

Capital Markets Day 2016

Wilh. Wilhelmsen ASA main topics

Global Tonnage Situation

Jan Eyvin Wang

President and CEO

Wilh. Wilhelmsen ASA



Rough Sailing – Global Market Intelligence

Ari Marjamaa

Vice President

Head of Global Market Intelligence

Wallenius Wilhelmsen Logistics

Rough sailing

... rough sailing in global RoRo markets

- The market is still weak**
 - Continued demand weakness
 - High capacity
 - Low charter rates
- High capacity**
 - High capacity
 - High capacity
 - High capacity
- Continued demand weakness**
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 - Continued demand weakness
- High charter rates**
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WWL's Landbased logistics business

Rune Gisvold

Chief of Staff & CFO

Group Management, Central office

Wallenius Wilhelmsen Logistics

WWL Capital Markets Day

WWL's Landbased logistics business

WWL's Landbased logistics business

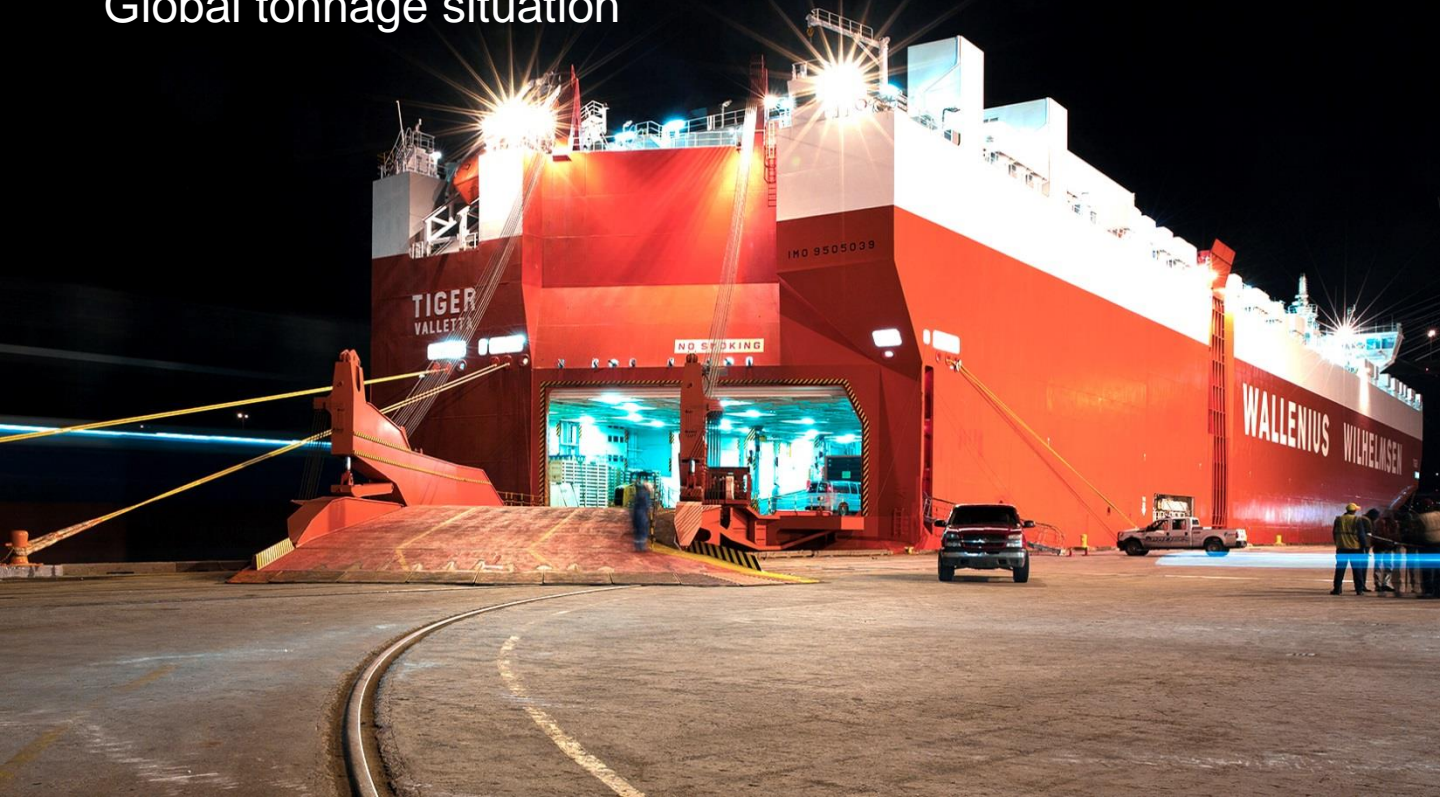
WWL's Landbased logistics business



Capital Markets Day 2016

Wilh. Wilhelmsen ASA

Global tonnage situation

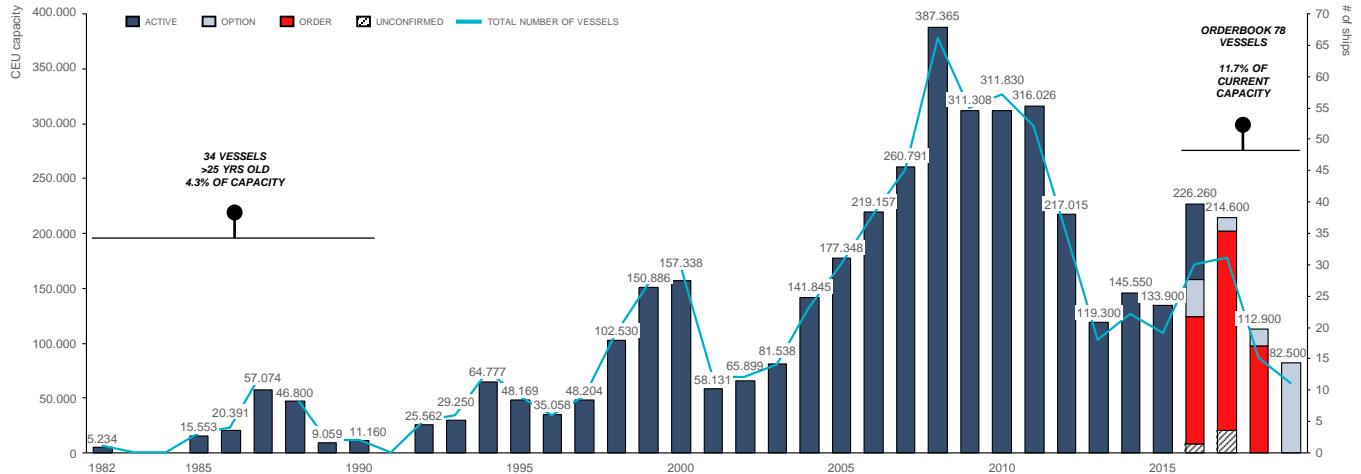


World deep sea fleet has grown significantly

Total orderbook is at 11.3% in terms of capacity

Fleet composition by year of build, pure deep sea fleet

Number of vessels above 3500CEU, May 2016

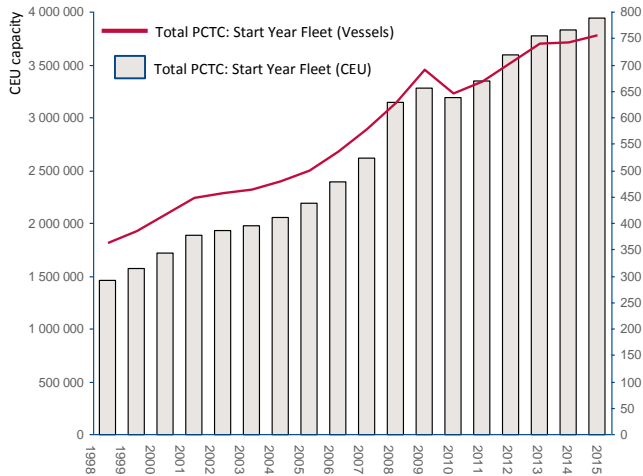


A steady growth in lifting capacity

Driven by vessel size

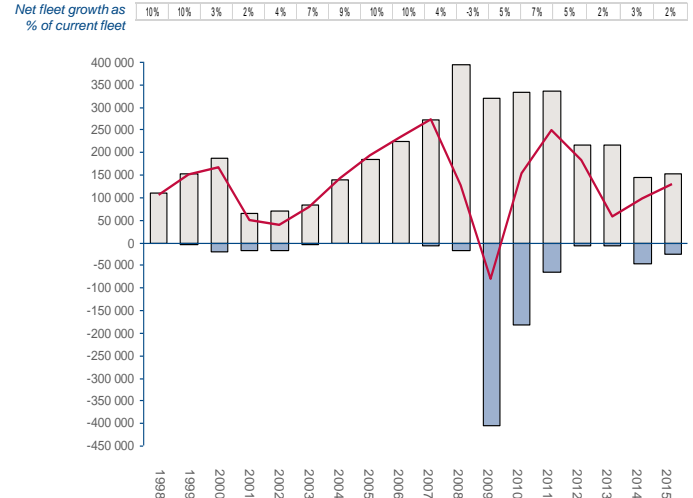
Historical fleet development

Fleet in CEU and # of vessels, 1998-2015



Net fleet development

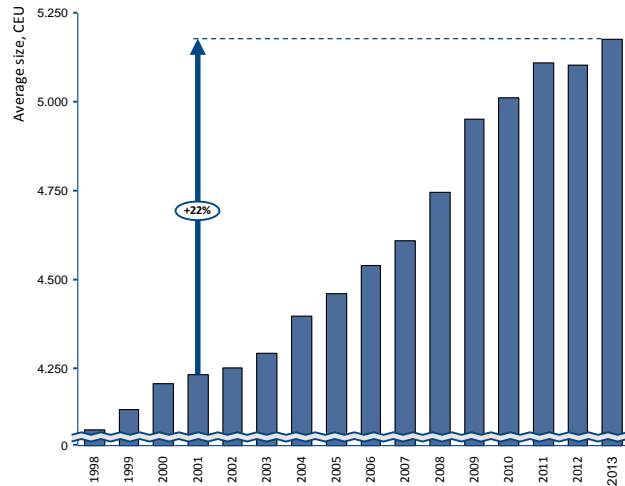
Deliveries, scrapping and net fleet addition in CEU, 1998-2015



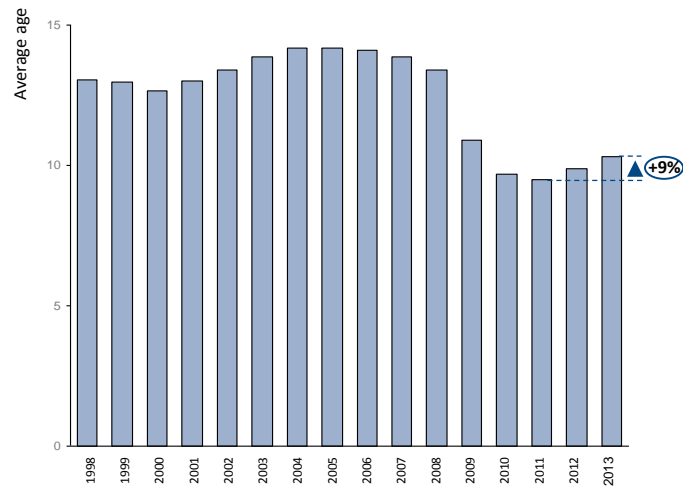
The average vessel is getting bigger and younger

Average size has grown by 21%, while average age has grown 9% last years

Average size of vessels has grown by 22% in the last decade
Average size of vessels, in 1000 CEU, 1998-2014



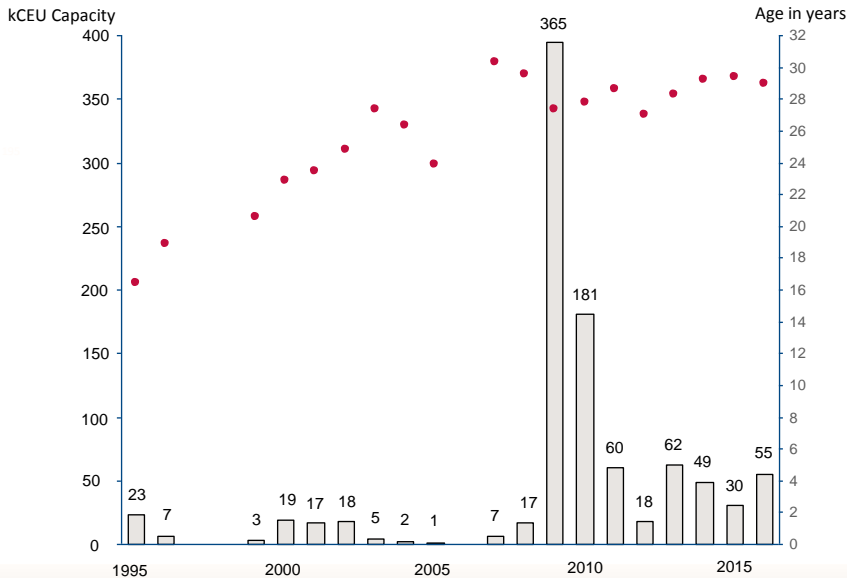
Average age of vessels has increased 9% since the building boom
Average age of vessels, in years, 1998-2014



Average age of vessels being scrapped has risen significantly last 20 years

Vessels are used much longer today than before

Recycled vessels in 1000 CEU, average age of recycled vessels

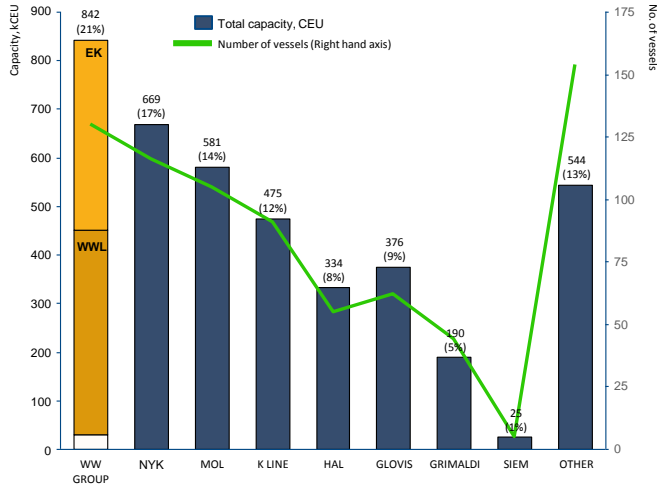


WW group is the largest operator group in the market

72 vessels currently on firm orders, representing a 12,3% share of capacity

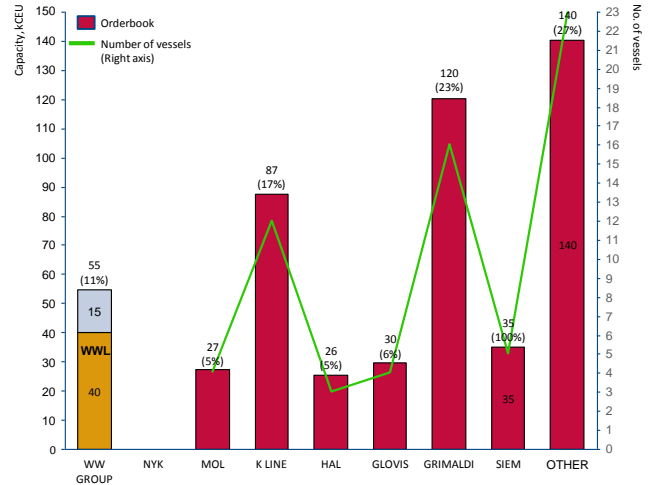
Current fleet by operator group

kCEU and number of vessels, share of current fleet capacity in %



Current orderbook by operator

kCEU and number of vessels, share of total orderbook capacity in %, firm orders

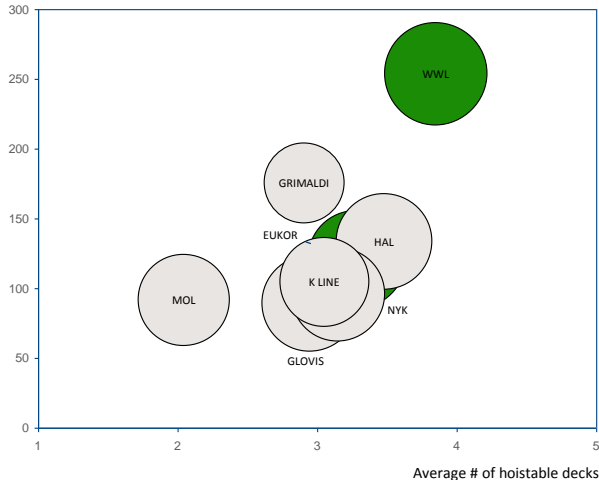


WWL fleet characterised by stronger High & Heavy capabilities compared to competitors

WWL still ahead on the characteristics of the fleet...

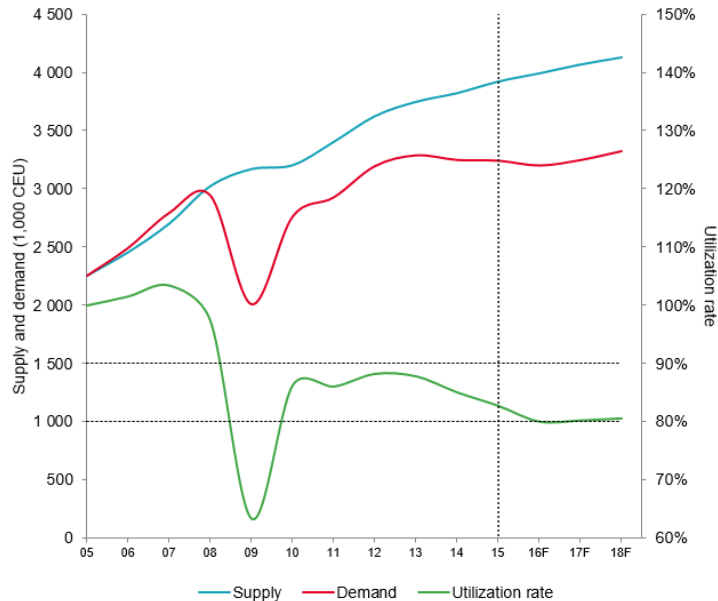
Ramp capacity in tons, # of hoistable decks and CEU capacity (size), July 2015

Average max ramp capacity



PCTC fundamentals, expected to remain weak for another 2-3 years

Opportunity for low TC tonnage





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LOGISTICS



Rough sailing

Global Market Intelligence
Wallenius Wilhelmsen Logistics

September 2016

Rough sailing in global RoRo markets

Support to be found in the fundamentals

The market is under pressure

- Global trade development modest
- Fleet growth high, but adjustments being made

A changing auto industry still supports volume

- Auto industry facing significant change, but also opportunities
- Auto trades generally see growth

Construction keeps HH up..

- Weaker than expected, but outlook improving

..while mining see mostly upside

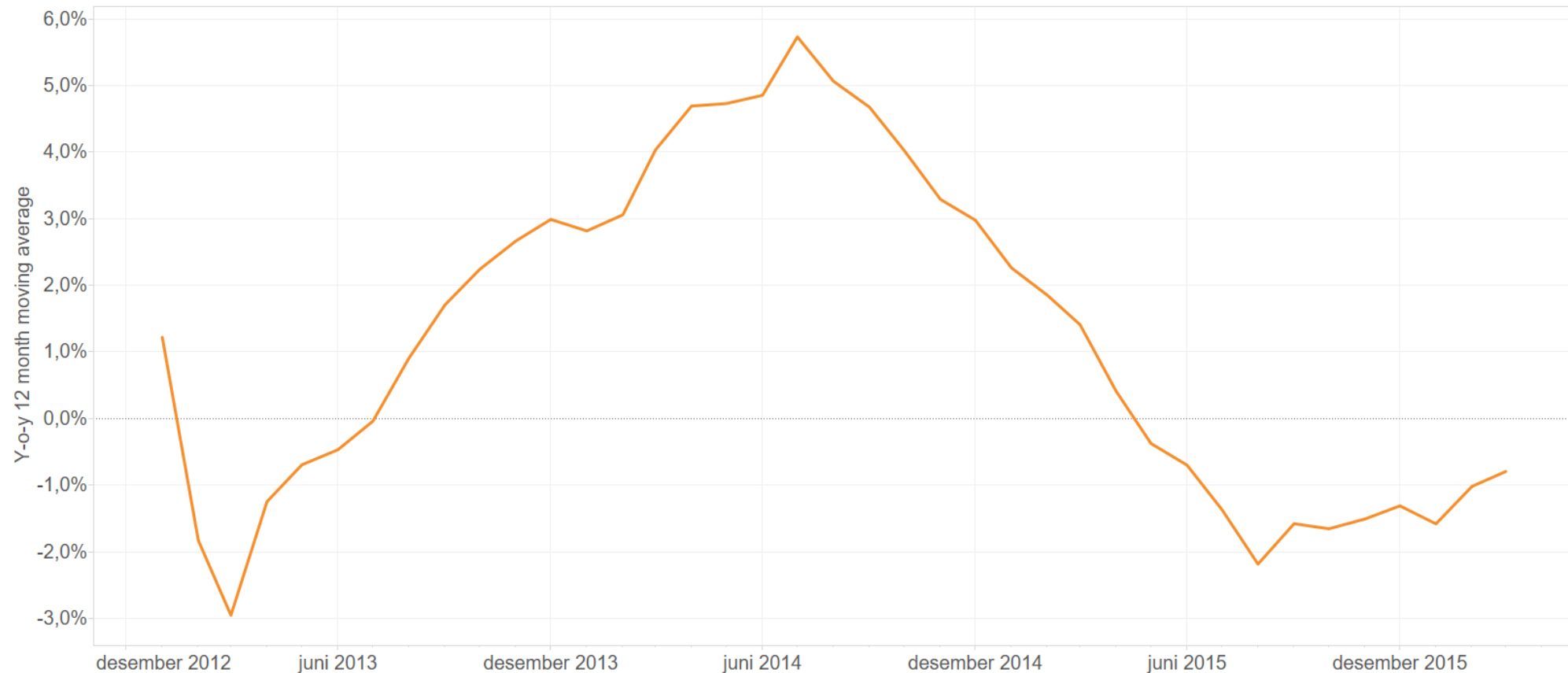
- Shipments still weak
- Pent up demand building

The RoRo markets are rough

Auto volumes driving improvement, HH remains under pressure

Development in global cargo shipments has seen some improvement since fall 2015, led by automotive volumes

Automotive, HH and BB cargo, exports, y-o-y comparison of 12mo moving average, Q1 2015 – Q1 2016



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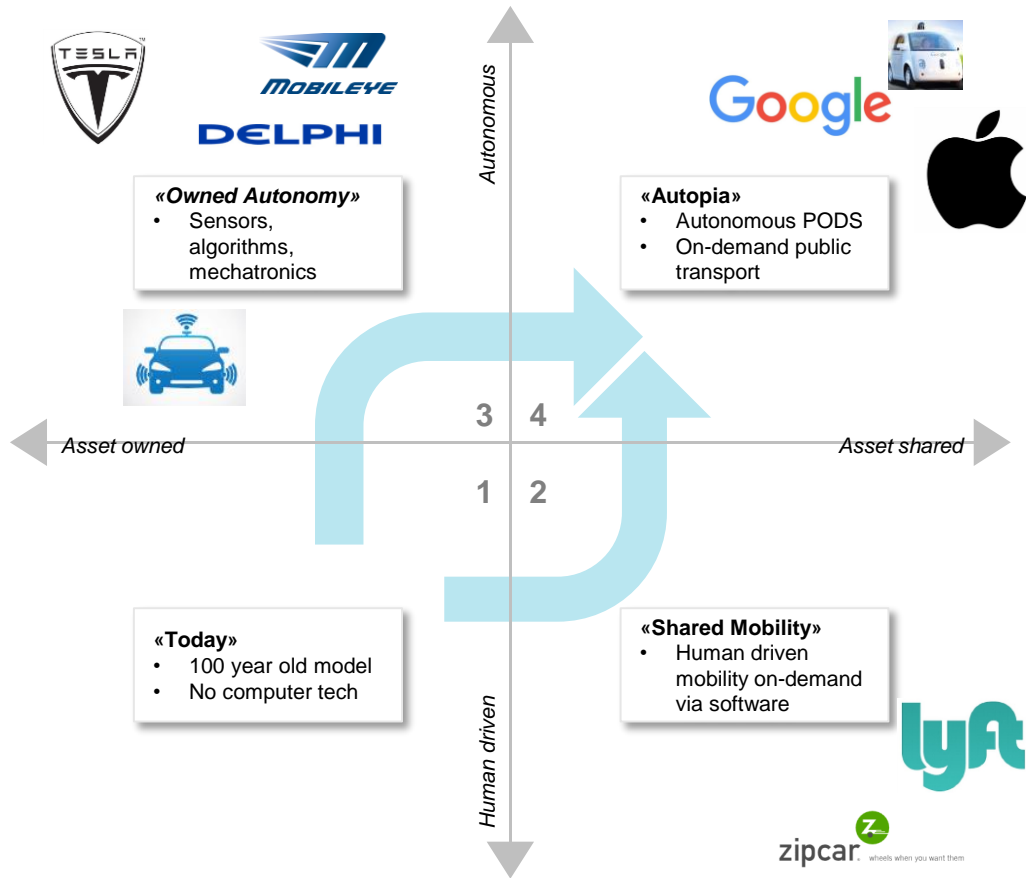
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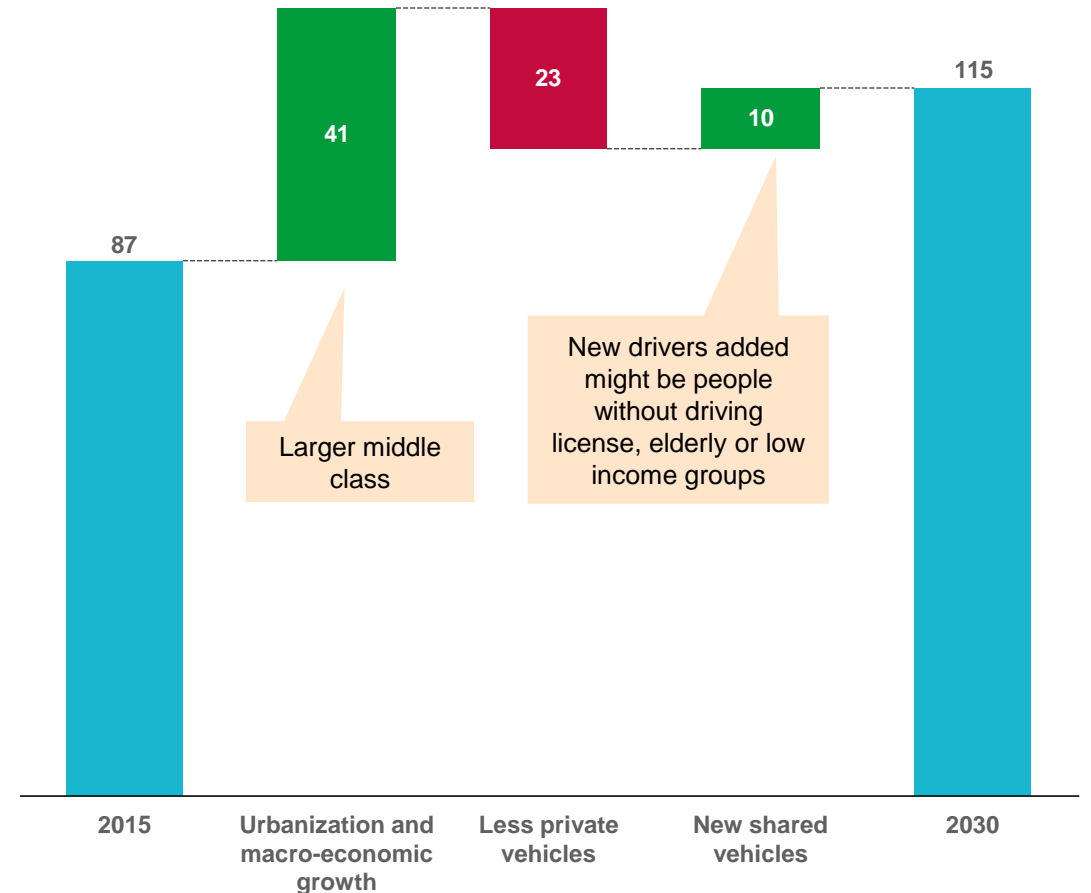
The automotive industry is rapidly changing

The shift from a product centric to a service driven model creates opportunities for a logistics operator

New technology and user habits has the impact to change the auto industry...



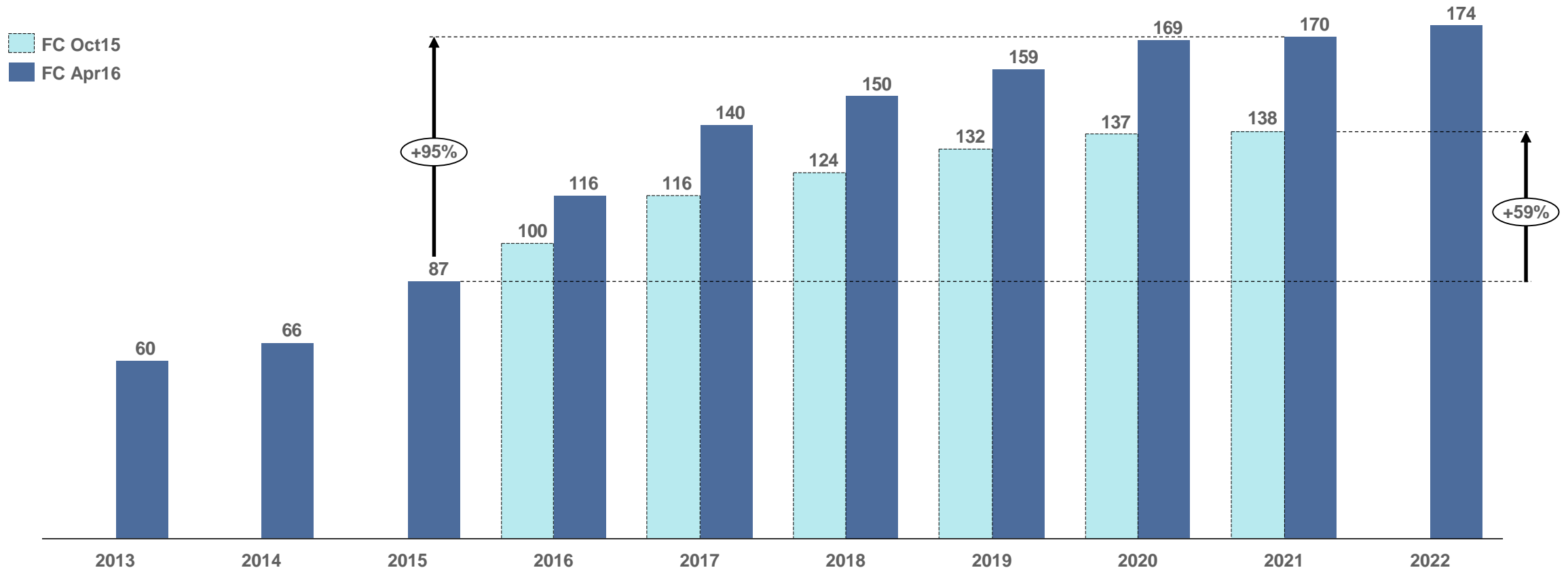
...but growth in user base, new drivers will lead to more kilometers consumed
McKinsey's High-Disruption scenario for automotive industry, Global auto sales in mill



Electric vehicles to see significant growth

Manufacturers appear to have made the technology choice

Strong growth in number of fully electric car models offered in the global auto market, outgrowing any other alternative technology
EV models, number on offer in the market, 2013-2022FC

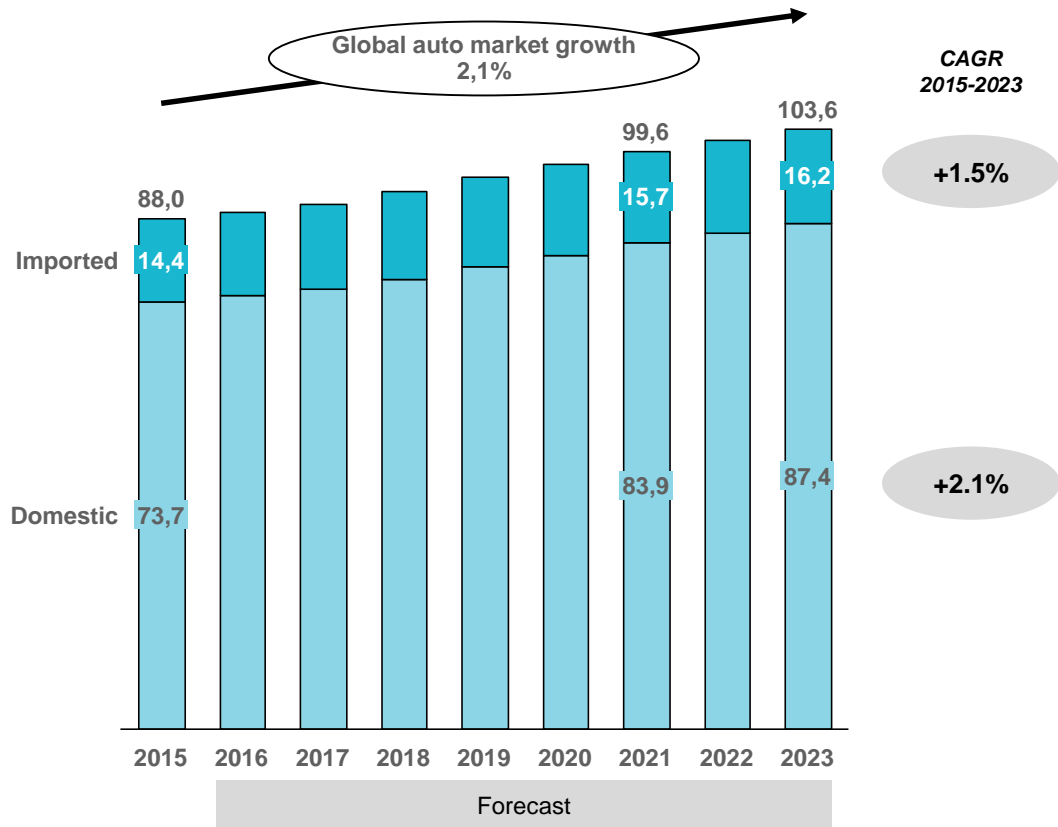


Deepsea LV volume to expected to growth with a CAGR of 1.5% going forward

AS-NA only major trade expected to see decreases

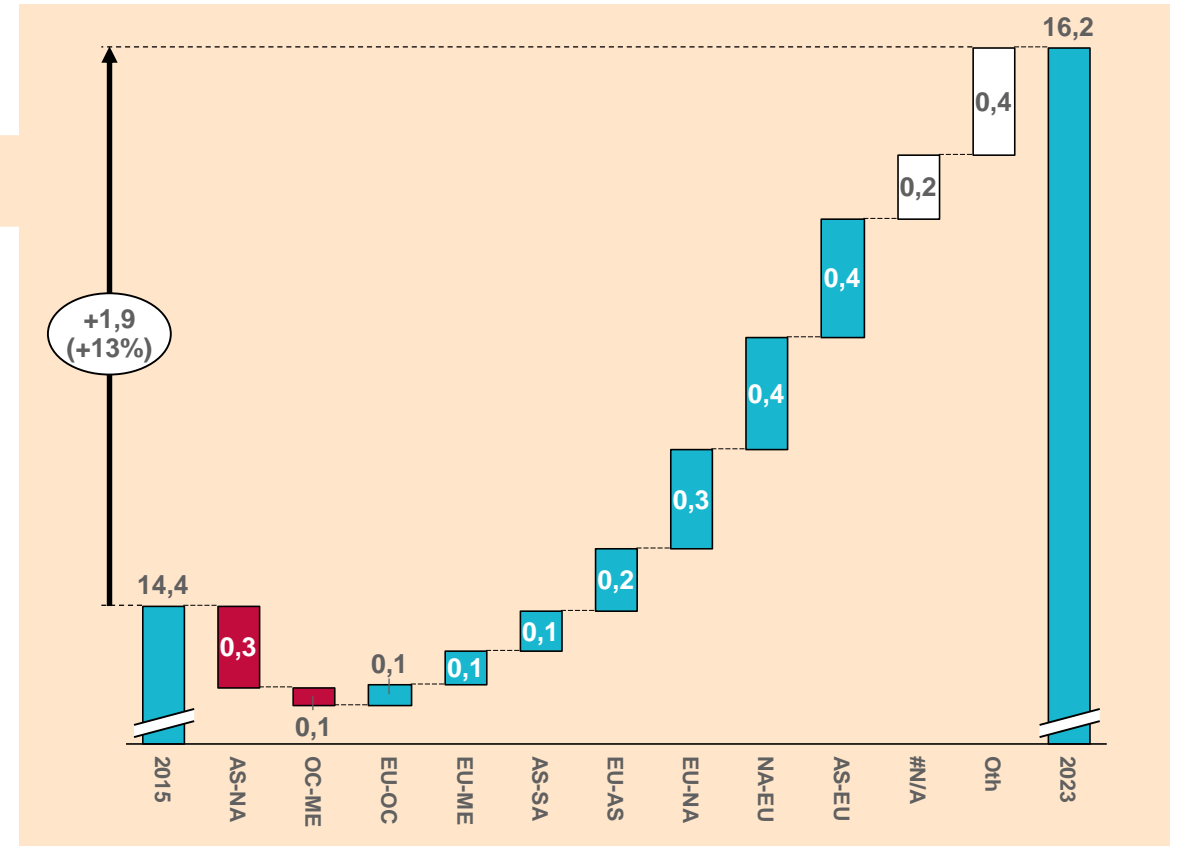
Global auto sales to develop positively going forward...

Sales, domestic production and possible deepsea transport, million units, 2015-23FC



...while AS-NA is the only major trade with decrease

Volume with potential for deepsea –total volume in 2015, growth per trade and total volume in 2023

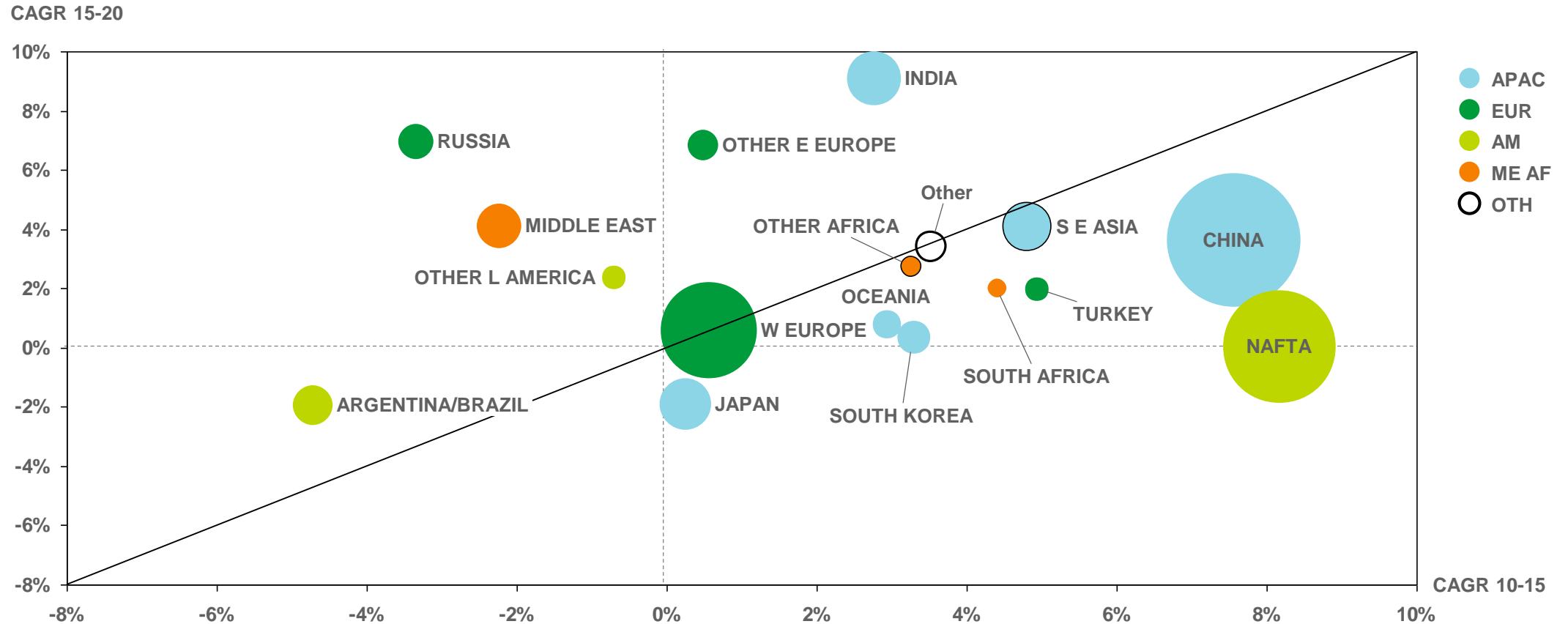


China still largest light vehicle (LV) market, Indian LV market set to soar

Deepsea volume growth below market growth, excluding JP/KR-NA volumes volume growth on par with total market

...but the big markets to develop slower in the next five years than in the previous five

Size of circle indicate size of market in 2015, CAGR 2010-2015 and CAGR 2015-2020



Source: IHS, GMI

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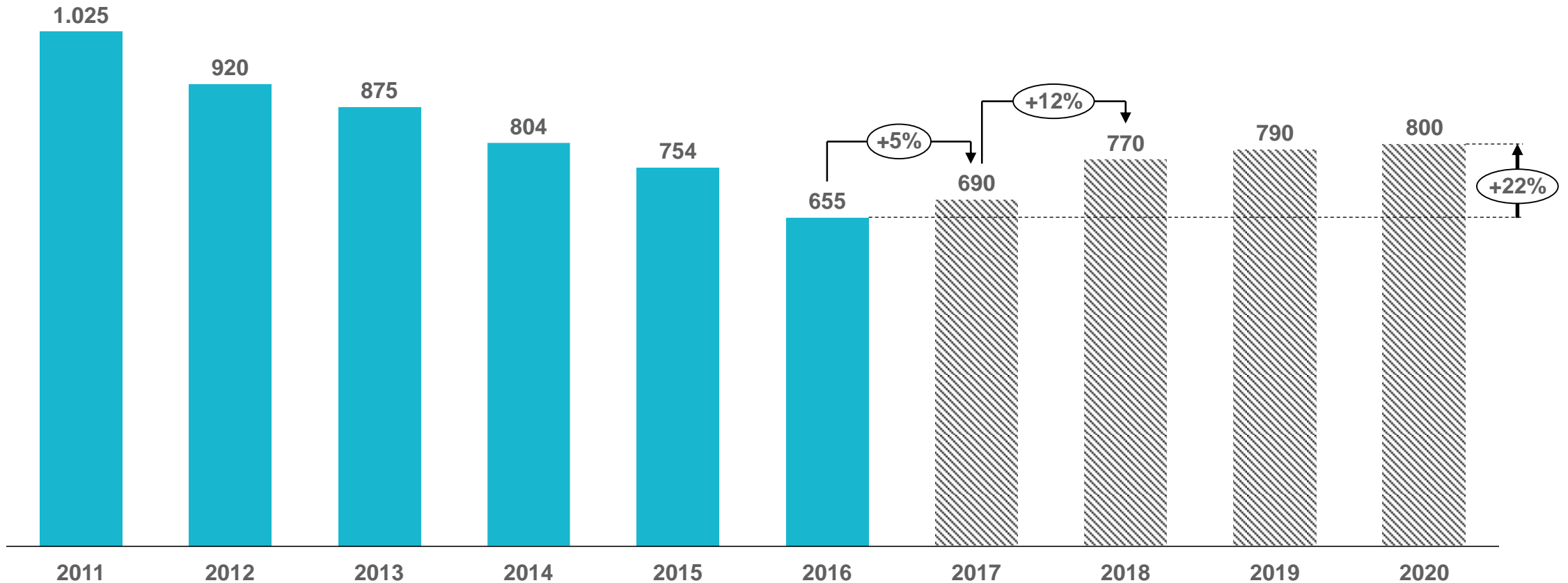
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Industry forecaster sees construction equipment sales growing by 5% in '17

China returning to growth, developed markets see turn of cycle

Global sales of construction equipment set to recover significantly

1000 units, 2011-2020FC

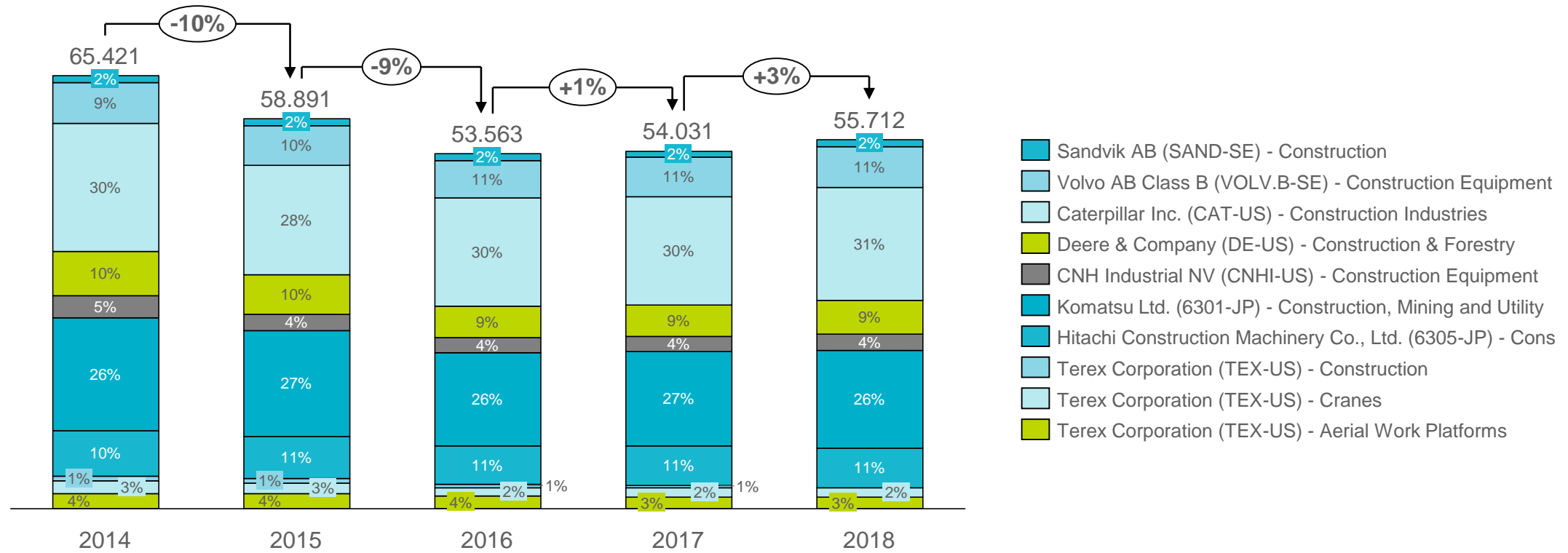


Seeing the bottom of the cycle

Construction equipment manufacturers' sales are anticipated to bottom out in 2016, seeing growth in 2017-18

Construction equipment producers revenue forecast

Consensus forecasted revenue by sell side analysts, Factset 2016-09-12, Real USD



Rough sailing in global RoRo markets

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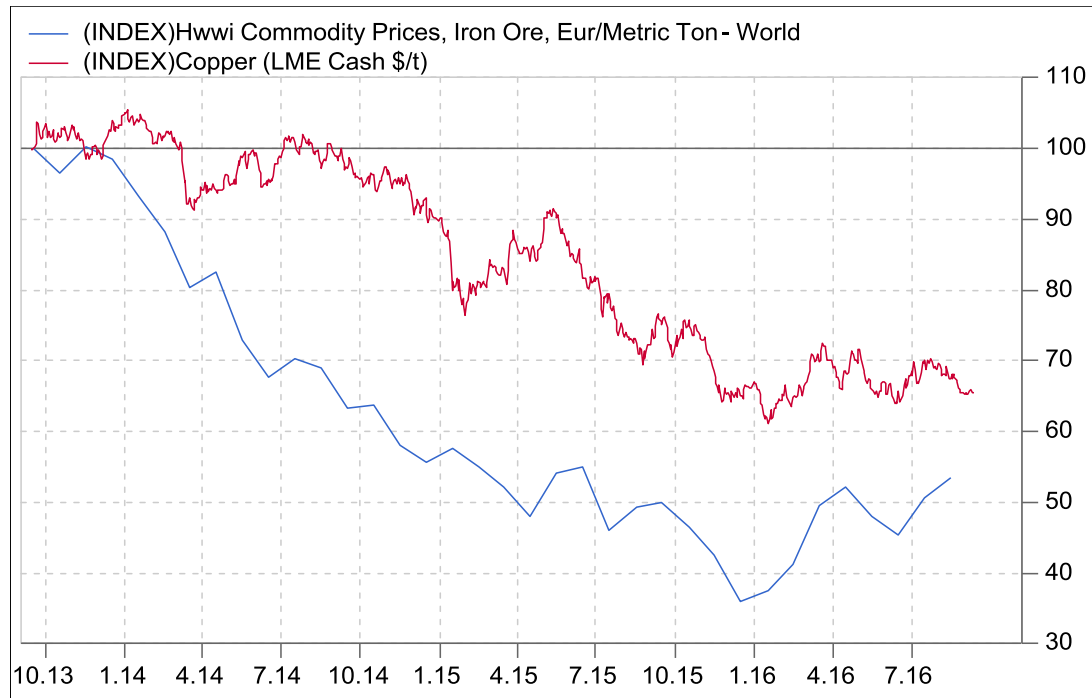
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Mining commodity prices remain pressured, but the resource industries appear to have turned a corner

Commodities appear to have turned a corner

Total return metal indices, Coal price index USD based



S&P: Metals and Mining index have fallen significantly since the high valuations in 2011

Total return index, U.S.

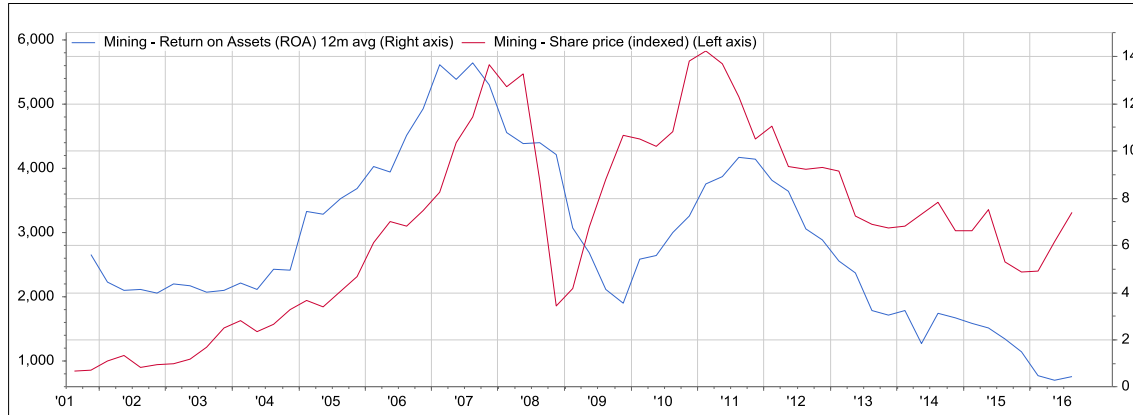


— S&P: Metals and Mining Select Industry, Total Return Index, Index - U.S.

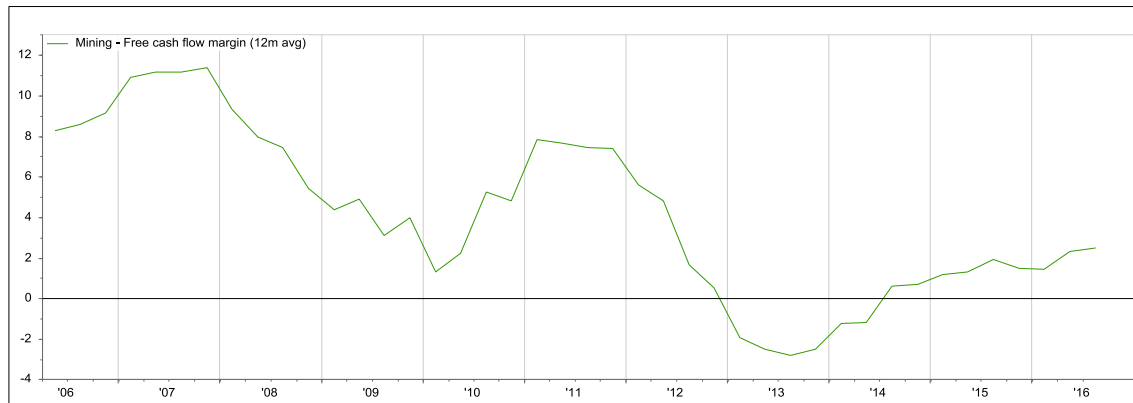
The mining companies still working hard to improve profitability

Miners are addressing cash flow challenges with cost initiatives and restructuring programmes

Miners' share price and return on assets have both declined significantly

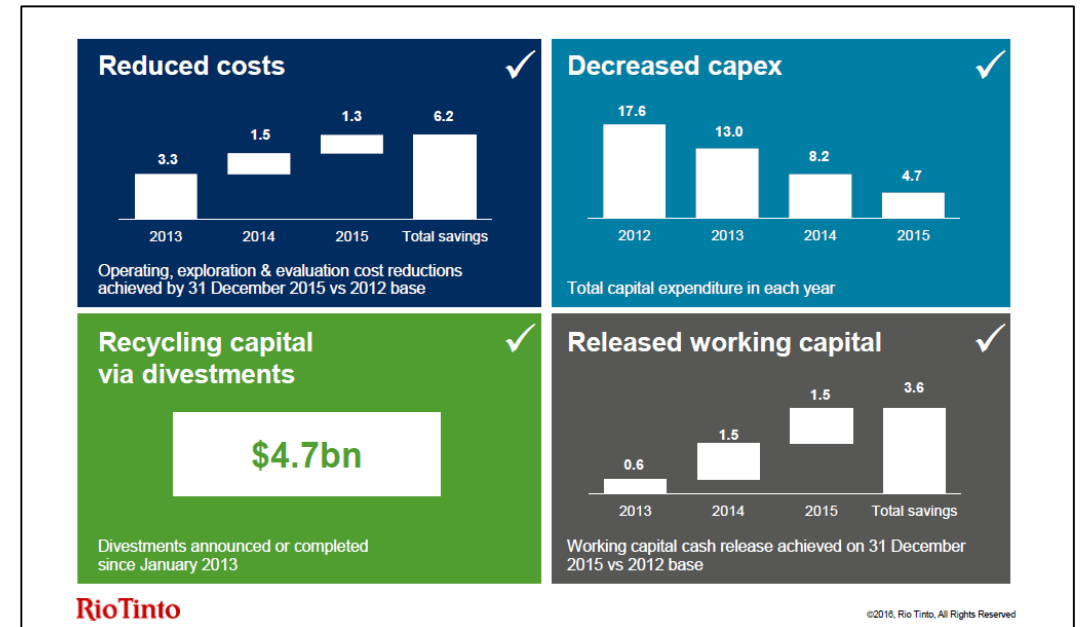


Miners' free cash flow margin took a dive, but now back in positive territory



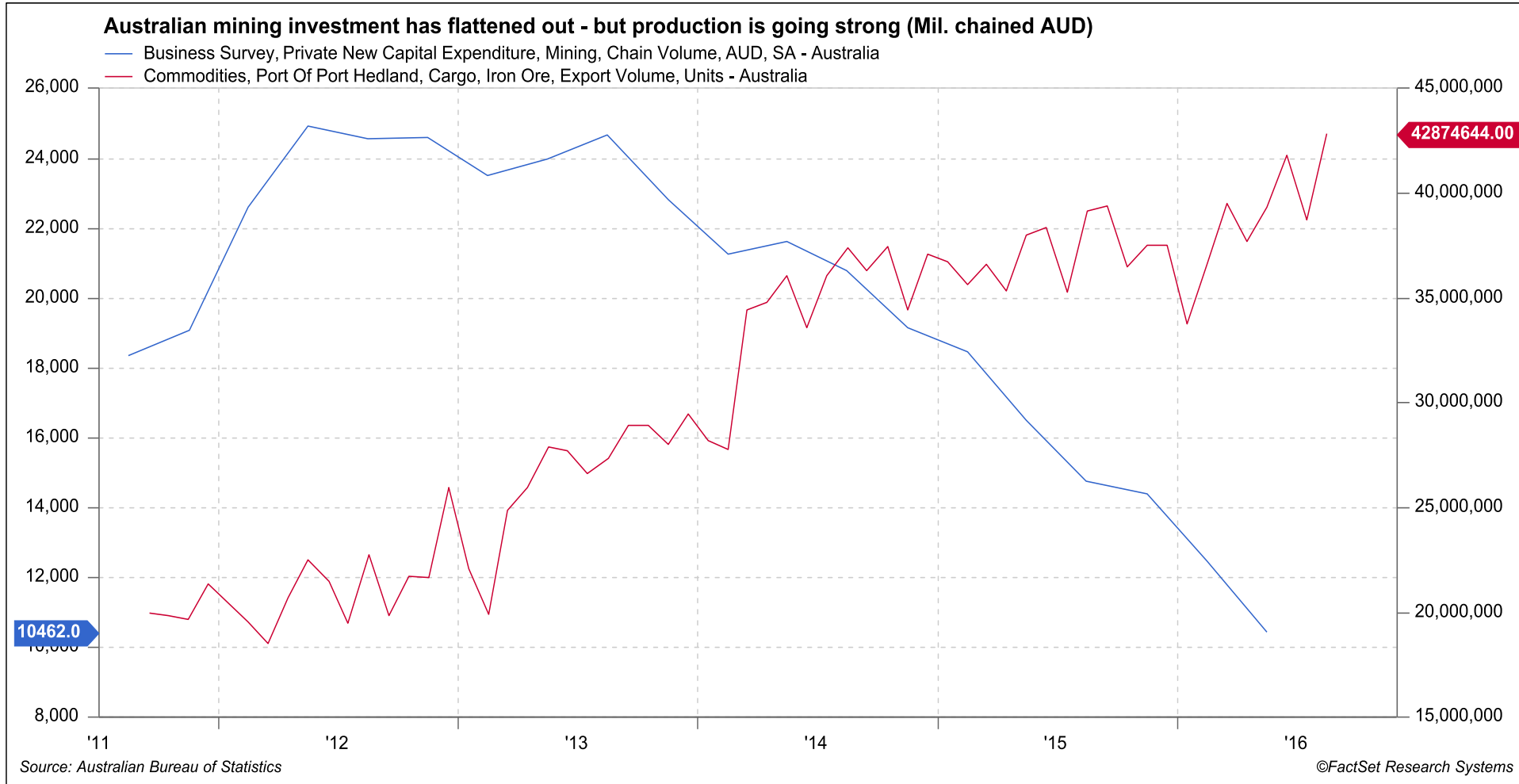
Note: Different time scale from above

Illustration of miners' actions following investor pressure on returns



Replacement demand building up

The equipment contraction significantly exceeds the CAPEX drop while production is record high

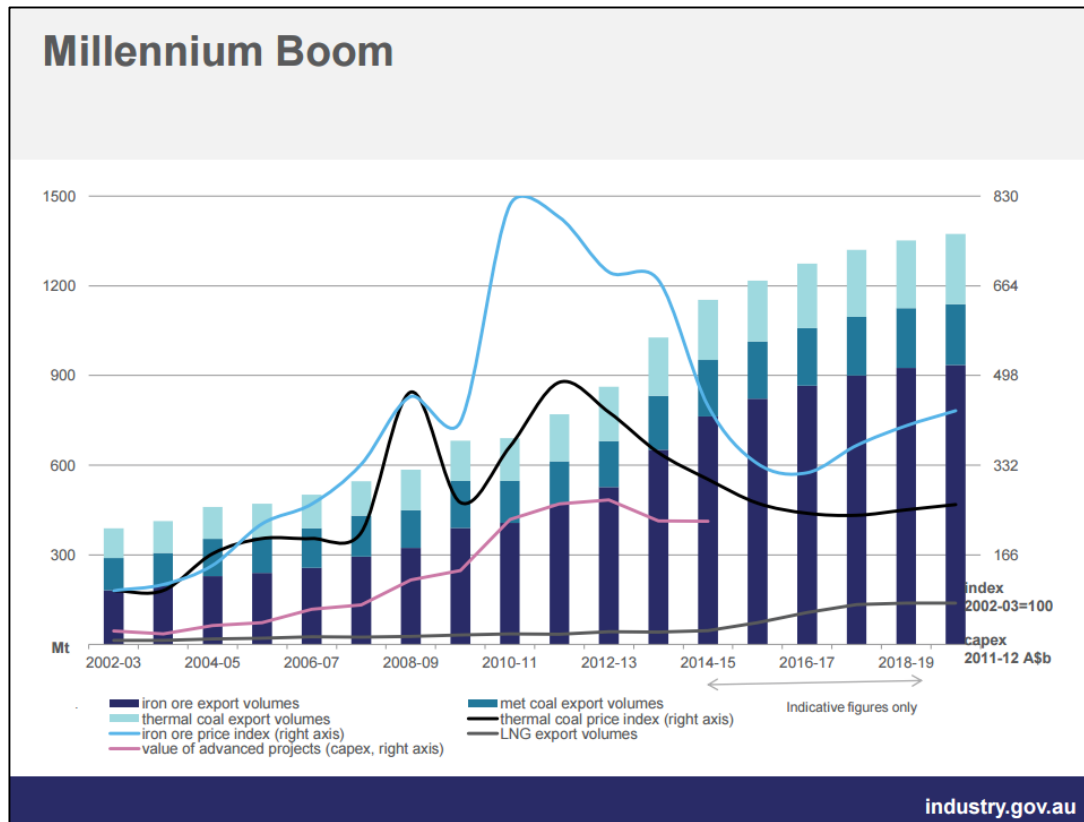


- ▶▶ CAPEX cuts continue with most mining companies reducing their mining investments
- ▶▶ Production volumes continue to be high, consuming equipment at higher pace than before
- ▶▶ Shipments remain very low

Australia's investment phase may be slowing, while the production phase has just started – and production will drive equipment demand

Following an investment boom is the production boom

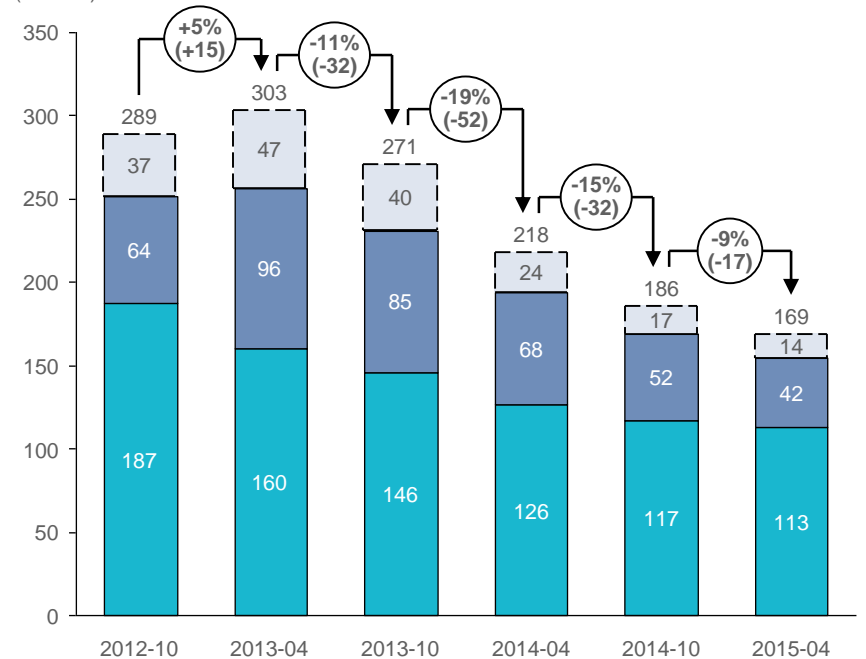
Value of projects and estimated mining exports



Value of Australian mining projects in pipeline

All major projects under development, est CAPEX

Australian mining projects, pre-committed capital (AUDbn)

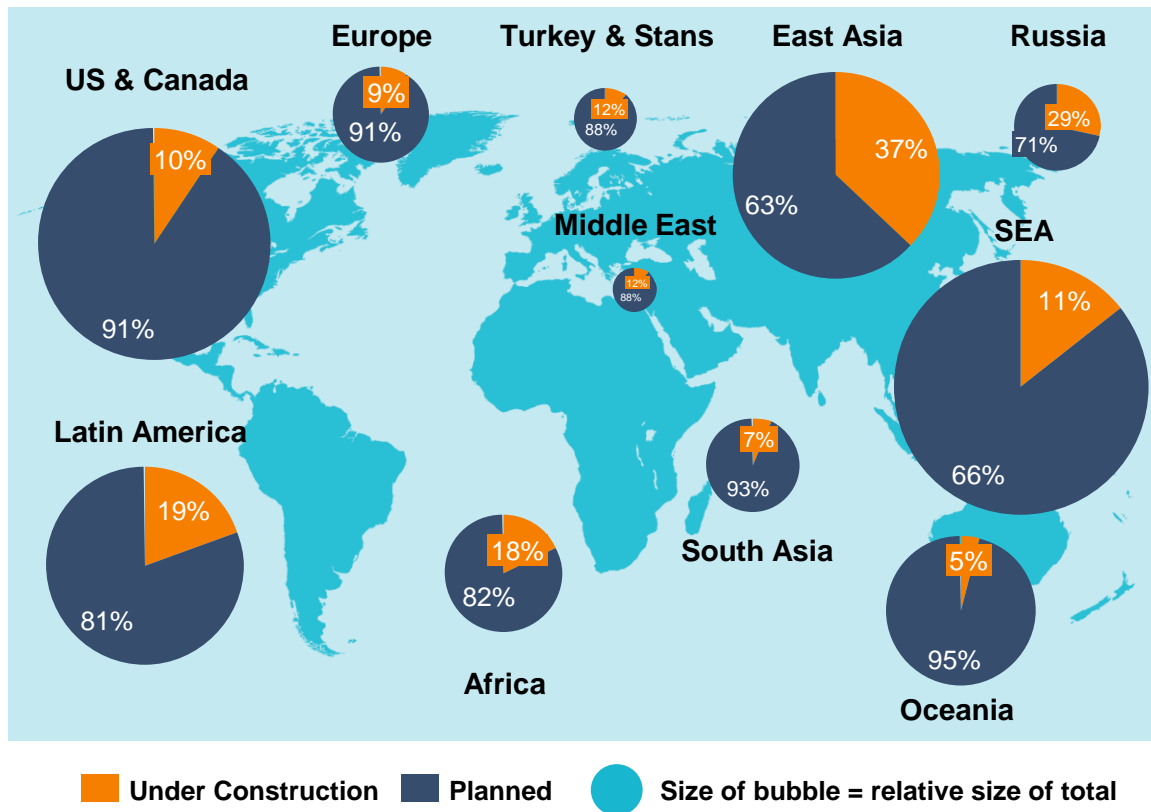


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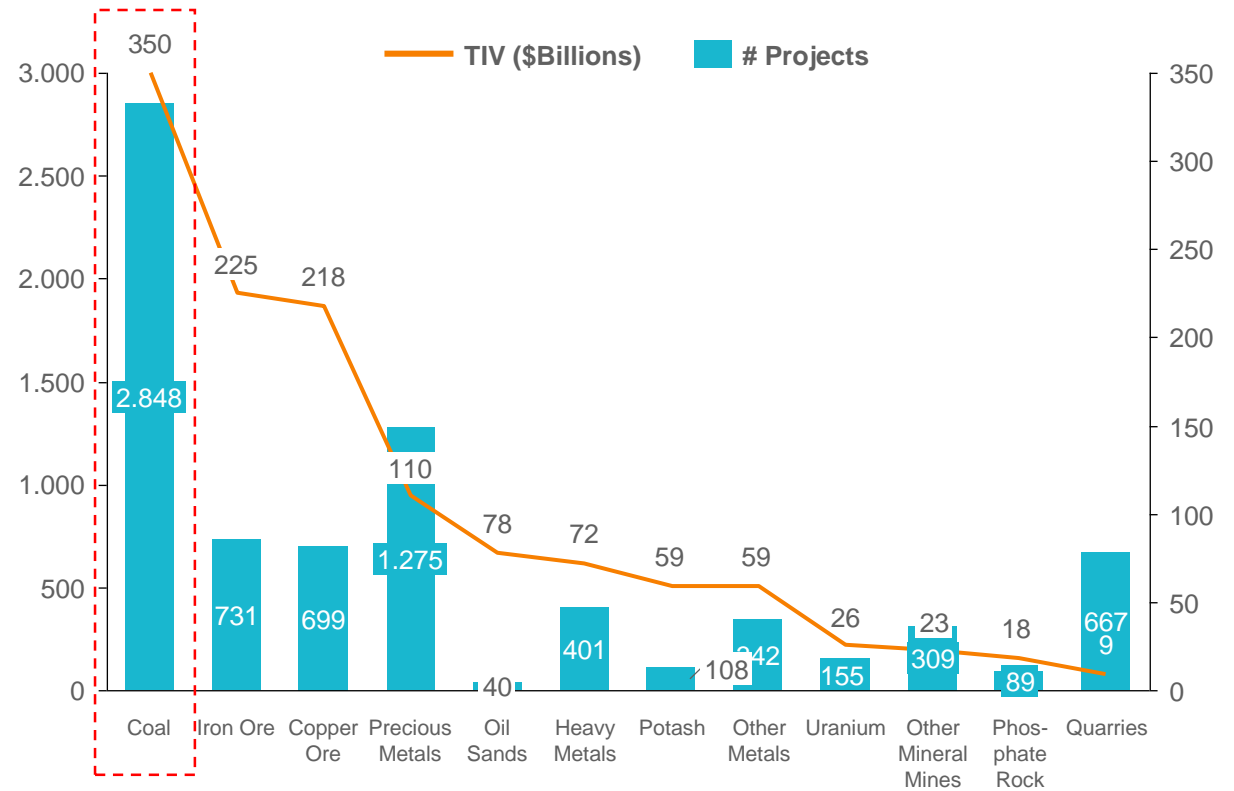
Significant share of Global Mining Project Pipeline stems from Oceania

Largest unused potential of all regions, representing future demand if conditions are right

Global Project Mining Development Pipeline
Strong pipeline, particularly in Oceania and South Asia

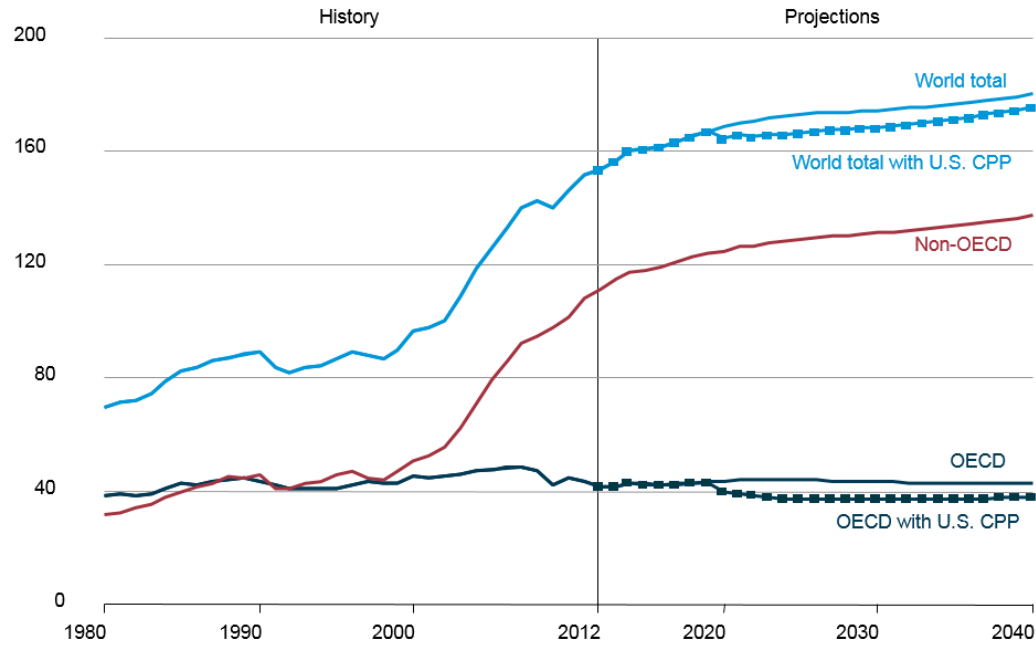


Global Mining Projects by Commodity and Type
Coal represents largest share, with 2,848 pipeline projects at a total value of 350bn USD

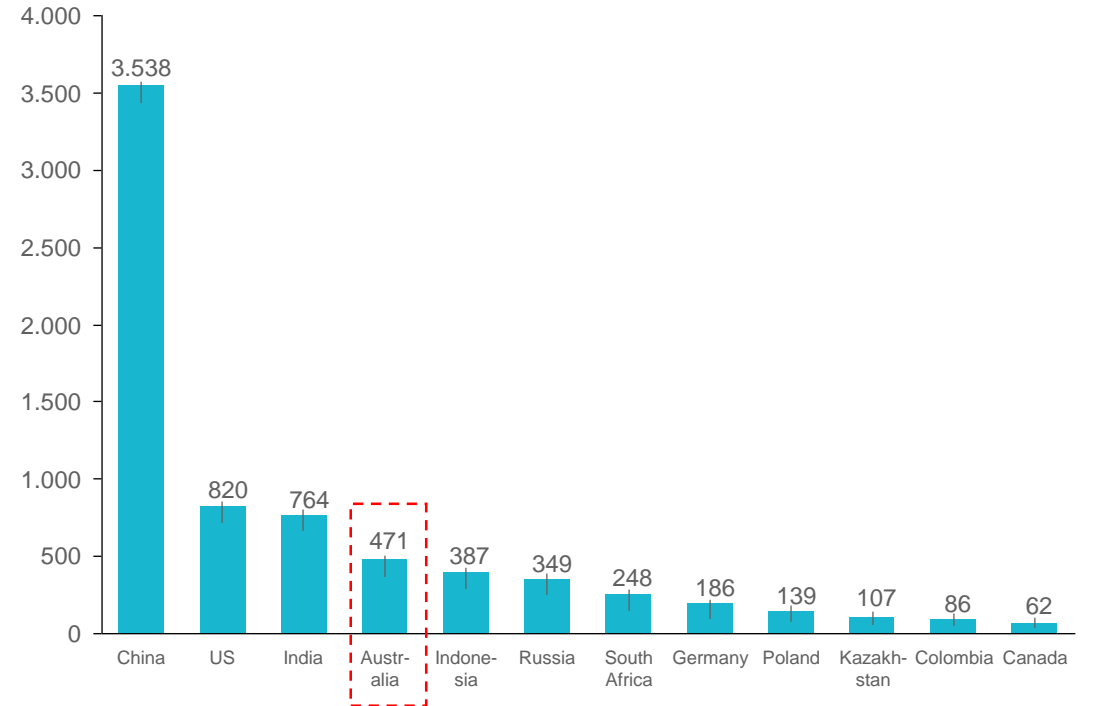


World Coal production and consumption will continue to grow towards 2040, Australia fourth largest producer

World coal consumption by region, 1980-2040
Quadrillion Btu



Coal Production 2015, top 10 production countries
Mt

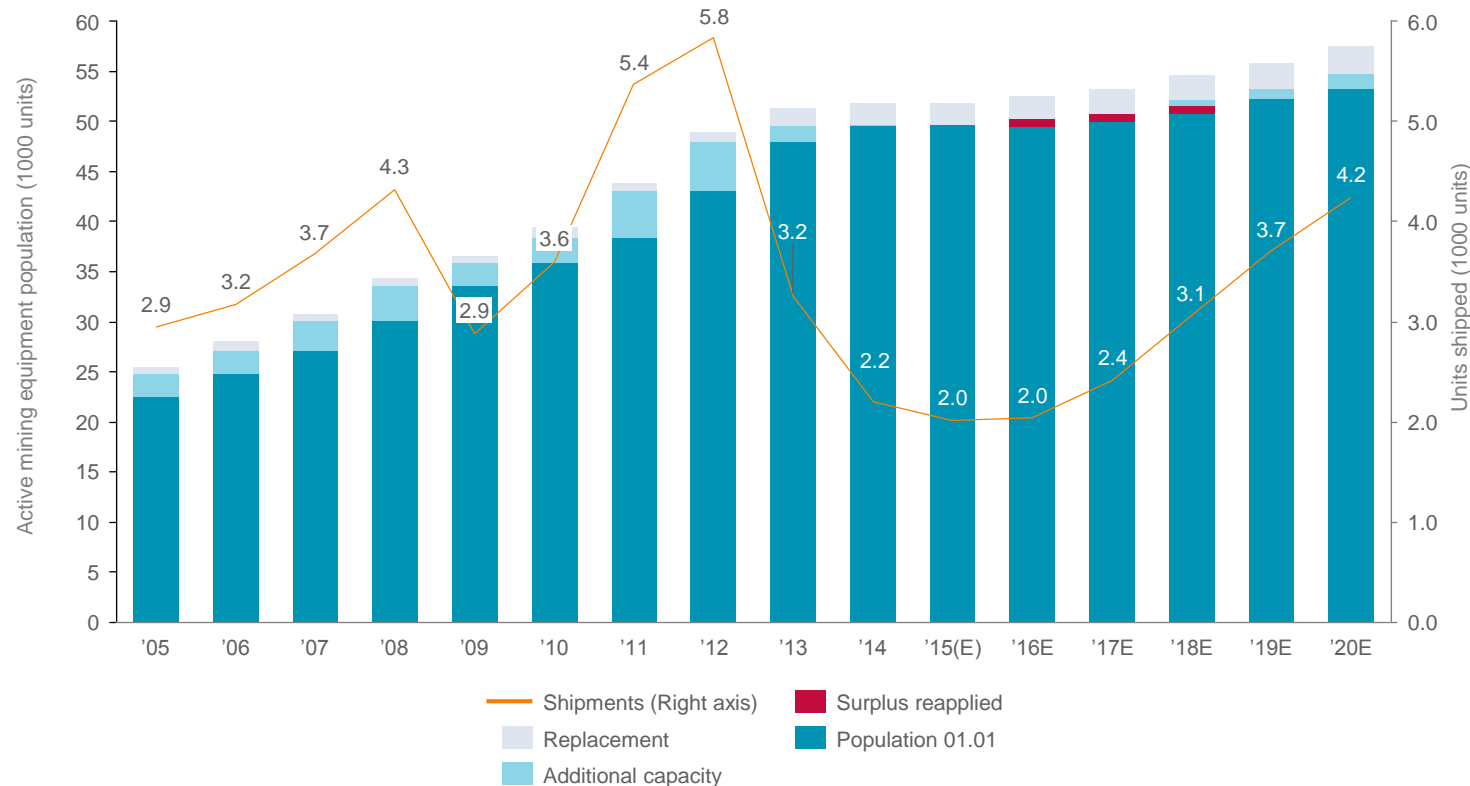


Parker Bay expects mining equipment shipments to have bottomed out

The increased demand in 2016-2020 will be driven mainly by the need to sustain existing capacity

Parker Bay mining equipment population and shipments

Active loading and haulage mining equipment population and shipments (1000 units), additional capacity and replacements



- Over the next five years, more than 10,000 trucks and 2,000 excavators/loaders are needed to replace machines deemed unfit for continued operations due to age and wear
- Capacity increases represent an additional 2,800 trucks and 400 excavators
- Of the total demand, only 500 excavators and nearly three times as many trucks are expected to be re-commissioned, representing less than 40% of the idled population

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Thank you!



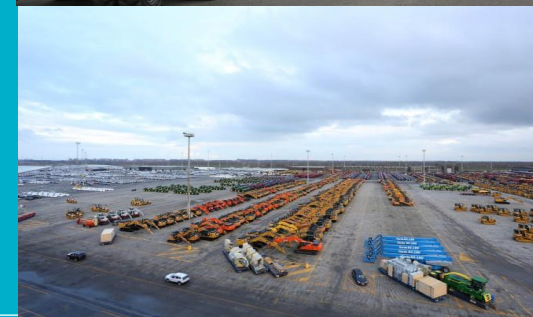
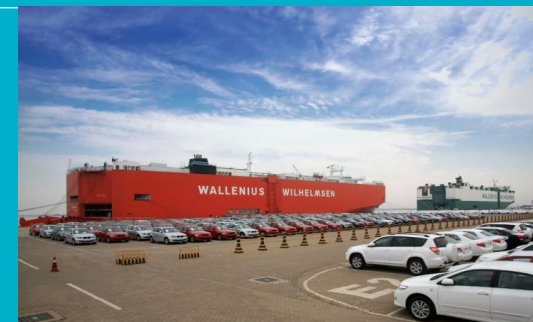
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LOGISTICS

WW Capital Markets Day

Rune Gisvold

13 September 2016 at 15:00

WWL's Landbased logistics business



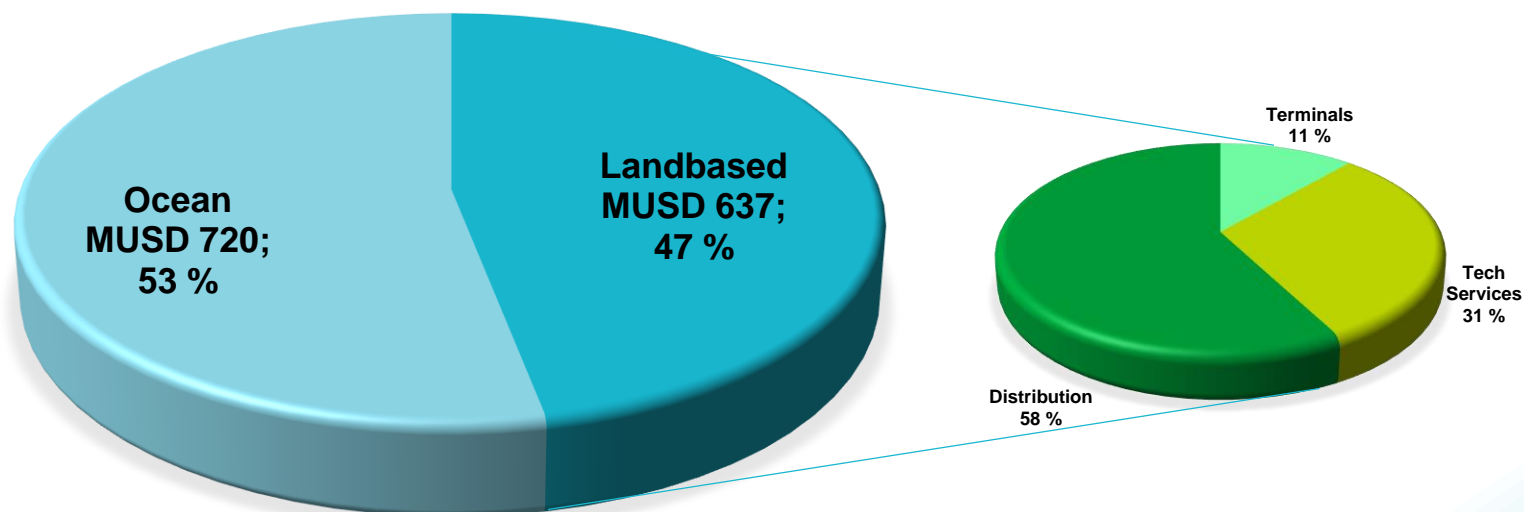
WWL's Landbased business

- Over the past 12 years we have built a > USD 1,2 Bn Landbased logistics business
- We have grown with our customers into their value chain as they expand globally
- Less volatility and different business drivers from Ocean services
- Global products in a network of locations in key markets - supported by best practice processes and systems
- Asset light with good cash flow
- We are set to continue our expansion with a combination of organic growth and M&A



Landbased business is rapidly approaching 50 % of WWL's global turnover

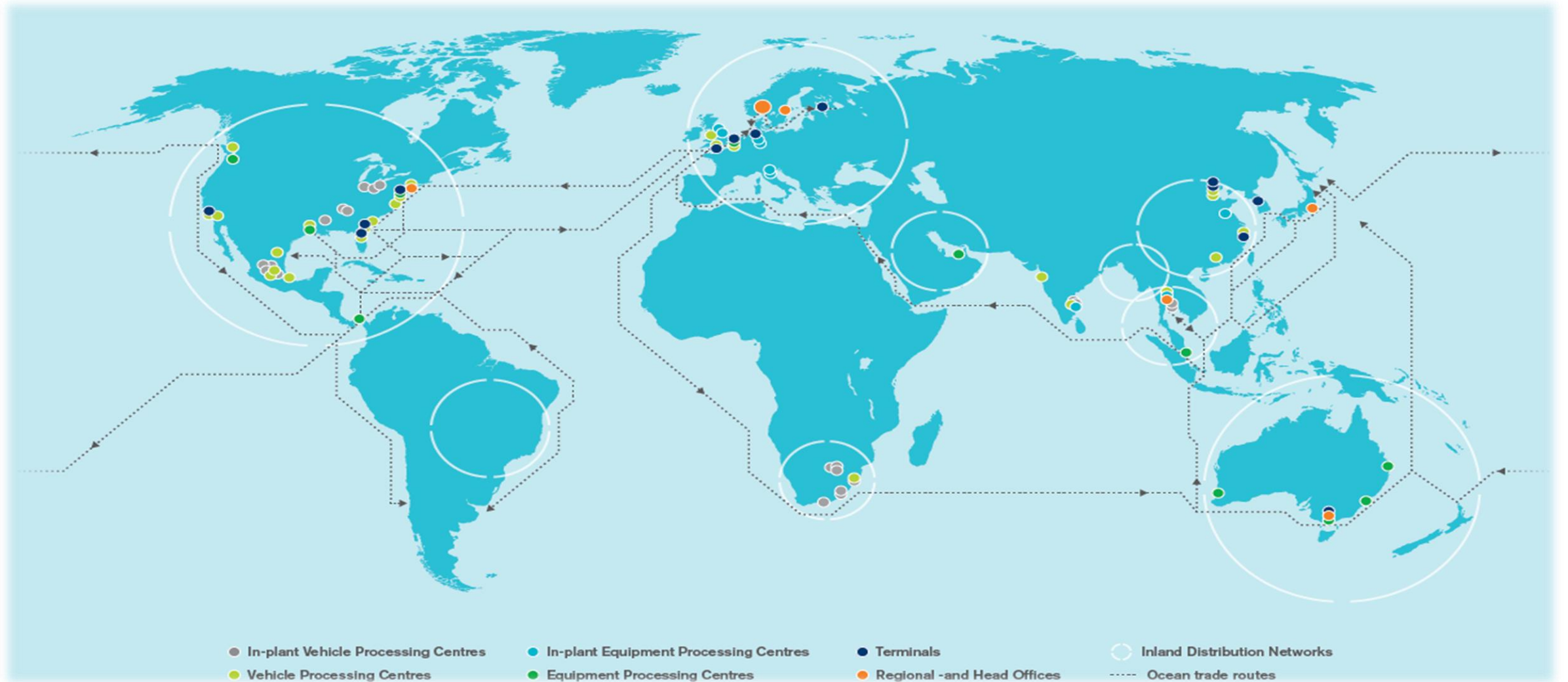
REVENUES 1H 2016



- ❖ **Landbased revenues have grown by 20 % annually since 2009**
- ❖ **Terminals volumes and revenues vary with trade volumes, but without the BAF impact**
- ❖ **Tech Services have seen steady volume and rate up-lifts**
- ❖ **Distribution is mainly pass-through revenues with limited bottom-line impact**

Values based on WWL management accounts

A global network serving outbound logistics needs of global (auto & HH) equipment manufacturers



Zeebrugge RoRo terminal



Yard management and processing for VW at the US/Chattanooga plant



H/H equipment processing in Mebourne



A Siemens transformer on the way up a vessel ramp



Yard management and distribution at the Thailand FordMazda factory



Volvo wheelloader washing at Singapore EPC



PDI at Mumbai VPC



Landrovers stored at Shanghai VPC



We provide services to our customers throughout their outbound supply chain

Terminal services

- » Receipt and delivery
- » Storage
- » Stevedoring
- » Customs clearance



Technical services

- » Repairs and rectifications
- » Accessory fitting
- » Storage management
- » Pre Delivery Inspections



Inland Distribution

- » Truck
- » Rail
- » Barge
- based on procurement



The customers are the same as those we serve on the Ocean side

Cars



High & Heavy



BreakBulk



Established > 10 years ago as a defensive strategy evolving into a global service provider

Early 1990s

Southampton and Port Huemne

2005

DAS acquired from Nissan North America (known as VSA)

2009

Castor Green Terminal – our zero emission vision for terminal and processing services

2010/11

EPC 's in Panama, Galveston and Dubai

2016

VSA and CAT-WWL 100% takeover Landbased business reaches USD 1.2 bn revenues

- 2005:
Defensive strategy

2005 – 2013:
From lines to Logistics

2013 –
The growth engine

“2000”

Zeebrugge in 1999
Baltimore (2001)
Kotka (2003)

2006

A strategy shift towards fully integrated logistics services from factory to dealer

2009

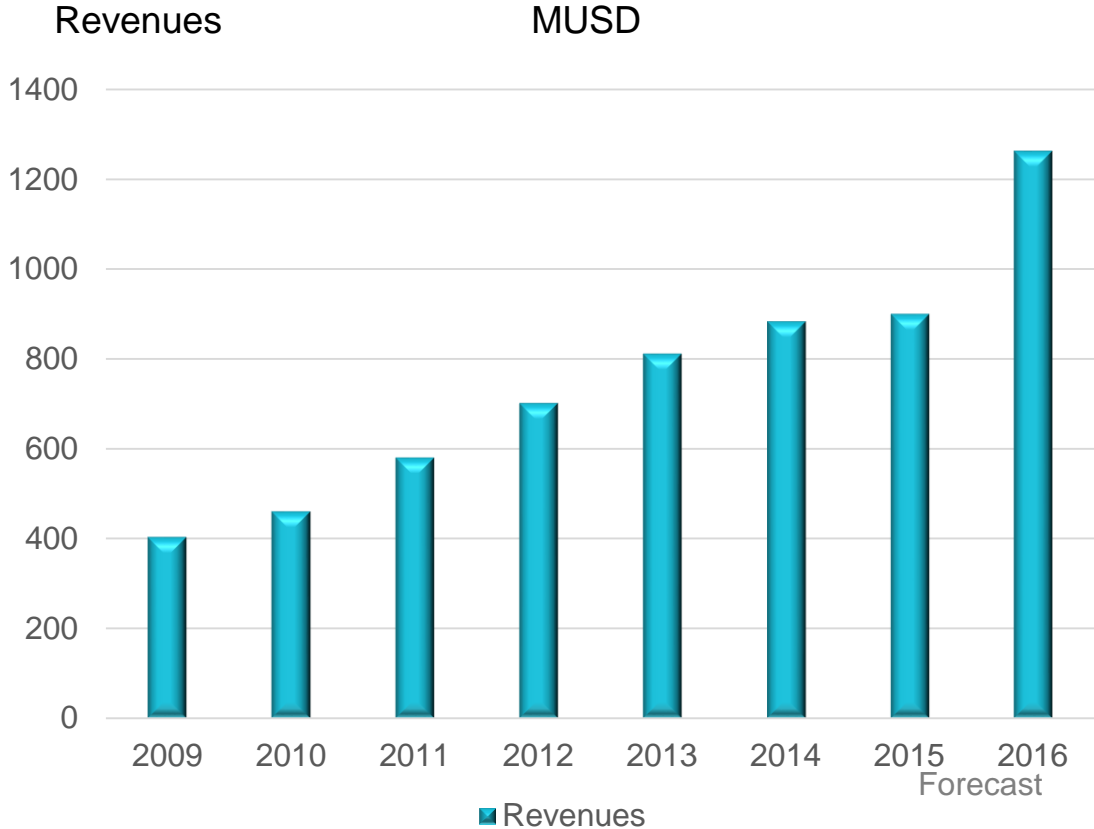
Pyoengteak terminal in Korea & Investments in two Chinese terminals

2014

MIRRAT terminal concession won

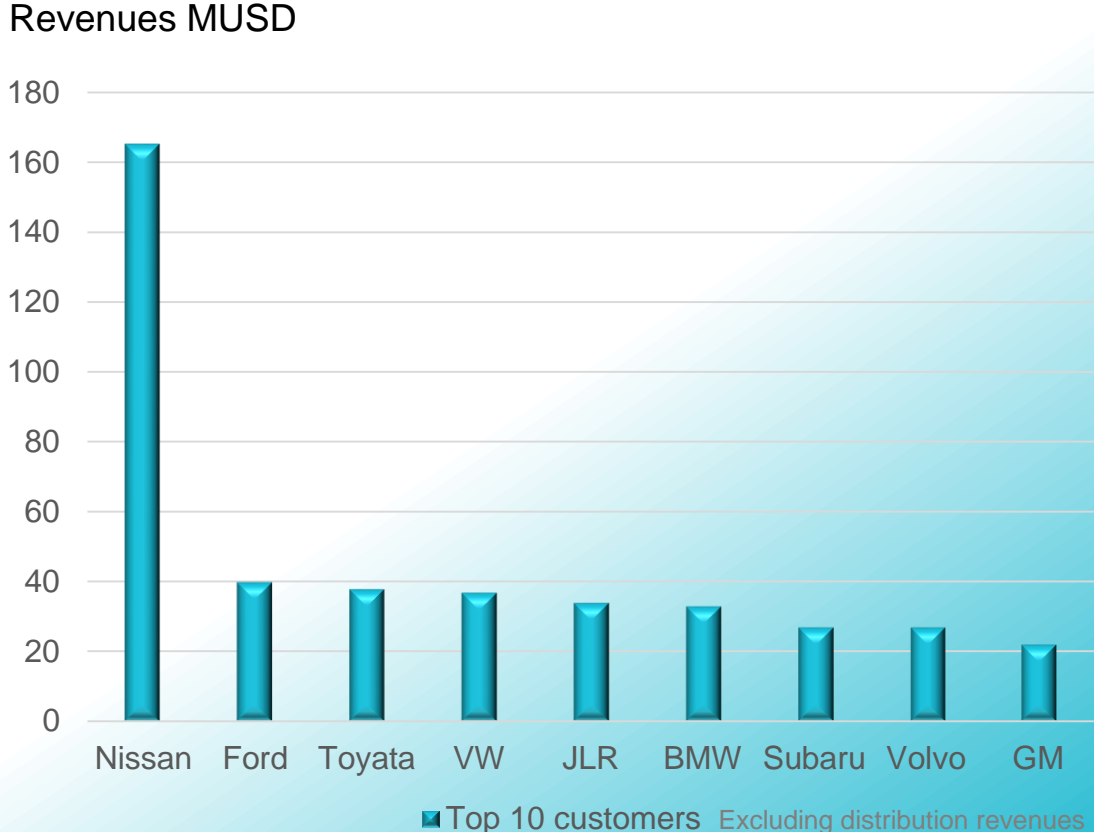
The Landbased business has shown consistent growth since the financial crisis

Revenue growth and margin improvements



Values based on WWL management accounts

Nissan largest customer, but good diversity



■ Top 10 customers Excluding distribution revenues

The VSA quantum leaps

1) Acquisition 2) End of profit-share 3) 100 % ownership

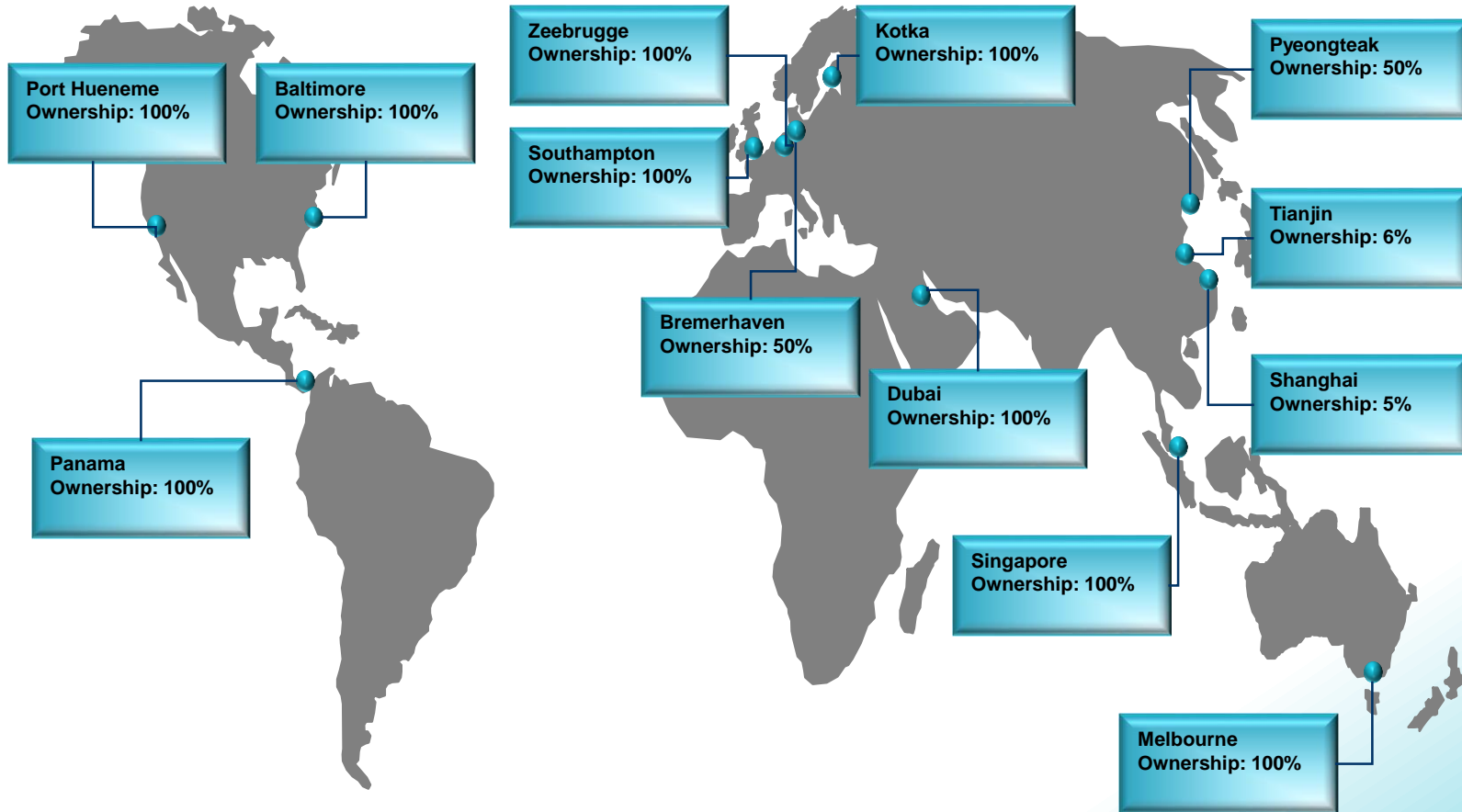
The VSA story

- » WWL acquired 50% of DAS from Nissan in 2005 together with a financial investor
 - Low acquisition price + profit sharing
 - The Nissan based network was set to grow with new customers
- » Expansion to Mexico in 2008
- » Multiple new customers and operating sites added every year
- » Profit sharing with Nissan ended 2012
- » In January 2016 we called the shares of our financial investor partner
- » Nissan now represent around 50 % of VSA's Tech Services revenues
- » The Nissan contract was extended to 2027 in March this year

The VSA network



The terminal business has grown into a truly global services provider



- ❖ **Established to secure land access and priority birthing**
 - Efficient time in port is key to voyage financial performance
- ❖ **Has proven to be a robust and profitable business model on it's own merits**
 - Offering valuable storage capacity as a hedge against fluctuating sales volumes
- ❖ **60 – 80 % of volumes in our ports are WWL shipments**
 - Mutual ocean/land dependencies create long term win-win situations

MIRRAT is our new RoRo terminal in Melbourne completed on time & budget and now in operations



Construction period: Q3 2014-Q1 2016

- ❖ MIRRAT established
- ❖ Construction started in August 2014 and the construction work will be completed in Q1 2016

Exclusive operator : Jan 2018 →

- ❖ From Jan 2018, MIRRAT will take over operations at Webb Dock West and all RoRo vessels will be routed to the new combined terminal



Tender: Q2 2012 – Q2 2014

- ❖ WWL awarded the 25 year concession period to build and operate the new RoRo terminal with capacity potential of up to 1 million units annually (size of terminal is ~350 Ha)



Interim period: April 2016 – Jan 2018

- ❖ MIRRAT will be operational from April 1st 2016
- ❖ Until Jan 2018, both Webb Dock West and Appleton Dock will also be operational and compete for volumes



3 distinct “products” with differing financial characteristics

Terminal services

- » “Captive business” with high margins and long concessions
- » Either somewhat capital intensive and/or with material lease commitments
- » Capacity utilization drives financial performance



Technical services

- » “Nickels & dimes” business with variable costbase
- » Efficient use of labor force drives financial performance
- » Margins vary with service & value-add content
- » In-port or in-land/in-plant



Inland Distribution

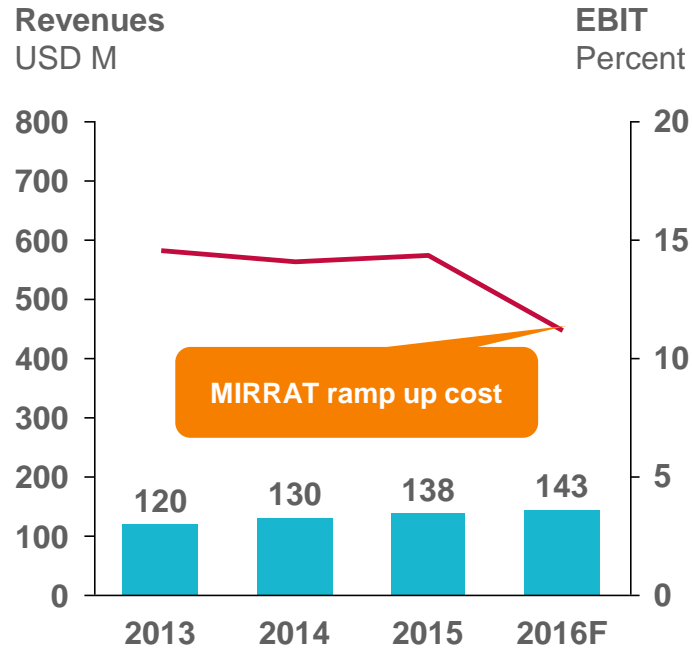
- » Generally a low margin business
- » Competitive environment with low entry levels
- » WWL apply a low-risk “Procurement model”



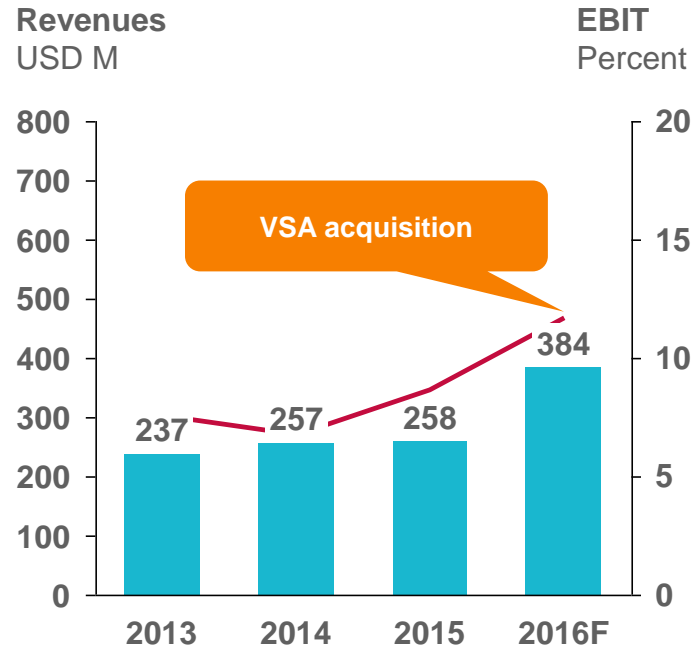
3 distinct “products” with differing financial characteristics

— EBIT margin
■ Revenue

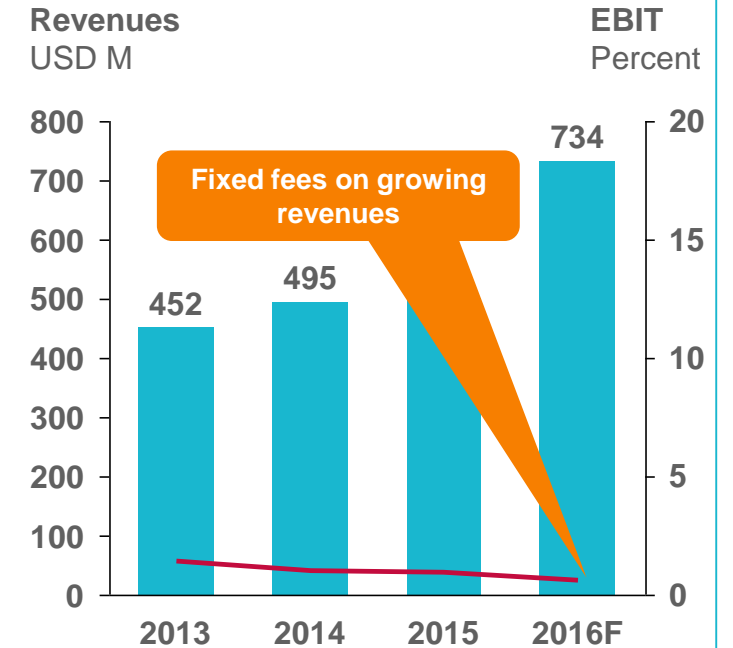
Terminal services



Technical services

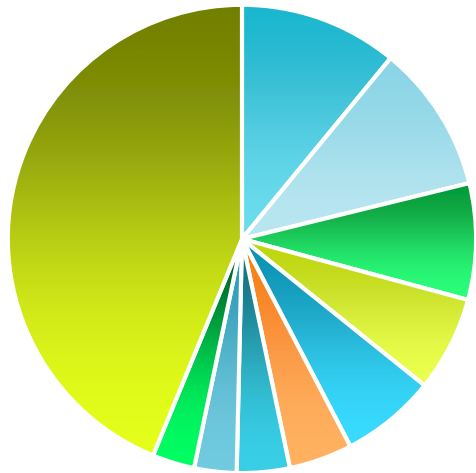


Inland Distribution



3 distinct “products” with differing financial characteristics

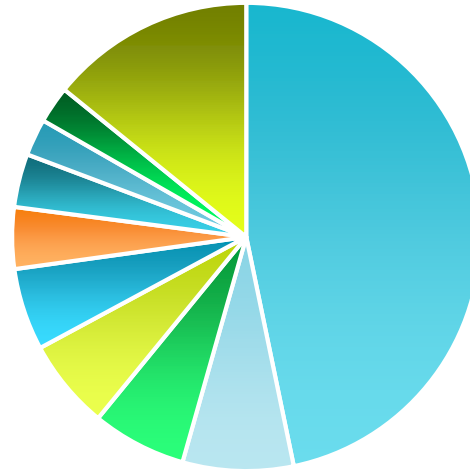
Terminal services



- Toyota
- BMW
- VW
- JLR
- Daimler
- CNH
- Volvo
- Caterpillar
- John Deere
- Other



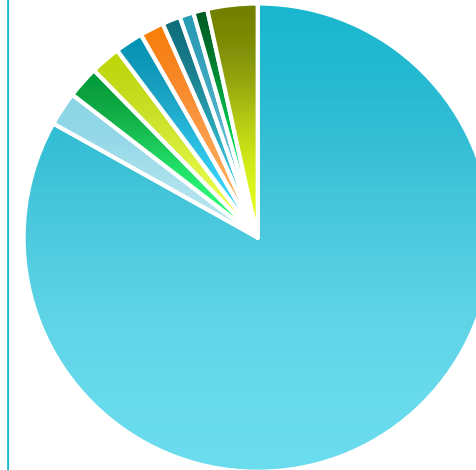
Technical services



- Nissan
- Subaru
- Ford
- JLR
- Toyota
- GM
- VW
- Porsche
- CNH
- Other



Inland Distribution



- Nissan
- Komatsu
- BMW
- Ford
- Volvo
- VW
- Porsche
- John Deere
- Daimler
- Other



Strategies have changed over time

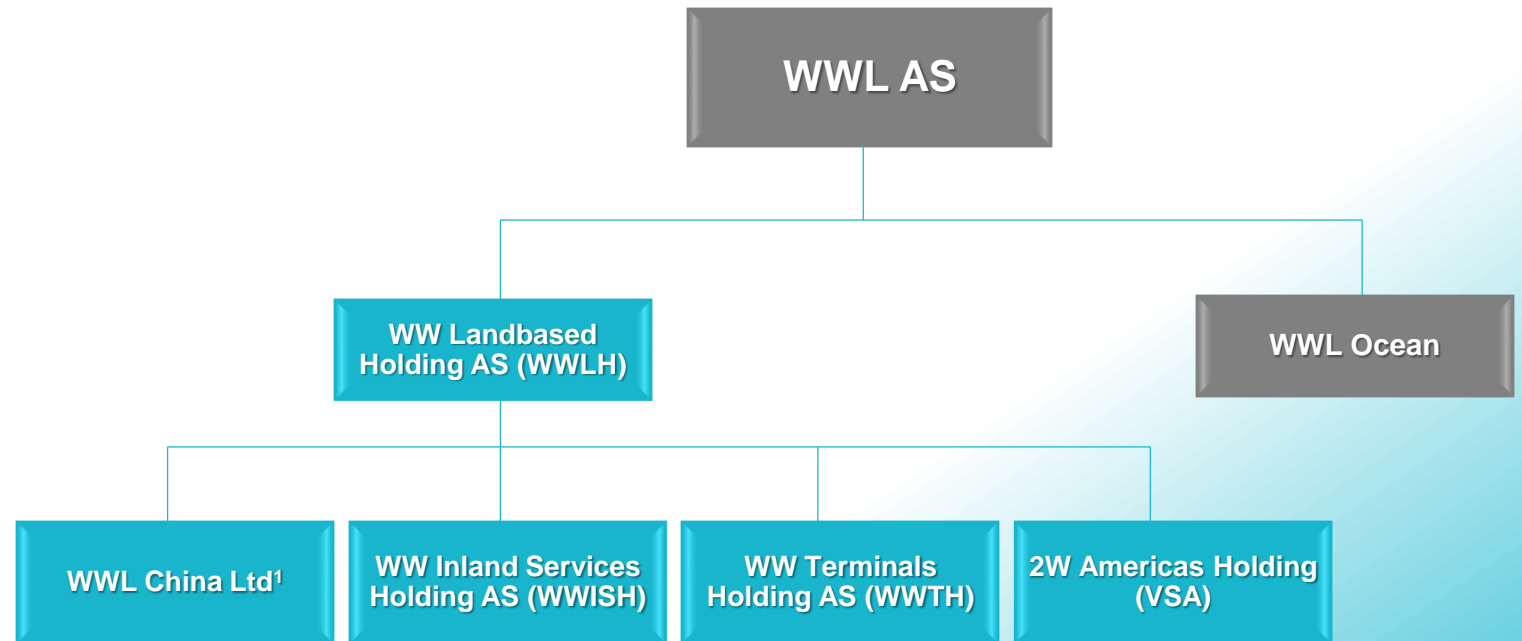
Size matters also on land

- Initially established as a defensive ocean trades strategy : Port rationalization and priority birthing
- The customer base provided opportunities
- Growth created size and scale
- Advanced process management was required to solidify competitiveness
- The environmental profile opened doors to new opportunities
- Portfolio management will further optimize yield
- Continued growth will be based on OEM's expansion and a combination of organic growth and M&A



The legal & financial structure allows focus and continued growth

- The Landbased strategy has common touch-points with Ocean - but separate targets
- KPI's are tailored to market characteristics and business drivers
- Financing & funding is non-recourse to parent and owners
- Shared services create efficiency and scale



Strategies going forwards reflect the level of maturity

Portfolio management

- » The Landbased portfolio includes >50 individual sites in a truly global network
- » WWL will maximize value creation with active portfolio management (grow, fix or exit)



Organic growth & M&A

- » Organic growth will continue with new customers and sites
- » ... and M&A will expand the network, fill holes and support the overall growth strategy



New services in a digital age

- » WWL continuously evaluate technology developments amongst customers and as a supplier
 - » Alternative fuel vehicles
 - » Car sharing
 - » 3D printing



WWL's Landbased logistics business



The Baltimore terminal and processing center