

# FOURTH QUARTER & FULL YEAR 2016 EARNINGS PRESENTATION

27 February 2017



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# Agenda

- Full Year 2016 & Fourth Quarter 2016 Highlights
- Market Dynamics
- Financial Update
- Summary & Outlook
- Q&A



# Full Year 2016 Highlights

- 2016 was a difficult year for the LPG market but the Company remained profitable and grew its fleet at attractive asset values
  - Net Revenue was USD 407 million
    - VLGC FY 2016 Daily TCE – \$27,100<sup>1</sup>
    - LGC FY 2016 Daily TCE – \$23,400<sup>1</sup>
  - EBITDA was USD 210 million
  - Profit after tax was USD 24 million
  - Profit after tax excluding non-cash, non-recurring items was USD 81 million
- FY 2016 contract coverage of 50%
- The Company declared a cash dividend of USD 9 cents for H1 2016, and will not be proposing any dividend for H2 2016 at the forthcoming Annual General Meeting
- In December 2016, the Company completed the acquisition of Aurora LPG, adding nine VLGCs with an average age of 3 years to its fleet



# Fourth Quarter 2016 Financial Highlights

- Net Revenue was USD 90 million
- EBITDA was USD 35 million
- Profit after tax was USD 80 million
  - Profit after tax excluding non-recurring items was a loss of USD 0.6 million. Non-recurring items include:
    - Negative goodwill of USD 110 million arising from the Aurora acquisition and,
    - Gain on vessel sale and available for sale assets, and vessel impairments of \$30m
- Key metrics:

## Share price on 30 Dec 2016

**\$4.20**

	<b>Q4 2016</b>	<b>FY 2016</b>
<b>EPS<sup>1</sup></b>	\$ 0.58	\$ 0.18
<b>EPS ex. non-recurring events</b>	(\$ 0.004)	\$ 0.60
<b>Earnings Yield<sup>2</sup></b>		4.2%
<b>Unadjusted / Adjusted ROE<sup>3</sup></b>	2.1% / 6.9%	
<b>Unadjusted / Adjusted ROCE<sup>3</sup></b>	2.3% / 4.8%	
<b>Leverage ratio<sup>4</sup></b>	55.8%	



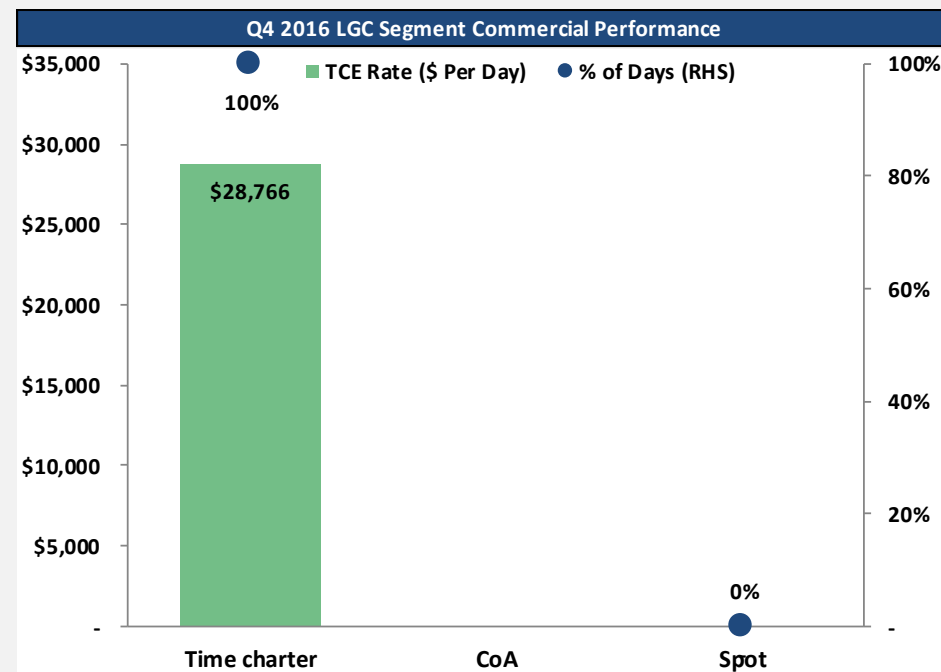
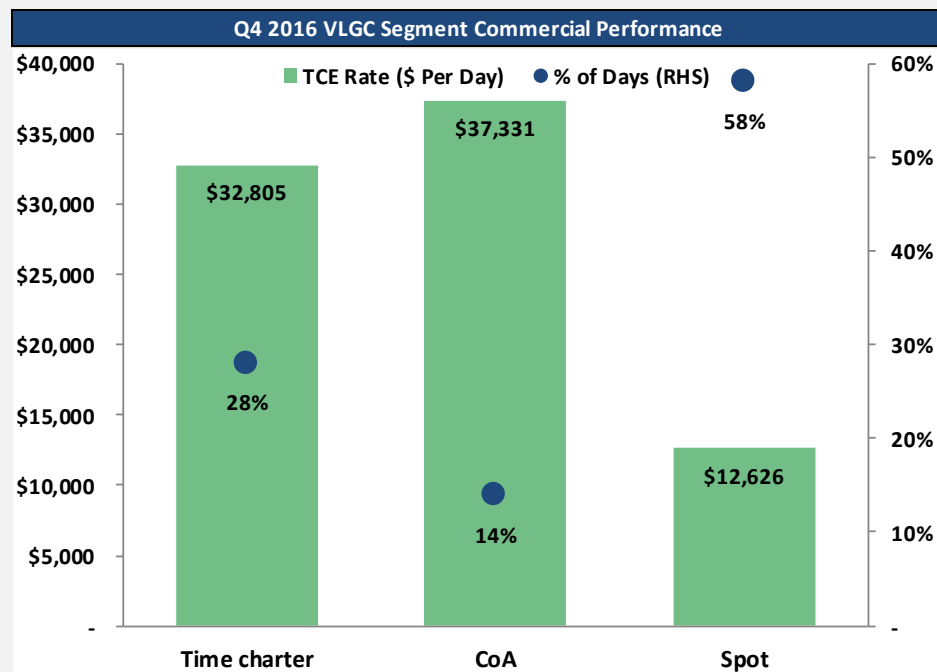
Notes: [1] EPS (earnings per share) is computed basis the weighted average number of shares outstanding less treasury shares during the period

[2] Earnings yield is computed as EPS divided by 30 December 2016 share price in USD terms

[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. Adjusted ratios are computed net of non-recurring items as defined on slide 11.

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

# Fourth Quarter 2016 Commercial Performance



- Q4 2016 VLGC TCE daily earnings of \$21,720<sup>1</sup> [\$20,930<sup>2</sup>]
- Total contract coverage was 42%
- Availability rate of 99%

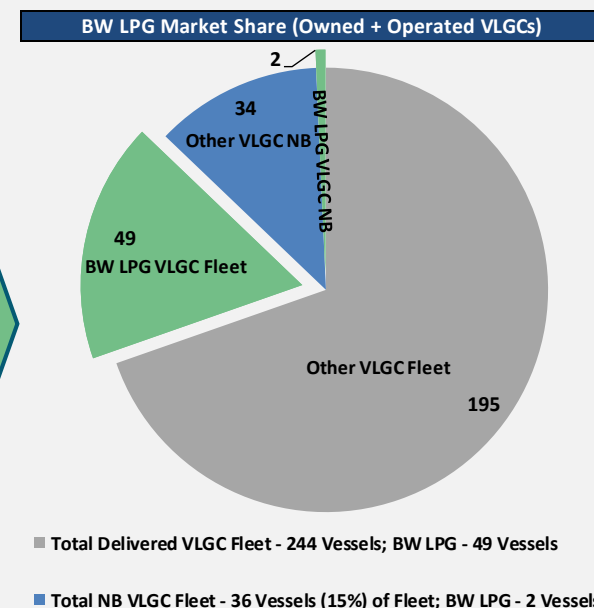
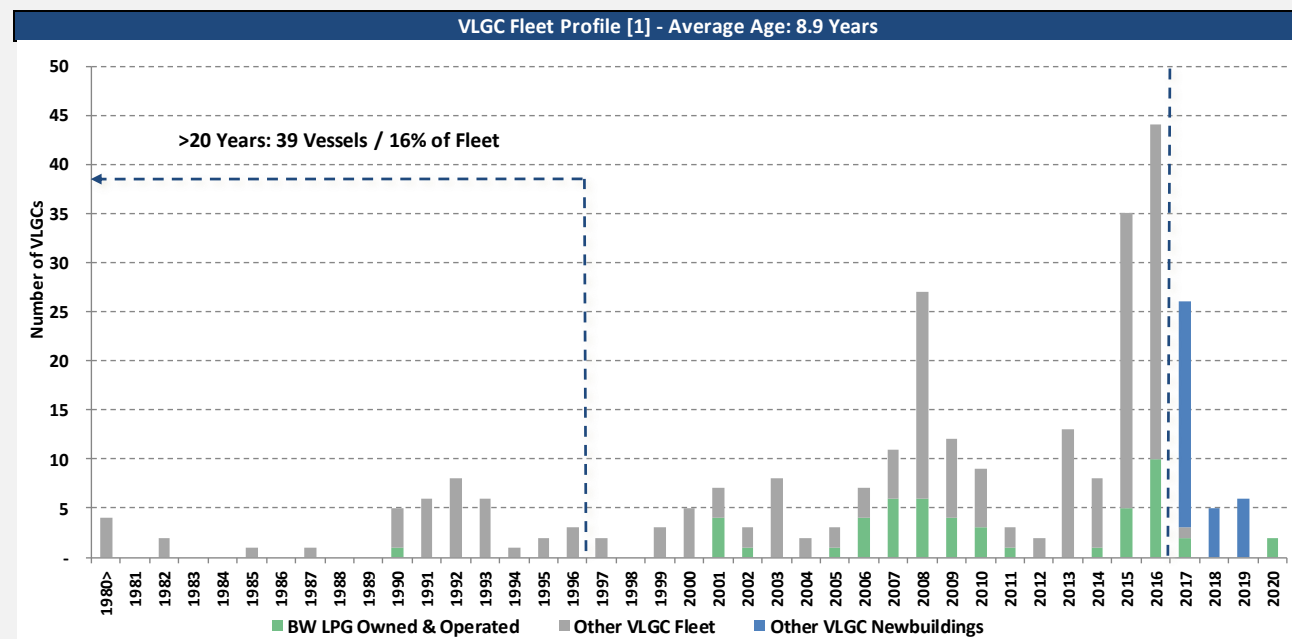
- Q4 2016 LGC TCE daily earnings of \$28,770<sup>1</sup> [\$26,410<sup>2</sup>]
- Total contract coverage was 100%
- Availability rate of 99%

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

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

# Global VLGC & BW LPG Fleet Profile

244 ships on the water, 36 on order. 3 ships have been delivered year to date, while 1 has been scrapped.

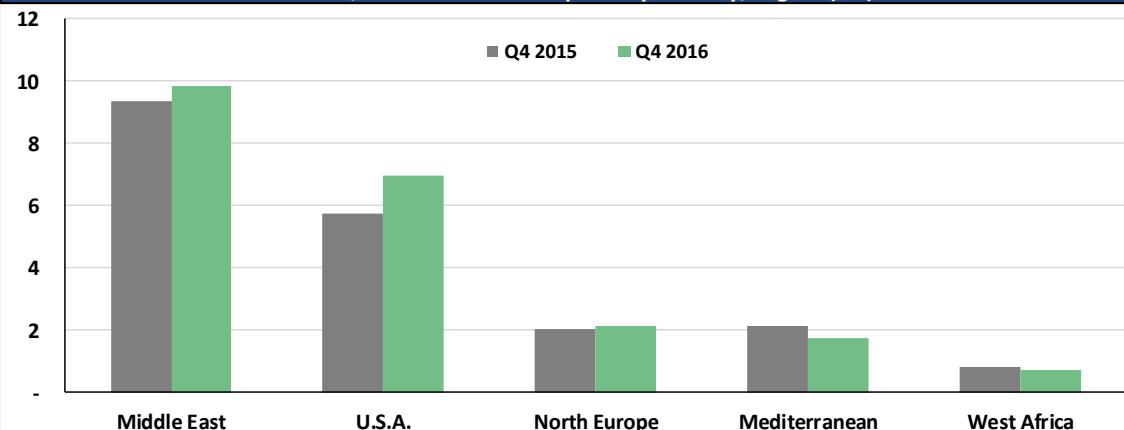


# Fourth Quarter 2016 Seaborne LPG Trade Overview

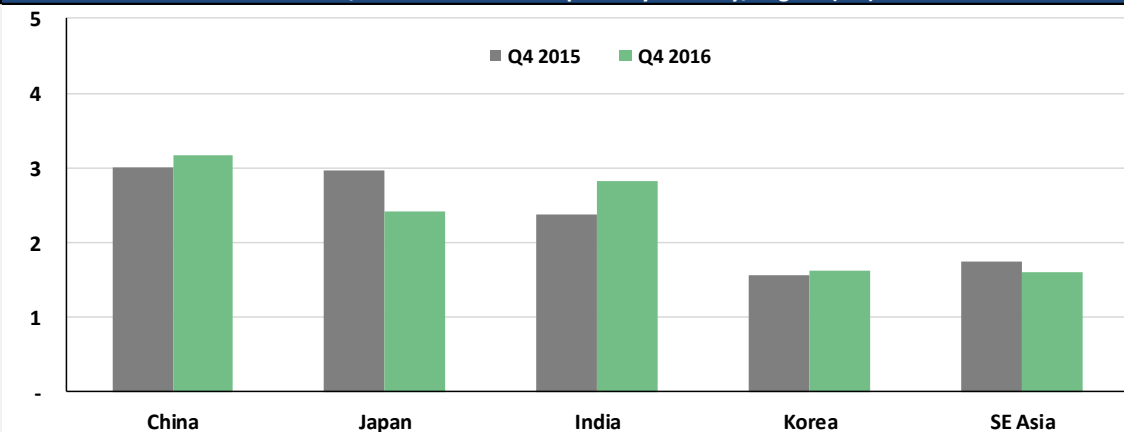


U.S. export volumes recovered strongly, as did Indian imports

Q4 2015/16 Seaborne LPG Exports by Country/Region (Mt)



Q4 2015/16 Seaborne LPG Imports by Country/Region (Mt)



## Comments

### Exports

- Middle Eastern exports up 5% led fully by Saudi uptick in production preceding the Nov 2016 OPEC meeting
- US LPG exports recovered following a decline in Q3 2016, as arbitrage economics turned positive
- North Sea export volumes remained steady
- Mediterranean and West African volumes decreased slightly due to weaker Algerian and Nigerian crude production

### Imports

- Chinese LPG import growth driven by seasonal restocking and strong feedstock demand for petrochemical industry
- Japanese volumes down 19% due to inventory drawdown and weak retail demand as households switch to city gas
- South Korean import volumes remained flat
- Indian import growth of 19% led by household use in rural areas as the government continues to add new subsidised connections
- Southeast Asian volumes are marginally down as increases in Philippines imports were offset by minor declines in Vietnam

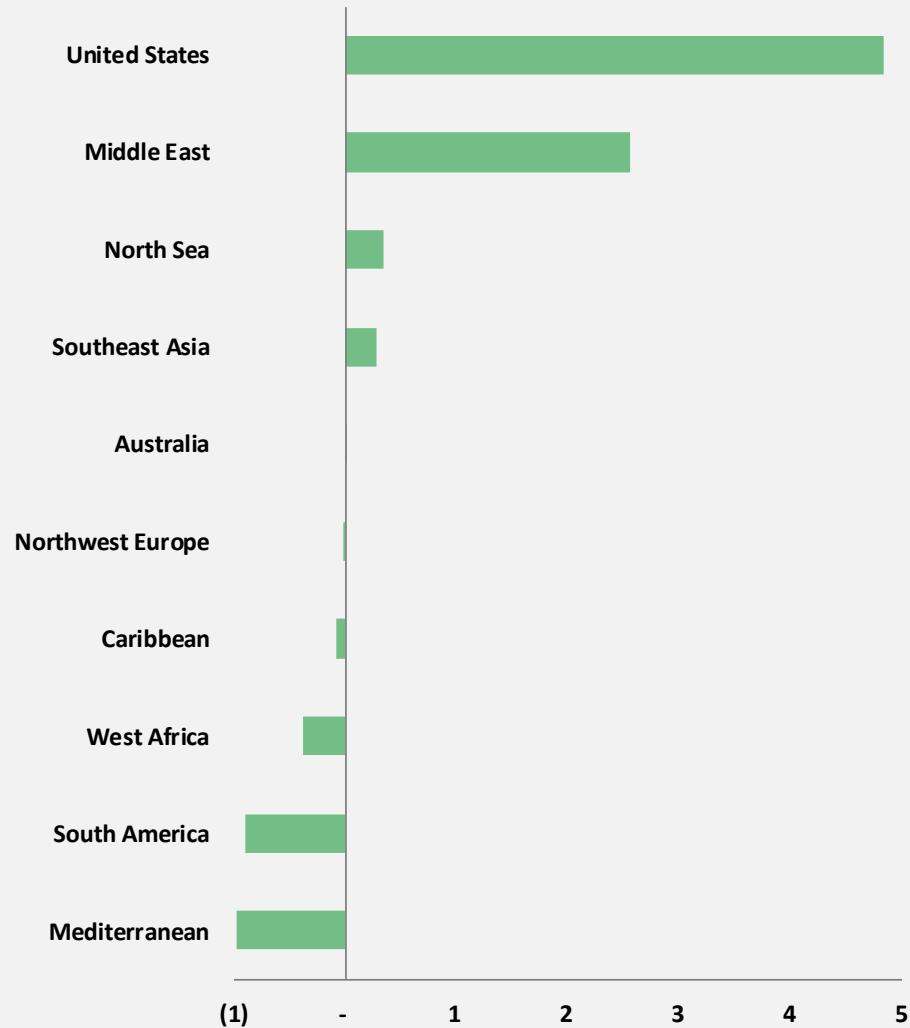


# Full Year 2016 Seaborne LPG Trade Overview

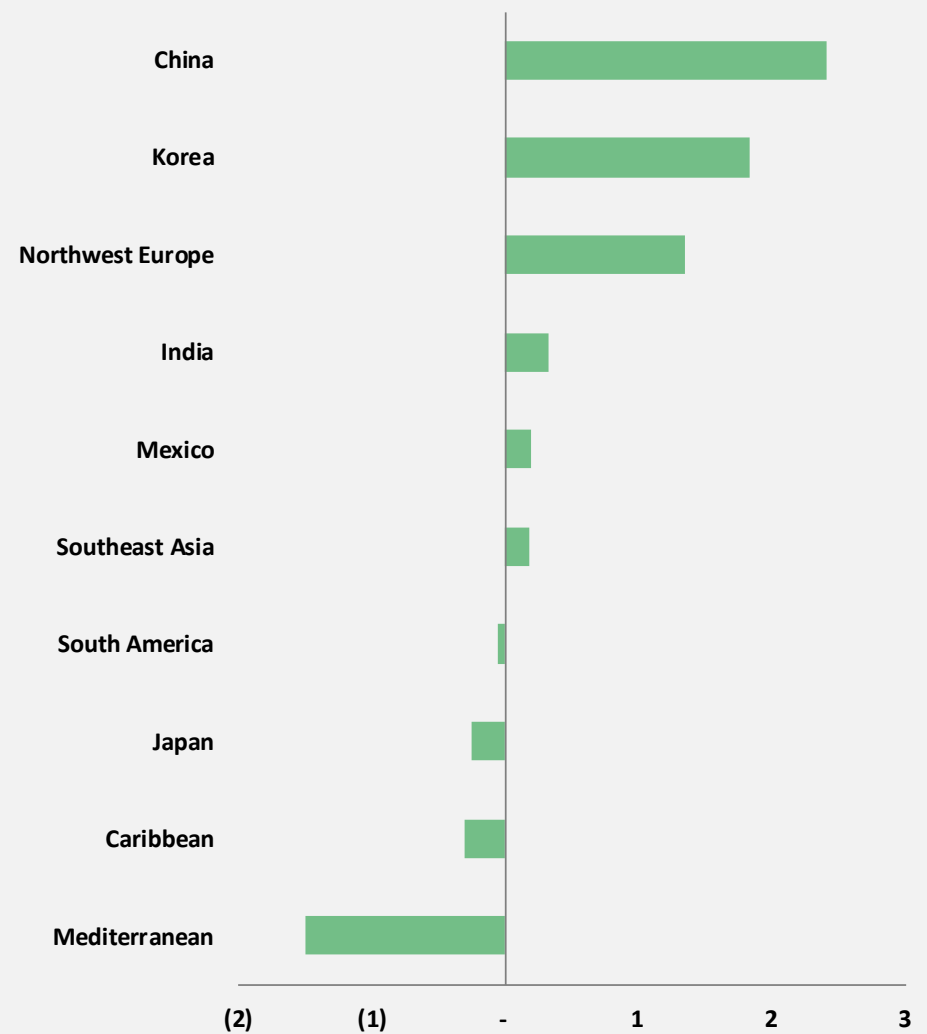


US & Middle East still driving LPG export growth while China & Korea have been growing imports the most

Δ in LPG Exports FY 2016 / FY 2015 (Million Metric Tons)



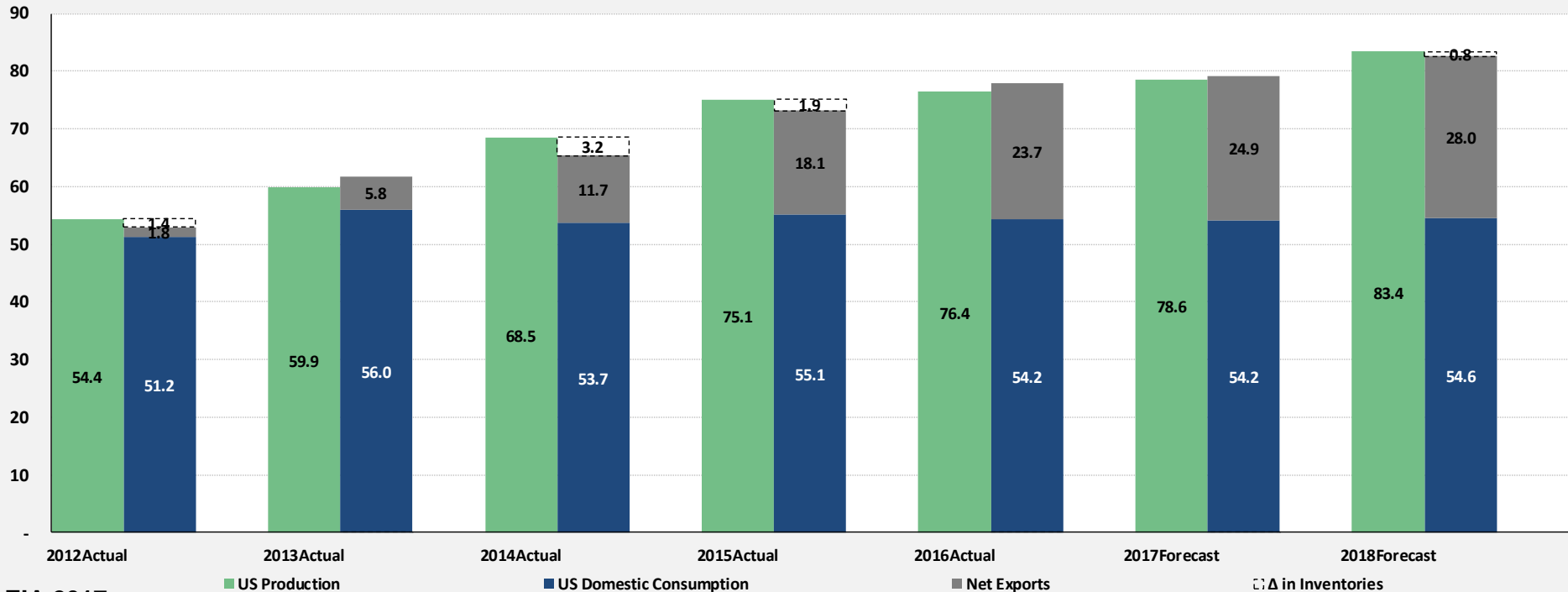
Δ in LPG Imports FY 2016 / FY 2015 (Million Metric Tons)



# U.S. LPG Supply – Demand Outlook

Production & export growth now forecast to re-accelerate in 2018 while domestic consumption remains flat

U.S. LPG Snapshot (Mt) - February 2017 EIA Short Term Energy Outlook



## EIA 2017e

- U.S. LPG production growth of 2.9% (FY 2017 estimates down by 0.4mt from November 2016 report)
- U.S. LPG domestic demand decline of -0.1% (FY 2017 estimates up by 0.9mt from November 2016 report)
- U.S. LPG net export growth of 5.2% (FY 2017 estimates down by 1.9mt from November 2016 report)

## EIA 2018e

- U.S. LPG production growth of 6.1%
- U.S. LPG domestic demand growth of 0.8%
- U.S. LPG net export growth of 12.3%

# Fourth Quarter 2016 Income Statement



Figures in USD thousands

	(Reviewed) Q4 2016	(Reviewed) Q4 2015	(Audited) FY 2016	(Audited) FY 2015
Revenue	117,288	191,850	506,466	773,335
Voyage expenses	(27,348)	(32,030)	(99,811)	(146,843)
<b>TCE income</b>	<b>89,940</b>	<b>159,820</b>	<b>406,655</b>	<b>626,492</b>
Other operating income	429	525	1,776	2,016
Charter hire expense	(18,318)	(18,732)	(69,454)	(79,609)
Other operating expenses	(36,566)	(30,304)	(128,836)	(118,639)
<b>Operating profit before depreciation, amortisation and impairment (EBITDA)</b>	<b>35,485</b>	<b>111,309</b>	<b>210,141</b>	<b>430,260</b>
Amortisation charge	(1,227)	(1,227)	(4,910)	(4,910)
Depreciation charge	(24,951)	(22,320)	(94,566)	(79,806)
<b>Operating profit before non-recurring items</b>	<b>9,307</b>	<b>87,762</b>	<b>110,665</b>	<b>345,544</b>
Loss on disposal of other property, plant and equipment	-	-	(312)	-
Gain on disposal of a vessel	4,874	-	4,874	-
Impairment charge on vessels	(38,347)	-	(144,147)	-
Gain on disposal of available-for-sale financial assets	3,197	-	3,197	-
Impairment loss on available-for-sale financial assets	-	-	(31,461)	-
Negative goodwill arising from acquisition of a subsidiary	110,538	-	110,538	-
<b>Total non-recurring items</b>	<b>80,262</b>	<b>-</b>	<b>(57,311)</b>	<b>-</b>
<b>Operating profit (EBIT)</b>	<b>89,569</b>	<b>87,762</b>	<b>53,354</b>	<b>345,544</b>
Finance expense – net	(10,033)	(5,473)	(29,489)	(18,657)
<b>Profit before tax for the financial quarter/year</b>	<b>79,536</b>	<b>82,289</b>	<b>23,865</b>	<b>326,887</b>
Income tax credit /(expense)	159	(275)	(233)	(749)
<b>Profit after tax for the financial quarter/year (NPAT)</b>	<b>79,695</b>	<b>82,014</b>	<b>23,632</b>	<b>326,138</b>
Other comprehensive income/(loss), net of tax	11,494	2,901	9,029	(5,100)
<b>Total comprehensive income for the financial quarter/year</b>	<b>91,189</b>	<b>84,915</b>	<b>32,661</b>	<b>321,038</b>

# Fourth Quarter 2016 Balance Sheet and Cash Flows



Figures in USD thousands

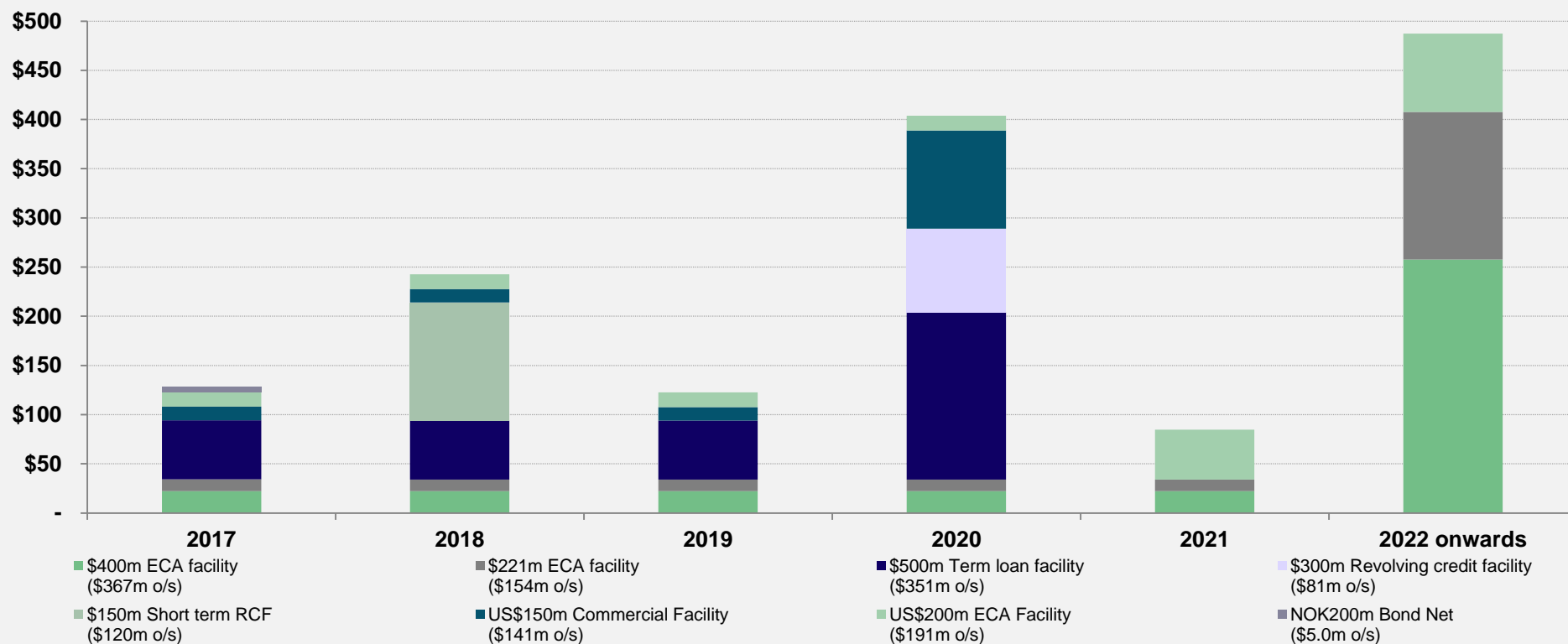
			(Audited) 31 December 2016	(Audited) 31 December 2015
<b>Balance sheet</b>				
Total non-current assets			2,428,250	1,908,586
Total current assets			165,611	201,175
<b>Total assets</b>			<b>2,593,861</b>	<b>2,109,761</b>
<b>Total shareholders' equity</b>				
Total non-current liabilities			979,979	768,392
Total current liabilities			496,506	170,650
<b>Total liabilities</b>			<b>1,476,485</b>	<b>939,042</b>
<b>Total equity and liabilities</b>			<b>2,593,861</b>	<b>2,109,761</b>
<b>Cash flows</b>				
	(Reviewed) Q4 2016	(Reviewed) Q4 2015	(Audited) FY 2016	(Audited) FY 2015
<b>Cash flows from operating activities</b>				
Profit before tax for the financial quarter/year	79,536	82,289	23,865	326,887
Adjustments	(44,953)	29,942	183,574	104,847
<b>Operating cash flow before working capital changes</b>	<b>34,583</b>	<b>112,231</b>	<b>207,439</b>	<b>431,734</b>
Changes in working capital	(25,126)	15,670	34,274	(11,211)
<b>Net cash provided by operating activities</b>	<b>9,457</b>	<b>127,901</b>	<b>241,713</b>	<b>420,523</b>
<b>Net cash used in investing activities</b>	<b>(52,474)</b>	<b>(142,622)</b>	<b>(232,696)</b>	<b>(504,536)</b>
<b>Net cash provided by/(used in) financing activities</b>	<b>69,109</b>	<b>25,391</b>	<b>(22,238)</b>	<b>107,552</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>26,092</b>	<b>10,670</b>	<b>(13,221)</b>	<b>23,539</b>
Cash and cash equivalents at beginning of the financial quarter/year	54,471	83,114	93,784	70,245
<b>Cash and cash equivalents at end of the financial quarter/year</b>	<b>80,563</b>	<b>93,784</b>	<b>80,563</b>	<b>93,784</b>

# Financing – Repayment Profile

Figures in USD million

As at 31 December 2016

Gross debt <sup>1</sup>	1,410.8	Undrawn amounts under revolving credit facilities	245.0
Cash	80.6	Cash	80.6
Net debt	1,330.2	Available liquidity	325.6



[1] Includes capitalized fees



# Summary and Outlook

- FY 2016 Net Revenue of USD 407 million (Q4 – \$90m), EBITDA of USD 210 million (Q4 – \$35m) and Profit after tax of USD 24 million (Q4 – \$80m), resulting in EPS of \$0.18 (Q4 – \$0.58)
- The Company declared a cash dividend of USD 9 cents for H1 2016, and will not be proposing any dividend for H2 2016 at the forthcoming Annual General Meeting
- The Company completed the acquisition and integration of Aurora LPG and its nine vessels, took delivery of six newbuildings and sold three vessels
- The Company opened offices in Oslo and Houston, broadening our market presence and service offering to our customers
- 2017 VLGC contract coverage will be 24%-31%; depending on CoA uptake
- Freight rates remain at low levels, but are still responsive to improvements in geographic LPG price spreads and will be fundamentally supported by minimal fleet growth and recovering US LPG production post-2017



**Q & A**

# Appendix

# Charter Portfolio 2016 – 2018



VLGC Segment	FY 2016		2017E		2018E	
	Days	% of Total	Days	% of Total	Days	% of Total
<b>Total Days (Net of Offhire)</b>	<b>12,959</b>	<b>100%</b>	<b>17,273</b>	<b>100%</b>	<b>16,409</b>	<b>100%</b>
<b>Timecharter</b>	3,927	30%	2,666	15%	1,574	10%
<b>CoA</b>	<i>CoA Probable Min</i>	20%	1,500	9%	-	-
	<i>CoA Probable Max</i>		2,700	16%	-	-
<b>Spot</b>	<i>CoA Probable Min</i>	50%	13,107	76%	14,835	90%
	<i>CoA Probable Max</i>		11,907	69%	-	-

% Contract Coverage (TC + CoA)		50%	24% - 31%	10%
TCE Rates		FY 2016	2017E	2018E
<b>Timecharter</b>		\$34,190	\$34,850	\$32,920
<b>CoA</b>	<i>CoA Probable Min</i>	\$40,760	\$34,460	-
	<i>CoA Probable Max</i>		\$35,390	-
<b>Spot</b>	<i>CoA Probable Min</i>	\$19,460	-	-
	<i>CoA Probable Max</i>		-	-

LGC Segment	FY 2016		2017E		2018E	
	Days	% of Total	Days	% of Total	Days	% of Total
Total Days (Net of Offhire)	1,655	100%	1,448	100%	1,409	100%
Timecharter	1,363	82%	676	24%	99	7%
Spot	292	18%	772	76%	1,310	93%
TCE Rates	FY 2016		2017E		2018E	
Timecharter	\$26,710		\$19,450		\$23,700	
Spot	\$21,810		-		-	

Total Contract Coverage		FY 2016	2017E	2018E
VLGC + LGC Fleet		54%	26% - 32%	9%

VLGC Segment	Q4 2016	
	Days	% of Total
<b>Total Days (Net of Offhire)</b>	<b>3,580</b>	<b>100%</b>
<b>Timecharter</b>	1,003	28%
<b>CoA</b>	499	14%
<b>Spot</b>	2,078	58%

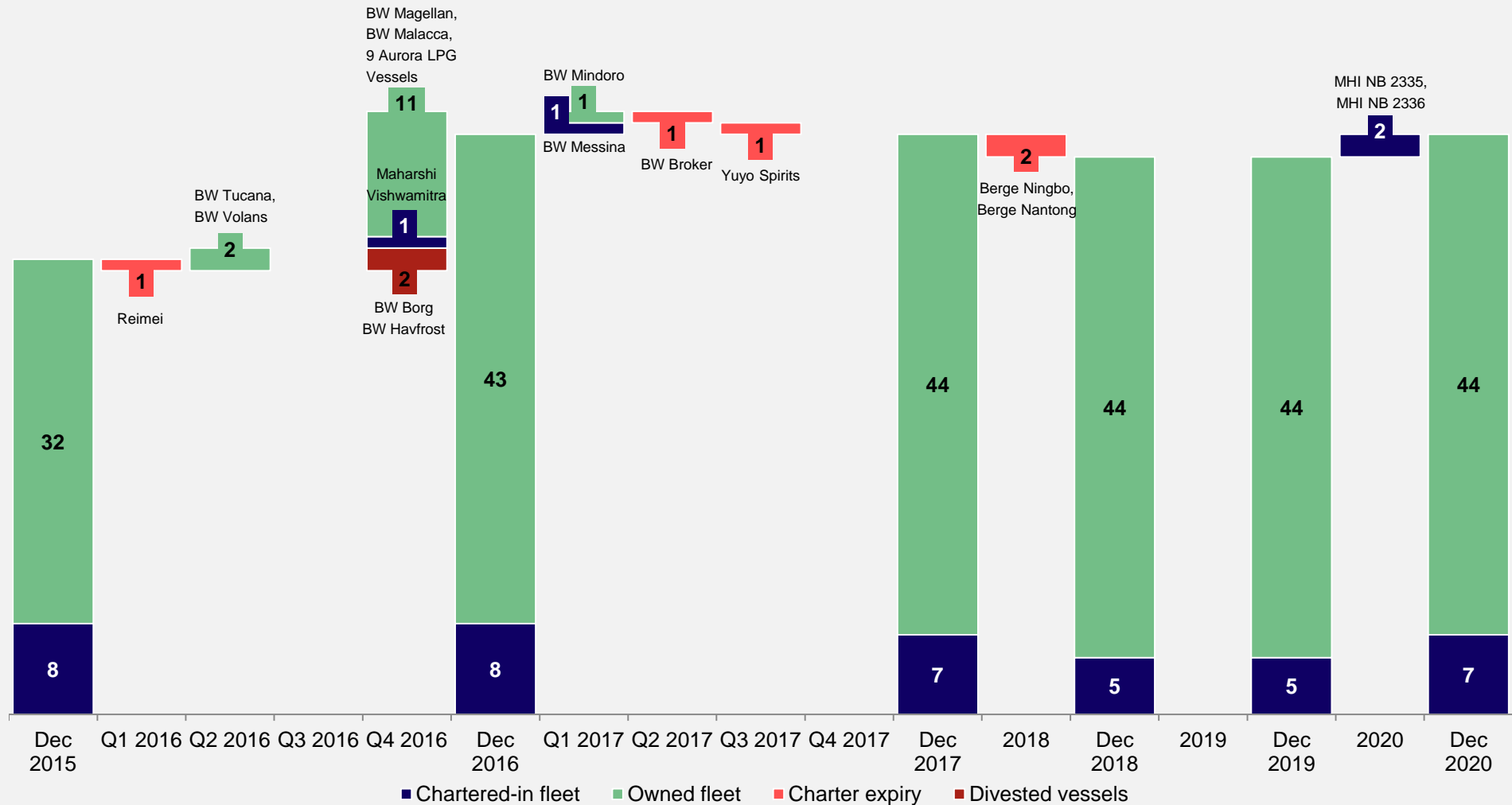
% Contract Coverage (TC + CoA)		42%
TCE Rates		Q4 2016
<b>Timecharter</b>		\$32,805
<b>CoA</b>		\$37,331
<b>Spot</b>		\$12,626
<b>VLGC TCE Rate (net of offhire)</b>		<b>\$21,720</b>

LGC Segment	Q4 2016	
	Days	% of Total
<b>Total Days (Net of Offhire)</b>	<b>422</b>	<b>100%</b>
<b>Timecharter</b>	422	100%
<b>Spot</b>	-	-
TCE Rates		Q4 2016
<b>Timecharter</b>		\$28,766
<b>Spot</b>		-
<b>LGC TCE Rate (net of offhire)</b>		<b>\$28,770</b>

- 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 55 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 Vision	2001	Kawasaki H.I.
BW Lord	2008	DSME	BW Volans	2016	Hyundai H.I.
BW Loyalty	2008	DSME	Berge Summit	1990	Mitsubishi H.I.

**Total 40 vessels (3,313,599 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 Broker	2007	Kawasaki H.I.	Bare-boat
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
Yuyo Spirits	2009	Mitsubishi H.I.	Time charter

**Total 9 vessels (734,154 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



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