

Q1 2023 Earnings Presentation

25 May 2023

Q1

This Presentation (hereinafter collectively referred to as the “Presentation”) has been produced by BW Epic Kosan (the “Company” or “BWEK”) for information purposes only.

This Presentation contains information obtained from third parties. As far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. To the best of the knowledge of the Company, the information contained in this Presentation is in all material respects in accordance with the facts as of the date hereof. However, no independent verifications have been made and no representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, none of the Company or any of its parent or subsidiary undertakings or any such person’s officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.

This Presentation contains certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, and similar expressions. The forward-looking statements contained in this Presentation, including assumptions, opinions and views of the Company or cited from third-party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of the Company or any of its parent or subsidiary undertakings or any such person’s officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in this Presentation or the actual occurrence of the forecasted developments. The Company assumes no obligation, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to our actual results.

Q1 2023 highlights – earnings momentum in a stronger market



Financial highlights (US\$)

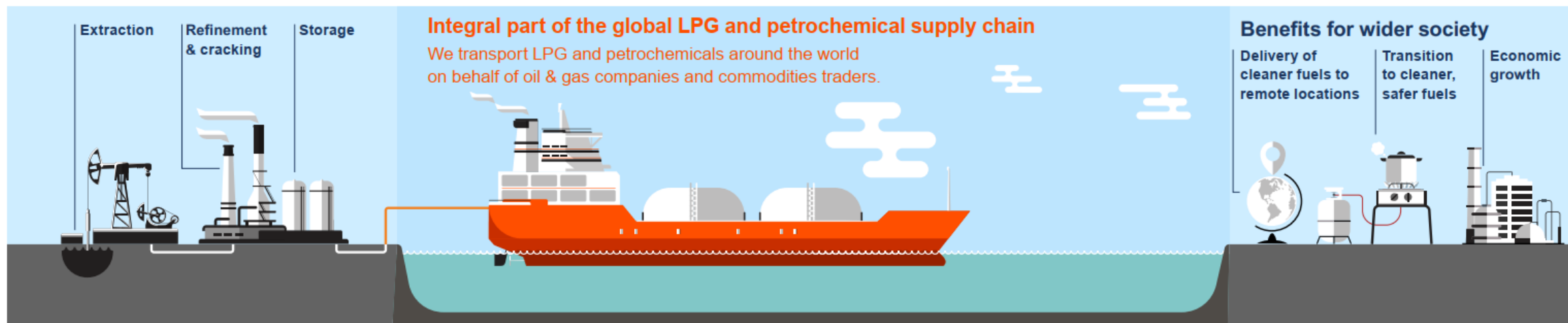
	Q1 2023	Q1 2022	Q1 23 vs Q1 22 (%)	Q4 2022	Q1 23 vs Q4 22 (%)
TCE revenue	\$72.0m	\$72.3m	-0.4%	\$70.0m	+3.0%
EBITDA	\$33.4m	\$33.3m	+0.2%	\$26.7m	+25.0%
Net profit	\$12.0m	\$9.1m	+31.2%	\$0.2m	>100%
EPS	\$0.08	\$0.06	+31.2%	\$0.00	>100%

Key indicators

	Q1 2023	Q1 2022	Q123 vs Q122 (%)	Q4 2022	Q1 23 vs Q4 22 (%)
TCE/calendar day	\$12,956	\$11,726	+10.5%	\$11,618	+11.5%
Total OPEX/day	\$5,308	\$4,957	+7.1%	\$5,857	-9.4%
Total G&A/day	\$1,262	\$1,053	+19.8%	\$1,271	-0.7%
Calendar days (owned/chartered-in)	5,561	6,170	-9.9%	6,023	-7.7%
Fleet operational utilisation	95.7%	92.7%	+3.2%	95.3%	+0.4%
LTIF (Lost-Time Injury Frequency Rate)	0.00	0.00		0.00	
A.E.R. / Carbon intensity	24.88	24.03	+3.5%	25.30	-1.7%

- > Q1 2023 Net profit of \$12.0 million
- > EBITDA of \$33.4 million
- > ROE 9.7% / ROCE 7.2%
- > Cash of \$97.4 million

LPG and Petrochemicals supply chain



About us

1. World leader in shipping pressurised and semi-refrigerated gasses that are key to global clean energy supply chain.
2. 64-strong fleet focused on smaller gas carrier sector. *(eff. 15.05.23)
3. BW Epic Kosan "BWEK" is listed on the Euronext Growth market, Oslo Børs.
4. Headquartered in Singapore with offices in Copenhagen, Manila and Tokyo.

Our capabilities

1. Large and highly skilled in-house team of seafarers and onshore staff. Culture focused on safety and well-being of employees and the needs of our customers.
2. Highest standards of safety, health and environmental care. Aiming for Zero Harm. Innovative use of technology and information.
3. Long-term relationships with our clients. Constantly strive to deliver the best solutions.
4. Fully integrated company with significant commercial and technical capability across high-intensity short-sea/coastal trades as well as long-haul transportation.
5. The scale to manage our response to climate change - sustainability, decarbonisation and future fuels.

Outputs

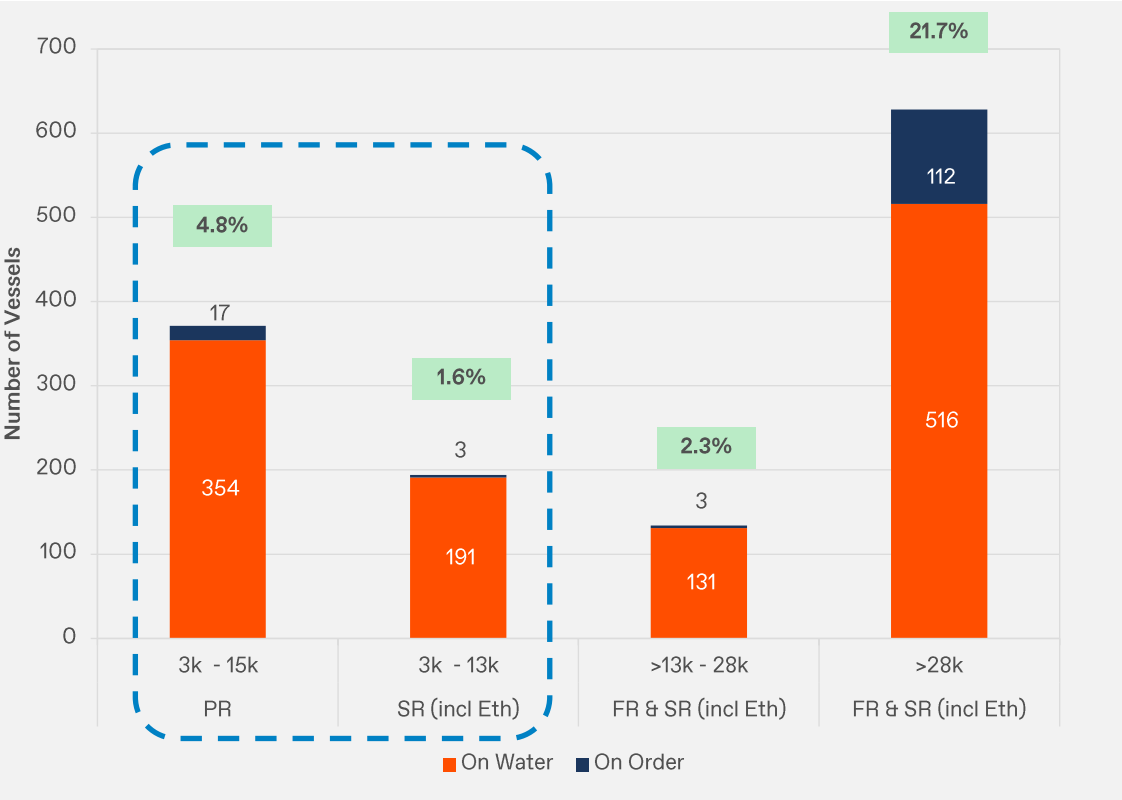
1. Revenue and EBITDA growth.
2. Secure supply of energy and speciality gases around the world.
3. Low carbon solutions for our customers' transportation needs in line with our commitment to our chosen UN SDGs.

International SGC fleet – low newbuild supply with CAGR over three years of under 1.5%



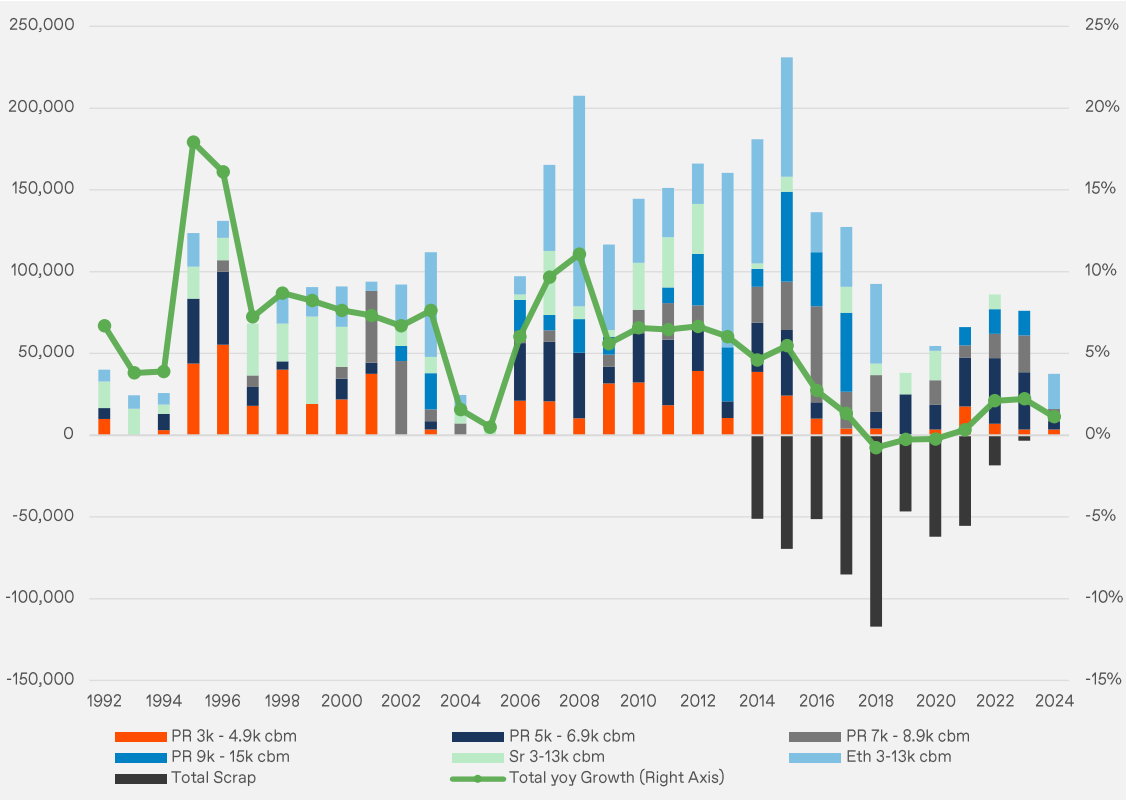
LPG vessels order book

Source: Clarksons Register, Company Data



Small Gas Carrier (SGC) - global fleet development

Source: Clarksons Register, Company Data



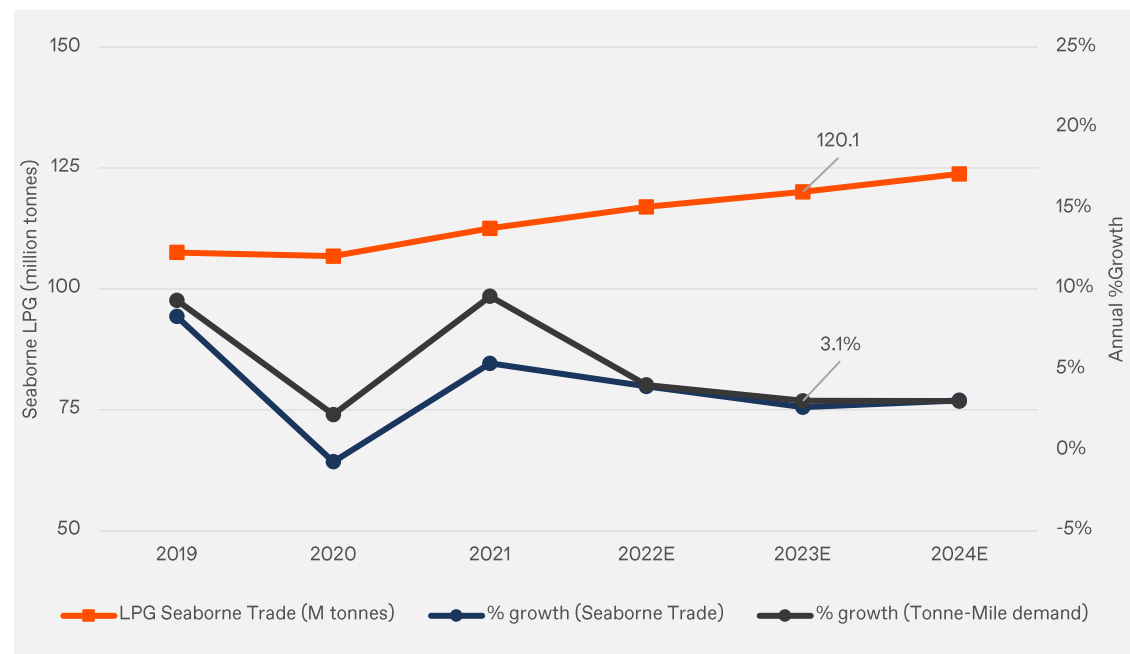
- > 1 x Pr 3,500 cbm, 2 x Pr 7,500 cbm (1 x LPG dual fuel) delivered during Q1 2023.
- > 9/6/4/1 newbuild SGCs to be delivered in balance 2023/24/25/26 representing a 1.7%/1.1%/0.7%/0.1% increase in existing fleet cubic capacity.
- > Increasing focus on dual fuel - 4/17 newbuild SGCs will be LPG or LNG dual fuel, respectively.
- > A scrapping pool of 27 x SGCs aged 30 years and over, with average annualised % scrapping in the SGC fleet over past five years of 1.9%.

Forecast 2023 smaller gas carrier fleet growth before any further scrapping +2.2%

Global LPG seaborne trade 2023

est. 120.1m tonnes (+2.7% yoy) / tonne-miles (+3.1% yoy)

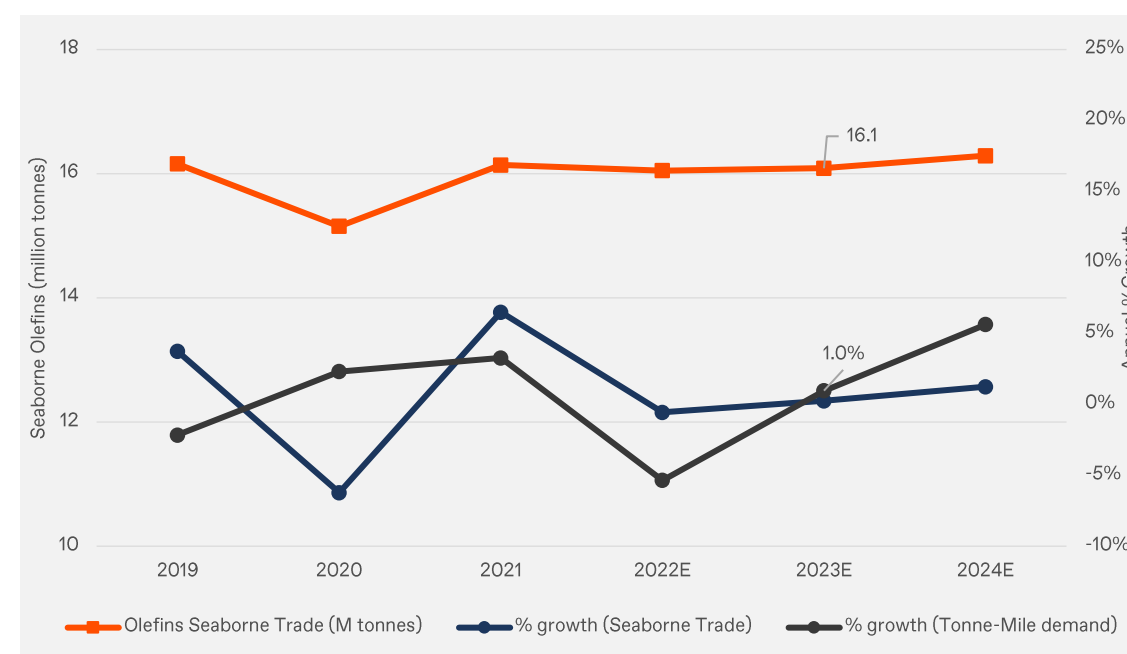
(Source: Drewry February 2023)



Global olefins (ethylene, propylene, butadiene, VCM) seaborne trade 2023

est. 16.1m tonnes (+0.2% yoy) / tonne-miles (+1.0% yoy)

(Source: Drewry February 2023)



Summary:

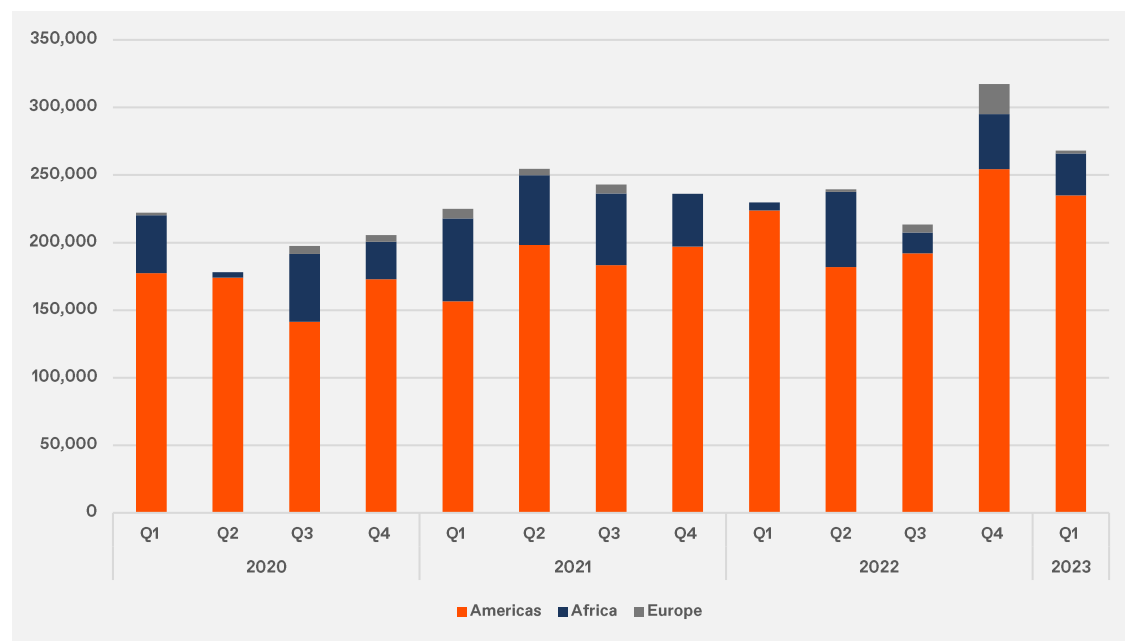
- > Global LPG / olefins seaborne trade estimated annual change +2.7% / +0.2% to 120.1 / 16.1 million tonnes in 2023.
- > Asia's lead importers of LPG increased imports by 2.8% year on year.
- > Ethylene exports out of the USA - Asia accounted for 70% of the volumes in Q1 2023 compared to 6% in Q1 2022 when over 90% of the cargoes went to Europe.
- > Propylene tonnes from Far East Asia to West non-existent since 1H 2022.
- > Market outlook for demand is generally positive, with a wider global recovery including PRC expected to take time.

Small gas carriers US LPG exports and selected Asian LPG and petrochemical imports



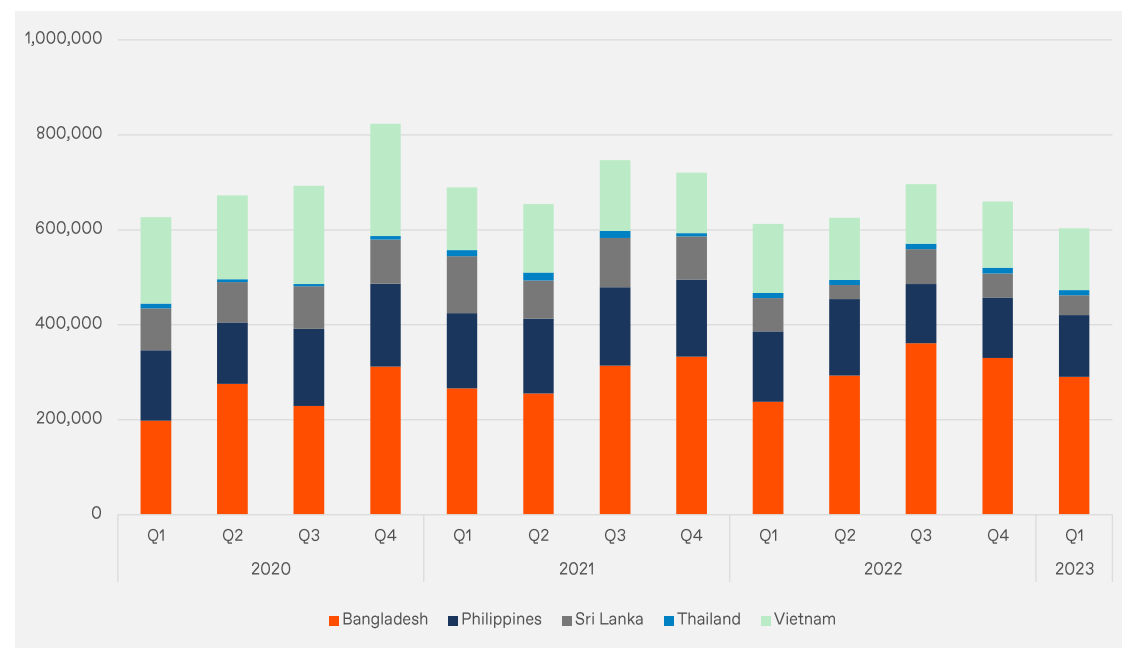
US LPG exports - small gas carriers

(Source: Kpler)



Asia (selected countries) LPG imports - small gas carriers

(Source: Kpler)



China olefins imports

(Source: China Customs Data, Kpler)

(Tonnes)	2021				2022				2023		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q1%qoq	Q1%yoy
Propylene	630,103	615,047	587,897	661,317	583,757	417,279	685,677	650,549	725,921	12%	24%
Ethylene	552,250	491,828	469,674	553,995	489,681	436,493	510,673	630,701	545,950	-13%	11%
VCM	269,272	248,222	253,925	196,882	268,029	173,918	261,908	218,273	288,814	32%	8%
Butadiene	97,522	48,494	35,781	66,224	36,309	30,844	21,129	81,971	90,546	10%	149%

Summary

- > US LPG - small gas carriers exports qoq / yoy -16% / +17%.
- > Asia LPG – small gas carriers imports qoq / yoy -9% / -2%.
- > Bangladesh LPG imports recently impacted by currency value qoq / yoy -12% / +22%.
- > China's propylene and ethylene imports qoq +12% / -13%.

Longer-term market history – 12-month time charter market (US\$/day)



Sector (grey background = our core)	Q1 2023 market trend (yoy)		10-year historical market average
Sr 20,500 cbm (Clarksons)	\$24,905	↑	\$22,940
Eth 8,250 cbm (Clarksons)	\$16,164	↑	\$15,967
Pr 11,000 cbm* (Grieg, BWEK, Braemar)	\$15,412	↑	\$13,955
Pr 7,500 cbm (Grieg, Gibson, BRS)	\$12,663	↑	\$11,114
Pr 5,000 cbm (Steen 1960)	\$9,759	↑	\$8,809
Pr 3,500 cbm (Steen 1960)	\$7,912	↑	\$7,244

*10-year average is partially derived from the differential to 7,500 cbm due to lack of data for 11,000 cbm pre-Nov 2014

<https://bwek.com/investor-relations/reports-and-presentations/monthly-market-assessments>

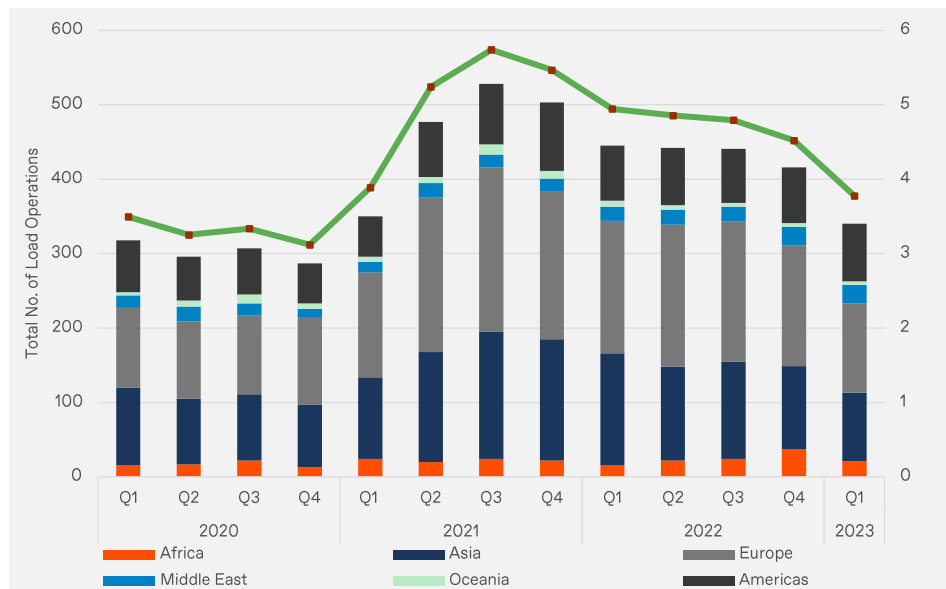
- > All sectors trended upwards and are above long-term average.
- > Average BWEK Q1 2023 TCE of \$12,956 per calendar day was 3% above long-term market average of over \$12,576 per day.
- > Supply/demand fundamentals support further improvement.
- > Due to our scale (~5,600 days), \$500 per day increase across our full fleet is equivalent to \$2.8m increased Revenue/EBITDA/P&L per quarter.
- > To follow our market 'live' every month see our [website](#).

Geographical and commodity diversity

Provides optionality and earnings stability



Diversified geographical trade route options higher in Asia, Europe and the Americas



Q1 2023 Cargo operations summary

- Loaded over 1.1 million tonnes.
- LPG and petrochemicals 50% each.
- 340 load operations.
- 3.8 load operations every day across the fleet/globe.
- Cargo operations 958.
- 206 different ports

Diversified geographical location of fleet (as of 31 March 2023)

Vessels by segment	Americas	EMEA	Asia	Total fleet
Pr 3,500 cbm	3	1		4
Pr 5,000 – 6,300 cbm		3	6	9
SR 6,000 cbm		4	1	5
Eth 6,000 cbm			3	3
Pr 7,000 – 7,500 cbm	3	7	4	14
Pr 9,500 cbm	2	2		4
Pr 11,000 cbm	2	8		10
Eth 8,000 – 10,000 cbm	1	7	7	15
Total	11	32	21	64
Fleet capacity (cbm)				493,290
Avg. vessel size (cbm)				7,708

Benefits of diversified commodity and geography

- Optionality on choice, diversified earnings, risk mitigation.
- Maximising seasonal demand and weather impact.
- Ability to flex between LPG and petrochemical markets.
- Integral part of the global LPG supply chain of cleaner energy through ship-to-ship operations for last mile delivery.
- Developing new customers, niche markets, and routes.
- Maximising operational efficiencies.

Operating metrics

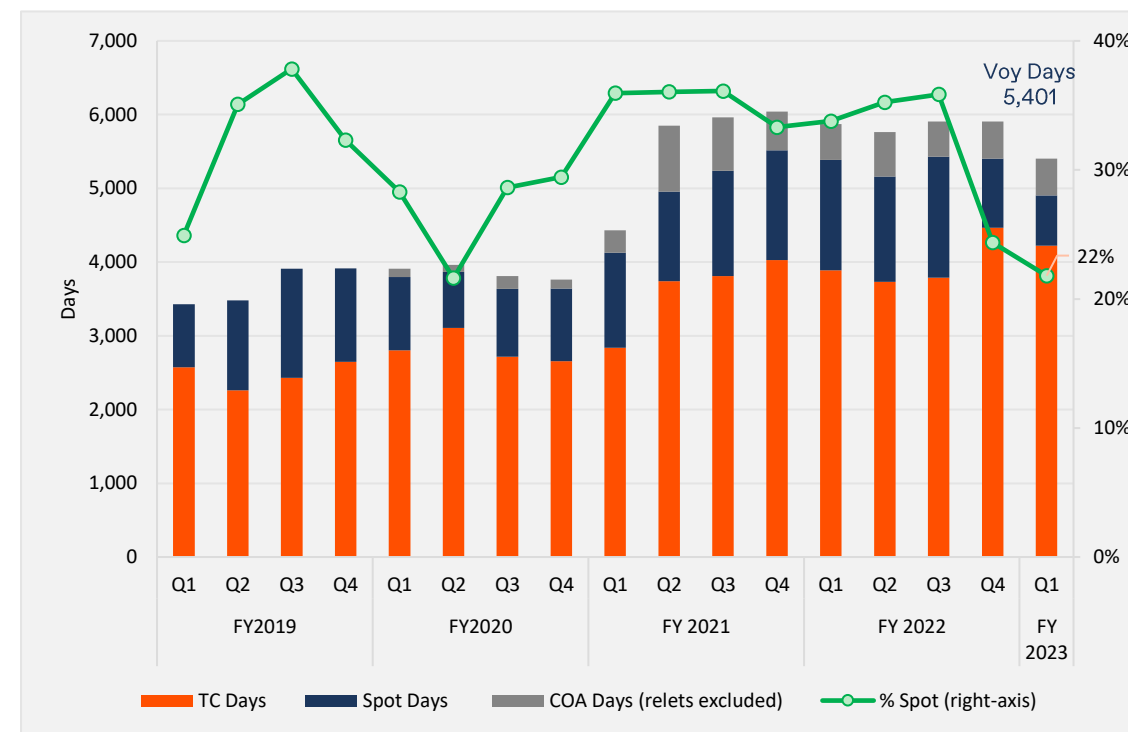
	Q1 2023	Q1 2022
Average number of vessels in period (1)	61.8	68.6
Number of vessels as of period end (2)	60	68
Average vessel age (years)	13.0	12.1
Fleet capacity at period end (cbm)	469,717	488,141
Average vessel size (cbm)	7,829	7,179
Fleet calendar days	5,561	6,170
Time charter days	4,223	3,889
Spot market days	681	1,498
COA days (relets excluded)	497	486
Voyage days (3)	5,401	5,873
Fleet utilisation (4)	97.1%	95.2%
Fleet operational utilisation (5)	95.7%	92.7%
Time charter equivalent earnings		
Per calendar day	\$12,956	\$11,726
Per voyage day	\$13,338	\$12,319
Operating expenses per calendar day (6)	\$5,308	\$4,957

- 1) The number of days each vessel (excluding vessels under commercial management) was a part of our fleet during the period divided by the number of calendar days.
- 2) Excluding vessels under commercial management.
- 3) Calendar days net of off-hire days associated with major repairs, dry docks or special or intermediate surveys.
- 4) Calculated by dividing voyage days by fleet calendar days.
- 5) Calculated by dividing voyage days, excluding commercially idle days, by fleet calendar days.
- 6) Time charter-in vessels excluded.

Highlights:

- > BW Epic Kosan has a loyal, consistent client base.
- > We focus on meeting customer needs, with flexibility between time charter, voyage charter, contract of affreightment (“COA”) and spot contracts.
- > OPEX +7.1% yoy partly driven by the increased average vessel size by 9%.
- > Maintenance is conducted as efficiently as possible, with minimal idle days.

Voyage days



Key financials

Income statement and cash flow Q1 2023



Income statement

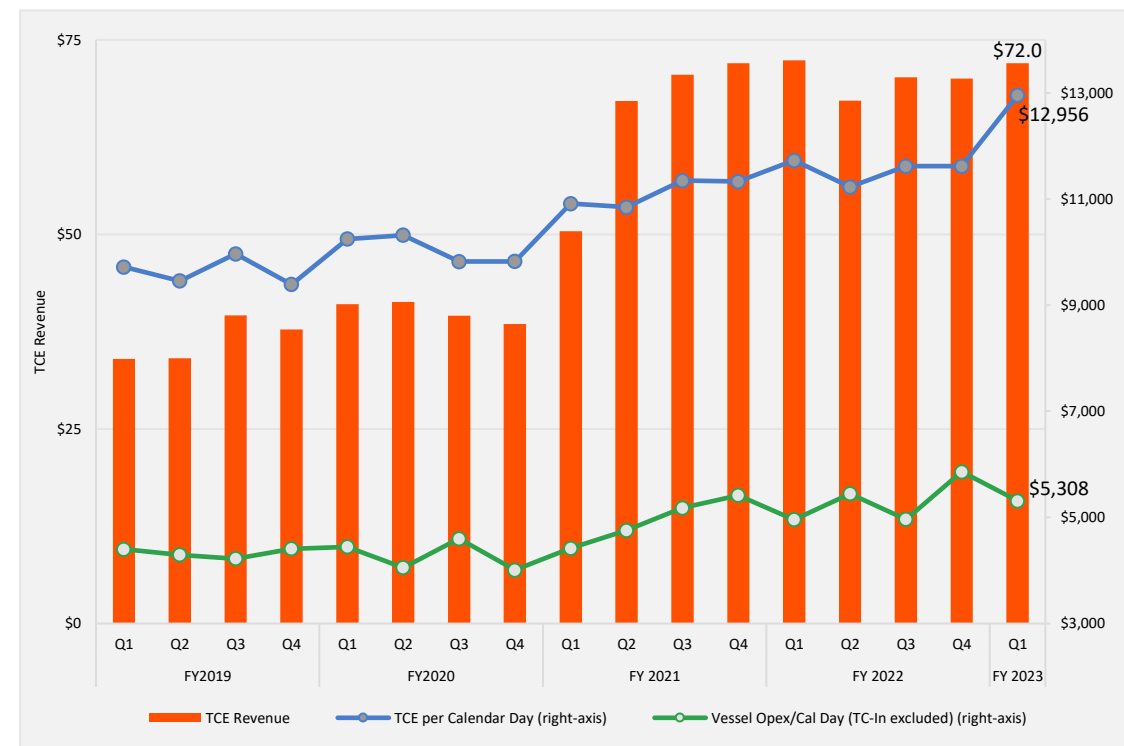
All amounts in \$ millions	Q1 2023	Q1 2022
TCE income	72.0	72.3
Other Income	0.1	0.3
Brokerage commissions	(1.6)	(1.6)
Charter-in costs	(3.5)	(2.6)
Vessel operating expenses	(26.2)	(27.8)
General and administrative expenses	(7.5)	(7.3)
EBITDA	33.4	33.3
Depreciation and amortization	(17.0)	(19.0)
Impairment gain/(loss) on sale of vessels	0.1	(0.1)
EBIT	16.5	14.2
Finance expense – net	(4.5)	(4.8)
Profit and loss before income taxes	12.0	9.4
Income tax expense	(0.0)	(0.3)
Net profit after tax	12.0	9.1
Other comprehensive income/(loss) (1)	(3.2)	11.2
Total comprehensive income	8.8	20.3

(1) From time to time, the Company enters into derivative contracts in the form of interest rate swaps to mitigate the risk of interest rate fluctuations. These derivatives are used to hedge the Company's borrowings. The unrealised mark to market gains or losses on these instruments are recognized under "Other Comprehensive Income / (Loss)".

Statement of cash flows

	Three Month Period Ended	
All amounts in \$ millions	Q1 2023	Q1 2022
Cash from operating activities	36.3	13.0
Cash from investing activities	18.3	3.2
Cash used in financing activities	(34.9)	(19.4)
Net Increase/(decrease) in cash and cash equivalents	19.7	(3.1)
Cash and cash equivalents at the beginning of the year	62.8	58.0
Cash and cash equivalents at end of the period (excl. restricted cash)	82.5	54.8

Time charter equivalent ("TCE") revenue and opex



Highlights:

- > Refinement of fleet composition combined with improving market led to increased net profit by 31% year on year.
- > ROE 9.7%.

Key financials

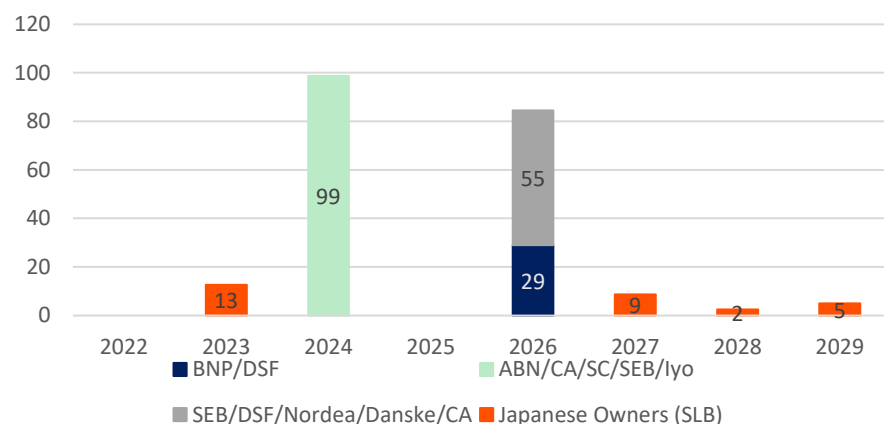
Balance sheet 31 March 2023



Balance sheet

All amounts in \$ millions	31 March 2023	31 December 2022
Cash	97.4	78.5
Other current assets	54.1	100.5
Vessels	753.8	761.3
Right-of-use assets	38.1	35.3
Other non-current Assets	10.9	11.7
Total assets	954.3	987.3
Current liabilities	126.9	143.8
Non-current liabilities	336.3	355.1
Total shareholders' equity	491.1	488.4
Total liabilities and equity	954.3	987.3

Debt maturities (in US\$m)



- > **Book value of vessels (excl. assets held for sale) of \$754 million, below latest broker FMV estimates.**
- > **NAV basis broker FMV of \$585 million or \$3.67/share.**
- > **Healthy cash position**
 - \$97.4 million.
- > **Strong relationships with key ship finance banks**
 - Bank debt and leases: \$414 million.
 - Loan facilities with expiry in 2023/2024 in the process of being refinanced, closing by end of Q2 2023, no major loan expiry until 2026 thereafter.
 - Net leverage of 39%.
- > **Capped interest rate exposure**
 - \$233 million (=77% of bank debt) hedged via interest rate swaps at a weighted average rate of 1.146%.
- > **Sale and purchase of vessels**
 - Sold 3 x 2007 built 3,600 cbm vessels in Q1 2023 in line with strategy to focus on larger and younger vessels.
 - Fulfilled purchase obligation under a bareboat charter contract to buy 2 x 7,500 cbm vessels with purchase prices below market value.
- > **Share issuance**
 - 90,653 ordinary shares issued to Odfjell SE. Issued share capital of the Company now stands at 159,557,686 ordinary shares.

Q1 2023 Summary

- > Stronger market combined with an increase in average vessel capacity.
- > Increased costs related to increased average vessel size, and inflation.
- > Net profit of \$12.0 million, a 31% year on year increase.
- > ROE at 9.7% has continued to improve.
- > Healthy cash position of \$97.4 million, and stable long-term financing.

Outlook

- > Supply/demand fundamentals support further improvement.
- > Fleet growth of 2.2% (before scrapping) expected in 2023.
- > Access to dynamic, sustainable energy market driven by commodity supply growth. 2023 global LPG seaborne trade growth forecast is positive, 2.7%.
- > Threat of recession in key markets and higher interest rates, with uncertainty on China's economic recovery, and ongoing geo-politics.
- > Focus on IMO 2030 and IMO 2050, working to deliver decarbonisation, including through shipping-related projects for carbon capture and storage.

Fleet list (as of 15th May 2022)



Pressurised		
Cbm	Vessel name	Built
3-4,900 cbm	Epic Caledonia	2014
	Epic Curacao	2014
	Monica Kosan	2011
	Emily Kosan	2012

5-6,900 cbm	Epic St. Ivan	2015
	Epic St. Agnes	2015
	Epic St. Croix	2014
	Epic St. Thomas	2014
	Cougar	2013
	Epic St. Vincent	2008
	Epic St. Kitts	2008
	Epic St. Lucia	2008
	Epic St. Martin	2008

Pressurised		
Cbm	Vessel name	Built
7-8,900cbm	BWEK Beauty	2023
	BWEK Bornholm	2022
	Epic Bali	2010
	Epic Barnes	2002
	Epic Bermuda	2001
	Epic Borneo	2010
	Epic Baluan	2017
	Epic Beata	2011
	Epic Bolivar	2002
	Epic Bonaire	2016
	Epic Boracay	2009
	Epic Borinquen	2016
	Epic Breeze	2020
	Epic Burano	2002

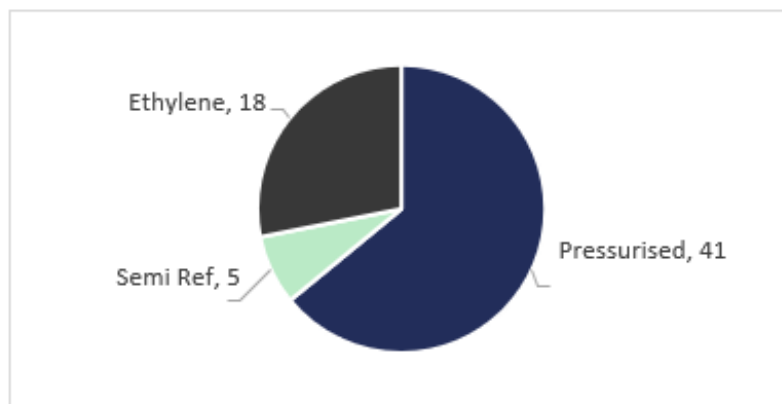
Pressurised		
Cbm	Vessel name	Built
9-12,000 cbm	Chelsea	2008
	Epic Manhattan	2007
	Epic Madeira	2006
	Westminster	2011
	Epic Salina	2017
	Epic Samos	2016
	Epic Shikoku	2016
	Epic Sentosa	2016
	Epic Sicily	2015
	Epic Susak	2015
	Epic Susui	2015
	Epic Sula	2015
	Epic Sunter	2015
	Epic Sardinia	2017

Ethylene		
Cbm	Vessel name	Built
5-6.9 cbm	Seapeak Camilla	2010
	Seapeak Pan	2009
	Seapeak Cathinka	2009

7-8,900 cbm	Henrietta Kosan	2008
	Isabella Kosan	2007
	Alexandra Kosan	2008
	Leonora Kosan	2009
	Helena Kosan	2007
	Victoria Kosan	2009

9-12,000 cbm	BWEK Anholt	2008
	Bow Guardian	2008
	Stina Kosan	2008
	Sophia Kosan	2008
	Stella Kosan	2008
	Kathrine Kosan	2008
	Kamilla Kosan	2008
	JBU Schelde	2008
	Seapeak Napa	2003

Semi-Refrigerated		
Cbm	Vessel name	Built
5-6.9 cbm	Tessa Kosan	1999
	Tenna Kosan	1998
	Tilda Kosan	1999
	Tanja Kosan	1999
	Tristar Dana	2010



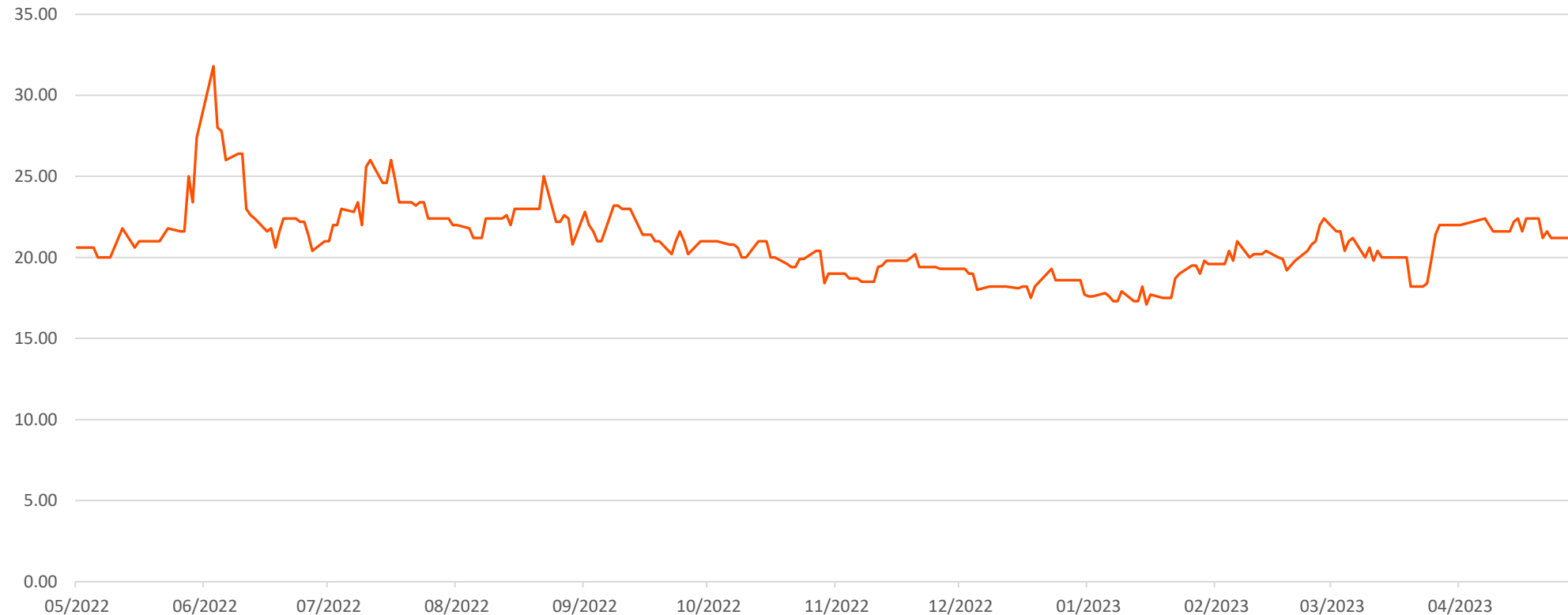
Total – 64 owned and operated vessels

Key information on BW Epic Kosan shares



Share price 1 year

Euronext Growth Oslo: BWEK



Market cap (31/03/23)	: NOK 3,508.3m / US\$ 334.1m
Shares outstanding (31/03/23)	: 159,467,033
Dividend policy - annual	: Target of 50% of annual net profit subject to Board review and approval
Website	: www.bwek.com

Thank you



Headquarters Singapore
10 Pasir Panjang Road #17-01
Mapletree Business City
Singapore 117438
Tel: +65 6230 7801
Email: ir@bwek.com



#HeroesAtSea
#ThankyoutoourSeafarers

