WALLENIUS WILHELMSEN
LOGISTICS ASA

# WWL ASA

## Fixed income investor meetings

September 2017

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# Investment highlights

1. Global market leader in the vehicle logistics segment
2. Diversified and solid customer base with long term contracts
3. Diversified business model with both Ocean and Landbased logistics
4. Committed to USD 100m synergy target
5. Profitable and positive cash flow despite challenging market
6. Strong cash position and clear target to strengthen balance sheet
7. Improving market fundamentals

# Agenda

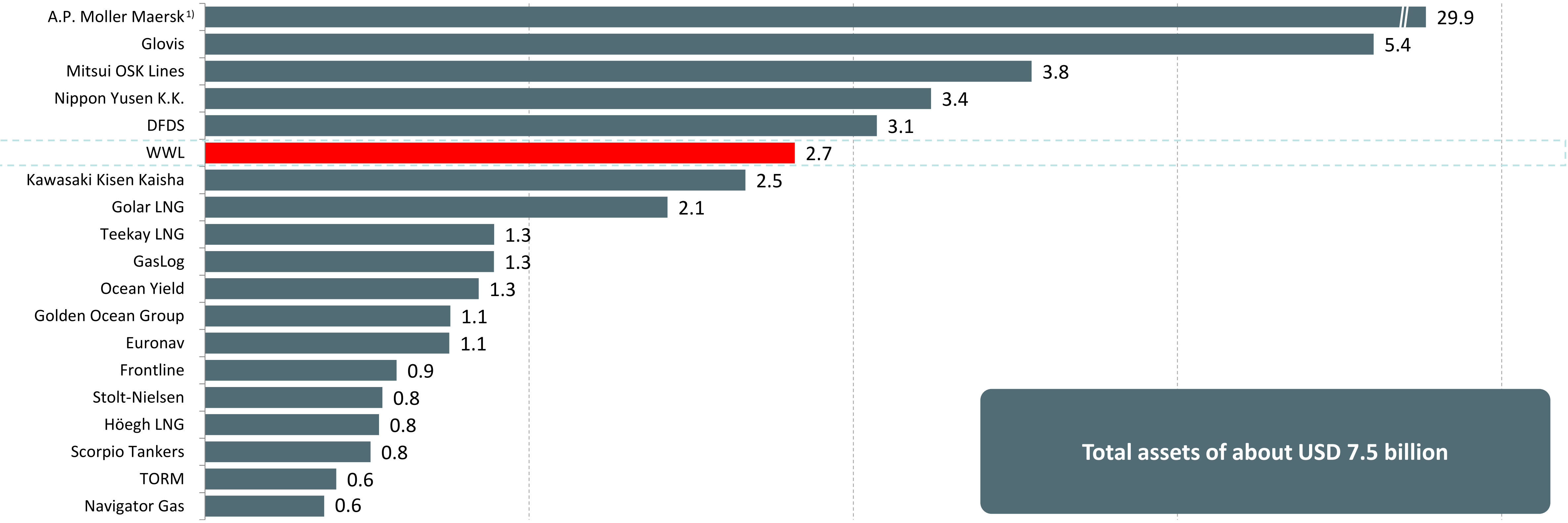
WALLENIUS WILHELMSEN
LOGISTICS ASA

# WWL ASA in brief

WALLENIUS WILHELMSEN
LOGISTICS ASA

# WWL ASA – Among the largest listed shipping / logistics companies

## 6th largest listed shipping / logistics company globally (Market cap USD billion)




**Total assets of about USD 7.5 billion**

WALLENIUS WILHELMSEN LOGISTICS ASA

Source: Factset as of 22 August 2017

1) APMM adjusted to reflect transport and logistics share of market cap

# We have a proud history of 156 years with solid and stable owners

**1861**

**Wilhelmsen Group** founded in Tønsberg, Norway by Morten W. Wilhelmsen

**1934**

**Wallenius Lines** founded in Stockholm, Sweden by Olof Wallenius

**1990**

American Roll-on Roll-off Carrier founded by Wilhelmsen Group and Wallenius Shipping jointly

**1999**

Merger between Wilhelmsen group and Wallenius Shipping to form **Wallenius Wilhelmsen Lines**

**2002**

EUKOR formed as Wilhelmsen Group and Wallenius Shipping acquires the car carrier unit Hyundai Merchant Marine

**2006**

Wallenius Wilhelmsen changes its name **from Lines to Logistics**, signaling the shift towards fully integrated logistics services from factory to dealer

WALLENIUS WILHELMSEN LOGISTICS

**2017**

Merger to create **Wallenius Wilhelmsen Logistics ASA** as a listed company incl. EUKOR, WWL, American Roll-on Roll-off Carrier (ARC), as well as Wilhelmsen and Wallenius vessels

WALLENIUS WILHELMSEN LOGISTICS ASA

# WWL ASA is the undisputed market leader for vehicle logistics globally

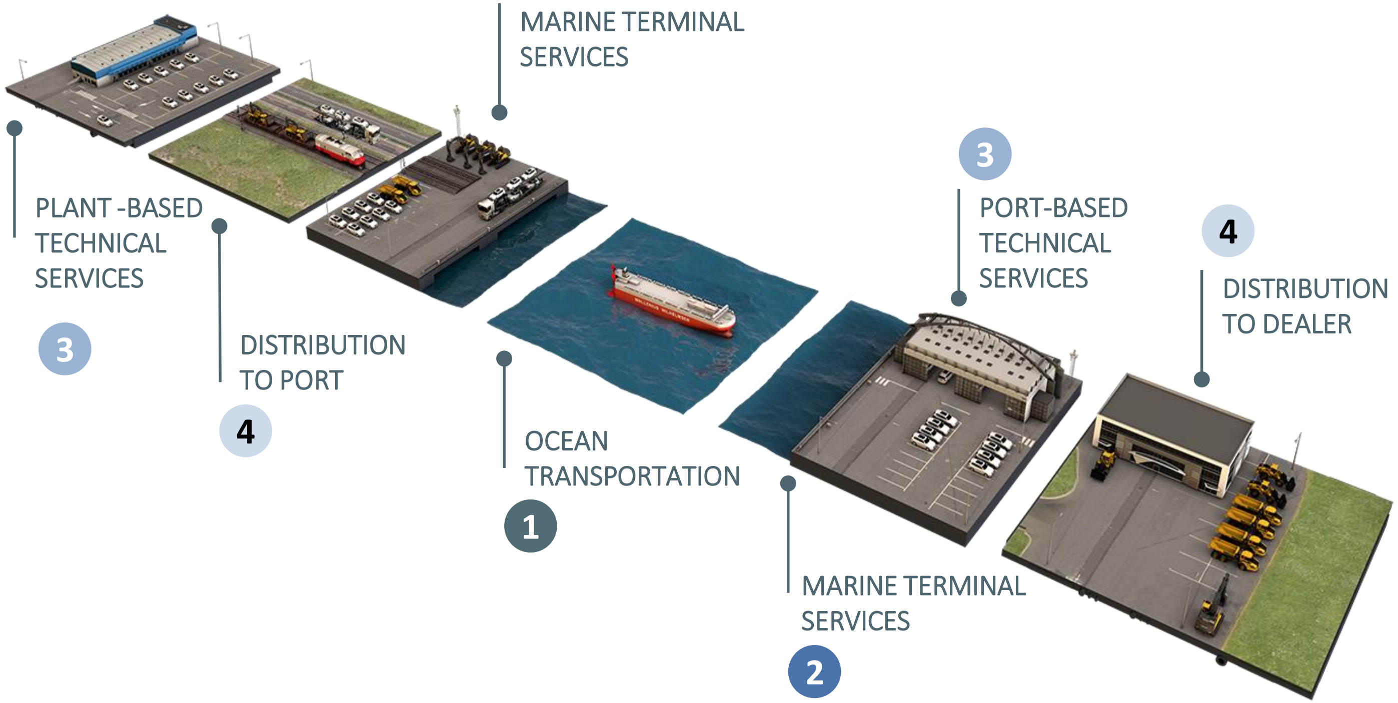
## KEY FACTS & FIGURES

**127**
127 vessels servicing >15 trade routes to six continents

**>18M**
~4.5M units for Ocean
~13.5M units in Landbased

**6,500**
~1,500 Office workers
~5,100 Production workers

## OUR PRODUCTS & SERVICES[1)]




**1 OCEAN**

| Revenue |
|---|
| ~3bn USD |

| EBITDA |
|---|
| ~530 MUSD |

**2 3 4 LANDBASED[2)]**

| Revenue |
|---|
| ~700 MUSD |

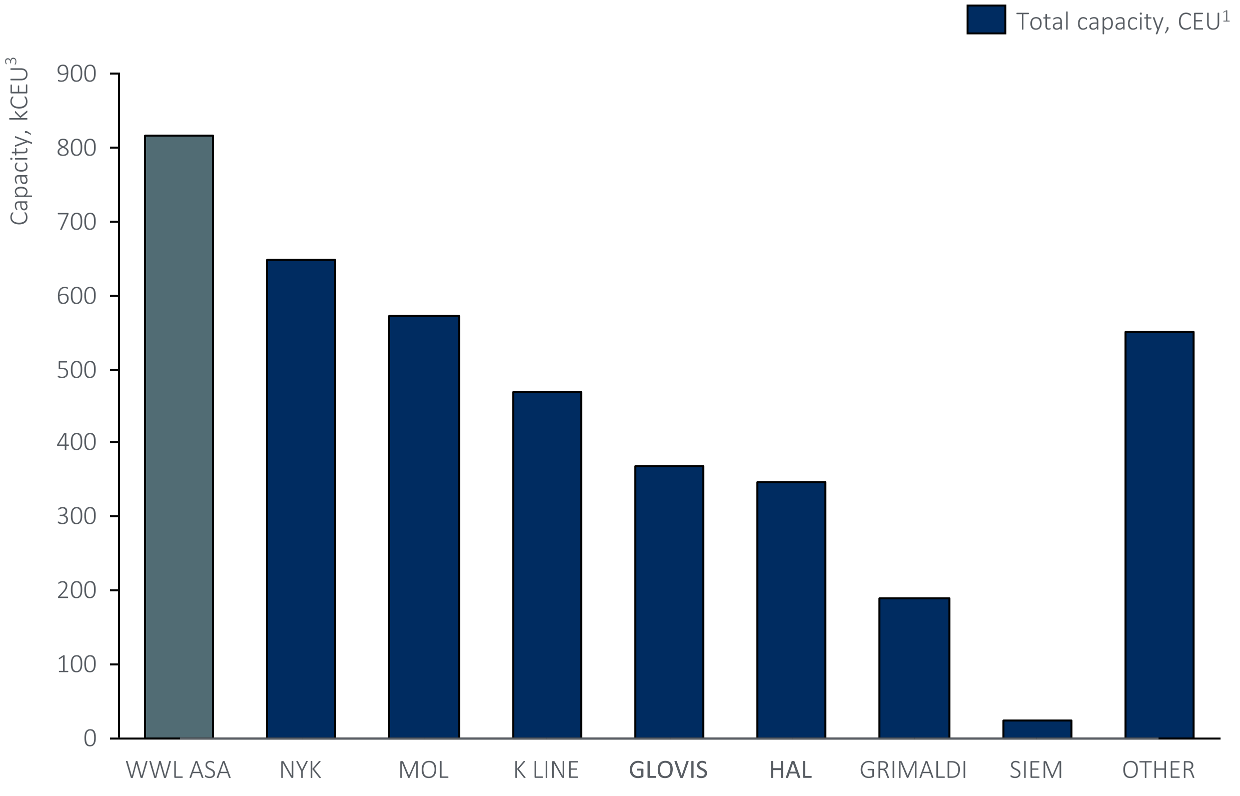
| EBITDA |
|---|
| ~90 MUSD |

1) Proforma figures Q2 2016 – Q1 2017 and Adjusted EBITDA and revenues for Q2 2017. Not including Holding segment of negative USD 15 million

# WWL ASA is a clear market leader and the #1 operator globally, both in terms of CEU[1] capacity and number of vessels

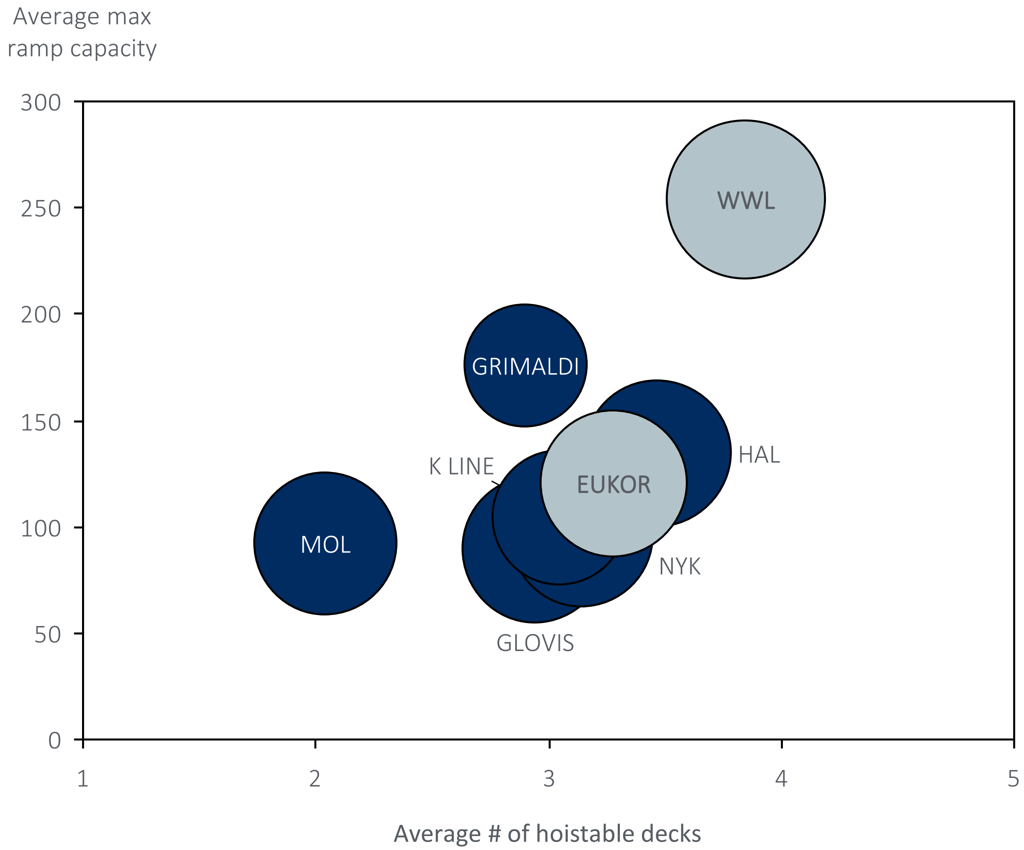
## #1 player in the RoRo[2] industry

*Current fleet by operator group*




## Well positioned for H&H[3] and Breakbulk cargo

*Fleet characteristics*

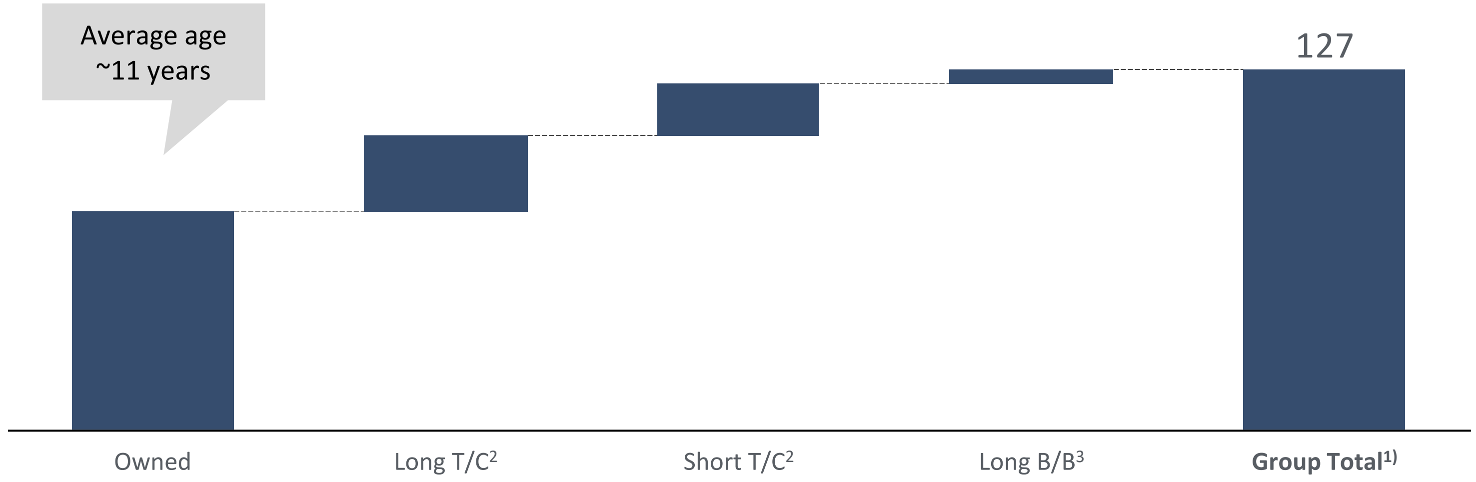



**WALLENIUS WILHELMSEN LOGISTICS ASA**

1) Car equivalent units, a standardized capacity measurement unit
2) Roll on - roll off shipping
3) High and heavy cargo (e.g. buses, trucks, agriculture, construction or mining machines)

# WWL ASA has a combined fleet of 127 vessels

## Group fleet of 127 vessels with more than 800,000 CEU[1] capacity




- No further CAPEX planned past four post Panamax newbuildings with expected delivery in 2018/ 2019 (installments of USD ~170 millions remaining)
- Additional capacity need will be acquired in the charter market
- WWL ASA strives to have fleet flexibility through combination of owned and chartered tonnage

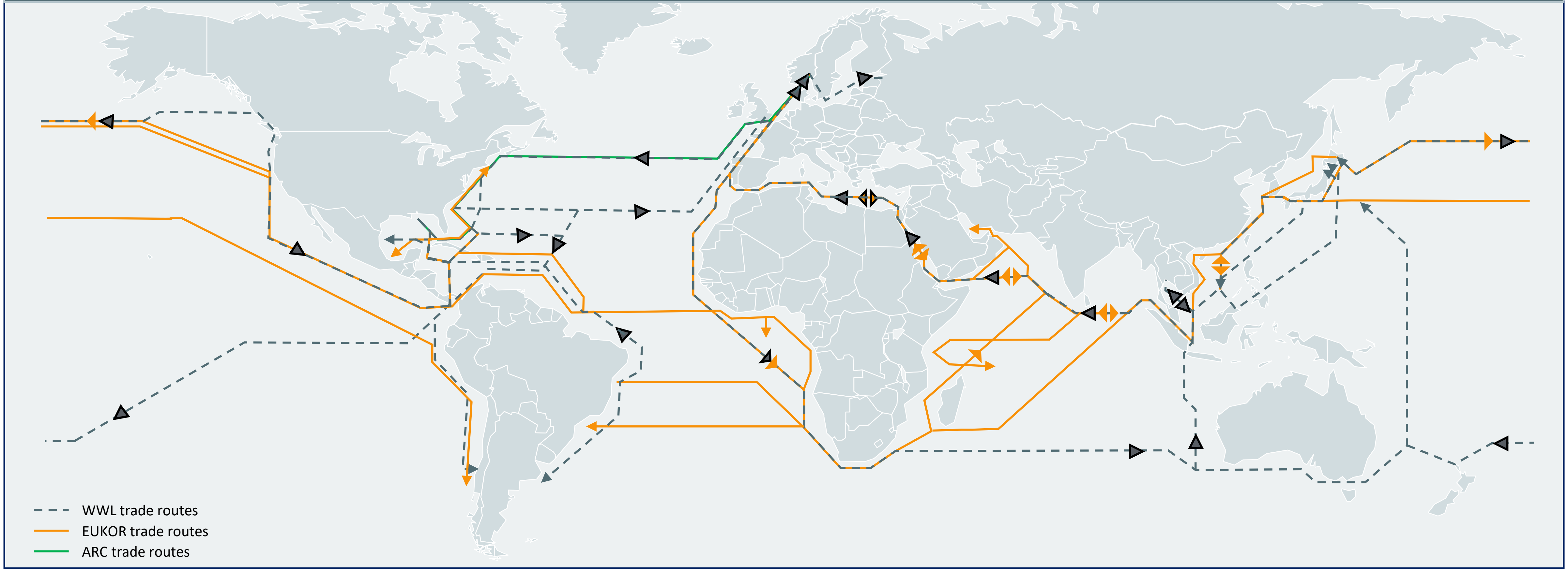



1) Car equivalent units, a standardized capacity measurement unit
2) Time charter
3) Bareboat charter

# WWL ASA has an unrivalled global RoRo[1] network and unique agility to meet changing demand

**127 vessels with more than 1,300 sailings and 9,000 port calls per year**

*Overview of key trade routes*



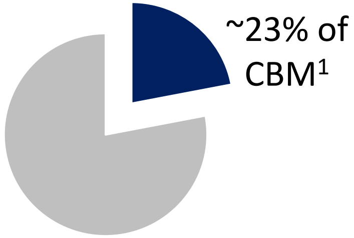

1) Roll on - roll off shipping

# Diversified customer portfolio with long term contracts

## Size of cargo segments








- Majority of volume from Auto
- High & Heavy and Breakbulk maximize cubic utilization
- Unique handling capabilities of High & Heavy and Breakbulk cargo

## Main customers include all major OEMs[2] globally

### Auto

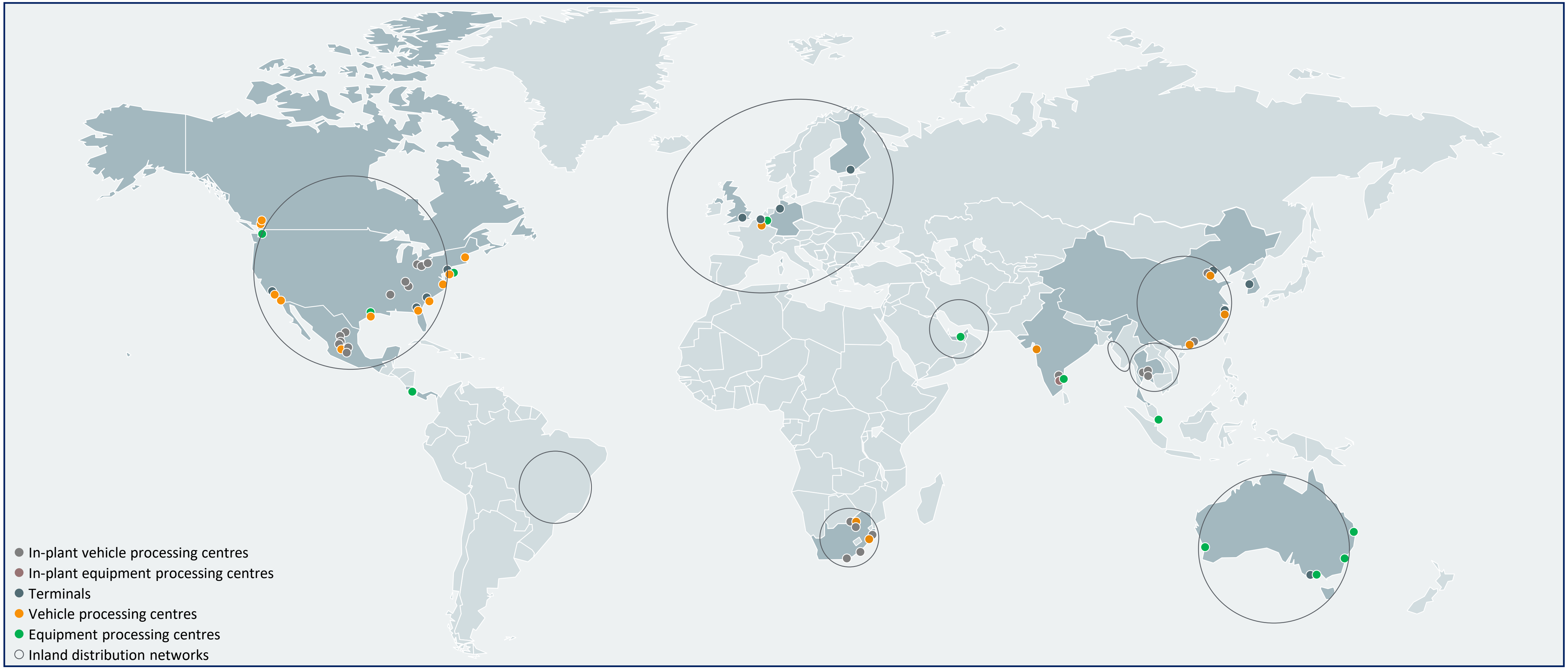
### High & Heavy

### Breakbulk



1) Cubic meters, unit of measurement used in rate calculations
2) Original equipment manufacturer

# The landbased services network is also global



# Our Landbased services portfolio

## Landbased services portfolio

### Marine Terminals

Revenue share:
23%
EBITDA margin:
13%

Stevedoring
Custom clearance
Receive and delivery
Cargo handling

### Technical Services

Revenue share:
64%
EBITDA margin:
13%

Accessory fitting
Pre delivery inspections
Repairs and rectifications
Storage management

### Inland Distribution

Revenue share:
13%
EBITDA margin:
7%

Primarily procurement model

## Main customers

### Auto

### High & Heavy

### Breakbulk

# WWL ASA Financials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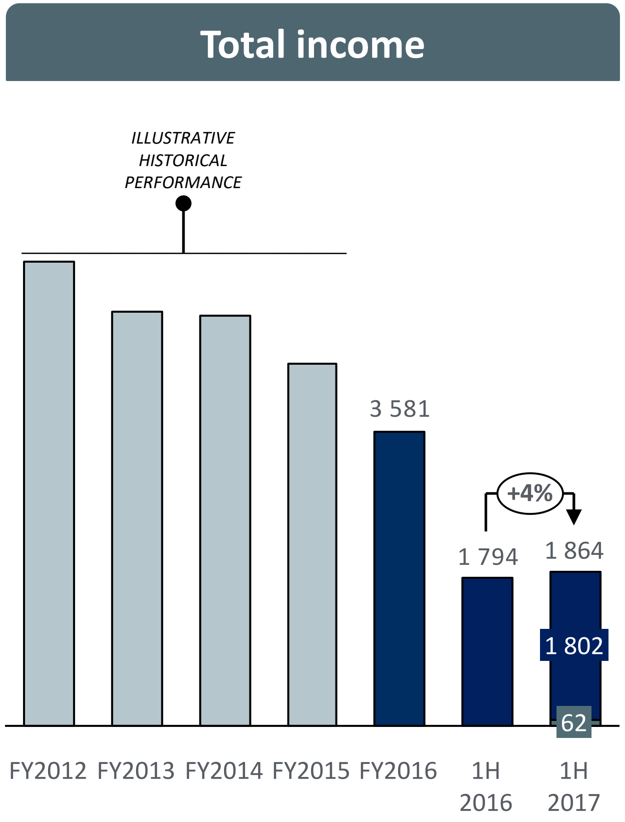
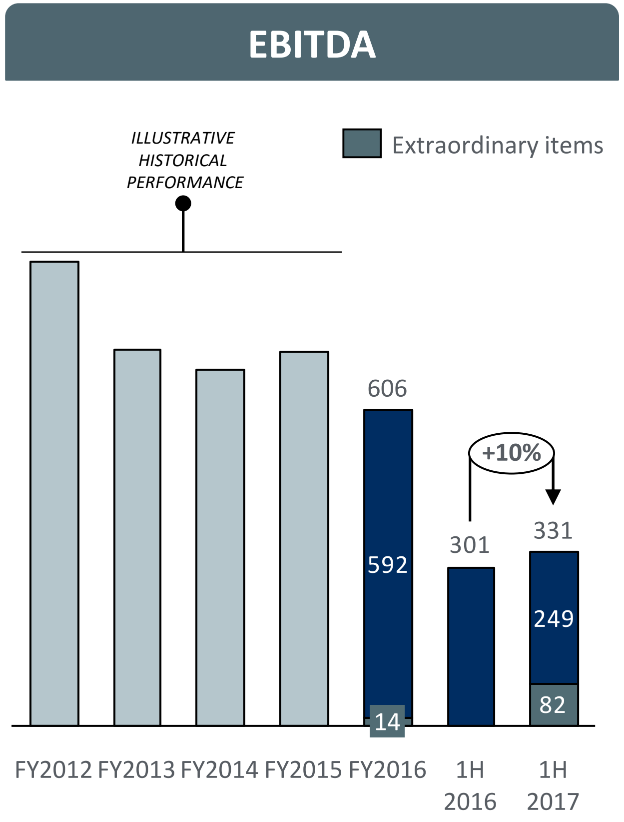
# Negative trend in financial performance turned in 2017 driven by higher volumes, improved cargo mix and cost reductions

## Consolidated results - Total income and EBITDA[1, 2, 3]

*USD million*




## Comments

- Total income adjusted was USD 1 864 million, up 4% from the same period last year driven by increased ocean volumes in the second quarter
- EBITDA adjusted was USD 331 million, an underlying improvement of 10% compared with same period previous year driven by a strong second quarter
  - Positive development for ocean results driven by higher volumes and reduced SG&A costs
  - The positive development for landbased continues with an underlying improvement of ~20% compared to first half 2016
- Organizational restructuring and synergies well on the way with approximately half of the USD 100 million synergy target confirmed (USD 5 million realized in Q2)

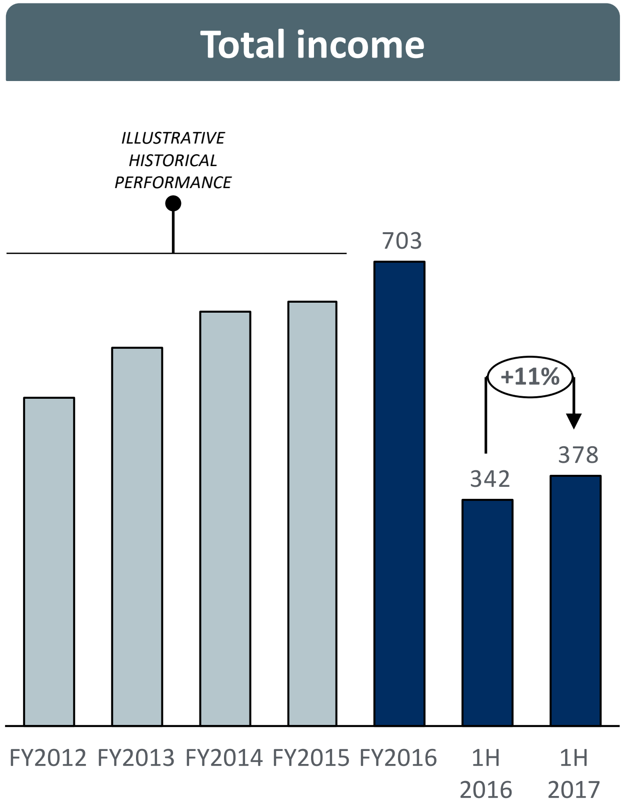


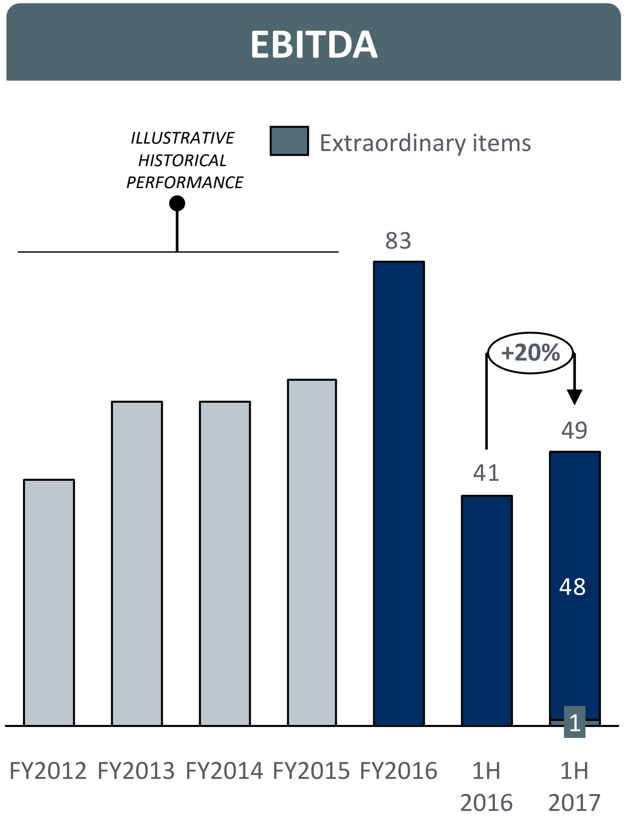
1) *Adjusted for extraordinary items; Merger accounting loss of USD 62m and organizational restructuring cost of USD 20m in Q2 2017 and USD 14m in Q4 2016*
2) *Comparable numbers for FY2016, H1 2016 and Q1 2017 are pro forma numbers as if the transaction had taken place back in time, and adjusted for anti-trust*
3) *Historical performance adjusted for discontinued business*

# Landbased segment – first half year 2017

## Total income and EBITDA Landbased segment[1, 2]

*USD million*




## Comments

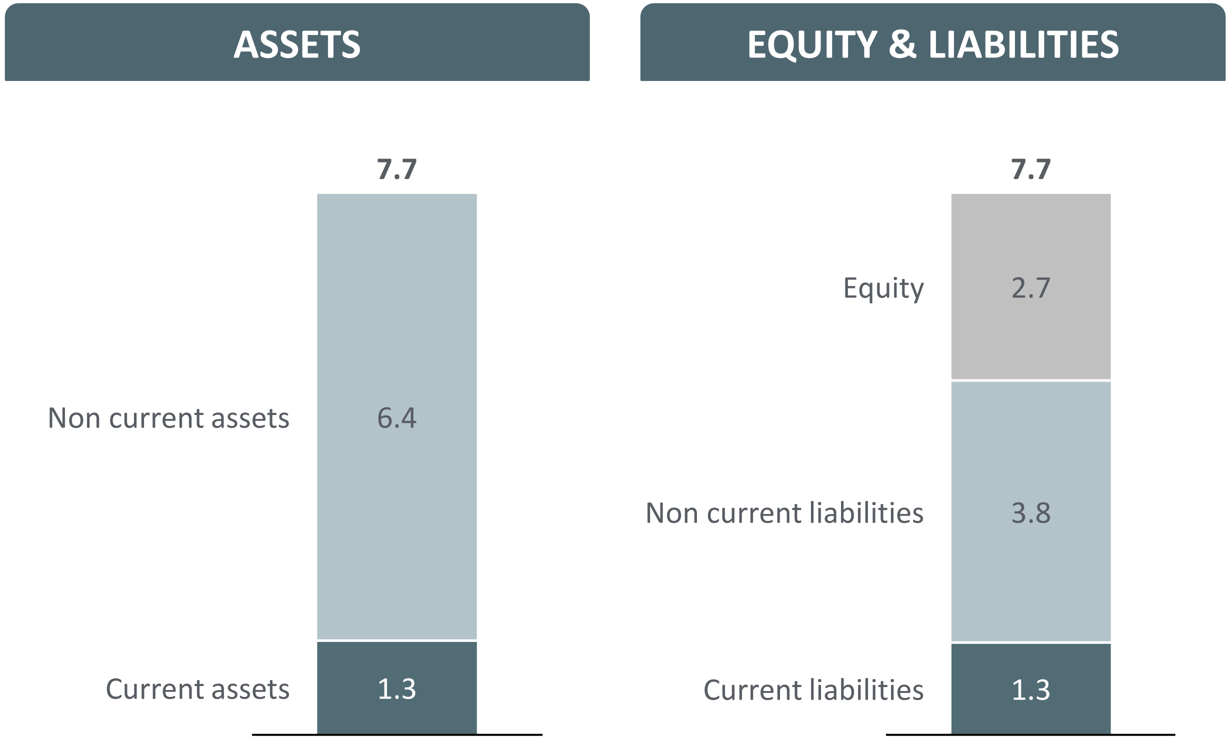
- Landbased income was USD 378 million, up 11% from the same period last year
- EBITDA adjusted for organizational restructuring cost was USD 49 million, up 20% from the same period last year
- Continued strong performance for technical services supported by stable volumes and an increase in value-adding services for VSA
- Terminals show improved performance in line with ocean volumes, with the terminals in Baltimore, Port Hueneme, Pyeongtaek and Zeebrugge as the main positive contributors

1) *Adjusted for extraordinary items*
2) *Comparable numbers for FY2016, H1 2016 and Q1 2017 are pro forma numbers as if the transaction had taken place back in time*

# Balance sheet

## Unaudited Balance Sheet 30.06.2017

*USD billion*



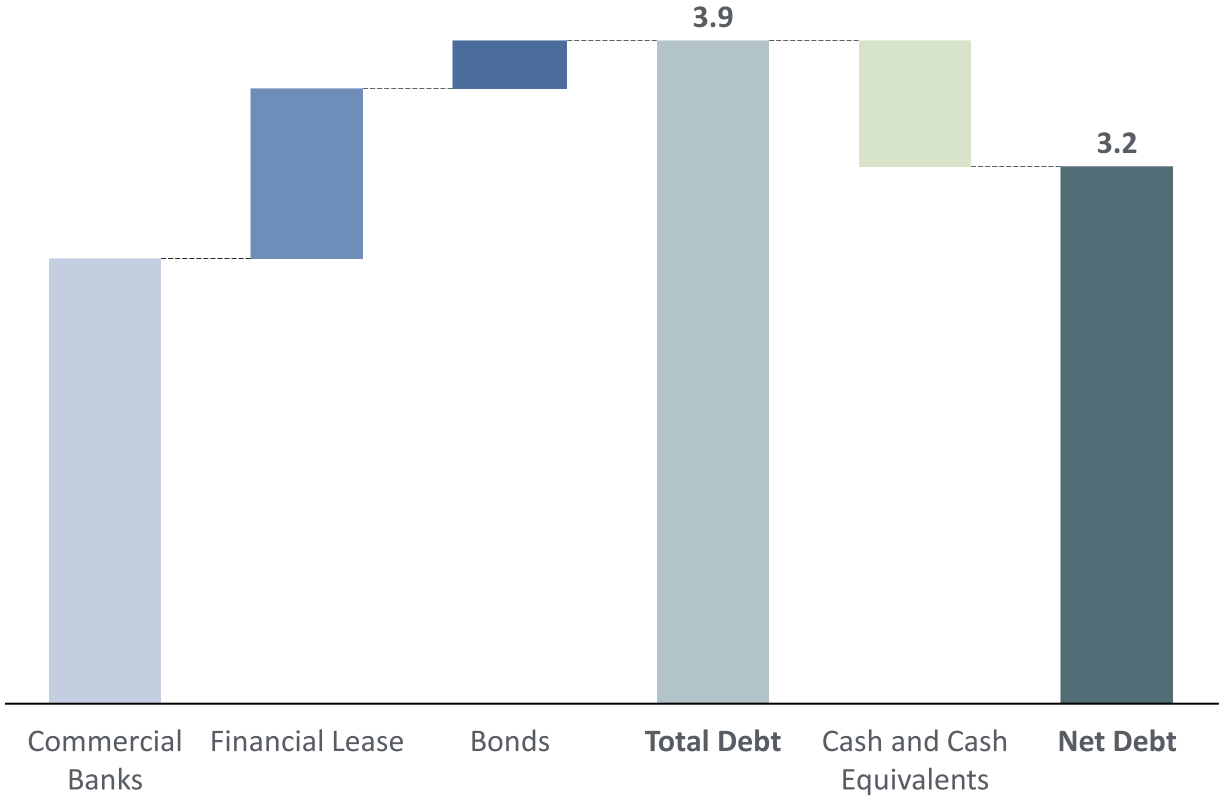

## Comments

- Net interest bearing debt of USD ~3.2 billion, of which cash and cash equivalents of USD 755 million
- Equity ratio at 34.7%
- USD ~310 million in provisions remain to cover extraordinary costs in jurisdictions with ongoing anti-trust investigations, of which Europe is the main outstanding jurisdiction
- Fair value of assets and liabilities at merger date (except 100% owned WW ASA entities)

# WWL has access to a broad range of capital markets

## WWL ASA group interest bearing debt 30.06.2017

*USD billion*




## Comments

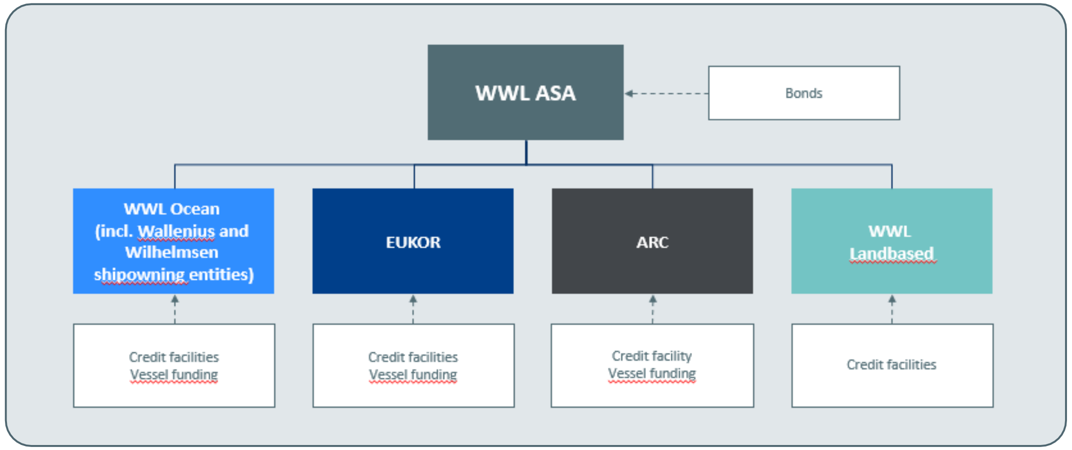
- Investments and operations funded from several capital sources, including the commercial bank market (incl. export credit agencies), through financial lease structures and from the Norwegian bond market
- Funding in place but not yet drawn for four newbuildings with expected delivery in 2018/ 2019
- Cash position USD 755m per Q2 2017
- Undrawn facilities of USD 220m per Q2 2017

# Project well on the way to streamline legal and financial structure and refinance upcoming maturities

## *Guidelines for financial restructuring*

1. Establish a legal structure which reduces risk and supports flexibility
2. Maintain flexibility for growth and access to diverse capital sources
3. Strengthen balance sheet to ensure low funding cost and continuous access to all capital sources
4. Seek to reduce annual cash outflow through longer repayment profiles and increased share of bond debt
5. Simplify financial structure to improve transparency and reduce administration

## *Target legal and funding structure*




- Establish legal and funding structure consistent with business unit structure
- Refinance 2018 and 2019 Wallenius and Wilhelmsen ship loan maturities
- Bilateral amendments to move Wallenius and Wilhelmsen ship loans into new WWL Ocean group
- Harmonize covenants as part of the process

# Market and Business Outlook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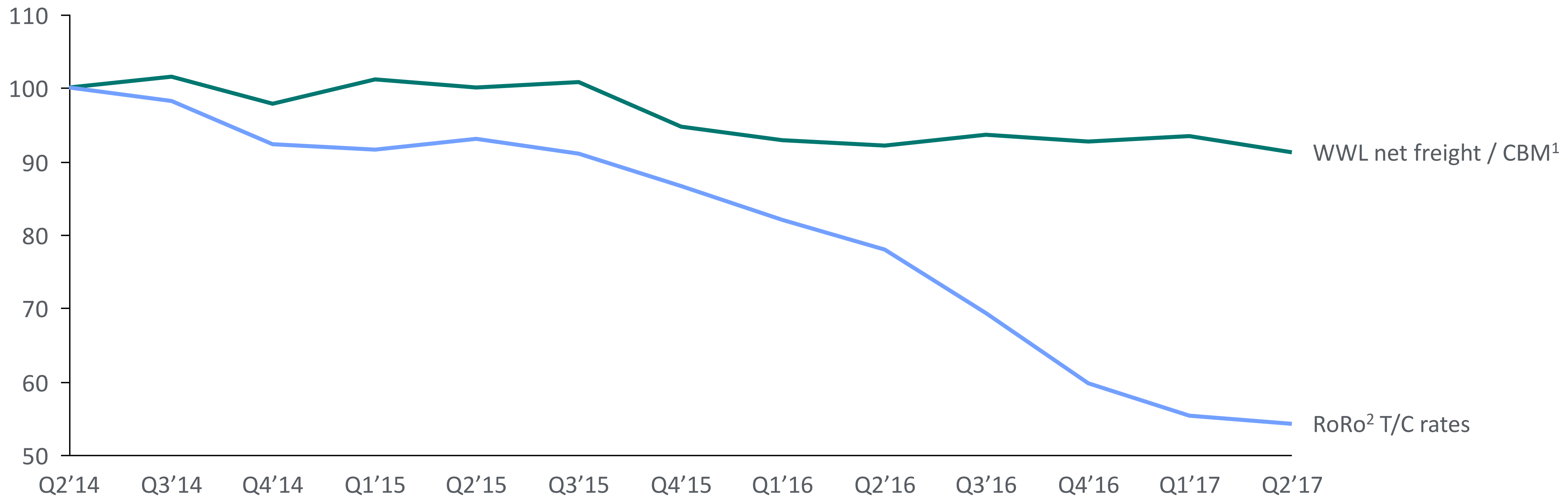
# Global shipping markets are highly volatile and currently challenged, but for an industrial player as WWL, the rates are much more stable

**WWL net freight / CBM[1] vs. time charter rate development**

Indexed to 100 per Q2 2014





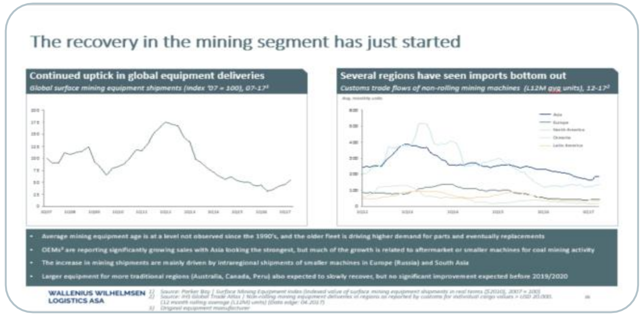

1) Cubic meters, unit of measurement used in rate calculations
2) Roll on - roll off shipping

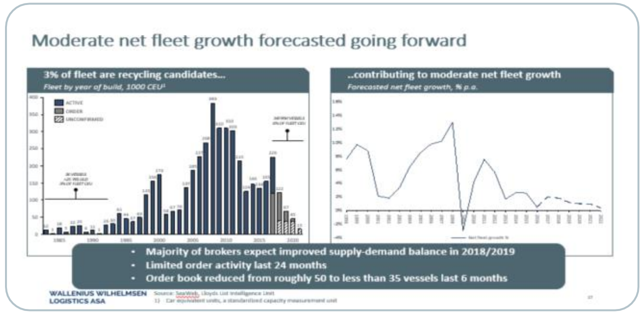
# Improving market fundamentals

**MARKET TREND**

| Auto – steady growth | H&H[1] – turning point | Market balance – firmer |
|---|---|---|

**Investment highlights**


| Continued positive growth in auto trade volumes | Mining and agriculture at a turning point | Limited orderbook and ageing fleet |
|---|---|---|

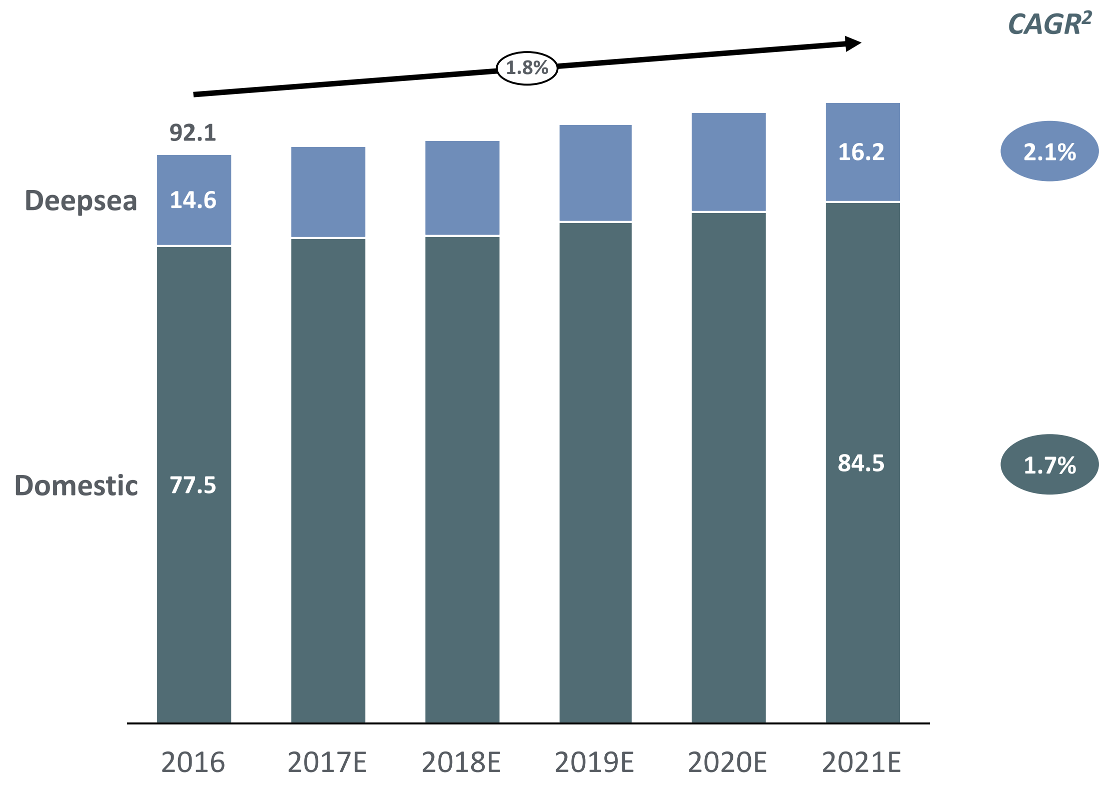


1) High and heavy cargo (e.g. buses, trucks, agriculture, construction or mining machines)

# Total light vehicle sales expected to show modest growth

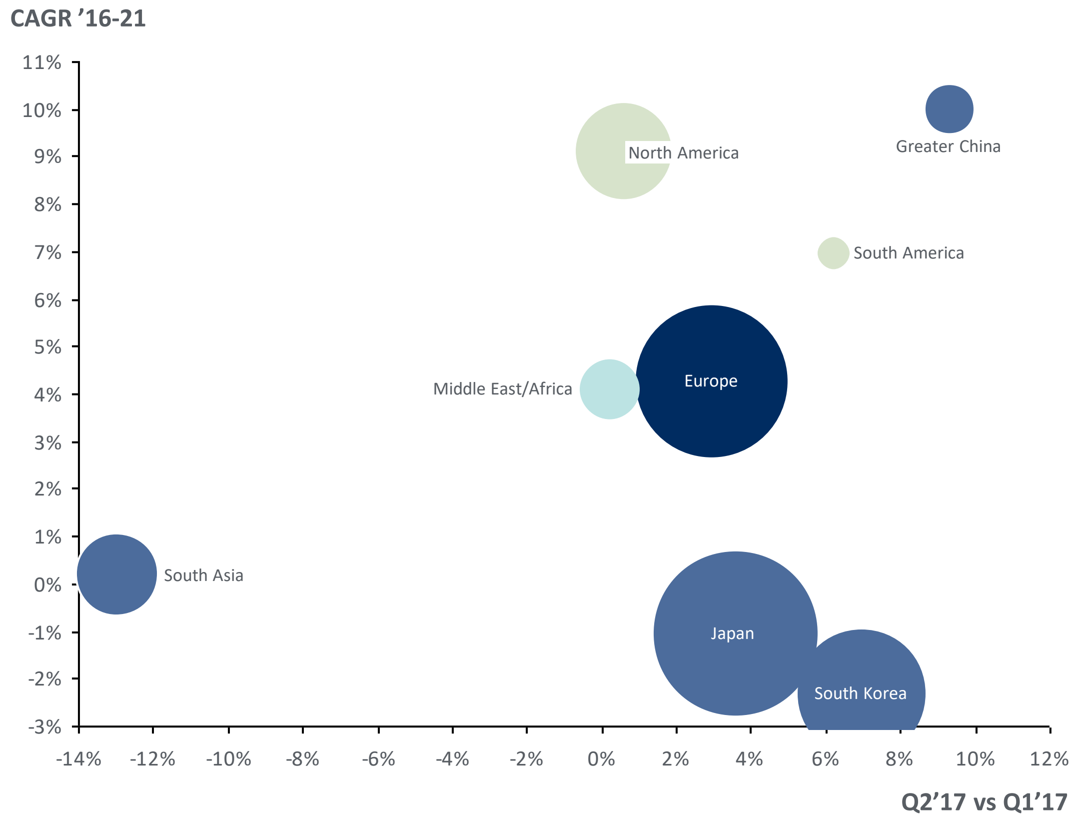
## Global auto sales development forecast

*Million units, 2016-2021E*




## Global auto exports per main region[1]

*CAGR[2] 2016-2021, CAGR Q2’17 vs Q1’17*





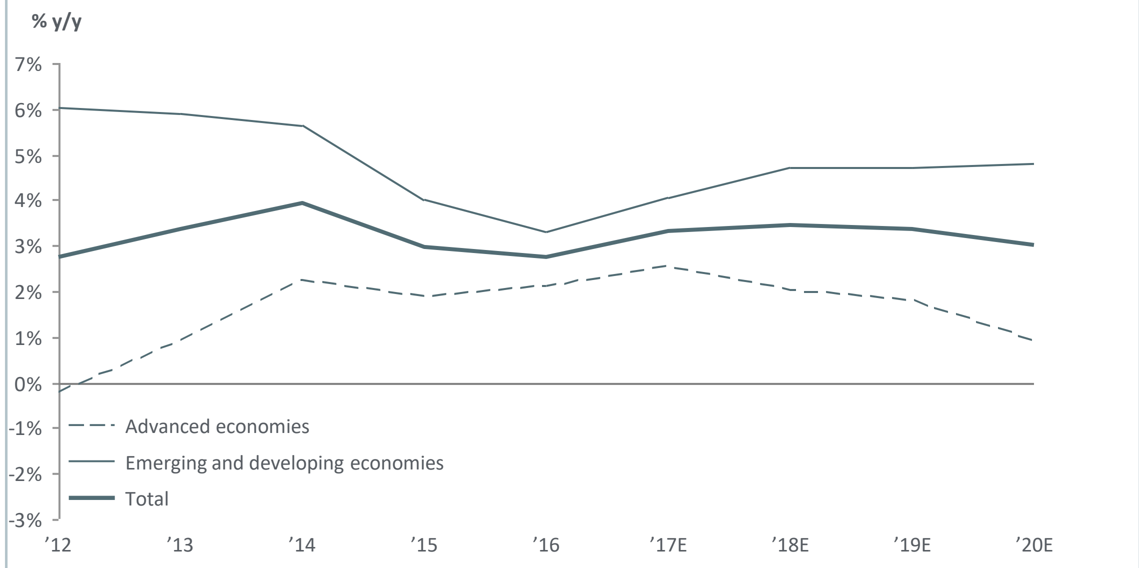

Source: IHS

1) Size of circle indicates auto sales Q1 2017
2) Compound annual growth rate

# Moderately improving outlook for Construction and Agriculture

## Construction growth picking up

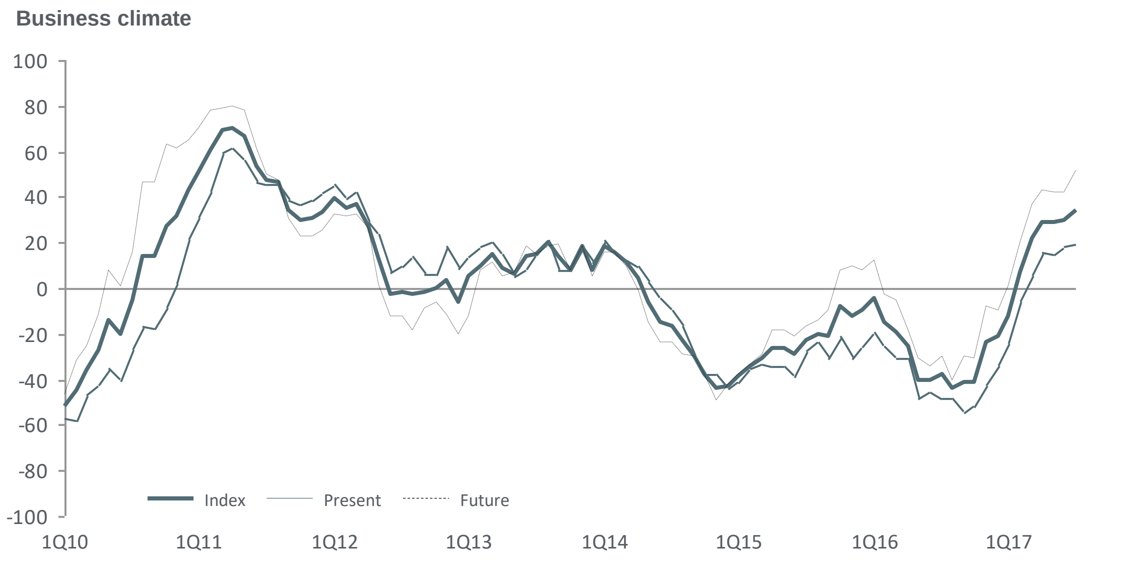
*World construction spending (% y/y), 12-20E[1]*




- World construction growth is picking up, and infrastructure projects look increasingly important in mid-term spending prospects
- Equipment sales in the China-driven Asian market is the current growth engine

## Mixed outlook for Agriculture equipment

*European business climate (Index 100/-100), 10-17[2]*




- Low crop and dairy prices put pressure on the agricultural equipment segment, but sentiment is improving in some key regions
- Mixed outlook for equipment market, with South America outperforming the other regions in the short term

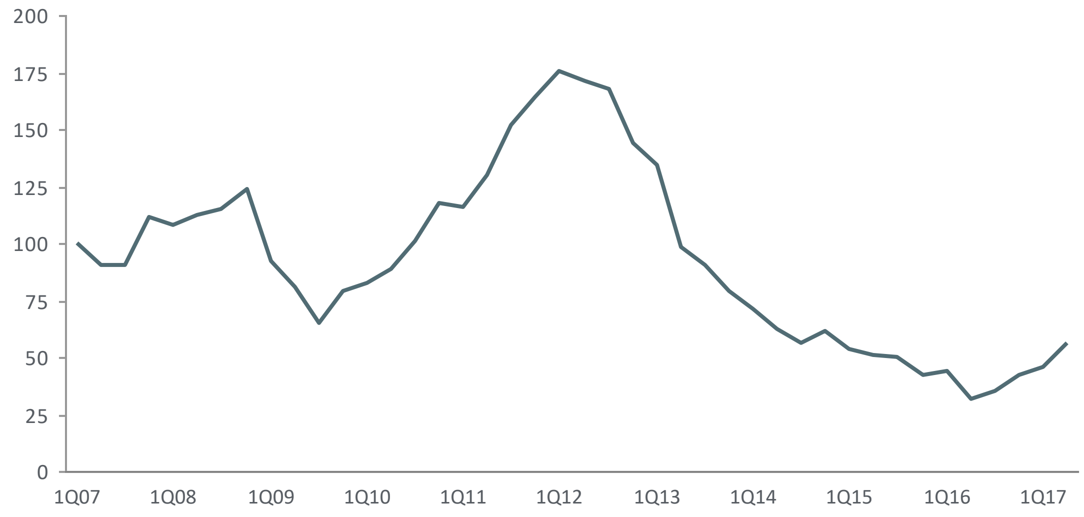


1) *Source: IHS Construction and IMF (International Monetary Fund) | World Construction Spending (% growth y/y in real terms ($2010))*
2) *Source: CEMA (European Agriculture Machinery)) | Business Barometer (Index = sum of 1) evaluation of the current business situation & 2) turnover expectation, 100/-100)*

# The recovery in the mining segment has just started

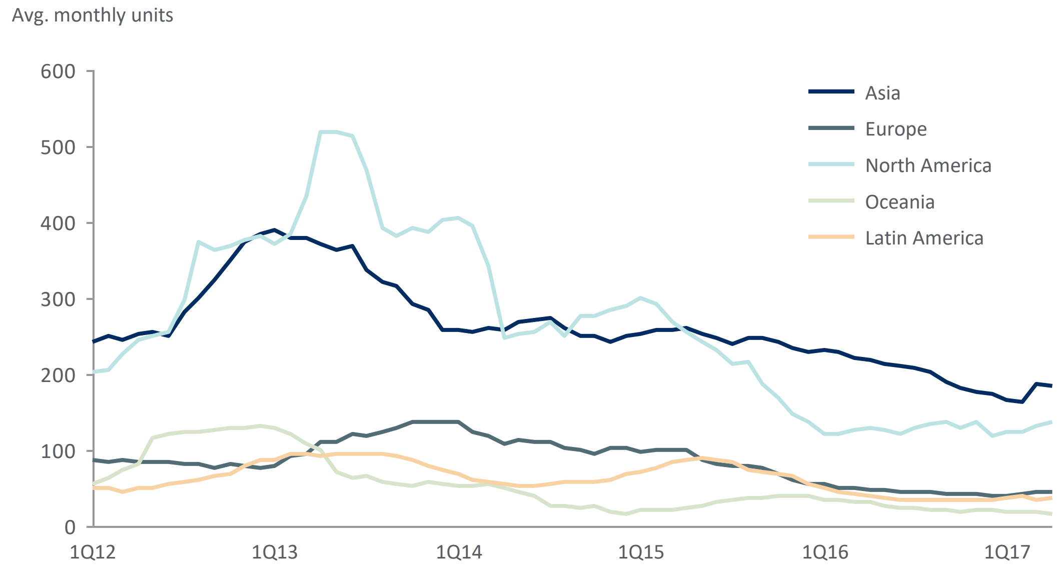
## Continued uptick in global equipment deliveries

*Global surface mining equipment shipments (Index ‘07 = 100), 07-17[1]*




## Several regions have seen imports bottom out

*Customs trade flows of non-rolling mining machines (L12M avg units), 12-17[2]*




- Average mining equipment age is at a level not observed since the 1990’s, and the older fleet is driving higher demand for parts and eventually replacements
- OEMs[3] are reporting significantly growing sales with Asia looking the strongest, but much of the growth is related to aftermarket or smaller machines for coal mining activity
- The increase in mining shipments are mainly driven by intraregional shipments of smaller machines in Europe (Russia) and South Asia
- Larger equipment for more traditional regions (Australia, Canada, Peru) also expected to slowly recover, but no significant improvement expected before 2019/2020

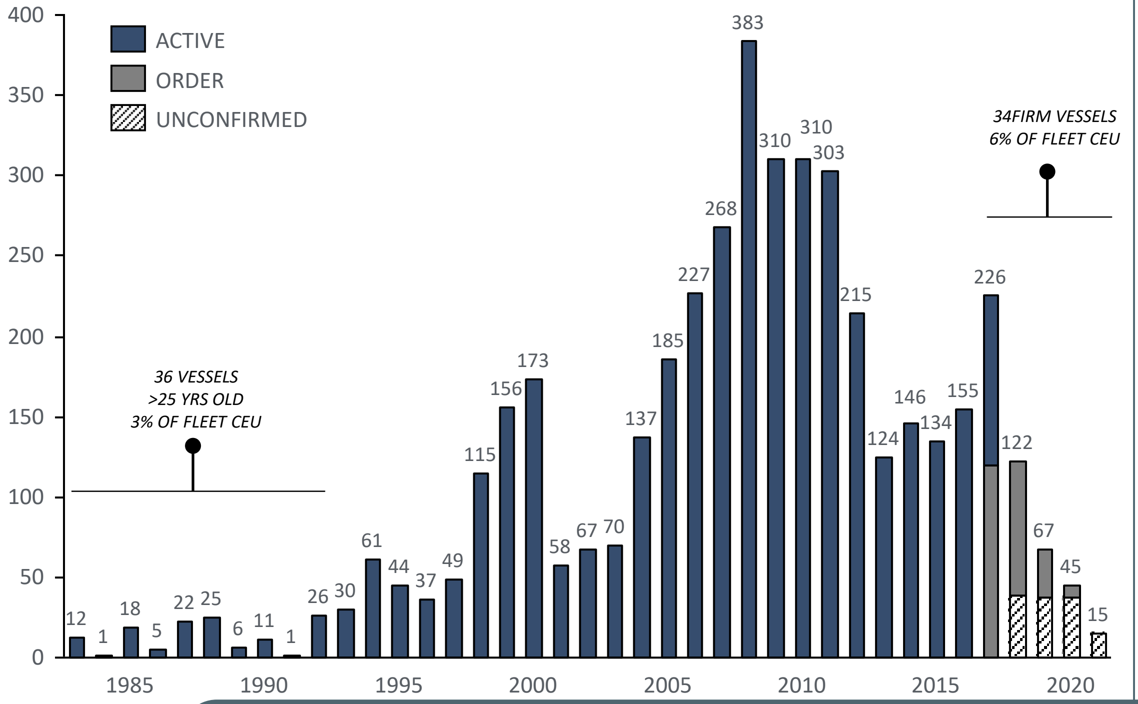


1) *Source: Parker Bay | Surface Mining Equipment Index (Indexed value of surface mining equipment shipments in real terms ($2010), 2007 = 100)*
2) *Source: IHS Global Trade Atlas | Non-rolling mining equipment deliveries in regions as reported by customs for individual cargo values > USD 20.000. (12 month rolling average (L12M) units) (Data edge: 04.2017)*
3) *Original equipment manufacturer*

# Moderate net fleet growth forecasted going forward

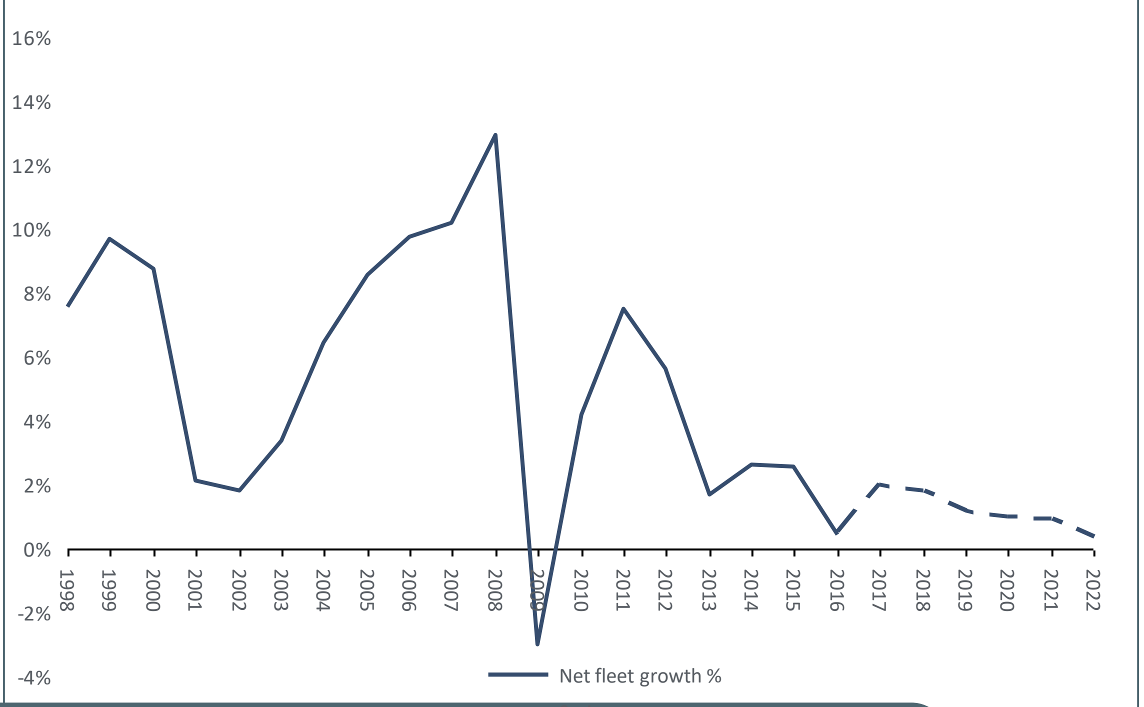
## 3% of fleet are recycling candidates…

*Fleet by year of build, 1000 CEU[1]*




## ..contributing to moderate net fleet growth

*Forecasted net fleet growth, % p.a.*




- Majority of brokers expect improved supply-demand balance in 2018/2019
- Limited order activity last 24 months
- Order book reduced from roughly 50 to less than 35 vessels last 6 months



Source: SeaWeb, Lloyds List Intelligence Unit

1) Car equivalent units, a standardized capacity measurement unit

# Q&A

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# Appendix

# Strong Senior Management Team with +20 years industry experience on average

## WWL ASA Senior Management Team

**WWL ASA**

**Craig Jasienski**
*CEO*

**Rebekka Glasser Herlofsen**
*CFO*

***Jan Dahm-Simonsen***
*Organizational development & HR*

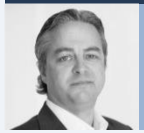
**Christer Nygren**
*Business Planning & Marine*

**Ari Marjamaa**
*Business Transformation & IT*

**ARC**

**Eric Ebeling**
*CEO*

**EUKOR**



**Erik Noeklebye**
*CEO*

**WWL Ocean**

**Mike Hynekamp**
*COO*

**WWL Land**

**Ray Fitzgerald**
*COO*

# Experienced Board of Directors with broad industry knowledge and presence – independent Chair and two independent Board Members

## WWL ASA Board of Directors

**Chair of the Board**
Håkan Larson

- Chair of the SteerCo for the WW ASA and Wallenius JVs 2013-2017
- Past CEO for Rederi AB Transatlantic and of Schenker AG

**Member of the Board**
Marianne Lie

- Board member Noreco ASA, Cecon ASA, Nordic American Tankers Ltd, Nordic American Offshore Ltd
- Past CEO Norwegian Shipowners' Association

**Member of the Board**
Thomas Wilhelmsen

- Group CEO Wilh. Wilhelmsen Holding ASA

**Member of the Board**
Jonas Kleberg

- Chairman and CEO Rederi AB Soya

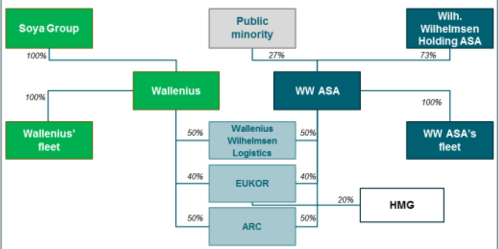
**Member of the Board**
Margareta Alestig

- Deputy Managing Director for the Sixth Swedish National Pension Fund
- Past CFO for Broström AB, JCE Group AB and Swisslog AB

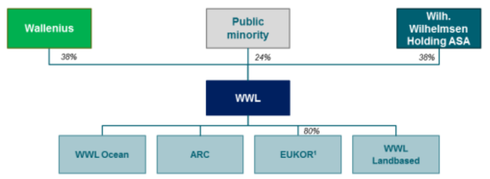
# Significant cost reductions and efficiency gains from a “cleaner” and more transparent organizational structure following merger

## *Build new effective structure*

**From a structure of jointly controlled entities...**




**...to an integrated and more efficient WWL structure**




Management Team: all entities structured under the WWL Group
→ increase transparency, both internally and externally

Integrated Structure: from 5 to 1 Executive Management Team and organization
→ stronger co-operation, speed up decision-making and significant GSA synergies

From 3 stand-alone operating companies to 1 integrated structure
→ increase fleet utilization and flexibility

- All vessels under one single management
- One common structure
- Clear separation between Ocean and Logistics Services

## *Realize up towards USD 100m in cost synergies*

| | Cost synergies | | | Revenue synergies |
|---|---|---|---|---|
| CATEGORIES | **SG&A[1] Cost Reduction**<br>*Joint cost-saving initiatives across the Group* | **Operational Efficiency**<br>*Better utilization of joint fleet* | **Procurement Efforts**<br>*Renegotiate contracts with stronger buying power* | **Commercial Co-operation**<br>*Closer Commercial co-operation to yield additional revenue streams* |
| EXAMPLES | • Corporate re-structuring & down-sizing<br>• Location synergies<br>• Outsource non-core | • Fleet optimization & efficiency<br>• Stronger and integrated force in charter market | • Majority of savings expected from port related expenses | • From Asia to emerging markets (e.g. Middle East, Africa and South America) |
| EFFECT |  | | | Not quantified |



- Significant efficiency improvements
- One common core ocean operations IT system
- Close collaboration to improve earnings and save cost

# WWL ASA financial policy

## FINANCIAL TARGETS

| Key ratios | Target |
|---|---|
| Equity ratio | > 35% |
| Return on capital employed («ROCE») | > 8% |

## DIVIDEND POLICY

“Wallenius Wilhelmsen Logistics ASA’s (“WWL ASA”) objective is to provide shareholders with a competitive return over time through a combination of rising value for the WWL ASA share and payment of dividend to the shareholders. The Board targets a dividend which over time shall constitute between 30 and 50% of the company’s profit after tax. When deciding the size of the dividend, the Board will consider future capital requirements to ensure the implementation of its growth strategy as well as the need to ensure that the Group’s financial standing remains warrantable at all times. Dividends will be declared in USD and paid out semi-annually”

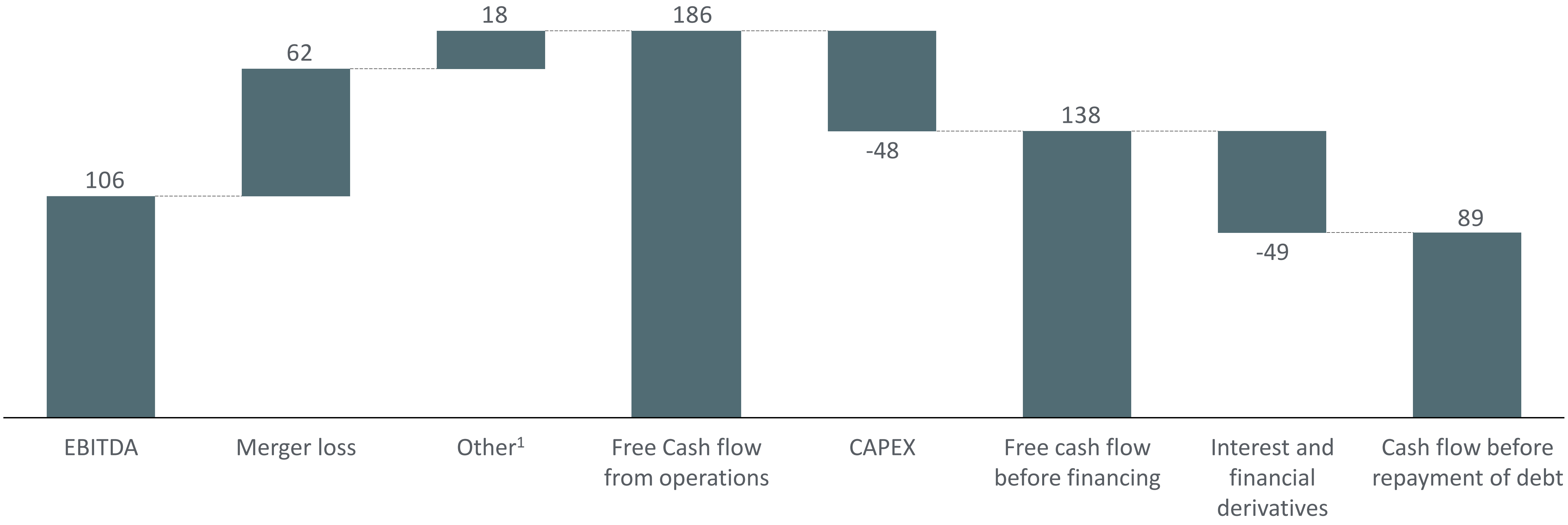
# WWL ASA bonds

| Ticker | Name | Currency | Max. nominal | Net outstanding | Coupon | Final maturity |
|---|---|---|---|---|---|---|
| WWI22 | FRN 13/18 | NOK | 1 000 | 700 | 3M NIBOR + 2.35% | 13.06.2018 |
| WWI23 | FRN14/19 | NOK | 800 | 800 | 3M NIBOR + 1.80% | 09.04.2019 |
| WWI09 | FRN 05/20 | NOK | 1 000 | 78.5 | 3M NIBOR + 1.05% | 30.03.2020 |
| WWI19PRO | FRN 07/22 | NOK | 1 000 | 108.5 | 3M NIBOR + 1.05% | 25.01.2022 |
| N/A | 6% 17/22 | USD | 80 | 80 | 6% (PIK) | 31.12.2022 |

# Free cash flow from operations

## Cash flow Q2 2017[2]

*USD million*




1) *Includes tax, change in working capital and Share of (profit)/loss from joint ventures and associates*
2) *Proceeds from sale of financials investments not included*

# Debt Maturity profile

Debt Maturity profile 30.06.2017
USD billion