

# Pareto Conference

BW Epic Kosan

15-16th September 2021



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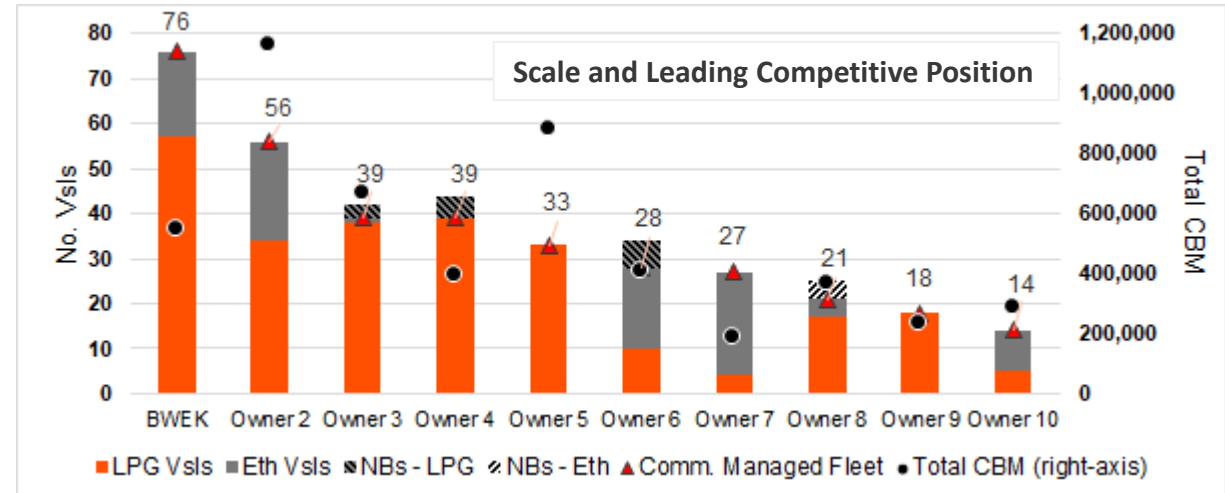
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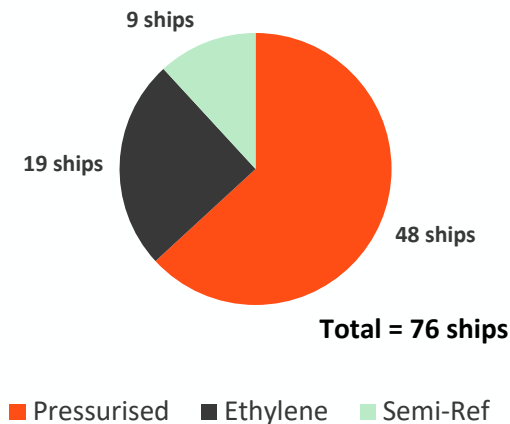


# Introducing BW Epic Kosan – Ticker **BWEK**

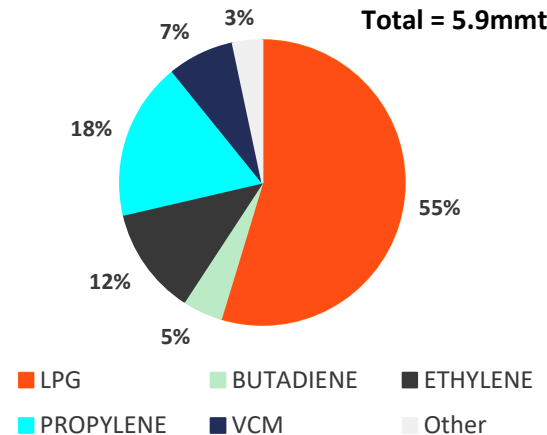
- **Unequaled Scale** - a fleet of 76 vessels, whereof 52 are owned – 22,000 days.
- **Commercial & Technical ‘in house expertise’** in pressurised, semi-refrigerated, refrigerated gas and petrochemical transportation.
- **Commodity Focus** - transportation of **LPG for cleaner energy in developing economies**, and other Speciality Gases, including **Ammonia and CO2** as we plan for carbon neutral.



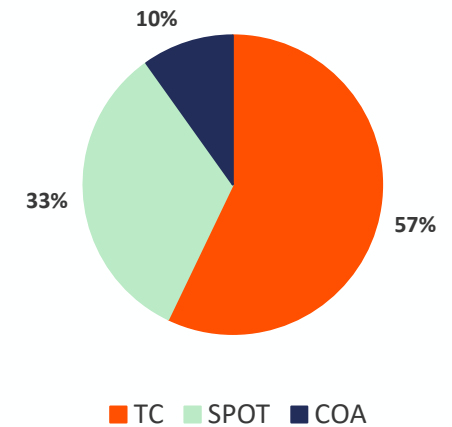
Scale - Our fleet



Products we move [2020]

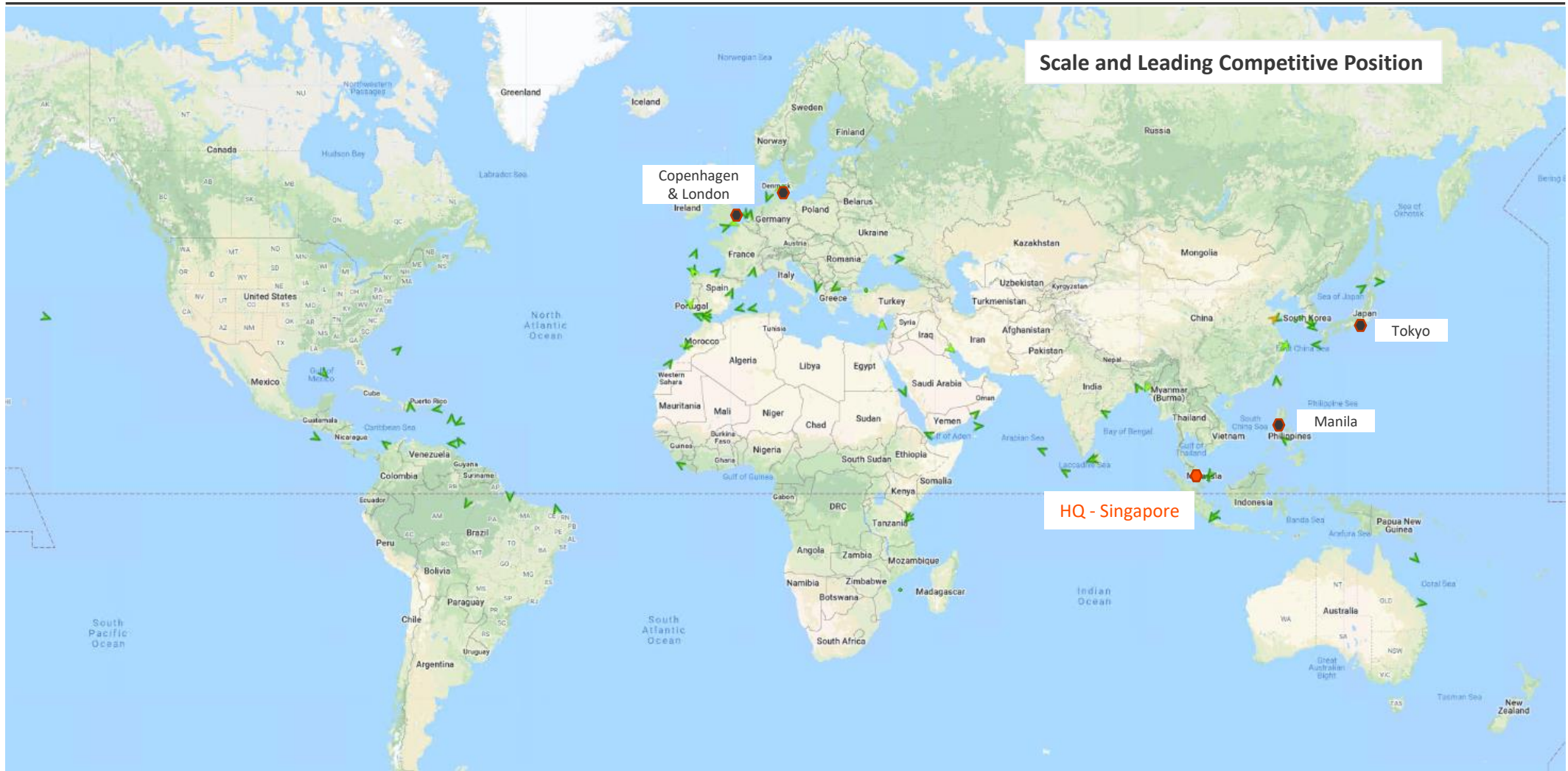


Contract Type [2020]





# Introducing BW Epic Kosan – Ticker 'BWEK'







## Our Strategy

### TO ACHIEVE A HEALTHY RETURN ON SHAREHOLDER EQUITY THROUGH THE CYCLE

- We have Scale – continue to fine tune
  - Pressurised, Semi-refrigerated, refrigerated, ethylene capable
  - Expansion in our existing and adjacent sectors, e.g. Ammonia, CO2 to deliver a long-term sustainable business.
- Maintain and improve low cost of funding, dividend.
- Reduce environmental impact of our 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





# A Recovering Market, with 'Sustainable' Growth



1. Supply – Fleet Growth sub 1.4% in 2021.

2. Demand - LPG > 5%, Olefins stable, Ammonia potential

3. Market is below average today, and recovering

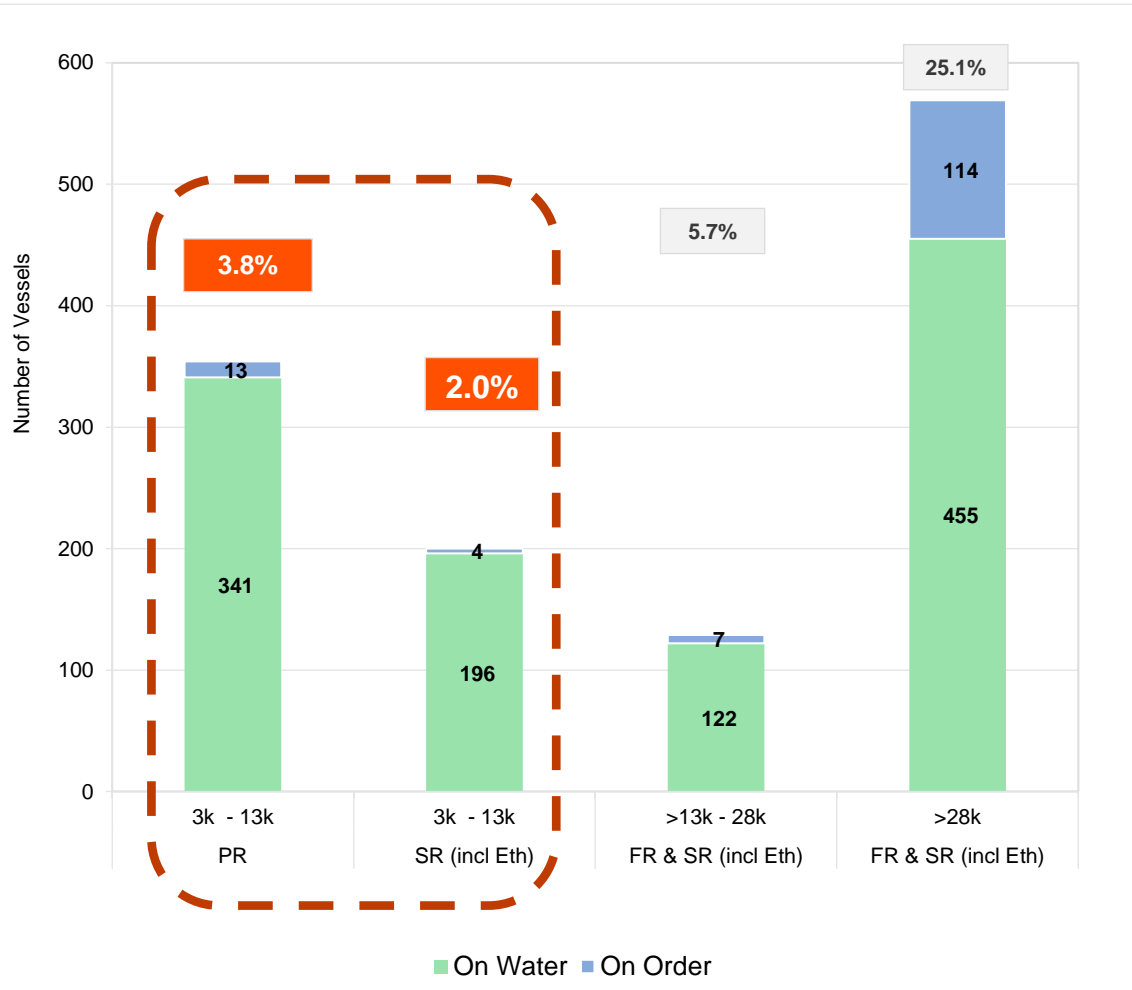
4. Commodity outsize growth in Ammonia & CO2



# Low Newbuild Vessel Supply

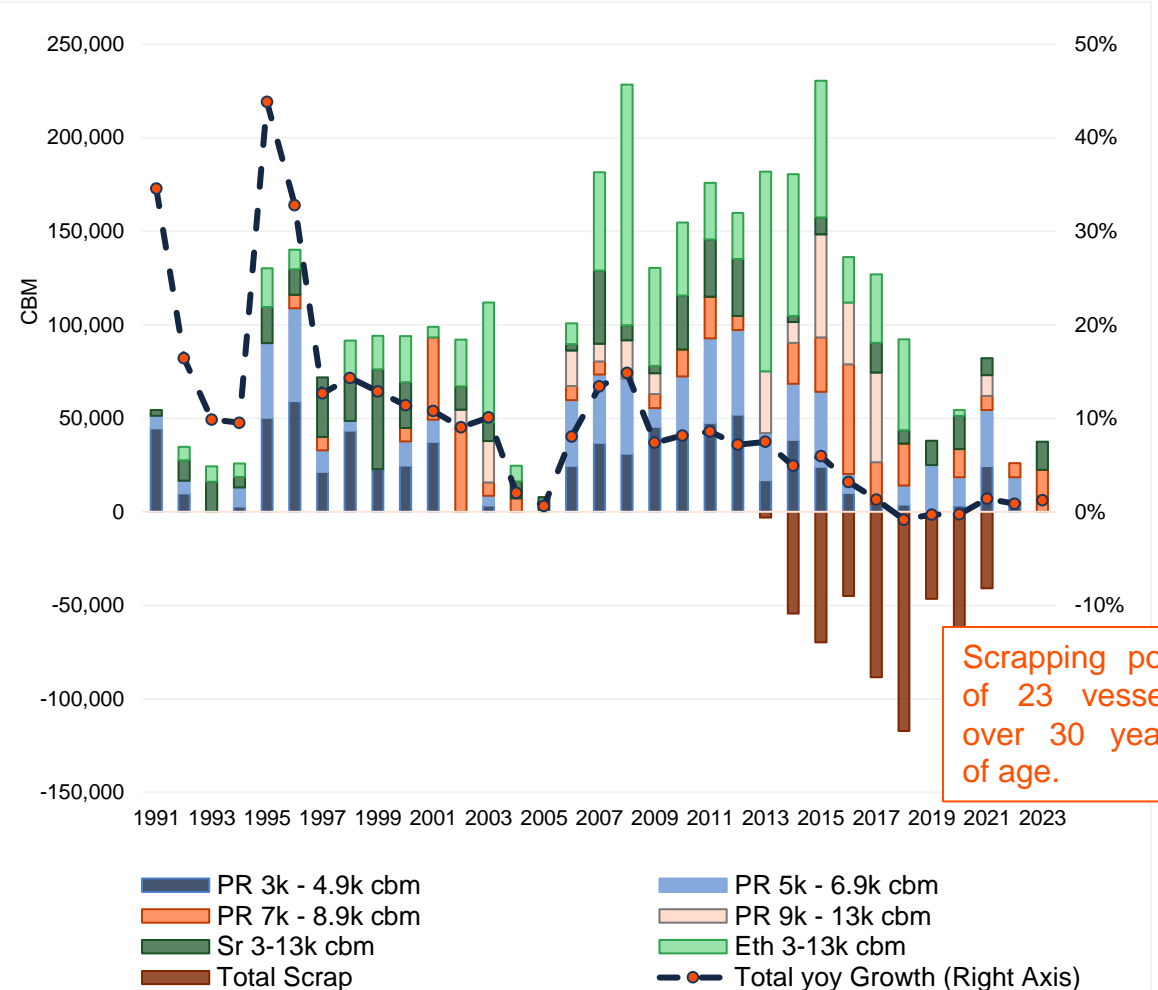
## Smaller LPG Vessels Order Book Remains Low

Source: Clarksons Register, Company Data



## Small Gas Carrier - Global Fleet Development

Source: Clarksons Register, Company Data

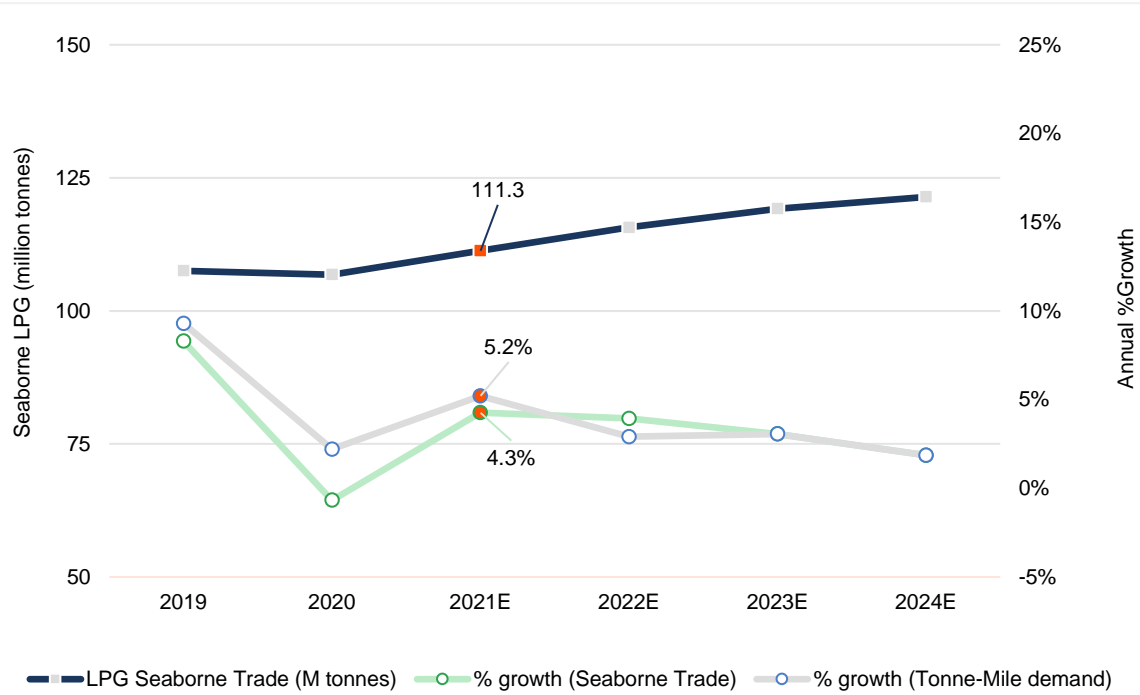


Forecast 2021 smaller gas carrier fleet growth before scrapping +1.4%

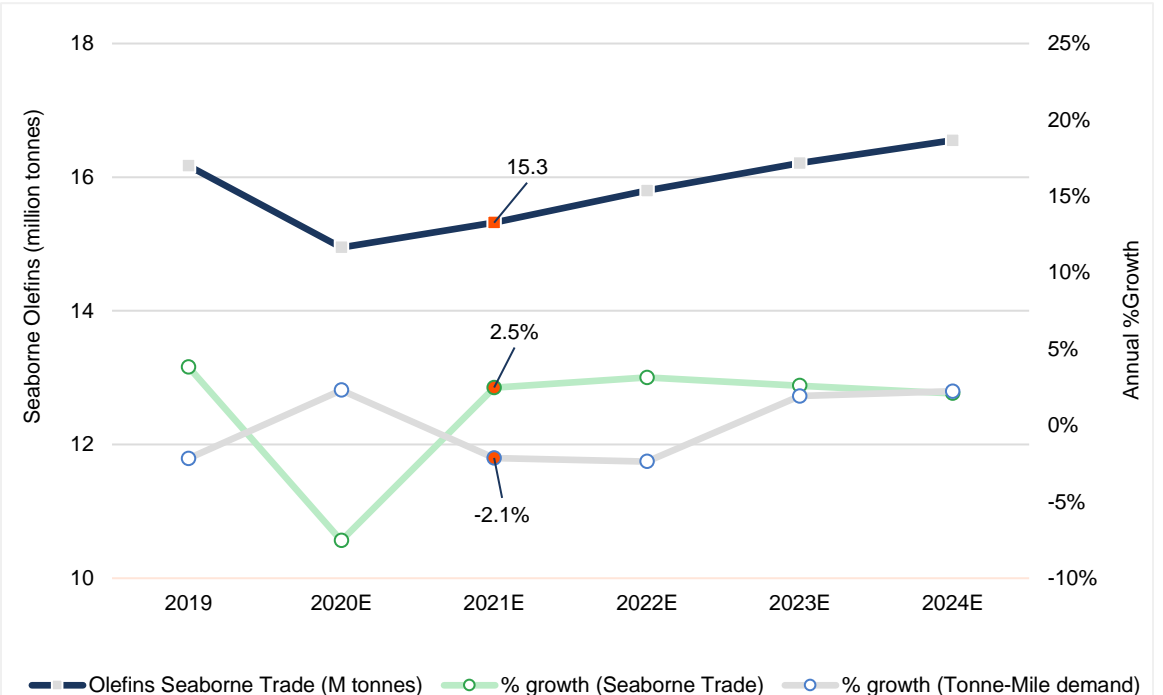


# Global Demand

Global **LPG** Seaborne Trade 2021  
 est. 111.3m Tonnes (+4.3% yoy) / Tonne-Miles (+5.2% yoy)  
 (Source: Drewry)



Global **Olefins (Ethylene, Propylene, Butadiene, VCM)** Seaborne Trade 2021  
 est. 15.3m Tonnes (+2.5% yoy) / Tonne-Miles (-2.1% yoy)  
 (Source: Drewry)



## Summary:

- Global LPG demand for 2021 expected to increase by 5.2% driven by ongoing increasing supply of LPG, and increasing core demand for a cleaner energy for cooking and heating from developing economies.
- Asia's lead importers of LPG demand driven by Chinese Petchem and Indian ResCom demand.
- Refineries around Europe are restarting as the spring maintenance season / Covid eases and economics steadily improve.
- Still some intra-regional Covid-19 impact on olefin supply/demand, but volume recovery of 2.5% forecast within 2021.

✓ Over-all 2021 demand growth expected to exceed modest fleet growth

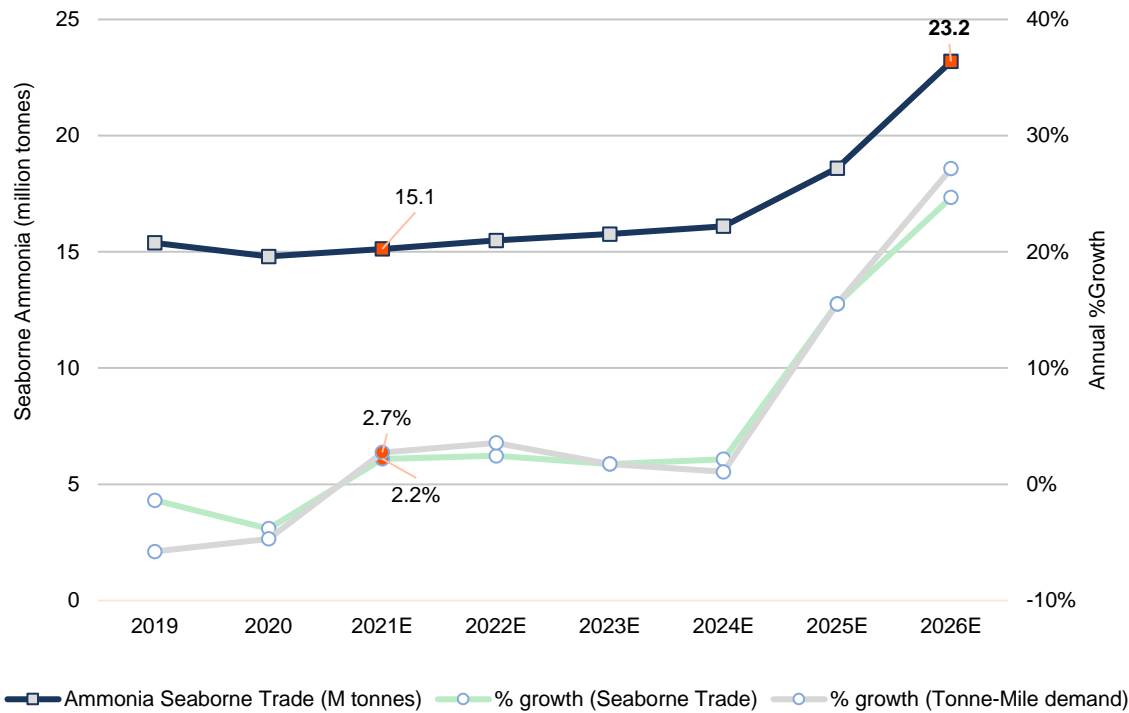




# Positioned for Adjacent Sector ‘Sustainable’ Growth

## Global Ammonia Seaborne Trade 2021 est. Increase by over 50% by 2026

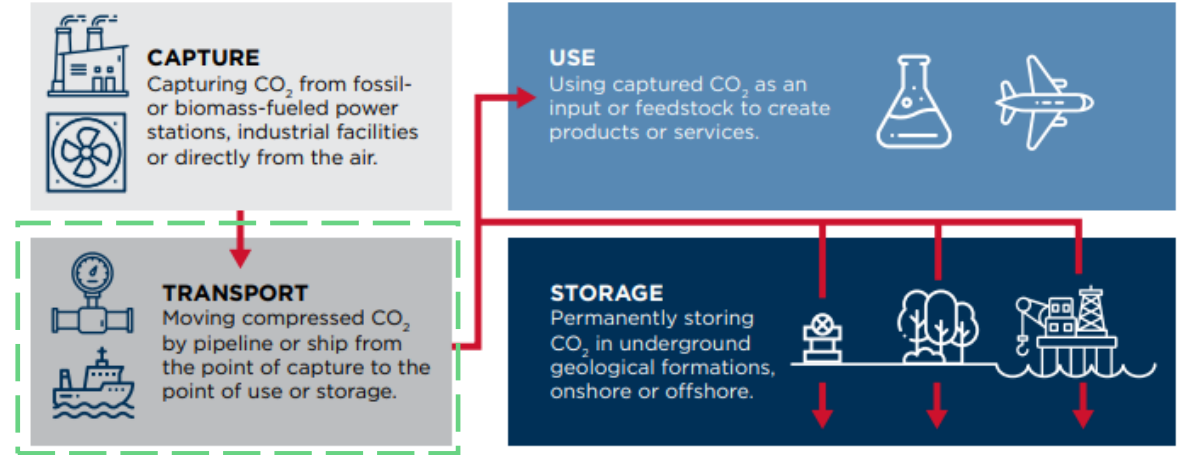
(Source: Drewry)



- Global seaborne **Ammonia** trade projected to **increase by over 50%** from 15.1m tonnes in 2021 to 23.2m tonnes in 2026, due to growth as a **clean energy source**.
- As marine fuels hydrogen and ammonia have **zero-carbon content**.
- Projects in development for ammonia-fueled marine engine propulsion.
- 30 of our vessels can carry Ammonia** – but do not today!

## Carbon – CO<sub>2</sub> - Capture, Utilisation and Storage (CCS) est. Increase by over 40M tonnes per year by 2040

(Source: ABS / Global CCS Institute / BloombergNEF)



- CCS to play an **integral role in achieving GHG reduction targets**.
- Pipeline of **projects exceeds 130M tonnes** per year by 2030, with capacity by 2030 of 194Mtpa.
- Further **significant growth anticipated**, with intra-regional ‘**BWEK**’ type speciality gas vessels of 7-20,000cbm the **most likely carriers**. Some current **BWEK** vessels can be converted, or new build.
- BWEK** will **benefit** due to existing **commercial and technical expertise with customer contact, specialist gas seaborne transportation, access to shipyards, and current ownership of similar vessels**.
- BWEK** working with leading partners on global projects.



## Longer Term Market History - 12 Month Time Charter Market (USD/day)

Sector (Grey Background = our Core)	Q2 2021 Market	Trend	10 Year Historical Market Average
<b>Eth 8,250cbm</b> (Clarksons)	\$14,959		\$16,421
<b>Pr 11,000cbm*</b> (Grieg, BWEK, Braemar)	\$13,121		\$14,246
<b>Pr 7,500cbm</b> (Grieg, Gibson, BRS)	\$10,849		\$11,196
<b>Pr 5,000cbm</b> (Steem 1960)	\$8,515		\$8,846
<b>Pr 3,500cbm</b> (Steem 1960)	\$7,148		\$7,320

\*10 Year Average is derived with 7500cbm differential due to lack of data for 11,000cbm pre-Nov 2014

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

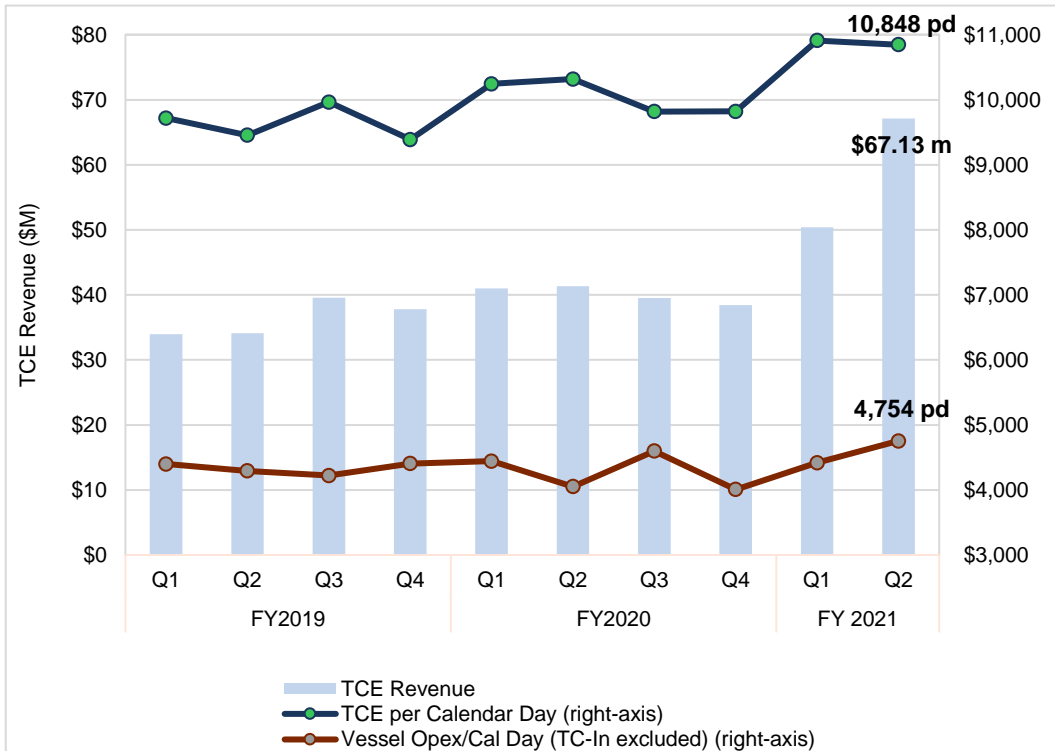
- All sectors are recovering from longer term market lows, and remain below long term average. **Supply/demand fundamentals support further recovery.**
- Average BWEK Q2 2021 TCE of \$10,848 per day below long term market average of over \$12,000 per day. **Further upside ahead.**
- Due to our scale (over 22,000 days!) \$500 per day increase across our full fleet is equivalent to \$11m increased revenue/ebitda/P&L per annum.
- To follow our market 'live' every month see our [website](#)

✓ Profitable Growth in a recovering market



# Key Financials

Time Charter Equivalent (“TCE”) Revenue and Opex



Balance Sheet

All amounts in \$ millions	30-Jun-21	31-Dec-20
Cash	56.2	55.5
Other current Assets	31.6	28.5
Vessels	858.1	566.2
Right-of-use Assets	24.3	25.8
Other non-current Assets	1.0	1.4
<b>Total Assets</b>	<b>971.3</b>	<b>677.5</b>
Current Liabilities	108.3	74.6
Non-current Liabilities	421.5	307.3
Total Shareholders' Equity	441.4	295.5
<b>Total Liabilities and Equity</b>	<b>971.3</b>	<b>677.5</b>

- Increased fleet capacity combined with effective cost management led to increased EBITDA by 39% Year on Year.
- Net Profit of \$3.3 million (YTD \$10.3 million).
- Annualised YTD ROE 5.6%

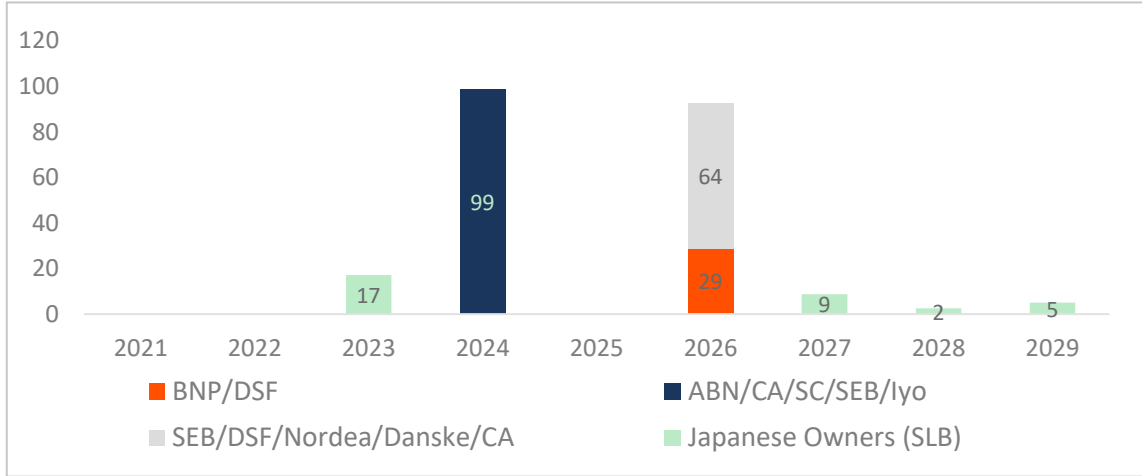
- Book value of vessels of \$858 million, in line with latest broker FMV estimates
- Healthy Cash position \$56.2 million
- Annual Dividend Policy instigated May-2021 (subject to annual Board Review)



# Key Financials

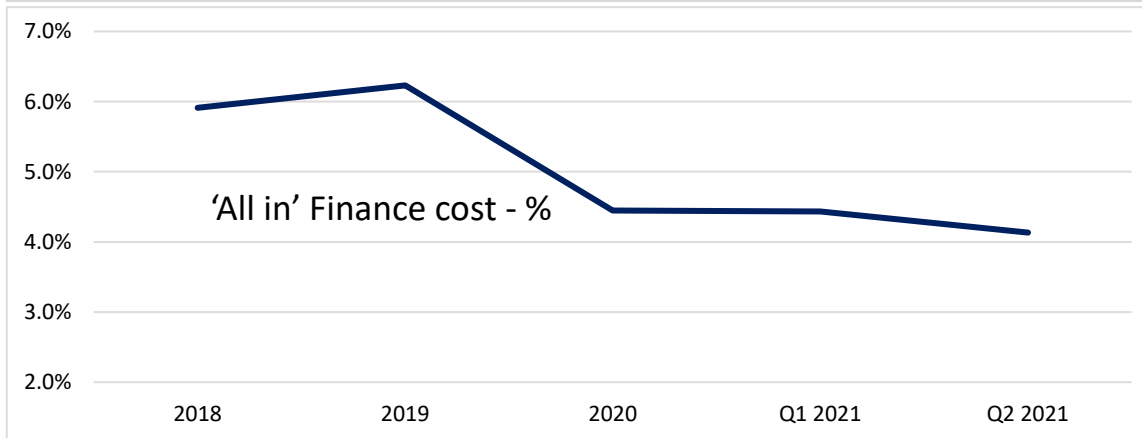
## Low Cost of Funding

### Debt Maturities (in US\$m) – No Major loan expiry until 2024



- **No major loan expiry until 2024**
- **Strong relationships with diversified key ship finance banks provides good access to low cost of funding**  
Bank debt and Finance leases: \$467 million  
Net leverage of 48%
- **Capped Interest rate exposure**  
\$276m (=76% of bank debt) hedged via interest rate swaps at a weighted average rate of 1.135%.

### Finance Cost in % - Reducing

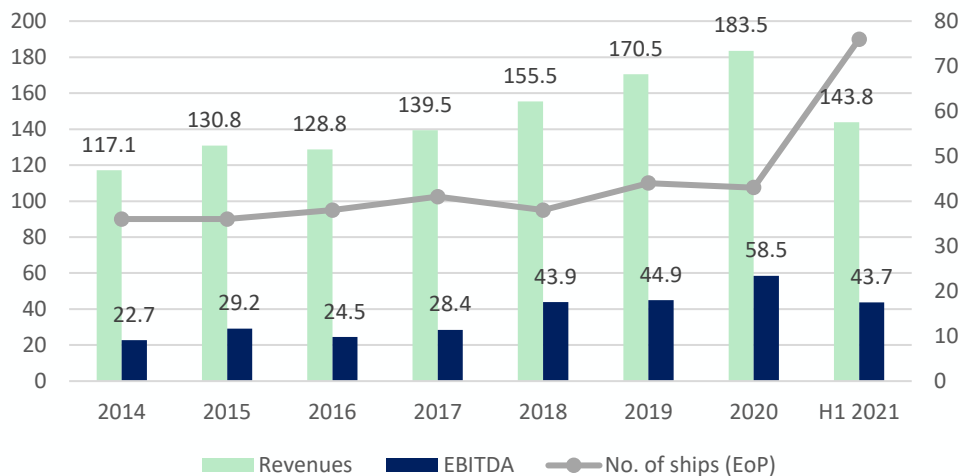


- **'All-in' Cost of debt reducing, 4.1% in Q2 2021**
- **Sector smart, complimentary and supportive core shareholders.**
- **Aligned with 'Poseidon Principals'.**



# Yield Potential and Increasing Market Cap

## Revenues and EBITDA



## Share Price



Source: Euroland

- YTD ROE of 5.6%, unlocking profitable growth
- Significant embedded operating leverage with every \$500 increase in TCE rates per day translating to \$10.3m in incremental EBITDA, +\$0.08 eps, +2.5% ROE on an annualised basis.

Sensitivity Analysis For each +/- \$500 per day	H1 2021 Actual	Annualised Delta
TCE/day	\$11,436	+\$500
TCE Revenues	\$117.5m	+\$10.3m
EBITDA	\$43.7m	+\$10.3m
Net Profit	\$10.3m	+\$10.3m
EpS	\$0.08	+\$0.08
ROE	5.6%	+2.5%

- Increasing Average Fleet Size is unlocking higher earnings per day, whilst scale is allowing tight management of OPEX and other associated costs.
- BWEK's low-cost operating structure offers an ideal platform to achieve economies of scale, supporting incremental growth across all gas shipping sectors.
- No S&P or transaction fees paid to affiliates
- Dividend of US\$0.14069 per share in February 2020 (US\$15 million). BWEK targets an annual dividend based on a pay-out ratio of 50% of annual net profits after tax, adjusted for extraordinary items. Annual review by Board of Directors.
- Shares Outstanding : 152,510,755 (159.4m after Odfjell)
- Market Cap : NOK 3.05bn / US\$350m, +25% YTD  
Jan 2021 – \$205m, Jan 2020 - \$117m.
- 52-week high/low : NOK 34.00 / NOK 12.50

✓ Focused on shareholder return through the cycle

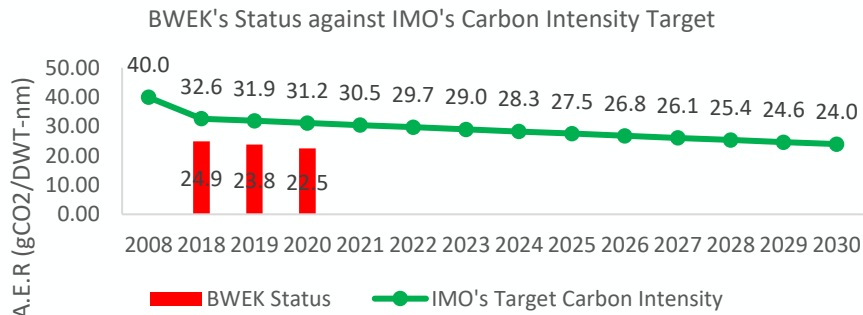


# Environment & Sustainability Commitments

## Planning for the future

### Environment

- LPG is clean, burns efficiently, is easy to use, reduces health risks and can significantly reduce emissions.
- The Company has embraced environmental protection in its strategic decisions. The [Company's Environmental Policy](#) and commitment to the [UN SDGs](#) are published on our website.
- We are ISO 14001 certified.
- Emission Targets.** We have decreased average emissions as measured in EEOI and Carbon Intensity compared to 2018. We are on track to meet the IMO's environmental goal of a 40% reduction in Carbon Intensity by 2030, compared to 2008 levels. Projects in dual fuel LPG and Ammonia propulsion.
- Recycling.** We operate one of the youngest fleets in the world whilst the average scrapping age in our sector is 30 years. We are committed to scrapping vessels according to the 2009 Hong Kong International Convention for the Safe & Environmentally Sound Recycling of Ships.



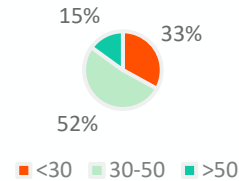
Reduction of CO<sub>2</sub>, No<sub>x</sub>, So<sub>x</sub> divided by cargo carried and laden distance travelled

	CO <sub>2</sub> /t-nm	No <sub>x</sub> /t-nm	SO <sub>x</sub> /t-nm
2020 vs. 2019	↓-17.0%	↓-17.2%	↓-81.3%

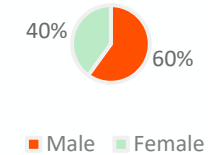
### Social

- In line with our [Company Values](#), we operate to the highest standards of health and safety at sea and onshore.
- We believe in diversity of thought, skills and competencies. Every one of our colleagues from 19 nationalities brings unique experience, knowledge and background to the table.
- We pay equal remuneration, including benefits, for work of equal value.
- We offer training for every employee and recruit 2-3 trainees every year across our offices in Singapore, Manila, Copenhagen and London.

Employees by Age



Onshore Gender Split



### Governance

- We comply with all applicable laws and seek to meet all applicable international standards and require all our business partners to do the same.
- Our anti-bribery policy guides our interactions with suppliers, customers, members of the industry and other stakeholders at all levels of the organisation. We are partnering with the [Maritime Anti-Corruption Network \(MACN\)](#).
- We are committed to maintaining sound internal controls, transparency and accountability to all stakeholders, and to achieving and maintaining the high standards of corporate governance consistent with the requirements of the Norwegian Code of Practice for Corporate Governance.





## The BWEK Investor Proposition

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

2. Scale and leading competitive positioning, barriers to entry

3. Strong revenue momentum with a positive market outlook

4. Robust Financial Profile, dividend policy in place.

5. Differentiating ESG Credentials

6. Sector Smart & Complimentary Core Ownership



# Investor Relations Contact & Follow-Up



## Investor Relations

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## Ticker

BWEK



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[www.instagram.com/bwepickosan/](http://www.instagram.com/bwepickosan/)



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