WALLENIUS WILHELMSEN
LOGISTICS ASA

Q3 Presentation

November 8th 2017

Craig Jasienski, President & CEO

Rebekka Glasser Herlofsen, CFO

Agenda

Business Update

Financial Performance

Market and Business Outlook

Summary and Q&A

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BUSINESS UPDATE

by Craig Jasienski

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Business update Q3 at a glance…

The positive development for Volume & Cargo mix continues

Still some overcapacity and pressure on ocean rates

Good contract coverage next few years, especially H&H

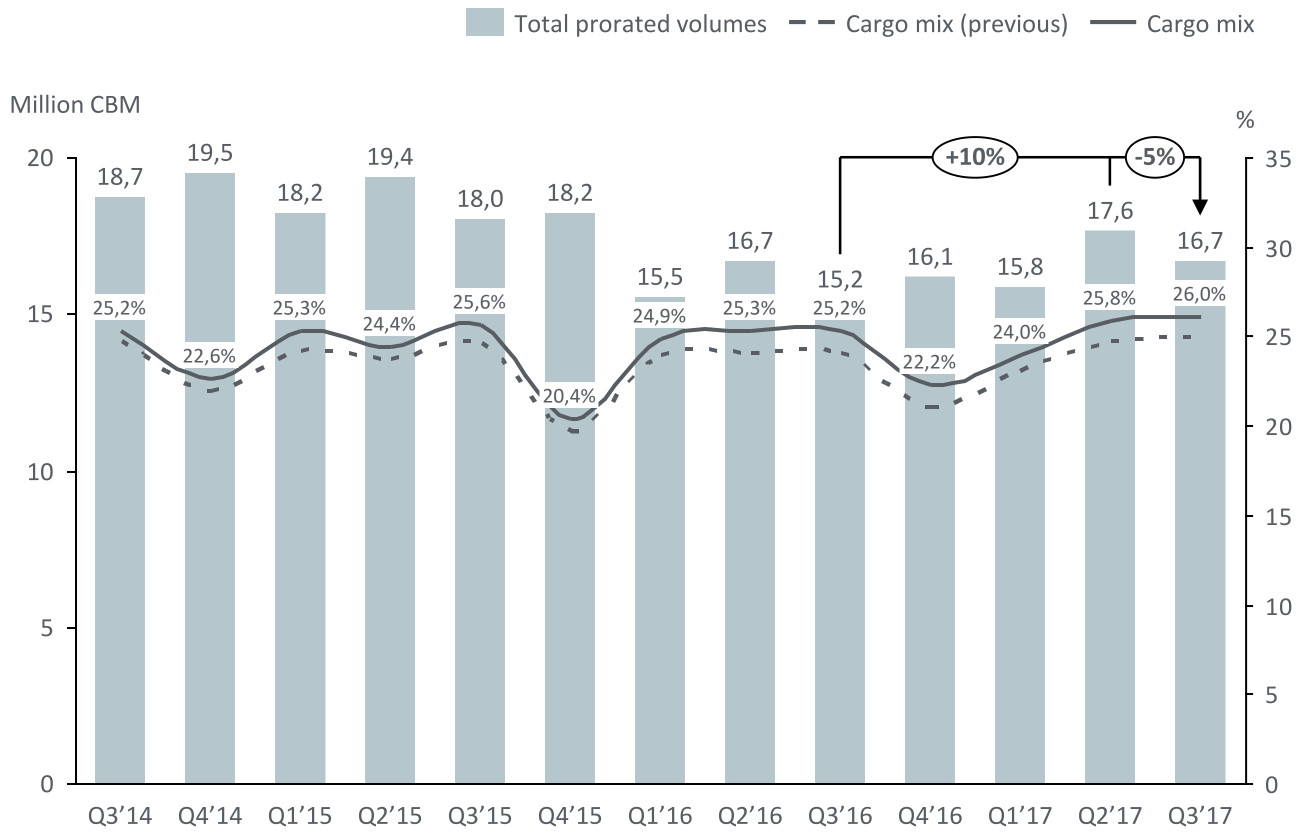
Realization of synergies well on the way

The positive development for landbased continues

The positive development for Volume & Cargo mix continues

Volume[1)] and cargo mix[2)] development

Million CBM and %

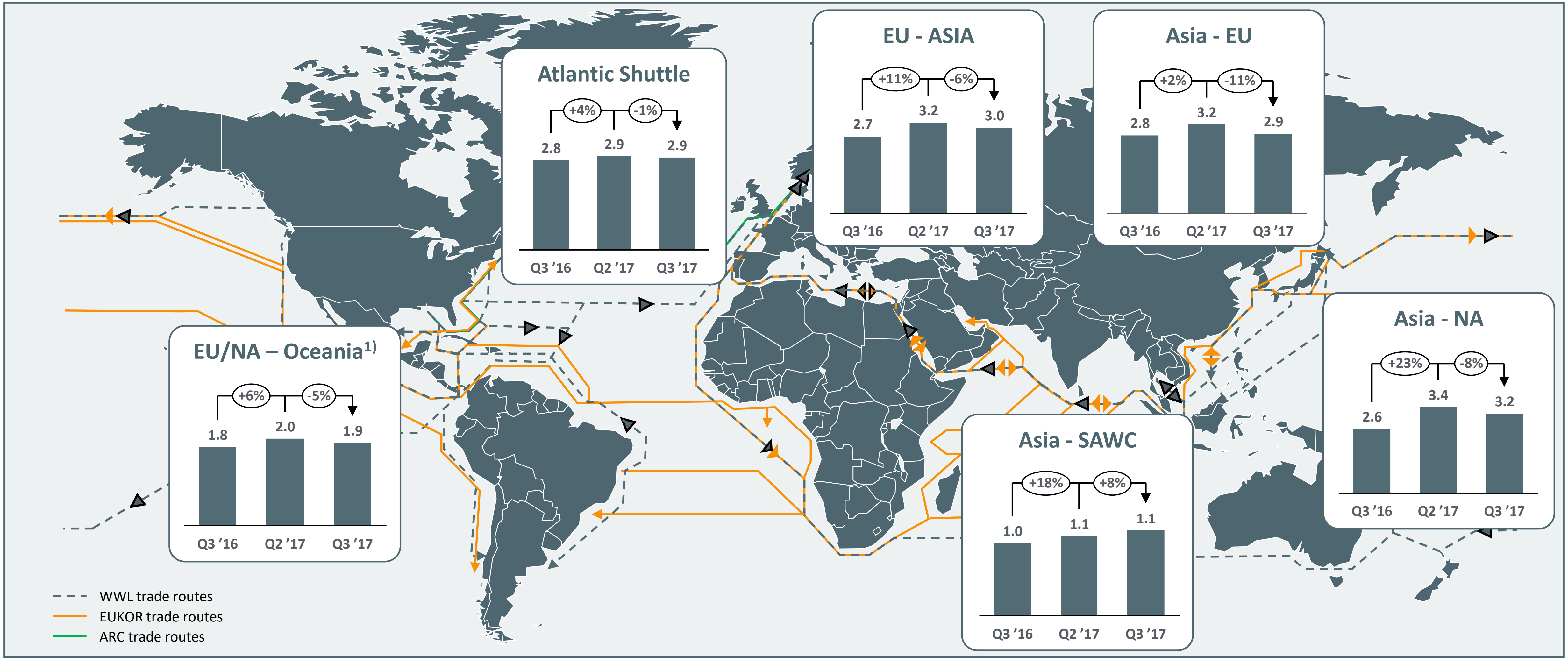


Comments

- Volumes down 5% q-o-q, largely driven by seasonality. Decline in volumes across all foundation trades with the exception of volumes from Asia to South America
- Positive development for cargo mix with a H&H share of 26% in the third quarter, up from 25.8% in the second quarter (which included large spot shipments ex-China)
- Volumes up 10% y-o-y primarily driven by higher volumes transported in foundation trades, in particular export from Asia to North America and export out of Europe to Asia

1) *Prorated volume*
2) *Calculated based on unprorated volumes. Updated figures based on aligned cargo type definition and reporting across all Ocean units*

Seasonal reduction in volumes, but positive development from same period last year for all foundation trades



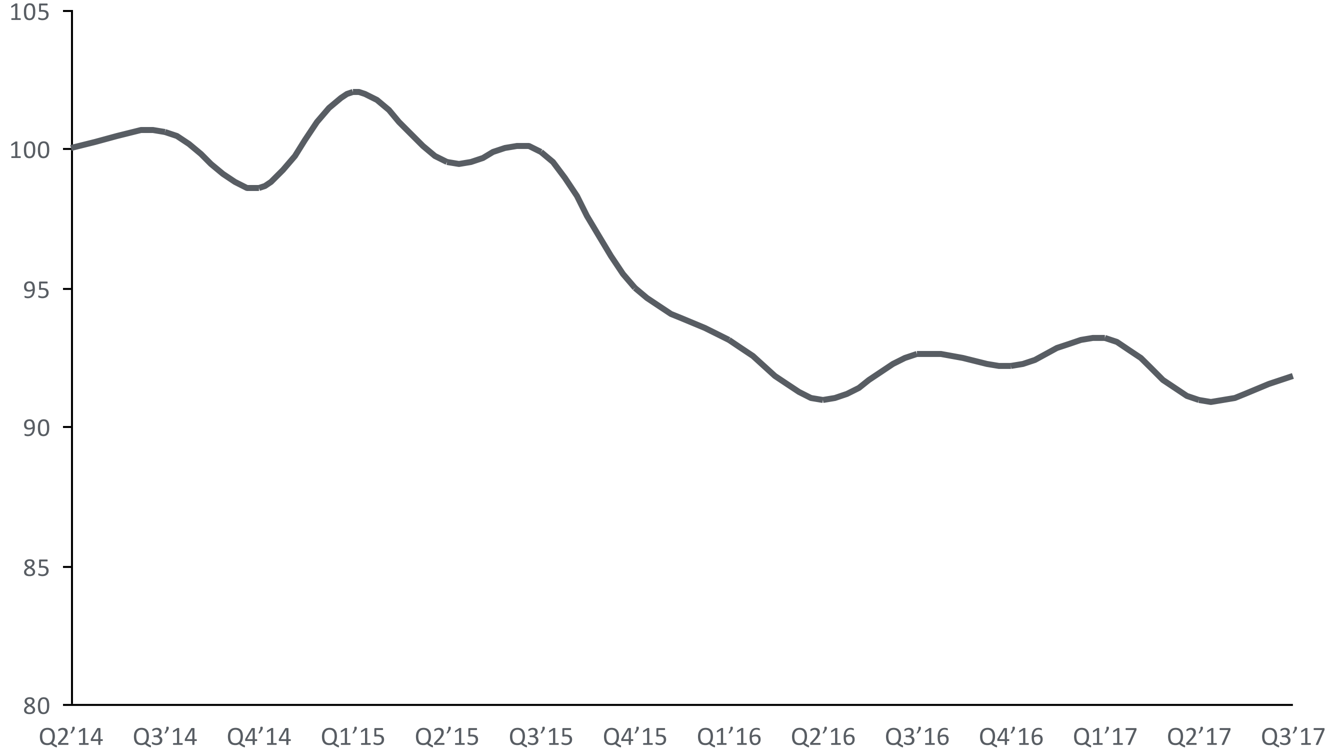
Note: Prorated volumes on operational trade basis in CBM

1) Including Cape sailings (South Africa)

Positive development in net freight/CBM due to trade/cargo mix

Net freight / CBM development[1)]

Indexed to 100 per Q2 2014



Comments

- Net freight / CBM increased with 0.8% in the third quarter compared with the last quarter
- The positive development was mainly driven by improved cargo mix and increased H&H shipments, but trade mix also contributed positively
- No material rate changes in the third quarter
- There is still significant pressure on rates in several tenders due to tough competition and customers' procurement focus

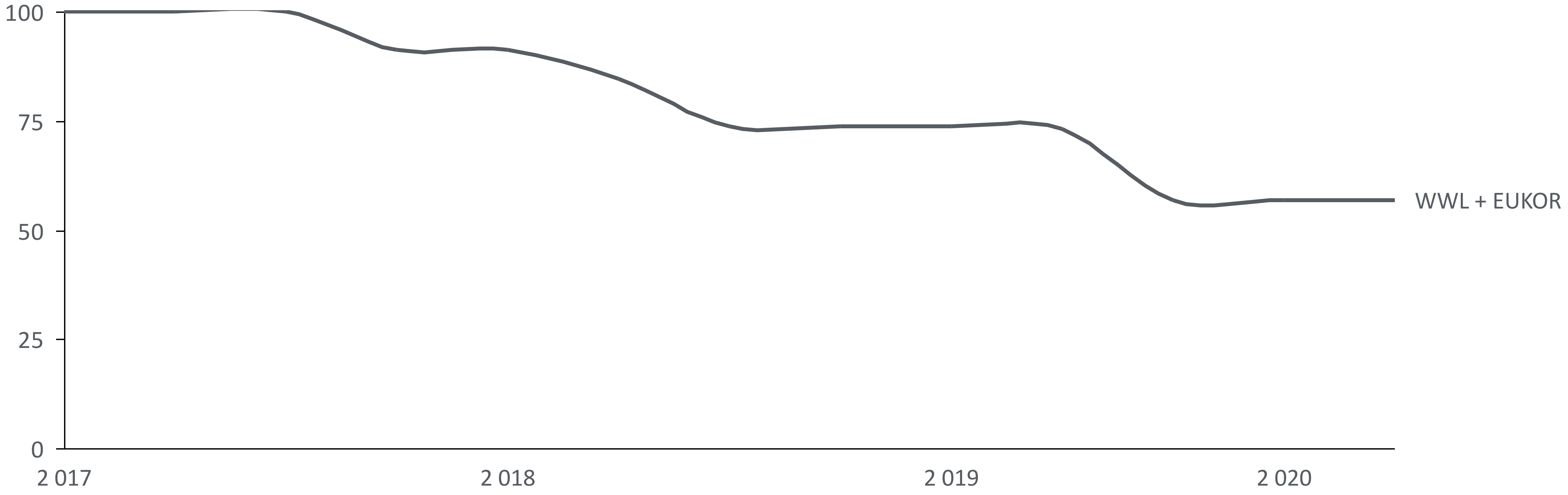
Note: Unprorated volumes excluding US flag operations

1) Net freight = Revenues adjusted for surcharge elements such as BAF, SRC, THC etc

Good contract coverage for H&H for the next few years

Contract coverage for "top 10" H&H customers[1]

Percent of volumes

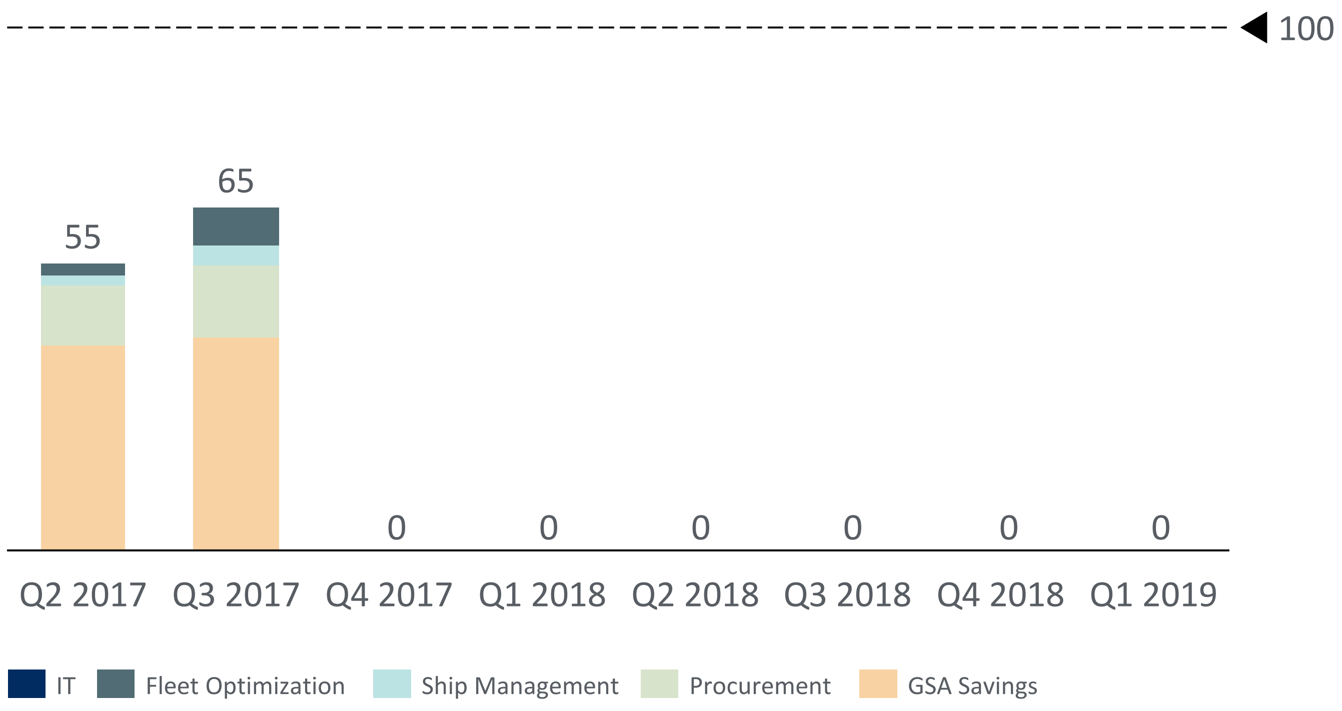


1) Based on 2017 budgeted volumes for WWL Ocean and EUKOR

Realization of synergies well on the way…

Confirmed and realized synergy development

USD million



Comments

- About two thirds of the targeted annualized synergies have been confirmed, through actions related to mainly the organizational restructuring and procurement
- More than USD 10 million already realized in Q3 (annualized effect of around USD 50 million)
- The remainder of confirmed synergies gradually taking effect over the next 3-6 months
- Realization of remaining synergies on fleet optimization, ship management and IT carry a longer lead time and next wave of synergies will take some time
- USD 100 million synergy target within 2019 remains

The positive development for landbased continues…

- **Continued strong volumes for technical services in North America**, but less value-adding services coupled with congestion at certain plant locations pulled results down slightly. In line with slowing US auto sales, the build-up of auto inventories in the US continued in Q3 2017.
- **Terminals experienced a slight fall back in results** in line with overall decline in ocean volumes, especially for Zeebrugge and Port Hueneme, while other terminals showed stable performance
- On the business development side the **network was expanded with one new yard management contract in Europe**
- **Interesting pipeline of investment and M&A opportunities for landbased**

Financial Performance

by Rebekka Glasser Herlofsen

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Consolidated results – third quarter 2017

	Q3 2017	Q2 2017	Q3 2016 (proforma)[1)]
Total income	**962**	**912**	**869**
Operating expenses	(774)	(806)	(726)
EBITDA	**188**	**106**	**143**
EBITDA adjusted	193	188	143
Depreciation	(84)	(83)	(82)
EBIT	**104**	**23**	**61**
Financial income/(expense)	(21)	(41)	n/a
Profit/(loss) before tax	83	(17)	n/a
Tax income/(expense)	(28)	(3)	n/a
Profit/(loss) for the period	**55**	**(20)**	**40**
EPS	0.12	(0.06)	n/a

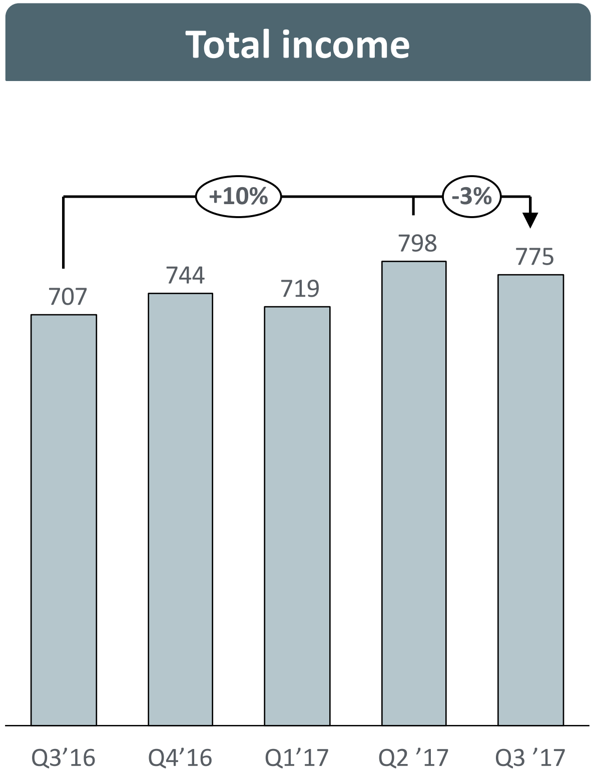
Comments

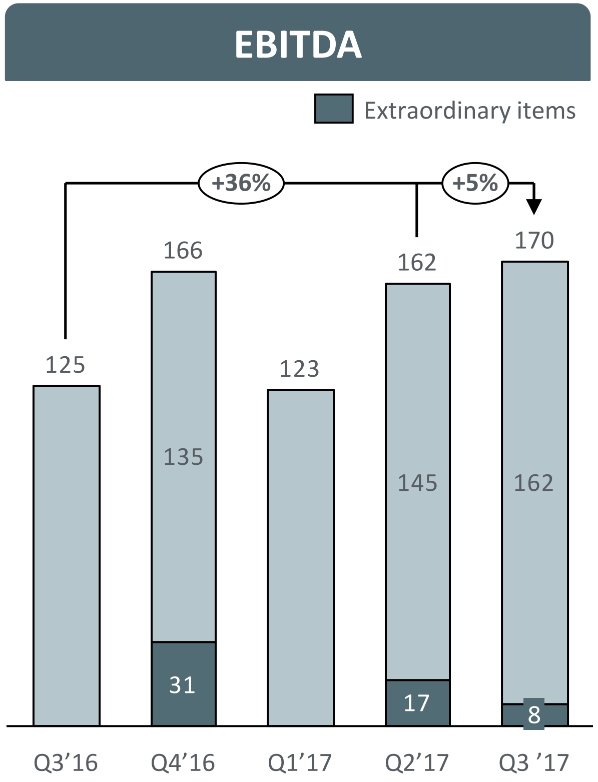
- Adjusted EBITDA was USD 193 million in the third quarter, up 2% q-o-q
- Extraordinary items include
  - USD 4.5 million gain on fixed assets sale
  - USD 1.5 million in loss on previously held equity interests in joint ventures (ref merger)
  - USD 8 million loss related to sale a lease back transaction
- Net financial expenses in the third quarter was positively impacted by unrealized gains from interest hedges and positive movements in currency

1) *Comparable numbers are pro forma numbers as if the transaction had taken place back in time*

Ocean segment – third quarter 2017

Total income and EBITDA ocean segment[1, 2]
USD million





Comments

- Ocean income was USD 775 million, down 3% compared with previous quarter
- EBITDA adjusted for extraordinary items improved 5% q-o-q and 36% y-o-y
  - Improved results q-o-q driven by cargo and trade mix, project cargo shipments in the Atlantic occupying empty space coupled with increased realization of synergies which more than offset seasonally lower volumes
  - Improved results y-o-y driven by volume growth of 10%, cargo and trade mix, project cargo shipments in Atlantic and synergy realization

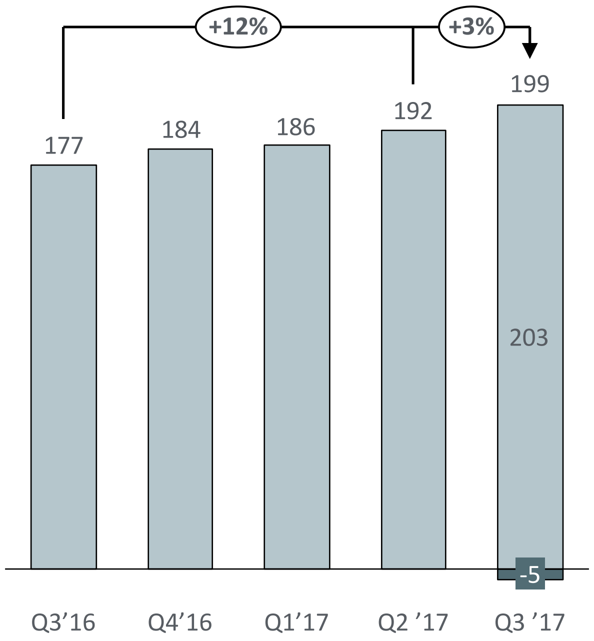
1) Adjusted for extraordinary items;
2) Comparable numbers are pro forma numbers as if the transaction had taken place back in time

Landbased segment – third quarter 2017

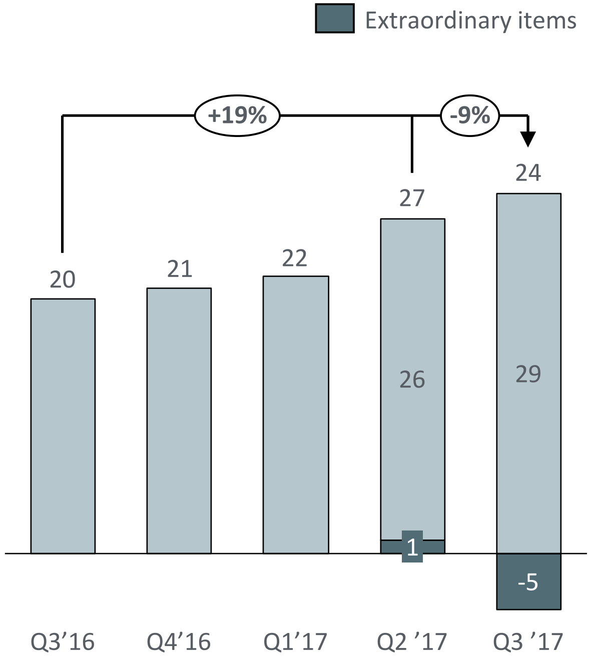
Total income and EBITDA landbased segment[1,2)]

USD million

Total income



EBITDA



Comments

- Adjusted income was USD 199, up 4% q-o-q
- Adjusted EBITDA was USD 24 million, down 9% q-o-q, but up 19% y-o-y
- For Technical services, the reduction in EBITDA was driven by less value-adding services content coupled with congestion at certain plant locations
- Terminals experienced a slight fall back in results in line with overall decline in ocean volumes, especially for Zeebrugge and Port Hueneme, while other terminals performed in line with the performance in the previous quarter

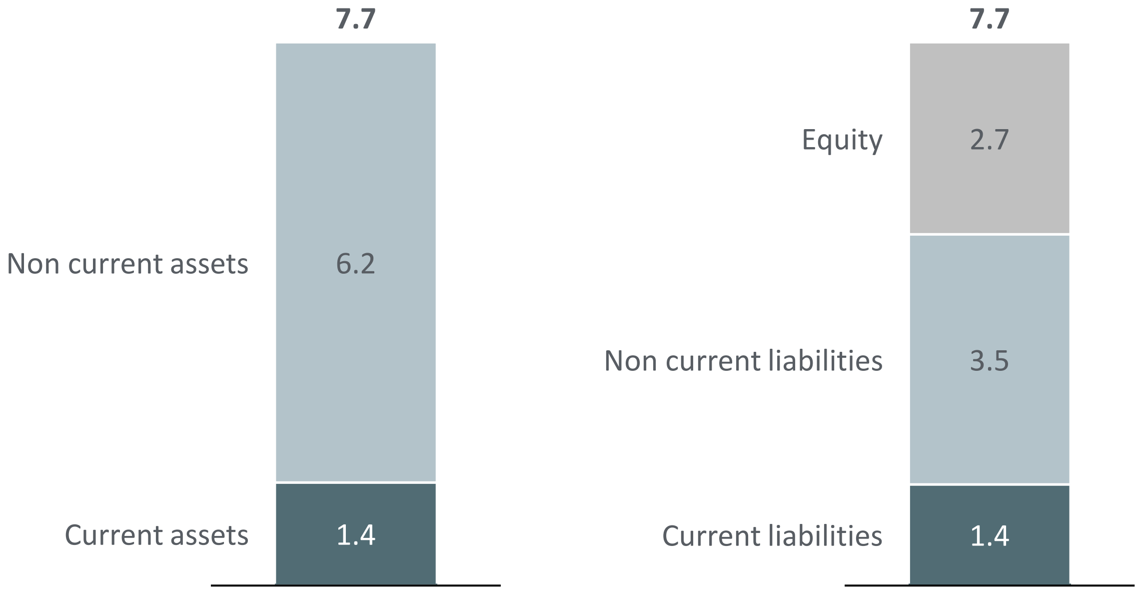
1) *Adjusted for extraordinary items;*
2) *Comparable numbers are pro forma numbers as if the transaction had taken place back in time*

Balance sheet review – third quarter 2017

Unaudited Balance Sheet 30.09.2017

USD billion

ASSETS | **EQUITY & LIABILITIES**



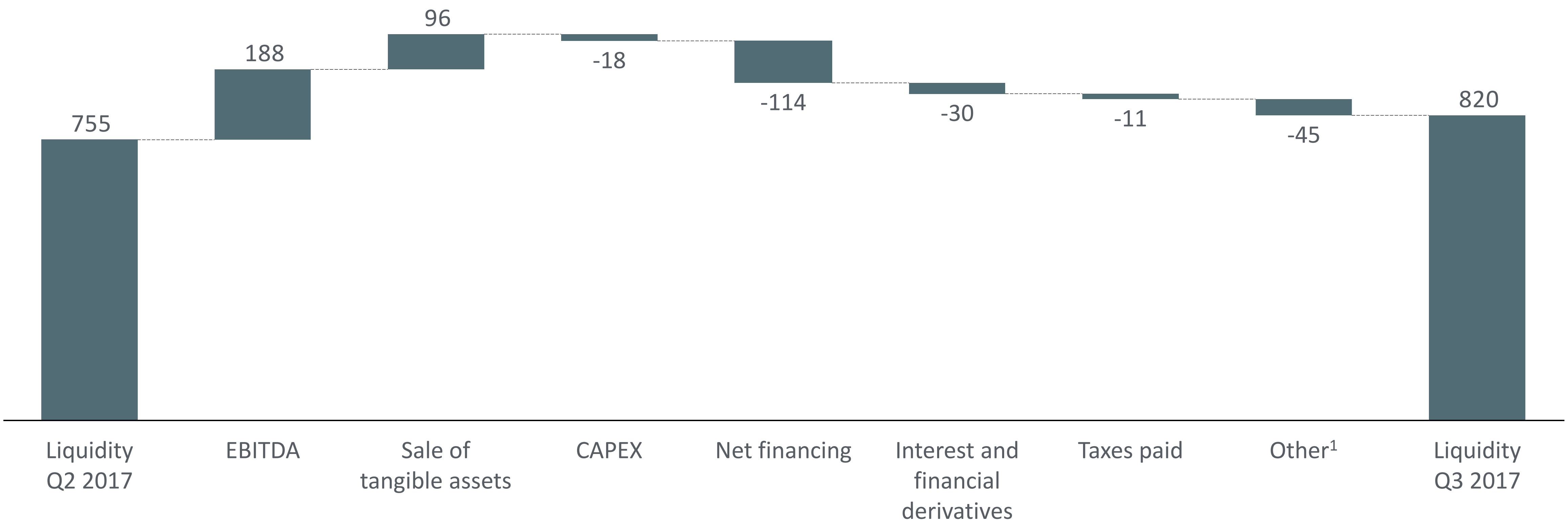
Comments

- Total assets of USD 7.65 billion with an equity ratio of 35.5% (up from 34.7% in the second quarter)
- Net interest bearing debt of USD 3.0 billion, a reduction of USD 200 million since last quarter
- Strong cash and liquidity position with USD 820 million in cash and USD 230 million in undrawn facilities
- Increased cash position mainly driven by increased drawdown on revolving credit facility of USD 45 million, but also underlying positive cash flow in the quarter

Cash flow and liquidity development – third quarter 2017

Cash flow and liquidity development

USD million



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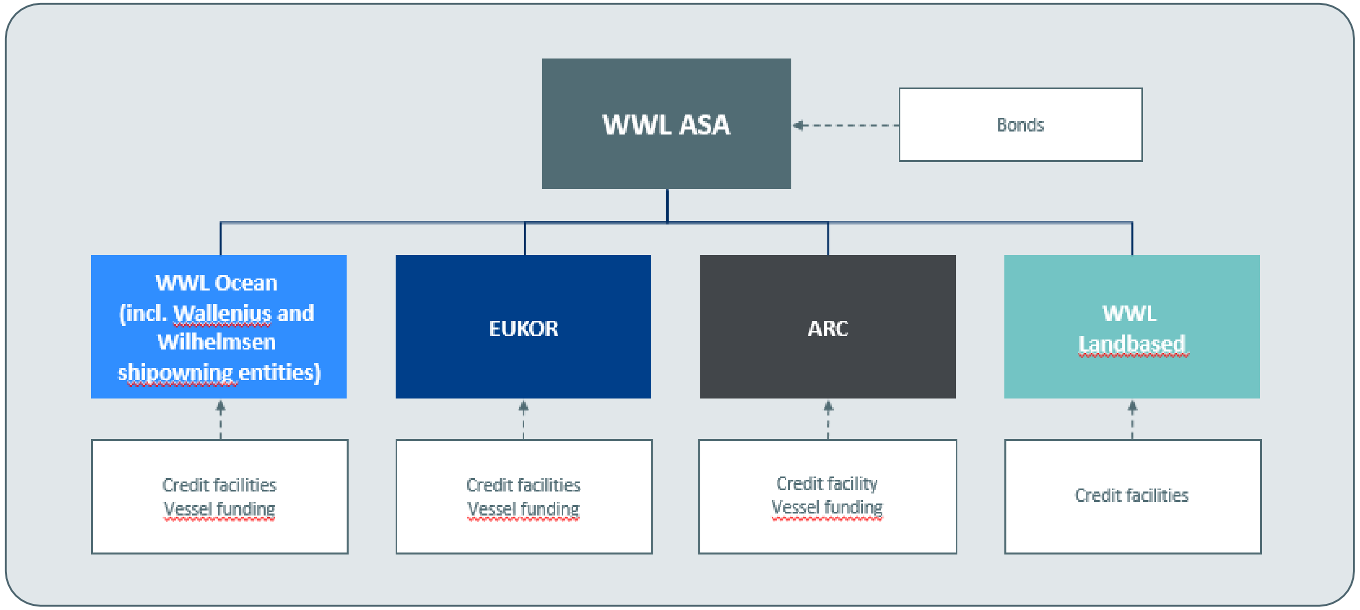
1) *Mainly relates to changes in working capital*

Project initiated to streamline legal and financial structure

Target legal and funding structure



Comments

- Establish legal and funding structure consistent with business unit structure
- Refinance 2018 and 2019 Wallenius and Wilhelmsen ship loan maturities
- Amendments to move Wallenius and Wilhelmsen ship loans into “WWL Ocean”
- Harmonize covenants as part of the process
- Target to finalize process by end of Q1 2018

Market and Business Outlook

by Craig Jasienski

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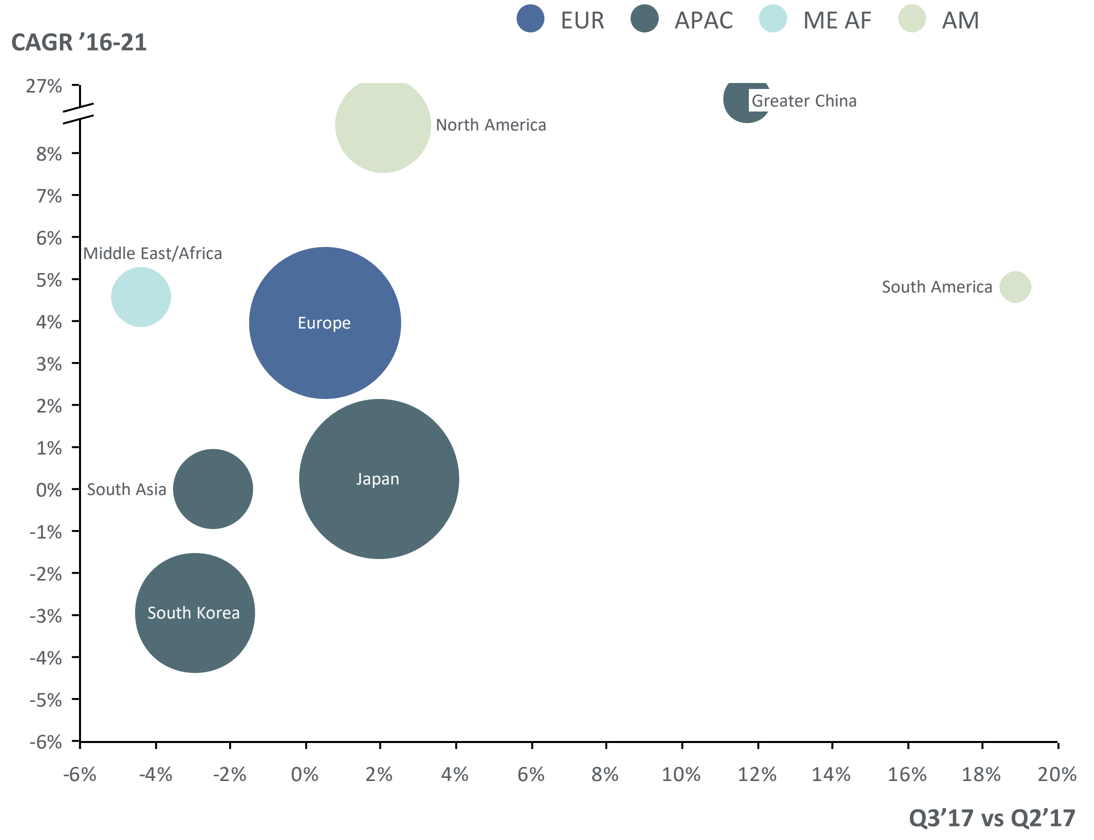
Light vehicle export in the third quarter up 0.4% q-o-q

Global auto export per main production region[1,2]



Comments

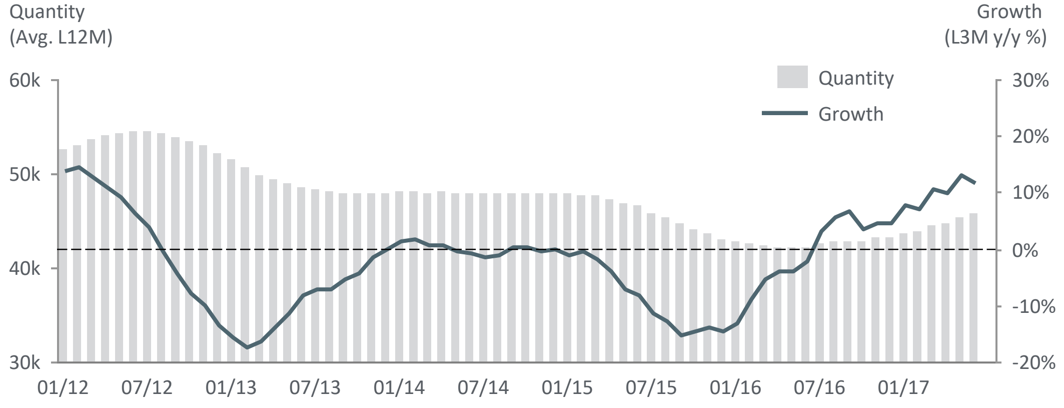
- **Global** light vehicle (LV) exports in the third quarter declined -0.6% y-o-y and increased 0.4% q-o-q
- **North America** -incl. Mexico- (NA) exports continues to develop positively with an increase 6.1% y-o-y and 2.1% q-o-q
- **European** exports developed positively (+2.8% y-o-y and +0.6% q-o-q) mainly driven by strong sales in the US and new models
- Exports out of **Japan** developed with a seasonal lift of 2.0% q-o-q and slightly down (-1.0%) y-o-y.
- Exports out of **South Korea** down -11.0% y-o-y mainly driven by was less volume to US as production capacity in Mexico is ramped up. Exports q-o-q were down -2.9% due to seasonality
- Soft development for light vehicle sales in the third quarter with -1.7% q-o-q (normally the slowest during the year) and 0.8% y-o-y

Source: IHS Markit
1) Size of circle indicates auto production Q3 2017, 2) Greater China – China & Taiwan
3) All export figures are sales based

Construction segment strengthening, while Agriculture remains mixed

Construction machinery trade strengthening

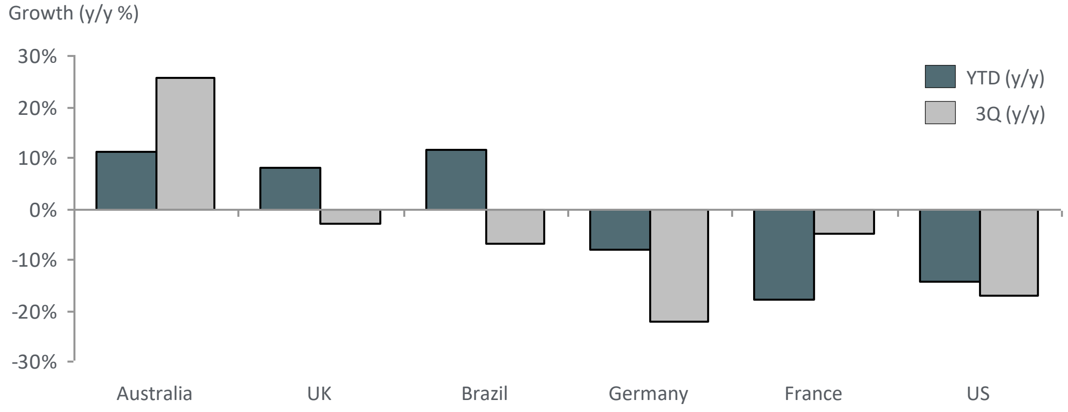
Global construction and rolling mining equipment imports[1], 12-17



- All continents (excl. Africa) are still experiencing uninterrupted growth in equipment imports this year, and this year's **Chinese** equipment demand boom continues
- **US** sales are on track to grow again this year and forecasted to continue to improve
- The **EU** market is expected to continue moving sideways in the near term on a subdued UK economy and a saturated German equipment market
- The fundamentals in the **Australian** market remains supportive of equipment growth

Agriculture machinery markets remain mixed

Tractor sales and registrations[2], 16-17



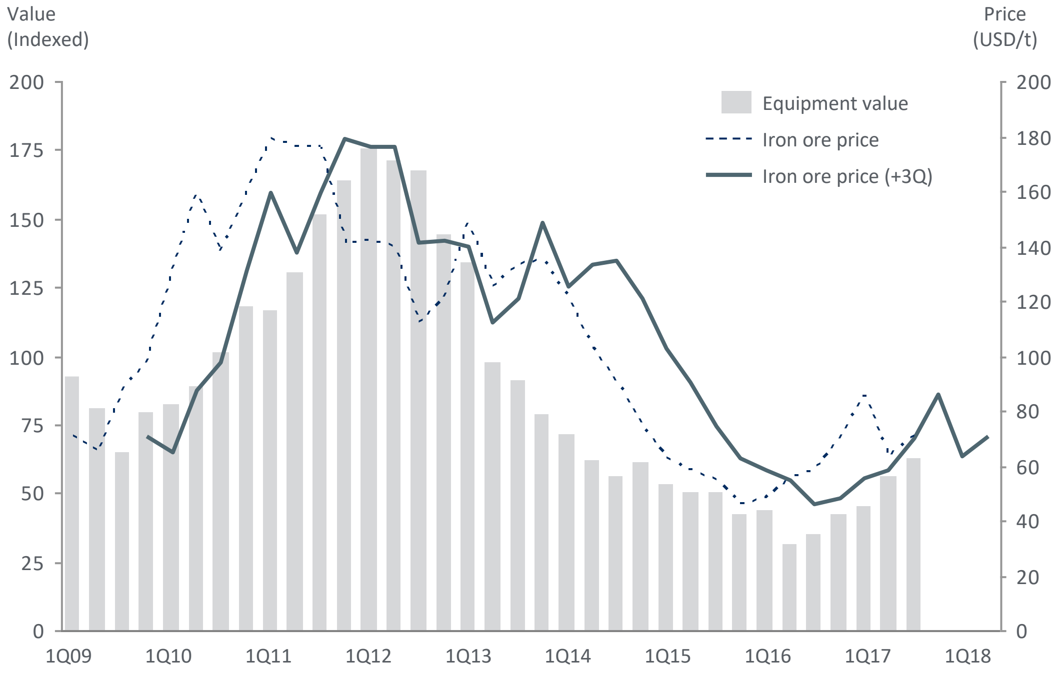
- Commodity prices continued the upward trend this quarter, but grain prices are still low
- The **US** equipment market remained very challenged in the third quarter, and the outlook is also on the negative side in the short term
- European tractor registrations in the third quarter declined strongly on emissions-related deadlines in the prior year, but the **EU** sales are still on track to levelling out this year, and dealer sentiments are at a 5-year high
- **Australian** tractor sales remained strong in the period

1) *Source: IHS GTA | Global construction and rolling mining equipment deliveries (>20k USD)(Avg. L12M (units) and L3M growth (y/y %)). Data cut-off: 06.2017*
2) *Sources: TMA, KBA, Axema, ANFAVEA, AEA, Seaport | Registrations: UK (+50Hp), Germany (Major brands only), France (+100Hp). Sales: Australia (+100Hp) – L3M (June-Aug), Brazil (All tractors), US (+100Hp) (Growth y/y %)*

Mining equipment deliveries continue to move up from the bottom

Continued gains for commodity prices and machinery

Global mining equipment deliveries[1] and iron ore price[2], 09-18



Comments and highlights

- Global deliveries of large mining equipment continued the trend and posted another quarter of growth, but volumes are still low in a historical context
- Australia has seen values stabilise in the last few quarters, and finally saw solid growth this period, albeit from very low levels.
- OEMs again reported very solid demand growth in their mining divisions, but aftermarket sales remain the driver in the end-user demand
- Book-to-bill ratios developed favourably, with OEM order growth in many cases accelerating sequentially
- Despite a September slide, commodity prices extended the good run in the third quarter, pointing to a continued equipment uptick in the remainder of the year

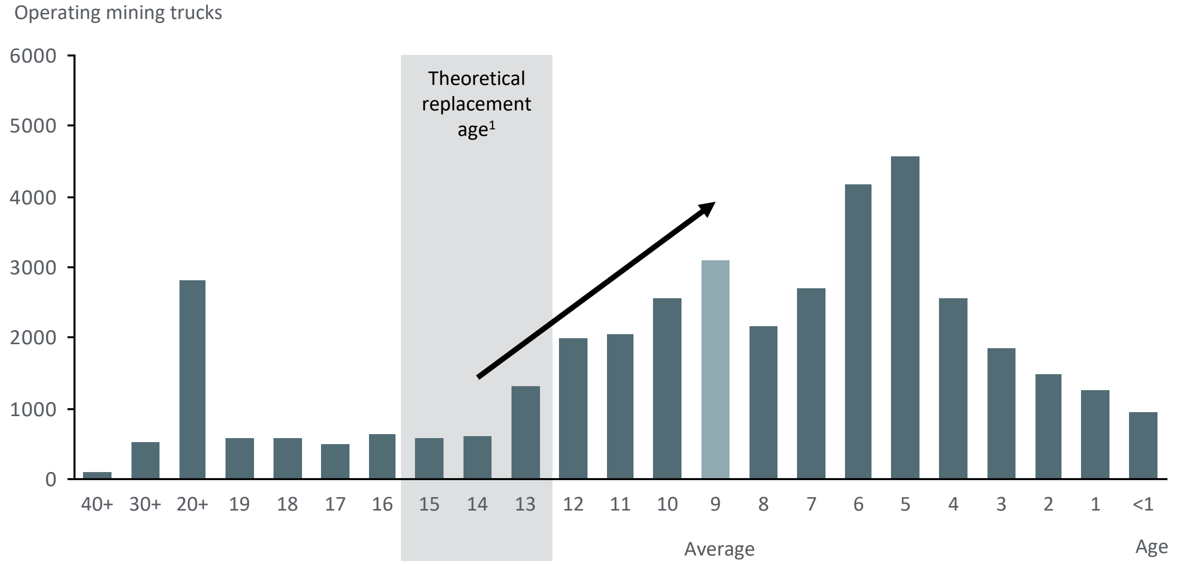
1) *Source: Parker Bay | Surface Mining Equipment Index (Indexed value of surface mining equipment shipments in real terms ($2010), 2007 = 100)*
2) *Source: MarketIndex, IMF | Average quarterly iron ore price (USD/t)*

Replacement numbers increasing more rapidly in the medium term

The number of trucks approaching replacement age is growing

Mining truck operational characteristics and operating fleet age distribution

Yearly utlisation	Engine rebuilds	Truck replacement
5,5 – 6,5 khrs/yr	24 – 26 khrs (4 – 5 yrs)	80 – 90 khrs (13 – 15 yrs)



Comments

- Mining majors are finally expected to increase investments again next year
- Sustaining capex is the key growth driver
- The number of trucks approaching theoretical replacement age is growing in the coming years
- Idled machinery is clouding the outlook:
    - Machines were parked and not used at full capacity during the downturn
    - Inactive machines can still be redeployed in place of new equipment deliveries

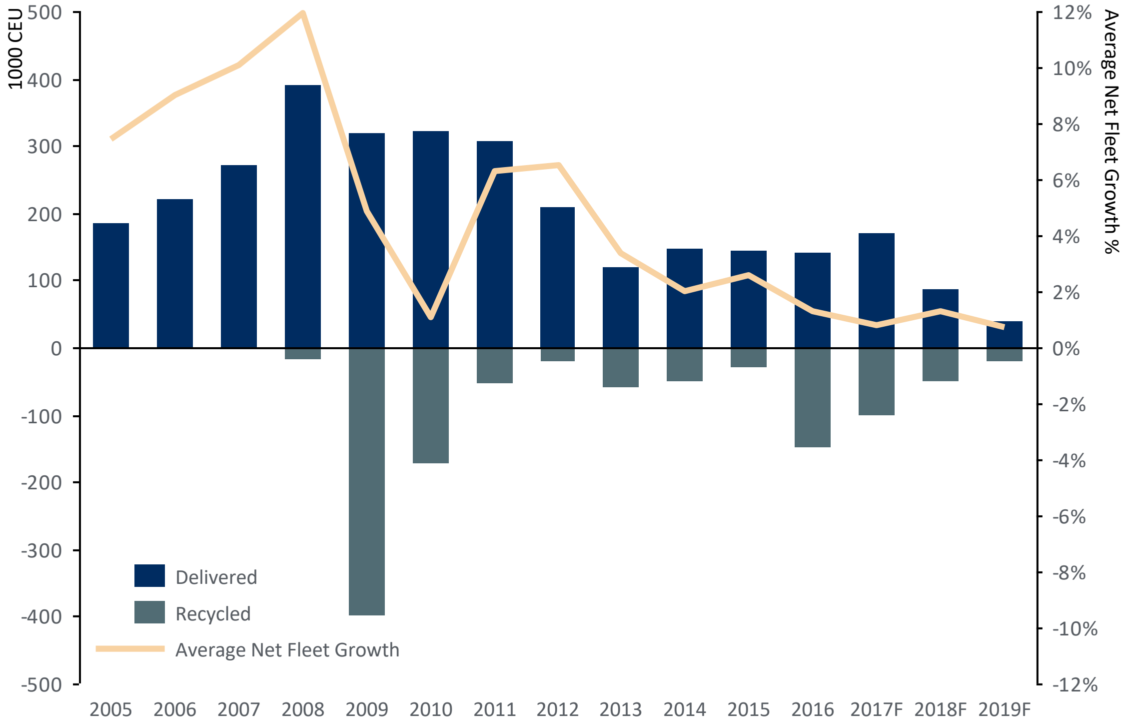
Sources: The Parker Bay Company, Deutsche Bank, Factset

1) Not considering parked/idled machinery, i.e. assuming yearly utilization of 6,0 khrs/yr

Gradually improving supply demand balance expected

Shrinking net fleet growth is contributing to…

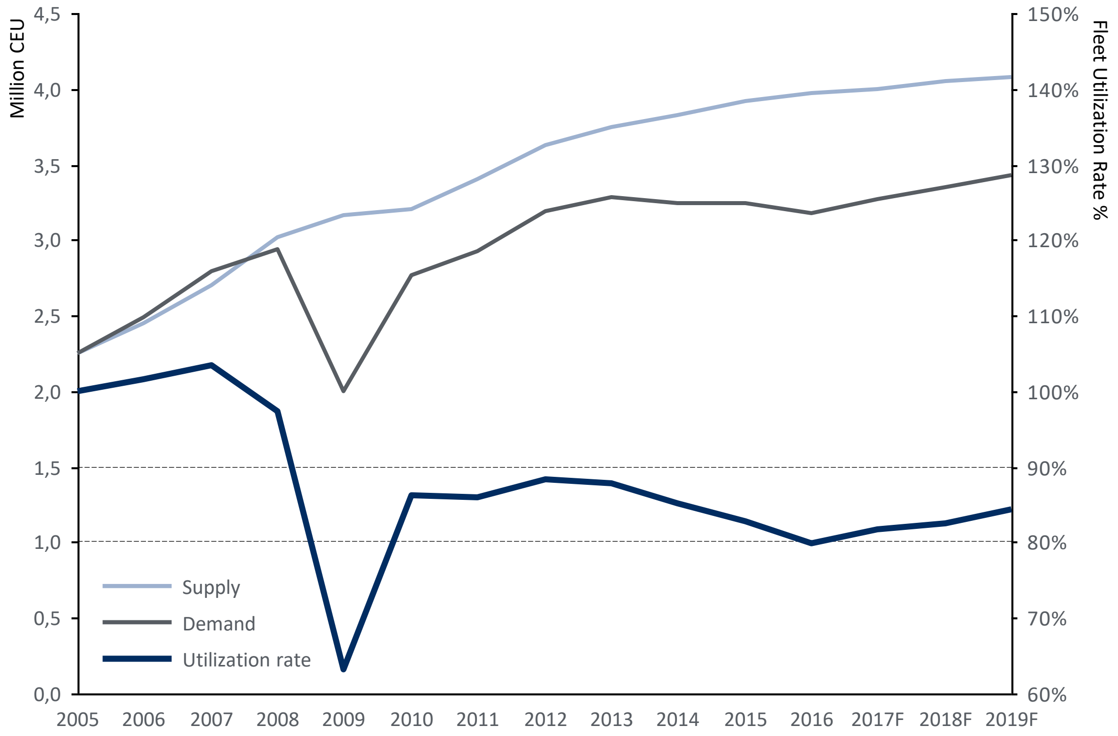
Average net fleet growth %, 2005-2019F



The annual fleet growth is estimated at around 1% as deliveries will slow down significantly, thereby leading to a continued low fleet growth in 2018 and 2019

…tightening supply-demand balance

Fleet utilization rate, 2015-19F



Idle fleet capacity reduced in the third quarter and tonnage balance is expected to gradually improve post 2018 as a result of an expected recovery in tonnage demand and low fleet growth

Source: Clarksons Platou

Quarterly "fun fact": WWL supports growing electrical auto sales

The challenge

- Sensitive, heavy industrial press from manufacturing site in Germany to new electric car plant in California
    - 49 breakbulk pieces
    - 2765 freight tonnes
- Time of the essence for production start

WWL solution

- Liner service with regular sailings and short transit time
- MV Tulane ramp capacity geared for handling the heaviest 208-tonne pieces
- RoRo solution with advanced self-propelled modular transporter and WWL`s special heavylift Samson trailer

Summary and outlook

SUMMARY

Realization of synergies well under way; USD 100 million target is maintained

Volume, cargo and trade mix showed positive development in the third quarter

Continued strong results for landbased

Adjusted EBITDA for the third quarter ended at USD 193 million – up 2% q-o-q

OUTLOOK

The Ocean business is still faced with some overcapacity and pressure on rates

Some early signs of improving supply and demand balance

Good visibility on H&H volumes medium term with many contracts secured

Modest recovery in the high & heavy segment overall, but no significant improvement for large mining shipments expected short term

Q&A

by Craig Jasienski and Rebekka Glasser Herlofsen

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Thank you!