Wallenius Wilhelmsen

10 November 2020

Q3 2020
Quarterly presentation

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

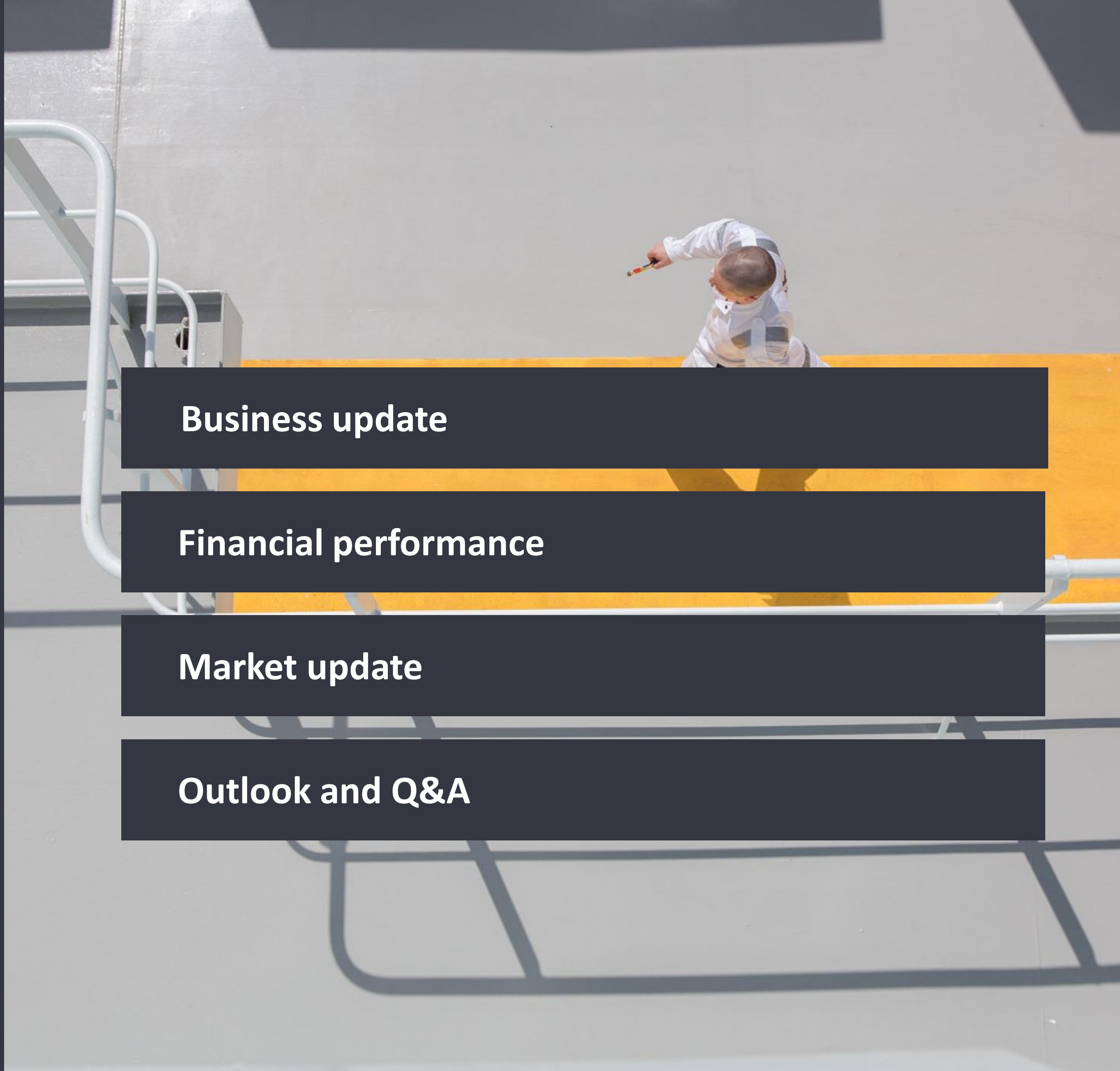
OUR PRINCIPLES

- 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 third quarter 2020

- EBITDA of USD 152 million, up from USD 104 million adjusted EBITDA in Q2
- Volumes and revenue still impacted by the ongoing COVID-19 pandemic
- Early and broad actions have helped support earnings and cash position
- Ocean volume down 23% YoY, with auto volumes rebounding from Q2 lows
- Landbased revenue down 21% YoY, but EBITDA only down 5% YoY due to cost savings and efficiency gains
- USD 600 million in cash, up from USD 539 million in Q2, supported by measures taken, including deferred loan payments and bond issue in September

Agenda



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

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Business update

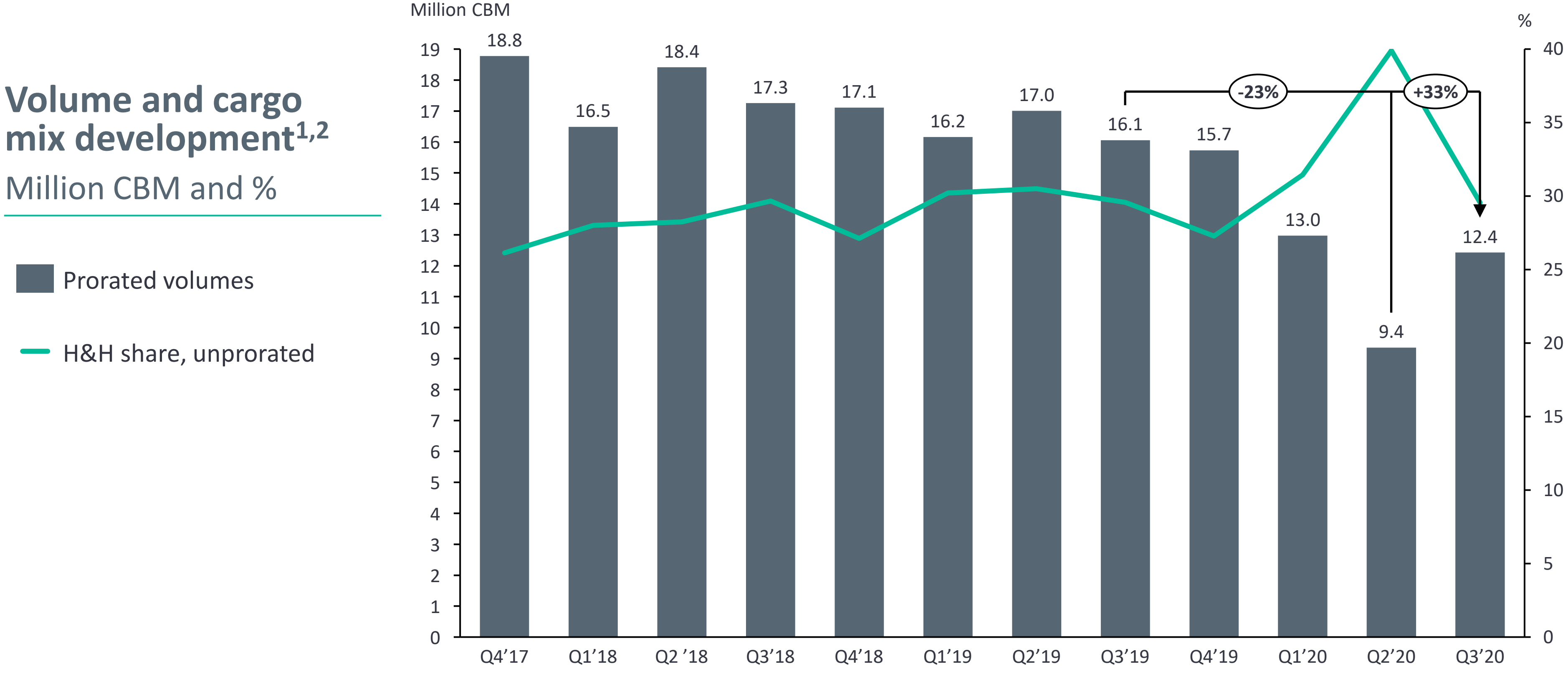
Craig Jasienski
CEO

Ocean volumes decline 23% YoY, up 33% QoQ

Strong rebound in un-prorated Auto volumes, increasing 80% QoQ

Volume and cargo mix development[1,2]

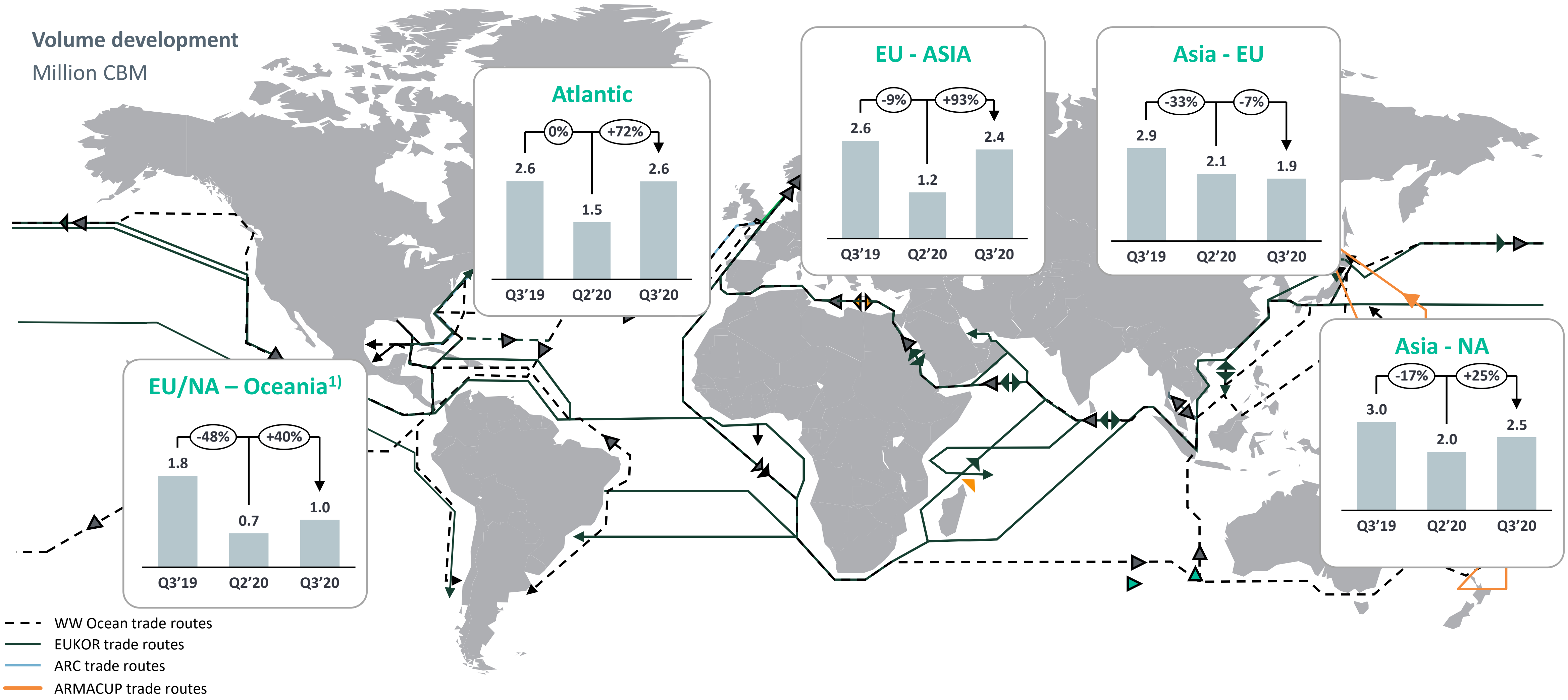
Million CBM and %



- Unprorated (loaded) volumes 17% below Q3 2019, up 54% QoQ
- Prorated volumes impacted by weak Q2 loadings and down 23% YoY, but up 33% QoQ
- Strong rebound in auto volumes, with unprorated volumes up 80% QoQ
- H&H share back to more normal levels at 29.6%

1) Total volume based on prorated volume (WW Ocean, EUKOR, ARC and Armacup), i.e. volumes are split between months based on the sailing period onboard the vessel
2) H&H share calculated based on unprorated volumes, i.e. volumes loaded onto vessels during the quarter

Volume development diverged between main trades



Note: Prorated volumes on operational trade basis in CBM

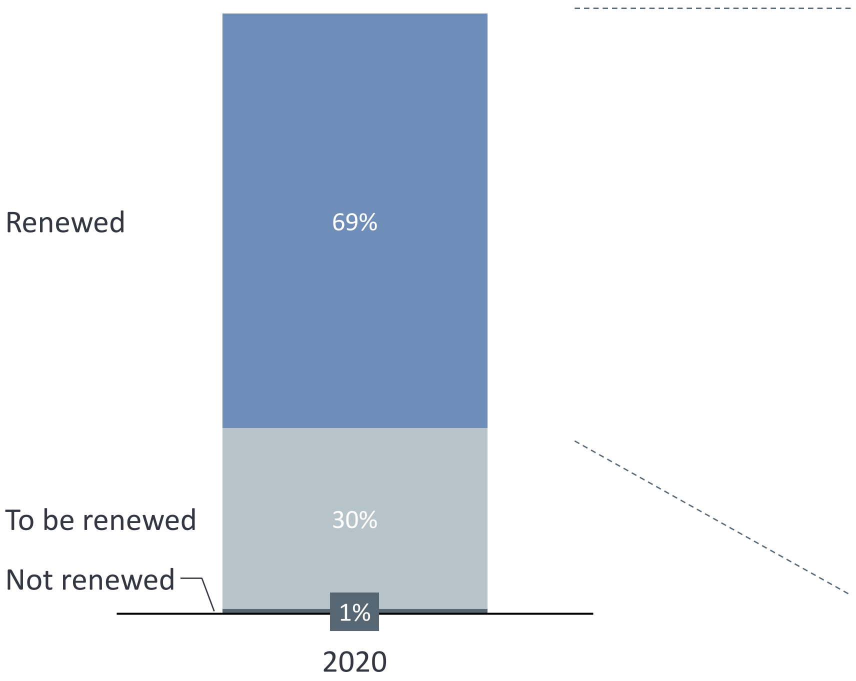
1) Including Cape sailings (South Africa)

Rate pressure increasing

Though few contract renewals in third quarter

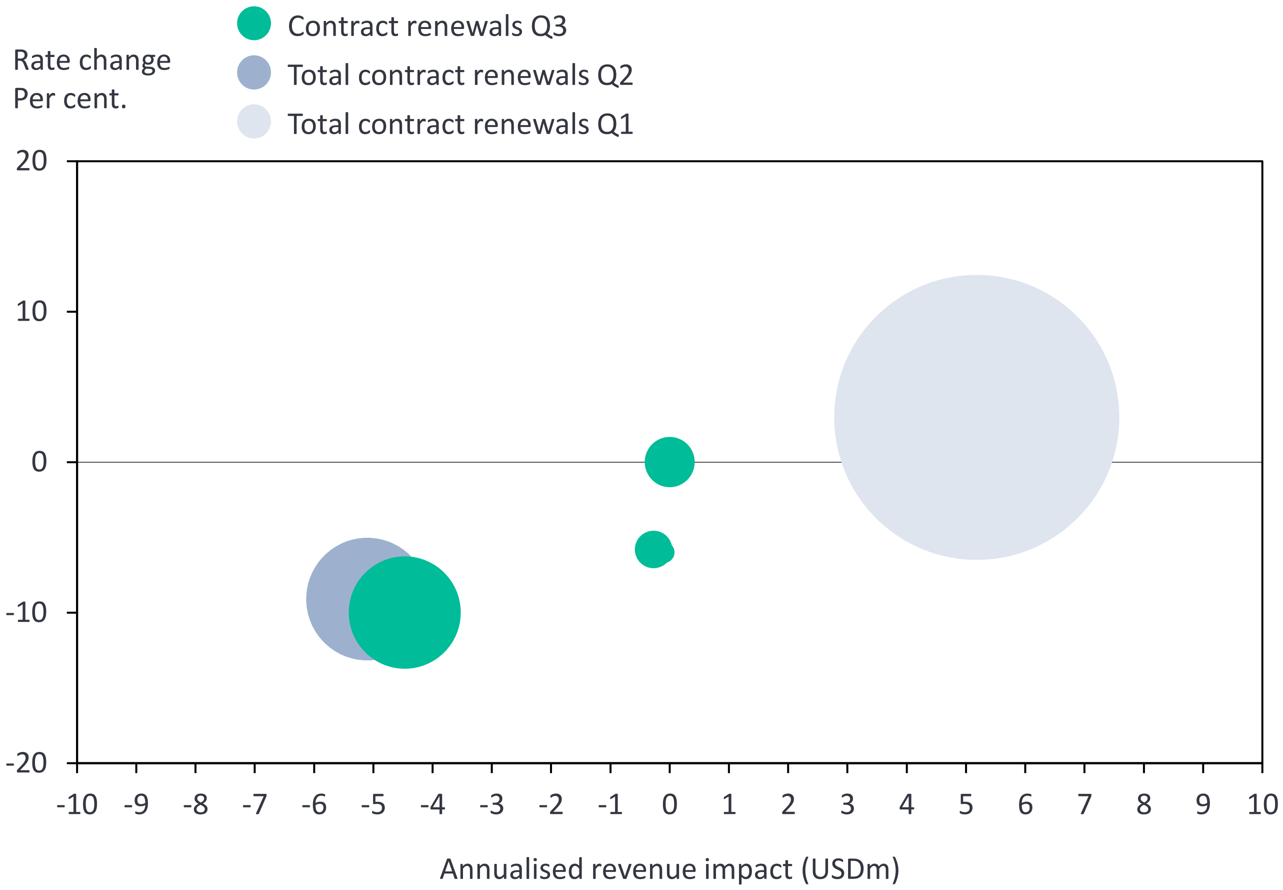
Overview of 2020 contract renewals

Per cent.



Rate changes and impact from 2020 contract renewals

(Circle indicates size of contract in millions)



Managing capacity

Exploiting short-term charter market to meet demand, vessels remain in cold lay-up for now

NEWBUILD DELIVERY

- Tannhauser delivered on 10 September

RECYCLING

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

COLD LAYUP

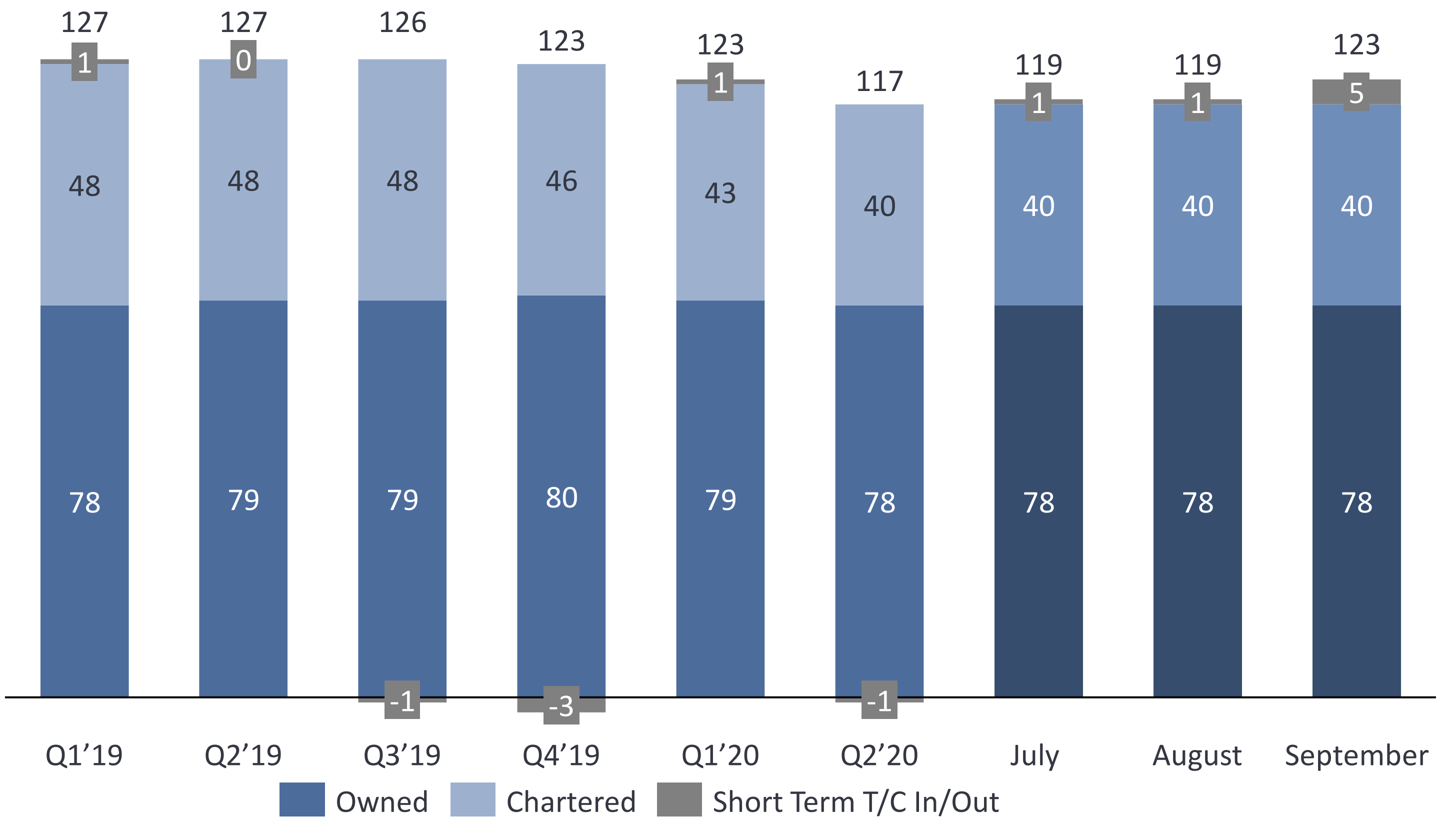
- Total 16 vessels in cold lay-up, incl. 15 vessels put in lay-up since May and 1 vessel that was in lay-up since last year
- Additional 5 vessels that were under evaluation will not go into cold lay-up

REDELIVERY

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

Fleet development[1]

of vessels



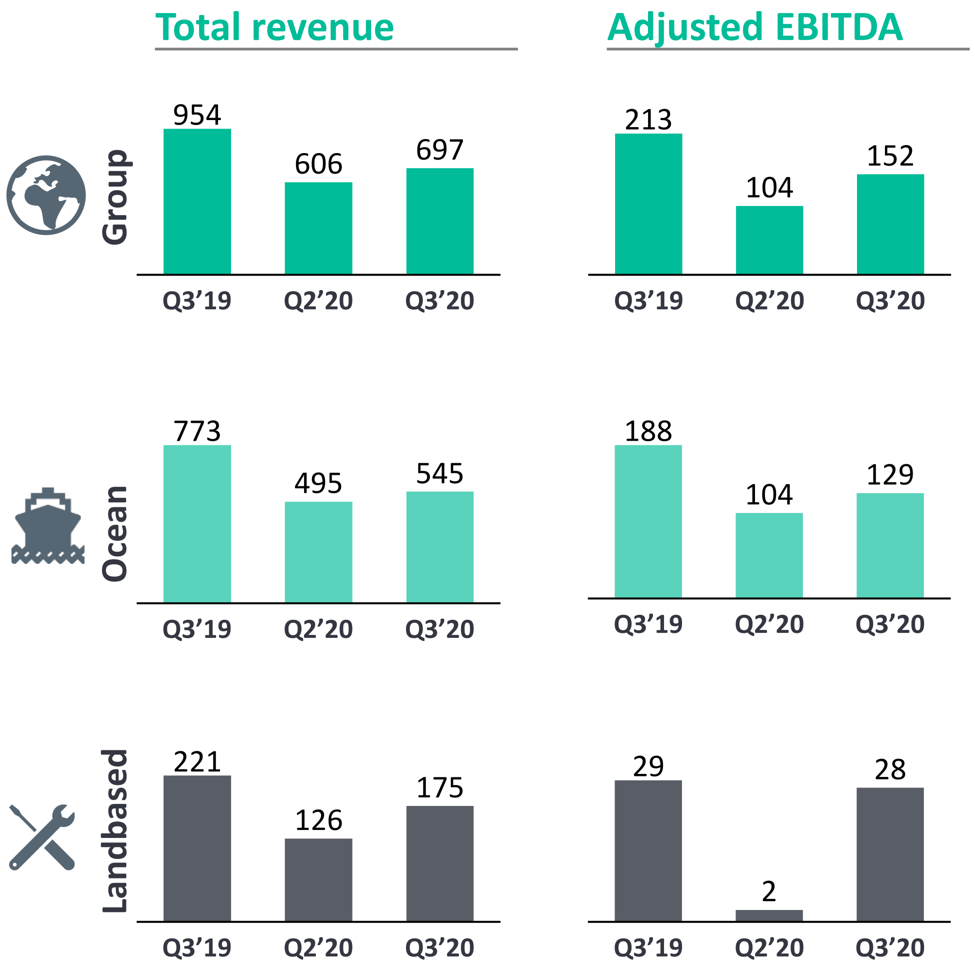
[1]Includes 16 vessels in cold lay-up

Financial performance

Torbjørn Wist
CFO

Financial highlights - Q3 2020

RESULTS (USDm)



CASH FLOW & BALANCE SHEET (USDm)

	Q2-20	Q3-20
Operating cash flow	229	145
Net CAPEX	15	68
Cash	539	600
Equity	2 561	2 564
Net debt	3 437	3 436

KEY FINANCIAL METRICS

		Δ Y	Δ Q
ROCE (%)[1]	2.5	-2.8	+5.2
EPS (USD)	0.01	-0.07	+0.16
Equity ratio (%)	34.0	-2.3	-0.4
ND/EBITDA adj. (x)[2]	5.9	+1.5	+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*

Group EBITDA 29% down YoY in line with lower volumes, recovering QoQ

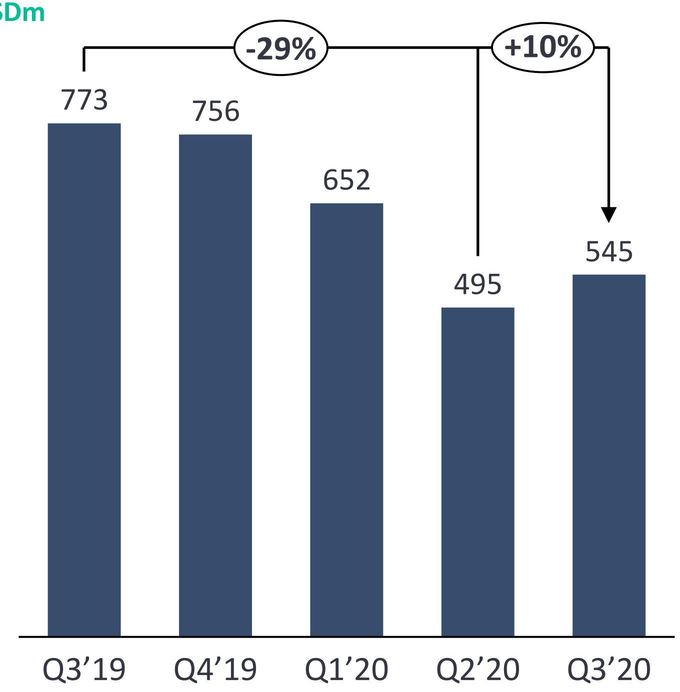
USDm	Q3 2020	Q2 2020	% change QoQ	Q3 2019	% change YoY
Total revenue	**697**	**606**	**15%**	**954**	**(27%)**
Operating expenses	(545)	(564)	(3%)	(741)	(26%)
EBITDA	**152**	**42**	**263%**	**213**	**(29%)**
EBITDA adjusted	**152**	**104**	**46%**	**213**	**(29%)**
EBIT	**40**	**(45)**	**n/a**	**94**	**(57%)**
Financial income/(expense)	(36)	(30)	20%	(72)	(49%)
Tax income/(expense)	0	6	n/a	14	(98%)
Profit for the period	**4**	**(69)**	**n/a**	**36**	**(88%)**
EPS	0.01	(0.15)	n/a	0.08	(85%)

Ocean EBITDA down 31% YoY due to lower volumes

Up 23% QoQ as volumes recover from Q2 lows

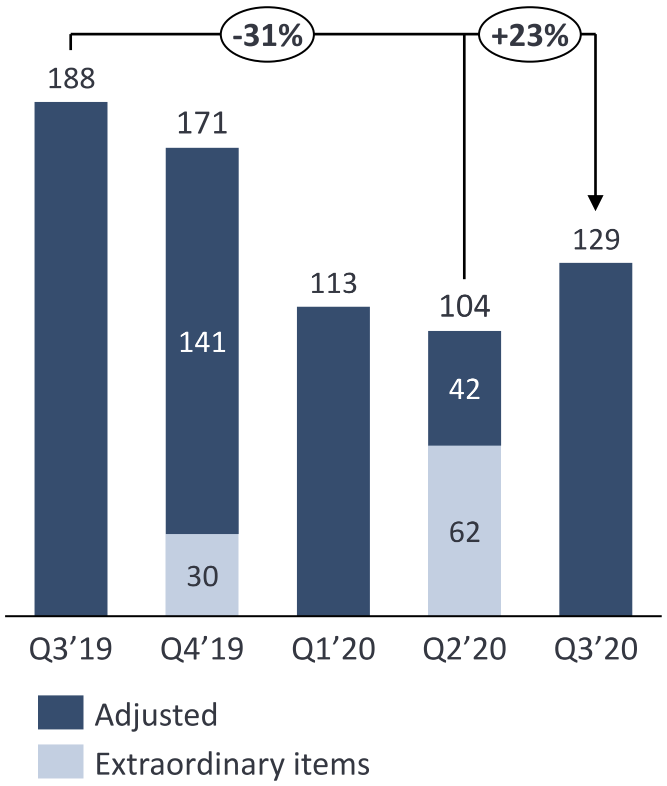
Ocean - Total revenue

USDm



Ocean – EBITDA (adjusted)[1]

USDm

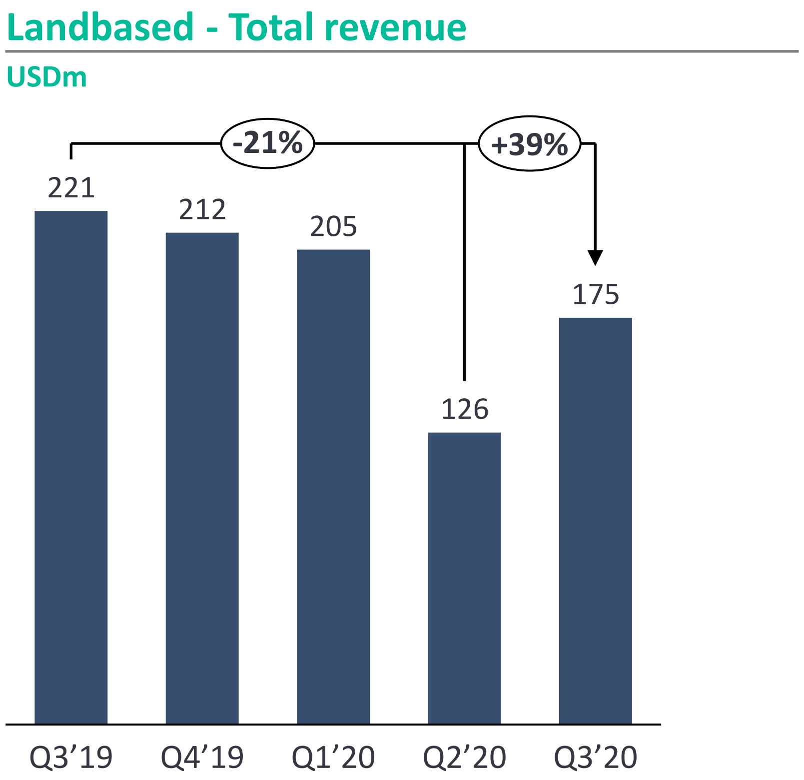


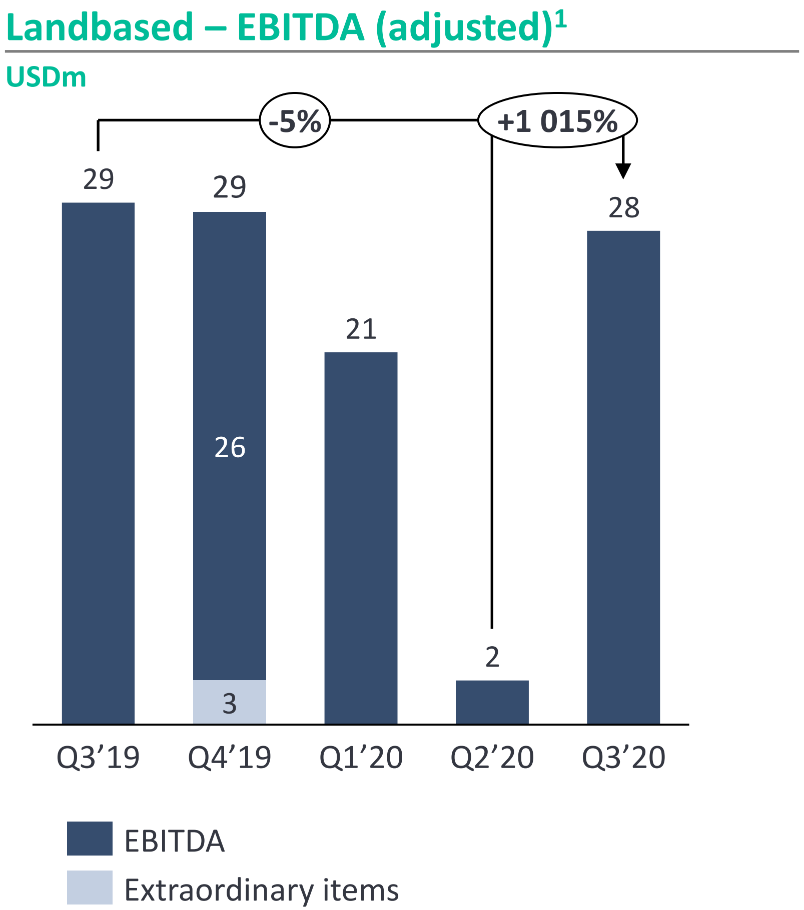
- Revenue
  - Down 29% YoY due to lower volumes
  - Up 10% QoQ as volumes recovered and mix normalised
- EBITDA
  - Down 31% YoY due to lower volumes and net freight per CBM
  - Partially offset by cost savings and lower net bunker cost

1) *Adjusted for extraordinary items*

Landbased revenue down 21% YoY

EBITDA only 5% down due to cost savings and efficiency gains



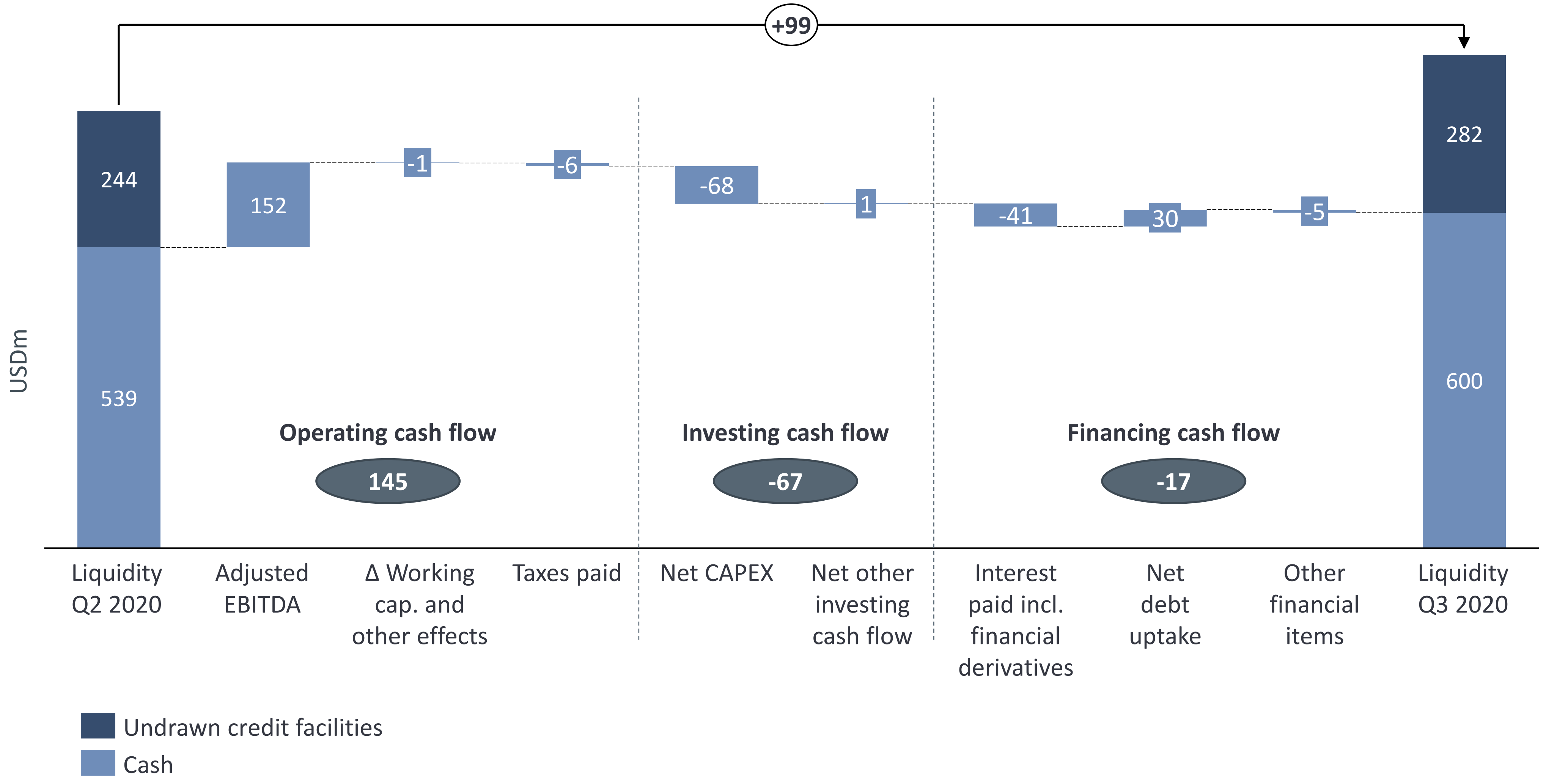


- Revenue
  - Down 21% YoY with lower volumes across all segments
  - Up 39% QoQ
- EBITDA
  - Down 5% YoY, but up 10x QoQ
  - Supported by cost savings, efficiency gains and state support

1) *Adjusted for extraordinary items*

Cash and undrawn credit facilities up USD 99m in Q3

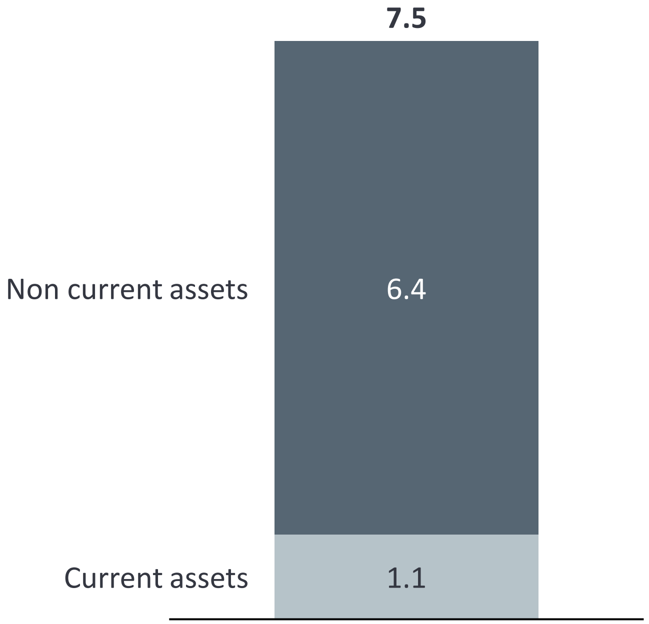
Supported by free cash flow of USD 37m, deferred loan payments and recent bond issue



Stable net debt, equity ratio down to 34.0% due to increased assets

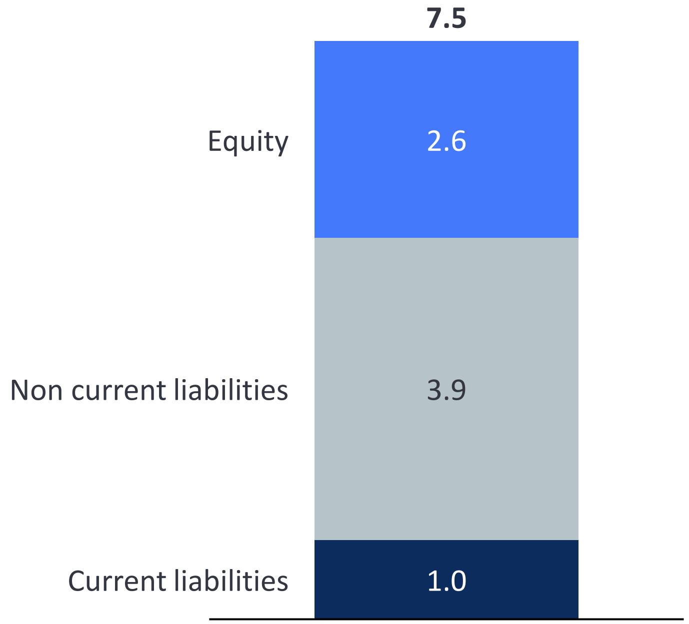
Assets – Q3 2020

USD bn



Equity & Liabilities – Q3 2020

USD bn



- Issued NOK 2.0bn (USD 220m) of 4-year senior unsecured bonds
- Net proceeds of about USD 150m
- Equity ratio down to 34.0% from 34.4% in Q2 as assets increased
- Net debt stable at USD 3.4 billion

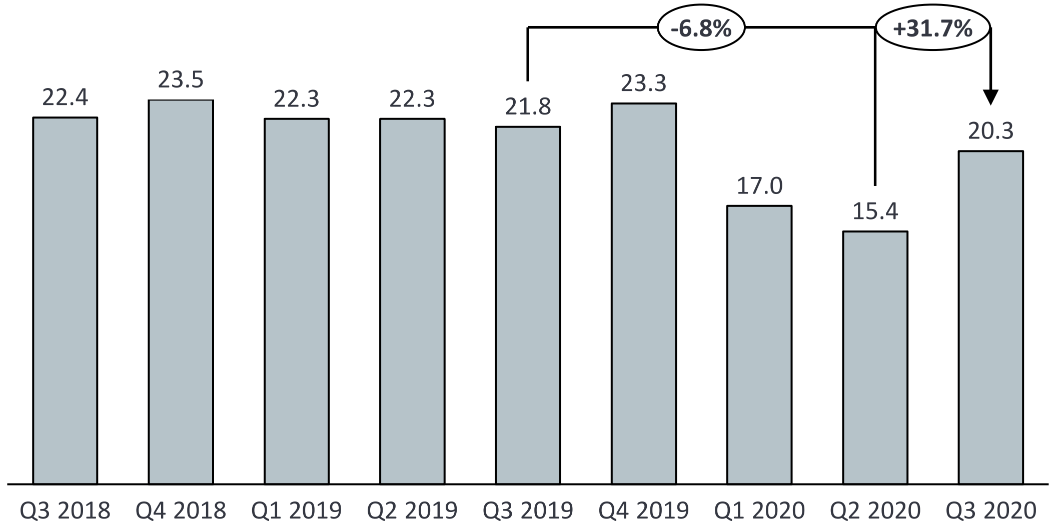
Market update

Craig Jasienski
CEO

Auto sales down 6.8% YoY

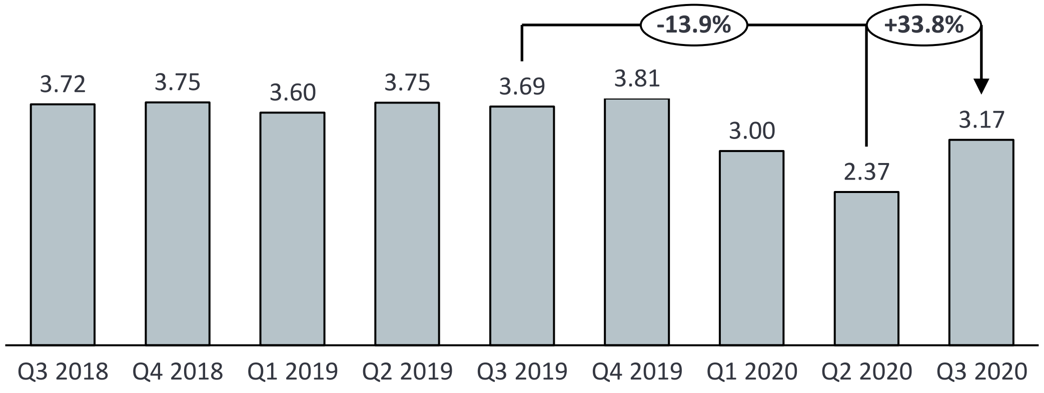
Up 31.7% QoQ as pent-up demand and incentives fuel sales

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



- Total light vehicle (LV) sales in the third quarter decreased 6.8% compared to the corresponding period last year and up 31.7% from the previous quarter as incentives and pent-up demand after the coronavirus fueled auto sales.

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



- Total exports in the third quarter were down 13.9% compared to the corresponding period last year, up 33.8% from the previous quarter.

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

Deep sea share stabile despite significant sales drop in 2020

Global LV markets update

LV Sales

IHS Markit assume 2020 global LV sales set at 73.7m for 2020, down 18%. with downgrades across all major regions, forecasts up from July which expected 70.1m, -22%

Supply

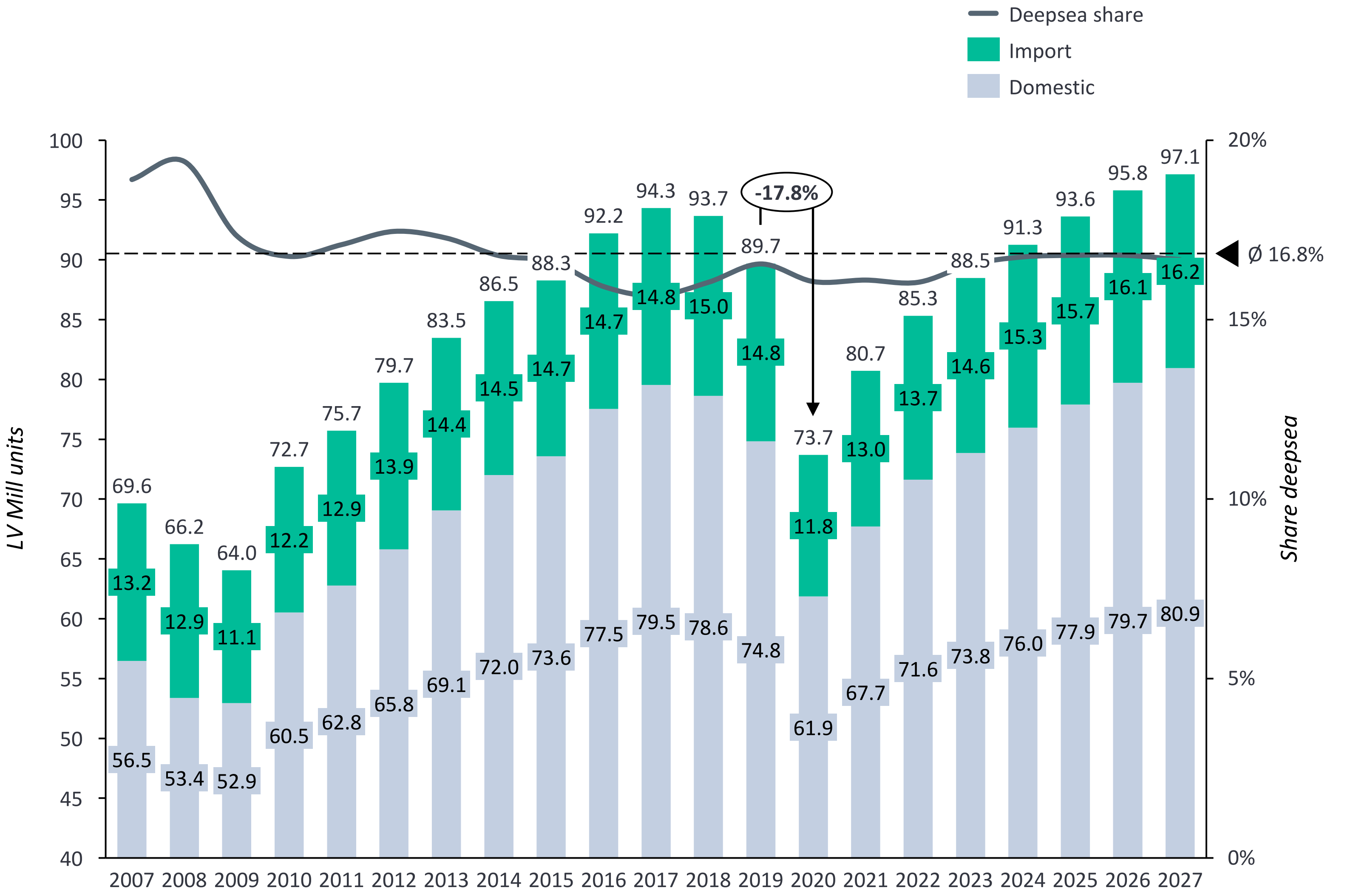
Temporary plant closures took place globally. Recovery on track however stop-start rhythm prevents efficiency, slow bands and tricky new health protocols

Deepsea trade

IHS Markit assume deepsea volume to see decline from 14.9m in 2019 to 11.8m in 2020, equal to a drop of 20%, however recover quicker than domestic produced volume

Demand

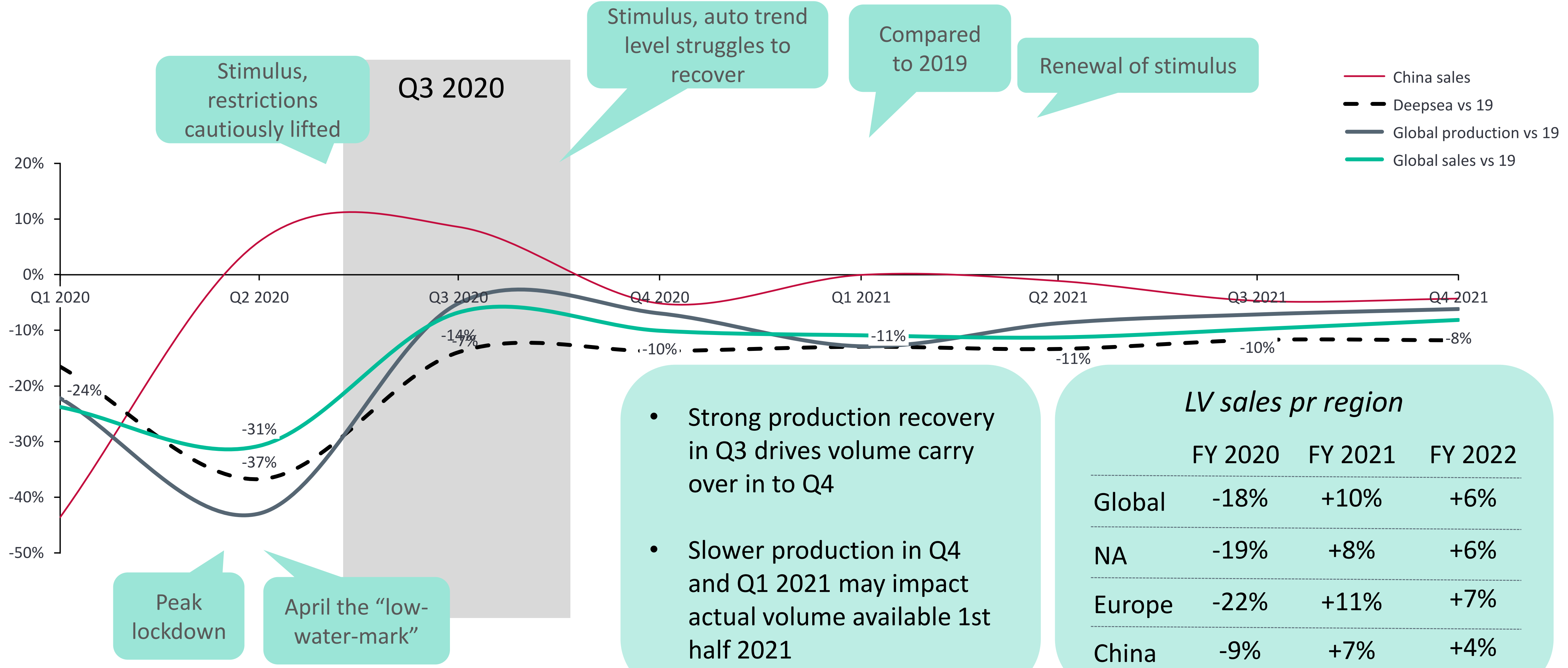
Uncertainty to how fast consumers will turn back to dealers, governmental stimulus and pent-up demand might contribute to rebound



Source: IHS Markit / Market Insight Wallenius Wilhelmsen

Solid LV sales and production rebound during Q3

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



- Strong production recovery in Q3 drives volume carry over in to Q4
- Slower production in Q4 and Q1 2021 may impact actual volume available 1st half 2021

LV sales pr region

	FY 2020	FY 2021	FY 2022
Global	-18%	+10%	+6%
NA	-19%	+8%	+6%
Europe	-22%	+11%	+7%
China	-9%	+7%	+4%

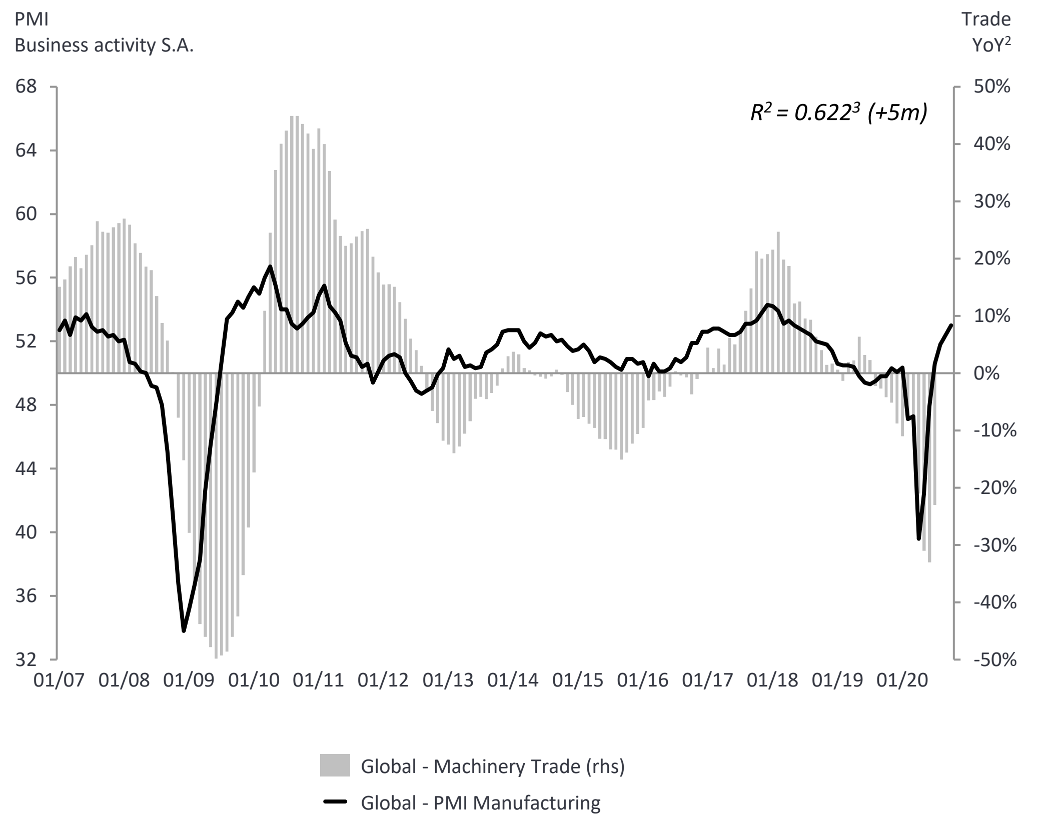
Source: IHS Markit / Market Insight Wallenius Wilhelmsen
*Greater China

Global manufacturing activity continues to extend the path to recovery

Order data and broader activity measures keep pulling H&H trade volumes towards positive territory

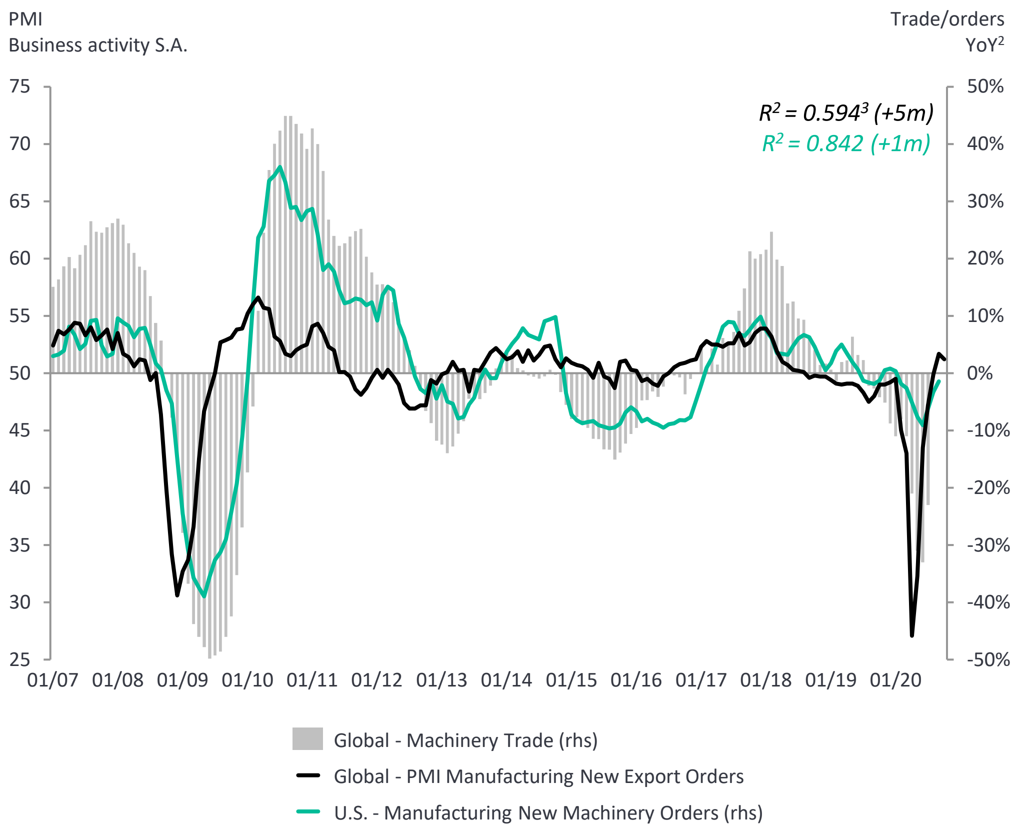
Global trade and manufacturing activity

Growth (YoY) and Indexed



Global trade and order levels

Growth (YoY) and Indexed



Source: [1]IHS Markit | PMI (diffusion index), business activity - direction of change compared to the previous month (50 = no change, >50 increasing activity, <50 decreasing activity). Cutoff: October 2020, [2]IHS Markit | World (major exporters) construction & agriculture equipment exports (Avg. equipment value >20 kUSD) (Units last 3 months, YoY), Cut-off: July 2020. U.S. Census | Manufacturers New Machinery Orders (Value USD last 3 months, YoY). Cutoff: September 2020 [3]Coefficient of determination with indicated trade lag

High & Heavy markets climbing from mid-year troughs

Consensus embeds end-market growth from 1Q21, with export momentum buoyed by firming inventories and used equipment markets

Market status

Production

Global manufacturing activity continues to recover as production data and manufacturing PMIs extend their climb from mid-year troughs

Inventories

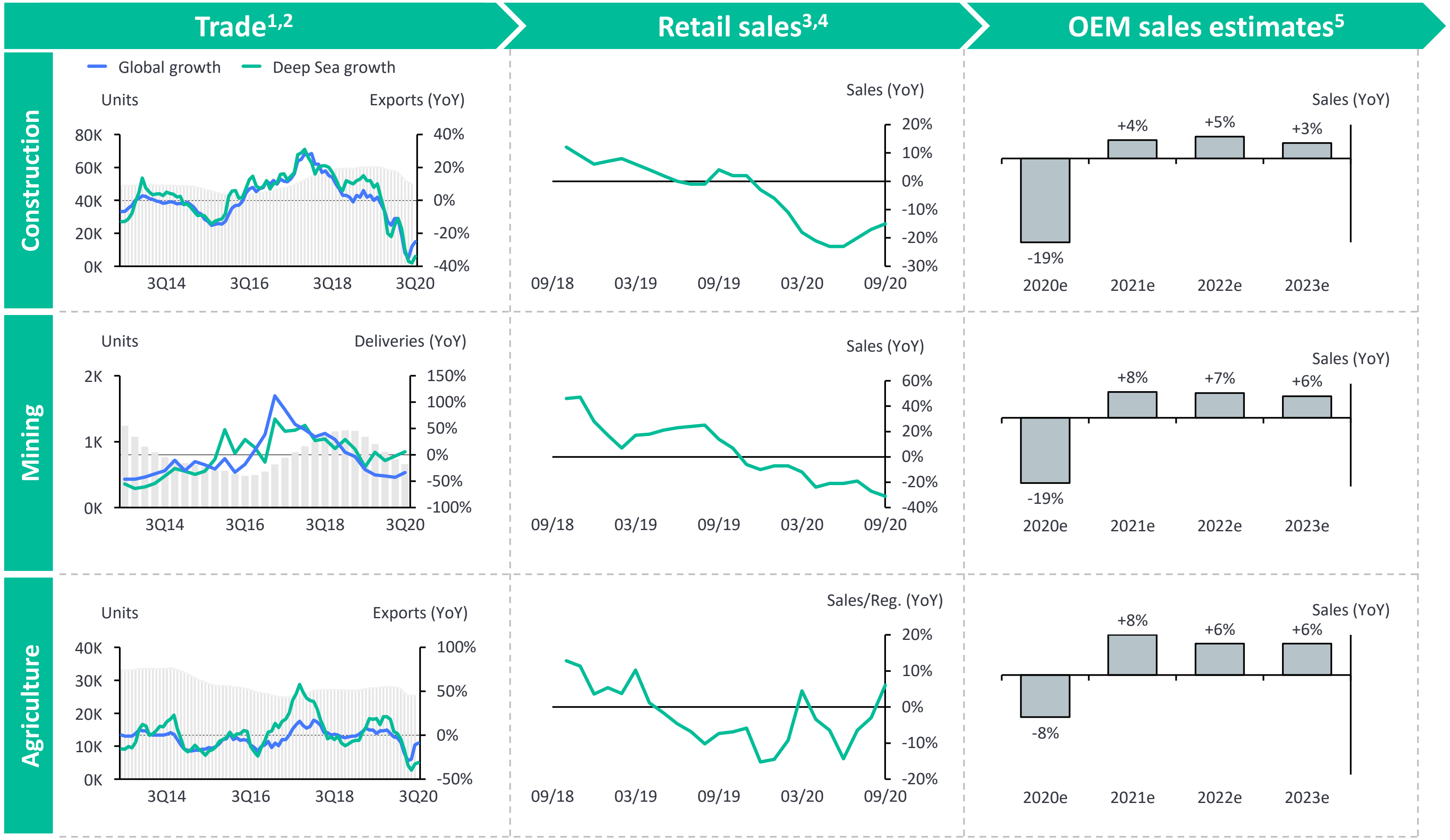
Firming inventory positions and used equipment markets provide good entry point for trade volumes going into next year

Stimulus measures

Massive stimulus measures at play on both sides of Atlantic and generous fiscal package announced in Australia

Rebound on the horizon

Revised estimates indicate a slightly reduced contraction this year followed by a more paced recovery ahead, with sales turning positive in 1Q21



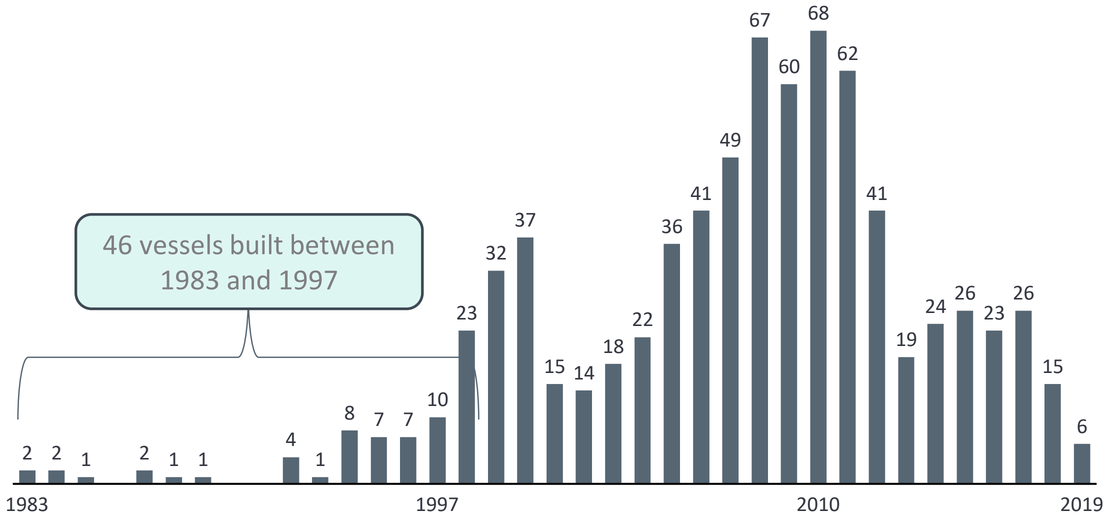
*Source: [1]IHS Markit | World (major exporters) construction & rolling mining equipment and agriculture equipment exports (Avg. equipment value >20 kUSD) (Units last 3 months YoY) (Rolling average units last 12 months), Deep Sea Trades= AS-EU, AS-NA, EU-AS, EU-NA, EU-OC, NA-AS, NA-EU, NA-OC. *Data cut-off: July 2020. August 2020 data limited to countries that have reported customs figures by 03.11.2020 [2]Parker Bay | Large Mining Equipment Deliveries (Units last 3 months YoY) [3]Caterpillar | 3 month rolling retail sales (Units last 3 months YoY) [4]Tractor sales and registrations in key markets | 3 month rolling retail sales (Units last 3 months YoY), US Large Tractors (2WD 100+HP & 4WD), Australia Large tractor (100+HP), Brazil (All), UK (50+HP), Germany (70+KW) [5]Factset (20.10.20) | OEM Revenue Consensus Estimate (YoY, CY). Construction: Volvo, Caterpillar, CNH, Komatsu, Hitachi, Deere, Terex, Doosan. Mining: Sandvik, Caterpillar, Hitachi, Epiroc. Agriculture: AGCO (20-22), CNH, Deere. Sales in construction/mining/agriculture equipment divisions only*

Deep sea fleet adjusting to the market situation

Increase in recycling

Vessel age distribution

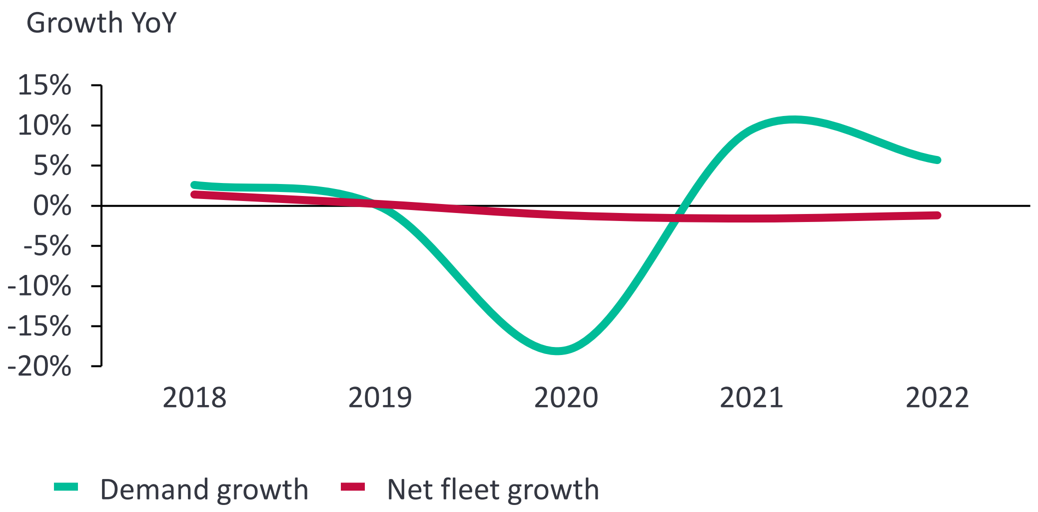
vessels for seaborn LV and HH transport



- 5 vessels recycled in the quarter, 20 so far this year*
- No new orders and one delivery in the quarter
- Orderbook at 13 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 4% of fleet is idling / laid up

*Source: IHS Markit / Clarksons Platou, *incl. one vessel decleard loss, **for vessels above 4000 CEU,*

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Outlook and Q&A

Craig Jasienski
CEO

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

Initiatives

- Social distancing – ensuring safe infrastructure and processes, working from home, mental health and wellness support
- Crew changes – supporting ship managers to enable safe changes
- Match volume demand – dynamic vessel scheduling, speed adjustments and utilising short-term charter market to adjust capacity
- Customers – collaborating closely to support immediate needs and forward expectations

Outlook

- Q4 ocean volumes – continued improvement, expect to be around 5% lower year on year
- Remain cautious on medium/long-term volume outlook

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Thank you!