



BW LPG

SECOND QUARTER 2016 EARNINGS PRESENTATION

25 AUGUST 2016

Forward-looking Statements



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Agenda

- Q2 2016 Highlights
- Market Dynamics
- Financial Update
- Summary & Outlook
- Q&A

Second Quarter 2016 Operating Highlights

- VLGC market softness continued in Q2 2016
 - Net Revenue was USD 99 million
 - VLGC Q2 2016 Daily TCE – \$28,100¹
 - LGC Q2 2016 Daily TCE – \$19,800¹
 - EBITDA was USD 52 million
 - Loss after tax was USD 56 million
 - Profit before impairment was USD 21 million
- With the continued softness in the market, the Company has recognized impairment charges related to vessels and its 19.7% stake in Aurora LPG in the amounts of USD 56 million and USD 21 million, respectively
 - On average, market values for LPG vessels have fallen by ~20% since the beginning of the year. This reduced the assessed value of our fleet by approximately USD 430 million, resulting in a USD 56 million vessel impairment charge through our P&L account in Q2

Events occurring after 30th June 2016:

- The Board has declared an interim cash dividend of USD 0.09 per share for H1 2016, equating to a pay-out ratio of 50% of net profit after tax (NPAT), adjusted for the USD 21 million impairment charge on the Company's 19.7% stake in Aurora LPG
- The Company signed a new USD 100 million two-year unsecured revolving credit facility with Oversea-Chinese Banking Corporation (OCBC) replacing the current one expiring in October this year
- The newbuild program is on budget:
 - Three owned DSME VLGC newbuilds are due in Q4 2016, with one time chartered-in VLGC newbuild delivering in Q1 2017
 - Two time chartered-in VLGCs delivering in 2020



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

Second Quarter 2016 Financial Highlights

- Net Revenue was USD 99 million
- EBITDA was USD 52 million
- Loss after tax was USD 56 million
 - Profit before impairment was USD 21 million
- Key metrics:

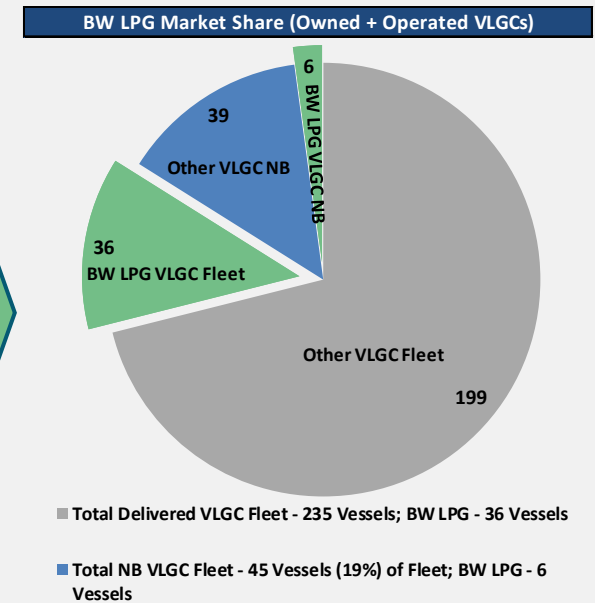
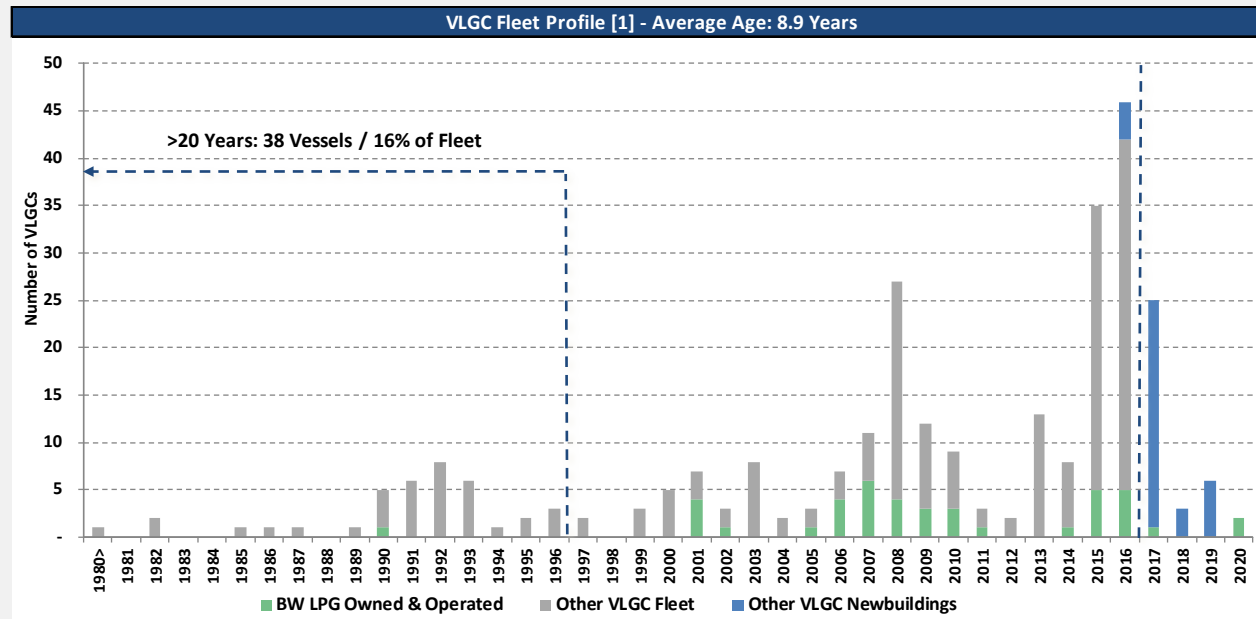
Share price on 30 June 2016		
\$ 3.79		
	Q2 2016	12 Months Rolling
EPS¹	\$ (0.40)	\$ 1.42
EPS before impairment	\$ 0.15	\$ 1.98
Earnings Yield² (Annualized)	1.9%	37.5%
ROE³ (Annualized)	0.8%	17.9%
ROCE³ (Annualized)	1.6%	10.6%
Leverage ratio⁴	46.9%	-



Notes: 1) EPS (earnings per share) is computed basis the weighted average number of shares outstanding less treasury shares during the period
 2) Earnings yield is computed as EPS divided by 30 June 2016 share price in USD terms
 3) ROE (return on equity) and ROCE (return on capital employed) is computed based on equity and capital employed as at 30 June 2016
 4) Leverage ratio is computed as total debt over total debt plus equity

Global VLGC & BW LPG Fleet Profile

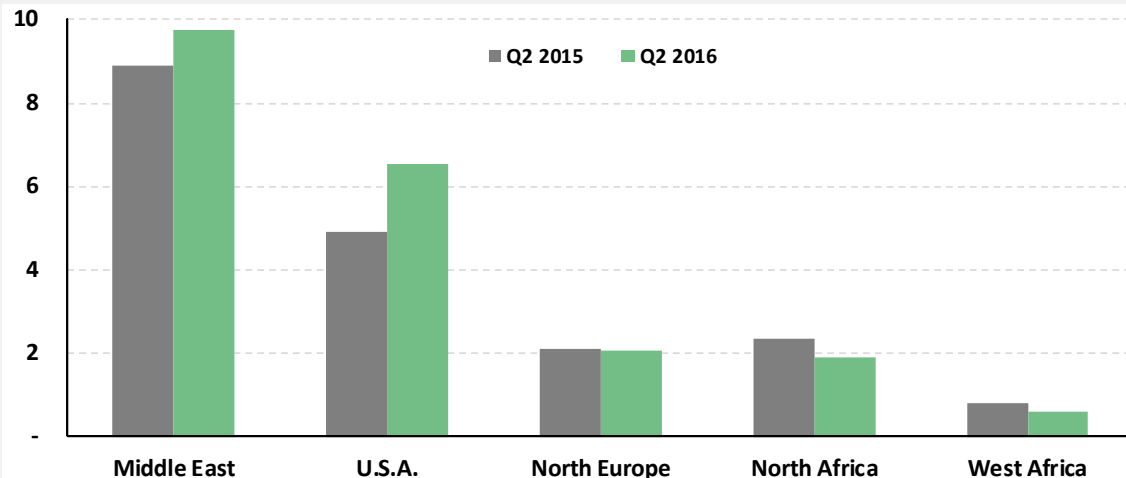
235 ships on the water, 45 on order. The peak of the delivery cycle is now behind us.



Q2 2016 Seaborne LPG Trade Overview

US exports grew 33% quarter on quarter while Chinese LPG imports increased by 22%

Q2 2015/16 Seaborne LPG Exports by Country/Region (Mt)



Comments

Exports

- Middle Eastern export growth of 9% driven by Saudi & Emirati volumes
- US LPG export growth driven by increase in arbitrage volumes in May as well as contracted volumes relative to comparable period last year
- N. Europe and African volumes remained steady
- Mediterranean volumes decreased slightly

Q2 2015/16 Seaborne LPG Imports by Country/Region (Mt)

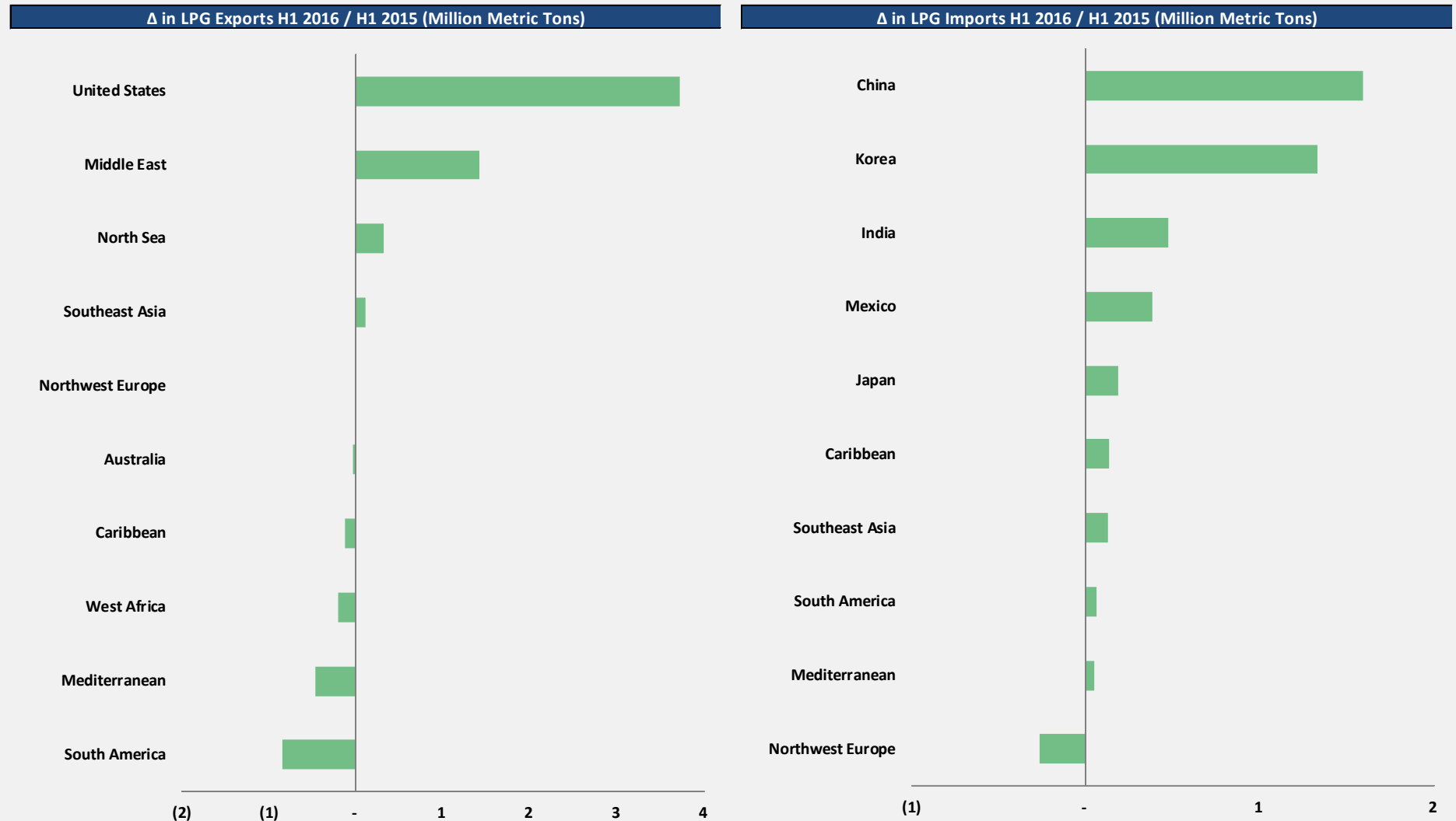


Imports

- Chinese LPG import growth led by term volumes
- Japanese imports slightly up but offset by LPG demand displacement from increased city gas consumption
- Korean imports up due to cracker switching from naphtha
- Indian imports increased due to continued strong retail demand growth
- Southeast Asian demand flat as Indonesian and Singaporean import growth offset by lower Thai and Vietnamese imports

YTD 2016 Seaborne LPG Trade Overview

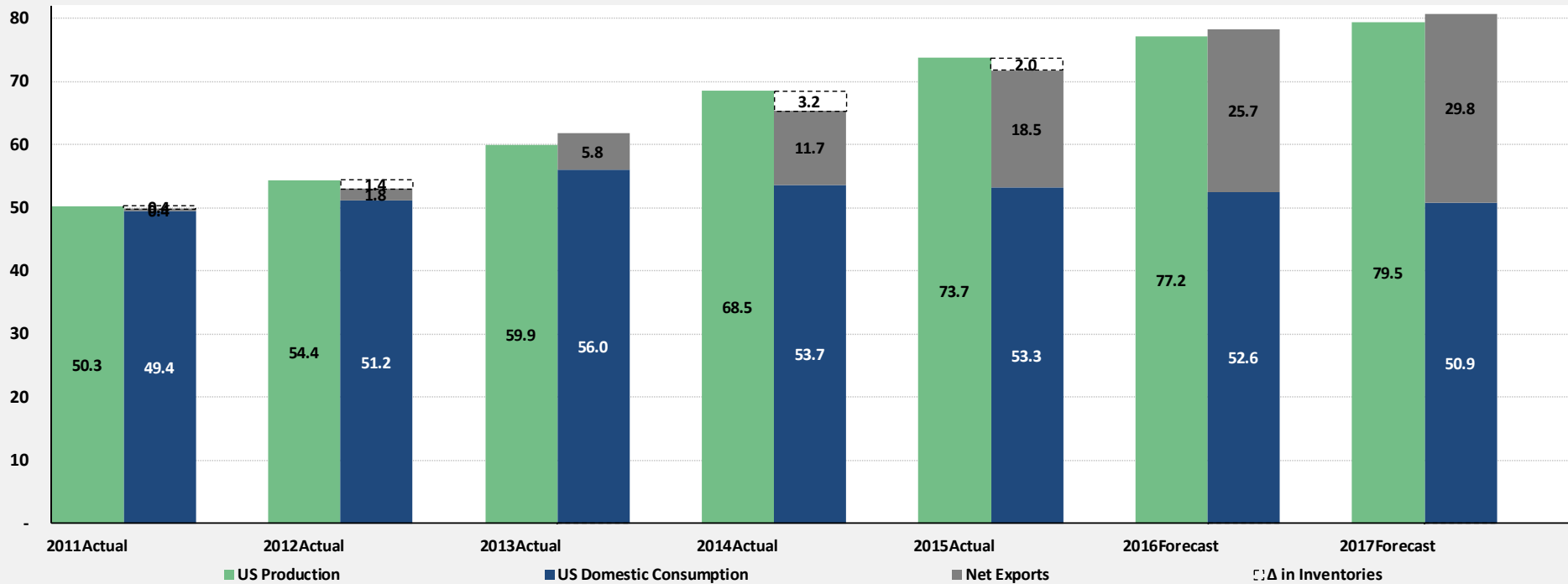
US & Middle East driving LPG export growth while China, Korea & India have been growing imports the most



U.S. LPG Supply – Demand Outlook

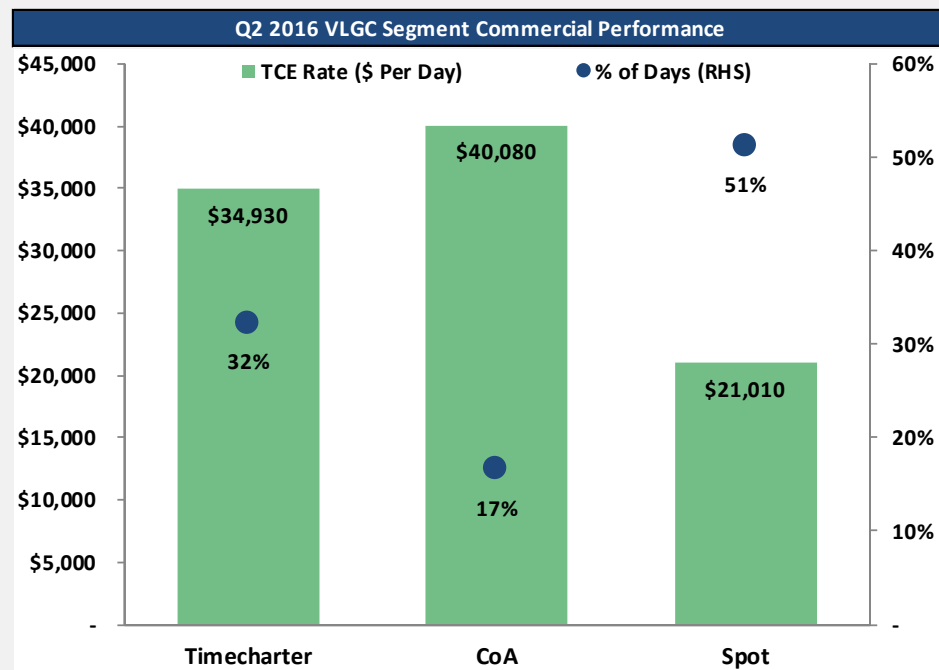
Production & exports keep increasing as domestic consumption declines

U.S. LPG Snapshot (Mt) - EIA August 2016 Short Term Energy Outlook

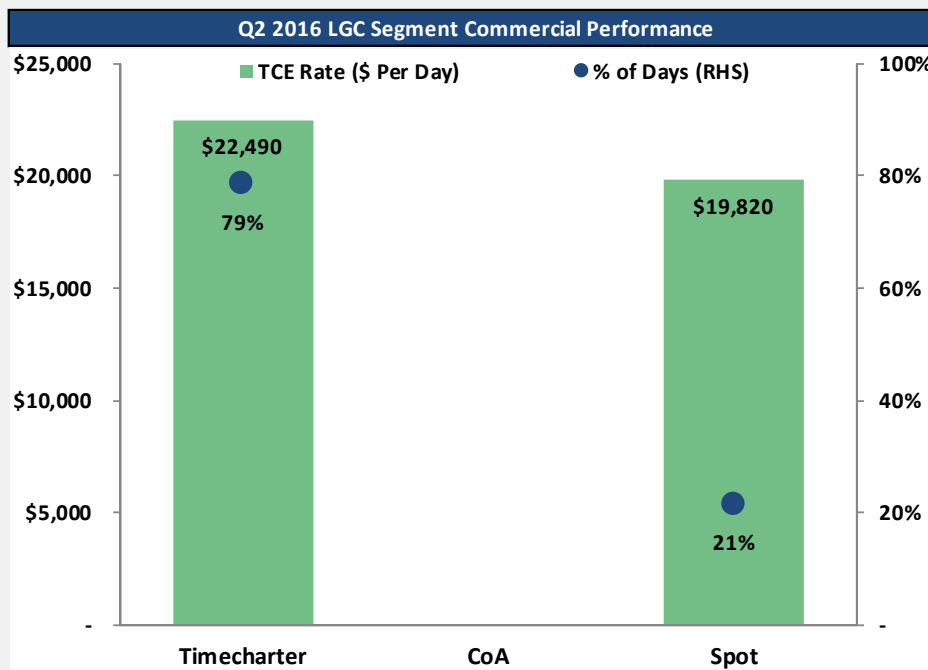


- EIA 2016 – 2017e U.S. LPG production growth of 4.8% and 2.9% (FY 2017 up by 1.2mt from Q1 2016)
- EIA 2016 – 2017e U.S. LPG domestic demand decline of -1.3% and -3.3% (FY 2017 down by 0.2mt from Q1 2016)
- EIA 2016 – 2017e U.S. LPG net export growth of 39% and 16% (FY 2017 up by 1.0mt from Q1 2016)

Q2 2016 Commercial Performance



- Q2 2016 VLGC TCE daily earnings were \$28,660¹ (\$28,100 including technical offhire and commercial waiting days)
- Total contract coverage was 49%
- Spot performance was largely in line with Baltic index
- Availability rate of 98%



- Q2 2016 LGC TCE daily earnings were \$21,920¹ (\$19,800 including technical offhire and commercial waiting days)
- Total contract coverage was 79%
- We increased time charter coverage for our LGC fleet during the second quarter
- Availability rate of 90% (due to planned docking)

[1] TCE rates per day presented above are net of technical offhire, reflecting only available revenue days

Q2 2016 Income Statement



Figures in USD thousands

	(Reviewed) Q2 2016	(Reviewed) Q2 2015	(Reviewed) H1 2016	(Reviewed) H1 2015
Revenue	121,764	189,644	284,345	357,640
Voyage expenses	(22,396)	(34,931)	(48,132)	(72,355)
TCE income	99,368	154,713	236,213	285,285
Other operating income	534	701	1,216	954
Charter hire expense	(16,292)	(18,772)	(34,725)	(42,651)
Other operating expenses	(31,269)	(30,865)	(61,441)	(57,388)
Operating profit before depreciation, amortisation and impairment (EBITDA)	52,341	105,777	141,263	186,200
Amortisation charge	(1,228)	(1,227)	(2,455)	(2,455)
Depreciation charge	(23,707)	(19,644)	(45,784)	(37,027)
Impairment charge on available-for-sale financial assets	(20,855)	-	(20,855)	-
Impairment charge on vessels	(55,500)	-	(55,500)	-
Operating (loss)/profit (EBIT)	(48,949)	84,906	16,669	146,718
Finance expense – net	(6,598)	(4,101)	(12,082)	(8,446)
(Loss)/Profit before tax	(55,547)	80,805	4,587	138,272
Income tax expense	(61)	(116)	(261)	(316)
(Loss)/Profit after tax (NPAT)	(55,608)	80,689	4,326	137,956
Other comprehensive income/(loss), net of tax	10,074	1,027	(6,637)	(2,775)
Total comprehensive (loss)/income	(45,534)	81,716	(2,311)	135,181

Q2 2016 Balance Sheet and Cash Flows



Figures in USD thousands

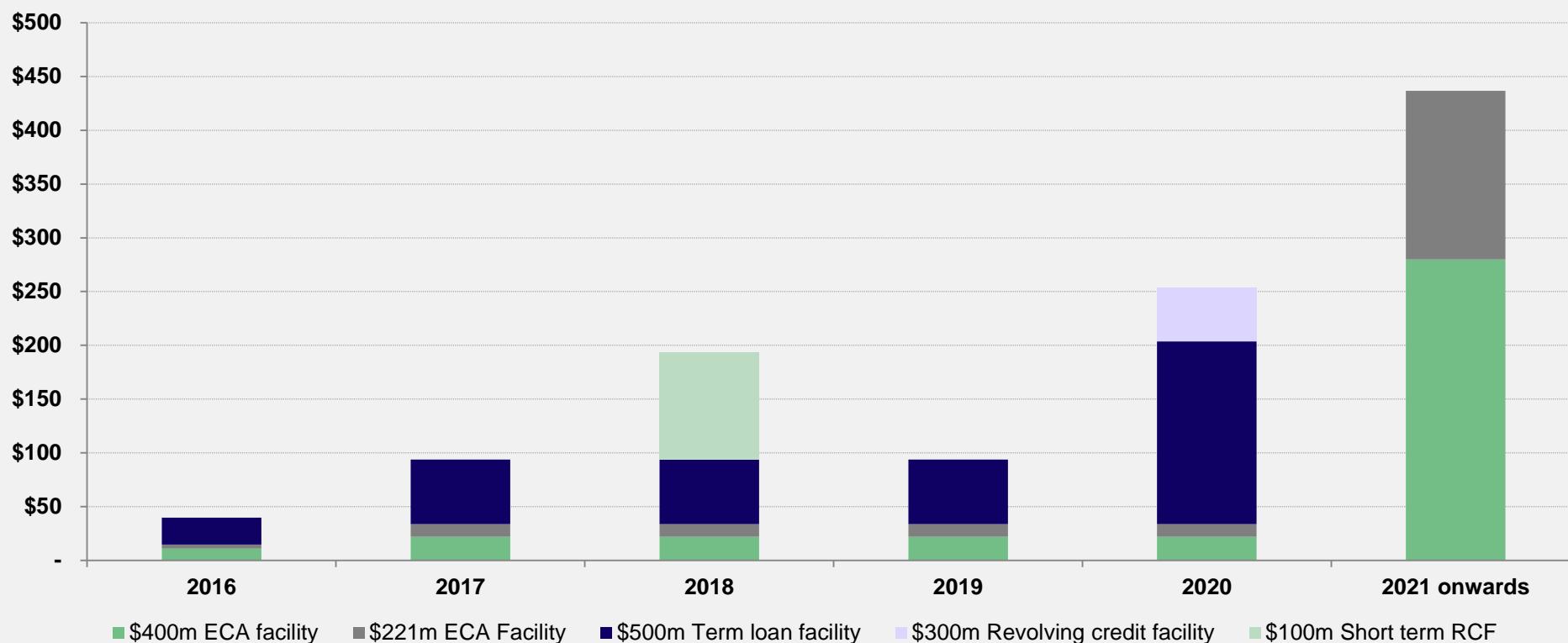
			(Reviewed) 30 June 2016	(Audited) 31 December 2015
Balance sheet				
Total non-current assets			1,948,222	1,908,586
Total current assets			146,878	201,175
Total assets			2,095,100	2,109,761
Total shareholders' equity			1,075,096	1,170,719
Total non-current liabilities			776,319	768,392
Total current liabilities			243,685	170,650
Total liabilities			1,020,004	939,042
Total equity and liabilities			2,095,100	2,109,761
Cash flows				
	(Reviewed) Q2 2016	(Reviewed) Q2 2015	(Reviewed) H1 2016	(Reviewed) H1 2015
Cash flows from operating activities				
(Loss)/Profit before tax for the financial period	(55,547)	80,805	4,587	138,272
Adjustments	106,829	24,916	135,103	46,970
Operating cash flow before working capital changes	51,282	105,721	139,690	185,242
Changes in working capital	14,406	(5,034)	27,629	(21,758)
Net cash provided by operating activities	65,688	100,687	167,319	163,484
Net cash used in investing activities	(129,122)	(128,284)	(161,750)	(303,933)
Net cash provided by/(used in) financing activities	46,458	47,262	(43,421)	138,954
Net (decrease)/increase in cash and cash equivalents	(16,976)	19,665	(37,852)	(1,495)
Cash and cash equivalents at beginning of the financial period	72,908	49,085	93,784	70,245
Cash and cash equivalents at end of the financial period	55,932	68,750	55,932	68,750

Financing – Repayment Profile

Figures in USD million

As at 30 June 2016

Gross debt	949.7	Undrawn facilities	250.0
Cash	(55.9)	Cash	55.9
Net debt	893.8	Available liquidity	305.9



Note: Table includes repayments of future drawdowns under the ECA facility, as well as the extension of the \$100m Short term RCF

Summary and Outlook

- Q2 2016 Net Revenue of USD 99 million, EBITDA of USD 52 million and Loss after tax of USD 56 million, resulting in EPS of (\$0.40)
- Profit before impairment was USD 21 million and adjusted EPS was \$0.15
- With the continued softness in the market, the Company has recognized impairment charges related to vessels and its 19.7% stake in Aurora LPG in the amounts of USD 56 million and USD 21 million, respectively
- On average, market values for LPG vessels have fallen by ~20% since the beginning of the year, reducing the assessed value of our fleet by approximately USD 430 million
- The Board has declared an interim cash dividend of USD 0.09 per share for H1 2016, equating to a pay-out ratio of 50% of net profit after tax (NPAT), adjusted for the USD 21 million impairment charge on the Company's 19.7% stake in Aurora LPG
- The Company signed a new USD 100 million two-year unsecured revolving credit facility with Oversea-Chinese Banking Corporation (OCBC) replacing the current one expiring in October this year
- RoY 2016 VLGC contract coverage of 38%-50%, while 2017 contract coverage will be 30%-39%; depending on CoA uptake
- Freight rates continue to remain depressed due to weak international LPG price spreads and elevated pace of fleet growth
- There appears to be no seasonal upturn in rates this year, and we have thus adopted a more conservative view on the VLGC market and our CoA contract coverage
- With a strong balance sheet; market-leading cost of financing; excellent long-standing customer relationships; a proven operating platform; and a balanced charter portfolio; BW LPG is positioned to perform through the cycle and take advantage of the current downturn



Q & A

Appendix

Charter Portfolio 2016 – 2018



VLGC Segment		YTD Q2 2016		RoY 2016E		2017E		2018E	
		Days	% of Total	Days	% of Total	Days	% of Total	Days	% of Total
Total Days (Net of Offhire)		6,189	100%	6,629	100%	13,596	100%	13,123	100%
Timecharter		1,860	30%	1,792	27%	2,623	19%	1,567	12%
CoA	CoA Probable Min	1,663	27%	757	11%	1,463	11%	-	-
	CoA Probable Max			1,492	23%	2,625	19%		
Spot	CoA Probable Min	2,666	43%	4,080	62%	9,510	70%	11,556	88%
	CoA Probable Max			3,345	50%	8,348	62%		
% Contract Coverage (TC + CoA)		57%		38% - 50%		30% - 39%		12%	
TCE Rates		YTD Q2 2016		RoY 2016E		2017E		2018E	
Timecharter		\$35,370		\$37,200		\$35,200		\$32,900	
CoA	CoA Probable Min	\$42,140		\$38,870		\$34,460		-	
	\$40,790			\$35,390		-			
Spot	CoA Probable Min	\$28,870		-		-		-	

LGC Segment	YTD Q2 2016		RoY 2016E		2017E		2018E	
	Days	% of Total	Days	% of Total	Days	% of Total	Days	% of Total
Total Days (Net of Offhire)	866	100%	893	100%	1,810	100%	1,730	100%
Timecharter	574	66%	737	83%	455	25%	115	7%
Spot	292	34%	156	17%	1,355	75%	1,615	93%
TCE Rates		YTD Q2 2016	RoY 2016E		2017E		2018E	
Timecharter		\$28,400	\$22,100		\$22,100		\$23,700	
Spot		\$24,020	-		-		-	

Total Contract Coverage		YTD Q2 2016	Roy 2016E	2017E	2018E
VLGC + LGC Fleet		58%	44% - 53%	29% - 37%	11%

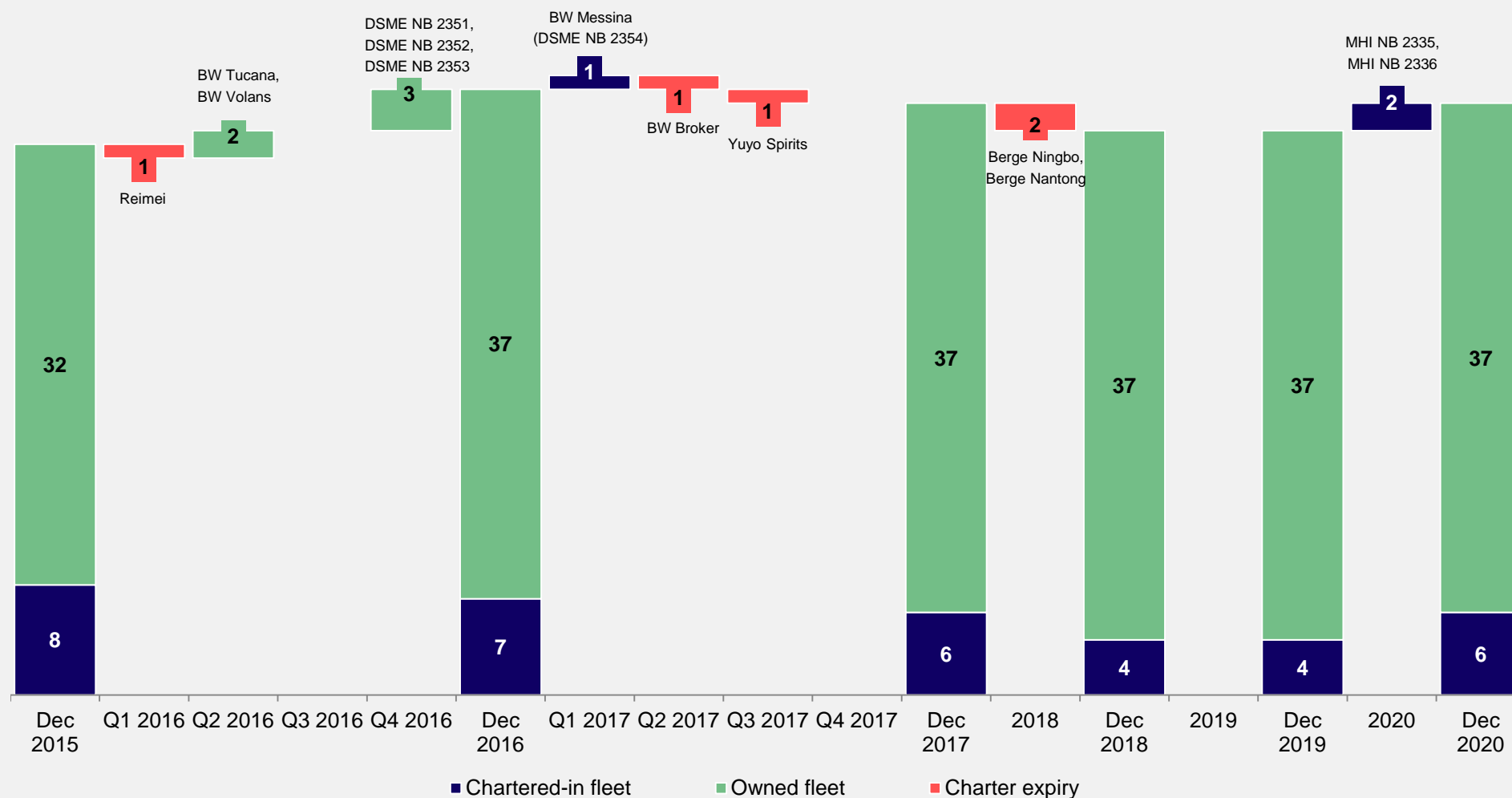
VLGC Segment	Q2 2016	
	Days	% of Total
Total Days (Net of Offhire)	3,152	100%
Timecharter	1,016	32%
CoA	523	17%
Spot	1,613	51%
% Contract Coverage (TC + CoA)		49%
TCE Rates		Q2 2016
Timecharter		\$34,930
CoA		\$40,080
Spot		\$21,010
VLGC TCE Rate (net of offhire)		\$28,660

LGC Segment	Q2 2016	
	Days	% of Total
Total Days (Net of Offhire)	411	100%
Timecharter	323	79%
Spot	88	21%
TCE Rates		Q2 2016
Timecharter		\$22,490
Spot		\$19,820
LGC TCE Rate (net of offhire)		\$21,920

- Notes:
- 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

Fleet List



Modern fleet of 36 VLGCs / 5 LGCs / 6 newbuild VLGCs built at leading shipyards

OWNED VLGCs

Name	Year built	Shipyard	Ownership (%)
BW Aries	2014	Hyundai H.I.	100%
BW Austria	2009	DSME	100%
BW Birch	2007	Hyundai H.I.	100%
BW Borg	2001	Kawasaki H.I.	100%
BW Boss	2001	Kawasaki H.I.	100%
BW Carina	2015	Hyundai H.I.	100%
BW Cedar	2007	Hyundai H.I.	100%
BW Confidence	2006	Mitsubishi H.I.	100%
BW Denise	2001	Stocznia Gdynia	100%
BW Empress	2005	Mitsubishi H.I.	100%
BW Energy	2002	Kawasaki H.I.	100%
BW Gemini	2015	Hyundai H.I.	100%
BW Leo	2015	Hyundai H.I.	100%
BW Liberty	2007	DSME	100%
BW Libra	2015	Hyundai H.I.	100%
BW Lord	2008	DSME	100%
BW Loyalty	2008	DSME	100%
BW Maple	2007	Hyundai H.I.	100%
BW Oak	2008	Hyundai H.I.	100%
BW Orion	2015	Hyundai H.I.	100%
BW Pine	2011	Kawasaki S.C.	100%
BW Prince	2007	Hyundai H.I.	100%
BW Princess	2008	Hyundai H.I.	100%
BW Sakura	2010	Mitsubishi H.I.	100%
BW Trader	2006	DSME	100%
BW Tucana	2016	Hyundai H.I.	100%
BW Vision	2001	Kawasaki H.I.	100%
BW Volans	2016	Hyundai H.I.	100%
Berge Summit	1990	Mitsubishi H.I.	100%
Total (29 vessels)			

CHARTERED VLGCs

Name	Year built	Shipyard	Charter type
Berge Nantong	2006	Hyundai H.I.	Time charter
Berge Ningbo	2006	Hyundai H.I.	Time charter
BW Broker	2007	Kawasaki H.I.	Bare-boat
BW Kyoto	2010	Mitsubishi H.I.	Time charter
BW Tokyo	2009	Mitsubishi H.I.	Time charter
Yuricosmos	2010	Mitsubishi H.I.	Time charter
Yuyo Spirits	2009	Mitsubishi H.I.	Time charter
Total (7 vessels)			

OWNED LGCs

Name	Year built	Shipyard	Ownership (%)
BW Havfrost	1991	Kvaerner-Govan	86%
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 (5 vessels)			

NEWBUILD VLGCs

Name	Delivery	Shipyard	Ownership
Hull No. 2351	2016	DSME	100%
Hull No. 2352	2016	DSME	100%
Hull No. 2353	2016	DSME	100%
Hull No. 2354	2017	DSME	Time charter
Hull No. 2335	2020	Mitsubishi H.I.	Time charter
Hull No. 2336	2020	Mitsubishi H.I.	Time charter
Total (6 vessels)			

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



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