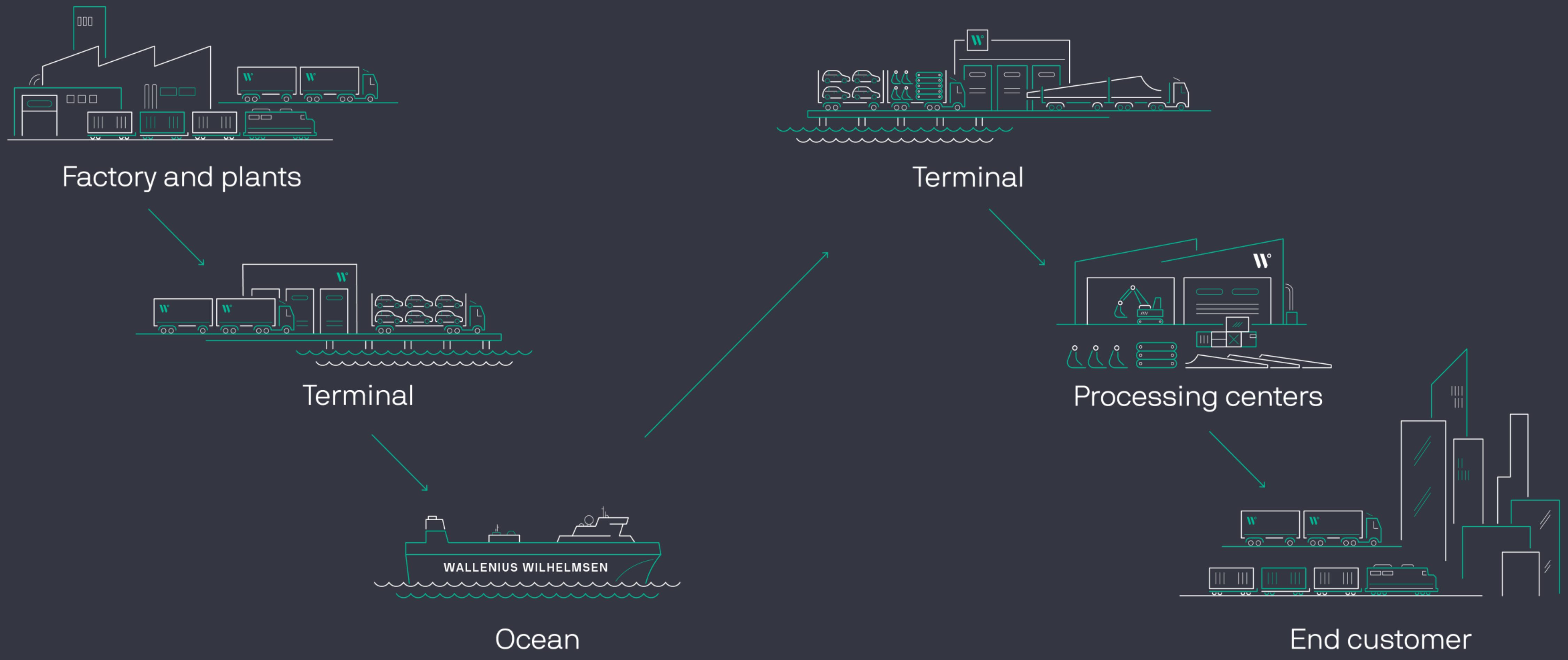
Wallenius Wilhelmsen

Wallenius Wilhelmsen ASA

Q2 2022

A world leader rolling equipment logistics



Highlights – Q2 2022

- Strong EBITDA of USD 311m on continued solid shipping results
- Cash position increased to USD 821m driven by solid EBITDA
- Lasse Kristoffersen joined as CEO
- Dividend installment of USD 38m paid to shareholders
- USD 950m in new debt with pricing linked to emission reductions

Wallenius Wilhelmsen

Agenda

1. Market update
2. Shipping update
3. Logistics update
4. Financial update
5. Sustainability update
6. Prospects and Q&A

LV sales still expected to increase next year despite cooling economy and consumer sentiment

LV SALES

YoY Q2-22 (unit growth) **-13.0%**

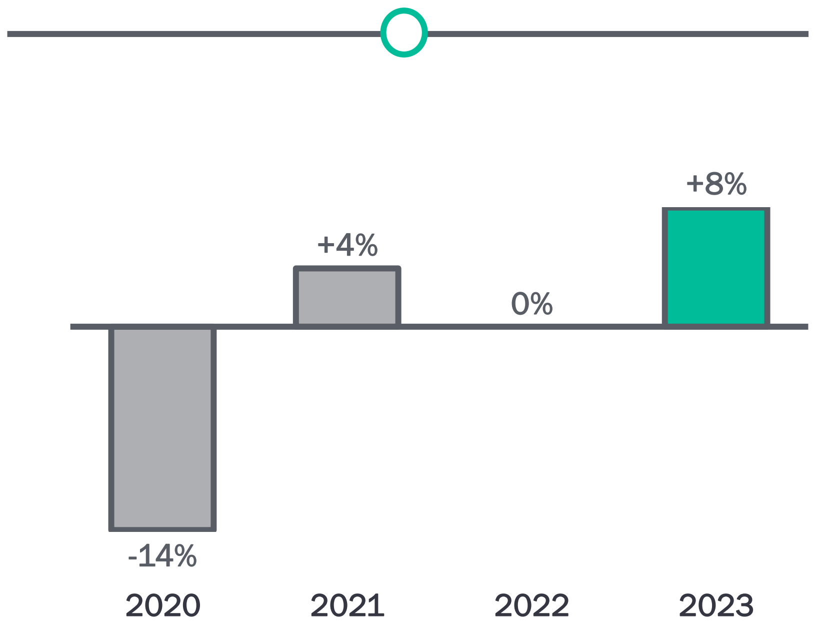
- **The global economy under pressure** by increased inflation and interest rates
- Expect LV sales figures for 2022FY to increase
- **Global LV sales do not reflect the underlying demand** from consumers
- On the supply side **production does not hold up due to supply chain constraints**

LV DEEPSEA

-15.8%

- Semiconductor shortage holding back production as:
  - **More advanced vehicles**
  - **Competition** from durable goods
  - **Long lead-time** to ramp up capacity
- **Availability of semiconductors becoming better** and expected to improve

LIGHT VEHICLE SALES OUTLOOK



Source: S&P / Market Insight Wallenius Wilhelmsen.

Machinery demand remains strong as global export volumes inch up to all-time high

CONSTRUCTION

YoY Q2-22[1,2] (unit growth) **+3.7%**

- Slowing **construction activity** amid economic slowdown
- Cooling **builder sentiment**
- Slowing **retail volumes** on availability issues
- All-time high **machinery exports**
- Moderating **order growth**
- Low **equipment inventories** despite some pickup

MINING

+25.9%

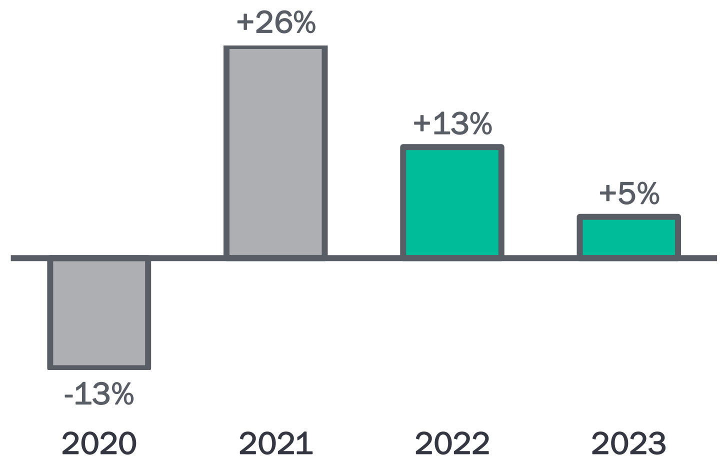
- **Metal prices** above historic average despite recent pullback
- Uncertain **demand prospects** amid economic uncertainty
- **Miner profits** ahead of super-cycle peak
- Positive **miner capex** outlook
- Continuing **machinery replacement demand**

AGRICULTURE

-4.1%

- Historically high **commodity prices** despite recent moderation
- **Farm margins** under pressure from cost inflation
- Cooling industry **sentiment**
- Moderating **equipment sales** on limited availability
- Depleted machinery **stocks** and robust **order backlogs**

EQUIPMENT PRODUCER SALES OUTLOOK[3]



Source: [1]IHS Markit | World construction & agriculture equipment exports (avg. equipment value >20 kUSD) (Units last 3 months, YoY) per May 2022. Data is limited to countries having reported customs data as per August 3rd, 2022..[2]Parker Bay | Large Mining Equipment Deliveries (Units last quarter YoY). [3]Factset Data and Analytics (August 10th, 2022) | OEM revenue consensus estimates per calendar year (USD). Constituents: Volvo, Caterpillar, CNH, Hitachi, Deere, Terex, Doosan, Sandvik, Epiroc and AGCO. Estimates include sales of constr./mining/agri. equipment only

Tight tonnage situation - limited recycling and moderate but increasing orderbook

New orders have a lead time of 3-4 years. Easing of current supply chain inefficiencies will add capacity

GLOBAL FLEET*

End Q2
(end Q1)

#43 (43)

vessels built between 1983 and 1997

#75 (51)

vessels in orderbook

94% (94%)

fleet utilization rate in 2022

Source: Clarksons Platou, *for vessels above 4000 CEU, Utilization rate calculated on the basis of total global fleet (supply) and vessel capacity (demand)

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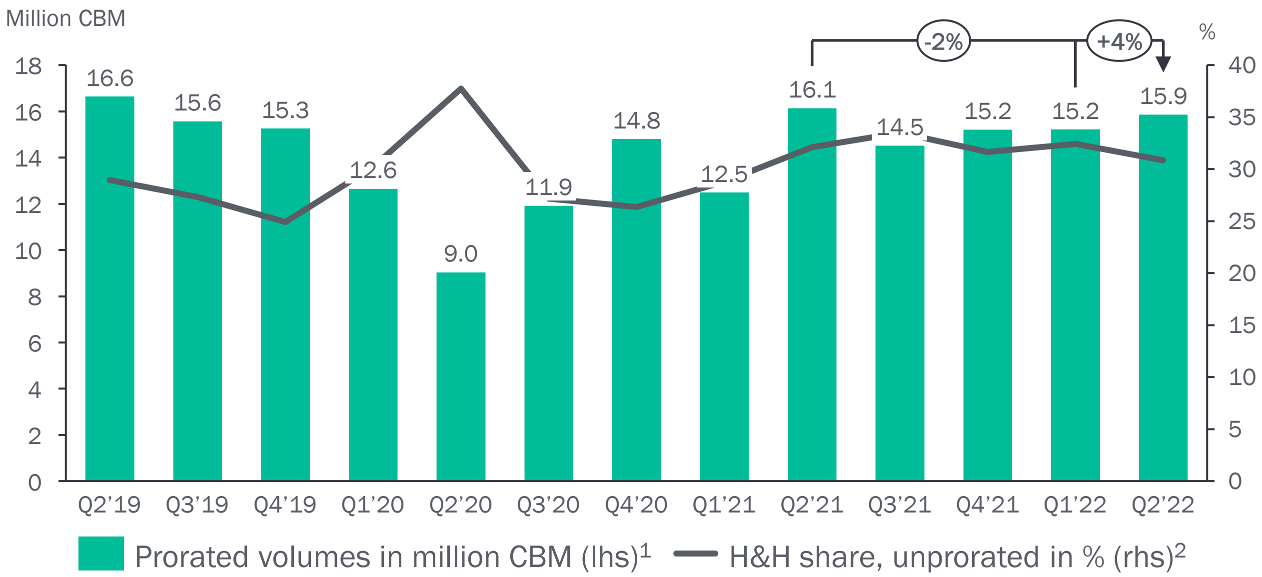
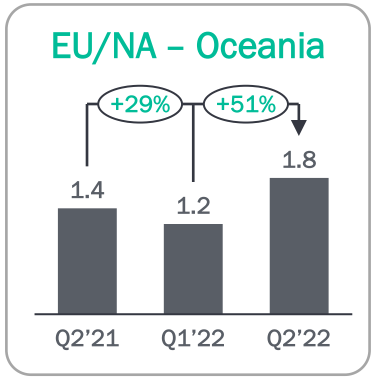
Shipping update

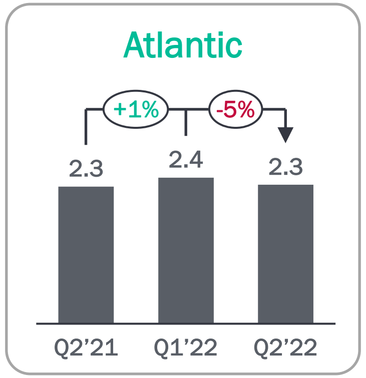
Shipping volumes up 4% QoQ despite challenging operating environment

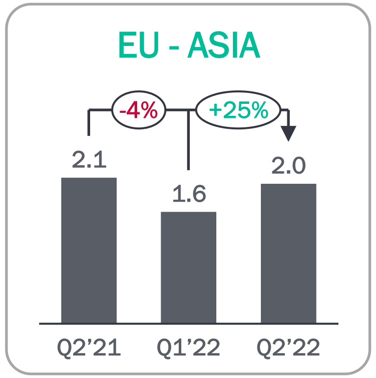
Shipping services volumes and cargo mix

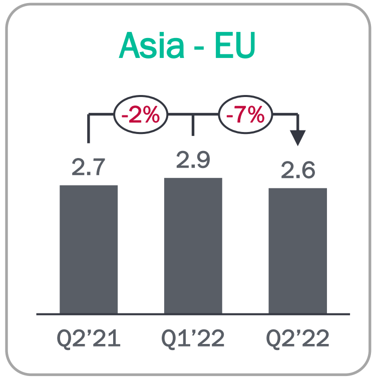


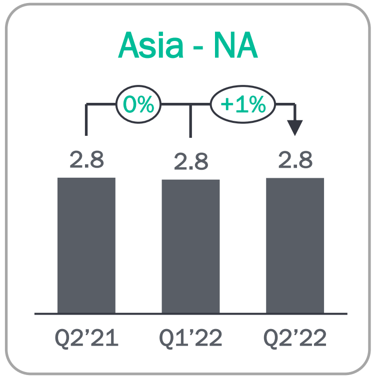
- Volume growth mainly from exports out of Europe and US
- Port congestions creates significant disruptions, we work hard to mitigate the impact to our customers
- Net freight rate is strong at USD 50.8 per cbm, slightly down QoQ due to weaker trade mix and cargo mix
- Cargo mix (H&H share) at 31% Q2, down from 32% in Q1











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*

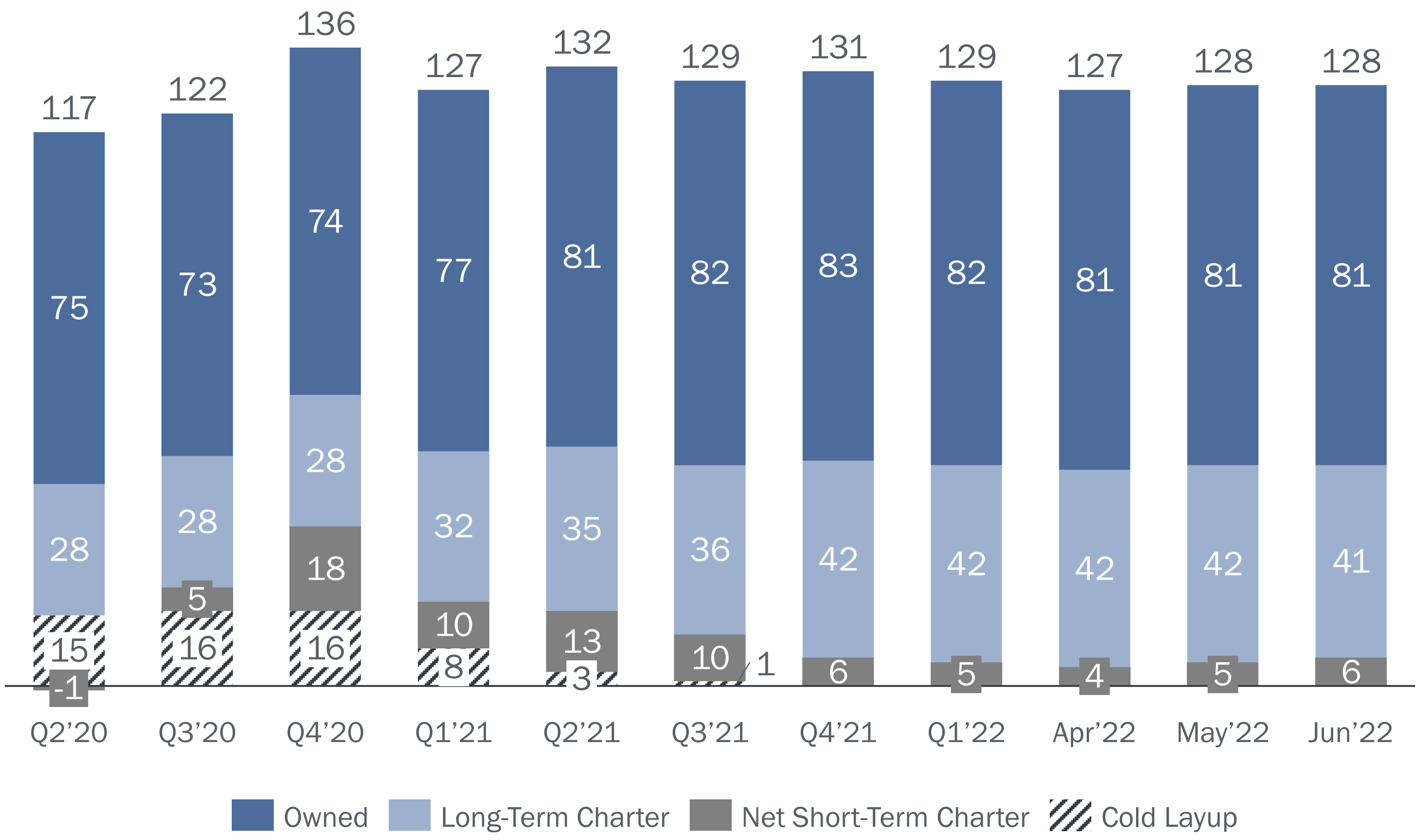
2) *H&H share calculated based on unprorated volumes, i.e. volumes loaded onto vessels during the quarter*

Stable fleet development in Q2

Fleet capacity

- Total fleet at 128 vessels
  - Sale of 25-year old vessel
  - Marginal increase of short-term charters
  - Redelivery of one long-term charter
- No further newbuildings on order
- Limited exposure to tight time charter market

Fleet composition[1]



1 Controlled fleet + net short-term charters in # of vessels. Vessels in cold layup included owned and chartered vessels

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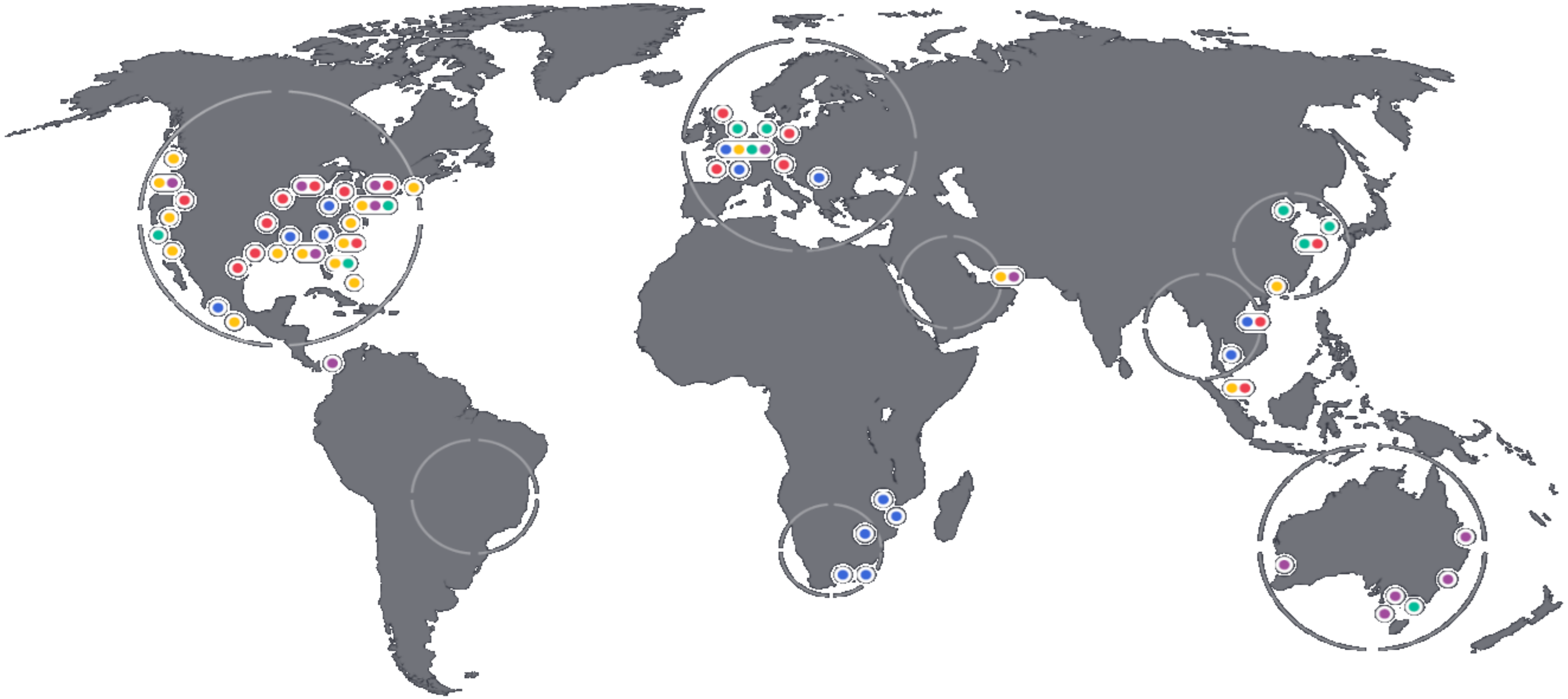
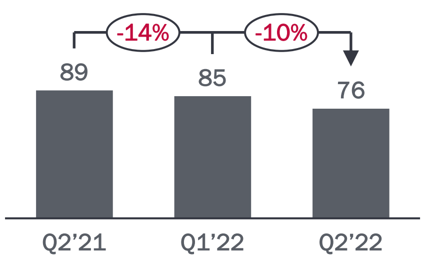
Logistics update

Volumes declined on continued supply chain issues due to parts shortages

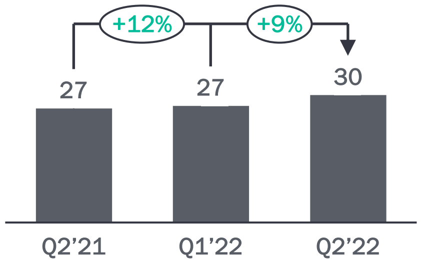


- Auto decreased revenue at ports and plants due to parts shortages
- H&H revenue increased on strong volume, accessorization and storage
- Terminal revenues decreased as congestion led to fewer vessel calls
- Inland revenue increased with higher trucking volume

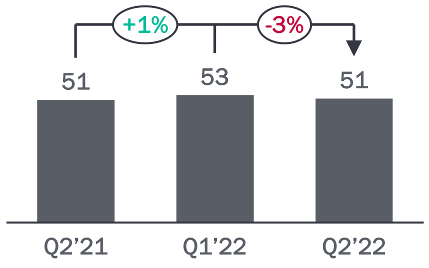
Auto
Revenues (USDm)



H&H
Revenues (USDm)



Terminal
Revenues (USDm)



Inland
Revenues (USDm)

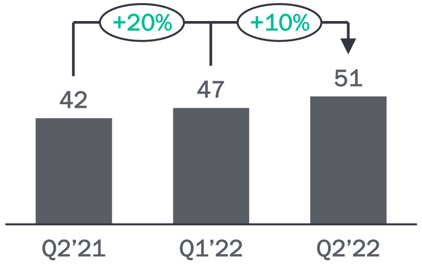
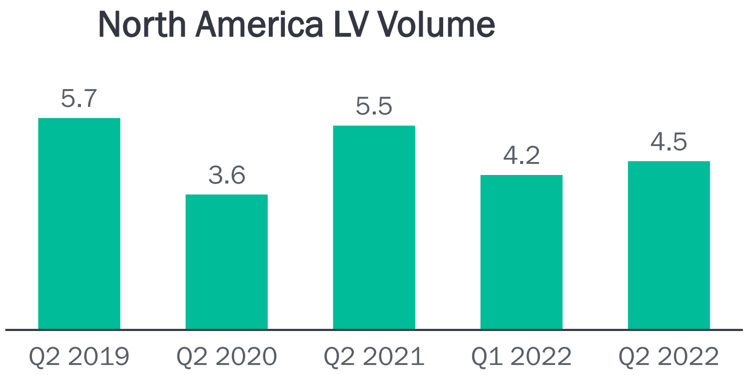


Illustration shows WW Logistics locations: OEM/In plant VPC, VPC, OEM/In plant EPC, EPC, Terminals, Inland Transportation

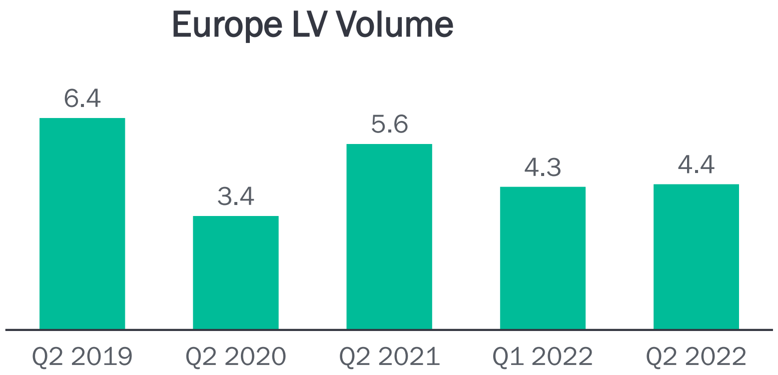
Chip shortage continues to impact key logistics market, while negative global economic developments might reduce the pent-up demand

Units per quarter in millions

LOGISTICS – key markets for Light Vehicles



- Low unemployment rates add pressure on wages and increased prices
- Still pent-up demand, however vulnerable as negative global economic development looms
- Semiconductor shortage contribute to tight supply
- OEMs prioritize most profitable vehicles and average price is record high
- Inventories at low levels



- Major sourcing issues leading to low production and inability to meet consumer demand
- War in Ukraine contributing to issues in supply chain, inflation, and lower disposable income
- OEMs focusing on low-emission vehicles leading to changed sales mix instead of increased volume

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

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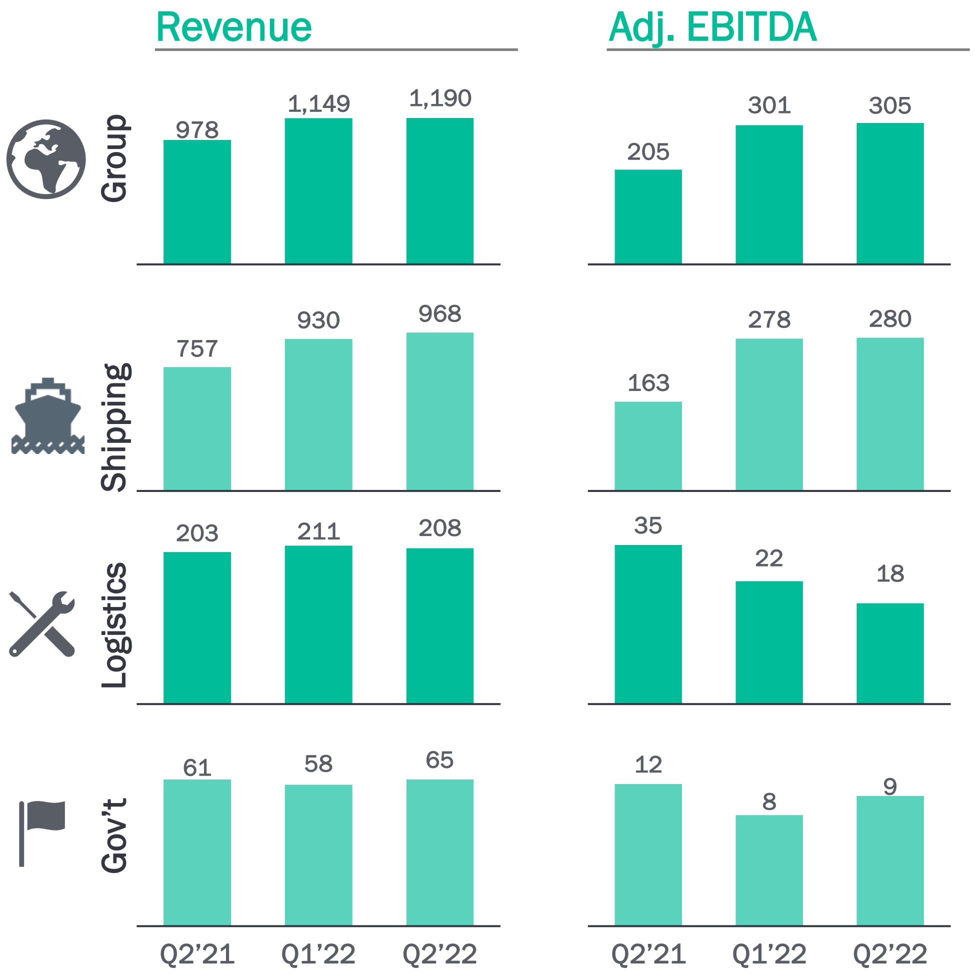
Financial highlights ◆ Q2 2022

(USDm, unless noted)



	Q1-22		Q2-22
Net profit	177	↘	126
Adj. EBITDA margin (%)	26.2%	↘	25.6%
Cash	759	↗	821
Net debt	3 294	↘	3 257

Adj. ROCE* (%)	Δ
8.9	Y +6.1
	Q +1.1

Equity ratio (%)	Δ
37.5	Y +3.0
	Q +0.1

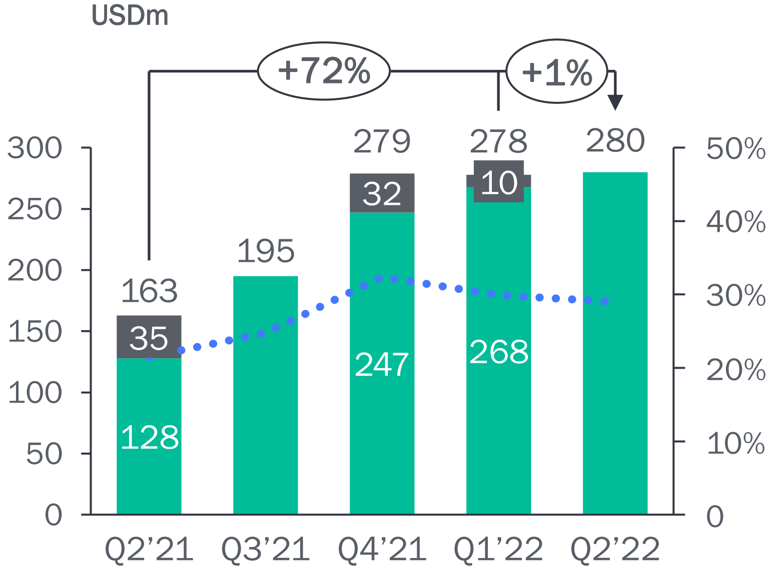
ND/Adj. EBITDA** (x)	Δ
2.9	Y -2.6
	Q -0.3

* ROCE calculated as last twelve months average, based on adj. EBIT

** Based on last twelve month adj. EBITDA

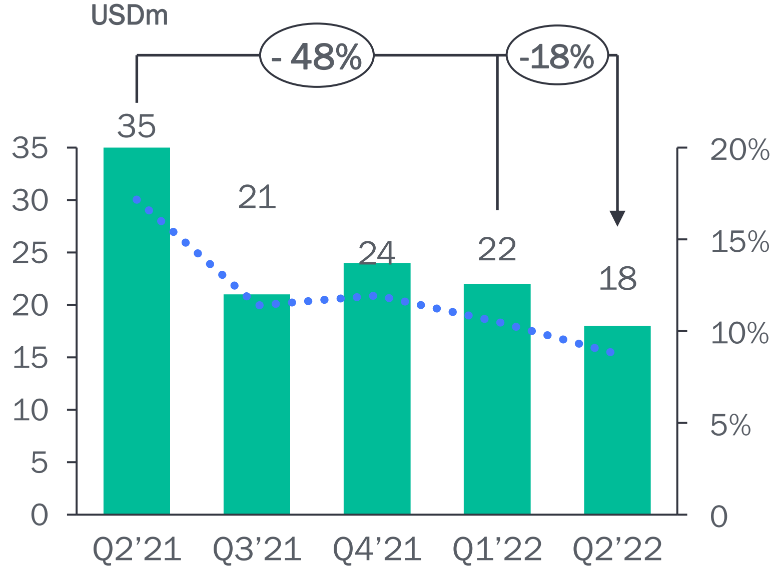
EBITDA margin remains high on solid shipping levels, flat government levels, though countered by logistics margins under pressure

Shipping – Adj. EBITDA [1]



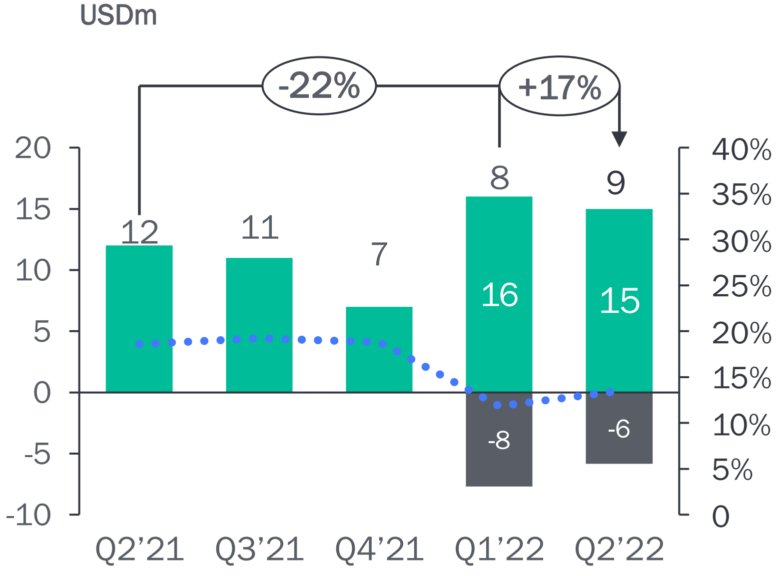
- QoQ EBITDA stable. Increased revenue offset by increased fuel expenses
- YoY EBITDA significantly up due to return of demand and rates

Logistics – Adj. EBITDA [1]



- QoQ EBITDA decreased mainly due to lower Auto volume and shift to lower margin business
- YoY EBITDA fell as volumes decreased due to parts shortages

Government – Adj. EBITDA [1]



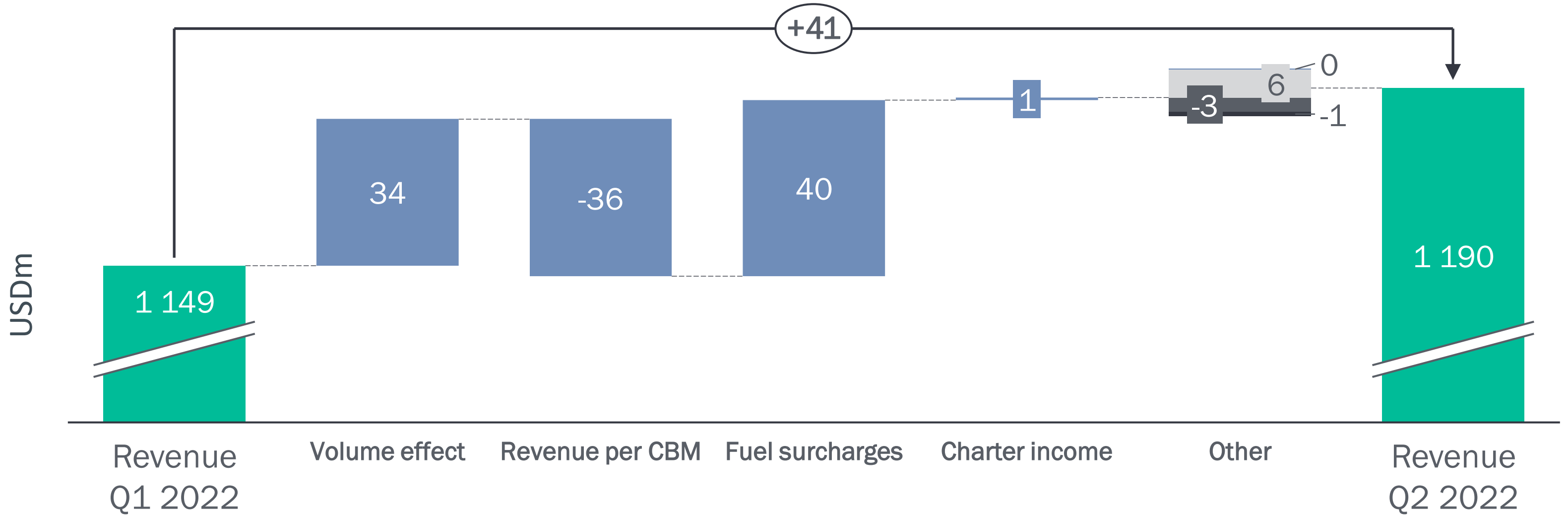
- QoQ EBITDA grew moderately; Improved U.S. Flag Cargo activity partly offset by increased fuel costs
- YoY EBITDA dropped, due to significantly higher fuel prices which more than offset increased revenues

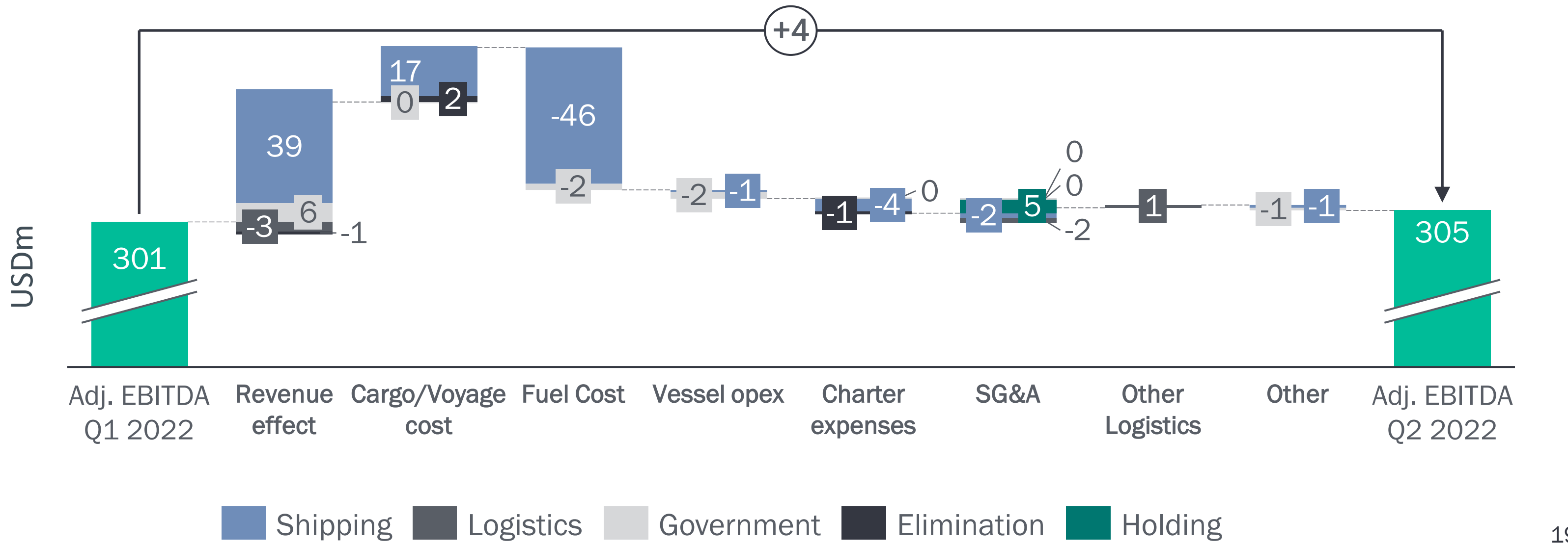
1) Adjusted for extraordinary items. Q4-21 and Q1-22 shipping and government adjustments related to vessel sales

Extraordinary items EBITDA EBITDA margin

Revenues increased QoQ, while adjusted EBITDA was flat on cost pressure

- **Revenue up USD 41m QoQ**
  - Volume effect offset by lower rates per CBM driven by trade and cargo mix
  - Fuel surcharges increase on the higher global oil prices
- **EBITDA[1)] up USD 4m QoQ**
  - Increase in revenues countered by increasing cost across the business
  - Fuel cost outweigh fuel surcharges



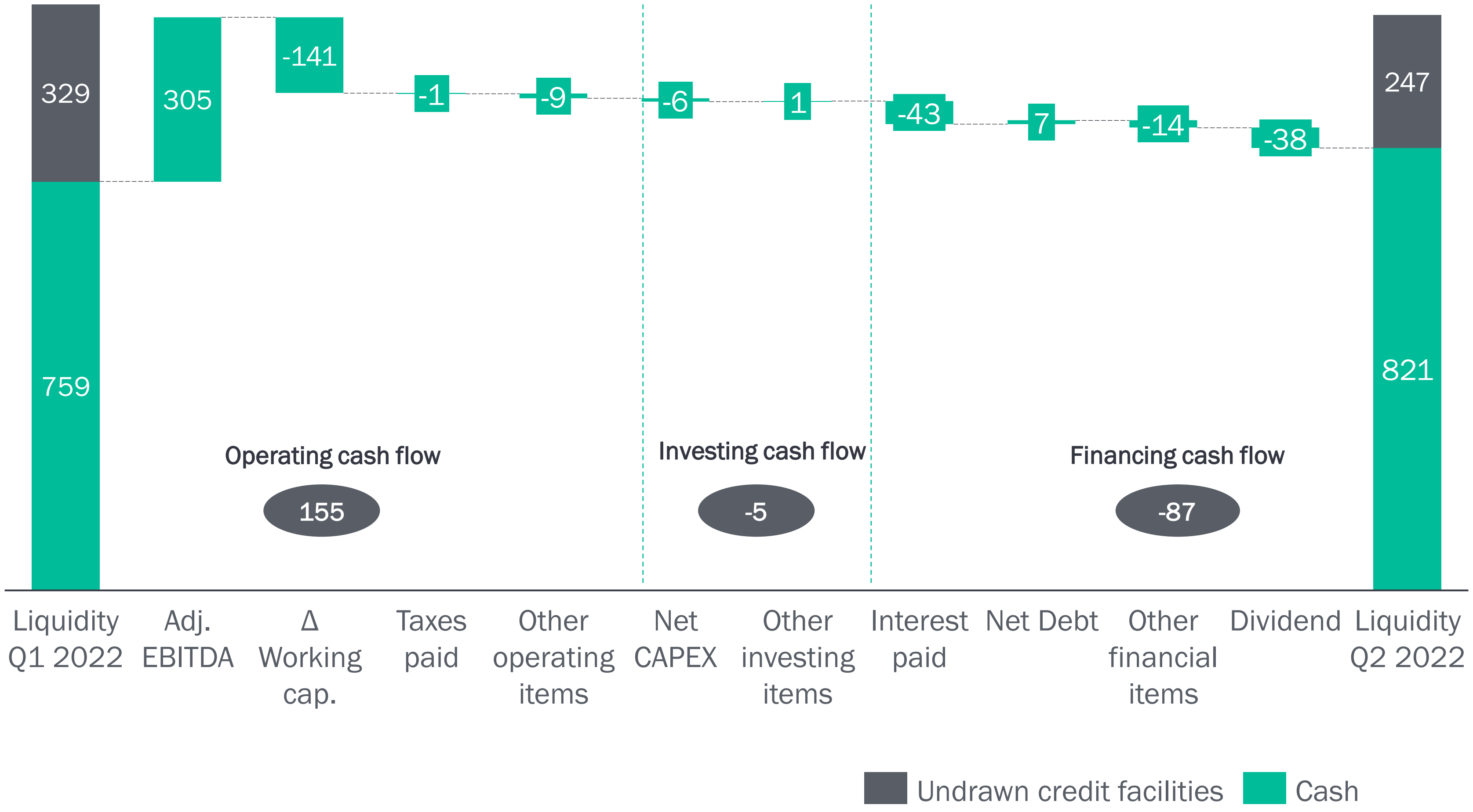


1) Adjusted for gain on vessel sale, USD -6m (Q1 -8m)

Cash increased by USD 62m driven by solid EBITDA. First dividend of USD 38m paid

Comments

- Working capital includes payment of USD 14m in customer settlements and fines
- Net capex includes:
  - USD 21m vessel sale proceeds
  - USD 15m in vessel maintenance
  - USD 10m for terminal expansion
- USD 38m paid in dividends, remaining USD 25m to be paid in November
- Unnecessary undrawn credit facilities reduced USD 82m



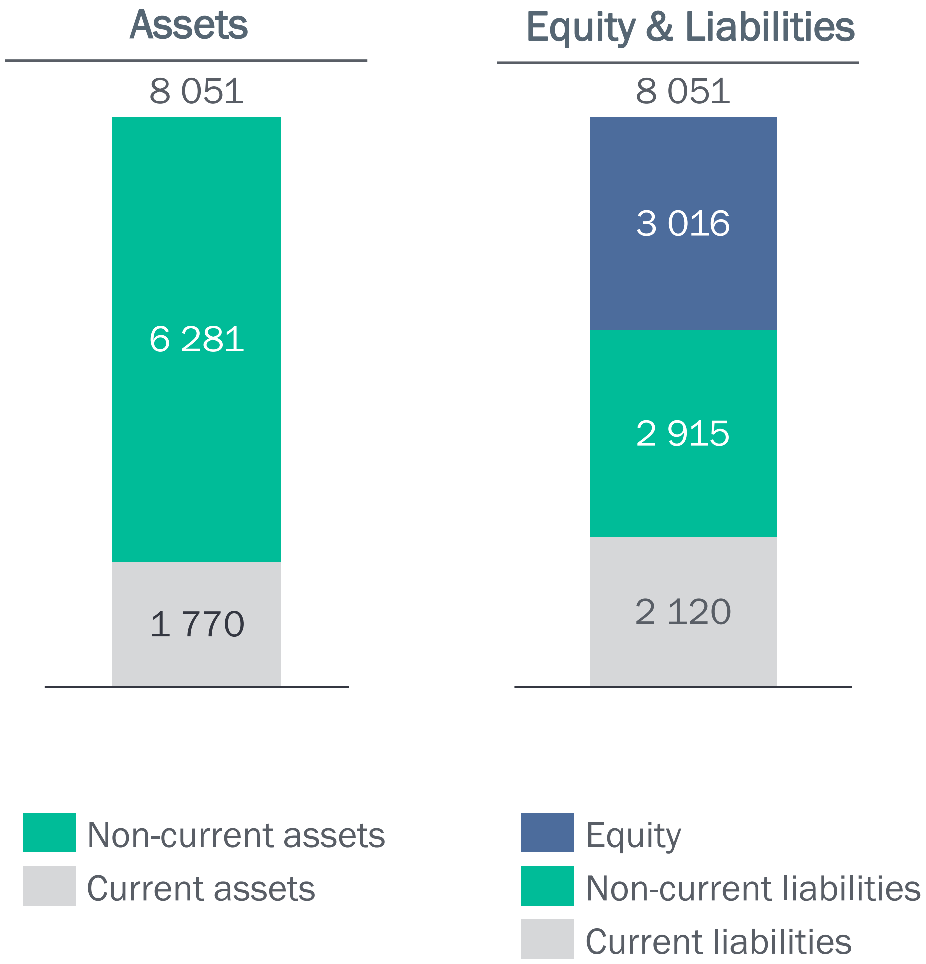
Solid balance sheet and strong liquidity position

Comments

- Equity ratio at 37.5%
- Net debt down to USD 3.26bn
- 2022 bond and bank maturities covered by signed refinancings
- Manageable 2023 lease and bank maturities to be refinanced next 12 months

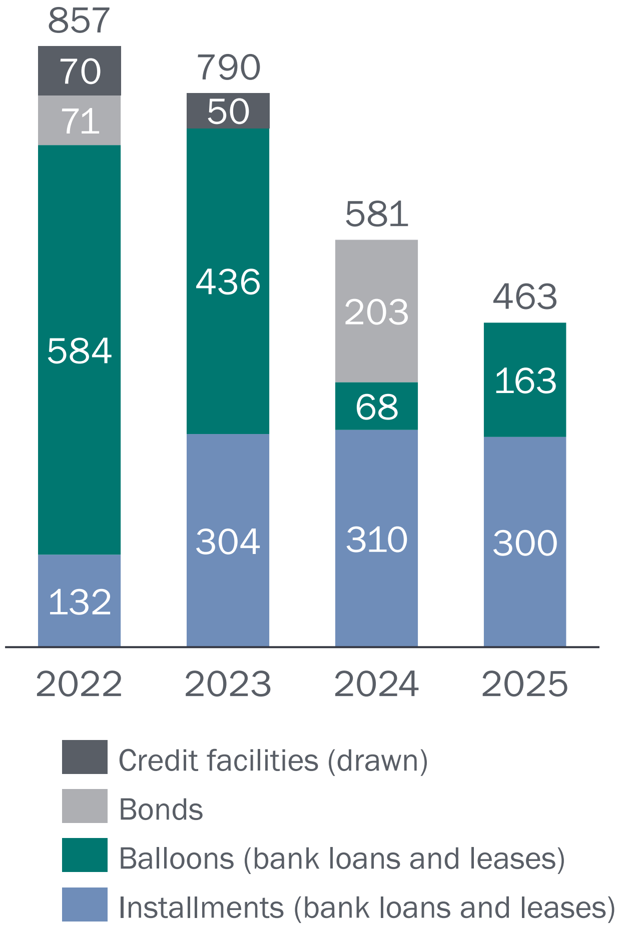
Balance Sheet (30-Jun-22)

USD million



Debt Maturity Profile

USD million



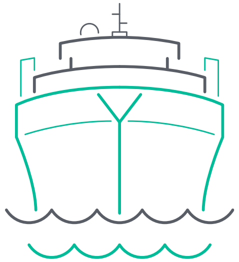
USD 800m in new flagship loans with pricing linked to the CO2 intensity target

USD 800m in loans

- 2 facilities with 11 banks at attractive terms and pricing
- 5.5/6.5-year tenors, including USD 270m of revolving credit lines
- For general refinancing of USD 569m of vessel debt and corporate purposes

Secured by 20 sailing vessels

- The loans are secured by 20 vessels with average age 12 years and total market value USD 1.4bn
- 5 additional vessels above the age of 20 years will become debt free, increasing the unencumbered asset pool to 13 vessels



Sustainability-linked pricing

- Target to reduce CO_2 intensity by 27.5% from 2019-2030
- Based on Sustainability-linked financing framework
- Pricing adjusted -/+ 0.05% per annum if we reach target /don't reach target

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New USD 950m in sustainability-linked debt – underlining commitment to carbon intensity target

- Our target is to reduce CO2 intensity by 27.5% from 2019-2030
- Our Sustainability-linked financing framework defines the KPI and annual interim targets to which we link our debt pricing
- For 2021, we reported a KPI of 5.89 average fleet CO2 intensity which did not meet our target of 5.80
- The reason for the shortfall was the increasing sailing speed and supply-chain disruptions

Principles of Governance	People	Planet	Prosperity
			

	Q1-22		Q2-22
Total CO_2 Million tonnes, Shipping and Government services	1.20	↘	1.09
CO_2 Intensity Grams per tonne km (EEOI)	32.2	↘	30.0
LTIF Shipping per million man-hours exposed	0.20	↗	0.46
LTIF Logistics per million man-hours worked	16.63	↘	16.32

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Prospects

We continue to expect the supply-demand balance in shipping to remain favorable over the mid-term due to the overall global fleet situation. Logistics volumes will benefit from gradual improvement of automotive parts supply expected during the latter part of 2022. This is expected to allow us to consolidate financial flexibility and help drive shareholder value creation in the absence of further volatility. Current disruptions to the global supply chains negatively impact the group and its customers.

Potential risks include negative global economic developments, further disruptions to the global supply chains, fuel cost volatility, labor cost and availability and further escalation of geopolitical tensions.

Q&A

Wallenius Wilhelmsen

Thank you