

# First Quarter 2021

Oslo, 27 April 2021



Klaveness  
Combination Carriers



# Disclaimer

This presentation has been prepared by Klaveness Combination Carriers ASA (the “Company”) and is furnished to you for information purposes only and may not be reproduced or redistributed, in whole or in part, to any other person. The presentation does not constitute or form part of any offering of securities, and the contents of this presentation have not been reviewed by any regulatory authority.

The presentation should not form the basis for any investments nor be deemed to constitute investment advice by the Company including its affiliates or any of their directors, officers, agents, employees or advisers. An investment in the Company's securities involves risk, and several factors could cause the actual results, performance or achievements that may be expressed or implied by statements and information in this presentation and by attending or reading the presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you must make your own independent assessment of the information contained in the presentation after making such investigations and taking such advice as may be deemed necessary. In particular, any estimates, projections, opinions or other forward-looking statements contained herein necessarily involve significant elements of subjective judgment, analysis and assumptions and each recipient should make its own verifications in relation to such matters.

This presentation contains certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances, not historical facts, and are sometimes identified by the words “believes”, “expects”, “predicts”, “intends”, “projects”, “plans”, “estimates”, “aims”, “foresees”, “anticipates”, “targets”, and similar expressions. The forward-looking statements contained in this presentation (including assumptions, opinions and views of the Company or opinions cited from third party sources) are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. None of the Company, any of its parent or subsidiary undertakings, or any such person's officers, directors, or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors, nor does any of them accept any responsibility for the future accuracy of the opinions expressed in this Presentation or the actual occurrence of the forecasted developments described herein.

No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly neither the Company nor any of its affiliates accept any liability whatsoever arising directly or indirectly from the use of this presentation, including any reproduction or redistribution.

The information and opinions contained in this document are provided as at the date of this presentation and may be subject to change without notice. Except as required by law, neither the Company nor any of its affiliates undertake any obligation to update any forward-looking statements or other information herein for any reason after the date of this presentation to conform these statements to actual results or to changes in our expectations or publicly release or inform of the result of any revisions to these forward-looking statements which the Company or any of its affiliates may make to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events.

This presentation speaks as of April 2021. Neither the delivery of this presentation nor any further discussions by the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. The Company does not intend to, or will assume any obligation to, update this presentation or any of the information included herein.

This presentation shall be governed by Norwegian law. Any dispute arising in respect of this presentation is subject to the exclusive jurisdiction of the Norwegian courts with the Oslo City Court as exclusive legal venue.

# Highlights Q1 2021



# KCC is the world leader in combination carriers shipping tanker cargoes into dry bulk export hubs

CABUs

9 vessels



CLEANBUs

7+1 vessels



# Proving value of combi-concept in a poor tanker market

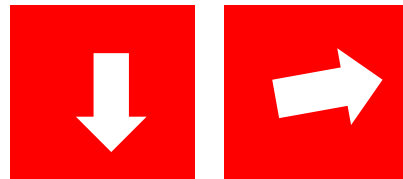
Booming dry bulk rates in Q1

Continue outperforming standard tankers - matching dry bulk earnings

Q1 2021 CABU and CLEANBU TCE earnings USD per on-hire day

Q1 '21 Q2 '21 QTD

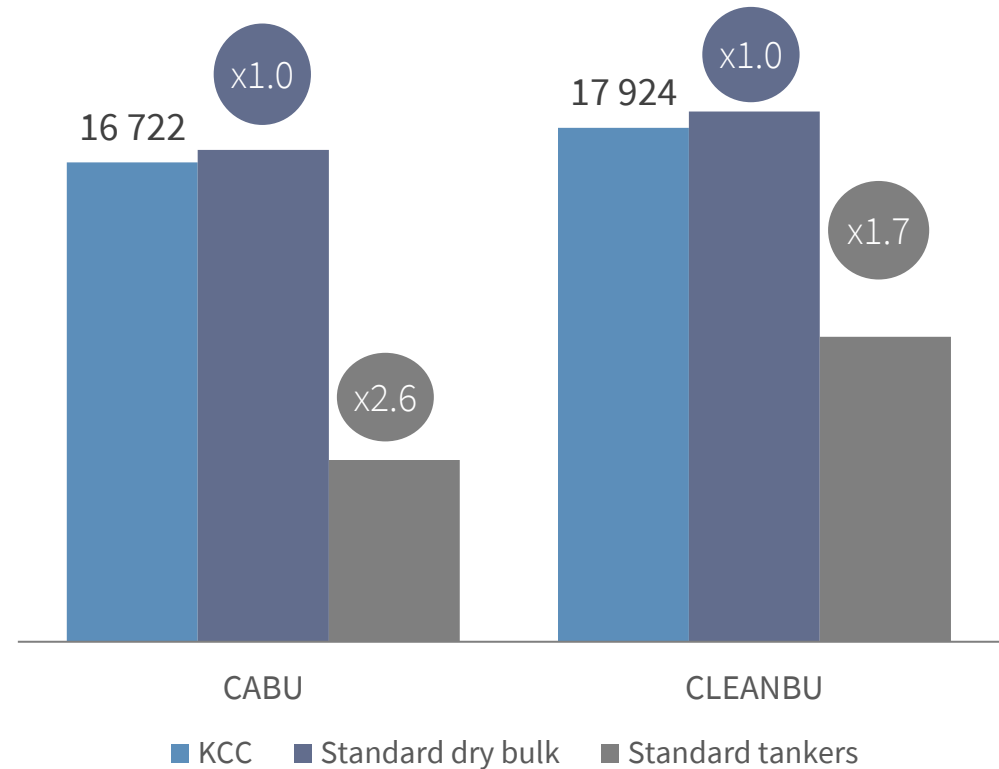
Product tanker market



Dry bulk market

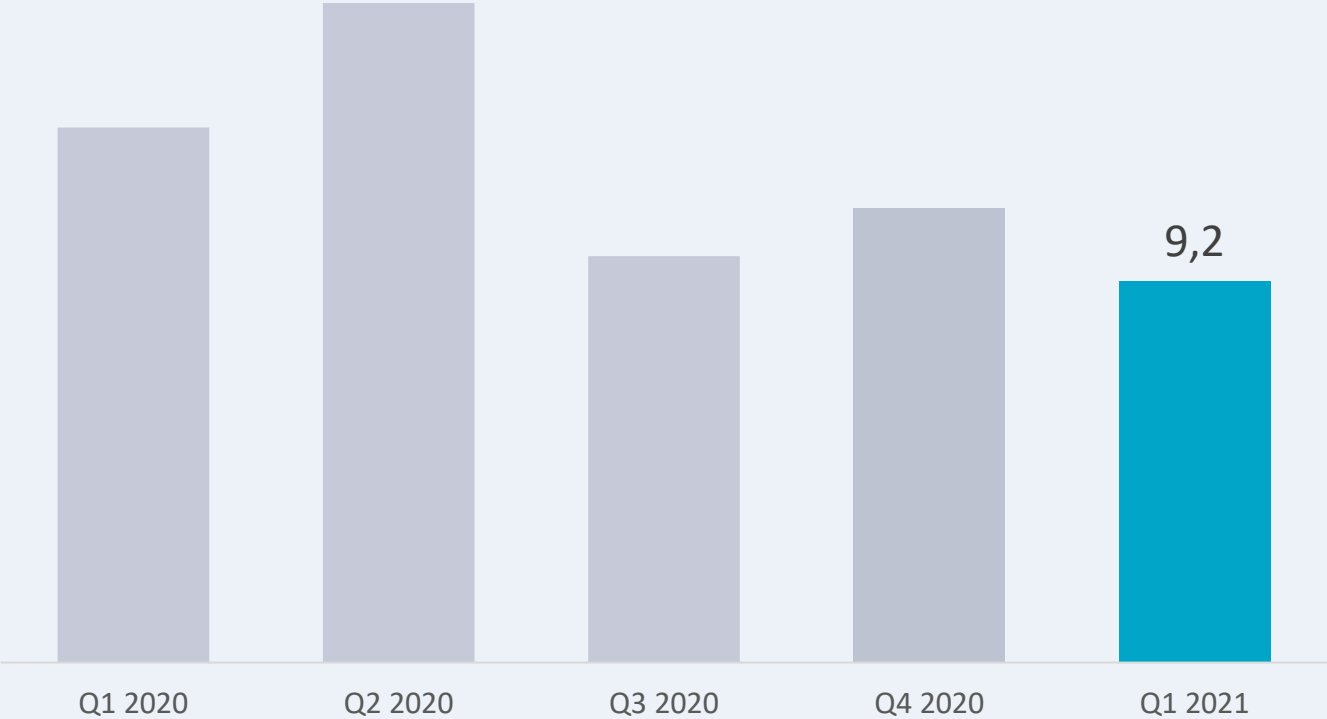


Fuel market



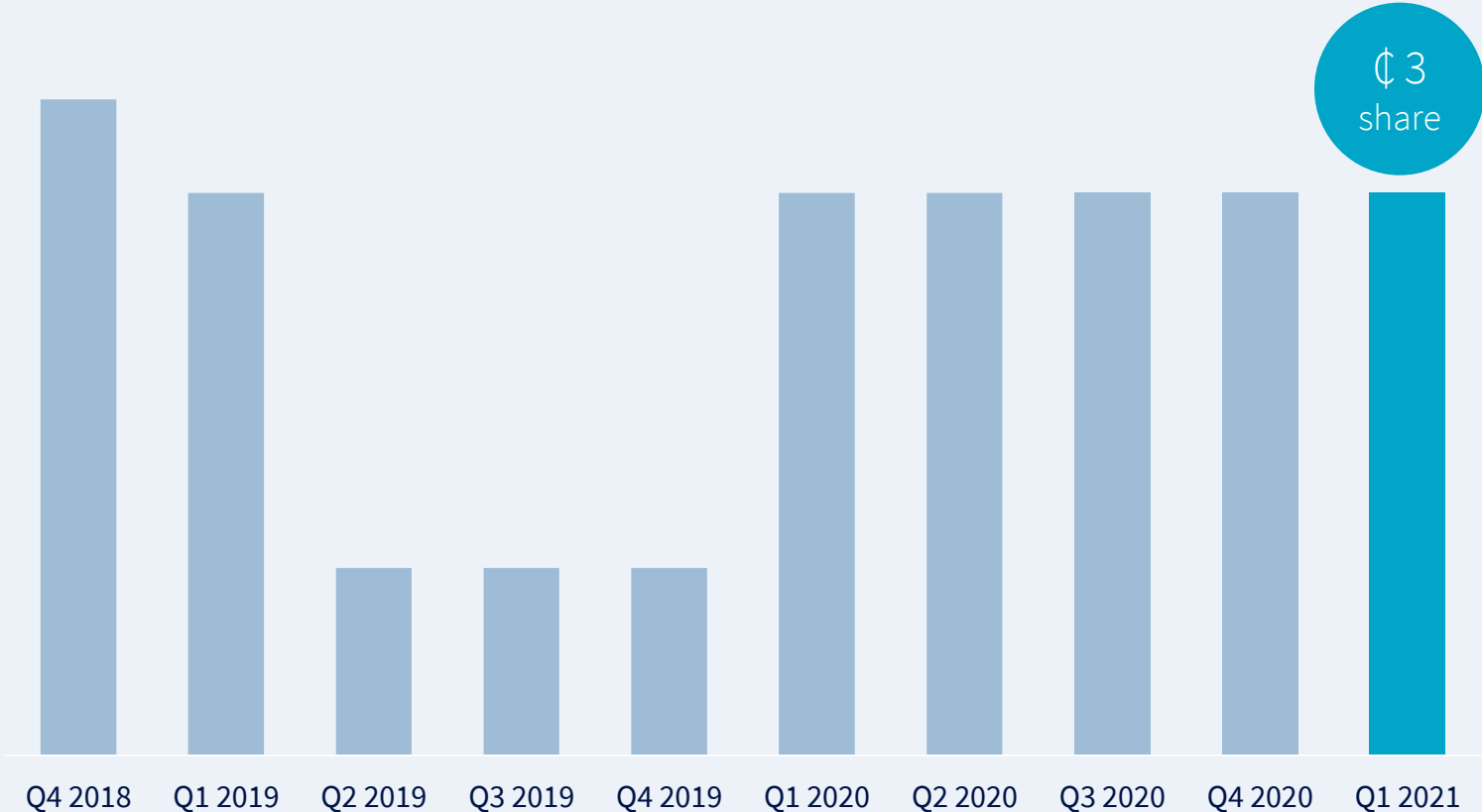
# EBITDA impacted by poor tanker market and delivery of two newbuilds

Adjusted EBITDA USD million

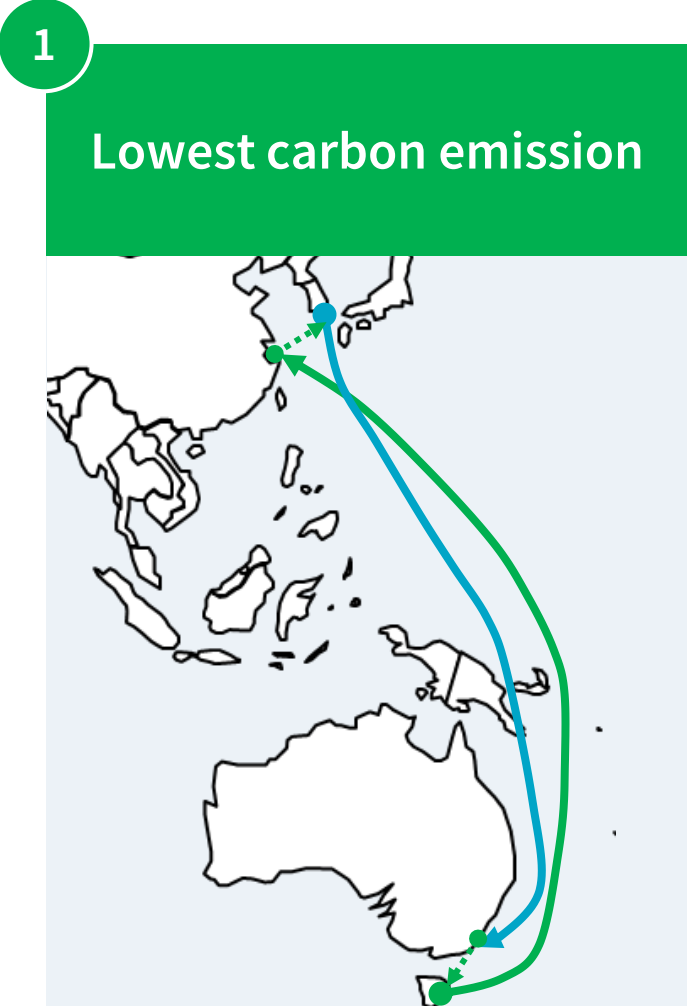


# Continued quarterly dividend payments – same as four last quarters

Quarterly dividend payments USD cent/share



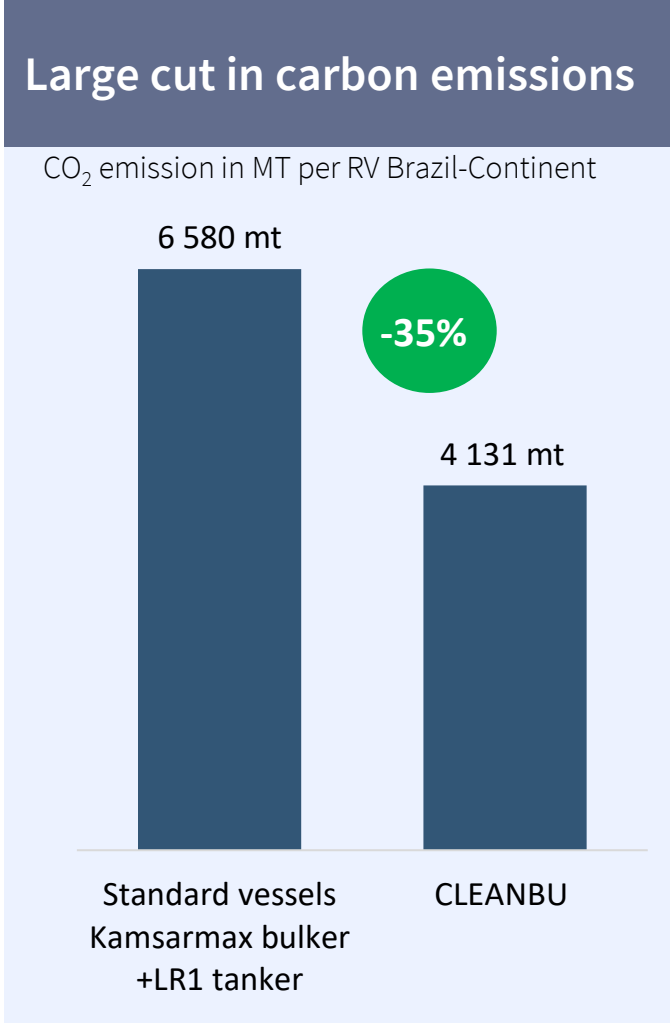
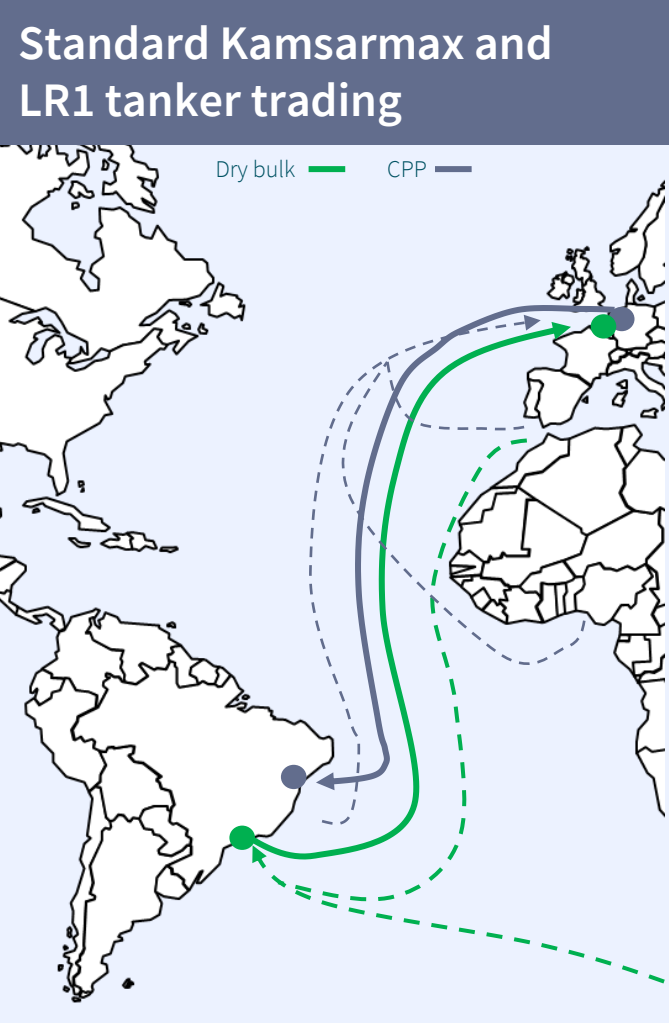
# Future proof and profitable business model





- 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

# Substantial cuts in CO<sub>2</sub> emission in the CLEANBU's Atlantic trading

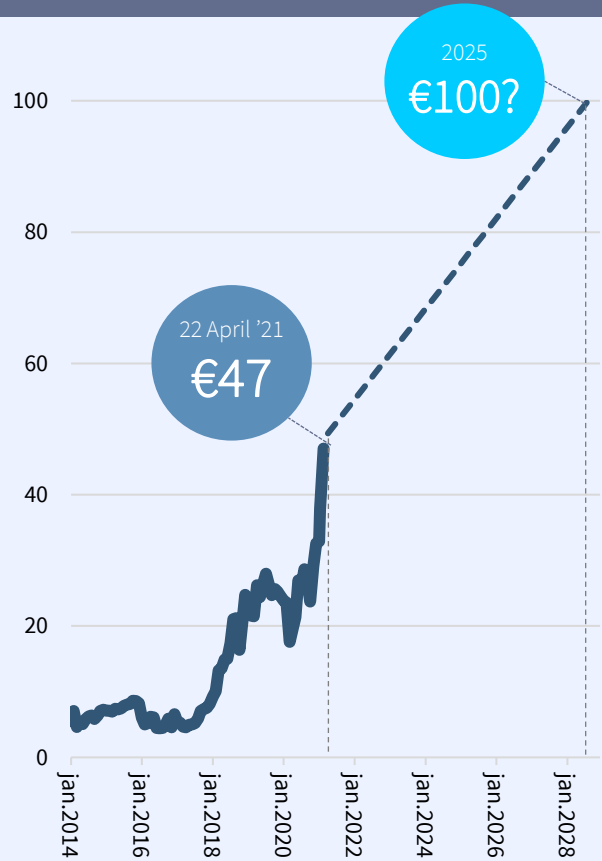


# Reducing carbon tax risk exposure in trades to/from Europe

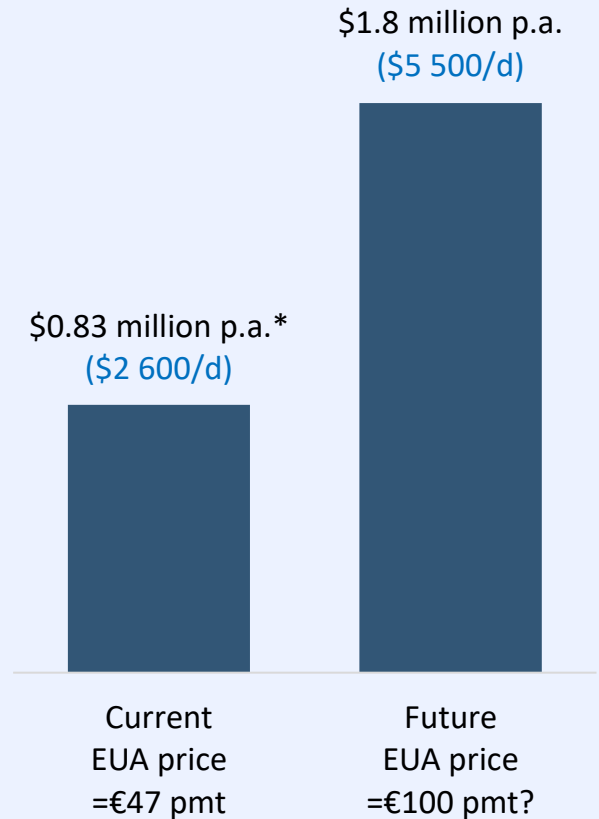
Shipping to be included in EU's emission trading system from 2022



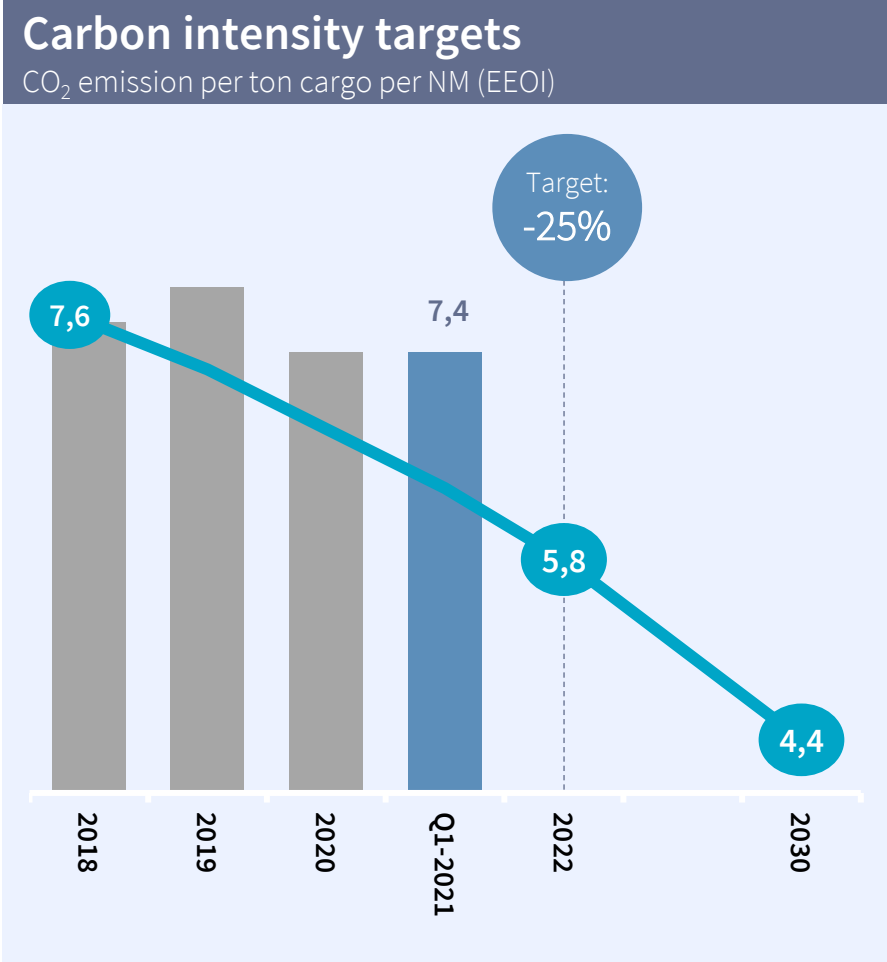
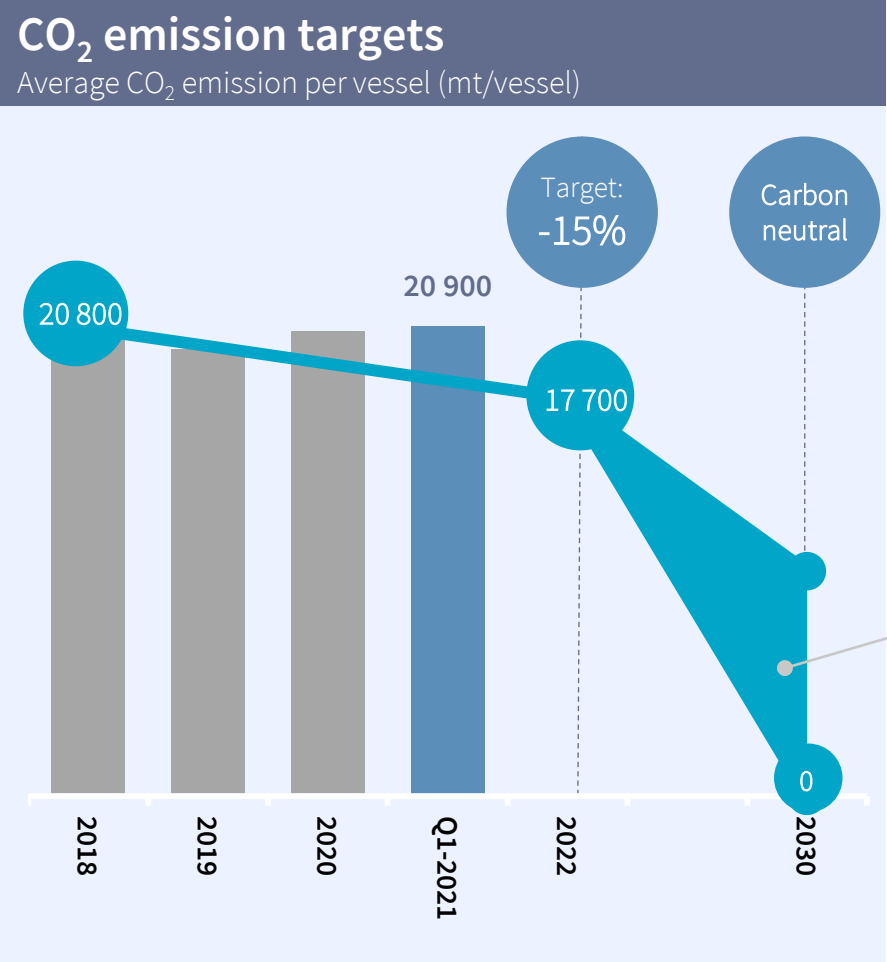
Continued steep rise in EUA prices this spring..



Large savings in carbon taxes by using CLEANBUs



# Expect to see results of efficiency improvement initiatives in 2H 2021

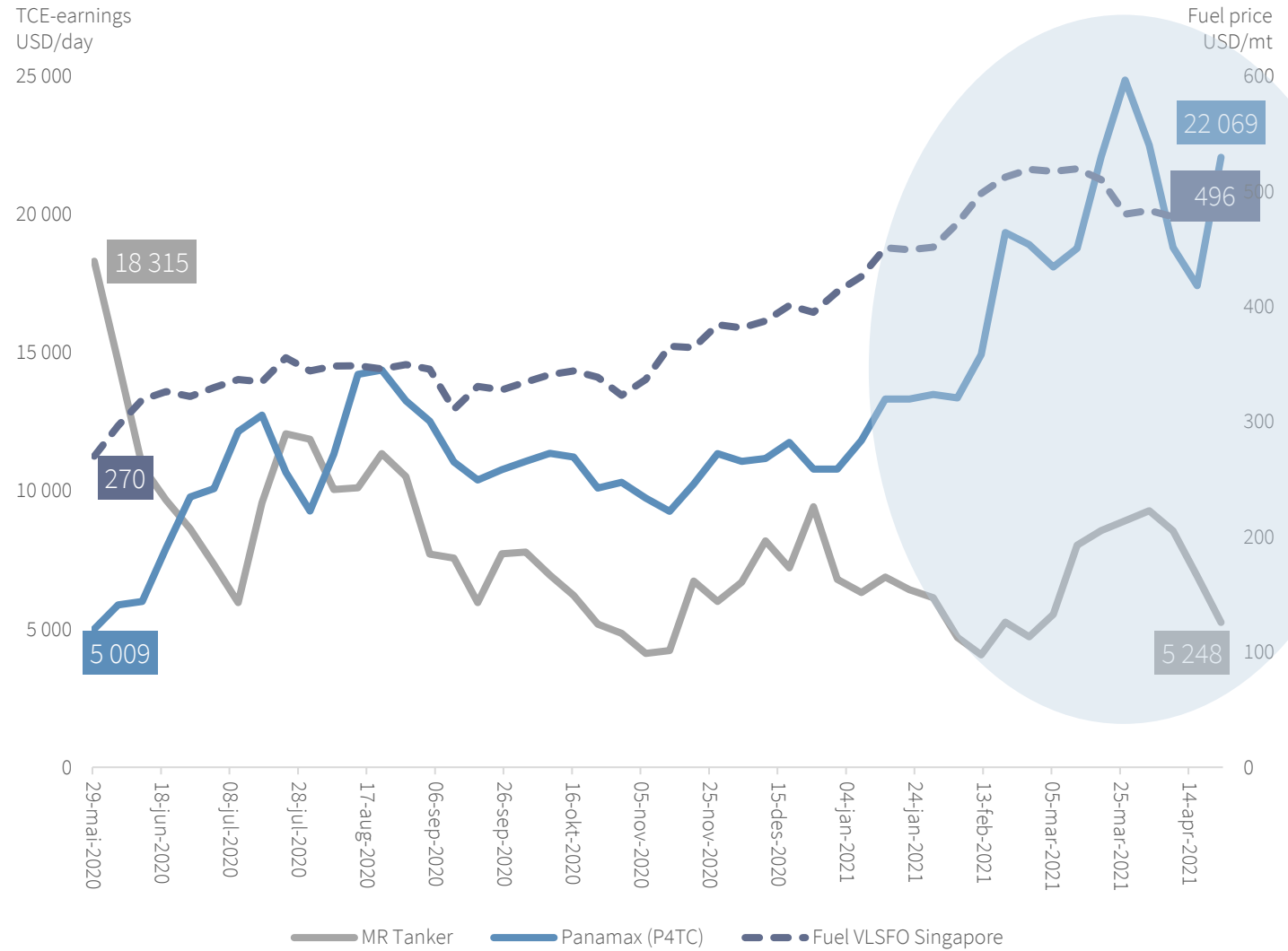
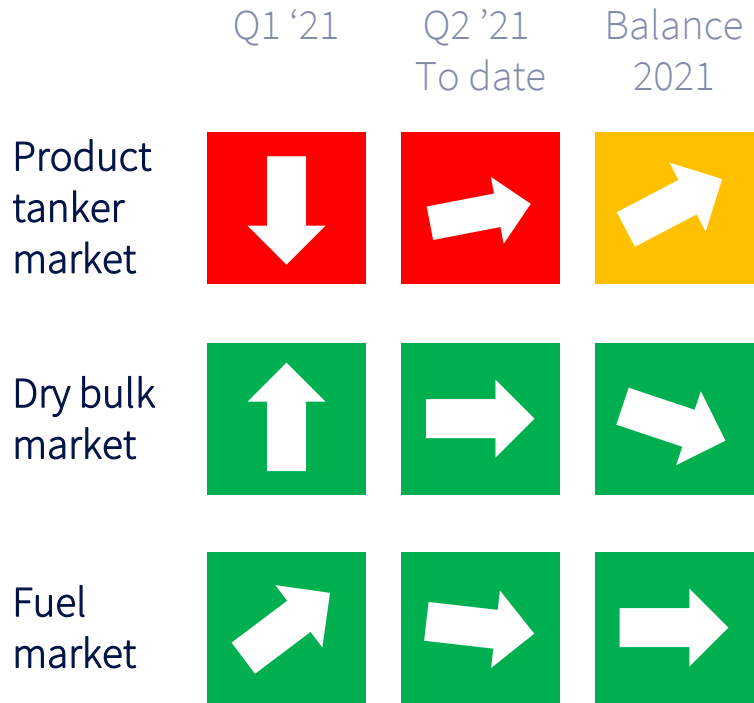


Actual    KCC Trajectory

- 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

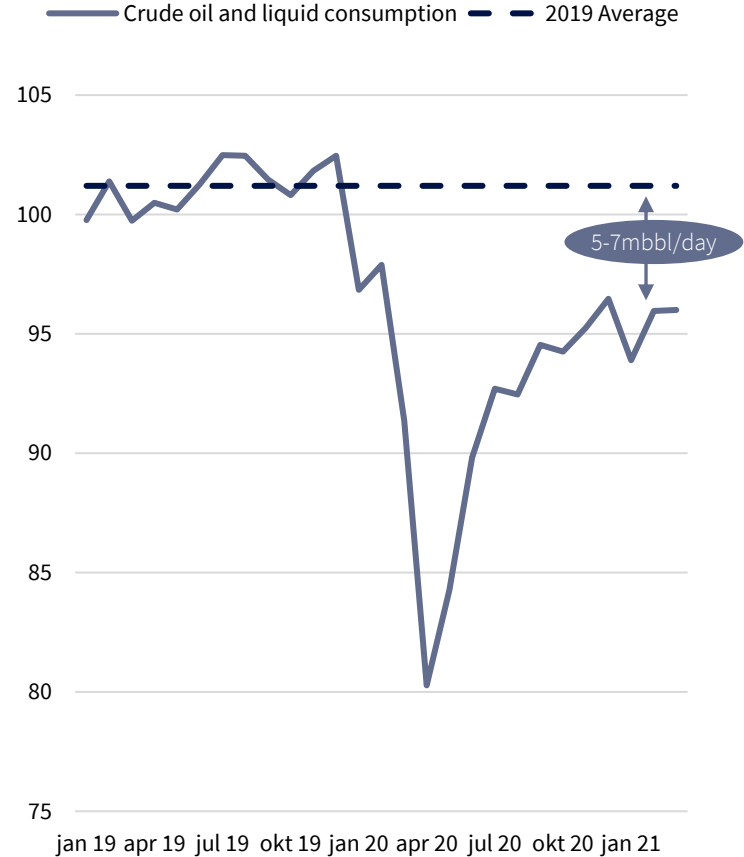


# Flexibility and diversification from 3 markets reduce KCC's earnings volatility

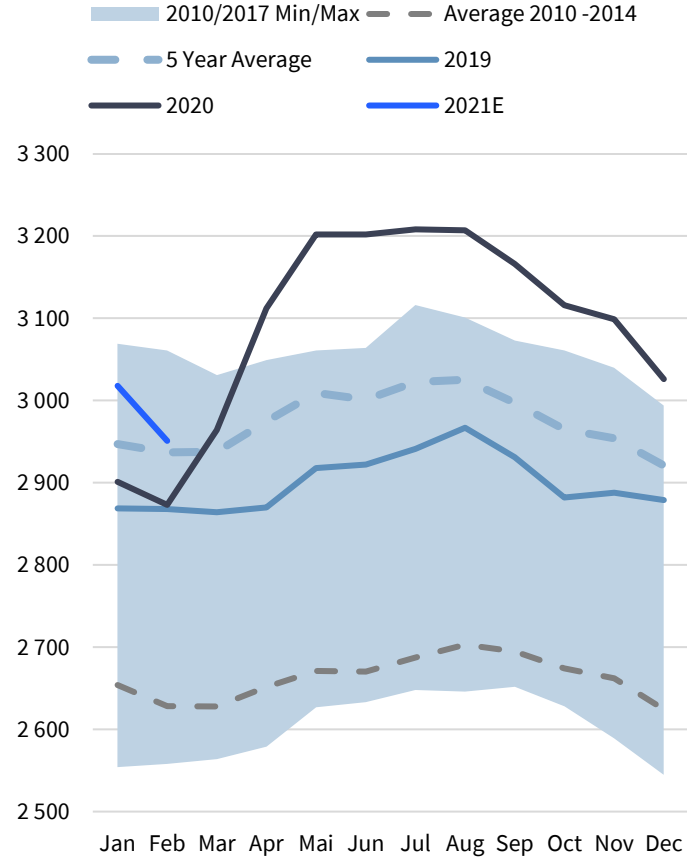


# Tanker market in the process of rebalancing

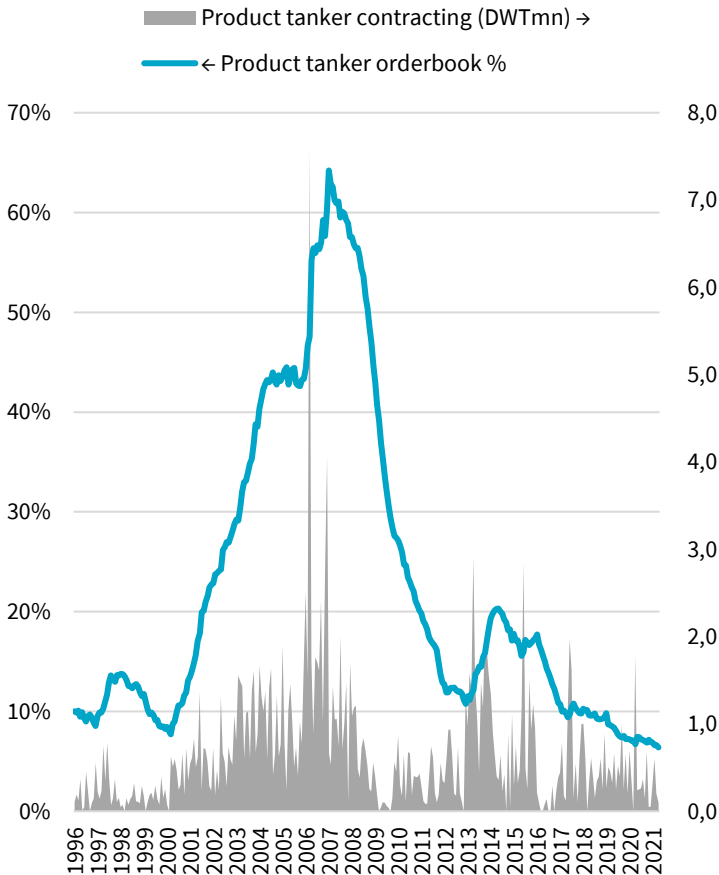
Oil consumption still well below pre-covid levels



OECD Oil stocks close to 5-year average



Continued expected low fleet growth and orderbook

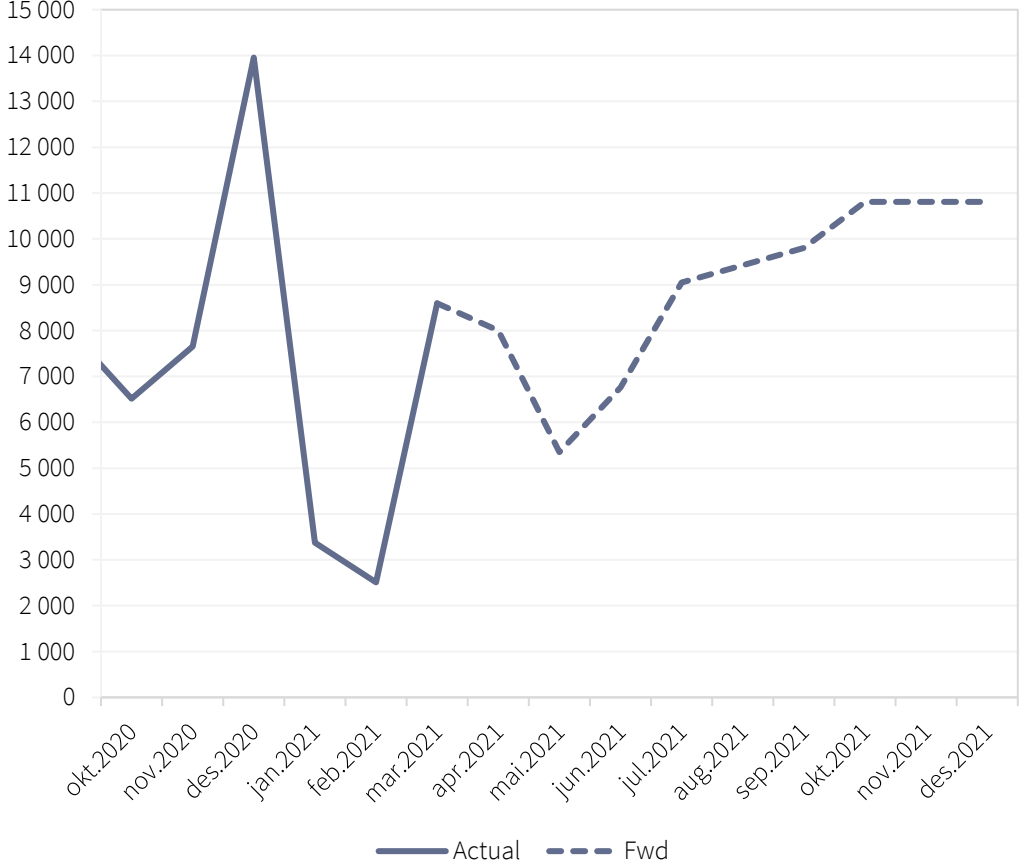


Source: Bloomberg, EIA, Clarksons SIN

# Considerable and growing tanker market coverage for 2021

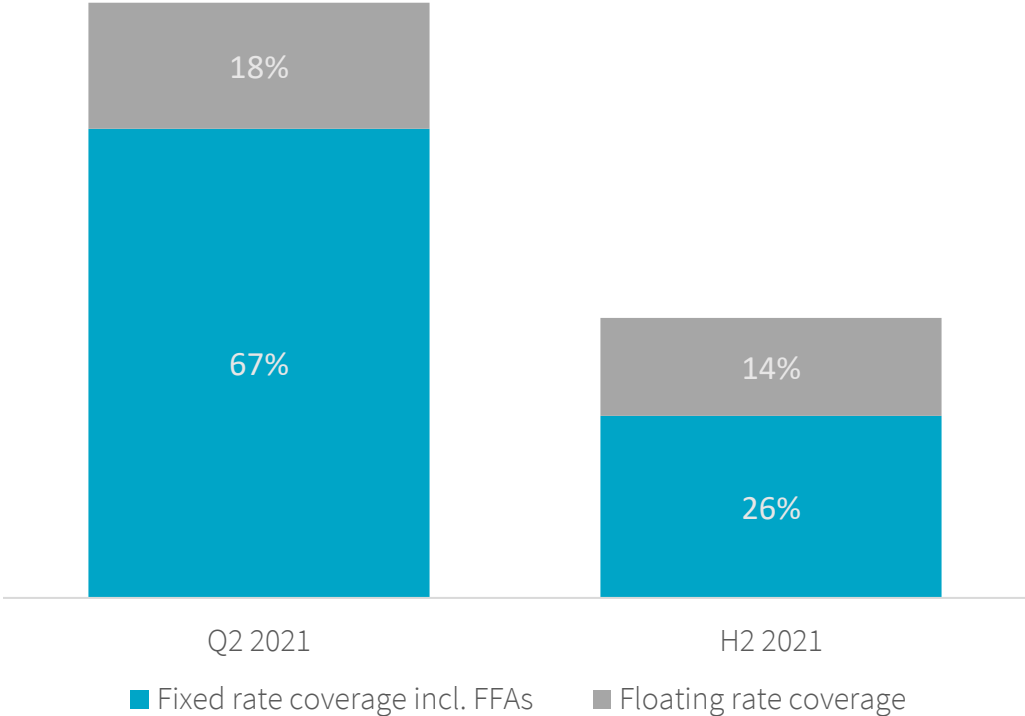
## LR1 tanker forward curve<sup>1</sup>

TC5 TCE-earnings USD/day



## Tanker market coverage<sup>2</sup>

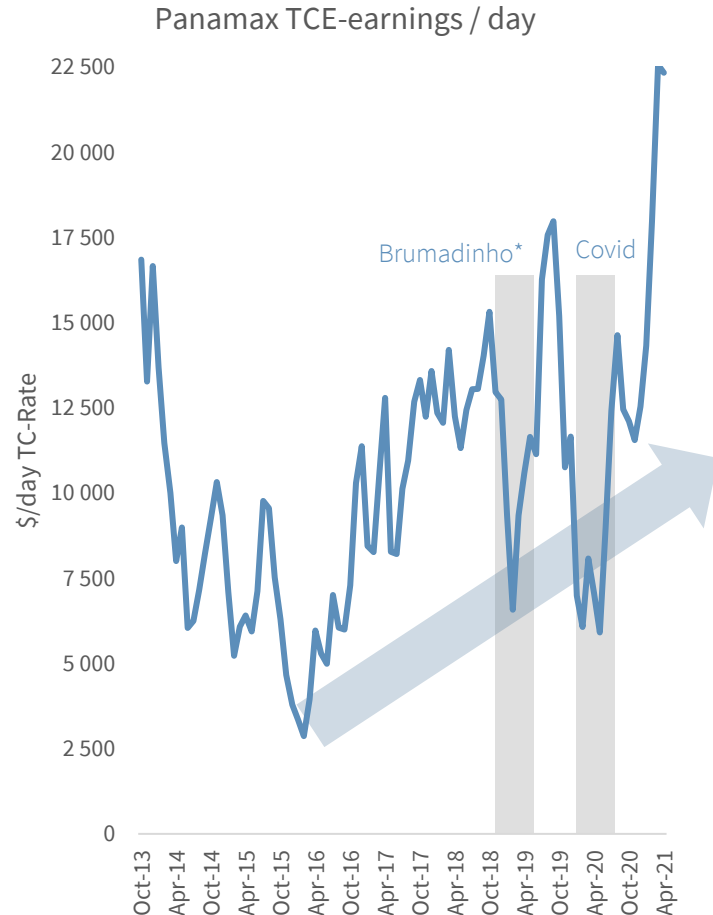
Coverage as % of on-hire days



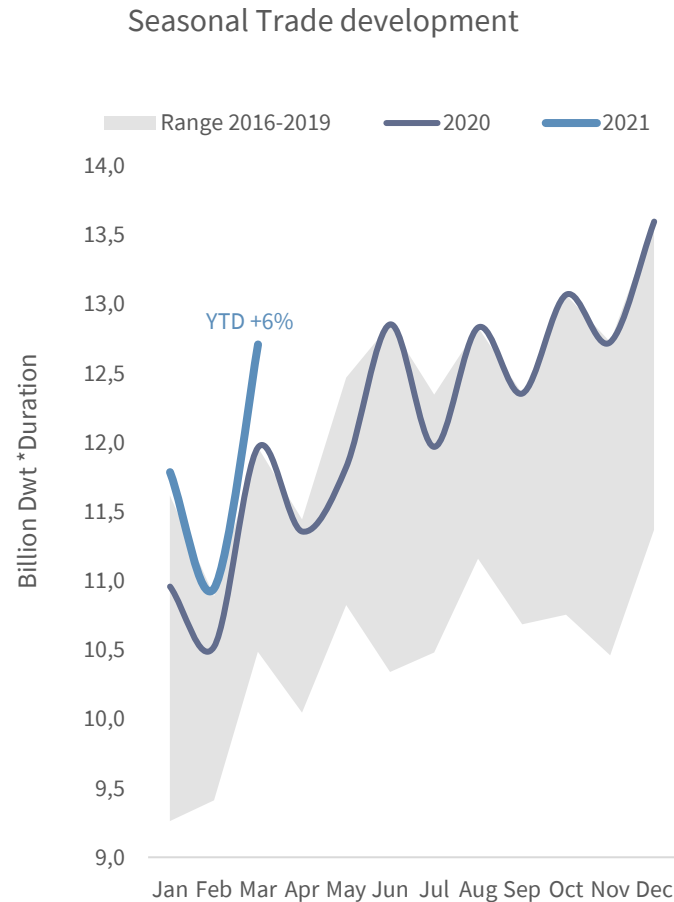
1) Source: Baltic exchange  
 2) Coverage for total fleet as per 25 April 2021, F = fixed rate coverage (fixed rate contracts/cargoes + FFAs), O = Operational coverage (fixed rate and index linked contracts/cargoes)

# Positive market outlook for dry bulk

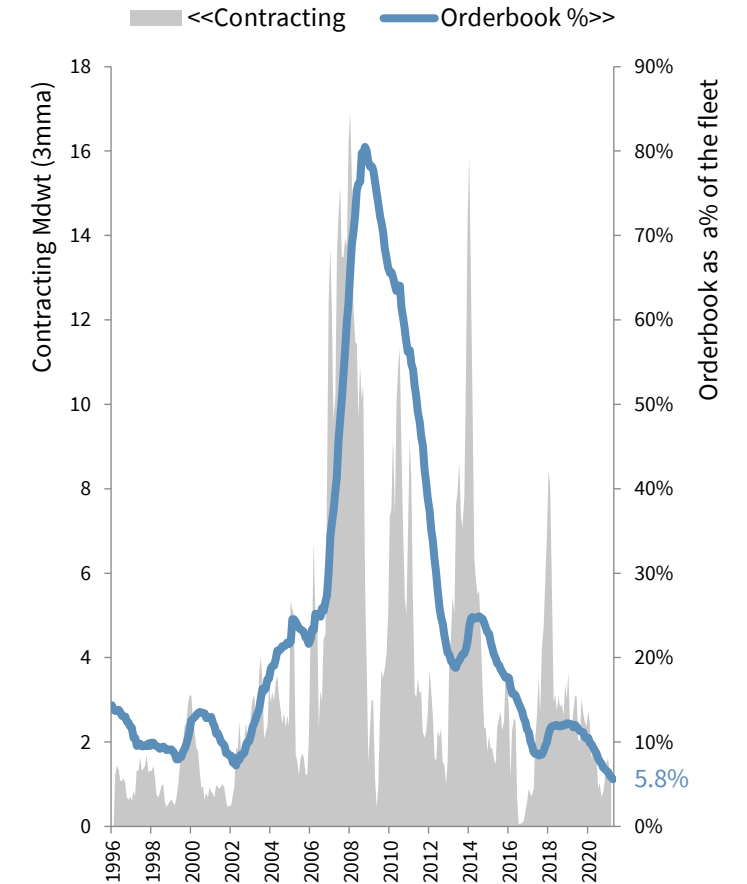
Positive underlying trend in dry bulk earnings



Seasonality implies further dry bulk demand growth



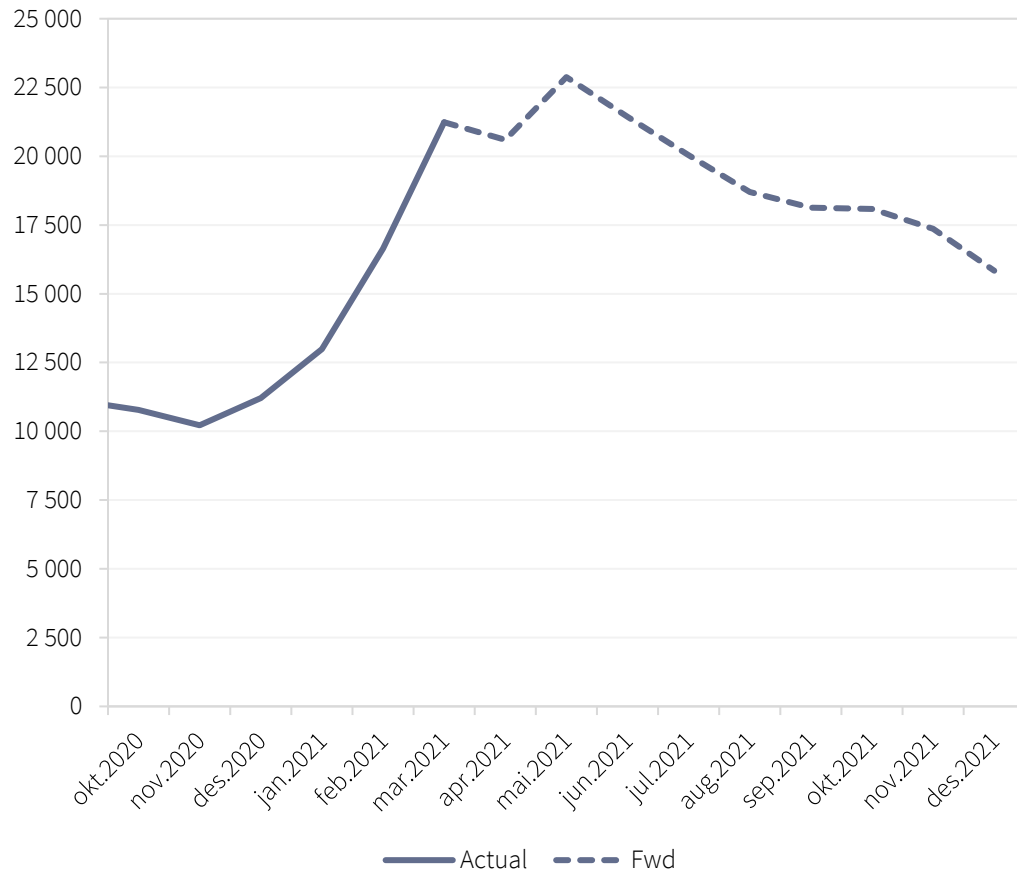
Orderbook at an all time low. Low contracting to date



# Around 50% fixed rate dry bulk coverage for second half in 2021

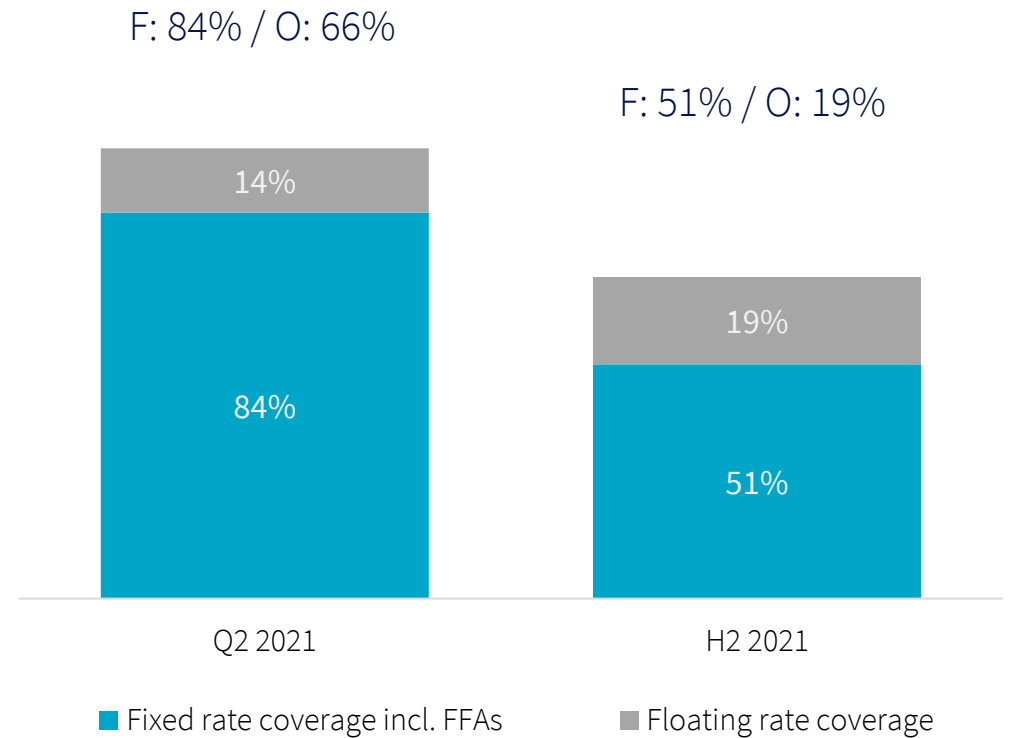
## Dry bulk forward curve<sup>1</sup>

Panamax P4TC TCE-earnings USD/day



## Dry bulk market coverage<sup>2</sup>

Coverage as % of on-hire days



1) Source: Baltic exchange

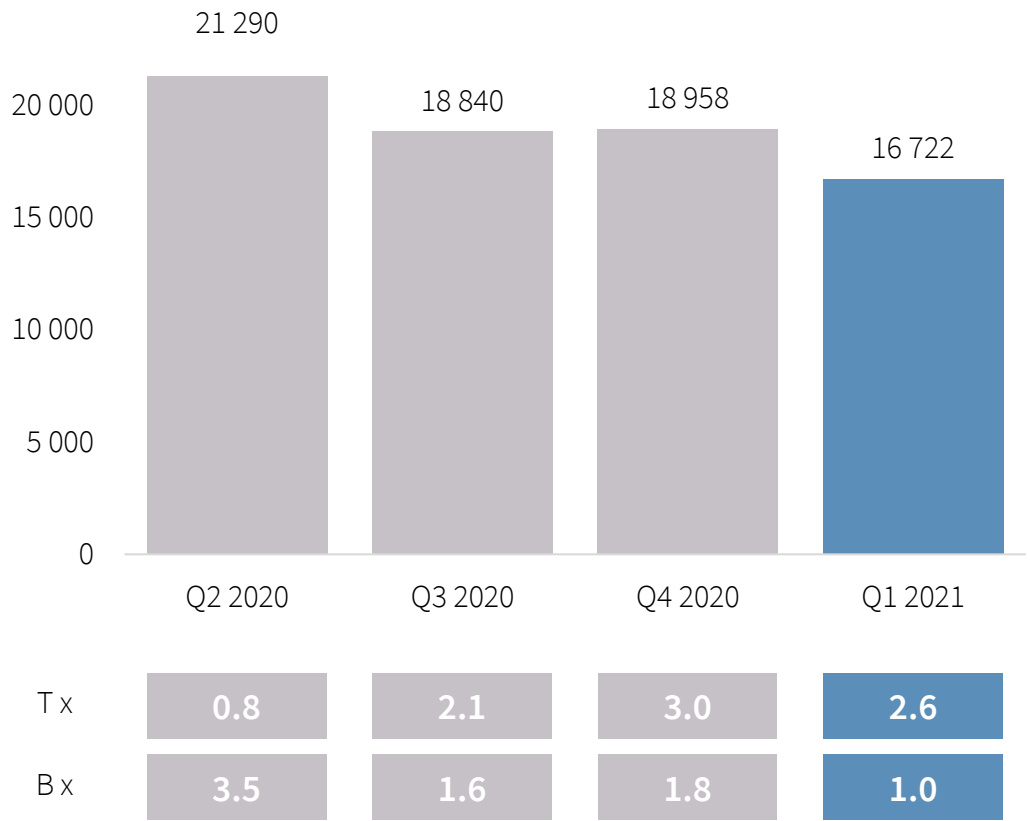
2) Coverage for total fleet as per 25 April 2021, F = fixed rate coverage (fixed rate contracts/cargoes + FFAs), O = Operational coverage (fixed rate and index linked contracts/cargoes)



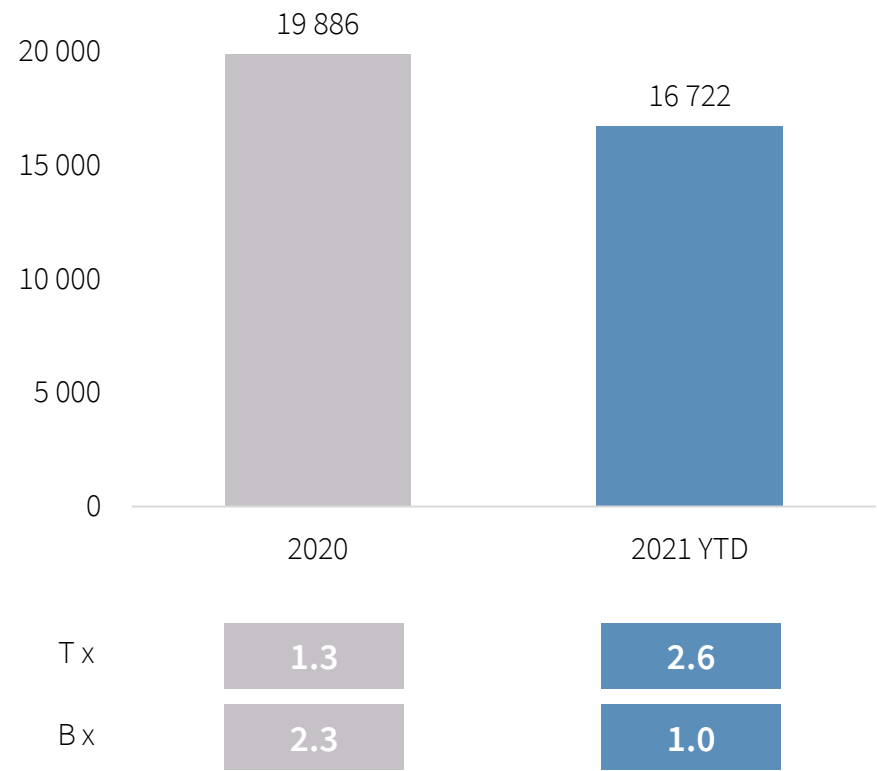
- ① The most carbon efficient deep-sea shipping solution
- ② Diversified market exposure and COA portfolio reduce earnings volatility
- ③ Premium earnings vs. standard vessels

# CABU Q1 TCE earnings outperforming standard markets

Quarterly CABU TCE Earnings USD per on-hire day



Annual CABU TCE Earnings USD per on-hire day

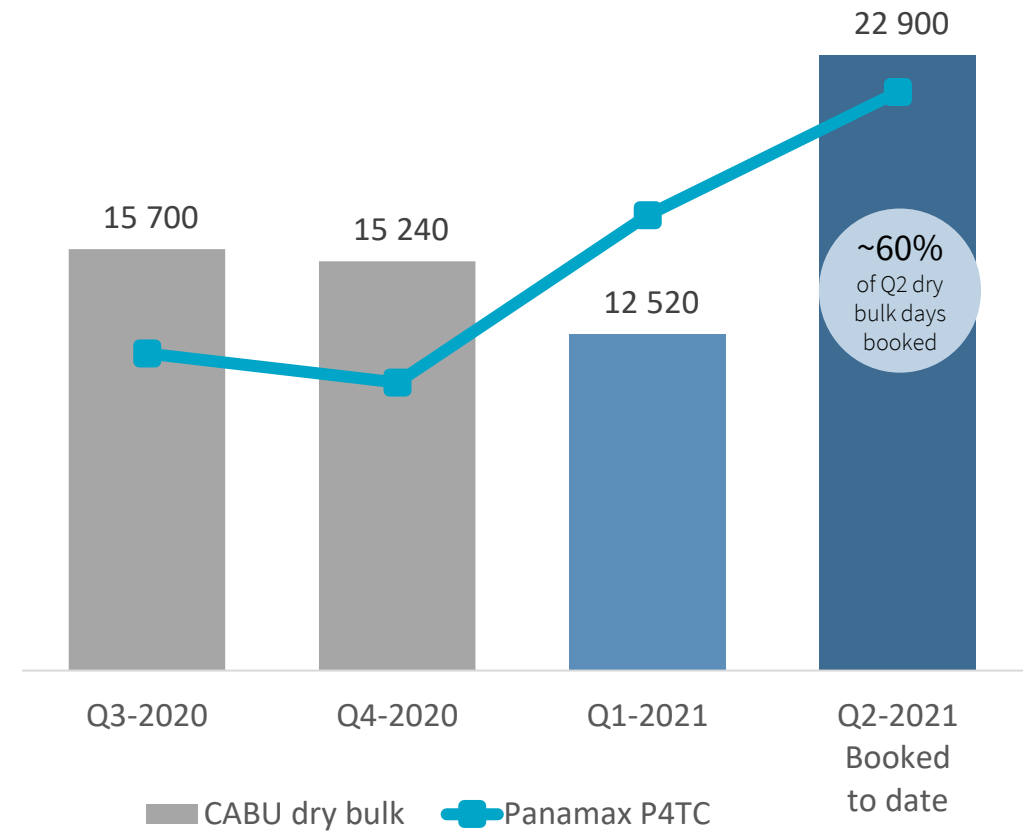


# The CABUs capitalizing on strong dry bulk market in Q2 2021

Full positive effect of strong dry bulk market in Q2 after limited impact in Q1:

- Low earnings on positioning to dry-dock (1/3 of dry days in Q1)
- Lag effects in Q1 on dry bulk fixings
- Concluded strong dry bulk shipments will have considerably positive effects on CABU Q2 results

CABU Dry bulk earnings vs Panamax spot rates (P4TC)  
USD per on-hire day



# Step by step building efficient CLEANBU trading patterns

First Atlantic combi-trade underway – target 2-3 vessels trading in the Atlantic

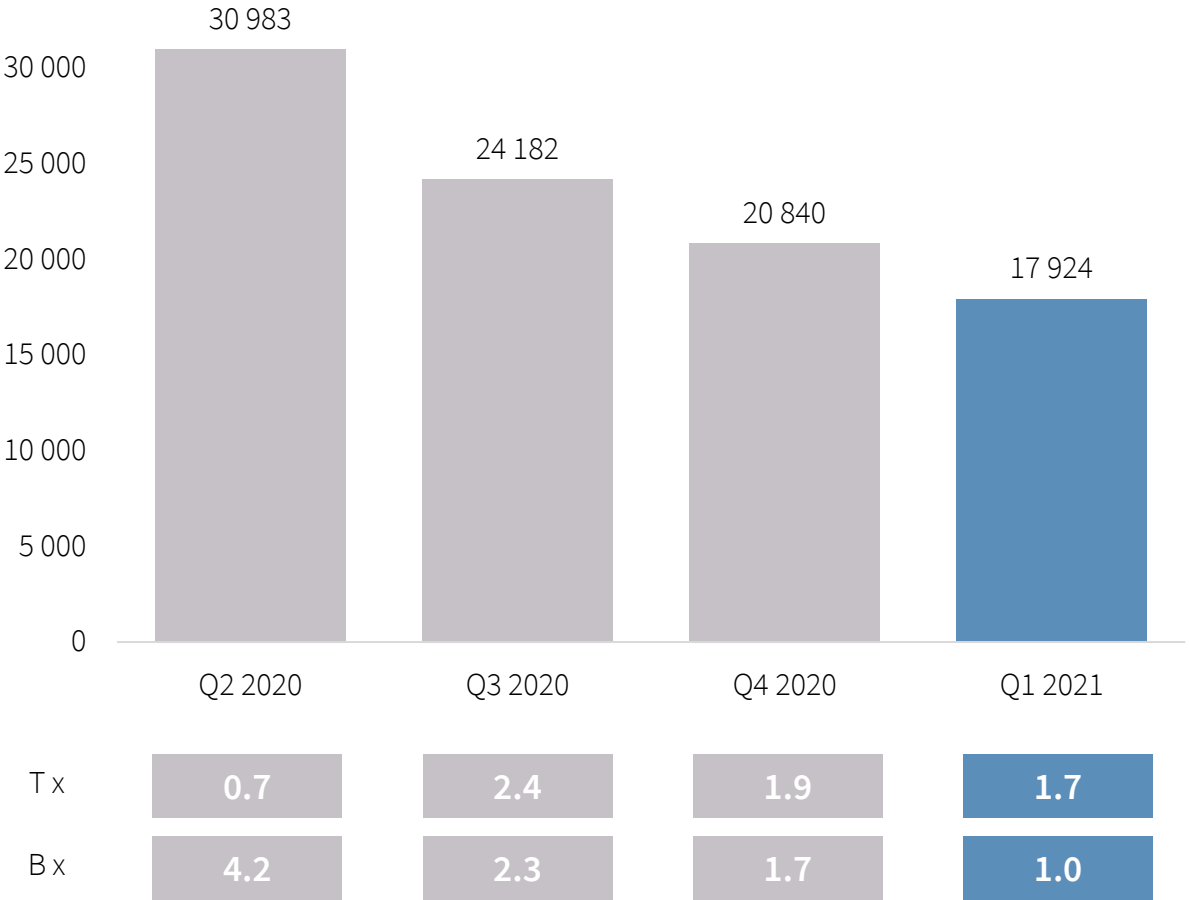


Continue expanding combi-trading to Australia  
First voyage from Middle East

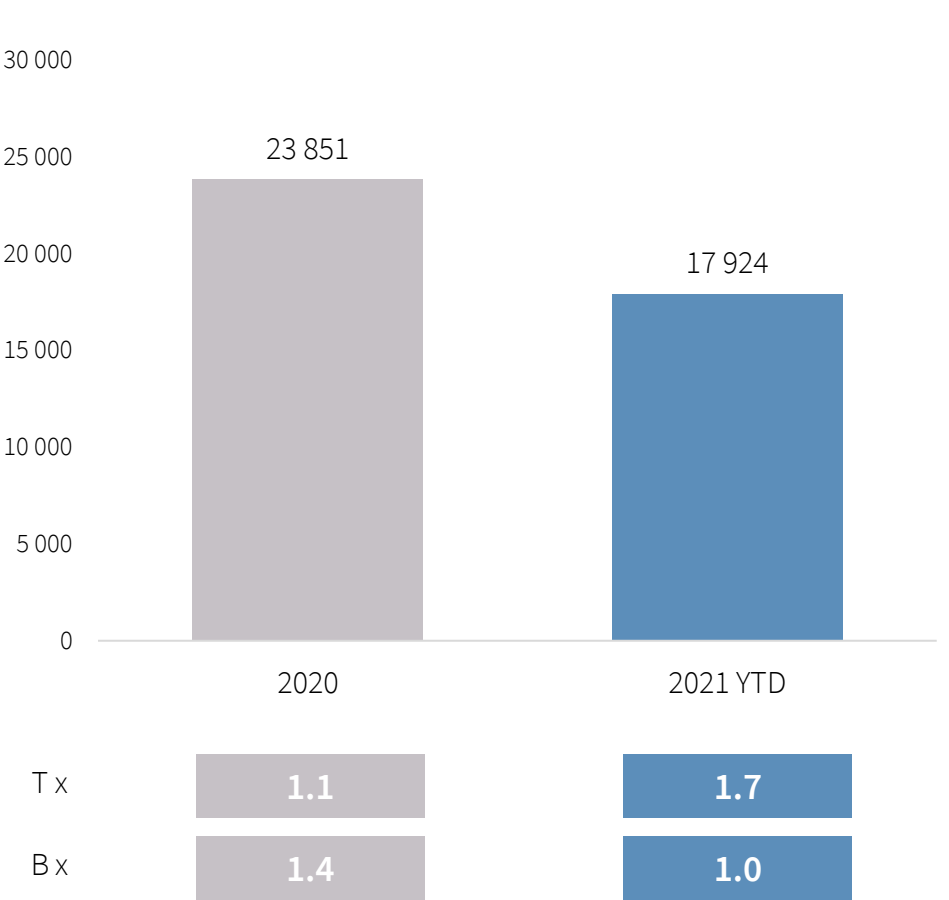


# Strong CLEANBU TCE earnings in a weak tanker market

Quarterly CLEANBU TCE earnings USD per on-hire day

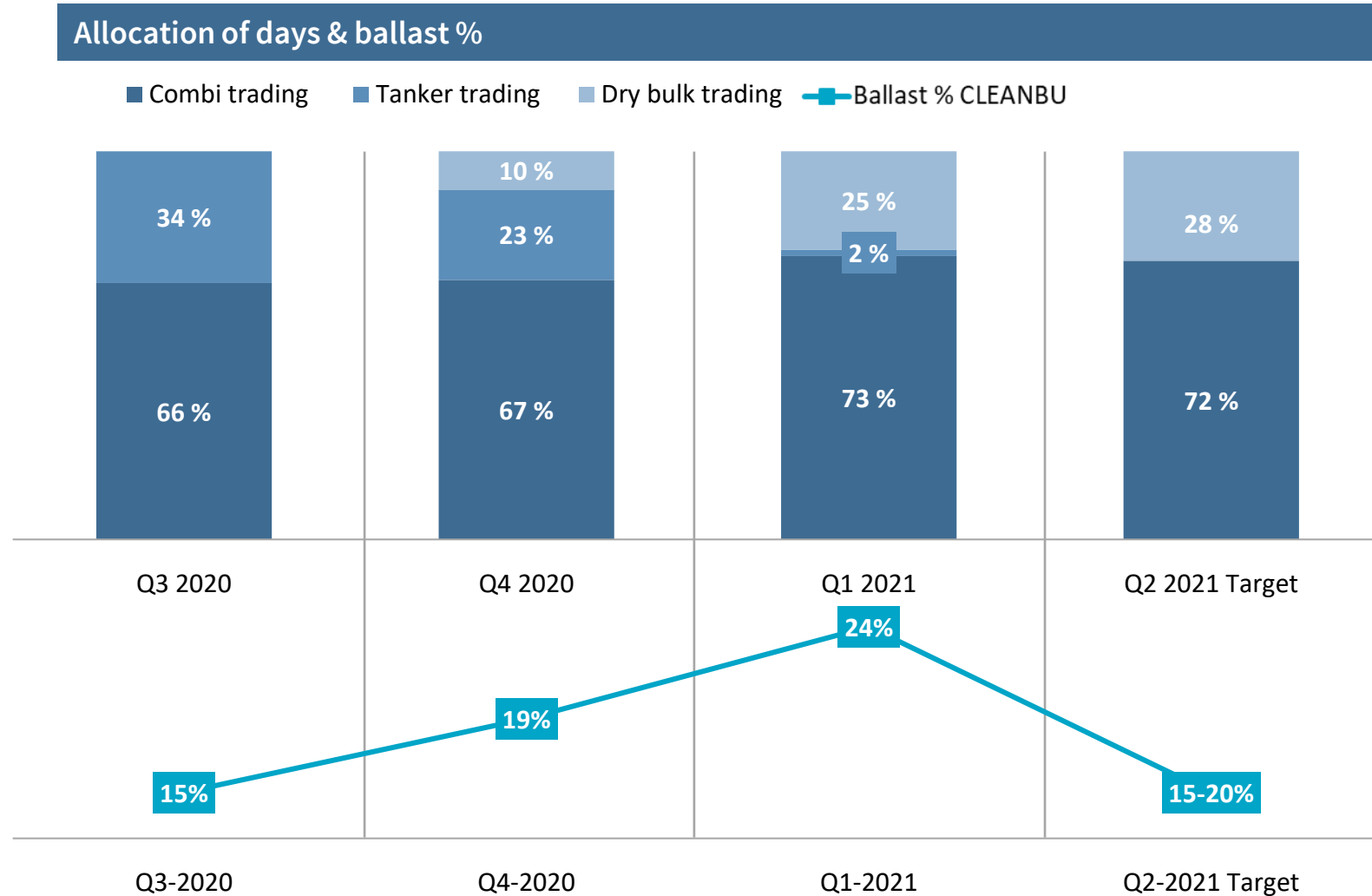


Annual CLEANBU TCE earnings USD per on-hire day





# Allocate CLEANBU capacity to dry bulk while growing combi-trading



# Adjusted EBITDA down 16% Q-o-Q mainly due to a poor tanker market

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

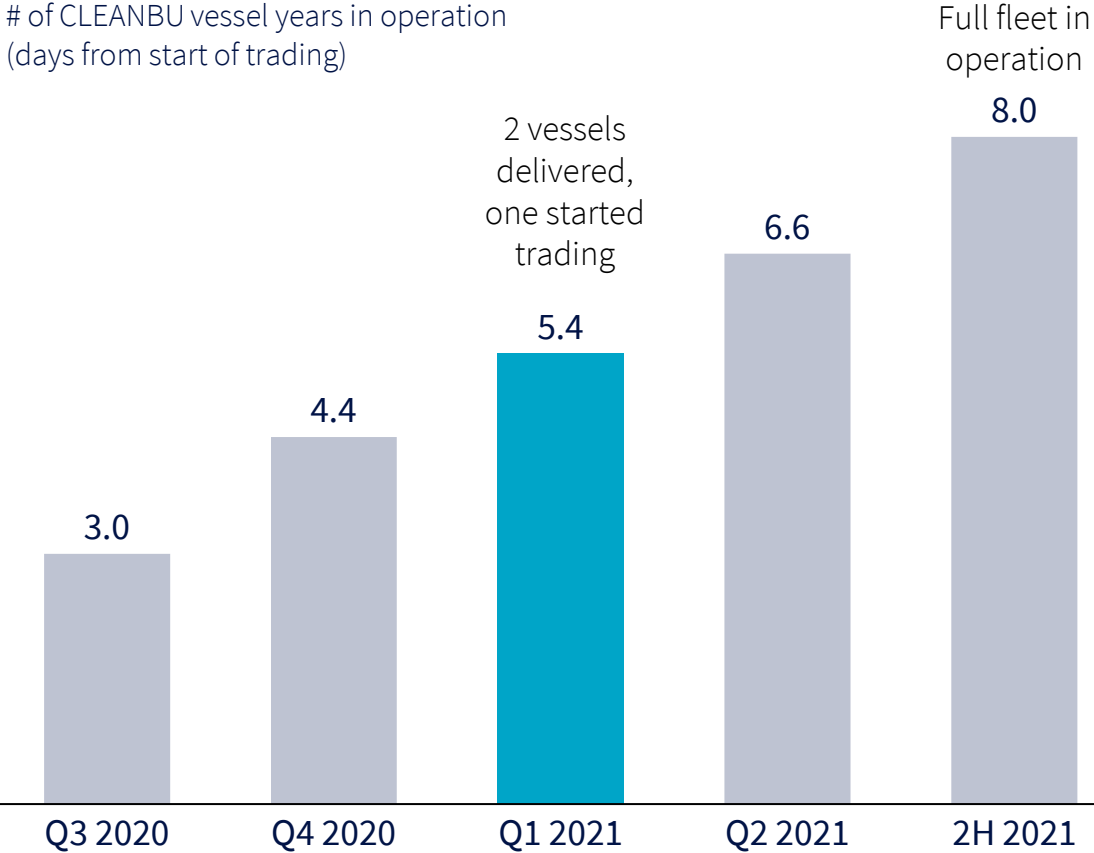
Q1 2021 vs Q4 2020



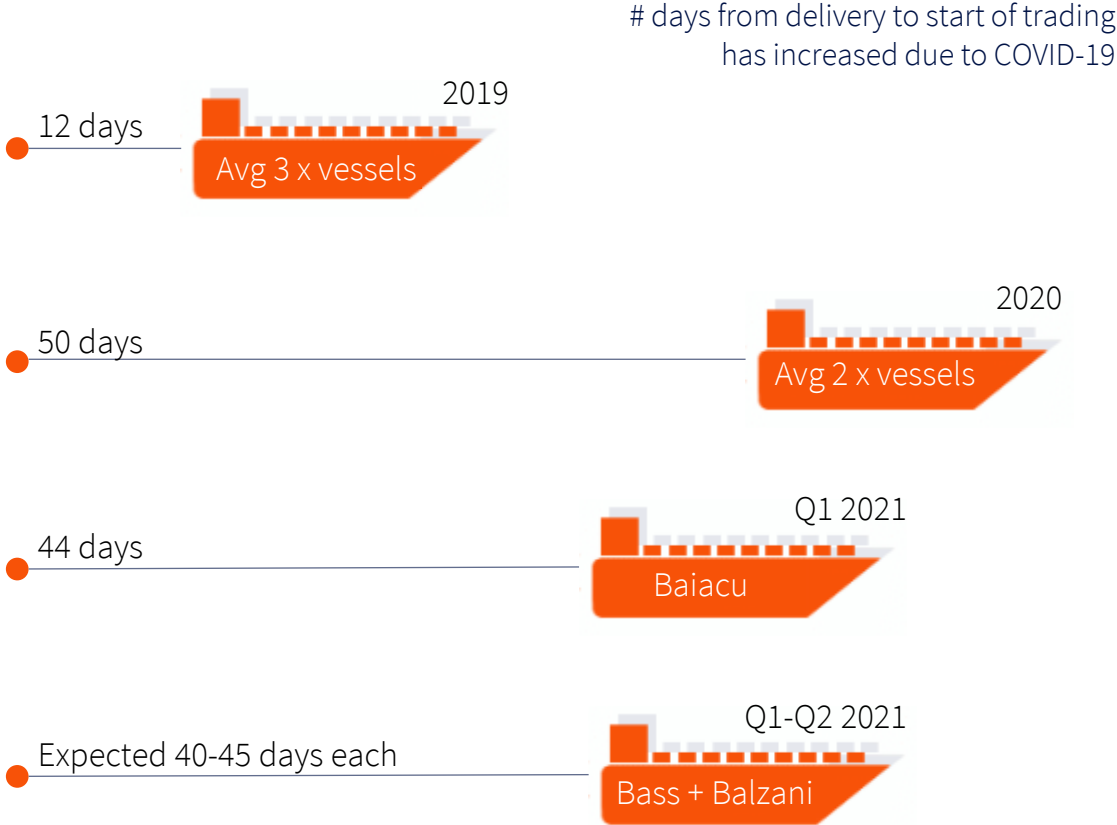
<sup>1</sup>) Adjusted EBITDA is an alternative performance measure (please see slide 38 in enclosures for more details)

# Full fleet on water during second quarter

## CLEANBU fleet development



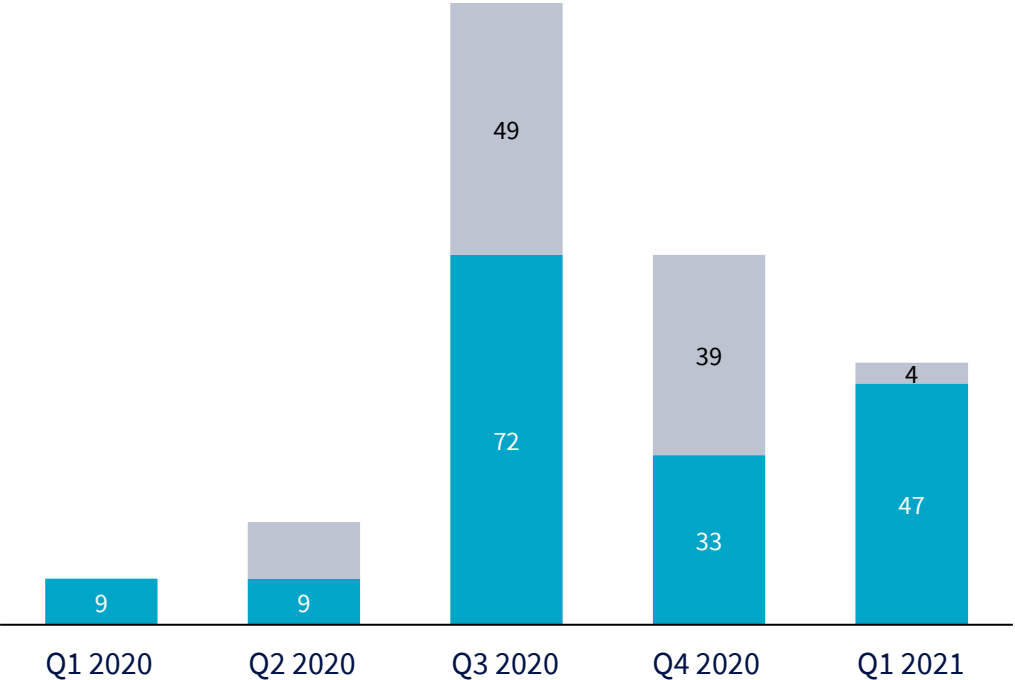
## Newbuild take-over to trading



# Positive development in OPEX and off-hire, but expected to be volatile on a quarterly basis

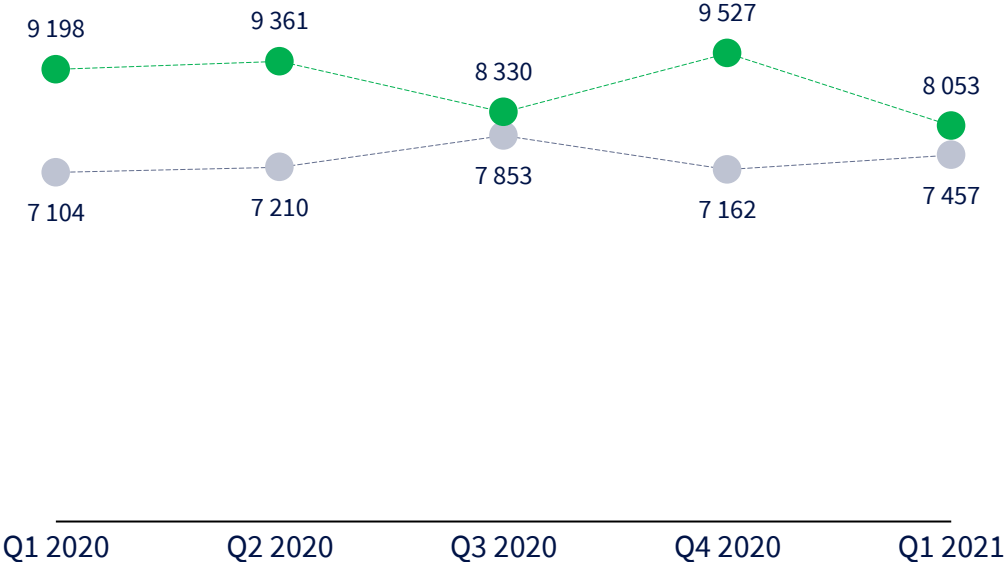
Off-hire days five last quarters

Off-hire un-scheduled   Off-hire scheduled



OPEX \$/day

CABU   CLEANBU



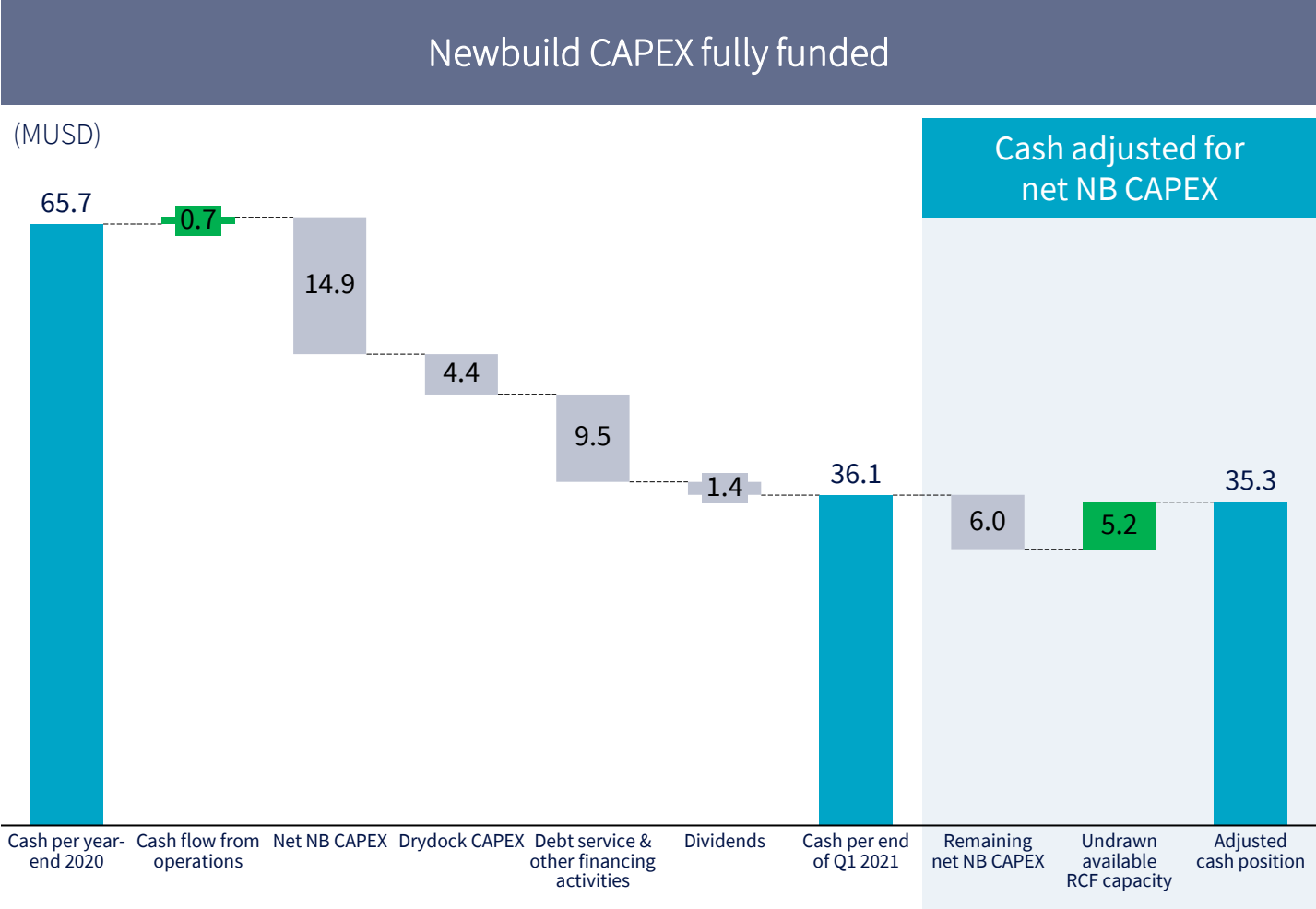
1) CABU/CLEANBU OPEX/day is an alternative performance measure (please see slide 38 enclosures for more details)

# Despite a weaker financial result, the combi-concept continues to demonstrate the value of flexibility and diversification

Income Statement (USDm)	Q1 2021	Q4 2020	% change
Net revenue	21.1	22.9	(8%)
Operating expenses, vsls	(11.1)	(10.8)	3%
SG&A	(1.7)	(1.8)	(2%)
<b>EBITDA</b>	<b>8.3</b>	<b>10.3</b>	<b>(20%)</b>
<b>EBITDA adjusted<sup>1</sup></b>	<b>9.2</b>	<b>11.0</b>	<b>(16%)</b>
<b>EBIT</b>	<b>1.3</b>	<b>4.7</b>	<b>(73%)</b>
Net financial items	(3.3)	(3.5)	(5%)
Tax	-	-	-
<b>Profit after tax</b>	<b>(2.0)</b>	<b>1.2</b>	<b>-</b>
<b>EPS</b>	<b>(0.04)</b>	<b>0.02</b>	<b>-</b>

1) Adjusted EBITDA is an alternative performance measure (please see slide 38 in enclosures for more details)

# Cash position and balance sheet in line with expectations



<sup>1</sup> Equity ratio is an alternative performance measure (please see slide 38 in enclosures for more details)

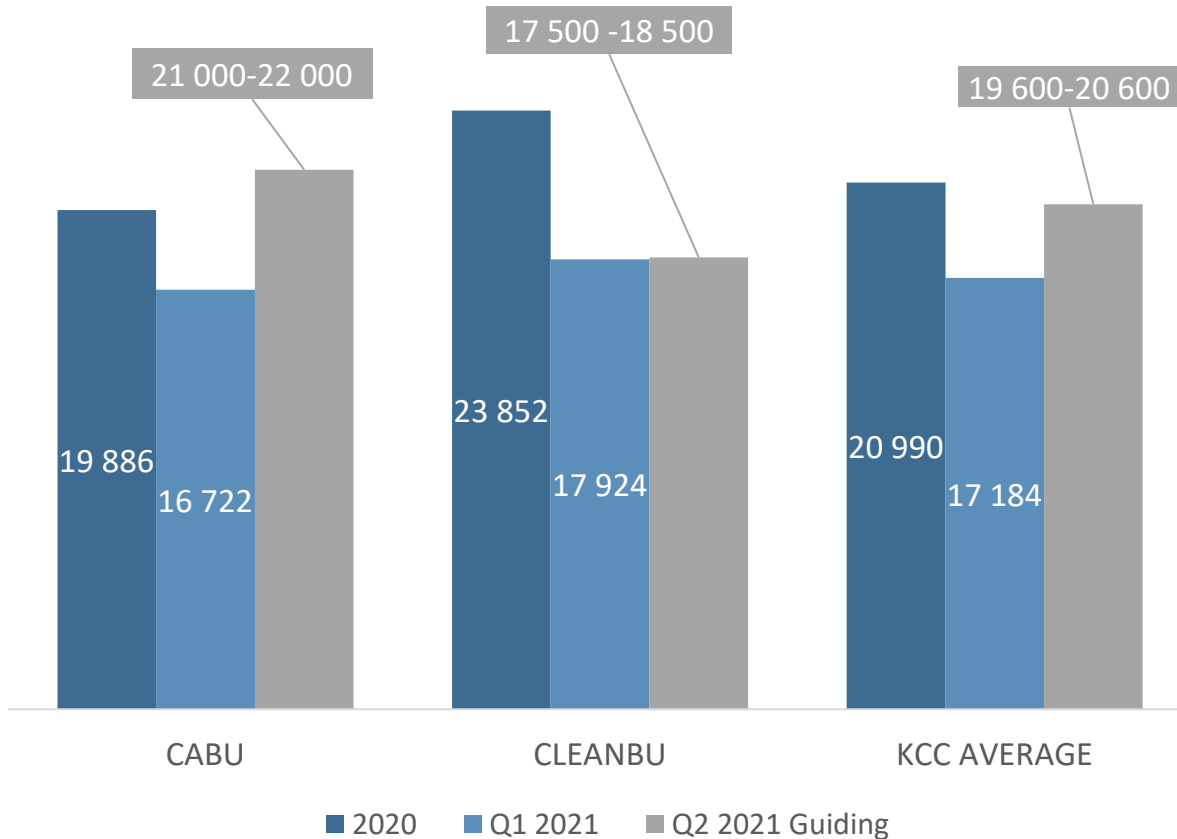
# Summary & Outlook

# Summary & outlook

Strong CABU Q2 2021 TCE earnings guiding – CLEANBU phase-in effects in Q2

## Q2-Q4 2021 Outlook

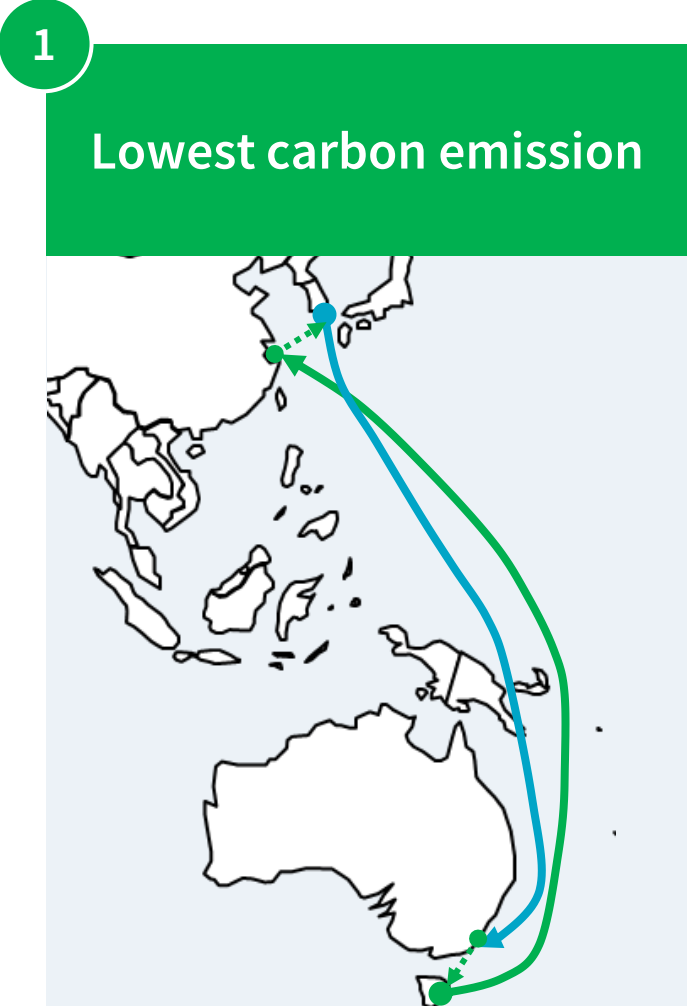
TCE earnings USD/day



- Weak tanker market likely to continue into Q3 2021, but upside potential into the autumn/winter
- Continued strong dry bulk market although likely to soften over the coming months
- Set to increase CABU caustic soda contract coverage
- Last CLEANBU newbuild delivery in end May– full fleet in service and lower phase-in costs from Q3 2021.
- Expanding CLEANBU combi-trades



# Future proof and profitable business model







# FUTURE BOUND

# Enclosures



# Detailed 2021 contract coverage

## Contract coverage

### CABU: CSS contract coverage

<i># of days</i>	Q2-21	Q3-21	Q4-21	2021 Tot	1H-21	2H-21
Fixed rate COA/Spot	327	190	168	685	327	358
Floating rate COA	75	69	67	211	75	136
<b>Total contract days</b>	<b>402</b>	<b>259</b>	<b>235</b>	<b>896</b>	<b>402</b>	<b>494</b>
FFA coverage	0	0	0	0	0	0
<b>Available wet days</b>	<b>426</b>	<b>407</b>	<b>381</b>	<b>1 214</b>	<b>426</b>	<b>788</b>

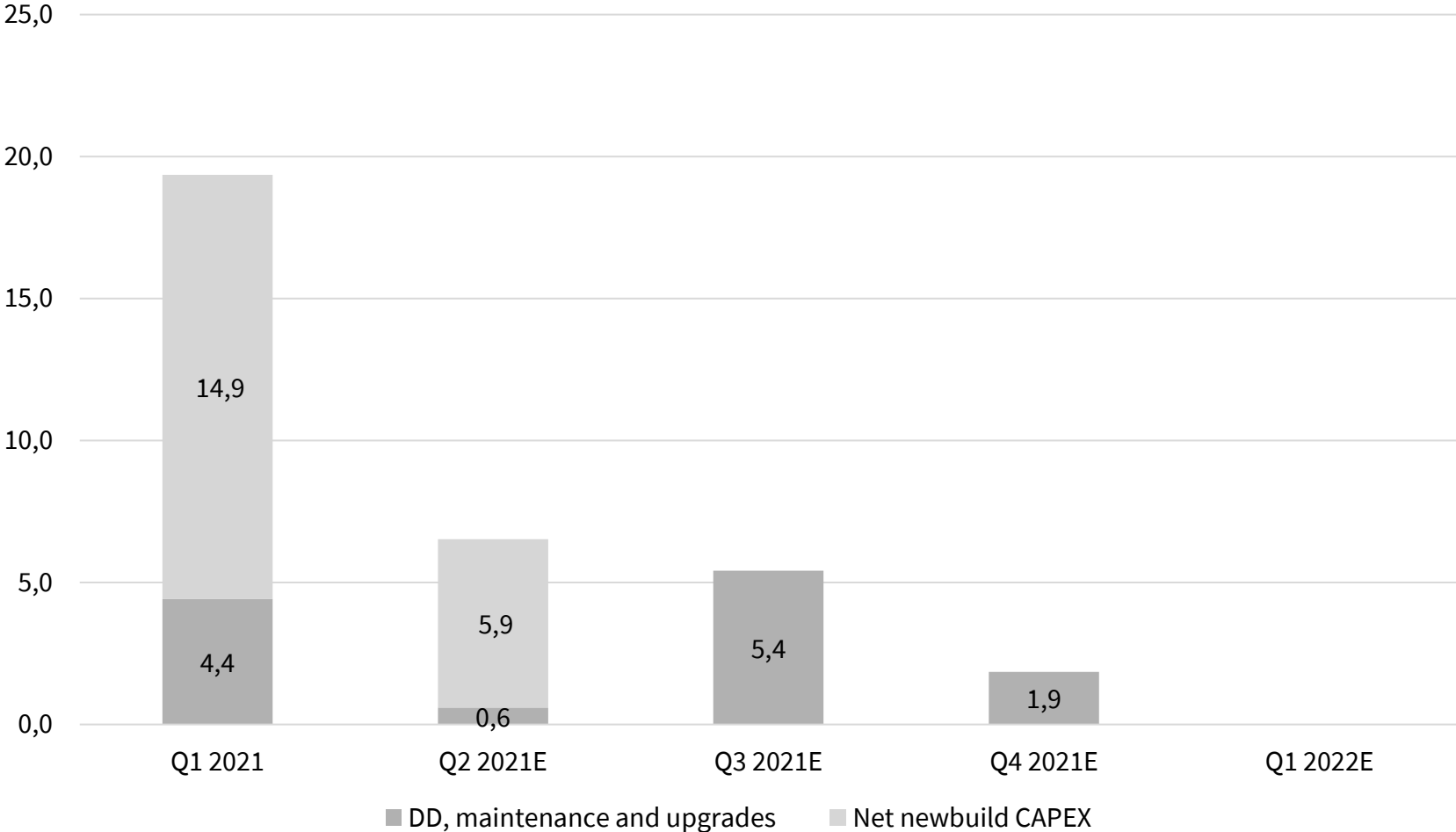
### CLEANBU: CPP contract coverage

<i># of days</i>	Q2-21	Q3-21	Q4-21	2021 Tot	1H-21	2H-21
Fixed rate COA/Spot	83	25	0	108	83	25
Floating rate COA	36	36	36	108	36	72
<b>Total contract days</b>	<b>119</b>	<b>61</b>	<b>36</b>	<b>216</b>	<b>119</b>	<b>97</b>
FFA coverage	0	0	0	0	0	0
<b>Available wet days</b>	<b>188</b>	<b>335</b>	<b>343</b>	<b>866</b>	<b>188</b>	<b>678</b>

### Dry bulk contract coverage

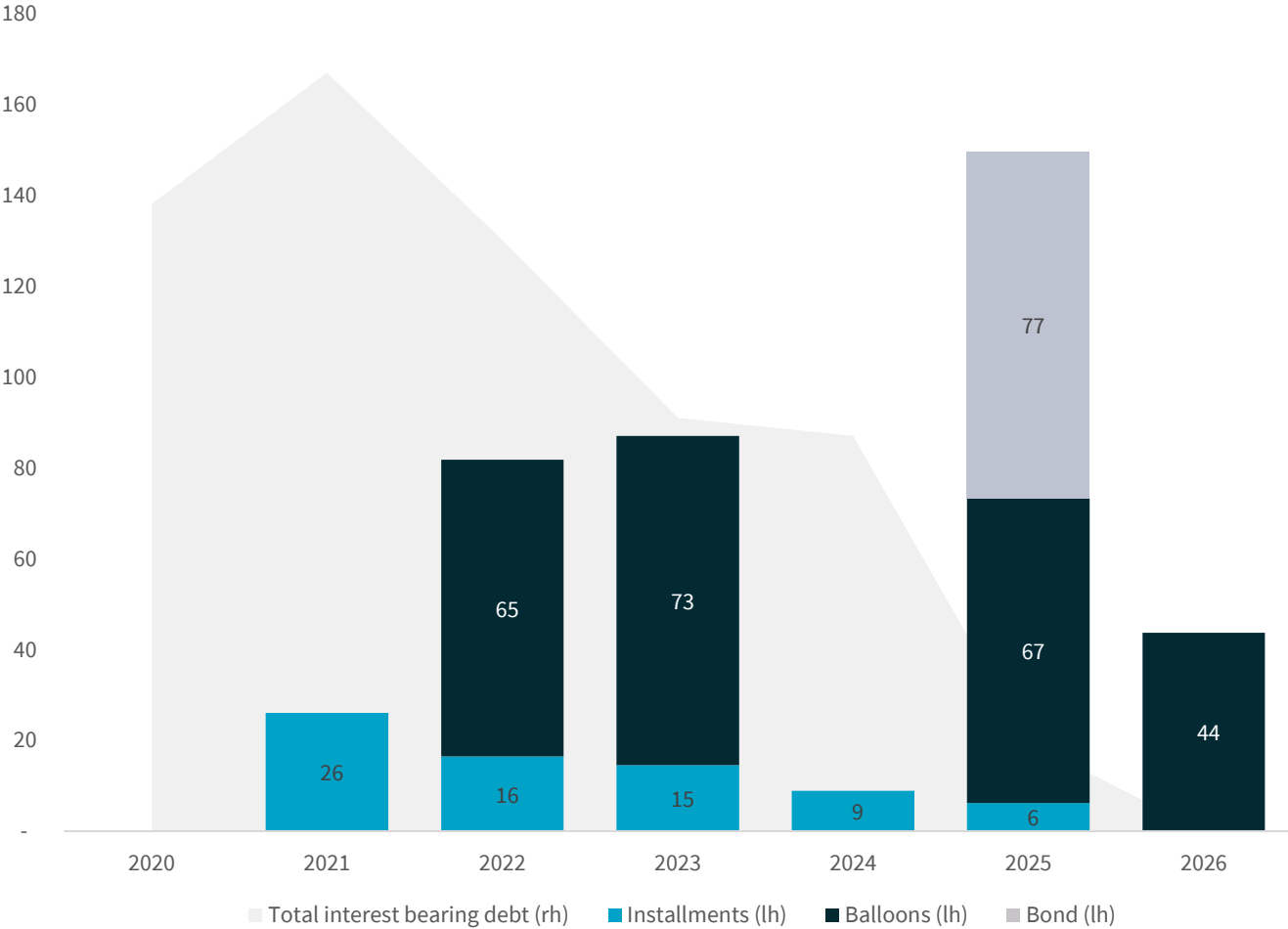
<i># of days</i>	Q2-21	Q3-21	Q4-21	2021 Tot	1H-21	2H-21
Fixed rate COA/Spot	357	0	0	357	357	0
Floating rate COA	98	126	140	364	98	266
<b>Total contract days</b>	<b>455</b>	<b>126</b>	<b>140</b>	<b>721</b>	<b>455</b>	<b>266</b>
FFA coverage	220	360	360	940	220	720
<b>Available dry days</b>	<b>688</b>	<b>656</b>	<b>762</b>	<b>2 106</b>	<b>688</b>	<b>1 418</b>
<b>Available dry days CABU</b>	<b>378</b>	<b>343</b>	<b>409</b>	<b>1 130</b>	<b>378</b>	<b>752</b>
<b>Available dry days CLEANBU</b>	<b>310</b>	<b>313</b>	<b>353</b>	<b>976</b>	<b>310</b>	<b>666</b>
<b>Average FFA price (\$/d) (P4TC)</b>	<b>11 428</b>	<b>11 605</b>	<b>11 527</b>	<b>11 520</b>	<b>11 428</b>	<b>11 566</b>

# 2021 Estimated CAPEX (USDmn)<sup>1</sup>



1) Net newbuild CAPEX is net of estimated debt drawdown

# 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 full drawdown on RCF facilities, 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 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 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 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 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 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 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 and Q1 2020 are reconciled in the quarterly report for respectively Q2 2020 and Q1 2020, note 2 (page 16).
- Adjusted EBITDA for Q1 2021 is 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.
- Equity ratio for 31 March 2021 is reconciled in the quarterly report for Q1 2021, note 11 (page 21-22). Equity ratio for 31 December 2020 and 31 December 2019 are reconciled in the quarterly report for Q4 2020, note 11 (page 25-26). Equity ratio for 30.06.2020 is reconciled in the quarterly report for Q2 2020, note 11 (page 24-25).