Wallenius Wilhelmsen

Wallenius Wilhelmsen ASA

Q1 2023

Highlights – Q1 2023

- Solid Q1, though shipping is down from a record Q4 on change in net fuel cost and temporary congestion in Oceania
- Logistics segment sees increased demand from auto and terminal services
- Government segment experiences continued high U.S. flag cargo activity
- AGM approved dividend of USD 0.85 per share for FY 2022, totaling USD 360m
- Anette Maltun Koefoed appointed Chief Communications & Marketing Officer
- Gro Rognstad appointed acting Chief Technology & Information Officer
- Demand outlook is strong, and we expect a tight market balance through 2023

Our strategy

Ambition

We will lead the way in transforming shipping and logistics

Goals

Become the leading supply chain and mobility orchestrator

Be our customers' first choice in shipping

Be the preferred partner in processing and terminal services

Introduce a net zero-emission end-to-end service by 2027

Enablers

Ensure safety and compliance leadership

Work as one

Grow with customers and partners sharing our journey

Lead with technology

Make every employee a rockstar of their own career

Agenda

1. **Market update**
2. Shipping update
3. Logistics update
4. Sustainability update
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Light vehicle sales expected to increase in 2023

LV SALES

LV DEEPSEA

QoQ Q1-23
(unit growth)

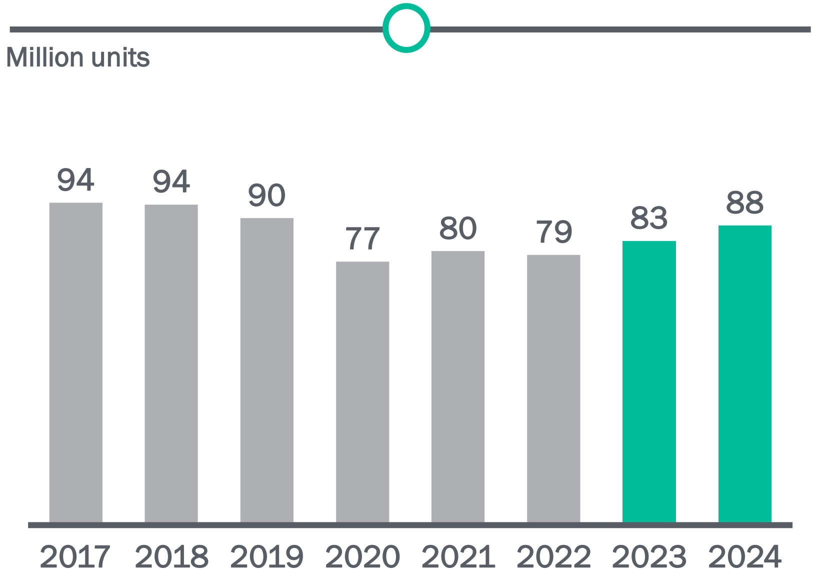
LV SALES: -5.2%

LV DEEPSEA: +0.6%

- LV sales down QoQ due to normal cyclicality
- New Covid policy in China slowed sales in the region in January and February
- LV export out of China kept pace
- LV sales growth in US and Europe
- Still high transaction prices on LVs

- Continued uncertainty in the global economy
- Still pressure by inflation and high interest rates
- Distribution rather than production capacity bottle neck for semiconductors
  The last time annual sales were at ~80m per year was in 2012

LIGHT VEHICLE SALES OUTLOOK



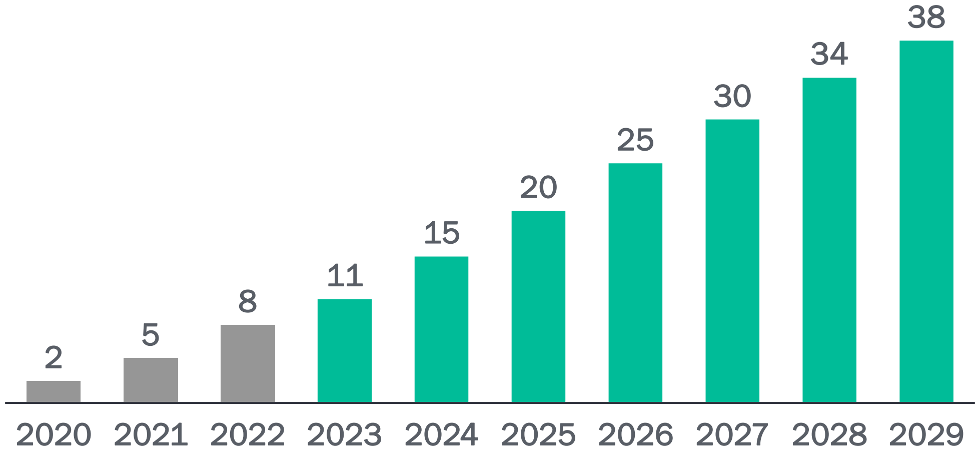
Source: S&P / Market Insight Wallenius Wilhelmsen

BEV sales and China exports contribute to deep sea volume growth

Battery electric vehicle sales are increasing, and forecast is regularly adjusted up

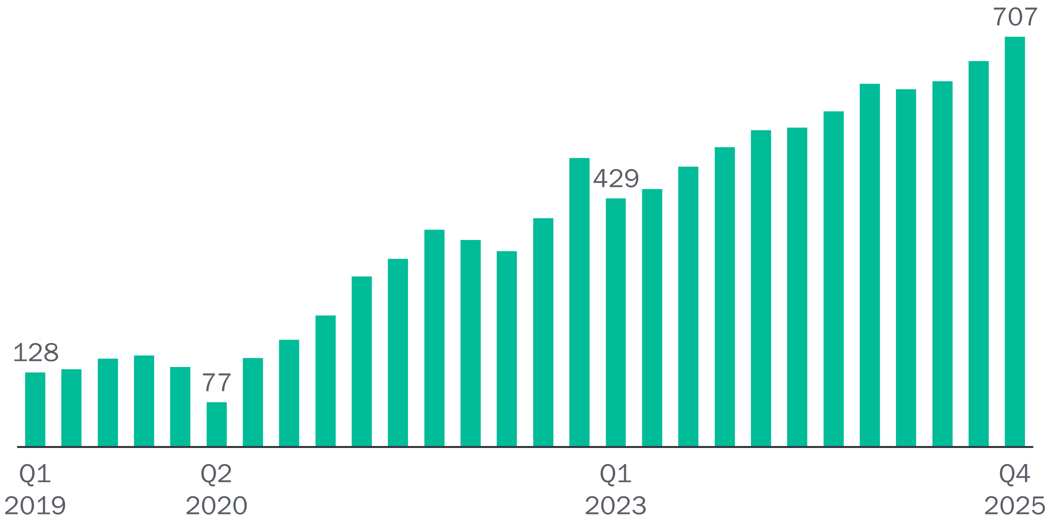
GLOBAL BATTERY ELECTRIC VEHICLE SALES OUTLOOK

Million units



EXPORT FROM CHINA DRIVE LV DEEPSEA VOLUME GROWTH

Finished new vehicles, 1,000 units exported deepsea from China per quarter



- BEV share of China’s vehicle export to Europe is 69%

Source: S&P / Market Insight Wallenius Wilhelmsen

High & Heavy exports still solid, supported by record order backlogs

CONSTRUCTION

MINING

AGRICULTURE

YoY Q1-23 (unit growth)

	Construction	Mining	Agriculture
YoY Q1-23 (unit growth)	+20.3%[1]	+4.1%[1]	+5.6%[1]

Construction

- **Residential construction** weaker, **infrastructure construction** firm
- Strong growth in **machinery exports**
- Record high **machinery order backlogs**

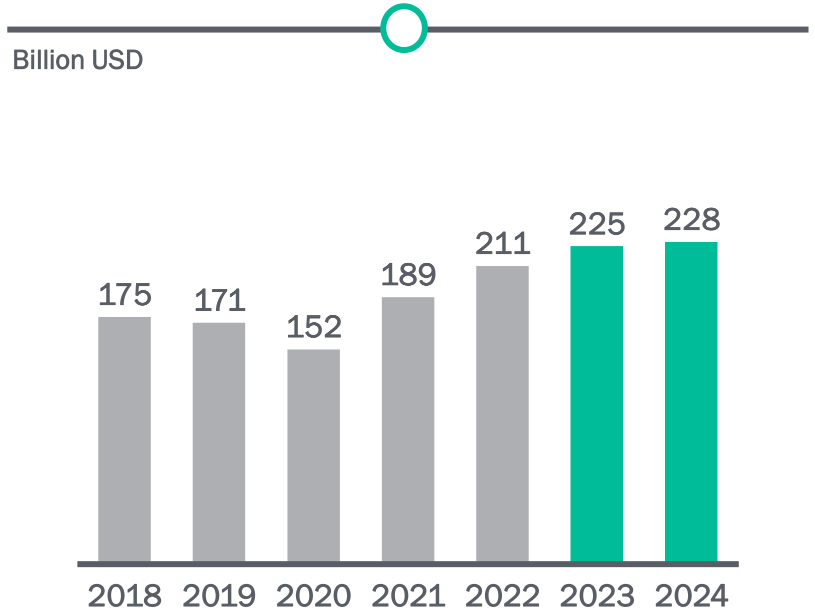
Mining

- **Metal prices** remain well above pre-pandemic levels
- **Mining capex** slowing but still positive in 2023
- **Infrastructure investment** supportive of steel demand

Agriculture

- **Food prices** declining
- **Farmer sentiment** weaker due to lower prices / rising costs
- **Order backlogs** still high

EQUIPMENT PRODUCER SALES OUTLOOK[2]



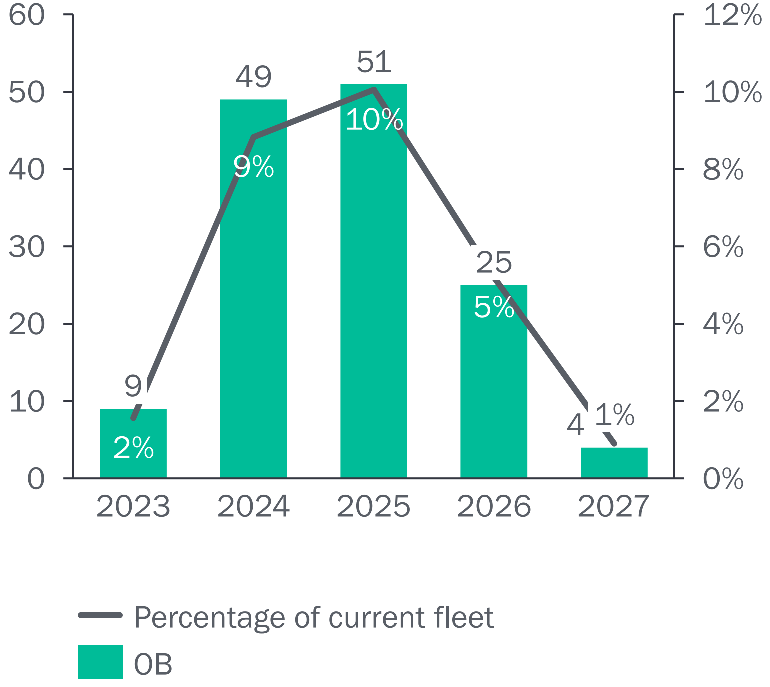
Source: [1]S&P Global, Customs Statistics | World construction, mining and agriculture equipment exports (Units last 3 months, YoY) per April 2023. Data is limited to countries having reported customs data as per April 18th, 2023. | [2]Based on OEM historical sales revenue of construction/mining/agriculture equipment only, and MSI forecast dated March 17th, 2023. Constituents comprise 15 leading OEMs including Volvo, Caterpillar, CNH, Hitachi, John Deere, Terex, Doosan, Sandvik, Komatsu and AGCO.

Recent ordering activity brings fleet growth back on long term trend

GLOBAL FLEET*

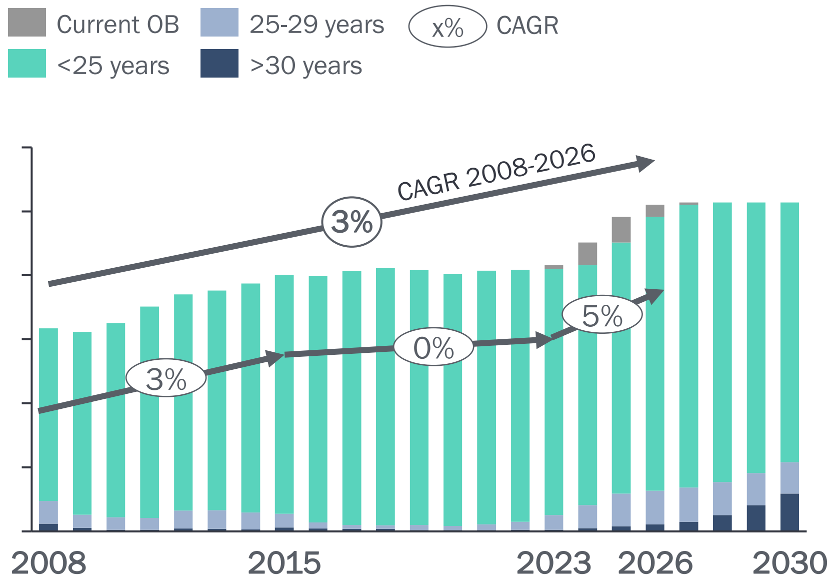
ORDERBOOK BY DELIVERY YEAR

of vessels & percentage share of current fleet



GLOBAL RORO FLEET

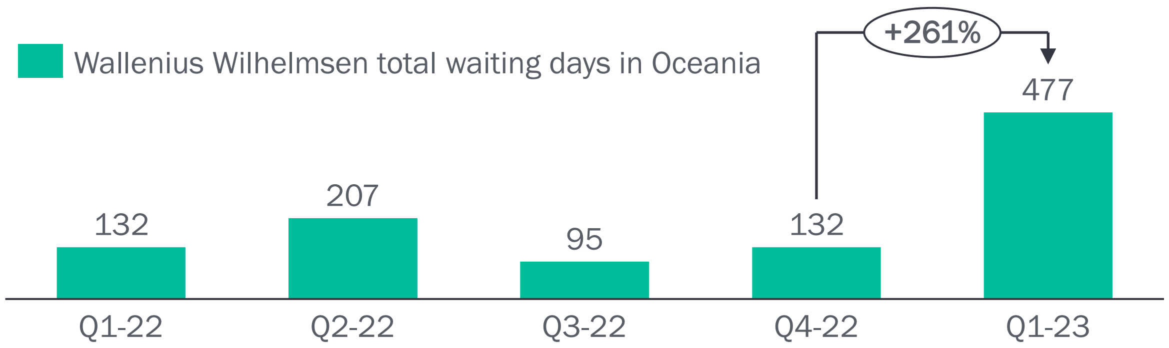
Million CEU

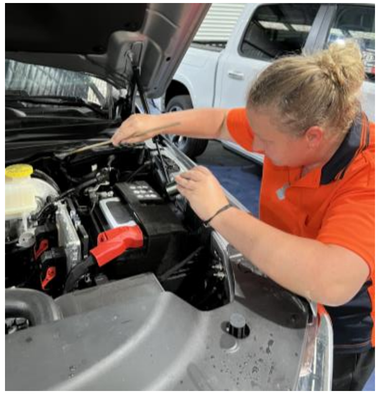


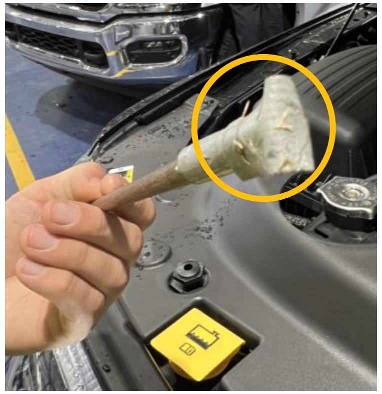
- Historical long-term growth of 3% p.a.
- Convergence to the mean during 2024-2026 after a decade with a flat fleet size

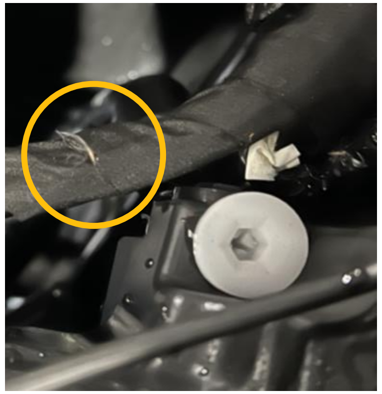
Source: Market Insight Wallenius Wilhelmsen / Clarksons, *for vessels above 4000 CEU OB. All vessels current fleet,

Port congestion remains a global challenge, with Oceania peaking in Q1









Our decontamination services ensure shipments arriving in Australia meet government regulations

Congestion remains an issue but shifts to Oceania

- Global port congestion remains a challenge reducing overall global fleet capacity
- Epicenter of congestion shifts to Oceania as contaminated cargos are overwhelming ports
- Rigorous biosecurity measures contribute to an increase in waiting days in Australian ports
- Yet, surging demand for decontamination services creates opportunities and shows resilience of our integrated business model

Source: Market Insight Wallenius Wilhelmsen

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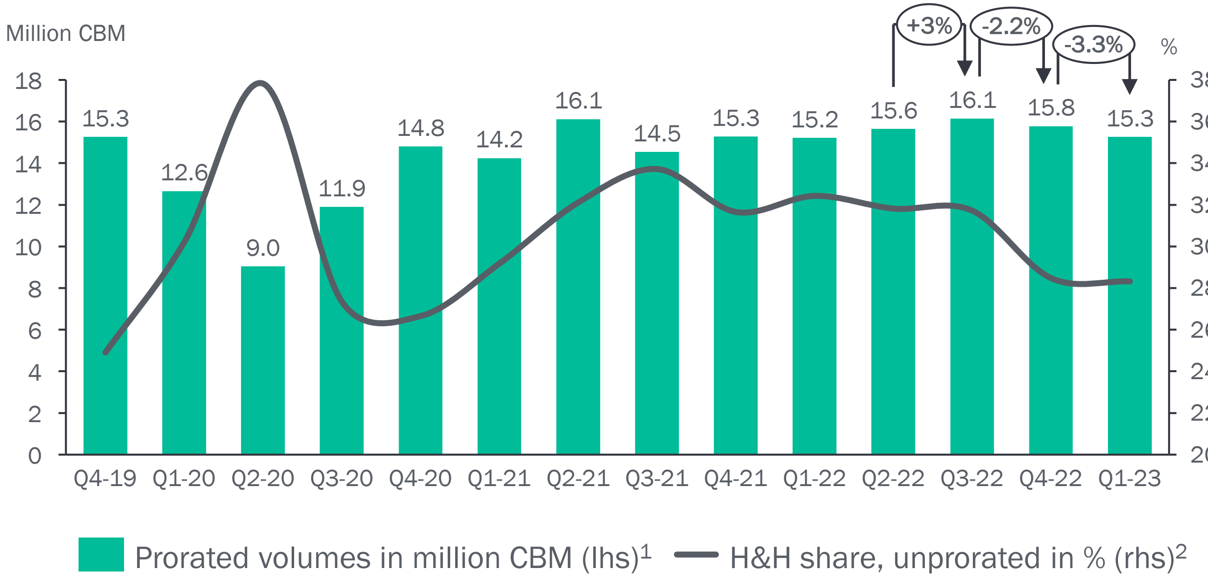
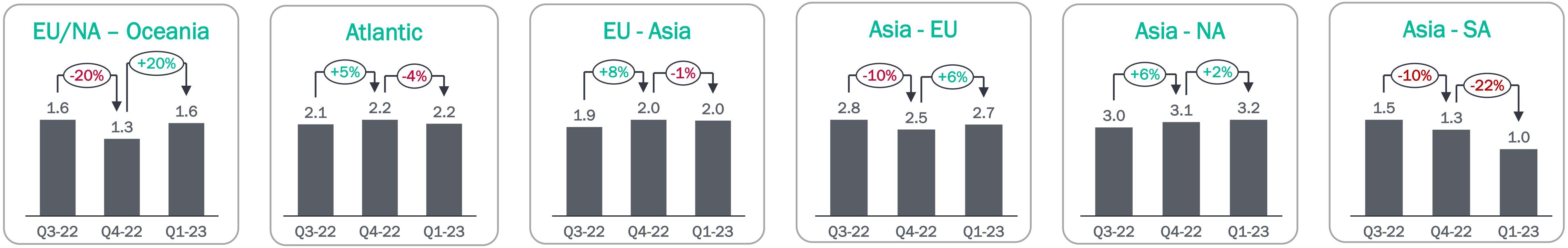
Shipping update

Shipping volumes down 3% on continued congestion and less capacity ex Asia

Shipping services volumes and cargo mix



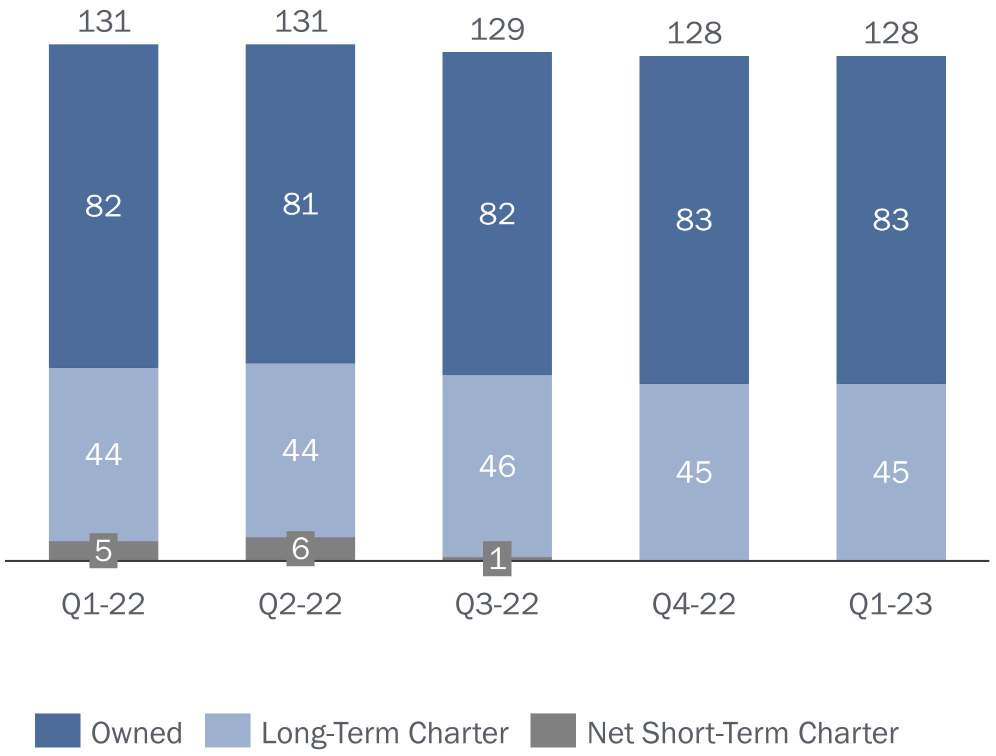
- Lower volumes on continued congestion and less capacity, while increase in volumes from Europe/US
- Net freight decreased to USD 51 per cbm, down USD 1.2 per cbm QoQ due to trade mix
- Cargo mix (H&H share) at 28% in Q1, stable from Q4



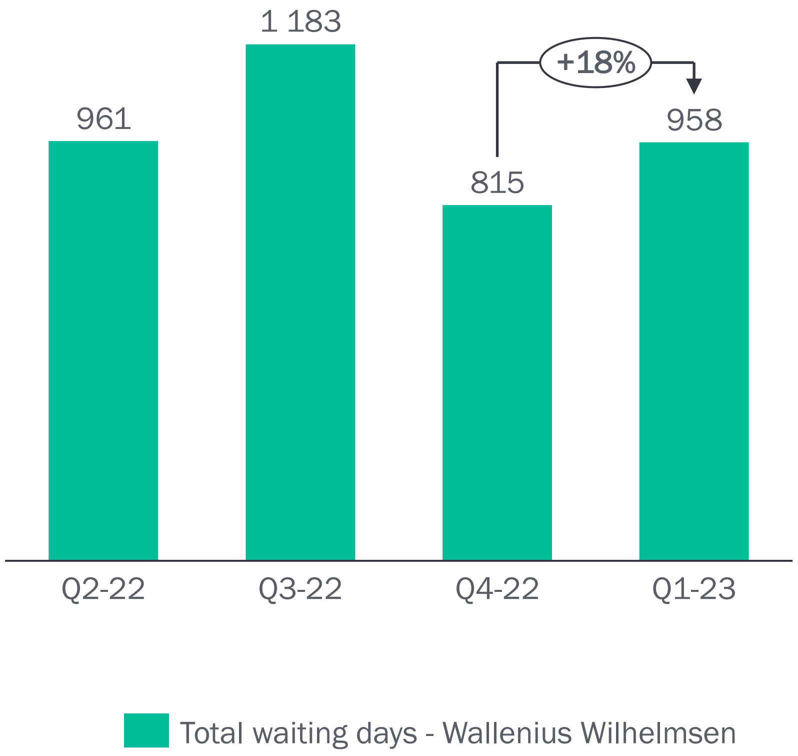
1) Total volume based on prorated volume in Shipping services (ex. Government services), i.e. volumes are split between months based on the sailing period onboard the vessel. Historical volume figures subject to change as figures are based on estimates and prorating
2) H&H share calculated based on unprorated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

Cautious approach to time charters despite capacity being tied up in congestion

Stable fleet from Q4 to Q1*



Port congestion remains high and challenging



* 3 ARMACUP long-term charters added to the list for Q2, Q3, Q4 in 2022 and Q1-23, and 2 in Q1-22

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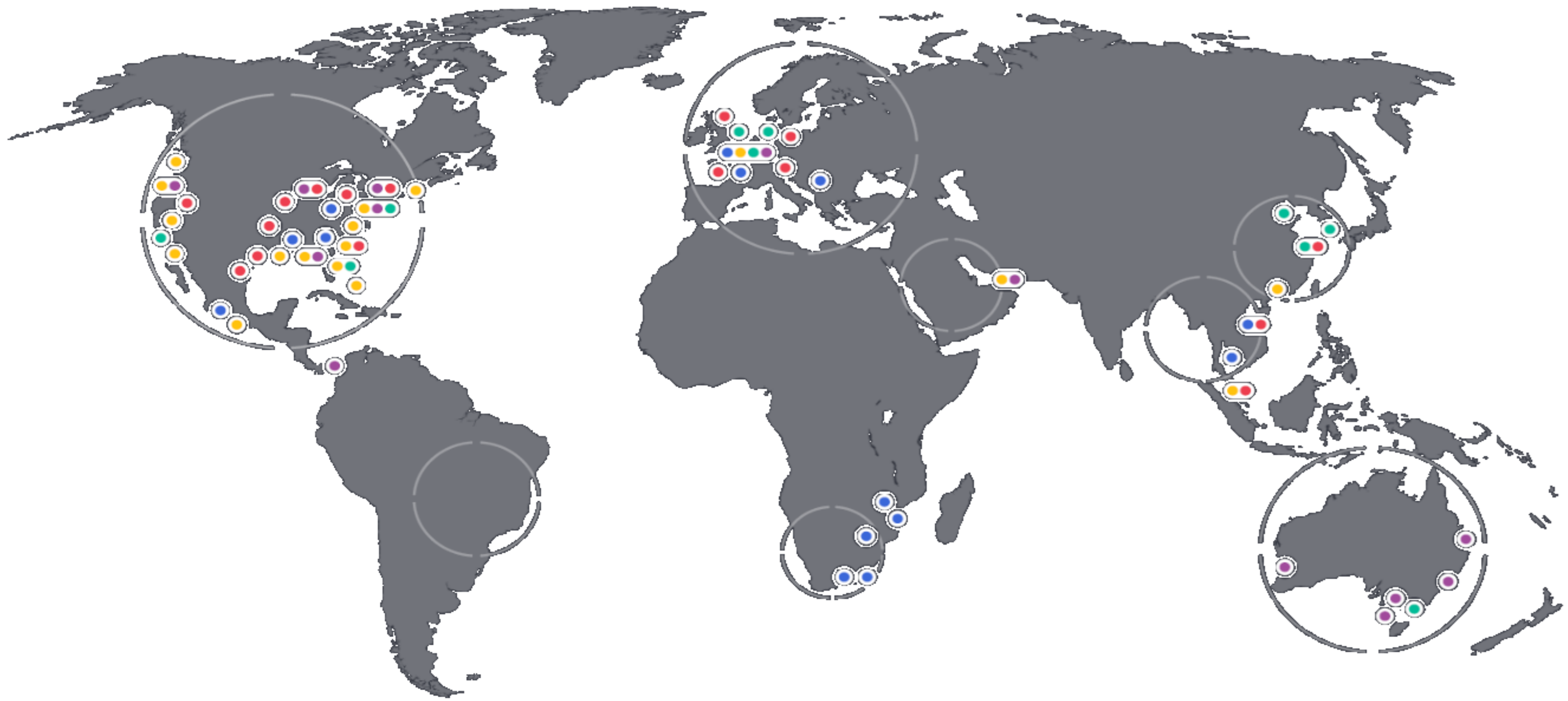
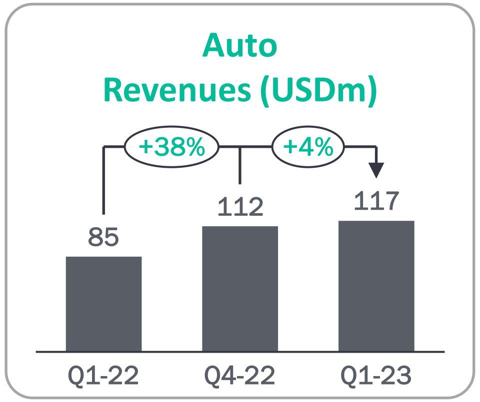
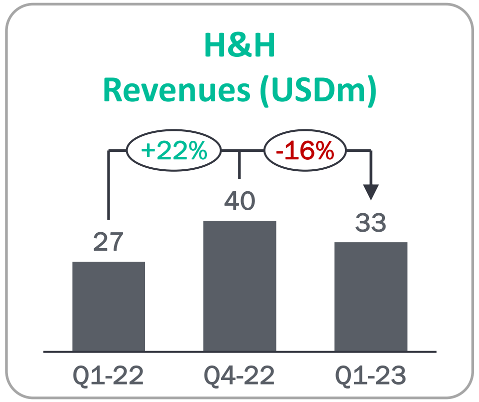
Logistics update

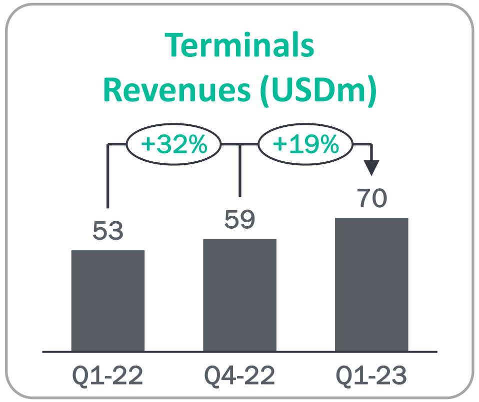
Logistics revenues improve with increased auto volume and strong terminal revenue



- Auto saw strong volume and accessorization
- Terminal lower volume due to congestion offset by strong revenue in Oceania
- H&H lower volumes due to seasonality
- Inland volumes increased in both US and in Europe







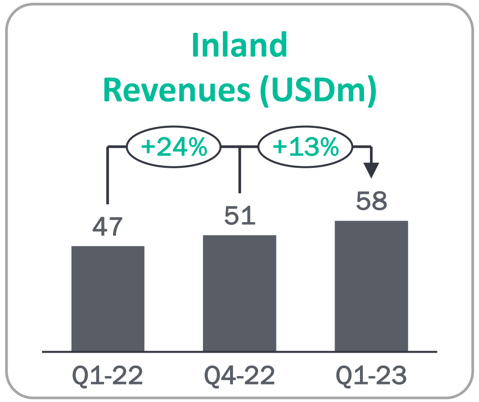


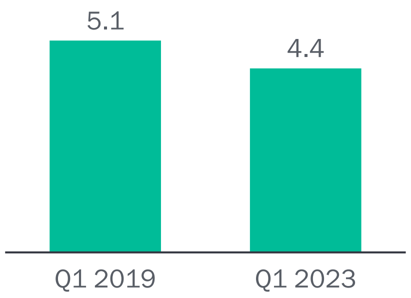
Illustration shows WW Logistics locations: OEM/In plant VPC, VPC, OEM/In plant EPC, EPC, Terminals, Inland Transportation

Auto production gain traction as chip shortage situation ease – still significant upside in auto volumes

Units per quarter in millions

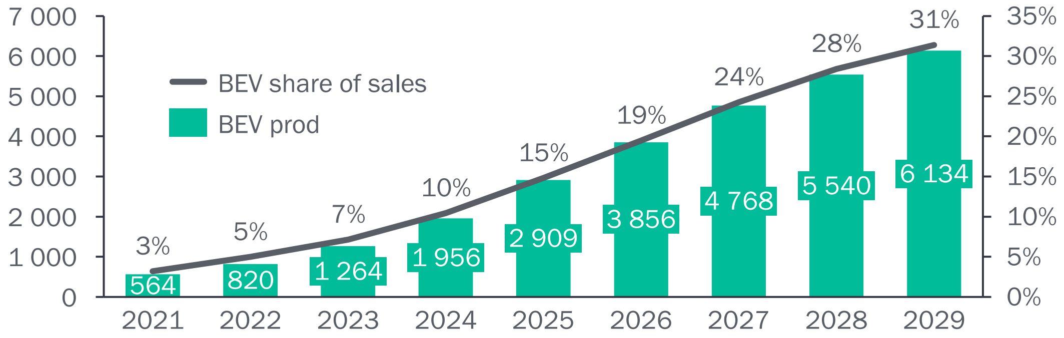
LOGISTICS – key markets for Light Vehicles

North America LV Volume



North America BEV production and share of total NA sales

In thousands



- Semiconductor production improved, distribution the bottle neck
- Still pent-up demand, however negative global economic development looms
- Transaction prices still trending high

- Significant investments poured into EV and battery manufacturing factories in NA
- Growing BEV sales contributing to growing demand for vehicle processing services
- Our NA processing centers are well positioned along the American “Battery Belt”

Source: S&P. Volumes include all North American light vehicle production, both for domestic sales and for export abroad, plus imports

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Committed to safe and sustainable operations

- Two serious injuries occurred in our Shipping segment in Q1
- Logistics safety performance (LTIF) above target of 14.15 in Q1
  - Challenges remain, including high churn of labor and congestion
- Total CO_2 footprint is stable compared to previous quarter
- In 2022 we did not meet the CO_2 intensity target for the sustainability-linked financing framework

	Q4-22		Q1-23
LTIF Shipping per million man-hours exposed	0.45	↗	1.39
LTIF Logistics* per million man-hours worked	14.16	↗	15.81
CO_2 Intensity Grams per tonne km (EEOI)	30.1	↗	30.3
Total CO_2 Million tonnes, Shipping and Government services	1.14	↗	1.15

Principles of Governance	People	Planet	Prosperity
			

* No serious injuries in Q1

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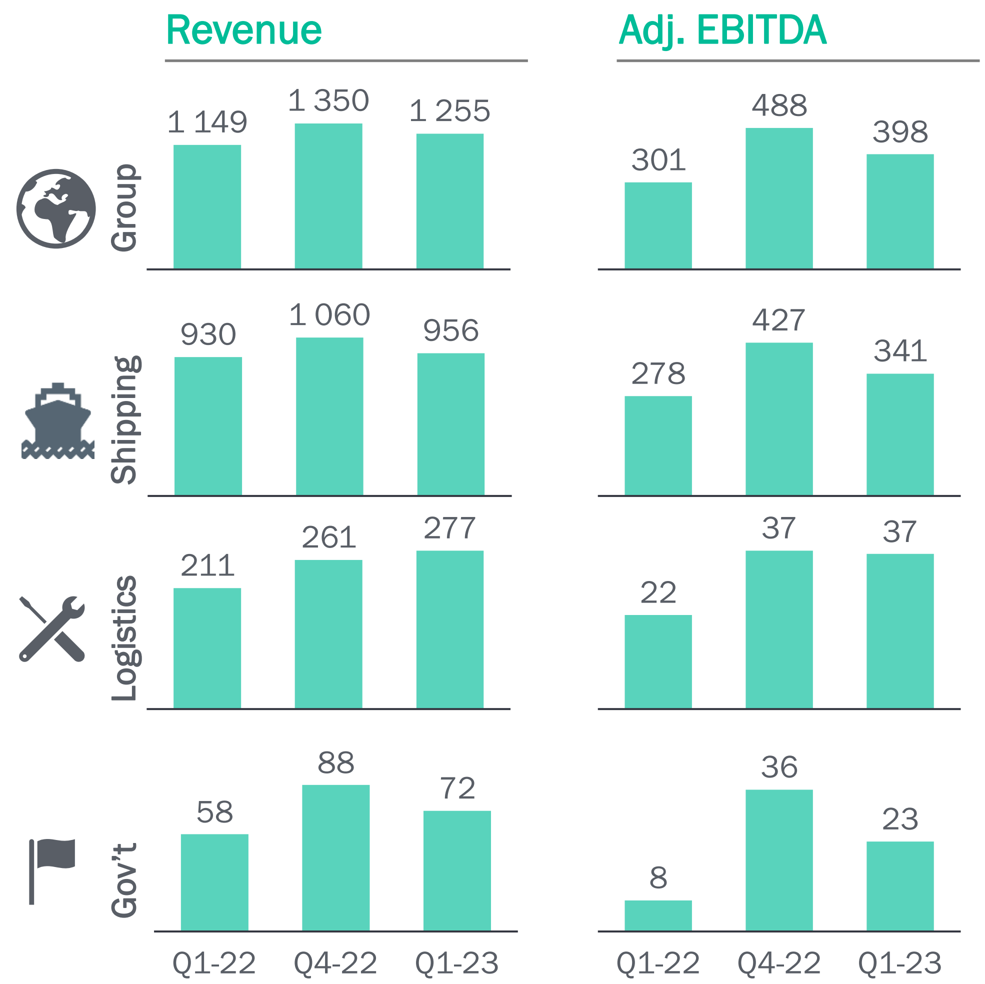
Financial highlights ◆ Q1 2023

(USDm, unless noted)



	Q4-22		Q1-23
Net profit	246	↘	173
Adj. EBITDA margin (%)	36%	↘	32%
Cash	1 216	↗	1 439
Net debt	2 872	↘	2 490

Financial targets *

ROCE > 8% △

14.5% — Y +6.7, Q +0.8

Equity ratio > 35% △

42.4% — Y +5.0, Q +0.6

Leverage ratio < 3.5x △

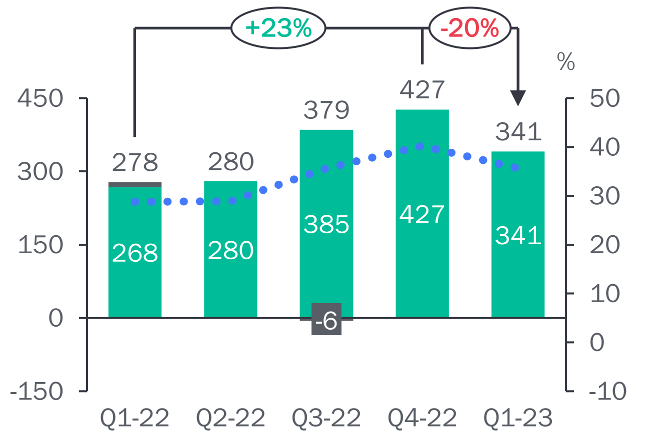
1.5x — Y -1.7, Q -0.4

* ROCE: LTM adj. EBIT / LTM average capital employed.
Equity ratio: Total Equity / Total Assets
Leverage ratio: Net interest-bearing debt / LTM adj. EBITDA.

After the record results in Q4, Q1 saw somewhat lower earnings, but all segments contributed to deliver our third best EBITDA ever

Shipping – Adj. EBITDA [1]

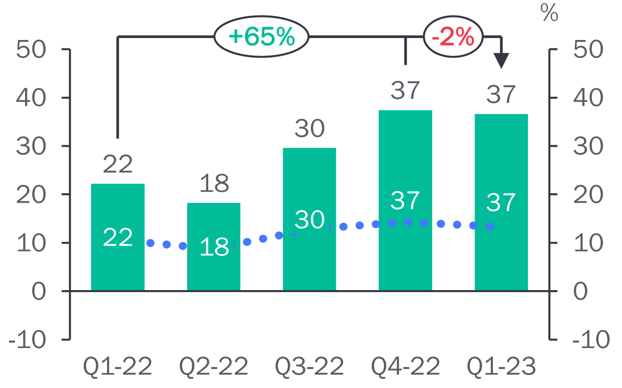
USDm



- QoQ EBITDA decreased due to negative change in net fuel cost effect, less cbm and less favourable trade mix
- YoY EBITDA significantly up due to tight global fleet capacity and favourable rate development

Logistics – Adj. EBITDA

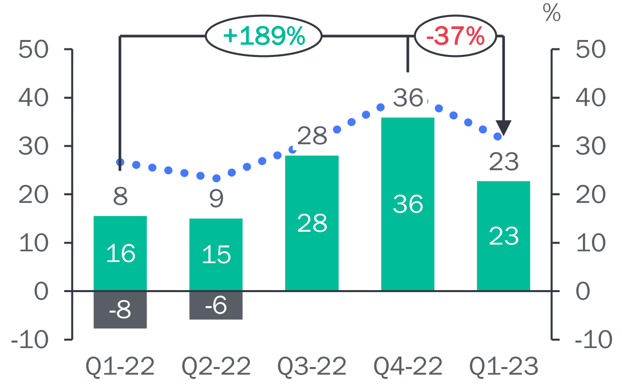
USDm



- QoQ EBITDA slightly down as Auto and Terminal improved, partially offset by H&H and Inland decline, and one-off costs relating to FY 2022
- YoY EBITDA up due to increased volume in H&H, and Auto, plus strong Terminal earnings from biosecurity services in Australia

Government – Adj. EBITDA [1]

USDm



- QoQ EBITDA down from from an extraordinary Q4-22 due to the timing and mix of cargo
- YoY EBITDA significantly up on high demand for U.S. flag cargo due to NATO activity

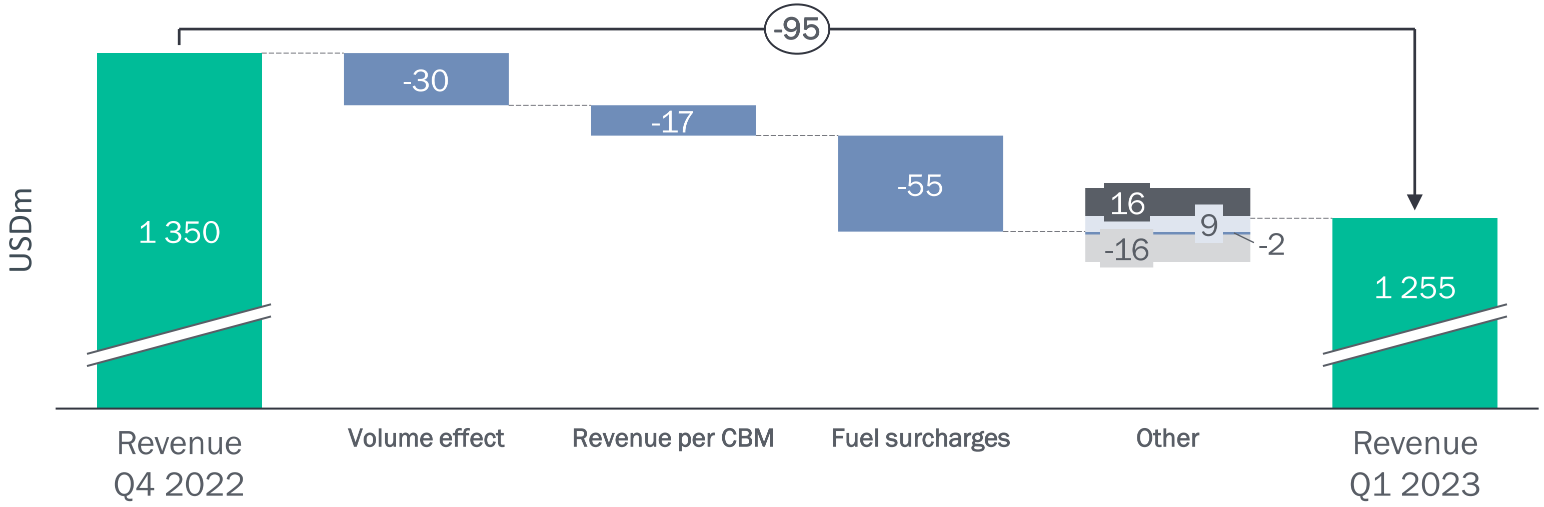
1) Adjusted for extraordinary items. Q1-22 shipping and government adjustments related to vessel sales, and Q3-22 shipping adjustment related to reversal of antitrust provision

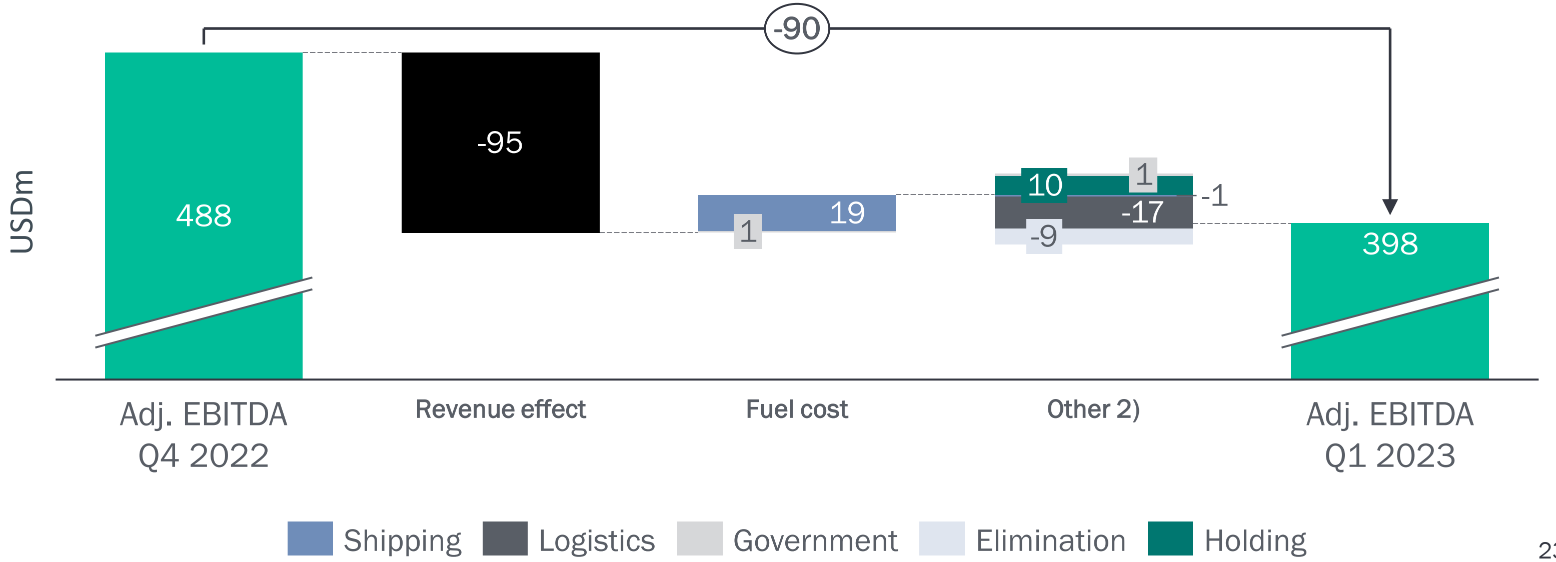
Extraordinary items | EBITDA | EBITDA margin

EBITDA down from Q4 – falling fuel surcharges a significant factor

- Revenue down USD 95m QoQ
  - Lower volume and reduced net freight rates in shipping trade mix
  - Reduced fuel surcharges
  - Lower volumes and revenues in government services due to timing and cargo mix
  - Higher volumes in logistics for most products

- Adj. EBITDA[1] down USD 90m QoQ
  - Reduced revenues
  - Decrease in fuel costs significantly offset by reduced fuel surcharges

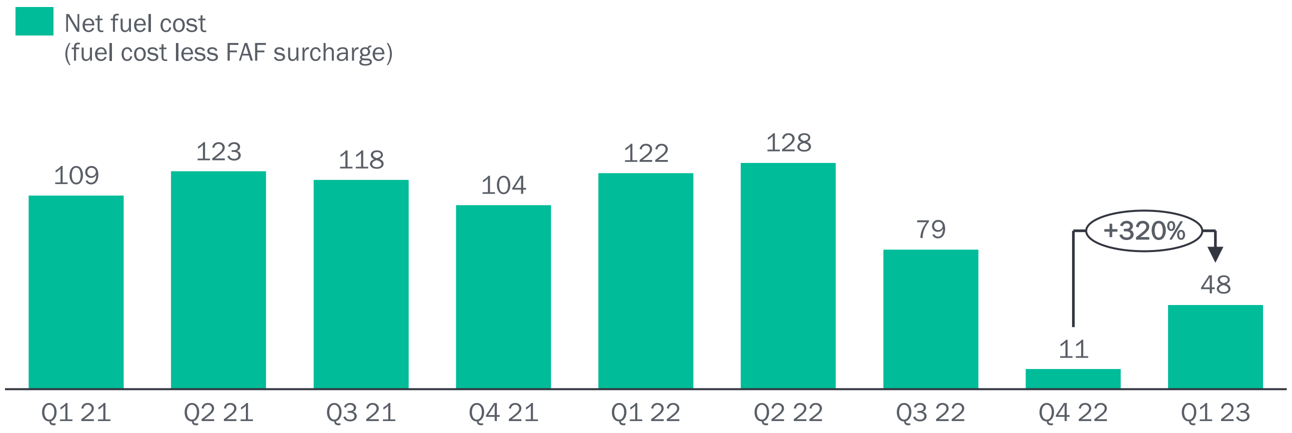




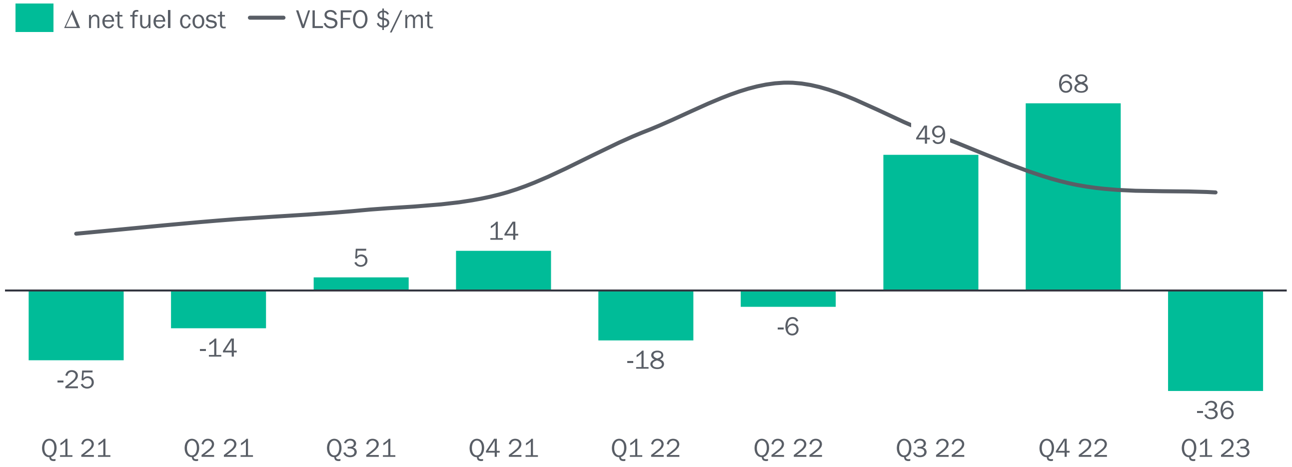
1) No adjustments in Q123 nor in Q422
2) Cargo- and other voyage expenses, ship operating expenses, charter expenses, manufacturing cost, other opex and SG&A expenses)

Negative change in net fuel cost in Q1

Net fuel cost ($m)



QoQ change in net fuel cost ($m)*



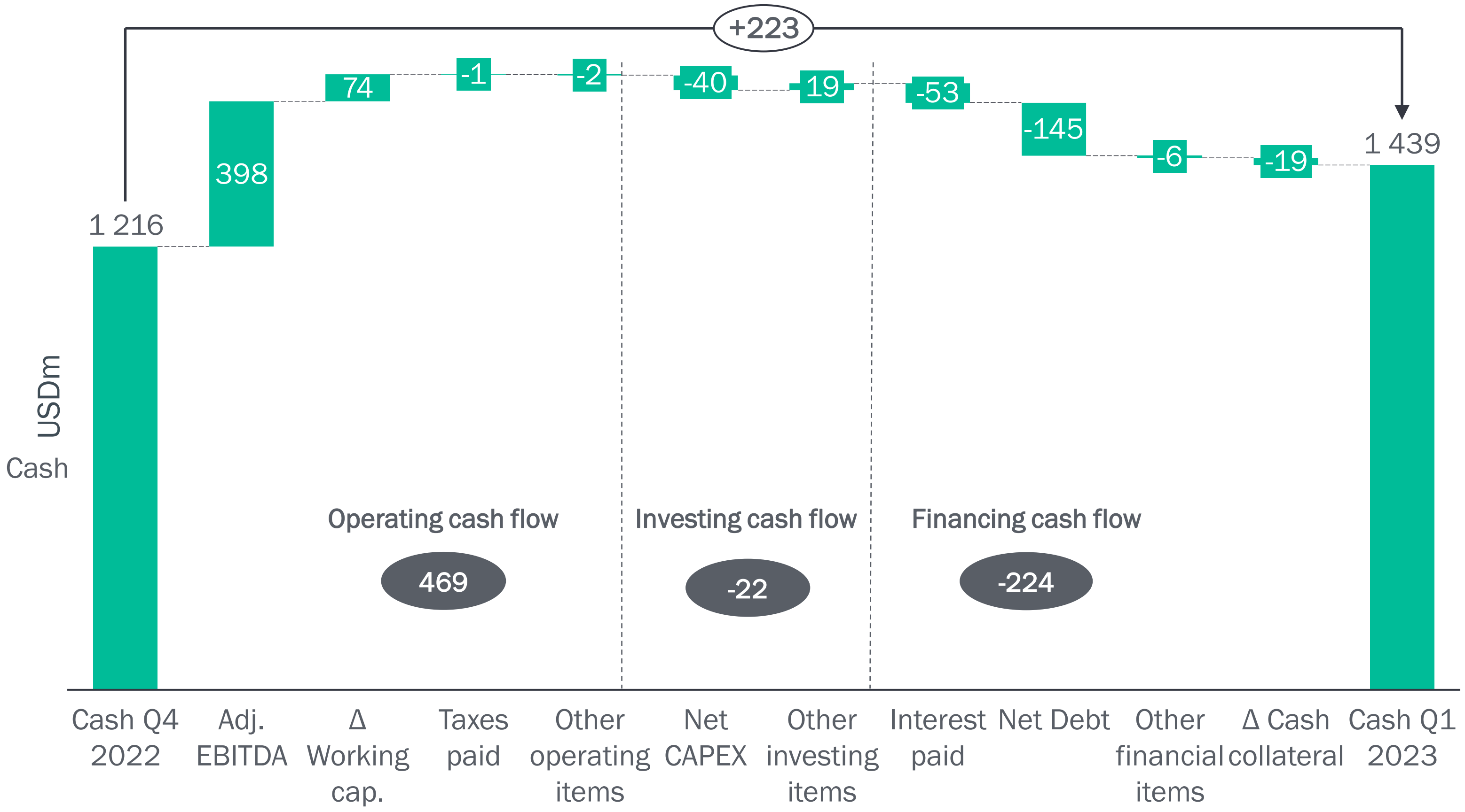
- In general, net fuel cost will be higher in periods when prices rise, and vice versa
  - Fuel surcharges lag fuel prices by 3 to 5 months
  - In Q1, smaller change in fuel price with slightly lower fuel cost, offset by reduced surcharges on time-lag
  - Relatively higher FAF surcharge in Q3 and Q4 on higher fuel price with time-lag, now tapering off
  - Surcharges impacted by fleet utilization, trade / customer / cargo mix and reference fuel price in contracts
- Over time, 1:1 coverage of the change in fuel costs

1) Based on Shipping services figures
* Positive amounts represents a reduction in net fuel cost. Negative amounts represents an increase in net fuel cost

Cash increased by USD 223m driven by solid EBITDA and positive working capital

Comments

- Key net CAPEX items include investment in a subsidiary, drydock and other maintenance
- Other investing items include interest received* in Q1
- Negative impact from cash collateral due to USDNOK strengthening in Q1
- Net debt include scheduled repayments of bank and lease debt
- Undrawn credit facilities at USD 347m



* Interest received is related to bank deposits

Solid balance sheet and strong liquidity position

Comments

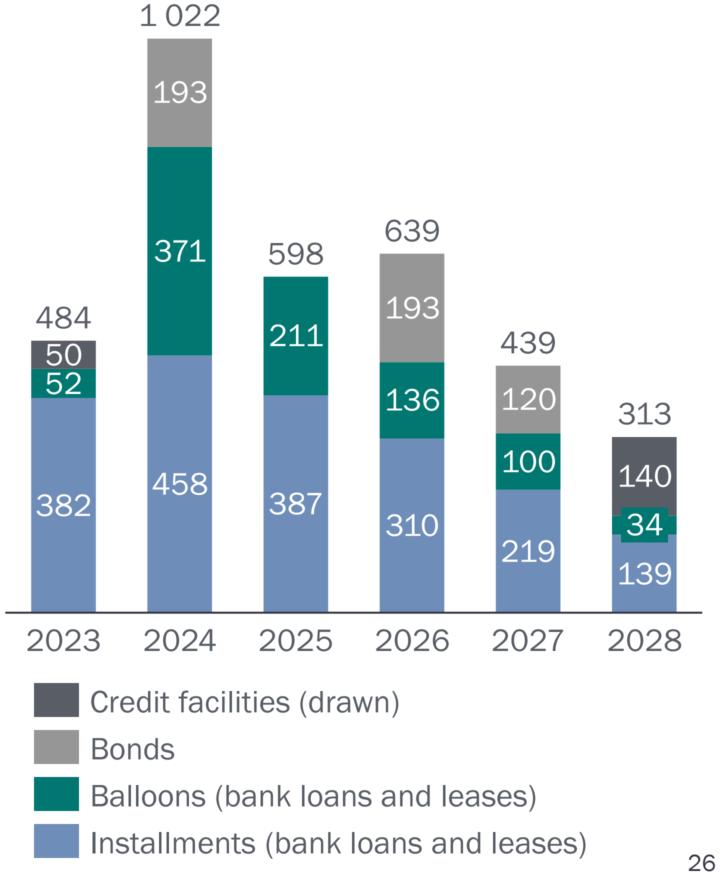
- Equity ratio at 42.4%
- Net debt decreased to USD 2.5bn on increased cash and debt repayments
- No bond maturities until September 2024
- 2023 debt maturities planned refinanced
- Marine Money deal of the year for 2022 sustainability-linked bond

Balance Sheet per end Q1-23

USD million

Debt Maturity Profile

USD million



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Prospects

Market demand remains robust despite the current economic slowdown, and we expect continued high volumes and a tight market balance in 2023.

The fundamentals also look strong longer term, though with higher levels of uncertainty. This is related to the newbuild additions to the global fleet, the macro economic situation, and any deterioration in geopolitical dynamics.

Further upside potential relates to pent-up demand for vehicles, the shift to low-emission vehicles and renewal of multi-year customer contracts at higher rates.

Overall, we expect to further strengthen our financial position in 2023, enabling us to deliver on our financial targets and dividend policy.


Q&A

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Thank you!