

# THIRD QUARTER 2017 EARNINGS PRESENTATION

23 November 2017



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# Agenda

- Third Quarter 2017 Highlights
- Market Dynamics
- Financial Update
- Summary & Outlook
- Q&A



# Third Quarter 2017 Financial Highlights

- Q3 2017 was the most challenging quarter for the VLGC spot market since 2009
  - Net Revenue was USD 70 million [Q3 2016 – USD 81 million]
    - VLGC Q3 2017 Daily TCE – \$15,200<sup>1</sup> [Q3 2016 – \$22,100]
    - LGC Q3 2017 Daily TCE – \$13,600<sup>1</sup> [Q3 2016 – \$15,900]
  - EBITDA was USD 18 million [Q3 2016 – USD 33 million]
  - Loss after tax was USD 27 million [Q3 2016 – Loss after tax was USD 60 million]

Share price on 30 Sep. 2017 – \$4.61	Q3 2017	12 Months Rolling
EPS <sup>2</sup>	(\$ 0.19)	\$ 0.40
Earnings Yield <sup>3</sup> (Annualised)	(4.7%)	8.7%
ROE <sup>4</sup> (Annualised)	(3.1%)	5.1%
ROCE <sup>4</sup> (Annualised)	0.6%	4.6%
Leverage ratio <sup>5</sup>	54.9%	-



[1] TCE rates per day presented above are inclusive of both commercial waiting and technical offhire days (i.e. 100% of calendar days)

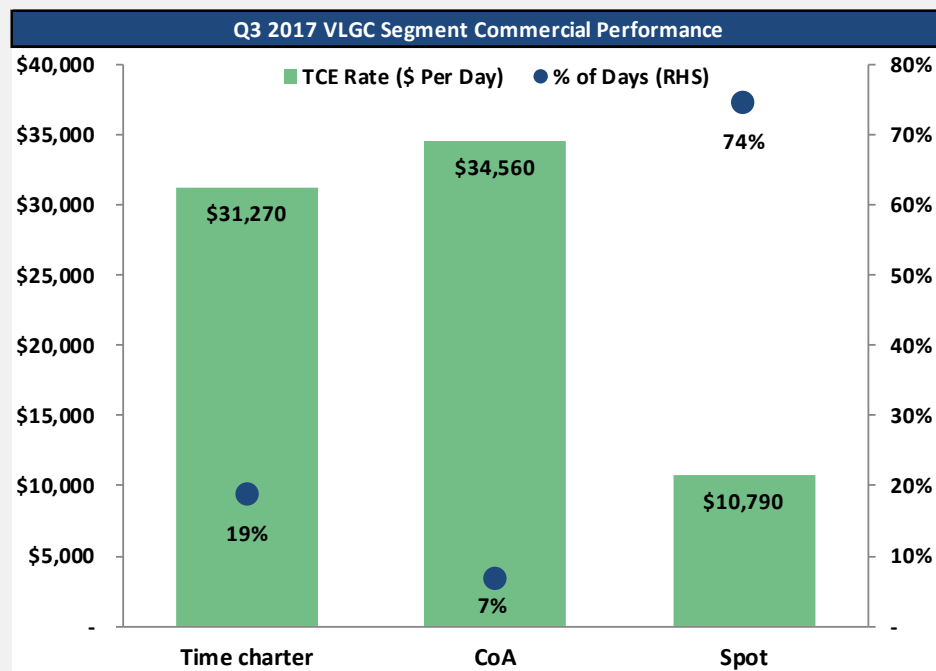
[2] EPS (earnings per share) is computed basis the weighted average number of shares outstanding less treasury shares during the period

[3] Earnings yield is computed as EPS divided by 30 September 2017 share price in USD terms

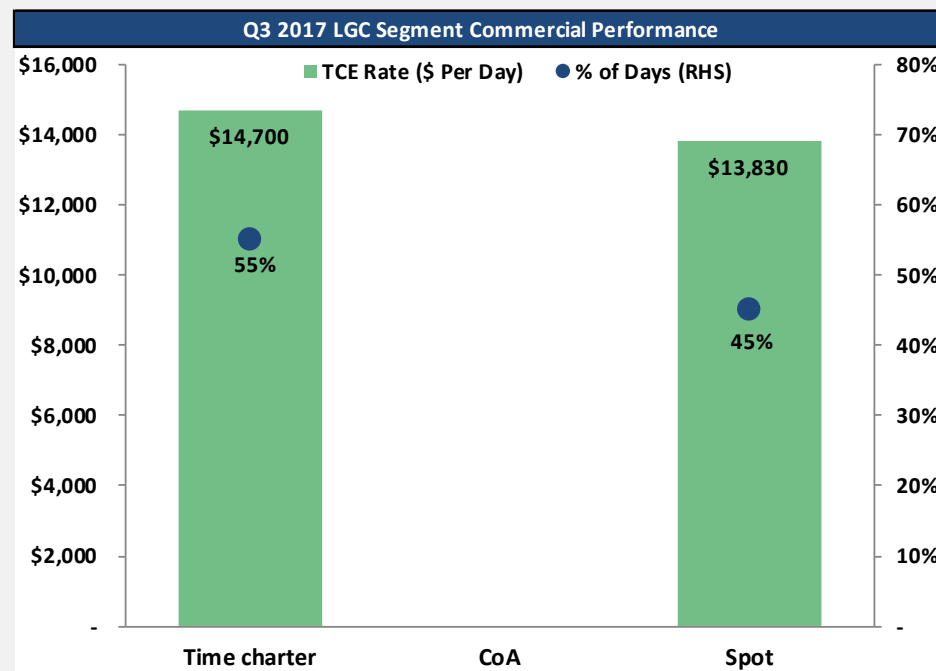
[4] ROE (return on equity) and ROCE (return on capital employed) is computed based on the average equity and capital employed at the end and beginning of the period

[5] Leverage ratio is computed as total debt over total debt plus equity

# Third Quarter 2017 Commercial Performance



- Q3 2017 VLGC TCE daily earnings of \$15,200<sup>1</sup> [\$16,200<sup>2</sup>]
- Total contract coverage was 26%
- Baltic Index route averaged \$7,600 vs. BW LPG spot of \$10,790
- Fleet Utilisation rate of 82%<sup>3</sup>



- Q3 2017 LGC TCE daily earnings of \$13,600<sup>1</sup> [\$14,300<sup>2</sup>]
- Total contract coverage was 55%
- Fleet Utilisation rate of 91%<sup>4</sup>

[1] TCE rates per day are inclusive of both commercial waiting and technical offhire days (i.e. 100% of calendar days)

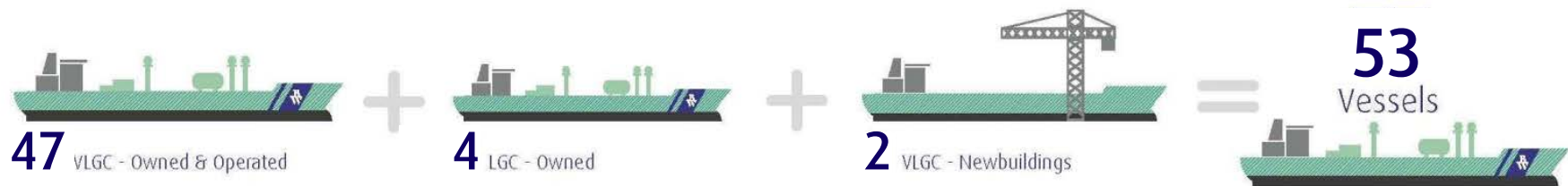
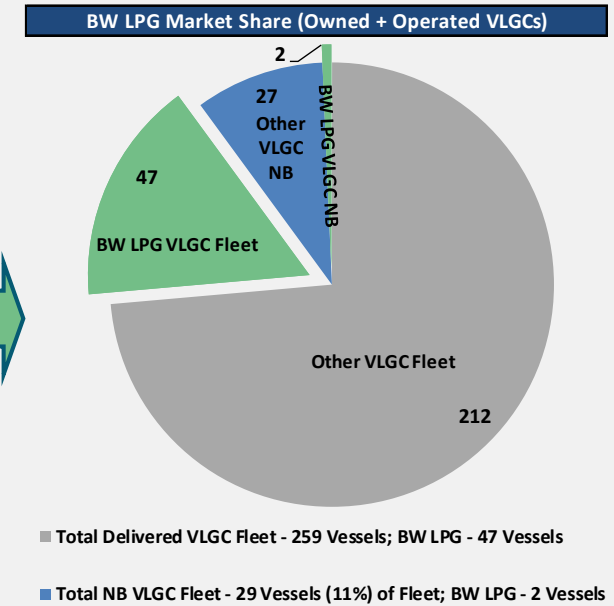
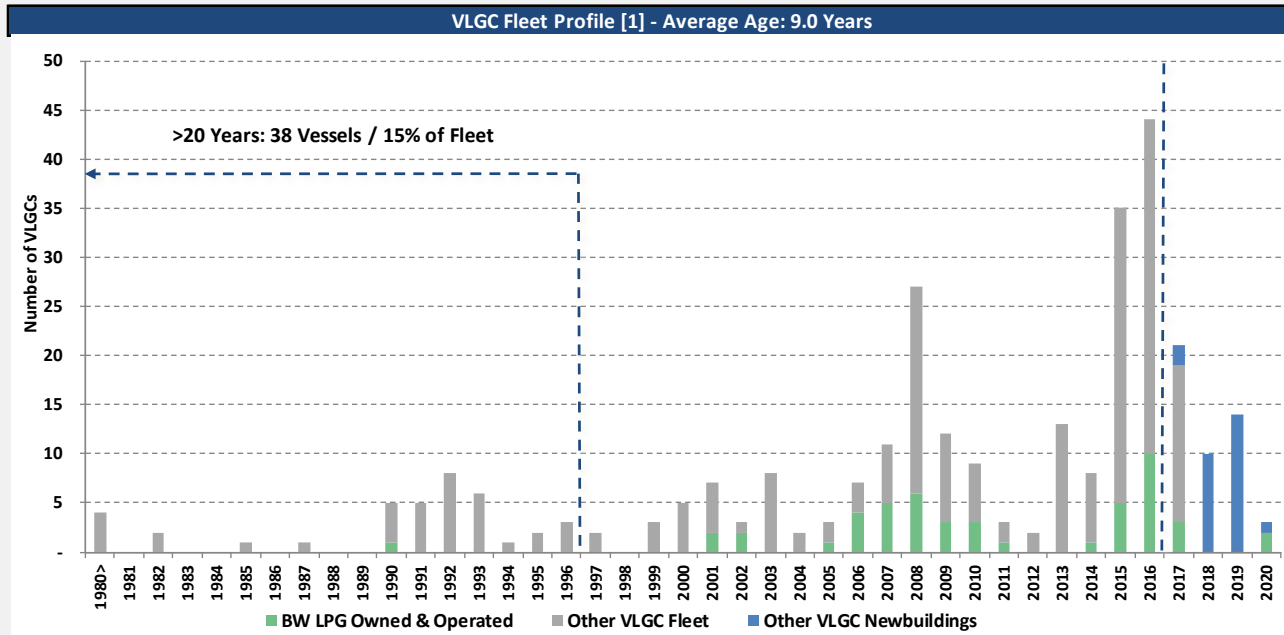
[2] TCE rates per day are inclusive of commercial waiting days and exclusive of technical offhire days (i.e. 100% of available days)

[3] VLGC Fleet Utilisation rate is a combination of fleet availability of 95% and commercial utilisation of 86%

[4] LGC Fleet Utilisation rate is a combination of fleet availability of 95% and commercial utilisation of 96%

# Global VLGC & BW LPG Fleet Profile

259 ships on the water with 29 on order; 19 ships have been delivered while 3 have been scrapped YTD

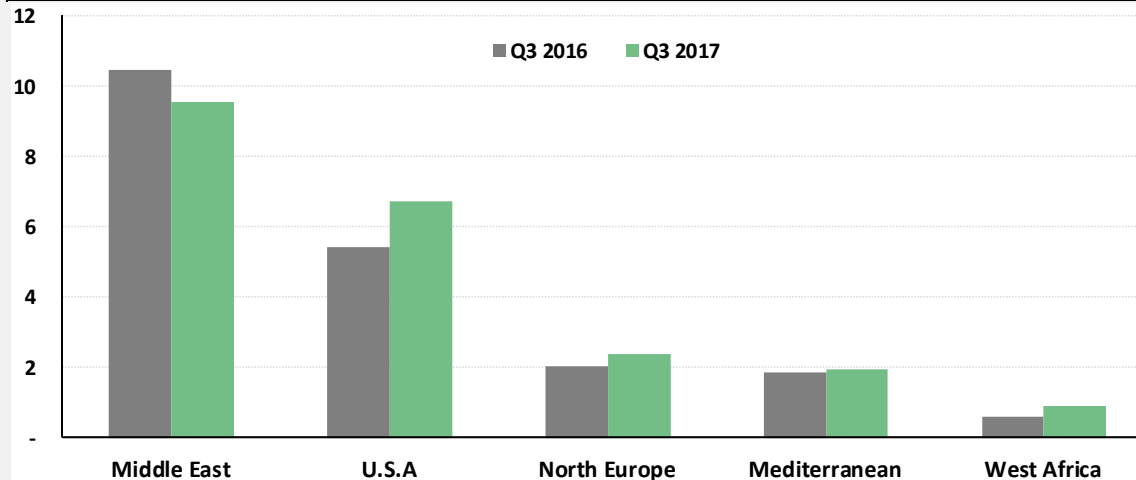


# Third Quarter 2017 Seaborne LPG Trade Overview

U.S. sole driver of export growth as China and India register strong import growth



Quarterly Seaborne LPG Exports by Country/Region (Mt)



Quarterly Seaborne LPG Imports by Country/Region (Mt)



## Comments

### Exports

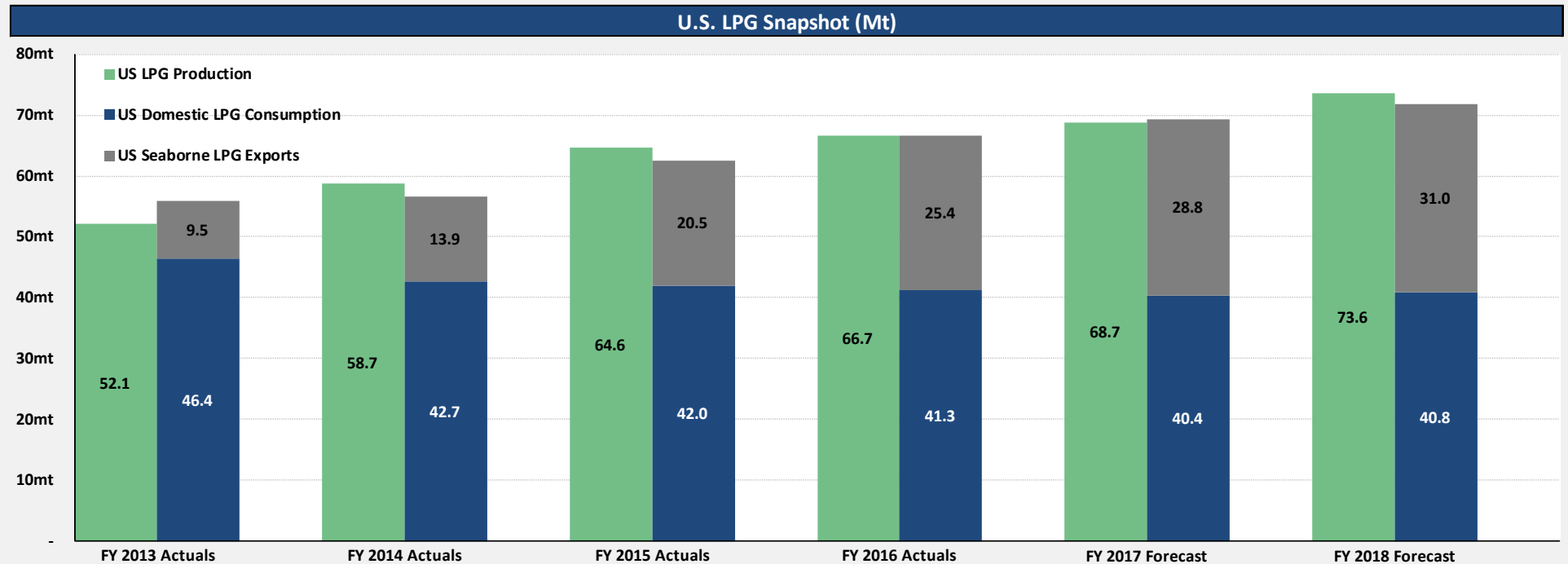
- Middle Eastern exports down 9% as ongoing production cuts led to lower availability of spot cargoes
- U.S. exports rose by 24% as volumes recovered strongly following Hurricane Harvey and despite Gulf Coast export terminals being shut down for 11 days
- Northern Europe & Mediterranean export volumes remained steady
- West African volumes up slightly due to recovering production in Nigeria

### Imports

- Chinese imports climbed by 16% due to strong PDH plant margins and increased arbitrage trade
- Strong Indian import growth of 26% driven by retail demand rebound following demonetization and implementation of GST
- Japanese volumes up by 15% mainly due to continued restocking through the quarter
- South Korean import declines of 17% largely attributable to weaker petrochemical feedstock switching demand
- Southeast Asian imports remained steady as Indonesian growth offset declines in Thai imports

# U.S. LPG Supply – Demand Outlook

BW LPG expects 2018 seaborne US LPG export growth of 7.5% or 31mt total seaborne exports



## FY 2017e

- U.S. LPG production growth of 3.1%
- U.S. LPG domestic demand decline of -2.0%
- U.S. LPG seaborne export growth of 13.8%

## FY 2018e

- U.S. LPG production growth of 7.0%
- U.S. LPG domestic demand growth of 1.0%
- U.S. LPG seaborne export growth of 7.5%

Source:

2013-2016 Actuals: WLPGA/Argus 2017 Statistical Review of Global LPG and Waterborne LPG

2017 Forecast: EIA and BW LPG Analysis

2018 Forecast: BW LPG Analysis



# Third Quarter 2017 Income Statement



Figures in USD thousands	(Reviewed) Q3 2017	(Reviewed) Q3 2016	(Reviewed) YTD 2017	(Reviewed) YTD 2016
Revenue	101,143	104,833	369,797	389,178
Voyage expenses	(31,065)	(24,331)	(113,670)	(72,463)
<b>TCE income</b>	<b>70,078</b>	<b>80,502</b>	<b>256,127</b>	<b>316,715</b>
Other operating income	194	131	5,607	1,347
Charter hire expenses	(15,400)	(16,411)	(53,315)	(51,136)
Other operating expenses	(36,768)	(30,829)	(108,833)	(92,267)
<b>Operating profit before depreciation, amortisation and impairment (EBITDA)</b>	<b>18,104</b>	<b>33,393</b>	<b>99,586</b>	<b>174,659</b>
Amortisation charge	(1,228)	(1,228)	(3,684)	(3,683)
Depreciation charge	(31,497)	(23,831)	(92,746)	(69,615)
	<b>(14,621)</b>	<b>8,334</b>	<b>3,156</b>	<b>101,361</b>
Loss on disposal of other property, plant and equipment	-	(312)	-	(312)
Gain on disposal of vessels	2,466	-	9,842	-
Impairment charge on a vessel that was reclassified to asset held-for-sale	(2,607)	-	(2,607)	-
Impairment charge on vessels	-	(50,300)	-	(105,800)
Impairment charge on available-for-sale financial assets	-	(10,606)	-	(31,461)
<b>Operating (loss)/profit (EBIT)</b>	<b>(14,762)</b>	<b>(52,884)</b>	<b>10,391</b>	<b>(36,212)</b>
Finance expense – net	(11,891)	(7,374)	(35,996)	(19,456)
<b>Loss before tax for the financial period</b>	<b>(26,653)</b>	<b>(60,258)</b>	<b>(25,605)</b>	<b>(55,668)</b>
Income tax expense	(58)	(131)	(175)	(392)
<b>Loss after tax for the financial period (NPAT)</b>	<b>(26,711)</b>	<b>(60,389)</b>	<b>(25,780)</b>	<b>(56,060)</b>
Other comprehensive income/(loss), net of tax	844	4,172	(924)	(2,465)
<b>Total comprehensive loss for the financial period</b>	<b>(25,867)</b>	<b>(56,217)</b>	<b>(26,704)</b>	<b>(58,525)</b>

# Third Quarter 2017 Balance Sheet & Cash Flows



Figures in USD thousands

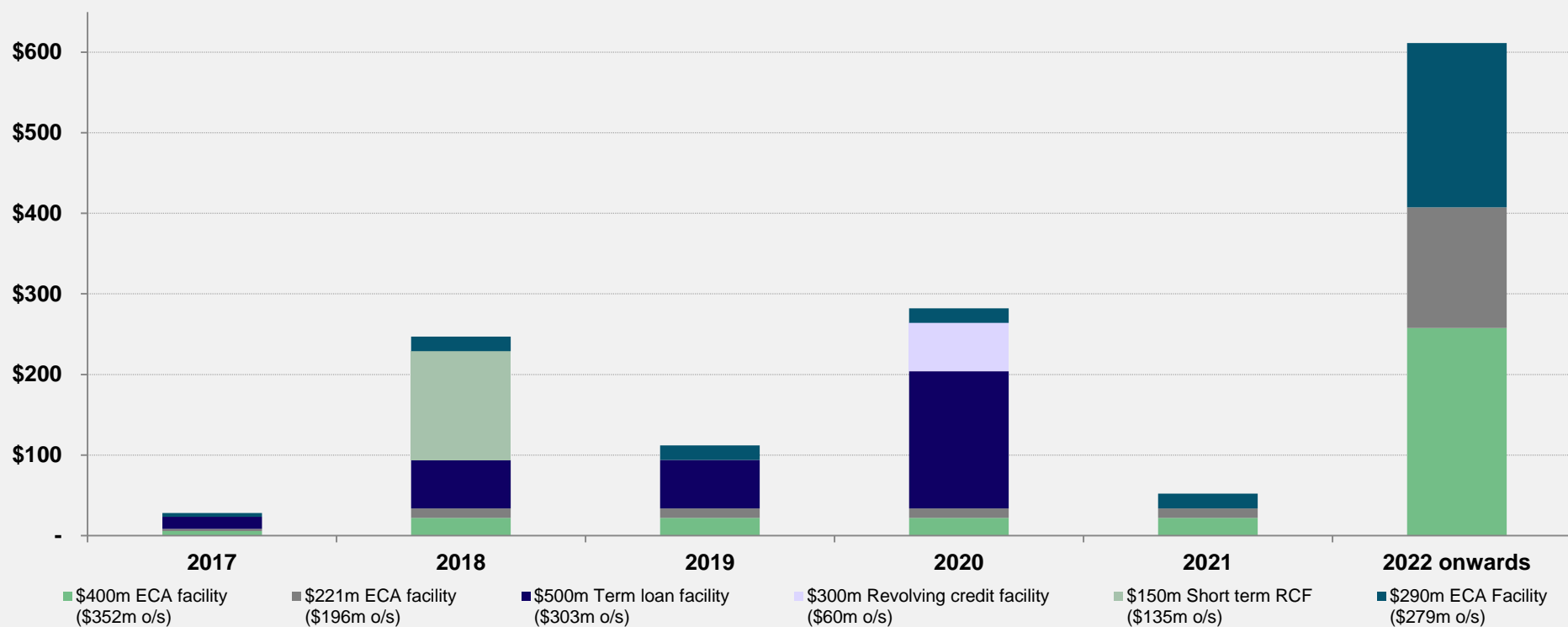
Figures in USD thousands			(Reviewed) 30 September 2017	(Audited) 31 December 2016
Balance sheet				
Total non-current assets			2,236,867	2,428,250
Total current assets			213,443	165,611
Total assets			2,450,310	2,593,861
Total shareholders' equity			1,088,472	1,117,376
Total non-current liabilities			1,075,781	979,979
Total current liabilities			286,057	496,506
Total liabilities			1,361,838	1,476,485
Total equity and liabilities			2,450,310	2,593,861
			(Reviewed) Q3 2017	(Reviewed) Q3 2016
Cash flows			(Reviewed) YTD 2017	(Reviewed) YTD 2016
Cash flows from operating activities				
Loss before tax for the financial period			(26,653)	(60,258)
Adjustments			44,931	93,422
Operating cash flow before working capital changes			18,278	33,164
Changes in working capital			10,240	31,681
Net cash provided by operating activities			28,518	64,845
Net cash provided by/(used in) investing activities			27,992	(18,382)
Net cash used in financing activities			(59,652)	(47,925)
Net decrease in cash and cash equivalents			(3,142)	(1,462)
Cash and cash equivalents at beginning of the financial period			58,882	55,932
Cash and cash equivalents at end of the financial period			55,740	54,470

# Financing – Repayment Profile

Figures in USD million

As at 30 September 2017

Gross debt <sup>1</sup>	1,324.6	Undrawn amounts under revolving credit facilities	255.0
Cash	55.7	Cash	55.7
Net debt	1,268.9	Available liquidity	310.7



[1] Includes capitalised fees

# Summary and Outlook

- Q3 2017 Net Revenue of USD 70 million, EBITDA of USD 18 million and Loss after tax of USD 27 million, resulting in EPS of (\$0.19)
- The Company positioned itself to participate in the burgeoning Indian LPG market by establishing BW Global United LPG India Private Limited in October 2017. The two VLGCs owned by the joint venture will be converted to Indian flag to secure Indian business employment
- The Company is in the documentation stage for the refinancing of its existing US\$150m unsecured revolving credit facility which matures in March 2018. The committed term sheet for the new US\$150m 5-year senior secured term loan was signed on 8 November 2017
- Q4 2017 VLGC contract coverage will be 32% - 39%, depending on CoA uptake, and 12% for 2018
- ROY 2017 spot rates will be dependent on the severity of winter in the U.S. and crude oil price developments



**Q & A**



# Appendix

# Charter Portfolio Q4 2017 – FY 2018



VLGC Segment		YTD 2017		Q4 2017E		2018E	
		Days	% of Total	Days	% of Total	Days	% of Total
Total Days (Net of Offhire)		12,449	100%	4,004	100%	15,640	100%
Time charter		2,131	17%	636	16%	1,515	10%
CoA	CoA Probable Min	1,317	11%	514	13%	-	-
	CoA Probable Max			805	20%	-	-
Spot	CoA Probable Min	9,001	72%	2,854	71%	14,125	90%
	CoA Probable Max			2,563	64%		
% Contract Coverage (TC + CoA)		28%		29% - 36%		10%	
TCE Rates		YTD 2017		Q4 2017E		2018E	
Time charter		\$33,711		\$34,958		\$32,176	
CoA	CoA Probable Min	\$34,088		\$34,460		-	
	CoA Probable Max			\$35,390		-	
Spot	CoA Probable Min	\$14,011		-		-	
	CoA Probable Max						

VLGC Segment		Q3 2017	
		Days	% of Total
<b>Total Days (Net of Offhire)</b>		<b>4,022</b>	<b>100%</b>
<b>Time charter</b>		749	19%
<b>CoA</b>		268	7%
<b>Spot</b>		3,005	74%
% Contract Coverage (TC + CoA)		26%	
TCE Rates		Q3 2017	
<b>Time charter</b>		\$31,274	
<b>CoA</b>		\$34,558	
<b>Spot</b>		\$10,785	
<b>VLGC TCE Rate (net of offhire)</b>		<b>\$16,180</b>	

LGC Segment		YTD 2017		Q4 2017E		2018E	
		Days	% of Total	Days	% of Total	Days	% of Total
<b>Total Days (Net of Offhire)</b>		<b>1,054</b>	<b>100%</b>	<b>365</b>	<b>100%</b>	<b>1,400</b>	<b>100%</b>
<b>Time charter</b>		609	58%	263	72%	455	33%
<b>Spot</b>		445	42%	102	28%	945	67%
TCE Rates		YTD 2017		Q4 2017E		2018E	
<b>Time charter</b>		\$14,366		\$14,956		\$14,030	
<b>Spot</b>		\$10,194		-		-	

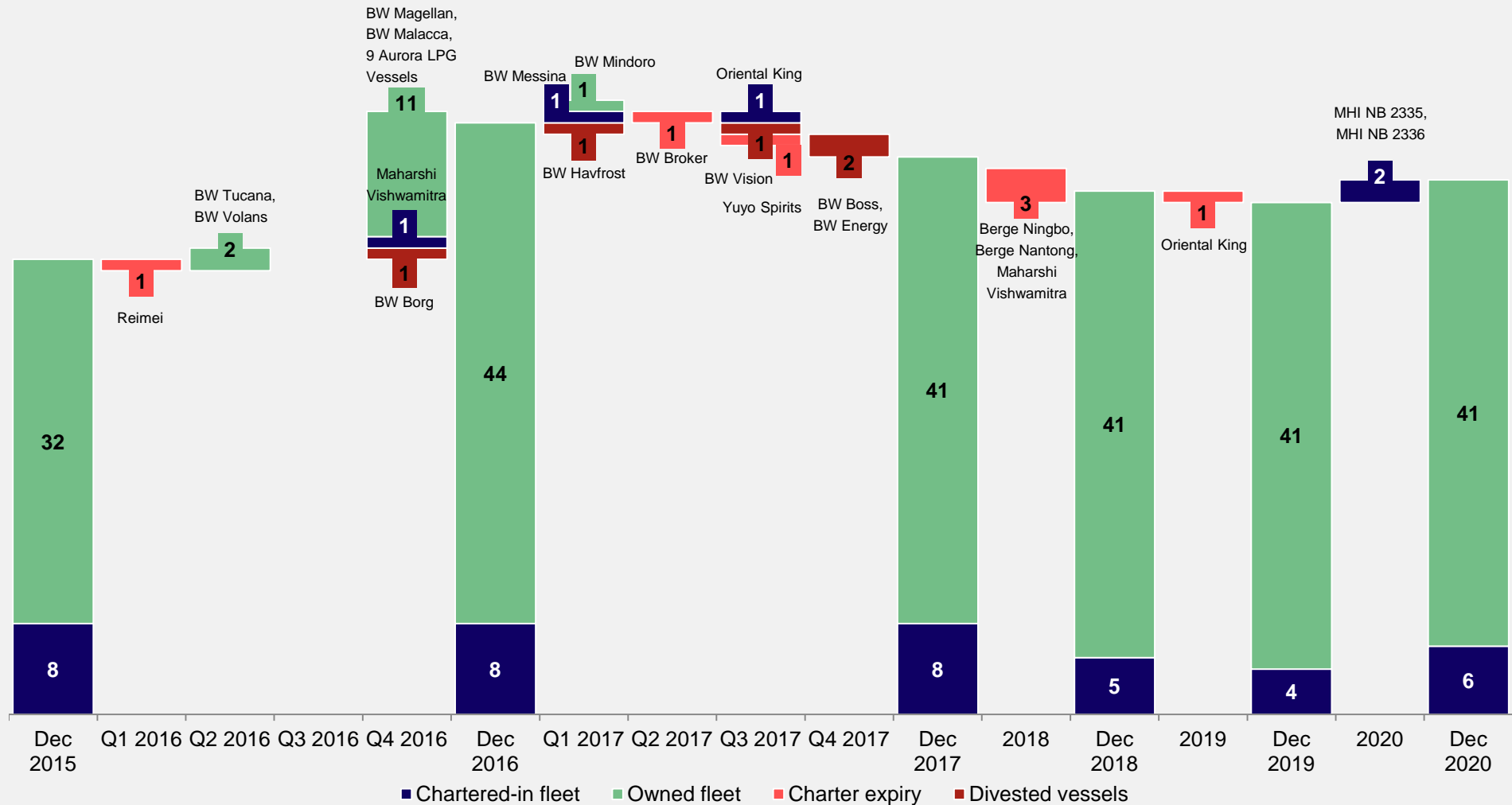
LGC Segment		Q3 2017	
		Days	% of Total
<b>Total Days (Net of Offhire)</b>		<b>349</b>	<b>100%</b>
<b>Time charter</b>		192	55%
<b>Spot</b>		157	45%
TCE Rates		Q3 2017	
<b>Time charter</b>		\$14,700	
<b>Spot</b>		\$13,832	
<b>LGC TCE Rate (net of offhire)</b>		<b>\$14,310</b>	

Total Contract Coverage		YTD 2017	Q4 2017E	2018E
VLGC + LGC Fleet		30%	32% - 39%	12%

- Spot days are calculated as total ship days (365 days per available vessel) less planned maintenance (including dry docking days) and less expected time charter and CoA days.
- CoA days are determined after applying certain assumptions, for example with regards to routes and number of cargo liftings, and represent BW LPG's best estimate of the range of days utilised under the CoA. The days are subject to change based on market conditions, charterers' appointments, and other uncontrollable factors.
- Time charters and CoAs are calculated based on contracted duration. It is likely that the Company renews some or all of its time charters and CoAs in the future, at rates reflecting the fixed income market outlook at time of renewal.
- Total contract coverage is defined as the sum of time charter and CoA days as a share of total days.

# BW LPG Fleet Development (Detailed)

## Timeline Based on Current Contracts



Note: The fleet timeline assumes that vessels on time charter-in will be redelivered at charter expiry. However, most of these time charter-in contracts have purchase options attached to them

## Modern fleet of 53 vessels built at leading shipyards

### Owned VLGCs (100% Ownership)

Name	Year	Shipyard	Name	Year	Shipyard
BW Aries	2014	Hyundai H.I.	BW Magellan	2016	DSME
BW Austria	2009	DSME	BW Malacca	2016	DSME
BW Balder	2016	Hyundai H.I.	BW Maple	2007	Hyundai H.I.
BW Birch	2007	Hyundai H.I.	BW Mindoro	2017	DSME
BW Boss	2001	Kawasaki H.I.	BW Njord	2016	Hyundai H.I.
BW Brage	2016	Hyundai H.I.	BW Oak	2008	Hyundai H.I.
BW Carina	2015	Hyundai H.I.	BW Odin	2009	Hyundai H.I.
BW Cedar	2007	Hyundai H.I.	BW Orion	2015	Hyundai H.I.
BW Confidence	2006	Mitsubishi H.I.	BW Pine	2011	Kawasaki S.C.
BW Denise	2001	Stocznia Gdynia	BW Prince	2007	Hyundai H.I.
BW Empress	2005	Mitsubishi H.I.	BW Princess	2008	Hyundai H.I.
BW Energy	2002	Kawasaki H.I.	BW Sakura	2010	Mitsubishi H.I.
BW Freyja	2016	Hyundai H.I.	BW Thor	2008	Hyundai H.I.
BW Frigg	2016	Hyundai H.I.	BW Trader	2006	DSME
BW Gemini	2015	Hyundai H.I.	BW Tucana	2016	Hyundai H.I.
BW Leo	2015	Hyundai H.I.	BW Tyr	2008	Hyundai H.I.
BW Liberty	2007	DSME	BW Var	2016	Hyundai H.I.
BW Libra	2015	Hyundai H.I.	BW Volans	2016	Hyundai H.I.
BW Lord	2008	DSME	Berge Summit	1990	Mitsubishi H.I.
BW Loyalty	2008	DSME			

**Total 39 vessels (3,231,111 CBM and Average Age - 7 years)**

### Chartered VLGCs

Name	Year	Shipyard	Charter type
Berge Nantong	2006	Hyundai H.I.	Time charter
Berge Ningbo	2006	Hyundai H.I.	Time charter
BW Kyoto	2010	Mitsubishi H.I.	Time charter
BW Messina	2017	DSME	Time charter
BW Tokyo	2009	Mitsubishi H.I.	Time charter
Maharshi Vishwamitra	2001	Kawasaki H.I.	Time charter
Yuricosmos	2010	Mitsubishi H.I.	Time charter
Oriental King	2017	Hyundai H.I.	Time charter

**Total 8 vessels (659,224 CBM and Average Age - 8 years)**

### Owned LGCs

Name	Year	Shipyard	Ownership (%)
BW Havis	1993	Kvaerner-Govan	78%
BW Helios	1992	Kvaerner-Govan	100%
BW Nantes	2003	Kawasaki S.C.	100%
BW Nice	2003	Kawasaki S.C.	100%

**Total 4 vessels (232,073 CBM and Average Age - 19 years)**

### Newbuild VLGCs

Name	Delivery	Shipyard	Ownership
Hull No. 2335	2020	Mitsubishi H.I.	Time charter
Hull No. 2336	2020	Mitsubishi H.I.	Time charter

**Total 2 vessels (168,000 CBM)**

# Glossary of Terms

<u>Terms</u>	<u>Explanation</u>
Time Charter	: Charter hires with a fixed hire rate for a fixed duration (term of charter)
CoA	: Contracts of affreightment with fixed day rates applicable for a specified duration (term of charter) and frequency (number of cargoes lifted)
Spot	: Charter hires negotiated on spot/market rates
Available Days	: Calendar days less planned and unplanned technical offhire days
Commercial Utilisation Rate	: $\frac{\text{Available days less commercial waiting days}}{\text{Available days}}$
Fleet Utilisation Rate	: $\frac{\text{Available days less commercial waiting days}}{\text{Calendar days}}$





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