

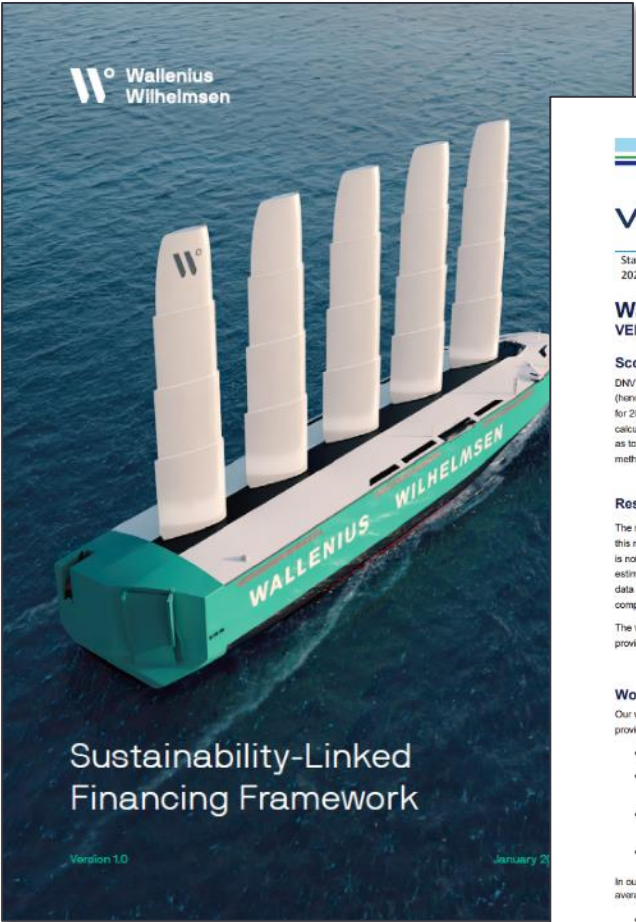
A photograph of a large cargo ship, the TANA, docked at a pier. The ship has a teal upper hull and a dark blue lower hull with a red bottom. It is being moored with yellow ropes. In the background, several wind turbines are visible against a cloudy sky. The pier in the foreground has yellow safety railings.

# Q4 2021 Quarterly presentation

## Highlights ♦ Q4 2021

- Strong quarterly EBITDA of USD 306m, driven by Shipping results and improvement in Logistics
- Deferred debt being prepaid in Q1-22, removing dividend block
- Proposed dividend of USD 63.5m for 2021
- Solid cash position of USD 710m
- All vessels returned from lay-up and final newbuild Nabucco delivered
- Lasse Kristoffersen named new CEO, starting no later than 1 June 2022

# WalWil launching a Sustainability-Linked Financing Framework



## VERIFICATION STATEMENT

Statement no:  
2022-0114

Valid from:  
January 28, 2022

Valid to:  
Current methodology review

### Wallenius Wilhelmsen ASA

#### VERIFICATION OF FLEET AVERAGE CII (cgDist) for 2019 and 2020

#### Scope and objectives

DNV Maritime Advisory Norway AS (henceforth referred to as "DNV") was commissioned by Wallenius Wilhelmsen (henceforth referred to as "Wallenius Wilhelmsen") to verify Wallenius Wilhelmsen's calculated fleet average CII for 2019 and 2020, the latter KPI of their Sustainability-Linked Financing framework. This includes a verification calculation methodology of CII (cgDist) of the Controlled Fleet in gCO<sub>2</sub> per GT-nautical mile for 2019 and 2020, as to verify fleet average cgDist and a review of the verified IMO DCS data used as input for the calculations. Our methodology to achieve this is described under "Work Undertaken".

#### Responsibilities of the Management of Wallenius Wilhelmsen and DNV

The management of Wallenius Wilhelmsen has provided the information and data used by DNV during the delivery of this review. In our work we have relied on the information and the facts presented to us by Wallenius Wilhelmsen and is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information provided by Wallenius Wilhelmsen management and used as a basis for this assessment were not correct or complete. The calculations are based on the data provided in "2019 & 2020 WalWil DCS & CII\_24.01.2022.xlsx".

The verification was conducted between January 26 and January 28, 2022, during which Wallenius Wilhelmsen provided its CII (cgDist) calculations in "2019 & 2020 WalWil DCS & CII\_24.01.2022.xlsx".

#### Work undertaken

Our work constituted a review of the available information, based on the understanding that this information was provided to us by Wallenius Wilhelmsen in good faith. The work undertaken to form our opinion included:

- Review of calculation methods in "2019 & 2020 WalWil DCS & CII\_24.01.2022.xlsx"
- Review of verified IMO DCS data for 2019 and 2020 for the fleet included in the "2019 & 2020 WalWil DCS & CII\_24.01.2022.xlsx", which are externally verified by class societies
- Review of Wallenius Wilhelmsen methodology to calculate CII (cgDist) for the controlled fleet in gCO<sub>2</sub> per GT-nautical mile for 2019 and 2020
- Review of Wallenius Wilhelmsen methodology to calculate its fleet average cgDist for 2019 and 2020

In our opinion, Wallenius Wilhelmsen has in "2019 & 2020 WalWil DCS & CII\_24.01.2022.xlsx" correctly calculated average CII (cgDist) for the 2019 and 2020 controlled fleet in gCO<sub>2</sub>/GT-nm:

- average cgDist 2019 controlled fleet: 5.78
- average cgDist 2020 controlled fleet: 5.61

DNV Headquarters, Veritasveien 1, P.O. Box 300, 1322 Høvik, Norway. Tel: +47 67 57 99 00. [www.dnv.com](http://www.dnv.com)

2022-01-29: WAWW1-verified

## Wallenius Wilhelmsen ASA

### Sustainability Linked Financing Framework Second Opinion

Wallenius Wilhelmsen ("WAWT") is a provider of integrated vehicle logistics services, which is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange. The company specializes in the distribution of cars, trucks, rolling equipment and breakbulk.

WAWT has a climate strategy in place that entails decarbonizing its fleet and land-based logistics operations. This includes an emissions reduction target for its Shipping Services' emissions (99% of its Scope 1 and 2 emissions). The company has started implementing the TCFD recommendations and has elevated climate risk to have board and senior management oversight. Having assessed physical and transition climate risks in 2021, WAWT intends to strengthen its climate risk management and conduct scenario analysis in 2022, including physical risk assessment of land-based assets and supply chains.

A Shade of Green was assigned to 13% of WAWT's revenues; shadings reflect the climate risk of WAWT's cargo and factor in its across-the-board reliance on fossil fuels. Medium Green revenues (5%) are from WAWT's shipments of battery electric vehicles (BEVs) and parts for renewable energy generation. Light Green revenues (8%) are from shipments of hybrid electric vehicles. Red revenues (1%) are from cargo which are known to or have a high likelihood of being linked with high climate risk activities, e.g. fossil fuel production and deforestation. Remaining revenues received Yellow (85%) and Yellow-Red (~1%) shadings, reflecting cargo that may have moderate to moderately high climate risk.

The framework's sole KPI is the average carbon intensity for the fleet, utilizing Carbon Intensity Indicator (CII) as measured by cgDist, or CO<sub>2</sub> emissions per gross tonne-nm. We assess this KPI as material, strategically significant, and backed by a robust and transparent methodology. The KPI's materiality and strategic significance can be improved by including Scope 3 and non-CO<sub>2</sub> GHG emissions; this would better capture any emissions reductions from potential use of biofuels and carbon-based synthetic fuels, as well as emissions from newbuilds, planned LNG use, and other alternative fuels WAWT will use to achieve the SPT.

WAWT's sustainability performance target (SPT) is to reduce its KPI by 27.5% over 2019-2030, which we assess as ambitious vs the Paris Agreement (w/ caveats) and past performance, but not vs peers. The SPT would entail decarbonization in 2008-2030 that aligns with sector-wide cuts needed for a 1.5-degree trajectory, but only if combined with WAWT's 2008-2018 absolute emissions reductions. WAWT has a credible strategy to achieve the SPT that reflects the need for alternative fuels and operational/technical improvements to decarbonize the sector, but WAWT's plan to use LNG dual-fuel vessels risks locking-in emissions; avoiding this depends on the commercialization of alternative fuels in the longer-term.

CICERO Green has not reviewed the degree to which the variation in the financial characteristics is commensurate and meaningful. Investors are encouraged to review the term sheets in detail and conduct their own assessment of the financial characteristics of the SLBs.

#### SUSTAINABILITY LINKED BOND PRINCIPLES

Based on this review, this Framework is found in alignment with the principles.

#### SUSTAINABILITY LINKED LOAN PRINCIPLES

Based on this review, this Framework is found in alignment with the principles.

The Framework is published on our website together with:

- A Second Party Opinion from CICERO Shades of Green



- A Verification Statement from DNV



# Framework will be used to link new financings with sustainability objectives

## KPI

Fleet weighted average carbon intensity

- CO2 intensity measured by CII\* as reported to IMO Data Collection System each year, calculated on the controlled fleet
- Controlled fleet includes 125 (per Q4-21) owned and long-term charter vessels

## SPT

Reduce KPI 27.5%  
2019-2030

- Reduce CO<sub>2</sub> intensity by 27.5% from 2019 to 2030, defined by KPI
- Strategy to reach Sustainability Performance Target based on Technical, Operational and Asset replacement initiatives

## Trajectory

Annual targets  
2019-2030

- Annual KPI targets 2019 to 2030, based on Strategy to reach SPT
- Each annual target could be used for a pricing covenant test in a financing



\*There are two units for measuring CII (Carbon Intensity Indicator); AER and cgDIST. For vehicle carriers, cgDIST is the correct unit. CII is calculated for the individual vessels for the days it is part of the Controlled fleet during a year, from which a weighted average of all relevant vessels is calculated. The weighted average is based on gross tonnage and distance travelled, in other words transport work.

# Agenda

- 1. Shipping update**
2. Logistics update
3. Financial update
4. Prospects and Q&A

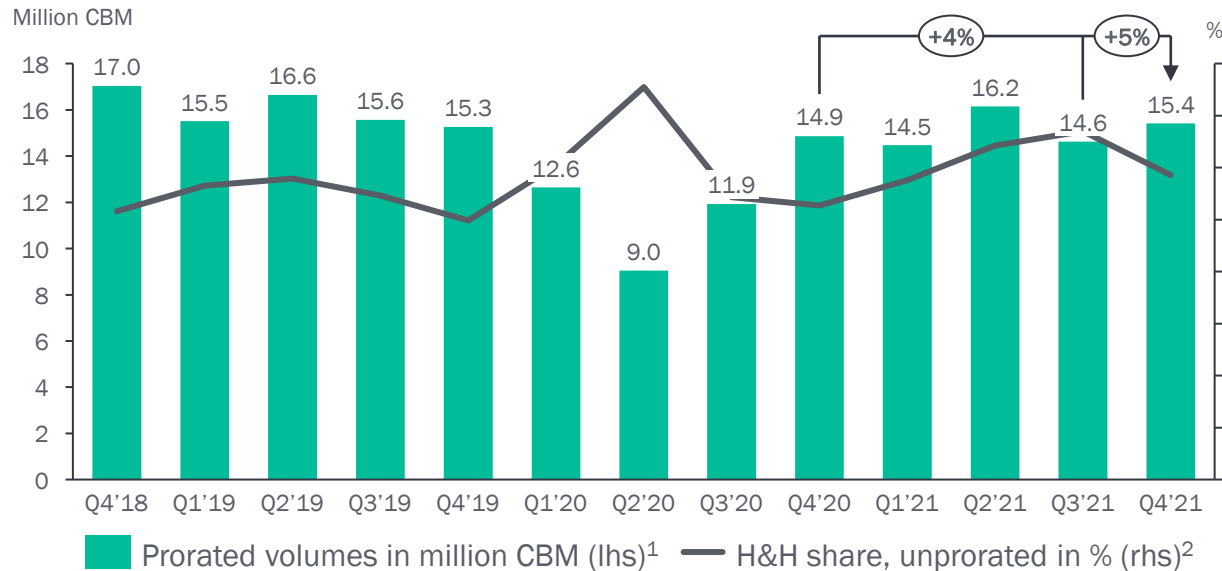


# Shipping Update

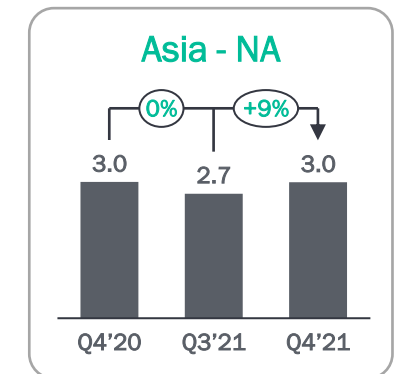
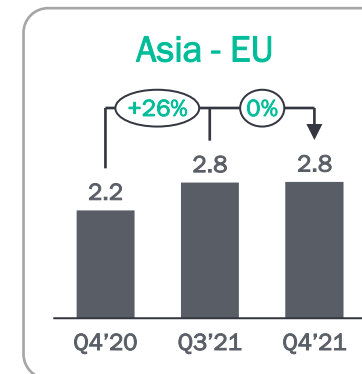
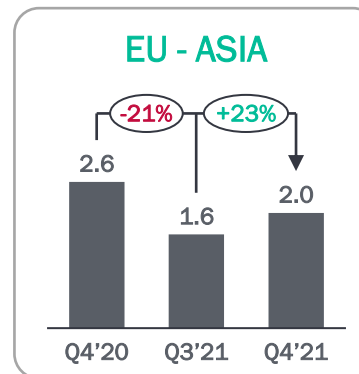
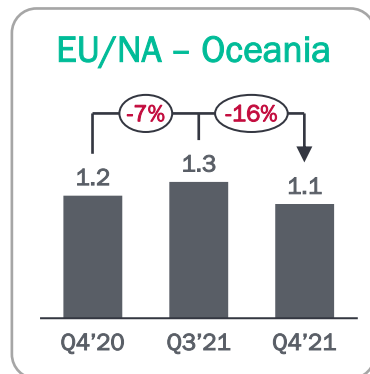


# Shipping volumes up 5% QoQ and continued improvement in net freight rate per cbm

## Shipping services volumes and cargo mix



- Continued strong volumes ex. Asia, while some rebound in volumes ex. Europe
- Net freight rate increased to USD 49.3 per cbm in Q4, up from USD 48.3 in Q3, mainly driven by positive rate development in ex. Asia trades
- Cargo mix down to 29% due to volume increase from Auto, while High&Heavy volumes remain stable in absolute terms



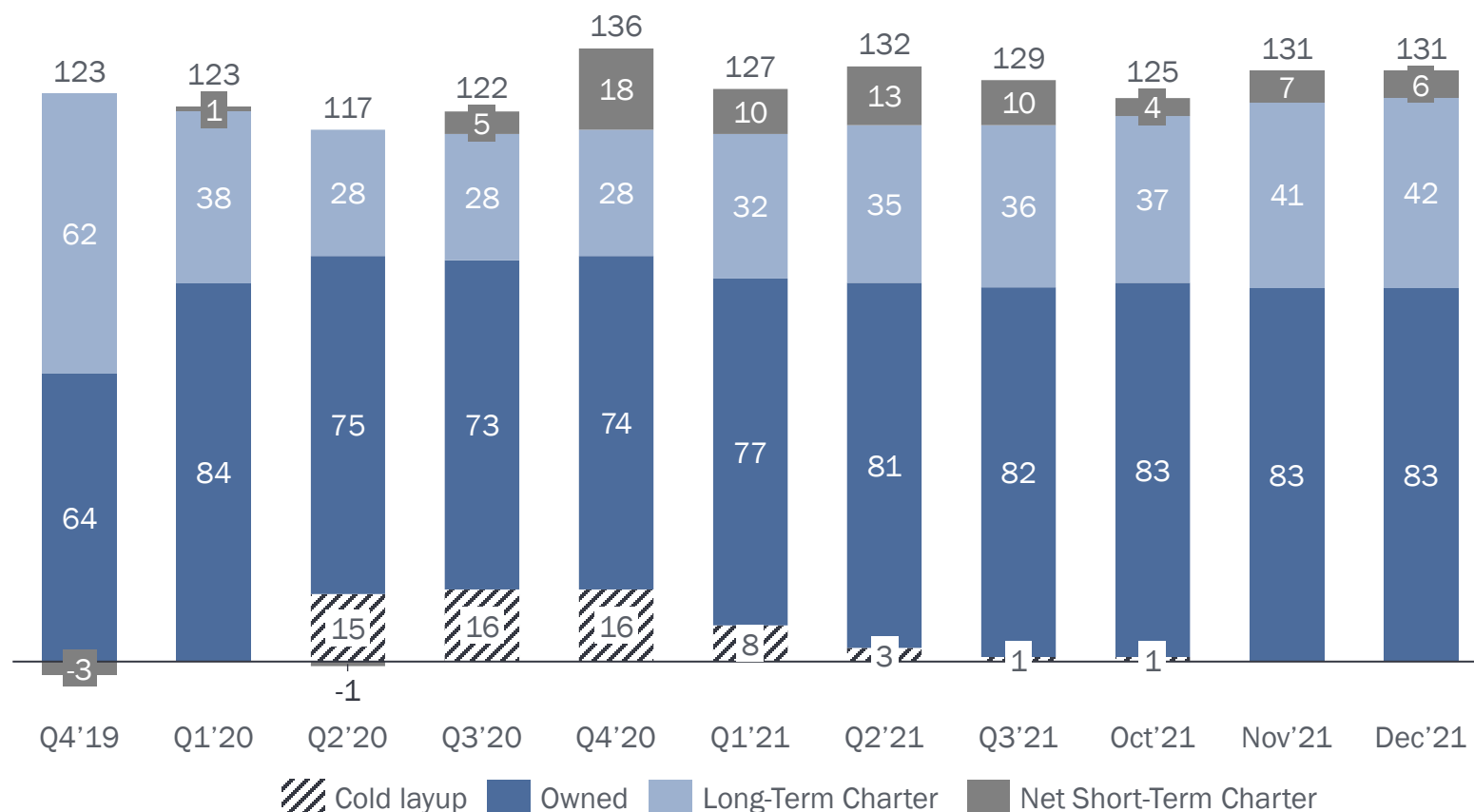
1) Total volume based on prorated volume in Shipping services (ex. Government services), i.e. volumes are split between months based on the sailing period onboard the vessel  
 2) H&H share calculated based on unprorated volumes, i.e. volumes loaded onto vessels during the quarter

# Controlled fleet capacity improved and all vessels are in active service

## Fleet capacity

- Final vessel reactivated from layup
- Controlled fleet increased to 125
  - 5 additional vessels secured on long-term charters
  - Final newbuilding, Nabucco delivered in October
- Continued to utilize short-term charter market in Q4
- Scrubber installation program finished, last two scrubbers installed in Q4 (24 owned and 10 on long-term charter)

## Controlled fleet + net short-term charters in # of vessels<sup>1</sup>



<sup>1</sup> Vessels in cold layup included Owned and Chartered vessels

<sup>2</sup> 20 vessels were reclassified from leased assets to owned assets effective from 01/01/2020



# High underlying demand from consumers not reflected in sales figure, as light vehicle sales down 17% YoY on chip shortage



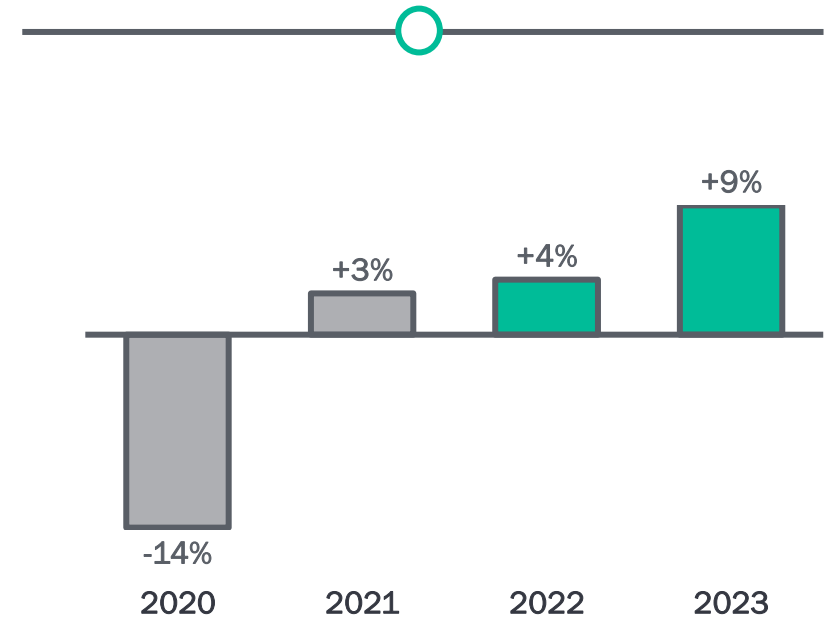
YoY Q4-21  
(unit growth)

-17% ↓

-16% ↓

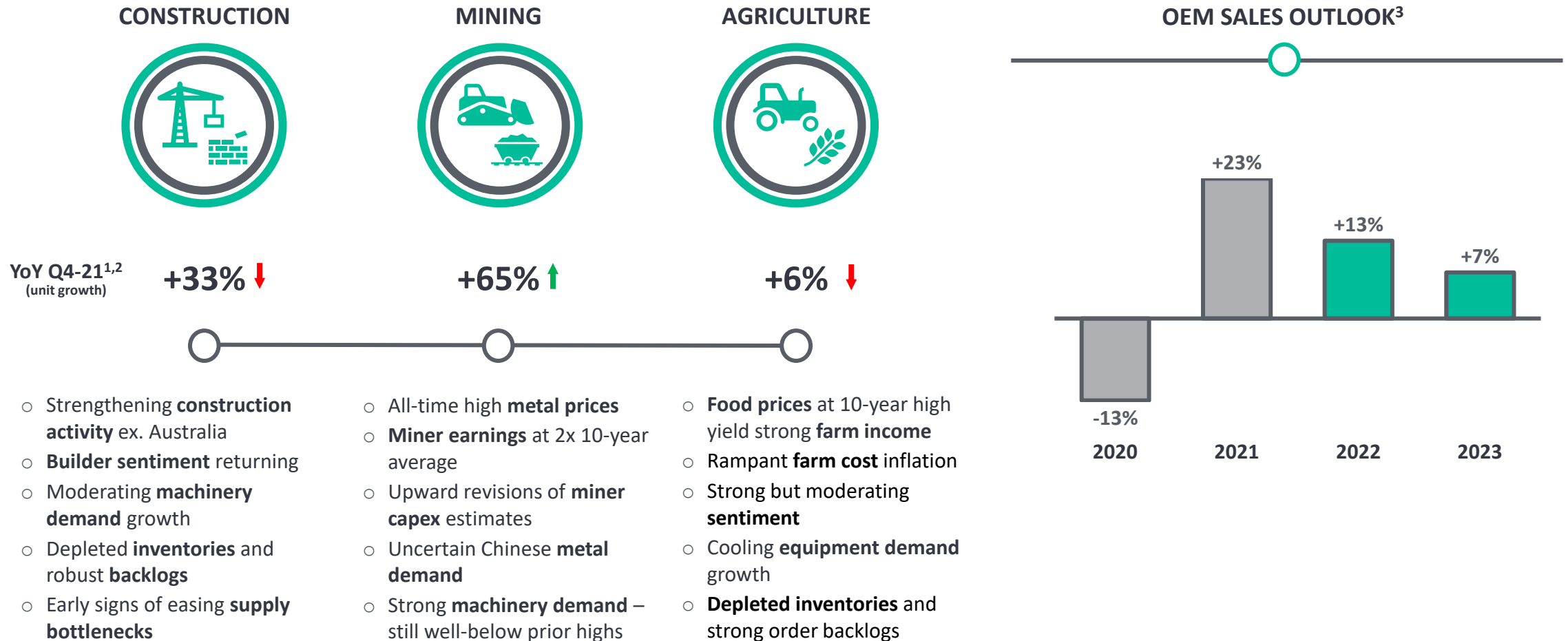
- **Global LV** sales do not reflect the high underlying demand from consumers
- On the supply side **production does not hold up**
- **Supply chain constraints** prevent increased production
- Semiconductor shortage the main issue due to:
  - **Vehicles more advanced over the past 5-10 years**
  - **Increased competition** from consumer electronics
  - **Long lead-time** to ramp up capacity

## LIGHT VEHICLE SALES OUTLOOK



# H&H growth down from peaks on tougher comps and continued supply issues

Construction activity continues to be volatile around the world, while prices again benefit commodity producers



Source: <sup>1</sup>IHS Markit | World construction & agriculture equipment exports (avg. equipment value >20 kUSD ) (Units last 3 months, YoY) per November 2021. Data is limited to countries having reported customs data as per February 3<sup>rd</sup>, 2022.

<sup>2</sup>Parker Bay | Large Mining Equipment Deliveries (Units last quarter YoY). Arrows indicate YoY growth compared to last quarter. <sup>3</sup>Factset Data and Analytics (January 10<sup>th</sup>, 2022) | OEM revenue consensus estimates per calendar year (USD).

Constituents: Volvo, Caterpillar, CNH, Hitachi, Deere, Terex, Doosan, Sandvik, Epiroc and AGCO. Estimates include sales of constr./mining/agri. equipment only

# Tight tonnage situation - limited recycling and no new orders in Q4

*New orders have a lead time of 3-4 years. Easing of current supply chain inefficiencies will add capacity*

GLOBAL FLEET\*



End Q4  
(end Q3)

#43 (43)

vessels built between  
1983 and 1997

#39 (40)

vessels in orderbook

96% (91%)

fleet utilization rate in  
2022

# Agenda

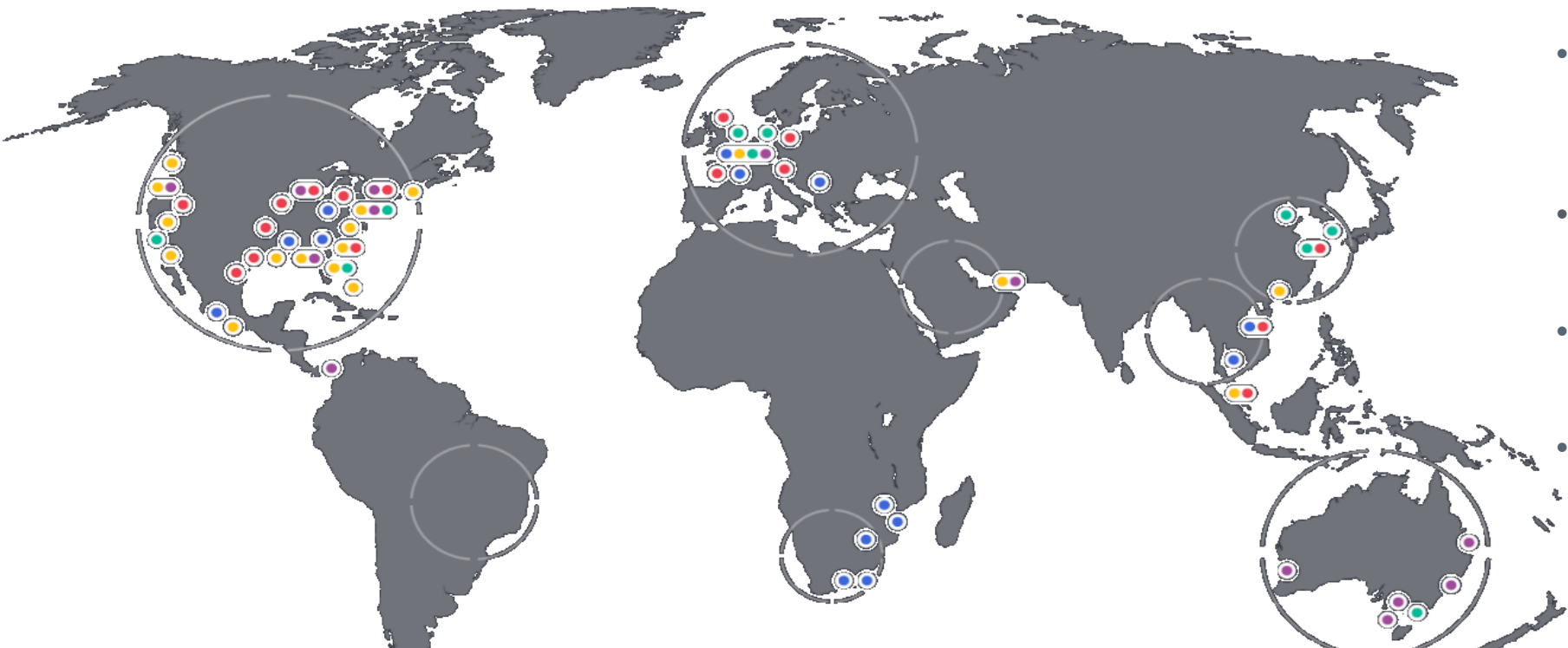
1. Shipping update
- 2. Logistics update**
3. Financial update
4. Prospects and Q&A

# Logistics Update

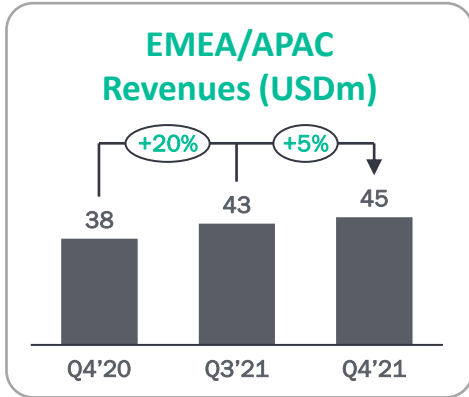
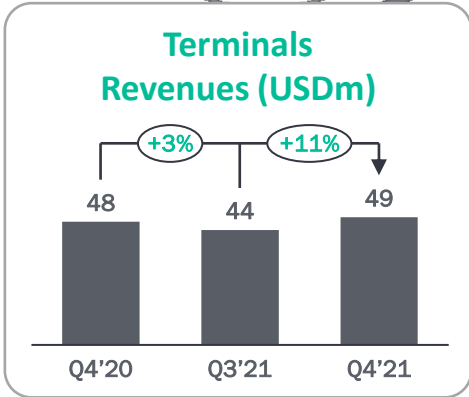
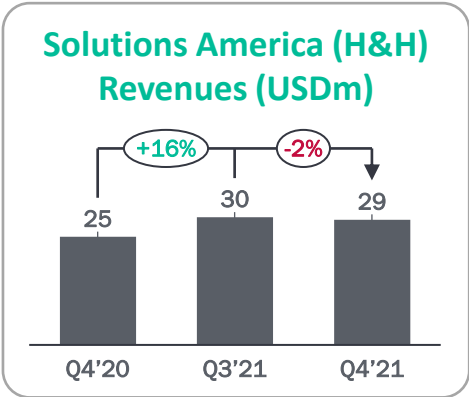
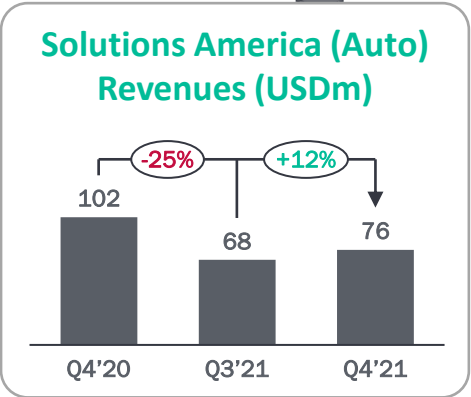




# Volumes improved as customers experienced fewer chip related shut-downs



- Increased auto volumes as production plants experienced fewer disruptions
- H&H revenue lower due to seasonality
- Terminals positively impacted by Shipping volumes and seasonality
- EMEA/APAC increased revenue mainly due to seasonality for fumigation



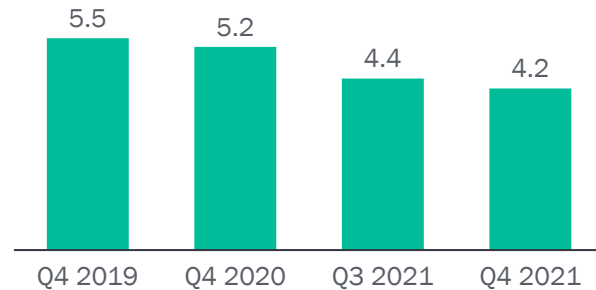
# Chip shortage continues to impact Logistics, while end-user demand remains solid



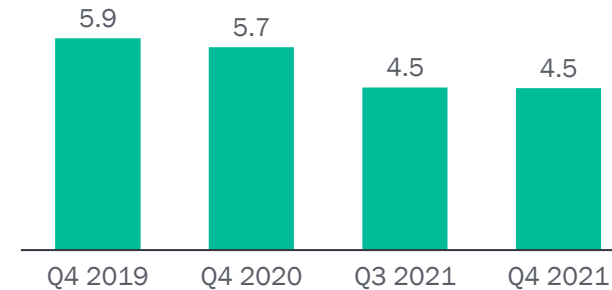
Units per  
quarter in  
mill

## LOGISTICS key markets for Light Vehicles

North America LV Volume



Europe LV Volume



- Consumer confidence high as job figures solid and interest rates low
- However supply is tight due to semiconductor shortage
- OEMs prioritize most profitable vehicles and average price is record high
- Inventories record low

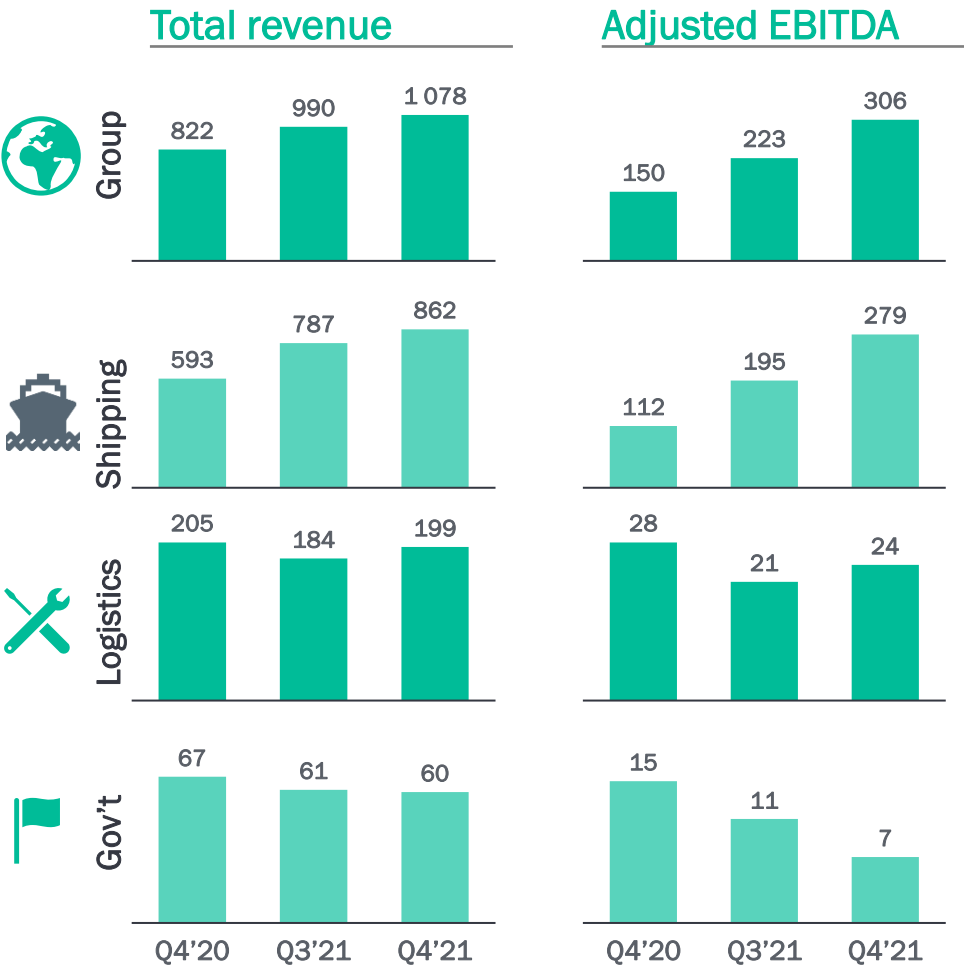
- Changing virus intensity dampen off some sales
- Major sourcing issues leading to low production and dealers unable to meet consumer demand
- OEMs focusing on low-emission vehicles leading to a change of sales mix rather than increased volume

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# Financial highlights ♦ Q4 2021

## RESULTS (USDm)



	Q3-21		Q4-21
Net profit	65	↗	98
Adj. EBITDA margin	22.5%	↗	28.4%
Cash	587	↗	710
Net debt	3 403	↗	3 418

## KEY FINANCIAL METRICS

ROCE* (%)	Δ
10.2	Y +7.6 Q +3.8

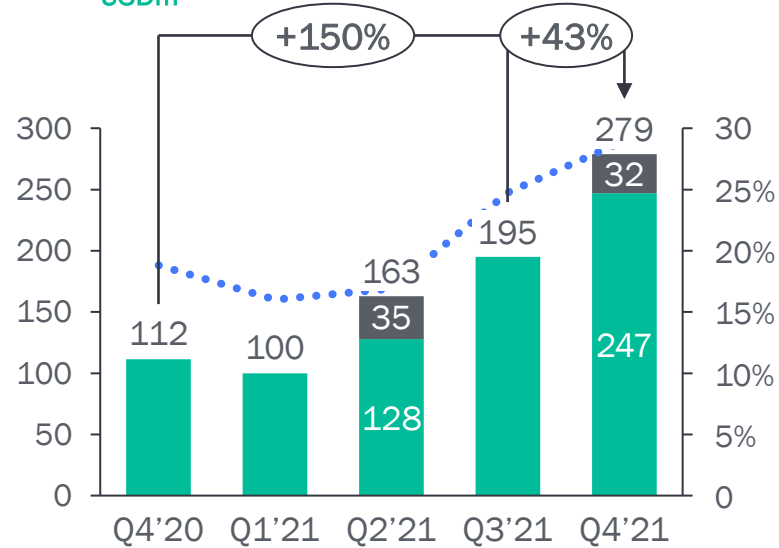
Equity ratio (%)	Δ
36.0	Y +1.7 Q +0.3

ND/Adj. EBITDA (x)	Δ
4.0	Y -2.4 Q -0.8

# Shipping and Logistics contributed to the EBITDA and margin growth QoQ

## Shipping – Adj. EBITDA <sup>1</sup>

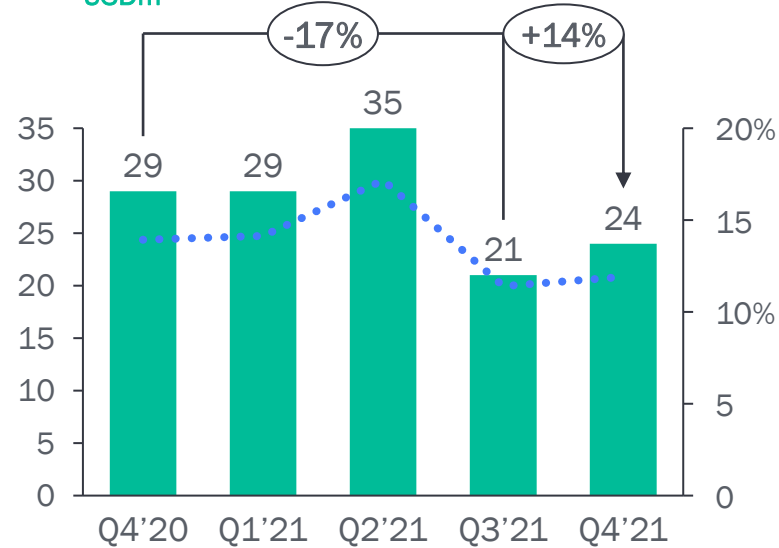
USDm



- QoQ EBITDA up due to strong freight rates, volume growth, and efficient operations
- YoY EBITDA significantly up due to return of demand and volumes

## Logistics – Adj. EBITDA <sup>1</sup>

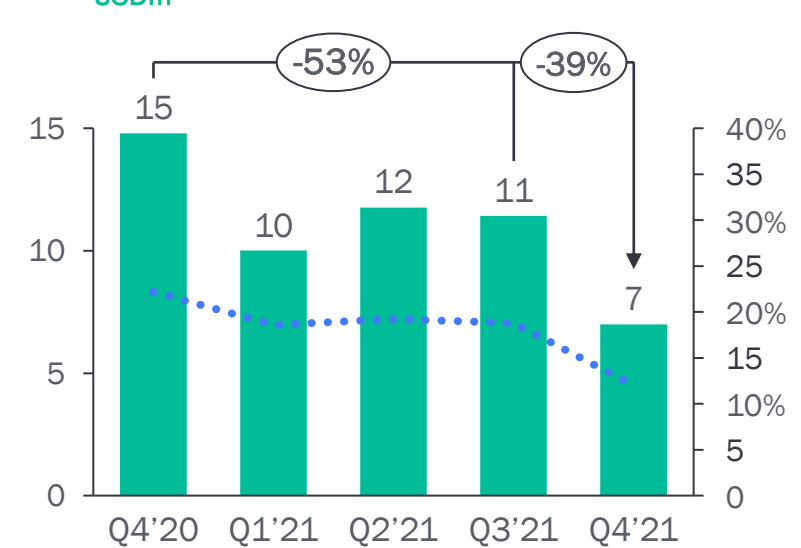
USDm



- QoQ EBITDA increased on volumes mainly in Americas Auto and Terminal
- YoY EBITDA fell as volumes down due to chip shortages mainly in all segments

## Government – Adj. EBITDA <sup>1</sup>

USDm



- QoQ EBITDA down on lower U.S. flag cargo activity and fuel cost increase
- YoY EBITDA substantially down, as Q4-20 saw high stevedoring and terminals activity

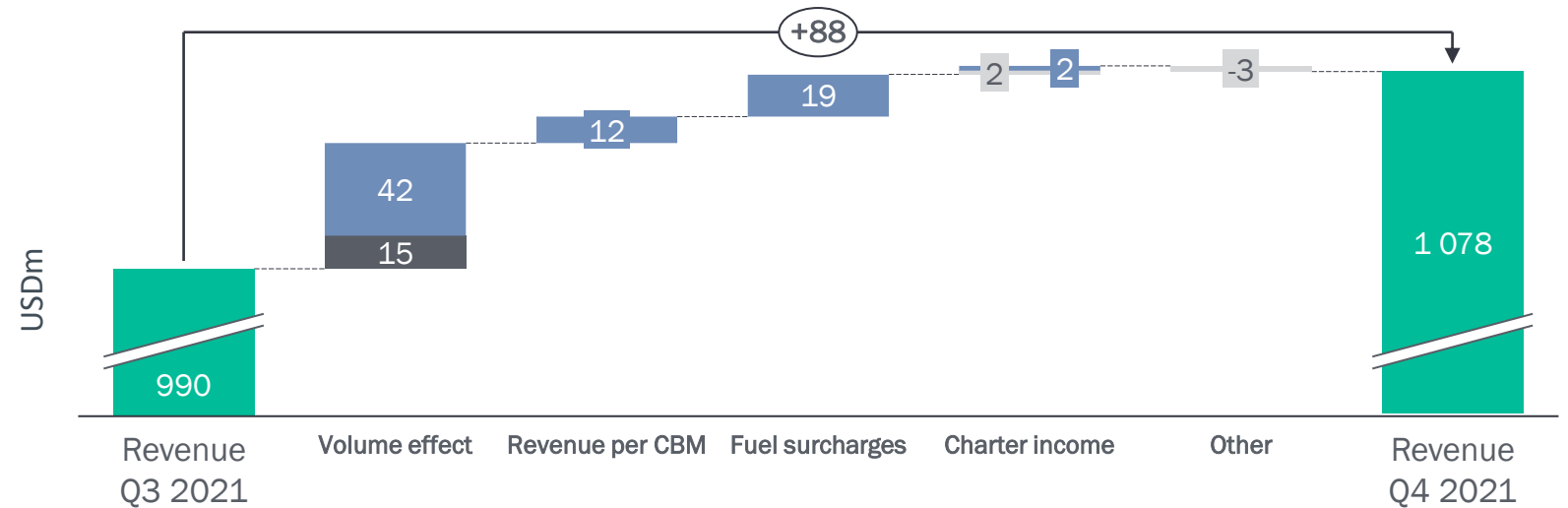
1) Adjusted for extraordinary items



# EBITDA up 37% QoQ on revenue growth, fleet utilization and efficient operations

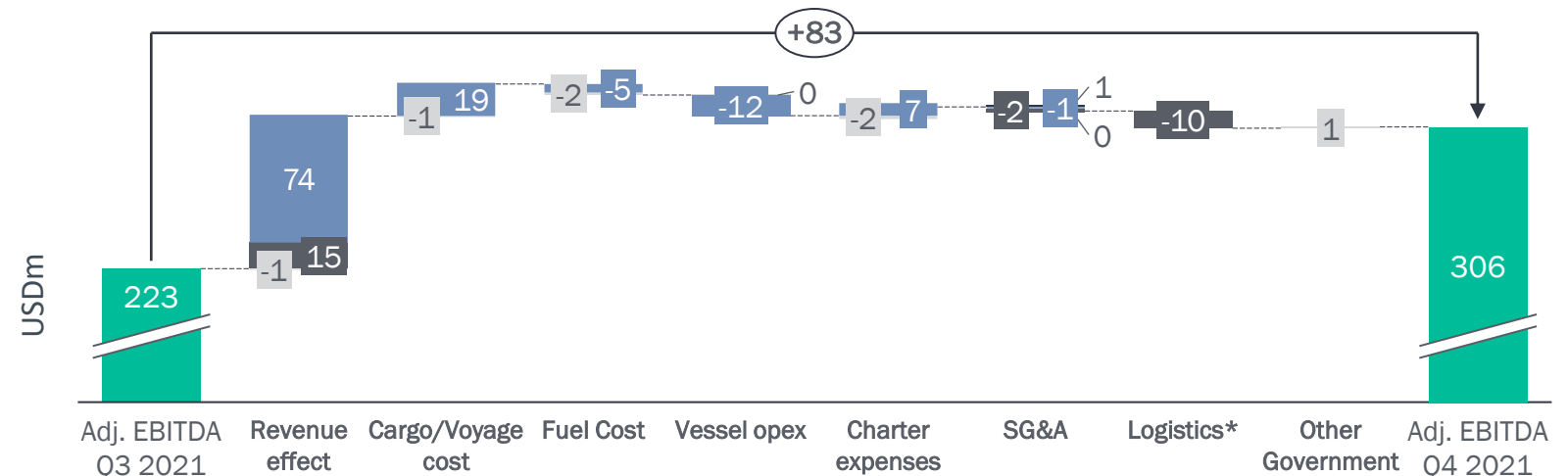
## • Revenue up USD 88m QoQ

- Volume increase in Shipping and Logistics key driver
- Rate and fuel surcharges increase from Shipping



## • EBITDA up USD 83m QoQ

- Increase in revenues explain majority of increase
- Good fleet utilisation and efficient operations yield lower voyage and charter expenses



Shipping    Logistics    Government    Holding

\*logistics is manufacturing cost and other operating expenses and relates to the increased volumes

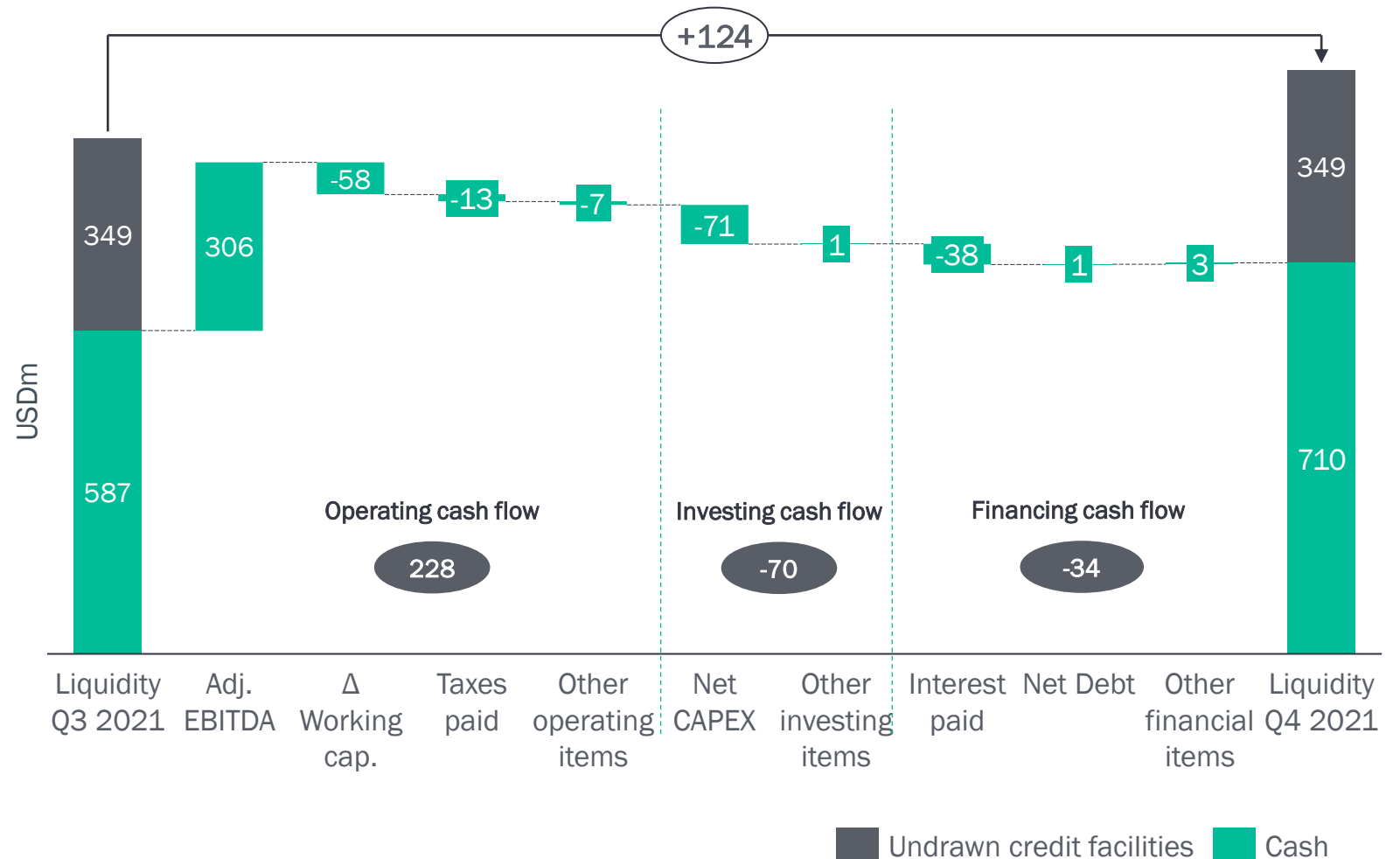
## Consolidated results ♦ Full year 2021

	Full year 2021	Full year 2020	% change y-o-y
<b>Total income</b>	<b>3 884</b>	<b>2 958</b>	<b>31%</b>
Operating expenses	(3 054)	(2 484)	23%
<b>EBITDA</b>	<b>830</b>	<b>473</b>	<b>75%</b>
<b>EBITDA adjusted</b>	<b>865</b>	<b>536</b>	<b>62%</b>
<b>EBIT</b>	<b>306</b>	<b>(84)</b>	<b>n.a.</b>
Financial income/(expenses)	(108)	(223)	(52%)
Tax income/(expense)	(23)	4	n.a.
<b>Profit for the period</b>	<b>177</b>	<b>(302)</b>	<b>n.a.</b>
EPS	0.32	(0.68)	n.a.
LTM ROCE	4.5%	-1.3%	n.a.

# Cash increased by USD 124m on solid EBITDA and increase in debt

## Comments

- Working capital includes payment of USD 65m in customer settlements and fines
- Net capex includes i.e.:
  - USD 39m for last instalment of Nabucco
  - USD 21m drydocking
  - USD 7m installation of scrubbers
- Net debt remained stable as the bond issue and new vessel debt outweighs scheduled debt and lease payments



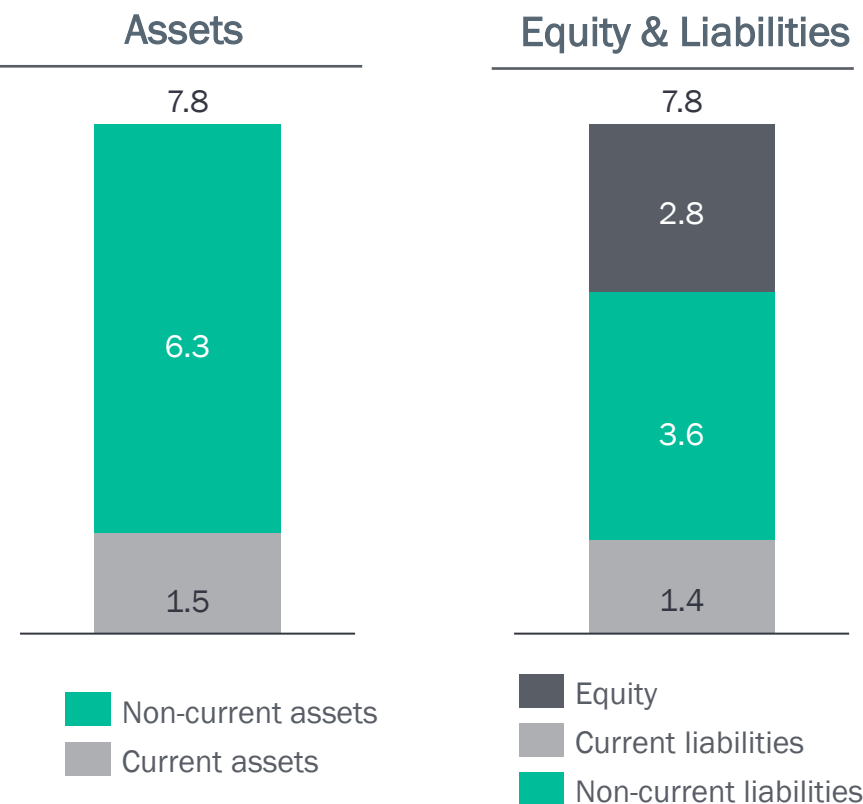
# Solid balance sheet and strong liquidity position

## COMMENTS

- Equity ratio at 36.0%
- Net debt at USD 3.4bn
  - Successful NOK 500m bond tap issue in November
  - Nabucco delivery financed with USD 50m bank loan
- Commenced prepayment of USD 50m remaining deferred debt
- 2022 bond, lease and bank maturities planned refinanced during the next 12 months

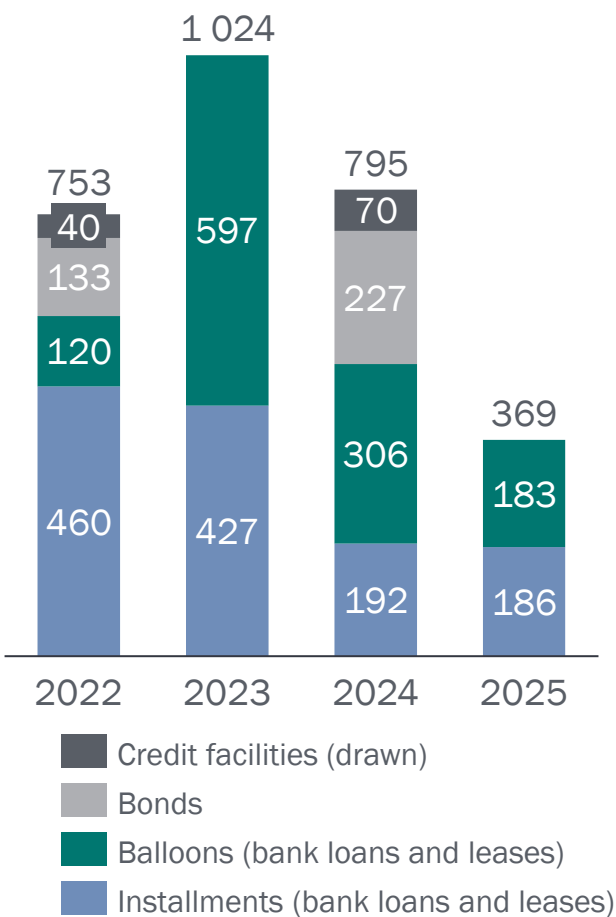
## BALANCE SHEET 31.12.2021

USD billion



## Debt Maturity Profile

USD million



# Agenda

1. Shipping update
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# Prospects

- In the absence of further volatility and disruptions to supply-chains, we expect to further improve financial flexibility and help drive shareholder value creation based on:
  - Shipping supply-demand balance expected to remain favourable mid-term due to the overall global fleet situation
  - Logistics volumes will benefit from gradual improvement of chip supplies during 2022
- Potential risks include further parts and labor shortages, increased geopolitical tension, significant disruptions to the global supply chains, and operational impact from virus outbreaks



Q&A

