

# Q3 2022 Earnings Presentation

29th November 2022

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#HeroesAtSea  
#ThankyouourSeafarers

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# Q3 2022 highlights – improving revenues in a tighter market



## Financial highlights (US\$)

	Q3 2022	Q3 2021	Q3 22 vs Q3 21	9M 2022	9M 2021	9M 22 vs 9M 21
Revenue	\$94.9m	\$92.2m	+2.9%	\$272.3m	\$236.0m	+15.4%
EBITDA	\$31.7m	\$28.8m	+10.1%	\$91.5m	\$82.3m	+11.2%
Net profit	\$9.0m	\$4.4m	+104.5%	\$21.2m	\$15.6m	+35.9%
EPS	\$0.06	\$0.03	+84.2%	\$0.13	\$0.10	+31.8%

## Key indicators

	Q3 2022	Q3 2021	Q3 22 vs Q3 21	9M 2022	9M 2021	9M 22 vs 9M 21
TCE/calendar day	\$11,619	\$11,346	+2.4%	\$11,526	\$11,047	+4.3%
Total Opex/day	\$4,964	\$5,177	-4.1%	\$5,120	\$4,817	+6.3%
Total G&A/day	\$1,024	\$1,073	-4.6%	\$1,028	\$1,119	-8.1%
Calendar days (owned/chartered-in)	6,039	6,215	-2.8%	18,195	17,022	+6.9%
Fleet operational utilisation	92.3%	91.1%	+1.3%	92.2%	91.3%	+1.0%
LTIF (Lost Time Injury Frequency Rate)	0.74	0.88		0.46	0.96	
A.E.R. / Carbon Intensity	24.75	22.83	+8.4%	24.16	22.73	+6.3%

- > Q3 2022 Net profit of \$9.0 million (YTD \$21.2 million)
- > EBITDA of \$31.7 million (YTD 91.5 million)
- > ROE 7.5% (YTD 6.0%) / ROCE 6.2% (YTD 5.2%)
- > Cash of \$58.5 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. 70-strong fleet focused on smaller gas carrier sector. \*(eff. 15.11.22)
3. BW Epic Kosan 'BWEK' is listed on the Euronext Growth market, Oslo Børs.
4. Headquartered in Singapore with teams 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 wellbeing 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.

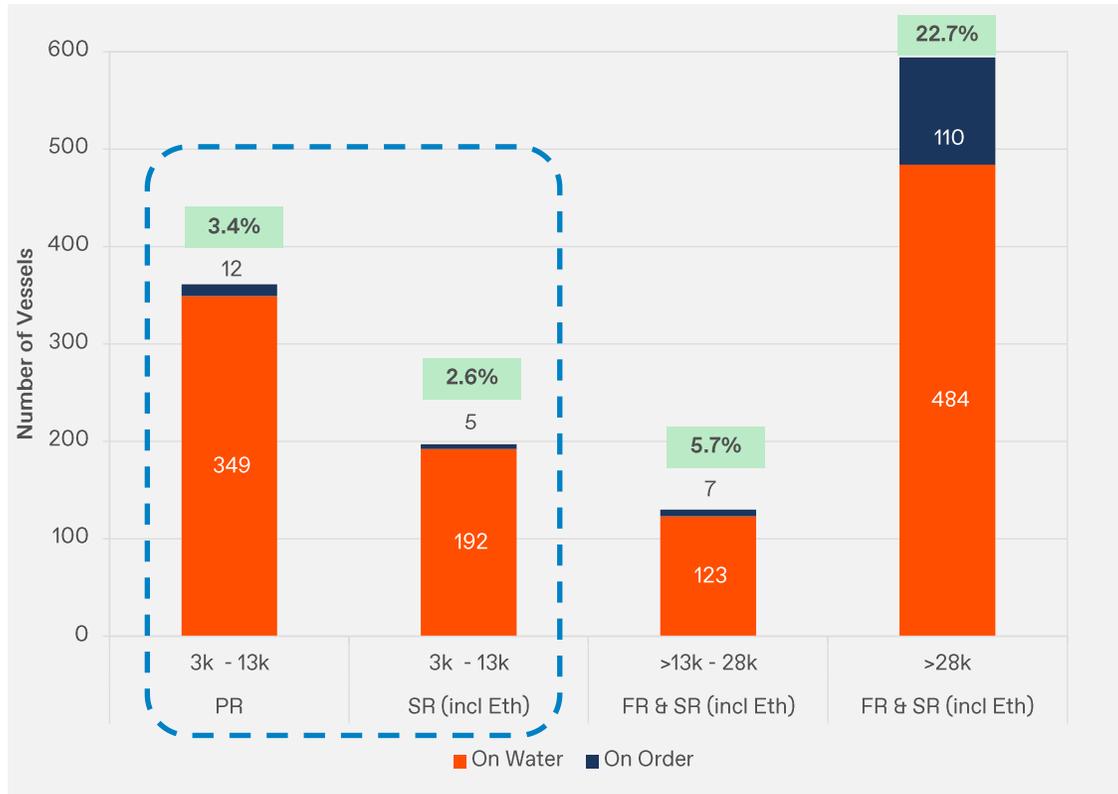
### Outputs

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 the UN SDGs.

# International fleet - low newbuild vessel supply with CAGR over three years of less than 2%

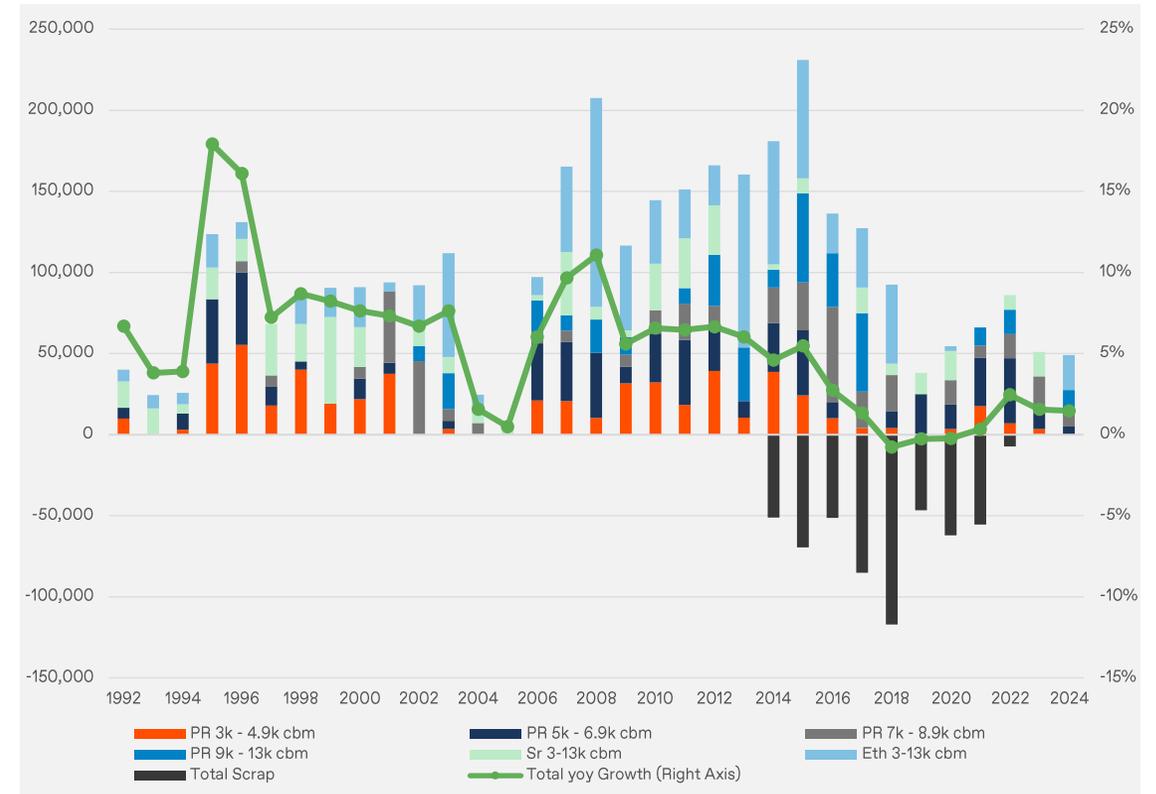
## LPG vessels order book

Source: Clarksons Register, Company Data



## Small Gas Carrier (SGC) - global fleet development

Source: Clarksons Register, Company Data



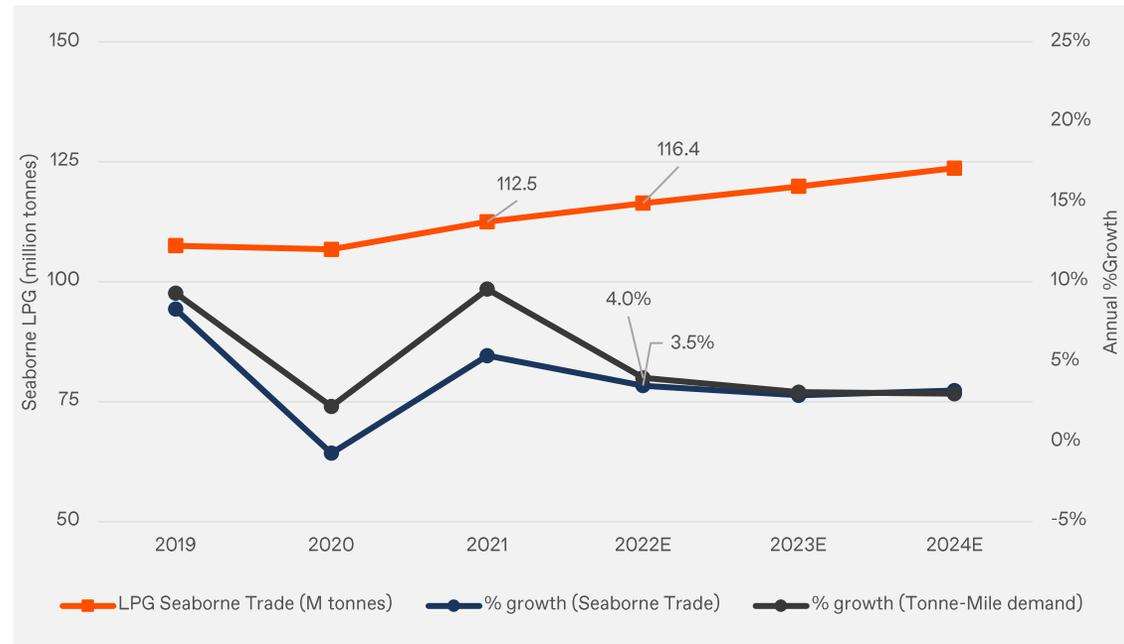
- > 1 x Pr 5,000 cbm and 1 x Pr 7,500 cbm delivered into the international fleet during Q3 2022.
- > 3/9/6 newbuild SGCs to be delivered in balance 2022/23/24 representing a 2.2%/1.6%/1.5% increase in existing fleet cubic capacity.
- > Increasing focus on dual fuel - 3/12 newbuild SGCs will be LPG/LNG dual fuel, respectively.
- > A scrapping pool of 25 x SGCs aged 30 years and over, with average annualised % scrapping in the SGC fleet over past 5 years of 2.0%.

Forecast 2022 smaller gas carrier fleet growth before any further scrapping +2.2%

## Global LPG seaborne trade 2022

est. 116.4m tonnes (+3.5% yoy) / tonne-miles (+4.0% yoy)

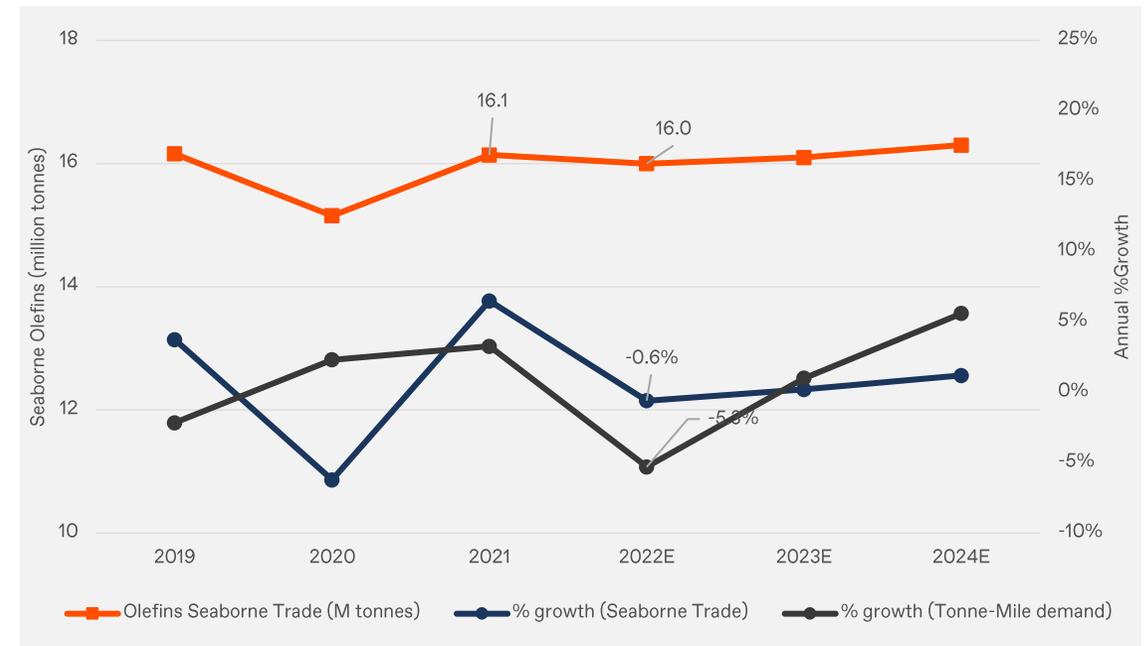
(Source: Drewry November 2022)



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

est. 16.0m tonnes (-0.6% yoy) / tonne-miles (-5.3% yoy)

(Source: Drewry November 2022)



### Summary:

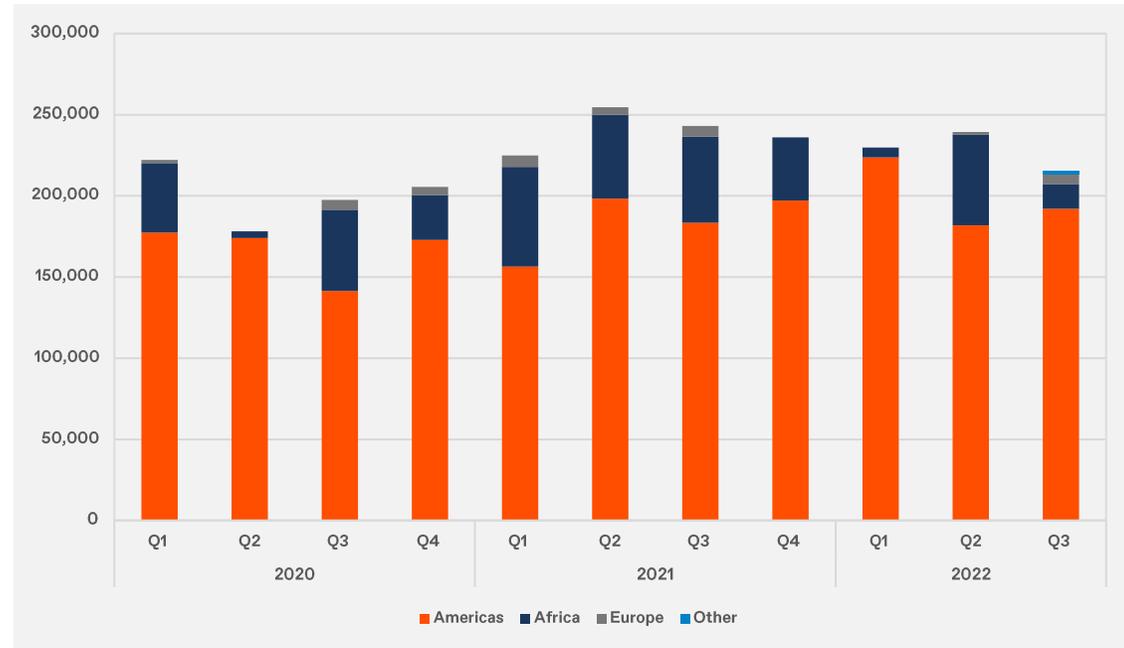
- > Global LPG / olefins seaborne trade expected to change yoy by +3.5% / -0.6% to 116.4 / 16.0 million tonnes in 2022.
- > Asia's lead importers of LPG increased imports by 6.9% qoq and by 2.3% year on year.
- > Ethylene exports out of the USA declined by 32% qoq but rebounded towards the end of the quarter with increased tonnes to Asia.
- > Propylene inventory constraints and lower demand in Europe resulted in several stems exported mainly to the Caribbean and Mexico.
- > **Global demand uncertainty remains a concern.**

# Small gas carriers US LPG exports & selected Asian LPG & petrochemical imports



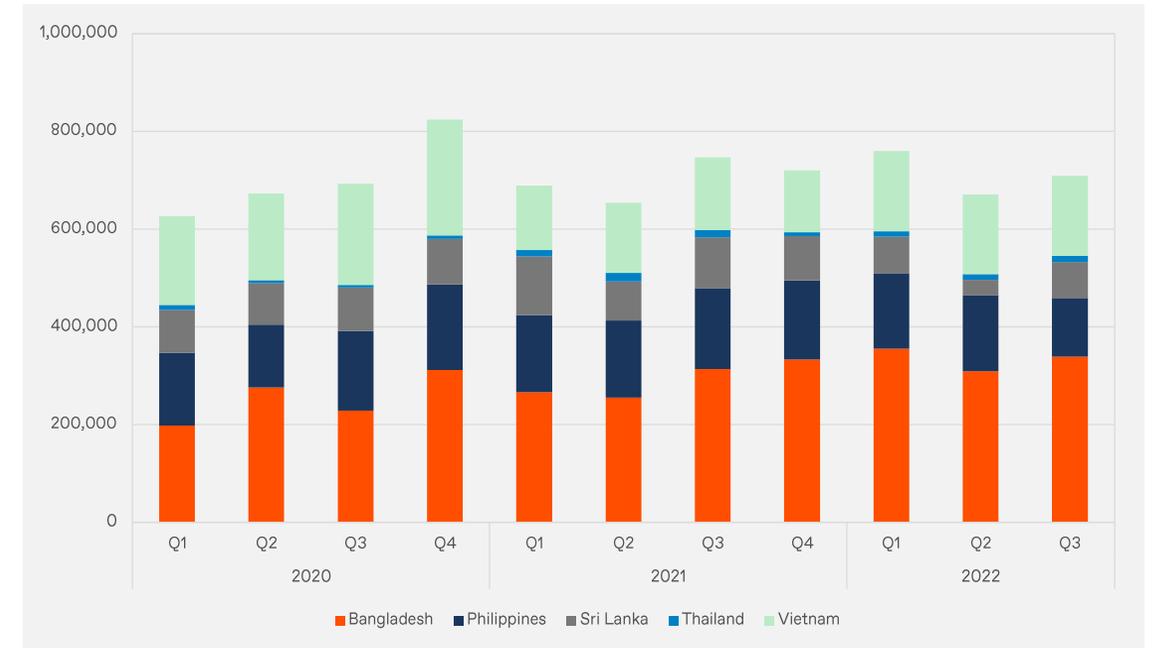
## US LPG Exports - small gas carriers

(Source: Kpler)



## Asia (selected countries) LPG imports - small gas carriers

(Source: Kpler)



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

(Tonnes)	2021								2022	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3 %qoq	Q3 %yoy	
Propylene	630,103	615,047	587,897	661,317	583,757	417,279	685,677	64%	17%	
Ethylene	552,250	491,828	469,674	553,995	489,681	436,493	510,673	17%	9%	
VCM	269,272	248,222	253,925	196,882	268,029	173,918	261,908	51%	3%	
Butadiene	97,522	48,494	35,781	66,224	36,309	30,844	21,129	-31%	-41%	

### Summary

- > US LPG – small gas carriers exports qoq / yoy -10% / -11%.
- > Asia LPG – small gas carriers imports qoq / yoy +6% / -5%.
- > Sri Lanka LPG imports recovering qoq / yoy +136% / -30%.
- > China's propylene and ethylene imports qoq +64% / +17%.
- > PDH plants in Asia - high feedstock costs may delay start-up and impact utilisation rates.

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



Sector (grey background = our core)	Q3 2022 Market trend (yoy)		10-year historical market average
Sr 20,500cbm (Clarksons)	\$22,806	↑	\$23,349
Eth 8,250cbm (Clarksons)	\$15,945	↑	\$16,129
Pr 11,000cbm* (Grieg, BWEK, Braemar)	\$13,824	↑	\$14,143
Pr 7,500cbm (Grieg, Gibson, BRS)	\$11,863	↑	\$11,129
Pr 5,000cbm (Steem 1960)	\$9,699	↑	\$8,840
Pr 3,500cbm (Steem 1960)	\$7,890	↑	\$7,281

\*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>

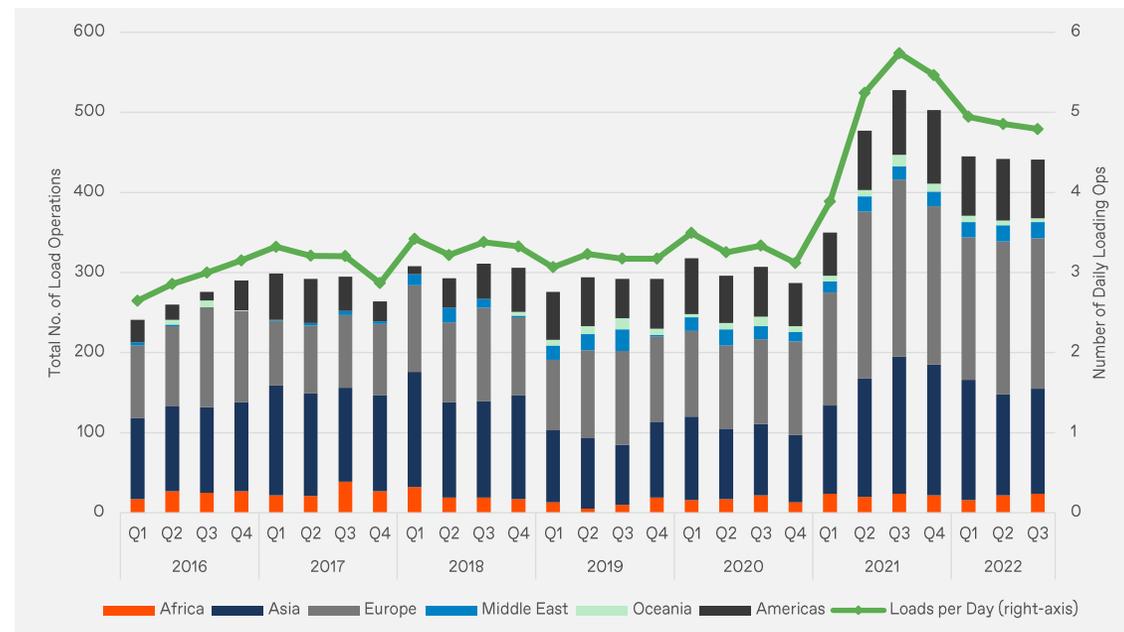
- > All sectors are improving from longer-term market lows. The Eth 8,250 cbm and Pr 11,000 cbm remain below long-term average. Supply/demand fundamentals support further improvement.
- > Average BWEK Q3 2022 TCE of \$11,619 per calendar day (5%) below long-term market average of over \$12,178 per day.
- > Due to our scale (over 24,000 days) \$500 per day increase across our full fleet is equivalent to \$12m increased Revenue/EBITDA/P&L per annum.
- > 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



### Benefits of diversified commodity & 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.

### Diversified geographical location of fleet (as of 30 September 2022)

Vessels by segment	Americas	EMEA	Asia	Total fleet
Pr 3,500cbm	4	3	1	8
SR 3,000cbm		3		3
Pr 5,000 – 6,300cbm		3	6	9
SR 6,000cbm		4	1	5
Eth 6,000cbm			3	3
Pr 7,000 – 7,500cbm	3	6	4	13
Pr 9,500cbm	1	3		4
Pr 11,000cbm	2	7	1	10
Eth 8,000 – 12,000cbm	2	5	10	17
<b>Total</b>	<b>12</b>	<b>34</b>	<b>26</b>	<b>72</b>
Fleet capacity (cbm)				535,821
Avg. vessel size (cbm)				7,442

### Cargo operations summary, Q3 2022

- > Loaded 1.33 million tonnes.
- > LPG (46%) 608 tonnes, petrochemicals (54%) 722,000 tonnes.
- > 441 load operations.
- > 4.8 load operations every day across the fleet/globe.
- > 938 cargo operations.
- > 221 different ports.
- > 57 STS operations / -30% qoq / -46% yoy – increase off Male (Indian Ocean) due to Sri Lanka recovery.

## Operating metrics

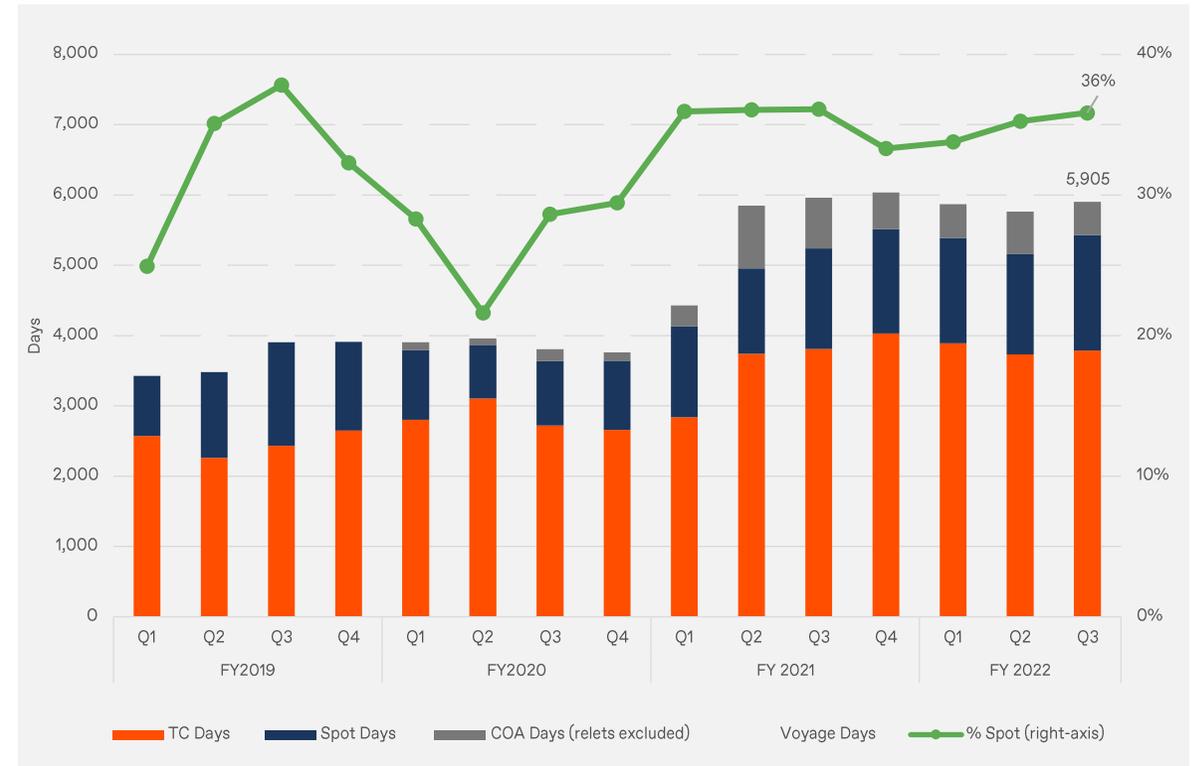
	Three-month period ended September 30		Nine-month period ended September 30	
	2022	2021	2022	2021
Average number of vessels in period 1)	65.6	67.6	66.6	62.3
Number of vessels as of period end 2)	67	68	67	68
Average vessel age (years)	12.0	11.0	12.0	11.0
Fleet capacity at period end (cbm)	502,171	481,737	502,171	481,737
Fleet calendar days	6,039	6,215	18,195	17,022
Time charter days	3,788	3,808	11,410	10,385
Spot market days	1,641	1,431	4,567	3,938
COA days (relets excluded)	476	722	1,566	1,916
Voyage days 3)	5,905	5,961	17,543	16,239
Fleet utilisation 4)	97.8%	95.9%	96.4%	95.4%
Fleet operational utilisation 5)	92.3%	91.1%	92.2%	91.3%
Time charter equivalent earnings				
Per calendar day	\$11,619	\$11,346	\$11,526	\$11,047
Per voyage day	\$11,882	\$11,830	\$11,955	\$11,580
Operating expenses per calendar day 6)	\$4,964	\$5,177	\$5,120	\$4,817

- 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 and focuses on meeting customer needs, with flexibility between time charter, voyage charter, contract of affreightment ('COA') and spot contracts – with 2022 seeing steady COA revenue days.
- > Reducing impact of pandemic expenses on OPEX, and overall OPEX lower yoy due to reduction in fleet calendar days by 3%.
- > Maintenance is conducted as efficiently as possible, with minimal idle days.

## Voyage days



# Key financials

## Income statement and cash flow Q3 2022



### Income statement

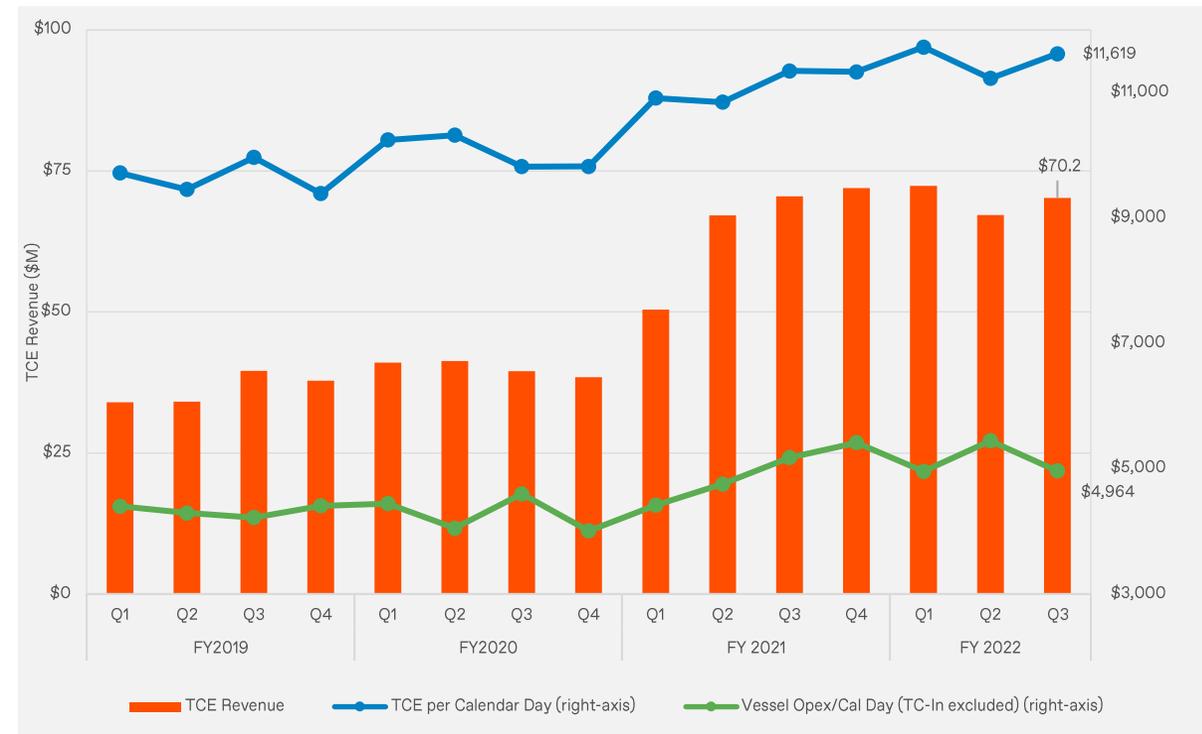
All amounts in US\$ millions	Q3 2022	Q3 2021	YTD Sep 2022	YTD Sep 2021
<b>TCE Income</b>	<b>70.2</b>	70.5	<b>209.7</b>	188.0
Other income/(expenses)	0.2	0.1	0.7	2.4
Brokerage commissions	(1.9)	(1.8)	(5.4)	(4.6)
Charter in costs	(3.4)	(1.1)	(9.1)	(2.9)
Vessel operating expenses	(26.5)	(31.2)	(83.6)	(79.6)
General and administrative expenses	(6.9)	(7.5)	(20.9)	(21.0)
<b>EBITDA</b>	<b>31.7</b>	28.8	<b>91.5</b>	82.3
Depreciation and amortization	(17.5)	(19.3)	(54.9)	(51.8)
Impairment loss, gain/(loss) on sale of vessels	0.2	0.0	0.1	0.0
<b>EBIT</b>	<b>14.4</b>	9.5	<b>36.8</b>	30.6
Finance expense – net	(5.2)	(4.9)	(14.9)	(14.4)
Profit and loss before income taxes	9.2	4.6	21.8	16.2
Income tax expense	(0.2)	(0.2)	(0.7)	(0.6)
<b>Net profit/(loss) after tax</b>	<b>9.0</b>	4.4	<b>21.2</b>	15.6
Other comprehensive income/(loss) (1)	3.8	0.3	17.9	3.7
<b>Total comprehensive income/(loss)</b>	<b>12.8</b>	4.7	<b>39.1</b>	19.3

(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 recognised under 'Other comprehensive income / (loss)'.

### Statement of cashflows

All amounts in US\$ millions	YTD Sep 2022	YTD Sep 2021
Cash from operating activities	<b>66.8</b>	50.8
Cash from investing activities	<b>(11.3)</b>	(154.0)
Cash from financing activities	<b>(54.7)</b>	104.5
Net Increase in cash and cash equivalents	<b>0.8</b>	1.4
Cash and cash equivalents at the beginning of the year	<b>41.8</b>	46.9
<b>Cash and cash equivalents at end of the period (excl. restricted cash)</b>	<b>42.6</b>	48.3

### Time charter equivalent ('TCE') revenue and opex



#### Highlights:

- > Q3 2022 Net profit of \$9.0 million.
- > ROE 7.5%.
- > Change from US GAAP to IFRS with effect from 1 January 2022.

# Key financials

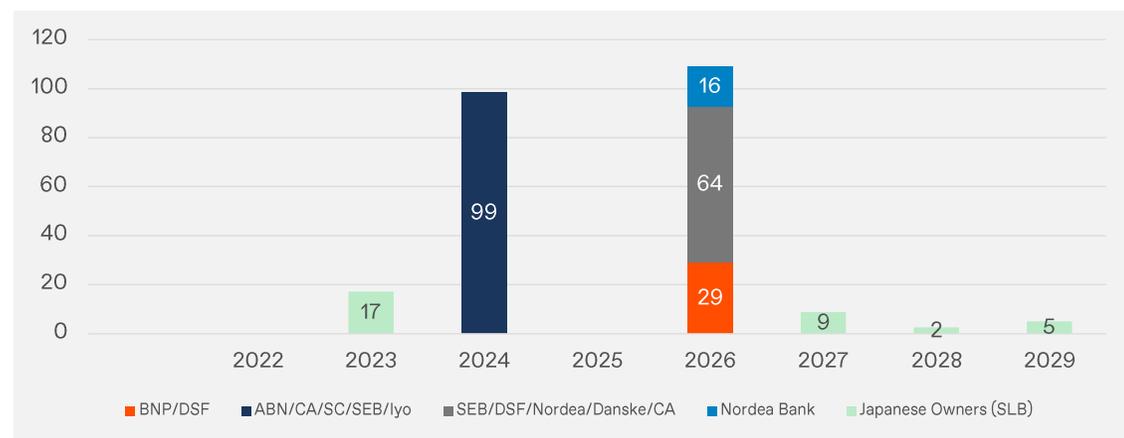
## Balance sheet 30 September 2022



### Balance sheet

All amounts in US\$ millions	30 September 2022	31 December 2021
Cash	58.5	58.0
Other current assets	83.6	68.3
Vessels	825.6	845.6
Right-of-use assets	20.0	22.0
Other non-current assets	2.0	0.8
<b>Total assets</b>	<b>989.6</b>	<b>994.7</b>
Current liabilities	128.8	133.3
Non-current liabilities	370.6	419.4
Total shareholders' equity	490.2	442.0
<b>Total liabilities and equity</b>	<b>989.6</b>	<b>994.7</b>

### Debt maturities (in US\$m)



- > **Book value of vessels of US\$826 million, below latest broker FMV estimates.**
- > **NAV basis broker FMV of \$565 million or \$3.54/share.**
- > **Healthy cash position**
  - US\$58.5 million.
- > **Annual dividend policy instigated May 2021**
  - Interim cash dividend of US\$0.028219 per share paid in June 2022
  - Subject to review by the Board twice a year.
- > **Strong relationships with key ship finance banks**
  - Bank debt and finance leases: US\$422 million
  - No major loan expiry until 2024
  - Net leverage of 44%.
- > **Capped interest rate exposure**  
US\$256m (=76% of bank debt) hedged via interest rate swaps at a weighted average rate of 1.155%.
- > **Fleet development**
  - Re-delivered one 3,300cbm SR time chartered-in vessel to owners.
  - Time chartered-in one 7,500cbm Pr, and two 12,000cbm ethylene capable vessels
  - Subsequent event: in October 2022, generated net sale proceeds of \$5.2 million from the sale of a 6,300cbm, 2000 built.

## Q3 2022 Summary

- > Improving revenue and TCE are driven by a tighter market.
- > OPEX costs decreased reflecting a reduction in Covid-19-related expenses and some combination synergies, albeit offset by global inflationary pressures.
- > Lower G&A due to economies of scale and positive exchange rates.
- > Net profit of US\$9.0 million, +105% yoy (YTD US\$21.2 million, +35.9% yoy).
- > ROE for the quarter, 7.5% (YTD 6.0%).
- > Healthy cash position of US\$58.5 million, and stable long-term financing.

## Outlook

- > LPG demand to continue to firm over the winter. Favourable intra-region pricing for petrochemicals presently providing incremental tonne-mile demand. 2022 global seaborne trade annual growth forecast is positive for LPG at 3.4%, but negative for Olefins at -0.6% on account of economic slowdown.
- > Uncertainty in the market on account of high energy prices, inflationary pressure, and negative margins in the petrochemical industry.
- > Low Fleet growth of 2.2% / 1.6% (before scrapping) expected in 2022 / 2023.
- > 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 15 November 2022)



Pressurised		
Cbm	Vessel name	Built
3-4,900 cbm	Epic Caledonia	2014
	Epic Curacao	2014
	Inge Kosan	2011
	Tracey Kosan	2011
	Monica Kosan	2011
	Emily Kosan	2012
	Linda Kosan	2011
	Helle Kosan	2010

5-6,900 cbm	Epic St. Ivan	2015
	Epic St. Agnes	2015
	Epic St. Croix	2014
	Epic St. Thomas	2014
	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 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

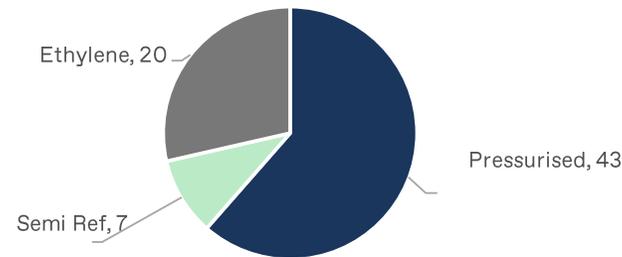
Ethylene		
Cbm	Vessel name	Built
5-6.9 cbm	Seapeak Camilla	2010
	Seapeak Cathinka	2009
	Pan Spirit	2009

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
	Napa Spirit	2003
	Seapeak Unikum	2011
	Seapeak Vision	2011

Semi-Refrigerated		
Cbm	Vessel name	Built
3-4.9 cbm	Scali Reali	2010
	Scali Sanlorenzo	2010

5-6.9 cbm	Tessa Kosan	1999
	Tenna Kosan	1998
	Tilda Kosan	1999
	Tanja Kosan	1999
	Tristar Dana	2010



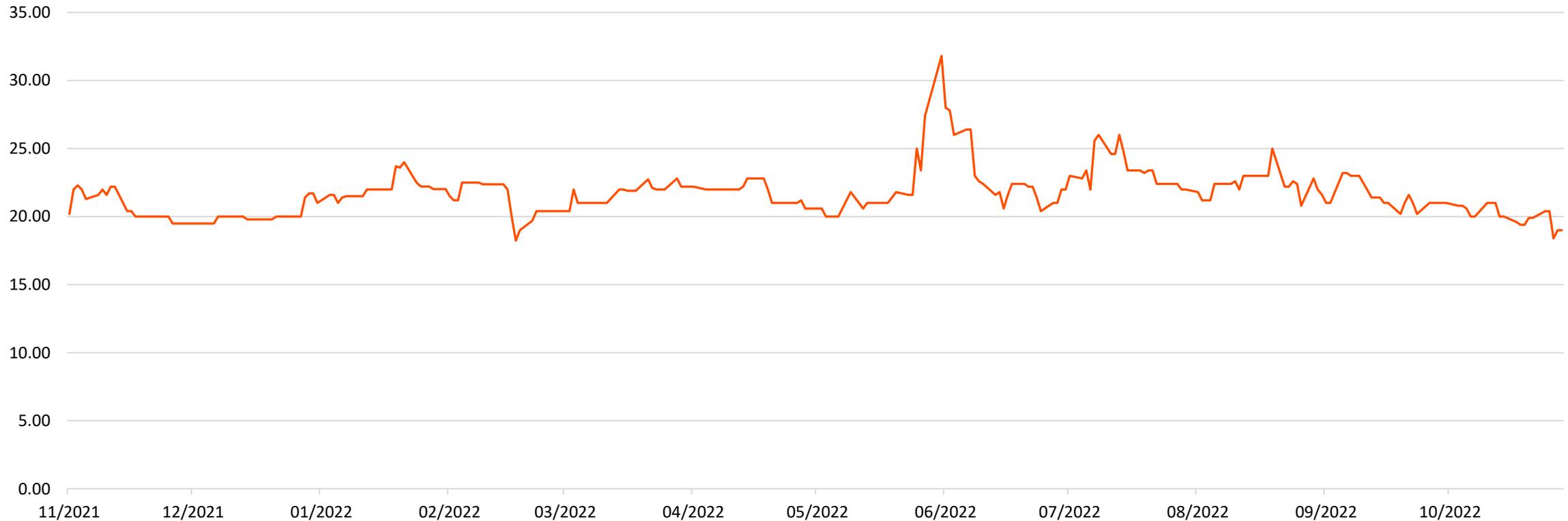
**Total – 70 owned and operated vessels**

# Key information on BW Epic Kosan shares



## Share price 1 Year

Euronext Growth Oslo: BWEK



Market cap (30/09/22) : NOK 3,221.2m / US\$ 299.8m  
Shares outstanding (30/09/22) : 159,467,033  
Dividend policy : Target of 50% of annual net profit subject to Board review and approval  
Website : [www.bwek.com](http://www.bwek.com)

# Thank you



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