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BW LPG

Q2 2026

QUARTR



Speakers



Aline Anliker

Head of Corporate Communications | BW LPG



Kristian Sørensen

CEO | BW LPG



Samantha Xu

CFO | BW LPG



Analyst

Prepared Remarks


Aline Anliker

Head of Corporate Communications | BW LPG

Good morning, afternoon, evening, everyone. Thank you for joining us today. My name is Aline Anliker, and I'm the Head of Corporate Communications at BW LPG. On behalf of the management team, I'd like to extend a warm welcome to our shareholders, investors, analysts, and valued stakeholders joining us for our quarterly earnings presentation. We appreciate you taking the time to be with us and for your continued interest and confidence in our company. Joining me today are our CEO, Kristian Sørensen, and our CFO, Samantha Xu, who will walk you through the quarter's performance, key market developments, and our strategic priorities moving forward. Following the presentation, we will open the floor for a Q&A session. You are welcome to submit questions through the Q&A chat throughout the presentation, or alternatively, you can click the raise hand button to ask your question directly during the Q&A part.


Aline Anliker

Head of Corporate Communications | BW LPG

Before we begin, I would like to draw your attention to the legal disclaimers shown on the current slide. Please also note that today's presentation is being recorded. With that, it is my pleasure to hand over to Kristian.


Kristian Sørensen

CEO | BW LPG

Thanks, Aline, and hi, everyone. Thanks for joining us as we take you through our second quarter financial results and latest market developments. Before we start, I would, together with my fellow Norwegians listening in, like to pay tribute to our late King Harald, who passed away this morning. Throughout his life, he fulfilled his royal duties and roles as prince, Crown Prince, and King impeccably for nine decades. He was also a great supporter of the Norwegian maritime community, and his wife, Queen Sonja, was a godmother of two of our former VLGCs, the Berge Rachel and the Berge Arzew. May King Harald rest in peace and long live our new King Haakon. Now, back to today's earnings release. The VLGC market experienced extreme volatility in the first half of 2026. The Middle East war and the subsequent closure of the Strait of Hormuz shifted LPG arbitrage economics.


Kristian Sørensen

CEO | BW LPG

New trade routes are driving pronounced changes in the global LPG trade flows and vessel supply. I will revisit these developments later in the market section. Moving on to the Q2 results. We reported a shipping TCE income of \$74,000 per available day, below our guidance of \$81,000 per day. The discrepancy from our guidance is primarily due to negative IFRS 15 and FFA adjustments of \$16.4 million and \$12 million respectively, corresponding to approximately \$7,500 per available day. The Q2 profit after minority interest was \$120 million, equivalent to an EPS of \$0.79. Our trading business, BW Product Services, generated a strong realized trading gain of \$127 million during the quarter, while reporting a loss after tax of \$31 million, primarily reflecting a large negative change of \$145 million in the unrealized mark-to-market valuation of open positions.


Kristian Sørensen

CEO | BW LPG

For Q3, we are guiding on about \$88,000 per day fixed for 92% of our available days. This is against our current all-in cash breakeven of \$24,900 per day. The figure includes the fixed time charter coverage in the third quarter of 41%, so our available days at \$44,300 per day. Please see the appendix in this presentation for the full breakdown of the time charter days and levels. The board of directors has declared a dividend of \$0.95 per share, representing 100% of our shipping NPAT, exceeding the guidance set by the dividend policy. Further, it's still a busy dry docking period for us, and we report 99 dry dock days during the second quarter, with a total of 58 dry dock days expected in the third quarter. As for subsequent events, the commercial team has been busy with secondhand sales and fixing attractive time charter agreements.


Kristian Sørensen

CEO | BW LPG

Since our first quarterly update back in June, we have sold the 2007 built BW Elm and BW Birch. They're both sold at a similar price level, and as announced, the sale of the BW Birch will generate net proceeds of about \$64 million. This is equivalent to a new building price of about \$248 million. The BW Elm was delivered to the new owners in July, and the BW Birch is expected to be delivered by mid-November latest. We also announced the sale of the 2015 built BW Levant, scheduled for delivery to the new owners by mid-November. We continue building a robust time charter portfolio, and we have fixed out one of our 2016 built LPG dual-fuel retrofit vessels for a five-year time charter in the mid high \$40,000 per day with delivery end 2026.

**Kristian Sørensen**

CEO | BW LPG

We're also working on various other time charter opportunities, which we will announce later, provided successful conclusions of the negotiations. Now let's take a further look at the markets. The first half of 2026 was one of the most volatile periods on record for the VLGC markets. Following the outbreak of the U.S.-Iran war, the closure of the Strait of Hormuz has caused significant disruption to regional LPG pricing and global VLGC trade patterns. With the Strait of Hormuz remaining closed and Middle Eastern exports constrained, the U.S. Gulf has continued to serve as a key source for LPG supply to Asia, as U.S. export infrastructure continues to operate at high utilization to compensate for lower Middle Eastern export volumes.

**Kristian Sørensen**

CEO | BW LPG

Towards the end of June, the LPG price differential, the arbitrage between the U.S. and the Far East narrowed considerably as expectations for a sustained reopening of the Strait of Hormuz grew. More recently, however, spot VLGC rates have strengthened alongside a widening U.S. Far East LPG arbitrage as tensions in the Middle East re-escalated. Declining water levels have further led to increased congestion and transit restrictions in the Panama Canal, prompting more VLGCs to reroute via the Cape of Good Hope. This consumes considerable shipping capacity, and the resulting longer voyages have reduced the effective vessel supply in the U.S. Gulf and supported freight rates. In addition, several secondhand sales to Middle Eastern players serve new AG trades, including ship-to-ship transfers or cargoes in the Indian Ocean, which in turn reduces the shipping capacity for loading in the U.S. and Canada.

**Kristian Sørensen**

CEO | BW LPG

As briefly mentioned on the previous slide, U.S. LPG export growth has continued to surprise on the upside, with exports increasing by approximately 16% year-on-year in the first half of 2026, supported by higher LPG production and continued expansion of export terminal capacity. During the same period, Middle Eastern LPG exports declined by 46% as exports remained heavily constrained by the continued closure of the Strait of Hormuz. However, as mentioned on the previous slide, a number of vessels have remained idle in the Arabian Sea, awaiting the reopening of the Strait, further tightening effective vessel supply in the U.S. Gulf. At the moment, we count in excess of 30 vessels employed or idling inside the Arabian Gulf or in the Indian Ocean.

**Kristian Sørensen**

CEO | BW LPG

While the Panama Canal was already experiencing increasing congestion despite operating at full capacity, persistently low water levels due to drought have more recently forced the canal to operate at reduced capacity. This is further restricting daily transits and tightening available canal capacity. With increased competition for slots, this provides additional support to VLGC shipping as more vessels are forced to seek alternative routes. In recent days, we have seen more than \$5 million being paid in auction fees to secure northbound transit slots. Remember that this is in addition to the canal fee of about \$500,000 for a VLGC in ballast. The constrained Panama Canal capacity and high transit costs increase the push for more VLGCs sailing the longer haul around South Africa to and from the U.S. and Asia.

**Kristian Sørensen**

CEO | BW LPG

This is a very similar situation like we experienced in 2023, and the longer sailing distances will in turn require additional shipping capacity. Over the past four months, stronger U.S. LPG exports activity to India and China has added further momentum to long-haul LPG trade flows. We believe it's likely to assume that countries in the Indian subcontinent and Southeast Asia will increasingly source its LPG from the U.S. for strategic reasons, maintaining the trade pattern around the Cape of Good Hope also in the future. India saw the most pronounced growth, with U.S. LPG exports to India increasing by 212% in the first half of 2026 compared with the same period last year. U.S. exports to China also recovered, reaching monthly levels not seen since the onset of the U.S.-China trade war.

**Kristian Sørensen**

CEO | BW LPG

As a result, the U.S. LPG exports to China increased by 2% year-on-year in the first half of 2026. If you look at the LPG exports forecasts and starting with the North American exports, new capacity is expected to support continued structural growth in the VLGC trade. North American exports are forecasted to increase by 18% in 2026 versus 2025, supported by strong oil and gas activity, expanding export infrastructure, and the need to replace constrained Middle Eastern volumes. Turning to the Middle East, exports are expected to fall approximately 20 million tons short of pre-war forecast for 2026. The shortfall reflects both lost volumes and growth that was previously expected this year, but has now been pushed out in time rather than permanently lost. Assuming the Strait of Hormuz reopens, Middle Eastern export volumes are expected to recover gradually.

**Kristian Sørensen**

CEO | BW LPG

There are obviously lots of uncertainties, but a full recovery is likely to take approximately 12 to 36 months, depending on local conditions and the extent of infrastructure damage. Additional U.S. LPG export capacity is expected to come online in the coming years, including recently announced expansions by AltaGas in 2027 in Canada, and Energy Transfer in 2028 in the U.S. Gulf. While the flexible terminals have supported LPG growth so far this year, they are expected to increasingly pivot towards ethane exports, making the continued expansion of dedicated LPG capacity increasingly important. Taking a look at the current fleet and order book, newbuilding contracting activity has been significant in recent months, and the total order book is now counting 157 VLGCs, with delivery stretching all the way to the end of 2030.

**Kristian Sørensen**

CEO | BW LPG

The fleet has grown in the last three months, and now stands at 437 VLGCs on the water. While we are now entering a period with higher pace on newbuilding deliveries, it is important to highlight the aging VLGC fleet, with 127 vessels expected to be 20 years or older by year-end 2030, compared to 68 vessels by year-end 2026. To summarize the market outlook, geopolitics and weather are causing considerable market inefficiencies, which in turn are generating additional ton-miles for VLGCs, driving the freight market to unprecedented levels. With Middle Eastern LPG exports severely constrained by the closure of the Strait of Hormuz, U.S. cargoes have increasingly replaced lost Middle Eastern volumes into Asia, and the resulting shift towards longer haul U.S. Far East voyages has generated additional ton-miles and supported the wide U.S. Far East arbitrage.

**Kristian Sørensen**

CEO | BW LPG

The timing of reopening of the Strait of Hormuz remains uncertain. Following a reopening, we expect the recovery of Middle Eastern LPG export volumes to be gradual, as production and export infrastructure will require time to be repaired. The Panama Canal remains a wild card, and declining water levels are tightening transit restrictions, while several shipping segments are competing for a limited number of slots. We expect this to divert more VLGCs via the Cape of Good Hope, further reducing the implicit vessel supply. That concludes our market segment. Over to you, Samantha.

**Samantha Xu**

CFO | BW LPG

Thank you, Kristian. Hello, everyone. Thank you all for dialing in today. Let us zoom in on our financial performance for the quarter. Our shipping business delivered TCE income of \$71,600 per calendar day, or \$74,000 per available day. This reported result includes negative IFRS 15 and FFA adjustment of \$16.4 million and \$12 million respectively. The underlying spot performance was strong, with spot TCE of \$85,200 per available day, including waiting time and FFA, and \$87,600 per day excluding waiting time and FFA. This demonstrates the earning power of our platform in a volatile market. Fleet utilization was 96%, reflecting strong operational execution. The healthy performance was underpinned by a strong spot market and a disciplined commercial execution. As Kristian highlighted earlier, market inefficiency disrupted trade flows and longer voyage created meaningful upside in the quarter.

**Samantha Xu**
CFO | BW LPG

Among the uncertainties, it's also important that we maintain prudent downside protection through our time charter portfolio and active FFA risk management. In Q2, 53% of our available days were delivered by time charter, out of which 43% was fixed rate time charters. Looking ahead for Q3 2026, we have fixed 92% of the available fleet days at an average rate of about \$88,000 per day. This also includes index-linked time charter contracts, so the final rate may still move with the spot market. Looking at second half 2026, we have secured 45% of our portfolio through fixed rate time charter and FFA hedges at \$44,100 and \$48,000 per day respectively. This gives us meaningful contracted earning visibility while preserving exposure to the currently strong spot market. The remaining fixed rate time charter out portfolio is expected to generate approximately \$249 million of revenue in second half 2026.

**Samantha Xu**
CFO | BW LPG

Next slide, please. Product Services generated a strong realized trading gain of \$127 million in Q2. This is an important commercial achievement in a turbulent market. The reported net result, however, was affected by non-cash period and mark-to-market movement. A \$190 million decrease on cargo position was partly offset by a \$45 million increase on paper position. After G&A and other expenses, Product Services reported a net loss after tax of \$31 million for the quarter, with net asset value of \$119 million at quarter end. The realized trading results shows the value creation from our integrated cargo, paper, and shipping platform. While the unrealized mark-to-market movements reflect the valuation changes at a specific balance sheet date. These movements can be significant in volatile markets and will continue to fluctuate before the positions are realized.

**Samantha Xu**
CFO | BW LPG

We would like to remind listeners that trading gains and losses are realized across different financial periods and cannot be extrapolated from past performance. Our trading model creates value by combining cargo, paper, and shipping positions. That said, it's worth noting that reported net asset value does not include the unrealized physical shipping position of \$70 million based on our internal valuation. In Q2, our average VaR, value at risk, increased to \$70 million. The step up was mainly driven by increased market volatility and added cargo from our term contracts. Looking ahead, we expect the VaR to remain elevated as the market remains volatile, and our term contract book will gradually build from the late 2026 into 2027. Going on our financial highlights. We reported net profit after tax of \$138 million.

**Samantha Xu**
CFO | BW LPG

Profit attributable to equity holder was \$120 million, or \$0.79 per share, representing an annualized earnings yield of 18% based on the period end share price. We reported a net leverage ratio of 23.5% in Q2, down from 26.3% end of Q1. The board declared a dividend of \$0.95 per share, representing 100% payout of quarterly shipping NPAT. Again, this is ahead of 75% minimum payout ratio on our dividend policy and reflects the strength of our cash generation, liquidity, and confidence in the near-term future. We continue to apply a forward-leaning approach to shareholder in the strong markets while maintaining sufficient liquidity and financial flexibility to fund fleet renewal and future opportunities. For the period end, our balance sheet reported a shareholders' equity of \$2.1 billion. The annualized return on equity and on capital employed were 27% and 19%, respectively, for Q2.

**Samantha Xu**
CFO | BW LPG

Our Q2 2026 OpEx was \$8,800 per day. For 2026, we expect operating cash break-even of around \$18,800 per day for the own fleet and \$21,700 per day for the total fleet, including time charter vessels. The all-in cash break-even is estimated at \$24,900 per day after catering for CapEx needs. As of end Q2, we remain a strong liquidity position of \$773 million, consisting of \$302 million in cash and \$471 million of undrawn revolving credit facilities. Together with our low net leverage ratio, this gives us flexibility to return capital to shareholders, fund committed fleet renewals, and prepare for the future. In the past two months, we paid the first installment for our new building project and exercised the purchase option of BW Capella, which was financed under a Chinese lease facility at \$61 million.

**Samantha Xu**
CFO | BW LPG

BW Polaris, which was financed under the same facility, will be repurchased in the next weeks. On product services, trade finance utilization stood at \$327 million, or 44% of our available credit line, including both drawn amounts and letter of credit. This leaves us ample headroom to support future trading needs while maintaining disciplined balance sheet management. Looking ahead, our liquidity remains strong and repayment profile sustainable, with major repayments weighted towards 2030 and beyond. With that, I would like to conclude my updates. Thank you all for listening. Back to you, Aline.

Q&A

**Aline Anliker**

Head of Corporate Communications | BW LPG

Thank you, Samantha, and thank you, Kristian. We would now like to open the call for questions. You can type the question into the Q&A channel, or you can click the raise hand button to ask your question verbally. Please note that all participants have been muted automatically, so press unmute before speaking. Since we only have one question right now in the chat, let's start with this one first. I'll read it out for Kristian, I guess. With current VLGC spot rates at exceptionally high levels, why are Q3 fixed rates materially lower? How much open exposure remains in Q4 2026 and 2027 to capture the current market strength?

**Kristian Sørensen**

CEO | BW LPG

Yes. Thank you for that question. I'll refer to the table in the appendix showing our time charter coverage for Q3, Q4, full year 2026 as well as 2027. You can see there that we are reporting for the third quarter, 41% of our fleet capacity fixed at \$44,300 per day. That leaves us still with a considerable exposure to the spot market. We have been quite transparent about our strategy, which is to secure time charters for downside protection, as we do operate in a very, very volatile market. Which is easy to forget in today's market, but if you look back historically, you'll just see rates have fluctuated considerably during the course of a year. Looking into 2027, you will see that the percentage is currently 36% fixed rate at \$43,500 a day.

**Kristian Sørensen**

CEO | BW LPG

You can expect us to increase that percentage somewhat, provided we can obtain freight rates or time charter levels which we find attractive. I hope that clarifies.

**Aline Anliker**

Head of Corporate Communications | BW LPG

Thank you, Kristian. We have another question in the chat from Fausto. "Could you please explain why G&A increased so significantly this quarter? Was the increase partly attributable to costs related to the realized gains from trading activities?"

**Samantha Xu**

CFO | BW LPG

Thank you for the question. As we have reported that the BW Product Services has achieved quite a commercial result, delivering a positive trading result in a volatile market. Indeed, your assumption is correct that the G&A increase is correlated to the compensation in relation to the positive trading result.

**Aline Anliker**

Head of Corporate Communications | BW LPG

Thank you, Samantha. One more from the chat. "What do you expect in a scenario where Hormuz reopens but Panama Canal stays constrained? Will this probably require very low VLGC rates in order to make the arb work while sailing around the COGH?"

**Kristian Sørensen**

CEO | BW LPG

Yeah. COGH, Cape of Good Hope.

**Aline Anliker**

Head of Corporate Communications | BW LPG

Cape of Good Hope. Yeah.

**Kristian Sørensen**

CEO | BW LPG

I think we saw back when there were signs of the Hormuz reopening earlier this year, how the market dynamics changed. What happened then was that the U.S. Gulf spot rates came under pressure because like you allude to, there is a narrowing arbitrage between the U.S. and the Far East, which is reducing the number of cargoes being shipped out of the U.S. Gulf in the short term. However, if you look at the volumes of LPG being produced in the States and North America in general, there are not really any other markets than the Asian markets which can absorb the lion's share of these export volumes. Europe and Latin America are not markets which are big enough.

**Kristian Sørensen**

CEO | BW LPG

What we have seen previously when you have situations like this is that in the short term, shipping is typically suffering in the front or at the beginning of such a change in the trading environment. But eventually, the American LPG will be priced competitively enough to clear in the international market, and first and foremost, for sale in Asia. I think we have seen on numerous occasions that if you look at the medium-term market dynamics, the U.S. LPG prices are extremely dynamic. Eventually, we do expect also in the future that the lion's share of the U.S. LPG export volumes will be shipped to Asia, simply because they are competitively priced.

**Kristian Sørensen**

CEO | BW LPG

Christopher from Arctic has a similar question, saying, "How do you see a potential Hormuz reopening scenario playing out for the VLGC market?" It's a little bit of the same answer to that, because that's what we saw unfolding earlier this year when there were expectations of a reopening of the strait. The initial reaction is that the spot rates in the U.S. Gulf come under pressure. But eventually, this will balance out because the volumes from the U.S. will have to continue flowing from the U.S. to Asia, because Europe and Latin America do not have enough capacity to absorb it. Okay.

**Aline Anliker**

Head of Corporate Communications | BW LPG

Thank you, Kristian. Maybe if someone wants to unmute or raise their hand first, we can move to the verbal chat for now and come back later if we have some more written questions. I see Jørgen Lian raising his hand. If you could please unmute yourself.

**Analyst**

Yes. Hello, Kristian. Hello, Samantha. Just thinking about the India JV vessels that you're selling. You have quite good insights into that market. Any thoughts of scaling up there? Or how do things look considering the disruptions that we're having right now in Hormuz? Thank you.

**Kristian Sørensen**

CEO | BW LPG

Good question, Jørgen. We obviously have a presence in India, which is important for us, and I think you can expect us to continue having that presence. Could be periods where we have less ships, but in general, I would say that it's a part of our business model which is very important for us. As you have seen before, was it last year that we dropped two of our 2015-built vessels to the JV. So that could happen again, but we will get back to the market and announce if that is to happen.

**Aline Anliker**

Head of Corporate Communications | BW LPG

Thank you, Kristian. Do we have any more questions? We can also go back to the chat for a minute. I will read it out. It is a bit of a long question, so bear with me. From Vasilis. "How much new NA LPG terminal capacity was added in H1 2026? Was it zero per media posts? Given 9 MTPA additions due in H2 2026 and another 7 in FY 2027, doesn't the 7.1 MTPA and 7.3 MTPA forecasts for FY 2026 and FY 2027 respectively on slide 8 of your presentation look rather conservative?"

**Kristian Sørensen**

CEO | BW LPG

Hi, Vasilis. Thanks for that question, which is always a focus point for us. I think maybe the best way to answer this is that I kindly suggest that you look at our market presentation and earnings presentation last quarter, where you will see the terminal expansions which have been phased out in this year. Then you can add on the new capacity that we have online for this quarter. I think that should answer your questions.

**Aline Anliker**

Head of Corporate Communications | BW LPG

Thank you. All right. We can move on. Are there any more questions from the audience? It doesn't seem to be the case. All right. Then, I would like to thank you at this point in time. This concludes BW LPG's Q2 2026 earnings presentation. Thanks everyone for joining us today and for your continued interest in BW LPG. We greatly value the time you have spent with us. A replay of the webcast, together with the transcript, will be made available on our website shortly. Last but not least, on behalf of the entire BW LPG team, thank you once again for participating, and we wish you a great rest of your day.