

# Sustainability-Linked Bond Investor Presentation

April 2022



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# Summary of risk factors

The following is a summary of key risks. Please see pages 48-54 for a full description of the risk factors.

## Risks related to the Group and the market in which it operates

- Risks related to change in production patterns
- Risks relating to the industry
- Risks related to competition
- Geopolitical risk and sanctions
- Risks related to piracy, armed robbery, hijackings and kidnapping
- Environmental risk
- Incidents involving significant damage, loss or environmental contamination
- Risks related to customer contracts
- Risks related to disputes and litigation and anti-trust






## Financial risks related to the group

- Currency risk
- Interest rate risk
- Restrictive covenants in the Company's secured loan facilities and the bond terms, financial and other restrictions
- Liquidity risk
- Credit risk
- Fuel price risk

## Risks related to the Bonds and the Bond Issue

- The Bonds may not be a suitable investment for all investors
- Interest-rate risk
- The regulation and reform of "benchmarks" may adversely affect the value of securities linked to or referencing such "benchmarks"
- Risk of being unable to repay the Bonds
- The Bonds are effectively subordinated to the secured debt of the Company
- The Bonds will be unsecured obligations and structurally subordinated to the liabilities of any of the Company's subsidiaries
- The trading price of the Bonds may be volatile
- Risks related to the market for the Bonds

## Investment highlights

-  Global market leader in vehicle logistic segment
-  Long-term customer base and diversified business model
-  Strong history of free cash flow
-  Solid market fundamentals and results
-  Ambitious carbon target and commitment to sustainability

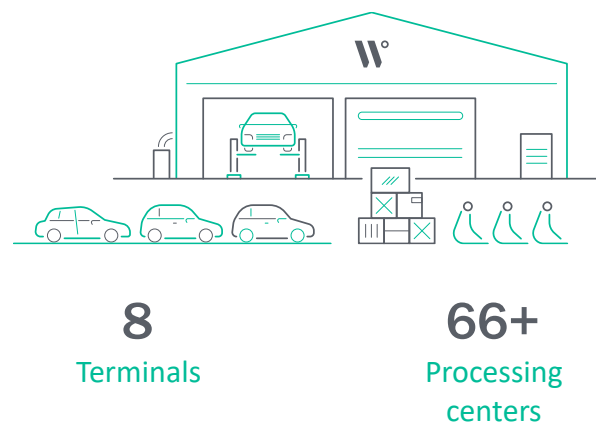
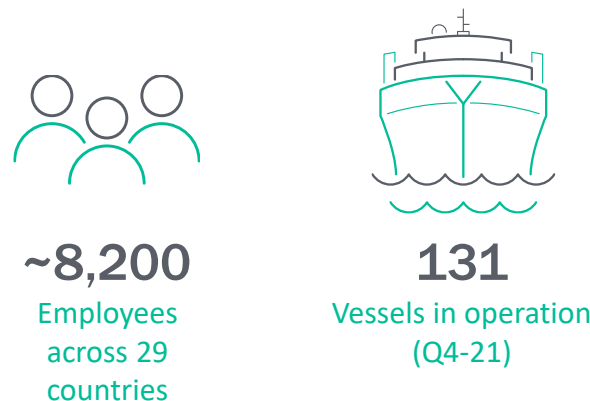
# Agenda

- 1. WAWI in brief**
2. Sustainability
3. Market update
4. Financial update
5. Investment highlights

# A logistics provider built on a strong history



- 2017 merger of companies with >150-year history
- Listed on Oslo Stock Exchange (ticker: WAWI) with a market cap of USD 3.1bn\*
- Wilh. Wilhelmsen Holding ASA and Wallenius Lines AB largest shareholders with 37.82% each
- Strong balance sheet with USD 7.8bn assets\*\*





# A history of innovation and adaptation



## Wilhelmsen Group

- Founded in Tønsberg, Norway by Morten W. Wilhelmsen



## American Roll-on Roll-off Carrier (ARC)

- Founded by Wilhelmsen Group and Wallenius Shipping



## EUKOR

- Formed as Wilhelmsen Group and Wallenius Shipping acquired the car carrier unit of Hyundai Merchant Marine

## WALLENIUS WILHELMSSEN LOGISTICS ASA

- Merger creating **Wallenius Wilhelmsen Logistics ASA** as a listed company incorporating EUKOR, WWL, ARC, and Wilhelmsen and Wallenius vessels

1861

1990

2002

2017

2018

1934

1999

2006



## Wallenius Lines

- Founded in Stockholm, Sweden by Olaf Wallenius



- JV between the operational units in Wilhelmsen group and Wallenius Shipping to form **Wallenius Wilhelmsen Lines**



- Wallenius Wilhelmsen changes name **from Lines to Logistics**, signalling shift towards fully integrated logistics services from factory to dealer



- New branding to reflect changed structure and strategy
- The group is named **Wallenius Wilhelmsen**

# Limited direct impact on our business from Russian invasion of Ukraine

*The invasion of Ukraine is a tragedy. Our deepest sympathy goes out to the people of Ukraine, and our thoughts are with the millions of innocent people affected. WAWI has suspended operations in Russia and Belarus until further notice.*

- WAWI has limited direct exposure in the region and no material operations on the ground
  - Russia accounting for USD 28m revenue in 2021 (0.7% of total revenue)
  - 9 sales representatives based in Russia
- Significant uncertainty relating to the duration and extent of disruption from the invasion, as well as its impact on the global economy
- Main concern is the safety and well-being of our employees and partners in the region
- WAWI continues to adhere to prevailing sanctions and other restrictions, and the situation is continuously monitored by management
- WAWI has together with the Norwegian Shipowners' Association provided financial support to the Red Cross
- WAWI has established a waiver until 22 May 2022 for ongoing business with GEFCO, the French logistics company 75% owned by Russian Railways (RZD)
  - Our business with GEFCO is not related to Russia or sanctioned, but considered a sanction issue under certain loan agreements with banks due to GEFCO being owned by RZD
  - This business represents less than 1% of the Group revenue in 2021
- On 1 April 2022 GEFCO announced they are in the process of buying out Russian Railways as a shareholder with a target to conclude by 11 April 2022
  - According to media, CMA-CGM is a frontrunner to acquire the stake thereafter
- If GEFCO is not able to solve its ownership shortly, we have made an executive decision to remove the sanction issue by exiting the relationship

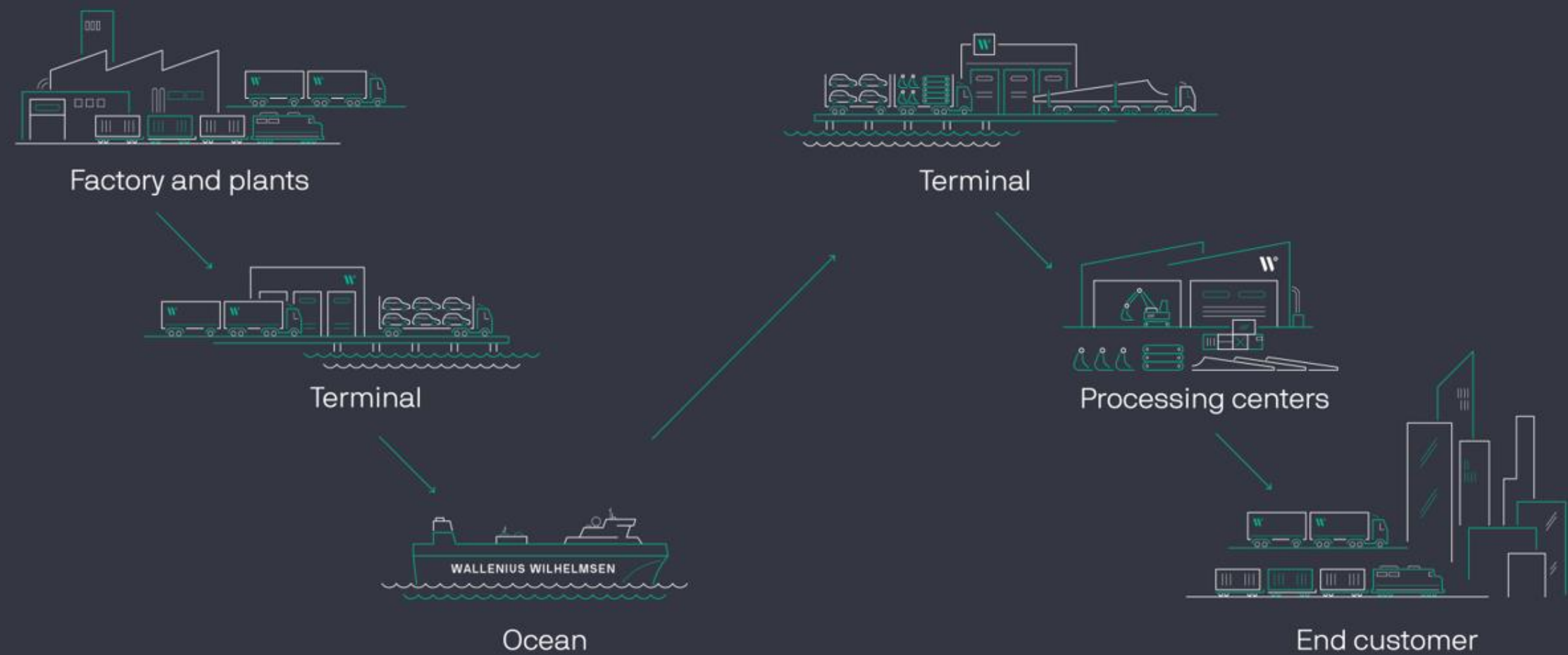
# Prospects from 2021 Annual Report

*Released 23 March 2022*

- In the absence of further volatility and disruptions to supply-chains, we expect to further improve financial flexibility and help drive shareholder value creation based on:
  - Shipping supply-demand balance expected to remain favourable mid-term due to the overall global fleet situation
  - Logistics volumes will benefit from gradual improvement of chip supplies during latter part of 2022
- Potential risks include further parts and labor shortages, increased geopolitical tension and further escalation of the conflict related to the Russian invasion of Ukraine, significant disruptions to the global supply chains, and operational impact from virus outbreaks



# Premium end-to-end supply management

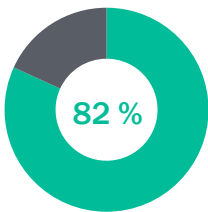


# Our business segments

## Shipping services



Share of EBITDA\*



USD 670m

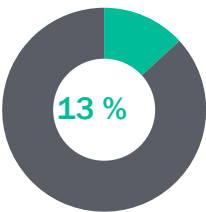
### Highlights:

- Worldwide deep-sea transportation network
- Main customers include manufacturers of auto, high&heavy, breakbulk
- Brands: WW Ocean, EUKOR, Armacup
- Fleet around 120 vessels

## Logistics services



Share of EBITDA\*



USD 108m

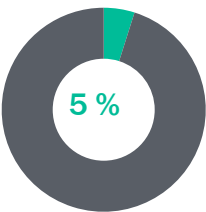
### Highlights:

- 8 terminals
- Inland distribution networks
- 66+ vehicle and equipment processing centers
- Same customers as Shipping
- Brands: WW Solutions, VSA, Keen, Syngin, ALS

## Government services



Share of EBITDA\*



USD 40m

### Highlights:

- RoRo shipping cargo, breakbulk, vehicles
- Logistics services incl. stevedoring
- Primary customer US government
- Brand: ARC
- Fleet of 9 US flag vessels

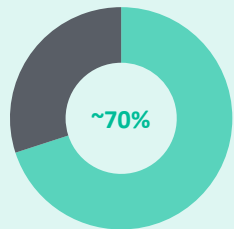


# Shipping benefits from a diversified customer portfolio with long-term contracts

## AUTO



### Share of CBM\*



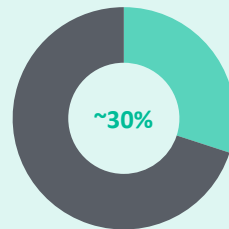
### Main customers



## HIGH & HEAVY AND BREAKBULK



### Share of CBM\*



### Main customers

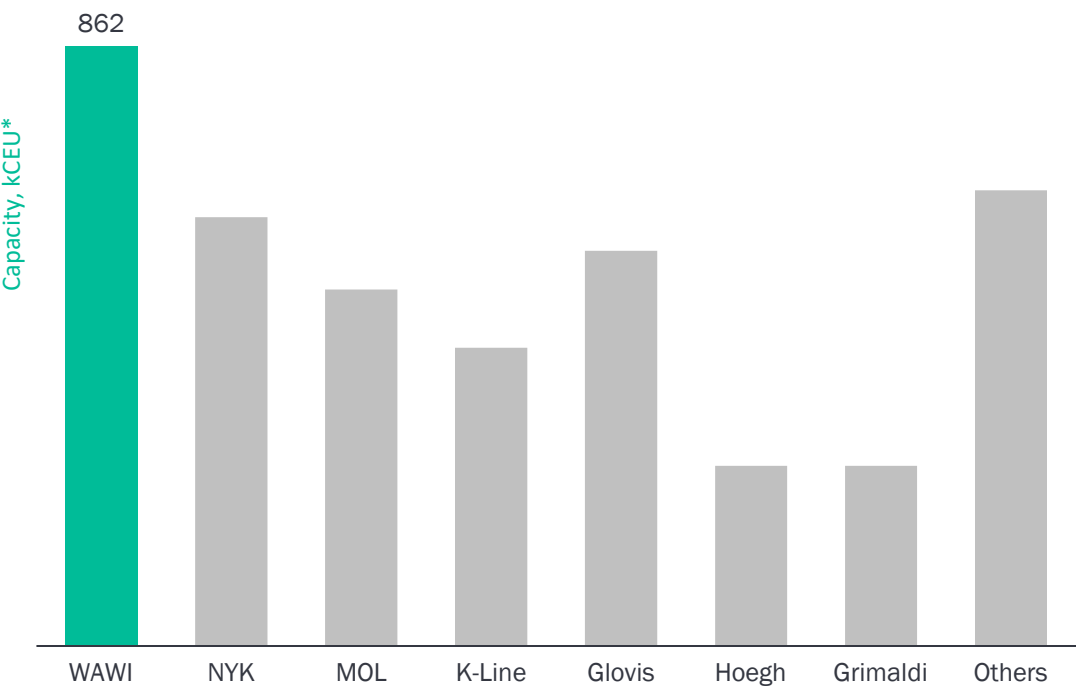


- Majority of volumes from auto
- High & heavy (“H&H”) and breakbulk maximize cubic utilization
- Unique handling capabilities for high & heavy and breakbulk
- Main customers include all major original equipment manufacturers (“OEMs”) globally
- Contract duration is typically 1-3 years for auto / 3-5 years for H&H
- Strong customer relationships with long history with many key customers

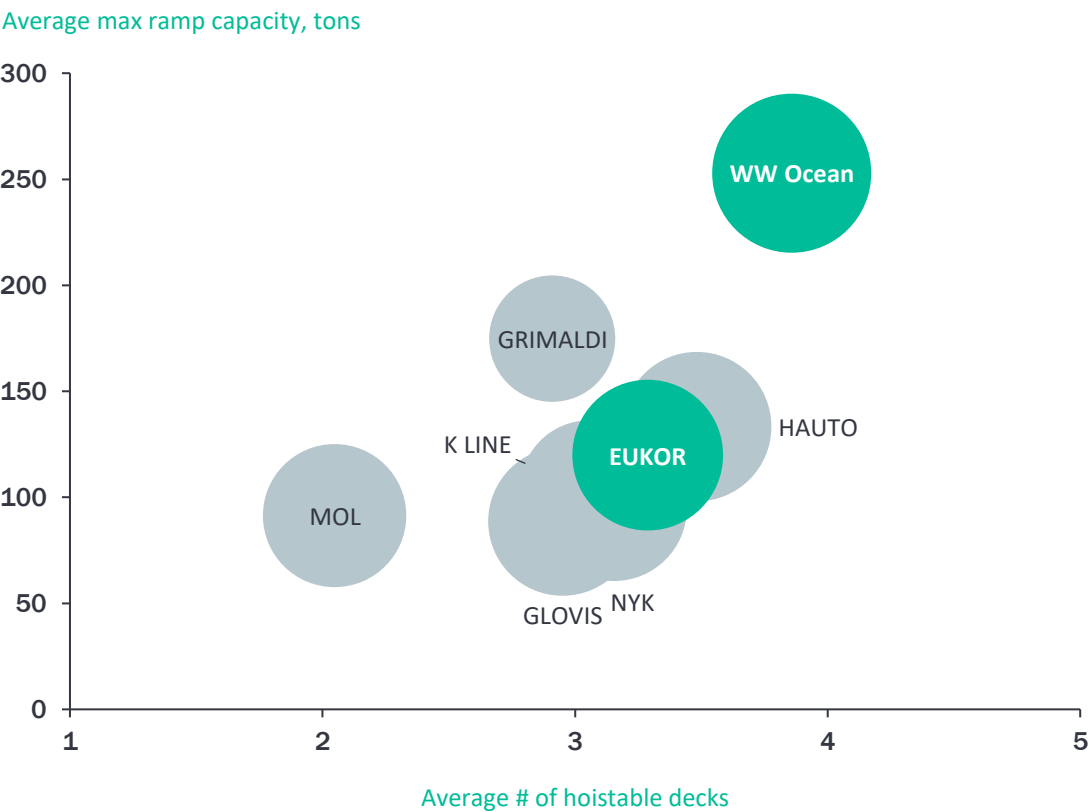
# We are the market leader and the #1 operator globally within Shipping services

Four decades of leading the High & Heavy space

## CURRENT FLEET BY OPERATOR GROUP



## FLEET CHARACTERISTICS



# Logistics services portfolio enable us to provide end-to-end services

## VEHICLE PROCESSING



Vehicle Processing  
Centre

39 Sites

Vehicles Processed\*

5M

### SERVICES

- Pre-Delivery Inspection
- Receipt & Dispatch
- Vehicle Preparation
- Storage Management
- Repairs & Rectifications
- Accessory Fitting

### KEY DRIVERS

- Port vs Plant
- Vessel Schedule
- Cargo Mix
- Congestion
- Labor Efficiencies
- Storage Demand

Performed in reporting sub-segment:

- SOLUTIONS AMERICA (AUTO)
- EMEA / APAC

## HIGH & HEAVY SERVICES



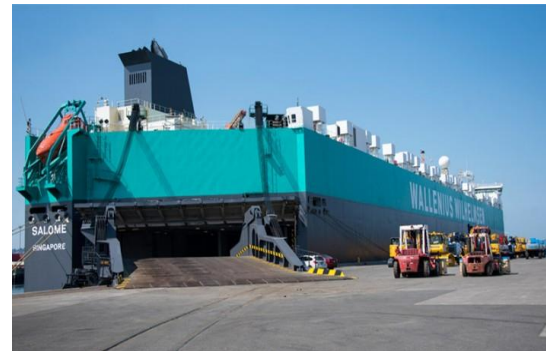
Equip Processing Centre

27 Sites

Machines Processed\*

150k

## TERMINAL SERVICES



Marine Terminals

8 Sites

Units Handled\*

5.3M

### SERVICES

- Stevedoring
- Custom Clearance
- Receive & Delivery
- Cargo Handling
- Port Distribution
- Storage
- Fumigation
- Value Added Services

### KEY DRIVERS

- Vessel Schedule
- Cargo Mix
- Congestion
- Labor Efficiencies
- Storage Demand

Performed in reporting sub-segment:

- TERMINALS

## INLAND / SUPPLY CHAIN



Inbound Distribution

11 Networks

Units Moved\*

211k

### SERVICES

- Trucking/Rail
- Brokerage Transport
- Supply Chain Management
- Inventory Management
- Online Marketplace Distribution

### KEY DRIVERS

- In-House vs 3<sup>rd</sup> party
- Capacity
- Labor Limitations
- Capital Resources

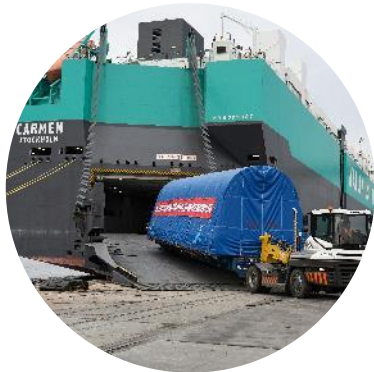
Performed in reporting sub-segment:

- SOLUTIONS AMERICA (AUTO)
- SOLUTIONS AMERICA (H&H)
- EMEA / APAC



# Our strategy to strengthen our competitive advantage

## End-to-end supply chain orchestration



Digitalization

## Expand to full lifecycle



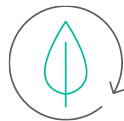
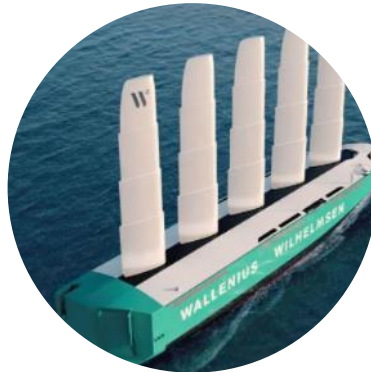
Supreme customer experience

## Drive operational effectiveness



Efficiency

## Lead the journey to zero emissions



Zero emission

# Agenda

1. WAWI in brief

**2. Sustainability**

3. Market update

4. Financial update

5. Investment highlights

# Our commitment to change is not limited to climate action

## Principles of Governance



Transparent, with strong ethical business conduct

## People



Safe & inclusive workplace where human rights are respected

## Planet



Decarbonize and reduce our environmental impact

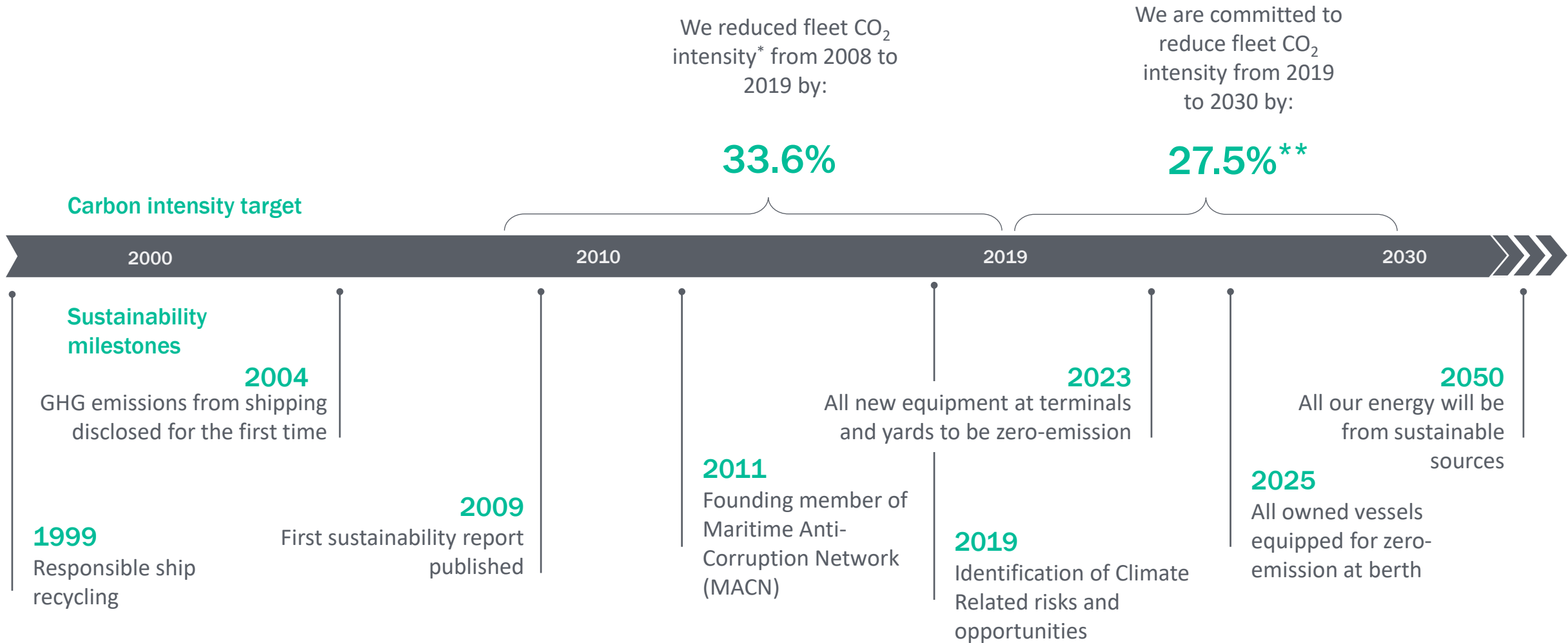
## Prosperity



Solving the biggest challenges while creating new opportunities

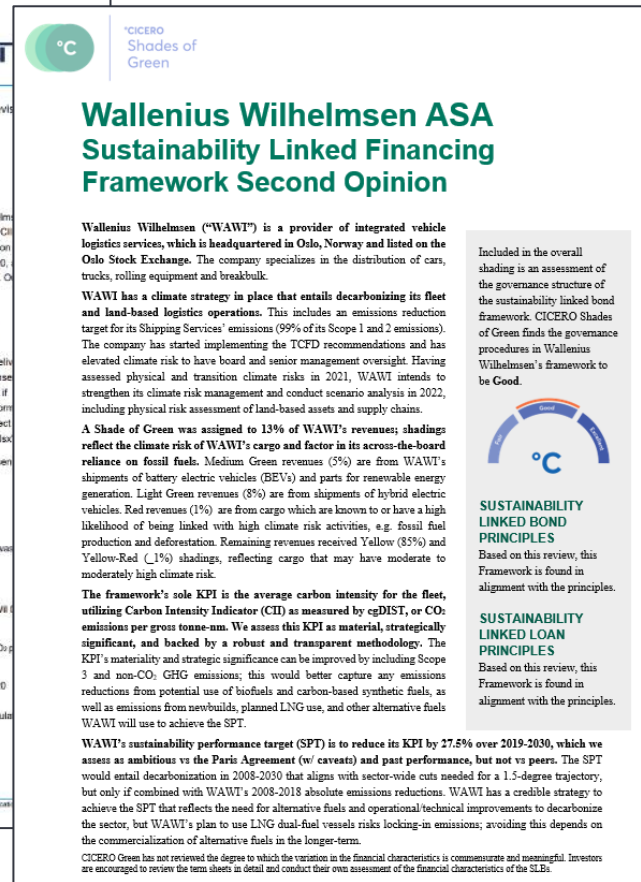
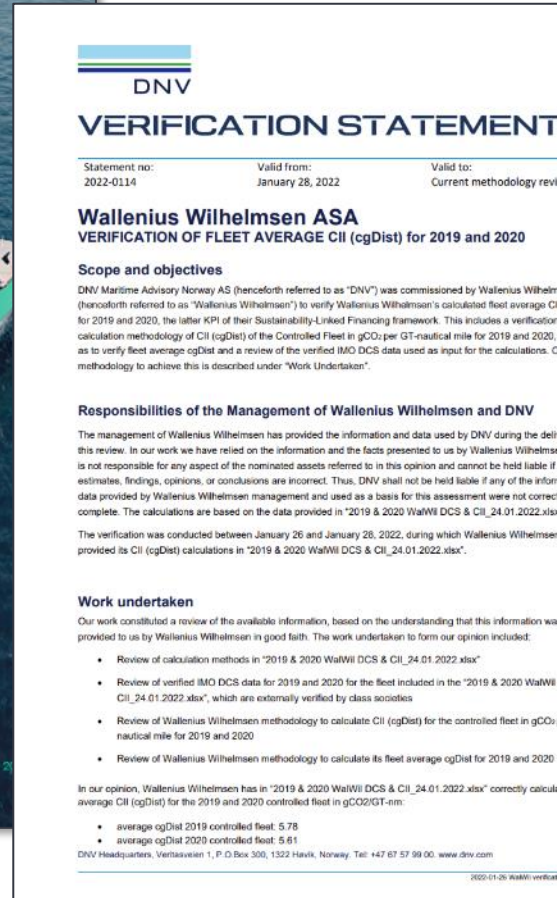
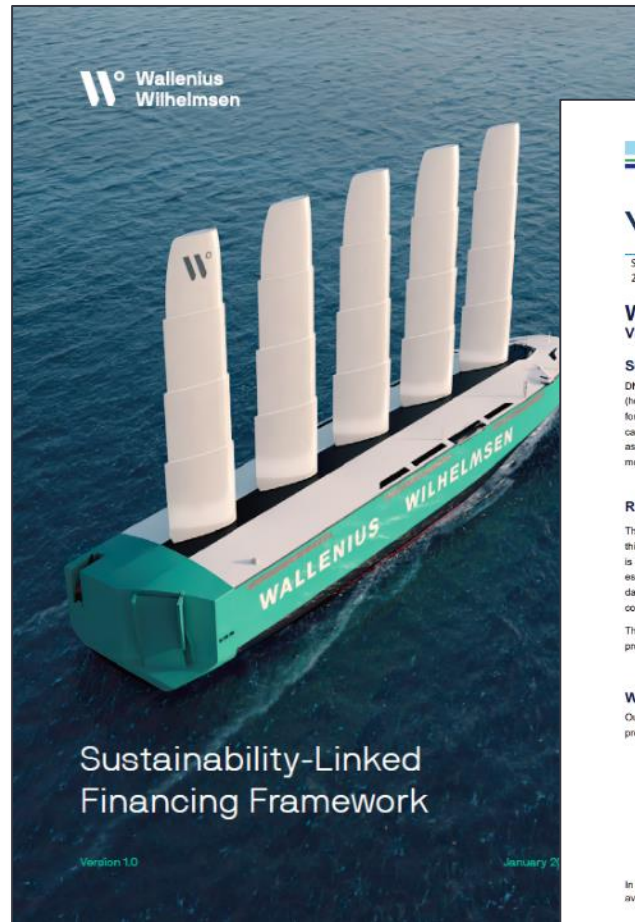
# We target to reduce carbon intensity by more than 50% from 2008 to 2030

We have been in the forefront of responsible recycling, maritime anti-corruption and promoting the sulphur cap



\* CO<sub>2</sub>e intensity = grams CO<sub>2</sub>/tonne-km.  
\*\* Carbon intensity target approved by the Board of Directors in 2021

# We are launching a Sustainability-Linked Financing Framework



The Framework is published on our website together with:

- A Second Party Opinion from CICERO Shades of Green



- A Verification Statement from DNV





# The Framework will be used to link new financings with sustainability objectives

## KPI

Fleet weighted average  
carbon intensity

- CO<sub>2</sub> intensity measured by CII\* as reported to IMO DCS each year, calculated on the Controlled fleet
- Controlled fleet includes 125 (per Q4-21) owned and long-term charter vessels\*\*

## SPT

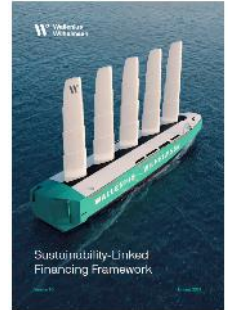
Reduce KPI 27.5%  
2019-2030

- Reduce CO<sub>2</sub> intensity by 27.5% from 2019 to 2030, defined by KPI
- Strategy to reach Sustainability Performance Target details relevant Technical, Operational and Asset replacement initiatives

## Trajectory

Annual targets  
2019-2030

- Annual KPI targets 2019 to 2030, based on Strategy to reach SPT
- Each annual target could be designated as Interim SPTs in the security documentation of a financial instrument

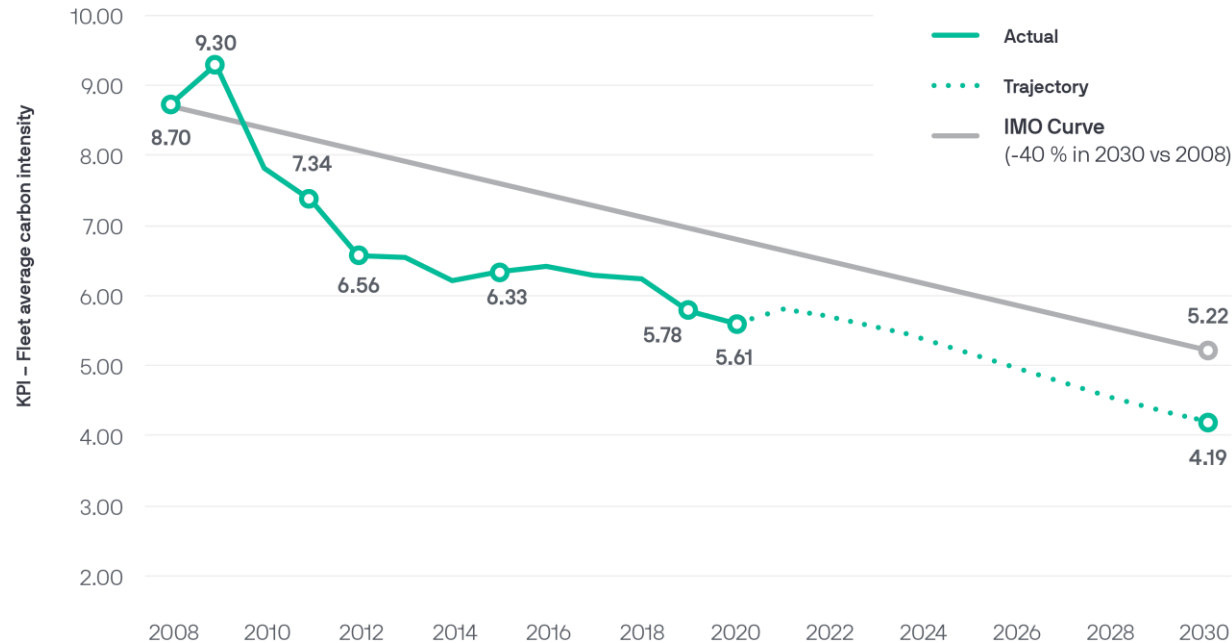


\*There are two units for measuring CII (Carbon Intensity Indicator); AER and cgDIST. For vehicle carriers, cgDIST is the correct unit. CII is calculated for the individual vessels for the days it is part of the Controlled fleet during a year, from which a weighted average of all relevant vessels is calculated. The weighted average is based on gross tonnage and distance travelled, in other words transport work.

\*\* Total number of vessels per Q4-21 amounts to 132 of which 125 are included in the Controlled fleet

# Our target to reduce CO<sub>2</sub> intensity by 27.5% from 2019-2030 is ambitious

For the Framework, we focus on intensity rather than absolute emissions to avoid problems of comparability over the years



*Our target implies a 52% reduction in our CO<sub>2</sub> intensity from 2008-2030, exceeding our IMO 2030 obligation for a 40% reduction across international shipping*

## Choice of KPI

- The Shipping segment represent 99% of the group's total CO<sub>2</sub> emissions\*
- CO<sub>2</sub> intensity allows us to measure and monitor performance over time
- For data collection purposes, the focus is on CO<sub>2</sub> (vs CO<sub>2</sub> e), Tank-to-wake (vs Well-to-wake) and Controlled fleet (vs all vessels)

## Calibration of SPT

- Beyond “business as usual”
- Set to guide efforts in line with current climate science and Paris Agreement
- CO<sub>2</sub> intensity reduced 33.6% from 2008-2019
- Implied 52% reduction target within the IMO 2030 horizon

# Our journey towards zero takes place every day

## Day-to-day



Digitalization of fleet



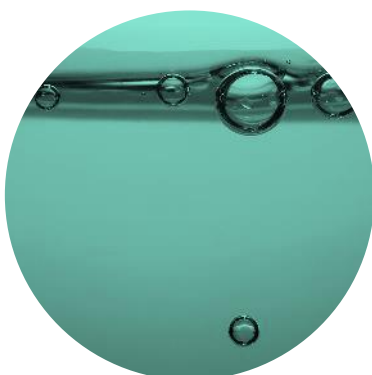
Advanced weather routing



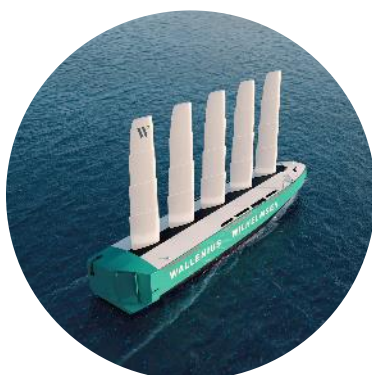
Bio-fouling management techniques

*“Energy efficiency is the unsung hero of the energy transition”*  
Remi Eriksen, CEO DNV

## Long-term



Future fuels



Future vessels



Future tech solutions



# Select overview of initiatives to reach the SPT – energy efficiency is the key

*In aggregate, operational and technical initiatives are expected to contribute to approximately half the reduction to reach the SPT, while asset replacement initiatives will contribute to the second half.*



## Technical upgrades

- Energy saving solutions: hull cleaning, biofouling
- Energy efficiency upgrades & retrofits, including shore power capacity

## Operational improvements

- Optimize each port pair of the voyage
- Collaboration with Customers
- Change management and digitalization, learn between vessels including advanced weather routing

## Asset replacement\*

- 80-90% of fleet to consist of owned and long-term charter vessels
- Initial orders likely to include LNG multifuel vessels (with flexibility for conversion to low carbon fuels)
- From 2027 we will strive for alternative energy sources and technology
- Orcelle Wind viability studies ongoing

# Key Sustainability-Linked Bond characteristics based on Framework



## KPI & Applicable Interim SPT

**KPI:** Average CO2 intensity, measured by weighted CII on the Controlled Fleet

**SPT:** The Company’s commitment of 27.5% reduction by 2030 from 2019 baseline

**Applicable Interim SPT:** A minimum 10.1% reduction in carbon intensity by the Target Observation Date of 31 December 2025, calculated from base year 2019

**Sustainability Structuring Advisor:** SEB has advised in establishing the Framework

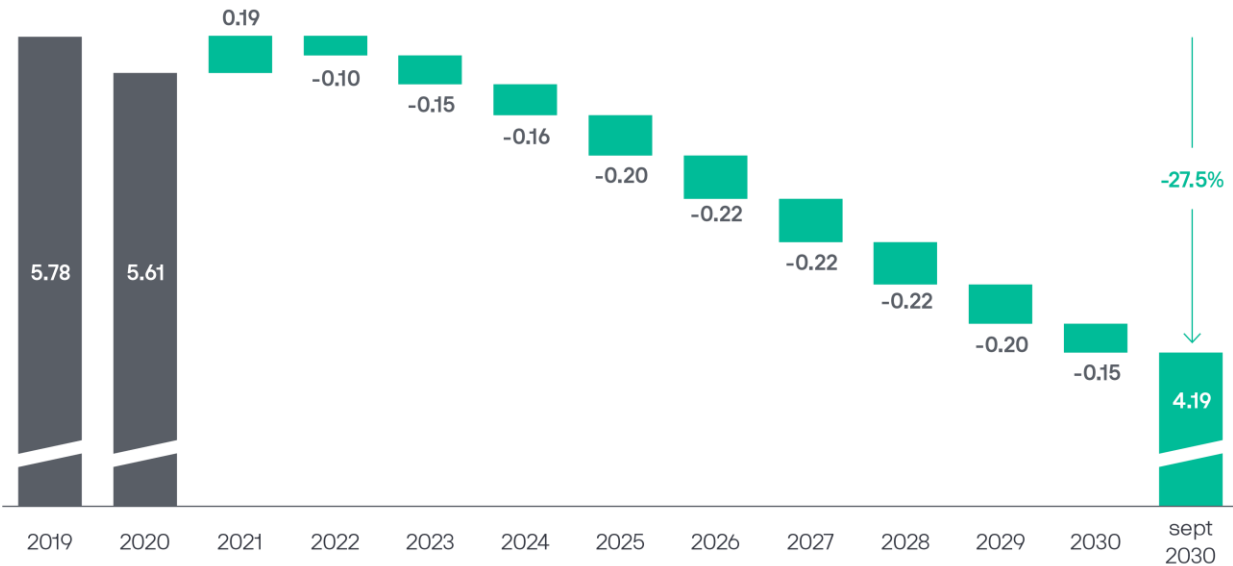


## Bond characteristics

- The KPI performance relative to the applicable interim SPT will be reflected in the redemption price of the bond
- Redemption price will increase by **150bps** if **Wallenius Wilhelmsen fails to meet the Applicable Interim SPT** at the Target Observation Date, or fails on any reporting and verification requirements
- In the event of the Applicable Interim SPT being met, and all reporting and verification requirements are fulfilled, the redemption price will remain unchanged

Trajectory	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
SPT: reduction in % vs 2019*		-3,0%	0,3%	-1,3%	-3,9%	-6,6%	-10,1%	-14,0%	-17,7%	-21,5%	-24,8%	-27,5%
Annual KPI levels	5,78	5,61	5,80	5,71	5,56	5,40	5,20	4,98	4,76	4,54	4,35	4,19

\*Each annual target reduction in % vs 2019 could be designated as Interim SPTs in the security documentation of a financial instrument.



\*Trajectories calculated based on above initiatives with carbon factors for Tank-to-Wake and CO<sub>2</sub>

# Reporting and verification under the Framework

## Reporting

- WalWil will provide annual Sustainability-Linked Finance Progress Reports with information including KPI performance, any recalculations if applicable, and any updates on the emission reduction strategy
- Sustainability-Linked Finance Progress Reports to be **provided within 120 calendar days** after the end of each year

## Verification

### Second opinion of the Framework;

Second opinion obtained from **CICERO Shades of Green** confirming alignment of the Framework with the principles set out by ICMA



### Verification of performance by a qualified third-party verifier

A third-party verifier will provide an annual review of company's progress in terms of the controlled fleet's actual carbon intensity and its performance compared to the targets in the trajectory

- DNV has verified the 2019 and 2020 KPI calculations



## VERIFICATION STATEMENT

Statement no: 2022-0114	Valid from: January 28, 2022	Valid to: Current methodology revision
----------------------------	---------------------------------	---

### Wallenius Wilhelmsen ASA

#### VERIFICATION OF FLEET AVERAGE CII (cgDist) for 2019 and 2020

#### Scope and objectives

DNV Maritime Advisory Norway AS (henceforth referred to as "DNV") was commissioned by Wallenius Wilhelmsen ASA (henceforth referred to as "Wallenius Wilhelmsen") to verify Wallenius Wilhelmsen's calculated fleet average CII (cgDist) for 2019 and 2020, the latter KPI of their Sustainability-Linked Financing Framework. This includes a verification of the calculation methodology of CII (cgDist) of the Controlled Fleet in gCO<sub>2</sub> per GT-nautical mile for 2019 and 2020, as well as to verify fleet average cgDist and a review of the verified IMO DCS data used as input for the calculations. Our methodology to achieve this is described under "Work Undertaken".

#### Responsibilities of the Management of Wallenius Wilhelmsen and DNV

The management of Wallenius Wilhelmsen has provided the information and data used by DNV during the delivery of this review. In our work we have relied on the information and the facts presented to us by Wallenius Wilhelmsen. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable for information or data or for the accuracy or completeness of the information or data provided by Wallenius Wilhelmsen.

## Sustainability-Linked Financing Framework

Version 1.0

## Wallenius Wilhelmsen ASA

### Sustainability-Linked Financing Framework Second Opinion

21 January 2022

Wallenius Wilhelmsen ("WalWil") is a provider of integrated vehicle logistics services, which is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange. The company specializes in the distribution of cars, trucks, rolling equipment and breakbulk.

WalWil has a climate strategy in place that entails decarbonizing its fleet and land-based logistics operations. This includes an emissions reduction target for its Shipping Services' emissions (99% of Scope 1 and 2 emissions; the other 1% come from land-based Logistics Services). The company is implementing the TCFD recommendations and assessed its physical and transition climate risks in 2021. WalWil intends to strengthen its climate risk management and conduct scenario analysis in 2022, including physical risk assessment of land-based assets and supply chains.

A Shade of Green was assigned to 13% of WalWil's revenues; shadings reflect the climate risk of WalWil's cargo, factoring in the firm's current reliance on fossil fuels. Medium Green revenues (5%) are from shipments of battery electric vehicles (BEVs) and parts for renewable energy generation. Light Green revenues (8%) pertain to hybrid electric vehicles and rail cars. Red revenues (1%) are from cargo which may link to high climate risk activities, e.g. fossil fuel production and deforestation. Remaining revenues received a Yellow shading (86%), reflecting cargo with moderate to moderately high climate risk.

CICERO Green assesses the framework's sole KPI: WalWil's fleet average carbon intensity, using the Carbon Intensity Indicator (CII) as measured by cgDIST (CO<sub>2</sub> emissions per gross ton-mile) as material, strategically significant, and backed by a robust and transparent methodology. Investors should be aware that the KPI does not include WalWil's land-based emissions or Scope 3 and non-CO<sub>2</sub> GHG emissions, as such it would not capture potential future emissions from newbuilds, possible methane leaks from planned LNG use, and sourcing of alternative fuels.

WalWil's sustainability performance target (SPT) to reduce its KPI by 27.5% over 2019-2030 translates into absolute emissions reductions that align with the Paris Agreement/1.5-degree goals, but only when also factoring in WalWil's historical reductions in a 2008-2030 timeframe. The SPT's ambition exceeds the 2030 target in IMO's GHG strategy. WalWil's strategy to achieve the SPT is credible and depends on efficiency gains from operational/technical improvements. It also entails building new LNG dual-fuel vessels and new ships powered by wind and as-yet commercially unavailable fuels. Although the LNG vessels can be retrofitted to run on low-carbon fuels, their emissions may be locked-in as long as such fuels remain commercially unavailable at scale. We further assess the SPT as ambitious vs own performance in requiring new technological innovation, as well as aligned with peer ambitions when compared with the average annual intensity reductions entailed by their 2030 targets.

CICERO Green has not reviewed the degree to which the variation in the financial characteristics is commensurate and meaningful. Investors are encouraged to review the term sheets in detail and conduct their own assessment of the financial characteristics of the SLBs.


*Second Opinion on Wallenius Wilhelmsen's Sustainability-Linked Financing Framework*

Included in the overall shading is an assessment of the governance structure of the sustainability linked bond framework. CICERO Shades of Green finds the governance procedures in Wallenius Wilhelmsen's framework to be **Good**.

**SUSTAINABILITY LINKED BOND PRINCIPLES**  
Based on this review, this Framework is found in alignment with the principles.

**SUSTAINABILITY LINKED LOAN PRINCIPLES**  
Based on this review, this Framework is found in alignment with the principles.

# Second Party Opinion by CICERO Shades of Green



CICERO  
Shades of  
Green

## Wallenius Wilhelmsen ASA Sustainability Linked Financing Framework Second Opinion

Wallenius Wilhelmsen (“WAWI”) is a provider of integrated vehicle logistics services, which is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange. The company specializes in the distribution of cars, trucks, rolling equipment and breakbulk.

WAWI has a climate strategy in place that entails decarbonizing its fleet and land-based logistics operations. This includes an emissions reduction target for its Shipping Services’ emissions (99% of its Scope 1 and 2 emissions). The company has started implementing the TCFD recommendations and has elevated climate risk to have board and senior management oversight. Having assessed physical and transition climate risks in 2021, WAWI intends to strengthen its climate risk management and conduct scenario analysis in 2022, including physical risk assessment of land-based assets and supply chains.


A Shade of Green was assigned to 13% of WAWI’s revenues; shadings reflect the climate risk of WAWI’s cargo and factor in its across-the-board reliance on fossil fuels. Medium Green revenues (5%) are from WAWI’s shipments of battery electric vehicles (BEVs) and parts for renewable energy generation. Light Green revenues (8%) are from shipments of hybrid electric vehicles. Red revenues (1%) are from cargo which are known to or have a high likelihood of being linked with high climate risk activities, e.g. fossil fuel production and deforestation. Remaining revenues received Yellow (85%) and Yellow-Red (1%) shadings, reflecting cargo that may have moderate to moderately high climate risk.

The framework’s sole KPI is the average carbon intensity for the fleet, utilizing Carbon Intensity Indicator (CII) as measured by cgDIST, or CO<sub>2</sub> emissions per gross tonne-nm. We assess this KPI as material, strategically significant, and backed by a robust and transparent methodology. The KPI’s materiality and strategic significance can be improved by including Scope 3 and non-CO<sub>2</sub> GHG emissions; this would better capture any emissions reductions from potential use of biofuels and carbon-based synthetic fuels, as well as emissions from newbuilds, planned LNG use, and other alternative fuels WAWI will use to achieve the SPT.

WAWI’s sustainability performance target (SPT) is to reduce its KPI by 27.5% over 2019-2030, which we assess as ambitious vs the Paris Agreement (w/ caveats) and past performance, but not vs peers. The SPT would entail decarbonization in 2008-2030 that aligns with sector-wide cuts needed for a 1.5-degree trajectory, but only if combined with WAWI’s 2008-2018 absolute emissions reductions. WAWI has a credible strategy to achieve the SPT that reflects the need for alternative fuels and operational/technical improvements to decarbonize the sector, but WAWI’s plan to use LNG dual-fuel vessels risks locking-in emissions; avoiding this depends on the commercialization of alternative fuels in the longer-term.

CICERO Green has not reviewed the degree to which the variation in the financial characteristics is commensurate and meaningful. Investors are encouraged to review the term sheets in detail and conduct their own assessment of the financial characteristics of the SLBs.

Included in the overall shading is an assessment of the governance structure of the sustainability linked bond framework. CICERO Shades of Green finds the governance procedures in Wallenius Wilhelmsen’s framework to be Good.



**SUSTAINABILITY LINKED BOND PRINCIPLES**  
Based on this review, this Framework is found in alignment with the principles.

**SUSTAINABILITY LINKED LOAN PRINCIPLES**  
Based on this review, this Framework is found in alignment with the principles.

## Alignment with the Sustainability Linked Loan / Bond Principles

“Based on this review, this Framework is found in alignment with the principles.”

### KPI

“The framework’s sole KPI is WalWil’s fleet average carbon intensity, using the Carbon Intensity Indicator (CII) as measured by cgDIST (CO<sub>2</sub> emissions per gross tonne-nm). We assess this KPI as material, strategically significant, and backed by a robust and transparent methodology.”

### SPT

“WalWil’s sustainability performance target (SPT) to reduce its KPI by 27.5% over 2019-2030 translates into absolute emissions reductions that align with the Paris Agreement/1.5-degree goals, but only when also factoring in WalWil’s historical reductions in a 2008-2030 timeframe.

The SPT’s ambition exceeds the 2030 target in IMO’s GHG strategy. WalWil’s strategy to achieve the SPT is credible and depends on efficiency gains from operational/technical improvements. It also entails building new LNG dual-fuel vessels and new ships powered by wind and as-yet commercially unavailable fuels. Although the LNG vessels can be retrofitted to run on low-carbon fuels, their emissions may be locked-in as long as such fuels remain commercially unavailable at scale.

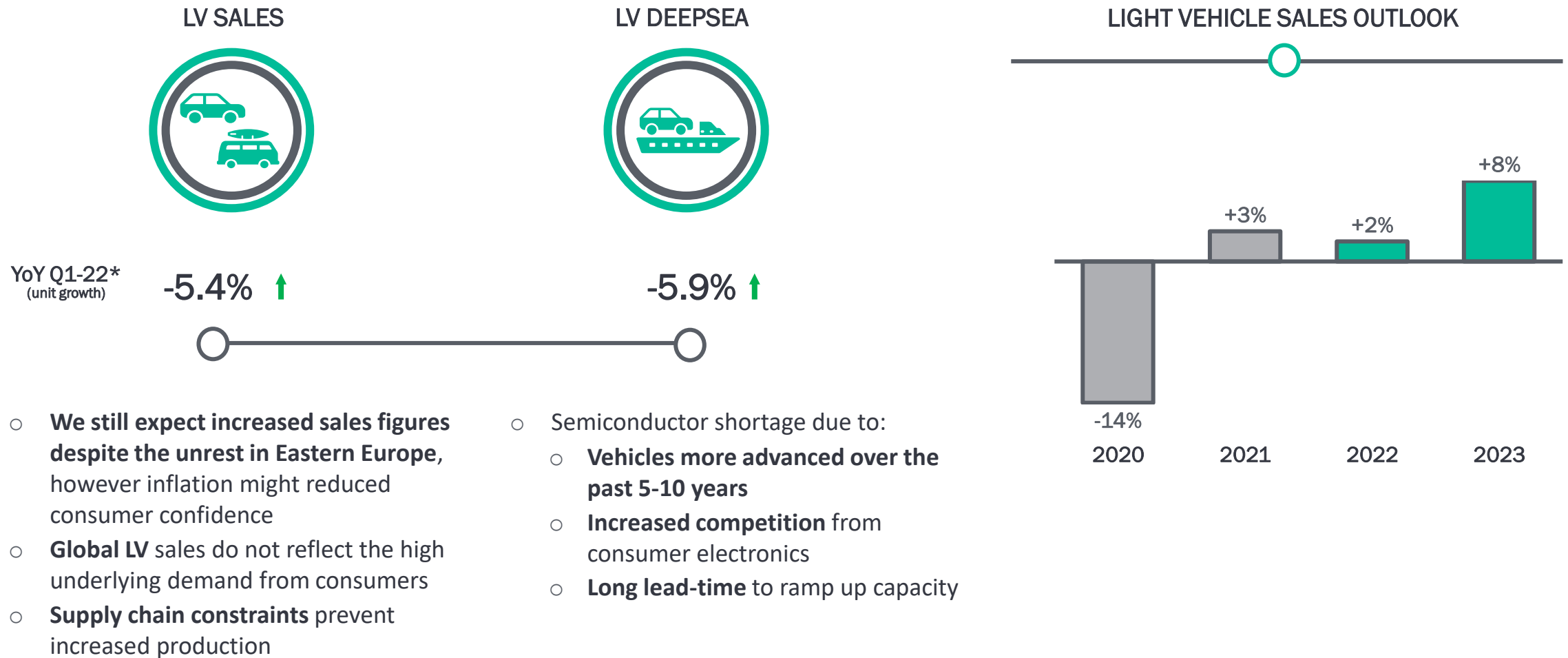
We further assess the SPT as ambitious vs own performance in requiring new technological innovation, as well as aligned with peer ambitions when compared with the average annual intensity reductions entailed by their 2030 targets.”

# Agenda

1. WAWI in brief
2. Sustainability
- 3. Market update**
4. Financial update
5. Investment highlights

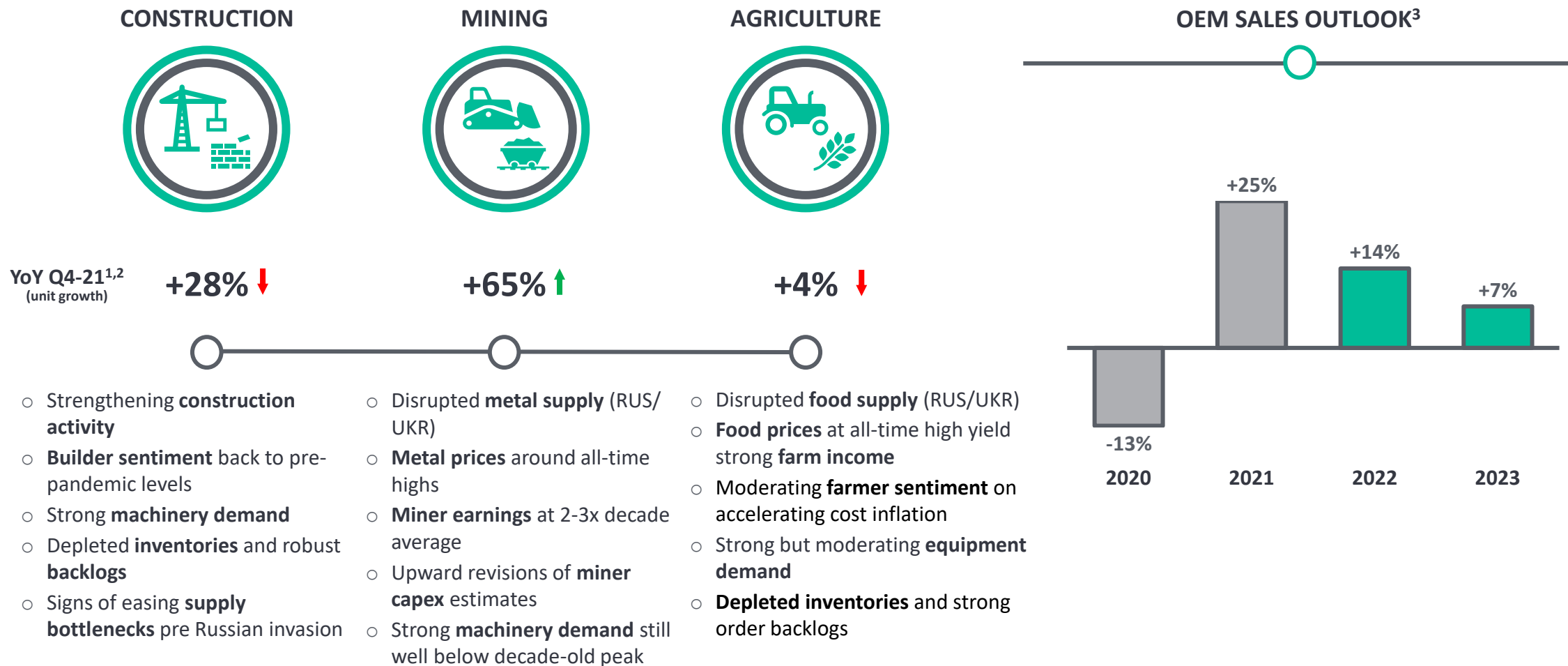


# High underlying demand from consumers not reflected in sales figure in Q1, for 2022FY we still expect increased sales figures despite the unrest in Eastern Europe



# Manufacturers struggling to meet strongest H&H demand since 2012 due to supply issues

Limited direct impact on addressable machinery cargo from Russian invasion but further disruptions to supply chains



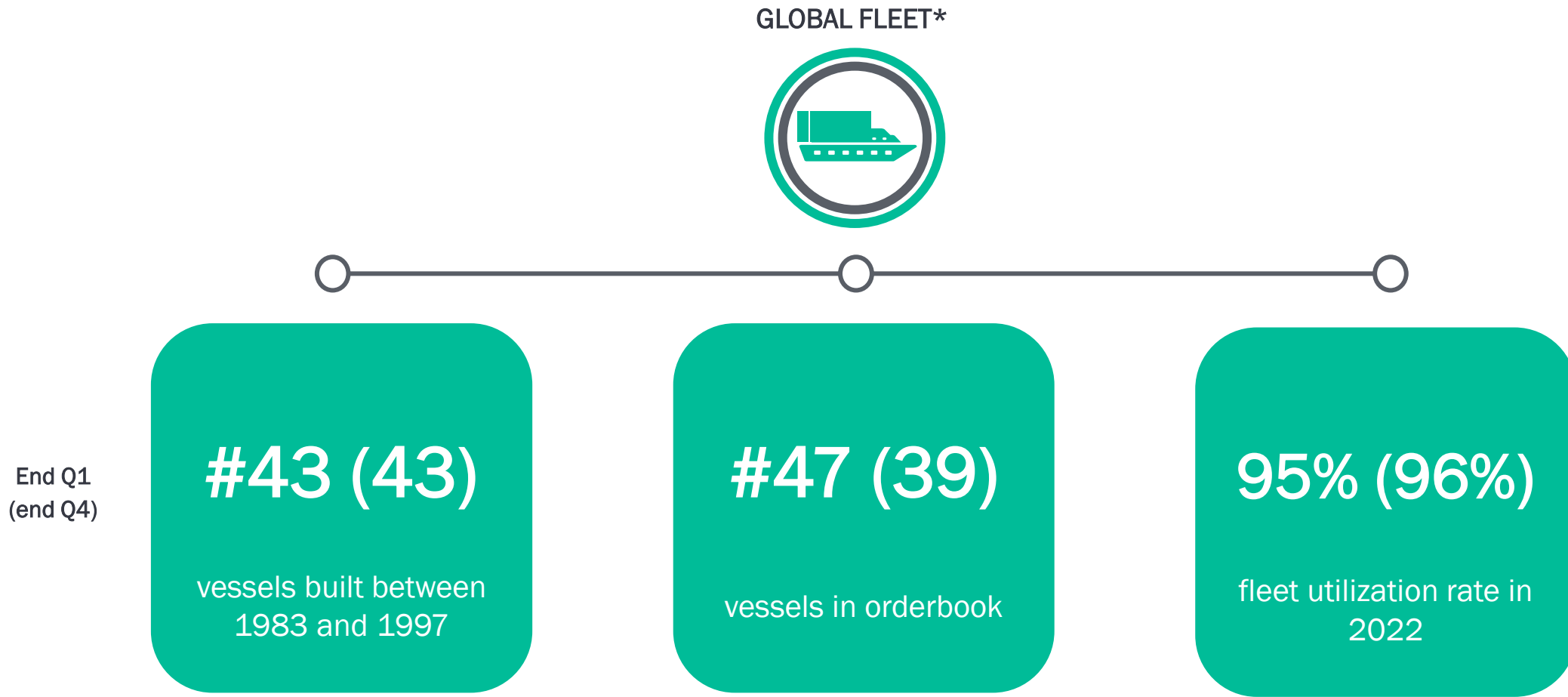
Source: <sup>1</sup>IHS Markit | World construction & agriculture equipment exports (avg. equipment value >20 kUSD ) (Units last 3 months, YoY) per December 2021. Data is limited to countries having reported customs data as per March 3<sup>rd</sup>, 2022.

<sup>2</sup>Parker Bay | Large Mining Equipment Deliveries (Units last quarter YoY). Arrows indicate YoY growth compared to last quarter. <sup>3</sup>Factset Data and Analytics (April 3<sup>rd</sup>, 2022) | OEM revenue consensus estimates per calendar year (USD).

Constituents: Volvo, Caterpillar, CNH, Hitachi, Deere, Terex, Doosan, Sandvik, Epiroc and AGCO. Estimates include sales of constr./mining/agri. equipment only

## Tight tonnage situation - limited recycling and orderbook relatively low

*New orders have a lead time of 3-4 years. Easing of current supply chain inefficiencies will add capacity*



Source: Clarksons Platou, \*for vessels above 4000 CEU, Utilization rate calculated on the basis of total global fleet (supply) and vessel capacity (demand)

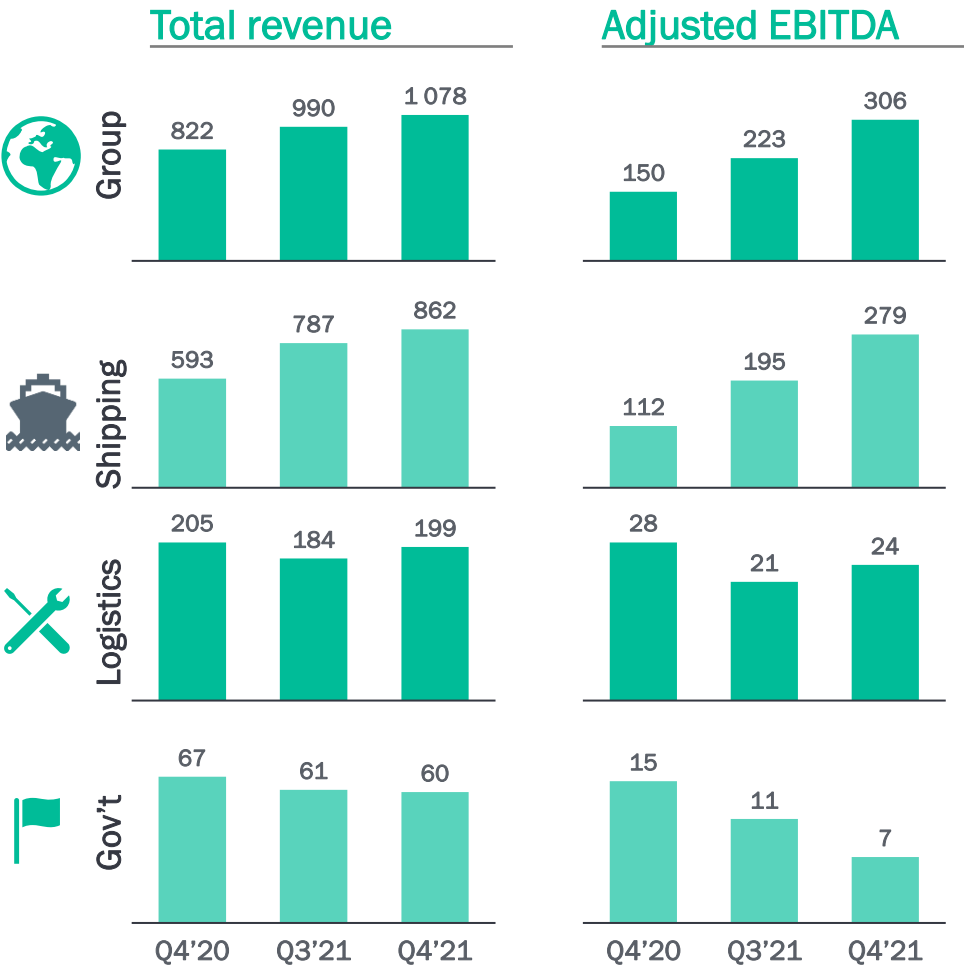


# Agenda

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# Financial highlights – Q4 2021

## RESULTS (USDm)



	Q3-21	Q4-21
Net profit	65 ↗	98
Adj. EBITDA margin	22.5% ↗	28.4%
Cash	587 ↗	710
Net debt	3 403 ↗	3 418

## KEY FINANCIAL METRICS

ROCE\* (%)
 

△

Y +7.6

Q +3.8

10.2

Equity ratio (%)
 

△

Y +1.7

Q +0.3

36.0

ND/Adj. EBITDA (x)
 

△

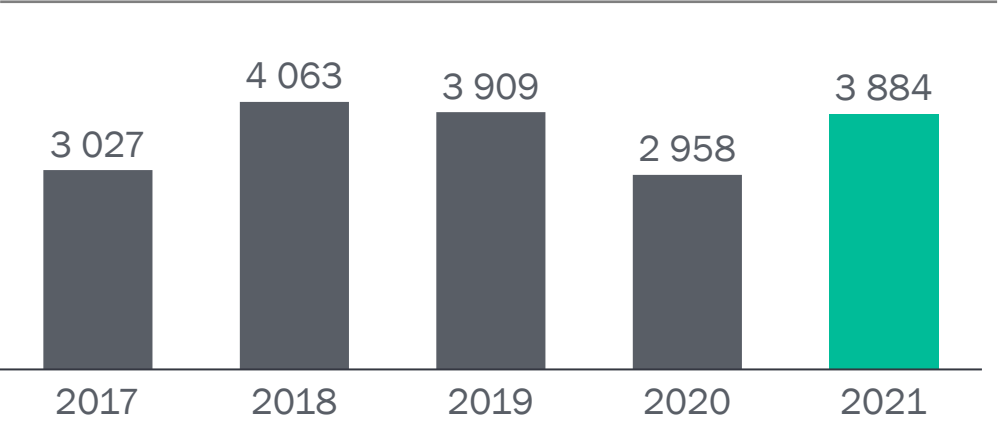
Y -2.4

Q -0.8

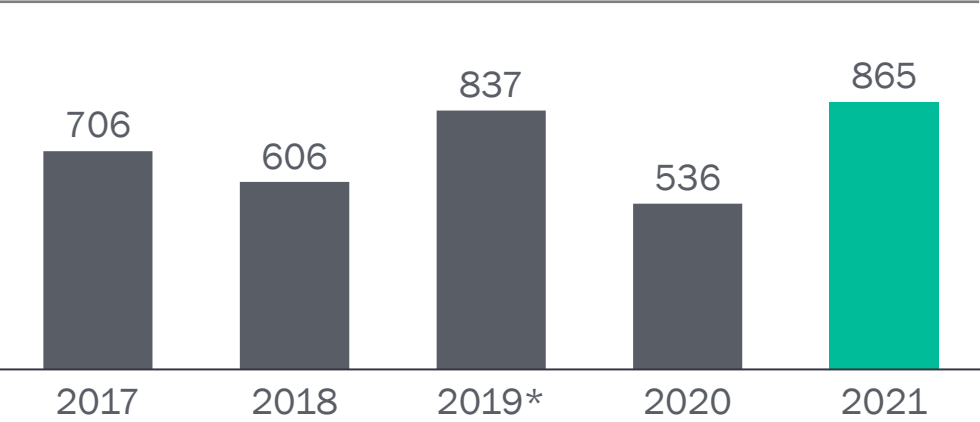
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# Leverage below pre-pandemic levels on higher EBITDA and lower net debt

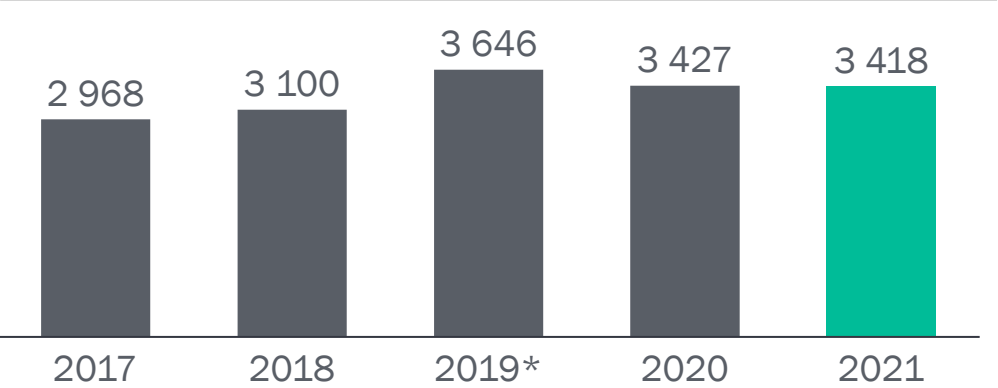
Total revenue, USDm



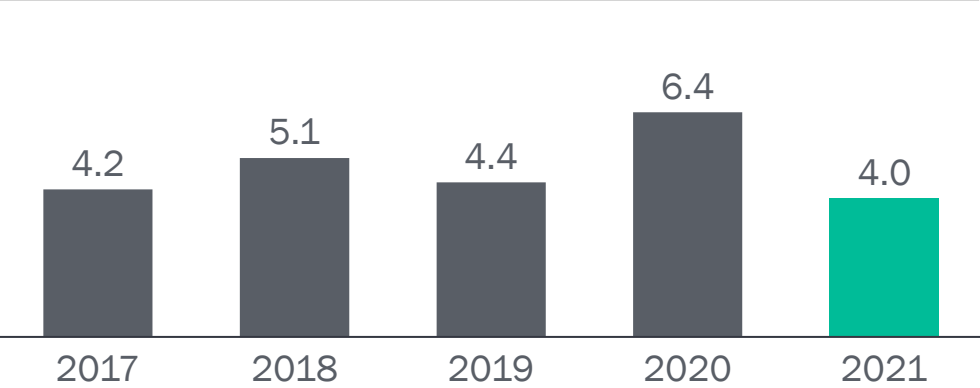
Adjusted EBITDA, USDm



Net Debt, USDm



NIBD/ Adj. EBITDA

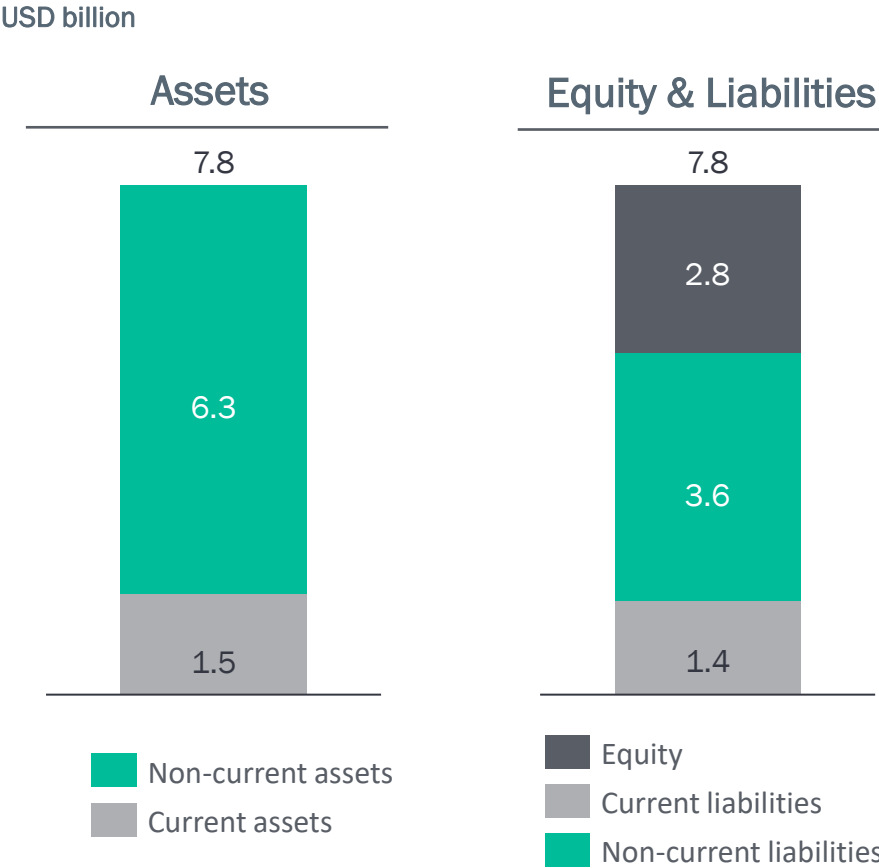


# Solid balance sheet and strong cash position

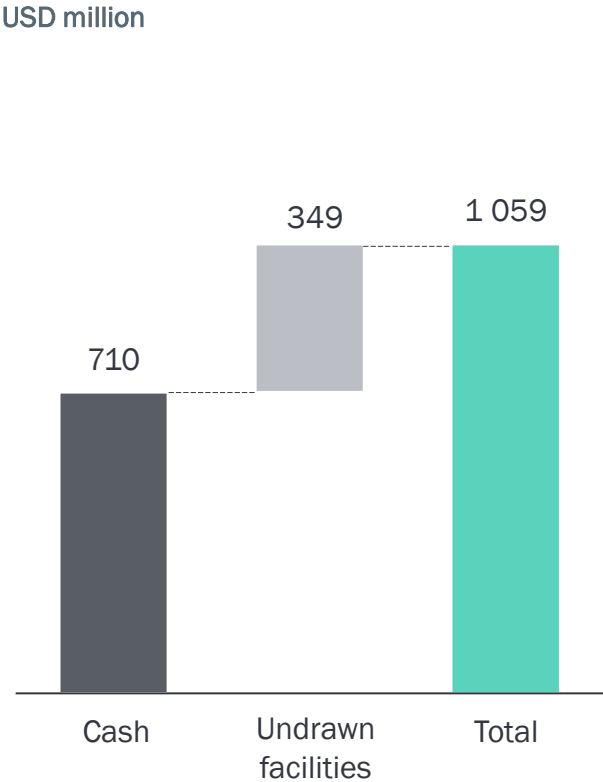
## COMMENTS

- Equity ratio at 36.0%
- Solid cash position of USD 710m
- Net debt at USD 3.4bn
- No material capex commitments
- 2022 bond, lease and bank maturities planned refinanced during the next 12 months
  - Bond maturities amount to USD 133m
  - Bank and lease maturities to USD 160m

## BALANCE SHEET 31.12.2021



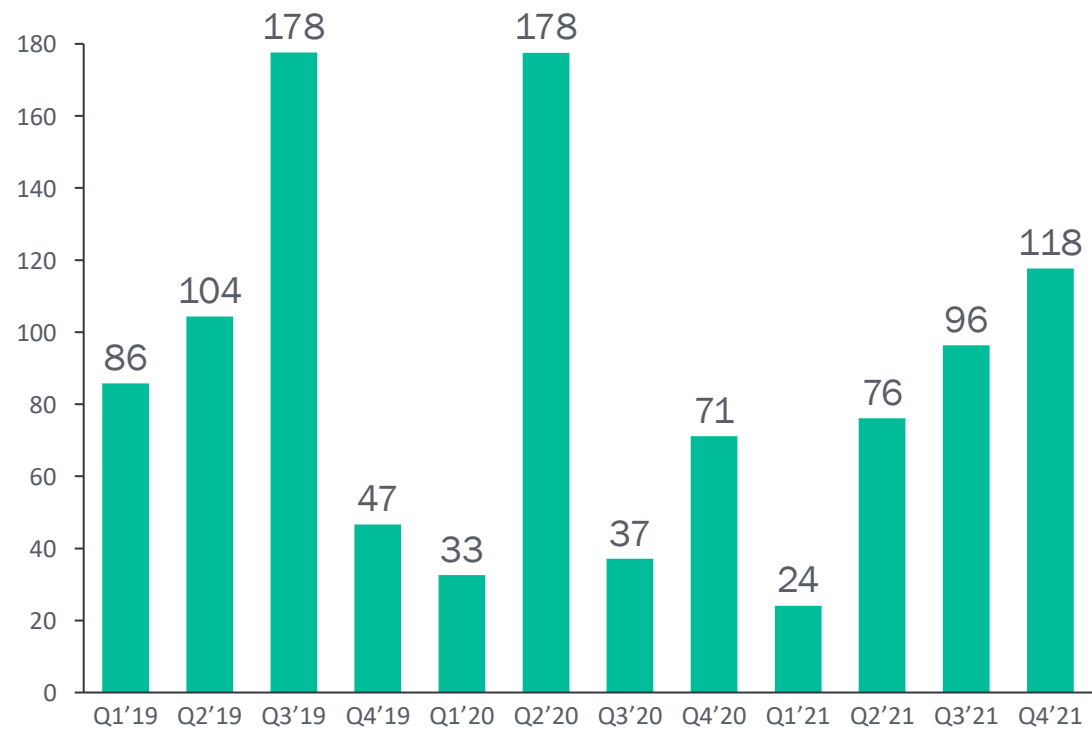
## Liquidity position 31.12.2021



# Resilient free cash flow has largely been applied towards reducing net debt

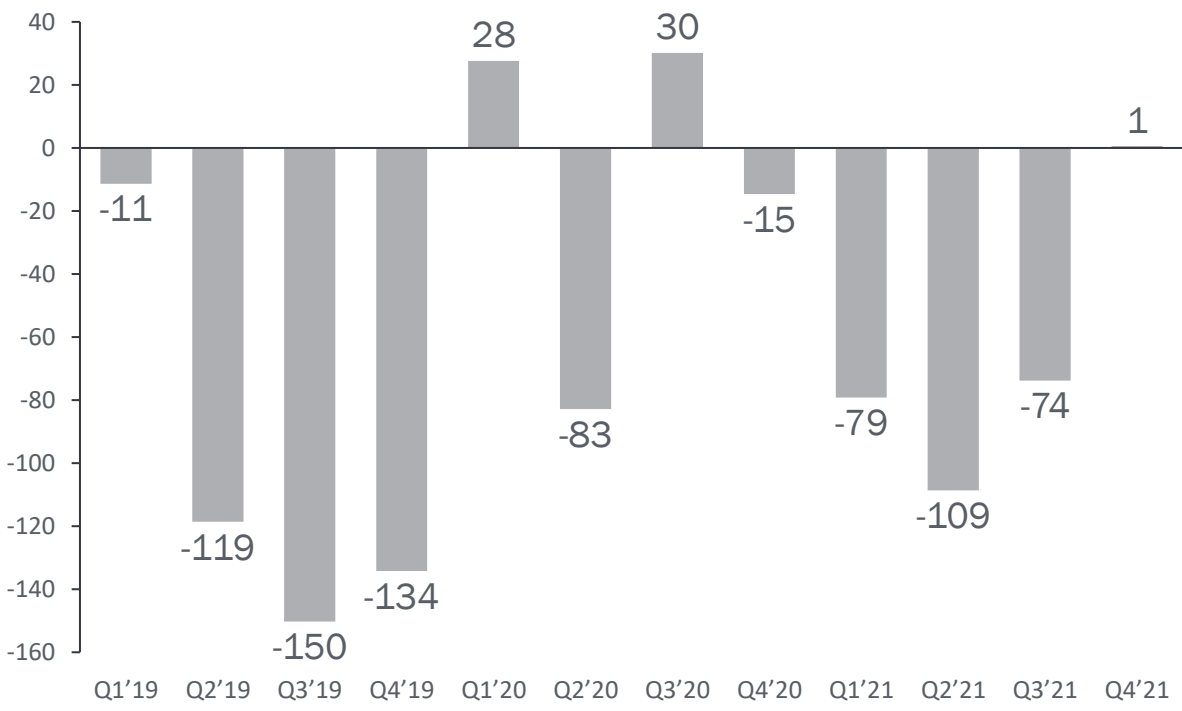
Free cash flow\*

USD million



Net debt repayment (debt uptake less debt repayment)

USD million








\* Free cash flow defined as Net cash flow from operating activities less Investments in vessels, other tangible and intangible assets, less Interest paid including interest derivatives.

# Agenda

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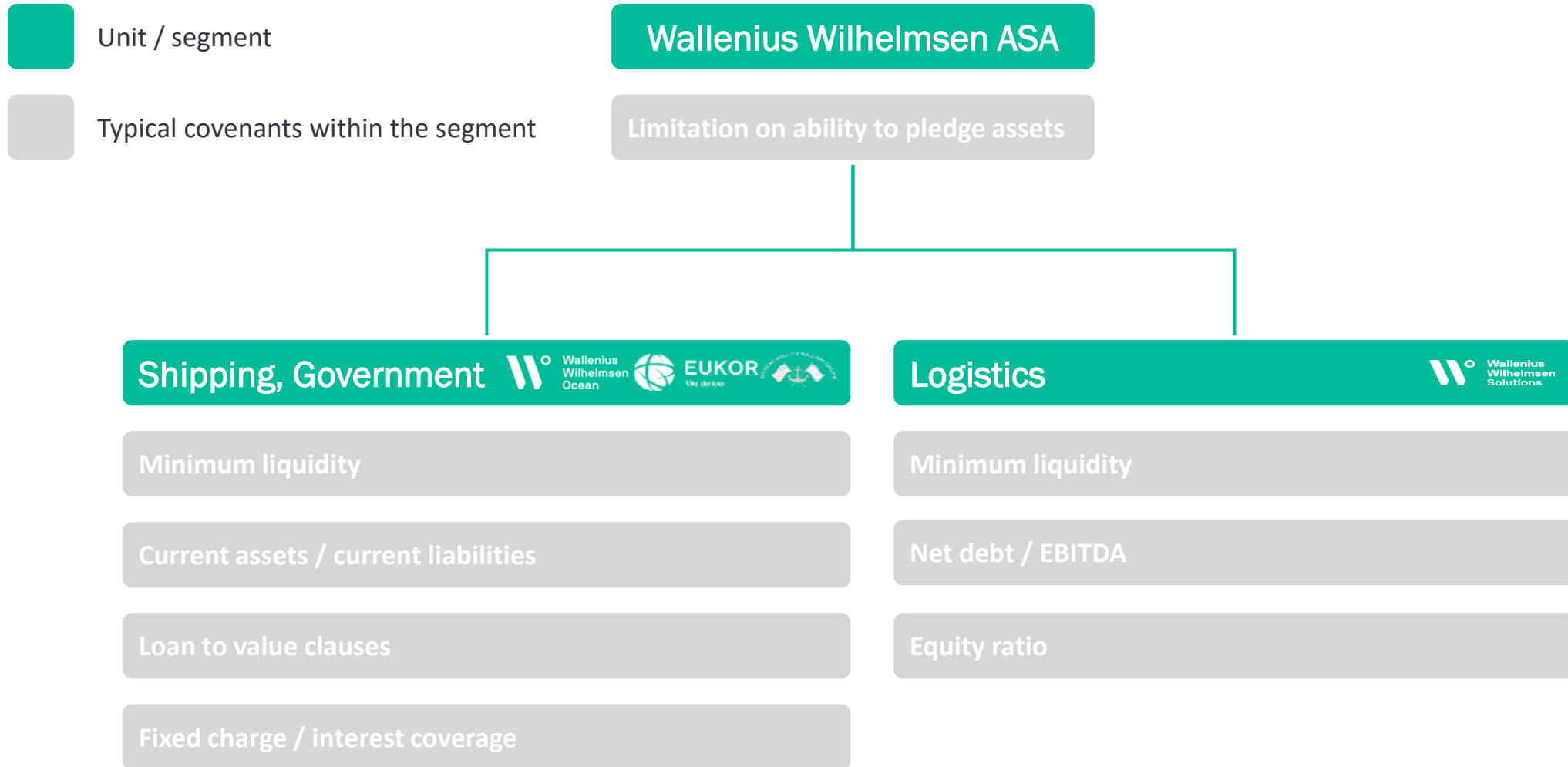
## Investment highlights

-  Global market leader in vehicle logistic segment
-  Long-term customer base and diversified business model
-  Strong history of free cash flow
-  Solid market fundamentals and results
-  Ambitious carbon target and commitment to sustainability

# APPENDIX



# Financing and covenants primarily on business unit level



# Investors demand transparency on issuers’ sustainability issues and targets

*Certain high yield investors have developed a list of 21 questions which we answer in the next slides*

ESG questionnaire: General industry	
Please list the industry’s three biggest sustainability (ESG) related challenges and briefly describe the process for identifying these challenges	<ul style="list-style-type: none"><li>• Tackling the climate crisis and reducing GHG emissions in line with the Paris Agreement is the defining challenge and opportunity of the shipping industry.</li><li>• Responsible vessel construction and end of life dismantling. The former includes the use of materials with a lower environmental impact while the latter necessitates responsible processing where human rights are respected and high standards of safety and employee welfare are maintained.</li><li>• Transition to renewable energy and full scale adoption of zero emission vehicles for our logistics services, i.e. distribution and handling of rolling cargo. This will eliminate climate gasses and local criteria emissions.</li><li>• The identification of these priority industry challenges stem from our materiality analysis. The challenges listed are those of greatest importance to the company and its stakeholders.</li></ul>
Does the company have a Science Based Target, report to the CDP or engage in any similar sustainability initiatives?	<p>In 2021 we committed to setting a science-based target.</p> <p>We reported to CDP for the first time in 2021 and received a C grade. <a href="#">Link</a>.</p> <p>In 2021 we signed the UN Global Compact</p>
Have you conducted any preliminary assessments of your company in relation to the EU Taxonomy? If so, what was the outcome?	<p>We have assessed our eligibility of CAPEX, OPEX and Revenue as required for 2021 reporting. We will assess alignment with the EU taxonomy during 2022 and report on the outcome in annual report for 2022 at the latest.</p>

# 21 ESG questions: Environment (1/2)

## ESG questionnaire: Environment

Please list the firm's three primary risks related to climate change and if any, the firm's climate related opportunities

### Risks

- Transitioning to low emitting propulsion technologies with uncertain long-term viability.
- Lock-in emitting fuels that become less competitive during ships' lifetime.
- Increased costs to ensure compliance with emerging regional and international climate regulations.

### Opportunities

- A progressive approach to decarbonization will strengthen our position as an employer of choice and facilitate attracting and retaining talent.
- Decarbonization will strengthen our competitive position amongst existing and new customers.

Does the firm anticipate any climate related investments, and if so to what extent?

- Yes, we anticipate climate related investments for both our ocean fleet and land-based assets:  
For the ocean fleet, this involves operational improvements and technical upgrades of existing vessels and particularly acquisition of new vessels with lower carbon emissions.

For our land-based assets, we have committed to all new equipment being zero-emissions from 2023 and we are continuously working on sourcing electricity from renewable/sustainable sources.

Circular Economy: how are purchases and waste managed? If the firm rely on any scarce resources, please describe what efforts are made to mitigate the risk of those resources becoming scarcer in the future, e.g. recycling, reusing substitutes or improved resource efficiency?

- All of our waste is delivered to and managed by reputable waste management services. Our vessel unloads waste in the harbours where it will be responsible managed. As stated in our [environmental policy](#), we strive to keep waste to a minimum through continuous focus on the management of resources and responsible recycling.
- We recycle our vessels in line with our [Responsible Vessel Recycling policy](#) and we are a founding members of the [Ship Recycling Transparency Initiative](#).

Please disclose your Scope 1, 2 & 3 GHG emissions. If not available, do you have a time plan for when to start reporting?

### 2021 - GHG emissions

Scope 1 – 4 591 612 tonnes

Scope 2 – 7 236 tonnes (does not include offices)

Scope 3 – ~2 000 000 tonnes is estimated following SBTi's generic industry guidance.

A comprehensive Scope 3 assessment is underway

For more information refer to the Sustainability section in our Annual report

Have you set a target to become carbon neutral? If so, how have you defined carbon neutrality?

We have not yet set a target to become carbon neutral. However, we have committed to reduce our CO<sub>2</sub>e intensity\* by 27.5%\*\*\* by 2030 (base-year 2019) and to source all energy from sustainable sources by 2050.

\*gCO<sub>2</sub>e/t\*km

\*\*\*Please note that our corporate CO<sub>2</sub>e intensity target should not be confused with the KPI and SPT as described in WaWi's Sustainability Linked Framework as described in the Framework on page 13. Our corporate intensity target is wider in scope and as such includes CO<sub>2</sub>-equivalent emissions on a Well-to-wake basis, including Short-term Time Chartered vessels. The CO<sub>2</sub>e intensity is calculated per tonne \* km.

# 21 ESG questions: Environment (2/2)

ESG questionnaire: Environment	
<p>Transition related risks (for example changed customer preferences or legislation): Do you anticipate any risks or opportunities due to the transition to a carbon neutral society? Is there any risk of the firm's offer being negatively affected? If yes, how has the firm positioned itself to handle that risk?</p>	<p>In addition to the identified climate risks listed on the previous page, we anticipate increased focus from investors, lenders, and insurance companies regarding our climate impact. This may result in increased cost of capital and insurance. On the other hand, we may experience increased access to capital and better rates following continuous high focus on reducing GHG emissions and sustainable business conduct.</p> <p>Also, changes in consumer awareness and preferences may incentivize production closer to end markets to reduce emissions or value chain complexity, thus reducing the need for deep sea shipping and related work.</p> <p>99% of our CO<sub>2</sub>e emissions and our financially material climate risks are related to shipping. To address this risk, we have set an ambitious carbon intensity reduction target (gCO<sub>2</sub>e/t*km) of 27.5% by 2030, compared to 2019. We are also currently assessing our fleet strategy to ensure a competitive and future proof fleet.</p>
<p>Please list the firm's (1-2) primary means of making a positive environmental impact or minimising negative environmental impact . Please list the corresponding most relevant UN Sustainable Development Goals. What proportion of sales can be directly linked to selected UN SDGs?</p>	<ul style="list-style-type: none"><li>• GHG emissions – UN SDG 13 Climate change:<ul style="list-style-type: none"><li>• Introduce technical upgrades (hull &amp; propulsion, machinery &amp; systems, asset replacement)</li><li>• Operational improvements ( Low carbon fuels, emissions energy management, planning and network optimization)</li><li>• Asset replacement (future proof new-buildings and new long-term charters)</li></ul></li><li>• Biodiversity – UN SDG 15 Life below water:<ul style="list-style-type: none"><li>• Biofouling management (Hull cleaning, propeller polishing, underwater inspections dry-docking)</li><li>• Invasive species –(Ballast water management systems, including treatment)</li><li>• Cetacean preservation</li></ul></li></ul>

# 21 ESG questions: Social

## ESG questionnaire: Social

Does the firm have a history of accidents? If so, how have these been managed? Are there any preventive measures, such as policies?

- Wallenius Wilhelmsen track all incidents, including first aid, medical treatment, lost time injuries and quality incidents. Any fatalities, lost time injuries and frequency are reported in our annual report.

Our approach to health and safety are stated in our separate policies for Shipping and Logistics.

- In 2021 we unfortunately experienced 1 work-related fatality(contractors) due to a driving accident.
- Our Lost Time Incident Frequency (LTIF), per million man-hours:
  - Logistics – 14.96 in 2021, up from 13.94 in 2020,
  - Shipping - 0.88 in 2021, down from 0.99 in 2020.

If applicable, please state your targets for gender and cultural equality and indicate the relative split of men/women at every level of the firm, particularly the Board of Directors and management team

### Diversity & inclusion – 2021

- Gender balance total: 75% male, 25% female
- Gender balance production workers: 82% male, 18% female
- Gender balance office workers: 61% male, 39% female
- Board of directors: The board of directors has 6 members of which 50% are women.
- Top Executive Team: Has 4 members, 100% male
- Gender balance office workers in senior roles (male:female) 79% : 21%
- We target to change gender diversity of office workers in senior roles (M:F) to 65% : 35% by 2030.

Does the company conduct any other community engagement activities aside from those directly connected to the business?

- We encourage our employees and local offices to be a positive force in their local communities. As such Wallenius Wilhelmsen and our employees are involved in numerous activities and charitable events world-wide. Some examples below:
- Financial contribution to the humanitarian and recovery efforts following the typhoon Rai, Philippines in 2021
  - Local offices and production sites participates in annual local beach and river clean-up events in relation to World Ocean Day, Global
  - Donation of food and other necessities due to tropical storms Amanda and Cristobal, El Salvador
  - Food drives for local food pantries, USA
  - Rutherford Works – Formalize work-based learning programs for High School juniors and seniors, USA
  - Financial donation to help St Martin Diocesan Home for children pay for general repairs of the building and refurbishment of furniture, South Africa

How often does the firm conduct audits of its suppliers, and how often do you discover incidents not compliant with your code of conduct?

In 2021 we published our [Sustainability Supplier Code](#). The Code is applicable to all suppliers, subcontractors, agents, and other business partners of Wallenius Wilhelmsen. The supplier Code includes, but is not limited to, human and labor rights, equal opportunity and diversity in employment, harassment, health, safety and environment, compensation and anti-corruption. We are currently developing our supplier management approach. In 2021 we issued the supplier Code to 25 key suppliers and received 96% acknowledgment.

Wallenius Wilhelmsen has yet to establish a supplier audit program but will conduct a risk assessment of our supply chain in 2022. As per our [procurement policy](#) we are committed to prioritize suppliers who have sustainable and ethical practices within their respective organizations and who drive such practices throughout their own supply chain.

# 21 ESG questions: Governance (1/2)

## ESG questionnaire: Governance

Do all staff members receive continuing education on anti-corruption? Is there an external whistle-blower function? Are there any ongoing or historical incidents involving corruption, cartels or any other unethical business conduct? Have any preventive measures been taken?	<ul style="list-style-type: none"> <li>• At Wallenius Wilhelmsen we strive to work in an atmosphere of openness and responsible and ethical business conduct.</li> <li>• Our Code of Conduct is available publicly and is part of our onboarding procedures, training program and confirmed annually. During 2021, our annual code of conduct training involved e-learning for our IT-enabled employees and extensive workshops were conducted for employees without PC. Senior management, BoD and other relevant staff receive regular training on business ethics and anti-corruption</li> <li>• We want to hear any concerns about how we operate and do business. The Alert line is a confidential service that can be accessed from any location and is hosted by an independent third-party. Concerns may be made anonymously and can include Health, Environment and Safety breaches to fraud, corrupt activities, conflicts of interest, working environment issues, bullying and harassment.</li> <li>• Wallenius Wilhelmsen has been part of anti-trust investigations in several jurisdictions since 2012. In 2021, we paid USD 149m customer settlements and jurisdictional fines. At this time there are no further jurisdictional investigations ongoing.</li> <li>• When the investigations into the car carrying industry begun, Wallenius Wilhelmsen immediately took action to strengthen the organization, policies, processes, and training to ensure full compliance with competition law. These actions include:             <ul style="list-style-type: none"> <li>• The appointment of a Global Compliance Officer to oversee and manage regulatory compliance issues</li> <li>• Reinforced training on our Competition Compliance Policy that outlines and reiterates the group requirements for compliant industry communication and documentation</li> <li>• The introduction of a global Alert line to encourage reporting of any noncompliant behavior.</li> </ul> </li> </ul>
Please state the firm's business tax residence (i.e. where the firm pays tax) and explain why that specific tax residence was chosen	Wallenius Wilhelmsen ASA's head office is located in Norway and as such is also the company's tax residency.
How many independent members sits on the Board of Directors?	4 of 6 board members are independent
Please state if and to what extent, the company has transactions with related parties	To some degree, e.g., with our ship management companies; Wallenius Marine and Wilhelmsen Ship management. For more information refer to the note on 'Related party transactions' in our Annual report

# 21 ESG questions: Governance (2/2)

## ESG questionnaire: Governance

<p>Which KPIs dictate the remuneration to management (are sustainability and diversity goals included)?</p>	<p>Wallenius Wilhelmsen's remuneration policy covers all employees and is developed to ensure the Company attracts and retains competent employees. The board determines the Group CEO's remuneration and establishes the framework for adjustments for other employees.</p> <p>The company has adopted two new incentive programs that went into effect 2021. Senior Managers and higher at all sites around the world are eligible for a Global Incentive Plan that will incentivize and reward sustainability (20% of this bonus will be tied to ESG performance). Executive Equity Compensation is also provided to further incentivize the company's sustainability performance and objectives: 20% of this equity compensation will be tied to ESG performance.</p> <p>KPIs include CO2 intensity reduction targets, Health &amp; Safety performance and Diversity and inclusion.</p>
<p>Describe the company's process for monitoring and reporting ESG issues and performance to senior management/the Board. In your response please confirm what KPIs are monitored (if any) and how frequently reporting is undertaken</p>	<p>The foundation of our overall ESG risk approach is a materiality assessment, conducted periodically to engage stakeholders in identifying which ESG topics are material to our business and value chain. We systematically track ESG objectives and KPIs, and data is collected and reported quarterly to the company's top management.</p> <p>The Board of Directors review the company's Long-term Strategy, Annual Sustainability Report, and ESG objectives, metrics and targets annually. The executive Team and BoD receive regular reports on ESG performance from the Chief Sustainability Officer.</p>
<p>Have you signed a Union agreement?</p>	<p>Many of our employees are members of a relevant union. We have Collective Bargaining agreements in place in several areas, including USA and the Americas where most of our production workers are employed. For instance, we have Labor Agreements for different sites within the U.S. and Canada. These Agreements are not collective but rather separate Agreements for different sites within North America. 335, or 18%, of our 1 885 US production workers are represented by a union.</p> <p>As stated in our Code of Conduct we cooperate with employee representatives with the aim to achieve balance between the interests of the company and those of the employee.</p>



# Risk factors (1/7)

*Investing in bonds issued by the Company involves inherent risks. Prospective investors should carefully consider, among other things, all information in this Presentation, including the risk factors set out below, before making an investment decision. This section addresses both general risks associated with the industry in which Wallenius Wilhelmsen ASA (the “Company”) or any of its subsidiaries (such entities together, the “Group”) operates and the specific risks associated with its business. Further, this section describes certain risks relating to the Bonds which could also adversely impact the value of the Bonds. It is not intended to be exhaustive – additional risks and uncertainties not presently known to the Group, or that it currently deems immaterial, may also impair the Group’s business operations, financial condition, results of operations, cash flow and/or the value of the Bonds.*

*Investors should be mindful of the uncertainties that follow the coronavirus SARS-CoV-2 (“Covid-19”) pandemic when investing in the Bonds. The Covid-19 pandemic may adversely affect the likeliness of occurrence and/or materiality of the risk factors presented in this Presentation, and could also impose additional risks that have not yet been identified by the Company or which are not considered as material risks at the date of this Presentation.*

*The Group cannot assure investors that any of the events discussed in the risk factors below will not occur. If they do, the Group’s business, financial condition, results of operations and cash flows could be materially adversely affected. In such case, the trading price of the Bonds could decline, the Company may be unable to pay all or part of the interest or principal on the Bonds, and an investor may lose all or part of its investment. An investment in the Bonds is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment.*

*This Presentation also contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Presentation.*

*The following sets out various risk elements that are considered particularly relevant for investing in the Bonds. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.*

## **Risks related to the Group and the market in which it operates**

### *Risks related to Covid-19*

The Covid-19 pandemic has caused, and is expected to continue to cause, severe disruptions in regional economies and the world economy and financial and commodity markets in general. The transmission of Covid-19 and efforts to contain its spread have resulted in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains and customer activity and demand, service cancellations, workforce reductions and other changes, significant challenges in healthcare service provision and delivery, as well as considerable general concern and uncertainty, all of which have negatively affected the economic environment and may in the future have further and larger impacts.

The Group has experienced significant negative impact on the demand for both ocean transportation and landbased services. For instance, plant closures in Asia caused parts shortages, disrupting the inbound supply chain to vehicle production leading to lower output and less volumes shipped.

While the impact of the COVID-19 pandemic is not expected to last indefinitely, the circumstances relating to the pandemic are dynamic and its impacts on the Group’s business operations is difficult to predict. Disruptions caused by the pandemic may lead to a decline in customers’ production or ability to pay for the Group’s services, which could result in decreased demand for its vessels and services. Customers’ inability to pay could also result in their default on the Group’s current contracts. A decline in the amount of services requested by the customers or customers’ default on the Group’s contracts with them could have a material adverse effect on the Group’s business, results of operations, cash flows and financial condition.

## Risk factors (2/7)

### *Risk related to change in production patterns*

The geographical pattern of production and sales of cars and rolling equipment may change going forward, because of, inter alia, restructuring in the industries, growing protectionism and currency concerns. A potential shift in the balance between locally produced and exported cargo may affect the overall demand for ocean transportation, and could result in lower and less efficient utilisation of the Group's fleet. Shifts in production and sales may also result in lower and less utilisation of the Group's landbased logistics facilities and transportation networks, which in turn may have a material adverse effect on the business, results of operations, cash flows and the financial condition of the Group.

The Company cannot predict the future level of demand for its services or future conditions in the industries it serves.

### *Risks relating to the industry*

Historically, the shipping industry has been highly cyclical, experiencing volatility in profitability and asset values. This has primarily been due to changes in the level and pattern of global economic growth, the highly competitive nature of the world of the shipping industry and changes in the supply of and demand for vessel capacity.

The Group's performance and growth depends heavily on the demand for deep-sea transportation of cars, high and heavy machinery and break bulk cargo, including US governmental cargo, supply of vessels built and old vessels recycled, converted to other uses or lost, as well as government and industry regulation of maritime transportation. An increase in the supply of vessels or other vessel capacity without a corresponding increase in demand for transportation could cause freight rates to decline. An oversupply of vessels that can cause pressure on rates may materially adversely affect Group's business, results of operations, cash flows and financial condition.

### *Risk related to competition*

The shipping and logistics industries in which the Group operates are highly competitive. The Group obtains employment for its vessels in competitive markets, where it encounters competition from owners and operators of roll-on roll-off vessels, large car and truck carriers ("LCTCs"), pure car and truck carriers ("PCTCs") and pure car carriers ("PCCs"), as well as by logistics services providers. The Group's logistics services providers operate in highly competitive markets in which they face competition from landbased transportation and logistics services companies, as well as international logistics service providers.

The competition in the markets where the Group operates may lead to reduced profitability and/or expansion opportunities and the Group's market share and competitive position in these markets may erode in the future. Any new markets that are entered into could include participants that have greater experience or financial strength than the Group, and it may thus not be successful in entering such new markets.

If any of these risks were to materialise, it may have a material adverse effect on the Group's business, results of operations, cash flows and financial condition.

# Risk factors (3/7)

## *Geopolitical risk and sanctions*

The Group is active in a number of regions, which expose the Group to political, governmental and economic instability, which could in turn harm operations.

Changes in the legislative, political, governmental and economic framework in the regions in which the Group carries on business could have a material impact on the business. In particular, changing laws and policies affecting trade, investment and changes in tax regulations could have a materially adverse effect on the Group's revenues, profitability, cash flows and financial condition.

As a direct consequence of the Russian invasion of Ukraine 24 February 2022 and the newly implemented sanctions regime, the Group has suspended operations in Russia and Belarus until further notice. The Group has limited direct exposure in the region. The only identified issue is related to the Group's joint venture named #VCM s.r.o ("#VCM"), a Slovakian entity owned 50% by Wallenius Wilhelmsen Inland Services Holding AS ("WISH") and 50% by GEFCO S.A. ("GEFCO") a large logistics company incorporated in France. The Group's joint venture partner GEFCO is in turn owned 75% by a company named Russian Railways, which has been made subject to Sanctions. #VCM is performing smaller land based technical services for an original equipment manufacturer's factory in Slovakia. The Group's 50% share of 2021FY revenues was EUR 700,000 and the original equity investment in #VCM amounted to EUR 25,000 in 2018.

Further, certain subsidiaries of Wallenius Wilhelmsen Ocean Holding AS ("WWO") are party to contracts of affreightment with GEFCO, representing less than 1% of Group 2021FY revenues. Both the joint venture business and the freight contracts represent non-material business for the Group.

It is highlighted that the above situation does not represent a breach by the Group (or of any of their finance parties) of applicable sanctions. However, the sanctions language in the existing bank financings are currently stricter than applicable sanctions regulations. GEFCO on 1 April 2022 announced they are in the process of buying out Russian Railways as a shareholder with a target to conclude within 11 April 2022 and therefore, relevant waivers have been put in place under certain financing agreements while GEFCO resolves its ownership issue. Should this not materialise within the waiver period extended to 22 May 2022, the Group has made an executive decision to exit their relations with GEFCO.

## *Risks related to piracy, armed robbery, hijackings and kidnapping*

Acts of piracy and armed robbery have historically occurred in areas where the Group has operated and there is a risk that acts of piracy, armed robbery, hijackings and kidnapping will continue to occur in these areas.

## *Environmental risk*

The activities of the Group are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Changes in regulations concerning emission of greenhouse gases is one such risk factor for the Company. Compliance with such regulations may require significant expenditures, and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Changes in environmental laws may result in a material increase in the cost of operating the Group's units or otherwise materially adversely affect its business, profitability, cash flows and financial condition.

## *Incidents involving significant damage, loss or environmental contamination*

The Group's vessels work in harsh environments, and the Group also operates and/or manages/procures transportation of cargo by truck, rail and barge. The vessels and cargoes are at risk of being damaged or lost because of events such as marine disasters, human errors, bad weather conditions, war and terrorism, grounding, fire, explosions and collisions, and faulty constructions.

# Risk factors (4/7)

## *Risks related to customer contracts*

There can be no assurance that the Group will be able to renew its existing customer contracts and/or establish additional customer agreements, or that any such future agreements will be on terms equally favourable to the Group as is currently the case. The Group's business, results of operations, cash flows and financial condition may be materially adversely affected if it fails to continue its current agreements or establish new agreements on similar terms.

## *Risks related to disputes and litigation and anti-trust*

The Group operates in various legal and regulatory environments world-wide. The Group might because of this be involved in disputes and legal, administrative and governmental proceedings in Norway and other jurisdictions. Potential outcomes of such disputes and proceedings are subject to many uncertainties which can expose the Group to losses and liabilities. The final results of such disputes and proceedings may have a material adverse effect on the business, profitability, cash flows and financial condition of the Group.

The operating entities WW Ocean and EUKOR have been part of authority anti-trust investigations in several jurisdictions since 2012. These proceedings are now resolved. Some related civil claims are still pending, and the timeline for full and final resolution of these claims is uncertain. As per the fourth quarter of 2021, provisions set aside for anti-trust claims are USD 44 million.

## **Financial risks related to the Group**

### *Currency risk*

The reporting currency for the Group is USD. The Group is exposed to currency risk on revenues and expenses incurred (transaction risk) and balance sheet items (translation risk) in currencies other than USD, including CNY, EUR, GBP, JPY, KRW, NOK, SEK, as well as other currencies.

### *Interest rate risk*

The Group's long-term debt is primarily based on floating interest rates, and the Group has entered into interest rate swaps to obtain a certain level of fixed rate exposure. Interest rate fluctuations will influence the level of interest expense payable on the floating rate debt. An increase in interest rates can therefore materially adversely affect the Group's financial results, cash flow and financial condition.

Interest rate fluctuations will also influence the fair value of its portfolio of financial derivatives and thereby its financial results. An increase in interest rates can therefore materially adversely affect the Group's financial condition.

### *Restrictive covenants in the Company's secured loan facilities and the bond terms, financial and other restrictions*

The Group has a number of covenants related to its loans and other financial commitments. Similarly, the bond terms will provide certain restrictions on the Group from certain actions. The restrictions in such terms and conditions may prevent the Group from taking actions that it believes would be in its best interest and may make it difficult for the Group to execute its business strategy successfully or compete effectively with companies that are not similarly restricted. Furthermore, any additional debt financing, if available, may involve restrictive covenants. Failure to comply with financial and other covenants may result in increased financial costs, requirement for additional security or cancellation of loans, which in turn may have a material adverse effect on the Group's results of operations, cash flow and financial condition.

# Risk factors (5/7)

## *Liquidity risk*

Liquidity risk is the risk that the Group may not be able to meet its liabilities as they fall due. The Group's policy on overall liquidity is to maintain a minimum liquidity to cover regular operating costs and serve as a cushion against temporary fall in revenues or unforeseen payments. The Group is actively using a system for planning and forecasting of cash flows in order to forecast long-term liquidity needs and to plan for the necessary financing to fund future operations and investments. An insufficient liquidity position may have a material adverse effect on the operations and development of the Group, which in turn may have a material adverse effect on the Group's results of operations, cash flow and financial condition.

## *Credit risk*

The Group routinely executes a large volume of transactions involving daily settlement of substantial amounts, many of which expose the Group to the risk of contractual default by a counterparty. Due to the current difficult market conditions and the Covid-19 pandemic, this risk has increased. The Group's profitability, cash flows and financial condition may be materially adversely affected, should its counterparties fail to meet their contractual obligations.

The Group's customer base consists of diverse customers with no single material source of credit risk. However, a downturn in financial markets and economic activity may result in a higher volume of late payments and outstanding receivables. Even though the Group routinely seeks to recover all outstanding receivables, the amounts of write-offs may increase and have a material adverse effect on the results of operations, cash flow and financial condition of the Group.

## *Fuel price risk*

The profitability and cash flow of the Group is influenced by the market price of fuel, which is affected by numerous factors beyond the control of the Company. The price of fuel oil has historically been volatile. An increase in fuel prices may materially affect the Group's profitability and put pressure on the operating margins, particularly in periods with price increases, as there is a lagging effect in the bunker compensation mechanism in the Group's customer contracts. Thus, the market price of fuel may have a material adverse effect on the business, results of operations, cash flows and financial condition of the Group.

## **Risks related to the Bonds and the Bond Issue**

### *The Bonds may not be a suitable investment for all investors*

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Presentation or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds; and
- be able to evaluate (either alone or with the assistance of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

# Risk factors (6/7)

## *Interest-rate risk*

Interest rate risk is the risk that results from the variability of the NIBOR interest rate. The coupon payments, which depend on the NIBOR interest rate and the margin, will vary in accordance with the variability of the NIBOR interest rate. The interest rate risk related to this bond issue will be limited, since the coupon rate will be adjusted quarterly according to the change in the reference interest rate (NIBOR 3 months) over the tenor of the Bonds. The primary price risk for a floating rate bond issue will be related to the market view of the correct trading level for the credit spread related to the bond issue at a certain time during the tenor, compared with the credit margin the bond issue is carrying. A possible increase in the credit spread trading level relative to the coupon defined credit margin may relate to general changes in the market conditions and/or Company specific circumstances. However, under normal market circumstances the anticipated tradable credit spread will fall as the duration of the bond issue becomes shorter. In general, the price of bonds will fall when the credit spread in the market increases, and conversely the bond price will increase when the market spread decreases.

*The regulation and reform of “benchmarks” may adversely affect the value of securities linked to or referencing such “benchmarks”*

Interest rates and indices which are deemed to be “benchmarks”, (including NIBOR) are subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any securities linked to or referencing such a “benchmark”. The Benchmarks Regulation could have a material impact on any Bonds linked to or referencing a “benchmark”, in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “benchmark”. The Bonds are linked to NIBOR and there is a risk that any discontinuance or reforms of NIBOR may material adverse effect the pricing of the Bonds. No guarantees can be made as to the continuance of the current underlying reference rate of the Bonds and the possible consequences a potential discontinuance of NIBOR may have of the value of the Bonds.

## *Risk of being unable to repay the Bonds*

During the lifetime of the Bonds, the Company will be required to make payments on the Bonds. The Company is dependent upon its and its subsidiaries’ ability to generate cash flow from operations and to make distributions to the Company in order for the Company to make scheduled payments on the indebtedness, including the Bonds.

The future financial performance of the Group will be affected by a range of economic, competitive, governmental, operating and other business factors, many of which cannot be controlled, such as general economic and financial conditions in the business or the economy at large. A significant reduction in operating cash flows resulting from changes in economic conditions, increased competition or other events could increase the need for additional or alternative sources of liquidity and could have a material adverse effect on the business, financial condition or results of operations, as well as the Group’s ability to service its debt, including the Bonds, and other obligations.

If the Group is unable to service its indebtedness, it will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing indebtedness or seeking equity capital. The Group cannot assure investors that any of these alternative strategies could be affected on satisfactory terms, if at all, or that they would yield sufficient funds to make required payments on the Bonds and the Group’s other indebtedness. In addition, any failure to make scheduled payments of interest and principal on outstanding indebtedness is likely to result in a reduction of credit rating, which could harm the ability to incur additional indebtedness on acceptable terms.

# Risk factors (7/7)

## *The Bonds are effectively subordinated to the secured debt of the Company*

The Bonds will be the Company's direct senior unsecured obligations and will rank equal in right of payment (except as to claims preferred by operation of law) with all of its other existing and future senior indebtedness. The Bonds will be effectively subordinated to all of the Company's existing and future secured indebtedness to the extent of the assets securing such indebtedness. If the Company is involved in any bankruptcy, dissolution, liquidation or reorganization, the secured debt holders would, to the extent of the value of the assets securing the secured debt, be paid before the holders of the Bonds. In that event, a holder of Bonds may not be able to recover any principal or interest due to it under the Bonds.

## *The Bonds will be unsecured obligations and structurally subordinated to the liabilities of any of the Company's subsidiaries*

Generally, creditors under indebtedness and trade creditors of the Company's subsidiaries will be entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Company, as a direct or indirect shareholder. Accordingly, in the event that any of the Group's subsidiaries becomes subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceeding, the Company's creditors (including the holders of the Bonds) will have no right to proceed against the assets of any such subsidiary, and creditors of the Group's subsidiaries, including financial indebtedness and trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Company, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

## *The trading price of the Bonds may be volatile*

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Bonds. Any such disruptions could adversely affect the prices at which investors may sell their Bonds. In addition, subsequent to their initial issuance, the Bonds may trade at a discount from their initial placement, depending on the prevailing interest rates, the market for similar securities, the performance of the Company and other factors, many of which are beyond the Group's control.

## *Risks related to the market for the Bonds*

The Bonds are a new issue of securities with no established trading history. Even though the Group will apply for listing of the Bonds on Oslo Børs (or any other regulated market), no assurance can be made that the Bonds will be successfully listed.

The Group has not entered into any market-making scheme to ensure liquidity of the Bonds. A liquid trading market for the Bonds may not develop or be maintained and investors may not be able to sell the Bonds quickly or at a favourable price. If an active market does not develop or is not maintained, the price and liquidity of the Bonds may be adversely affected. The Group cannot assure investors as to the future liquidity of the Bonds and as a result, investors bear the financial risk of their investment in the Bonds.