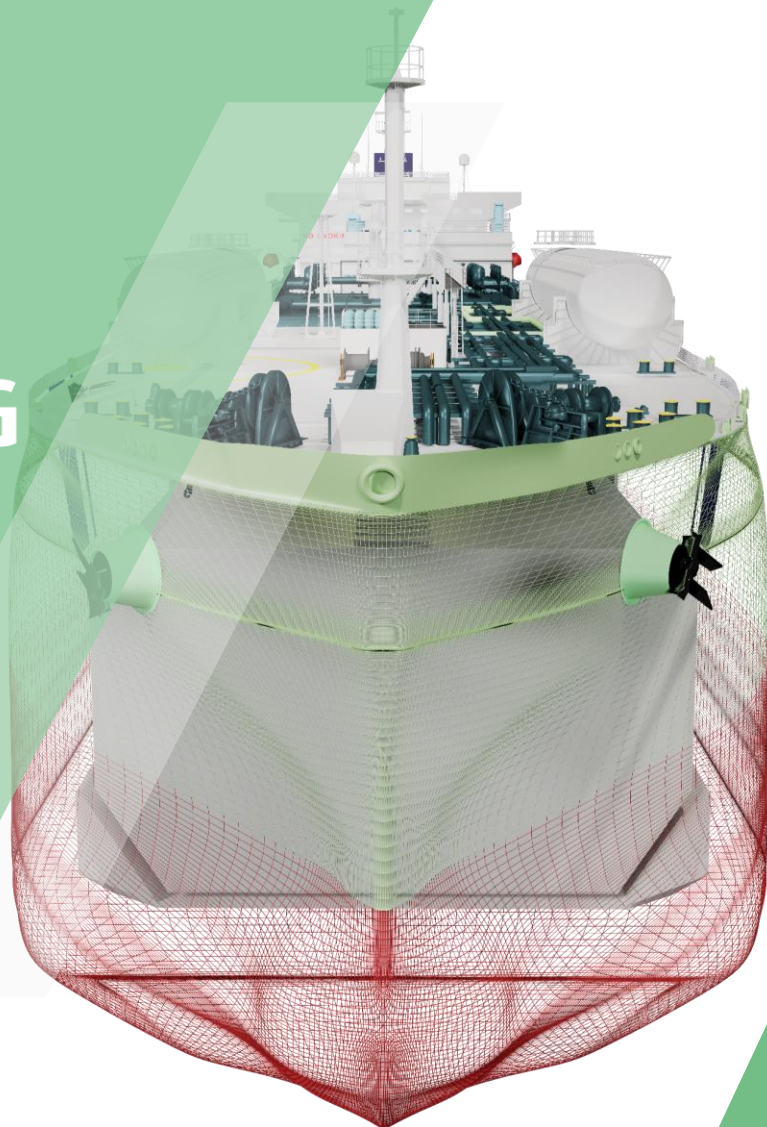




BW LPG



Strategies for change

Pareto Energy Conference

Anders Onarheim, CEO

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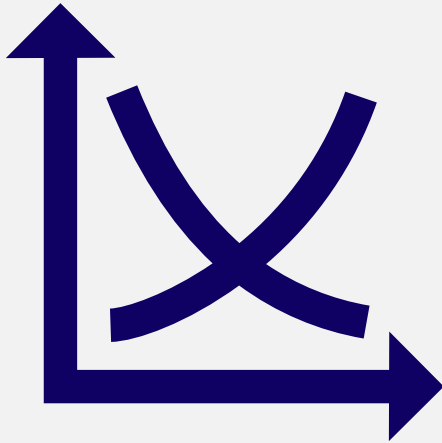
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The market and the changes we face in LPG shipping

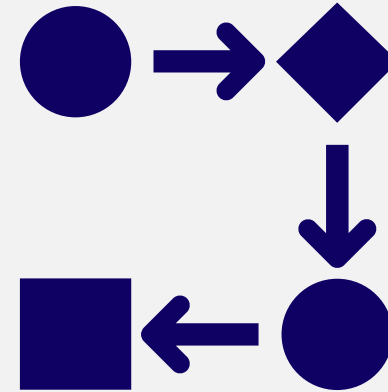
Market



Underlying fundamentals

Gas or not?

Changes

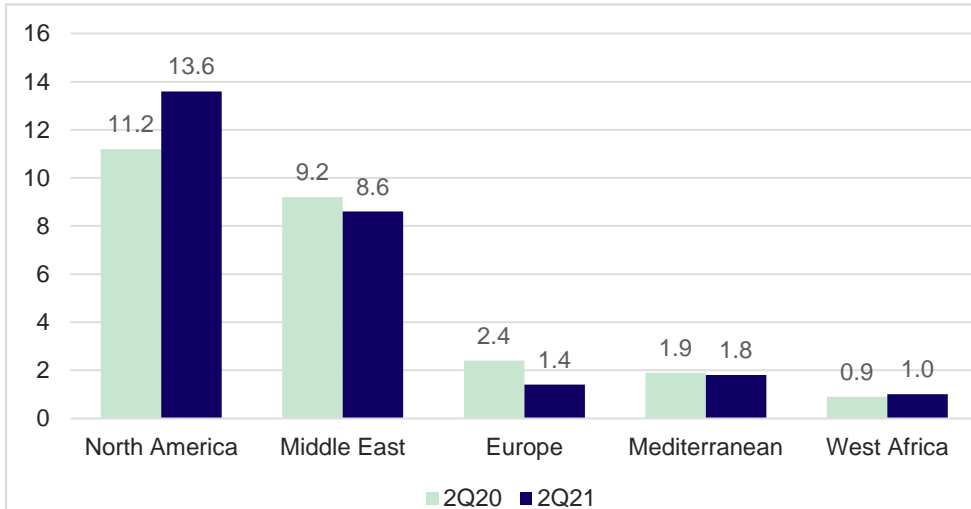


Volatility vs. Strategy

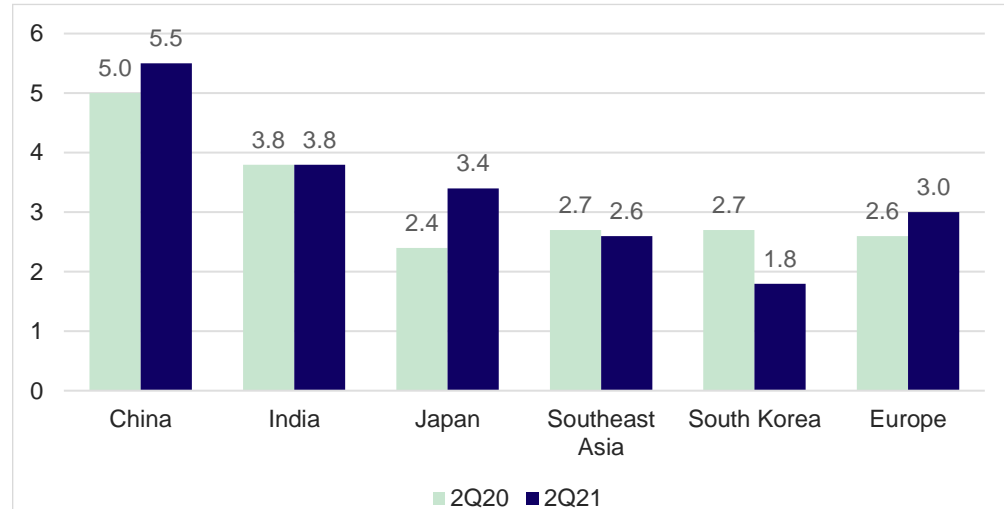
Is ESG for real?

Q2 2021 – Seaborn Exporters and Importers

Q2 2021 Seaborne LPG exports by country/region



Q2 2021 Seaborne LPG imports by country/region

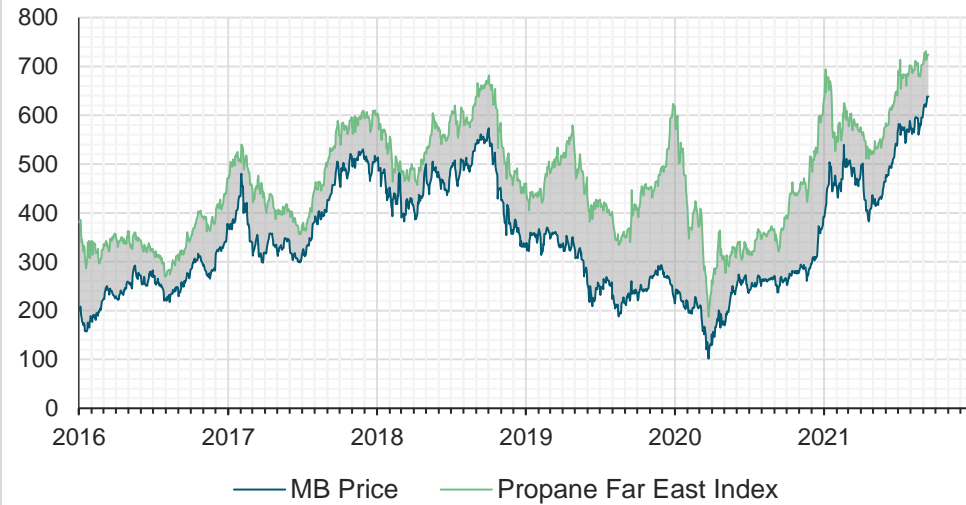


- North America:
 - Up 22% y/y
 - Strong recovery after freeze in February
 - Has remained strong since
- Middle East:
 - Down 6%
 - OPEC+ cuts
 - Fractionator-related production issues in S.A.

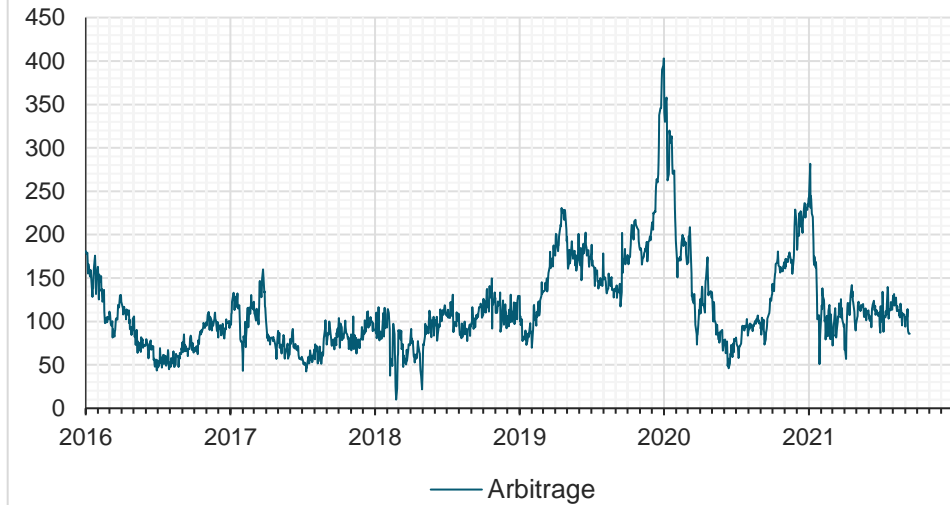
- China was up 11% y/y
- India was stable during Q2, but is up 7% year to date
- South Korean decline in imports were offset by increased imports into Japan

Gas Prices and Arbitrage

US and Far East gas prices, \$/ton



Far East – US gas prices, \$/ton

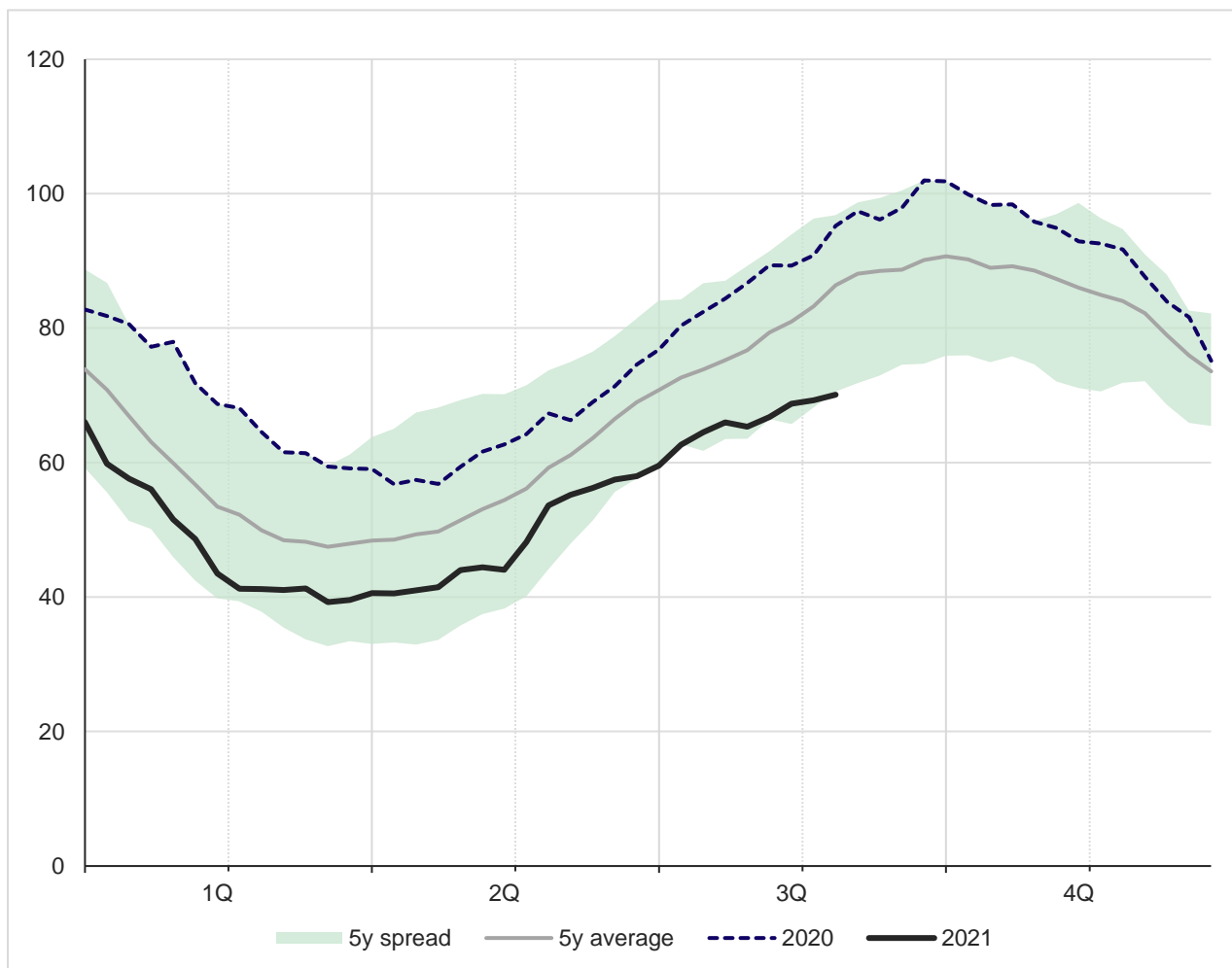


- Propane prices remain elevated in both the US and Asia

- US – Far East arbitrage approx. \$74/ton
(TCE ~ \$20.300/day)

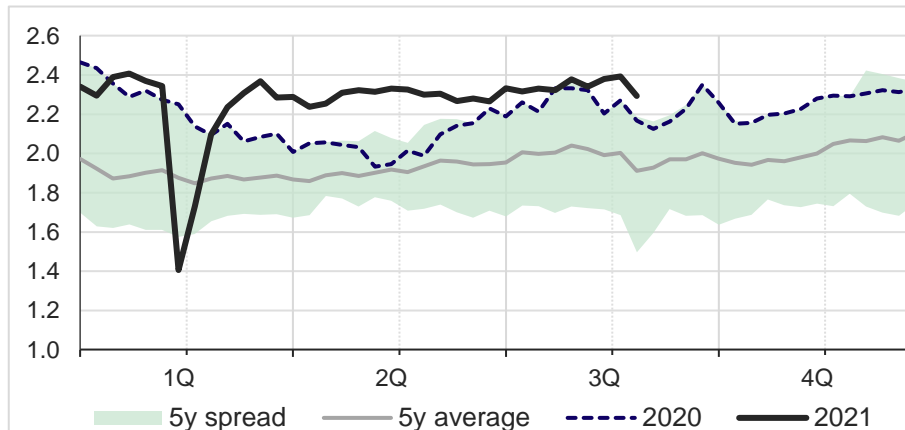
US Propane Inventories

US Propane and Propylene Inventories, mb



- Inventories are currently at seasonally 5y low
- Production remains above seasonal 5y high
- Production disruptions in 1Q due to cold weather
- Domestic consumption stable, exports growing

US Propane and Propylene Production, mb/d



Freight rates

Middle East – Far East, \$/day spot rates



The changes we face

Climate



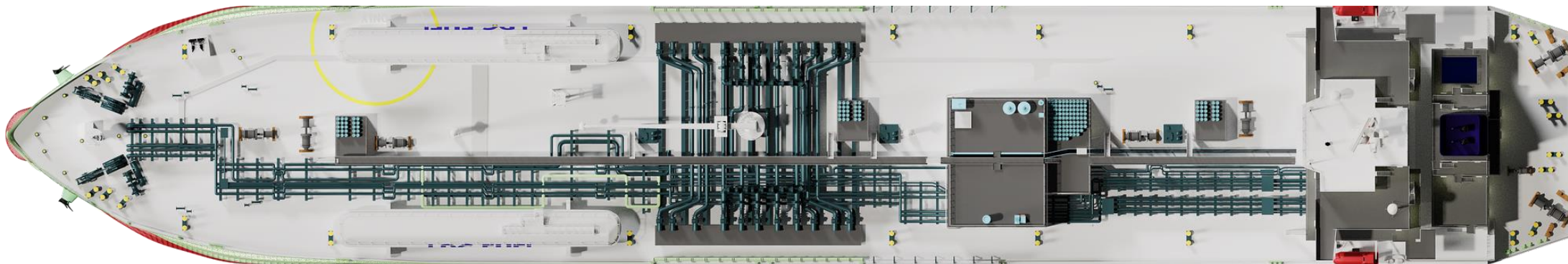
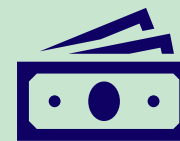
Regulations



Orderbook



Pricing



How we meet them

Climate



- **Retrofit # 15 to be completed in 2Q22**
- The sector's largest investment to decarbonize at USD 130M
- Our retrofit program saves 1 million tons in CO2 emissions
- LPG is a cleaner fuel, and part of the solution as we work towards a zero-carbon future

Regulations



- EEXI to be implemented in 2023
- **Retrofits comply with EEXI**
- Retrofits do not add capacity to the fleet like newbuildings
- ESG rating from Sustainalytics: Best among the oil & gas transportation companies rated
- BW India

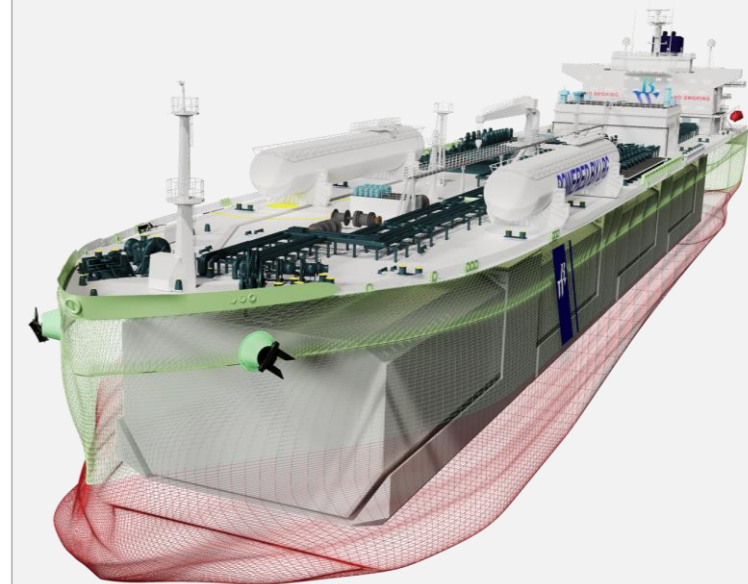
Sustainalytics ESG rating



Percentile

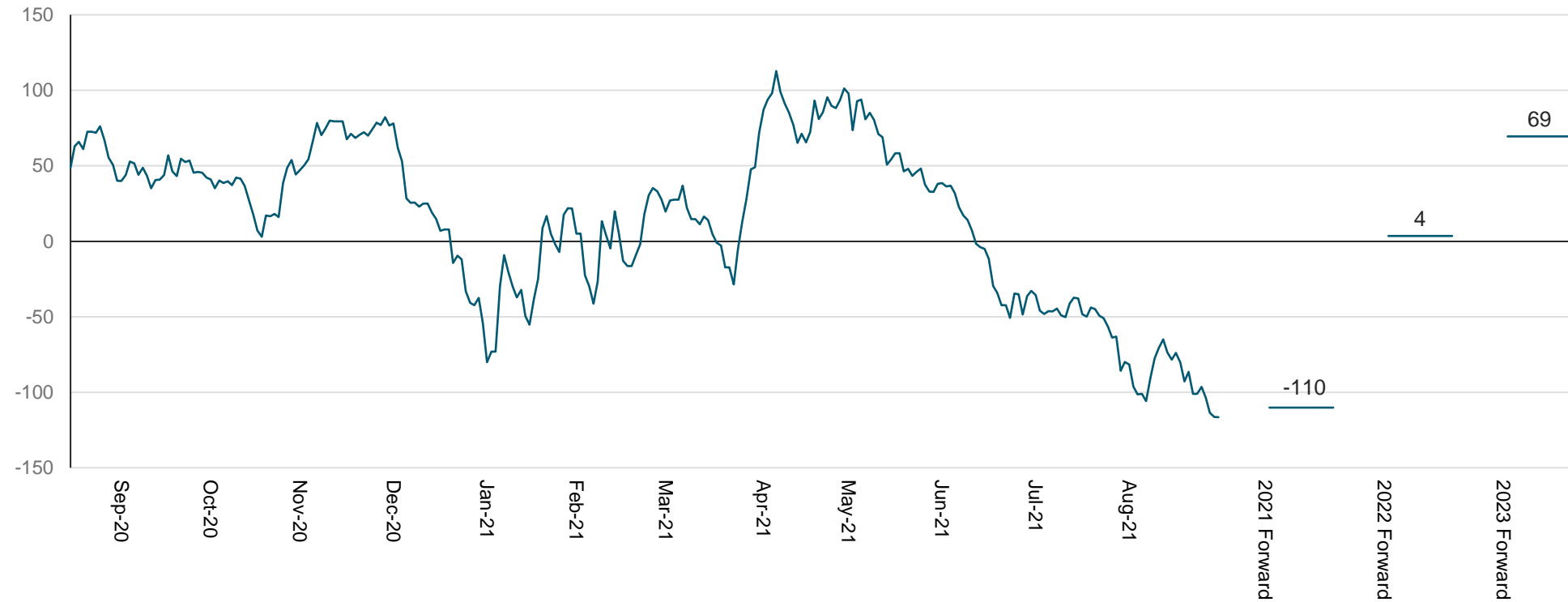


High		BW LPG
Average	BW LPG	
Low	2020	2021



VLSFO - LPG

Fuel price differentials between compliant fuel and LPG, \$/mt



LPG price is currently above the price for Very Low Sulfur Fuel Oil

Future market is pricing in a reversion of this relationship

BW LPG Product services exploit price fluctuations

How we meet them

Orderbook



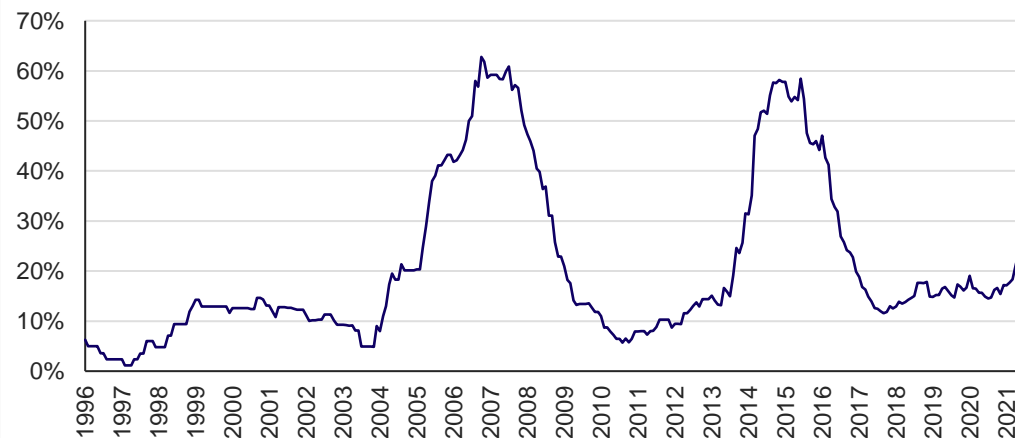
- Orderbook at 28% of fleet, with peak delivery in 2023
- Deliveries should encourage phase-out of tonnage, both commercially and eventually by recycling
- We will still have the largest fleet with the latest technology
- Nevertheless, the next few years' changes will likely present several opportunities
- **Building liquidity: \$390m end of 2Q21**

Pricing

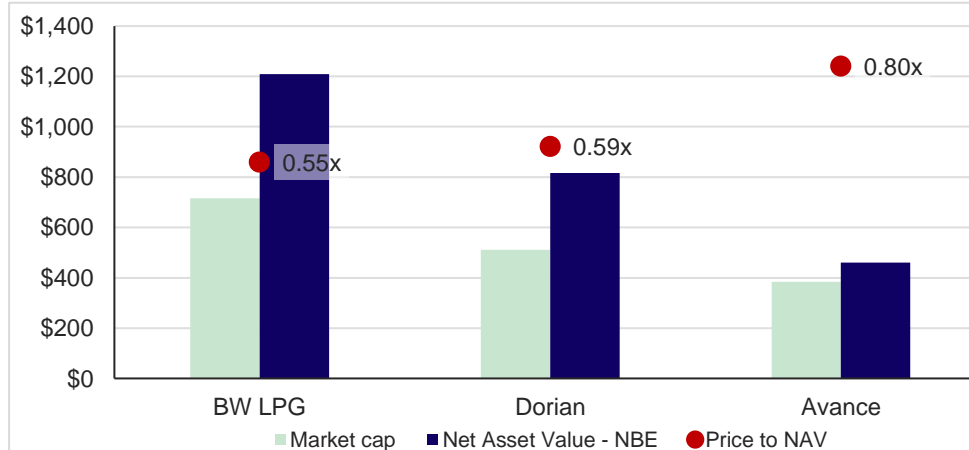


- Based on newbuild equivalent asset prices, BW LPG's share is trading at the highest discount
- BW LPG P/NAV close to cycle low of 0.5x
- Dividend yield LTM = 14.6%
- **Developing BW India**
- **Return focus**

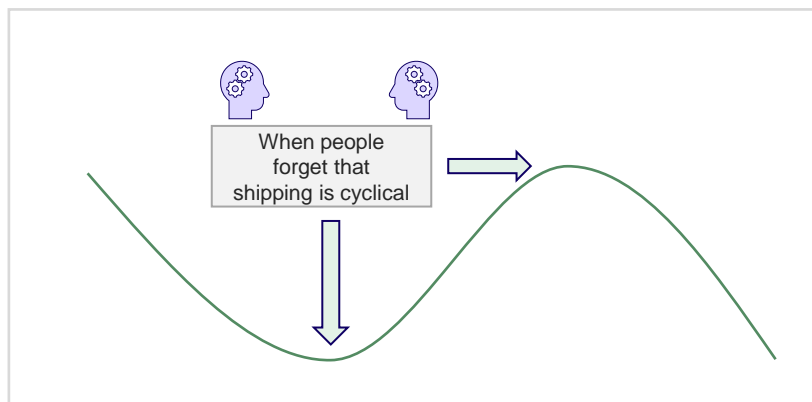
VLGC capacity on order in % of existing fleet



P/NAV based on newbuild equivalent prices



Some things never change



- At BW LPG, we work through the cycles
- Actively use charter coverage, asset market and new technology
- During only one quarter (Q3-19), we recovered all the losses from the downcycle

1 2013 – 2015: Strong freight market

Increased tonnage going into high cycle

2 2016 – Q1 2019: Poor freight market

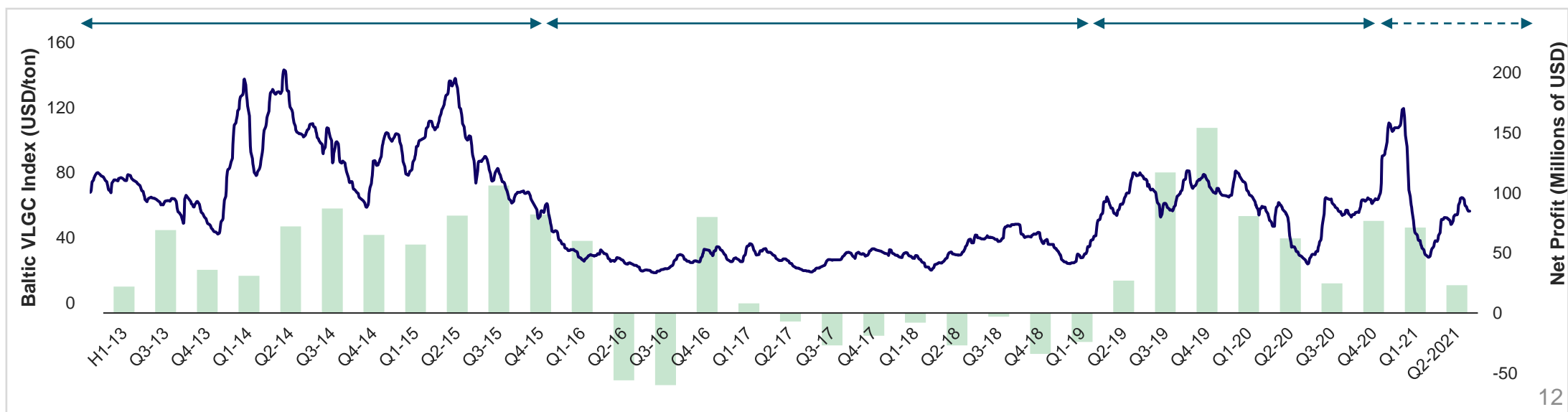
75% contract coverage going into period

3 2019-2020: Recovery

Lower contract coverage (25%)

4 2021 – Prepare for the future

Dividends, dual-fuel, BW India



Q&A

