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# Pareto Energy Conference 2024

Kristian Sørensen | CEO



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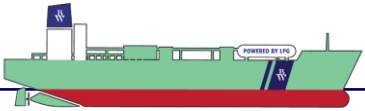
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# BW LPG | A world leader in the LPG shipping and commodity market

Combining growth with a disciplined approach to generating shareholder returns



Integrated LPG company with operation throughout the value-chain

53<sup>1</sup> owned and operated VLGCs, of which 22 are LPG dual fuel





Playing a significant role in the energy transition, delivering cleaner-burning LPG for a better world

Saving ~\$5,000/day<sup>4</sup> for vessels with dual-fuel propulsion technology

## US\$ 2.0bn

Market Cap<sup>2</sup>

Listed on  OSLO BØRS Exchange since 2013  
Ticker: "BWLPG"

Listed on  NYSE since April 2024  
Ticker: "BWLP"

## 27%

Annual returns to investors<sup>3</sup> since IPO

Return-focused company with a proven track record through the cycles

Paid out more than 74% of earnings as dividends



Part of the BW Group with strong shareholder support, in-depth industry knowledge and capital market track record



1. Including recent acquisition of 12 VLGCs from Avance Gas  
2. Share price per 06.09 of NOK 158.2/share (US\$14.2/share)  
3. Annual returns to investors extracted from Bloomberg based on NOK 158.2/share assuming dividends are reinvested at spot price; share price per 06.09.2024  
4. Based on average last 12 months historical data

# Our focus on profitability has provided shareholders with good returns

Integrated and disciplined company with focus on profitability

## Delivering on our strategy



Leveraging today's strong market to strengthen our balance sheet and return capital to shareholders



Strong capital discipline, where excess capital has been paid out as dividends and debt repayments



Building investment capacity for future growth opportunities, while maintaining a healthy capital structure



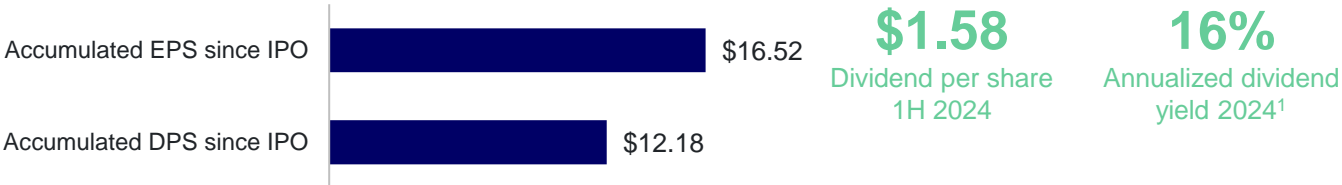
Buying shares trading at a discount. New share buyback programme approved in May 2024



Access to a deeper capital market, competitive cost of capital and improved liquidity

## Since the IPO in 2013, we have paid out 74% of our earnings as dividends

Historical accumulated earnings per share and dividends per share



## Total dividend distribution and dividend payout ratio



## Strengthening our capital market platform

**Dual listing**  
OSLO BØRS | NYSE

**US\$ 2.0bn**  
Current market cap.<sup>2</sup>

**US\$ 1.1bn**  
Current free float<sup>3</sup>

**US\$ ~18m**  
Current daily stock liquidity<sup>4</sup>

1. Share price per 06.09.2024 NOK 158.2/share (\$14.8/share), annualized dividend based on Q2 dividend of \$0.58/share  
 2. OSEBX share price per 06.09.2024 NOK 158.2/share (\$14.8/share)  
 3. Free float defined as shareholders holding in aggregate less than 5% of shares outstanding  
 4. Average daily stock liquidity last three months based on total volume, including volume traded on Oslo Stock Exchange, NYSE, and other Euronext exchanges

# Continue to execute strategic investments across the value chain

Recent acquisition solidifies our position as the world's leading owner and operator of VLGCs – our core business



**Investing in three inter-collaborating business units**

**Core shipping platform**

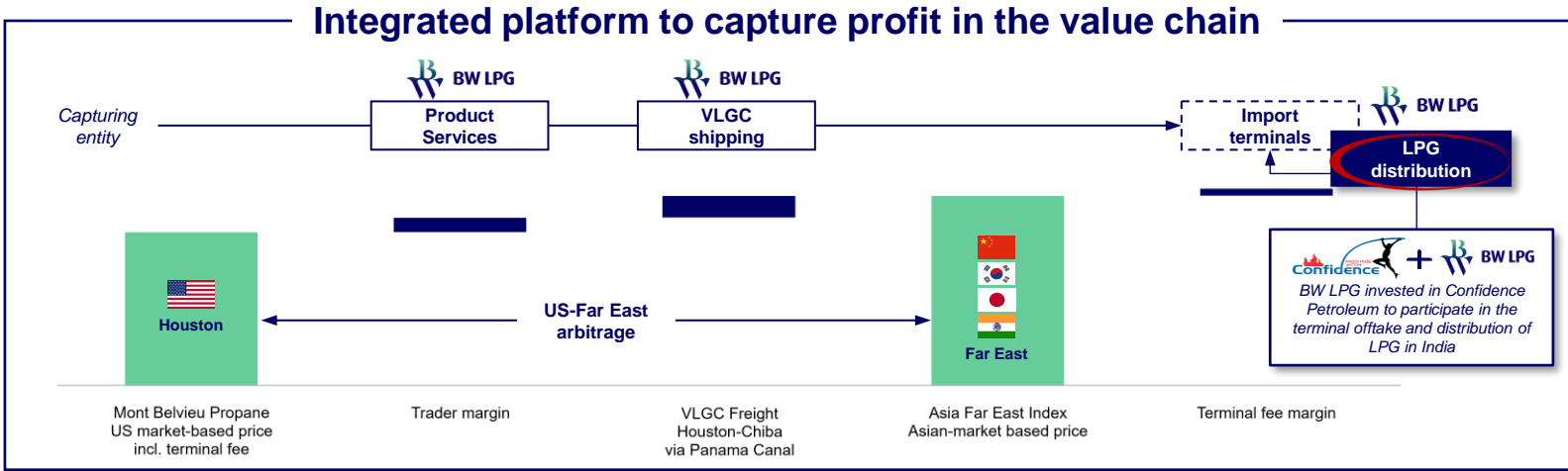
- Acquiring 12 modern VLGCs from Avance Gas with premium earnings capacity
- Total owned and operated fleet of 53 VLGCs, of which 22 are LPG dual fuel
- Maintaining a prudent chartering strategy with ~35-40% coverage

**Product Services trading platform**

- Acquired 85% of Vilma LPG trading operations in 2022 for ~US\$ 50 million
- Delivered US\$ 66 million in total net profit from Product Services LTM

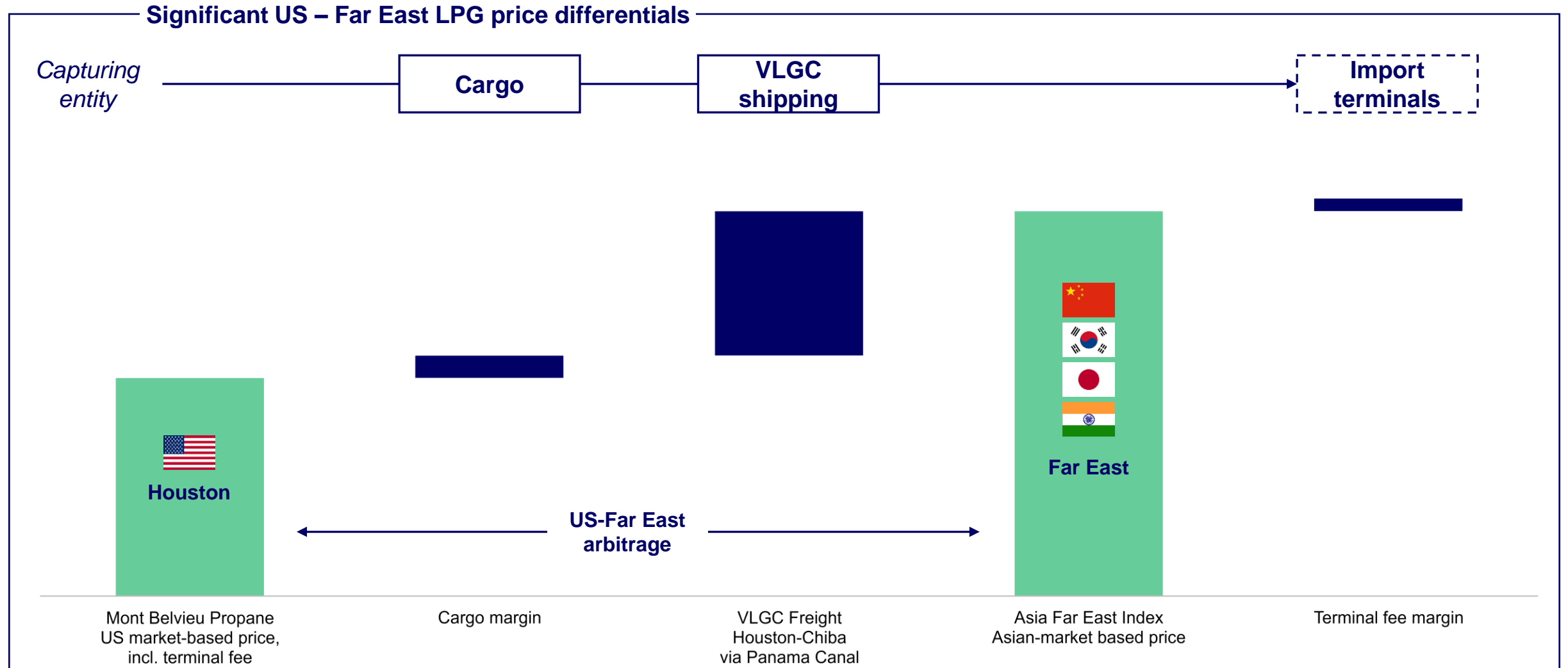
**Infrastructure/Terminal platform**

- US\$ 30 million investment in Confidence Petroleum and established 50/50 JV
- Additional commitment of US\$ 10 million to be invested in terminal infrastructure and LPG downstream in India



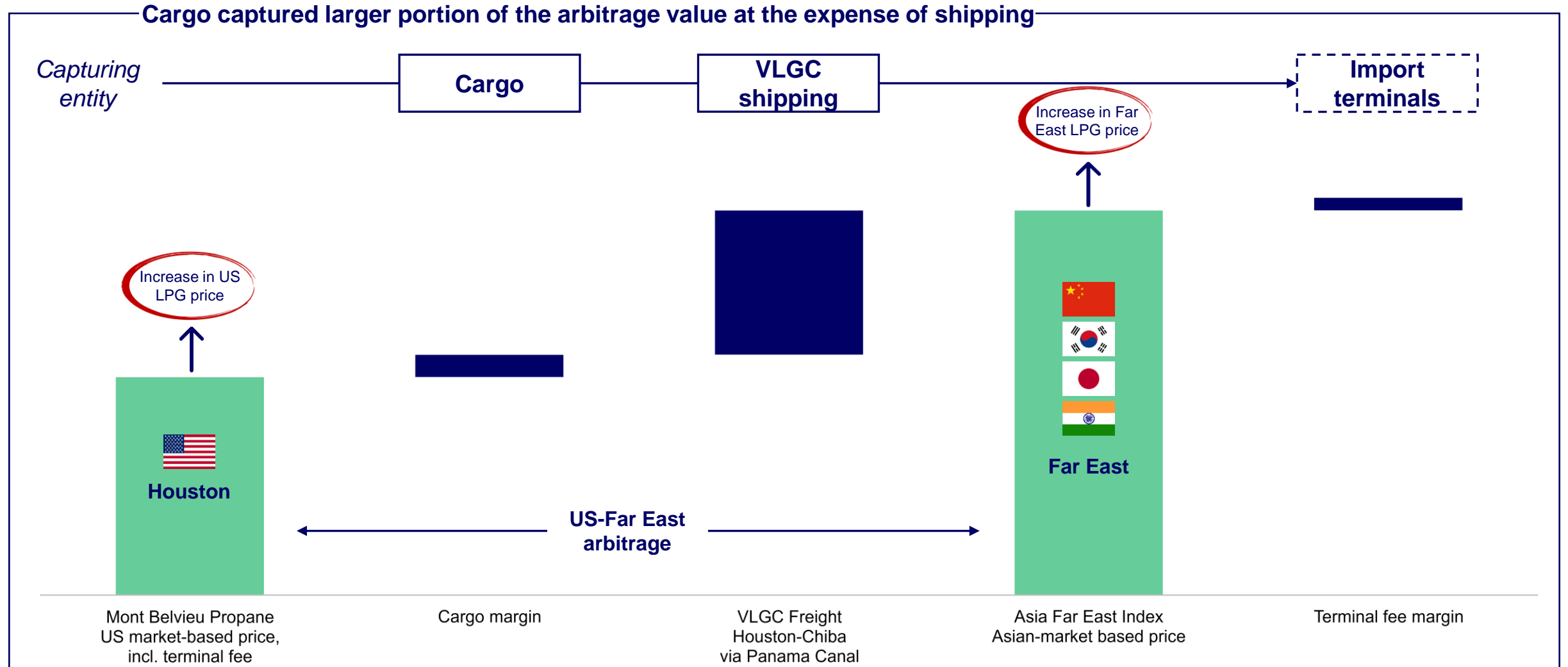
# 2023 | Super profit in the shipping part of the value chain

## Arbitrage composition illustration



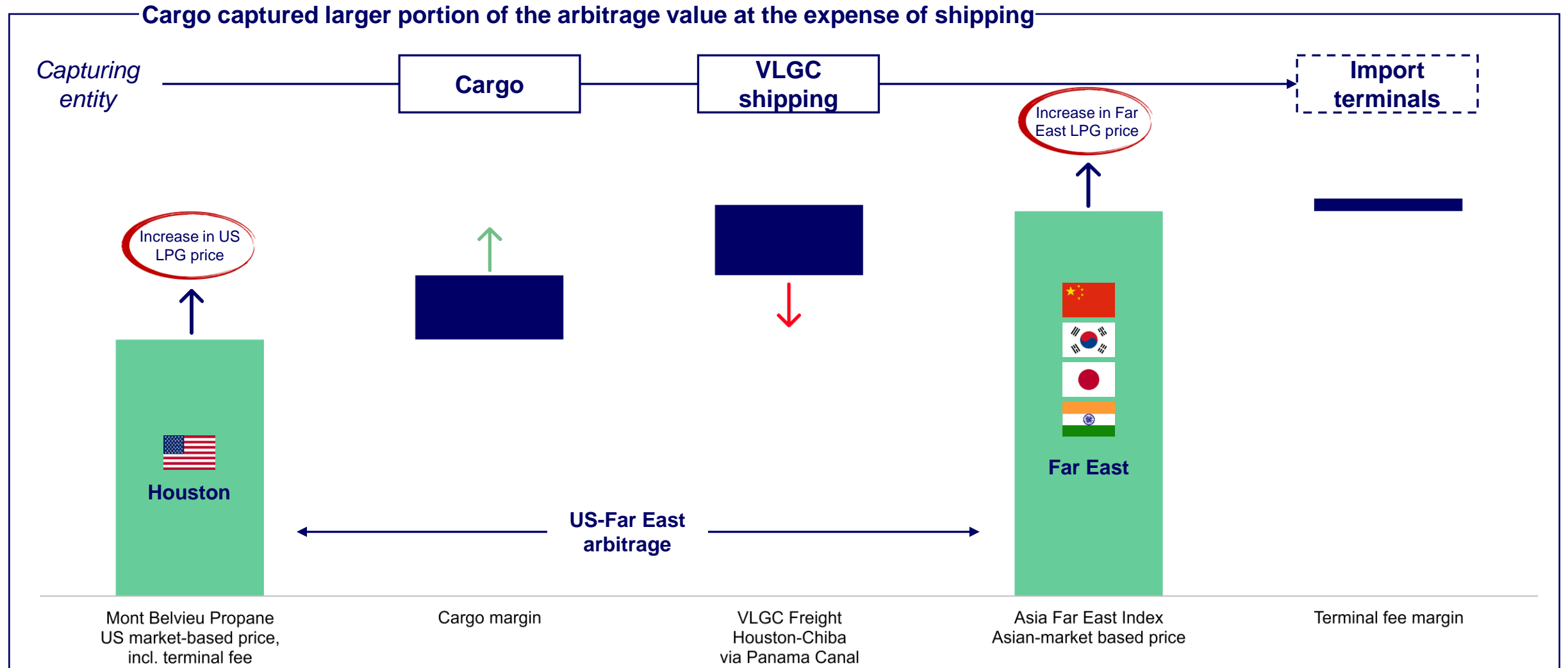
# July 2024 | Hurricane Beryl and disruptions in US LPG exports

## Arbitrage composition illustration



# July 2024 | Hurricane Beryl and disruptions in US LPG exports

## Arbitrage composition illustration





# Fleet acquisition of 12 VLGCs from Avance Gas

Strategic transaction, expanding and renewing our fleet to enhance shipping and delivery options in the fast-growing LPG space

## Transaction summary



### Acquisition of 12 modern VLGCs from Avance Gas with an average age of 6.8 years

- 4 Korean built dual fuel VLGCs and 8 China built VLGCs of which 6 vessels are scrubber fitted



### Purchase price of US\$ 1,050m, where of US\$ 500m in debt, funded through:

- 19.282 million BW LPG shares issued at US\$ 17.25/share to Avance Gas, equivalent to US\$ 333 million
- Cash consideration of US\$ 585.4m, of which US\$ 368m is to fund repayment of the existing bank debt of 10 vessels
- Remaining debt of US\$ 132m pertaining to two sale-leaseback vessels is to be novated
- The cash consideration will be funded through US\$ 235.4m of available cash resources and remaining US\$ 350m through a shareholder loan from BW Group



### Shareholder loan of US\$ 350m from BW Group to enable re-financing of existing bank debt of 10 vessels

- Enables swift execution of deal and time to secure the most attractive financing possible

### Expand Market-leading Platform

Enhancing commercial scale and renewing our fleet without adding capacity to the global fleet

### Positive Market Outlook

Solid market fundamentals from newbuilding deliveries abating, and growth in global LPG exports

### Utilizing the Capital Market for Growth

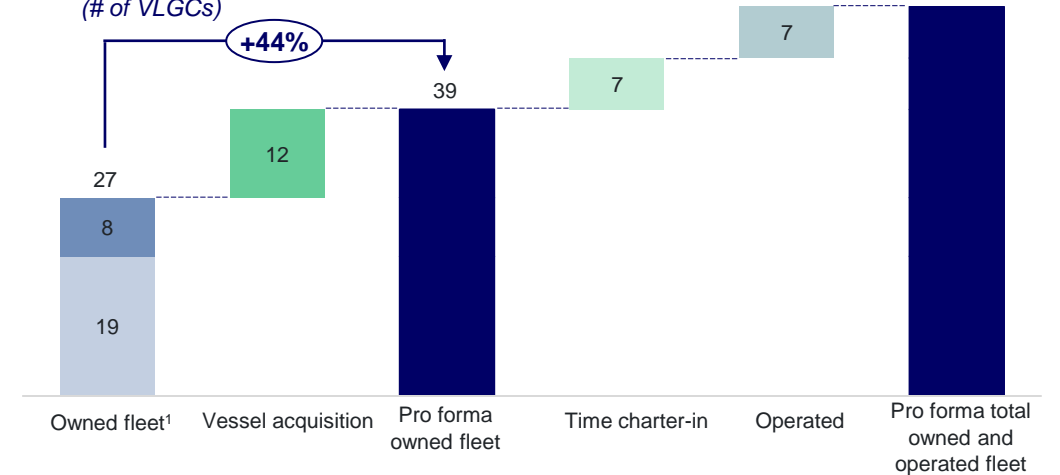
Leverage a strong share price as currency to enhance shareholder value

### Maintain Healthy Balance Sheet

Leverage expected to increase to 30-35% post transaction

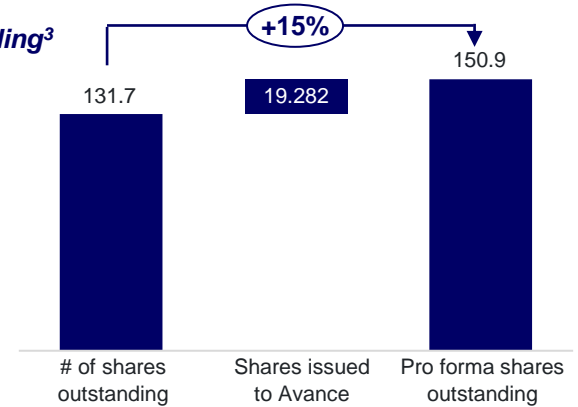
## ~44% growth in owned fleet...

### BW LPG VLGC fleet<sup>2</sup> (# of VLGCs)



## ...while only increasing share count by ~15%

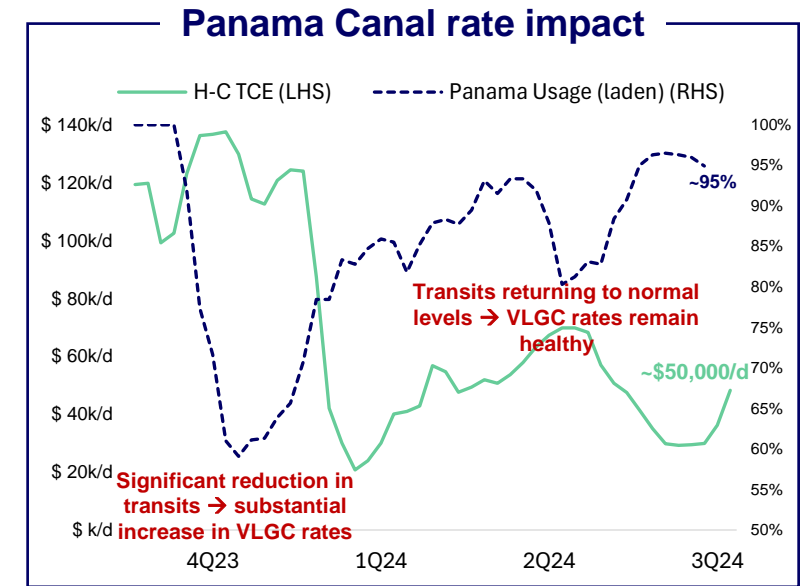
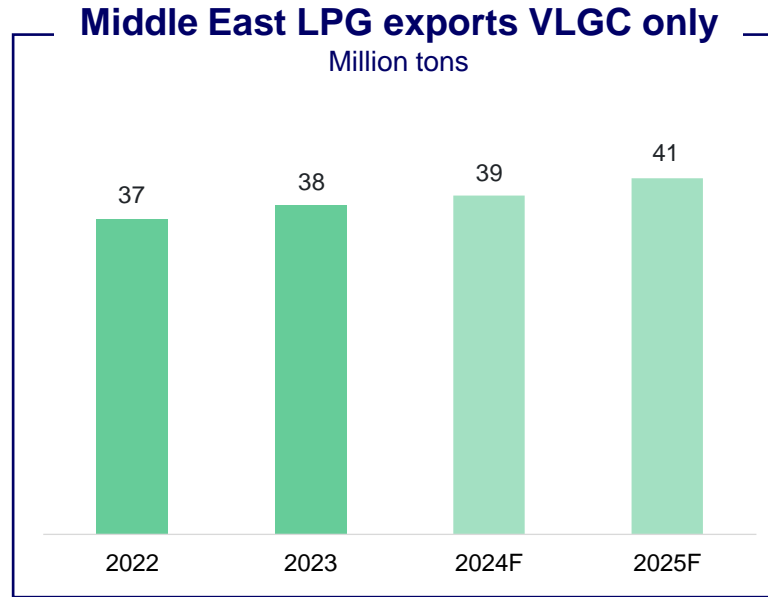
### Shares outstanding<sup>3</sup> (m shares)



1. Including 8x VLGCs from BW India (52% owned by BW LPG) on a 100% basis.  
 2. BW LPG fleet per 22 August 2024 – excludes two operated MGCs and two LGCs  
 3. Net of treasury shares

# Fundamentally strong supply driven VLGC market...

## Continued growth in LPG exports



#### Strong fundamentals

Average US propane production up 7.1% YTD, net exports up 13% YTD, according to EIA



#### OPEC+ production stable

Upside potential in case of OPEC+ cut reversal



#### Drought conditions reversed

Higher water reserves => More transit slot available



#### US exports expected to increase

... With additional terminal capacity coming in 2025-2026 and beyond



#### India takes 52% of ME export volumes

Making Far East more reliant on US exports



#### Normal Panama Canal transit levels

Nearly all VLGCs heading to the Far East use the Panama Canal



#### Priced to clear

As a price-flexible byproduct, LPG always finds a home



#### Regional tension

Insignificant impact thus far



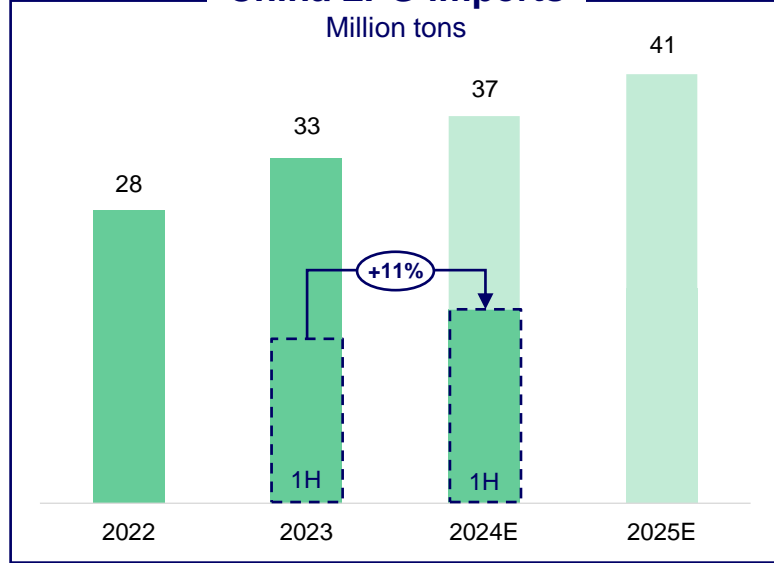
#### Spot rates remain healthy

Without any inefficiencies from the Panama Canal, rates have stabilized at solid levels

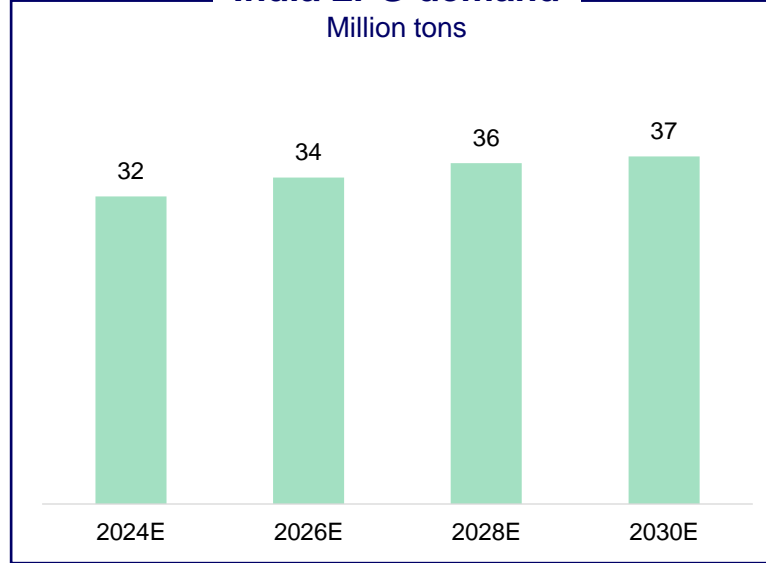
# ...balanced against robust demand growth in Asia

Asia demand continues to grow supporting demand for long haul shipping of LPG

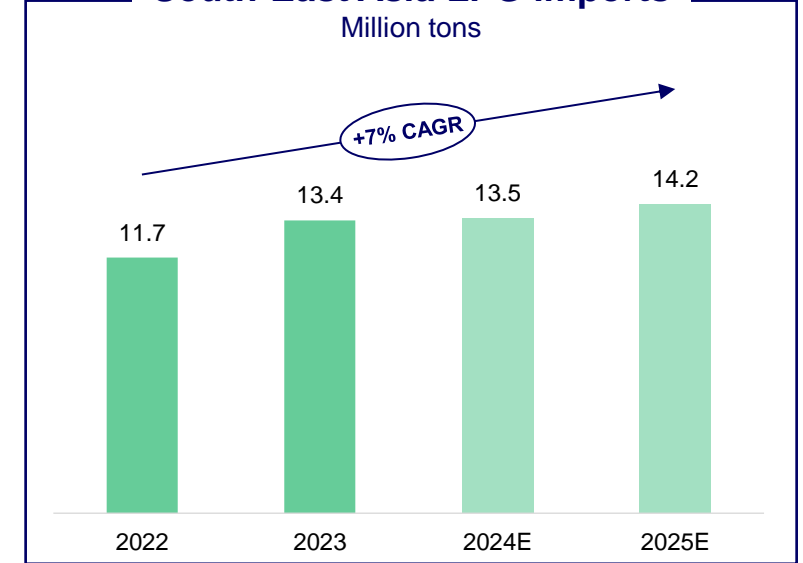
## China LPG imports



## India LPG demand



## South-East Asia LPG imports



### Rising imports

49% of imports now originate from United States



### Government's clean energy initiative

Access to LPG has increased with government initiatives



### Often overlooked region

VLGC imports expected to surpass India's in 2026



### Demand potential from new PDH plants

Up to 7.5mtpa and 11mtpa in 2024 and 2025 respectively, if fully utilized



### Young and growing population

Households accessing subsidized LPG for clean cooking



### Long haul volumes

33% of imports originate in United States



### Downstream demand

Estimates for Chinese propylene demand growth range from 6-9% for 2024



### Infrastructure enhancements

Terminals, pipelines and distribution

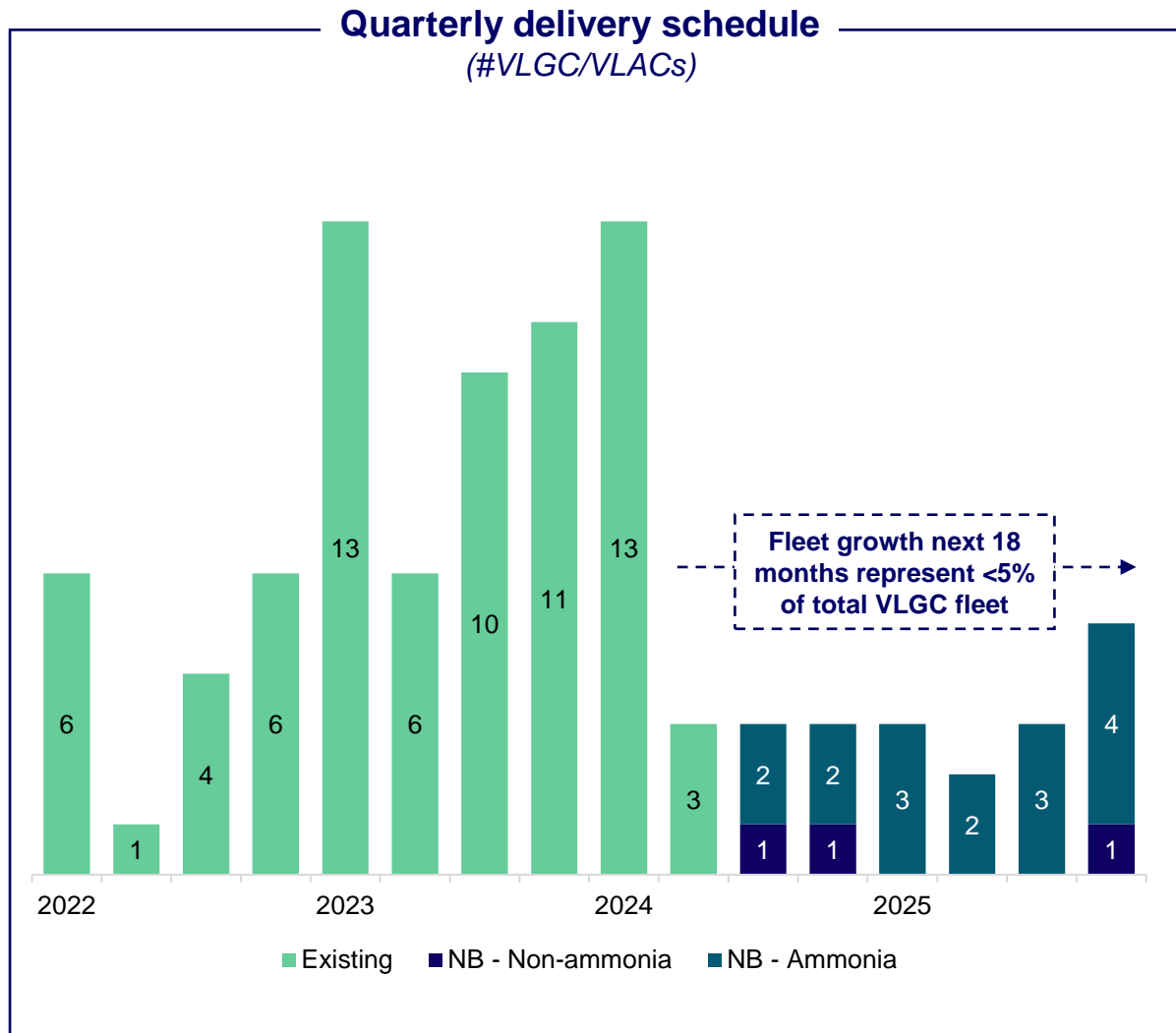


### Growing population and prosperity

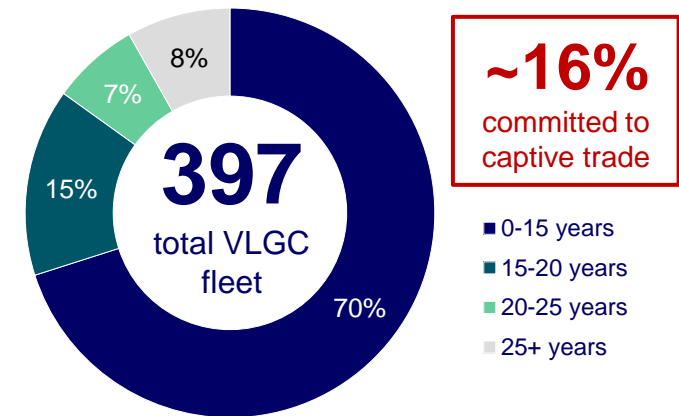
Increased demand and import of LPG, expected to source significant volumes from the US

Source: NGLS

# Abating newbuild deliveries



### Global VLGC fleet and age profile



### Current VLGC dual-fuel newbuild price

**~\$120M**

### VLGC delivery for newbuild contracts

**2027**

Chinese shipyards

**2028**

Korean shipyards

# Looking ahead – What can you expect?



## Positive

### Market Outlook

- Continued growth in global LPG export volumes
- Robust demand growth for LPG in Asia
- Abating VLGC newbuild deliveries next 18 months with <5% of total VLGC fleet
- Increasing relevance for LPG in today's energy environment



## Enhanced

### Shareholder Value

- Adding more than 40% earnings power through the expansion of 12 VLGCs to our owned fleet
- Commercial advantage of scale, more flexibility and market power
- Grow presence in the capital market with a larger player to invest in



## Delivering on strategy

- Continue to execute strategic investments across the value chain
- Maintaining a robust balance sheet supporting shareholder distributions
- Strong capital discipline, where excess capital has been paid out as dividends and debt repayments



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# Thank You

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