

# FOURTH QUARTER & FULL YEAR 2015 EARNINGS PRESENTATION

26 FEBRUARY 2016

# Forward-looking Statements



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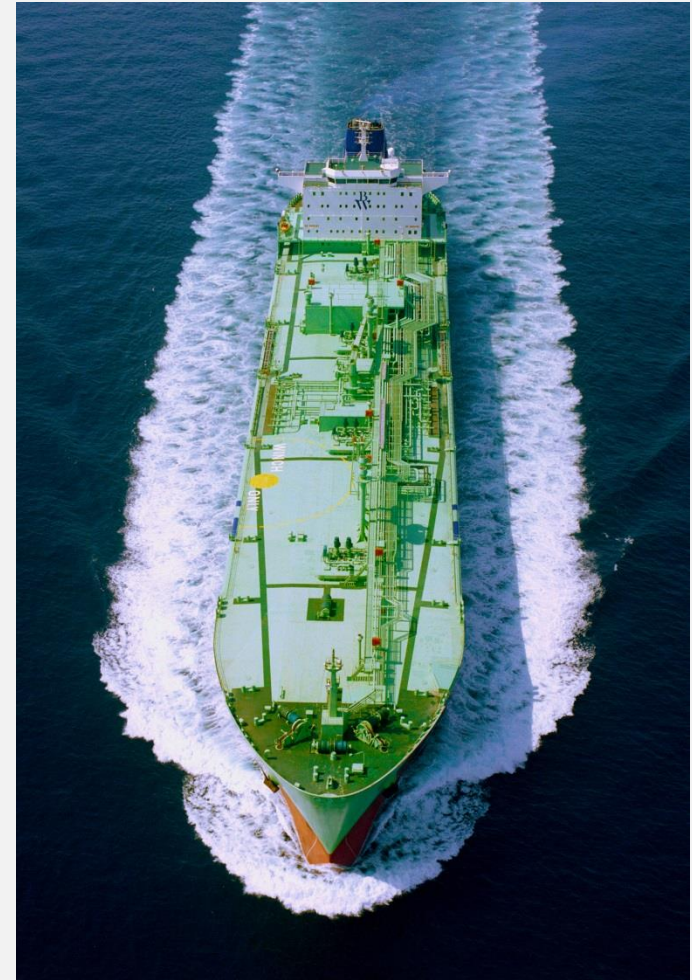
# Agenda

- 2015 Highlights
- Market Dynamics
- Financial Update
- Summary & Outlook
- Q&A



# Full Year 2015 Highlights

- 2015 was a record year for BW LPG
  - Net Revenue was USD 626 million, 16% above FY 2014
    - VLGC FY15 Daily TCE – \$46,000
    - LGC FY15 Daily TCE – \$38,600
  - EBITDA was USD 430 million, 27% above FY 2014
  - Profit after tax was USD 326 million, 28% above FY 2014
- Acquired a 15% stake in Aurora LPG (AURLPG.OL), a VLGC shipowner with three vessels on the water and six newbuildings delivering in 2016
- The Board has recommended a final cash dividend of USD 0.68 per share for 2015, equating to a full year dividend payout of USD 1.46 per share
- The newbuilding program is on budget:
  - Our fifth 2015 newbuilding [BW Orion] was delivered on October 15<sup>th</sup>
  - The next two HHI VLGC newbuildings are due in Q2 2016
  - Three DSME VLGC newbuildings are due in Q4 2016, with the last delivering in Q1 2017



# Fourth Quarter 2015 Financial Highlights



- Net Revenue was USD 160 million, 15% above Q4 2014
- EBITDA was USD 111 million, 27% above Q4 2014
- Profit after tax was USD 82 million, 26% above Q4 2014
- Key metrics:

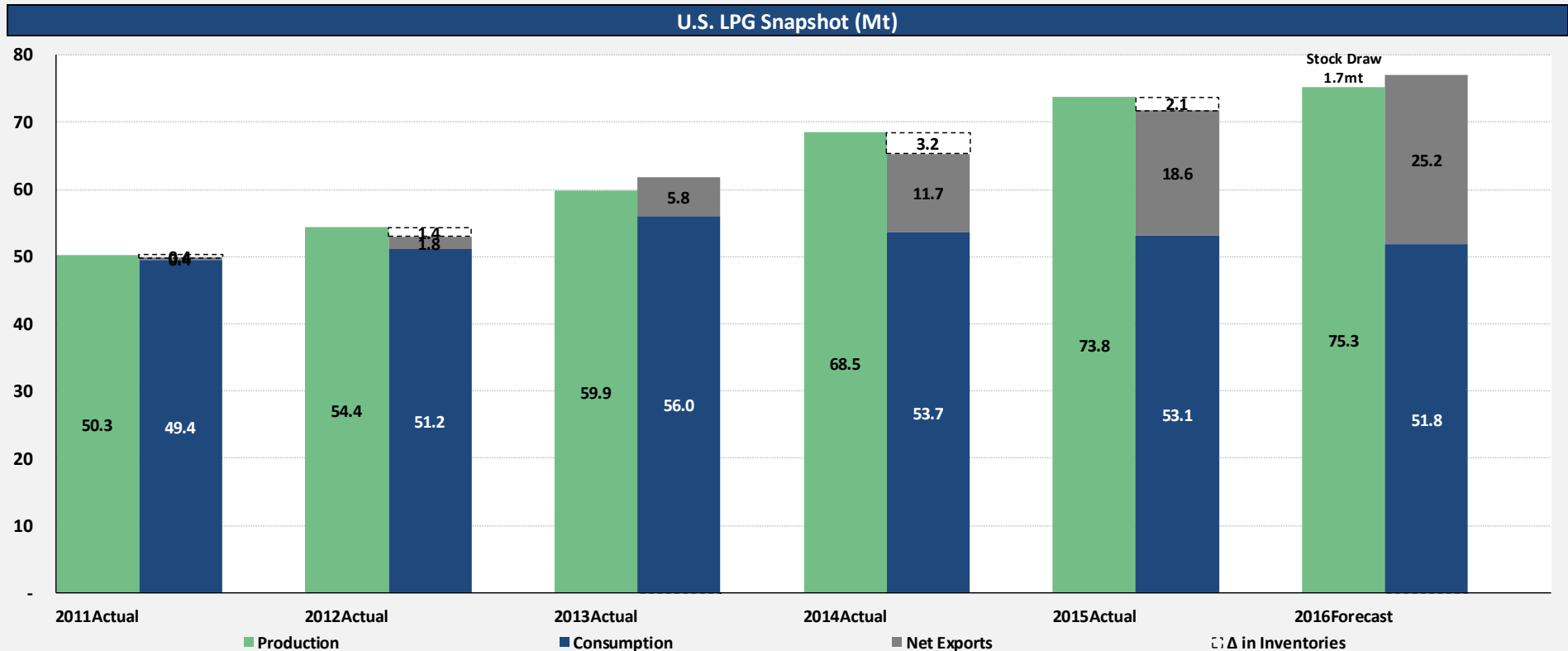
<b>Share price on 31 Dec 2015</b>		
<b>\$8.30</b>		
	<b>Q4 2015</b>	<b>FY 2015</b>
<b>EPS<sup>1</sup></b>	\$ 0.61	\$ 2.44
<b>Earnings yield<sup>2</sup></b>	n.a.	29.3%
<b>ROE<sup>3</sup></b>	7.0%	27.9%
<b>ROCE<sup>3</sup></b>	4.3%	16.8%
<b>Leverage ratio<sup>4</sup></b>	43.1%	43.1%



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 31 December 2015 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 31 December 2015  
4) Leverage ratio is computed as total debt over total debt plus equity

# U.S. LPG Supply – Demand Outlook

Inventory drawdown of ~2mt is required in 2016 to export 25mt of LPG (net), assuming EIA forecasts

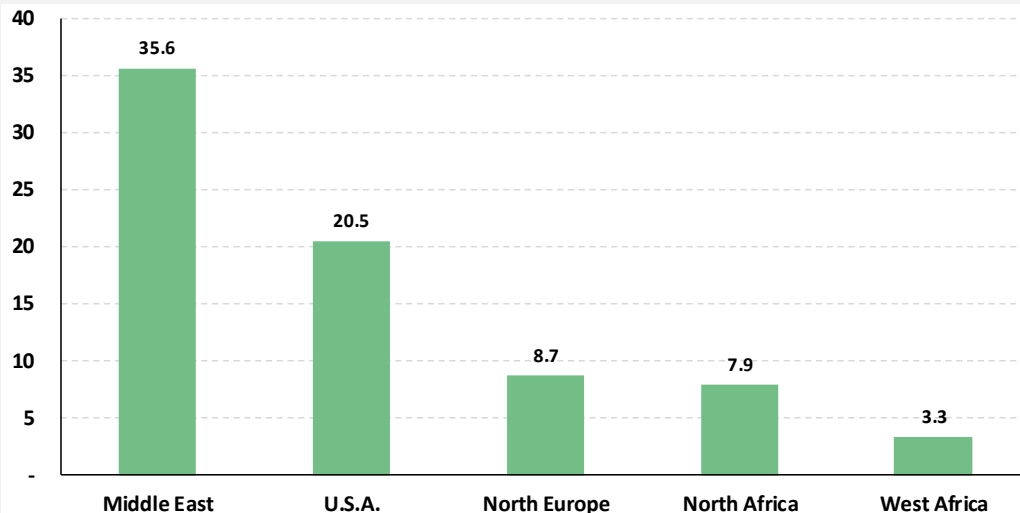


- EIA 2016e U.S. LPG production growth of 2.0% to 75.3mt
- EIA 2016e U.S. LPG demand decline of 2.5% to 51.8mt (including refinery & blender net inputs of normal butane & isobutane)
- EIA 2016e U.S. LPG net exports of ~25mt would require an inventory drawdown of 1.7mt
- Assuming 2016 U.S. LPG production declines by 1%, the required inventory drawdown increases to 3.9mt

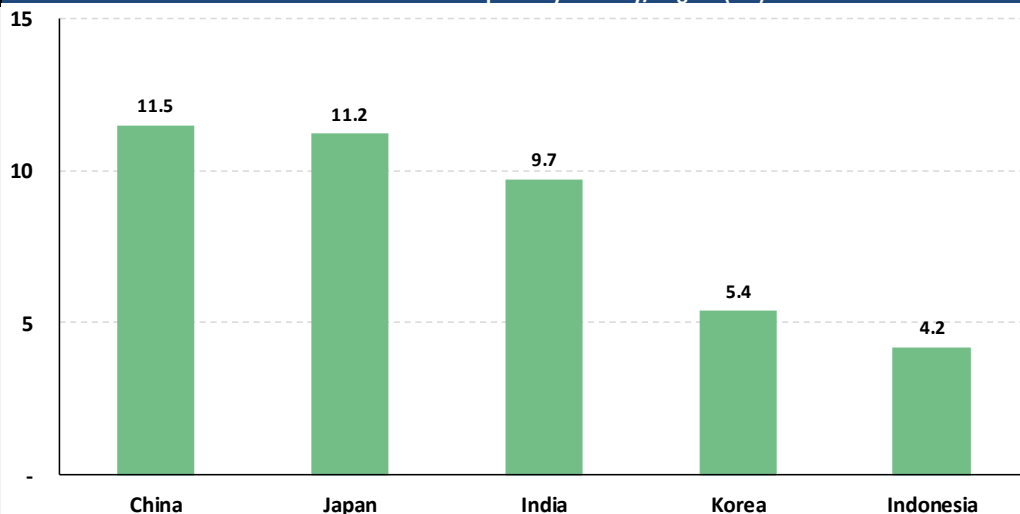
# 2015 Seaborne LPG Trade Overview

U.S. cements its status as largest exporting country, China overtakes Japan as world's largest LPG importer

2015 Seaborne LPG Exports by Country/Region (Mt)



2015 Seaborne LPG Imports by Country/Region (Mt)



## Comments

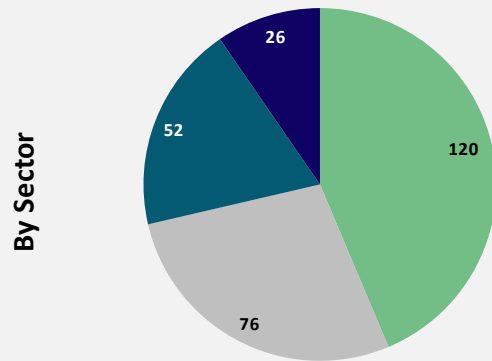
### Exports

- Middle Eastern export growth driven by increase in UAE and Iran volumes
- US LPG export growth driven by increase in volumes from Enterprise, Targa and Sunoco, as well as start-up of Nederland terminal
- N. Europe & African volumes remained steady

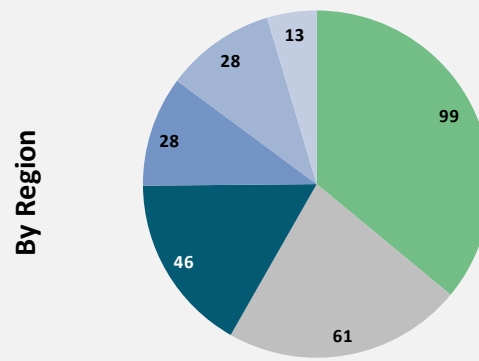
### Imports

- China import growth led by PDH & retail demand
- Indian & Indonesian import growth driven entirely by retail demand
- Japanese imports decline slightly due to LPG demand displacement from increased city gas consumption
- Korean imports decline slightly due to lower price-sensitive feedstock switching demand

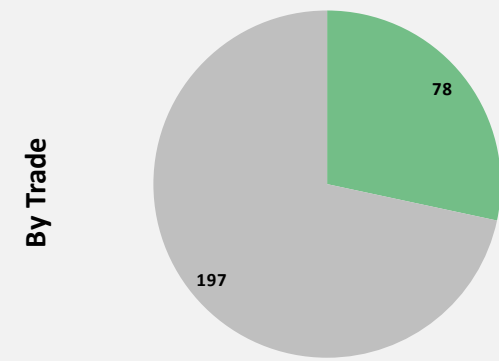
# Composition of LPG consumption is favourable to long term trade



■ Retail - 44% of Total  
■ Chemical - 28% of Total  
■ Power - 18% of Total  
■ Transport - 10% of Total

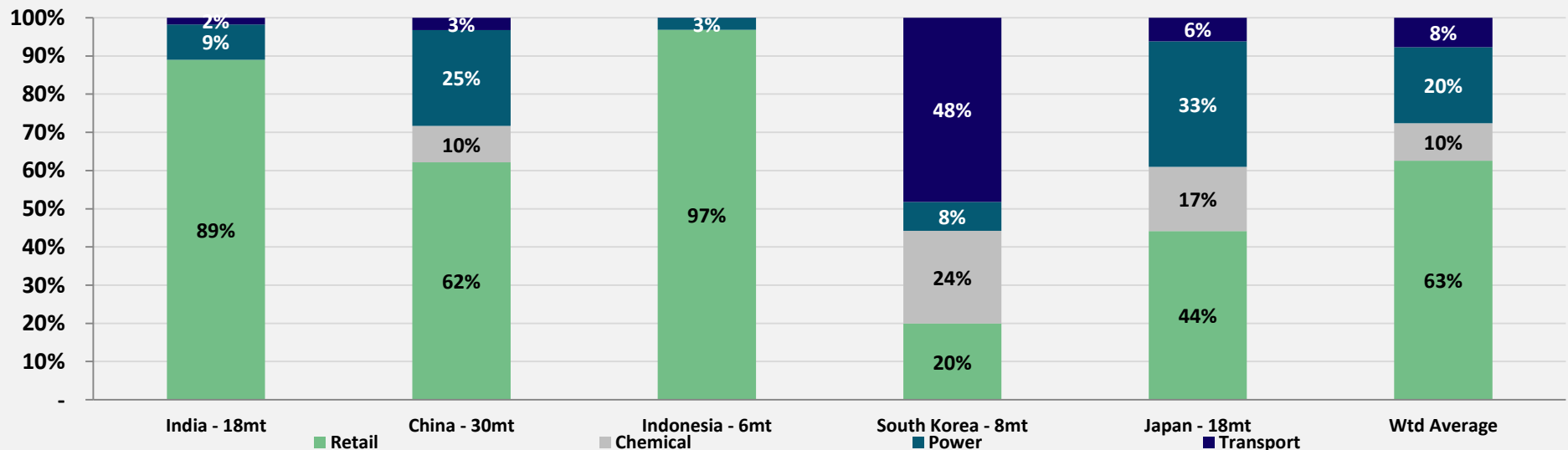


■ Asia - 36% of Total  
■ Europe - 17% of Total  
■ Latin America - 10% of Total  
■ North America - 22% of Total  
■ Middle East - 10% of Total  
■ Africa - 5% of Total



■ Seaborne trade - 28% of Total  
■ Domestic consumption & overland trade - 72% of Total

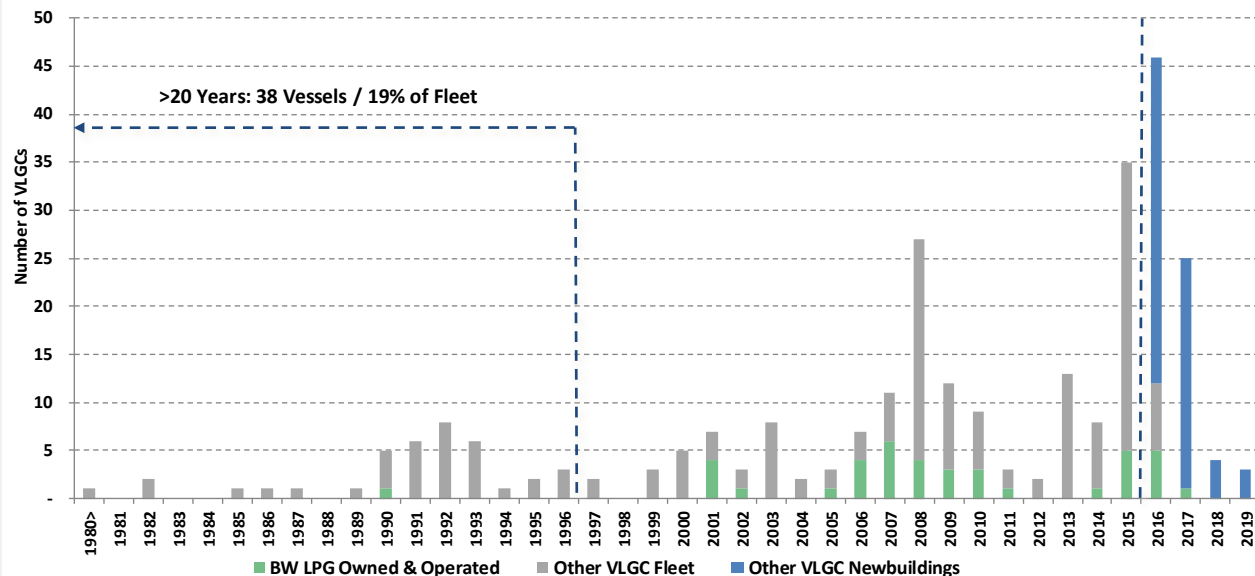
## LPG Consumption by Sector - Main Importing Countries



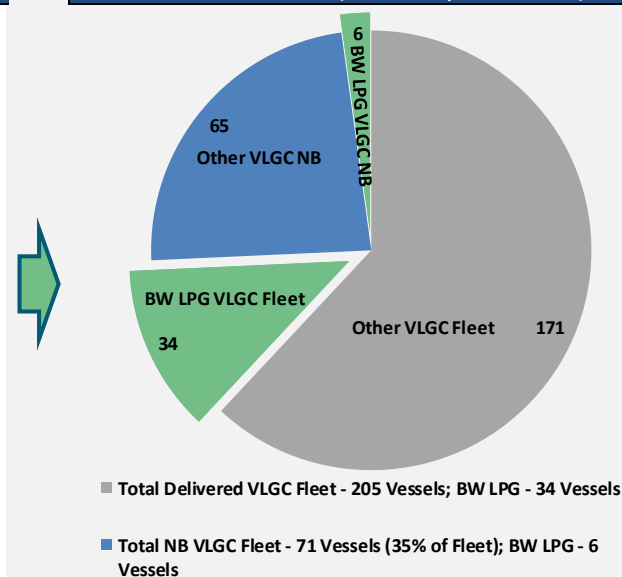


# Global VLGC & BW LPG Fleet Profile

VLGC Fleet Profile [1] - Average Age: 9.7 Years



BW LPG Market Share (Owned + Operated VLGCs)



**40**  
OWNED AND OPERATED VLGCs

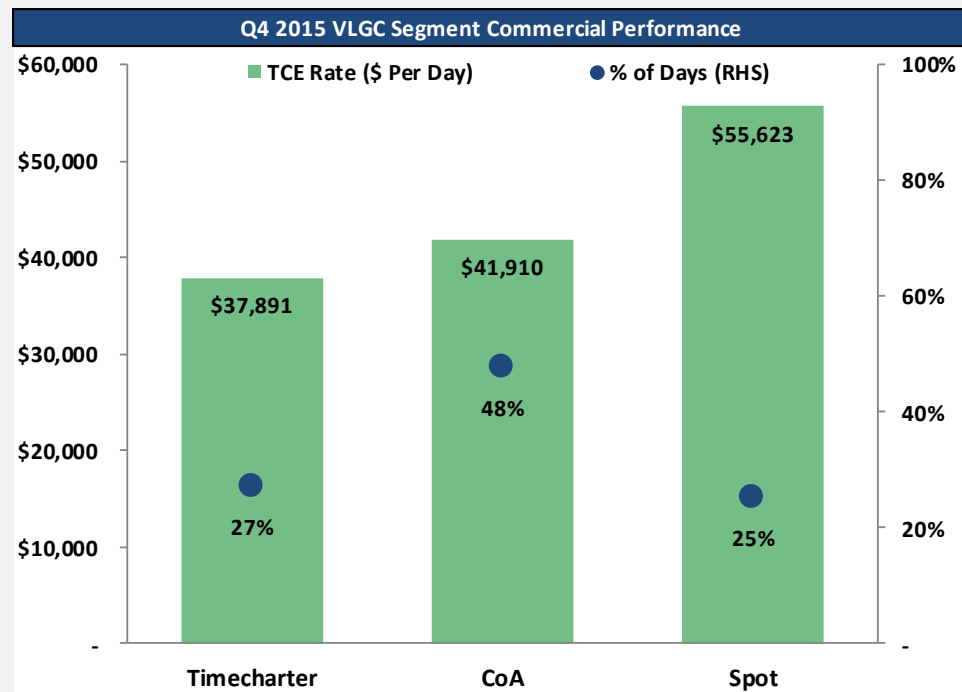
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**5**  
OWNED LGCS

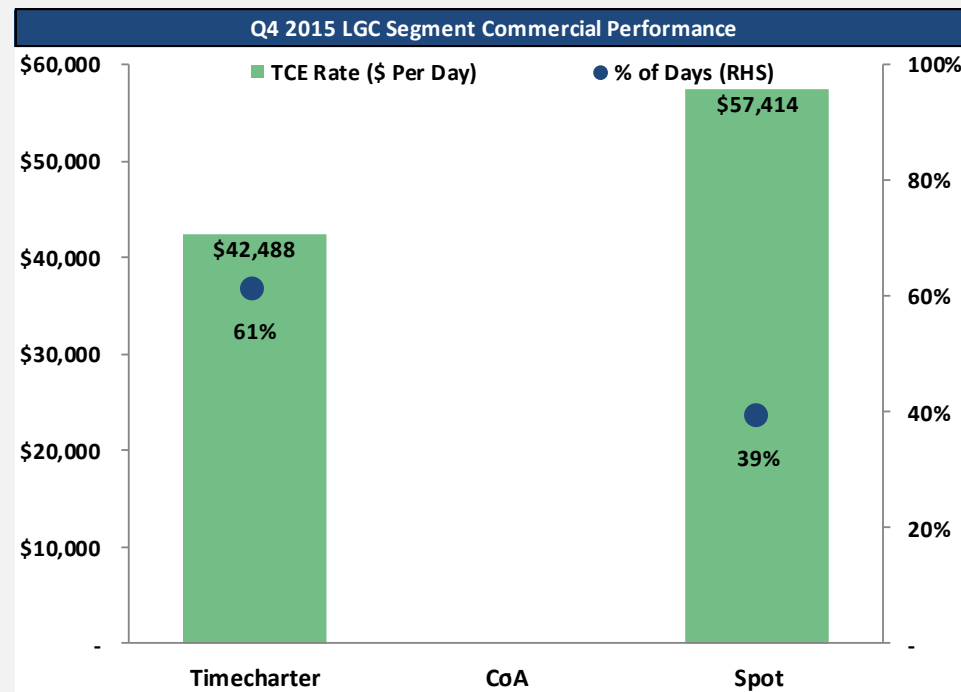
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**45**  
VESSELS

# Q4 2015 Commercial Performance



- Q4 2015 VLGC TCE daily earnings were \$43,500<sup>1</sup>
- Total contract coverage was 75%
- Spot performance adversely impacted by decision to lock into longer voyages trading at discount to Baltic, against concerns of a later Q4 2015 correction



- Q4 2015 LGC TCE daily earnings were \$44,100<sup>1</sup>
- Total contract coverage was 61%
- Spot performance bolstered by capturing the value of LGC fleet's ability to transit the Panama Canal early in the quarter before LPG price spreads narrowed

[1] TCE rates per day in chart are net of offhire, while total segment TCE rates per day include the impact of offhire

# Q4 2015 Income Statement



Figures in USD thousands

	(Reviewed) Q4 2015	(Reviewed) Q4 2014	(Audited) FY 2015	(Audited) FY 2014
Revenue	191,850	182,278	773,335	747,362
Voyage expenses	(32,030)	(43,564)	(146,843)	(208,192)
<b>TCE income</b>	<b>159,820</b>	<b>138,714</b>	<b>626,492</b>	<b>539,170</b>
Other operating income	525	495	2,016	1,867
Charter hire expense	(18,732)	(24,189)	(79,609)	(98,099)
Other operating expenses	(30,304)	(27,117)	(118,639)	(102,893)
<b>Operating profit before depreciation, amortisation and impairment (EBITDA)</b>	<b>111,309</b>	<b>87,903</b>	<b>430,260</b>	<b>340,045</b>
Amortisation charge	(1,227)	(1,227)	(4,910)	(4,910)
Depreciation charge	(22,320)	(18,162)	(79,806)	(66,127)
<b>Operating profit (EBIT)</b>	<b>87,762</b>	<b>68,514</b>	<b>345,544</b>	<b>269,008</b>
Finance expense – net	(5,473)	(3,238)	(18,657)	(12,642)
<b>Profit before tax for the financial quarter/year</b>	<b>82,289</b>	<b>65,276</b>	<b>326,887</b>	<b>256,366</b>
Income tax expense	(275)	(275)	(749)	(697)
<b>Profit after tax for the financial quarter/year (NPAT)</b>	<b>82,014</b>	<b>65,001</b>	<b>326,138</b>	<b>255,669</b>
Other comprehensive income/(loss), net of tax	2,901	(1,713)	(5,100)	(1,806)
<b>Total comprehensive income for the financial quarter/year</b>	<b>84,915</b>	<b>63,288</b>	<b>321,038</b>	<b>253,863</b>

# Q4 2015 Balance Sheet and Cash Flows



Figures in USD thousands

			(Audited) 31 Dec 2015	(Audited) 31 Dec 2014
<b>Balance sheet</b>				
Total non-current assets			1,908,586	1,490,994
Total current assets			201,175	173,070
<b>Total assets</b>			<b>2,109,761</b>	<b>1,664,064</b>
<b>Total shareholders' equity</b>			<b>1,170,719</b>	<b>1,080,954</b>
Total non-current liabilities			768,392	471,397
Total current liabilities			170,650	111,713
<b>Total liabilities</b>			<b>939,042</b>	<b>583,110</b>
<b>Total equity and liabilities</b>			<b>2,109,761</b>	<b>1,664,064</b>
			(Audited) FY 2015	(Audited) FY 2014
<b>Cash flows</b>				
<b>Cash flows from operating activities</b>	(Reviewed) Q4 2015	(Reviewed) Q4 2014		
Profit before tax for the financial quarter/year	82,289	65,276	326,887	256,366
Adjustments	29,942	21,501	104,847	82,227
<b>Operating cash flow before working capital changes</b>	<b>112,231</b>	<b>86,777</b>	<b>431,734</b>	<b>338,593</b>
Changes in working capital	15,670	44,006	(11,211)	42,838
<b>Net cash provided by operating activities</b>	<b>127,901</b>	<b>130,783</b>	<b>420,523</b>	<b>381,431</b>
<b>Net cash used in investing activities</b>	<b>(142,622)</b>	<b>(77,011)</b>	<b>(504,536)</b>	<b>(183,433)</b>
<b>Net cash provided by/(used in) financing activities</b>	<b>25,391</b>	<b>(44,046)</b>	<b>107,552</b>	<b>(238,660)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>10,670</b>	<b>9,726</b>	<b>23,539</b>	<b>(40,662)</b>
Cash and cash equivalents at beginning of the financial quarter/year	83,114	60,519	70,245	110,907
<b>Cash and cash equivalents at end of the financial quarter/year</b>	<b>93,784</b>	<b>70,245</b>	<b>93,784</b>	<b>70,245</b>

# Financing – Repayment Profile

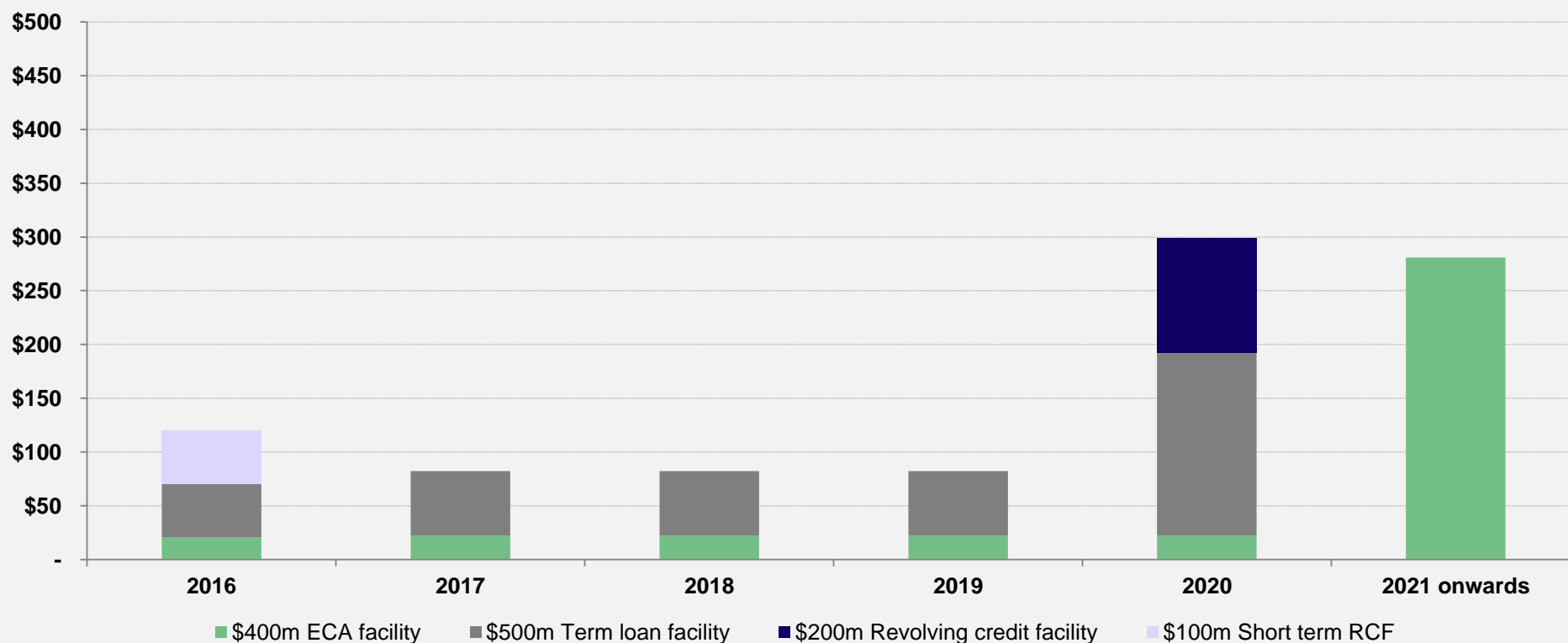


Figures in USD millions

As at 31 Dec 2015

Gross debt	887.0	Undrawn facility	143.0
Cash	(93.8)	Cash	93.8
Net debt	793.2	Available liquidity	236.8

We increased the revolving credit facility of the existing USD 700 million Senior Secured Term Loan and Revolving Credit Facility by USD 100 million at pre-existing terms without additional collateral being pledged.



Note: Table includes repayments of future drawdowns under the ECA facility.



# Summary and Outlook

- FY 2015 Net Revenue of USD 626m, EBITDA of USD 430m & Profit after Tax of USD 326m, resulting in EPS of \$2.44
- The Board has recommended a final cash dividend of USD 0.68 per share for 2015, equating to a full year dividend payout of USD 1.46 per share; this marks a return to our stated dividend policy of 50% of net profit after tax
- Current 2016 contract coverage of 50% - 60%, depending on CoA uptake
- LPG trade grew by 10% in 2015, led by petrochemical demand in North Asia & Europe and retail demand in India & Southeast Asia
- Retail will be the key driver of demand in Asian high-growth countries; the US and Middle East will continue to be the key export markets
- The US should be able to achieve export 25mt (net) of LPG in 2016 assuming a modest draw on existing inventories
- The long-term outlook remains positive with continuing LPG trade growth, albeit with potential for normalisation of rates in view of two consecutive years of >20% fleet growth
- 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



**Q & A**

# Appendix

# Charter Portfolio 2016 – 2018



VLGC Segment		FY 2015		2016E		2017E		2018E	
		Days	% of Total	Days	% of Total	Days	% of Total	Days	% of Total
Total Days (Net of Offhire)		11,832	100%	12,898	100%	14,050	100%	13,405	100%
Timecharter		3,387	28%	3,525	27%	2,600	19%	1,561	12%
CoA	CoA Probable Min	6,112	52%	3,144	25%	3,041	21%	-	-
	CoA Probable Max			4,535	35%	4,432	31%		
Spot / Available	CoA Probable Min	2,333	20%	6,229	48%	8,409	60%	11,844	88%
	CoA Probable Max			4,838	38%	7,018	50%		
% Contract Coverage (TC + CoA)		80%		52% - 62%		40% - 50%		12%	
TCE Rates		FY 2015		2016E		2017E		2018E	
Timecharter		\$37,500		\$37,650		\$35,150		\$32,900	
CoA	CoA Probable Min	\$44,300		\$42,200		\$40,800		-	
	CoA Probable Max			\$45,200		\$42,500		-	
Spot / Available	CoA Probable Min	\$67,800		-		-		-	
	CoA Probable Max								

VLGC Segment	Q4 2015	
	Days	% of Total
<b>Total Days (Net of Offhire)</b>	<b>3,151</b>	<b>100%</b>
<b>Timecharter</b>	856	27%
<b>CoA</b>	1,500	48%
<b>Spot / Available</b>	795	25%
<b>% Contract Coverage (TC + CoA)</b>	75%	
<b>TCE Rates</b>	Q4 2015	
<b>Timecharter</b>	\$37,891	
<b>CoA</b>	\$41,910	
<b>Spot / Available</b>	\$55,623	
<b>VLGC TCE Rate (net of offhire)</b>	<b>\$44,278</b>	

LGC Segment	FY 2015		2016E		2017E		2018E	
	Days	% of Total	Days	% of Total	Days	% of Total	Days	% of Total
<b>Total Days (Net of Offhire)</b>	<b>1,746</b>	<b>100%</b>	<b>1,779</b>	<b>100%</b>	<b>1,810</b>	<b>100%</b>	<b>1,730</b>	<b>100%</b>
<b>Timecharter</b>	1,271	73%	744	42%	362	20%	116	7%
<b>Spot / Available</b>	475	27%	1,035	58%	1,448	80%	1,614	93%
<b>TCE Rates</b>	FY 2015		2016E		2017E		2018E	
<b>Timecharter</b>	\$36,500		\$31,000		\$23,700		\$23,700	
<b>Spot / Available</b>	\$50,600		-		-		-	

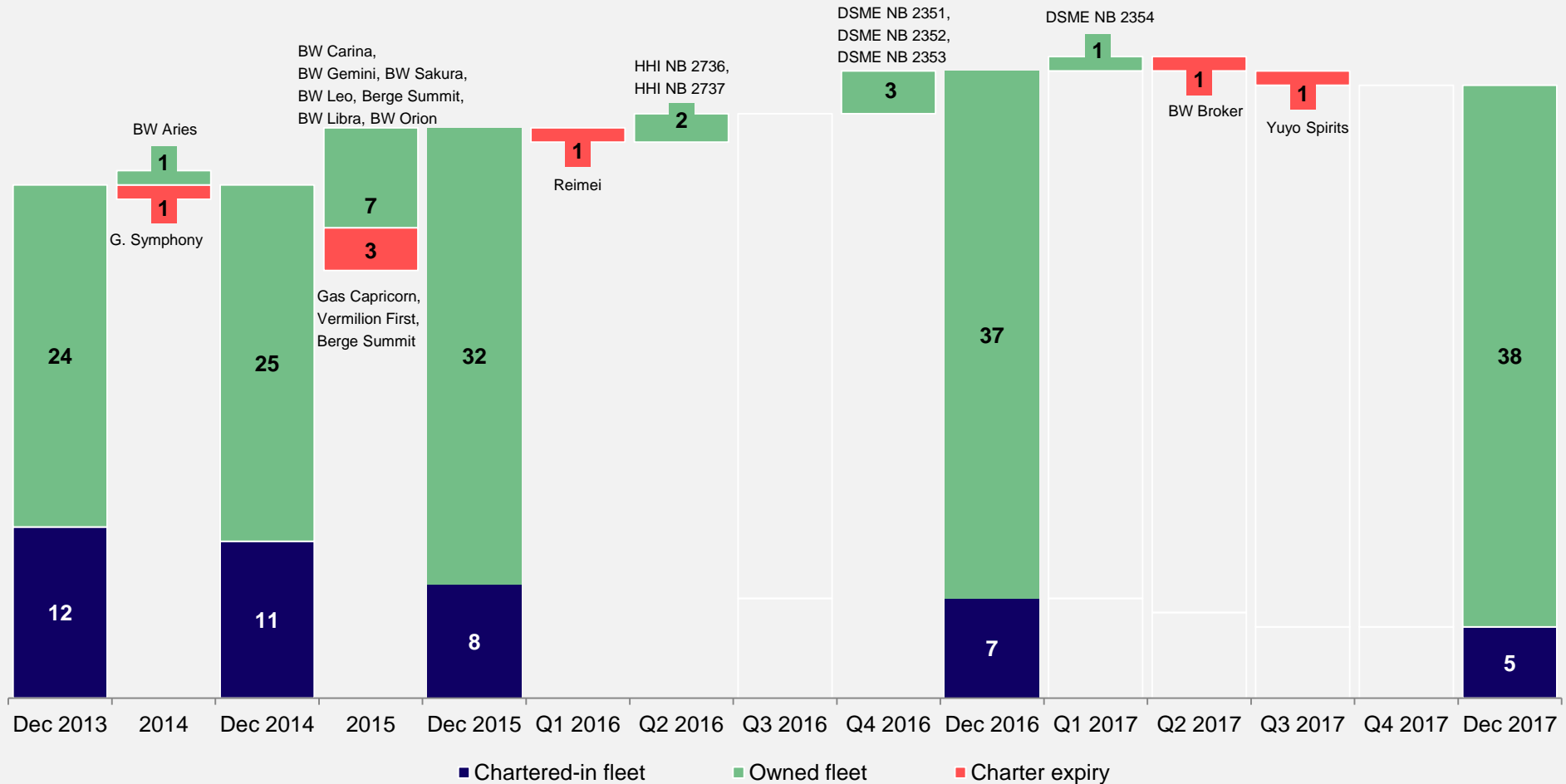
LGC Segment	Q4 2015	
	Days	% of Total
<b>Total Days (Net of Offhire)</b>	<b>420</b>	<b>100%</b>
<b>Timecharter</b>	256	61%
<b>Spot / Available</b>	164	39%
<b>TCE Rates</b>	Q4 2015	
<b>Timecharter</b>	\$42,488	
<b>Spot / Available</b>	\$57,414	
<b>LGC TCE Rate (net of offhire)</b>	<b>\$48,316</b>	

Total Contract Coverage		FY 2015	2016E	2017E	2018E
VLGC + LGC Fleet		79%	51% - 60%	38% - 47%	11%

- 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 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.
  - Timecharter and CoAs are calculated based on contracted duration. It is likely that the Company renews some or all of its Timecharters 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 timecharter 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 34 VLGCs / 5 LGCs / 6 newbuilding 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 Liberty	2007	DSME	100%
BW Libra	2015	Hyundai H.I.	100%
BW Leo	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 Vision	2001	Kawasaki H.I.	100%
Berge Summit	1990	Mitsubishi H.I.	100%
<b>Total (27 vessels)</b>			

## CHARTERED VLGCs

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

## 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%
<b>Total (5 vessels)</b>			

## NEWBUILD VLGCs

Name	Delivery	Shipyard	Ownership
Hull No. 2736	2016	Hyundai H.I.	100%
Hull No. 2737	2016	Hyundai H.I.	100%
Hull No. 2351	2016	DSME	100%
Hull No. 2352	2016	DSME	100%
Hull No. 2353	2016	DSME	100%
Hull No. 2354	2017	DSME	100%
<b>Total (6 vessels)</b>			

# 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)
Voyage Charter	: Charter hires negotiated on spot/market rates
CoA	: 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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