Wallenius Wilhelmsen

9 February 2022

# 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


## 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

<u>KPI</u>

Fleet weighted average carbon intensity

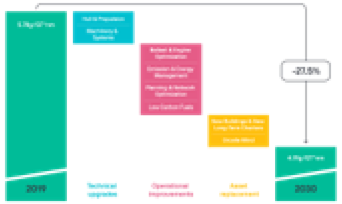
- CO2 intensity measured by CII* as reported to IMO Data Collection System each year, calculated on the controlled fleet
- Controlled fleet includes 125 (per Q4-21) owned and long-term charter vessels


<u>SPT</u>

Reduce KPI 27.5%

2019-2030

- Reduce $CO_2$ 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



<u>Trajectory</u>

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.

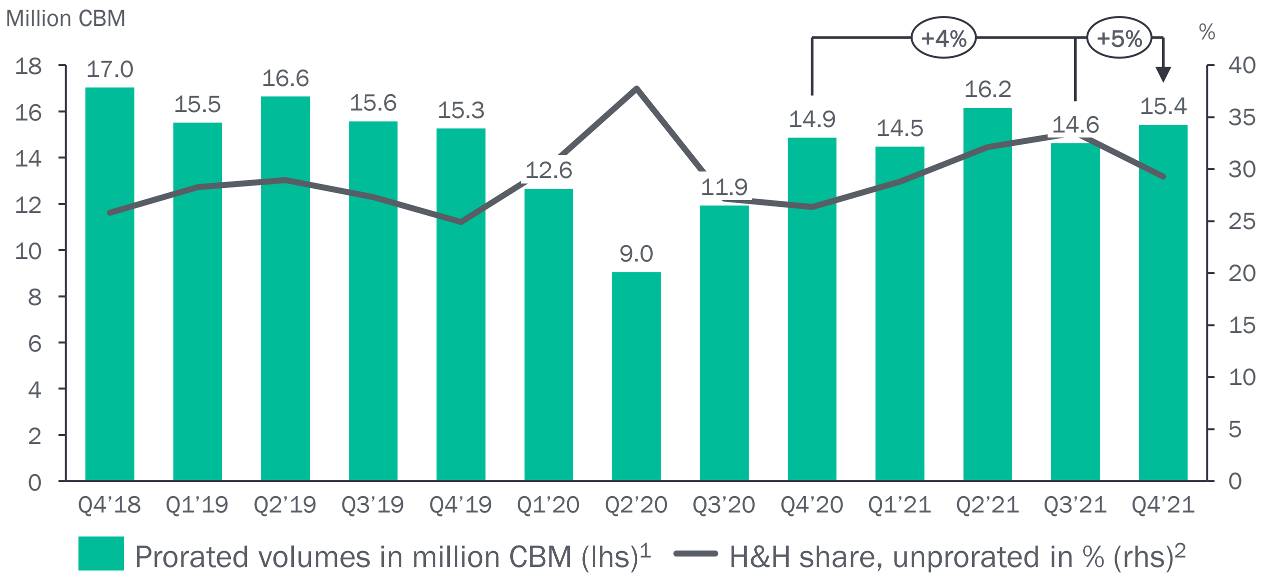
# Agenda

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

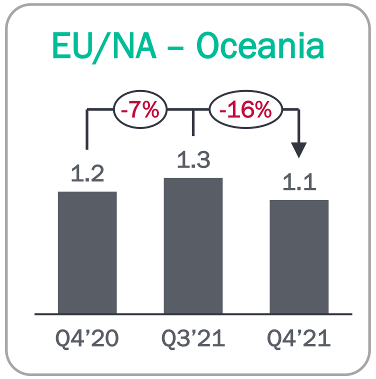
# Shipping Update

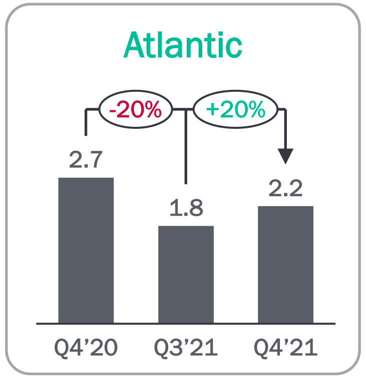
# Shipping volumes up 5% QoQ and continued improvement in net freight rate per cbm

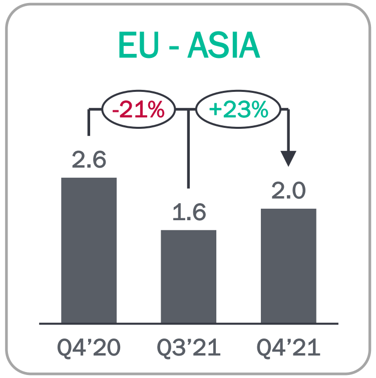
## Shipping services volumes and cargo mix

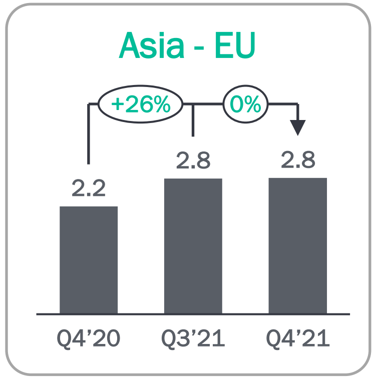


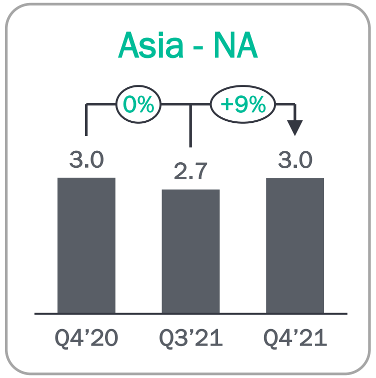

- Continued strong volumes ex. Asia, while some rebound in volumes ex. Europe
- Net freight rate increased to USD 49.3 per cbm in Q4, up from USD 48.3 in Q3, mainly driven by positive rate development in ex. Asia trades
- Cargo mix down to 29% due to volume increase from Auto, while High&Heavy volumes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



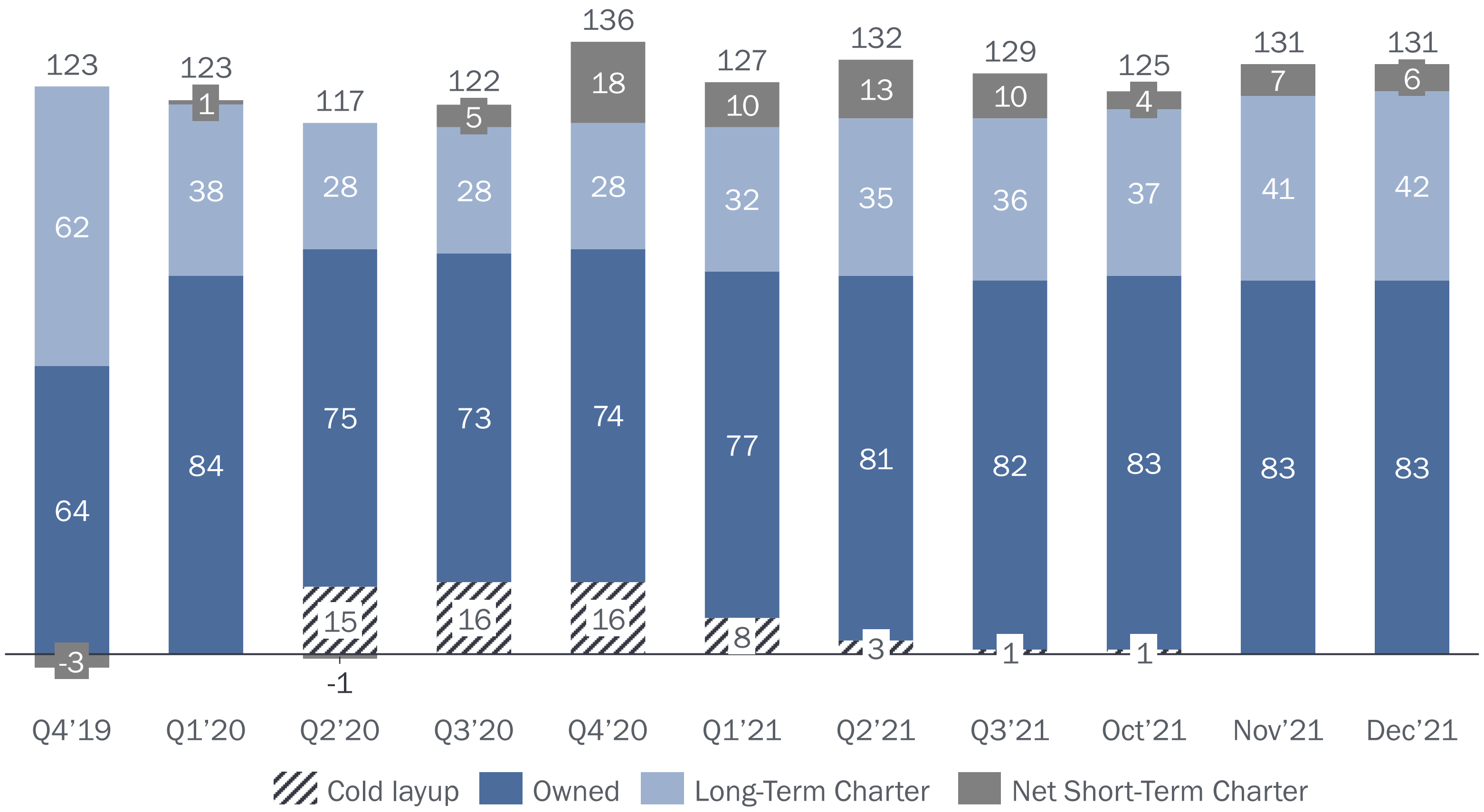

1) Total volume based on prorated volume in Shipping services (ex. Government services), i.e. volumes are split between months based on the sailing period onboard the vessel
2) H&H share calculated based on unprorated volumes, i.e. volumes loaded onto vessels during the quarter

# 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[1]




[1] Vessels in cold layup included Owned and Chartered vessels
[2] 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

## LV SALES

## LV DEEPSEA

YoY Q4-21
(unit growth)

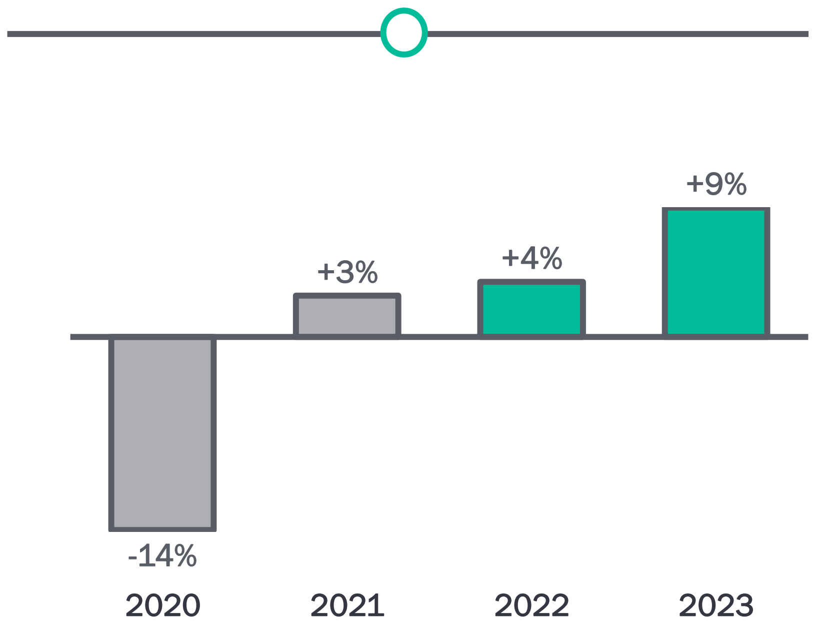
LV SALES: -17%

LV DEEPSEA: -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*

YoY Q4-21[1,2] (unit growth)

| | CONSTRUCTION | MINING | AGRICULTURE |
|---|---|---|---|
| YoY Q4-21[1,2] (unit growth) | +33% ↓ | +65% ↑ | +6% ↓ |

**CONSTRUCTION**

- Strengthening **construction activity** ex. Australia
- **Builder sentiment** returning
- Moderating **machinery demand** growth
- Depleted **inventories** and robust **backlogs**
- Early signs of easing **supply bottlenecks**

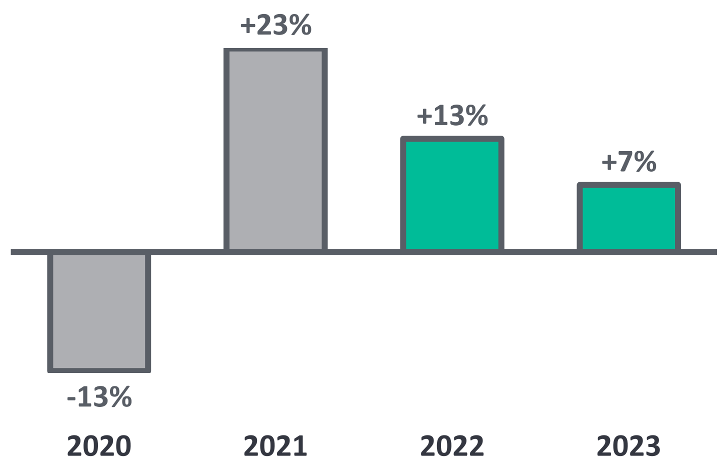
**MINING**

- All-time high **metal prices**
- **Miner earnings** at 2x 10-year average
- Upward revisions of **miner capex** estimates
- Uncertain Chinese **metal demand**
- Strong **machinery demand** – still well-below prior highs

**AGRICULTURE**

- **Food prices** at 10-year high yield strong **farm income**
- Rampant **farm cost** inflation
- Strong but moderating **sentiment**
- Cooling **equipment demand** growth
- **Depleted inventories** and strong order backlogs

**OEM SALES OUTLOOK[3]**




Source: [1]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 3rd, 2022. [2]Parker Bay | Large Mining Equipment Deliveries (Units last quarter YoY). Arrows indicate YoY growth compared to last quarter. [3]Factset Data and Analytics (January 10th, 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) | #39 (40) | 96% (91%) |
| | vessels built between 1983 and 1997 | vessels in orderbook | fleet utilization rate in 2022 |

Source: Clarksons Platou, *for vessels above 4000 CEU, Utilization rate calculated on the basis of total global fleet (supply) and vessel capacity (demand)

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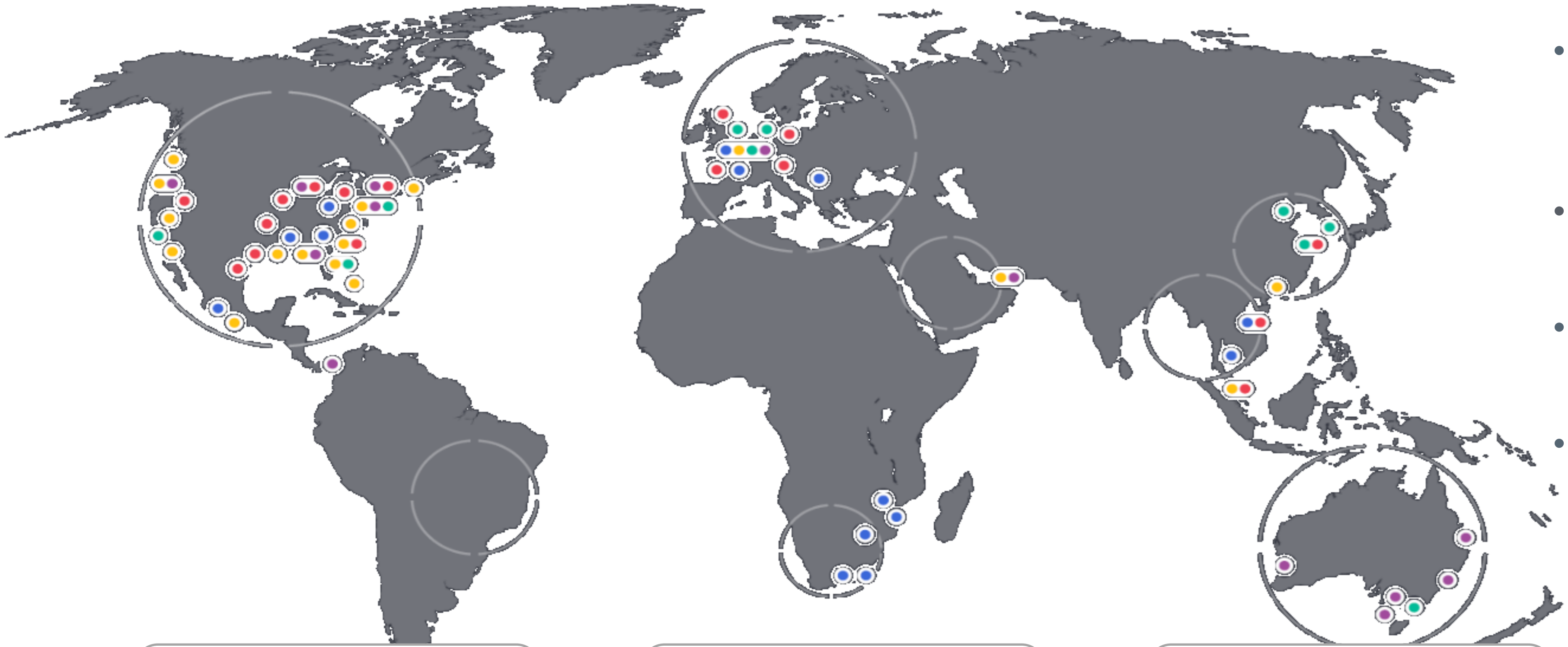
# Logistics Update

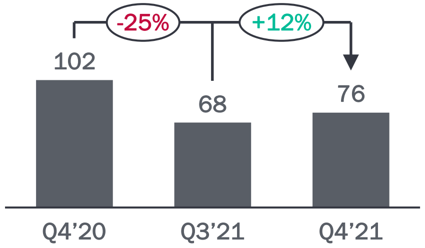
Photo:nio.com

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

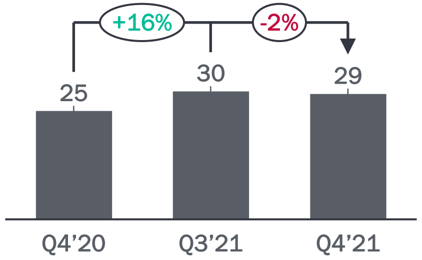


- Increased auto volumes as production plants experienced fewer disruptions
- H&H revenue lower due to seasonality
- Terminals positively impacted by Shipping volumes and seasonality
- EMEA/APAC increased revenue mainly due to seasonality for fumigation

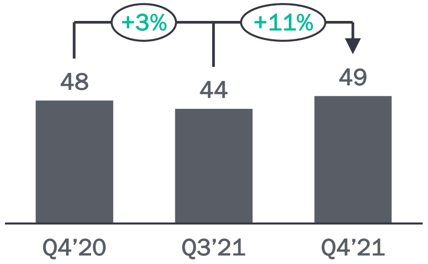
**Solutions America (Auto) Revenues (USDm)**




**Solutions America (H&H) Revenues (USDm)**




**Terminals Revenues (USDm)**




**EMEA/APAC Revenues (USDm)**

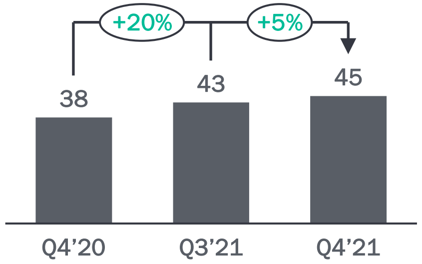


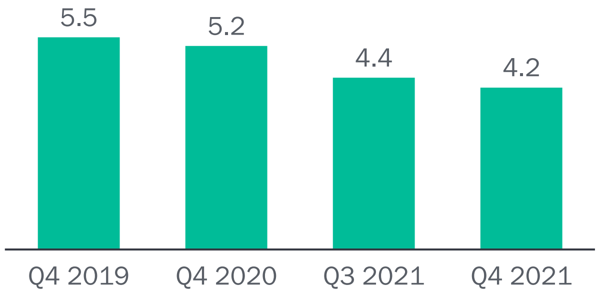

*Illustration shows WW Logistics locations:* OEM/In plant VPC, VPC, OEM/In plant EPC, EPC, Terminals, Inland Transportation

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

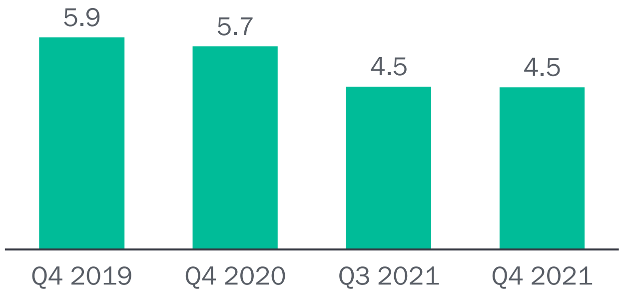
## LOGISTICS key markets for Light Vehicles

Units per quarter in mill

### 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

Source: IHS Markit. Volumes include all North American and European light vehicle production, both for domestic sales and for export abroad, plus imports.

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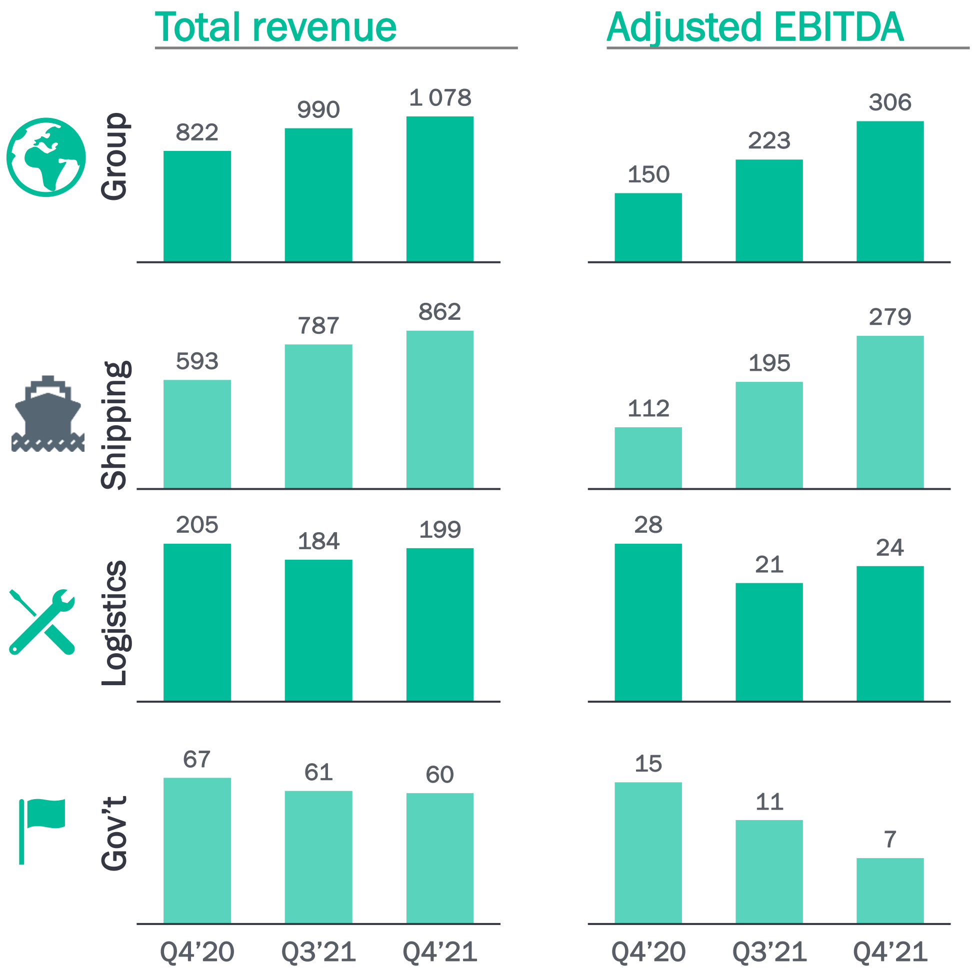
# Financial highlights ◆ Q4 2021

## 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* (%) | △ |
|---|---|
| 10.2 | Y +7.6 |
| | Q +3.8 |

| Equity ratio (%) | △ |
|---|---|
| 36.0 | Y +1.7 |
| | Q +0.3 |

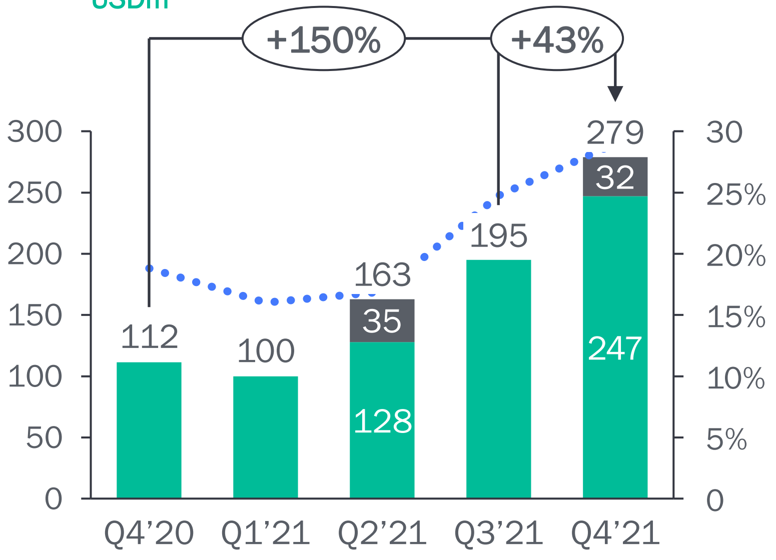
| ND/Adj. EBITDA (x) | △ |
|---|---|
| 4.0 | Y -2.4 |
| | Q -0.8 |

** Annualized quarterly ROCE*

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

## Shipping – Adj. EBITDA [1]

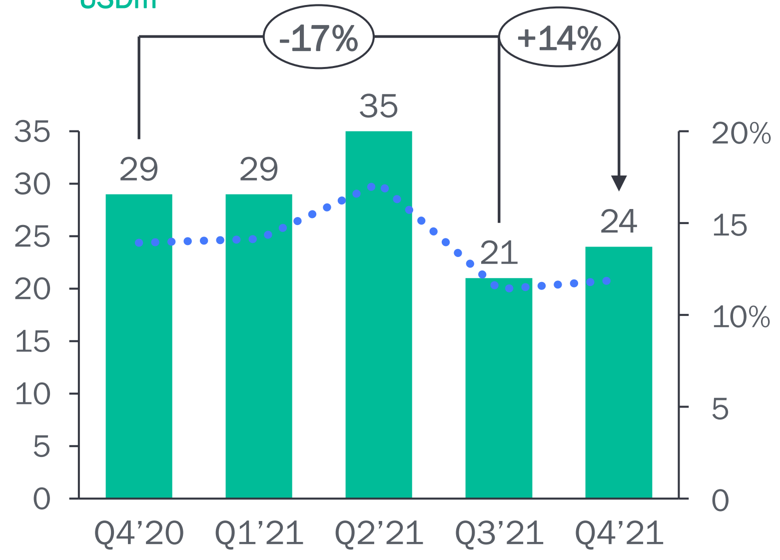
USDm




- 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 [1]

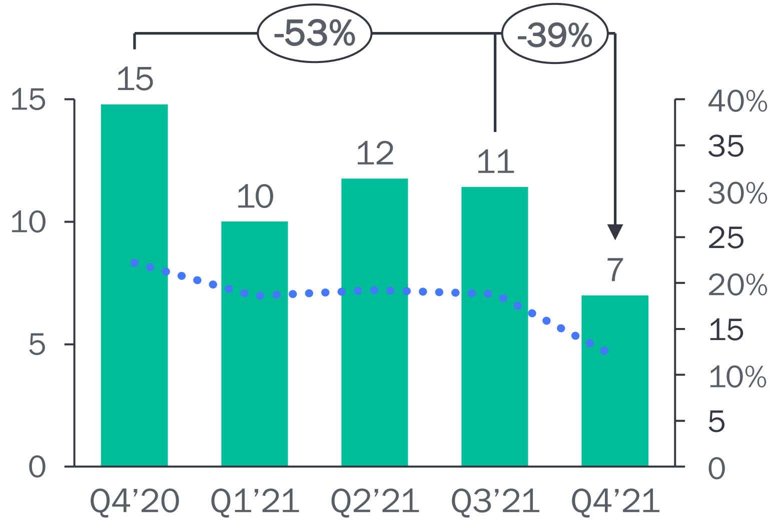
USDm




- 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 [1]

USDm



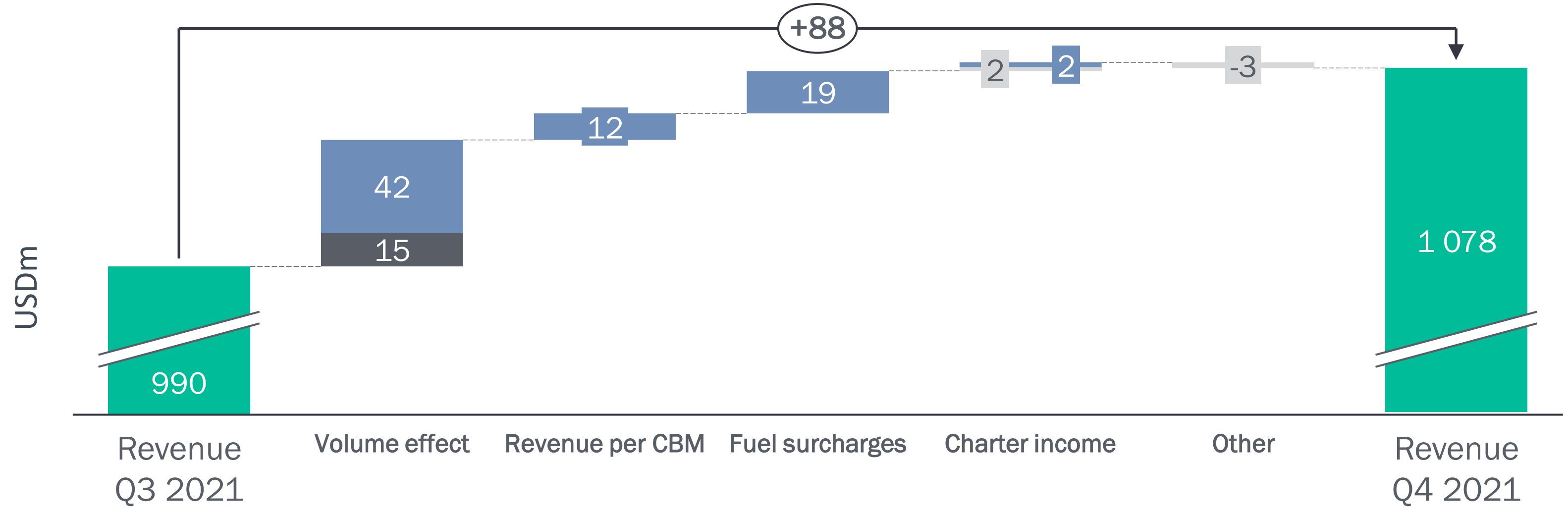

- QoQ EBITDA down on lower U.S. flag cargo activity and fuel cost increase
- YoY EBITDA substantially down, as Q4-20 saw high stevedoring and terminals activity

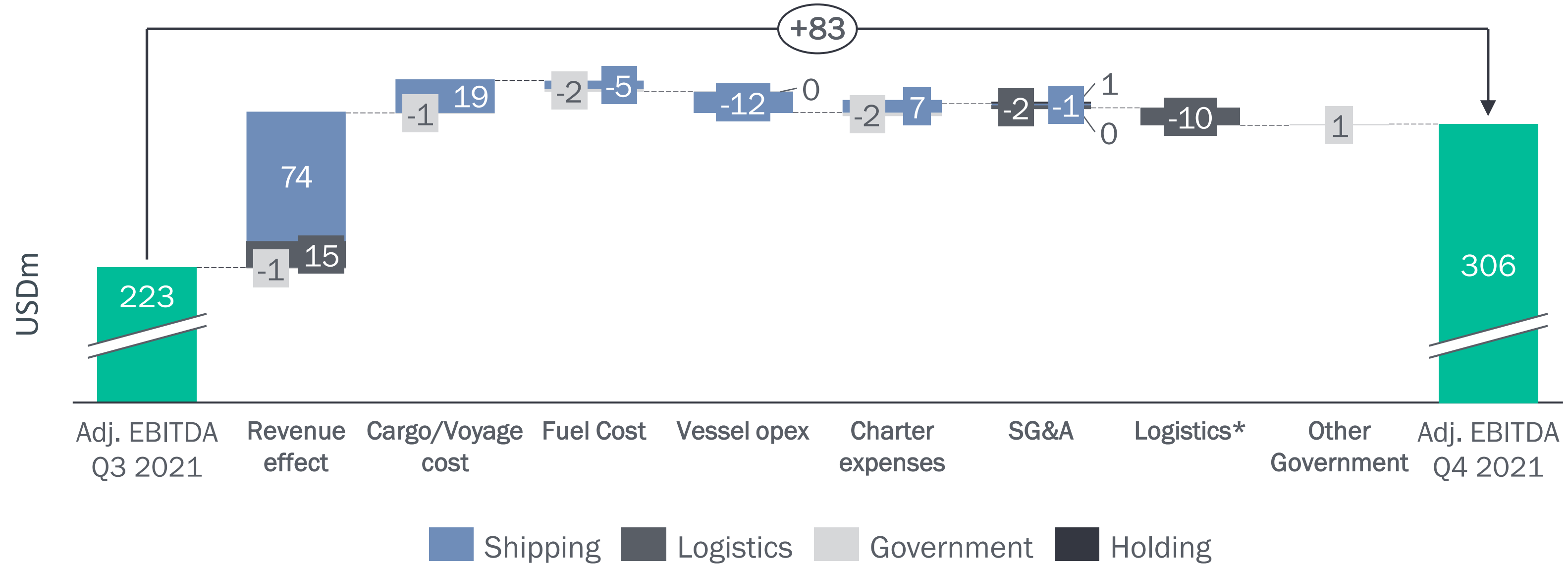
1) *Adjusted for extraordinary items*

Extraordinary items EBITDA EBITDA margin

# 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




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

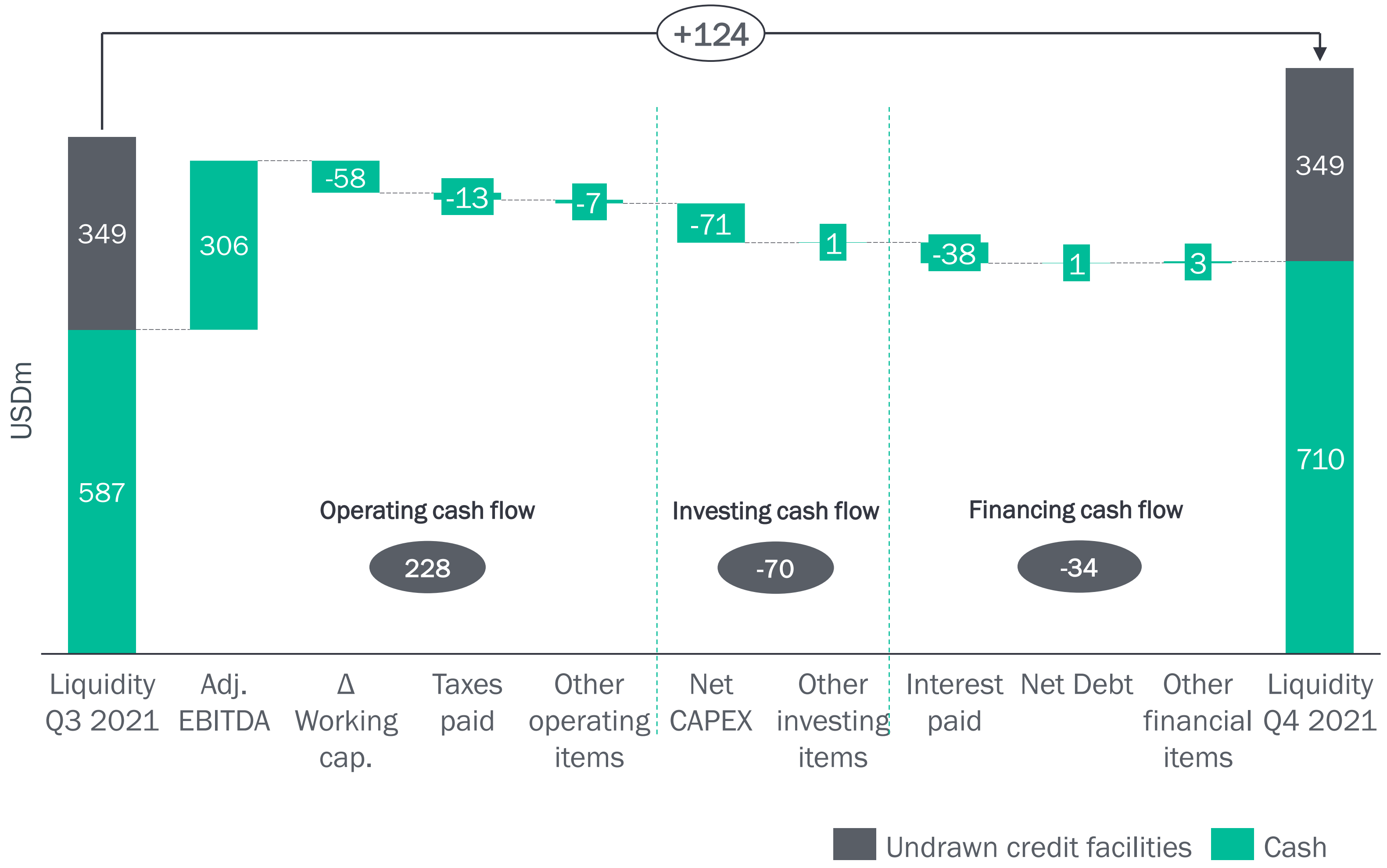
# Consolidated results ◆ Full year 2021

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

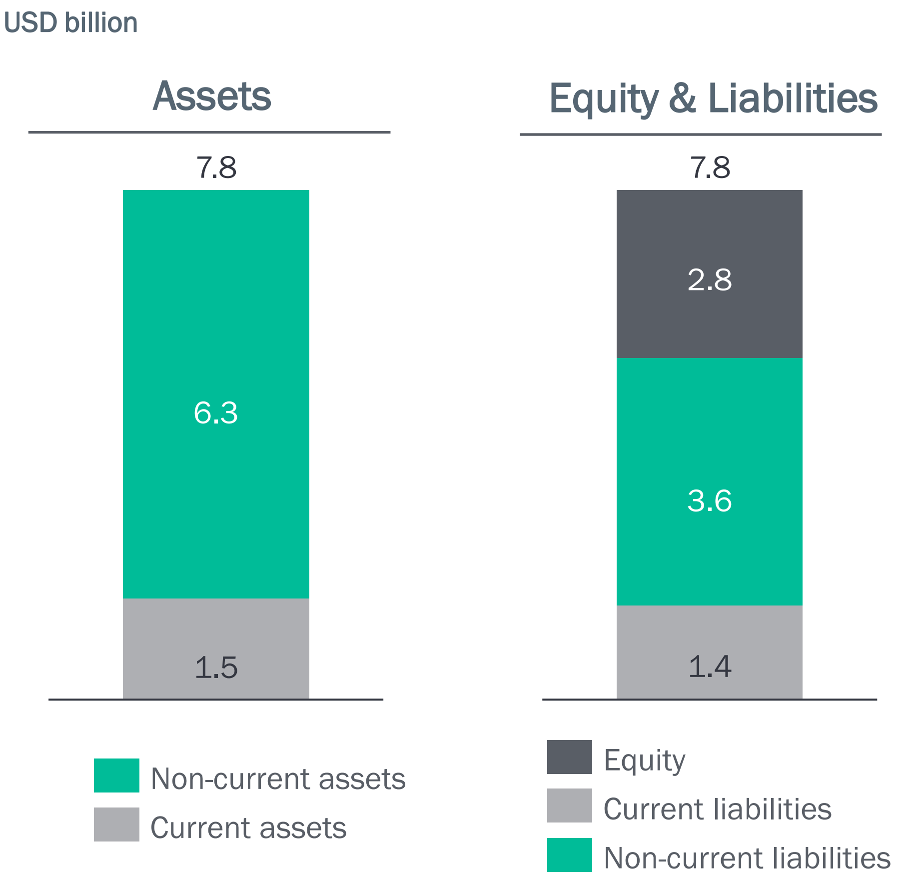


# Solid balance sheet and strong liquidity position

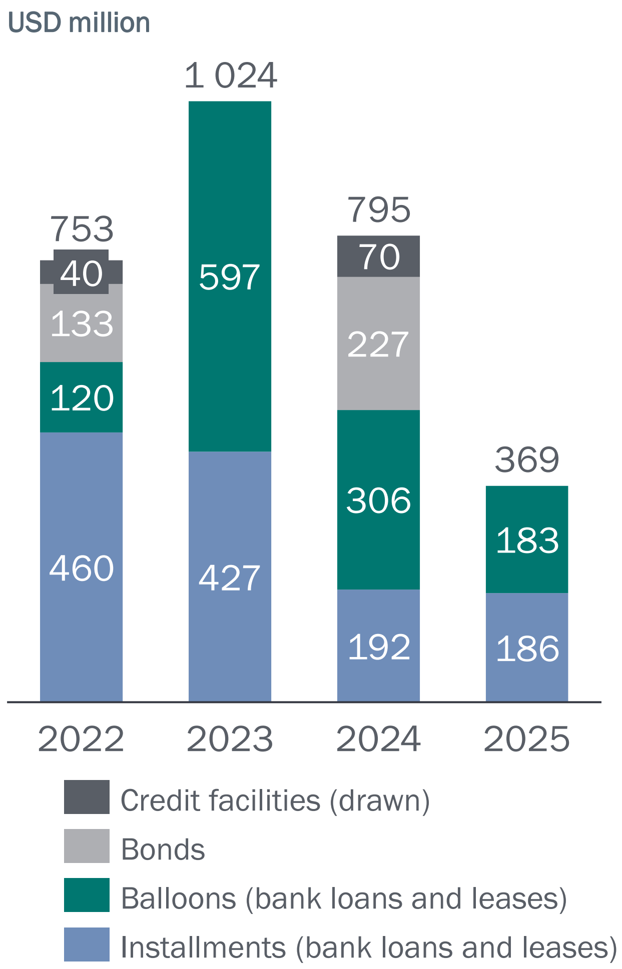
## COMMENTS

- 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




## Debt Maturity Profile



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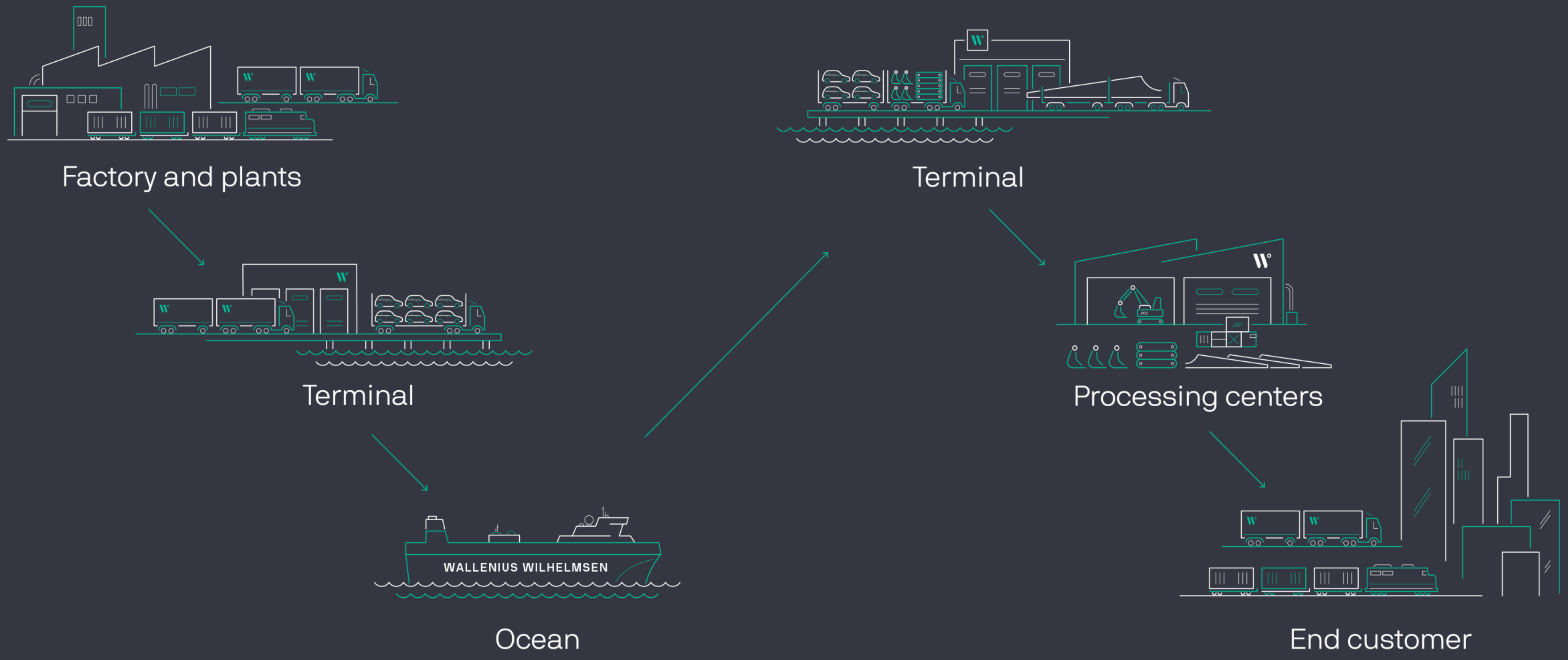
4. **Prospects and Q&A**

# 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


Factory and plants
Terminal
WALLENIUS WILHELMSEN
Ocean
Terminal
Processing centers
End customer