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# Pareto Energy Conference

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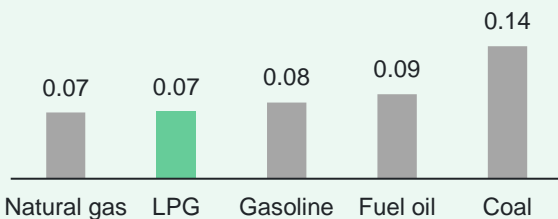
# Why does LPG matter?

Increasing relevance of LPG in the global energy mix

## Efficient

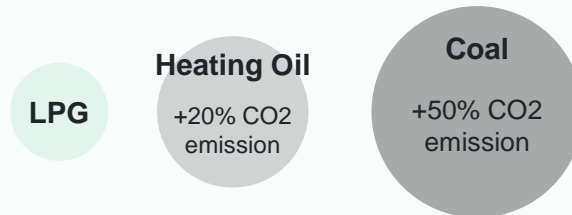
- Portable with low infrastructure requirement
- Can be transported over long distances without any loss of energy
- Produces more energy per unit than other fossil fuels

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

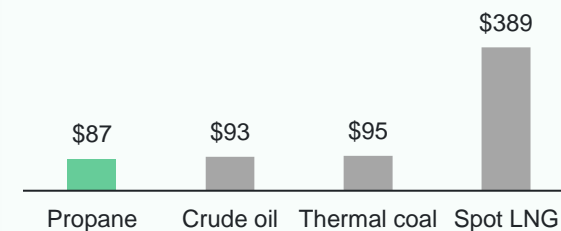
- Has more than 1,000 applications, across commercial, retail to industrial segments
- Cooking and heating accounts for 47% of the global demand for LPG
- Provides consistent energy supply regardless of weather conditions



## Cheap

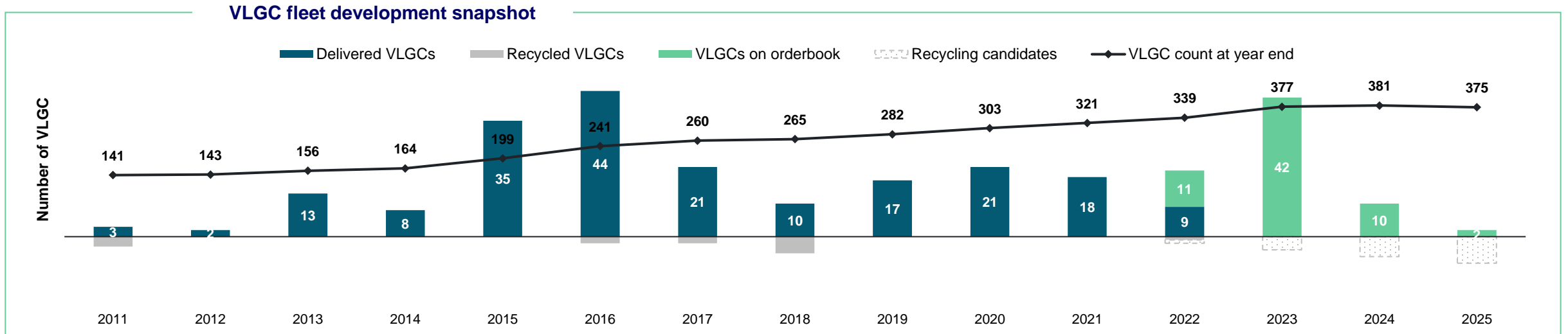
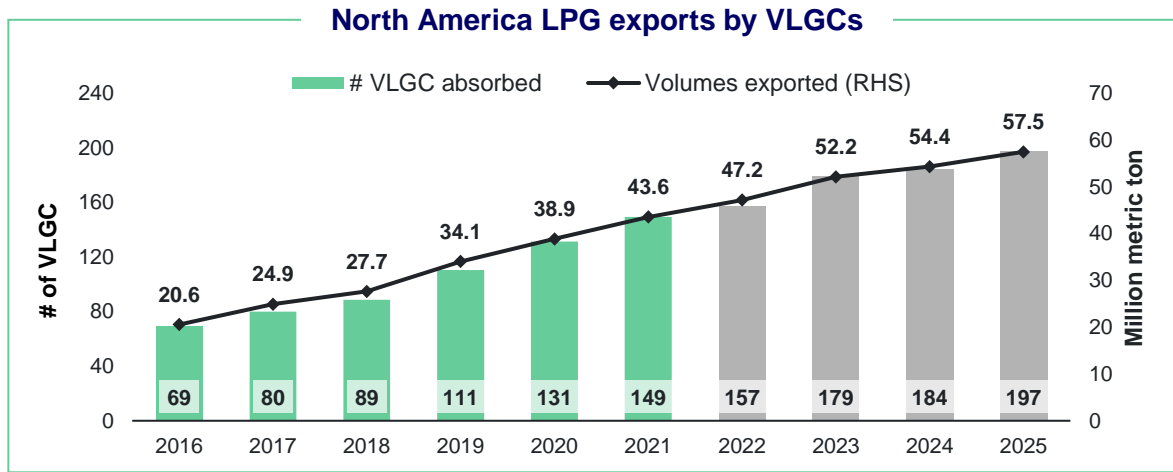
- LPG is cheap and affordable
- Recognised by governments around the world with various subsidy schemes
- Price competitiveness of LPG has increased further under current energy environment

Propane price in barrel of oil equivalent remains competitive



# Growing market

Export growth from the US and the Middle East, and increased VLGC inefficiencies offset newbuild deliveries



Source: Forecasts are from NGL and BW LPG Research

# About BW LPG

A leading LPG shipping company listed on the Oslo Stock Exchange since 2013

## 12%

VLGC market share

Owns and operates 39 VLGCs. The largest in the world

## 15.4%

Annual returns to investors

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

## 3m tons

Physical LPG traded

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

## 70%

Dual-fuel VLGC market share

Own 15 LPG dual-fuel vessels  
Ships LPG to end-users with the lowest CO<sub>2</sub> emissions



# Say what we do, do what we say



## Protect our leading position in the LPG value chain

### Time the cycle to optimise our asset base while managing risks

- Fleet renewal: 15 LPG-powered VLGCs and sold 19 VLGCs
- Managed financial and commercial exposure

### Explore growth opportunities

- Expanded presence in BW LPG India and Product Services

### Pursue customer-focused operational excellence

- Industry-leading ESG score and transparency

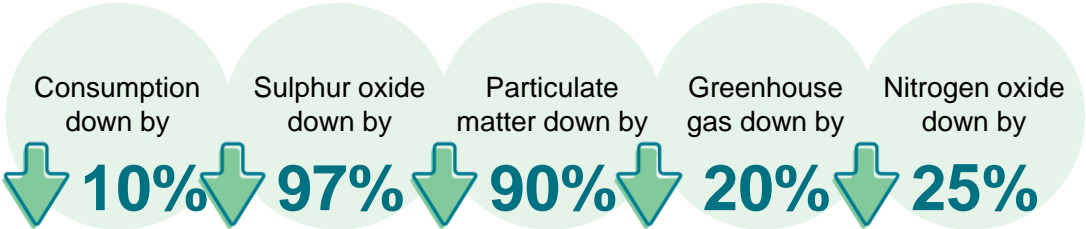
# Powered by LPG – Maximising value of assets with technology

Doing what's right from a commercial and environmental perspective

## Investing in a zero-carbon future

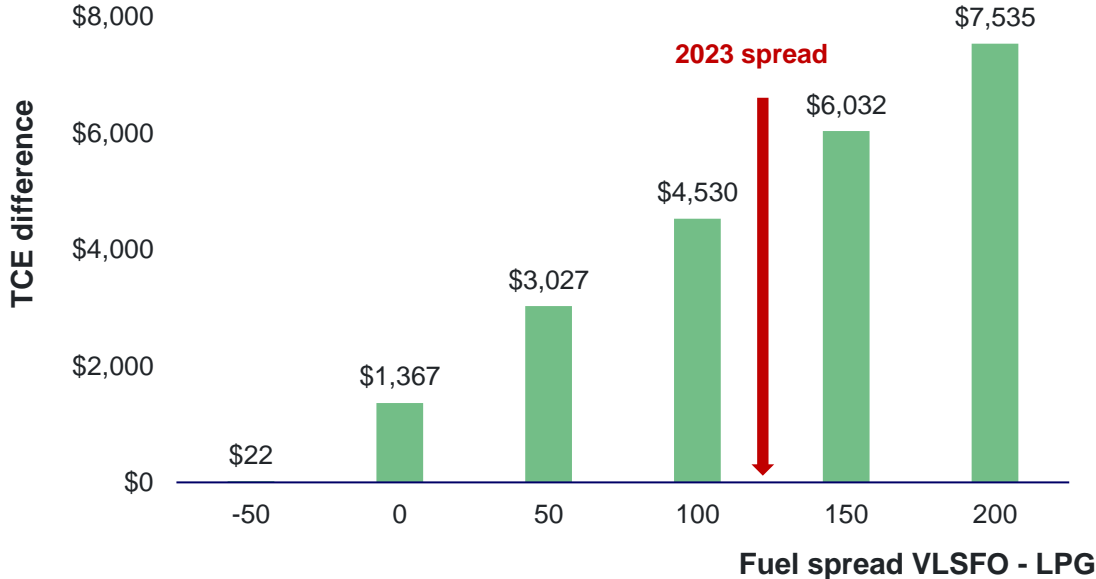
- US\$130M project to retrofit 15 vessels completed on time and within budget
- Largest commitment towards decarbonisation in the sector. LGIP financing impacted all ECA facilities; nine banks involved
- Full compliance with upcoming environmental regulations including CII/EEXI requirements

### LPG vs Compliant Fuel



## LPG retrofits makes economic sense

### TCE premiums on VLSFO – LPG spread



- We expect 15% ROI and 6.7 years payback when the spread is \$100/ton

# Increased presence in BW India

Our gateway to a promising market

## 38% of the Indian TC market

8 modern Indian-flagged VLGCs

**17%**

ROE(Annualised)

**75%**

EBITDA Margin

## One of world's fastest-growing LPG consuming nations

Strong support from the government

Significant growth potential in both retail and petrochemical market

## Optimise returns on assets

Premium market for shipping with robust demand for period charter contracts at very attractive terms

Reduce residual risk and optimise the returns on older vessels

## Growth along the Indian LPG value chain

Equity partner Maas Capital and Entrust Fund to provide continuous support and is committed to coinvest in future infrastructure growth opportunities in India



# Expanding Product Services

BW LPG acquires LPG Trading Operations of Vilma Oil

## Global coverage

Supported by teams in Europe and Asia

> **4MT**

Combined physical LPG traded/year

**+5**

TC-in VLGCs including 1 NB

## Widen our service offerings to customers

Shift focus from US-centric to global coverage

## Enhance our core shipping business

Increase agility and insight in a volatile market

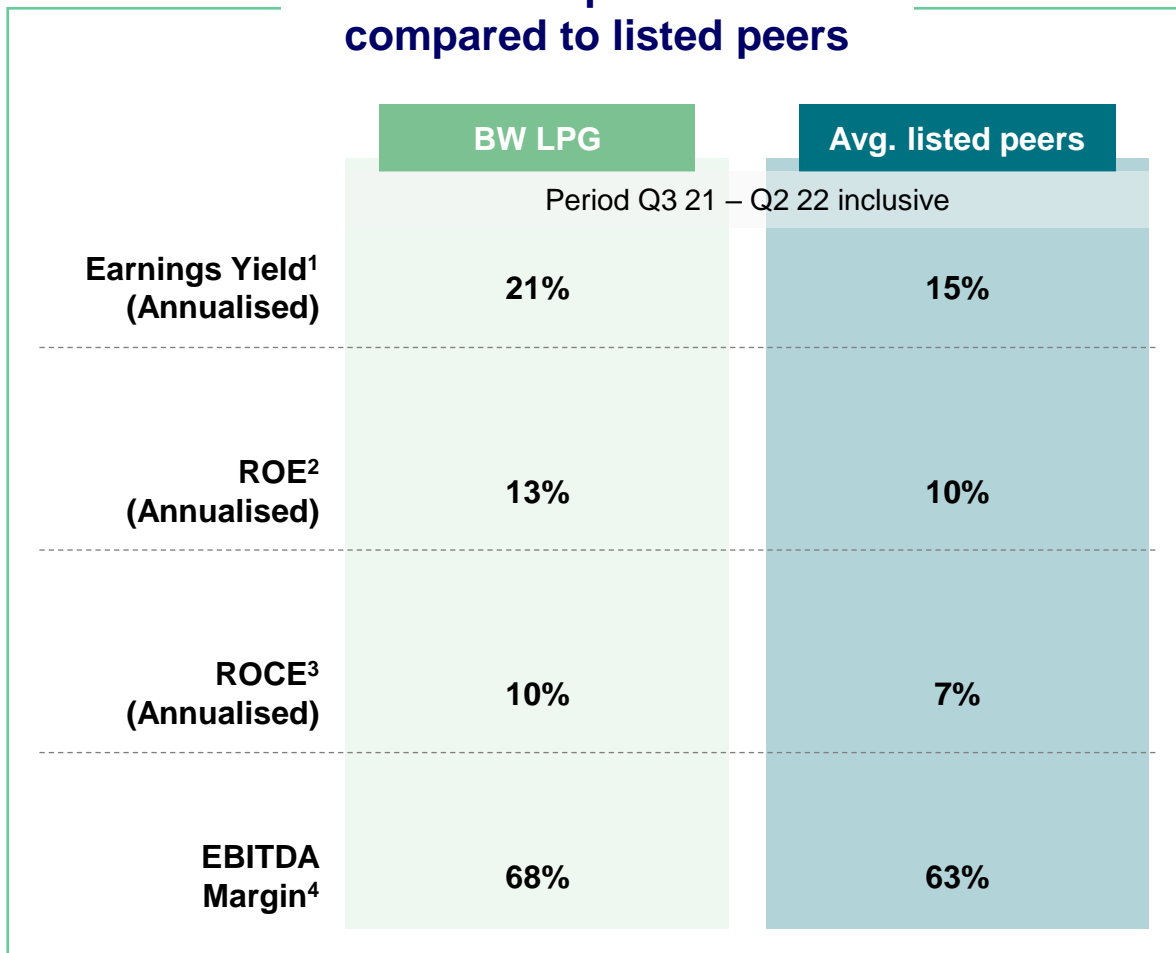
Increase vessel utilisation and enhance voyage optimisation

## Create opportunities for future growth

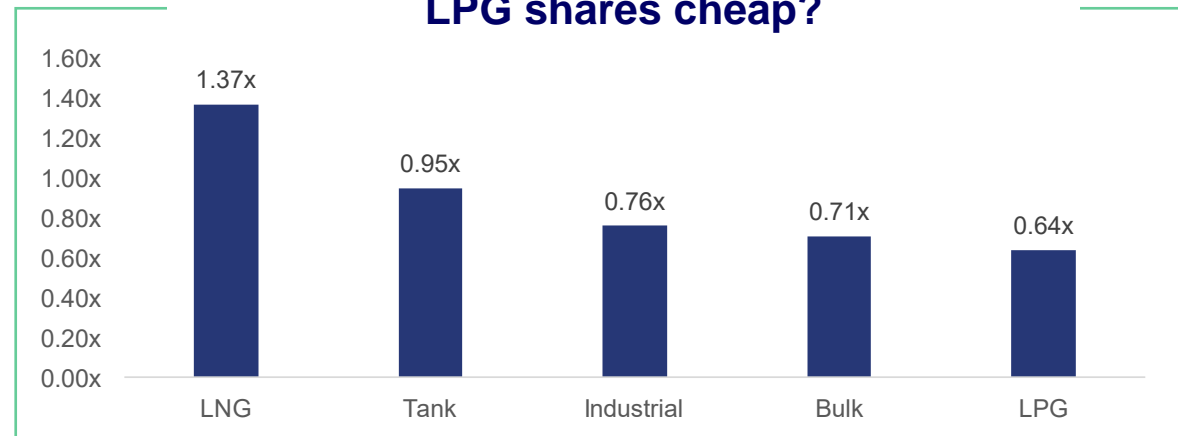
Strategic opportunities along the LPG value chain

# We focus on profitability and returns...

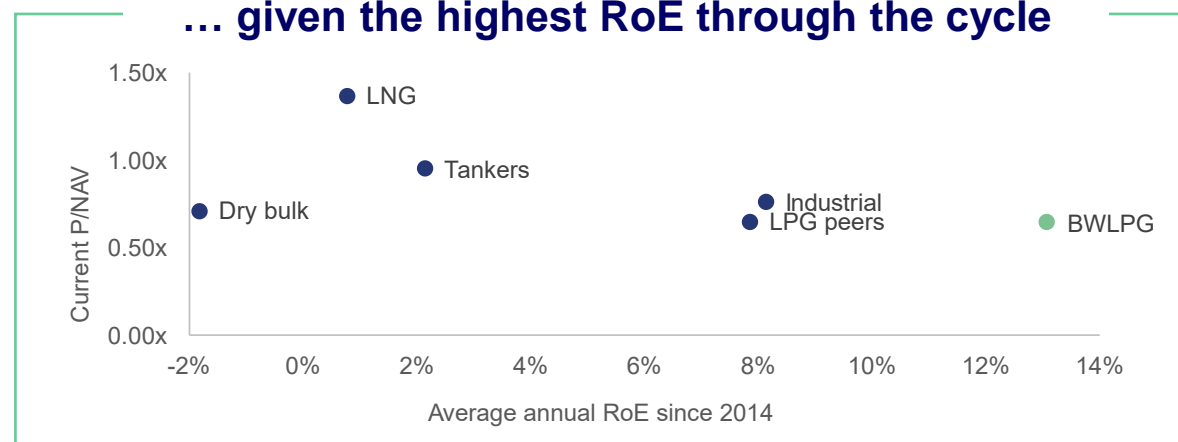
## Consistent performance compared to listed peers



## LPG shares cheap?



## ... given the highest RoE through the cycle



[1] Earnings Yield = ( Sum of Net profit after Tax from Q3 21 to Q2 22 ) / Average market capitalization at the end and beginning of the period in USD terms

[2] Return on Equity (ROE) = ( Sum of Net Profit after Tax from Q3 21 to Q2 22 ) / Average equity at the end and beginning of the period

[3] Return on Capital Employed (ROCE) = ( Sum of Earnings before Interest and Tax (EBIT) ) / Average capital employed at the end and beginning of the period

[4] EBITDA Margin = ( Sum of Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) from Q3 21 to Q2 22 ) / ( Sum of TCE income from Q3 21 to Q2 22 )

Sources: BW LPG, Bloomberg, DNB

# ... and high dividends

**Since IPO, we have paid out 62% of our earnings as dividends**

History 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%



# Snapshot of financial position

Solid track record of profits with ample liquidity and record low net leverage ratio as of Q2 2022

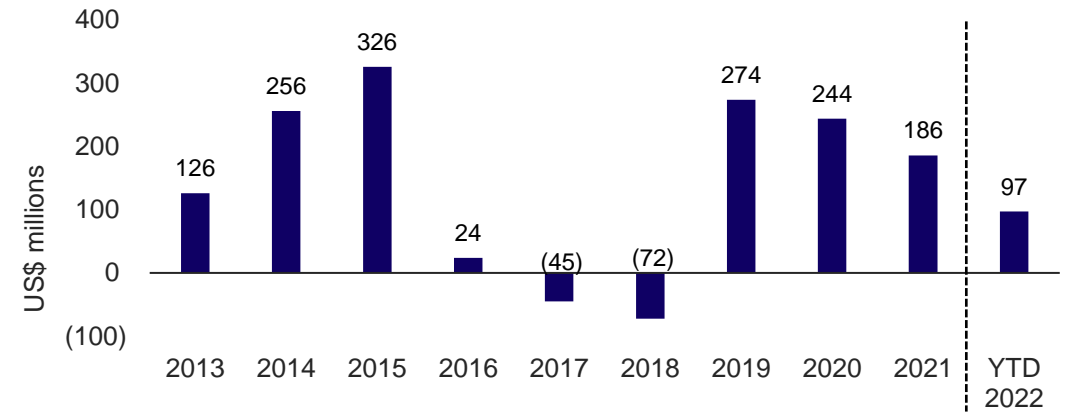
## Key financials – ample liquidity & record low net leverage

| Cash & Liquidity                 | US\$ millions |
|----------------------------------|---------------|
| Cash                             | 166           |
| Undrawn RCF                      | 194           |
| <b>Total available liquidity</b> | <b>360</b>    |

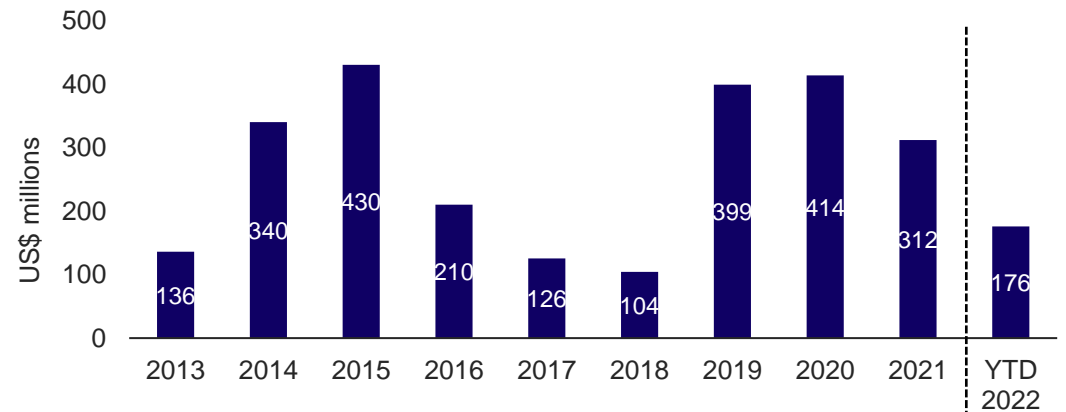
| Debt & Equity                | US\$ millions |
|------------------------------|---------------|
| Net Debt                     | 487           |
| Adjusted Equity <sup>1</sup> | 1,746         |
| <b>Adjusted Equity ratio</b> | <b>70%</b>    |
| <b>Net leverage ratio</b>    | <b>25%</b>    |

As at 30 Jun 2022

## Net profit after tax – solid track record of profits



## EBITDA – strong cash from operations



# 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 \$360 million with record low net leverage ratio of 25% to-date

3

## Deliver on strategy and continue to grow

- Continue to optimise Returns on Assets
- Expansion of Product Services division enables us to capitalise on opportunities in the LPG value chain and increase earnings base



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# Thank You

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