Wilh. Wilhelmsen ASA

> Capital Markets Day

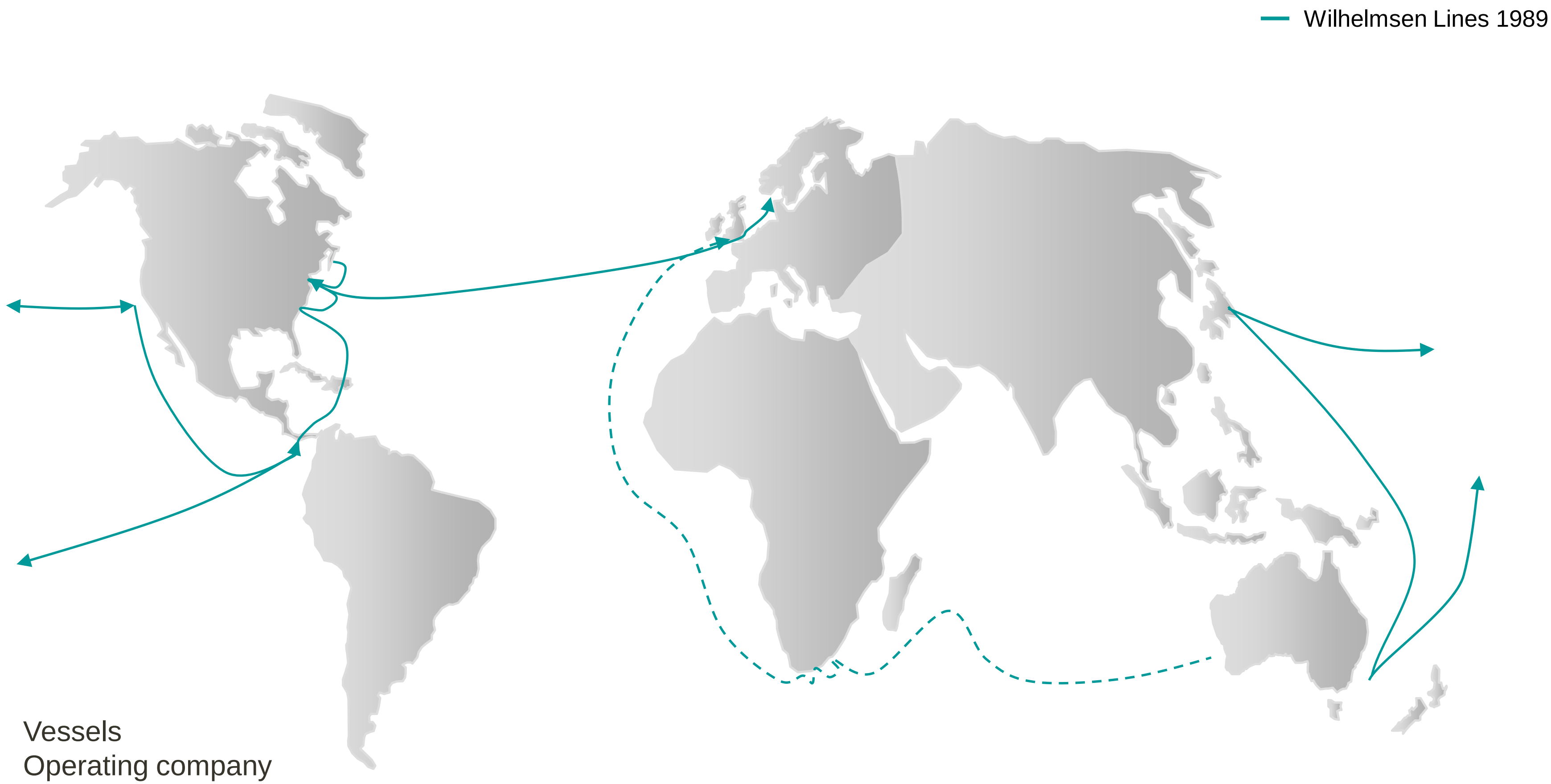
Jan Eyvin Wang – President and CEO

17 September 2014, Lysaker

Disclaimer

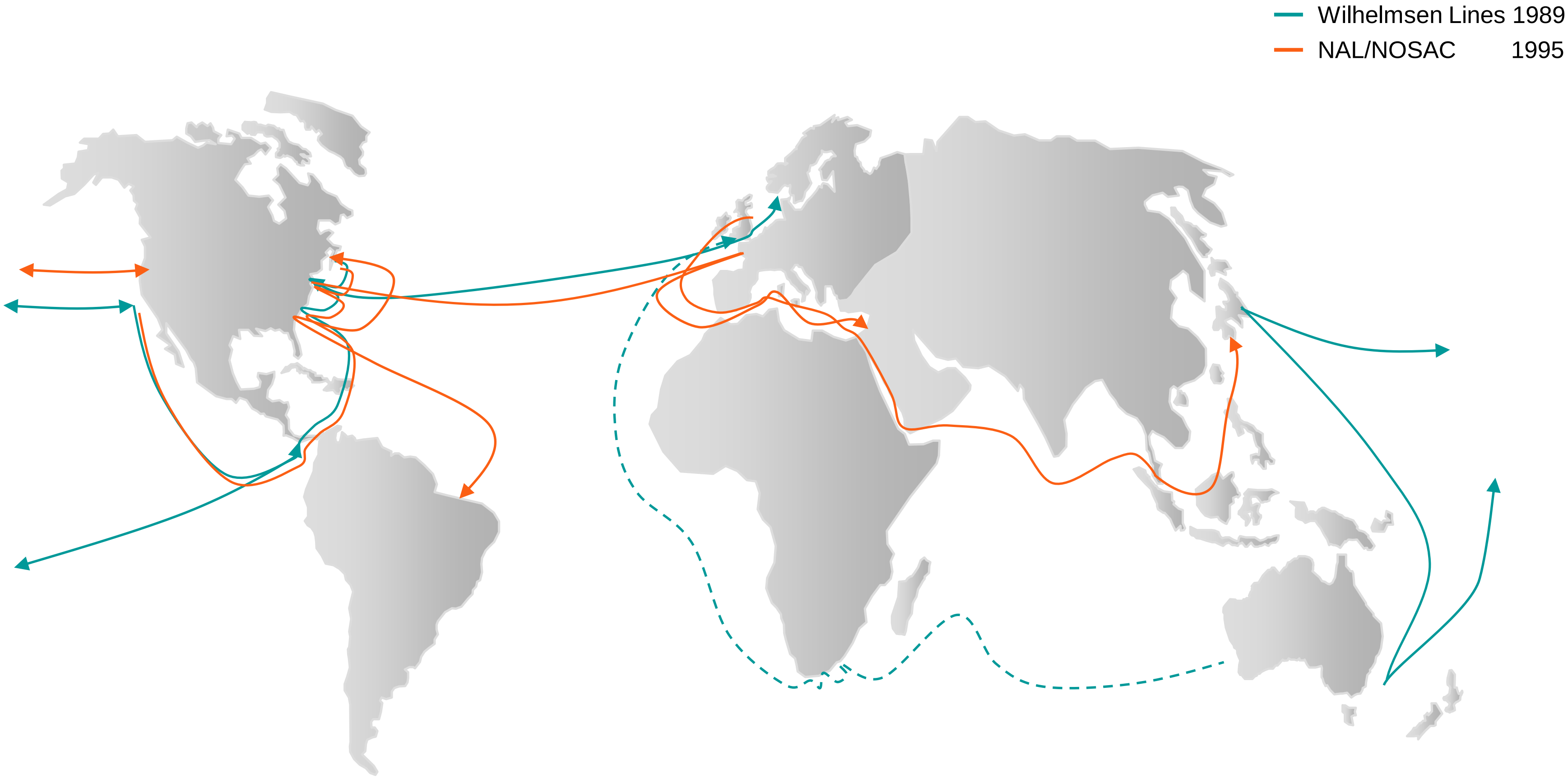
This presentation contains forward-looking expectations which are subject to risk and uncertainties related to economic and market conditions in relevant markets, oil prices, currency exchange fluctuations etc. Wilh. Wilhelmsen ASA group undertake no liability and make no representation or warranty for the information and expectations given in the presentation.

> 1989 – Wilhelmsen Lines established

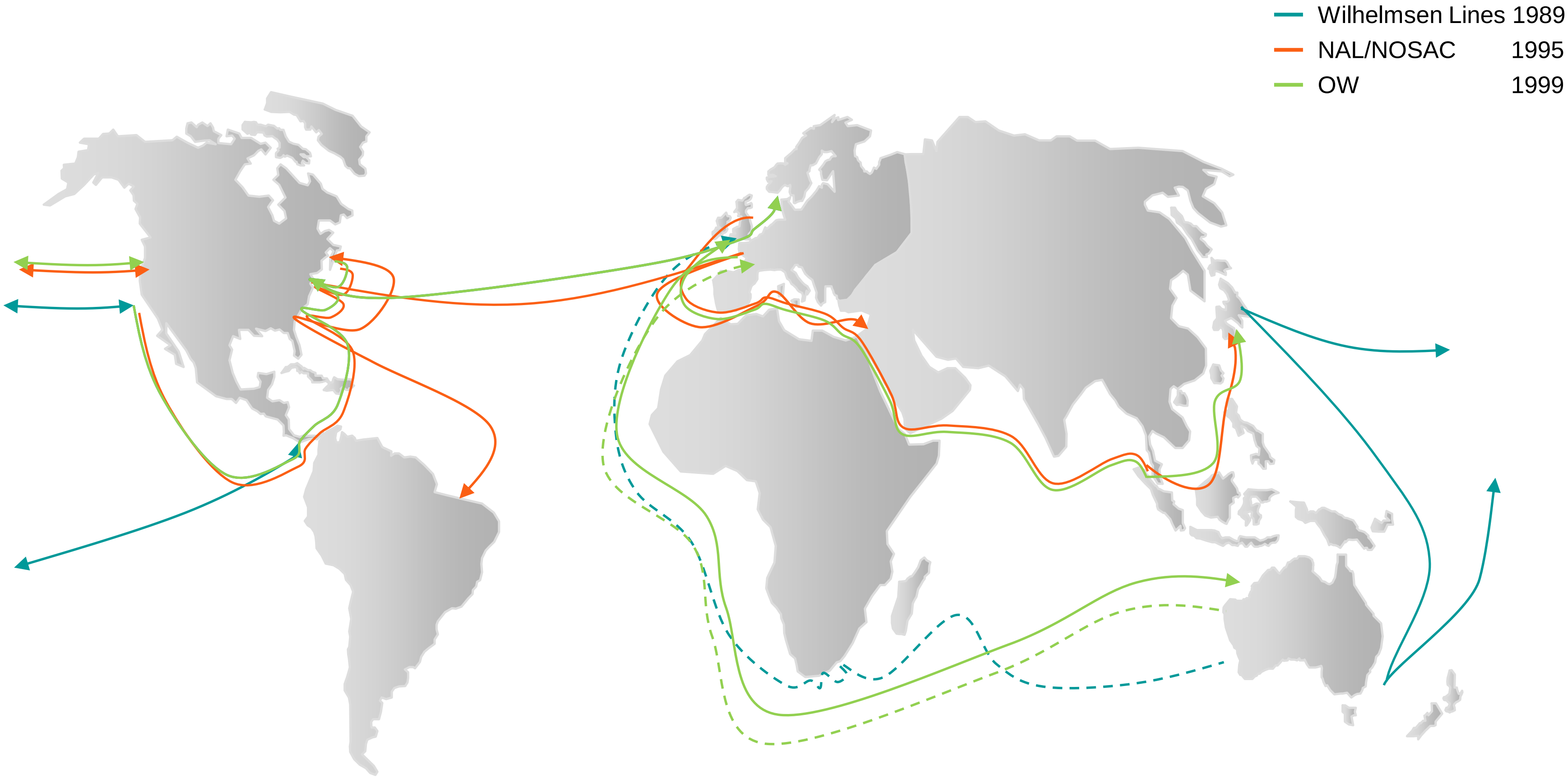


9 Vessels
1 Operating company
4 Trades

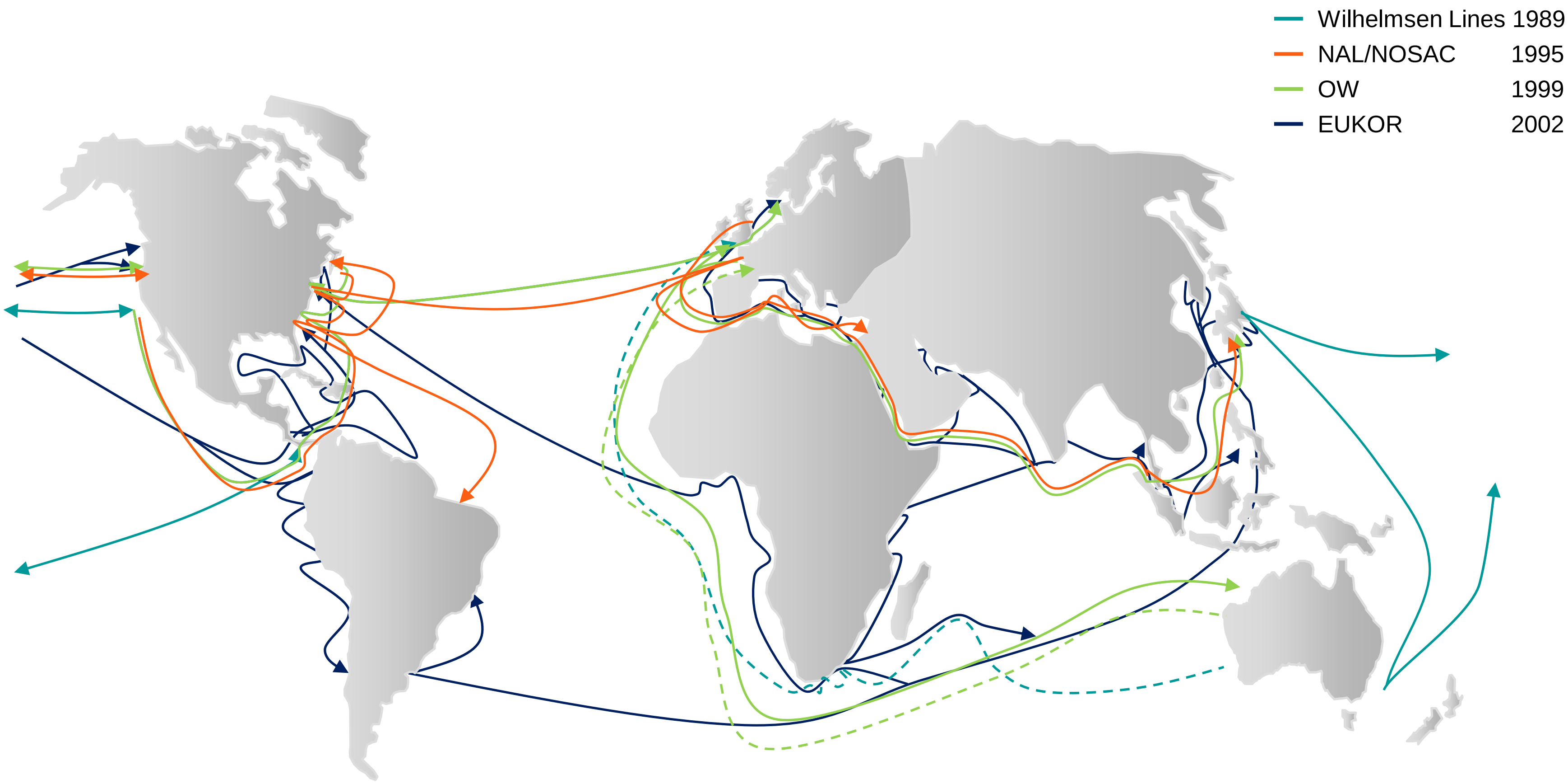
> 1995 – NAL/NOSAC acquired and integrated



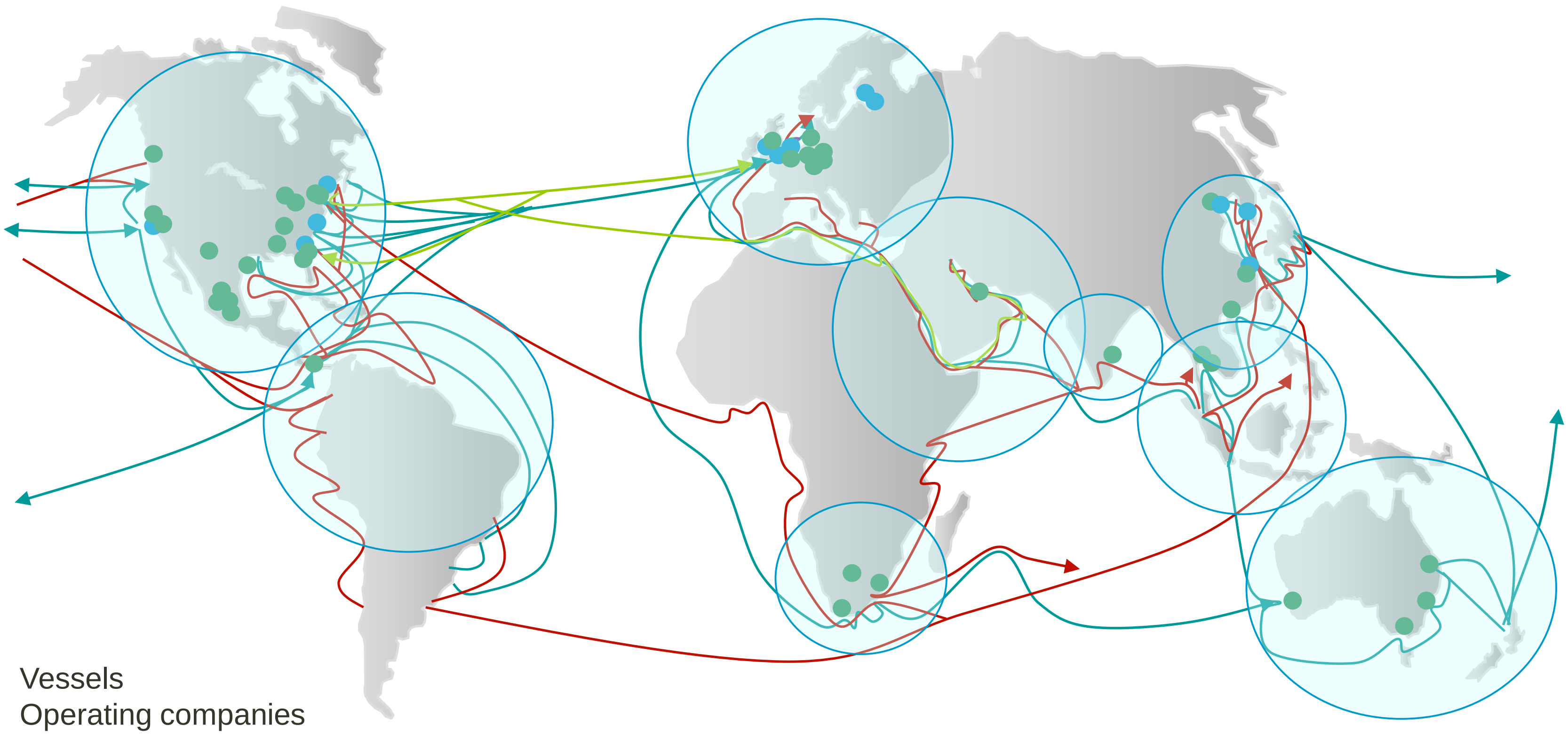
> 1999 – WL merges with OW – WWL and ASL established



> 2002 – EUKOR established

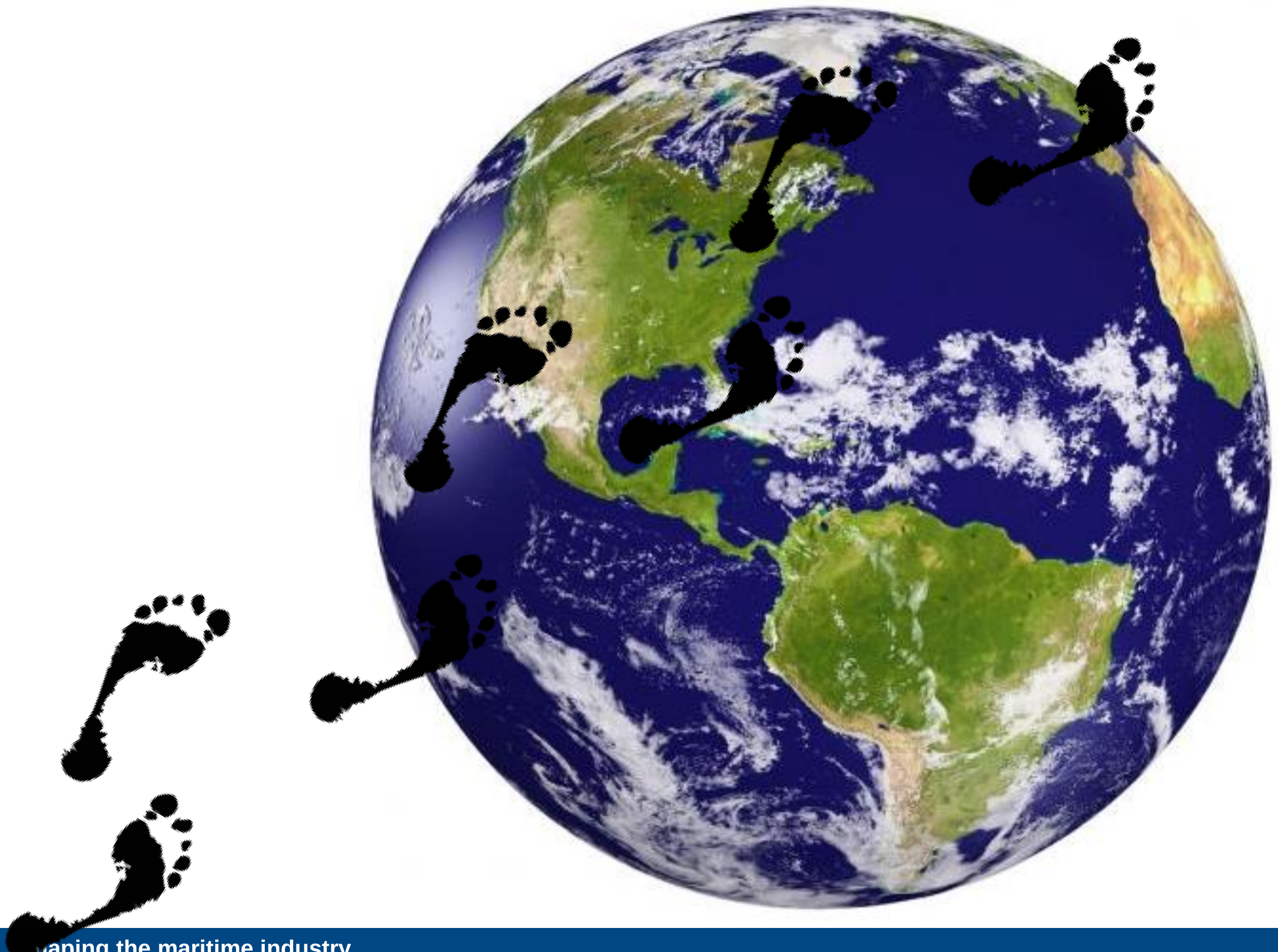


> 2014 – WW Group
A Unique global presence



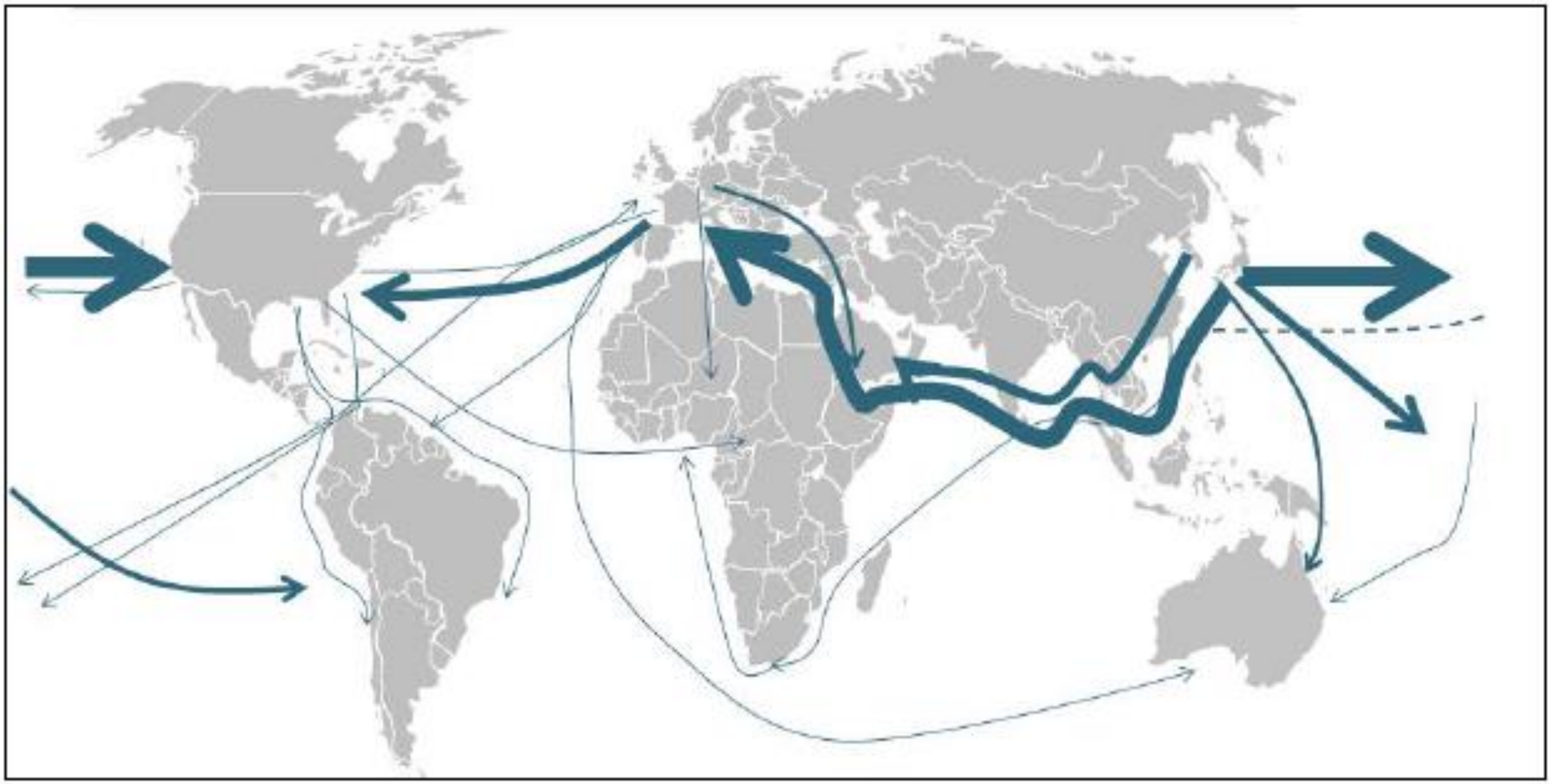
147 Vessels
3 Operating companies
40 Trades
10 Terminals
41 Technical Service Facilities

> We created a global footprint



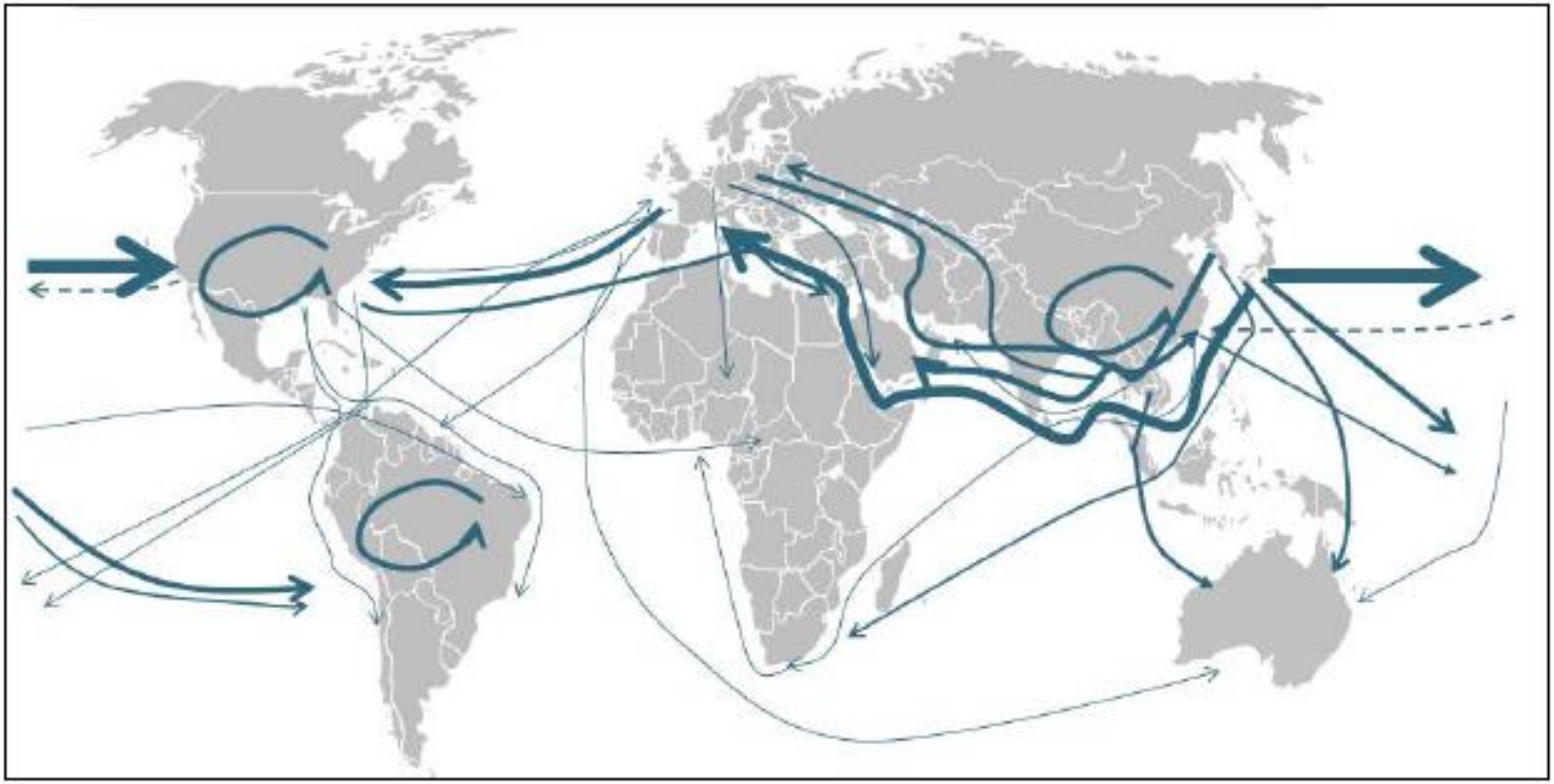
> Car carrying used to be simple…

PCTC trade pattern 2000



> But globalization has made it complex

PCTC trade pattern 2014



Our speakers

Ari Marjamaa
Vice President
Head of Global Market Intelligence
WWL

The global outlook for the automotive and RoRo markets

Chris Connor
President & CEO
WWL

Wallenius Wilhelmsen Logistics
Leveraging a strong position in a changing marketplace

Ole-Andreas Torgersen
Partner, Lawyer
Selmer

Anti-trust
A brief overview of the regulatory framework and the process

The global outlook for the automotive and RoRo markets

Ari Marjamaa
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Challenging market environment

Economic Growth has returned, but so has uncertainty

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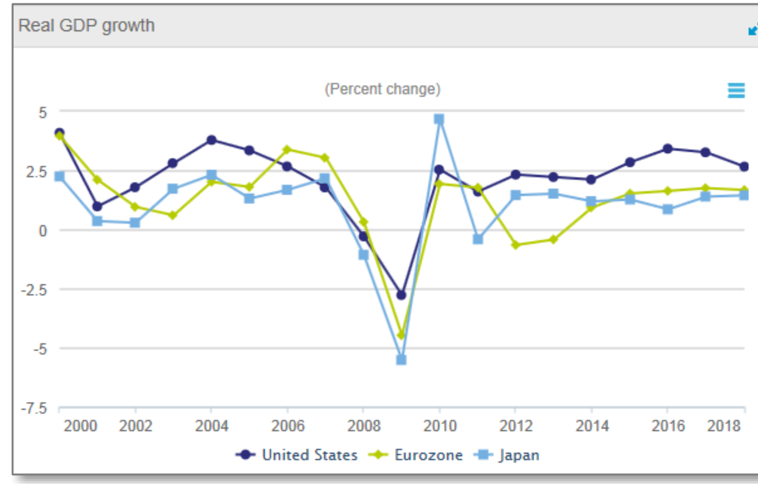
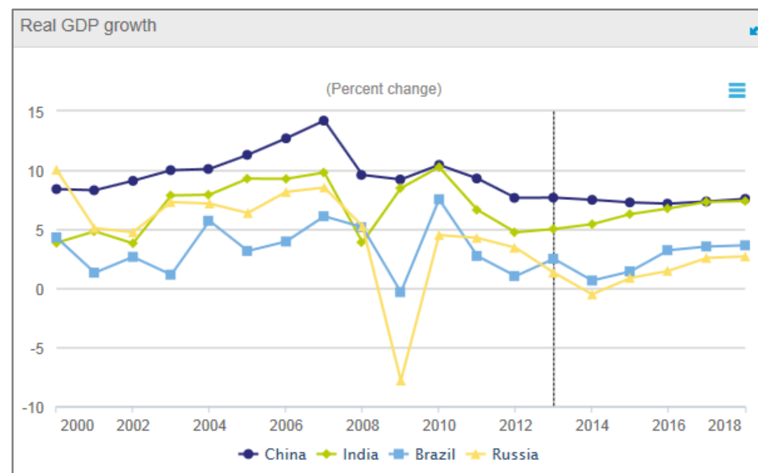
World economy is better, but not well:

- Global growth fragile
- China still key to outlook
- The acronyms are shifting
- Geopolitical uncertainties
- Major regions developing positively





Source: IHS Global Insight

General outlook for auto markets positive

Underlying global growth in seaborne shipments

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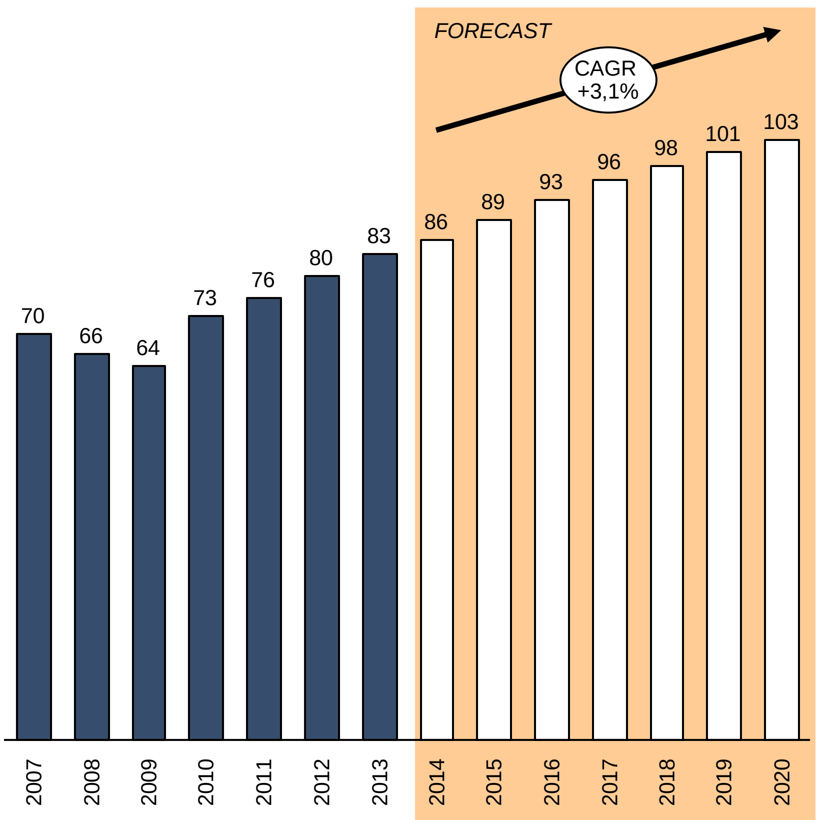
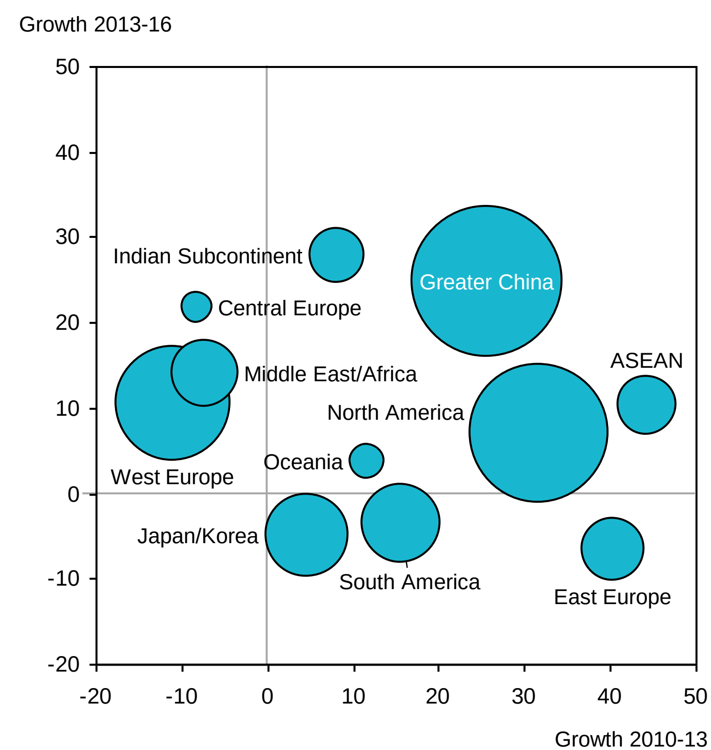
Global auto sales
Million units, 2007-2020FC



Auto sales per region show growth in most markets
Growth 2010-13 & 2013-16FC in %, size of circle indicates sales in 2013



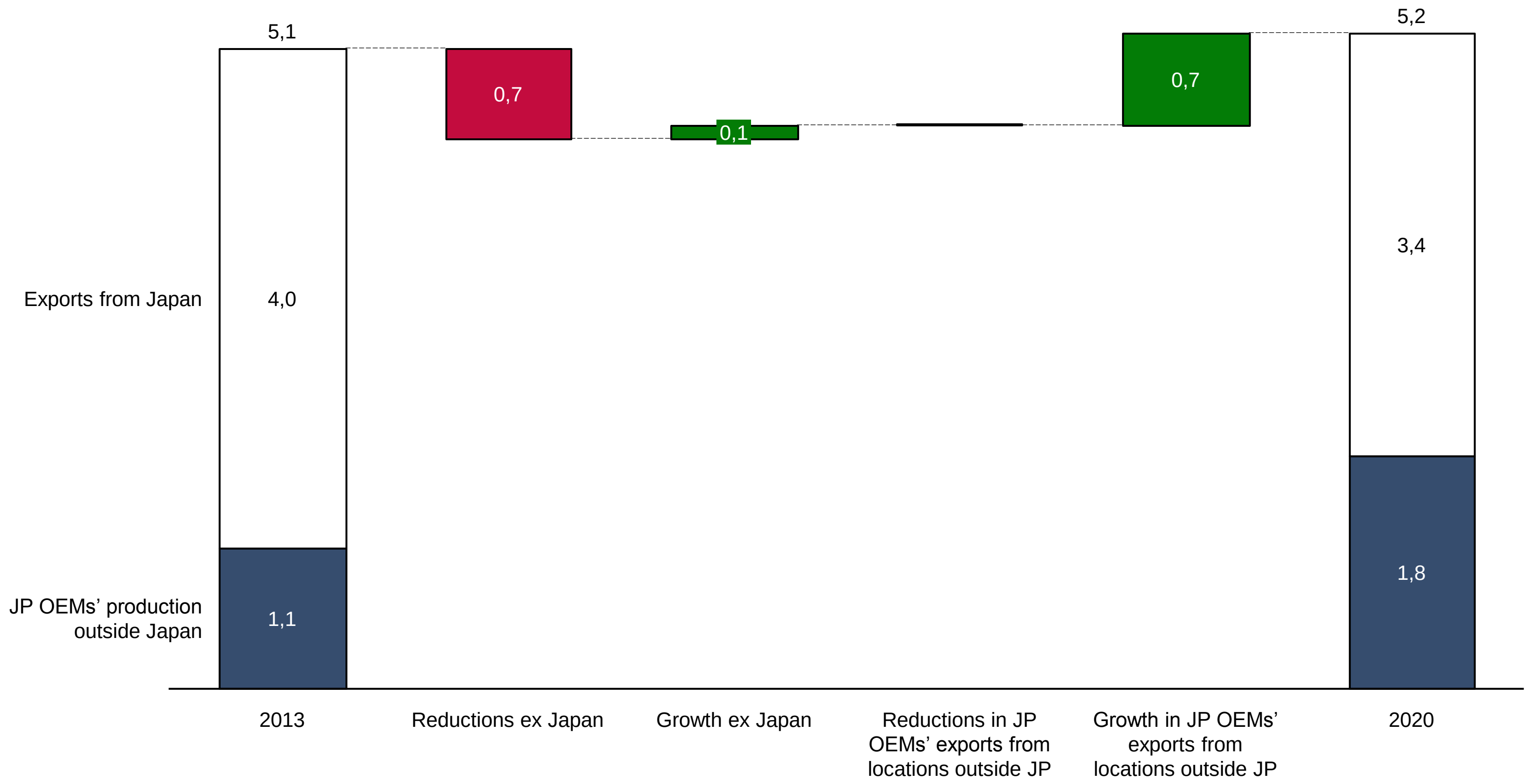
Source: IHS Automotive

Exports from Japan continue the decline

The Japanese OEMs grow their exports from other countries

Decreasing Japanese exports, but increasing JP OEM exports from other regions grow

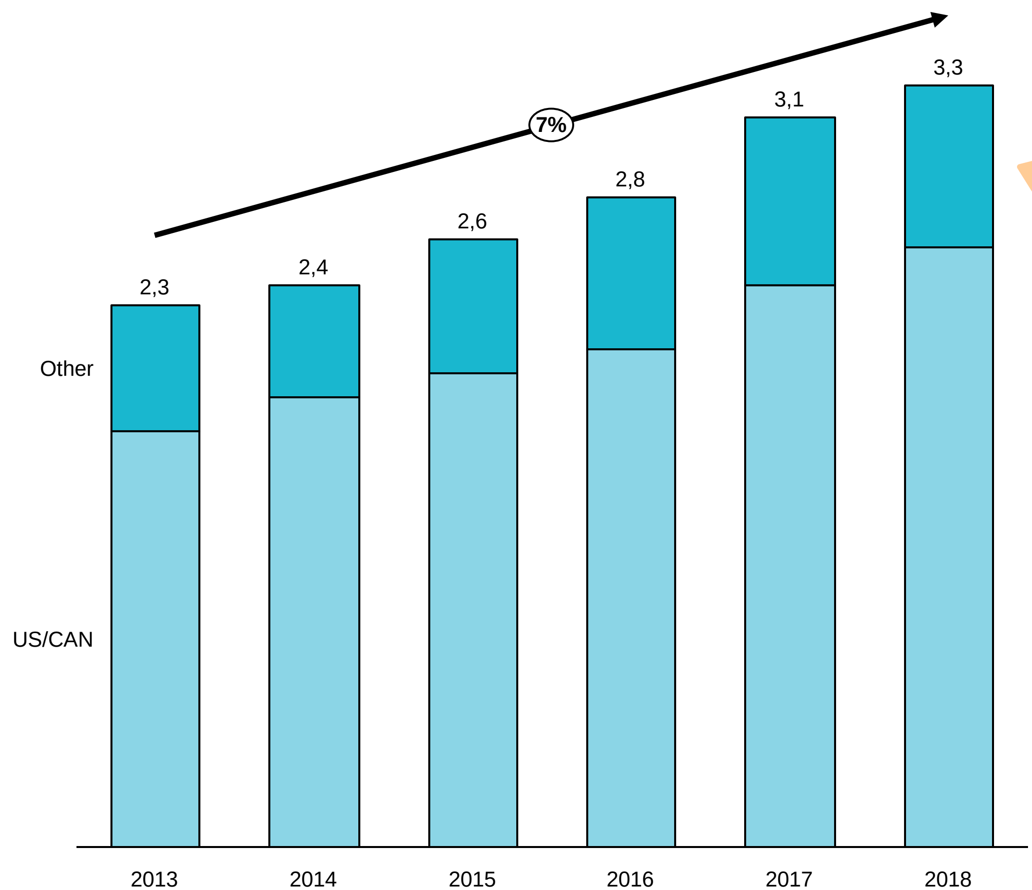
Projected change in seaborne exports 2013-2020FC by production region, million units



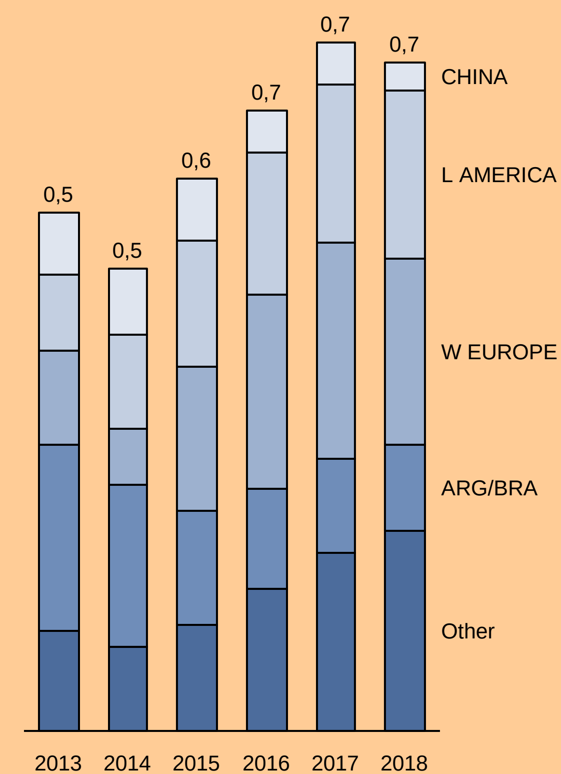
Source: IHS Automotive

New manufacturing hubs changing the landscape
Majority of the world auto export growth from emerging locations

Mexico becoming a manufacturing powerhouse
Exports by destination, million units, 2013-18FC



Diversified exports outside North America:



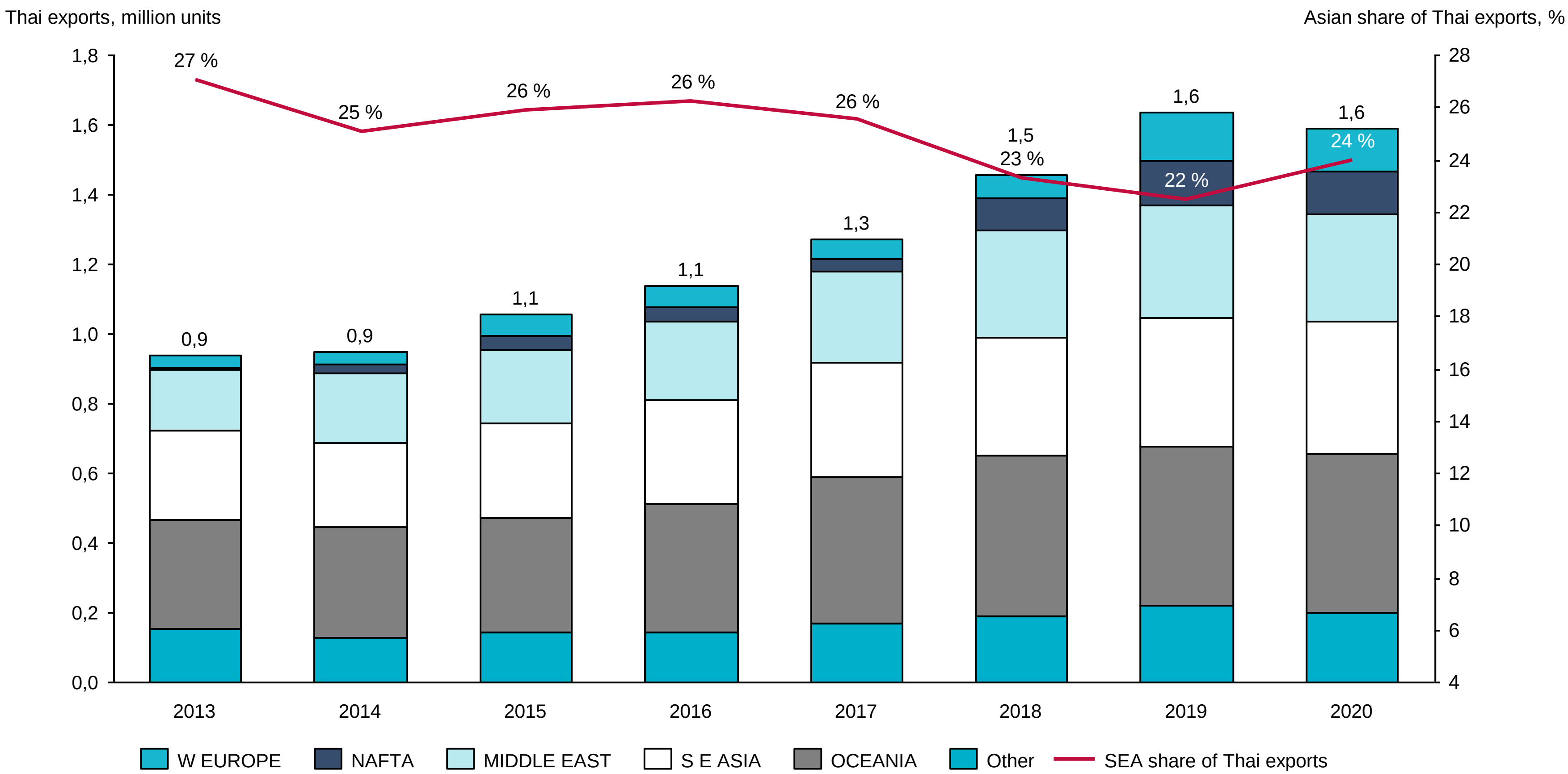
Note: Excluding domestic sales
Source: IHS Automotive

New manufacturing hubs changing the landscape

Majority of the world auto export growth from emerging locations

Thailand manufacturing output to serve SEA and OC growth, as well as beyond

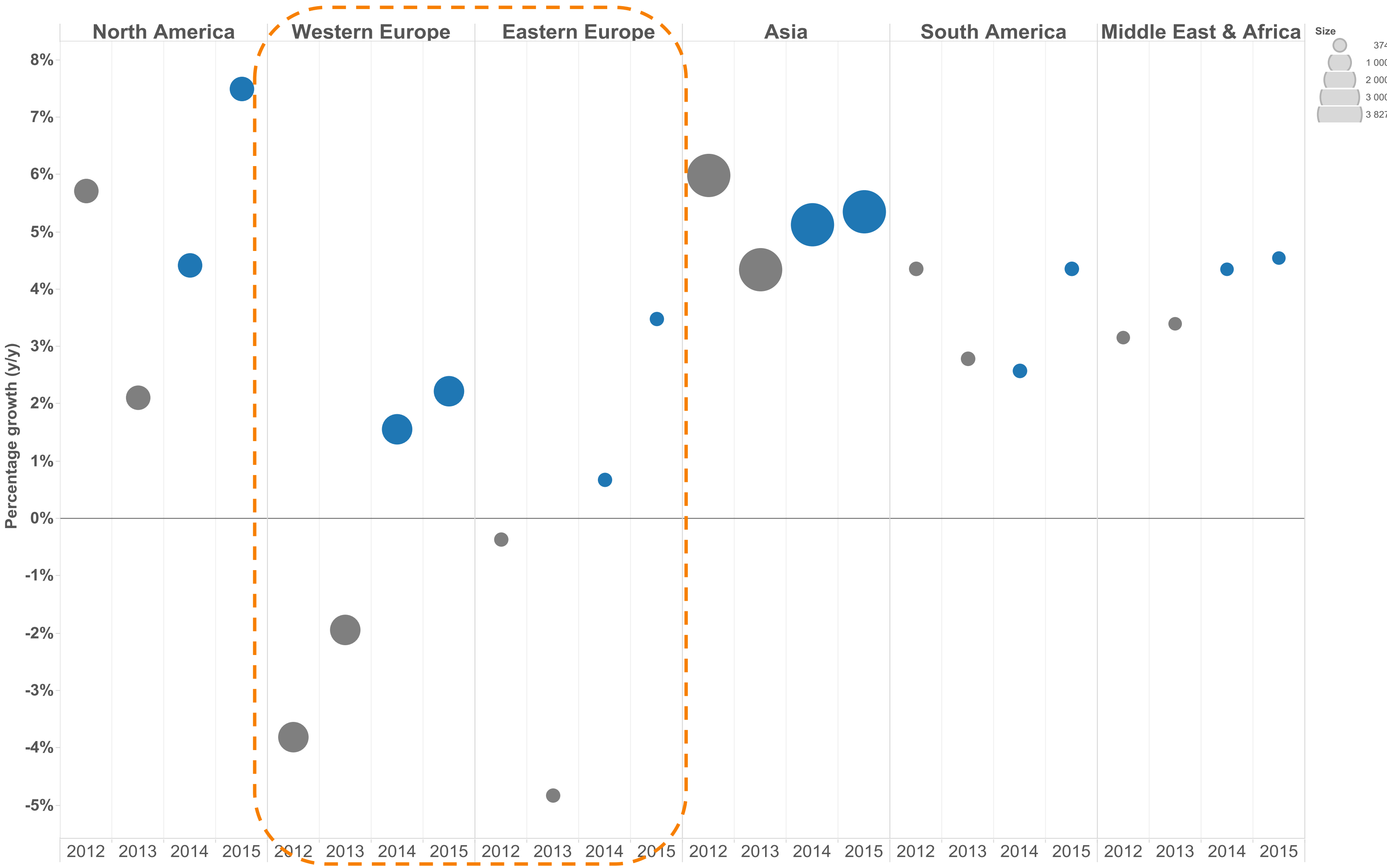
Exports by destination region in million units. Asian destined exports' share of total in %, 2013-18FC



Note: Excluding domestic sales
Source: IHS Automotive

Construction market key driver for heavy equipment

European construction spending finally starting to show growth momentum

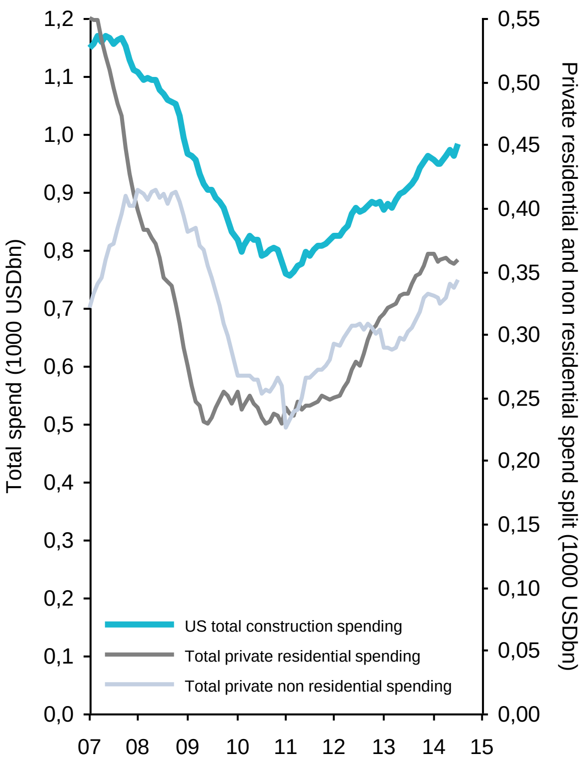


Source: IHS Construction, GMI

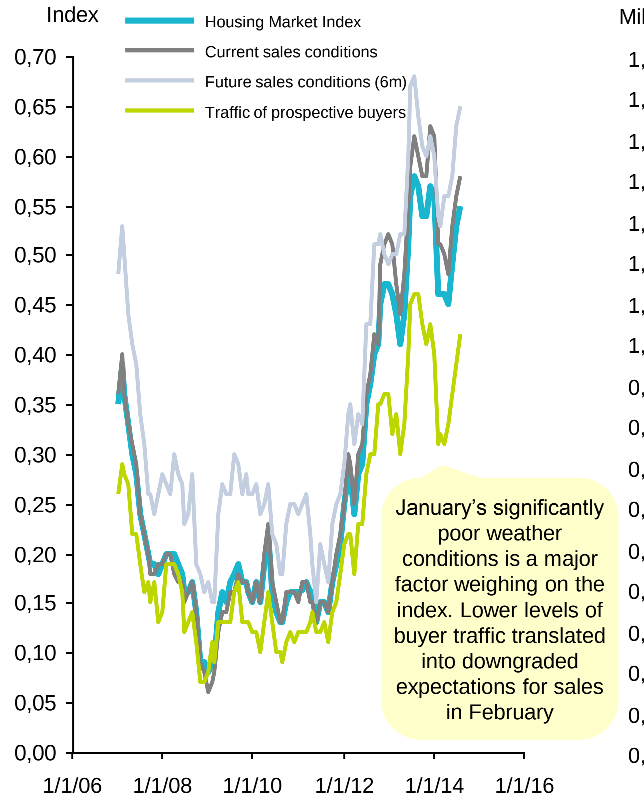
US construction indices see positive development

Severely hit in the beginning of 2014 by weather

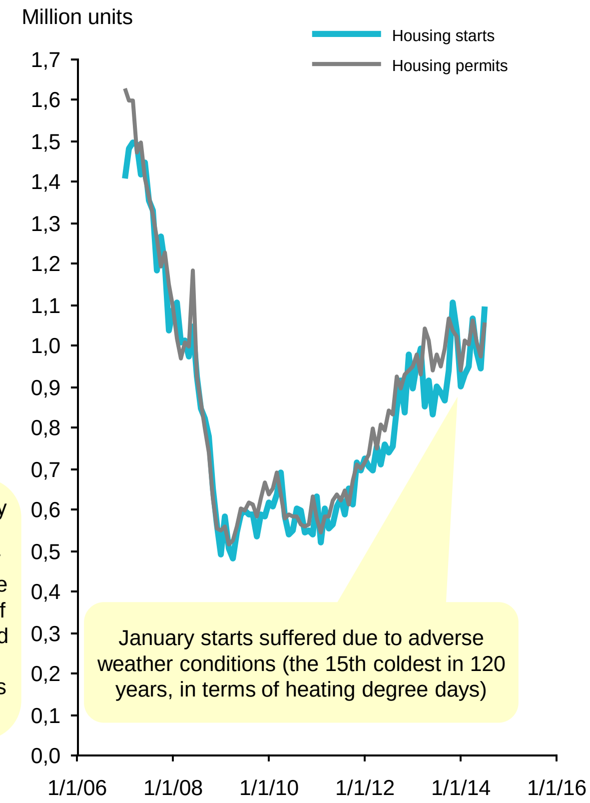
US total construction spending
1000 USDbn



Housing Market Index
Builder's confidence index, seasonally adj.



US Housing starts and permits
Seasonal adjusted rate



Source: Global Insight, Bureau of the Census, National Association of Home Builders , Wells Fargo, GMI

Large AG equipment have seen strong sales trend in the US, but has turned negative

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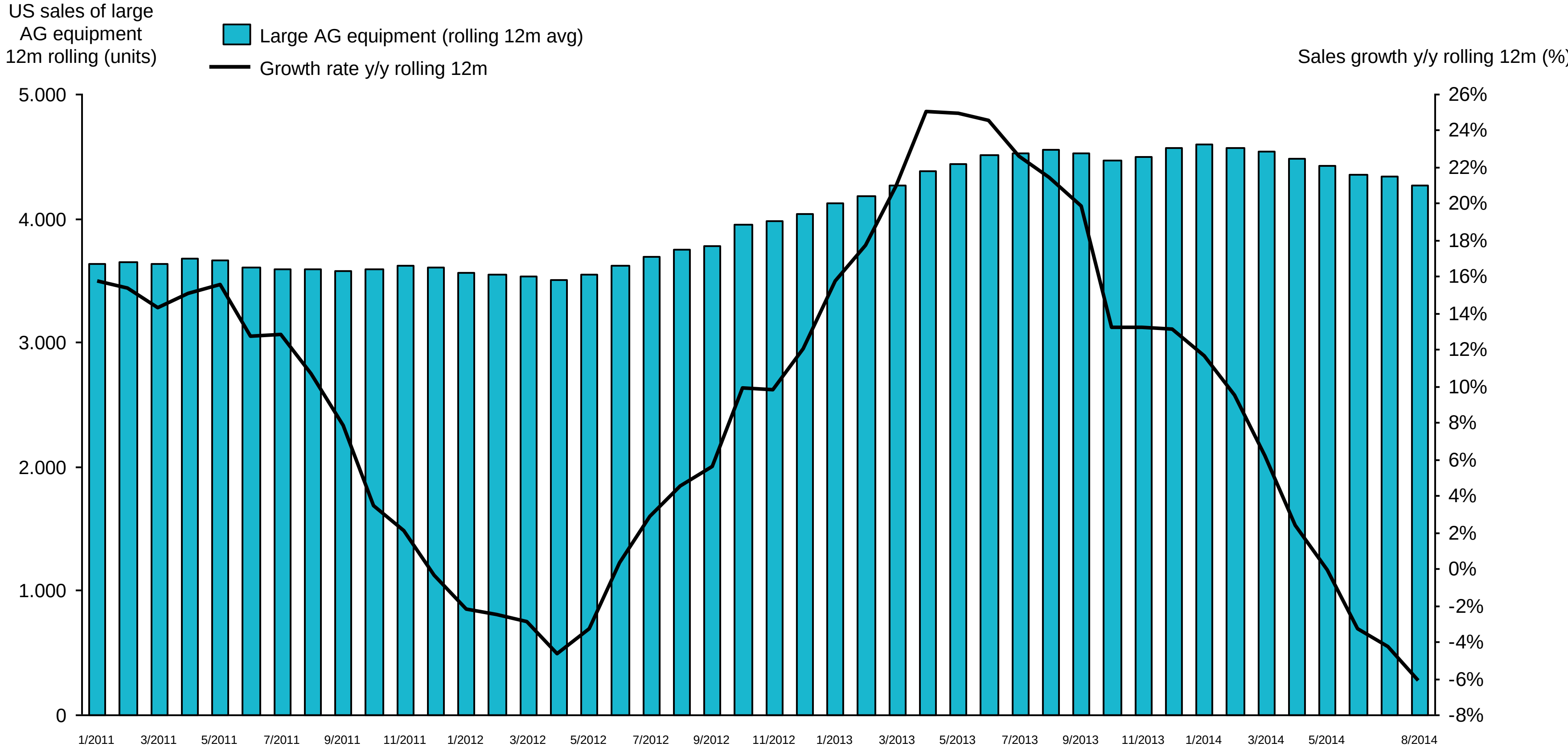
US sales of large AG equipment

Large tractors (100hp+ and 4WD) and combine sales (units), 12m rolling sales growth (%)



Source: AEM, GMI

Light in muted mining markets again?

Australian iron ore production at record high and still growing

- Miners have been hard at work
- Australian production level record high
- Effects on Chinese steel production capacity
- Australia to remain main iron ore location

Positive drivers for auto and heavy equipment

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- Challenging market environment where economic growth has returned, but so has uncertainty
- General outlook for auto markets positive with underlying global growth in seaborne shipments
- Exports from Japan continue the decline, but the Japanese OEMs grow their exports from other countries
- New manufacturing hubs changing the landscape, with the majority of the world auto manufacturing growth in emerging locations
- Construction market key driver for heavy equipment with European construction spending finally starting to show growth momentum
- Large AG equipment have seen strong sales trend in the US, but has turned negative
- Light in muted mining markets again as Australian iron ore production hits record high and still growing

Wallenius Wilhelmsen Logistics

Leveraging a strong position
in a changing market place

Chris Connor

President & CEO

WWL

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Agenda

01. A changing marketplace

02. Leveraging a strong position

03. Taking on the Challenge

01

A Changing Marketplace

An unprecedented pace of change

Market Fragmentation

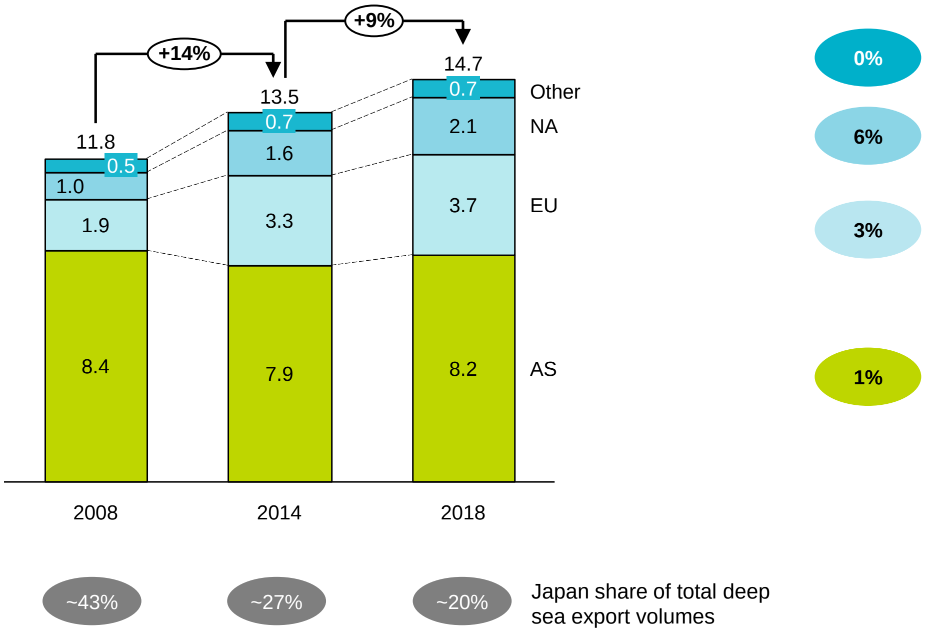
Changing Customer Behaviour

New Environmental Legislation

Market fragmentation by the numbers

Development of total deep sea auto export volumes, 2014-2018
Million units

Compound Annual Growth Rate 2014-2018



Customers are increasing the pressure

- Slow growth in recent years has increased cost focus
- Top Management is pushing hard on stretch targets for savings
- Build up of procurement departments, increased use of procurement consultants and driving a very price-focused discussion

New Sulphur Regulations are here in a few months

ECAs

1.0%
- **Today**
- Low Sulphur HFO

0.1%
- **2015**
- Distillate fuels

Global

3.5%
- **Today**
- Regular HFO

0.5%
- **<u>2020</u>** in Europe, **<u>2020 / 25</u>** globally
- Compliance solution?

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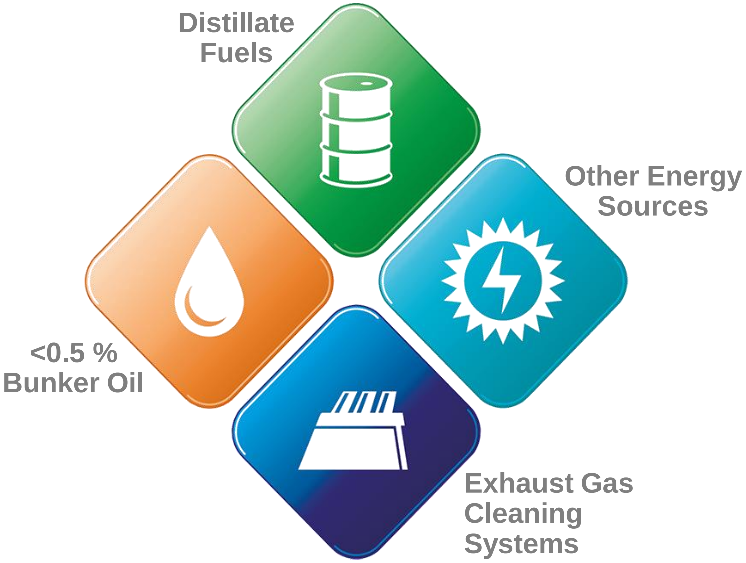
Sulphur regulation – A four stream approach



- **SRC in place**
- **Leveraging deep experience in low sulphur operation**
- **Strong will to find sustainable solutions**
- **Need for more than one solution**

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The fundamental drivers for the future are positive…

The growth of nations

- New emerging markets are increasing in importance, e.g. Mexico, Indonesia, Nigeria, Turkey and Thailand
- Changing balance in the world, with developed markets being counterbalanced by new regions (e,g. S America, China, India, SEA)

The market place is growing…

From poverty to consumption

- The global count of members of the middle class is growing
- Growth across many countries, particularly in emerging markets
- Increasing number of people with ability to consume consumer and capital goods

…driving demand for capital goods...

Infrastructure & energy needs

- Significant infrastructure development needs in the world today
- Resource industries will still be a central part of world growth
- Future resource industries will be even more equipment intensive (deeper mines, deeper water oil exploration)

…and heavy equipment

02

Leveraging a strong position

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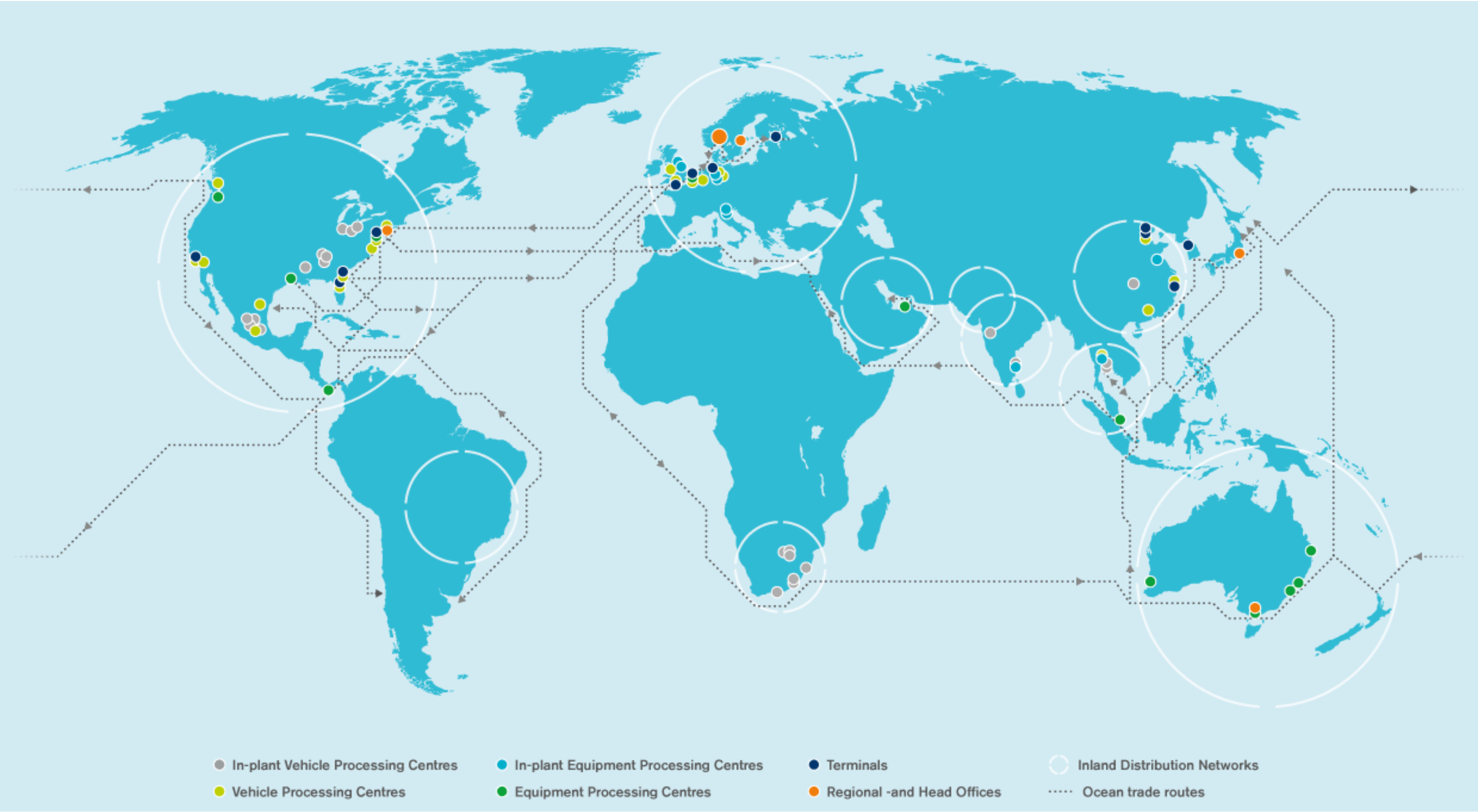
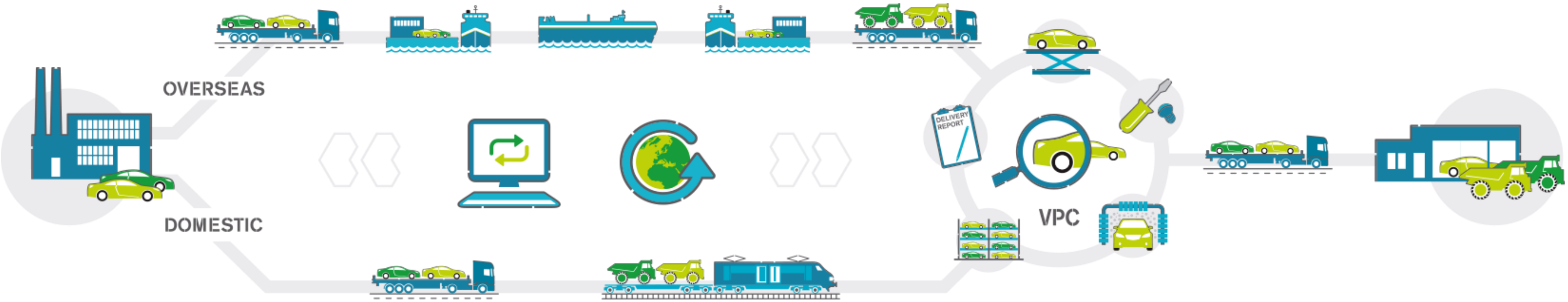
Part of a strong group

A business model that reduces volatility and risk

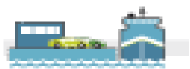


A global integrated supply chain



- 60 vessels service 12 trade routes to six continents
- 4.3 million movements of autos, rolling equipment and breakbulk per year
  - 1.9 million in ocean transportation
  - 2.4 million in inland transportation
- 6 million throughput of autos and rolling equipment through Technical Service
- 58 vehicle processing centres
- 12 marine terminals handle 4 million units

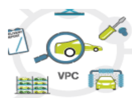
Our land-based network continues to grow



Melbourne

Description:
- Opportunity to develop and operate the new RoRo terminal

Status:
- WWL awarded operations and construction started in early August



Mexico

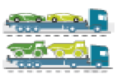
Description:
- Receiving, inland distribution, PDI, storage, accessorisation

Status:
- In 2013, WWL Mexico processed more than 1.4 million cars at its six sites, with 1000 employees

Thailand

Description:
- In-plant processing, VPC and inland transport

Status:
- Operations at the main auto plants and in port, own inland transport operations



Myanmar

Description:
- Entry into Inland distribution. JV to invest in trucks

Status:
- Operations started – first trucks on the ground August 8th

North America

Description:
- Build and operate VPC for BMW in Galveston, operations added in Baltimore

Status:
- Operations in Baltimore started and agreement for Galveston in place

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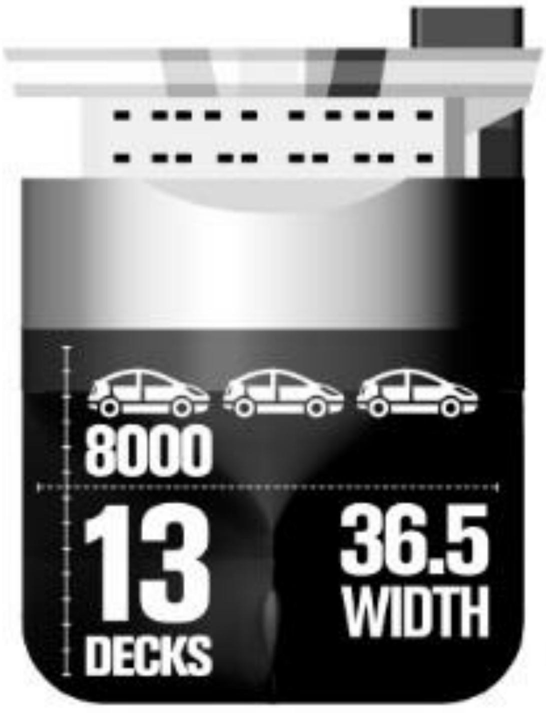
A healthy fleet

- **Modern fleet**
- **Advanced vessels, tailored to our cargo mix**
- **Larger tonnage has enhanced capacity for heavier cargo**
- **Leveraging group synergies**



8 post panamax vessels 2014-2016

03

Taking on the Challenge

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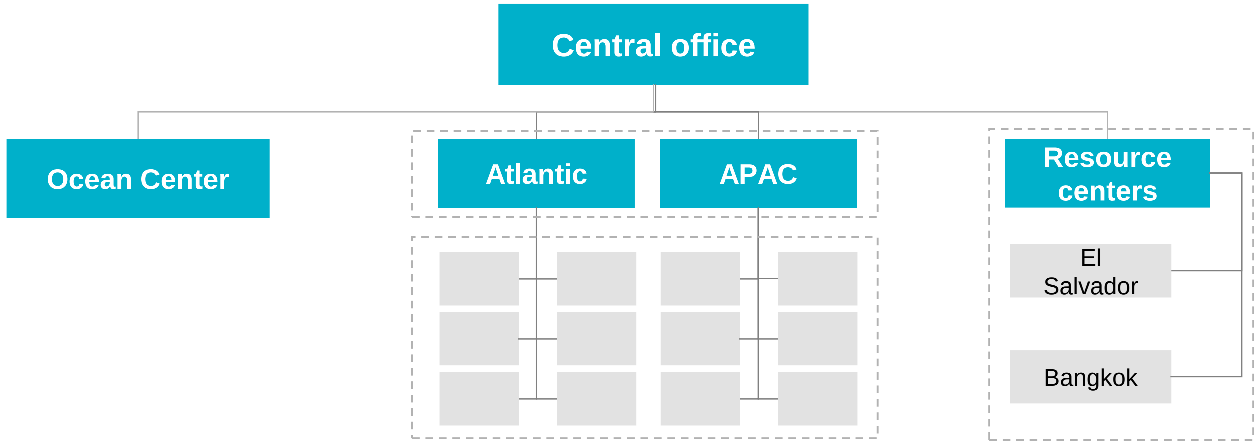
Changing to stay a step ahead



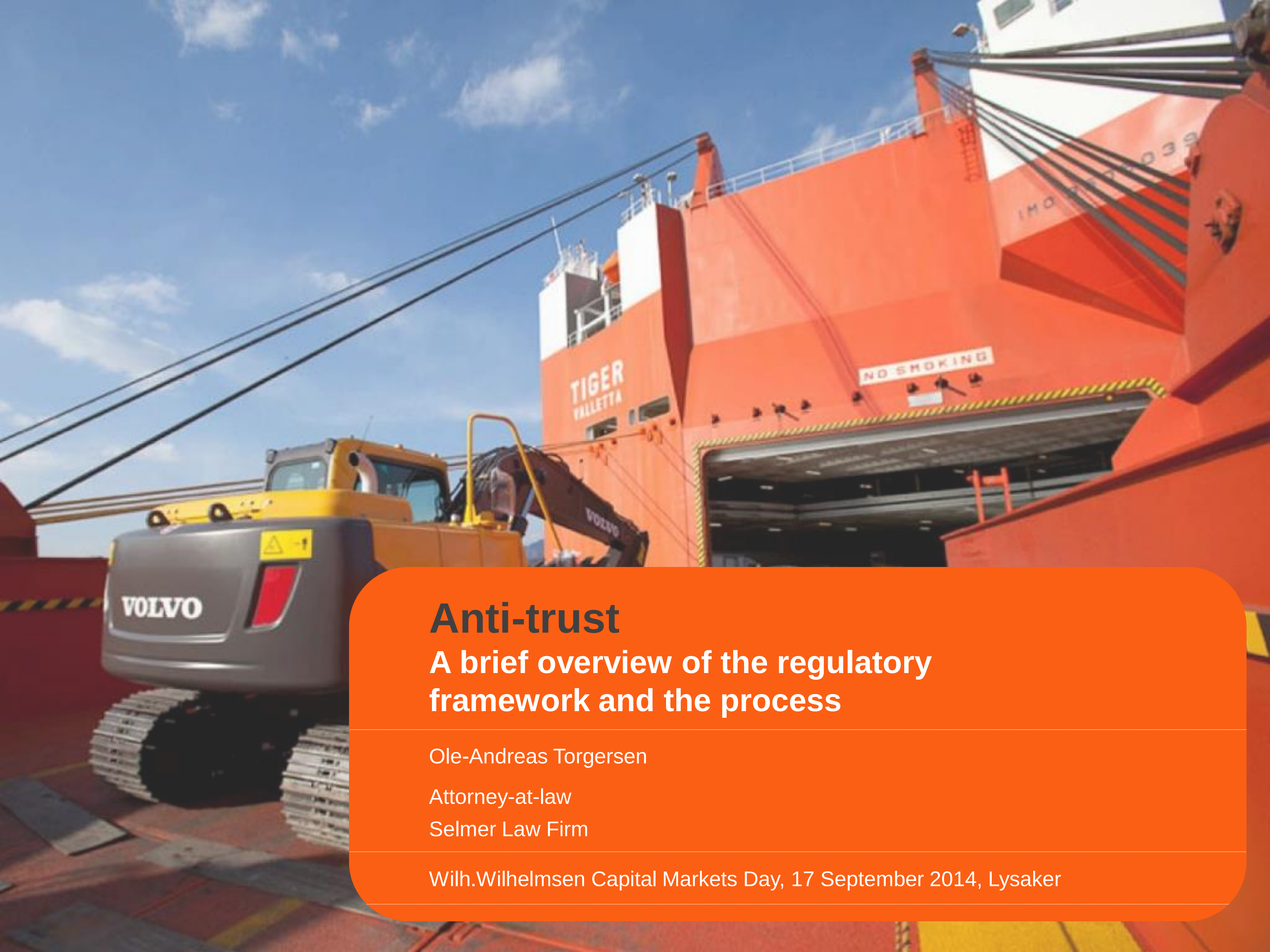
- **One centralized Global Ocean Tonnage Centre**
- **Two geographical business units instead of four**
- **Offshoring administrative activities**
- **Customer focused organization**

Centralized Global Ocean Tonnage Centre

- **Ensuring cost focus & continuous improvement**
- **Optimizing the Fleet**
  - Flexibility through Scenario Planning
  - Higher utilization & Energy Efficiency
  - Maximise Group Synergies
- **Best practice operations**
  - Improved planning and analytics
  - Process re-engineering for flexibility and speed


THE PERFECT
HAND
OVER


THE PERFECT
HAND
OVER



Anti-trust

A brief overview of the regulatory framework and the process

Ole-Andreas Torgersen

Attorney-at-law
Selmer Law Firm

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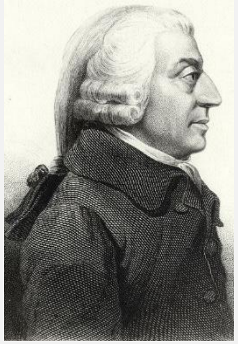
Collusion vs. cooperation between competitors

The insight; collusion is "bad"



Adam Smith, Wealth of nations (1776)

"People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices."

But not all cooperation between competitors is "bad"

"Horizontal co-operation agreements can lead to substantial economic benefits, in particular if they combine complementary activities, skills or assets. Horizontal co-operation can be a means to share risk, save costs, increase investments, pool know-how, enhance product quality and variety, and launch innovation faster."

European Commission Guidelines on the applicability of art 101 TFEU to horizontal co-operation agreements

The shipping sector

Global business

Maritime (and other transport) has high focus for the competition authorities

- Important economic sectors: affect prices in a range of downstream markets
- International aspects: affect level of trade
- Clear potential benefits of cooperation

EU Commission policy

- Gradual removal of sector specific regulation
- Today, the maritime sector is subject to general competition law rules

Enforcement by competition authorities

National enforcement

- Most countries enforced by NCAs which can impose significant fines
- EU: European Commission / European Competition Network
- Some countries treat certain antitrust infringements as criminal offences

International cooperation

- Increasing cooperation:
  - Allocation of cases
  - Coordinated investigations
  - Information exchange
- However, lack of coherent approach to fines

Initiation of investigation

Cases are brought to authorities attention through several sources

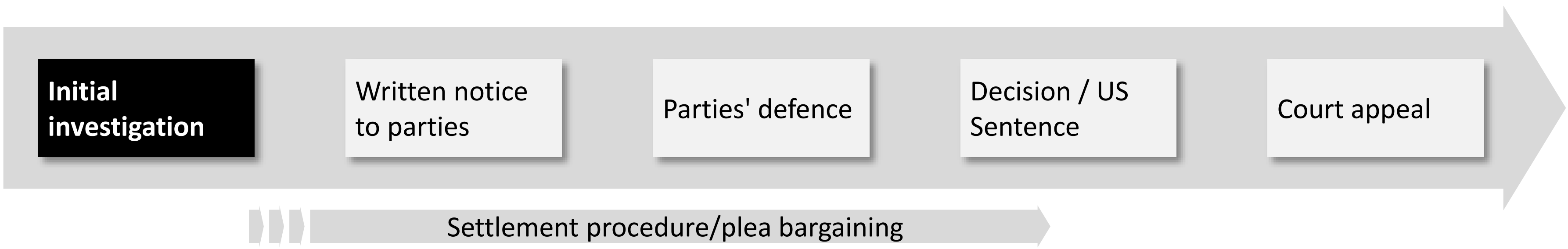
Most cartel cases are initiated by a leniency application

- First mover principle: conditional immunity for the first company to inform about a secret cartel activity
- EU: also possibility of leniency for other companies than the first mover
- Confidential procedure

The course of an investigation process

- Very formal processes, notably in cartel cases authorities are generally not informative about their positions in the periods between formal milestones

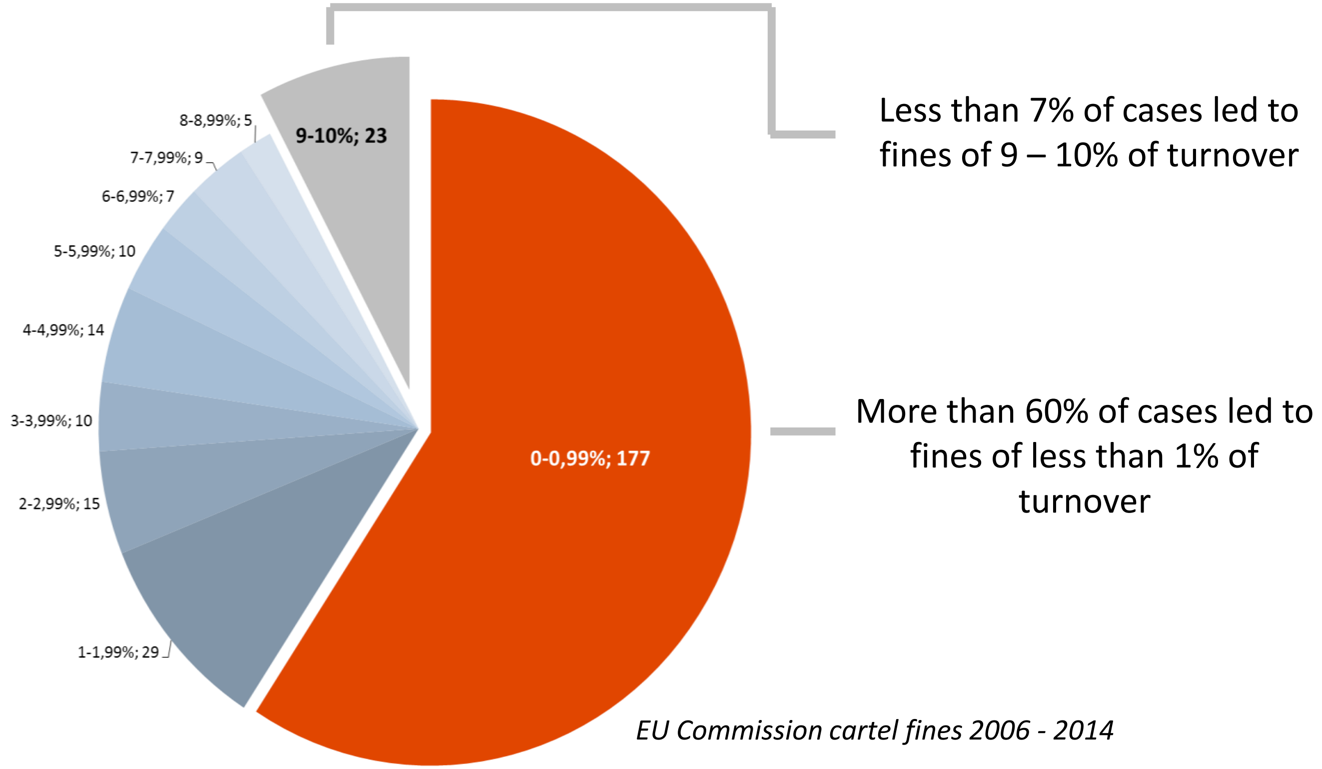
- Lengthy process : several years, may vary significantly



Fines for antitrust infringements

In both EU and US fines for antitrust infringements are based on

- Affected sales EU (EEA) / affected volume of commerce US
- Gravity
- Duration
- Cap (maximum)



EU Commission cartel fines 2006 - 2014

Compliance efforts and cooperation with authorities

In antitrust, compliance efforts are generally not rewarded

- Compliance measured by success
- Different from other areas, notably anti-corruption

Cooperation with competition authorities may, however, have significant impact

- Leniency: up to 100% reduction
- Settlement (admit to the Commission's objections): 10% reduction, shorter procedure
  - US plea bargaining: a party that pleads guilty and cooperates with the agency can receive a reduced sentence and avoid trial
- Cooperation during investigation and procedure (mitigating circumstance)