



BW LPG

Interim Financial Report

Q3 2022 (unaudited)



BW LPG Limited
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SELECTED KEY FINANCIAL INFORMATION

Income Statement	Q3 2022 US\$ million	Q3 2021 US\$ million	Increase/ (Decrease) %	YTD September 2022 US\$ million	YTD September 2021 US\$ million	Increase/ (Decrease) %
Net income from spot voyages	99.5	55.7	79	278.8	215.0	30
Net income from time charter voyages	30.5	49.1	(38)	104.2	133.9	(22)
TCE income	130.0	104.8	24	383.0	348.9	10
EBITDA	92.8	65.5	42	268.6	232.9	15
Profit after tax	46.4	29.3	58	143.5	123.5	16
(US\$ per share)						
Basic and diluted EPS ¹	0.32	0.20	65	1.00	0.88	14
Dividend per share	0.25	0.10	140	0.76	0.38	100
Balance Sheet				30 September 2022 US\$ million	31 December 2021 US\$ million	Increase/ (Decrease) %
Cash & cash equivalents				133.3	132.7	-
Total assets				2,155.3	2,364.3	(9)
Total liabilities				665.3	978.4	(32)
Total shareholders' equity				1,490.1	1,385.9	8
Cash flow	Q3 2022 US\$ million	Q3 2021 US\$ million	Increase/ (Decrease) %	YTD September 2022 US\$ million	YTD September 2021 US\$ million	Increase/ (Decrease) %
Operating cash flow	61.9	63.0	(2)	211.6	286.9	(26)
Capital expenditure	(4.1)	42.6	N.M	116.4	(4.1)	N.M
Free cash flow ²	57.8	105.6	(45)	328.0	282.8	16
Financial Ratios	Q3 2022 %	Q3 2021 %	Increase/ (Decrease) %	30 September 2022 %	30 September 2021 %	Increase/ (Decrease) %
ROE ³ (annualised)	12.5	8.8	42	13.3	12.7	5
ROCE ³ (annualised)	10.2	6.9	48	10.4	8.9	17
Gross leverage ratio ⁴	29.0	39.9	(27)	29.0	39.9	(27)
Net leverage ratio ⁵	24.6	36.3	(32)	24.6	36.3	(32)
Other Information				30 September 2022	31 December 2021	Increase/ (Decrease) %
Shares – end of period (shares)				141,938,998	141,938,998	-
Treasury shares – end of period (shares)				8,557,623	5,000,537	71
Share price (NOK)				79.6	50.1	59
Market cap (NOK million)				11,291.2	7,104.0	59
Market cap (USD million)				1,044.3	805.0	30

[1] Basic and diluted EPS (earnings per share) is computed based on Q3 2022: 135.7 million shares, the weighted average number of shares outstanding less treasury shares during the period/year.

[2] Free cash flow is computed based on Operating cash flow less of Capital expenditure which comprise additions to property, plant and equipment and proceeds from vessel sales.

[3] ROE (return on equity) and ROCE (return on capital employed) is computed based on the average equity and capital employed at the end and beginning of the period.

[4] Gross leverage ratio is computed as total debt over total debt plus equity.

[5] Net leverage ratio is computed as total debt less cash over total debt less cash plus equity.

HIGHLIGHTS AND SUBSEQUENT EVENTS – Q3 2022

- Achieved Q3 2022 VLGC freight rates of US\$37,200 per calendar day (YTD September 2022: US\$36,500 per calendar day).
- Generated Q3 2022 Net Profit after Tax of US\$46.4 million (YTD September 2022: US\$143.5 million) or an earnings per share of US\$0.32 (YTD September 2022: US\$1.00) or NOK3.19 (YTD September 2022: NOK 9.41).
- Declared a Q3 2022 cash dividend of US\$0.25 per share amounting to US\$33.3 million. This translates to a payout ratio as a percentage of NPAT of 77% for the quarter.
- Concluded the sale and delivery of one vessel in October 2022, generating approximately US\$44.2 million in liquidity and a net book gain of US\$2.3 million.
- Received approval from the Spanish regulatory authority for the acquisition of Vilma Oil's LPG trading operations with the transaction expected to complete by the end of the year.

PERFORMANCE REVIEW – Q3 2022 and YTD September 2022

Time Charter Equivalent (“TCE”) income increased to US\$130.0 million for Q3 2022 (YTD September 2022: US\$383.0 million), mainly due to higher LPG spot rates and higher fleet utilisation with the completion of the dual fuel propulsion engine retrofitting program in the previous quarter. This also includes a net positive impact of US\$3.0 million related to the effects of IFRS 15 where spot voyages that straddle the quarter-end are now accounted for on a load to discharge basis. In addition, our India subsidiary continues to contribute stable TCE income of US\$23.9 million for Q3 2022 (YTD September 2022: US\$64.2 million) mainly from fixed rate time charters.

EBITDA was US\$92.8 million for Q3 2022 (Q3 2021: US\$65.5 million) and US\$268.6 million for YTD September 2022 (YTD September 2021: US\$232.9 million), primarily due to higher TCE income.

Profit after tax was US\$46.4 million for Q3 2022 (Q3 2021: US\$29.3 million) and US\$143.5 million for YTD September 2022 (YTD September 2021: profit after tax of US\$123.5 million).

Net leverage ratio decreased to 24.6% in Q3 2022 (Q3 2021: 36.3%). This is mainly due to solid cash flows from operations and investing activities, net of US\$106.4 million in total dividends paid in the period from Q4 2021 to Q3 2022.

BALANCE SHEET

As at 30 September 2022, BW LPG has a fleet of 39 VLGCs, including eight which are owned and operated by our subsidiary operating in India. Total assets amounted to US\$2,155.3 million (31 December 2021: US\$2,364.3 million), of which US\$1,591.5 million (31 December 2021: US\$1,791.7 million) represented the carrying value of the vessels (including dry docking) and US\$87.5 million (31 December 2021: US\$107.7 million) represented the carrying value of the right-of-use assets (vessels).

Cash and cash equivalents amounted to US\$133.3 million as at 30 September 2022 (31 December 2021: US\$132.7 million). Cash flows from operating activities generated a net cash surplus of US\$211.6m million in YTD September 2022 (YTD September 2021: US\$286.9 million). The cash flows from operating activities were used for capital expenditure, to repay bank borrowings, and for interest and dividend payments. Investing activities generated positive cash flows of US\$122.5 million in YTD September 2022 (YTD September 2021: US\$46.9 million) mainly due to proceeds from sale of three vessels during the period. BW LPG also received additional US\$80.0 million of capital investment into BW LPG India in Q1 and Q2 2022. The positive cash flows were used to repay bank borrowings, interests and dividend payments and to fund the share buy-back programme which commenced in December 2021. As at the end of 30 September 2022, BW LPG has bought back 5.9 million shares amounting to approximately US\$35.0 million.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q3 2022 US\$'000	Q3 2021 US\$'000	YTD September 2022 US\$'000	YTD September 2021 US\$'000
Revenue from spot voyages	195,306	107,236	527,082	370,611
Voyage expenses	(95,764)	(51,586)	(248,249)	(155,597)
Net income from spot voyages	99,542	55,650	278,833	215,014
Revenue from time charter voyages	30,463	49,130	104,201	133,854
TCE income[^]	130,005	104,780	383,034	348,868
Net loss from commodity contracts	(699)	(673)	(2,367)	(4,573)
Fair value gain from equity financial asset	-	634	-	1,995
Vessel operating expenses	(21,723)	(26,500)	(70,231)	(76,108)
Time charter contracts (non-lease components)	(4,721)	(3,825)	(14,200)	(9,706)
General and administrative expenses	(7,021)	(6,829)	(22,433)	(22,991)
Charter hire expenses	(3,645)	(1,651)	(5,138)	(8,439)
Finance lease income	137	221	467	832
Other operating income/(expenses) - net	500	(682)	(483)	3,001
Operating profit before depreciation, amortisation and impairment (EBITDA)	92,833	65,475	268,649	232,879
Depreciation charge	(38,501)	(37,337)	(116,872)	(112,441)
Amortisation of intangible assets	(156)	(141)	(453)	(399)
	54,176	27,997	151,324	120,039
Gain on disposal of vessels	-	-	6,895	1,638
Gain on derecognition of right-of-use assets (vessels)	-	2,536	-	2,536
Gain on disposal of assets held-for-sale	-	8,701	11,699	18,642
Remeasurement of equity interest in joint venture	-	-	-	9,835
Other expenses	-	-	-	(1,145)
Operating profit (EBIT)	54,176	39,234	169,918	151,545
Foreign currency exchange (loss)/gain - net	(387)	454	(1,696)	(1,062)
Interest income	236	161	1,046	3,390
Interest expense	(6,766)	(9,544)	(23,434)	(29,454)
Other finance expenses	(552)	(852)	(2,138)	(2,191)
Finance expenses – net	(7,469)	(9,781)	(26,222)	(29,317)
Share of profit of a joint venture	-	-	-	2,031
Profit before tax for the financial period	46,707	29,453	143,696	124,259
Income tax expense	(311)	(183)	(183)	(740)
Profit after tax for the financial period (NPAT)	46,396	29,270	143,513	123,519

[^] "TCE income" denotes "time charter equivalent income" which represents revenue from time charters and voyage charters less voyage expenses comprising primarily fuel oil, port charges and commission.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Q3 2022 US\$'000	Q3 2021 US\$'000	YTD September 2022 US\$'000	YTD September 2021 US\$'000
Other comprehensive (loss)/income:				
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges				
- fair value gain	11,907	9,753	32,786	32,572
- reclassification to profit or loss	(1,615)	2,087	(399)	7,892
Currency translation reserve	(12,034)	(476)	(33,615)	(2,623)
Other comprehensive (loss)/income, net of tax	(1,742)	11,364	(1,228)	37,841
Total comprehensive income for the financial period	44,654	40,634	142,285	161,360
Profit attributable to:				
Equity holders of the Company	43,370	28,497	135,525	122,384
Non-controlling interests	3,026	773	7,988	1,135
	46,396	29,270	143,513	123,519
Total comprehensive income attributable to:				
Equity holders of the Company	47,357	39,916	150,293	160,532
Non-controlling interests	(2,703)	718	(8,008)	828
	44,654	40,634	142,285	161,360
Earnings per share attributable to the equity holders of the Company: (expressed in US\$ per share)				
Basic/Diluted earnings per share	0.32	0.20	1.00	0.88

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CONDENSED CONSOLIDATED BALANCE SHEET

	30 September 2022 US\$'000	31 December 2021 US\$'000
Intangible assets	1,528	1,878
Derivative financial instruments	25,052	-
Finance lease receivables	4,674	10,526
Other receivables	16,519	-
Total other non-current assets	46,245	10,526
Vessels and dry docking	1,591,542	1,791,685
Right-of-use assets (vessels)	87,500	107,736
Other property, plant and equipment	59	77
Property, plant and equipment	1,679,101	1,899,498
Total non-current assets	1,726,874	1,911,902
Inventories	47,552	54,584
Trade and other receivables	190,091	191,630
Equity financial assets, at fair value	3,271	3,250
Derivative financial instruments	4,592	23,682
Finance lease receivables	7,764	7,535
Assets held-for-sale	41,920	39,027
Cash and cash equivalents	133,276	132,673
Total current assets	428,466	452,381
Total assets	2,155,340	2,364,283
Share capital	1,419	1,419
Share premium	289,812	289,812
Treasury shares	(47,660)	(23,294)
Contributed surplus	685,913	685,913
Other reserves	(28,623)	(42,436)
Retained earnings	499,048	460,648
	1,399,909	1,372,062
Non-controlling interests	90,172	13,837
Total shareholders' equity	1,490,081	1,385,899
Borrowings	376,847	659,781
Lease liabilities	61,558	86,140
Derivative financial instruments	314	12,962
Total non-current liabilities	438,719	758,883
Borrowings	125,323	82,508
Lease liabilities	44,693	46,400
Derivative financial instruments	4,825	11,983
Current income tax liabilities	1,039	1,231
Trade and other payables	50,660	77,379
Total current liabilities	226,540	219,501
Total liabilities	665,259	978,384
Total equity and liabilities	2,155,340	2,364,283

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company												Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Contributed surplus	Capital reserve	Hedging reserve	Share-based payment reserve	Currency translation reserve	Other reserves	Retained earnings	Total			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
Balance at 1 January 2022	1,419	289,812	(23,294)	685,913	(36,259)	(6,669)	922	(2,624)	2,194	460,648	1,372,062	13,837	1,385,899	
Profit for the financial period	-	-	-	-	-	-	-	-	-	135,525	135,525	7,988	143,513	
Other comprehensive income/(loss) for the financial period	-	-	-	-	-	32,387	-	(17,619)	-	-	14,768	(15,996)	(1,228)	
Total comprehensive income/(loss) for the financial period	-	-	-	-	-	32,387	-	(17,619)	-	135,525	150,293	(8,008)	142,285	
Share-based payment reserve - Value of employee services	-	-	-	-	-	-	1,031	-	-	-	1,031	-	1,031	
Purchases of treasury shares	-	-	(27,690)	-	-	-	-	-	-	-	(27,690)	-	(27,690)	
Share options exercised	-	-	3,324	-	-	-	(153)	-	(1,833)	-	1,338	-	1,338	
Dividend paid	-	-	-	-	-	-	-	-	-	(92,782)	(92,782)	-	(92,782)	
Changes in non-controlling interests arising from changes of interests in subsidiary	-	-	-	-	-	-	-	-	-	(4,343)	(4,343)	84,343	80,000	
Total transactions with owners, recognised directly in equity	-	-	(24,366)	-	-	-	878	-	(1,833)	(97,125)	(122,446)	84,343	(38,103)	
Balance at 30 September 2022	1,419	289,812	(47,660)	685,913	(36,259)	25,718	1,800	(20,243)	361	499,048	1,399,909	90,172	1,490,081	

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the Company												Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Contributed surplus	Capital reserve	Hedging reserve	Share-based payment reserve	Currency translation reserve	Other reserves	Retained earnings	Total			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
Balance at 1 January 2021	1,419	289,812	(16,895)	685,913	(36,259)	(50,314)	457	(91)	-	377,528	1,251,570	-	1,251,570	
Profit for the financial period	-	-	-	-	-	-	-	-	-	122,384	122,384	1,135	123,519	
Other comprehensive income/(loss) for the financial period	-	-	-	-	-	40,464	-	(2,316)	-	-	38,148	(307)	37,841	
Total comprehensive income/(loss) for the financial period	-	-	-	-	-	40,464	-	(2,316)	-	122,384	160,532	828	161,360	
Share-based payment reserve - Value of employee services	-	-	-	-	-	-	285	-	-	-	285	-	285	
Disposal of treasury shares	-	-	937	-	-	-	-	-	-	-	937	-	937	
Dividend paid	-	-	-	-	-	-	-	-	-	(85,902)	(85,902)	-	(85,902)	
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	12,575	12,575	
Others	-	-	-	-	-	-	-	-	2,194	(2,194)	-	-	-	
Total transactions with owners, recognised directly in equity	-	-	937	-	-	-	285	-	2,194	(88,096)	(84,680)	12,575	(72,105)	
Balance at 30 September 2021	1,419	289,812	(15,958)	685,913	(36,259)	(9,850)	742	(2,407)	2,194	411,816	1,327,422	13,403	1,340,825	

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Q3 2022 US\$'000	Q3 2021 US\$'000	YTD September 2022 US\$'000	YTD September 2021 US\$'000
Cash flows provided by operating activities				
Profit before tax for the financial period	46,707	29,453	143,696	124,259
Adjustments for:				
- amortisation of intangible assets	156	141	453	399
- depreciation charge	38,501	37,337	116,872	112,441
- gain on disposal of assets held-for-sale	-	(8,701)	(11,699)	(18,642)
- gain on disposal of vessels	-	-	(6,895)	(1,638)
- gain on disposal of right-of-use assets (vessels)	-	(2,536)	-	(2,536)
- remeasurement of equity interest in joint venture	-	-	-	(9,835)
- interest income	(236)	(161)	(1,046)	(3,390)
- interest expenses	6,766	9,544	23,434	29,454
- other finance expenses	425	689	1,602	1,626
- share-based payments	467	164	1,031	285
- share of profit of a joint venture	-	-	-	(2,031)
- finance lease income	(137)	(221)	(467)	(832)
- fair value gain from equity financial asset	-	(634)	-	(1,995)
	92,649	65,075	266,981	227,565
Changes in working capital:				
- inventories	1,662	(16,560)	7,032	(46,144)
- trade and other receivables	(18,733)	6,032	(33,241)	56,030
- trade and other payables	(9,491)	5,262	(27,469)	38,521
- derivative financial instruments	4,610	7,516	6,619	(10,019)
- margin account held with broker	(8,928)	(4,262)	(8,549)	21,522
Total changes in working capital:	(30,880)	(2,012)	(55,608)	59,910
Taxes refunded/(paid)	93	(64)	206	(548)
Net cash provided by operating activities	61,862	62,999	211,579	286,927
Cash flows (used in)/provided by investing activities				
Additions in property, plant and equipment	(1,312)	(71,604)	(36,814)	(148,103)
Progress payments for vessel upgrades and dry docks ¹	(2,742)	10,014	14,744	750
Additions in intangible assets	(59)	-	(103)	(374)
Net proceeds from sale of equity financial assets, at FVPL	(21)	2,728	(21)	27,004
Proceeds from sale of assets held-for-sale	-	104,163	50,726	143,604
Proceeds from sale of vessels	-	-	87,883	-
Repayment of loan receivables from a joint venture	-	-	-	1,900
Repayment of finance lease receivables	1,893	3,958	5,623	15,429
Interest received	137	221	467	2,081
Acquisition of subsidiary, net of cash acquired	-	-	-	4,633
Net cash (used in)/ provided by investing activities	(2,104)	49,480	122,505	46,924

¹ This will be reclassified from "prepayments" to "property, plant and equipment" upon completion.

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	Q3 2022 US\$'000	Q3 2021 US\$'000	YTD September 2022 US\$'000	YTD September 2021 US\$'000
Cash flows used in financing activities				
Proceeds from bank borrowings	17,243	-	67,243	134,990
Payment of financing fees	75	(173)	(109)	(887)
Repayments of bank borrowings	(64,422)	(84,675)	(374,103)	(213,406)
Payment of lease liabilities	(12,724)	(11,396)	(37,910)	(36,216)
Interest paid	(5,719)	(7,738)	(20,161)	(26,202)
Other finance expense paid	(406)	(732)	(1,586)	(1,653)
(Purchase)/Sale of treasury shares	(13,697)	-	(26,199)	937
Drawdown of trust receipts	122,230	-	215,563	23,994
Repayment of trust receipts	(119,969)	-	(151,986)	(58,452)
Dividend payment	(26,527)	(13,963)	(92,782)	(85,902)
Contributions from non-controlling interests	-	-	80,000	-
Net cash used in financing activities	(103,916)	(118,677)	(342,030)	(262,797)
Net (decrease)/increase in cash and cash equivalents	(44,158)	(6,198)	(7,946)	71,054
Cash and cash equivalents at beginning of the financial period	165,859	133,608	129,647	56,356
Cash and cash equivalents at end of the financial period	121,701	127,410	121,701	127,410

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	30 September 2022 US\$'000	30 September 2021 US\$'000
Cash and cash equivalents per consolidated balance sheet	133,276	139,788
Less: Margin account held with broker	(11,575)	(12,378)
Cash and cash equivalents per consolidated statement of cash flows	121,701	127,410

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Investment in subsidiary

In January 2022 and May 2022, an external investor subscribed for US\$50 million and US\$30 million of new shares in BW LPG India Pte. Ltd., a subsidiary of the Group, respectively. Following these transactions, the Group now owns approximately 52% in BW LPG India.

Set out below are the summarised financial information for BW LPG India Pte. Ltd. ("BW LPG India").

Summarised balance sheet:

	30 September 2022 US\$'000	31 December 2021 US\$'000
Assets		
Current assets	30,074	25,673
Includes		
Cash and cash equivalents	15,108	1,350
Non-current assets	336,285	323,173
Liabilities		
Current liabilities	31,386	81,275
Includes		
Borrowings	26,569	78,903
Non-current liabilities (Borrowings)	145,533	148,286
Net assets	189,440	119,285

Summarised statement of comprehensive income:

	Q3 2022 US\$'000	Q3 2021 US\$'000	YTD September 2022 US\$'000	YTD September 2021 US\$'000
Revenue	23,860	13,713	64,217	28,804
Gain on disposal of assets held-for-sale	-	2,637	-	2,637
Vessel operating expense	(5,413)	(3,601)	(14,657)	(7,790)
Depreciation and amortisation	(9,431)	(4,292)	(23,970)	(10,079)
Finance expense	(1,406)	(1,093)	(4,612)	(2,833)
Other expenses	(1,251)	(701)	(2,584)	(942)
Net profit after tax	6,359	6,663	18,394	9,797
Other comprehensive loss (currency translation effects)	(12,034)	(477)	(33,623)	(2,645)
Total comprehensive (loss)/income	(5,675)	6,186	(15,229)	7,152
Total comprehensive (loss)/income allocated to non-controlling interests	(2,703)	717	(8,008)	828