



Wallenius Wilhelmsen ASA

Fixed income investor meetings

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Investment highlights

- 1 Global market leader in the vehicle logistics segment 
- 2 Diversified business model with both Ocean and Landbased logistics 
- 3 Diversified and solid customer base with long term contracts 
- 5 Profitable and positive cash flow despite challenging market 
- 4 Committed to USD 120m synergy target, on track by end 2018 
- 6 Strong cash position and clear target to strengthen balance sheet 
- 7 Improving market fundamentals – early in the cycle 
- 8 Highly experienced management team with strong track record

Agenda

Wallenius Wilhelmsen in brief

Financial performance

Market outlook

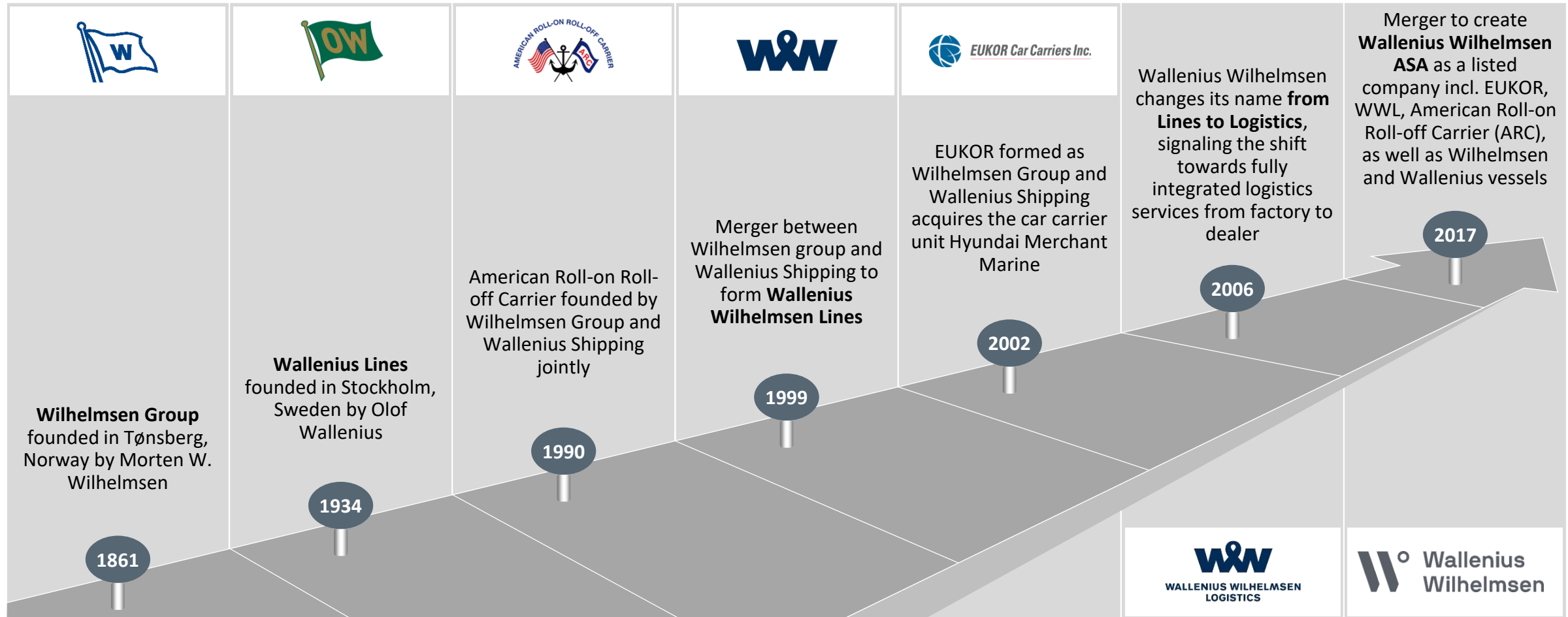
Summary and Q&A

Wallenius Wilhelmsen in brief

by Craig Jasienski



Wallenius Wilhelmsen – a long and proud history



Wallenius Wilhelmsen is the undisputed market leader for vehicle logistics

KEY FACTS & FIGURES

~135

vessels servicing >15 trade routes to six continents



>18M

~4.5M units for Ocean
~13.5M units in Landbased

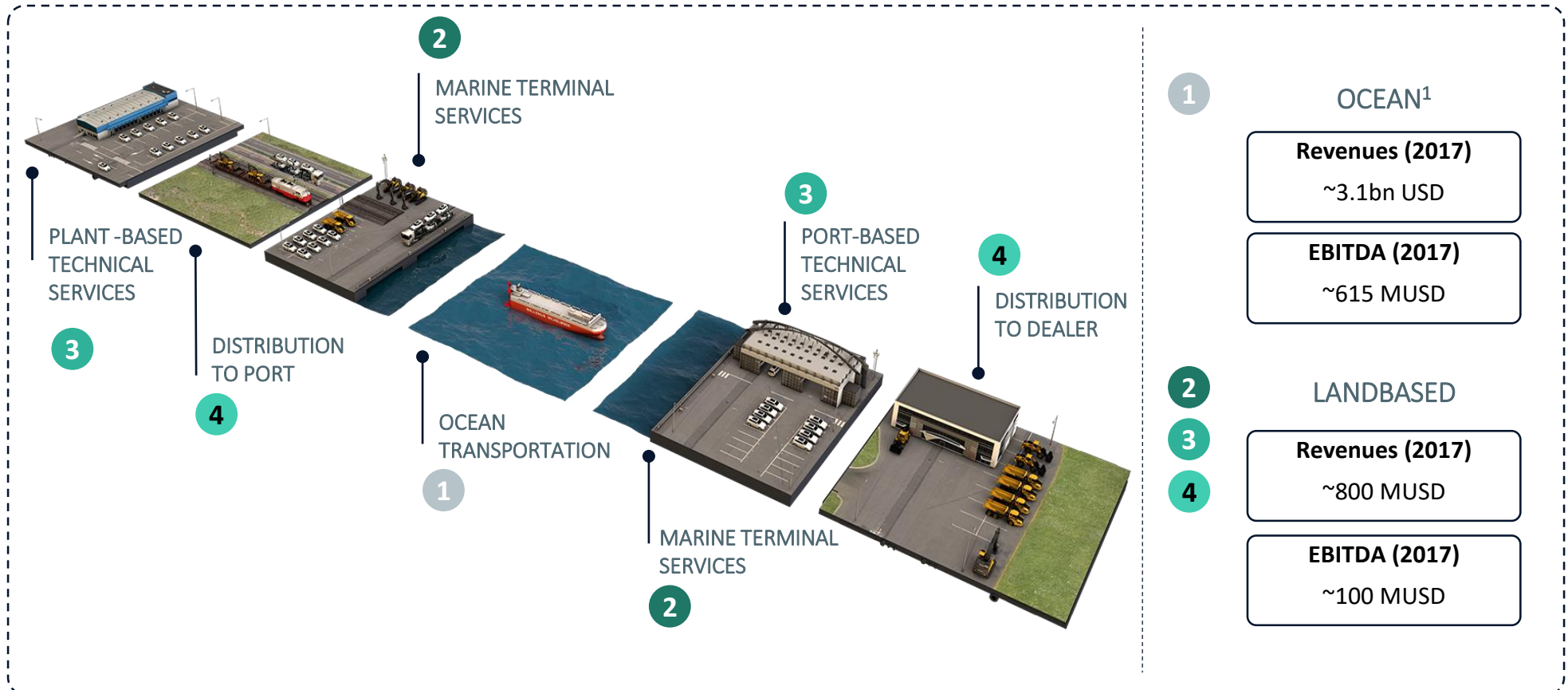


7,500

~1,500 Office workers
~6,000 Production workers

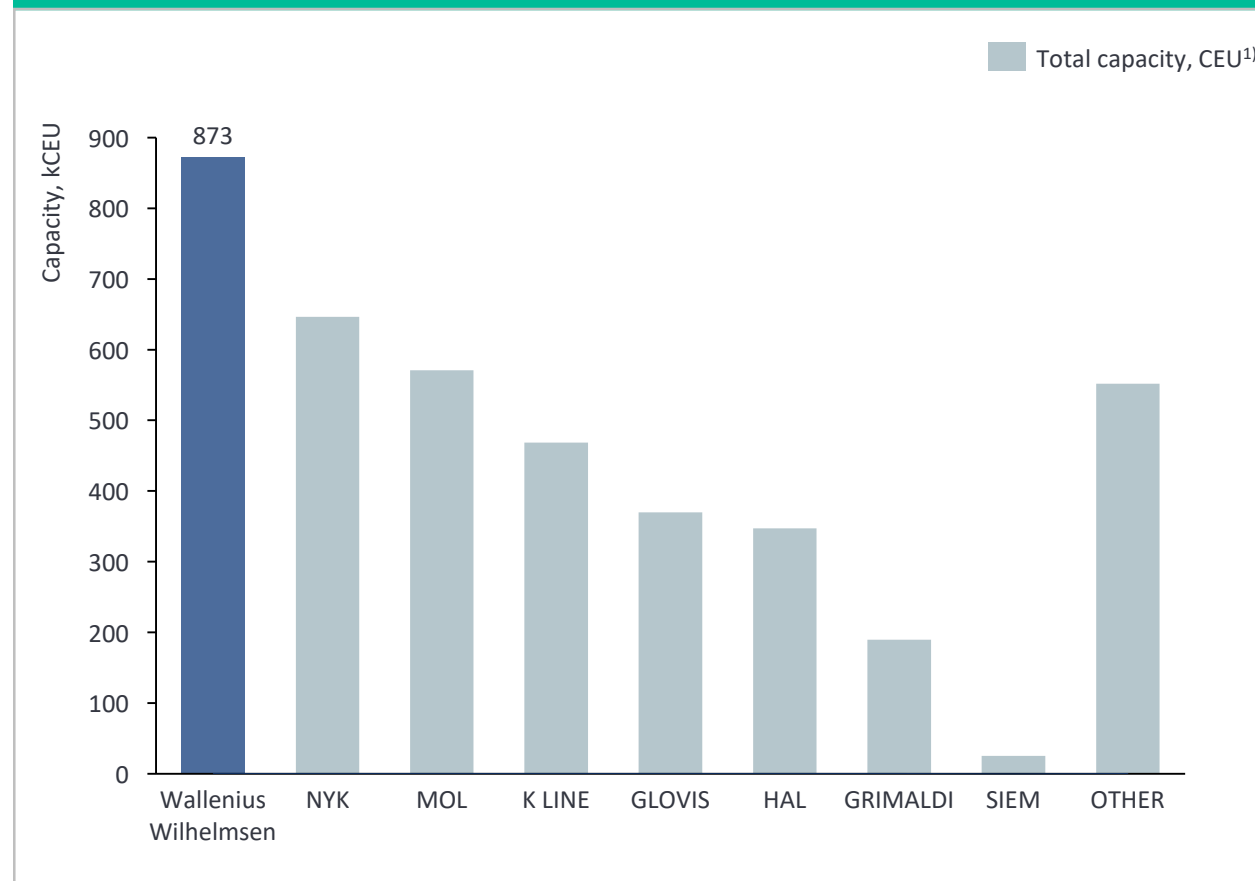


OUR PRODUCTS & SERVICES¹⁾

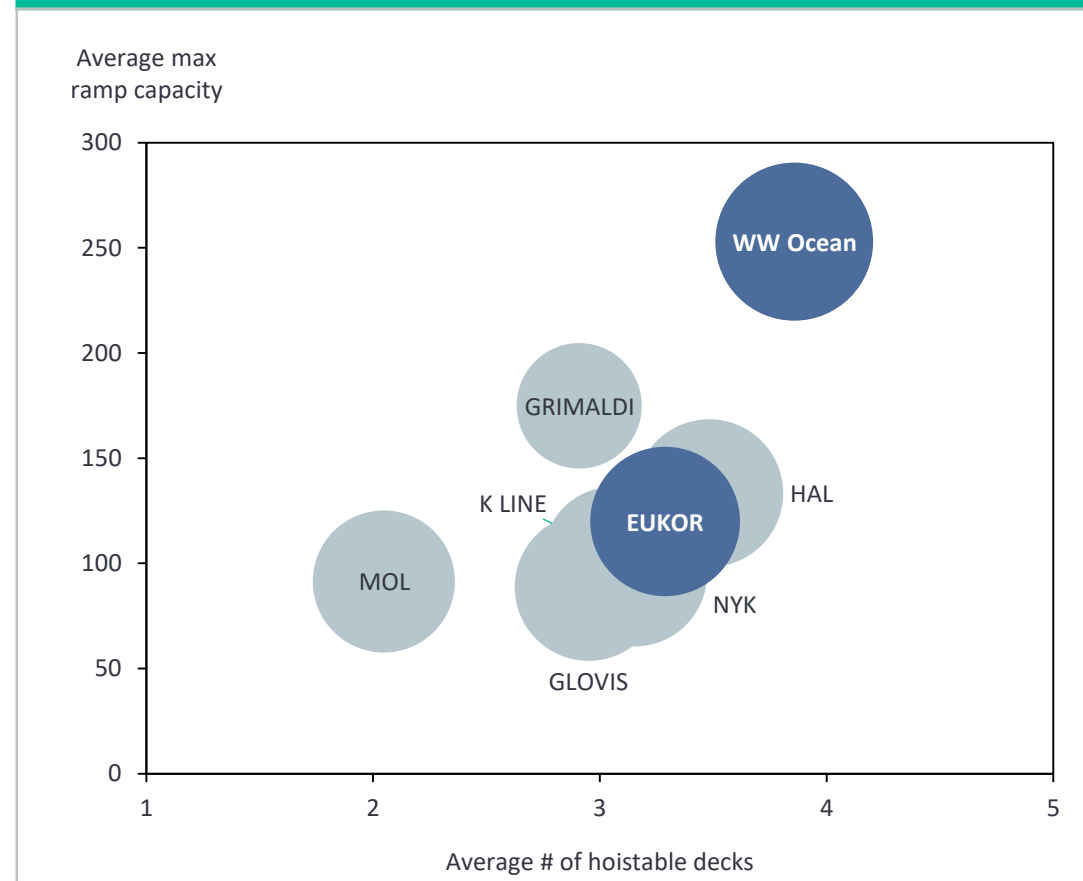


The group is the clear market leader and the #1 operator globally, both in terms of capacity and number of vessels

Current fleet by operator group



Fleet characteristics



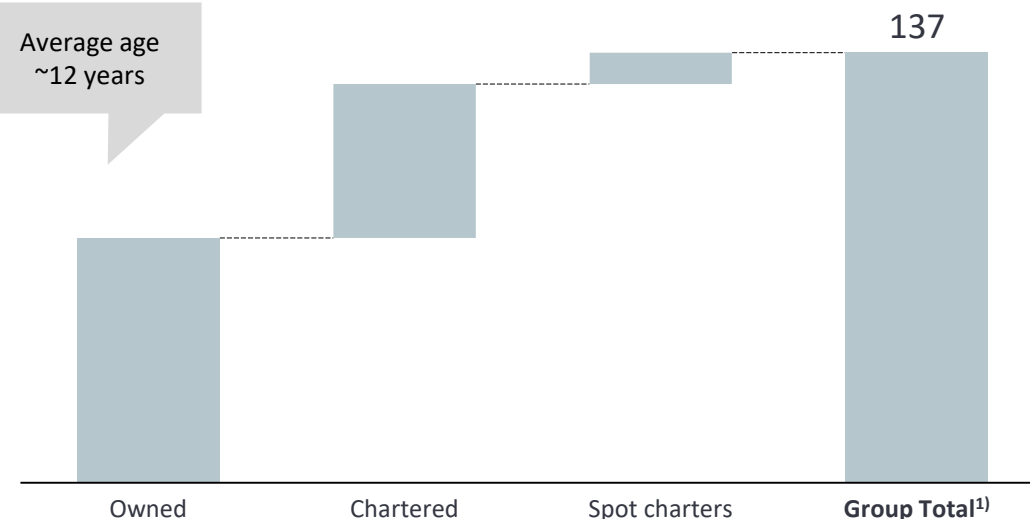
Wallenius Wilhelmsen has a combined fleet of 137 vessels

Three distinct brands...



...and a combined fleet of 137 vessels

Average age
~12 years

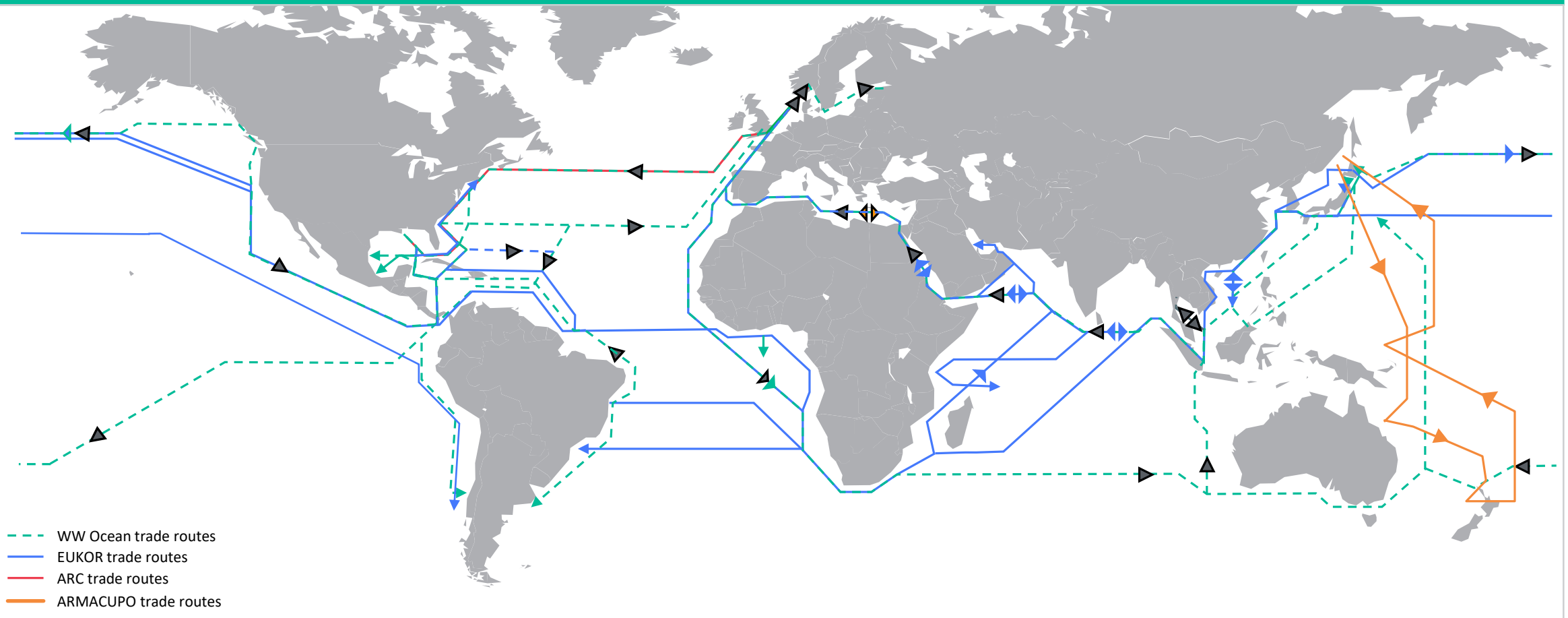


- No further CAPEX planned past three newbuildings with expected delivery in 2018/ 2019 (installments of USD ~120 millions remaining)
- Additional capacity need will be acquired in the charter market
- Wallenius Wilhelmsen strives to have fleet flexibility through combination of owned and chartered tonnage

An unrivalled and agile global trade network to meet changing demand

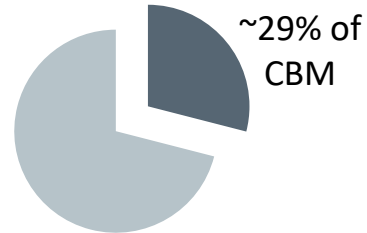
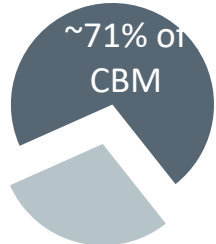
137 vessels with more than 1,300 sailings and 9,000 port calls per year

Overview of key trade routes



Diversified customer portfolio with long term contracts

Size of cargo segments



- Majority of volume from Auto
- High & Heavy and Breakbulk maximize cubic utilization
- Unique handling capabilities of High & Heavy and Breakbulk

Main customers include all major OEMs globally

Auto



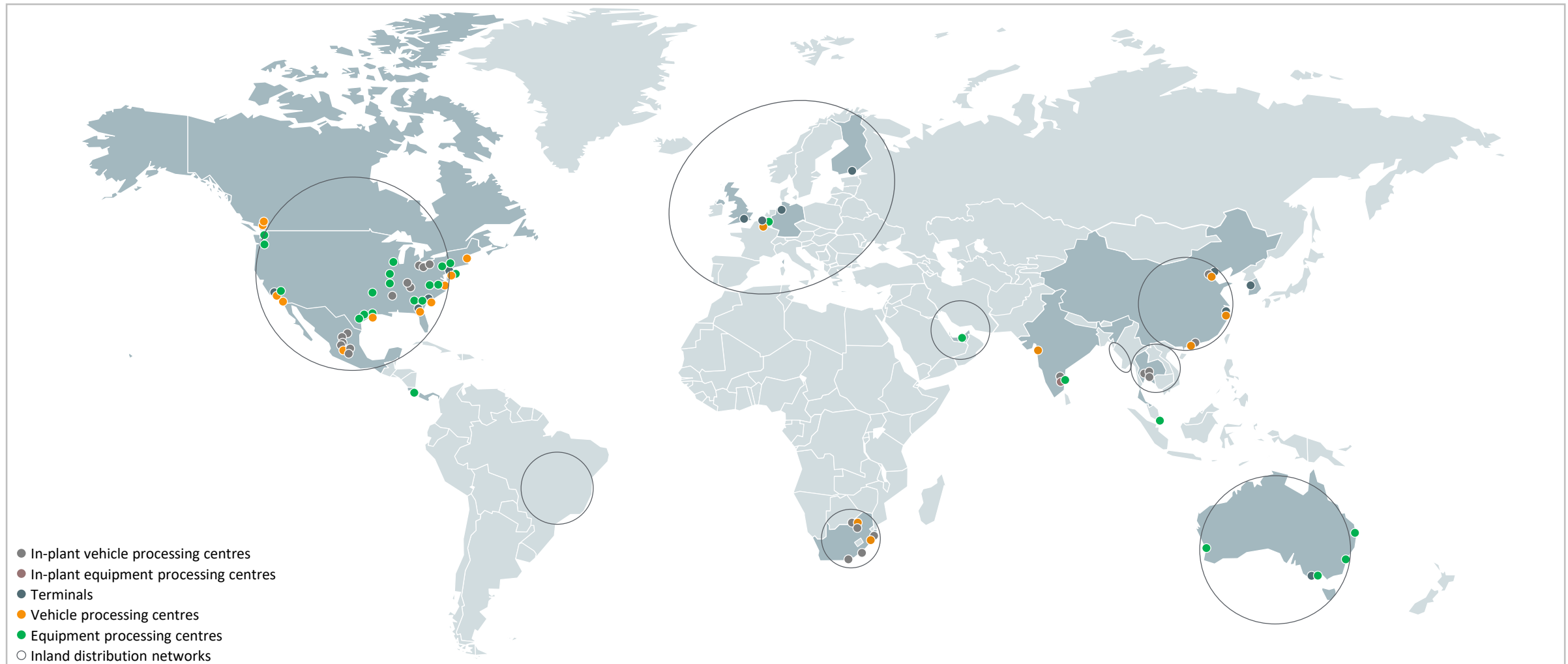
High & Heavy



Breakbulk



The landbased services network is also global



The landbased services portfolio

Landbased services portfolio

Marine Terminals



EBITDA share:

Stevedoring
Custom clearance
Receive and delivery
Cargo handling

Technical Services



EBITDA share:

Accessory fitting
Pre delivery inspections
Repairs and rectifications
Storage management

Inland Distribution



EBITDA share:

Primarily procurement model

Main customers

Auto



High & Heavy



Breakbulk



Strong Management Team with +20 years industry experience

Wallenius Wilhelmsen Senior Management team

Wallenius Wilhelmsen ASA



Craig Jasienski
CEO



Rebekka Glasser Herlofsen
CFO



Jan Dahm-Simonsen
Organizational development & HR



Målfrid Lundell
Transformation office



Simon White
Group IT

ARC



Eric Ebeling
CEO

EUKOR



Erik Noeklebye
CEO

Wallenius Wilhelmsen Ocean



Mike Hynkamp
COO

Wallenius Wilhelmsen Solutions



Ray Fitzgerald
COO

Experienced Board of Directors with broad industry knowledge and presence – independent Chair and two independent Board Members

Wallenius Wilhelmsen Board of Directors

Chair of the Board

Håkan Larsson



- Chair of the SteerCo for the WW ASA and Wallenius JVs 2013-2017
- Past CEO for Rederi AB Transatlantic and of Schenker AG

Member of the Board

Marianne Lie



- Board member Noreco ASA, Cecon ASA, Nordic American Tankers Ltd, Nordic American Offshore Ltd
- Past CEO Norwegian Shipowners' Association

Member of the Board

Thomas Wilhelmsen



- Group CEO Wilh. Wilhelmsen Holding ASA

Member of the Board

Jonas Kleberg



- Chairman and CEO Rederi AB Soya

Member of the Board

Margareta Alestig



- Deputy Managing Director for the Sixth Swedish National Pension Fund
- Past CFO for Broström AB, JCE Group AB and Swisslog AB

Financial performance

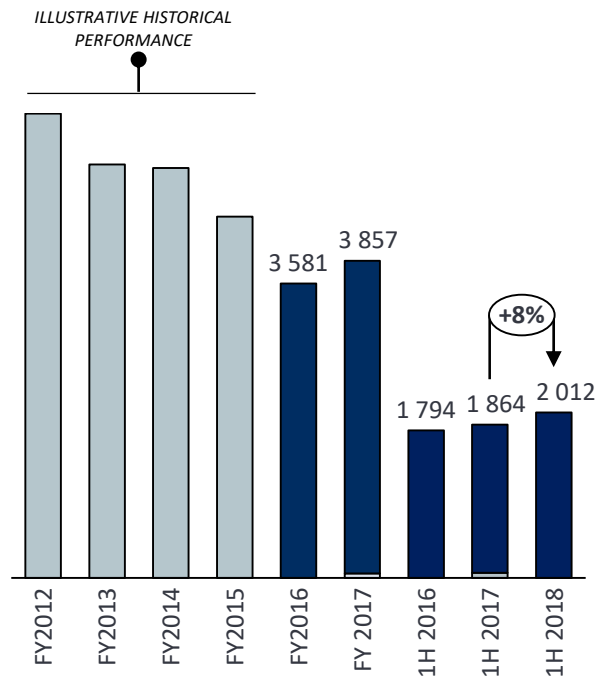
by Rebekka Herlofsen



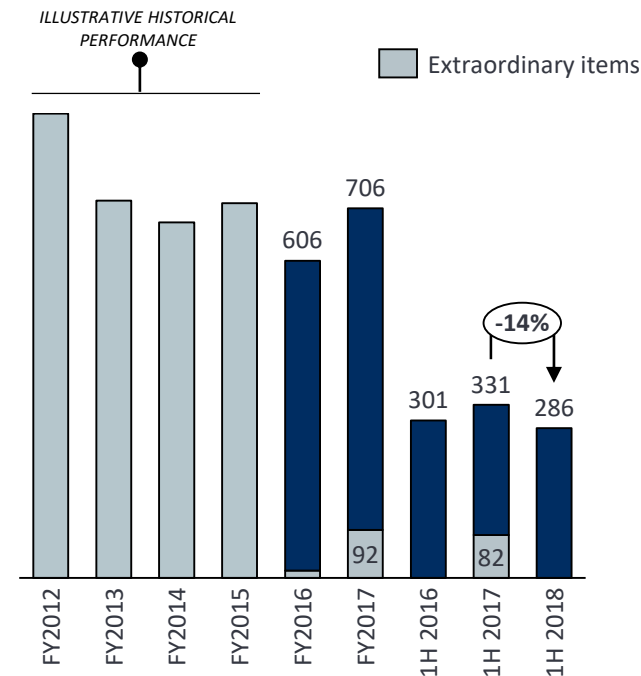
Group consolidated results H1 2018

Consolidated results – Total income and EBITDA^{1,2,3)} USD million

Total income



EBITDA



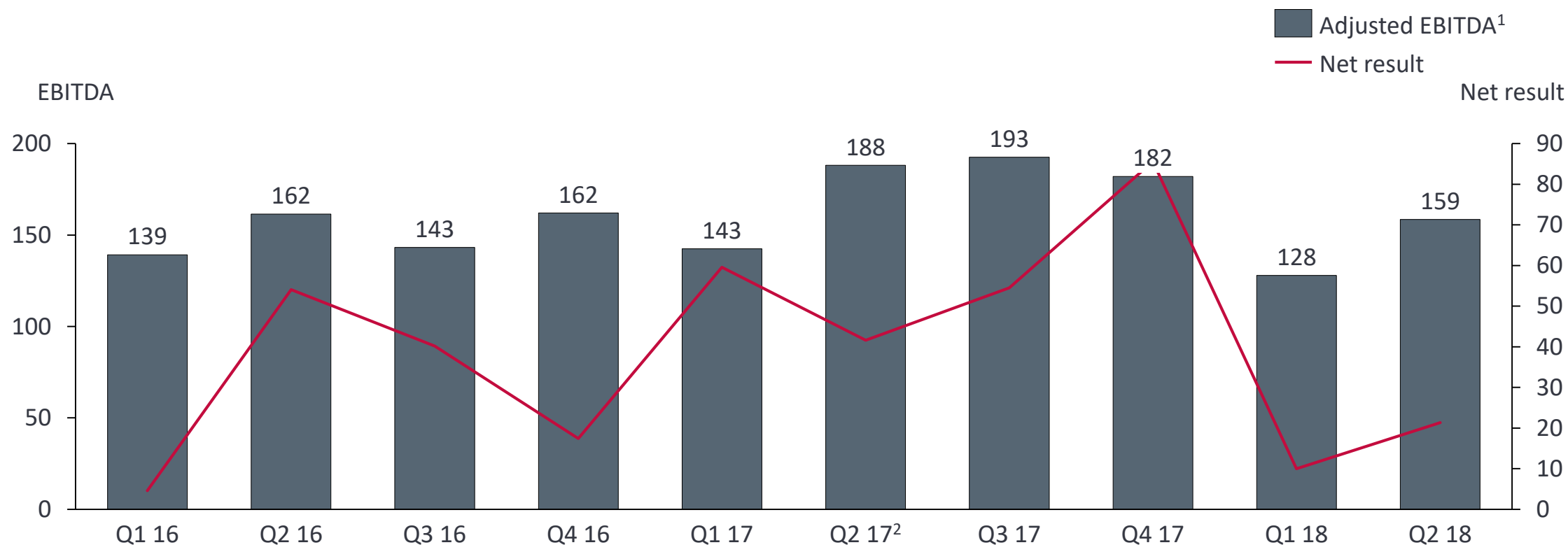
Comments

- Total income was USD 2 012 million in the first half of 2018, up 8% compared to the same period last year due to increased revenues for ocean and landbased
- Costs of USD 5 million related to the restructuring and realization of synergies were recorded in the first half of 2018 compared to USD 20 million in the first half of 2017
- EBITDA adjusted of USD 286 million, down 13% y-o-y
 - Reduced contracted HMG volumes
 - Lower rates (USD 25 million)
 - Unfavorable currency movements (USD 25 million)
 - Higher net bunker cost (USD 35 million)
 - Trade imbalance and inefficiencies
 - Flat development for landbased
- The negative impact from above factors was partly offset by underlying strong volume development, increased high & heavy share and realization of synergies

Wallenius Wilhelmsen with positive results despite weak markets

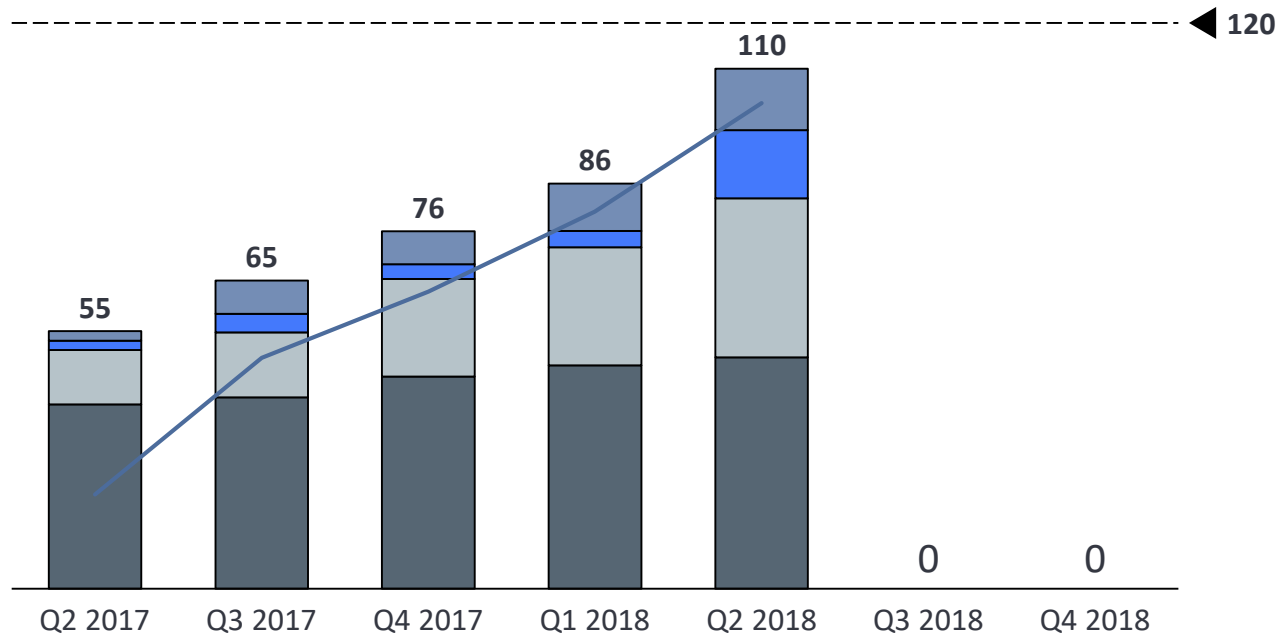
Group historical net result and EBITDA development³

USD billion



USD 110 million of the USD 120 million synergy target confirmed

Confirmed and realized synergy development USD million



Fleet Optimization Procurement Realized savings (annualized)
Ship Management SG&A savings

Comments

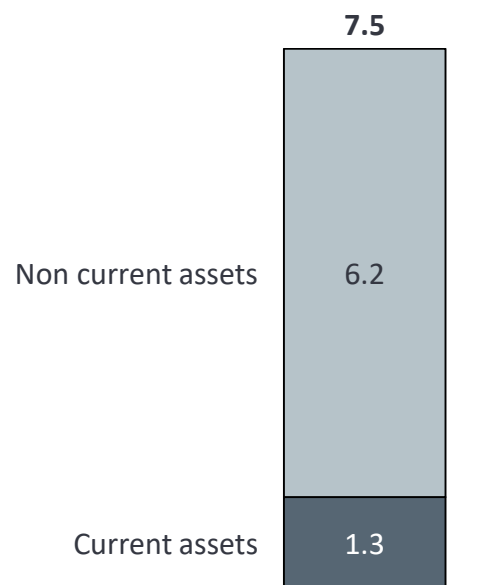
- At the end of the second quarter about USD 110 million of synergy target was confirmed
- During the quarter about USD 25 million was added to confirmed synergies, mainly through ship management, fleet optimization and procurement
- The annualized run rate for synergies were above USD 100 million, up from about USD 80 million in the previous quarter
- The remaining part of the confirmed synergies will gradually come into effect over the next 3-6 months

Balance sheet review – second quarter 2018

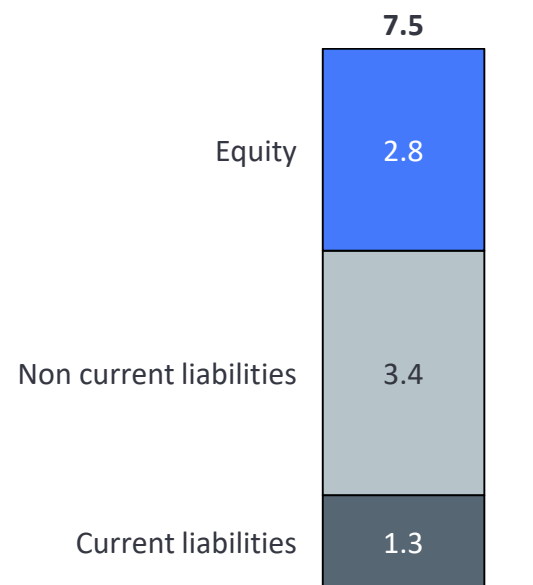
Unaudited Balance Sheet 30.06.2018

USD billion

Assets



Equity & Liabilities

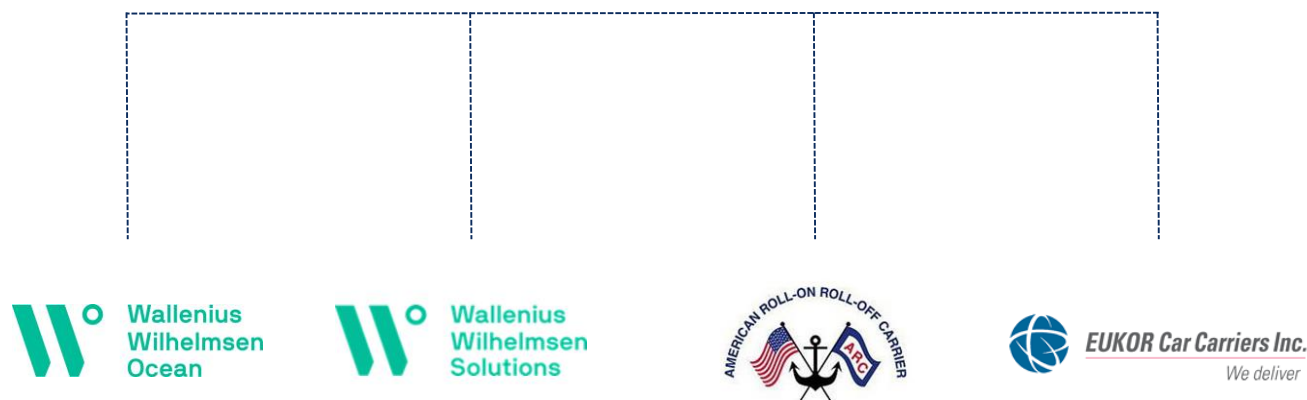


Comments

- Total assets of USD 7.5 billion with equity ratio of 37.4%, up from 36.3% last quarter
- Net interest bearing debt of USD 3.2 billion, up by USD 200 million driven by payment of the EUR 207 million fine from European Competition authorities and financing for the newbuilding delivered in May
- Continued high cash and liquidity position with USD 517 million in cash and USD 275 million in undrawn credit facilities
- USD 195 million in provision for antitrust case

The legal and financial restructuring project finalized on time

New legal and funding structure

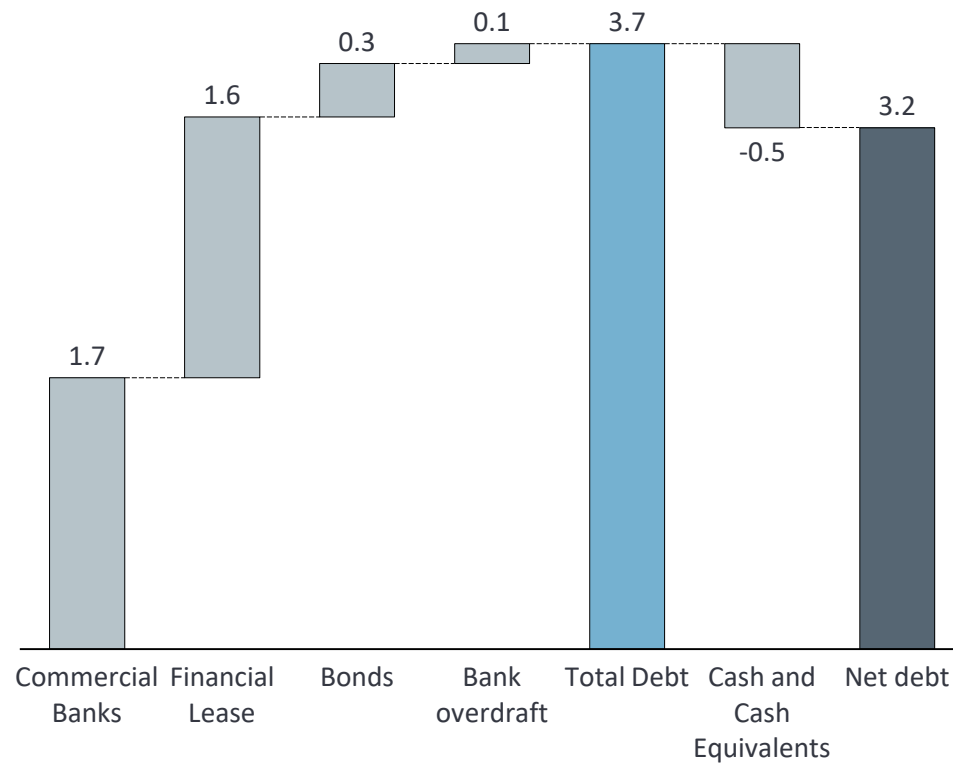


Comments

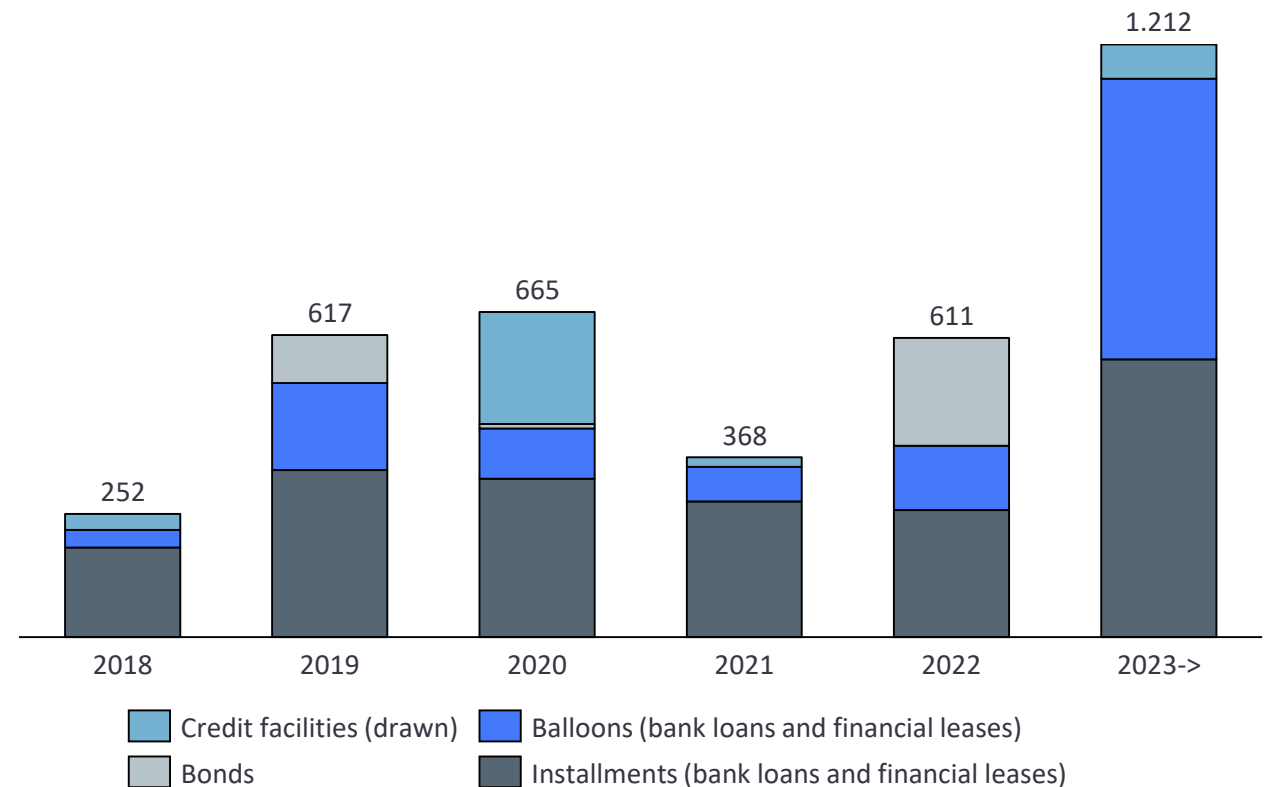
- Legal and funding structure consistent with business unit structure in place
- New 6-year USD 445 million term loan and credit facility to refinance vessel loans maturing in 2018 and 2019 and a revolving credit facility in WW Ocean
- Other loan agreements in WW Ocean have been harmonized with the new facility agreement

The group has access to a broad range of capital sources

Group interest bearing debt 30.06.2018
USD billion



Debt maturity profile following financial and legal restructuring project
USD million



Wallenius Wilhelmsen ASA dividend policy

DIVIDEND POLICY

“Wallenius Wilhelmsen ASA’s objective is to provide shareholders with a competitive return over time through a combination of rising value for the share and payment of dividend to the shareholders. The Board targets a dividend which over time shall constitute between 30 and 50% of the company’s profit after tax. When deciding the size of the dividend, the Board will consider future capital requirements to ensure the implementation of its growth strategy as well as the need to ensure that the Group’s financial standing remains warrantable at all times. Dividends will be declared in USD and paid out semi-annually”

FINANCIAL TARGETS

Key ratios	Target
Equity ratio	>35%
Return on capital employed («ROCE»)	>8%



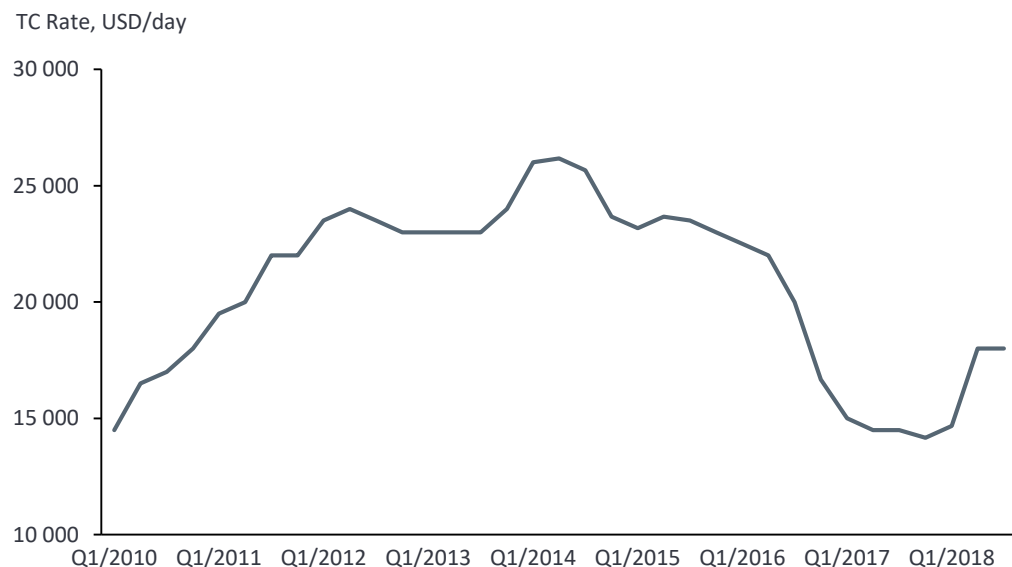
Market outlook

by Bjørnar Bukholm



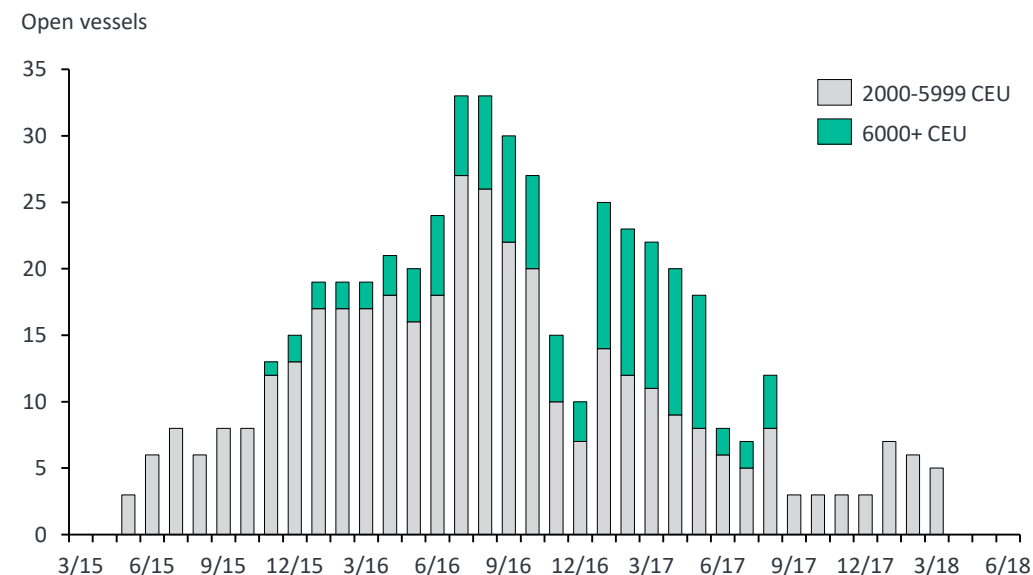
T/C rates remain distressed despite a tightening supply-demand balance

Time Charter rates USD/day (6500 CEU)



- Time charter rates have strengthened healthily throughout the first half of the year, but remain depressed in a historic context

Open vessels # of vessels



- The supply-demand balance has tightened, and there were no open vessels of any sizes reported in the second quarter of 2018

Improving market fundamentals

MARKET TREND

Auto – steady growth



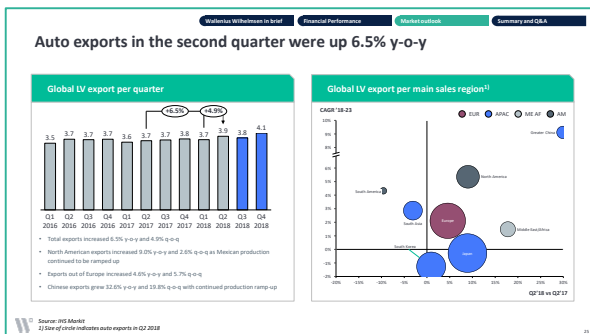
H&H¹ – turning point



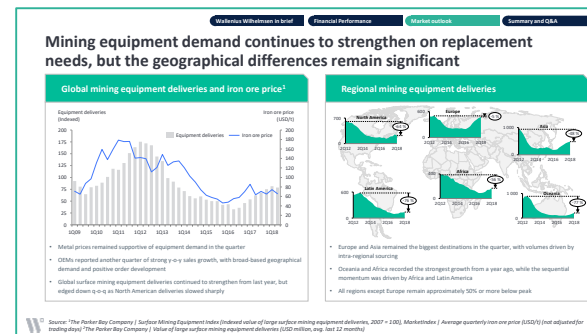
Market balance – firmer



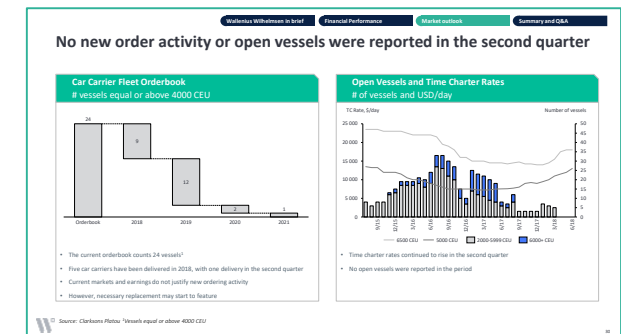
Investment highlights



Continued positive growth in auto trade volumes



Construction remains strong, mining at a turning point

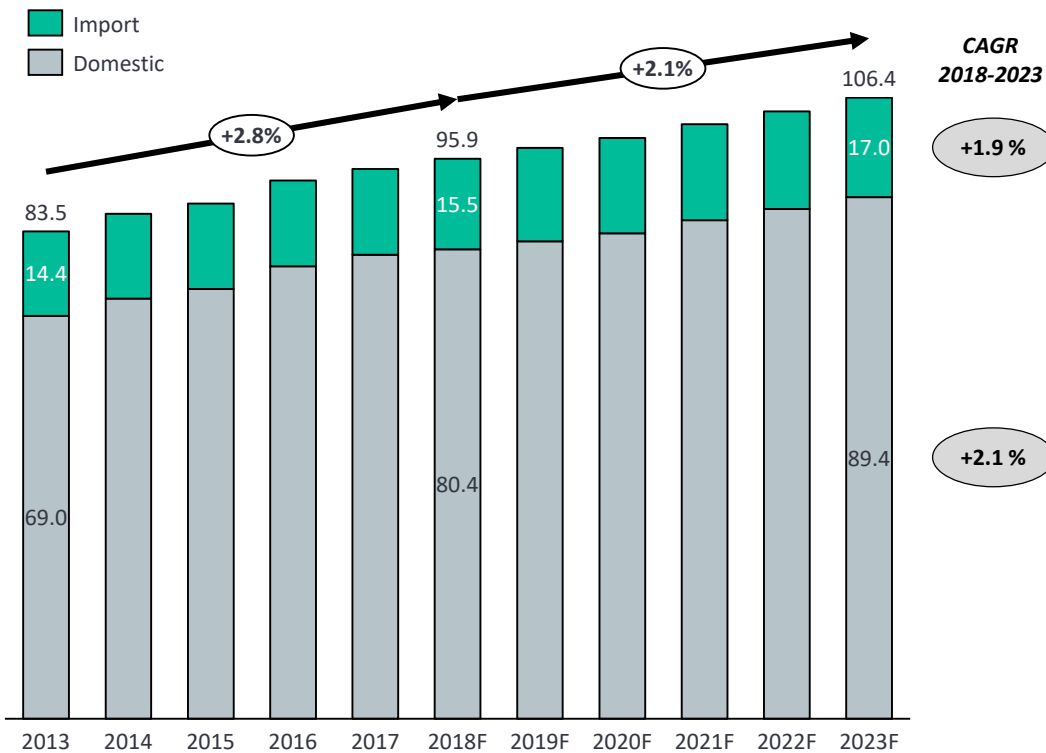


Limited orderbook and ageing fleet

Global auto sales and exports expected to keep strengthening

Global LV sales (import and domestic)

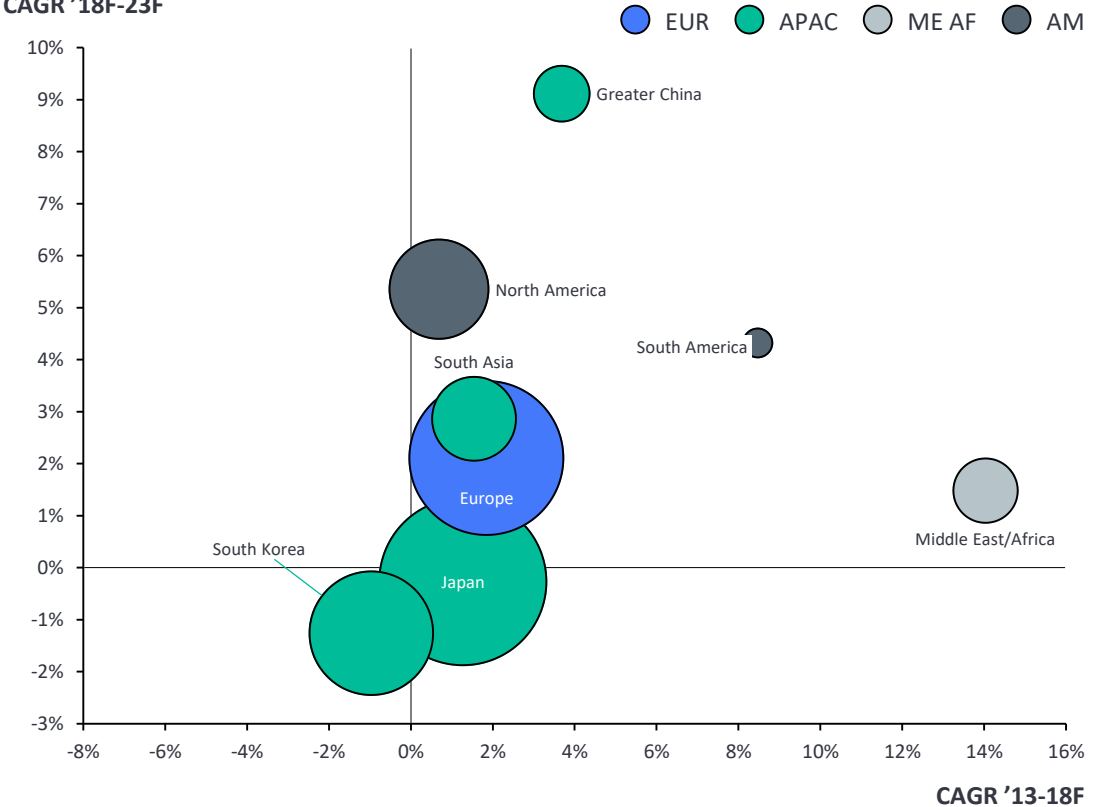
Million units, growth p.a.



Global LV exports¹⁾

Growth p.a.

CAGR '18F-23F



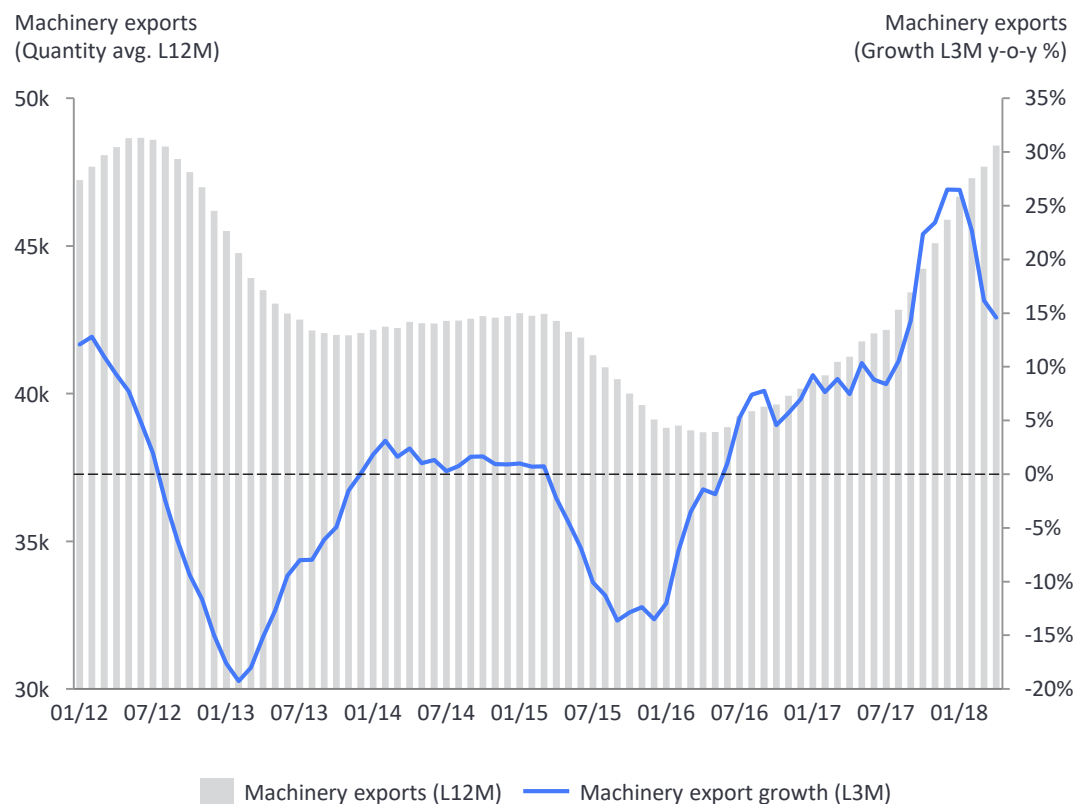
Auto tariffs: Potential impact on Wallenius Wilhelmsen

- The ongoing trade tension and possibility of new tariffs for auto imports to the US represents a risk for Wallenius Wilhelmsen.
- Imports to the US (from outside NAFTA) were about 3.7 million units in 2017, majority of volumes imported from Europe, South Korea and Japan
- Wallenius Wilhelmsen is always prepared for changes in global deep-sea volumes and changing sourcing patterns
- The direct effect of 20-30% auto volume reduction is not material (<5% of EBITDA) as the group can reduce the fleet size and the profitability for auto volumes in certain trade lines is very low (e.g. Atlantic trade)
- However, the indirect effects of higher tariffs and hence reduced auto imports to the US could be more negative.
 - Increased overcapacity might lead to further pressure on rates
 - Slower growth for global economy might lead to volume decline



Construction machinery markets continue to be healthy globally

Global construction and rolling mining equipment exports¹

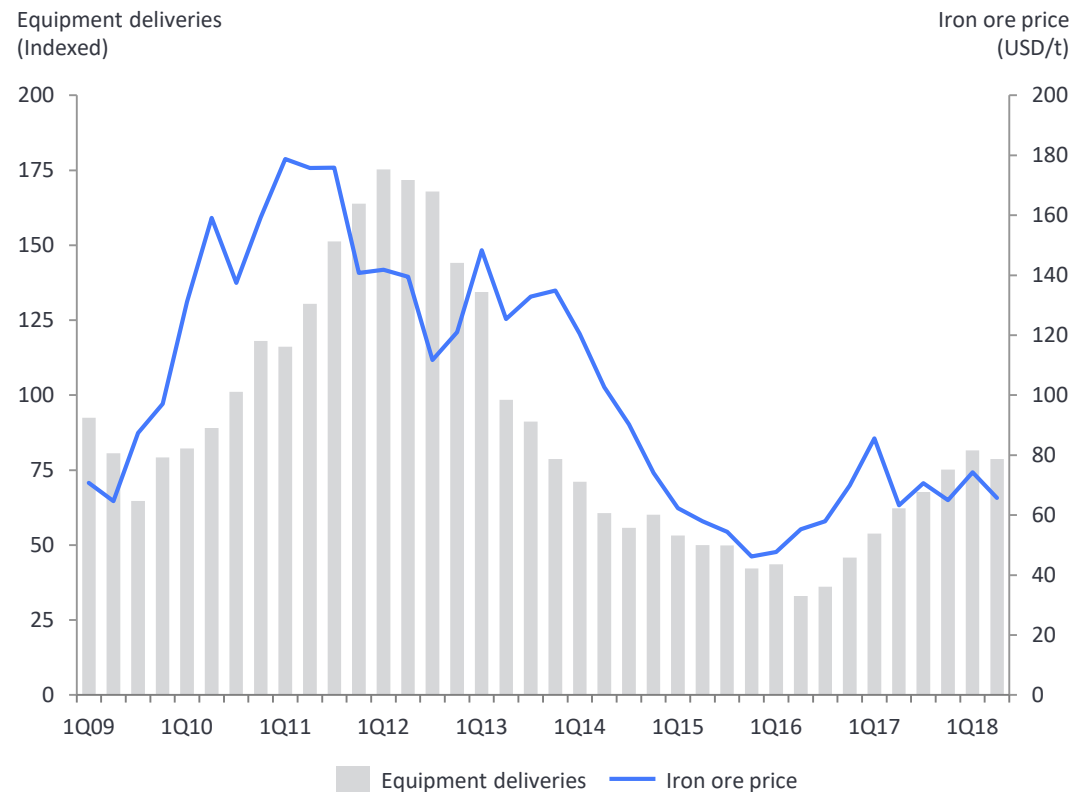


Market comment²

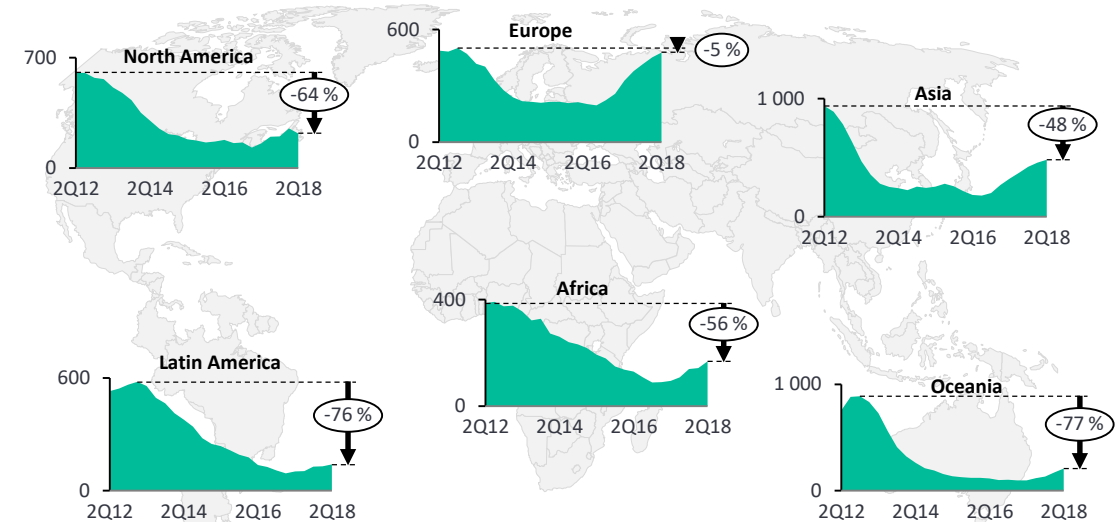
- Construction equipment demand recovered strongly in 2017, as OEM majors experienced growth in almost every single market globally
- Despite a more challenging macro narrative, machinery makers continued to report broad-based geographical demand and strong order development in the first half of this year
- Underlying construction activity and indicators remain strong in key markets, but there are geographical differences in the machinery outlook as momentum slows from the highs of last year, but double digit growth rates also expected for 2018
- US construction activity keeps strengthening with this year's recovery and rental industry data remain healthy and supportive of continued machinery demand
- Eurozone construction activity keeps expanding despite recent softening in key markets, construction confidence is at pre-recession highs, but a machinery market stabilization is expected following the strong recovery in recent years
- The Australian construction industry has expanded for 18 consecutive months, construction confidence remains healthy despite moderating

Mining equipment markets in early cycle on replacement needs, but the geographical differences are significant

Global mining equipment deliveries and iron ore price¹



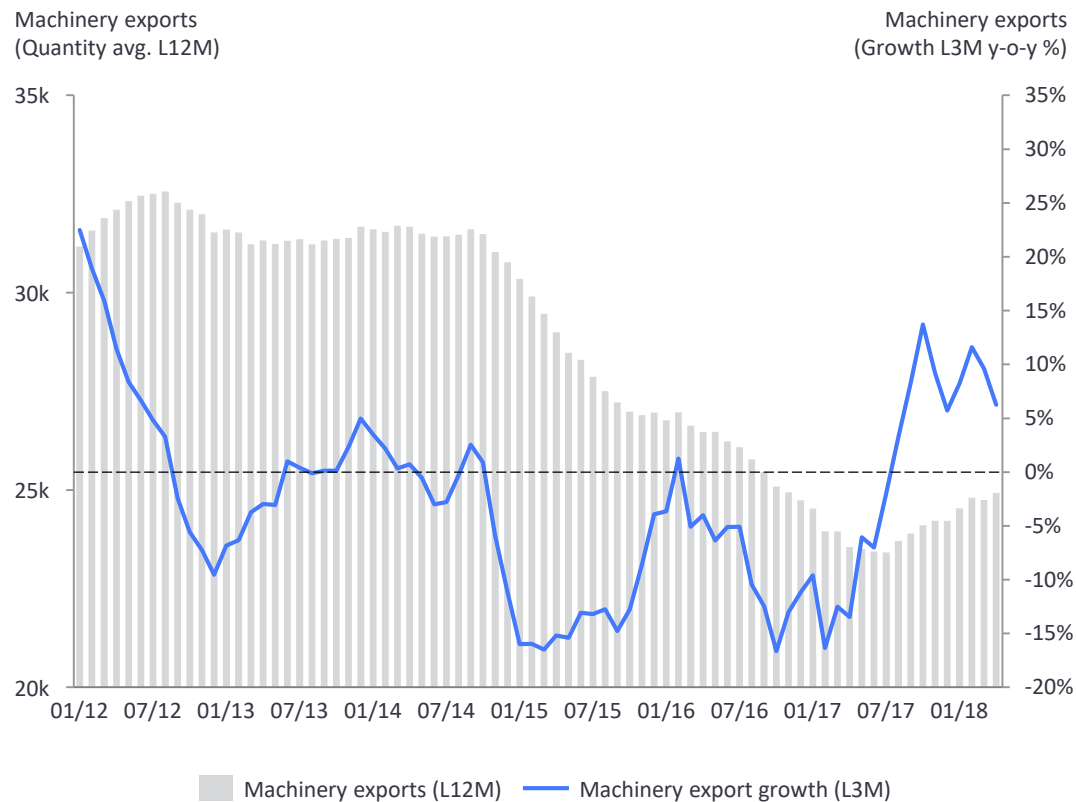
Regional mining equipment deliveries



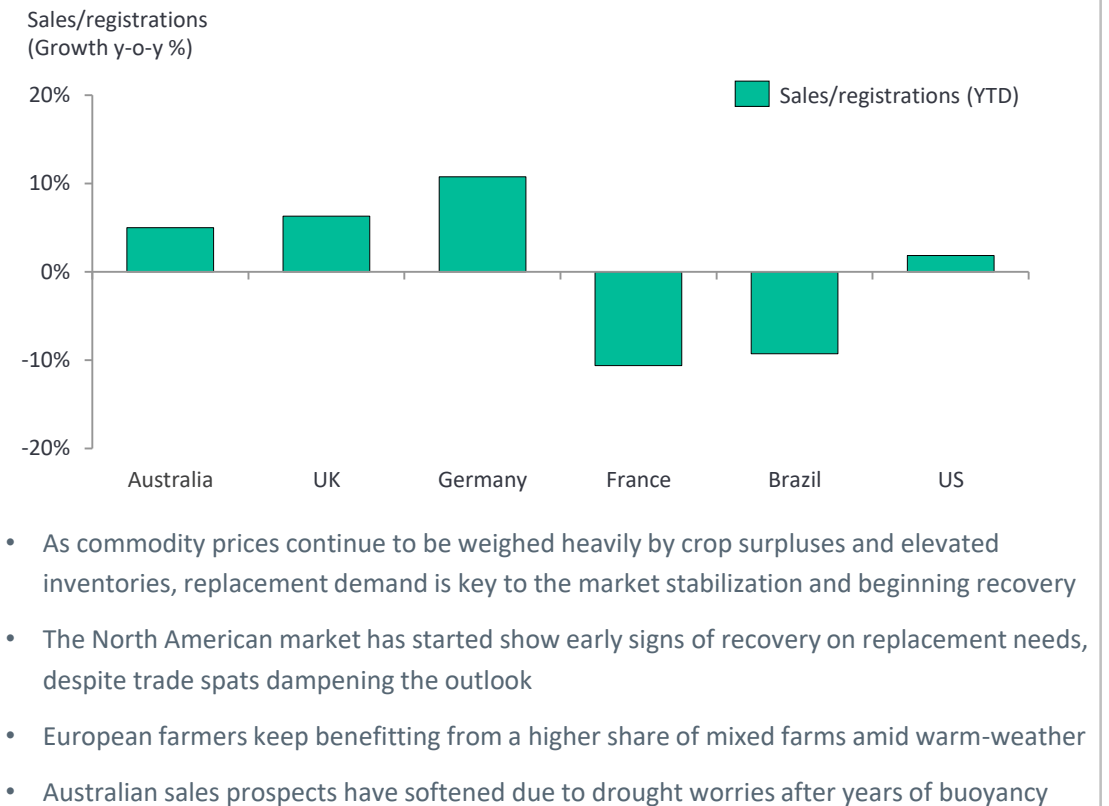
- Mining majors have generated healthy profits since the cycle bottom, and commodity prices remain supportive of equipment demand
- Balance sheet health and shareholder returns have been top priorities for the miners, but investments are picking up and ageing machinery fleets are in need of replacement
- Global machinery demand has strengthened y-o-y for eight consecutive quarters, but all regions except Europe remain about 50% or more below peak

Agriculture machinery markets bottoming out, but remain mixed

Global agriculture equipment exports¹



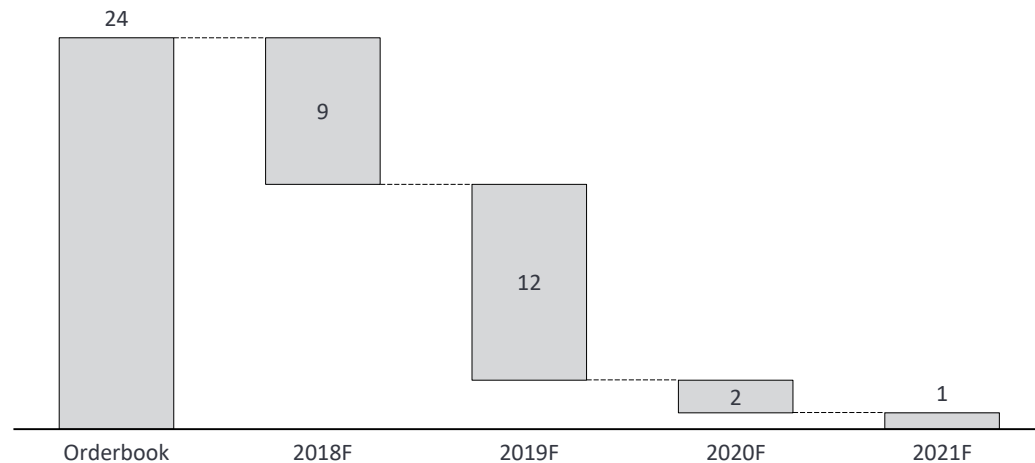
Tractor sales and registrations²



Order books at historical lows, with limited fleet growth expected

Car carrier fleet orderbook

vessels equal or above 4000 CEU



- The current orderbook counts 24 vessels¹, and no new orders have been confirmed this year
- Five car carriers have been delivered in 2018
- Current markets and earnings do not justify new ordering activity

Global fleet development

Fleet deliveries, removals and net growth (%)










- Net fleet growth expected to be around 1% p.a. until 2021, below expected cargo demand growth in the period
- To avoid negative net fleet growth in 2020 and 2021 replacement orders are required shortly as currently only 3 vessels scheduled for delivery in these years

Summary and Q&A



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- 4 Committed to USD 120m synergy target, on track by end 2018 
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- 7 Improving market fundamentals – early in the cycle 
- 8 Highly experienced management team with strong track record

A person wearing a teal jacket is holding a white rectangular sign with both hands. The sign has the word "QUESTIONS?" written on it in a bold, teal, sans-serif font. The background is a solid teal color.

QUESTIONS?

A large container ship with a red hull and white upper section is sailing on a dark, choppy sea. The ship is viewed from a distance, moving away from the viewer. The text "Thank you!" is overlaid in white on the ship's white section.

Thank you!