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# Pareto Energy Conference

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# About BW LPG

World's leading owner and operator of VLGC vessels, listed on the Oslo Stock Exchange since 2013

## 12%

VLGC market share

Owns and operates 44 VLGCs. The largest in the world

## 26%

Annual returns to investors

Returns-focused company with a proven track record through the cycles, since IPO in 2013

## ~5m tons

Physical LPG traded

Established in 2019, our in-house LPG trading division purchases LPG for clients globally

## 31%

Dual-fuel VLGC market share

Own 16 LPG dual-fuel vessels  
Ships LPG to end-users with the lowest CO<sub>2</sub> emissions



Source: Annual returns to investors extracted from Bloomberg based on NOK/share assuming dividends are reinvested at spot price

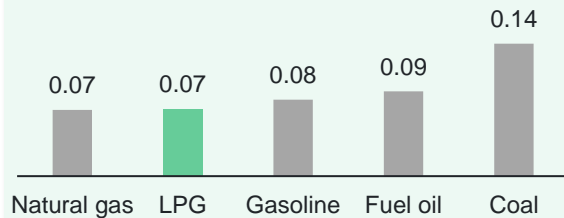
# Why does LPG matter?

Increasing relevance of LPG in the global energy mix

## Efficient

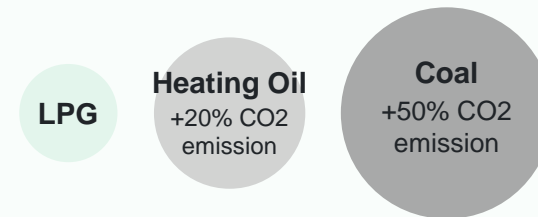
- Portable with low infrastructure requirement
- Can be transported over long distances without any loss of energy
- Produces more energy per unit than other fossil fuels

Only 0.07kg of LPG is needed to generate 1 kW of energy, 50% less than Coal



## Clean

- One of the cleanest conventional fuels available
- Non-toxic and has no impact on soil, water and underground aquifers
- Reduces CO<sub>2</sub> emissions substantially



## Versatile

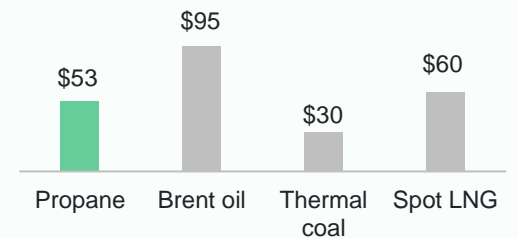
- Has more than 1,000 applications, across commercial, retail to industrial segments
- Cooking and heating accounts for 47% of the global demand for LPG
- Provides consistent energy supply regardless of weather conditions



## Cheap

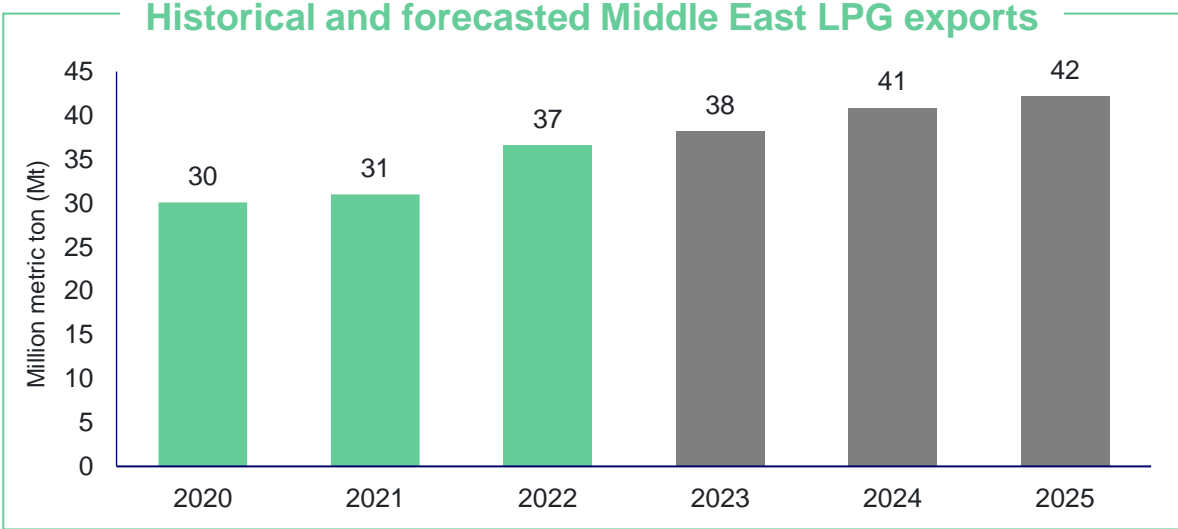
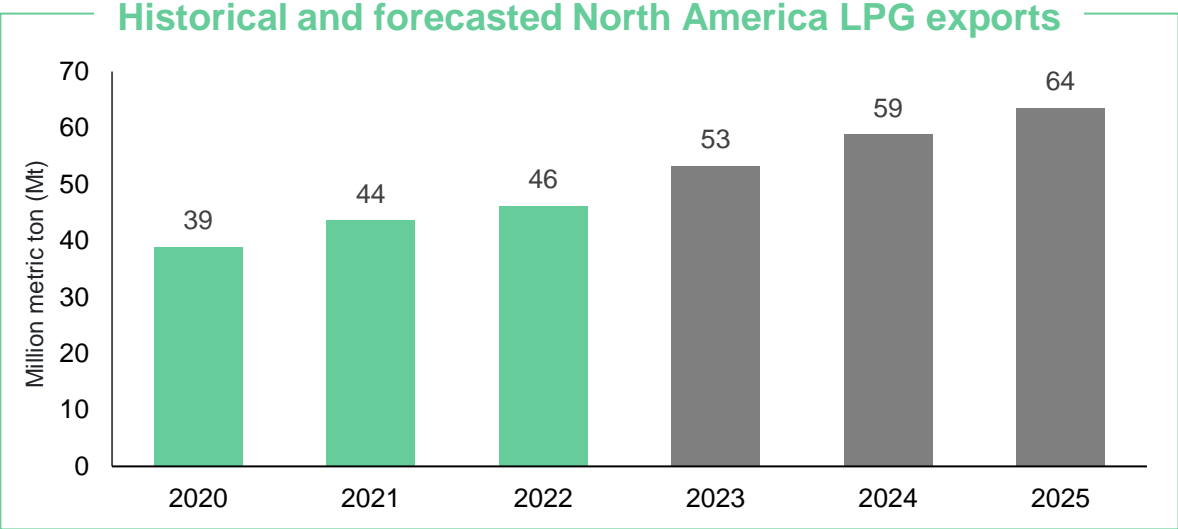
- LPG is cheap and affordable
- Recognised by governments around the world with various subsidy schemes
- Price competitiveness of LPG has increased further under current energy environment

Propane price in barrel of oil equivalent remains competitive



# Solid export growth from North America and Middle East

With stable export growth expectations from Middle East



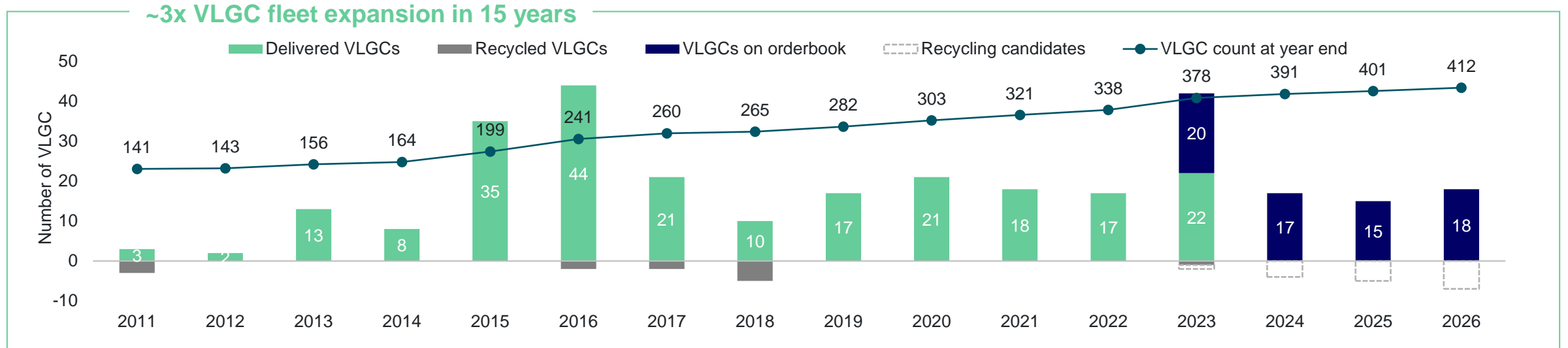
- Robust export growth expected for 2023
- Higher export forecast predominantly due to higher oil and gas production
- Higher NGL content in the gas production
- Stable US domestic consumption and high inventories

- Stable growth in the next few years
- Export forecast has increased due to higher gas production from new projects
- Further upside to exports given most Saudi LPG associated oil and gas production is well below capacity

Source: Forecasts are from NGL and BW LPG Research

# Compelling investment potential despite large orderbook and transport inefficiencies

A substantial backlog of VLGC newbuild orders is expected to be delivered in 2027



## Where has the orderbook disappeared?



Growth in demand



Market inefficiencies



15% of the fleet disappears to sanctioned countries

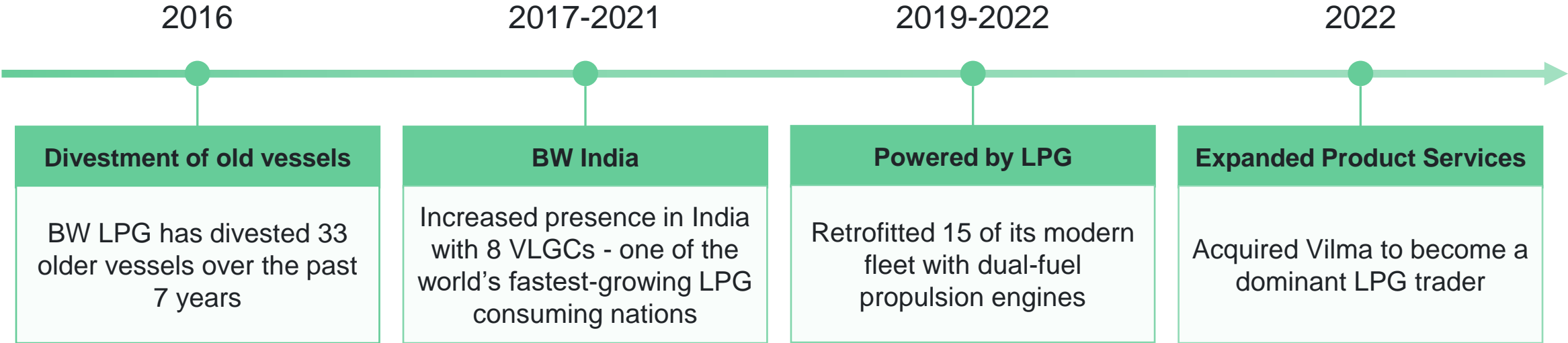


16% of the fleet due for recycling

Source: Forecasts are from NGL and BW LPG Research  
1 Clarkson

# Significant achievements from executing on strategic plan

Key milestones since 2016, showcasing growth, innovation and extensive initiatives acting for the future



**A sustainable business model is only possible with strong underlying long-term profitability**

# LPG propulsion program delivered ~25% return in H1 2023

Significant cost savings of more than \$4.5 million in first half of 2023

## H1 2023 Highlights<sup>1</sup>

**16**

VLGCs with dual-fuel propulsion technology

**\$4.5m**

Cost savings over VLSFO in 1H 2023

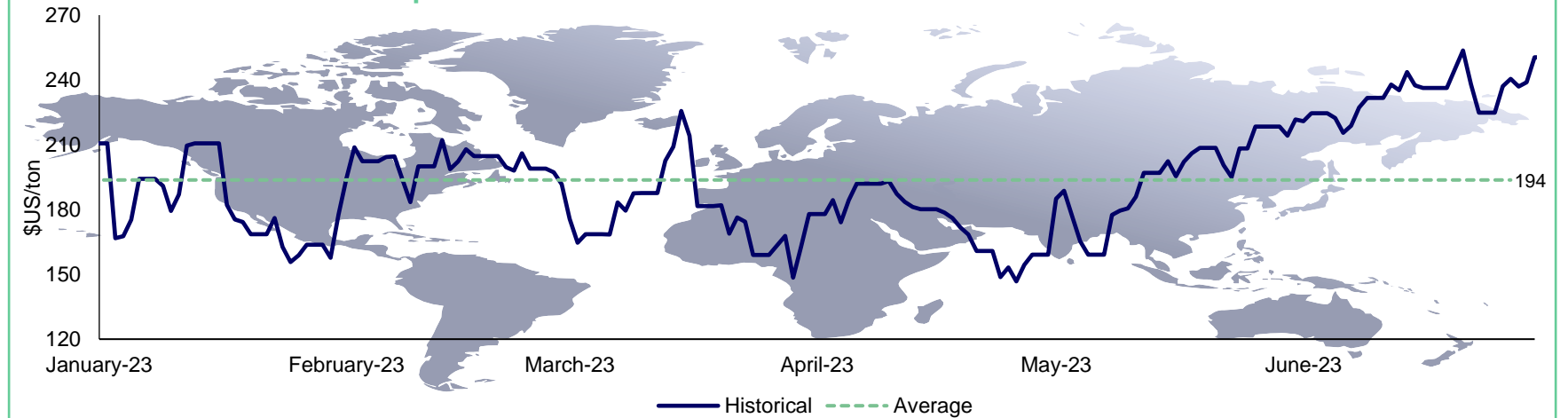
**13,300Mt**

Reduction in CO<sub>2</sub> emissions in 1H 2023

## Fuel Cost Benefits per vessel<sup>2</sup>

Price spread between LPG and Compliant fuel (US\$/ton)	US\$ per day savings	US\$ per year savings	Payback time (years)	IRR
0	\$1 500	\$400 000	19.8	5 %
\$50	\$3 000	\$800 000	10.0	10 %
\$100	\$4 500	\$1 200 000	6.7	15 %
\$125	\$5 300	\$1 400 000	5.7	18 %
\$150	\$6 000	\$1 600 000	5.0	20 %
\$200	\$7 500	\$2 000 000	4.0	25 %
\$250	\$9 000	\$2 500 000	3.3	30 %

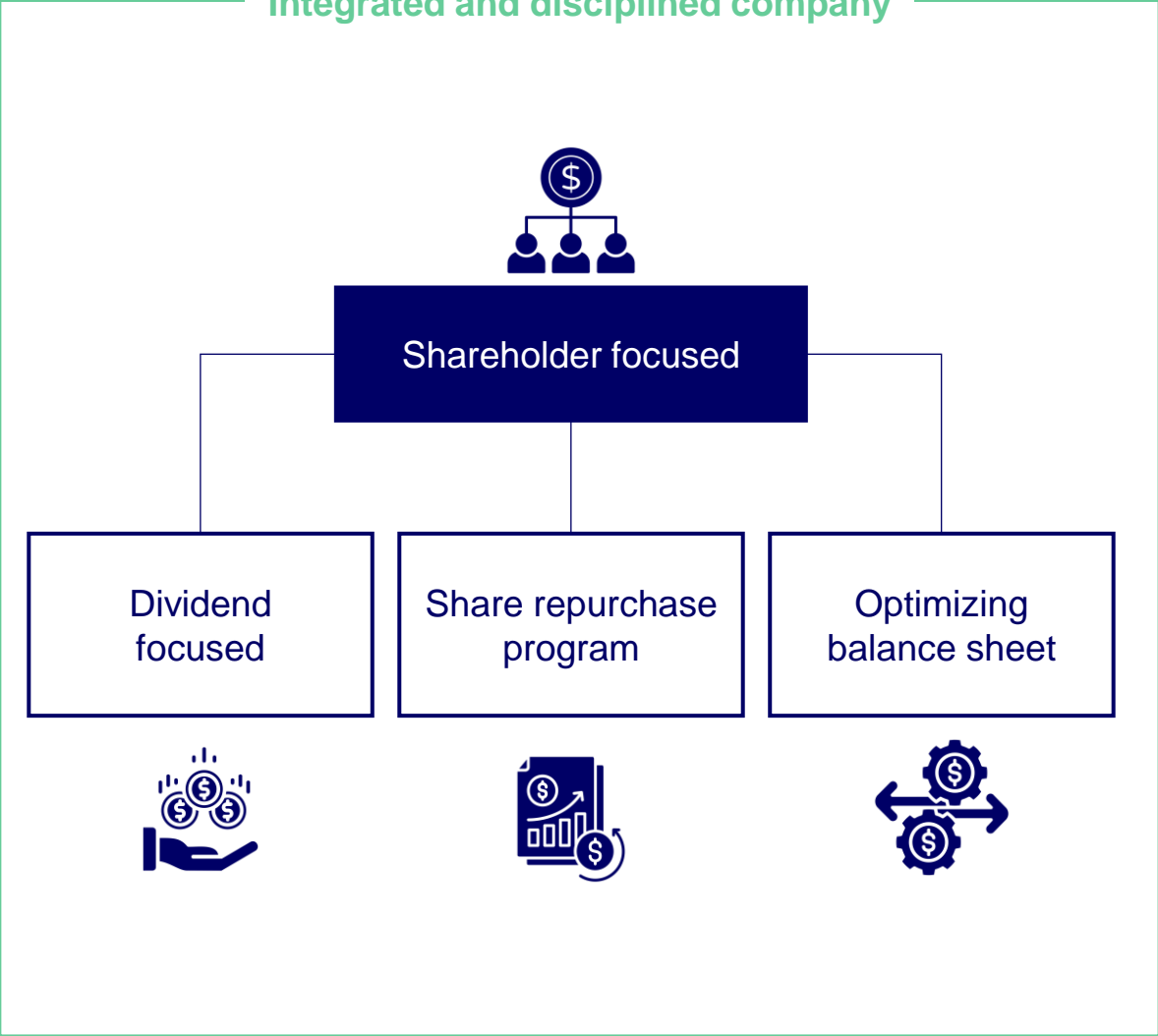
## VLSFO versus LPG spread<sup>3</sup>





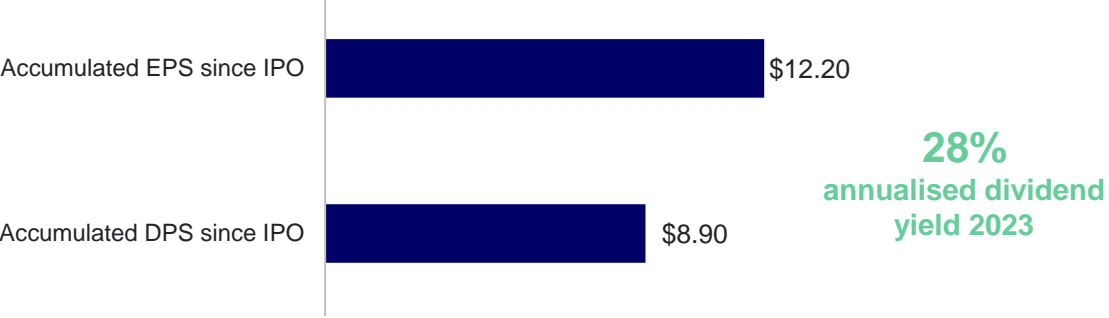
# Our focus on profitability has provided shareholders with good returns

## Integrated and disciplined company



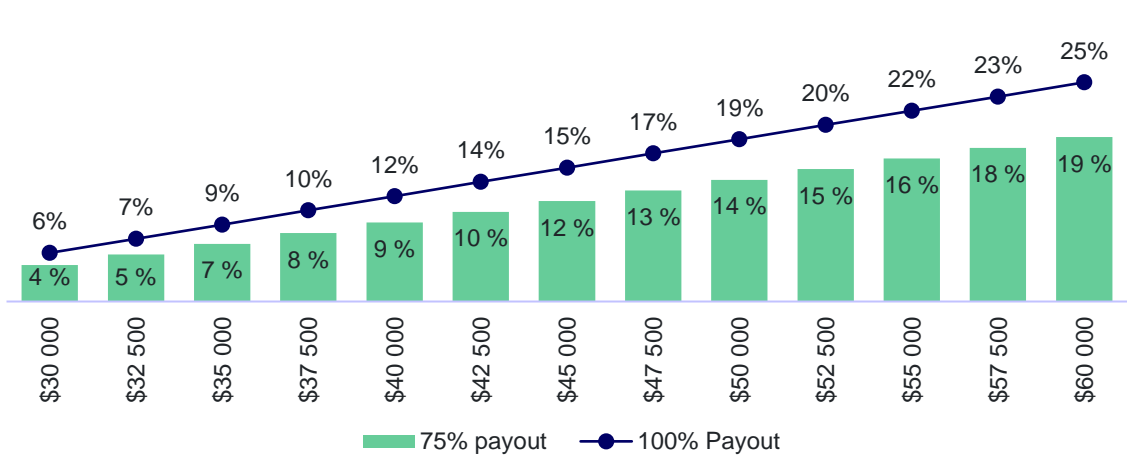
## Since IPO, we have paid out 73% of our earnings as dividends

Historical accumulated dividend per share and earnings per share



*In Q1 2022, the Board enhanced our dividend policy to target a quarterly pay-out ratio of 75% of NPAT when the net leverage ratio is below 30%*

## BW LPG dividend yield potential at different spot rates



1 Source BW LPG

# Looking ahead – What can you expect?

1

## Strong long-term growth fundamentals

- Increasing relevance for LPG in today's energy environment
- Positive underlying fundamentals
- Distance between Supply and Demand sources continues to drive demand for shipping

2

## Market leading profitability

- Highest returns amongst peers
- Low cash breakeven and a solid balance sheet with ample available liquidity of \$492 million with record low net leverage ratio of 19% to-date

3

## Deliver on strategy and continue to grow in the LPG value chain

- Continue to optimize Returns on Assets
- US dual listing creates an opportunity to broaden our investor base

# Why have investors finally woken up to LPG shares?

1

Highly competitive energy source

2

Strong underlying fundamentals

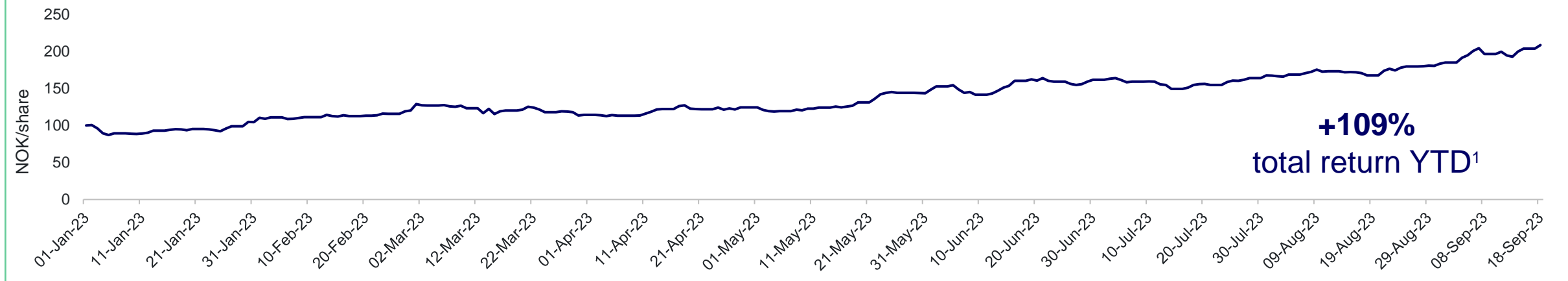
3

Superior shareholder returns

4

Important role in the energy transition

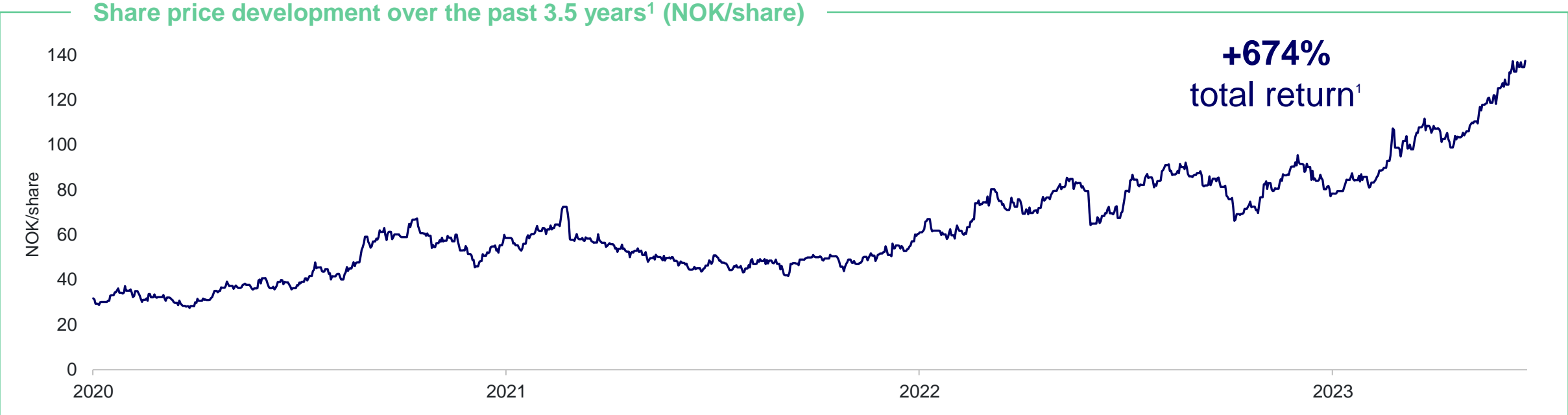
LPG sector share price performance YTD<sup>1</sup>



<sup>1</sup> LPG share price performance based on BW LPG, Avance and Dorian share price development assuming dividends are re-invested (period 01.01.2023-18.09.2023) rebased at 100  
<sup>2</sup> Source BW LPG

# It has been a good journey for the BW LPG share also over these past few years...

...and I am convinced it will continue



**\$127 total dividend**

2020

**\$100 total dividend**

2021

**\$127 total dividend**

2022

**\$300 total dividend to date**

2023

<sup>1</sup> Total returns assumes dividends are re-invested (period 01.04.2020– 18.09.2023)  
<sup>2</sup> Total dividends reflects the dividend amount associated with the year of disbursement, rather than the year in which dividends were announced  
<sup>2</sup> Source BW LPG



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# Thank You

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