 million (US\$0.20 per share) was paid on 12 June 2020 in respect of Q1 2020.

15. Business combinations

In Q2 2021, the Group acquired 38.4% equity interest in BW Global United LPG India Private Limited ("BW LPG India") through conversion of loans receivable to equity. As a result, the Group's equity interest in BW LPG India increased from 50% to 88.4%, resulting in the Group obtaining control of BW LPG India, and consolidating BW LPG India as a subsidiary, when it was previously accounted for as a joint venture.

The principal activity of BW LPG India is that of vessel owning and chartering. As a result of the acquisition, the Group is expected to increase its market presence in the Indian charter market.

Details of the consideration paid, the assets acquired and liabilities assumed on a provisional basis, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, were as follows. The Group has one year from the date of acquisition to finalise the measurement of the assets acquired and liabilities assumed.

(a) Details of the acquisition

	US\$'000
Purchase consideration – Conversion of loans receivable to equity	80,565
Non-controlling interest ¹	12,575
Fair value of existing interest in joint venture	15,254
Less: Fair value of identifiable net assets acquired (provisional)	(108,394)
Goodwill	-

¹ Non-controlling interest was measured based on their proportionate share of interest in the fair value of identifiable net assets acquired

15. **Business combinations** (continued)

(a) Details of the acquisition (continued)

	US\$'000
Fair value of existing interest in joint venture	15,254
Carrying amount of interest in joint venture	(5,419)
Remeasurement of equity interest in joint venture ¹	9,835
Acquisition related costs ²	(1,145)
Net gain on acquisition	8,690

¹ Comprise deferred gains of US\$4.9 million from the sale of five vessels to the joint venture

² Presented as 'Other expense' on the statement of comprehensive income

(b) Effect on cash flows of the Group

	US\$'000
Cash paid	-
Less: cash and cash equivalents in subsidiary acquired	(4,633)
Cash inflow on acquisition	(4,633)

(c) Identifiable assets acquired and liabilities assumed (provisional)

	US\$'000
Cash and cash equivalents	4,633
Vessels and dry docking	197,000
Inventories	431
Trade and other receivables	8,455
Total assets	210,519
Trade and other payables	1,213
Borrowings	100,912
Total liabilities	102,125
Total identifiable net assets	108,394
Less: Non-controlling interest at fair value	(12,575)
	95,819

16. Investment in subsidiary

Set out below are the summarised financial information for BW Global United LPG India Private Limited ("BW LPG India") for the period from the date of acquisition. These are presented before inter-company eliminations.

Summarised balance sheet:

	30 June 2021 US\$'000
Assets	
Current assets	75,923
Includes:	
- Cash and cash equivalents	1,458
- Asset held for sale	57,324
Non-current assets	186,633
Liabilities	
Current liabilities	48,819
Includes:	
- Borrowings	20,150
- Payable for vessel purchase	25,290
Non-current liabilities (Borrowings)	104,377
Net assets	109,360

Summarised statement of comprehensive income:

	30 June 2021 US\$'000
Revenue	15,091
Vessel operating expense	(4,189)
Depreciation and amortisation	(5,787)
Finance expense	(1,740)
Other expenses	(241)
Net profit after tax	3,134
Other comprehensive income (Currency translation effects)	(2,168)
Total comprehensive income	966
Total comprehensive income allocated to non-controlling interests	111

If the acquisition had occurred on 1 January 2021, management estimates that the consolidated revenue would have been higher by approximately US\$14.0 million and consolidated profit for the period would have been higher by approximately US\$2.0 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

17. Subsequent events

Concluded the sale and delivery of one vessel in July 2021 and two vessels in August 2021. The sales generated approximately US\$81.0 million in liquidity and net book gains of US\$9.0 million.

Exercised the purchase option on one time charter-in VLGC and took delivery in August 2021.

Secured US\$45 million transition loan to finance the retrofitting of six dual-fuel LPG propulsion engines. On 23 August 2021, the existing US\$290 million facility was increased by US\$45 million at LIBOR plus 170 bps with all other terms unchanged.

The Board has declared a Q2 2021 cash dividend of US\$0.10 per share, amounting to US\$13.8 million. This brings total dividends declared for H1 2021 to US\$0.28 per share, amounting to US\$38.5 million. The shares will be traded ex-dividend from 31 August 2021. The dividend will be payable on or about 17 September 2021 to shareholders on record as at 1 September 2021.