



# SEB Nordic Seminar 2021

January 4-8, 2021

Torbjørn Wist  
Chief Financial Officer

# Investment highlights



**Global market leader in the vehicle logistics segment**



**Diversified business model with both ocean and landbased logistics**



**Diversified and solid customer base with long-term contracts**



**Strong cash position, resilient free cash flow and capital access**



**Clear priority to strengthen balance sheet and build dividend capacity**



**Proven track record of efficiently adapting to volume developments**



**Highly experienced management team**

# Agenda

A person wearing a white protective suit and mask is painting a yellow stripe on the side of a ship's hull. The ship's structure, including railings and pipes, is visible in the background.

Wallenius Wilhelmsen in brief

Business and financial update

Market update

Outlook

# A history of innovation and adaptation



## Wilhelmsen Group

- Founded in Tønsberg, Norway by Morten W. Wilhelmsen



## American Roll-on Roll-off Carrier (ARC)

- Founded by Wilhelmsen Group and Wallenius Shipping



## EUKOR

- Formed as Wilhelmsen Group and Wallenius Shipping acquire car carrier unit Hyundai Merchant Marine

## WALLENIUS WILHELMSSEN LOGISTICS ASA

- Merger creating **Wallenius Wilhelmsen Logistics ASA** as a listed company incorporating EUKOR, WWL, ARC, and Wilhelmsen and Wallenius vessels

1861

1990

2002

2017

2018

1934

1999

2006



## Wallenius Lines

- Founded in Stockholm, Sweden by Olaf Wallenius



- JV between the operational units in Wilhelmsen group and Wallenius Shipping to form **Wallenius Wilhelmsen Lines**



- Wallenius Wilhelmsen changes name **from Lines to Logistics**, signalling shift towards fully integrated logistics services from factory to dealer

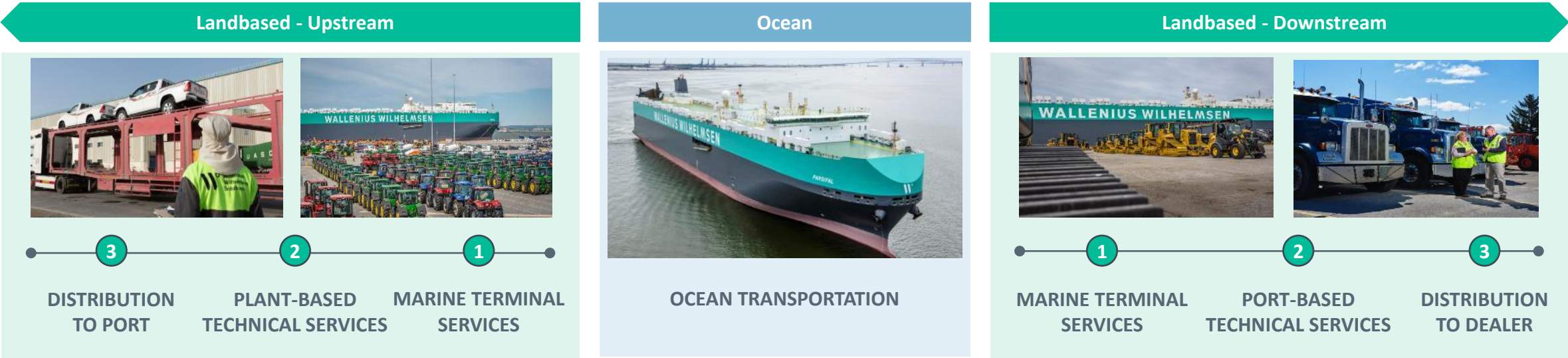


- New branding to reflect changed structure and strategy
- The group is named **Wallenius Wilhelmsen**,. Former WWL AS restructured into Wallenius Wilhelmsen Ocean and Wallenius Wilhelmsen Solutions.
- EUKOR and ARC incorporated in the group, operating as separate brands

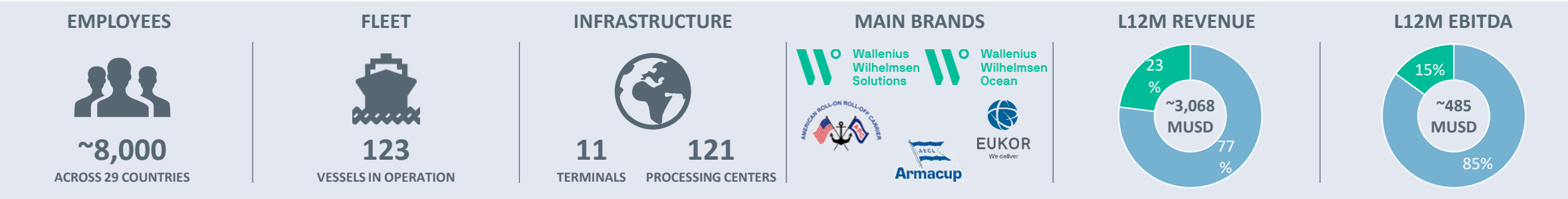


# A fully integrated logistics service provider for a world in motion

## VALUE CHAIN AND PRODUCT OFFERING



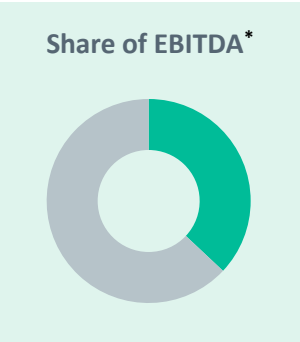
## KEY FACTS AND FIGURES (Q3 2020)



■ Ocean ■ Landbased

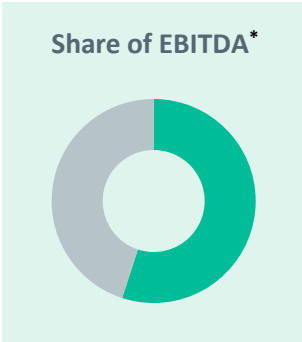
# Broad landbased services portfolio, with extensive and growing footprint

## MARINE TERMINALS



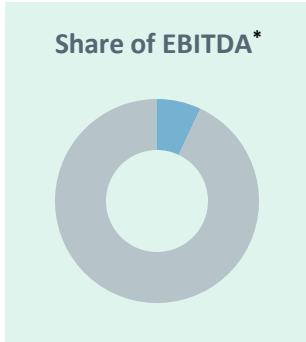
- Services
- Stevedoring
  - Custom clearance
  - Receive and delivery
  - Cargo handling

## TECHNICAL SERVICES



- Services
- Accessory fitting
  - Pre delivery inspections
  - Repairs and rectifications
  - Storage management

## INLAND DISTRIBUTION




- Services
- Mix of assets and procured services with forward strategy focused on non asset brokerage

## MAIN CUSTOMERS

AUTO

HIGH & HEAVY

BREAKBULK

 \*Approximate share of WW Solutions EBITDA

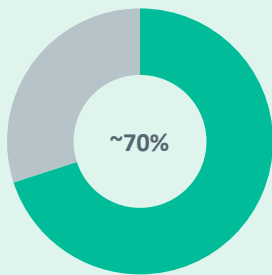


# A strong base and mix of customers in the Ocean segment

## AUTOMOTIVE



Share of CBM\*



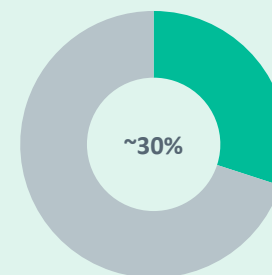
Main customers



## HIGH & HEAVY AND BREAKBULK



Share of CBM\*

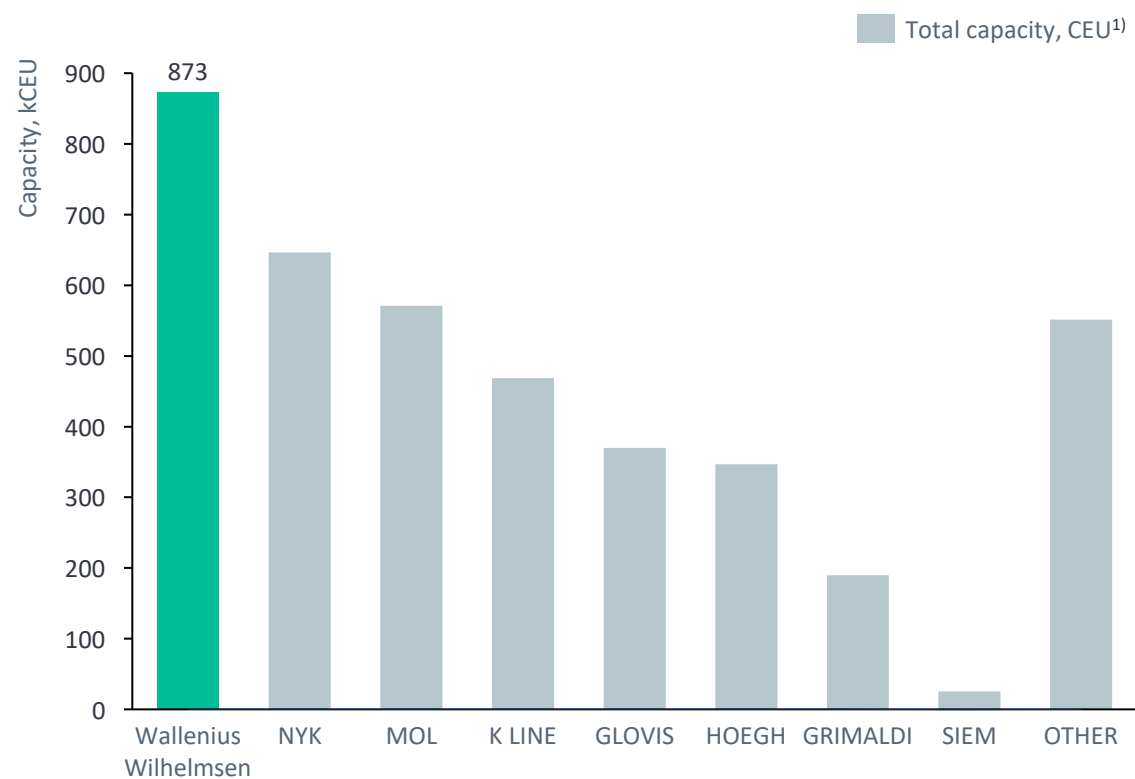


Main customers

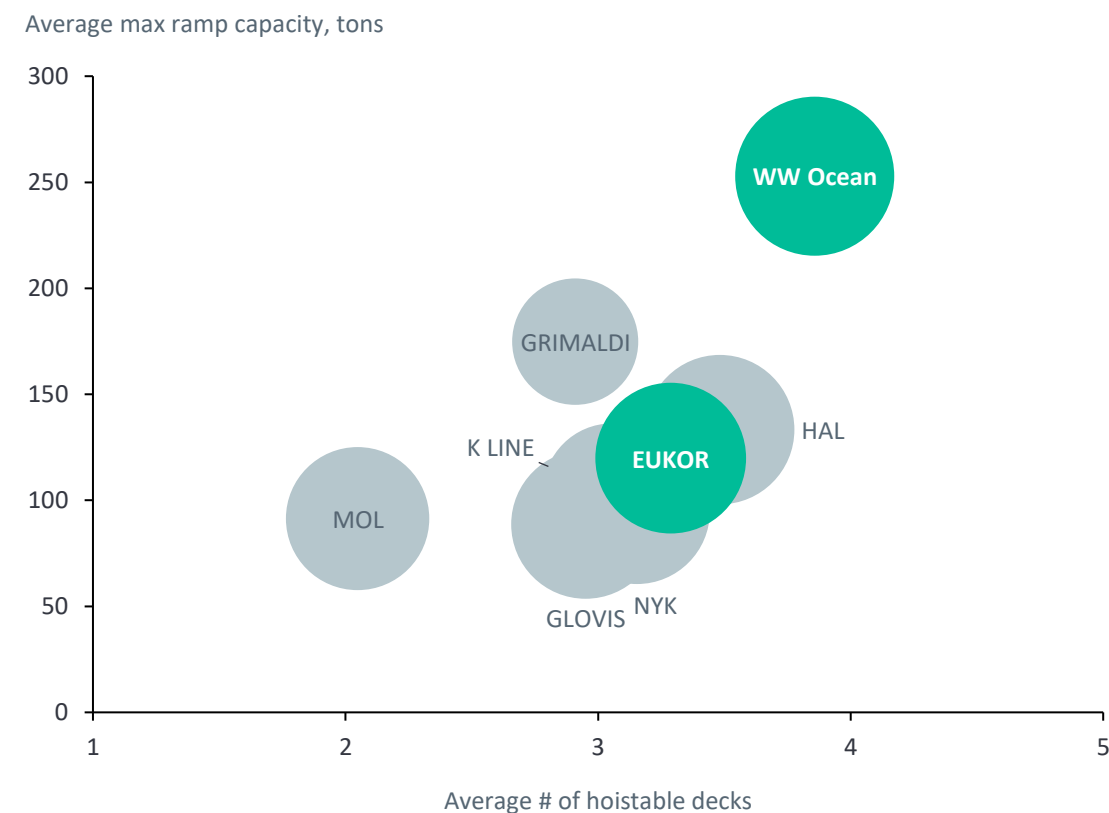


# The clear market leader in the Ocean segment

CURRENT FLEET BY OPERATOR GROUP



FLEET CHARACTERISTICS – CAPACITY



1) Car equivalent units, a standardized capacity measurement unit



# Sustainable Logistics for a world in motion

*Our guiding light for future development and value creation*

1



EXPAND TO FULL  
LIFE CYCLE

2



DRIVE OPERATIONAL  
EFFECTIVENESS

3



LEAD THE JOURNEY TO  
ZERO EMISSIONS

4




DIGITALIZE  
THE SUPPLY CHAIN

# Steps on our journey to zero emissions

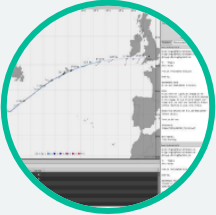


# Continued focus on driving sustainability – a journey to zero


DAY TO DAY



DIGITALISATION OF FLEET




ADVANCED WEATHER ROUTING




NOVEL BIO-FOULING MANAGEMENT TECHNIQUES

Gradual and continuous reduction in emissions driven by innovations to decrease fuel consumption


TOWARDS ZERO



LIGNIN ETHANOL OIL BIO-FUEL COLLABORATION




WPCTC DESIGN STUDY



ZERO EMISSION COALITION

Actively engaging in projects to develop technologies that can deliver leap improvements in emissions



GREEN RECYCLING

20 years of responsible recycling, to the benefit of workers' health and safety, and the environment

# Agenda



Wallenius Wilhelmsen in brief

**Business and financial update**

Market update

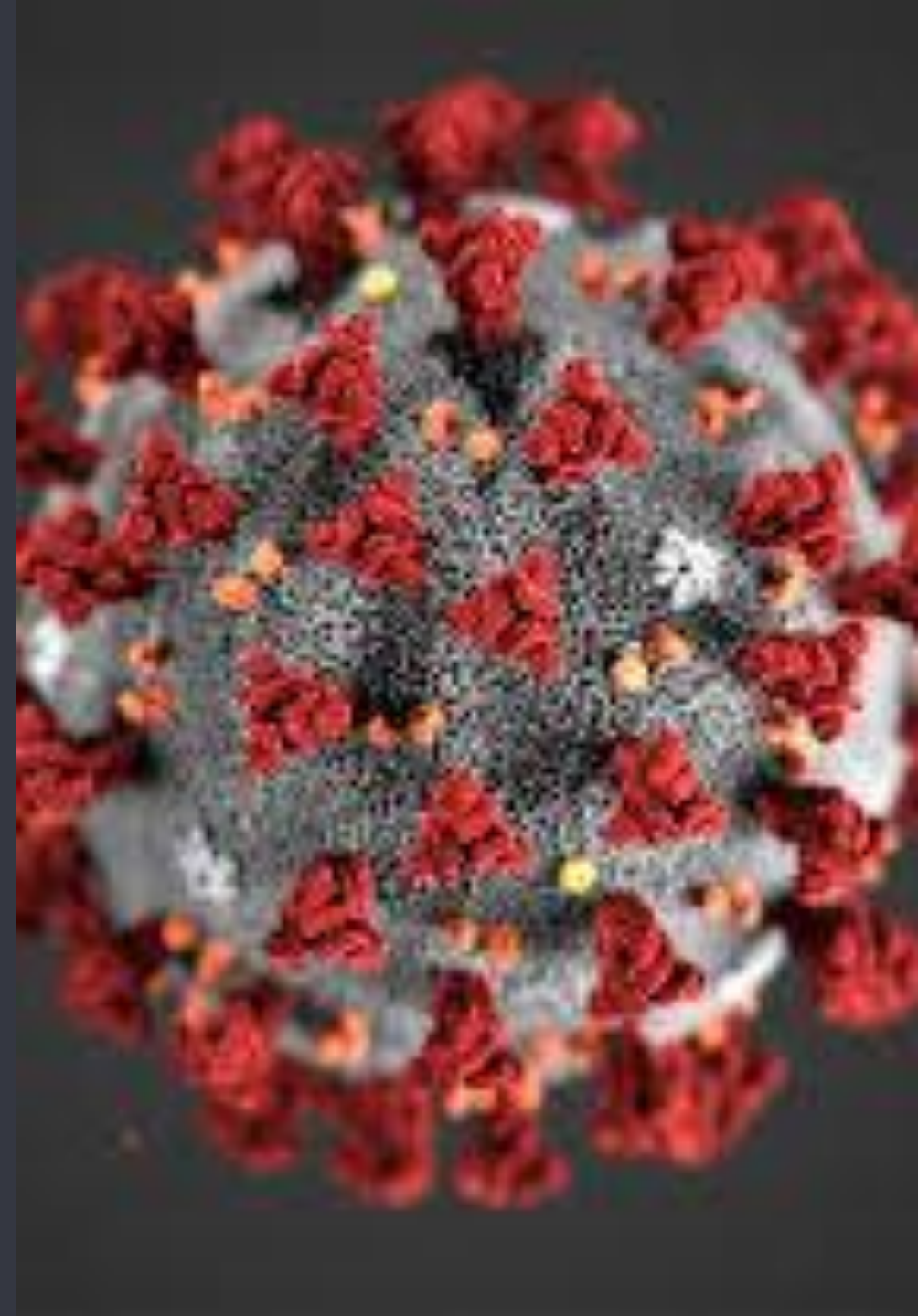
Outlook





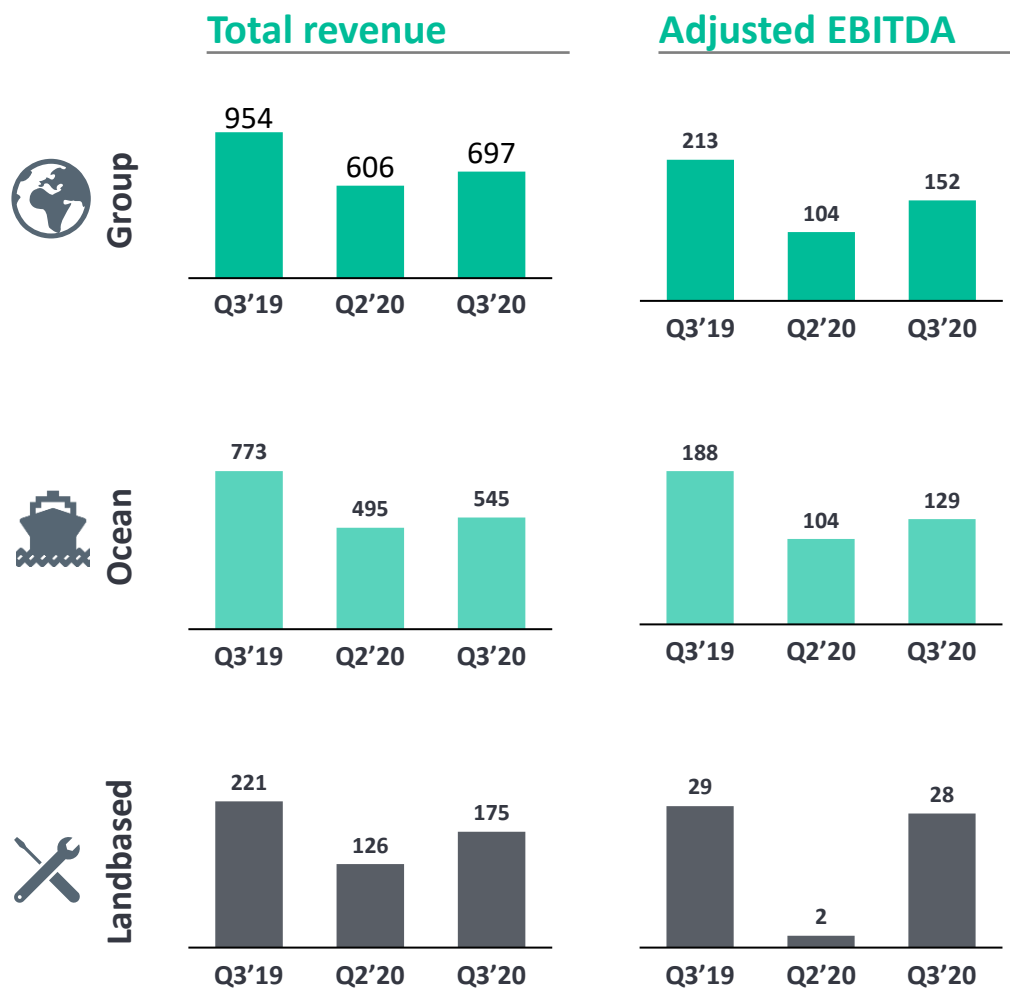
# Decisive actions in the face of Covid-19

- Cost management measures
  - Managing fleet through reduced speed, idling and lay-up, recycling, redelivery of chartered vessels
  - Employee furloughs and salary cuts
- Cash enhancing measures
  - CAPEX reduced to critical maintenance, delayed growth CAPEX and cancellation of 9 scrubber installations
  - Withdrawal of proposed 2019 dividend
  - Partial bank debt instalment holiday in 2020 for WW Ocean
  - Issued NOK 2.0bn of 4-year senior unsecured bonds in September 2020, with net proceeds ~USD 150m
- USD 600m in cash per Q3, up from USD 398m Y/E 2019, on measures taken



# Volumes and revenues remain impacted by COVID-19 but improving in Q3

## RESULTS (USDm)



## KEY FINANCIAL METRICS

ROCE (%) <sup>1</sup>	△
2.5	Y -2.8 Q +5.2
Cash (USDm)	△
600	Y +88 Q +61
Equity ratio (%)	△
34.0	Y -2.3 Q -0.4
NIBD/EBITDA adj. (x) <sup>2</sup>	△
5.9	Y +1.5 Q +0.6

1) Return on capital employed adjusted: annualised EBIT adjusted divided by capital employed  
 2) Net interest bearing debt divided by last twelve months adjusted EBITDA

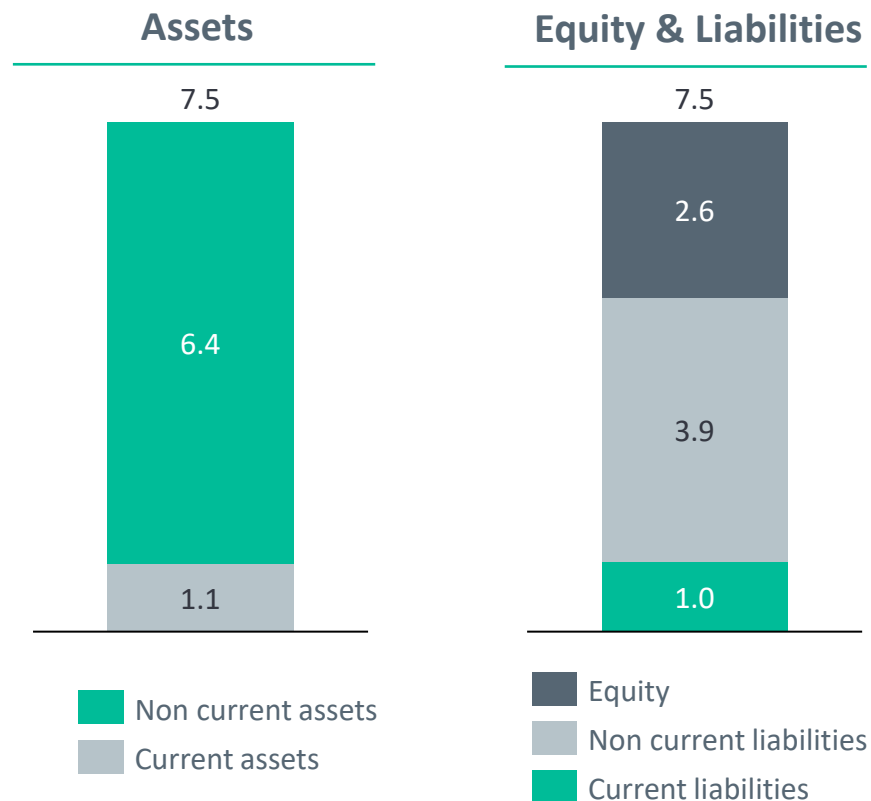
# Solid balance sheet and strong liquidity position

## COMMENTS

- **Liquidity strengthened during COVID-19**
  - Net proceeds ~USD 150m from bond issue
  - Support from banks, incl. instalment holiday of ~USD 70m during H2 2020
- **Debt maturities in 2021 under control**
  - Cash on hand available to manage 2021 maturities incl. bond
  - Refinancing discussions under way for USD 52m in balloons
  - Scheduled installments on ship financings covered by cash flow from operations
- **Net debt at USD 3.4bn**

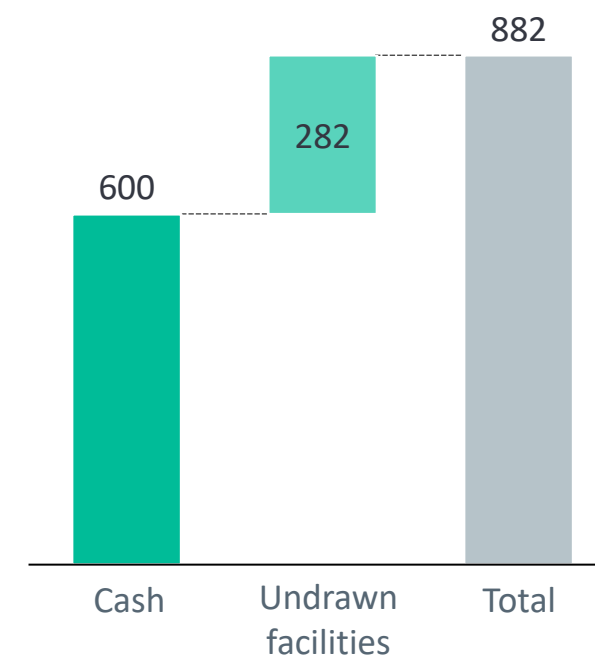
## BALANCE SHEET 30.09.2020

USD billion



## LIQUIDITY POSITION 30.09.2020

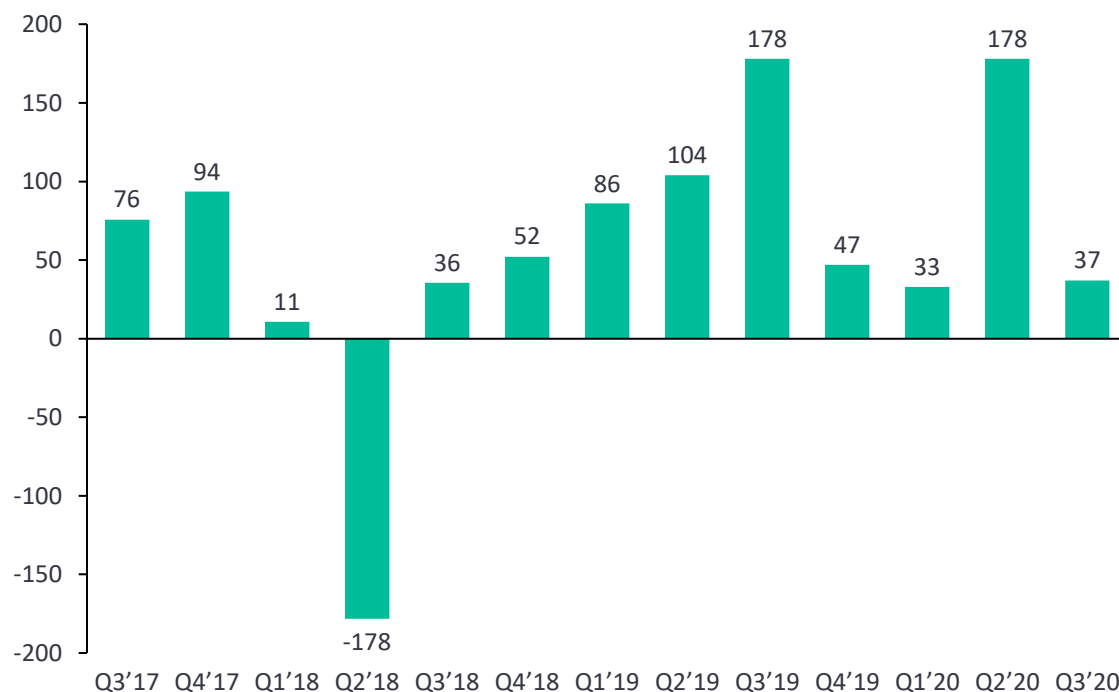
USD million



# Clear priority to strengthen balance sheet to return to the long term dividend policy

## RESILIENT FREE CASH FLOW, UTILIZED TO ...<sup>1,2</sup>

USD million



## ...REACH LONG TERM FINANCIAL PRIORITIES

- **A priority to reduce NIBD/EBITDA from the current 5.9x**
  - Reduction of NIBD has been a focus since the merger in 2017, and free cash flow has mainly been applied towards reducing debt
  - Deferred installments are scheduled to be repaid during the life of each facility, but remain a priority to prepay to allow dividends
- **Dividends will be a priority once market outlook stabilises and dividend policy requirements are fulfilled**
  - 2018 dividends amounted to USD 50m paid out in 2019
  - Proposed 2019 dividends of USD 60m were withdrawn due to COVID-19

### Dividend policy:

*"...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..."*



<sup>1</sup> Free cash flow defined as Net cash flow from operating activities less Investments in vessels, other tangible and intangible assets, less Interest paid including interest derivatives.

<sup>2</sup> Negative FCF in Q2 2018 due to payment of USD 245m antitrust fine to EU



# Agenda

Wallenius Wilhelmsen in brief

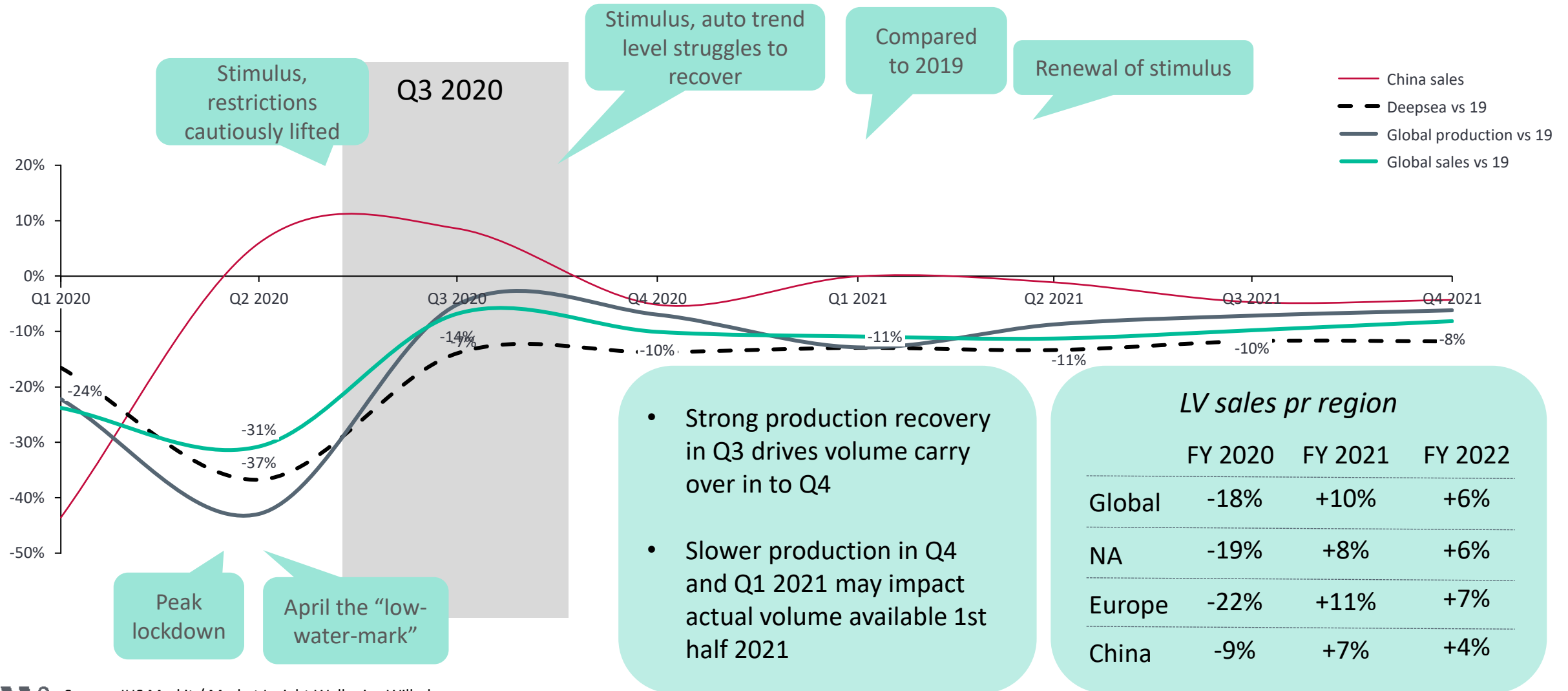
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# Solid LV sales and production rebound during Q3

Global LV sales and production quarterly walk, 2020 and 2021 figures compared to 2019



# Strong manufacturing rebound continues to support machinery trade recovery

## MARKET STATUS



### Machinery sales

Retail sales have inflected for construction, mining and agriculture machinery alike, with the latter market now expanding strongly



### Economic stimulus

Unprecedented stimulus packages at different stages of maturity around the world



### Production

Global manufacturing activity continues to recover strongly, with manufacturing PMIs at multi-year highs



### Construction

Structural challenges in nonresidential construction with accelerating e-commerce and remote work, while infrastructure set to play a key role in stimulus measures



### Inventories

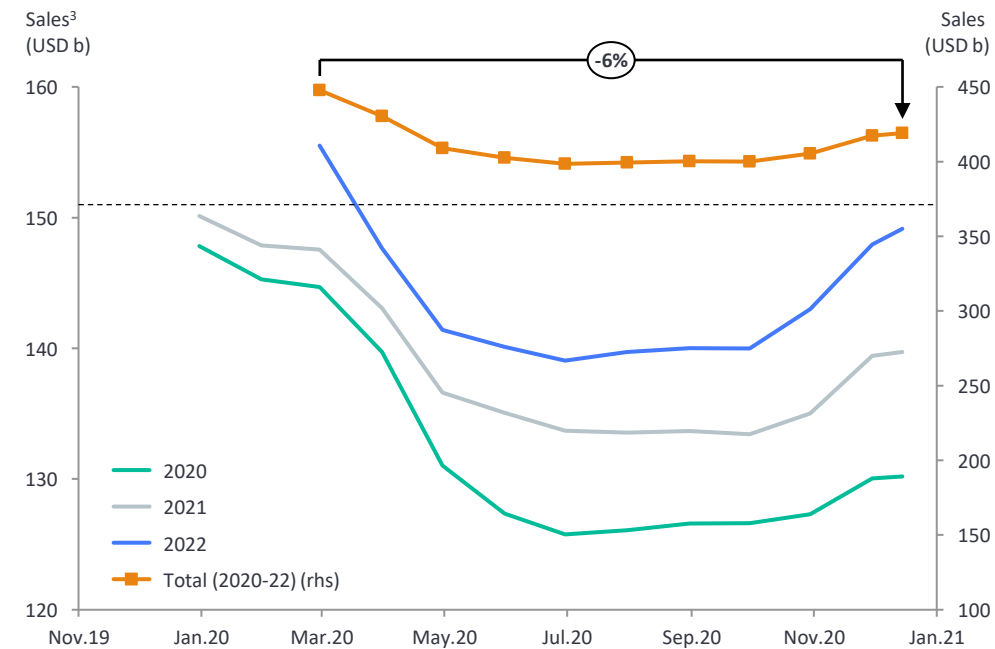
Firming inventory positions and tighter used equipment markets provide good setup for trade volumes



### Commodity prices

Solid commodity price appreciation for both mined and agricultural commodities

## MACHINERY SALES CONSENSUS ESTIMATES



Gradually improving estimates, but lost volumes are still not fully recouped, leaving sales 2020-22 roughly 6 percent below the pre-pandemic baseline



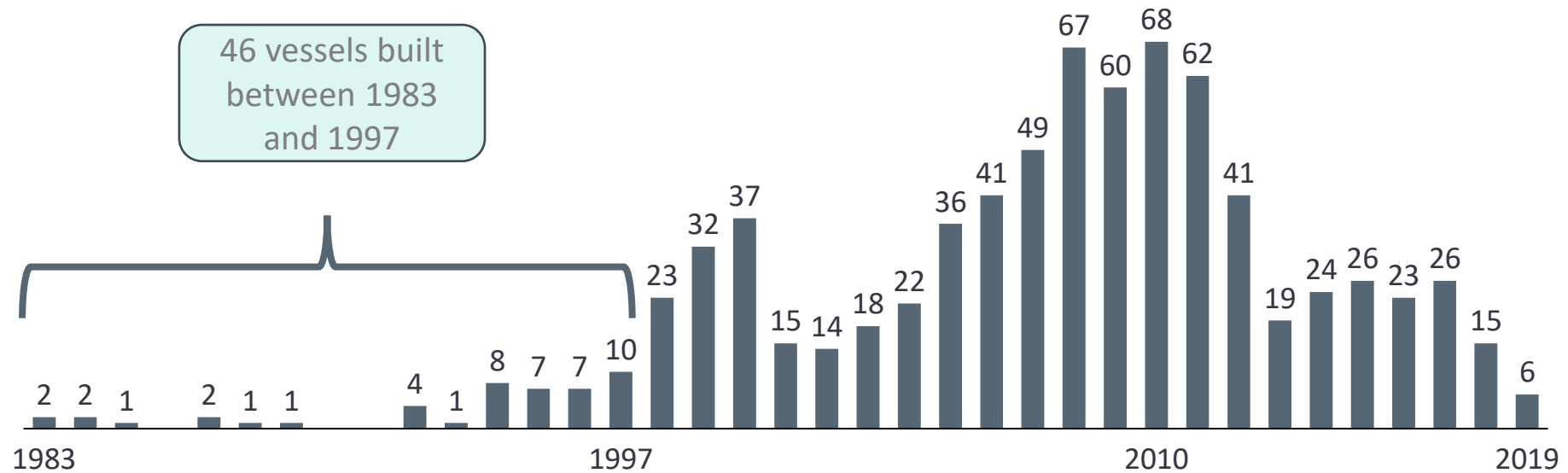
Source: <sup>1</sup>Factset data and Analytics (15.12.20) | Analyst consensus sales, CY, USD, Constituents: Caterpillar, Deere, Volvo, Sandvik, Komatsu, Epiroc, CNH, Hitachi Construction Machinery, AGCO, Doosan Bobcat

# Deep sea fleet adjusting to the market situation

20 vessels scrapped YTD Q3 2020\*, while 13 vessels remain in the orderbook\*\*

## Vessel age distribution

# vessels for seaborne LV and HH transport





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# Focused on long-term strategy and financial priorities



COVID-19

- Social distancing at work and wellness support
- Safe crew changes
- Dynamically matching fleet to volume demand



FINANCIAL

- Strong cash position and access to a broad range of capital sources
- Clear priority to strengthen balance sheet and reduce NIBD/EBITDA
- Long-term policy to pay dividend of 30% to 50% of the Company's profit after tax



COMMERCIAL

- Q4 2020 ocean volumes – continued improvement, expected down 5% YoY \*
- Remain cautious on medium/long-term volume outlook



FUTURE

- Long-term strategy to take advantage of new market opportunities
- Leveraging digitalisation opportunities for efficiency and revenue expansion
- Drive sustainability in our customers' value chains and lead the journey to zero emissions