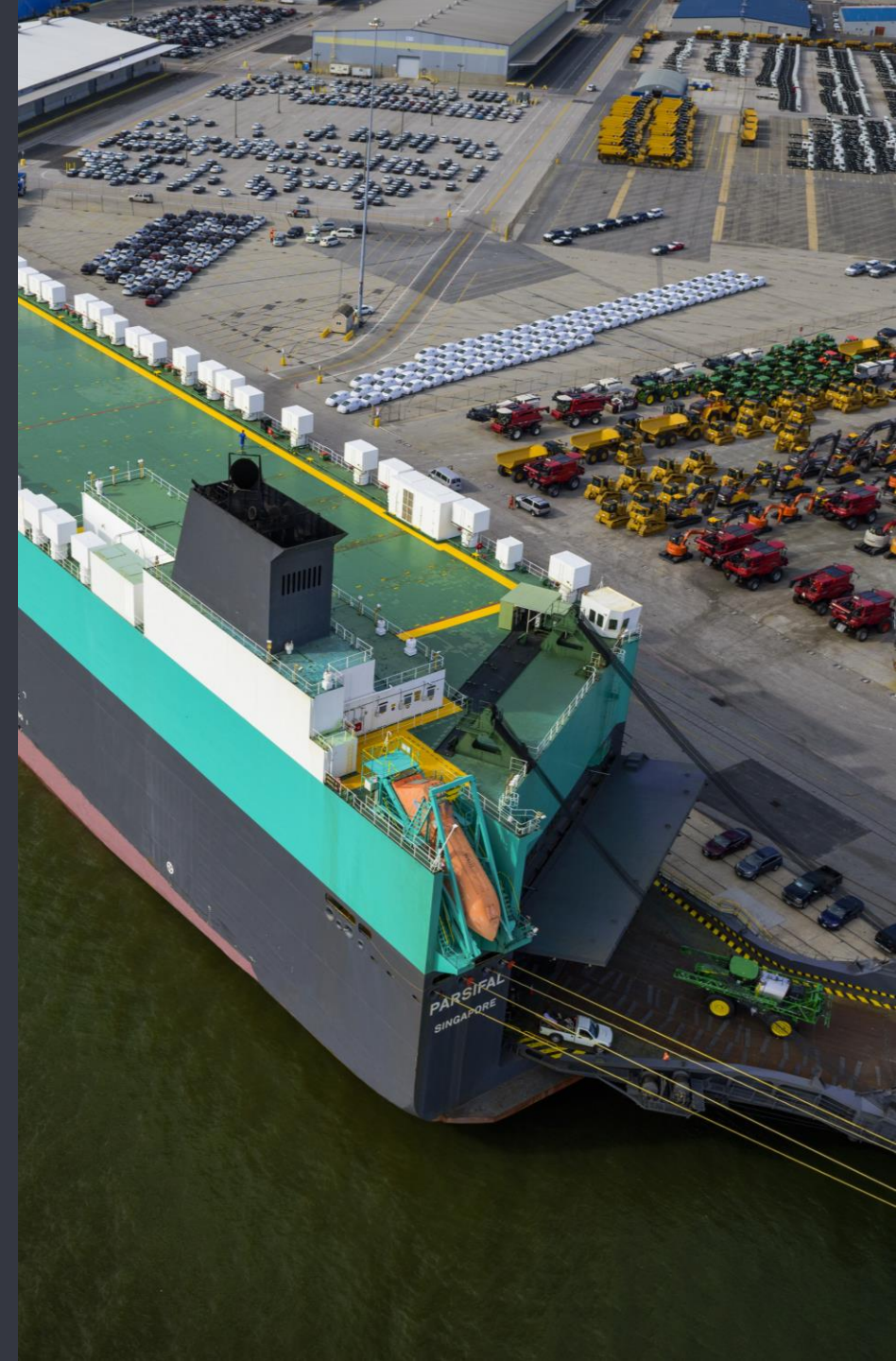




Wallenius Wilhelmsen ASA

Q2 2023

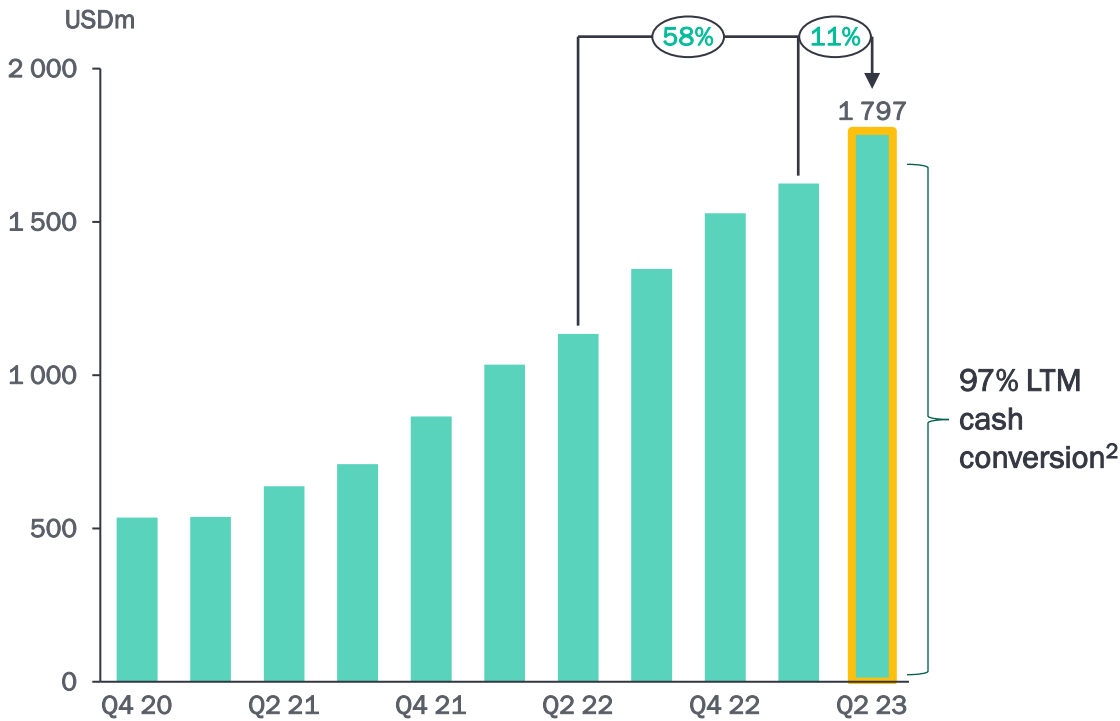


Highlights – Q2 2023

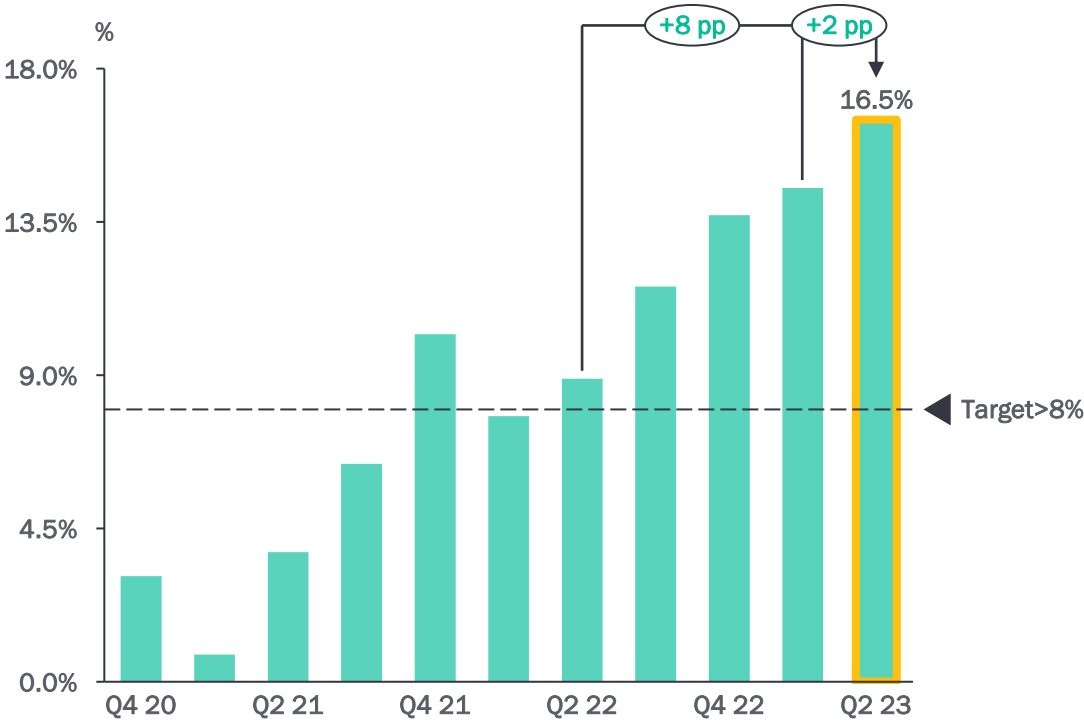
- Strong performance in all segments yielding EBITDA of USD 477m and operating cash flow of USD 396m
- Shipping delivered an all-time-high EBITDA margin with increasing volumes and rates, combined with strong voyage efficiency
- Persisting high demand for auto services drives another strong quarter for Logistics, and Government Services is up on high U.S. government activity
- Multi-year contracts have been concluded at attractive rates during the quarter, reflecting the current market conditions and our ambitions on decarbonization
- Improvement across all environmental and safety KPIs
- Signed LOI for delivery of four 9,350 CEU methanol-capable and ammonia-ready vessels with delivery from mid-2026 onwards, with individual options for an additional eight vessels

Financial highlights – solid cash generation and return on capital employed

LTM¹ adj. EBITDA



LTM Return on Capital Employed³

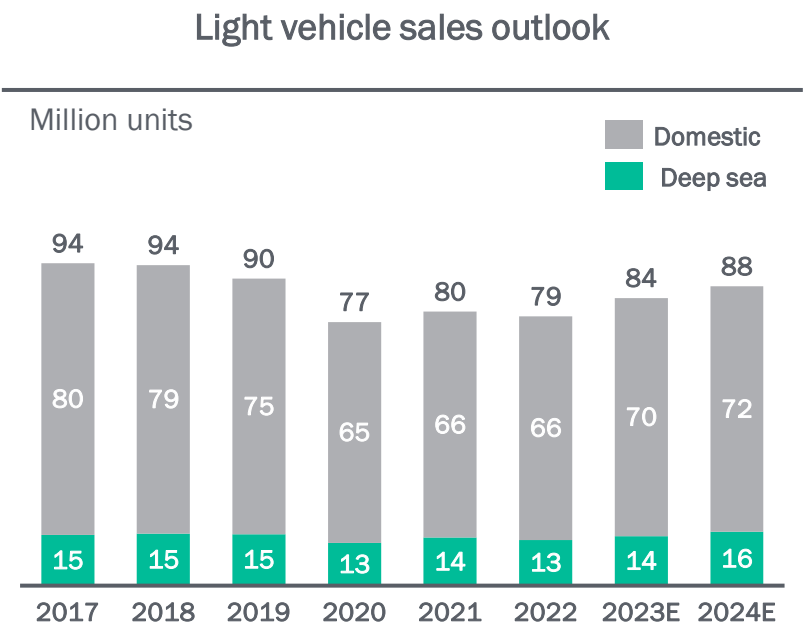
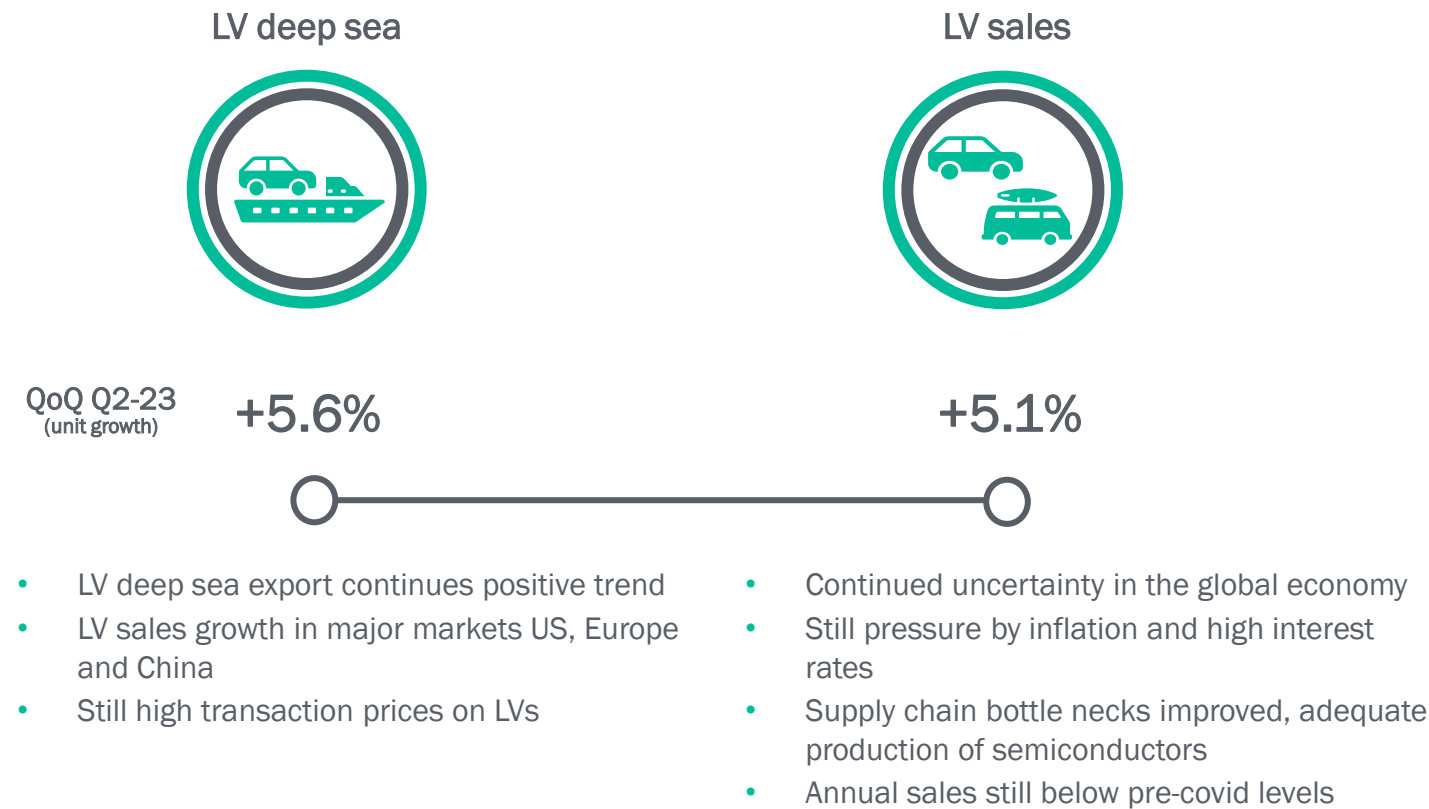


1) LTM: Last twelve months (rolling)
2) Cash conversion: LTM operating cash flow / LTM adj EBITDA
3) ROCE: LTM adj. EBIT / LTM average capital employed.

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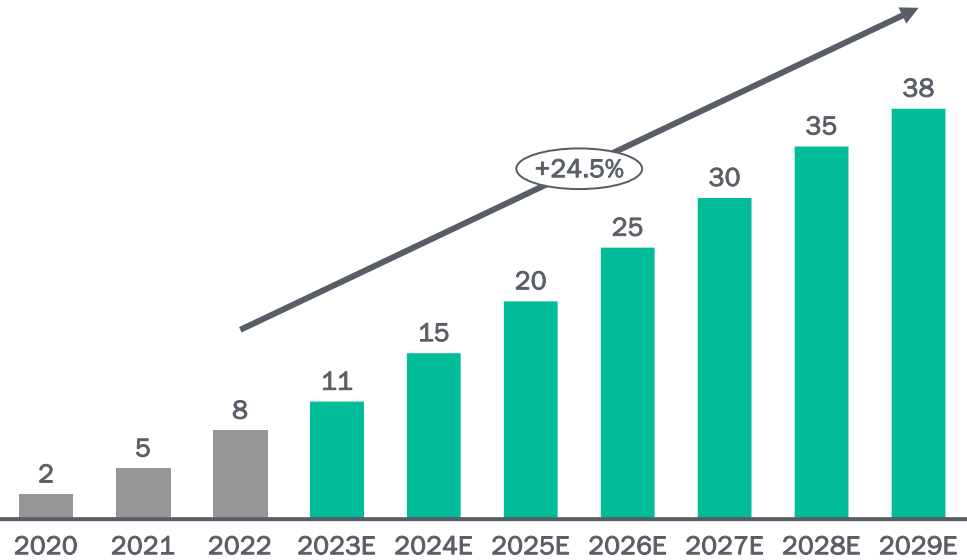
Light vehicle sales remain below historical levels and expected to increase in 2023 and 2024



BEV sales and China exports contribute to deep sea volume growth

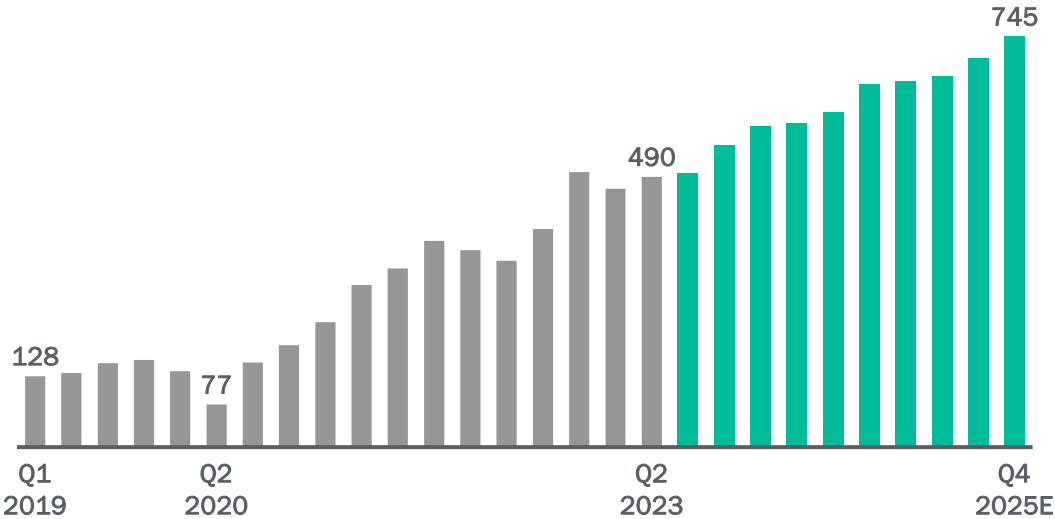
Global battery electric vehicle sales outlook

Million units



Export from China drives LV deep-sea volume growth

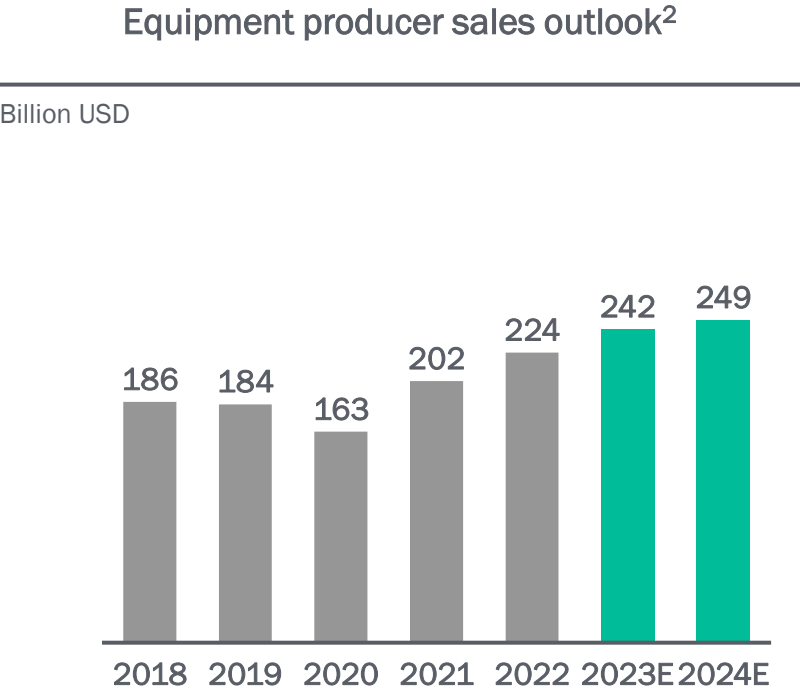
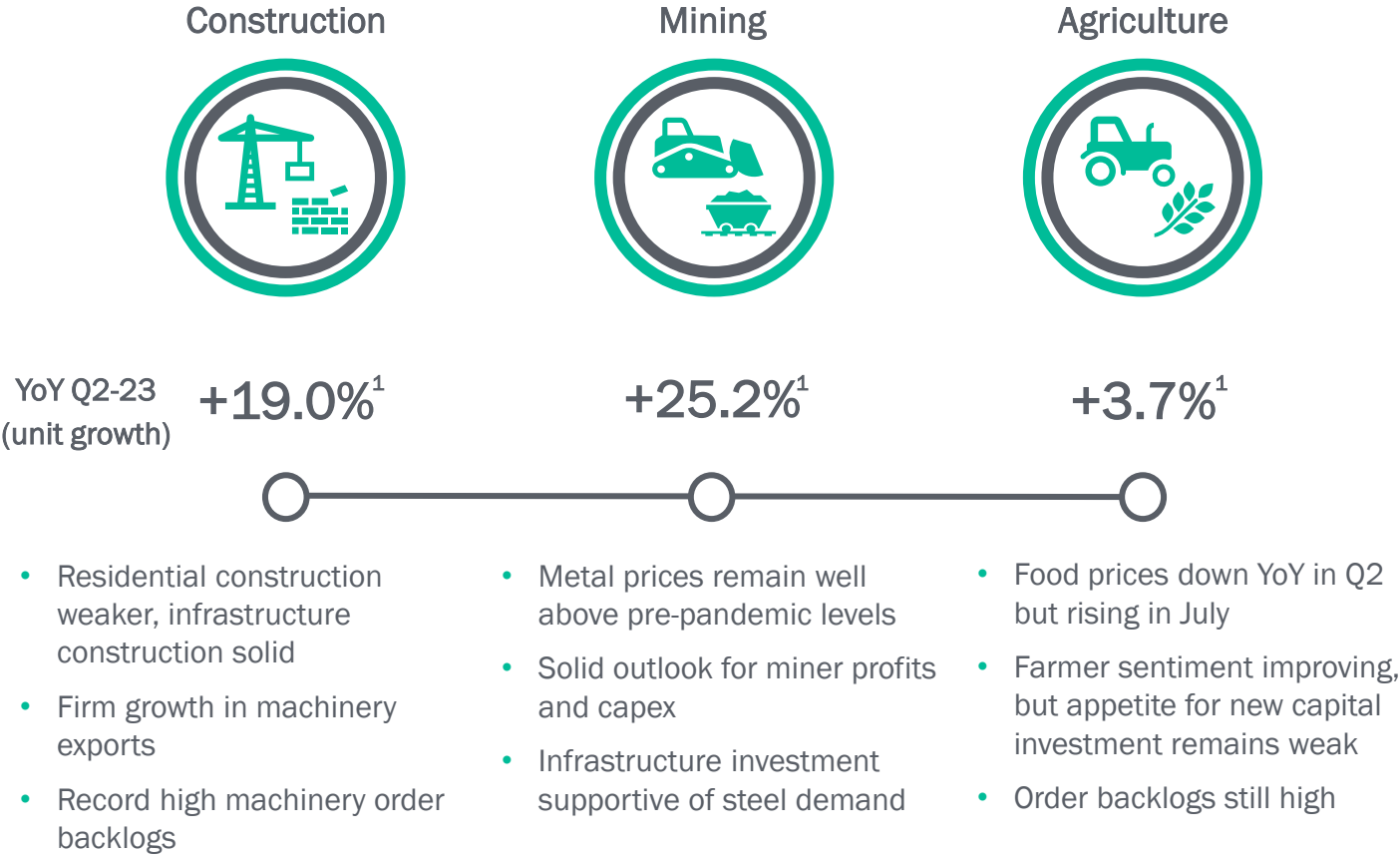
Finished new vehicles, 1,000 units exported deep sea from China per quarter



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

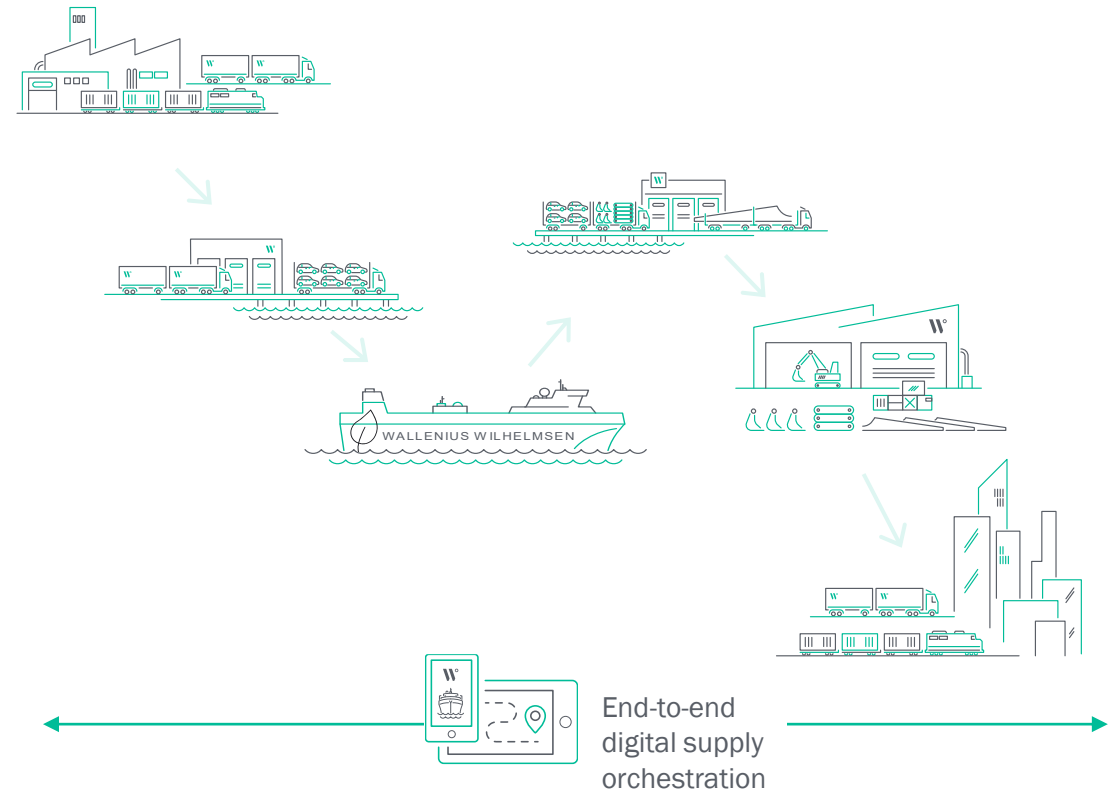
Actuals Estimates

High & Heavy exports solid in Q2, but order activity softening

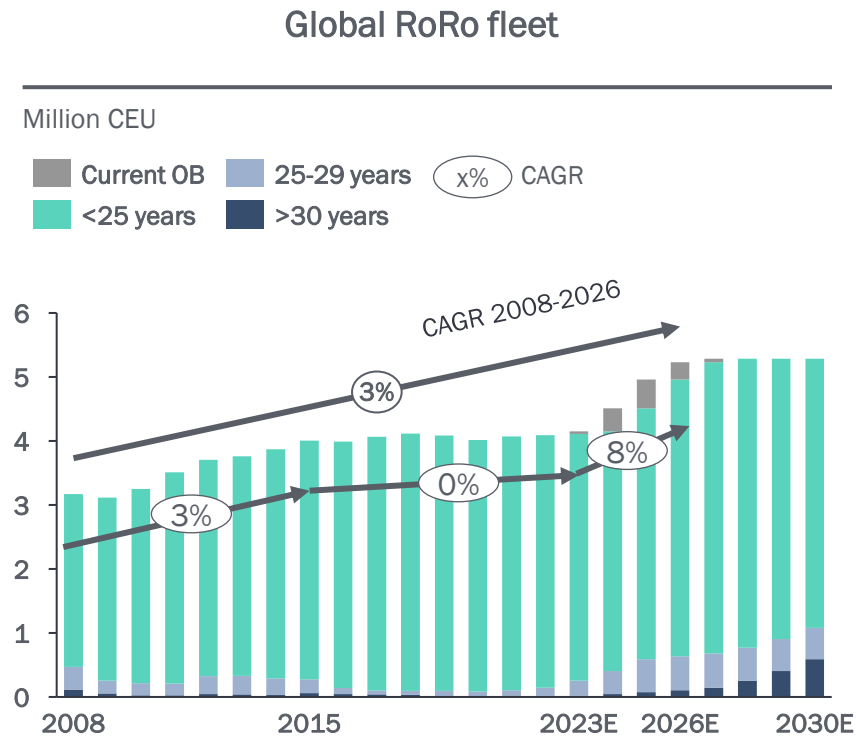
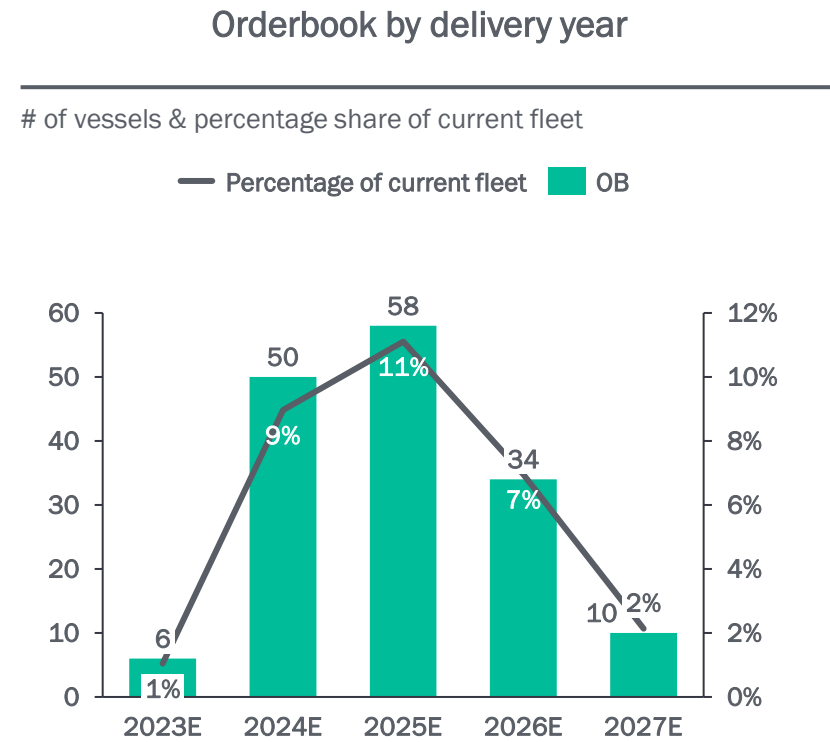


We continue to build a robust book of business through renewal of multi-year contracts at favorable terms

- In Q2, we signed a contract with a major EV manufacturer lasting until the end of 2025, including both land and sea services at attractive market rates
- The contract includes an agreement to use and pay for biofuel
- Several multi-year contracts have been or were in the process of being concluded during the quarter, reflecting the current market conditions and our ambitions on decarbonization
 - USD850m of 2022 revenues, abt. 18% of volume, are up for renewal in 2023
 - USD1.2bn of 2022 revenues, abt. 35% of volume, are up for renewal in 2024
- The revenue effect of these contracts will primarily be seen from 2024 and 2025 respectively



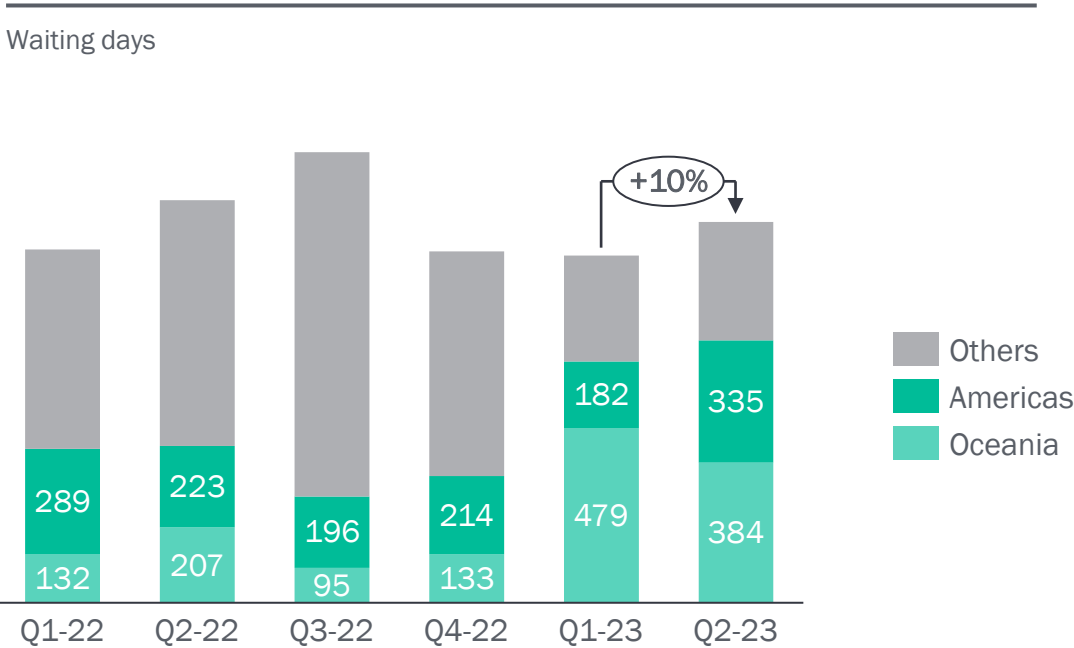
Recent ordering activity brings fleet growth back on long term trend



- Historical long-term growth of 3% p.a.
- Convergence to the mean during 2024-2026 after a decade with a flat fleet size
- Orderbook grew by 20 vessels and is now 30% of current fleet

Port congestion remains a global challenge, with increased issues on the West Coast of North America in Q2

Port congestion, global figures



Congestion remains in Oceania and shifts to Americas as well

- Port congestion remains a challenge reducing overall global fleet capacity
- Congestion on the US West Coast, Canada, and Panama canal is surging
- Congestion continues in Oceania as rigorous biosecurity measures overwhelm ports
- Less port calls in Oceania are limiting further increases in congestion and waiting days

Agenda

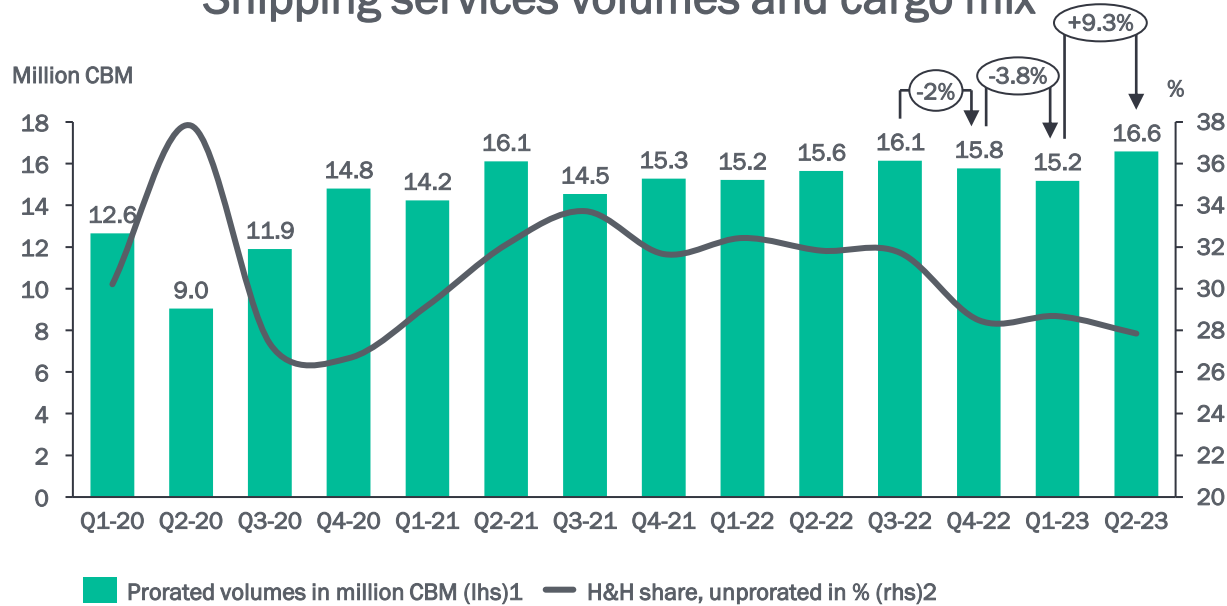
1. Market update
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Shipping update

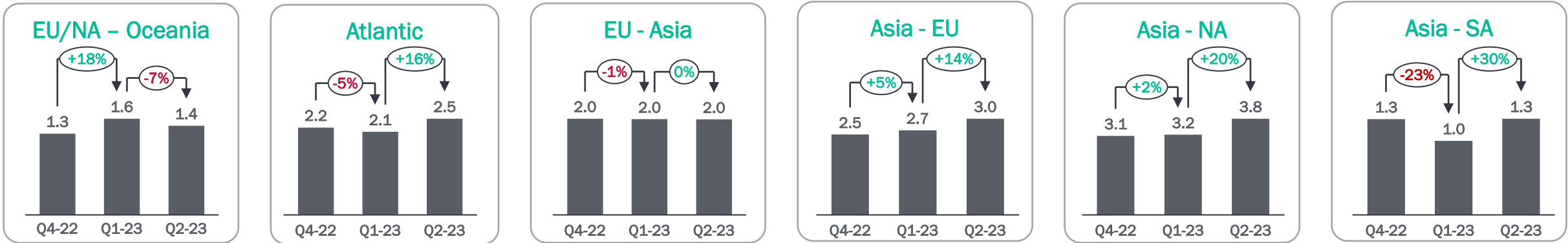


Shipping volumes increased 9% on more laden voyages

Shipping services volumes and cargo mix



- Increased volumes on more laden voyages, impacting both volumes out of Asia and US/Europe, and relatively more out of Asia
- Volume growth is partly driven by cargo commitments under legacy contracts
- Cargo mix (H&H/BB share) fell from 29% in Q1 to 28% in Q2

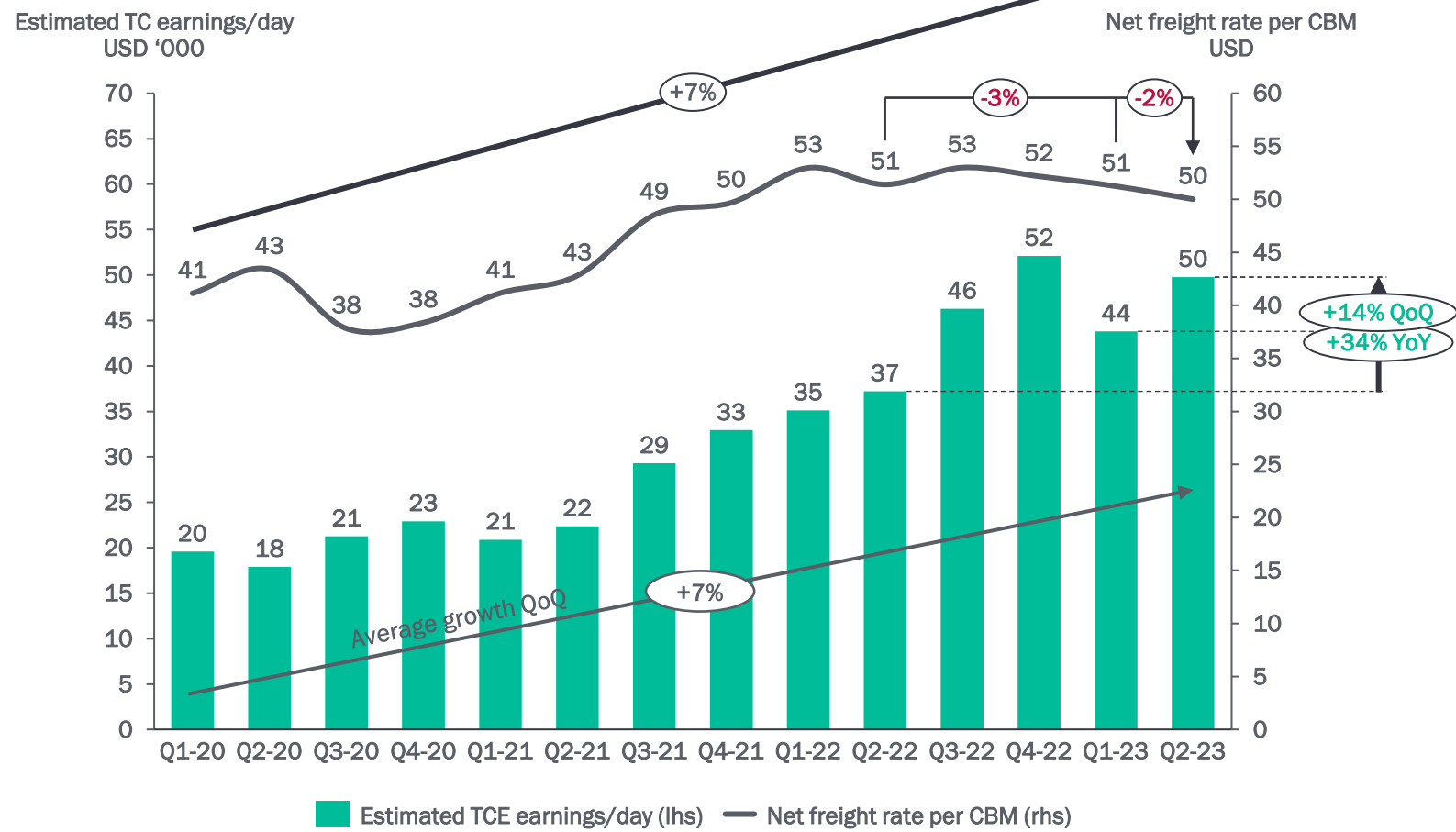


1) Total volume based on prorated volume in Shipping services (ex. Government services), i.e. volumes are split between months based on the sailing period onboard the vessel. Historical volume figures subject to change as figures are based on estimates and prorating

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

Significant increase in TC earnings/day despite slight decline in net freight rate per CBM

Estimated TCE earnings/day and Net freight rate per CBM



- Net freight decreased to USD 50.0 per CBM, down USD 1.2 per CBM QoQ
- This is mainly driven by effects of changes in accounting practices for Armacup², and cargo and customer mix
- TCE earnings per day increased 14% QoQ on higher volumes, improved vessel utilization, and lower voyage and fuel expenses
- YoY TCE earnings increased by 34% driven by higher volumes and lower cargo and fuel expenses

1) TC earnings/day (excluding SG&A) defined as net freight and surcharges minus cargo expenses, fuel, other voyage expenses, and other operating costs (adjusted for one off items), divided by number of active days. Estimates include active days in Armacup

2) Changes in accounting practices relate to prorating and FAF calculation. The outstanding 35% of Armacup will be acquired at the end of 2024.

Our fleet strategy is a central element in our strategy execution

Strategic goals



Be our customers' first choice in shipping



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

Fleet strategy

1. Maintain fleet size of 125-135 vessels
2. All new investments to support net-zero emissions target
3. Cautious approach to time charters
4. Build partnerships with customers and suppliers

Starting fleet renewal through the delivery of new vessels supporting our ambitions to deliver net zero transportation solutions

Fleet strategy – new vessels

- Signed a letter of intent for delivery of four 9,350 CEU methanol-capable and ammonia-ready vessels and individual options for an additional eight vessels
 - Vessels designated as the “Shaper Class”
- The options are declarable in two batches of four
- The four vessels will be delivered from mid-2026 and onwards by Jinling Shipyard (Jiangsu)
- All vessels are designed to support Wallenius Wilhelmsen’s trading pattern and have a high degree of flexibility, allowing a variety of cargo compositions
- The ability to install ammonia propulsion provides future optionality to choose future green fuel types in line with our net-zero ambitions



We are committed to shaping our industry and we are looking for partners to breach the following barrier

1

Source net zero and eventually zero emission fuels

2

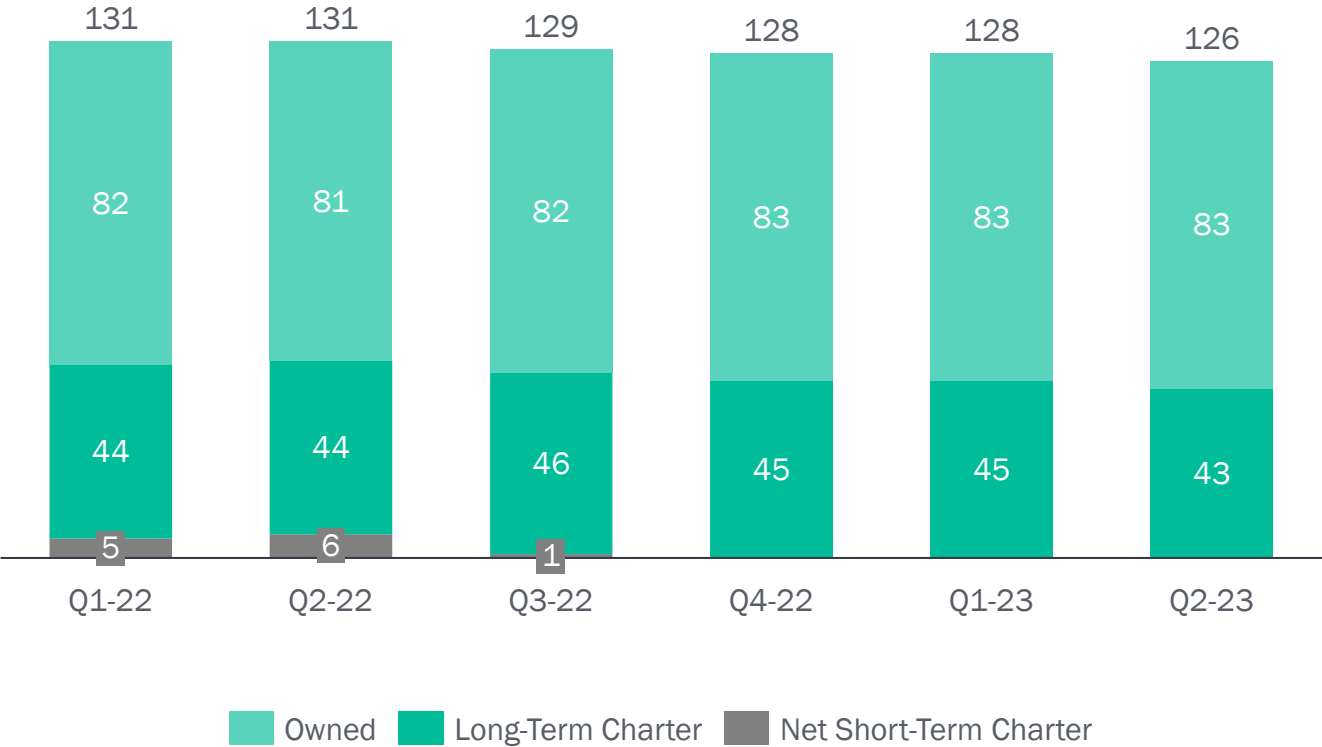
Find new technologies to reduce fuel consumption

3

Secure trusted, verified emission data

Cautious approach to time charters with 2x redeliveries during the quarter

Fleet development*



- Fleet count is down two vessels QoQ and five vessels YoY
- We remain cautious in terms of adding short-term capacity owing to high charter-in rates
- Assuming no capacity is added, there will be a gradual decline in our available capacity as long- and medium-term charters come to an end
- We see opportunities in the market for longer-term charters, but not yet at attractive levels
- In many cases, we hold purchase options that are in-the-money for vessels under term charters
- Exercising of such options will be evaluated on a case-to-case basis

* 3 ARMACUP long-term charters added to the list for Q2, Q3, Q4 in 2022 and Q1, Q2 in 2023, and 2 in Q1-22

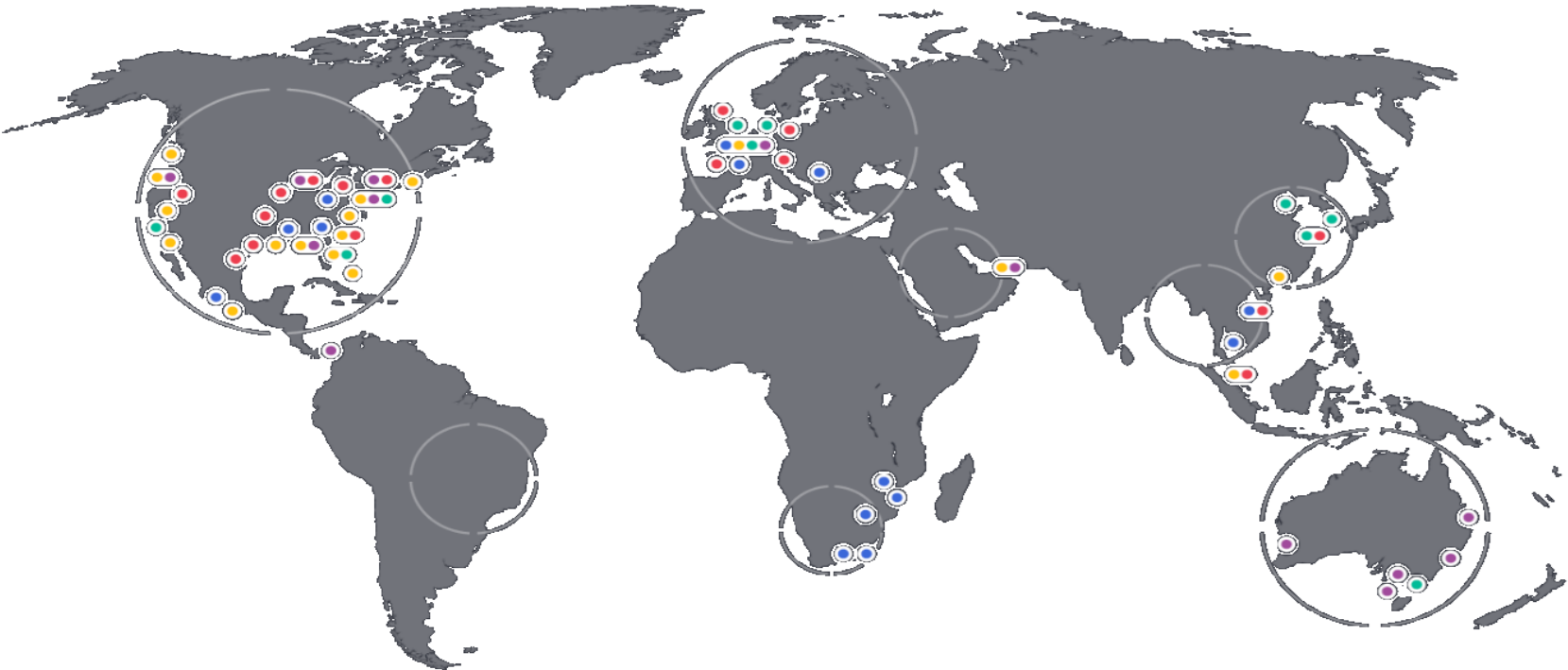
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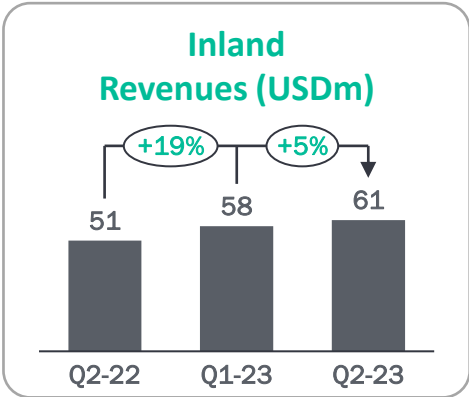
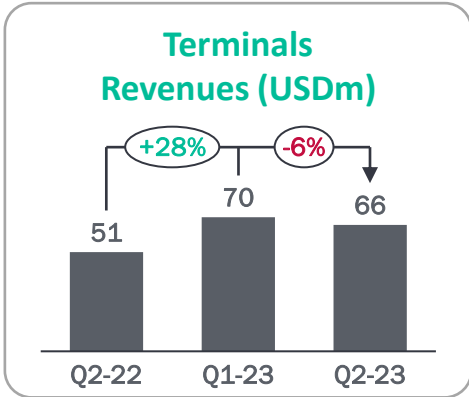
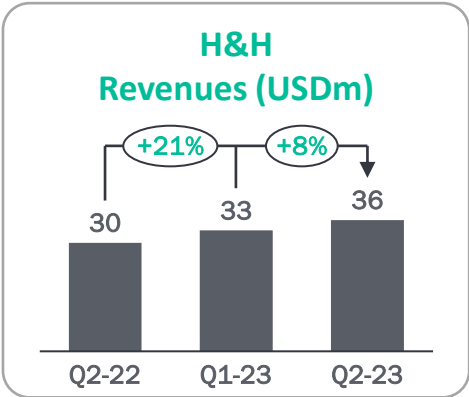
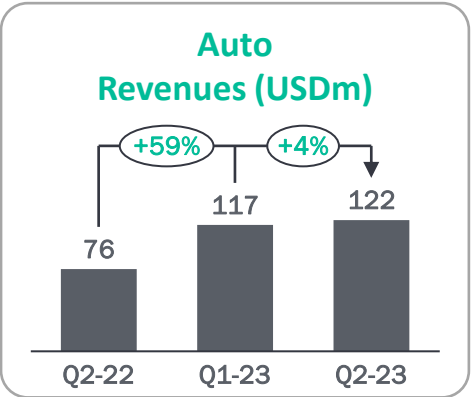
An aerial photograph of a vast logistics yard. The yard is filled with hundreds of vehicles, primarily white and silver cars, arranged in neat, diagonal rows. In the foreground and middle ground, there are several sections filled with white and black trucks. The yard is bordered by a multi-lane highway on the right and a body of water with industrial facilities on the left. The text "Logistics update" is overlaid in white on a semi-transparent dark rectangle in the center-left of the image.

Logistics update

Logistics revenues remain strong as volumes stabilize, specifically in Auto



- Auto saw strong volume, accessorizing, and storage revenue
- Terminals saw lower volume due to fewer sailings, ongoing congestion and biosecurity seasonality
- H&H lower overall volumes offset by strong volume in the US and Australia
- Inland volumes increased in both US and in the Middle East

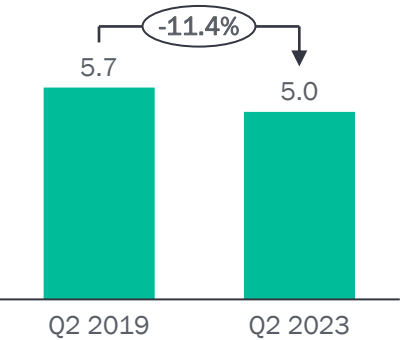


Auto production gain traction as chip shortage mostly resolved – still below 2019 levels



Units per
quarter in
millions

North America LV Volume

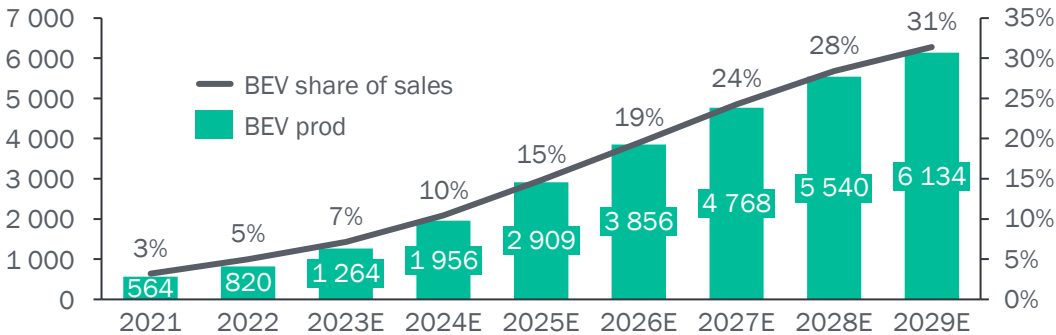


- Semiconductor production meet demand, distribution the bottle neck
- Some pent-up demand, while negative global economic development looms
- Transaction prices still trending high

Logistics – key markets for Light Vehicles

North America BEV production and share of total NA sales

In thousands





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



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Committed to safe and sustainable operations



- No serious injuries in Q2, with no LTI in Shipping
- Sharp decrease in Logistics' LTIF¹ in Q2 compared to Q1
 - Challenges remain, including high churn of labor and congestion
- 10% decrease in CO2 intensity QoQ mainly due to increased cargo work
- Total CO₂ footprint is stable compared to previous quarter

Principles of Governance



People



Planet



Prosperity



	Q1-23	Q2-23
<div>  </div>	LTIF Shipping per million man-hours exposed	1.39 ➡ 0.00
	LTIF Logistics per million man-hours worked	18.38 ➡ 11.84
<div>  </div>	CO₂ Intensity Grams per tonne km (EEOI)	30.3 ➡ 27.3
	Total CO₂ Million tonnes, Shipping and Government services	1.15 ➡ 1.11

1) LTIF: Lost time injury frequency

Wallenius Wilhelmsen secures new fuels to accelerate the energy transition

- Signed biofuel contract with ExxonMobil in June
- The biofuel components are ISCC¹ certified and do not compete for water, and agricultural resources used for food production
- Biofuel is already being consumed on selected vessels
- Ambition to significantly increase share of biofuel consumption in 2024, linked to commercial contracts with customers
- Developing new energy procurement strategy to meet future demand for our newbuild vessels
- Exploring new energy markets for methanol and ammonia



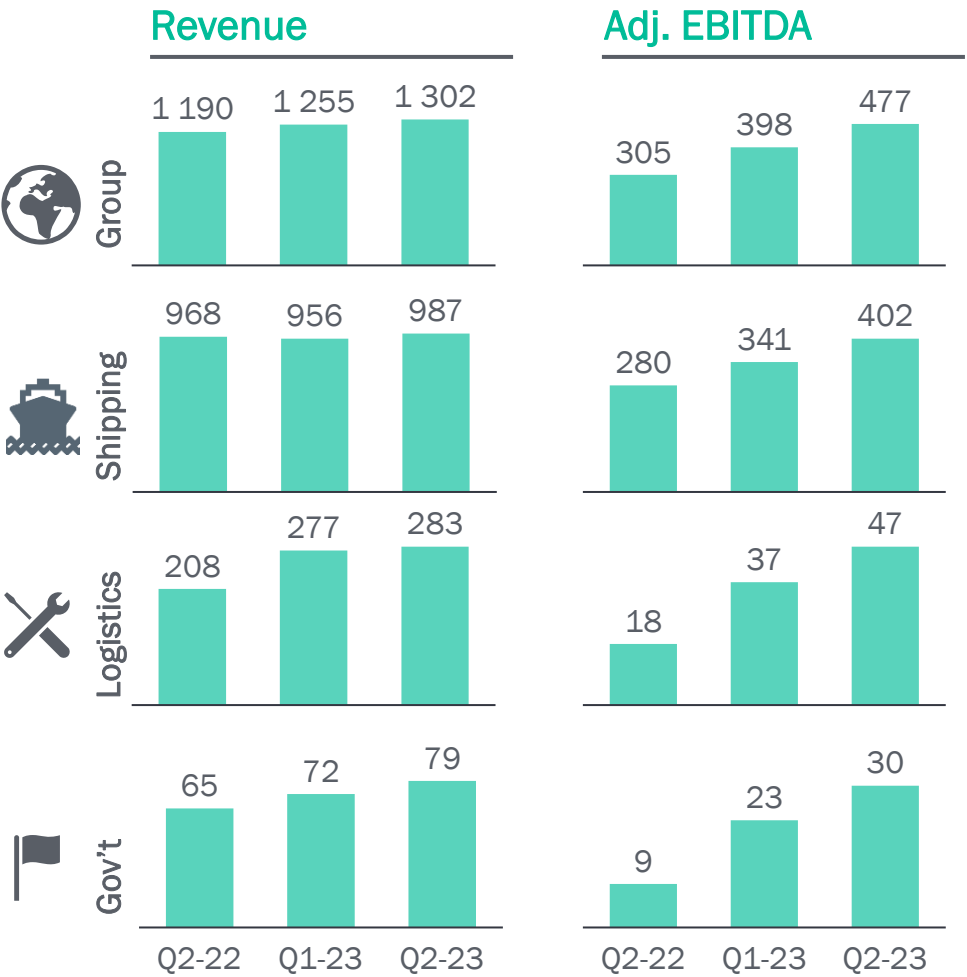
1) The International Sustainability and Carbon Certification (ISCC) is a globally applicable sustainability certification system and covers all sustainable feedstocks, including agricultural and forestry biomass, biogenic wastes and residues, circular materials and renewables

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Financial highlights Q2 2023

(USDm, unless noted)



	Q1-23		Q2-23
Net profit	173	↗	332
Adj. EBITDA margin (%)	31.7%	↗	36.6%
Cash	1 439	↘	1 346
Net debt	2 490	↘	2 457

Financial targets *

ROCE > 8%

16.5%

Y

Q

+7.5

+2.0

Equity ratio > 35%

43.0%

Y

Q

+5.5

+0.6

Leverage ratio < 3.5x

1.4x

Y

Q

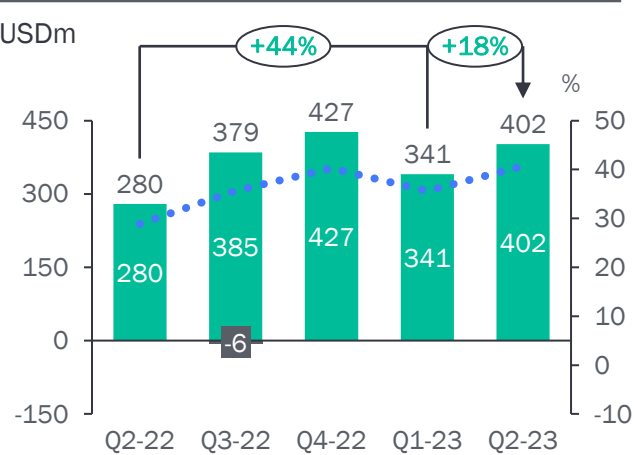
-1.5

-0.1

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

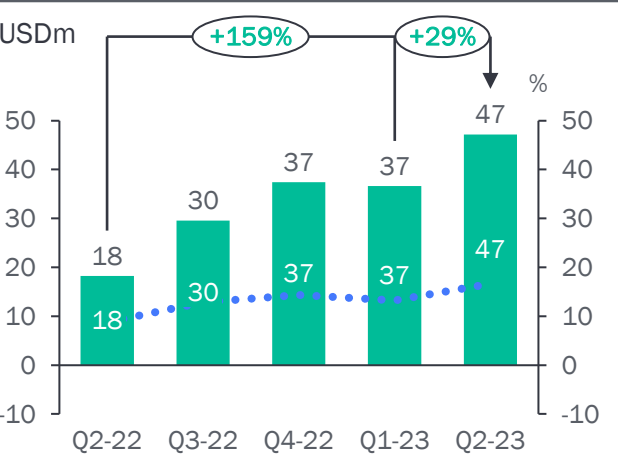
EBITDA significantly up across all segments driven by higher volumes and lower operating expenses

Shipping – Adj. EBITDA¹



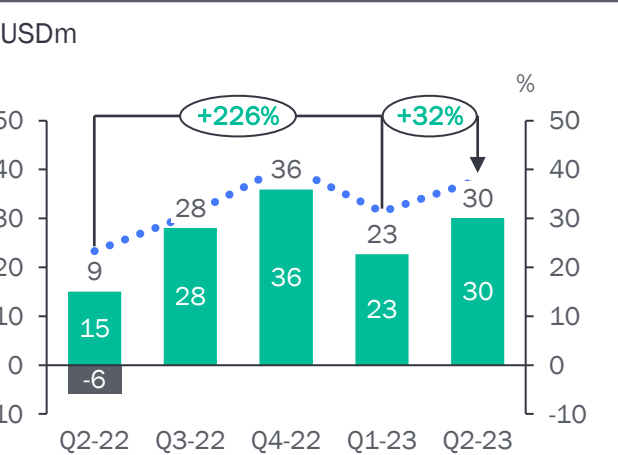
- QoQ EBITDA increased on higher transported volumes coupled with increased voyage efficiency
- YoY EBITDA significantly up due to higher volumes, lower fuel cost, and improved operational efficiency

Logistics – Adj. EBITDA



- QoQ EBITDA up as volumes stabilize, strong auto accessorizing and storage, offset by biosecurity seasonality and Q1 one-off cost
- YoY EBITDA up due to increased volume in Auto and positive impact of biosecurity services in Australia

Government – Adj. EBITDA¹



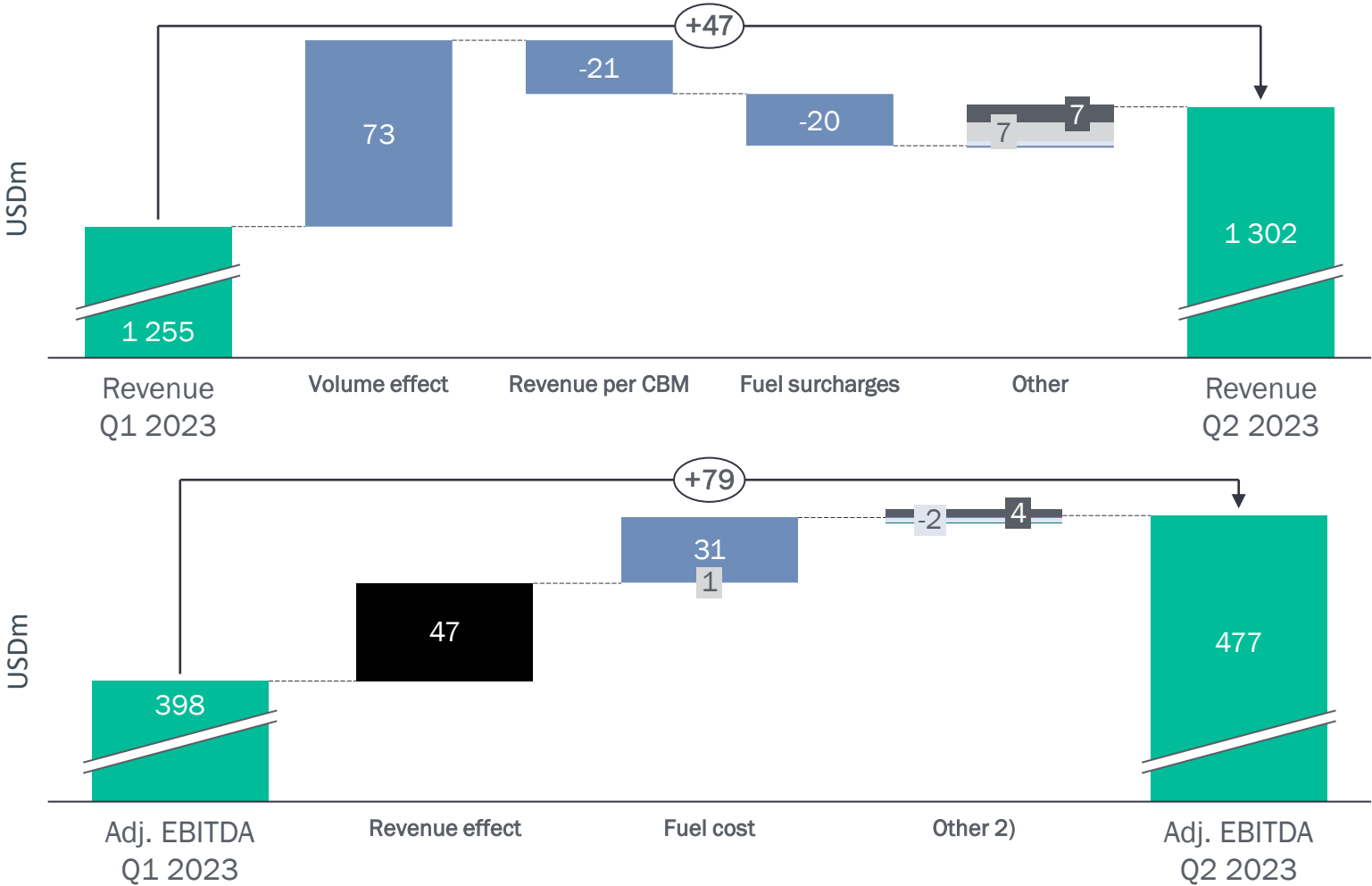
- QoQ EBITDA up 32% due to the timing and mix of cargo
- YoY EBITDA significantly up on high demand for U.S. flag cargo due to NATO activity

Extraordinary items EBITDA EBITDA margin

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

EBITDA up from Q1 on increased volume and improved margins for all business segments

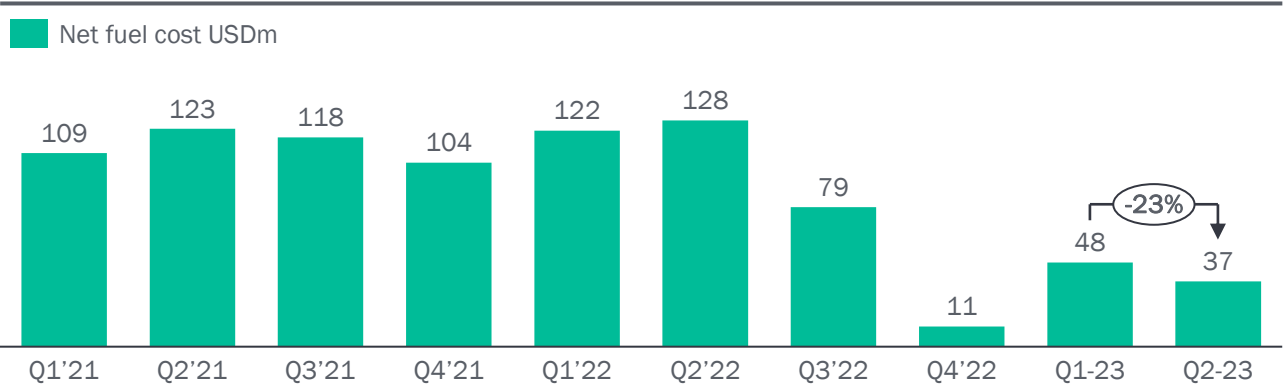
- Revenue up USD 47m QoQ
 - Higher volume slightly offset by reduced net freight rates
 - Lower fuel surcharges
 - Higher volumes and revenues in government services due to timing and cargo mix
 - Higher volumes in logistics for most products
- Adj. EBITDA¹⁾ improved USD 79m QoQ
 - Increased revenues
 - Decrease in fuel costs more than offset the reduction in fuel surcharges
 - Improved operational efficiency



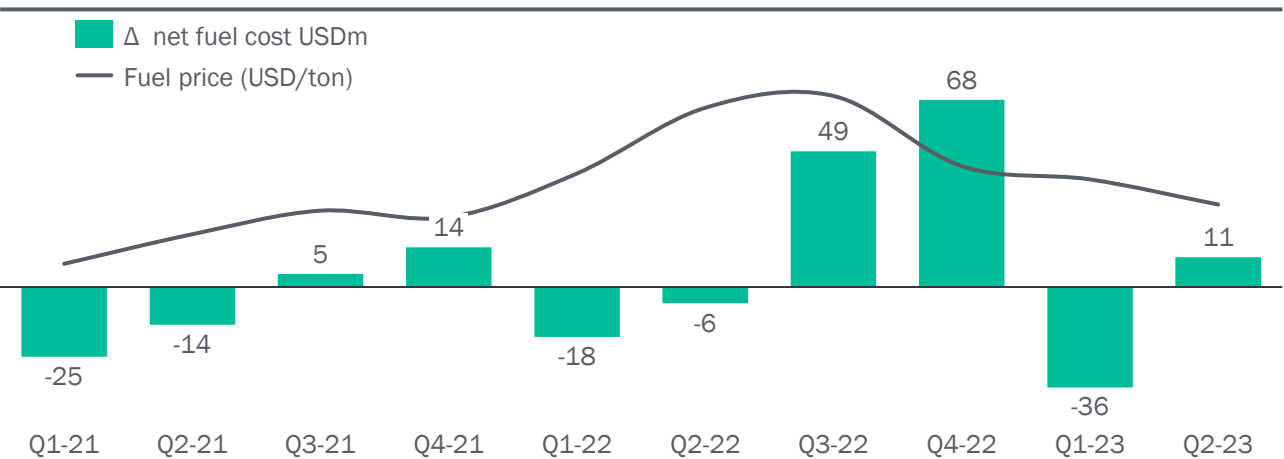
1) No adjustments in Q2 2023 nor in Q1 2023
 2) Cargo- and other voyage expenses, ship operating expenses, charter expenses, manufacturing cost, other opex and SG&A expenses)

Underlying net fuel cost development is flat QoQ when adjusting for one-off Armacup accounting effects

Net fuel cost (USDm)



QoQ change in net fuel cost (USDm)*

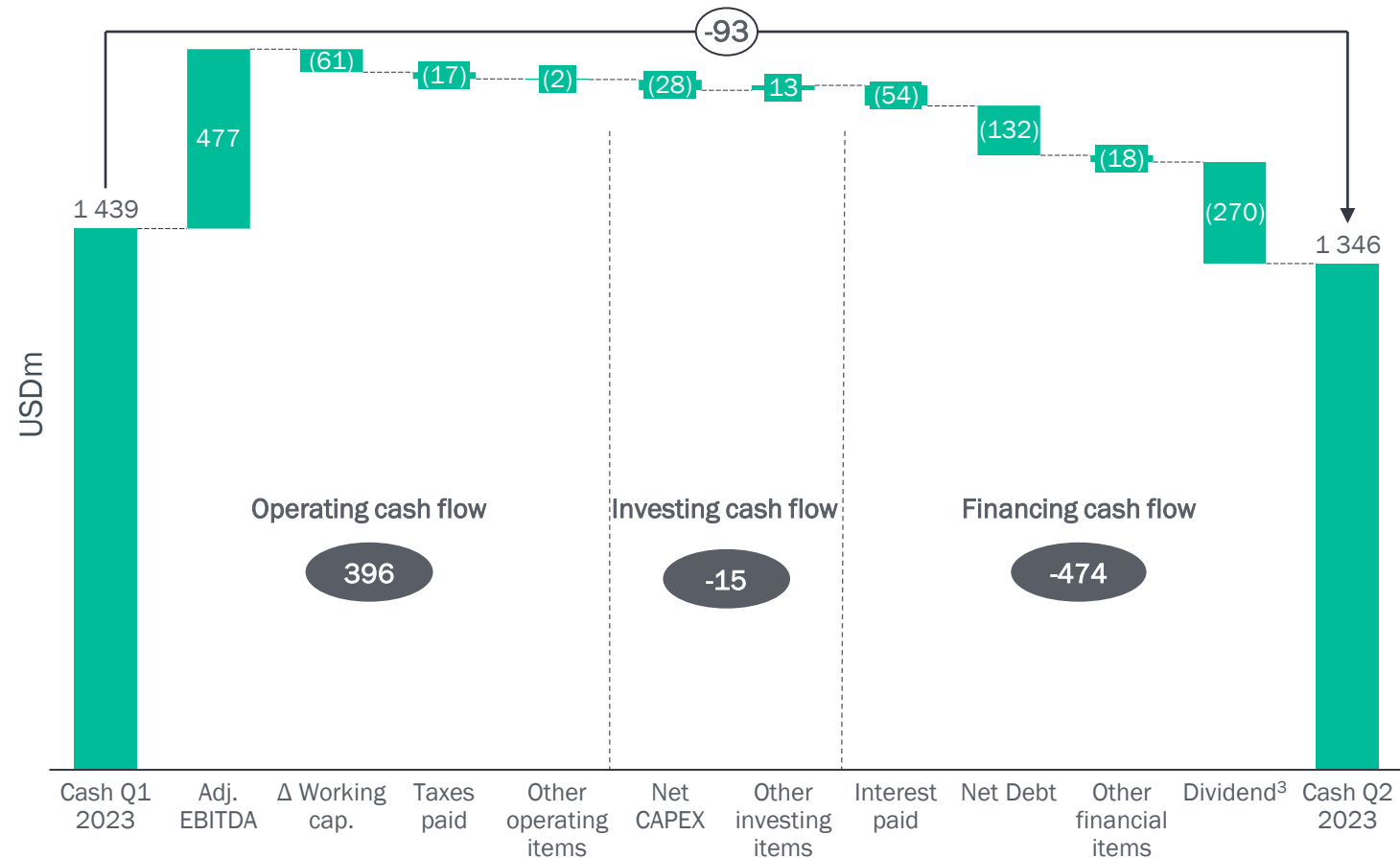


- In Q2, the decline in fuel cost offset negative effect of reduced FAF surcharges
- Net fuel cost QoQ change is flat if excluding Armacup one-off effects
- FAF surcharges continues to taper off, but are expected to stabilize from Q3
- Surcharges impacted by fleet utilization, trade / customer / cargo mix and reference fuel price in contracts
- Over time, 1:1 coverage of the change in fuel costs

Cash on hand decreased USD 93m in Q2, driven by dividend payment and regular debt service, countered by solid operational performance

Comments

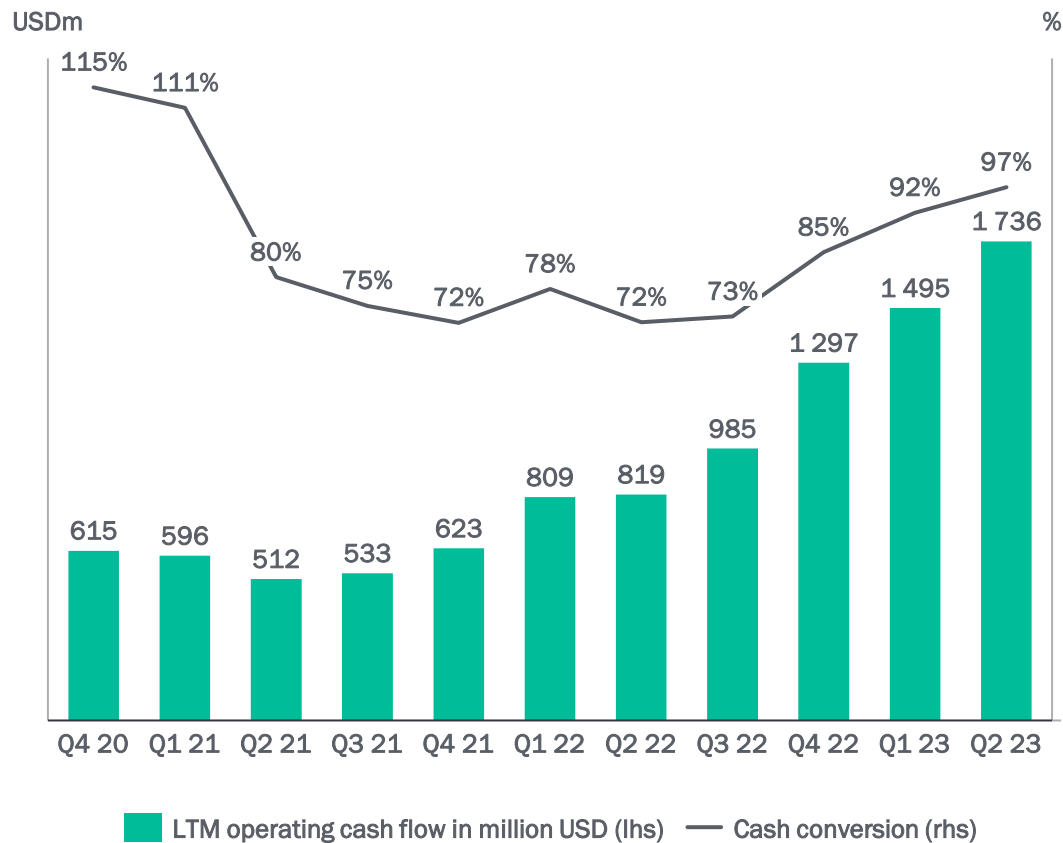
- USD 396m in operating cash flow
 - Q2 cash conversion¹ of around 83%
- Net CAPEX items include drydock, vessel maintenance and other investments
- Other investing items include interest received² in Q2
- USD 270m paid in dividends³, remaining USD 144m to be paid to ASA shareholders in November
- Net debt include scheduled repayments of bank and lease debt
- Undrawn credit facilities at USD 397m



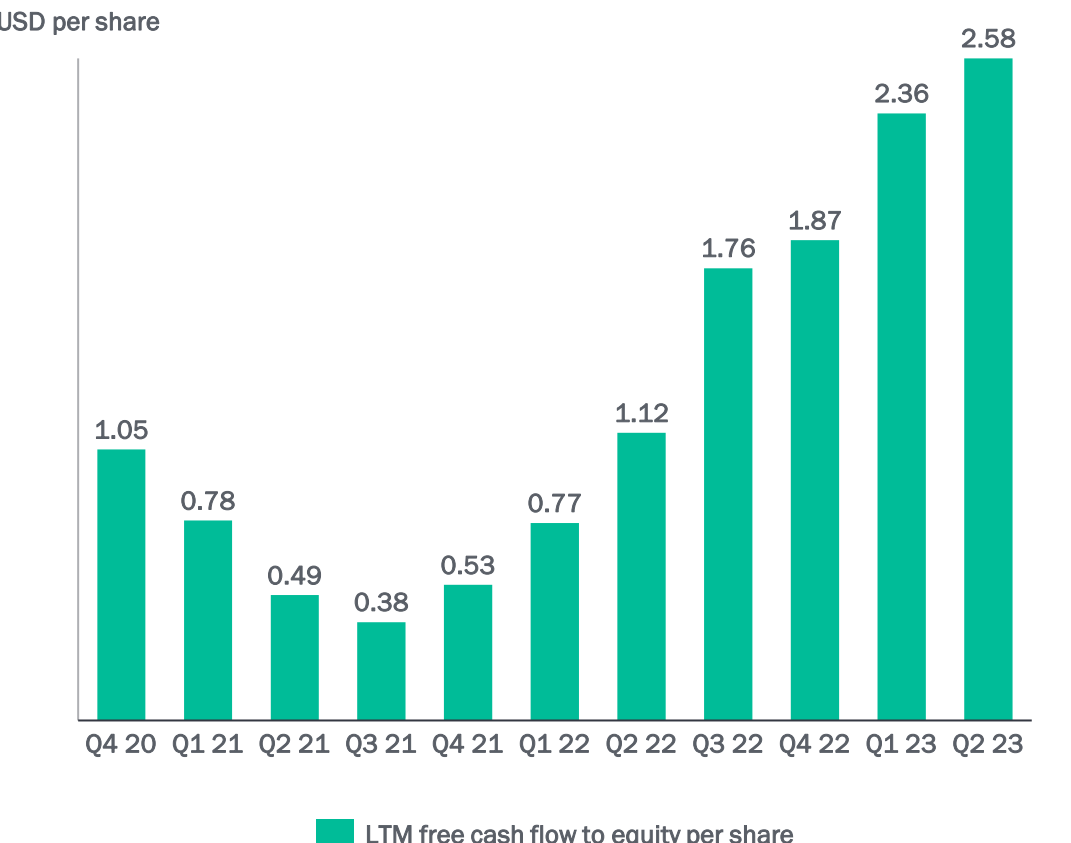
1) Cash conversion: Operating cash flow/EBITDA
2) Interest received is related to bank deposits
3) Of the USD 270m dividend payment, USD 219m was paid to ASA shareholders while the rest was paid to non-controlling interests

Steady growth in cash flow from operations yielding sizeable cash flow per share

LTM¹ operating cash flow and cash conversion²



LTM Free cash flow to equity per share³



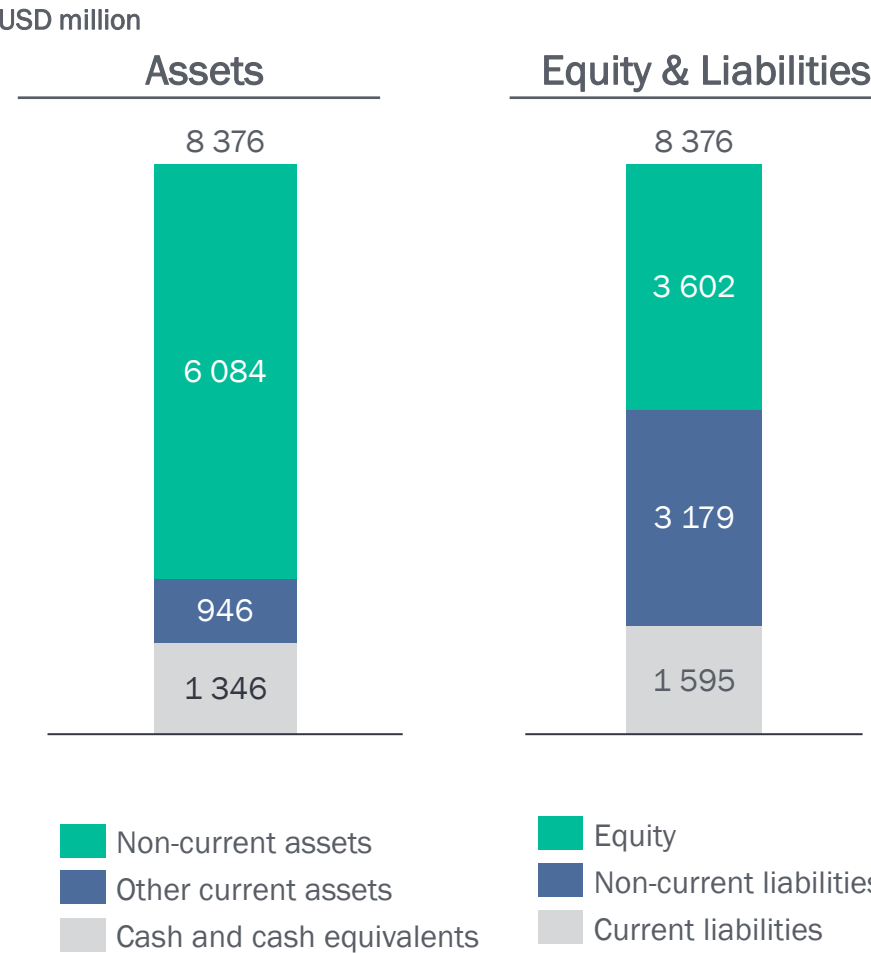
1) LTM: Last twelve months (rolling)
2) Cash conversion: LTM operating cash flow / LTM adj EBITDA
3) LTM FCF to equity per share: Last twelve months cash from operations, investing activities, and change in debt divided by the number of shares excluding own shares

Robust balance sheet and strong liquidity position

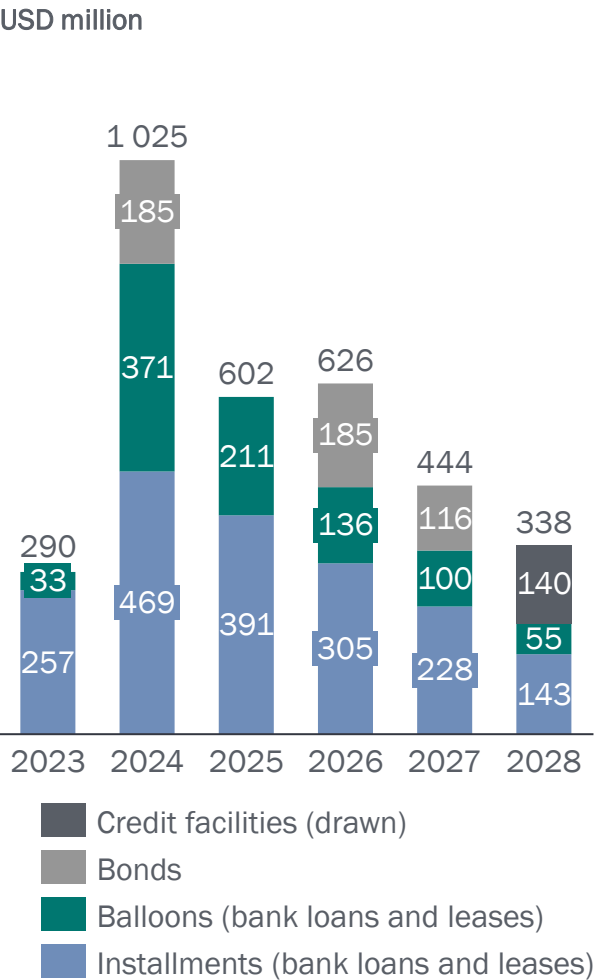
Comments

- Equity ratio at 43%
- Net debt declines to USD 2.46bn on debt repayments
- No bond maturities until September 2024
- Maturities of USD 33m in vessel refinancing to be repaid with cash in 2023
- A revolving credit facility of USD 303m planned to be refinanced in Q3 2023

Balance Sheet per end Q2-23



Debt Maturity Profile



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Prospects



On the back of a strong H1, we remain confident of similar high volumes and a tight market balance throughout 2023. Short-term market demand remains robust despite tightening financial conditions. As vehicle inventories are returning to pre-pandemic levels, consumer confidence and demand for vehicles will be a key driver for volume in the medium term.

Renewal of multi-year contracts at higher rates is expected to lend support to the revenue base in the years ahead. Reduction in high-paying breakbulk volumes will somewhat offset this.



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

Overall, we expect to continue to strengthen our financial position enabling us to deliver on our dividend policy and invest in our business, while delivering on our financial targets.

Q&A



Thank you!

