

HAFNIA LIMITED  
INVESTOR PRESENTATION  
Q2 2021

30 August 2021

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# AGENDA

Q2 2021 Highlights/Overview

Industry Review & Outlook

ESG Overview





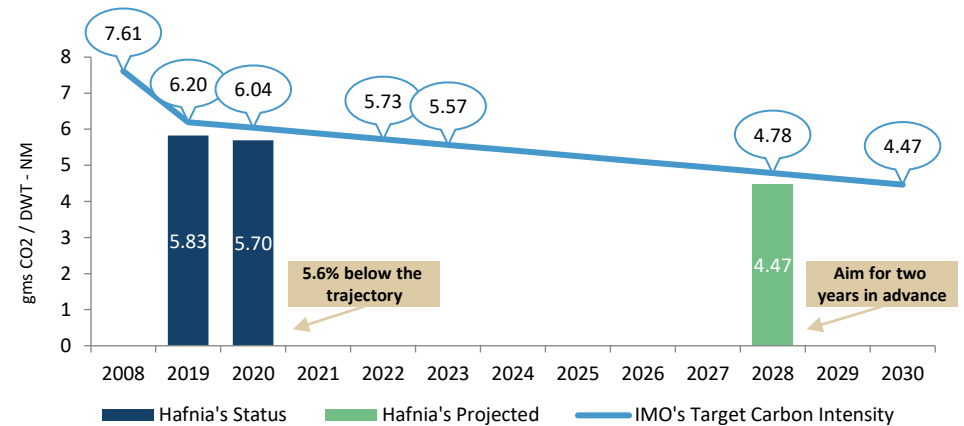
# INTRODUCTION TO HAFNIA

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

## Operational Overview

<p><b>Shipowner</b></p>	<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>
<p><b>Commercial management and pool platform</b></p>	<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, incentivised to optimise between revenue and voyage expenses</li> </ul>
<p><b>Technical management</b></p>	<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>
<p><b>Reducing emissions to air</b></p>	<ul style="list-style-type: none"> <li>Reducing fuel consumption by big data analysis from vessels-based sensors via SMARTShip from Alpha Ori</li> <li>Route optimisations using data analysis</li> <li>Intermittent hull cleaning and propeller polishing</li> <li>On-going fuel trials for new and innovative alternate fuels</li> </ul>

## IMO's Carbon Intensity Targets



## Hafnia in Numbers

<p><b>NAV</b></p> <p><b>USD ~1.0bn</b></p>	<p><b>Fleet value</b></p> <p><b>USD ~2.0bn</b></p>	<p><b>Average age<sup>1</sup></b></p> <p><b>8.0 years</b></p>
<p><b># vessels Owned<sup>2</sup>/Operated</b></p> <p><b>98x/184x</b></p>	<p><b>Operating Cash flow breakeven</b></p> <p><b>USD 13,288</b></p>	<p><b>Listed</b></p> <p><b>(HAFNI:Oslo)</b></p>

<sup>1</sup> Including six LR1s owned through 50% ownership in Vista Shipping Pte Ltd

<sup>2</sup> Including chartered-in fleet and six LR1s owned through 50% ownership in Vista Shipping Pte Ltd

# Q2 2021 HIGHLIGHTS - SNAPSHOT

## Earnings

TCE Income
<u>Q2 2021</u> USD 101.6M
<u>H1 2021</u> USD 201.6M

EBITDA
<u>Q2 2021</u> USD 37.9M
<u>H1 2021</u> USD 75.0M

Pool Income
<u>Q2 2021</u> USD 5.4M
<u>H1 2021</u> USD 10.0M

Net Income
<u>Q2 2021</u> -USD 11.2M
<u>H1 2021</u> -USD 26.9 M

Basic Earnings per Share
<u>Q2 2021</u> -USD 0.03
<u>H1 2021</u> -USD 0.07

Return on Equity
<u>Q2 2021</u> -3.9%
<u>H1 2021</u> -4.7%

## Key Events

- Committed sale of LR1 vessel BW Amazon
- Signed an 18-month USD 100 million unsecured term loan and revolving credit facility
- Concluded a 50% joint venture with Andromeda for two MR newbuilds
- Exercised an option held in Vista Shipping for two additional LR2 dual-fuel LNG vessels releasing 30 times less methane than a standard dual-fuel LNG engine

## Joint Venture Agreement with Andromeda Shipholdings Ltd

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- In July 2021, Hafnia concluded a joint venture agreement with Andromeda Shipholdings Ltd, setting up a 50/50 owned shipholding company “H&A Shipping Ltd”.
- The joint venture owns two newbuild MR vessels from Hyundai Mipo Dockyard.
- The first vessel, MT Yellow Stars, was delivered from HMD shipyard on 30 July 2021. The second vessel, MT PS Stars will be delivered 30 January 2022. At delivery, the vessels will be chartered out for five years.

## Further Newbuilds for Vista Shipping

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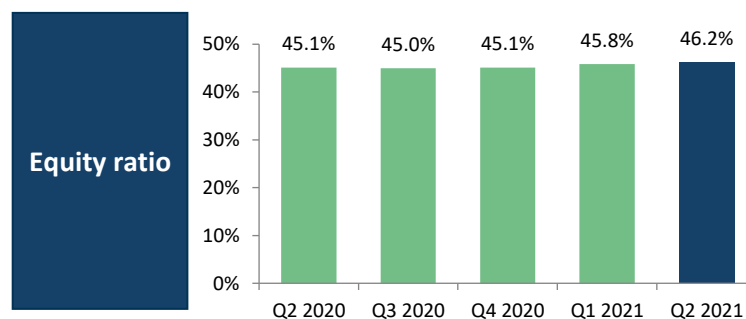
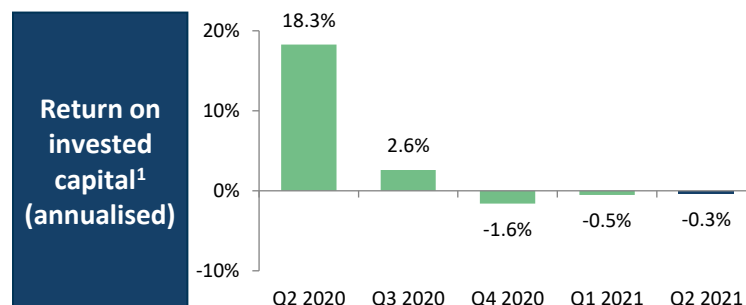
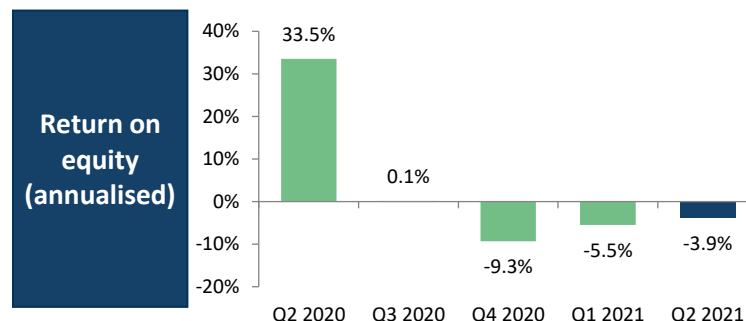


- In May 2021, Hafnia has exercised options held in Vista Shipping for two further LR2 tankers with dual-fuel high pressure LNG engines to be constructed at Guangzhou Shipyard International (“GSI”) in China for USD 59.0 million.
- Vista Shipping will now own four sister vessels of this type.
- The vessels are scheduled to be delivered in 2023 and 2024 respectively. At delivery, the vessels will be chartered out for five-years.
- Vista’s high pressure engines releases **97%** less methane than a standard low-pressure LNG engine.
- The fuel systems on-board are prepared for future renewable fuels with some engine modifications.

# 2021 Q2 FINANCIAL SUMMARY

Income Statement USDm	Q2 2020	1H 2020	Q2 2021	1H 2021
Revenue	268.9	537.3	198.0	377.3
Voyage expenses	(62.0)	(136.9)	(96.3)	(175.7)
<b>TCE income</b>	<b>206.9</b>	<b>400.4</b>	<b>101.6</b>	<b>201.6</b>
Other operating income	7.1	13.4	5.4	10.0
Vessel operating expenses	(45.7)	(97.0)	(49.1)	(94.7)
Technical management expenses	(4.1)	(8.1)	(4.3)	(8.0)
Charter hire expenses	(8.1)	(13.5)	(5.2)	(10.2)
General and administrative expenses	(10.2)	(19.6)	(10.6)	(23.7)
<b>EBITDA</b>	<b>145.9</b>	<b>275.5</b>	<b>37.9</b>	<b>75.0</b>
Depreciation and amortisation charges	(38.9)	(77.4)	(37.5)	(74.7)
Loss on disposal of vessel	-	-	-	(0.4)
Write-down on reclassification to asset held for sale	-	-	(1.3)	(2.9)
<b>EBIT</b>	<b>107.0</b>	<b>198.0</b>	<b>(0.9)</b>	<b>(3.1)</b>
Net financial expense	(12.2)	(26.8)	(9.0)	(21.7)
Share of profit/(loss) from associate and joint venture	3.5	4.6	(0.6)	(0.9)
<b>Profit/(loss) before income tax</b>	<b>98.4</b>	<b>175.9</b>	<b>(10.6)</b>	<b>(25.7)</b>
Income tax	(0.6)	(1.0)	(0.6)	(1.1)
<b>Profit/(loss) after income tax</b>	<b>97.7</b>	<b>174.8</b>	<b>(11.2)</b>	<b>(26.9)</b>

Balance Sheet Items USDm	Q4 2020	Q1 2021	Q2 2021
Total assets	2,544	2,496	2,451
Cash and cash equivalents	101	91	86
Total equity	1,148	1,142	1,131
Gross debt	1,307	1,283	1,243
Net working capital	108	115	108
Net LTV - %	57.9	57.9	55.2
Average broker value <sup>2</sup>	1,893	1,968	2,028



<sup>1</sup> Beginning from Q1 2021, ROIC calculated using annualised EBIT less tax, while prior quarters were calculated using annualised EBIT adjusted for dry dock depreciation

<sup>2</sup> Q4 2020: Including USD 113.0 million relating to Hafnia's 50% share of five LR1s and one LR1 newbuild owned through 50% ownership in the Vista Joint Venture; and excluding Compass and Compassion (classified as assets held for sale)

Q1 2021: Including USD 107.4 million relating to Hafnia's 50% share of six LR1s owned through 50% ownership in the Vista Joint Venture and excluding Hafnia Europe (classified as asset held for sale)

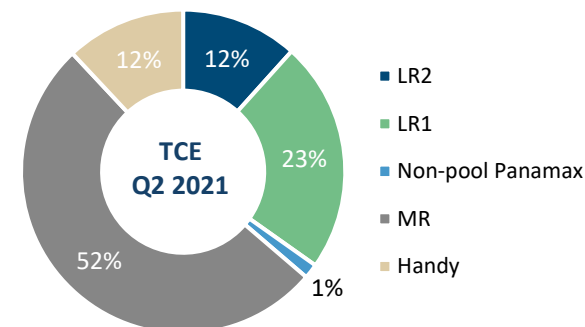
Q2 2021: Including USD 115.0 million relating to Hafnia's 50% share of six LR1s owned through 50% ownership in the Vista Joint Venture and excluding BW Amazon (classified as asset held for sale)

# 2021 Q2 FINANCIAL SUMMARY

Q2 saw an average TCE of USD 12,400 per day and OPEX of USD 7,054 per day

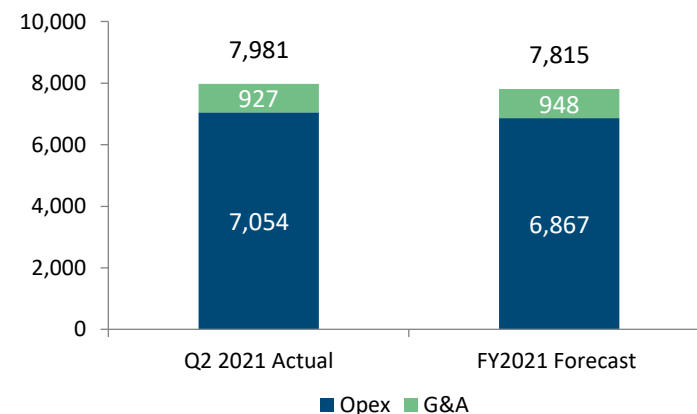
## TCE Segment Breakdown

	Q2 2020			Q2 2021		
	Operating days <sup>1</sup>	TCE (USD/day)	TCE (USD m)	Operating days <sup>1</sup>	TCE (USD/day)	TCE (USD m)
LR2	545	27,465	15.0	546	21,832	11.9
LR1	2,309	26,412	61.0	2,168	10,825	23.5
Non-pool Panamax <sup>2</sup>	364	30,991	11.3	182	8,187	1.5
MR	4,301	22,497	96.8	4,150	12,680	52.6
Handy	1,218	18,819	22.9	1,154	10,549	12.2
<b>Total</b>	<b>8,737</b>	<b>23,684</b>	<b>206.9</b>	<b>8,200</b>	<b>12,400</b>	<b>101.6</b>



## OPEX Segment Breakdown

	Q2 2020			Q2 2021		
	Calendar days	OPEX <sup>3</sup> (USD/day)	OPEX (USD m)	Calendar days	OPEX <sup>3</sup> (USD/day)	OPEX (USD m)
LR2	546	6,297	3.4	546	7,063	3.9
LR1	2,093	6,542	13.7	1,924	7,354	14.1
Non-pool Panamax <sup>2</sup>	364	7,223	2.6	182	6,939	1.3
MR	3,731	5,852	21.8	3,731	7,049	26.3
Handy	1,183	5,928	7.0	1,183	6,592	7.8
<b>Total</b>	<b>7,917</b>	<b>6,139</b>	<b>48.6</b>	<b>7,566</b>	<b>7,054</b>	<b>53.4</b>



<sup>1</sup> Total operating days include operating days for vessels that are time chartered-in

<sup>2</sup> Non-pool Panamax at the end of Q2 2021 consists of BW Lara and BW Clyde

<sup>3</sup> OPEX includes vessel running costs and technical management fees



# POOL ECONOMICS

Global commercial platform with chartering teams at strategic locations

## Commission: Variable

### LR/MR/Handy:

- 2.25% of net TCE

### Specialised:

- Small/City: 3% of net TCE
- Intermediate: 2.75% of net TCE

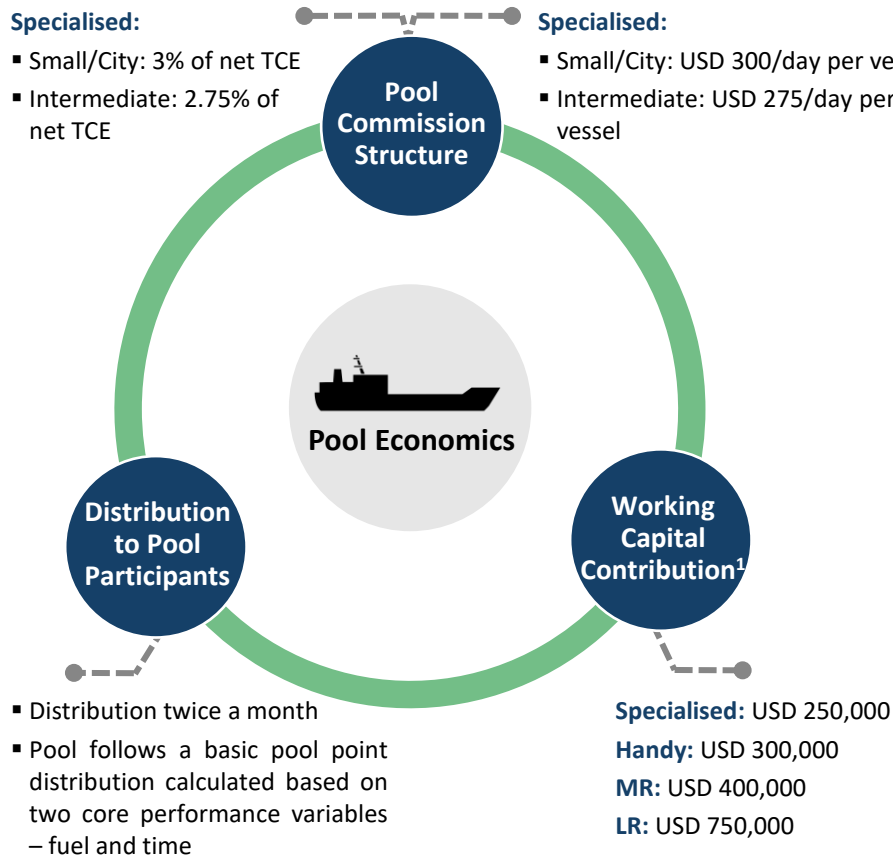
## Commission: Fixed

### LR/MR/Handy:

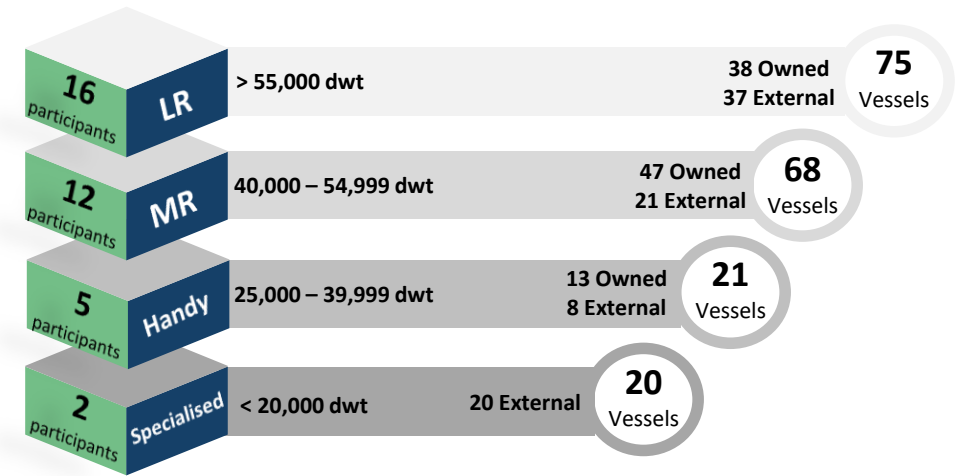
- USD 250/day per vessel

### Specialised:

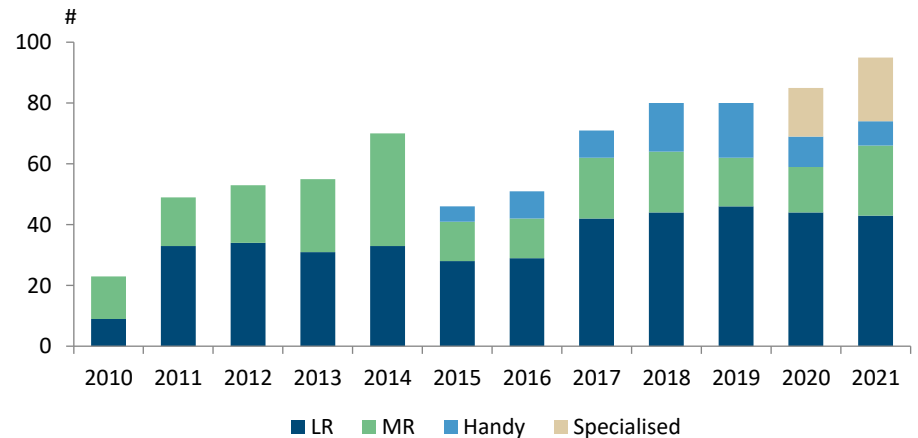
- Small/City: USD 300/day per vessel
- Intermediate: USD 275/day per vessel



## Hafnia's 4 pools



## External Commercially Managed Vessels



<sup>1</sup> As of July 2021

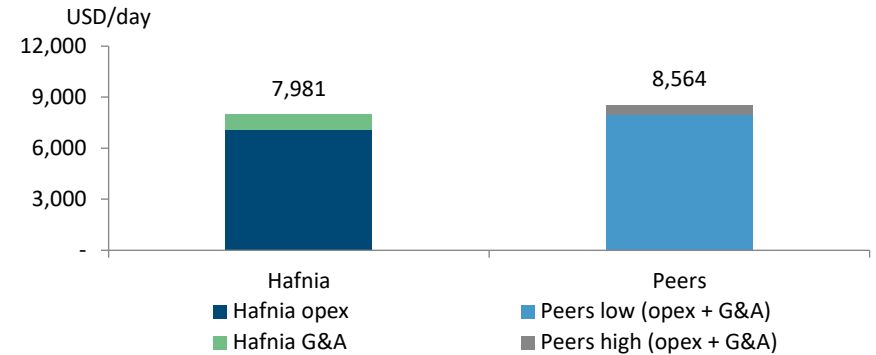
# INVESTMENT HIGHLIGHTS SUMMARY

## Key value proposition

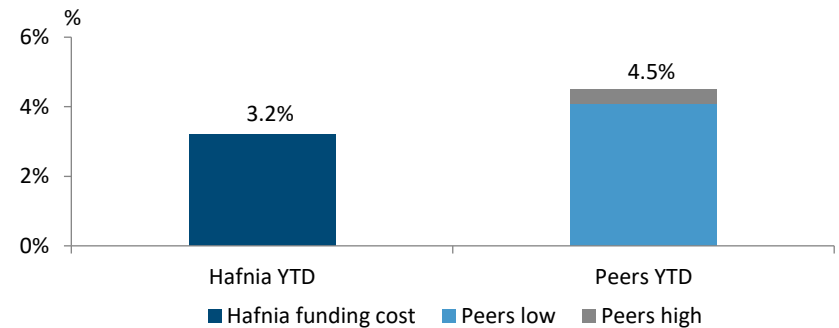


- 1 **Best commercial performance**
- 2 **Lowest operating cost**
- 3 **Lowest cost of funding**
- 4 **USD 10.0 million in revenue from the pools in 1H 2021**
- 5 **Focus on ESG**
- 6 **Post Covid-19 rebound in demand**

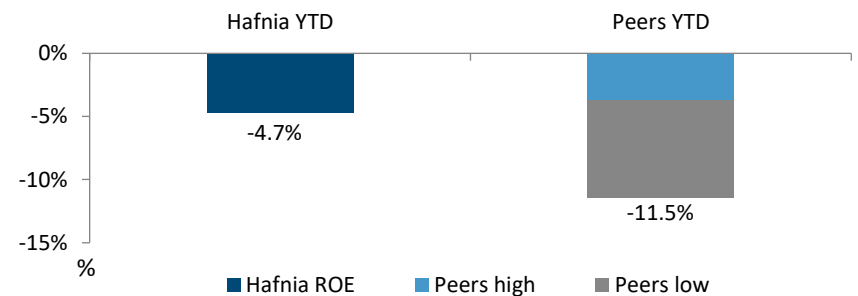
### Q2 OPEX and SG&A



### YTD Funding Cost<sup>1</sup>



### YTD Return on Equity



<sup>1</sup> Includes cost for vessels chartered-in

Peers: Ardmore, Torm, Scorpio

# AGENDA

Q2 2021 Highlights/Overview

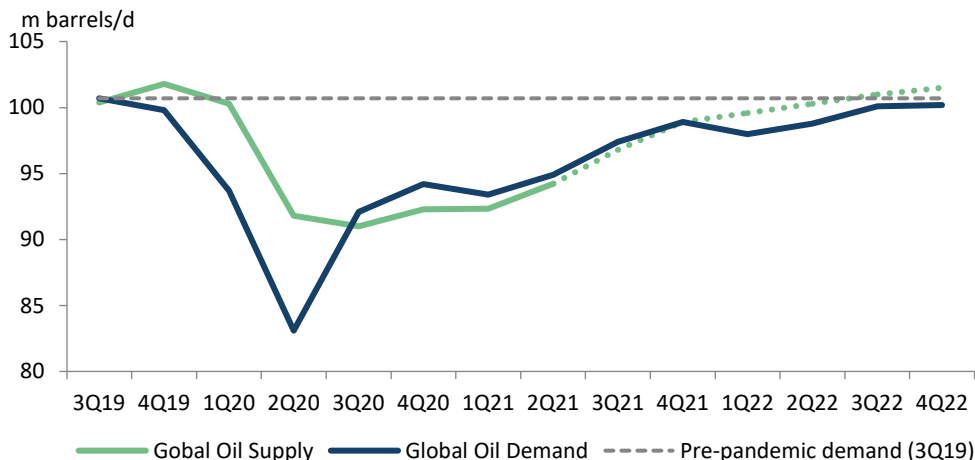
Industry Review & Outlook

ESG Overview

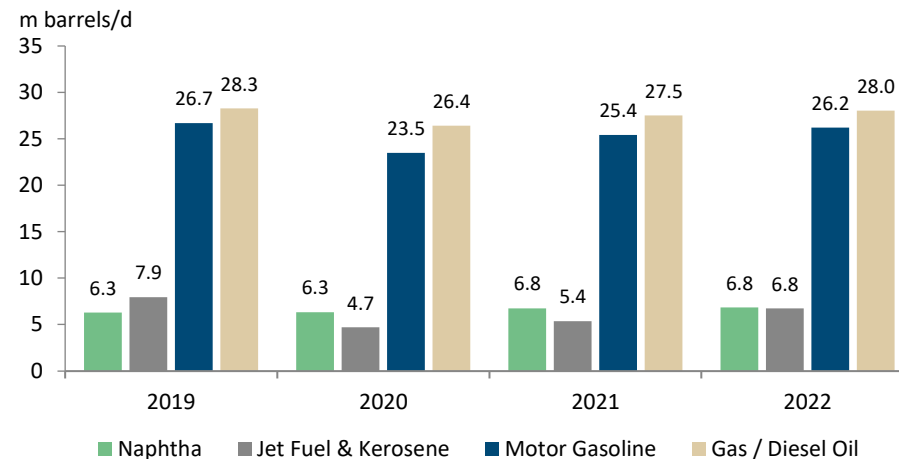


# OIL DEMAND SHOWING STEADY RECOVERY

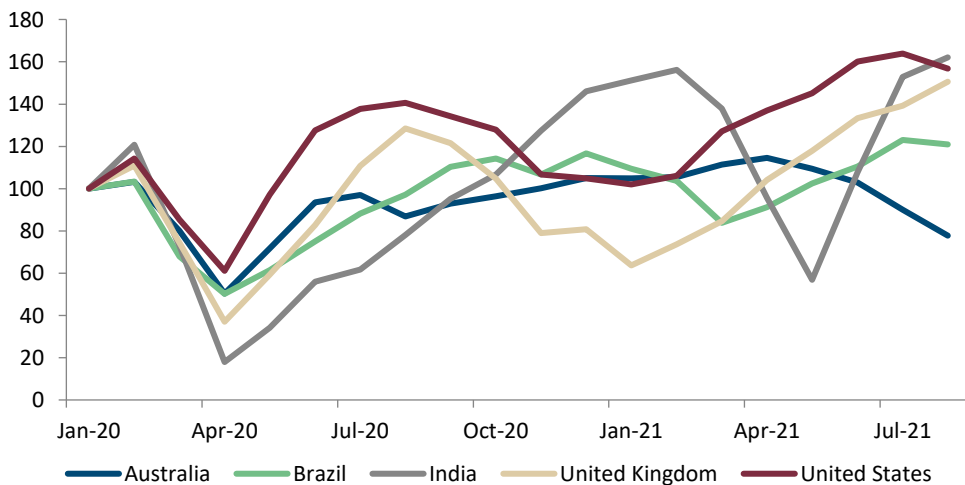
## Supply and demand of global oil



## Demand of oil products 2019-2022



## Apple Mobility Indices for 'Driving'

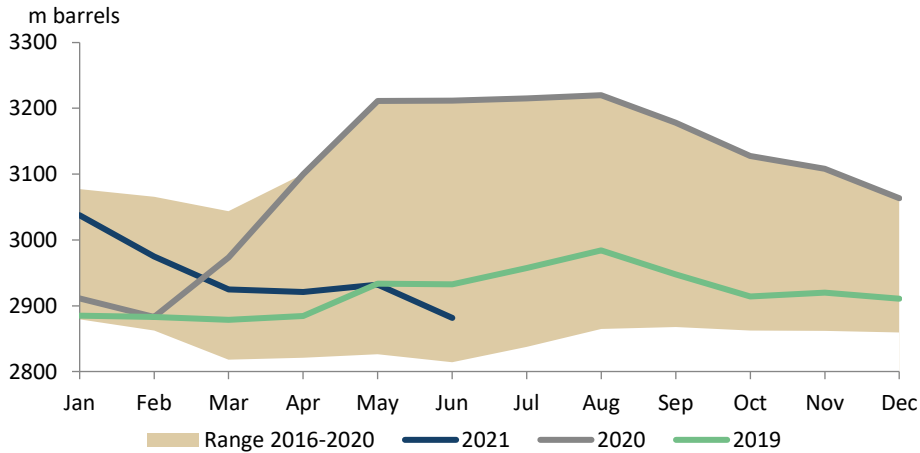


Source: Apple, IEA Research Aug 2021

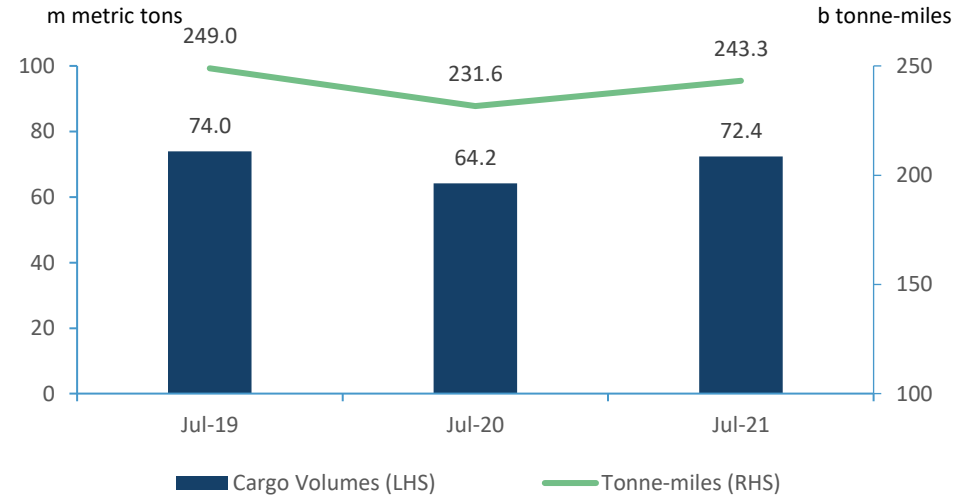
- June 2021 saw oil demand surge to 96.8 mb/d, mainly due to increased mobility in North America and Europe. However, July 2021 saw a decrease month-on-month as rapid spread of Covid-19 Delta variant impaired demand in large oil consuming countries such as China and Indonesia.
- Outlook for global economy remains positive, but downside risks grow increasingly prevalent with new Covid restrictions. Oil demand is still expected to recover for the remainder of the year.
- However, this recovery will be uneven, with jet fuel demand still expected to be below pre-pandemic levels, owing to slow reopening of borders. On the flipside, LPG/Ethane and naphtha use in the petrochemical sector have already surpassed pre-pandemic levels.
- Oil production is also poised to increase to meeting rising demand, fuelled largely with OPEC+ easing output cuts and higher output from other oil producing regions.

# FLOATING AND LAND INVENTORY NORMALISING

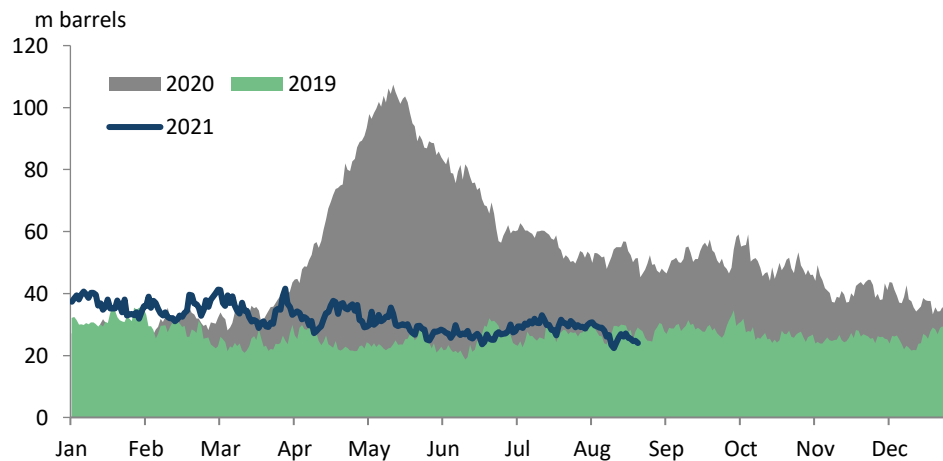
## OECD Total Oil Industry Stocks



## Clean Petroleum Products Cargo Volumes vs Tonne-Miles



## Clean Petroleum Products Floating Storage

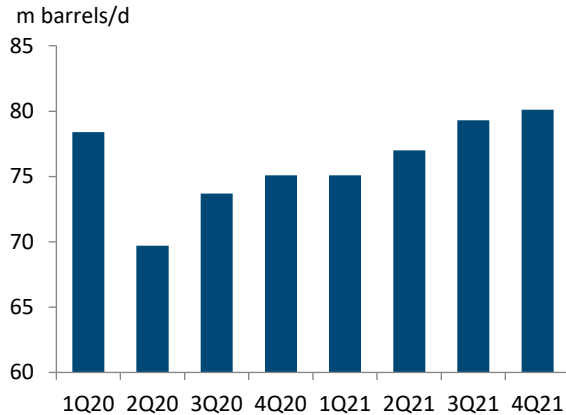


- OECD total industry stocks fell sharply in June by 50.3 mb after rising by 11.2 mb in May, due mainly to crude inventories declining by more than normal and product stocks drew counter-seasonally.
- Crude inventories fell by 34.3 mb, mainly attributed to OECD Americas which declined by 29.8 mb due to higher refinery runs in the United States. Product stocks usually build in June, but saw inventories decline by 18.3 mb, largely attributed to motor gasoline stock which fell by 9.1 mb.
- Cargo volumes for clean petroleum products have steadily recovered from the effect of the pandemic, reaching 63.8 mmt in July 2021 from 56.0 mmt in July 2020. Tonne-miles for clean petroleum product have also been steadily increasing, reaching 245.8 billion tonne-miles in July 2021.

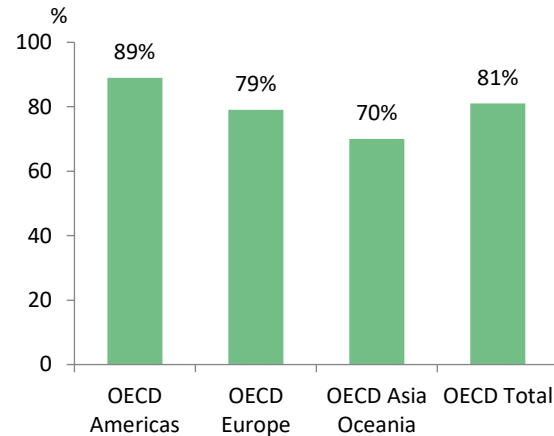


# REFINERY SHAKE-UP BOOSTS TONNE-MILE DEMAND

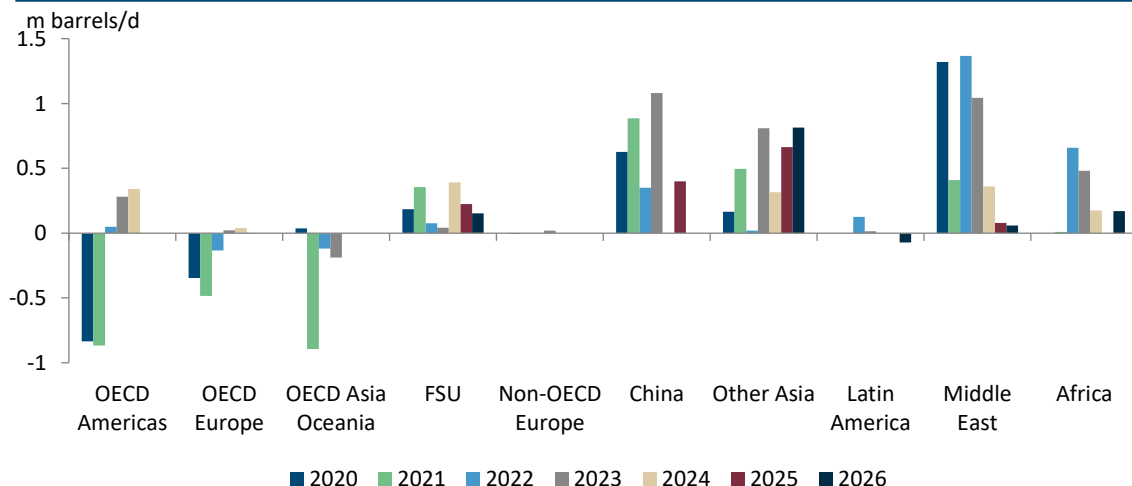
## Global Refinery Crude Throughput



## June 2021 Refinery Utilisation



## World Refinery Capacity Additions<sup>1</sup>

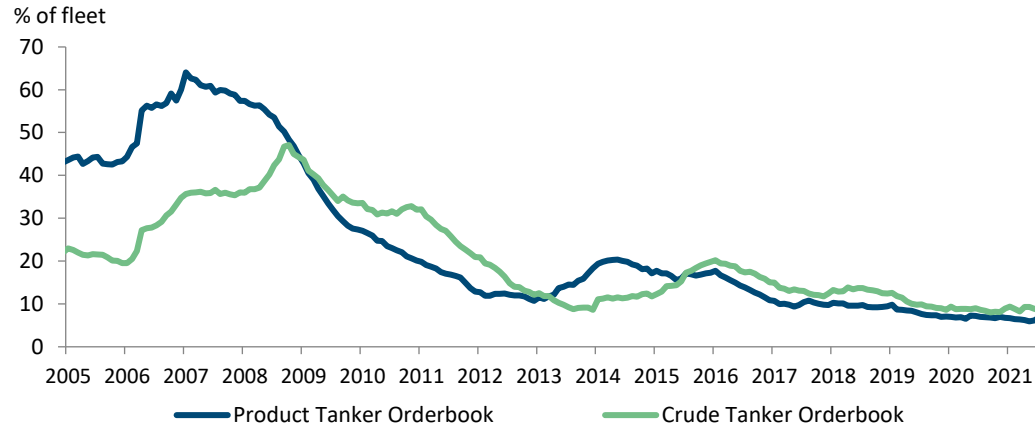


- Following a large increase of 1.6 mb/d in June, global refinery throughput slowed in July, increasing by only 0.8 mb/d month on month, as new waves of Covid-19 hindered fuel demand.
- East of Suez Crude throughput is forecasted to reach record level at almost 39mb/d in 2022, mainly attributed to China's increase in throughput rates, which reported record throughput in June.
- There is a continued trend of refinery closures in Europe, US and Australia. This is mainly due to weak refining margins and overseas competition, which prompt owners to convert refineries to oil refined products import and storage terminals.
- According to IEA, global average refinery utilisation rates will stand around 78% of capacity in 2022, limiting the possibility of refinery margins recovering from 2020 and remain a high likelihood of further capacity closures
- China and Middle East are leading in net capacity additions with new additions and expansions. Ultimately, we can expect refining activities to cluster in regional hubs and an increase in seaborne volumes of refined products and tonne-miles.

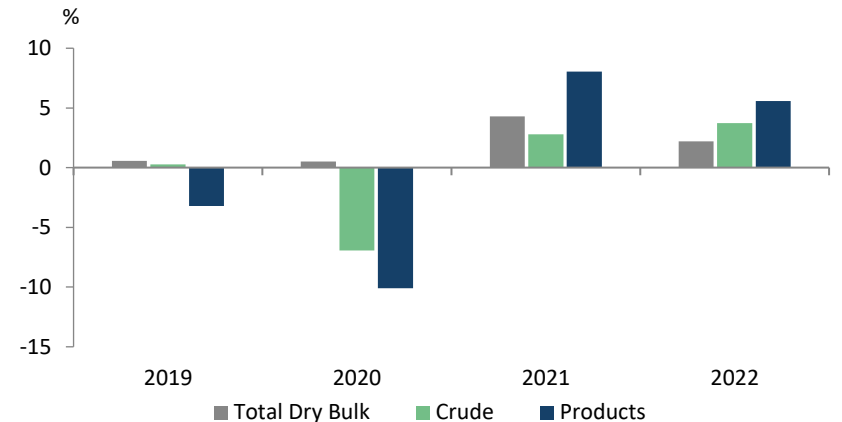
<sup>1</sup> Comprises of (1) new refinery projects or expansions to existing facilities including condensate splitter additions, (2) gross capacity additions to coking, hydrocracking, residue hydrocracking, visbreaking, FCC or RFCC capacity and (3) additions to hydrotreating and hydrodesulphurisation capacity.  
Source: IEA Research Aug 2021, IEA Oil 2021 analysis and forecast to 2026

# GLOBAL PRODUCT TANKER FLEET

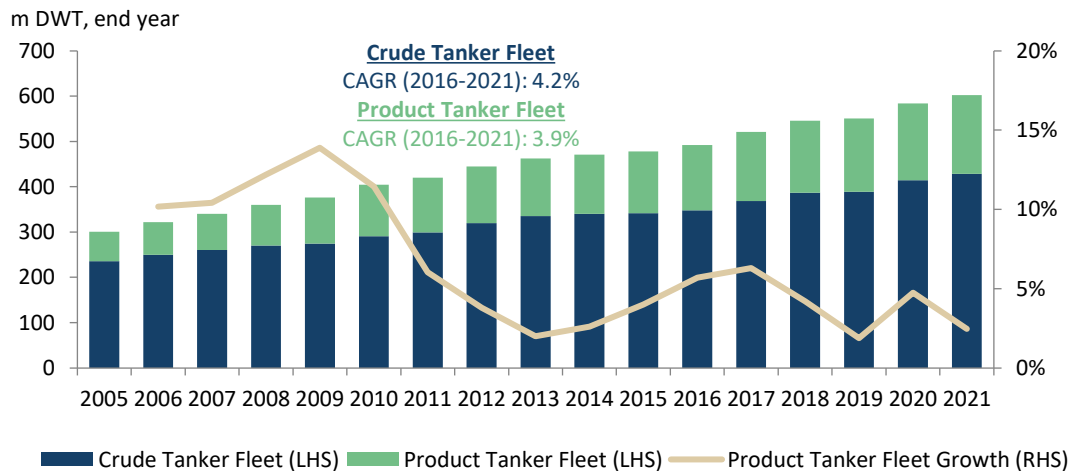
## Orderbook % Fleet (DWT)



## Y-o-Y Change in World Seaborne Trade



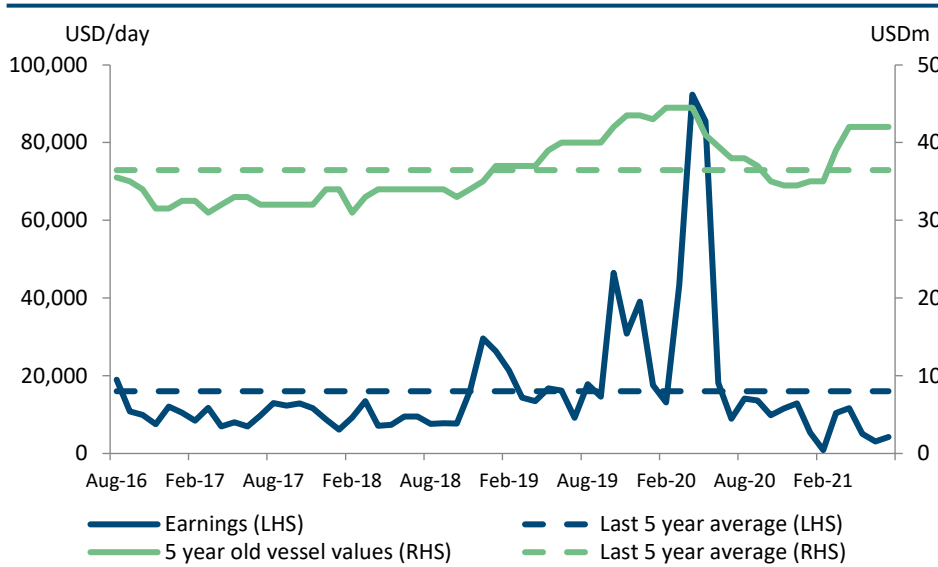
## Crude and Product Tanker Fleet Development



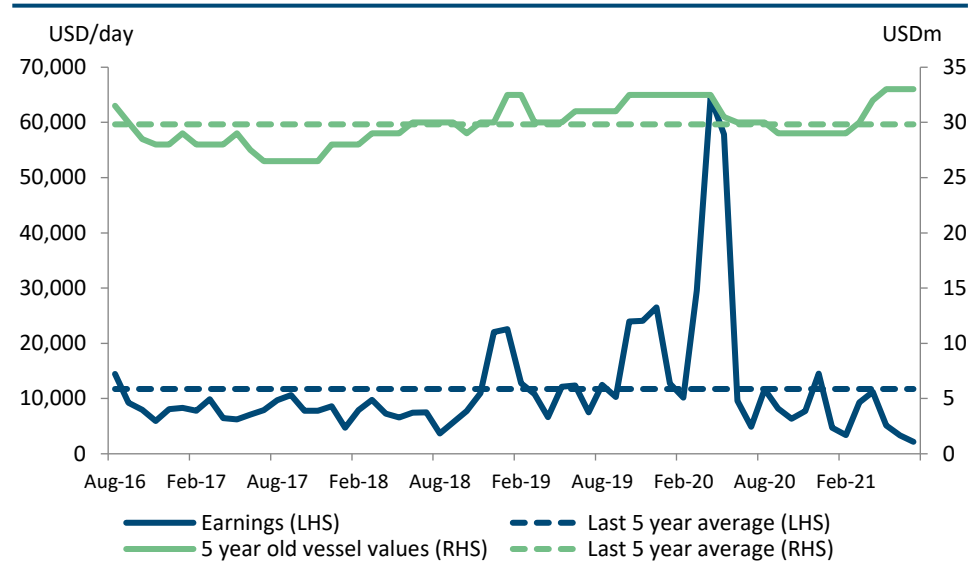
- Outlook for product tanker sector remains positive, driven mainly by increase in seaborne trade for refined products and low supply growth
- Product tanker orderbook now stands at only 7% of existing fleet, one of the lowest ever level. Net of scrapping, product fleet growth is expected to be less than 1% for the next two years.
- Furthermore, increased emissions and efficiency targets put continued pressure on older vessels, accelerating turnover of global fleet and slowing vessel supply
- As a result, we can expect product tanker fleet utilisation to increase in the coming years.

# RATES REMAIN BELOW 5-YEAR AVERAGE

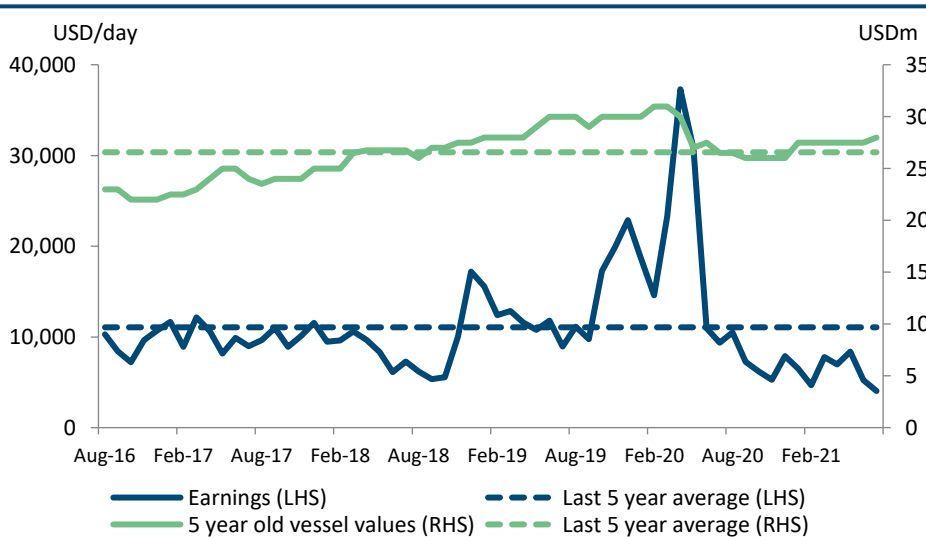
## LR2



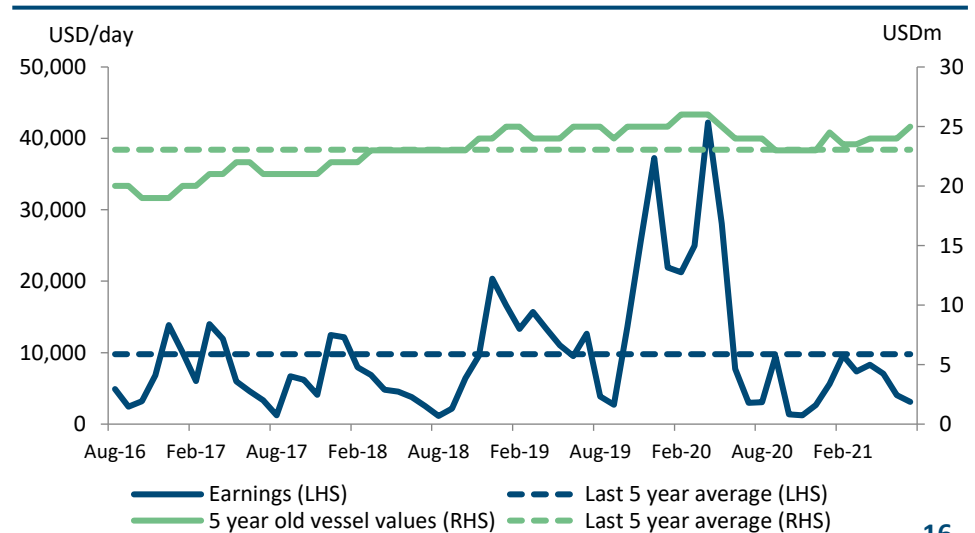
## LR1



## MR



## Handy



# AGENDA

Q2 2021 Highlights/Overview

Industry Review & Outlook

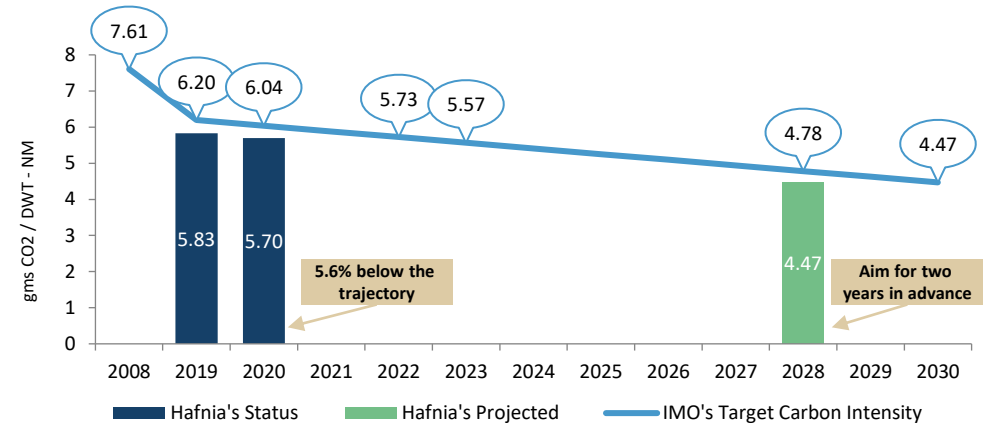
ESG Overview



# HAFNIA'S ESG STRATEGY



## IMO's Carbon Intensity Targets



## Hafnia is committed to...

Avoiding pollution to Sea	Reducing Emissions to Air	Reducing Plastic Waste and Garbage
We believe in protecting our oceans and seas from pollution arising from our operations	We believe in reducing our environmental impact and complying with all global emissions regulations	We believe in ensuring clean seas and reducing plastic waste on board
How we strive to realise our belief?		
Zero spills to sea	Strict compliance to MARPOL Annex VI and local regulations	Zero non-compliance with MARPOL Annex V (garbage) regulations
Zero non-compliance with IMO Ballast Water Management Convention	Decrease Hafnia fleet CO2 intensity by 3% per year on average until 2030	Reduce plastic waste by 2% below 2020 levels
Zero non-compliance with MARPOL Annex I (oil), II (noxious liquid substances), and IV (sewage) regulations	Stay ahead of IMO Carbon intensity decrease trajectory	Avoid use of single use plastic products



# STRONG FOCUS ON CORPORATE GOVERNANCE AND ALIGNED INCENTIVES

## Board of Directors

- The Board of Directors is responsible for the overall management of the Company and may exercise all the powers of the Company not reserved to the Company's shareholders by its Bye-laws or under Bermuda law.
- If there is a vacancy of the Board of Directors occurring as a result of the death, disability, disqualification or resignation of any Director or as a result of an increase in the size of the Board of Directors, the Board of Directors has the power to appoint a Director to fill the vacancy.
- As of July 2021, the Company has a Board of Directors comprising five Directors.

## Audit Committee

- The members are independent of the Company whose primary purpose is to act as a preparatory and advisory committee for the Board of Directors in monitoring the Group's internal control of the risk management and financial reporting. This includes but is not limited to:
  - i. All critical accounting policies and practices;
  - ii. Quality, integrity and control of the Group's financial statements and reports;
  - iii. Compliance and regulatory requirements;
  - iv. Qualifications and independence of the external auditors; and
  - v. Performance of the internal and external audit.
- The audit committee reports and makes recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations.

## Remuneration Committee

- The primary purpose of the remuneration committee is to assist the Board of Directors in discharging its duty relating to determining the Management's compensation. The remuneration committee shall report and make recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations.
- Any remuneration to be paid to the members of the remuneration committee is to be decided at the annual general meeting.

## Nomination Committee

- Recently established nomination committee currently comprising three members to assist the Board of Directors in evaluation of operational effectiveness and suitability.
- The nomination committee will also be responsible for Board succession plans by nominating candidates for the election as Directors and as chairman of the Board of Directors and for nominating members of the nomination committee, as well as making recommendations for remuneration of these persons.

# LOOKING AHEAD...



Outlook for global economy on track to improve for remaining of 2021 and into 2022, due mainly to rising vaccination rates and easing of social distancing measures which will help spur economic activities



We anticipate product tankers to lead tanker market recovery, mainly attributed to low orderbook, increasing demand for refined products and the dislocation between refineries and consumers



Shipping is experiencing increasing pressure to decarbonise its operations and to reduce overall emissions. Hafnia strives to reduce our carbon footprint, through implementing vessel optimisation measures and seeking out potential innovations or collaborations



We believe further consolidation is needed within the product tanker sector. Hafnia will continue to search for such opportunities, to fully unleash value and synergies from additional operational scale and to improve our overall competitiveness

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**THANK YOU**

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