



Interim Financial Report

Q1 2022 (unaudited)



BW LPG Limited
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SELECTED KEY FINANCIAL INFORMATION

Income Statement	Q1 2022 US\$ million	Q1 2021 US\$ million	Increase/ (Decrease) %
Net income from spot voyages	92.9	111.1	(16)
Net income from time charter voyages	37.9	39.0	(3)
TCE income	130.8	150.1	(13)
EBITDA	93.2	112.6	(17)
Profit after tax	58.5	71.2	(18)
(US\$ per share)			
Basic and diluted EPS ¹	0.41	0.51	(19)
Dividend per share	0.31	0.18	72
Balance Sheet	31 March 2022 US\$ million	31 December 2021 US\$ million	Increase/ (Decrease) %
Cash & cash equivalents	355.5	132.7	N.M
Total assets	2,399.0	2,364.3	1
Total liabilities	931.9	978.4	(5)
Total shareholders' equity	1,467.1	1,385.9	6
Cash flow	Q1 2022 US\$ million	Q1 2021 US\$ million	Increase/ (Decrease) %
Operating cash flow	164.4	156.4	(3)
Capital expenditure	84.7	(60.0)	N.M
Free cash flow	249.1	96.4	N.M
Financial Ratios	Q1 2022 %	Q1 2021 %	Increase/ (Decrease) %
ROE ² (annualised)	16.4	22.3	(26)
ROCE ² (annualised)	11.7	13.5	(13)
EBITDA margin ³	71.7	75.0	(4)
Gross leverage ratio ⁴	36.5	43.5	(16)
Net leverage ratio ⁵	25.0	41.8	(40)
Other Information	31 March 2022	31 December 2021	Increase/ (Decrease) %
Shares – end of period (shares)	141,938,998	141,938,998	-
Treasury shares – end of period (shares)	6,987,502	5,000,537	40
Share price (NOK)	60.5	50.1	21
Market cap (NOK million)	8,580.2	7,104.0	21
Market cap (USD million)	993.2	805.0	23

[1] Basic and diluted EPS (earnings per share) is computed based on Q1 2022: 135.0 million shares, the weighted average number of shares outstanding less treasury shares during the period/year.

[2] 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.

[3] EBITDA margin is computed as EBITDA over TCE income.

[4] Gross leverage ratio is computed as total debt over total debt plus equity.

[5] Net leverage ratio is computed as total debt less cash over total debt less cash plus equity.

HIGHLIGHTS – Q1 2022

- Achieved Q1 2022 VLGC freight rates of US\$36,900 per calendar day.
- Generated Q1 2022 Net Profit after Tax of US\$58.5 million or an earnings per share of US\$0.41 or NOK3.66.
- FY 2022 annualised return on equity of 16.4% with US\$249.1 million of free cash flow.
- Completed the sale of a stake in BW LPG India in Q1, and concluded discussions for increased ownership in Q2. Following this, BW LPG will own approximately 52% in BW LPG India.
- Concluded the sale and delivery of two vessels in Q1 2022, generating approximately US\$70.0 million in liquidity and a net book gain of US\$13.8 million.
- Completed the LPG dual-fuel propulsion retrofitting program for all 15 vessels ahead of schedule and within budget, with the final three vessels redelivered in April and May 2022.
- The Board has enhanced our dividend policy to target a quarterly payout ratio of 75% of NPAT when the net leverage ratio is below 30%.
- Declared a Q1 2022 cash dividend of US\$0.31 per share amounting to US\$41.9 million. This translates to a payout ratio as a percentage of NPAT of 75% for the quarter.

PERFORMANCE REVIEW – Q1 2022

Time Charter Equivalent (“TCE”) income decreased to US\$130.8 million for Q1 2022 (Q1 2021: US\$150.1 million), mainly due to lower spot charter rates and lower fleet utilisation predominantly arising from the retrofitting of three dual fuel propulsion engines during the quarter. This also includes a net positive impact of US\$3.0 million related to the effects of IFRS 15 where spot voyages that straddle the quarter-end are now accounted for on a load to discharge basis.

EBITDA was US\$93.2 million for Q1 2022 (Q1 2021: US\$112.6 million), primarily due to lower TCE income.

Profit after tax was US\$58.5 million for Q1 2022 (Q1 2021: US\$71.2 million).

Net leverage ratio decreased to 25.0% in Q1 2022 (Q1 2021: 41.8%). This is mainly due to solid cash flows from operations, proceeds from sale of two vessels amounting to US\$94.1 million, and a US\$50.0 million equity investment into BW LPG India, net of US\$76.4 million in total dividends paid in the period from Q2 2021 to Q1 2022.

BALANCE SHEET

As at 31 March 2022, BW LPG has a fleet of 39 VLGCs, including seven which are owned and operated by our subsidiary operating in India. Total assets amounted to US\$2,399.0 million (31 December 2021: US\$2,364.3 million), of which US\$1,726.7 million (31 December 2021: US\$1,791.7 million) represented the carrying value of the vessels (including dry docking) and US\$97.1 million (31 December 2021: US\$107.7 million) represented the carrying value of the right-of-use assets (vessels).

Cash and cash equivalents amounted to US\$355.5 million as at 31 March 2022 (31 December 2021: US\$132.7 million). Cash flows from operating activities generated a net cash surplus of US\$164.4 million in Q1 2022 (Q1 2021: US\$156.4 million). Investing activities generated positive cash flows of US\$86.7 million in Q1 2022 (Q1 2021: negative cash flows of US\$41.0 million) mainly due to proceeds from sale of two vessels during the quarter. BW LPG also received capital investment into BW LPG India in Q1 2022. The positive cash flows were used to repay bank borrowings, interest and dividend payments and to fund the share buy-back programme which commenced in December 2021. As at the end of Q1 2022, BW LPG has bought back 3.8 million shares amounting to approximately US\$21.1 million.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q1 2022 US\$'000	Q1 2021 US\$'000
Revenue from spot voyages	165,310	166,422
Voyage expenses	(72,377)	(55,329)
Net income from spot voyages	92,933	111,093
Revenue from time charter voyages	37,892	38,993
TCE income[^]	130,825	150,086
Net loss from commodity contracts	(164)	(2,421)
Fair value gains from equity financial asset	-	2,773
Vessel operating expenses	(23,829)	(22,818)
Time charter contracts (non-lease components)	(4,757)	(3,537)
General and administrative expenses	(7,831)	(9,487)
Charter hire expenses	(697)	(2,955)
Finance lease income	174	334
Other operating (expenses)/income - net	(475)	650
Operating profit before depreciation, amortisation and impairment (EBITDA)	93,246	112,625
Depreciation charge	(40,376)	(36,043)
Amortisation of intangible assets	(147)	(123)
	52,723	76,459
Gain on disposal of vessels	2,061	1,638
Gain on disposal of assets held-for-sale	11,699	-
Operating profit (EBIT)	66,483	78,097
Foreign currency exchange loss/(gain) - net	258	(740)
Interest income	72	1,859
Interest expense	(7,949)	(9,073)
Other finance expense	(815)	(635)
Finance expense – net	(8,434)	(8,589)
Share of profit of a joint venture	-	2,031
Profit before tax for the financial period	58,049	71,539
Income tax expense	433	(370)
Profit after tax for the financial period (NPAT)	58,482	71,169

[^] "TCE income" denotes "time charter equivalent income" which represents revenue from time charters and voyage charters less voyage expenses comprising primarily fuel oil, port charges and commission.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Q1 2022 US\$'000	Q1 2021 US\$'000
Other comprehensive income/(loss):		
Items that may be subsequently reclassified to profit or loss:		
Cash flow hedges		
-fair value gain	14,058	22,602
-reclassification to profit or loss	1,494	2,868
Currency translation reserve	(5,693)	22
Other comprehensive income, net of tax	9,859	25,492
Total comprehensive income for the financial period	68,341	96,661
Profit attributable to:		
Equity holders of the Company	56,318	71,169
Non-controlling interests	2,164	-
	58,482	71,169
Total comprehensive income attributable to:		
Equity holders of the Company	68,436	96,661
Non-controlling interest	(95)	-
	68,341	96,661
Earnings per share attributable to the equity holders of the Company: (expressed in US\$ per share)		
Basic/Diluted earnings per share	0.41	0.51

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CONSOLIDATED BALANCE SHEET

	31 March 2022 US\$'000	31 December 2021 US\$'000
Intangible assets	1,760	1,878
Derivative financial instruments	5,817	-
Finance lease receivables	8,595	10,526
Other receivables	16,297	-
Total other non-current assets	30,709	10,526
Vessels and dry docking	1,726,671	1,791,685
Right-of-use assets (vessels)	97,117	107,736
Other property, plant and equipment	71	77
Property, plant and equipment	1,823,859	1,899,498
Total non-current assets	1,856,328	1,911,902
Inventories	30,458	54,584
Trade and other receivables	90,374	191,630
Equity financial assets, at fair value	3,250	3,250
Derivative financial instruments	55,474	23,682
Finance lease receivables	7,610	7,535
Assets held-for-sale	-	39,027
Cash and cash equivalents	355,483	132,673
Total current assets	542,649	452,381
Total assets	2,398,977	2,364,283
Share capital	1,419	1,419
Share premium	289,812	289,812
Treasury shares	(36,529)	(23,294)
Contributed surplus	685,913	685,913
Other reserves	(30,056)	(42,436)
Retained earnings	489,286	460,648
	1,399,845	1,372,062
Non-controlling interests	67,240	13,837
Total shareholders' equity	1,467,085	1,385,899
Borrowings	570,251	659,781
Lease liabilities	78,028	86,140
Derivative financial instruments	1,316	12,962
Total non-current liabilities	649,595	758,883
Borrowings	152,354	82,508
Lease liabilities	41,982	46,400
Derivative financial instruments	50,248	11,983
Current income tax liabilities	412	1,231
Trade and other payables	37,301	77,379
Total current liabilities	282,297	219,501
Total liabilities	931,892	978,384
Total equity and liabilities	2,398,977	2,364,283

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company												Non-controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Contributed surplus	Capital reserve	Hedging reserve	Share-based payment reserve	Currency translation reserve	Other reserves	Retained earnings	Total			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
Balance at 1 January 2022	1,419	289,812	(23,294)	685,913	(36,259)	(6,669)	922	(2,624)	2,194	460,648	1,372,062	13,837	1,385,899	
Profit for the financial period	-	-	-	-	-	-	-	-	-	56,318	56,318	2,164	58,482	
Other comprehensive income/(loss) for the financial period	-	-	-	-	-	15,552	-	(3,434)	-	-	12,118	(2,259)	9,859	
Total comprehensive income/(loss) for the financial period	-	-	-	-	-	15,552	-	(3,434)	-	56,318	68,436	(95)	68,341	
Share-based payment reserve - Value of employee services	-	-	-	-	-	-	262	-	-	-	262	-	262	
Purchases of treasury shares	-	-	(13,755)	-	-	-	-	-	-	-	(13,755)	-	(13,755)	
Share options exercised	-	-	1,375	-	-	-	-	-	(855)	-	520	-	520	
Dividend paid	-	-	-	-	-	-	-	-	-	(24,182)	(24,182)	-	(24,182)	
Changes in non-controlling interests arising from changes of interests in subsidiary	-	-	-	-	-	-	-	-	-	(3,498)	(3,498)	53,498	50,000	
Total transactions with owners, recognised directly in equity	-	-	(12,380)	-	-	-	262	-	(855)	(27,680)	(40,653)	53,498	12,845	
Balance at 31 March 2022	1,419	289,812	(35,674)	685,913	(36,259)	8,883	1,184	(6,058)	1,339	489,286	1,399,845	67,240	1,467,085	

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	Attributable to equity holders of the Company									
	Share capital	Share premium	Treasury shares	Contributed surplus	Capital reserve	Hedging reserve	Share-based payment reserve	Currency translation reserve	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2021	1,419	289,812	(16,895)	685,913	(36,259)	(50,314)	457	(91)	377,528	1,251,570
Profit for the financial period	-	-	-	-	-	-	-	-	71,169	71,169
Other comprehensive income for the financial period	-	-	-	-	-	25,470	-	22	-	25,492
Total comprehensive income for the financial period	-	-	-	-	-	25,470	-	22	71,169	96,661
Share-based payment reserve - Value of employee services	-	-	-	-	-	-	(53)	-	-	(53)
Share options exercised	-	-	937	-	-	-	-	-	-	937
Dividend paid	-	-	-	-	-	-	-	-	(47,260)	(47,260)
Total transactions with owners, recognised directly in equity	-	-	937	-	-	-	(53)	-	(47,260)	(46,376)
Balance at 31 March 2021	1,419	289,812	(15,958)	685,913	(36,259)	(24,844)	404	(69)	401,437	1,301,855

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Q1 2022 US\$'000	Q1 2021 US\$'000
Cash flows from operating activities		
Profit before tax for the financial period/year	58,049	71,539
Adjustments for:		
- amortisation of intangible assets	147	123
- depreciation charge	40,376	36,043
- gain on disposal of assets held-for-sale	(11,699)	-
- gain on disposal of vessels	(2,061)	(1,638)
- interest income	(72)	(1,859)
- interest expense	7,949	9,073
- other finance expense	612	448
- share-based payments	262	(53)
- share of profit of a joint venture	-	(2,031)
- finance lease income	(174)	(334)
- fair value gain from equity financial asset	-	(2,773)
	93,389	108,538
Changes in working capital:		
- inventories	24,126	(4,979)
- trade and other receivables	82,670	8,813
- trade and other payables	(40,421)	31,956
- derivative financial instruments	4,561	(9,984)
- margin account held with broker	139	22,243
Total changes in working capital:	71,075	48,049
Taxes paid	(43)	(173)
Net cash provided by operating activities	164,421	156,414
Cash flows used in investing activities		
Additions in property, plant and equipment	(11,309)	(46,912)
Progress payments for vessel upgrades and dry docks ¹	1,971	(12,912)
Additions in intangible assets	(29)	(144)
Net proceeds from sales of equity financial assets, at FVPL	-	9,721
Proceeds from sale of assets held-for-sale	50,726	-
Proceeds from sale of vessels	43,325	-
Repayment of loan receivables from a joint venture	-	1,900
Repayment of finance lease receivables	1,856	5,707
Interest received	175	1,592
Net cash provided by/(used in) by investing activities	86,715	(41,048)

¹ This will be reclassified from "prepayments" to "property, plant and equipment" upon completion.

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CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Q1 2022 US\$'000	Q1 2021 US\$'000
Cash flows used in financing activities		
Proceeds from bank borrowings	-	30,000
Payment of financing fees	(265)	-
Repayments of bank borrowings	(20,519)	(53,005)
Payment of lease liabilities	(12,530)	(12,857)
Interest paid	(6,843)	(8,158)
Other finance expense paid	(613)	(458)
(Purchase)/Sale of treasury shares	(13,235)	937
Drawdown of trust receipts	-	23,994
Repayment of trust receipts	-	(34,458)
Dividend payment	(24,182)	(47,260)
Contribution from non-controlling interests	50,000	-
Net cash used in financing activities	(28,187)	(101,265)
Net increase in cash and cash equivalents	222,949	14,101
Cash and cash equivalents at beginning of the financial period	129,647	56,356
Cash and cash equivalents at end of the financial period	352,596	70,457

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	31 March 2022 US\$'000	31 December 2021 US\$'000
Cash and cash equivalents per consolidated balance sheet	355,483	132,673
Less: Margin account held with broker	(2,887)	(3,026)
Cash and cash equivalents per consolidated statement of cash flows	352,596	129,647