

WALLENIUS WILHELMSEN
LOGISTICS ASA

WWL ASA Capital Markets Day

September 2017

Agenda



Words from the CEO – group strategic priorities

Landbased strategy

Environmental strategy and focus areas

H&H: “A break bulk deep dive”

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Words from the CEO Group strategic priorities

President and CEO – Craig Jasienski

Backdrop: Improving market fundamentals

MARKET TREND

A

Auto – steady growth



B

H&H – turning point

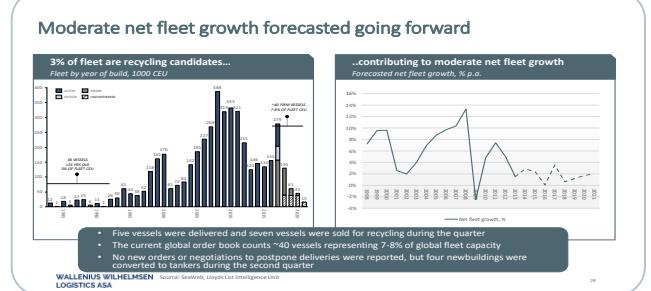
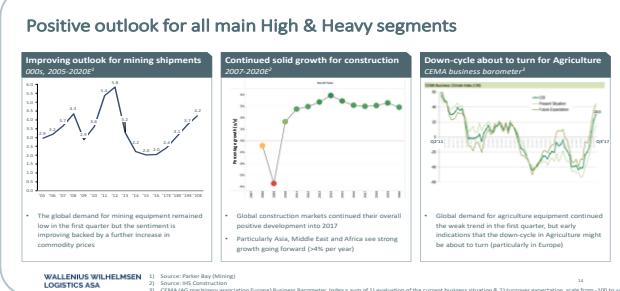
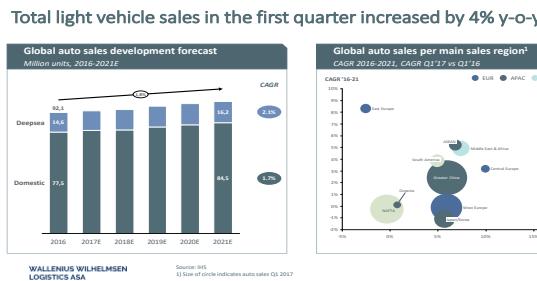


C

Market balance – firmer



Investment highlights



Continued positive growth in auto trade volumes

Mining and agriculture at a turning point

Limited orderbook and ageing fleet

Backdrop: WWL ASA needs to embrace new trends...

Electrification



Autonomy



Flexible manufacturing



Mobility models



New entrants



... and take necessary actions to position ourselves for future success

OCEAN TRANSPORTATION



LANDBASED SERVICES



Be agile and adaptable

Position ourselves for growth opportunities

New strategic direction defined for WWL ASA

Better



Solidify position as the market leader in RoRo with **unrivaled H&H and Breakbulk capabilities**
Substantially increase earnings for landbased by expanding the core and transforming to **full life cycle logistics**

Leaner



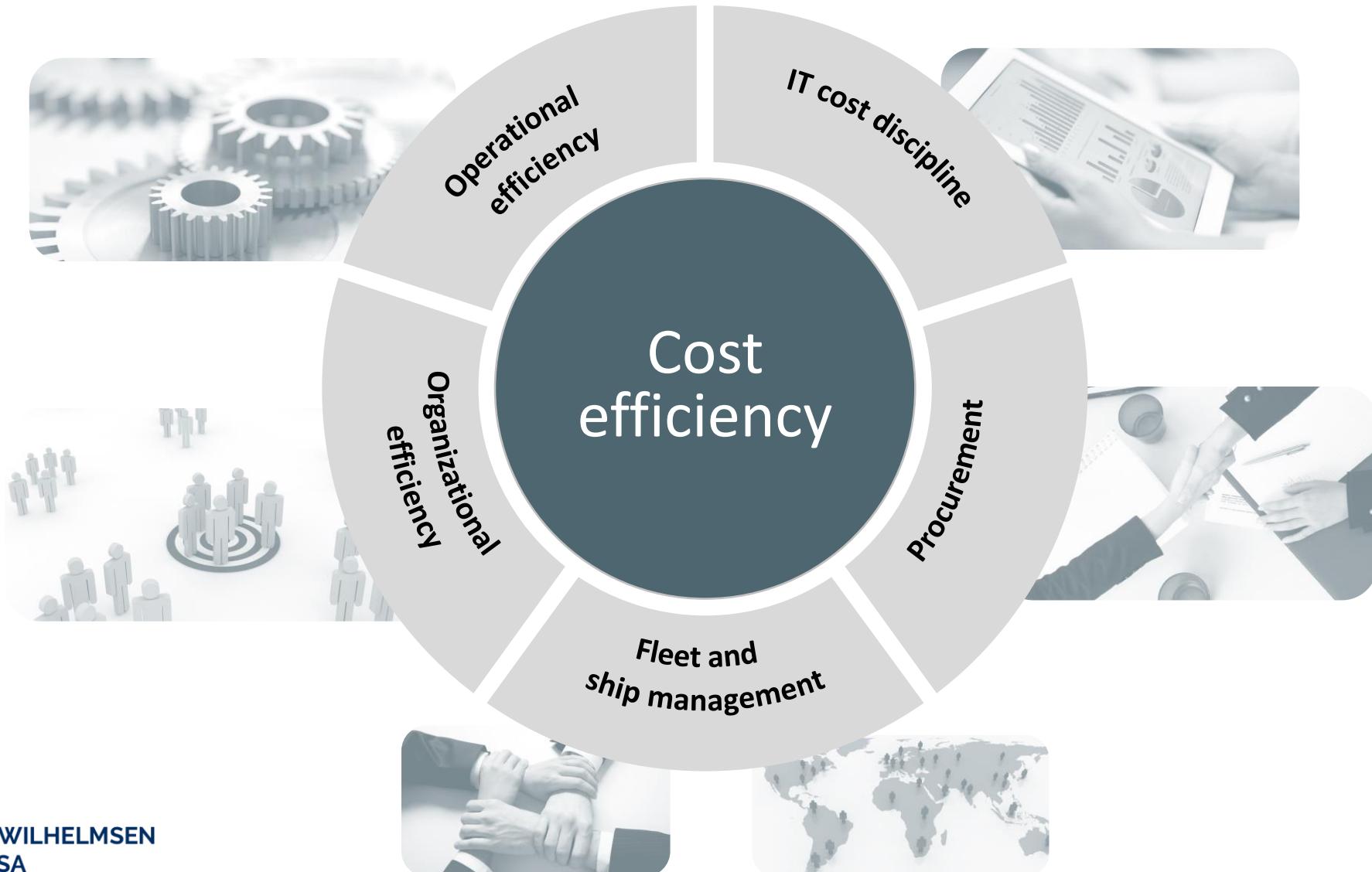
Strive for lowest cost possible by utilizing scale, right-sizing offering and embracing digitalization
Increase **flexibility and scalability of cost-base** by reducing asset ownership and increased outsourcing

Greener



Reduce **environmental impact** through continuous operational improvement and collaborative leadership initiatives
Expand revenue streams arising from the need for sustainable solutions

Cost efficiency through relentless focus across five main areas



Q&A



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Landbased strategy

COO WWL Landbased – Raymond Fitzgerald

Agenda



WWL ASA Landbased at a glance

Ambition and strategy

WWL ASA LANDBASED AT A GLANCE



More than 13.5 million units handled annually in WWL's Landbased network, across all products

KEY FACTS & FIGURES

70 sites

~70 operational sites globally,
across six continents



>13.5M

~13.5M units annually through
Landbased network

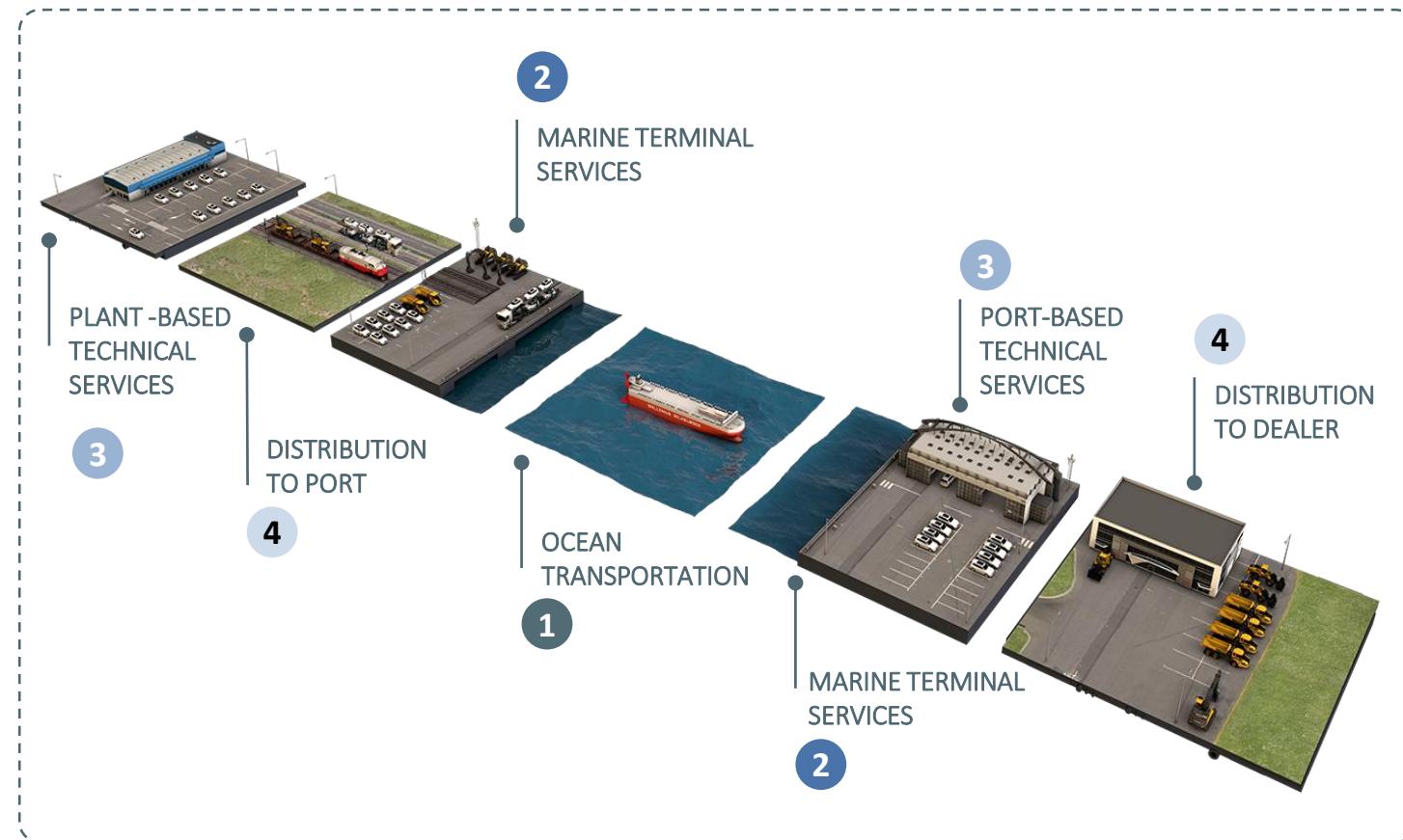


6,000

~900 Office workers
~5,100 Production workers



OUR PRODUCTS & SERVICES



Landbased Services portfolio enabling customers to reduce costs and increase efficiencies in their outbound logistics

Landbased Services Portfolio

Marine Terminals



Stevedoring

Custom clearance

Receive and delivery

Cargo handling

Port distribution

Storage

Technical Services



Accessory fitting

Pre delivery inspections

Repairs and rectifications

Storage management

Receipt and dispatch

Vehicle preparation

Inland Distribution & Logistics



Trucking

Rail

Brokerage transport¹⁾

Supply chain management (SCM)

Inventory management

Main Customers

Auto



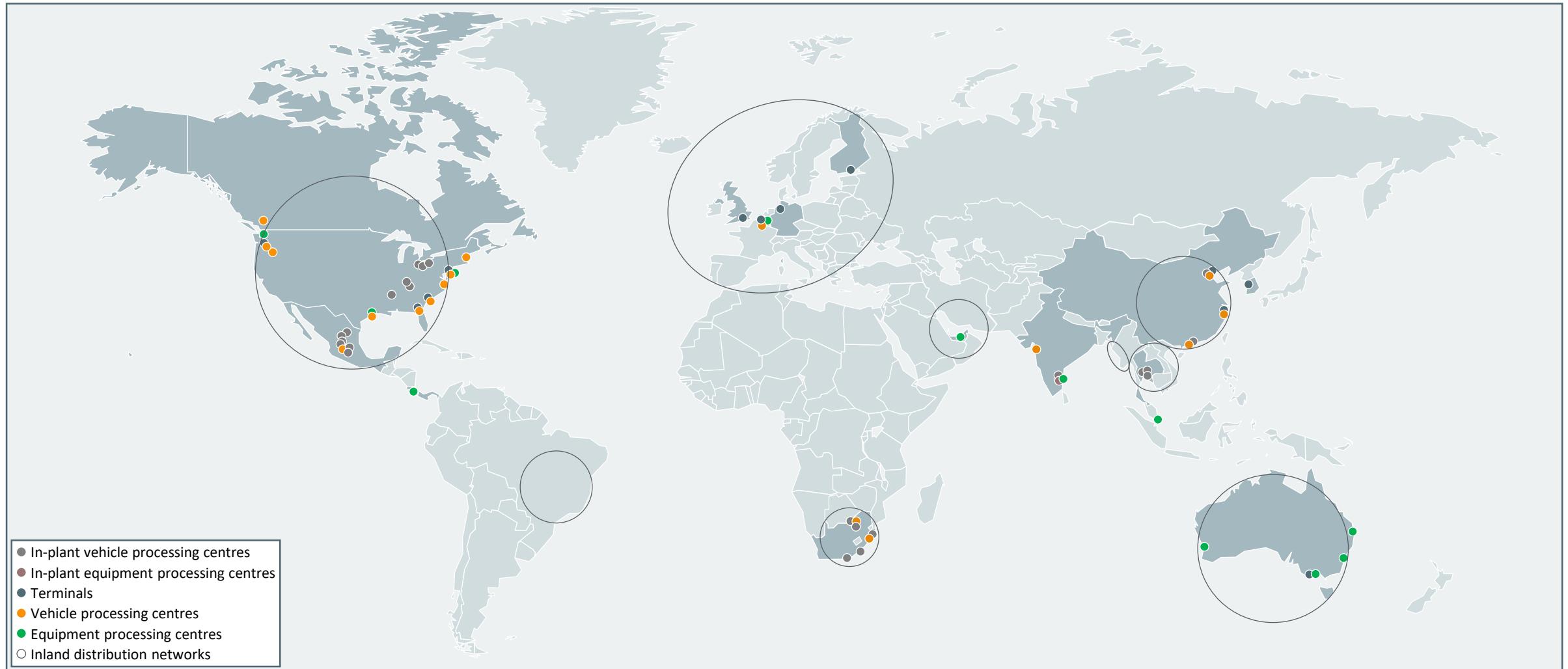
High & Heavy



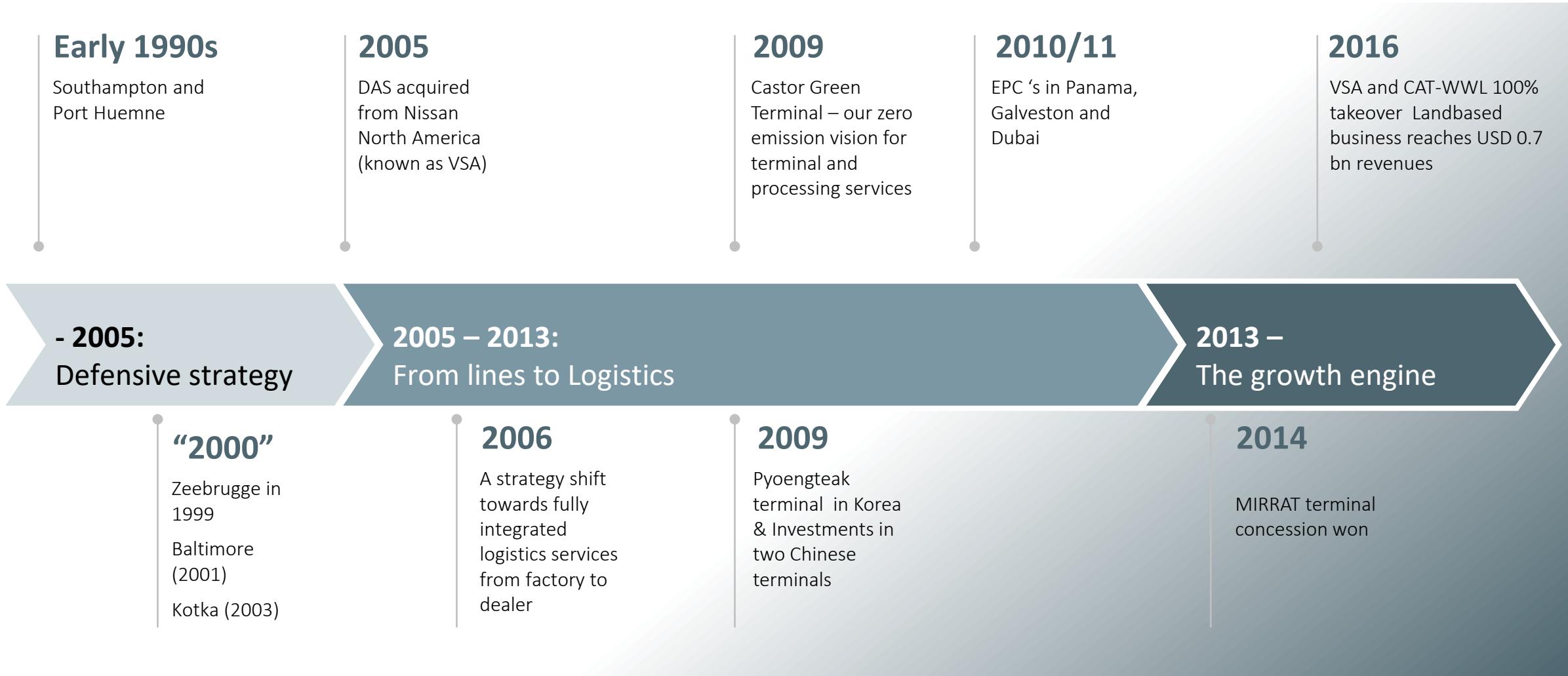
Breakbulk



A global network of Landbased Services well positioned for future growth



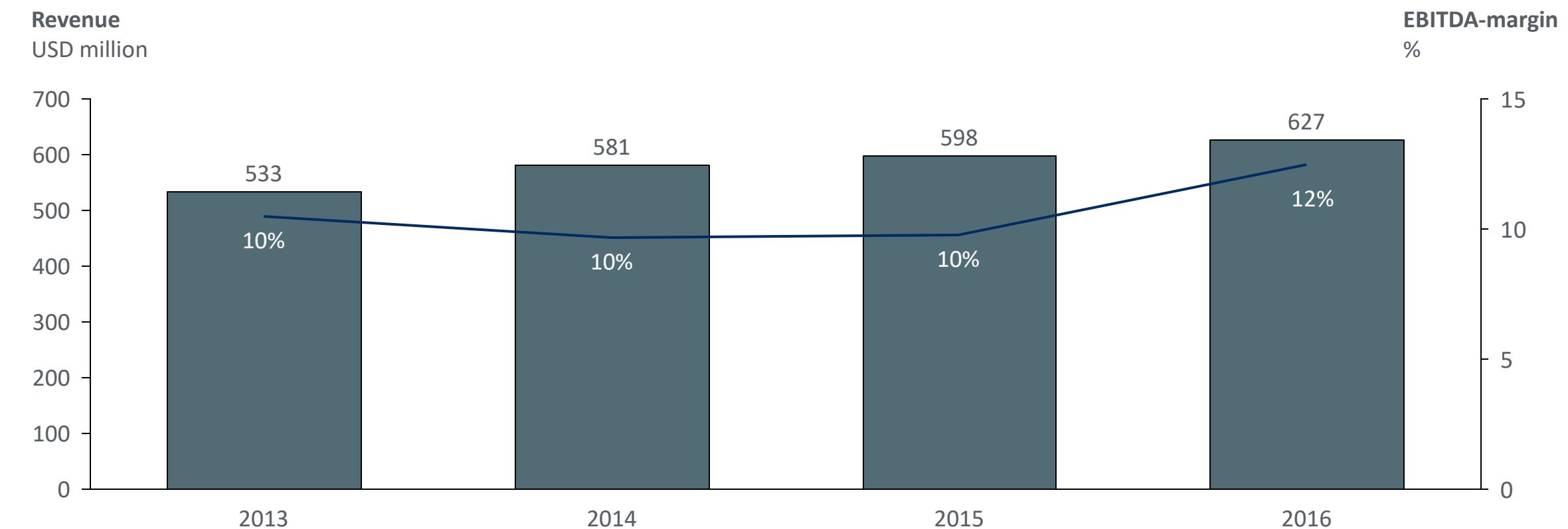
The last 10+ years has been an exiting journey



The strong land based performance continues...

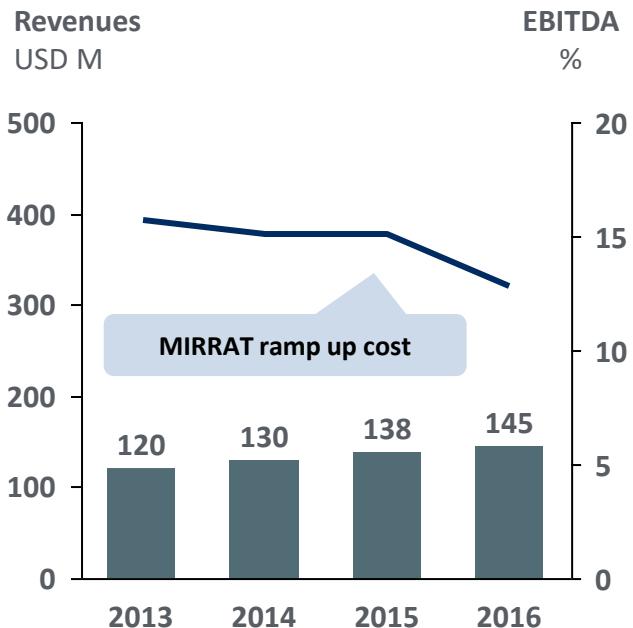
Financial performance: Revenue and EBITDA

USD million

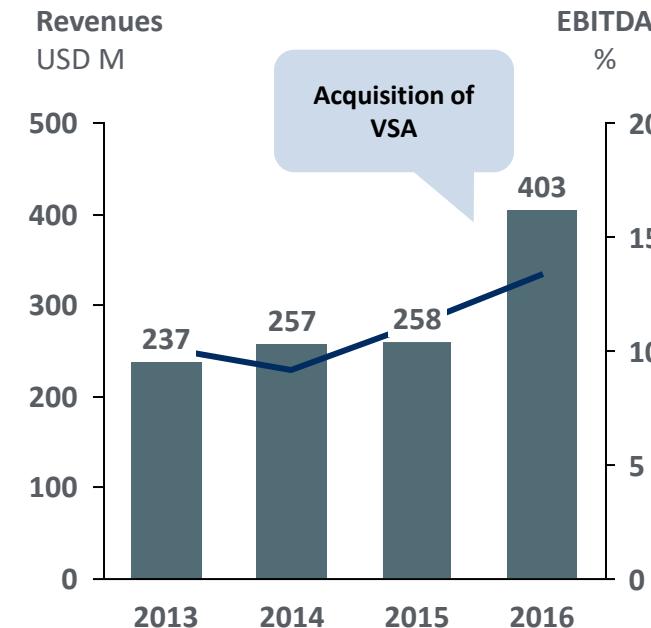


Profitability varies between the different services

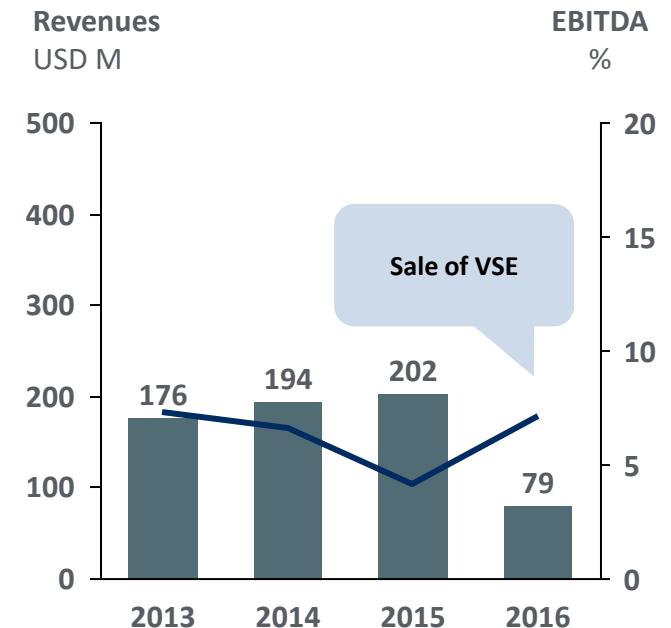
Terminal services



Technical services



Inland Distribution



Ambition and strategy



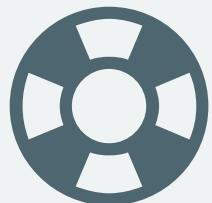
“WWL ASA Landbased ambition is to significantly grow earnings by expanding the core and transforming to full life cycle logistics”

WWL ASA Landbased ambition is to significantly grow earnings by expanding the core and transforming to full life cycle logistics

A

PROTECT THE CORE

“Protect and grow existing book of business and product offerings with traditional and non-traditional customers”



B

NETWORK EXPANSION AND M&A

“Develop and expand our network of marine terminals and technical services sites worldwide through M&A, partnerships and entry into new verticals”



C

TRANSFORMATION

“Adapt to and exploit opportunities related to new technologies including automation, electrification, ride- and car-sharing and fleet management”



D

INTELLIGENT LOGISTICS

“Develop and deploy tools and capabilities to help customers manage their business better, faster, smarter, and cheaper”



Protecting the core is key to maintain competitiveness and position ourselves for growth

| | Contract Renewals | Share conquest from competition | New BD from traditional customers | New BD from non-traditional customers | Procurement Services |
|---------------------|--|--|--|--|---|
| Why? | <i>Critical to lock in customers in order to protect market share, especially in markets with relatively strong rate development</i> | <i>Look to leverage brand and/or cost basis to target market share gains in key areas</i> | <i>Expand scope of services for traditional customer base</i> | <i>Identify other industries or markets that could be serviced by the Logistics group</i> | <i>Leverage scale and volume to create efficiencies in the business and reduce costs</i> |
| Where are we going? | <ul style="list-style-type: none"> • Create increased stickiness with key strategic customers through service and systems offerings | <ul style="list-style-type: none"> • Develop emerging market strategy to gain market share through competition, partnership or M&A • Relentless cost focus | <ul style="list-style-type: none"> • Target Logistics 2.0 opportunities for traditional OEM's | <ul style="list-style-type: none"> • Target partnerships with key customers that will drive Logistics 2.0 development • EV assembly and distribution | <ul style="list-style-type: none"> • Leverage the scope and scale of logistics procurement services we provide to OEMs • Expand on successful opportunities to emerging markets |

Network expansion and M&A will be ramped up to meet aggressive growth targets

| | Marine terminal expansion | E-Service inland terminals | Organic growth TS | Acquisitions & Partnerships | New verticals |
|---------------------|---|---|---|---|--|
| Why? | <i>Expand footprint globally in the area of Marine terminals</i> | <i>Expand services and establish footprint in and around inland terminals</i> | <i>Expand offerings and market share in key geographies with low penetration</i> | <i>Look for acquisition and partnership opportunities in key locations and verticals</i> | <i>Identify entirely new areas of service offerings to complement the organic growth initiatives</i> |
| Where are we going? | <ul style="list-style-type: none"> Pursue strategic opportunities in key markets through partnership or investment | <ul style="list-style-type: none"> Inland terminals as hub for new services and segment offering | <ul style="list-style-type: none"> Leverage global talent and service offerings across the business building on brand strength, quality and efficiencies | <ul style="list-style-type: none"> Pursue growth through selective acquisitions Pursue growth through partnerships and joint ventures | <ul style="list-style-type: none"> Continue to identify new verticals and a strategy to monetize these with existing or new customers |

WWL Landbased will transform its service offering from factory to end of life cycle logistics for vehicles and heavy equipment

Diverse Mobility

Why?

Share of ride- and car-sharing expected to increase drastically going forward

- Logistics services for users/ owners of ride-sharing and/ or car-pooling vehicles

Fleet Management

Where are we going?

New entrant technology-driven companies will seek to outsource logistics services

- Logistics management, homologation and refurbishment services to fleet owners in select metropolitan areas

Autonomous Vehicles

Capitalize on evolution of autonomous vehicle from level 3 to level 5 (engage with key players at an early stage)

- Maintenance, technical services, fleet management and “last-mile” logistics services for this next decade technology

Electrification

Growing share of global fleet of vehicles with electrical engine

- Global leader in Logistics services for electrical vehicles
- Service offering for electrical cars to range from factory to end-of-life

After-sales services

Large potential to move into the after-sales stage of a vehicles lifecycle period

- Exclusive B2B focus
- Offer logistics, technical services, and optimization services to dealers

D

Move into intelligent logistics will enable transformation

Digitalization

GEO fencing

Visibility

Network optimization

Dynamic routing, telematics and AI

Why?

Digital as a differentiator is becoming increasingly important in the Logistics industry, and WWL is lagging behind

Prerequisite for accuracy of visibility tools. Enabler of inventory management and SCM optimization

Allow for visibility throughout supply chain and increases customer stickiness and regarded as a “must-have” by key customers

Advanced analytics and network optimization can yield significant value creation for our customers

Closely monitor machine learning and other technological development for logistics application potential

Where are we going?

- WWL seen as technological leader in RoRo logistics space
- Technology enables WWL to be industry cost-leader

- GEO fencing technology available at all WWL Landbased sites

- Recognized by customers as industry leader
- Visibility tool enables broadening of service scope and increases customer stickiness

- Network optimization as integral part of all commercial bidding processes
- Network optimization as value offering to select clients

- WWL team well familiar with developments within advanced technologies directly affecting current or future scope of business

Q&A



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Environmental strategy and focus areas

VP, Head of Corp Com and CSR – Anna Larson

Content



Regulatory outlook and trends

Environmental strategy

Environmental focus areas

Regulatory pipeline and environmental trends

Regulatory Pipeline

- EU mandatory CO2 reporting in 2018
- IMO mandatory CO2 reporting in 2019
- Global sulphur cap change in 2020
- Ballast water management systems by 2024
- Shore power requirements in California

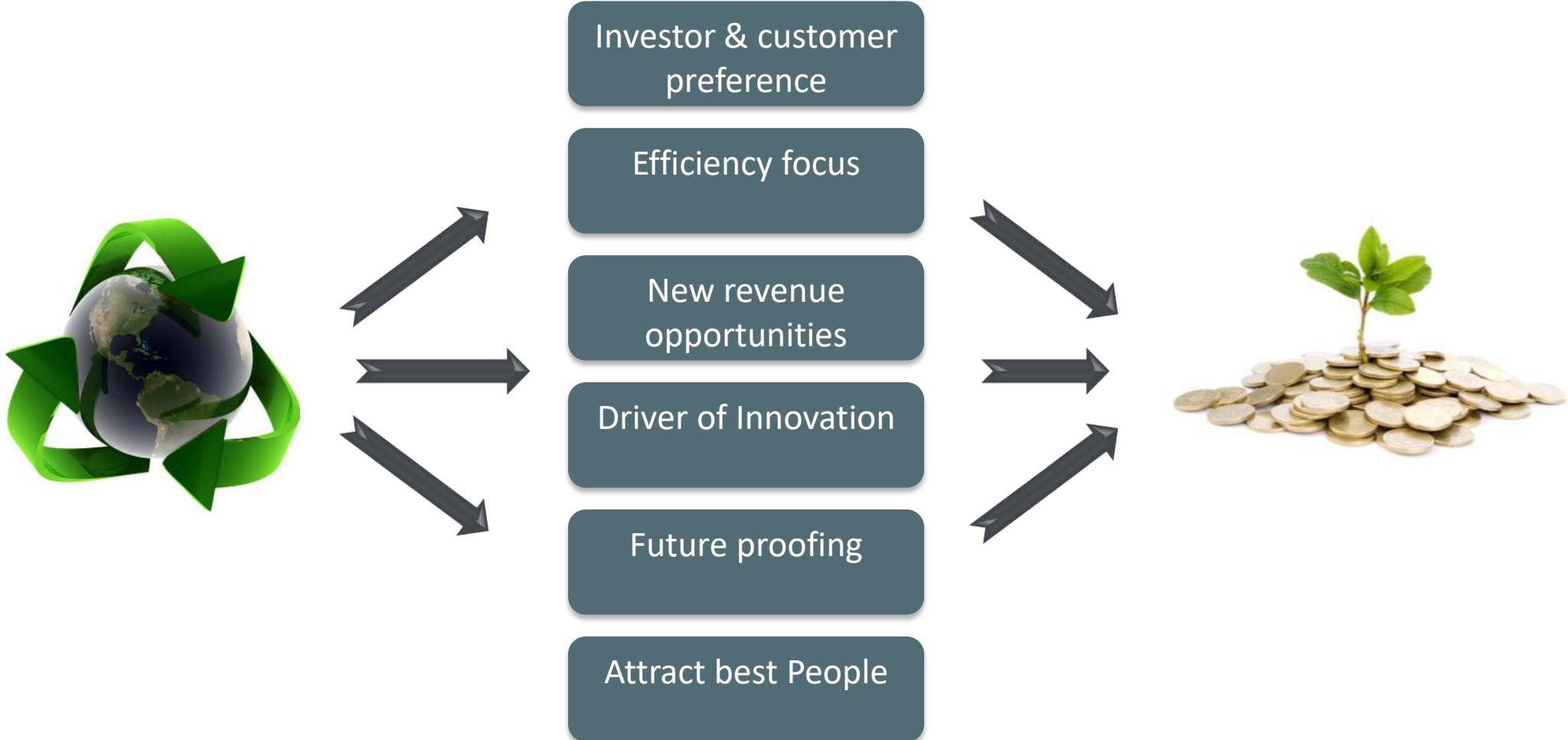
Enviro trends

- Investor demand for environmental transparency
- Environmental progress expected by stakeholders
- Minimum environmental requirements of customers rising

Industry's environmental impact is starting to be matched by the environment's industry impact



WWL believes in taking a sustainable approach



Environmental Strategy: Lean:Green

Vision

- Sustainability will be a driver of our business development and growth
- Our logistics services can be provided with zero emissions by 2050

Strategy

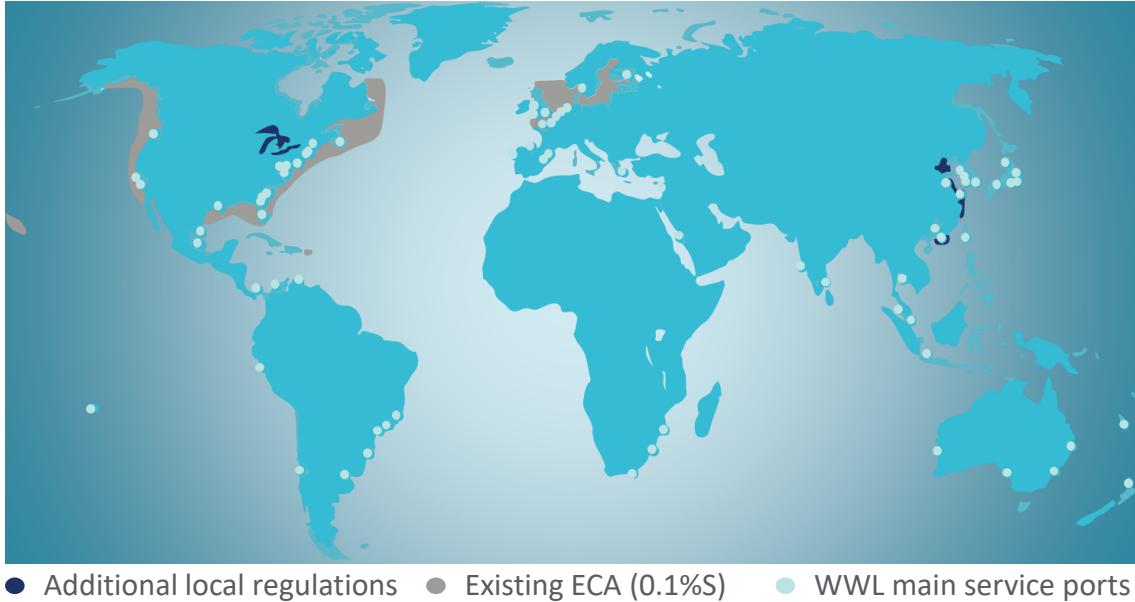
- Striving for what is **both economic and sustainable** will produce the **best long-term results** for people, profits and the planet

Approach

1. Drive progress through **initiatives** that are **both lean and green**
2. Focus on **high impact changes**, for both **people** and the **environment**
3. **Engage** in regulatory process; push for environmentally **sound global outcomes**
4. **Invest in and support** ‘Lean:Green’ innovation; **partner** for sustainable solutions
5. Embrace transparency; **be visible and be credible**
6. Seek to create **commercial value** from sustainable solutions



Global Sulphur Cap 2020 in brief



Why: Sulphur emissions harmful to health and environment

What: Sulphur (S) content reduction , 3.5% → 0.5%

When: Effective from Jan 1st 2020

Who: All vessels, all the time and everywhere

Except... Emission Control Areas (ECAs); stay at 0.1%S



**So what's the
big deal about
Sulphur 2020?**

The fuel that
drives most of
the industry will
change



A big change in
fuel cost means
a big change in
OPEX¹



Various
compliance
paths, all with
uncertainties



Enforcement
challenges pose
risk of unfair
competition



4 Stream Approach for compliance

- Major considerations:



Is it **technically feasible** for a given vessel and trade?



How will it be affected future by **regulatory change?**

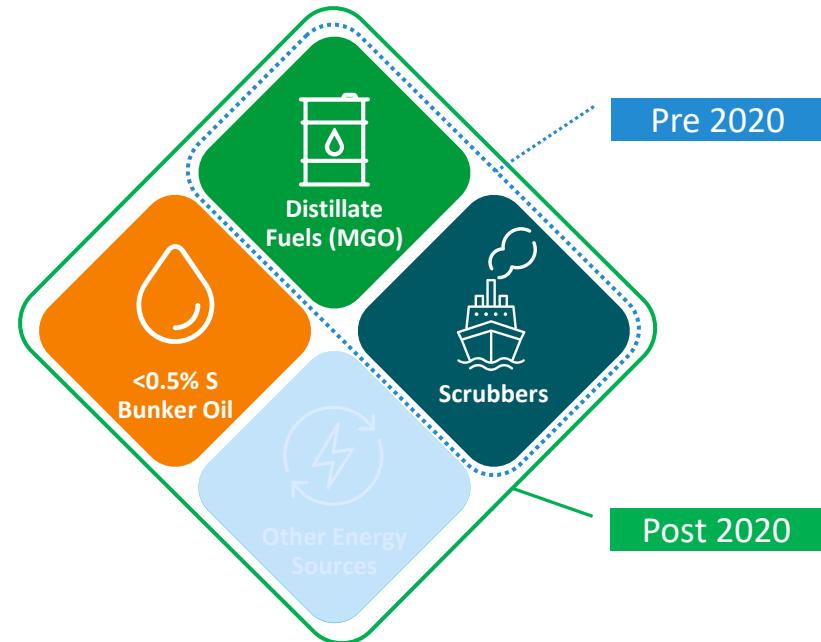


What will it **cost** in the short, medium and long term?



Will **availability** be sufficient when and where needed?

- Proactive initiative to find the right solutions for our specific fleet needs
- Leveraged partnerships and experience from years of low S operation



- No 'silver bullet' solution for our fleet; needs vary by vessel age, design
- Choices will be reviewed when other energy sources become viable

Sulphur 2020: full organisational focus



CO₂ & Shipping: context



Background

- If shipping were a nation it would rank **7th in global CO₂ emissions**
- Power and range demands, mean **no substitutes for fossil fuel** ... yet

Regulation

- **Design efficiency standards**, 1st transport segment with global requirements
- **Mandatory CO₂ reporting** schemes from EU (2018) and IMO (2019)
 - Precursor to regulatory initiative for **operational CO₂ measures**
 - Any resultant regulation unlikely to take effect within 8-10 years

CO₂ – progress metrics & targets

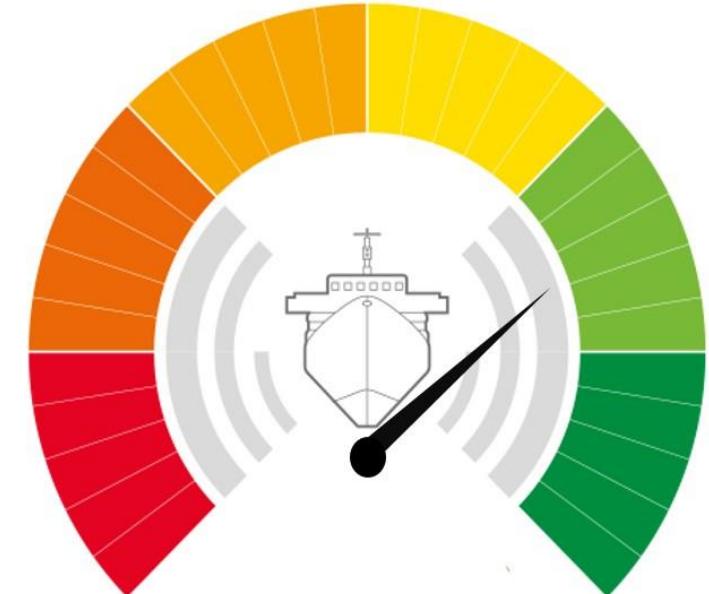
Important Considerations

- Most of all, **market fluctuations** drive **short term CO₂** results
- Short term CO₂ targets does not make sense
- Annual **CO₂ emission caps** require fossil fuel **alternatives**
- Cargo will still move; no environmental win
- Target **longer term fleet carbon intensity** – ‘CO₂ per tonne kilometre’
 - Evens out market cycles
 - Focussing on CO₂ reduces all emissions to air

Solution

- Cut **carbon intensity 11%** by 2020 relative to 2016
 - 32.1 → 28.5g CO₂ / tkm

WWL's Target



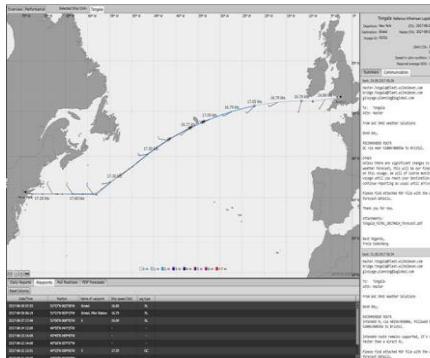
Tackling CO₂ - Short to medium term approach

Examples

Continuous



Each Voyage



Periodic



Once-Off



Project



Condition Monitoring

Ensures optimal machinery efficiency, helps avoid breakdown

Operational / OPEX

Weather Routing

Continuous computation of the most efficient route

Bio-fouling measures

In-water hull cleaning or cleaning and new antifouling coating in DD

Bulbous bow refit

Efficiency gain if normal sailing speed changes from design speed

Fleet renewal

Old, less efficient vessels replaced by new high performing tonnage

Technical / CAPEX

Tackling CO2 – Longer term approach

- Form partnerships to collaborate in **evaluation and testing** of more sustainable solutions
 - LNG viability project with Shell
- Monitor technical advances that could help achieve vision of zero emissions logistics
 - Hydrogen as a fuel?
- Cast a wide net for innovation
 - Sponsor of www.oceanexchange.org
 - Annual Orcelle Award



Ballast water management

- Ballast water for **stability, manoeuvrability, trim** and reducing hull stress
- Ballast water must be treated to mitigate **invasive species** transfer risk
- All vessels will have ballast treatment systems installed **by 2024**
- Installation will occur as per **pre-existing dry dock schedule**
- Systems will **be US Coast Guard Type Approved** to avoid operational constraints
- Anticipated CAPEX of approx. **500kUSD per vessel** with >> annual OPEX



Q&A



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High and Heavy: A Breakbulk deep dive

COO WWL Ocean – Michael Hynekamp

VP, Head of breakbulk and Marketing - Kibo Bodogaard

Agenda



The High and Heavy segments

Equipment and capabilities

The market and our position

The High and Heavy segments



The High and Heavy segment is more than mining, construction and agricultural equipment...

Buses and trucks



~7%

Mining, construction and agricultural equipment



~68 %

Breakbulk



~25 %

Breakbulk is really big cargo...



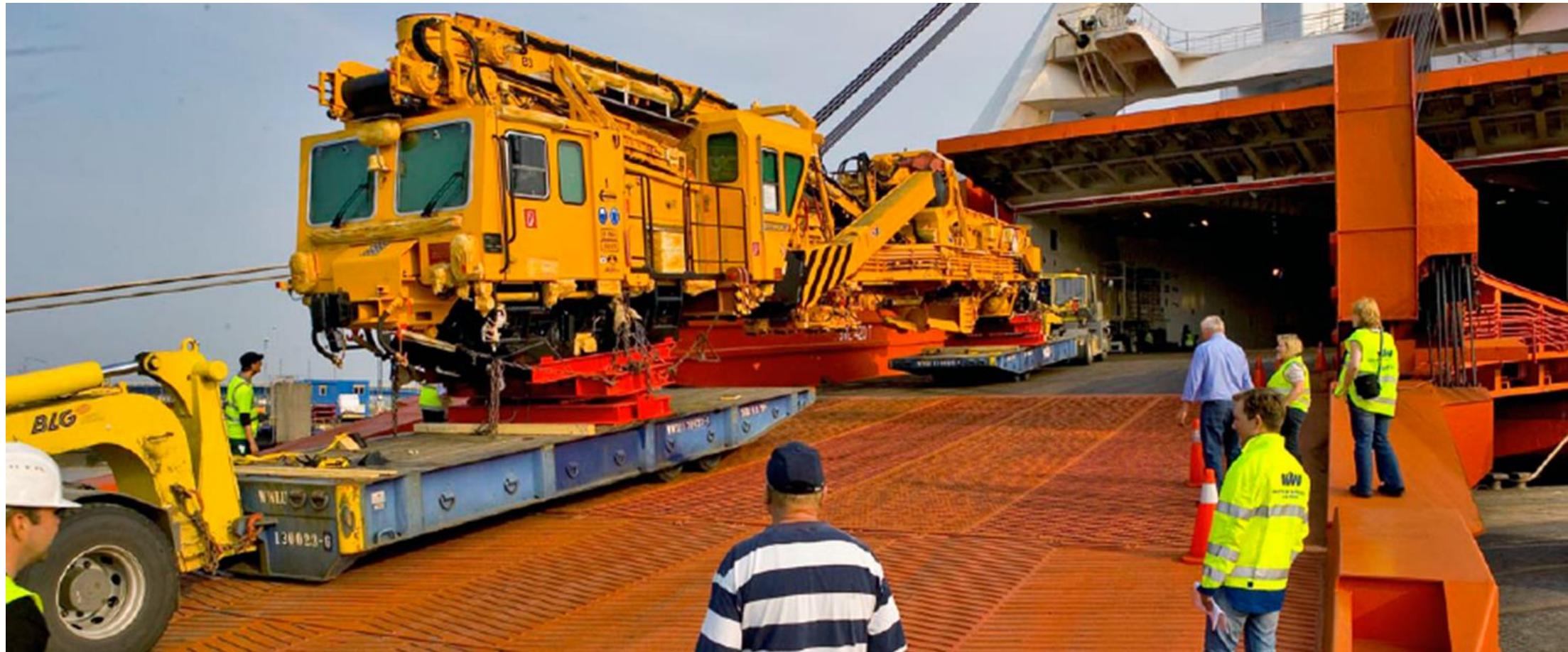
It's really wide cargo...



It's really long cargo...



It's really complex cargo...



And it's really heavy cargo



We even transported the glass for Apple's new building



So that when the vessel loaded it is much more than cars and the traditional high and heavy cargo



In WWL ASA we categorize Break bulk into 6 main segments



Machinery and machine tools



Oil and gas



Rail



Aviation



Boats and yachts



Power equipment

Equipment and capabilities



We have the equipment and vessels needed

With the world's most breakbulk-capable RoRo fleet and specialized equipment, even experienced logisticians may be surprised by the cargo we can carry.

1

Up to
6,1

metres high

2

Up to
12

metres wide

3

Up to
400

tonnes in
weight

WWL Cargo Equipment – a full spectrum of options for heavy cargo



Roll Trailers ('Mafis')
(6-24m, 20-80ft)



Multi Purpose Bogies



Samson Trailer
(8-16m, 26-52ft)



**Jack-Up Trailer
combined with Blocks & Beams**

140

220

400

Max. Cargo Weight (tonnes)

Roll trailers



- **The workhorse of our equipment fleet, roll trailers have been developed for cargo up to 140 tonnes.**
- **Roll trailers are simply towed on and off the vessel. WWL also offers a wide range of specialised low profile and railed roll trailers.**
- **Typical cargo types:** All kinds of breakbulk from machine tools to crane counterweights.
- **More than 4000 rolltrailers globally**

Cargo weight
< 140 t

Cargo length
< 28 m

Equipment length
**20'-80' feet
(6-24 m)**

Equipment width
2.5 m

Equipment height
0.44-1.1 m

Multi-Purpose Bogie (MPB)

- MPBs are especially suitable for long, narrow cargo up to 140 tonnes and are typically used in pairs.
- Depending on the cargo, they can be fitted with rails or connected together to create a lighter duty version of a Samson trailer.
- Typical cargo types: Rail cars, fabricated beams, compact generators and transformers.
- Can handle cargo of significant length

Cargo weight
< 140 t per set

Cargo length
6-40 m

Equipment length
3 m/platform

Equipment width
2.28 m

Equipment height
0.94-1.1 m



Samson heavy lift trailer



- An original WWL design ideal for breakbulk up to 220 tonnes.
- They are available in 8, 12 and 16 m variations, ensuring there's always a perfect fit for your needs.
- Typical cargo types: Transformers, generators and turbine rotors.

Cargo weight
< 220 t

Cargo length
6-18 m

Equipment length
8-16 m

Equipment width
3 m

Equipment height
1.1 m

Jack-up trailer with blocks and beams

- Jack-up trailers are used to handle RoRo
- Cargo of up to 400 tonnes and are configured to suit the cargo being shipped.
- The unit is stowed on blocks and beams during terminal storage and onboard the vessel.
- Typical cargo types: Transformers, generators, boilers, tunnel boring machines and hydraulic press machines.

Cargo weight
 $< 400 \text{ t}$

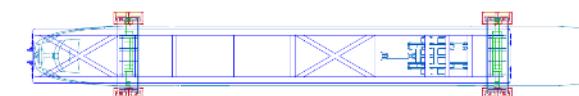
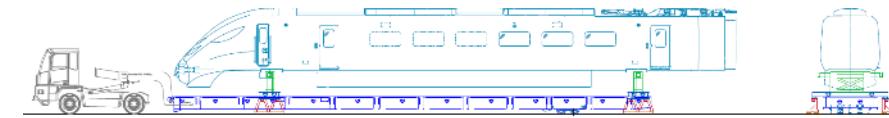
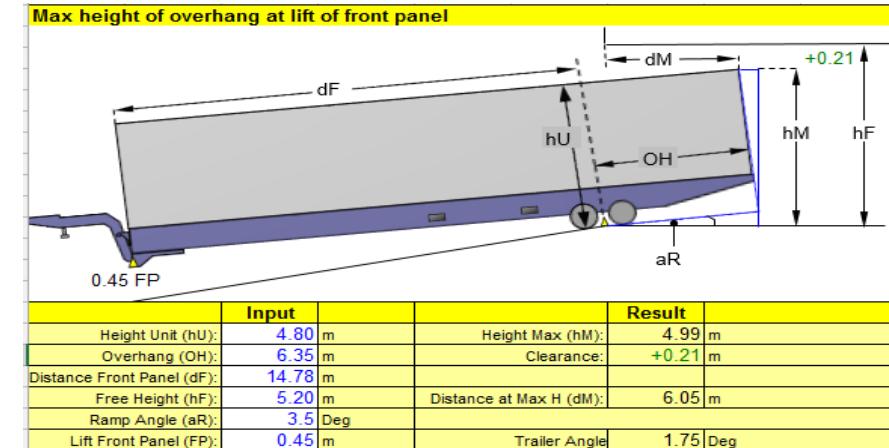
Cargo length
 $< 50 \text{ m}$

Equipment height
Approx. 1.55 m



WWL has a great history in delivering exceptional cargo quality and ultimately giving our customers peace of mind

- WWL has always been a pioneer in vessel design and equipment development for industrial products
- No other carrier has moved a larger variety of breakbulk cargo to more locations for longer
- WWL offers unmatched in-house technical competence
 - Project engineering
 - Cargo equipment development & innovation
 - Vessel design
- Strong and long lasting relationship with stevedores and terminal operators around the globe to ensure smooth operations
- Unique track record of innovative equipment solutions for ever changing logistical challenges



The market and our position



The market is big!! We are looking for only a small slice of the pie



We compete with multiple other shipping segments

LoLo carriers

- Tonnage challenge
- Several LoLo lines are struggling
- Mergers and partnerships are a key trend



Containers carriers

- Tonnage challenge
- Flat racks/ low box rates
- Low rates and strong frequency is their main strength
- Not ideal for BB cargo



Bulk carriers (open hatch)

- Tonnage challenge
- Now looking beyond the traditional bulk segment
- Very low rates for large quantities in one go are offered due to low TC costs



Our current value proposition in the breakbulk market is strong

Our value proposition is built around four main pillars

Reliability

**Value for
money**

Quality

**Solid customer
care**

Q&A



Thank you

