

# Pareto Securities' Energy Conference

15<sup>th</sup> September 2022



#HeroesAtSea  
#ThankyouourSeafarers

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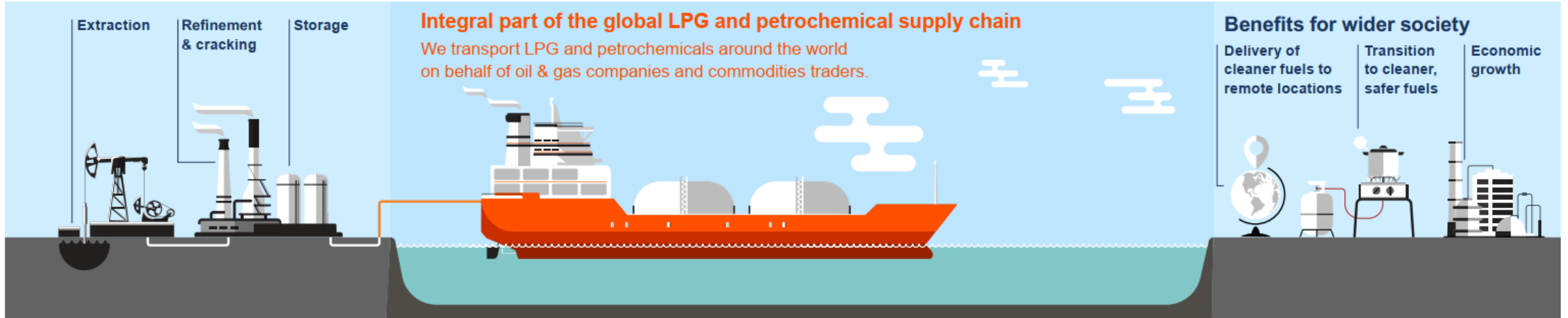
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# BW Epic Kosan at a glance

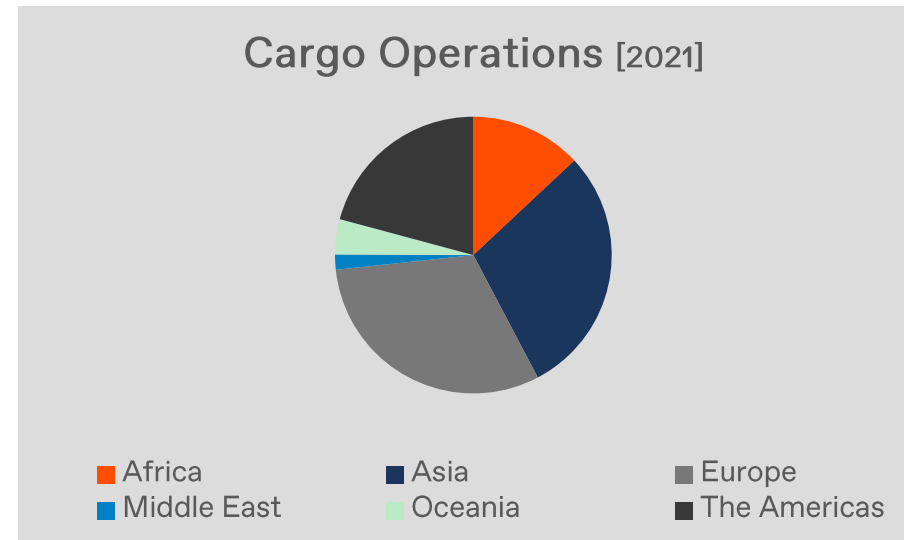
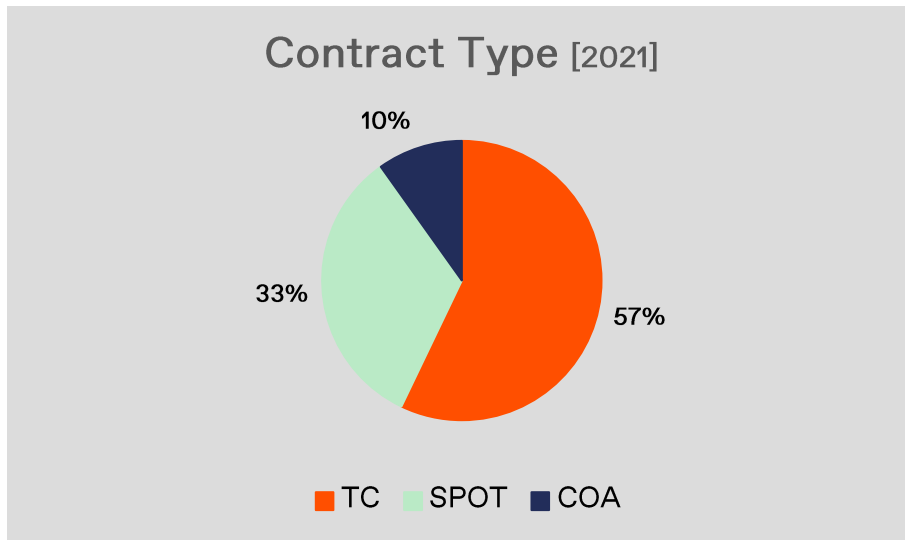
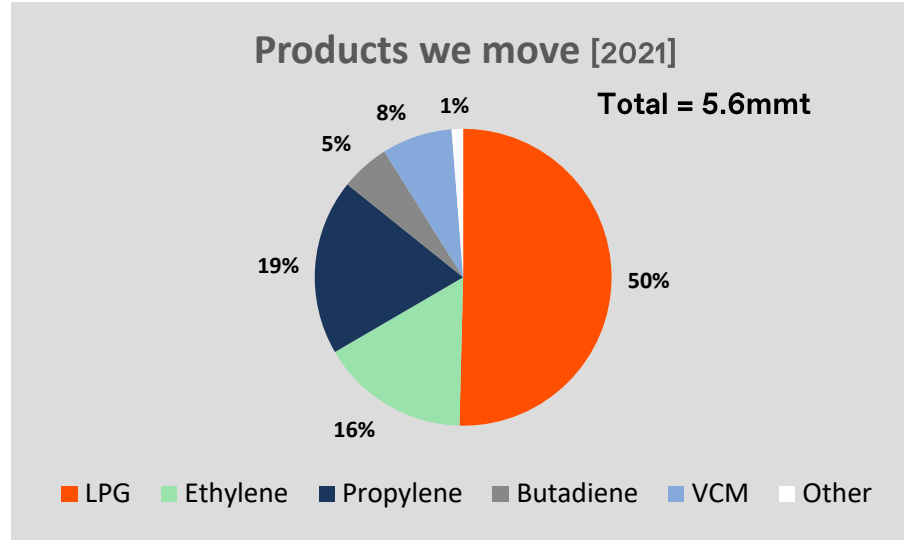
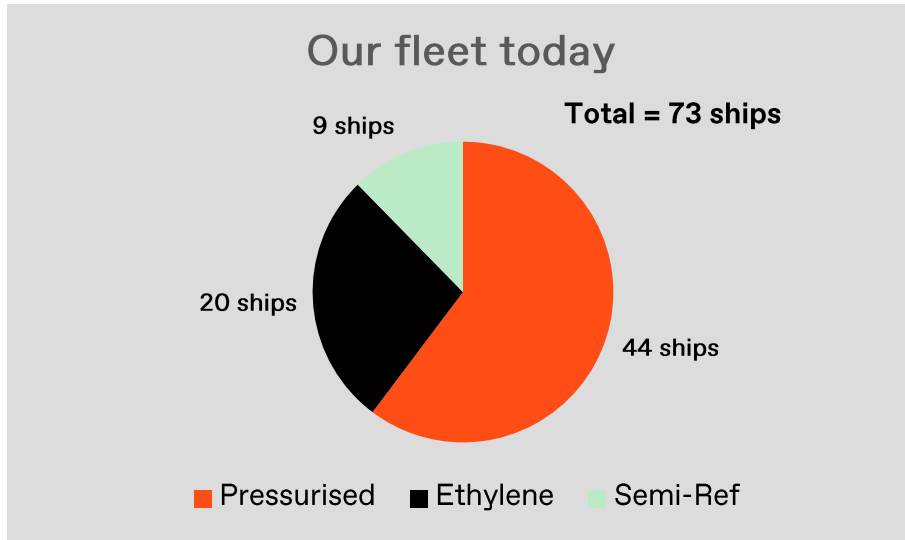


## LPG and Petrochemicals supply chain



- > World leader in shipping pressurised and semi-refrigerated gasses that are key to the global clean energy supply chain.
- > 73-strong fleet focused on smaller gas carrier sector. \*(eff. 01.09.22)
- > Headquartered in Singapore, listed in Oslo.
- > Fully integrated company with significant commercial and technical capability
- > Experienced with high-intensity short-sea/coastal trades as well as long-haul transportation.
- > Well positioned to play a role in the future of speciality gases such as CO<sub>2</sub>, ammonia.

# Geographical and commodity diversity provides optionality and earnings stability



# Our strategy



- **Strengthen our fleet composition**

- Pressurised, semi-refrigerated, refrigerated, ethylene capable
- Expansion in our existing and adjacent sectors, e.g. ammonia, CO2 to deliver a long-term sustainable business.



- Use **customer focus** to **maximise utilisation** of vessels, through long term customer relationships, portfolio of contracts, low risk chartering profile.



- Shipmanagement focused on **safety**, customer service, uptime, cost-efficiency.



- Optimise earnings, costs (lower cash breakeven), and processes including through **digitalisation** and **innovation**.



- **Reduce environmental impact** of our business.

# Environmental, Social and Governance (ESG)



## Safety

| Lost Time Incident Rate - LTIR | 2021        | 2022 YTD    |
|--------------------------------|-------------|-------------|
|                                | <b>0.82</b> | <b>0.46</b> |

## Social & Diversity

|                              |                 |
|------------------------------|-----------------|
| Total employees (FYE 2021)   | <b>2,101</b>    |
| Nationalities represented    | <b>31</b>       |
| Gender Split (% female-male) |                 |
| Onshore                      | <b>40 - 60%</b> |
| Senior Management            | <b>40 - 60%</b> |
| Board                        | <b>17 - 83%</b> |

## Environmental

| 2020                                | 2021           |
|-------------------------------------|----------------|
| Total CO2 Emissions (metric tonnes) |                |
| <b>574,762</b>                      | <b>595,956</b> |
| EEOI (gCO2/t-nautical mile)         |                |
| <b>91.50</b>                        | <b>82.24</b>   |
| AER (gCO2/dwt-nautical mile)        |                |
| <b>24.37</b>                        | <b>23.91</b>   |

## Emissions Reduction

- Proactively investing in energy saving devices and fleet renewal.

## Growth in future sectors – ammonia & CO2

- Provide sustainable seaborne transportation, reducing emissions

## Green Ammonia NH3 Powered Ship

- Our current fleet can carry ammonia, forecast 50% growth in seaborne trade over the next 5 years.
- Working with partners to design and develop ammonia fuelled ammonia carriers.

## CO2 Transportation as part of the CCS chain

- Projects for commencement in 2024-2025, with anticipated seaborne volumes of over 30 million tonnes per annum by 2040.
- Existing and newbuild opportunities - leveraging our capabilities and experience.
- Early stages, commercial opportunities, some regulatory hurdles.

2021 Annual Report - ESG commitments & metrics



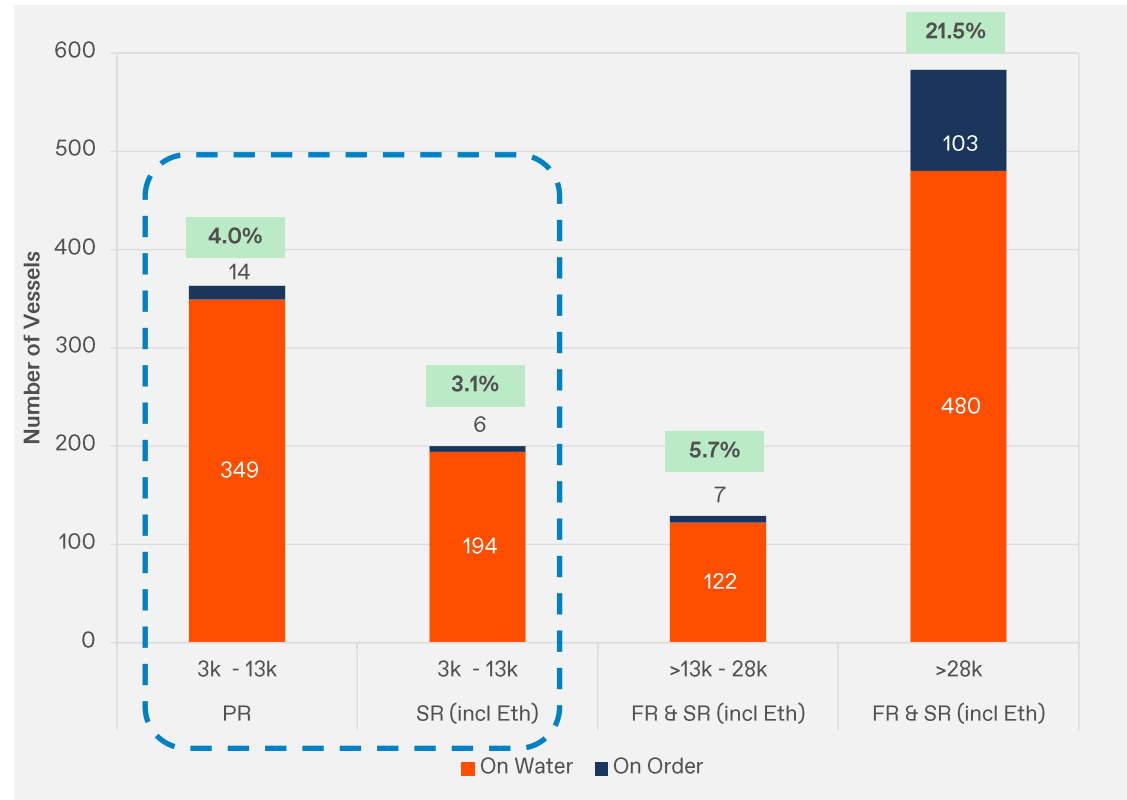
# Global supply & demand fundamentals are supportive



## Gas carrier vessel order book

Est. 2022 smaller gas carrier fleet growth of 2.8%

(Source: Clarksons Register, Company Data)



- > Newbuild Smaller Gas Carriers (SGCs) to be delivered in balance 2022/23/24 represent a 1.3%/1.4%/1.5% increase in capacity.
- > Increasing focus on dual fuel - 3/16 newbuild SGCs will be LPG/LNG dual fuel, respectively.
- > Scrapping pool of 26 x SGCs aged 30 years and over, with average 2% annualised scrapping rate
- > Forecast 2022 SGC fleet growth before further scrapping +2.8%

# Global supply & demand fundamentals are supportive

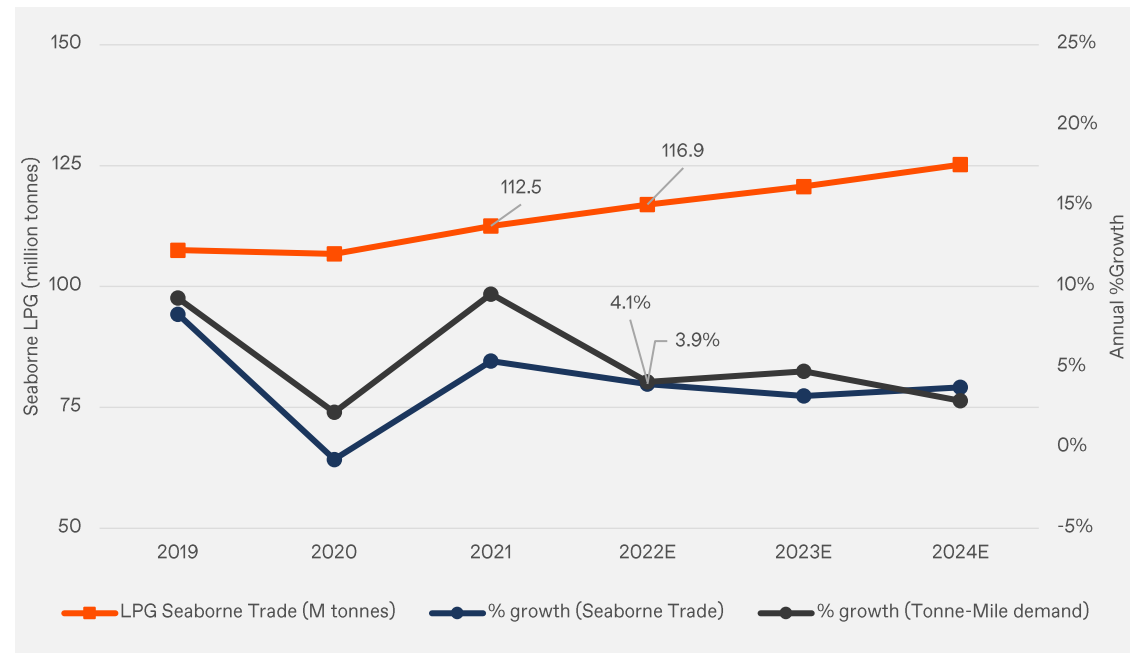


Overall demand growth expected to exceed modest fleet growth

## Global LPG seaborne trade 2022

est. 116.9m tonnes (+3.9% yoy) / tonne-miles (+4.1% yoy)

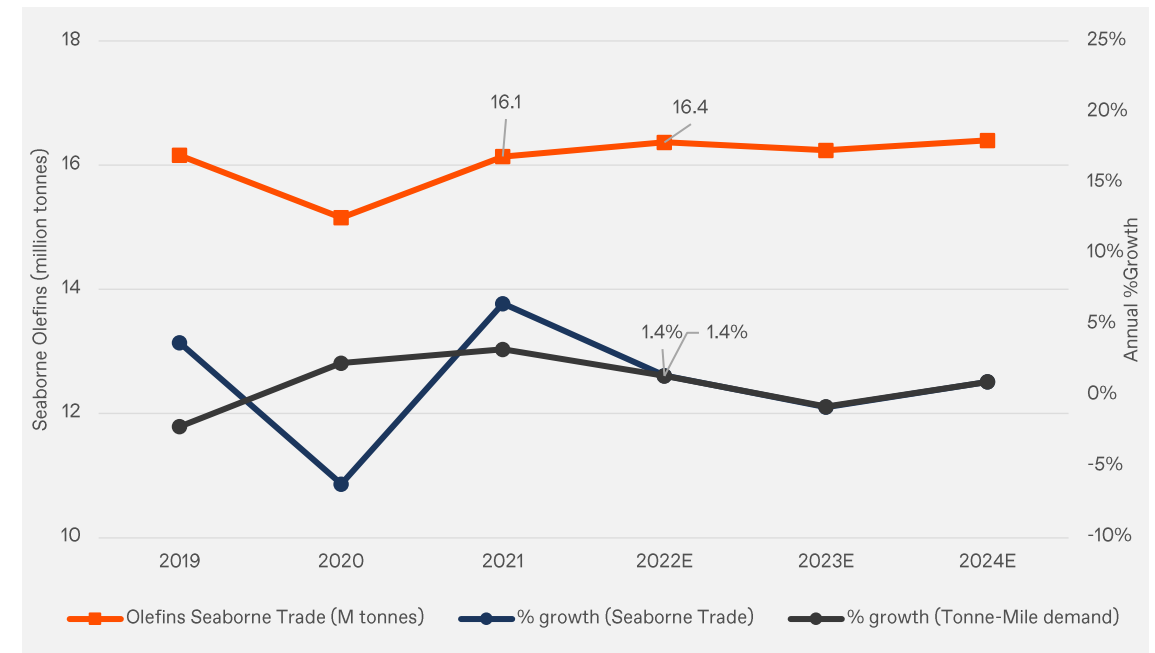
(Source: Drewry May 2022)



## Global olefins (ethylene, propylene, butadiene, VCM) seaborne trade 2022

est. 16.4m tonnes (+1.4% yoy) / tonne-miles (+1.4% yoy)

(Source: Drewry May 2022)





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



| Sector (grey background = our core)      | Q2 2022 Market | Trend | 10-year historical market average |
|--|----------------|-------|-----------------------------------|
| Sr 20,500 cbm<br>(Clarksons)             | \$23,351       | ↑     | \$23,362                          |
| Eth 8,250 cbm<br>(Clarksons)             | \$15,835       | ↑     | \$16,133                          |
| Pr 11,000 cbm*<br>(Grieg, BWEK, Braemar) | \$13,991       | ↑     | \$14,181                          |
| Pr 7,500 cbm<br>(Grieg, Gibson, BRS)     | \$11,890       | ↑     | \$11,112                          |
| Pr 5,000 cbm<br>(Steem 1960)             | \$9,699        | ↑     | \$8,820                           |
| Pr 3,500 cbm<br>(Steem 1960)             | \$7,890        | ↑     | \$7,267                           |

- > All sectors are improving from longer-term market lows. The Eth 8,250 cbm and Pr 11,000 cbm remain below long-term average. Supply/demand fundamentals support further improvement.
- > Average BWEK Q2 2022 TCE of \$11,227 per calendar day (7%) below long-term market average of over \$12,048 per day.
- > To follow our market 'live' every month see our [website](#).

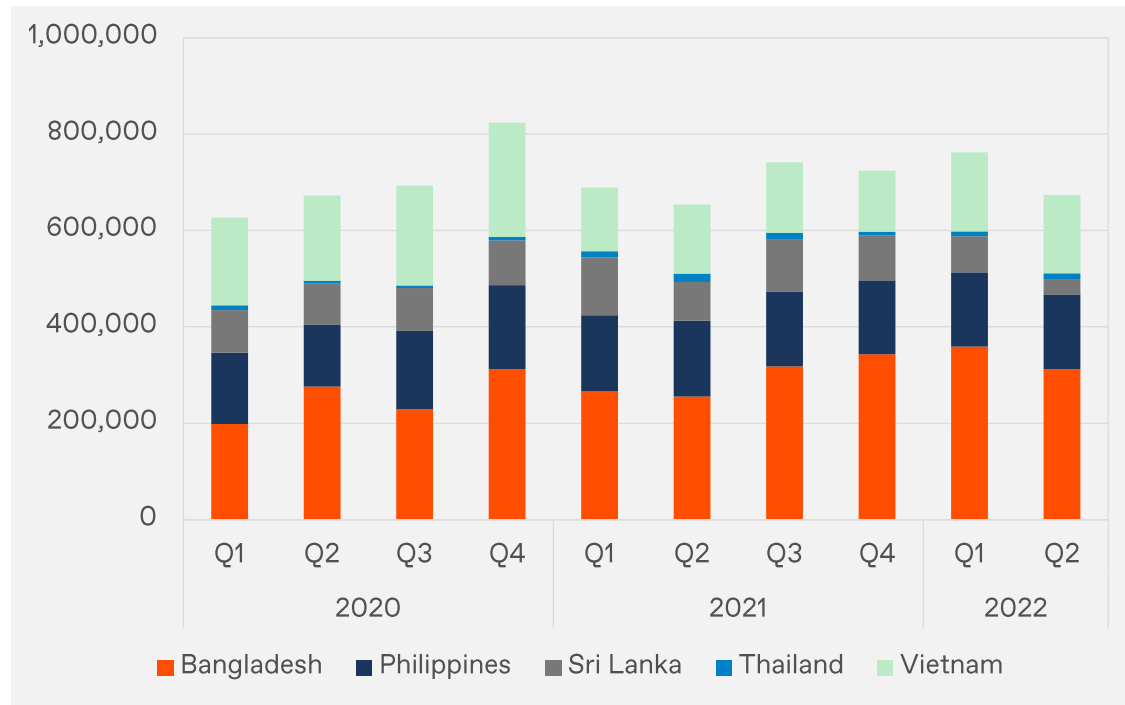
\*10 Year Average is partially derived from the differential to 7,500cbm due to lack of data for 11,000cbm pre-Nov 2014

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

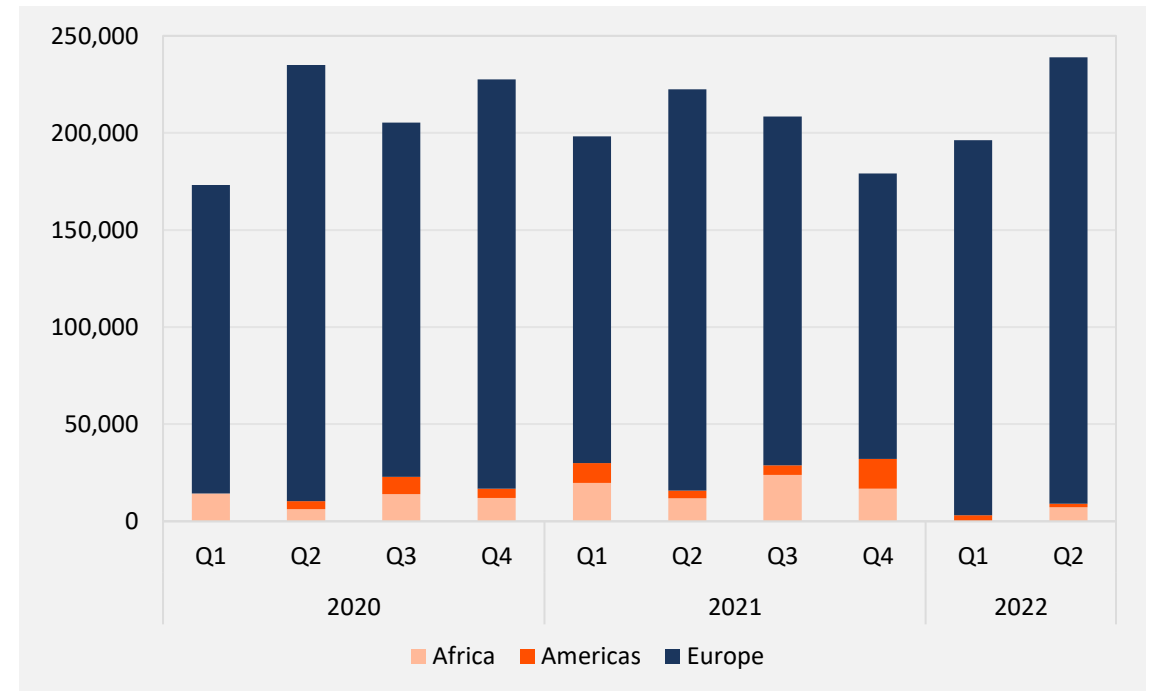
# Small gas carriers selected LPG & petrochemical trade



## Asia (selected countries) LPG imports (Source: Kpler)



## Morocco LPG imports (Source: Kpler)



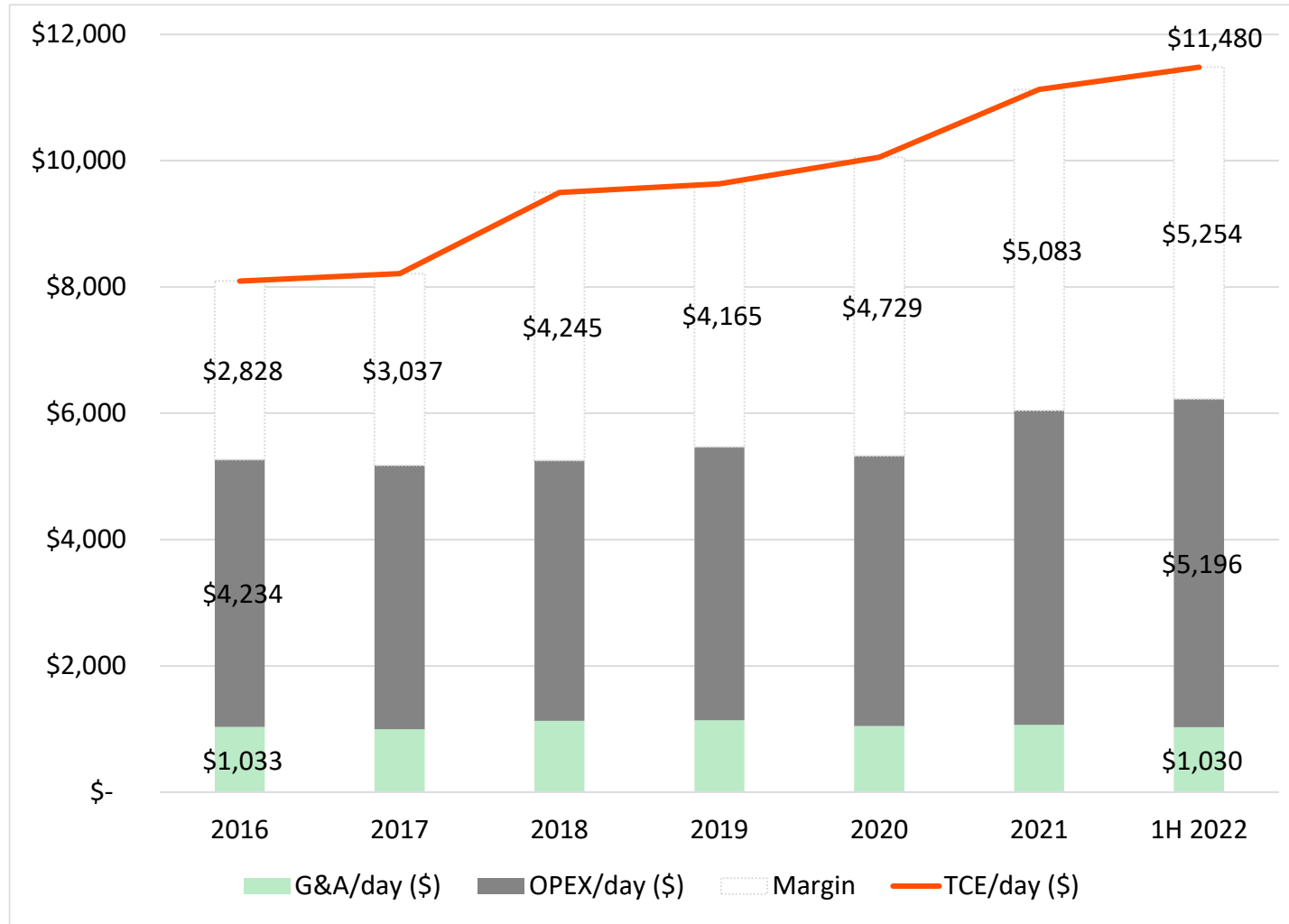
## China olefins imports (Source: China Customs Data)

| (Tonnes)  | 2021    |         |         |         | 2022    |         |         |         |
|-----------|---------|---------|---------|---------|---------|---------|---------|---------|
|           | Q1      | Q2      | Q3      | Q4      | Q1      | Q2      | Q2 %qoq | Q2 %yoy |
| Propylene | 630,103 | 615,047 | 587,897 | 661,317 | 583,757 | 417,279 | -29%    | -32%    |
| Ethylene  | 552,250 | 491,828 | 469,674 | 553,995 | 489,681 | 436,493 | -11%    | -11%    |
| VCM       | 269,272 | 248,222 | 253,925 | 196,882 | 268,029 | 173,918 | -35%    | -30%    |
| Butadiene | 97,522  | 48,494  | 35,781  | 66,224  | 36,309  | 30,844  | -15%    | -36%    |

## USA Ethylene exports to regions (Source: Kpler)

| (Tonnes) | 2021  |        |        |        | 2022   |        |         |         |
|----------|-------|--------|--------|--------|--------|--------|---------|---------|
|          | Q1    | Q2     | Q3     | Q4     | Q1     | Q2     | Q2 %qoq | Q2 %yoy |
| Americas | 4,978 | 2,469  | 2,165  | 2,469  | 4,948  | 2,469  | -50%    | 0%      |
| Asia     |       |        |        | 10,969 |        | 6,560  |         |         |
| Europe   | 6,560 | 34,202 | 21,700 | 73,939 | 89,413 | 59,738 | -33%    | 75%     |

# Financial trends – accessing better margin

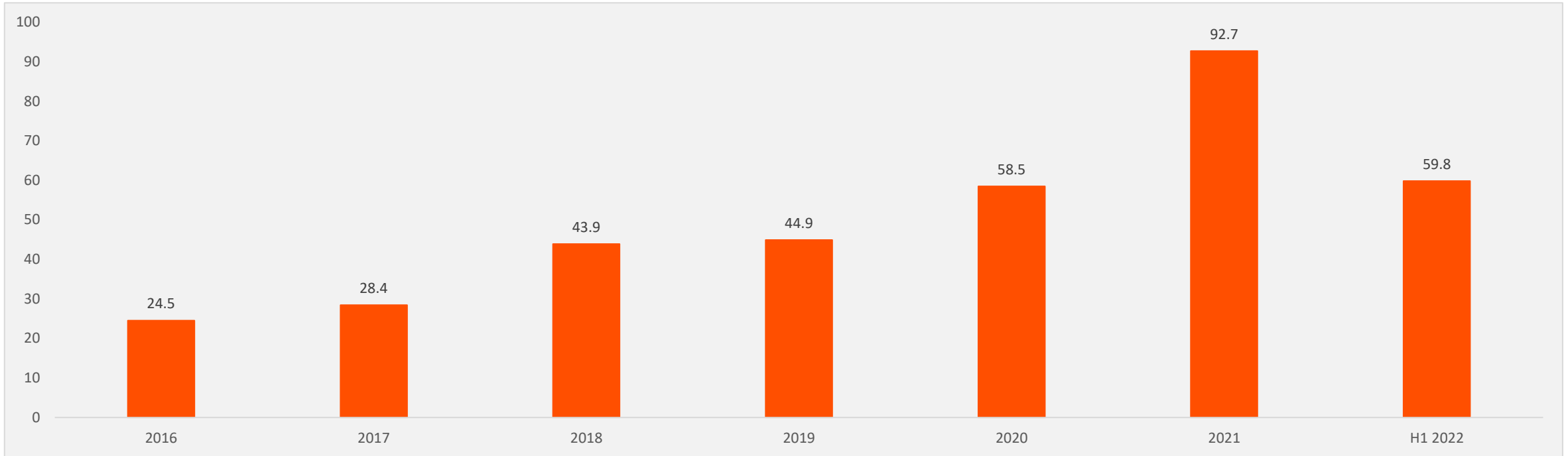


- Larger vessels – revenue increases are more than OPEX.
- Larger fleet (scale).
- Vessel type – semi-ref and ethylene capable are more expensive to operate than pressure, and lead to the increase in OPEX/day following our 2021 business combination, but revenue increases more.
- Concentration within identified core sectors delivers efficiency.
- Inflationary pressure on OPEX, but pandemic costs are winding down and synergies expected following full integration.
- Competitive cost (G&A) structure.

# Scale and efficiency delivers increasing EBITDA



## EBITDA

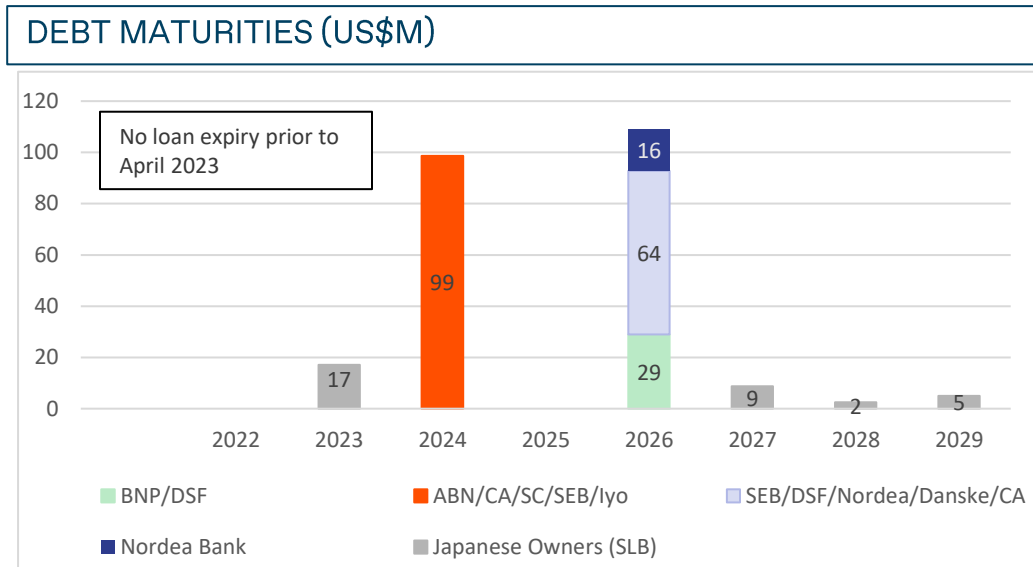


- > Market fundamentals also offer opportunity.
- > Average TCE Q2 2022 of \$11,227 per calendar day, 7% below long-term market average of \$12,448 per day.
- > Significant embedded operating leverage, with every \$500 increase in TCE rates per day translating into \$12 million in incremental EBITDA.

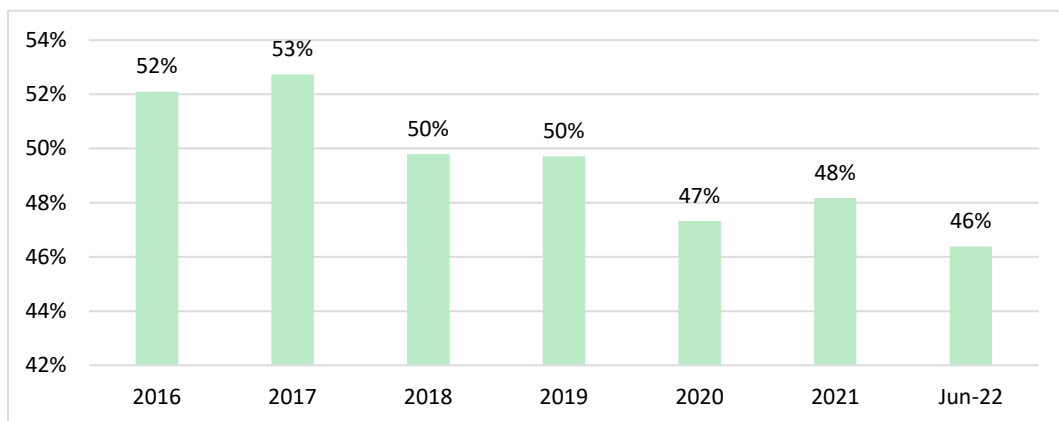
# Summary loan facilities and leases



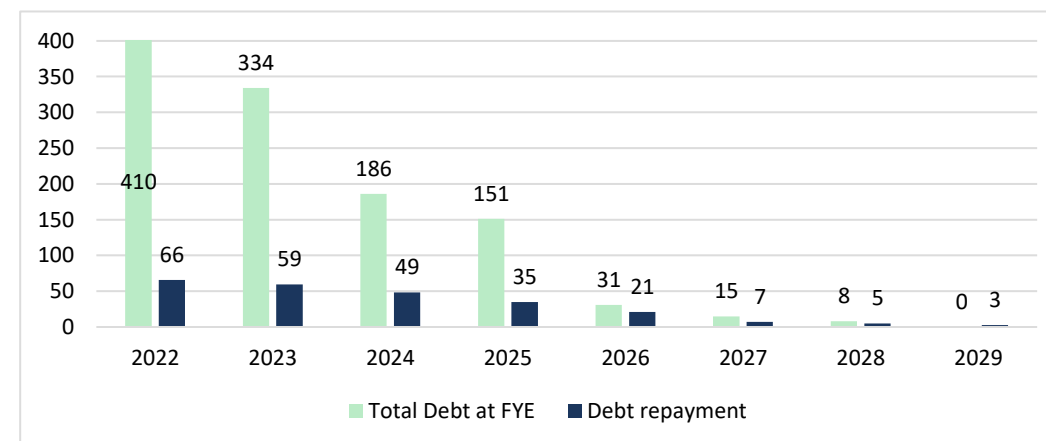
- > Healthy cash position - US\$49.3 million.
- > Reducing Leverage – net 46% as of Jun-22.
- > Bank debt and finance leases: US\$438m – reduction of US\$34m YTD 2022.
- > Capped interest rate exposure US\$265m (75% of bank debt) hedged via interest rate swaps at a weighted average rate of 1.149%.
- > No major loan expiry until 2024.



### DE-RISKING - REDUCING NET LEVERAGE %



### DEBT REPAYMENT PROFILE – TOTAL DEBT AND ANNUAL REPAYMENT (U\$M)





# The BWEK investor proposition



1. Growth Company with access to a dynamic, sustainable energy market driven by commodity supply growth

2. Leading competitive positioning with high barriers to entry

3. Strong revenue momentum with a positive outlook

4. Robust Financial Profile

5. Supportive Ownership

# Thank you

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