



Klaveness
Combination Carriers
Q1 2020 Presentation
Oslo, 27 May 2020

**Strong quarterly results driven by
high share of combination trading**

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2 Business and market update

3 2020 Q1 results

4 Summary and outlook

5 Enclosures

Priority 1: Ensuring the health and safety of our seafarers



Unique and sustainable solutions in the dry bulk and tanker shipping markets

World leader in combination carriers



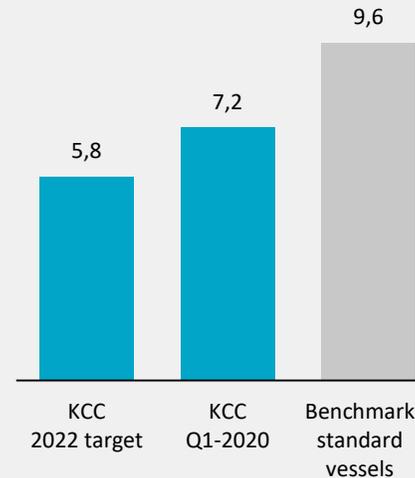
9 CABU vessels Caustic soda carrier (MR tanker+ capacity)
+ Panamax/kamsarmax bulk carrier

3+5 CLEANBU vessels LR1+ product tanker
+ Kamsarmax bulk carrier

The most carbon efficient deep-sea shipping solution

Step by step moving towards target of a carbon neutral operation within 2030

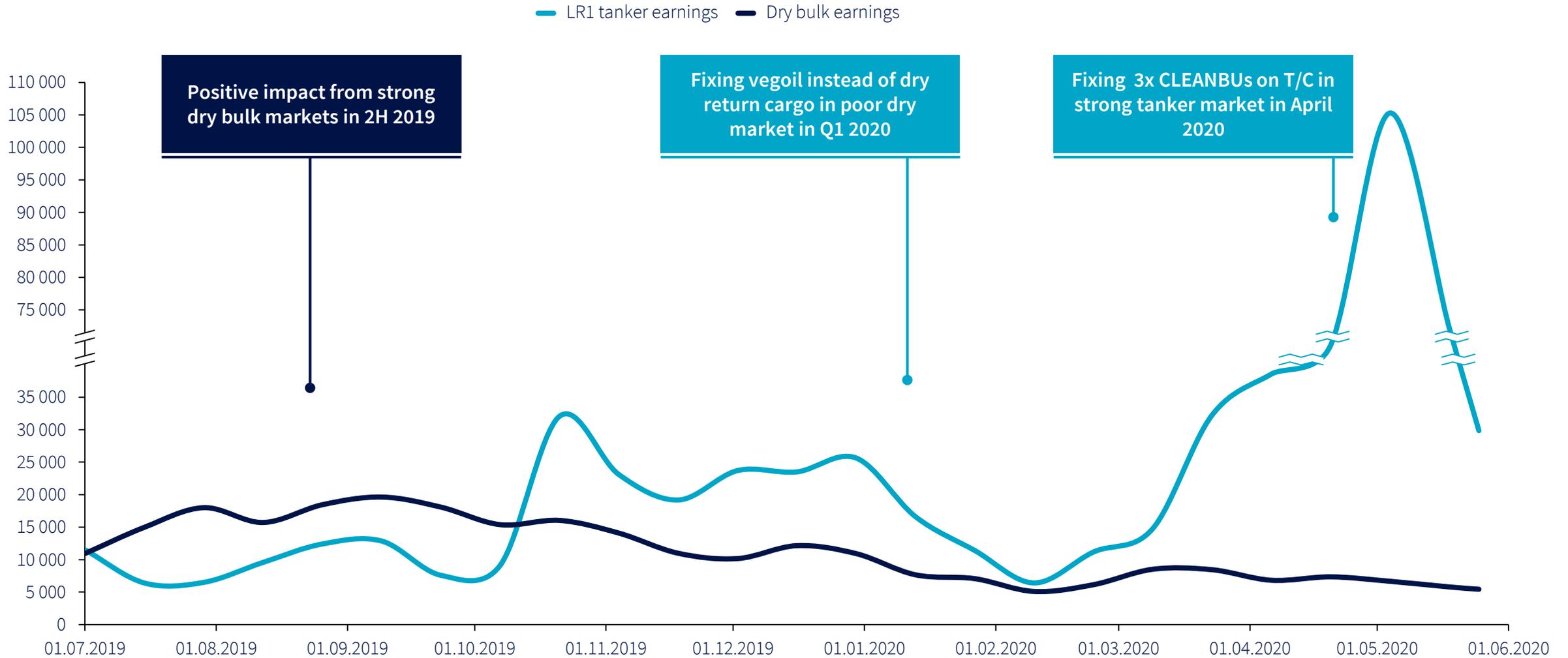
Substantially lower carbon intensity than standard vessels (EEOI)



Ambitious and detailed environmental policy and strategy



High value of flexibility and diversification in volatile markets



Strongest quarter since establishment of KCC

Strong CABU and CLEANBU TCE earnings in combi-trades

- CABU of \$20,283/day
- CLEANBU of \$20,932/day

Improved EBITDA and positive EBT

- 40% EBITDA improvement compared to Q4 2019
- EBT of USD 4.3 million in Q1 2020

Expanding tanker coverage in a strong tanker market

- CLEANBU tanker TC contracts 2x 3-6 + 1x 9-12 months durations
- Two CABU CSS COA renewals for 1 and 3 years

Fully financed after securing bank financing for CLEANBU 7 & 8

- Up to USD 60 million loan facility credit approved for 2021 newbuilds
- Issue of KCC04 NOK 500 million bond and partly repurchase of KCC03

Tripling dividend payment for Q1 2020

- ~ USD 1.44 million / USD 0.03 per share dividends

Note: TCE Earnings is an alternative performance measure (please see slide 31-33 in enclosures for more details)

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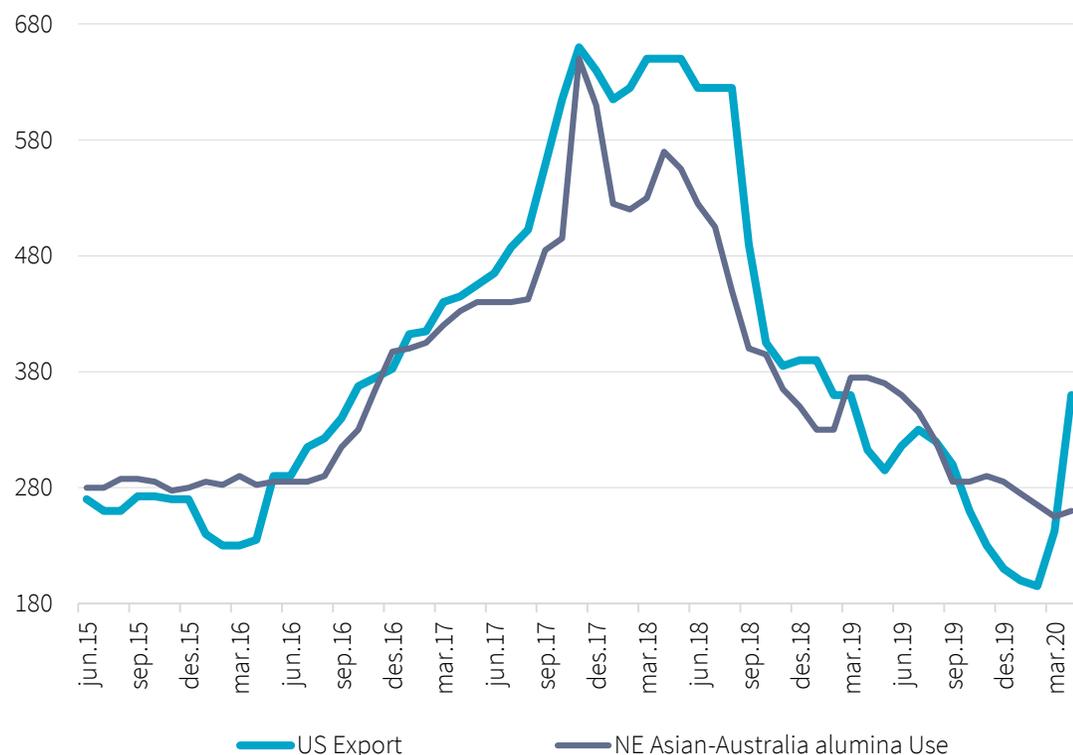
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Robust alumina production/CSS imports to Australian and Brazilian refineries Increased market share – positive trading pattern development to Australia

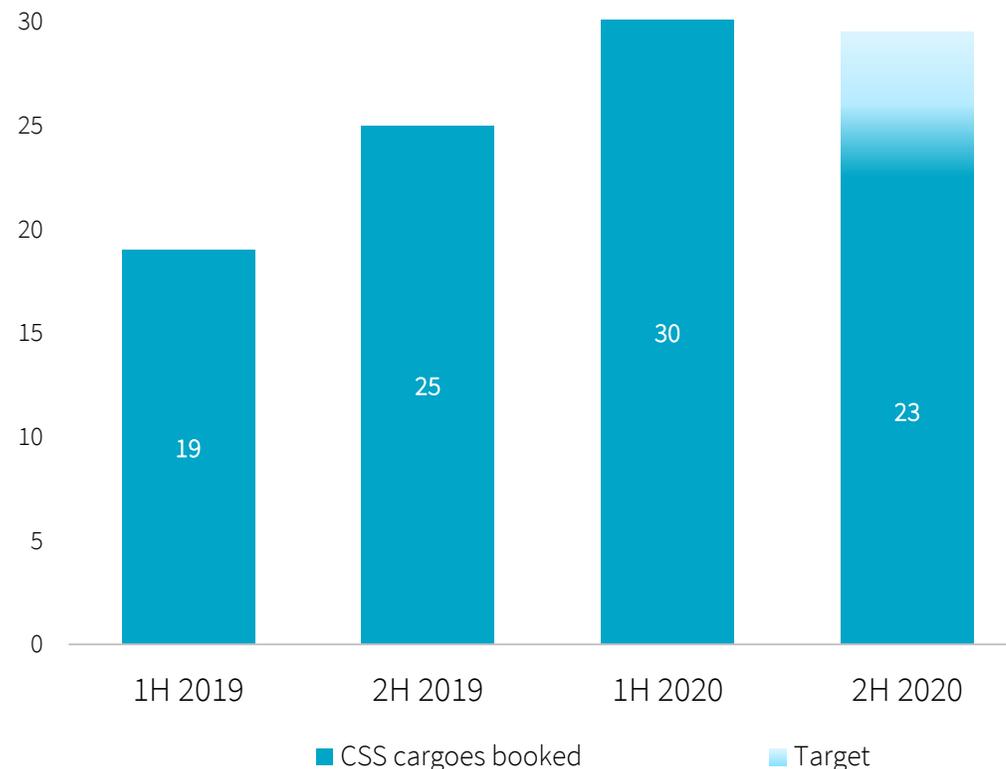
Increasing Australian imports from Far East due to tight situation in US Caustic soda market following reduced US operating rates

US and Far East export prices of CSS in dry mt



Solid CSS cargo bookings in 1st half 2020 – positive outlook for 2nd half 2020

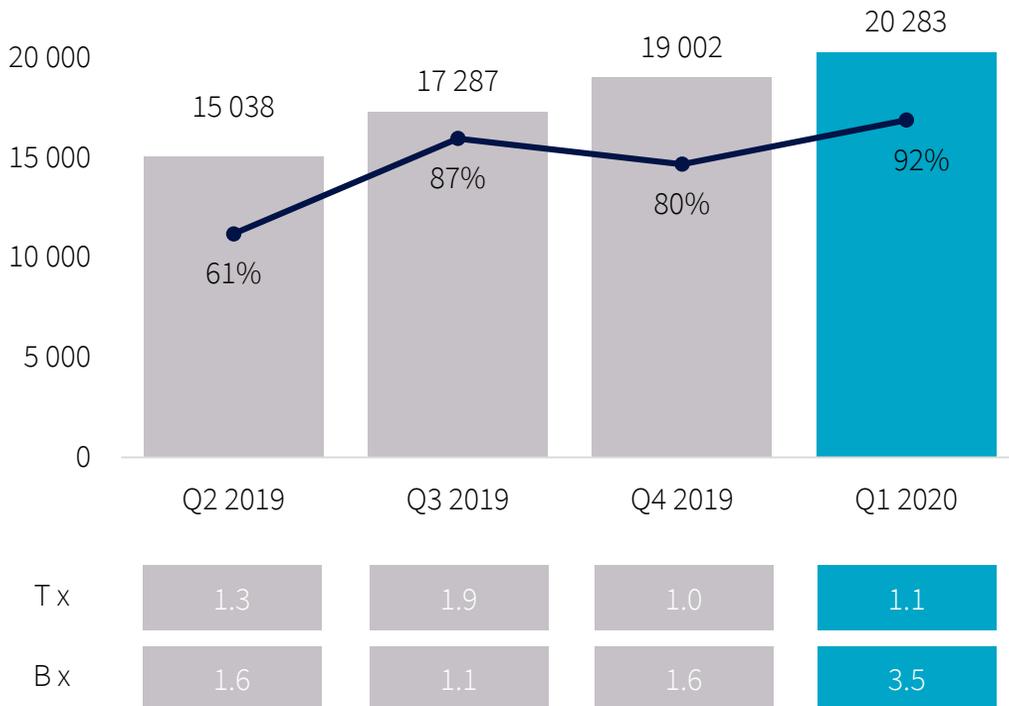
of CSS cargoes booked/target booking



Strong CABU earnings driven by high CSS volumes with 92% of capacity in combination trading

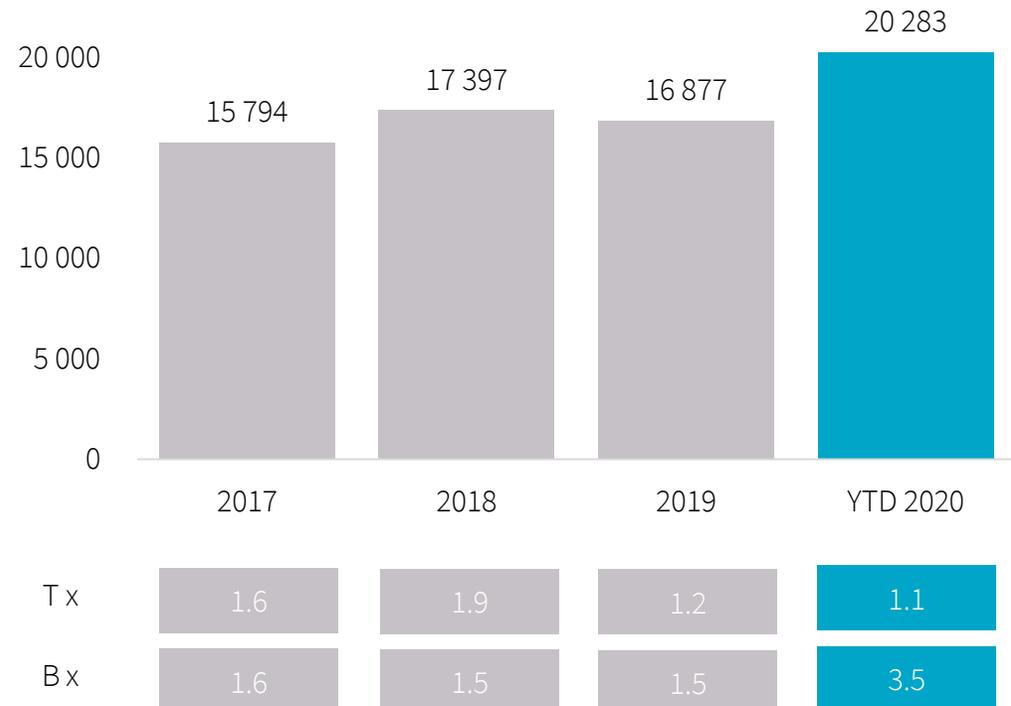
Quarterly CABU TCE Earnings per onhire day

USD per onhire day (LHS) and % in combi trade. Premium to standard MR-tankers (T) and panamax dry bulk (B) in table below.



Annual CABU TCE Earnings per onhire day

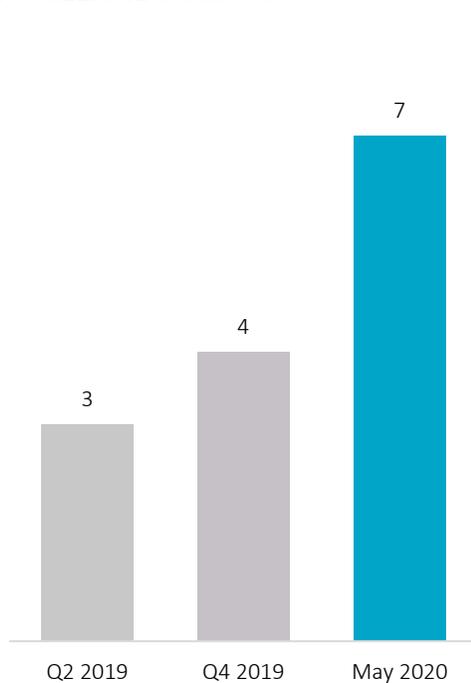
USD per onhire day (LHS). Premium to standard MR-tankers (T) and panamax dry bulk (B) in table below.



Step by step proving performance, expanding customer base and trading pattern

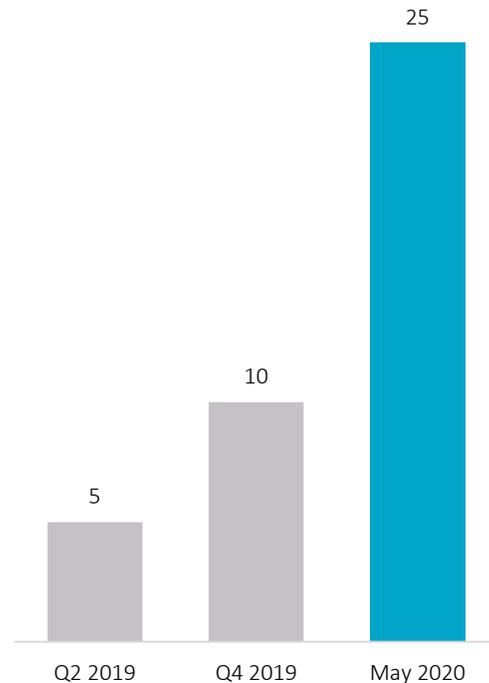
of customers

Accumulated # of charterers of CPP, chemicals and vegoil cargoes using the CLEANBU vessels



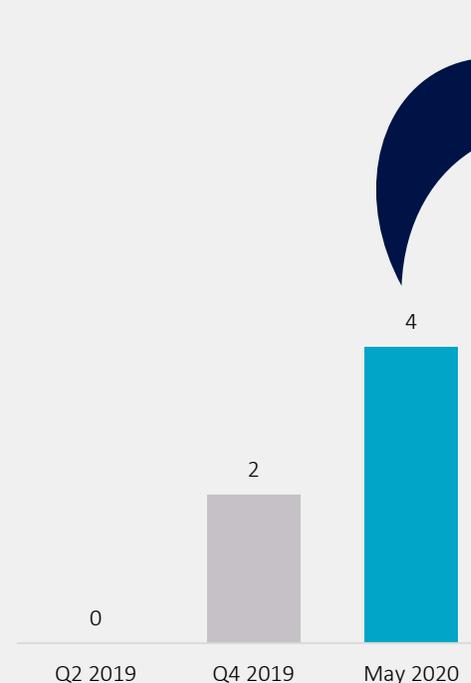
of terminals called

Accumulated # of "wet" terminals at which the CLEANBUs have called



of dry/wet switches

Accumulated # of dry/wet switches



May 2020

Successful first switch from grains to jet fuel

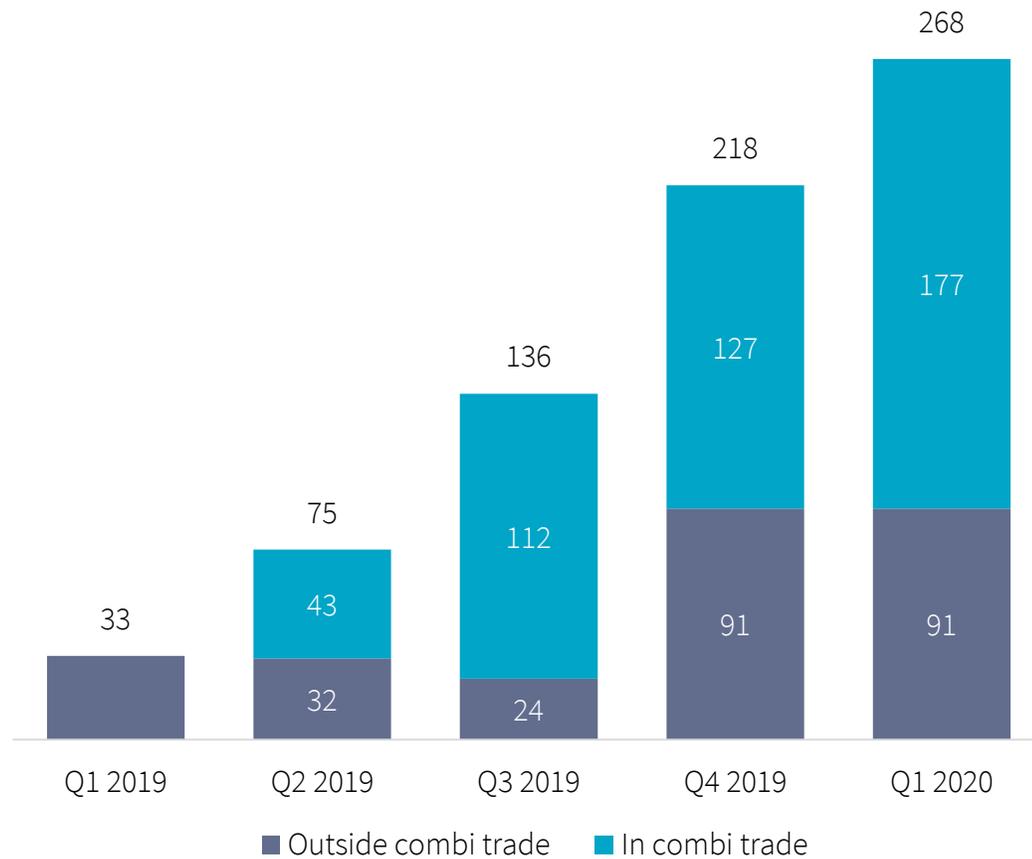


MV Barracuda loaded jet fuel and gasoil in Japan mid May after a successful cleaning from a grain cargo after completing discharge in China end April

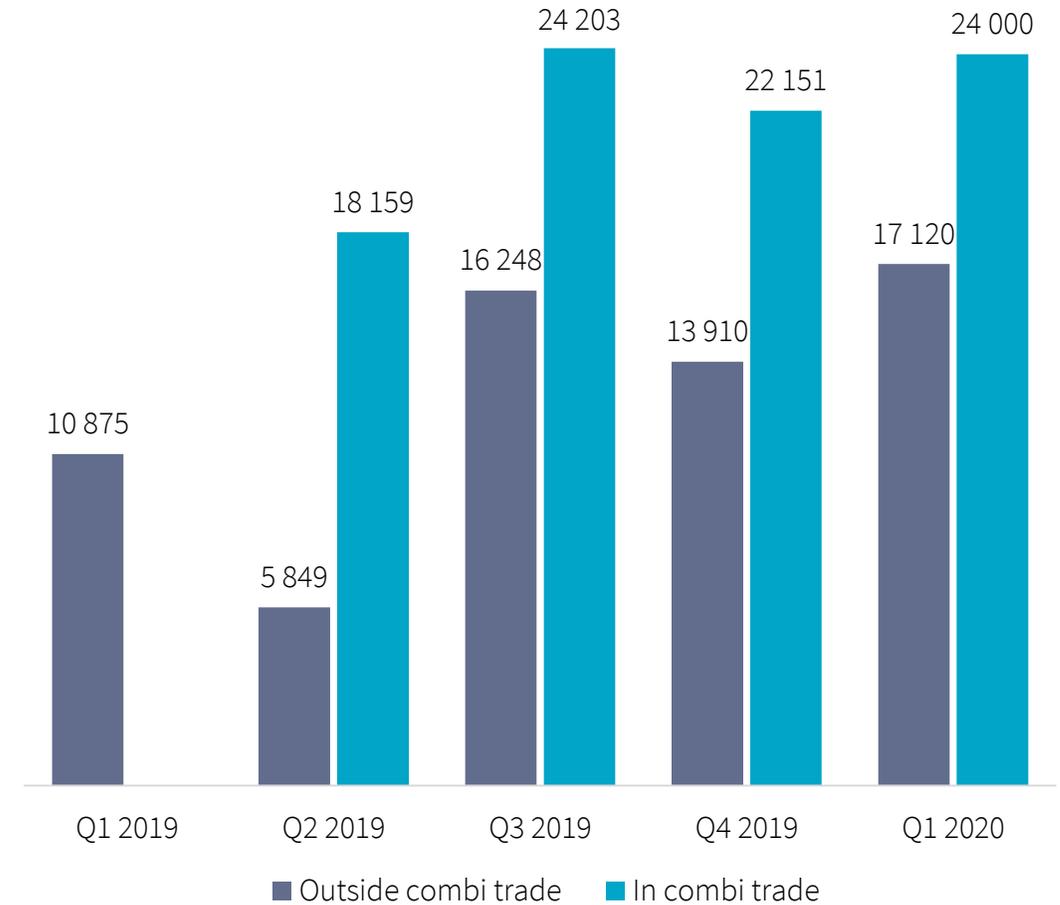
Two out of three vessels trading in combination pattern in Q1 2020

Combi-earnings level maintained at premium to LR1 tankers

CLEANBU onhire days



CLEANBU TCE earnings per onhire day (\$/d)

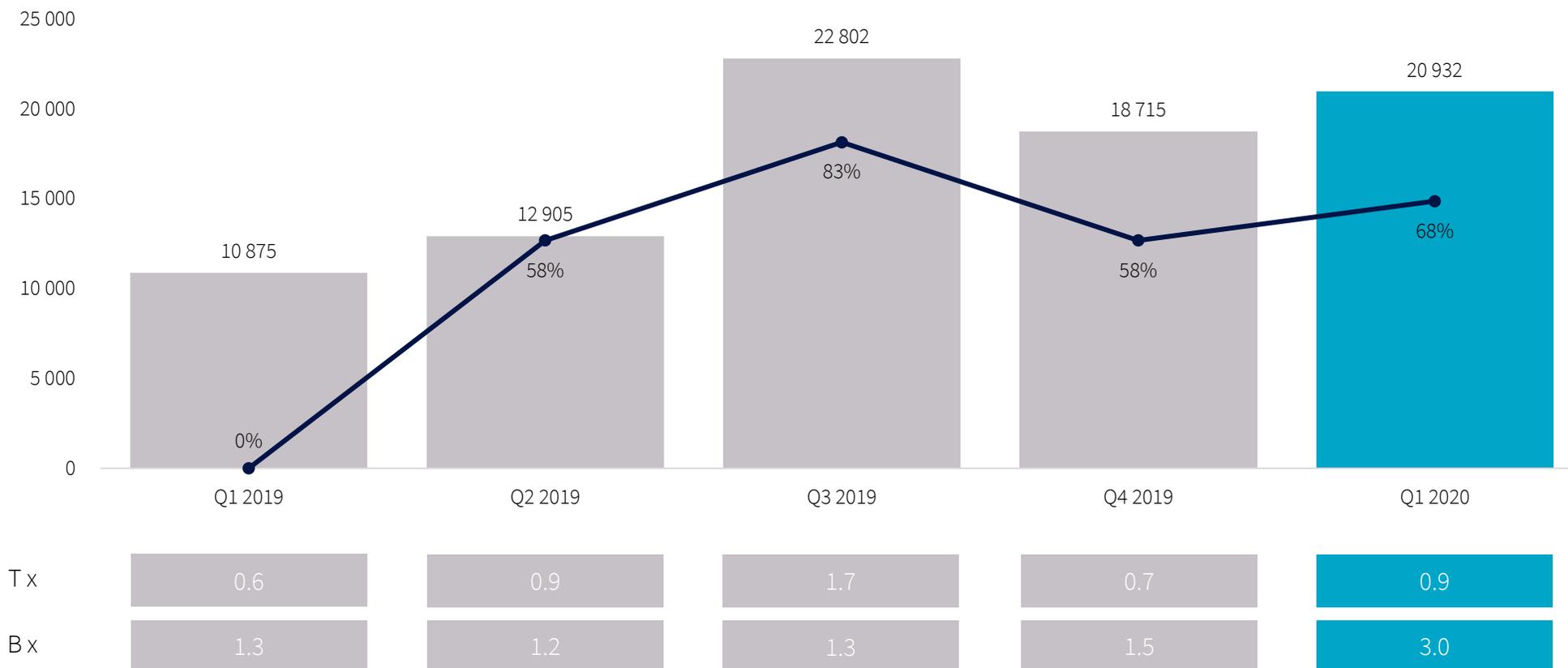


Note: TCE Earnings is an alternative performance measure (please see slide 31-33 in enclosures for more details and reconciliation)

Improving CLEANBU earnings with higher share in combi-trading

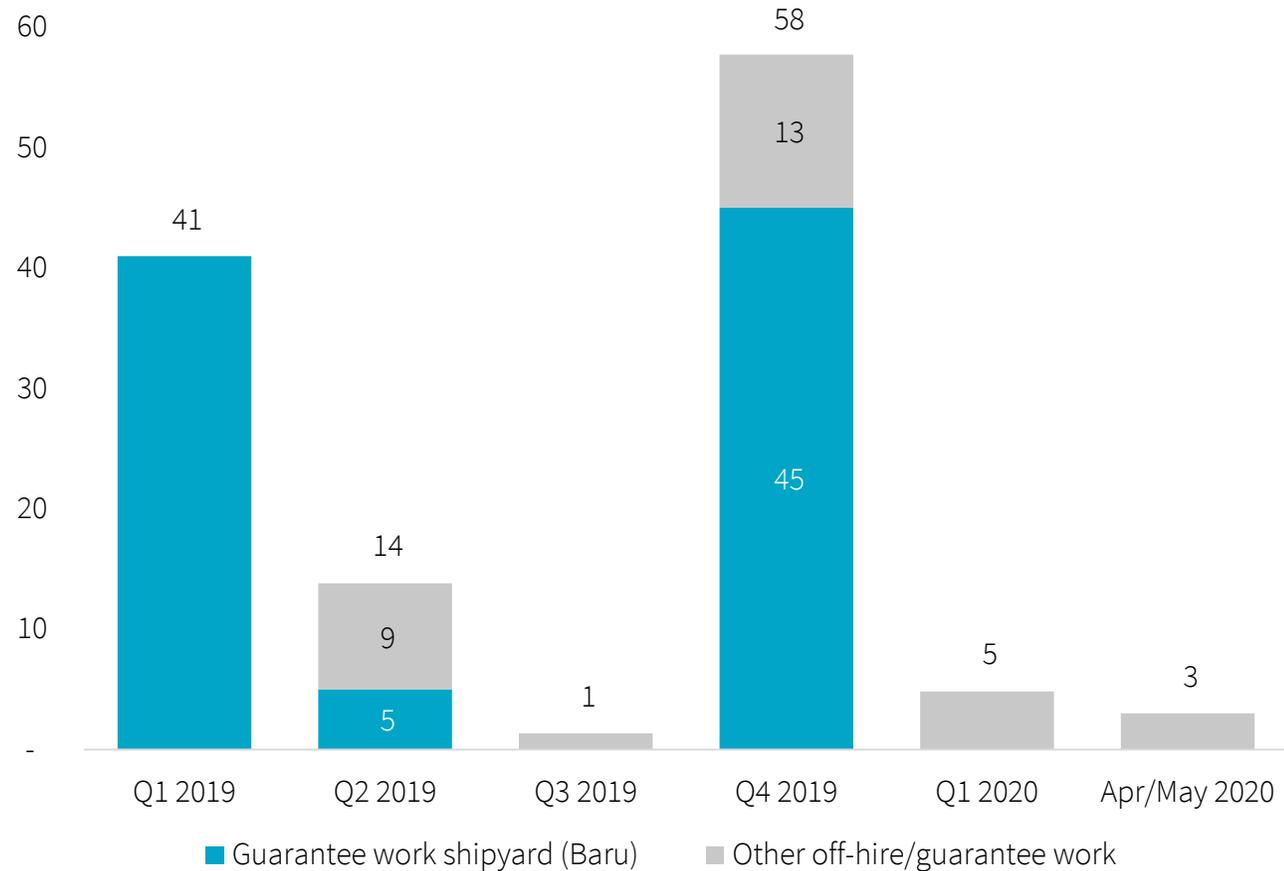
CLEANBU TCE Earnings USD per onhire day

CLEANBU TCE Earnings USD per onhire day (LHS) and % in combi trade. Premium to standard LR1 (T) and Kamsarmax dry bulk vessels (B)¹



Strong operational performance with low off-hire

of CLEANBU off-hire days in 2019 and YTD 20 May 2020

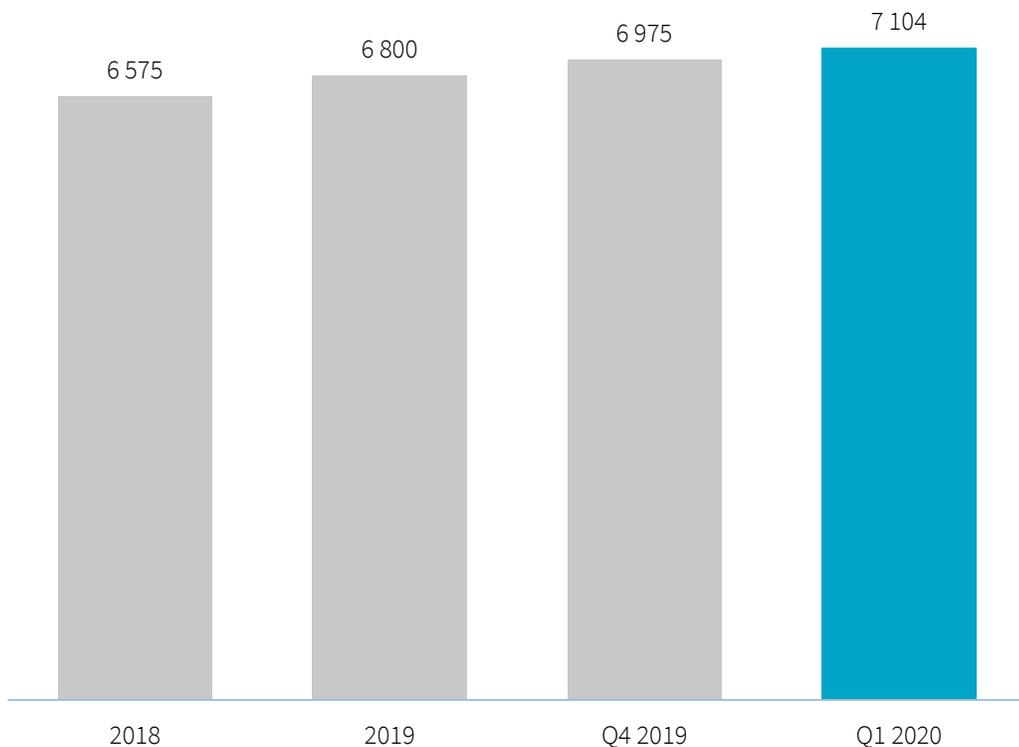


- MV Baru
No off-hire since guarantee and upgrading works completed in Q4 2019
- MV Barracuda and MV Barramundi
Outstanding guarantee items implying off-hire. Planned repairs of one vessel in Q4 2020 and one vessel in 1H 2021
- Delayed deliveries due to Corona-virus outbreak
Current expectation assuming availability of Chinese visa and possibility to move crew and supervisors to China:
 - CLEANBU #4: Delivery mid July
 - CLEANBU # 5-8: 1-2 months delay

CABU OPEX in line with expectation and CLEANBU OPEX for vessels in operation moving down

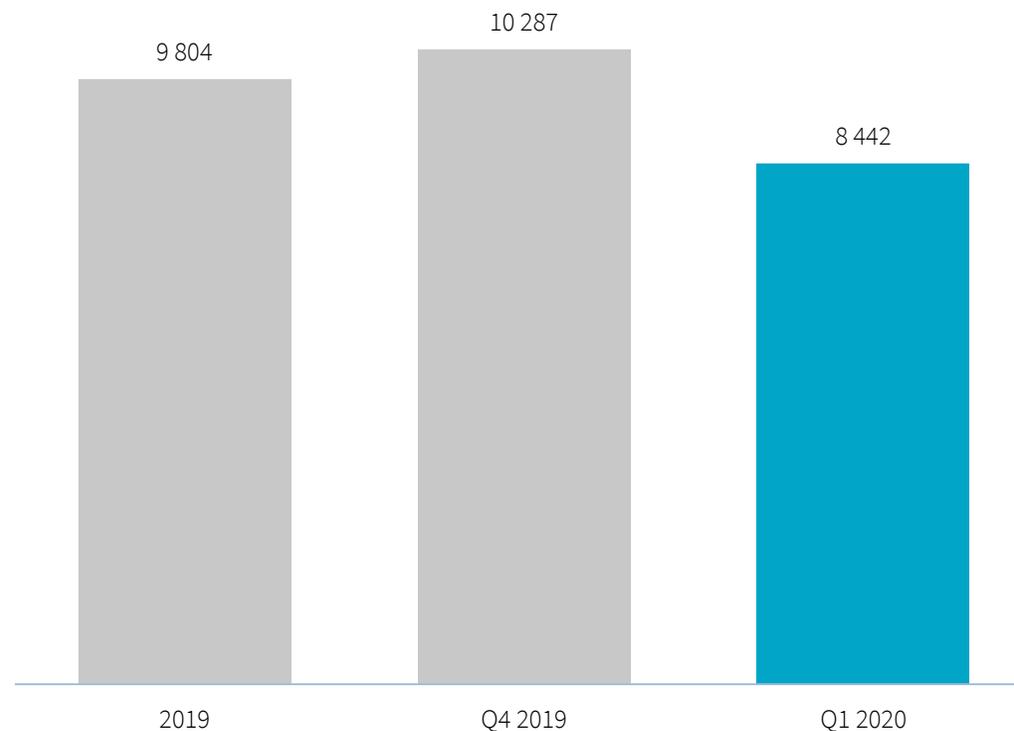
CABU OPEX in line with expectations

CABU OPEX USD per day



CLEANBU OPEX in Q1 2020 at acceptable levels

CLEANBU OPEX USD per day

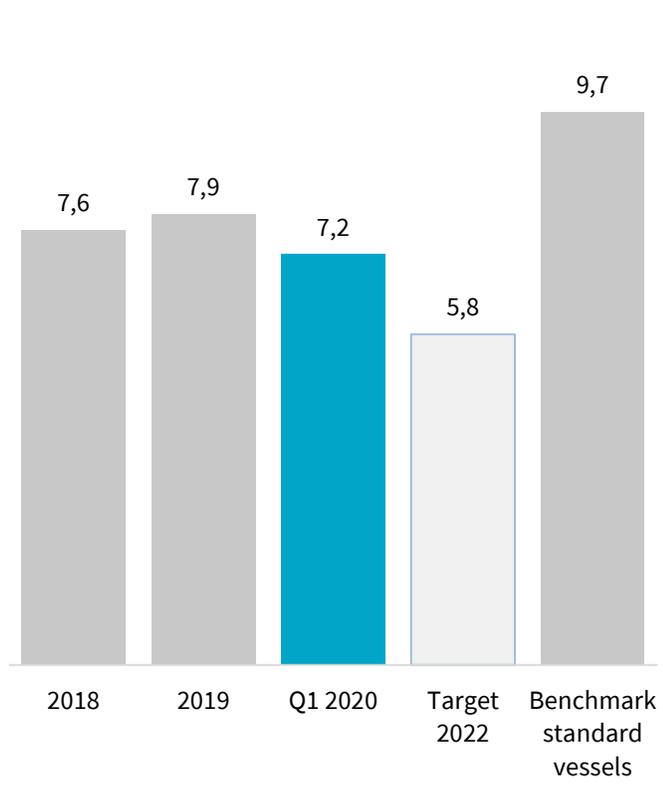


Note: OPEX USD per day (CABU Opex \$/d) is an alternative performance measure (please see slide 31-33 in enclosures for more details)

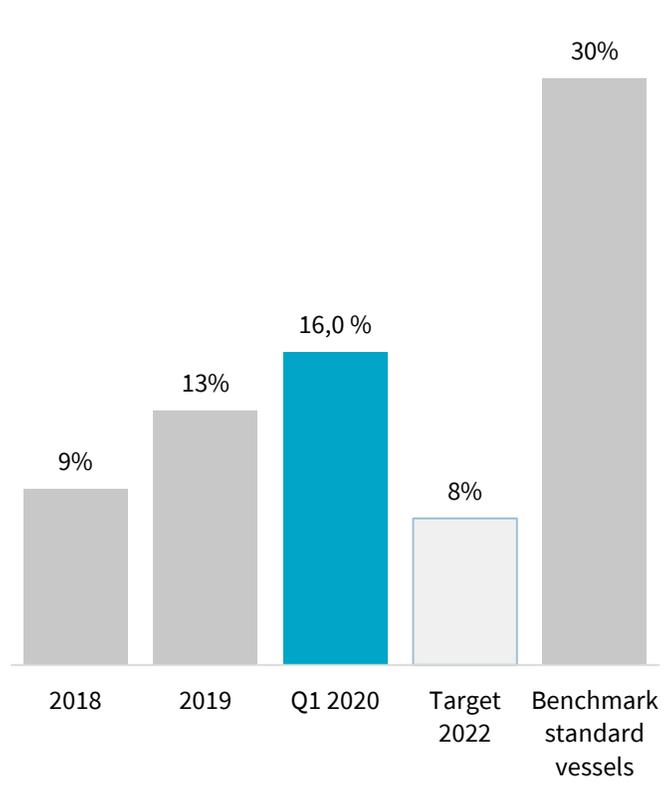
Uninterrupted focus on meeting decarbonization targets

- a number of ongoing initiatives to improve energy and operational efficiency

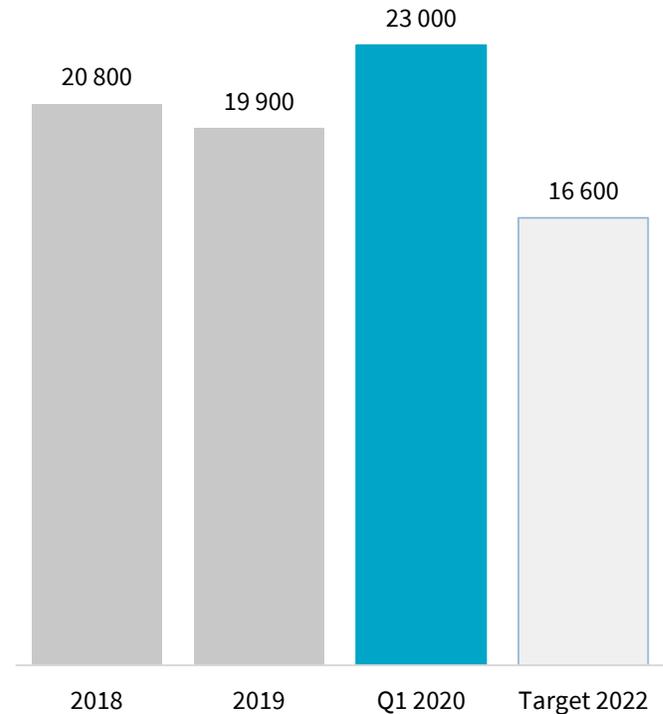
CO2 emission per ton transported cargo per nautical mile (EEOI)



Ballast days in % of total onhire days

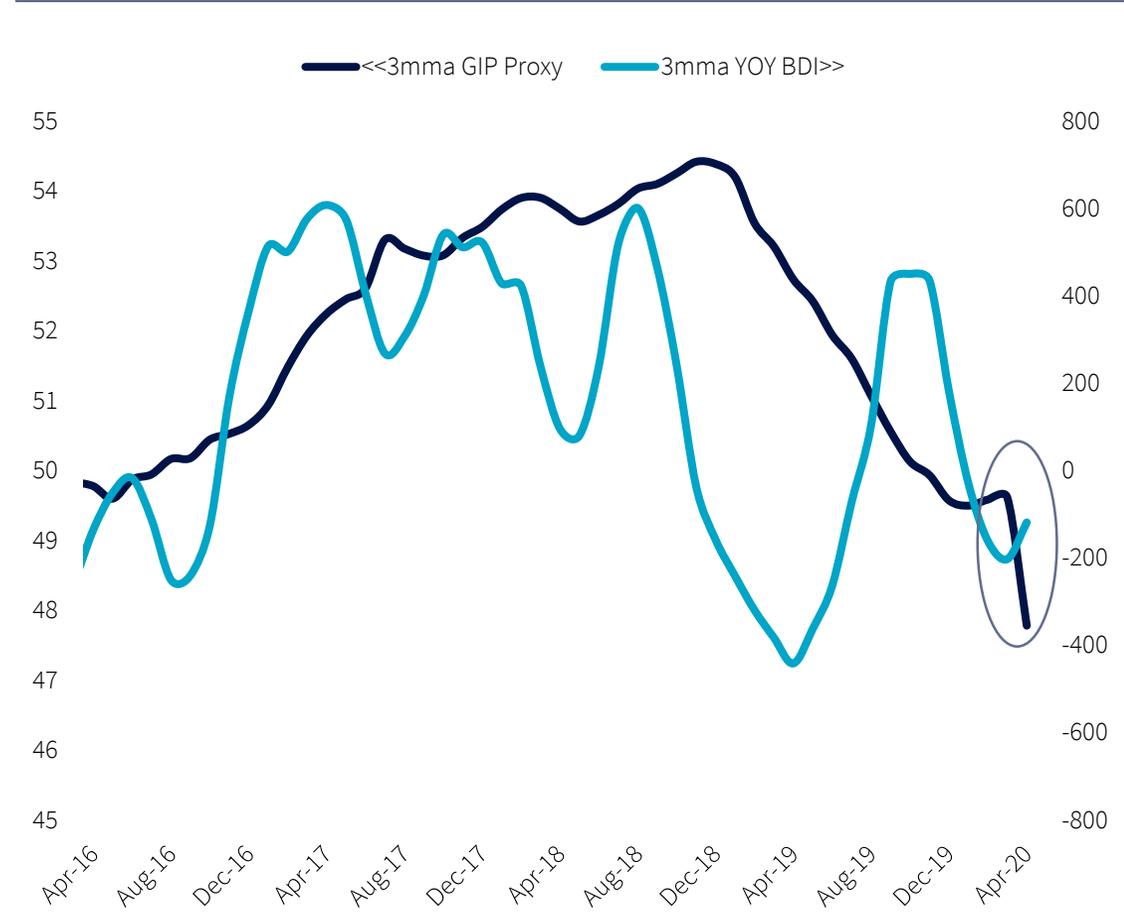


Average CO2 emission per vessel

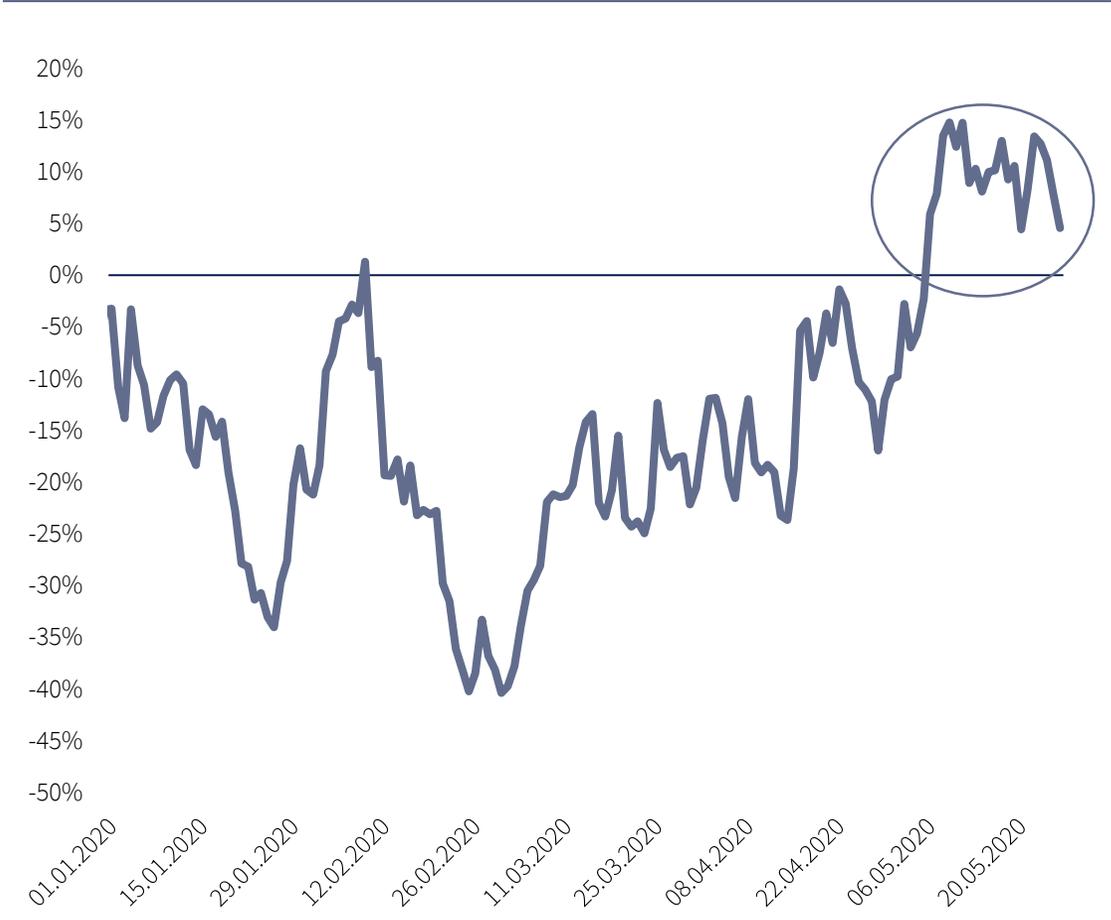


Unprecedented slowdown, but signs of economic “restart”

Global Industrial Production Growth Proxy versus Baltic Dry Bulk Index



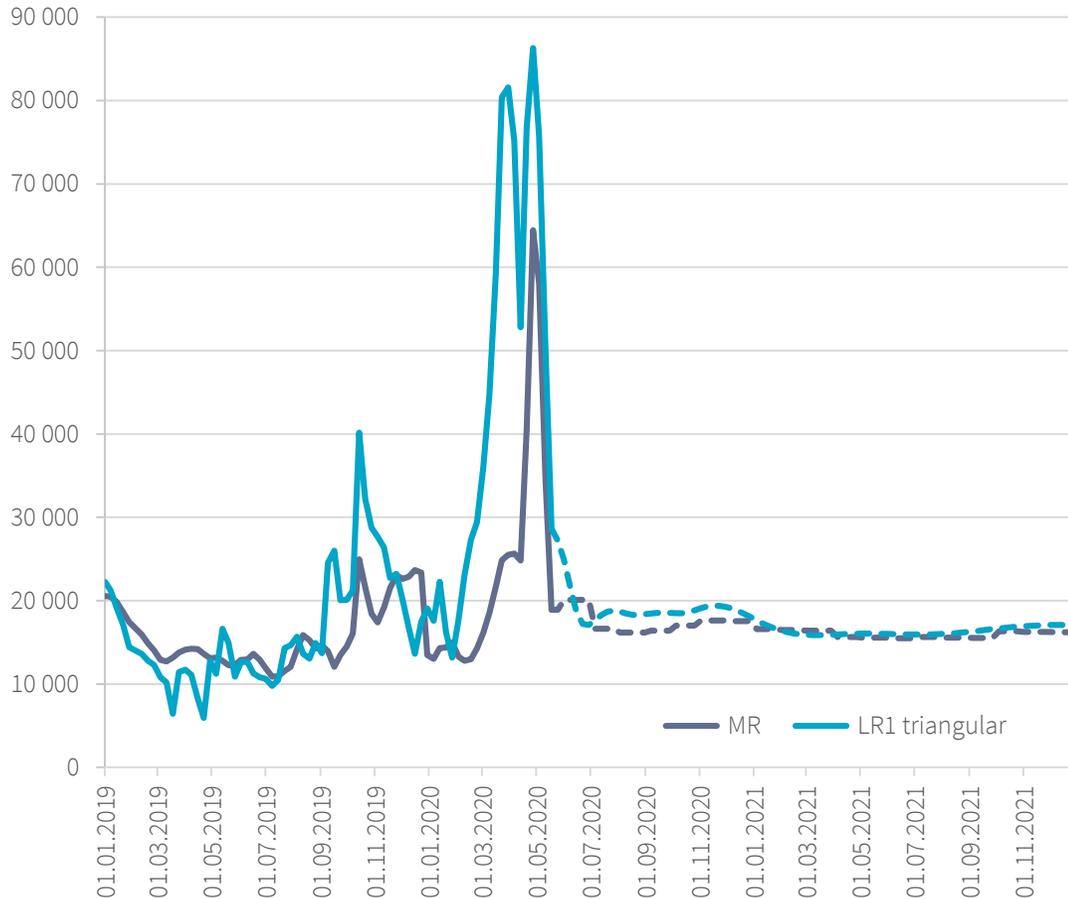
China daily coal consumption year-over-year %-change



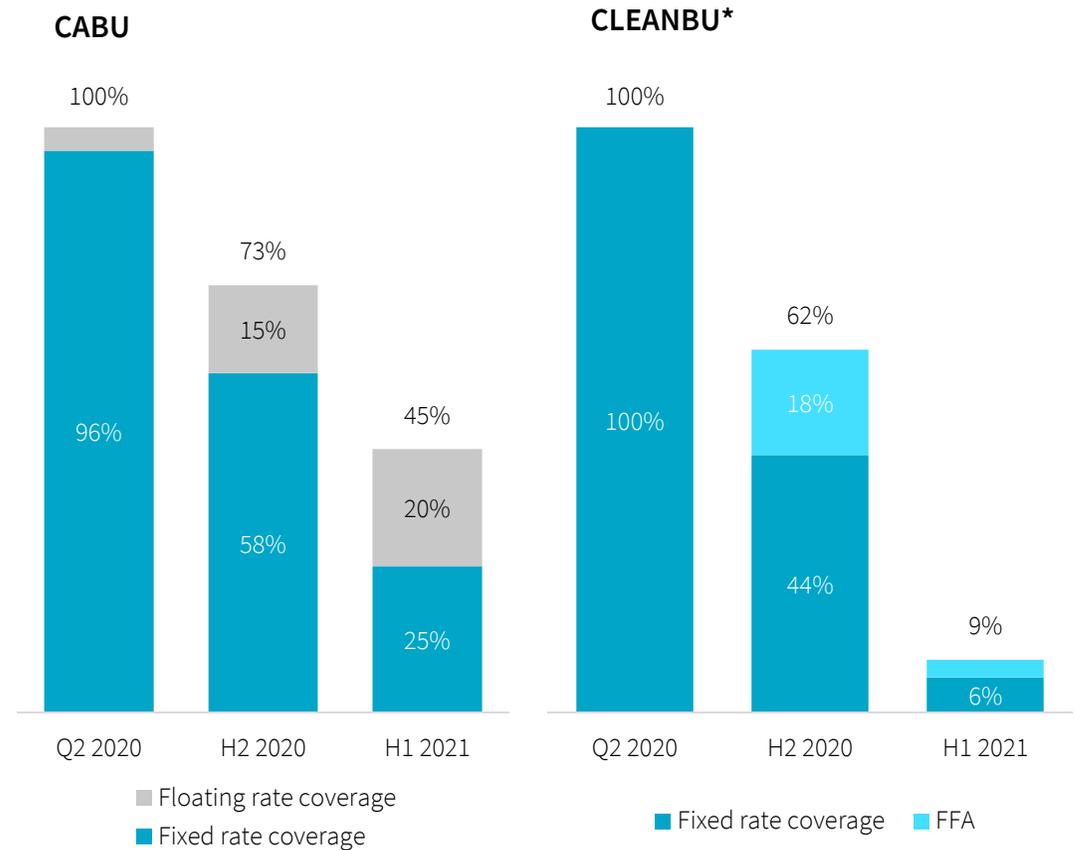
Building a solid tanker financial market/coverage in a strong market

- H2 2020 coverage set to increase over the coming months

Product tanker (TCE \$/day)¹



Wet Contract coverage²

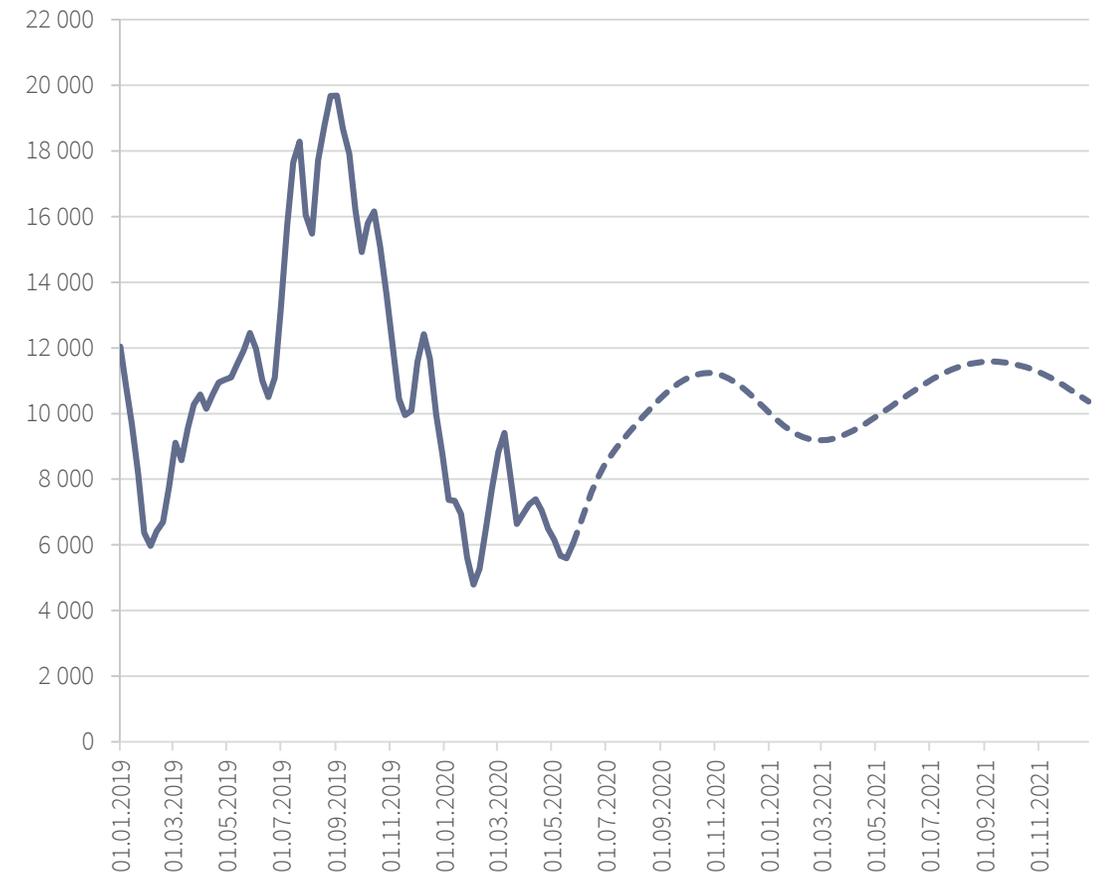


* CLEANBU: Fixed rate coverage=Operational coverage

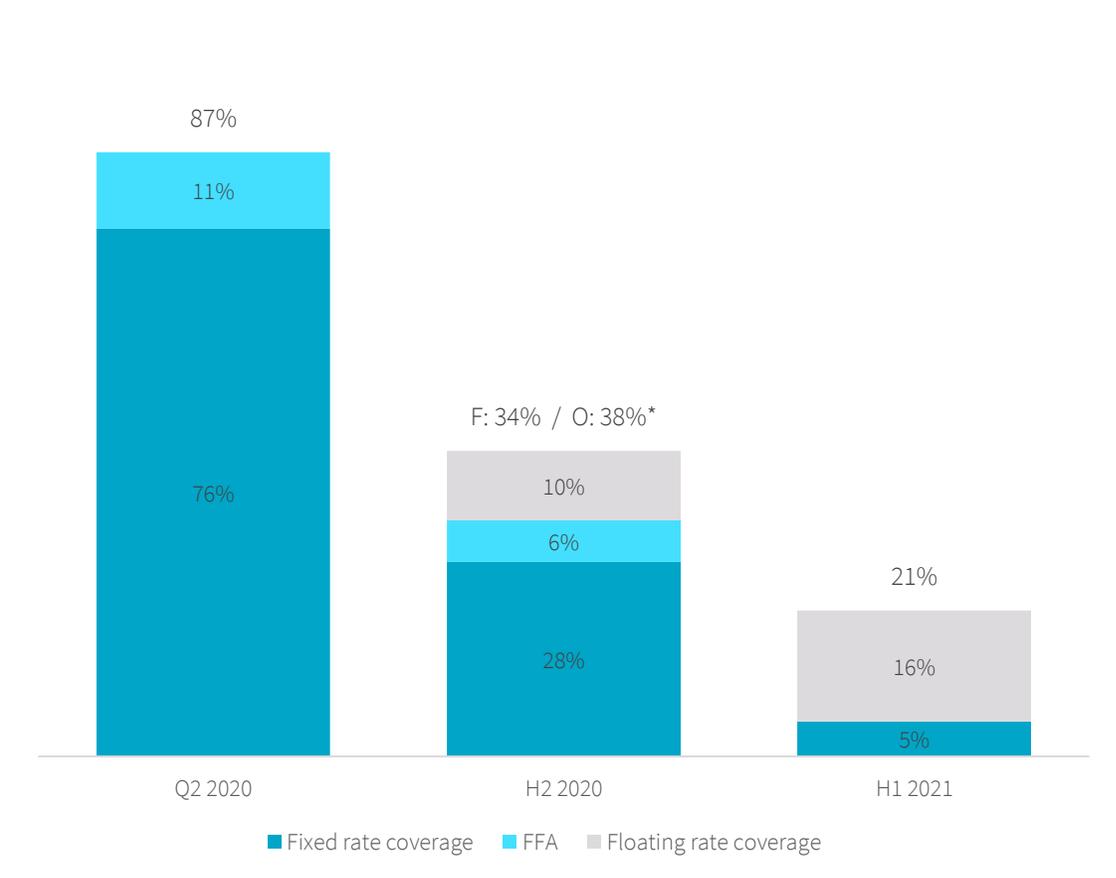
Limited dry bulk coverage, but concluded COAs/FFAs at strong TCE-levels

Have not expanded coverage in a weak dry bulk market

Dry bulk (P5TC TCE \$/day)¹



Dry bulk contract coverage²



1) Source, Baltic Exchange
 2) Balance per mid May 2020, see enclosures for detailed coverage overview

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Q1 impacted by fleet in full operation, efficient combination trading and support from a strong tanker market

Income Statement ('000 USD)	Q1 2020	Q4 2019	Q1 2019
Net revenues	22 403	18 826	13 326
Operating expenses, vessels	(8 253)	(8 512)	(6 962)
SG&A	(1 325)	(1 275)	(1 627)
EBITDA	12 825	9 038	4 737
EBITDA adjusted ¹	12 856	9 193	5 289
Depreciation	(4 354)	(4 530)	(2 778)
EBIT	8 472	4 508	1 958
Net financial items	(4 158)	(2 759)	(2 761)
Profit before tax (EBT)	4 314	1 749	(802)
Tax	-	(15)	-
Profit after tax	4 314	1 734	(802)
EPS	0.09	0.04	(0.02)

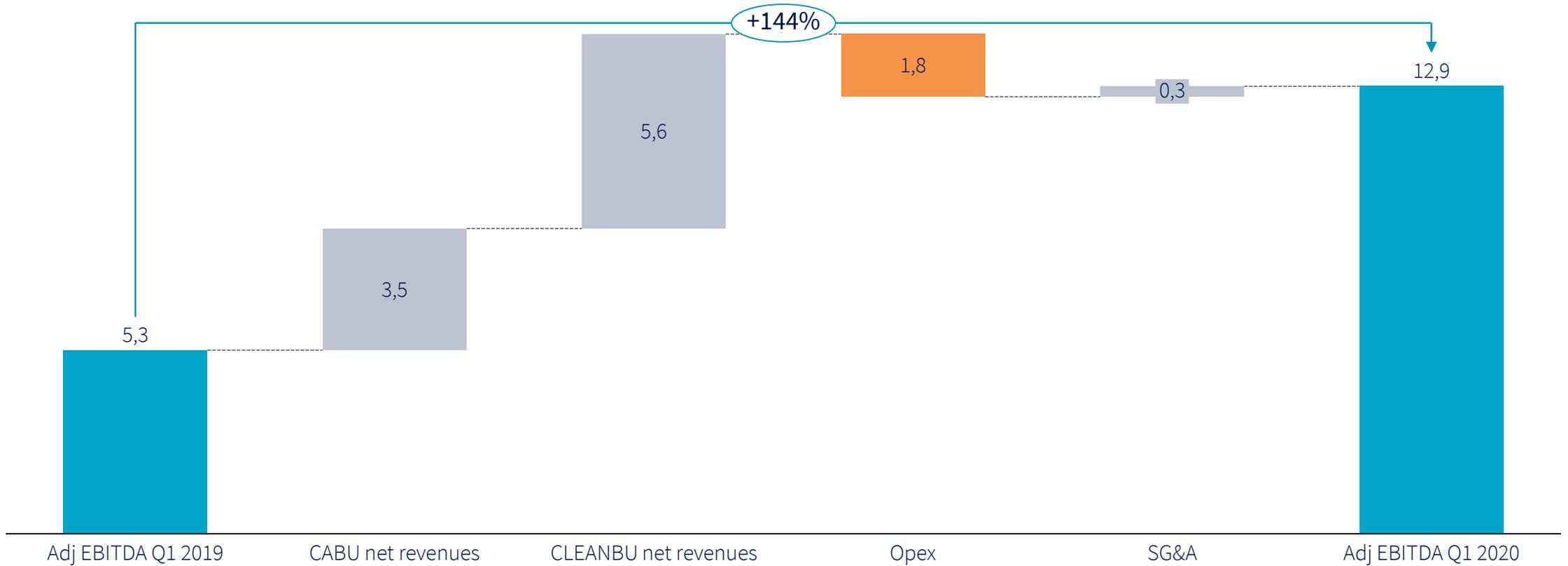
- Net revenues increased 19% compared to previous quarter and adjusted EBITDA improved by 40%
 - CABU earnings of USD 20,283/day (+USD 1,281/day)
 - CLEANBU earnings of USD 20,932/day (+USD 2,217/day)
 - 50 more CLEANBU onhire days
- Operating expenses, administration costs and depreciation quite stable compared to previous quarter
- Net finance cost impacted by bond issue/repurchase of -USD 1.1 million and FX effects of -USD 0.3 million
 - All interest rate swaps and FFAs accounted for as hedges from 1 January 2020. Unrealized change in value of derivatives part of Other Comprehensive Income
- Profit of USD 4.3 million for the quarter, an increase of 60% compared to last quarter
- Earnings per share up USD 5 cents per share to USD 9 cents per share

¹ Adjusted EBITDA is an alternative performance measure (please see slide 31-33 in enclosures for more details)

Improved EBITDA driven by higher caustic soda volumes and three CLEANBUs in operation

Year-on-year adjusted EBITDA¹ (MUSD)

Q1 2020 vs Q1 2019

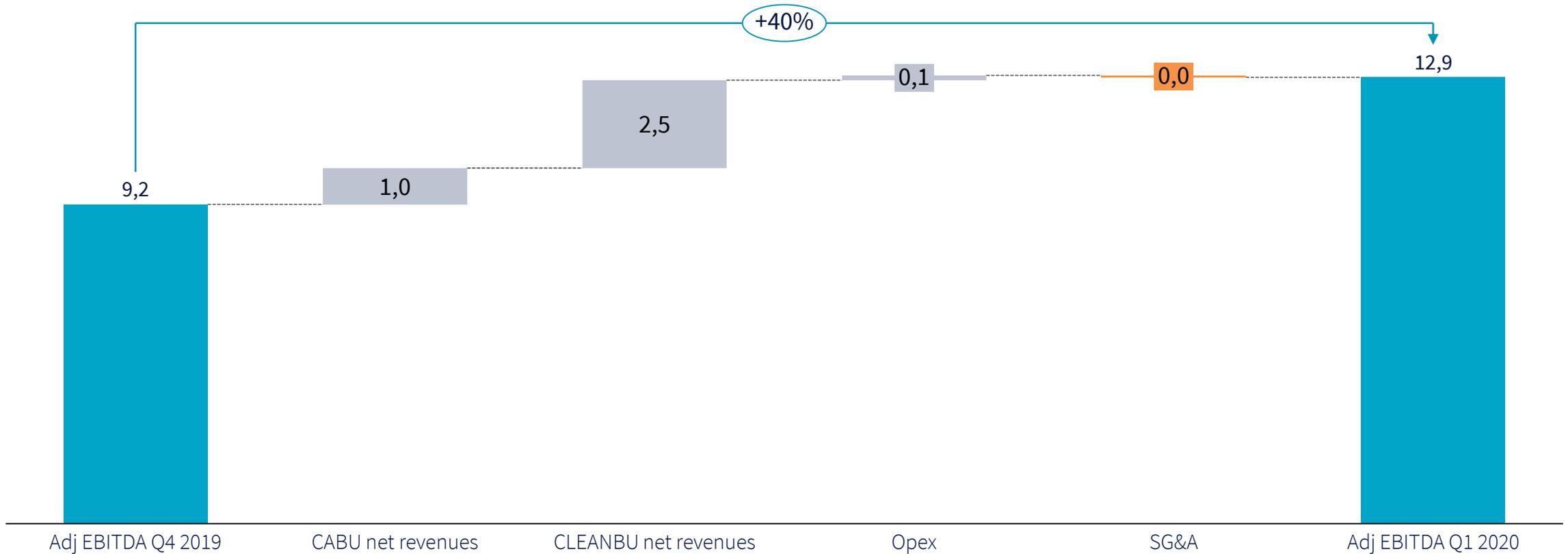


1) Adjusted EBITDA is an alternative performance measure (please see slide 31-33 in enclosures for more details)

Improved EBITDA on the back of efficient combination trading and more onhire days

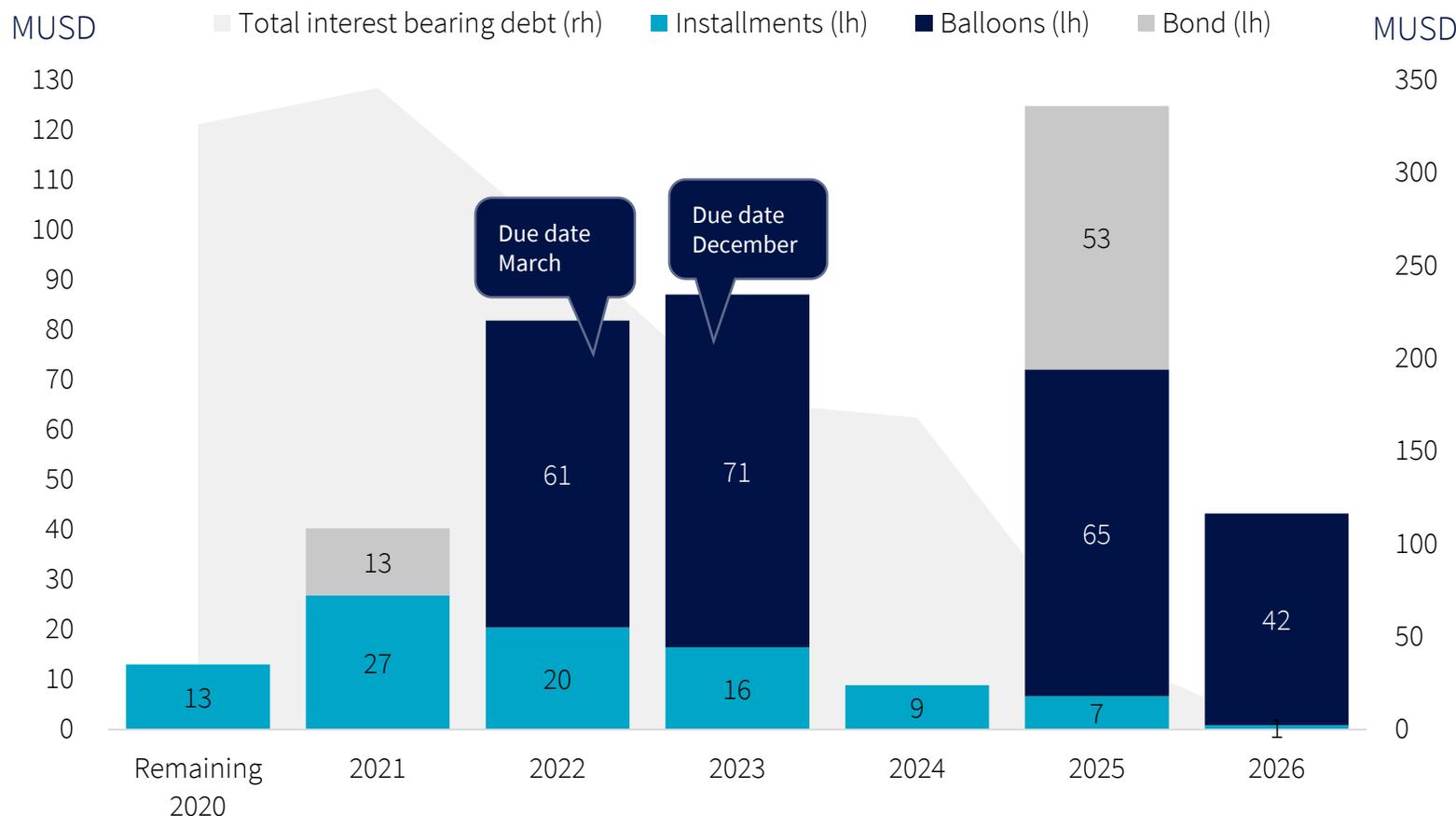
Quarter-on-quarter adjusted EBITDA¹ (MUSD)

Q1 2020 vs Q4 2019



1) Adjusted EBITDA is an alternative performance measure (please see slide 31-33 in enclosures for more details)

Bank debt secured for 2021 deliveries and bond refinanced¹



Bond

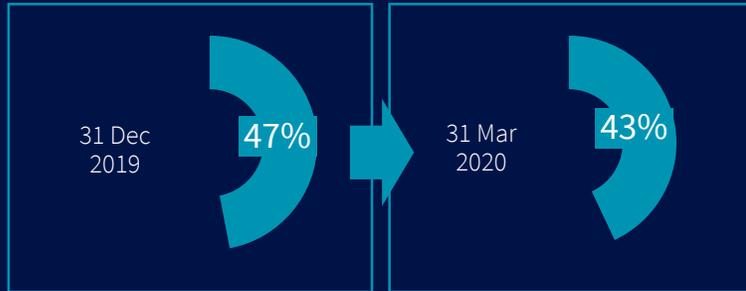
- Successful NOK 500 mill bond issue in February 2020 (KCC04)
- Margin down from 5.25% in KCC03 to 4.75%
- NOK 158 mill of KCC03 repurchased
- Listed on Oslo Stock Exchange in May

Bank

- Bank debt secured for the three newbuilds with delivery in 2020
- Credit approved USD 60 million facility to finance remaining two vessels with delivery in 2021. Margin likely higher than existing bank debt due to current global situation impacting financial markets
- Average margin for bank debt was 2.3% at end of March 2020

¹) Estimated total interest bearing debt based on current knowledge about delivery dates of newbuilds. Numbers include bank debt for two newbuilds with delivery in 2021 where bank debt has been credit approved, estimated to be concluded in Q2 2020. Short term overdraft facility not included. NOK 400mn of KCC04 bond hedged to USD.

Equity ratio



Main effects:

- Net increase in bond debt
- Negative non-cash unrealized OCI effects

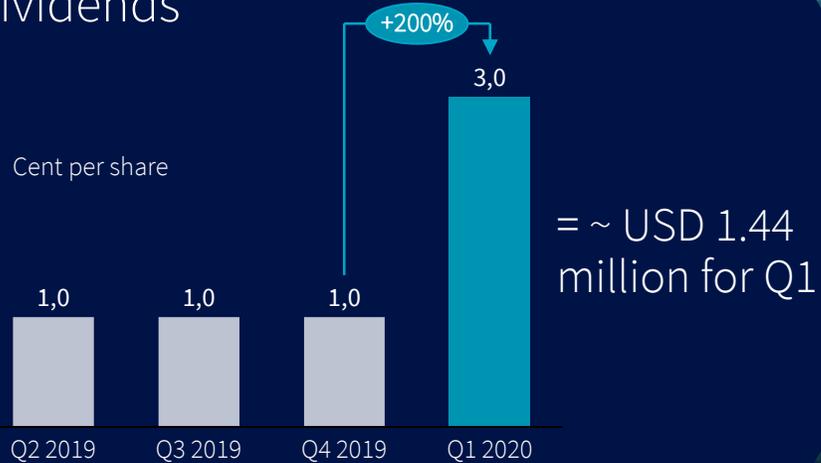
Cash and cash equivalents



Main effects:

- EBITDA
- Working capital
- Newbuild cost (2 yard instalments)
- Net cash effect of bond issue/repurchase
- Debt service
- Clearing

Dividends



ROCE adjusted¹



1) Based on annualized EBIT for the quarter, note 11. Alternative Performance Measures is further described on slide 31-33.

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Summary and outlook

Strong CABU outlook on the back of high CSS bookings

- 100% of CABU capacity booked for 2Q 2020 - guiding increased to \$19-20,000/day
- Strong CSS cargo bookings - ~70% of capacity booked for 2H 2020.
- Positive trade outlook despite COVID-19 situation

Stronger CLEANBU earnings based on concluded tanker coverage

- 100% of CLEANBU capacity booked for 2Q 2020 – guiding \$28-29,000/day
- TC-fixtures and FFAs secure ~ 60% of CLEANBU tanker market exposure in 2H 2020
- Phase-in of CLEANBU vessels progressing

COVID-19 risks, but upside potential in dry and fuel markets when world economy “restarts”

- Continued high uncertainties in the current COVID-19 situation, but world economy has likely passed the through in April-May
- KCC resilient being fully financed and having solid cash position
- Upside potential in dry bulk and fuel market



FUTURE BOUND

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Detailed Q2 2020 to Q2 2021 coverage

Contract coverage¹

CABU: CSS contract coverage

# of days	Q2 2020	2H 2020	1H 2021
Fixed rate COA/Spot	439	457	188
Floating rate COA	16	119	150
Total contract days	455	576	338
FFA coverage	-	-	-
Available wet days	455	787	751

Dry bulk contract coverage

# of days	Q2 2020	2H 2020	1H 2021
Fixed rate COA/Spot	300	254	70
Floating rate COA	0	90	210
Total contract days	300	344	280
FFA coverage	40	90	-
Available wet days	393	915	1 342

CLEANBU: CPP contract coverage

# of days	Q2 2020	2H 2020	1H 2021
Fixed rate COA/Spot	231	231	42
Floating rate COA	-	-	-
Total contract days	231	231	338
FFA coverage	-	97	23
Available wet days	231	526	684

1) Balance per mid May 2020

Alternative performance measures used in the quarterly presentation

Definitions and reconciliation

- Alternative Performance Measures (APMs) are defined on the company's homepage: <https://www.combinationcarriers.com/investor-relations/#alternative-performance-measures>. All reports and presentations referred to below are published on the company's homepage: <https://www.combinationcarriers.com/investor-relations/#reports-presentation>.
- CABU and CLEANBU TCE earnings per on-hire day for Q4 periodic and 2019 total are reconciled in the quarterly report for Q4 2019, note 2 (page 16-17).
- CABU and CLEANBU TCE earnings per on-hire day for Q3 and Q2 are reconciled in the quarterly report for respectively Q3 2019 and Q2 2019, note 2 (page 15/page 15).
- CABU and CLEANBU TCE earnings per on-hire day for Q1 2020 are reconciled on next slide.
 - CABU TCE earnings for 2016-2018 reconciled in the quarterly presentation for Q4 2019, page 34.
- CLEANBU TCE earnings for main combi trades and outside combi trades for Q1 2020 is reconciled on next slide; and for the quarters in 2019 and 2019 is reconciled in the quarterly presentation for Q4, page 35.
- CABU Opex \$/d for Q2 2019 – Q4 2019 are reconciled in the quarterly report for respectively Q4 2019, Q3 2019 and Q2 2019, note 2 (page 16-17 /page 15/page 15).
- CABU Opex \$/d for Q1 2020 are reconciled in the quarterly report for Q1 2020, note 2.
- CLEANBU Opex \$/d for Q1-Q4 2019 for vessels in operation are reconciled in the quarterly presentation for Q4 2019, page 36.
- CLEANBU Opex \$/d for Q1-2020 for vessels in operation are reconciled on next slide.
- EBITDA adjusted for Q1 2020 and Q1 2019 is reconciled in Note 11 (page 24) in Q1 2020 report published. EBITDA adjusted for Q4 2019 is reconciled in Note 11 (page 24) in Q4 2019 report published.
- Underlying EBT for Q1 2020 is reconciled on the next slide.
- ROCE adjusted for Q1 2020 – see reconciliation in Note 11 (page 24) in Q1 2020 report published. ROCE adjusted for Q4 2019 is reconciled in note 11 in Q4 report 2019 (page 24).

Alternative performance measures used in the quarterly presentation

Reconciliation of average TCE earnings USD/day

Reconciliation of average TCE earnings USD/day for Q1 2020

USD'000	CABU	CLEANBU	Total Q1 2020
Net revenues from operations of vessels	16 453	5 953	22 406
IFRS 15 adjustment (load-to-discharge)	80	(340)	(259)
Net revenues ex IFRS adjustment	16 534	5 613	22 147
Onhiredays	815	268	1 083
TCE earnings (\$/d)	20 283	20 932	20 444

Reconciliation CLEANBU earnings in combi trade and outside combi trade

Reconciliation of CLEANBU average TCE earnings USD/day for Q1 2020

USD'000	Main combi	Outside combi	Total CLEANBU Q1 2020
Net revenues from operations of vessels	4 565	1 388	5 953
IFRS 15 adjustment (load-to-discharge)	(310)	(30)	(340)
Net revenues ex IFRS adjustment	4 255	1 358	5 613
Not corrected adjustment on Q1 voyage*	-	200	200
Net revenue adjusted	4 255	1 558	5 813
Onhiredays	177	91	268
TCE earnings (\$/d)	24 000	17 120	21 670

* revenue will be recognised in Q2 2020.

Alternative performance measures used in the quarterly presentation

Reconciliation Opex \$/d CLEANBU vessels in operations

Reconciliation of CLEANBU opex per day

USD'000	Q1 2020
Operating expenses, vessels	2 515
Leasing cost previously presented as opex	27
Start-up cost CLEANBU vessels	- 31
Crew cost after delivery (adj/reclass)	-
Operating expenses vessels not delivered	- 207
Operating expenses, vessels in operation	2 305
Operating days	273
Opex per day (\$/d) for vessels in operation	8 442

Reconciliation underlying EBT

Reconciliation of underlying EBT

USD'000	Q1 2020
Profit before tax (EBT)	4 314
Compensation cancelled COA volumes in 2019	(677)
Start up costs CLEANBU vessels	31
Reversal provision	-
Realised effects repurchase of KCC03 (Q1 2020, note 7)	651
Fair value changes interest rate swaps (mainly realised effects, Q1)	293
Loss on foreign exchange	255
Underlying EBT	4 867