



Second Quarter 2023  
Oslo, 24 August 2023



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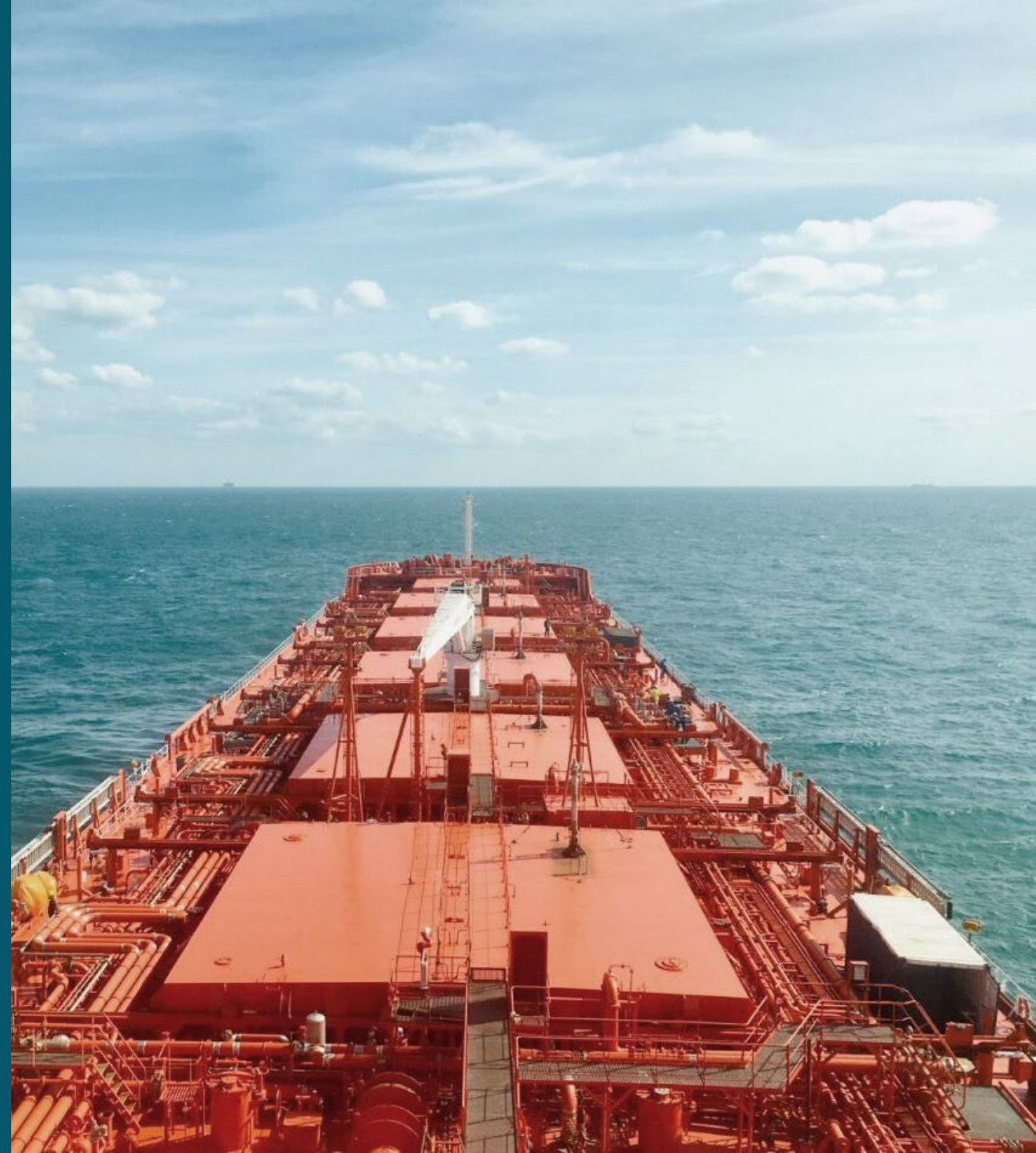
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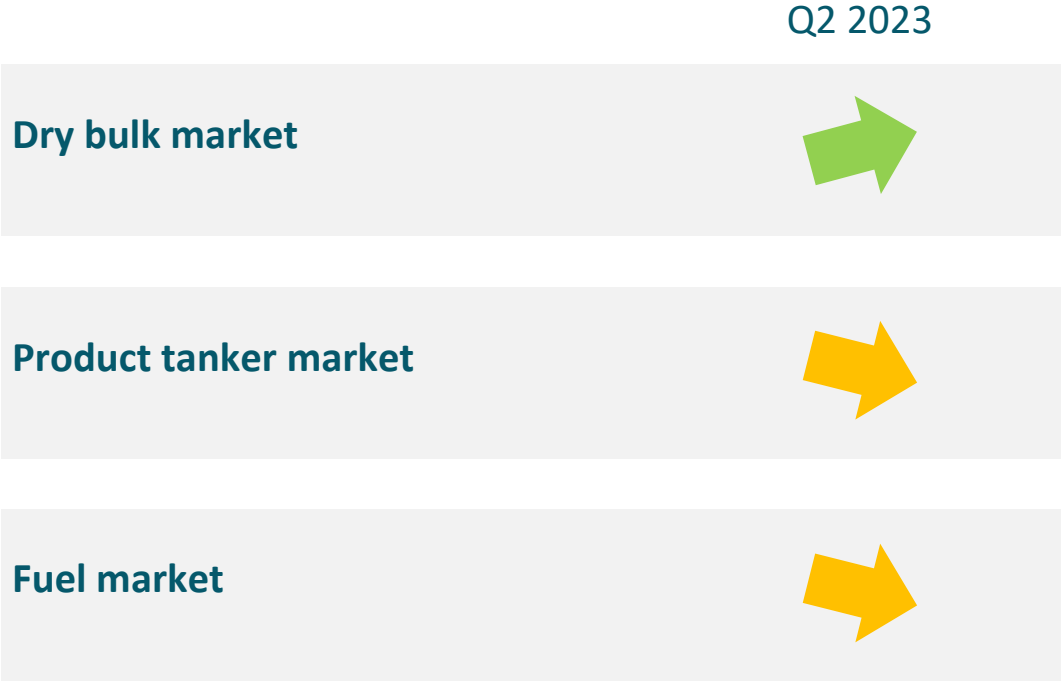
# Agenda

- **Quarterly performance overview**
- Market review and commercial update
- Financial update
- Sustainability efforts
- Summary and outlook

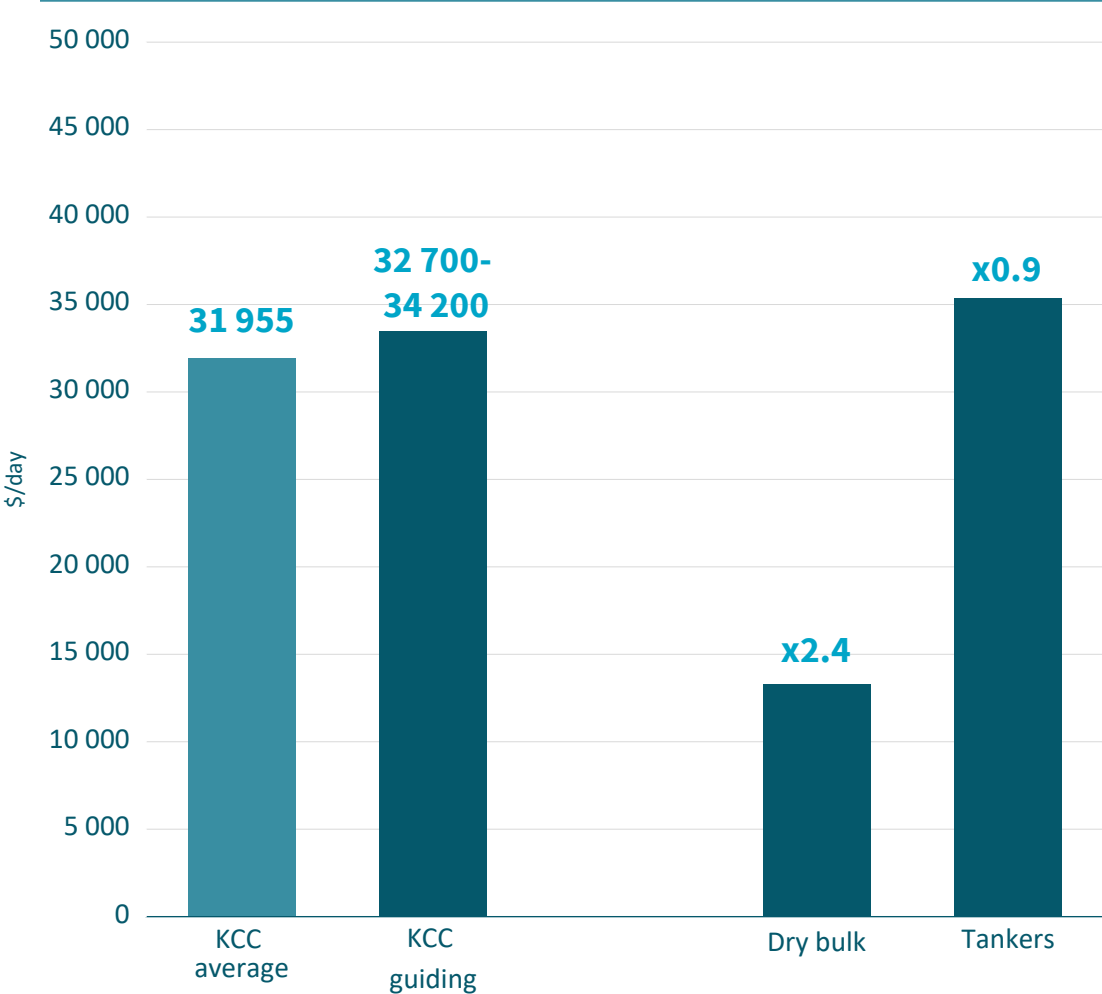


# Continued strong earnings despite softer markets

## Weaker product tanker market, but still at strong levels



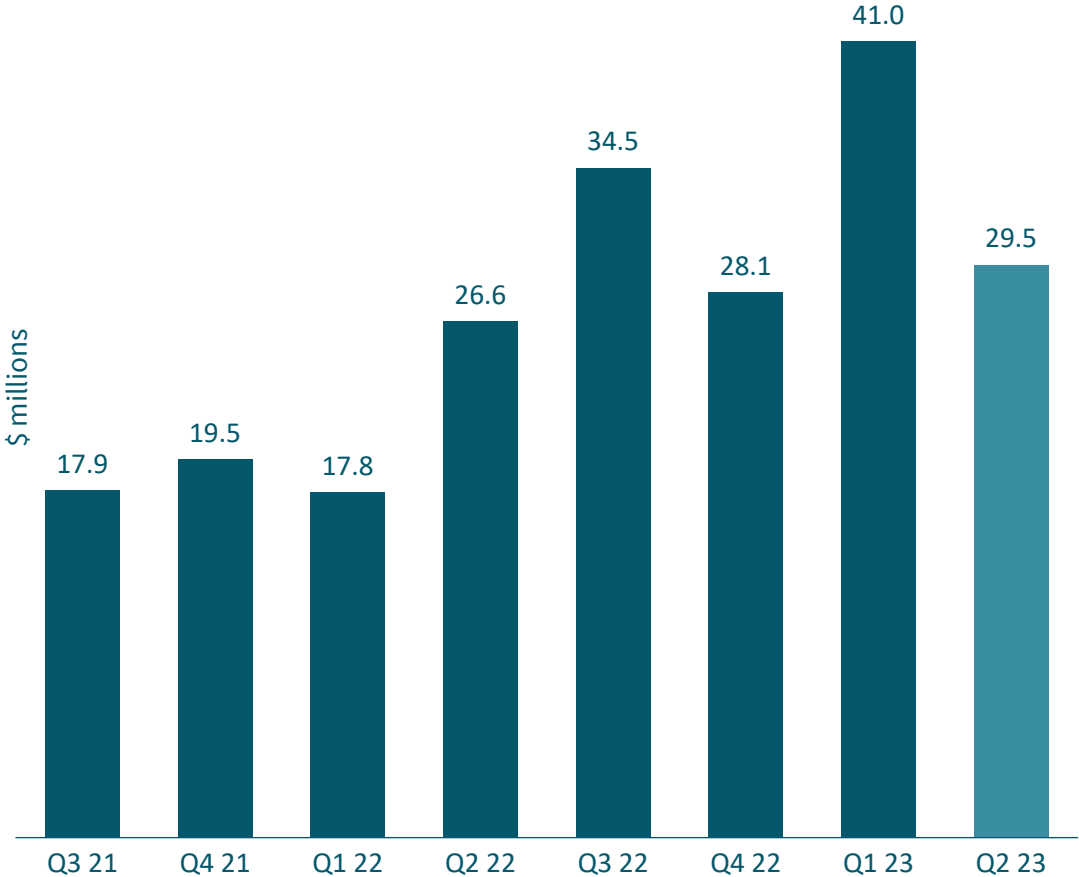
## KCC TCE earnings<sup>1</sup> still at strong levels



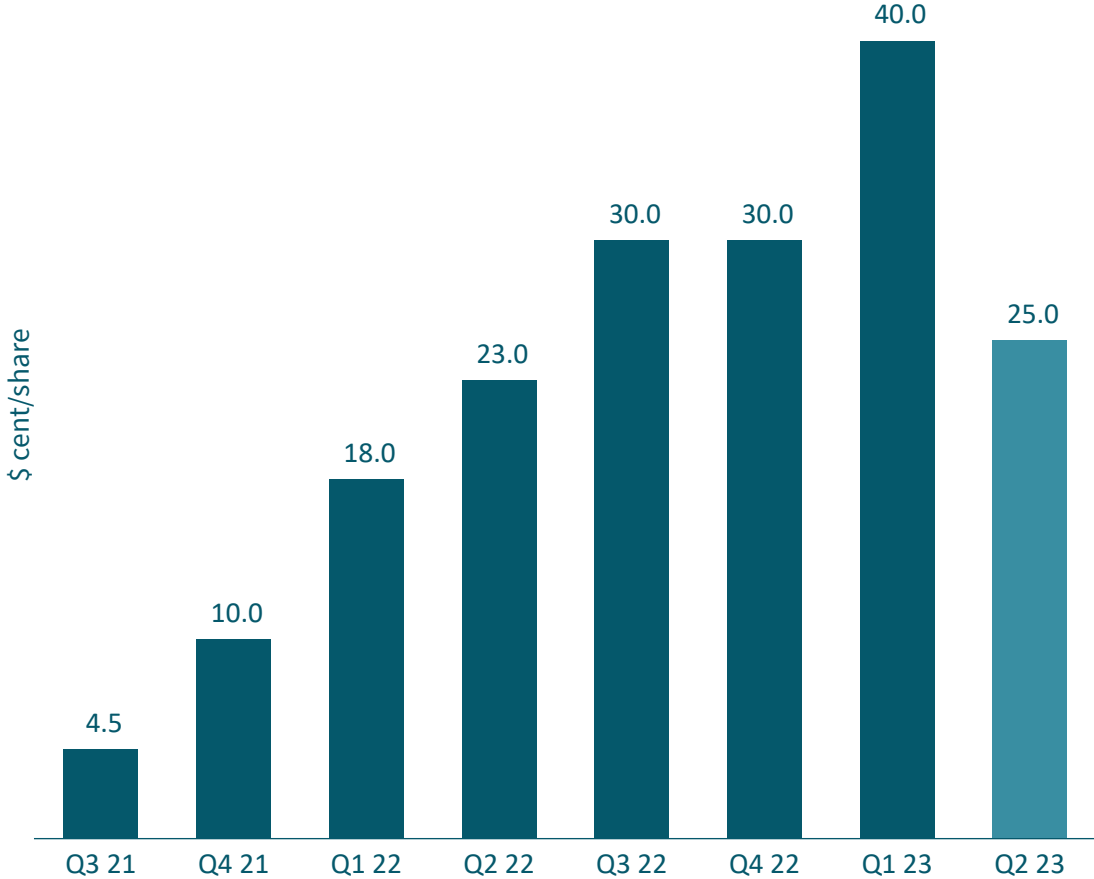
1) TCE earnings \$/day are alternative performance measures (APMs) which are defined and reconciled in the excel sheet "APM2Q2023" published on the Company's homepage ([www.combinationcarriers.com](http://www.combinationcarriers.com)) Investor Relations/Reports and Presentations under the section for the Q2 2023 report.

# Continued strong performance and high payout

## EBITDA<sup>1</sup>



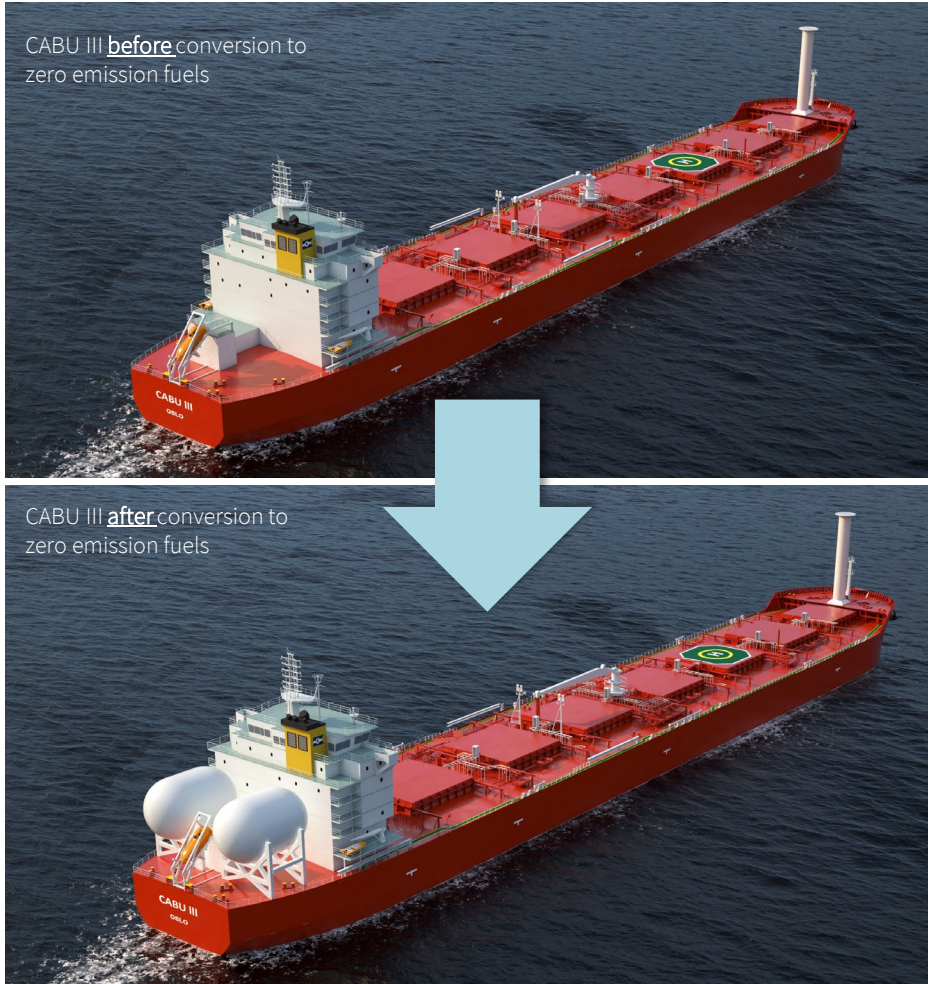
## Quarterly dividend



1) Adjusted EBITDA for 2021 figures. Adjusted EBITDA is an alternative performance measure (APM) which are defined and reconciled in the excel sheet “APM2Q2023” published on the Company’s homepage ([www.combinationcarriers.com](http://www.combinationcarriers.com)) Investor Relations/Reports and Presentations under the section for the Q2 2023 report.



# June 2023: Contracting of three "zero-emission fuel ready" CABU vessels



-35%

## Lower carbon footprint<sup>1</sup>

Through optimized design and energy efficiency measures

+25%

## Higher earnings capacity<sup>2</sup>

Due to higher cargo carrying capacity and lower fuel consumption

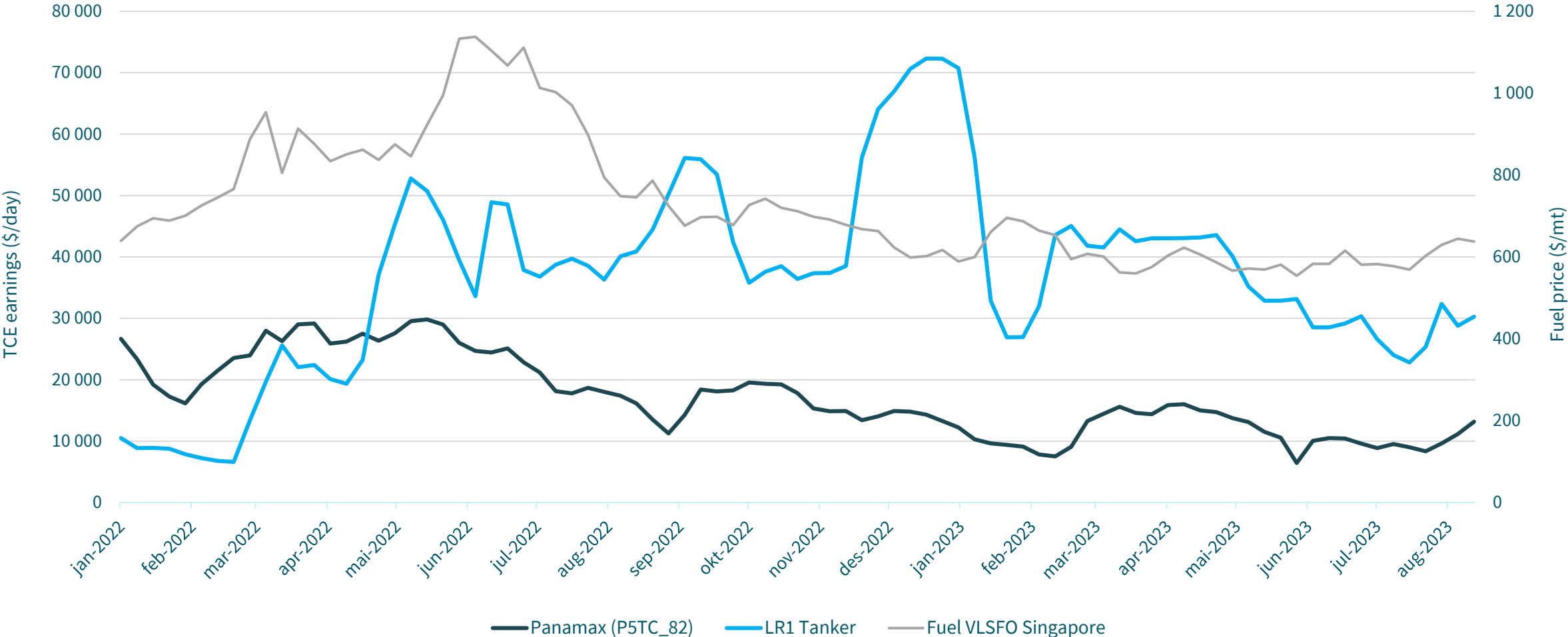
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# Tanker market maintains strength while dry bulk weaker than expected

## TCE earnings and fuel price development<sup>1</sup>

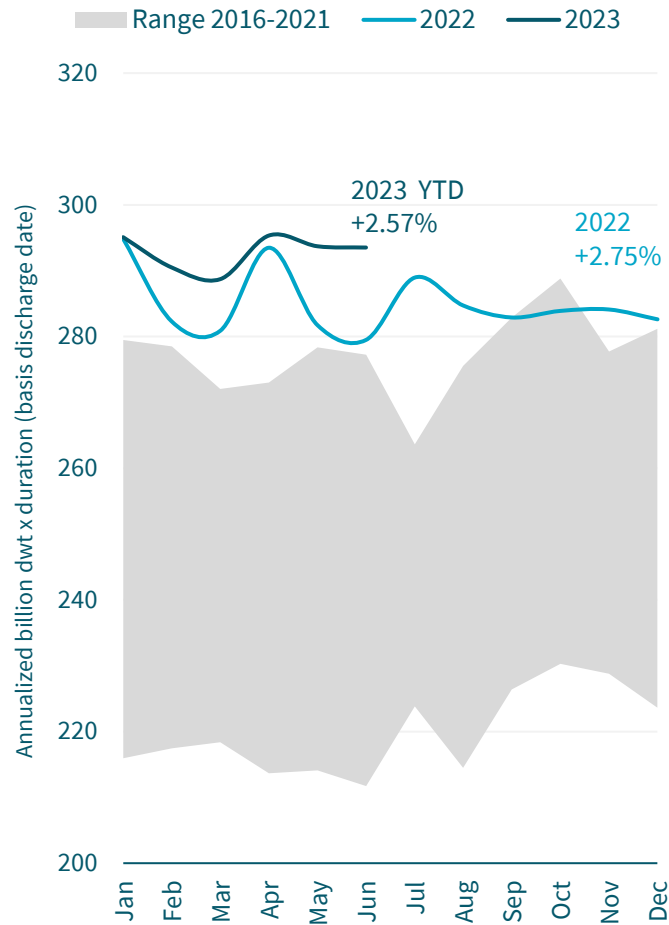


1) Source: Clarksons Securities and Clarksons SIN

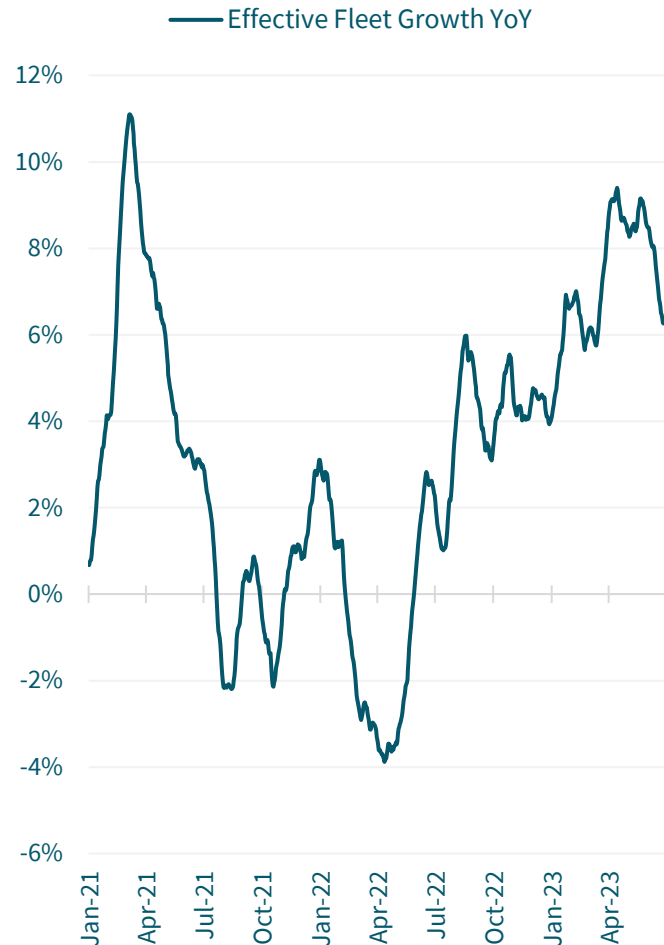


# Dry bulk market - positive market fundamentals and upcoming seasonal factors

## Decent demand growth year to date



## Effective fleet growth peaked during Q2<sup>1</sup>

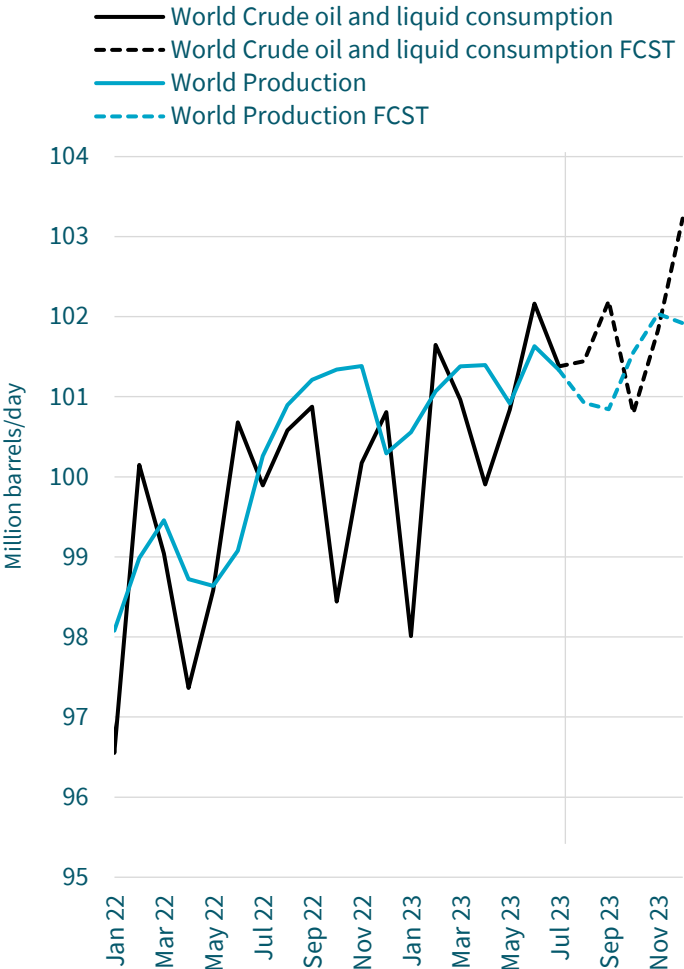


## Order book remains at «all time» low levels

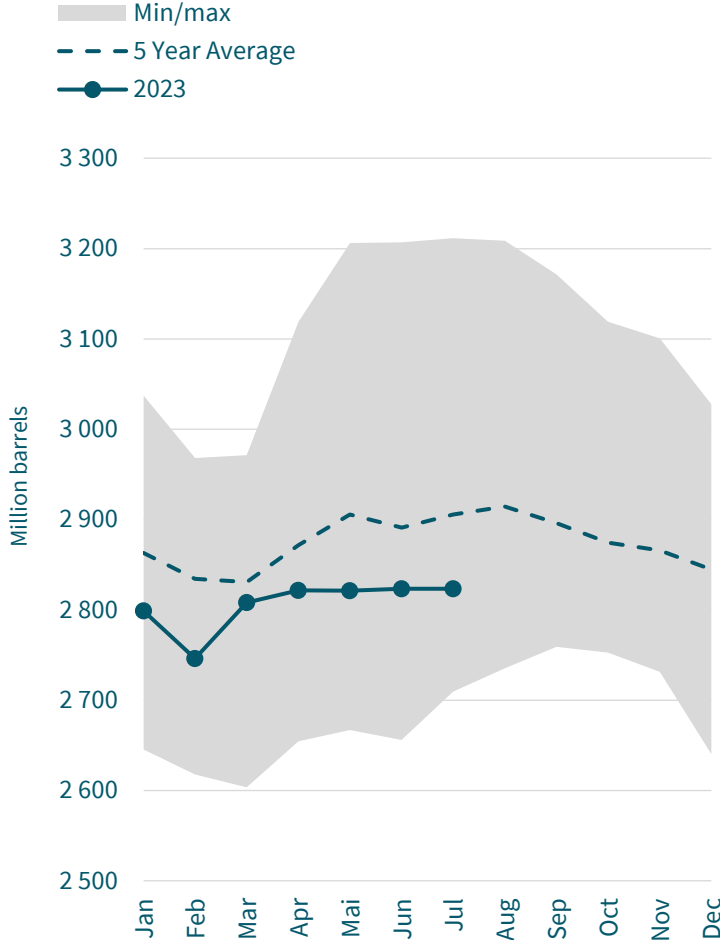


# Continued solid tanker market fundamentals

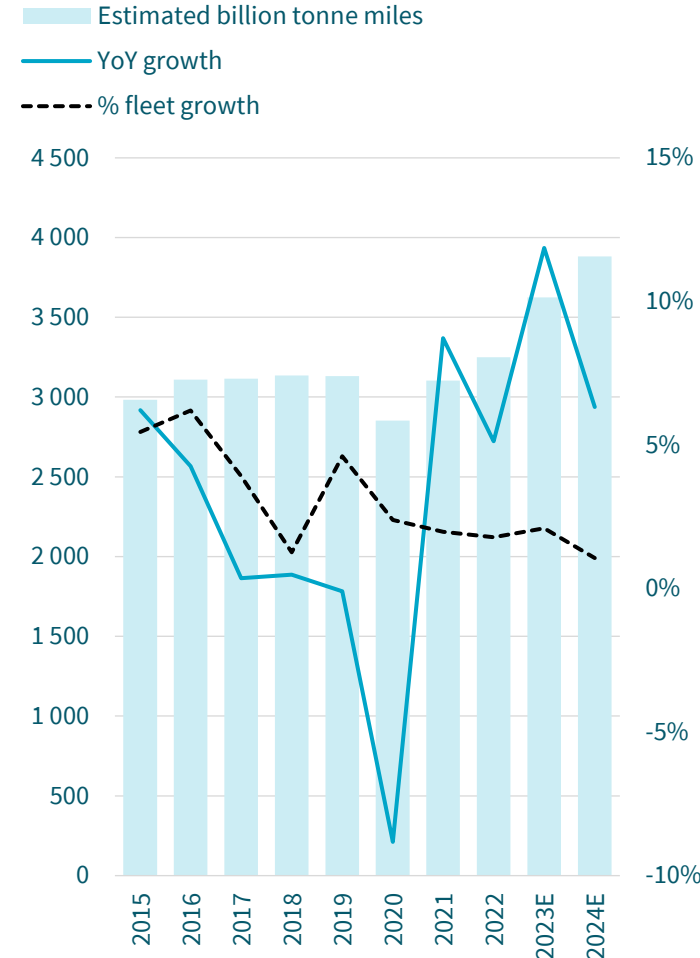
## Oil consumption and production trending upwards<sup>1</sup>



## Low OECD oil inventories<sup>1</sup>



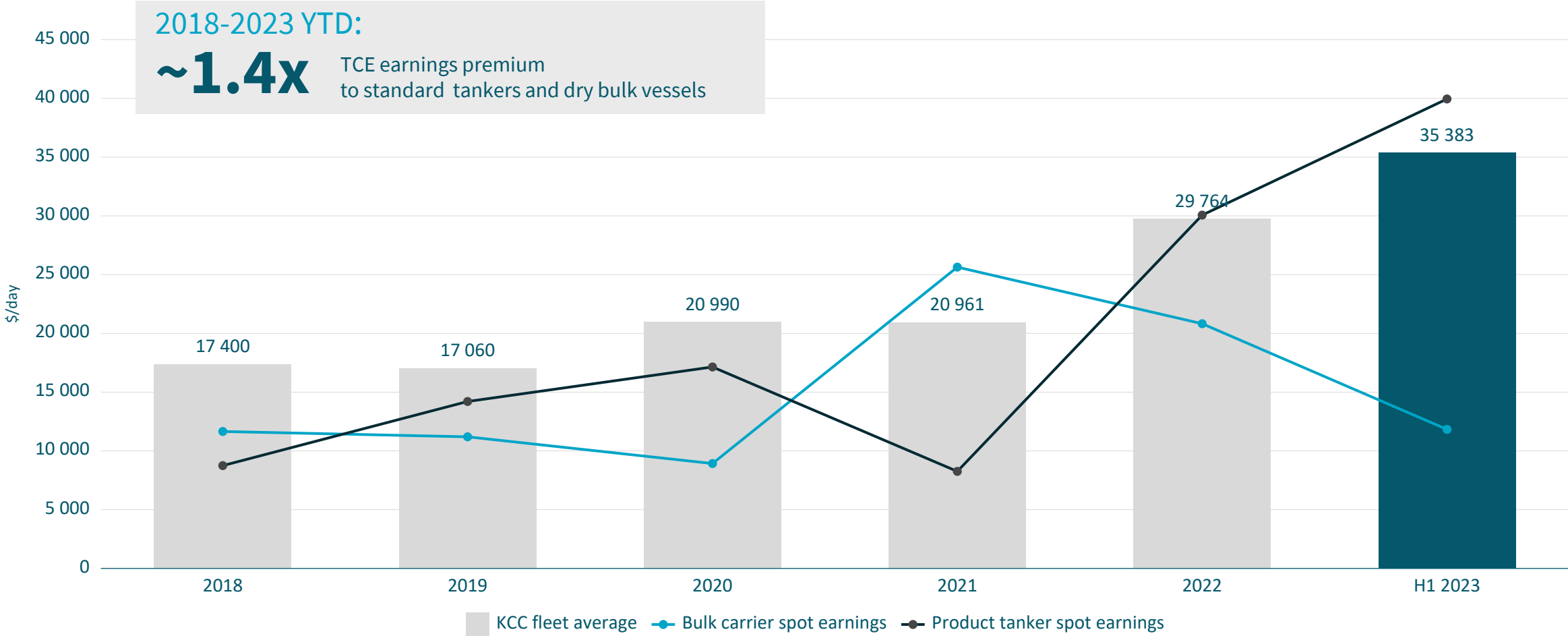
## High expectations for tonne mile growth<sup>2</sup>



1) Source: EIA Short-Term Energy Outlook (STEO) August 2023, forecast period shows average Q3-Q4  
 2) Source: Clarksons SIN

# Delivering higher earnings over the cycle

## Historical average TCE earnings<sup>1</sup> vs. standard tonnage

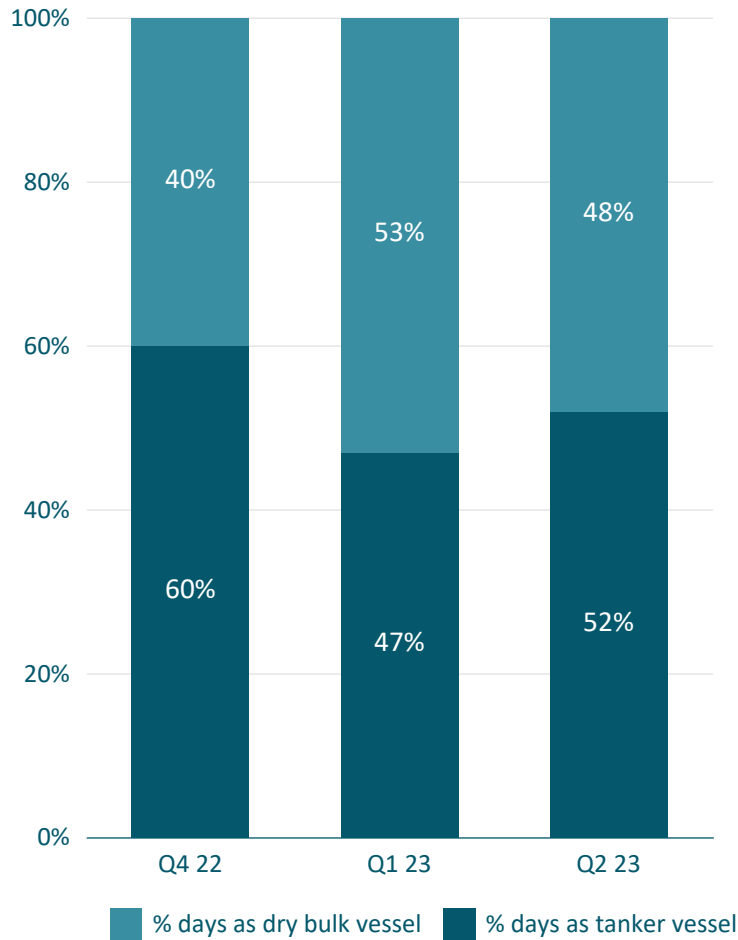


1) TCE earnings \$/day are alternative performance measures (APMs) which are defined and reconciled in the excel sheet “APM2Q2023” published on the Company’s homepage ([www.combinationcarriers.com](http://www.combinationcarriers.com)) Investor Relations/Reports and Presentations under the section for the Q2 2023 report.

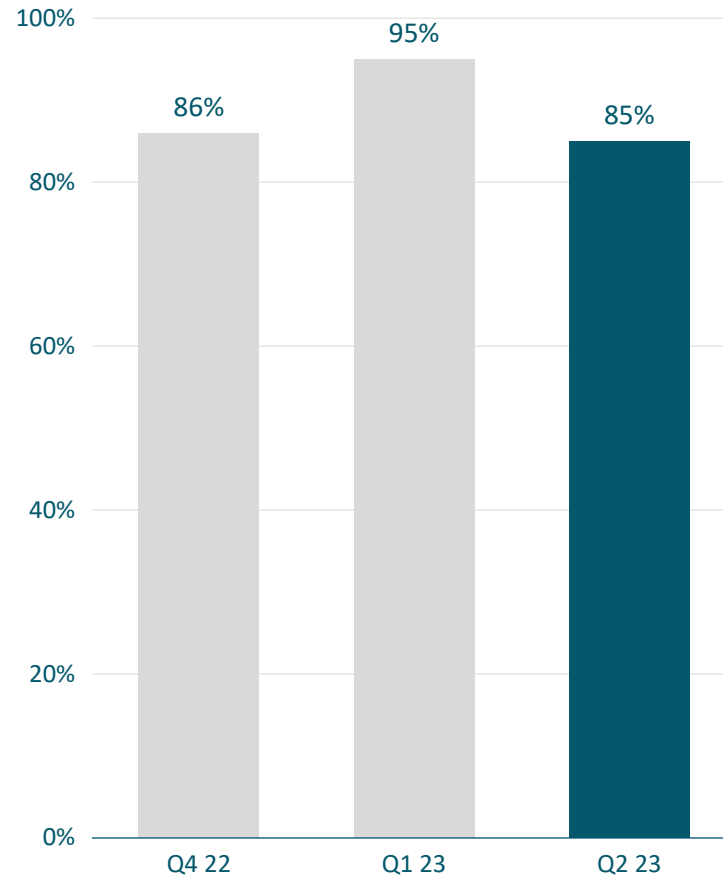


# High caustic soda shipment volumes and tight schedule in Q2 2023

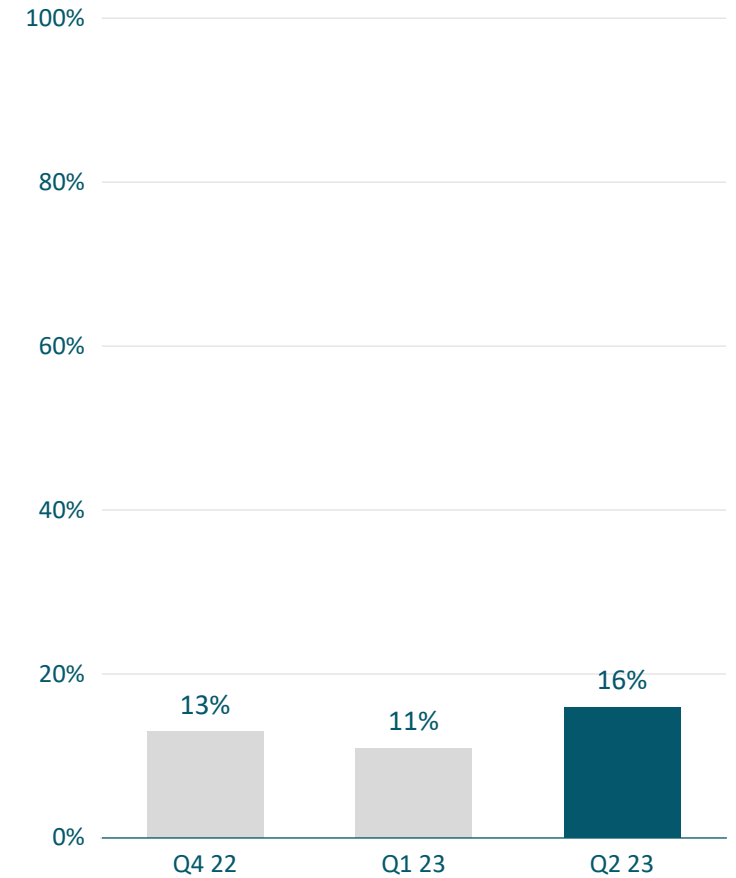
## % of days in tanker and dry bulk trades



## % days in combination trades

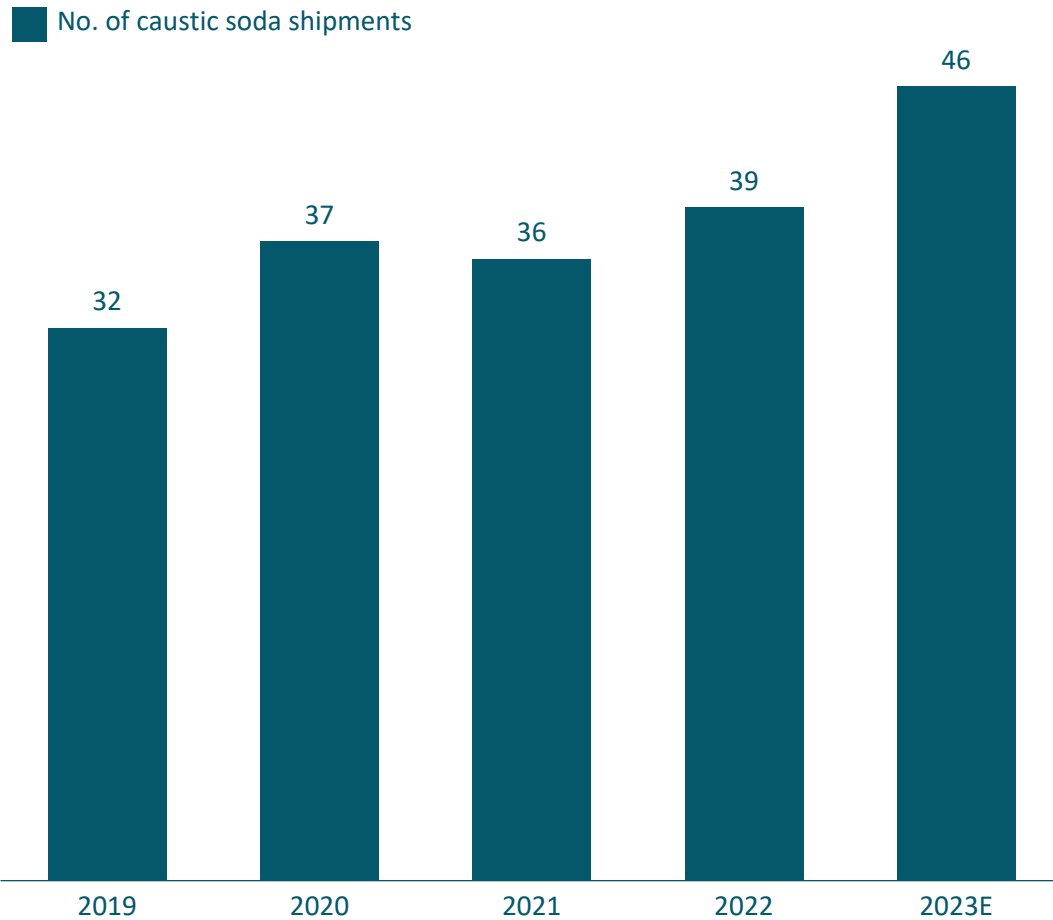


## Ballast %

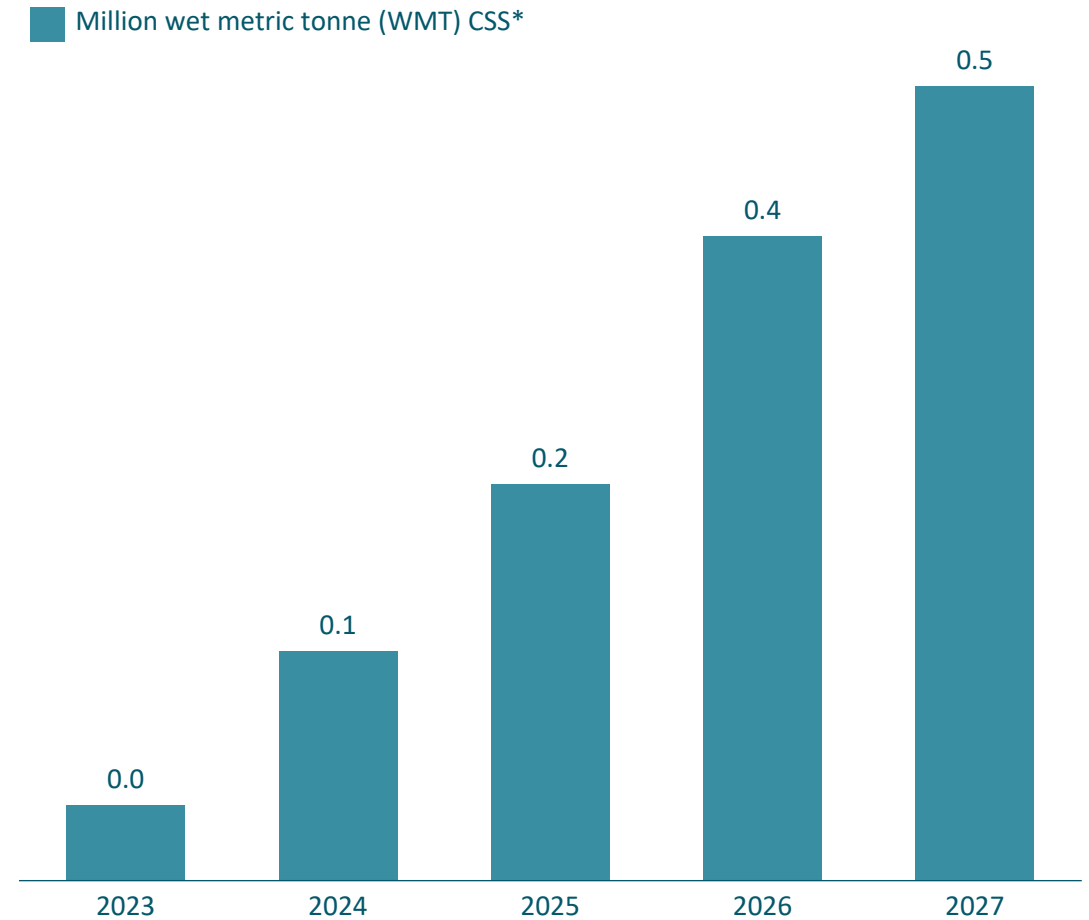


# Growing and solidifying the CABU business

## Increased caustic soda shipment volume



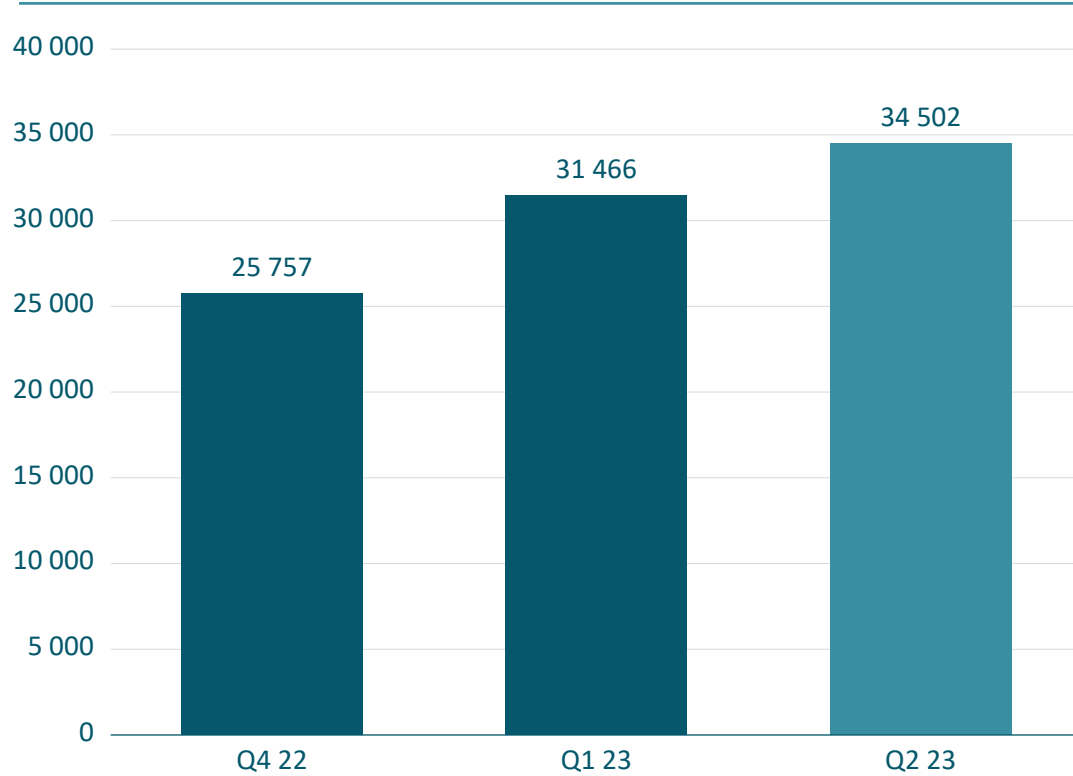
## Estimated CSS consumption of Australian lithium refineries



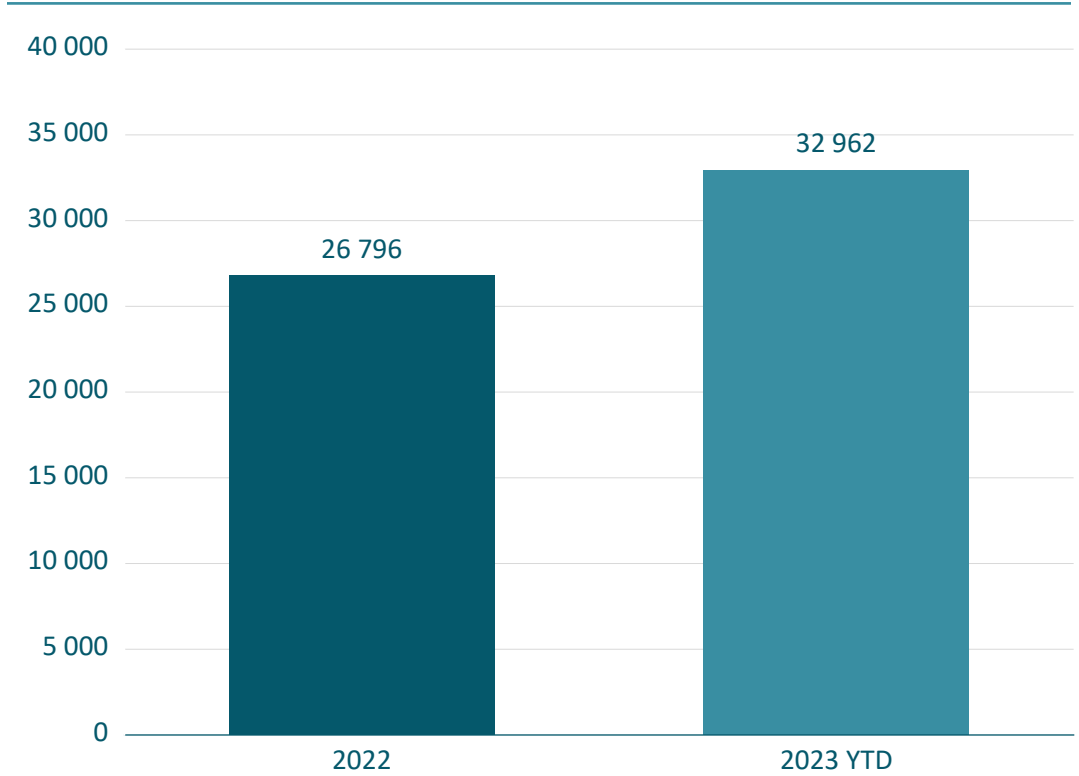
\*Source: KCC estimations based on Australian lithium refineries in service or under construction

# Record high CABU TCE earnings in second quarter

## Quarterly TCE earnings (\$/day)



## Annual/YTD TCE earnings (\$/day)



Tanker x	0.7	0.8	1.1
Dry bulk x	1.7	3.3	2.7

Tanker x	1.0	1.0
Dry bulk x	1.3	3.0

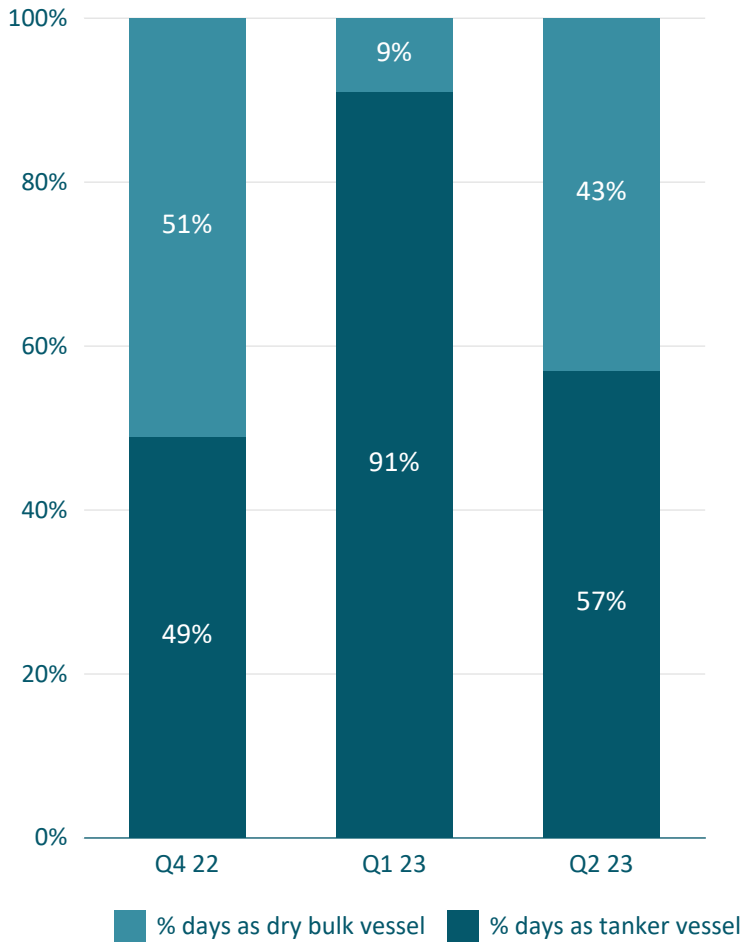


# Lower capacity in tanker trades due to normal variations in vessel positions

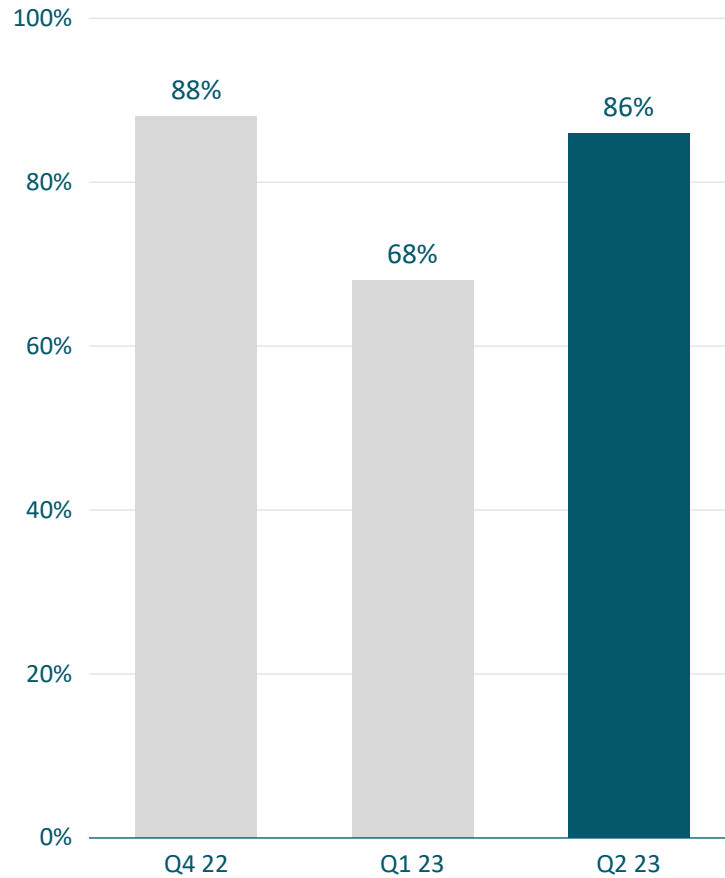


CLEANBU

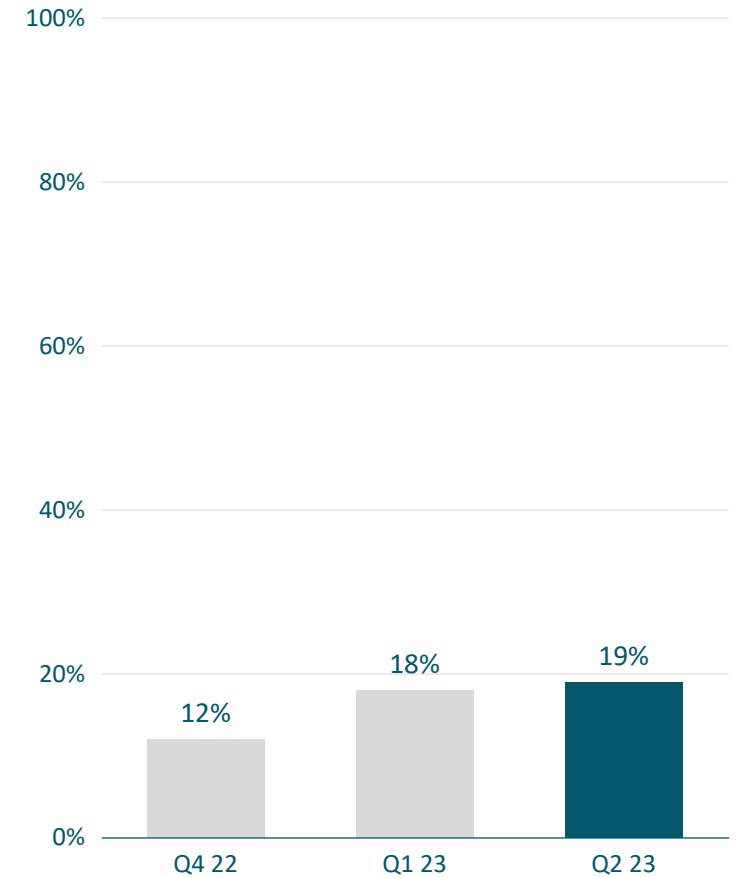
**% of days in tanker and dry bulk trades**



**% days in combination trades**



**Ballast %**

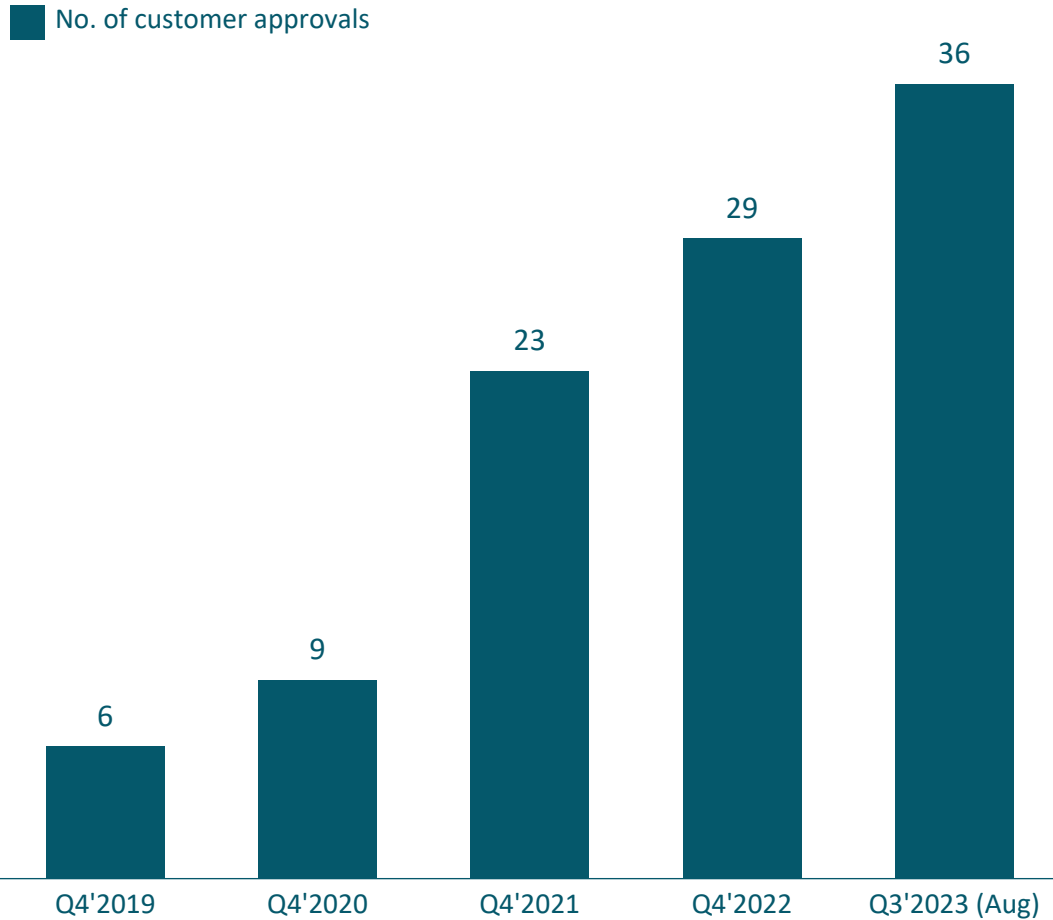




CLEANBU

# Expansion of customer base will further improve trading efficiency

## CLEANBU concept approvals from CPP customers<sup>1</sup>



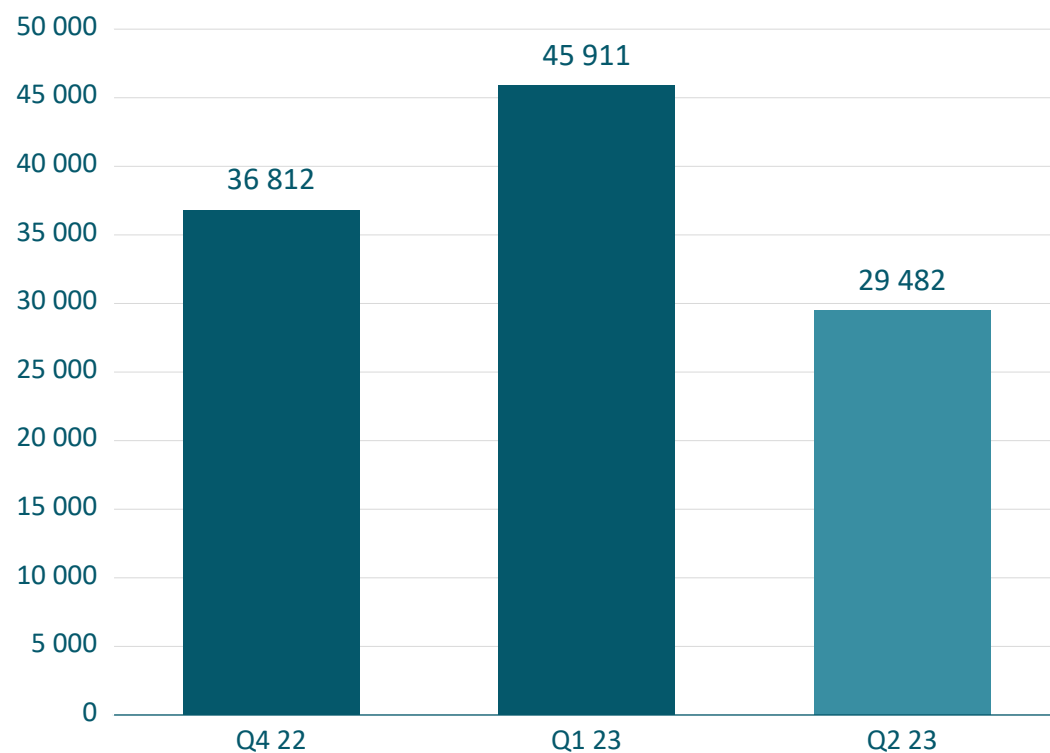
- Strong CLEANBU operational and vetting performance
- Solid growth in customers accepting CLEANBUs in combi-trading



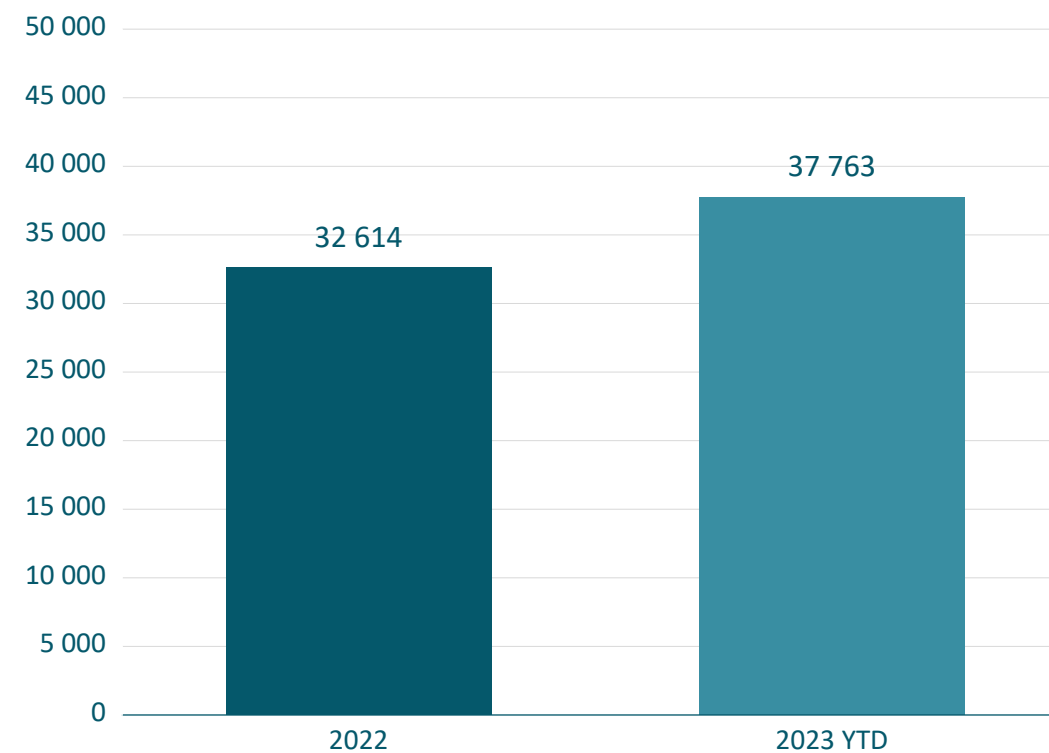
**CLEANBU**

# Weaker CLEANBU earnings mainly due to lower tanker trading

## Quarterly TCE Earnings (\$/day)



## Annual/YTD TCE Earnings (\$/day)



Tanker x	0.8	0.9	0.7
Dry bulk x	2.2	4.2	2.1

Tanker x	1.0	0.8
Dry bulk x	1.5	3.0



# Agenda



Quarterly performance overview



Market review and commercial update



**Financial update**



Sustainability efforts

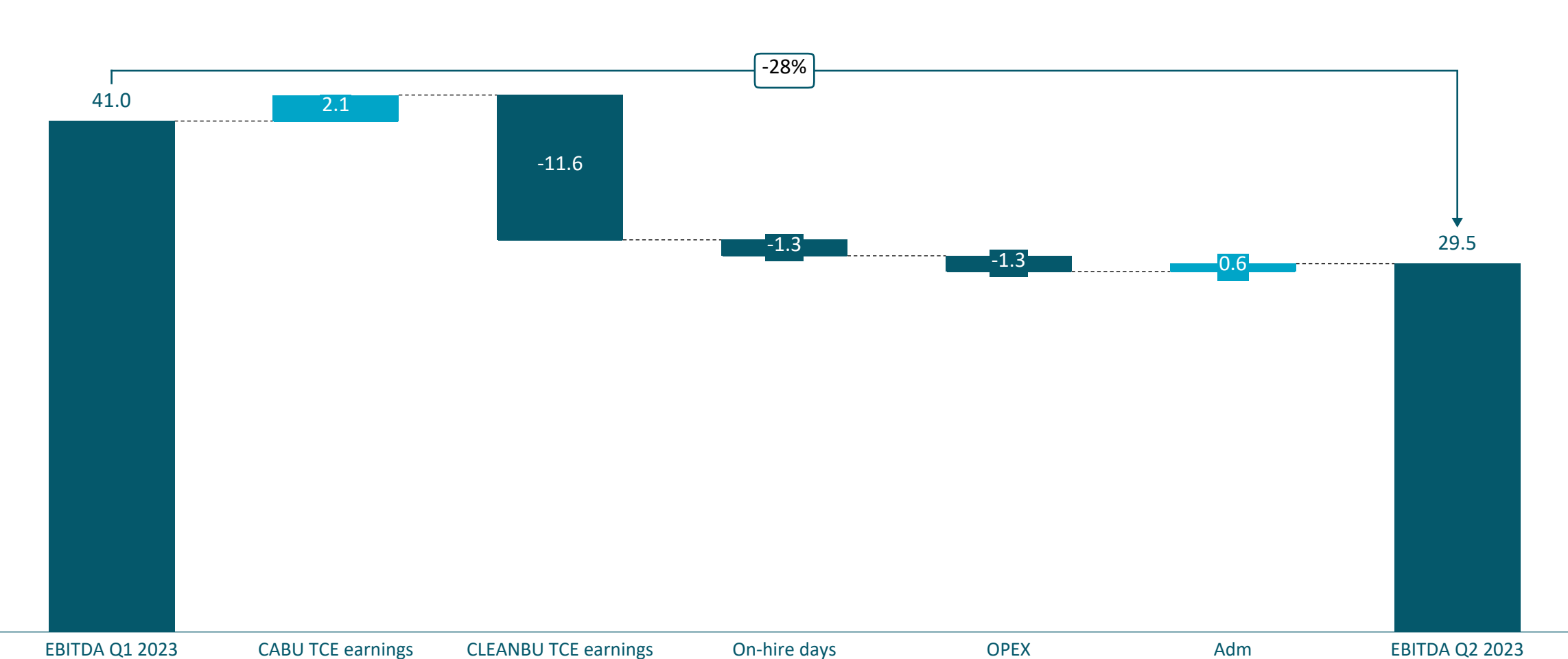


Summary and outlook



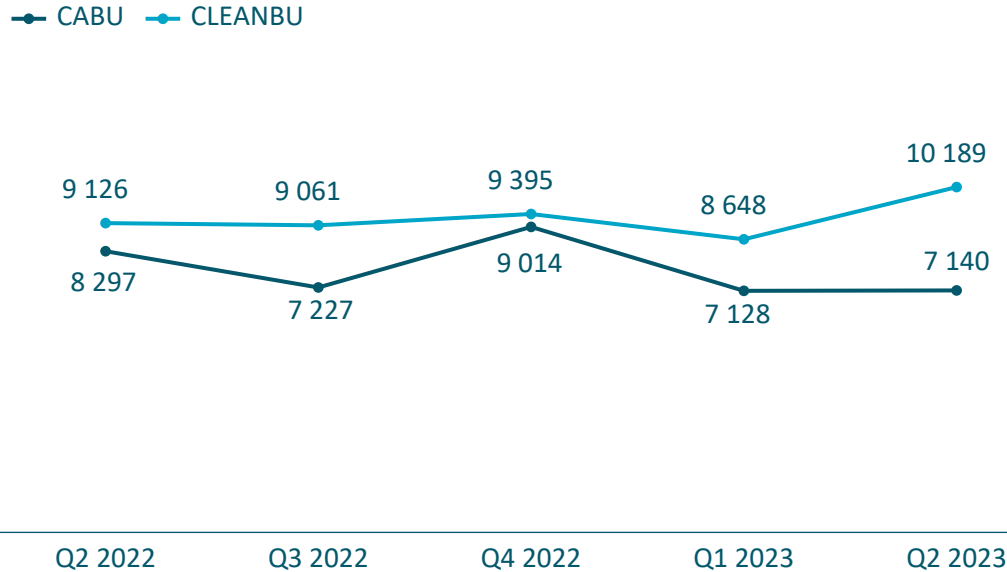
# EBITDA -28% Q-o-Q mainly due to weaker CLEANBU earnings

EBITDA Q2 2023 compared to Q1 2023 (\$ millions)



# CLEANBU OPEX impacted by timing effects

## OPEX (\$/day)<sup>1</sup>



## Comments

- CABU OPEX/day quite flat from last quarter and down \$1,157/day from Q2 2022 due to reversal of provision
- CLEANBU OPEX/day up \$1,541/day Q-o-Q and \$1,063/day from Q2 2022 mainly due to timing of procurement and crewing
- Limited unscheduled off-hire with 4 days in total for the fleet in Q2 2023
- One CABU vessel completed, and one CABU vessel started periodic dry docking in Q2, while one CLEANBU vessel completed dry docking in the quarter
- Two CABU vessels and two CLEANBU vessels will have off-hire related to dry-docking in 2H 2023, see more details in slide 37

## Off-hire

	Q1 2023	Q2 2023
On-hire days	1,430	1,394
Scheduled off-hire	-	60
Unscheduled off-hire	10	4

# Profit and loss

Weaker financials Q-o-Q, but still at solid levels

USD thousand (unaudited accounts)	Q2 2023	Q1 2023	Quarterly variance
Net revenues from operations of vessels	44 529	55 369	19.6 %
Operating expenses, vessels	(12 655)	(11 400)	11.0 %
SG&A	(2 367)	(2 988)	20.8 %
<b>EBITDA</b>	<b>29 505</b>	<b>40 981</b>	<b>28.0 %</b>
Depreciation	(7 956)	(8 502)	6.4 %
<b>EBIT</b>	<b>21 550</b>	<b>32 479</b>	<b>33.7 %</b>
Net financial items	(5 103)	(4 242)	20.3 %
<b>Profit after tax</b>	<b>16 447</b>	<b>28 236</b>	<b>41.8 %</b>
Earnings per share <sup>1</sup>	\$0.30	\$0.54	

Q2 2023	Q1 2023
<b>Earnings per share<sup>1</sup></b>	<b>Earnings per share<sup>1</sup></b>
\$0.30	\$0.54
<b>Dividend per share<sup>2</sup></b>	<b>Dividend per share</b>
\$0.25	\$0.40
<b>ROCE<sup>3</sup></b>	<b>ROCE<sup>3</sup></b>
14%	21%
<b>ROE<sup>3</sup></b>	<b>ROE<sup>3</sup></b>
19%	37%

1) Basic earnings per share. Calculated basis 52 331 922 shares for Q1 and 54 953 332 for Q2 (average total shares adjusted for treasury shares)

2) Dividend for Q2 2023 approved 23 August 2023 and to be distributed in Q3 2023

3) ROCE/ROE is based on annualized EBIT/Profit after tax for the quarter. ROE and ROCE are alternative performance measures (APMs) which are defined and reconciled in the excel sheet "APM2Q2023" published on the Company's homepage ([www.combinationcarriers.com](http://www.combinationcarriers.com)) Investor Relations/Reports and Presentations under the section for the Q2 2023 report.

# Profit and loss

## Record strong financial performance in first half 2023

USD thousand (unaudited accounts)	H1 2023	H1 2022	Variance
Net revenues from operations of vessels	99 899	71 449	39.8 %
Operating expenses, vessels	(24 056)	(23 129)	4.0 %
SG&A	(5 345)	(3 953)	35.2 %
<b>EBITDA</b>	<b>70 500</b>	<b>44 366</b>	<b>58.9 %</b>
Depreciation	(16 458)	(14 231)	15.6 %
<b>EBIT</b>	<b>54 041</b>	<b>30 135</b>	<b>79.3 %</b>
Net financial items	(9 345)	(6 598)	41.6 %
<b>Profit after tax</b>	<b>44 696</b>	<b>23 537</b>	<b>89.9 %</b>
Earnings per share <sup>1</sup>	\$0.83	\$0.45	

H1 2023	H1 2022
<b>Earnings per share<sup>1</sup></b>	<b>Earnings per share<sup>1</sup></b>
\$0.83	\$0.45
<b>Dividend per share<sup>2</sup></b>	<b>Dividend per share</b>
\$0.65	\$0.41
<b>ROCE<sup>3</sup></b>	<b>ROCE<sup>3</sup></b>
18%	10%
<b>ROE<sup>3</sup></b>	<b>ROE<sup>3</sup></b>
25%	17%

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# Balance sheet

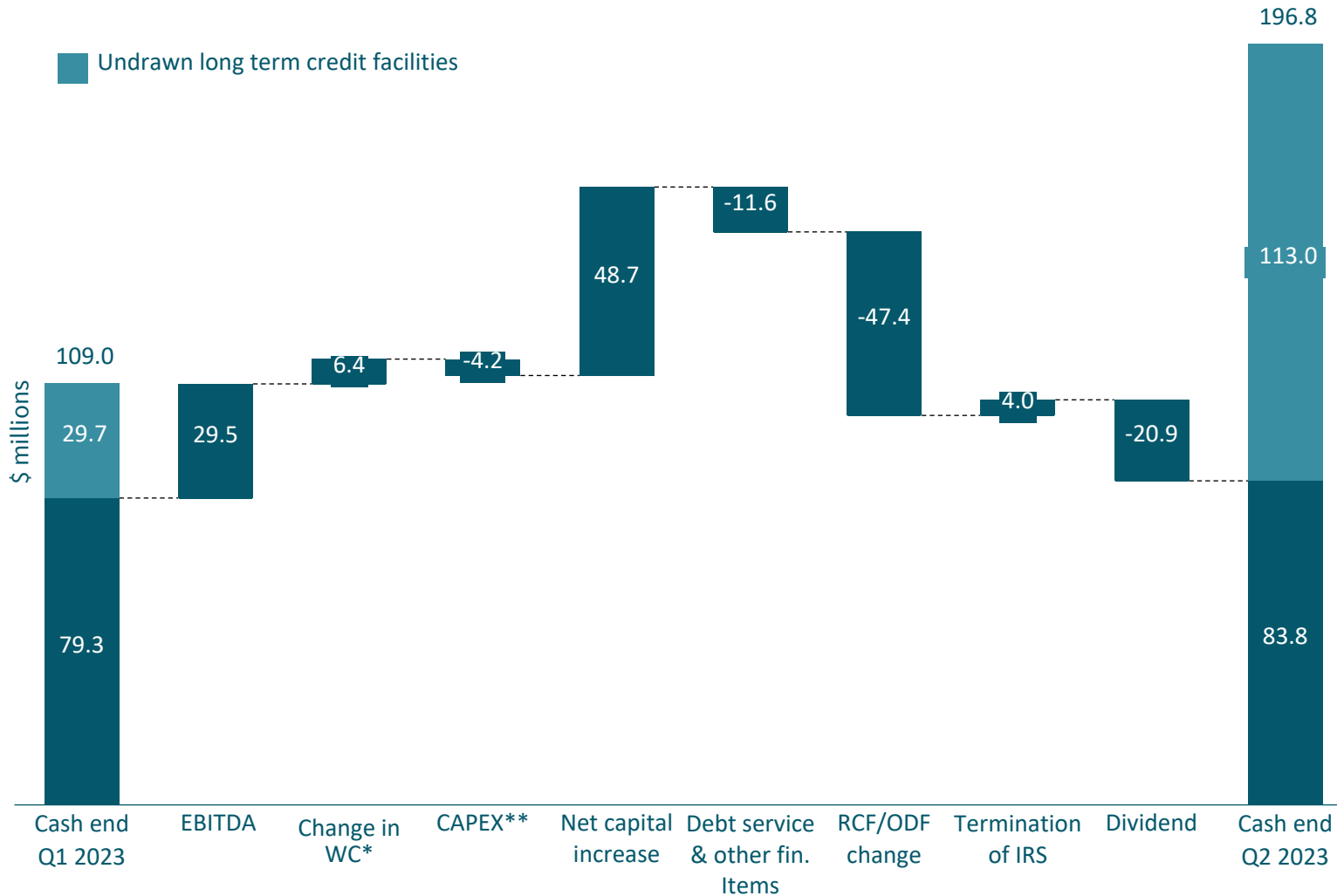
## Solid balance sheet accommodating the capital allocation strategy

USD thousand (unaudited accounts)	30 Jun 2023	31 Mar 2023	Quarterly variance
<b>ASSETS</b>			
Non-current assets			
Vessels	507 023	510 732	(3 709)
Other non-current assets	3 485	3 536	(51)
<b>Current assets</b>			
Other current assets	46 308	57 167	(10 859)
Cash and cash equivalents	83 781	79 335	4 446
<b>Total assets</b>	<b>640 598</b>	<b>650 770</b>	<b>(10 172)</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	354 089	306 972	47 117
Non-current liabilities			
Mortgage debt	167 129	152 817	14 312
Long-term financial liabilities	7 938	6 387	1 551
Long-term bond loan	64 224	66 379	(2 155)
Current liabilities			
Short-term mortgage debt	25 199	91 177	(65 979)
Other interest-bearing liabilities	924	1 423	(499)
Other current liabilities	21 095	25 615	(4 520)
<b>Total liabilities</b>	<b>286 509</b>	<b>343 798</b>	<b>(57 289)</b>
<b>Total liabilities and equity</b>	<b>640 598</b>	<b>650 770</b>	<b>(10 172)</b>

Q2 2023	Q1 2023
<b>Equity ratio<sup>1</sup></b>	<b>Equity ratio<sup>1</sup></b>
55.3%	47.2%
<b>Available long-term liquidity<sup>2</sup></b>	<b>Available long-term liquidity<sup>2</sup></b>
\$196.8 million	\$109.0 million

# Cash flow

## Funding for future investments secured



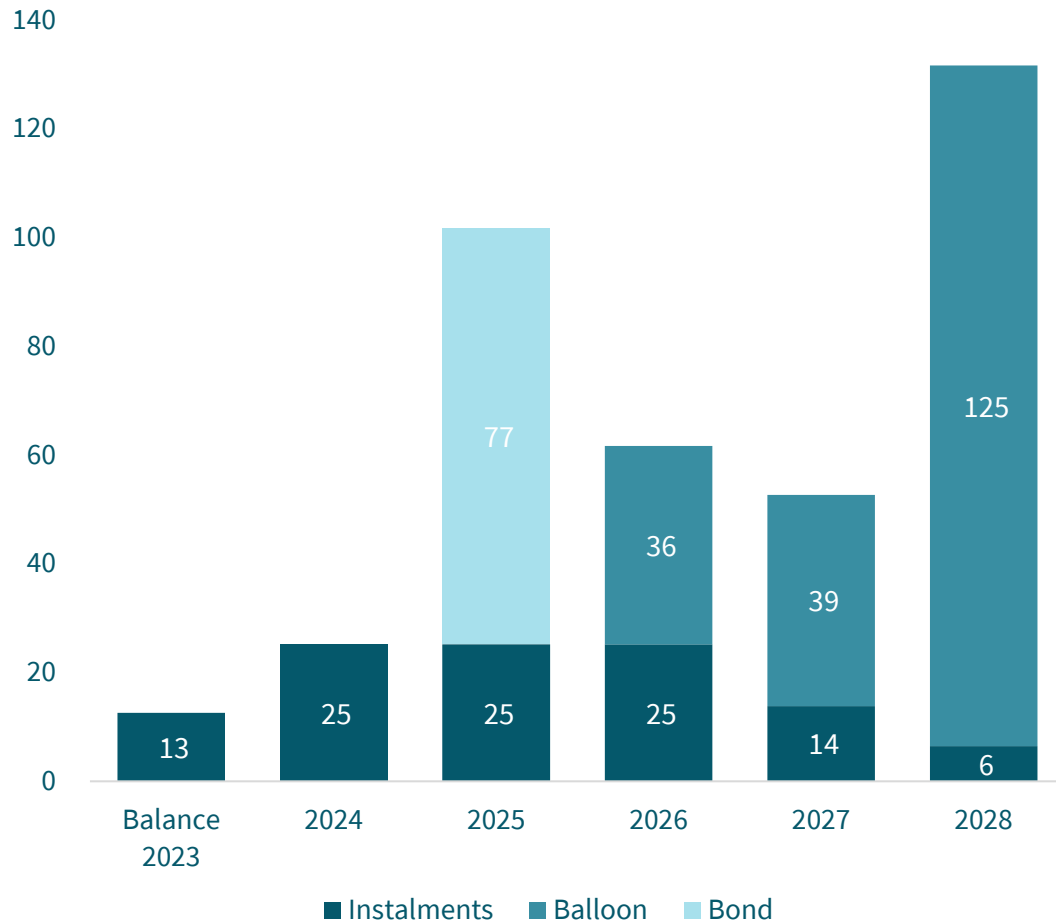
## Comments

- Solid cash position as funds have been secured for future investments in new builds and energy efficiency measures
- Equity issue with net proceeds of USD 48.7 million secured to part fund the investment in three CABU new builds. First payment of USD 17.2 million paid to yard in Q3 2023
- Mortgage debt refinancing finalized with a USD 38 million positive effect on available liquidity
- Temporary regulation of revolving credit facilities (RCF) due to increased cash position
- Interest rate swaps and options terminated with a positive cash effect of USD 4 million
- USD 20.9 million paid in dividend in Q2

# Interest-bearing debt

Refinancing of bank facilities finalized in Q2 2023

## Debt maturities (USD million)



## Comments

- Refinancing of the DNB/SEB facility with due date December 2023 and the SEB/SR Bank/SPV facility with due date in October 2025 finalized in Q2 2023.
- Remaining facilities and interest rate swaps transferred from LIBOR to SOFR
- Bond issue with final due date in February 2025 first facility to be refinanced

# Linking financing to sustainability performance will further cement KCC's position as a leader in low carbon shipping



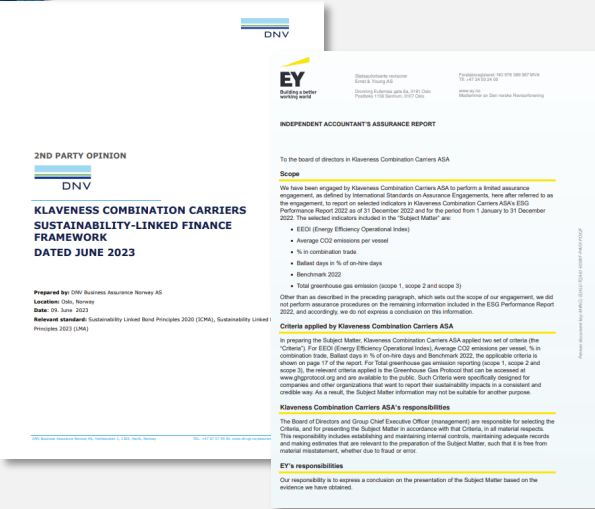
**Key Performance Indicators (KPI)**  
Energy Efficiency Operational Indicator (EEOI)



**Sustainability Performance Target (SPT)**  
46% Reduction in EEOI (2018-2030)



**Trajectory**  
Year-to-Year Targets (2019-2030)



**The Framework is published on our website together with:**

- A Second Party Opinion from DNV

*“The SPT is meaningful to the ISSUER’s business, as it addresses Climate Change (decarbonization).”*



**Annual reporting of progress reports to be verified by EY**





# Agenda



Quarterly performance overview



Market review and commercial update



Financial update



**Sustainability efforts**



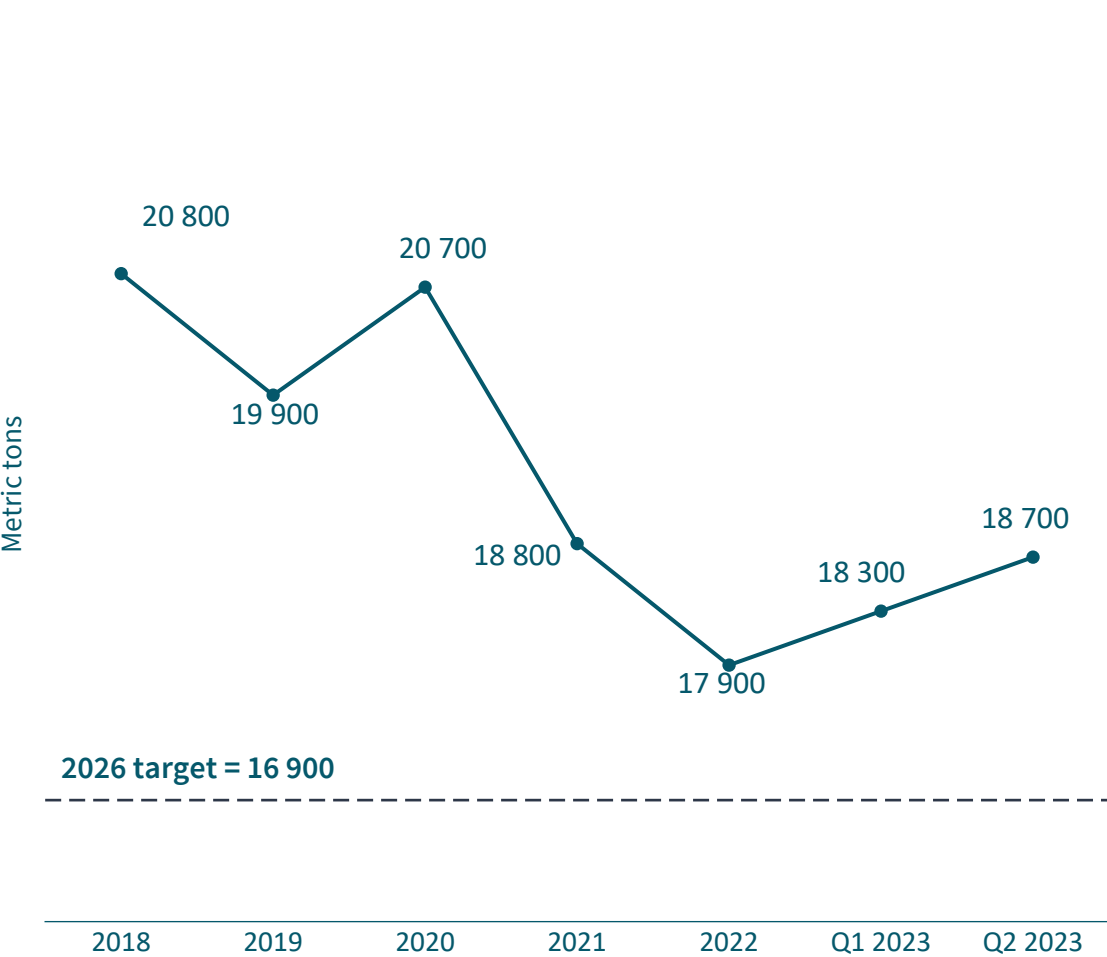
Summary and outlook



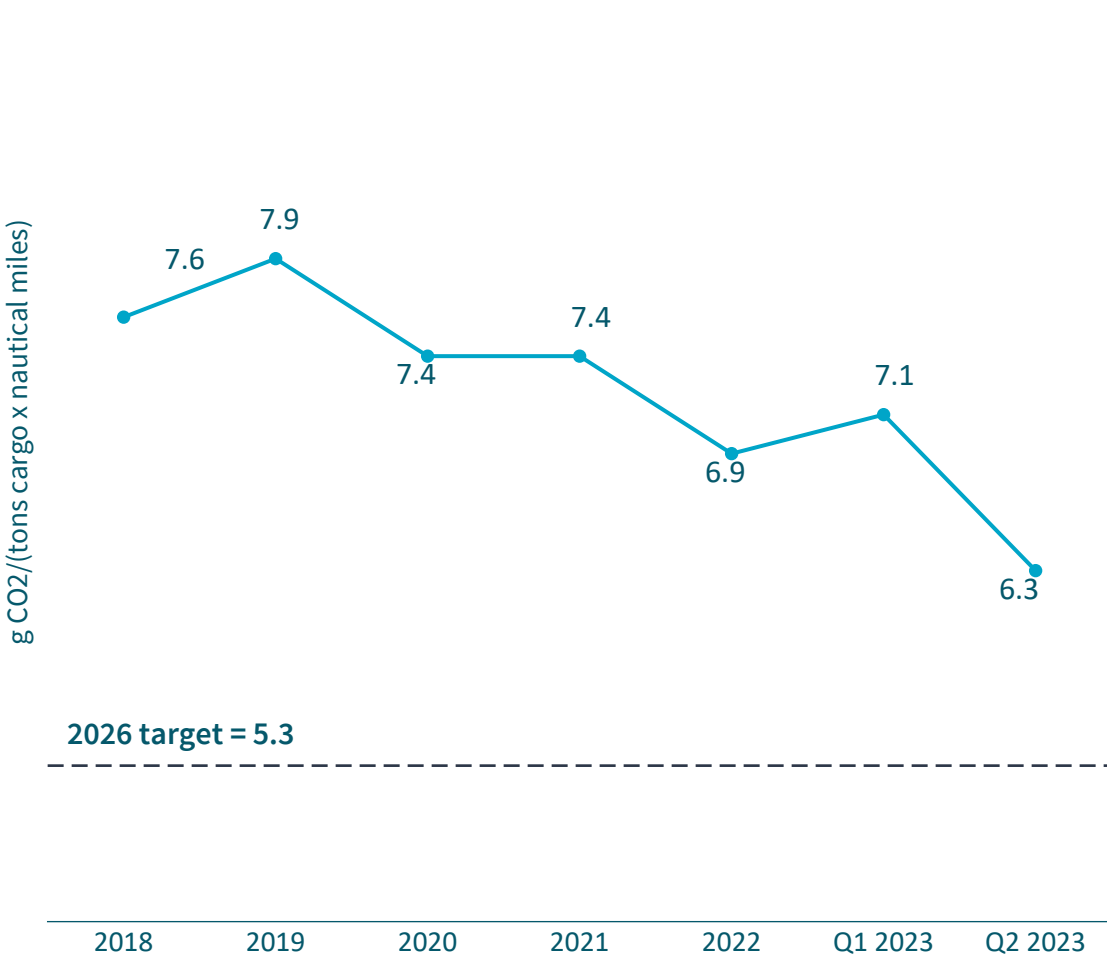


# Environmental KPIs – Record strong EEOI driven by CLEANBU performance

## Average CO<sub>2</sub> emission per vessel-year

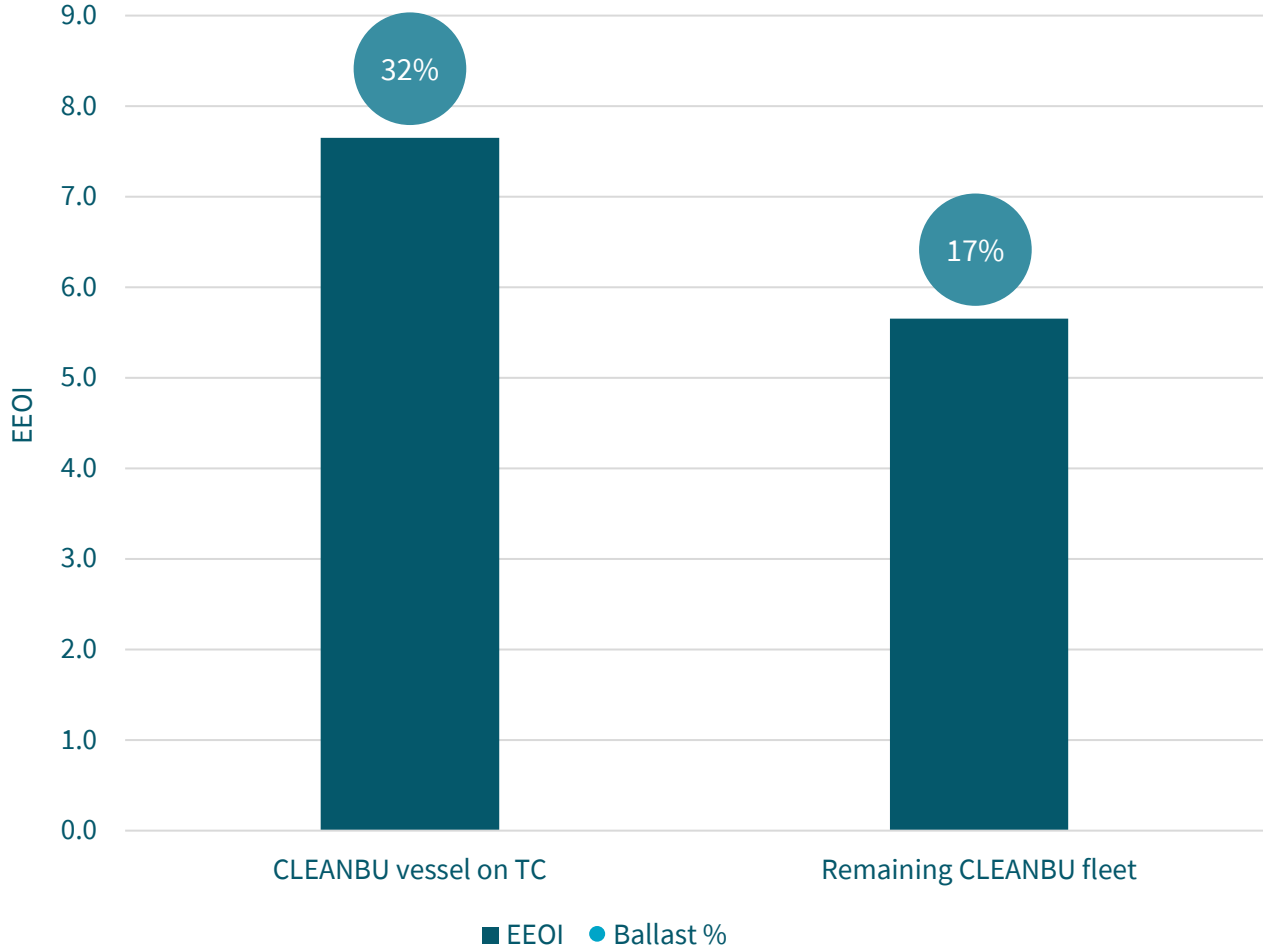


## Carbon intensity (EEOI)



# Carbon emission benefits of combi trading

## More time in ballast results in substantially higher carbon intensity



## Effect on carbon intensity



Example from Q2'23, a CLEANBU vessel on time charter operating as a pure product tanker has a ~35% higher EEOI than the remaining CLEANBU fleet.

**This serves a clear example of the environmental benefits of operating vessels in combination trade.**

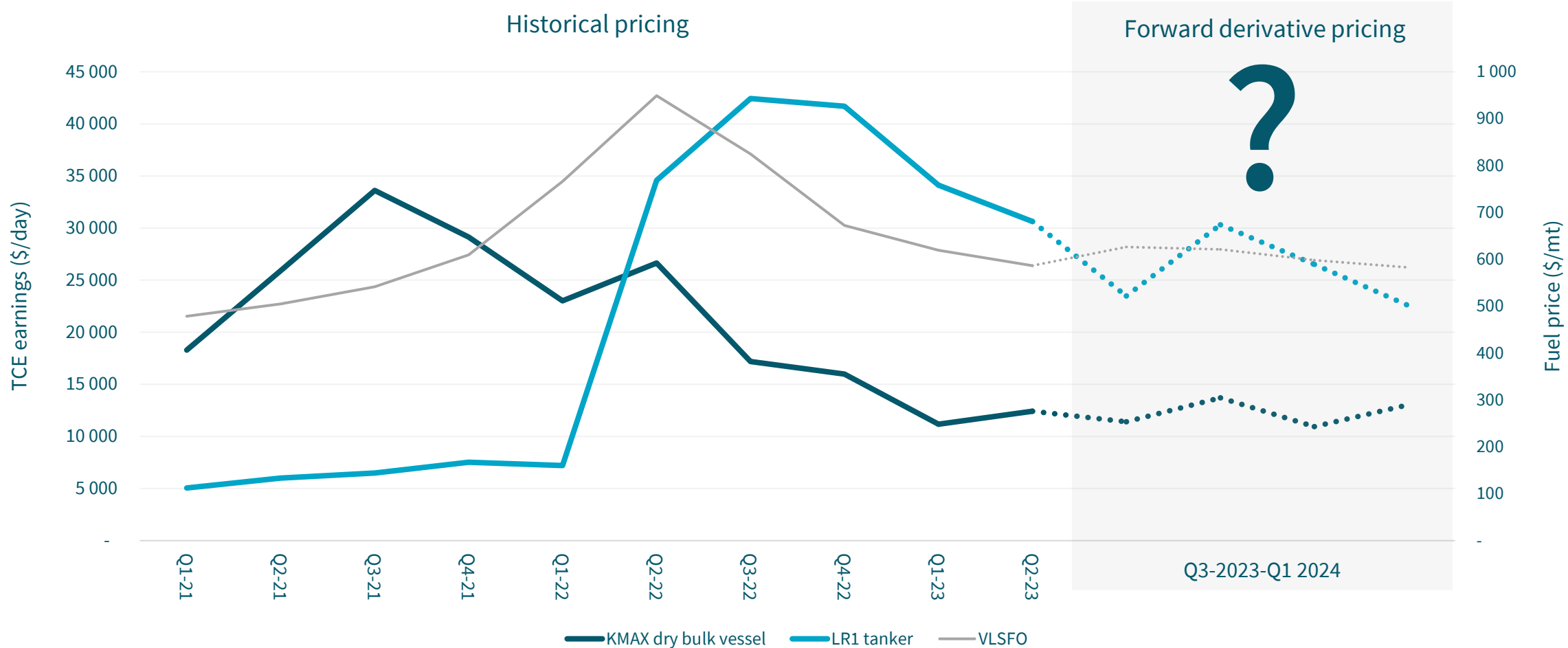
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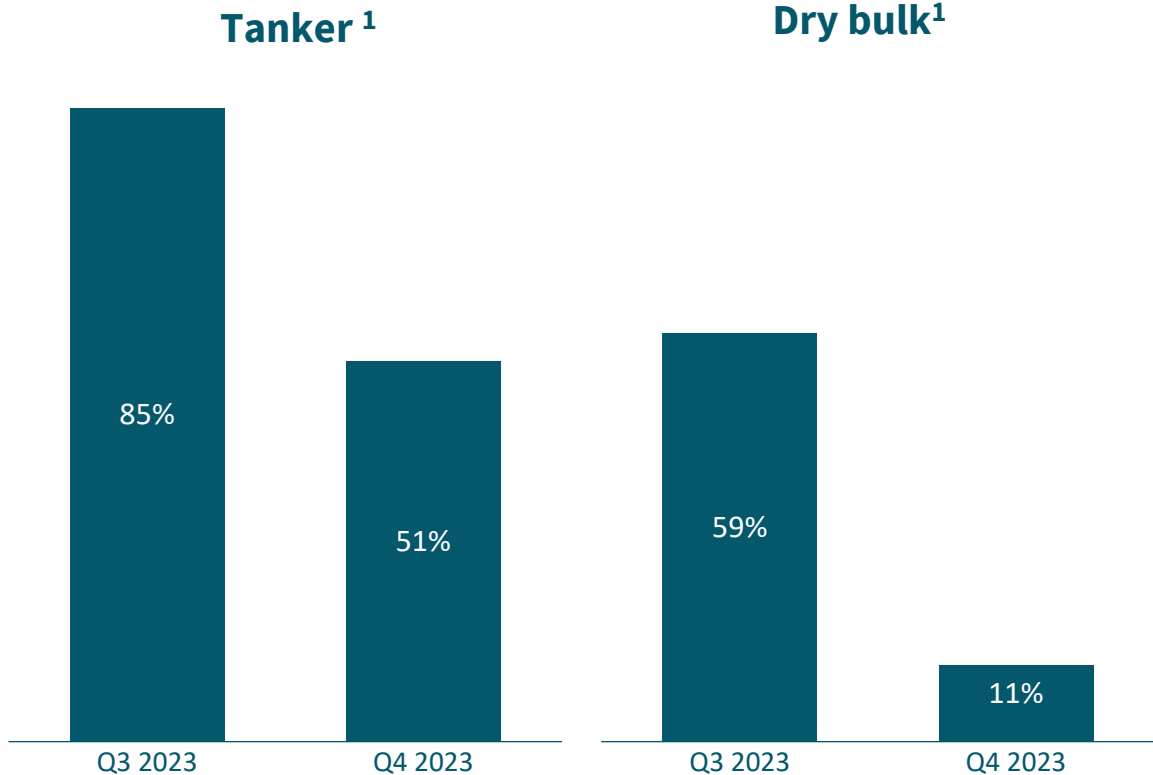
# Solid market upside potential in Q4 and into 2024

## Historical pricing and forward derivative pricing<sup>1</sup>



# High fixed-rate tanker coverage and full dry bulk market upside in 2H 2023

## Fixed rate coverage



## Status index linked COAs

Trade	Expiry	% of dry or wet capacity <sup>2</sup>
CSS	Dec. 2027	~ 8%
CPP	Dec. 2023	~ 9%
Dry bulk	Dec. 2025	~23%

## Comments

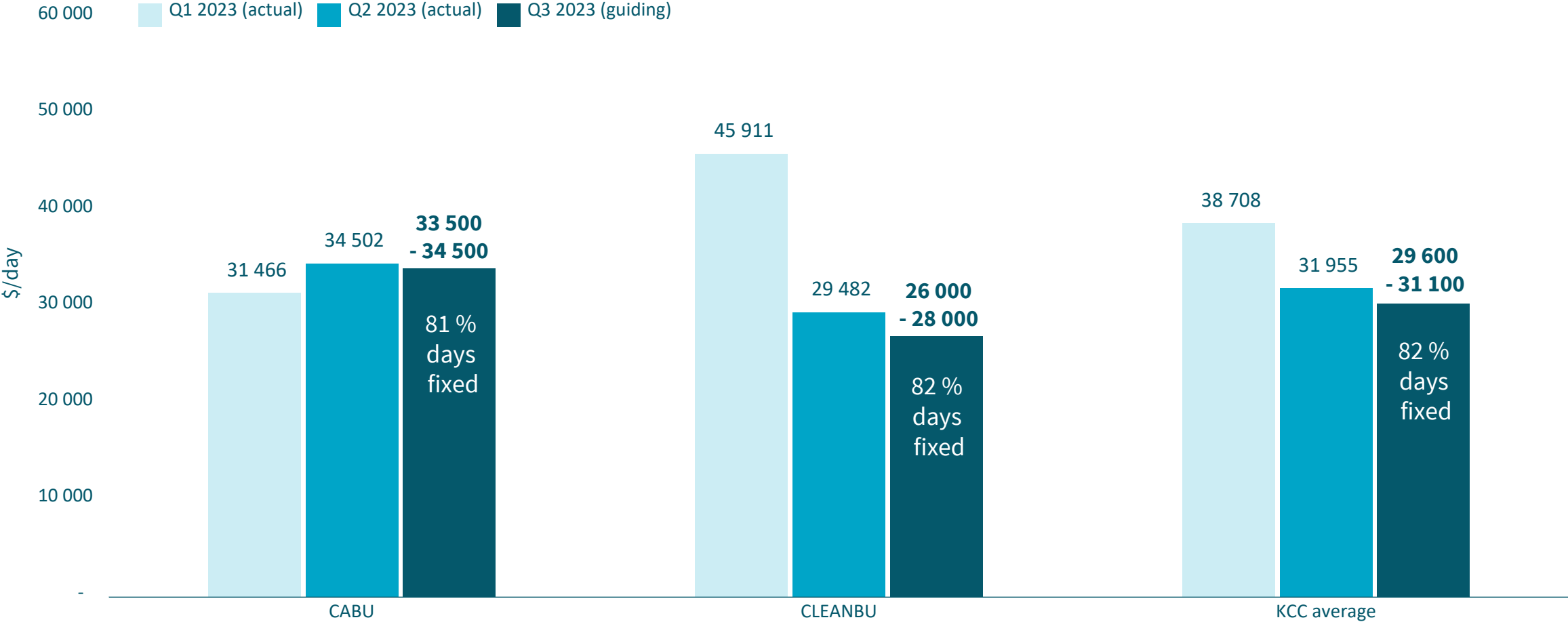
- CABU tanker coverage fully booked for 2H 2023
- 2 years T/C on MV Bass represents the only fixed-rate CLEANBU tanker coverage for Q4 2023
- Most of the dry bulk capacity open for Q4 2023



# Maintaining solid earnings in Q3 2023 despite weaker summer markets

## Q3 2023 TCE-earnings guiding vs. actual last two quarters

Estimate based on booked cargoes and expected employment for open capacity basis forward freight pricing (FFA)<sup>1</sup>

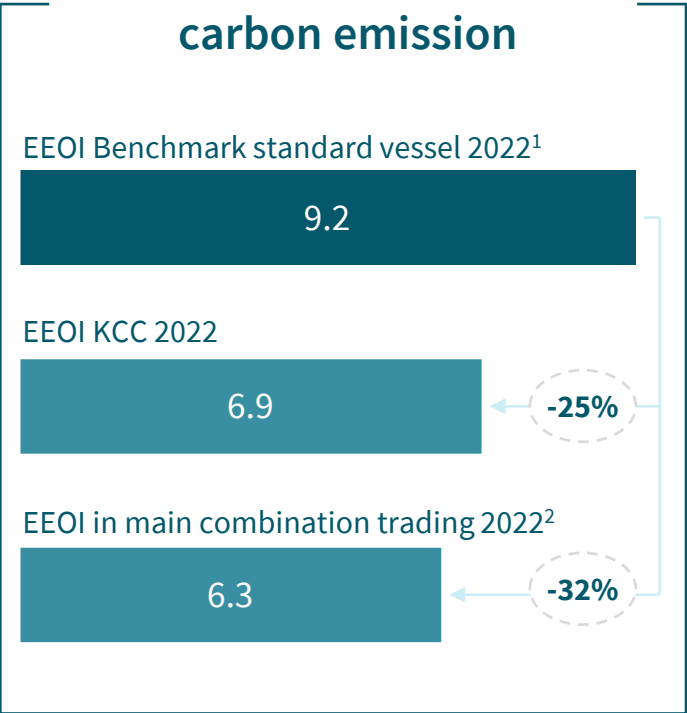


<sup>1</sup> TCE earnings \$/day are alternative performance measures (APMs) which are defined and reconciled in the excel sheet “APM2Q2023” published on the Company’s homepage ([www.combinationcarriers.com](http://www.combinationcarriers.com)) Investor Relations/Reports and Presentations under the section for the Q2 2023 report.

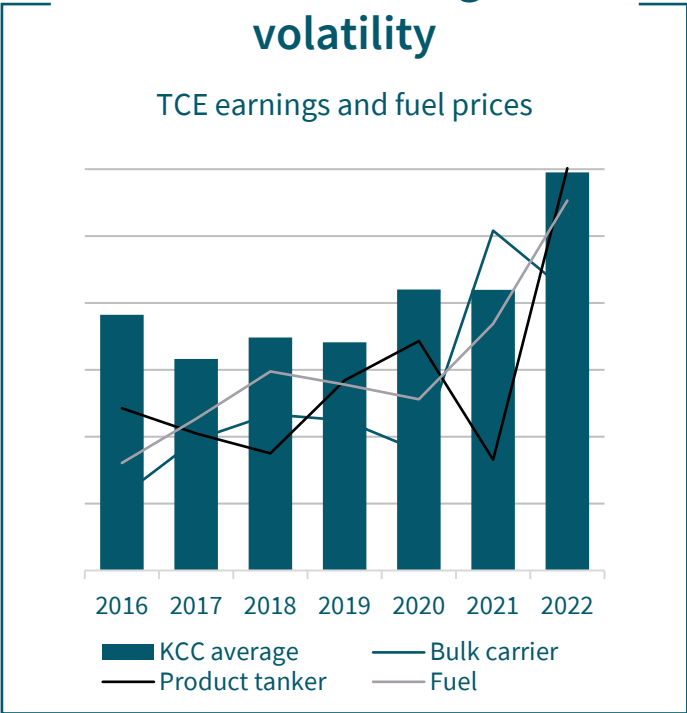
# Future proof and profitable business model



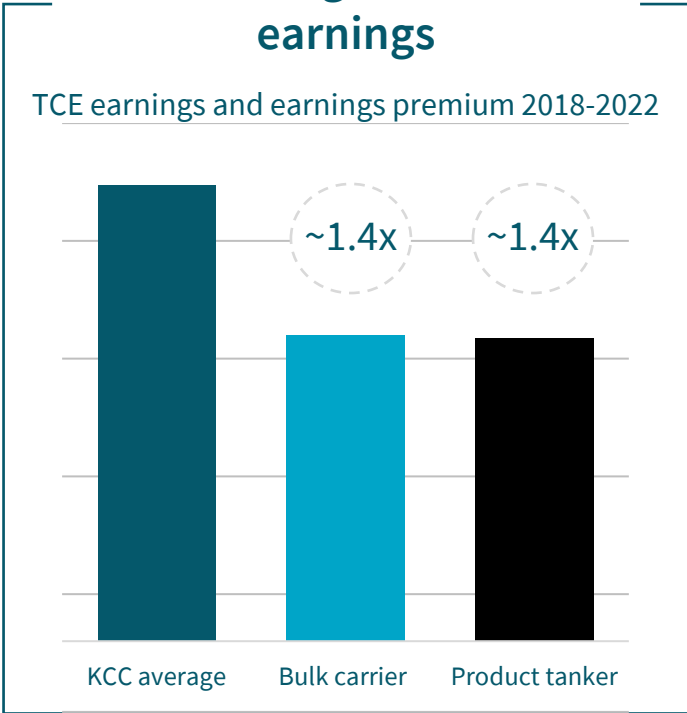
## Lowest carbon emission



## Lower earnings volatility



## Higher earnings



1) Calculated based on standard vessels (Panamax/Kamsarmax dry, MR-tankers and LR1-tankers) making the same transportation work in the same trades as performed by KCC's CABU and CLEANBU vessels in the relevant period.  
2) EEOI in the current main trades to/from Australia and South America excluding voyages with extraordinary long ballasting.

# FUTURE BOUND

with  Klaveness  
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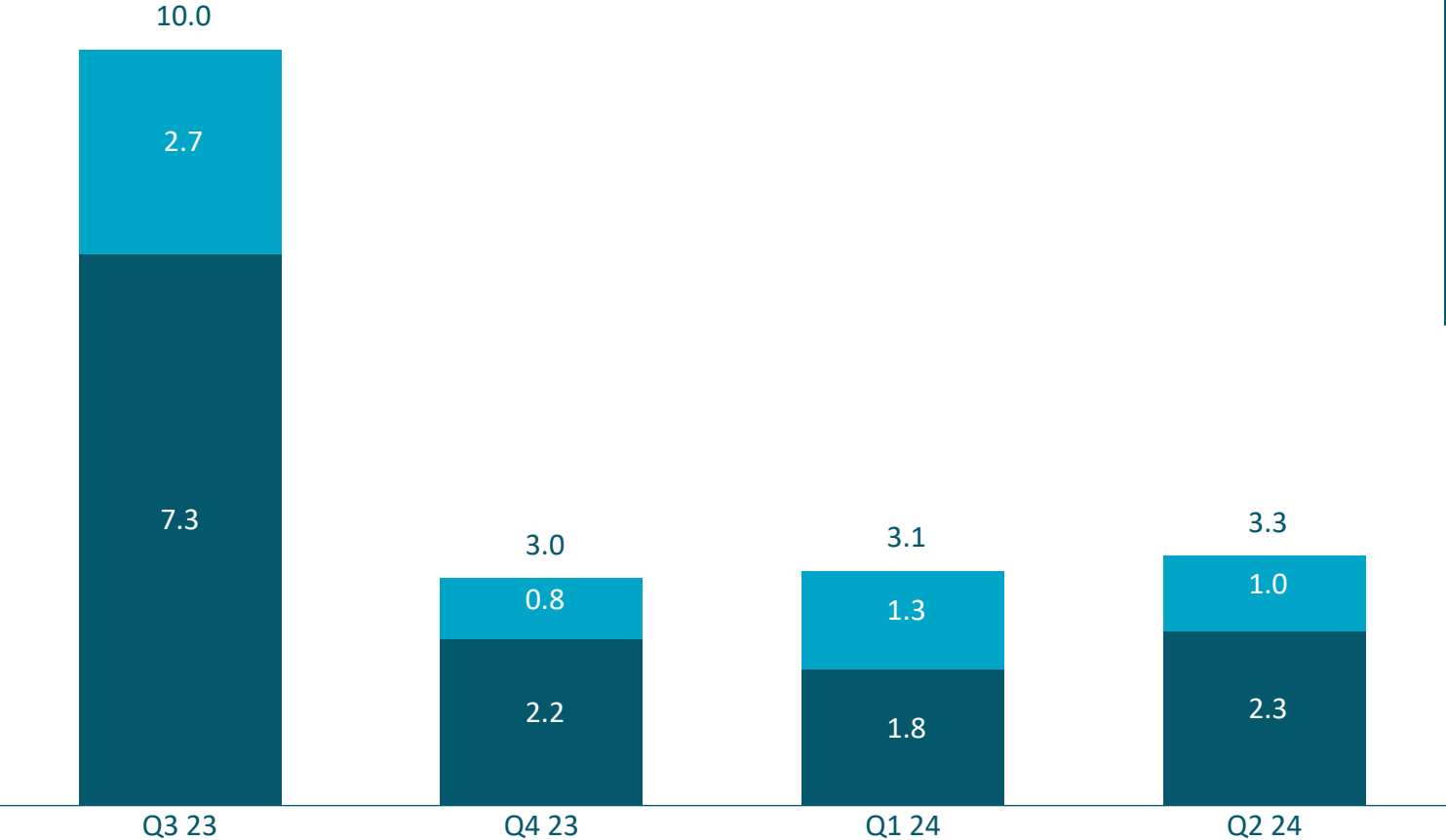


# FUTURE BOUND



# Estimated CAPEX next 12 months (\$ millions)

■ Energy efficiency measures  
■ Dry docking and other technical upgrades



Upcoming drydocking <sup>1</sup> (expected off-hire days)	
Q3 2023	Ballard (68), Baru (62), Bangor (16)
Q4 2023	Baleen (16)
Q1 2024	Bangus (16), Barcarena (22)
Q2 2024	Bass (16), Balzani (16)

1) Period indicated is expected quarter in which drydocking will start, off-hire may occur in following period, while costs may occur in previous or following period



# Detailed 2023 contract coverage – wet

## Contract coverage (slide 32)

### CABU: CSS contract coverage

<i># of days</i>	Q3 23	Q4 23	2H 2023
Fixed rate COA/Spot	292	292	585
Floating rate COA	24	55	79
<b>Total contract days</b>	<b>348</b>	<b>382</b>	<b>730</b>
FFA coverage	-	-	-
<b>Available wet days CABU</b>	<b>349</b>	<b>382</b>	<b>731</b>

### CLEANBU: CPP contract coverage

<i># of days</i>	Q3 23	Q4 23	2H 2023
Fixed rate COA/Spot	396	92	488
Floating rate COA		98	98
<b>Total contract days</b>	<b>396</b>	<b>190</b>	<b>585</b>
FFA coverage	-	-	-
<b>Available wet days CLEANBU</b>	<b>463</b>	<b>368</b>	<b>831</b>

### Total wet contract coverage

<i># of days</i>	Q3 23	Q4 23	2H 2023
Fixed rate COA/Spot	688	384	1 072
Floating rate COA	24	153	177
<b>Total contract days</b>	<b>712</b>	<b>537</b>	<b>1 249</b>
FFA coverage	-	-	-
<b>Available wet days</b>	<b>813</b>	<b>750</b>	<b>1 562</b>
Fixed rate coverage	85 %	51 %	69 %
Operational coverage	88 %	72 %	80 %

# Detailed 2023 contract coverage – dry bulk

## Contract coverage (slide 32)

### Total dry bulk contract coverage

<i># of days</i>	Q3 23	Q4 23	2H 2023
Fixed rate COA/Spot	327	70	397
Floating rate COA	11	178	189
<b>Total contract days</b>	<b>338</b>	<b>248</b>	<b>586</b>
FFA coverage	-	-	-
<b>Available dry days</b>	<b>557</b>	<b>663</b>	<b>1 221</b>
Available dry days CABU	310	352	662
Available dry days CLEANBU	248	311	559
<b>Fixed rate coverage</b>	<b>59 %</b>	<b>11 %</b>	<b>33 %</b>
<b>Operational coverage</b>	<b>61 %</b>	<b>37 %</b>	<b>48 %</b>