

HAFNIA LIMITED  
INVESTOR PRESENTATION  
Q4 & FINANCIAL YEAR 2020

8 March 2021

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THIS DOCUMENT CONTAINS STATISTICS, DATA, STATEMENTS AND OTHER INFORMATION RELATING TO THE GROUP'S MARKETS AND THE INDUSTRY IN WHICH IT OPERATES. WHERE SUCH INFORMATION HAS BEEN DERIVED FROM THIRD-PARTY SOURCES, SUCH SOURCES HAVE BEEN IDENTIFIED HEREIN. IN ADDITION, THE COMPANY HAS BEEN NAMED AS A SOURCE FOR CERTAIN MARKET AND INDUSTRY STATEMENTS INCLUDED IN THIS DOCUMENT. SUCH "COMPANY INFORMATION" REFLECTS THE COMPANY'S VIEWS BASED ON ONE OR MORE SOURCES AVAILABLE TO IT (SOME OF WHICH ARE NOT PUBLICLY AVAILABLE, BUT CAN BE OBTAINED AGAINST PAYMENT), INCLUDING DATA COMPILED BY PROFESSIONAL ORGANISATIONS, CONSULTANTS AND ANALYSTS AND INFORMATION OTHERWISE OBTAINED FROM OTHER THIRD PARTY SOURCES.

# AGENDA

Q4 & Full Year 2020 Highlights/Overview

Industry Review

ESG Overview



# INTRODUCTION TO HAFNIA

Fully integrated shipping platform with 100% alignment of interests and no fee leakage

## Operational overview

<b>Shipowner</b>	<ul style="list-style-type: none"> <li>Attractive and high-quality fleet, active across all segments to meet client's needs</li> <li>Portfolio management approach to fleet composition and development</li> </ul>
<b>Commercial management and pool platform</b>	<ul style="list-style-type: none"> <li>Global commercial platform with chartering teams in Asia, Europe and USA</li> <li>Secures optionality and flexibility for customers</li> <li>Fee structure on net earnings, incentivized to optimize between revenue and voyage expenses</li> </ul>
<b>Technical management</b>	<ul style="list-style-type: none"> <li>In-house dedicated technical management team with long and solid track record</li> <li>Strong vetting track record with all major charterers</li> <li>"Zero harm" policy</li> <li>Balanced outsourcing with a team to supervise outsourced vessels</li> </ul>
<b>Bunkering services</b>	<ul style="list-style-type: none"> <li>Established in 2016 with strong linear growth since inception</li> <li>Sources and supplies 2.5m tons of bunkers per year</li> <li>Supplies more than 450 vessels worldwide, both for pool party members and third party owners</li> </ul>

## Geographical presence



## Hafnia in numbers

NAV	Fleet value	Average age
<b>USD 925 million</b>	<b>USD 1.9 bn</b>	<b>7.3 years</b>
# vessels Owned <sup>2)</sup> operated	Operating Cash flow breakeven	Listed (HAFNI:Oslo)
<b>101x/184x</b>	<b>\$13,000</b>	

Note: 1) ~1,800 seafarers, ~188 employees at HQ and regional offices and 1,650 seafarers from external technical managers || 2) Including chartered-in fleet

# FY2020 HIGHLIGHTS - SNAPSHOT

## Earnings

Net Income	
<u>FY 2020</u>	<b>USD 148.8M</b> ↑ 107% from USD 71.7M (FY 2019)
<u>Q4 2020</u>	<b>-USD 26.4M</b> ↓ 162% from USD 42.4M (Q4 2019)

Basic Earnings per Share	
<u>FY 2020</u>	<b>USD 0.41</b> ↑ 93% from USD 0.21 (FY 2019)
<u>Q4 2020</u>	<b>-USD 0.08</b> ↓ 158% from USD 0.12 (Q4 2019)

Return on Equity	
<u>FY 2020</u>	<b>13.1%</b> ↑ 93% from 6.8% (FY 2019)
<u>Q4 2020</u>	<b>-9.3%</b> ↓ 158% from 16.2% (Q4 2019)

Time Charter Equivalent	
<u>FY 2020</u>	<b>USD 623.2M</b> ↑ 21% from USD 514.4M (FY 2019)
<u>Q4 2020</u>	<b>USD 104.3M</b> ↓ 34% from USD 157.1M (Q4 2019)

EBITDA	
<u>FY 2020</u>	<b>USD 362.8M</b> ↑ 31% from USD 277.8M (FY 2019)
<u>Q4 2020</u>	<b>USD 35.7M</b> ↓ 62% from USD 94.9M (Q4 2019)

External Fees	
<u>FY 2020</u>	<b>USD 23.0M</b> ↑ 86% from USD 12.3M (FY 2019)
<u>Q4 2020</u>	<b>USD 4.4M</b> ↓ 26% from USD 6.0M (Q4 2019)

## Key Events

- Towards end Q3 2020, global Covid-19 cases began to rise again, resulting in renewed lockdown measures impacting the recovery in global mobility and economic growth. The downturn in oil trade and gradual unwinding of floating storage led to product tanker earnings easing back during the 20/21 winter season
- Sold two 2006 built LR1 vessels, Compass and Compassion, for USD 5.5 million net each
- Delivered the 2006 built LR1 vessel, Hafnia America, sold for USD 11.6 million

# FINANCIAL SUMMARY

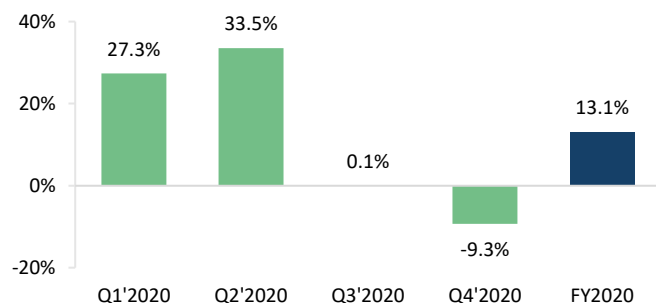
Full year 2020 saw an annualized return on invested capital of 8.9% and return on equity of 13.1%

Income Statement USDm	FY2019	FY2020	Q4 2020
Revenue	827.9	874.1	171.3
Voyage expenses	(313.4)	(250.9)	(66.9)
<b>TCE income</b>	<b>514.4</b>	<b>623.2</b>	<b>104.3</b>
Other operating income	12.3	23.0	4.4
Vessel operating expenses	(184.7)	(200.7)	(52.0)
Technical management expenses	(15.4)	(16.7)	(4.5)
Charter hire expenses	(16.9)	(27.0)	(5.9)
General and administrative expenses	(31.9)	(39.0)	(10.7)
<b>EBITDA</b>	<b>277.8</b>	<b>362.8</b>	<b>35.7</b>
Depreciation and amortization	(131.5)	(156.4)	(39.2)
Loss on disposal of vessel	(0.7)	(1.4)	-
Write-down on non-current assets held for sale	-	(11.4)	(11.4)
<b>EBIT</b>	<b>145.6</b>	<b>193.6</b>	<b>(14.9)</b>
Net financial expense	(73.7)	(47.2)	(9.7)
Share of profit from associates	0.9	5.0	(0.8)
<b>Profit before income tax</b>	<b>72.7</b>	<b>151.4</b>	<b>(25.3)</b>
Income tax	(1.0)	(2.7)	(1.2)
<b>Profit after income tax</b>	<b>71.7</b>	<b>148.8</b>	<b>(26.4)</b>

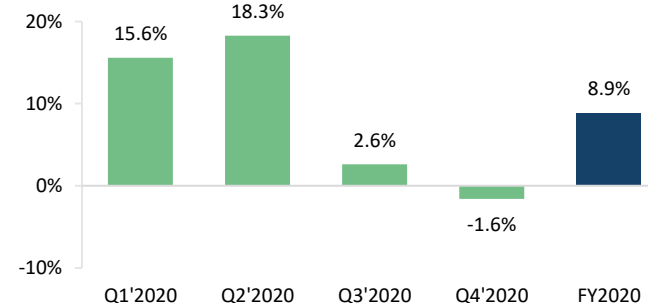
Balance Sheet Items USDm	Q4 2020
Total assets	2,544
Cash and cash equivalents	101
Total equity	1,148
Gross debt	1,307
Net working capital	108
Net LTV - %	57.9
Average Broker Value	1,893

Dividends Paid USD'000	FY2020
Final dividend paid in Q4 2019 (USD 0.0573 per share)	21,204
Interim dividend paid in Q1 2020 (USD 0.1062 per share)	38,557
Interim dividend paid in Q2 2020 (USD 0.1062 per share)	38,557
	<b>98,318</b>

## Return on equity (annualized)



## Return on invested capital (annualized)

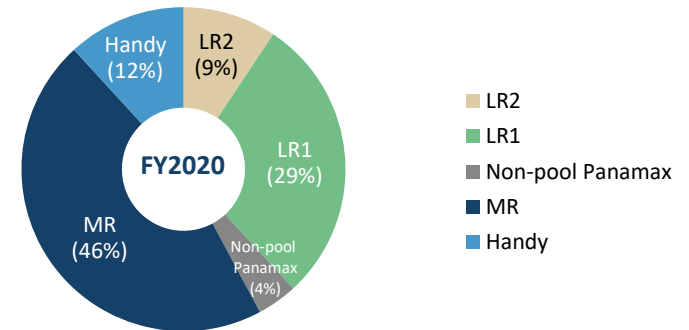


# FY2020 FINANCIAL SUMMARY

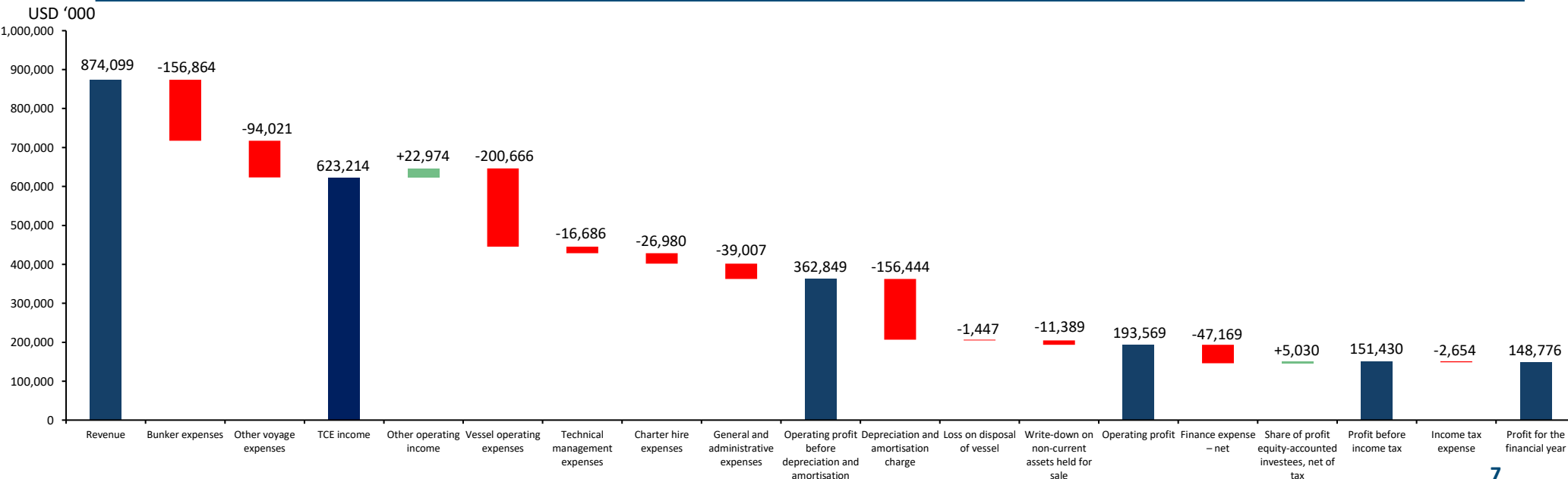
Full year 2020 saw revenue growth of 6% to \$874.1M, driven largely by the MR segment

## TCE segment breakdown

	Q4 2020			FY 2020		
	Operating days	TCE (USD/day)	TCE (USD m)	Operating days	TCE (USD/day)	TCE (USD m)
LR2	552	27,108	15.0	2,195	26,514	58.2
LR1	2,297	13,649	31.4	9,220	19,475	179.6
Non-pool Panamax	355	8,640	3.1	1,451	17,283	25.1
MR	4,051	10,836	43.9	16,781	17,089	286.8
Handy	1,167	9,476	11.1	4,803	15,321	73.6
<b>Total</b>	<b>8,422</b>		<b>104.3</b>	<b>34,450</b>		<b>623.2</b>

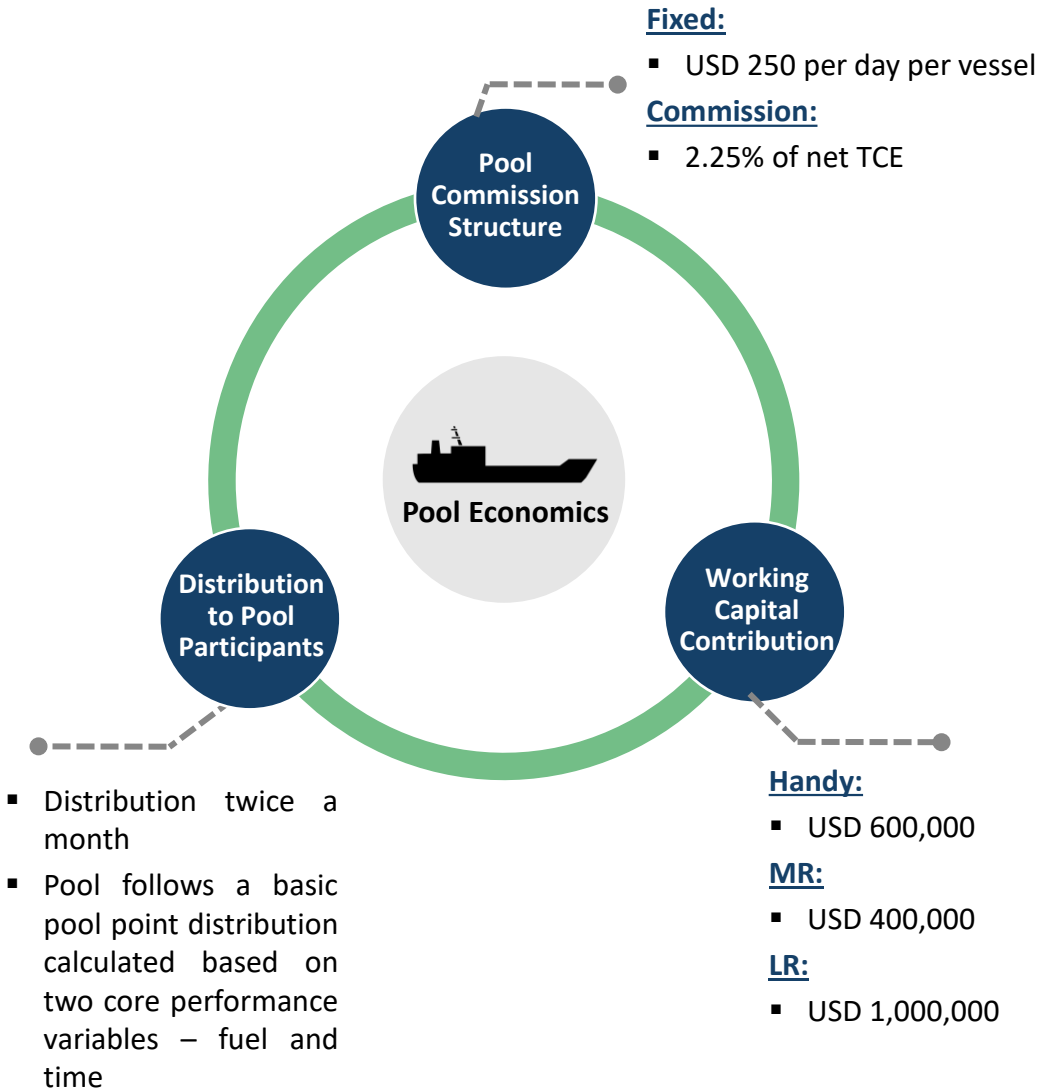


## Expenses breakdown (FY 2020)



# POOL ECONOMICS

Global commercial platform with chartering teams at strategic locations



## Earnings contribution from commercial management

- Earnings from the pools and other fee generating streams generated **USD 4.4 million** in revenue in Q4 2020 and **USD 23.0 million** for the full year
- Based on a fleet of 80 vessels managed commercially on behalf of third-party owners, a TCE rate of USD 20,000 per day per vessel generates **USD 20 million** in revenue and an annual profit of ~ **USD 13 million**
  - Every marginal TCE rate of USD 1,000 will give an incremental annual income of USD 0.6m

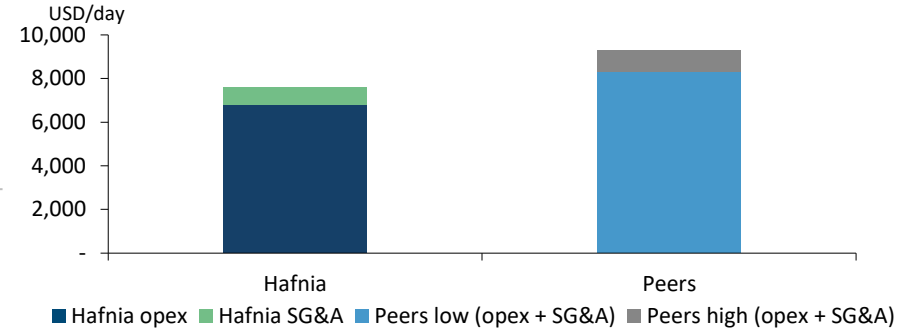


# INVESTMENT HIGHLIGHTS SUMMARY

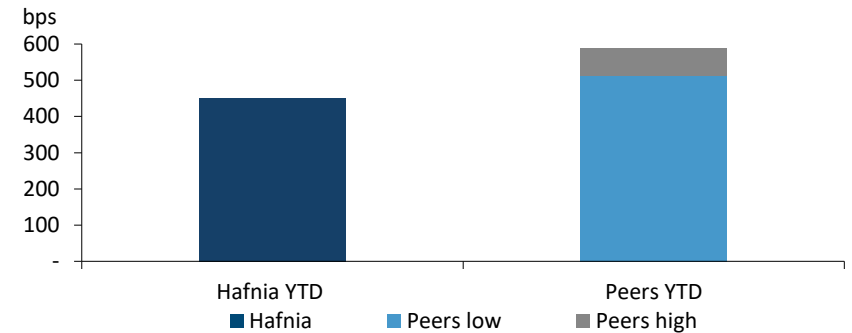
## Key value proposition



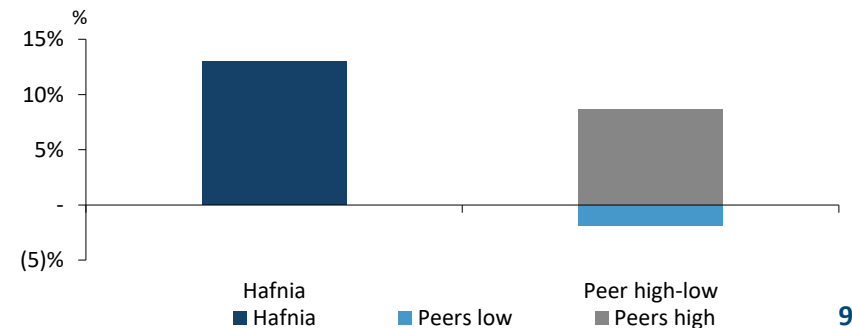
### OPEX and SG&A<sup>1)</sup>



### Funding Cost<sup>2)</sup>



### Return on Equity



1) OPEX calculated excluding bareboat days  
2) Includes cost for vessels chartered-in

Peers: Ardmore, Torm and Scorpio

# AGENDA

Q4 & Full Year 2020 Highlights/Overview

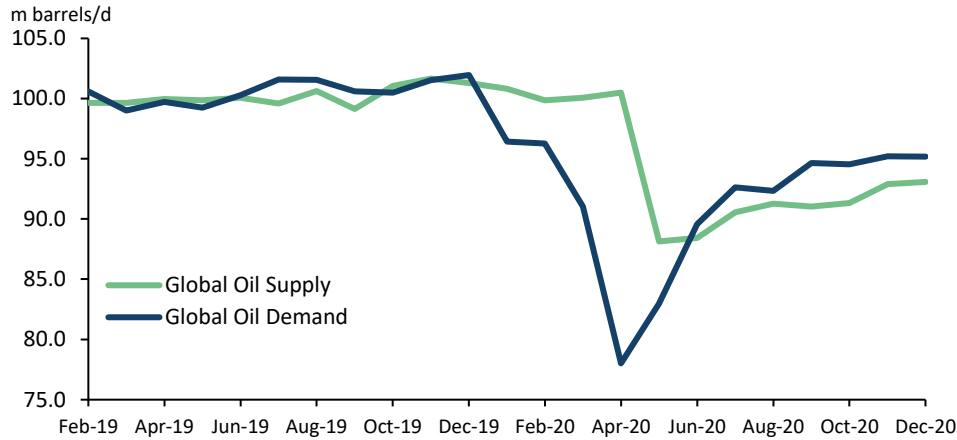
Industry Review & Outlook

ESG Overview

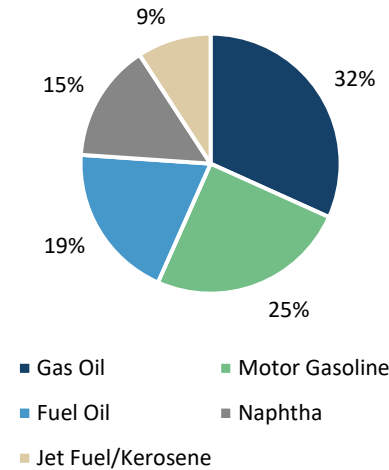


# 2021 DEMAND RISE EXPECTED TO EXCEED SUPPLY

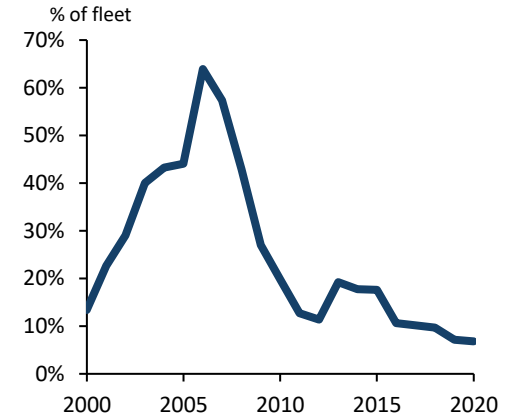
## Supply and demand for global oil



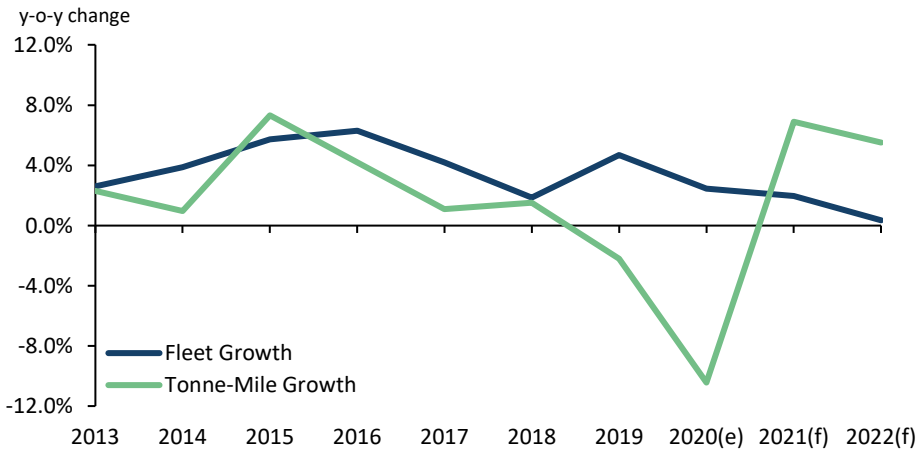
## 2020 cargo split



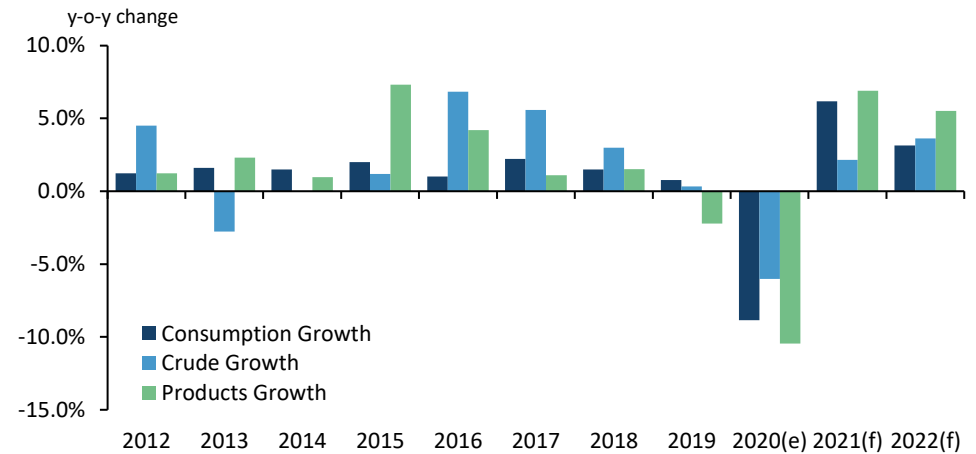
## Orderbook



## Supply and demand growth for product tankers



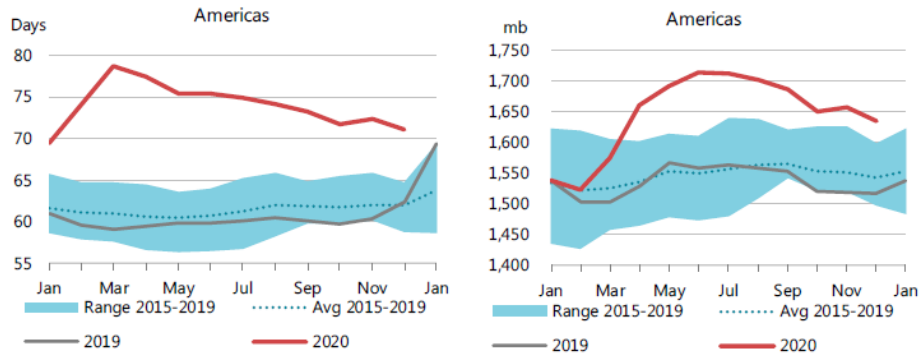
## World seaborne oil and total consumption growth



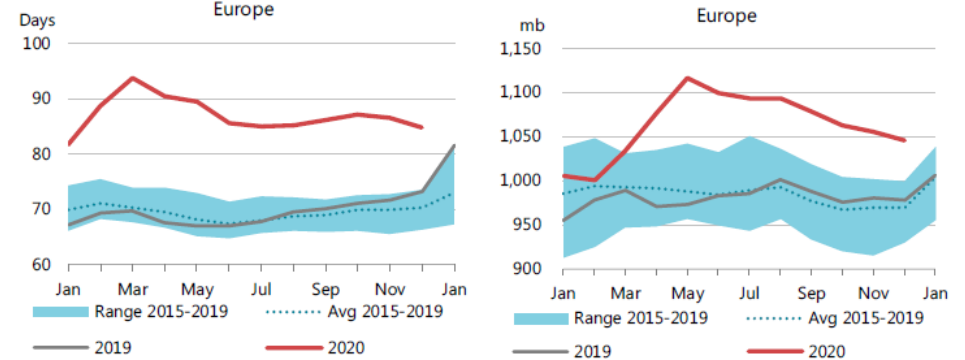
# REGIONAL OECD INDUSTRY STOCKS RETURNING TO NORMAL

OECD end-of-month industry stocks in days of forward demand and millions barrels of total oil

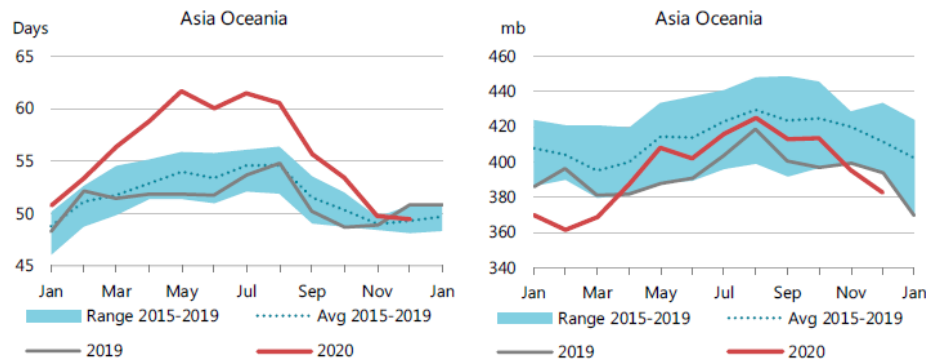
## Americas



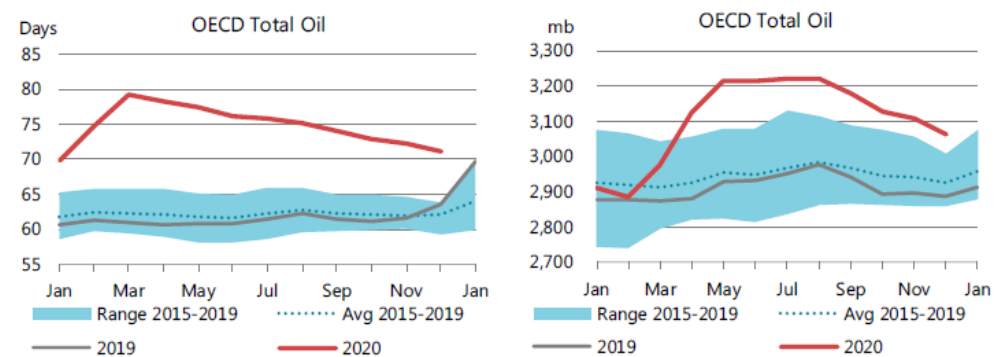
## Europe



## Asia Oceania

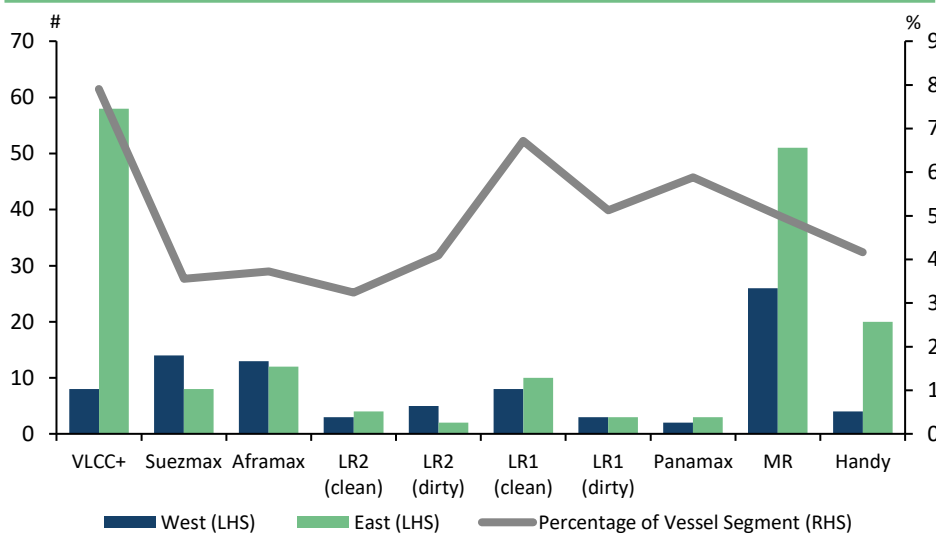


## OECD Total Oil

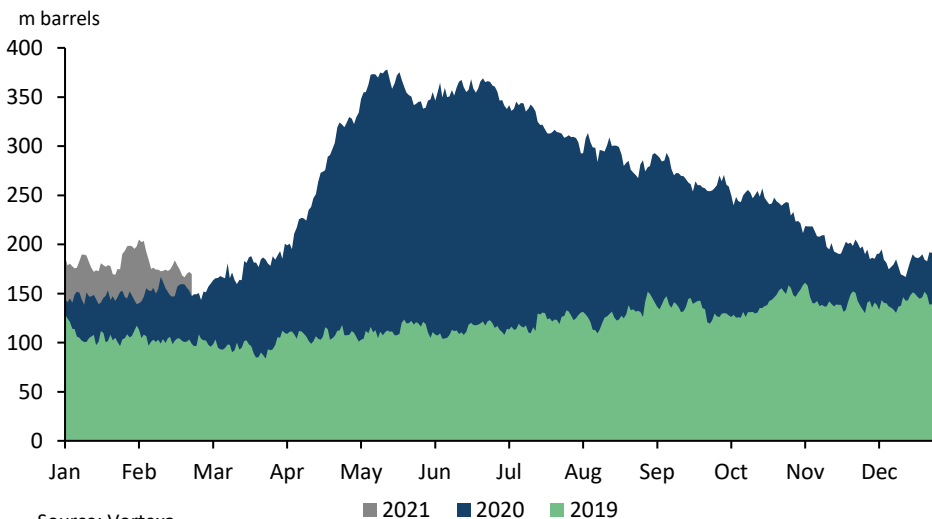


# MARKET OUTLOOK & RISKS

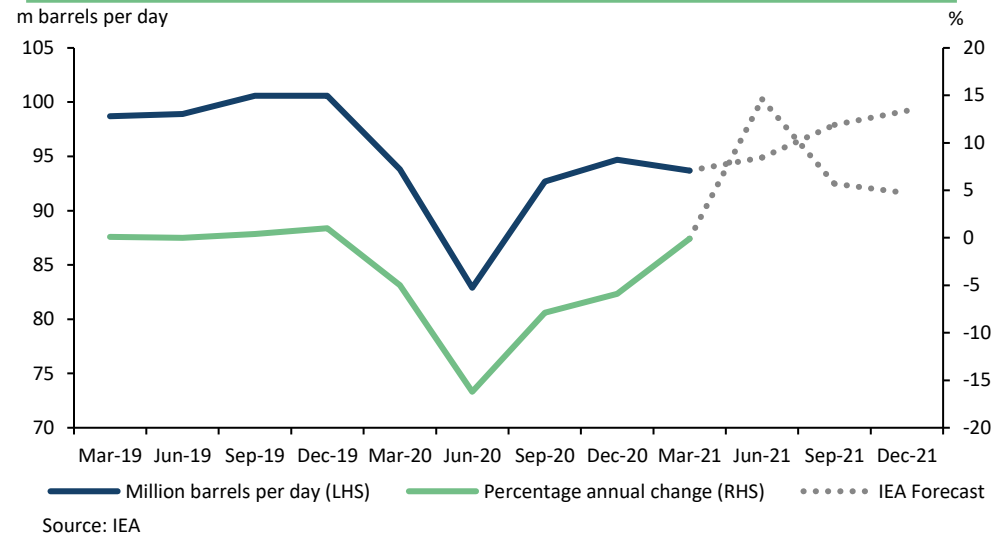
## Floating storage – as of 23 February



## Floating storage 2019 – 2021 (23 February)

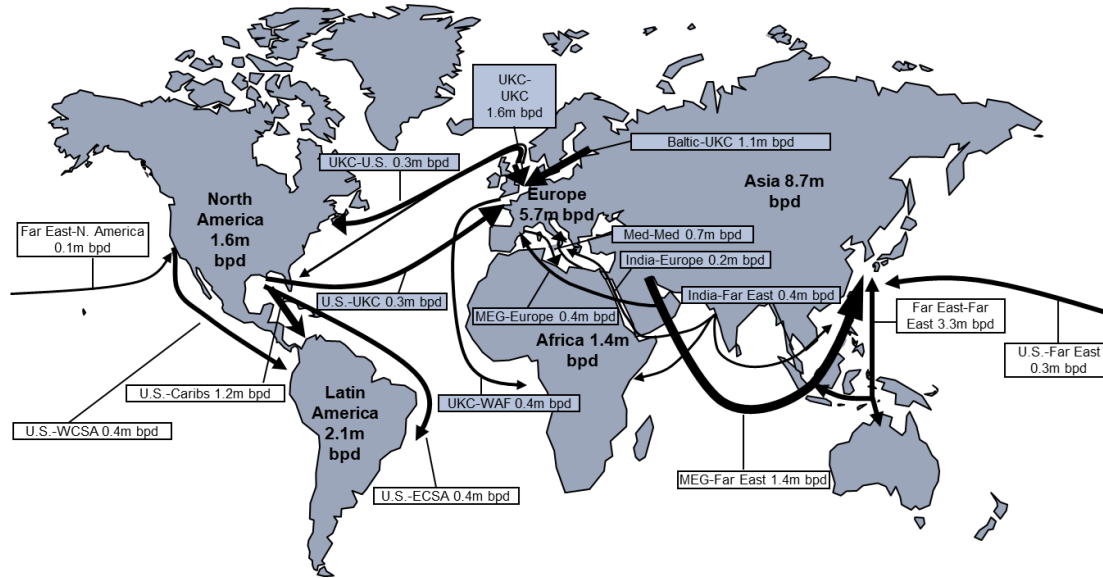


## Global Oil Demand 2019-21

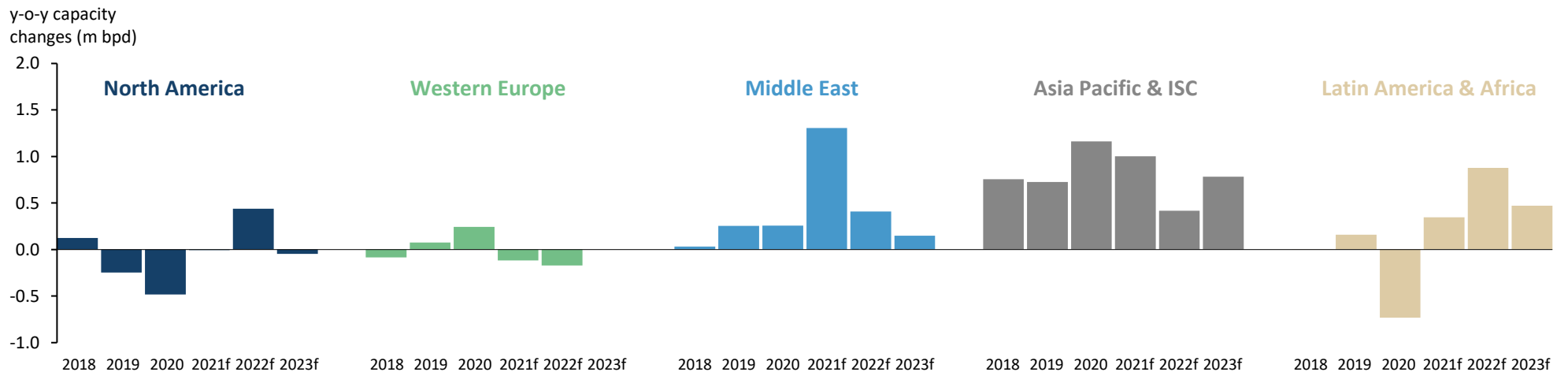


- World oil demand is set to grow by 5.4 mb/d in 2021 to reach 96.4 mb/d. In the end of 2021, the global oil demand is expected to be 99.2 mb/d against an oil demand of 100.6 mb/d in end 2019
- Global oil supply rose 590 kb/d in January 2021, to 93.6 mb/d, as OPEC+ cuts eased and non-OPEC+ pumped more. The outlook is improving for countries outside the OPEC+ alliance, with an 830 kb/d gain expected in 2021 versus a 2020 loss of 1.3 mb/d
- Refinery throughputs declined by a modest 110 kb/d in December 2020. 1Q21 runs are expected to fall, but annual growth is set to resume from 2Q21 onwards
- Global implied stock draws accelerated from 1.56 mb/d in 3Q20 to 2.24 mb/d in 4Q20. In December, OECD industry stocks fell for the fifth consecutive month

# TRADE ROUTES AND REFINERIES

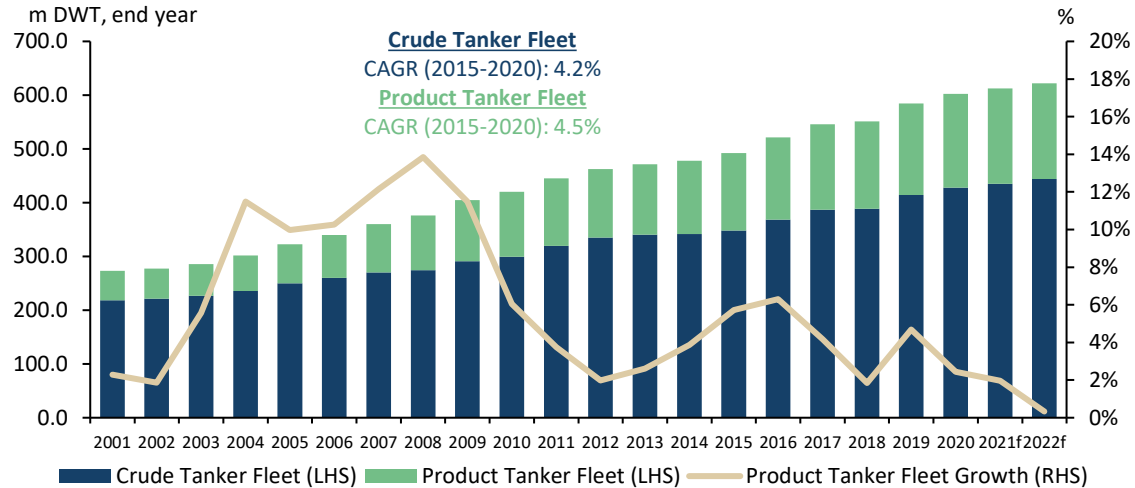


- ✓ At the end of 2020, global refinery capacity totaled an estimated 102 million barrels per day. Over a third of this capacity is located in Asia, and significant capacity is also located in the US and Europe
- ✓ 1.2 mb/d of global refinery capacity was closed, mothballed or converted in 2020 (not including capacity temporarily offline due to impacts of Covid-19), with an additional 0.7 million barrels per day announced for 2021 (potentially rising to over 1.0 million barrels per day)
- ✓ New export-oriented capacity is expected to start up this year and next, thereby improving tonne-mile demand

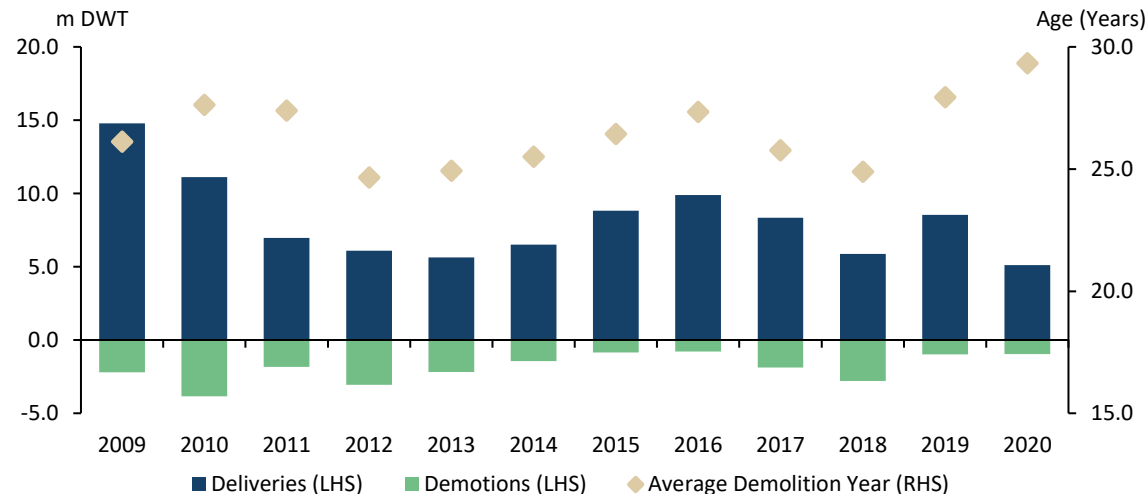


# GLOBAL PRODUCT TANKER FLEET

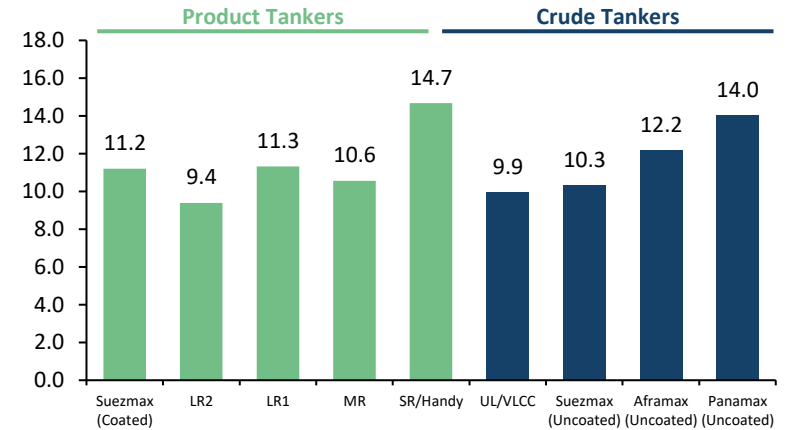
## Crude and Product Tanker Fleet Development



## Product Tanker (10,000 DWT+) Fleet Changes



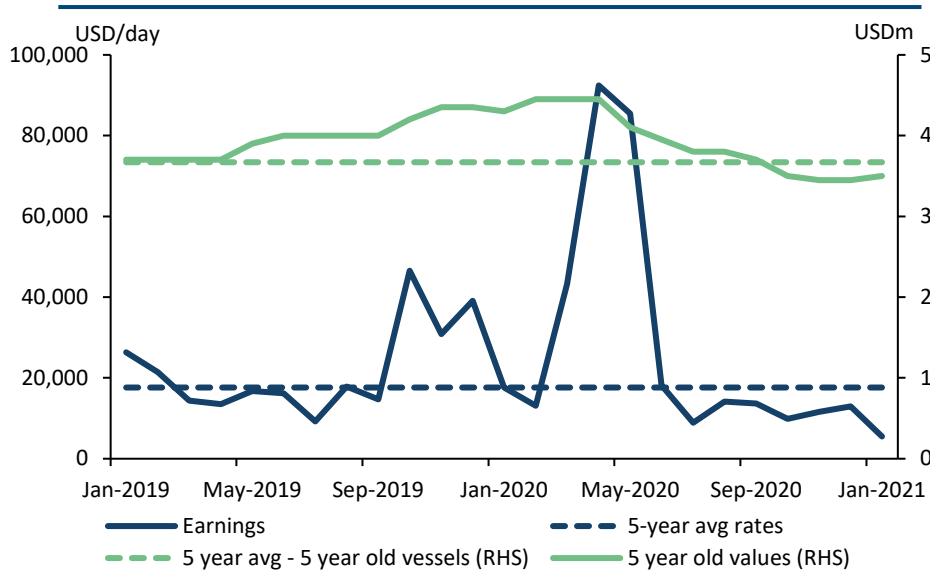
## Average age of Fleet



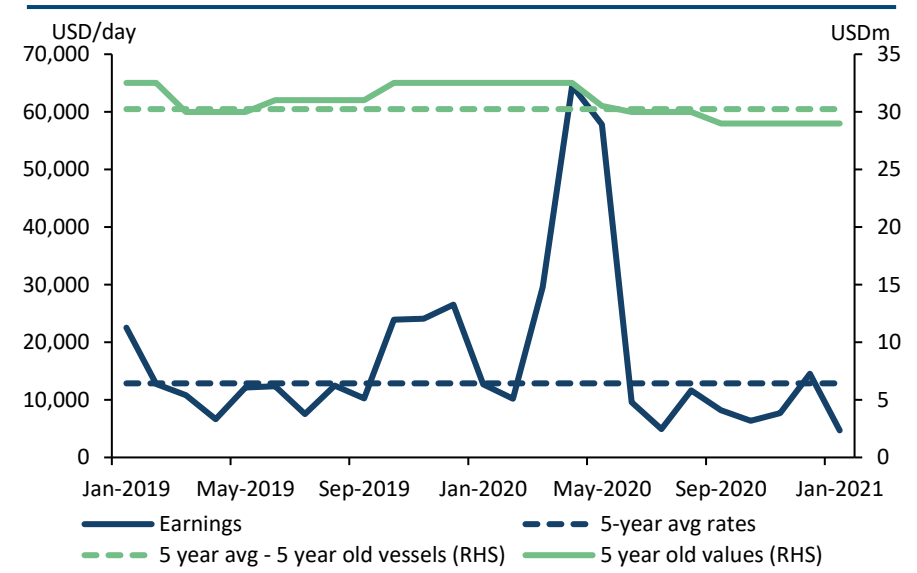
- ✓ According to Clarksons, growth for product tanker fleet is set to decline in coming years, with growth rate of 2.4% and 2.0% for 2021 and 2022 respectively, compared to 4.7% in 2020
- ✓ Average age in demolition for 2020 highest since 2009 at 29.3 years
- ✓ Average age of crude tankers and product tankers fleet is 10.9 and 11.6 years respectively
- ✓ Measured in # of ships, 25.9% of the crude and product tanker fleet is older than 15 years

# PEAK RATES IN Q2 DROPPED TO BELOW 5-YEAR AVERAGE

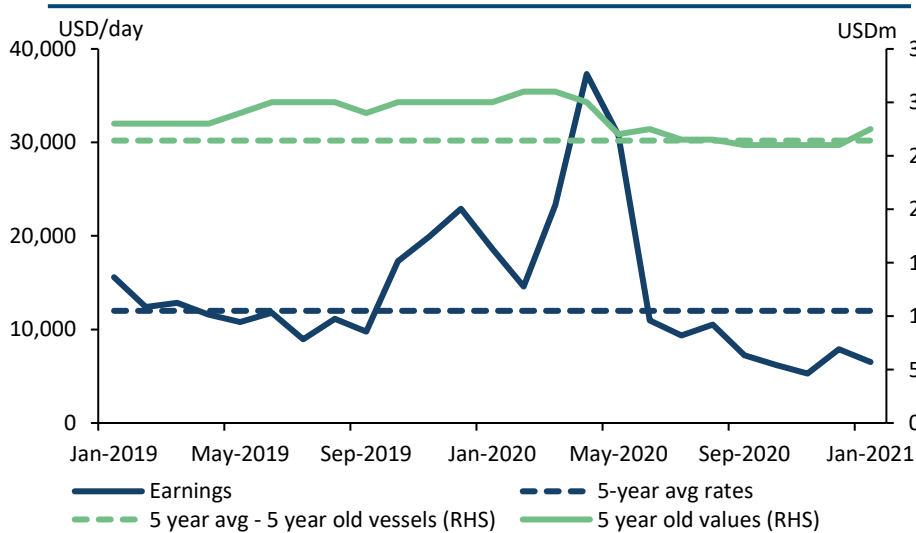
## LR2



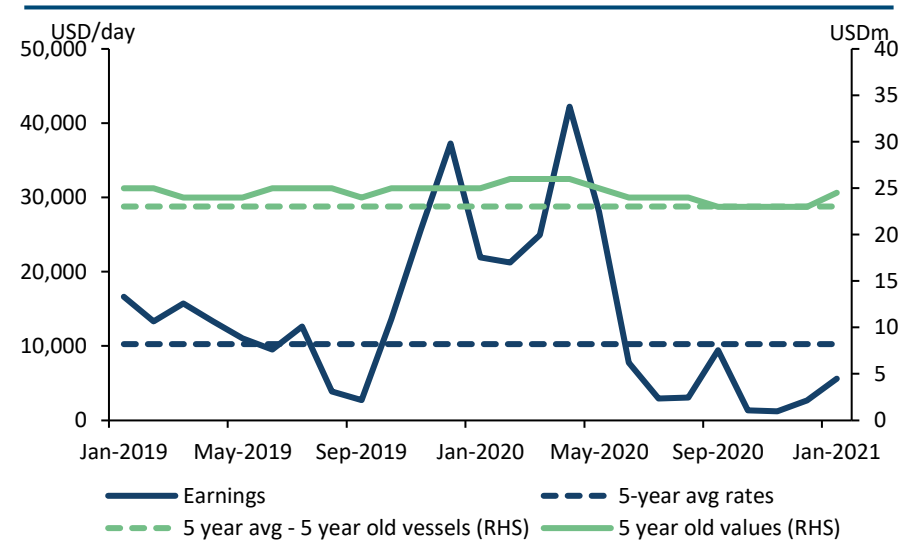
## LR1



## MR



## Handy



Source: Clarksons



# AGENDA

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# HAFNIA'S ESG STRATEGY

## Our 5 Sustainability Pillars



## 16 Material Issues



## 4 Selected SDGs

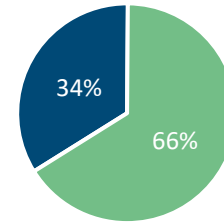


## Key partnerships and collaborations



## Employee Diversity

✓ Despite living with confinement restrictions in 2020, our diversity efforts continued. We aspire to have least 40% employees identifying as female form in the organisation, including in key management positions, by 2024.



# 19



Hafnia consists employees of 19 nationalities, and 34% of our shore-based employees are female

■ Female ■ Male

## Reduced Environmental Footprint

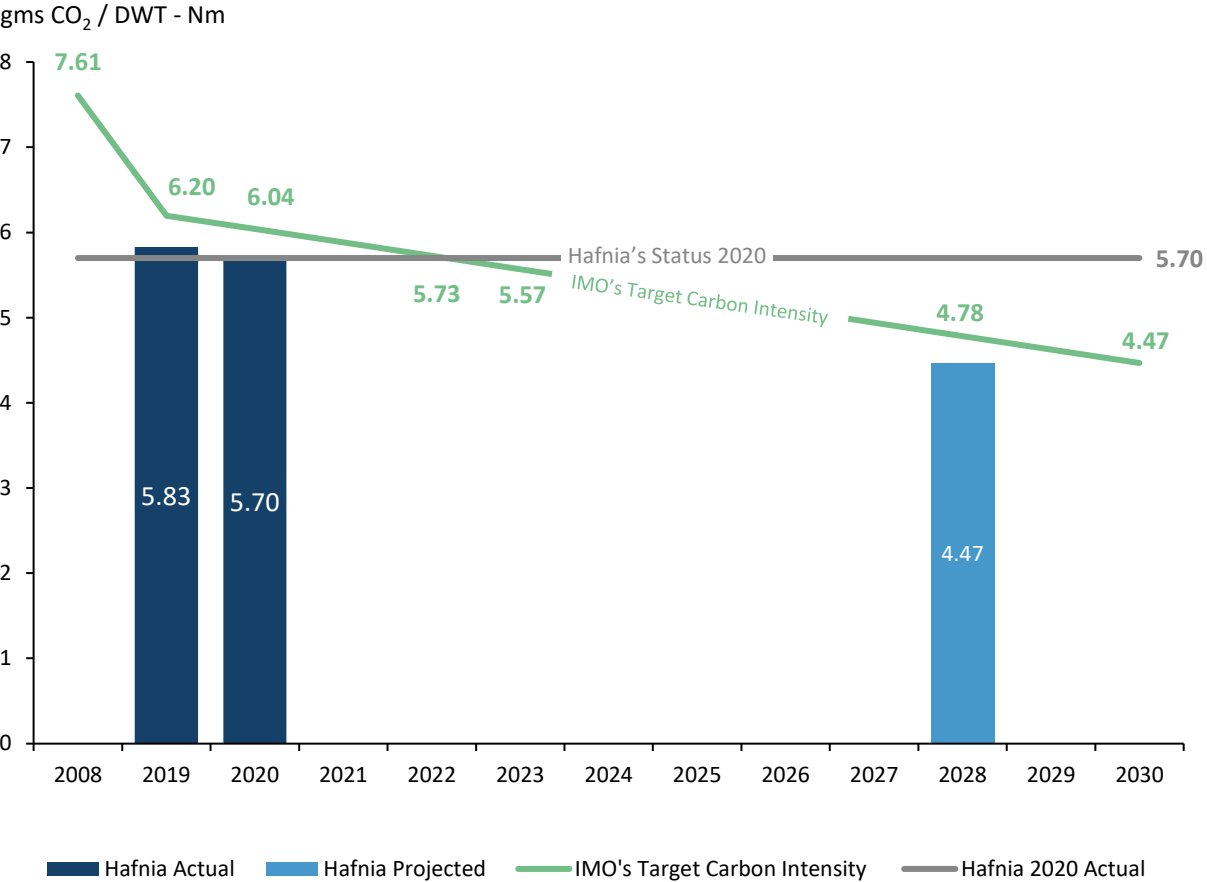


✓ Hafnia has partnered with Arq, UK based energy technology company, to accredit and introduce Arq Fuel™ as a key blend component for marine fuels, as part of their shared and ongoing commitment to decarbonization.



✓ Hafnia has partnered with Wilhelmsen Ship Service (WSS), Norwegian based maritime group, to develop 3D printing capabilities. This will be used to produce spare parts and other essential shipboard items. This offers a cost-effective platform with faster lead times for parts and reduced environmental footprint.

# Hafnia's Status with IMO's Carbon Intensity Targets



- ✓ We are in full compliance with the IMO 2020 regulation on sulphur emissions, and we fully support and are on track to meet the IMO's greenhouse gas reduction goals of reducing carbon intensity by 40% and total annual GHG emissions by 50% by 2030, with 2008 levels as the baseline.
- ✓ In 2020, across Hafnia's owned fleet, our carbon intensity was 5.70 grams/ton nautical mile (T NM), well below the present IMO baseline.
- ✓ This progress is in line with our goal of reaching IMO 2030's target of 4.47 gms/T NM by 2028.
- ✓ Standard vessel optimisation efforts will be supplemented with additional initiatives such as intermittent dry dockings and opportunistic fleet renewals to reach our goal.

# STRONG FOCUS ON CORPORATE GOVERNANCE AND ALIGNED INCENTIVES



**AUTHORISATION MATRIX**

- Hafnia is governed by board approval authorisation matrix

**FULLY ALIGNED INCENTIVES**

- Fully integrated business model:
  - In-house commercial management
  - In-house technical management
- No fee leakage
- All stakeholders have aligned interests

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**THANK YOU**

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