Wallenius Wilhelmsen

15 May 2020

Q1 2020

Quarterly results presentation

Covid-19 – Staying true to our purpose and our values

OUR PRINCIPLES

- Take social responsibility for employees and community
- Be financially prudent for our shareholders
- Maintain operational stability for our customers
- Protect long-term operational capabilities to be ready to meet the future

Highlights first quarter 2020

- Adjusted EBITDA of USD 130 million, impacted by lower volumes
- Ocean volume declined 20% y-o-y, due to Covid-19 combined with generally slower markets
- Performance in Landbased fell as a result of lower volumes, partly due to Covid-19
- ARC awarded contract for transportation of household goods with US Transportation Command
- Decisive action taken to reduce costs and strengthen liquidity
- Strong cash position and solid balance sheet will help the company through a turbulent period

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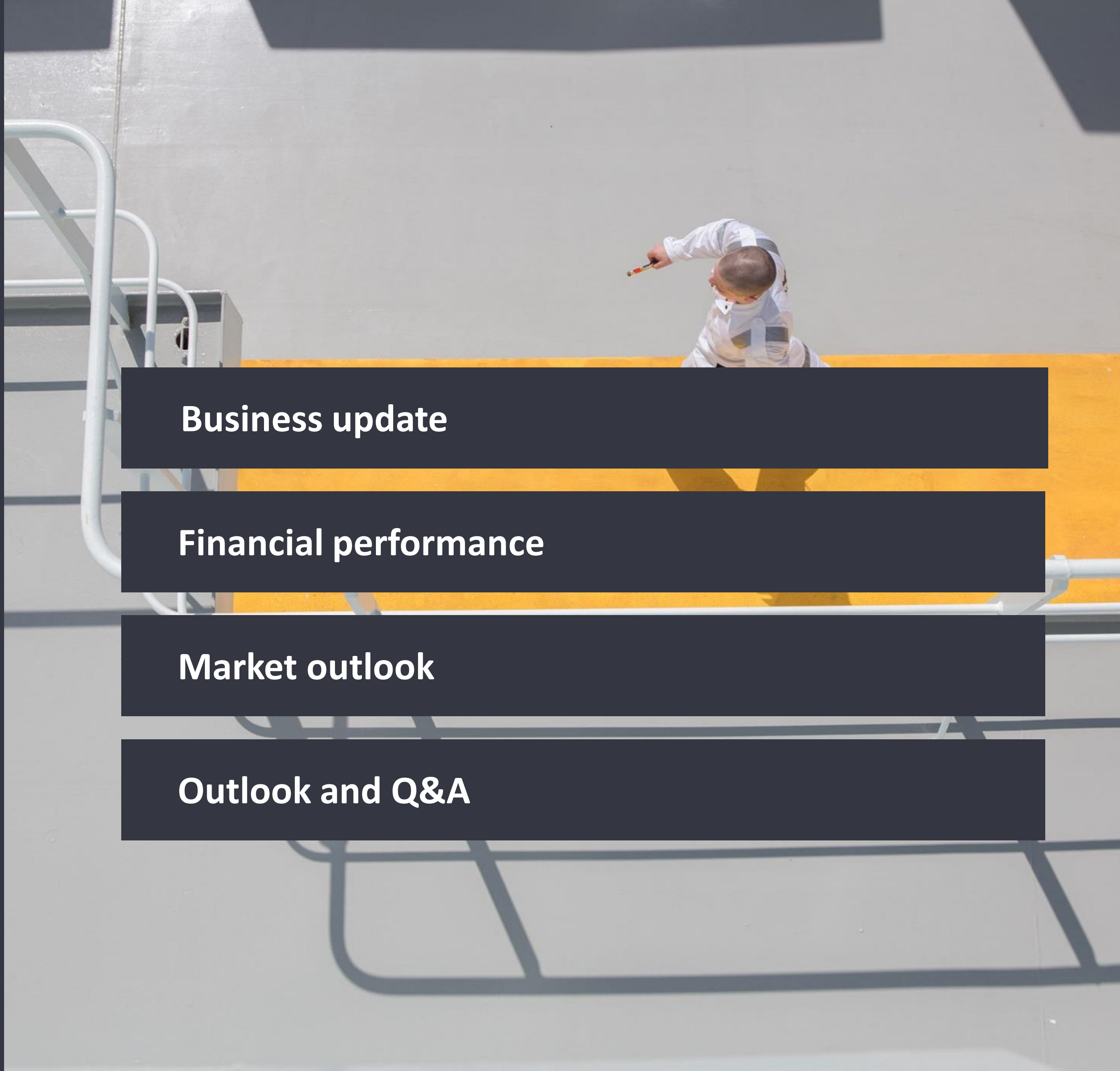
Agenda



- Business update
- Financial performance
- Market outlook
- Outlook and Q&A

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Business update

by Craig Jasienski

Covid-19: Focus on the welfare of employees, the community, and customer needs

Health and safety

- Facilities: social distancing and cleaning precautions, safe infrastructure and processes
- Office employees: Majority working from home, others social distancing at workplace
- Mental health & wellness: resources offered on-line
- Seafarers: crew changes stopped and additional health and safety precautions taken

Operations

- Ocean: vessels on efficiency schedule with slow steaming, reduced sailings and idling
- Terminals: all terminals open, supporting customers with storage
- VPC’s: half open, with reduced volumes; half closed due to OEM plant closure
- EPC’s: majority open and operating, some closed due to OEM plant closure

Commercial / Financial

- Customers: Close dialogue on schedule adjustments and way forward
- Business development: Exploring additional services to customers evolving needs
- Liquidity: Focus on cashflow across the business and constructive dialogue with banks
- Volumes: Q2 ocean volumes expected to be down by around 50% y-o-y

Cash preservation measures in motion with estimated potential of up towards USD 200 million during 2020 and 2021

Ocean segment

- Cancellation/deferral of scrubber installations
- Early recycling of vessels
- Cold lay-up of vessels
- Delay vessel drydocking
- Ship management savings

Landbased segment

- Deferral of all non-essential CAPEX
- Temporary lay-off of production workers

Group SG&A

- Cancel and pause non-essential projects
- Non-salary related SG&A savings program
- Voluntary temporary salary reductions & furloughs

Reducing fleet costs and capacity

RECYCLING

- 2 vessels to be recycled in Q3
- 2 vessels to be recycled in Q4

COLD LAYUP

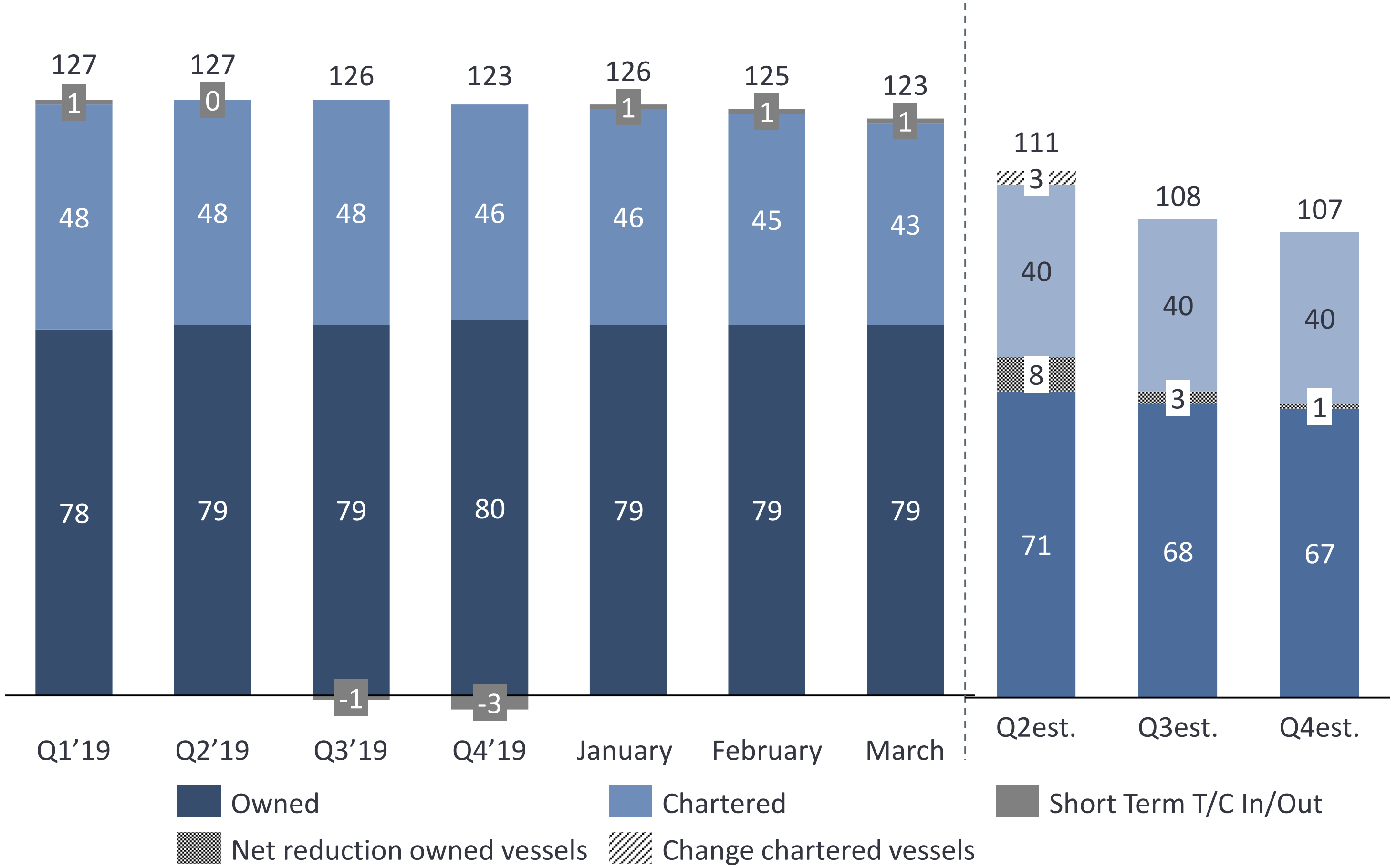
- 10 vessels in cold layup in Norway and Malaysia (9 by end of Q2, 1 in July)
- An additional 10 vessels under evaluation

REDELIVERY

- Q1: 4 vessels redelivered
- Q2: 3 vessels to be redelivered
- Q3-4: 3 vessel candidates
- 2021: 3 vessel candidates

Fleet development – vessels in operation

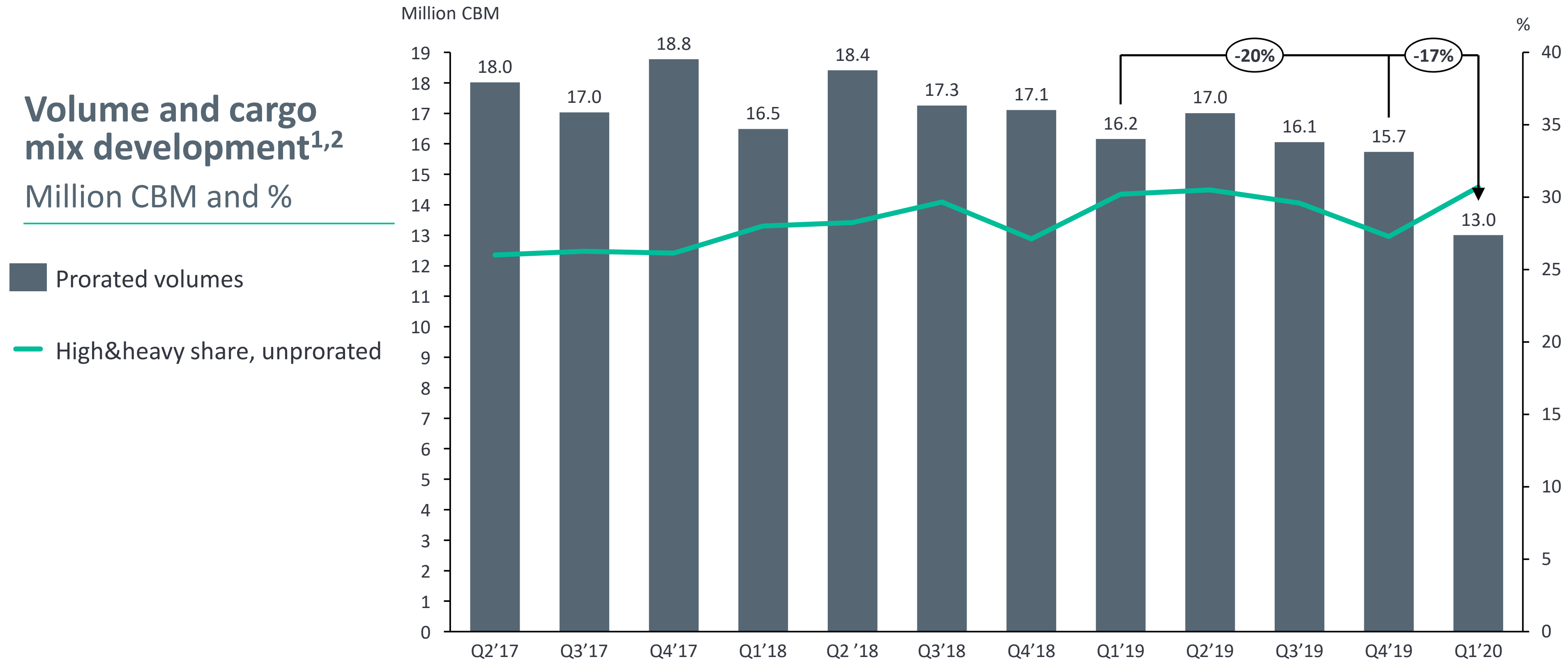
of vessels



Ocean volumes declined 20% y-o-y, due to Covid-19 coupled with generally slower markets and some effect from relinquished volumes

Volume and cargo mix development[1,2]

Million CBM and %

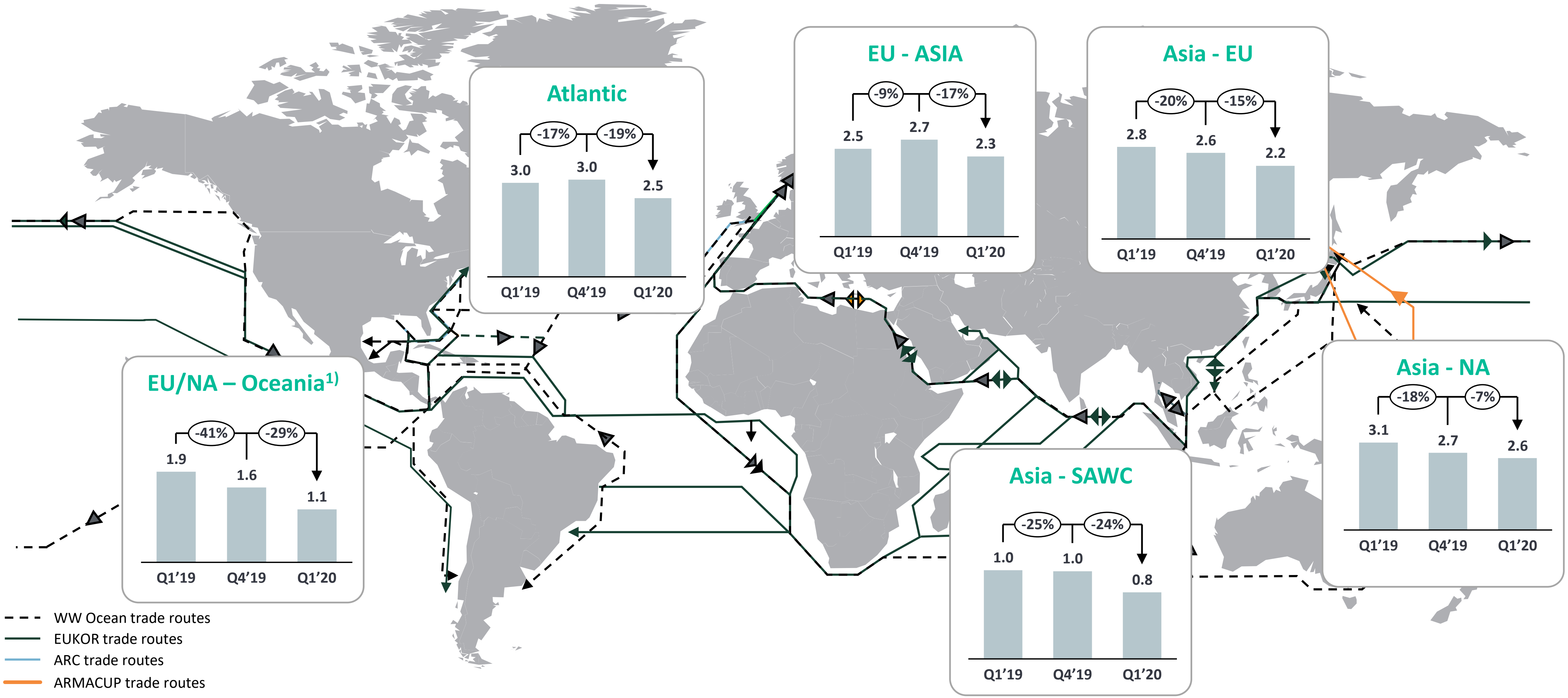


- Significant impact of Covid-19, particularly out of Asia
- Some impact from contracts not renewed in Q4 2019 (in EU-AS trade with effect from Jan 2020, and in EU/NA-OC with effect from Nov 2019)
- High & heavy share 30.7%

1) *Total volume based on prorated volume (WW Ocean, EUKOR, ARC and Armacup)*

2) *H&H share calculated based on unprorated volumes. Nominal volume for auto and H&H calculated as total prorated volume x unprorated auto share and total prorated volume x unprorated H&H share, respectively*

Lower volumes experienced across the main trades



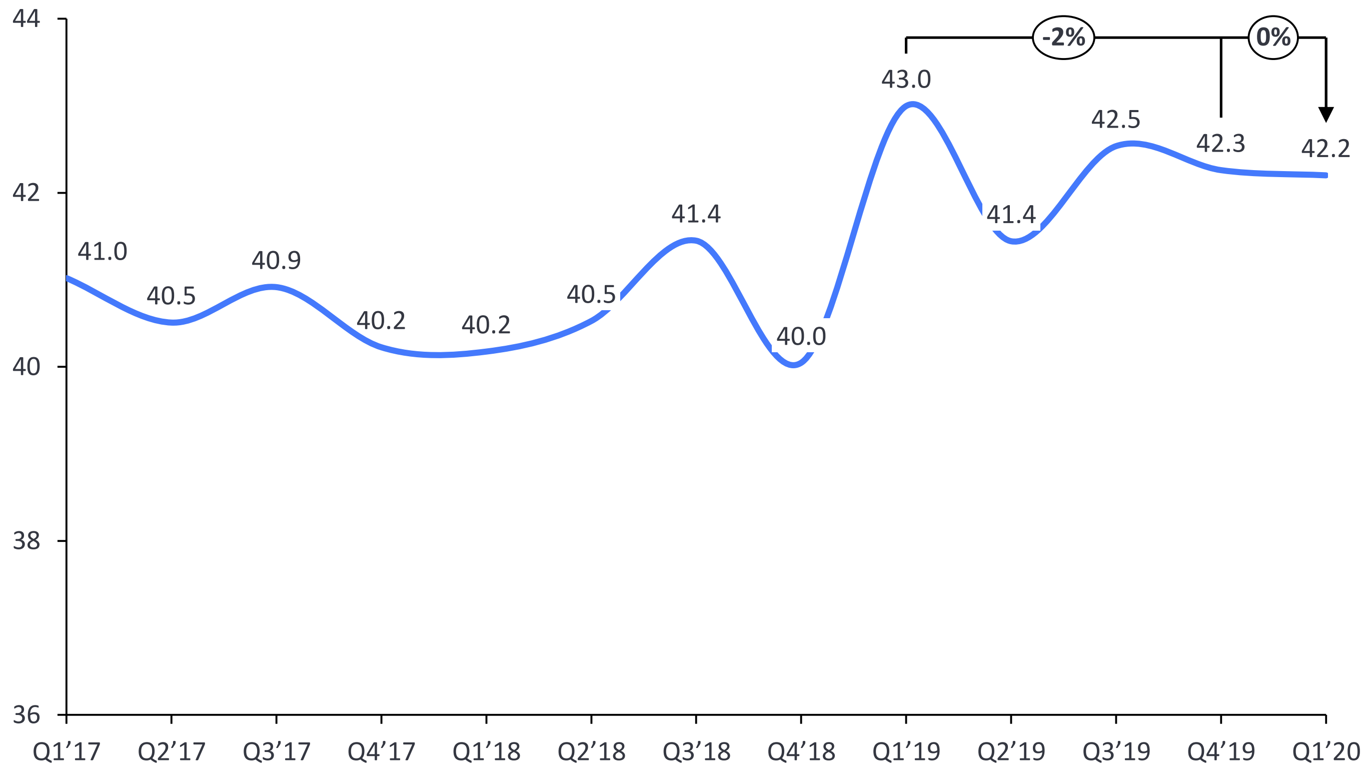
Note: Prorated volumes on operational trade basis in CBM

1) Including Cape sailings (South Africa)

The positive development for net freight per CBM seen throughout 2019 is sustained into 2020

Net freight / CBM development

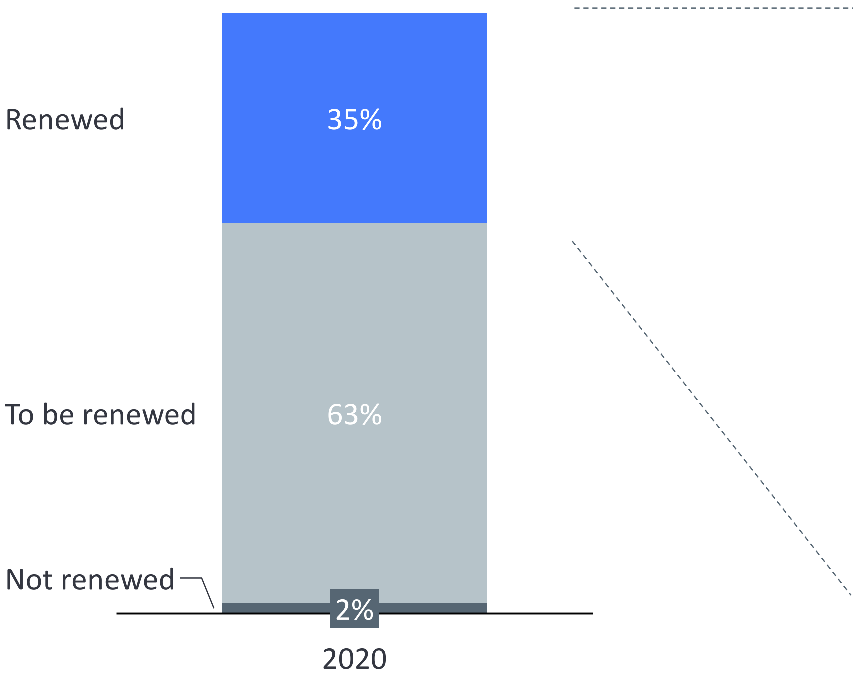
Net freight = Freight revenues adjusted for surcharge elements such as BAF, SRC, THC etc.



Small positive impact from contract renewals in first quarter

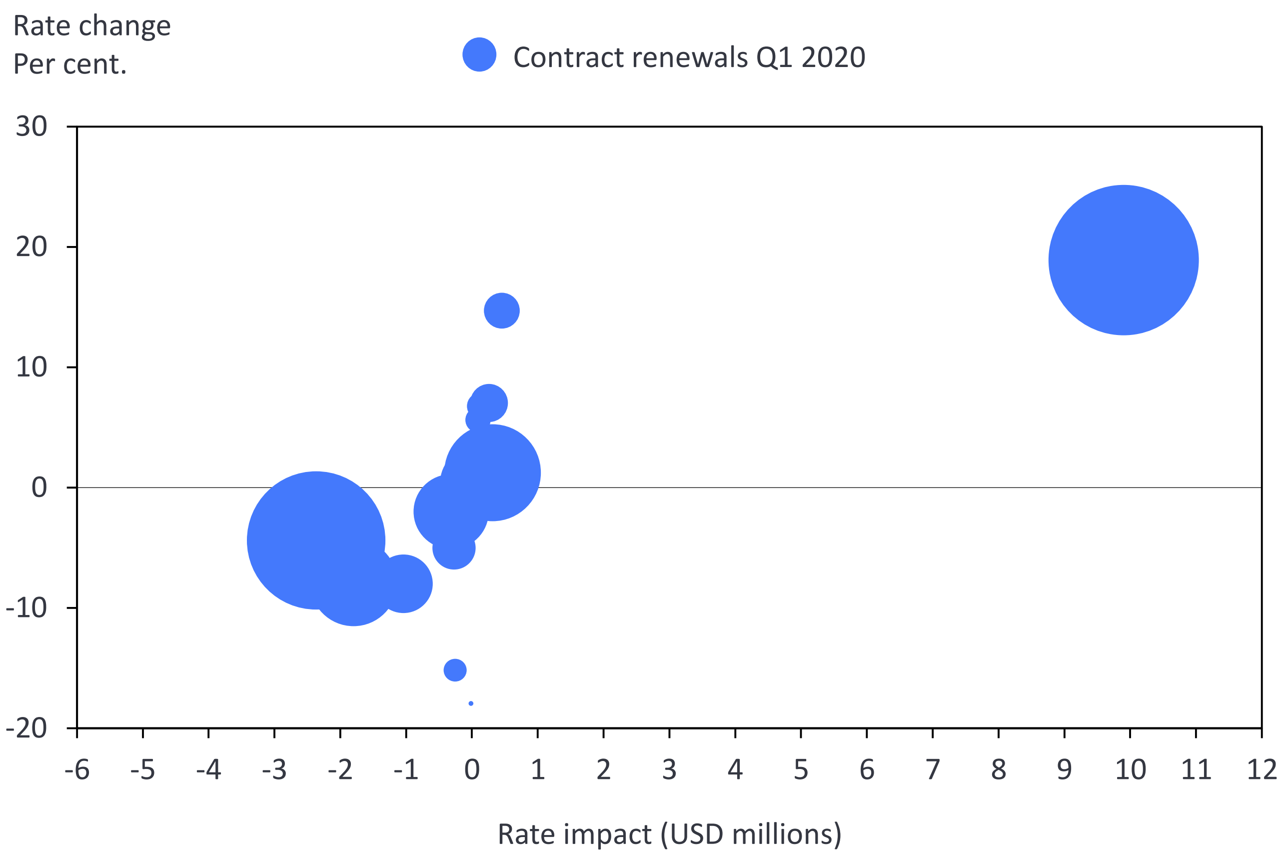
Overview of 2020 contract renewals

Per cent.



Rate changes and impact from 2020 contract renewals

(Circle indicates size of contract in millions)



ARC wins GHC contract with TRANSCOM

- Revenues of more than USD 2.0 billion per year as of 2022
- Margins for first 24 months in range 0-2%, improving over time
- Covers ca 400 000 domestic and international shipments of household goods per year
- ARC is the primary contract holder, and will work with leaders in the moving, logistics, and technology industries
    - Deloitte, UniGroup, Atlas World Group, Suddath, and The Pasha Group
- Protests are possible, but given TRANSCOM's professional process, and competitiveness and completeness of our bid, we have every confidence this will not change the outcome

Financial performance

by Astrid Martinsen

Consolidated results – Q1 2020

- performance impacted by lower volumes

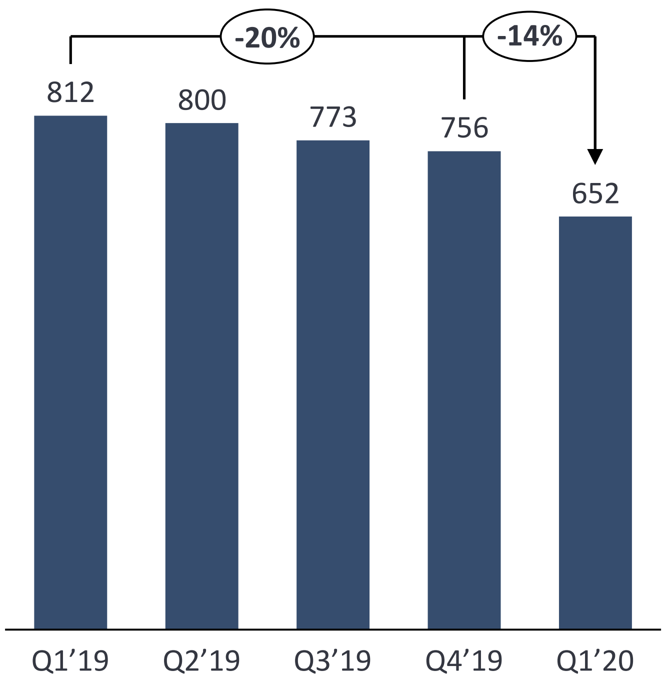
	Q1 2020	Q4 2019	% change Q-o-Q	Q1 2019	% change Y-o-Y
Total income	**834**	**932**	**(11%)**	**1018**	**(18%)**
Operating expenses	(770)	(771)	(9%)	(854)	(10%)
EBITDA*	**130**	**162**	**(20%)**	**218**	**(40%)**
EBITDA adjusted	**130**	**194**	**(33%)**	**218**	**(40%)**
EBIT	**(132)**	**81**	**n/a**	**95**	**n/a**
Financial income/(expenses)	(153)	(22)	610%	(70)	118%
Tax income/(expense)	(0)	(19)	n/a	(3)	n/a
Profit for the period	**(285)**	**41**	**n/a**	**22**	**n/a**
EPS	(0.65)	0.10	n/a	0.05	n/a

Ocean segment – Q1 2020

- EBITDA declined by 41% as a result of lower volumes

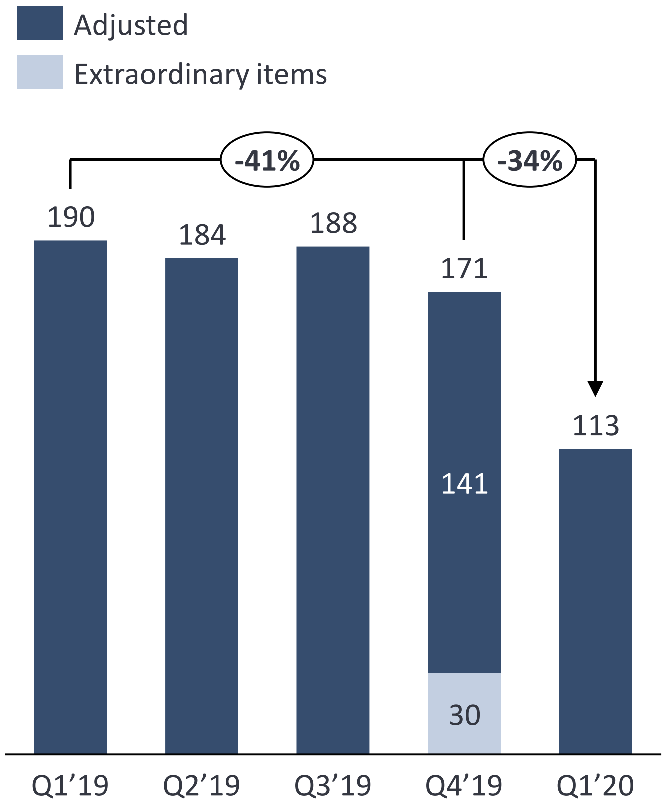
Total income

USD million



Adjusted EBITDA[1]

USD million

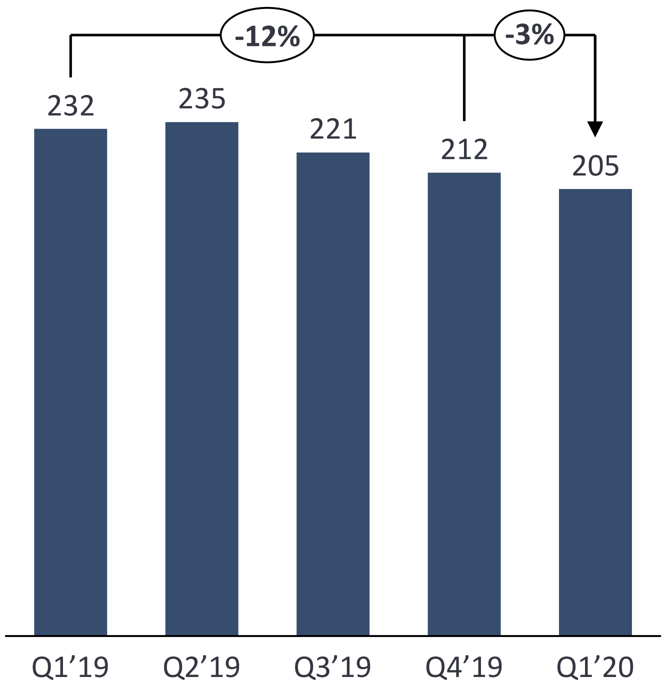


- Revenue declined 20% y-o-y as a result of lower volumes combined with lower net freight/CBM compared to the high level in Q1 2019, and less other operating income
- EBITDA down by 41% due to the lower volumes and higher net bunker cost of about USD 20m (adjusted for volume effects)

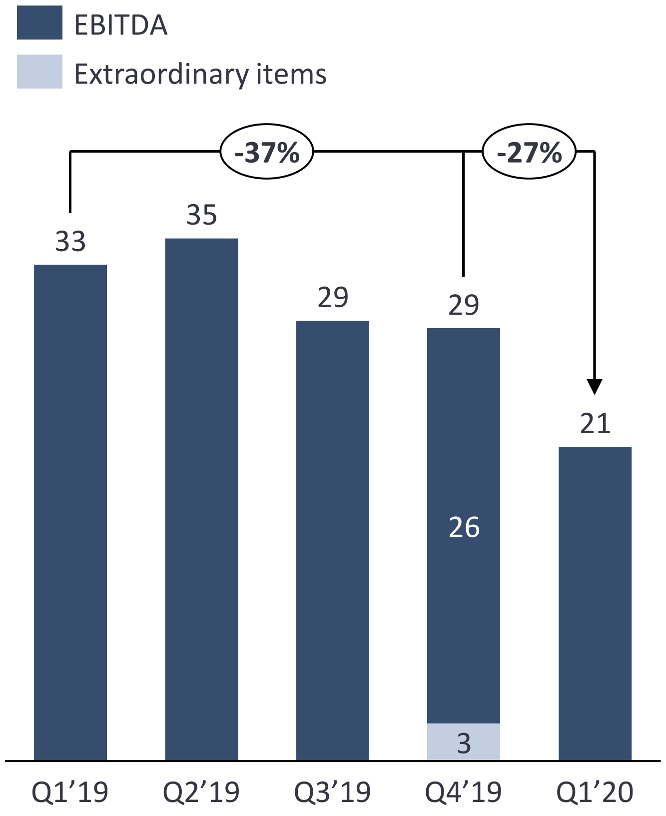
1) *Adjusted for extraordinary items*

Landbased segment – Q1 2020
- EBITDA fell by 37% as a result of lower volumes

Total income
USD million



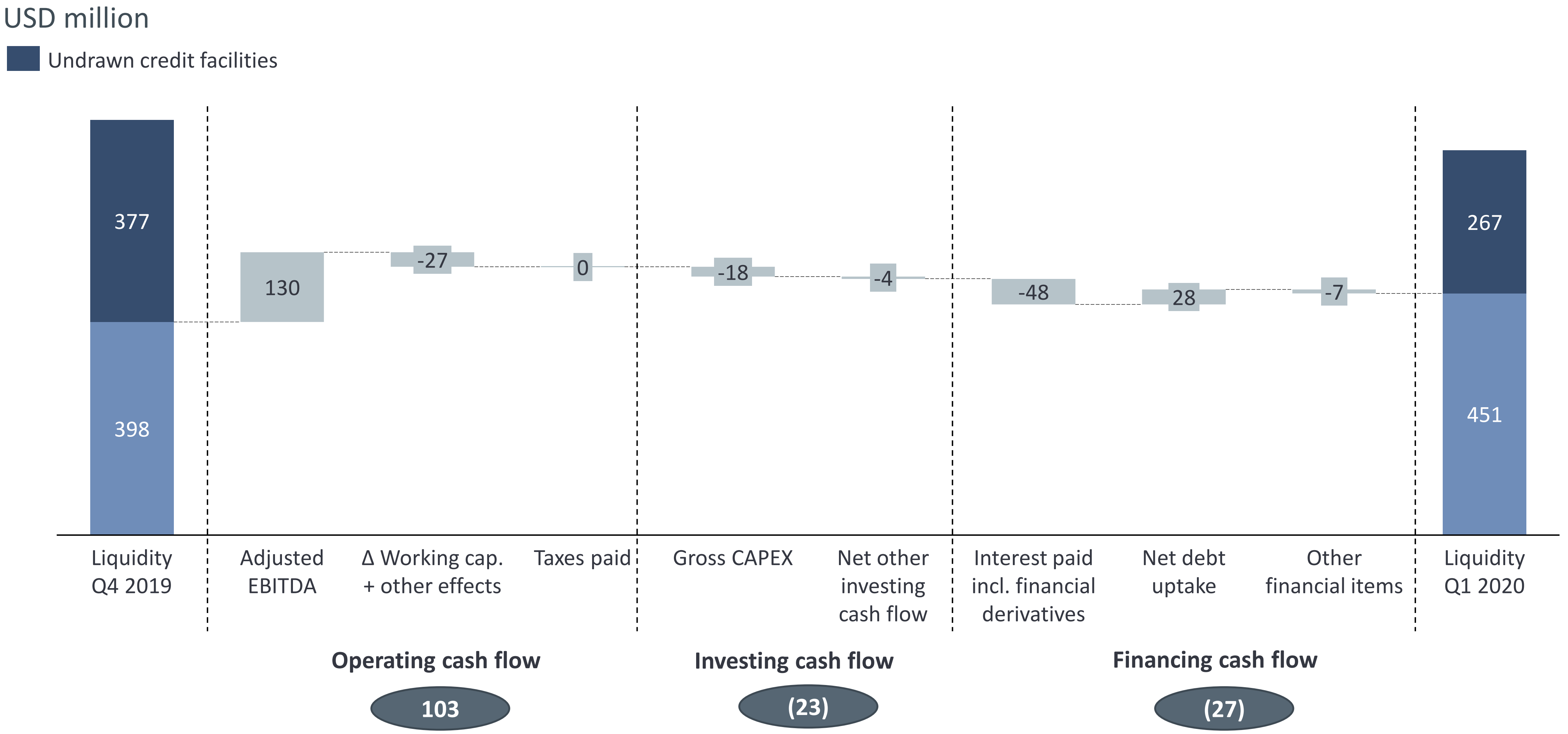
Adjusted EBITDA[1]
USD million



- Revenue down 12% y-o-y as lower volumes impacted across all segments, partly driven by plant closures as a result of Covid-19
- EBITDA fell 37% y-o-y with particularly Solutions Americas – Auto and Terminals contributing to the decline

1) *Adjusted for extraordinary items*

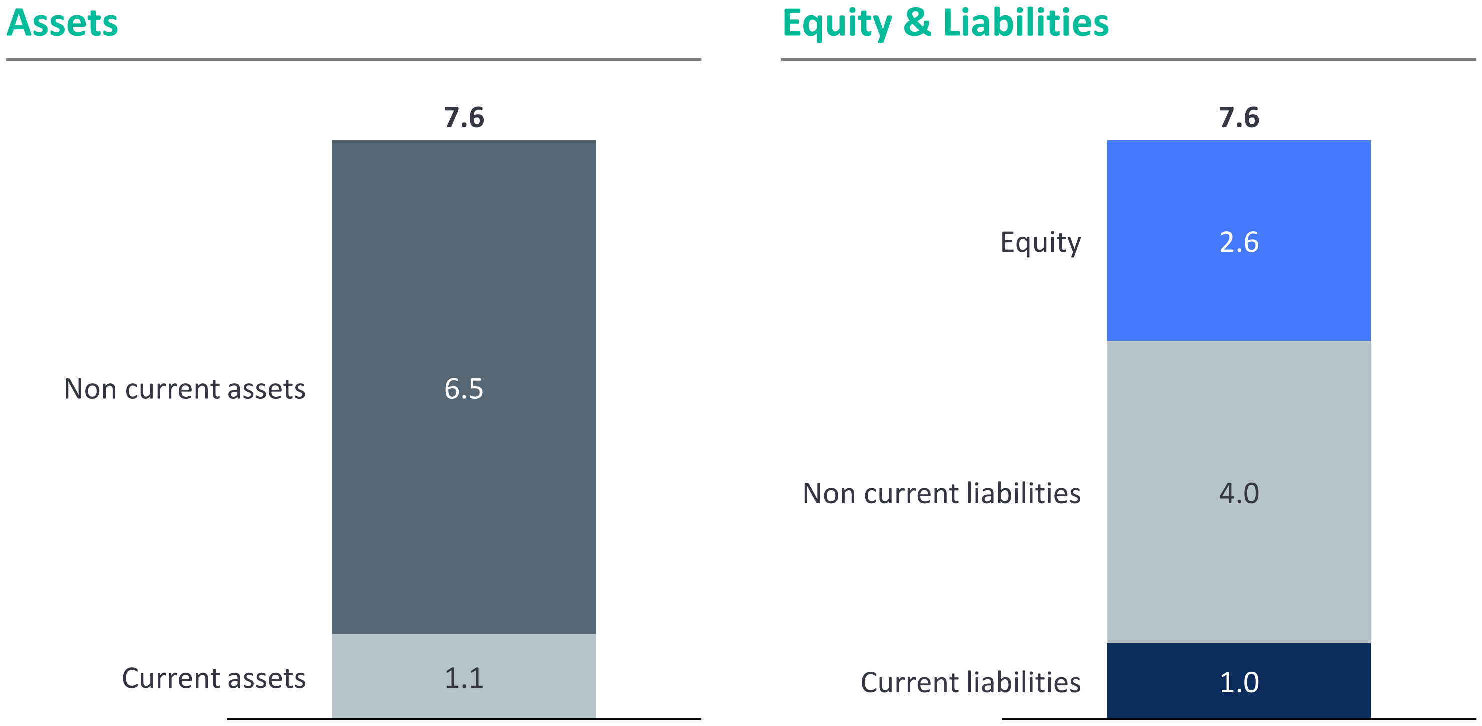
Cash flow and liquidity development – first quarter 2020
- free cash flow of USD 32 million



Balance sheet – first quarter 2020

Balance Sheet 31.03.2020

USD billion



- Equity ratio 34.6% down from 37.5% last quarter impacted by impairments and mark-to-market movements in the derivatives portfolio
- Small decline in net debt from USD 3 646 million to USD 3 554

Capital expenditures reduced significantly in 2020

CAPEX reduced to a minimum, prioritizing safety and maintenance critical expenditures

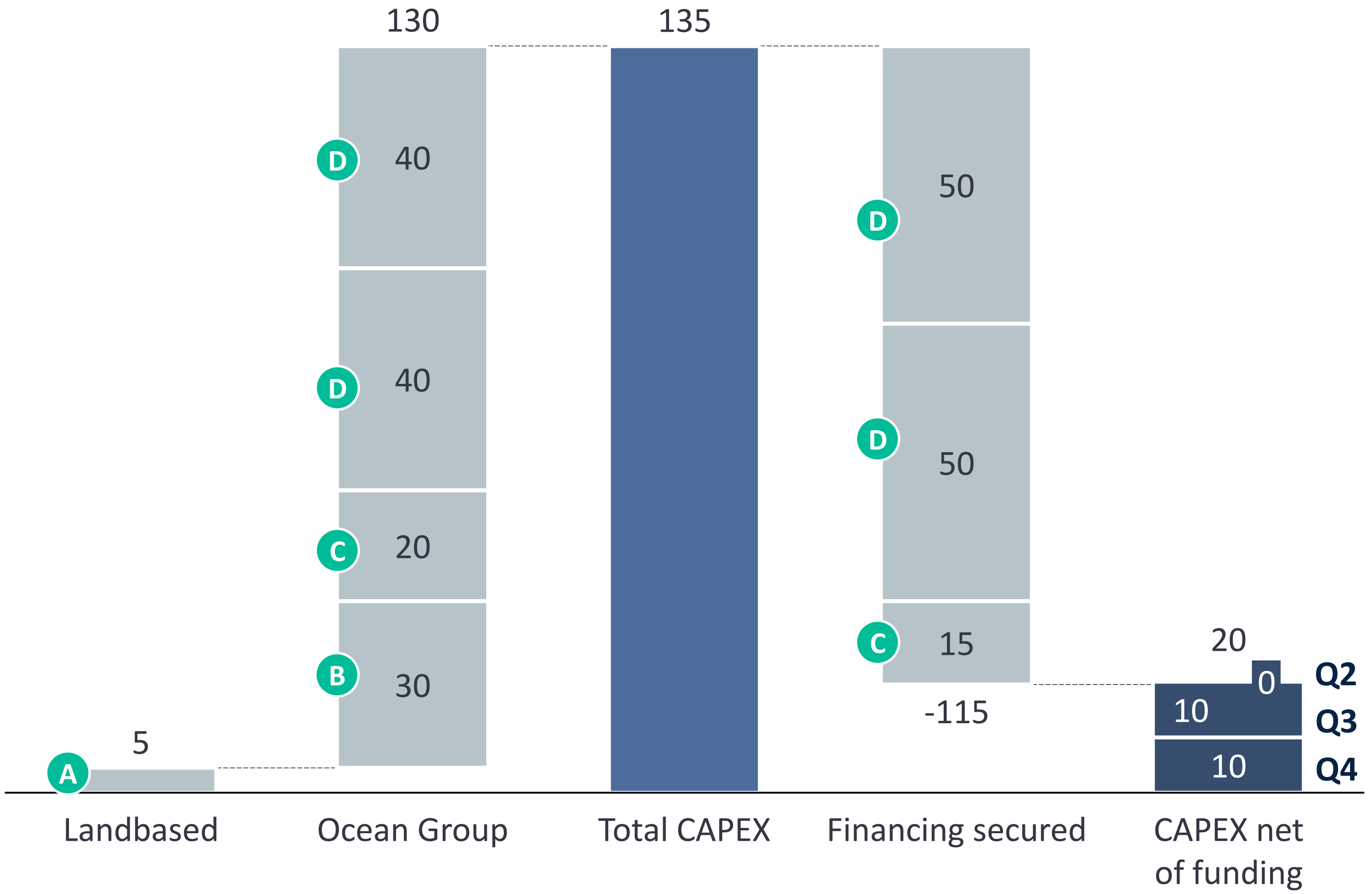
- A Landbased CAPEX estimated at ~USD 5m for rest of year, mainly required maintenance

Ocean CAPEX rest of year primarily related to:

- B Drydocking (incl. ballast-water treatment systems) and other maintenance estimated to ~USD 30m
- C Scrubber installations estimated to about USD 20m in 2020, for which we have committed financing of USD ~15m
- D Two newbuildings remaining, with final instalments amounting to ~USD 40m per vessel. Financing of ~USD 50m per vessel will be drawn after delivery. Estimated delivery latest Q3 2020 and around year-end 2020

Overview of main capital expenditures 2020

USD million

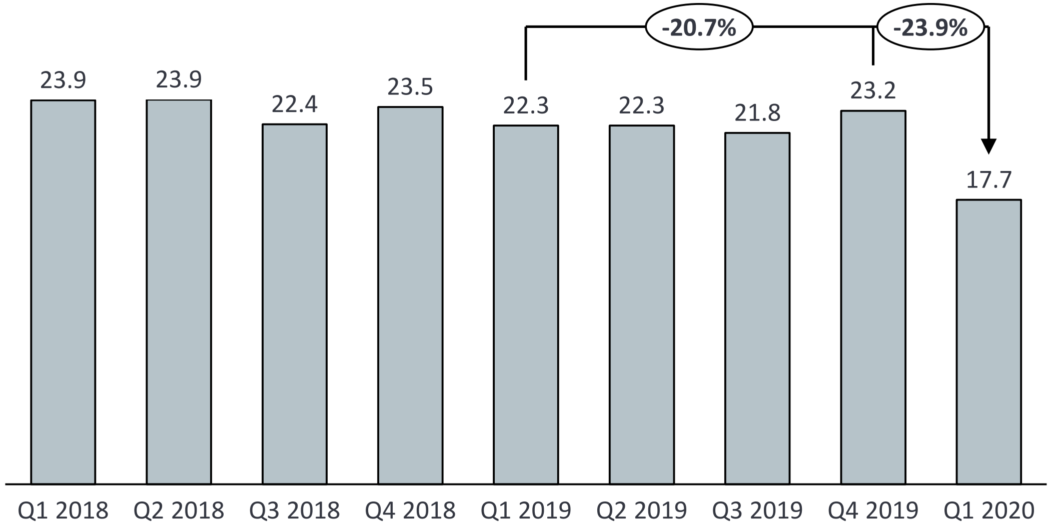


Market outlook

by Craig Jasienski

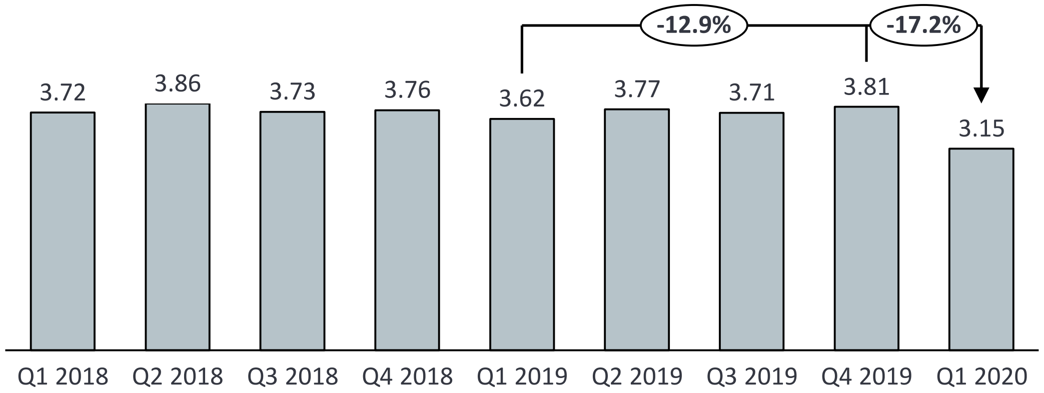
Auto sales down 20.7% y-o-y as Covid-19 made its impact starting in China

Global light vehicle (LV) sales per quarter[1)]
Units



- Total light vehicle (LV) sales in the first quarter decreased 20.7% compared to the corresponding period last year and down 23.9% from the previous quarter as the coronavirus made its impact starting in China and continuing in all major auto markets.

Global light vehicle (LV) export per quarter[1)]
Units



- Total exports in the first quarter were down 12.9% compared to the corresponding period last year, down 17.2% from the previous quarter.

Source: [1)] IHS Markit

Latest IHS forecast estimates global LV sales to drop 22% in 2020 overall

COVID-19 status update Auto

LV Sales

IHS Markit assume 2020 global LV sales set at 70.3m for 2020, down 22% with downgrades across all major regions, and risk of further downgrade

Supply

Temporary plant closures in all major regions. Recovery seems to take a while as a stop-start rhythm prevents efficiency, slow bands and tricky new health protocols

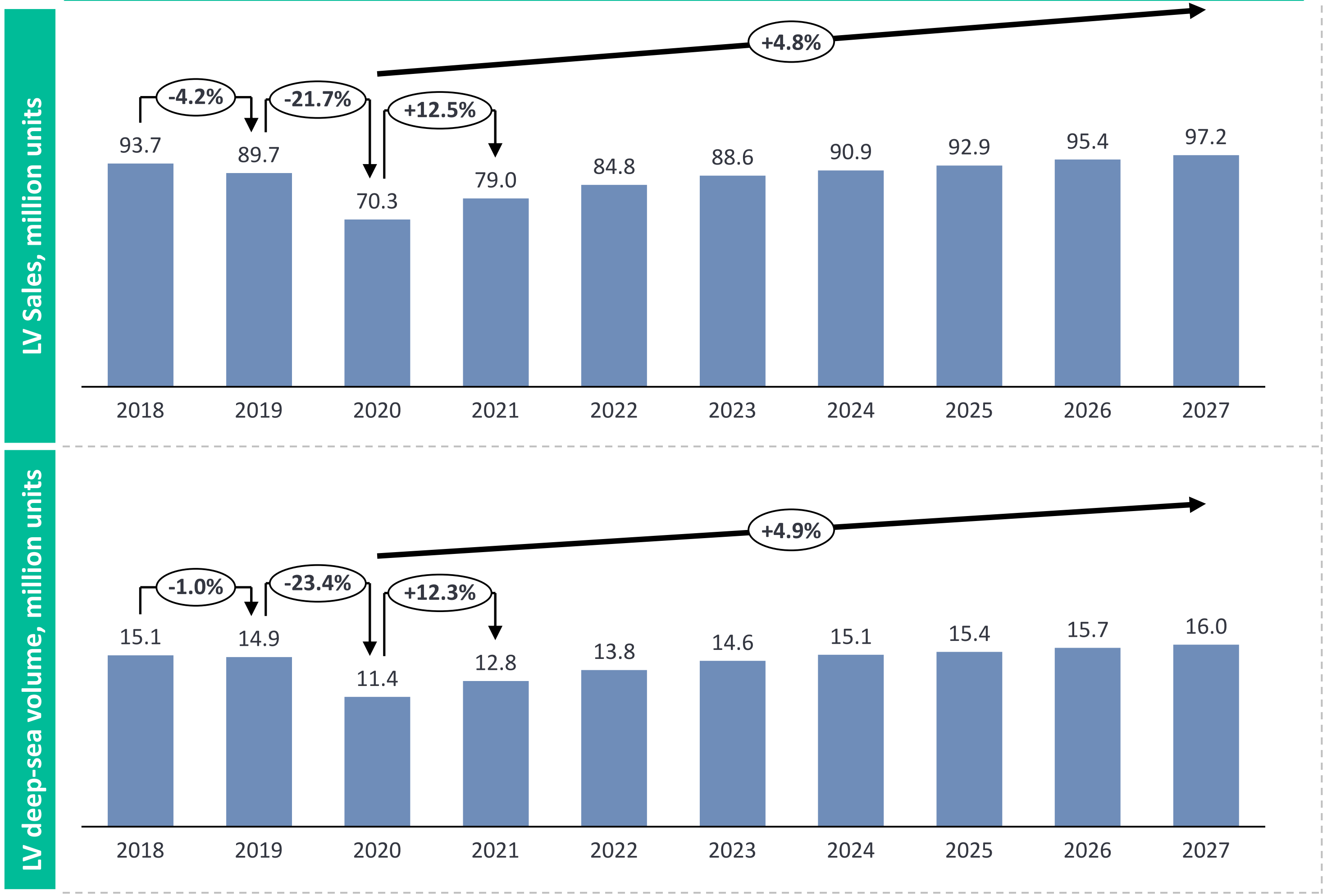
Deepsea trade

IHS Markit assume deepsea volume to see decline from 14.9m in 2019 to 11.4m in 2020, equal to a drop of 23%, with risk of further downgrade

Demand implications

Large uncertainty to how fast consumers will turn back to dealers, governmental stimulus such as tax breaks, "cash-for –clunkers" e.g. might contribute to rebound

LV Sales and Deepsea estimates 2020-2027, global volume



Source: IHS Markit

H&H sales were softening towards end of 2019 and are expected to slow further as a result of Covid-19

COVID-19 status update

Government policies

Mixed government responses, but H&H deemed «essential» in several key markets and exempt from coronavirus shutdowns

Production suspension

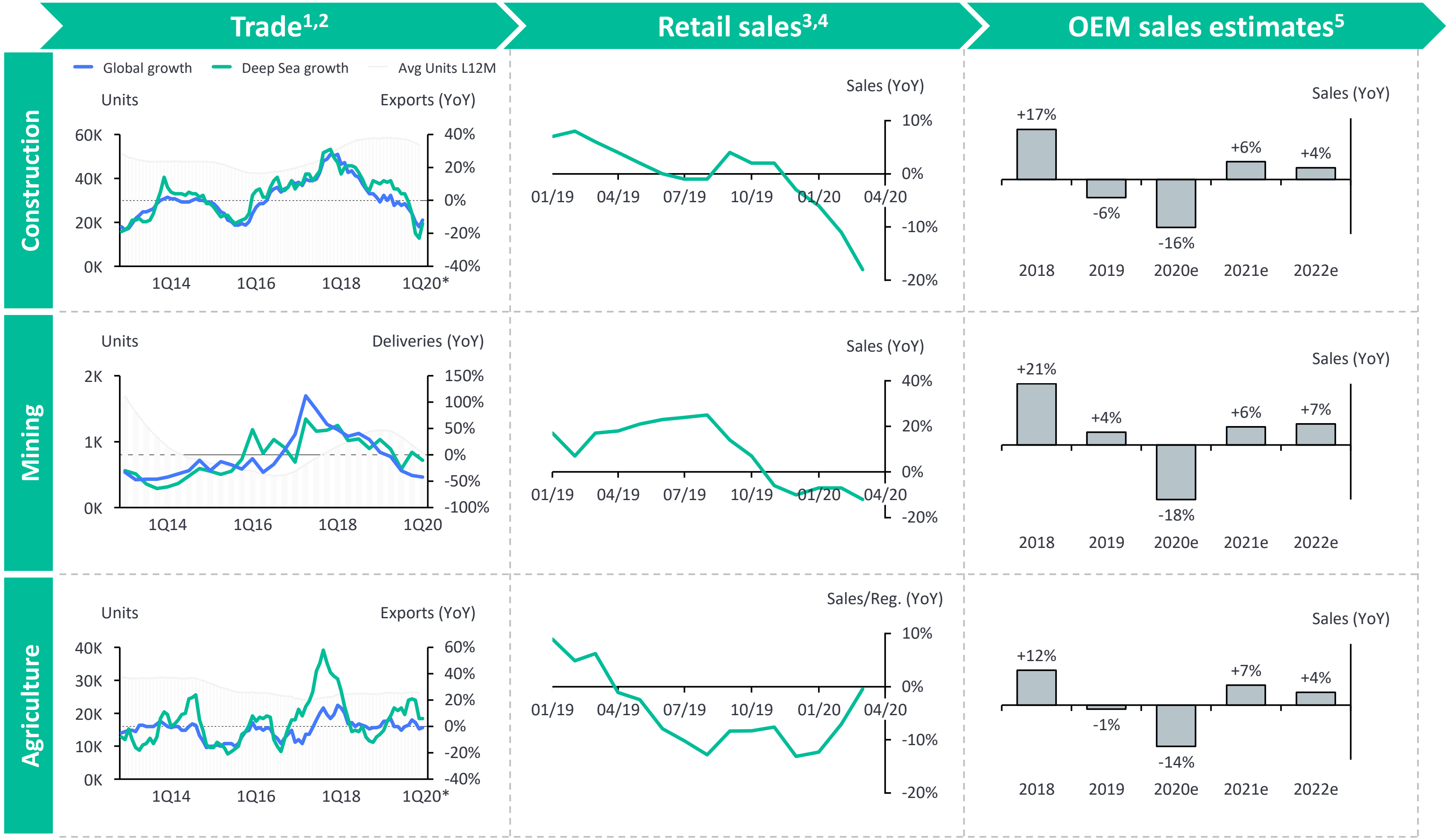
Temporary plant closures in a number of affected regions e.g Europe and Brazil, while Chinese operations appear to be recovering

Demand implications

Reduced capex spend and postponed investment decisions due to current global economic conditions and an uncertain outlook

Guidance withdrawals

OEMs are withdrawing FY2020 guidance due to uncertainty around the ultimate impact of COVID-19 on financial and operational results



*Source: [1]IHS Markit | World (major exporters) construction & rolling mining equipment and agriculture equipment exports (Avg. equipment value >20 kUSD) (Units last 3 months y-o-y) (Rolling average units last 12 months), Deep Sea Trades= AS-EU, AS-NA, EU-AS, EU-NA, EU-OC, NA-AS, NA-EU, NA-OC. *Trade data complete as of Jan '20. Feb '20 growth rates are limited to countries that have reported customs figures to IHS Markit by the end of April 2020 [2]Parker Bay | Large Mining Equipment Deliveries (Units last 3 months y-o-y) [3]Caterpillar | 3 month rolling retail sales (Units last 3 months y-o-y) [4]Tractor sales and registrations in key markets | 3 month rolling retail sales (Units last 3 months y-o-y), US Large Tractors (2WD 100+HP & 4WD), Australia Large tractor (100+HP), Brazil (All), UK (50+HP) [5]Factset (01.05.20) | OEM Revenue Consensus Estimate (y-o-y). Construction: Volvo, Caterpillar, CNH, Komatsu, Hitachi, Terex. Mining: Sandvik, Caterpillar, Hitachi, Epiroc. Agriculture: AGCO, CNH, Deere. Sales in construction/mining/agriculture equipment divisions only*

Outlook and Q&A

by Craig Jasienski

Outlook

- Starting from a solid cash position, taking decisive action early, and successfully implementing cost reductions globally is protecting group liquidity
- Volume outlook remains very uncertain, but today indications show a sharp fall in auto volumes as a result of Covid-19 related auto OEM plant closures. High & heavy and breakbulk expected to hold up better, though also with reduced volumes
- Q2 is likely to be a low water-mark with around 50% drop in ocean volumes
- Our focus is on supporting customers in the recovery and ensuring a safe return to normal for those operations and offices that have been closed
- We continue to manage what we can control and have a solid plan for working through these trying times, while taking advantage of any opportunities that may arise to further our strategy

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Thank you!