Wilh. Wilhelmsen

Wilh. Wilhelmsen

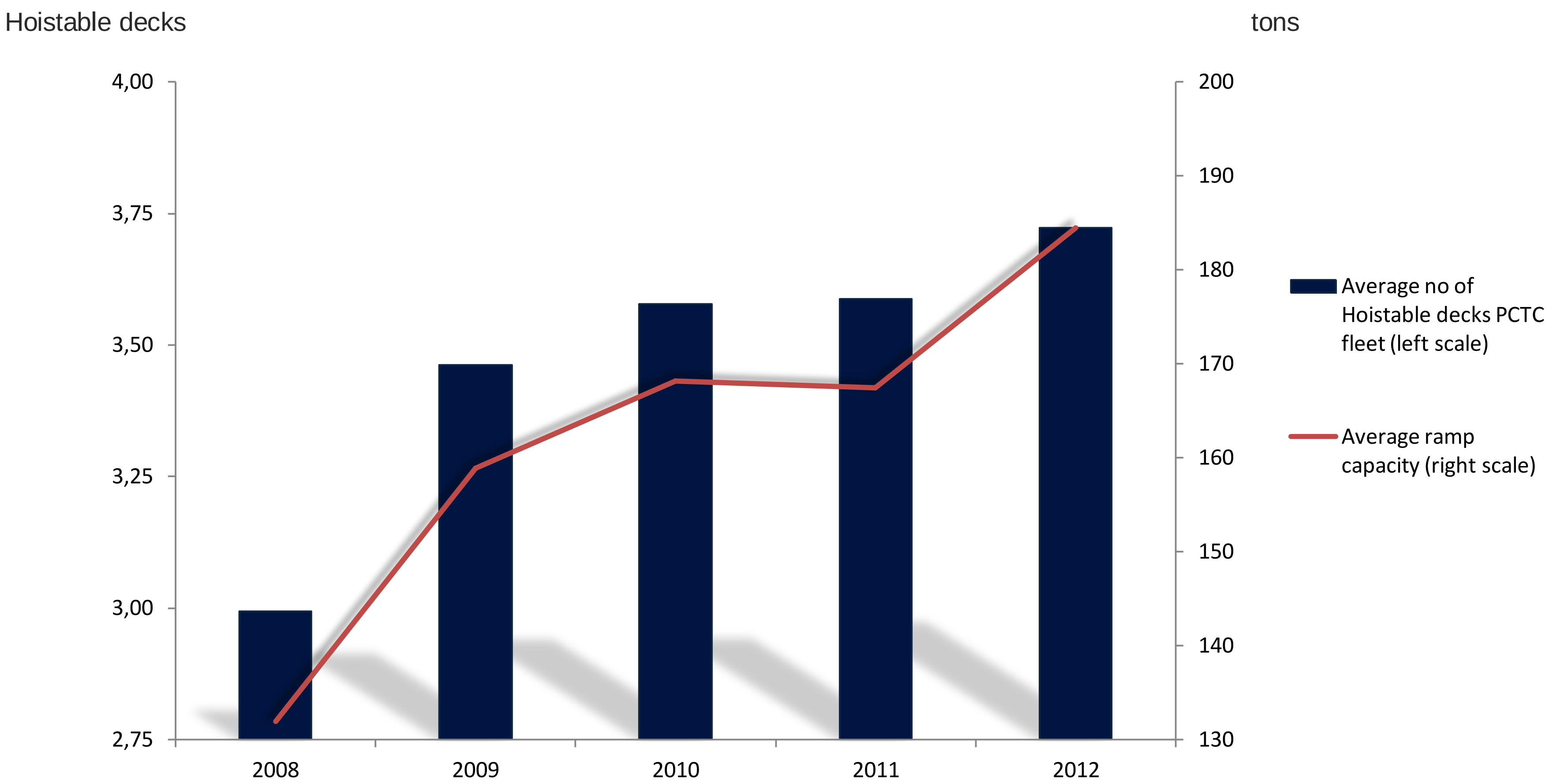
> Capital Markets Day Intro

Jan Eyvin Wang – President and CEO WW ASA

25 September 2012, Lysaker

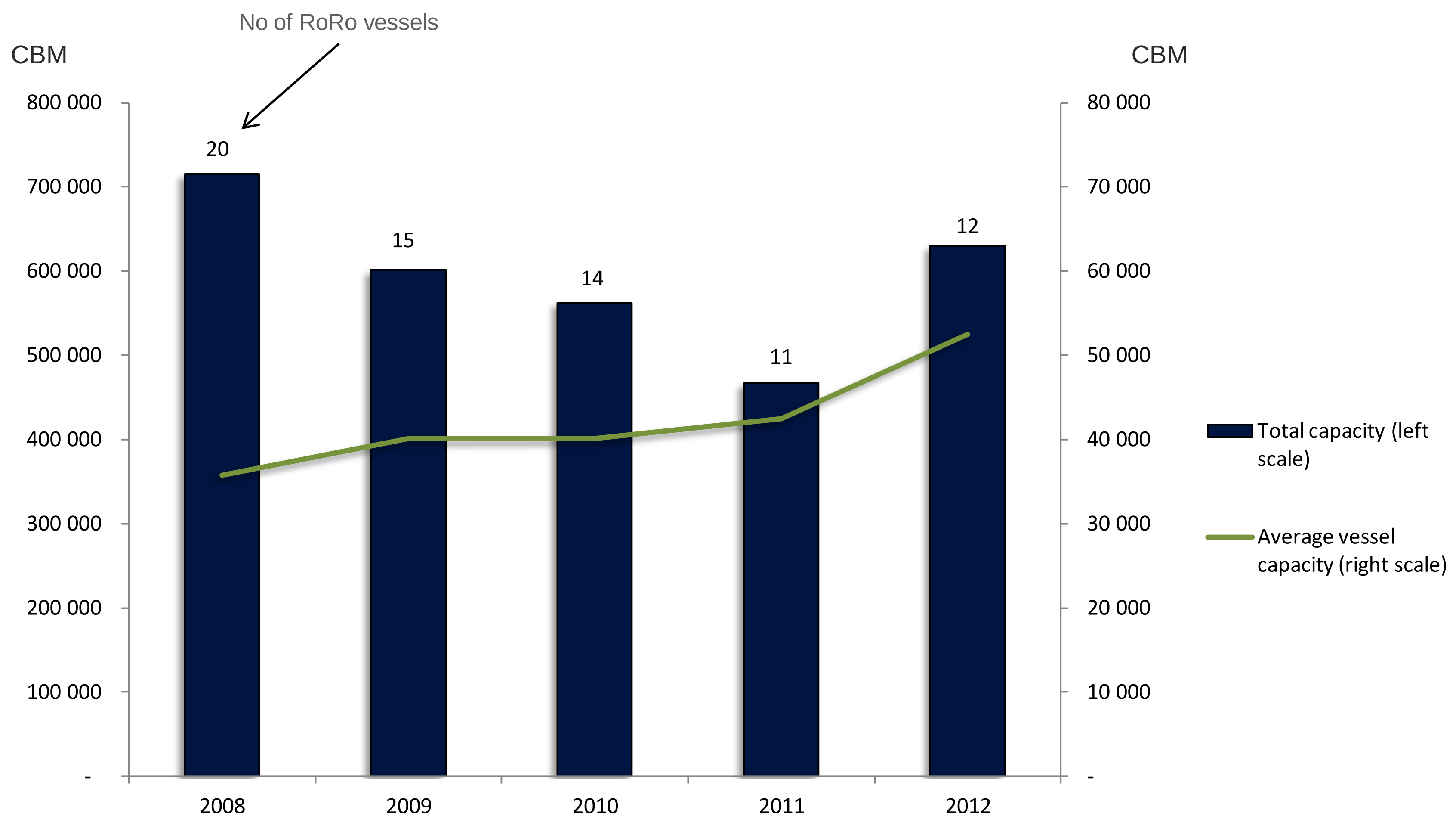
Increasing cargo flexibility

Total WW Group fleet



Increasing high and heavy capacity

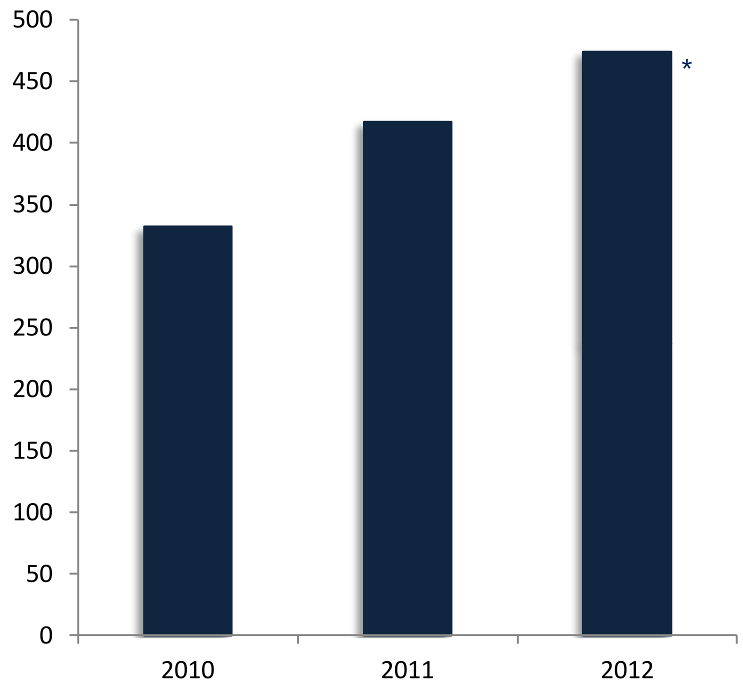
Total WW Group fleet of RoRo vessels



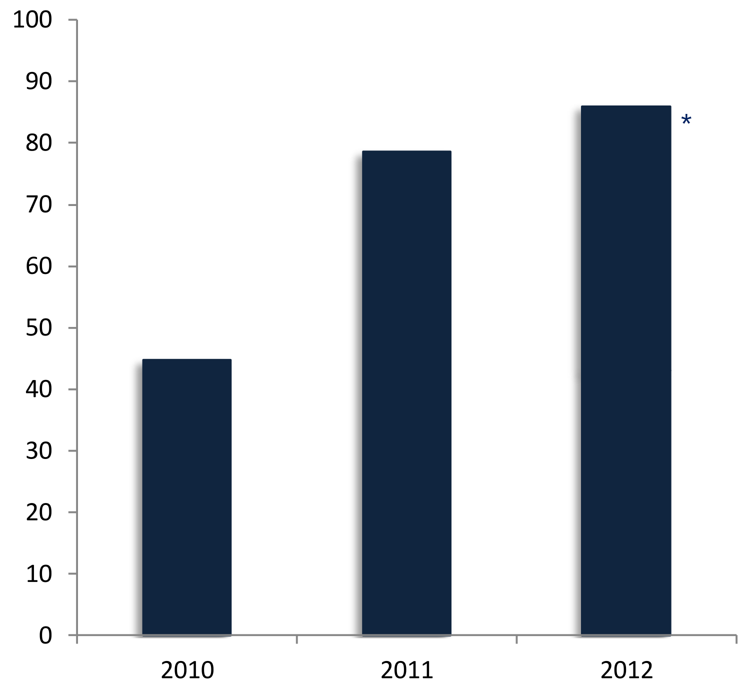
> Growing underlying trend in operational logistics

WWASA Share

Total Income from Logistics [MUSD]



EBIT from Logistics [MUSD]



** 2012 Annualised; H1x2*
(sale of 2,5% of Glovis shares not included)

» from factory
» to dealer

Capital Markets Day

September 25th, 2012

WALLENIUS WILHELMSEN LOGISTICS

Agenda

- **Market Outlook** (Ari Marjamaa)
- **WWL Logistics Portfolio** (Arild B. Iversen)
- **WWL Vehicle Services Americas** (John Felitto)

from
factory
to
dealer

Capital Markets Day

Carrying the future

Ari Marjamaa
Global Market Intelligence
September 25th, 2012

WALLENIUS WILHELMSEN LOGISTICS

Today's topic

Global growth driving demand…

…for High & Heavy equipment…

…and breakbulk cargo

Three fundamental drivers for the high and heavy and breakbulk segments

The growth of nations

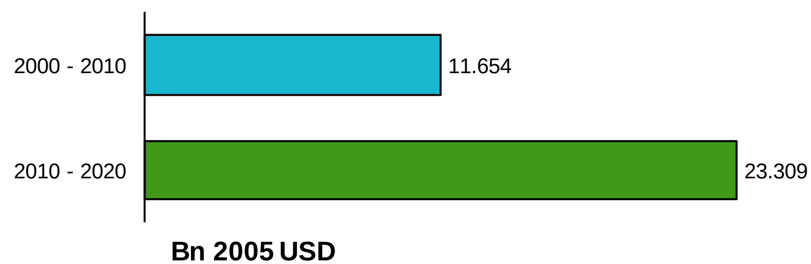
Infrastructure & energy

From poverty to consumption

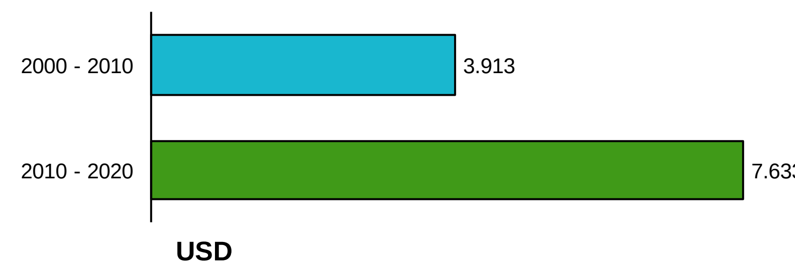
GDP per capita growth increasing

The world economy is forecast to shift gears in the decade we are currently in…

World GDP level will rise significantly in the decade between 2010 and 2020….
Real GDP growth, bn 2005 USD



…as will the world's average GDP per capita
GDP/capita, nominal USD

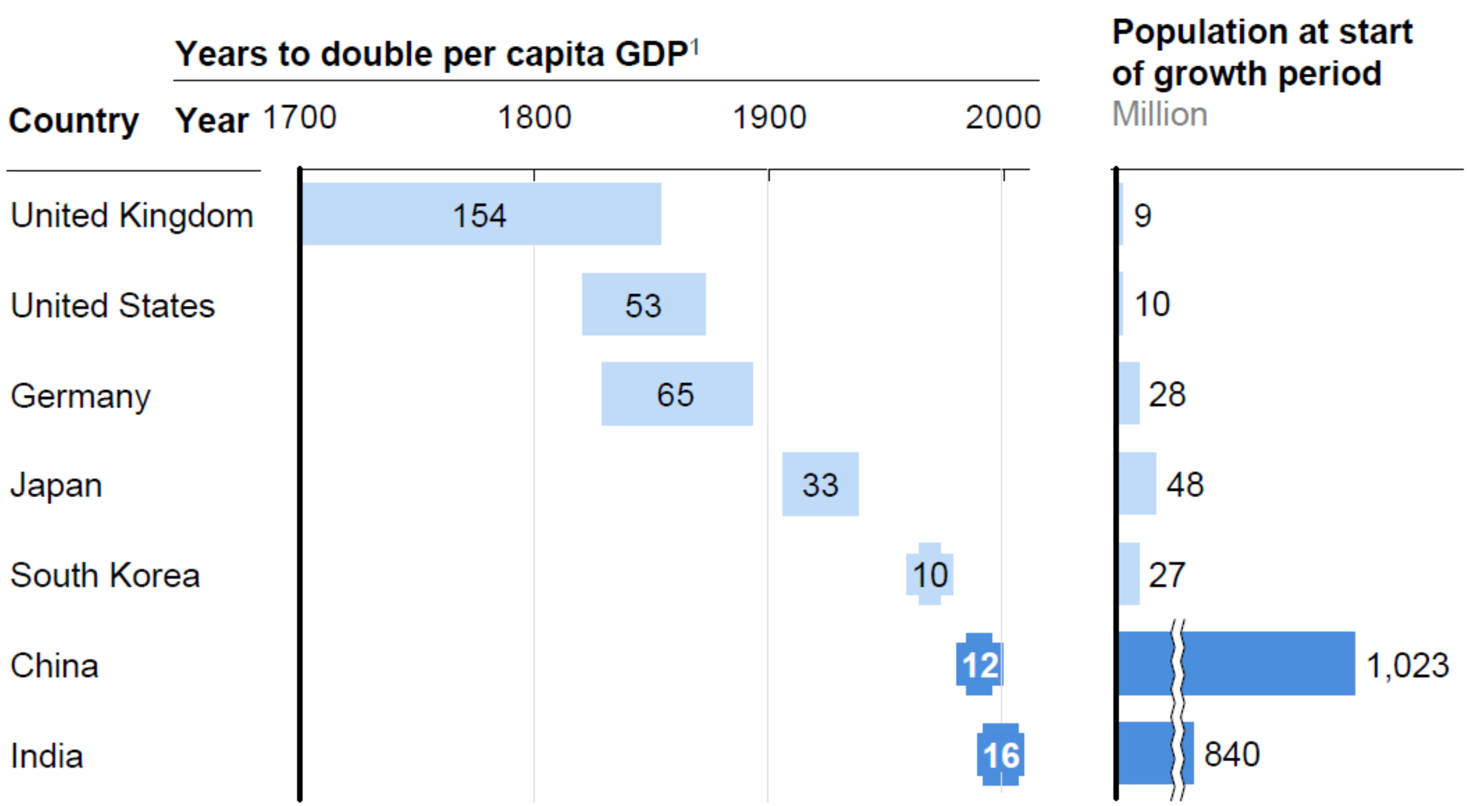


Source: Global Insight, GMI

GDP per capita growth increasing

…with the pace of growth accelerating

Speeding up : the time to double GDP/capita is 10 times shorter today than at the start of the industrial revolution
Years to double GDP/capita, population in million

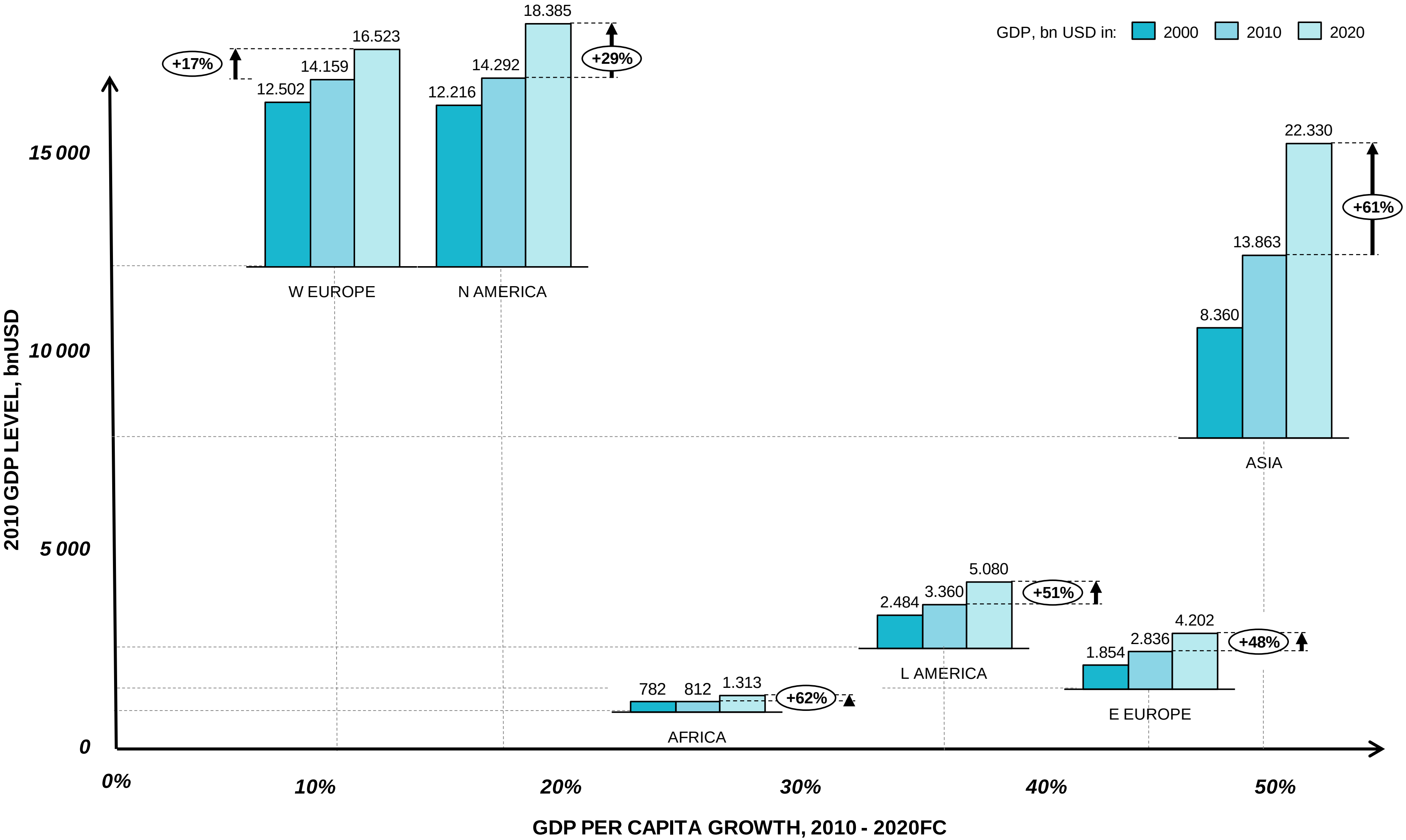


1 Time to increase per capita GDP in PPP terms from $1,300 to $2,600.

Source: Maddison, McKinsey

A substantial economic growth forecasted for the emerging markets, strenghtening consumption ability

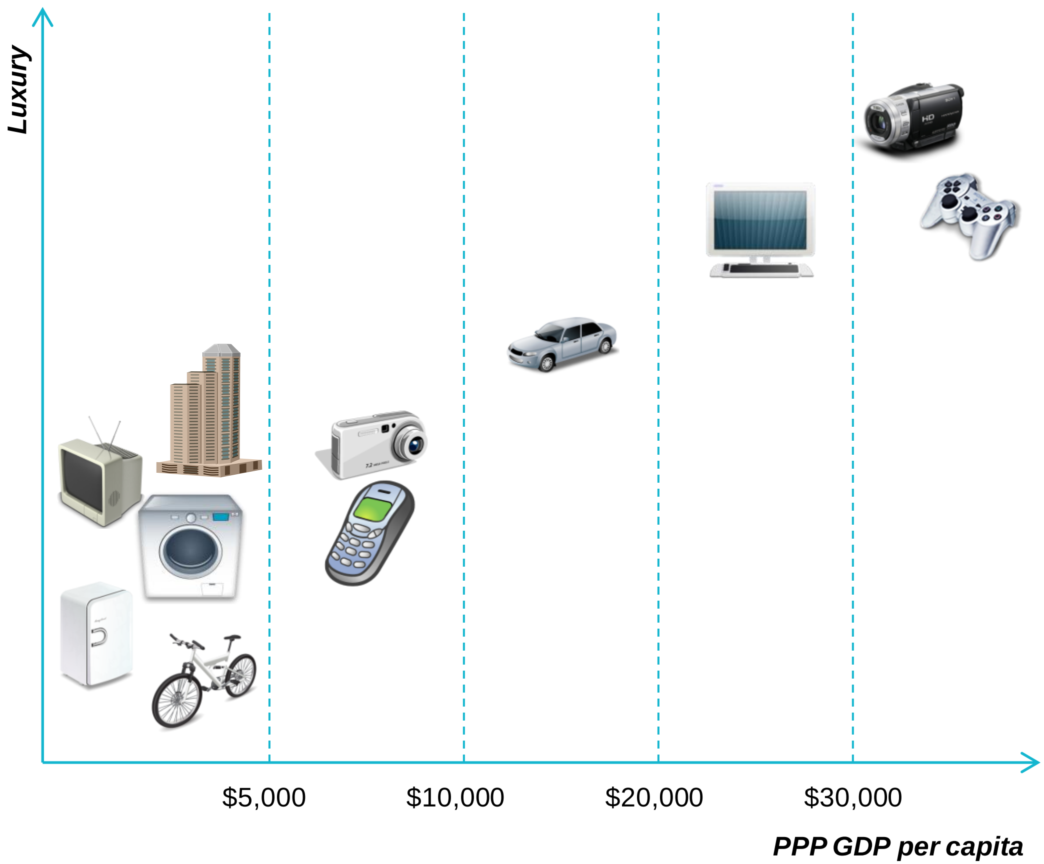
WALLENIUS WILHELMSEN LOGISTICS



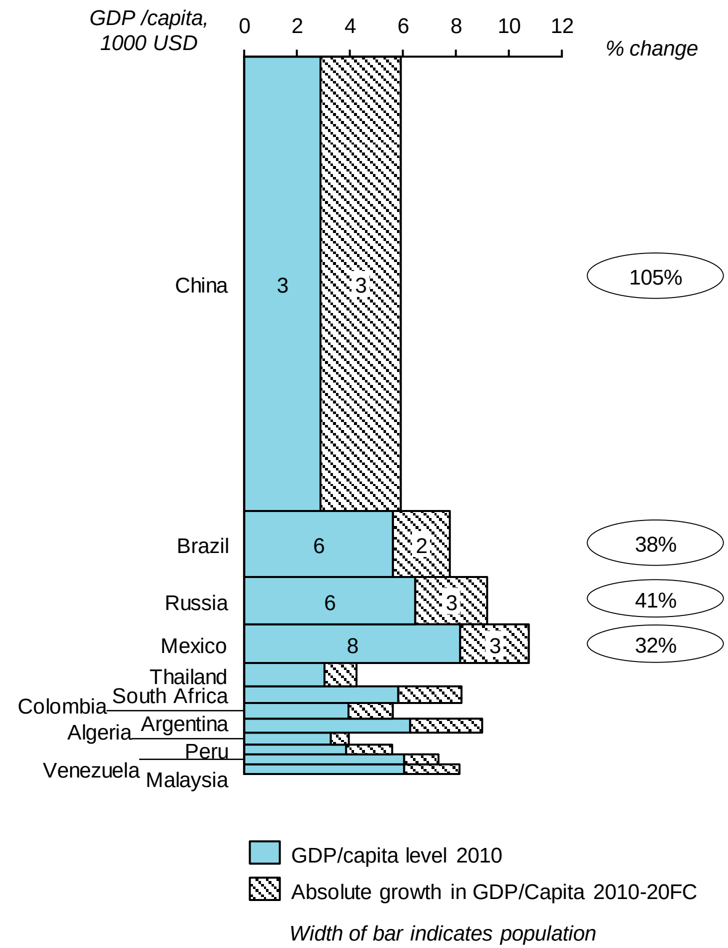
Source: Global Insight, IMF

This decade will see billions of people moving into the income bracket where consumption takes off

Consumption grows with increasing income …
Changing consumption pattern along the income ladder



…and a number of countries are ready to take the next step up – top 12 totals 2,1 bn people
Absolute GDP/cap growth, 2010-20, 1000 USD

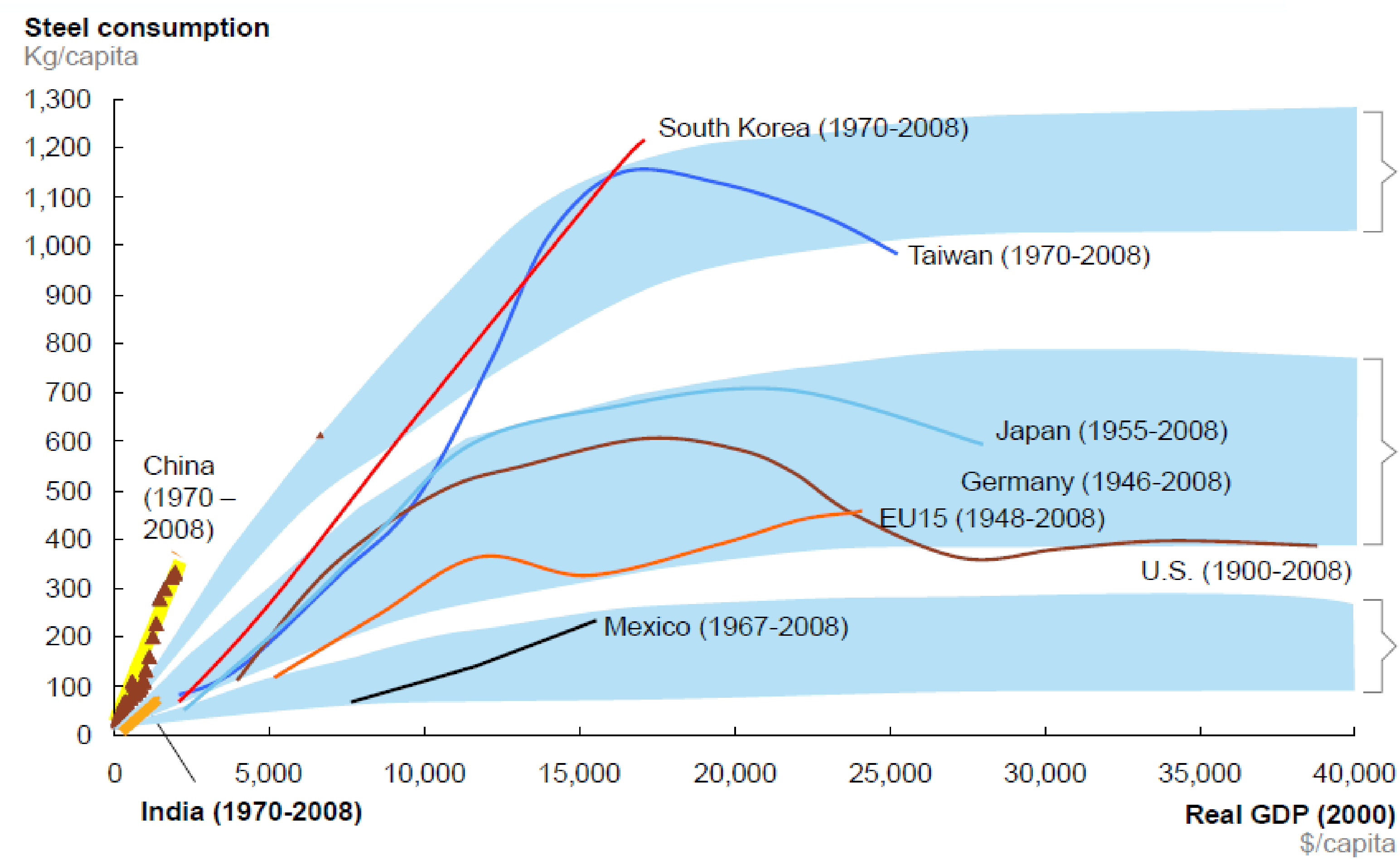


Source: University of Leeds, Euromonitor, UBS, IHS, IMF

The path to prosperity demands raw materials

WALLENIUS WILHELMSEN LOGISTICS

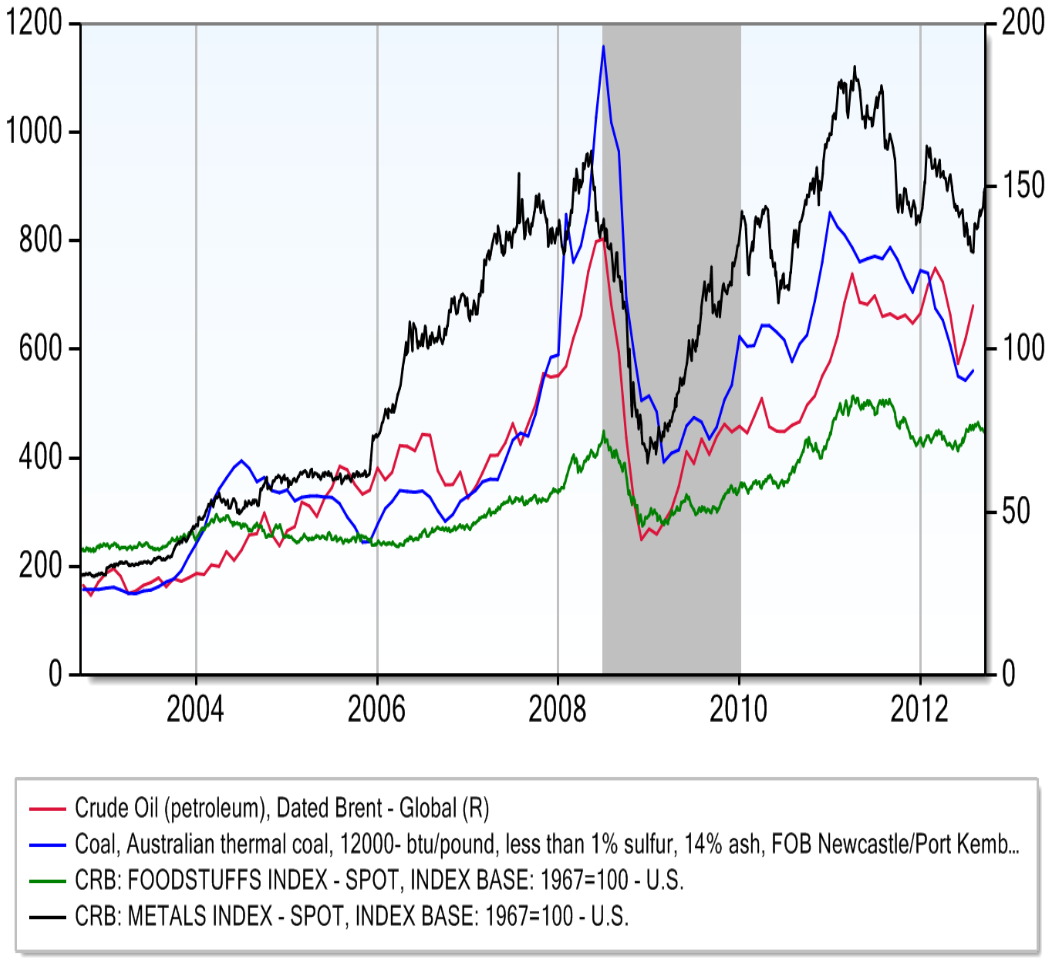
The world's largest countries are still early in the materials consumption lifecycle
Development of steel consumption intensity



Source: McKinsey, Xstrata

Commodity prices are still on a high level, maintaining high investment levels

WALLENIUS WILHELMSEN LOGISTICS



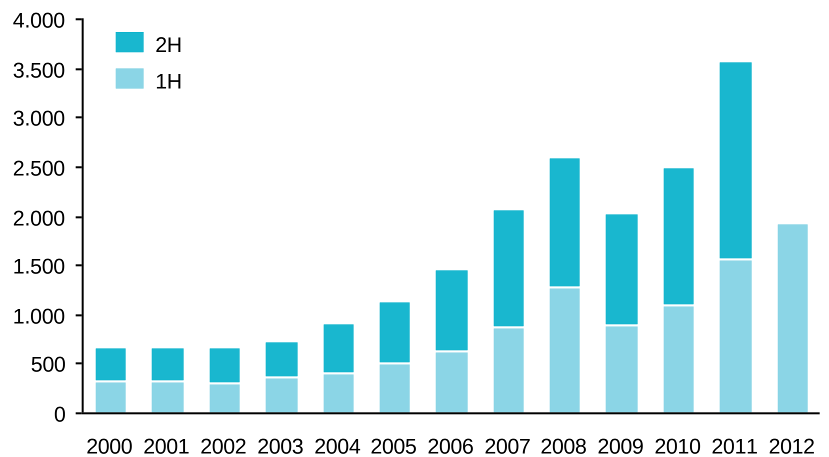
- Metal prices have dropped some in the recents months on the back of decreasing demand, but still at a historically high level
- Food prices have come up dramatically over the past years compared to long term historical levels
- Coal prices have been on a downward trend throughout 2011 on the back of declining demand
- Oil prices still very high, with an uspide risk from the political uncertainty in Hormuz and low global buffer production capacity

Source: Global Insight

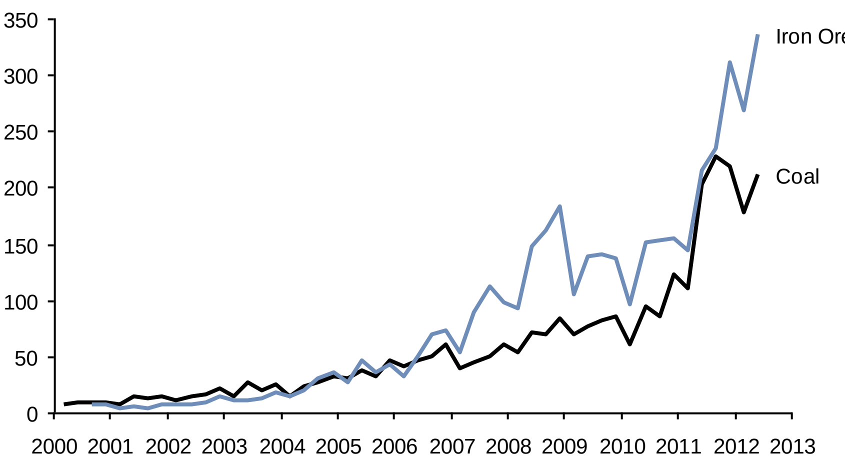
Mining still going strong…

- Australia's mining-investment boom gathered strength in the first quarters of 2012...
  - There are currently mining projects worth A$170 billion under construction in Australia and with about A$450 billion of investment still in the pipeline.
  - The actual expenditure in mining related activities rose 20% from 1H 2011 to 1H 2012
- …but some clouds have appeared lately, although still not enough to slow down the investment growth:
  - No stimulus plans yet announced from China to drive faltering growth
  - Falling prices for key Australian raw-materials exports, rising wages and increased taxes on miners
  - Some cancellations, postponements and revisions of planned projects have been announced

Mineral Exploration, actual expenditure
Million AUD, 2000 - 1H 2012



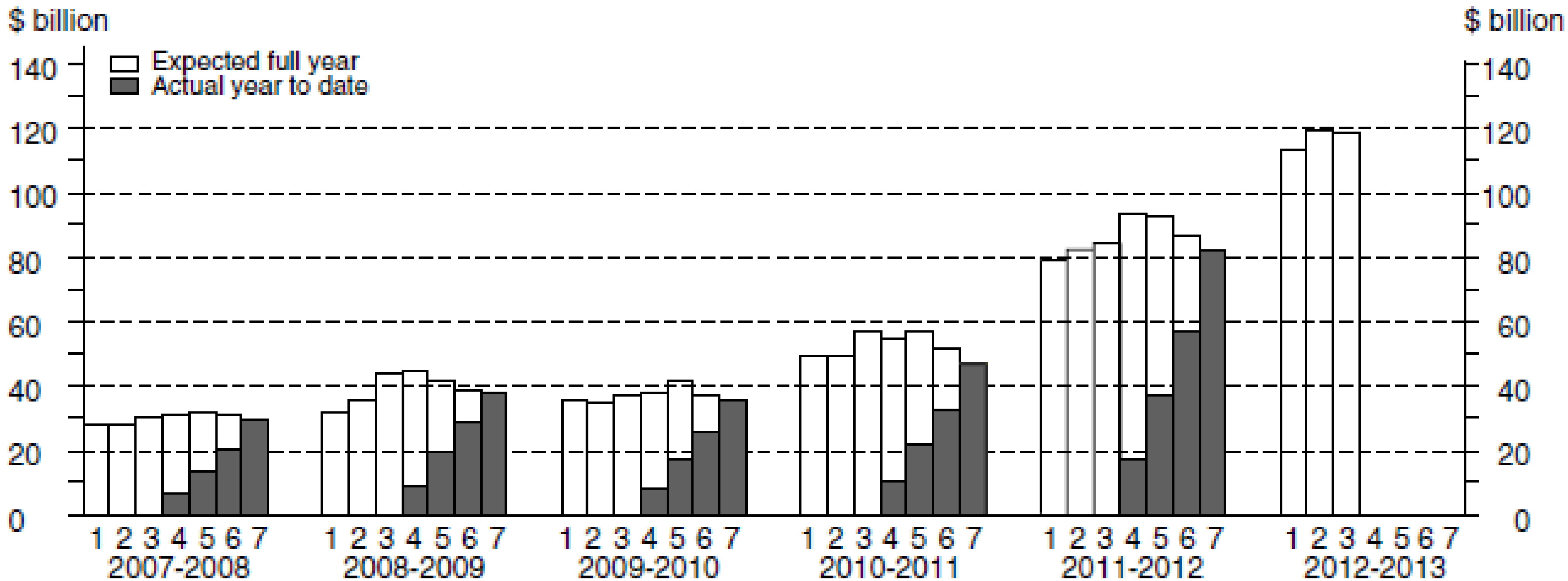
Mineral Exploration expenditure by resource type
Million AUD, 2000 – 1H 2012, quarterly



Source: MEG, Australian Bureau of Statistics

…with 2013 expected to be even stronger than 2012

Actual and expected new capital expenditure in Australian Mining
2007 – 2013FC, bn AUD

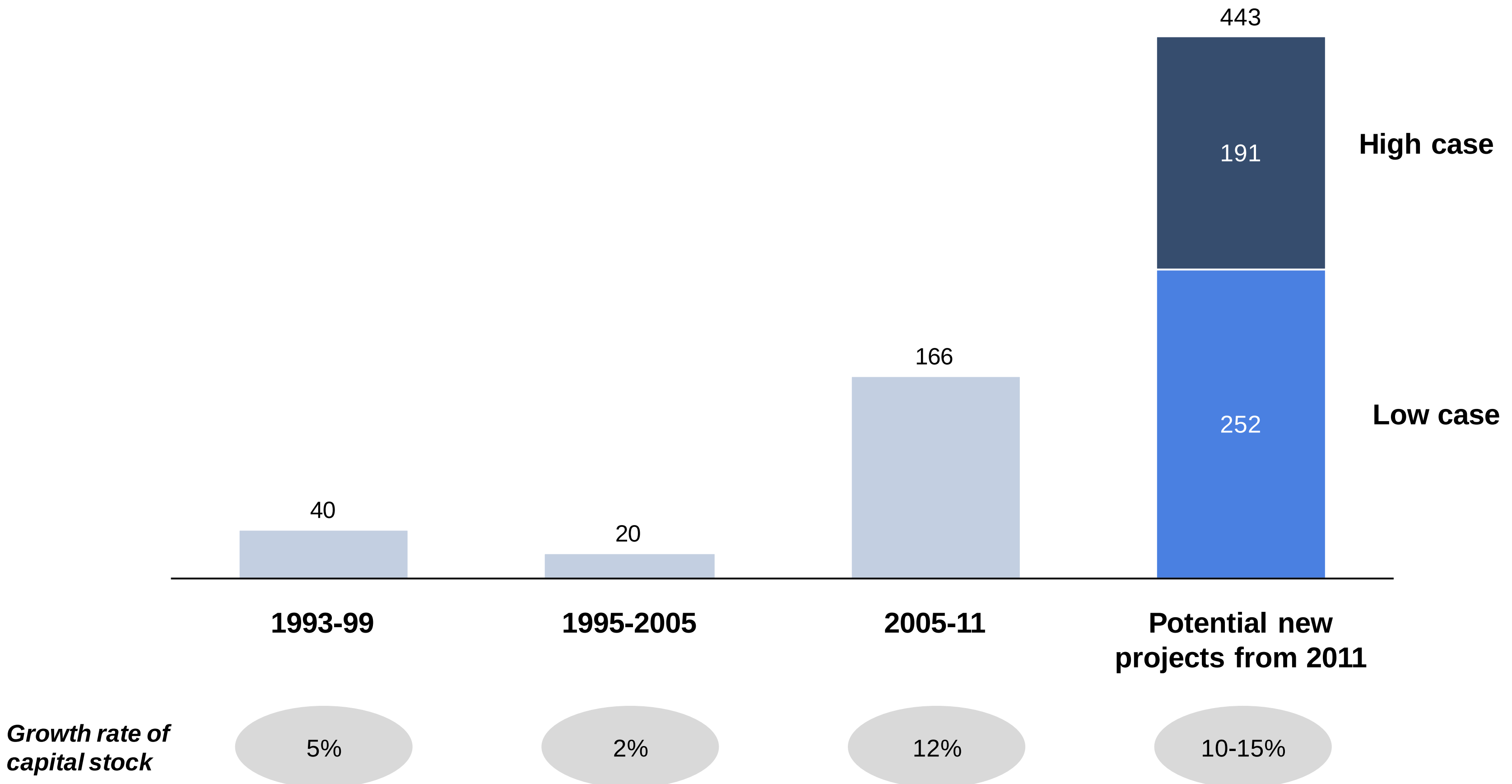


The growth in Australian mining is subsiding, but levels are maintained

Source: Australian Bureau of Statistics

Even in the low case, the Australian mining potential is not halfway exploited yet

Australian mining project pipeline is far from empty
Australian mining project CAPEX overview, 1993 ->, bn AUD



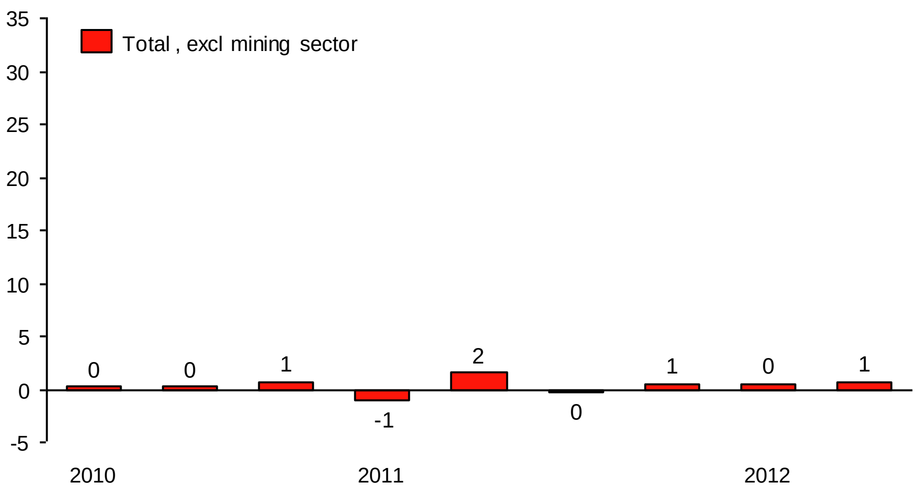
Source. BREE statistics (August 2012), McKinsey

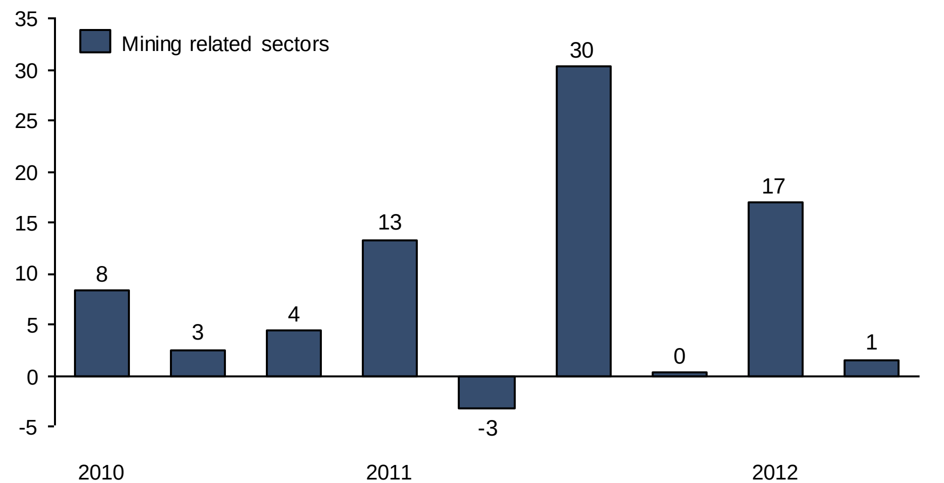
In the high case all "advanced" projects are completed and 75% of the less advanced projects. The low case assumes 66% of all advanced projects and 33% of the less advanced projects are completed.

Resource driven part of the economy still booming, but increasingly two speed tendencies

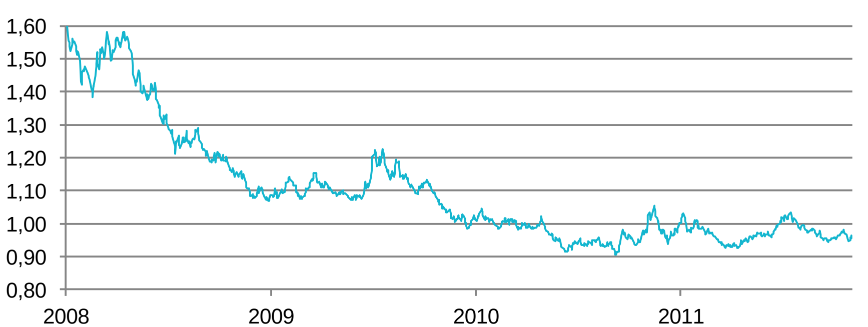
WALLENIUS WILHELMSEN LOGISTICS

Australian economy developing in tow distinct speed lanes
GDP growth from economy excluding mining sector and GDP growth from mining sector, Q2 2010 – Q2 2012





Exchange rate increasingly adverse for AUS exports
AUD/USD exchange rate, 2008 - 2012



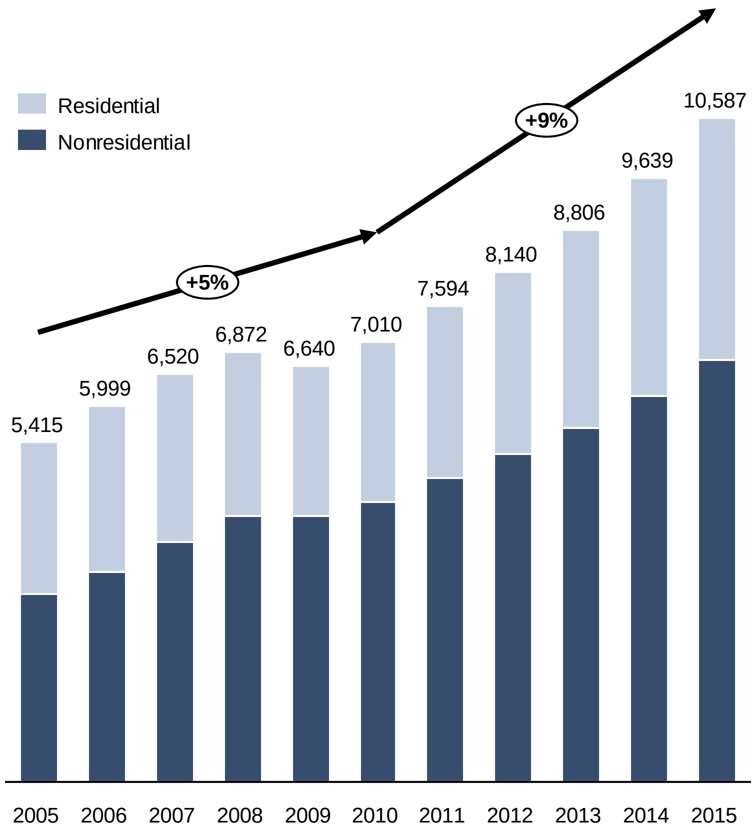
- Resource driven part of economy still booming.
- Rest of economy suffering from increasing lack of competitiveness
- Unemployment uneven across regions
- Negative productivity development in the Australian economy increasing the urgency of igniting non-resource sector growth

Source: OECD, The Economist, Global Insight

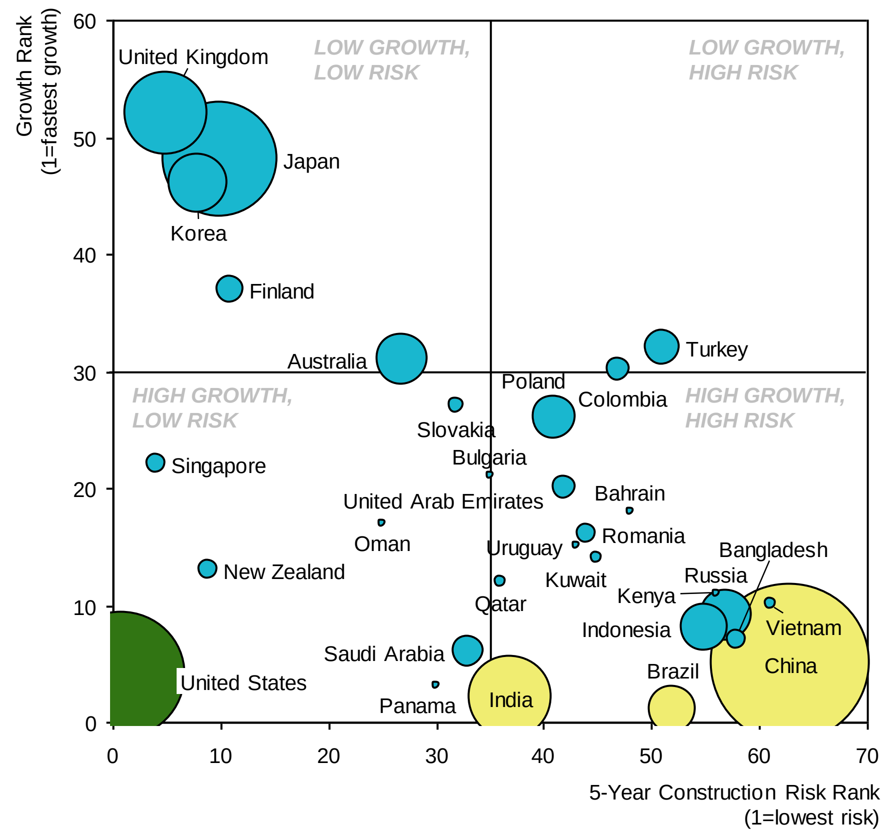
Forecasts call for an underlying strengthening of the world's construction activity

WALLENIUS WILHELMSEN LOGISTICS

Significant growth forecasted in 2013-2015
World construction spending, bn USD, 2005-15FC



US shows largest risk weighted potential going forward
Share of revenues and revenue generated by region, 2010 & 2018



Size of balls represent expected size of the market in 2012, bn USD

Source: IHS Global Insight

Emerging markets are key to growth in the High & Heavy market, balancing the development in the established markets

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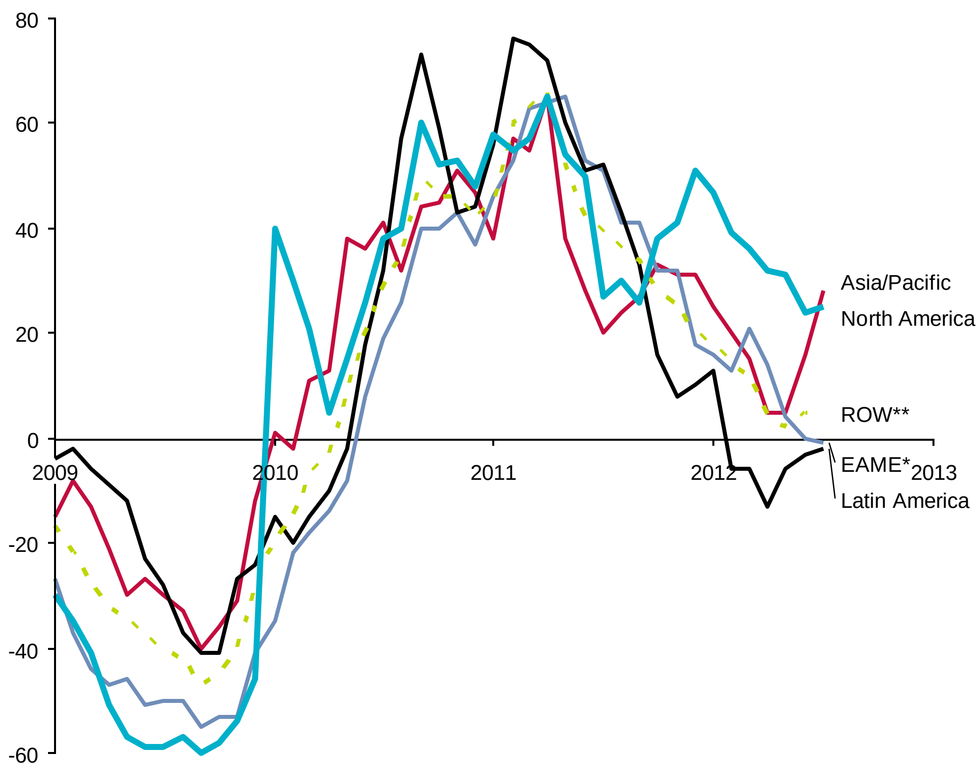
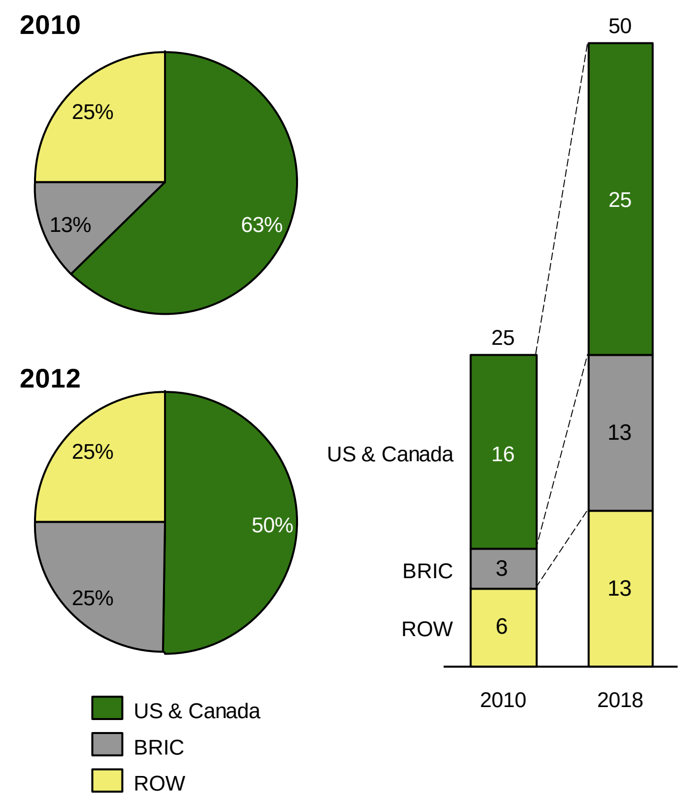
Caterpillar sales in Asia-Pacific have balanced the downturn elsewhere
Sales development in Caterpillar dealerships by marketing region for the 3-month rolling period compared with the same months of the prior year, January 2010 – July 2012



Deere to grow BRIC sales by 400% until 2018
Share of revenues and revenue generated by region, 2010 & 2018



Source: Caterpillar, John Deere

Generally positive outlook for the breakbulk segments, despite uncertainty of the world economy

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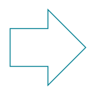
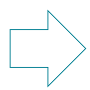
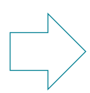
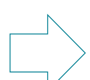
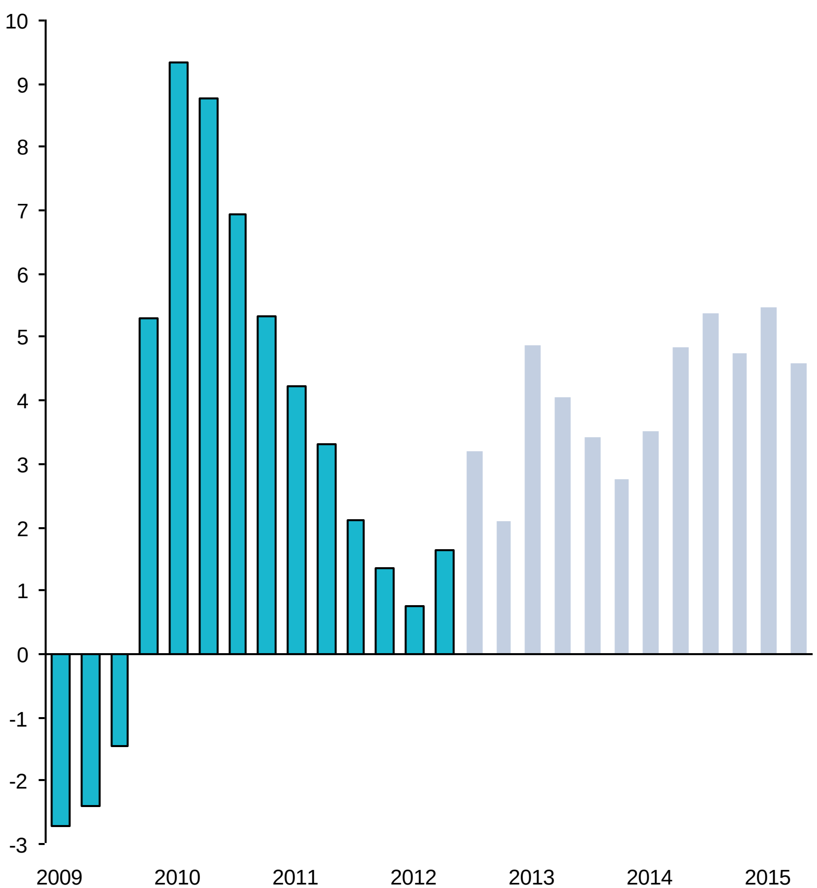
Segment		Outlook	"Elevator pitch"
	**Oil & gas**		*"10-15% growth expected in offshore exploration"*
	**Power generation**		*"8000 power plants beyond design age"*
	**Rail**		*"The environmentally friendly congestion killer"*
	**Boats & yachts**		*"I want one too"*
	**Machinery & machine tools**		*"The enabler for emerging markets growth"*
	**Aviation**		*"Flying out of poverty"*

Brazil must step up infrastructure investments to keep up – the 135bn USD planned is not nearly enough

WALLENIUS WILHELMSEN LOGISTICS

Real GDP growth has been slowing lately

% growth in real GDP, q-on-q, Q1 2009 – Q2 2015FC



Investments in infrastructure necessary to reduce the "Brazil Cost"

- Brazil's infrastructure investment has slowed to 2.1% of GDP in recent years, down from 3.6% in the 1980s.
  - Brazil would need to invest ***6–8% of GDP*** per year to catch up with South Korea in 20 years…
  - …and ***4% of GDP*** per year to catch up with Chile.
- Most promising infrastructure investments to be found in
  - Rail & road network development
  - Electricity and power generation
  - Ports infrastructure

Brazil: Infrastructure Investment Plans (2010–13)

Sectors	R$ billion	% of total	% of GDP per year
Electricity	92	33.6	0.7%
Telecommunication	67	24.5	0.5%
Sanitation	39	14.2	0.3%
Railways	29	10.6	0.2%
Highways	33	12.0	0.3%
Ports	14	5.1	0.1%
Infrastructure	**274**	**100**	**2.2%**

Source: GT Investimento, APE/BNDES, Morgan Stanley LatAm Economics

Source: Global Insight, Morgan Stanley, BNDES

Today’s topics

Global growth driving demand…

- Three fundamental drivers for the high and heavy and breakbulk segments
- The world economy is forecast to shift gears in the decade we are currently in…
- …with the pace of growth accelerating
- A substantial economic growth forecasted for the emerging markets, strenghtening consumption ability
- This decade will see billions of people moving into the income bracket where consumption takes off

…for High & Heavy equipment…

- The path to prosperity demands raw materials
- Commodity prices are still on a high level, maintaining high investment levels
- Australian mining still going strong…
- …with 2013 expected to be even stronger than 2012
- Even in the low case, the Australian mining potential is not halfway exploited yet
- Resource driven part of the economy still booming, but increasingly two speed tendencies
- Forecasts call for an underlying strengthening of the world’s construction activity
- Emerging markets are key to growth in the High & Heavy market

…and breakbulk cargo

- Generally positive outlook for breakbulk segments, despite uncertainty of the world economy
- Brazil must step up infrastructure investments to keep up – the 135bn USD planned is not nearly enough


THANK YOU
WALLENIUS WILHELMSEN
LOGISTICS

from factory to dealer

WWL Logistics Portfolio

Arild B. Iversen
President and CEO

September 25th, 2012

WALLENIUS WILHELMSEN LOGISTICS

Agenda

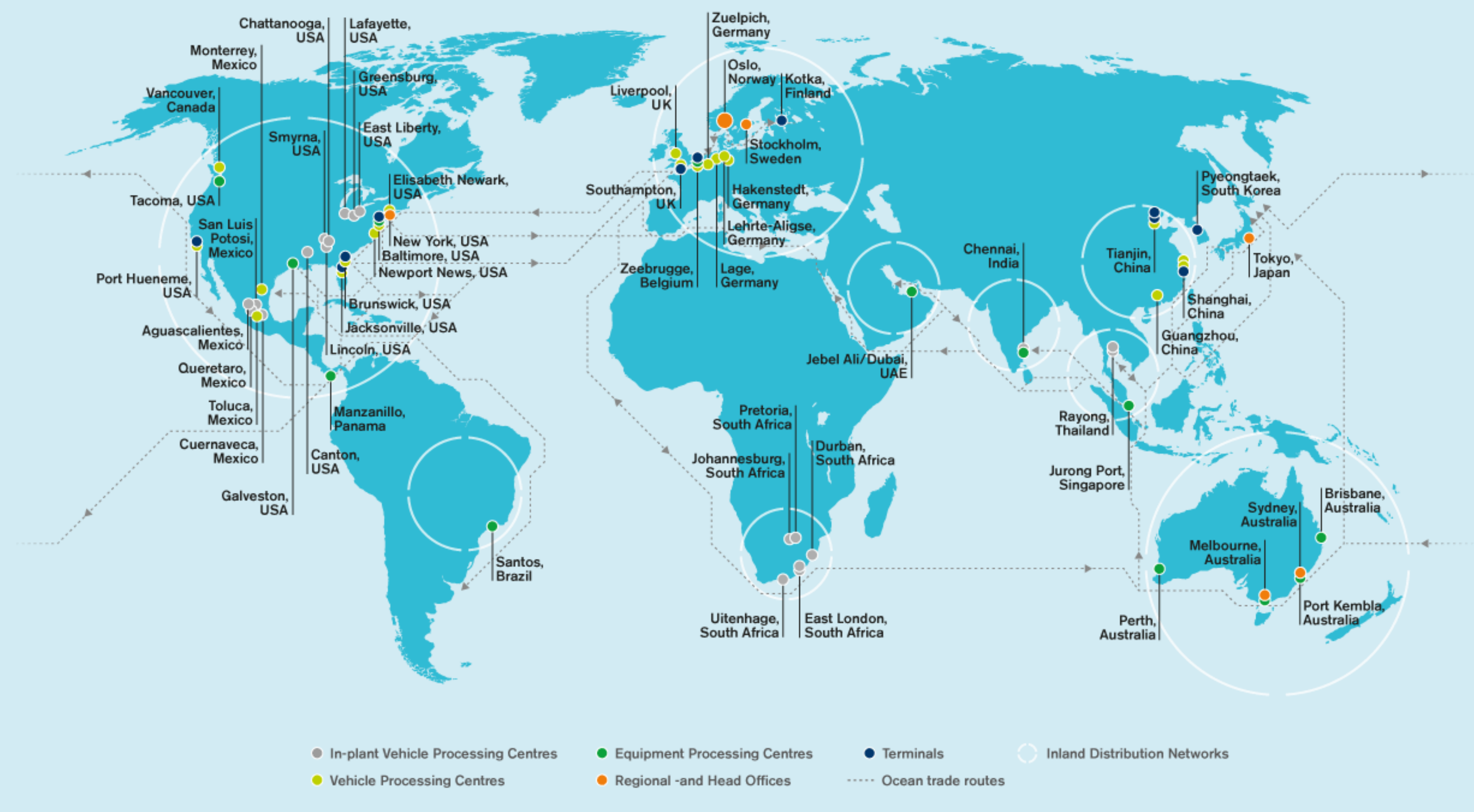
WALLENIUS WILHELMSEN LOGISTICS

- Overall WWL
- Our Logistics products
- Video
- Some examples
- Our Global network

This is Wallenius Wilhelmsen Logistics

Our Mission

We deliver innovative and sustainable global shipping and logistics solutions for manufacturers of cars, trucks, heavy equipment and specialized cargo.



A global offering covering the entire outbound logistics value chain

WWL by the numbers

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2011 Revenue: USD 2.3 Billion
2012 Forecast: USD 3.0 Billion *(H1 annualized)*

4 500 employees;
Ocean 700
Inland 300
Production 3 500

61 vessels

12 terminals

41 Vehicle Processing Centers

Inland Distribution: 2.5 million units

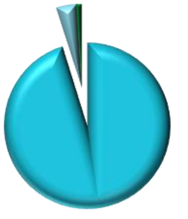
11 H&H Pre Delivery Centers: 28,000 units

10 years of global growth

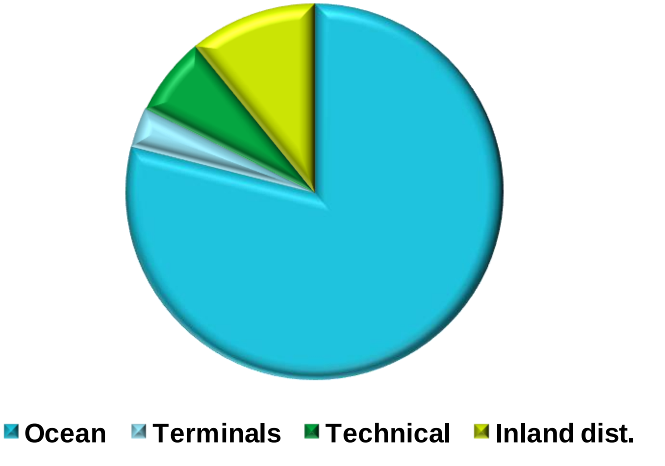
- **Since 2002 trade revenues have grown 220 % to est. USD 2.3 Bill. in 2012 *(H1 annualized)***
- **The landbased revenues have grown ten-fold in the same period to more than USD 600 Mill. in 2012 *(H1 annualized)***
- **Characteristics of landbased business drivers:**

	Time Sensitivity	Investment Demands	Staff Intensive
Vehicle Processing	High	Medium	High
Equipment Processing	Medium – High	Medium	Low
Terminals	Medium	High	Low-Med
Inland Distribution	Medium – High	Low	Low

2002



2012



from
factory
to
dealer

Our Logistics products

WALLENIUS WILHELMSEN
LOGISTICS

Terminals

Terminals spread across:

- **Europe:**
  - **Kotka**
  - **Zeebrugge**
  - **Southampton**
- **America & Canada:**
  - **Baltimore**
  - **Brunswick**
  - **Galveston**
  - **Port Hueneme**
  - **Los Angeles**
  - **Vancouver**
- **Asia:**
  - **Pyeongtaek**
  - **Tianjin**
  - **Shanghai**

What is Terminal Services for WWL

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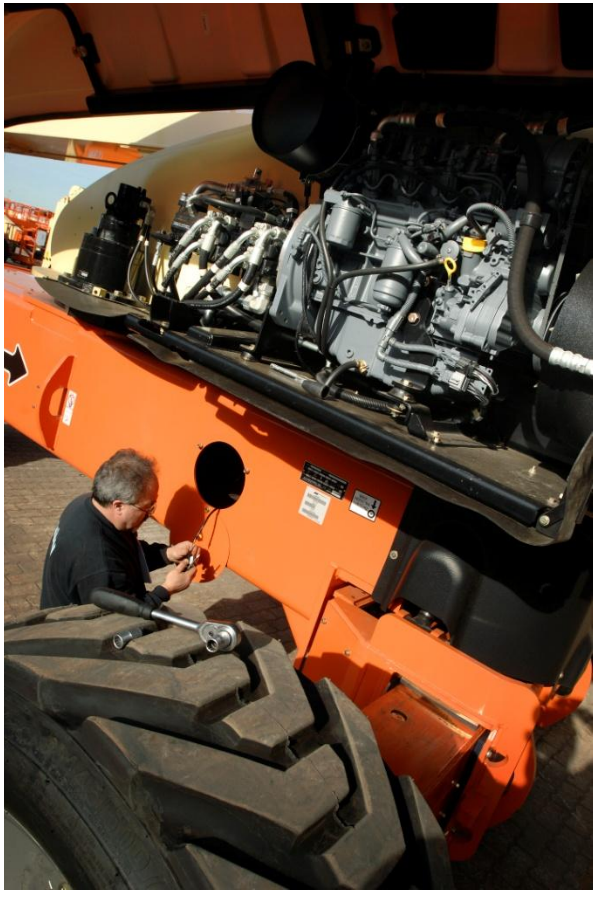
Depending on the terminal, these services can include:

- **Customs documentation**
- **Pre-delivery inspection**
- **Storage**
- **Re-forwarding**
- **Inland transport**
- **Some terminals offer additional services:**
  - Upgrades
  - body and paint repair
  - accessory installation

What is Technical Services for WWL

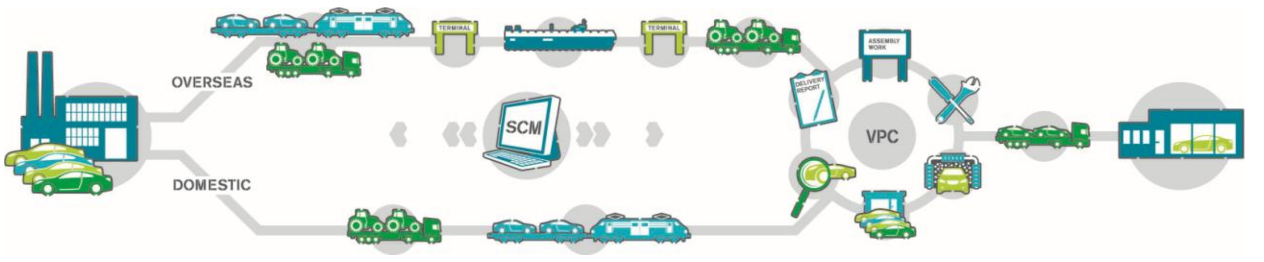
- **WWL provides technical services for both vehicles and equipment around the globe.**
- **We offer a variety of solutions for our customers depending on their requirements.**
  - Auto or Equipment (VPC or EPC)
  - Multi-customer or single customer
  - On dock facilities
  - Plant (end of line) facilities
- **The range of services we provide is comprehensive:**
  - Receiving and Inspection
  - Storage
  - Yard Management
  - Wrap Guard
  - Accessorization
  - PDI
  - Rail load/ unload
  - Truck load / unload
  - Paint
  - Damage monitoring



Video

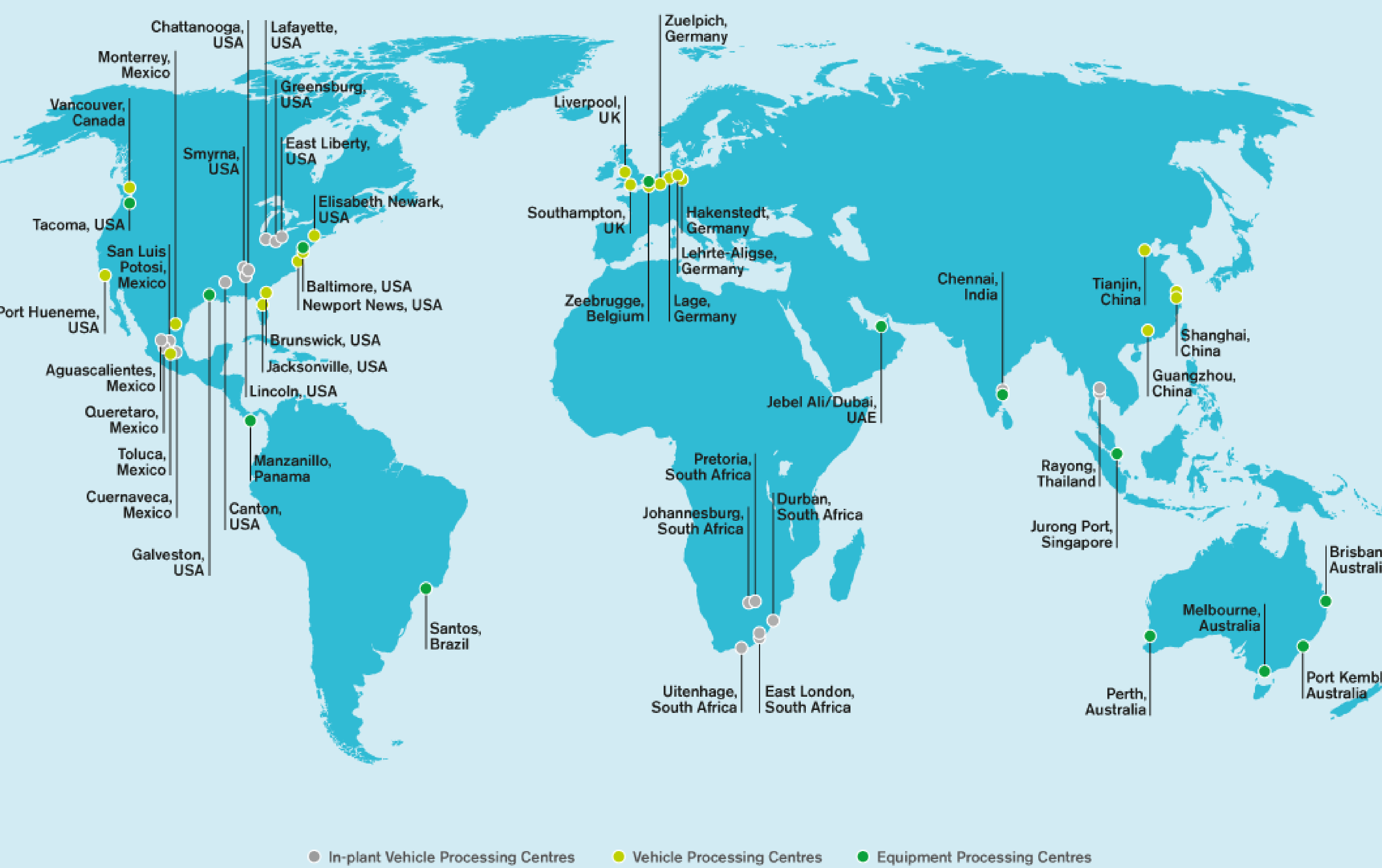
From Factory to Dealer….or anything in between

WALLENIUS WILHELMSEN LOGISTICS



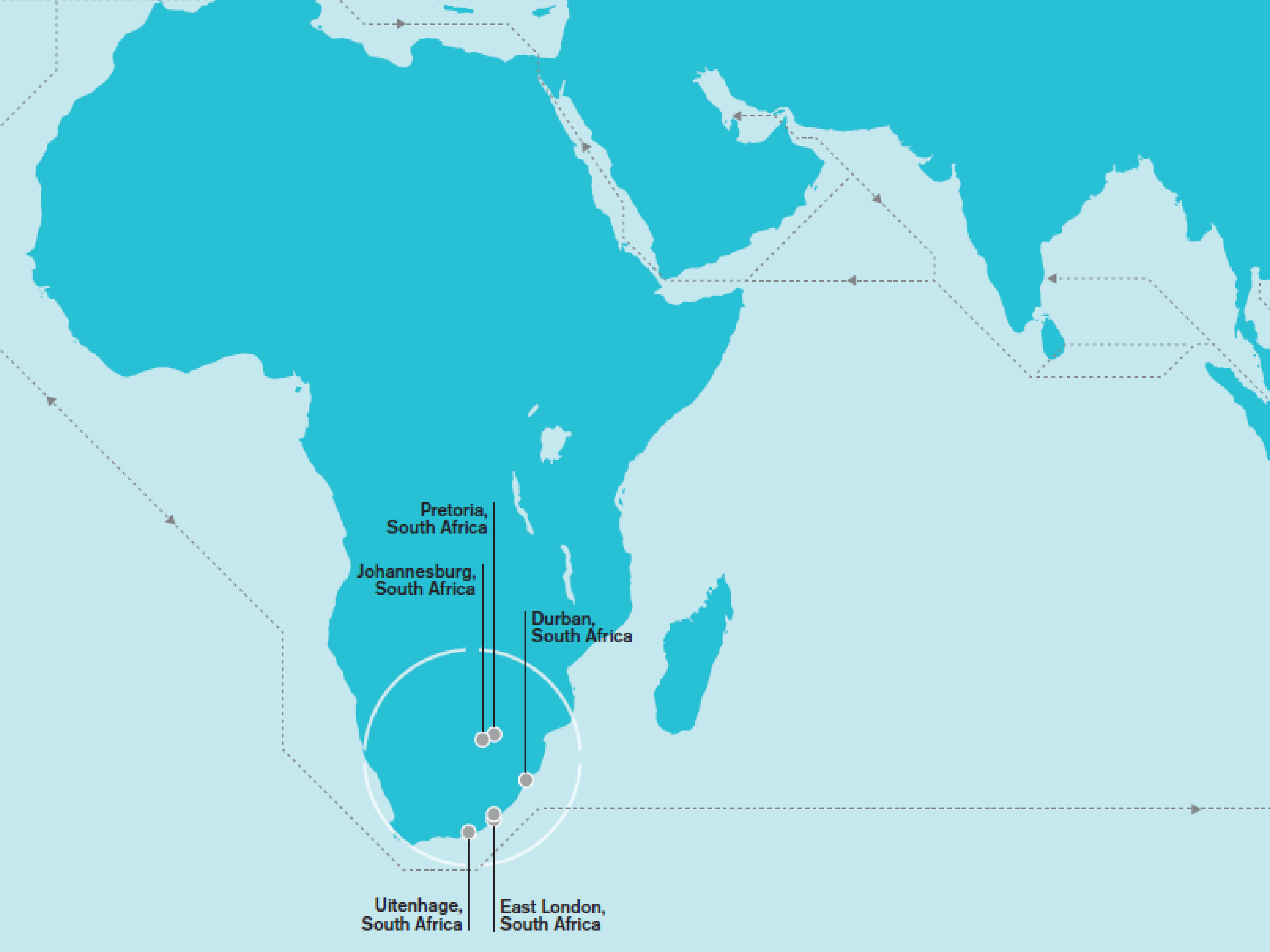
- **Why is it important?**
  - It changes the nature of the conversation with the customer
    - **Strategic vs. Transactional**
    - **Value added vs. Commodity**
  - Better integrates WWL with a customer
  - Supports our environmental strategy
- **Process:**
  - Matching capabilities and knowledge of customer’s logistics challenges to provide a robust solution with clear benefits and/or savings
- **Success depends on:**
  - Who you are dealing with at the customer’s organization
  - What the customer’s logistics strategy is and their attitude to outsourcing
  - Ability to leverage WWL’s ocean position and/or inland network
  - Delivering a quantifiable value to the customer

From Factory to Dealer….or anything in between



Chattanooga, USA
Lafayette, USA
Monterrey, Mexico
Greensburg, USA
Vancouver, Canada
Smyrna, USA
East Liberty, USA
Elisabeth Newark, USA
Tacoma, USA
San Luis Potosi, Mexico
Baltimore, USA
Newport News, USA
Port Hueneme, USA
Brunswick, USA
Jacksonville, USA
Aguascalientes, Mexico
Lincoln, USA
Queretaro, Mexico
Toluca, Mexico
Manzanillo, Panama
Cuernavaca, Mexico
Canton, USA
Galveston, USA
Santos, Brazil
Zuelpich, Germany
Liverpool, UK
Southampton, UK
Hakenstedt, Germany
Lehrte-Aligse, Germany
Zeebrugge, Belgium
Lage, Germany
Chennai, India
Tianjin, China
Shanghai, China
Guangzhou, China
Jebel Ali/Dubai, UAE
Pretoria, South Africa
Durban, South Africa
Johannesburg, South Africa
Rayong, Thailand
Jurong Port, Singapore
Melbourne, Australia
Perth, Australia
Uitenhage, South Africa
East London, South Africa
In-plant Vehicle Processing Centres
Vehicle Processing Centres
Equipment Processing Centres

Oslo,
Norway
Liverpool,
UK
Zuelpich,
Germany
Kotka,
Finland
Stockholm,
Sweden
Hakenstedt,
Germany
Southampton,
UK
Lehrte-Aligse,
Germany
Zeebrugge,
Belgium
Lage,
Germany
Jebel Ali/Dubai,
UAE
Vehicle Processing Centres
Terminals
Ocean trade routes
Equipment Processing Centres
Regional -and Head Offices
Inland Distribution Networks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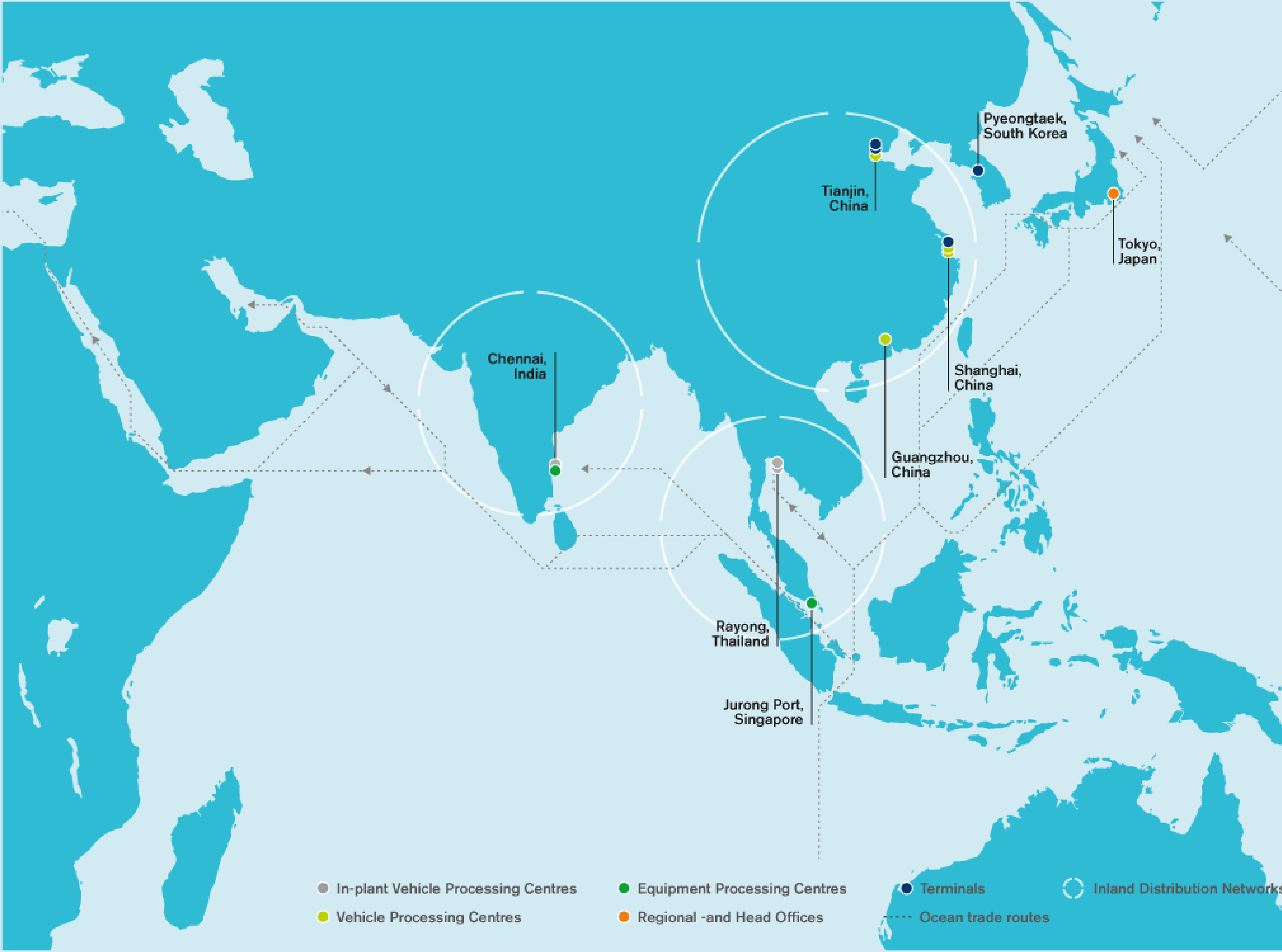
Johannesburg, South Africa
Durban, South Africa
Uitenhage, South Africa
East London, South Africa



Pyeongtaek,
South Korea
Tianjin,
China
Tokyo,
Japan
Chennai,
India
Shanghai,
China
Guangzhou,
China
Rayong,
Thailand
Jurong Port,
Singapore
In-plant Vehicle Processing Centres
Vehicle Processing Centres
Equipment Processing Centres
Regional -and Head Offices
Terminals
Ocean trade routes
Inland Distribution Networks


Brisbane, Australia
Melbourne, Australia
Sydney, Australia
Perth, Australia
Port Kembla, Australia

WALLENIUS WILHELMSEN LOGISTICS

Thank you!

» from factory » to dealer

WWL Vehicle Services Americas - a success story

September, 2012

WALLENIUS WILHELMSEN LOGISTICS

Content

- **Introduction of WWL Vehicle Services Americas (VSA)**
- **VSA's history**
- **Strategy and customer highlights**
- **Revenue & efficiency drivers**
- **Summary**

WWL Vehicle Services Americas:

A provider of vehicle processing and inland distribution services for the finished vehicle automotive industry

- **Leading North American provider of vehicle processing services for the finished vehicle automotive industry.**

- **An extension of WWL's Factory to Dealer network... operations are integrated into WWL's network & brand.**

- **Overall customer base includes most worldwide automotive manufacturers, such as:** Japan brands, Korean brands, European brands, and U.S. Brands.

- **Exclusive logistics management provider for the fourth largest automotive producer in North America.**

- **Twenty one facilities in operation.**

- **Over 2,500 employees.**

WWL Vehicle Services Americas:

A provider of vehicle processing and inland distribution services for the finished vehicle automotive industry

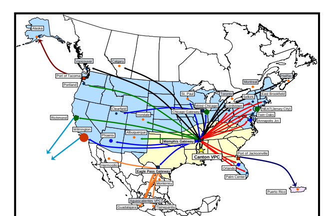
WALLENIUS WILHELMSEN LOGISTICS

Vehicle Processing Services:

- Accessory fittings
- Mechanical Repairs/Rectification
- Storage Management
- Vehicle Inspection & Preparation
- Receipt & Dispatch

Logistics Mgmt Services:

- Truck transportation
- Rail transportation
- Procurement
- Network Optimization

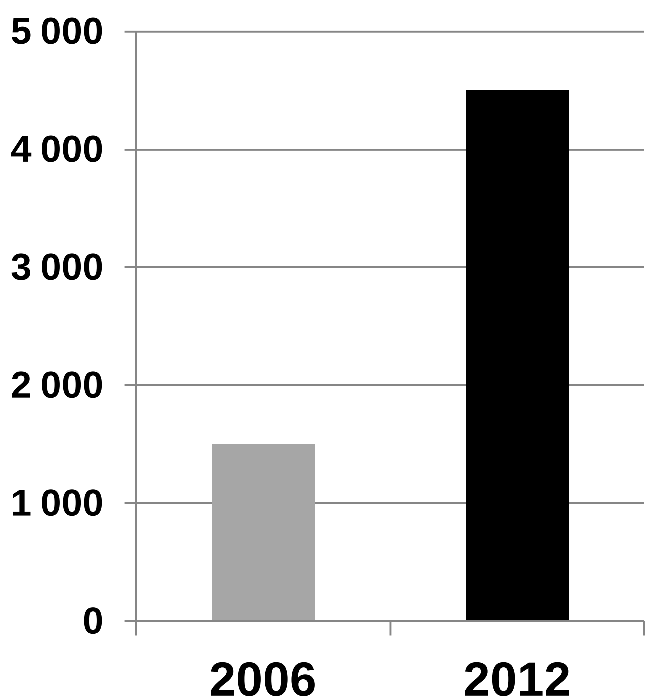


Significant expansion in seven years

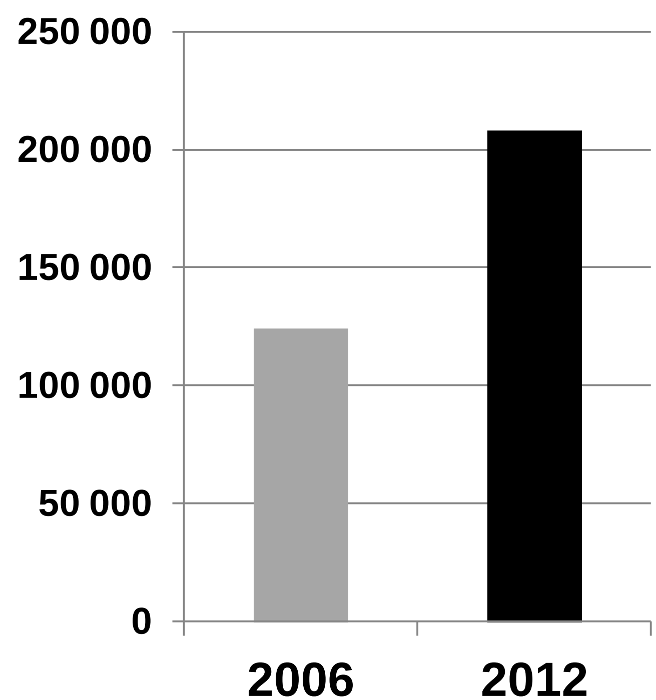
- May 1, 2005 Nissan/Infiniti's in-house finished vehicle logistics division, Distribution Auto Service, is acquired.
- WWL 50% ownership, outside partner 50% ownership.
- Renamed to VSA, with operations controlled and integrated into WWL's network & brand.
- Business expansion with other automotive manufacturers.

Significant expansion in seven years

Volume – *in thousands*



Revenue – *in thousands USD*



- **Significant growth realized through; business expansion at operable facilities, new port developments, and new manufacturing plant awards.**

Significant expansion in seven years

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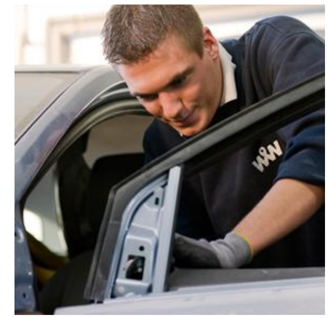

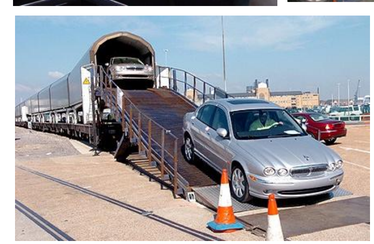

Four distinct strategic pillars drive the business

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Port Technical Services:

- **Port marine technical services and yard management.**
- **Operations held on VSA property.**
- **Customer example, U.S. automotive brand:**
  - Baltimore, Brunswick, Jacksonville, and Port Hueneme.
  - Export and Import units.
  - Multiple accessorization and service programs.
- **WWL holds 20% market share.**

Four distinct strategic pillars drive the business

Plant Technical Services:

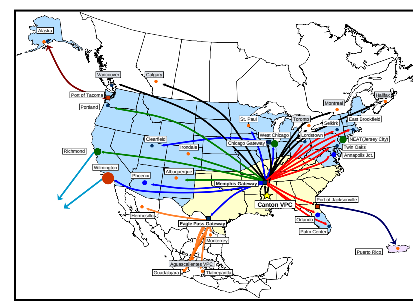
- **Manufacturing plant technical services and yard management.**
- **Operations held on customer property.**
- **Customer example, European/Germany brand:**
  - Chattanooga TN plant.
  - Accessorization of vehicles.
  - Yard management, storage and rail / truck haulaway preparations.
- **WWL holds 17% market share.**

Four distinct strategic pillars drive the business

WALLENIUS WILHELMSEN LOGISTICS

<u>Inland Distribution Logistics Mgmt</u>:

- **Exclusive inland logistics provider for the fourth largest automotive producer in North America.**
- **Network operational oversight covering four manufacturing plants and eight ocean ports of entry/exit.**
- **Optimize distribution through scale, network design, management and quality control systems.**



Four distinct strategic pillars drive the business

WALLENIUS WILHELMSEN LOGISTICS

<u>Expanded Scope of Services</u>:

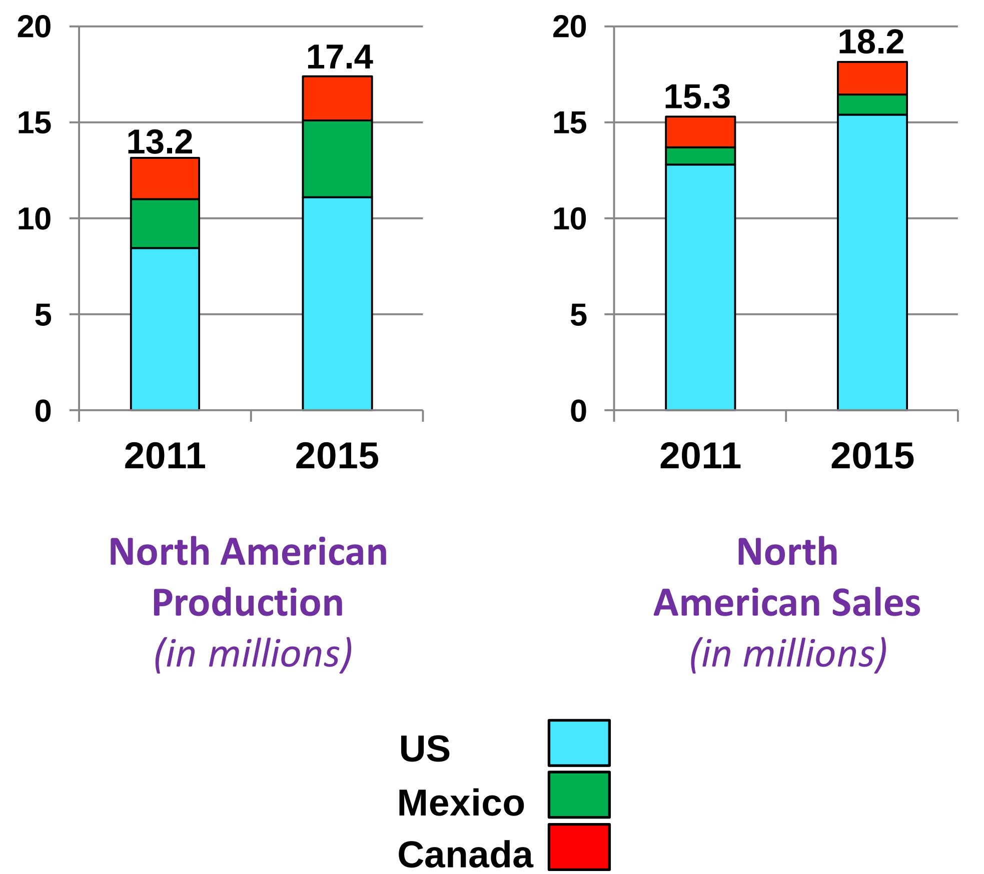
- **Leveraging VSA's core competencies and providing new services to the automotive market.**
- **Example: specialty vehicle up-fitting**
  - Automotive customer's commercial vehicle focus.
  - VSA partnership through establishment of a "ship-through" model.
  - Buyers include distributors, leasing companies, city / governments.

Revenue drivers

- **2012 contract renewals:**
  - Japan brand logistics mgmt extension
  - Japan brand U.S. plant & port
  - Korean brand Canada port

- **2012 new business awards:**
  - Vancouver, Canada
  - Jacksonville, Florida
  - Queretaro, Mexico

- **North American market trends:**

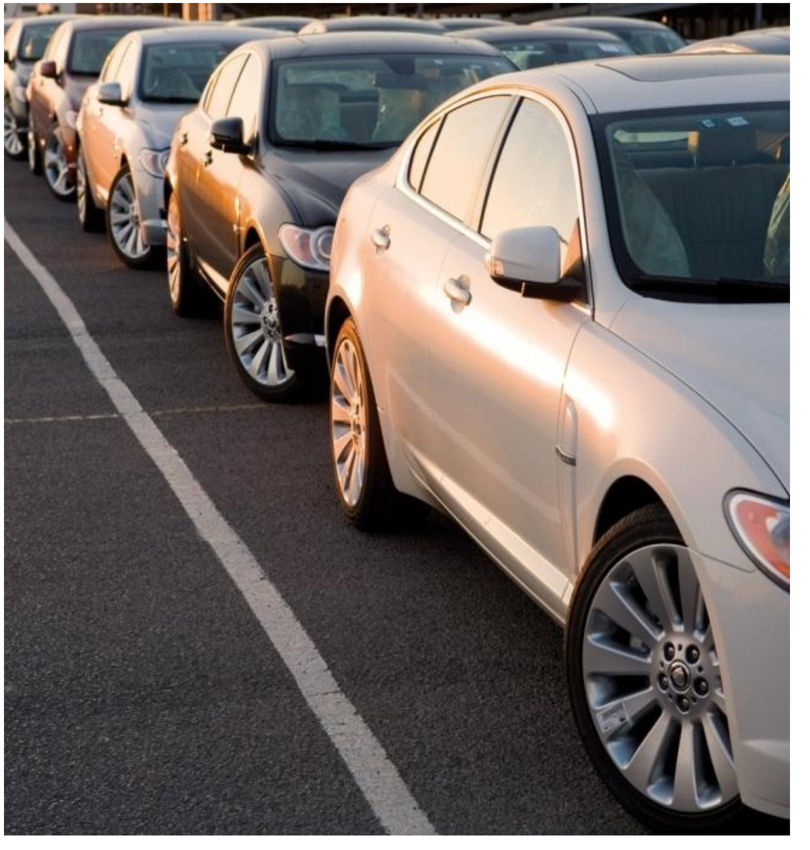


Unique efficiency drivers

- **Unique approach to mitigating expense increases through cost efficiency.**
- **Industrial engineering to drive productivity improvements.**
  - Five engineers on hand.
- **Mechanical engineering to drive quality improvements.**
  - Three engineers on hand.
- **Lean and quality management system focus (WWL way of working).**
  - Cross functional workshops.
  - Process waste removal.

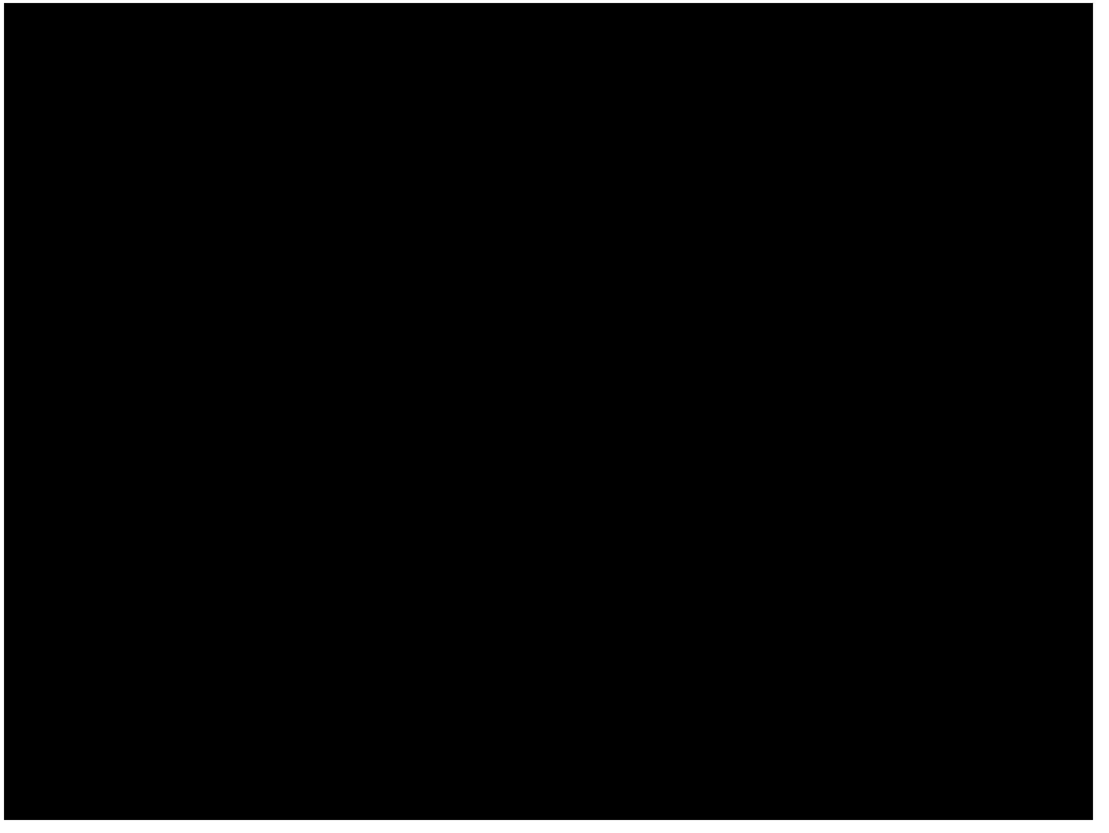
Summary

- Successful seven year expansion.
- Notable 2012 new business awards and contract extensions.
- Promising North American automotive market (driven by Mexico production).
- VSA is well positioned for continued success.
- Sharing of best practices and resources amongst WWL global vehicle processing centers.



Video

WALLENIUS WILHELMSEN LOGISTICS



from factory to dealer

WWL Vehicle Services Americas - a success story

September, 2012

WALLENIUS WILHELMSEN LOGISTICS