



Fourth Quarter 2023

Oslo, 16 February 2024

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# Agenda

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

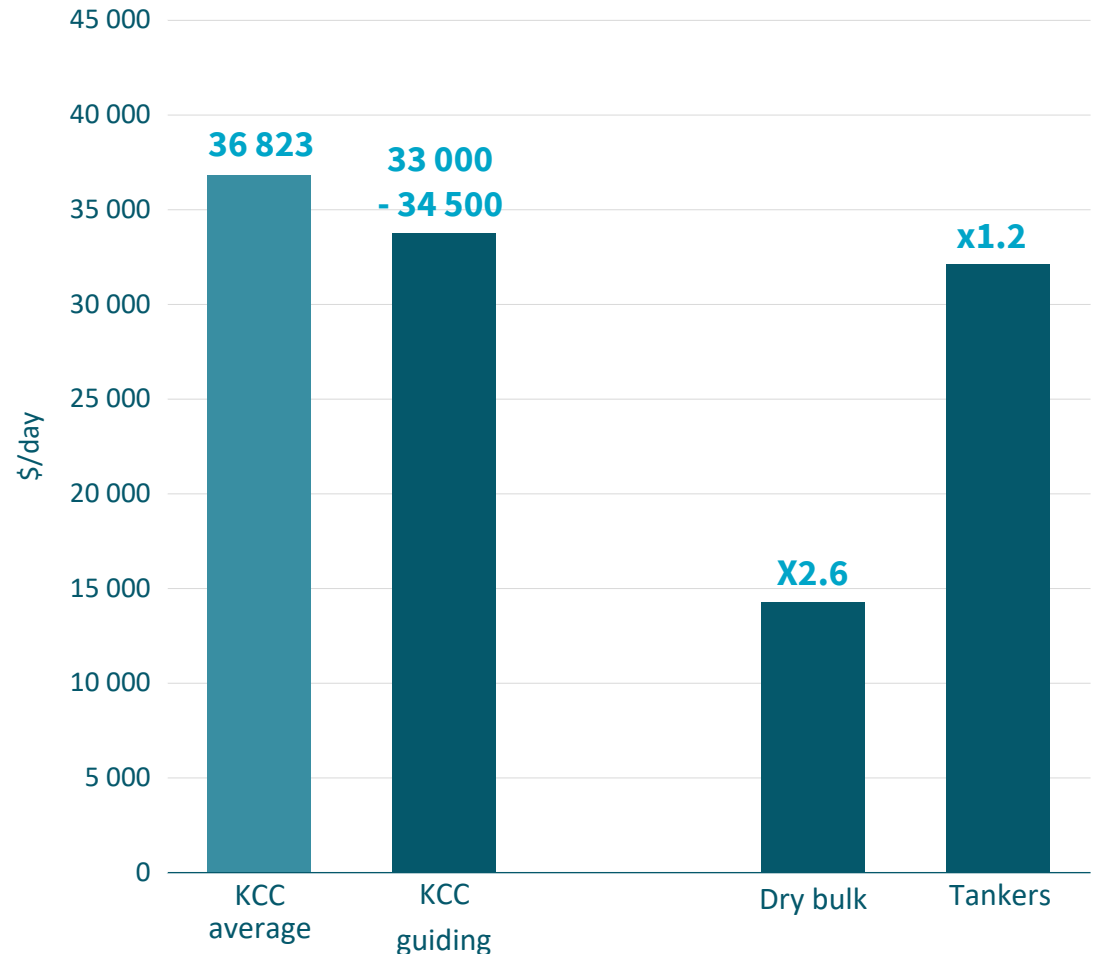


# Strong end to a spectacular 2023

## Highlights Q4 2023

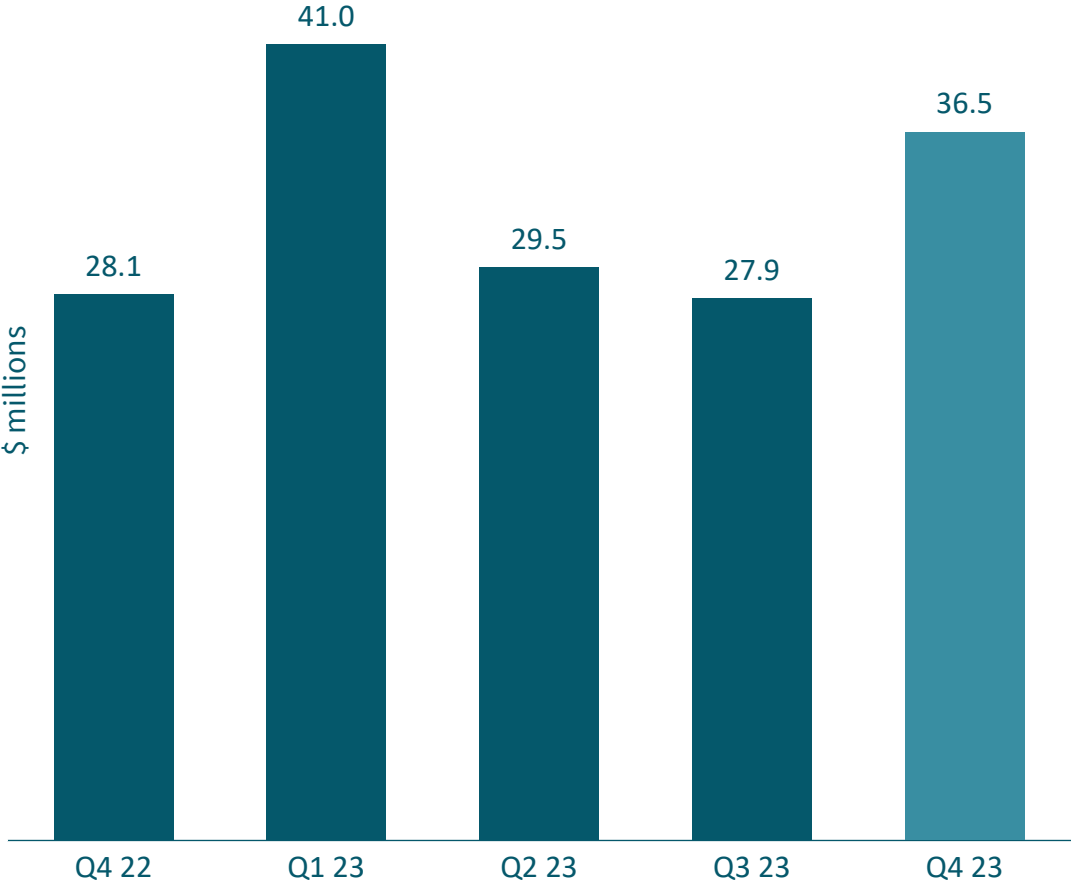
- EBT of USD 25.9 million and EBITDA of USD 36.5 million
- Both CABUs and CLEANBUs deliver above expectations in a buoyant product tanker market and an improved dry bulk market
- Caustic soda COAs secured for ~100% of CABU wet capacity in 2024

## KCC TCE earnings<sup>1</sup>

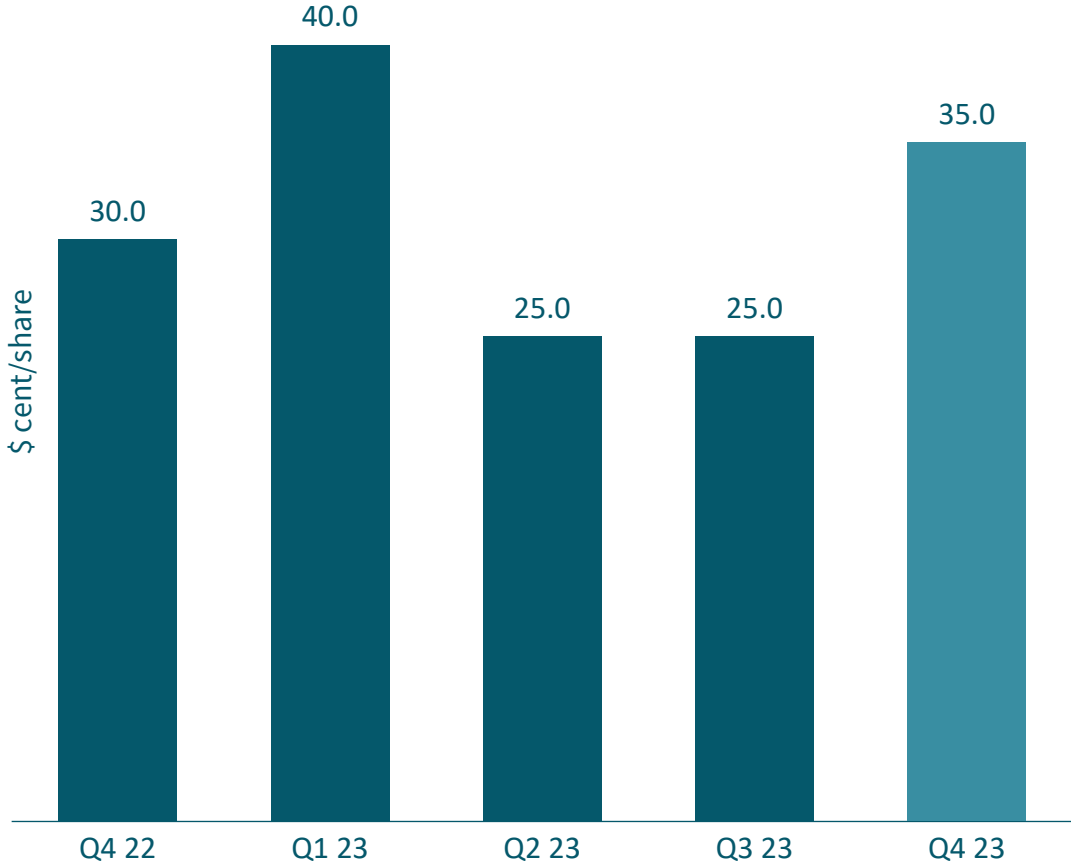


# Solid performance reflected in high dividends

## EBITDA



## Quarterly dividend



# Highlights FY 2023



## Record financial results

**TCE earnings<sup>1</sup>**  
**34 983 USD/day**  
(29 764 / +17.5%)

**EBITDA**  
**USD 135m**  
(107 / +26%)



## Strengthening business resilience

**Fleet renewal**  
**3 x newbuilds**  
Zero-emission fuel  
ready CABU 3

**CLEANBU customer acceptance**  
**+35%**  
Increase in  
concept approvals

**CABU caustic soda cargo booking**  
**+10%**  
Further growth in 2024



## Pioneering low carbon shipping

**First large energy efficiency retrofit**  
**-15%**  
Reduction in CO<sub>2</sub>  
emission for MV Ballard

**Reduction in Carbon Intensity**  
**-6%**  
Lower EEOI  
relative to 2022

**New sustainability-linked  
financing framework**  
**USD 137m**  
In new bond and bank loans

# Agenda



Quarterly performance overview



**Market review and commercial update**



Financial update



Sustainability efforts

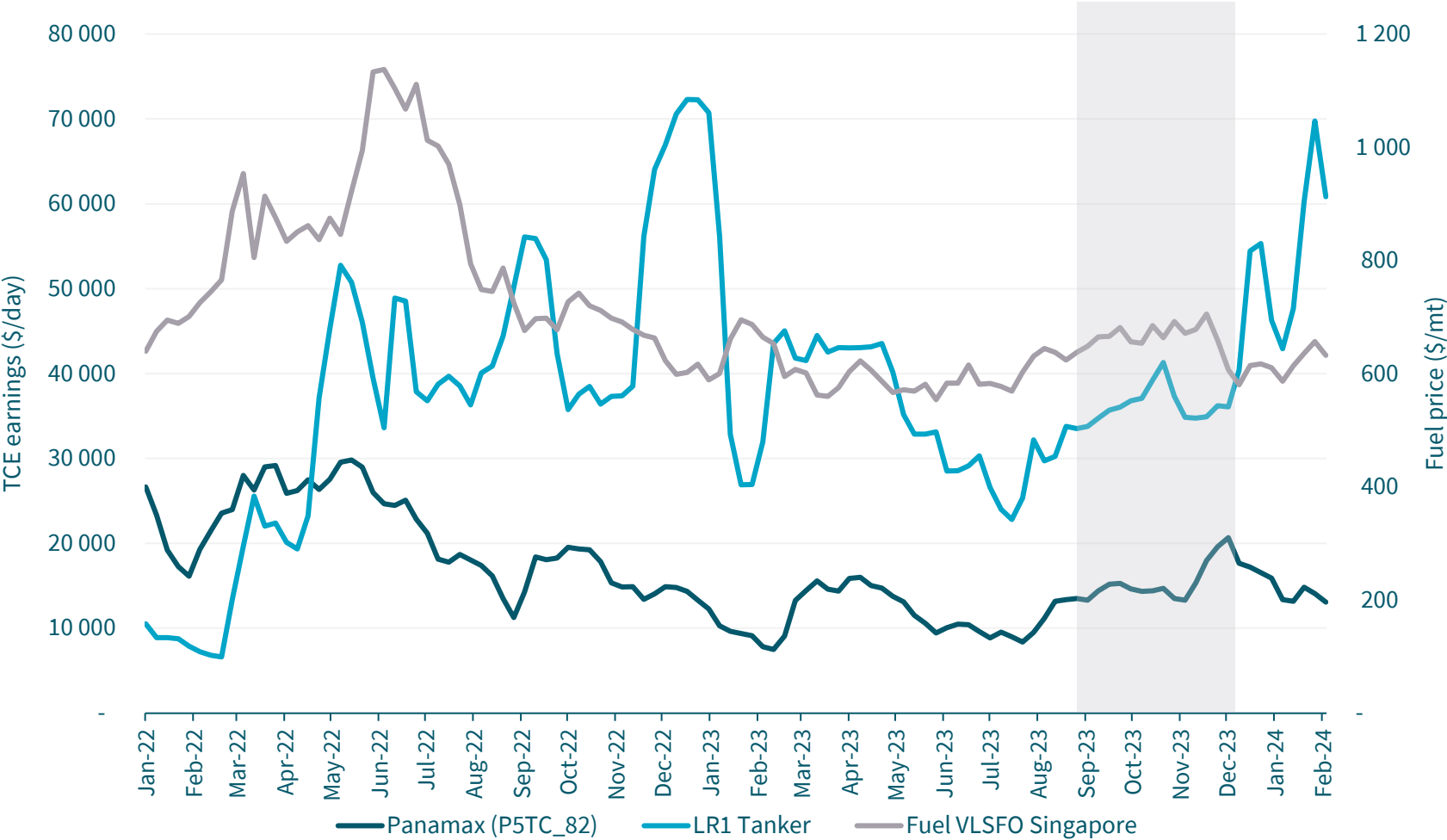


Summary and outlook



# Stronger markets towards end of 2023, momentum continues in 2024

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



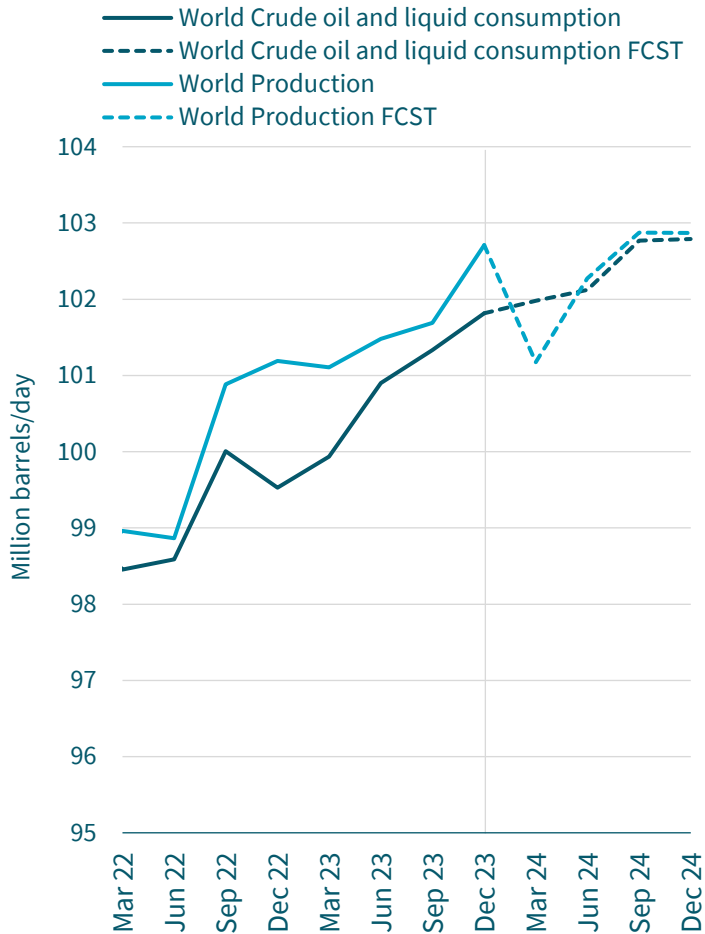
- Strengthening product tanker markets through Q4, especially in the Atlantic
- Rates spiked in Q1 2024 following disruption in Red Sea/Suez transits
- Dry bulk market fueled by continued healthy Chinese demand and disruptions
- Strong dry bulk outlook post Chinese New Year

<sup>1</sup> Source: Clarksons Securities and Clarksons SIN

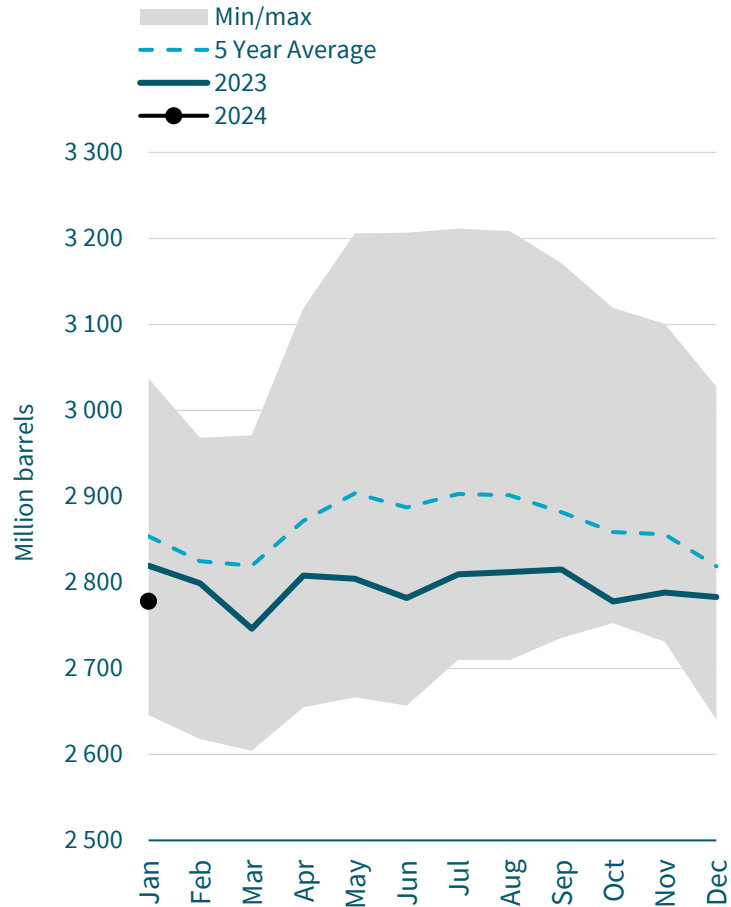


# Solid tanker market fundamentals despite increased newbuild ordering

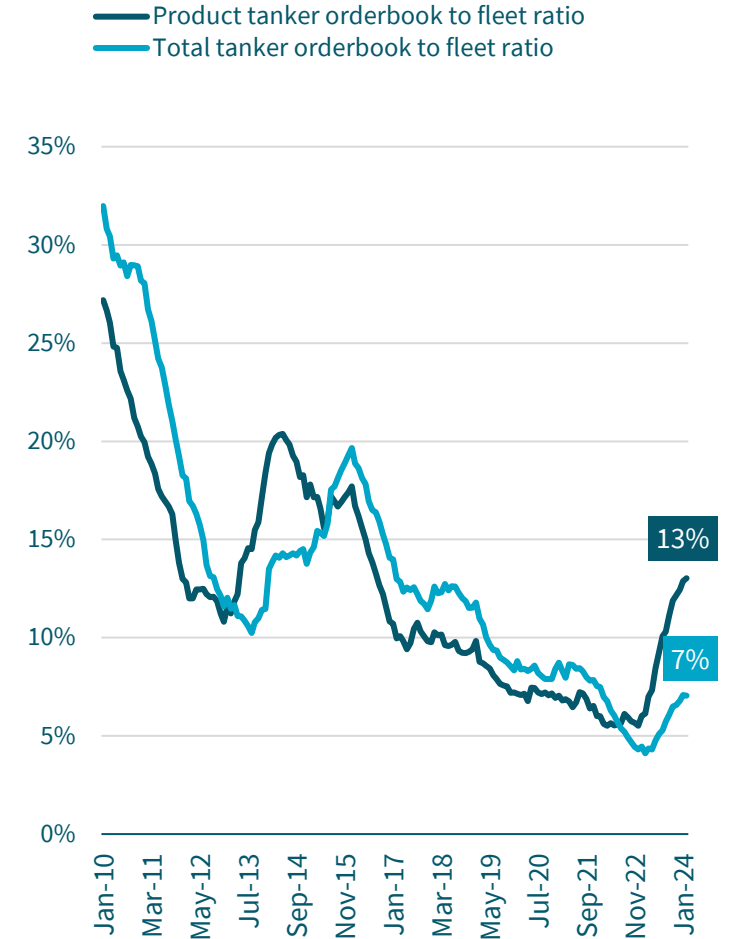
## Oil consumption and production trending upwards<sup>1</sup>



## OECD stocks below 5-year average<sup>1</sup>

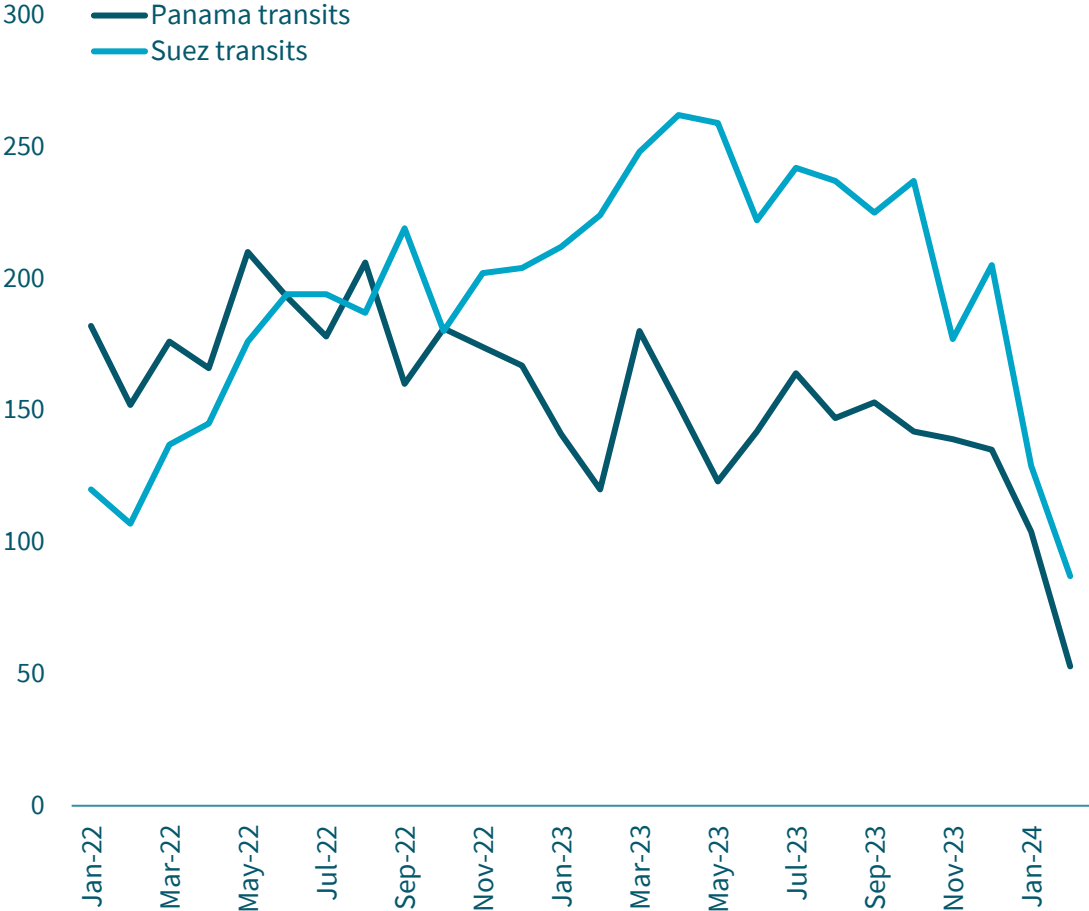


## Significant increase in contracting activity<sup>2</sup>



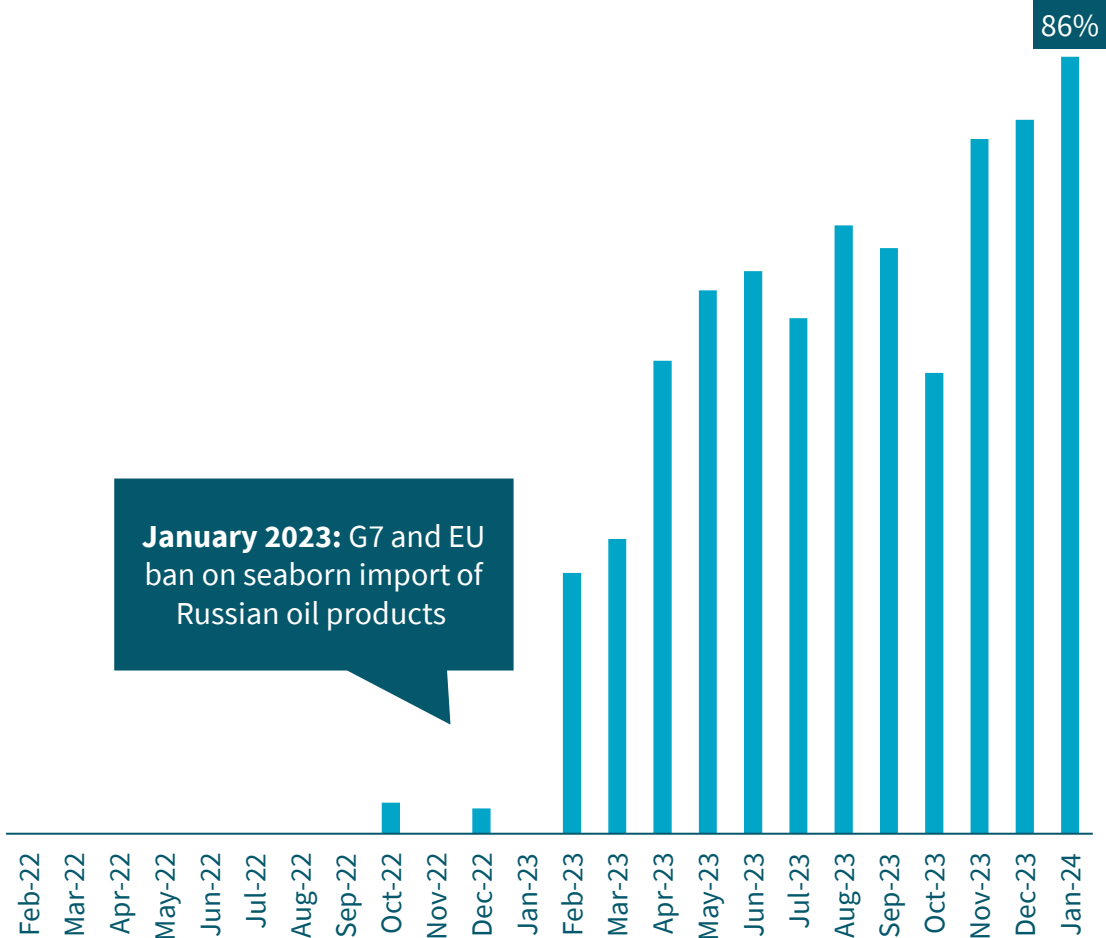
# Disruptions support an already strong product tanker market

## # of Panama and Suez transits MR, LR1 and LR2<sup>1</sup>



## Russian diesel to Brazil<sup>2</sup>

% share of total Brazilian diesel imports

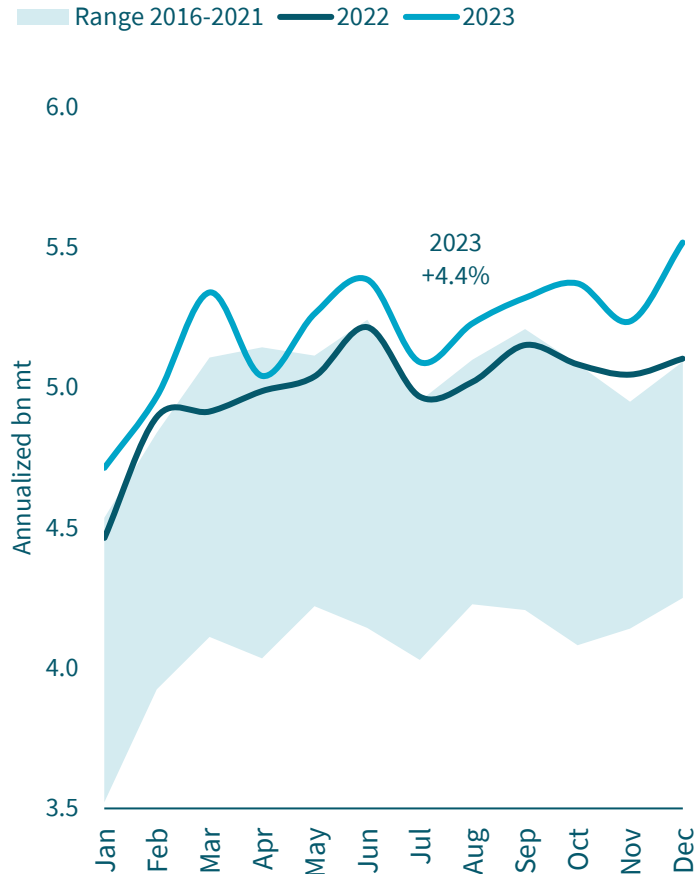


**January 2023:** G7 and EU ban on seaborne import of Russian oil products

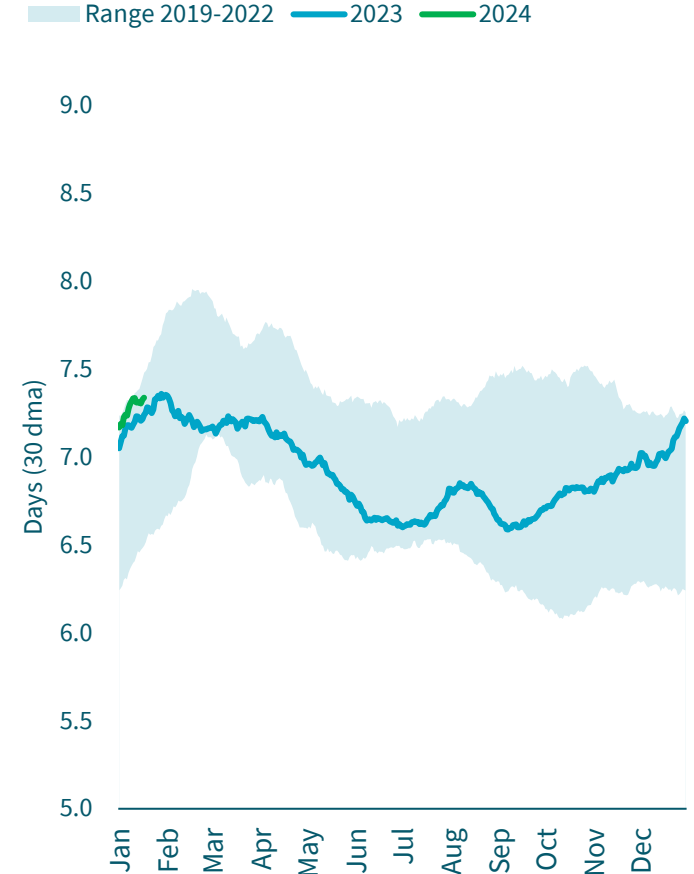
1) Source: Clarksons, February quarterized  
2) Source: kpler

# Strong short term dry bulk market outlook – fundamentals improving

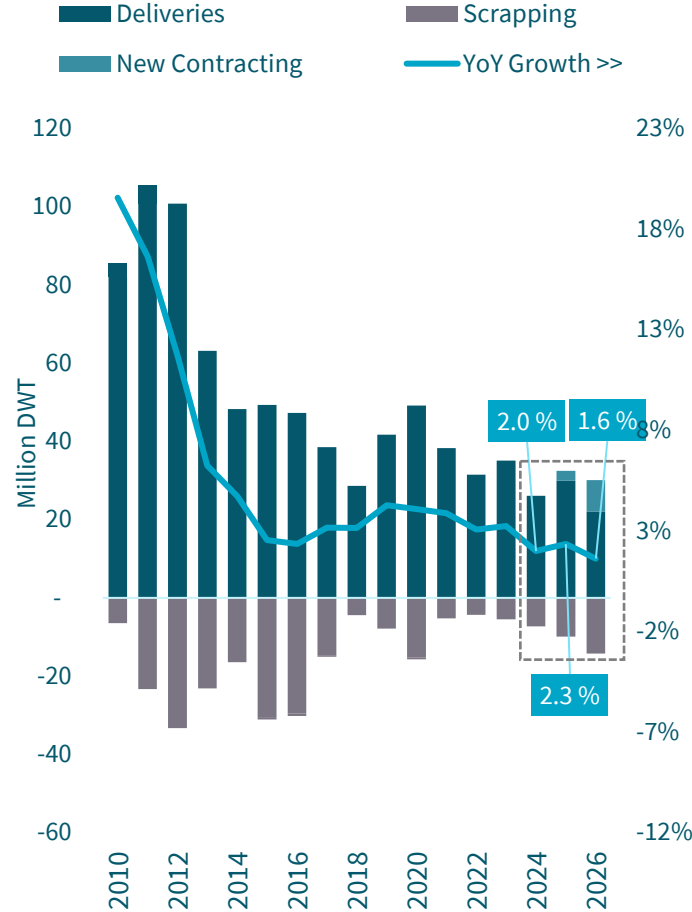
## Healthy demand growth in 2023



## Port turnover time increase, reducing effective supply growth

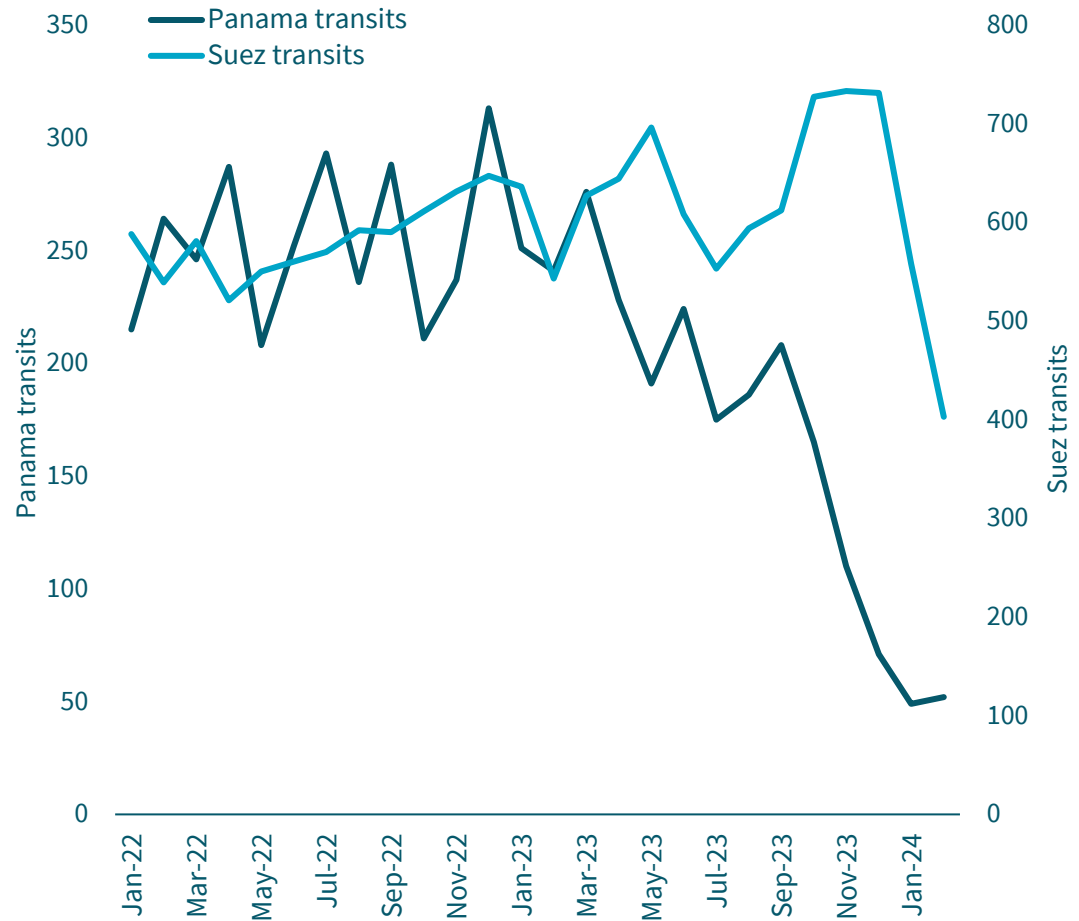


## Historic low nominal fleet growth in the coming years

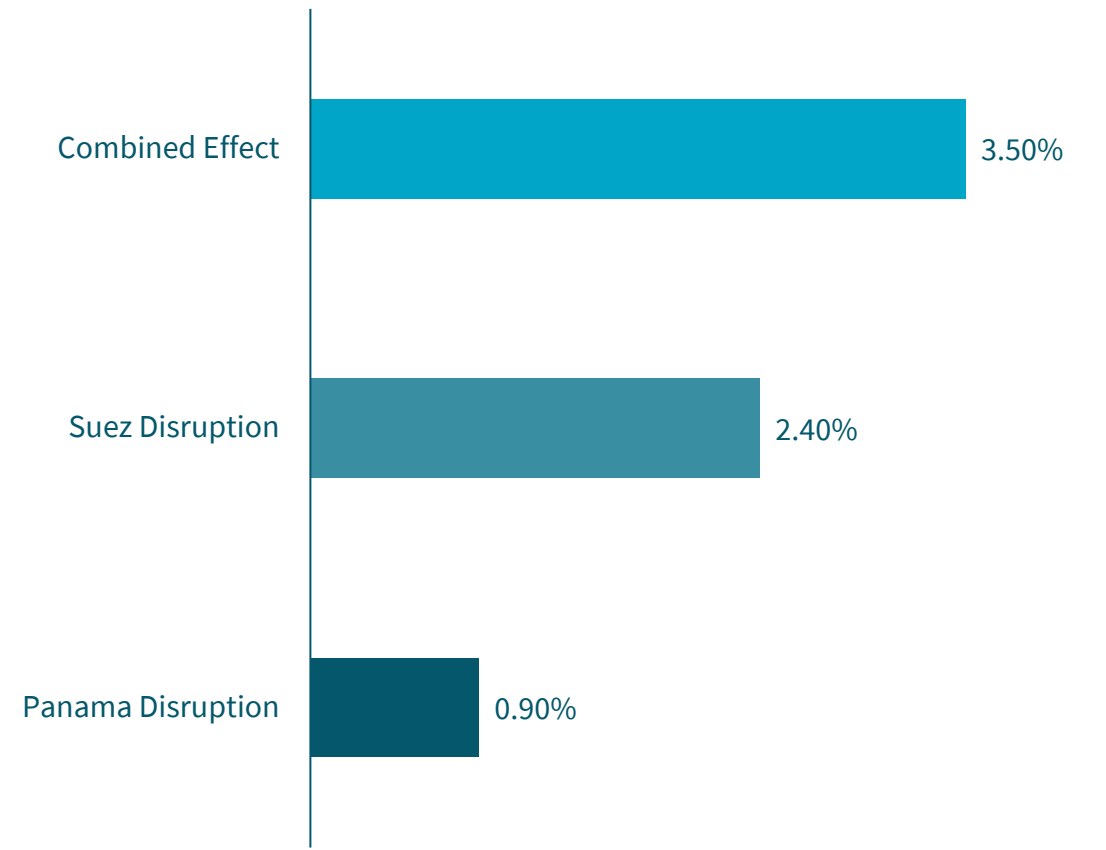


# Suez and Panama disruptions also a driver in the dry bulk market

# of Panama and Suez transits, dry bulk fleet<sup>1</sup>



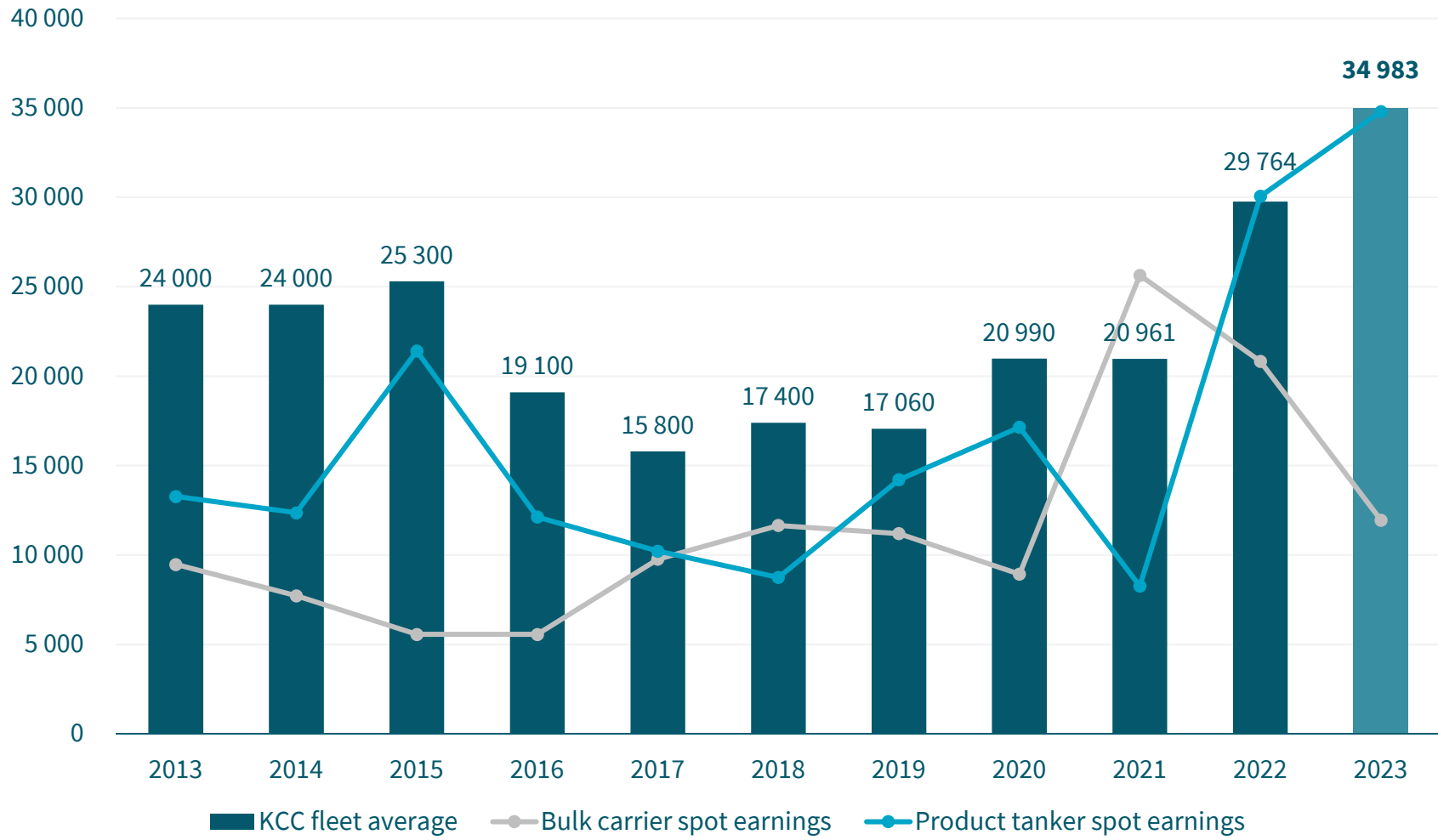
Potential dry bulk utilization increase from canal closures<sup>2</sup>



1) Source: Clarksons, February quarterized  
2) Source: Klaveness Research

# Record high TCE earnings in 2023

## Historic average TCE earnings<sup>1</sup> vs. standard tonnage<sup>2</sup>

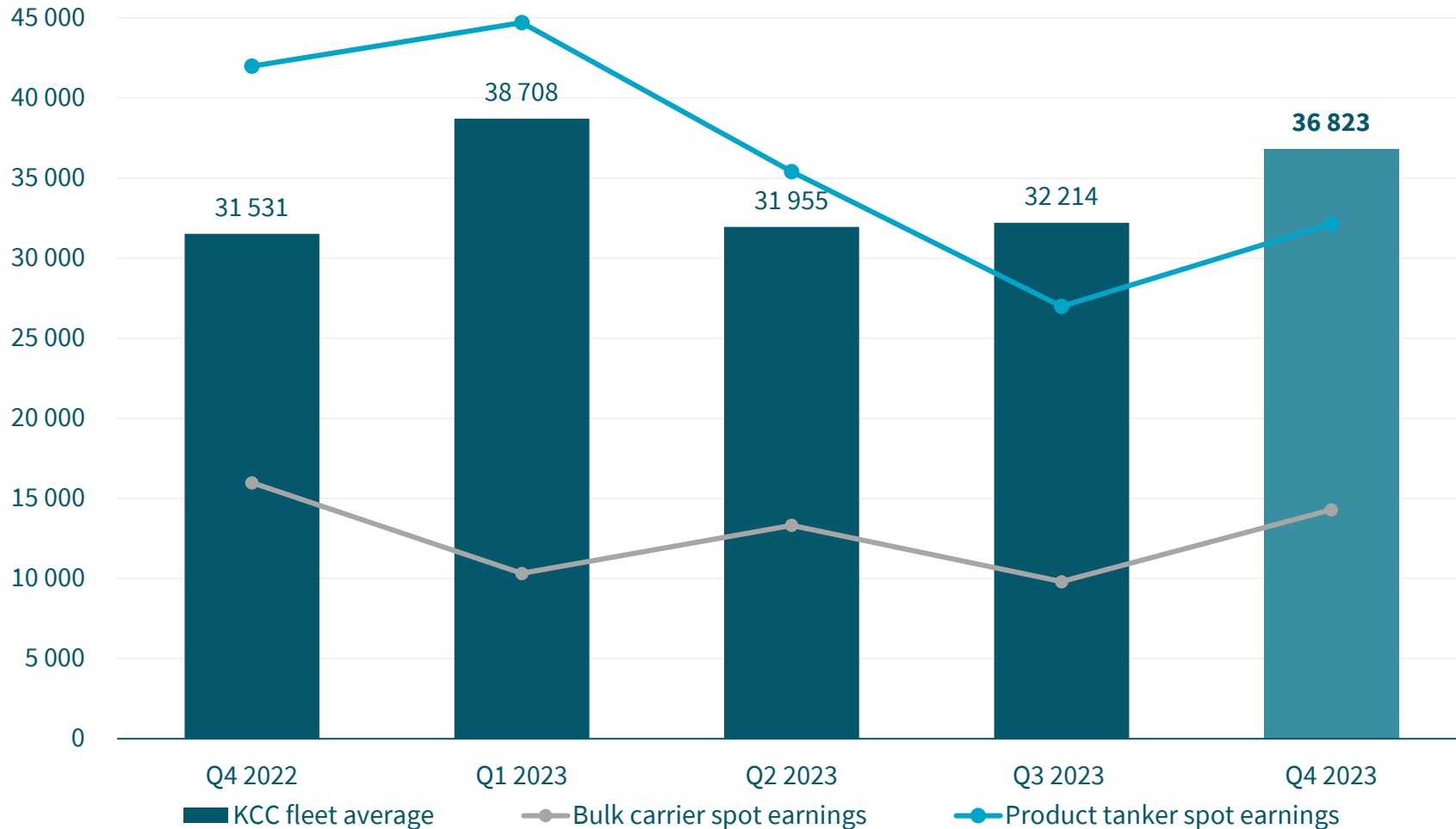


Higher efficiency and market diversification deliver higher earnings over time

2018-2023:  
**~1.4x**  
 TCE earnings premium to standard tankers and dry bulk vessels

# Strong relative performance in second half of 2023

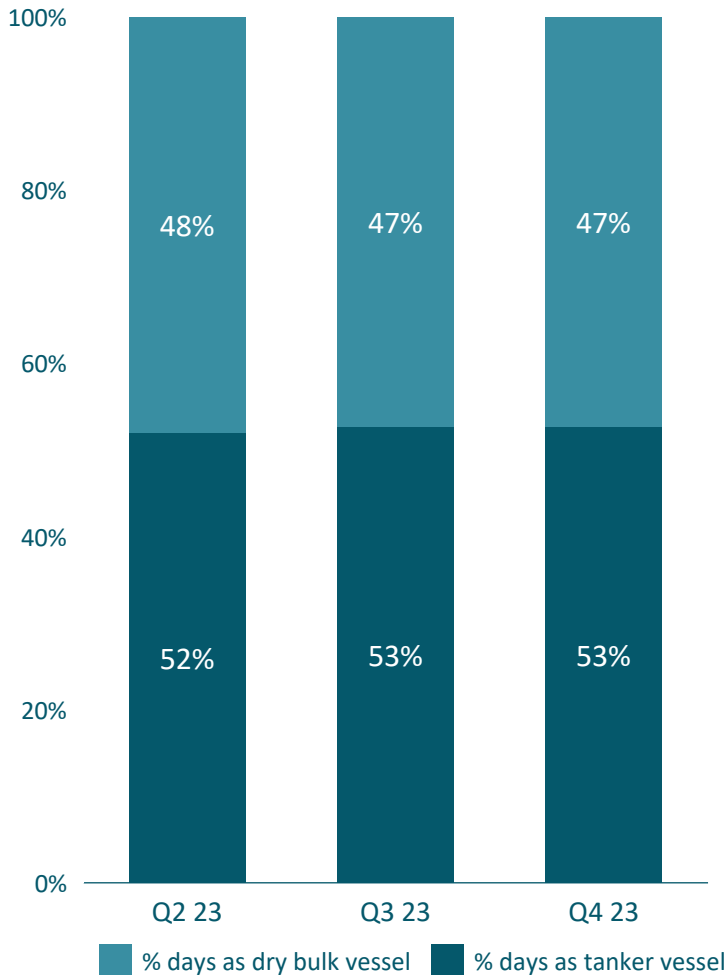
## Quarterly KCC fleet TCE earnings<sup>1</sup> vs. standard tonnage<sup>2</sup>



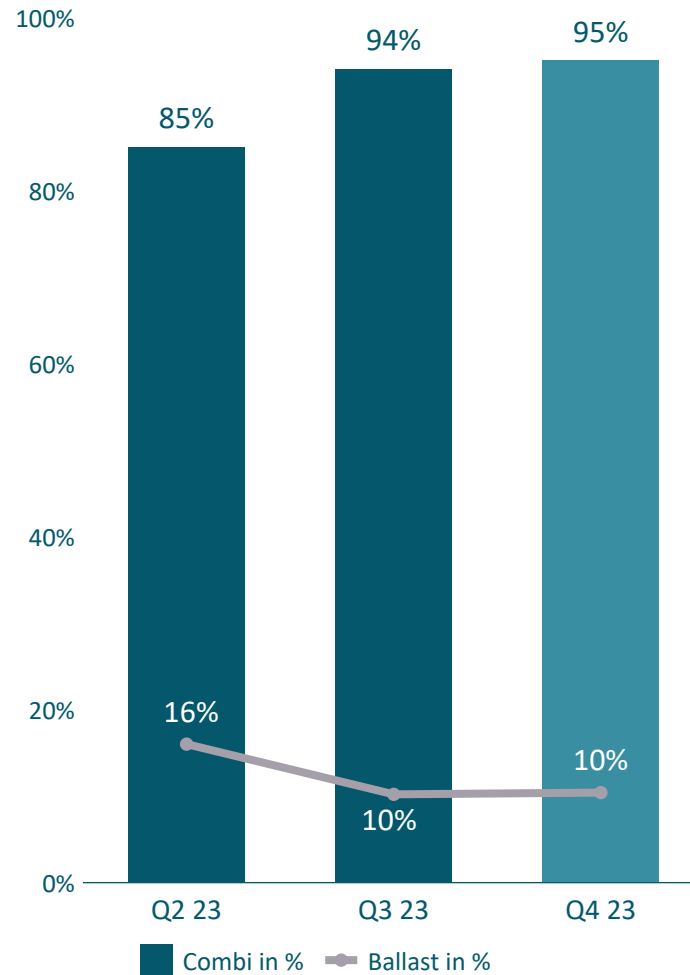
- Outperforming dry bulk and product tanker spot earning benchmarks in second half 2023
- Maintaining high tanker trading in both Q3 and Q4 2023

# Solid CABU TCE earnings – a continued success story

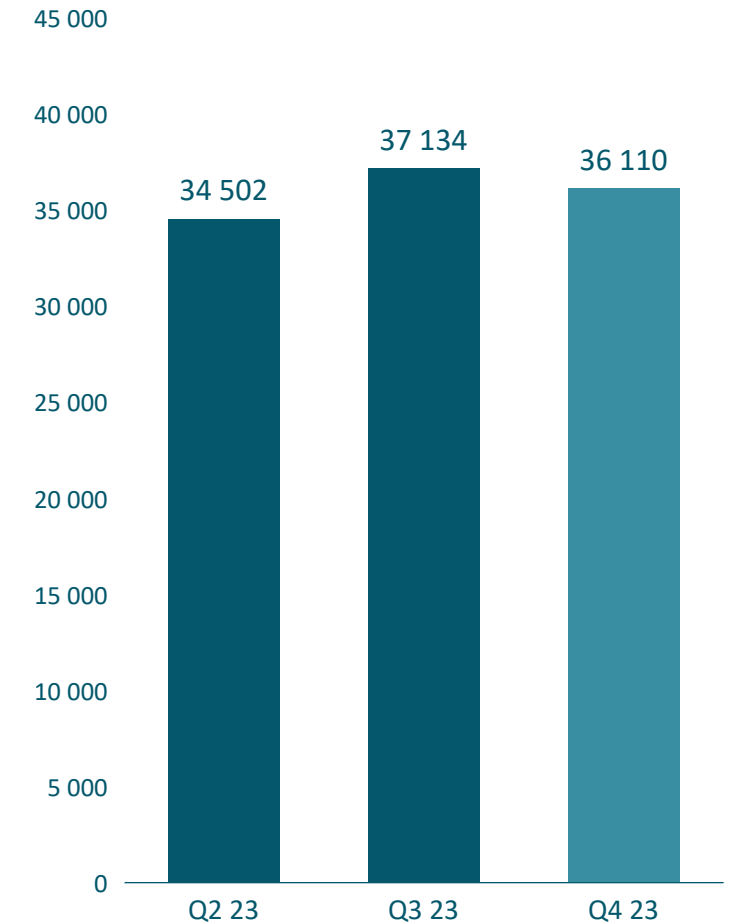
## % of days in tanker and dry bulk trades



## % days in combination trades & ballast



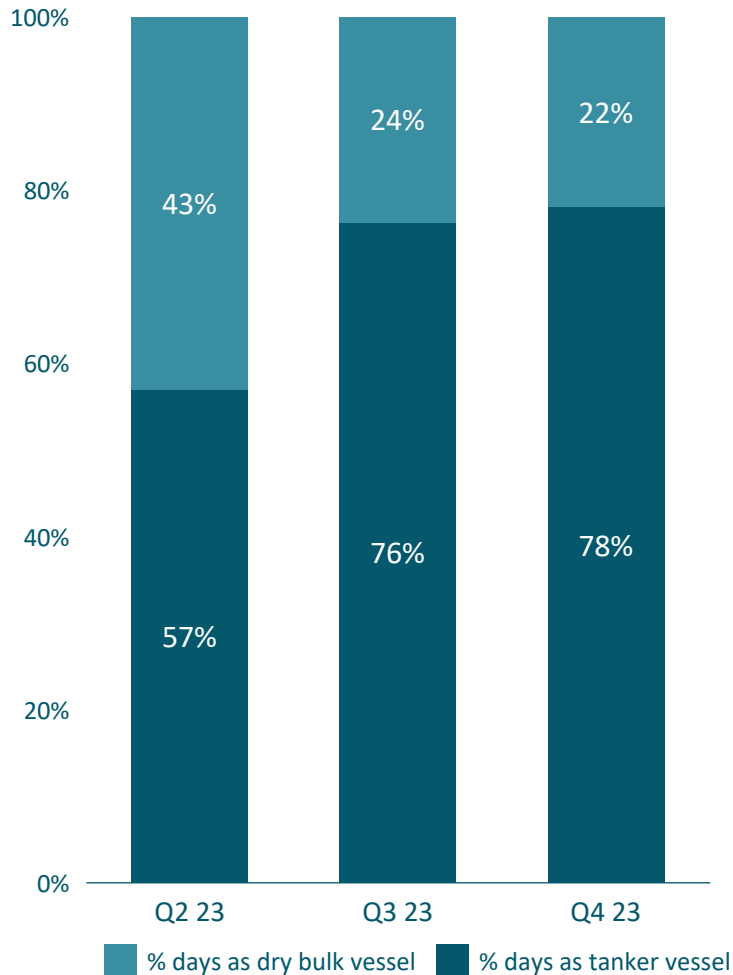
## Quarterly TCE earnings<sup>1</sup> (\$/day)



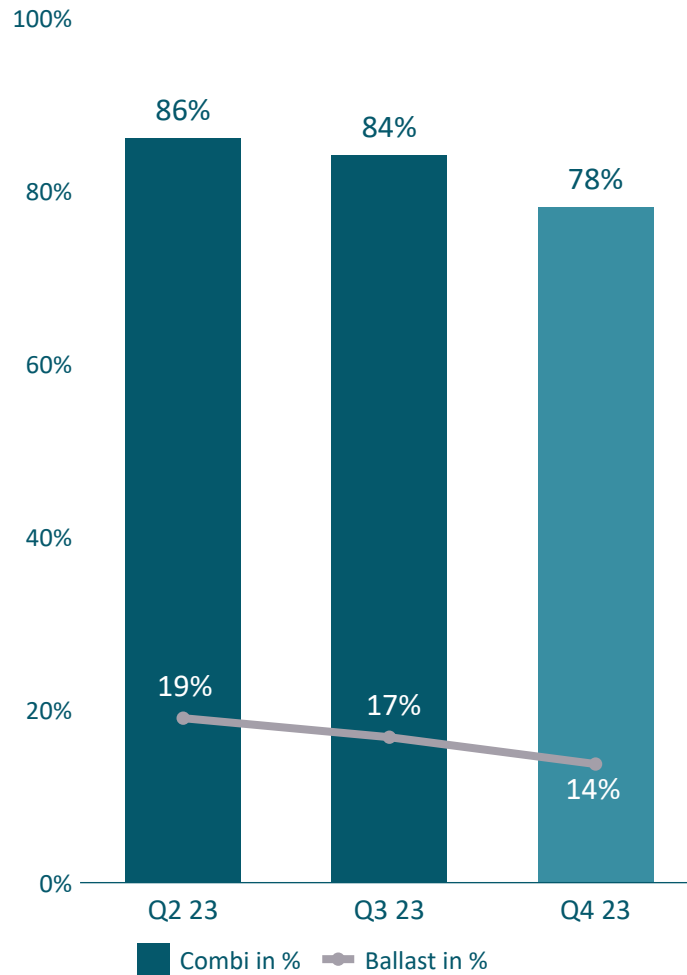


# The CLEANBUs get the best out of a stronger product tanker market

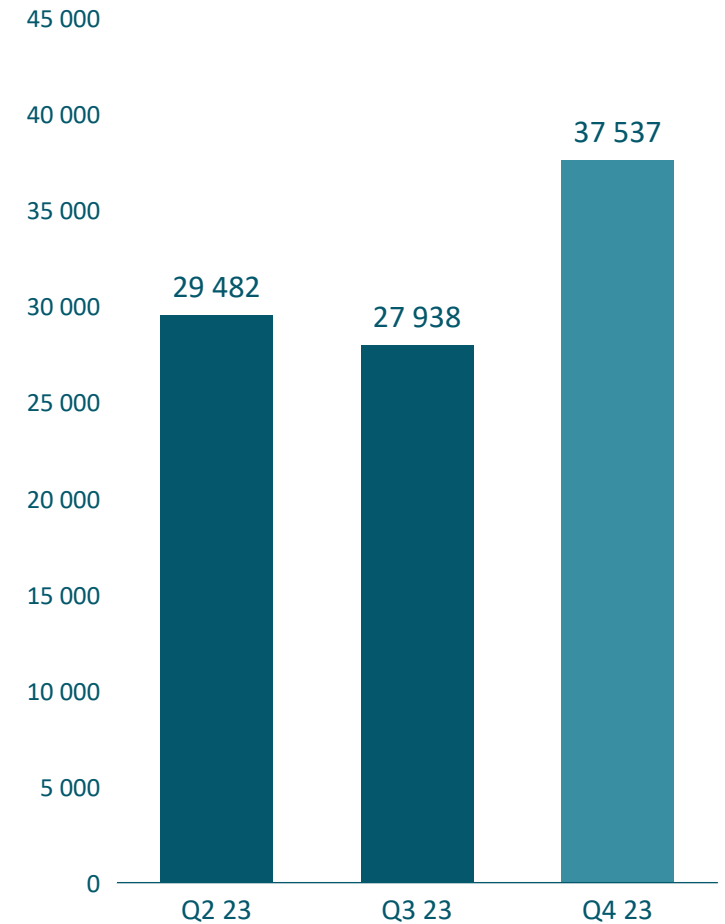
### % of days in tanker and dry bulk trades



### % days in combination trades & ballast



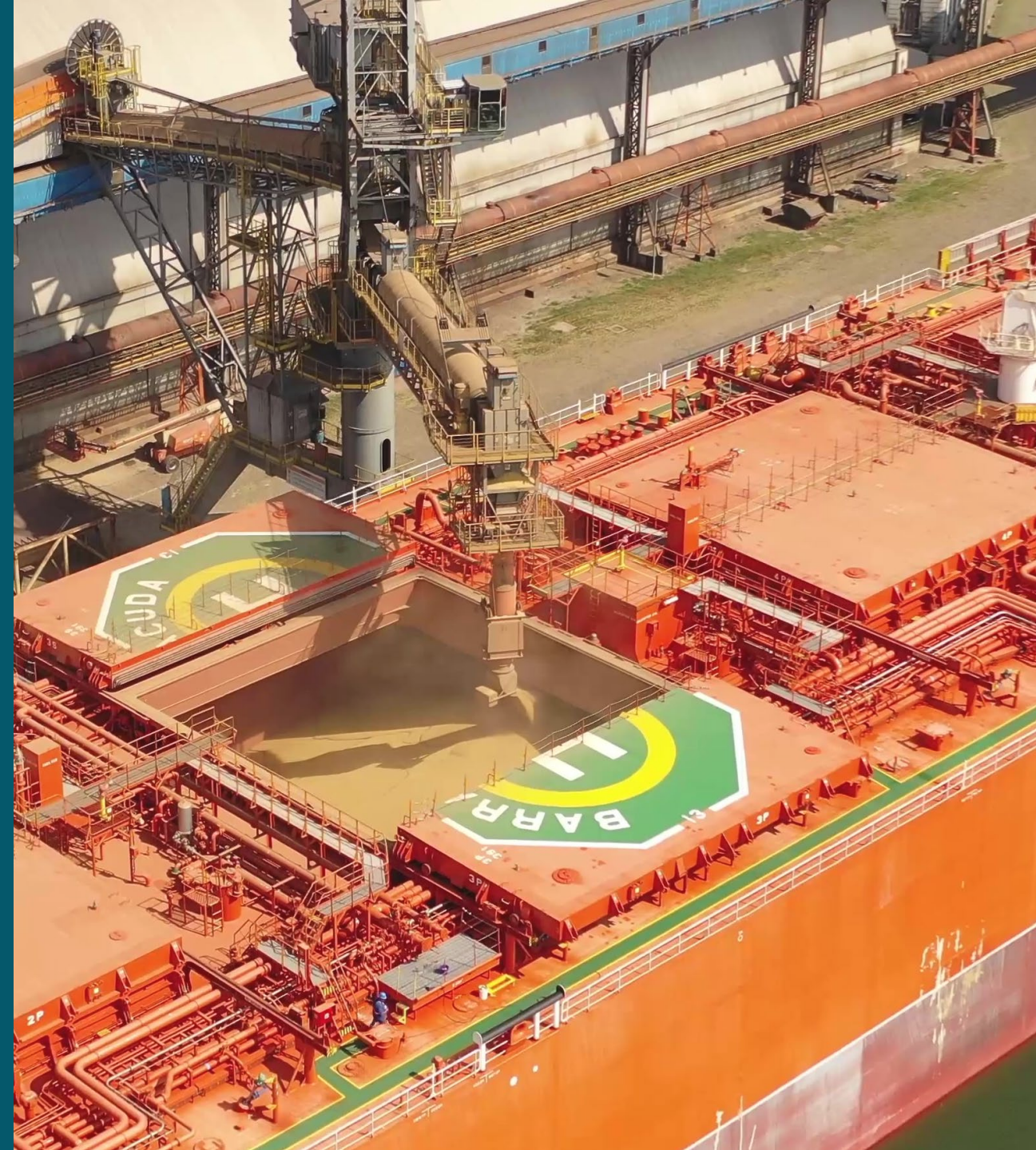
### Quarterly TCE earnings<sup>1</sup> (\$/day)





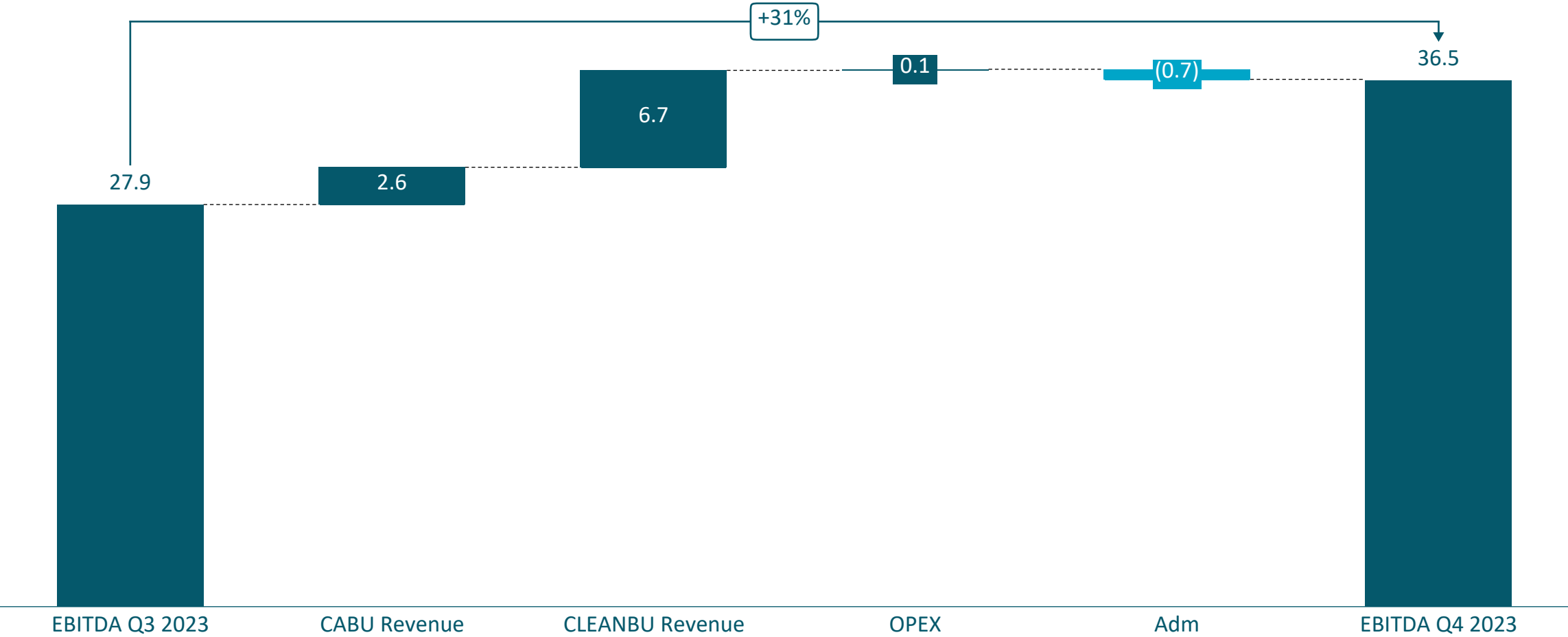
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- Financial update**
- Sustainability efforts
- Summary and outlook



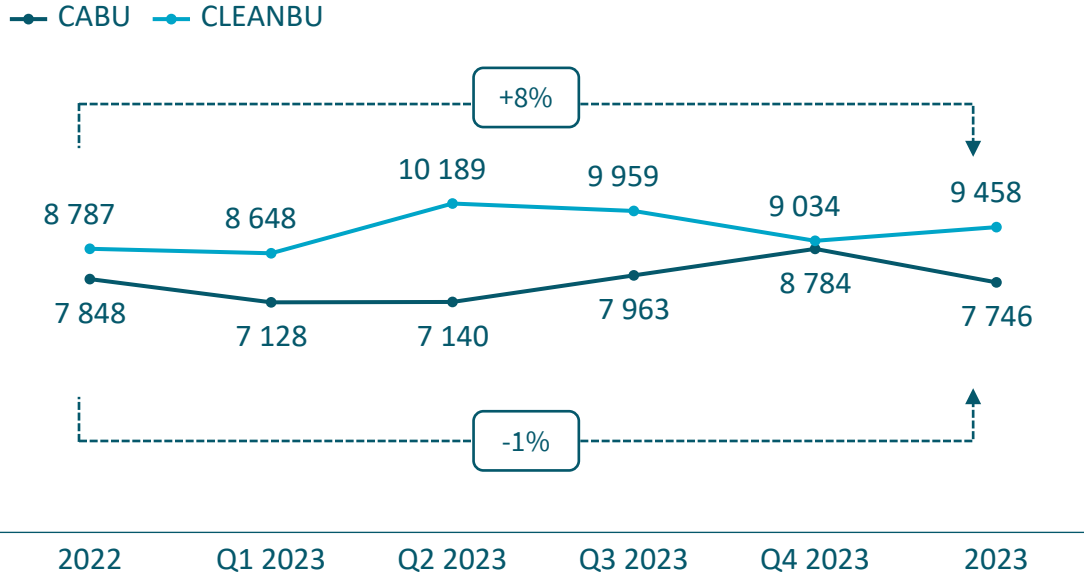
# EBITDA soars 31% Q-o-Q CLEANBU TCE earnings and on-hire days drive growth

EBITDA Q4 2023 compared to Q3 2023 (\$ millions)



# Continued normal variations in OPEX/day

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



## Comments

- Continued normal variations between quarters
- Operating expenses, vessels were up USD 1.6 million/ 3% from 2022 to 2023
  - Condition-based maintenance
  - Inflation, forwarding cost, travel, service personnel
- One CLEANBU vessel started dry docking in Q4 with in total 10 off-hire days
- One CLEANBU vessel and one CABU vessel is scheduled to dry dock in Q1 2024, see more details on slide 41

## Off-hire

	Q4 2023	Q3 2023	2023	2022
On-hire days	1,442	1,360	5,626	5,518
Scheduled off-hire	10	108	178	201
Unscheduled off-hire	19	4	37	122

# Profit and loss Q4 2023

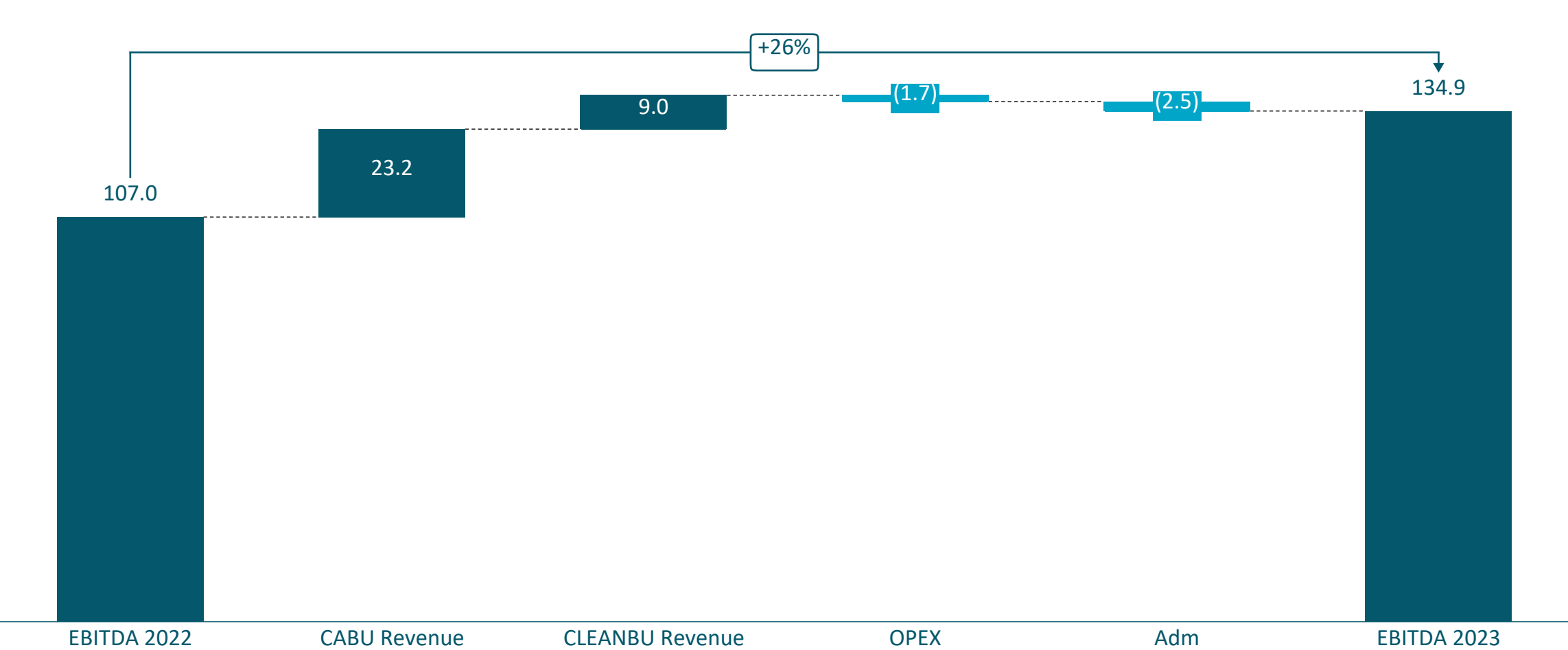
## Solid value creation

USD thousand (unaudited accounts)	Q4 2023	Q3 2023	Quarterly variance
Net revenues from operations of vessels	53 110	43 796	21.3 %
Operating expenses, vessels	(13 114)	(13 190)	0.6 %
SG&A	(3 460)	(2 694)	28.4 %
<b>EBITDA</b>	<b>36 536</b>	<b>27 912</b>	<b>30.9 %</b>
Depreciation	(7 455)	(7 929)	6.0 %
<b>EBIT</b>	<b>29 081</b>	<b>19 983</b>	<b>45.5 %</b>
Net financial items	(3 190)	(3 672)	13.1 %
<b>Profit after tax</b>	<b>25 892</b>	<b>16 311</b>	<b>58.7 %</b>

Q4 2023	Q3 2023
<b>Earnings per share<sup>1</sup></b>	<b>Earnings per share<sup>1</sup></b>
\$0.43	\$0.27
<b>Dividend per share<sup>2</sup></b>	<b>Dividend per share<sup>2</sup></b>
\$0.35	\$0.25
<b>ROCE<sup>3</sup></b>	<b>ROCE<sup>3</sup></b>
19%	13%
<b>ROE<sup>3</sup></b>	<b>ROE<sup>3</sup></b>
29%	18%

# EBITDA +26% Y-o-Y driven by +30% increase in CABU TCE earnings

EBITDA 2023 compared to 2022 (\$ millions)



# Profit and loss FY 2023

## Record financial results

USD thousand (unaudited accounts)

	2023	2022	Yearly variance
Net revenues from operations of vessels	196 805	164 620	19.6 %
Operating expenses, vessels	(50 237)	(48 575)	3.4 %
SG&A	(11 620)	(9 091)	27.8 %
<b>EBITDA</b>	<b>134 947</b>	<b>106 955</b>	<b>26.2 %</b>
Depreciation	(31 842)	(31 344)	1.6 %
<b>EBIT</b>	<b>103 105</b>	<b>75 611</b>	<b>36.4 %</b>
Net financial items	(16 206)	(14 741)	9.9 %
<b>Profit after tax</b>	<b>86 899</b>	<b>60 869</b>	<b>42.8 %</b>

2023	2022
<b>Earnings per share<sup>1</sup></b>	<b>Earnings per share<sup>1</sup></b>
\$1.52	\$1.16
<b>Dividend per share<sup>2</sup></b>	<b>Dividend per share<sup>2</sup></b>
\$1.25	\$1.01
<b>ROCE<sup>3</sup></b>	<b>ROCE<sup>3</sup></b>
17%	12%
<b>ROE<sup>3</sup></b>	<b>ROE<sup>3</sup></b>
24%	20%

# Balance sheet

## Solid balance sheet

USD thousand (unaudited accounts)	31 Dec 2023	30 Sep 2023	Quarterly variance
<b>ASSETS</b>			
<b>Non-current assets</b>			
Vessels	497 072	503 162	(6 090)
Nebuilding contracts	17 591	17 481	110
Other non-current assets	6 432	6 451	(19)
<b>Current assets</b>			
Other current assets	38 875	36 388	2 487
Cash and cash equivalents	68 071	64 194	3 877
<b>Total assets</b>	<b>628 041</b>	<b>627 676</b>	<b>365</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>361 698</b>	<b>353 401</b>	<b>8 297</b>
<b>Non-current liabilities</b>			
Mortgage debt	154 835	160 979	(6 145)
Long-term financial liabilities	657	2 201	(1 545)
Long-term bond loan	66 897	63 905	2 992
<b>Current liabilities</b>			
Short-term mortgage debt	25 199	25 199	-
Other interest-bearing liabilities	-	-	-
Other current liabilities	18 755	21 990	(3 235)
<b>Total liabilities</b>	<b>266 342</b>	<b>274 275</b>	<b>(7 932)</b>
<b>Total liabilities and equity</b>	<b>628 041</b>	<b>627 676</b>	<b>365</b>

**Q4 2023**  
Equity ratio<sup>1</sup>

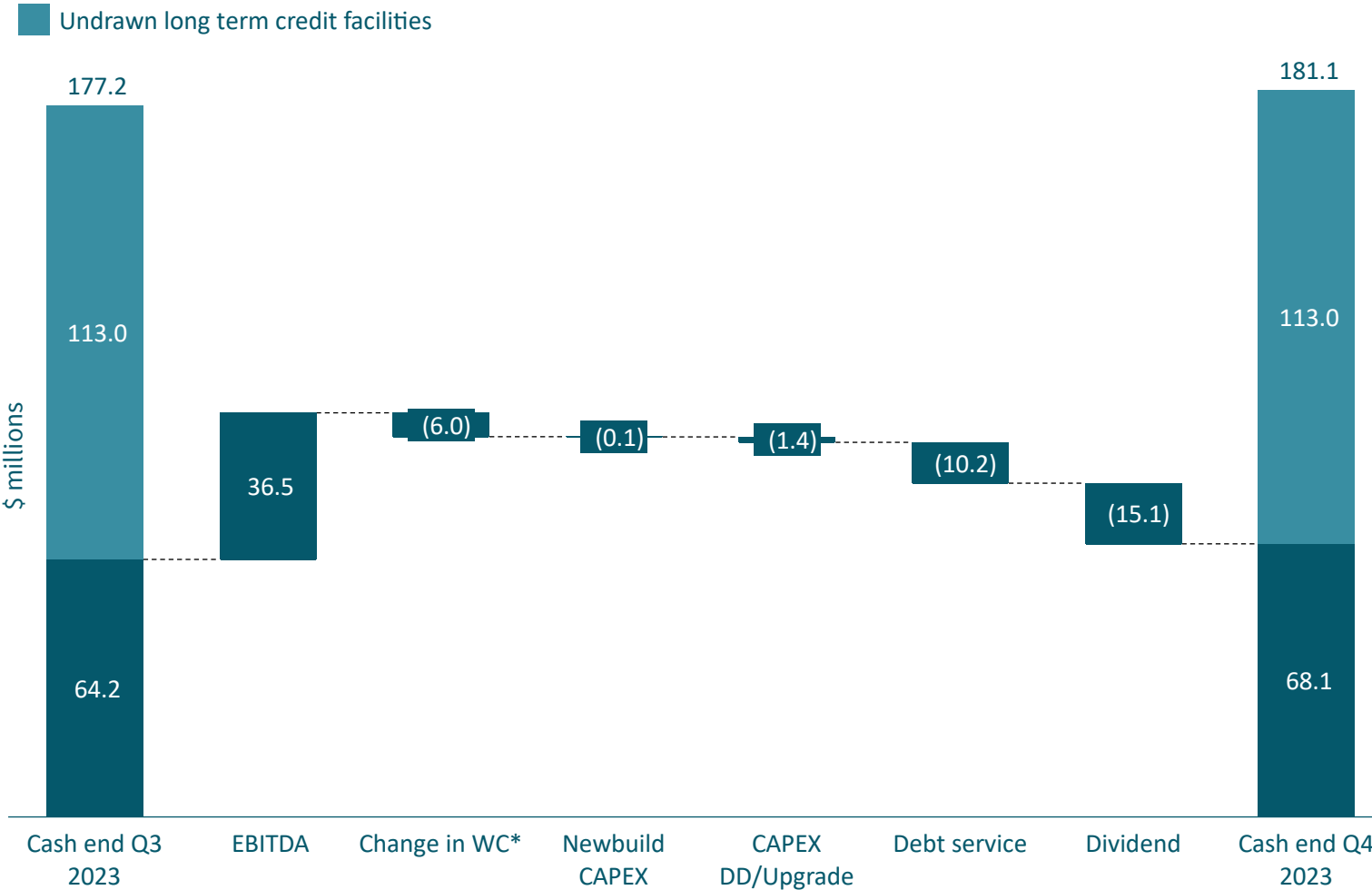
57.6%

**Q3 2023**  
Equity ratio<sup>1</sup>

56.3%

# Cash flow

## Maintaining a solid available liquidity position



### Comments

- No large events in Q4 driving cash changes
- Short-term overdraft facility renewed in Q4 and reduced to USD 8 million, down from USD 15 million
- Available long-term liquidity (cash and RCF capacity) USD 181.1 million per year-end 2023, up from USD 177.2 million from end of Q3 2023

**Solid available liquidity position as funds have been secured for future investments in newbuilds and energy efficiency measures**



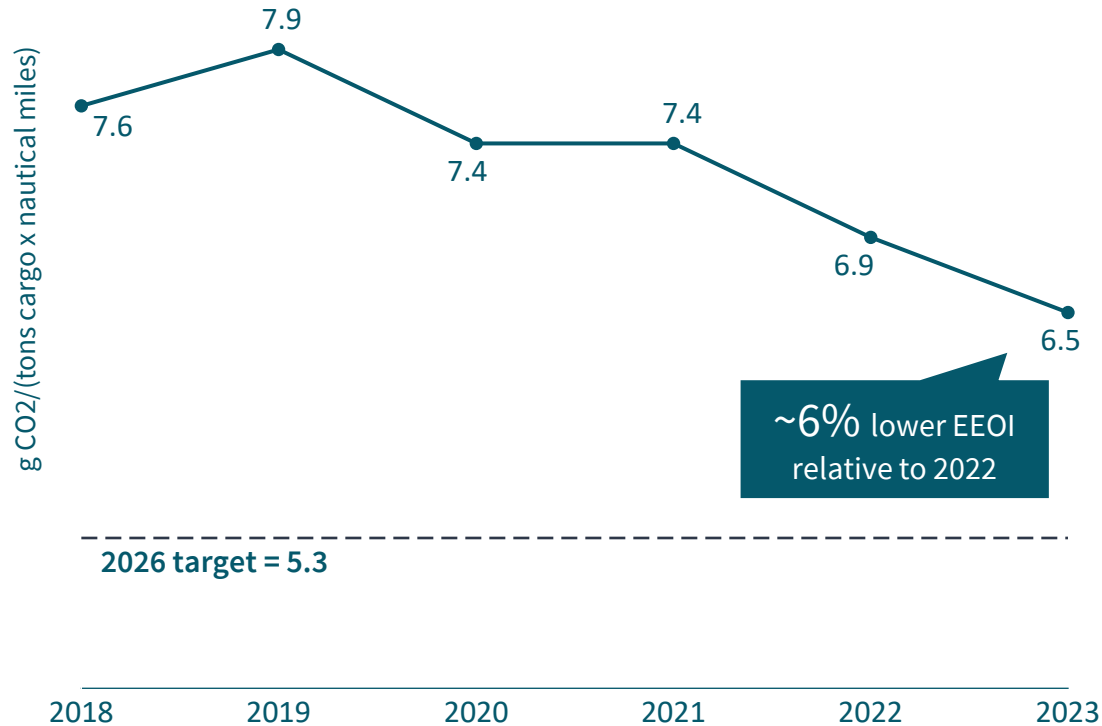
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# Strong carbon intensity performance in 2023

## Carbon intensity (EEOI)<sup>1</sup>



## Y-o-Y change was driven by...



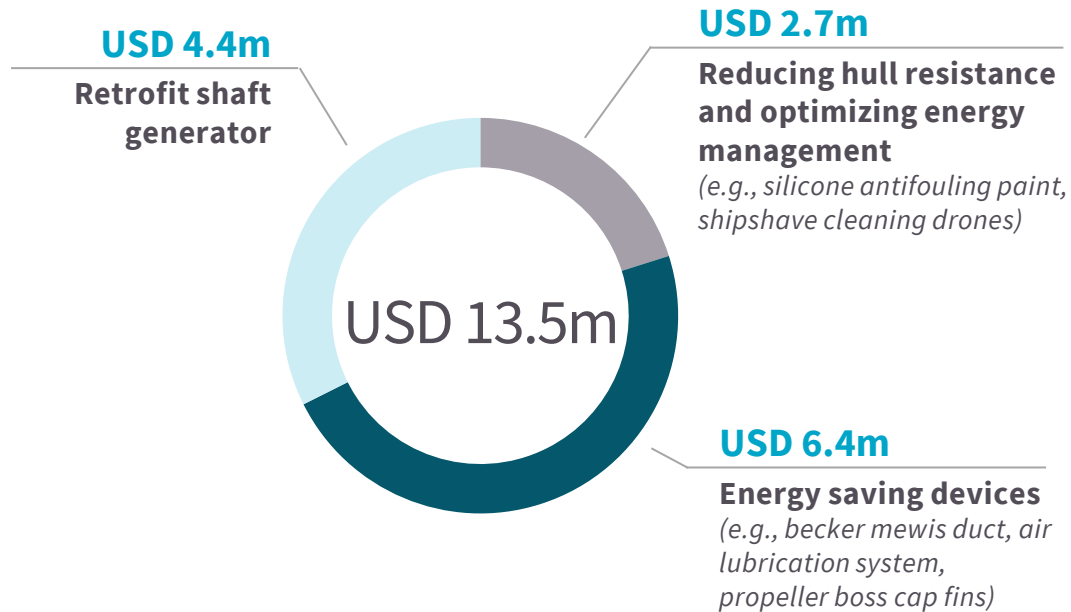
- More transport work / higher cargo weight
- More time spent sailing at sea
- Lower average speed
- Improved energy efficiency of the fleet



- Higher proportion of time sailing in ballast
- MV Bass, fixed on a 2-year TC operating as a pure product tanker

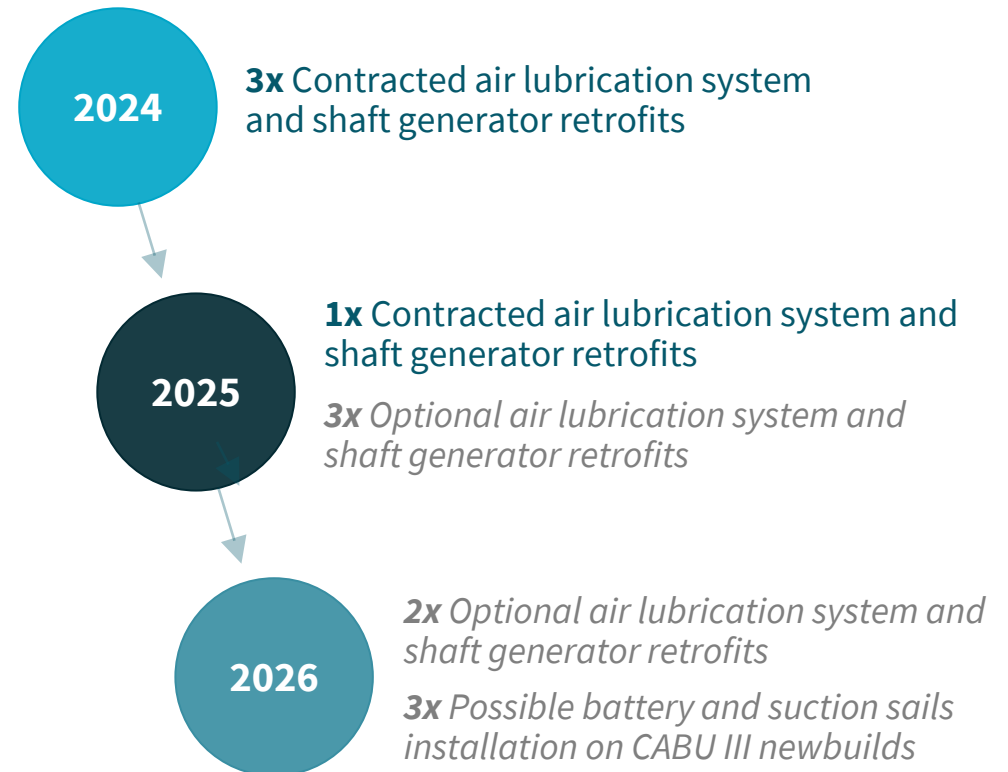
# Improving the energy efficiency through proven and reliable technologies

## Energy efficiency investments in 2021-2023<sup>1</sup> (USDm)



- In June 2021, KCC raised USD 25m for energy efficiency investments
- USD 13.5m already invested in various initiatives
- Additional ~19.4m committed for 2024 and 2025

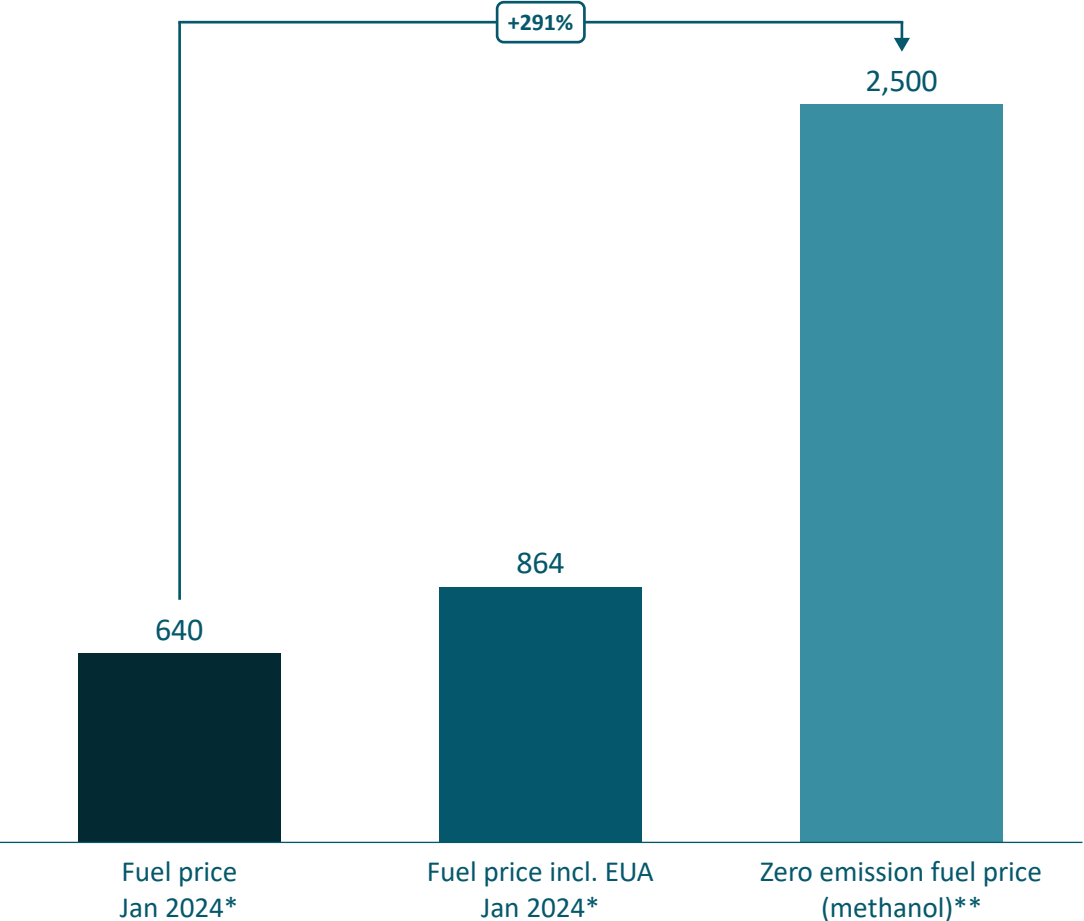
## Additional USD 19.4m committed for 2024 and 2025



# Delivering profitable decarbonization

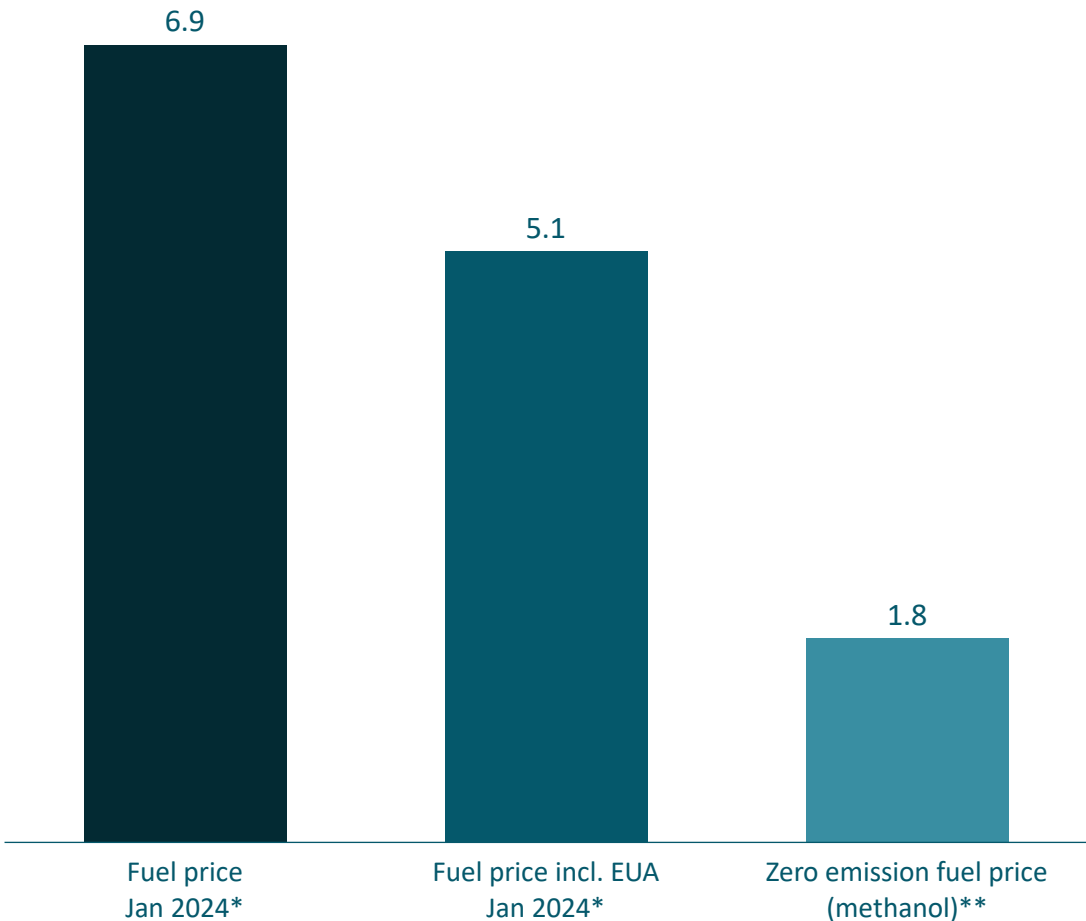
## Fuel cost for shipping will increase through introduction of carbon taxes and mandatory blending of low carbon fuel

Fuel price USD pmt (VLSFO equivalent)



## The value of efficiency and the payback of KCC’s energy efficiency investments increase with higher fuel prices

Payback (in # of years) of KCC’s energy efficiency investments 2021-2023<sup>1)</sup>



1) Calculated on a weighted cash-on-cash basis  
 \* Average fuel price Singapore delivered for January 2024, Average EUA price for January 2024. Actual fuel price 2021-2023 has been higher  
 \*\* VLSO equivalent price

# KCC scores an A- for “climate change” in annual CDP disclosure



## KCC moves into ‘leadership band’ with first A score from Carbon Disclosure Project

But CFO Liv Dyrnes says Norwegian combination carrier owner will not rest on its laurels

6 February 2024 15:25 GMT *UPDATED 6 February 2024 16:16 GMT*

By **Gary Dixon**  in **London**

Klaveness Combination Carriers (KCC) has received its first A- score for “climate change” in the annual Carbon Disclosure Project (CDP) reporting.

This improves on its B score from the previous two years.



# Agenda

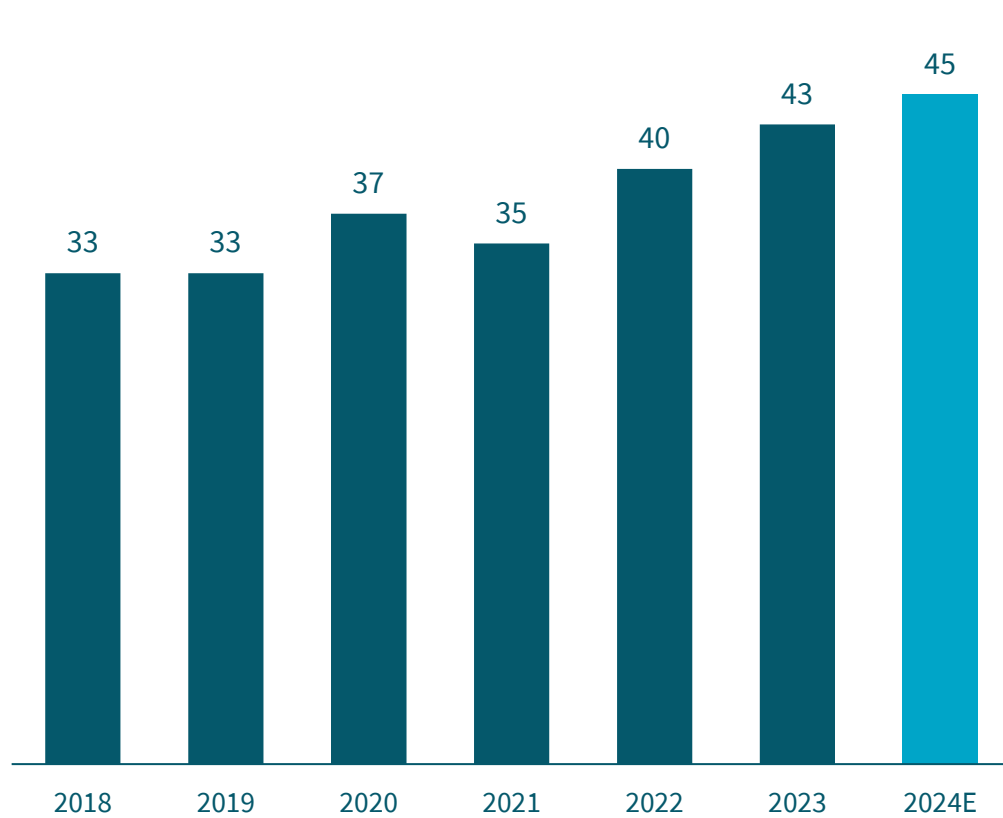
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# CABU tanker capacity almost fully booked for 2024

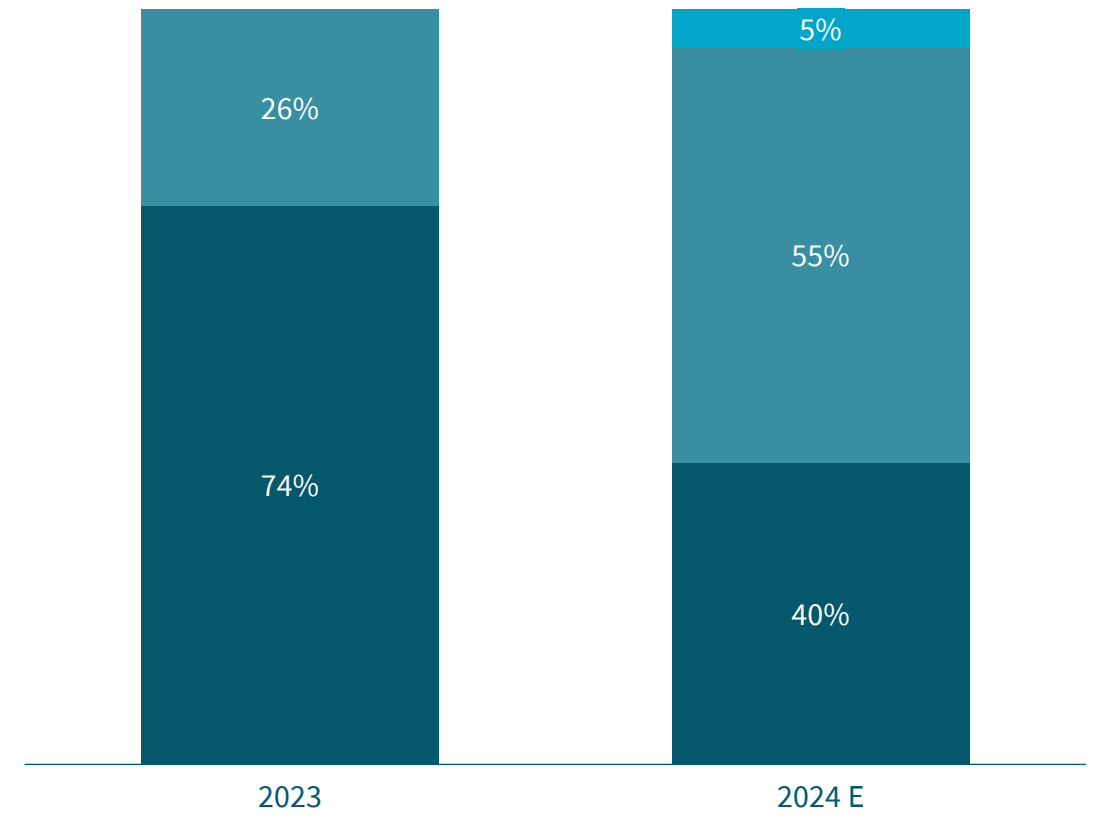
## Strong CSS cargo booking to Australia in 2024<sup>1</sup>

# of voyages



## Split of CSS COA booking<sup>2</sup>

% share of CABU tanker days



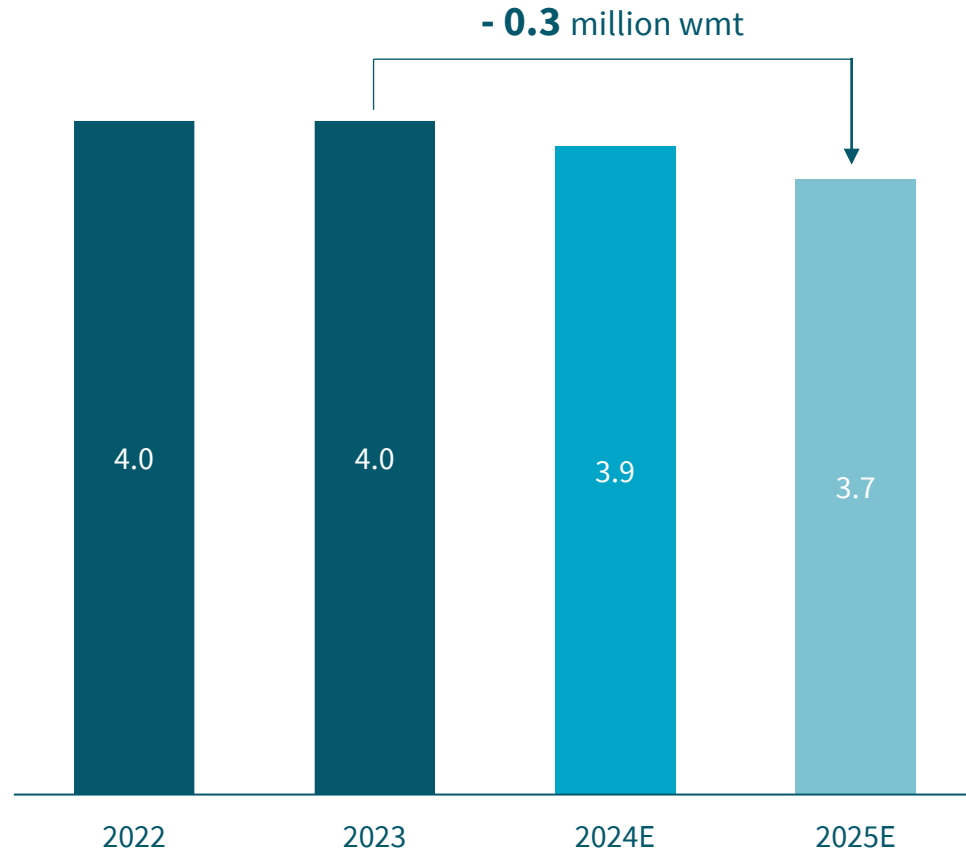
■ Open capacity 
 ■ Floating rate (expected/booked) 
 ■ Fixed rate (expected/booked)

<sup>1</sup>) Voyage count methodology changed as of February 2024. Now based on load date.  
<sup>2</sup>) Booking as per 01.01.2024

# Continued growth prospects in Australian CSS imports

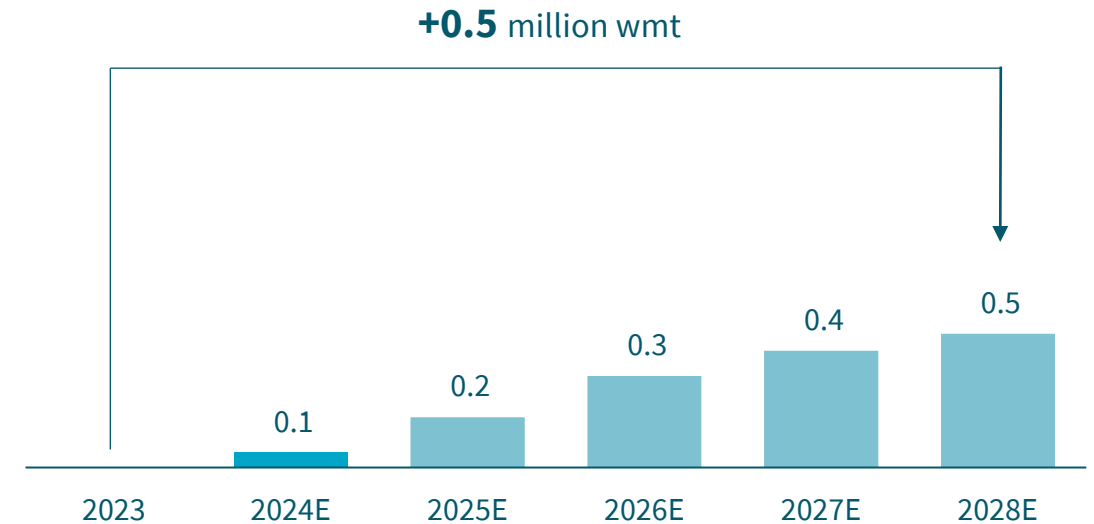
## Australian alumina refinery CSS imports following curtailment of one of six plants during 2024

Million WMT



## Growing CSS imports to the new Australian battery material industry

Million WMT



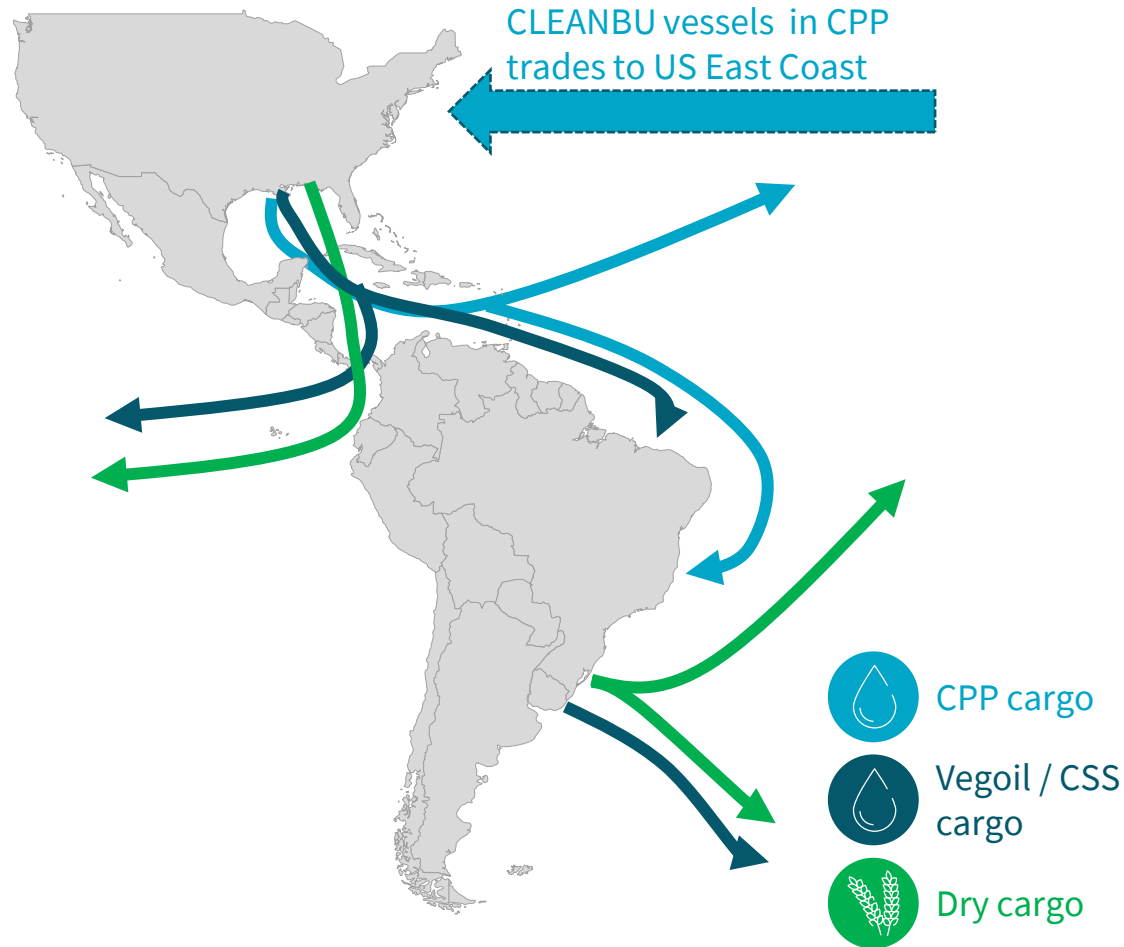




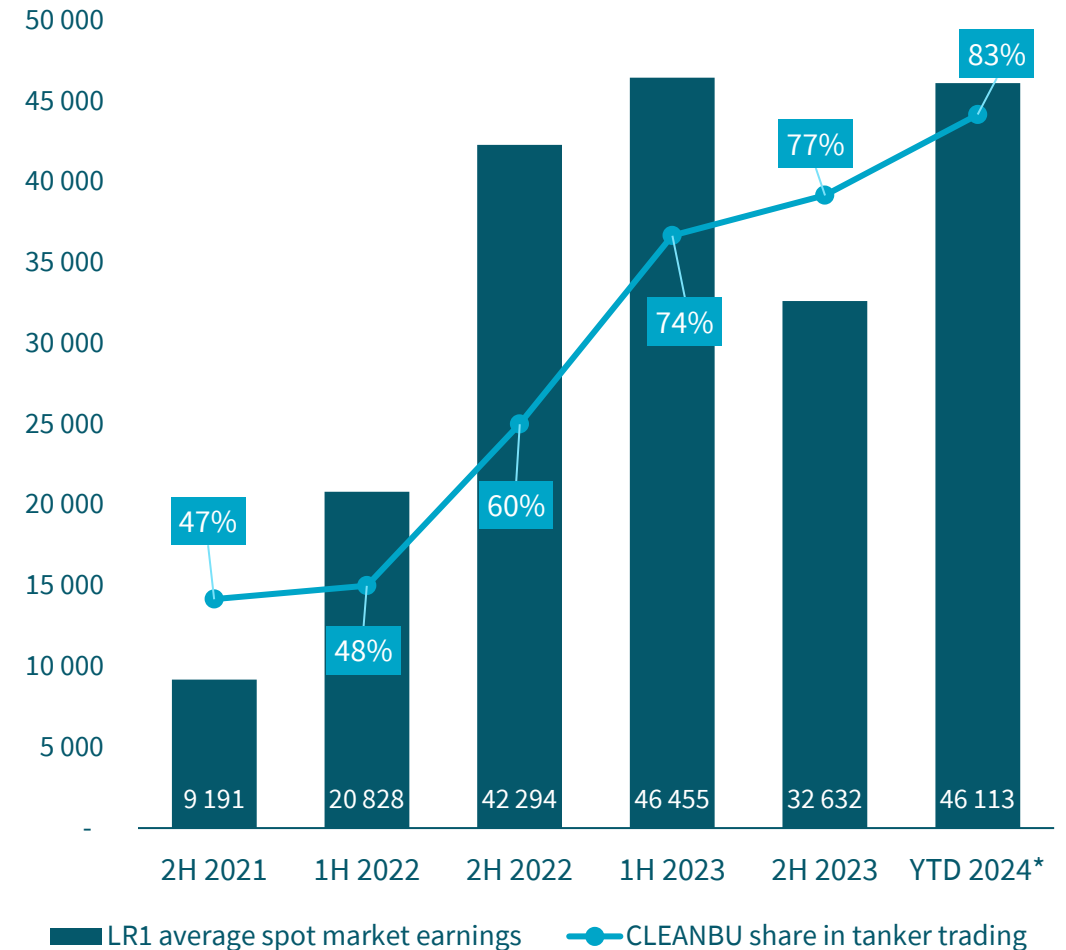
CLEANBU

# Trading flexibility essential to get the most out of volatile markets

## Large trading flexibility being a product tanker, chemical tanker and dry bulk vessel



## Increasing share of tanker trading dependent on relative strength of the tanker market



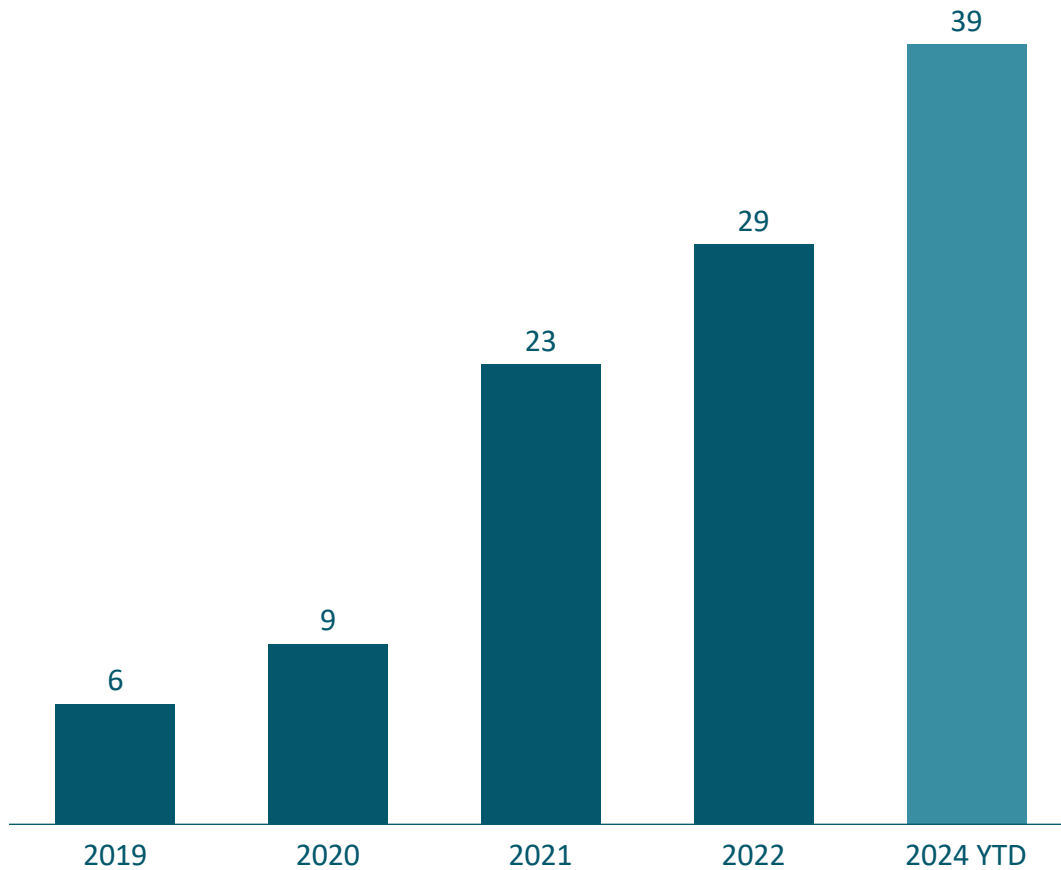


CLEANBU

# CLEANBU - Building customer base, but maintain CPP market exposure

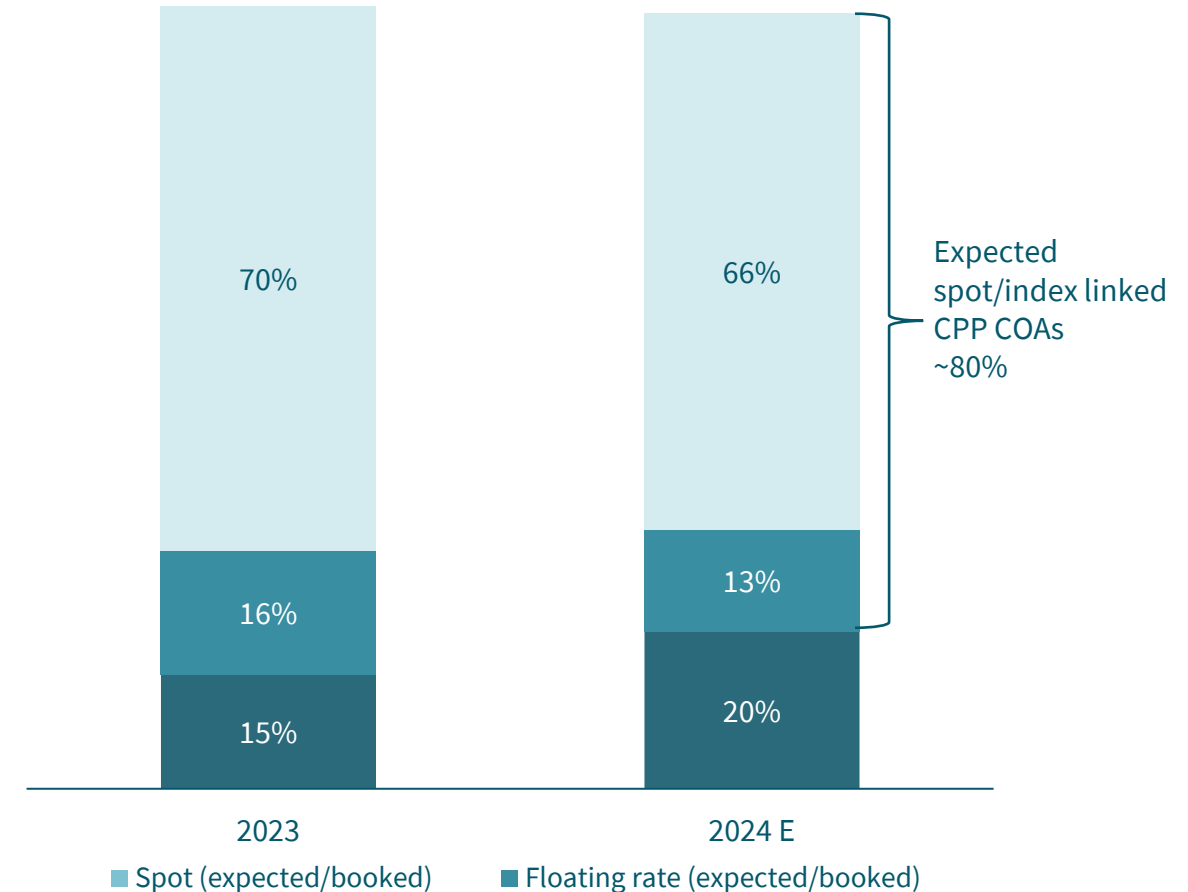
## Strong increase in customer base

# of concept approvals



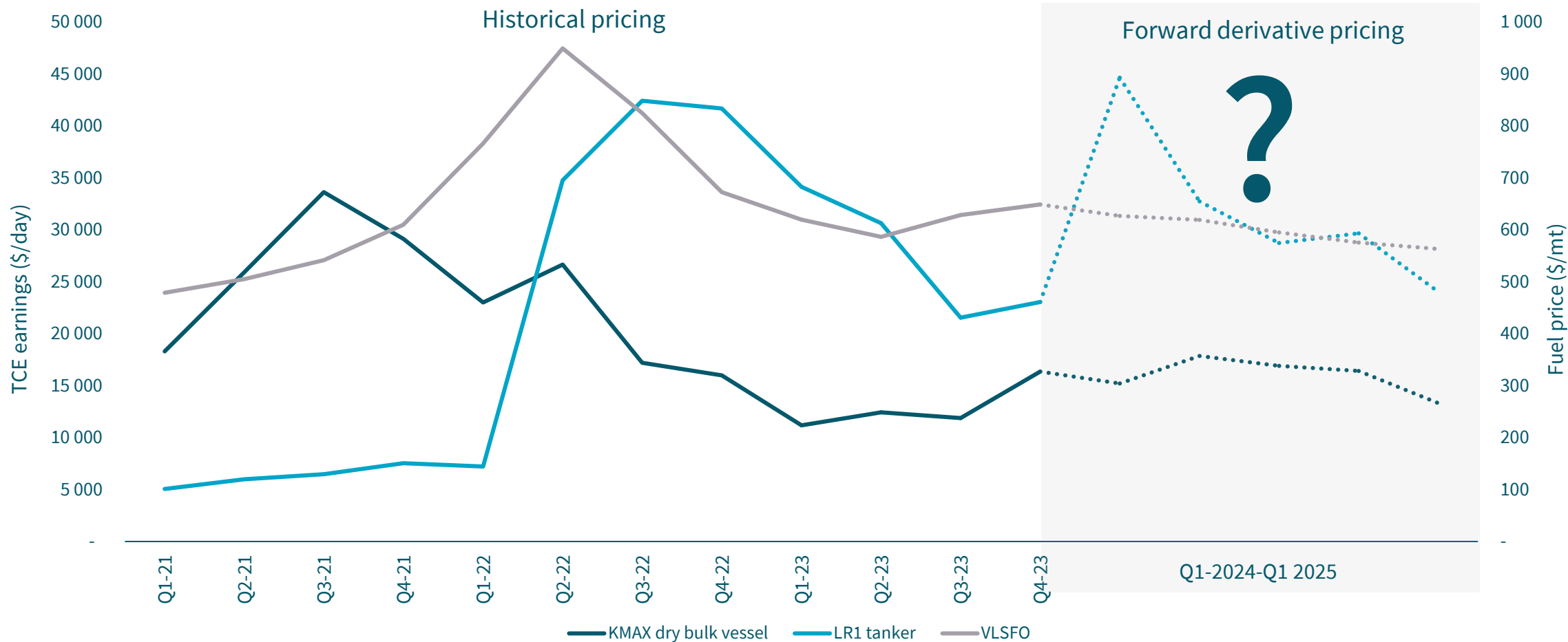
## Maintain high share of spot / index linked COA<sup>1</sup>

% share of tanker trading



# Positive outlook, but likely continued high volatility

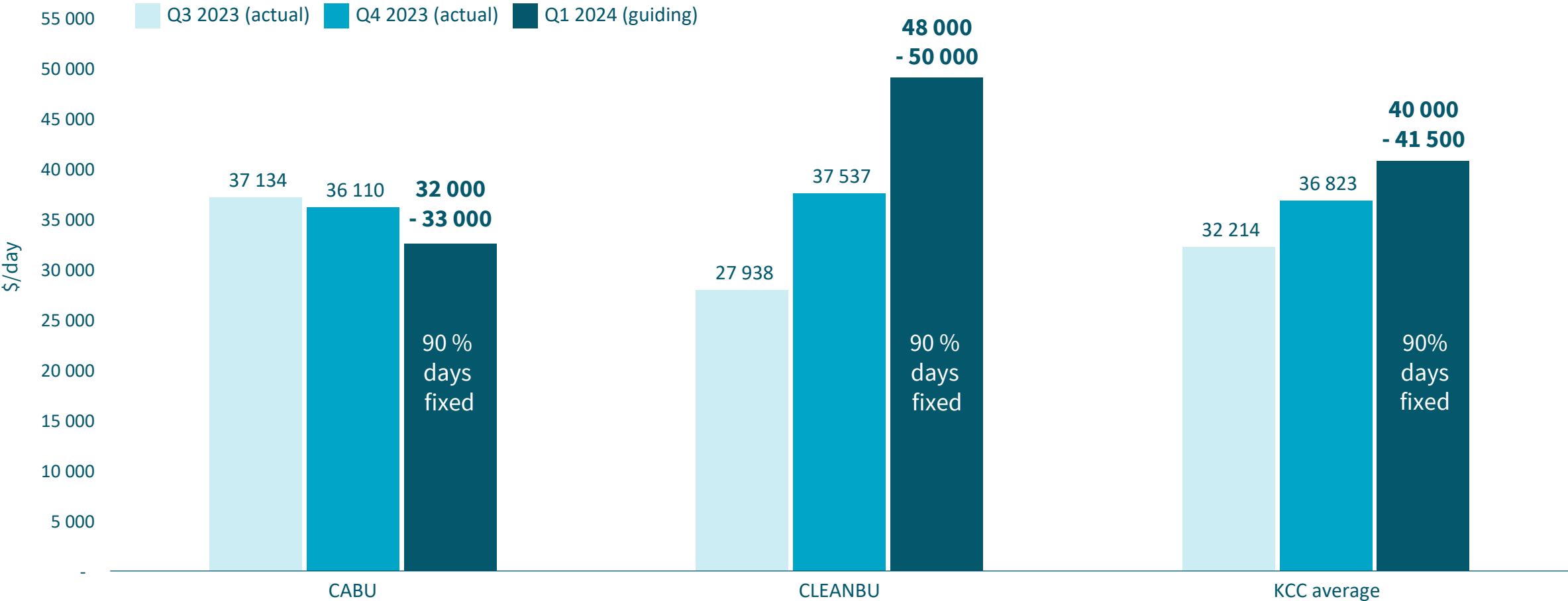
## Historical pricing and forward derivative pricing<sup>1</sup>



# Continued performance earnings in Q1 2024 – the CLEANBUs excel

## Q1 2024 TCE earnings guiding vs. actual last two quarters

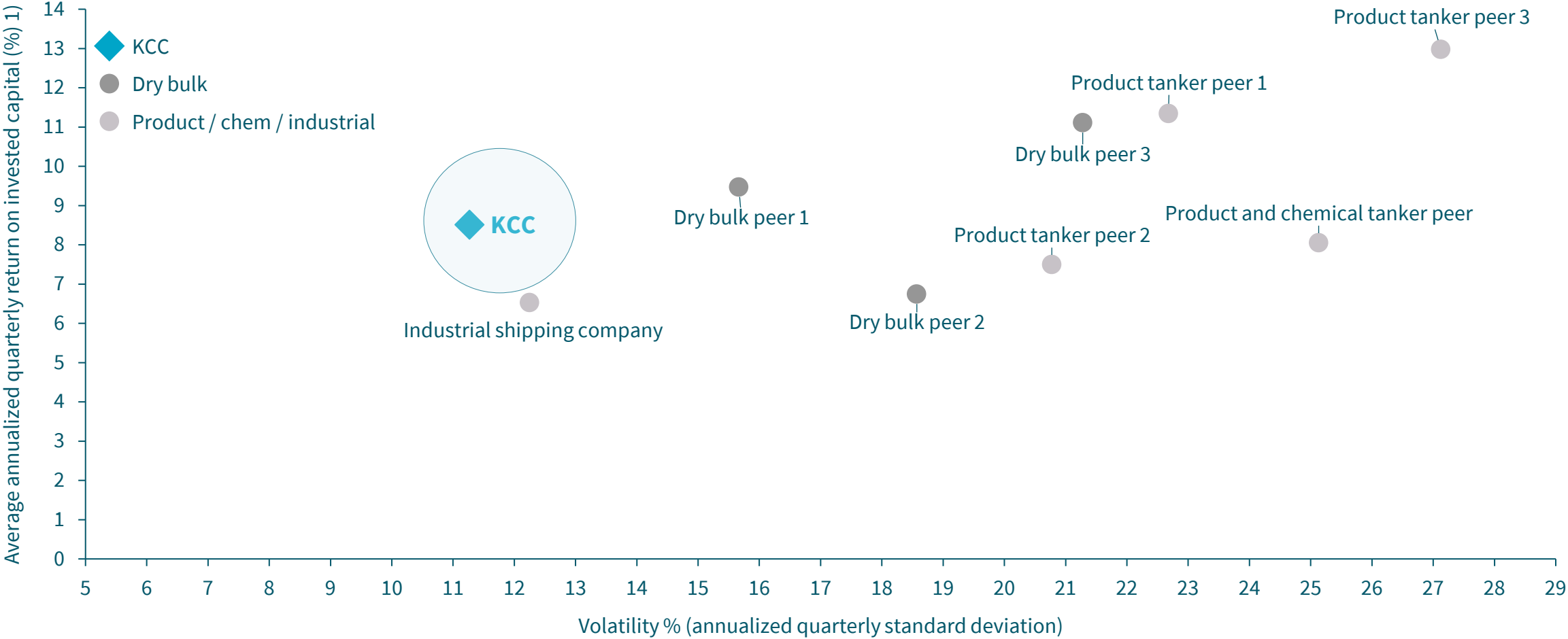
Estimate based on booked cargoes and expected employment for open capacity basis forward freight pricing (FFA)<sup>1</sup>



<sup>1</sup> TCE earnings \$/day are alternative performance measures (APMs) which are defined and reconciled in the excel sheet “APM4Q2023” published on the Company’s homepage (www.combinationcarriers.com) Investor Relations/Reports and Presentations under the section for the Q4 2023 report.

# Best risk-adjusted return in dry bulk/tanker shipping

2019 – 2023 average annualized quarterly return on invested capital (%) <sup>1</sup>



# Annual Report and ESG Performance Report 2023 to be released 8 March 2024



# FUTURE BOUND

## Dry dockings and estimated CAPEX next 12 months (\$ millions)

Vessel	Dry docking and other technical upgrades	Energy efficiency measures	Total cost	Timing*	Expected off-hire days
Baru	2.4	5.4	7.8	Q4 2023 - Q1 2024	95
Barcarena	1.6	-	1.6	Q1 2024	22
Banastar	1.8	-	1.8	Q2 2024	40
Balzani	1.1	0.4	1.5	Q2 2024	16
Barracuda	1.7	5.0	6.7	Q3 2024	65
Barramundi	1.7	5.2	6.9	Q3 2024	65
Balboa	1.7	4.5	6.2	Q4 2024	65



# Detailed 2024 contract coverage – wet

## Contract coverage (as per 15 Feb 2024)

### CABU: CSS contract coverage

<i># of days</i>	Q1-24	Q2-24	Q3-24	Q4-24	2024
Fixed rate COA/Spot	345	120	152	140	758
Floating rate COA		165	191	195	551
<b>Total contract days</b>	<b>345</b>	<b>285</b>	<b>343</b>	<b>335</b>	<b>1 309</b>
FFA coverage	-	-	-	-	-
<b>Available wet days CABU</b>	<b>345</b>	<b>343</b>	<b>367</b>	<b>337</b>	<b>1 391</b>

### CLEANBU: CPP contract coverage

<i># of days</i>	Q1-24	Q2-24	Q3-24	Q4-24	2024
Fixed rate COA/TC/Spot	421	91	92	92	696
Floating rate COA		40	40	65	145
<b>Total contract days</b>	<b>421</b>	<b>131</b>	<b>132</b>	<b>157</b>	<b>841</b>
FFA coverage	-	-	-	-	-
<b>Available wet days CLEANBU</b>	<b>457</b>	<b>462</b>	<b>428</b>	<b>447</b>	<b>1 793</b>

### Total wet contract coverage

<i># of days</i>	Q1-24	Q2-24	Q3-24	Q4-24	2024
Fixed rate COA/TC/Spot	766	211	244	232	1 454
Floating rate COA	-	205	231	260	696
<b>Total contract days</b>	<b>766</b>	<b>416</b>	<b>475</b>	<b>492</b>	<b>2 150</b>
FFA coverage	-	-	-	-	-
<b>Available wet days</b>	<b>802</b>	<b>804</b>	<b>795</b>	<b>783</b>	<b>3 184</b>
<b>Fixed rate coverage</b>	<b>96 %</b>	<b>26 %</b>	<b>31 %</b>	<b>30 %</b>	<b>46 %</b>
<b>Operational coverage</b>	<b>96 %</b>	<b>52 %</b>	<b>60 %</b>	<b>63 %</b>	<b>68 %</b>

# Detailed 2024 contract coverage – dry bulk

Contract coverage (as per 15 Feb 2024)

## Total dry bulk contract coverage

<i># of days</i>	Q1-24	Q2-24	Q3-24	Q4-24	2024
Fixed rate COA/Spot	443	50	50	50	594
Floating rate COA	21	138	153	152	464
<b>Total contract days</b>	<b>464</b>	<b>188</b>	<b>203</b>	<b>202</b>	<b>1 058</b>
FFA coverage	-	-	-	-	-
<b>Available dry days</b>	<b>550</b>	<b>590</b>	<b>591</b>	<b>574</b>	<b>2 305</b>
Available dry days CABU	358	343	367	337	1 404
Available dry days CLEANBU	192	247	224	237	901
<b>Fixed rate coverage</b>	<b>81 %</b>	<b>9 %</b>	<b>9 %</b>	<b>9 %</b>	<b>26 %</b>
<b>Operational coverage</b>	<b>84 %</b>	<b>32 %</b>	<b>34 %</b>	<b>35 %</b>	<b>46 %</b>