Wallenius Wilhelmsen

Wallenius Wilhelmsen ASA

Q3 2023

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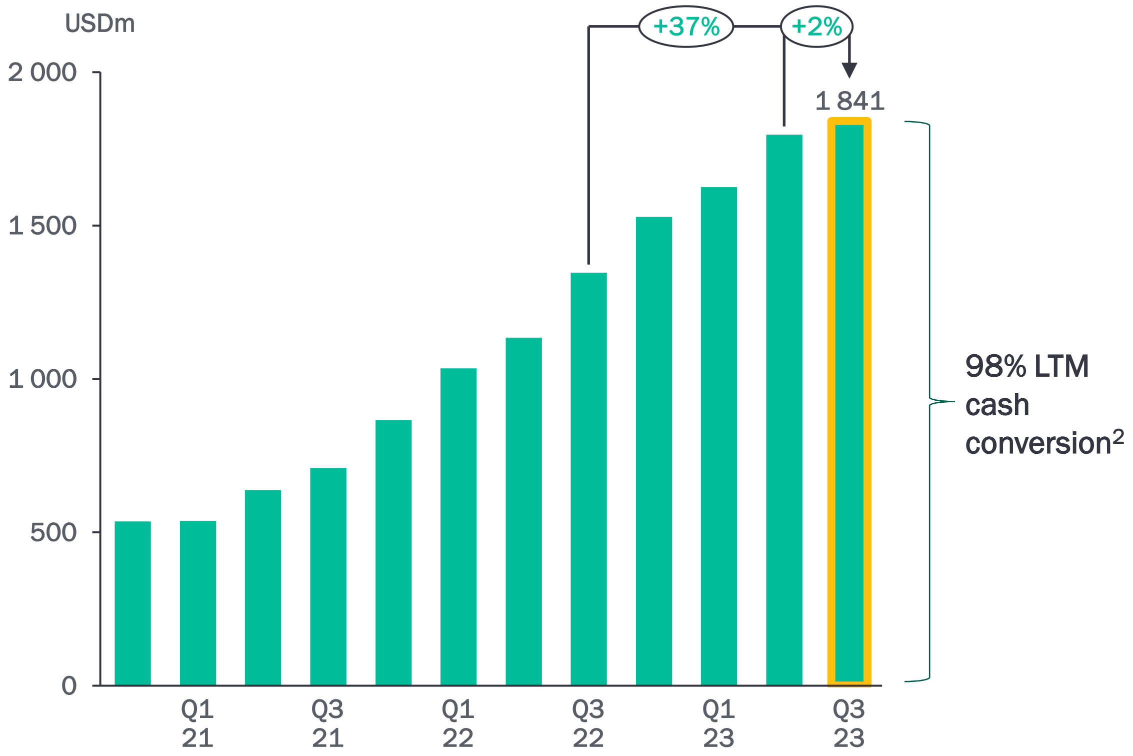
Highlights – Q3 2023

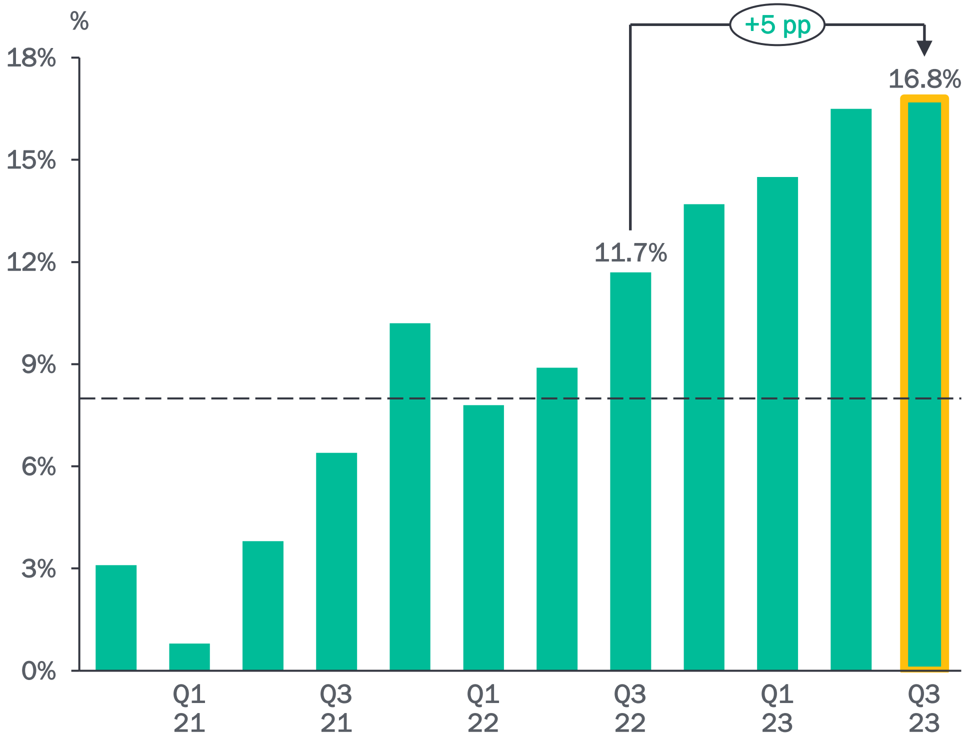
- Wallenius Wilhelmsen delivered another strong quarter with an EBITDA of USD 478m
- Shipping contributed with an EBITDA of USD 392m, supported by higher net rates
- Logistics segment EBITDA was USD 48m, on par with previous quarter
- Government segment posted the largest EBITDA gain QoQ, ending at USD 46m
- Demand remains firm despite the uncertain macroeconomic backdrop

Financial highlights – firm cash generation and return on capital employed

LTM[1] adj. EBITDA



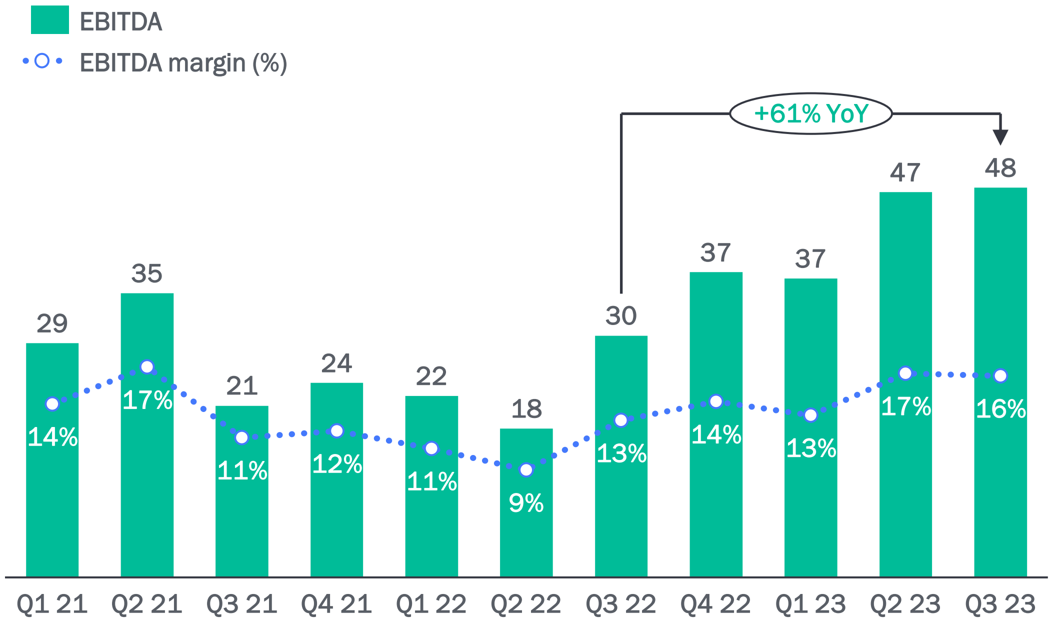
LTM Return on Capital Employed[3]



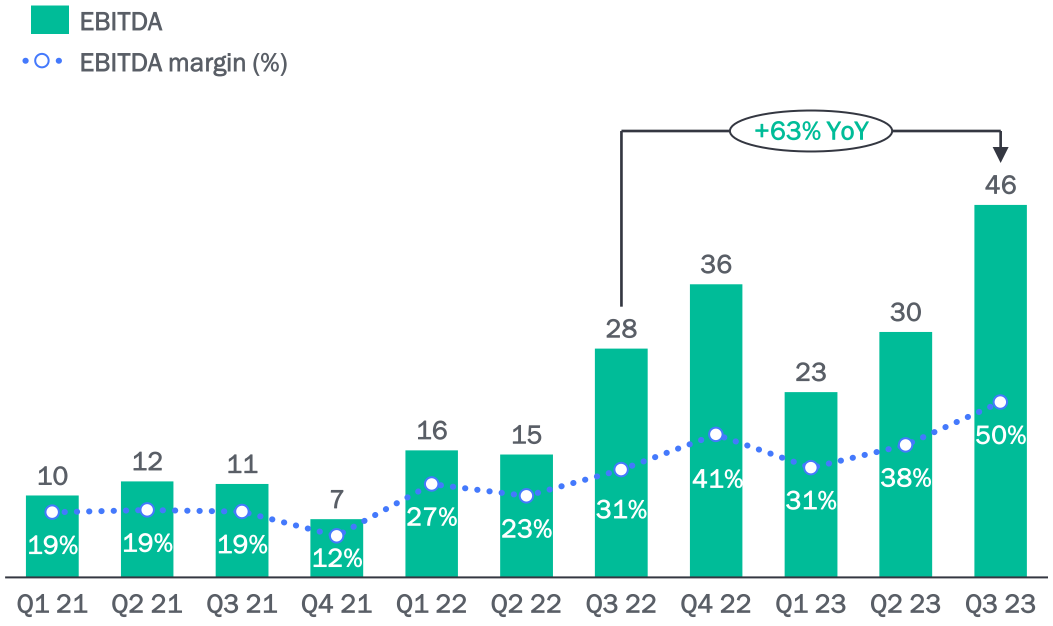
1) LTM: Last twelve months (rolling)
2) Cash conversion: LTM operating cash flow / LTM adj EBITDA
3) ROCE: LTM adj. EBIT / LTM average capital employed

Logistics and Government showing good momentum

Logistics – Adj. EBITDA



Government – Adj. EBITDA



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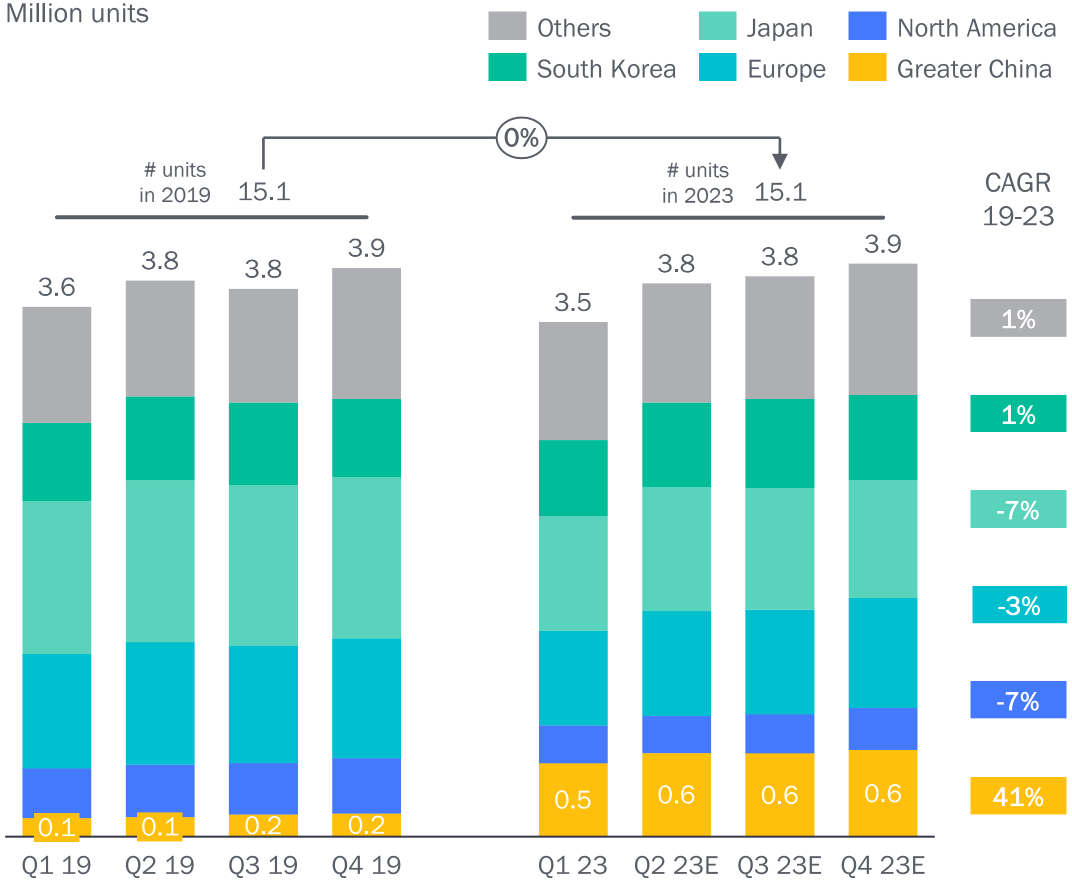
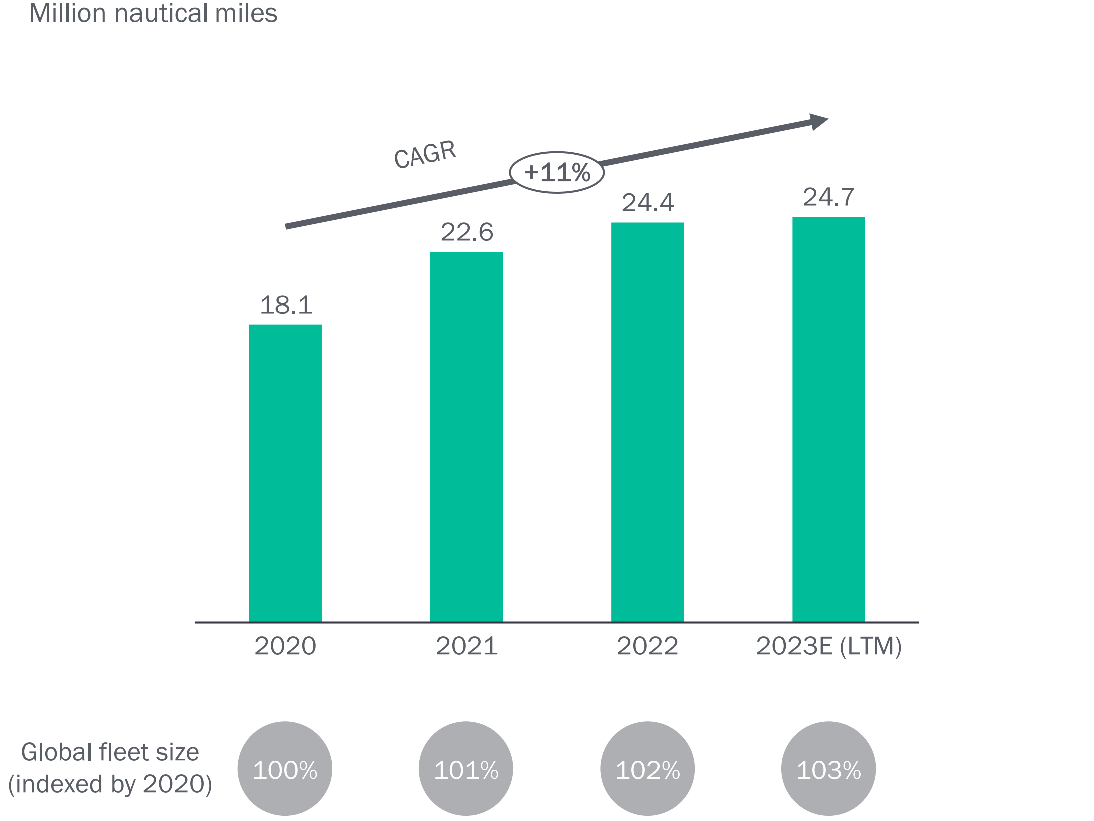
1. Market update
2. Shipping update
3. Logistics update
4. Sustainability update
5. Financial update
6. Prospects and Q&A

Deepsea light vehicles volumes return to pre-covid levels while Chinese exports are driving a favorable change in trade patterns

Seaborne light vehicles sales by exporting regions



Distance sailed ex Asia by global fleet

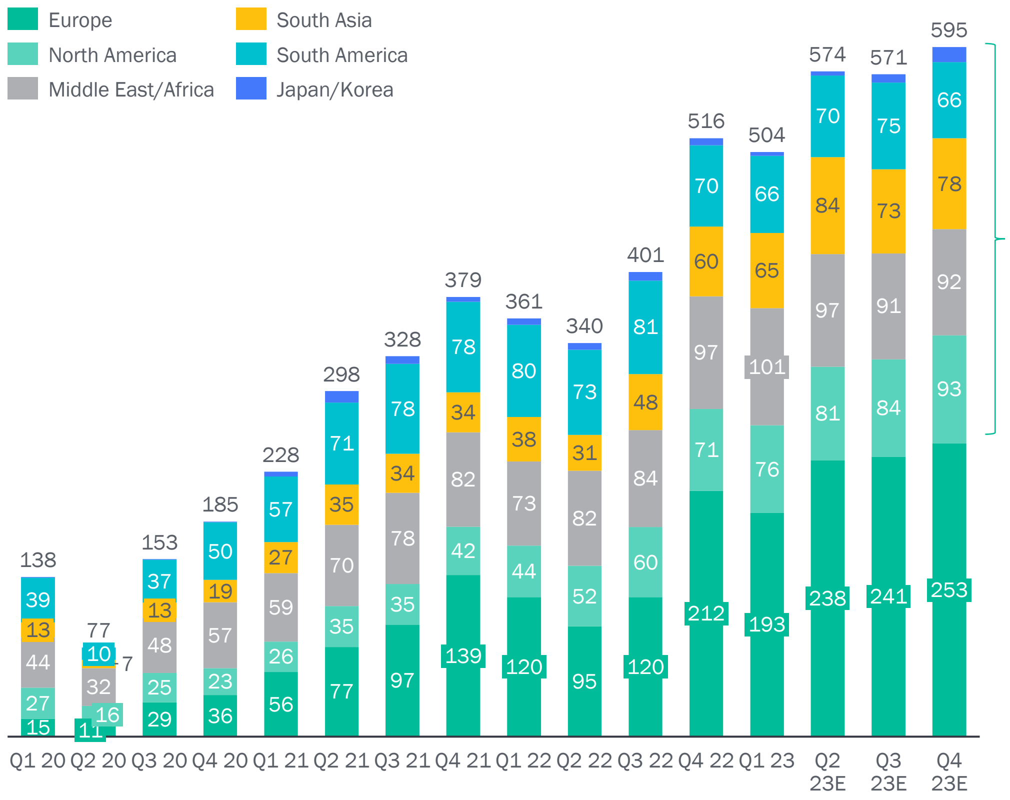


Sources: S&P, Wallenius Wilhelmsen Market Insight based on AIS data

Chinese deep-sea exports continue to provide compelling demand side fundamentals

Seaborne Chinese export of vehicles by destination region

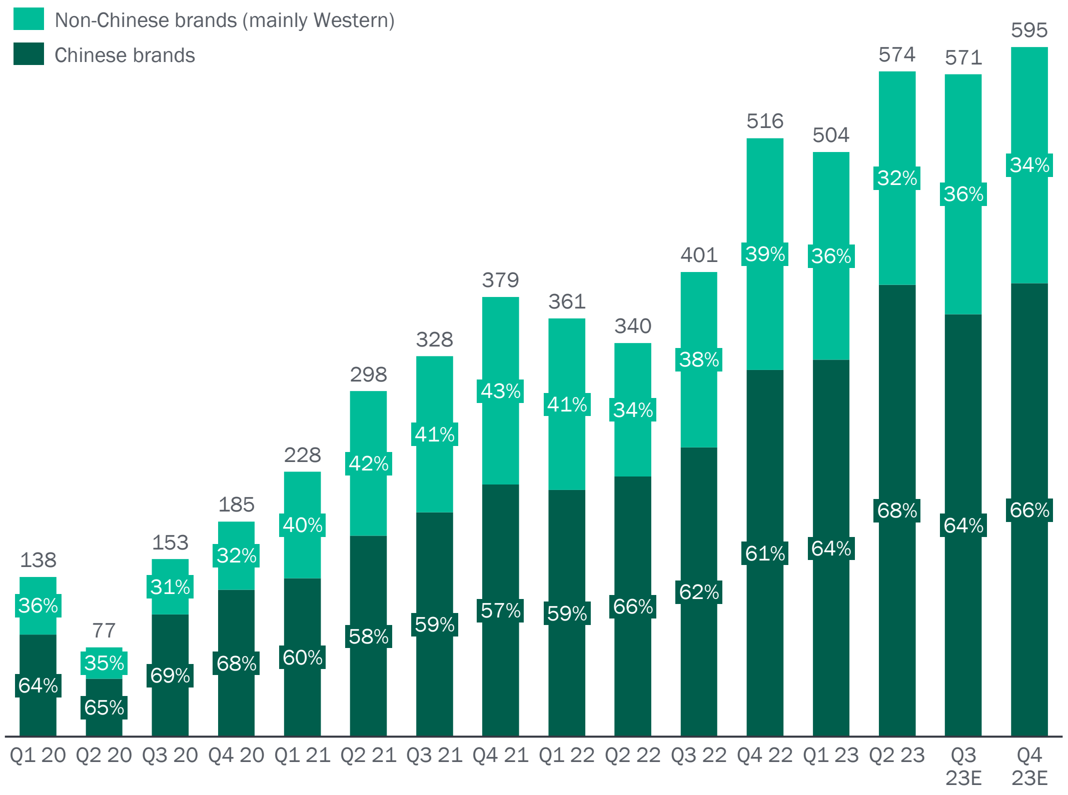
Thousand units



57% of Chinese export is to non-European countries. Export to North America is mainly to Mexico

Seaborne Chinese export of vehicles by origin of brand

Thousand units*



*Major non-Chinese brands: Tesla, GM, Renault-Nissan-Mit, Ford, Honda, BMW, Toyota, Stellantis, Hyundai, Mercedes-Benz, Mazda, VW

Source: S&P

High & Heavy exports solid in Q3, but order activity softening

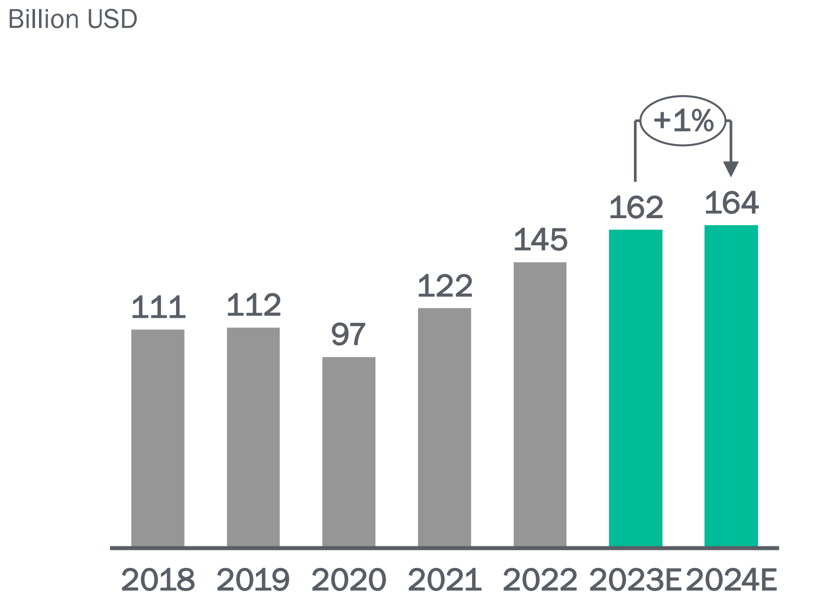
	Construction	Mining	Agriculture
YoY Q3-23 growth of exported units	+16.7%[1]	+22.2%[1]	+6.8%[1]

Construction
- Residential construction weaker, infrastructure construction solid
- Firm growth in machinery exports
- High machinery order backlogs

Mining
- Metal prices remain well above pre-pandemic levels
- Solid outlook for miner profits and capex
- Infrastructure investment supportive of steel demand

Agriculture
- Food prices down YoY in Q2 but rising in July
- Farmer sentiment improving, but appetite for new capital investment remains weak
- Order backlogs still high

Equipment producer sales outlook[2]

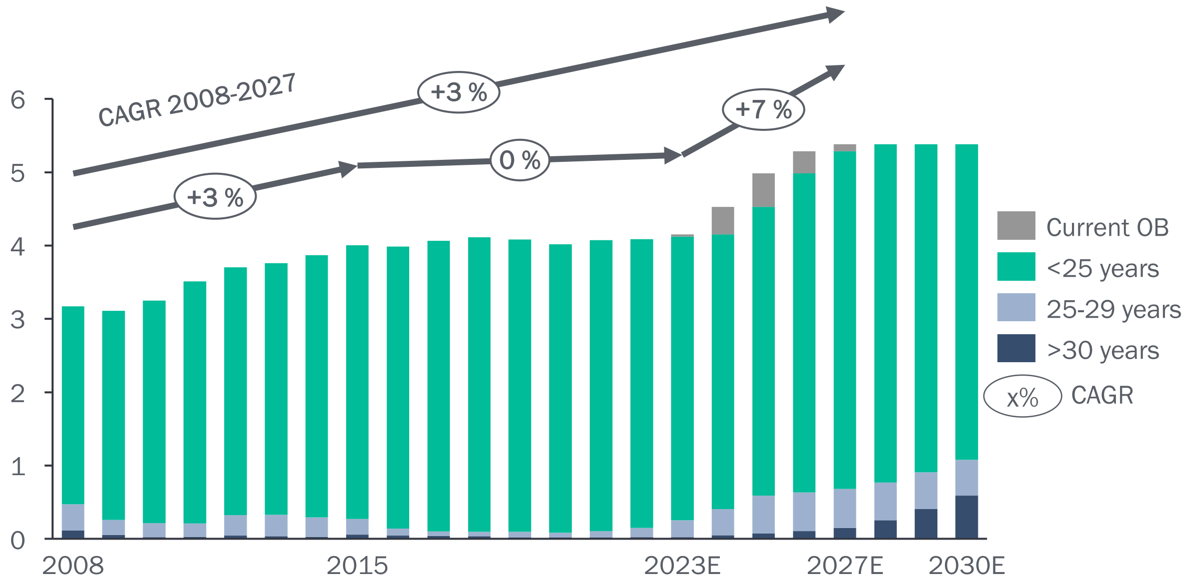


Source: 1) S&P Global, Customs Statistics | World construction, mining and agriculture equipment exports (Units last 3 months, YoY) 2023. Data limited to countries reporting customs data. | 2) Based on OEM historical sales revenue of construction/mining/agriculture equipment only, and MSI. Constituents comprise major OEMs.

Recent ordering activity brings a fully utilized fleet back on long term growth trend

Global RoRo fleet

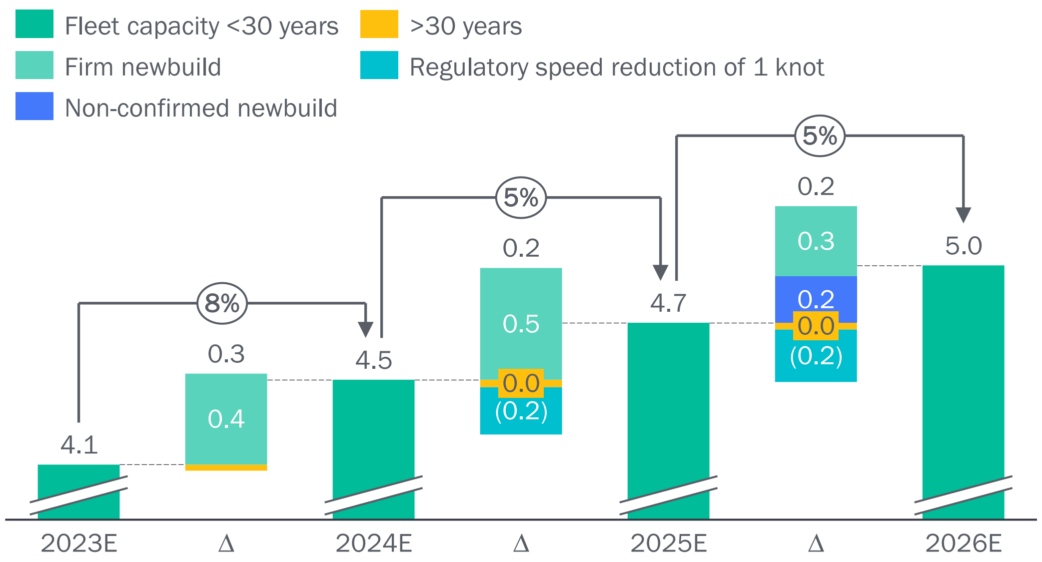
Million CEU



- 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 31 vessels and is now 31% of current fleet

Indicative development of fleet[1)]

Million CEU

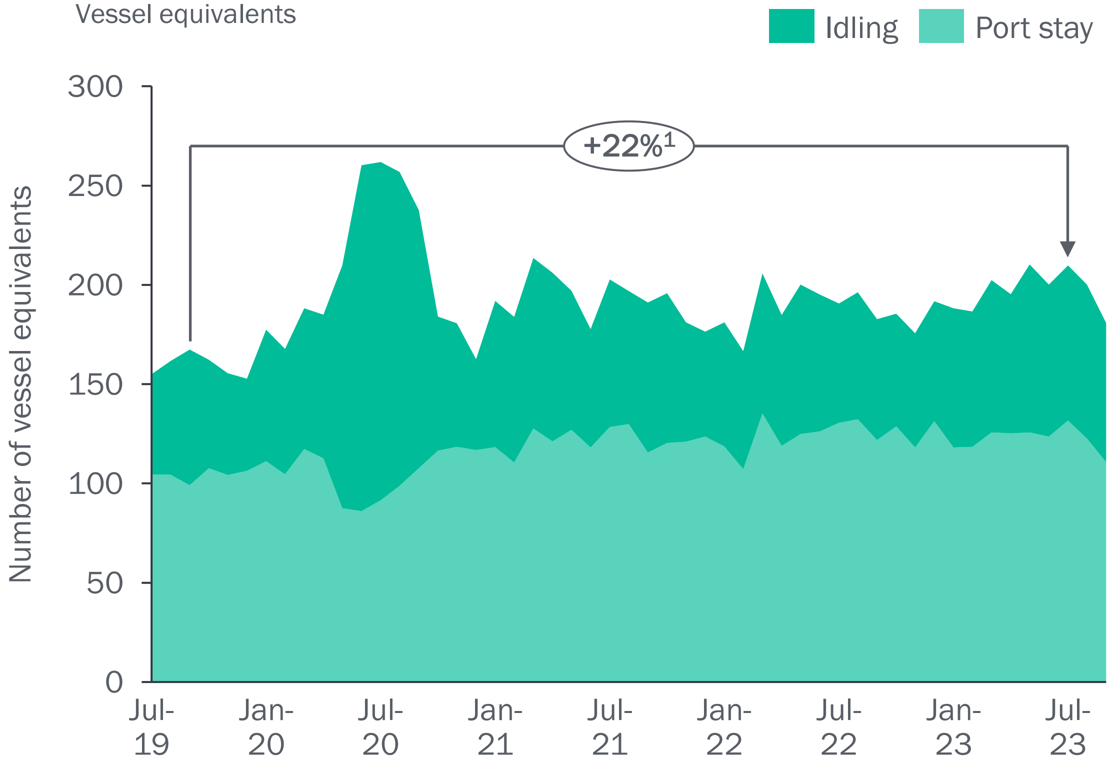


- Analysis assumes new capacity will be partly offset by recycling of vessels >30 years and a one knot potential speed reduction driven by CII regulations in both 2024 and 2025
- We have not included any construction delays in the above
- Further, it is not adjusting for changes in congestion and idle capacity

1) Calculation assumes an average fleet speed of 16 knot, and a reduction of the average speed by 1 knot per year. Non-sailing time (berth, congestion, steaming i.e. <10 knot) is estimated to ~31%. 3% of fleet is assumed to be non-operational each year due to scheduled dry-dock and lay-up. Assumptions are largely based on AIS data of the RoRo fleet. Orderbook include non-confirmed vessel with "Letter of Intent" etc.

13% less waiting days QoQ, but port congestion remains a global challenge

Number of vessel equivalents idling and at port stay



Congestion remains a challenge for the global RoRo fleet

- Congestion remains a challenge reducing overall capacity
- In Q3 we lost 915 days waiting, down 13% compared to Q2
  - 310 days in Oceania and 248 days in Americas
- There is some easing in congestion on the US West Coast, Canada, and Panama Canal, but still an issue
- BMSB[2] season in Australia may affect congestion situation in Oceania

1) Growth is calculated based on Q3 2019 vs Q3 2023
2) BMSB: Brown Marmorated Stink Bug
Source(s): Wallenius Wilhelmsen Market Insight based on AIS data

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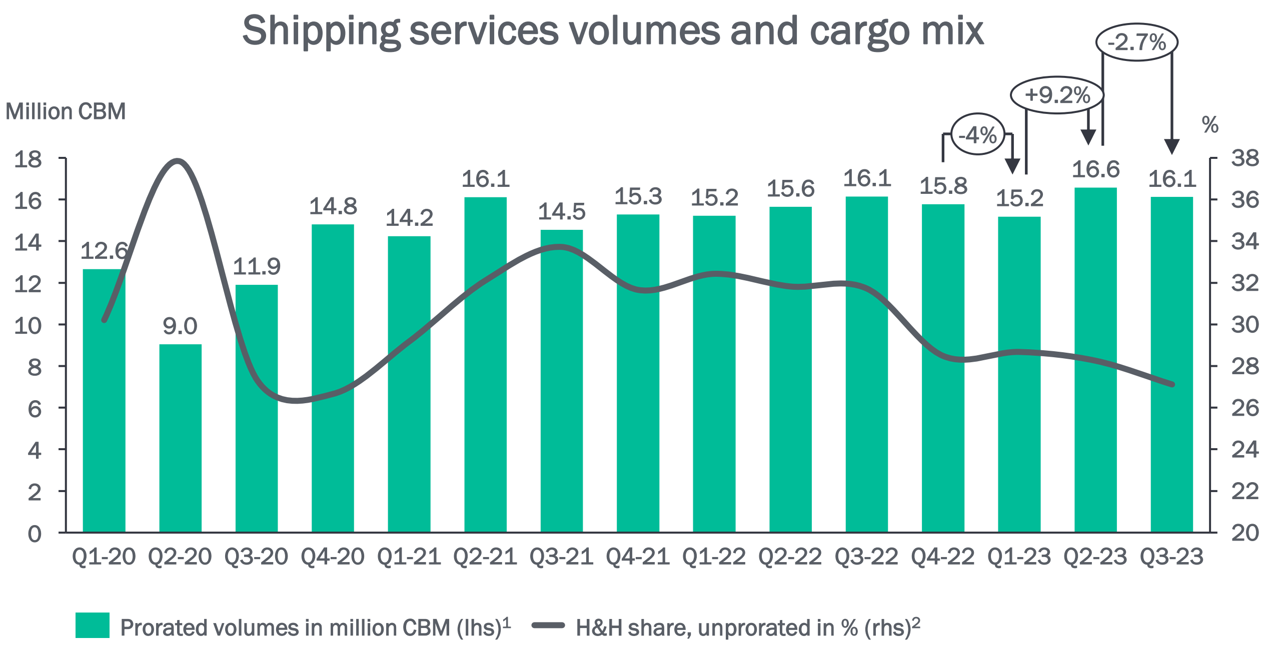
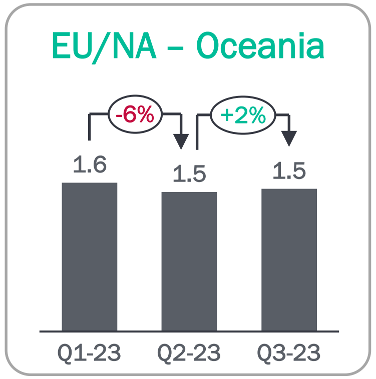
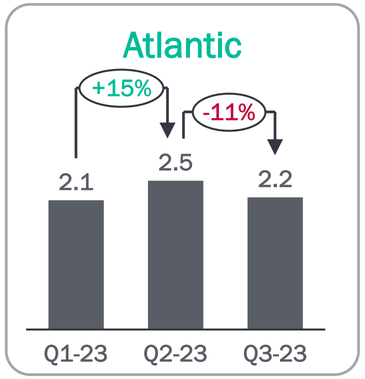
Shipping update

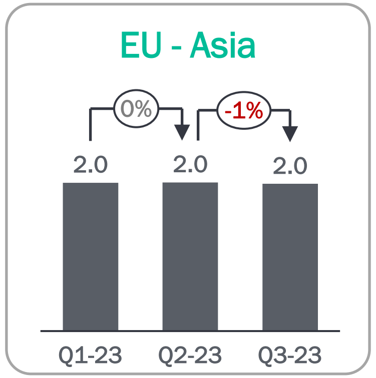
Shipping volumes decreased 3% on regular seasonality and less laden voyages

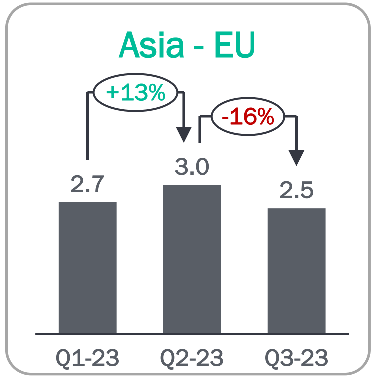


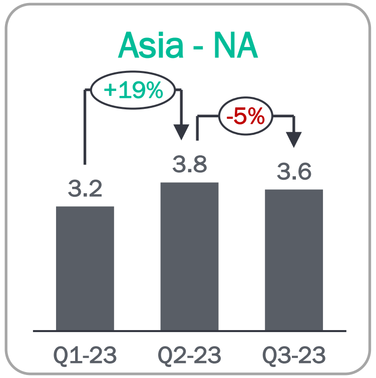
- Lower volumes on seasonality and less laden voyages
- Decrease from both Asia and Europe outbound trade corridors, relatively more from Asia outbound
- Fundamentals remains strong
- Cargo mix (H&H/BB share) fell from 28% in Q2 to 27% in Q3

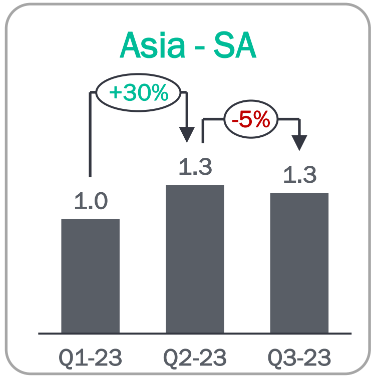










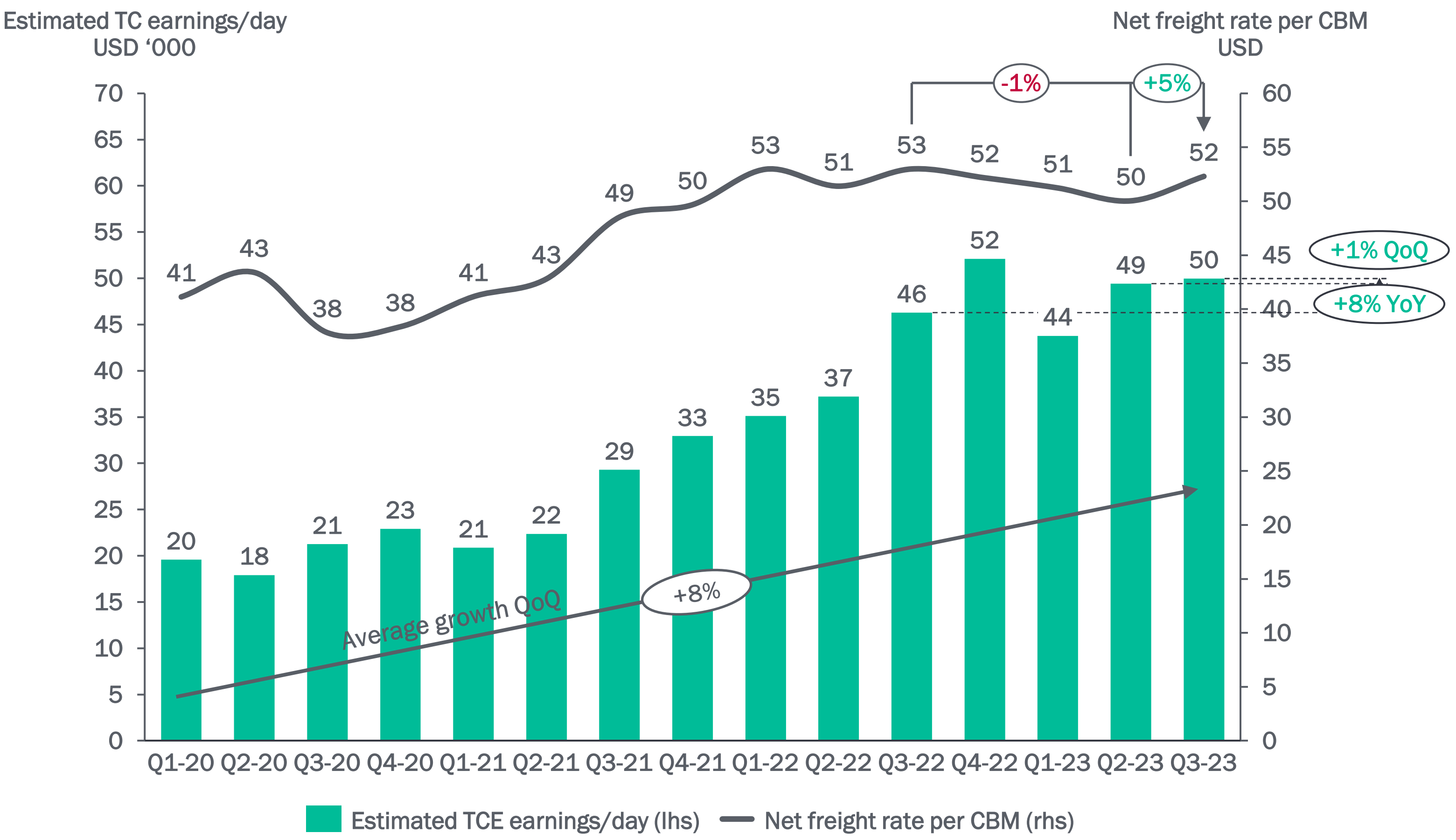


Million CBM

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

Increase in net rate per CBM, but TC earnings/day remained relatively flat on negative effect from net fuel surcharges

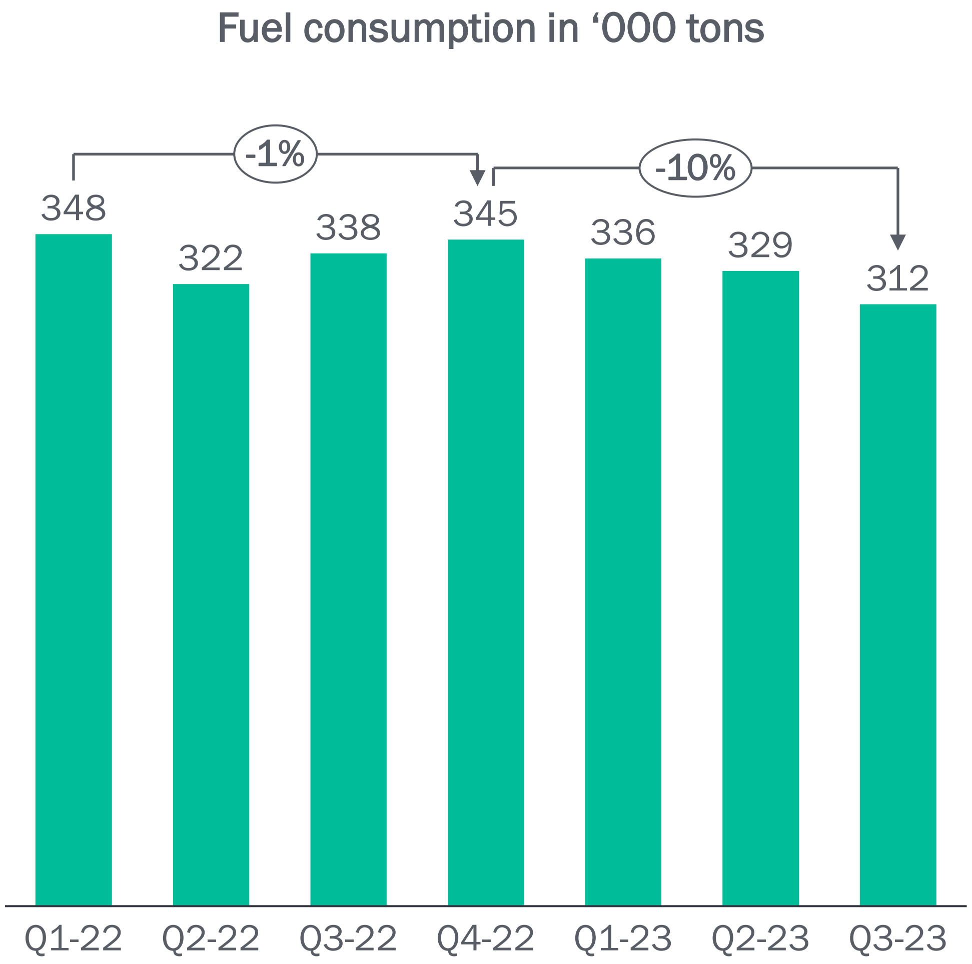
Estimated TCE earnings/day and Net freight rate per CBM



- Net freight increased to USD 52.4 per CBM, up USD 2.2 QoQ
- Positive development in most trade lanes and cargo segments, relatively higher in Auto
- TC earnings per day remained relatively stable despite increased net rates, on negative effects from net fuel surcharges
- YoY TC earnings increased despite large positive net fuel surcharge effects in Q3 2022
- We are in the process of renewing several contracts and soon expect to announce several deals above USD 100m of value

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

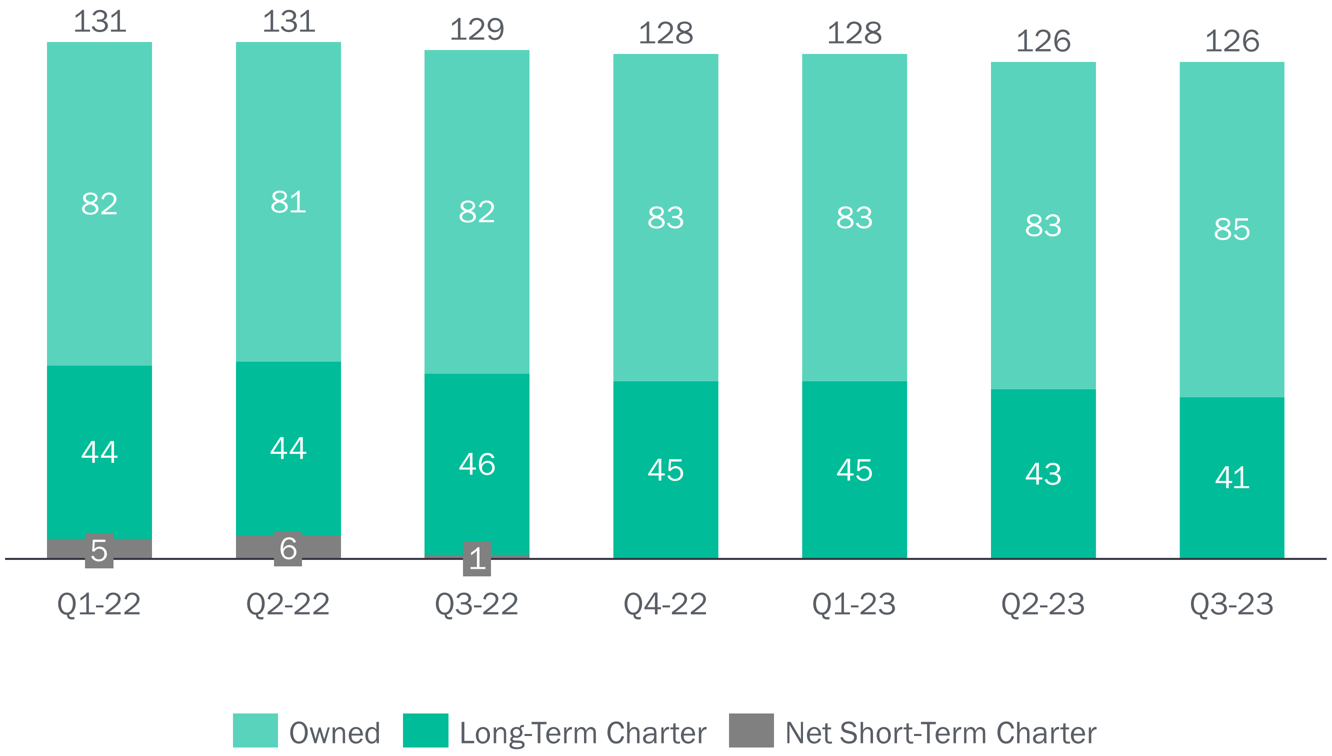
Our efforts to reduce fuel consumption and emissions are bearing fruit



- The impact is starting to be visible in the fuel consumption over the past two quarters. Contributing factors are:
  - AI-enabled speed reduction and voyage optimization
  - Some effects from biofuel in Q3 (but still limited)
  - Technical upgrades to fleet gradually implemented
- The improvements are seen despite continued high utilization of the fleet
- We are still in the process of optimizing and installing multiple energy saving devices onboard our fleet
- Combined with increased experience from existing installations and new vessels added we expect to see further positive development in emissions and fuel consumption

Stable fleet count, with exercise of two purchase options during the quarter

Fleet development*



- Q3 market value of owned fleet ~USD 6.1bn**
- Exercise of purchase options of Morning Margareta and Morning Ninni during the quarter
  - Difference between purchase price and assessed market value was ~USD 98m
- We hold eight additional purchase options/ obligations through 2025
- We remain cautious in terms of adding short-term capacity owing to high charter-in rates
- After end of Q3 we turned the LOI into contracts for four firm & eight optional 9,300 CEU vessels

* 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
** Average of two broker estimates, not including leased vessels

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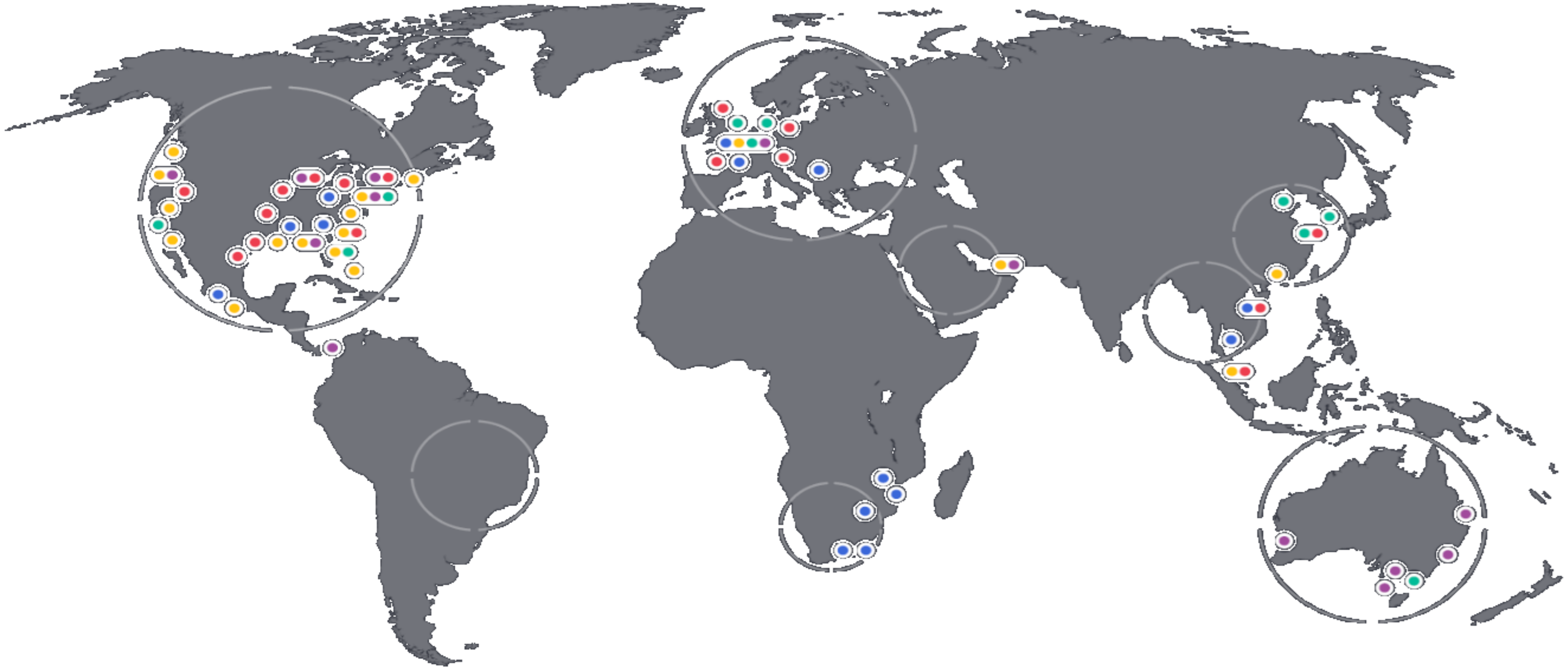
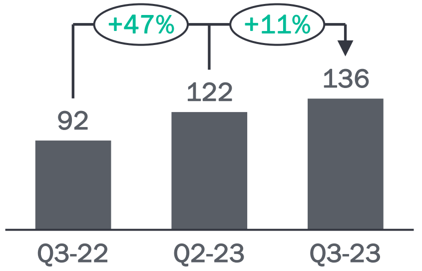
Logistics update

Logistics revenues remain strong as Auto volumes grow

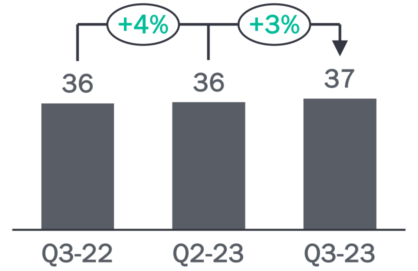


- Auto saw strong volume, accessorizing, and storage revenue
- Terminals saw lower volume due to ongoing congestion and biosecurity seasonality
- H&H lower overall volumes offset by strong storage revenue in the US
- Inland volumes decreased in both US and Europe

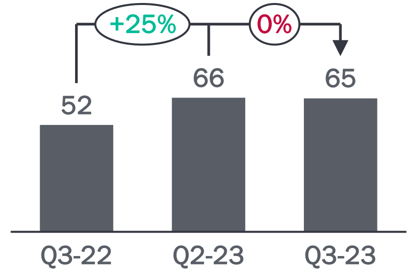
Auto
Revenues (USDm)



H&H
Revenues (USDm)



Terminals
Revenues (USDm)



Inland
Revenues (USDm)

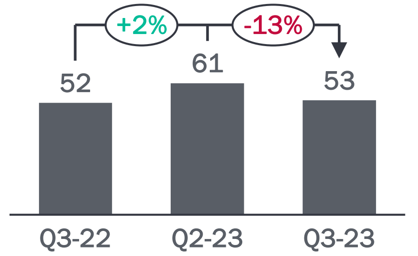
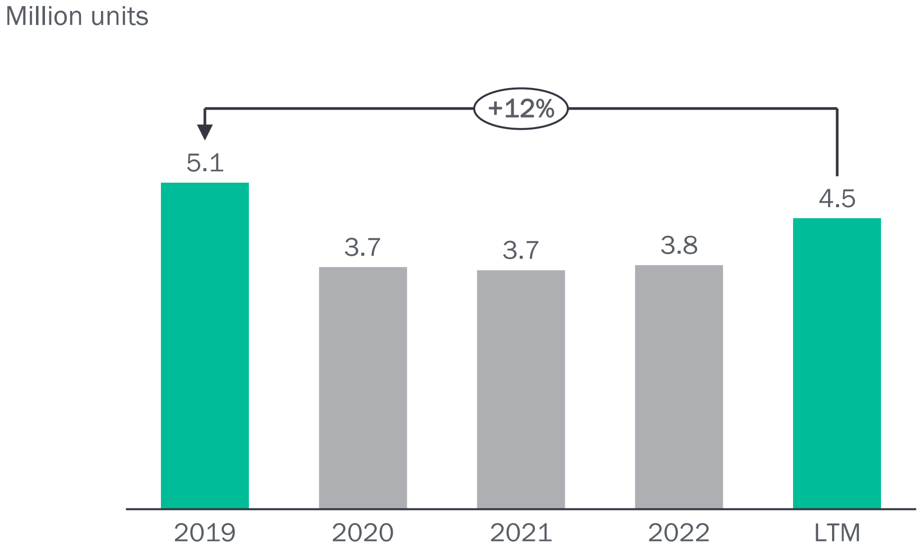


Illustration shows WW Logistics locations: OEM/In plant VPC, VPC, OEM/In plant EPC, EPC, Terminals, Inland Transportation

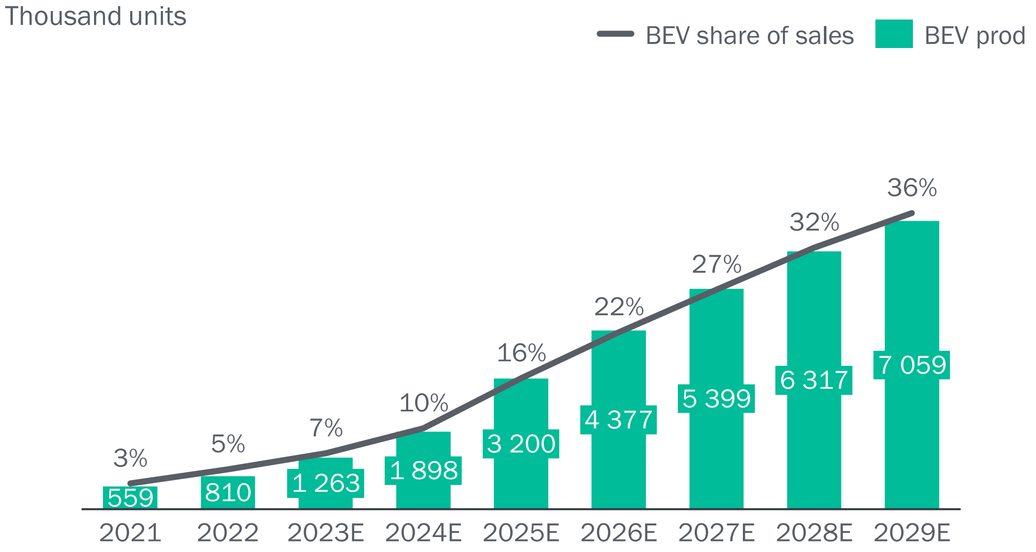
Still solid upside for North America Light Vehicle volume compared to pre-covid level

North American vehicle processing throughput, WalWil figures



- Strong volume growth in the last twelve months at our vehicle processing centres but volumes still below pre-covid level
- Semiconductor production meet demand
- Transaction prices still trending high

North America BEV production and share of total NA sales



- 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”

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

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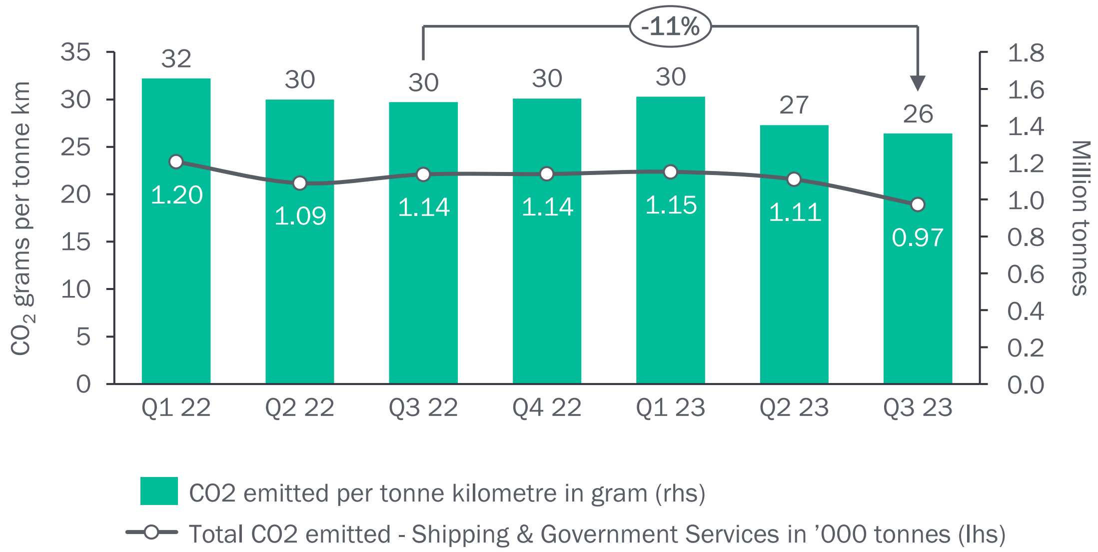
Committed to safe and sustainable operations

No serious injuries in Q3

	Q2-23		Q3-23
LTIF Shipping per million man-hours exposed	0.00	↗	0.67
LTIF Logistics per million man-hours worked	11.97	↗	13.96

- No serious injuries in Q3, increased LTIF[1] in both segments
- Challenges remain, including high churn of labor and congestion

Continued positive trend of reduced CO_2 intensity



- The positive trend is due to several factors, including:
  - Lower average sea passage speed
  - Consistent, high cargo work
  - Implemented technical improvements initiatives taking effect
  - 2,300mt biofuel blend[2] consumed in Q3

1) LTIF: Lost time injury frequency
2) B30 blend of ~70% VLSFO and ~30% ISCC certified FAME biofuel feedstock

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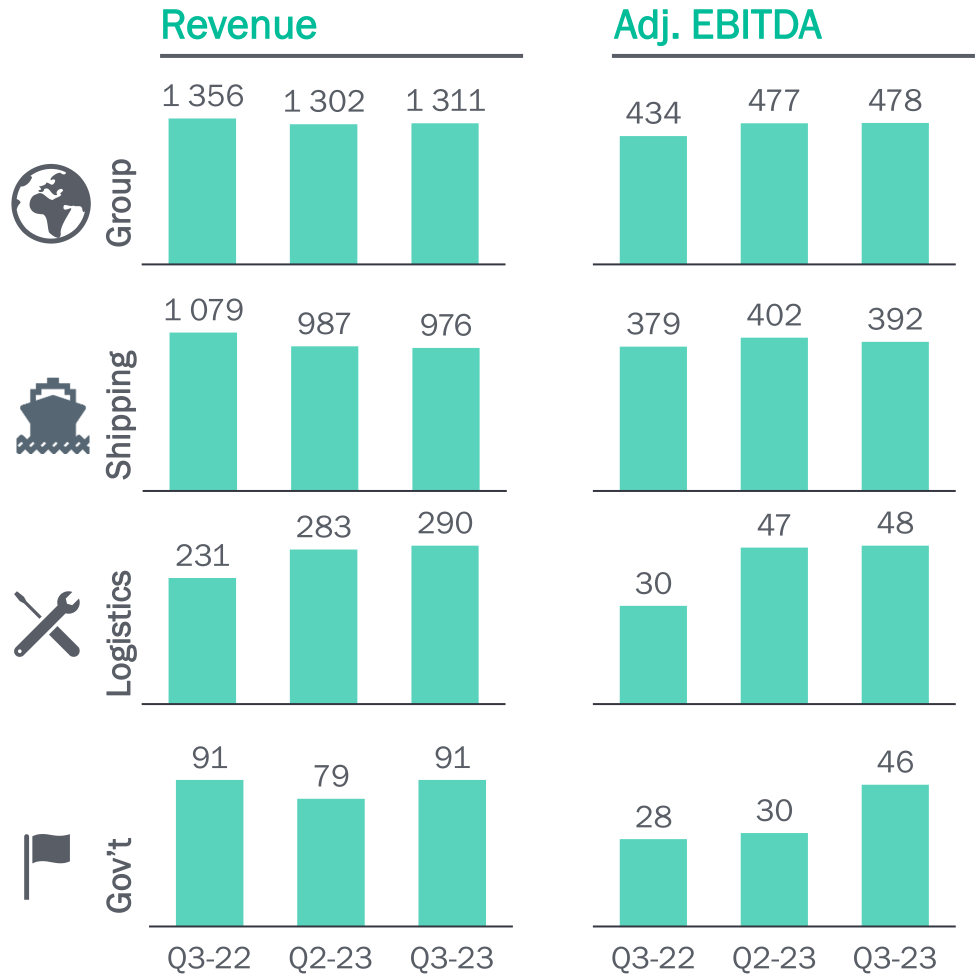
Financial highlights Q3 2023

(USDm, unless noted)



	Q2-23		Q3-23
Net profit	332	→	328
Adj. EBITDA margin (%)	36.6%	→	36.5%
Cash	1 346	↗	1 577
Net debt	2 457	↘	2 171

Financial targets *

ROCE > 8% △

16.8%

Y +5.1
Q +0.3

Equity ratio > 35% △

45.5%

Y +6.8
Q +2.5

Leverage ratio < 3.5x △

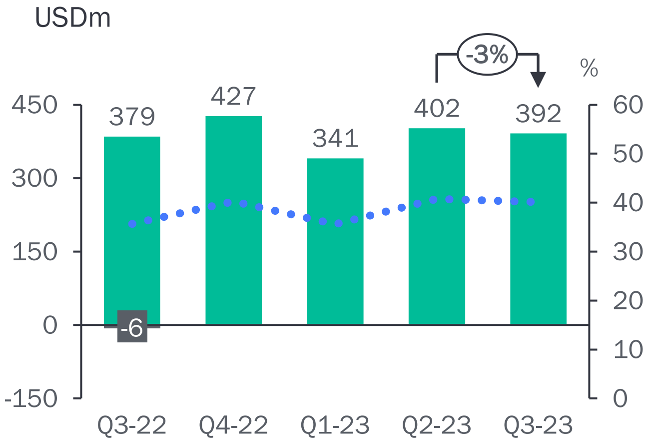
1.2x

Y -1.1
Q -0.2

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

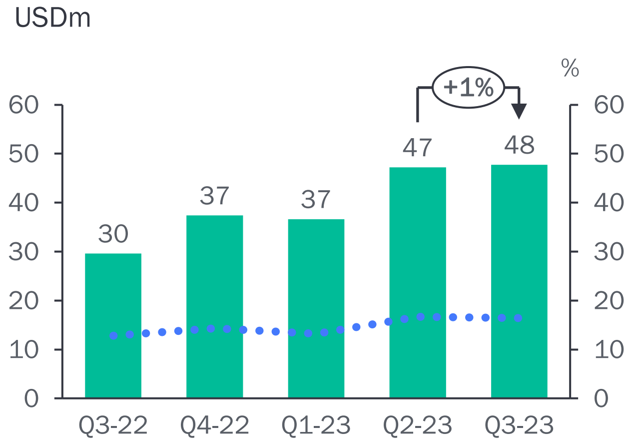
EBITDA on par with a strong Q2, supported by a solid underlying performance in all segments

Shipping – Adj. EBITDA[1]



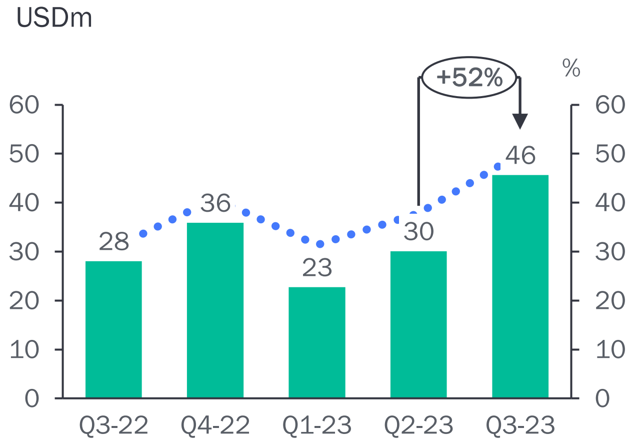
- QoQ EBITDA decreased. Adjusted for changes in net fuel cost, underlying EBITDA improved 4% QoQ
- YoY EBITDA increased on relatively larger voyage cost reduction vs revenue reduction

Logistics – Adj. EBITDA



- QoQ EBITDA up on strong Auto volume, storage and demand for accessorization
- YoY EBITDA up due to increased volume in Auto and Terminal

Government – Adj. EBITDA[1]



- QoQ EBITDA up 52% due to the timing and mix of cargo
- YoY EBITDA significantly up on high demand for U.S. flag cargo due to NATO activity

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

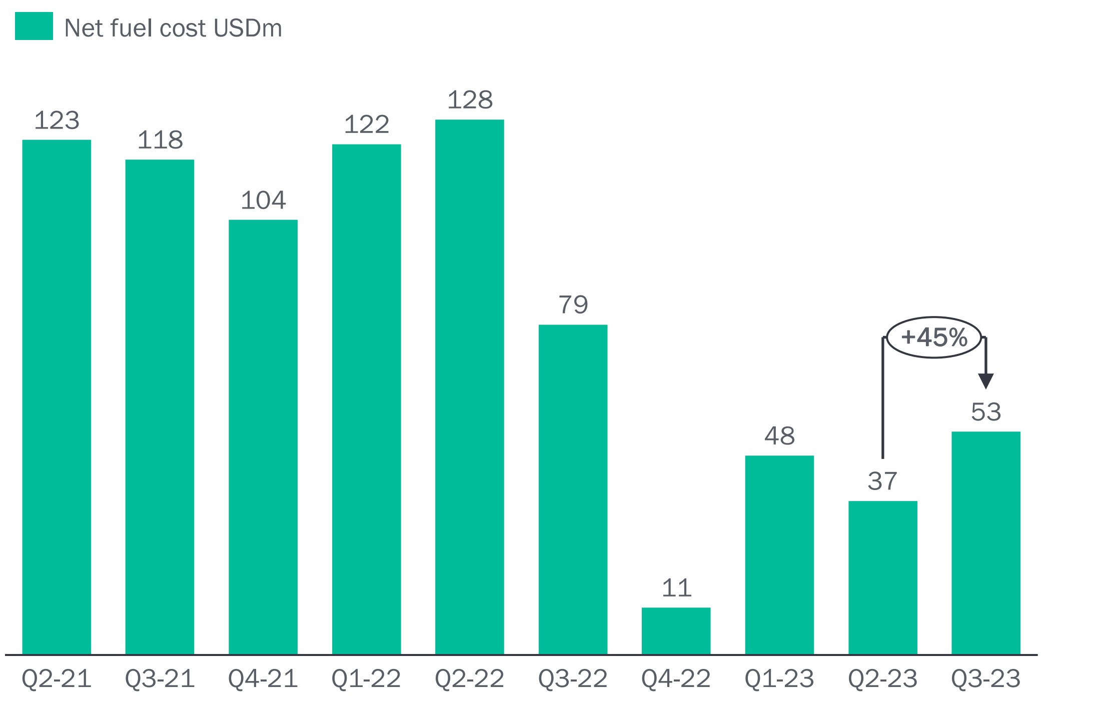
EBITDA and revenues on par with the strong previous quarter

- Revenue up USD 9m QoQ
  - Reduced shipping volumes offset by higher net freight rates
  - Lower fuel surcharges QoQ
  - Higher volumes and revenues in logistics services and government services
- Adj. EBITDA[1)] on par with Q2; up USD 1m QoQ
  - Stable operational margins in shipping services
  - Fuel surcharge decline exceed reduction in fuel cost
  - Significant EBITDA improvement in government services backed by strong volumes and favourable cargo mix
  - Logistics services EBITDA slightly up QoQ on increased revenues and stable margins

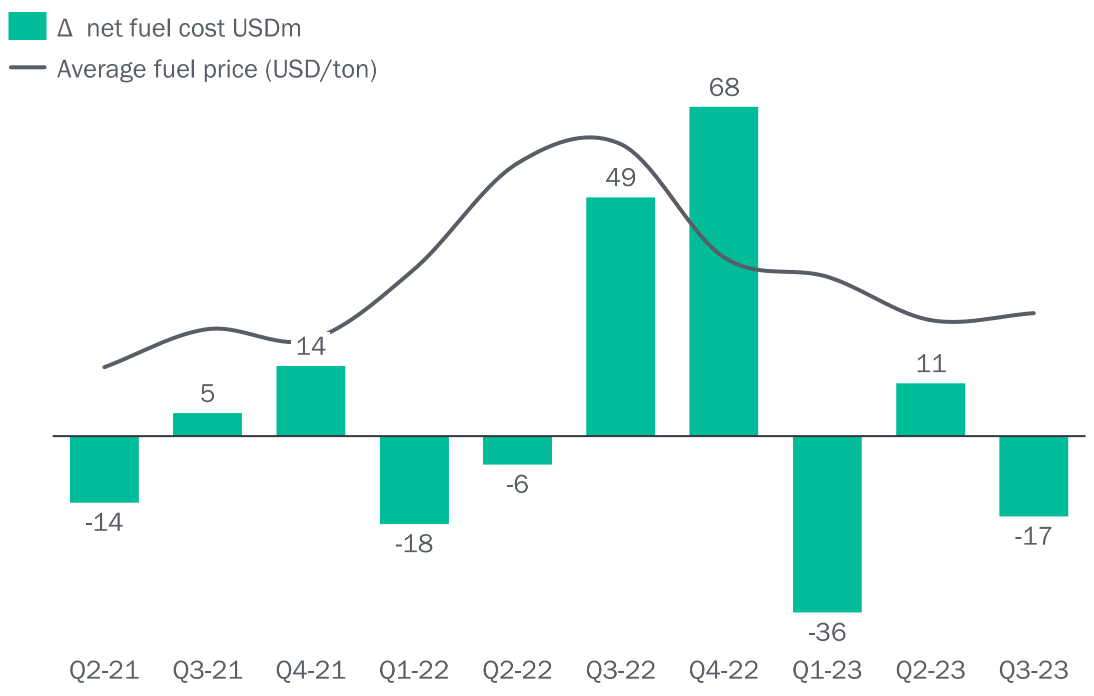
1) No adjustments in Q3 2023 nor in Q2 2023 2) Other operating expenses includes cargo- and other voyage expenses, ship operating expenses, charter expenses, manufacturing cost, and SG&A expenses 3) Other includes holding expenses (mainly SG&A) and eliminations

The reduction in fuel surcharges outpaced the drop in fuel expenses, resulting in a negative change in the net fuel cost.

Net fuel cost (USDm)



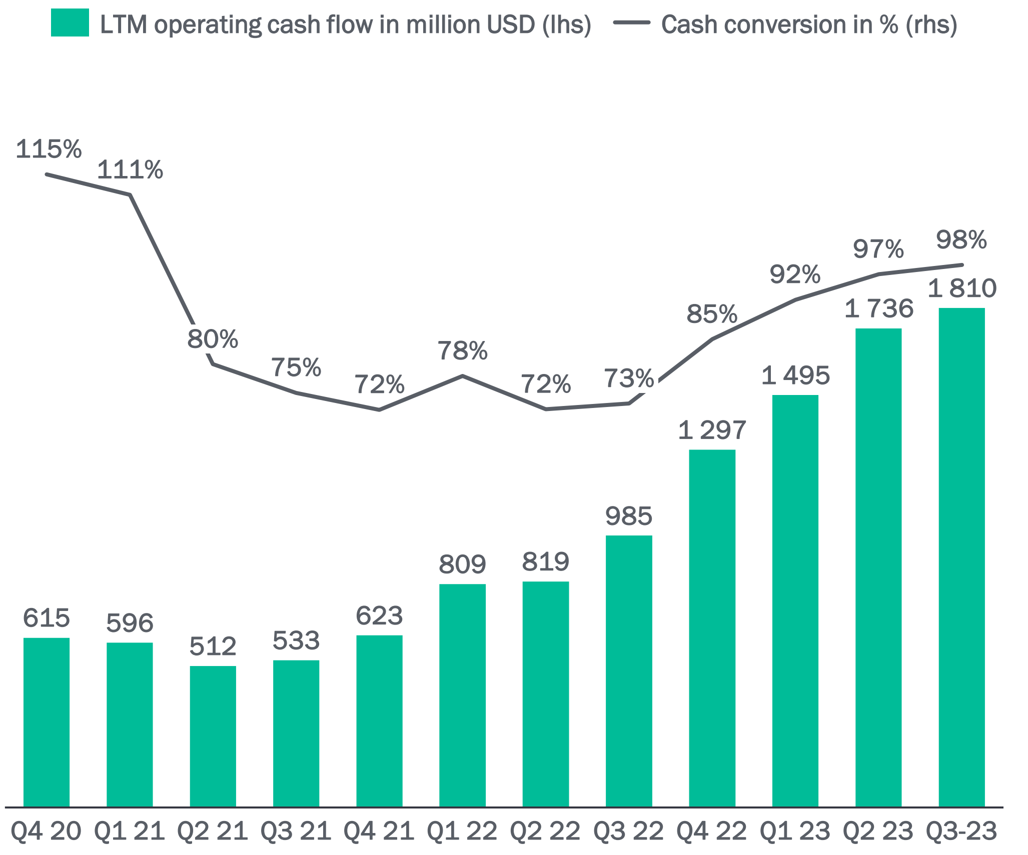
QoQ change in net fuel cost (USDm)*



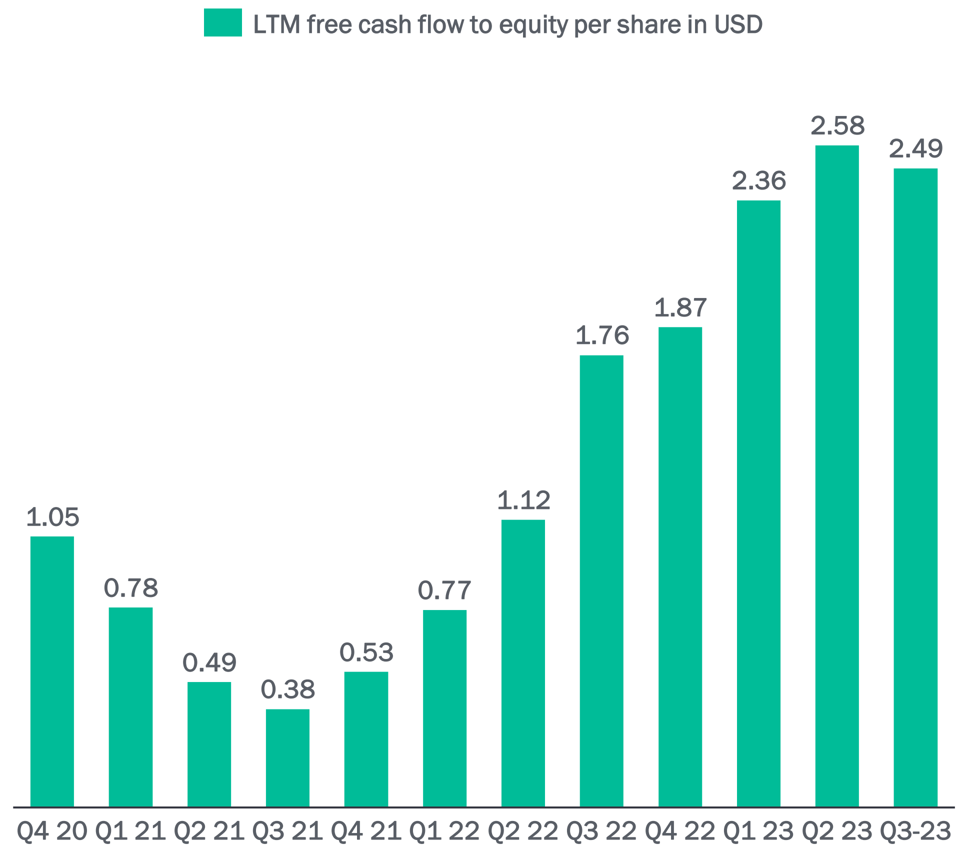
* Positive amounts represents a reduction in net fuel cost. Negative amounts represents an increase in net fuel cost

Sizeable cash flow per share and continuing growth in cash flow from operations

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



LTM Free cash flow to equity per share[3]

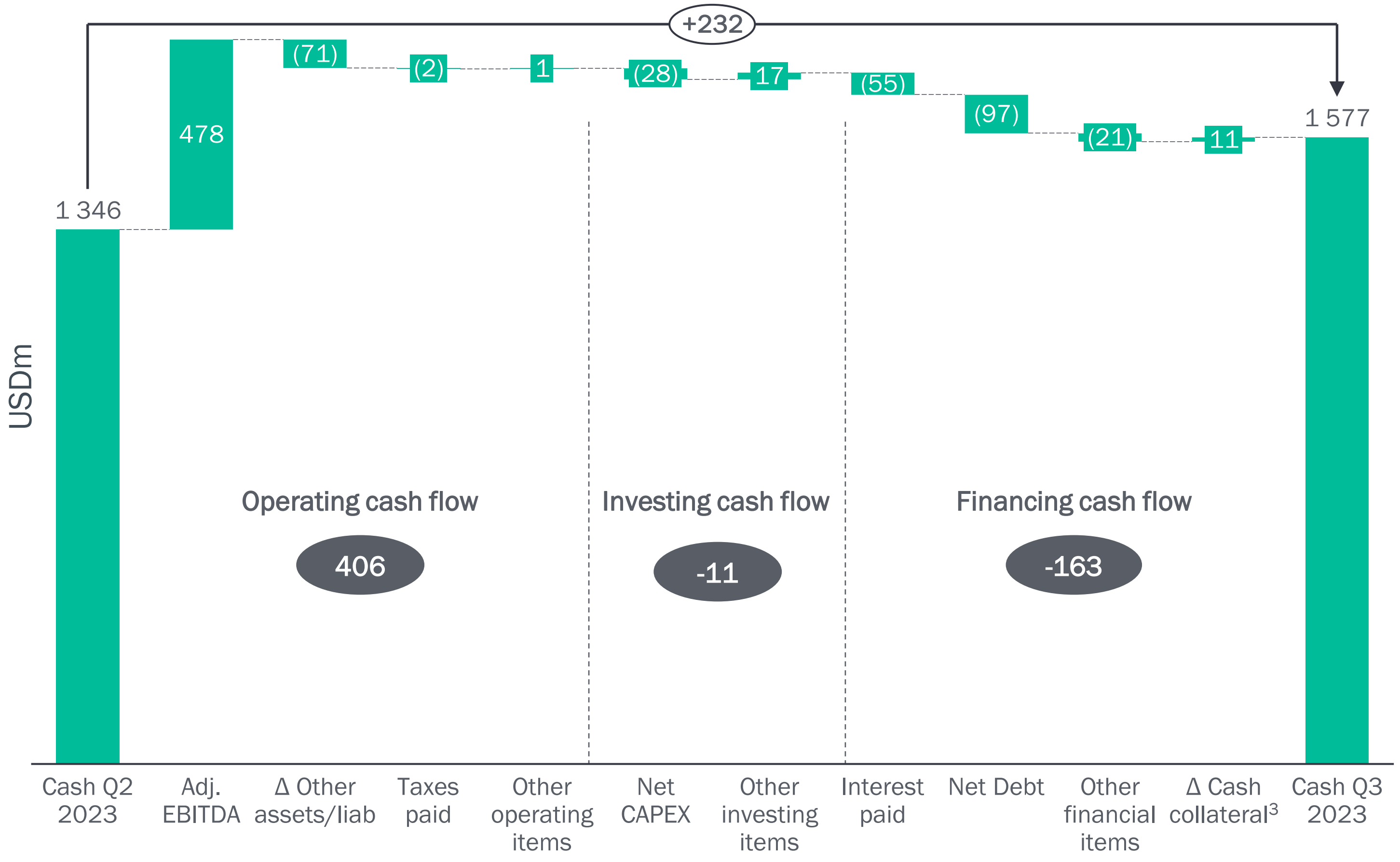


1) LTM: Last twelve months (rolling)
2) Cash conversion: LTM operating cash flow / LTM adj EBITDA
3) LTM FCF to equity per share: Last twelve months cash from operations, investing activities, and change in debt divided by the number of shares excluding own shares

Cash on hand increased USD 232m in Q3, driven by solid operational performance

Comments

- USD 406m in operating cash flow
  - Q3 cash conversion[1] of around 85%
- Net CAPEX items include drydock, vessel maintenance and other investments
- Other investing items include interest received[2] in Q3
- USD 144m in dividends to be paid to ASA shareholders in November
- Net debt includes scheduled repayments of debt, issuance of new bond and partial buyback of an existing bond
- Undrawn credit facilities at USD 422m

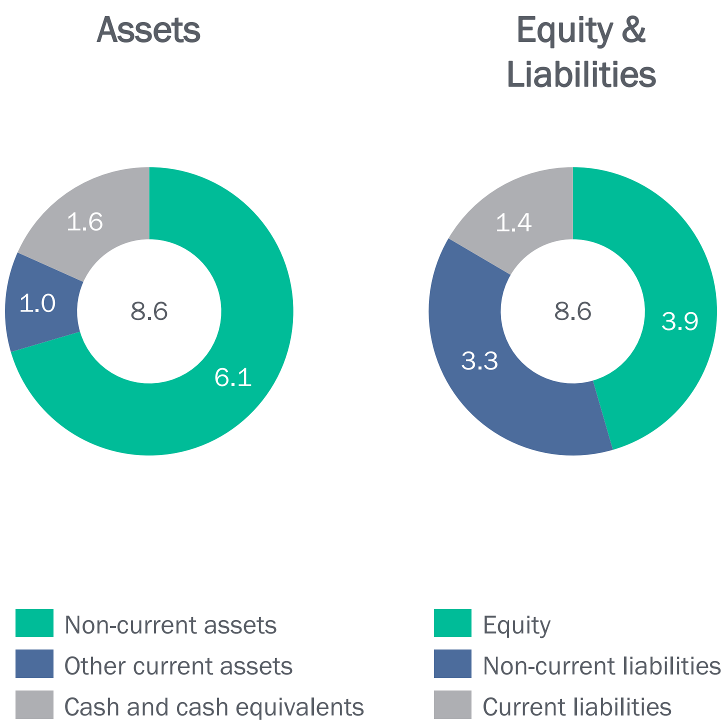


1) Cash conversion: Operating cash flow/EBITDA
2) Interest received is related to bank deposits

Robust balance sheet and strong liquidity position

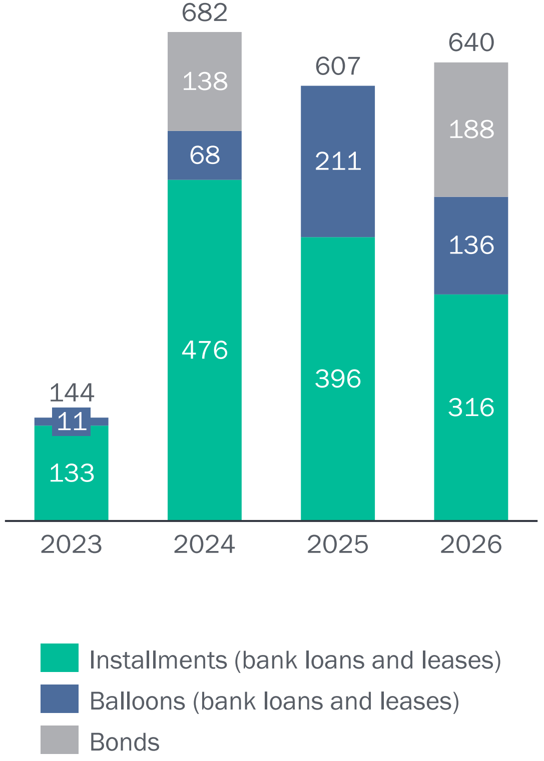
Balance Sheet per end Q3-23

USD billion



Debt Maturity Profile

USD million



Comments

- Equity ratio at 45.5%
- Net debt declines to USD 2.17bn on debt repayments and cash from ops
- Completed issuance of new NOK 1bn sustainability-linked bond
- Bought back NOK 528m of WalWil03, maturing September '24
- Signed new USD 345m RCF in WW Solutions [1]

1) Refinancing increased facility from USD 320m to USD 345m, of which USD 303m remains drawn

Agenda

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

Prospects

We see a tight market balance for the remainder of 2023 and expect H2-23 EBITDA to be at or above what we delivered in H1. Short-term market demand remains robust despite tightening financial conditions.

We expect strong demand and high utilization in 2024, at or above 2023. This is confirmed by feedback from a majority of our key customers.

Despite strong underlying fundamentals, we see higher levels of uncertainty related to; (i) the macro-economic situation, (ii) newbuild additions to the global fleet, and (iii) any deterioration in geopolitical dynamics.

Renewals of multi-year contracts at significantly higher rates are expected to lend support to the revenue base in 2024 and beyond.

Based on the current outlook, we anticipate a stronger performance in 2024 compared to 2023.

Q&A

Wallenius Wilhelmsen

Thank you!