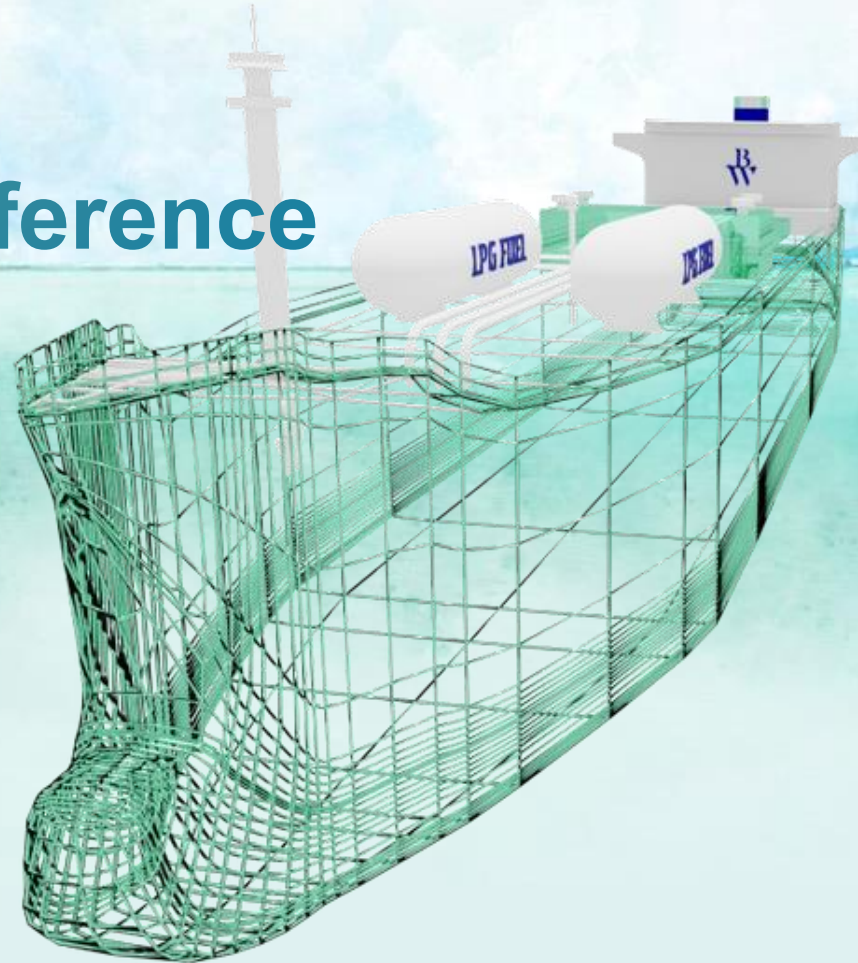




# BW LPG Limited Pareto Oil & Offshore Conference

11 September 2019, Oslo



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# LPG – A Clean Energy

Each year, total death from cooking related indoor air pollution

**4.3 million**



More than Malaria, Tuberculosis and HIV/AIDS combined

UN's "Cooking for life" initiative aims to switch one third of 3 billion people from cooking with solid fuels to LPG

**3 billion**



% of China's total population still uses solid fuels for cooking

**45%**



In 2018, world's total seaborne exports trade reached

**95 million tonnes**  
(3.2MMb/d)



Exports carried by BW LPG in 2018

**11 million tonnes**  
(0.4MMb/d)



Number of times BW LPG moved a ship in the US in 2018

**130 times**





## Charting a sustainable future



Saving lives



Reducing deforestation



Reducing pollution



Improving equality and education



# BW LPG – Member of BW Group

## Owens and operates the world's largest fleet of LPG vessels

### BW LPG



Today, BW LPG operates globally with offices in ten countries with 24/7 global coverage



World's largest owner and operator of VLGCs

Total carrying capacity of **4 Million CBM**

**49** Vessels  
Largest VLGC Fleet, **18%** of total market share

**\$2 billion** total assets

 **Over \$770 million<sup>1</sup>**  
market capitalisation,  
Oslo Børs listed

Note 1: As of 10<sup>th</sup> September 2019

### BW OFFSHORE



BW Offshore is a leading global provider of floating production services to the oil and gas industry.

 Oslo Børs listed

### HAFNIA



World's largest fleet of product tankers.

 Norwegian OTC listed

### DHT Holdings



BW Group is the largest shareholder in DHT Holdings.

DHT owns one of the world's largest VLCC fleets.

 NYSE listed

### BW LNG



BW is one of the world's largest owners and operators of LNG carriers.

### BW DRY CARGO



BW Dry Cargo is a leading ship-owner with a fleet of modern bulk carriers ranging from Supramax to Capesize.

### BW CHEMICALS



Chemical tankers are commercially managed by WOMAR, in which BW has a 50 per cent stake.

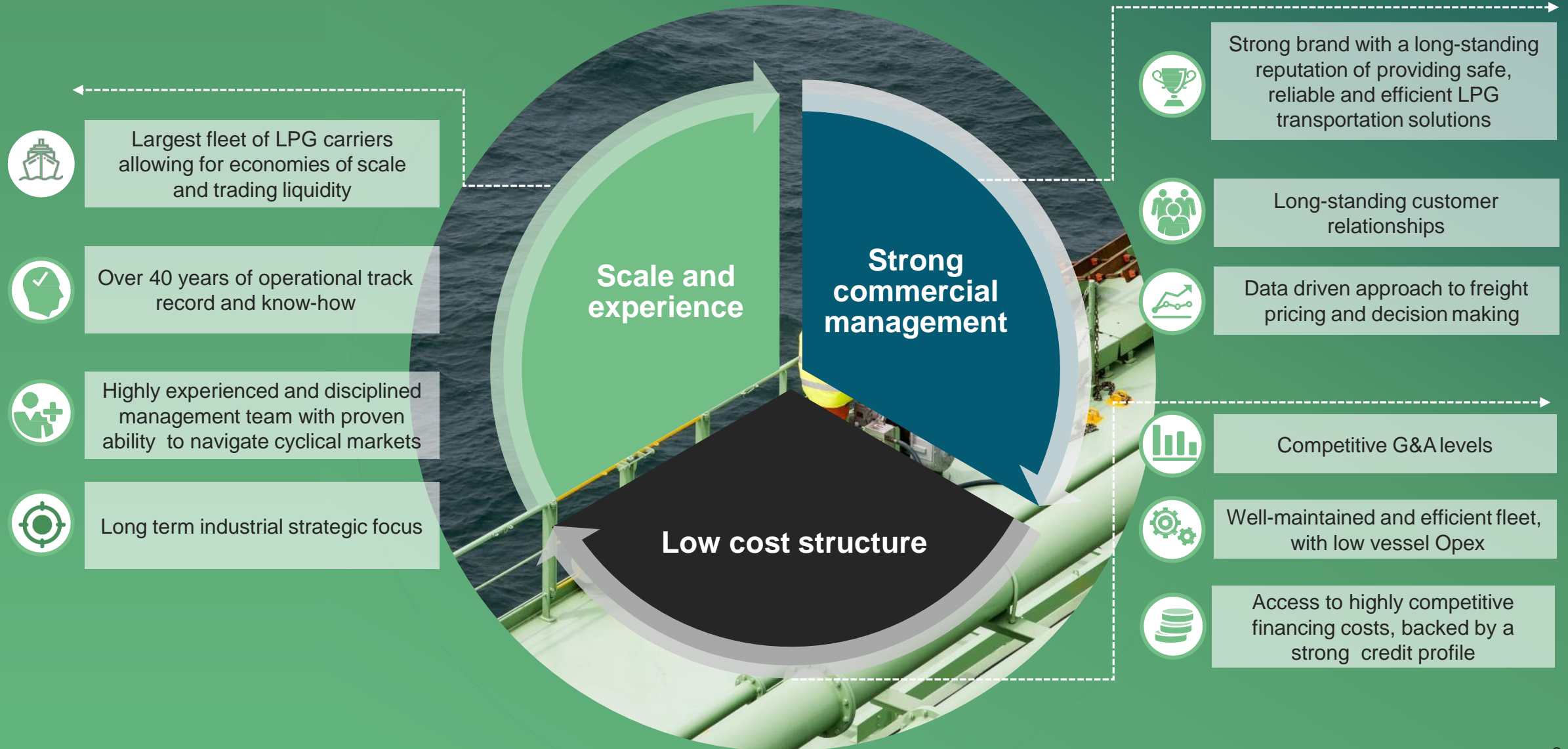
### EPIC GAS



Owens and operates a fleet of 39 modern and high quality fully pressurised gas carriers.

 Norwegian OTC listed

# A Global Leader in Maritime LPG





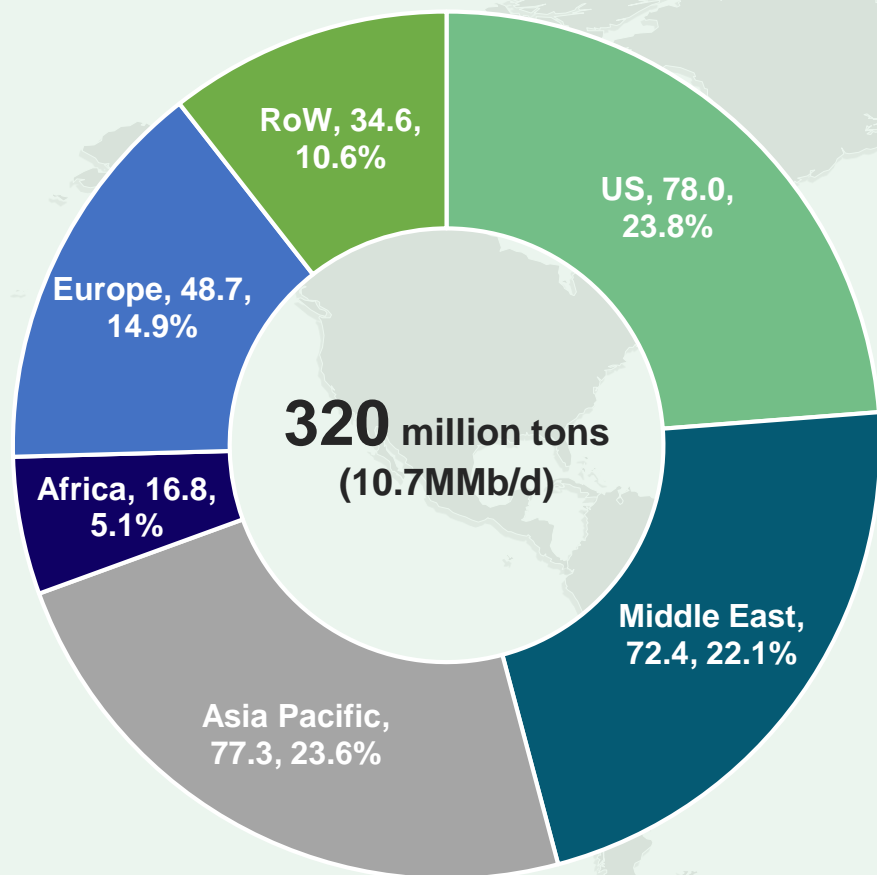


# Market

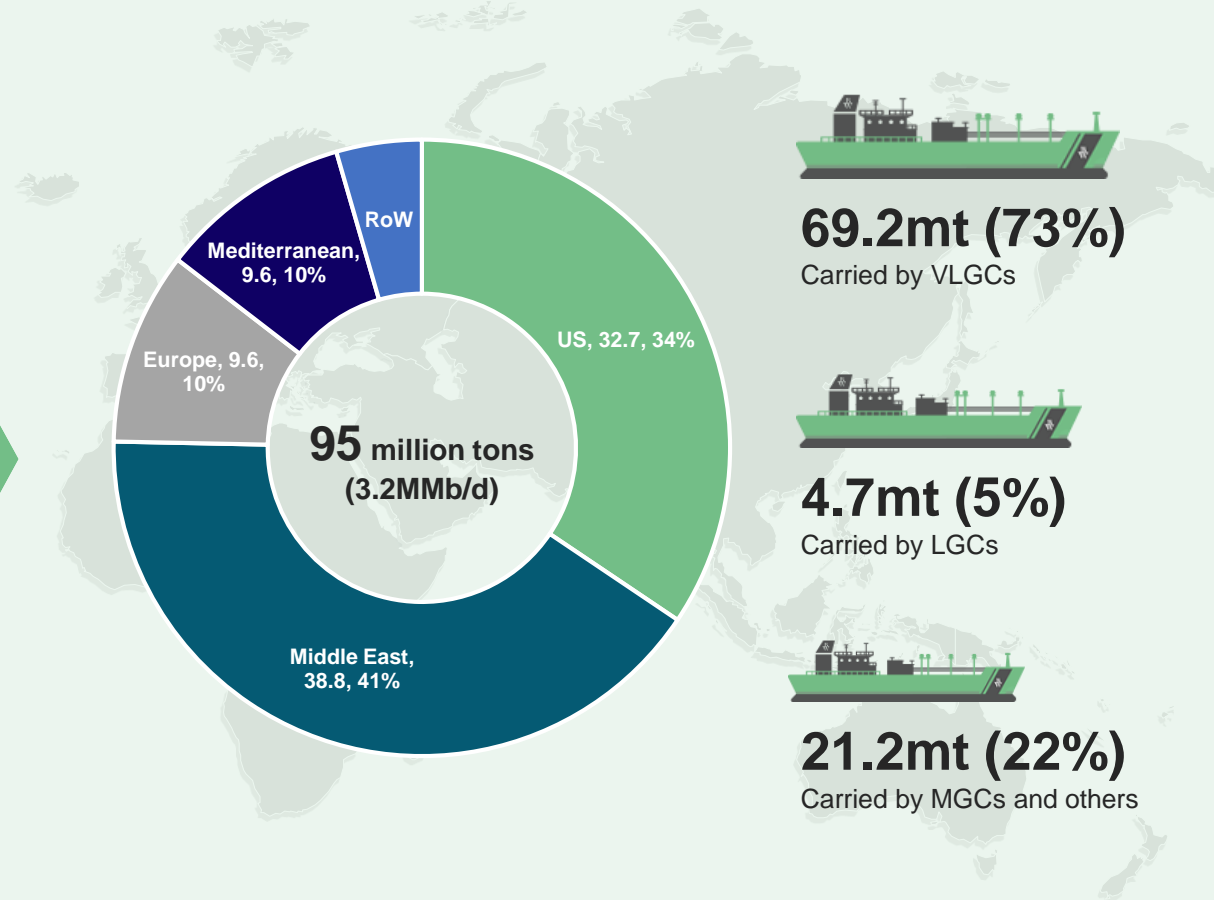


# Global LPG trade

## 2018 Total LPG production (million tons)



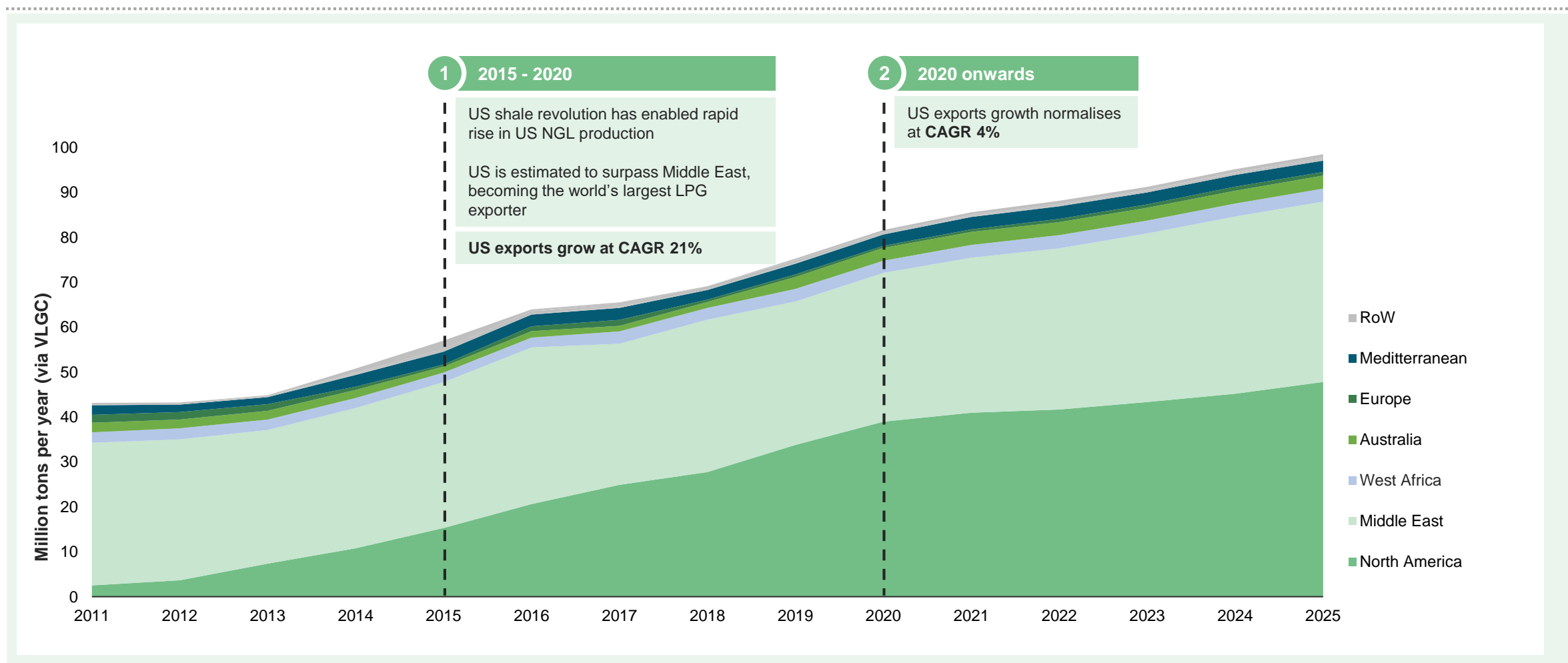
## 2018 Total LPG seaborne trade (million tons)





# Global LPG exports via VLGC

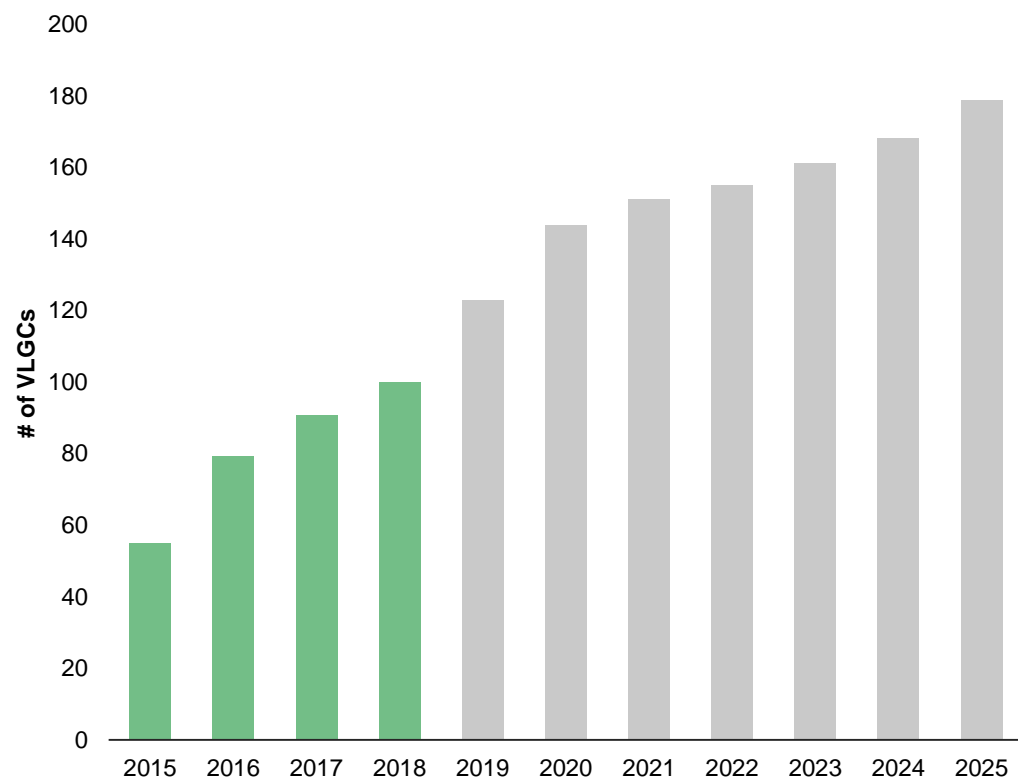
LPG is a supply driven market with more than 85% of the global VLGC exports coming from US and Middle East.



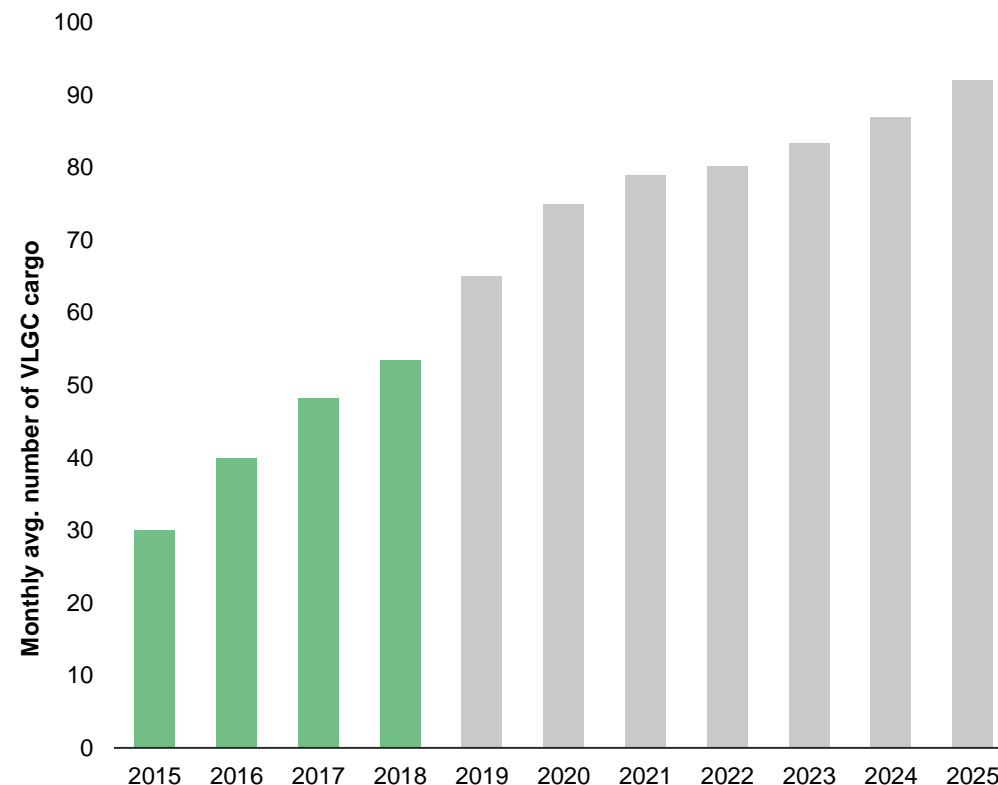
# North America LPG export continue to drive VLGC growth

However, US production is estimated to normalise from 2020 onwards. Hence, the newbuild activities should slow down to keep the VLGC market balanced.

Number of VLGCs absorbed in North America continues to increase



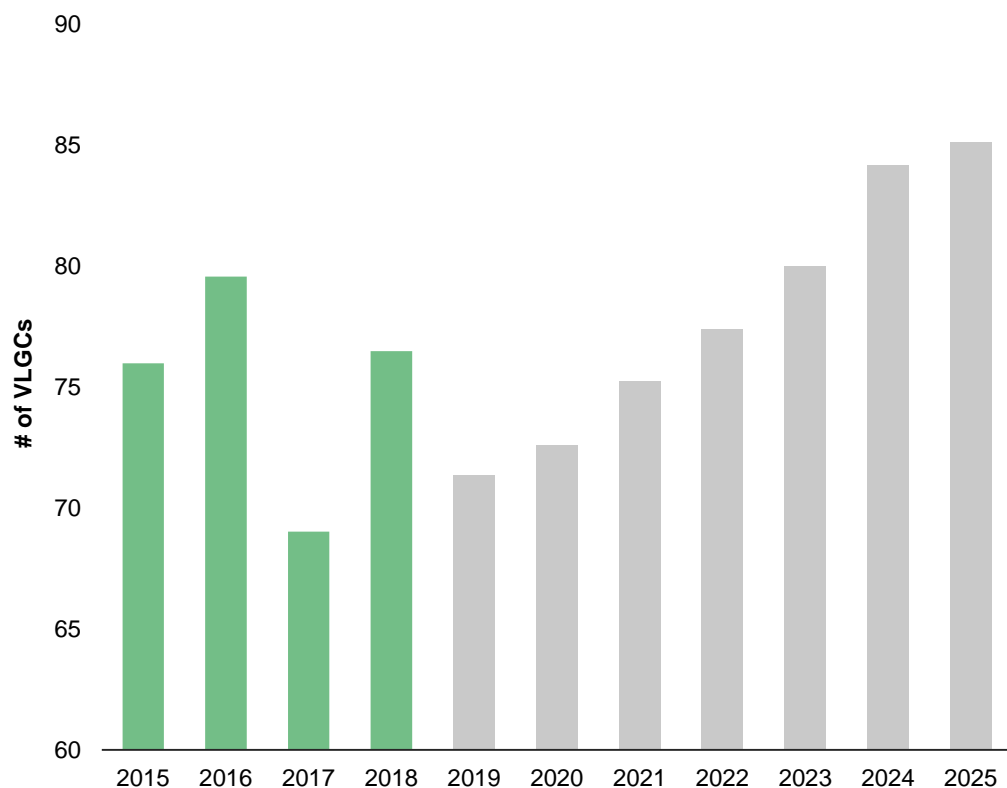
Monthly avg. number of VLGC cargo continues to increase



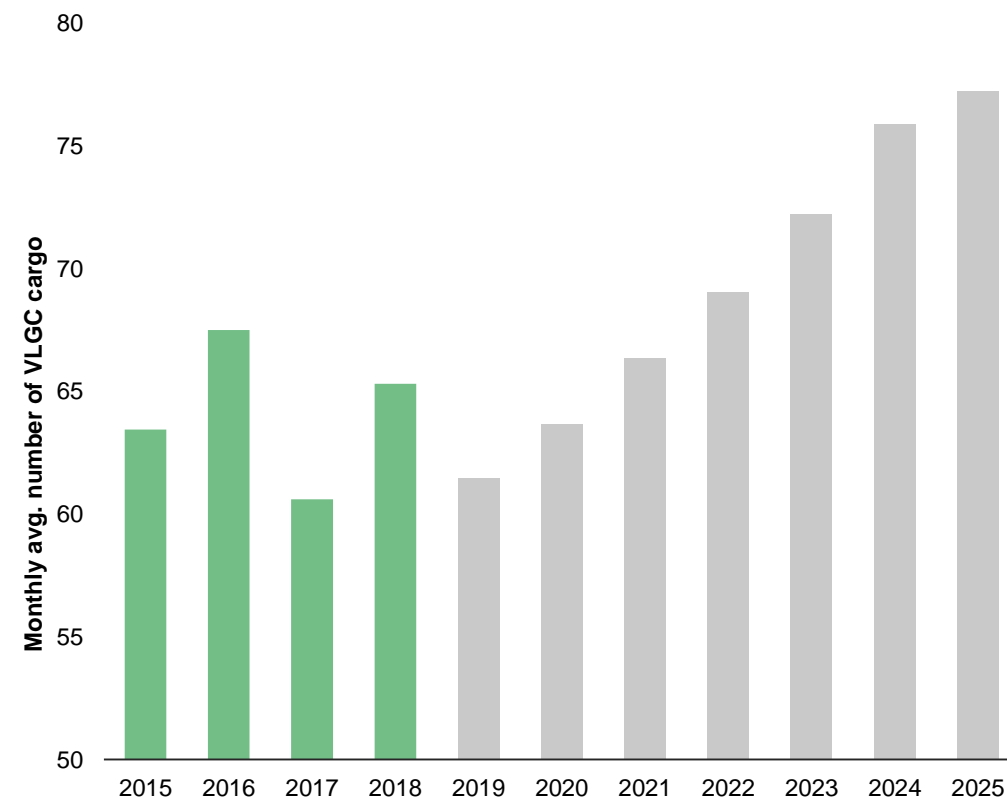
# Middle East LPG exports

Political tension is expected to ease in the future, enabling the region to return to growth.

Number of VLGCs absorbed in Middle East decreases in 2019



Monthly avg. number of cargo decreases in 2019



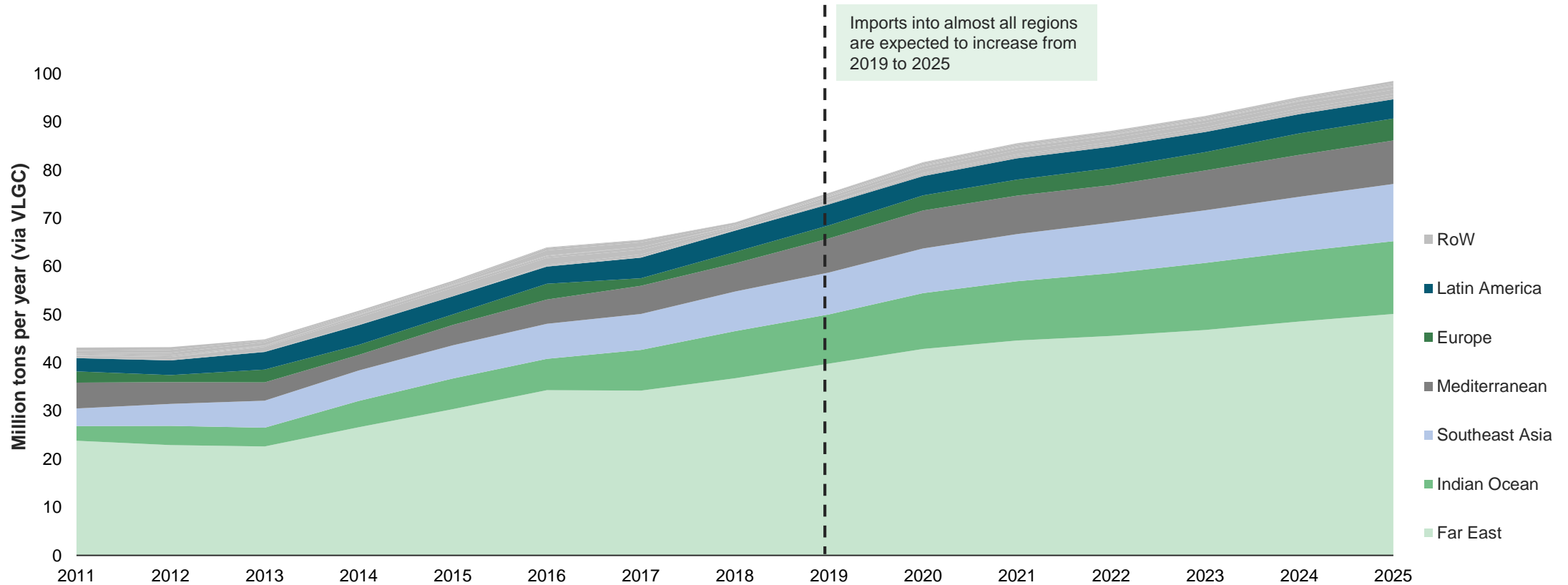




BW LPG

# Global LPG imports via VLGC

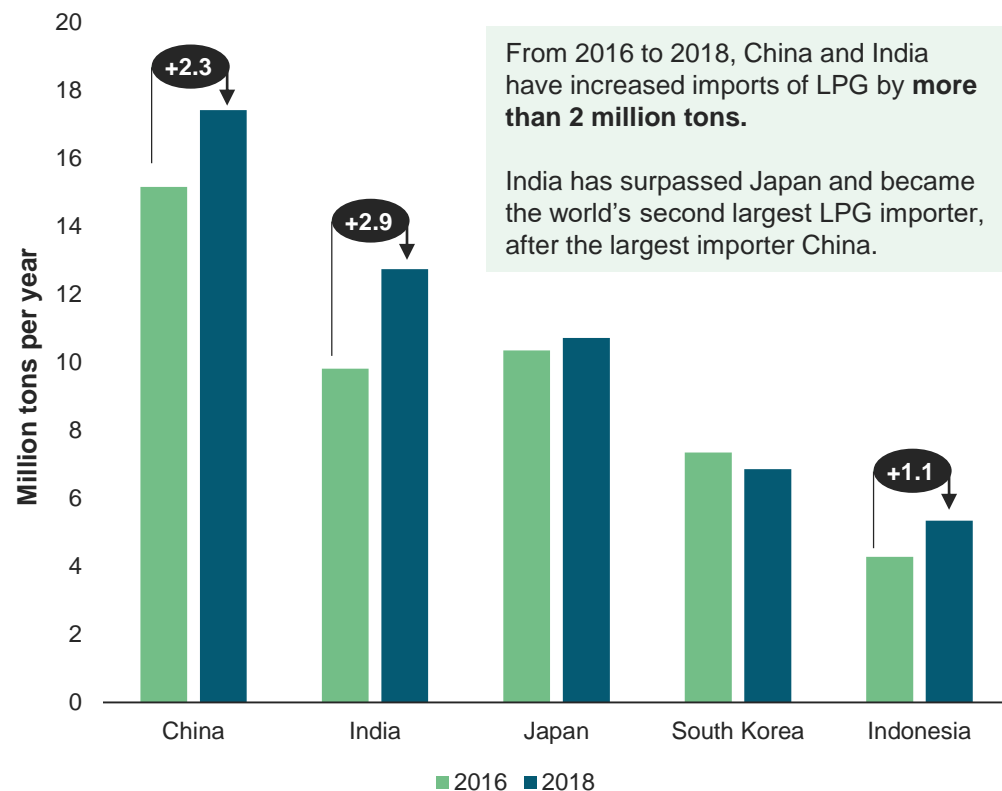
Over 50% of global LPG exports have been absorbed by Far East, followed by Indian Ocean, Southeast Asia, Europe and Latin America.



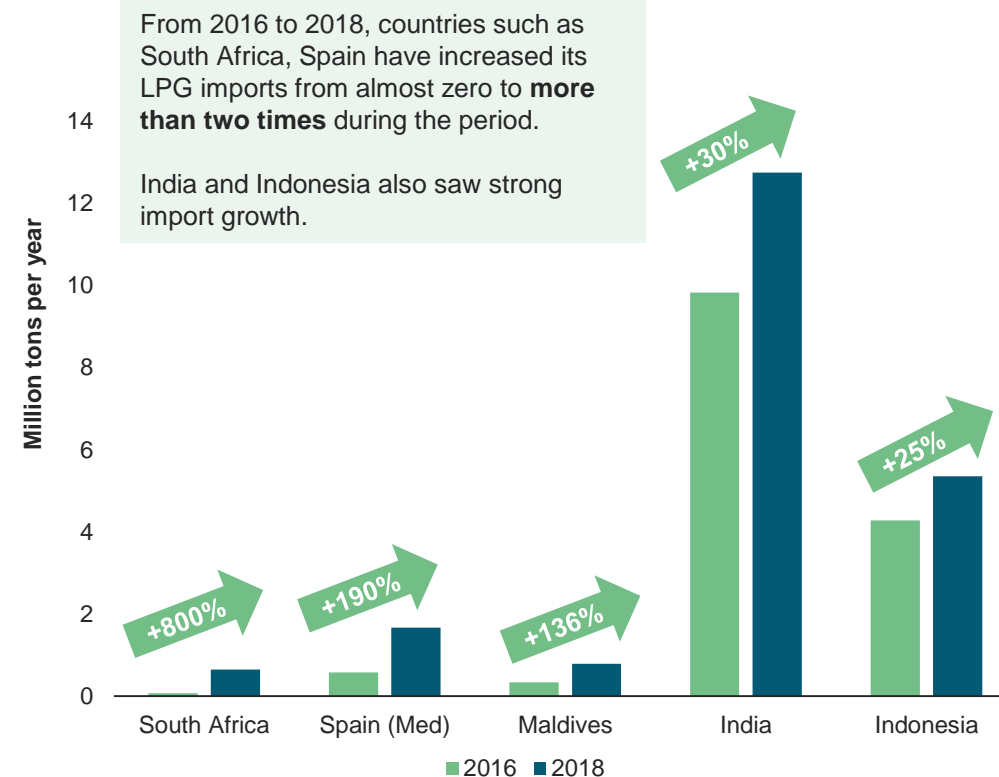
# LPG imports by country

China and India have the largest import growth by total volumes from 2016 to 2018.

## Top five LPG importers

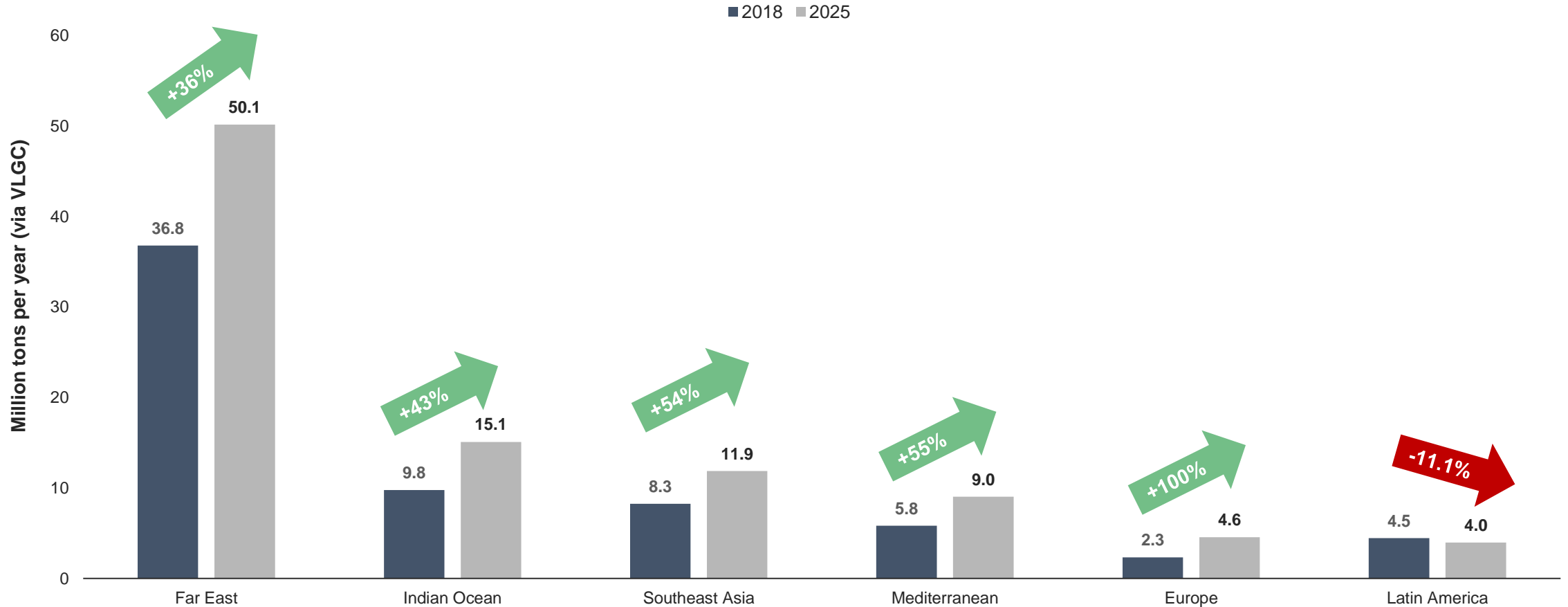


## LPG import growth by biggest change from 2016-2018



# Global LPG imports by VLGC are expected to increase

Global total imports by VLGC will reach 98.5mt in 2025 from 69.1mt in 2018. Far East will absorb 50% of the increase, followed by Indian Ocean and Southeast Asia.



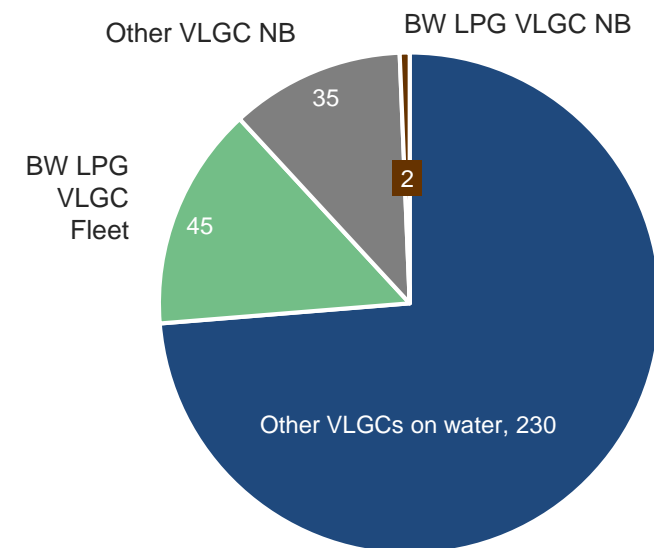
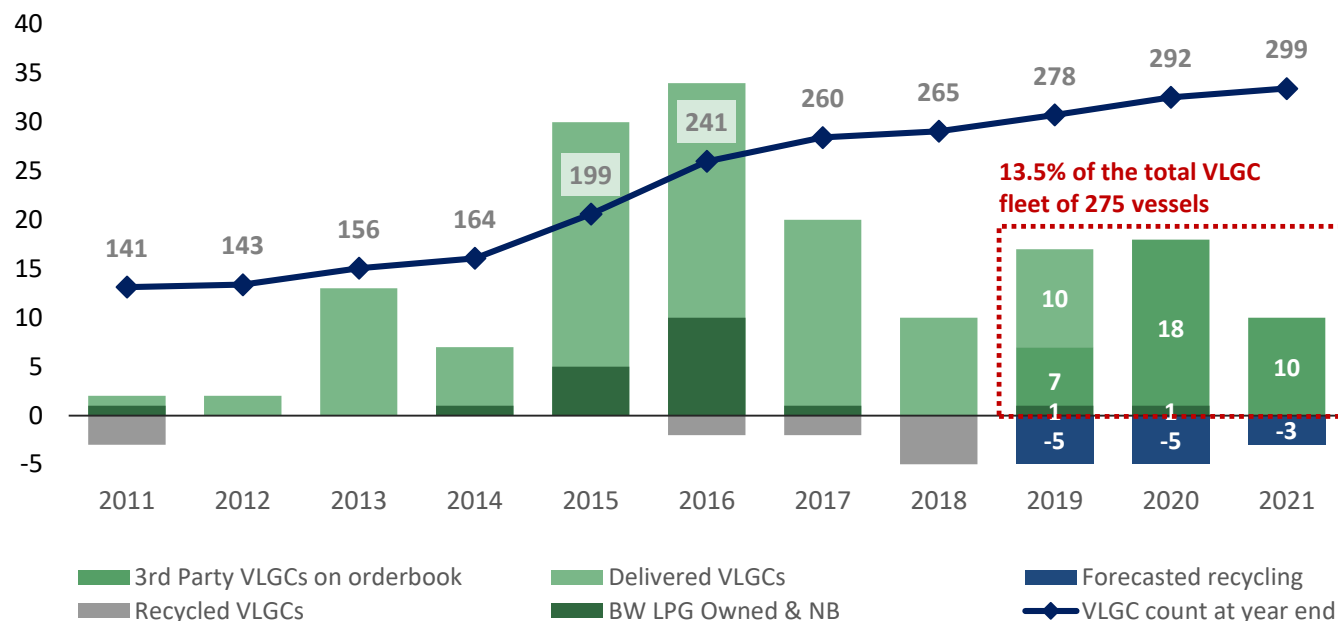


# Global VLGC and BW LPG fleet profile

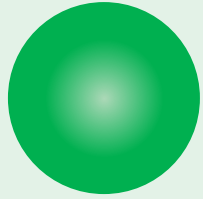
We have identified 13 VLGC recycling candidates from 2019 to 2021, which would leave the net growth in number of vessels to 8.7%, assuming no more newbuild orders.

Global VLGC Fleet Profile<sup>1</sup> — Average Age: 9.7 years

BW LPG VLGC Market Share<sup>2</sup> of 15%



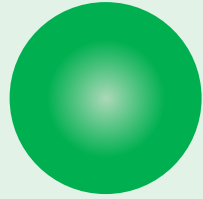
# VLGC market outlook



## LPG Exports

VLGC exports from North America are estimated to increase with strong US production growth.

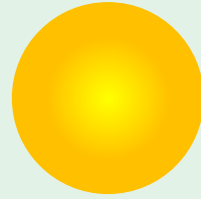
Middle East VLGC exports are estimated to decrease due to Iranian sanctions and recent extensions on OPEC+<sup>1</sup> production cuts.



## LPG Imports

Two planned Propane Dehydrogenation (PDH) plants are coming onstream in China towards the end of 2019.

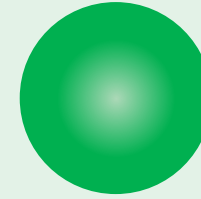
Retail demand from emerging markets in Asia such as India and Indonesia remains strong despite a slight decrease in imports in Q2 2019.



## Fleet Supply

Eight more VLGCs to be delivered in the remainder of 2019 and five are expected to be recycled.

Orderbook stands at 13% of the current total VLGC fleet of 275.

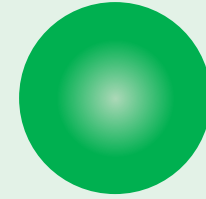


## Ton-mile

Driven by export growth in the US, ton-mile demand is estimated to increase.

However, the increase in ton-mile demand will be partially offset by newbuild deliveries.

Ton-miles are also driven by LPG price arbitrage between regions. This may fluctuate as US production and export capacity changes.



## Freight Rates

VLGC rates started to recover since the end of the first quarter and the positive momentum continued into the second quarter. Current fundamentals support long-term average rates.

Rates will also depend on the development of geographical arbitrage, positioning of vessels and US terminal capacities.

# Generating value for shareholders





# Managing the cycle

## VLGC freight rate and arbitrage.

### 1 2013 – 2015: Strong freight market

- Avg. TCE: **US\$ 67,300/day**

### 2 2016 – Q1 2019: Poor freight market

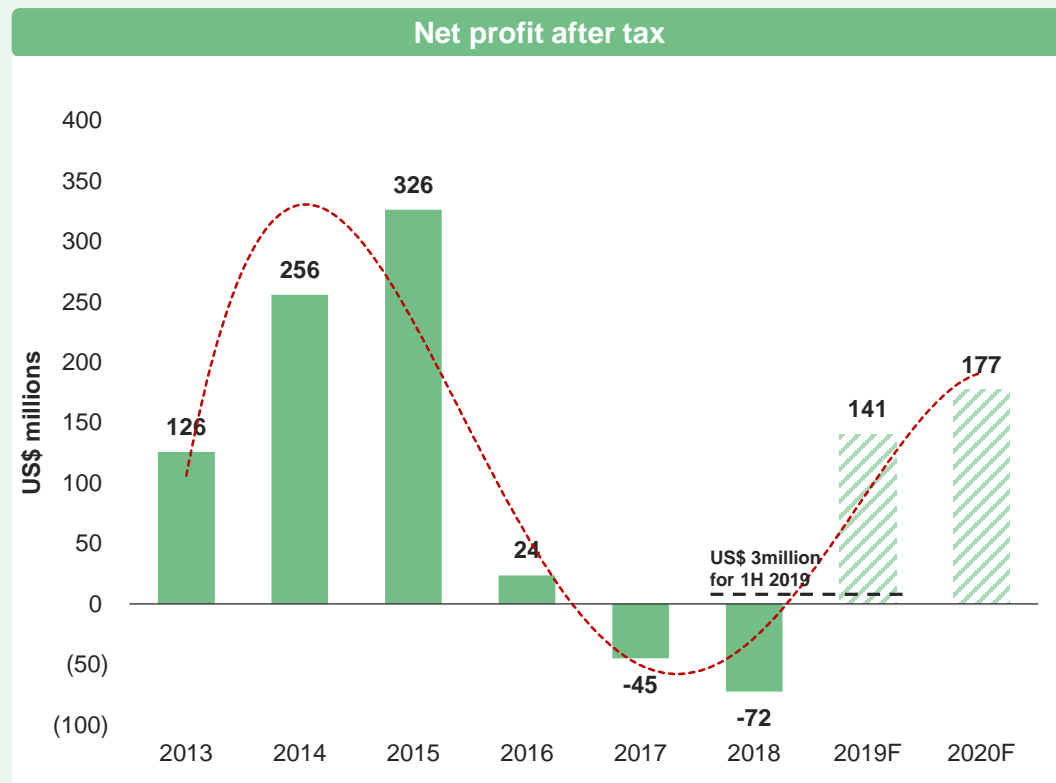
- Avg. TCE: **US\$ 17,000/day**
- Contract coverage stood at **75%** when we exited period 1 and entered the freight market downturn.
- We had well prepared the company and preserved our liquidity for the market downturn lasting for over two years.

### 3 Now to 2020: Market recovery

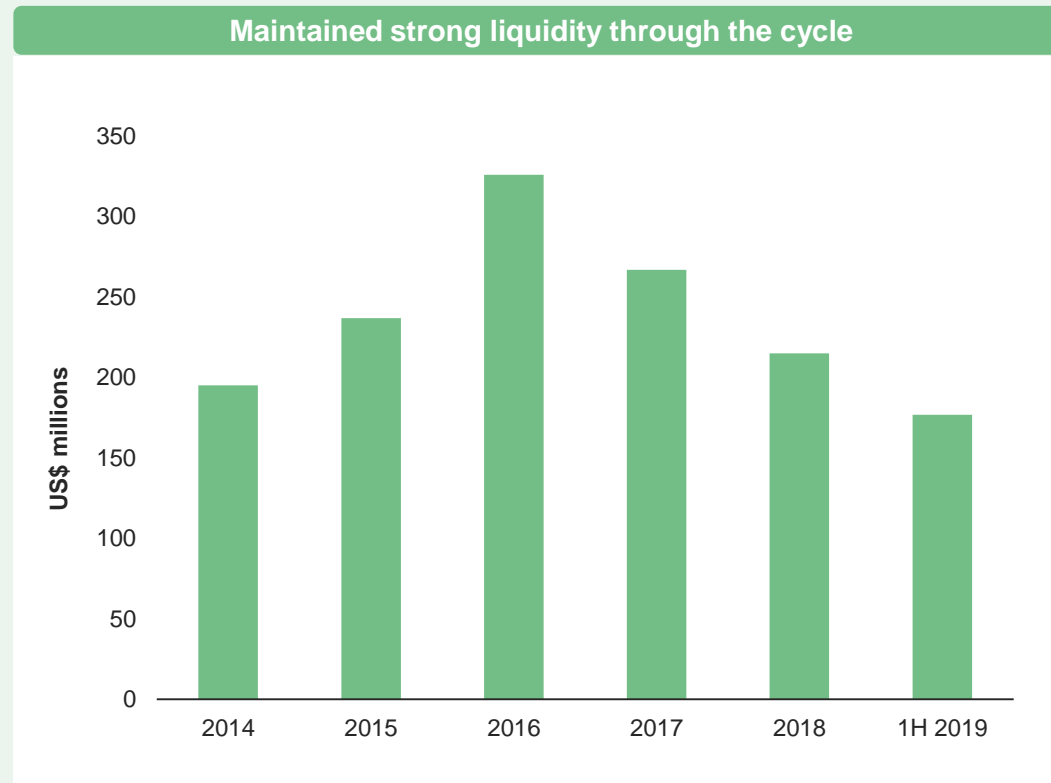
- Today's market level: **US\$ 44,000/day**
- Contract coverage stood at **12%** for 2019 ROY at the end of Q1 2019, having prepared the company for the freight market rebound.
- Contract coverage of **4%** for 2020 as we expect a continued positive freight market for 2020.



# Navigating through the cycle, maintaining strong liquidity

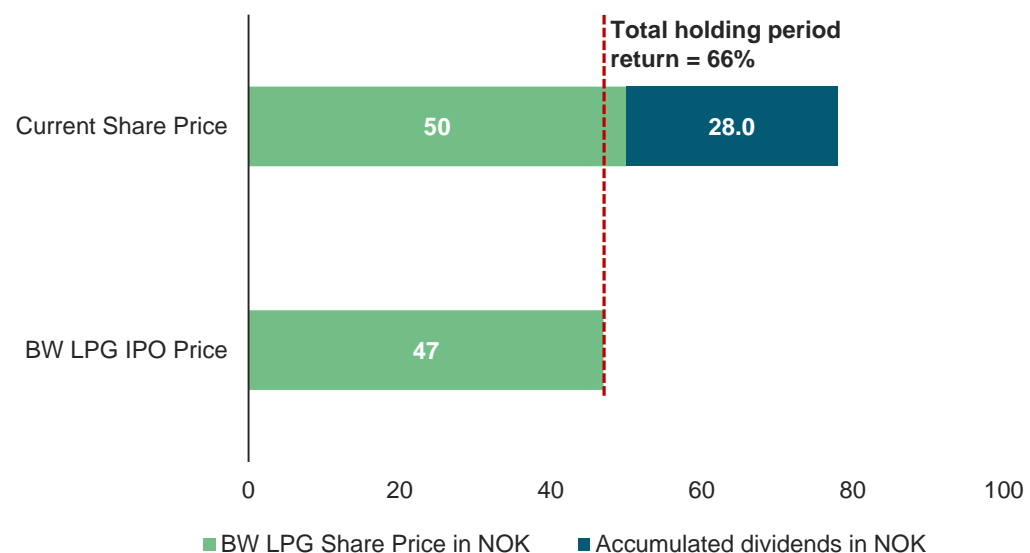


- Based on BW LPG's actual results
- Based on Bloomberg consensus estimates
- Trendline



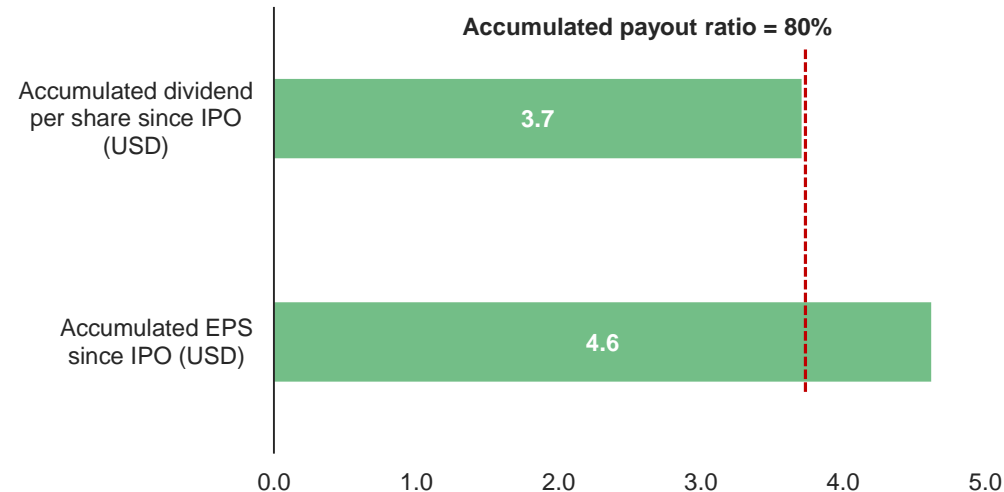
# Preserving shareholder values

## Total holding period return



- [1] Calculation assumes dividend received are not reinvested
- [2] Current Share price is based on the closing price on 2<sup>nd</sup> Sep 2019, rounded to zero decimal place
- [3] Both Share prices and accumulated dividends are denominated in NOK, including the most recent dividend pay out in Q2 2019
- [4] BW LPG IPO on Oslo Bors on 21<sup>st</sup> Nov 2013

## Accumulated dividend per share is over 80% of accumulated EPS

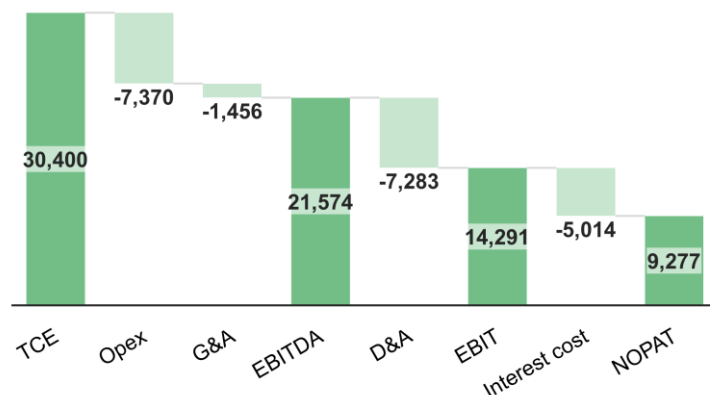


- [1] Calculations are based on USD currency
- [2] Calculations are based on the period from our IPO to the end of 2H 2019
- [3] The company remains a target payout ratio of 50% of Net Profit after Tax

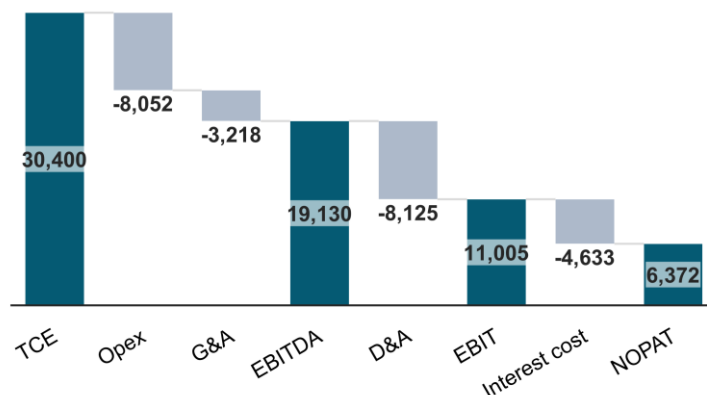
# Listed LPG peer group income statements analysis

Based on VLGC TCE 10-year average of \$30,400/day

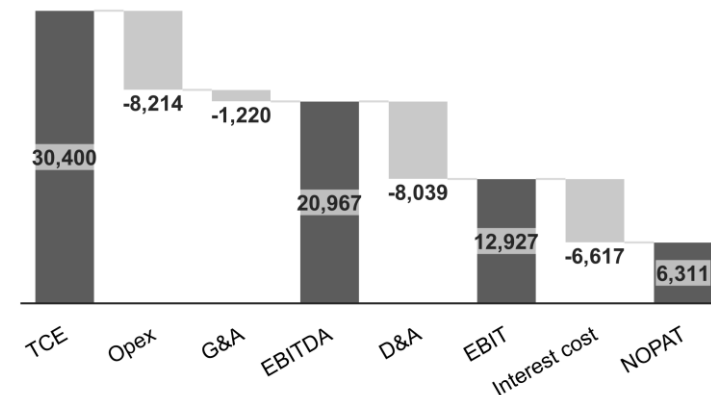
## BW LPG VLGC EBIT and NOPAT Calculation<sup>1</sup>



## Dorian VLGC EBIT and NOPAT Calculation<sup>1</sup>



## Avance VLGC EBIT and NOPAT Calculation<sup>1</sup>



## Asset Valuation (\$ million per VLGC)

	Total (30 Jun)	Avg. per VLGC
GAV based on NBE <sup>2</sup>	2273	63
Total liabilities <sup>3</sup>	1286	36
Net Asset Value	987	27
Implied Debt / Asset (%)	56.6%	



Return on Assets 5.4%



Return on Equity 12.3%

## Asset Valuation (\$ million per VLGC)

	Total (30 Jun)	Avg. per VLGC
GAV based on NBE <sup>2</sup>	1486	68
Total liabilities <sup>3</sup>	700	32
Net Asset Value	786	36
Implied Debt / Asset (%)	47.1%	



Return on Assets 3.4%



Return on Equity 6.5%

## Asset Valuation (\$ million per VLGC)

	Total (30 Jun)	Avg. per VLGC
GAV based on NBE <sup>2</sup>	860	61
Total liabilities <sup>3</sup>	529	38
Net Asset Value	331	24
Implied Debt / Asset (%)	61.5%	



Return on Assets 3.8%



Return on Equity 9.7%

**BW LPG is able to generate the highest returns due to lower Opex, lower G&A, optimal fleet age combination, optimal leverage and lower cost of debt**

[1] BW LPG Opex, D&A and interest cost are based on Q2 2019 financials adjusted for TC-in vessels, calculated based on per owned vessel days. G&A cost is calculated based on total VLGC vessel days including TC-in VLGC vessel days.

[2] GAV based on NBE valuation: existing VLGC fleet values are estimated based on \$72 million NB order price; resale of \$72 million including \$2 million delivery fee. This is based on Korean built VLGC without scrubber.

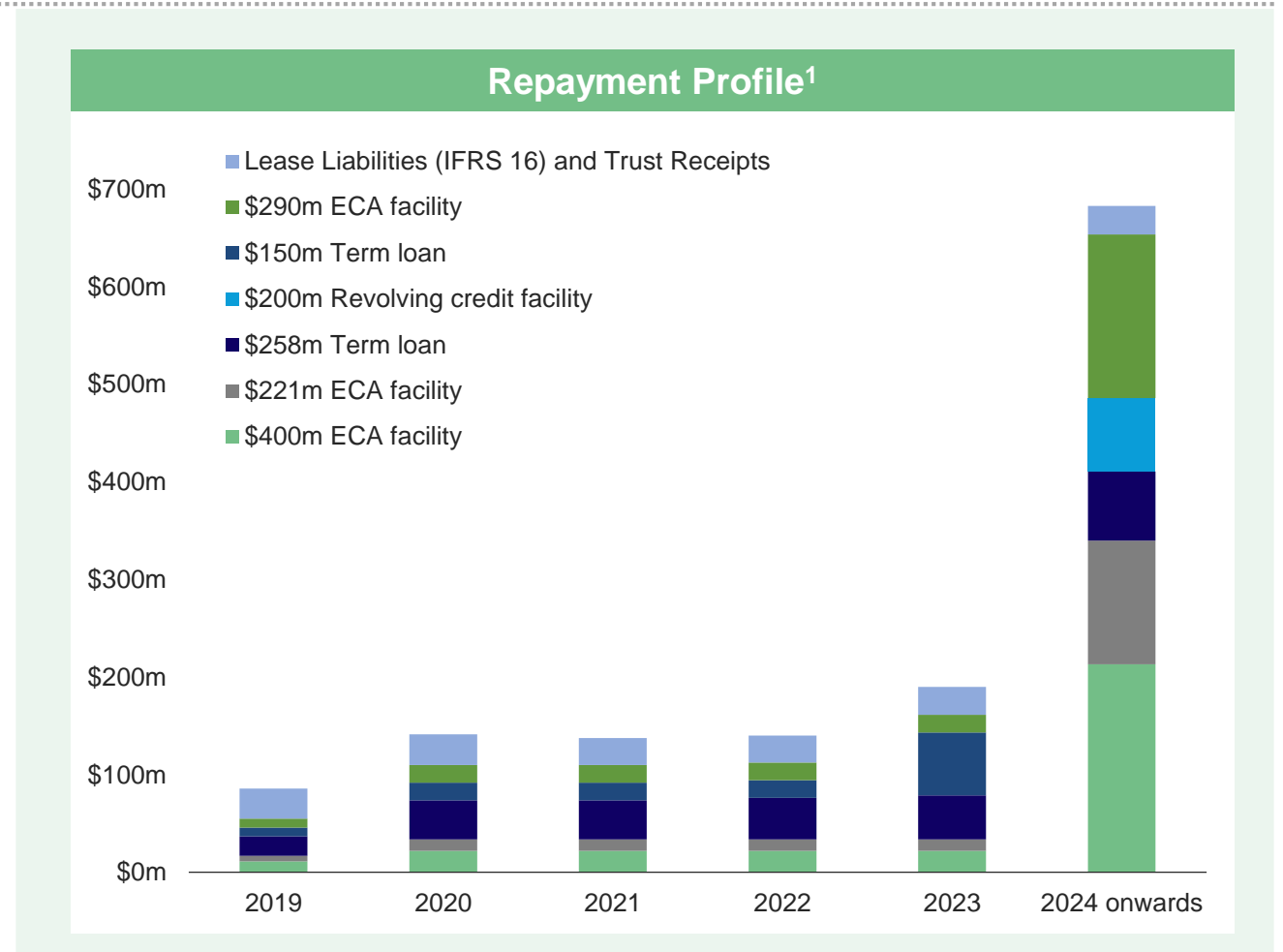
[3] Other financials are based on Q2 2019 financial statements.

[4] Return on Assets = NOPAT / GAV based on NBE per VLGC. Return on Equity = NOPAT / Net Asset Value per VLGC. Both calculated on an annualised basis, assuming 100% utilisation.



# Industry leading financing

- ✓ **Competitive margins**
- ✓ **Solid liquidity through the cycle**
- ✓ **Low cash breakeven**
- ✓ **Next maturity in 2023**



[1] The chart denotes the loan profile as at 30<sup>th</sup> June 2019

[2] The lease liabilities does not include the commitments related to the two time charter vessels expected to be delivered between Q4 2019 and Q1 2020.

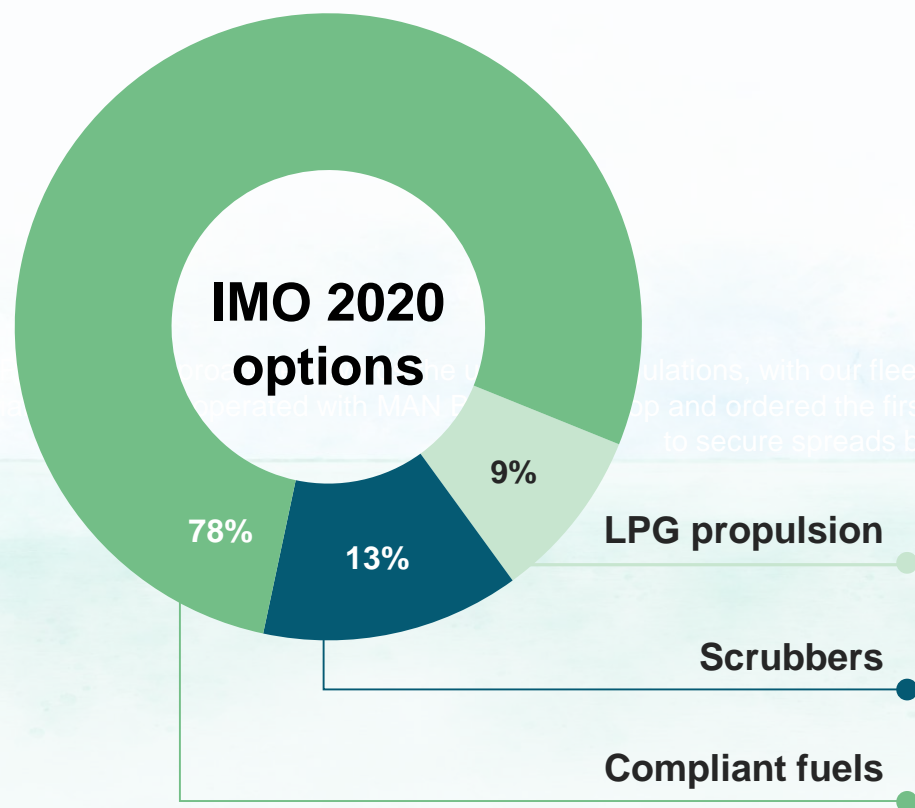


# Strategic focus



# IMO 2020 ready

“ *BW LPG has a **well-balanced portfolio** to comply with the IMO 2020* ”



**BW LPG has been proactive towards the upcoming regulations, with a range of balanced options to comply with the IMO 2020**

- Working with Oil Majors/suppliers on testing and securing compliant fuels
- Cooperated with MAN B&W to develop and ordered the first LGIP engine retrofits for LPG propulsion
- Installation of exhaust gas cleaning systems
- Possibility to secure spreads between MGO and HFO via financial hedging



# Enhancing values



## LPG Propulsion

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Fuel for the future



## Product Services

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Fully integrated product delivery



## Smart Ship

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Innovating for the future



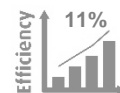
# BW LPG Global Pioneer in Next-Generation, High-Tech Green Ships

IMO 2020  Acting for the future



**Environmental Excellence**

Reducing emission by  
~ 97% Sulphur oxides (SOx),  
~ 90% Particulate matters,  
~ 25% Greenhouse gases (CO<sub>2</sub>),  
~ 20% Nitrogen oxides (NOx).



**Gaining efficiencies with LPG**

Output efficiencies will improve by ~11%

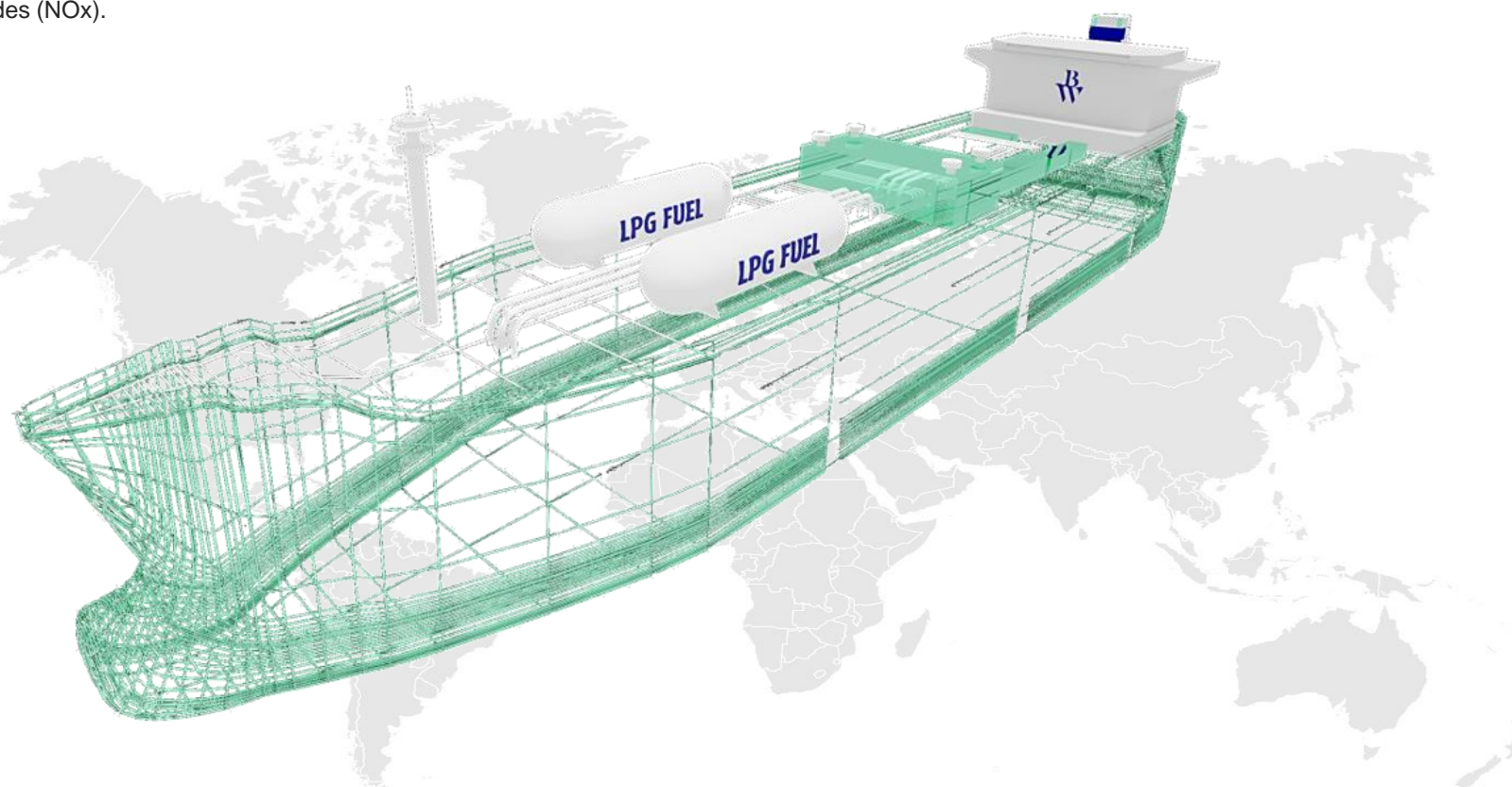


**LPG is future-proof and cost-efficient**



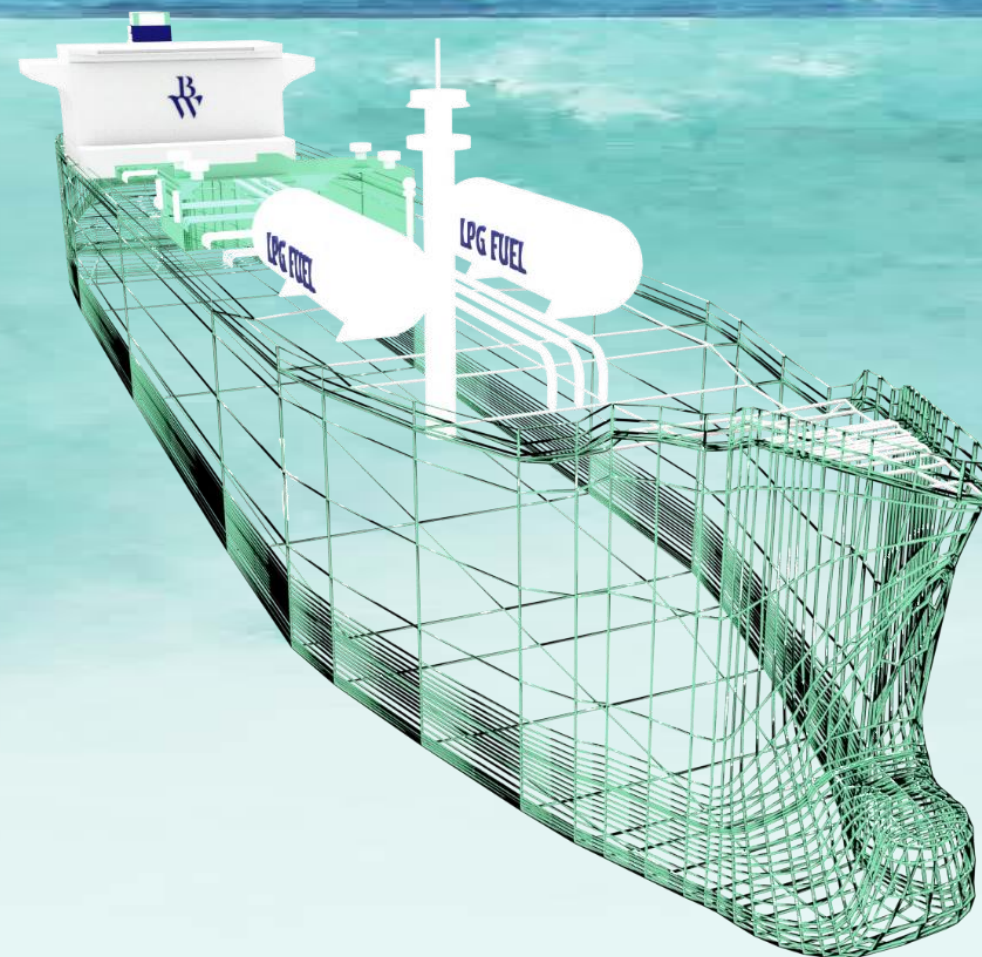
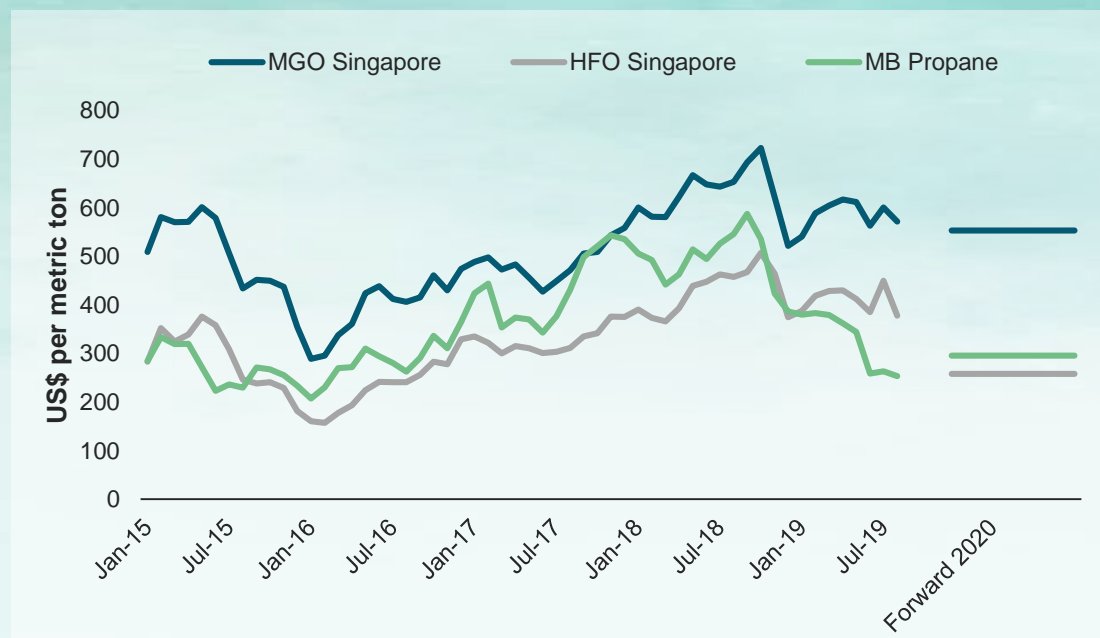
**Dual-Fuel Engines - Reliable, clean and fully flexible**

**LPG propulsion**  
embraces a low-carbon future and captures “green-wave” business opportunities



# Cost Efficient Today & Tomorrow

Daily savings of  
**US\$8,500<sup>1</sup>** per day



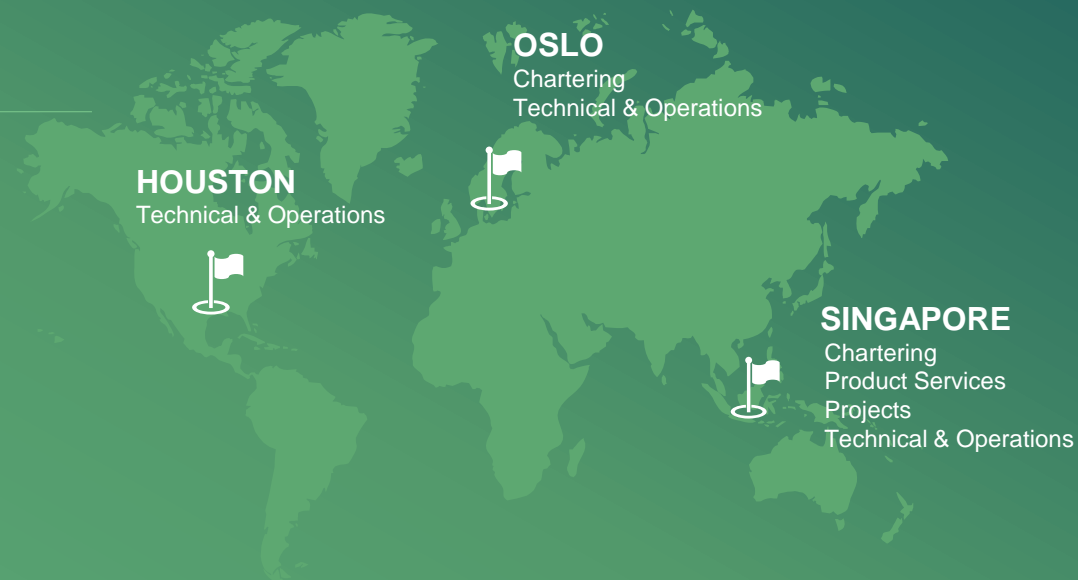
[1] Based on FY 2020 future prices as of 10<sup>th</sup> September 2019: US LPG of US\$295 pmt, including US\$35/ton terminal fee and Singapore Compliant fuel oil price of US\$490 pmt (Assuming \$60/ton discount from the Singapore 2020 MGO price of US\$550 pmt. Price data from Bloomberg and SEB.

[2] Daily savings is a BW LPG estimate is based on a modern VLGC route on the route from Houston – Chiba – Ningbo – Houston, via Panama Canal.



# Enhancing Our Value Proposition

Providing integrated product and shipping solutions

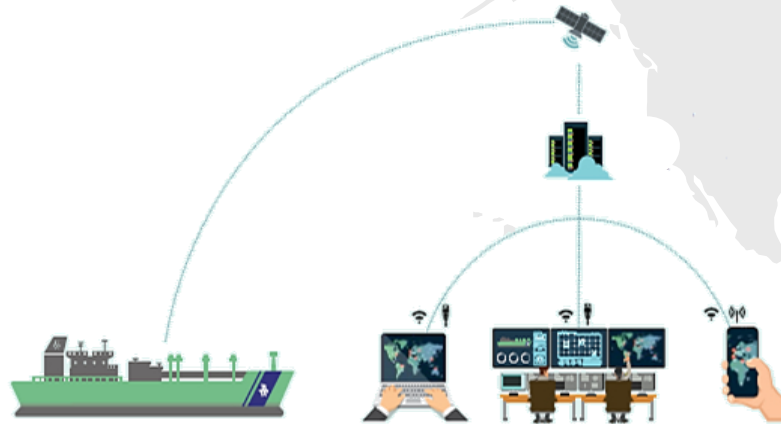




# Smart ship - Embracing Innovation

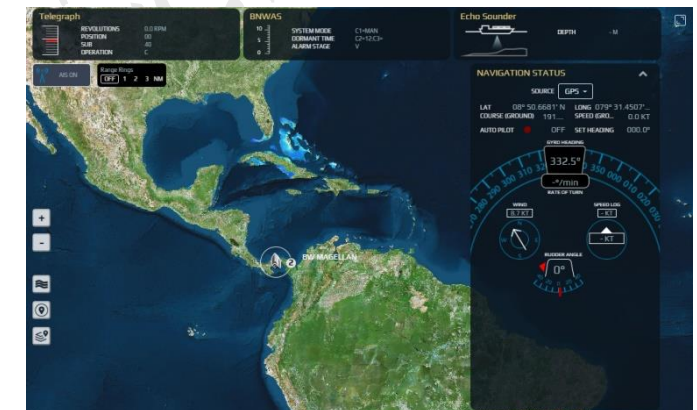
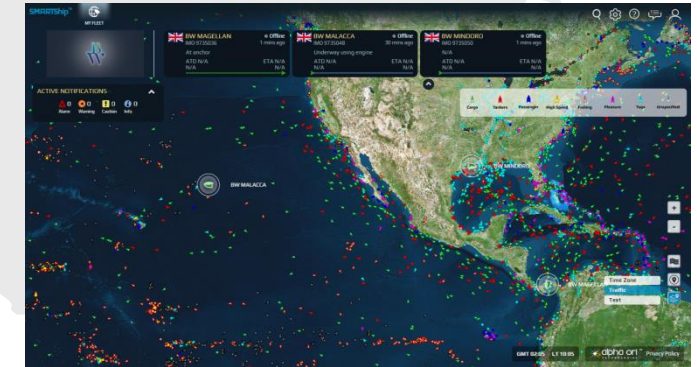
## Smart Ships in Action

Aimed at turning ships into digital enterprises, the Smart Ships project connects and controls the entire ecosystem within the vessel and transmits data to a digital cloud for remote monitoring and greater business value.



### Key Advantages

- ✓ Improved fuel consumption
- ✓ Enhanced operation efficiency
- ✓ Increased compliance
- ✓ Improved crew safety
- ✓ Lower manpower needs
- ✓ Lower OPEX expenses
- ✓ Reduced risk of collisions
- ✓ Reduced injury and cargo loss claims
- ✓ Reduced human error with greater automation





# Corporate Social Responsibility



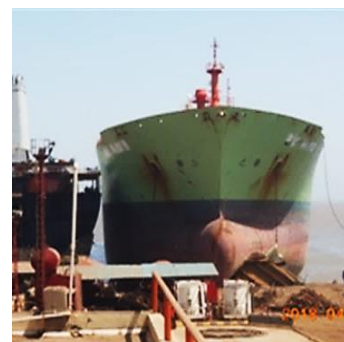
## Anti - Bribery



Our **anti-bribery** policy guides our interactions with suppliers, customers, members of the industry and other stakeholders at all levels of the organisation.



## Ship Recycling

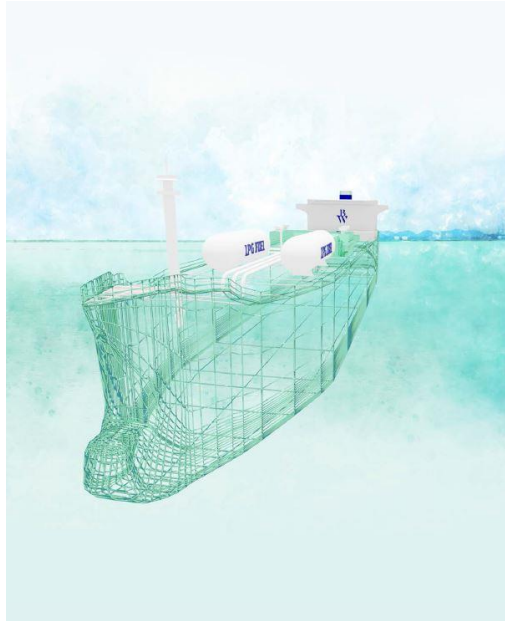


At BW LPG, we are firm supporters of the Hong Kong Convention on the safe and environmentally sound recycling of ships.

# “Doing The Right Thing”

**C**ollaborative **A**mbitious **R**eliable **E**nduring

For more information please visit our official website for  
BW LPG business news, financial results, presentations, company reports and the latest share price.



<https://www.bwlpg.com/investor-centre>



#### **Investor Relations**

[investor.relations@bwlpg.com](mailto:investor.relations@bwlpg.com)



#### **Telephone**

+65 6705 5588



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