Wallenius Wilhelmsen

Wallenius Wilhelmsen ASA

Q4 2023

Disclaimer

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Wallenius Wilhelmsen - Q4 2023

- Delivers a strong Q4 EBITDA of USD 454m, of which Shipping contributes USD 392m, Logistics USD 43m, and Government USD 32m
- Concludes several multi-year contracts with key customers at market rates
- Delivers a record EBITDA of USD 1,807m and a Net Profit of USD 967m for FY 2023
- Proposes to pay a dividend of USD 1.14 per share, representing a FY 2023 payout of 50% and a total dividend amount of USD 482m
- Proposes to introduce a semi-annual pay-as-you-go dividend policy, under which a potential dividend for H1-2024 will be paid with the second tranche of the 2023 dividend
- Maintains expectation that 2024 is likely to be a somewhat better year than 2023, but see recent geopolitical events, specifically in the Red Sea, adding some more uncertainty

FY 2023 Highlights

USDm except per cent, mt, and CEU[1]

Strong performance in all segments

Total revenue

5,149
(5,045 / +2%)

Logistics adj. EBITDA

174
(107 / +62%)

Shipping adj. EBITDA

1,527
(1,364 / +12%)

Government adj. EBITDA

130
(81 / +61%)

On journey to net zero

Greenhouse emissions

9%[2]
Lower CO^2 intensity in shipping relative to 2022

Energy transition

5,424 mt
Biofuel blend consumed

Building a robust book of business

Contract renewal

25%
Of 2023 volumes renewed

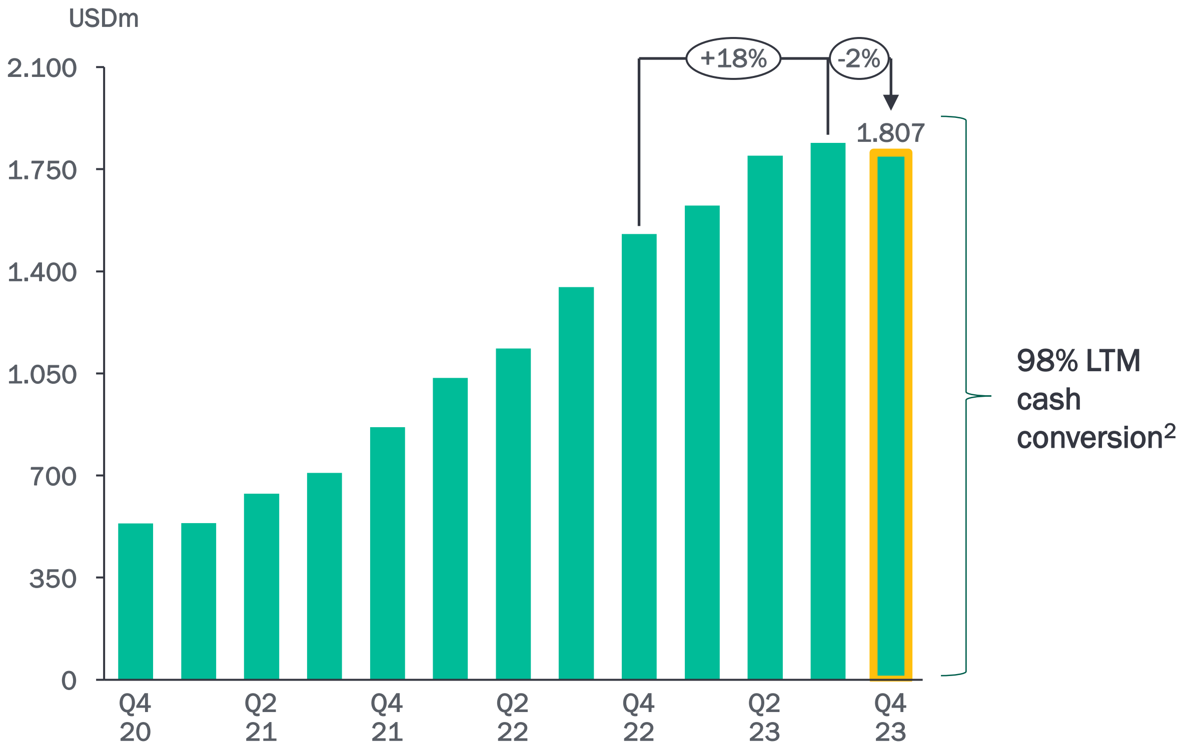
Fleet renewal

4 x 9,350 CEU
Shaper class vessels ordered

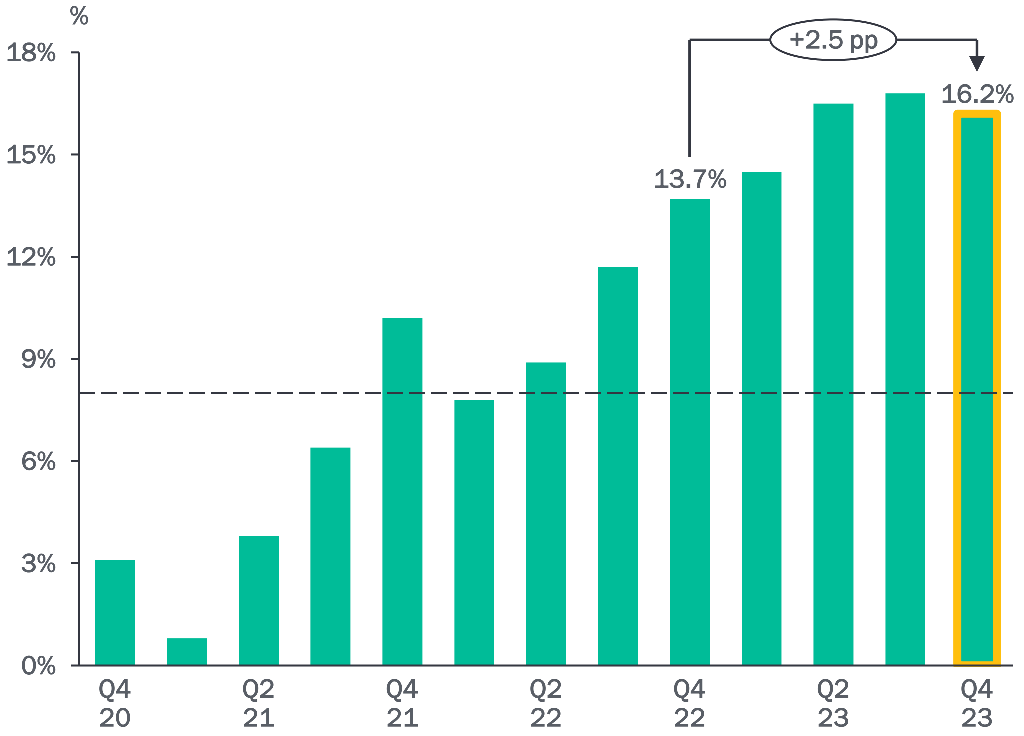
1) Figures in brackets represents FY22 / YoY growth
2) Calculated based on CO^2 intensity from Shipping services, gCO^2/ton km (EEOI)

Financial highlights – firm cash generation and return on capital employed

LTM[1] adj. EBITDA



LTM Return on Capital Employed[3]



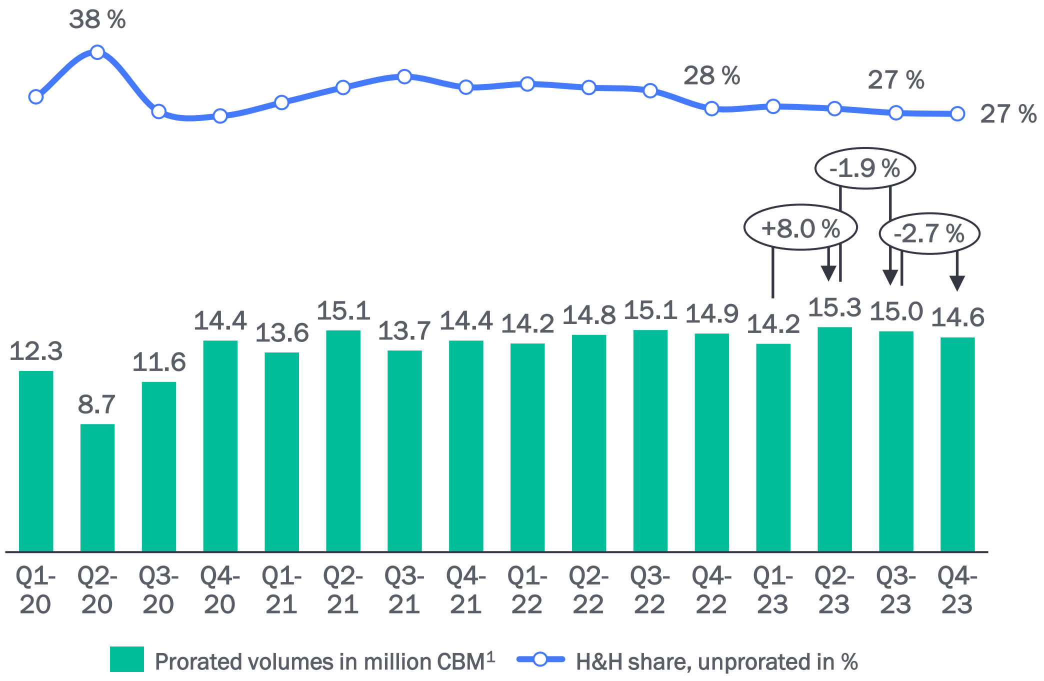
1) LTM: Last twelve months (rolling)
2) Cash conversion: LTM operating cash flow / LTM adj EBITDA
3) ROCE: LTM adj. EBIT / LTM average capital employed

Agenda

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

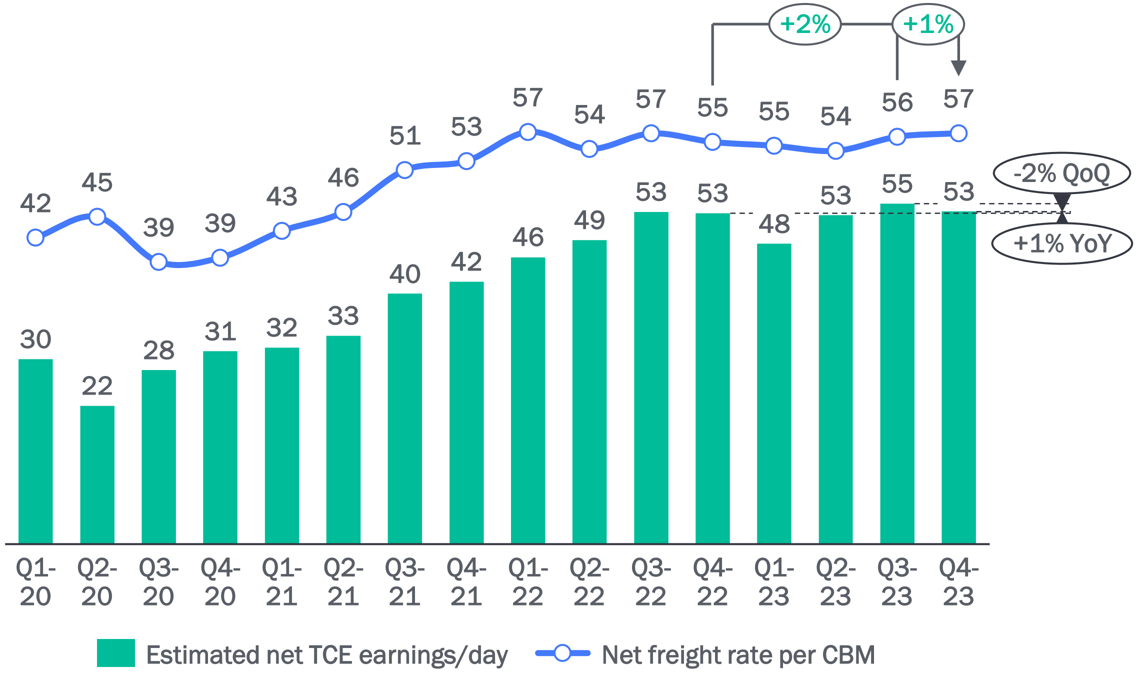
Shipping delivered another solid quarter despite lower transported volumes

Shipping services volume and cargo mix



- Market remains tight and still sold out
- Less ships in operation (redelivery of a charter vessel)
- Increased voyage duration on Red Sea situation (less prorated volumes in Q4)
- Share of H&H cargo on par with last quarter, but 1 p.p. lower YoY

Estimated net TCE earning/day[1] and net freight rate/CBM



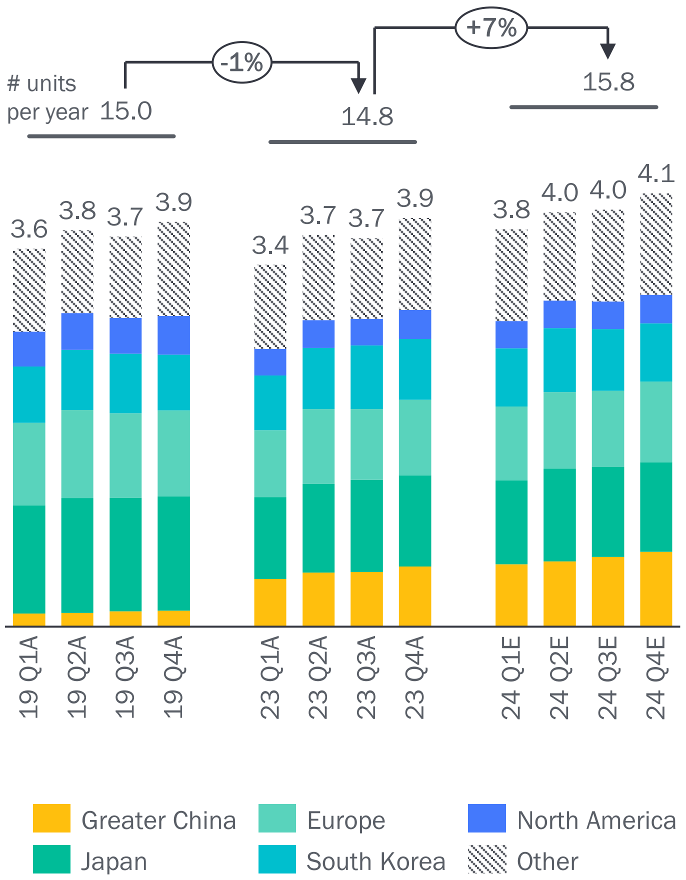
- Effective from Q4 2023, historical and current net rates are adjusted for intercompany volumes
- Increase in net rates on Asia exports, while flat on Europe/US exports
- Increase in net rates in all cargo segments, relatively more in the HH/BB segments
- Trade mix down QoQ on less cbm in ASNA/ASEU and increased Atlantic trade

1) TCE earning/day is net of fuel surcharges and fuel cost

Deepsea light vehicles volumes expected to grow by 7% in 2024 driven by Chinese export, while H&H expected flat on historically high-level

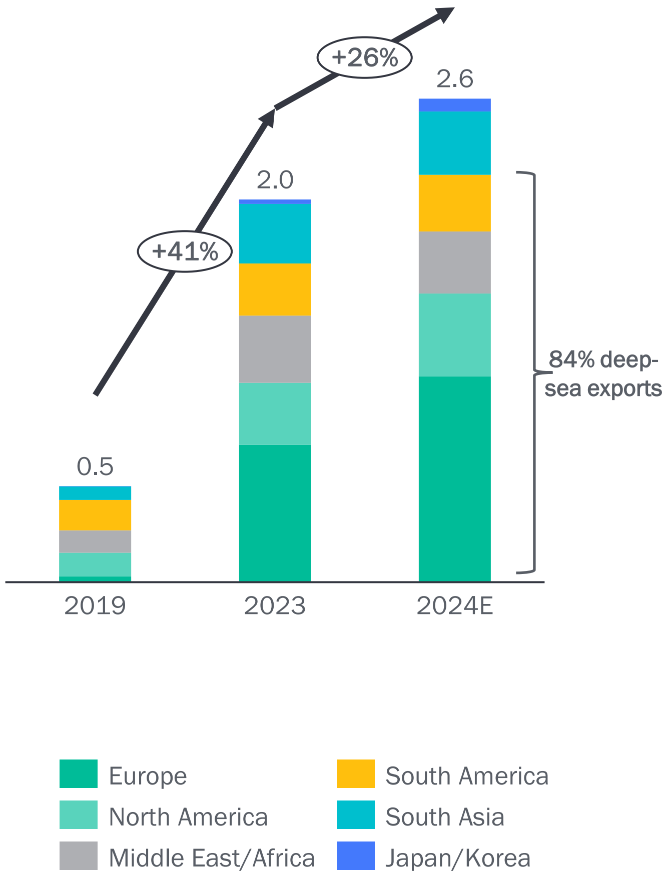
Seaborne LV sales by exporting region

Million units



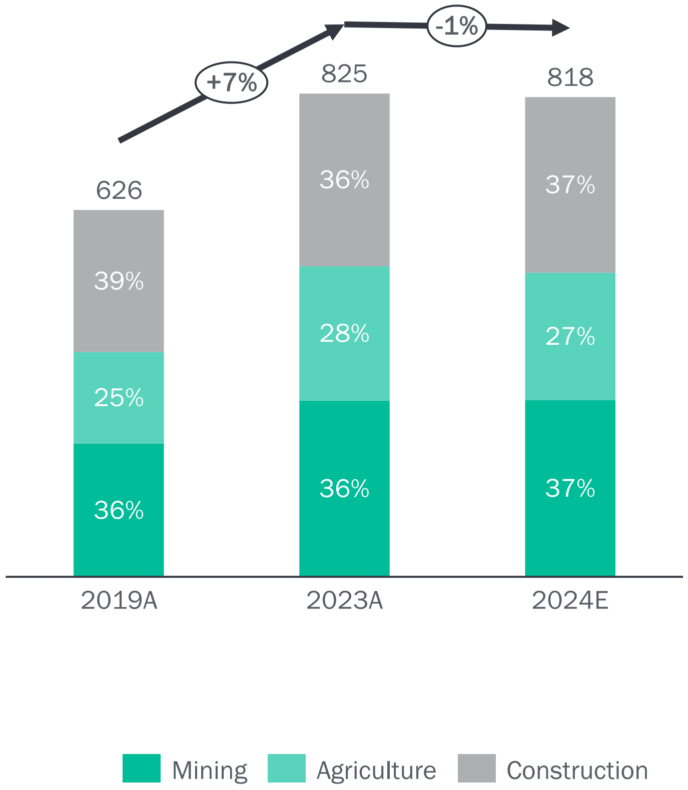
Chinese export of vehicles by destination region

Million units



H&H sales outlook[1)]

USD bn



1) H&H sales outlook covers major listed OEMs within mining, agriculture, and construction

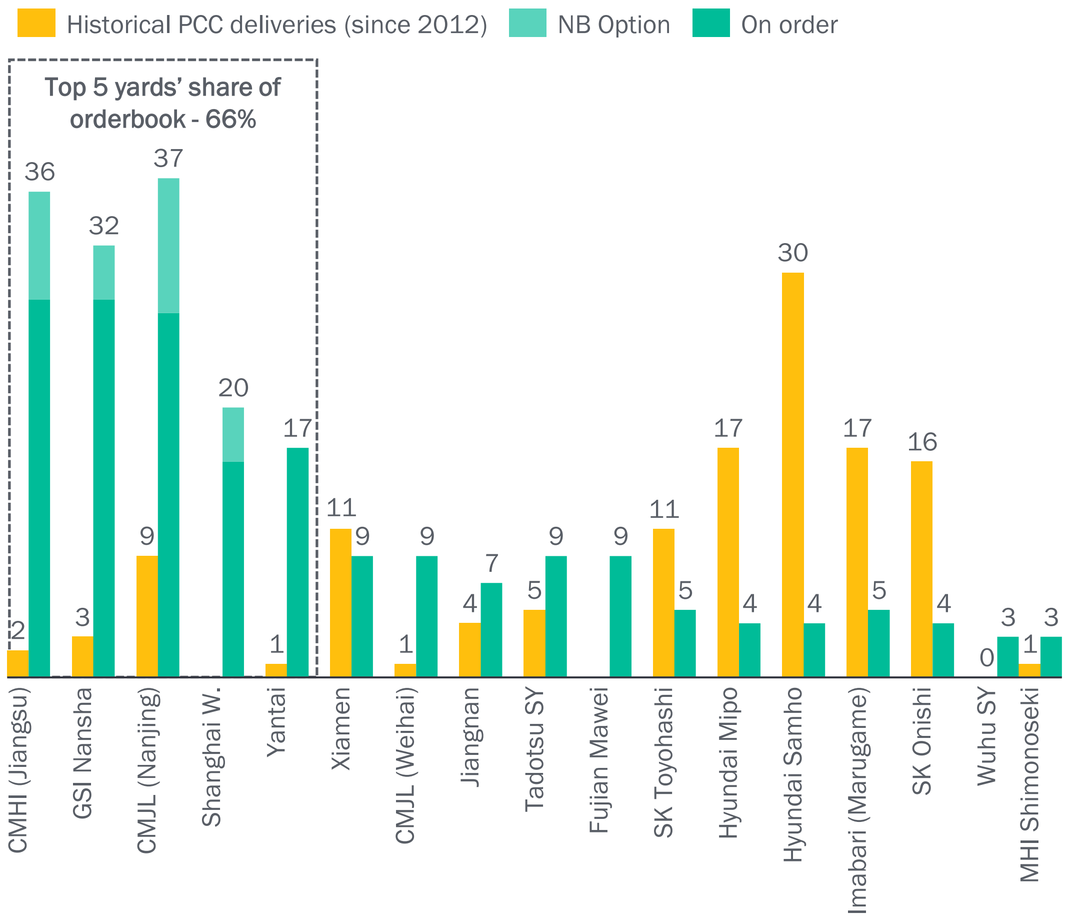
Sources: Factset, IHS. All numbers exclude Russian auto volumes.

Development of orderbook will lead to fleet growth from 2025 and onwards

The order book has expanded further in Q1 and into Q2

- The order book has seen further additions in Q4 and into Q1 24 and now stands at ~36% of the current fleet size
  - ~6% of the vessels on order are dual fuel methanol capable (incl Shaper class), ~78% are LNG dual fuel
- Orderbook is concentrated and ~80% is booked at 8 yards – many of which have limited experience in car carriers
- We may see delays in delivery schedules, but this is yet to materialize
- We foresee a continued strong market near-term as the fleet is more or less fully utilized today
- Over time, deliveries may put more pressure on the supply/demand balance

Number PCTC/PCC deliveries by yard



Source: Clarkson SIN and WFR

During 2024, a significant percentage of shipping volumes are up for contract renewals

- We have recently announced contract renewals commencing in 2024
  - In total we have renewed around 25% of the 23 volume
  - The net freight revenue generated under the same contracts in 2023 was around USD640m
  - Rate increases range from 20-100+% and will vary dependent on existing rates and trade lanes
  - Aim is always to lift contract rates to market levels
  - The (2023) volume weighted duration of the announced contracts is ~2.8 years plus options

- In 2024, we have a range of contracts that are up for renewal, representing:
  - ~46% of our 2023 volume
  - Around USD1.2bn of the 2023 net revenue
  - The majority of these contracts will be effective 2025 and onwards (some in H2 2024)

'23

- Contracts renewed*: **~25%**
- Rate increase range: **~20-100+%**

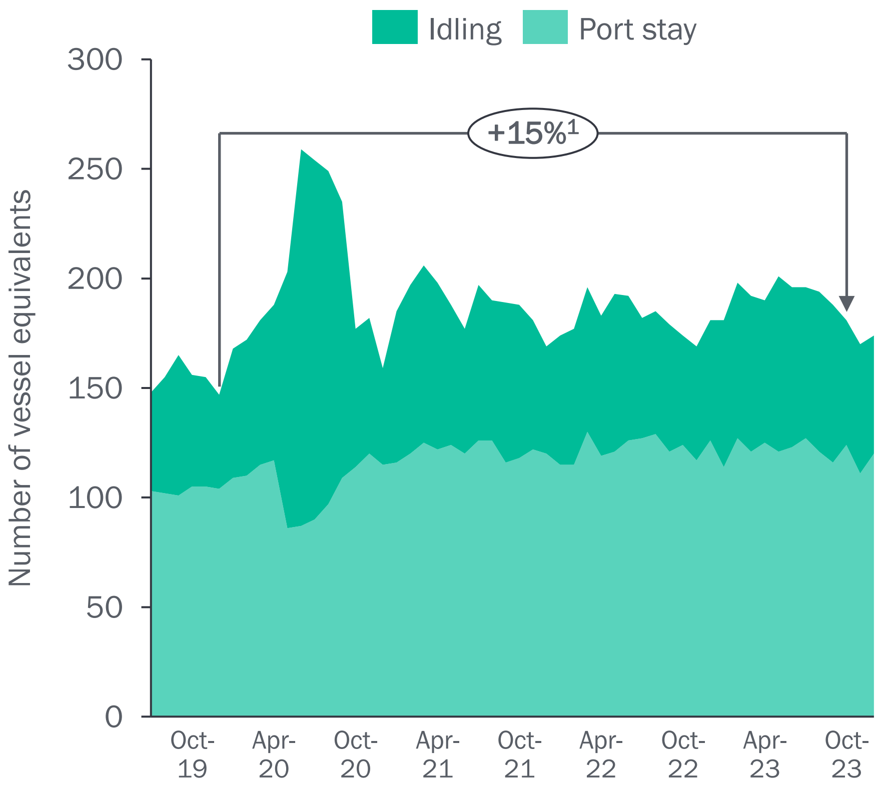
'24

- Contracts to be renewed*: **~46%**
- Share of '23 net revenue (USD): **~1.2bn**

* Based on 2023 volumes, with effect from subsequent year,

Preparing for the new normal: Re-routing around Cape of Good Hope

Number of vessel equivalents idling and at port is declining, impacted by seasonality



Easing congestion but avoiding the Red Sea more than offsets the positive effect

- The security situation in the Red Sea is a threat to the safety of our sailors, cargo, and vessels and we will not return until safe passage is secured
- Sailing around Cape of Good Hope is likely to be the new normal for the foreseeable future
- We will not compromise on our decarbonization targets and speed will be managed accordingly
- Re-routing is expected to reduce our tonnage capacity by 4-6%
- We are working on potential solutions for cost recovery
- Congestion in general is somewhat easing, but it is more than offset by the Red Sea effect

1) Growth is calculated based on Q4 2019 vs Q4 2023.
Source(s) : Wallenius Wilhelmsen Market Insight based on AIS data.

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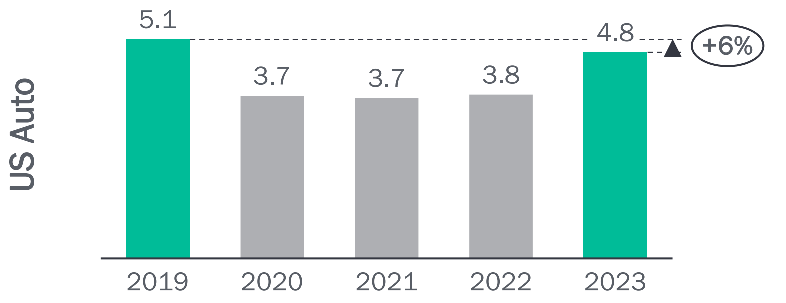
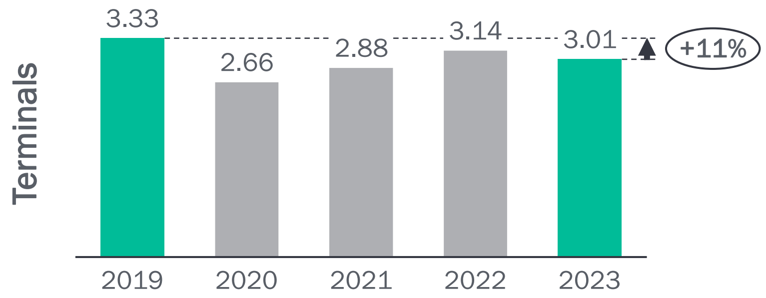
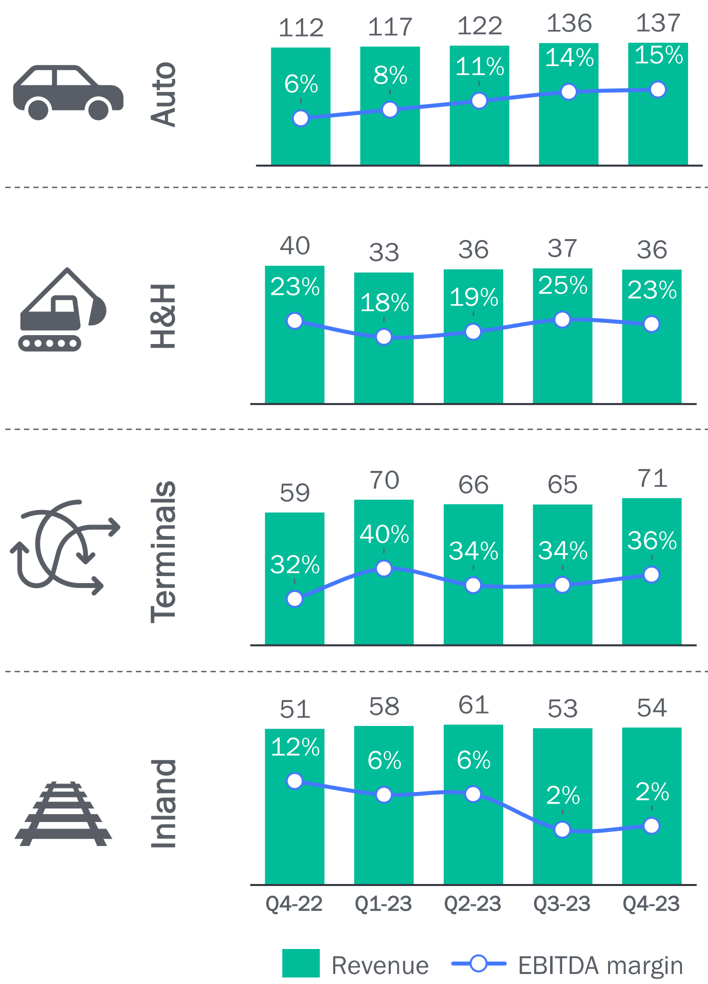
Logistics services continue to grow revenue and improve underlying margin

Still headroom in Logistics volumes relative to pre-covid





Revenue & EBITDA margin



Auto:
- Volume reduction of 4% from prior quarter
- Strong revenue with a shift to higher margin services despite lower volume

H&H:
- Volume mainly flat to prior quarter
- Weaker revenue with a shift to lower margin services
- Inventory increasing specifically in US

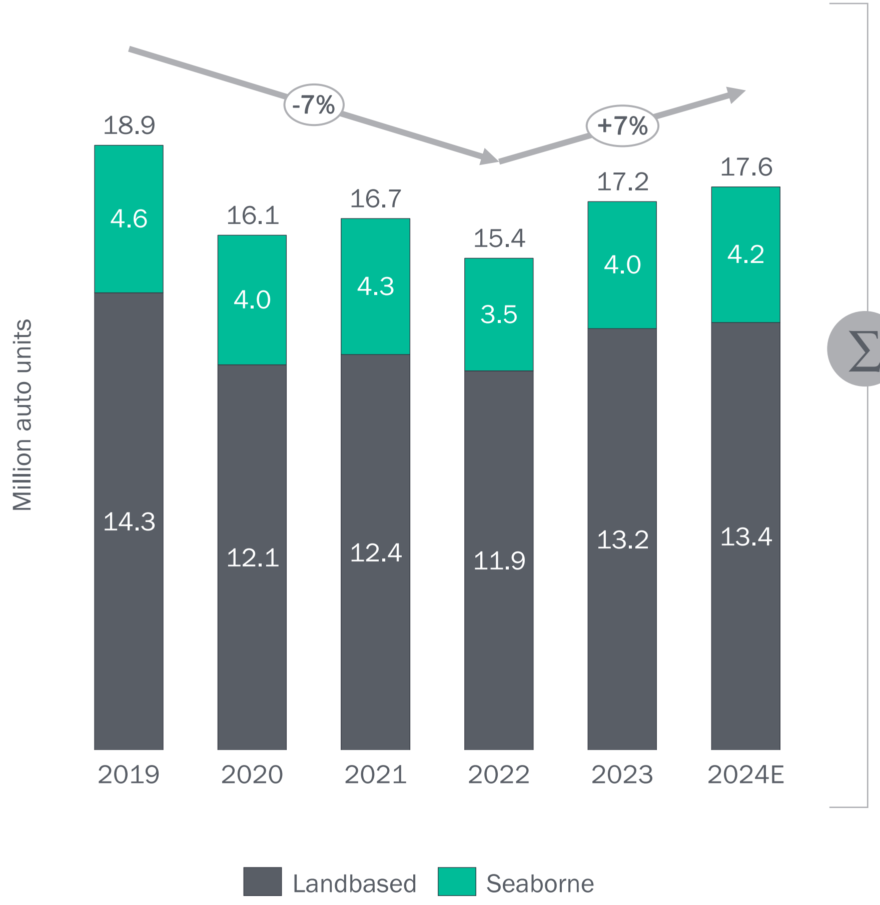
Terminals:
- Volume remains consistent with prior quarter although a cargo shift to Auto
- Strong revenue due to BMSB[1)] seasonality, storage revenue and rate increases

Inland:
- Strong breakbulk cargo volume in Europe
- Weaker volume in the US from transportation and brokerage services

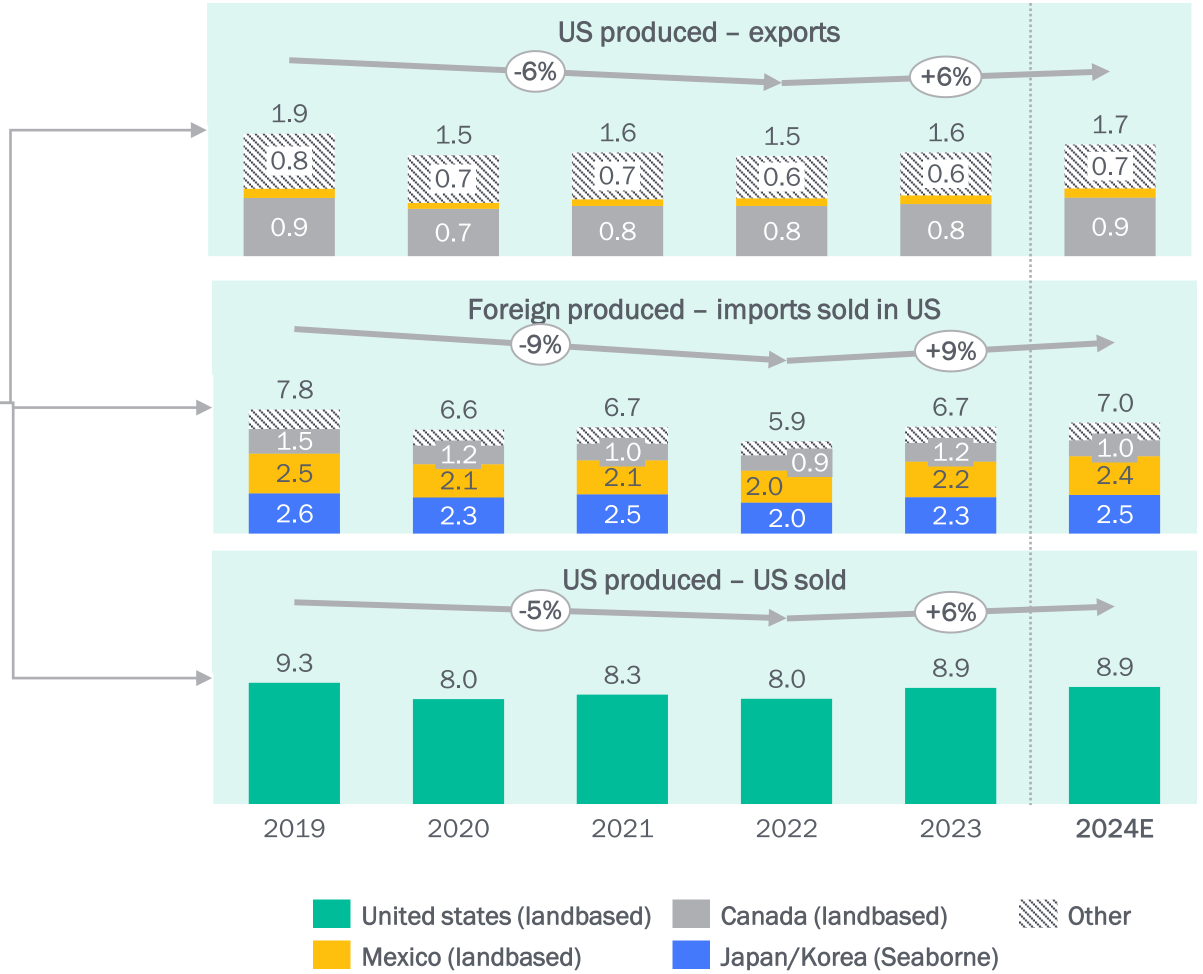
1) BMSB: Brown marmorated sting bug

The steady demand for our Logistics Services in North America is supported by domestic land-based auto trade as well as seaborne trade with Europe and Asia

Logistics addressable market - total US auto throughput…



…split by origin and destination[1]



1) Numbers may not sum due to rounding

Sources: S&P500, Wallenius Wilhelmsen

Agenda

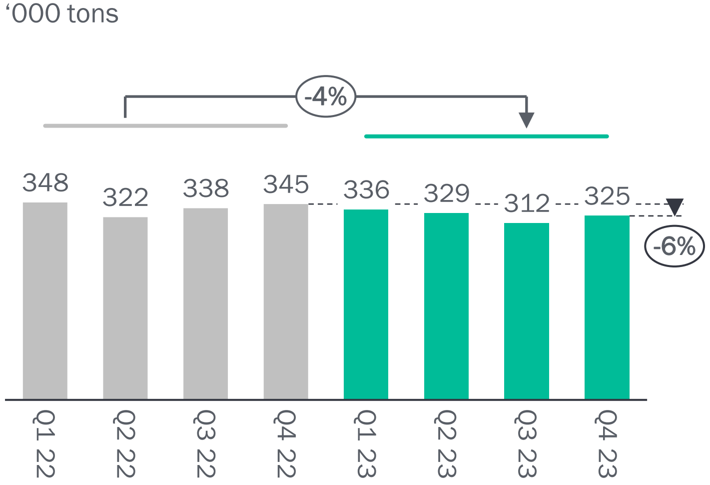
Committed to safe and sustainable operations

LTIF down, but one fatality in Q1-24

	Q3-23	Q4-23
LTIF Shipping per million man-hours exposed	0.45	0.44
LTIF Logistics per million man-hours worked	14.26	12.31

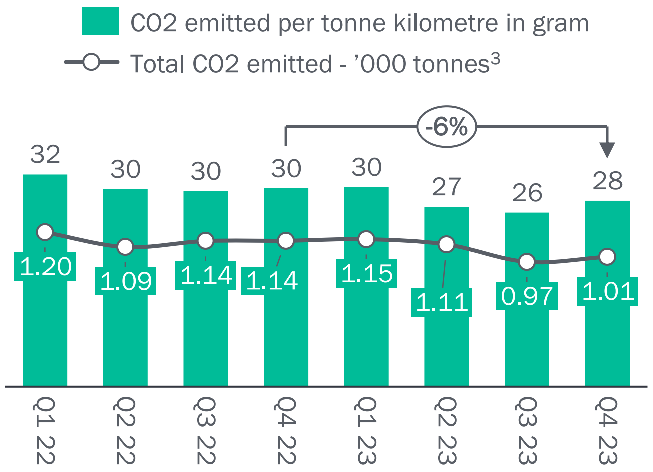
- No serious injuries in Q4 2023, improved LTIF[1] in all segments
- Tragically, we lost one crewmember in January 2024
- The incident is under investigation and highlights importance of safety work

Long-term fuel consumption decline despite Q4's slight increase



- YoY improvement in fuel consumption despite continued high fleet utilization
- QoQ increase due to winter seasonality and Re-routing around Africa
- Ramp-up of sustainable biofuel consumption in 2024
- We expect to see further reduction in CO_2 emissions

Leading to a trend of reduced CO_2 intensity



- Slight increase in CO_2 intensity in Q4 due to
  - Higher-than-average vessel speed
  - Lower transport work compared to year average
  - Transit restrictions in Panama canal and congestion in Australian ports
  - Re-routing of vessels around Africa due to Red Sea situation

1) LTIF: Lost time injury frequency
2) B30 blend of ~70% VLSFO and ~30% ISCC certified FAME biofuel feedstock
3) Total CO2 emitted includes Shipping and Government services

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FY 2023 Financial highlights

USDm, except per cent, per share and multiples[1]

Strong fundamentals	Solid balance sheet	Long-term value creation
Revenue 5,149 (5,045 / +2%)	Net debt 2,007 (2,872 / -30%)	ROCE >8% 16% (14%)
Adj. EBITDA 1,807 (1,528 / +18%)	Cash 1,705 (1,216 / +40%)	Equity ratio >35% 47% (42%)
Operating cash flow 1,771 (1,297 / +37%)	Dividend per share (proposed)[2] 1.14\$ (0.85\$ / +34%)	Leverage ratio <3.5x 1.1x (1.9x)

1) Figures in brackets represents FY22 / YoY growth, except for ratios.
2) Growth in DPS only reflects declared dividend for 2023

Q4 2023 Financial highlights

USDm, except per cent and multiples

	Q3-23		Q4-23
Revenue	1 311	→	1 281
Adj. EBITDA	478	↘	454
Operating cash flow	406	↗	518
Cash	1 577	↗	1 705
Net debt	2 171	↘	2 007

Financial targets *

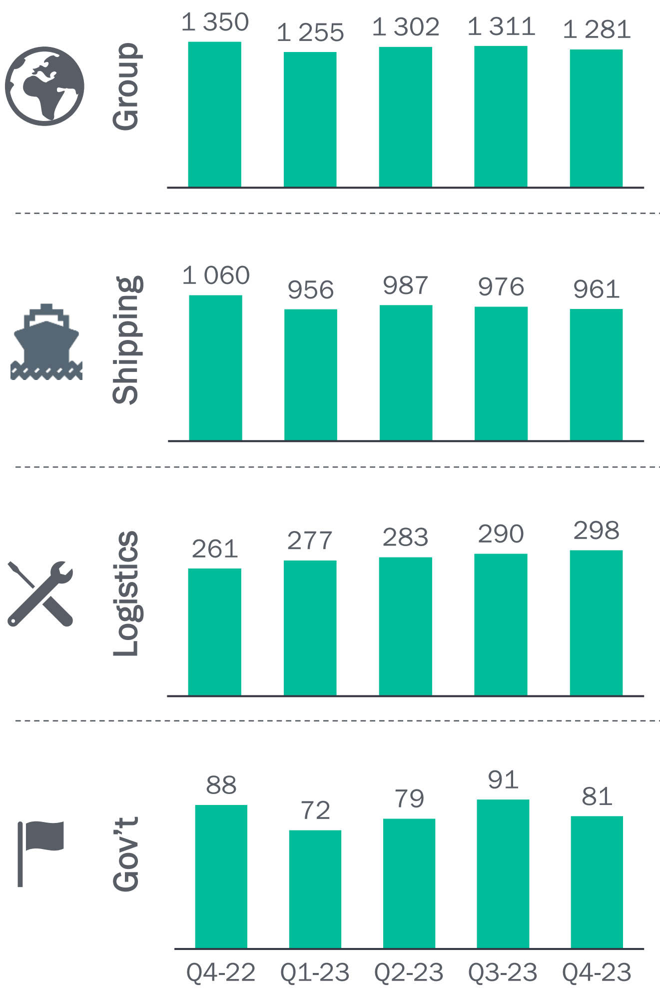
		Δ	
ROCE > 8%	16.2%	Y	+2.5
		Q	-0.6
Equity ratio > 35%	46.9%	Y	+5.1
		Q	+1.4
Leverage ratio < 3.5x	1.1x	Y	-0.8
		Q	-0.1

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

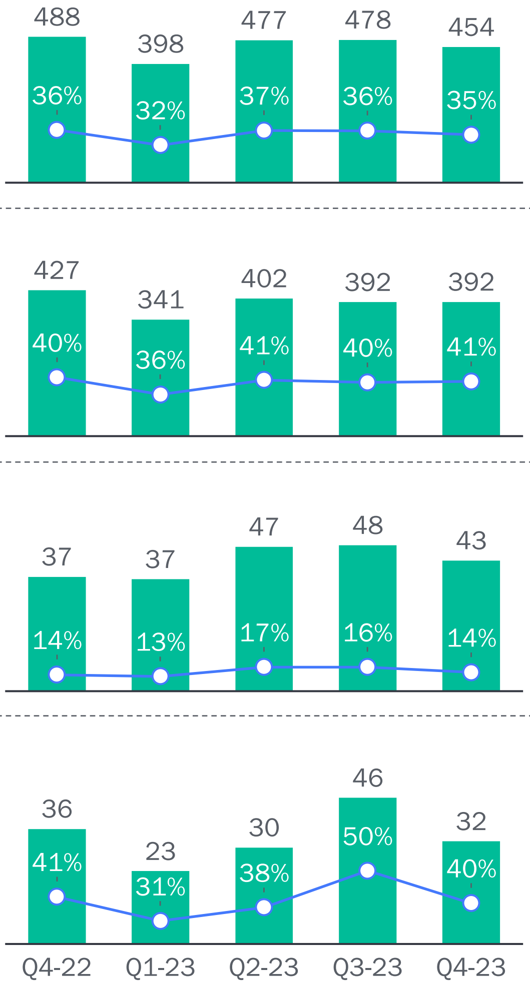
Q4 Segment performance

USDm, unless otherwise noted

Revenue



Adj. EBITDA[1)]



Comments

Group

- Continued high activity and profitability across all segments
- Q4 is among the strongest in the group's history, despite lower volumes and revenues in the shipping and government services segments,

Shipping

- Continued to be sold out, but less ships in operation and longer voyage duration on the Red Sea situation, hence less transported cbm in Q4
- EBITDA stable on increased net rates and increased voyage efficiency on more cbm per port call

Logistics

- Strong revenue driven by increased auto volume, higher margin services in auto and BSMB seasonality in Terminal
- EBITDA reduction mainly due to USD 7m year-end accrual adjustment related to one-off bonus for 2023

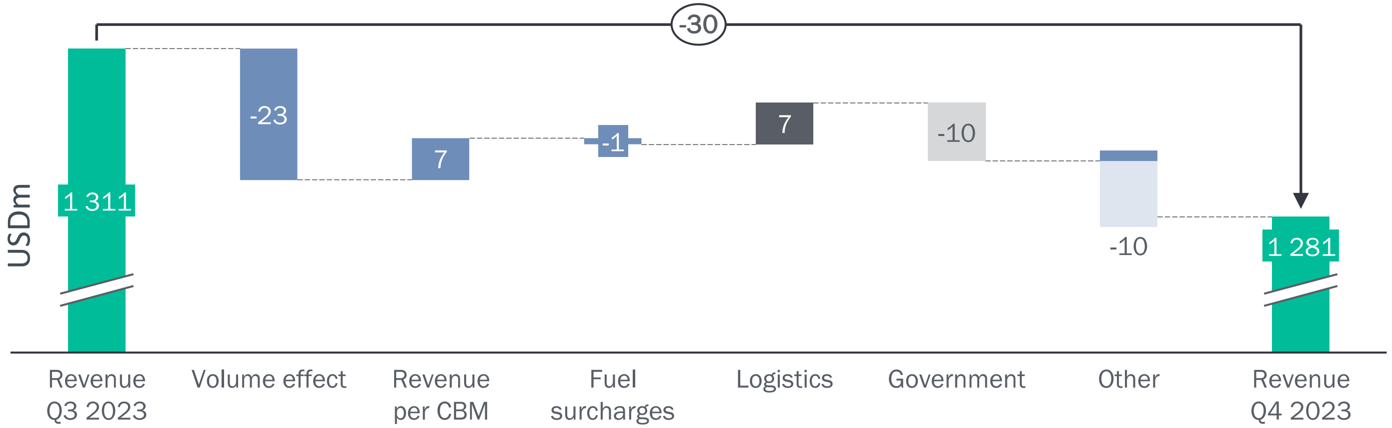
Gov't

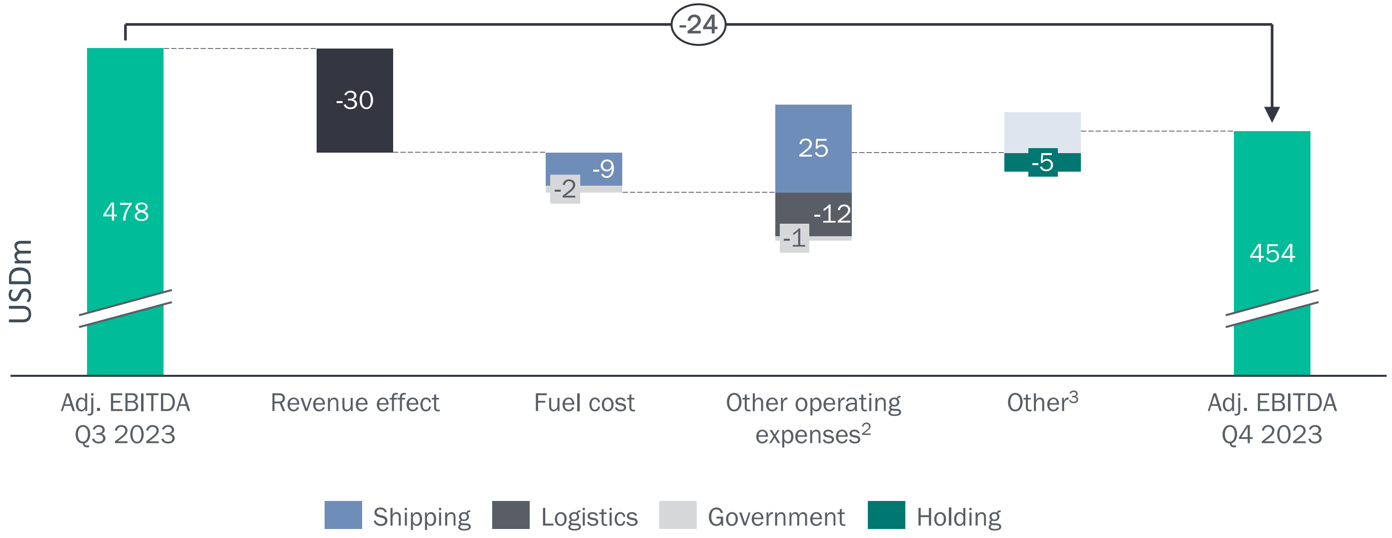
- Continued strong U.S. flag cargo activity, including government charters and aid cargo
- Revenue and EBITDA reduction mainly due to seasonality and timing of cargo moves

1) No adjustments in Q4 2023 nor in Q3 2023

EBITDA and revenues down from a very strong previous quarter

- Revenue down USD 30m QoQ
  - Reduced shipping volumes, partly offset by higher net freight rates
  - Stable fuel surcharges QoQ
  - Higher volumes and revenues in logistics services
  - Lower volumes and reduced activity in government services due to seasonality and reduced capacity
- EBITDA = adj. EBITDA[1)] down USD 24m QoQ
  - Lower volumes, offset by improved operational margins in shipping services
  - Negative impact from increased fuel costs on stable fuel surcharges
  - Logistics services EBITDA decreased USD 5m QoQ. Revenue increase more than offset by higher costs, partly due to year-end accruals related to one-off bonus for 2023
  - EBITDA in government services coming down on lower volumes and activity QoQ

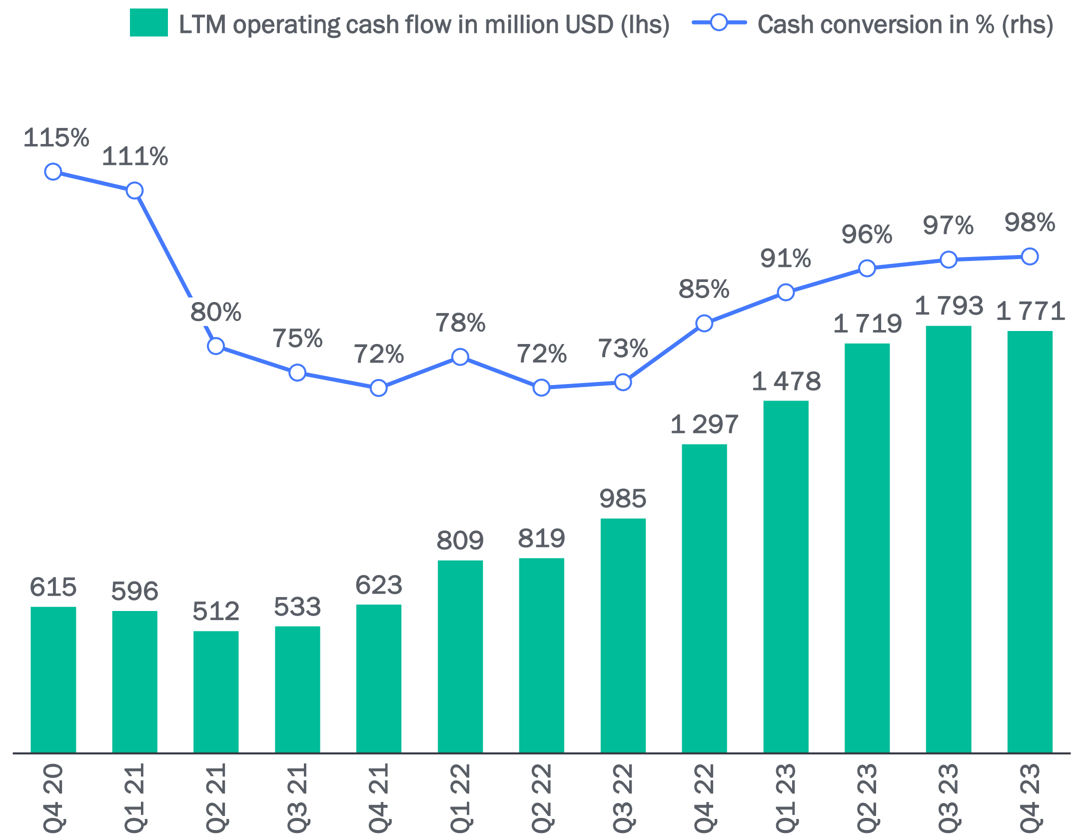




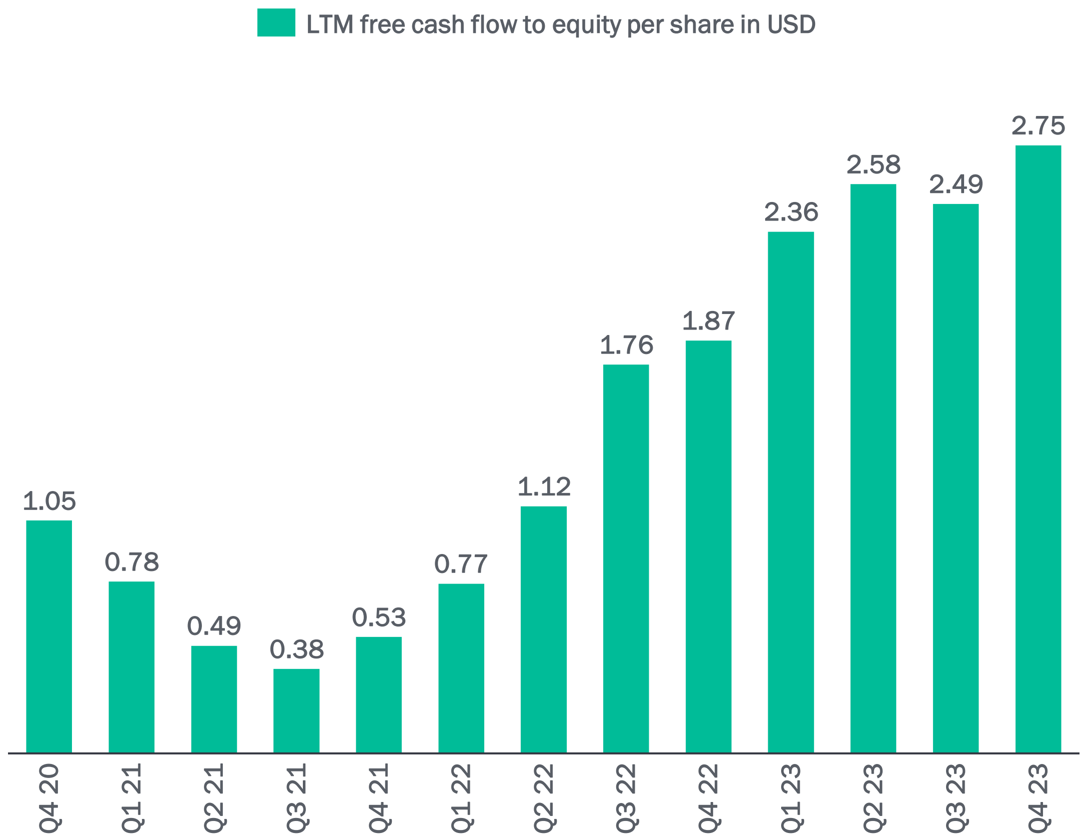
1) No adjustments in Q4 2023 nor in Q3 2023 2) Other operating expenses includes cargo- and other voyage expenses, ship operating expenses, charter expenses, manufacturing cost, and SG&A expenses 3) Other includes holding expenses (mainly SG&A) and eliminations

Increasing cash flow per share and solid cash conversion

LTM[1] operating cash flow and cash conversion[2]



LTM Free cash flow to equity per share[3]

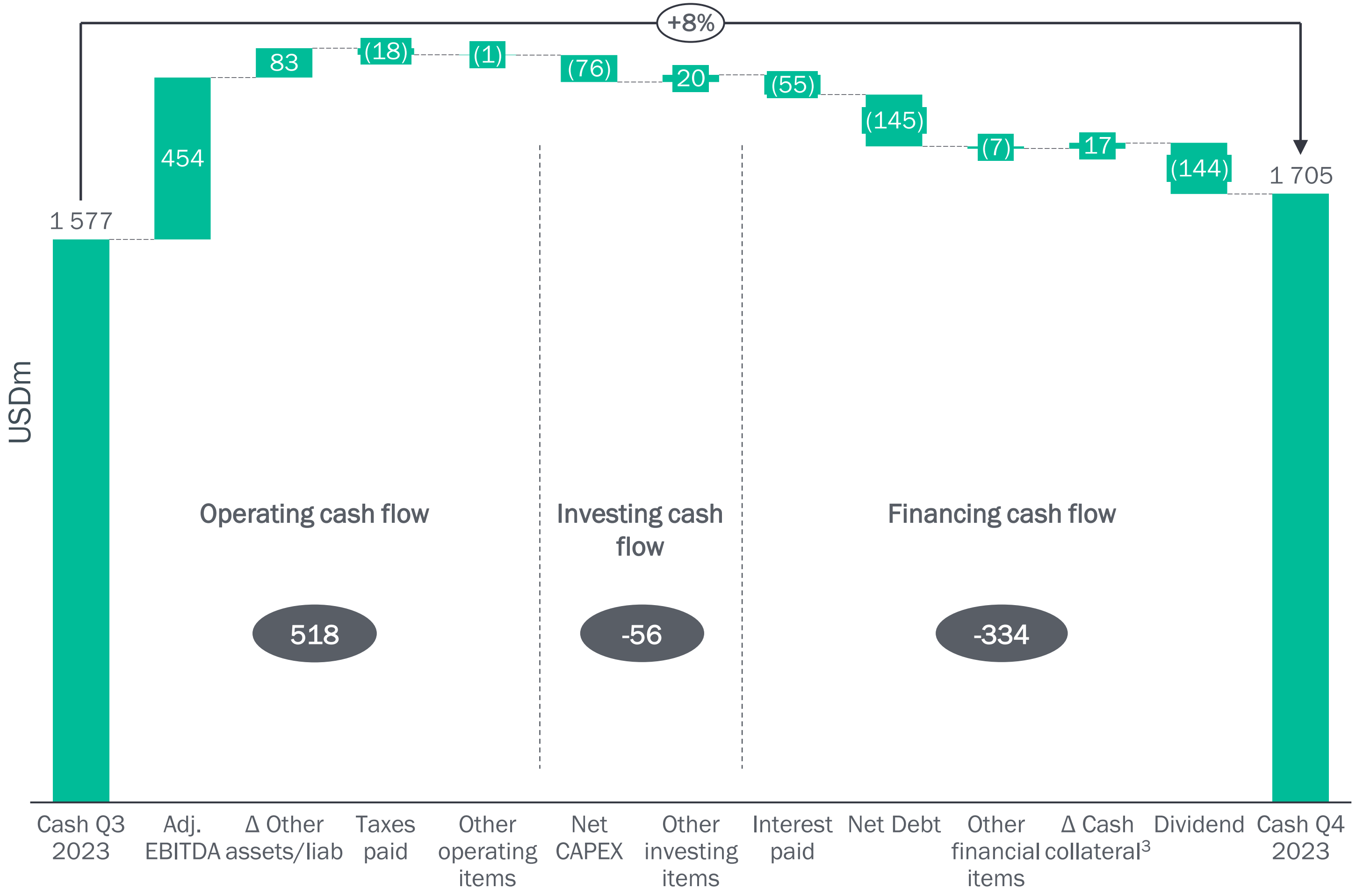


1) LTM: Last twelve months (rolling)
2) Cash conversion: LTM operating cash flow / LTM adj EBITDA
3) LTM FCF to equity per share: Last twelve months cash from operations, investing activities, and change in debt divided by the number of shares excluding own shares

Cash on hand increased USD 128m in Q4, driven by solid operational performance

Comments

- USD 518m in operating cash flow
  - Q4 cash conversion[1] of ~114%
- Net CAPEX items include investments related to fleet renewal, drydock, and other investments in tangible assets
- Other investing items include interest received[2] in Q4
- Net debt consists mainly of scheduled repayments of debt
- USD 144m in dividends paid to ASA shareholders in November

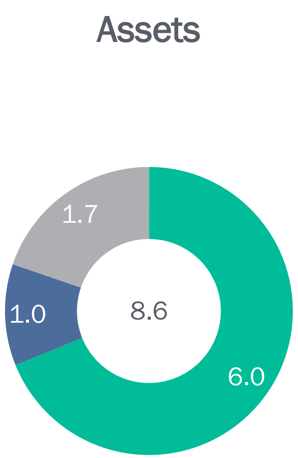


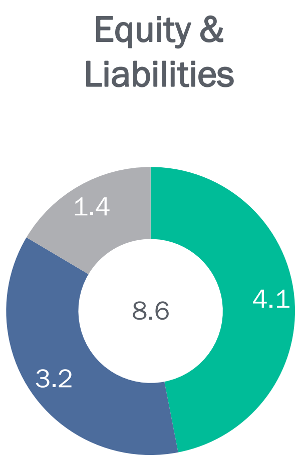
1) Cash conversion: Operating cash flow/EBITDA
2) Interest received is related to bank deposits

Robust balance sheet and strong liquidity position

Balance Sheet per end Q4-23

USD billion



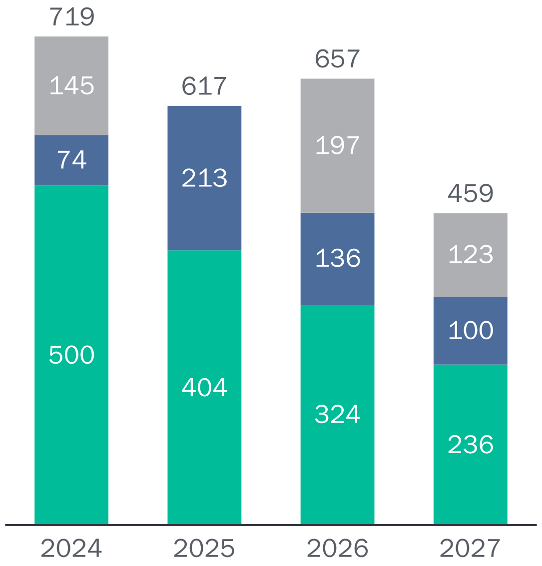


- Non-current assets
- Other current assets
- Cash and cash equivalents

- Equity
- Non-current liabilities
- Current liabilities

Debt Maturity Profile

USD million



- Installments (bank loans and leases)
- Balloons (bank loans and leases)
- Bonds

Comments

- Equity ratio at 46.9%
- Net debt declines to USD 2.0bn on debt repayments and cash from ops
- WW ASA cancelled RCF of USD 100m, leaving 5 more vessels unencumbered
- Refinanced and increased WWO RCF from USD 100m to USD 150m
- Undrawn credit facilities at USD 397m
- 2024 bond maturity expected to be repaid

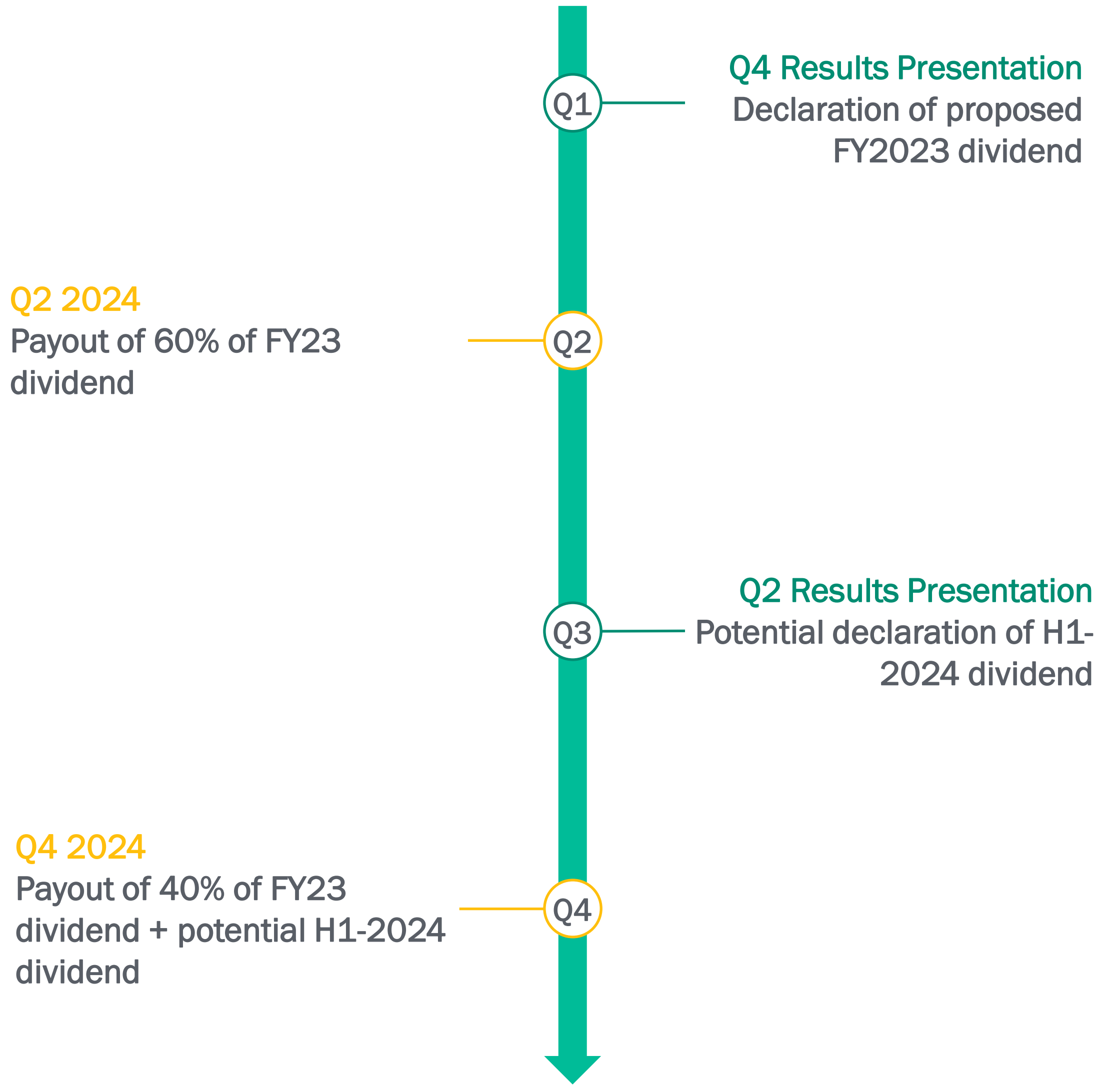
The board proposes a USD $482m dividend for FY23 and a new dividend policy

FY2023 dividend

- Propose a dividend of USD 1.14 per share of FY2023, a total dividend of USD 482m, representing
  - 50% of net profit, the upper range of our dividend payout policy
  - 34% increase in dividend per share relative to FY2022 dividend (paid out in 2023)
- The dividend will be paid in NOK in two installments
  - 60% in May and 40% in October 2024

Introduction of a new dividend policy

- Propose to introduce a semi-annual pay-as-you-go dividend policy, subject to approval of the AGM on April 30
  - 30-50% of net income after tax
  - First potential H1-24 payment would be payable with 2nd tranche of FY2023 dividend



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Prospects

We maintain our view that we expect 2024 to be a somewhat stronger year than 2023.

Given expectations of continued customer demand for space on our vessels, we foresee that the tonnage situation for RoRo carriers will remain tight in 2024 and lead to high utilization of our assets.

Further, we see continued strong demand for our Logistics and Government services and expect high utilization in these segments as well.

In addition, recently renewed commercial contracts are likely to support improved earnings from the renewed volumes in 2024 and beyond. However, we do see an increased risk linked to geopolitical uncertainty and navigational disruptions across the globe. The most relevant being the security situation in the Red Sea, an area which we are currently avoiding, and the significantly reduced capacity in the Panama Canal.

More so, the order book in the car carrier segment has grown further and may have an impact on the market in the medium term. We are also monitoring the macro situation closely.

Save the date:

Capital Markets Day
Date: 5 June 2024
Location: Zeebrugge

Q&A

Wallenius Wilhelmsen

Thank you!