



# Wilhelmsen Maritime Services

SHAPING THE MARITIME INDUSTRY

**Dag Schjerven, President & CEO**

- WMS portfolio strategy

**Philip Bannerman, VP Business Development WTS**

- The insulation market, TI group



**WWH Capital Markets Day  
17 September 2014**

# Wilhelmsen Maritime Services

## A UNIQUE GLOBAL NETWORK

.....  
An integrated maritime service provider offering solutions, products and services through the most comprehensive network in the industry



# World largest maritime network

- ~ 400 operational offices
- ~ 75 countries
- ~ 5 600 onshore employees
- ~ 11 000 seafarers
- ~ 65 000 port calls p.a.
- ~ 25 000 ships served annually
- ~ 50% fleet penetration (services)
- ~ 25% fleet penetration (equipment)

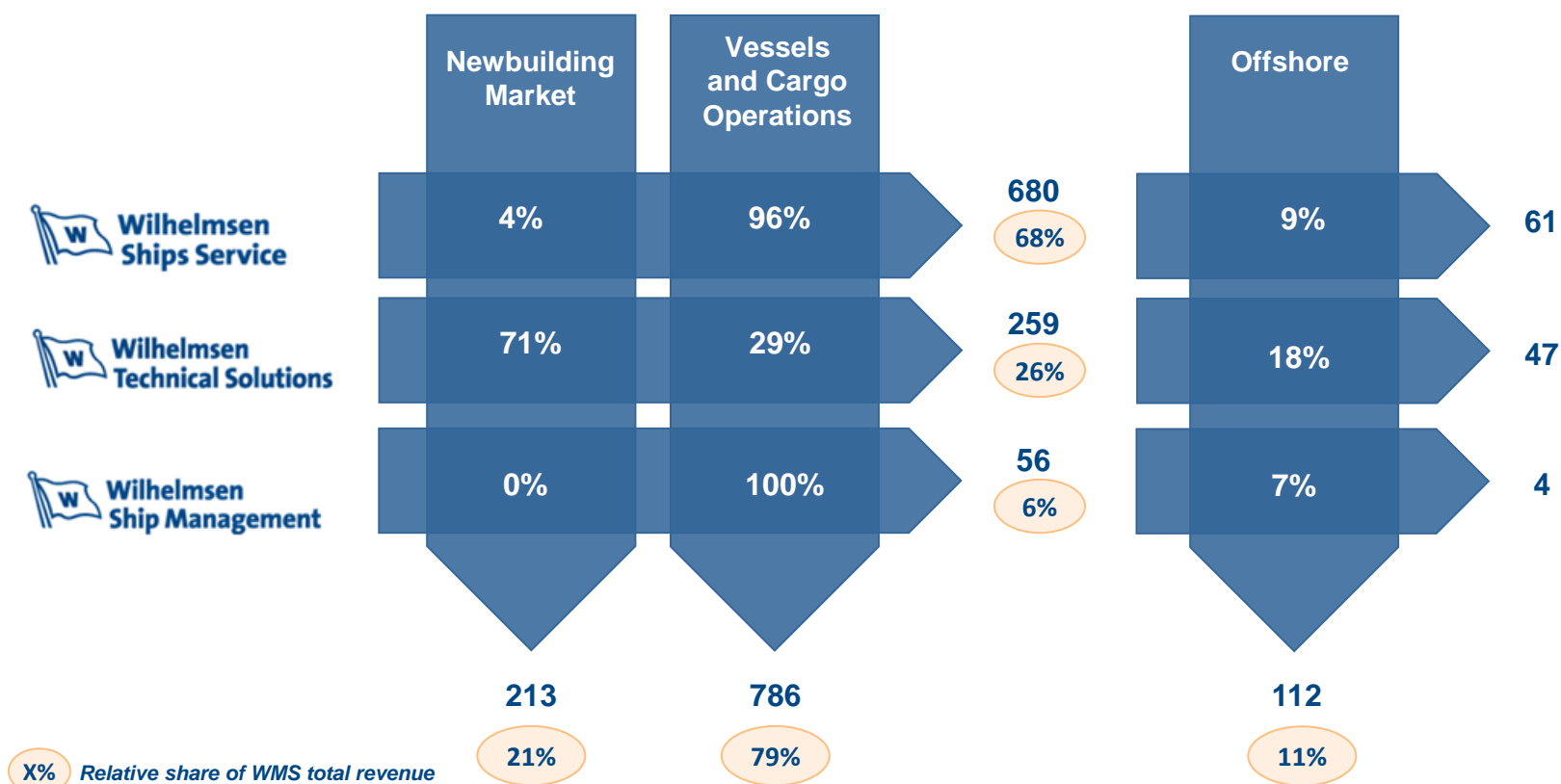


# WMS overview 2013

## Estimated revenue split (MUSD)

**WMS\* 2013 revenue: 1004 MUSD**

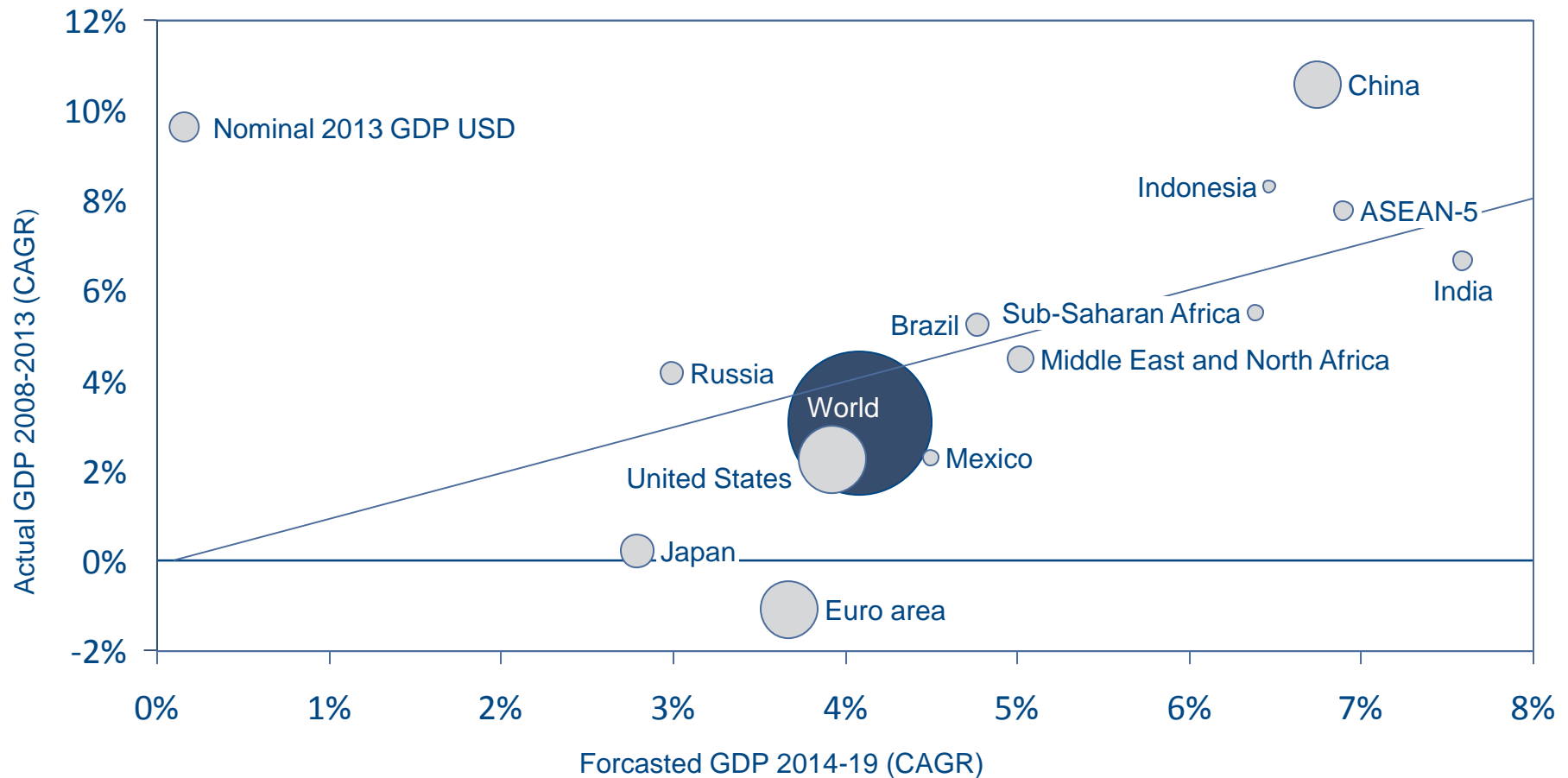
**...of which:**



# Key driver for volume growth (#1)

- Economic recovery expected to differ by region

Actual and projected GDP growth (CAGR) for selected countries/regions, 2008-2018F

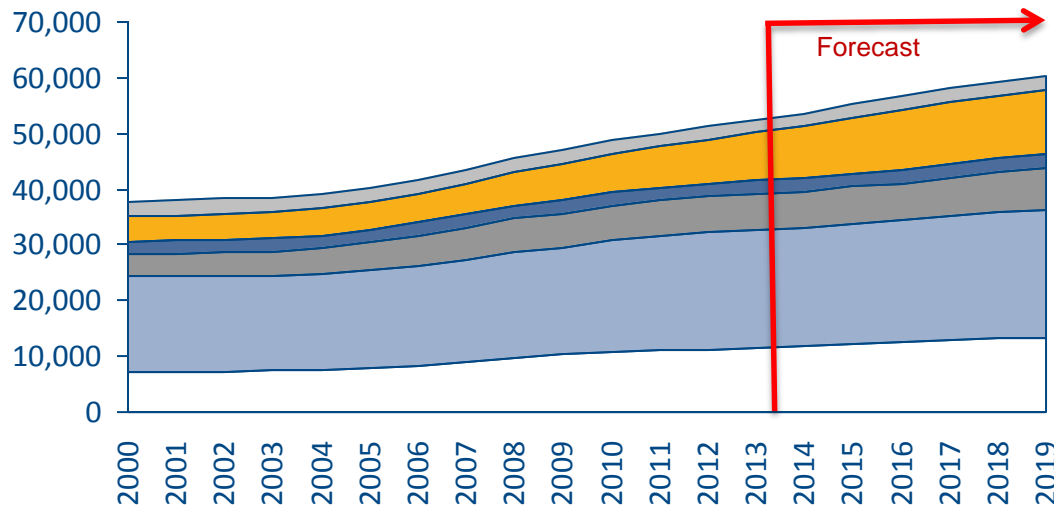


# Key driver for volume growth (#2)

- World fleet continues to grow

## Total fleet development

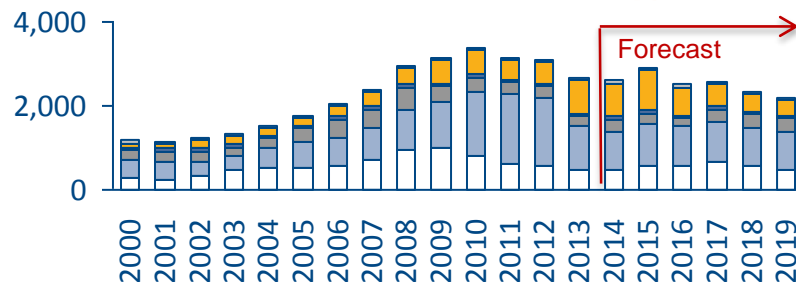
World fleet development, number of ships (≥1 000gt)



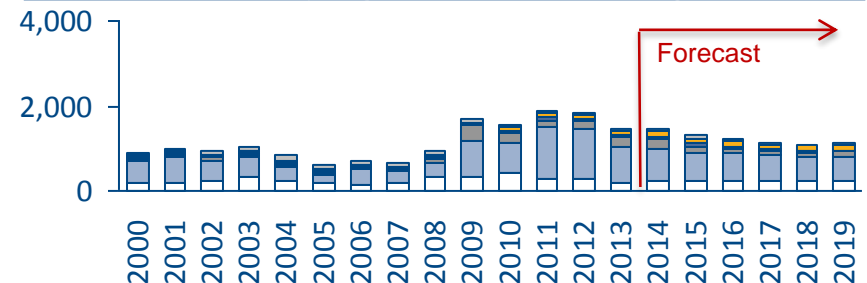
- World fleet both in terms of number of vessels and DWT is expected to continue to grow
- Vessel deliveries ~2 500 per year
- Vessel recycling ~1 200 per year

**The world fleet is predicted to grow with ~1 300 vessels per year (2.0-2.5%)**

Vessel deliveries, number of ships (≥ 1 000gt)



Vessel recycling, number of ships (≥ 1 000gt)



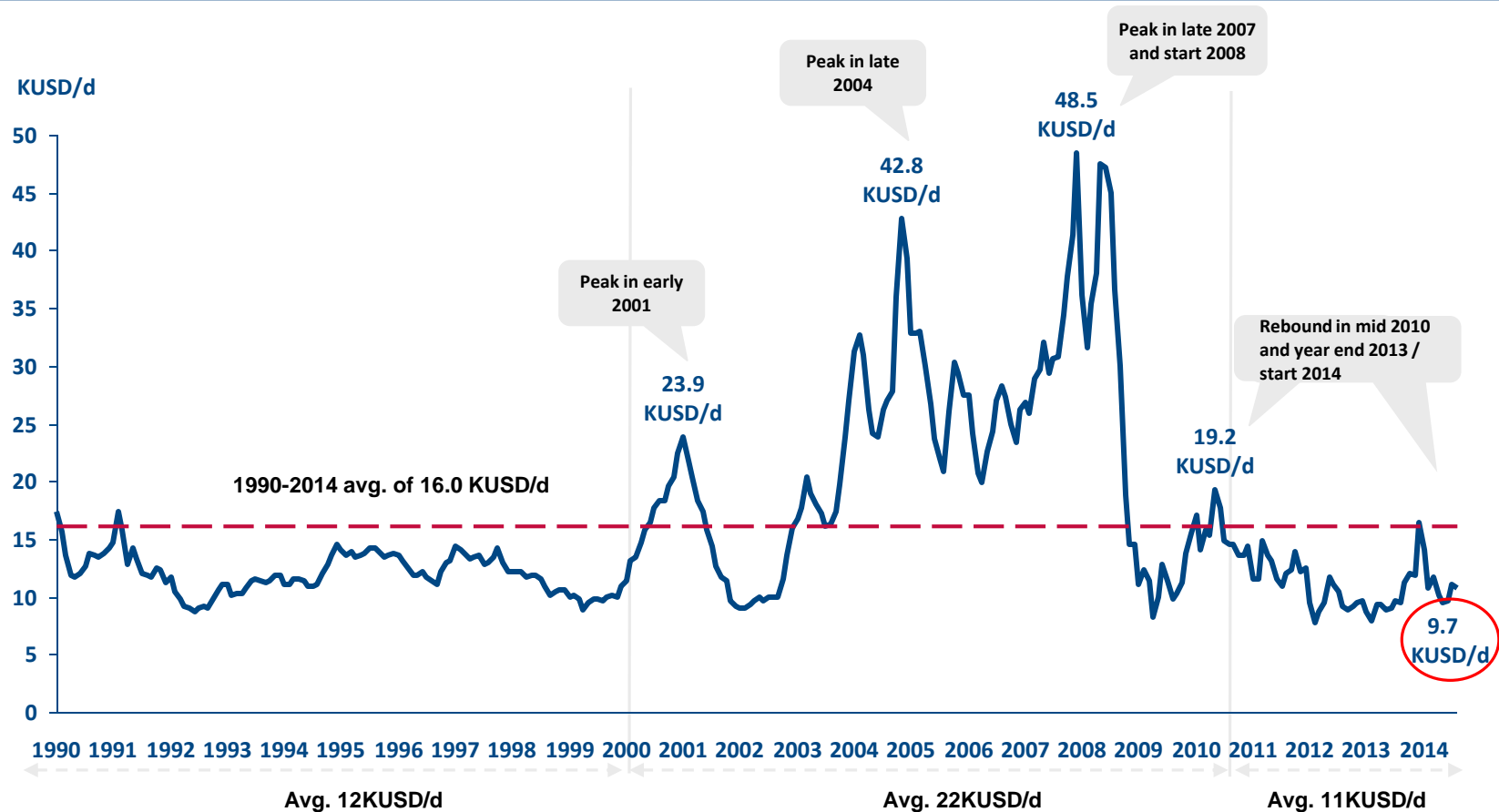
Tanker
  Bulker & general cargo
  Container & ro-ro
  Passenger
  Offshore & service
  Misc.



# Key driver for volume growth (#3)

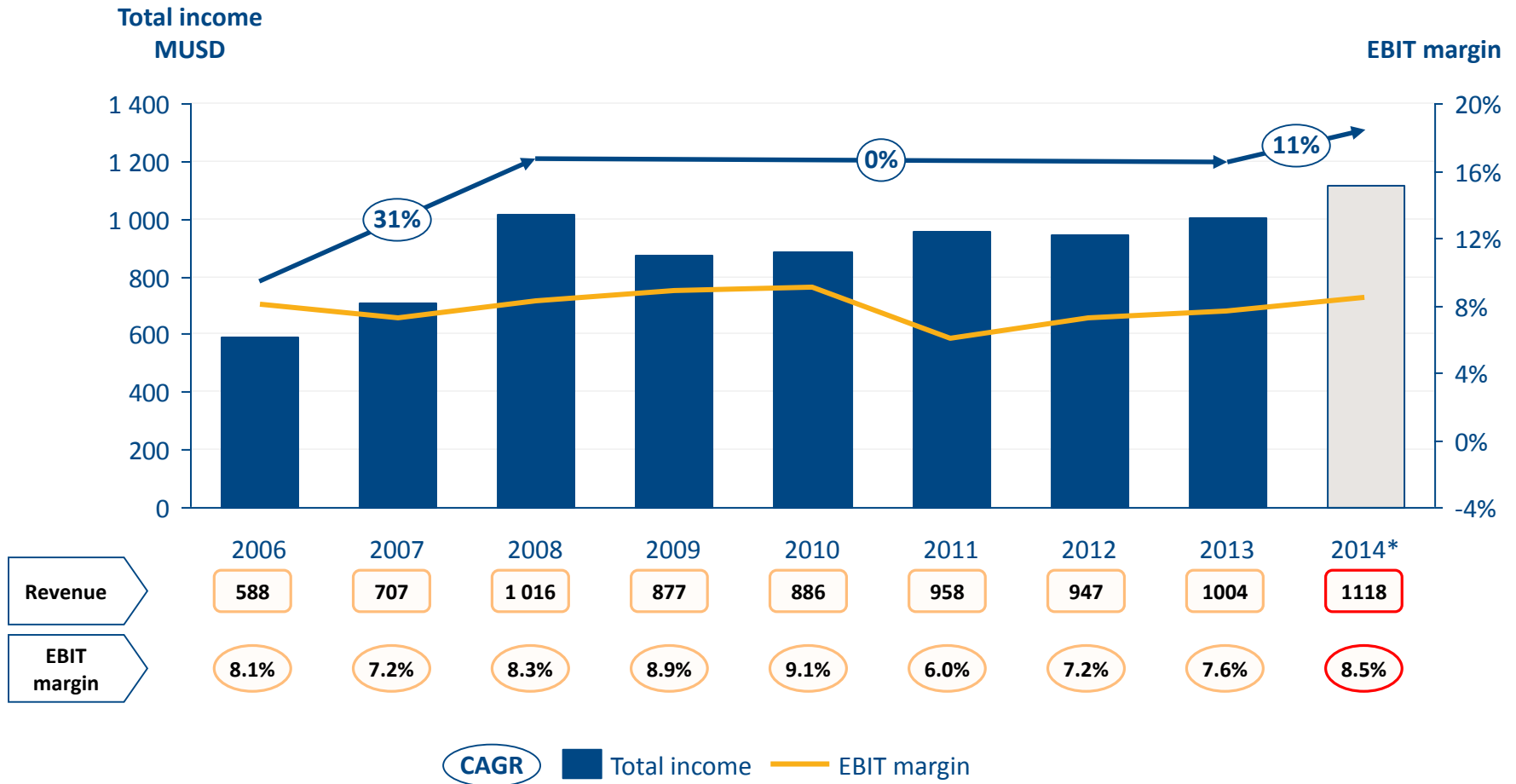
- Challenging market conditions for WMS customers

Clarksea Index\* 1990-2014 (YTD Aug)



# Robust financial performance

-Average revenue growth of 8% - stable margin

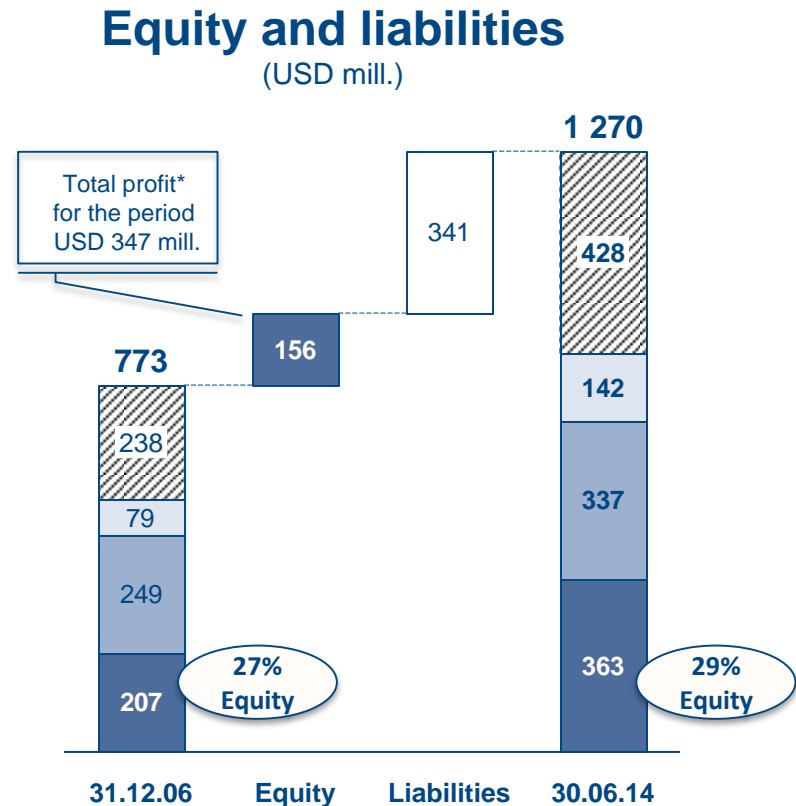
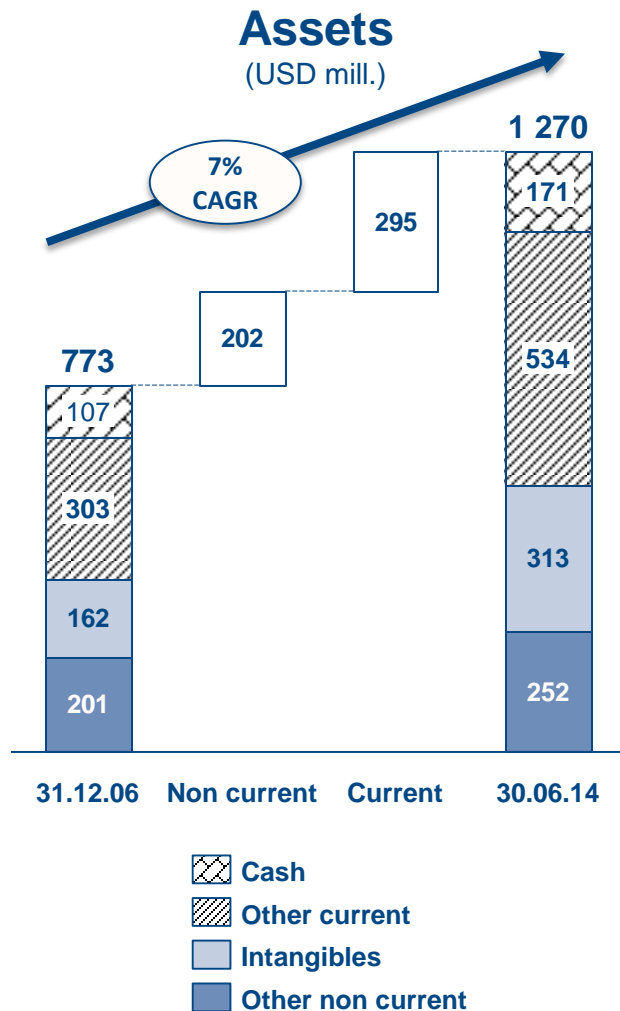


\*2014 figures are based on annualized first half 2014 results



# Asset growth $\approx$ Income growth

-Stable equity ratio of 25-30%



\*Total profit after tax and before minority interests

# WMS portfolio ambition



**The current BA structure is largely reflecting the product scope originating from the Unitor and Callenberg acquisitions**

The WMS portfolio analysis has been based on a set of new criteria:

- Customer needs and expectations
- Growth and profitability potential
- Investment needs / capital allocation
- Total value chain
- Business drivers / competitors

**WMS' ambition is to regain some of the strong growth experienced from 2005 to 2008 through a revised portfolio strategy**

- Make acquisitions and/or establish strategic partnership in core areas
- Reduce ownership in non-core areas
- Develop business area synergies across current structures
- Revise the business areas structure where needed to support growth

# WMS portfolio strategy



## Situation today

- Not directly core of what we do in WMS
- Business area well positioned for further growth in attractive segments

## Strategic direction

- Seek a partner to gain access to new and required competence
- Grow and develop the company to maximize value
- Review ownership over time

# WMS portfolio strategy



## Situation today

- Closer to core of what we do in WMS
- Strong belief in regulatory driven business (Solas)

## Strategic direction

- Bring WTS Safety and WSS Technical services under one management structure
- Realise both cost and revenue synergies
- Consider structural alternatives and further consolidation

# WMS portfolio strategy



## Situation today

- Core business with full utilization of global network
- Fundamental driver of our competitive advantage

## Strategic direction

- Continue to develop the business through organic growth and innovation
- Broaden both product range and global network
- Actively pursue further growth opportunities through acquisitions



***THANK YOU***

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# INTRODUCTION TO THE INSULATION MARKET

Ti Group

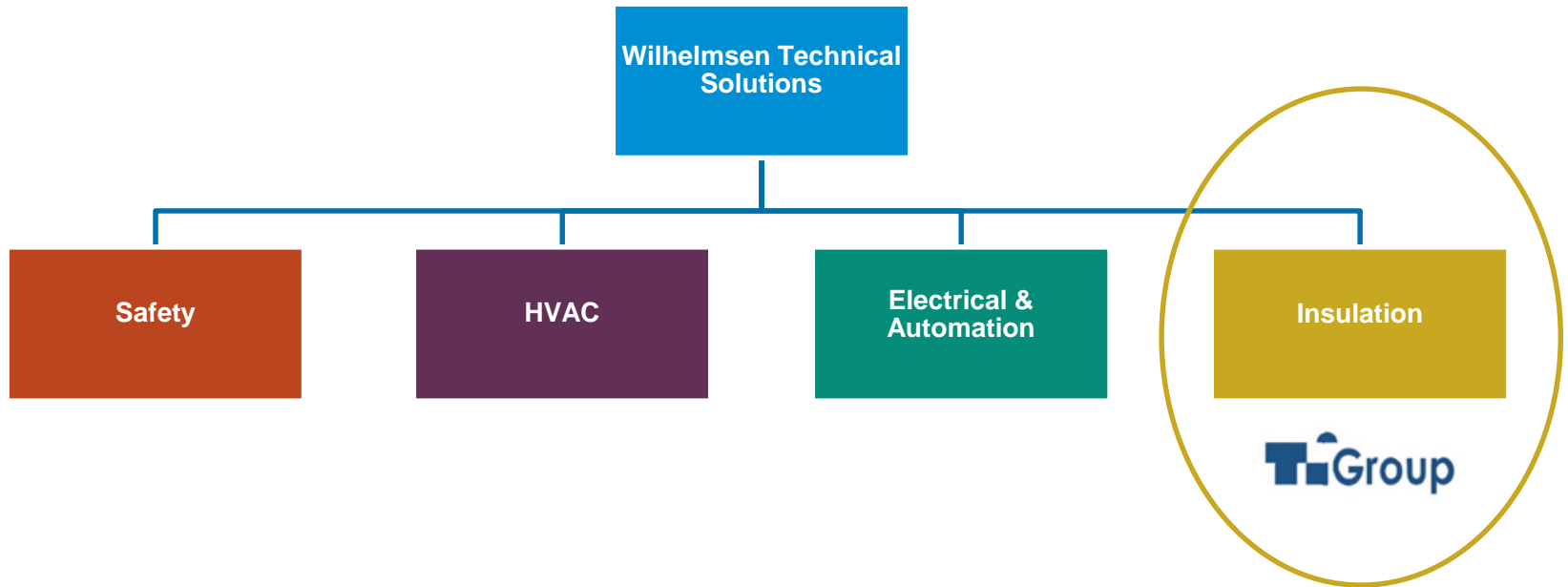
WWH Capital Markets Day  
Lysaker, 17 September 2014

Philip Bannerman, Wilhelmsen Technical Solutions  
Vice President Business Development, Marketing & Communication



# WILHELMSSEN TECHNICAL SOLUTIONS

*Four business streams with full ownership of the value chain*



*Fully engineered insulation solutions for new builds, retrofits & terminals*

## LNG CARGO TANK



- Cryogenic spherical tank insulation

## LEG / LPG CARGO TANK



- Spray foam
- In situ foam
- Prefabricated panels

## LNG PIPE & TERMINALS



- Cryogenic insulation for terminals
- Rotating Generation (RG) LNG pipe insulation

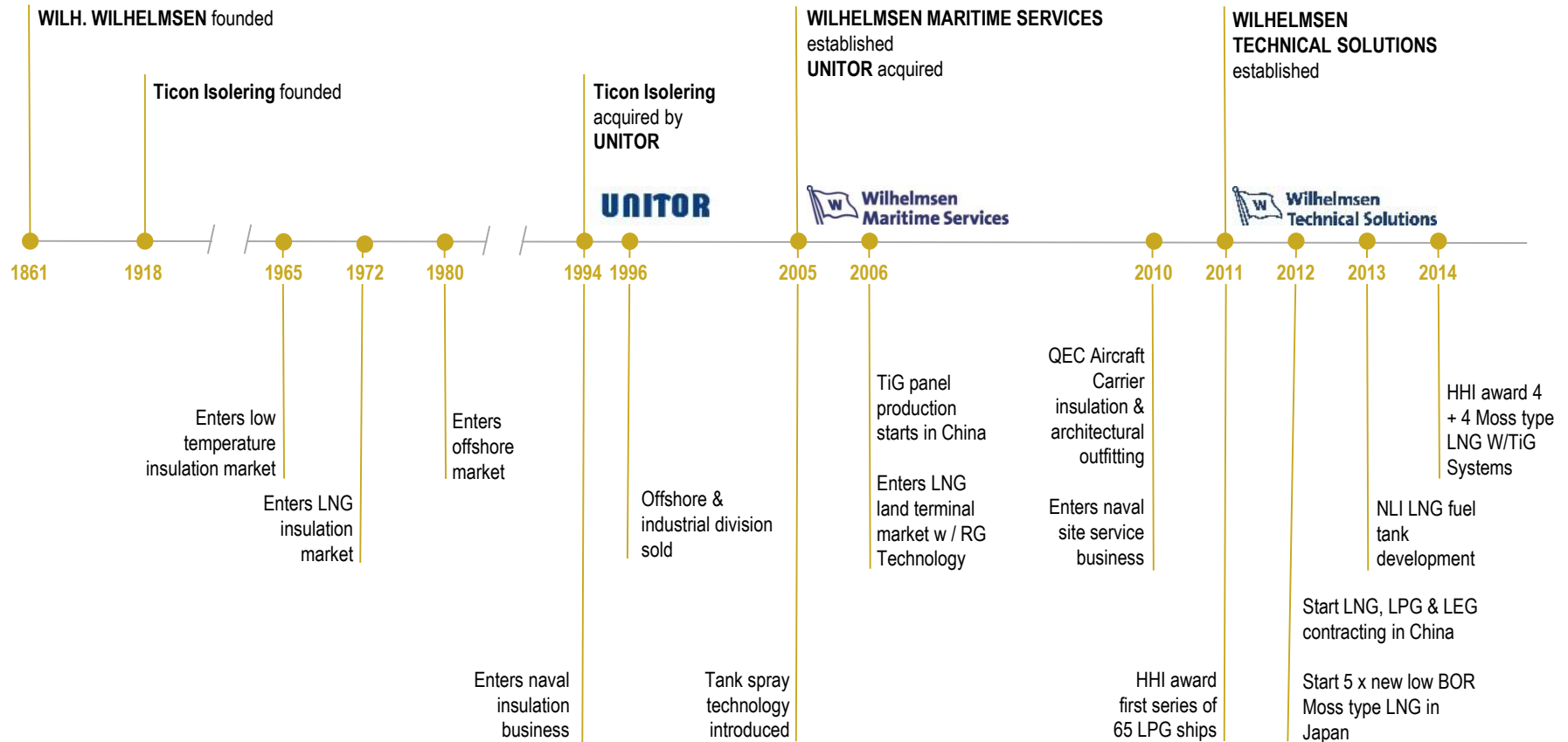
## NAVY



- Thermal insulation
- Acoustic insulation
- Fire insulation
- Deck coverings
- Architectural outfitting
- Site services

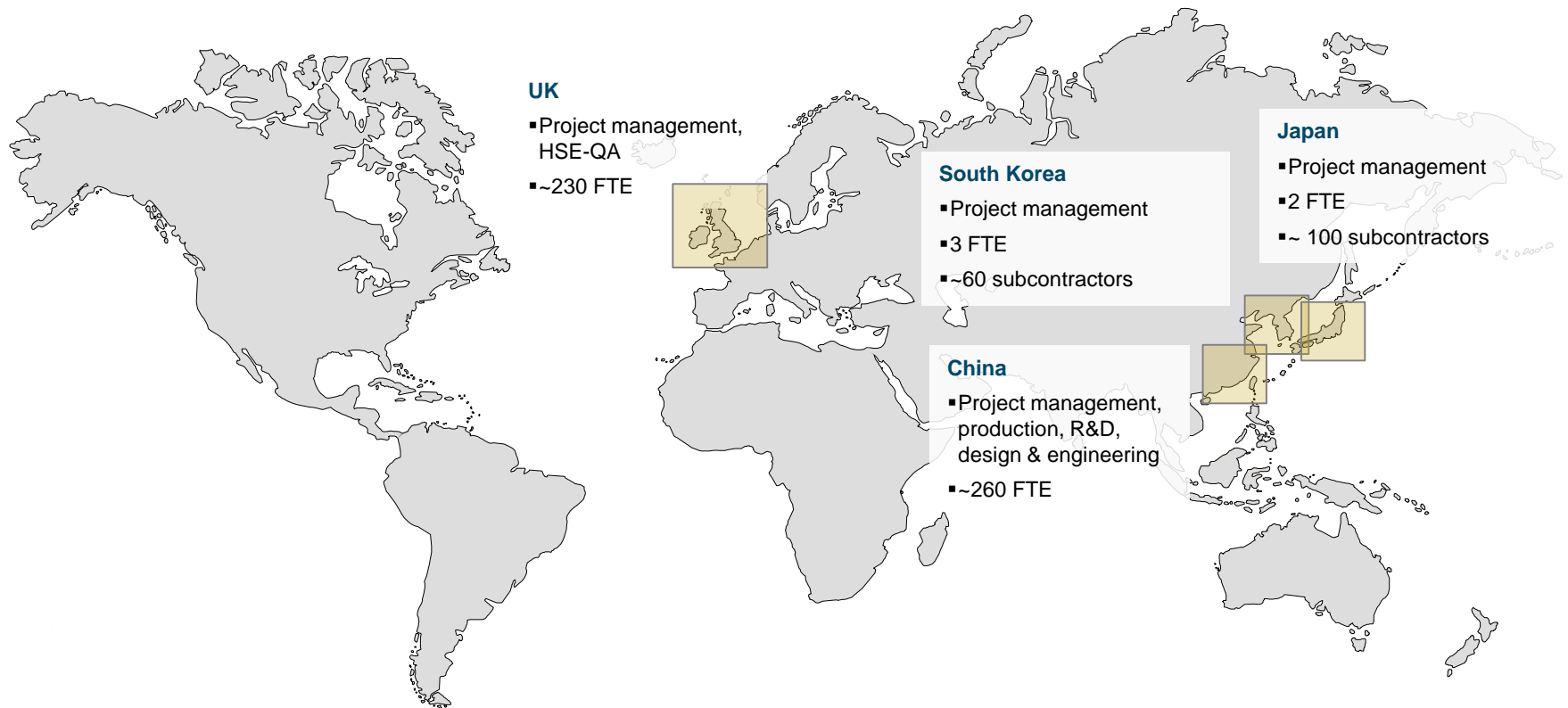
# MAJOR MILESTONES

*Long heritage of product development and innovation*



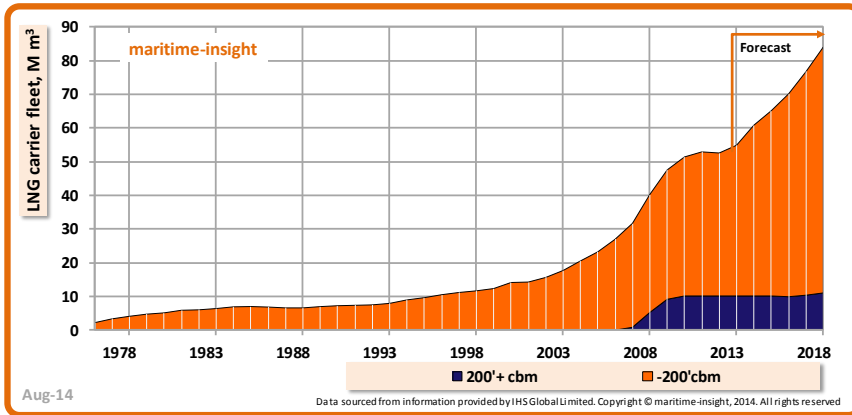
# INTERNATIONAL PRESENCE

*Traditional focus on UK and Asian markets*

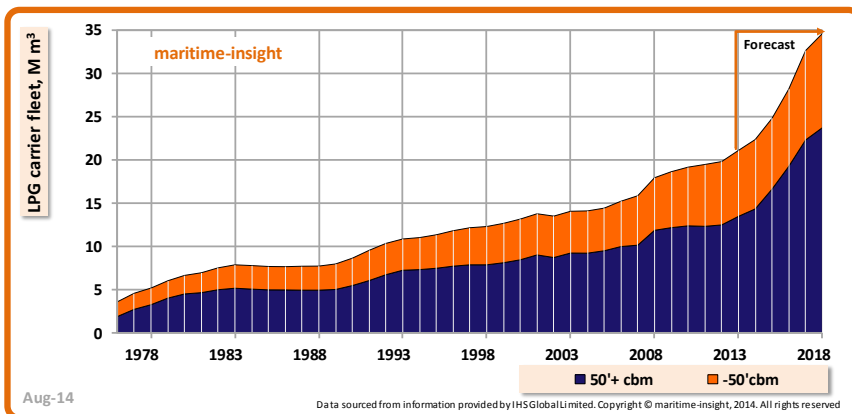


# LNG / LPG FLEET DEVELOPMENT

*Strong growth driven by dramatic changes in the global energy market*



- Whilst LNG freight rates have dropped from their peak in 2012, rates are expected to recover within the next few years as transportation demand increases.
- The LNG tanker fleet (390 vessels) will grow at an annual rate of 10% until year-end 2018 from an average annual rate of 5% for the last 5 years.
- In the period 2014-2018 new build contracts are expected to be 168 vessels.



- LPG shipping rates reached an all time high in 2014 and are expected to remain strong.
- The LPG fleet (1274 vessels) will also grow at an annual rate of 10% until year-end 2018 from an average annual rate of 3.3% for the last 5 years.
- As with LNG, in the period 2014-2018 new build contracts are expected to be 168 vessels.

Source: maritime insight shipbuilding outlook report, Sept 2014

# FOCUS ON MARKET SEGMENTS

*Some segments are particularly attractive for TI Group*



## Cryogenic Tank Insulation

Global demand for LNG is on the rise, driving increase in new build orders.

The scale and complexity of LNG tank insulation favors suppliers with a proven track record.

VALUE  
PROPOSITION

- TI Group has a proven track record in an industry where product performance and quality is seen as critical.
- Cutting edge technology delivers exceptionally low boil off performance, generating significant lifetime savings.
- High degree of prefabrication and well-coordinated installation management minimizes risk of delays during ship construction.



## LNG Infrastructure Projects

Demand for LNG bunkering and terminals in the US and other ECA areas is leading to new opportunities for tank insulation and terminal pipe insulation.

VALUE  
PROPOSITION

- Spray foam insulation technology and unique applications techniques deliver lower upfront investment, lower lifecycle costs.
- TI Group proven track record provides confidence to inexperienced buying influences in a rapidly expanding market.



## UK Navy Insulation & Site Services

In addition to the current QE class aircraft carrier program, the Type 26 Global Combat Ship program represents good potential for TI Group through 2035.

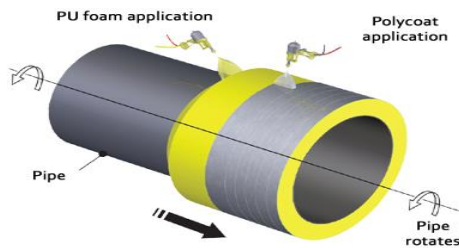
VALUE  
PROPOSITION

- Strong local relationships have built a high level of trust.
- Local presence and ability to scale up site services at short notice.
- Robust project management controls costs and maintains on-time delivery.

# RESEARCH & DEVELOPMENT

*Continuous product development is essential*

## Developed and deployed



### LNG pipe RG system sprayed insulation and coating

- Containerized off-site and on-site production.
- Bonded insulation eliminates pipe corrosion from moisture and water ingress.
- Field labour is reduced to a minimum.

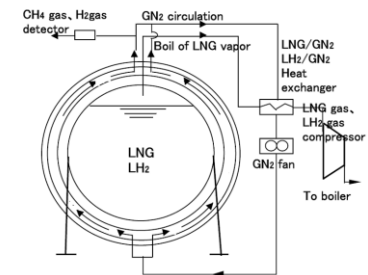
## Active development



### NLI large volume LNG fuel tank concept

- Cooperation with NLI and Rolls Royce to develop an LNG bunker barge.
- TI Group project scope focusing on insulation design to deliver low levels of boil off gas.

## Concept



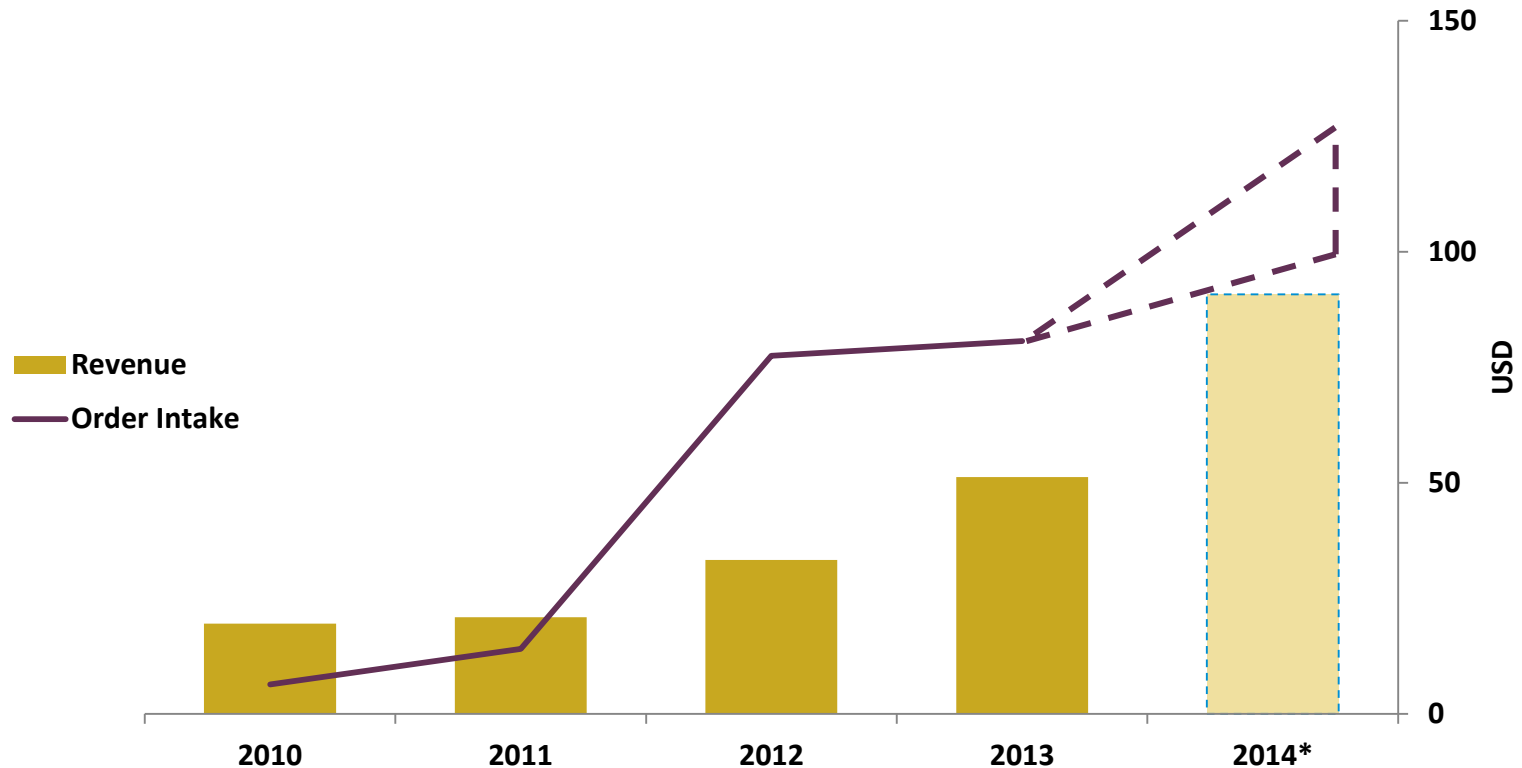
### Vapor insulation and vacuum insulation concepts

- LH containment systems for renewable energy storage / transfer.
- Ultra low BOR containment systems.
- Ultra low temperature operations.



# FINANCIAL DEVELOPMENT

*Acting on the strong insulation trend and positioning TI Group as # 1 supplier in target markets*



\* 2014 revenue is 1H 2014 annualised



With high quality  
solutions we add value  
throughout the lifecycle  
of your vessels, rigs  
and platforms

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