



Interim Financial Report

Q2 2022 and H1 2022



BW LPG Limited
Interim Financial Report
Q2 2022 and H1 2022

SELECTED KEY FINANCIAL INFORMATION

Income Statement	Q2 2022 US\$ million	Q2 2021 US\$ million	Increase/ (Decrease) %	H1 2022 US\$ million	H1 2021 US\$ million	Increase/ (Decrease) %
Net income from spot voyages	86.4	48.3	79	179.3	159.4	12
Net income from time charter voyages	35.8	45.7	(22)	73.7	84.7	(13)
TCE income	122.2	94.0	30	253.0	244.1	4
EBITDA	82.6	54.8	51	175.8	167.4	5
Profit after tax	38.6	23.1	67	97.1	94.2	3
(US\$ per share)						
Basic and diluted EPS ¹	0.26	0.16	63	0.67	0.68	(1)
Dividend per share	0.20	0.10	100	0.51	0.28	82
Balance Sheet				30 June 2022 US\$ million	31 December 2021 US\$ million	Increase/ (Decrease) %
Cash & cash equivalents				168.5	132.7	27
Total assets				2,242.1	2,364.3	(5)
Total liabilities				756.8	978.4	(23)
Total shareholders' equity				1,485.3	1,385.9	7
Cash flow	Q2 2022 US\$ million	Q2 2021 US\$ million	Increase/ (Decrease) %	H1 2022 US\$ million	H1 2021 US\$ million	Increase/ (Decrease) %
Operating cash flow	(14.7)	67.5	N.M	149.7	223.9	(33)
Capital expenditure ²	35.9	13.3	N.M	120.6	(46.7)	N.M
Free cash flow	21.2	80.8	(74)	270.2	177.2	52
Financial Ratios	Q2 2022 %	Q2 2021 %	Increase/ (Decrease) %	30 June 2022 %	30 June 2021 %	Increase/ (Decrease) %
ROE ³ (annualised)	10.5	7.1	48	13.5	14.7	(8)
ROCE ³ (annualised)	8.8	5.9	49	10.5	9.7	8
EBITDA margin ⁴	67.6	58.3	16	69.5	68.6	1
Gross leverage ratio ⁵	30.5	43.3	(30)	30.5	43.3	(30)
Net leverage ratio ⁶	24.7	39.9	(38)	24.7	39.9	(38)
Other Information				30 June 2022	31 December 2021	Increase/ (Decrease) %
Shares – end of period (shares)				141,938,998	141,938,998	-
Treasury shares – end of period (shares)				6,703,502	5,000,537	34
Share price (NOK)				72.9	50.1	46
Market cap (NOK million)				10,347.4	7,104.0	46
Market cap (USD million)				1,047.1	805.0	30

[1] Basic and diluted EPS (earnings per share) is computed based on Q2 2022: 135.9 million shares, the weighted average number of shares outstanding less treasury shares during the period/year.

[2] Capital expenditure is the additions to property, plant and equipment including proceeds from vessel sales.

[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.

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

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

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

HIGHLIGHTS – Q2 2022

- Achieved Q2 2022 VLGC freight rates of US\$35,400 per calendar day (H1 2022: US\$36,100 per calendar day).
- Generated Q2 2022 Net Profit after Tax of US\$38.6 million (H1 2022: US\$97.1 million) or an earnings per share of US\$0.26 (H1 2022: US\$0.67) or NOK2.43 (H1 2022: NOK6.14).
- Concluded the sale and delivery of one VLGC in June 2022, generating approximately US\$19.3 million in liquidity and a net gain of US\$4.8 million.
- Completed the second tranche sale of stake in BW LPG India in Q2. Following this, BW LPG owns 52% in BW LPG India.
- Entered into an agreement to acquire the LPG trading operations from Vilma Oil to expand the Product Services division. The acquisition is subject to approval from the Spanish regulatory authorities, and the transaction is expected to close by the end of Q4 2022.
- Declared a Q2 2022 cash dividend of US\$0.20 per share amounting to US\$27.0 million. This translates to a payout ratio as a percentage of NPAT of 75% for the quarter.

PERFORMANCE REVIEW – Q2 2022 and H1 2022

Time Charter Equivalent (“TCE”) income increased to US\$122.2 million for Q2 2022 (H1 2022: US\$253.0 million), mainly due to higher LPG spot rates and higher fleet utilisation with the completion of the retrofitting of the final three dual fuel propulsion engines during the quarter. This also includes a net downward impact of US\$7.7 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\$82.6 million for Q2 2022 (Q2 2021: US\$54.8 million) and US\$175.8 million for H1 2022 (H1 2021: US\$167.4 million), primarily due to higher TCE income.

Profit after tax was US\$38.6 million for Q2 2022 (Q2 2021: US\$23.1 million) and US\$97.1 million for H1 2022 (H1 2021: profit after tax of US\$94.2 million).

Net leverage ratio decreased to 24.7% in Q2 2022 (Q2 2021: 39.9%). This is mainly due to solid cash flows from operations and investing activities, net of US\$93.8 million in total dividends paid in the period from Q3 2021 to Q2 2022.

BALANCE SHEET

As at 30 June 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\$2,242.1 million (31 December 2021: US\$2,364.3 million), of which US\$1,671.4 million (31 December 2021: US\$1,791.7 million) represented the carrying value of the vessels (including dry docking) and US\$86.5 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\$168.5 million as at 30 June 2022 (31 December 2021: US\$132.7 million). Cash flows from operating activities generated a net cash surplus of US\$149.7 million in H1 2022 (H1 2021: US\$223.9 million). The cash flows from operating activities were used for capital expenditure, to repay bank borrowings, and for interest and dividend payments. Investing activities generated positive cash flows of US\$124.6 million in H1 2022 (H1 2021: negative cash flows of US\$2.6 million) mainly due to proceeds from sale of three vessels during the period. BW LPG also received additional capital investment into BW LPG India in Q1 and Q2 2022. The positive cash flows were used to repay bank borrowings, interests and dividend payments and to fund the share buy-back programme which commenced in December 2021. As at the end of H1 2022, BW LPG has bought back 3.8 million shares amounting to approximately US\$21.1 million.

Market – Q2 2022

VLGC freight rates were on a strong upward trend in Q2. TCE rates (Ras Tanura to Chiba) increased from OPEX levels in early March to over \$60,000/day at the end of May. This was supported by record high exports out of the U.S., a strong recovery in exports from Saudi Arabia and Iran, and a widening geographical LPG price arbitrage between the U.S. and the Far East.

LPG Supply and Demand

The U.S. exported 89 VLGC cargoes in Jun 2022. There were increasing LPG exports from the U.S. to Northwest Europe. The region imported over 0.6 million tons of LPG in June from the U.S. and the volume continues to grow with over 0.7 million tons in July, more than double the level of July 2021. Current U.S. LPG production and exports continue to be supported by recovering shale oil and gas production, depletion of drilled but uncompleted wells ('DUCs') and optimisation of natural gas liquids production.

In Q2, exports out of Saudi Arabia and Iran recovered significantly compared to 2021, up 29% and 51% respectively. We expect the trend to continue together with increasing exports from other countries in the region as OPEC+ remains on track to phase out its existing oil production cuts.

High LPG prices and falling propylene prices have squeezed the margins of PDH plants in the Far East. Price competitiveness of LPG versus Naphtha has also diminished. However, we expect LPG imports to be held up by stable end-user retail demand and the rebuilding of LPG inventory prior to the winter seasons.

Fleet Capacity

Year to date, nine VLGCs have been delivered. The newbuild orderbook until 2025 stands at 65 vessels, which represents 20% of total VLGC fleet of 329 vessels.

VLGC Freight Market Outlook

As we look into the second half of 2022 and 2023, the global energy markets are facing an unusual set of uncertainties and challenges.

In the oil market, prices are high due to supply constraints and gradual demand growth. The demand outlook is becoming mixed with concerns on potential economic recession, high inflation, and deteriorating oil demand from China.

In the natural gas market, the supply chain disruption in Europe is having a larger impact, with gas prices more than doubling year to date. This has stimulated a growing number of LNG infrastructure projects in the U.S.

LPG, which mainly comes as the by-product of upstream production, is heavily dependent on the oil and gas outlook. We are positive about the long-term natural gas and LPG outlook, as gas remains the most viable transition fuel towards a cleaner future.

For the rest of 2022, we expect VLGC freight rates to be firm. This is driven by continued growth in U.S. LPG exports and recovering volumes from the Middle East. Freight rate volatility is expected to remain high. Low U.S. inventories together with squeezed petrochemical margins in Asia may also put pressure on the LPG price arbitrage between the U.S. and the Far East.

For 2023, we remain optimistic despite a high orderbook and macroeconomic uncertainties. If oil and gas prices remain at high levels, we are well positioned to benefit from a strong energy cycle ahead. If the global economy experiences further turbulence and commodity prices fall, we believe our modern fleet, low leverage and strong liquidity will enable us to navigate through the challenges ahead.

RISK FACTORS

BW LPG's results are largely dependent on the worldwide market for transportation of LPG. Market conditions for shipping activities are typically volatile and, as a consequence, the results may vary considerably from year to year. The market in broad terms is dependent on the following factors: the supply of vessels, U.S. LPG export volumes and the demand for LPG. The supply of vessels depends on the number of newbuildings entering the market, the demolition of older tonnage and legislation that limits the use of older vessels or sets new standards for vessels used in specific trades. The demand side depends mainly on developments in the global economy.

BW LPG is also exposed to risk in respect of fuel oil costs. Fuel oil prices are affected by the global political and economic environment. This risk is managed by pricing contracts of affreightment with fuel oil adjustment clauses, or by entering into forward fuel oil contracts. Other risks that Management takes into account are interest rate risk, credit risk, liquidity risk and capital risk. Management does not expect the exposure to these risks to change materially and cause a significant impact on the performance of BW LPG in the rest of 2022.

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Statements to the Interim Financial Information

We confirm to the best of our knowledge that the Interim Financial Information for the six-month period ended 30 June 2022 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of BW LPG Limited's consolidated assets, liabilities, financial position and income statement as a whole. We also confirm to the best of our knowledge, that the Interim Financial Information includes a fair review of important events that have taken place during the six-month period ended 30 June 2022 and their impact on the Interim Financial Information, and accounts properly for the principal risks and uncertainties for the remaining half year of 2022, as well as major related party transactions.

29 August 2022

Andreas Sohmen-Pao
Chairman

Anne Grethe Dalane
Director

Martha Kold Bakkevig
Director

Andrew E. Wolff
Director

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Board of Directors
BW LPG Limited

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of BW LPG Limited ("the Company") and its subsidiaries ("the Group") as at 30 June 2022, the condensed consolidated statements of comprehensive income and cash flows for the three-month and six-month periods then ended, the condensed consolidated statement of changes in equity for the six-month period then ended and notes to the interim financial information ("condensed consolidated Interim Financial Information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
29 August 2022

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Q2 2022 US\$'000	Q2 2021 US\$'000	H1 2022 US\$'000	H1 2021 US\$'000
Revenue from spot voyages	3	166,466	96,953	331,776	263,375
Voyage expenses		(80,108)	(48,682)	(152,485)	(104,011)
Net income from spot voyages		86,358	48,271	179,291	159,364
Revenue from time charter voyages	3	35,846	45,731	73,738	84,724
TCE income[^]		122,204	94,002	253,029	244,088
Net loss from commodity contracts		(1,504)	(1,478)	(1,668)	(3,900)
Fair value (loss)/gain from equity financial asset		-	(1,412)	-	1,361
Vessel operating expenses		(24,679)	(26,790)	(48,508)	(49,608)
Time charter contracts (non-lease components)		(4,722)	(2,344)	(9,479)	(5,881)
General and administrative expenses		(7,581)	(6,676)	(15,412)	(16,162)
Charter hire expenses		(796)	(3,833)	(1,493)	(6,788)
Finance lease income		156	277	330	611
Other operating (expenses)/income - net		(508)	3,033	(983)	3,682
Operating profit before depreciation, amortisation and impairment (EBITDA)		82,570	54,779	175,816	167,403
Depreciation charge		(37,995)	(39,061)	(78,371)	(75,105)
Amortisation of intangible assets		(150)	(135)	(297)	(258)
		44,425	15,583	97,148	92,040
Gain on disposal of vessels		4,834	-	6,895	1,638
Gain on disposal of assets held-for-sale		-	9,941	11,699	9,941
Remeasurement of equity interest in joint venture		-	9,835	-	9,835
Other expenses		-	(1,145)	-	(1,145)
Operating profit (EBIT)		49,259	34,214	115,742	112,309
Foreign currency exchange loss - net		(1,567)	(776)	(1,309)	(1,516)
Interest income		738	1,369	810	3,228
Interest expense		(8,719)	(10,836)	(16,668)	(19,909)
Other finance expenses		(771)	(705)	(1,586)	(1,338)
Finance expenses – net		(10,319)	(10,948)	(18,753)	(19,535)
Share of profit of a joint venture		-	-	-	2,031
Profit before tax for the financial period		38,940	23,266	96,989	94,805
Income tax (expense)/credit		(305)	(186)	128	(556)
Profit after tax for the financial period (NPAT)		38,635	23,080	97,117	94,249

[^] "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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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Q2 2022 US\$'000	Q2 2021 US\$'000	H1 2022 US\$'000	H1 2021 US\$'000
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges				
- fair value gain	6,821	218	20,879	22,820
- reclassification to profit or loss	(278)	2,936	1,216	5,804
Currency translation reserve	(15,888)	(2,168)	(21,581)	(2,146)
Other comprehensive (loss)/income, net of tax	(9,345)	986	514	26,478
Total comprehensive income for the financial period	29,290	24,066	97,631	120,727
 Profit attributable to:				
Equity holders of the Company	35,837	22,718	92,155	93,887
Non-controlling interests	2,798	362	4,962	362
	38,635	23,080	97,117	94,249
 Total comprehensive income attributable to:				
Equity holders of the Company	34,500	23,955	102,936	120,616
Non-controlling interests	(5,210)	111	(5,305)	111
	29,290	24,066	97,631	120,727
 Earnings per share attributable to the equity holders of the Company: (expressed in US\$ per share)				
Basic/Diluted earnings per share	0.26	0.16	0.67	0.68

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2022 US\$'000	31 December 2021 US\$'000
Intangible assets		1,625	1,878
Derivative financial instruments	4	12,059	-
Finance lease receivables	5	6,644	10,526
Other receivables		15,589	-
Total other non-current assets		34,292	10,526
Vessels and dry docking	6	1,671,420	1,791,685
Right-of-use assets (vessels)	6	86,498	107,736
Other property, plant and equipment	6	65	77
Property, plant and equipment		1,757,983	1,899,498
Total non-current assets		1,793,900	1,911,902
Inventories		49,214	54,584
Trade and other receivables		169,949	191,630
Equity financial assets, at fair value		3,250	3,250
Derivative financial instruments	4	49,586	23,682
Finance lease receivables	5	7,687	7,535
Assets held-for-sale		-	39,027
Cash and cash equivalents		168,506	132,673
Total current assets		448,192	452,381
Total assets		2,242,092	2,364,283
Share capital		1,419	1,419
Share premium		289,812	289,812
Treasury shares	7	(34,452)	(23,294)
Contributed surplus		685,913	685,913
Other reserves		(32,434)	(42,436)
Retained earnings		482,205	460,648
		1,392,463	1,372,062
Non-controlling interests		92,875	13,837
Total shareholders' equity		1,485,338	1,385,899
Borrowings	8	376,862	659,781
Lease liabilities	8	69,834	86,140
Derivative financial instruments	4	-	12,962
Total non-current liabilities		446,696	758,883
Borrowings	8	169,104	82,508
Lease liabilities	8	37,520	46,400
Derivative financial instruments	4	42,821	11,983
Current income tax liabilities		754	1,231
Trade and other payables		59,859	77,379
Total current liabilities		310,058	219,501
Total liabilities		756,754	978,384
Total equity and liabilities		2,242,092	2,364,283

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company											Non-controlling interests	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	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	-	-	-	-	-	-	-	-	-	92,155	92,155	4,962	97,117
Other comprehensive income/(loss) for the financial period	-	-	-	-	-	22,095	-	(11,314)	-	-	10,781	(10,267)	514
Total comprehensive income/(loss) for the financial period	-	-	-	-	-	22,095	-	(11,314)	-	92,155	102,936	(5,305)	97,631
Share-based payment reserve - Value of employee services	-	-	-	-	-	-	661	-	-	-	661	-	661
Purchases of treasury shares	-	-	(13,755)	-	-	-	-	-	-	-	(13,755)	-	(13,755)
Share options exercised	-	-	2,597	-	-	-	(96)	-	(1,344)	-	1,157	-	1,157
Dividend paid	-	-	-	-	-	-	-	-	-	(66,255)	(66,255)	-	(66,255)
Changes in non-controlling interests arising from changes of interests in subsidiary	-	-	-	-	-	-	-	-	-	(4,343)	(4,343)	84,343	80,000
Total transactions with owners, recognised directly in equity	-	-	(11,158)	-	-	-	565	-	(1,344)	(70,598)	(82,535)	84,343	1,808
Balance at 30 June 2022	1,419	289,812	(34,452)	685,913	(36,259)	15,426	1,487	(13,938)	850	482,205	1,392,463	92,875	1,485,338

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the Company											Non-controlling interests	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	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	-	1,251,570
Profit for the financial period	-	-	-	-	-	-	-	-	-	93,887	93,887	362	94,249
Other comprehensive income/(loss) for the financial period	-	-	-	-	-	28,624	-	(1,895)	-	-	26,729	(251)	26,478
Total comprehensive income/(loss) for the financial period	-	-	-	-	-	28,624	-	(1,895)	-	93,887	120,616	111	120,727
Share-based payment reserve - Value of employee services	-	-	-	-	-	-	121	-	-	-	121	-	121
Disposal of treasury shares	-	-	937	-	-	-	-	-	-	-	937	-	937
Dividend paid	-	-	-	-	-	-	-	-	-	(71,939)	(71,939)	-	(71,939)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	12,575	12,575
Others	-	-	-	-	-	-	-	-	2,194	(2,194)	-	-	-
Total transactions with owners, recognised directly in equity	-	-	937	-	-	-	121	-	2,194	(74,133)	(70,881)	12,575	(58,306)
Balance at 30 June 2021	1,419	289,812	(15,958)	685,913	(36,259)	(21,690)	578	(1,986)	2,194	397,282	1,301,305	12,686	1,313,991

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Q2 2022 US\$'000	Q2 2021 US\$'000	H1 2022 US\$'000	H1 2021 US\$'000
Cash flows from operating activities				
Profit before tax for the financial period	38,940	23,266	96,989	94,805
Adjustments for:				
- amortisation of intangible assets	150	135	297	258
- depreciation charge	37,995	39,061	78,371	75,105
- gain on disposal of assets held-for-sale	-	(9,941)	(11,699)	(9,941)
- gain on disposal of vessels	(4,834)	-	(6,895)	(1,638)
- remeasurement of equity interest in joint venture	-	(9,835)	-	(9,835)
- interest income	(738)	(1,369)	(810)	(3,228)
- interest expenses	8,719	10,836	16,668	19,909
- other finance expenses	565	489	1,177	936
- share-based payments	302	174	564	121
- share of profit of a joint venture	-	-	-	(2,031)
- finance lease income	(156)	(277)	(330)	(611)
- fair value loss/(gain) from equity financial asset	-	1,412	-	(1,361)
	80,943	53,951	174,332	162,489
Changes in working capital:				
- inventories	(18,756)	(24,605)	5,370	(29,584)
- trade and other receivables	(97,178)	41,185	(14,508)	49,998
- trade and other payables	22,443	1,303	(17,978)	33,259
- derivative financial instruments	(2,552)	(7,551)	2,009	(17,535)
- margin account held with broker	240	3,541	379	25,784
Total changes in working capital:	(95,803)	13,873	(24,728)	61,922
Taxes refunded/(paid)	156	(311)	113	(484)
Net cash (used in)/provided by operating activities	(14,704)	67,513	149,717	223,927
Cash flows provided by/(used in) investing activities				
Additions in property, plant and equipment	(24,192)	(29,587)	(35,502)	(76,499)
Progress payments for vessel upgrades and dry docks ¹	15,515	3,648	17,486	(9,264)
Additions in intangible assets	(15)	(230)	(44)	(374)
Net proceeds from sale of equity financial assets, at FVPL	-	14,555	-	24,276
Proceeds from sale of assets held-for-sale	-	39,441	50,726	39,441
Proceeds from sale of vessels	44,558	-	87,883	-
Repayment of loan receivables from a joint venture	-	-	-	1,900
Repayment of finance lease receivables	1,874	5,764	3,730	11,471
Interest received	155	268	330	1,860
Acquisition of subsidiary, net of cash acquired	-	4,633	-	4,633
Net cash provided by/(used in) investing activities	37,895	38,492	124,609	(2,556)

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

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Q2 2022 US\$'000	Q2 2021 US\$'000	H1 2022 US\$'000	H1 2021 US\$'000
Cash flows used in financing activities				
Proceeds from bank borrowings	50,000	104,990	50,000	134,990
Payment of financing fees	-	(714)	(184)	(714)
Repayments of bank borrowings	(289,081)	(75,726)	(309,681)	(128,731)
Payment of lease liabilities	(12,656)	(11,963)	(25,186)	(24,820)
Interest paid	(7,599)	(10,305)	(14,442)	(18,463)
Other finance expense paid	(569)	(463)	(1,180)	(921)
Sale/(Purchase) of treasury shares	733	-	(12,502)	937
Drawdown of trust receipts	93,333	-	93,333	23,994
Repayment of trust receipts	(32,017)	(23,994)	(32,017)	(58,452)
Dividend payment	(42,072)	(24,679)	(66,255)	(71,939)
Contributions from non-controlling interests	30,000	-	80,000	-
Net cash used in financing activities	(209,928)	(42,854)	(238,114)	(144,119)
Net (decrease)/increase in cash and cash equivalents	(186,737)	63,151	36,212	77,252
Cash and cash equivalents at beginning of the financial period	352,596	70,457	129,647	56,356
Cash and cash equivalents at end of the financial period	165,859	133,608	165,859	133,608

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

	30 June 2022 US\$'000	31 December 2021 US\$'000
Cash and cash equivalents per consolidated balance sheet	168,506	132,673
Less: Margin account held with broker	(2,647)	(3,026)
Cash and cash equivalents per consolidated statement of cash flows	165,859	129,647

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial information.

1. General information

BW LPG Limited (the "Company") is listed on the Oslo Stock Exchange and incorporated and domiciled in Bermuda. The address of its registered office is c/o Inchona Services Limited, Washington Mall Phase 2, 4th Floor, Suite 400, 22 Church Street, HM 1189, Hamilton HM EX, Bermuda.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are shipowning and chartering.

This condensed consolidated interim financial information ("Interim Financial Information") was authorised for issue by the Board of Directors of the Company on 29 August 2022.

2. Significant accounting policies

Basis of preparation

The Interim Financial Information for the three-month and six-month ended 30 June 2022 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The Interim Financial Information should be read in conjunction with the annual audited financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Interim Financial Information does not include all the information required for a complete set of financial statements prepared in accordance with IFRS standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

All interim balances and transactions during the three-month period ("Q2 2022") and six-month period ("H1 2022") ended 30 June 2022 and the three-month period ("Q2 2021") and six-month period ("H1 2021") ended 30 June 2021 were reviewed. The balances as at and transactions for the year ended 31 December 2021 ("FY 2021") were audited.

In the preparation of this set of Interim Financial Information, the same accounting policies have been applied as those used in the preparation of the annual financial statements for the year ended 31 December 2021.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Management whose members are responsible for allocating resources and assessing performance of the operating segments.

Critical accounting estimates, assumptions and judgements

The preparation of the Interim Financial Information requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

3. Revenue

Charter revenue is comprised of:

	Q2 2022 US\$'000	Q2 2021 US\$'000	H1 2022 US\$'000	H1 2021 US\$'000
Revenue				
- voyage charter	166,466	96,953	331,776	263,375
- time charter	35,846	45,731	73,738	84,724
	202,312	142,684	405,514	348,099

The Group adopted IFRS 15 on 1 January 2018, where the Group's method of determining proportional performance was changed from discharge-to-discharge to load-to-discharge basis. The change in method gave rise to a decrease in TCE income of US\$7.7 million for Q2 2022 (Q2 2021: decrease of US\$5.3 million) and a decrease of US\$4.7 million in H1 2022 (H1 2021: increase of US\$12.4 million).

4. Derivative financial instruments

	30 June 2022		31 December 2021	
	Assets US\$'000	Liabilities US\$'000	Assets US\$'000	Liabilities US\$'000
Interest rate swaps	12,059	(282)	-	(14,140)
Forward freight agreements and related bunker swaps	46,077	(39,469)	17,442	(10,789)
Commodity contracts and derivatives	3,503	(2,481)	6,079	-
Forward foreign exchange contracts	6	(589)	161	(16)
	61,645	(42,821)	23,682	(24,945)
Non-current	12,059	-	-	(12,962)
Current	49,586	(42,821)	23,682	(11,983)
	61,645	(42,821)	23,682	(24,945)

As at 30 June 2022, the Group has interest rate swaps with total notional principal amounting to US\$436.0 million (2021: US\$519.4 million). The Group's interest rate swaps mature between 2022 to 2028.

Interest rate swaps were transacted to hedge the interest rate risk on bank borrowings. After taking into account the effects of these contracts, for part of the bank borrowings, the Group would effectively pay fixed interest rates ranging from 1.8% per annum to 2.9% per annum and would receive a variable rate equal to US\$ three-month LIBOR. Hedge accounting was adopted for these contracts.

Forward freight agreements and related bunker swaps were transacted to hedge freight rates and bunker price risks. Hedge accounting was adopted for these contracts.

Commodity contracts and derivatives comprise physical buy and sell commodity contracts measured at fair value through profit or loss, and commodity derivative contracts. The Group did not adopt hedge accounting for these contracts.

Forward foreign exchange contracts were transacted to hedge foreign exchange risks. The Group did not adopt hedge accounting for these contracts.

5. Finance lease receivables

In 2019, back-to-back time charter contracts were entered into and the subleases were accounted for as finance leases under IFRS 16. The adoption of IFRS 16 resulted in the recognition of net investment in the subleases as finance lease receivables of US\$14.3 million as at 30 June 2022 (2021: US\$18.1 million).

6. Property, plant and equipment

	Vessels US\$'000	Dry docking US\$'000	Furniture and fixtures US\$'000	Right-of-use assets (Vessels) US\$'000	Total US\$'000
At 30 June 2022					
Cost	2,138,542	54,076	555	176,659	2,369,832
Accumulated depreciation and impairment charge	(497,332)	(23,866)	(490)	(90,161)	(611,849)
Net book value	1,641,210	30,210	65	86,498	1,757,983
	Vessels US\$'000	Dry docking US\$'000	Furniture and fixtures US\$'000	Right-of-use assets (Vessels) US\$'000	Total US\$'000
At 31 December 2021					
Cost	2,267,087	63,614	555	176,659	2,507,915
Accumulated depreciation and impairment charge	(510,553)	(28,463)	(478)	(68,923)	(608,417)
Net book value	1,756,534	35,151	77	107,736	1,899,498

- (a) Vessels with an aggregate carrying amount of US\$1,106.1 million as at 30 June 2022 (2021: US\$1,791.7 million) are secured on bank borrowings (note 8).
- (b) As at 30 June 2022, the Group has no capital commitments relating to vessel upgrade (2021: US\$11.5 million).
- (c) No impairment charge or write-back of impairment charge was recognised in Q2 2022 and Q2 2021.
- (d) For owned assets, the assessment of the recoverable amounts of the vessels are based on the higher of fair value less cost to sell and value-in-use calculation, with each vessel being regarded as one cash generating unit. The recoverable amount of each vessel is estimated predominantly based on independent third party valuation reports, which made reference to comparable transaction prices of similar vessels. These are regarded as Level 2 fair values under the fair value hierarchy of IFRS 13 Fair value measurement that is also applicable for financial assets/liabilities. The Group has assessed that the brokers have the required competency and capability to perform the valuations. The Group has also considered the appropriateness of the valuation methodologies and assumptions used by the brokers.

7. Treasury shares

Pursuant to the Company's Long-term Management Share Option Plan ("LTIP 2017") announced on 21 April 2017, the members of the management and primary insiders of the Company have exercised vested options granted under LTIP 2017 on 7 March 2022, and 406,120 shares were transferred at an average price of US\$1.4 (NOK12.8) per share.

On 8 December 2021, the Company announced a share buy-back programme, under which the Company will purchase up to 10 million common shares for a maximum amount of US\$50 million, to be held as treasury shares. As at 30 June 2022, the Company has purchased a total of 3,764,277 of its own common shares at an average price of US\$5.6 (NOK49.7) per share for an aggregate consideration of US\$21.1 million (NOK 187.2 million).

8. Borrowings and lease liabilities

	30 June 2022 US\$'000	31 December 2021 US\$'000
Borrowings		
Bank borrowings	482,795	740,243
Trust receipts	61,316	-
Interest payable	1,855	2,046
	545,966	742,289
Borrowings		
Non-current	376,862	659,781
Current	169,104	82,508
	545,966	742,289
Lease liabilities		
Non-current	69,834	86,140
Current	37,520	46,400
	107,354	132,540

Movements in borrowings and lease liabilities are analysed as follows:

	Borrowings US\$'000	Lease liabilities US\$'000	Total US\$'000
At 1 January 2022	742,289	132,540	874,829
Proceeds from bank borrowings	50,000	-	50,000
Drawdown of trust receipts	93,333	-	93,333
Payment of financing fees	(184)	-	(184)
Interest expense	14,223	2,445	16,668
Less: Interest paid	(11,997)	(2,445)	(14,442)
Less: Principal repayment	(309,681)	(25,186)	(334,867)
Less: Repayment of trust receipts	(32,017)	-	(32,017)
At 30 June 2022	545,966	107,354	653,320

8. Borrowings and lease liabilities (continued)

	Borrowings US\$'000	Lease liabilities US\$'000	Total US\$'000
At 1 January 2021	857,523	188,446	1,045,969
Proceeds from bank borrowings	134,990	-	134,990
Lease extensions	-	11,621	11,621
Drawdown of trust receipts	23,994	-	23,994
Payment of financing fees	(715)	-	(715)
Interest expense	16,349	3,560	19,909
Less: Interest paid	(14,903)	(3,560)	(18,463)
Less: Principal repayment	(128,731)	(24,820)	(153,551)
Less: Repayment of trust receipts	(58,452)	-	(58,452)
At 30 June 2021	830,055	175,247	1,005,302

As at 30 June 2022, bank borrowings amounting to US\$546.0 million (31 December 2021: US\$742.3 million) are secured by mortgages on a number of vessels of the Group (note 6). These bank borrowings are interest bearing at three-month US Dollar LIBOR plus a margin. The carrying amounts of non-current and current borrowings approximate their fair values because interest rates are repriced on a regular basis.

9. Related party transactions

In addition to the information disclosed elsewhere in the Condensed Consolidated Interim Financial Information, the following transactions took place between the Group and related parties during the financial period at terms agreed between the parties:

(a) Services

	Q2 2022 US\$'000	Q2 2021 US\$'000	H1 2022 US\$'000	H1 2021 US\$'000
Corporate service fees charged by related parties*	1,879	1,710	3,459	3,394
Ship management fees charged by related parties*	314	352	624	791
Corporate service fees charged to related parties*	58	74	126	33

* "Related parties" refer to corporations controlled by a shareholder of the Company.

(b) Key management's remuneration

	Q2 2022 US\$'000	Q2 2021 US\$'000	H1 2022 US\$'000	H1 2021 US\$'000
Salaries and other short-term employee benefits	471	473	1,814	1,936
Post-employment benefits - contributions to defined contribution plans and share-based payment	402	177	650	297
Directors' fees	94	94	188	188
	967	744	2,652	2,421

9. Related party transactions (continued)

(c) Others

	Q2 2022 US\$'000	Q2 2021 US\$'000	H1 2022 US\$'000	H1 2021 US\$'000
Interest income from a joint venture	-	-	-	1,849

10. Financial risk management

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2021. There have been no major changes in any risk management policies or processes since the previous year end.

(a) Financial instruments by category

The aggregate carrying amounts of the Group's financial instruments are as follows:

	30 June 2022 US\$'000	31 December 2021 US\$'000
Equity financial assets, at FVPL	3,250	3,250
Net derivative assets/(liabilities) measured at fair value	18,824	(1,263)
Financial assets at amortised cost	305,150	259,647
Financial liabilities at amortised cost	602,960	815,076

(b) Estimation of fair value

IFRS 13 established a fair value hierarchy that prioritises inputs used to measure fair value. The three levels of the fair value input hierarchy defined by IFRS 13 are as follows:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Derivative financial assets and liabilities

The Group's financial derivative instruments primarily relate to interest rate swaps, forward freight agreements, bunker swaps and commodity contracts measured at fair value and are within Level 2 of the fair value hierarchy. The fair values of financial derivative instruments that are not traded in an active market are determined by using valuation techniques. The fair values of interest rate swaps are calculated at the present value of estimated future cash flows based on observable yield curves. The fair values of forward freight agreements, bunker swaps and commodity contracts measured at fair value are determined using quoted forward commodity indices at the balance sheet date.

10. Financial risk management (continued)

(b) Estimation of fair value (continued)

Non-derivative non-current financial assets and liabilities

The carrying amount of non-derivative non-current financial assets and liabilities which bear floating interest rates are assumed to approximate their fair value because of the short repricing period. There are no non-current financial assets and liabilities which do not bear floating interest rates.

Non-derivative current financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair value because of the short period to maturity.

11. Segment information

The Group has two operating segments:

- (i) Very Large Gas Carriers (VLGCs); and
- (ii) Product Services

The Product Services Division was established on 25 February 2019 to support the Group's core shipping business and commenced its product trading and delivery services in Q2 2019.

The Product Services segment represent less than 10 percent of the Group's total assets, revenue and profit or loss. The Group has determined that this segment is not material to the Group for the period ended 30 June 2022, and has reported information as one combined segment.

Geographical information

Non-current assets comprise mainly vessels, operating on an international platform with individual vessels calling at various ports across the globe. The Group does not consider the domicile of its customers as a relevant decision making guideline and hence does not consider it meaningful to allocate vessels and revenue to specific geographical locations.

12. Dividends paid

An interim dividend of US\$42.1 million (US\$0.31 per share) was paid on 10 June 2022 in respect of Q1 2022. In the corresponding period last year, an interim dividend of US\$24.7 million (US\$0.18 per share) was paid on 11 June 2021 in respect of Q1 2021.

13. Investment in subsidiary

In January 2022 and May 2022, an external investor subscribed for US\$50 million and US\$30 million of new shares in BW LPG India Pte. Ltd., a subsidiary of the Group, respectively. Following these transactions, the Group now owns approximately 52% in BW LPG India.

Set out below are the summarised financial information for BW LPG India Pte. Ltd. ("BW LPG India").

Summarised balance sheet:

	30 June 2022 US\$'000	31 December 2021 US\$'000
Assets		
Current assets	49,246	25,673
Includes		
- Cash and cash equivalents	44,451	1,350
Non-current assets	309,273	323,173
Liabilities		
Current liabilities	26,944	81,275
Includes		
- Borrowings	24,583	78,903
Non-current liabilities (Borrowings)	136,460	148,286
Net assets	195,115	119,285

Summarised statement of comprehensive income:

	Q2 2022 US\$'000	H1 2022 US\$'000	Q2 2021 and H1 2021 US\$'000
Revenue	20,139	40,357	15,091
Vessel operating expense	(4,707)	(9,244)	(4,189)
Depreciation and amortisation	(6,731)	(14,539)	(5,787)
Finance expense	(1,500)	(3,206)	(1,740)
Other expenses	(604)	(1,333)	(241)
Net profit after tax	6,597	12,035	3,134
Other comprehensive loss (currency translation effects)	(15,888)	(21,589)	(2,168)
Total comprehensive (loss)/income	(9,291)	(9,554)	966
Total comprehensive (loss)/income allocated to non-controlling interests	(5,210)	(5,305)	111

14. Subsequent events

On 1 August 2022, the Group entered into an agreement to acquire the LPG trading operations from Vilma Oil to expand the Product Services division. The acquisition is subject to approval from the Spanish regulatory authorities, and the transaction is expected to close by the end of Q4 2022.

The Board has declared a Q2 2022 cash dividend of US\$0.20 per share, amounting to US\$27.0 million. This brings total dividends declared for H1 2022 to US\$0.51 per share, amounting to US\$69.1 million. The shares will be traded ex-dividend from 1 September 2022. The dividend will be payable on or about 16 September 2022 to shareholders on record as at 2 September 2022.