

# Fourth quarter 2020

Oslo, 19 February 2021



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# Highlights Q4 2020

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

CABUs

9 vessels



CLEANBUs

6+2 vessels



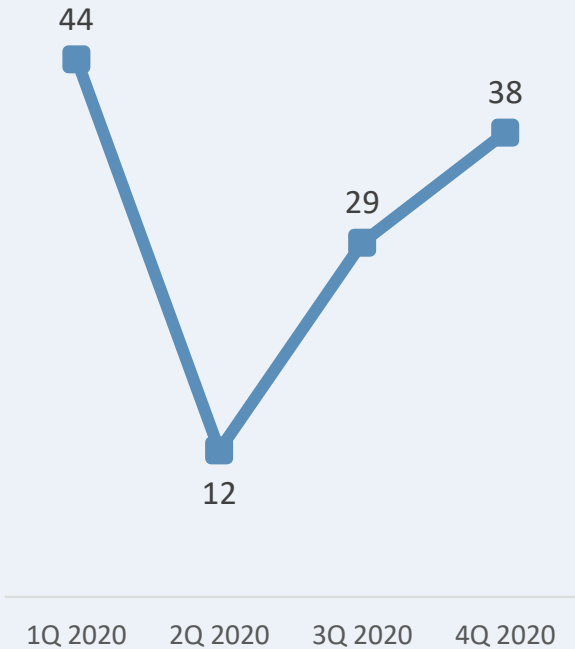
# We care and deliver on our commitment to our crew



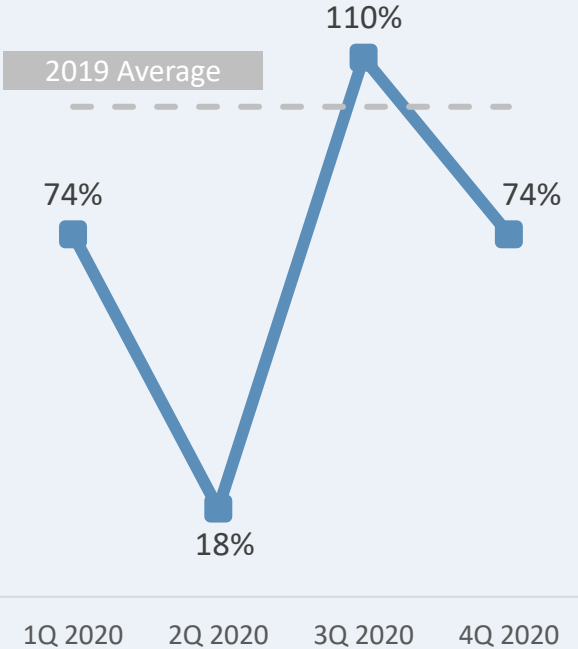
**The Neptune Declaration  
on Seafarer Wellbeing  
and Crew Change**



# of crew changes per quarter



Crew on-/off-signers in % of normal<sup>1</sup>



1) Figures only for the CABU fleet

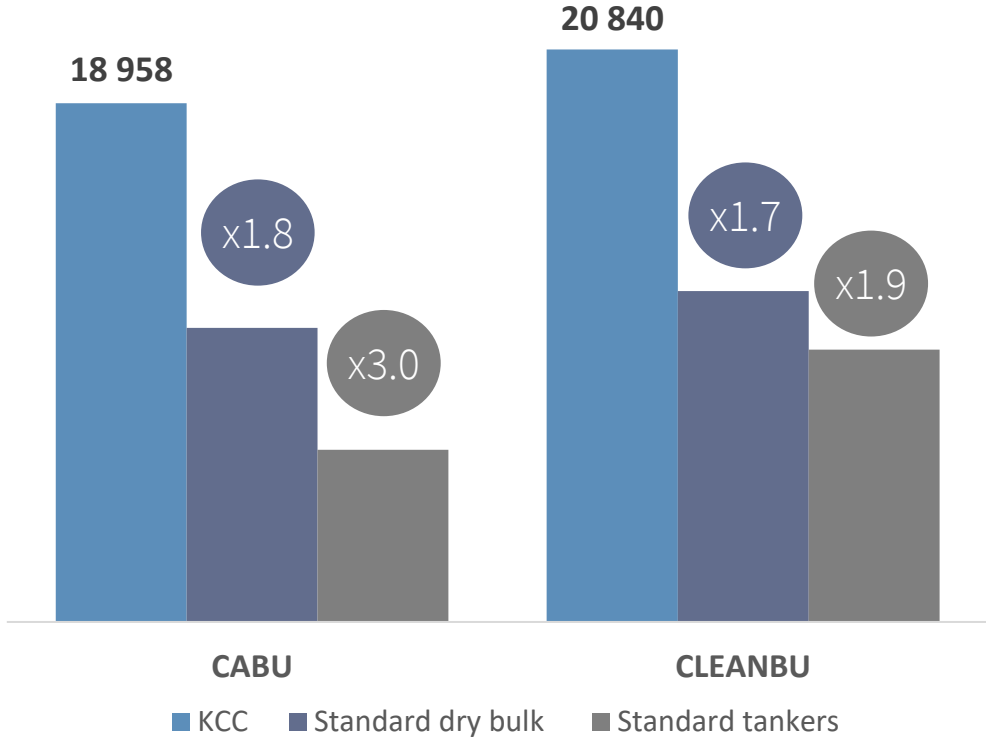
# Q4 2020 highlights – a strong end to a remarkable 2020!

## Mixed market development in Q4

	Q4 '20	Q1 '21 TD
Product tanker market		
Dry bulk market		
Fuel market		

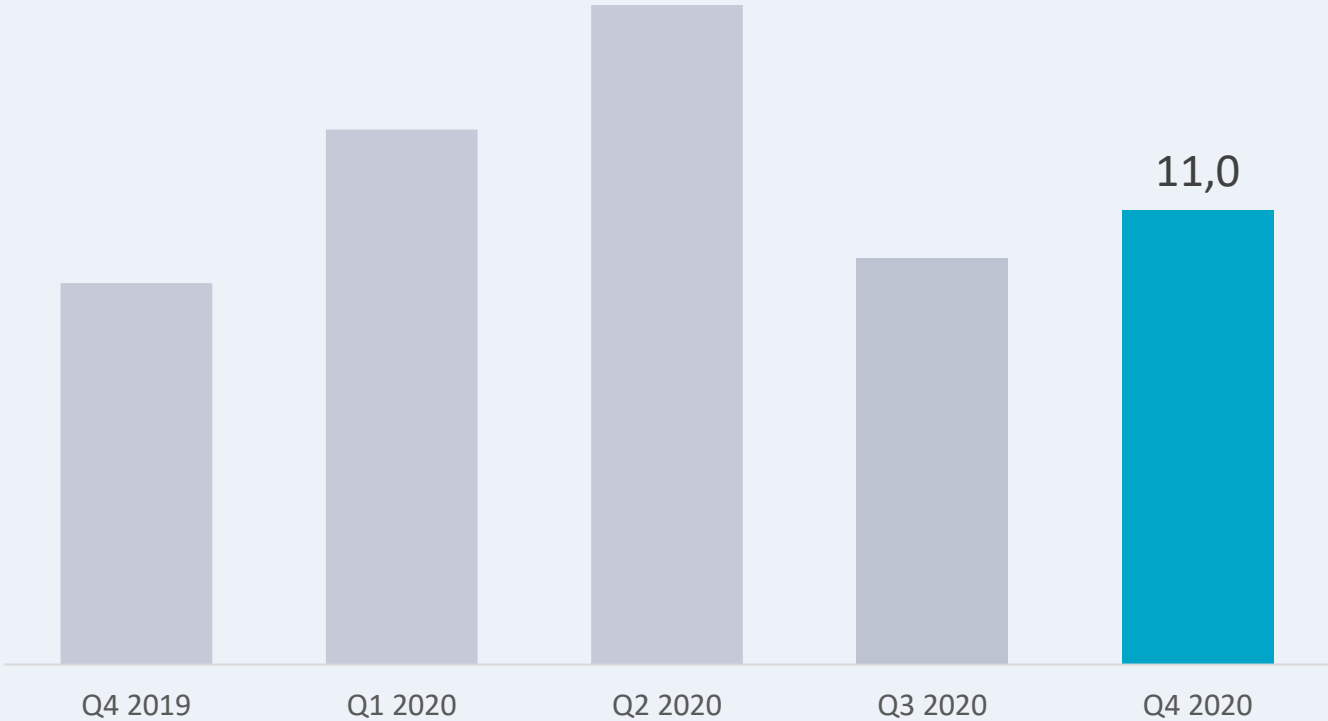
## TCE earnings substantially outperforming standard markets

Q4 2020 CABU and CLEANBU TCE earnings USD per on-hire day



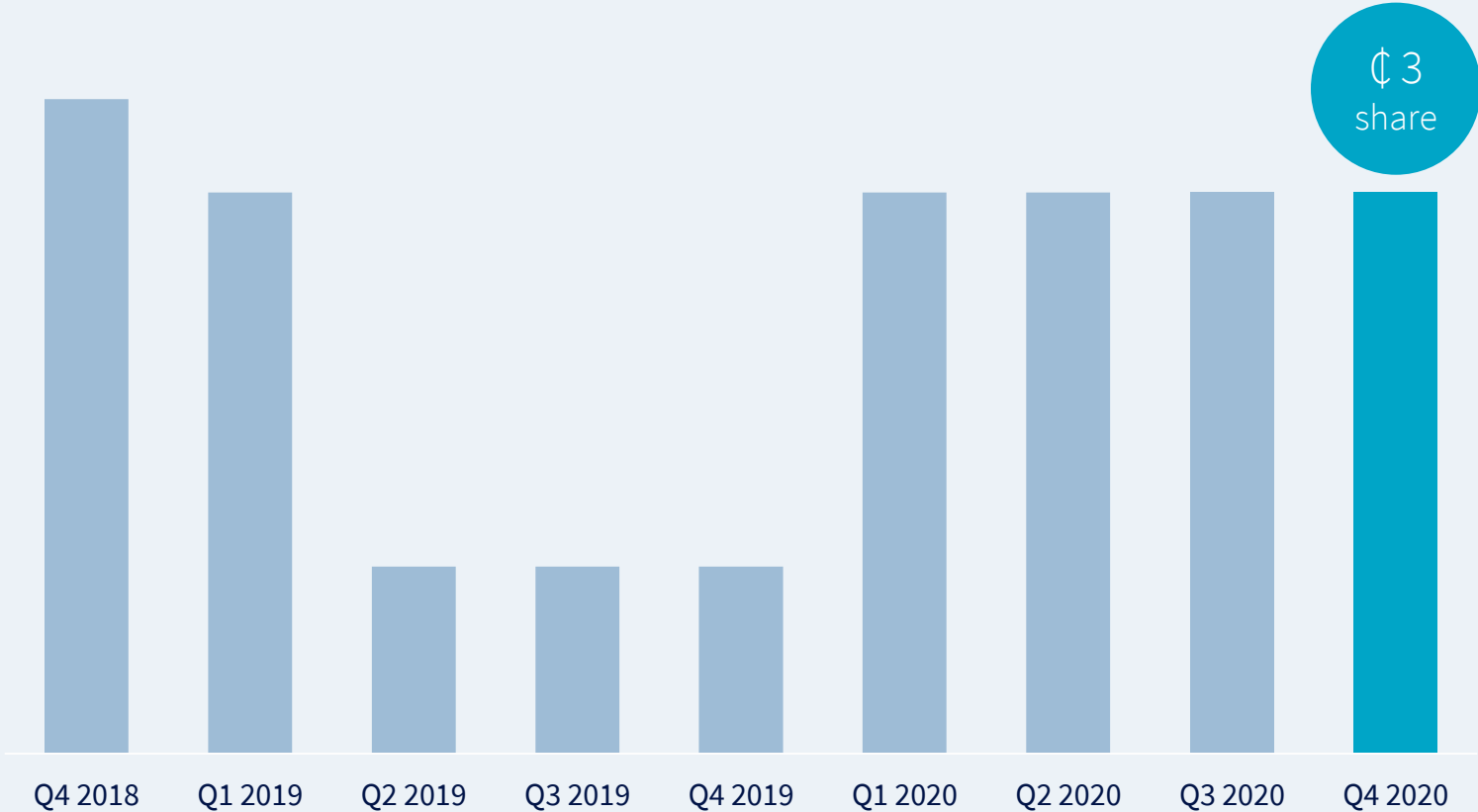
# Improved EBITDA driven by strong CABU performance and CLEANBU fleet expansion

Adjusted EBITDA USD million



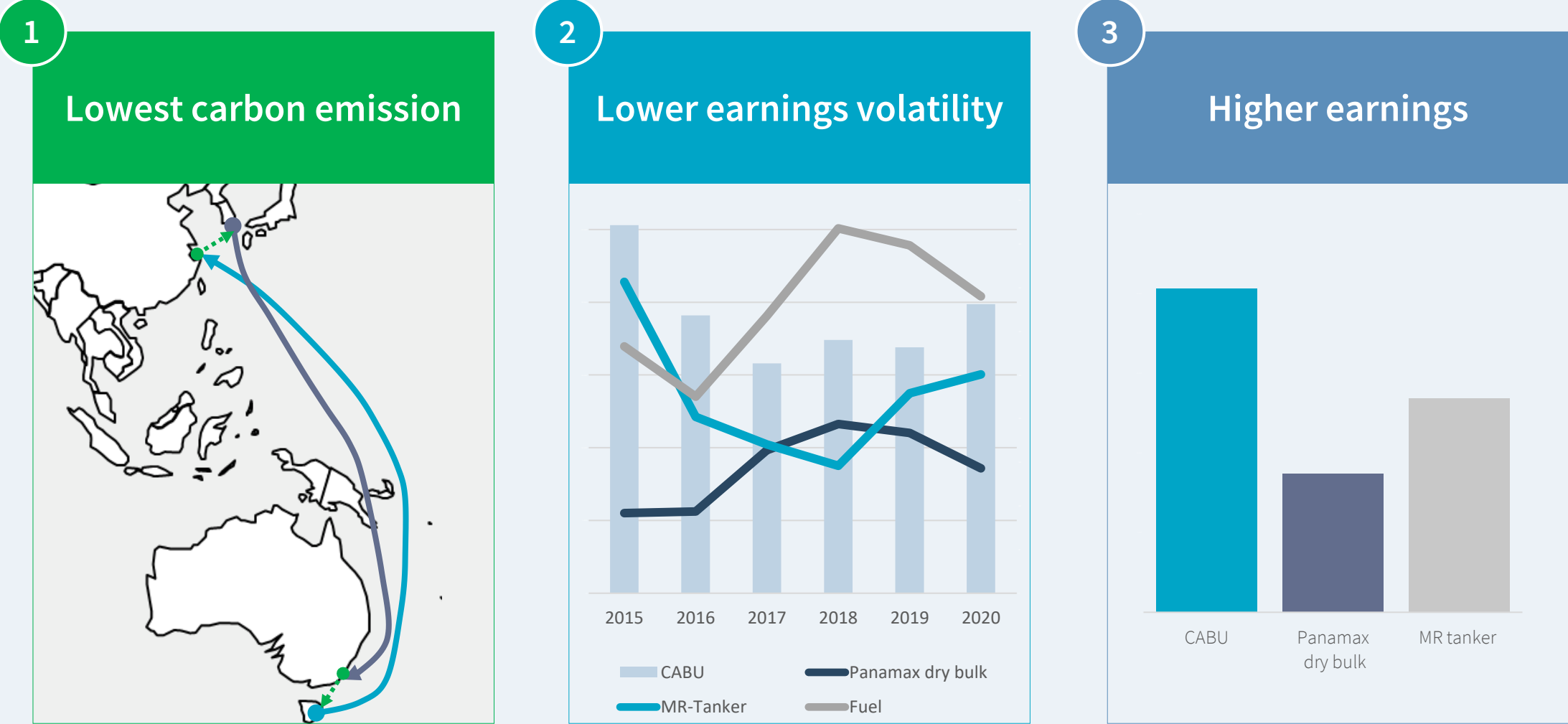
# Continued quarterly dividend payments – same as three last quarters

Quarterly dividend payments USD cent/share





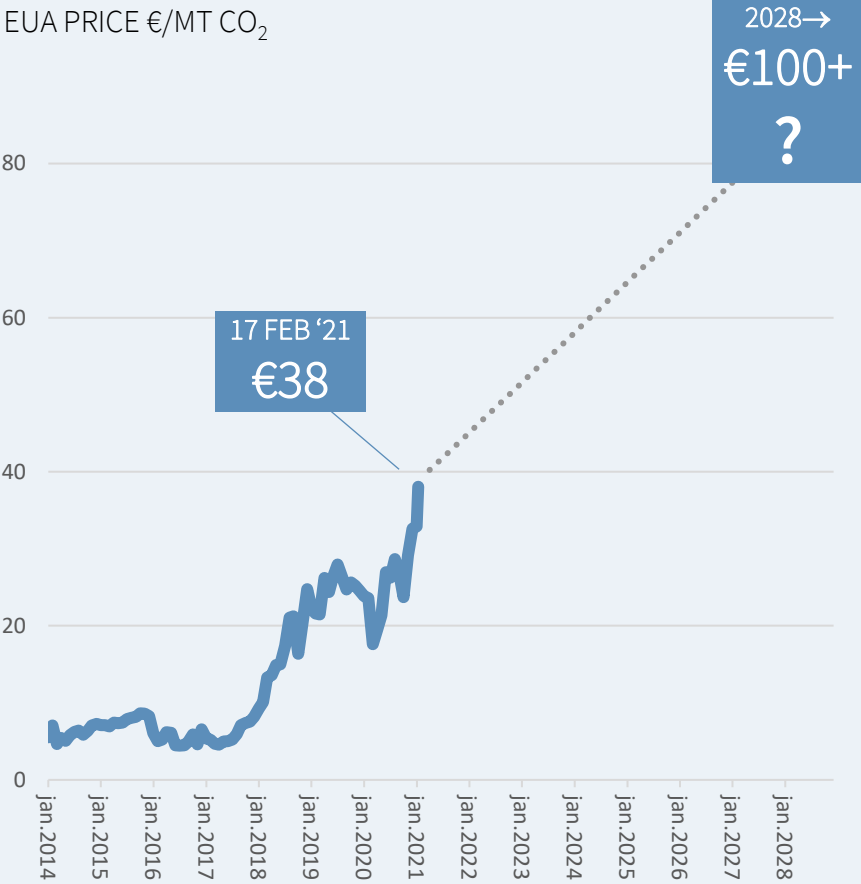
# Future proof and profitable business model



- 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

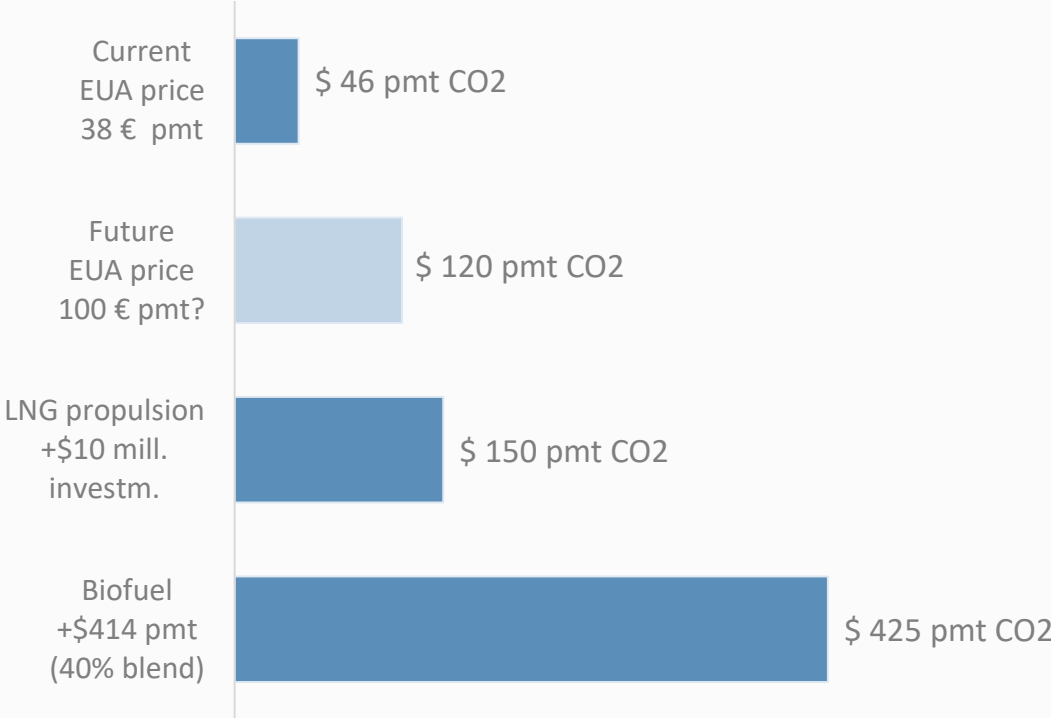
# CO<sub>2</sub> emissions from shipping will have a cost going forward...

Steep rise in EUA pricing gives some guidance...



...still a large gap vs. today's costs of cutting CO<sub>2</sub> in shipping

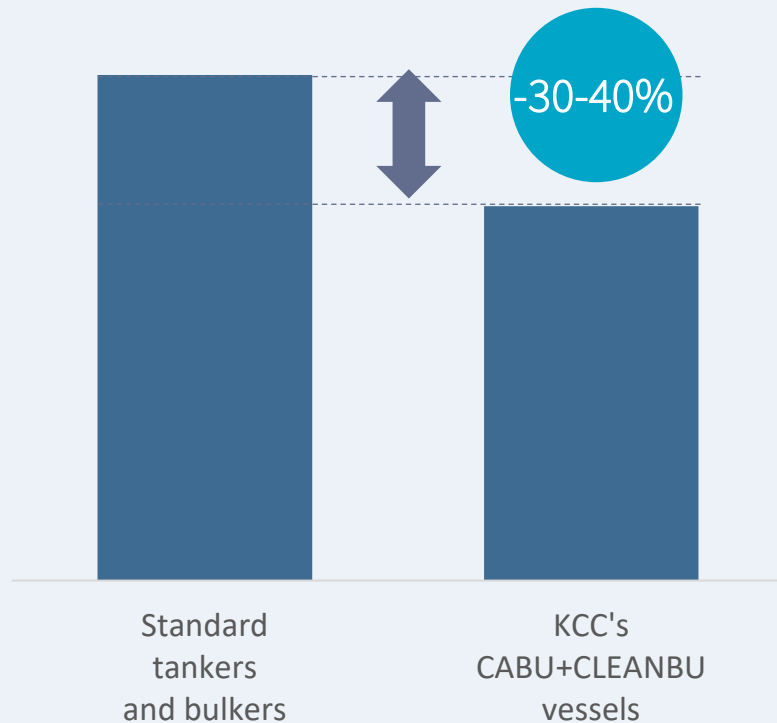
IMPLIED COST OF CO<sub>2</sub> EMISSION REDUCTIONS (USD pmt CO<sub>2</sub>)



# ...& value of carbon efficiency will increase

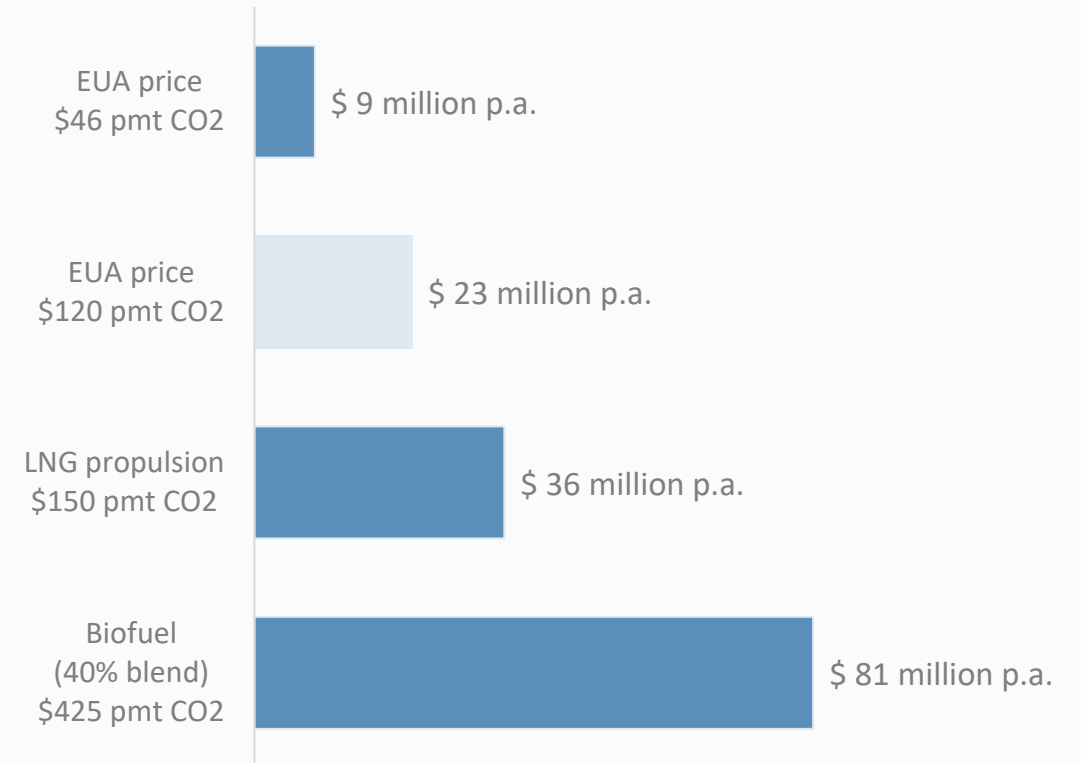
KCC cuts CO2 emission pmt transported by 30-40%

CO2 EMISSION PER MT TRANSPORTED



Large value creation vs. alternatives for cutting CO2 emission

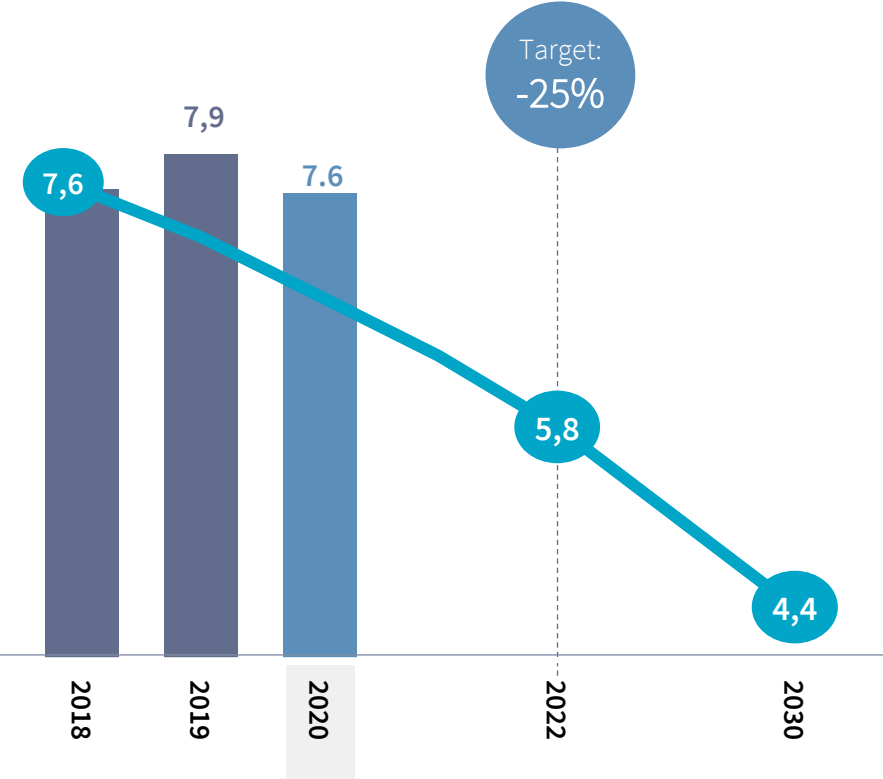
TOTAL VALUE OF CO2 COST REDUCTION BY USING KCC'S VESSELS (17 vessels)



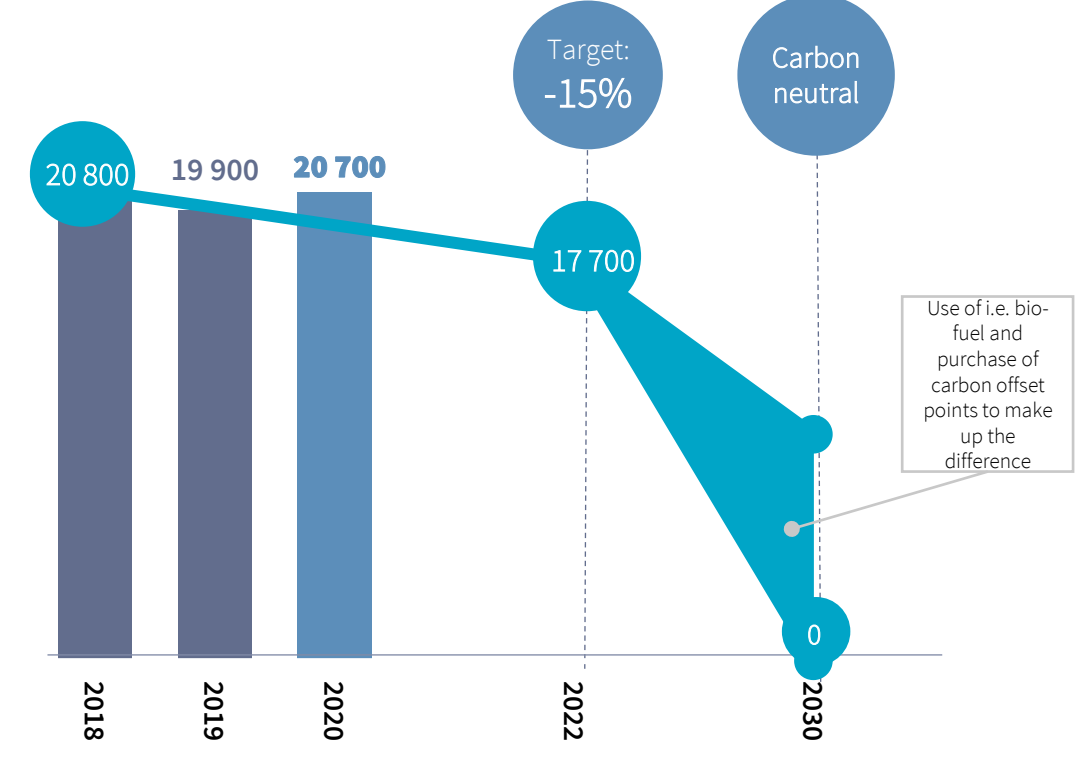
# Maintaining the lead as the lowest carbon shipping provider

A number of ongoing initiatives – expected to show results in 2021

**Carbon intensity targets**  
CO<sub>2</sub> emission per ton cargo per NM (EEOI)



**CO<sub>2</sub> emission targets**  
Average CO<sub>2</sub> emission per vessel (mt/vessel)



Actual KCC Trajectory

# We would like to tell you more ...

Save the date

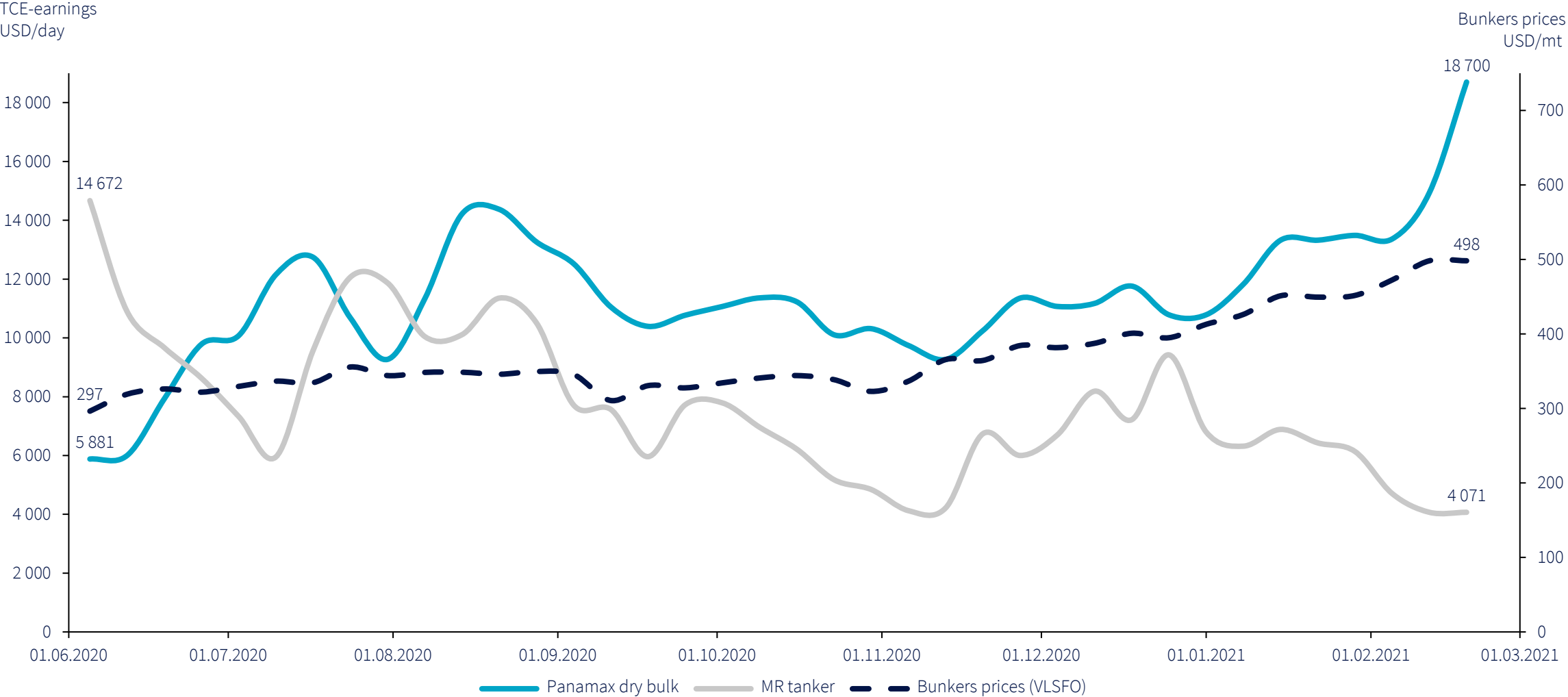
## 23 March 2021

- Presentation of 2020 Sustainability report, aim to be compliant with TCFD and GRI
- Status KCC' Environmental strategy
- KCC's environmental initiatives



- 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

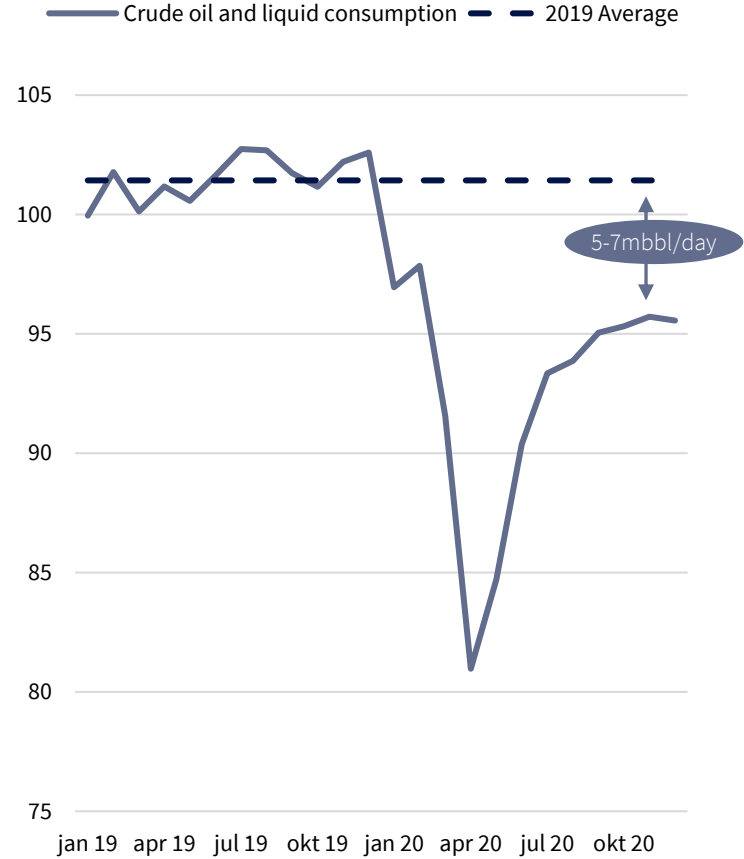
# Muted markets in Q4, but dry bulk bounce back offsets weak tanker markets in Q1



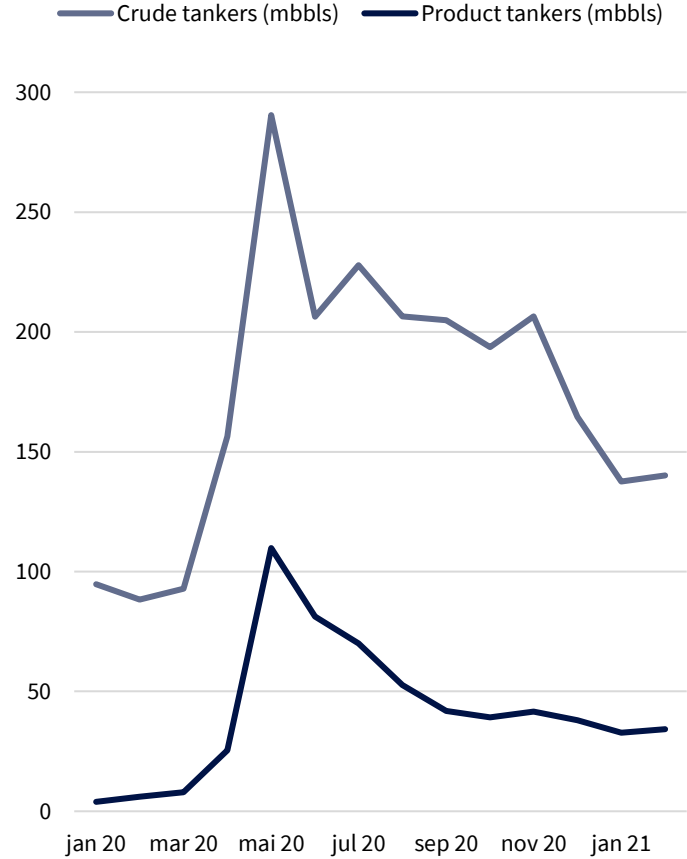


# Short-term pain for tankers

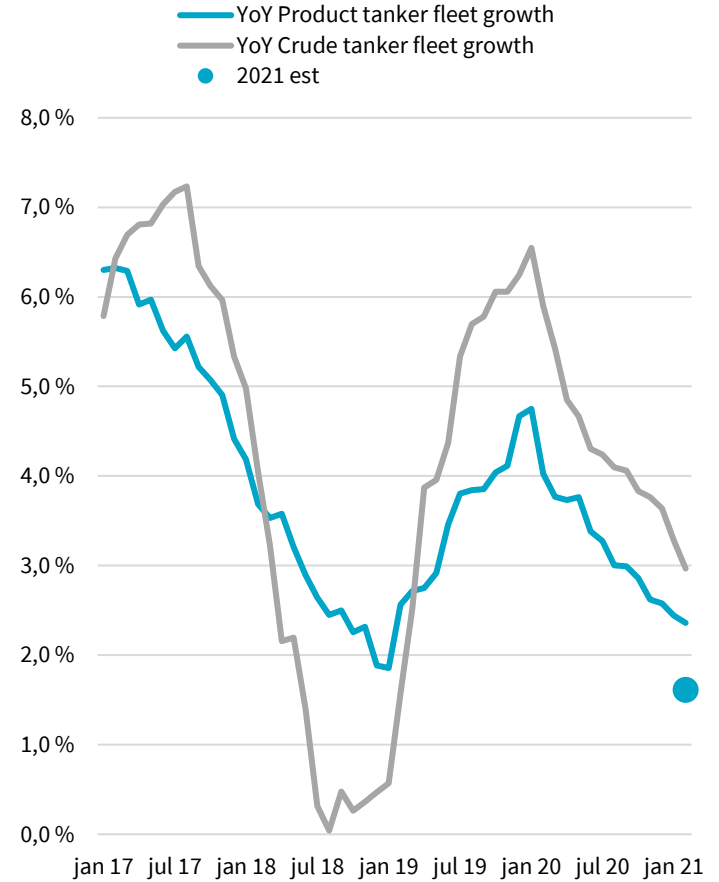
Oil consumption still 5-7 mbbl/day below pre-covid levels



Decrease in floating storage, but still some way to go..



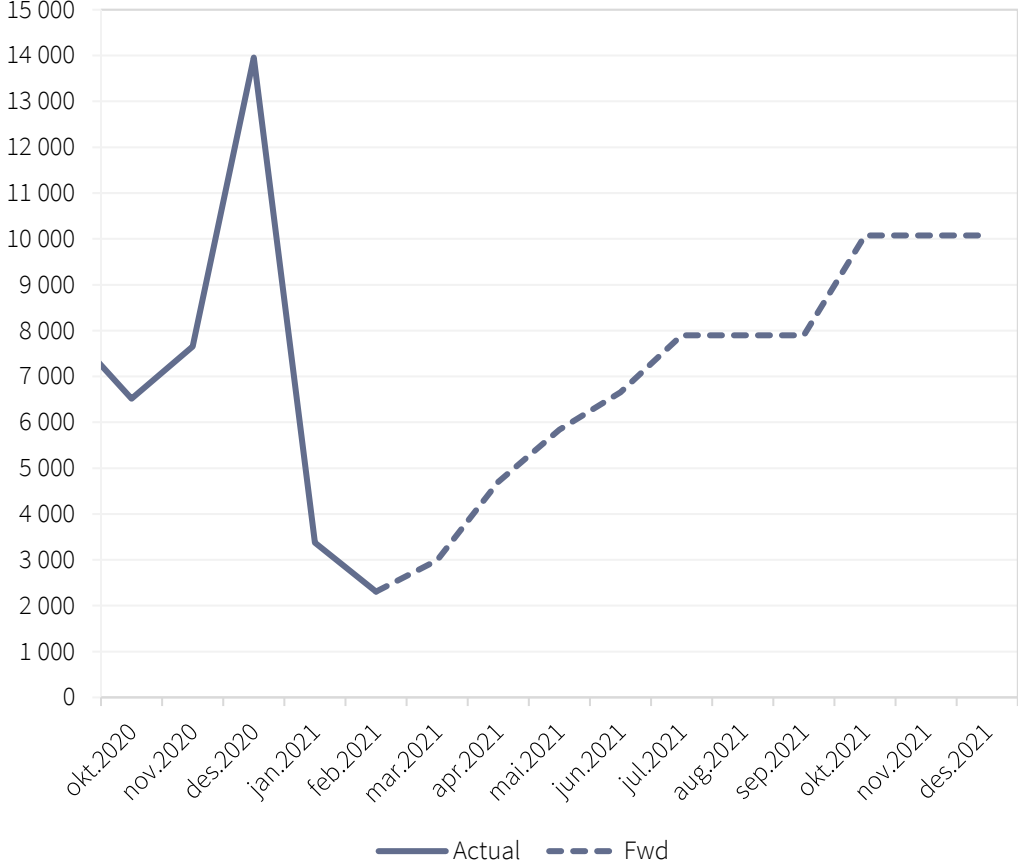
Continued expected low fleet growth and orderbook



# Considerable and growing tanker market coverage for 2021

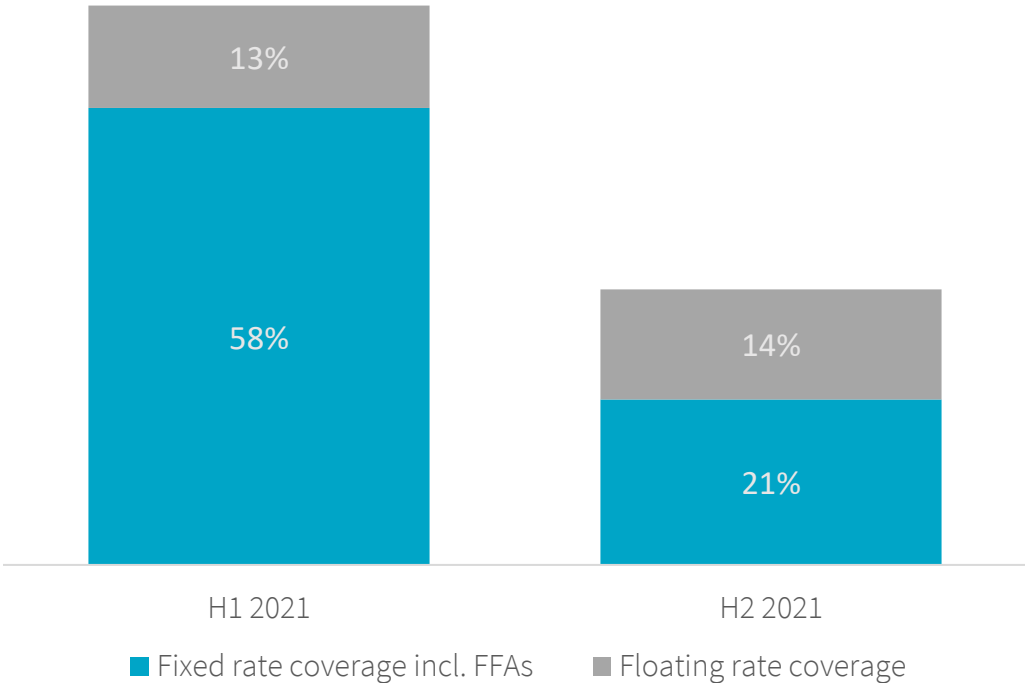
## LR1 tanker forward curve<sup>1</sup>

TC5 TCE-earnings USD/day



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

Coverage as % of on-hire days

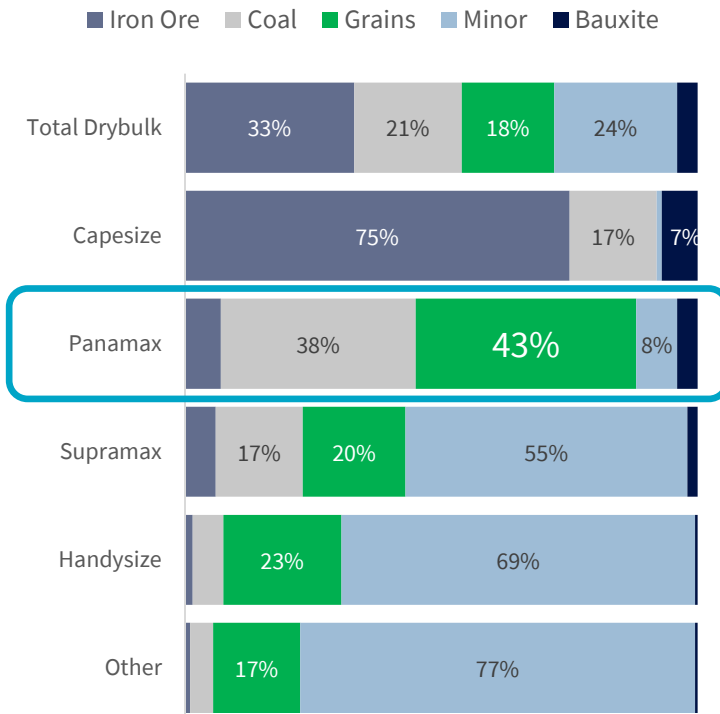


1) Source: Baltic exchange  
 2) Coverage for total fleet as per 16 February 2021, F = fixed rate coverage (fixed rate contracts/cargoes + FFAs), O = Operational coverage (fixed rate and index linked contracts/cargoes)

# Positive market outlook for dry bulk

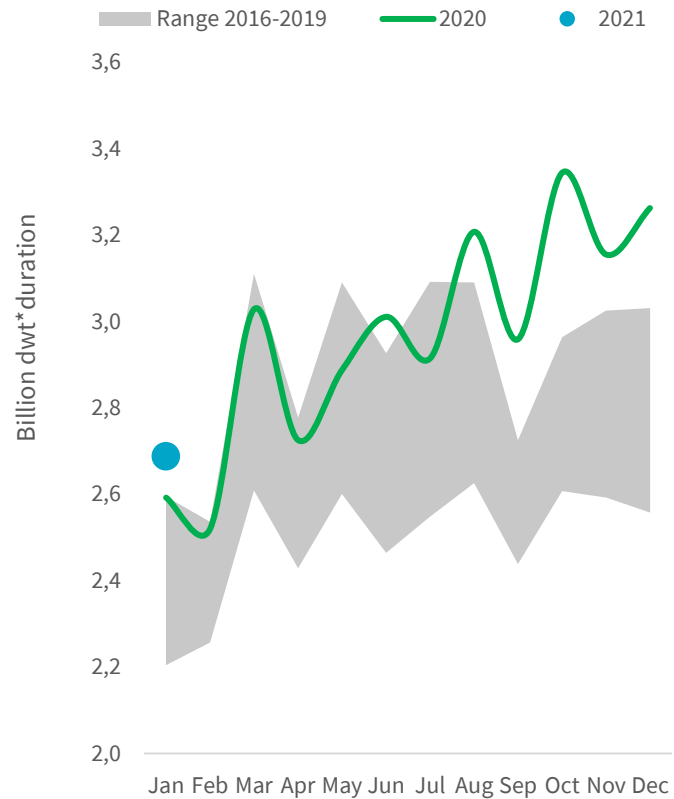
Grain and coal are the most important commodity for Panamaxes

Commodity share of transport work per segment - 2020



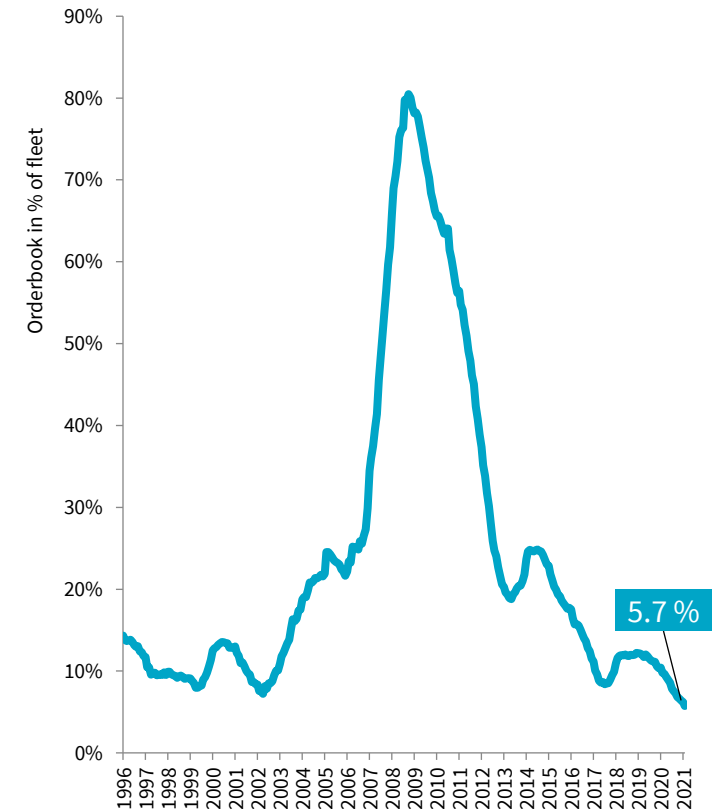
The demand growth for Panamaxes has already recovered from covid

Seasonal trade development



Orderbook at an all time low

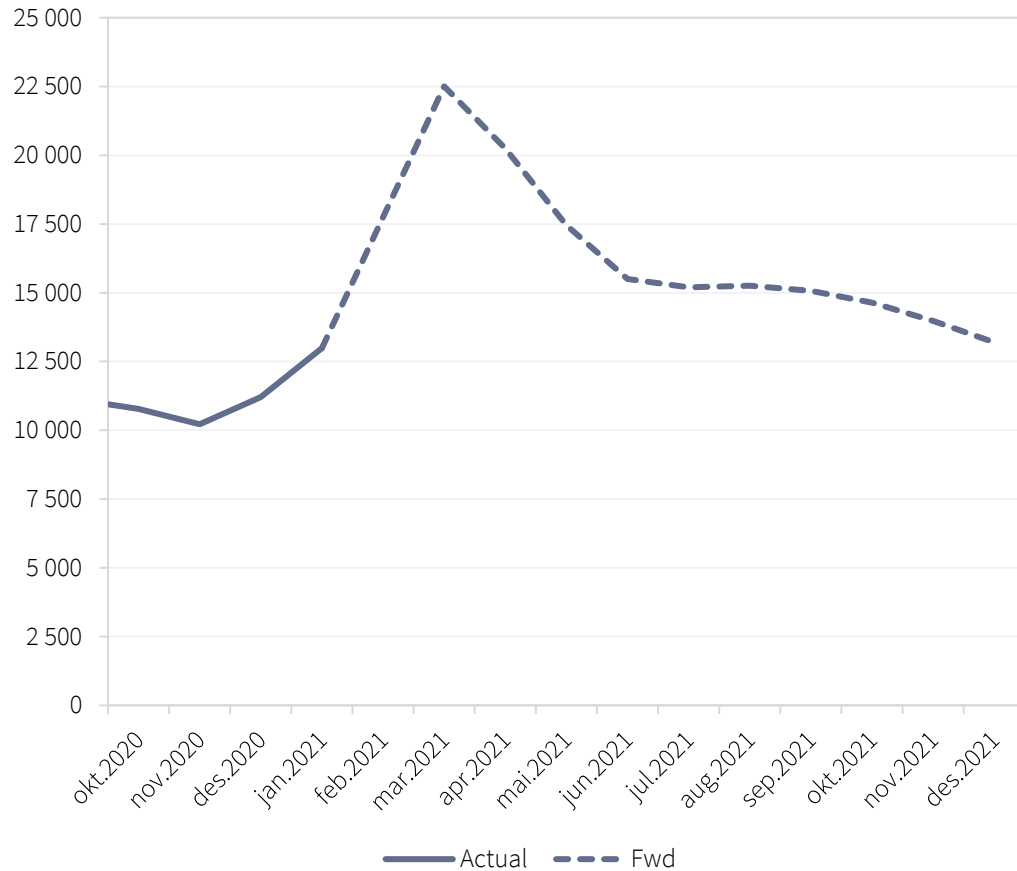
Dry Bulk Order Book in % of fleet



# Around 50% fixed rate dry bulk coverage for last 3 quarters in 2021

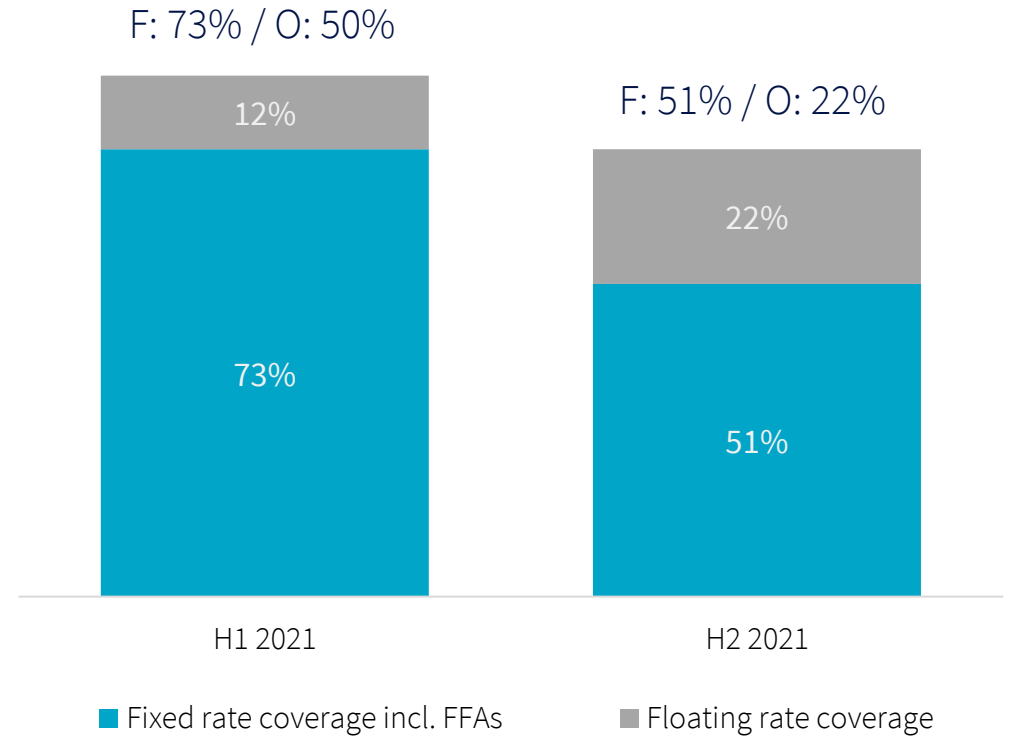
## Dry bulk forward curve<sup>1</sup>

Panamax P4TC TCE-earnings USD/day



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

Coverage as % of on-hire days



1) Source: Baltic exchange

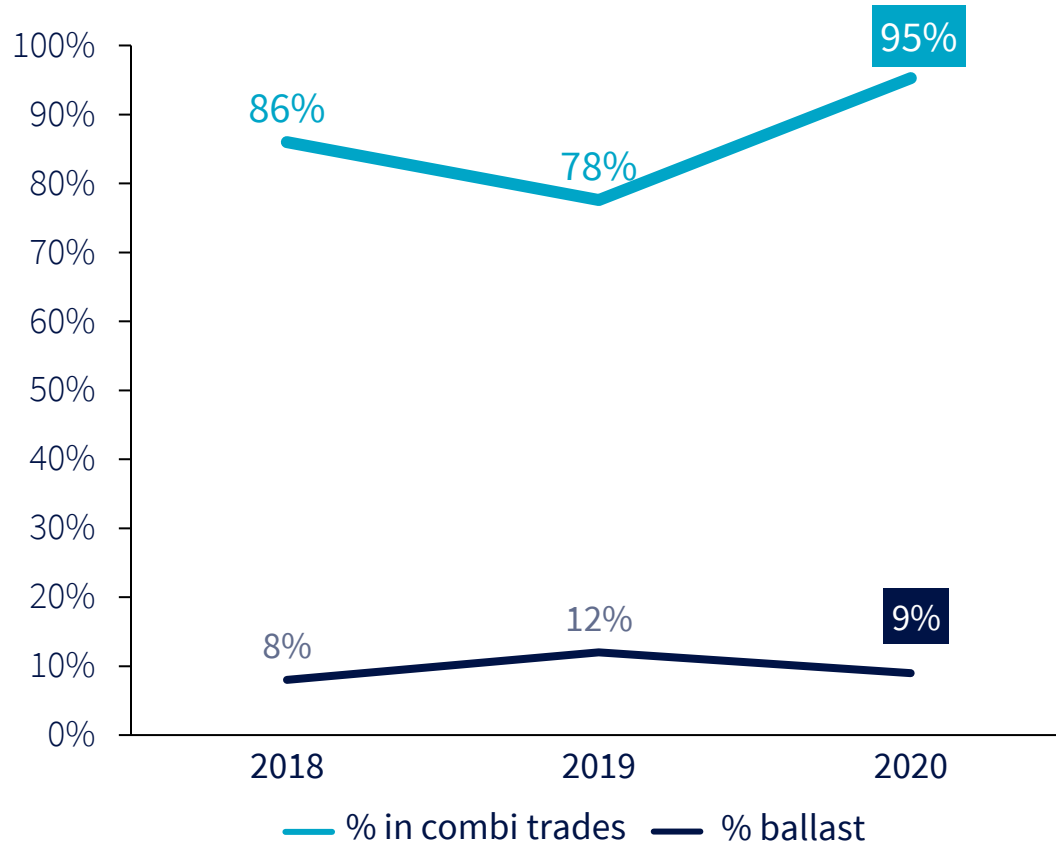
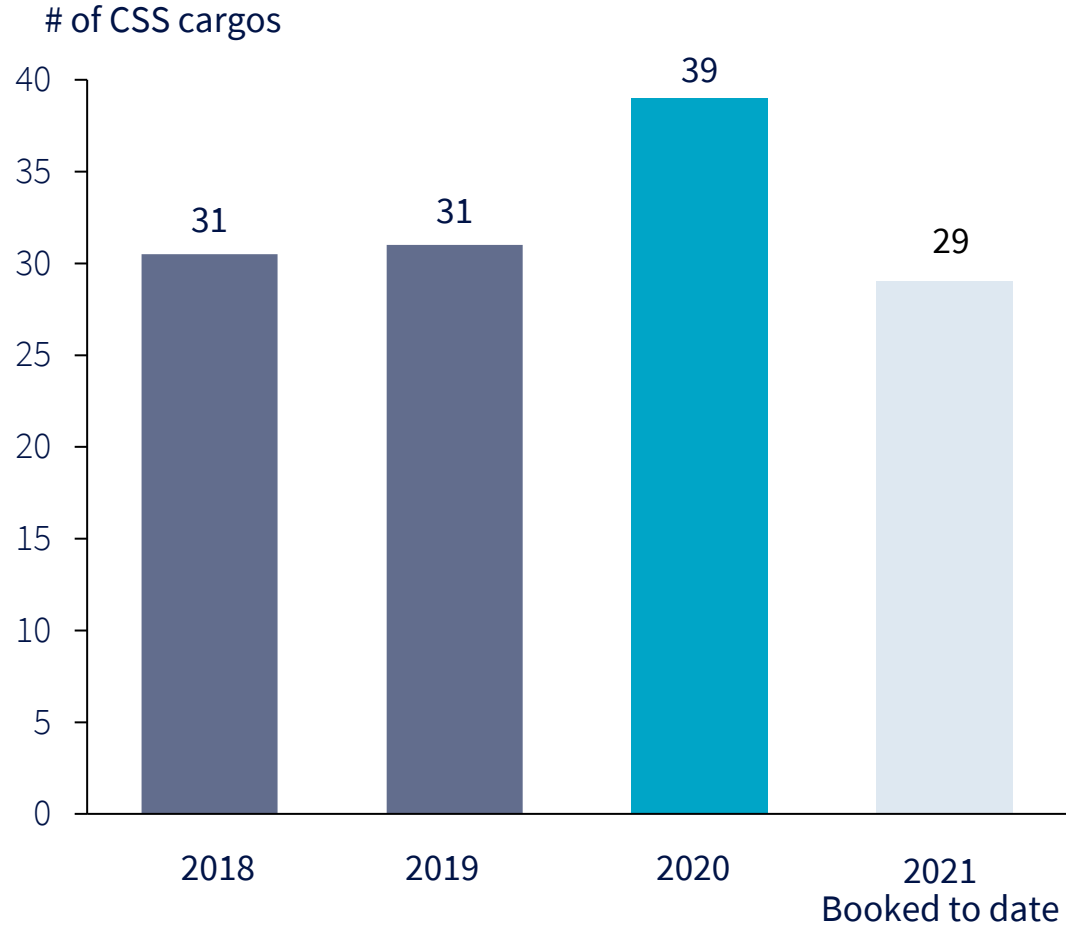
2) Coverage for total fleet as per 16 February 2021, F = fixed rate coverage (fixed rate contracts/cargoes + FFAs), O = Operational coverage (fixed rate and index linked contracts/cargoes)

- 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

# Strong CABU earnings driven by high CSS volumes and combi trading in Pacific

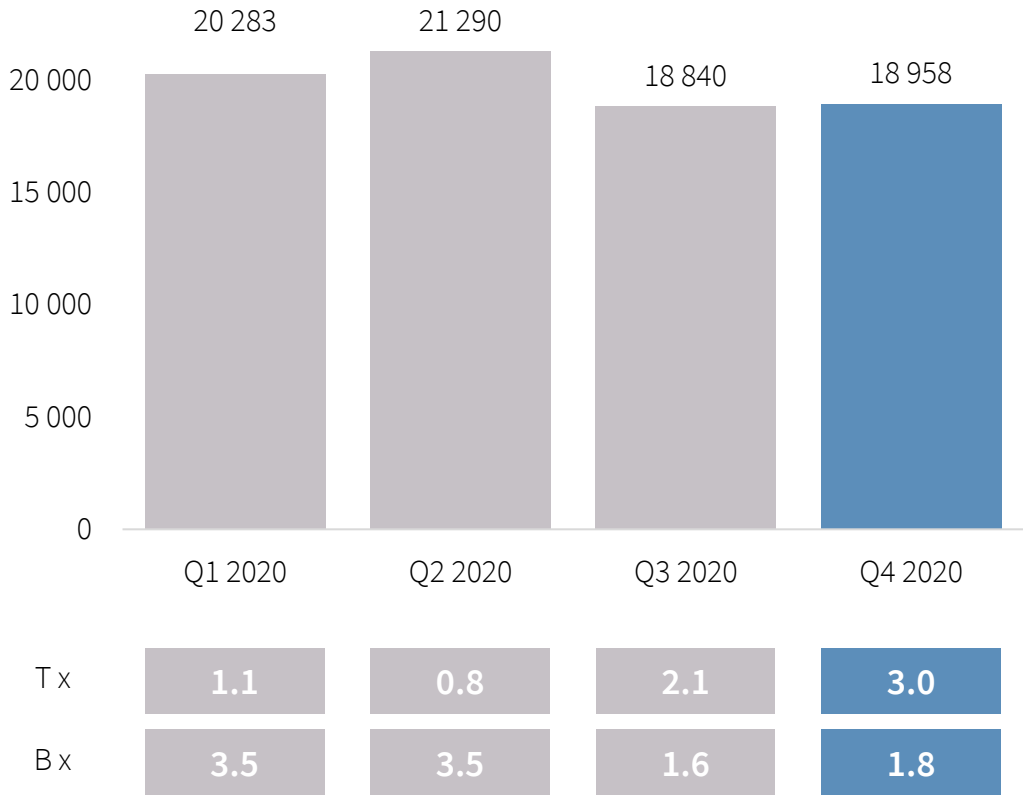
Substantially higher Pacific caustic soda cargo bookings in 2020. Positive outlook for 2021...

Strong operational efficiency in Pacific trades create value

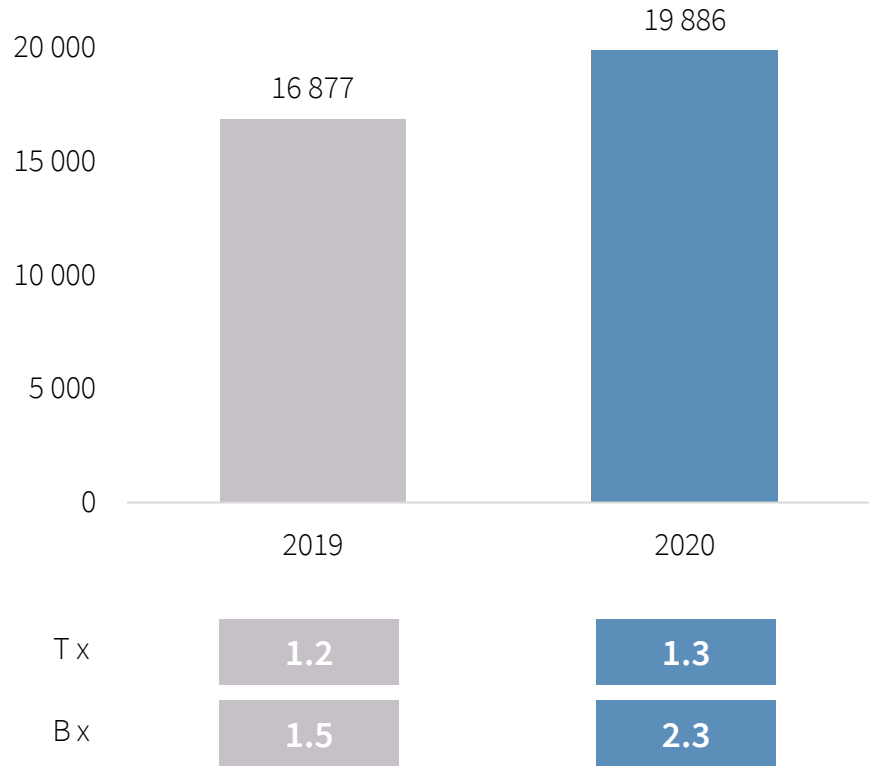


# CABU Q4 TCE earnings outperforming standard markets

Quarterly CABU TCE Earnings USD per on-hire day



Annual CABU TCE Earnings USD per on-hire day



# Good CLEANBU progress in the Australian market– positive structural change

3 successful CPP shipments to Australia performed during 4Q-20 and to date in 1Q-21



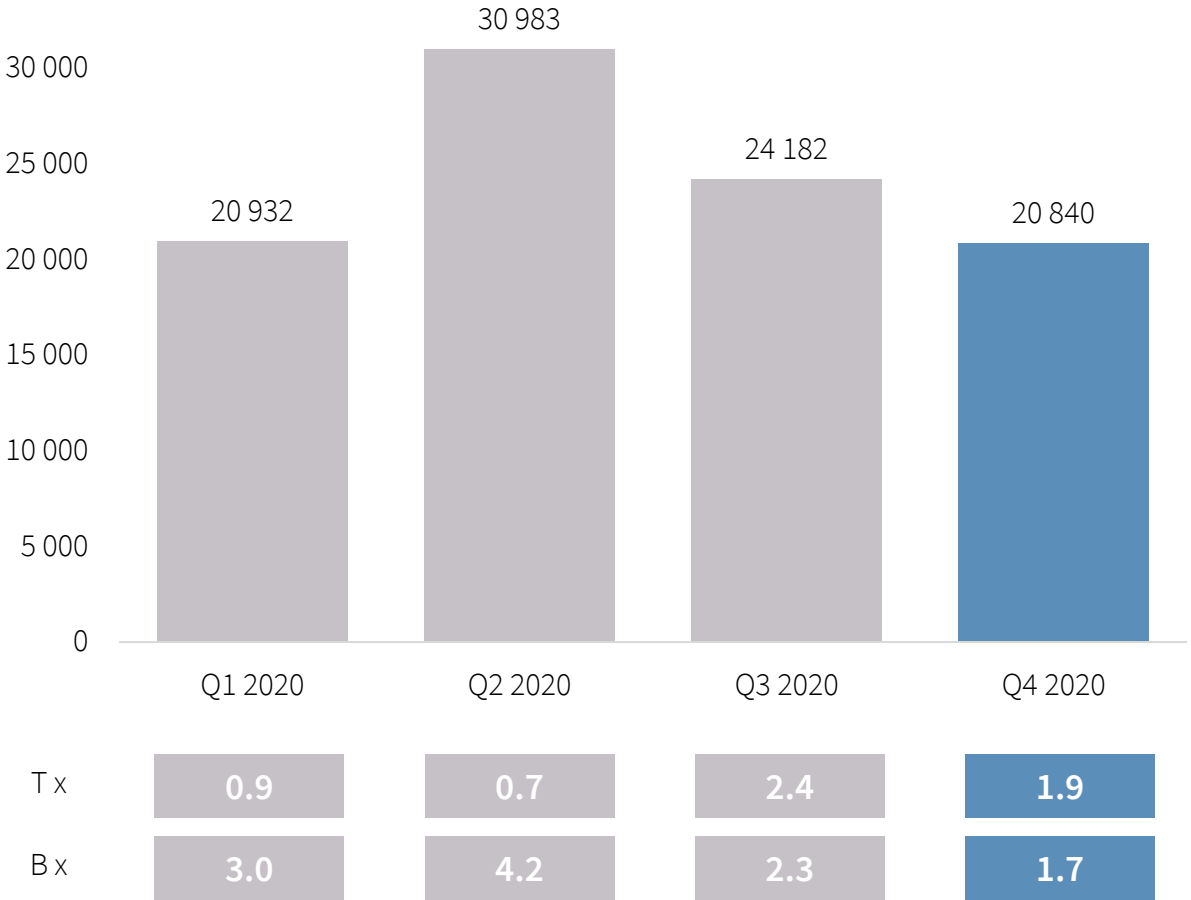
3 of 5 remaining ANZ refineries closing in 2021 - increased CPP imports / new import ports



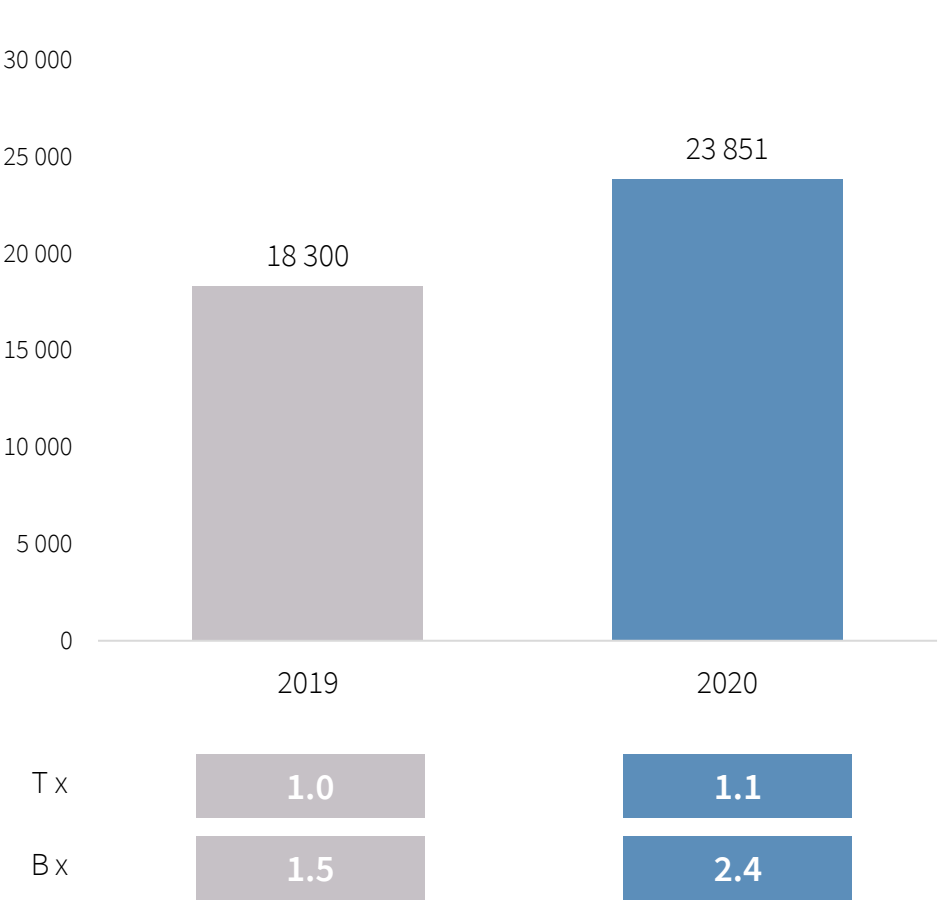


# Strong CLEANBU TCE earnings in a weak tanker market

Quarterly CLEANBU TCE earnings USD per on-hire day



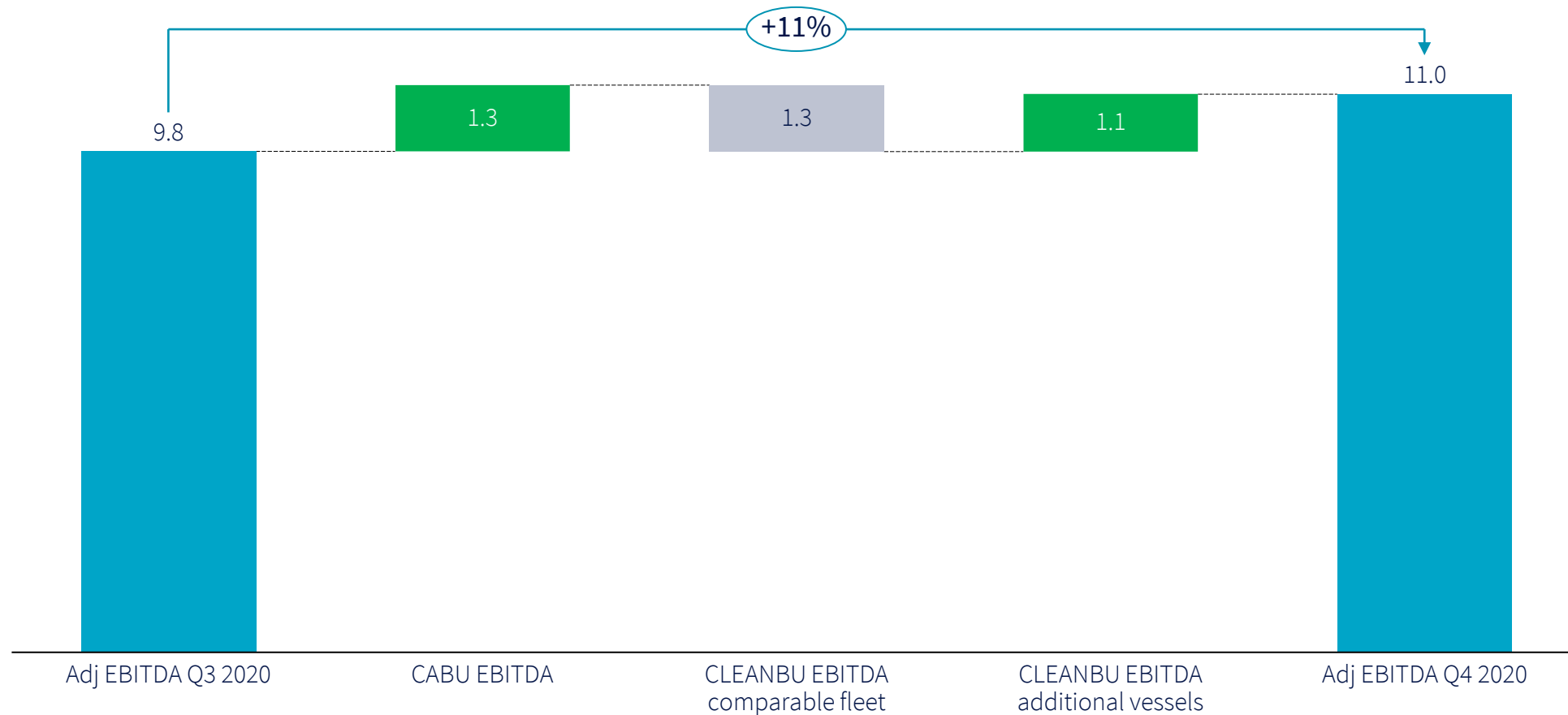
Annual CLEANBU TCE earnings USD per on-hire day



# Adjusted EBITDA up 11% Q-o-Q on the back of strong CABU performance and larger CLEANBU fleet

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

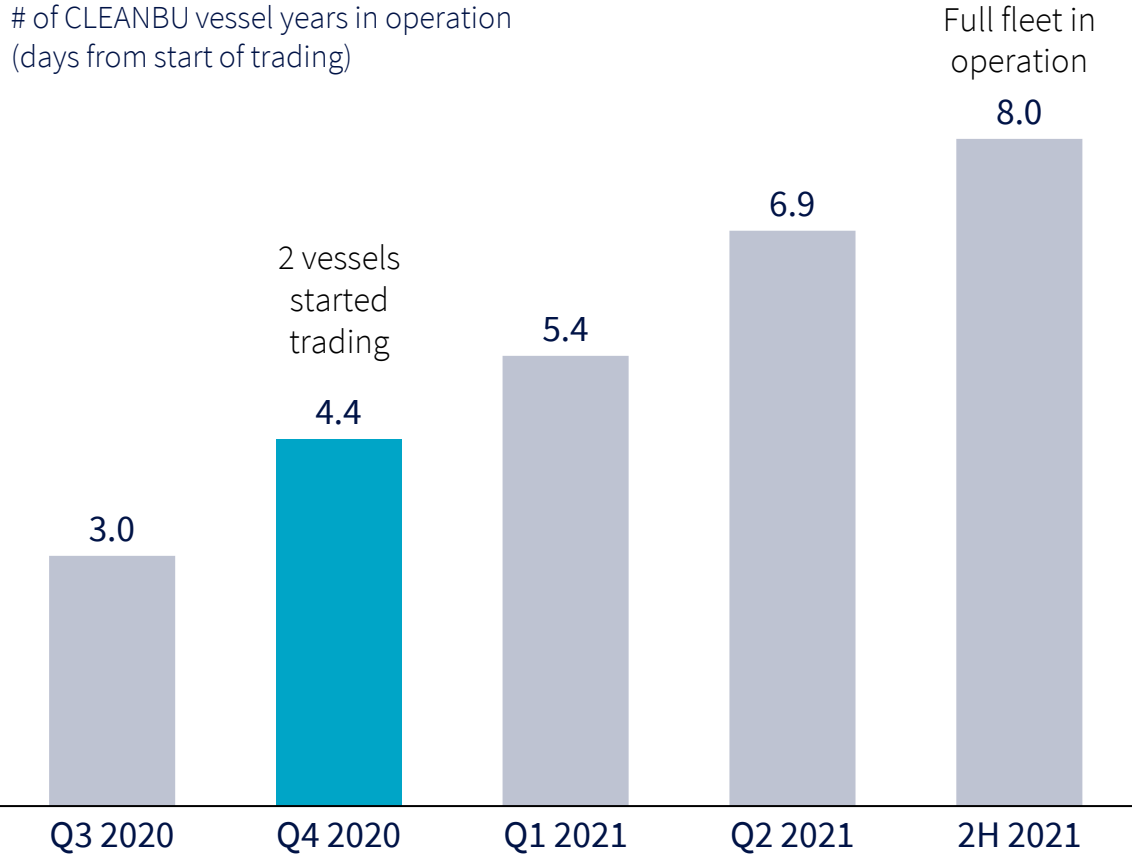
Q4 2020 vs Q3 2020



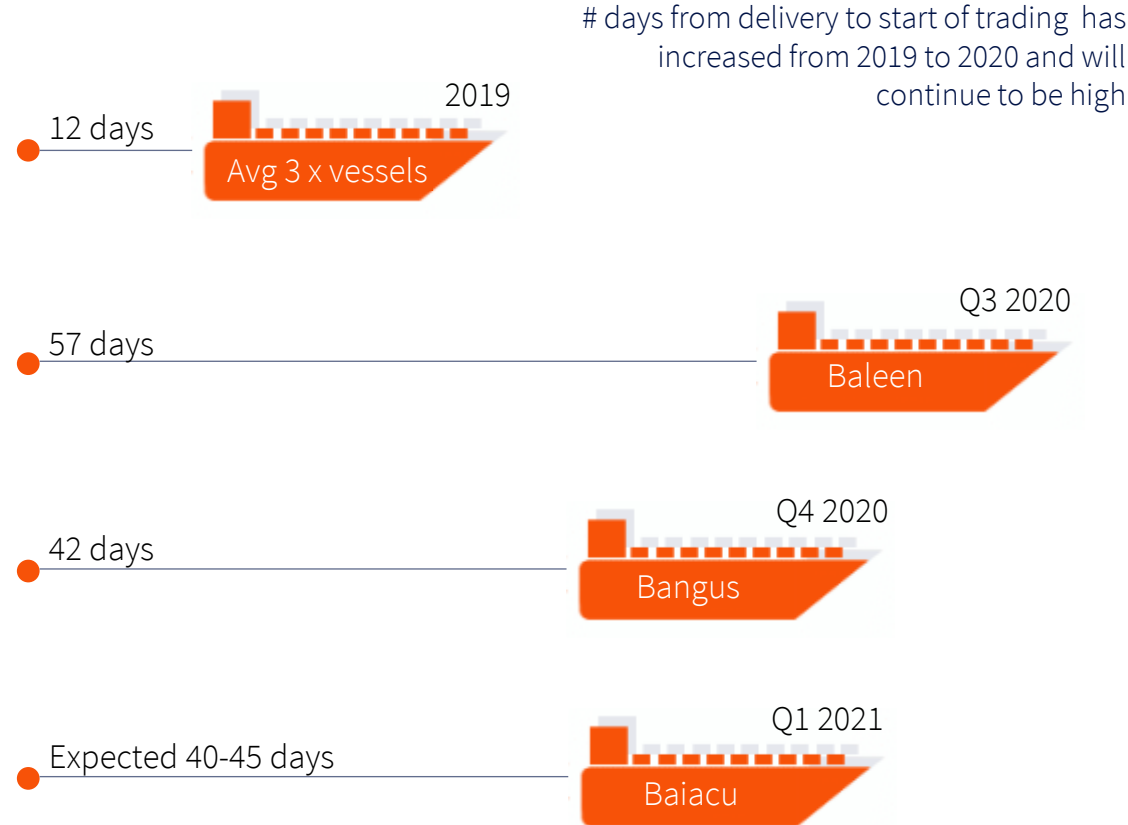
1) Adjusted EBITDA is an alternative performance measure (please see slide 40 in enclosures for more details)

# Overall positive contribution from larger fleet, however delivery of newbuilds is challenging due to current travel restrictions

## CLEANBU fleet fully delivered during Q2 2021



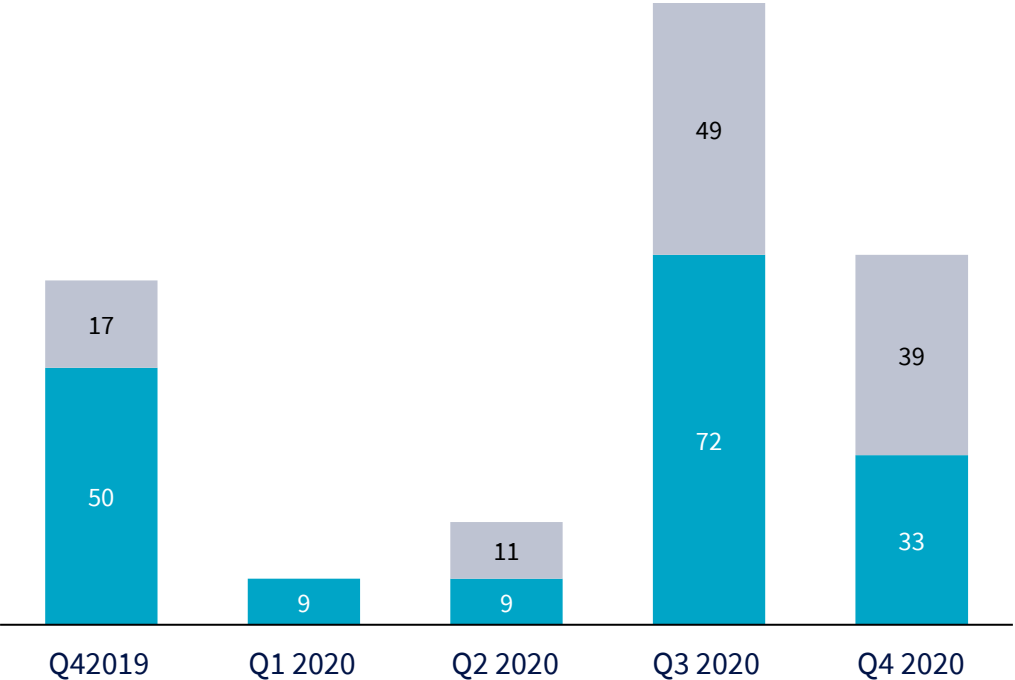
## Newbuild take-over to trading



# OPEX and off-hire still impacted by COVID-19 and phase-in of newbuilds

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 40 in enclosures for more details)

# Q4 financials driven by high CABU utilization and CLEANBU fleet expansion

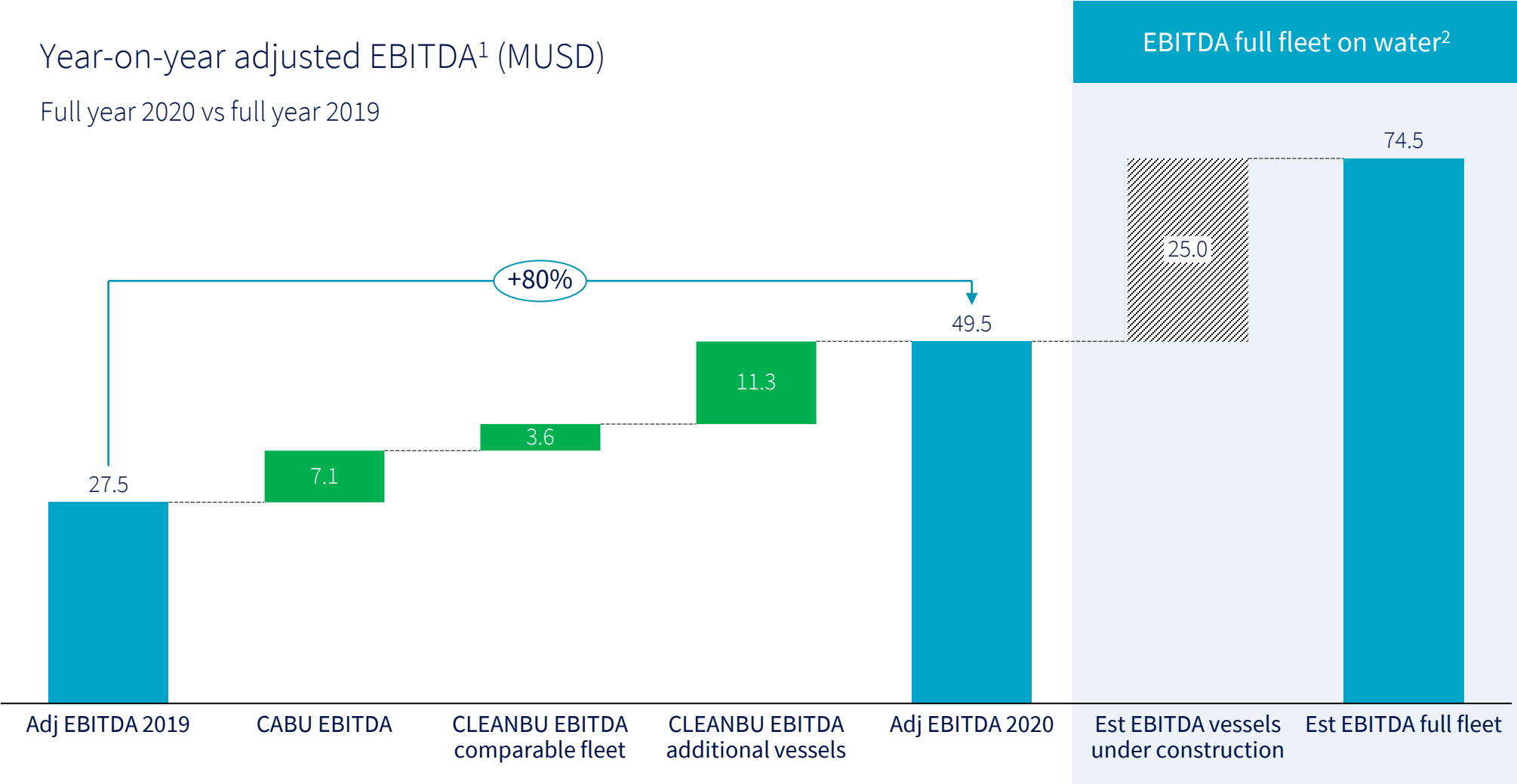
Income Statement (USDm)	Q4 2020	Q3 2020	% change
Net revenue	22.9	20.4	12%
Operating expenses, vsls	(10.8)	(9.8)	10%
SG&A	(1.8)	(1.3)	36%
<b>EBITDA</b>	<b>10.3</b>	<b>9.3</b>	<b>12%</b>
<b>EBITDA adjusted<sup>1</sup></b>	<b>11.0</b>	<b>9.8</b>	<b>11%</b>
<b>EBIT</b>	<b>4.7</b>	<b>4.4</b>	<b>6%</b>
Net financial items	(3.5)	(3.1)	12%
Tax	-	-	n.a.
<b>Profit after tax</b>	<b>1.2</b>	<b>1.3</b>	<b>(9%)</b>
<b>EPS</b>	<b>0.02</b>	<b>0.03</b>	<b>(9%)</b>

<sup>1</sup>) Adjusted EBITDA is an alternative performance measure (please see slide 40 in enclosures for more details)

# 2020 adjusted EBITDA increased 80% Y-o-Y

Year-on-year adjusted EBITDA<sup>1</sup> (MUSD)

Full year 2020 vs full year 2019



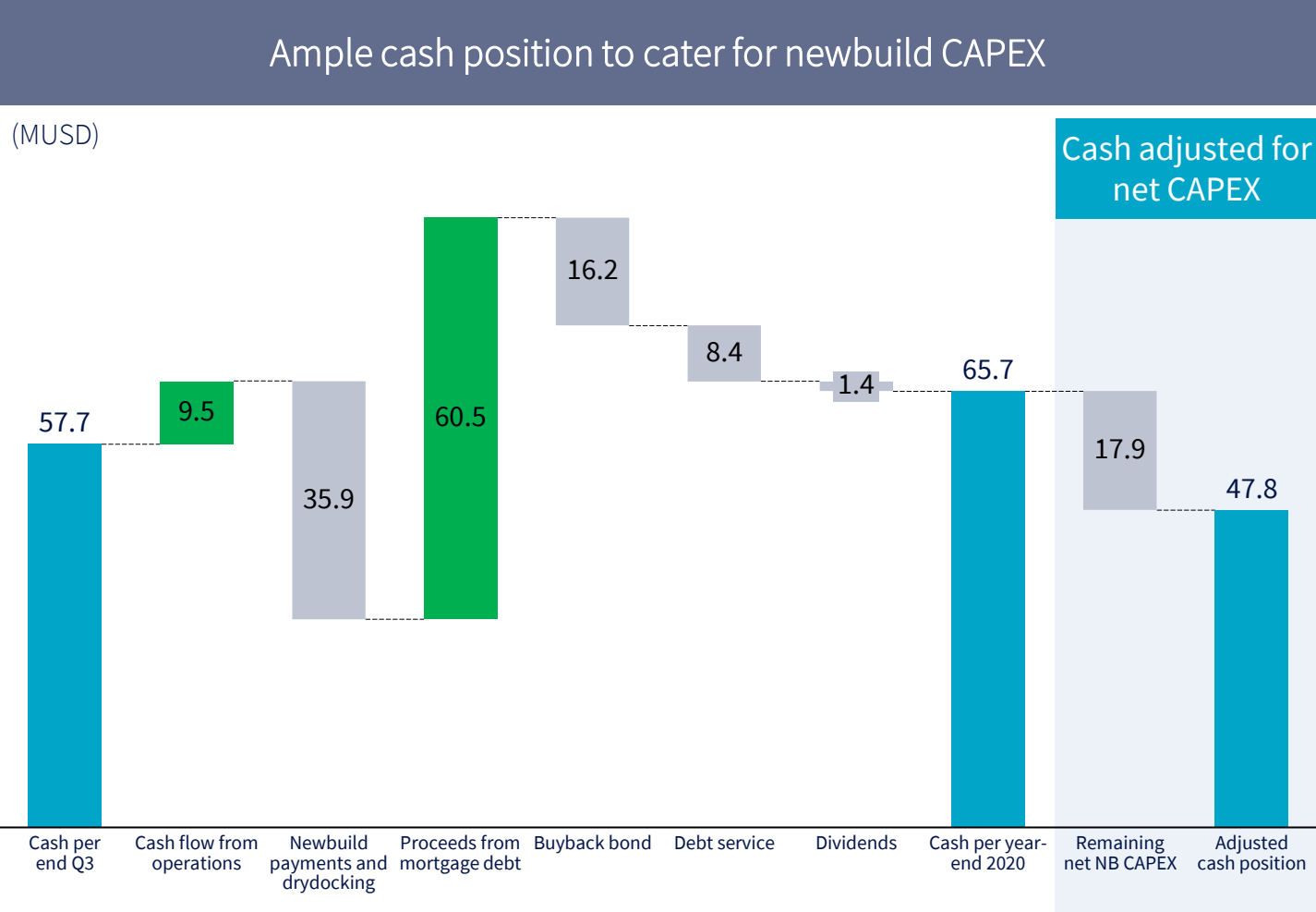
1) Adjusted EBITDA is an alternative performance measure (please see slide 40 in enclosures for more details)  
 2) Estimated EBITDA for vessels under construction based on average TCE earnings (\$23,851/day) and average opex (\$9,125/day) for the CLEANBU fleet

# 2020 demonstrated the value of flexibility and diversification

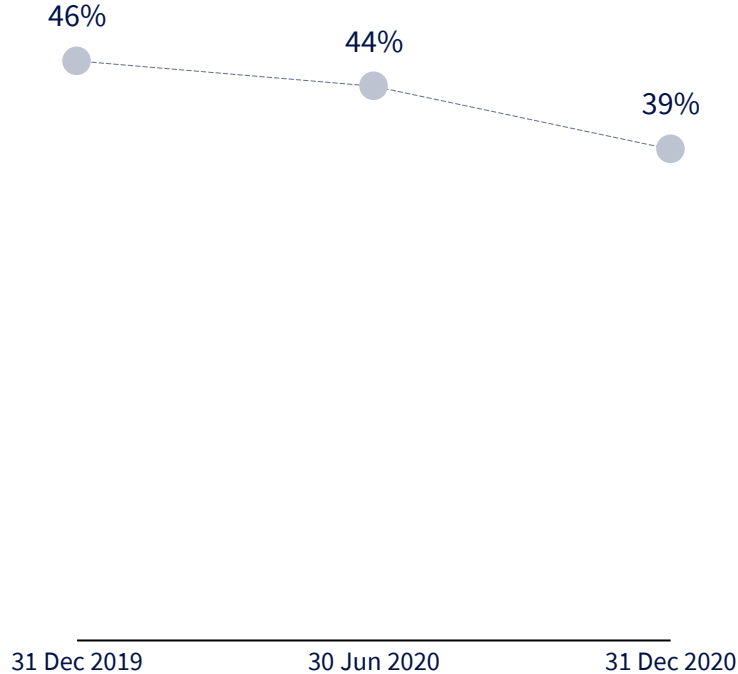
Income Statement (USDm)	2020	2019	% change
Net revenue	91.1	61.3	49%
Operating expenses, vsls	(37.4)	(30.1)	24%
SG&A	(5.6)	(5.5)	3%
<b>EBITDA</b>	<b>48.1</b>	<b>25.8</b>	<b>87%</b>
<b>EBITDA adjusted<sup>1</sup></b>	<b>49.5</b>	<b>27.5</b>	<b>80%</b>
<b>EBIT</b>	<b>29.0</b>	<b>11.7</b>	<b>148%</b>
Net financial items	(13.8)	(11.1)	24%
Tax	0.0	(0.0)	n.a.
<b>Profit after tax</b>	<b>15.2</b>	<b>0.6</b>	<b>2443%</b>
<b>EPS</b>	<b>0.32</b>	<b>0.01</b>	<b>2443%</b>
<b>DPS</b>	<b>0.12</b>	<b>0.06</b>	<b>100%</b>
<b>ROCE adjusted<sup>1</sup></b>	<b>6%</b>	<b>3%</b>	<b>n.a.</b>

1) Adjusted EBITDA and ROCE adjusted are alternative performance measure (please see slide 40 in enclosures for more details)

# Solid cash position and balance sheet



Equity ratio<sup>1</sup> down following delivery of newbuilds



<sup>1</sup> Equity ratio is an alternative performance measure (please see slide 40 in enclosures for more details)



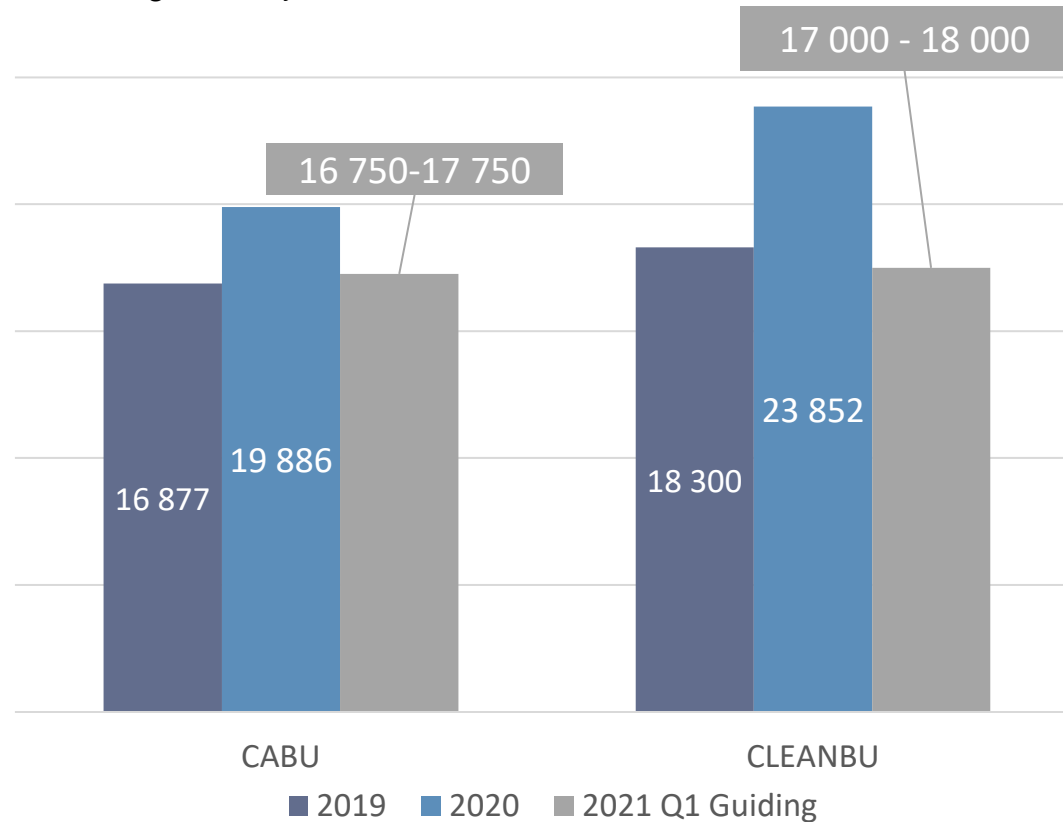
# Summary & Outlook

# Summary & outlook

Q1 2021 TCE earnings guiding healthy compared to underlying markets

2021 Outlook

TCE earnings USD/day



- Weak tanker market - upside in 2nd half
- Strong dry bulk spot market and positive outlook
- Expect further increased CABU caustic soda contract coverage
- Full fleet on water by Q2, but larger than normal CLEANBU off-hire in 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>	Q1-21	Q2-21	Q3-21	Q4-21	2021 Tot	1H-21	2H-21
Fixed rate COA/Spot	292	226	153	157	828	518	310
Floating rate COA	48	70	69	69	256	118	138
<b>Total contract days</b>	<b>340</b>	<b>296</b>	<b>222</b>	<b>226</b>	<b>1 084</b>	<b>636</b>	<b>448</b>
FFA coverage	0	0	0	0	0	0	0
<b>Available wet days</b>	<b>340</b>	<b>394</b>	<b>403</b>	<b>423</b>	<b>1 560</b>	<b>734</b>	<b>826</b>

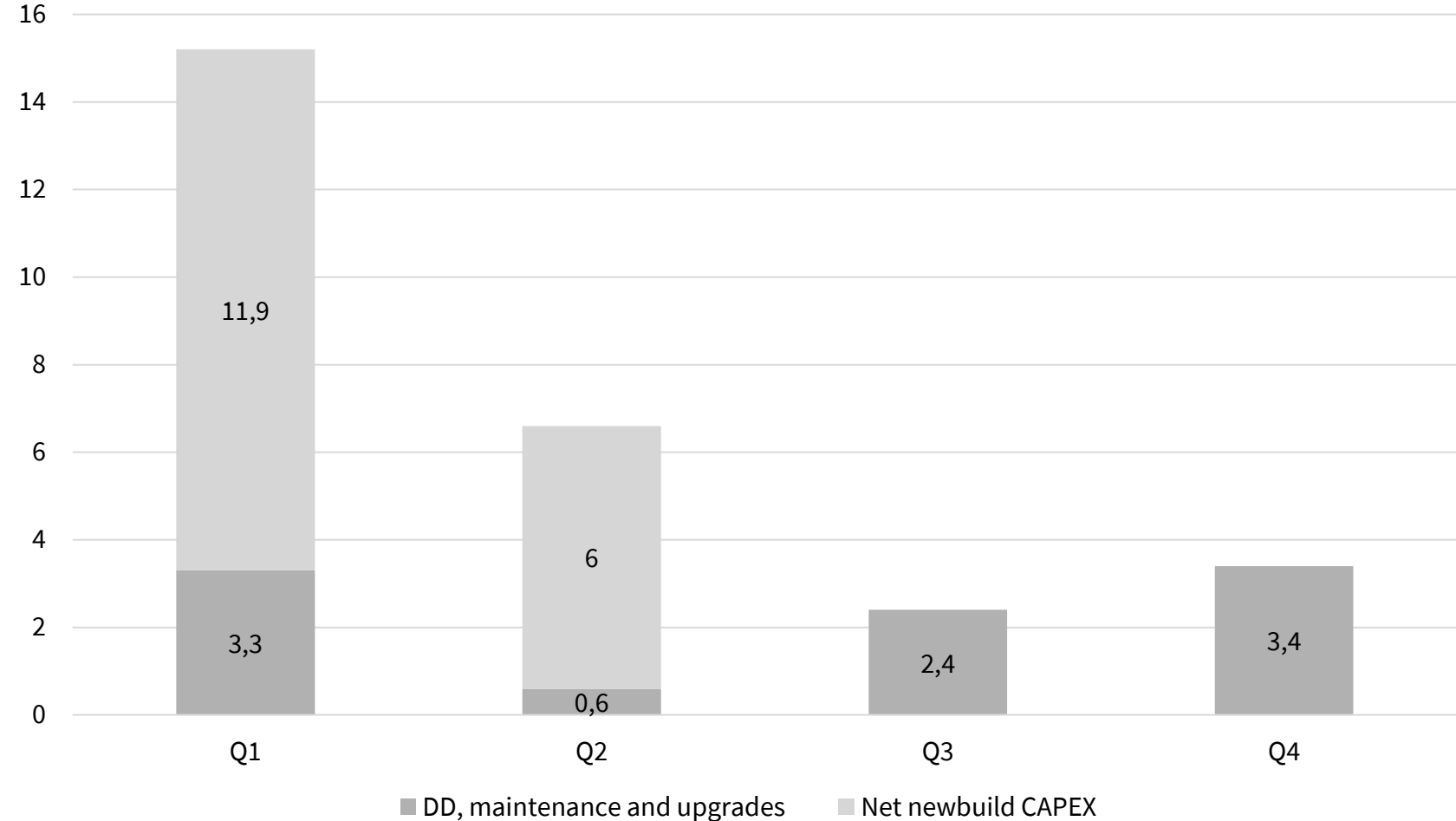
### Dry bulk contract coverage

<i># of days</i>	Q1-21	Q2-21	Q3-21	Q4-21	2021 Tot	1H-21	2H-21
Fixed rate COA/Spot	503	35	0	0	538	538	0
Floating rate COA	44	134	172	134	484	178	306
<b>Total contract days</b>	<b>547</b>	<b>169</b>	<b>172</b>	<b>134</b>	<b>1 022</b>	<b>716</b>	<b>306</b>
FFA coverage	180	330	360	360	1 230	510	720
<b>Available dry days</b>	<b>719</b>	<b>713</b>	<b>668</b>	<b>739</b>	<b>2 839</b>	<b>1 432</b>	<b>1 407</b>
<b>Available dry days CABU</b>	410	435	346	392	1 583	845	738
<b>Available dry days CLEANBU</b>	309	278	322	347	1 256	587	669

### CLEANBU: CPP contract coverage

<i># of days</i>	Q1-21	Q2-21	Q3-21	Q4-21	2021 Tot	1H-21	2H-21
Fixed rate COA/Spot	142	0	0	0	142	142	0
Floating rate COA	0	36	36	36	108	36	72
<b>Total contract days</b>	<b>142</b>	<b>36</b>	<b>36</b>	<b>36</b>	<b>250</b>	<b>178</b>	<b>72</b>
FFA coverage	23	0	0	0	23	23	0
<b>Available wet days</b>	<b>167</b>	<b>273</b>	<b>322</b>	<b>347</b>	<b>1 109</b>	<b>440</b>	<b>669</b>

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



1) Net newbuild CAPEX is net of estimated debt drawdown

# 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 Q4 2020, 2020 and 2019 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 Q4 2020, 2020 and 2019 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 Q4 2020, 2020 and 2019 are reconciled in Note 11 (page 25) in Q4 2020 report published.
- Adjusted EBITDA for Q3 2020 is reconciled in Note 11 (page 24) in Q3 2020 report published.
- 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).
- ROCE adjusted for Q4 2020, 2020 and 2019 - see reconciliation in Note 11 (page 25-26) in Q4 2020 report published.