

BW LPG

Q3 2015 Earnings Presentation

19 November 2015



BW LPG



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Agenda

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

Highlights

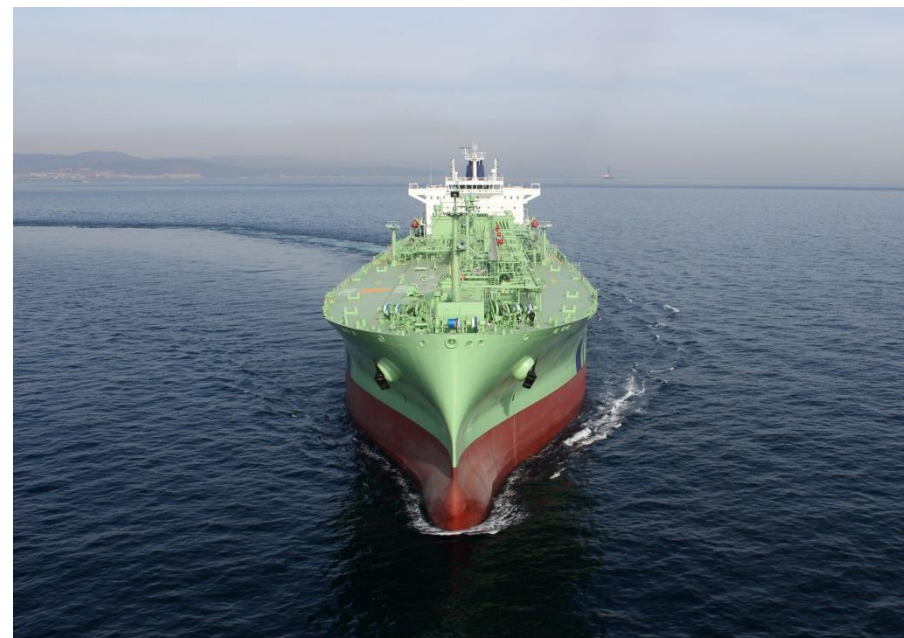
- Q3 2015 saw yet another strong financial performance for BW LPG
 - EBITDA was USD 133.1 million, 22% above Q3 2014 and 26% above Q2 2015
 - EBIT was USD 111.4 million, 23% above Q3 2014 and 31% above Q2 2015
- The newbuilding program is on time and on budget, with all vessels delivering by end 2016:
 - BW Libra was delivered on 31 August 2015
 - BW Orion was delivered on 15 October 2015
 - The next two HHI VLGC newbuildings are due in Q2 2016
 - The remaining four DSME VLGC newbuildings are due in Q3 – Q4 2016
- In October, the Company entered into a USD 100 million unsecured short-term revolving credit facility with Oversea-Chinese Banking Corporation (OCBC)



Third Quarter 2015 Financial Highlights

- TCE earnings were USD 181.7 million, 14% above Q3 2014
- EBITDA was USD 133.1 million, 22% above Q3 2014
- Net profit was USD 106.2 million, 21% above Q3 2014
- Key metrics:

Share price on 30 Sep 2015 \$6.22	Q3 2015	Rolling 12 Months
EPS ¹	\$ 0.79	\$ 2.30
Earnings yield ²	n.a.	34.2%
ROE ³	10.0%	29.2%
ROCE ³	5.7%	16.8%
Leverage ratio ⁴	45.5%	45.5%

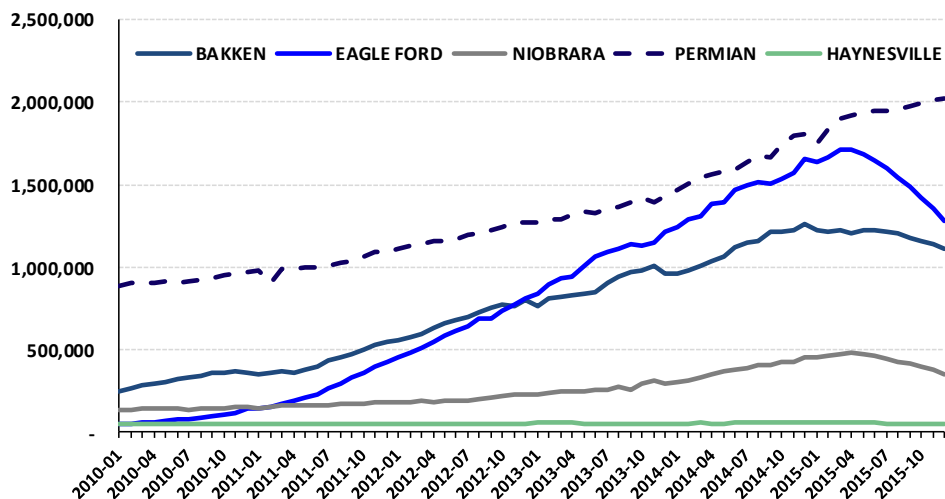


Notes: 1) EPS (earnings per share) is computed basis number of shares outstanding less treasury shares as at 30 September 2015
 2) Earnings yield on a rolling 12 months basis is computed as EPS divided by 30 September 2015 share price in USD terms
 3) ROE (return on equity) and ROCE (return on capital employed) on a rolling 12 months basis is computed basis equity and capital employed as at 30 September 2015
 4) Leverage ratio is computed as total debt over total debt plus equity

U.S. Snapshot

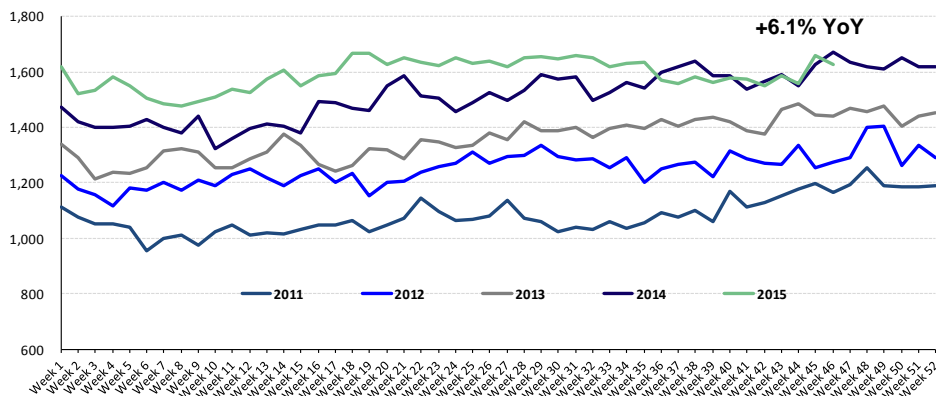
Permian oil production growth not enough to offset Eagle Ford declines...

Oil Production by Region (bbl/d)



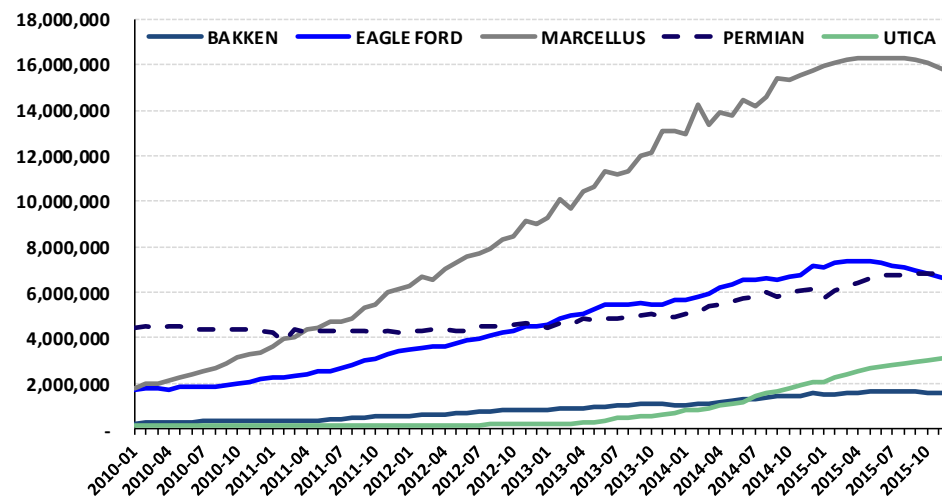
...<\$50 oil has led to lower year on year C3 production for the first time

Weekly U.S. Propane Production (Thousand Barrels per Day)



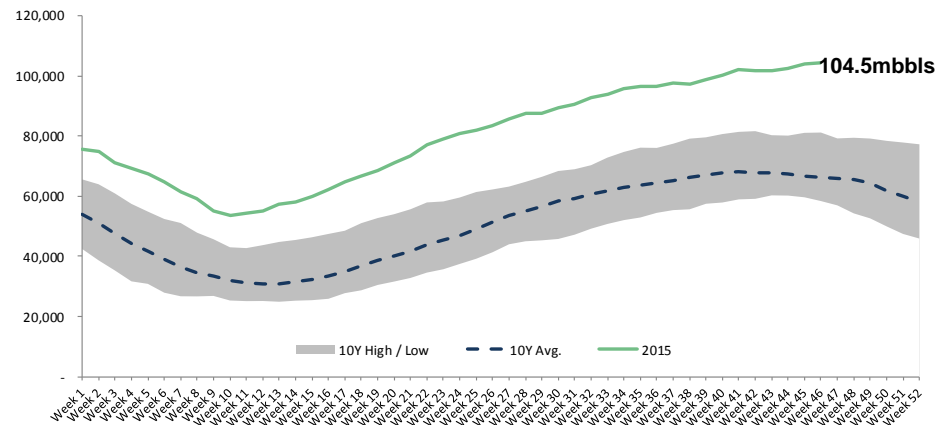
...but gas production in LPG-producing regions is holding at elevated levels

Gas Production by Region (mcf/d)



Propane inventories have surpassed 100m bbls (3.3mt > 10y avg)

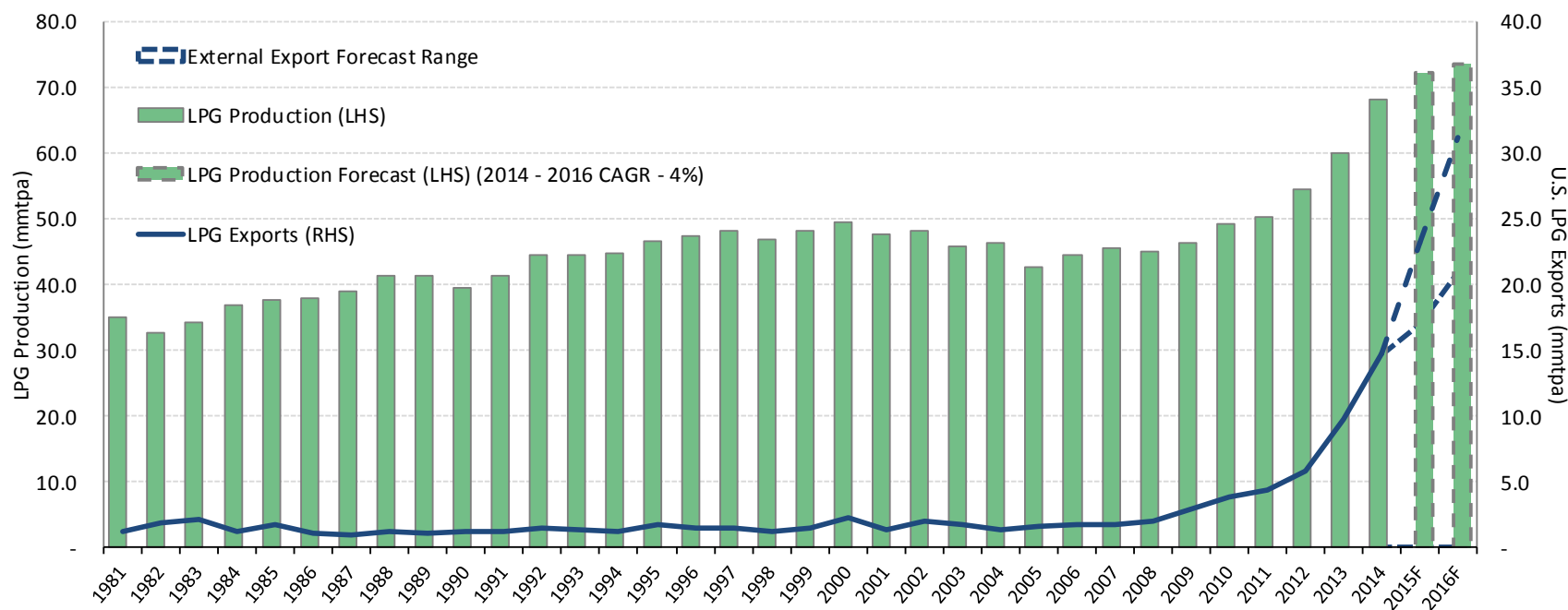
Trailing Ten Year Weekly Propane Inventories (MBBls)



U.S. LPG Production & Export Forecast

Consensus production growth of 2% in 2016, export forecasts have settled in the mid-20 million ton range

US LPG Production & Exports (mmtpa)

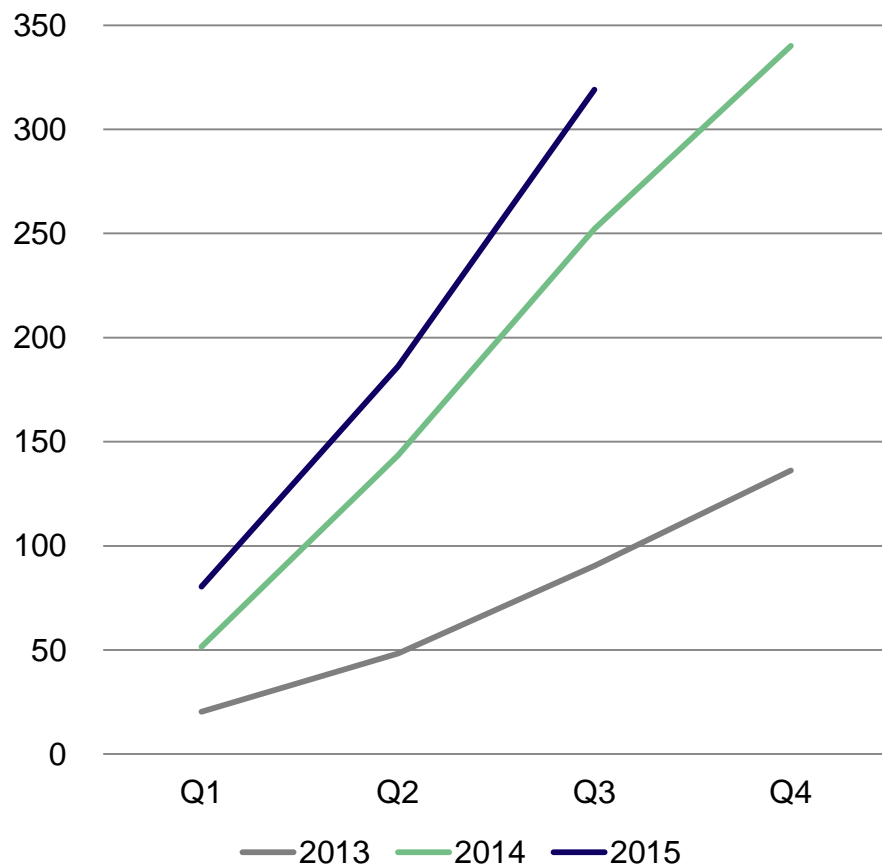


- Consensus U.S. LPG production growth forecast of 2%, rising to 74 million tons in 2016
 - Annualized 2015 LPG production growth of ~6% based on weekly production estimates
- External U.S. LPG export forecasts are more variable, but consensus calls for ~25mt of US LPG exports in 2016
 - Annualized 2015 U.S. LPG exports of 20.5mt, equating to ~40% YoY growth

EBITDA Cumulative Trend

Reviewed figures in USD millions

YTD EBITDA Development



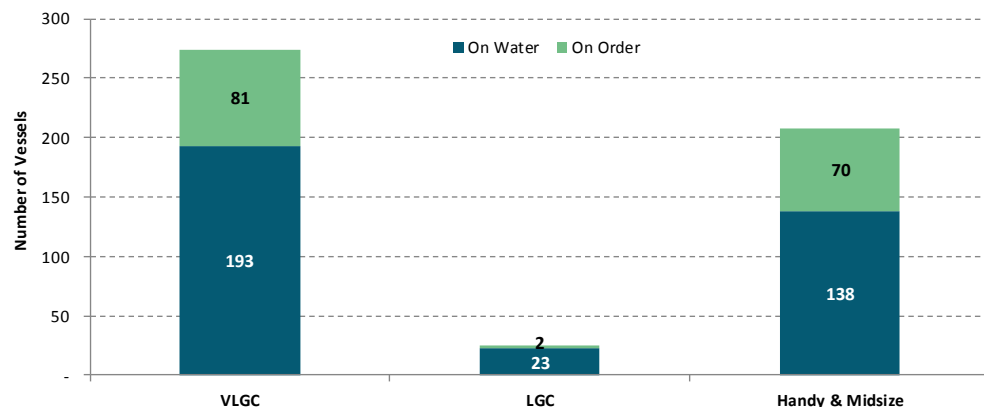
Comments

- VLGC TCE income was in line with expectations with TCE per day at USD 52,600 for Q3 and USD 47,000 for YTD
- LGC TCE income was in line with expectations with TCE per day at USD 44,200 for Q3 and USD 36,700 for YTD
- EBITDA continues to trend positively ahead of 2013 and 2014

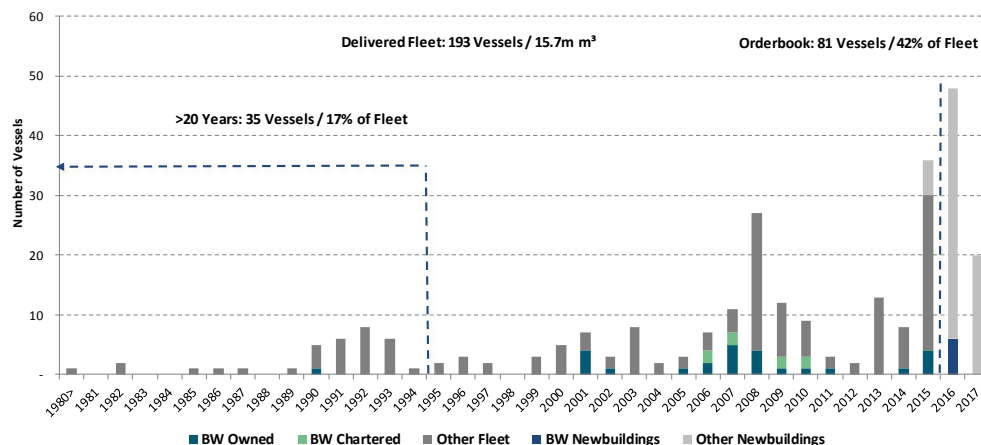


Global LPG & BW LPG Fleet Profile

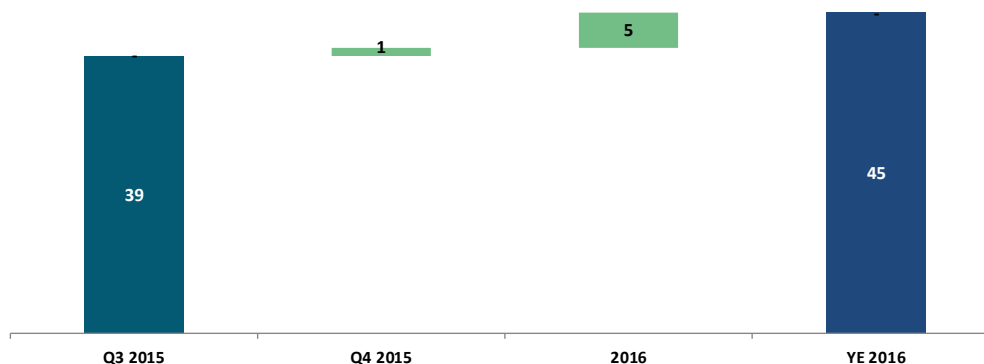
Global LPG Fleet & Orderbook [1]



VLGC Fleet Profile [1] - Average Age: 10.0 Years



BW LPG Net Fleet Development [2]



BW LPG VLGC NB Delivery Schedule

Q4 2015*	Q2 2016	Q3 2016	Q4 2016
1	2	2	2

- VLGC orderbook remains high at 42% of delivered fleet¹
- Half of BW LPG's VLGC NB order book has delivered
- BW LPG's fleet will grow by 15% through end of 2016, maintaining VLGC market leadership position

* BW Orion was delivered on 15 October 2015

Source: Clarksons, BW LPG analysis

[1] As of 10 November 2015

[2] Fleet timeline assumes that in-chartered vessels will be redelivered at charter expiry

Q3 2015 Income Statement

Figures in USD thousands

	(Reviewed) Q3 2015	(Reviewed) Q3 2014	(Reviewed) YTD 2015	(Reviewed) YTD 2014
Revenue	223,845	211,365	581,485	565,084
Voyage expenses	(42,148)	(52,116)	(114,813)	(164,628)
TCE income	181,697	159,249	466,672	400,456
Other operating income	537	497	1,491	1,372
Charter hire expense	(18,226)	(24,961)	(60,877)	(73,910)
Other operating expenses	(30,947)	(26,019)	(88,335)	(75,776)
Operating profit before depreciation, amortisation and impairment (EBITDA)	133,061	108,766	318,951	252,142
Amortisation charge	(1,228)	(1,228)	(3,683)	(3,683)
Depreciation charge	(20,459)	(16,664)	(57,486)	(47,965)
Operating profit (EBIT)	111,374	90,874	257,782	200,494
Finance expense – net	(5,048)	(3,206)	(13,184)	(9,404)
Profit before tax for the financial period	106,326	87,668	244,598	191,090
Income tax expense	(158)	(199)	(474)	(422)
Profit after tax for the financial period (NPAT)	106,168	87,469	244,124	190,668
Items that may be subsequently reclassified profit or loss				
– Fair value (losses)/gains	(5,953)	316	(9,772)	(93)
– Reclassification to profit or loss	727	-	1,771	-
Total comprehensive income for the financial period	100,942	87,785	236,123	190,575

Q3 2015 Balance Sheet and Cash Flows

Figures in USD thousands

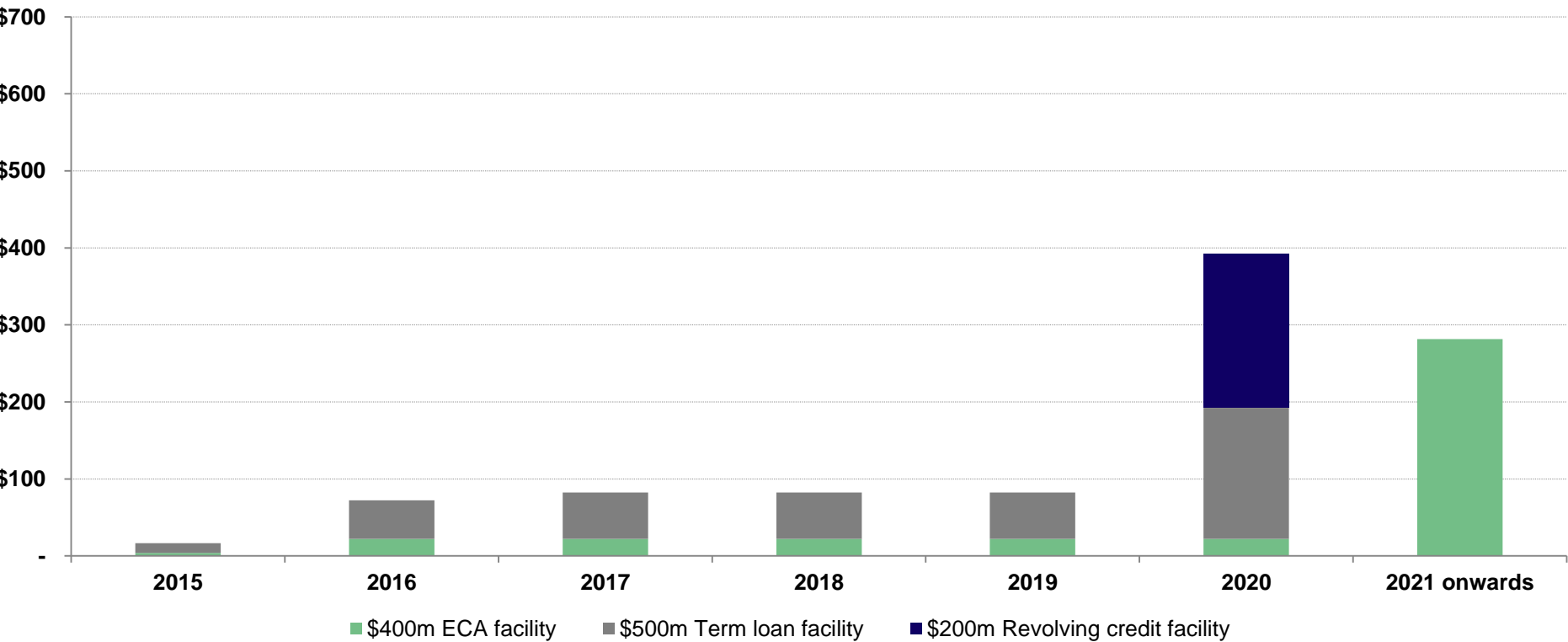
Balance sheet			(Reviewed) 30 Sep 2015	(Audited) 31 Dec 2014
Total non–current assets			1,791,391	1,490,994
Total current assets			198,910	173,070
Total assets			1,990,301	1,664,064
Total shareholders' equity			1,059,132	1,080,954
Total non–current liabilities			821,863	471,397
Total current liabilities			109,306	111,713
Total liabilities			931,169	583,110
Total equity and liabilities			1,990,301	1,664,064
	(Reviewed) Q3 2015	(Reviewed) Q3 2014	(Reviewed) YTD 2015	(Reviewed) YTD 2014
Cash flows				
Cash flows from operating activities				
Profit before tax for the financial period	106,326	87,668	244,598	191,090
Adjustments	27,934	20,719	74,904	59,771
Operating cash flow before working capital changes	134,260	108,387	319,502	250,861
Changes in working capital	(5,124)	16,992	(26,880)	(215)
Net cash provided by operating activities	129,136	125,379	292,622	250,646
Net cash used in investing activities	(57,979)	(32,925)	(361,914)	(106,421)
Net cash (used in)/provided by financing activities	(56,793)	(90,086)	82,161	(194,613)
Net increase/(decrease) in cash and cash equivalents	14,364	2,368	12,869	(50,388)
Cash and cash equivalents at beginning of the financial period	68,750	58,151	70,245	110,907
Cash and cash equivalents at end of the financial period	83,114	60,519	83,114	60,519

Financing – Repayment Profile

Figures in USD millions

As at 30 September 2015

Gross debt	\$882.8	Undrawn facility	\$8.0
Cash	(83.1)	Cash	83.1
Net debt	\$799.7	Available liquidity	\$91.1



Note: Table includes repayments of future drawdowns under the ECA facility and undrawn debt under the revolving credit facility

Summary and Outlook

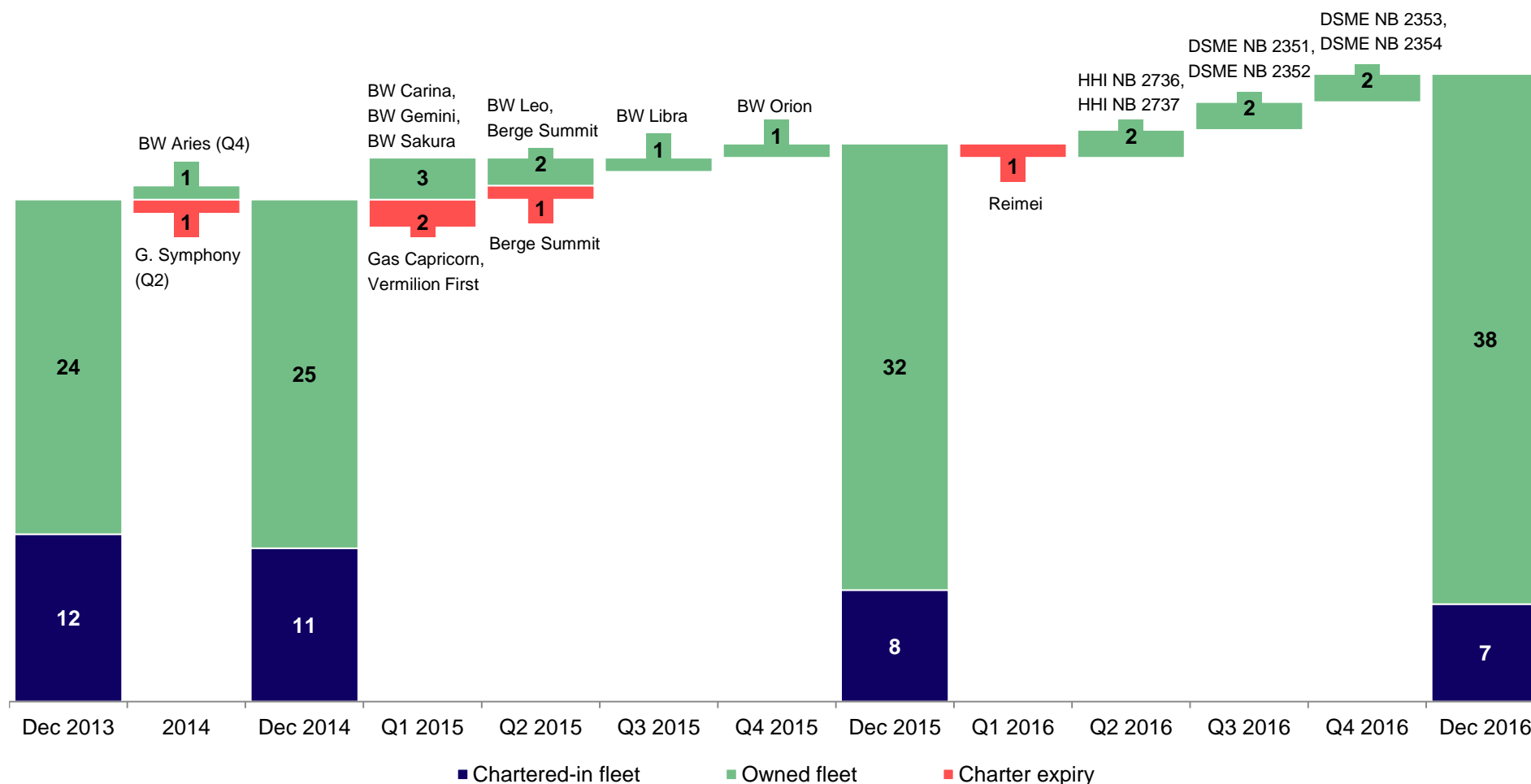
- The LPG export market continued to grow in Q3 2015 led by M.E. volumes to Asia; U.S. volumes were predominantly placed in Europe and Latin America
- Petrochemical demand in China, Korea & Europe and retail demand in China, India & SE Asia will be the key drivers of LPG import growth
- The long-term outlook remains positive with continuing LPG trade growth, albeit with potential for near-term normalization of rates in view of the VLGC orderbook at 42% of the delivered fleet
- Dividend payout of USD 0.78 per share for H1 2015, equating to a pay-out ratio of 75% of net profits after tax, and above our stated Dividend Policy of 50%
- 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



Appendix

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

Charter Portfolio 2015 – 2018

VLGC SEGMENT						
Ship Days		YTD Q3 2015	RoY 2015E	2016E	2017E	2018E
Total Days (Net of Offhire)		8,681	3,183	13,027	14,068	13,405
Spot / Available	CoA Probable Min		841	7,460	8,867	12,206
	CoA Probable Max	1,538	746	6,069	7,476	12,206
CoA	CoA Probable Min		1,500	3,084	3,041	-
	CoA Probable Max	4,612	1,595	4,475	4,432	-
Timecharter		2,531	842	2,483	2,160	1,199
TCE Rates		YTD Q3 2015	RoY 2015E	2016E	2017E	2018E
Spot / Available	CoA Probable Min					
	CoA Probable Max	\$74,100	-	-	-	-
CoA	CoA Probable Min		\$43,000	\$43,800	\$41,200	-
	CoA Probable Max	\$45,100	\$44,100	\$44,700	\$42,300	-
Timecharter		\$37,400	\$37,100	\$34,900	\$34,100	\$30,800

VLGC SEGMENT	
Ship Days	Q3 2015
Total Days (Net of Offhire)	2,999
Spot / Available	500
CoA	1,584
Timecharter	915
TCE Rates	Q3 2015
Spot / Available	\$103,860
CoA	\$48,496
Timecharter	\$35,321

LGC SEGMENT					
Ship Days	YTD Q3 2015	RoY 2015E	2016E	2017E	2018E
Total Days (Net of Offhire)	1,326	436	1,779	1,810	1,730
Spot / Available	311	221	1,433	1,810	1,730
Timecharter	1,015	215	346	-	-
TCE Rates	YTD Q3 2015	RoY 2015E	2016E	2017E	2018E
Spot / Available	\$47,000	-	-	-	-
Timecharter	\$35,000	\$35,800	\$32,200	-	-

LGC SEGMENT	
Ship Days	Q3 2015
Total Days (Net of Offhire)	458
Spot / Available	143
Timecharter	315
TCE Rates	Q3 2015
Spot / Available	\$62,470
Timecharter	\$36,134

- Notes:
- Available days are calculated as total ship days (365 days per available vessel) less planned maintenance (including dry docking days) and less expected Timecharter & 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 utilized under the CoA. The days are subject to change based on market conditions, charterers' appointments, and other uncontrollable factors.
 - Timecharter and CoAs are calculated based on contracted duration. It is likely that the Company renews some or all of its Time Charter-Out and CoAs in the future, at rates reflecting the fixed income market outlook at time of renewal.
 - RoY denotes Rest of Year

Glossary of Terms

<u>Terms</u>	<u>Explanation</u>
Time Charter–Out	: charter hires with a fixed hire rate for a fixed duration (term of charter)
Voyage Charter	: charter hires negotiated on spot/market rates
CoA–Spot	: contracts of affreightment with variable element(s) in the hire rates for a specified range of duration (term of charter) and frequency (number of cargoes lifted). These contracts are typically determined with reference to the Baltic rate for VLGCs
CoA–Fixed	: contracts of affreightment with fixed day rates applicable for a specified duration (term of charter) and frequency (number of cargoes lifted)



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