

WALLENIOUS WILHELMSEN  
LOGISTICS ASA

WWL ASA

# Capital Markets Day

September 2017

# Agenda



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**Words from the CEO – group strategic priorities**

**Landbased strategy**

**Environmental strategy and focus areas**

**H&H: “A break bulk deep dive”**

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# Words from the CEO

## Group strategic priorities

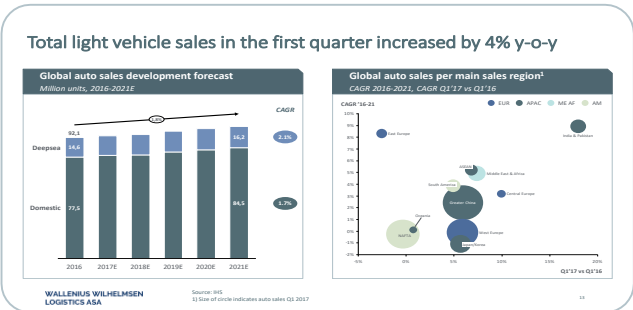
President and CEO – Craig Jasienski

# Backdrop: Improving market fundamentals

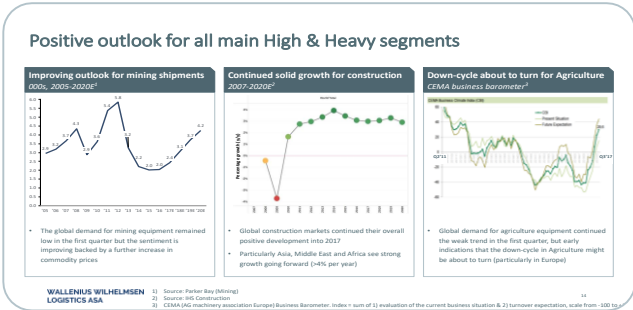
## MARKET TREND



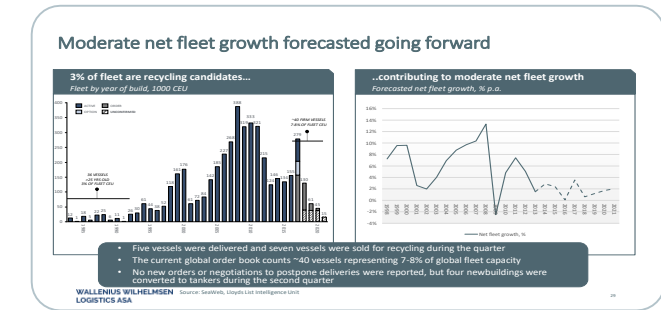
## Investment highlights



Continued positive growth in auto trade volumes



Mining and agriculture at a turning point



Limited orderbook and ageing fleet

# Backdrop: WWL ASA needs to embrace new trends...

## Electrification



## Autonomy



## Flexible manufacturing



## Mobility models



## New entrants



TESLA



... and take necessary actions to position ourselves for future success

## OCEAN TRANSPORTATION



Be agile and adaptable

## LANDBASED SERVICES



Position ourselves for growth opportunities

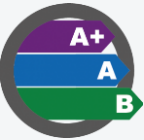
# New strategic direction defined for WWL ASA

## Better



Solidify position as the market leader in RoRo with **unrivaled H&H and Breakbulk capabilities**  
**Substantially increase earnings for landbased** by expanding the core and transforming to **full life cycle logistics**

## Leaner



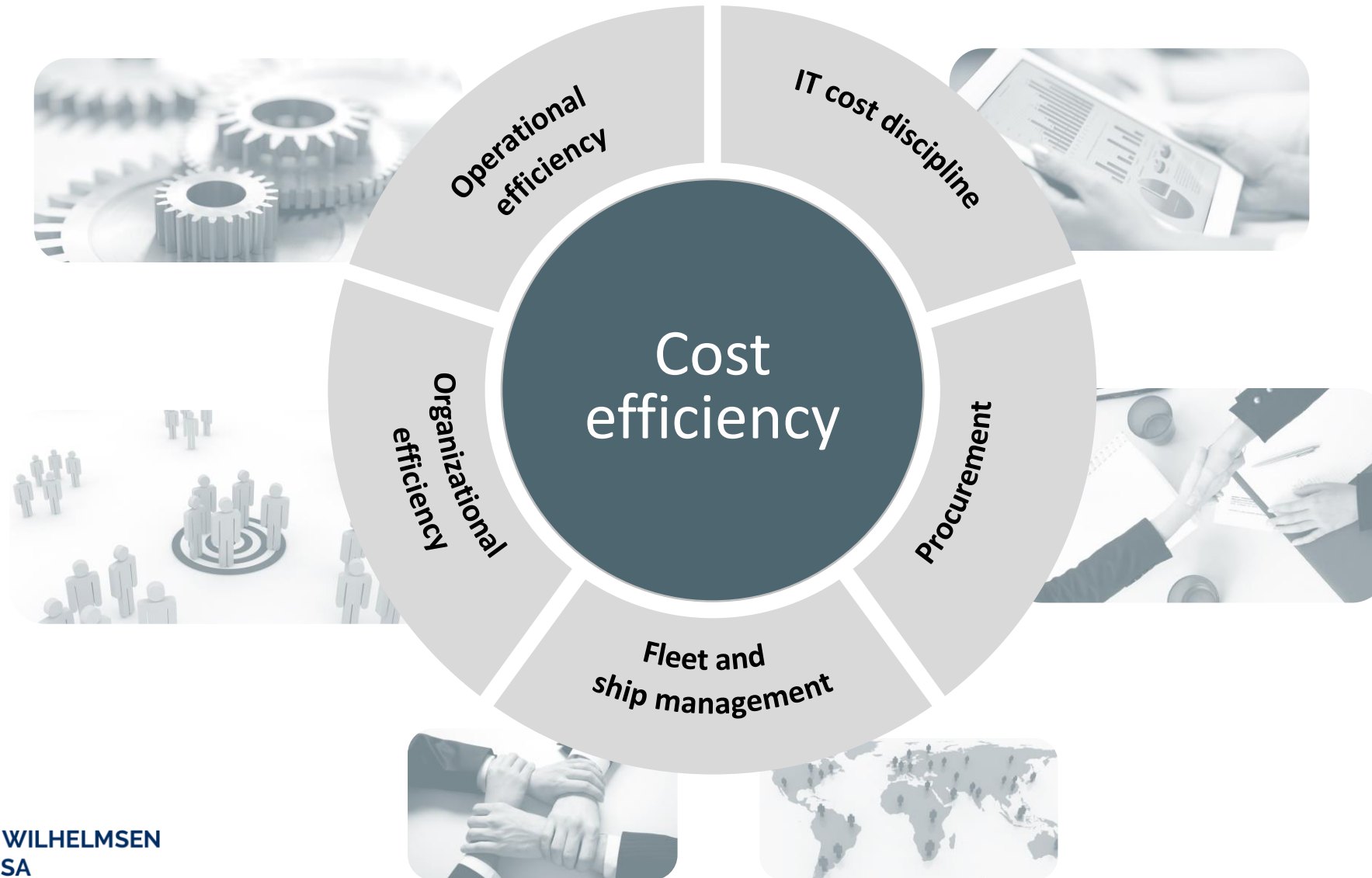
Strive for lowest cost possible by utilizing scale, right-sizing offering and embracing digitalization  
Increase **flexibility and scalability of cost-base** by reducing asset ownership and increased outsourcing

## Greener



**Reduce environmental impact** through continuous operational improvement and collaborative leadership initiatives  
**Expand revenue streams** arising from the need for sustainable solutions

# Cost efficiency through relentless focus across five main areas





# Q&A

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# Landbased strategy

*COO WWL Landbased – Raymond Fitzgerald*

# Agenda



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**WWL ASA Landbased at a glance**

**Ambition and strategy**

# WWL ASA LANDBASED AT A GLANCE

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# More than 13.5 million units handled annually in WWL's Landbased network, across all products

## KEY FACTS & FIGURES

70 sites

~70 operational sites globally,  
across six continents



>13.5M

~13.5M units annually through  
Landbased network

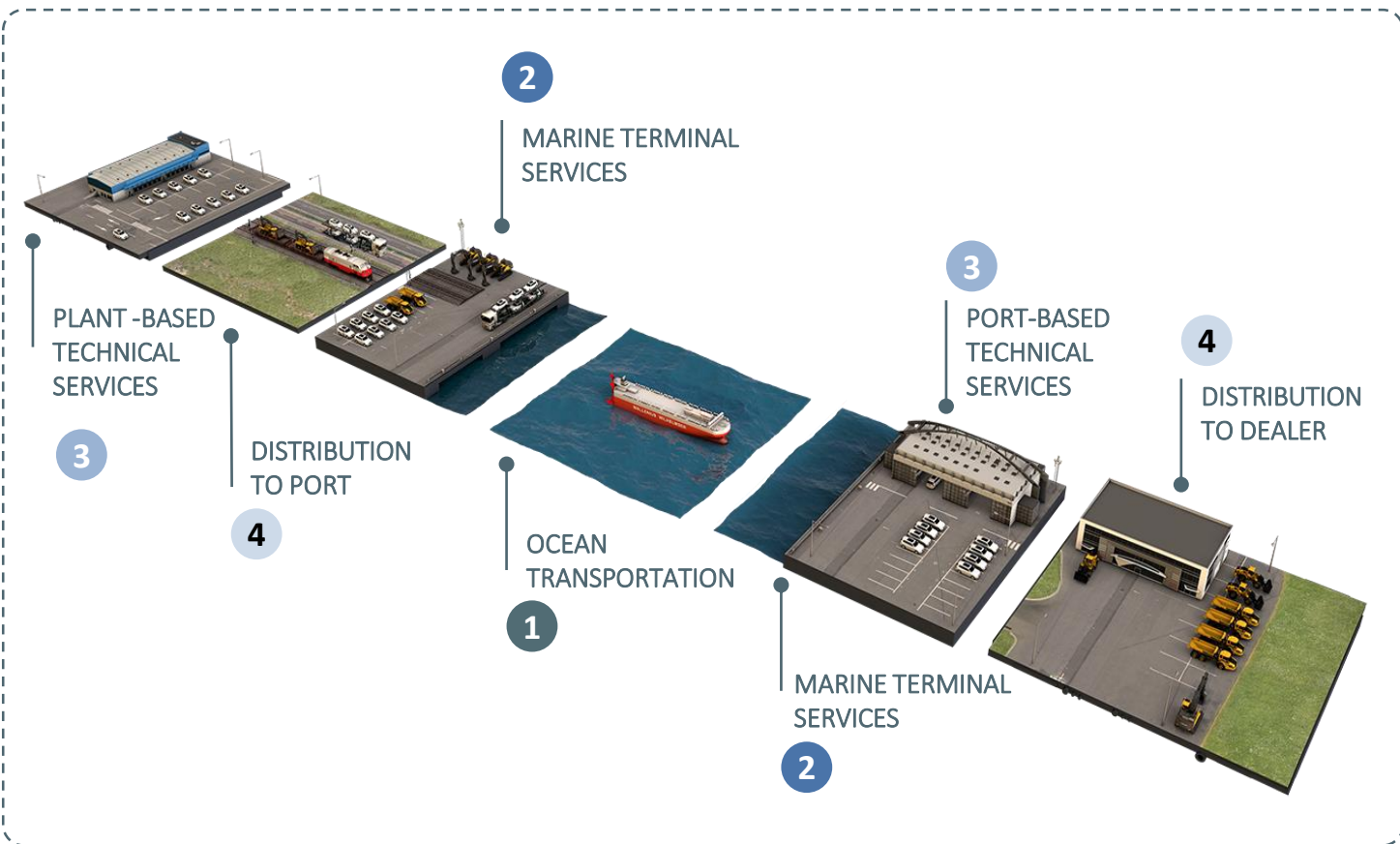


6,000

~900 Office workers  
~5,100 Production workers






## OUR PRODUCTS & SERVICES





# Landbased Services portfolio enabling customers to reduce costs and increase efficiencies in their outbound logistics

Landbased Services Portfolio		
Marine Terminals	Technical Services	Inland Distribution & Logistics
		
Stevedoring	Accessory fitting	Trucking
Custom clearance	Pre delivery inspections	Rail
Receive and delivery	Repairs and rectifications	Brokerage transport <sup>1)</sup>
Cargo handling	Storage management	Supply chain management (SCM)
Port distribution	Receipt and dispatch	Inventory management
Storage	Vehicle preparation	

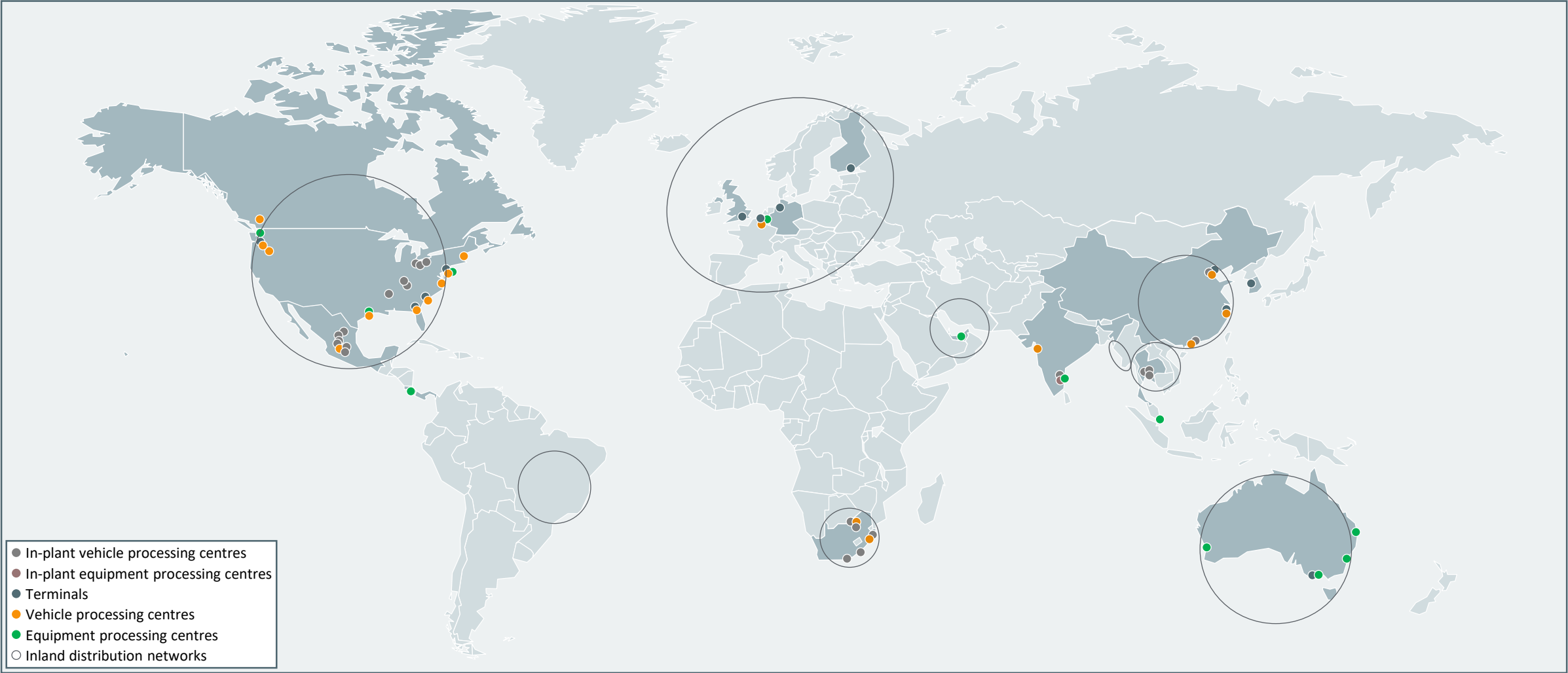
Main Customers
Auto

High & Heavy

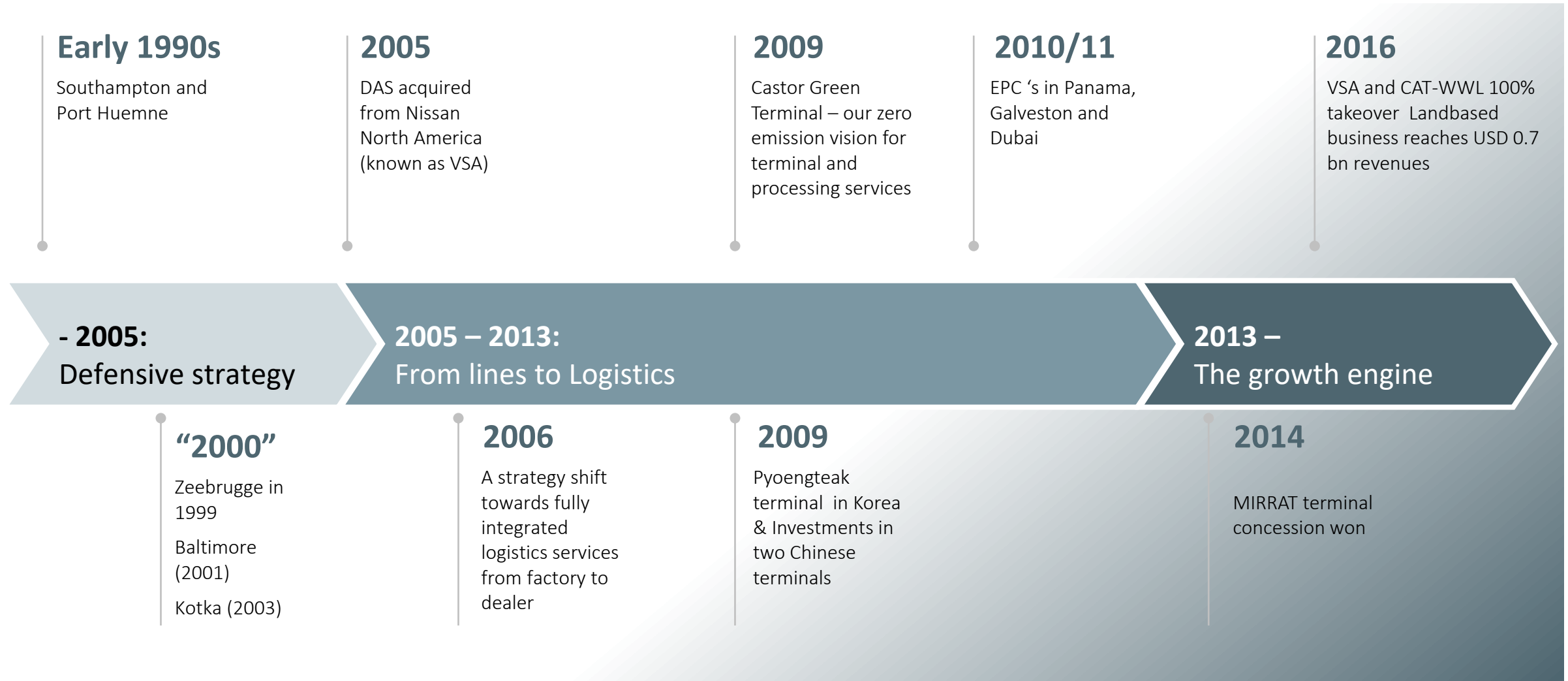
Breakbulk


1) Primarily procurement model

# A global network of Landbased Services well positioned for future growth



# The last 10+ years has been an exiting journey

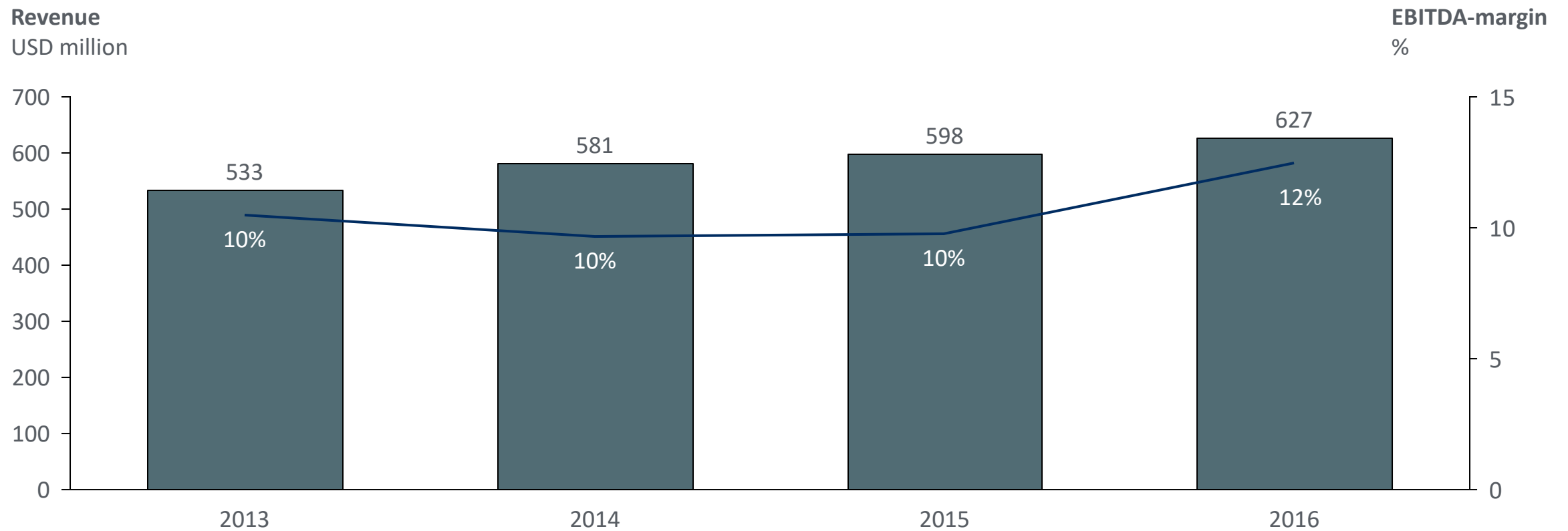




# The strong land based performance continues...

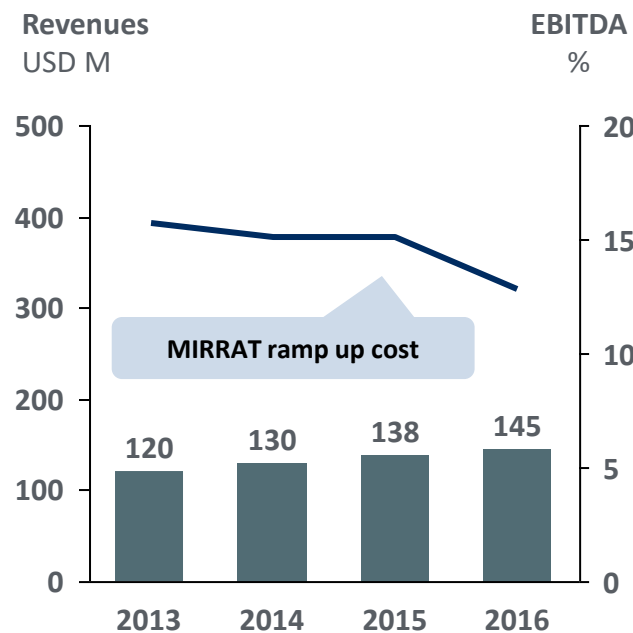
## Financial performance: Revenue and EBITDA

USD million

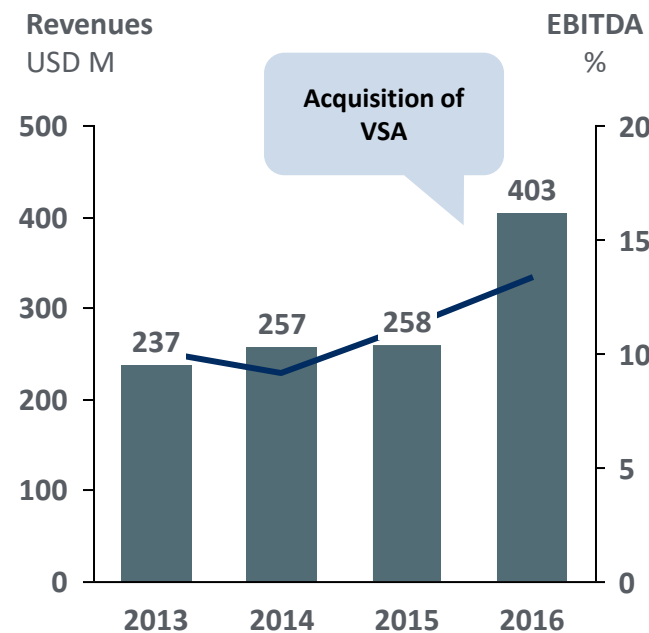


# Profitability varies between the different services

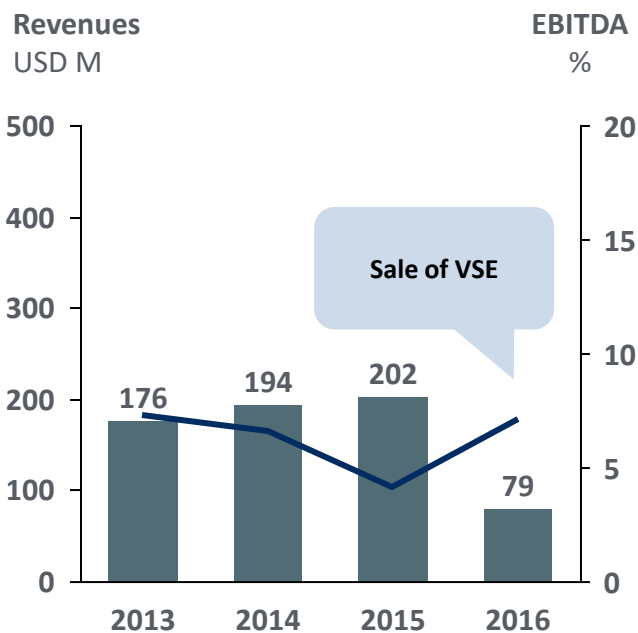
## Terminal services



## Technical services




## Inland Distribution



# Ambition and strategy

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A 3D bar chart with white bars of varying heights on a grid of white cubes. The bars are arranged in a row, with the heights increasing from left to right. The background is a soft, out-of-focus white.

**“WWL ASA Landbased ambition is to significantly grow earnings by expanding the core and transforming to full life cycle logistics”**

# WWL ASA Landbased ambition is to significantly grow earnings by expanding the core and transforming to full life cycle logistics

**A**

## PROTECT THE CORE

*“Protect and grow existing book of business and product offerings with traditional and non-traditional customers”*



**B**

## NETWORK EXPANSION AND M&A

*“Develop and expand our network of marine terminals and technical services sites worldwide through M&A, partnerships and entry into new verticals”*



**C**

## TRANSFORMATION

*“Adapt to and exploit opportunities related to new technologies including automation, electrification, ride- and car-sharing and fleet management”*



**D**

## INTELLIGENT LOGISTICS

*“Develop and deploy tools and capabilities to help customers manage their business better, faster, smarter, and cheaper”*



A

# Protecting the core is key to maintain competitiveness and position ourselves for growth

	Contract Renewals	Share conquest from competition	New BD from traditional customers	New BD from non-traditional customers	Procurement Services
Why?	<i>Critical to lock in customers in order to protect market share, especially in markets with relatively strong rate development</i>	<i>Look to leverage brand and/or cost basis to target market share gains in key areas</i>	<i>Expand scope of services for traditional customer base</i>	<i>Identify other industries or markets that could be serviced by the Logistics group</i>	<i>Leverage scale and volume to create efficiencies in the business and reduce costs</i>
Where are we going?	<ul style="list-style-type: none"><li>• Create increased stickiness with key strategic customers through service and systems offerings</li></ul>	<ul style="list-style-type: none"><li>• Develop emerging market strategy to gain market share through competition, partnership or M&amp;A</li><li>• Relentless cost focus</li></ul>	<ul style="list-style-type: none"><li>• Target Logistics 2.0 opportunities for traditional OEM's</li></ul>	<ul style="list-style-type: none"><li>• Target partnerships with key customers that will drive Logistics 2.0 development</li><li>• EV assembly and distribution</li></ul>	<ul style="list-style-type: none"><li>• Leverage the scope and scale of logistics procurement services we provide to OEMs</li><li>• Expand on successful opportunities to emerging markets</li></ul>



# B

## Network expansion and M&A will be ramped up to meet aggressive growth targets

	Marine terminal expansion	E-Service inland terminals	Organic growth TS	Acquisitions & Partnerships	New verticals
Why?	<i>Expand footprint globally in the area of Marine terminals</i>	<i>Expand services and establish footprint in and around inland terminals</i>	<i>Expand offerings and market share in key geographies with low penetration</i>	<i>Look for acquisition and partnership opportunities in key locations and verticals</i>	<i>Identify entirely new areas of service offerings to complement the organic growth initiatives</i>
Where are we going?	<ul style="list-style-type: none"> <li>Pursue strategic opportunities in key markets through partnership or investment</li> </ul>	<ul style="list-style-type: none"> <li>Inland terminals as hub for new services and segment offering</li> </ul>	<ul style="list-style-type: none"> <li>Leverage global talent and service offerings across the business building on brand strength, quality and efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>Pursue growth through selective acquisitions</li> <li>Pursue growth through partnerships and joint ventures</li> </ul>	<ul style="list-style-type: none"> <li>Continue to identify new verticals and a strategy to monetize these with existing or new customers</li> </ul>

# C WWL Landbased will transform its service offering from factory to end of life cycle logistics for vehicles and heavy equipment

	Diverse Mobility	Fleet Management	Autonomous Vehicles	Electrification	After-sales services
Why?	<i>Share of ride- and car-sharing expected to increase drastically going forward</i>	<i>New entrant technology-driven companies will seek to outsource logistics services</i>	<i>Capitalize on evolution of autonomous vehicle from level 3 to level 5 (engage with key players at an early stage)</i>	<i>Growing share of global fleet of vehicles with electrical engine</i>	<i>Large potential to move into the after-sales stage of a vehicles lifecycle period</i>
Where are we going?	<ul style="list-style-type: none"> <li>Logistics services for users/ owners of ride-sharing and/ or car-pooling vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Logistics management, homologation and refurbishment services to fleet owners in select metropolitan areas</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance, technical services, fleet management and “last-mile” logistics services for this next decade technology</li> </ul>	<ul style="list-style-type: none"> <li>Global leader in Logistics services for electrical vehicles</li> <li>Service offering for electrical cars to range from factory to end-of-life</li> </ul>	<ul style="list-style-type: none"> <li>Exclusive B2B focus</li> <li>Offer logistics, technical services, and optimization services to dealers</li> </ul>



## D

# Move into intelligent logistics will enable transformation

## Digitalization

## GEO fencing

## Visibility

## Network optimization

## Dynamic routing, telematics and AI

### Why?

*Digital as a differentiator is becoming increasingly important in the Logistics industry, and WWL is lagging behind*

*Prerequisite for accuracy of visibility tools. Enabler of inventory management and SCM optimization*

*Allow for visibility throughout supply chain and increases customer stickiness and regarded as a “must-have” by key customers*

*Advanced analytics and network optimization can yield significant value creation for our customers*

*Closely monitor machine learning and other technological development for logistics application potential*

### Where are we going?

- WWL seen as technological leader in RoRo logistics space
- Technology enables WWL to be industry cost-leader

- GEO fencing technology available at all WWL Landbased sites

- Recognized by customers as industry leader
- Visibility tool enables broadening of service scope and increases customer stickiness

- Network optimization as integral part of all commercial bidding processes
- Network optimization as value offering to select clients

- WWL team well familiar with developments within advanced technologies directly affecting current or future scope of business

# Q&A

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# Environmental strategy and focus areas

VP, Head of Corp Com and CSR – Anna Larson

# Content



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**Regulatory outlook and trends**

**Environmental strategy**

**Environmental focus areas**

# Regulatory pipeline and environmental trends

## Regulatory Pipeline

- EU mandatory CO2 reporting in 2018
- IMO mandatory CO2 reporting in 2019
- Global sulphur cap change in 2020
- Ballast water management systems by 2024
- Shore power requirements in California

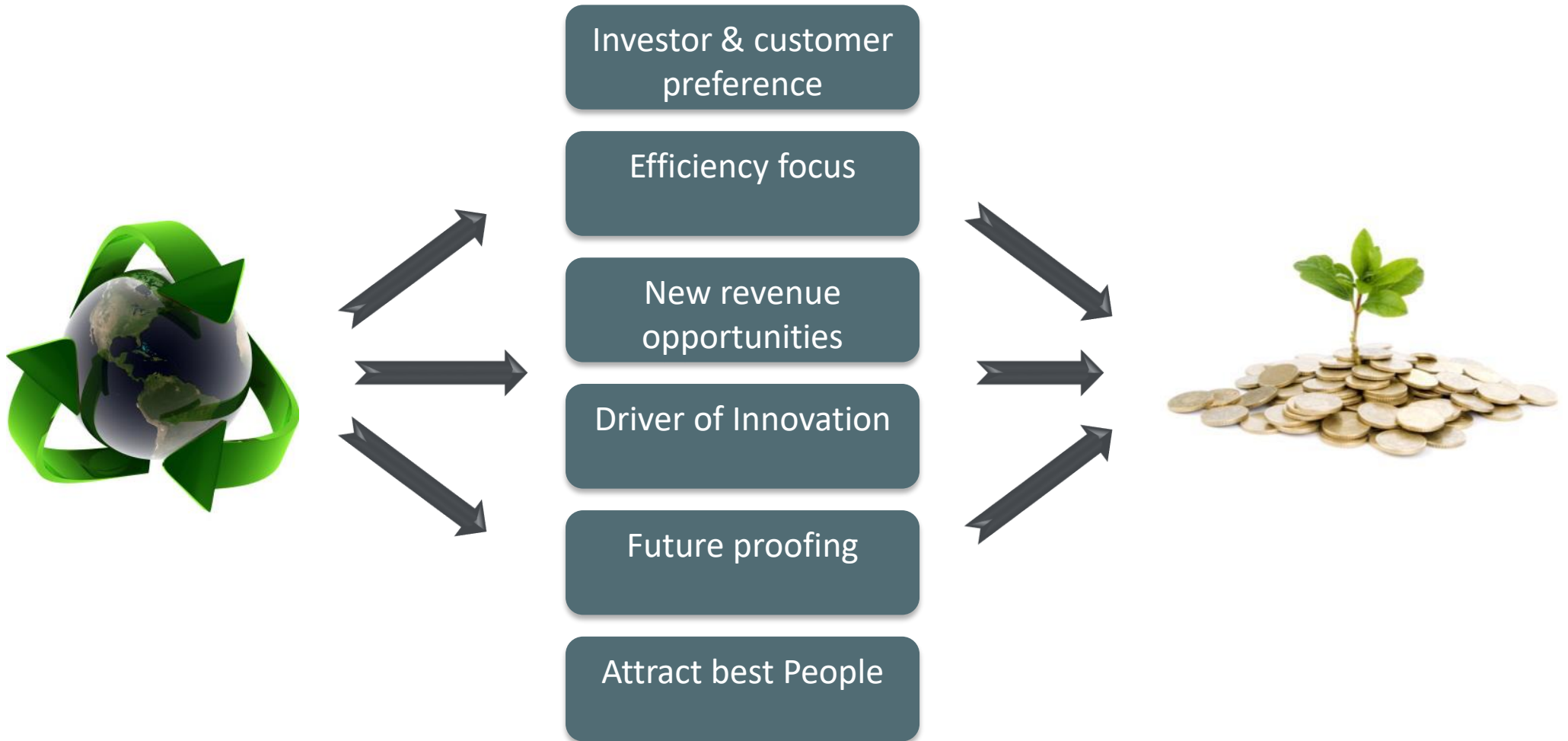
## Enviro trends

- Investor demand for environmental transparency
- Environmental progress expected by stakeholders
- Minimum environmental requirements of customers rising

Industry's environmental impact is starting to be matched by the environment's industry impact



# WWL believes in taking a sustainable approach



# Environmental Strategy: Lean:Green

## Vision

- Sustainability will be a driver of our business development and growth
- Our logistics services can be provided with zero emissions by 2050

## Strategy

- Striving for what is **both economic and sustainable** will produce the **best long-term results** for people, profits and the planet

## Approach

1. Drive progress through **initiatives** that are **both lean and green**
2. Focus on **high impact changes**, for both **people** and the **environment**
3. **Engage** in regulatory process; push for environmentally **sound global outcomes**
4. **Invest in and support** 'Lean:Green' innovation; **partner** for sustainable solutions
5. Embrace transparency; **be visible and be credible**
6. Seek to create **commercial value** from **sustainable solutions**



# Global Sulphur Cap 2020 in brief



● Additional local regulations   ● Existing ECA (0.1%S)   ● WWL main service ports

**Why:** Sulphur emissions harmful to health and environment

**What:** Sulphur (S) content reduction , 3.5% → 0.5%

**When:** Effective from Jan 1<sup>st</sup> 2020

**Who:** All vessels, all the time and everywhere

**Except...** Emission Control Areas (ECAs); stay at 0.1%S



**So what's the  
big deal about  
Sulphur 2020?**

The fuel that  
drives most of  
the industry will  
change



A big change in  
fuel cost means  
a big change in  
OPEX<sup>1</sup>



Various  
compliance  
paths, all with  
uncertainties



Enforcement  
challenges pose  
risk of unfair  
competition





# 4 Stream Approach for compliance

- Major considerations:



Is it **technically feasible** for a given vessel and trade?



How will it be affected future by **regulatory change**?

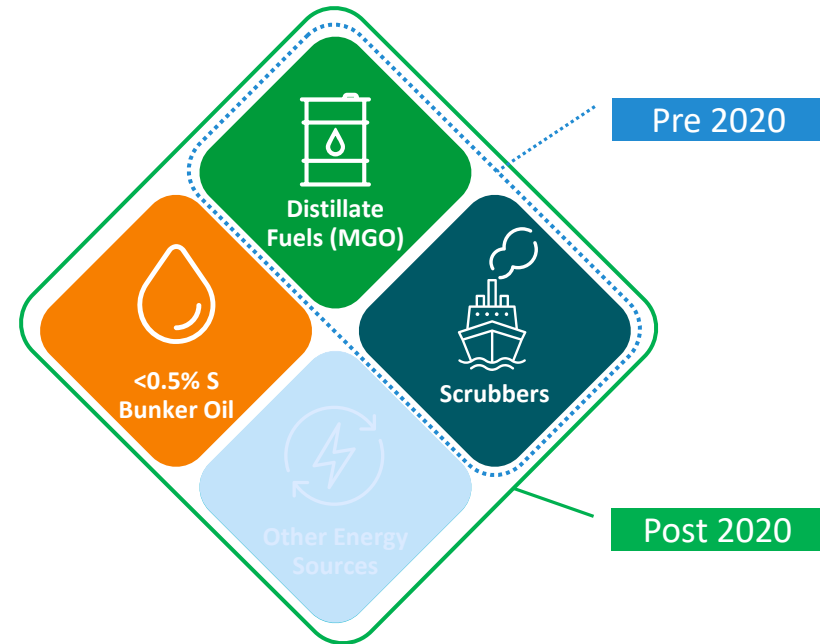


What will it **cost** in the short, medium and long term?



Will **availability** be sufficient when and where needed?

- Proactive initiative to find the right solutions for our specific fleet needs
- Leveraged partnerships and experience from years of low S operation



- No 'silver bullet' solution for our fleet; needs vary by vessel age, design
- Choices will be reviewed when other energy sources become viable

# Sulphur 2020: full organisational focus



# CO<sub>2</sub> & Shipping: context



## Background

- If shipping were a nation it would rank **7<sup>th</sup> in global CO<sub>2</sub> emissions**
- Power and range demands, mean **no substitutes for fossil fuel ... yet**

## Regulation

- **Design efficiency standards**, 1<sup>st</sup> transport segment with global requirements
- **Mandatory CO<sub>2</sub> reporting** schemes from EU (2018) and IMO (2019)
  - Precursor to regulatory initiative for **operational CO<sub>2</sub> measures**
  - Any resultant regulation unlikely to take effect within 8-10 years

# CO<sub>2</sub>– progress metrics & targets

## Important Considerations

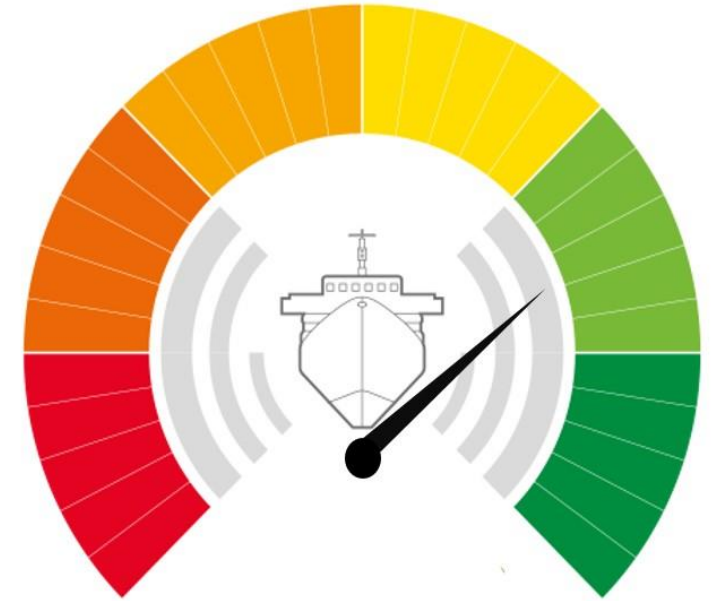
- Most of all, **market fluctuations** drive **short term CO<sub>2</sub>** results
- Short term CO<sub>2</sub> targets does not make sense
- Annual **CO<sub>2</sub> emission caps** require fossil fuel **alternatives**
- Cargo will still move; no environmental win

## Solution

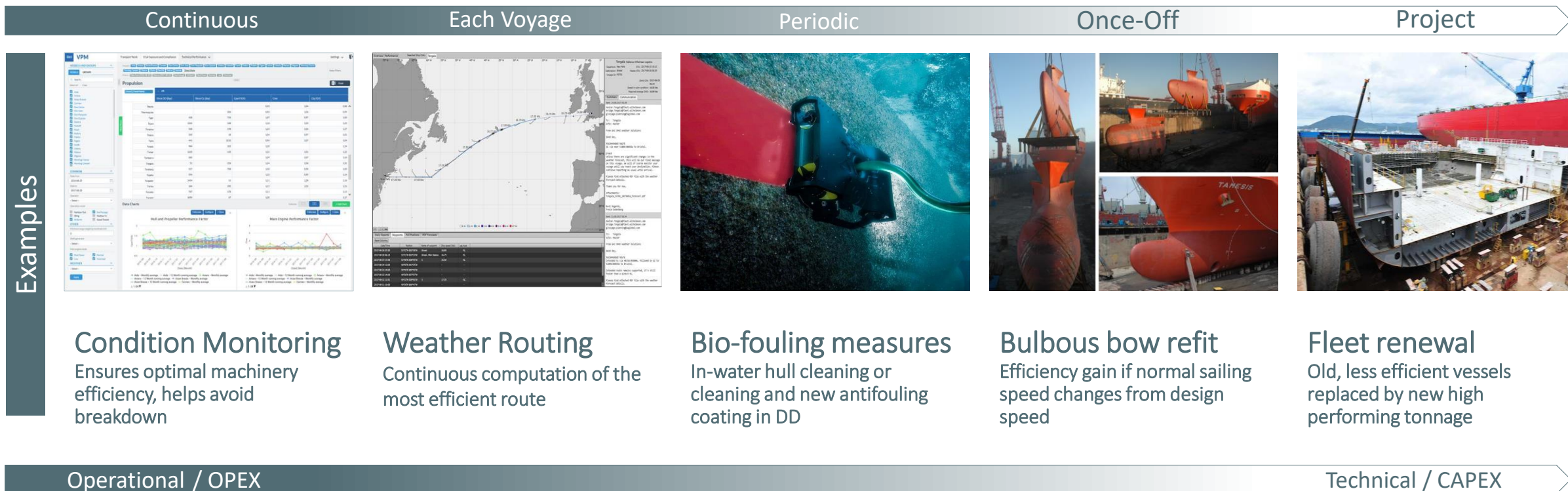
- Target **longer term fleet carbon intensity** – ‘CO<sub>2</sub> per tonne kilometre’
  - Evens out market cycles
  - Focussing on CO<sub>2</sub> reduces all emissions to air

## WWL's Target

- **Cut carbon intensity 11%** by 2020 relative to 2016
  - 32.1 → 28.5g CO<sub>2</sub> / tkm



# Tackling CO<sub>2</sub> - Short to medium term approach



# Tackling CO2 – Longer term approach

- Form **partnerships** to collaborate in **evaluation and testing** of more sustainable solutions
  - LNG viability project with Shell
- **Monitor technical advances** that could help achieve vision of **zero emissions logistics**
  - Hydrogen as a fuel?
- **Cast a wide net for innovation**
  - Sponsor of [www.oceanexchange.org](http://www.oceanexchange.org)
  - Annual Orcelle Award



# Ballast water management

- Ballast water for **stability, manoeuvrability**, trim and reducing hull stress
- Ballast water must be treated to mitigate **invasive species** transfer risk
- All vessels will have ballast treatment systems installed **by 2024**
- Installation will occur as per **pre-existing dry dock schedule**
- Systems will **be US Coast Guard Type Approved** to avoid operational constraints
- Anticipated CAPEX of approx. **500kUSD per vessel** with >> annual OPEX





# Q&A

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# High and Heavy: A Breakbulk deep dive

COO WWL Ocean – Michael Hynekamp

VP, Head of breakbulk and Marketing - Kibo Bodogaard

# Agenda



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**The High and Heavy segments**

**Equipment and capabilities**

**The market and our position**

# The High and Heavy segments

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# The High and Heavy segment is more than mining, construction and agricultural equipment...

## Buses and trucks



~7%

## Mining, construction and agricultural equipment



~68 %

## Breakbulk



~25 %



Breakbulk is really big cargo...



It's really wide cargo...





It's really long cargo...





It's really complex cargo...



And it's really heavy cargo





---

We even transported the glass for Apple's new building



So that when the vessel loaded it is much more than cars and the traditional high and heavy cargo





# In WWL ASA we categorize Break bulk into 6 main segments



Machinery and machine tools



Oil and gas



Rail



Aviation



Boats and yachts



Power equipment

# Equipment and capabilities

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# We have the equipment and vessels needed

With the world's most breakbulk-capable RoRo fleet and specialized equipment, even experienced logisticians may be surprised by the cargo we can carry.

1

Up to

**6,1**

metres high

2

Up to

**12**

metres wide

3

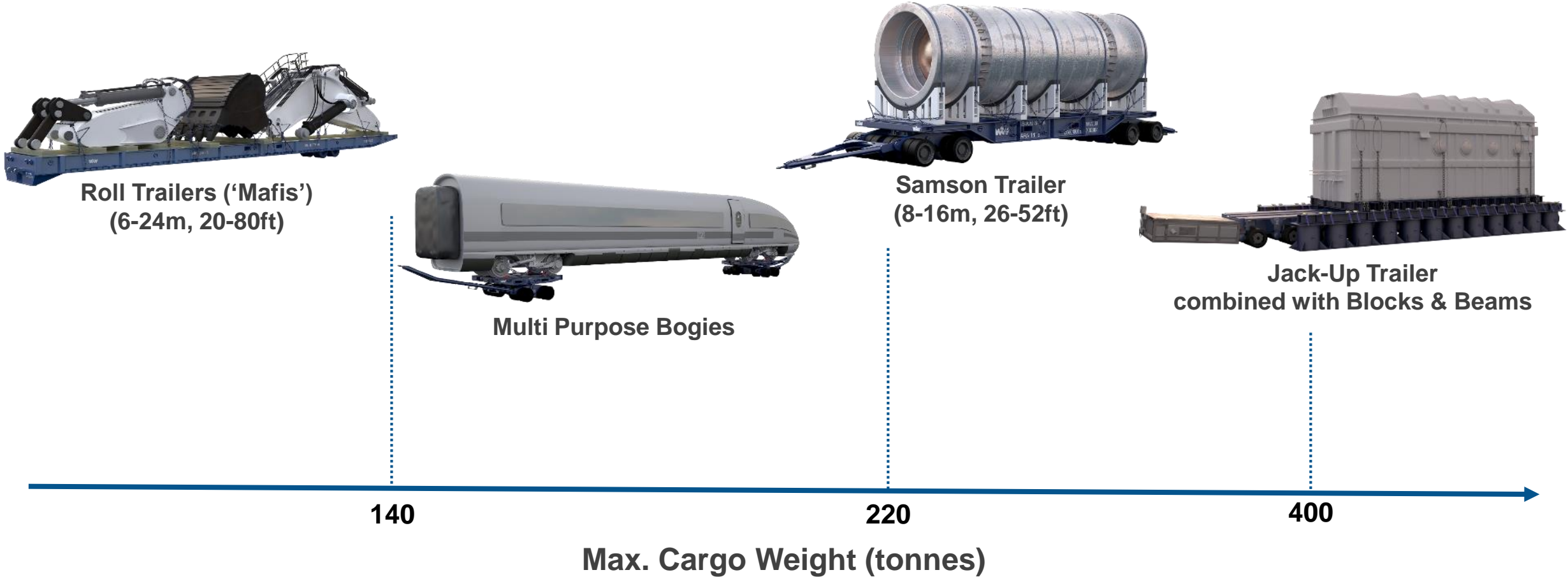
Up to

**400**

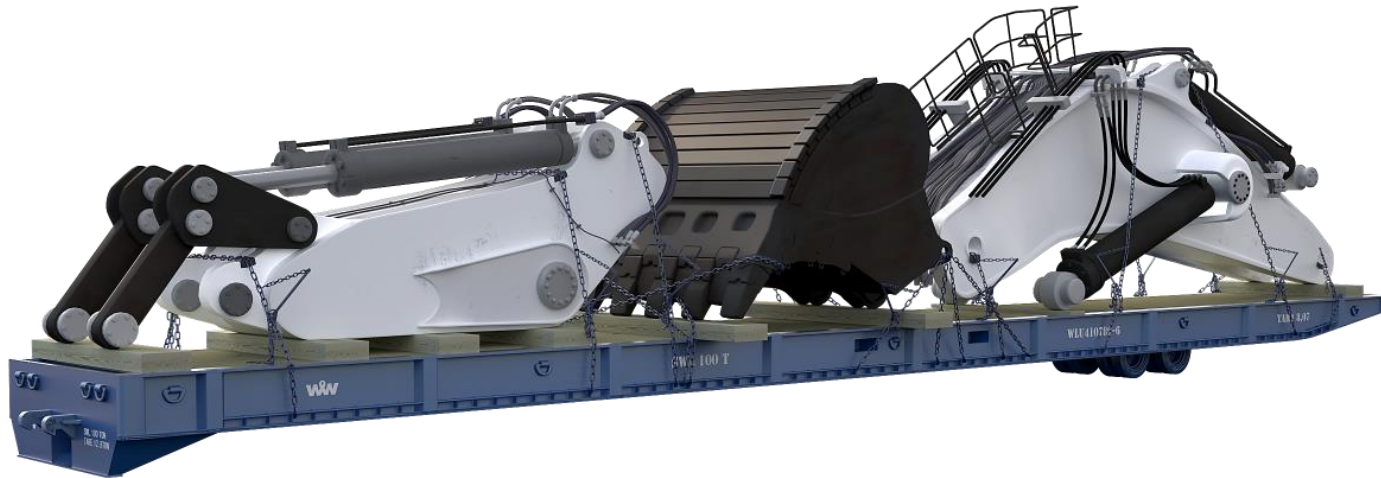
tonnes in  
weight



# WWL Cargo Equipment – a full spectrum of options for heavy cargo



# Roll trailers



- The workhorse of our equipment fleet, roll trailers have been developed for cargo up to 140 tonnes.
- Roll trailers are simply towed on and off the vessel. WWL also offers a wide range of specialised low profile and railed roll trailers.
- Typical cargo types: All kinds of breakbulk from machine tools to crane counterweights.
- More than 4000 rolltrailers globally

Cargo weight  
**< 140 t**

Cargo length  
**< 28 m**

Equipment length  
**20'-80' feet  
(6-24 m)**

Equipment width  
**2.5 m**

Equipment height  
**0.44-1.1 m**

# Multi-Purpose Bogie (MPB)

- **MPBs are especially suitable for long, narrow cargo up to 140 tonnes and are typically used in pairs.**
- **Depending on the cargo, they can be fitted with rails or connected together to create a lighter duty version of a Samson trailer.**
- **Typical cargo types:**  
Rail cars, fabricated beams, compact generators and transformers.
- **Can handle cargo of significant length**

Cargo weight  
**< 140 t per set**

Cargo length  
**6-40 m**

Equipment length  
**3 m/platform**

Equipment width  
**2.28 m**

Equipment height  
**0.94-1.1 m**



# Samson heavy lift trailer



- An original WWL design ideal for breakbulk up to 220 tonnes.
- They are available in 8, 12 and 16 m variations, ensuring there's always a perfect fit for your needs.
- Typical cargo types: Transformers, generators and turbine rotors.

Cargo weight  
**< 220 t**

Cargo length  
**6-18 m**

Equipment  
length  
**8-16 m**

Equipment width  
**3 m**

Equipment  
height  
**1.1 m**

# Jack-up trailer with blocks and beams

- Jack-up trailers are used to handle RoRo
- Cargo of up to 400 tonnes and are configured to suit the cargo being shipped.
- The unit is stowed on blocks and beams during terminal storage and onboard the vessel.
- Typical cargo types: Transformers, generators, boilers, tunnel boring machines and hydraulic press machines.

Cargo weight  
**< 400 t**

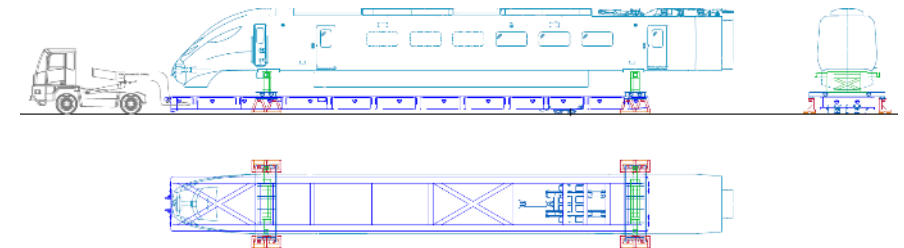
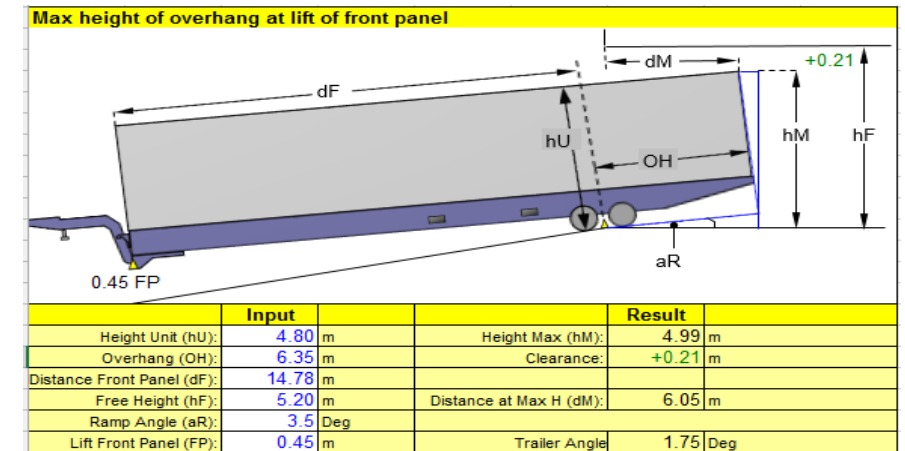
Cargo length  
**< 50 m**

Equipment  
height  
**Approx. 1.55 m**



# WWL has a great history in delivering exceptional cargo quality and ultimately giving our customers peace of mind

- WWL has always been a pioneer in vessel design and equipment development for industrial products
- No other carrier has moved a larger variety of breakbulk cargo to more locations for longer
- WWL offers unmatched in-house technical competence
  - Project engineering
  - Cargo equipment development & innovation
  - Vessel design
- Strong and long lasting relationship with stevedores and terminal operators around the globe to ensure smooth operations
- Unique track record of innovative equipment solutions for ever changing logistical challenges





# The market and our position





The market is big!! We are looking for only a small slice of the pie



# We compete with multiple other shipping segments

## LoLo carriers

- Tonnage challenge
- Several LoLo lines are struggling
- Mergers and partnerships are a key trend



## Containers carriers

- Tonnage challenge
- Flat racks/ low box rates
- Low rates and strong frequency is their main strength
- Not ideal for BB cargo



## Bulk carriers (open hatch)

- Tonnage challenge
- Now looking beyond the traditional bulk segment
- Very low rates for large quantities in one go are offered due to low TC costs



# Our current value proposition in the breakbulk market is strong

**Our value proposition is built around four main pillars**

**Reliability**

**Value for  
money**

**Quality**

**Solid customer  
care**

# Q&A

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# Thank you

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