

# Second Quarter 2021

Oslo, 25 August 2021



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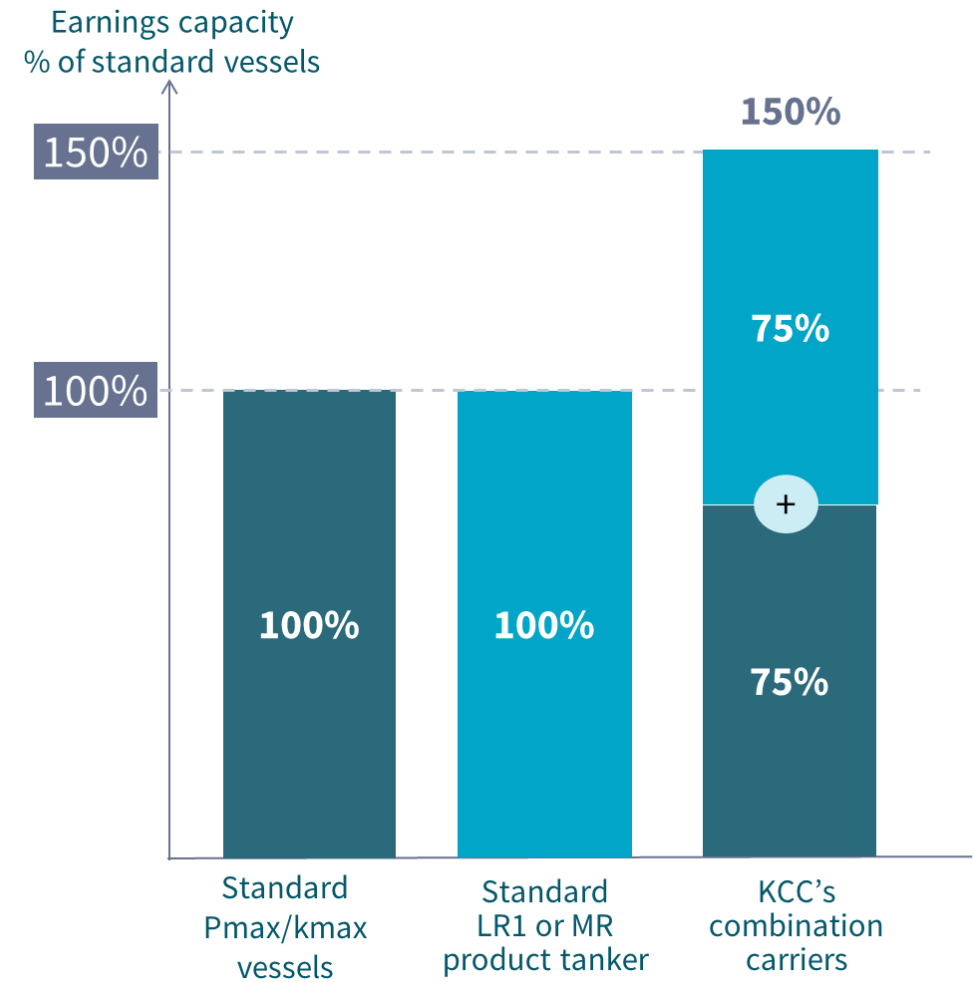
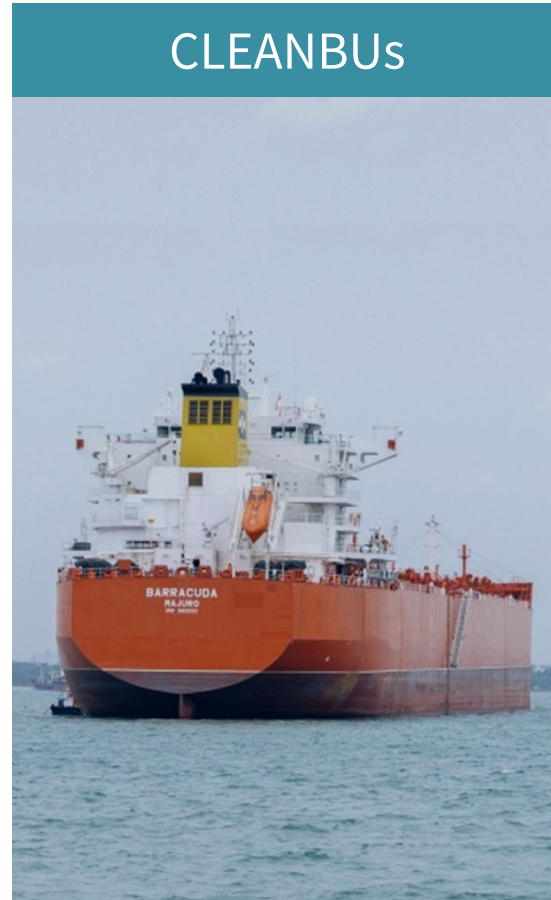
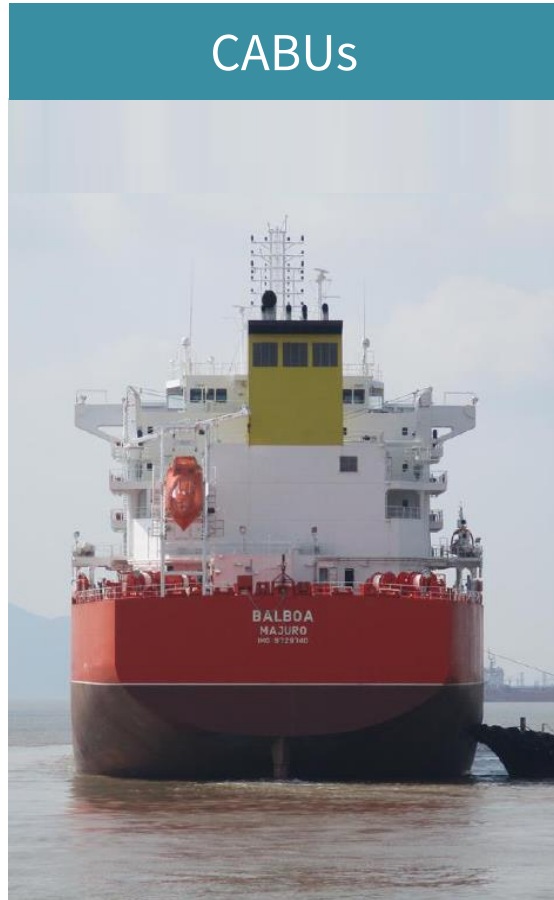
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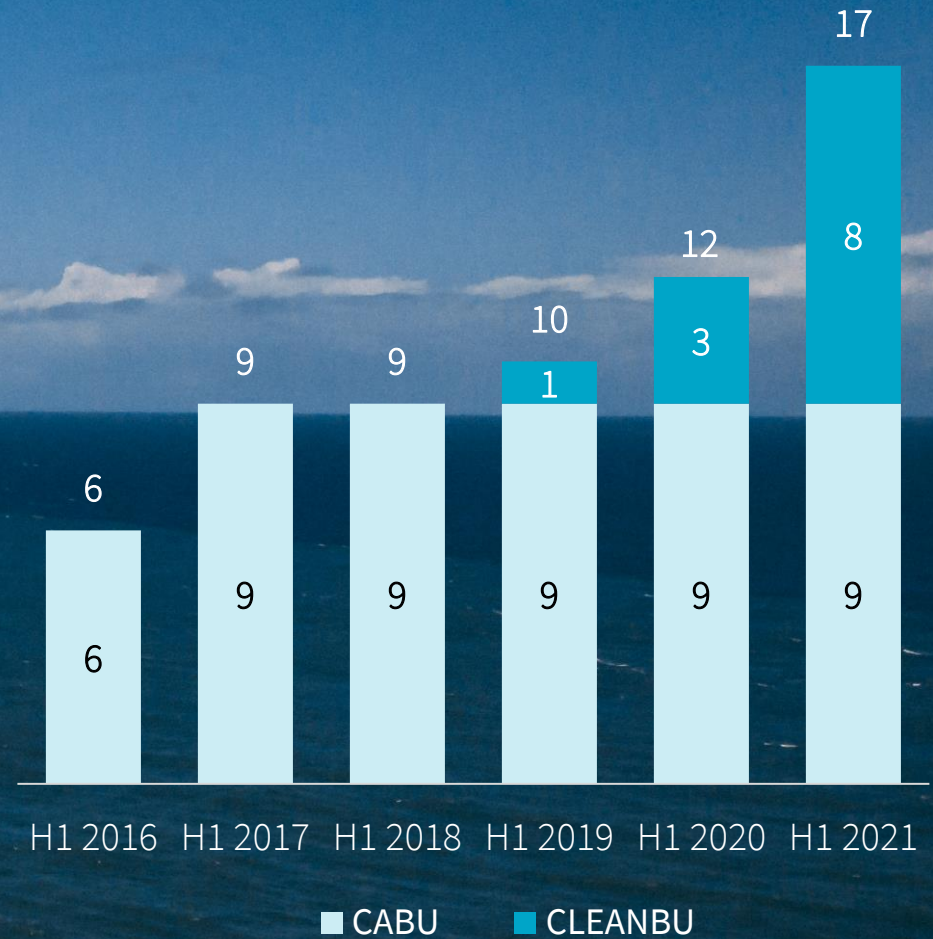
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# Highlights Q2 2021

# Both tankers and dry bulk vessels - substantially higher earnings capacity



# Full fleet on water – a new chapter commences for KCC

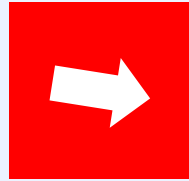


# Strong result improvements, more to come...

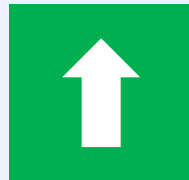
Dry bulk boom continues in Q2...  
waiting for tanker market recovery

Q2 2021

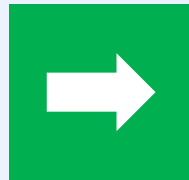
Product tanker market



Dry bulk market

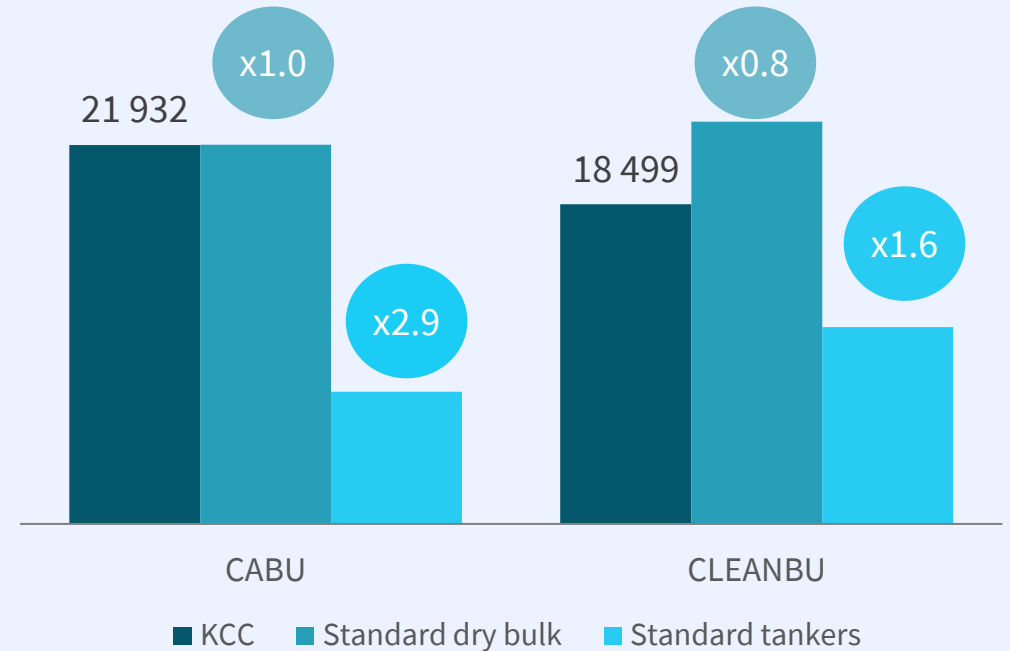


Fuel market

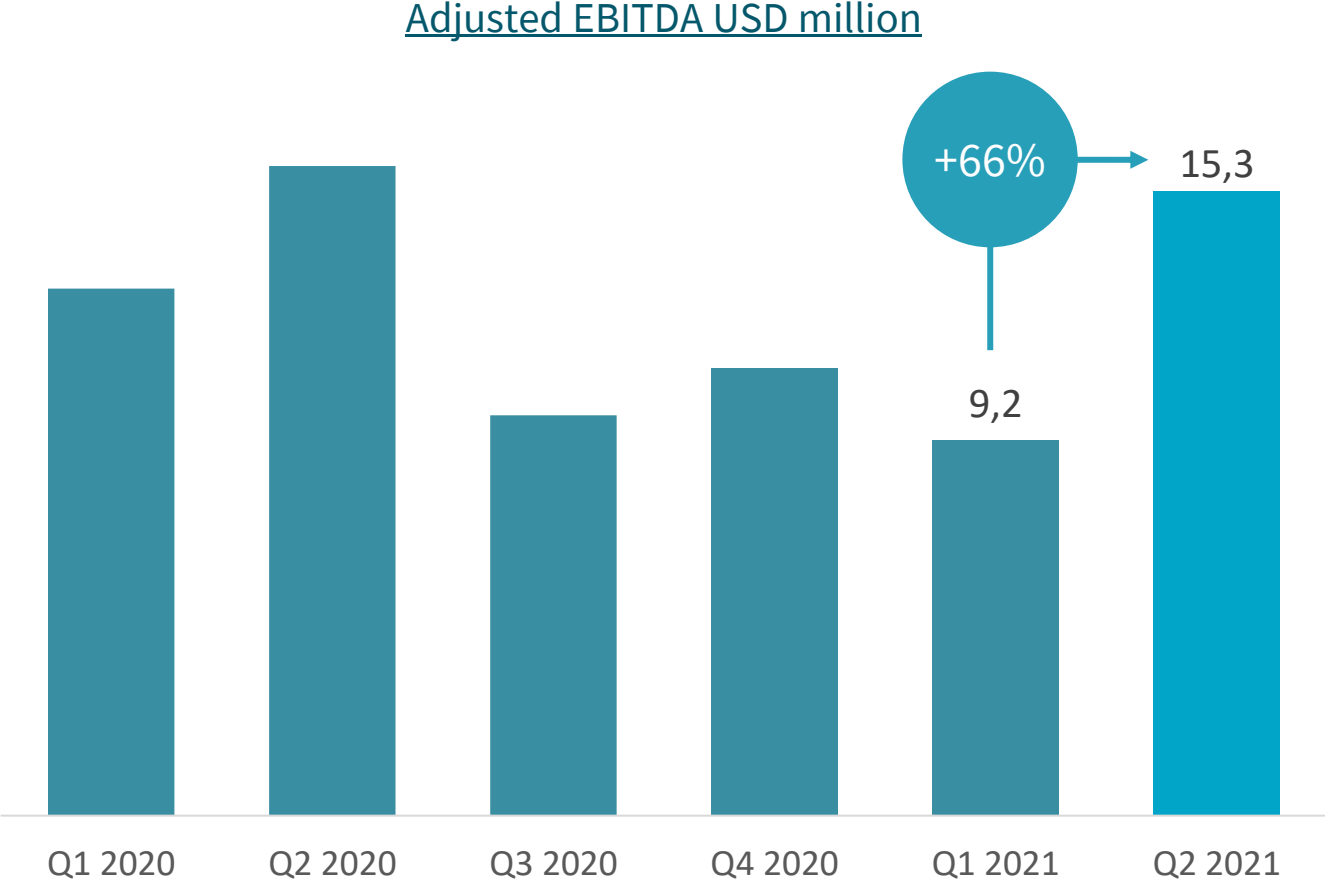


Continue outperforming tankers, close to  
booming dry bulk earnings

Q2 2021 CABU and CLEANBU TCE earnings USD per on-hire day<sup>1</sup>



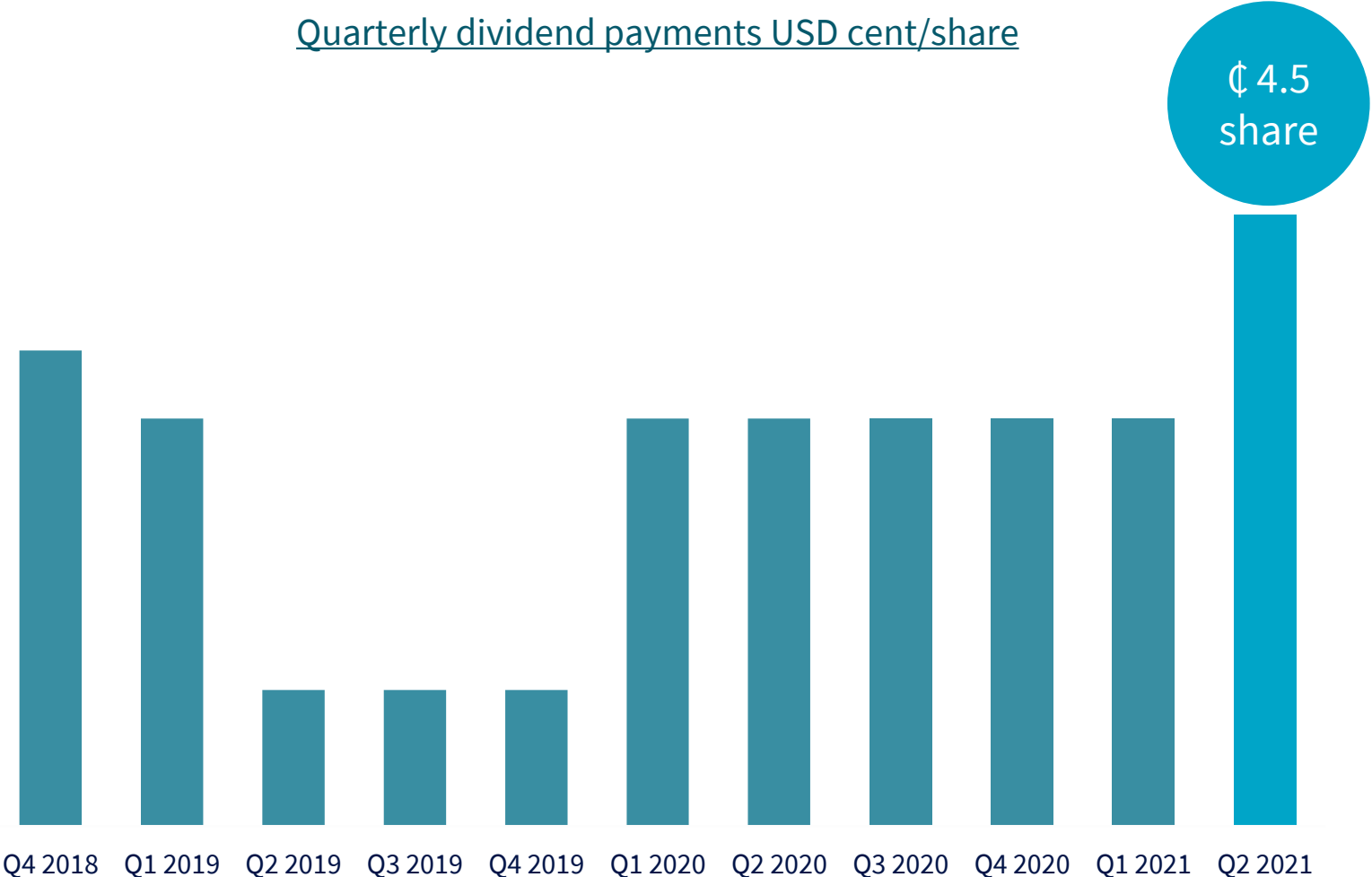
# EBITDA driven by strong dry bulk market and improved CABU operation



Note: Adjusted EBITDA is an alternative performance measure (please see slide 45 in enclosures for more details)

# Increased dividends for Q2 2021

Quarterly dividend payments USD cent/share





# Future proof and profitable business model

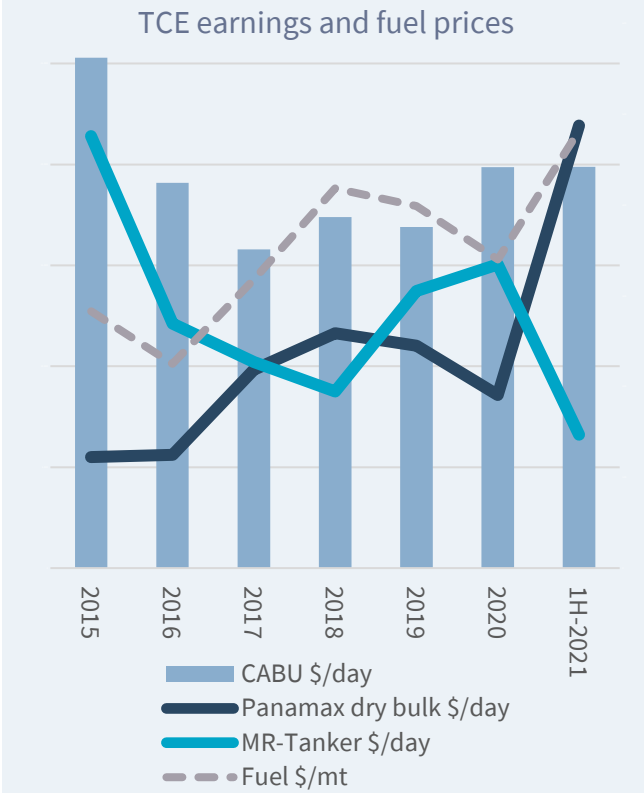
1

## Lowest carbon emission



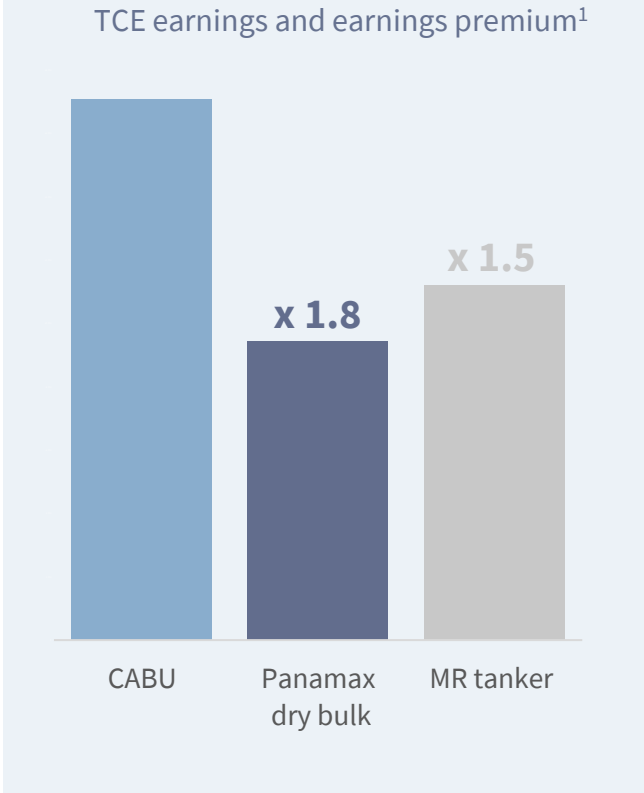
2

## Lower earnings volatility



3

## Higher earnings



1) Average CABU Earnings premium 2016-1H 2021

- 1 The most carbon efficient deep-sea shipping solution**
- 2 Diversified market exposure and COA portfolio reduce earnings volatility
- 3 Premium earnings vs. standard vessels



UN IPCC Report August 2021

# «Code red» for human driven global heating



# Summer of decarbonization-regulations

**WHEN?**

June 2021

July 2021

**WHO?**

IMO (MEPC76) approval



European Commission proposal



**WHAT?**

Short term measures -  
new requirements to shipowners

EU Emission Trading Scheme inclusion of  
shipping

**HOW?**

**Energy Efficiency Existing Ship Index (EEXI)** setting minimum requirements the technical efficiency of ships,

**Carbon Intensity Indicator (CII)** rating scheme addressing the operational efficiency

**Allowance (EUA) must be bought for emissions from shipping :**

- 100% from intra-EU voyages
- 50% from voyages in/out of EU
- 100% at berth in EU port
- Based on MRV reporting
- No free allowances

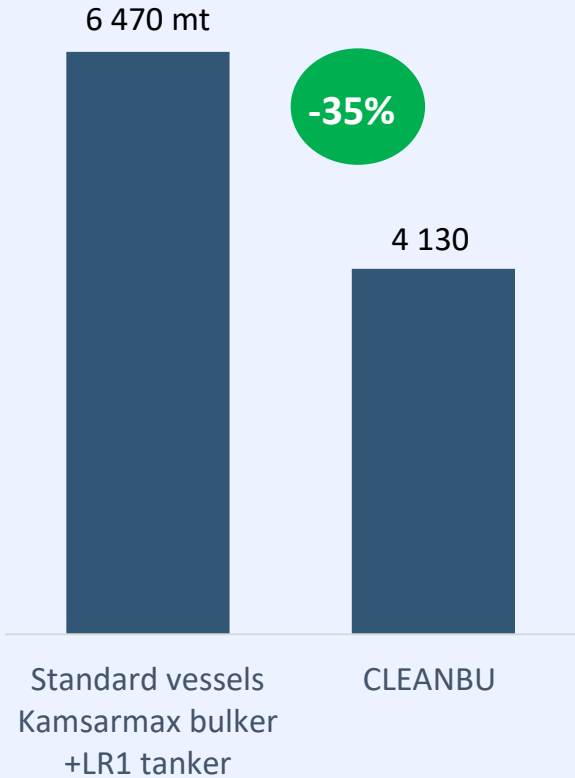
**Gradual phase-in**

- 20% in 2023 to
- 100% in 2026

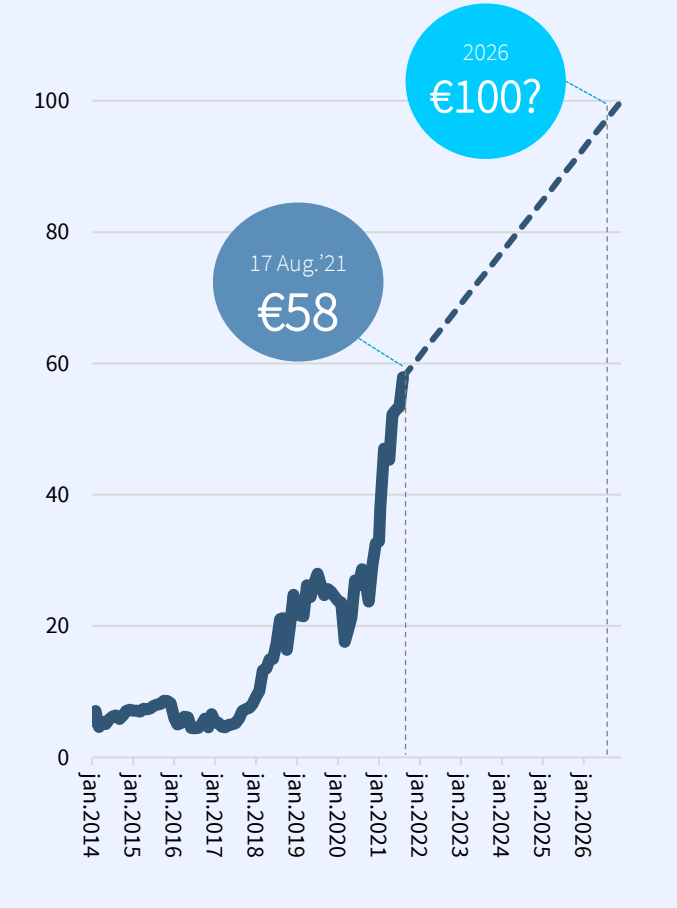
# EU regulations will start impacting customer's shipping policy, globally..

## CLEANBUs achieve large carbon emissions cuts in the Atlantic

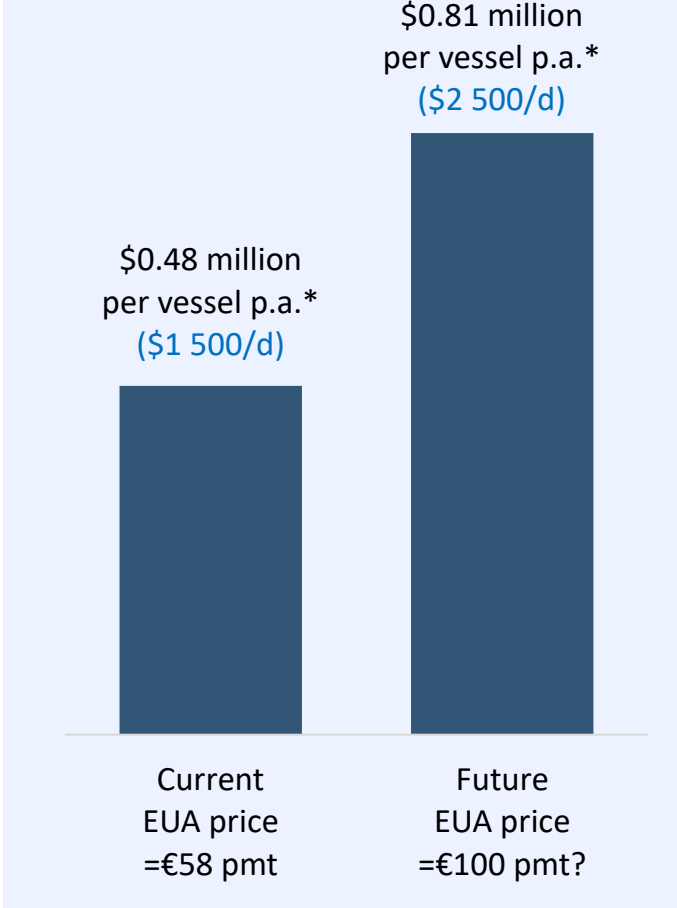
CO<sub>2</sub> emission in MT per RV Brazil-Continent



## Continued steep rise in EUA prices this spring



## Large savings in ETS costs by using CLEANBUs (2026)



# Decarbonization becoming key part of KCC's customer discussions

Being the lowest carbon shipping provider “open doors”



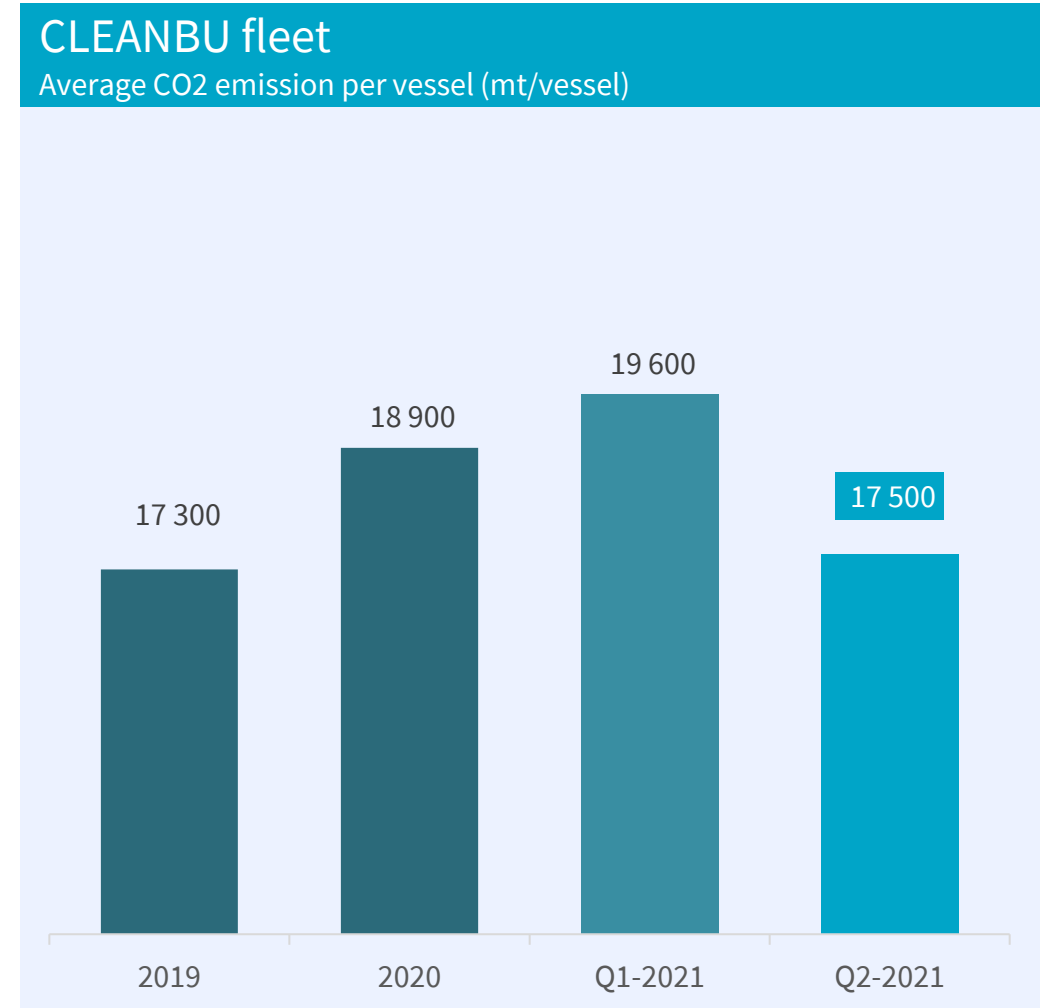
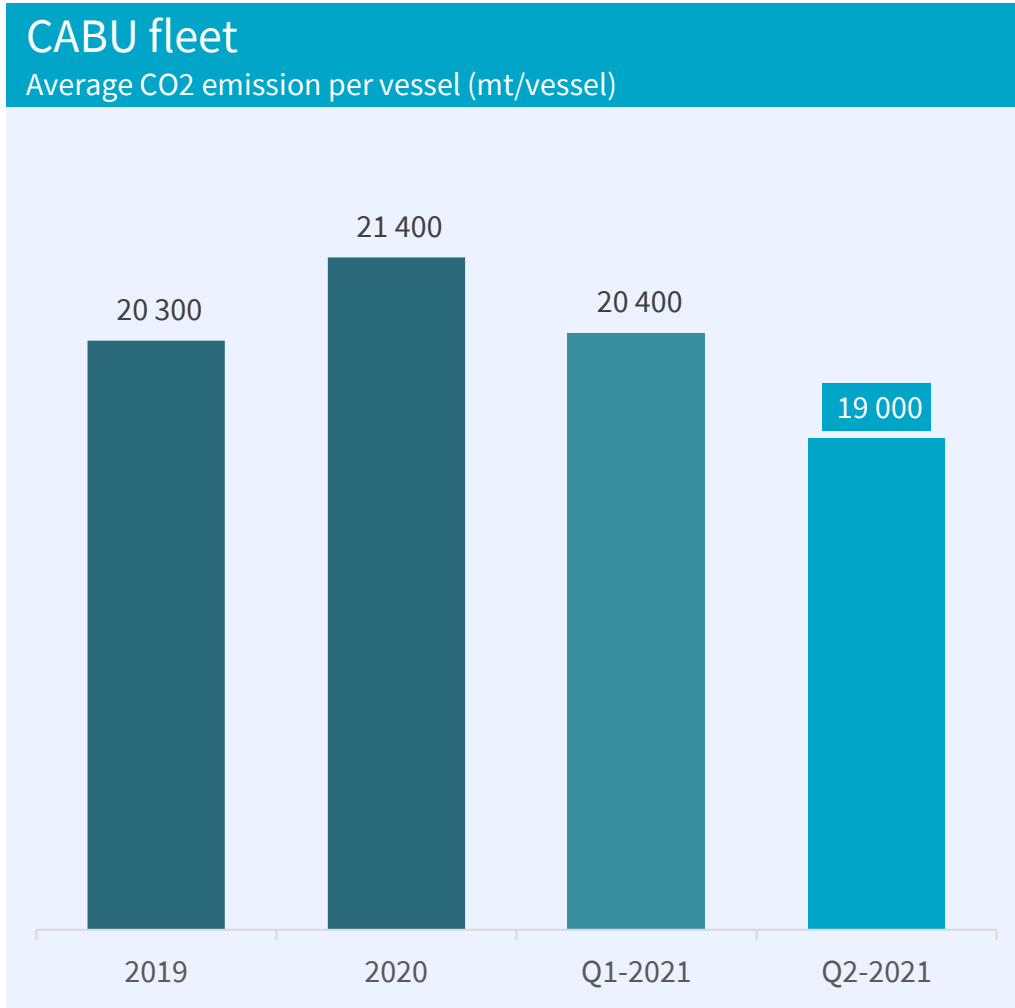
KCC includes emission reporting as part of all new main COAs

If you can't measure it, you can't manage it!

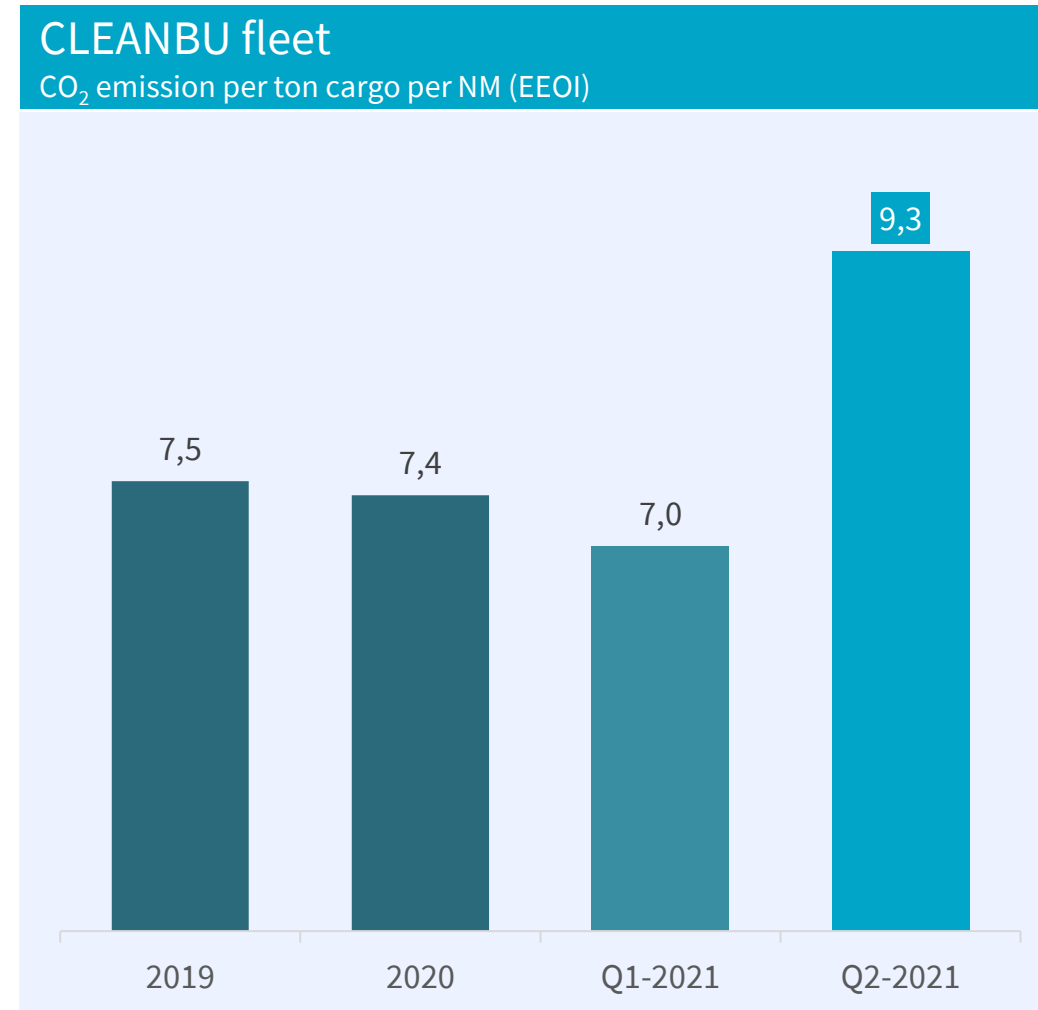
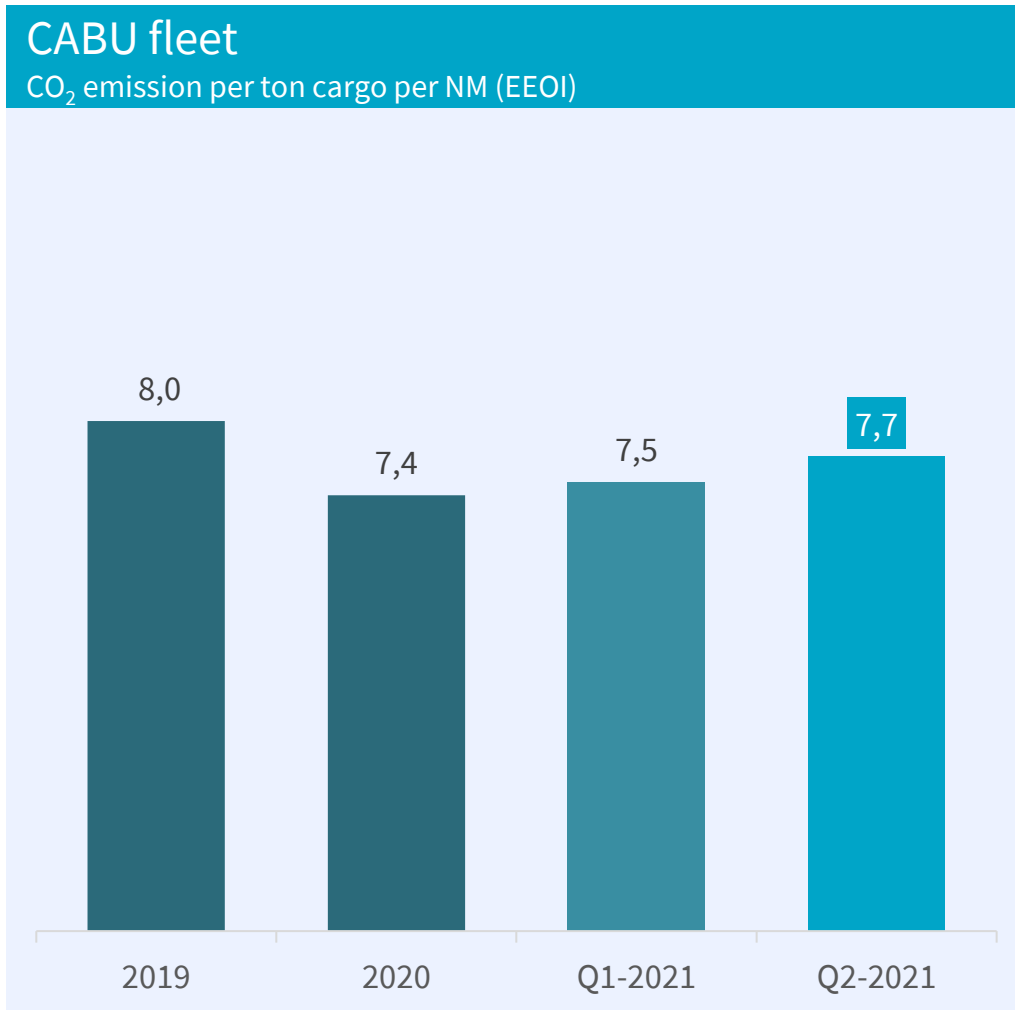
Closer co-operation with customers to cut emission

- Carbon emission baseline
- Carbon emission reduction targets
- Carbon pricing mechanism

# Average CO2 emissions per vessel on the right track



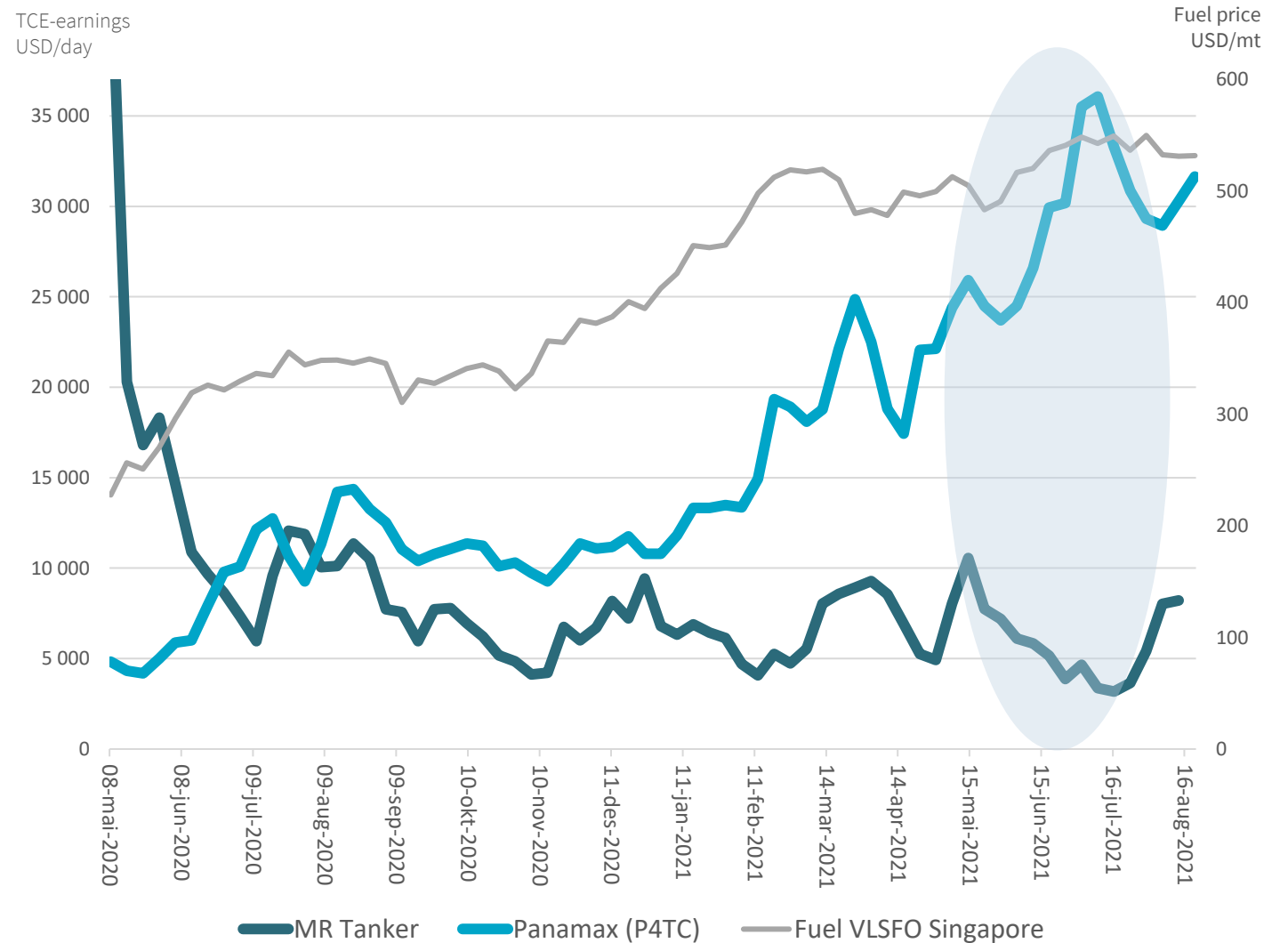
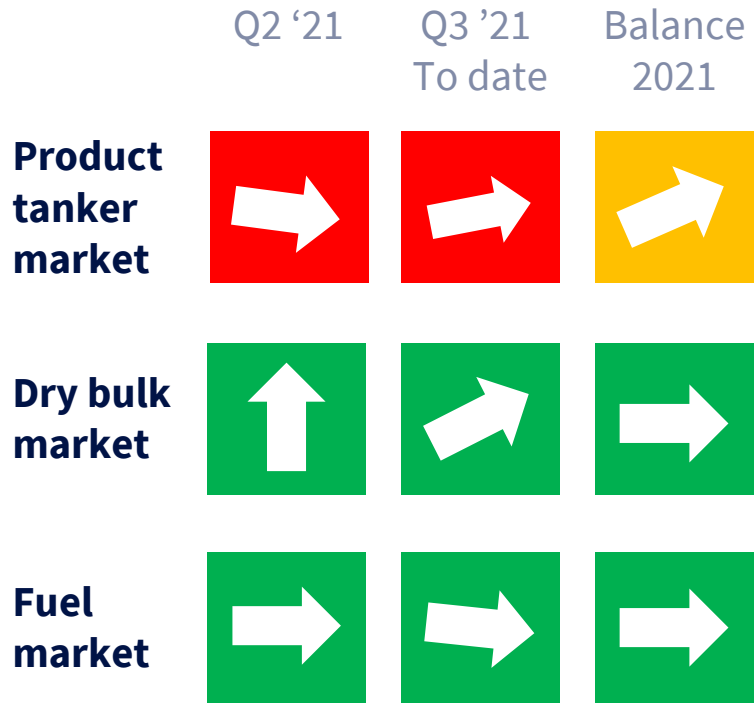
# Carbon intensity - temporary negative effect of CLEANBU dry trading





- 1 The most carbon efficient deep-sea shipping solution
- 2 Diversified market exposure and COA portfolio reduce earnings volatility**
- 3 Premium earnings vs. standard vessels

# Flexibility and diversification from 3 markets reduce KCC's earnings volatility

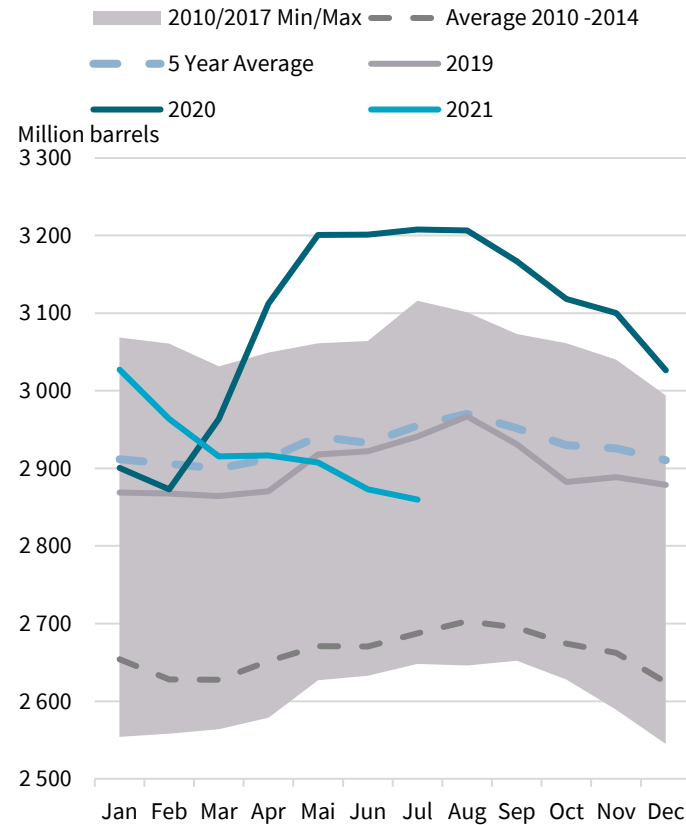


# Rebalancing of the tanker market continues

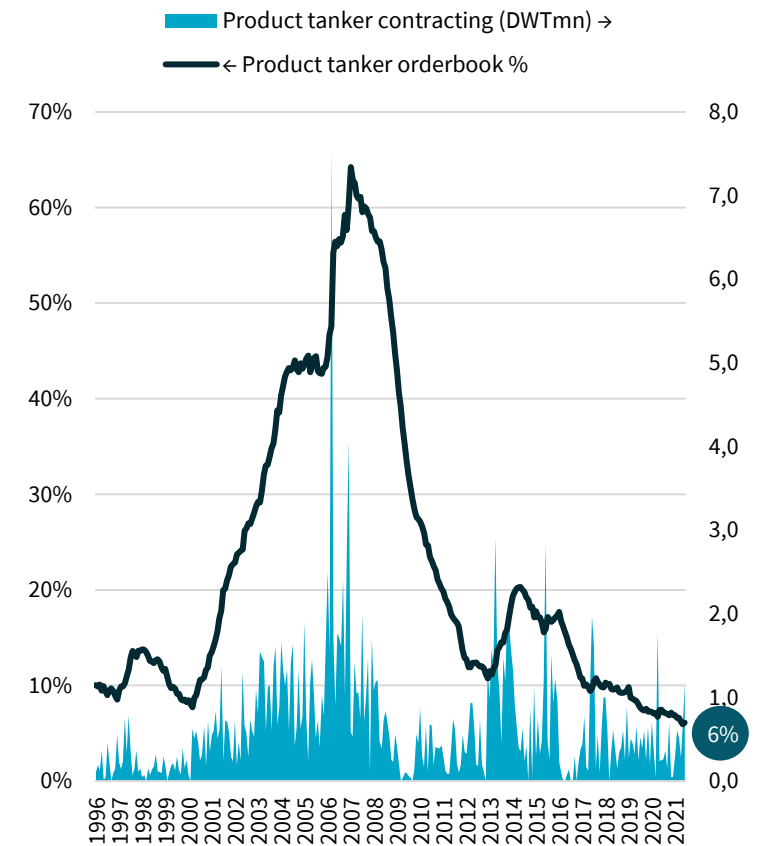
## Oil consumption improving but still below 2019 levels



## OECD Oil stocks below 5-year average



## Continued expected low fleet growth and orderbook



Source: EIA, Clarksons SIN

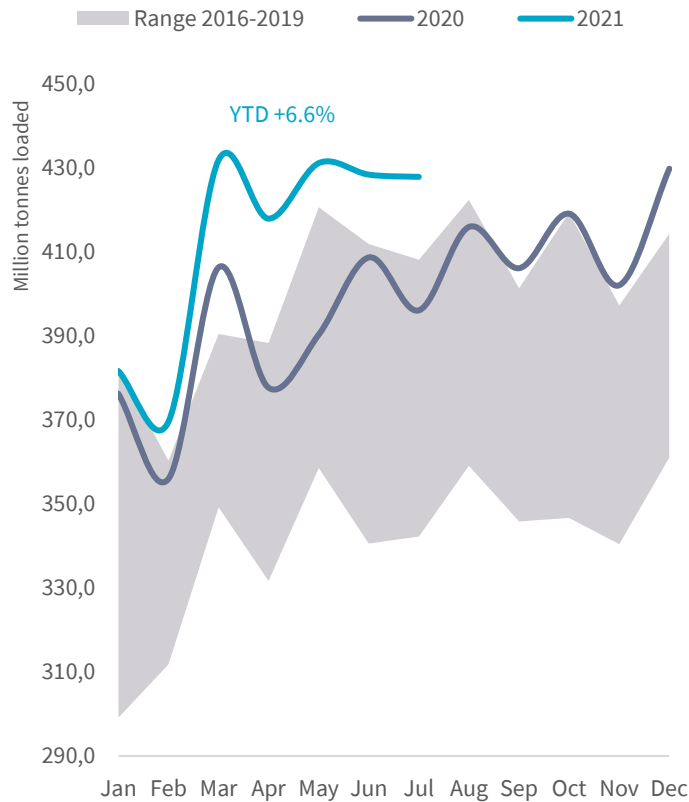
# Booming dry bulk market with strong fundamentals

Solid dry bulk demand growth

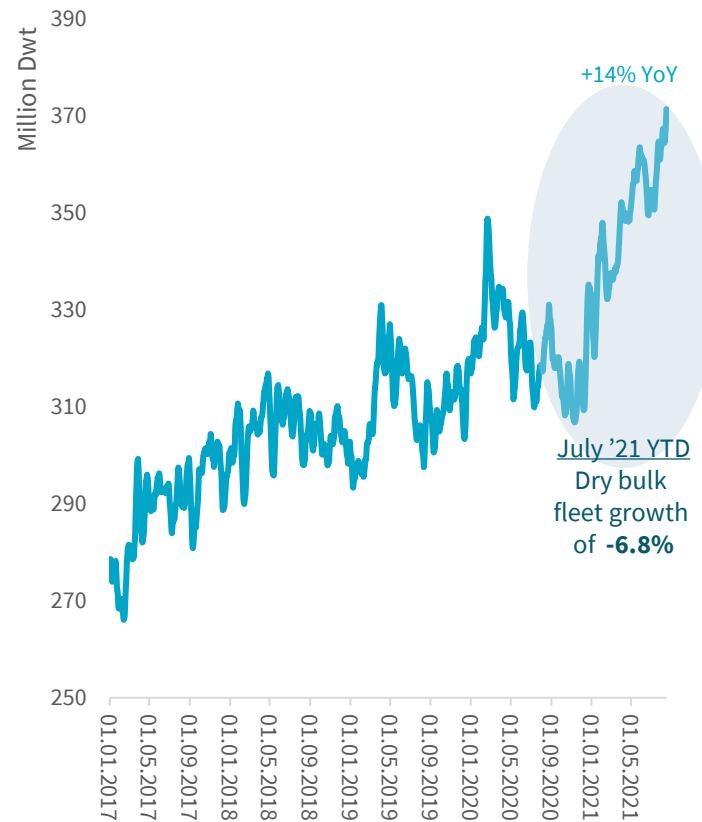
Negative effective fleet growth with build up of congestion

Orderbook at an all time low. Low contracting to date

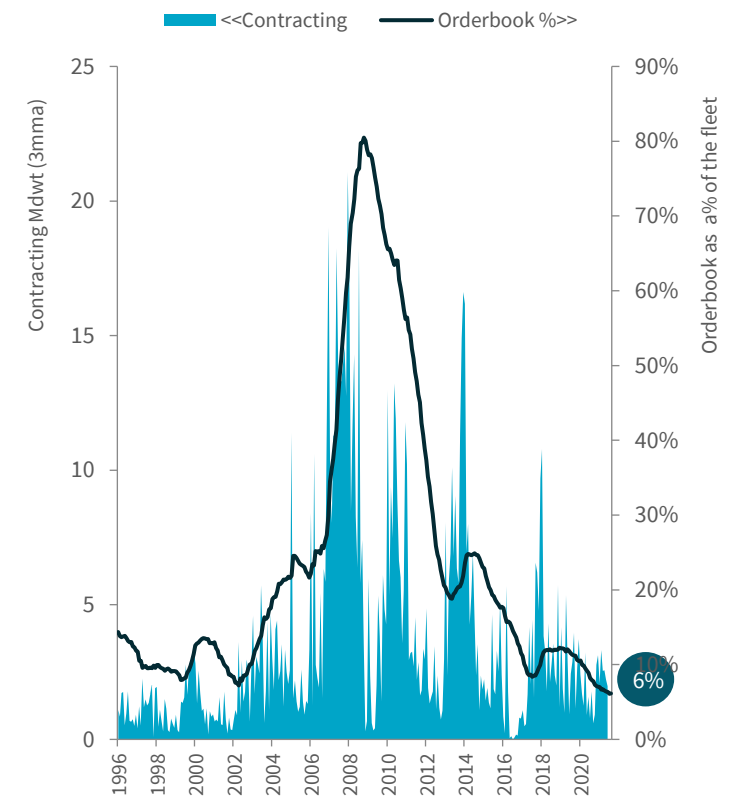
Seasonal trade development



Drybulk Congestion



Dry Bulk Order Book in % of fleet

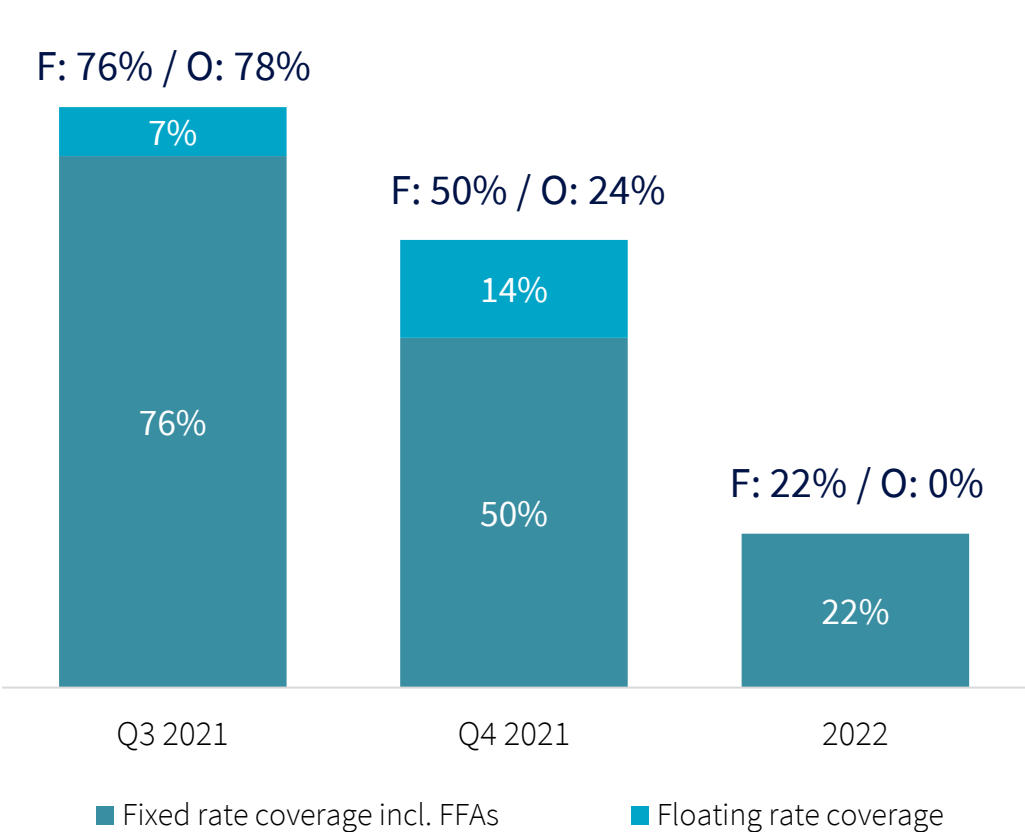


Source: Klavness Research

# Positioning for strong dry bulk and tanker markets in 2022

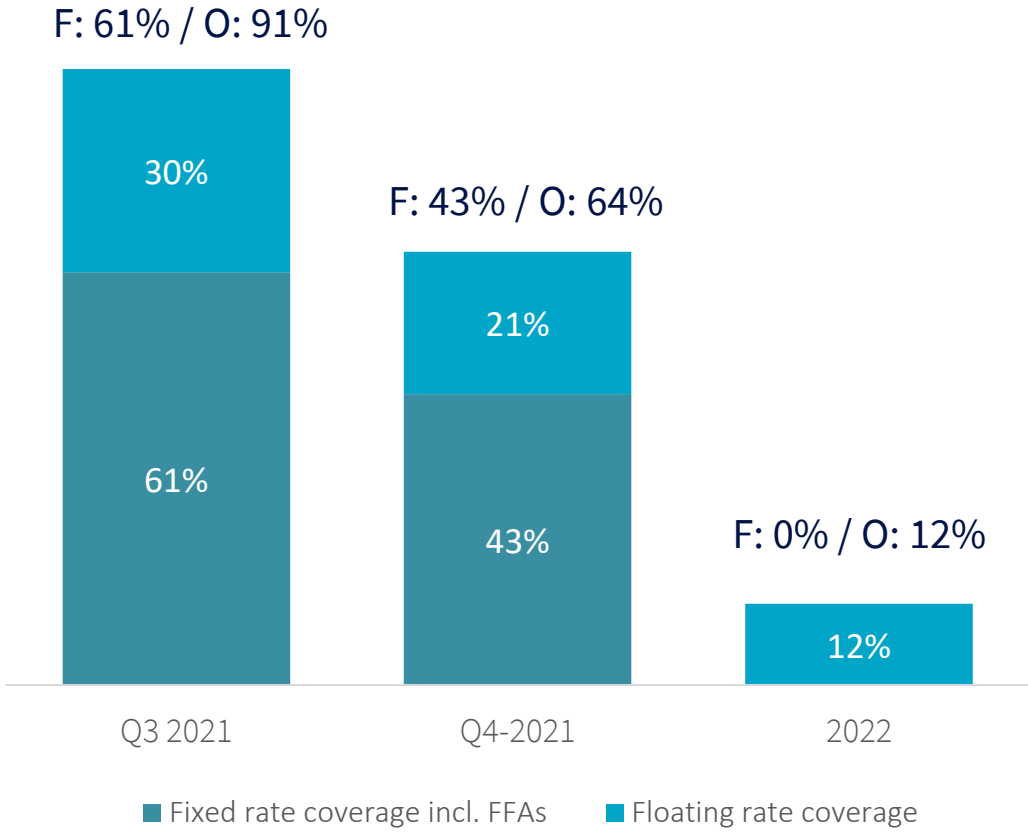
## Dry bulk market coverage<sup>1</sup>

Coverage as % of on-hire days



## Tanker market coverage<sup>1</sup>

Coverage as % of on-hire days

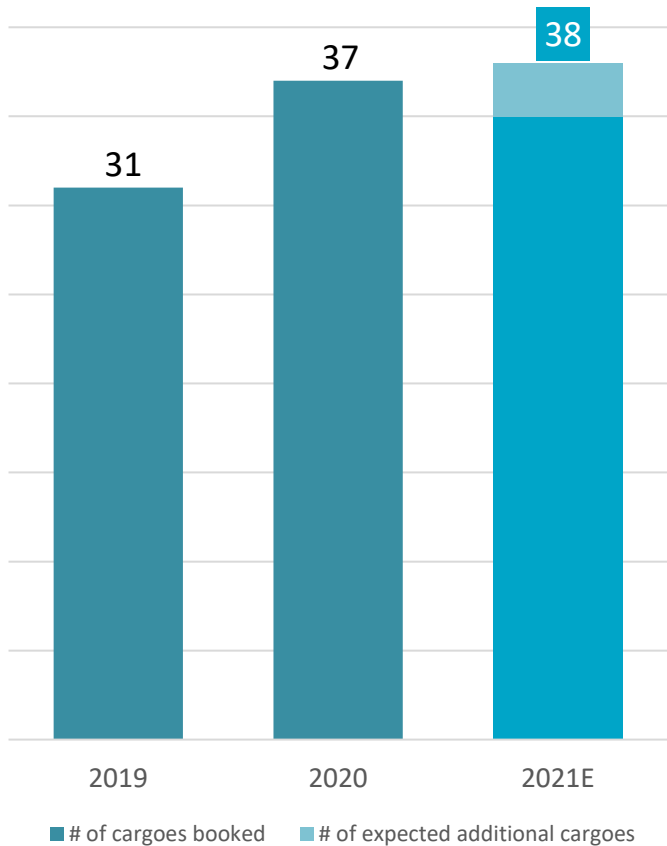


1) Coverage for total fleet as per 23 August 2021, F = fixed rate coverage (fixed rate contracts/cargoes + FFAs), O = Operational coverage (fixed rate and index linked contracts/cargoes)

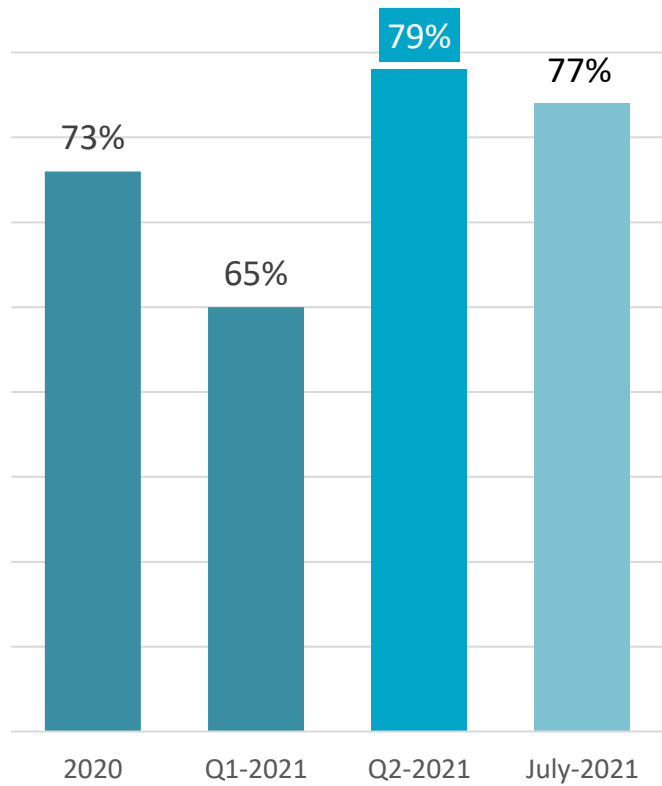
- 1 The most carbon efficient deep-sea shipping solution
- 2 Diversified market exposure and COA portfolio reduce earnings volatility
- 3 Premium earnings vs. standard vessels**

# Efficient CABU combi-trading based on strong caustic soda cargo booking

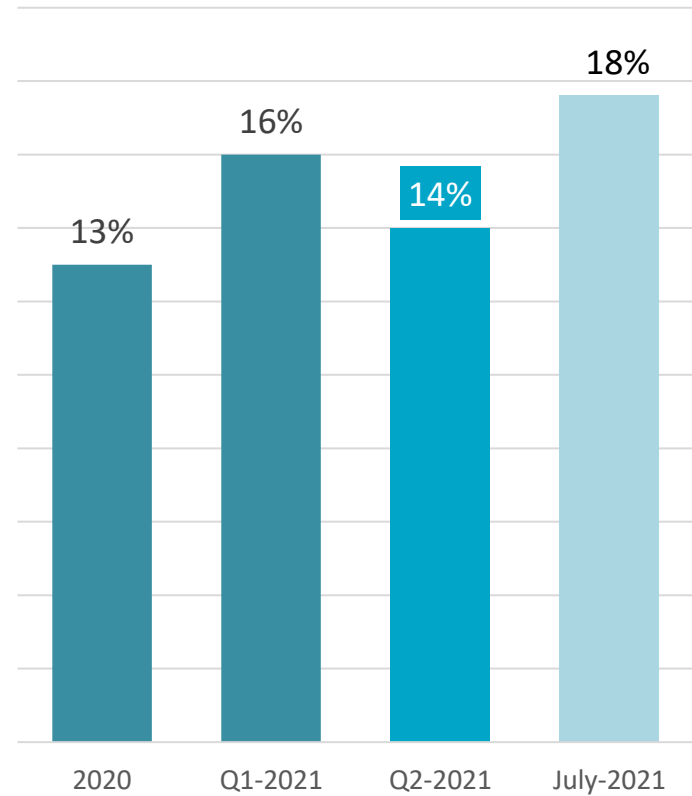
# of caustic soda cargoes to Australia



CABU % days in combi

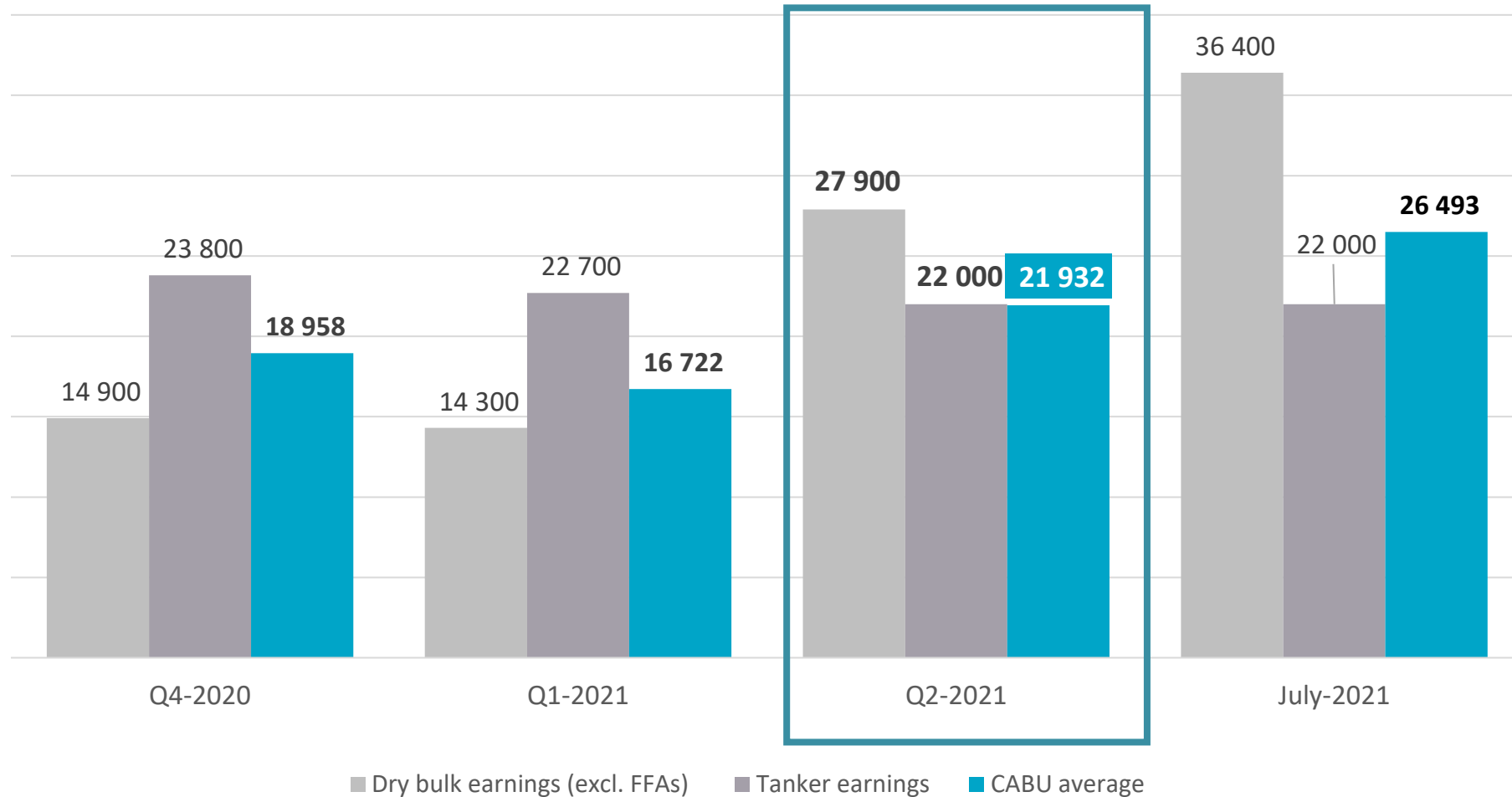


CABU Ballast %



# Strong dry bulk market and efficient combi-trading delivers strong CABU earnings

Quarterly CABU TCE Earnings USD per on-hire day

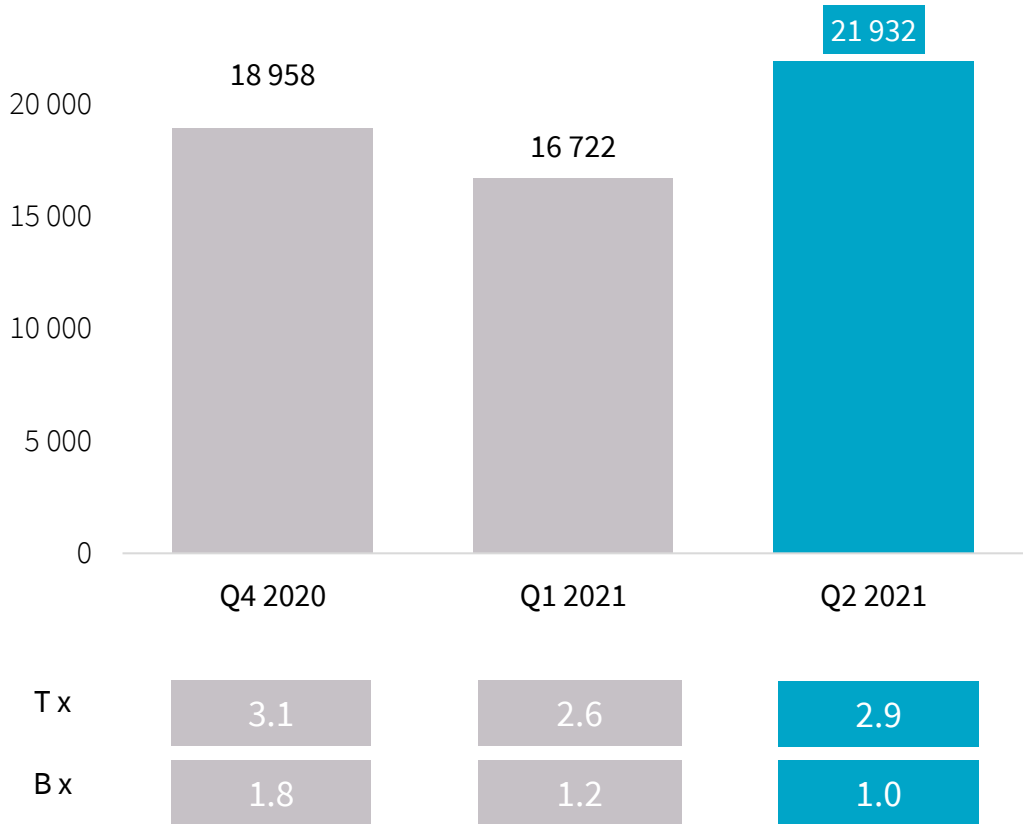


Note: CABU TCE Earnings per onhire day is an alternative performance measure (please see slide 45 in enclosures for more details). Dry bulk earnings and tanker earnings USD per on-hire day are reconciled in enclosures page 46.

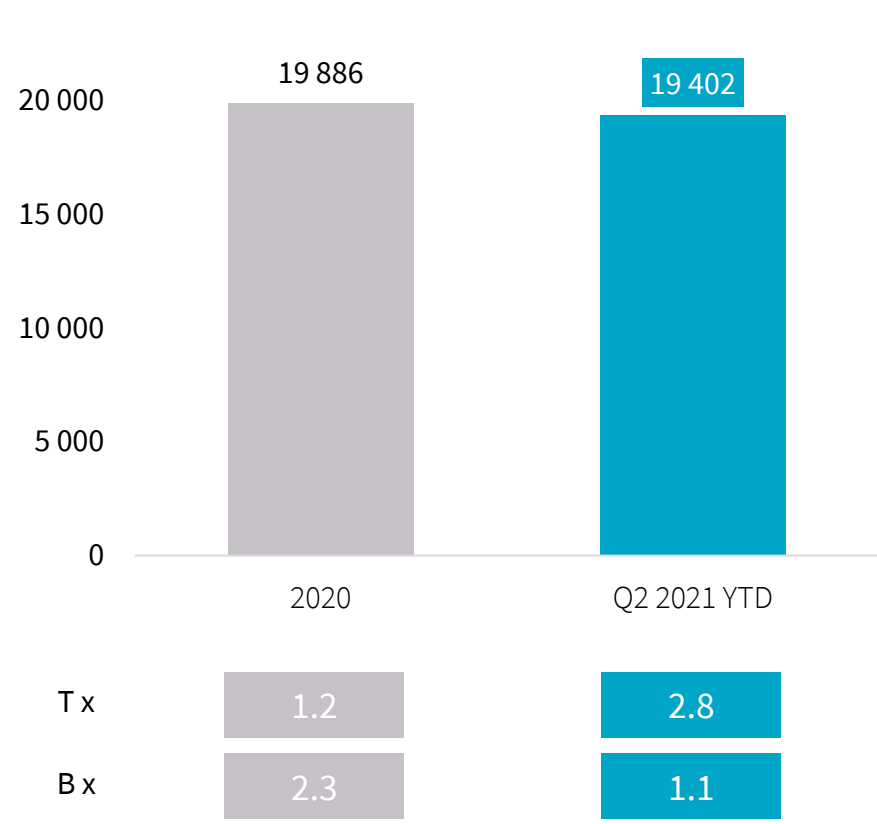


# Strong CABU Q2 TCE earnings vs. standard markets

Quarterly CABU TCE Earnings USD per on-hire day

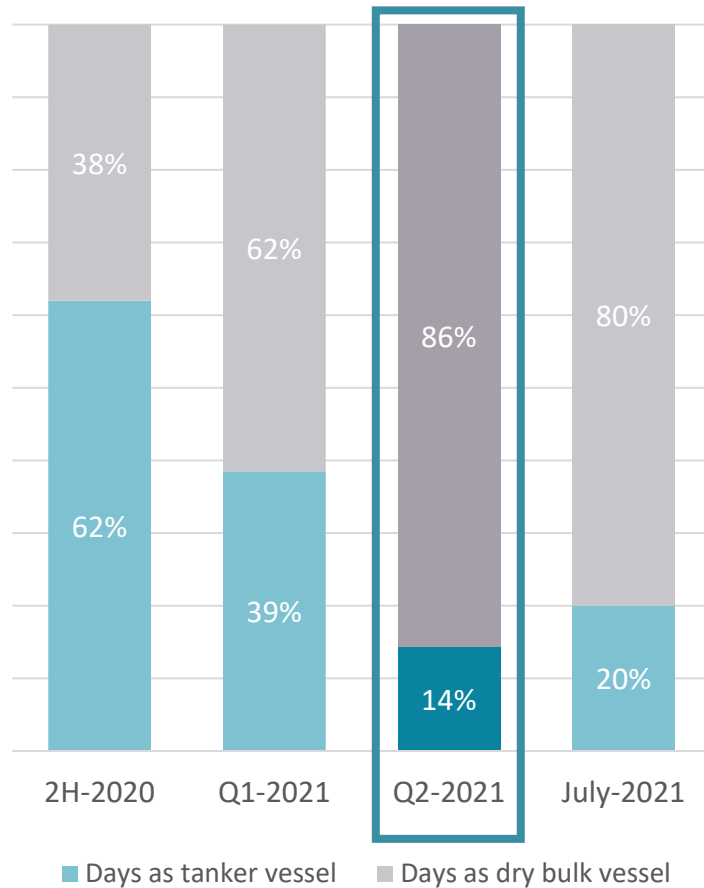


Annual CABU TCE Earnings USD per on-hire day

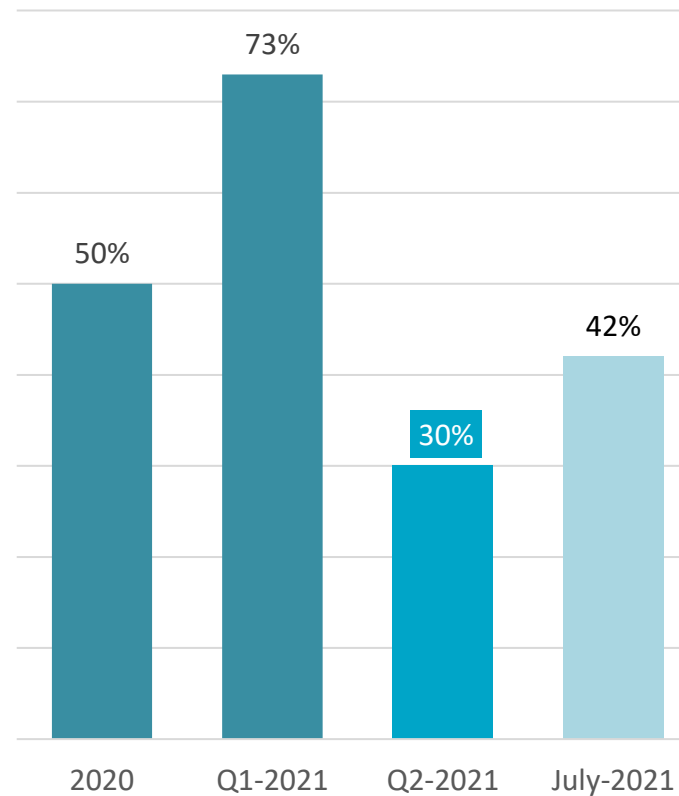


# Switching CLEANBU capacity to dry trading in a historical weak tanker market

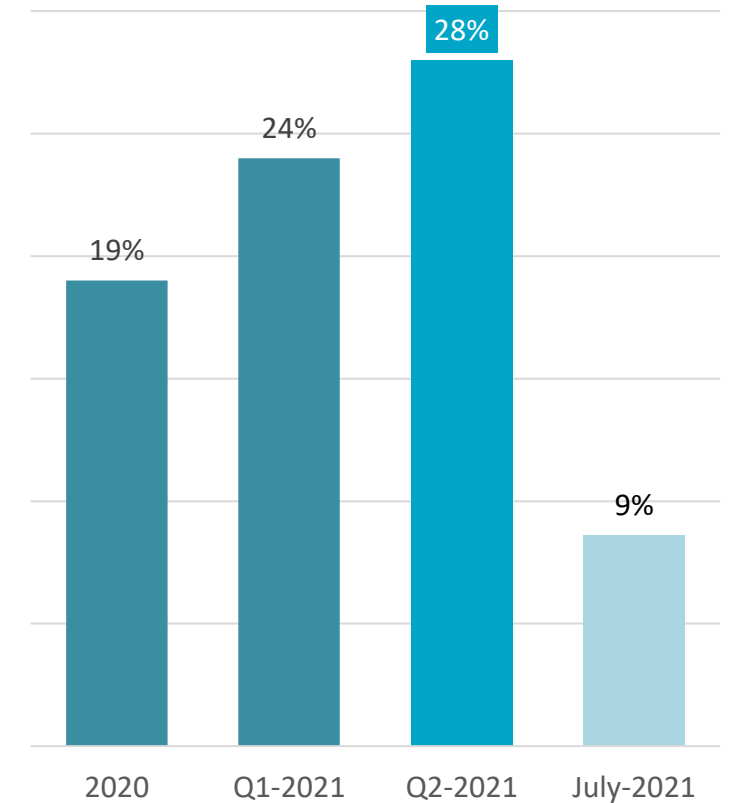
% of days in tanker and dry bulk trades



CLEANBU % days in combi



CLEANBU Ballast %



Note: CABU TCE Earnings per on-hire day is an alternative performance measure (please see slide 45 in enclosures for more details),  
 Dry bulk and tanker earnings excl. positive or negative results of FFA s  
 Days as tanker and dry bulk vessel includes both combi-trading and trading as standard dry bulk and tanker vessel

# CPP customer backing brings CLEANBUs back in combi in Q3

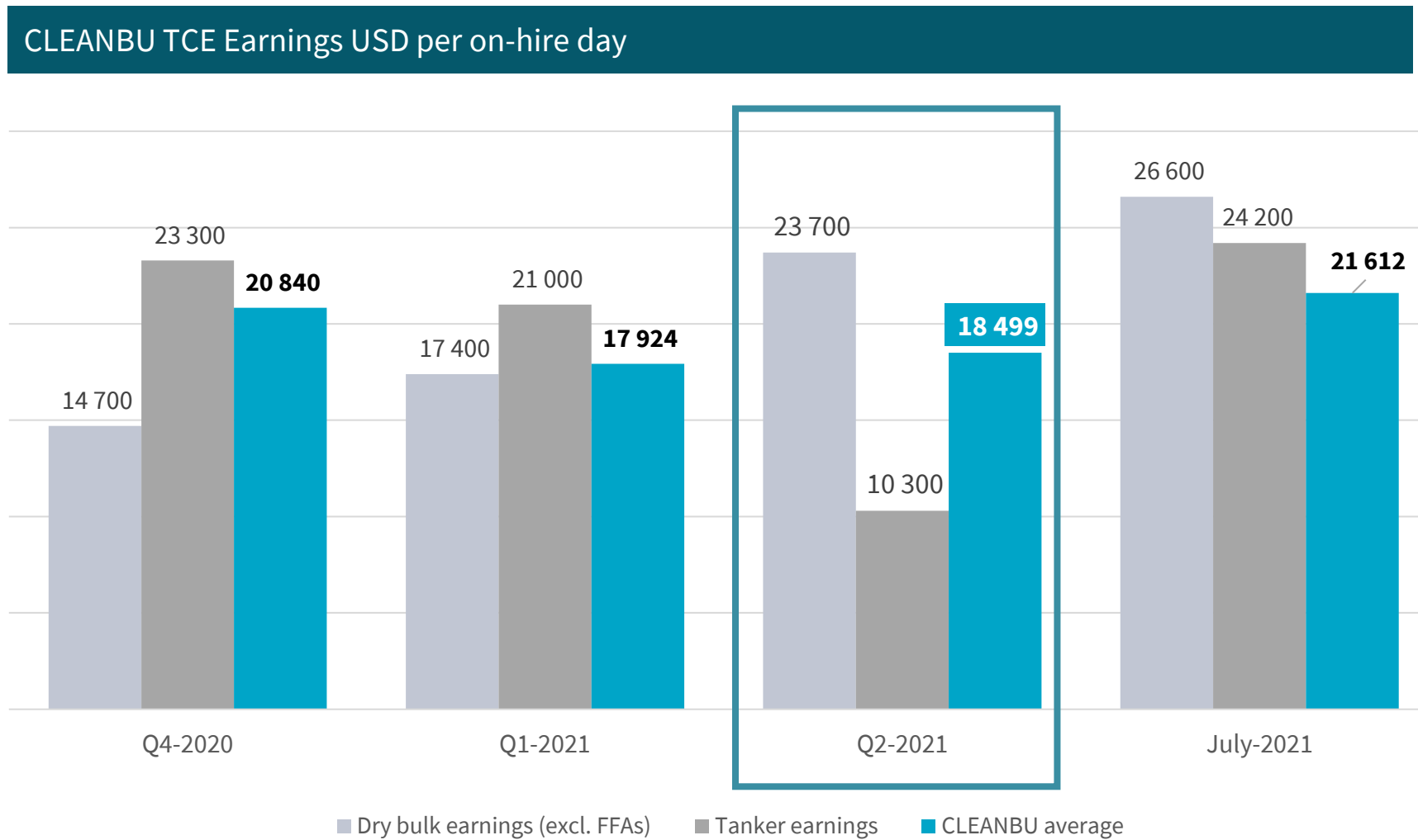
- New CPP COA employs 1-1.5 CLEANBU vessels in target combi trades
- First combi-voyage fixed to West Africa
- CPP combi-shipments fixed for 5 vessels for end August-early September

**Efficient combi-  
trading will improve  
CLEANBU earnings in  
2H 2021**

Performed and potential CLEANBU CPP/dry bulk combi-trades



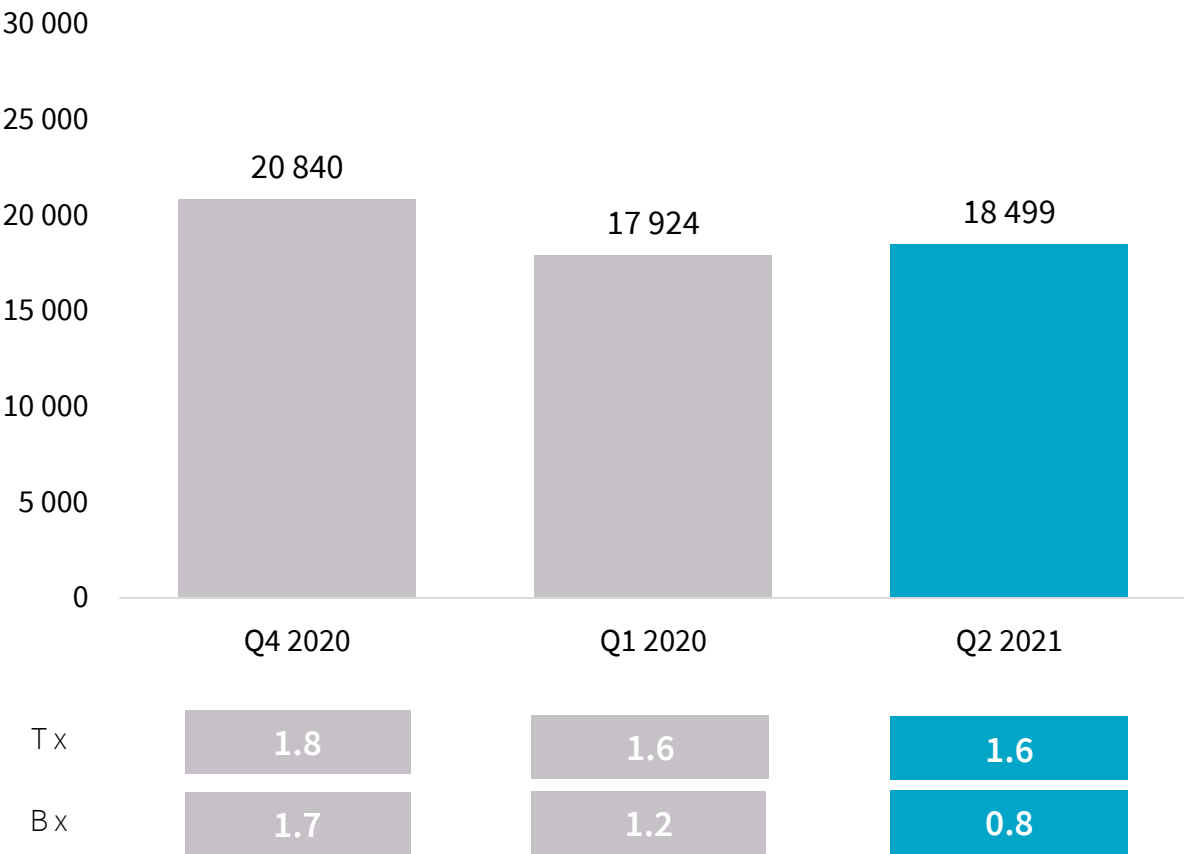
# Improving CLEANBU earnings supported by strong dry bulk market



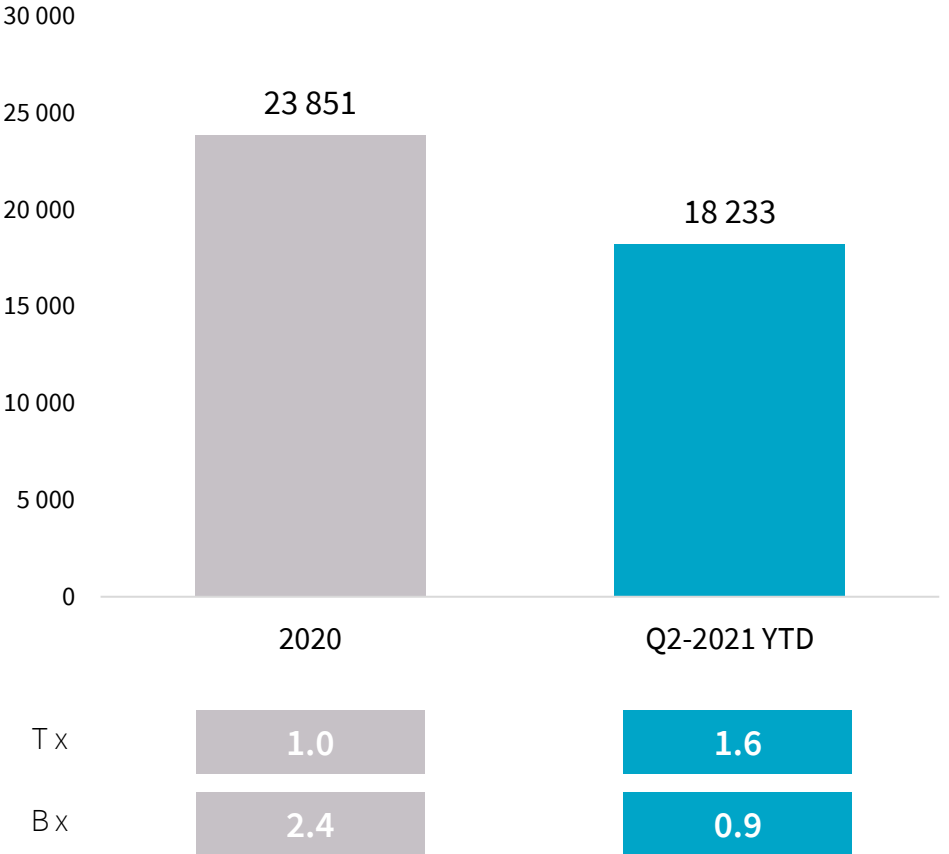
Note: CLEANBU TCE Earnings per onhire day is an alternative performance measure (please see slide 45 in enclosures for more details), Dry bulk earnings and tanker earnings USD per on-hire day are reconciled in enclosures slide 46.

# CLEANBUs TCE earnings substantially outperforming standard tankers

Quarterly CLEANBU TCE earnings USD per on-hire day



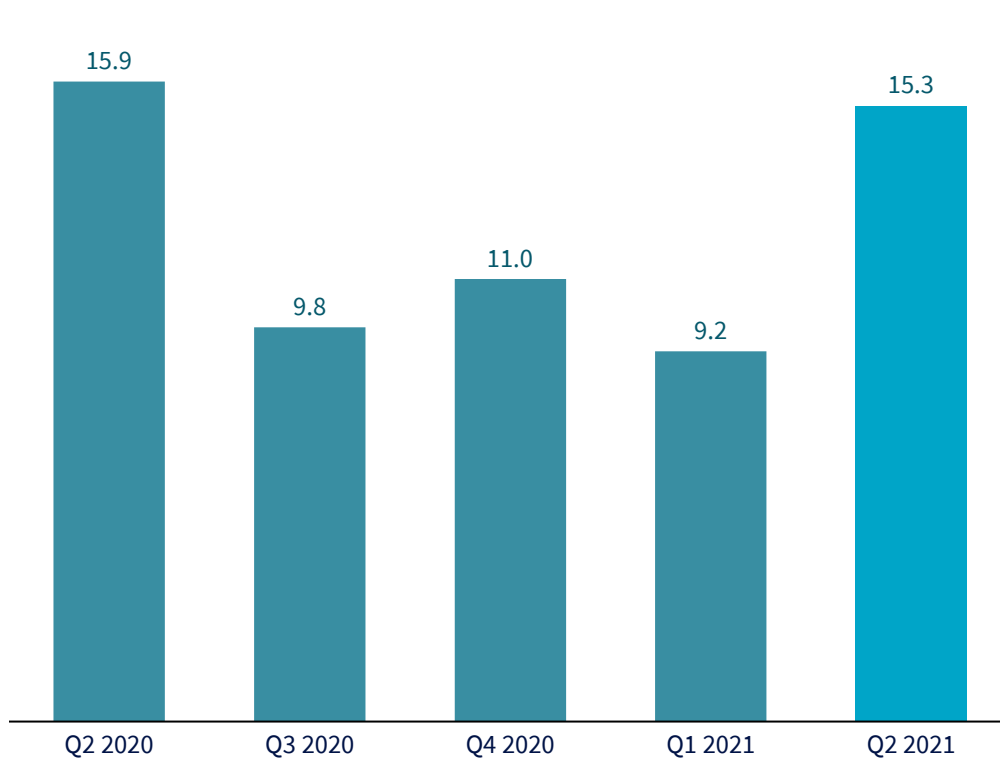
Annual CLEANBU TCE earnings USD per on-hire day



Source: Clarksons, Baltic Exchange  
 Note: CLEANBU TCE Earnings USD per on-hire day is an alternative performance measure (please see slide 45 in enclosures for more details)  
 T x = LR1 Tanker multiple and B x = kamsarmax dry bulker multiple.  
 Dry bulk and MR Tanker TCE-earnings assume one month advance cargo fixing / "lag"

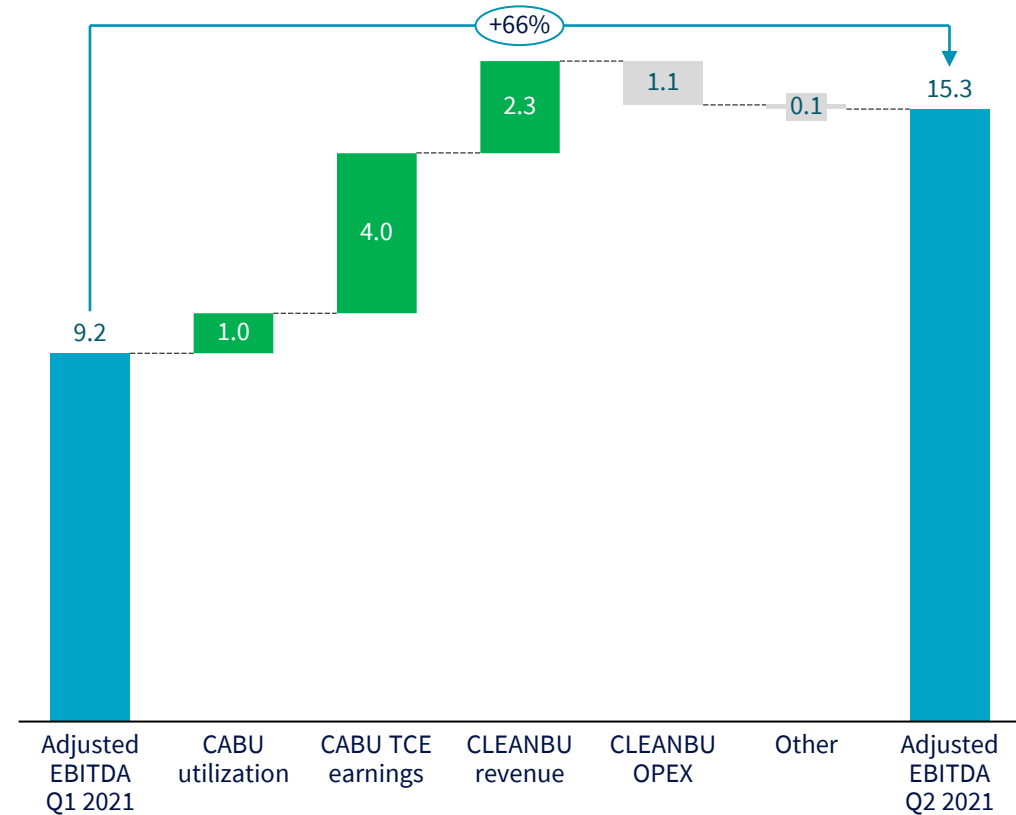
# Adjusted EBITDA up 66% Q-o-Q mainly driven by higher CABU revenue

Adjusted EBITDA<sup>1</sup> last five quarters (MUSD)



Quarter-on-quarter adjusted EBITDA<sup>1</sup> (MUSD)

Q2 2021 vs Q1 2021

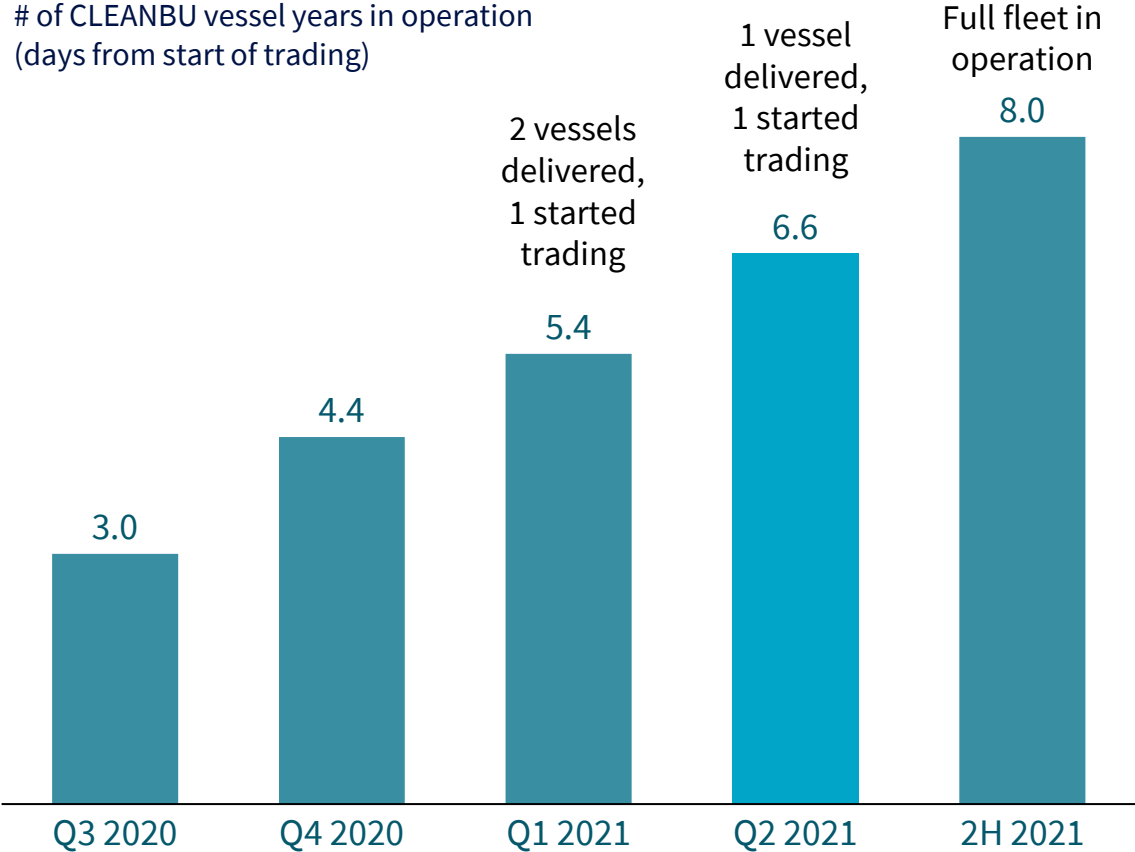


1) Adjusted EBITDA is an alternative performance measure (please see slide 45 in enclosures for more details)

# Last newbuild delivered in Q2

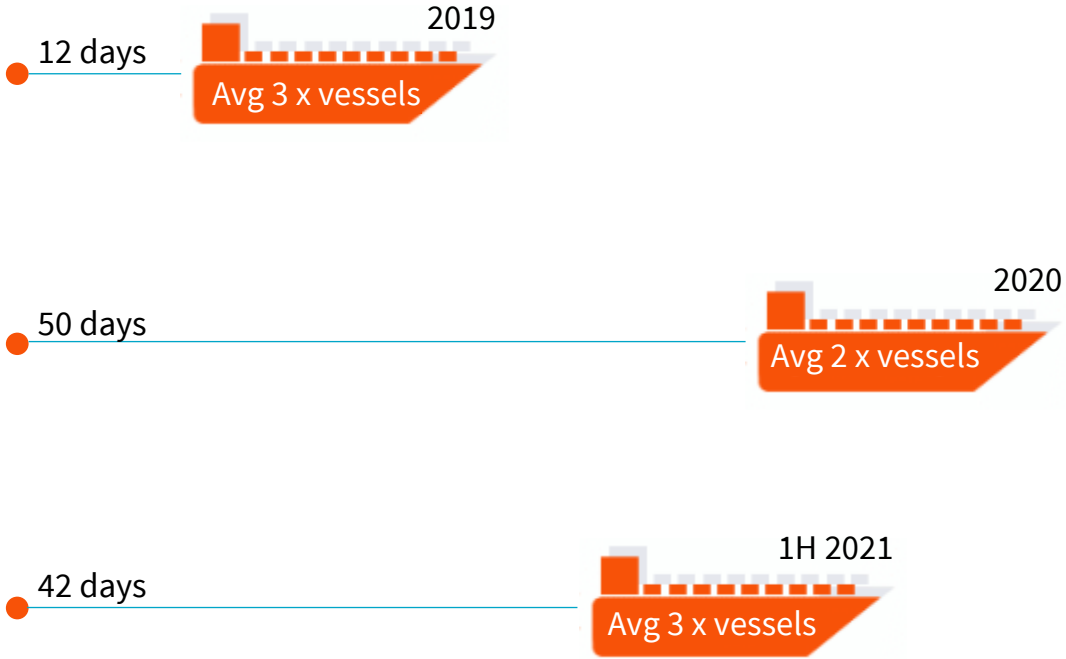
## CLEANBU fleet development

# of CLEANBU vessel years in operation (days from start of trading)



## Newbuild take-over to trading

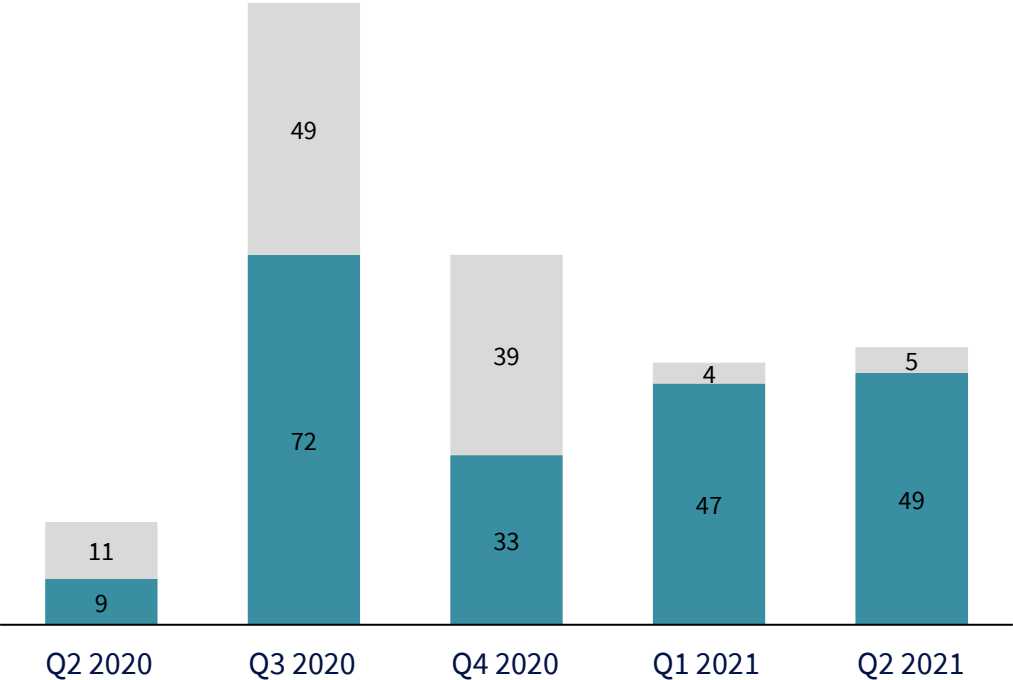
# days from delivery to start of trading has increased due to COVID-19



# Stable off-hire and OPEX/day compared to Q1 2021

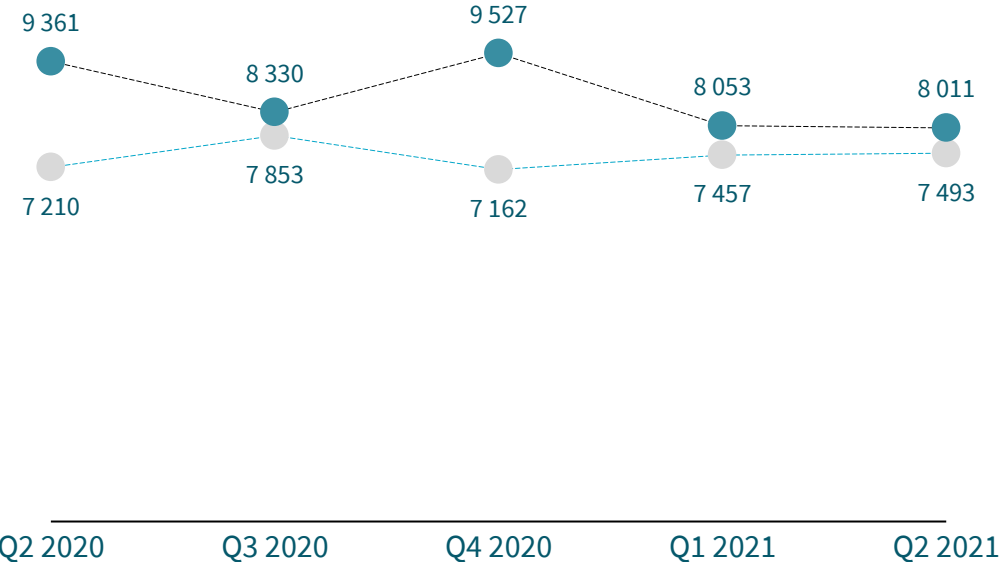
## Off-hire days

Off-hire un-scheduled    Off-hire scheduled



## OPEX \$/day

CABU    CLEANBU



1) CABU/CLEANBU OPEX/day is an alternative performance measure (please see slide 45 enclosures for more details)

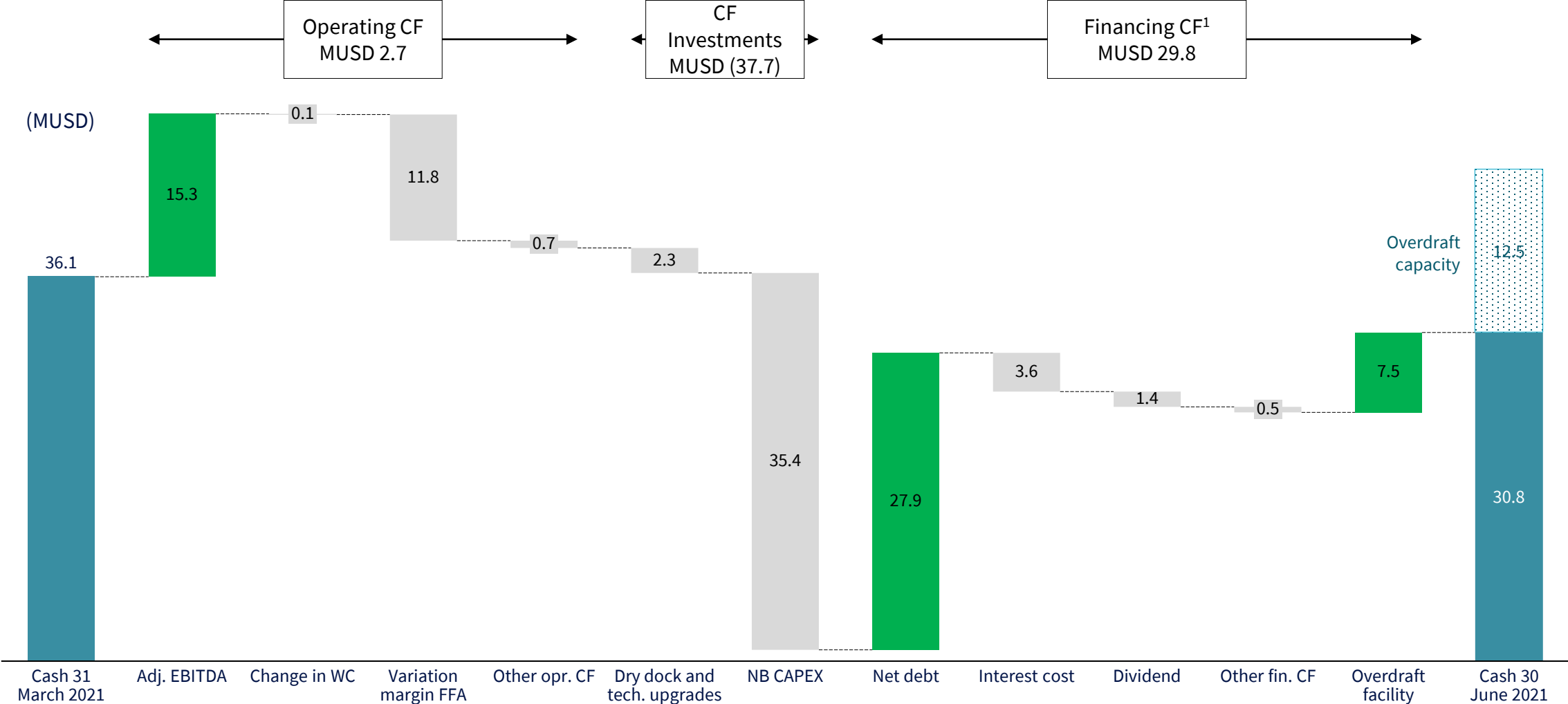


# Significantly improved results Q-o-Q

Income statement (MUSD)	Q2 2021	Q1 2021	Δ%	1H 2021	1H 2020
Net revenue	28.3	21.1	34%	49.5	47.9
Operating expenses, vessels	(12.6)	(11.2)	13%	(23.7)	(16.8)
SG&A	(1.6)	(1.7)	(5)%	(3.3)	(2.6)
<b>EBITDA</b>	<b>14.2</b>	<b>8.3</b>	<b>71%</b>	<b>22.4</b>	<b>28.5</b>
<b>EBITDA adjusted</b>	<b>15.3</b>	<b>9.2</b>	<b>66%</b>	<b>24.5</b>	<b>28.7</b>
Depreciation	(7.0)	(7.0)	1%	(14.0)	(8.7)
<b>EBIT</b>	<b>7.1</b>	<b>1.3</b>	<b>457%</b>	<b>8.4</b>	<b>19.8</b>
Net financial items	(3.7)	(3.3)	10%	(7.0)	(7.2)
<b>Profit/(loss)</b>	<b>3.5</b>	<b>(2.0)</b>	<b>270%</b>	<b>1.4</b>	<b>12.6</b>
EPS (cents/share)	7.3	(4.3)	270%	2.9	26.4
DPS (cents/share)	4.5	3.0	50%	7.5	6.0
ROCE <sup>1</sup>	5.5%	1.5%	+4%-points	3.5%	8.7%

<sup>1</sup> Annualized EBIT for the quarter or for the six-months period

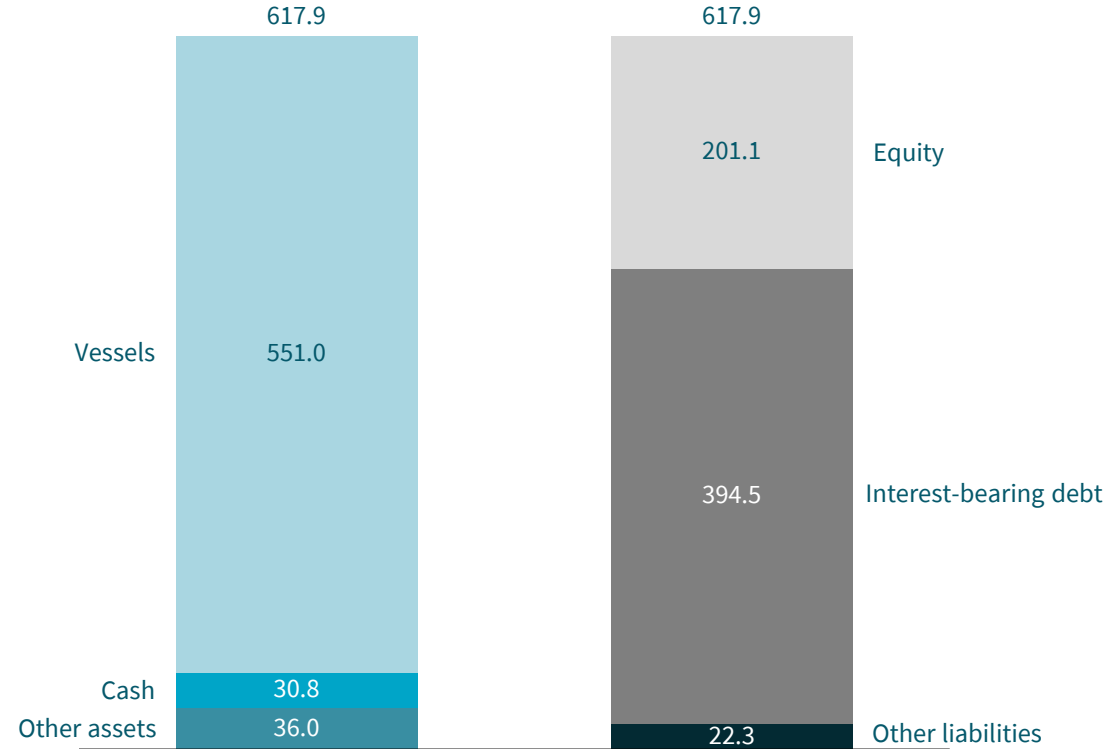
# Cash position solid though temporarily impacted by FFA cash settlement



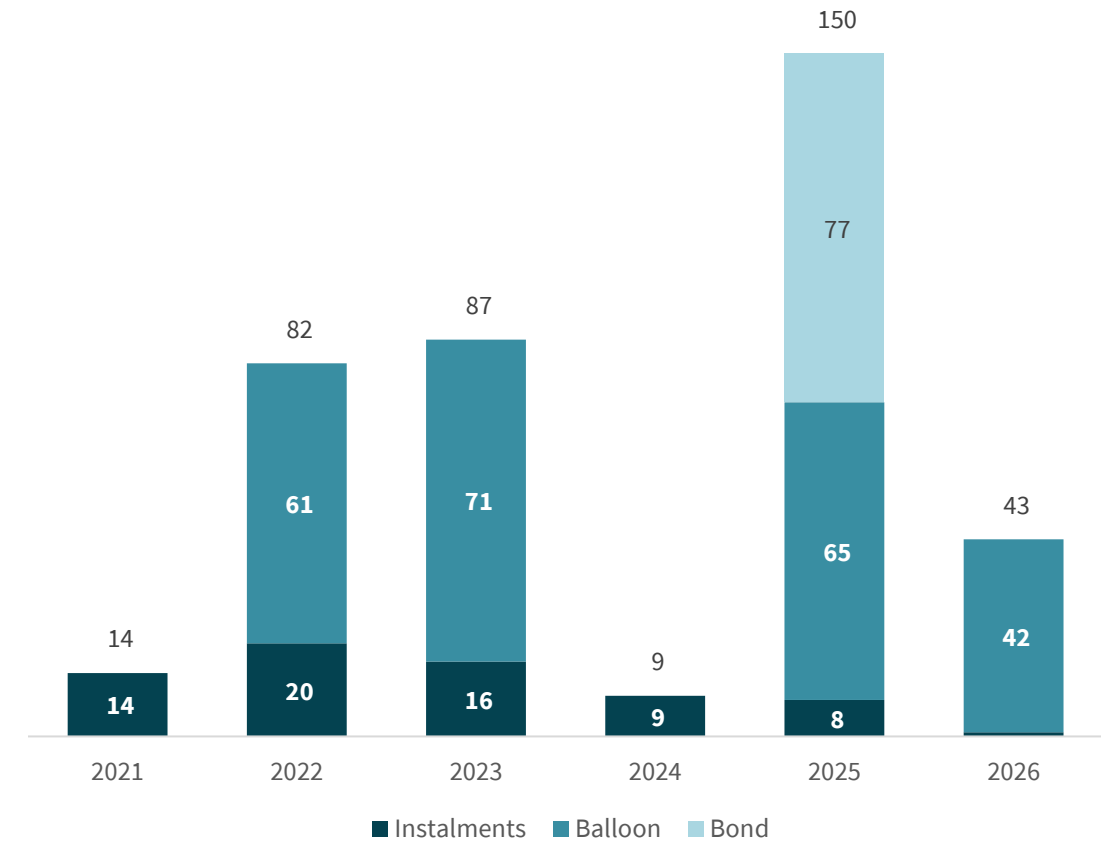
<sup>1</sup> Includes drawdown of MUSD 7.5 on short-term overdraft facility part of cash and cash equivalents in balance sheet

# Equity ratio bottoming out at 32.5% after delivery of last newbuild

**Balance sheet per 30 June 2021**



**Debt maturity profile<sup>1</sup>**



1) Overview assumes drawdown on RCF facilities as of 30.06.2021, overdraft facility not included in overview, bond shown at hedged USD amount

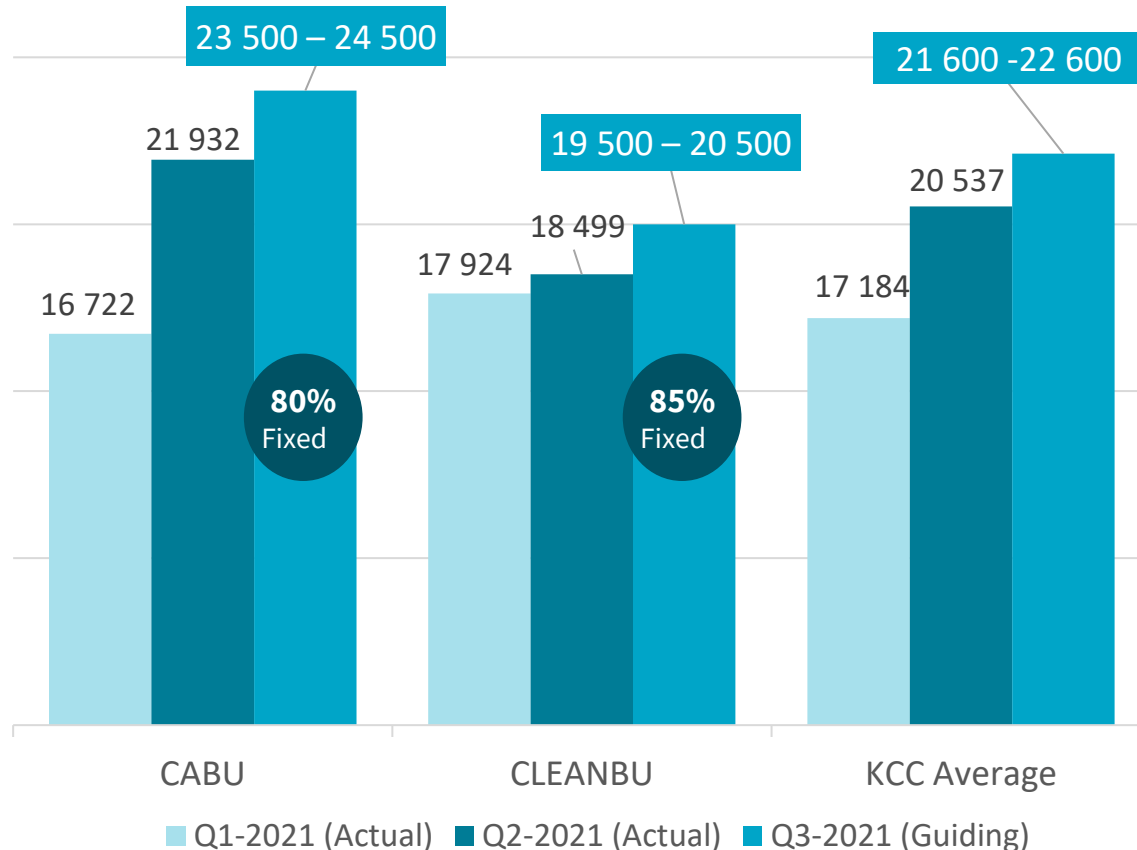
# Summary & Outlook

# Summary & outlook Q3-Q4 2021

## Stronger Q3 2021 TCE earnings guiding

## Q4 2021 Outlook<sup>1</sup>

TCE earnings USD/day CLEANBU)



**Basis current dry bulk and tanker FFA-curve, earnings outlook for Q4 2021 is currently as follows:**

### CABU

- 53% of capacity fixed (fixed+floating rate)<sup>2</sup>
- TCE earnings of **\$23-25,000/day**

### CLEANBU

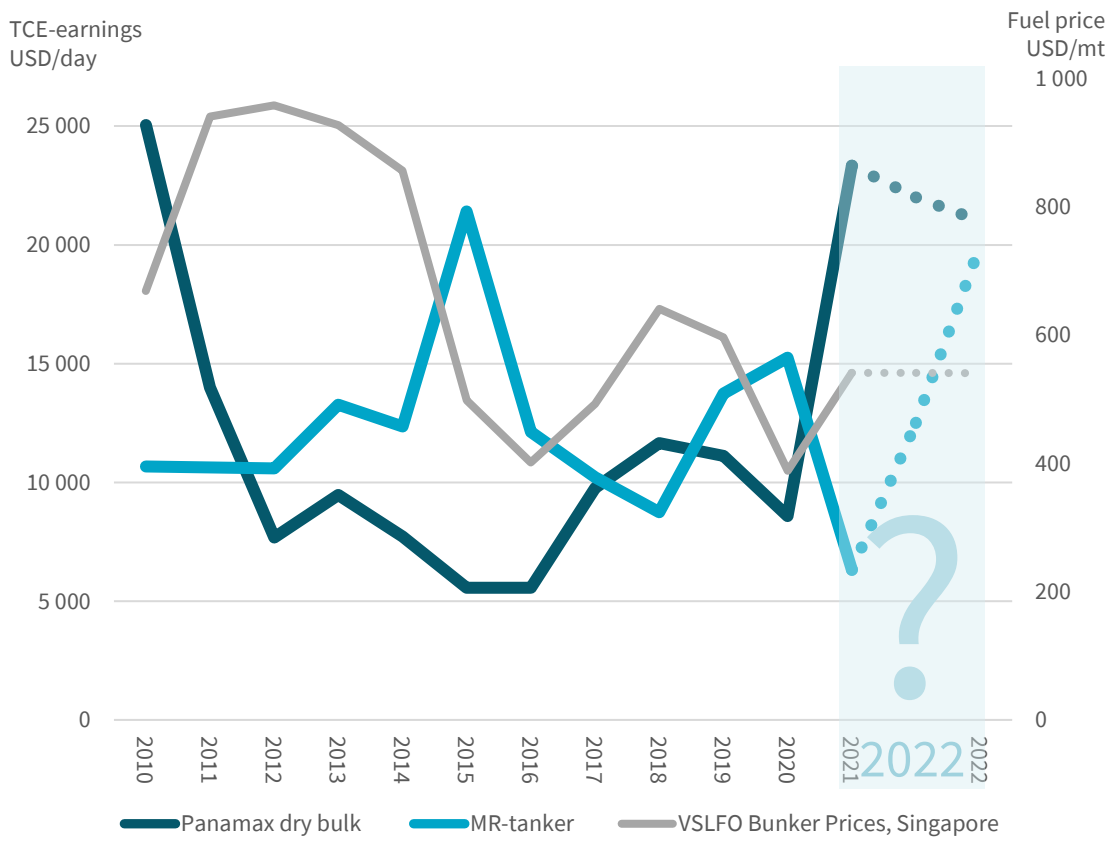
- 10% of capacity fixed (fixed+floating rate)<sup>2</sup>
- CPP fixtures in Q3 2021 will bring vessels into dry bulk loading areas in Q4 2021.
- TCE earnings of **\$23-26,000/day**

Note: CABU and CLEANBU TCE Earnings USD per onhire day are alternative performance measure (please see slide 45 in enclosures for more details)

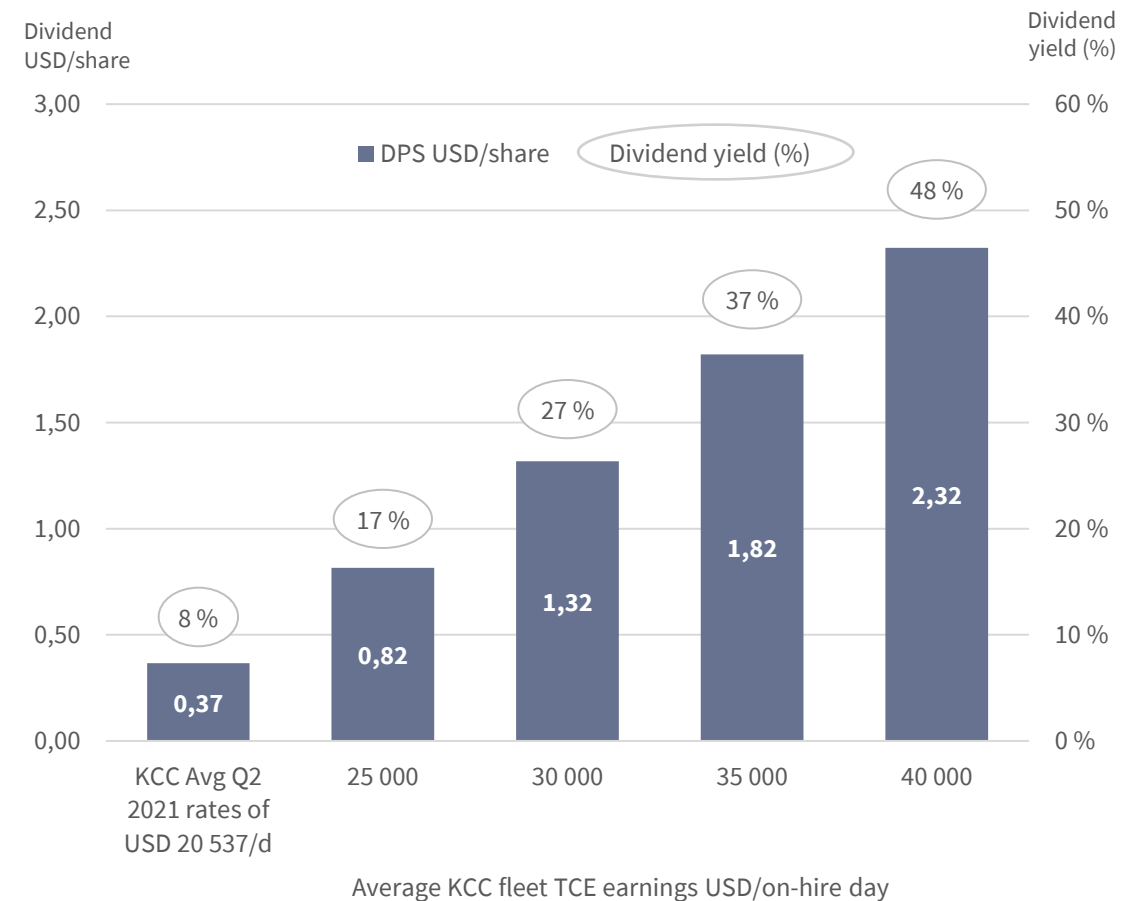
1) Q4-2021 earnings outlook is based on panamax dry bulk FFA-rates (P4TC) of \$30,000/d and LR1 tanker spot rates in Middle East-Japan trade (TC5) of WS 119 for Q4-2021

# Summary & outlook 2022

Prospects for concerted strong dry bulk, tanker and fuel markets in 2022



2022 dividend sensitivity<sup>1</sup>



1) Dividend yield calculated basis share price of NOK43/share and USDNOK rate of 8.85

# Future proof and profitable business model

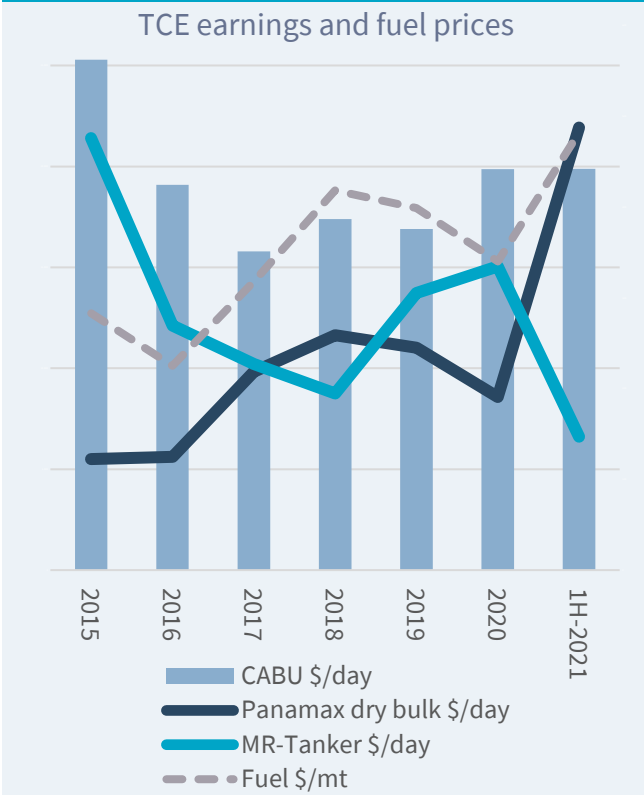
1

## Lowest carbon emission



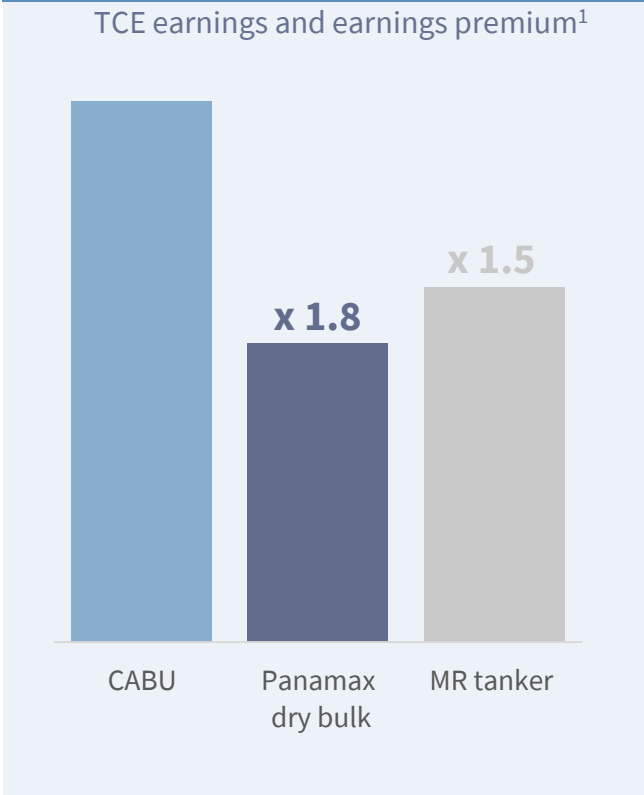
2

## Lower earnings volatility



3

## Higher earnings



1) Average CABU Earnings premium 2016-1H 2021



# FUTURE BOUND



# Enclosures



# Detailed 2021 contract coverage

## Contract coverage

### CABU: CSS contract coverage

<i># of days</i>	Q3-21	Q4-21	2H 2021	2022
Fixed rate COA/Spot	146	228	374	-
Floating rate COA	66	45	111	96
<b>Total contract days</b>	<b>212</b>	<b>273</b>	<b>485</b>	<b>96</b>
FFA coverage	-	-	-	-
<b>Available wet days</b>	<b>237</b>	<b>322</b>	<b>559</b>	<b>1 562</b>

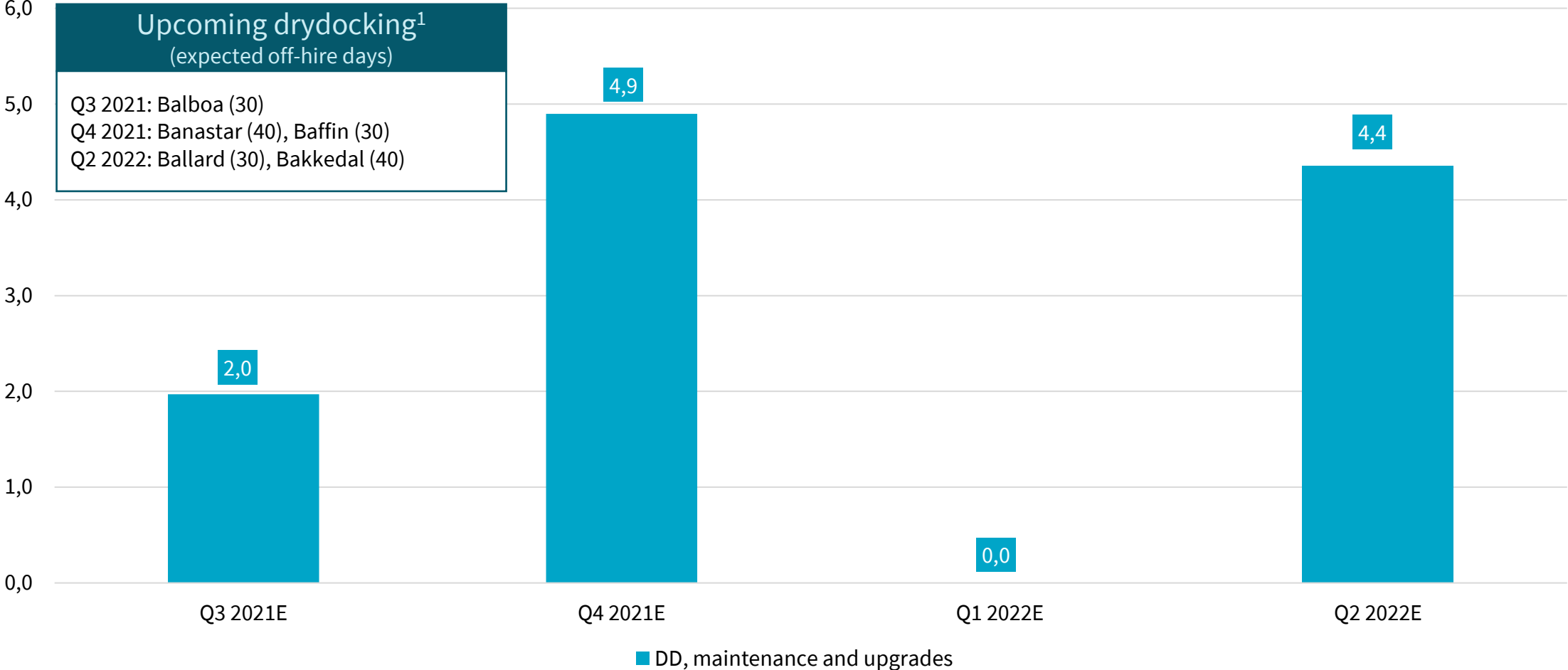
### CLEANBU: CPP contract coverage

<i># of days</i>	Q3-21	Q4-21	2H 2021	2022
Fixed rate COA/Spot	184	-	184	-
Floating rate COA	94	65	159	264
<b>Total contract days</b>	<b>278</b>	<b>65</b>	<b>343</b>	<b>264</b>
FFA coverage	-	-	-	-
<b>Available wet days</b>	<b>304</b>	<b>205</b>	<b>509</b>	<b>1 464</b>

### Dry bulk contract coverage

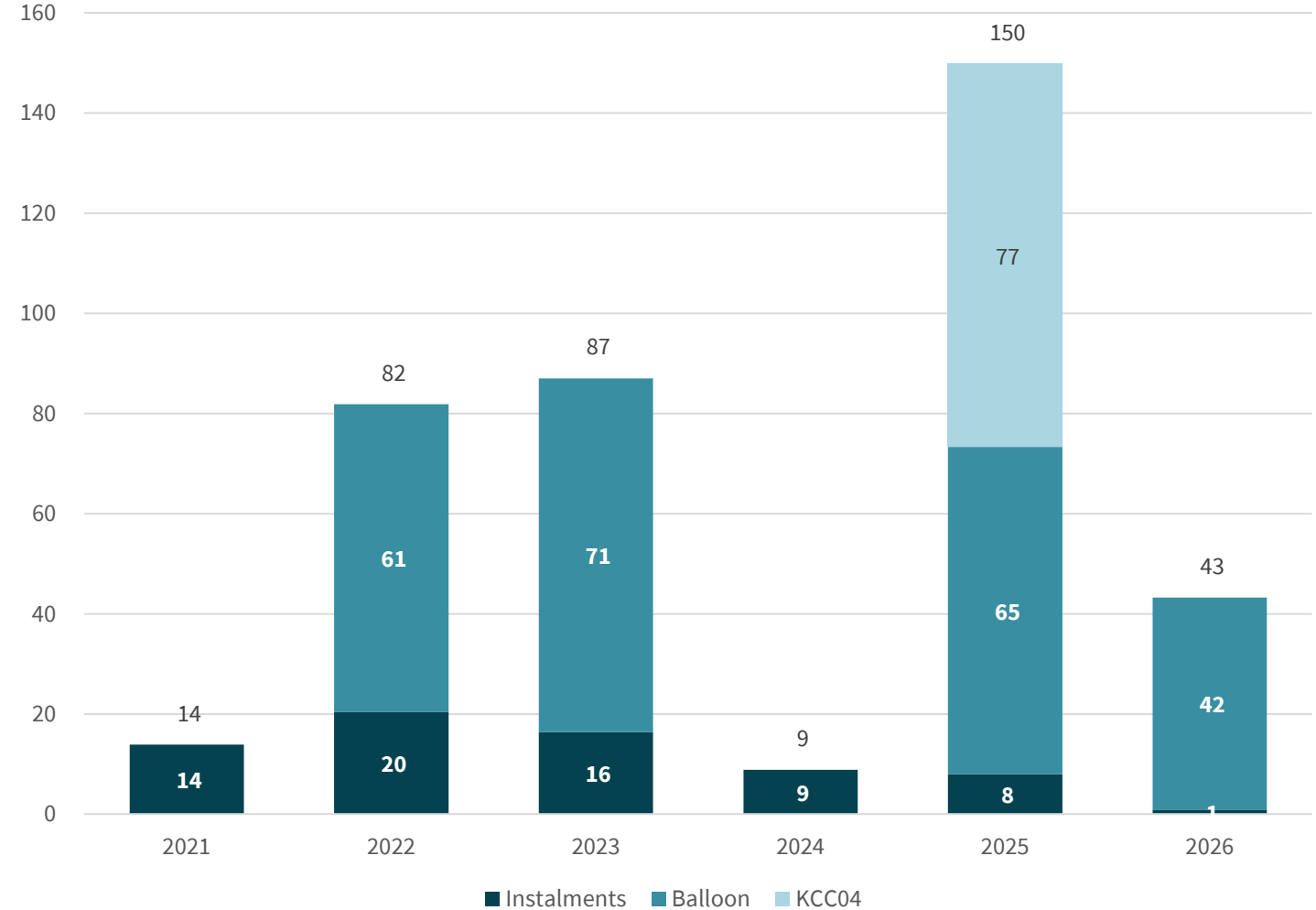
<i># of days</i>	Q3-21	Q4-21	2H 2021	2022
Fixed rate COA/Spot	592	92	684	-
Floating rate COA	59	126	185	-
<b>Total contract days</b>	<b>651</b>	<b>218</b>	<b>869</b>	<b>-</b>
FFA coverage	50	360	410	660
<b>Available dry days</b>	<b>840</b>	<b>908</b>	<b>1 748</b>	<b>3 009</b>
<b>Available dry days CABU</b>	447	444	891	1 595
<b>Available dry days CLEANBU</b>	393	464	857	1 414
<b>Average FFA price (\$/d) (P4TC)</b>	11 605	11 527	11 566	12 523

# Estimated CAPEX next 12 months (USDmn)



1) Period indicated is expected period in which drydocking will be finalized, off-hire may occur in previous period

# Debt schedule (USDmn)<sup>1</sup>



- Margin on vessel mortgage debt of 2.3 – 2.75% + LIBOR<sup>2</sup>
- Fixed rate swaps of USD109 million with varying durations and average fixed rate of 1.6%
- Bond loan swapped to USD fixed rate of 6.22% at USDNOK rate of ~9.15
- First vessel mortgage maturity falls due in March 2022 – the facility finances seven 2001 to 2017 built CABU vessels

1) Notes to repayment overview: Overview assumes drawdown on RCF facilities as of 30.06.2021, overdraft facility not included in overview, KCC04 shown at hedged USD amount  
 2) One debt facility also includes a sustainability margin adjustment of +/-10 bps depending on sustainability performance KPIs

# 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/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 and KCC Total TCE earnings per on-hire day for Q2 2021 and Q2 2021 YTD are reconciled in the quarterly report for Q2 2021, note 2 (page 15).
- CABU and CLEANBU and KCC Total TCE earnings per on-hire day for Q1 2021 are reconciled in the quarterly report for Q1 2021, note 2 (page 14).
- CABU and CLEANBU and KCC Total TCE earnings per on-hire day for Q4 2020 and 2020 are reconciled in the quarterly report for Q4 2020, note 2 (page 17-18).
- CABU and CLEANBU and KCC Total TCE earnings per on-hire day for Q3 2020 is reconciled in the quarterly report for Q3 2020, note 2 (page 16-17).
- CABU and CLEANBU and KCC Total TCE earnings per on-hire day for Q2 2020 are reconciled in the quarterly report for Q2 2020, note 2 (page 16-17).
- CABU and CLEANBU OPEX/day (\$/day) for Q2 2021 are reconciled in the quarterly report for Q2 2021, note 2 (page 15).
- CABU and CLEANBU OPEX/day (\$/day) for Q1 2021 are reconciled in the quarterly report for Q1 2021, note 2 (page 14).
- CABU and CLEANBU OPEX/day (\$/day) for Q4 2020 and 2020 are reconciled in the quarterly report for Q4 2020, note 2 (page 17-18).
- CABU and CLEANBU OPEX/day (\$/day) for Q3 2020 are reconciled in the quarterly report for Q3 2020, note 2 (page 16-17).
- CABU and CLEANBU OPEX/day (\$/day) for Q2 2020 are reconciled in the quarterly report for Q2 2020, note 2 (page 16).
- Adjusted EBITDA for Q2 2021, Q2 2021 YTD and Q2 2020 are reconciled in Note 11 (page 22-23) in Q2 2021 report published.
- Adjusted EBITDA for Q1 2021 and Q1 2020 are reconciled in Note 11 (page 21) in Q1 2021 report published. Adjusted EBITDA for Q4 2020 and 2020 are reconciled in Note 11 (page 25) in Q4 2020 report published. Adjusted EBITDA for Q3 2020 is reconciled in Note 11 (page 21) in Q3 2020 report published.
- Equity ratio for 30 June 2021 is reconciled in the quarterly report for Q2 2021, note 11 (page 22-23). Equity ratio for 31 March 2021 is reconciled in the quarterly report for Q1 2021, note 11 (page 21-22).
- ROCE for for Q2-21 and Q1-21 are reconciled in the quarterly report for respectively Q2 2021/Q1 2021, note 11, page 22-23/21-22.
- Interest bearing debt for 30 June 2021 and 31 March 2021 are reconciled in the quarterly report for respectively Q2 2021/Q1 2021, note 11, page 22-23/21-22.

# Alternative performance measures used in the quarterly presentation

Reconciliation of dry bulk earnings and tanker earnings for CABU and CLEANBU fleet (slide 24 and 27)

CABU	Q3-20	Q4-20	Q1-21	Q2-21	Jul - 21
Dry earnings	5 398 822	6 251 222	6 356 080	11 062 359	5 666 978
Wet earnings	8 310 767	8 287 462	7 298 477	9 092 508	2 034 407
FFA	- 169 065	150 943	- 748 223	- 2 102 324	- 1 068 078
Other non-voyage costs	- 111 590	- 143 593	- 89 646	- 263 125	- 29 127
<b>Net revenue</b>	<b>13 428 935</b>	<b>14 546 034</b>	<b>12 816 689</b>	<b>17 789 418</b>	<b>6 604 180</b>
Dry days	333	420	445	398	156
Wet days	380	348	321	413	93
<b>Total days</b>	<b>713</b>	<b>768</b>	<b>766</b>	<b>811</b>	<b>249</b>
Dry bulk earnings, TCE \$/d	16 208	14 895	14 283	27 809	36 234
Wet earnings, TCE \$/d	21 876	23 815	22 708	22 005	21 899
<b>Average TCE \$/d</b>	<b>18 840</b>	<b>18 958</b>	<b>16 722</b>	<b>21 932</b>	<b>26 493</b>

CLEANBU	Q3-20	Q4-20	Q1-21	Q2-21	Jul - 21
Dry earnings	1 643 032	2 352 777	5 531 286	10 917 832	4 617 485
Wet earnings	4 892 015	5 445 318	3 352 543	982 865	1 347 496
FFA	56 280	488 794	- 264 297	- 1 491 463	- 982 502
Other non-voyage costs	- 43 572	- 62 162	- 53 800	- 115 547	- 26 794
<b>Net revenue</b>	<b>6 547 755</b>	<b>8 224 727</b>	<b>8 565 732</b>	<b>10 293 687</b>	<b>4 955 685</b>
Dry days	96	160	318	461	174
Wet days	175	235	160	95	56
<b>Total days</b>	<b>271</b>	<b>395</b>	<b>478</b>	<b>556</b>	<b>229</b>
Dry bulk earnings, TCE \$/d	17 133	14 705	17 394	23 683	26 598
Wet earnings, TCE \$/d	27 970	23 211	20 953	10 324	24 149
<b>Average TCE \$/d</b>	<b>24 182</b>	<b>20 840</b>	<b>17 924</b>	<b>18 499</b>	<b>21 612</b>