Wallenius Wilhelmsen

18 August 2020

Q2 and first half 2020
Presentation

Covid-19 – Staying true to our purpose and our values

OUR PRINCIPLES

- Take social responsibility for employees and community
- Be financially prudent for our shareholders
- Maintain operational stability for our customers
- Protect long-term operational capabilities to be ready to meet the future

Highlights second quarter 2020

- Adjusted EBITDA of USD 104 million, volumes and income for the group highly impacted by impact of Covid-19 pandemic
- Earnings balanced by effective cost control, higher net freight per CBM and low net bunker costs
- Ocean volume declined 45% y-o-y, but decisive action to adjust fleet capacity and reduce costs contributed to bolster earnings
- Performance in Landbased fell as a result of lower volumes, strongly impacted by OEM plant closures and production cutbacks
- USD 539 million in cash, up from USD 451 at end of first quarter, supported by measures put in place to protect and strengthen cash flow
- Provisions increased by USD 55 million related to updated estimates of customer claims related to the antitrust case

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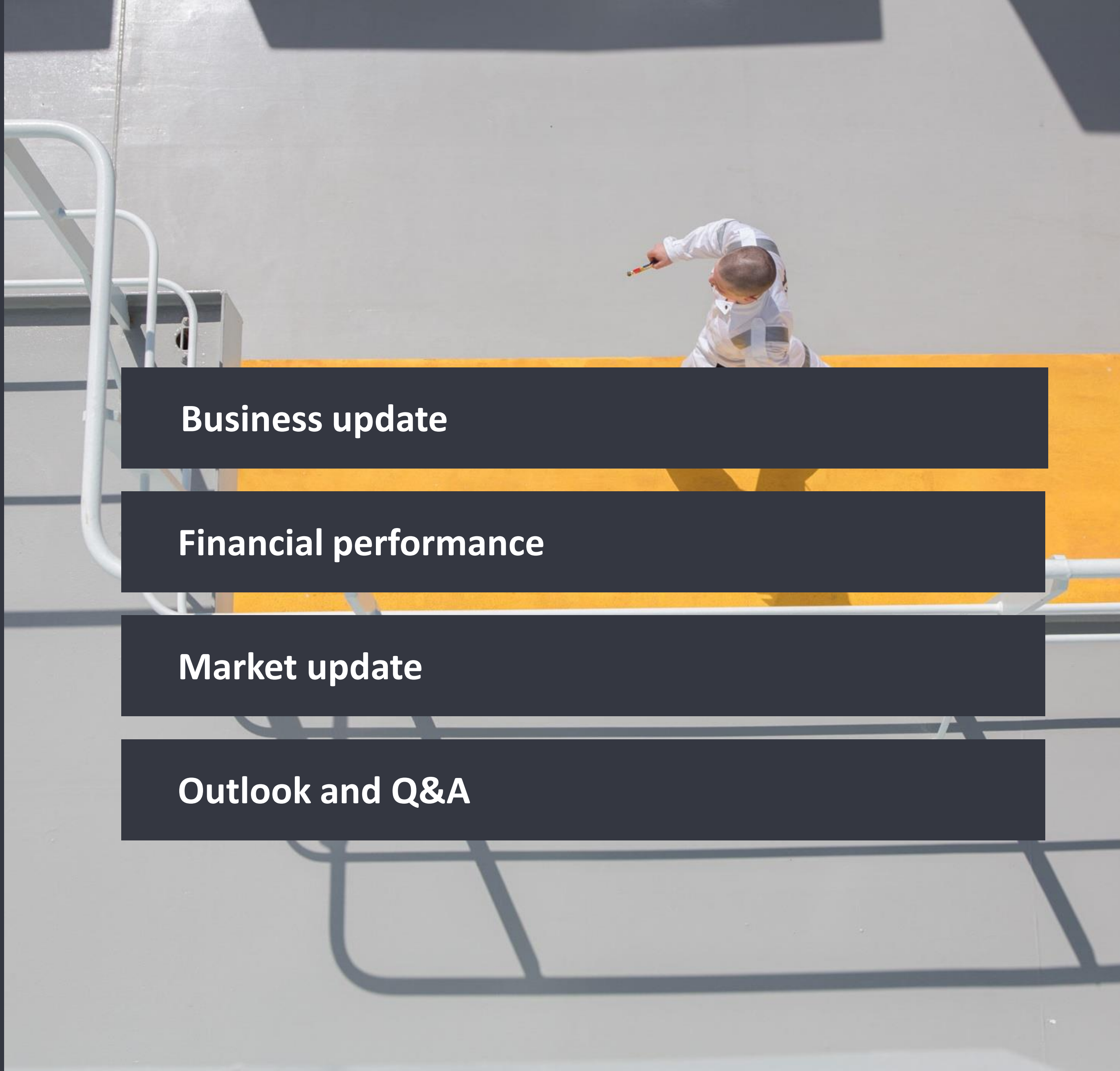
Agenda



- Business update
- Financial performance
- Market update
- Outlook and Q&A

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Business update

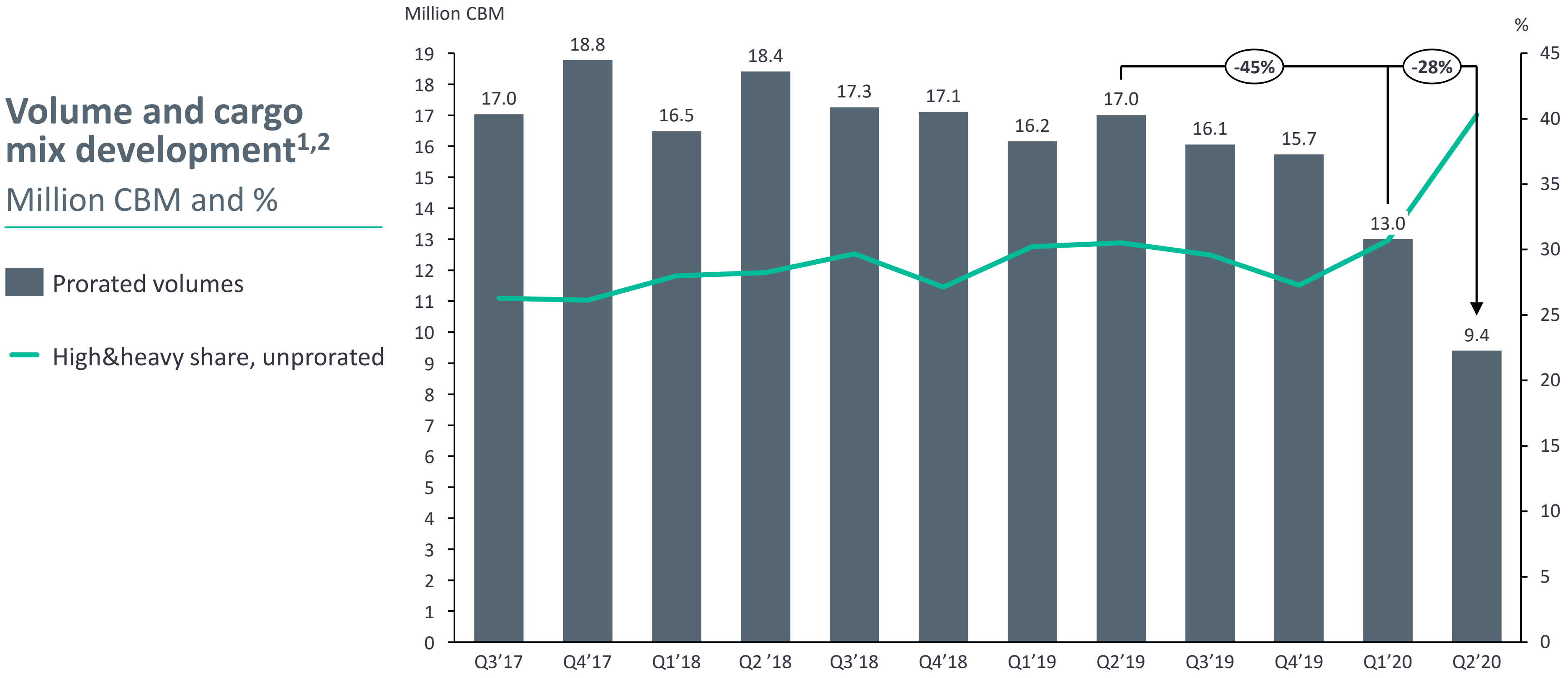
by Craig Jasienski

Ocean volumes decline 45% y-o-y

Largest decline for Auto

Volume and cargo mix development[1,2]

Million CBM and %

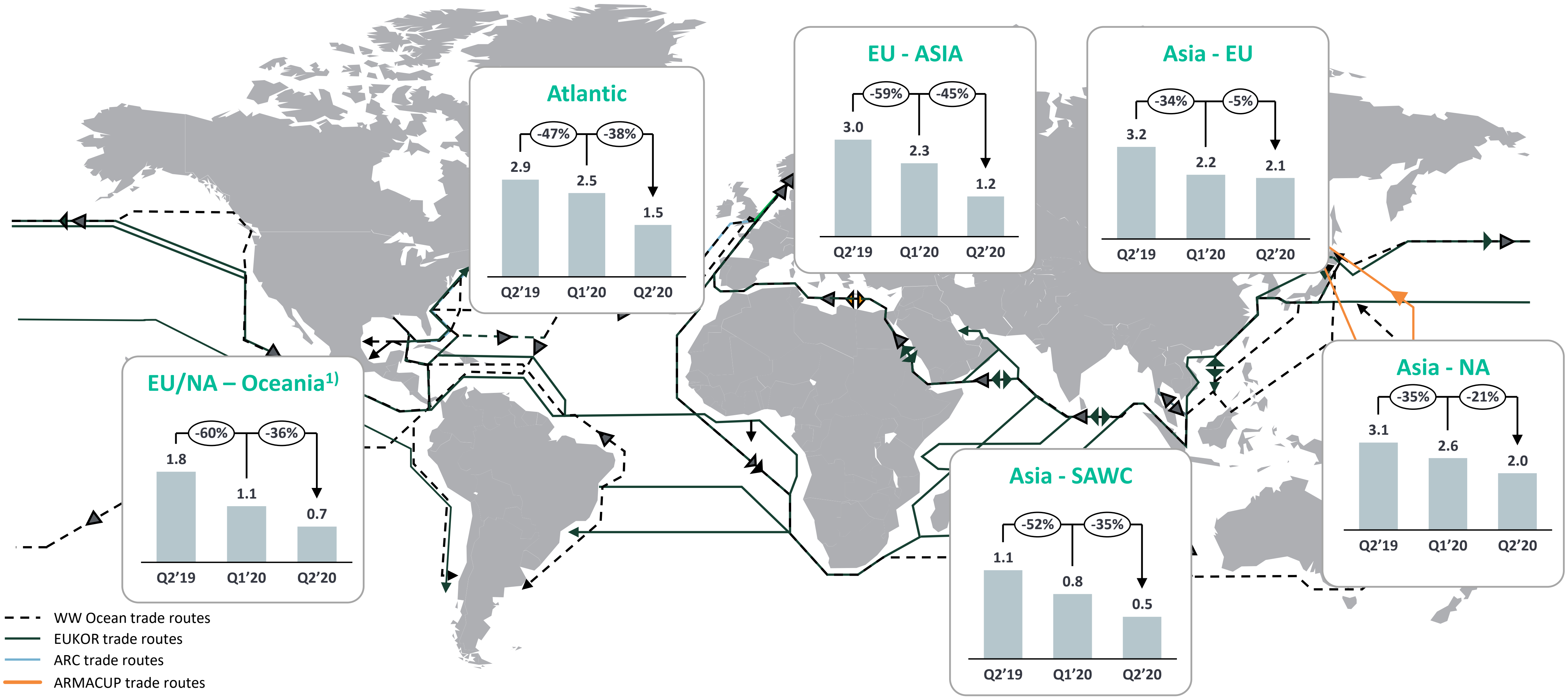


- Unprorated (loaded) volumes down 50% y-o-y, while prorated volumes benefitted from a relatively strong March and were down 45% y-o-y
- Impact from Covid-19 driving volume development
- High & heavy share 40.3%
- Auto volumes relatively more affected, down 57% vs H&H down 34% (unprorated)

1) *Total volume based on prorated volume (WW Ocean, EUKOR, ARC and Armacup)*
2) *H&H share calculated based on unprorated volumes. Nominal volume for auto and H&H calculated as total prorated volume x unprorated auto share and total prorated volume x unprorated H&H share, respectively*

Lower volumes across all main trades

EU-Asia and EU/NA – Oceania hardest hit compared to last year



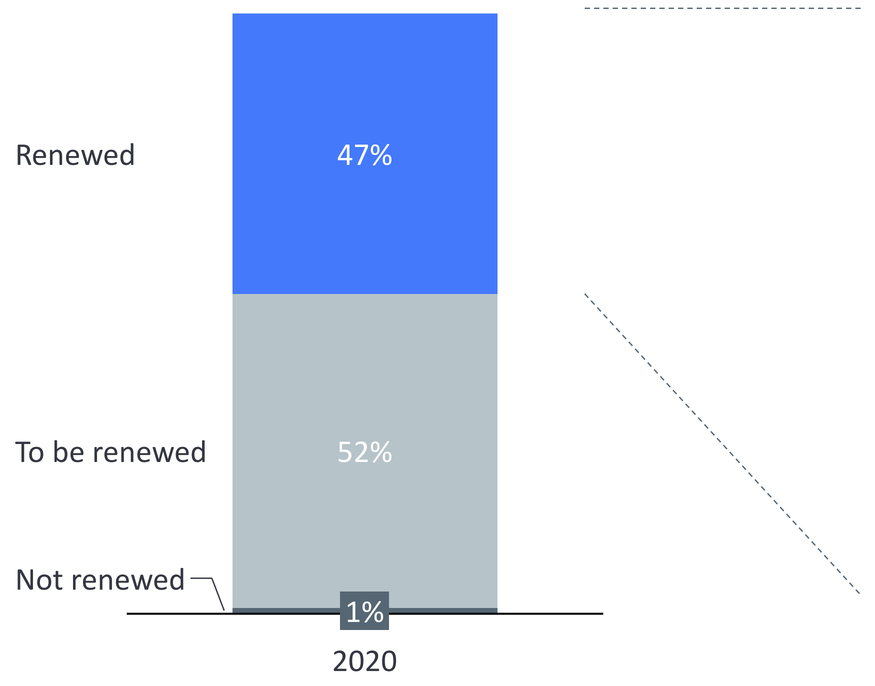
Note: Prorated volumes on operational trade basis in CBM

1) Including Cape sailings (South Africa)

Few contract renewals in second quarter, with minor impact

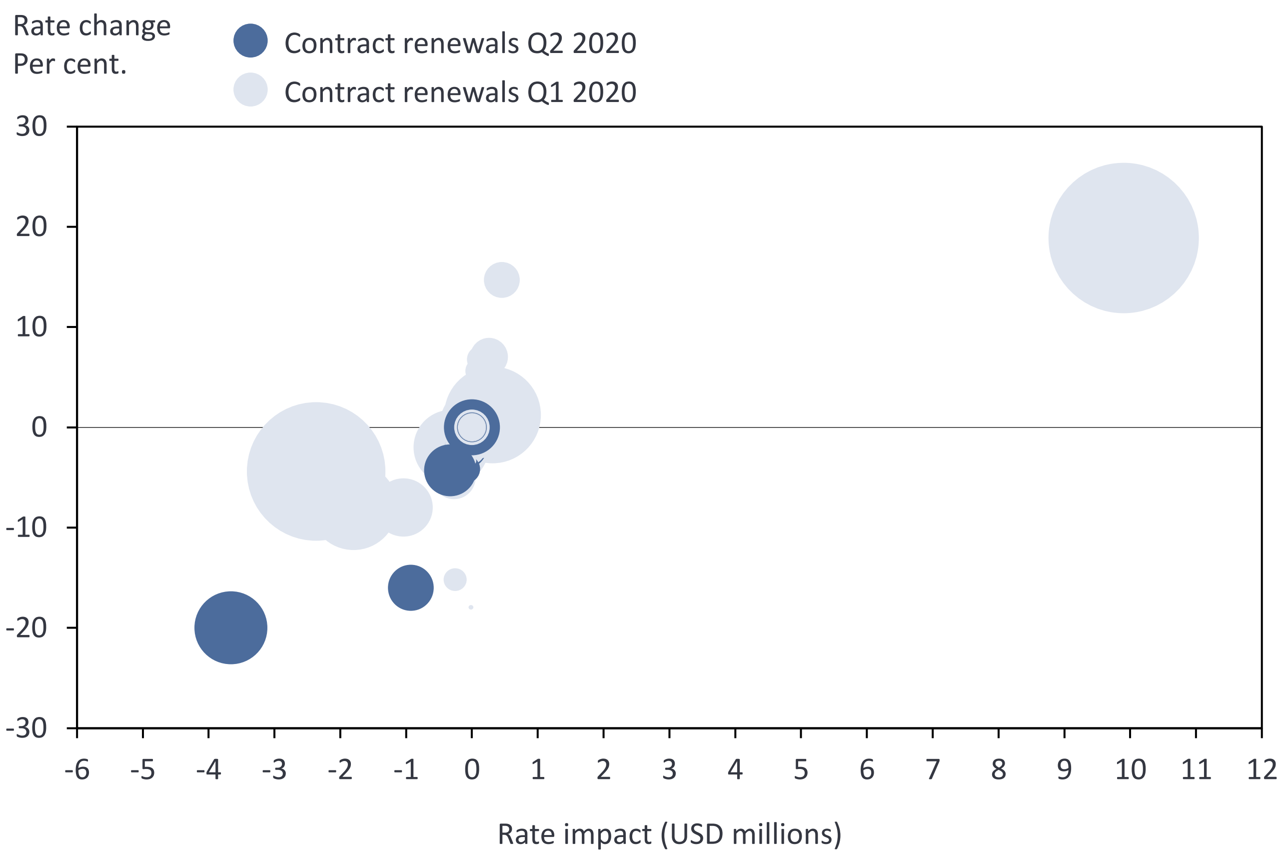
Overview of 2020 contract renewals

Per cent.



Rate changes and impact from Q2 2020 contract renewals

(Circle indicates size of contract in millions)



Managing cash

Measures underway with up to USD 210 million impact on cash in 2020

Ocean segment

- Cancellation/deferral of scrubber installations
- Early recycling of vessels
- Cold lay-up of vessels
- Delay vessel drydocking
- Ship management savings
- Deferral of loan instalments

Landbased segment

- Deferral of all non-essential CAPEX
- Temporary lay-off of production workers

Group

- Cancel and pause non-essential projects
- Non-salary related SG&A savings program
- Voluntary temporary salary reductions & furloughs

*Number includes a combination of recurring and non-recurring effects

Managing capacity

Adjusting our fleet to meet demand

RECYCLING

- 1 vessel recycled in Q2
- 1 vessels to be recycled in Q3
- 2 vessels to be recycled in Q4

COLD LAYUP

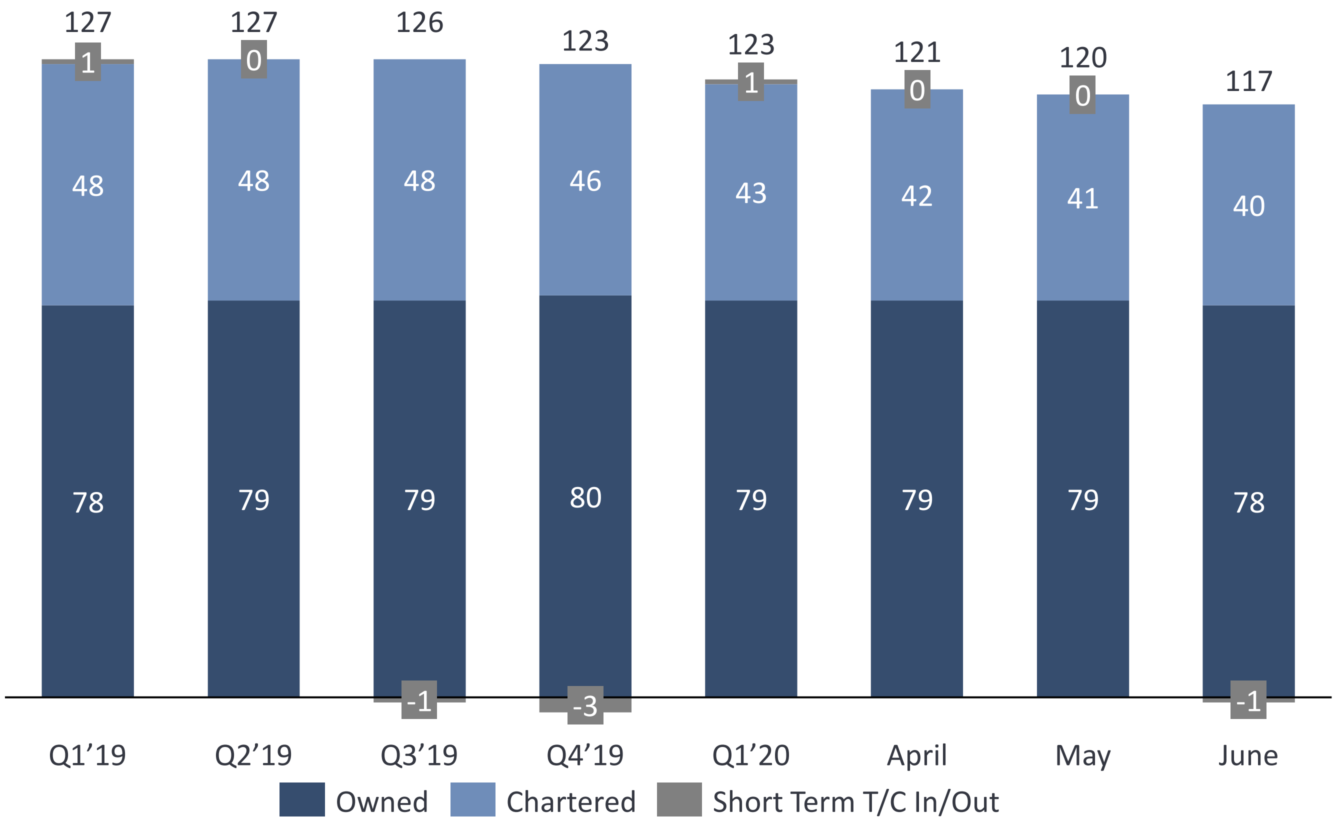
- 15 vessels in cold layup in Norway and Malaysia currently
- Additional 5 vessels under evaluation

REDELIVERY

- 2020: 7 vessels redelivered
- 2021: 3 redelivery candidates
- 2022: 4 redelivery candidates

Fleet development – vessels in operation

\# of vessels



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Financial performance

by Astrid Martinsen

Consolidated results – Q2 2020

Performance impacted by lower volumes, to some extent offset by effective cost control

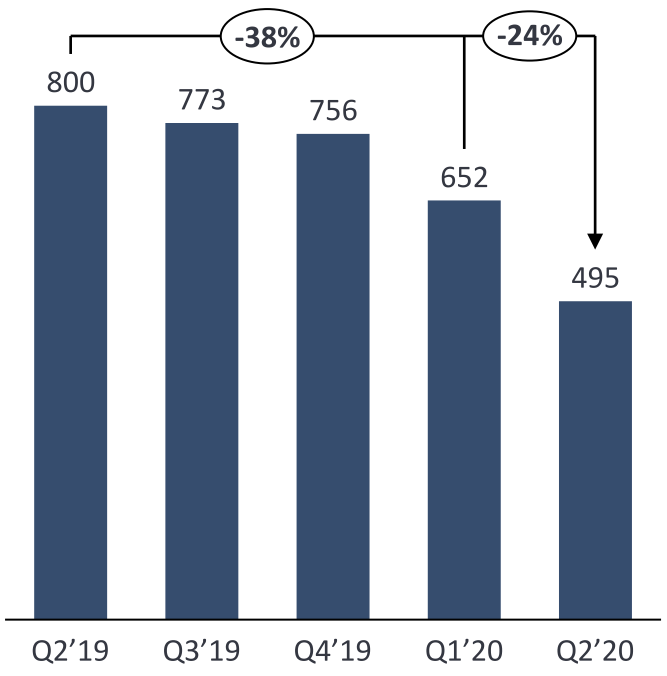
	Q2 2020	Q1 2020	% change Q-o-Q	Q2 2019	% change Y-o-Y
Total income	**606**	**834**	**-27%**	**1005**	**-40%**
Operating expenses	(564)	(703)	-20%	(793)	-29%
EBITDA	**42**	**130**	**-68%**	**211**	**-80%**
EBITDA adjusted	**104**	**130**	**-20%**	**211**	**-51%**
EBIT	**(45)**	**(132)**	**n/a**	**88**	**n/a**
Financial income/(expenses)	(30)	(153)	-80%	(83)	-63%
Tax income/(expense)	6	(0)	n/a	(3)	n/a
Profit for the period	**(69)**	**(285)**	**n/a**	**3**	**n/a**
EPS	(0.15)	(0.65)	n/a	0.00	n/a

Ocean segment – Q2 2020

Adjusted EBITDA down 43% due to lower volumes, lower net bunker cost had a large positive impact

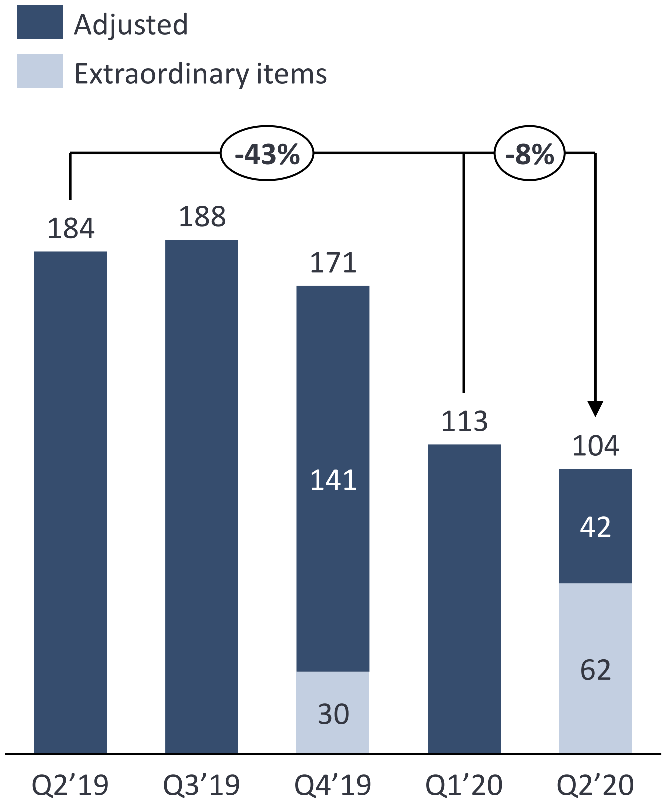
Total income

USD million



Adjusted EBITDA[1]

USD million



- Revenue declined 38% y-o-y as a result of lower volumes though partly offset with higher net freight/CBM compared to Q2 2019
- EBITDA down by 43% due to the lower volumes but slightly compensated by a much lower net bunker cost of about USD 35 - 40m (adjusted for volume effects)

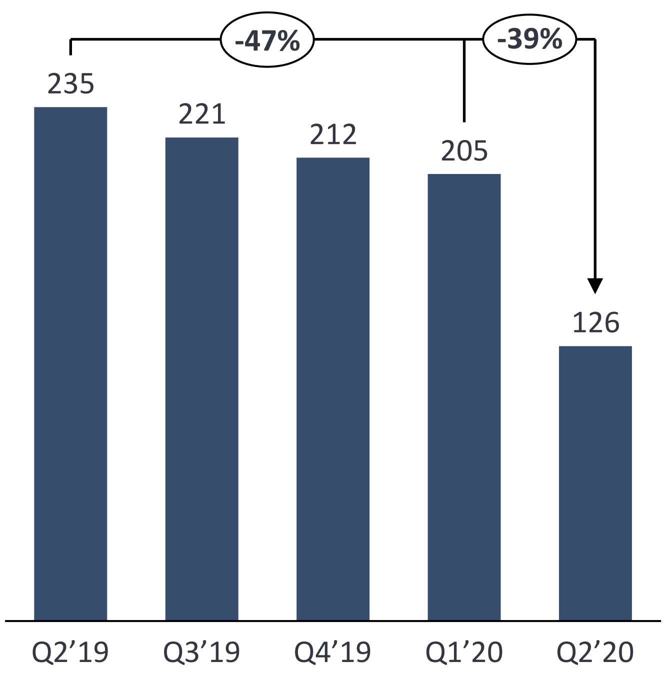
1) *Adjusted for extraordinary items*

Landbased segment – Q2 2020

EBITDA fell by 88% as a result of lower volumes

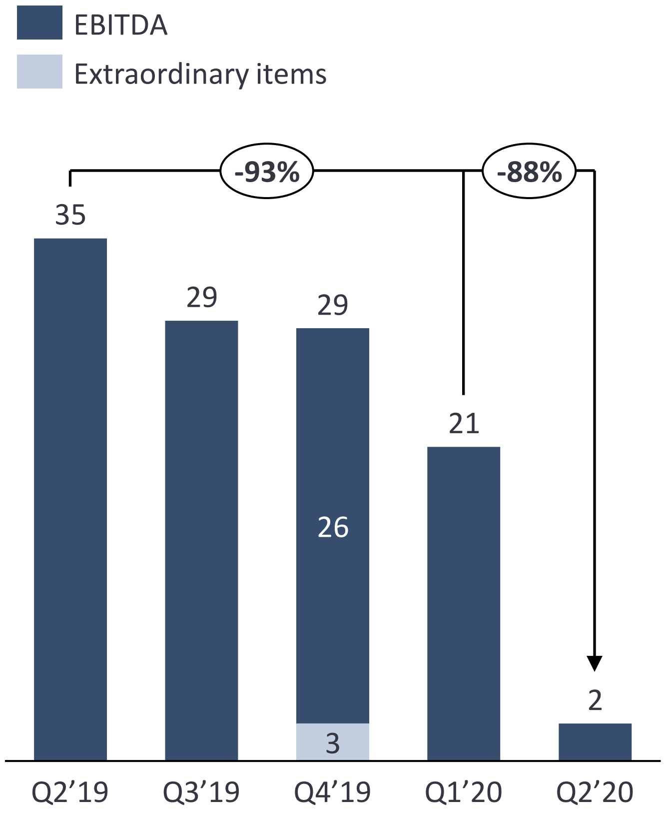
Total income

USD million



Adjusted EBITDA[1]

USD million



- Revenue down 47% y-o-y as lower volumes impacted across all segments, significantly impacted by plant closures as a result of Covid-19
- EBITDA fell 93% y-o-y with particularly Solutions Americas – Auto contributing to the decline

1) *Adjusted for extraordinary items*

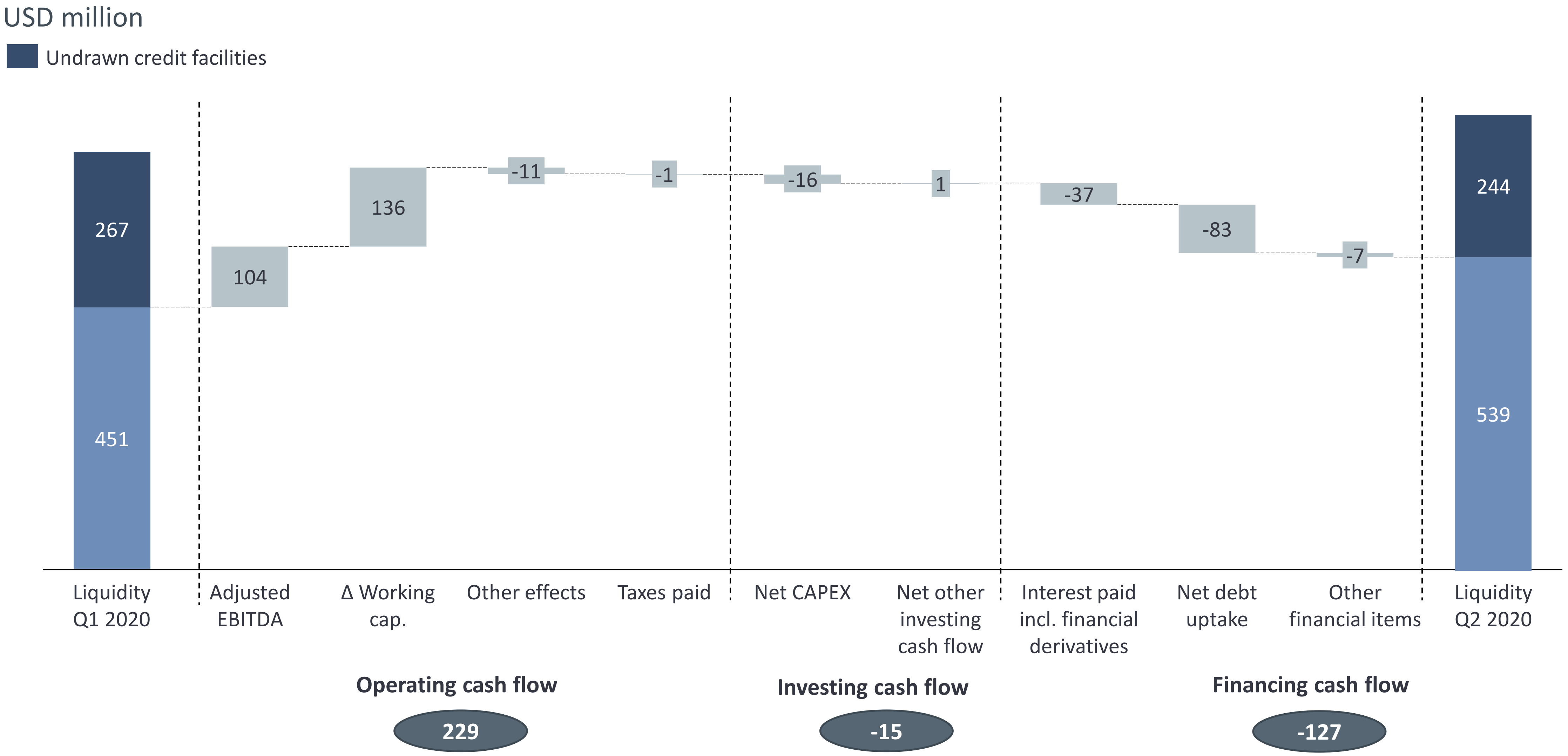
Consolidated results – first half year 2020

Performance impacted by lower volumes

	1H 2020	1H 2019	% change Y-o-Y
Total income	**1439**	**2022**	**-29%**
Operating expenses	(1267)	(1592)	-20%
EBITDA	**172**	**430**	**-60%**
EBITDA adjusted	**234**	**430**	**-46%**
EBIT	**(176)**	**183**	**n/a**
Financial income/(expenses)	(183)	(153)	20%
Tax income/(expense)	7	(5)	n/a
Profit for the period	**(353)**	**25**	**n/a**
EPS	(0.80)	0.04	n/a

Cash flow and liquidity development – Q2 2020

Free cash flow of USD 178 million



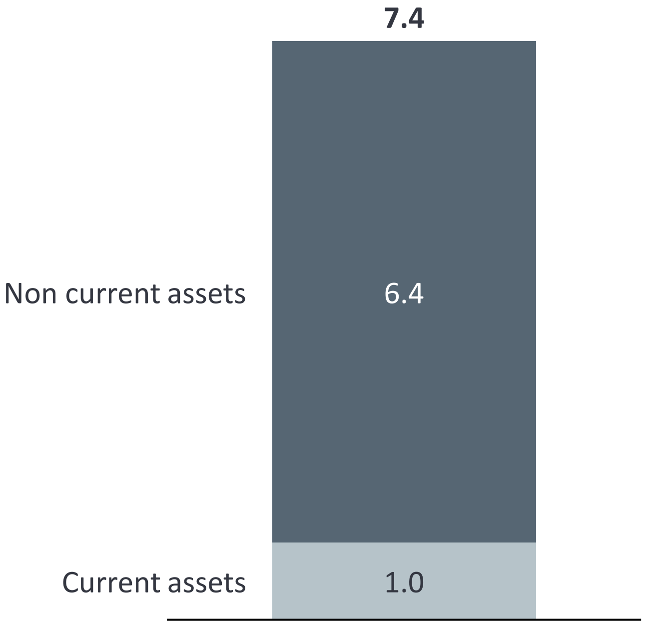
Balance sheet – Q2 2020

Stable net debt and equity ratio

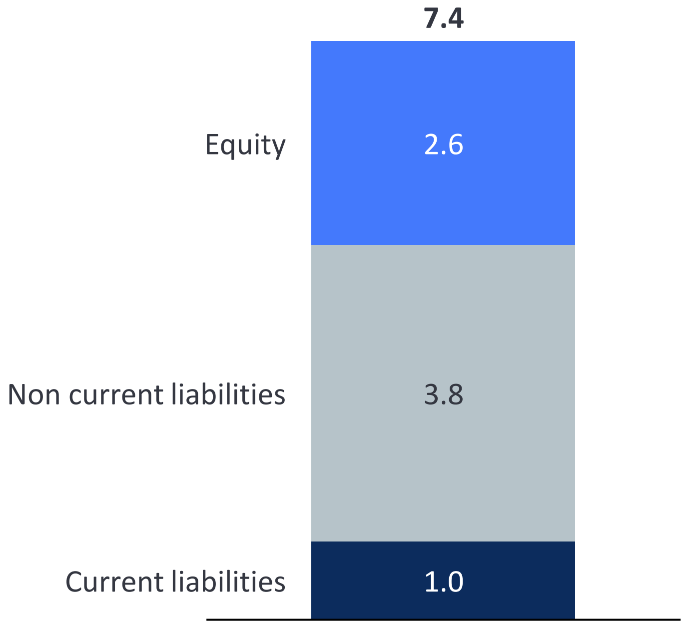
Balance Sheet 30.06.2020

USD billion

Assets



Equity & Liabilities



- Equity ratio 34.4% stable from last quarter
- Provisions increased by USD 55 million related to updated estimates of customer claims
- Net debt stable

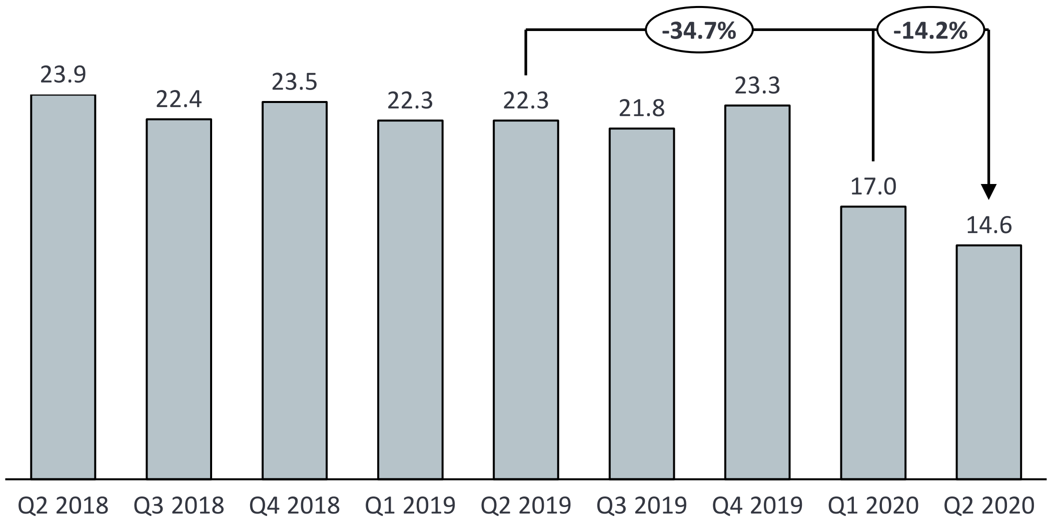
Market update

by Craig Jasienski

Auto sales down 34.7% y-o-y as Covid19 made its impact in NA and Europe

Global light vehicle (LV) sales per quarter[1)]

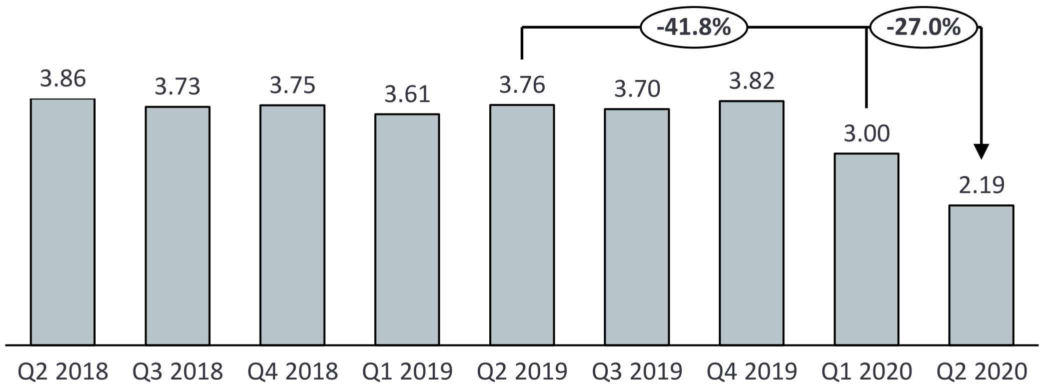
Units



- Total light vehicle (LV) sales in the second quarter decreased 34.7% y-oy and down 14.2% from the previous quarter as the coronavirus made its impact in NA and Europe and most other major auto markets while Chinese sales rebound

Global light vehicle (LV) export per quarter[1)]

Units



- Total exports in the first quarter were down 41.8% compared to the corresponding period last year, down 27.2% from the previous quarter

Source: [1)] IHS Markit [2)] LMCA Automotive

Deep sea share stable despite significant sales drop in 2020 caused by Covid19

Global LV markets update

LV Sales

IHS Markit assume 2020 global LV sales set at 70.1m for 2020, down 22% with downgrades across all major regions, and forecasts have stabilized since end April

Supply

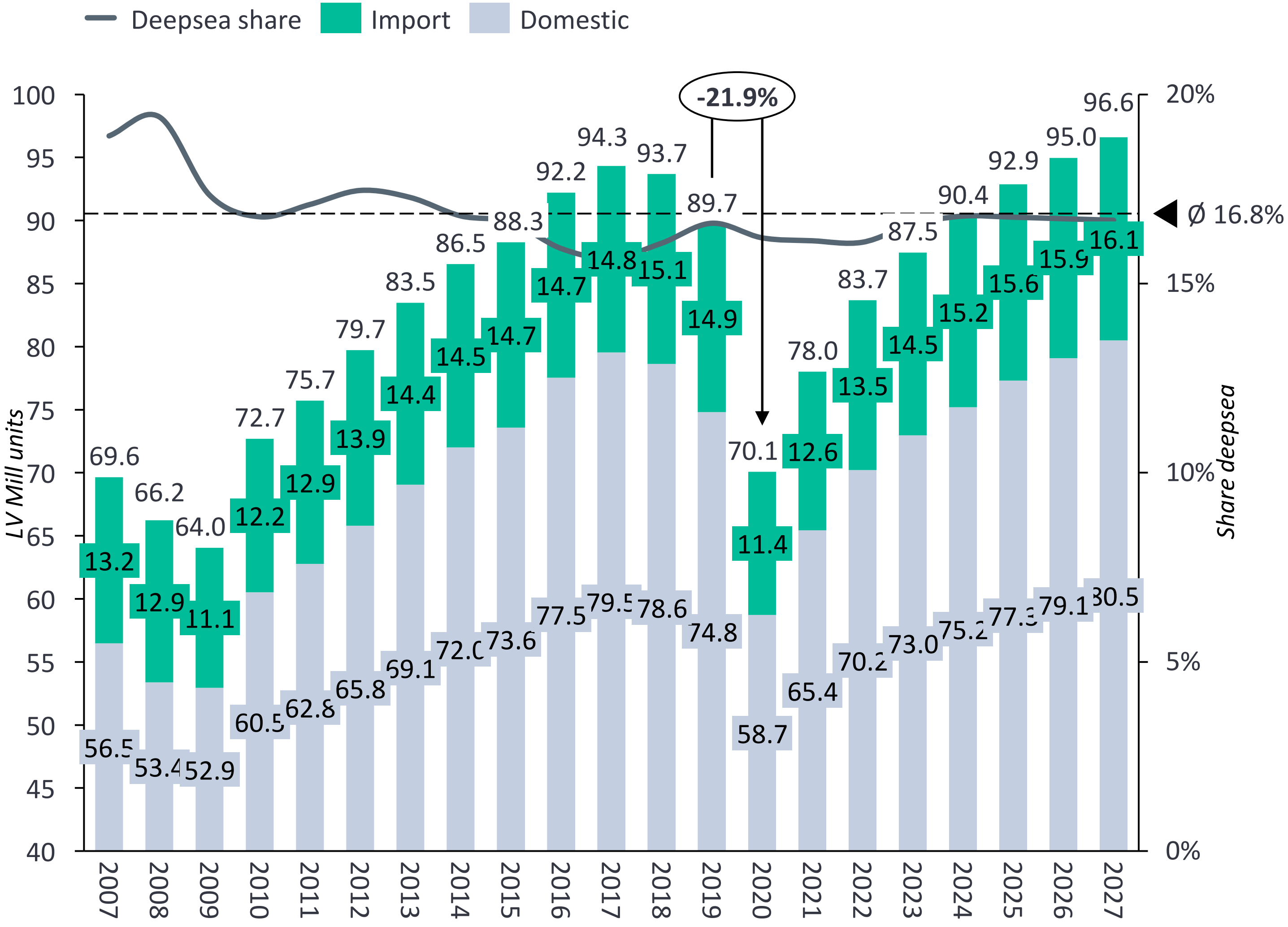
Temporary plant closures took place globally. Recovery seems to take a while as a stop-start rhythm prevents efficiency, slow bands and tricky new health protocols

Deepsea trade

IHS Markit assume deepsea volume to see decline from 14.9m in 2019 to 11.4m in 2020, equal to a drop of 23%, however recover quicker than domestic produced volume

Demand

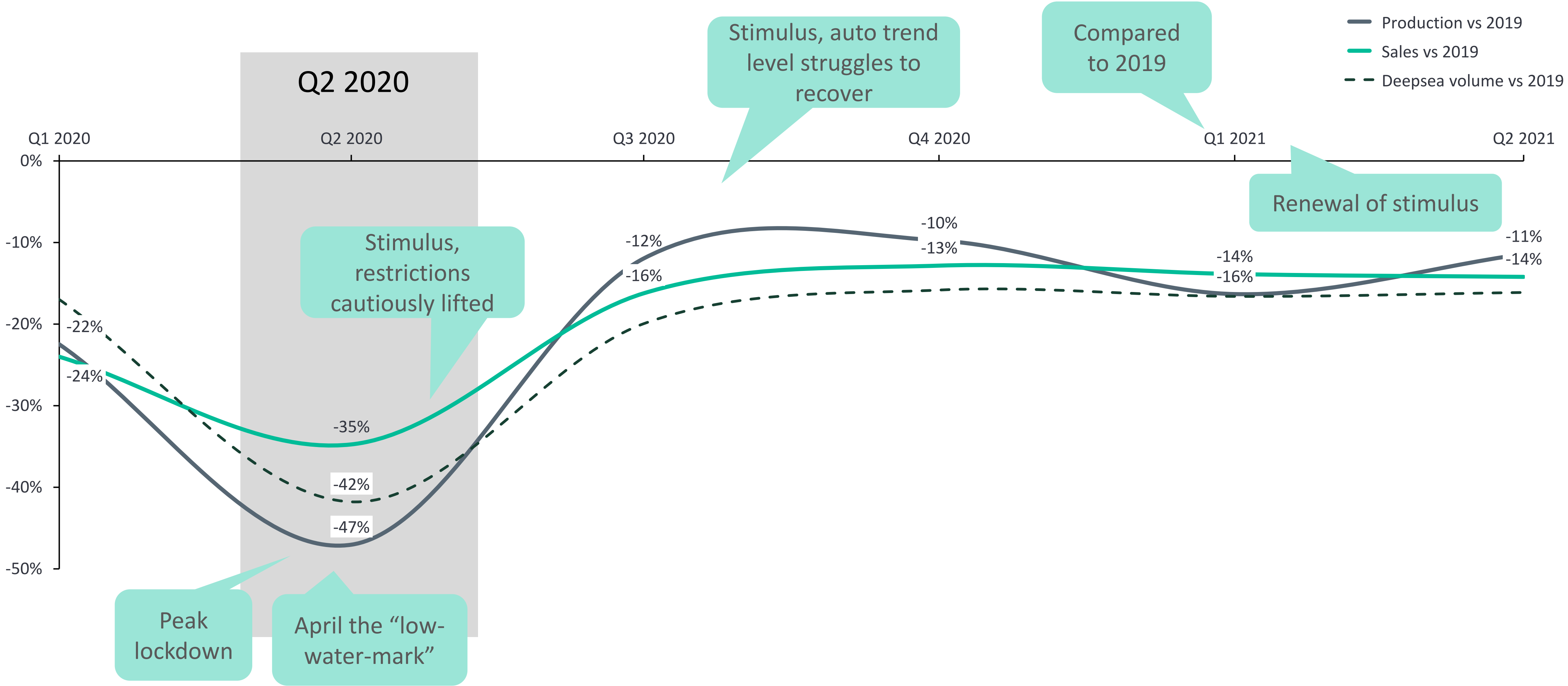
Uncertainty to how fast consumers will turn back to dealers, governmental stimulus such as tax breaks, "cash-for – clunkers" e.g. might contribute to rebound



Source: IHS Markit / Market Insight Wallenius Wilhelmsen

Production dropped more than sales during Q2 and expected to catch up

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



Source: IHS Markit / Market Insight Wallenius Wilhelmsen

H&H sales expected to rebound in 2021-22 after a sharp decline in 2020

Global H&H markets update

Machine utilization up

Machine utilization across North America and Europe rebounded towards the end of Q2, as construction sites were gradually reopened

Adjusting to a «new reality»

Several OEMs have lowered production levels due to softer demand and dealer inventory destocking

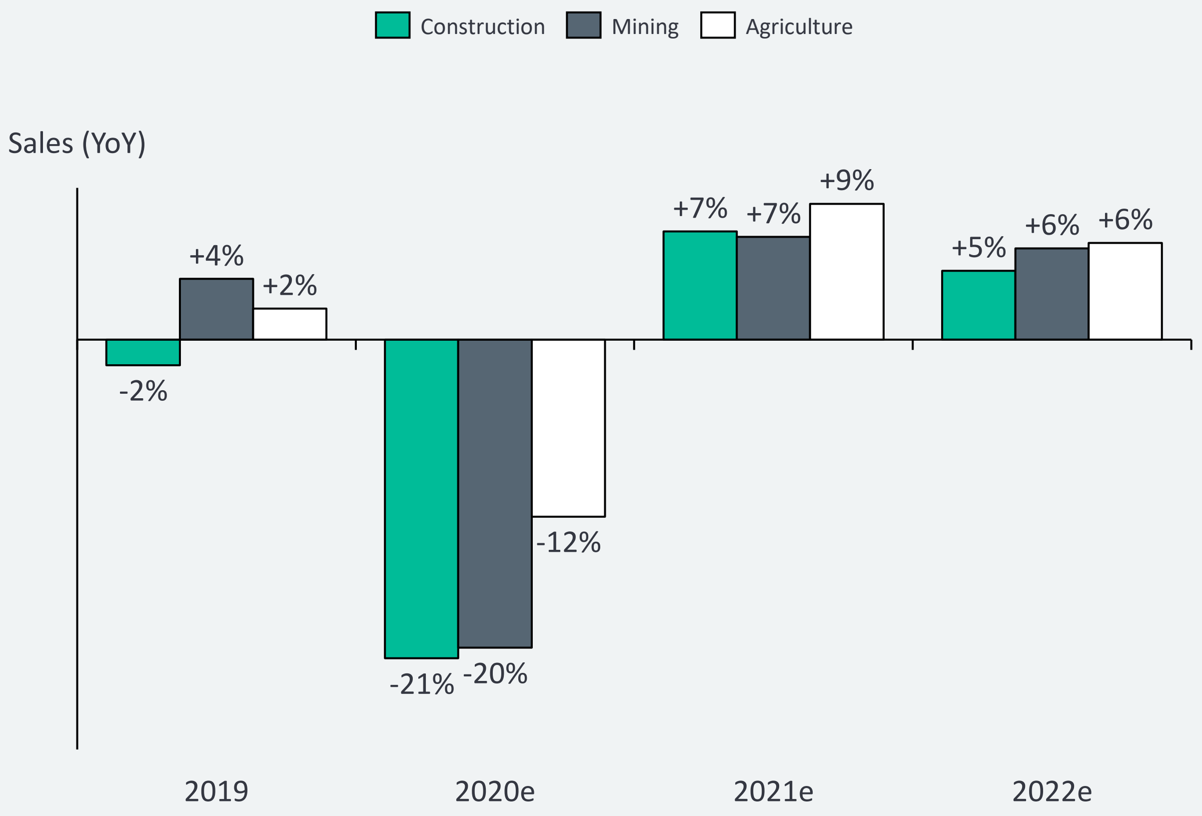
Government stimulus

Stimulus packages aimed at reinvigorating the construction industry and wider economy is expected to contribute to a faster recovery

Rebound on the horizon

Bottom in global HH trade expected to be reached in Q2 '20, with a gradual recovery expected from Q3 '20 according to IHS Markit[2]

OEM analyst consensus sales estimates[1]



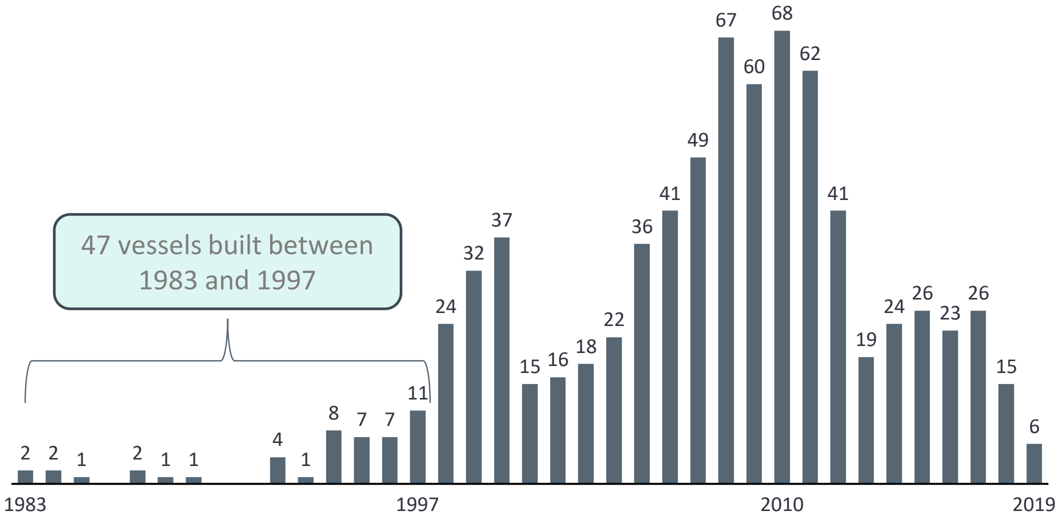
Source: [1]Factset (04.08.20) | OEM Revenue Consensus Estimate (y-o-y). Construction: Volvo, Caterpillar, CNH, Komatsu, Hitachi, Deere, Terex, Doosan Infracore. Mining: Sandvik, Caterpillar, Hitachi, Epiroc. Agriculture: AGCO, CNH, Deere. Sales in construction/mining/agriculture equipment divisions only [2]IHS Markit | Global Trade Atlas Forecasting (Base case), Global agriculture and construction machinery exports (Trade Value, Real 2015 USD)

Deep sea fleet adjusting to the market situation

Increase in recycling

Vessel age distribution

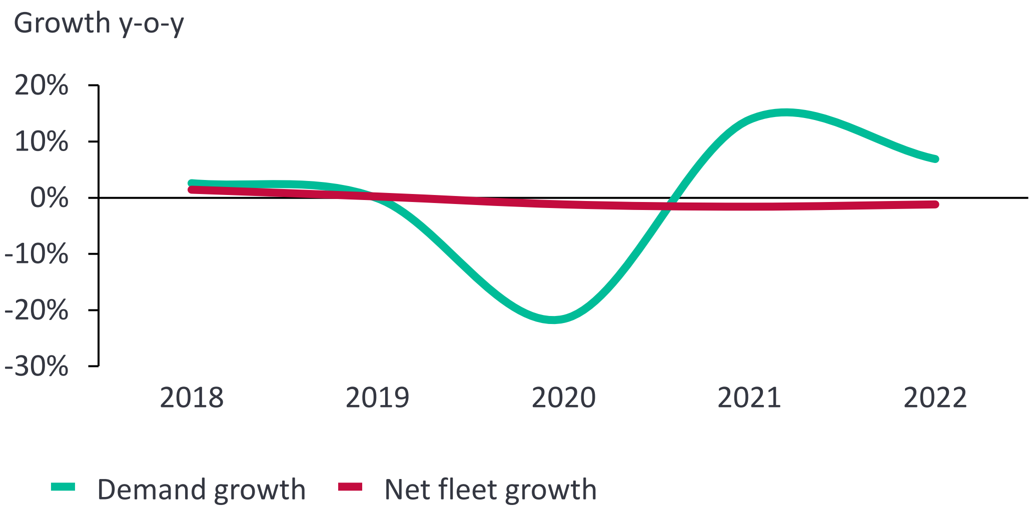
vessels for seaborn LV and HH transport



- 9 vessels recycled in the quarter, 15 so far this year
- No new orders and one delivery in the quarter
- Orderbook at 14 vessels*

Fleet and demand growth

Percent



- Deep-sea shipments forecasted to decline significant in 2020 before picking up
- Increased recycling/scrapping and low order activity leads to a reduction of fleet in 2020 and forward
- Today around 20% of fleet is idling / laid up

Source: IHS Markit / Clarksons Platou *for vessels above 4000 CEU

Outlook and Q&A

by Craig Jasienski

Focus on employees, customers, and the future

We continue to manage what we can control and have a solid plan for working through these trying times

Health and safety

- Focus on safe return to normal for operations and offices
- Social distancing, safe infrastructure and processes, working from home, mental health & wellness
- Supporting ship managers to enable safe crew changes

Operations

- Ocean: Dynamic vessel scheduling to match volume demand, slow steaming, reduced sailings, idling
- Terminals & processing centres: Ramping up workforce and capacity to meet demand

Commercial

- Working closely with customers to support immediate needs and forward expectations
- Long-term volume outlook remains uncertain
- Q3 volumes improvement over Q2, expect to be 25% below year on year

Future

- Exploring new service opportunities arising from current market needs
- Leveraging digitalisation opportunities for efficiency and revenue expansion
- Adapting Long Term Strategy to take advantage of new market opportunities

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Thank you!