



Klaveness Combination Carriers ASA

Pareto Oil and Offshore Conference

Oslo, 17 September 2020

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Company introduction

KCC having a unique «future proof» and profitable business model

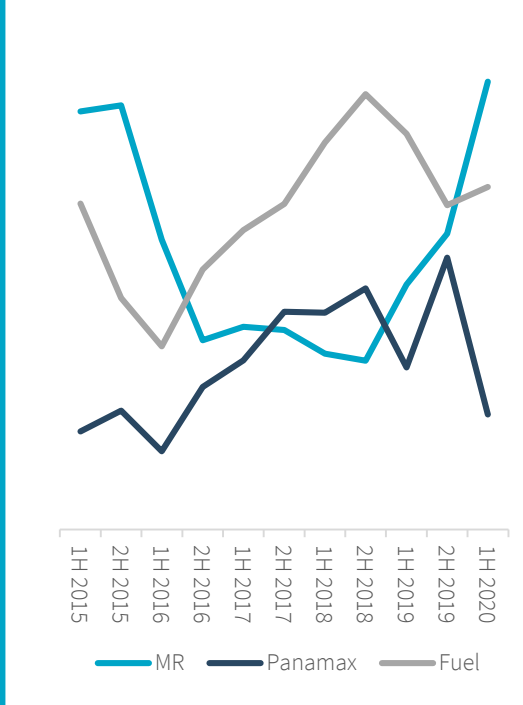
World leader in combination carriers
 9 CABUs
 4+4 CLEANBUs



1
The most carbon efficient deep-sea shipping solution

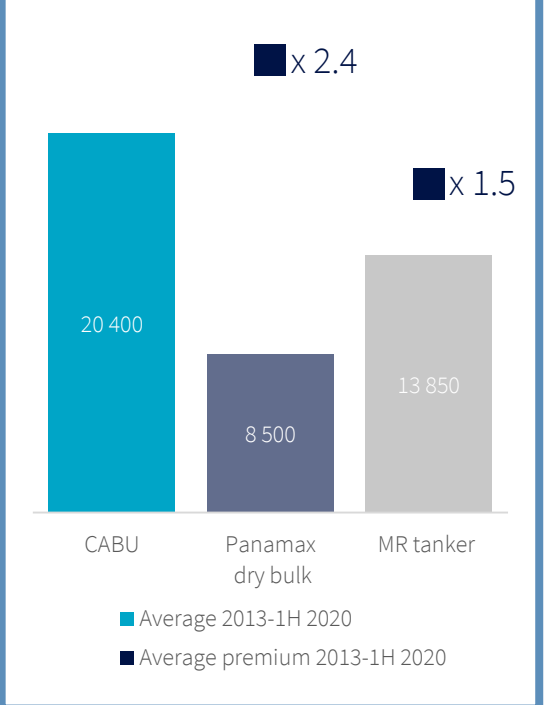


2
Diversified market exposure and COA portfolio reduce earnings volatility²



Period	MR	Panamax	Fuel
1H 2015	100	80	100
2H 2015	100	80	100
1H 2016	100	80	100
2H 2016	100	80	100
1H 2017	100	80	100
2H 2017	100	80	100
1H 2018	100	80	100
2H 2018	100	80	100
1H 2019	100	80	100
2H 2019	100	80	100
1H 2020	100	80	100

3
Premium earnings vs. standard vessels¹
 (CABU average over the cycle 1.5-2x)

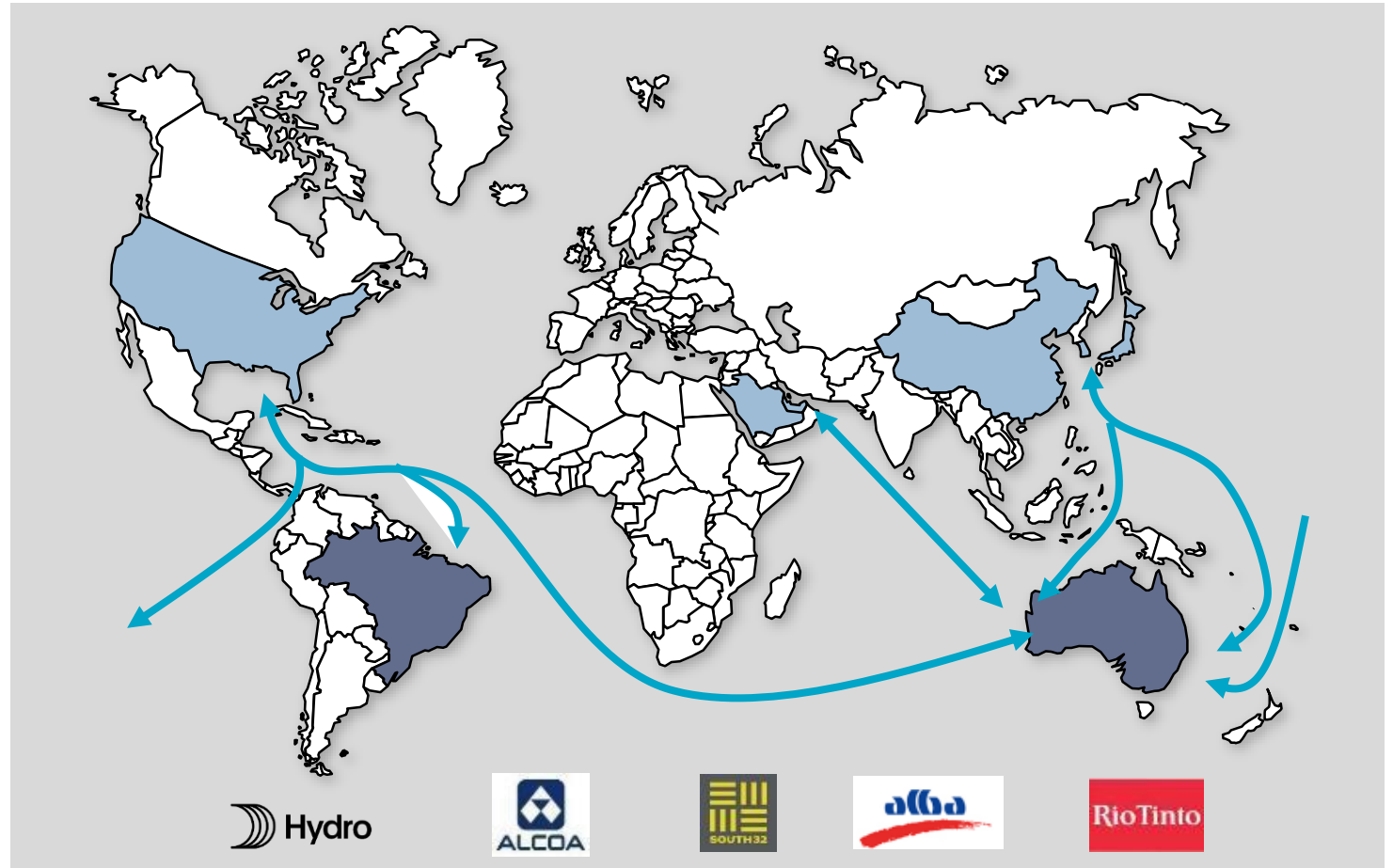
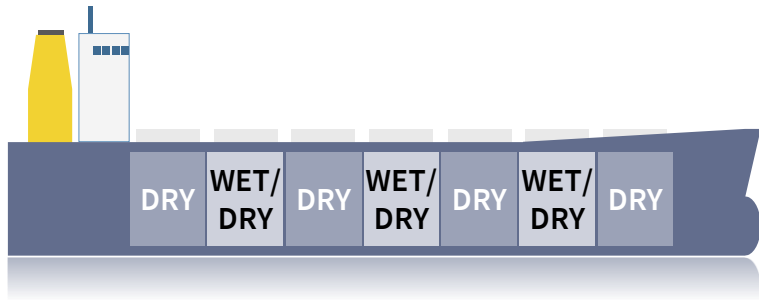


Vessel Type	Average Earnings (2013-1H 2020)	Premium Ratio
CABU	20,400	x 2.4
Panamax dry bulk	8,500	-
MR tanker	13,850	x 1.5

Shipping wet cargoes to dry bulk export hubs

CABU – well proven business - servicing the alumina industry in Australia and Brazil

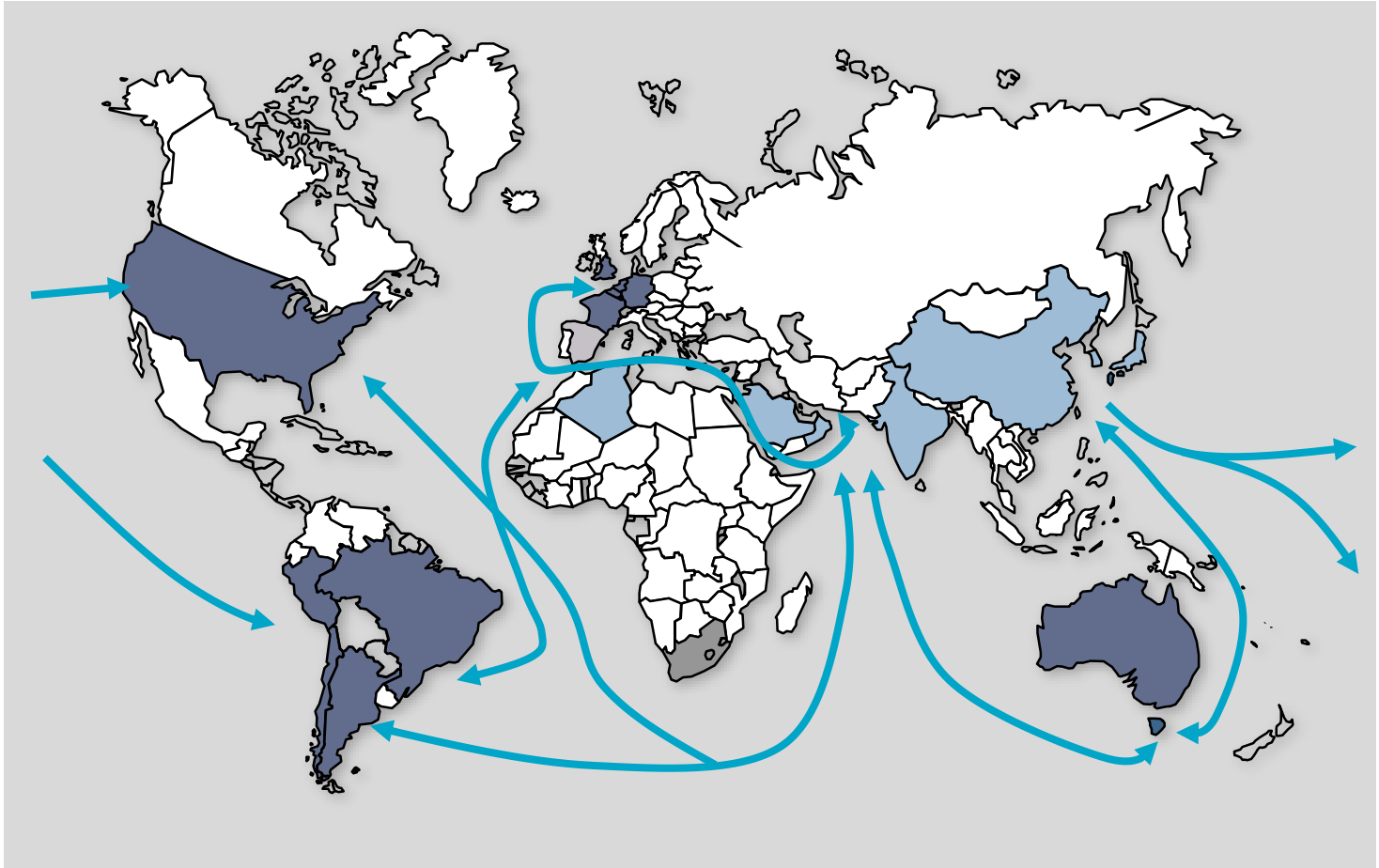
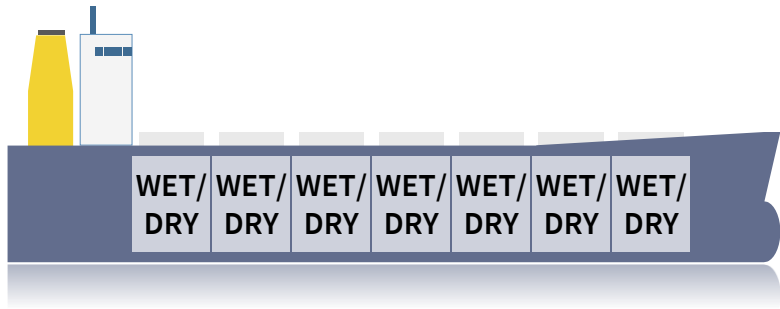
9
CABU
vessels



Shipping wet cargoes to dry bulk export hubs

CLEANBU - new fleet expanding service into the clean petroleum product markets

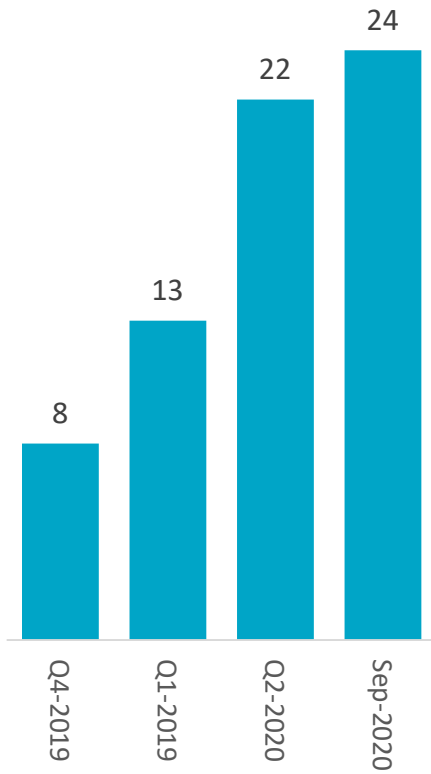
4+4
CLEANBU
vessels



CLEANBUs – Successful proving of performance and expanding combi-trading

Building tanker market track record

of CLEANBU tanker voyages



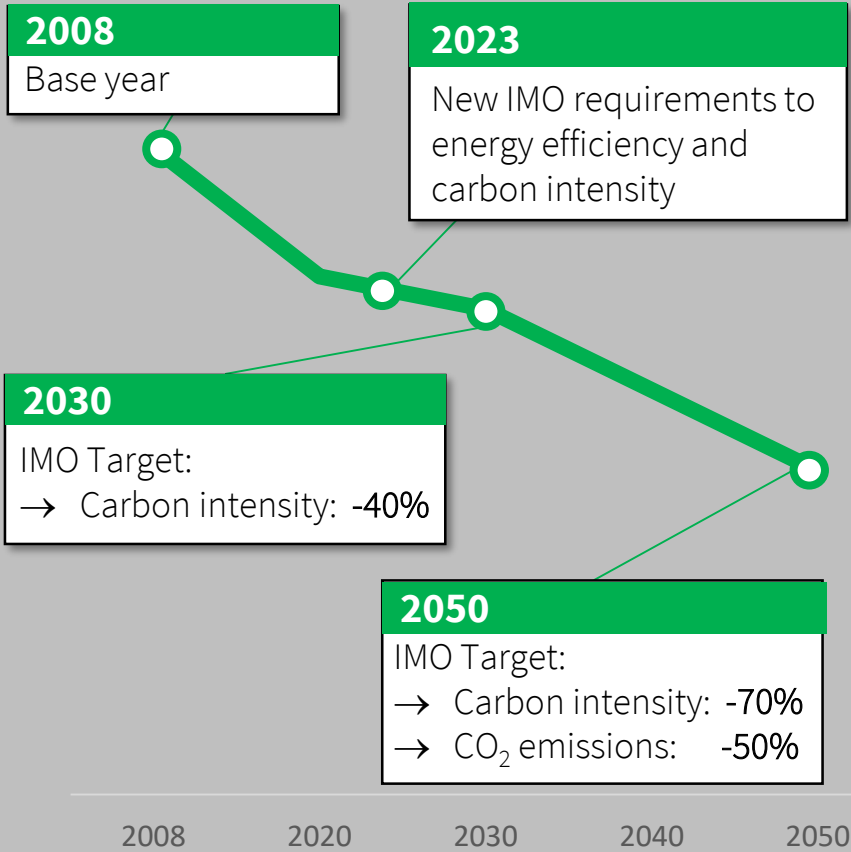
Expanding combi-trading



① Credible approach to decarbonization

KCC committed to exceed IMO's decarbonization targets

IMO targets / new requirements

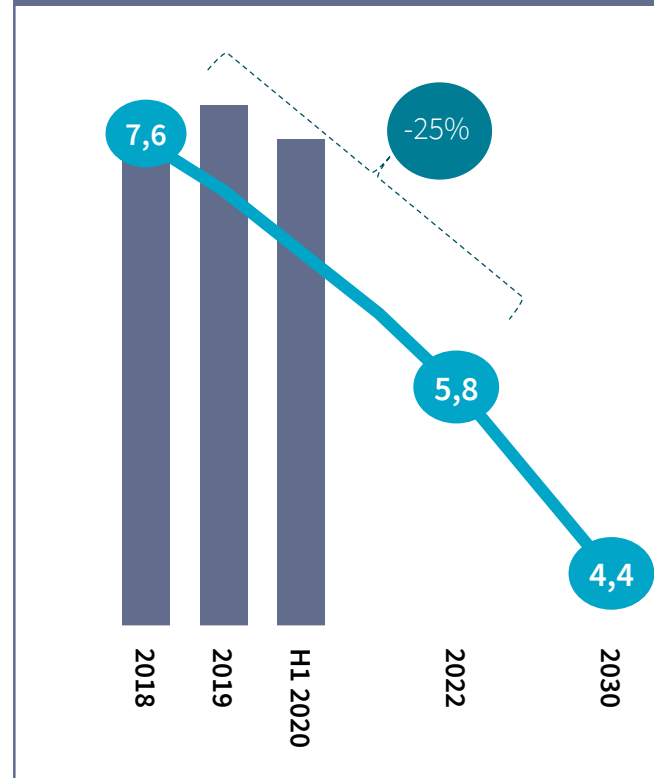


KCC's Environmental policy & strategy

Reach IMO 2030 targets within 2022 | Be carbon neutral within 2030

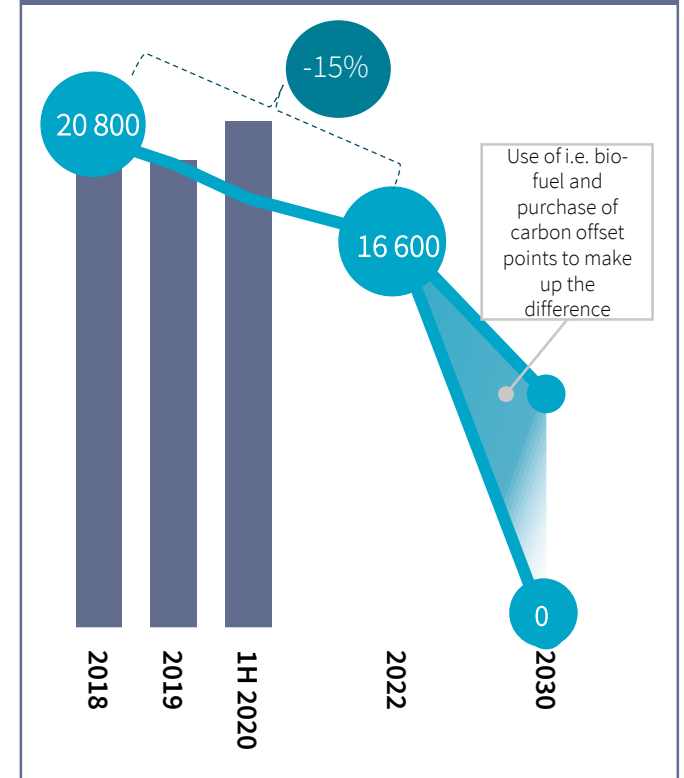
KCC's Carbon intensity targets

CO₂ emission per ton cargo per NM (EEOI)



KCC's CO₂ emission targets

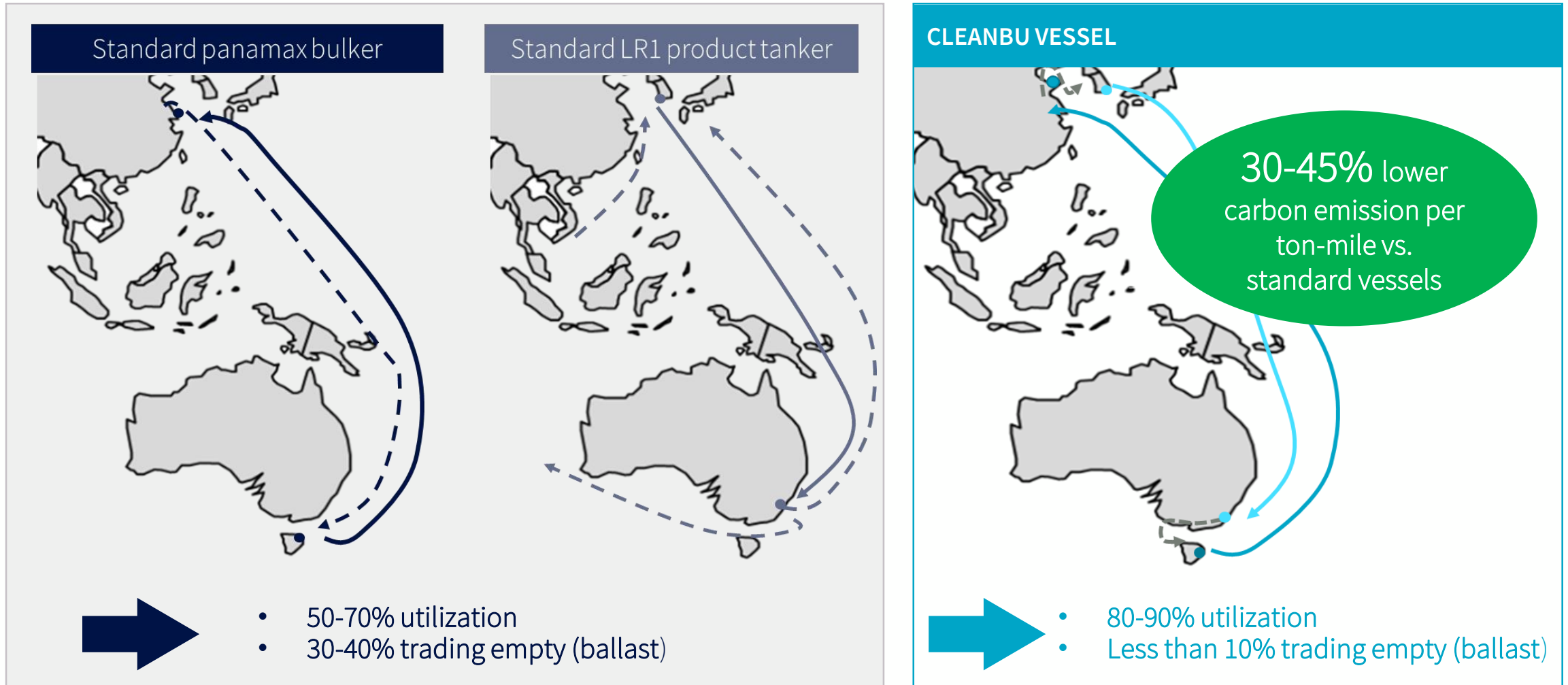
Average CO₂ emission per vessel (mt/vessel)



Actual KCC Trajectory

Strong starting point:

The most carbon efficient deep-sea shipping solution



KCC's environmental strategy: Committed to meet decarbonization targets

A Improving energy and operational efficiency

Number of ongoing initiatives:

- Testing / installing fuel saving solutions
- Improving operational routines

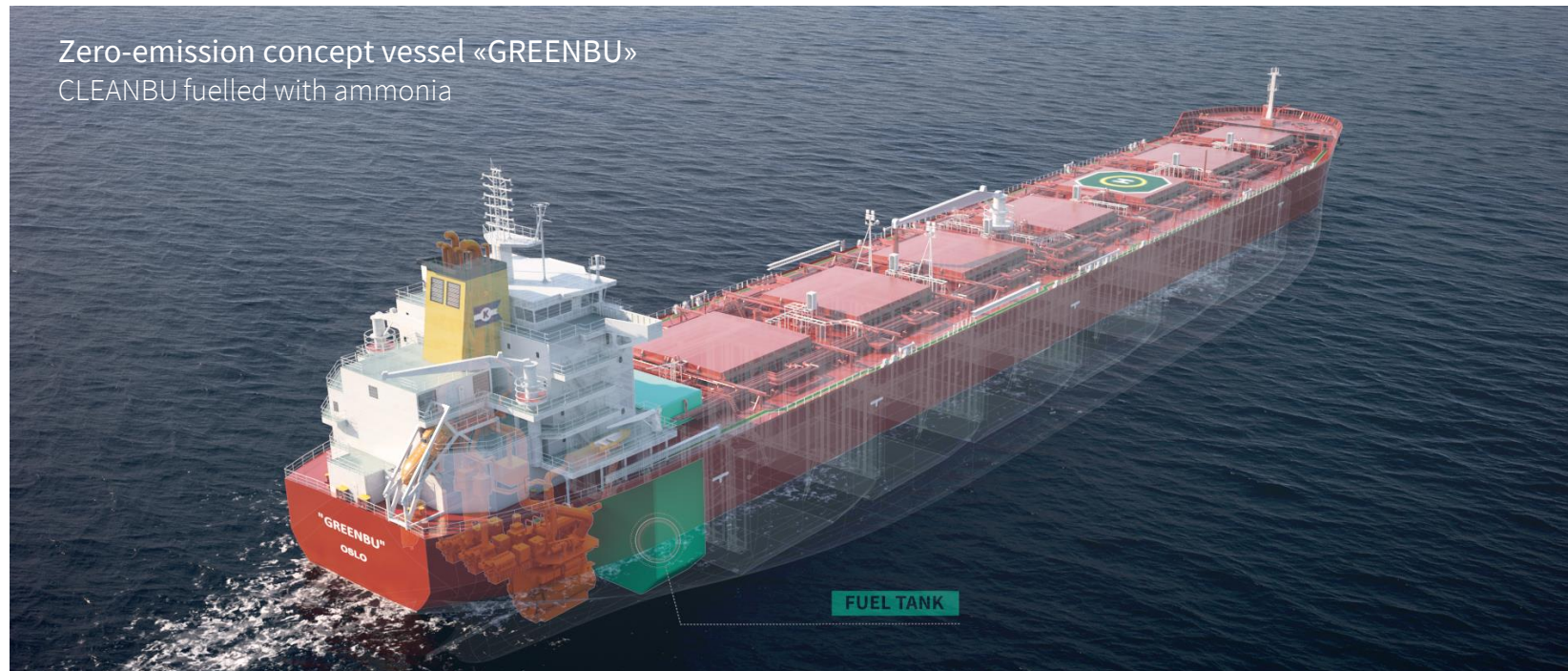
B Use of sustainable biofuel

- Work with suppliers to increase supply
- Co-operate with customers to start use
- First bunkering and testing in July

C Developing and applying zero emission solutions

Zero emission project progressing:

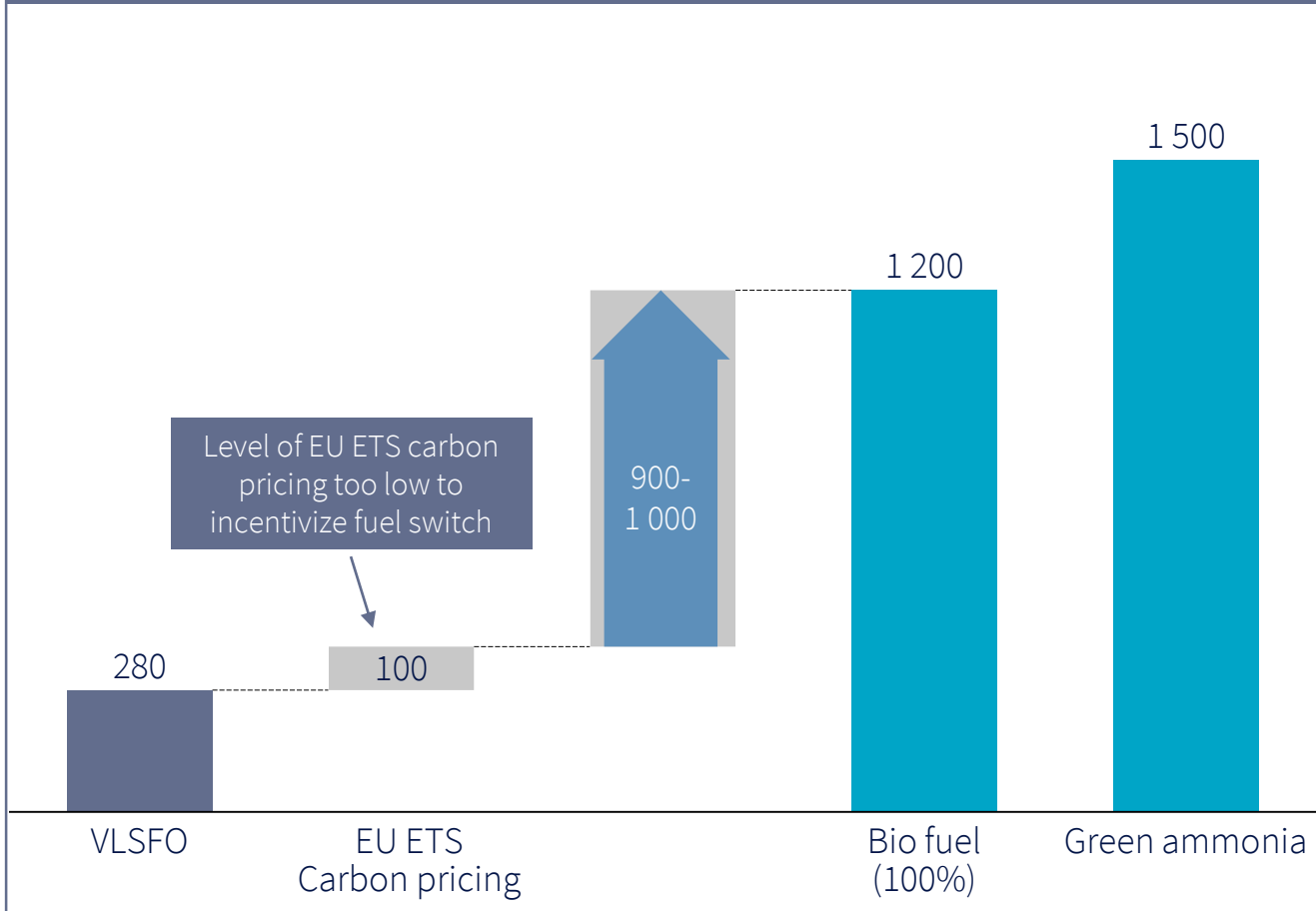
- Ongoing zero emission concept study
- Contacting 1st zero emission vessel within 2030.



1 Credible approach to decarbonization of tanker/dry bulk shipping

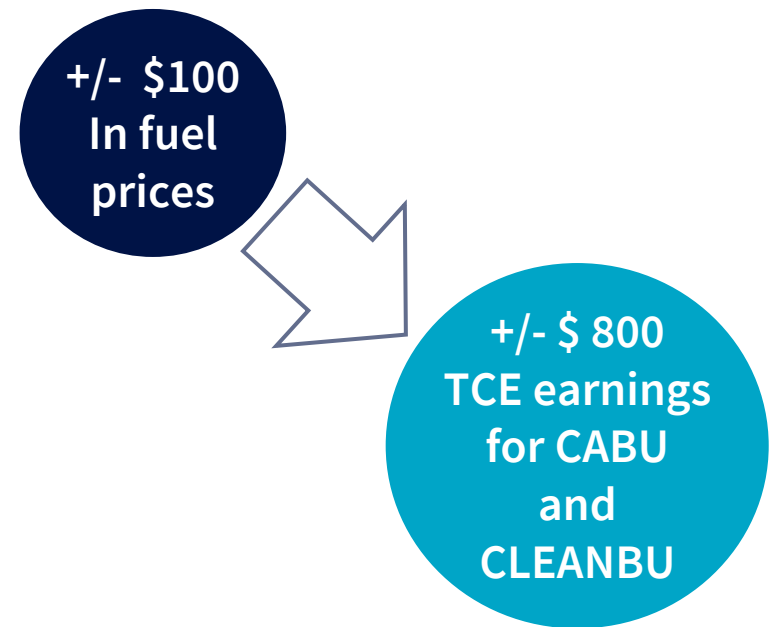
Increasing value of KCC's trading efficiency with future high prices for new low carbon / zero emission fuels

New carbon taxes (on fuels) need to be substantially higher to incentivize the necessary fuel switch



Positive exposed to fuel prices¹

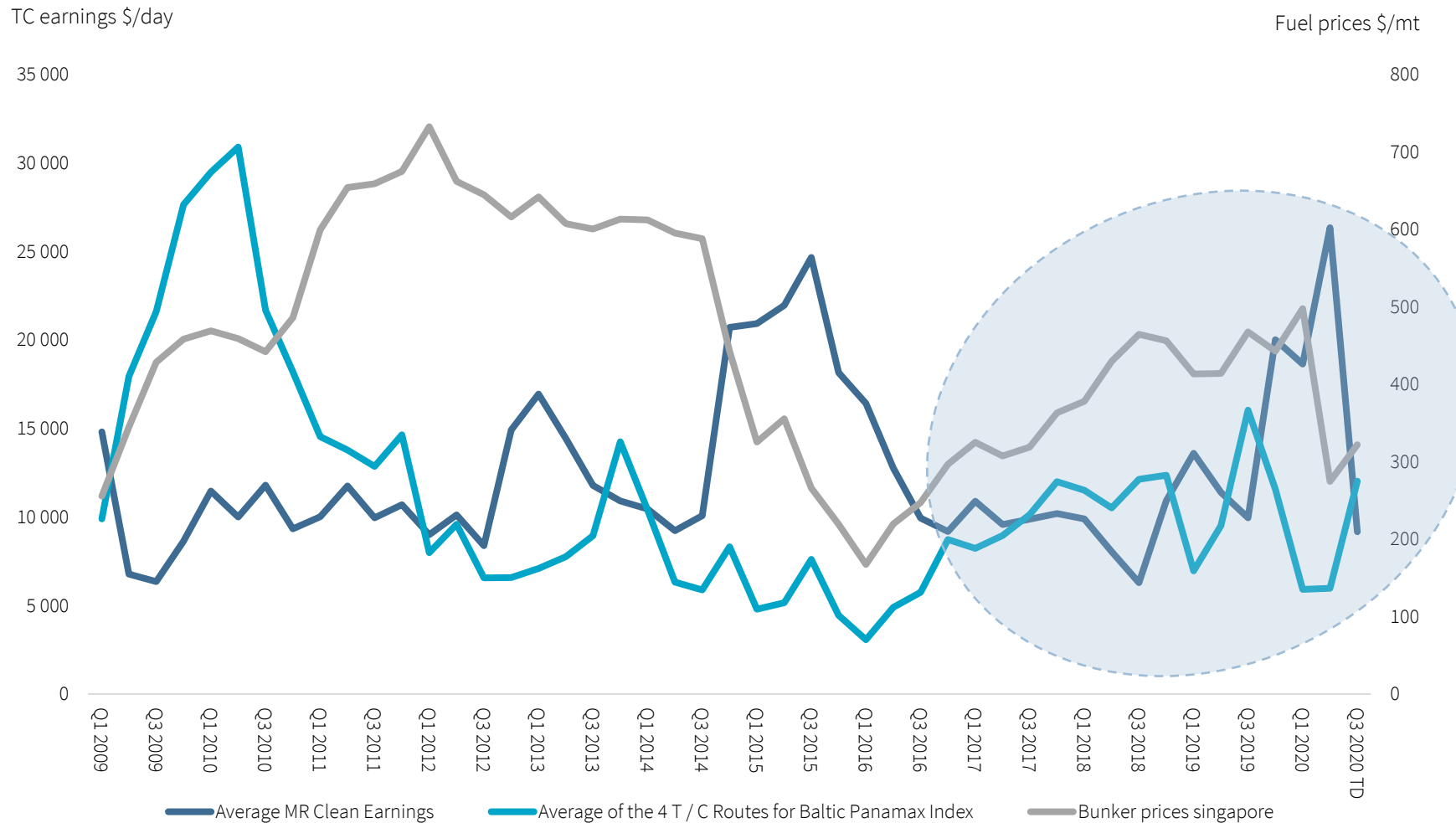
KCC's combi vessels are positive exposed to higher fuel prices (and carbon taxes on fuels) due to its trading efficiency



1) TCE earnings sensitivity to fuel prices is illustrative. TCE earnings sensitivity to fuel prices depends on, amongst others, the contract portfolio and trading pattern.

② Substantially lower earnings volatility

Diversification from three markets reduce KCC's earnings volatility



3 fairly uncorrelated markets impacts CABU/CLEANBU earnings:

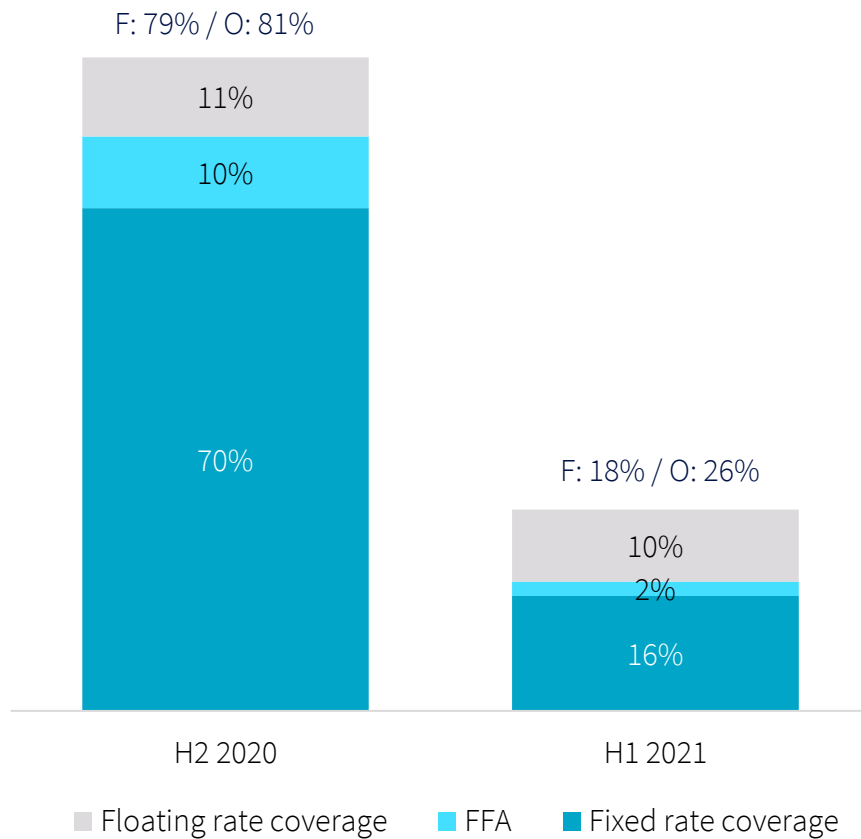
1. Product tanker market
2. Dry bulk market
3. Fuel market (higher value of efficiency with higher fuel prices)

2 Substantially lower earnings volatility

Contract portfolio (fixed and index linked rates) and disciplined market exposure management further reduce earnings volatility

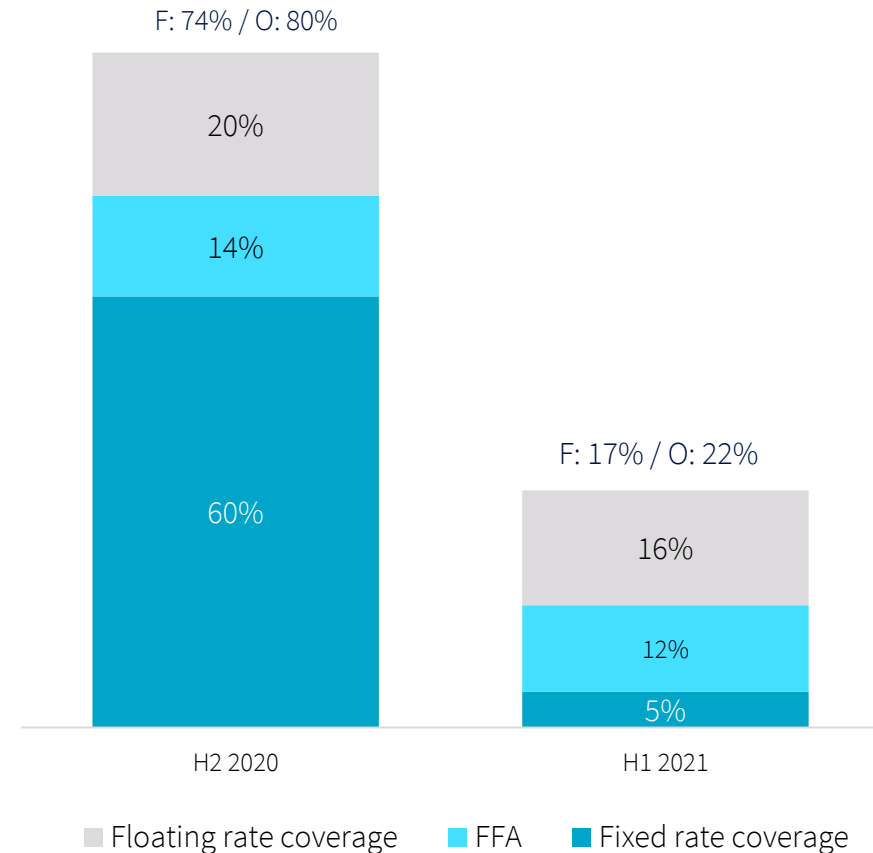
Tanker market coverage (CABU+CLEANBU)

% of on-hire days CABU+CLEANBU



Dry bulk market coverage (CABU+CLEANBU)

% of on-hire days

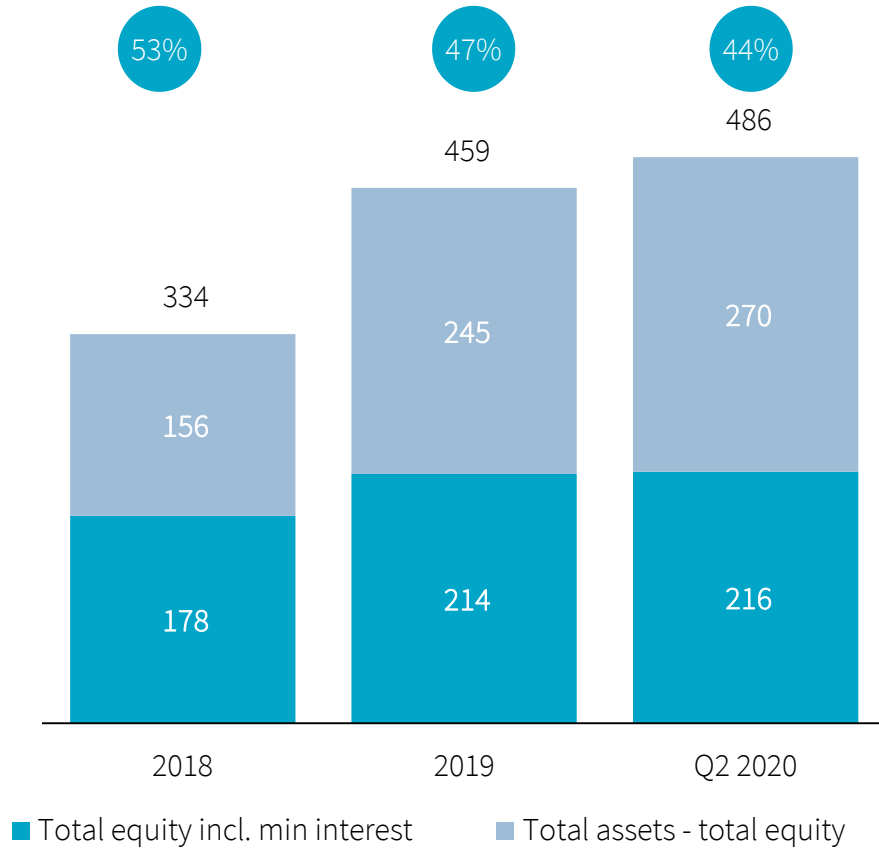


2 Substantially lower earnings volatility

Strong balance sheet and prudent risk management to ensure long term profitability

Solid balance sheet

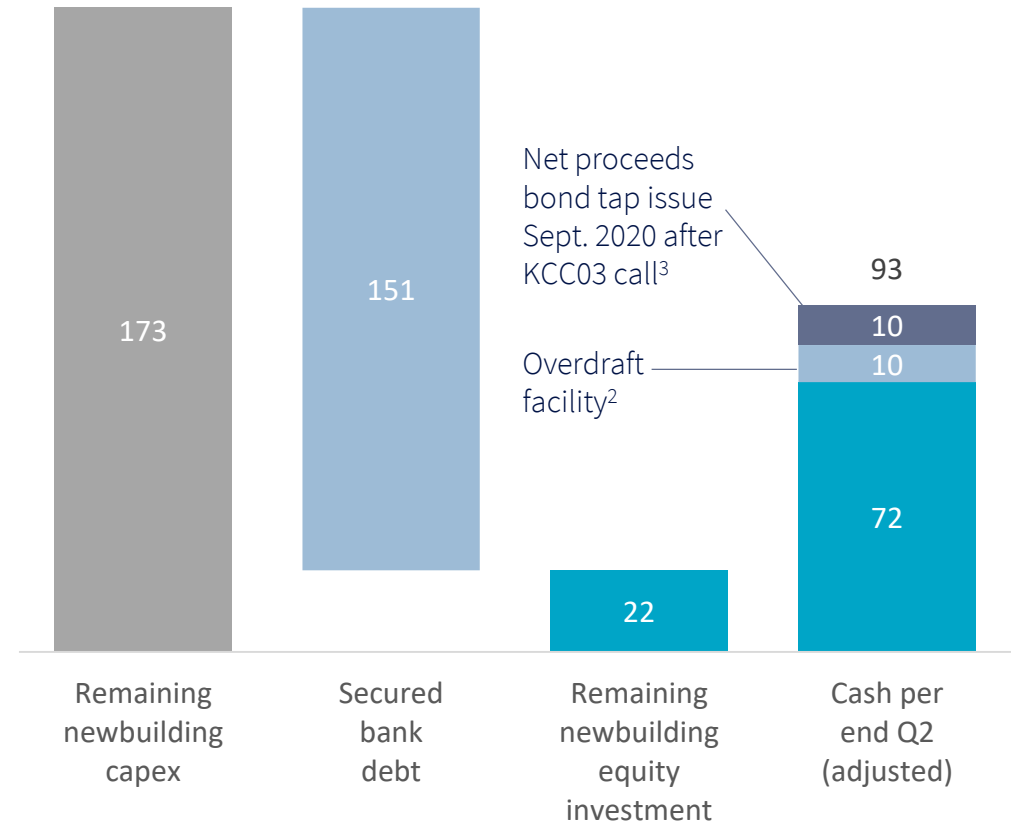
USDm and equity ratio ¹⁾



Fully financed -

Ample cash to fund remaining newbuilding commitments

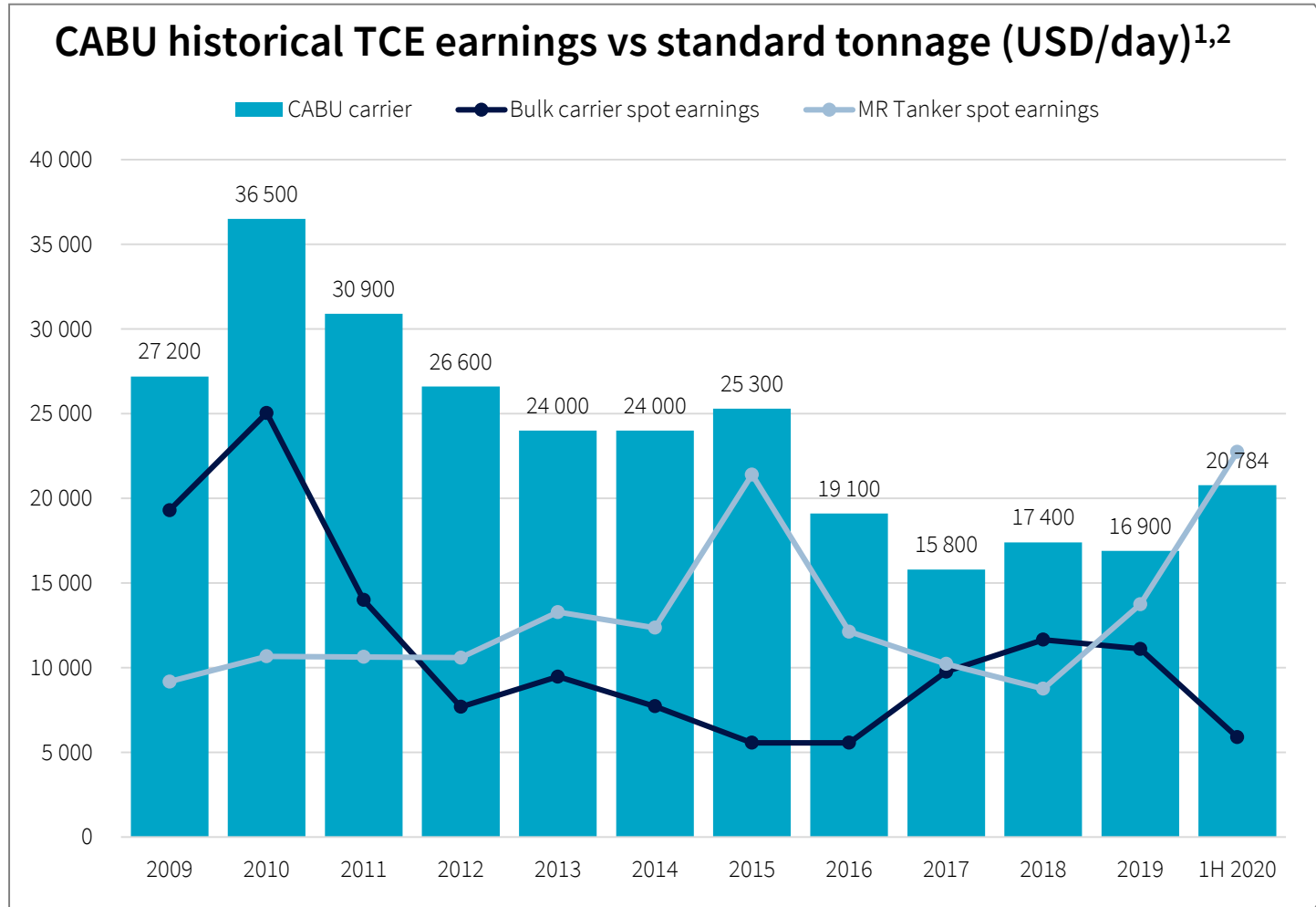
USDm



③ Higher profitability over the cycle

3 Higher profitability over the cycle

The CABUs have consistently outperformed standard tonnage Average 2013-1H 2020 TCE Earnings is x1.5 of MR Tankers



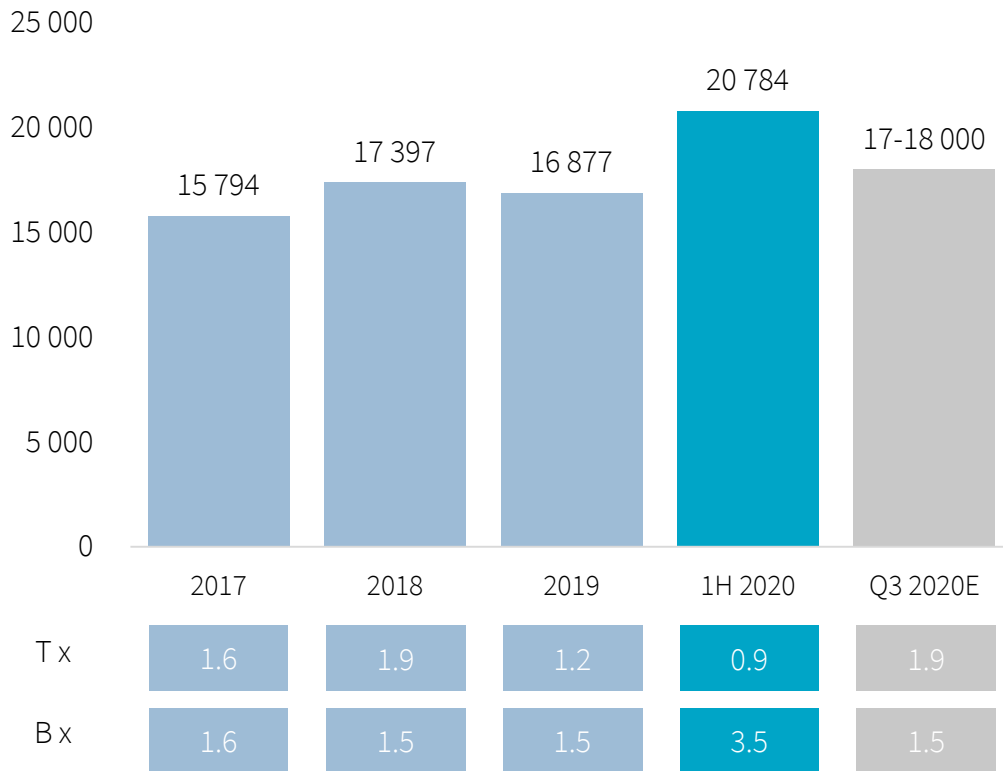
~1.5x +
CABU historical TCE earnings premium to standard tonnage

1) Average CABU TCE earnings per on-hire day for the period 2009 to H1 2020. Gross of commissions and commercial management fees, Average of the 4 Spot Routes for Baltic Panamax Index (P4TC). Gross rate., Clarksons average MR Clean Earnings. Gross rate. Source: Company data and Clarksons.
2) CABU historical TCE earnings are defined and reconciled in enclosures to the presentation (Alternative performance measures).

Strong 2020 TCE earnings and positive outlook for 2nd half 2020

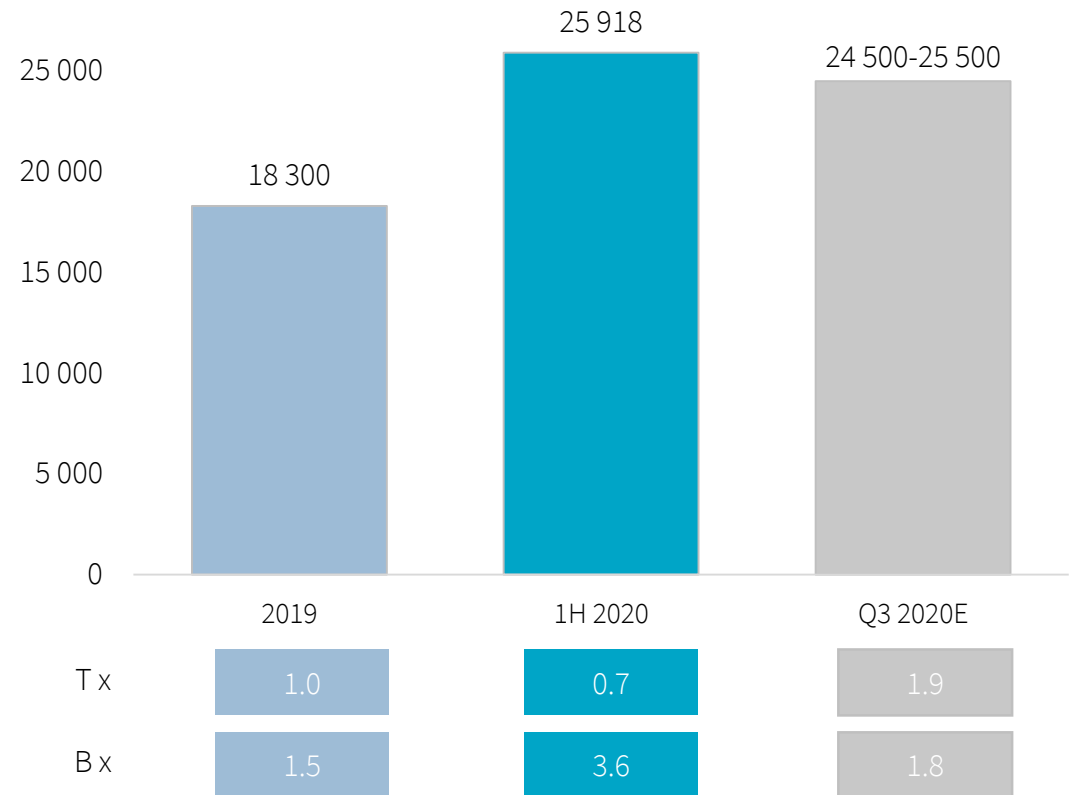
CABU¹

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



CLEANBU¹

CLEANBU TCE Earnings USD per onhire day (LHS). Premium to standard LR1 (T) and Kamsarmax dry bulk vessels (B) in table below.



Source: Baltic Exchange, Clarkson's SIN

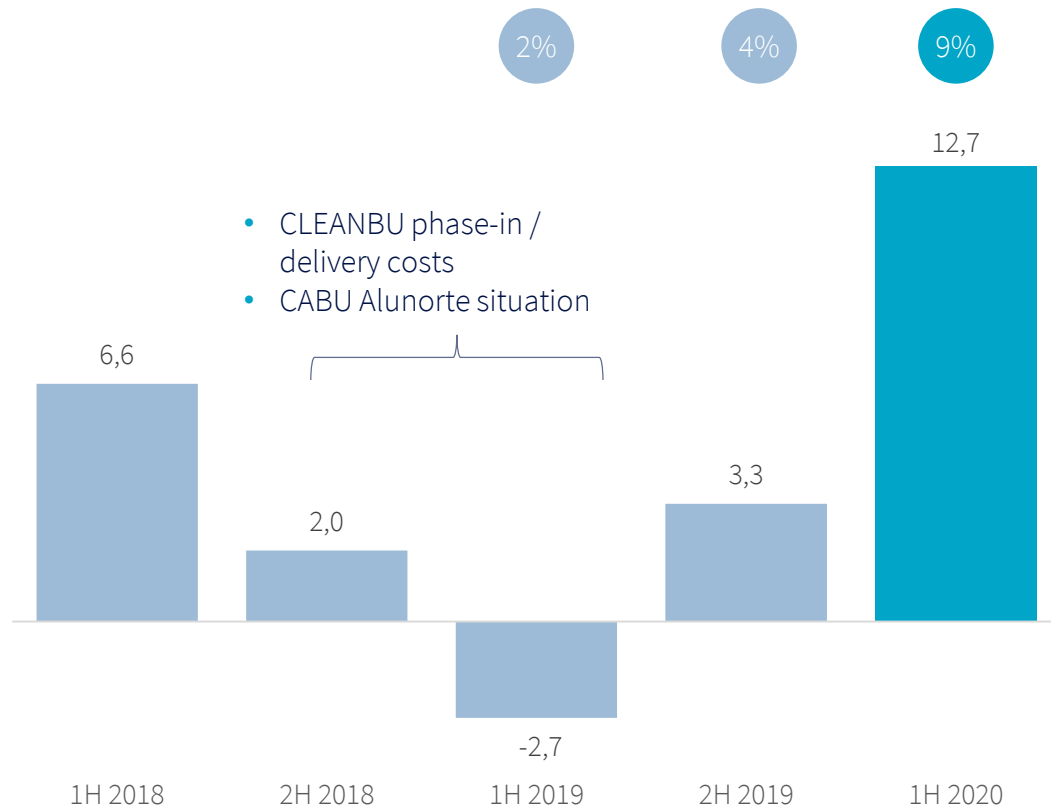
1) Guiding for Q3 2020 TCE earnings in connection with Q2 2020 presentation 19 August was \$17-18,000/day for CABU and \$24,500-25,500 for CLEANBU, Q3 2020 standard market multiple comparison based on average quarter to date benchmark earnings

Note: CABU and CLEANBU TCE Earnings per onhire day are alternative performance measure (please see enclosures for more details)

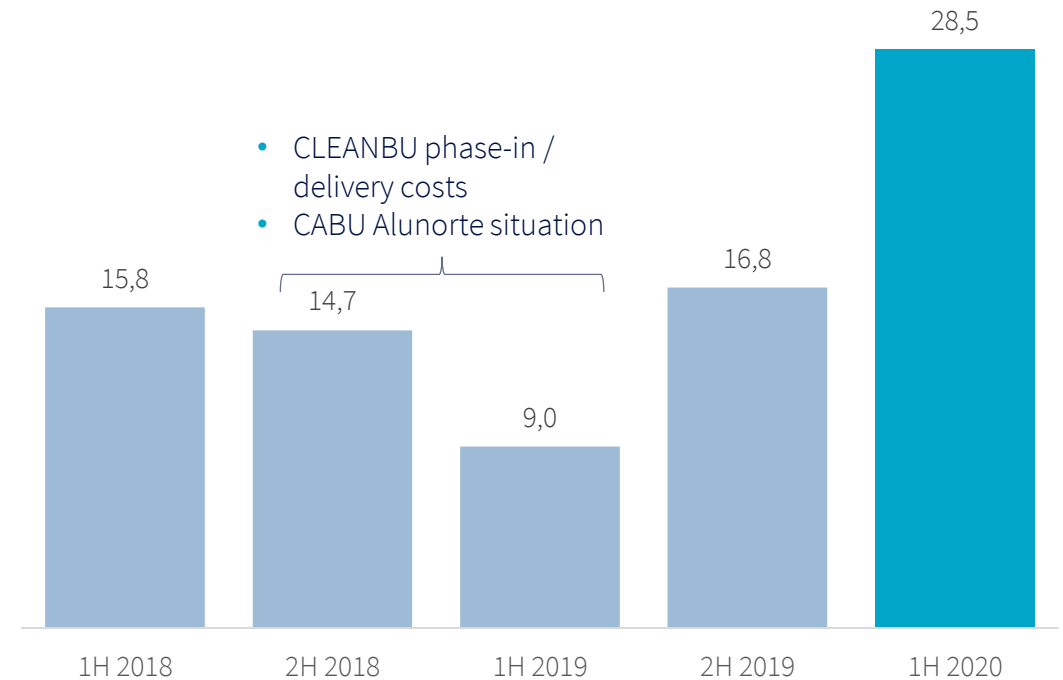
3 Higher profitability over the cycle

Profitable even in periods with large CLEANBU start-up costs, CABU one-offs and several newbuilds under construction

Half year EBT (USD million) and Adjusted ROCE¹⁾ (%)



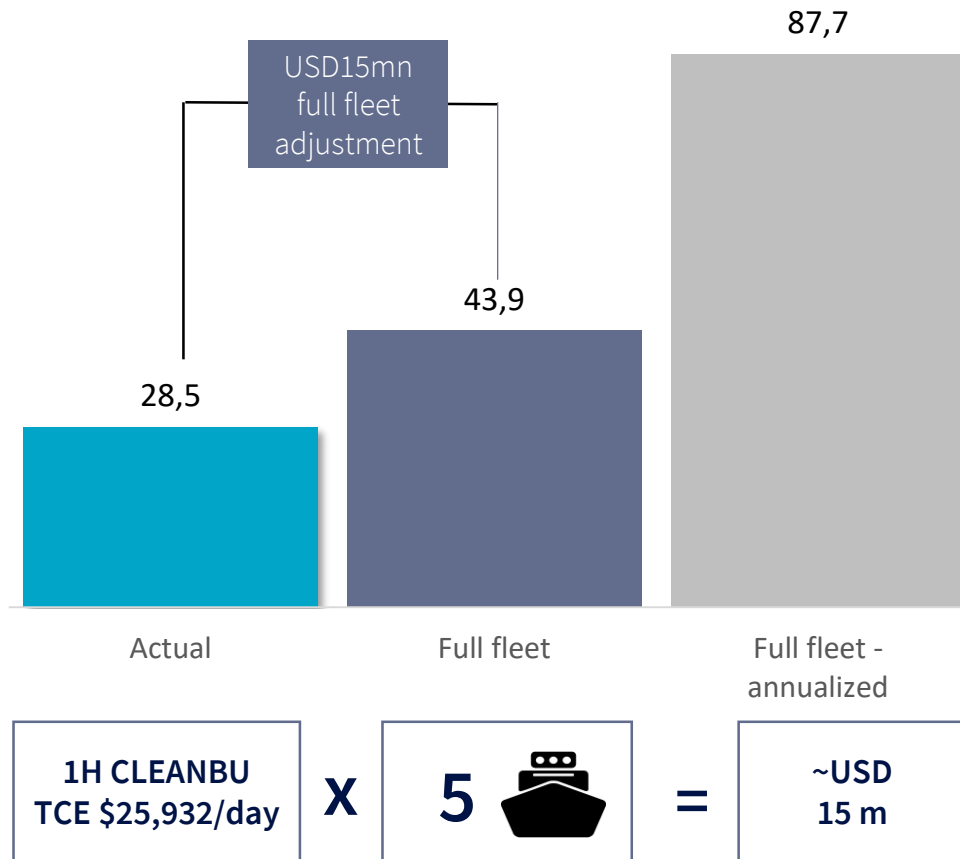
Half year EBITDA (USD million)



Substantial cash flow potential once full fleet is on water

Illustration effect of a fully delivered fleet 1H 2020 EBITDA (mUSD)

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

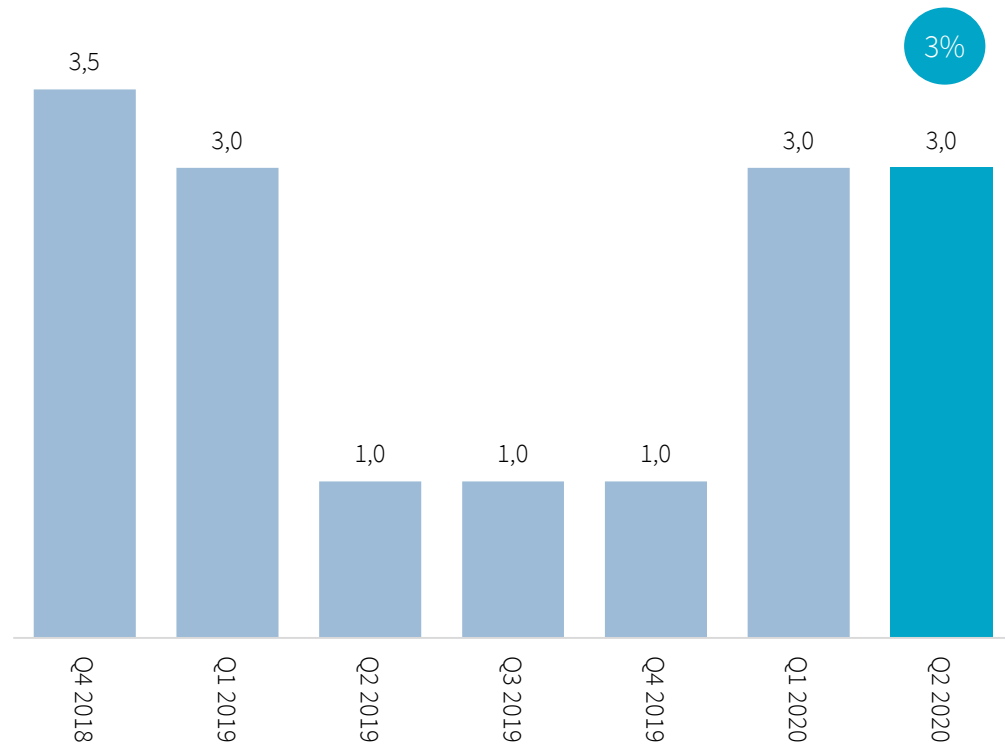


3 Higher profitability over the cycle

Quarterly dividend payments with distribution policy of 80% of CF to equity¹

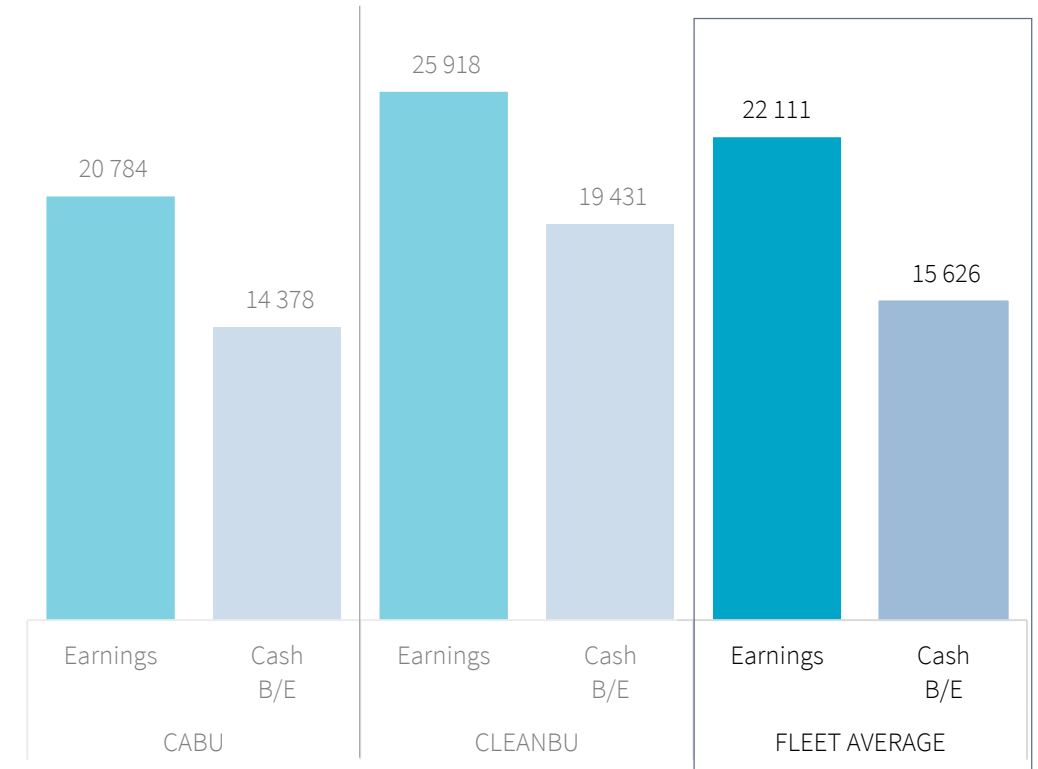
Consistent quarterly dividend payments

Dividend USD cent/share and Q2 2020 dividend yield % ²⁾



Earnings well above break even levels

1H 2020 TCE Earnings per onhire day and cash break even³⁾



1) Dividend policy: Intention to pay minimum 80% of operating cash flow less debt service and maintenance CAPEX to be paid as dividends

2) Dividend yield Q2 2020 is based on share price of NOK 35/share

3) Adjusted for vessels on water for CLEANBU

Note: CABU and CLEANBU TCE Earnings per onhire day is an alternative performance measure (please see slide 44-46 in enclosures for more details)

Investment considerations KCC

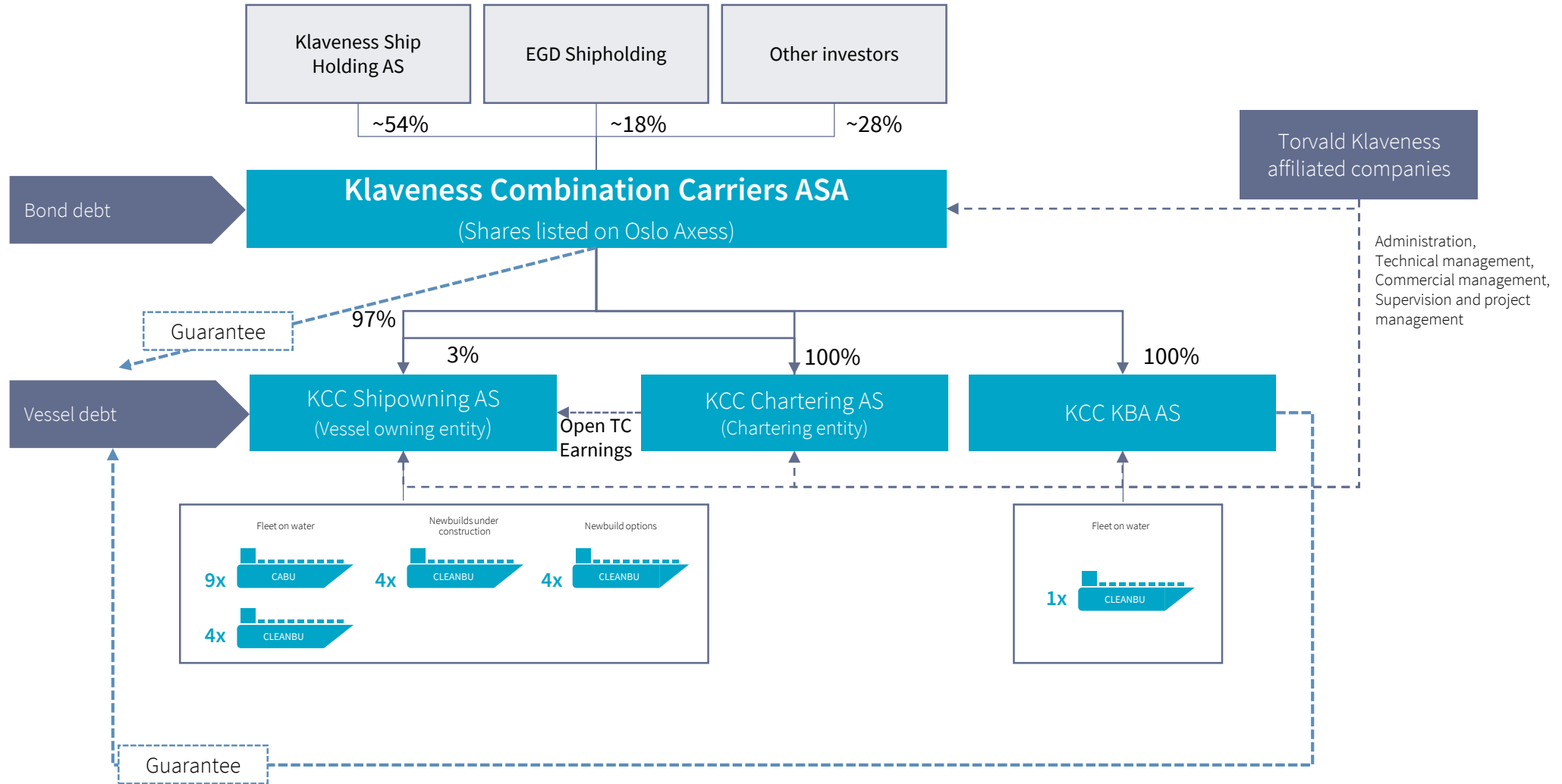
3 main «take-aways»

- ① Credible approach to decarbonization
- ② Substantially lower earnings volatility
- ③ Higher profitability over the cycle



FUTURE BOUND

Enclosures Structure



Fleet overview

Vessel	Type	Built	Yard	DWT	Flag	Manager	Ownership
MV Banastar	CABU	2001	Oshima, Japan	72 562	MI	KSM AS ²	100%
MV Barcarena	CABU	2001	Oshima, Japan	72 562	NIS	KSM AS	100%
MV Banasol	CABU	2001	Oshima, Japan	72 562	MI	KSM AS	100%
MV Bangor	CABU	2002	Oshima, Japan	72 562	NIS	KSM AS	100%
MV Bantry	CABU	2005	Oshima, Japan	72 562	MI	KSM AS	100%
MV Bakkedal	CABU	2007	Oshima, Japan	72 562	MI	KSM AS	100%
MV Baffin	CABU	2016	Ouhua Zhejiang, China	80 200	MI	KSM AS	100%
MV Balboa	CABU	2016	Ouhua Zhejiang, China	80 200	NIS	KSM AS	100%
MV Ballard	CABU	2017	Ouhua Zhejiang, China	80 200	MI	KSM AS	100%
MV Baru	CLEANBU	2019	YZJ, China	82 400	MI	KSM AS	100%
MV Barracuda	CLEANBU	2019	YZJ, China	82 400	MI	KSM AS	100%
MV Barramundi	CLEANBU	2019	YZJ, China	82 400	MI	KSM AS	100%
MV Baleen	CLEANBU	2020	YZJ, China	82 400	MI	KSM AS	100%
MV Bangus ¹	CLEANBU	10/2020 (E)	YZJ, China	82 500	MI	KSM AS	100%
MV Baiaco ¹	CLEANBU	12/2020-01/2021 (E)	YZJ, China	82 500	MI	KSM AS	100%
Newbuild #7 ¹	CLEANBU	01/2021 (E)	YZJ, China	82 500	MI	KSM AS	100%
Newbuild #8 ¹	CLEANBU	02/2021 (E)	YZJ, China	82 500	MI	KSM AS	100%

CLEANBU OPTIONS: KCC holds four fixed price options with expiry in the period between October 2020 and January 2021. The option vessels have scheduled delivery dates in the period April-November 2022. Purchase option prices are in the range USDm 47.85-48.35

Alternative performance measures used in the 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 2020YTD (1H 2020) are reconciled in the quarterly report for Q2 2020, note 2 (page 16-17).
- Average TCE earnings for the total fleet (USD 22,111/day) for 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 2019 total are reconciled in the quarterly report for Q4 2019, note 2 (page 16-17).
- CABU TCE earnings for 2018 are reconciled in the quarterly presentation for Q4 2019, page 34.
- CABU TCE earnings for 2009-2017 are reconciled in the 2020 January Company Presentation, page 38.
- Equity ratio for 30 June 2020 and 31 December 2019 and 31 December 2018 are reconciled on the next slide.
- ROCE adjusted for 1H 2019, 2H 2019 and 1H 2020 are reconciled on next slide.

Alternative performance measures used in the presentation

Reconciliations

Reconciliation of equity ratio

USD'000	2018	2019	1H 2020
Total equity	178 086	213 878	215 946
Total assets	333 859	459 262	485 814
Equity ratio	53 %	47 %	44 %

Reconciliation of total assets to capital employed and return on capital employed (ROCE) calculation

USD'000	1H 2019	2H 2019	2019	1H 2020
Total assets	430 847	459 262	459 262	485 814
Total liabilities	219 001	245 384	245 384	269 867
Total equity	211 846	213 878	213 878	215 947
Total interest-bearing debt	206 218	222 341	222 341	243 611
Capital employed	418 064	436 219	436 219	459 558
EBIT adjusted annualised	7 931	18 902	13 417	40 011
ROCE adjusted	2 %	4 %	3 %	9 %

EBIT	3 043	8 649	11 692	19 834
start up costs	922	802	1 724	171
EBIT adjusted	3 965	9 451	13 416	20 005
EBIT adjusted annualised	7 931	18 902	13 417	40 011