Wallenius Wilhelmsen

Wallenius Wilhelmsen ASA

Q1 2024

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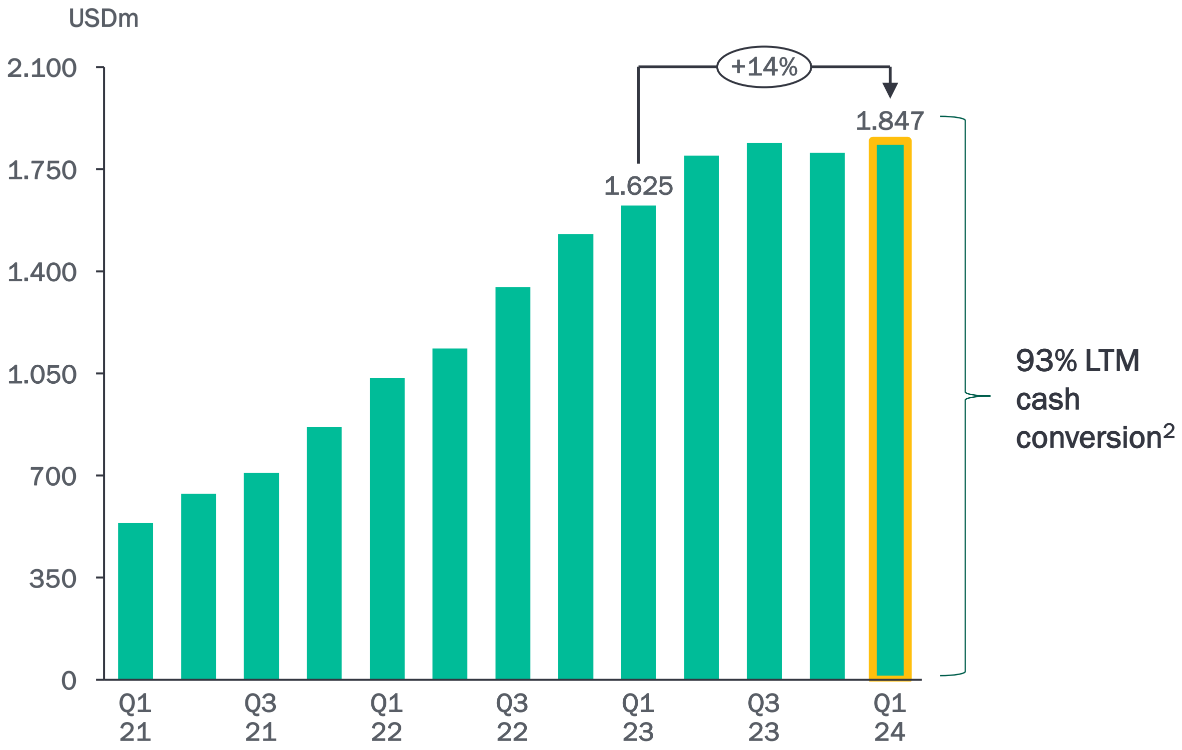
Wallenius Wilhelmsen – Q1 2024

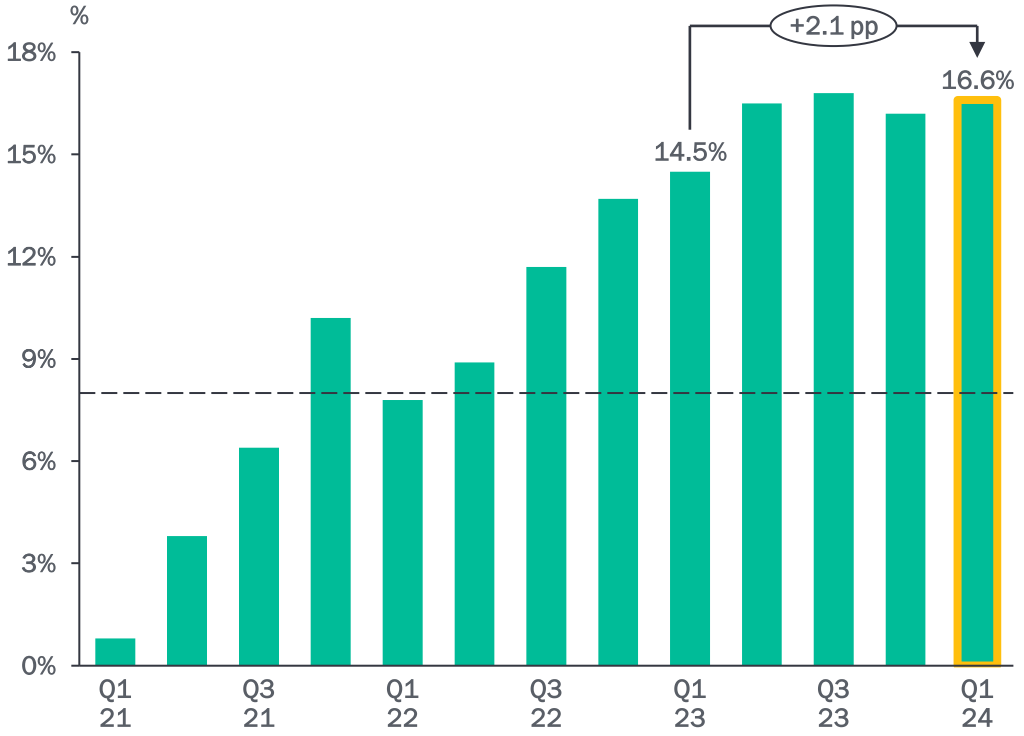
- Delivers a Q1 EBITDA of USD 438m, with strong contributions from all segments despite the effect of external events in the Red Sea and Baltimore. Shipping delivers EBITDA of USD 366m (adj. for sales gain), logistics USD 46m, and government USD 34m
- Sees strong customer demand and improved contract terms with net rates improving 5% QoQ and 8% YoY. The H&H share ended at 25% for the quarter
- Orders four 9,300 CEU vessels, bringing our newbuilding tally to a total of eight vessels
- Commits to updated net zero target and delivers on 2023 sustainability goals
- Maintains expectation that 2024 is likely to be another strong year, somewhat better than 2023, despite the financial implications of external events

The company continues to secure high cash conversion 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

Red Sea avoidance is expected to further tighten tonnage supply

- The safety of our people and our vessels remain our top priority
- We will continue to divert vessels away from the Red Sea until the security situation improves
- We expect this to persist and consider it as the “new normal”, adding more constraints on the tonnage supply
- We estimate a productivity loss of USD 90-100m* in 2024 if this continues throughout 2024

3-month moving average of the number of PCC transits through the Suez Canal

* Assuming situation continues throughout 2024
Source: Clarksons Research, Wallenius Wilhelmsen Analysis

Committed to become net zero in absolute greenhouse gas emissions by 2040

Target

- Committed to net zero by 2040
- Updated 2030 target to 40% reduction in greenhouse gas emissions compared to 2022
- Outperformed 2023 emission intensity target and are on track to meet 2024 target

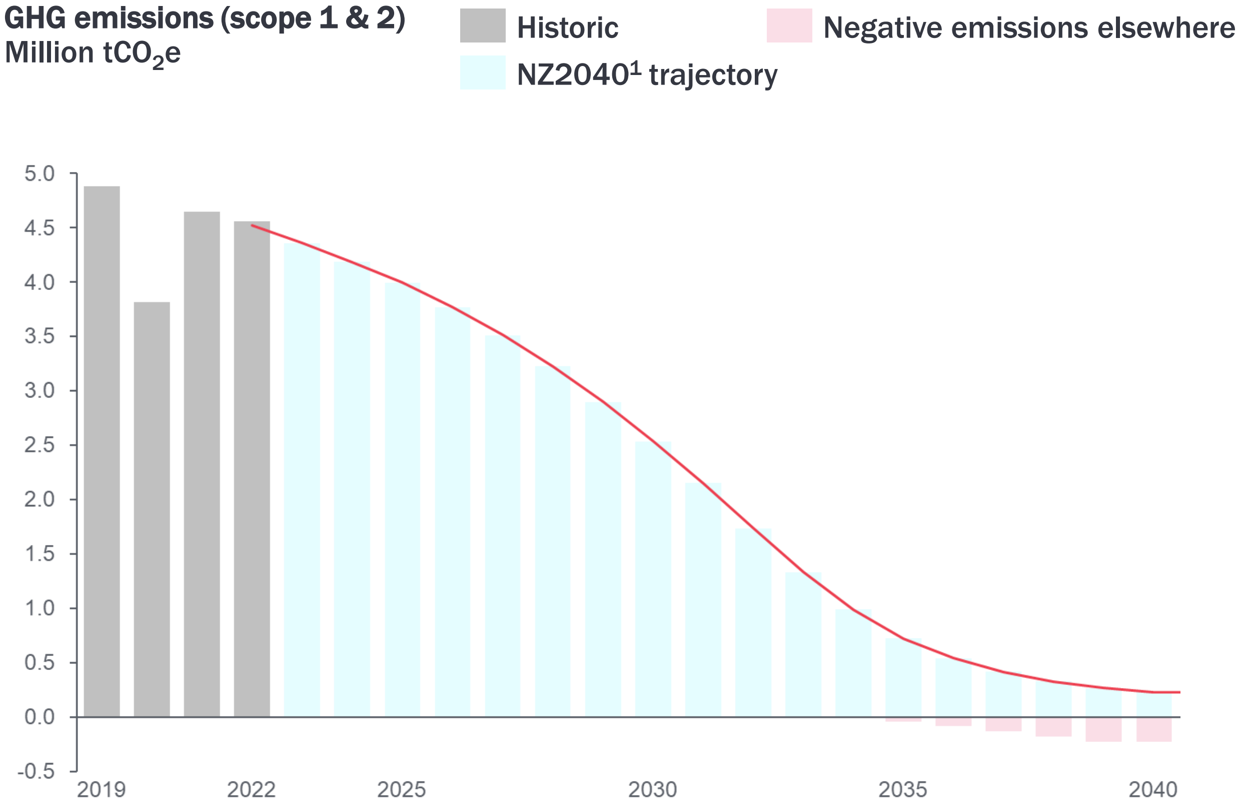
Main levers

Energy efficiency

New fuels

Electrification

GHG emissions (scope 1 & 2)
Million tCO_2e



1) NZ2040: Net zero by 2040

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1. Shipping update
2. Logistics update
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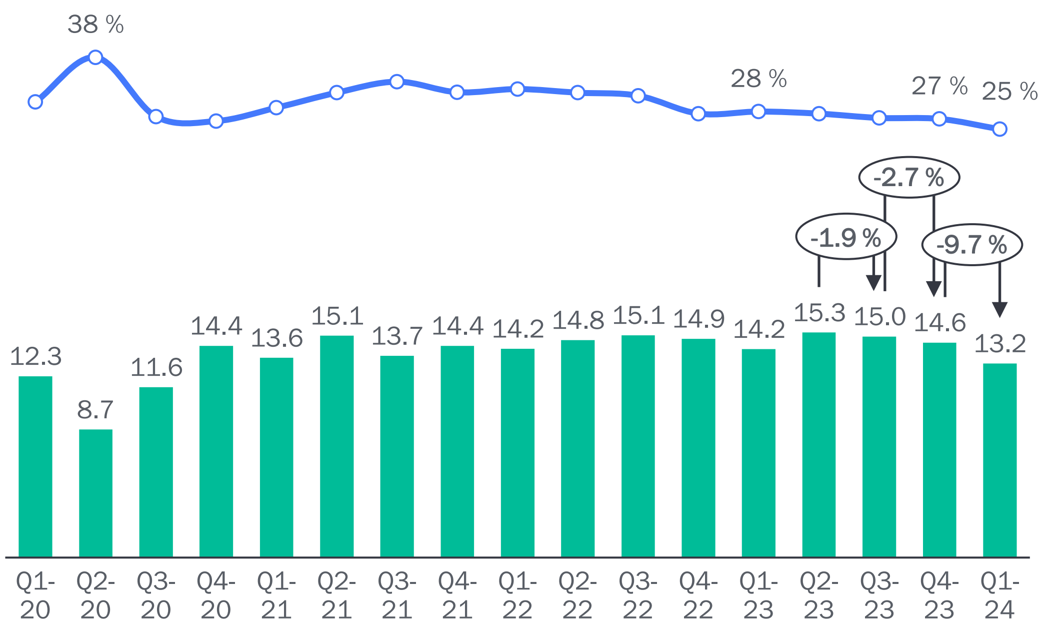
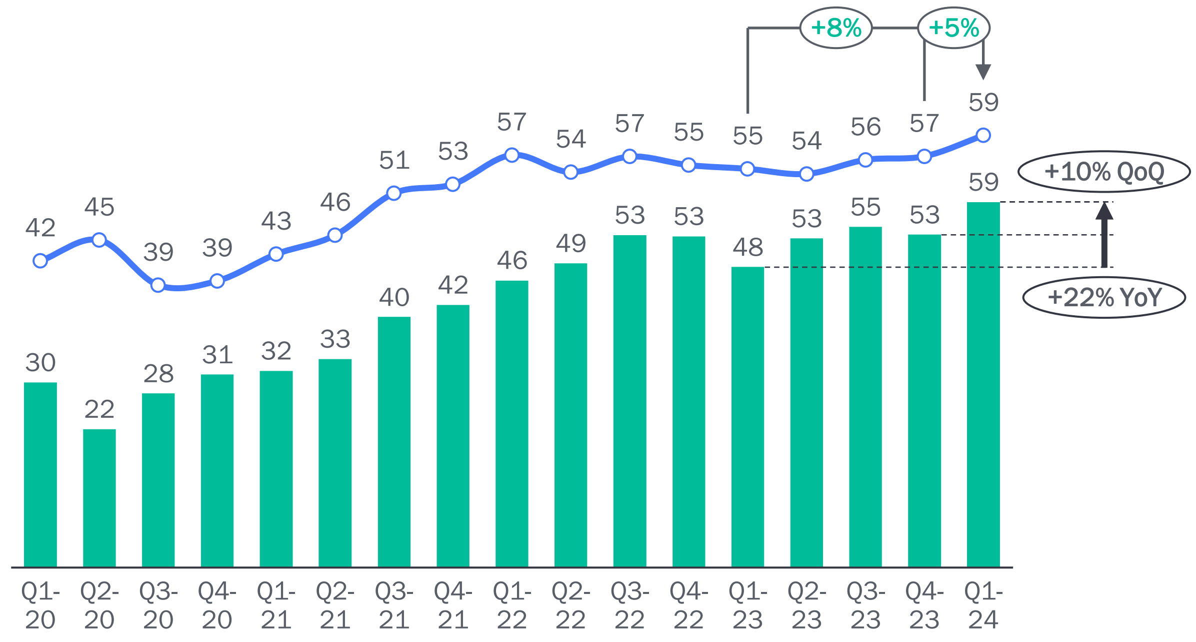
Shipping delivered another solid quarter despite lower volumes due to Red Sea

Shipping services volume and cargo mix



- Market remains tight and we continue to be sold out
- Less volumes and lifting capacity on Red Sea, and increased congestion
- Size of operating fleet unchanged QoQ
- Share of H&H cargo down 2 p.p. QoQ

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



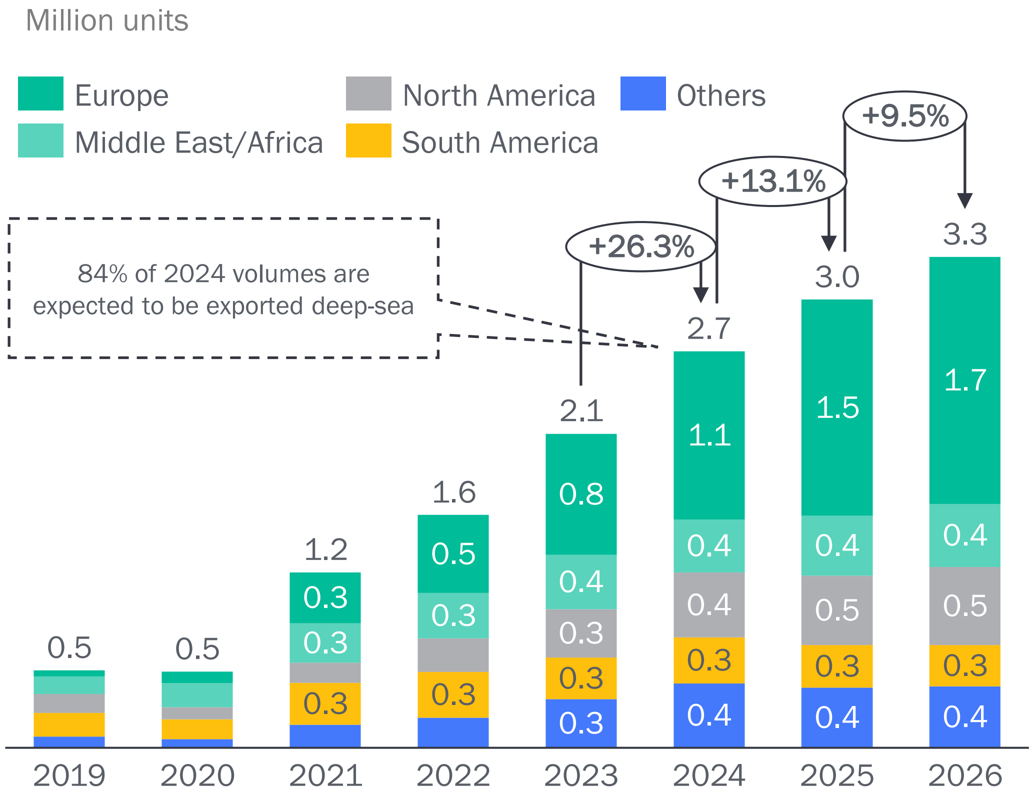
- Increase in net rates mostly on repricing book of business
- Trade mix: cbm drop relatively more from Europe/US exports vs Asia exports
- Negative effect on net rates from customer/cargo mix, however an increase in rates in all cargo segments

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

Flat global car production expected in 2024, offset by increasing ton-miles due to growing Chinese exports

Global production and sales of light vehicles[1]

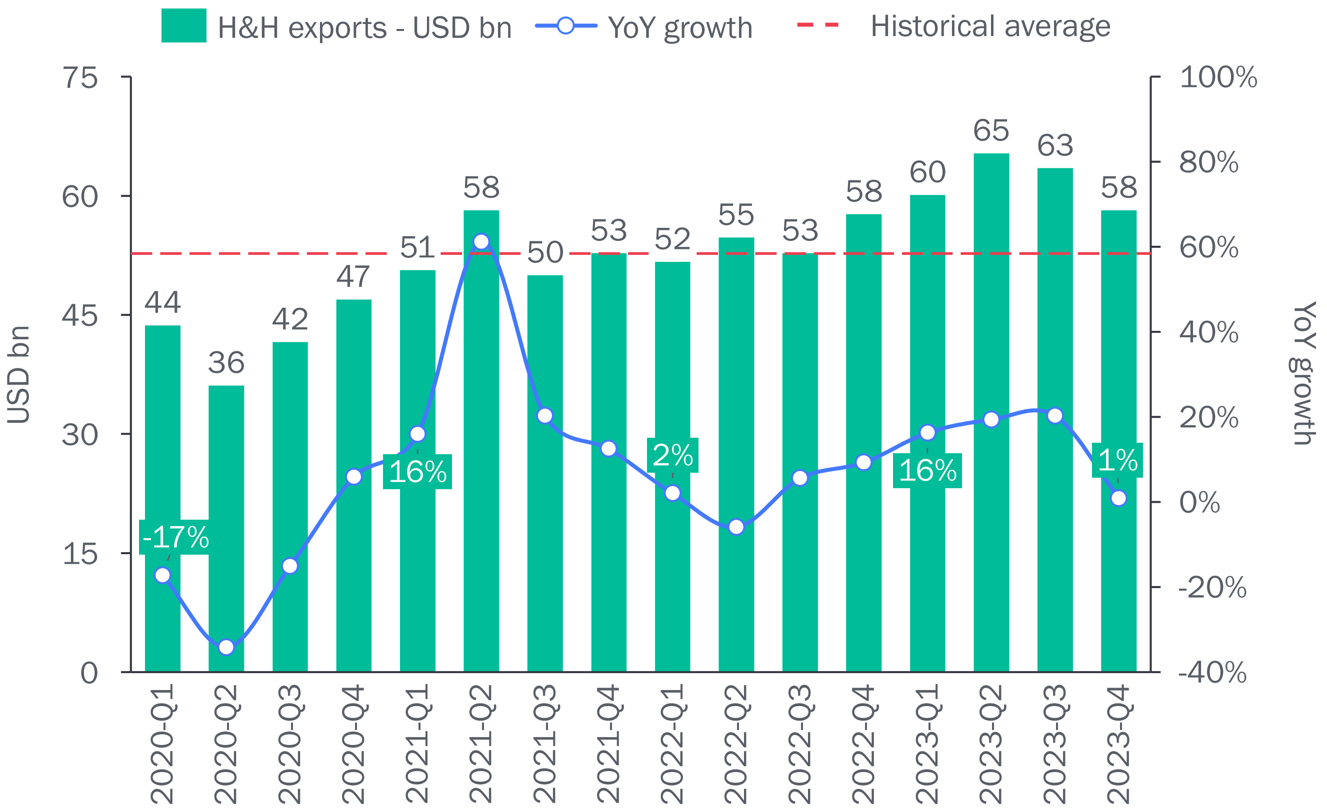
Seaborne exports from China split by importing regions[2]



1) Figures include production and sales in Russia.
2) Figures do not include vehicles exported as semi-knocked down units
Sources: OICA, S&P500, Wallenius Wilhelmsen analysis

H&H volumes are normalizing, allowing us to serve increased auto volumes

Global H&H exports adjusted for inflation[1]



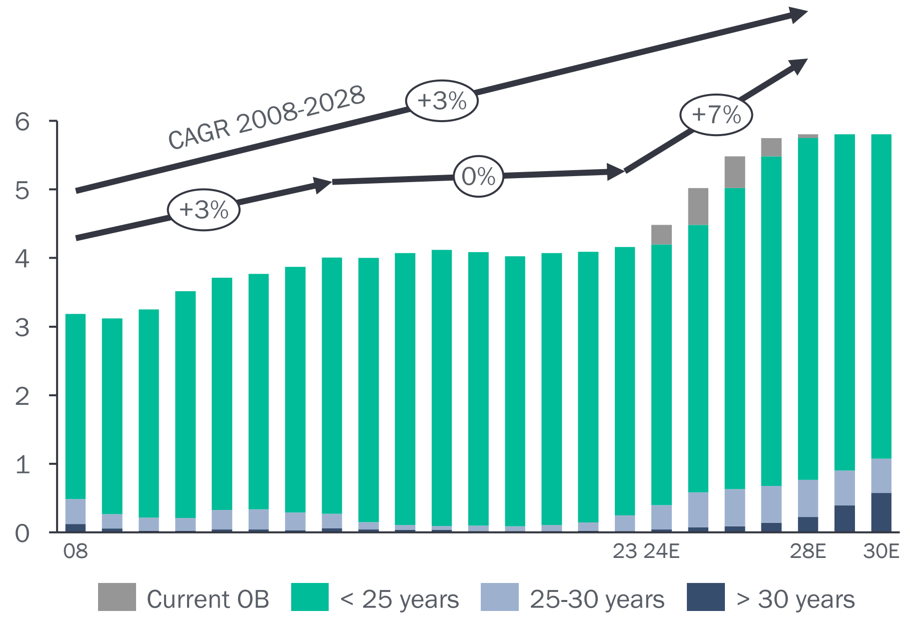
- H&H global exports reached a decade high in 2023
- Agriculture and Construction demand is easing from peak levels, while Mining remains historically high
- Slight decrease in tonnage demand from H&H clears space for growing auto volumes at competitive rates

Note: Please note that there is no 1-1 relation between exports and seaborne volumes
Source: IHS Markit and Wallenius Wilhelmsen Analysis

Development of orderbook: the growth in fleet capacity in 2024 will be offset by Red Sea impact and growth in Chinese exports

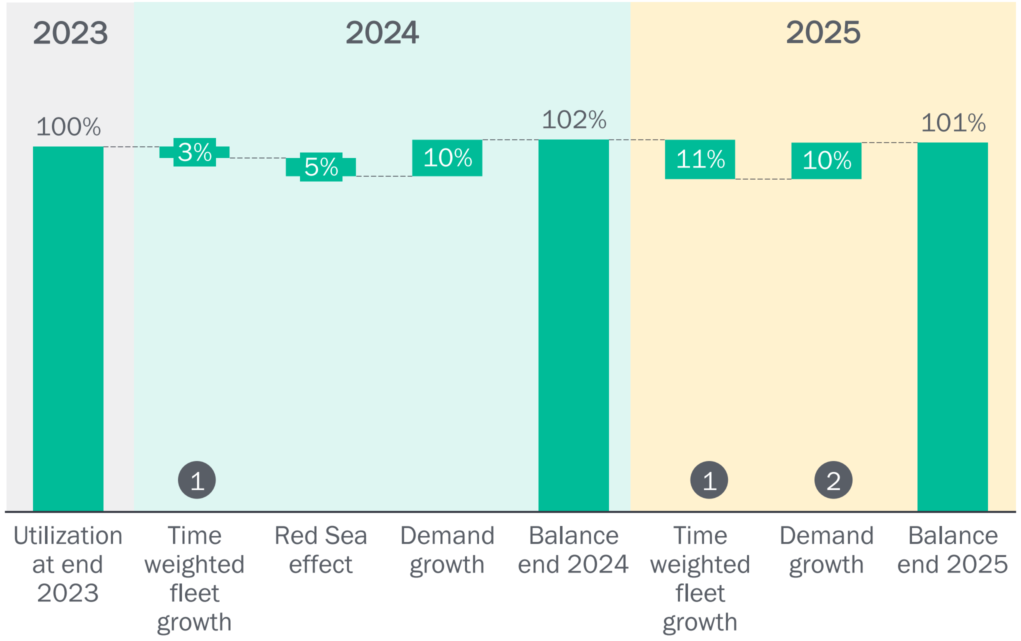
Global RoRo fleet development[1]

Million CEU



- Historical long-term growth of 3% p.a. between 2008 and 2028
- Orderbook stands at 206 vessels, representing 38% of the total fleet
- Assuming no recycling, an annual growth of 7% is anticipated from 2023 to 2028

Development of the global fleet utilization



1 Fleet growth is weighted for expected delivery time throughout 2024 and 2025 and assume no delays or recycling

2 Demand growth in 2025 is assumed same as in 2024

1) Based on orderbook as of the end of 2024 Q1

Sources: Clarksons, Wallenius Wilhelmsen Analysis

Contract renewals in 2024 represent 46% of 2023 volumes

2023 and 2024 contract renewals

Year	Share of 2023 volumes	Share of 2023 revenues	Comments
Contracts renewed in 2023	25%	USD 0.6 bn	• Announced four contracts with a total value of ~USD 2.6bn over the duration (~3 years) • The effect of the 2023 renewals materialized gradually in Q1 as new rates applies to cargo loaded in 2024
Contracts to be renewed in 2024	46%	USD 1.2 bn	• Well underway in renewing contracts representing 46% of the total 2023 volume in Shipping • Most of the contract renewals are tilted towards H2 2024 and will be effective from 2025 and onwards (some in H2 2024)

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

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Baltimore Key Bridge Collapse Update

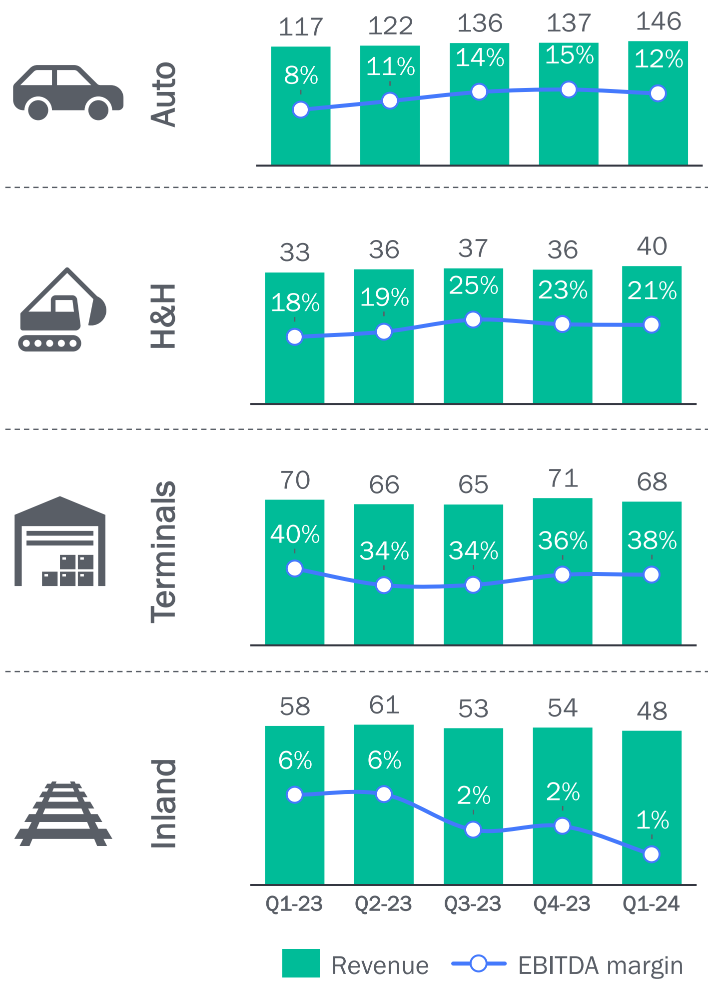
- M/V Carmen departed port on 25 April 2024
- Terminal operations expected to resume early June
- Effect on EBITDA estimated at USD 10-12m

Logistics services continue to grow

US Auto and Terminals volumes

Million units

Revenue & EBITDA margin



Auto:

- Volume increase of 1% from prior quarter
- Strong revenue offset by increased SG&A cost

H&H:

- Volume decrease of 10% from prior quarter
- Stronger revenue due to higher storage fees and increased fumigation in APAC

Terminals:

- Volume decrease of 8.5% from prior quarter
- Weaker volume and BMSB seasonality offset by bio security washing and VAS

Inland:

- Weaker volume in transportation specifically in the EMEA and US
- EBITDA directly impacted by lower volume and revenue

1) BMSB: Brown marmorated sting bug

An unrivaled US footprint

2.4m

Cars processed[1]

110k

H&H units processed[1]

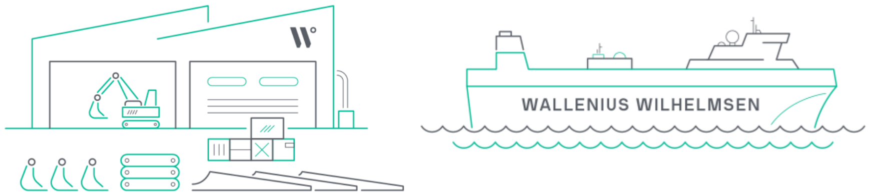
317k

Units through WW terminals[1]

1) 2023 volumes

Wallenius Wilhelmsen expands Brunswick to become the largest terminal and processing hub in the US

- The terminal and processing hub will be some 40% larger than the current no 1 in the US
- Further strengthens US network of terminals, on-port and in-plant processing centers handling vehicles, construction, mining, and agricultural equipment
- Expansion is part of region's plan to become a US EV manufacturing hub
- All group vessels (WW, EUKOR and ARC) will now call at a single dedicated port



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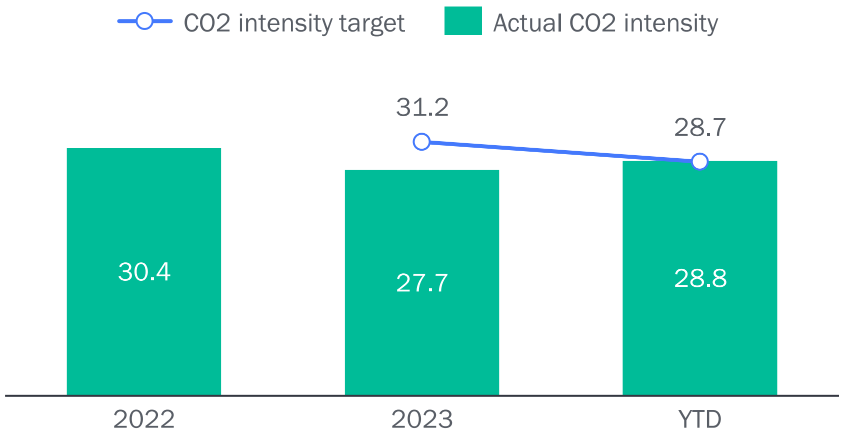
Committed to safe and sustainable operations

LTIF down, but one fatality in Q1-24

	Q4-23		Q1-24
LTIF Shipping per million man-hours exposed	0.44	↘	0.22
LTIF Logistics per million man-hours worked	12.45	↘	11.81

- Tragically, we experienced one fatality in January 2024.
- Being investigated the incident highlights the importance of safety work
- Four serious injuries in Logistics in Q1 2024, but improved LTIF[1] QoQ
- Incidents were slips, trips and falls, and one caused by natural causes

Reduced CO_2 intensity YoY, slight increase since last quarter



- Reduced CO2 intensity YoY
- Slight increase in absolute CO_2 emissions in Q1 due to temporary geopolitical factors leading to:
    - Re-routing of vessels around Africa due to Red Sea situation
    - Higher-than-average vessel speed
- CO2 intensity in 2023 was 27.7, below our target of 31.2
- CO2 intensity YTD was 28.8, slightly above our 2024 target of 28.7

1) LTIF: Lost time injury frequency
2) CO2 intensity is defined as CO2 emitted per tonne kilometre in gram

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Financial highlights - Q1 2024

USDm, except per cent and multiples

	Q4-23		Q1-24
Revenue	1 281	↘	1 255
Adj. EBITDA	454	↘	438
Operating cash flow	518	↘	402
Cash	1 705	↗	1 853
Net debt	2 007	↘	1 852

Financial targets *

		Δ Y	Δ Q
ROCE > 8%	16.6%	+2.1	+0.4
Equity ratio > 35%	46.6%	+4.2	-0.3
Leverage ratio < 3.5x	1.0x	-0.5	-0.1

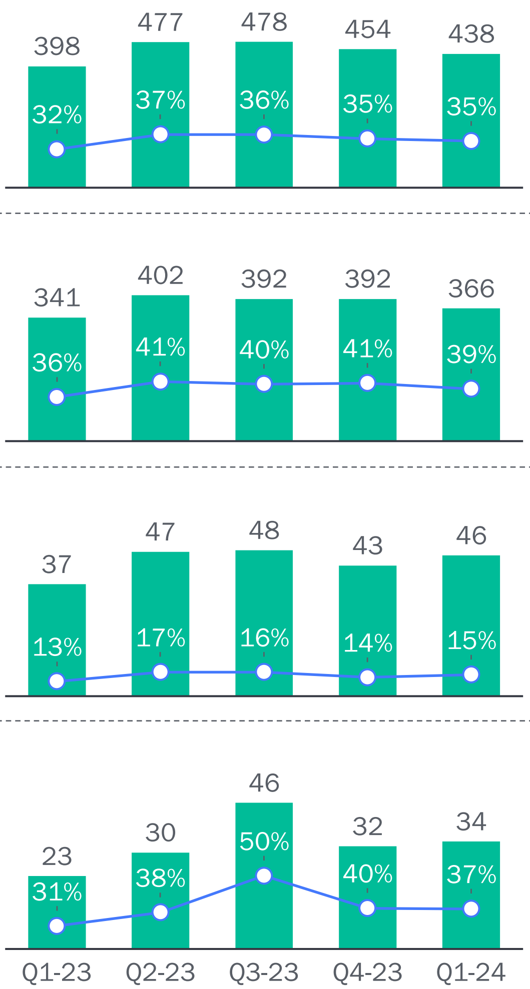
* Long-term, over-the-cycle targets – ROCE: LTM adj. EBIT / LTM average capital employed | Equity ratio: Total Equity / Total Assets | Leverage ratio: Net interest-bearing debt / LTM adj. EBITDA

Q1 Segment performance

USDm, unless otherwise noted

Revenue

Adj. EBITDA[1)]



Comments

- A strong quarter with high activity and profitability across all segments, despite geopolitical and operational challenges
- Q1 revenues and EBITDA somewhat down compared to previous quarter due to reduced volumes in the shipping segment

- Continued to be sold out, however less volumes on Red Sea and increased congestion
- EBITDA down on less volumes, but mitigated by repricing of book of business and lower costs

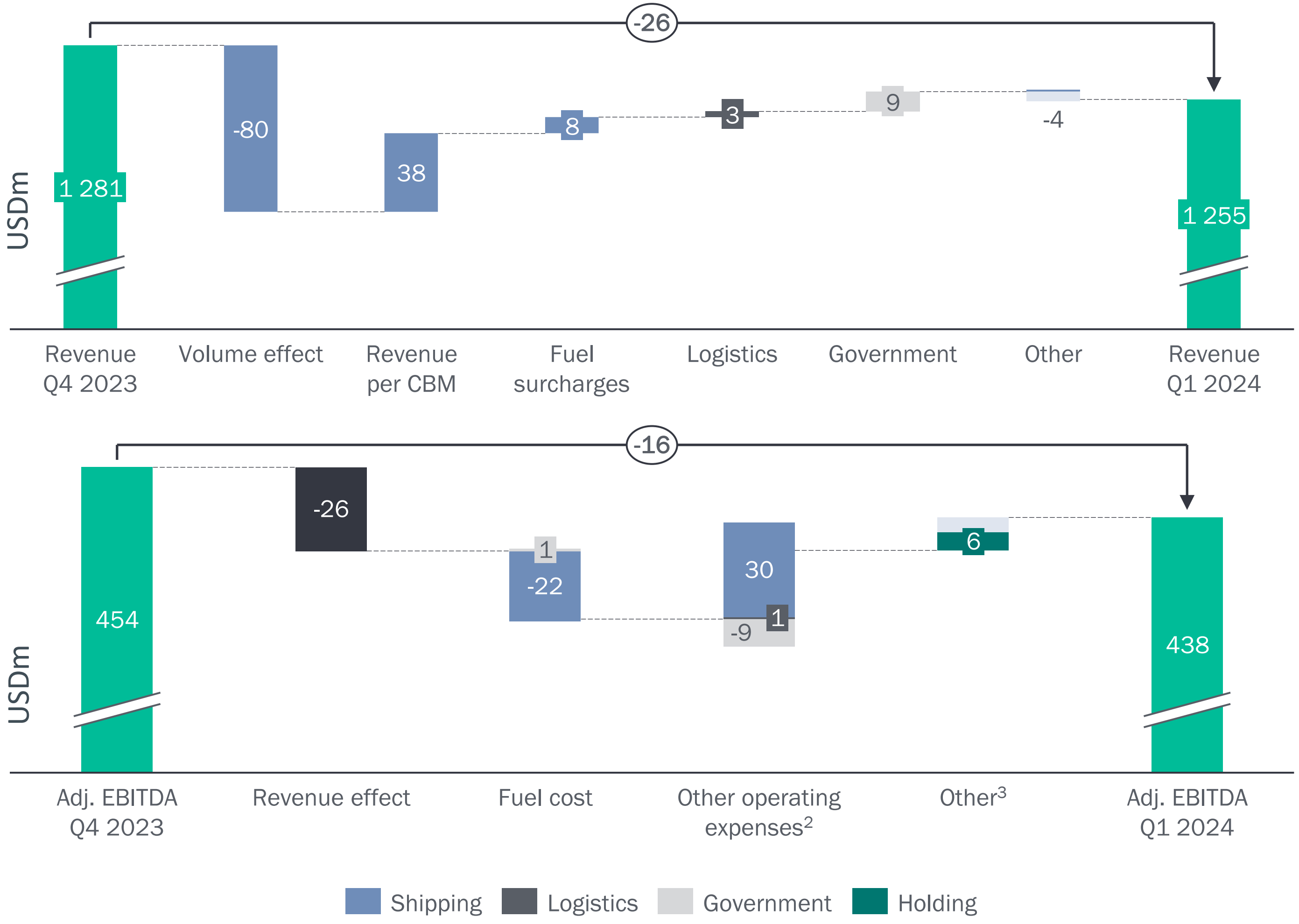
- Strong Auto volume and H&H storage offset by lower Terminal and Inland volume
- Stable EBITDA improvement in light of one-off costs

- Continued strong U.S. flag cargo activity, including government charters and aid cargo
- Revenue and EBITDA up from prior quarter driven by volume growth in both commercial and U.S. flag cargo

1) No adjustments in Q4 2023 nor in Q3 2023

EBITDA and revenues down from a very strong previous quarter

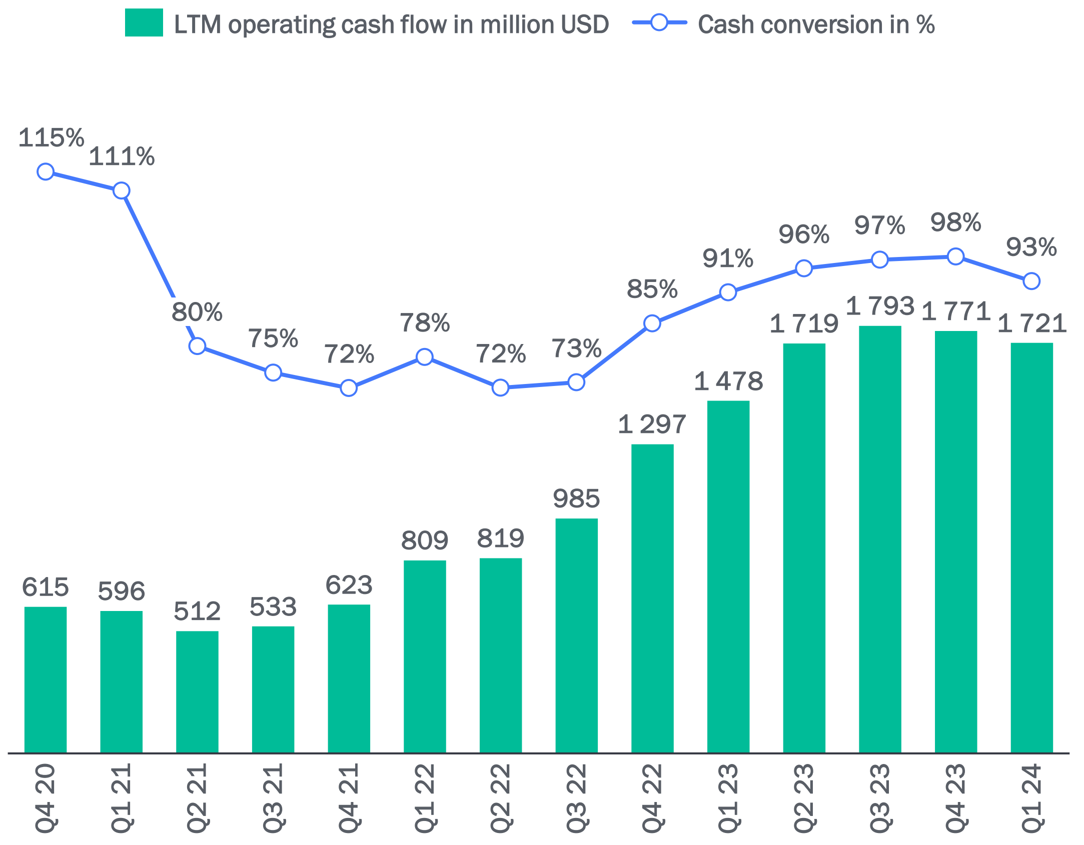
- Revenue down USD 26m QoQ
  - Reduced shipping volumes, partly offset by higher net freight rates
  - Increased fuel surcharges QoQ
  - Stable volumes and revenues in logistics services
  - Strong activity in government services on increased U.S. flag cargo and commercial volumes
- Adj. EBITDA[1)] down USD 16m QoQ
  - Lower shipping volumes only partly offset by improved operational margins
  - Higher net fuel cost as increased fuel expenses only partly offset by increased fuel surcharges
  - Logistics services EBITDA increased USD 3m QoQ on higher revenue and improved margins
  - EBITDA in government services improved on higher volumes and activity QoQ



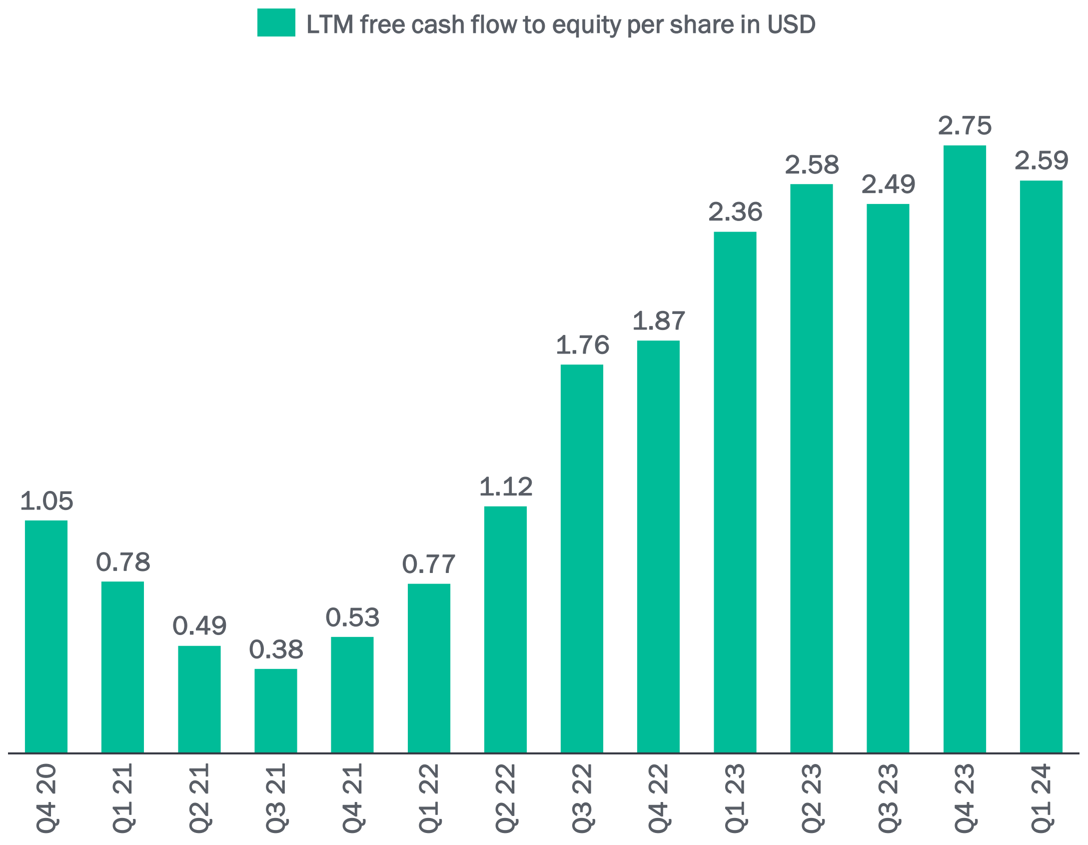
1) No adjustments in Q1 2024 nor in Q4 2023 on group level, Shipping adjusted for Internal sales gain in Q1 2024, USD 12m. 2) Other operating expenses includes cargo- and other voyage expenses, ship operating expenses, charter expenses, manufacturing cost, and SG&A expenses 3) Other includes holding expenses (mainly SG&A) and eliminations

Increasing trend in 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]



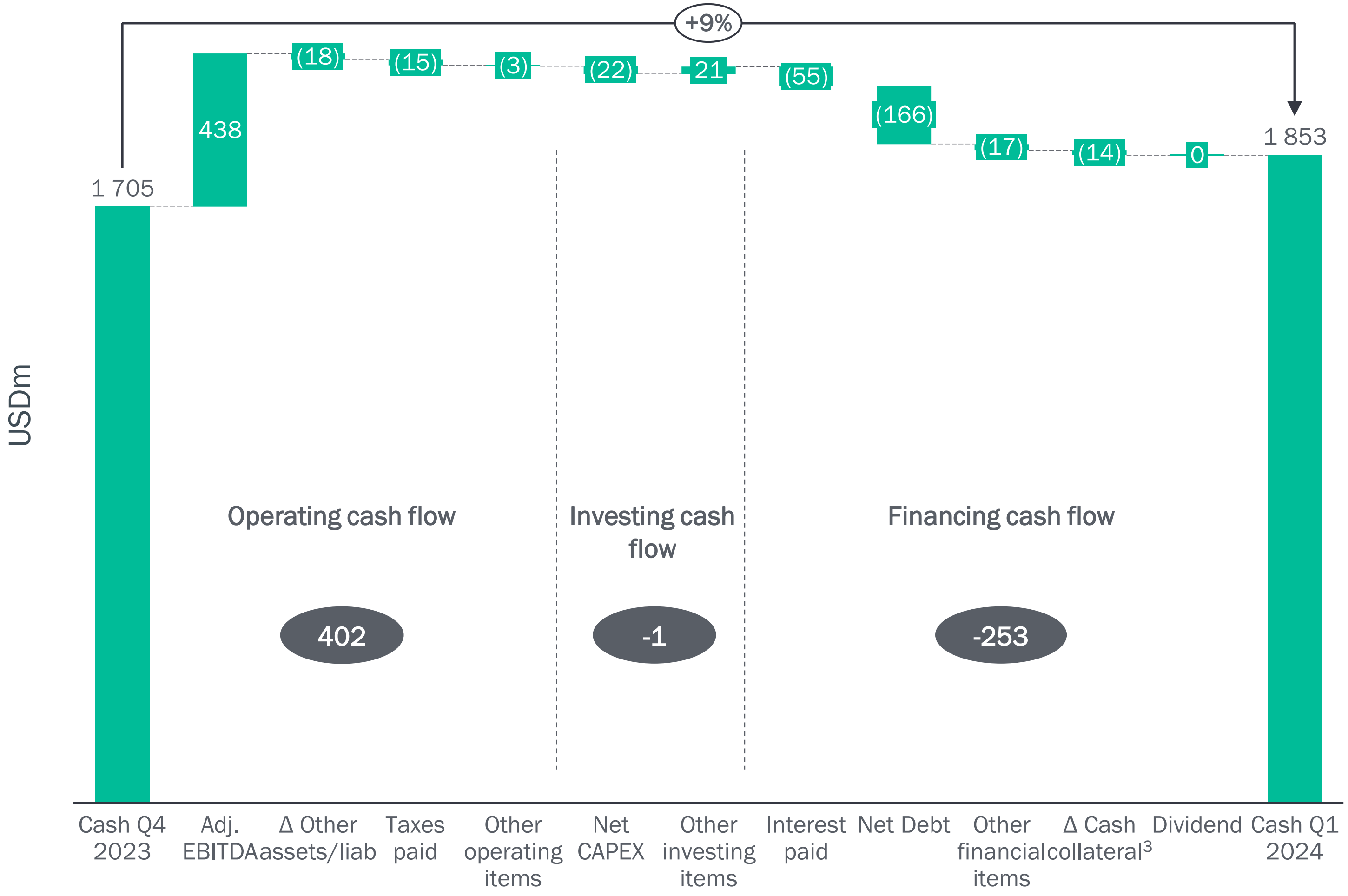
1) LTM: Last twelve months (rolling)
2) Cash conversion: LTM operating cash flow / LTM adj EBITDA
3) LTM FCF to equity per share: Last twelve months cash from operations, investing activities, and change in debt divided by the number of shares excluding own shares

Cash on hand increased USD 148m in Q1, driven by solid operational performance

Comments

- USD 402m in operating cash flow
  - Q1 cash conversion[1] of ~92%
- Net CAPEX items include investments related to drydock, projects and other tangible assets
- Other investing items include interest received[2]
- Net debt consists of scheduled debt repayments and USD 36m positive net refi of ARC Honor
- Undrawn credit facilities at USD 372m

- New dividend policy approved by AGM
- Upcoming dividend payment of USD 288m end May 2024

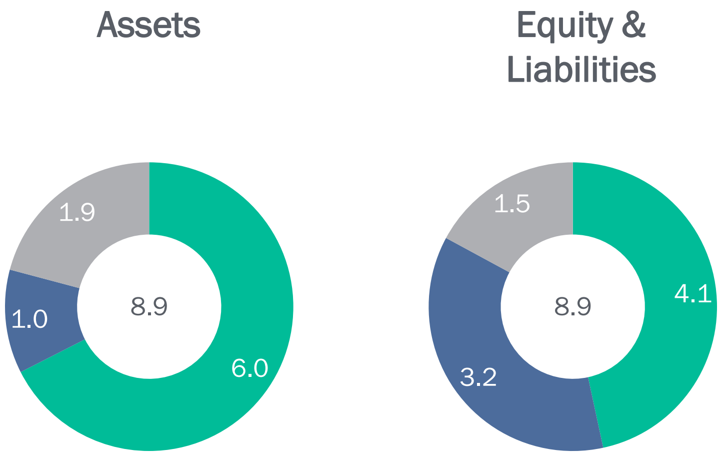


1) Cash conversion: Operating cash flow/EBITDA
2) Interest received is related to bank deposits
3) Cash collateral relates to mark-to-market moves in USDNOK cross-currency swaps for four NOK bonds

Robust balance sheet and strong liquidity position

Balance Sheet per end Q1-24

USD billion

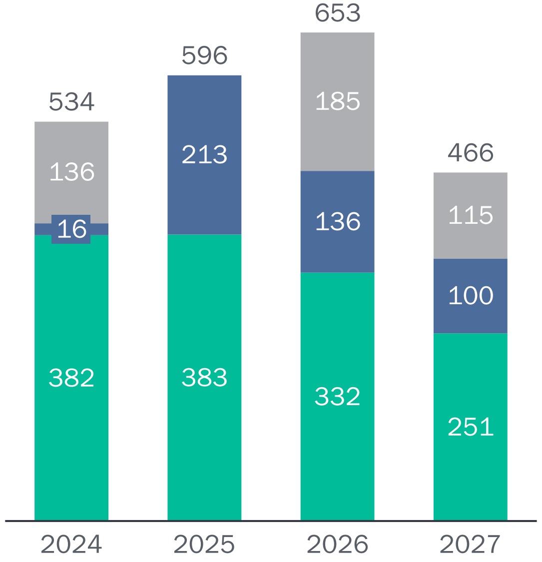


- Non-current assets
- Other current assets
- Cash and cash equivalents

- 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 46.6%
- Net debt declines to USD 1.85bn on debt repayments and cash from ops
- New USD 63m debt facility in Government for ARC Honor
- 19 unencumbered vessels
- 2024 bond maturity expected repaid
- Marine Money deal of the year for 2023 sustainability-linked bond

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Prospects

2024 market balance: The RoRo shipping market is expected to be tighter in 2024 due to strong growth in auto exports out of Asia and reduced tonnage availability due to the situation in the Red Sea. This is anticipated to more than outweigh lower H&H volumes and the projected fleet growth. In addition, logistics and government services remain in high demand. This is supportive of both contract negotiations and continued high business activity.

Risks and challenges: Operating on a global scale, the company continues to face geopolitical risks, trade uncertainties and supply-chain challenges. Furthermore, the potential effects of the growing order book and the macro-economic situation are being closely followed.

Impact of external events: The cost of the Red Sea and Baltimore disruptions is estimated to be around USD 100m for 2024, assuming the Red Sea remains a no-go area in 2024 and a return to normal operations in Baltimore in June.

Outlook for 2024: Despite the financial implications of external events, the company expects 2024 to be another strong year, somewhat better than 2023.

Q & A

Thank you!