

SVITZER

H1 2024 INTERIM REPORT

WEBCAST PRESENTATION

August 2024

FORWARD-LOOKING STATEMENTS

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements reflect the Svitzer Group management's current views with respect to future events and financial and operational performance. Forward-looking statements are statements that are not historical facts and may be identified by words such as "anticipate", "believe", "intend", "estimate", "expect", "may", "plan", "should", "could", "aim", "target", "might" and similar expressions.

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Such forward-looking statements involve known and unknown risk, uncertainties and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties and other important factors could cause actual events to differ materially from expectations expressed or implied in this presentation by such forward-looking statement.

The forward-looking statements are based on numerous assumptions, many of which, in turn, are based upon further assumptions. You should not, and may not, rely on these forward-looking statements. These forward-looking statements speak only as at the date of this presentation, and actual results or performance may differ materially from those expressed or implied from the forward-looking statements.

An overview of some, but not all, of the risks that could adversely affect Svitzer Group's future results are contained in Svitzer Group A/S' Annual Report for 2023 (available at www.svitzer.com) and should also be taken into consideration.

In addition, the forward-looking statements are not intended to give any assurances as to future results and statements regarding past trends should not be taken as a representation that they will continue in the future. Svitzer Group expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in Svitzer Group's expectations or any change in the events, conditions, or circumstances on which any such statement is based, unless otherwise required by law.

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TODAY'S PRESENTERS



Kasper Friis Nilaus
Chief Executive Officer



Knud Winkler
Chief Financial Officer



AGENDA

Section

Presenter

1. Company overview

Kasper Friis Nilaus, CEO

2. Business performance

Kasper Friis Nilaus, CEO

3. Financial review

Knud Winkler, CFO

4. Q&A session

Kasper Friis Nilaus, CEO and Knud Winkler, CFO

1. COMPANY OVERVIEW



SVITZER IS A GLOBAL PLAYER IN THE HIGHLY ATTRACTIVE TOWAGE MARKET WITH EXPOSURE BOTH TO HARBOUR AND TERMINAL TOWAGE



Note: All data based on FY 2023. Details of employees are approximate and include employee of Svitzer Group and controlled subsidiaries. Financial data include Svitzer Group and controlled subsidiaries only. Countries, Ports and terminals include Svitzer Group and all joint ventures and associated companies.

TWO BUSINESS AREAS WITH OVERLAPPING AND DIFFERENTIATED DYNAMICS



Harbour towage

Terminal towage

Purchasing criteria

Price  Reliability  Capacity 

Safety & risk mgmt.  Continuity of services  Competitive price and customised solutions 

Selected customers



Contract length

Customer contracts
up to 3 years

Port licenses
5-10 years

Up to
30 years

Value levers

Utilisation
of crews and assets

Delivering on contract and
to project specifications

KEY INVESTMENT HIGHLIGHTS



- 1 **Mission critical port infrastructure** services
- 2 **Global and leading** towage platform in a **growing resilient** towage market
- 3 **Diversified exposure** across geographies, customers and end markets reinforcing acyclicity
- 4 Predictable business model with **stable margins, solid cash flow** and a **well-invested fleet**
- 5 Towage Industry **ESG leadership** with strict focus on decarbonising marine services
- 6 **Value creating strategy** with clear focus areas and differentiators in place **targeting growth** and **stable margins**
- 7 **Highly experienced** management team **with deep industry knowledge**

SUCCESSFULLY COMPLETED DEMERGER PROCESS

Events	Timing
A.P. Moller - Maersk A/S announces initiation of demerger and separate listing of its towage and marine services activities in Svitzer	8 Feb 2024
Svitzer Annual Report 2023	26 Feb 2024
Svitzer Capital Markets Day	5 Mar 2024
A.P. Moller - Maersk A/S Extraordinary General Meeting	26 Apr 2024
First day of trading for Svitzer	30 Apr 2024
Svitzer Interim Report H1 2024	14 Aug 2024

2. BUSINESS PERFORMANCE



KEY HIGHLIGHTS H1 2024

Financial

- Revenue increased by 11% in constant exchange rates, with a corresponding positive development in the adjusted EBITDA margin to 30.8% (Q2 2024: 12% and 30.4%, respectively)
- Financial outlook for 2024 updated to reflect expected higher revenue growth and adjusted EBITDA

Operational

- Ongoing conversion of tugs in the Netherlands and Oman to biofuel to progress decarbonisation ambitions
- Commencement of the BHP operations in Australia for four newbuild vessels

Commercial

- Extension of contract with Smit Lamnalco for Harbour Towage in four ports in Australia
- Five-year bareboat contract awarded in Panama Canal in Americas region

SIGNIFICANT CONTRACT WINS H1 2024

Region	Country	Business area	Customer	Commencement (expected)	Contract duration	Comment
Australia	Australia	Harbour Towage	Smit Lamnalco	Renewal of current contracts	4 years	Contract extension with Smit Lamnalco across four ports in Melbourne, Botany, Newcastle, and Brisbane to provide towage service delivery on behalf of Smit Lamnalco
Americas	Panama	Terminal Towage	Panama Canal Authority	Q4 2025	5 years	Bareboat contract for two newbuild vessels for Panama Canal Authority, with option for additional five years extension

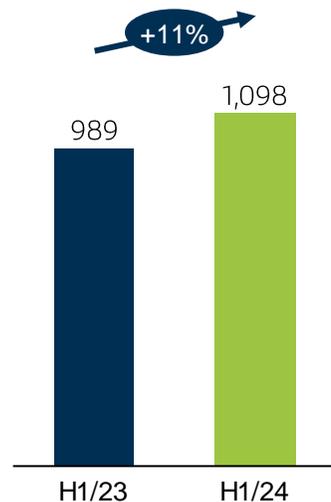
- The above list is not exhaustive. In addition to the contracts mentioned, Svitzer is continuously renewing existing and winning new contracts

REGIONAL KEY HIGHLIGHTS H1 2024

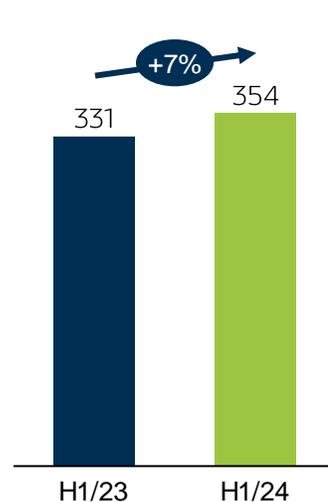
Australia

- Revenue increased by 11%, mainly due to tariff increases and 1% volume increase in Harbour Towing.
- Terminal Towing revenue was driven by higher day rate escalations, commencement of new contracts, and ongoing short term charter agreements
- CAPEX increased by 42% to DKK 195m, primarily due to four out of five new build vessels being delivered for the BHP contract

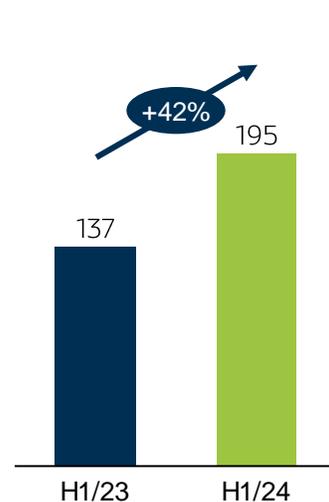
Revenue (DKKm)



EBITDA (DKKm)



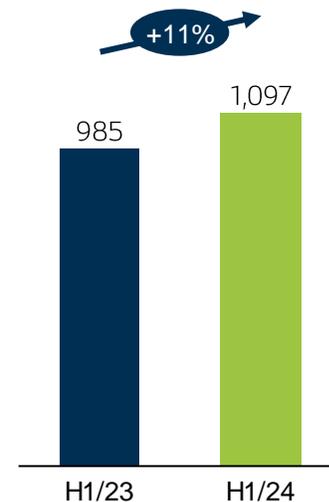
CAPEX (DKKm)



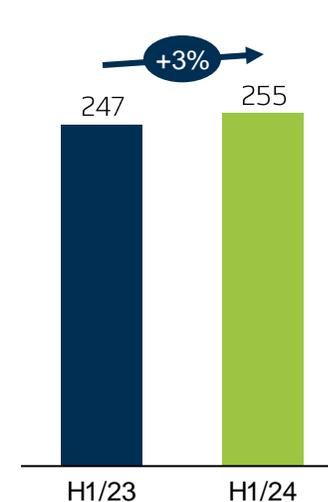
Europe

- Revenue increased by 11%, mainly due to inflationary tariff increases in Harbour Towing and commencement of two Terminal Towing contracts in second half of 2023.
- Decrease in EBITDA margin, mainly due to higher time charter costs
- Ten additional vessels to be converted to biofuel in Port of Amsterdam

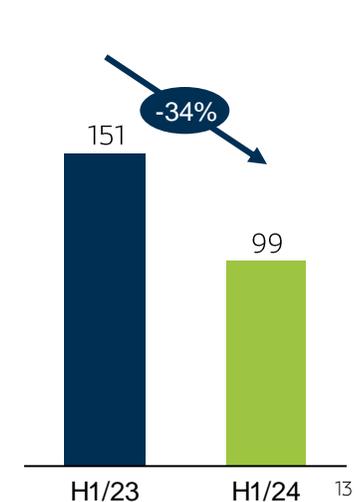
Revenue (DKKm)



EBITDA (DKKm)



CAPEX (DKKm)

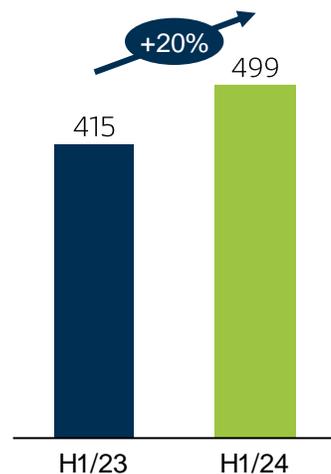


REGIONAL KEY HIGHLIGHTS H1 2024

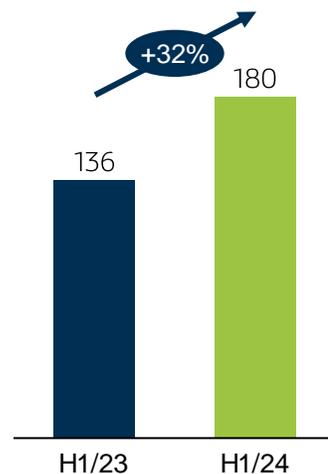
Americas

- Revenue increased by 20%, driven by commencement of the FSRU contract in Brazil, higher Harbour Towing activity in Brazil and special operation jobs
- Inflation remains high resulting in an increase in operating costs
- CAPEX increased by 55%, mainly due to growth CAPEX for fleet instalment in Brazil, and one new vessel in Canada

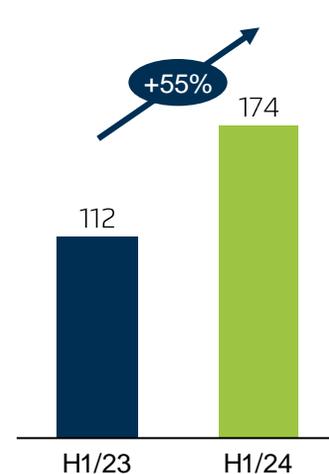
Revenue (DKKk)



EBITDA (DKKk)



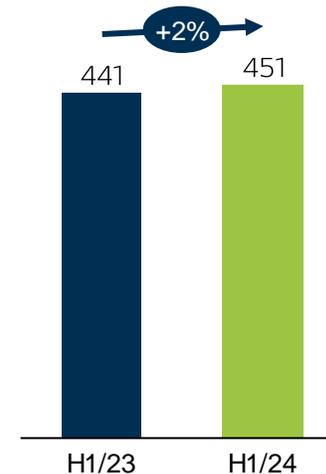
CAPEX (DKKk)



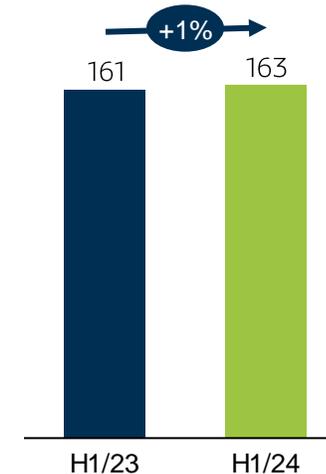
AMEA

- Revenue increased by 2%, mainly due to higher volumes in Harbour Towing and day rate escalations in Terminal Towing, partly offset by exit of operations from Russia in Q2 2023
- CAPEX decreased by 53%, mainly due to less growth CAPEX and fleet renewal in 2024
- Newbuild vessel ordered for operations in Morocco

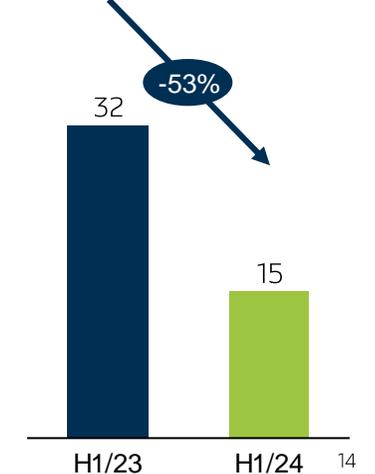
Revenue (DKKk)



EBITDA (DKKk)



CAPEX (DKKk)

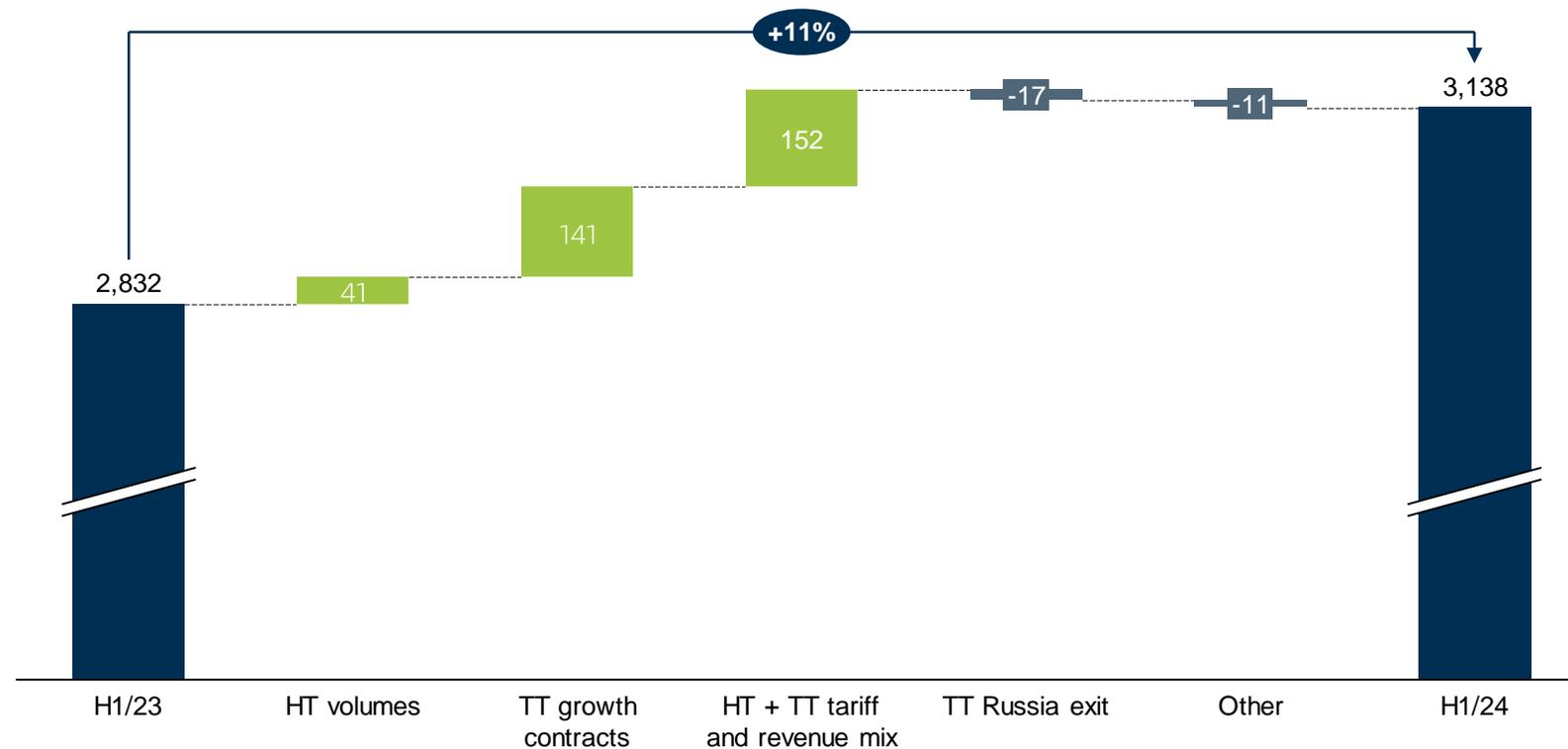


3. FINANCIAL REVIEW



REVENUE INCREASED MAINLY DUE TO GROWTH PROJECTS IN TERMINAL TOWAGE AND TARIFF INCREASES IN HARBOUR TOWAGE

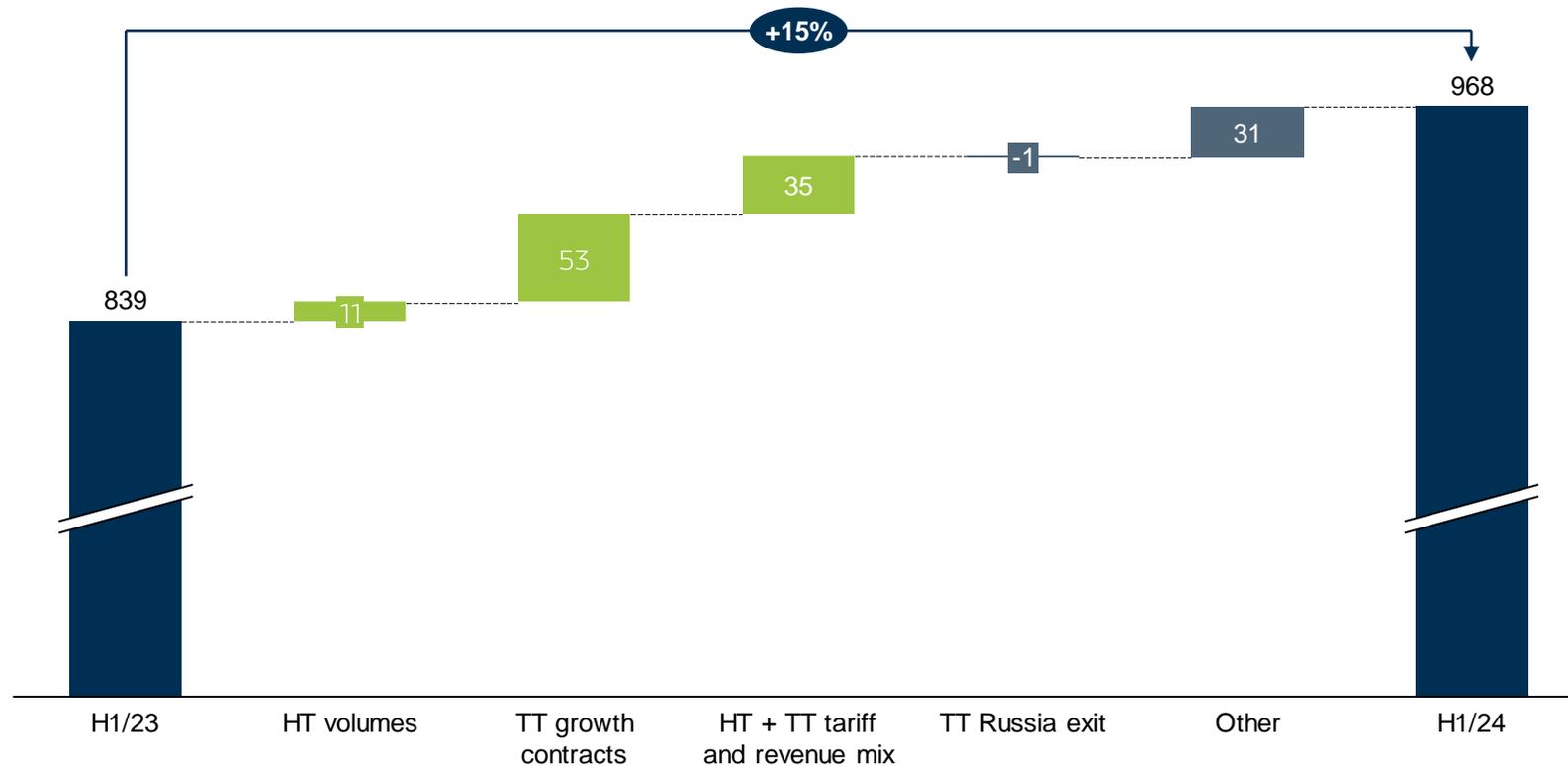
Revenue development, DKKm (H1 2023 to H1 2024)



- **HT volumes** increased by 2%, primarily driven by 2% increase in Europe and 1% in Australia
- **TT growth** increased revenue due to commencement of the Alexandroupolis (Greece), BHP (Australia), Fawley (UK), and Woodside (Australia) contracts
- **HT and TT tariff and revenue mix** increased due to tariff increases and day rate escalations above inflationary level and special services
- **TT Russia exit** decreased revenue by DKK 17m assuming no tariff increases

ADJUSTED EBITDA INCREASED DRIVEN BY HIGHER REVENUE OFFSETTING INFLATIONARY COST INCREASES

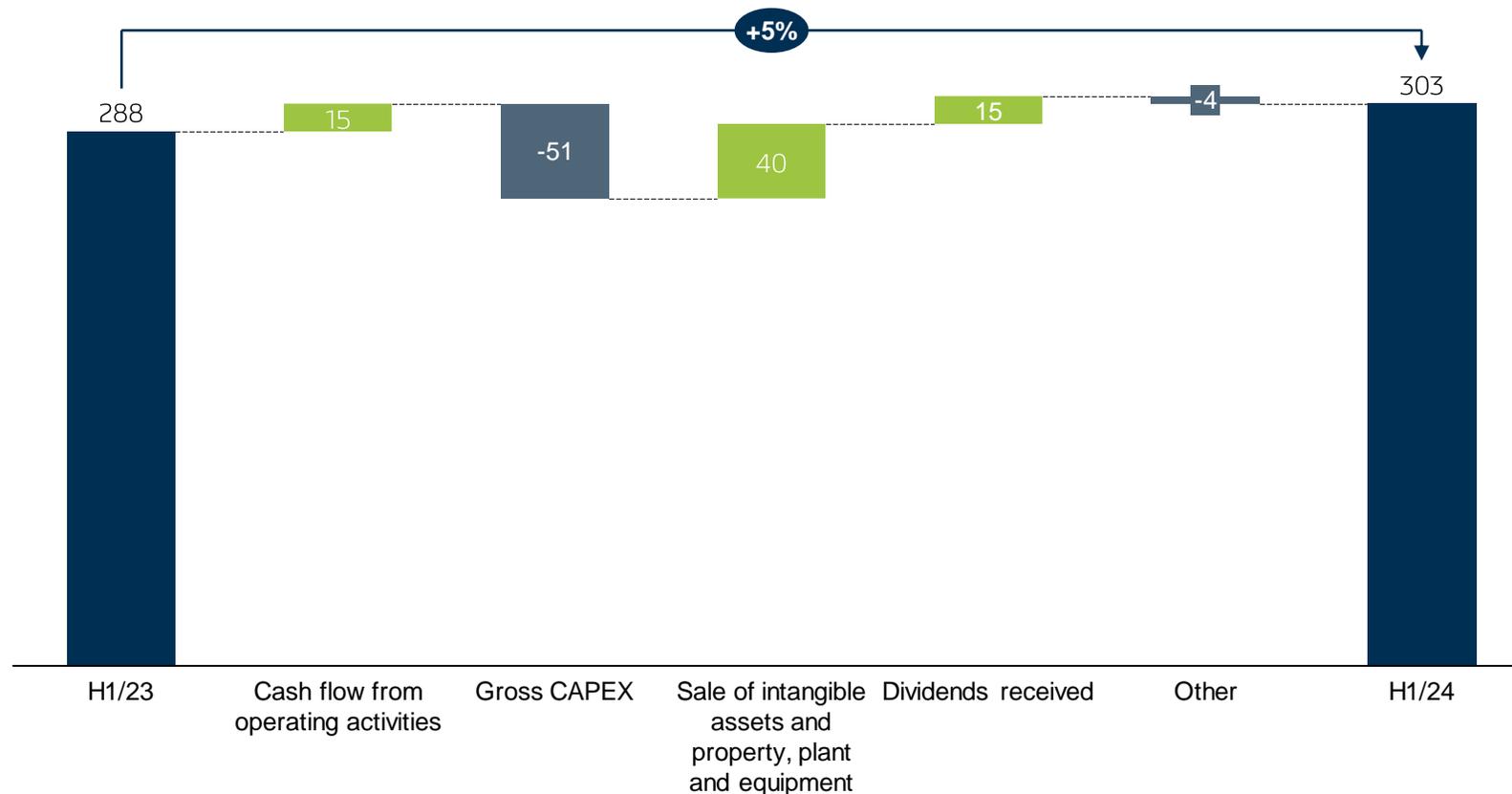
Adjusted EBITDA development, DKKm (H1 2023 to H1 2024)



- **HT volume** increases positively impacting earnings
- **TT growth** increased adjusted EBITDA driven by high margins in new projects
- **HT and TT tariff and revenue mix** lifts adjusted EBITDA by tariff increases and day rate escalations, mitigating inflationary cost pressure, higher maintenance and repair costs, and increased HVO costs in UK
- **Separation and listing costs** (excluded from this overview) expensed as part of the income statement amounted to DKK 104m in H1 2024 – and DKK 31m recognised in the balance sheet as it relates to the issue of new debt.

STABLE FREE CASH FLOW GENERATION

Free cash flow development, DKKm (H1 2023 to H1 2024)



- **Cash flow from operating activities** was positively impacted by improved EBITDA and positive changes in net working capital driven by increased payables, decreased inventory, while trade receivables increased. Taxes paid were at a higher level. Overall, this resulted in a change of DKK 15m.
- **Gross CAPEX** increased due to Growth CAPEX mainly related to four new vessels in the BHP contract in Australia and new fleet expansion in Brazil along with one new vessel in Canada.
- **Sale of intangible assets and property, plant and equipment** increase due to sale in Australia
- **Free cash flow** increased by DKK 15m with a cash conversion of 82% on par with prior year

DIVIDEND POLICY AND LEVERAGE TARGET

Capital structure

Debt financing

- Debt financing of EUR 320m and AUD 200m with a tenor of 5 years each
- RCF of EUR 185m with a tenor of 5 years

Current status

- Net interest-bearing debt decreased to DKK 3,541m on 30 June 2024 from DKK 3,908m on 31 December 2023, primarily driven by settlement of intra group cash pool receivables from A.P. Møller - Mærsk A/S, which was partly offset by draw down of the new debt facilities and an increase in cash balances

Leverage target ~2.0x

Leverage target

- Net interest-bearing debt / adjusted EBITDA ratio at ~2.0x
- May exceed 2.0x temporarily to fund organic or inorganic business opportunities

Current status

- Svitzer's leverage ratio was 1.9x on 30 June 2024, in line with the above stated target

Dividend policy 40-60%

Dividend policy

- For fiscal year 2024 and years thereafter, Svitzer expects to pay 40-60% of annual net profit available for distribution as dividend

FINANCIAL OUTLOOK FOR 2024

ADJUSTED IN JUNE 2024

Revenue

~6.0-7.5% growth in constant exchange rates

- Based on the solid financial performance across the regions year-to-date in 2024, which was driven by tariff increases, commencement of new contracts and special operation jobs, Svitzer expects the full-year revenue growth in constant exchange rates is expected to be **in the upper end** of the previously communicated range of around 6.0% - 7.5%.

Adj. EBITDA
DKK ~1,775-1,875m

- Similar to previous years, Svitzer will continue its efforts to mitigate the inflationary pressure on all cost categories by driving efficiencies. Based on this, combined with the development in the assumptions made on revenue, the adjusted EBITDA is expected to be **in the upper end** of the previously communicated range of around DKK 1,775 - 1,875m.
- The above excludes separation and listing costs related to the demerger expected to amount around DKK 130m.

Gross CAPEX
DKK ~900-1,100m

- Growth CAPEX is expected to be in the range of around DKK 400-500m.
- Fleet renewal, docking, and other CAPEX is expected to be around DKK 500-600m.
- It is assumed that Svitzer continues to invest in commercial and technology upgrades of its fleet and operations and that the fleet does not experience abnormal levels of equipment breakdowns.

Methodology & Assumptions

New operations

- Revenue expectation includes full year effects of operations commenced during 2023 in the UK, Greece, Brazil, the Philippines and Australia, as well as new operations planned to commence during 2024 in Australia

Currency

- The main foreign currencies for Svitzer are Australian Dollar, US Dollar, British Pound and Euro. These main currencies are assumed to be flat towards the DKK from when the financial outlook was updated in June 2024

KEY HIGHLIGHTS H1 2024

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Commercial

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- Five-year bareboat contract awarded in Panama Canal in Americas region

Q&A

EN

5. APPENDIX



INCOME STATEMENT

DKKm	H1 2023	H1 2024
Revenue	2,832	3,138
Operating costs	(1,993)	(2,274)
EBITDA	839	864
Depreciation, amortisation and impairment losses, net	(415)	(450)
Gain/(loss) on sale of non-current assets, etc., net	6	2
Share of profit/(loss) in joint ventures and associated companies	66	53
EBIT	496	469
Financial expenses	(5)	(202)
Profit before tax	491	267
Taxes	(290)	(109)
Net Profit	201	158
Of which		
Non-controlling interests	(25)	(29)
Svitzer A/S' share	176	129

SEGMENT OVERVIEW – BY REGION

DKKm	H1 2023	H1 2024
Australia		
Revenue	989	1,098
EBITDA	331	354
EBIT	198	200
CAPEX	-137	-195
Europe		
Revenue	985	1,097
EBITDA	247	255
EBIT	123	103
CAPEX	-151	-99
Americas		
Revenue	415	499
EBITDA	136	180
EBIT	104	133
CAPEX	-112	-174
AMEA		
Revenue	441	451
EBITDA	161	163
EBIT	113	131
CAPEX	-32	-15

SEGMENT OVERVIEW – BY BUSINESS SEGMENT

DKKm	H1 2023	H1 2024
Harbour Towage		
Revenue	1,960	2,138
EBITDA	525	583
Terminal Towage		
Revenue	867	1,006
EBITDA	349	389

CASH FLOW STATEMENT

DKKm	H1 2023	H1 2024
Profit/loss before financial items	496	469
Change in working capital	(70)	52
Other non-cash items	330	402
Cash flow from operating activities before tax	756	923
Taxes paid	(66)	(218)
Cash flow from operating activities	690	705
Purchase of intangible assets and property, plant and equipment	(432)	(483)
Sale of intangible assets and property, plant and equipment	25	65
Dividends received	60	75
Other financial investments, net	17	(14)
Cash flow from investing activities	(330)	(357)
Proceeds/repayment of external borrowings, net	(17)	4,011
Repayment of lease liabilities	(49)	(51)
Repayments from loans & borrowings with related parties, net	(425)	(3,726)
Financial items, net	14	(98)
Financial expenses paid on lease liabilities	(6)	(8)
Dividends distributed	-	-
Dividends distributed to non-controlling interests in subsidiaries	(12)	(7)
Other equity transactions	15	15
Cash flow from financing activities	(480)	136
Net cash flow for the period	(120)	484
Cash and cash equivalents 1 January	432	319
Currency translation effect on cash and cash equivalents	(9)	3
Cash and cash equivalents 31 December	303	806
Of which classified as assets held for sale	0	(1)
Cash and cash equivalents 31 December	303	805

BALANCE SHEET

Assets (DKKm)	H1 2023	H1 2024
Intangible assets	427	401
Property, plant and equipment	7,822	8,551
Right-of-use-assets	238	316
Financial non-current assets, etc.	913	815
Deferred tax	333	336
Non-current assets	9,733	10,419
Inventories	77	92
Trade receivables	741	826
Loan receivable	3,471	4
Other receivables	223	272
Cash and bank balances	303	805
Assets held for sale or distribution	4	7
Total current assets	4,818	2,006
Total assets	14,552	12,425

Equities and Liabilities (DKKm)	H1 2023	H1 2024
Equity attributable to Svitzer Group A/S	11,948	6,650
Non-controlling interests	421	153
Total equity	12,369	6,803
Lease liabilities, non-current	175	260
Borrowings, non-current	496	4,033
Other non-current liabilities	461	309
Total non-current liabilities	1,132	4,602
Lease liabilities, current	80	77
Borrowings, current	234	-
Other current liabilities	736	942
Liabilities associated with assets held for sale or distribution	1	1
Total current liabilities	1,051	1,020
Total liabilities	2,183	5,622
Total equity and liabilities	14,552	12,425