

Klaveness Combination Carriers ASA

Q2 2020 Presentation

Oslo, 19 August 2020



Demonstrating the value of trading flexibility, market exposure diversification and solid contract coverage

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1 Highlights

2 Business and market update

3 2020 Q2 and first half results

4 Summary and outlook

5 Enclosures

Priority 1: Ensuring the health and safety of our seafarers



Company highlights

World leader in combination carriers

9 CABUs
4+4 CLEANBUs



1

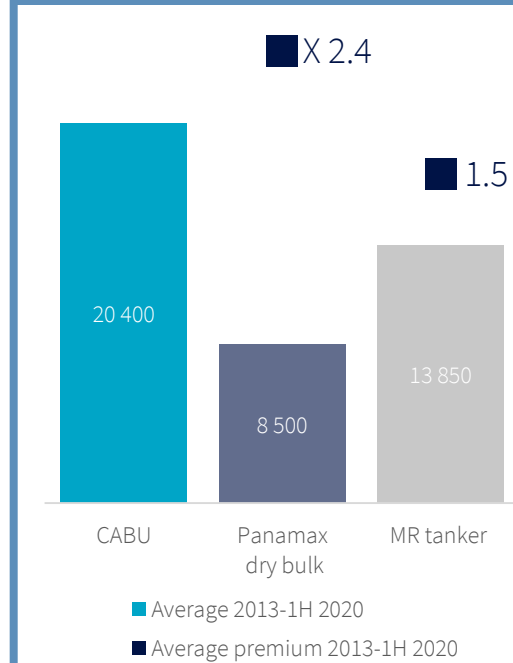
The most carbon efficient deep-sea shipping solution



2

Premium earnings vs. standard vessels¹

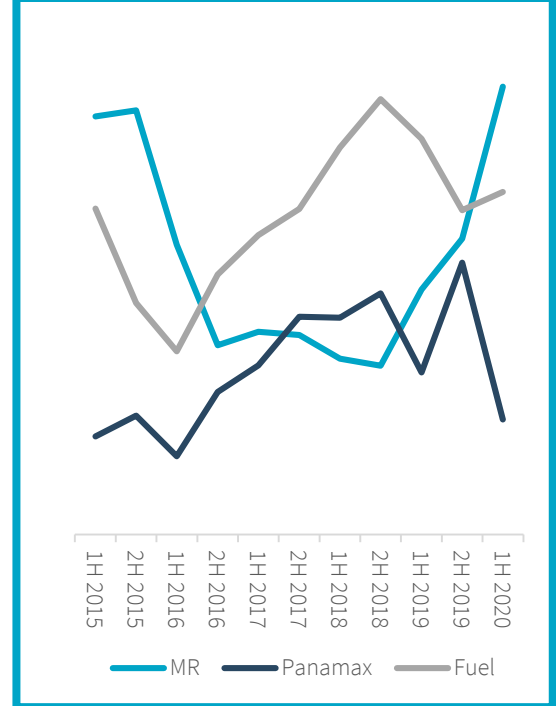
(CABU average over the cycle 1.5-2x)



3

Diversified market exposure reduces earnings volatility²

(Dry bulk, tanker and fuel)



Another record setting quarter despite historically weak dry and fuel markets

Strong CABU and CLEANBU TCE earnings driven by tanker market

- CABU of \$21,290/day - up \$1,000/day compared to first quarter
- CLEANBU of \$30,932/day - up \$10,000/day compared to first quarter

Record EBITDA and strong return on capital employed

- Adjusted EBITDA of USD 15.9 – 23% quarter-on-quarter improvement
- Profit after tax of USD 8.4 million, close to double from Q1 2020
- Annualized ROCE of 10% with five vessels under construction

Continued payment of dividends

- USD 0.03 per share dividends / ~ USD 1.44 million

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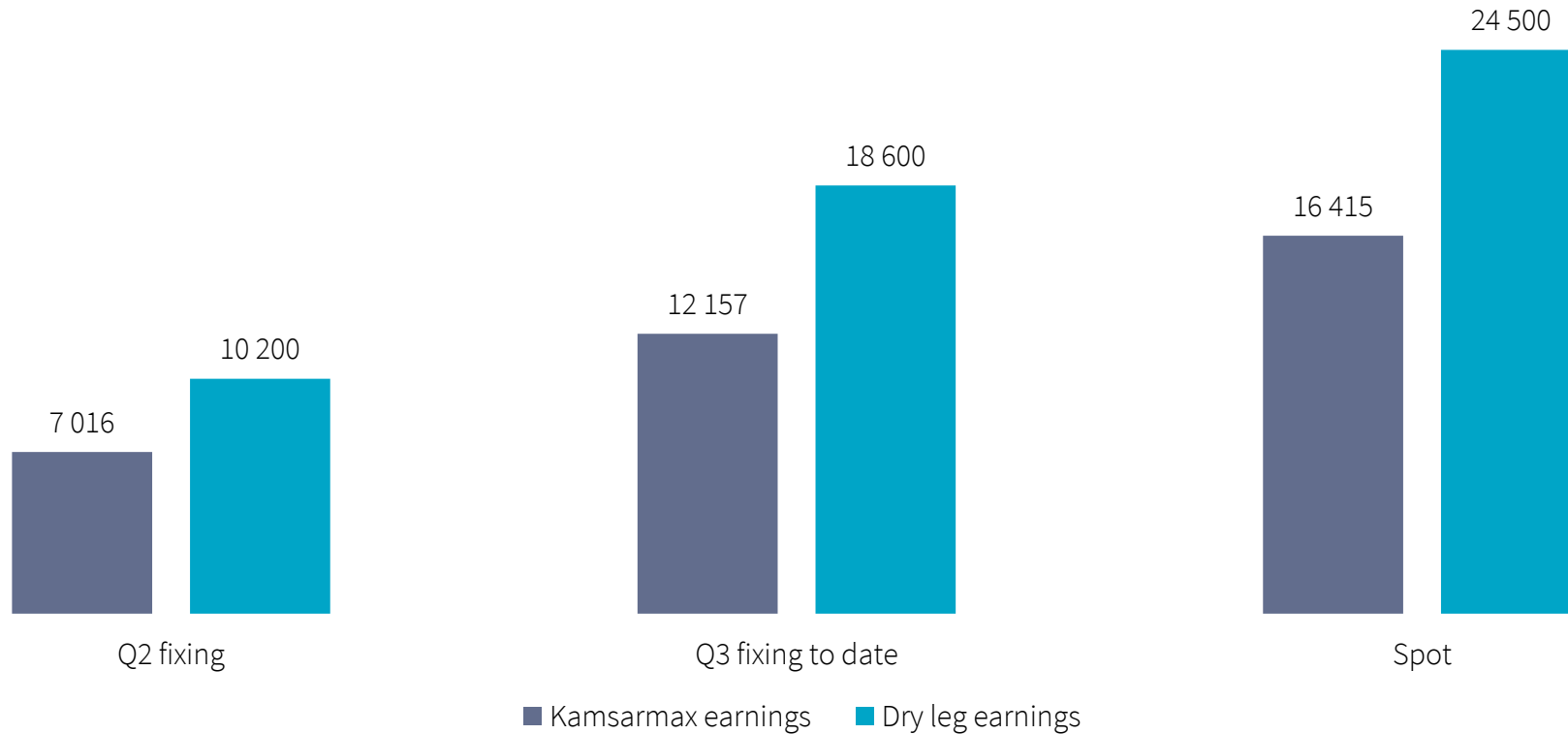
5 Enclosures

Weak Q2 dry bulk and fuel oil markets

- Positive earnings impact from Q3 recovery

Illustration of CLEANBU/CABU spot dry leg earnings compared to kamsarmax earnings (P5TC index)

Illustrative CABU Mark II dry bulk earnings spot/index-COA from Australia USD/day (leg estimate)¹

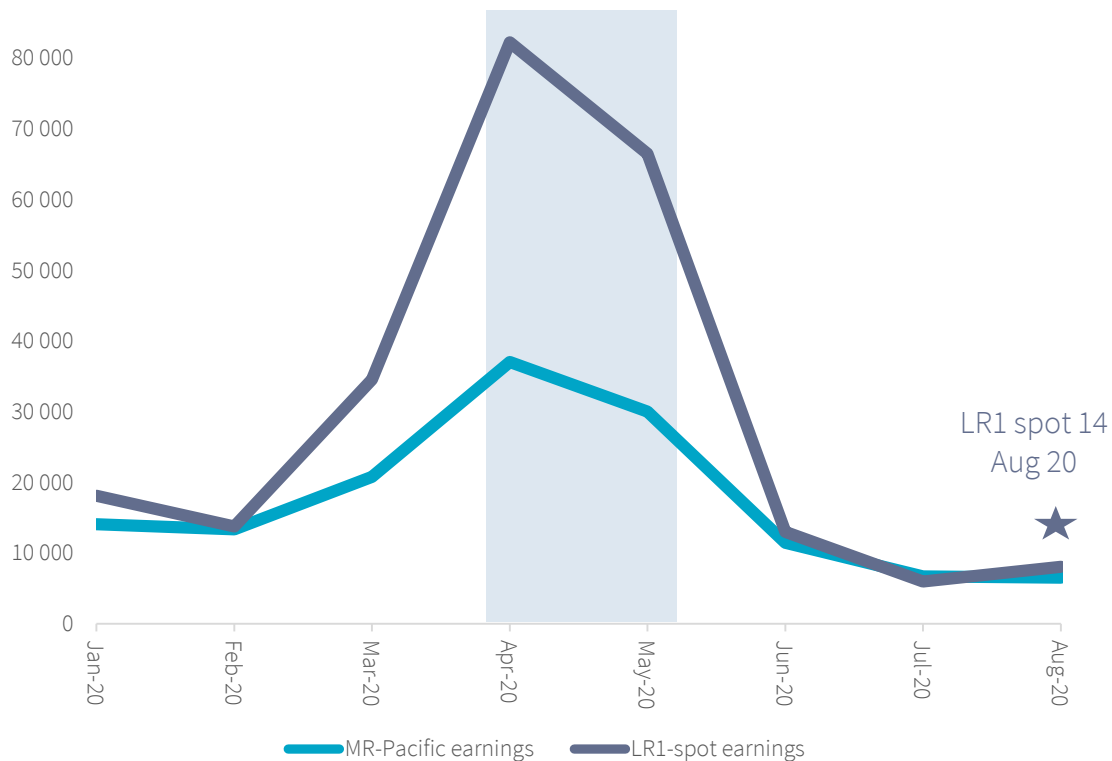


1) Q2 fixing is average P5TC for March – May, Q3 fixing to date is average P5TC for June – August to date and spot is P5TC as of per 14 August, Source: Source: Baltic Exchange & Company estimates

Securing tanker market coverage for the next quarters in peak Q2-markets – strategy will pay off next quarters

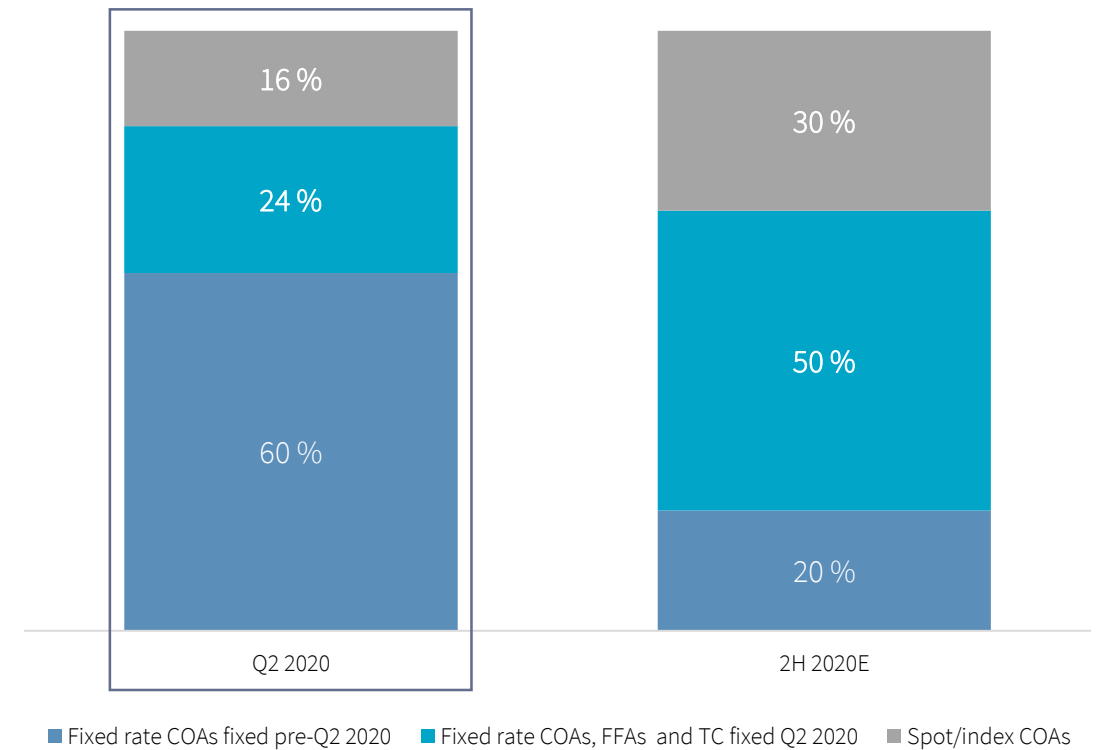
Booking forward tanker market coverage in a booming tanker market

LR1 and MR tanker sport earnings USD/day



Tanker market coverage fixed in Q2 "bridges" weak 2nd half 2020 tanker market

Tanker market coverage/exposure in % of actual/planned tanker days in KCC fleet

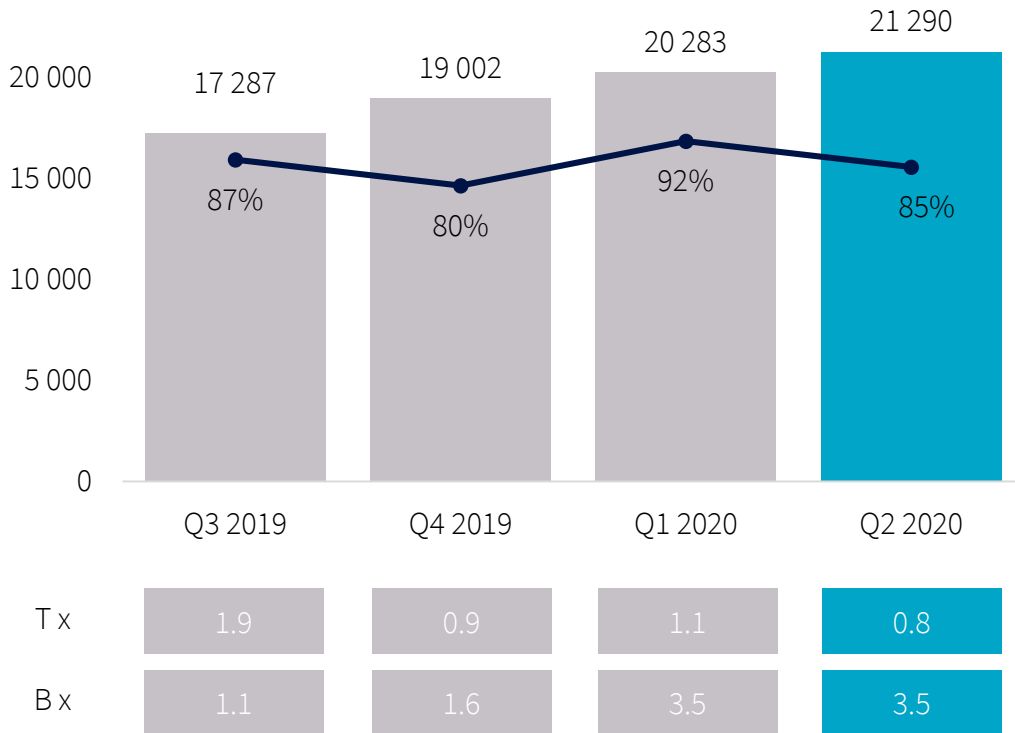


Source: Baltic Exchange & company estimates

Strong CABU earnings driven by high CSS volumes with 85% of capacity in combination trading

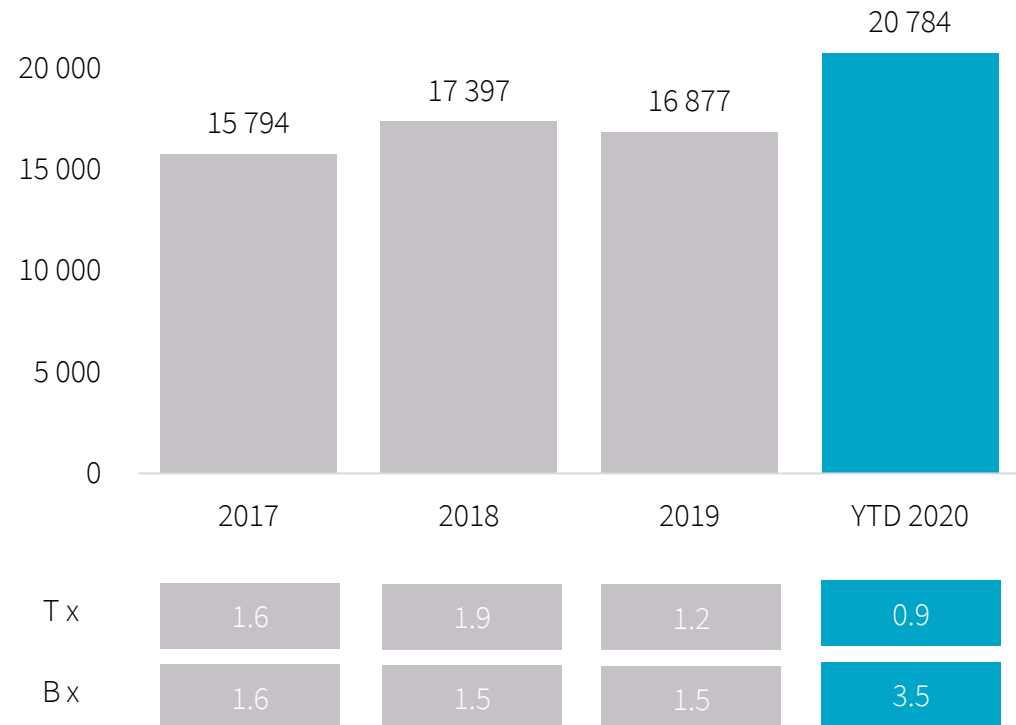
Quarterly CABU TCE Earnings per onhire day

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



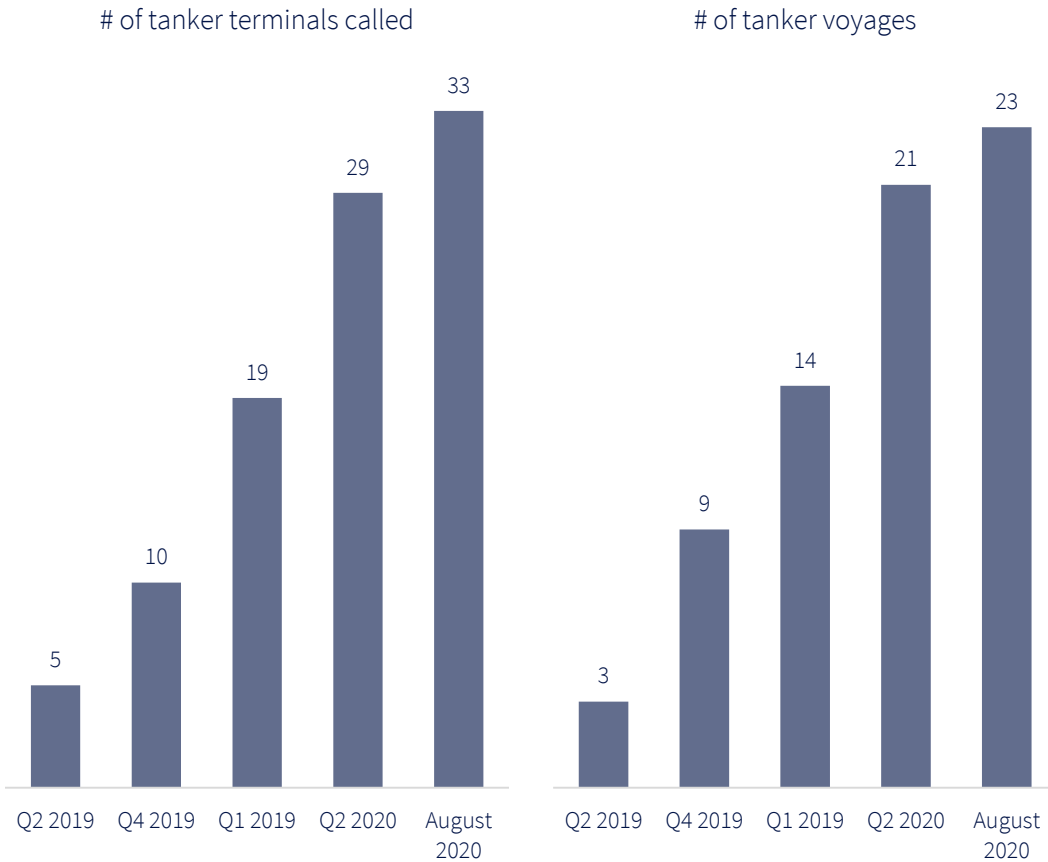
Annual CABU TCE Earnings per onhire day

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



Expanding CLEANBU combi-trading and building track record

Continue building tanker market track record

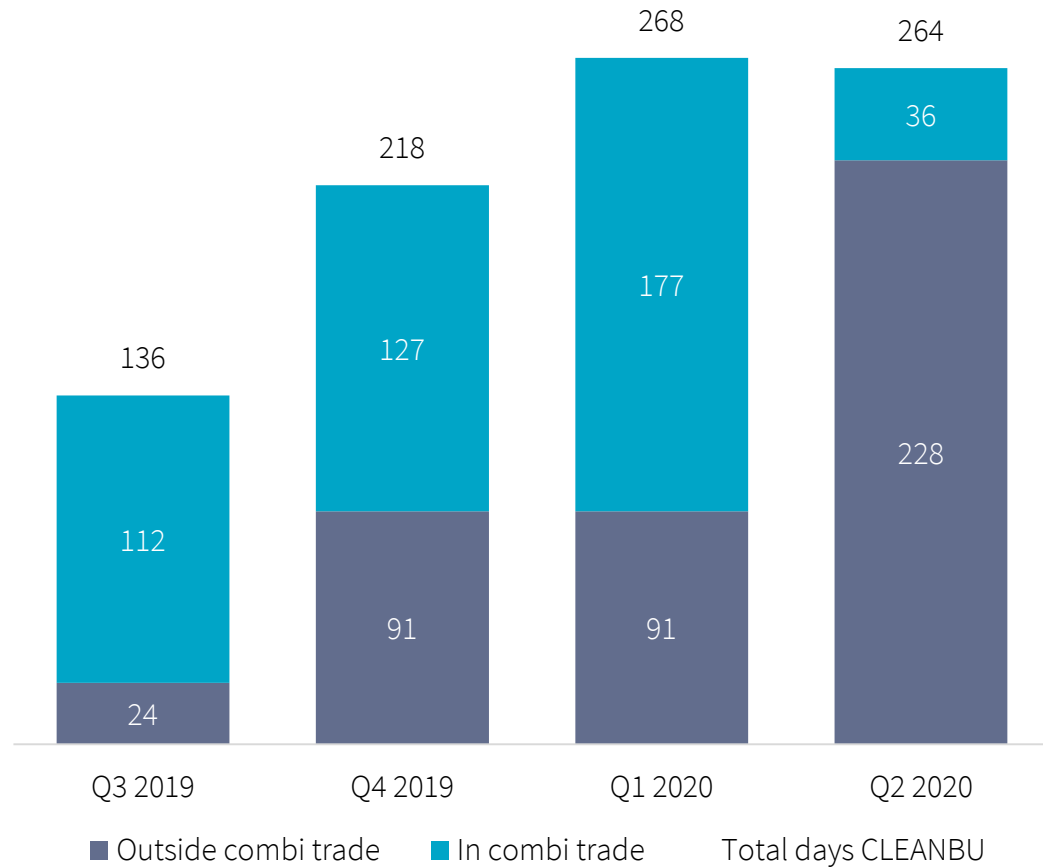


Expanding combi-trading - first CPP/dry bulk combi Middle East-Europe jet fuel to Europe – grains on the return voyage

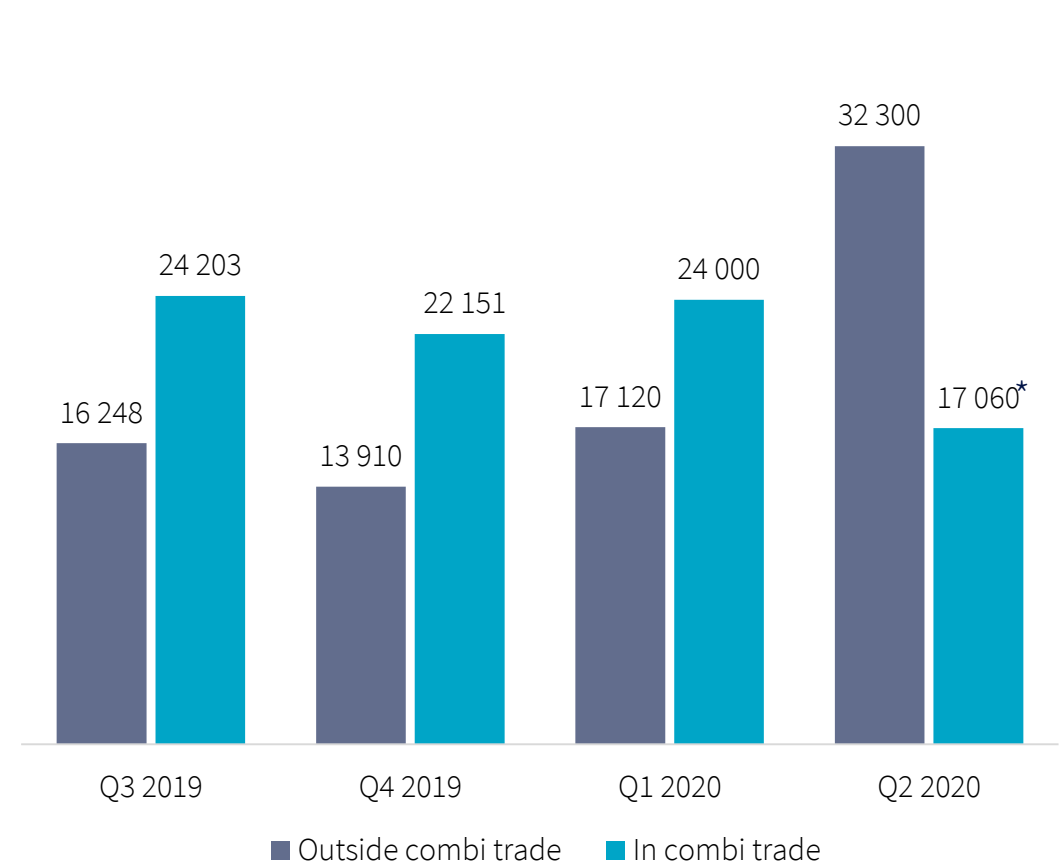


CLEANBUs employed on TC contracts for most of Q2

CLEANBU onhire days



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



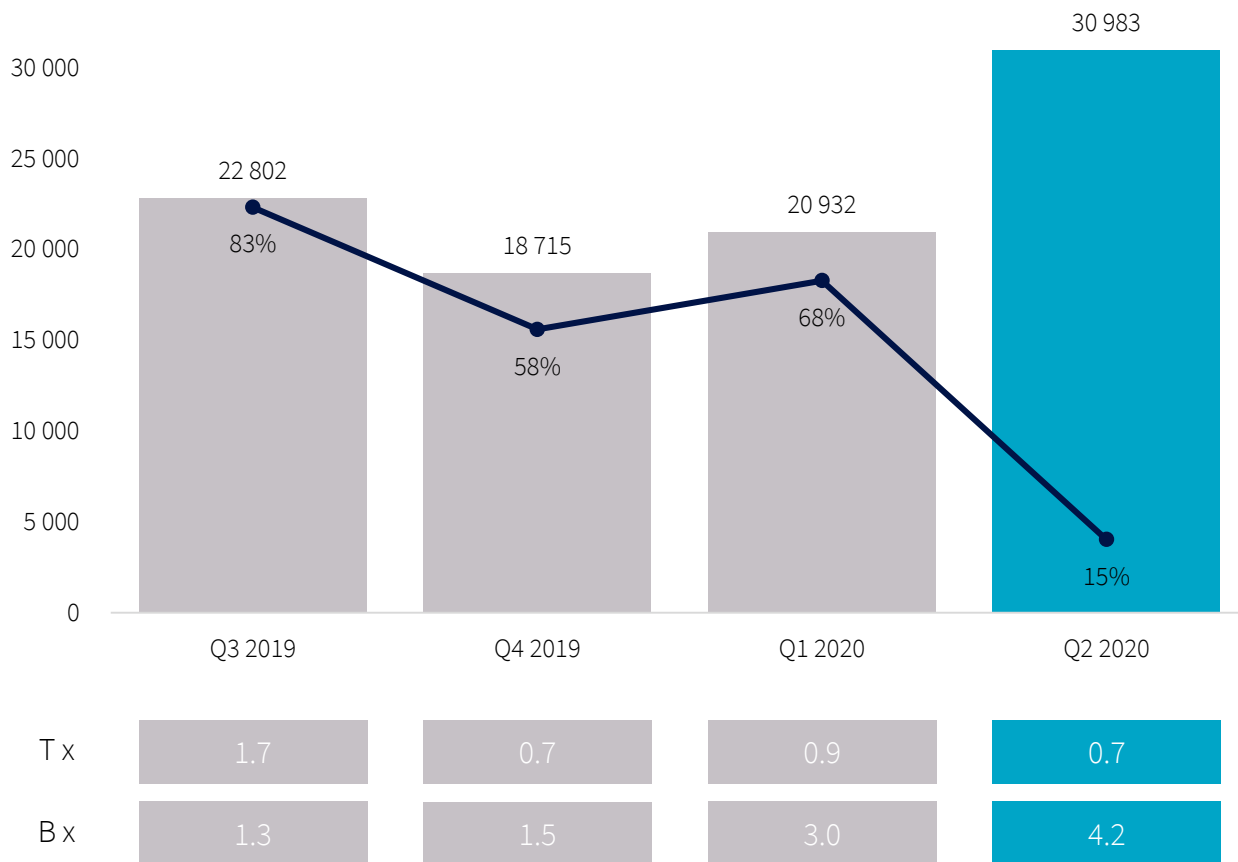
Note: TCE Earnings is an alternative performance measure (please see slide 31-33 in enclosures for more details and reconciliation)

* "In combi trade" for Q2 2020 consists of a single dry leg voyage

Improved CLEANBU earnings with TC employment fixed in strong tanker market

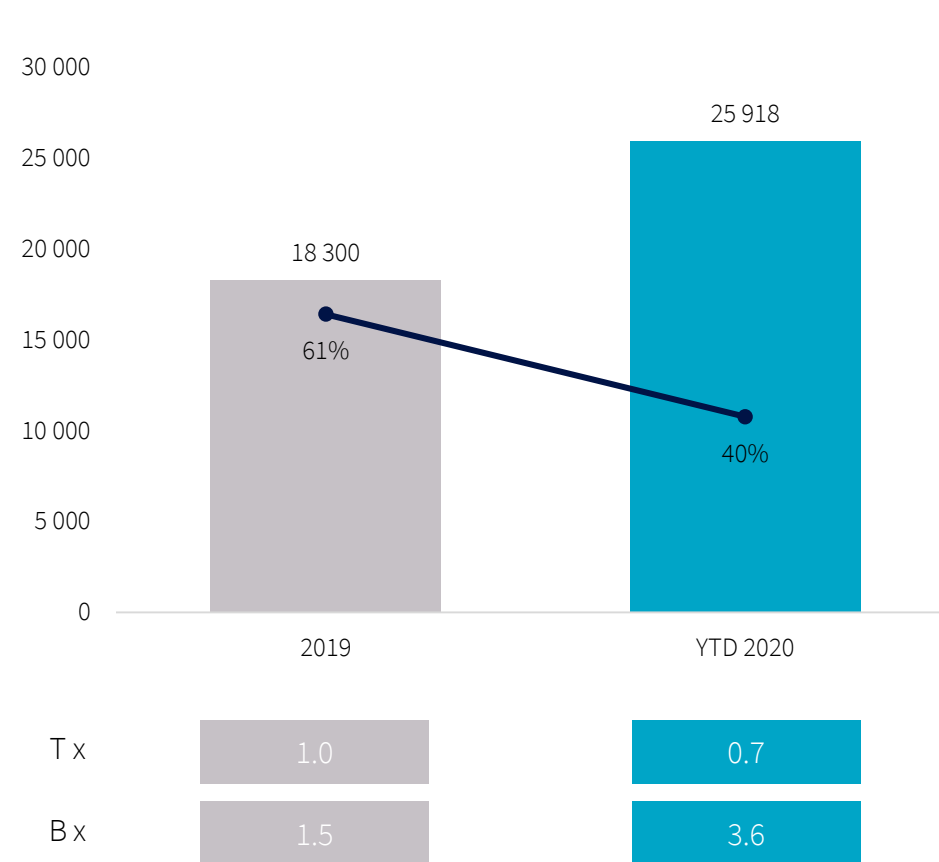
Quarterly CLEANBU TCE Earnings USD per onhire day

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



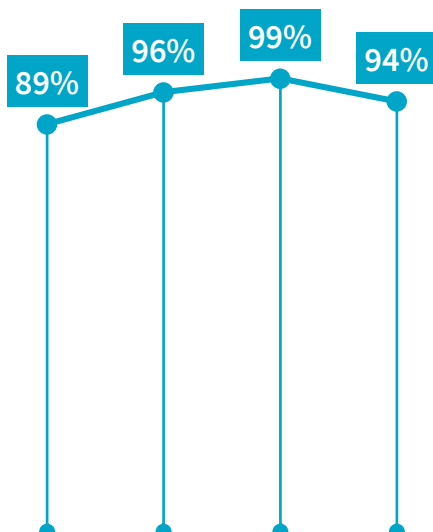
Annual CLEANBU TCE Earnings USD per onhire day

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 COVID-19 increasingly impact off-hire

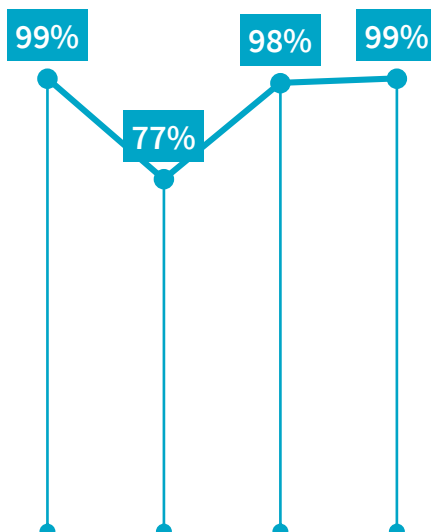
CABU Utilization - %
(off-hire days in table)



Off-hire: Q3 2019 Q4 2019 Q1 2020 Q2 2020

Sched.	66	4	0	10
Unsched.	3	4	4	2
Total offhire	69	8	4	12

CLEANBU Utilization - %
(off-hire days in table)



Off-hire: Q3 2019 Q4 2019 Q1 2020 Q2 2020

Sched.	0	45	0	0
Unsched.	1	13	5	9
Total offhire	1	58	5	9

CABU

- Smooth operation with minimal off-hire.
- Start of docking of one vessel end June (10 d). Additional 2-3 dockings in 2nd half 2020

CLEANBU

- Satisfactory operation and strong tank-vetting results on all vessels
- MV Barracuda and MV Barramundi: Planned guarantee repairs of one vessel in Q4 2020 and one vessel in 1H 2021

COVID-19

- Deviation and off-hire in connection with crew change
- Risk of COVID-19 contagion from shore and from on-signing crew. Stricter routines implemented this summer

CLEANBU newbuild deliveries

COVID-19 effects - delayed delivery and start of operation

MV Baleen (CLEANBU # 4)

- Delivered to KCC 4 August 2020
- Start of trading delayed to end September due to problems with crew mobilization (travel bans, quarantines and visa-problems)

MV Bangus (CLEANBU # 5)

- Expected delivery early October 2020
- Target to shorten lead-time from delivery to start of trading

CLEANBU # 6-8

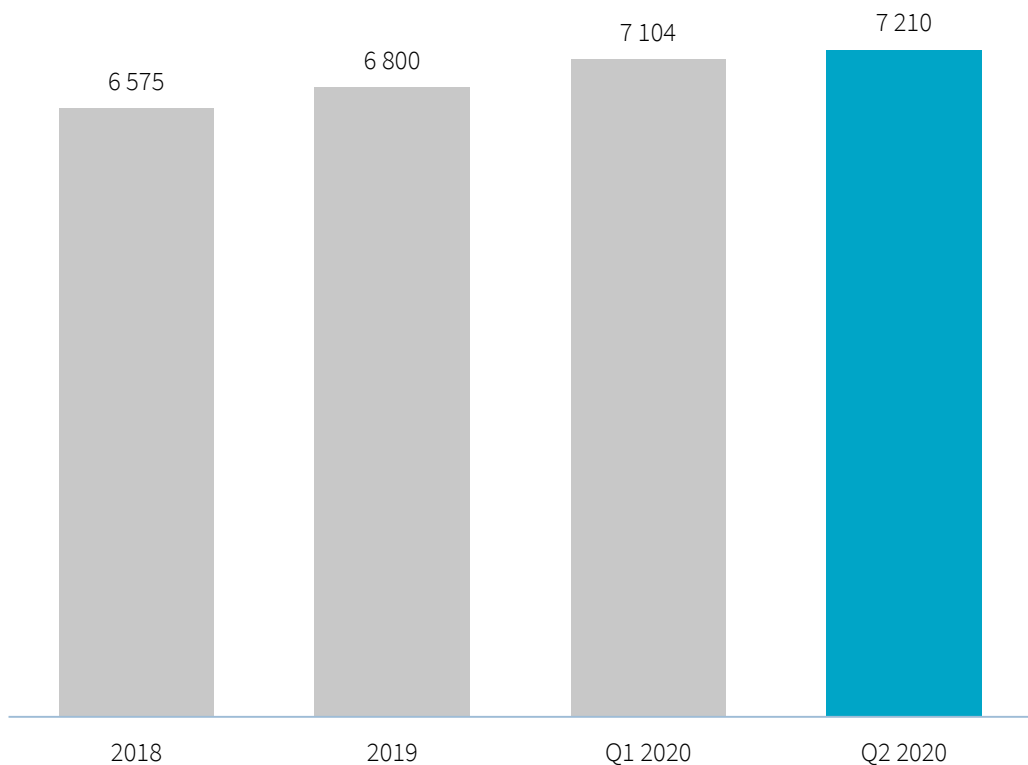
- Expected delivery from early January through April 2021



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

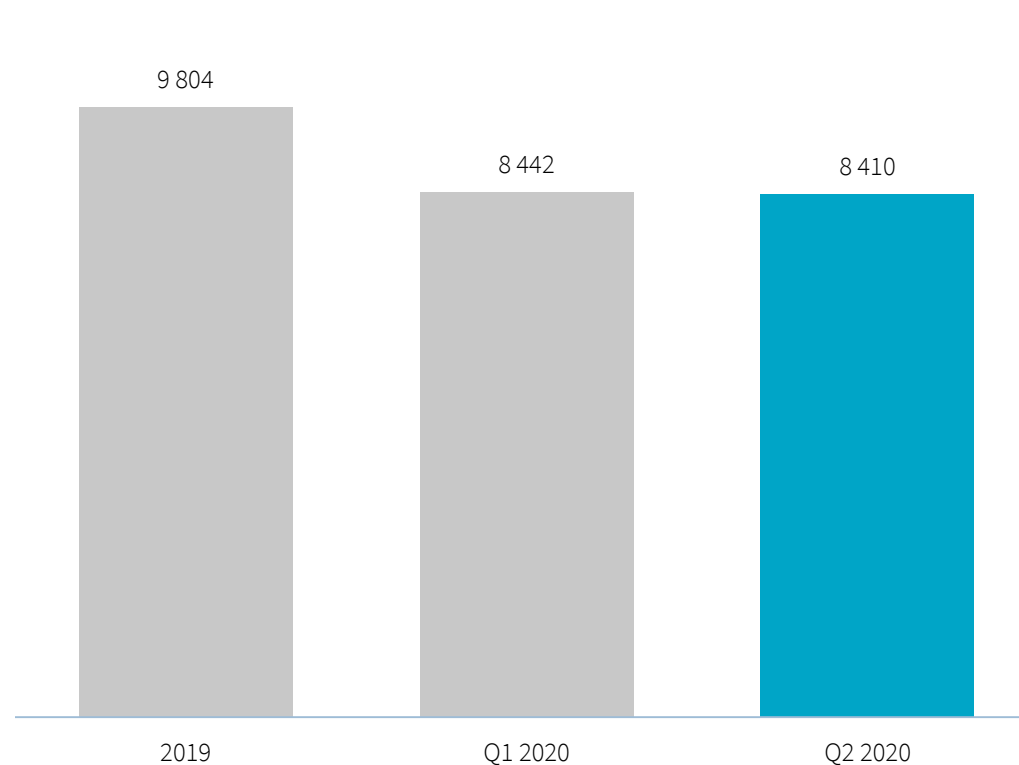
CABU OPEX

CABU OPEX USD per day



CLEANBU OPEX

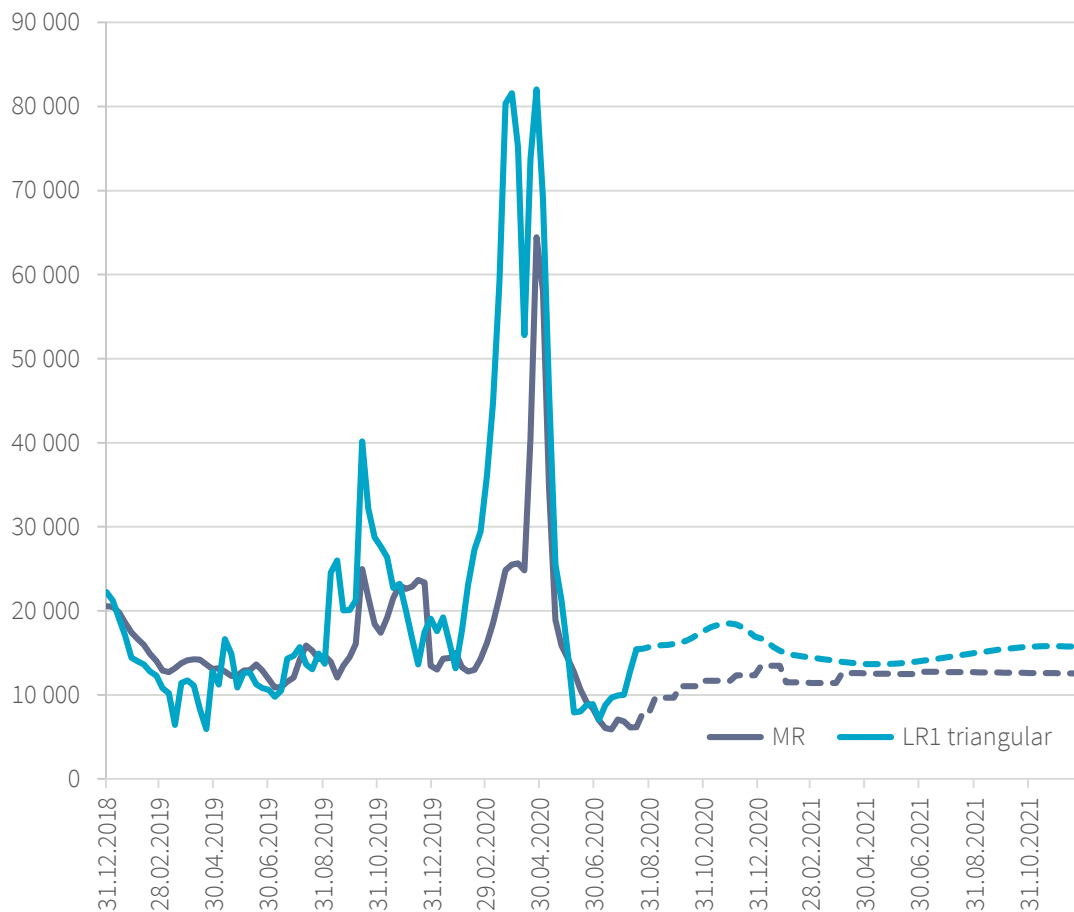
CLEANBU OPEX USD per day (figures only include vessels on water)



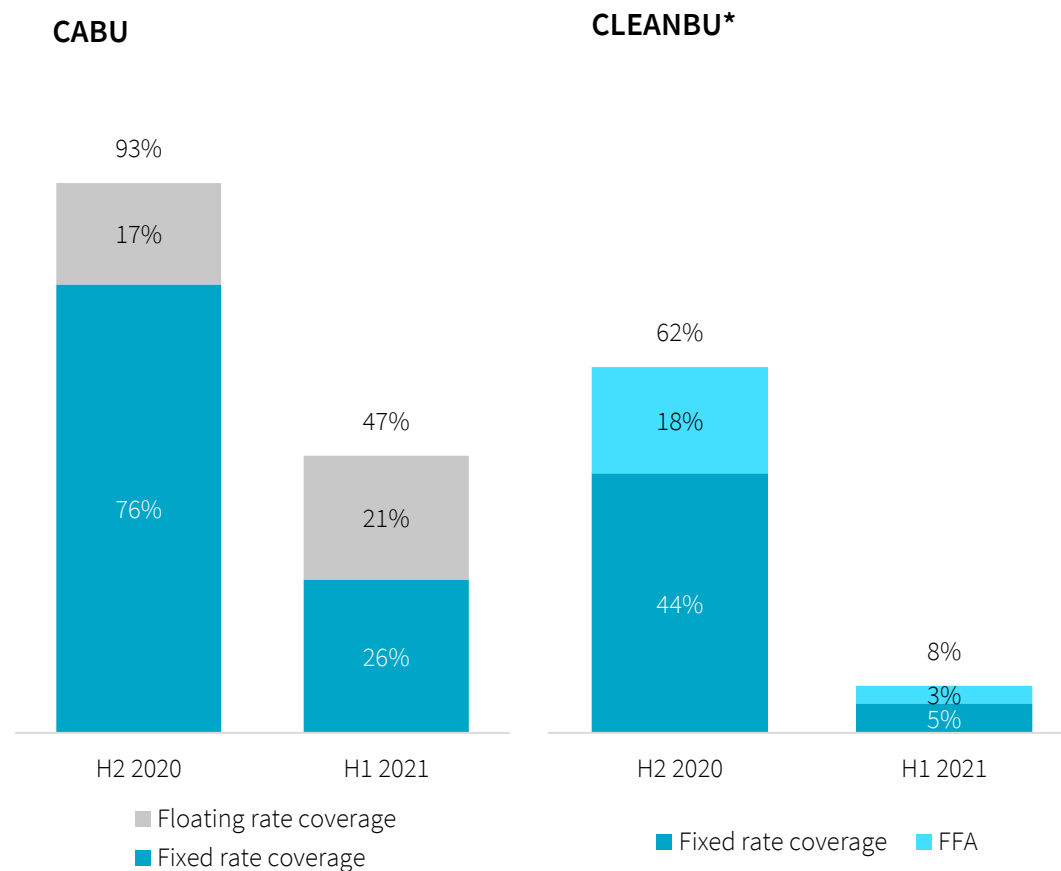
Note: CABU and CLEANBU OPEX USD per day (\$/d) are alternative performance measure (please see slide 31-33 in enclosures for more details)

Earnings protected by high coverage in weak tanker market

Product tanker (TCE \$/day)¹



Wet Contract coverage²



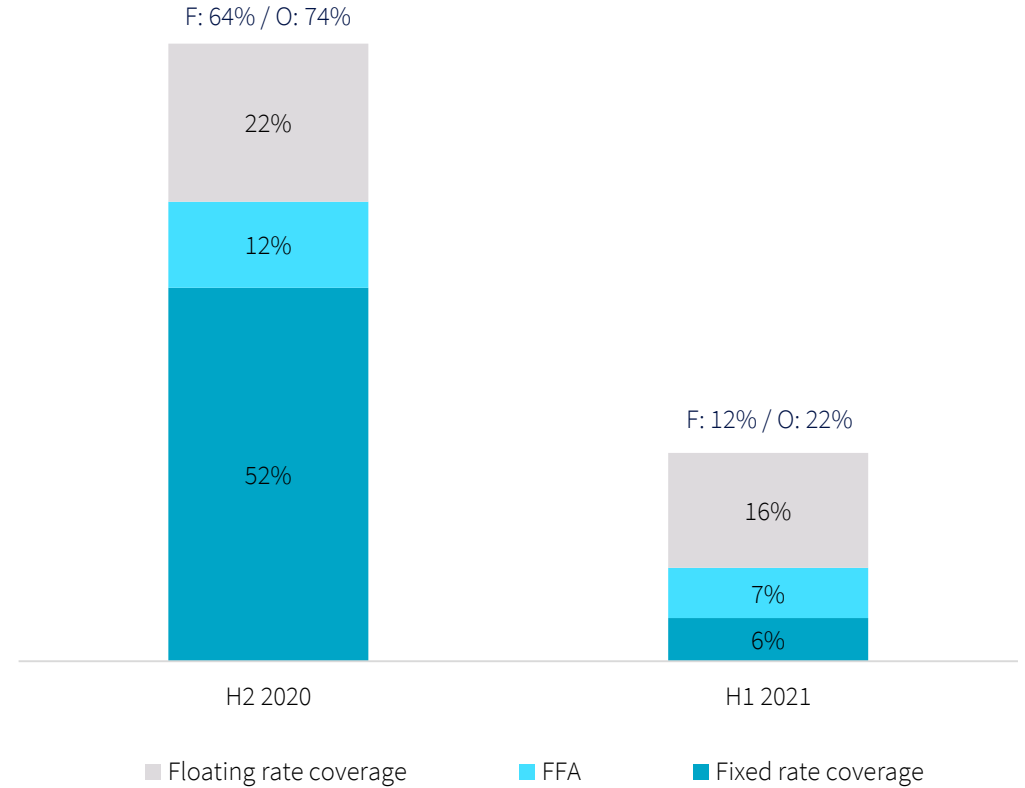
* CLEANBU: Fixed rate coverage=Operational coverage

Dramatically improved dry bulk market from spring lows

Dry bulk (P5TC TCE \$/day)¹



Dry bulk contract coverage²

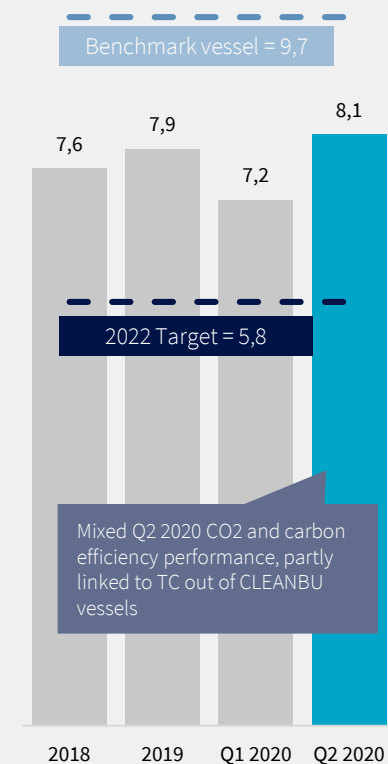


*H2 2020: Operational coverage (Fixed rate + Floating rate coverage)=74% | Financial coverage (Fixed rate coverage+FFA = 64%)

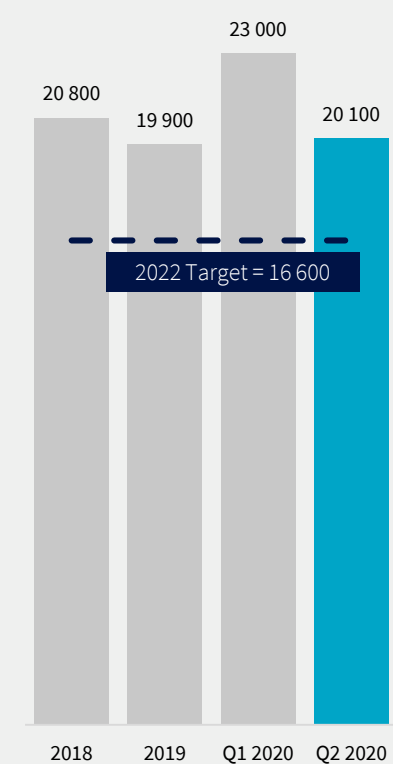
Uninterrupted focus on meeting KCC's decarbonization targets

Committed to meeting decarbonization targets
 New sustainability linked financing is based on KCC's "decarbonization" trajectory

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



Average CO2 emission per vessel



Mixed Q2 2020 CO2 and carbon efficiency performance, partly linked to TC out of CLEANBU vessels

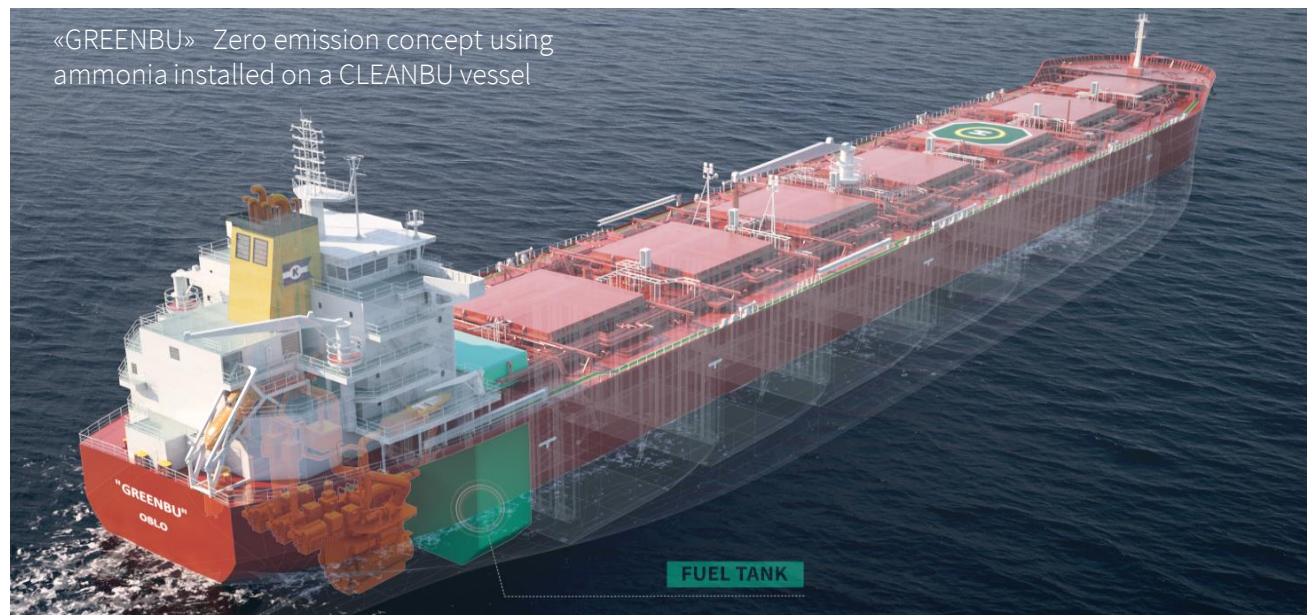
- 1 Improving energy and operational efficiency**
- 2 First testing of 100% sustainable biofuel**
- 3 Zero emission project progressing**

YTD 2020 initiatives:

- Fuel saving silicone antifouling
- Ultrasonic propeller protection system
- Improved weather routing and speed optimization

First bunkering and testing of 100% sustainable biofuel from Goodfuel in Rotterdam on MV Baru in July

- Internal project group on track to present zero emission concept study within end 2020
- Summer student intern program presented two zero emission concepts on existing vessel CLEANBU designs



1 Highlights

2 Business and market update

3 2020 Q2 and first half results

4 Summary and outlook

5 Enclosures

Strong Q2 results driven by tanker TC earnings and high CSS volume

Income Statement ('000 USD)	Q2 2020	Q1 2020	Q2 2019	1H 2020	1H 2019
Net revenues	25 506	22 403	12 607	47 909	25 933
Operating expenses, vsls	(8 541)	(8 261)	(6 913)	(16 803)	(13 911)
SG&A	(1 245)	(1 317)	(1 467)	(2 561)	(3 059)
EBITDA	15 720	12 825	4 227	28 545	8 963
EBITDA adjusted ¹	15 860	12 856	4 595	28 717	9 886
Depreciation	(4 358)	(4 354)	(3 142)	(8 711)	(5 920)
EBIT	11 362	8 472	1 085	19 834	3 043
Net financial items	(3 003)	(4 158)	(2 961)	(7 161)	(5 723)
Profit before tax (EBT)	8 359	4 314	(1 876)	12 673	(2 680)
Tax	-	-	-	-	-
Profit after tax	8 359	4 314	(1 876)	12 673	(2 680)
EPS	0.17	0.09	(0.04)	0.26	(0.06)

Second quarter

- Net revenues increased by 14% compared to Q1 and adjusted EBITDA up by 23%
 - CABU earnings of USD 21,290/day (+USD 1,007/day)
 - CLEANBU earnings of USD 30,983/day (+USD 10,051/day)
- Costs and depreciation quite stable compared to last quarter
- Net finance cost improved by USD 1.2 million due to bond issue in Q1
- EBT USD 8.4 million for Q2, an increase of close to 95% to Q1
- Earnings per share up USD 8 cents to USD 17 cents per share quarter-on-quarter

First half

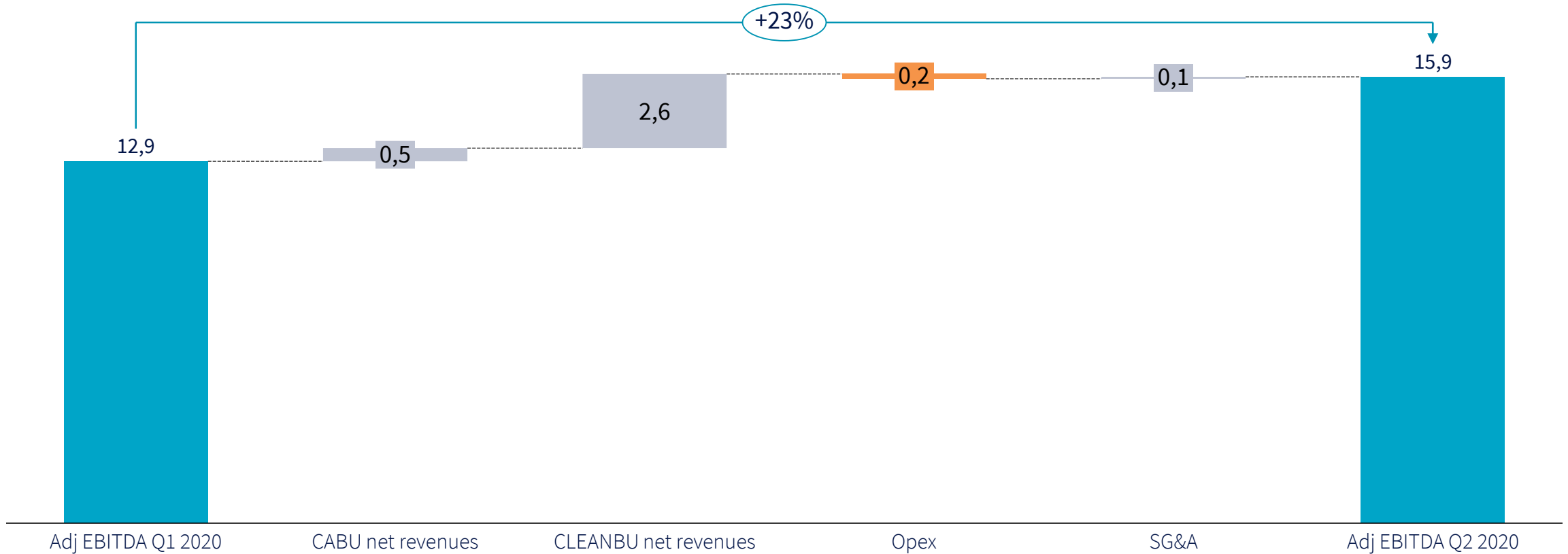
- Adjusted EBITDA 1H 2020 up 190% compared to 1H 2019
 - CABU earnings of USD 20,784/day (+USD 5,224/day)
 - CLEANBU earnings of USD 25,918/day (+USD 13,663/day)
- 1H 2019 impacted by phase-in of the first CLEANBU vessel and IPO of KCC
- Operating expenses for CABU for 1H 2020 USD 7,157/day (+USD 494/day), mainly due to periodization effects

¹ Adjusted EBITDA and CABU/CLEANBU TCE Earnings is an alternative performance measure (please see slide 31-33 in enclosures for more details)

Improved EBITDA mainly due to CLEANBU tanker TCs secured in strong market

Quarter-on-quarter adjusted EBITDA¹ (MUSD)

Q2 2020 vs Q1 2020

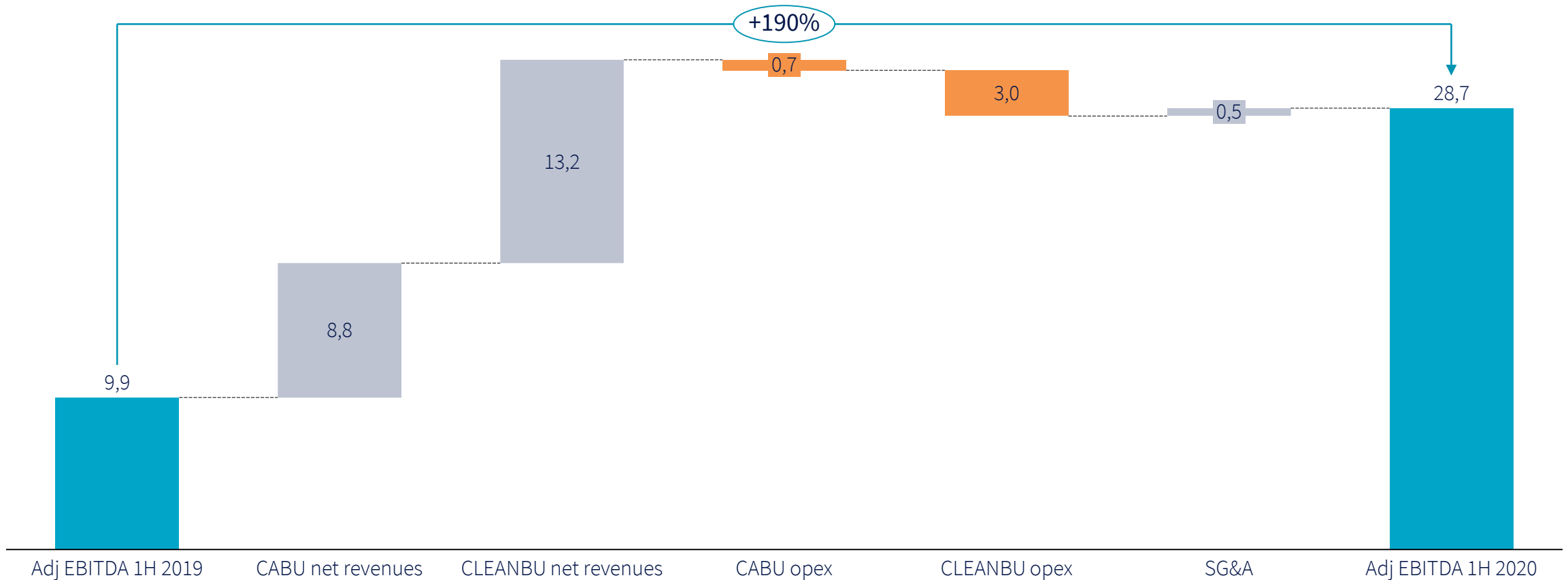


1) Adjusted EBITDA is an alternative performance measure (please see slide 31-33 in enclosures for more details)

Strong increase in EBITDA driven by tanker TCs, higher volume under main caustic soda contracts and two more vessels on water

Year-on-year adjusted EBITDA¹ (MUSD)

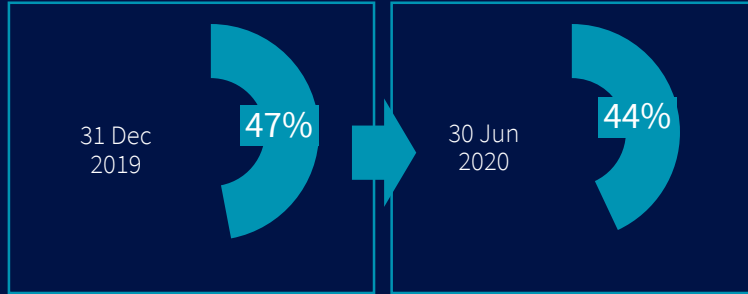
1H 2020 vs 1H 2019



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

Fully funded newbuilds, continued dividends and improved ROCE

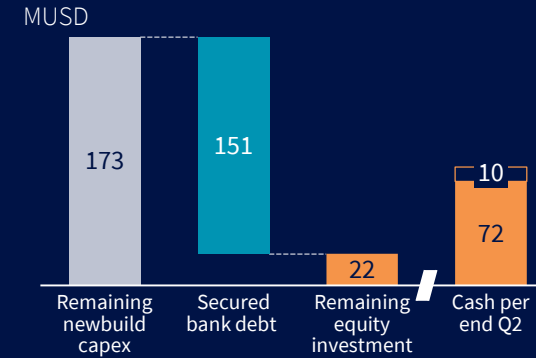
Equity ratio²



Main effects:

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

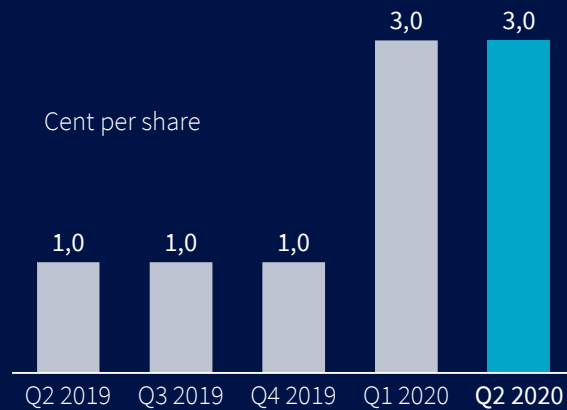
Newbuild capex program fully funded



- Remaining newbuild capex includes yard instalments, estimated supervision cost and other relevant newbuild costs
- Cash per end of Q2 was USD 72.2 million and in addition an overdraft facility of USD 10 million is available for working capital purposes
- Dry dock cost related to 3xCABU DD estimated to be around USD 6 million for 2020

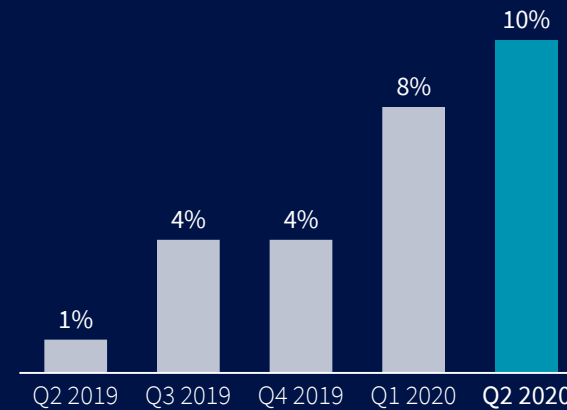
Dividends

Cent per share



= ~ USD 1.44 million for Q2

ROCE adjusted^{1,2}



Not adjusted for newbuilds

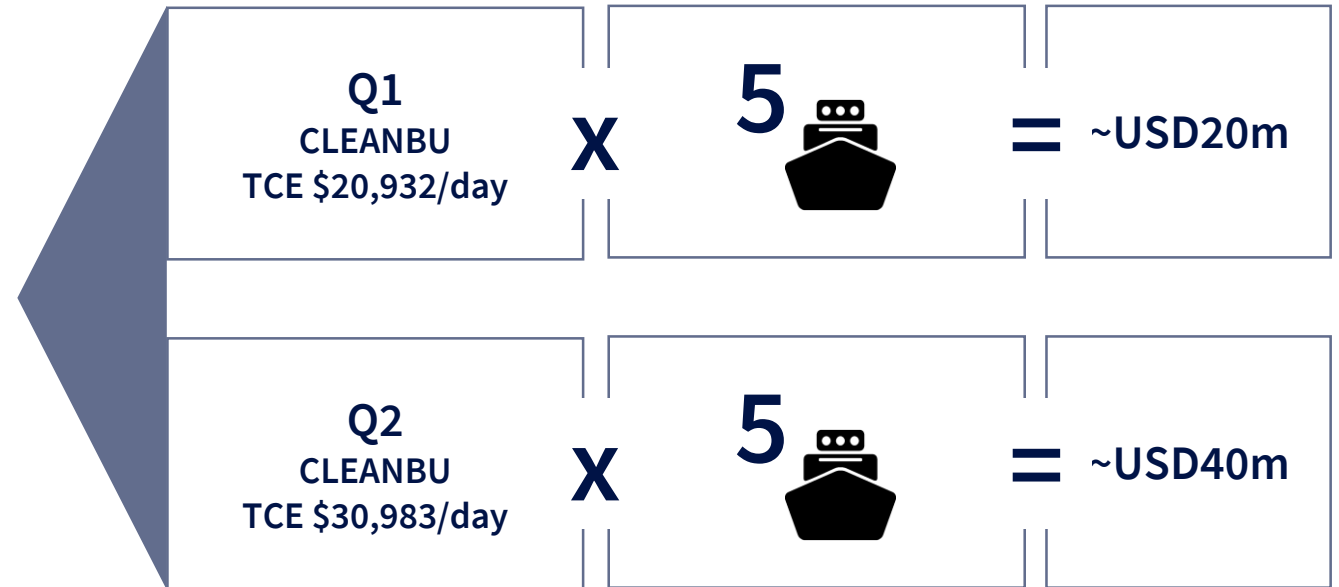
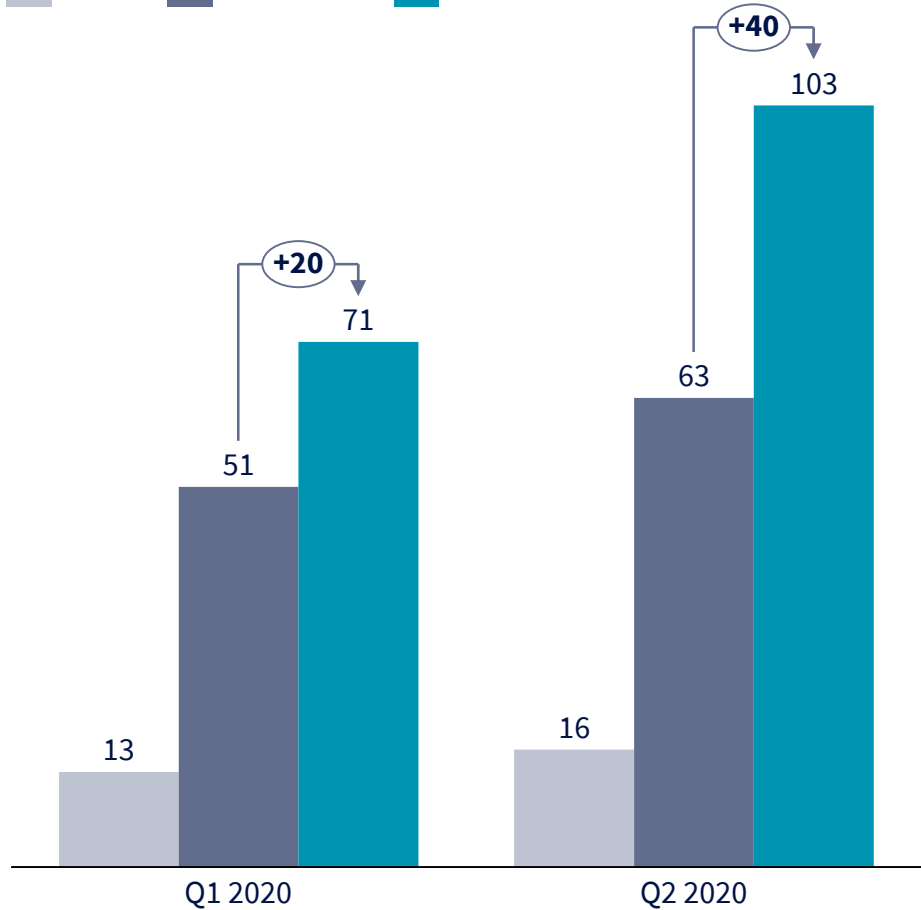
1) Based on annualized EBIT for the quarter, note 11.

2) Equity ratio and ROCE adjusted are alternative performance measure (please see slide 31-33 in enclosures).

Strong EBITDA potential when full fleet of additional 5 CLEANBU vessels have been delivered

Adjusted EBITDA (mUSD)
- actual, annualized and adjusted for full fleet

Actual Annualized Full fleet



1) Adjusted EBITDA and CLEANBU TCE earnings \$/d are alternative performance measure (please see slide 31-33 in enclosures for more details)

1 Highlights

2 Business and market update

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4 Summary and outlook

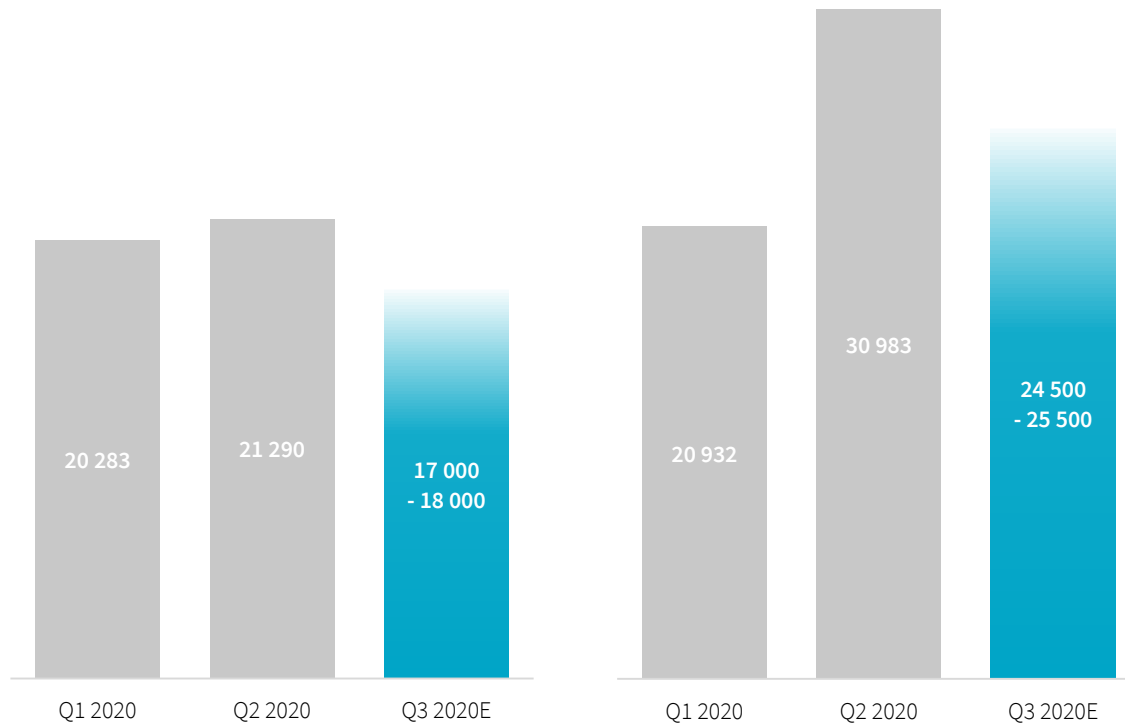
5 Enclosures

Outlook

Positive outlook for second half on the back of high contract coverage and stronger dry bulk market

CABU earnings
USD/day

CLEANBU earnings
USD/day



COVID-19 operational risks impacting off-hire and operating costs

- Deviation and off-hire in connection with crew change
- Risks of COVID-19 contamination
- Delays and longer/more expensive start-up of CLEANBU newbuild deliveries in Q2 2020

Improving market fundamentals, but continued COVID-19 downside risk

- Tanker market in process of rebalancing
- Strong dry bulk market on the back of solid grains and iron ore trading volumes



FUTURE BOUND

1 Highlights

2 Business and market update

3 2020 Q2 and first half results

4 Summary and outlook

5 Enclosures

Detailed 2H 2020 to 1H 2021 coverage

Contract coverage

CABU: CSS contract coverage

# of days	2H 2020	1H 2021
Fixed rate COA/Spot	525	189
Floating rate COA	119	150
Total contract days	645	339
FFA coverage	-	-
Available wet days	693	727

Dry bulk contract coverage

# of days	2H 2020	1H 2021
Fixed rate COA/Spot	546	70
Floating rate COA	230	210
Total contract days	776	280
FFA coverage	130	90
Available dry days	1 050	1 303

CLEANBU: CPP contract coverage

# of days	2H 2020	1H 2021
Fixed rate COA/Spot	234	42
Floating rate COA	-	-
Total contract days	234	42
FFA coverage	97	23
Available wet days	536	769

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> <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 Q2 2020 and Q2 2020YTD are reconciled in the quarterly report for Q2 2020, note 2 (page 16-17).
- CABU and CLEANBU TCE earnings per on-hire day for Q1 2020 are reconciled in the quarterly report for Q1 2020, note 2 (page 16-17).
- CABU and CLEANBU TCE earnings per on-hire day for Q4 and Q3 2019 are reconciled in the quarterly report for respectively Q4 2019 and Q3 2019, note 2 (page 16/page 15).
- CABU and CLEANBU TCE earnings per on-hire day for 2019 total are reconciled in the quarterly report for Q4 2019, note 2 (page 16-17).
- CABU TCE earnings for 2017-2018 are reconciled in the quarterly presentation for Q4 2019, page 34.
- CLEANBU TCE earnings for main combi trades and outside combi trades for Q2 2020 is reconciled on the next slide.
- CLEANBU TCE earnings for main combi trades and outside combi trades for Q1 2020 is reconciled in the quarterly presentation for Q1, page 32; and for the quarters in 2019 and 2019 is reconciled in the quarterly presentation for Q4, page 35.
- CABU Opex \$/d for 2019 are reconciled in the quarterly report for Q4 2019, note 2 (page 17).
- CABU Opex \$/d for Q2 and Q1 2020 are reconciled in the quarterly report for respectively Q2 2020 and Q1 2020, note 2 (page 16-17).
- CLEANBU Opex \$/d for 2019 and Q1 2020 for vessels in operation are reconciled in the quarterly presentation for respectively Q1 2020 and Q4 2019, page 33/36.
- CLEANBU Opex \$/d for Q2-2020 for vessels in operation are reconciled on next slide.
- Adjusted EBITDA for Q2 2020 and Q2 2019 are reconciled in Note 11 (page 24) in Q2 2020 report published. Adjusted EBITDA for Q1 2020 is reconciled in Note 11 (page 24) in Q1 2020 report published.
- Equity ratio for 30 June 2020 and 31 December 2019 are reconciled in the quarterly report for Q2 2020, note 11 (page 25).
- ROCE adjusted for Q2 2020 – see reconciliation in Note 11 (page 25) in Q2 2020 report published. ROCE adjusted for Q1 2020 and Q4 2019 is reconciled in note 11 respectively in Q1 2020 and Q4 report 2019 (page 24).

Alternative performance measures used in the quarterly presentation

Reconciliation CLEANBU earnings in combi trade and outside combi trade

Reconciliation of CLEANBU average TCE earnings USD/day for Q2 2020

USD'000	Main combi	Outside combi	Total CLEANBU Q2 2020
Net revenues from operations of vessels	614	7 970	8 584
IFRS 15 adjustment (load-to-discharge)		(271)	(271)
Offhire compensation		(134)	(134)
Net revenues ex IFRS adjustment	614	7 565	8 179
Correction adjustment from Q1*	-	(200)	(200)
Net revenue adjusted	614	7 365	7 979
Onhiredays	36	228	264
TCE earnings (\$/d) (used in presentation)	17 056	32 303	30 223
Net revenue adjusted	614	7 365	7 979
Revenue from Q1 recognised in Q2*		200	200
Net revenue basis for reported TCE rates	614	7 565	8 179
Onhiredays	36	228	264
TCE earnings (\$/d) (in line with Q2 quarterly report)	17 056	33 180	30 983

* revenue recognised in financial statement for Q2 2020, but included in outside combi \$/d reported in Q1.

Alternative performance measures used in the quarterly presentation

Reconciliation Opex \$/d CLEANBU vessels in operations

Reconciliation of CLEANBU opex per day

USD'000	Q2 2020
Operating expenses, vessels	2 669
Leasing cost previously presented as opex	27
Start-up cost CLEANBU vessels	- 140
Crew cost after delivery (adj/reclass)	-
Operating expenses vessels not delivered	- 260
Operating expenses, vessels in operation	2 296
Operating days	273
Opex per day (\$/d) for vessels in operation	8 410