

Wallenius Wilhelmsen Logistics ASA

Company Presentation

EXECUTIVE SUMMARY VERSION - Updated 29th March 2017



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Today's Presenters



Craig Jasienski
President & CEO

- **Number of years in industry:** >30 years
- **Born:** 1969
- **Key Experience:**
 - CEO, Eukor Car Carriers
 - CEO, United European Car Carriers (UECC)
 - Various leadership positions in WWL AS



Rebekka Glasser Herlofsen
CFO

- **Number of years in industry:** >20 years
- **Born:** 1970
- **Key Experience:**
 - CFO, The Torvald Klaveness Group
 - Director, Business Development, Bergesen d.y. ASA
 - Board Member, Statoil ASA & DNVGL
 - Chair of the Board, Cermag

Agenda

Executive Summary

Business Portfolio

Market Outlook

Financial Review

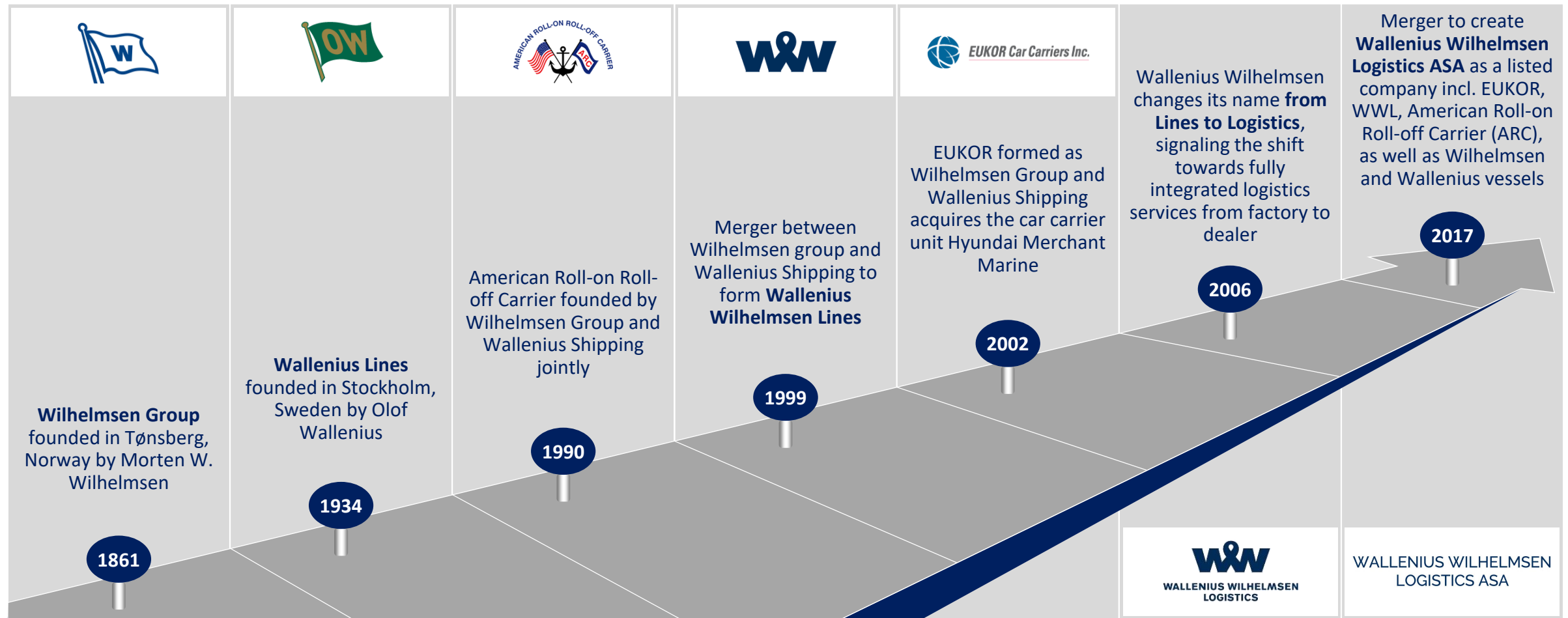
Summary and Q&A

Why we believe WWL is an attractive company

- 1** The undisputed market leader globally 
- 2** Blue chip customers comprising all major OEMs¹⁾ globally 
- 3** Improving market fundamentals – positive signals ahead 
- 4** Simplified and agile governance structure 
- 5** Up towards 100 MUSD in cost synergies 
- 6** Significant growth potential for Logistics Services 
- 7** Highly experienced management team with strong track-record 

1) OEM: Original Equipment Manufacturer

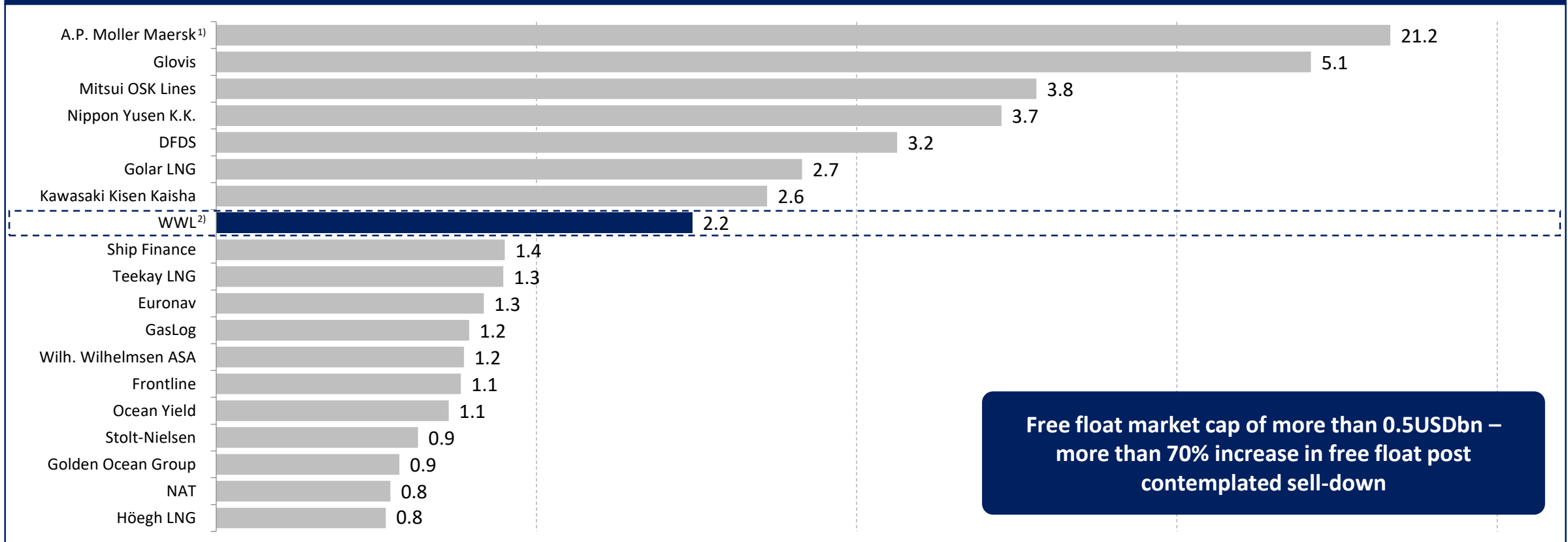
Shipping industry pioneers adapting to changing market conditions



Among the largest listed shipping / logistics companies globally

8th largest listed shipping / logistics company globally

■ Market cap (USDbn)



Source: Factset

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

2) WWL ASA is based on present WWASA share price per 24.03.2017

WWL ASA is the undisputed market leader globally, with an unmatched product and network

KEY FACTS & FIGURES

127

127 vessels servicing >15 trade routes to six continents



>18M

~4.5M units for Ocean
~13.5M units in Logistics

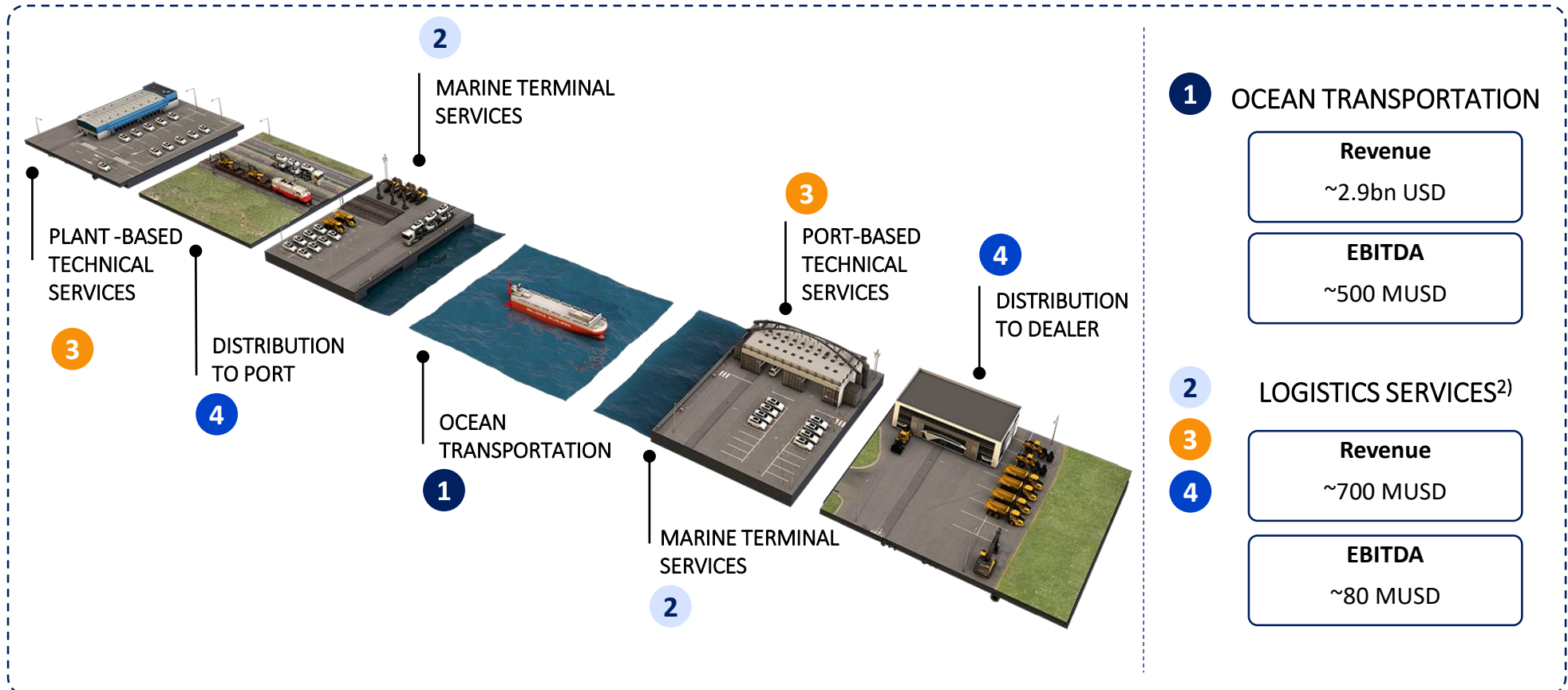


7,000

~1,900 Office workers
~5,100 Production workers



OUR PRODUCTS & SERVICES¹⁾



1) 2016 normalized financials based on management accounts to show indicative size of main segments

2) Inland Distribution revenue and EBITDA excludes VSA pass-through (660 MUSD in 2016)

New effective structure realizes cost synergies up towards 100 MUSD and enables accelerated growth within the Logistics Services portfolio

Creating the world's leading, most agile and efficient shipping and logistics platform

A

Build new effective structure

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

B

Realize up towards 100 MUSD in cost synergies

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

C

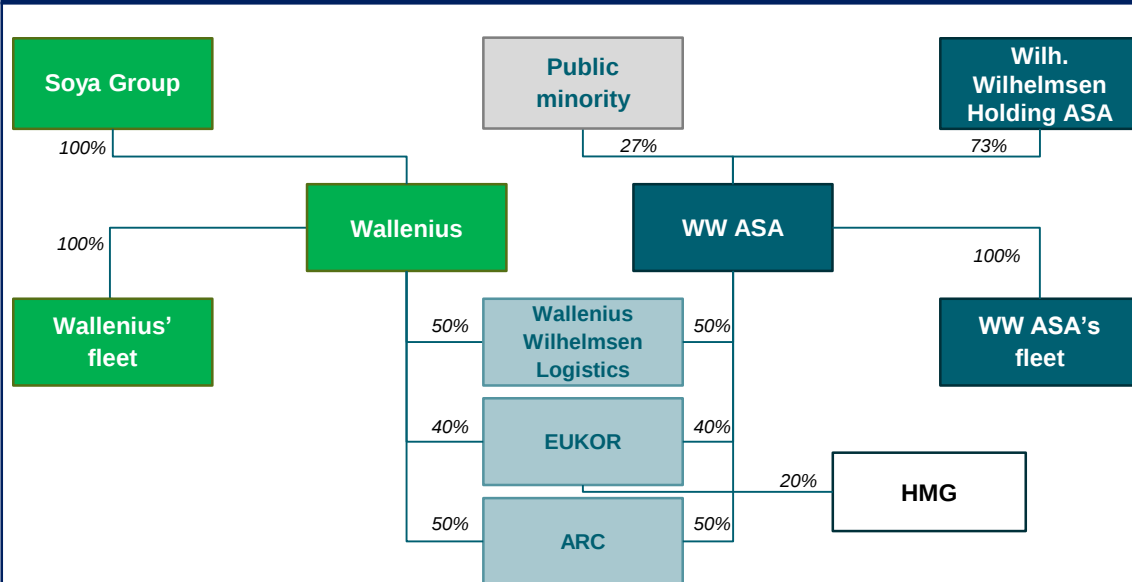
Accelerated growth of Logistics Portfolio

- Increased freedom to explore new avenues of growth
- New services and segments
- Strong focus on business development and active portfolio management

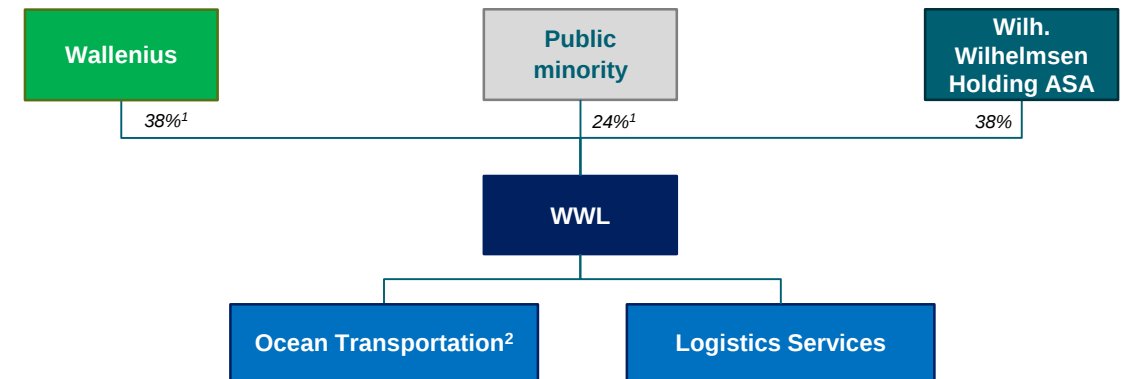


Significant cost reductions and efficiency gains from a “cleaner” and more transparent organizational structure

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



1) Ownership post Wallenius' contemplated sell-down

2) Hyundai Motor Group will continue to own 20% of EUKOR

Note: ARC retains a separate and independent management structure

B New structure will allow up towards 100 MUSD in cost synergies and provide revenue growth opportunities

CATEGORIES

Cost synergies

SG&A¹⁾ Cost Reduction

Joint cost-saving initiatives across the WWL Group

Operational efficiency

Improved fleet utilization

Procurement efforts

Renegotiate contracts with stronger buying power

Revenue synergies

Commercial co-operation

Closer commercial co-operation to yield additional revenue streams

EXAMPLES

- Corporate re-structuring & down-sizing
- Location synergies
- Outsource non-core

- Fleet optimization & efficiency
- 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

2017

2018

2019 →

Not quantified

1) SG&A = Selling, General and Administrative Expenses

C Logistics Services portfolio growth driven by organic growth, new services & segments, business development and aggressive portfolio management

Organic growth of existing portfolio



- **Relentless focus** on best-in-class processes, IT-systems and efficiency
→ increase EBIT-margins
- **Dedicated Logistics Commercial organization**
→ expand service scope and customer base

New services & segments



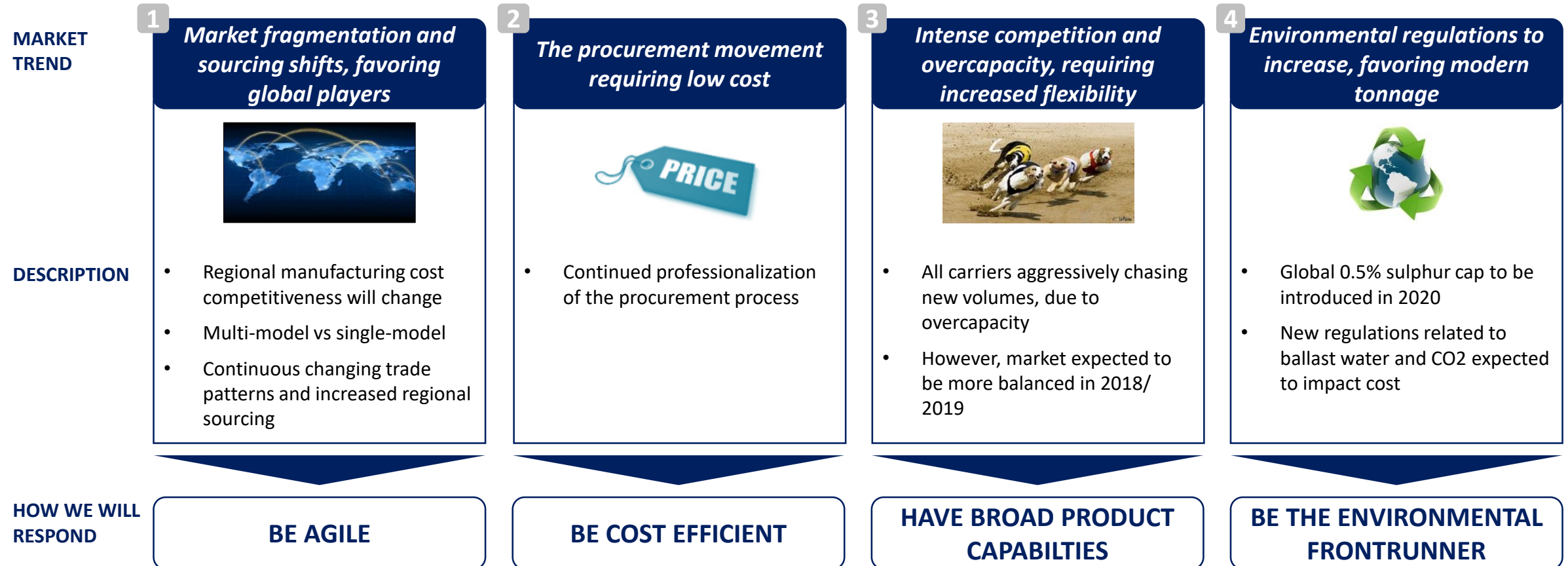
- **Build on and innovate existing services**
→ become the logistics provider of choice for industry players today
- **Explore new services and segments**
→ be relevant for the industry players of tomorrow

Business development



- **Investments and M&A**
→ primarily focused on Marine Terminals and Technical Services
- **Continuously evaluate portfolio**
→ regular decisions to divest, invest or retain

The RoRo shipping market has gone through some structural changes – WWL will be well positioned for the future



Improving market fundamentals gives us tailwind into the future

MARKET TREND

A

Auto – steady growth



B

H&H – turning point



C

Breakbulk – improving



D

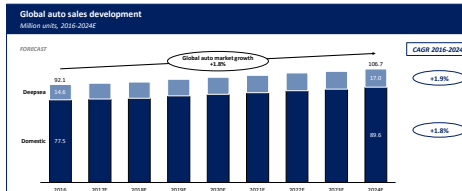
Market balance – firmer



Investment highlights

A

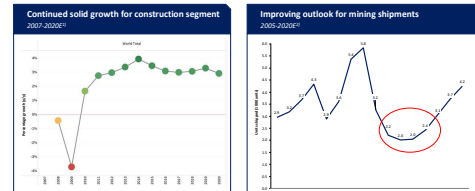
Healthy global auto market growth expected over the next years driven by firm growth in smaller markets



Continued positive growth in auto trade volumes

B

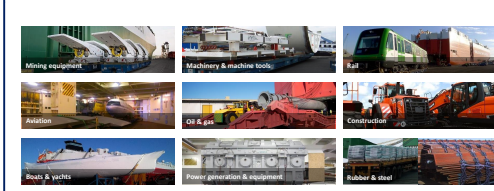
Improving outlook for the H&H segment – continued strong construction activity coupled with recovery in resource segments to influence WWL positively



Mining and agriculture at a turning point

C

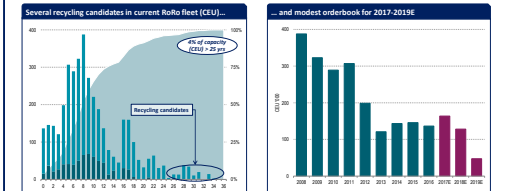
Large untapped potential exists for WWL Breakbulk segments



Large untapped potential

D

Market balance expected to gradually improve going forward



Limited orderbook and ageing fleet

Agenda



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WWL consisting of two main segments

1

OCEAN TRANSPORTATION



“Market Leader”



EUKOR Car Carriers Inc.



2

LOGISTICS SERVICES



“Accelerated Growth”



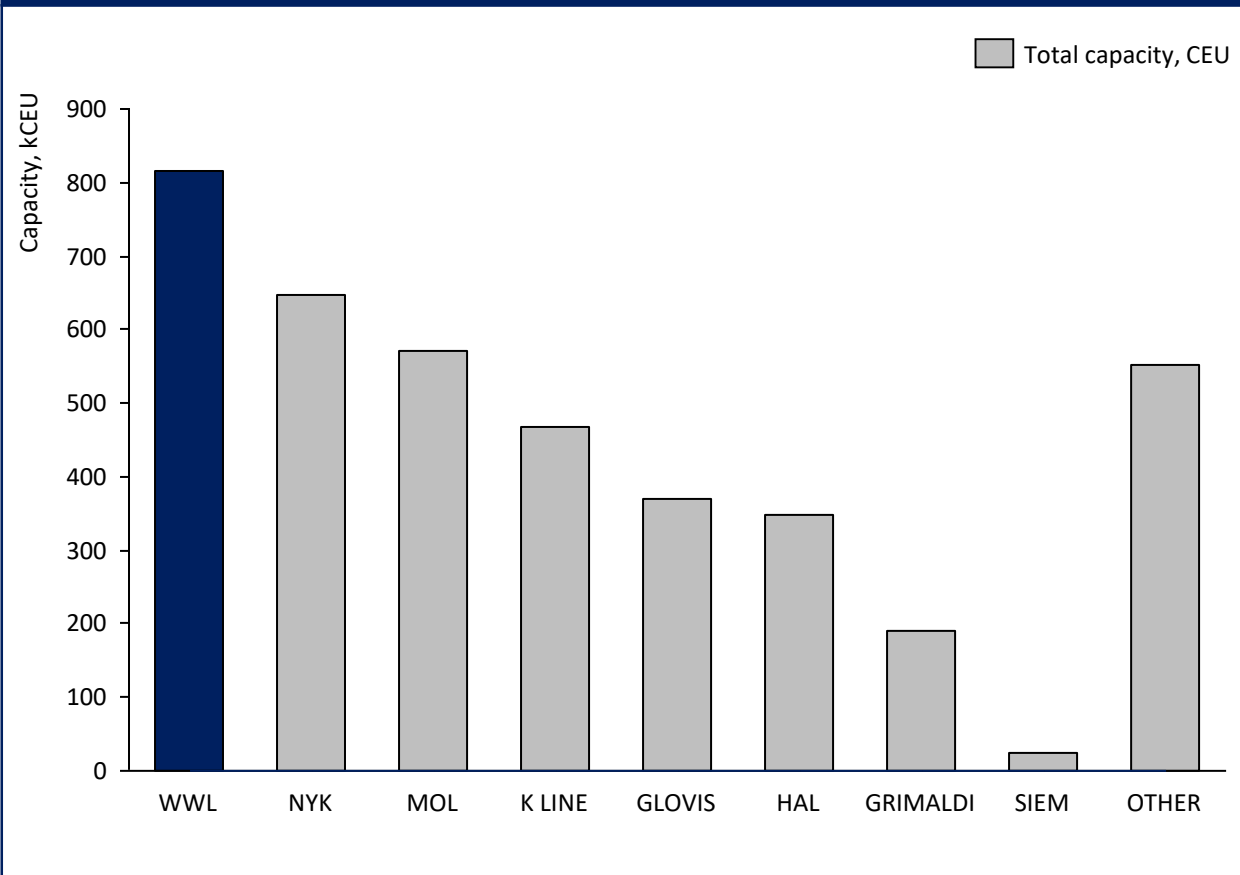
**WALLENIUS WILHELMSEN
LOGISTICS**

1

A clear market leader and the #1 operator globally, both in terms of CEU¹⁾ capacity and number of vessels

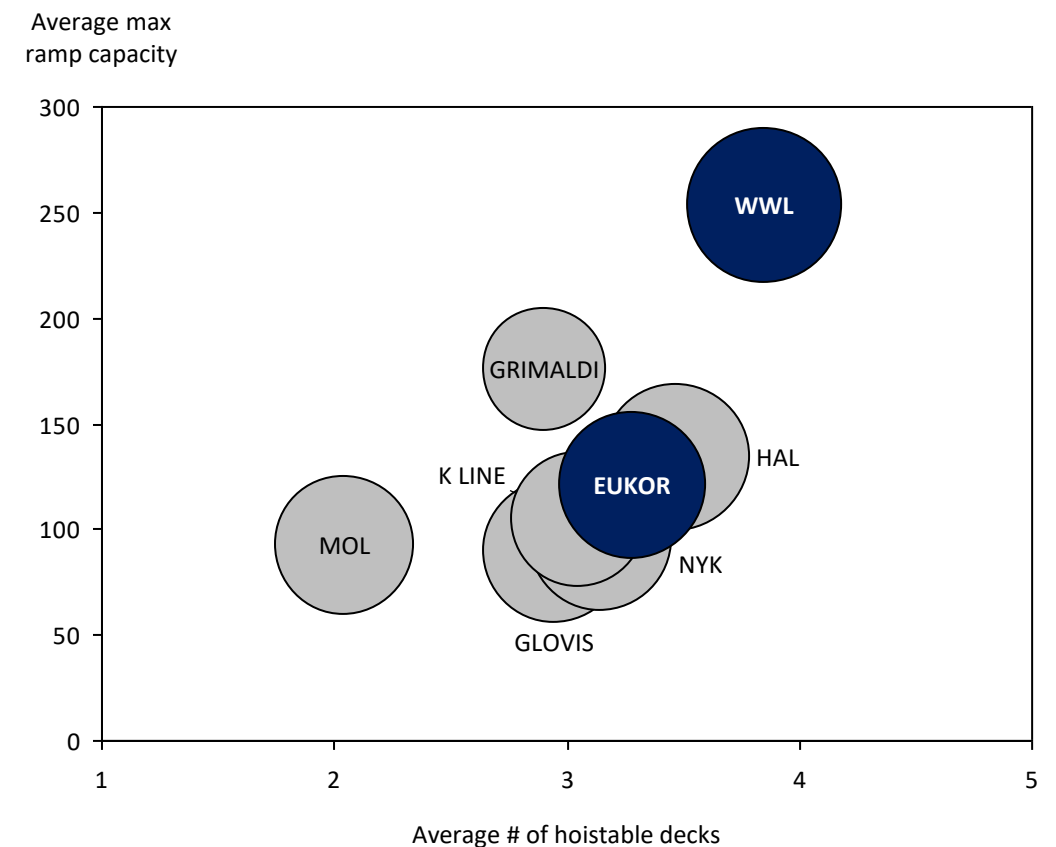
#1 player in the RoRo industry

Current fleet by operator group



Well positioned for H&H and Breakbulk cargo

Fleet characteristics



Source: WWL Global Market Intelligence

Note: Average WWL vessel capacity has increased from 5,400 to 6,300 CEU from 2010 to 2017

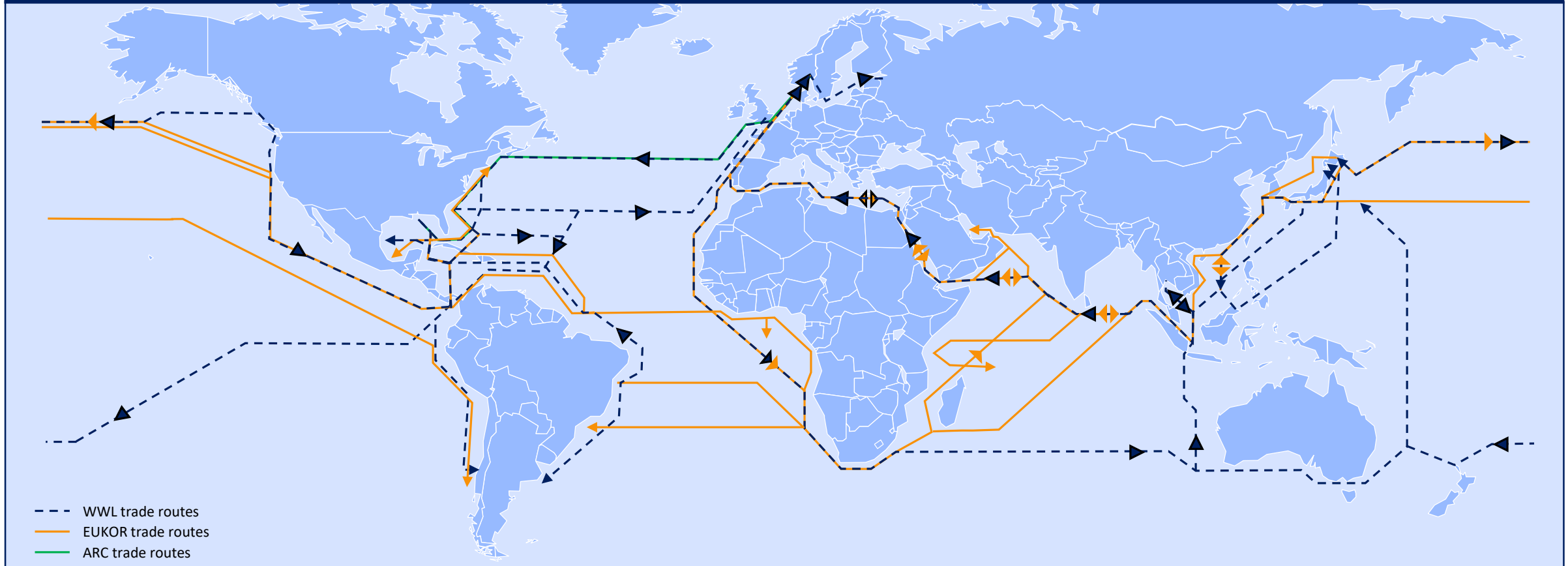
1) CEU: car equivalent unit

1

Unrivalled global RoRo 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

Significant synergies from fleet optimisation of the combined fleet, while maintaining three distinct brands in the marketplace

Three distinct brands...



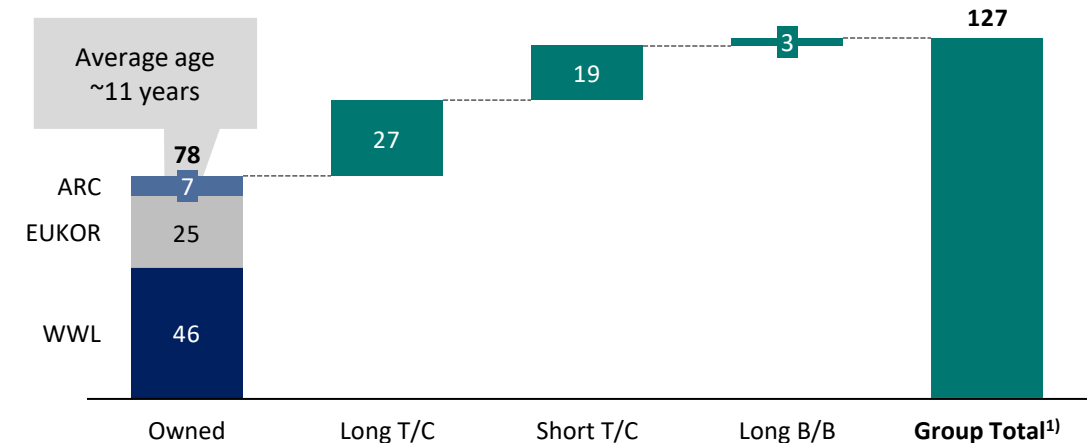
**WALLENIUS WILHELMSSEN
LOGISTICS**



EUKOR Car Carriers Inc.



...and a fleet of 127 vessels with more than 800,000 CEU capacity

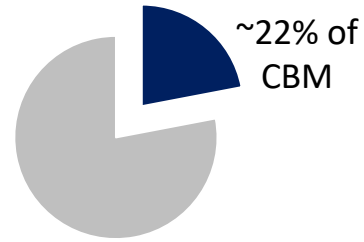
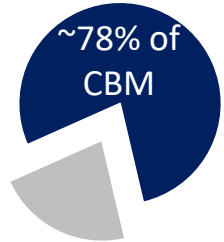


- No further CAPEX planned past six post Panamax newbuildings with expected delivery in 2017/ 2018 (CAPEX of ~400 MUSD)
- Additional capacity need will be acquired in the charter market
- WWL ASA strives to have fleet flexibility through combination of owned, long- and short-term T/C tonnage

1) Note: Per 31.12.2016. Long T/C >5 years, short T/C <5 years.
Note: ARC retains a separate and independent management structure

1 Blue chip customers comprising all major OEMs¹⁾ globally

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 globally

Auto



High & Heavy



Breakbulk

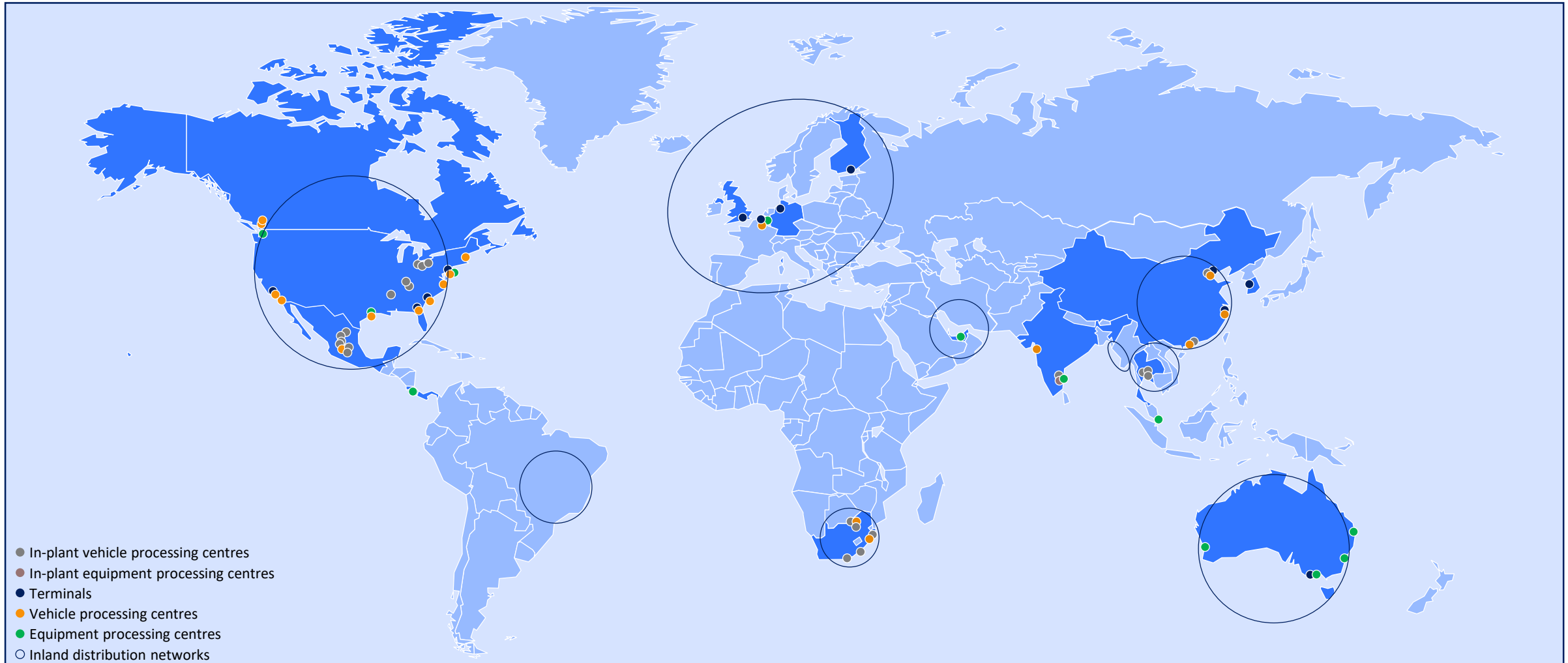


Note: Share of CBM refers to share of Cubic Meter transported for various segments in WWL ASA Group (excluding ARC)

1) OEM: Original Equipment Manufacturer

2

Through our Factory to Dealer strategy we have built a truly global network of Logistics Services and are well positioned for future growth

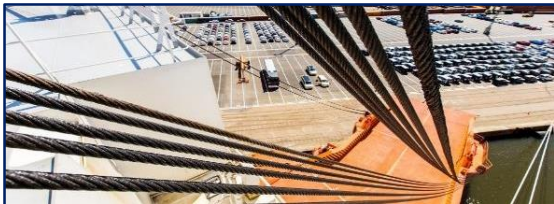


2

State-of-the-art Logistics Services set-up enabling customers to reduce costs and increase efficiencies throughout their outbound logistics chain

Logistics Services Portfolio¹⁾

Marine Terminals



Stevedoring

Custom clearance

Receive and delivery

Cargo handling

Port distribution

Storage

Technical Services



Accessory fitting

Pre delivery inspections

Repairs and rectifications

Storage management

Receipt and dispatch

Vehicle preparation

Inland Distribution



Trucking

Rail

Primarily procurement model

Main Customers

Auto



High & Heavy



Breakbulk



2

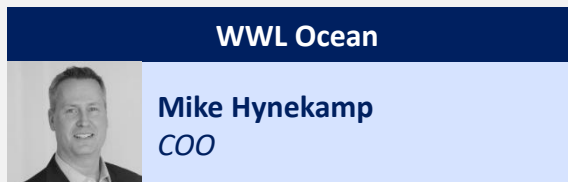
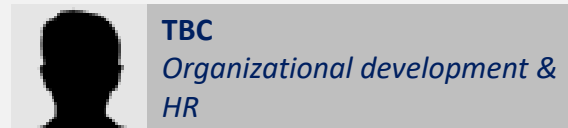
The Logistics Services universe is highly fragmented

Fragmented Logistics Services industry – typical size of companies is 5-30 MUSD in EBITDA



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

WWL ASA Senior Management Team



1) Raymond Fitzgerald currently serves as Chairman of the ARC Group

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

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Summary and Q&A



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Improving market fundamentals gives us tailwind into the future

MARKET TREND

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Auto – steady growth



B

H&H – turning point



C

Breakbulk – improving



D

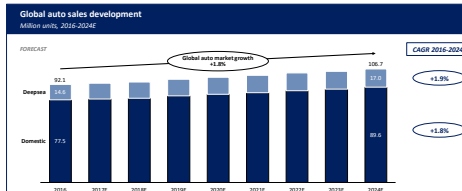
Market balance – firmer



Investment highlights

A

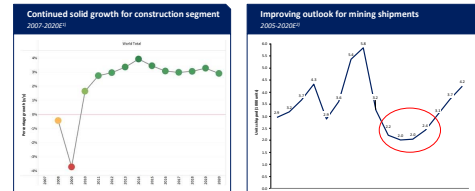
Healthy global auto market growth expected over the next years driven by firm growth in smaller markets



Continued positive growth in auto trade volumes

B

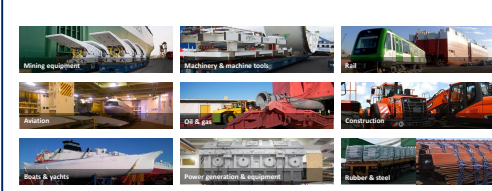
Improving outlook for the H&H segment – continued strong construction activity coupled with recovery in resource segments to influence WWL positively



Mining and agriculture at a turning point

C

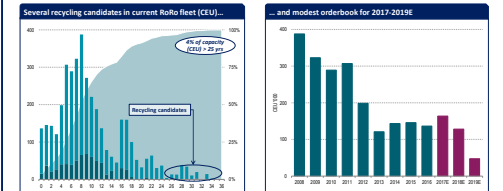
Large untapped potential exists for WWL Breakbulk segments



Large untapped potential

D

Market balance expected to gradually improve going forward



Limited orderbook and ageing fleet

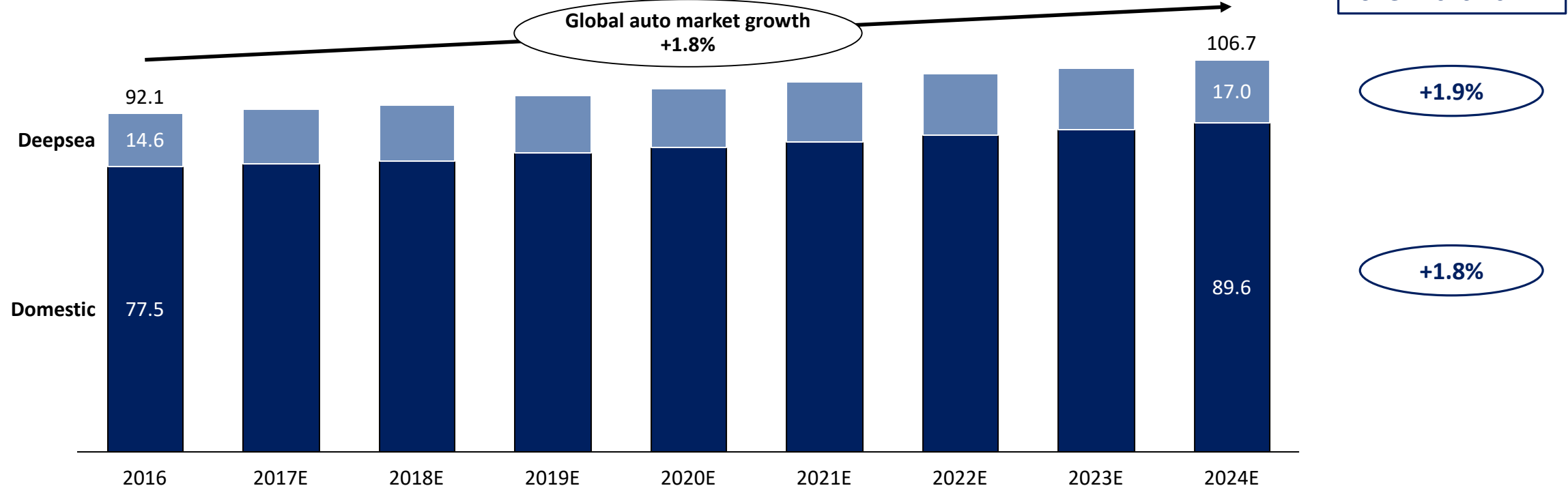
A

Healthy global auto market growth expected over the next years driven by firm growth in smaller markets

Global auto sales development

Million units, 2016-2024E

FORECAST



B

Improving outlook for the H&H segment – continued strong construction activity coupled with recovery in resource segments to influence WWL positively

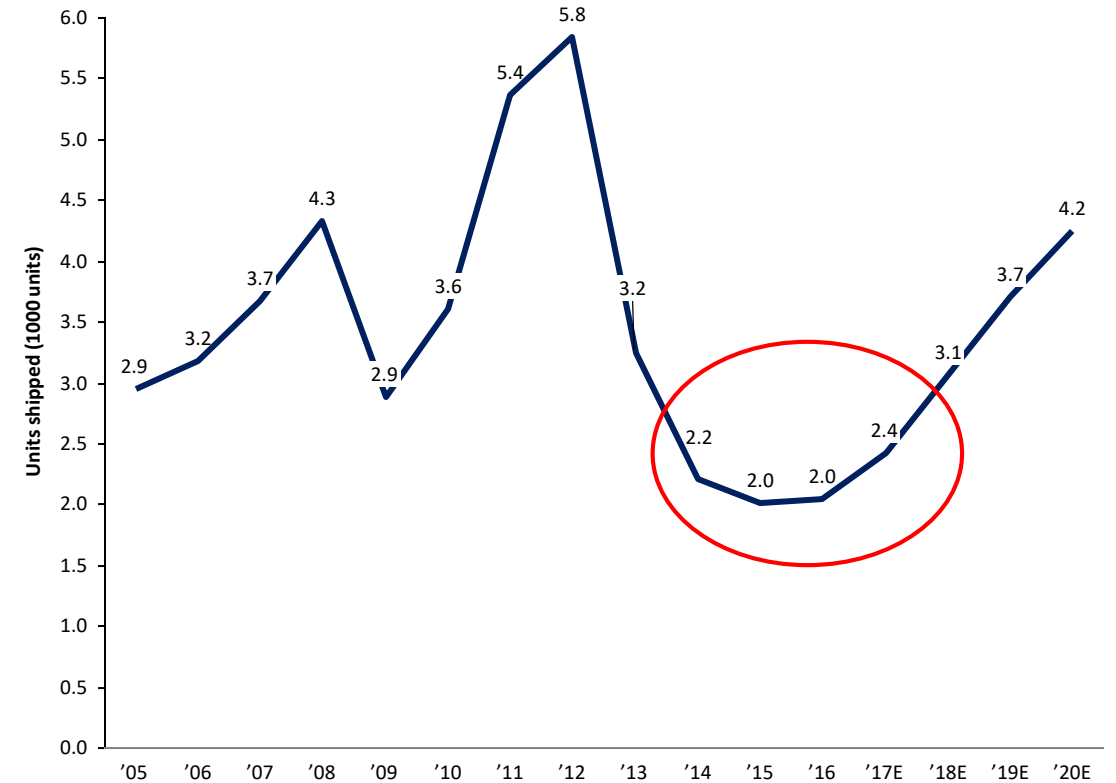
Continued solid growth for construction segment

2007-2020E¹⁾



Improving outlook for mining shipments

2005-2020E²⁾



- 1) Source: IHS Construction
2) Source: Parker Bay (Mining)

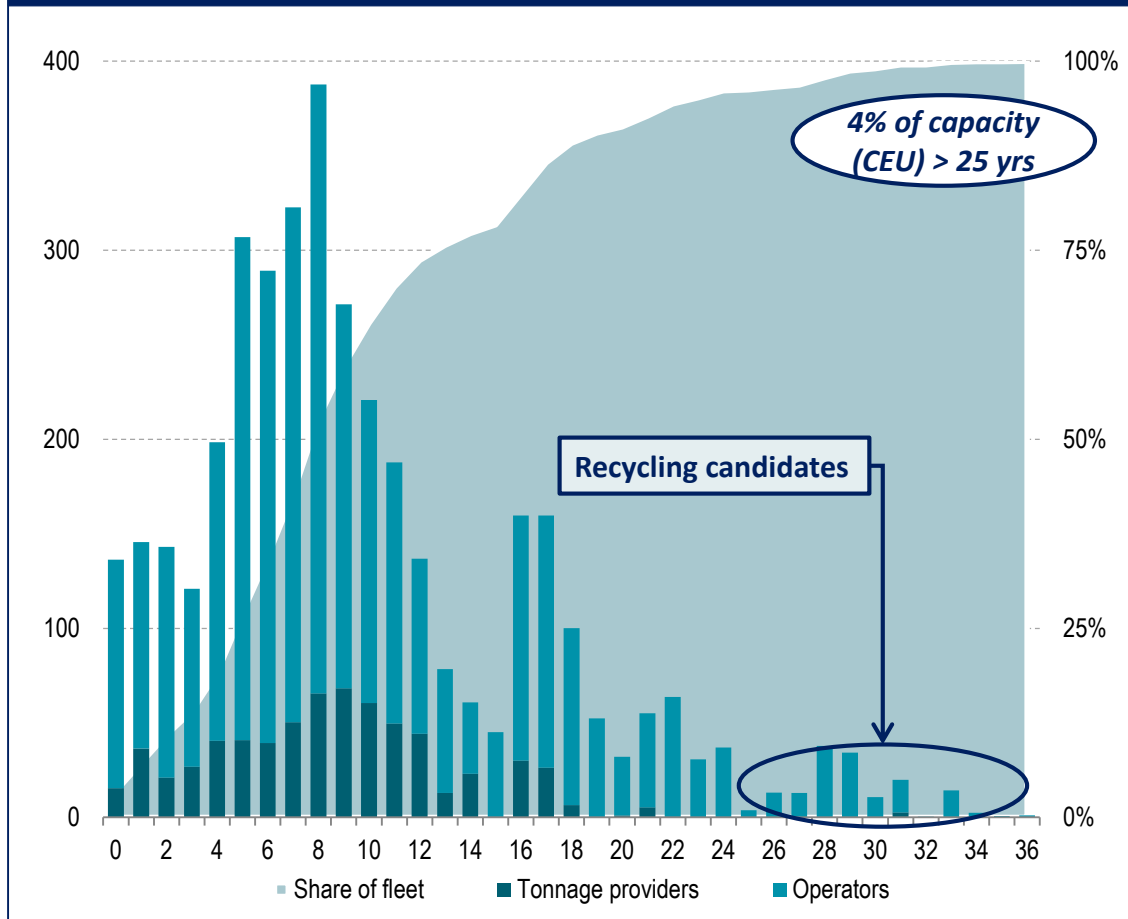
C

Large untapped potential exists for WWL Breakbulk segments

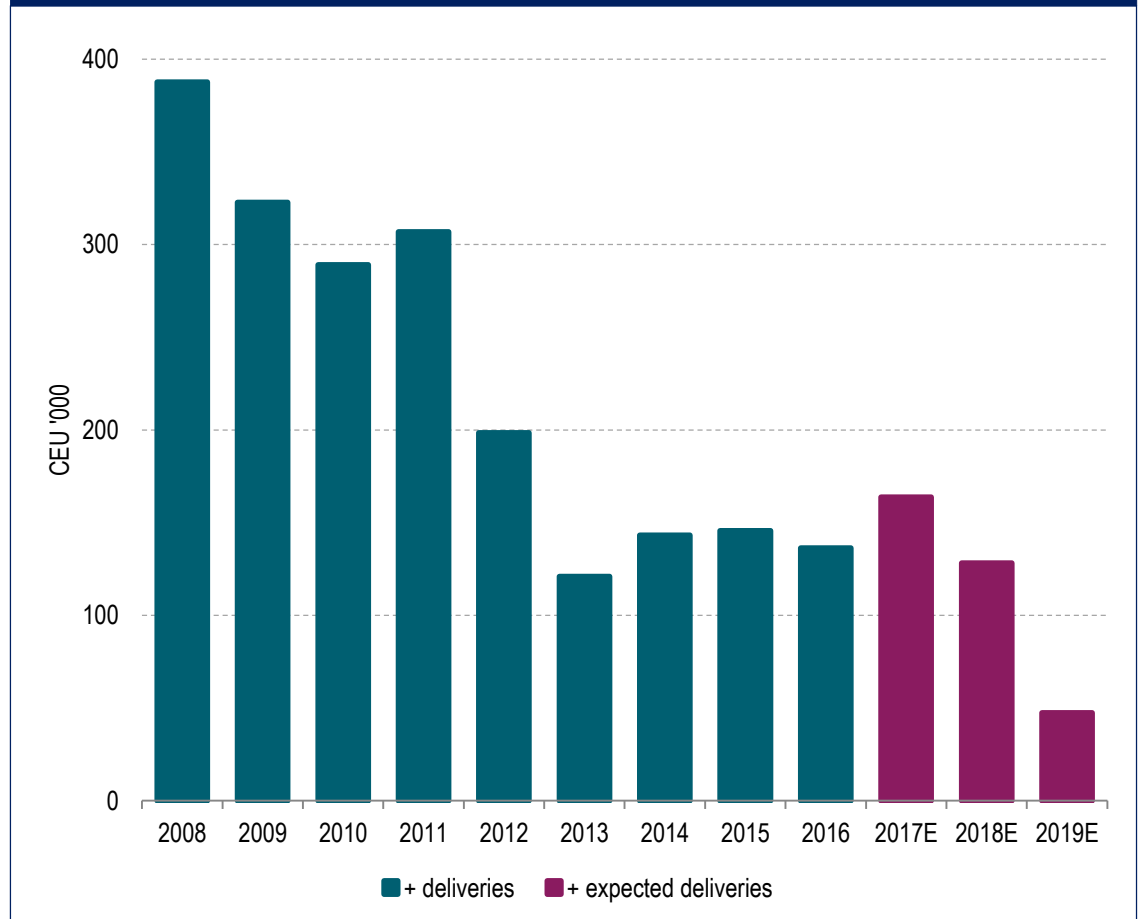


D Market balance expected to gradually improve going forward

Several recycling candidates in current RoRo fleet (CEU)...



... and modest orderbook for 2017-2019E



Source: Clarksons as of 28.03.2017

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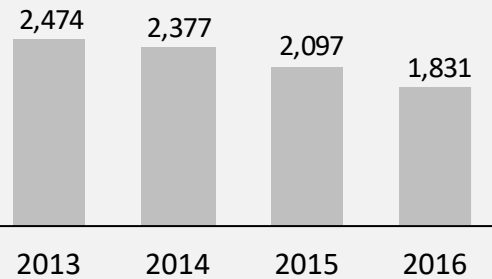
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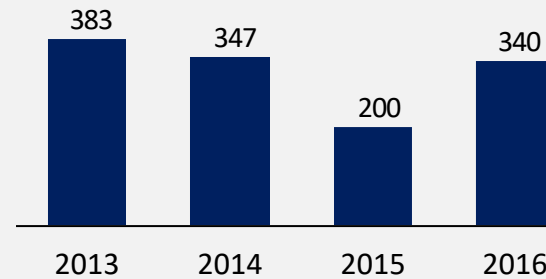
WWL pro-forma income statement for year-end 2016 shows EBITDA of ~0.6bn USD

WW ASA 2013-2016 adjusted for Treasury ASA (MUSD)¹⁾

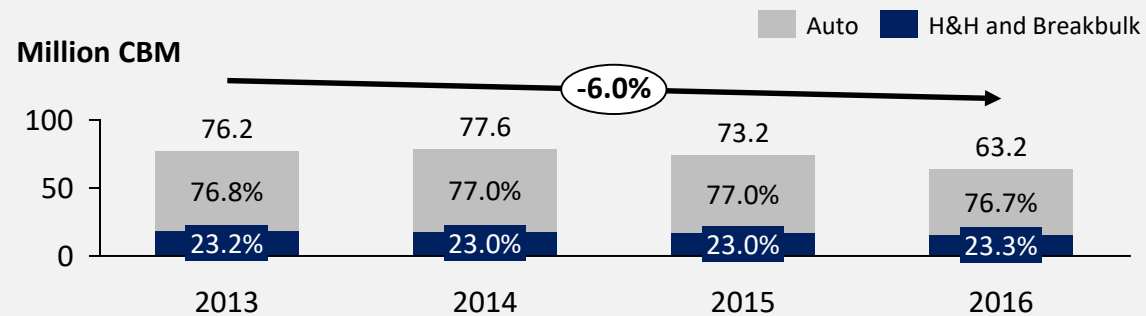
Revenue



EBITDA

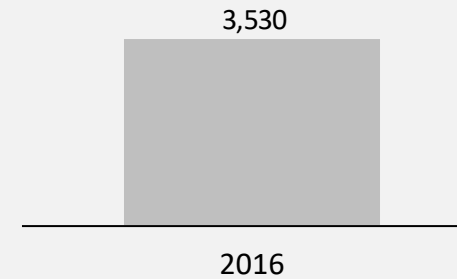


WWL ASA Group 2013-2016 volume development

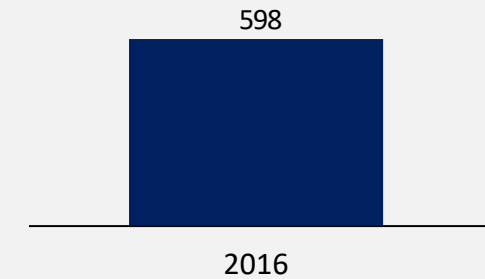


Adjusted pro-forma WWL ASA Group²⁾

Revenue



EBITDA



- Adjusted, un-audited pro-forma revenue and EBITDA result excluding following one-offs:
 - Gain demerger and share of profit from associate Treasure (387 MUSD)
 - Step up gain VSA (160 MUSD)
 - Net step up loss JV of WWASA to subsidiaries (-113 MUSD)

1) WW ASA reported Revenue and EBITDA (by proportionate method) less Treasure ASA and Glovis share of result

2) The accrual of anti-trust provisions are reflected in the opening balance of the group and have no impact on the P&L

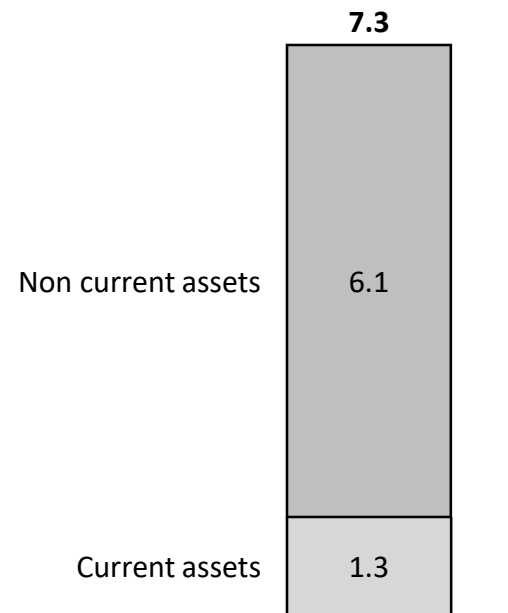
WWL pro-forma balance sheet year-end 2016

Unaudited Pro-forma Balance Sheet WWL ASA IFRS, 2016

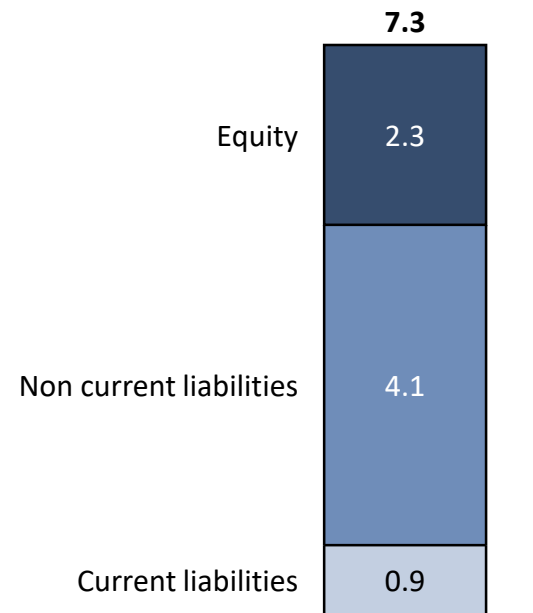
USD Billion

Comments

ASSETS



EQUITY & LIABILITIES



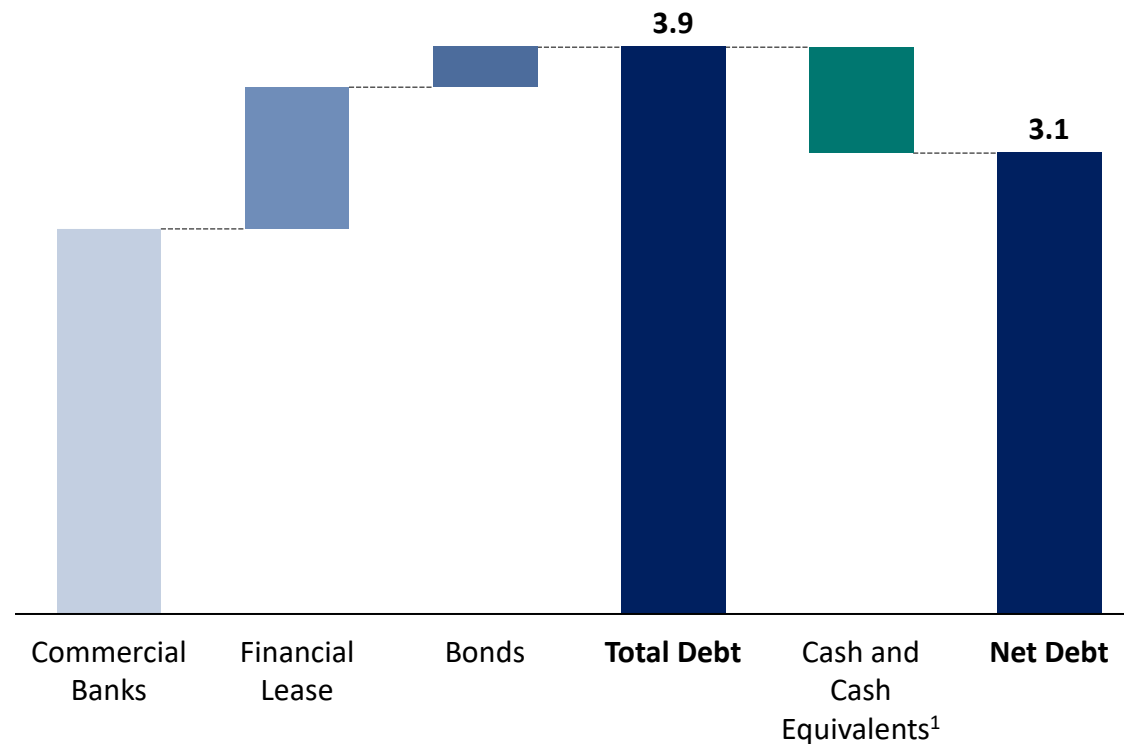
- **Net interest bearing debt per 31.12.2016 of ~3.1bn USD**, of which cash and cash equivalents and financial investments of ~0.7bn USD
- **Fair value of assets** and liabilities will be **recognized at the date of the merger** (except for 100% owned WW ASA entities)
- **Opening balance** for WWL ASA will be reported as **part of Q2 reporting**
- **A total of USD ~310M in provisions remain** to cover potential extraordinary costs in jurisdictions with ongoing anti-trust investigations
- **Provisions made are based on detailed bottom-up assessment in all operating entities** (WW ASA provision increased with 31 MUSD and OW provisions taken in full)

Note: Overview sets out the unaudited pro forma balance sheet information for the WWASA group as of 31th December 2016

WWL has access to a broad range of capital markets

WWL ASA Group interest bearing debt 2016²⁾

USD Billion



1) Includes financial investments

2) Per 31.12.2016

Comments

- **Bank loans are the “base funding” of the WWL fleet**
 - Wilhelmsen Lines AS, Wallenius Lines AB or the respective ship-owning company is the borrower with no parent (WWL ASA) guarantee
 - Vessels are mortgaged as security, and compliance with financial covenants such as NIBD/EBITDA, minimum liquidity and current ratio and/ or loan to market value are required by the banks on a quarterly basis
- **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
- **Limited newbuilding commitments** (total CAPEX of ~400 MUS\$), at attractive terms and fully financed
- **Dividend is high on the agenda** for management and majority owners
 - New dividend policy will be decided by Board following completion of the merger
 - Annual return since WW ASA IPO June 2010 is ~20% (based on share price development per Q1 2017, dividend payment as well as split of Treasure ASA)

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Q&A

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