Wallenius Wilhelmsen

# Wallenius Wilhelmsen
## Bond investor presentation

August 2020

Sustainable logistics for a world in motion

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# Summary of risk factors (I/II)

The following sets out a summary of key risks facing the Company. Please see pages 37-43 for a full description of the risk factors.

Risks related to the Group and the market in which it operates

- Risks related to the recent outbreak of Covid-19
- Risk related to change in production patterns
- Risks relating to the industry
- Risk related to competition
- Geopolitical risk
- Risks related to piracy, armed robbery, hijackings and kidnapping ("PAHK")
- Environmental risk
- Incidents involving significant damage, loss or environmental contamination
- Risks related to customer contracts
- Risks related to disputes and litigation and anti-trust

Financial risks related to the group

- Currency risk
- Interest rate risk
- Restrictive covenants in the Issuer's secured loan facilities and the bond terms, financial and other restrictions
- Liquidity risk
- Credit risk
- Bunkers price risk

Risks related to the Bonds and the Bond Issue

- The Bonds may not be a suitable investment for all investors
- Risk of being unable to repay the Bonds
- The Bonds are effectively subordinated to the secured debt of the Issuer
- The Bonds will be unsecured obligations and structurally subordinated to the liabilities of any of the Group's subsidiaries

# Summary of risk factors (II/II)

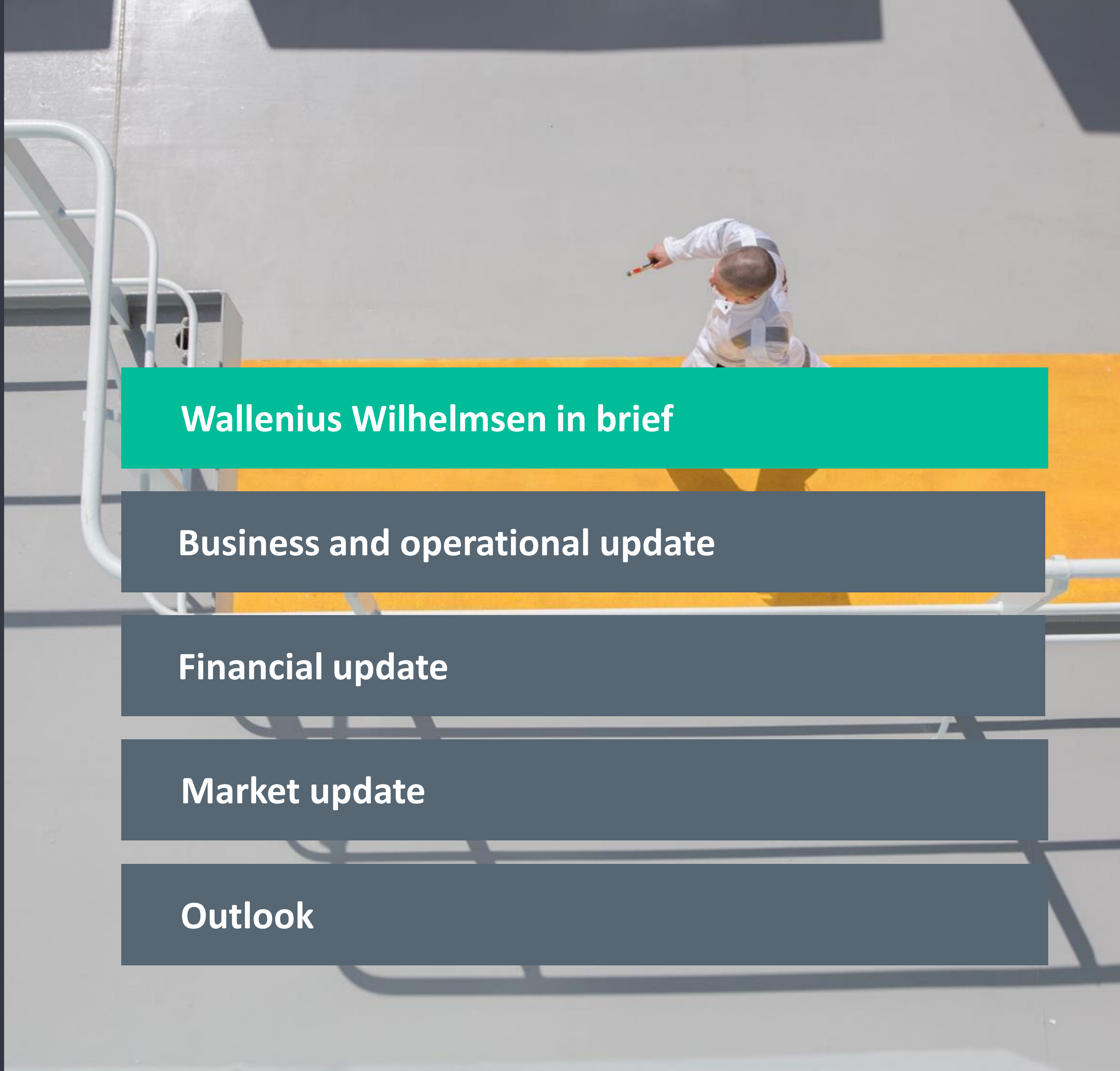
Risks related to the Bonds and the Bond Issue (continued)

- The Bonds will be structurally subordinated to the liabilities of the Issuer's subsidiaries
- The insolvency laws of Norway may not be as favourable to you as insolvency laws in other jurisdictions with which you may be familiar and may preclude the holders of the Bonds from recovering payments due on the Bonds
- The trading price of the Bonds may be volatile
- Risks related to the market for the Bonds
- The Bond Terms will allow for modification of the Bonds or waivers or authorizations of breaches and substitution of the Issuer which, in certain circumstances, may be affected without the consent of bondholders.

# 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
- Historically resilient free cash flow mainly applied towards reducing debt
- Proven track record of efficiently adjusting costs to volume development
- Highly experienced management team

# Agenda



- Wallenius Wilhelmsen in brief
- Business and operational update
- Financial update
- Market update
- Outlook

# Wallenius and Wilhelmsen – a history of innovation and adaptation

**1861**

**Wilhelmsen Group**
Founded in Tonsberg, Norway by Morten W. Wilhelmsen.

**1934**

**Wallenius Lines**
Founded in Stockholm, Sweden by Olaf Wallenius.

**1990**

**American Roll-on Roll-off Carrier (ARC)** founded by Wilhelmsen Group and Wallenius Shipping.

**1999**

Merger between Wilhelmsen group and Wallenius Shipping to form **Wallenius Wilhelmsen Lines.**

**2002**

**EUKOR** formed as Wilhelmsen Group and Wallenius Shipping acquires the car carrier unit Hyundai Merchant Marine.

**2006**

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

**2017**

Merger to create **Wallenius Wilhelmsen Logistics ASA** as a listed company incorporating EUKOR, WWL, American Roll-on Roll-off Carrier (ARC), as well as Wilhelmsen and Wallenius vessels.

**2018**

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

# A fully integrated service provider throughout the lifecycle

## VALUE CHAIN AND PRODUCT OFFERING

### Landbased - Upstream



3 – DISTRIBUTION TO PORT

2 – PLANT-BASED TECHNICAL SERVICES

1 – MARINE TERMINAL SERVICES

### Ocean


OCEAN TRANSPORTATION

### Landbased - Downstream

1 – MARINE TERMINAL SERVICES

2 – PORT-BASED TECHINCAL SERVICES

3 – DISTRIBUTION TO DEALER

## KEY FACTS AND FIGURES

**EMPLOYEES**

~9,400

ACROSS 29 COUNTRIES

**FLEET**

117

VESSELS IN OPERATION (EST. Q2'20)

**INFRASTRUCTURE**

11 TERMINALS

121 PROCESSING CENTERS

**MAIN BRANDS**

Wallenius Wilhelmsen Solutions

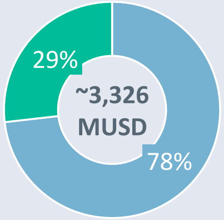
Wallenius Wilhelmsen Ocean

American Roll-On Roll-Off Carrier

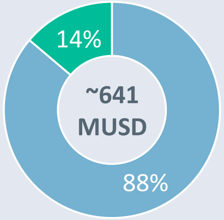
Armacup

EUKOR

**L12M REVENUE**




**L12M EBITDA**



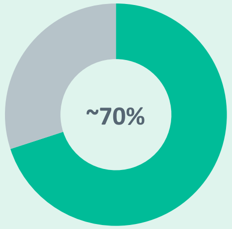

Ocean | Landbased

# Ocean segment benefits from a diversified customer portfolio with long-term contracts

## CARGO SEGMENTS

### AUTO

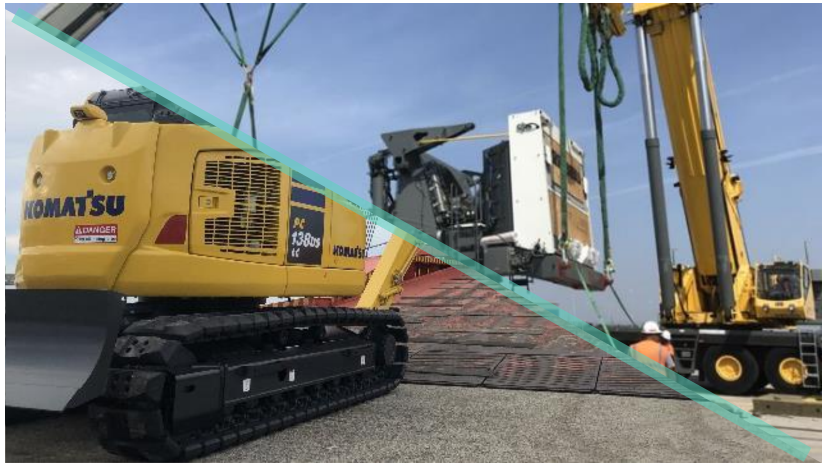
**Share of CBM***



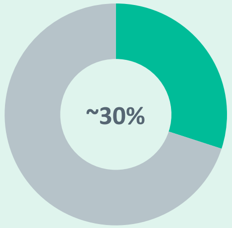

**Main customers**

Jaguar, Hyundai, KIA, SAIC Motor, Daimler, Renault, BMW, GM, FIAT, Mazda, Volvo, Land Rover, Chery, Ford, Volkswagen, Suzuki, Chrysler, Mitsubishi, Nissan, Porsche, Honda, Subaru, Toyota, Peugeot

### HIGH & HEAVY AND BREAKBULK




**Share of CBM***




**Main customers**

*HIGH & HEAVY*

XCMG, Terex, Volvo, Komatsu, FAW, Scania, John Deere, Hitachi, Caterpillar, Doosan, LiuGong, Hyundai, Liebherr, CNH Industrial, Yutong, JCB

*BREAKBULK*

ABB, Hitachi Rail, Mazak, Alstom, Liebherr, Amada, GE

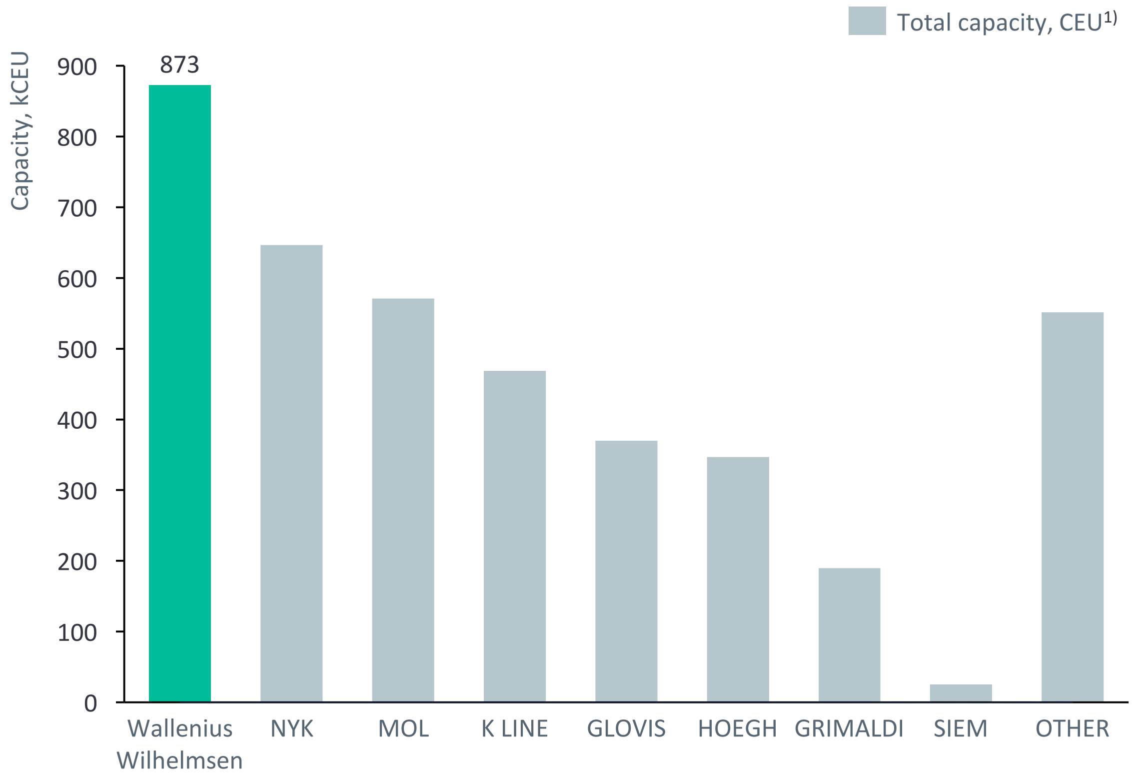
- Majority of volumes from auto
- High & heavy ("H&H") and breakbulk maximize cubic utilization
- Unique handling capabilities for high & heavy and breakbulk
- Main customers include all major original equipment manufacturers ("OEMs") globally
- Contract duration is typically 1-3 years for auto and 3-5 years for H&H
- Strong customer relationships with long history with many key customers

*Average share of total cubic meters ("CBM") volume last two years

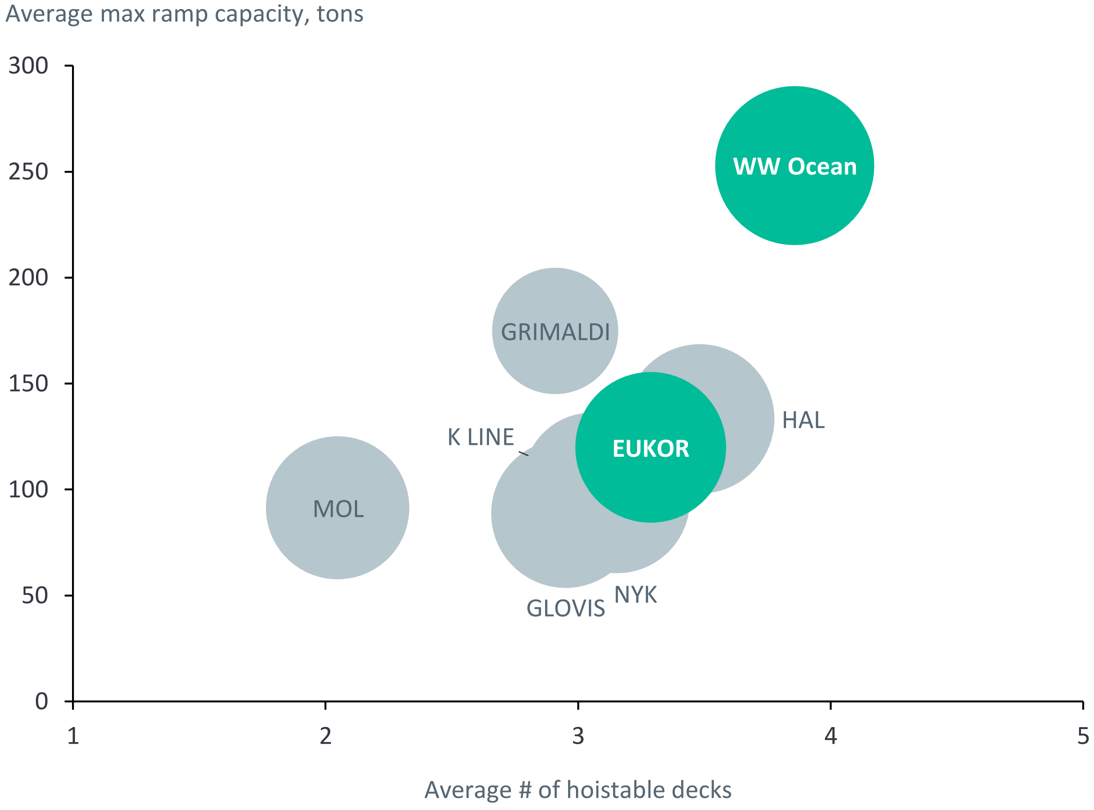
# The clear market leader and the #1 operator globally for the Ocean segment

*Four decades of leading the High & Heavy space*

## CURRENT FLEET BY OPERATOR GROUP




## FLEET CHARACTERISTICS




1) Car equivalent units, a standardized capacity measurement unit

# Broad landbased services portfolio, with extensive and growing footprint

## MARINE TERMINALS


### Share of EBITDA*

### Services

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

## TECHNICAL SERVICES

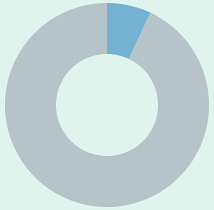
### Share of EBITDA*

### Services

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

## INLAND DISTRIBUTION

### Share of EBITDA*



### 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

# Sustainable Logistics for a world in motion

*An agile approach to creating and taking opportunities*

**1** EXPAND TO FULL LIFE CYCLE

- Syngin on-line vehicle insurance and fleet management platform
- Keen aquisition to build EPC logistics and processing capabilities

**2** DRIVE OPERATIONAL EFFECTIVENESS

- 100 MUSD efficiency program delivering real cost savings through rationalising sailings, improved hull cleaning and digitalising vessels to optimise vessel performance

**3** LEAD THE JOURNEY TO ZERO EMISSIONS

- wPCTC vessel concept designs ready by 2022
- Zero emission deep-sea vessel at sea by 2030
- Vessel optimization
- Part of the Getting to Zero Coalition

**4** DIGITALIZE THE SUPPLY CHAIN

- iToms visibility and event management system
- Digitalisation of the ocean fleet
- Drone surveys for yards
- AI photo quality checks

# What is good for the environment is also good for business

**AIM TO STAY AHEAD OF EMERGING REQUIREMENTS AND PREPARING FOR FUTURE RISKS WHILE CREATING LONG-TERM VALUE FOR EMPLOYEES, CUSTOMERS, INVESTORS AND THE ENTIRE VALUE CHAIN**

## BUILDING A PLACE TO THRIVE


**Gender diversity (offices)**

60% 40%

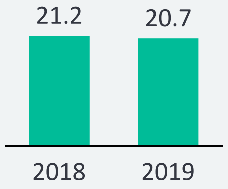
**Lost Time Injuries: Ocean**

**0.728**

target: <1

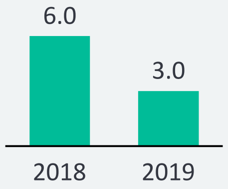
## YOUR TRUSTED BUSINESS PARTNER


**Unplanned offhire**




target: <24

**On board security breaches**




## PROTECTING LIFE BELOW WATER


**Waste from Ocean Operations**

**20% YoY**

**Green vessel recycling**

**For over 20 yrs**

## NAVIGATING TOWARDS ZERO EMISSIONS


**CO2 per t/km Ocean**

**32.5%** since 2008

**Total CO2 emissions**

**11%** since 2019

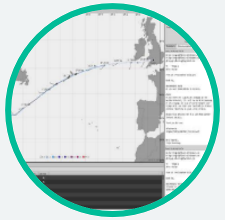
**Extensive sustainability reporting in place, prepared and disclosed in accordance with the Global Reporting Initiative (GRI) standard, committed to report in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and is in the process of finalising a new of a new corporate Sustainability Management System, including setting up short and long-term targets for all material ESG aspects[1]**

[1] For more on Wallenius Wilhelmsen's sustainability initiatives and disclosures, please see the Sustainability Report: https://www.walleniuswilhelmsen.com/storage/downloads/Wallenius-Wilhelmsen-Sustainability-Report-2019.pdf

# 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 such as vessels design, new biofouling techniques, engine performance optimisation and advanced weather routing

## TOWARDS ZERO

### LIGNIN ETHANOL OIL BIO-FUEL COLLABORATION

### wPCC DESIGN STUDY

GLOBAL MARITIME FORUM

### 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 operational update**
- Financial update
- Market update
- Outlook

# Highlights second quarter 2020

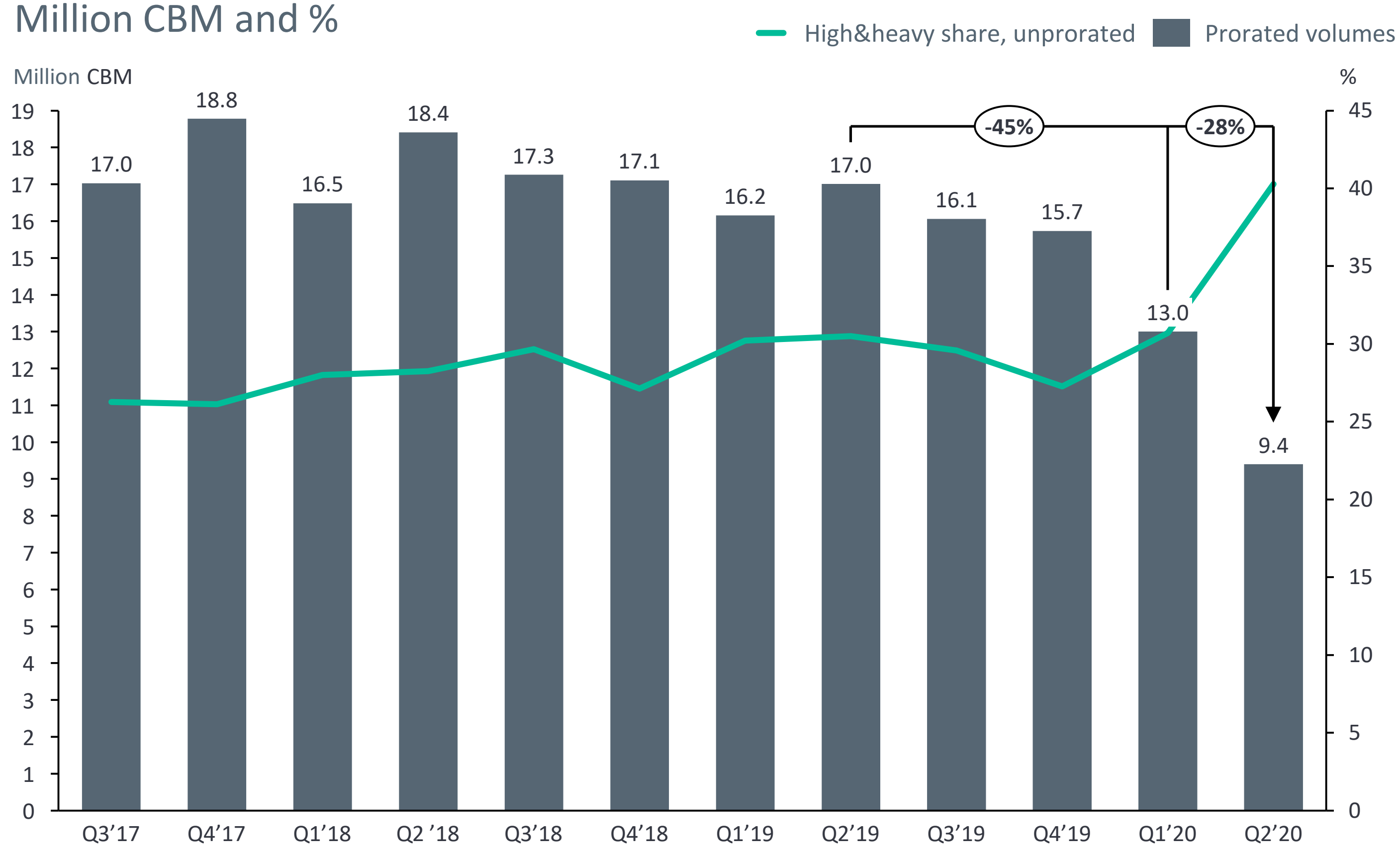
- Adjusted EBITDA of USD 104 million, volumes and income for the group highly impacted by impact of Covid-19 pandemic
- Earnings balanced by effective cost control, higher net freight per CBM and low net bunker costs
- Ocean volume declined 45% y-o-y, but decisive action to adjust fleet capacity and 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

# Ocean volumes declined 45% y-o-y in the second quarter

*Largest decline for Auto*

## VOLUME AND CARGO MIX DEVELOPMENT[1,2]

Million CBM and %




## COMMENTS

- 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

# Managing costs

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

## Sticky revenue base

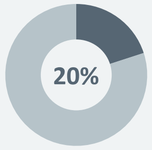
- Rates are fixed for the contract period, but no volume minimum
- Inland distribution and technical services typically depend on factory throughput, and terminals on ocean volumes
- The anti-cyclical storage business may experience higher volumes

**Typical contract duration**

**Auto:** 1-3 years

**H&H:** 3-5 years

**Contracts up for renewal in 2020**



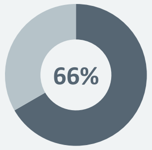

***Revenues depend on volume, while rates are more sticky through long-term contracts…***

## Low operational leverage

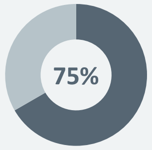
- Variable costs within ocean transportation consist of cargo, bunker and voyage expenses
- Ship operating and charter expenses considered short-term fixed, and will move in steps, dependent on number of vessels operated

**Approx. share of costs variable**

**Ocean**




**Landbased**




***…large share of costs are variable short-term, even more in a longer perspective…***

## Flexibility to adapt quickly

**OPEX**

- Adjustment of speed and sailing schedules and idling of vessels
- Redelivery of chartered vessels
- Cold lay-up and defer dry-docking
- Early recycling of vessels
- Employee furloughs and salary cuts

**CAPEX**

- Reduce CAPEX to critical maintenance and dockings
- Cancellation of nine scrubber installations
- Reduce CAPEX to critical maintenance, delay growth CAPEX

***…enabling Wallenius Wilhelmsen to adapt to changing volumes, as demonstrated.***

# Managing capacity

*Adjusting our fleet to meet demand*

## RECYCLING

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

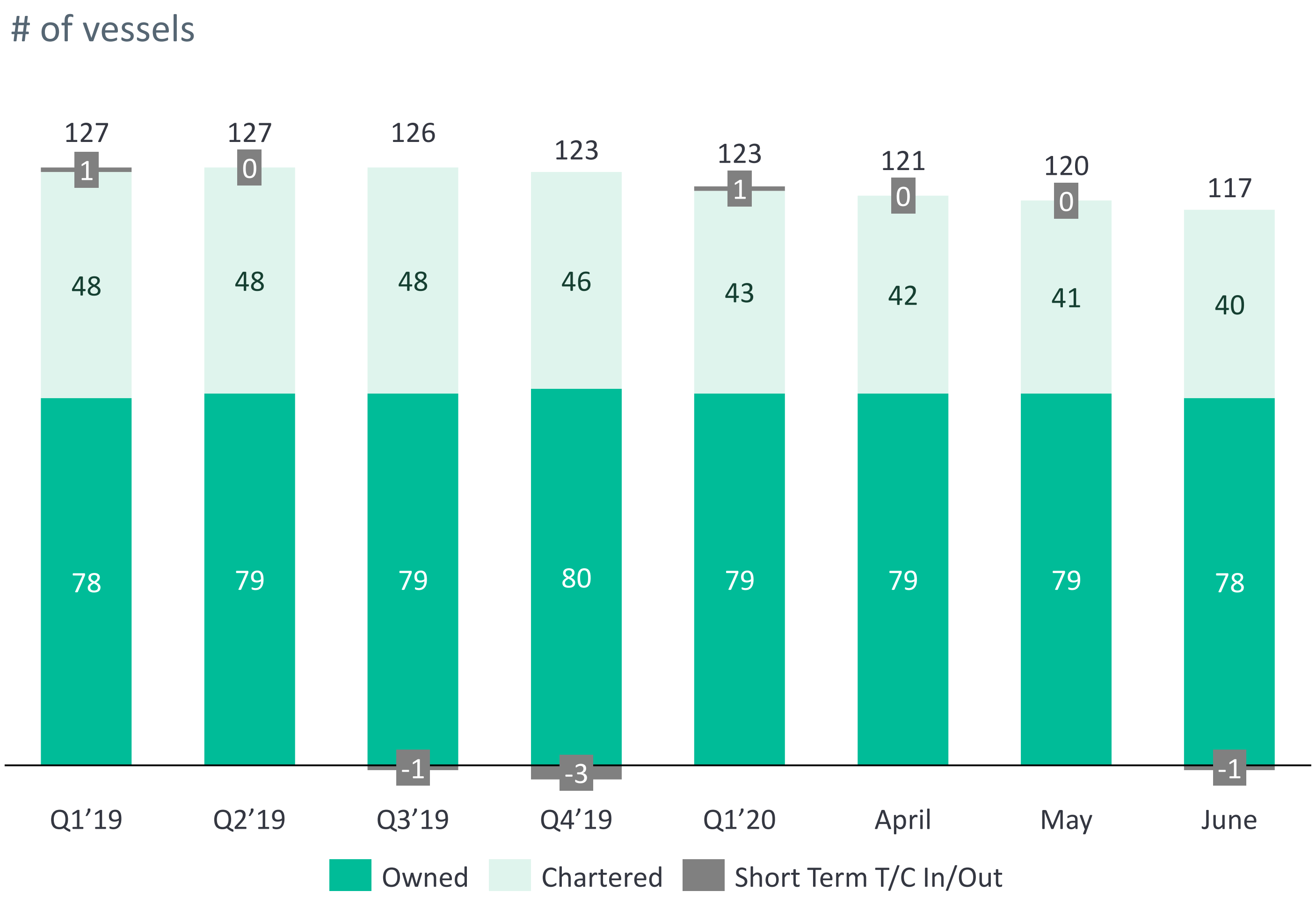
## COLD LAYUP

- 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

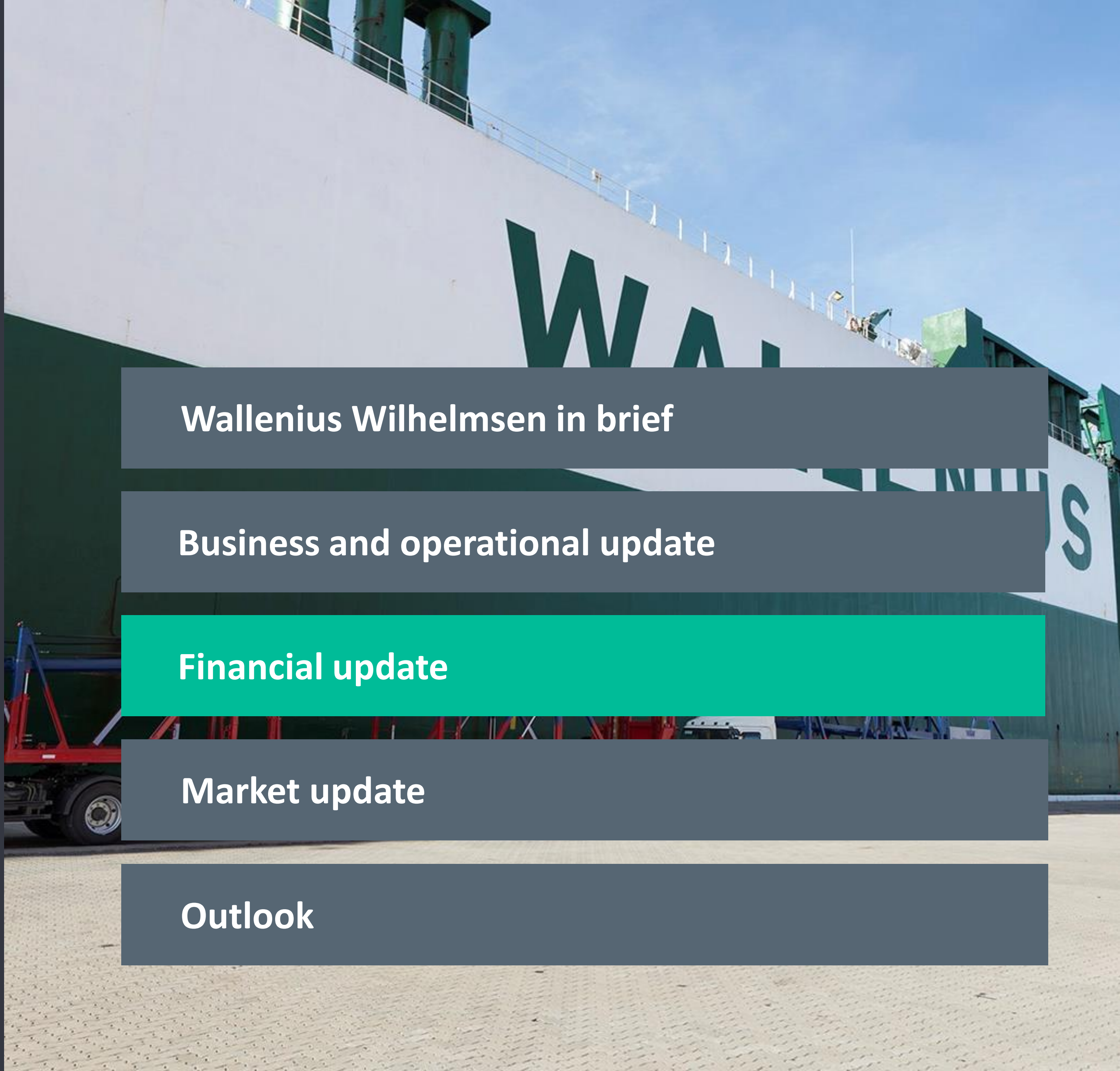
## FLEET DEVELOPMENT – VESSELS IN OPERATION



# ARC wins GHC contract with TRANSCOM

- Announced 30 April 2020
- Revenues of more than USD 2.0 billion per year as of 2022
- Margins for first 24 months in range 0-2%, improving over time
- Expected to run for over nine years, if all options and awards are exercised
- Covers ca 400 000 domestic and international shipments of household goods per year
- ARC is the primary contract holder, and will work with leaders in the moving, logistics, and technology industries
  - Deloitte, UniGroup, Atlas World Group, Suddath, and The Pasha Group
- Unsuccessful bidders have filed protests against the award, the first protest was rejected and a second protest has been lodged. Such protests are not uncommon for government awarded contracts and we are confident that TRANSCOM have run a thorough and professional process

# Agenda

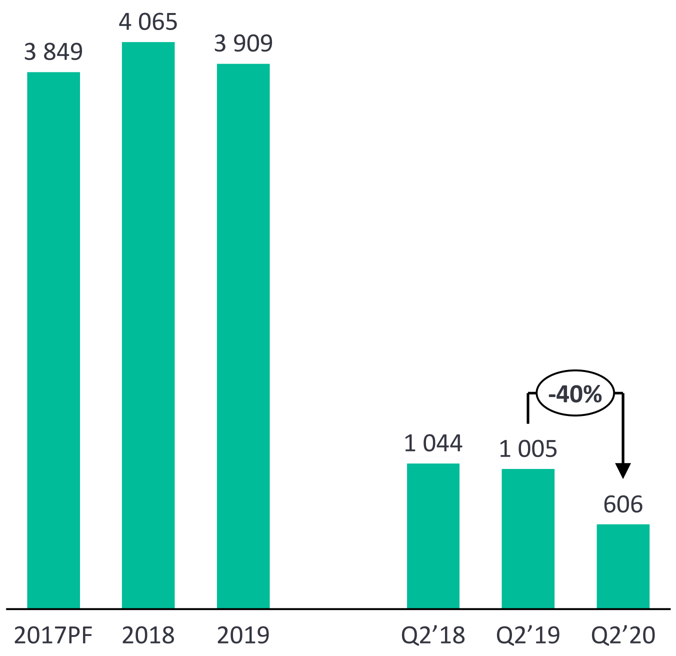


- Wallenius Wilhelmsen in brief
- Business and operational update
- **Financial update**
- Market update
- Outlook

# Group consolidated results

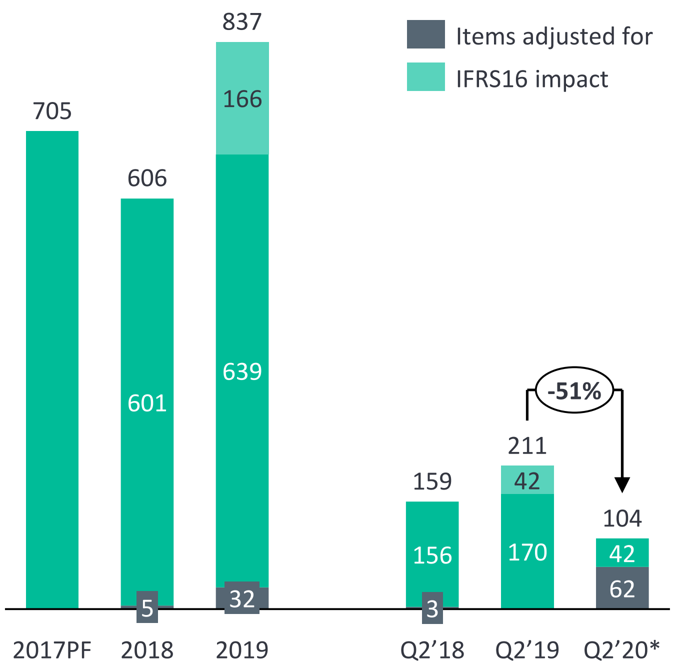
## TOTAL INCOME

USD million




## ADJUSTED EBITDA

USD million




## COMMENTS

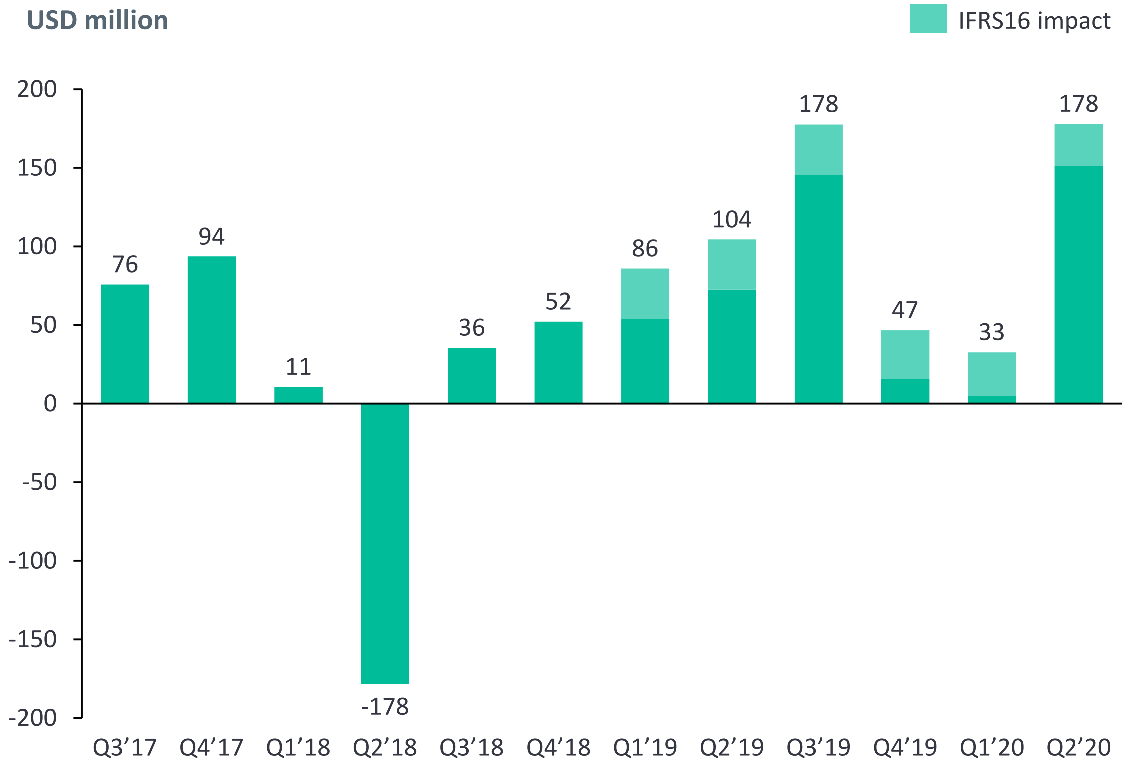
- FY2019 adj. EBITDA of USD 837m, up from 2018 despite 6% y-o-y decline in Ocean volume which was more than offset by significant increase in profitability as a result of higher net freight per CBM and operational efficiencies
- Q2 2020 adjusted EBITDA of USD 104 million, impacted by lower volumes in both Ocean and Landbased
    - Adjusted EBITDA of USD 2m and USD 104m respectively, for the Landbased and Ocean segment
- Drop in revenues was partly countered by favourable cargo mix, effective cost control and low net bunker cost

*From 2020 impact of IFRS16 lease accounting standard not separated/identified

# Historically resilient free cash flow generation, mainly applied towards reducing debt

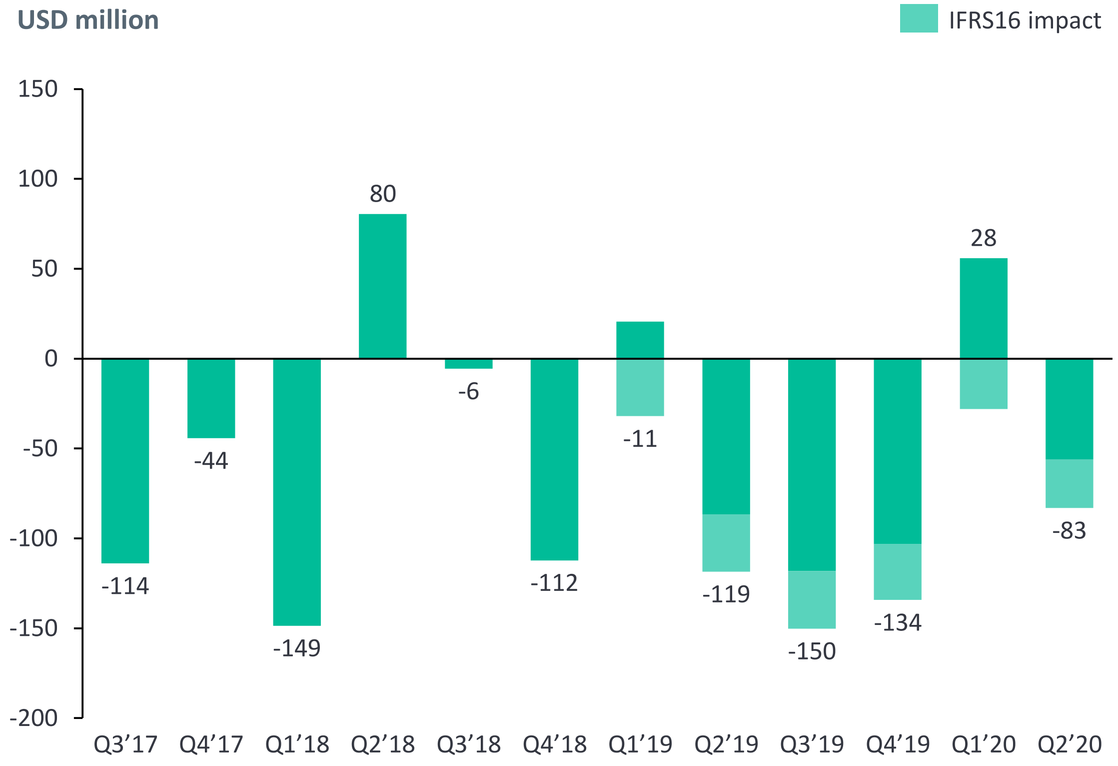
## FREE CASH FLOW[1,2]

USD million




## NET DEBT REPAYMENT (DEBT UPTAKE LESS DEBT REPAYMENT)[2]

USD million




1 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.

2 Note that free cash flow is positively impacted by the implementation of IFRS16 from January 2019 as lease payments previously classified as operating expenses will be reclassified as interest expense and repayment of debt

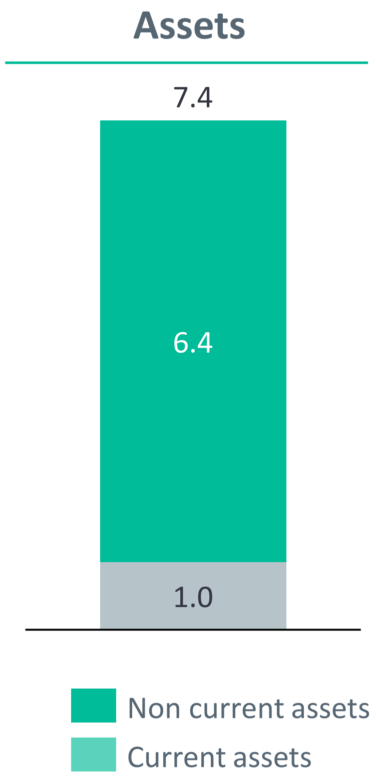
# Solid balance sheet and strong liquidity position

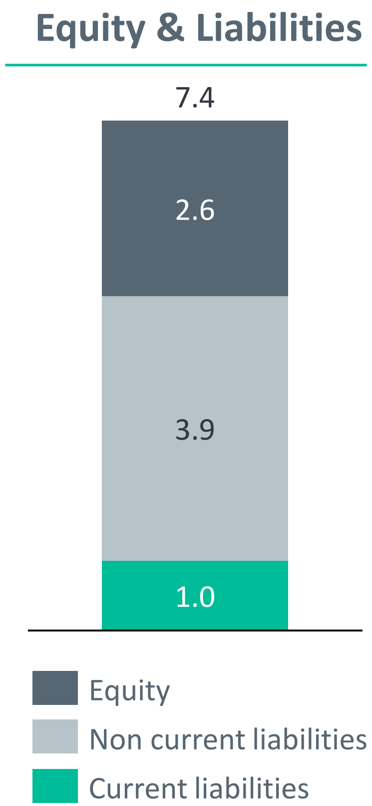
## COMMENTS

- Equity ratio 34.4%
- Net debt at USD 3.4bn
- Provisions increased by USD 55 million in Q2 related to updated estimates of customer claims
- Cash increased USD 88m this quarter, of which USD 22m of cash savings linked to deferral / cancellation of capex

## BALANCE SHEET 30.06.2020

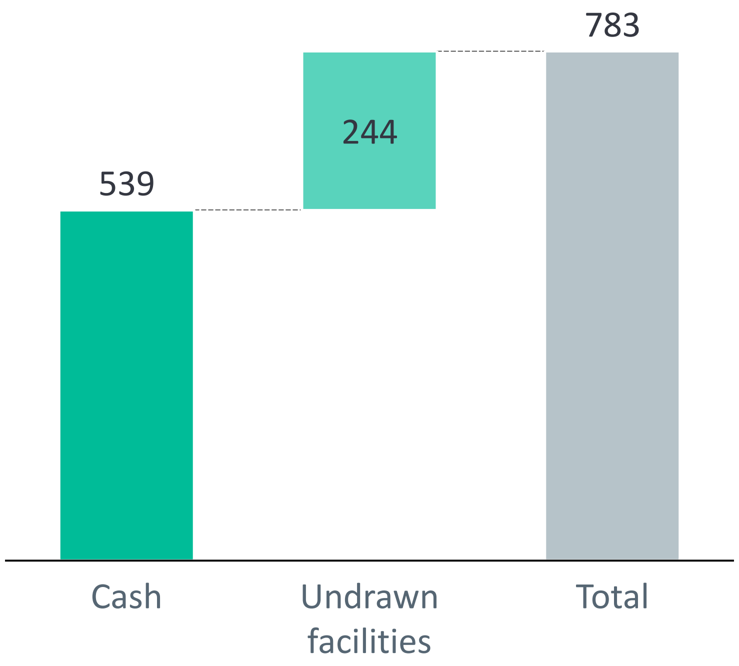
USD billion




## LIQUIDITY POSITION 30.06.2020

USD million

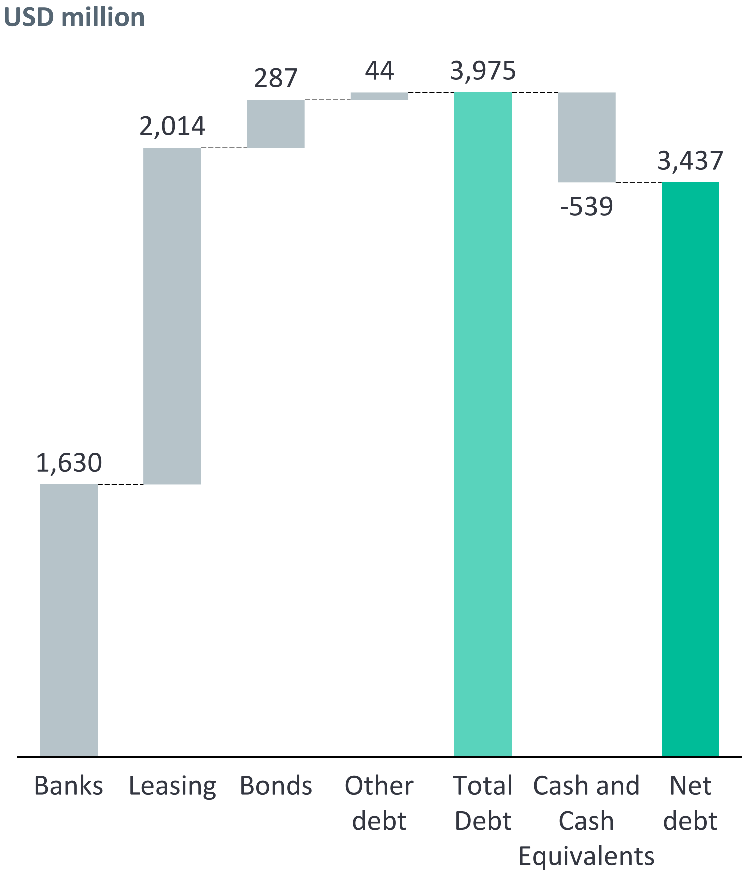


# Access to broad range of capital sources. Support secured from banks to manage through covid-19 impact

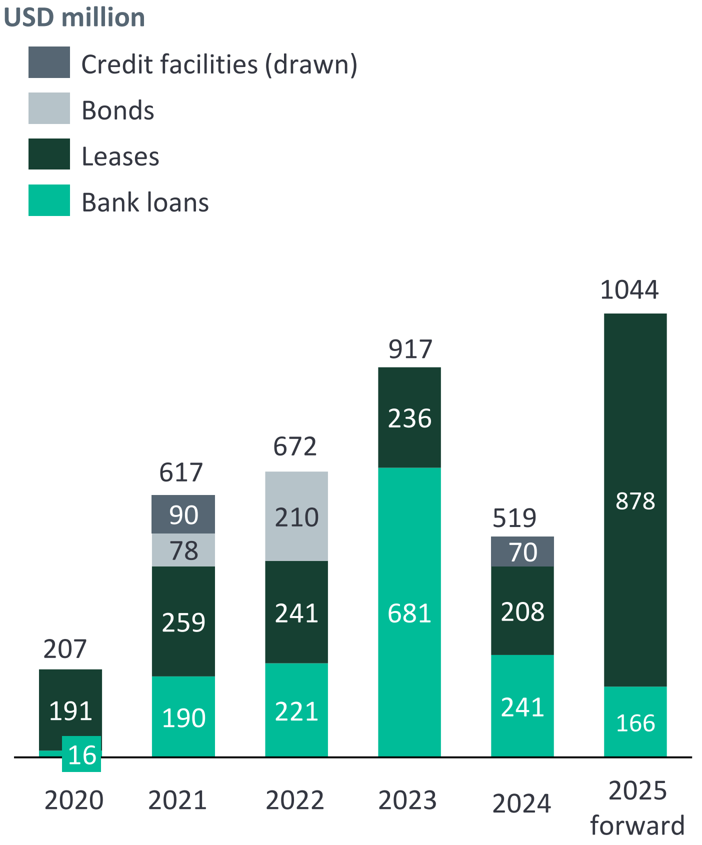
## COMMENTS

- Supportive and diverse group of lenders
- To ensure sufficient liquidity buffer, lenders to WW Ocean have agreed to instalment holiday for bank facilities for the second half of 2020 (approx. USD 70m)
- Additional funding of approx. USD 45m secured for EUKOR

## GROUP NIBD 30.06.20




## MATURITY PROFILE



# Financing and covenants primarily on business unit level

Unit / segment

Typical covenants within the segment

## Wallenius Wilhelmsen

Limitation on ability to pledge assets

### Ocean

Wallenius Wilhelmsen Ocean | EUKOR

- Minimum liquidity
- Current assets / current liabilities
- Loan to value clauses
- Fixed charge / interest coverage

### Landbased

Wallenius Wilhelmsen Solutions

- Minimum liquidity
- Net debt / EBITDA
- Equity ratio

- The Net debt / EBITDA covenant for WW Solutions has been waived for the second half of 2020
- It will be gradually reset during Q1 – Q3 2021

Wallenius Wilhelmsen

# Agenda

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# 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

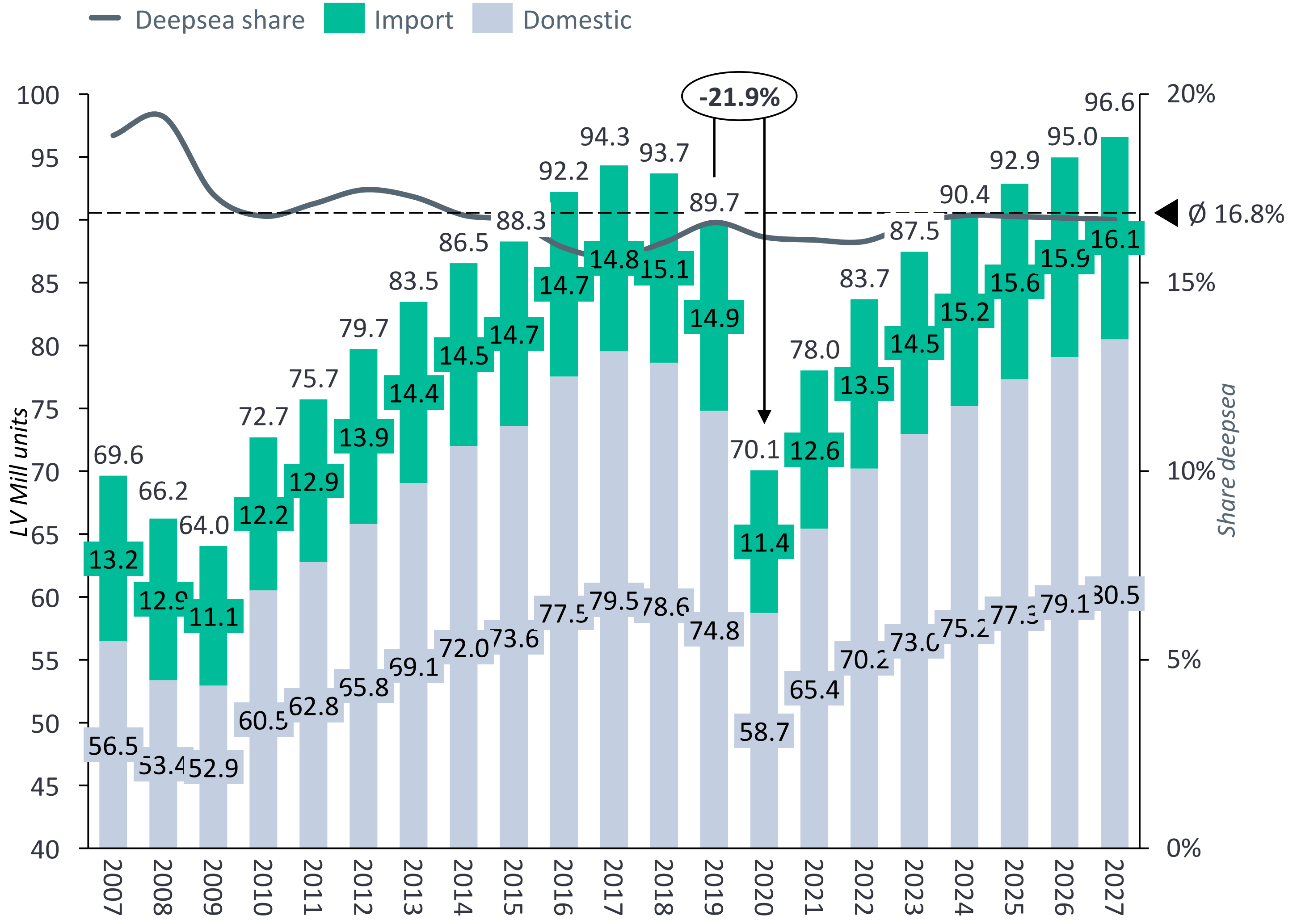
Temporary plant closures took place globally. Recovery seems to take a while as a stop-start rhythm prevents efficiency, slow bands and tricky new health protocols

### 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

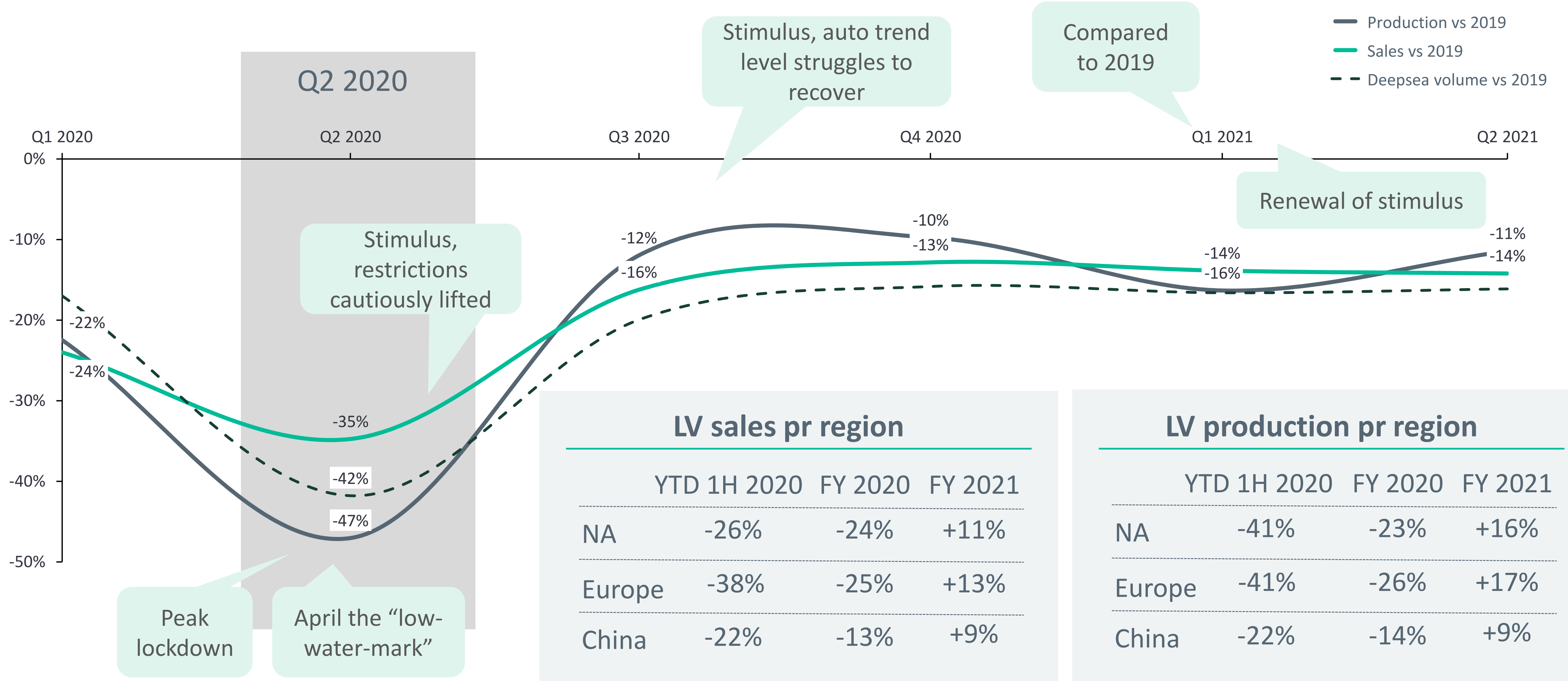
Uncertainty to how fast consumers will turn back to dealers, governmental stimulus such as tax breaks, “cash-for –clunkers” e.g. might contribute to rebound




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*




## LV sales pr region

| | YTD 1H 2020 | FY 2020 | FY 2021 |
|---|---|---|---|
| NA | -26% | -24% | +11% |
| Europe | -38% | -25% | +13% |
| China | -22% | -13% | +9% |

## LV production pr region

| | YTD 1H 2020 | FY 2020 | FY 2021 |
|---|---|---|---|
| NA | -41% | -23% | +16% |
| Europe | -41% | -26% | +17% |
| China | -22% | -14% | +9% |

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

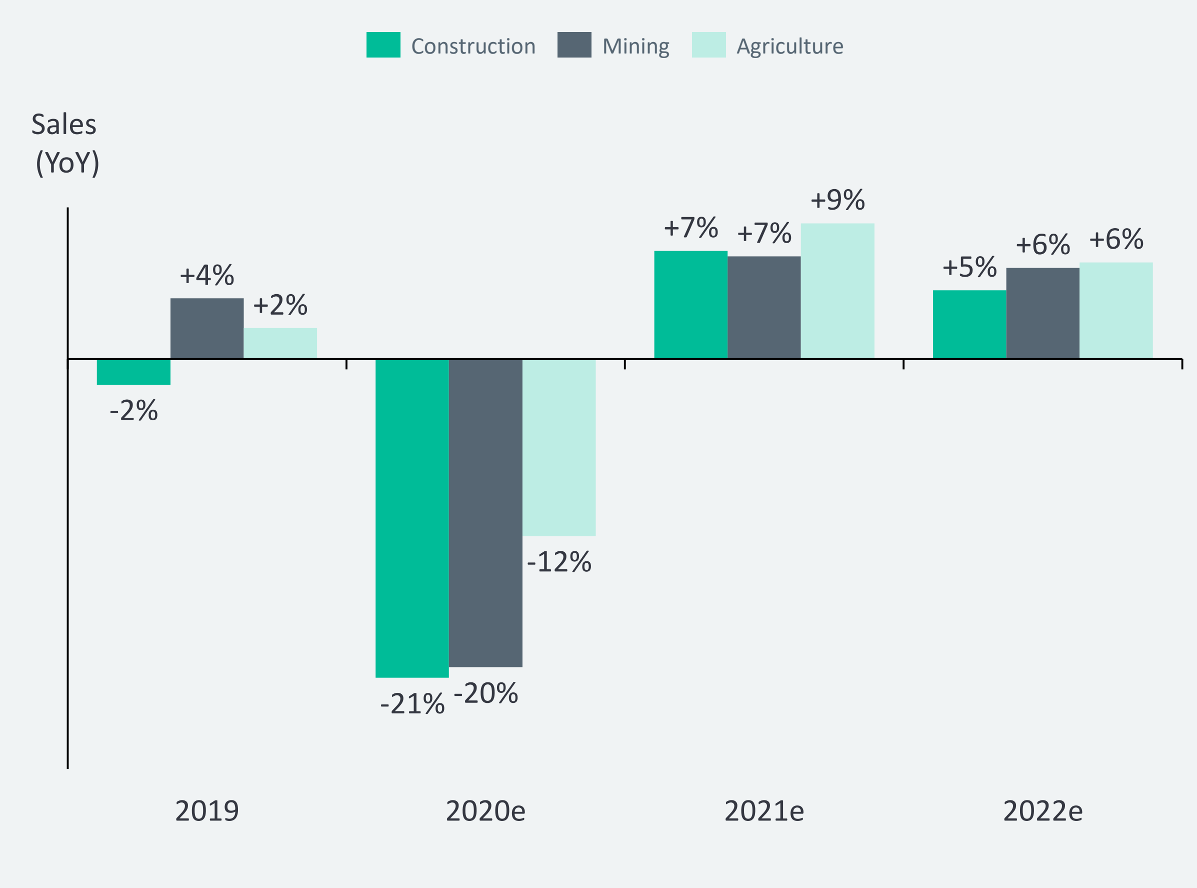
### GOVERNMENT STIMULUS

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]



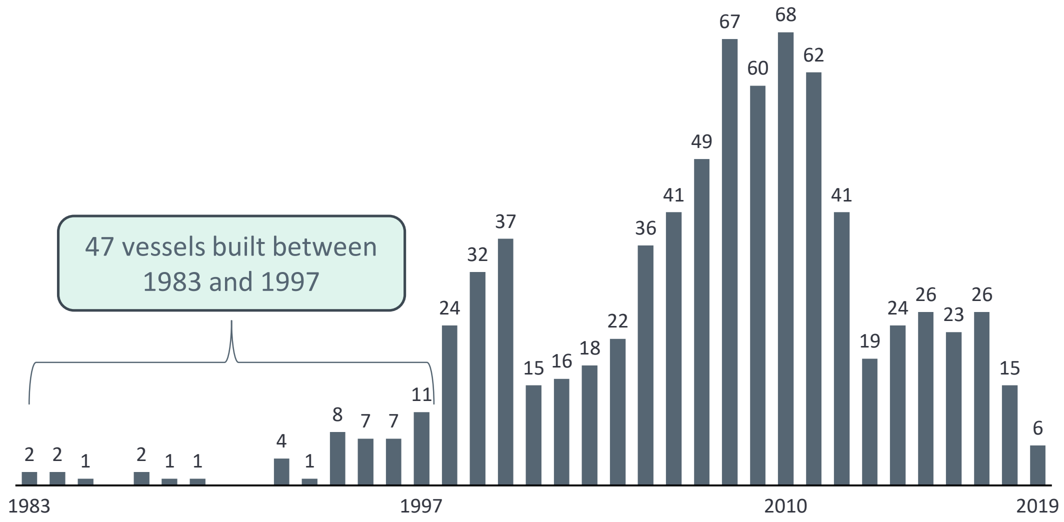

Source: [1]Factset (04.08.20) | OEM Revenue Consensus Estimate (y-o-y). Construction: Volvo, Caterpillar, CNH, Komatsu, Hitachi, Deere, Terex, Doosan Infracore. Mining: Sandvik, Caterpillar, Hitachi, Epiroc. Agriculture: AGCO, CNH, Deere.
Sales in construction/mining/agriculture equipment divisions only [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

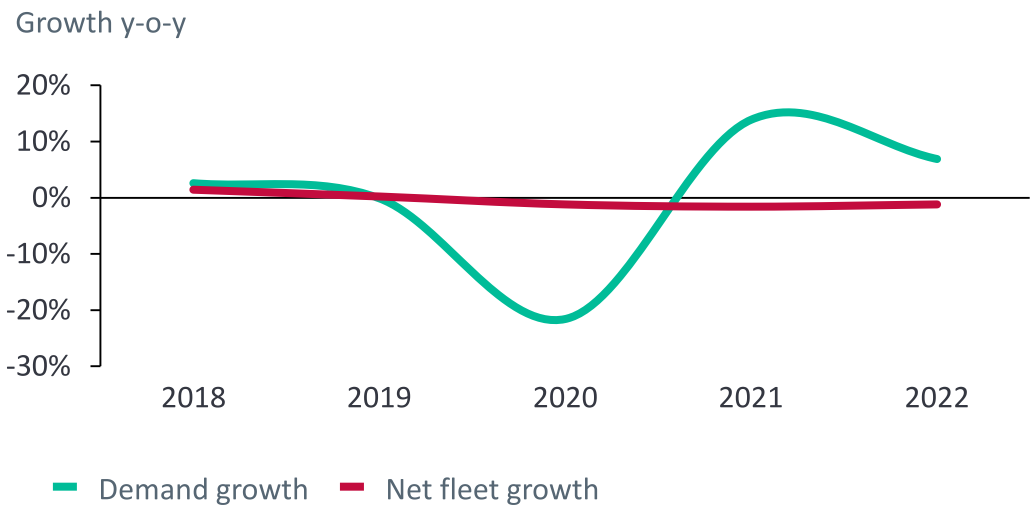
# vessels for seaborn LV and HH transport




- 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*

Wallenius Wilhelmsen

# Agenda

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# 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, expected 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

Wallenius Wilhelmsen

# Risk factors

# Risk factors (I/VII)

***An investment in the Bonds involves inherent risks. Prospective investors should carefully consider all information in this Presentation, including the risk factors set out below, before making an investment decision. This section addresses both general risks associated with the industry in which Wallenius Wilhelmsen ASA (the "Issuer") or any of its subsidiaries (such entities together, the "Group") operates and the specific risks associated with its business. Further, this section describes certain risks relating to the Bonds which could also adversely impact the value of the Bonds. It is not intended to be exhaustive – additional risks and uncertainties not presently known to the Group, or that it currently deems immaterial, may also impair the Group's business operations, financial condition, results of operations, cash flow and/or the value of the Bonds.***

***Investors should be mindful of the uncertainties that follow the coronavirus SARS-CoV-2 ("Covid-19") pandemic when investing in the Bonds. The Covid-19 pandemic may adversely affect the likeliness of occurrence and/or materiality of the risk factors presented in this Presentation, and could also impose additional risks that have not yet been identified by the Issuer or which are not considered as material risks at the date of this Presentation.***

***The Group cannot assure investors that any of the events discussed in the risk factors below will not occur. If they do, the Group's business, financial condition, results of operations and cash flows could be materially adversely affected. In such case, the trading price of the Bonds could decline, the Issuer may be unable to pay all or part of the interest or principal on the Bonds, and an investor may lose all or part of its investment. An investment in the Bonds is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment.***

***This Presentation also contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Presentation.***

***The following sets out various risk elements that are considered particularly relevant for investing in the Bonds. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.***

**Risks related to the Group and the market in which it operates**

*Risks related to the recent outbreak of Covid-19*

After the outbreak of the Covid-19 pandemic, the global economy has been experiencing a period of uncertainty. Authorities worldwide have adopted strict measures to reduce and slow its spread. These measures also impact global economic activity and the Group have experienced significant negative impact on the demand for both ocean transportation and landbased services.. For instance, plant closures in Asia caused parts shortages, disrupting the inbound supply chain to vehicle production leading to lower output and less volumes shipped. This has added to an already expected volume reduction due to selective contracting and already softening sales of vehicles and high & heavy.

There are great uncertainties regarding the definite consequences of the Covid-19 outbreak, and should the effects of the pandemic on global economic activity continue, it may adversely affect the Group's revenue, operations, financial condition and business.

Further, the Covid-19 outbreak may lead to further economic downturn which may negatively impact the Group's business and financial condition in ways that the Issuer cannot predict. Such economic downturn may also lead to a decline in customers' production or ability to pay for the Group's services, which could result in decreased demand for its vessels and services. Customers' inability to pay could also result in their default on the Group's current contracts. A decline in the amount of services requested by the customers or customers' default on the Group's contracts with them could have a material adverse effect on the Group's business, results of operations, cash flows and financial condition.

# Risk factors (II/VII)

*Risk related to change in production patterns*

The geographical pattern of production and sales of cars and rolling equipment may change going forward, because of, inter alia, restructuring in the industries, growing protectionism and currency concerns. A potential shift in the balance between locally produced and exported cargo may affect the overall demand for ocean transportation, and could result in lower and less efficient utilisation of the Group's fleet. Shifts in production and sales may also result in lower and less utilisation of the Group's landbased logistics facilities and transportation networks, which in turn may have a material adverse effect on the business, results of operations, cash flows and the financial condition of the Group.

The Issuer cannot predict the future level of demand for its services or future conditions in the industries it serves.

*Risks relating to the industry*

Historically, the shipping industry has been highly cyclical, experiencing volatility in profitability and asset values. This has primarily been due to changes in the level and pattern of global economic growth, the highly competitive nature of the world of the shipping industry and changes in the supply of and demand for vessel capacity.

The Group's performance and growth depends heavily on the demand for deep-sea transportation of cars, high and heavy machinery and break bulk cargo, including US governmental cargo, supply of vessels built and old vessels recycled, converted to other uses or lost, as well as government and industry regulation of maritime transportation. An increase in the supply of vessels or other vessel capacity without a corresponding increase in demand for transportation could cause freight rates to decline. An oversupply of vessels that can cause pressure on rates may materially adversely affect Group's business, results of operations, cash flows and financial condition.

*Risk related to competition*

The shipping and logistics industries in which the Group operates are highly competitive. The Group obtains employment for its vessels in competitive markets, where it encounters competition from owners and operators of roll-on roll-off vessels, large car and truck carriers ("**LCTCs**"), pure car and truck carriers ("**PCTCs**") and pure car carriers ("**PCCs**"), as well as by logistics services providers. The Group's logistics services providers operate in highly competitive markets in which they face competition from landbased transportation and logistics services companies, as well as international logistics service providers.

The competition in the markets where the Group operates may lead to reduced profitability and/or expansion opportunities and the Group's market share and competitive position in these markets may erode in the future. Any new markets that are entered into could include participants that have greater experience or financial strength than the Group, and it may thus not be successful in entering such new markets.

If any of these risks were to materialise, it may have a material adverse effect on the Group's business, results of operations, cash flows and financial condition.

*Geopolitical risk*

The Group is active in a number of regions, which expose the Group to political, governmental and economic instability, which could in turn harm operations.

Changes in the legislative, political, governmental and economic framework in the regions in which the Group carries on business could have a material impact on the business. In particular, changing laws and policies affecting trade, investment and changes in tax regulations could have a materially adverse effect on the Group's revenues, profitability, cash flows and financial condition.

*Risks related to piracy, armed robbery, hijackings and kidnapping ("**PAHK**")*

Acts of piracy and armed robbery have historically occurred in areas where the Group has operated and there is a risk that acts of PAHK will continue to occur in these areas.

# Risk factors (III/VII)

*Environmental risk*

The activities of the Group are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Changes in regulations concerning emission of greenhouse gases is one such risk factor for the Issuer. Compliance with such regulations may require significant expenditures, and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Changes in environmental laws may result in a material increase in the cost of operating the Group's units or otherwise materially adversely affect its business, profitability, cash flows and financial condition.

*Incidents involving significant damage, loss or environmental contamination*

The Group's vessels work in harsh environments, and the Group also operates and/or manages/procures transportation of cargo by truck, rail and barge. The vessels and cargoes are at risk of being damaged or lost because of events such as marine disasters, human errors, bad weather conditions, war and terrorism, grounding, fire, explosions and collisions, and faulty constructions.

*Risks related to customer contracts*

There can be no assurance that the Group will be able to renew its existing customer contracts and/or establish additional customer agreements, or that any such future agreements will be on terms equally favourable to the Group as is currently the case. The Group's business, results of operations, cash flows and financial condition may be materially adversely affected if it fails to continue its current agreements or establish new agreements on similar terms.

The Issuer’s subsidiary American Roll-On Roll-Off Carrier Group Inc (“ARC”) was awarded the multi-year Global Household Goods Contract ("GHC") on 30 April 2020 by United States Transportation Command ("TRANSCOM"). The government procurement process includes rights and routes for protest by unsuccessful bidders, and two unsuccessful parties have filed protests concerning the GHC award. If the protests are successful, there is a risk that the award of the GHC can be delayed or overturned.

*Risks related to disputes and litigation and anti-trust*

The Group operates in various legal and regulatory environments world-wide. The Group might because of this be involved in disputes and legal, administrative and governmental proceedings in Norway and other jurisdictions. Potential outcomes of such disputes and proceedings are subject to many uncertainties which can expose the Group to losses and liabilities. The final results of such disputes and proceedings may have a material adverse effect on the business, profitability, cash flows and financial condition of the Group. The operating entities WW Ocean and EUKOR have been part of authority anti-trust investigations in several jurisdictions since 2012. WW Ocean pleaded guilty to criminal charges in the US and paid a fine in USD 98.9 million. Administrative proceedings of anti-trust investigations have been resolved in Japan (WW Ocean fined USD 33 million), China (WW Ocean fined USD 7 million/ EUKOR USD 44 million), South Africa (WW Ocean fined USD 6.4 million/ EUKOR USD 0.98 million), Mexico (WW Ocean USD fined 4.2 million), Brazil (WW Ocean and EUKOR fined USD 9 million), EU Commission (WW Ocean and EUKOR fined USD 245 million), South Korea Administrative Proceedings (WW Ocean fined USD 3.6/ EUKOR 1.225 million), South Korea Criminal proceedings (EUKOR fined USD 54,000) and Chile (EUKOR fined August 2020 in USD 8 million). Proceedings are still pending in Australia where WW Ocean have pleaded guilty to criminal charges. Pending administrative proceedings against EUKOR in Peru and individual WW Ocean and EUKOR employees in Brazil. Wallenius Wilhelmsen expects these proceedings to be largely resolved by the end of 2020. There are civil claims pending in Canada, UK, and the US and the timeline for full and final resolution of these claims is more uncertain.

In the second quarter of 2020, the provisions set aside for antitrust claims were increased by USD 55 million. There is a risk of further civil claims which, in turn, may result in losses or liabilities or require further increase of provisions in the future.

# Risk factors (IV/VII)

**Financial risks related to the Group**

*Currency risk*

The reporting currency for the Group is USD. The Group is exposed to currency risk on revenues and expenses incurred (transaction risk) and balance sheet items (translation risk) in currencies other than USD, including CNY, EUR,  GBP, JPY, KRW, NOK, SEK, as well as other currencies.

*Interest rate risk*

The Group's long-term debt is primarily based on floating interest rates, and the Group has entered into interest rate swaps to obtain a certain level of fixed rate exposure. Interest rate fluctuations will influence the level of interest expense payable on the floating rate debt. An increase in interest rates can therefore materially adversely affect the Group's financial results, cash flow and financial condition.

Interest rate fluctuations will also influence the fair value of its portfolio of financial derivatives and thereby its financial results. An increase in interest rates can therefore materially adversely affect the Group's financial condition.

*Restrictive covenants in the Issuer's secured loan facilities and the bond terms, financial and other restrictions*

The Group has a number of covenants related to its loans and other financial commitments. Similarly the bond terms (the "**Bond Terms**") will provide certain restrictions on the Group from certain actions. The restrictions in such terms and conditions may prevent the Group from taking actions that it believes would be in its best interest, and may make it difficult for the Group to execute its business strategy successfully or compete effectively with companies that are not similarly restricted. Furthermore, any additional debt financing, if available, may involve restrictive covenants. Failure to comply with financial and other covenants may result in increased financial costs, requirement for additional security or cancellation of loans, which in turn may have a material adverse effect on the Group's results of operations, cash flow and financial condition.

*Liquidity risk*

Liquidity risk is the risk that the Group may not be able to meet its liabilities as they fall due. The Group's policy on overall liquidity is to maintain a minimum liquidity to cover regular operating costs and serve as a cushion against temporary fall in revenues or unforeseen payments. The Group is actively using a system for planning and forecasting of cash flows in order to forecast long-term liquidity needs and to plan for the necessary financing to fund future operations and investments An insufficient liquidity position may have a material adverse effect on the operations and development of the Group, which in turn may have a material adverse effect on the Group's results of operations, cash flow and financial condition.

*Credit risk*

The Group routinely executes a large volume of transactions involving daily settlement of substantial amounts, many of which expose the Group to the risk of contractual default by a counterparty. Due to the current difficult market conditions and the Covid-19 pandemic, this risk has increased. The Group's profitability, cash flows and financial condition may be materially adversely effected, should its counterparties fail to meet their contractual obligations.

The Group's customer base consists of diverse customers with no single material source of credit risk. However, a downturn in financial markets and economic activity may result in a higher volume of late payments and outstanding receivables. Even though the Group routinely seeks to recover all outstanding receivables, the amounts of write-offs may increase and have a materially adverse effect on the results of operations, cash flow and financial condition of the Group.

# Risk factors (V/VII)

*Bunkers price risk*

The profitability and cash flow of the Group is influenced by the market price of bunker fuel, which is affected by numerous factors beyond the control of the Issuer. The price of fuel oil has historically been volatile. An increase in fuel prices may materially affect the Group's profitability and put pressure on the operating margins, particularly in periods with price increases, as there is a lagging effect in the bunker compensation mechanism in the Group's customer contracts. Thus, the market price of bunker fuel may have a material adverse effect on the business, results of operations, cash flows and financial condition of the Group.

**Risks related to the Bonds and the Bond Issue**

*The Bonds may not be a suitable investment for all investors*

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Presentation or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds; and
- be able to evaluate (either alone or with the assistance of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

*Risk of being unable to repay the Bonds*

During the lifetime of the Bonds, the Group will be required to make payments on the Bonds. The Issuer is dependent upon its and its subsidiaries' ability to generate cash flow from operations and to make distributions to the Issuer in order for the Issuer to make scheduled payments on the indebtedness, including the Bonds.

The future financial performance of the Group will be affected by a range of economic, competitive, governmental, operating and other business factors, many of which cannot be controlled, such as general economic and financial conditions in the business or the economy at large. A significant reduction in operating cash flows resulting from changes in economic conditions, increased competition or other events could increase the need for additional or alternative sources of liquidity and could have a material adverse effect on the business, financial condition or results of operations, as well as the Group's ability to service its debt, including the Bonds, and other obligations.

If the Group is unable to service its indebtedness, it will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing indebtedness or seeking equity capital. The Group cannot assure investors that any of these alternative strategies could be effected on satisfactory terms, if at all, or that they would yield sufficient funds to make required payments on the Bonds and the Issuer's other indebtedness. In addition, any failure to make scheduled payments of interest and principal on outstanding indebtedness is likely to result in a reduction of credit rating, which could harm the ability to incur additional indebtedness on acceptable terms.

# Risk factors (VI/VII)

*The Bonds are effectively subordinated to the secured debt of the Issuer*

The Bonds will be the Issuer's direct senior unsecured obligations and will rank equal in right of payment (except as to claims preferred by operation of law) with all of its other existing and future senior indebtedness. The Bonds will be effectively subordinated to all of the Issuer's existing and future secured indebtedness to the extent of the assets securing such indebtedness. If the Issuer is involved in any bankruptcy, dissolution, liquidation or reorganization, the secured debt holders would, to the extent of the value of the assets securing the secured debt, be paid before the holders of the Bonds. In that event, a holder of Bonds may not be able to recover any principal or interest due to it under the Bonds.

*The Bonds will be unsecured obligations and structurally subordinated to the liabilities of any of the Group's subsidiaries*

Generally, creditors under indebtedness and trade creditors of the Issuer's subsidiaries will be entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer, as a direct or indirect shareholder. Accordingly, in the event that any of the Group's subsidiaries becomes subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceeding, the Issuer's creditors (including the holders of the Bonds) will have no right to proceed against the assets of any such subsidiary, and creditors of the Group's subsidiaries, including financial indebtedness and trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

*The Bonds will be structurally subordinated to the liabilities of the Issuer's subsidiaries*

Generally, claims of creditors of a subsidiary, including lenders under indebtedness that has been guaranteed by that subsidiary and trade creditors of that subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent entity, including by holders of the Bonds. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of the Issuer's subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity. The Issuer's creditors (including the holders of the Bonds) will have no right to proceed against the assets of such subsidiary. As such, the Bonds will be structurally subordinated to the creditors (including trade creditors) of the Issuer's subsidiaries.

*The insolvency laws of Norway may not be as favourable to you as insolvency laws in other jurisdictions with which you may be familiar and may preclude the holders of the Bonds from recovering payments due on the Bonds*

The Issuer is organized under the laws of Norway. The Issuer's subsidiaries are incorporated in other jurisdictions and are subject to the insolvency laws of such jurisdictions. The insolvency laws of these jurisdictions may not be as favourable to your interests as creditors as the bankruptcy laws of certain other jurisdictions. The insolvency, administration and other laws of other jurisdictions in which subsidiaries are organized or operate may be materially different from, or conflict with, each other. Any conflict between them could call into question whether, and to what extent, the laws of any particular jurisdiction should apply. There can be no assurance as to how the insolvency laws of these jurisdictions will be applied in relation to one another. Any such conflict may result in greater uncertainty and delay regarding enforcement of your rights.

*The trading price of the Bonds may be volatile*

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Bonds. Any such disruptions could adversely affect the prices at which investors may sell their Bonds. In addition, subsequent to their initial issuance, the Bonds may trade at a discount from their initial placement, depending on the prevailing interest rates, the market for similar securities, the performance of the Issuer and other factors, many of which are beyond the Group's control.

# Risk factors (VII/VII)

*Risks related to the market for the Bonds*

The Bonds are a new issue of securities with no established trading history. Even though the Group will apply for listing of the Bonds on Oslo Børs (or any other regulated market), no assurance can be made that the Bonds will be successfully listed.

The Group has not entered into any market-making scheme to ensure liquidity of the Bonds. A liquid trading market for the Bonds may not develop or be maintained and investors may not be able to sell the Bonds quickly or at a favourable price. If an active market does not develop or is not maintained, the price and liquidity of the Bonds may be adversely effected. The Group cannot assure investors as to the future liquidity of the Bonds and as a result, investors bear the financial risk of their investment in the Bonds.

*The Bond Terms will allow for modification of the Bonds or waivers or authorizations of breaches and substitution of the Issuer which, in certain circumstances, may be affected without the consent of bondholders.*

The Bond Terms will contain provisions for calling meetings of bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all bondholders, including bondholders who did not attend and vote at the relevant meeting and bondholders who voted in a manner contrary to the majority.

Nordic Trustee AS, as trustee on behalf of the bondholders, (the "**Trustee**"), may, without the consent of the bondholders, agree to certain modifications of the Bond Terms and other finance documents (as such term will be defined in the Bond Terms) which, in the opinion of the Trustee, are proper to make. Such modifications which will be binding upon the bondholders and will be further described in the Bond Terms.

# Appendix

# The Wallenius Wilhelmsen group in numbers

**7**
million throughput of cars through 71 vehicle processing centres

**11**
terminals handling 6 million units annually

**158**
Formed April 2017 by Wilh. Wilhelmsen of Norway and Wallenius Lines of Sweden and building on a 158-year heritage

**35%**
reduction in $CO_2$ emissions per tonne-km from 2008 – 2019

**1,200**
sailings last year

**11**
inland distribution networks moving 250k units

**200k**
throughput of high and heavy machinery through 50 equipment processing centers worldwide

**4.5**
million car equivalent units shipped last year

**29**
Present in 29 countries

**8,200**
port calls last year

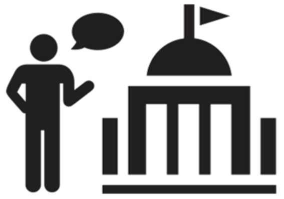
# Continued focus on driving sustainability – a journey to zero

**APPROACH**

**TAKE THE INITIATIVE** TO POSITION FOR THE FUTURE

**PARTNER** TO FIND LEAN:GREEN SOLUTIONS


**TRANSPARENT** AND **VOCAL** APPROACH



**ENGAGE** IN THE REGULATORY PROCESS

**ATTRACT** INNOVATORS TO OUR INDUSTRY

**EXAMPLES**

**TAKE THE INITIATIVE**

- Zero-emission concept 2005
- Fleet digitalisation
- Piloted Jotun hull skating system

**PARTNER** (SMART MARITIME)

- Collaboration with deep sea leading shipping companies
- LEO alliance member for sustainable biofuel
- WPCC partner aiming to be ready to build end 2020

**TRANSPARENT AND VOCAL** (Ship Recycling Transparency Initiative)

- Responsible recycling since pre 2000
- Founding SRTI member; leveraging transparency to make responsible recycling the industry norm

**ENGAGE** (WORLD SHIPPING COUNCIL)

- A progressive industry voice in favour of smart and effective regulation and policy

**ATTRACT** (OCEAN EXCHANGE)

- Shine a light on shipping to bring innovators
- 100 000 USD Orcelle Award since 2007

# Vehicle production restarting and meets current demand

**COVID-19 status update Auto**

**Supply**

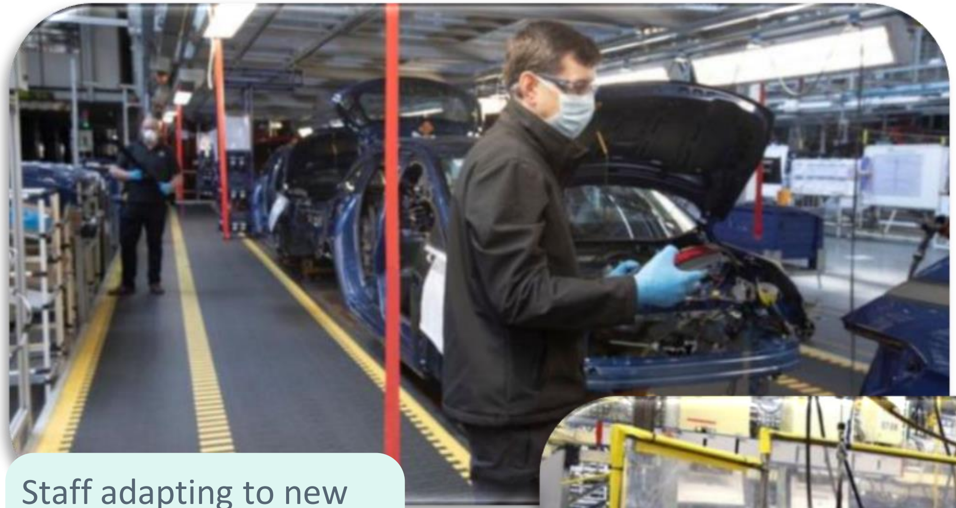
Temporary plant closures has taken place in all major regions, however today production has recovered and meet almost all demand

Recovery seems be on track despite a stop-start rhythm prevents efficiency, slow bands and tricky new health protocols. New routines and equipment has added extra costs for OEMs

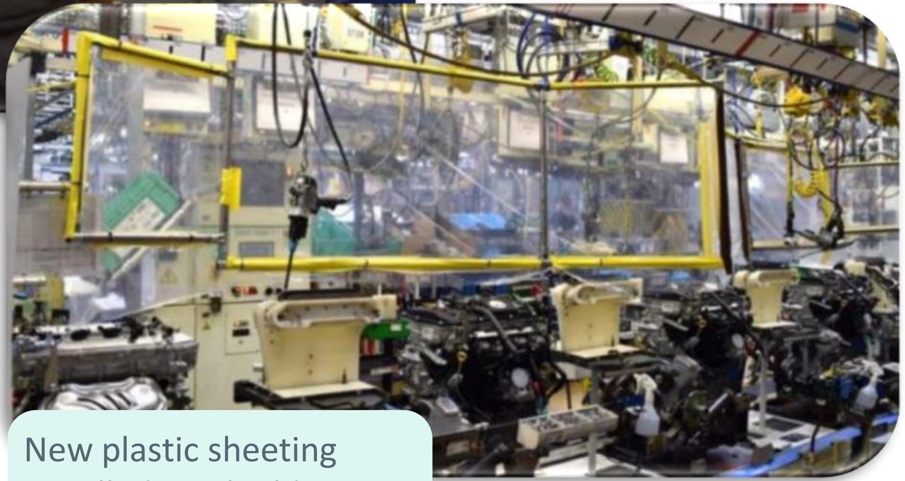
The OEMs are seeing outbound issues including longer transit time partly caused by stricter controls between countries

Today there are examples of models/trims with shortage of supply

OEMs prioritize the most profitable models



Staff adapting to new routines and health protocols



New plastic sheeting installed, to shield workers from each other

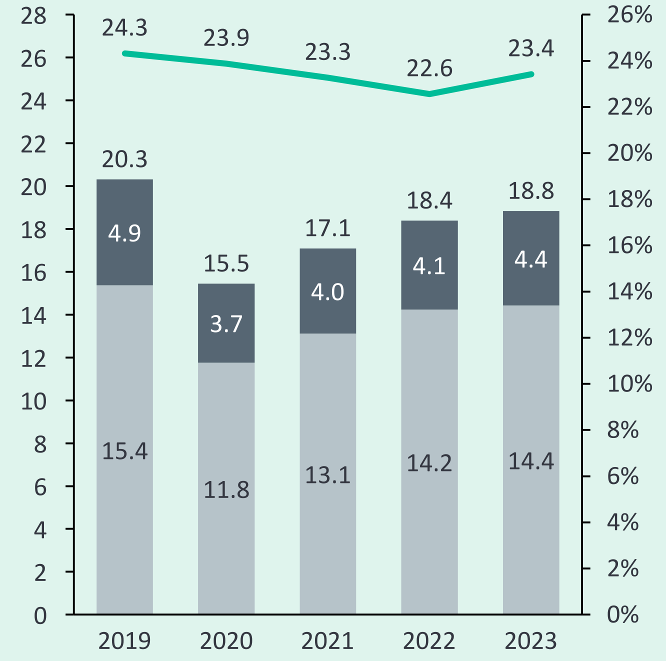
Source: Market Insight Wallenius Wilhelmsen

# Deepsea share of LV sales high in NA and low in China

*LV deepsea volume pr region, volume and share of sales*

**NA sales, domestic produced and import**

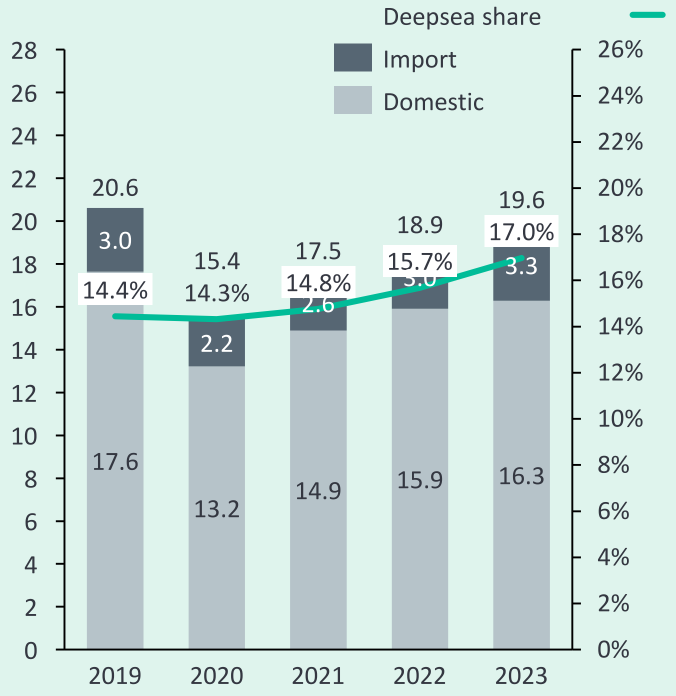
LV mill units 2019-2023, % share import




- NA sales 1.5m below 2019 level in 2023
- Deepsea share continues to be high, 23% in 2023

**Eur sales, domestic produced and import**

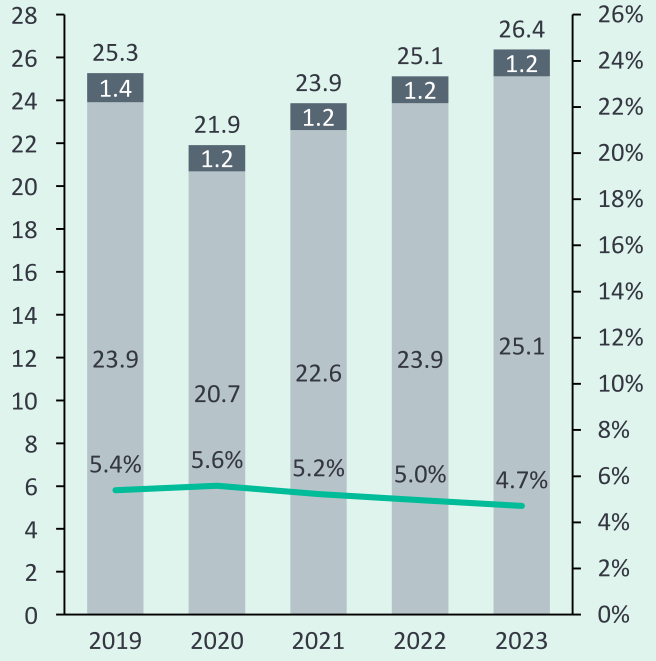
LV mill units 2019-2023, % share import




- European deepsea share outperform domestic production
- Import increase from China and NA

**China sales, domestic produced and import**

LV mill units 2019-2023, % share import




- China by far largest sales region
- Deepsea share significant below NA and Europe

Source: IHS Markit / Market Insight Wallenius Wilhelmsen, *China – Greater China incl. HK and Taiwan

# Strong management team with +20 years industry experience

## Wallenius Wilhelmsen Senior Management team

**Wallenius Wilhelmsen ASA**

**Craig Jasienski**
President & *CEO*

**Per-Hermod Rasmussen**
*CFO*

***Anne Lise Hjelseth***
*Organisational development & HR*

**Simon White**
*Group Digital & IT*

**ARC**

**Eric Ebeling**
*CEO*

**EUKOR**

**Erik Noeklebye**
*CEO*

**Wallenius Wilhelmsen Ocean & Solutions**

**Mike Hynekamp**
*COO*

# Experienced Board of Directors with broad industry knowledge and presence

*Independent Chair and four independent Board Members*

## Wallenius Wilhelmsen Board of Directors

**Chair of the Board**

**Håkan Larsson**

- Chair of the SteerCo for the WW ASA and Wallenius JVs 2013-2017
- Past CEO for Rederi AB Transatlantic and of Schenker AG

**Vice chair of the Board**

**Rune Bjerke**

- Chairman of the Board, Vipps
- Past CEO DNB, Hafslund, Scancem

**Member of the Board**

**Margareta Alestig**

- Deputy Managing Director for the Sixth Swedish National Pension Fund
- Past CFO for Broström AB, JCE Group AB and Swisslog AB

**Member of the Board**

**Anna Felländer**

- Co-founder AI Sustainability Center
- Expert Advisor Sana Labs
- Past Chief Economist and Digital Economist & Futurist Swedbank, Advisor Swedish Government

**Member of the Board**

**Jonas Kleberg**

- Chairman and CEO Rederi AB Soya

**Member of the Board**

**Marianne Lie**

- Board member Noreco ASA, Cecon ASA, Nordic American Tankers Ltd, Nordic American Offshore Ltd
- Past CEO Norwegian Shipowners' Association

**Member of the Board**

**Thomas Wilhelmsen**

- Group CEO Wilh. Wilhelmsen Holding ASA