

A large container ship with a red hull and white upper section is sailing on a dark, choppy sea. The ship is viewed from a distance, moving away from the viewer. The text "Investor presentation" is overlaid in white on the ship's hull.

# Investor presentation

# Global LV sales expected to drop 12%, downgrades across all major markets

## COVID-19 status update Auto



### LV Sales

IHS Markit assume 2020 global LV sales set at 78.8m for 2020, down 12% with downgrades across all major regions, and risk of further downgrade



### Supply

Temporary plant closures in all major regions e.g. Europe, NA, Korea and Japan, while Chinese operations appear to be recovering



### Deepsea trade

IHS Markit assume deepsea volume to see decline from 14.9m in 2019 to 13.1m in 2020, equal to a drop of 12%, with risk of further downgrade

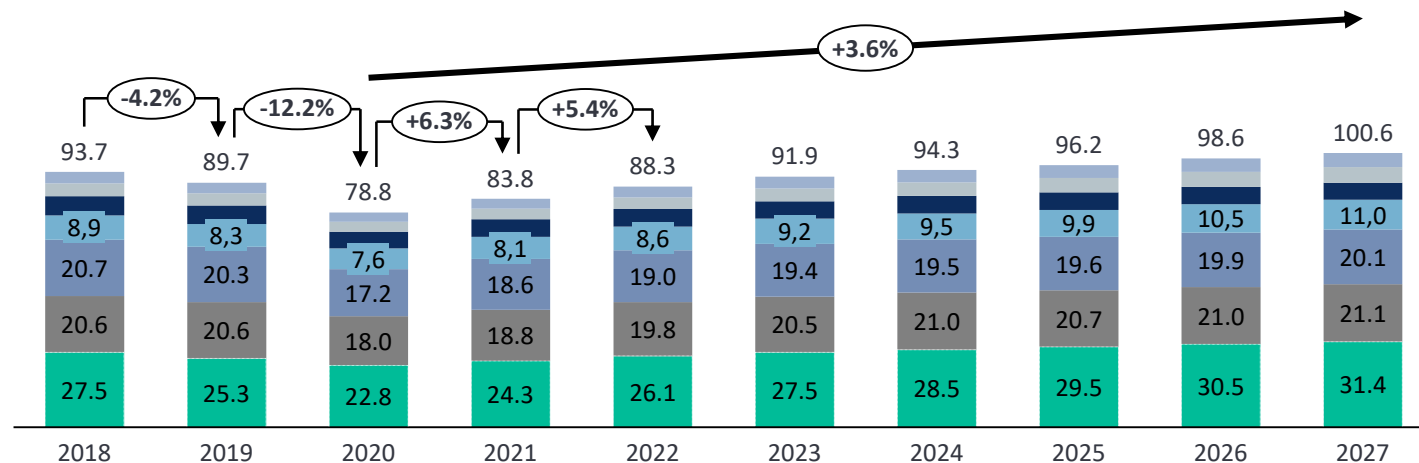


### Demand

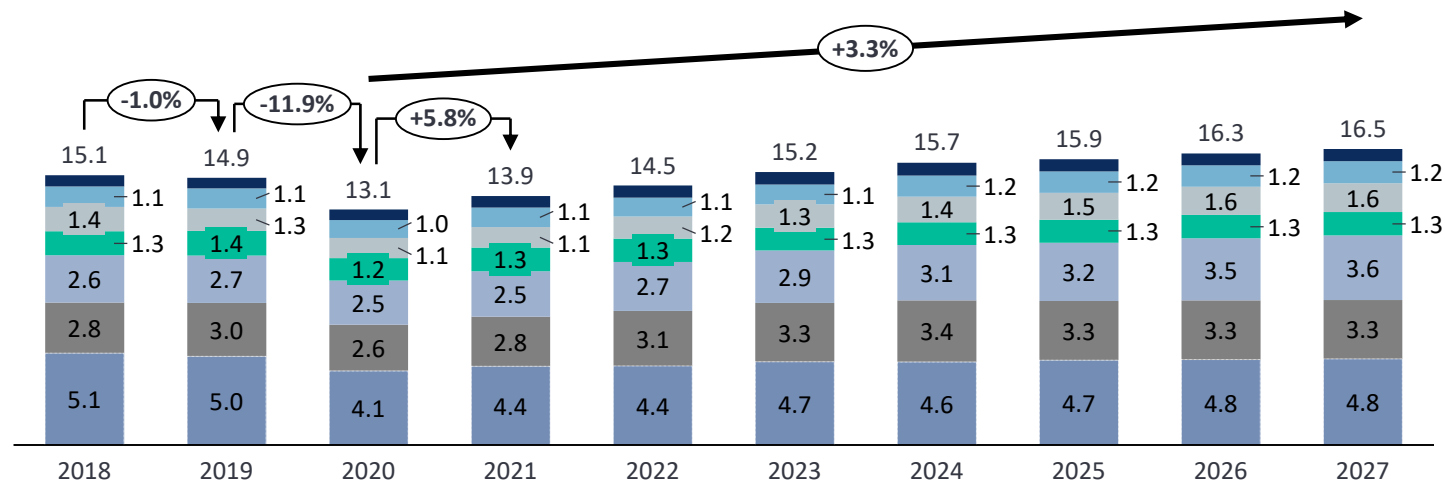
Large uncertainty to how fast consumers will turn back to dealers, governmental stimulus such as tax brakes might contribute to rebound

## IHS Markit Sales and Deepsea estimates 2020-2027

LV Sales, million units



LV deep-sea volume, million units



ME/Africa S America Jp/Ko S Asia NA Europe G China

# Global H&H sales are expected to slow down amid the Covid-19 outbreak

## COVID-19 status update H&H



### Government policies

Mixed government responses, but H&H deemed «essential» in several key markets and exempt from shutdowns due to the coronavirus outbreak



### Production suspension

Temporary plant closures in a number of affected regions e.g. Europe and Brazil, while Chinese operations appear to be recovering



### Guidance withdrawals

OEMs are withdrawing FY2020 guidance due to the uncertainty around the ultimate magnitude of COVID-19 on financial and operational results

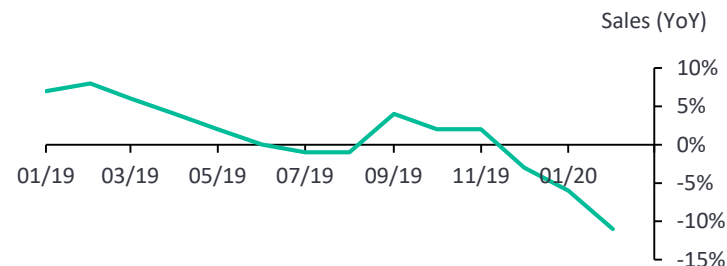


### Demand implications

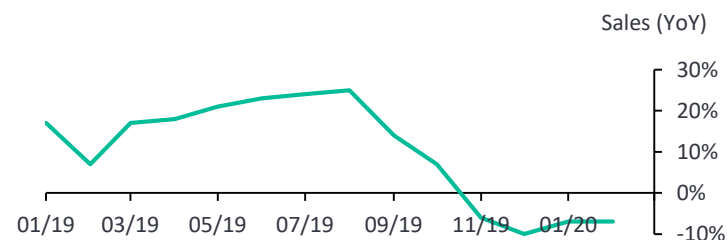
Reduced capex spend and postponed investment decisions due to current global economic conditions and an uncertain outlook

## Retail sales<sup>1,2</sup>

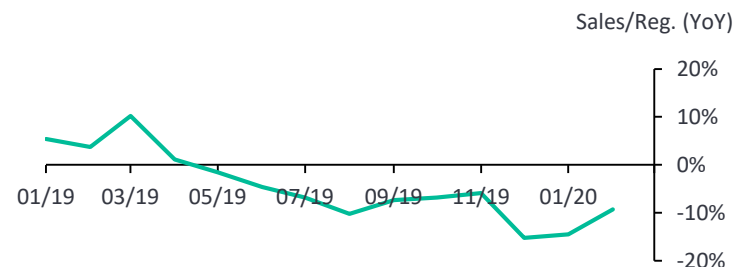
### Construction



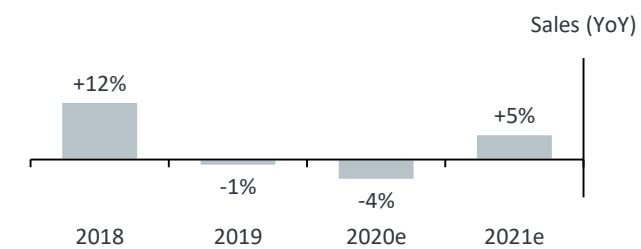
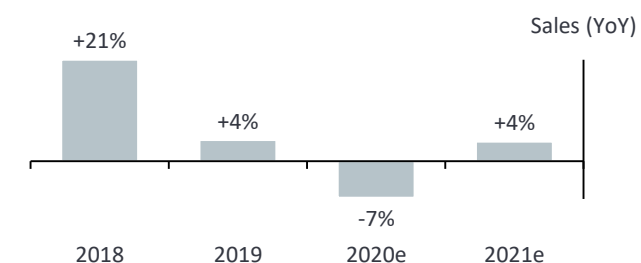
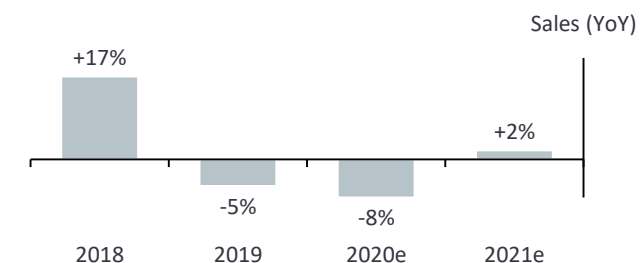
### Mining



### Agriculture



## OEM sales estimates<sup>3</sup>



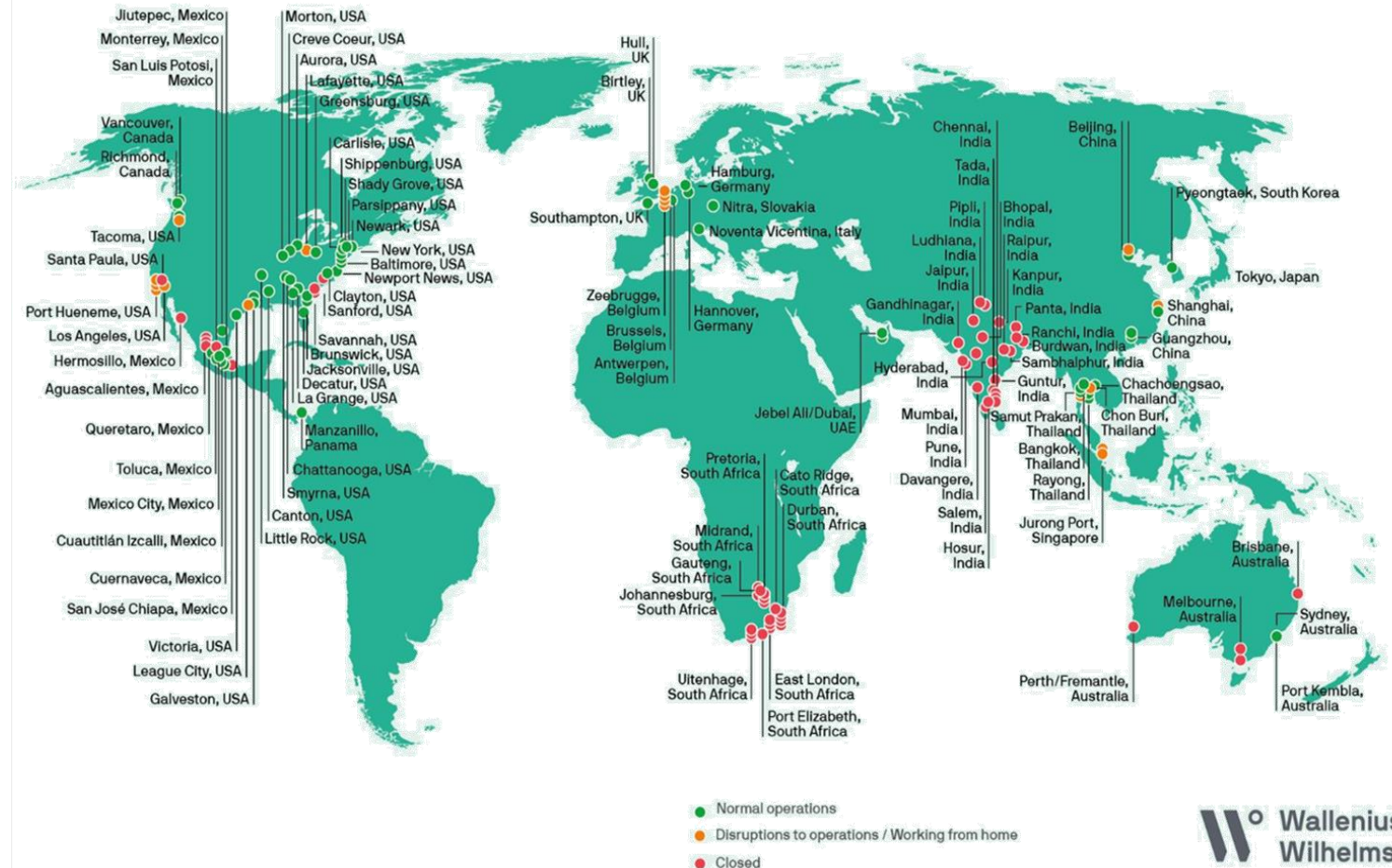
Source: 1) Caterpillar | 3 month rolling retail sales (Units last 3 months y-o-y) 2) Tractor sales and registrations in key markets | US Large Tractors (2WD 100+HP & 4WD), Australia Large tractor (100+HP), Brazil (All), Germany (70KW+), UK (50+HP) 3) FactSet data and Analytics (30.03.20) | OEM Revenue Consensus Estimate (y-o-y). Construction: Volvo, Caterpillar, CNH, Komatsu, Hitachi, Terex. Mining: Sandvik, Caterpillar, Hitachi, Epiroc. Agriculture: AGCO, CNH, Deere. Sales in construction/mining/agriculture equipment divisions only

# Operations in Covid-19 epicentres are partially disrupted

## Operational impact

- Adjusting trading patterns and schedules in response to fluctuation in demand in the **ocean business**
- **Terminals**, though in many places congested, at this time remain open and operating
- Countries with strict lockdown rules, such as **South Africa and India**, forces closure of landbased sites
- **Some sites in US and Mexico temporarily closed or disrupted** due to little or no activity at some plants
- **European sites remain open**, but with some operational disruptions
- **Other sites in Asia and Oceania are mostly open**, but with some disruptions, and some closures

## Overview of WalWil locations and status as of March 31<sup>st</sup>



# Ocean segment drivers and preventive measures

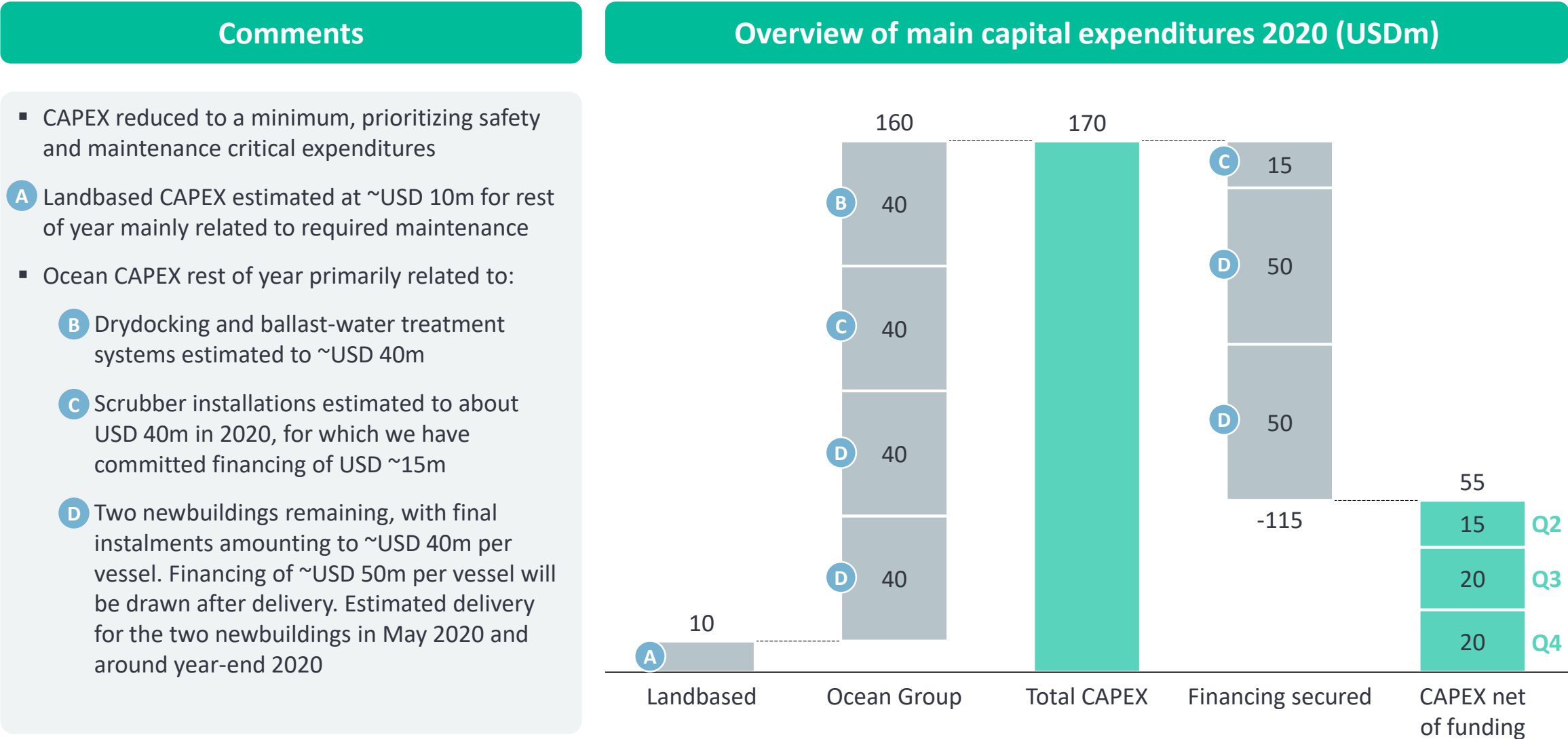
Item	Key characteristics	Measures to adjust costs
Revenue	<ul style="list-style-type: none"> <li>▪ Auto contract duration typically 1-3 years, and 3-5 years for H&amp;H</li> <li>▪ Rates are fixed for the contract period, but no volume minimum</li> <li>▪ Contracts representing 20% of revenue up for renewal in 2020</li> </ul>	
Variable cost	<ul style="list-style-type: none"> <li>▪ Approximately 70% of total costs are variable in ocean segment</li> <li>▪ Variable costs consist of cargo, bunker and voyage expenses</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Adjust speed, adjust sailing schedules and idling of vessels</b></li> <li>▪ Tighter <b>bunker inventory management</b></li> </ul>
Fixed cost	<ul style="list-style-type: none"> <li>▪ Approximately 30% of total costs are fixed in ocean segment</li> <li>▪ Ship operating and charter expenses considered short term fixed, and will move in steps, dependent on number of vessels operated</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Redelivery of chartered vessels:</b> Average charter hire saved per day for redelivery candidates in range USD 18 000 – 20 000</li> <li>▪ <b>Cold lay-up</b> for 10 vessels (OPEX reduction per vessel per day in lay-up of USD 3000 – 4000) and <b>defer drydocking</b></li> <li>▪ <b>Early recycling</b> of up to four vessels, estimated positive cash impact of about USD 4 – 7 million per vessel</li> </ul>
CAPEX	<ul style="list-style-type: none"> <li>▪ CAPEX primarily related to planned dry-dockings, including ballast water treatment systems installations</li> <li>▪ Scrubber installation program for 16 vessels</li> <li>▪ Two newbuildings expected in Q2 2020 and late 2020</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Reduce capex to critical maintenance and dockings</b></li> <li>▪ <b>Cancellation of 4 scrubber installations</b>, cash impact of USD 20m in total (of which USD 5 million was estimated for 2020)</li> </ul>

# Landbased and group drivers and preventive measures

Item	Key characteristics	Measures to adjust costs
Revenue	<ul style="list-style-type: none"> <li>▪ Inland distribution and technical services typically depend on factory throughput, and terminals on ocean volumes</li> <li>▪ The anti-cyclical storage business may experience higher volumes</li> </ul>	
Variable and fixed cost	<ul style="list-style-type: none"> <li>▪ Approximately 75% of total costs are variable in landbased segment</li> <li>▪ Approximately 25% of total costs are fixed in landbased segment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Adjusting variable costs in line with customer activity and volumes</li> </ul>
CAPEX	<ul style="list-style-type: none"> <li>▪ Maintenance CAPEX related to equipment, sites and buildings</li> <li>▪ Growth CAPEX related to expansions of existing sites and new site developments</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Reduce CAPEX</b> to critical maintenance, <b>delay growth CAPEX</b></li> </ul>
Other measures taken on group-wide level		
Group fixed cost	<ul style="list-style-type: none"> <li>▪ SG&amp;A: Limit/ban travel and entertainment, pause/cancel projects, postpone/cancel salary increase</li> <li>▪ Dividend: Dividend cancelled</li> </ul>	

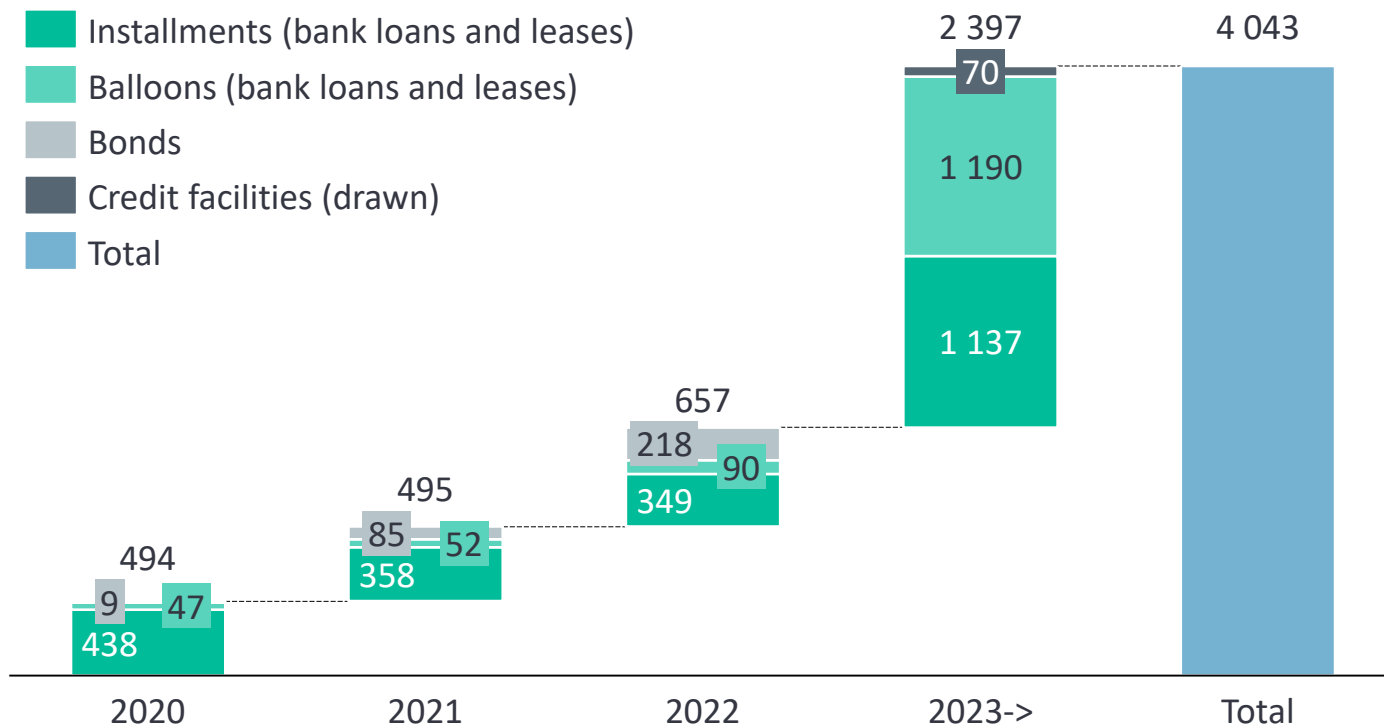


# Limited capital expenditures going forward

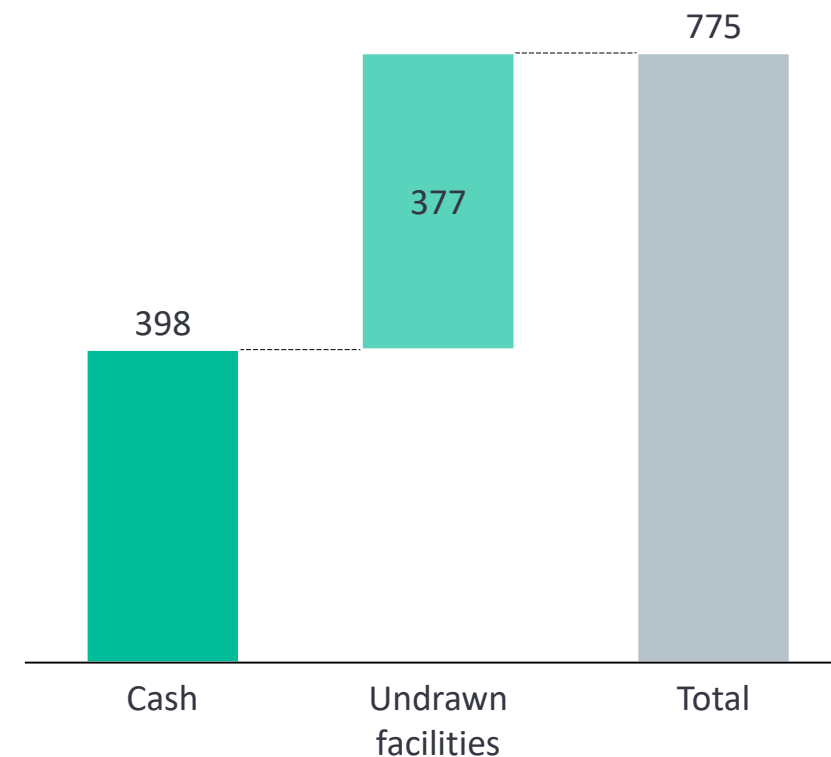


# Very little refinancing requirements near-term and a solid liquidity position

## Debt maturity profile (USDm)



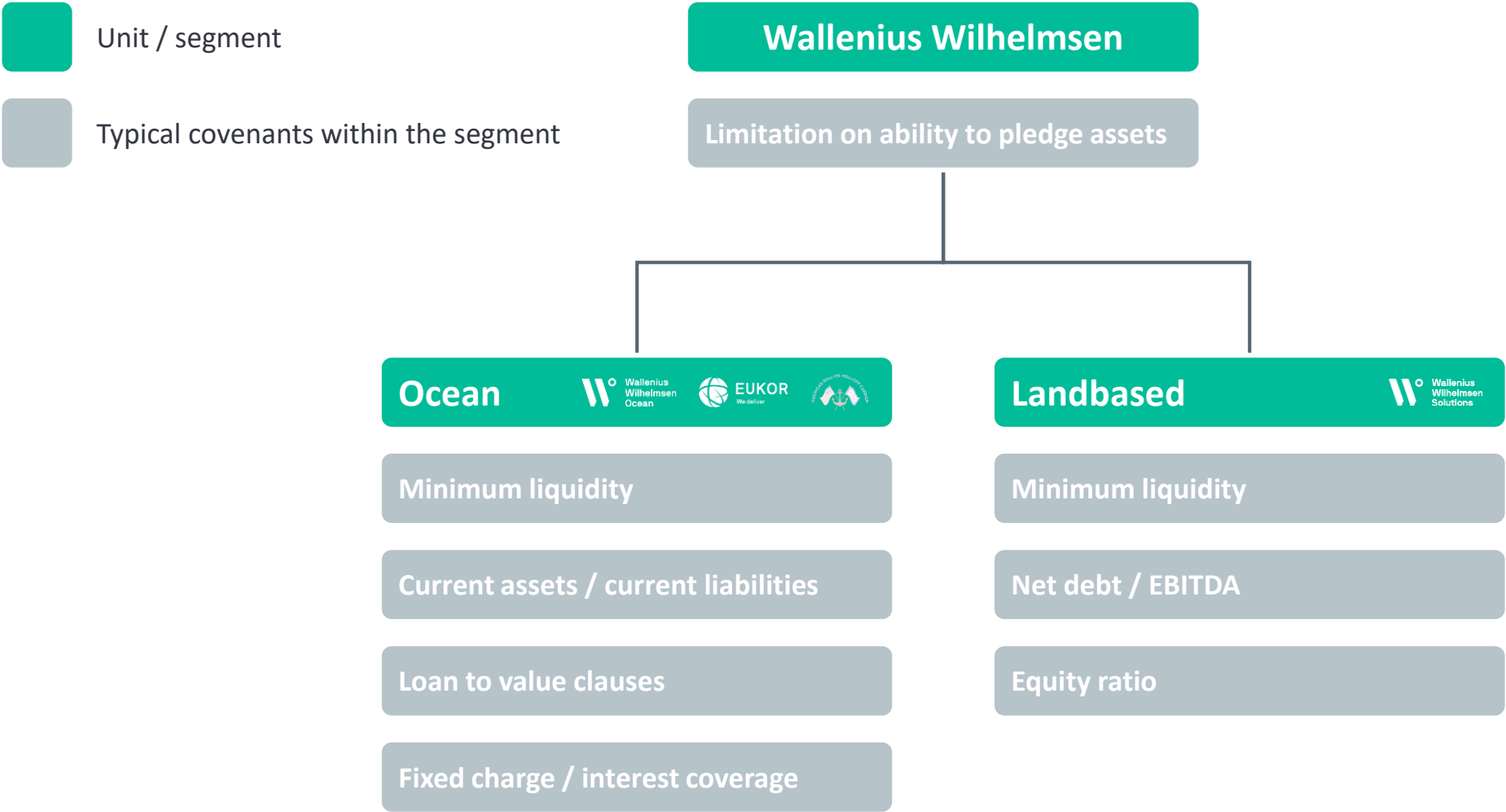
## Liquidity position EoY 2019 (USDm)



**A strong balance sheet coupled with distant debt maturities gives confidence in a global trough**

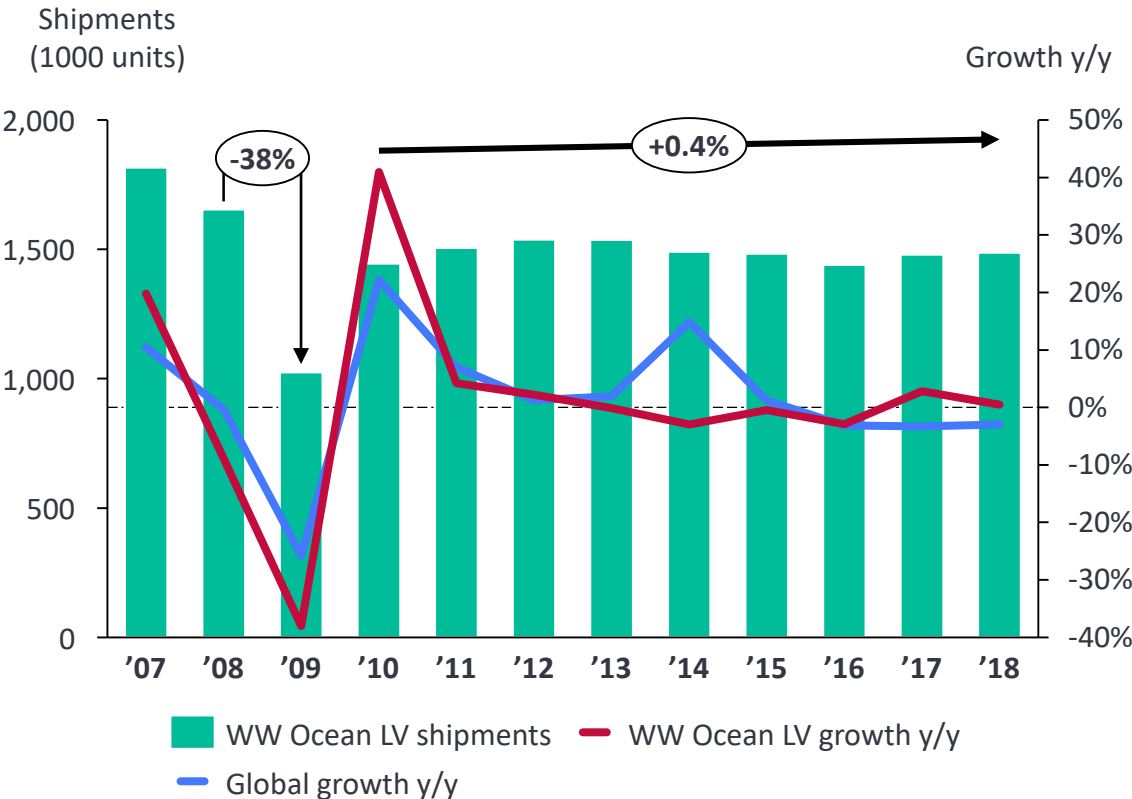


# Covenants are measured on business unit level rather than group level

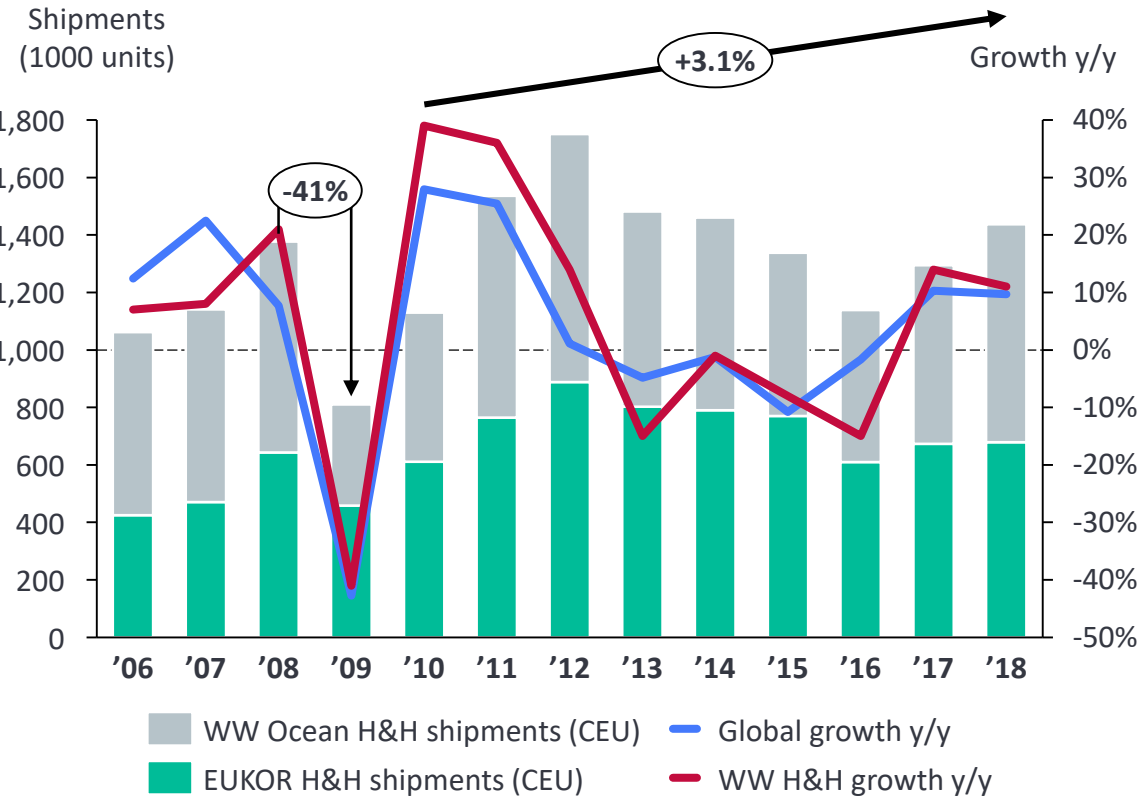


# Preparing for post Covid-19 rebound


## Auto shipments in WW Ocean<sup>1</sup>



## H&H shipments in WW Ocean<sup>2</sup>



RoRo shipping saw a significant rebound in the aftermath of the 2008/2009 financial crisis

 Source: 1) IHS Markit | World (major exporters) LV Deepsea exports (Value > 8 kUSD). 2) IHS Markit | World (major exporters) construction & rolling mining equipment and agriculture equipment exports (Avg. equipment value >20 kUSD). WW H&H shipments do not include Commercial vehicles such as Buses & Trucks

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## Q&A

