Hafnia Limited
Investor Presentation Q2 2023

Q2





HAFNIA
Member of BW Group

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INTRODUCTION TO HAFNIA

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

Q2 2023 In Numbers

1 # Vessels Owned[1]/Chartered-in	**113x/15x** LR2: 8x LR1: 30x/4x MR[2]: 51x/10x Handy[3]: 24x Specialized: 0x/1x
2 NAV at Q2 2023	**USD ~ 3.5b** *(equivalent to ~NOK 75.65 /share)*
3 Average broker value[4]	**USD ~ 4.3b**
4 Vessels average age[5]	**7.9 years**
5 Stock exchange	**NOK 61.25** *(as of 22 August 2023)* **(HAFNI:Oslo)**

Investment Summary

ACTIVE MANAGEMENT
Proactively reviewing market for opportunities that create stronger shareholder value

UNPARALLELED SCALE
Commercially managing a fleet of over 200 vessels, pool platforms covering every product segment and chemical.

STRONG SHAREHOLDER RETURNS
Consistent dividend payout since IPO. Upgraded to 60% payout ratio since Q4 2022 with potential further upside.

EARNINGS PATHWAY
Diversified revenue streams, modern fleet, strong market fundamentals, buying bunkers for over 1,000 vessels

FOCUS ON ESG
Highly reputable board of directors, constantly implementing initiatives on vessels that minimizes environmental impact

[1] *As of 30 June 2023, Including bareboat chartered in vessels; six LR1s and two LR2s owned through 50% ownership in the Vista Joint Venture and two MRs owned through 50% ownership in the Andromeda Joint Venture*
[2] *Inclusive of eight IMO II MR vessels //* [3] *Inclusive of 18 IMO II Handy vessels*
[4] *Including Hafnia's 50% share relating to six LR1s and two LR2s owned through 50% ownership in Vista Joint Venture and two MRs owned through 50% ownership in the Andromeda Joint Venture*
[5] *Hafnia's owned vessels as of 30 June 2023, excluding chartered-in fleet*

HAFNIA KEY UPDATES

SOCATRA Joint Venture

- In continuation of our efforts towards the decarbonization of the shipping sector, Hafnia, has successfully concluded a joint venture agreement with Socatra.
- As part of this joint venture, we have ordered four dual-fuel Methanol Chemical IMOII MR newbuilds from the GSI shipyard in China.
- The use of green methanol will effectively reduce local pollutants such as sulfur oxides, particulate matter and will substantially reduce nitrogen oxides and CO2 emissions on a tank-to-wake basis as compared to traditional marine fuels.
- The delivery of three of the vessels will be scheduled in 2025, while the fourth vessel to be delivered in 2026.
- Upon delivery, all four vessels will be chartered out to TotalEnergies on long term time-charters.



Fleet Renewal Strategy

In accordance to our fleet renewal strategy, we have in the second quarter of 2023:

- Welcomed Hafnia Loire (LR2 LNG dual-fuelled), second out of four vessels from our Vista joint venture
- Welcomed two IMO II - MR vessels into our fleet
- Purchased one IMO II - LR1 vessel, which was delivered on 3 July 2023



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STRONG SHAREHOLDER RETURN THROUGH ACTIVE MANAGEMENT

Q2 & 1H 2023 Financial Results

TCE Income

USD 349.3M

YTD 1H 2023 of USD 726.5M

EBITDA

USD 261.6M

YTD 1H 2023 of USD 557.6M

Pool & Bunker Income

USD 10.1M

YTD 1H 2023 of USD 21.2M

Net Profit

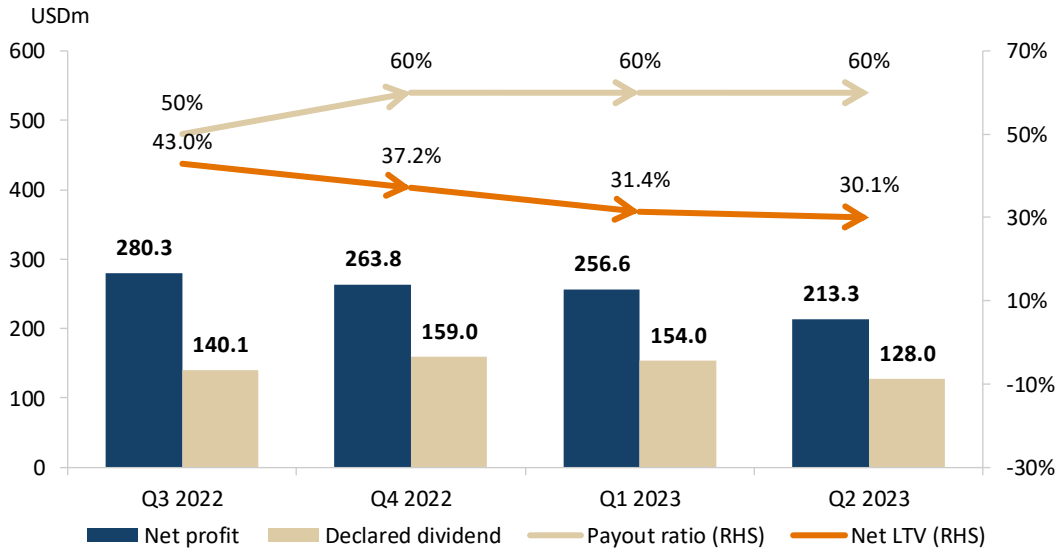
USD 213.3M

YTD 1H 2023 of USD 469.9M

Q2 2023 TCE/day

USD 33,449

Strong Shareholder Returns



Last 12 months

Net profit of **USD 1,014.0m**

Dividend of **USD 581.0m (57.3% payout ratio)**

- Net LTV ratio at the end of Q2 2023 has dropped to **30.1%**
  - Adjusted downwards from Q1 2023 from sale of vessels and repayment of loans
  - Adjusted upwards due to the acquisition of vessels and drawing down of a Pool working capital facility.
- For the quarter, we will pay out a dividend of **USD 0.2528** (~NOK 2.6341[1]) per share. This brings the total dividend amount for the quarter to USD **128.0m,** representing a payout ratio of **60%.**

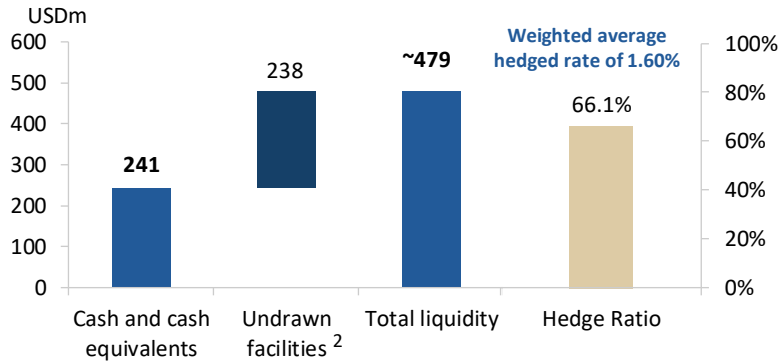
[1] *Based on exchange rate of 10.4211*

Q2 & 1H 2023 FINANCIAL SUMMARY

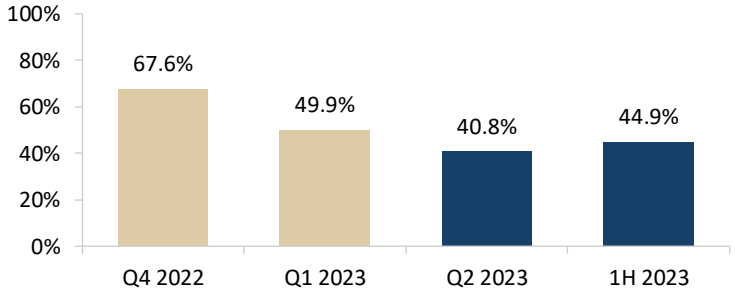
Income Statement USDm	Q2 2022	1H 2022	Q2 2023	1H 2023
TCE income	**348.3**	**511.7**	**349.3**	**726.5**
Other operating income	8.5	14.5	10.1	21.2
Vessel operating & technical management expenses	(77.0)	(139.3)	(71.3)	(141.9)
Charter hire expenses	(8.6)	(17.6)	(8.1)	(15.0)
General and administrative expenses	(13.7)	(24.3)	(18.5)	(33.2)
EBITDA	**257.5**	**345.0**	**261.6**	**557.6**
Depreciation and amortisation charges	(53.0)	(102.0)	(51.9)	(103.9)
Gain on disposal of assets	2.4	0.6	19.8	56.5
EBIT	**206.9**	**243.6**	**229.5**	**510.2**
Net financial expense	(24.8)	(40.5)	(19.9)	(47.8)
Share of profit from associate and joint venture	7.2	8.3	5.1	11.0
Profit before income tax	**189.4**	**211.4**	**214.8**	**473.3**
Income tax expense	(3.2)	(3.9)	(1.5)	(3.4)
Profit after tax	**186.2**	**207.5**	**213.3**	**469.9**

Balance Sheet Items USDm	Q4 2022	Q1 2023	Q2 2023
Total assets	3,919	3,931	4,087
Cash and cash equivalents	174.4	268.3	241.0
Total liabilities	1,910	1,826	1,911
Total equity	2,009	2,106	2,176
Gross debt	1,724	1,556	1,436
Net LTV[1] - %	37.2	31.4	30.1

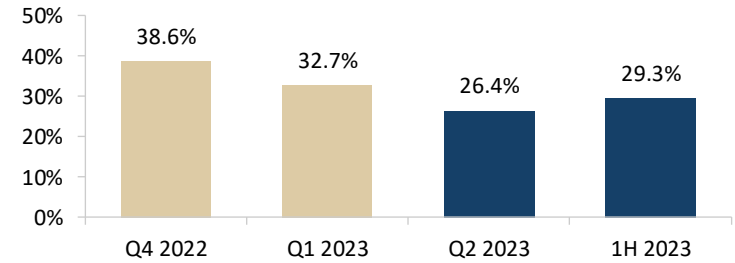
Total Liquidity & Hedge Ratio



Return on equity (annualised)



Return on invested capital[3] (annualised)



[1] *Net loan-to-value is calculated as vessel bank and finance lease debt (excluding debt for vessels sold but pending legal completion), debt from the pool borrowing base facilities less cash and working capital advanced to the external pool participants, divided by broker vessel values (100% owned vessels).*
[2] *Excludes pool working capital facilities*
[3] *ROIC is calculated using annualised EBIT less tax*

Q2 2023 OPERATING SUMMARY

Q2 2023 saw an average TCE of USD 33,449 per day

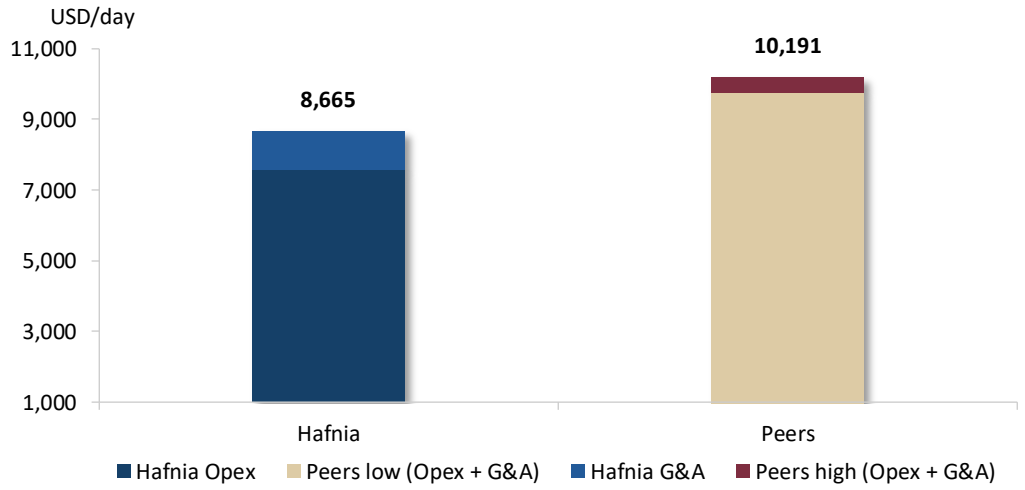
TCE Segment Breakdown

	Q2 2022		Q2 2023	
	Operating days[1]	TCE (USD/day)	Operating days[1]	TCE (USD/day)
LR2	544	34,601	546	36,926
LR1	3,084	36,777	2,517	41,119
MR[3]	5,017	28,636	5,144	30,954
Handy[4]	2,618	22,839	2,180	30,100
Specialized	-	-	57	15,994
Total[5]	11,979	29,077	10,444	33,449

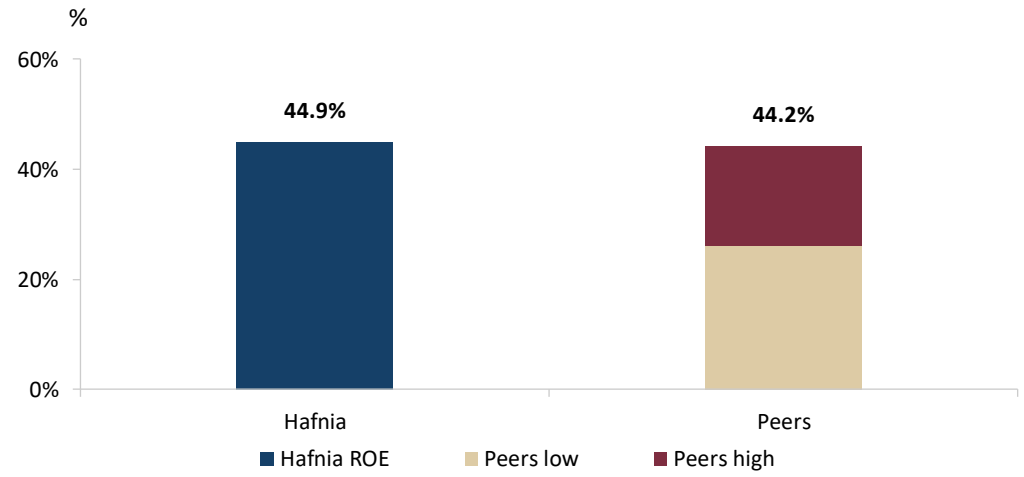
OPEX Segment Breakdown

	Q2 2022		Q2 2023	
	Calendar days	OPEX[2] (USD/day)	Calendar days	OPEX[2] (USD/day)
LR2	546	6,884	546	8,206
LR1	2,763	7,606	2,248	7,731
MR[3]	4,277	7,009	4,342	7,621
Handy[4]	2,636	7,005	2,184	7,846
Specialized	-	-	-	-
Total[5]	10,952	7,038	9,320	7,728

1H 2023 OPEX and SG&A[6]



1H 2023 Return on Equity



[1] *Total operating days include operating days for vessels that are time chartered-in*
[2] *OPEX includes vessel running costs and technical management fees*
[3] Inclusive of eight IMO II MR vessels // [4] Inclusive of 18 IMO II Handy vessels
[5] Total in Q2 2022 includes Stainless-steel vessel figures
[6] G&A includes all expenses and is adjusted for cost incurred in managing external vessels.
Peers: Torm, Ardmore, Scorpio

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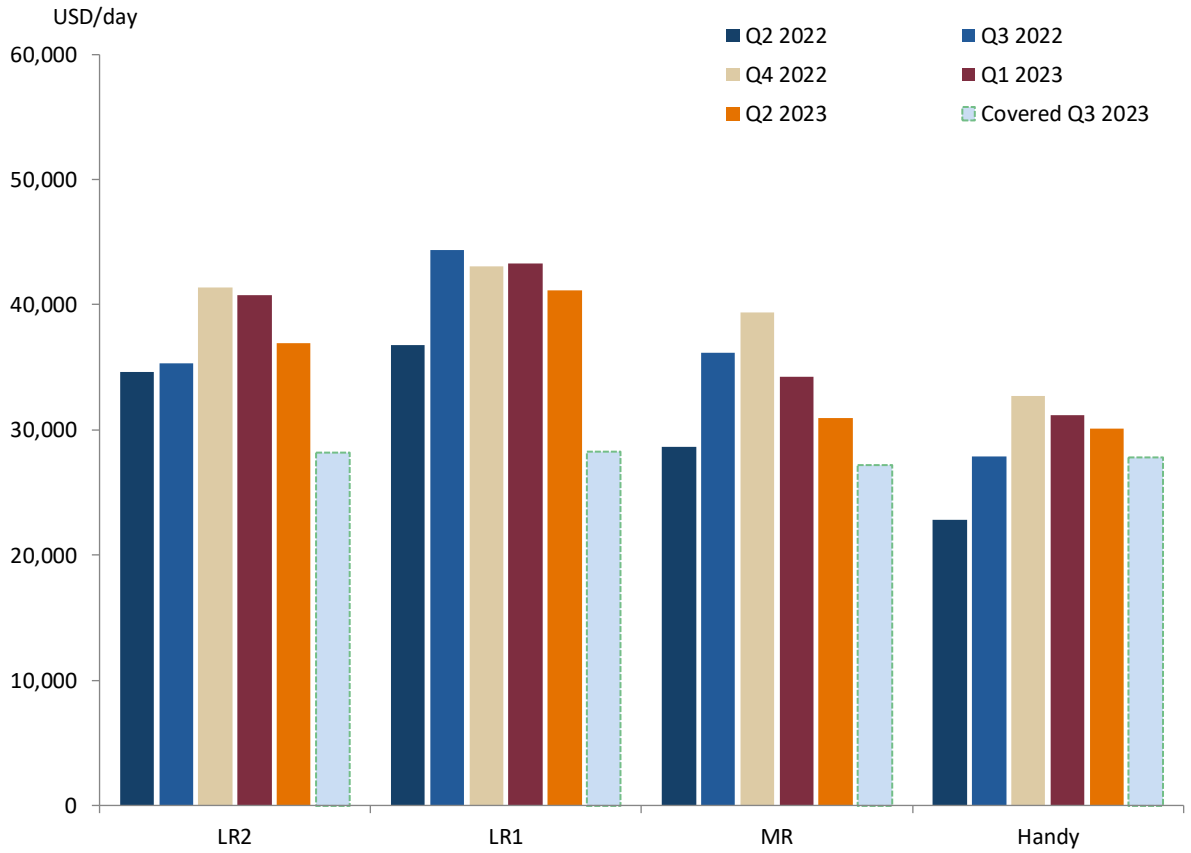
FLEET COVERAGE

78% of fleet is covered for Q3 2023 at USD 27,616 per day

Average Daily TCE by Vessel Type



Coverage as of 23 August 2023

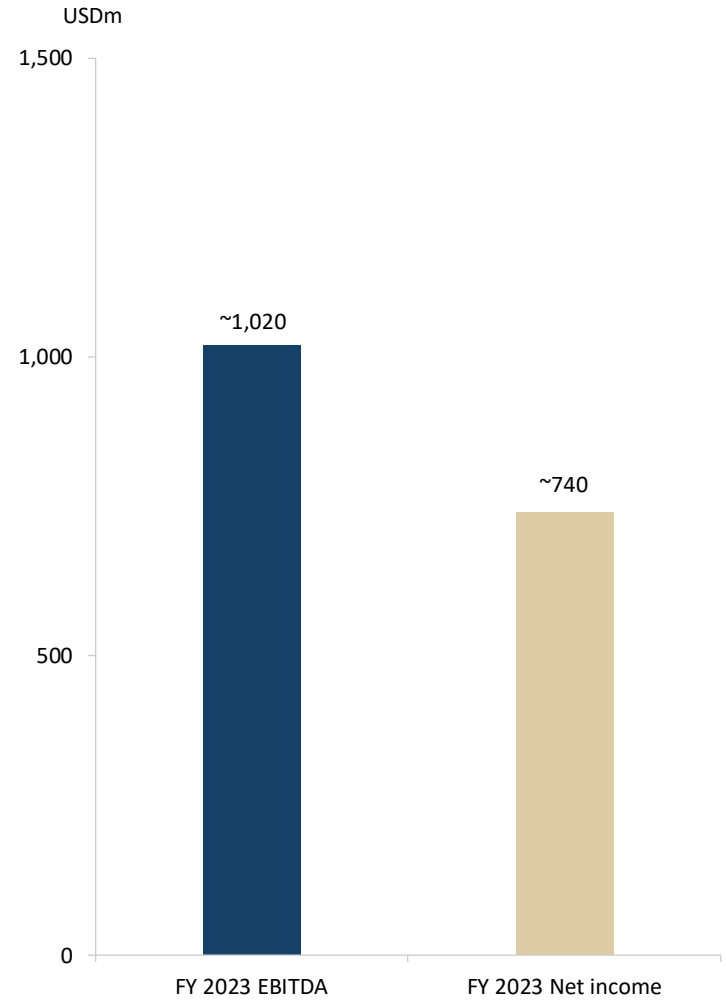
	Q3 2023		Q3 – Q4 2023	
	Covered (%)	Covered rates (USD/day)	Covered (%)	Covered rates (USD/day)
LR2	90%	28,161	64%	27,185
LR1	67%	28,225	35%	28,070
MR[1]	79%	27,202	49%	26,525
Handy[2]	85%	27,786	47%	27,669
Specialized	99%	14,417	99%	14,417
Total	**78%**	**27,616**	**46%**	**27,102**

[1] Inclusive of eight IMO II MR vessels
[2] Inclusive of 18 IMO II Handy vessels

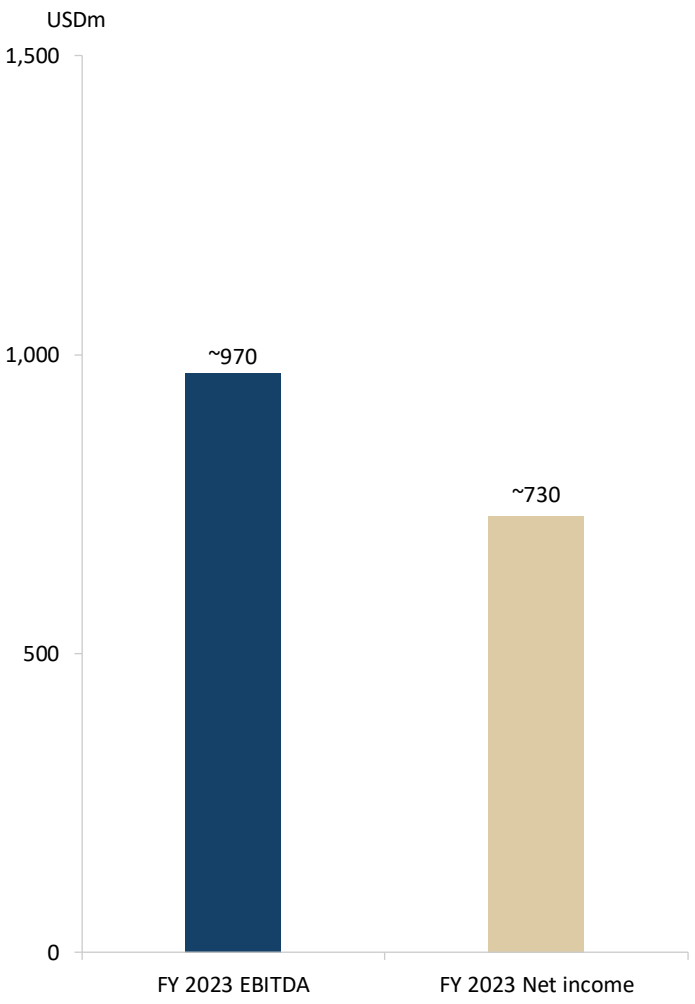
EARNINGS GUIDANCE FOR 2023

Strong fundamentals and positive outlook for product tanker market in 2023

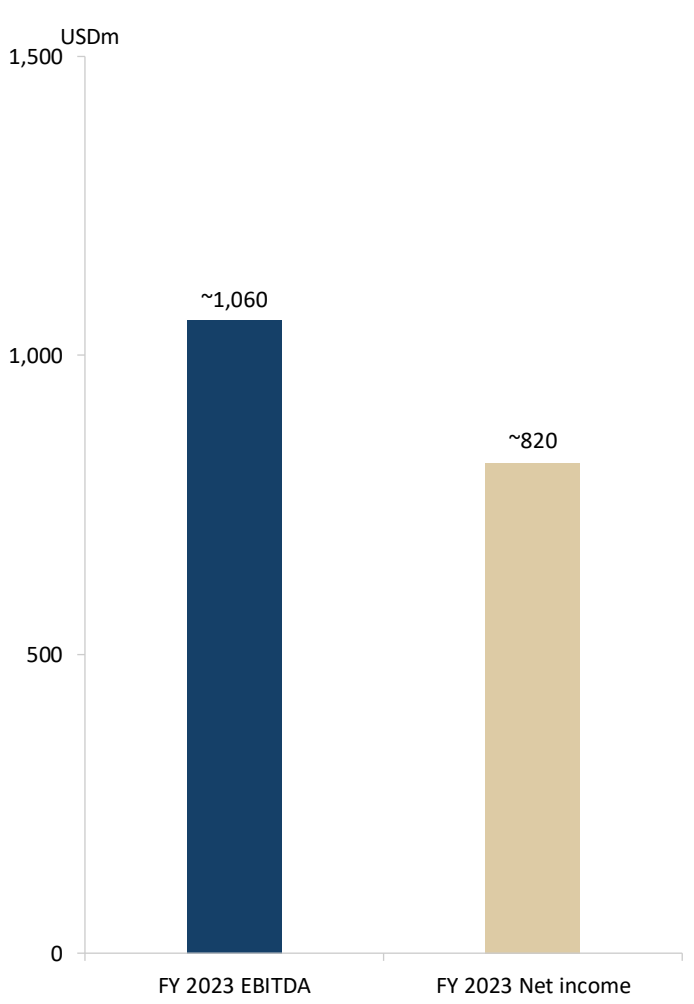
Analysts' Consensus[1]



Q3 2023 Covered Rates[2]



YTD 2023 Covered Rates[3]



[1] *Average of analysts' estimate. Analysts include (1) ABG SC, (2) Arctic, (3) Clarksons, (4) Danske, (5) DNB, (6) Fearnleys, (7) Jefferies, (8) Nordea, (9) Pareto, (10) SEB*
[2] *Q3 23 covered rates as of 23 August applied to total available earning days in 2023*
[2] *YTD August 2023 covered rates applied to total available earning days in 2023*

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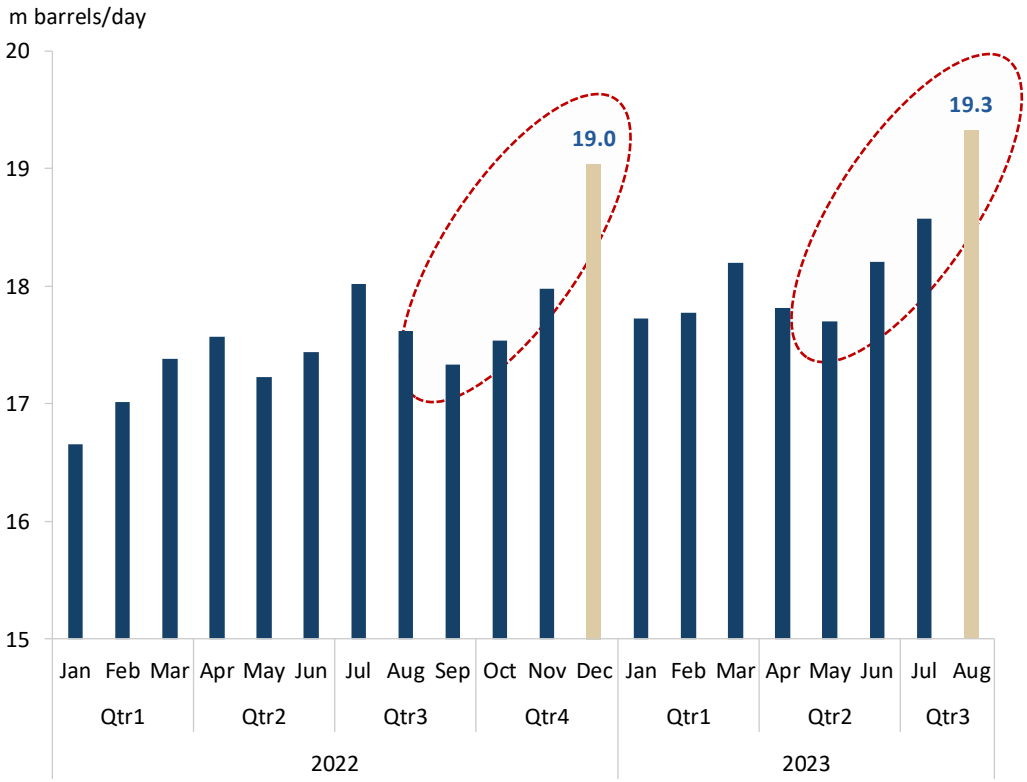
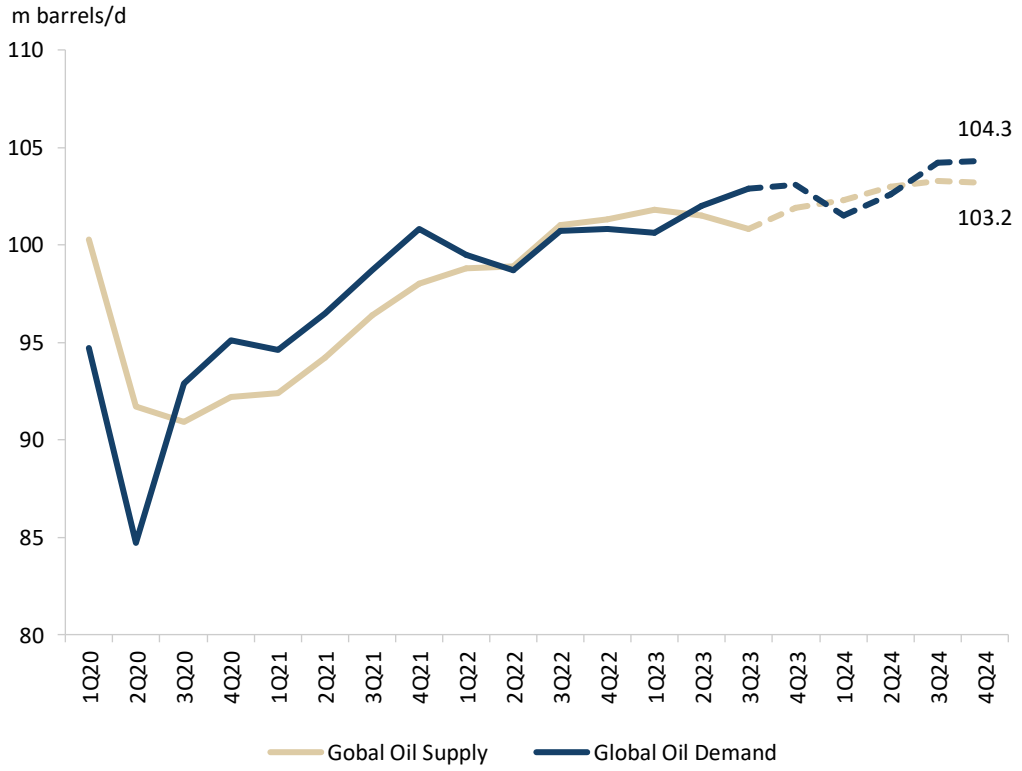
GLOBAL OIL DEMAND TO REACH RECORD HIGH

Daily CPP and Chemical Loadings Worldwide



Global Oil Demand and Supply



- Global oil demand and supply has surpassed previous years levels and are reaching record levels in 2023. Global oil demand is expected to increase by 2.2 million barrels per day in 2023 to 102.2 million barrels per day in 2023, reaching 103.1 million barrels per day in the fourth quarter. This increase is mainly attributed to strong summer air travel and rebound of Chinese economy.
- Despite OPEC+ production cuts, global oil supply is still expected to increase by 1.5 million barrels per day in 2023 to 101.5 million barrels per day, with non-OPEC+ and specifically the US driving the increase.
- We are already seeing an increase of daily loadings in August, mirroring movements and exceeding levels experienced in winter of 2022. We can expect loadings to continue increasing into the fourth quarter.

Source: IEA, Clarksons, Vortexa & Hafnia

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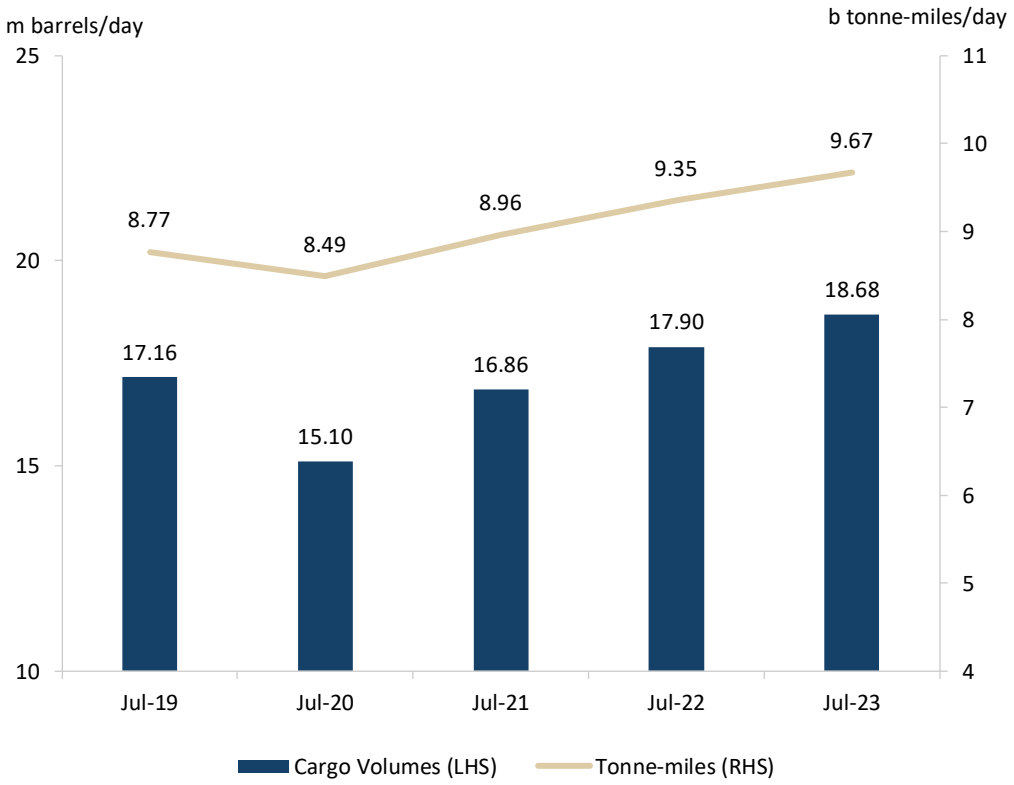
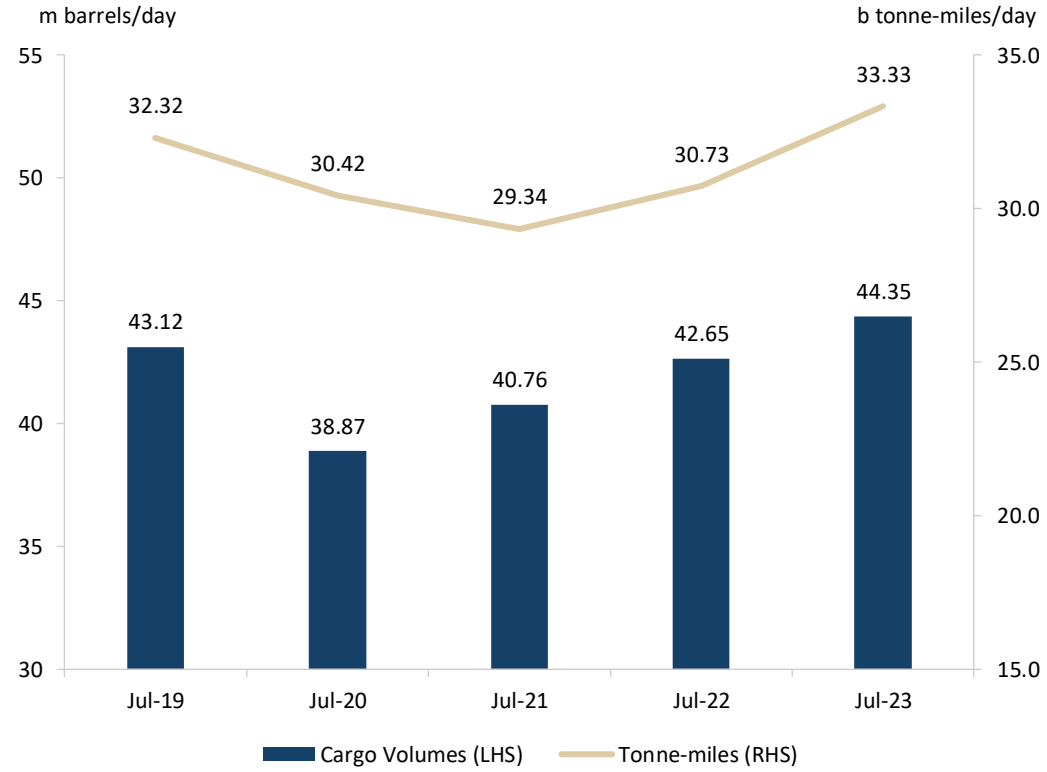
HIGHER CARGO VOLUMES AND TON-MILES

CPPs and Chemicals



Dirty Petroleum Products

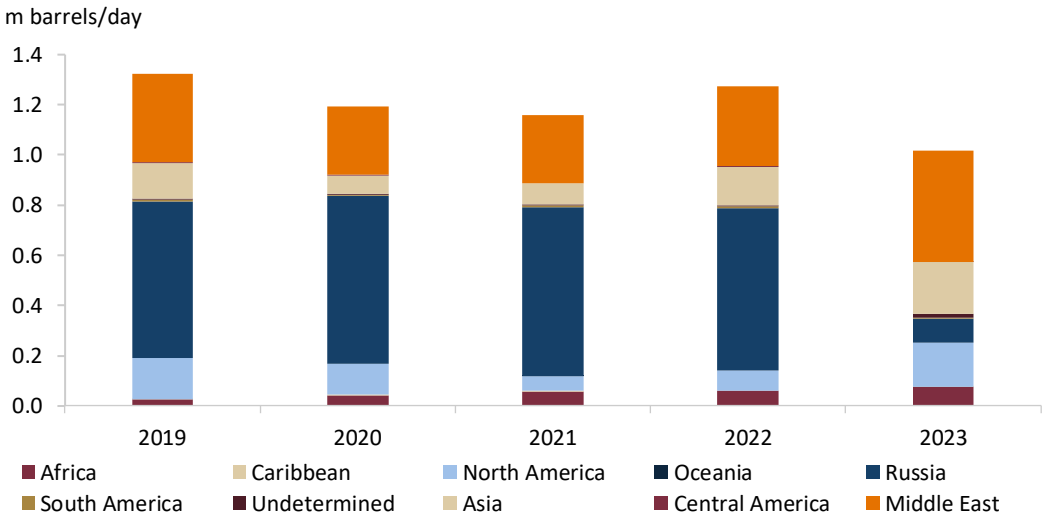


- Year-on-year in July 2023, cargo volumes and tonne-miles for both CPPs and DPPs have surpassed previous years' levels.
- Global oil markets have gradually recalibrated since the pandemic and the inefficiencies arising from Russia's invasion of Ukraine have also been alleviated, leading to more settled trading patterns amid the sanctions regime.
- This leads to a proportionate increase in both cargo volumes and tonne-miles.

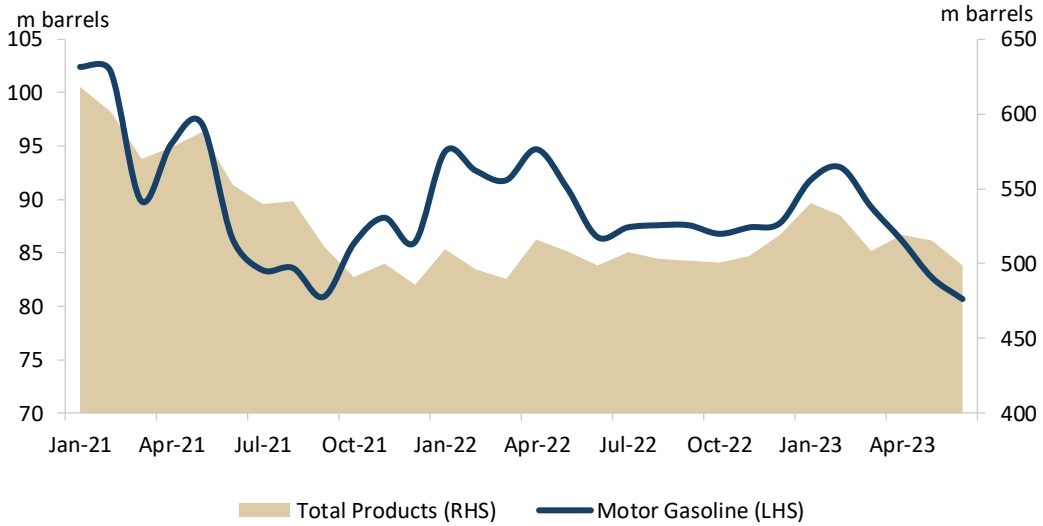
Source: Vortexa & Hafnia

EUROPE IMPORTS AND INVENTORY LEVELS ON A DECLINE

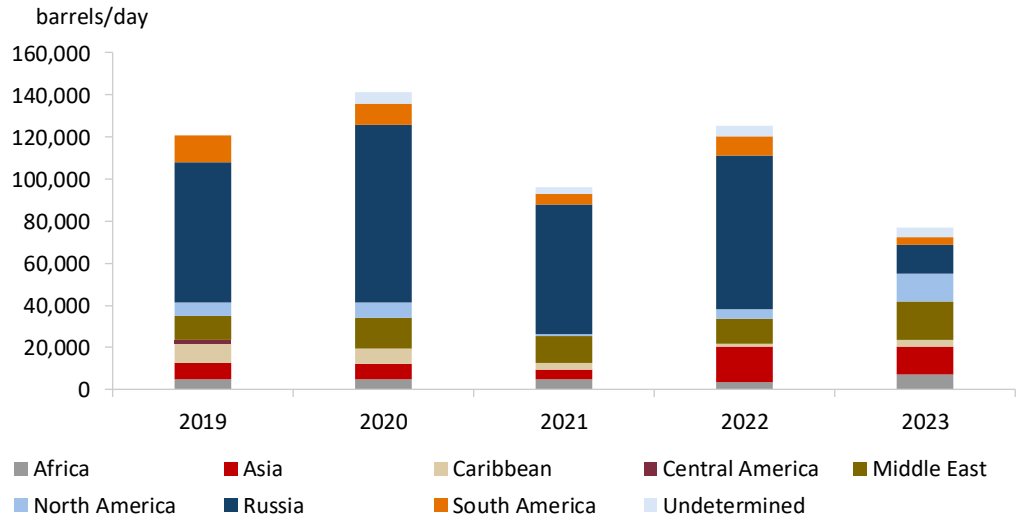
Europe Diesel Import Volume



OCED Europe Inventory Levels



Europe Gasoline Import Volume

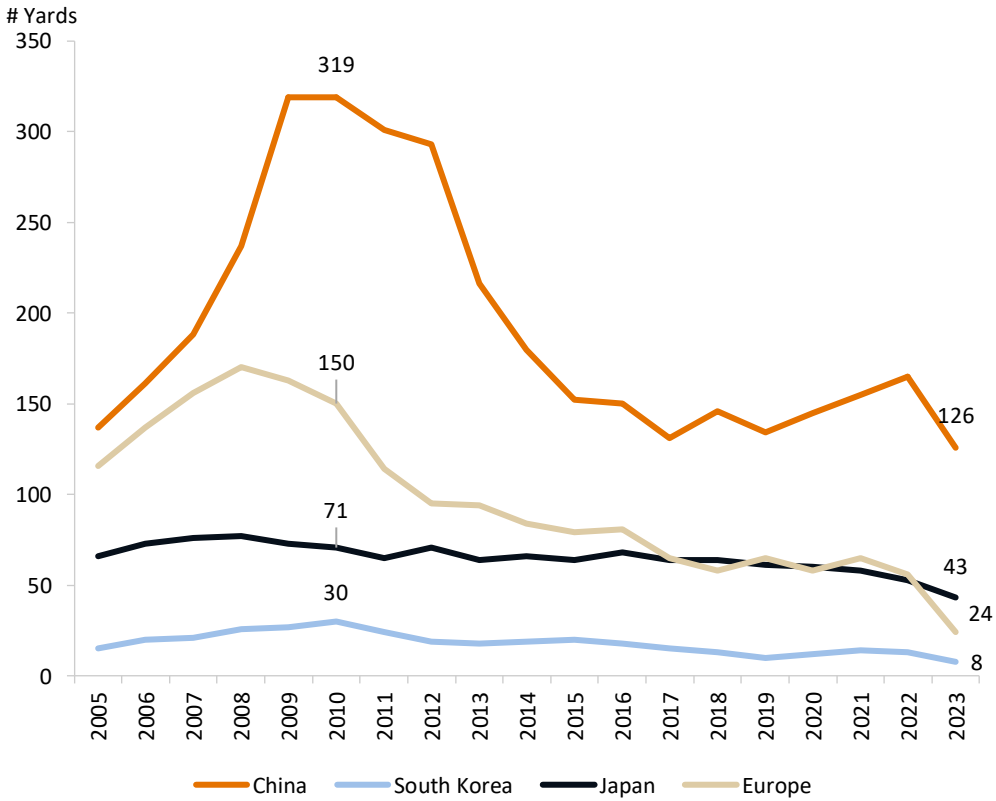


- Europe clean petroleum products import levels remain below pre-sanction levels due to increased drawdown on inventory. This has led to total products in Europe to plunge, with motor gasoline levels dropping to record low levels.
- There will be a need to rebuild middle distillates and product inventory levels. With new refining capacity in the Middle East, we can expect higher levels of East to West flows.
- Historically, freight rates increase when inventories are built, as both volumes and transportation distance increase.

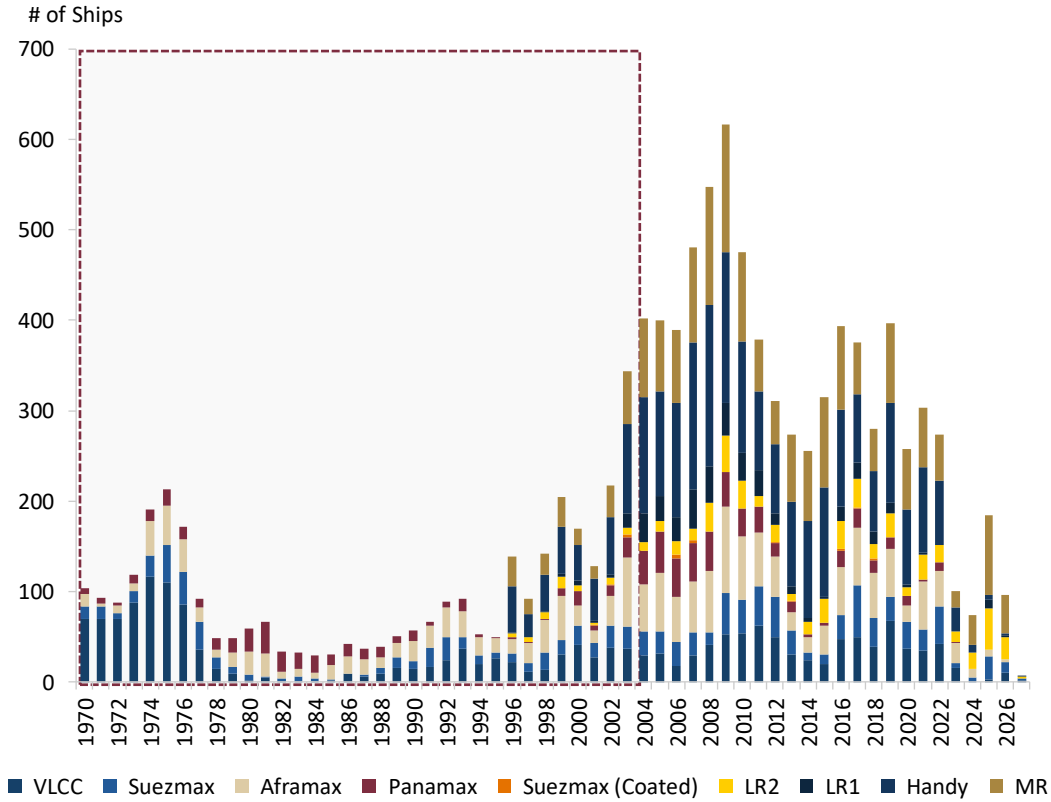
Source: Vortexa, Hafnia, IEA

SUPPLY REMAINS POSITIVE DESPITE CONTRACTING PICK UP

Historical Shipyard Development



Historical & Scheduled Newbuild Deliveries

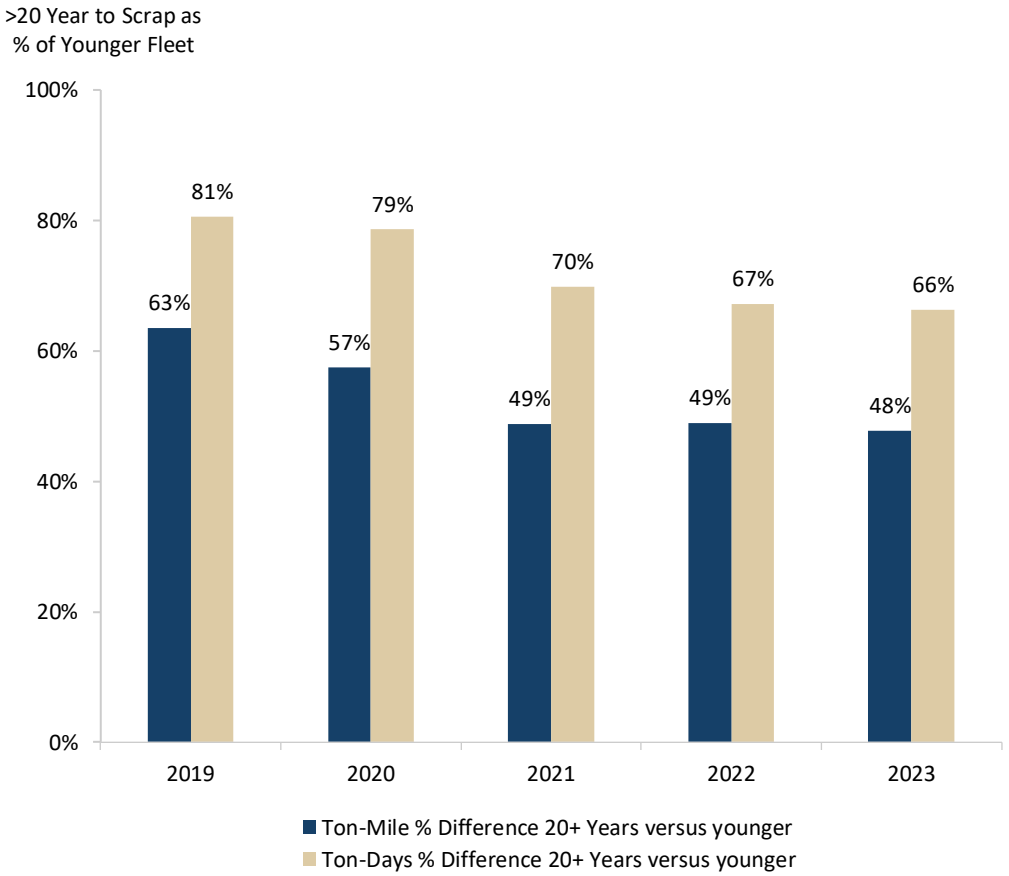


- Tanker contracting activity has picked up in the past months, and product tanker orderbook has increased to 9.5% in August. There will, however, be a long lead time before we see deliveries materialize.
- We are also seeing a lower level of shipyards compared to 15 years ago, and they are operating nearly full capacity, dominated mostly by Containers, Gas carriers and Bulkers.
- This will pave the way for higher utilization of existing vessels amid a rising global oil demand.

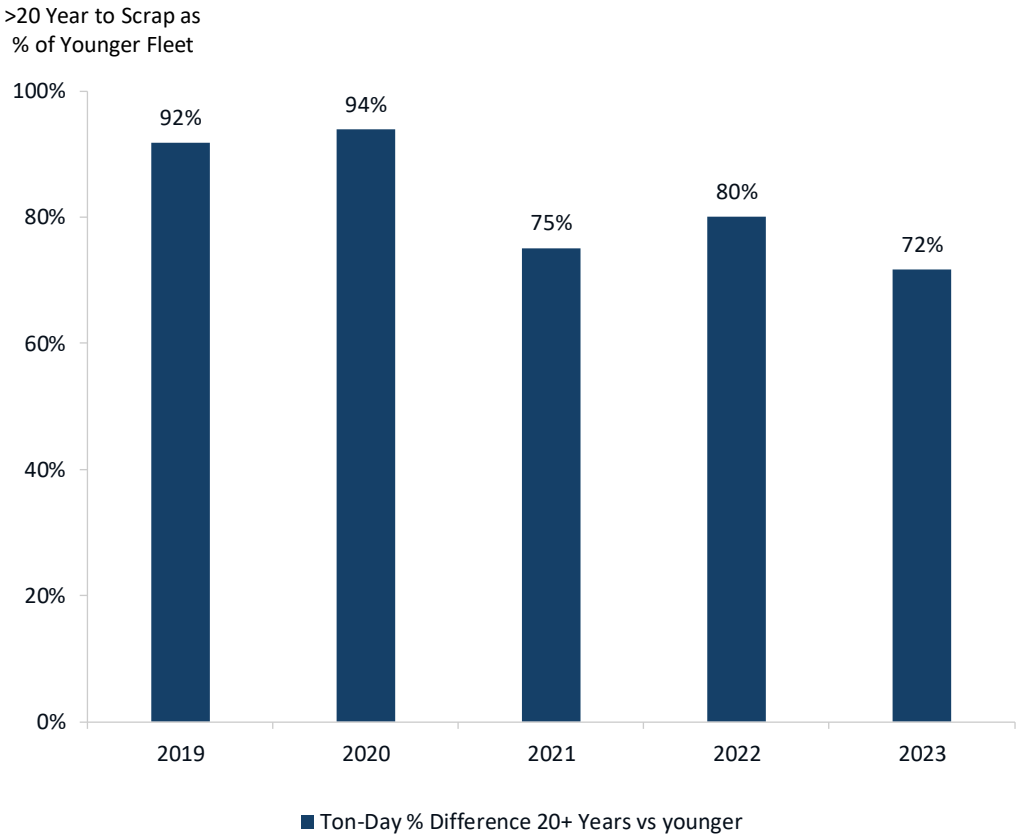
Source: Clarksons & Hafnia

REDUCED UTILIZATION OF AGEING FLEET

Handy, MR, LR1, LR2 in MR Equivalents



VLCC & Suezmax

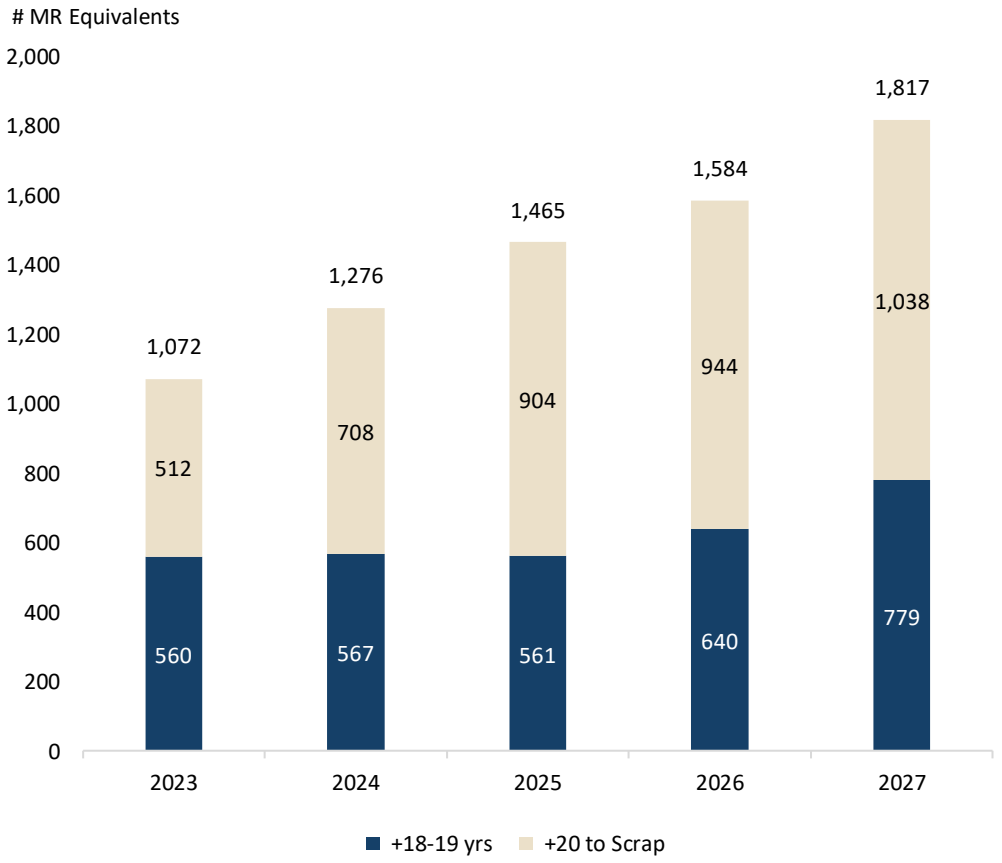


- We are observing significant de-facto scrapping for ageing vessels.
- There is a significant reduction in tonne-mile utilisation of vessels aged above 20 when compared to younger vessels.
- This disparity increases in the more recent years.

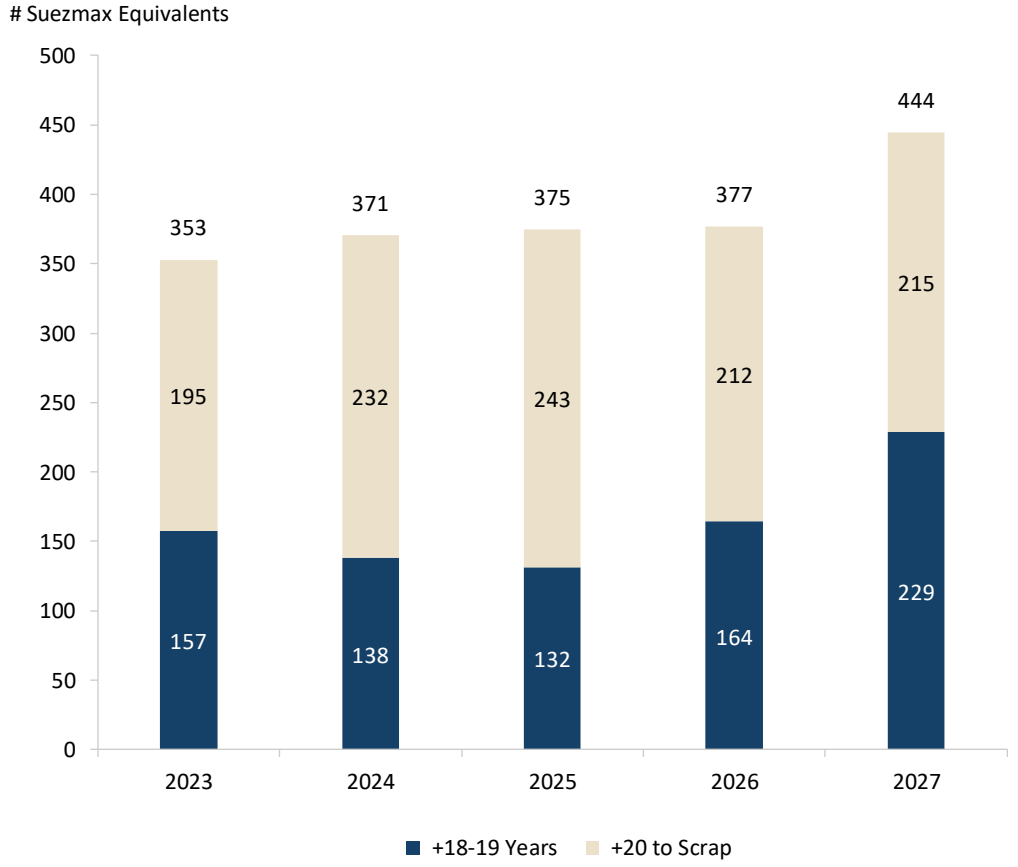
Source: Vortexa & Hafnia

NUMBER OF THE AGEING FLEET TO INCREASE

Handy, MR, LR1, LR2 in MR Equivalents



VLCC & Suezmax in Suezmax Equivalents

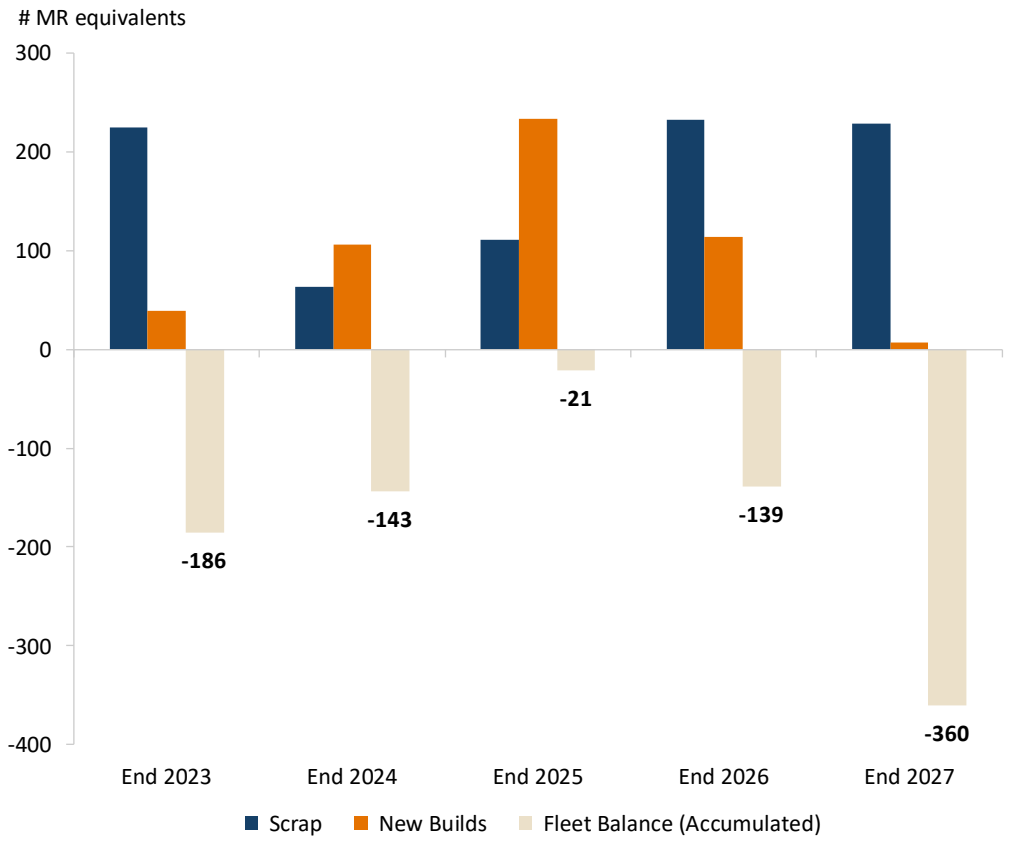


- Vessels here exclude those involved in Russia trading.
- Number of Product tanker aged above 20 will double in 2027 from 2023.
- Lowered utilization and increasing number of aged fleet will lead to higher scrapping levels and increased utilization of existing fleet.

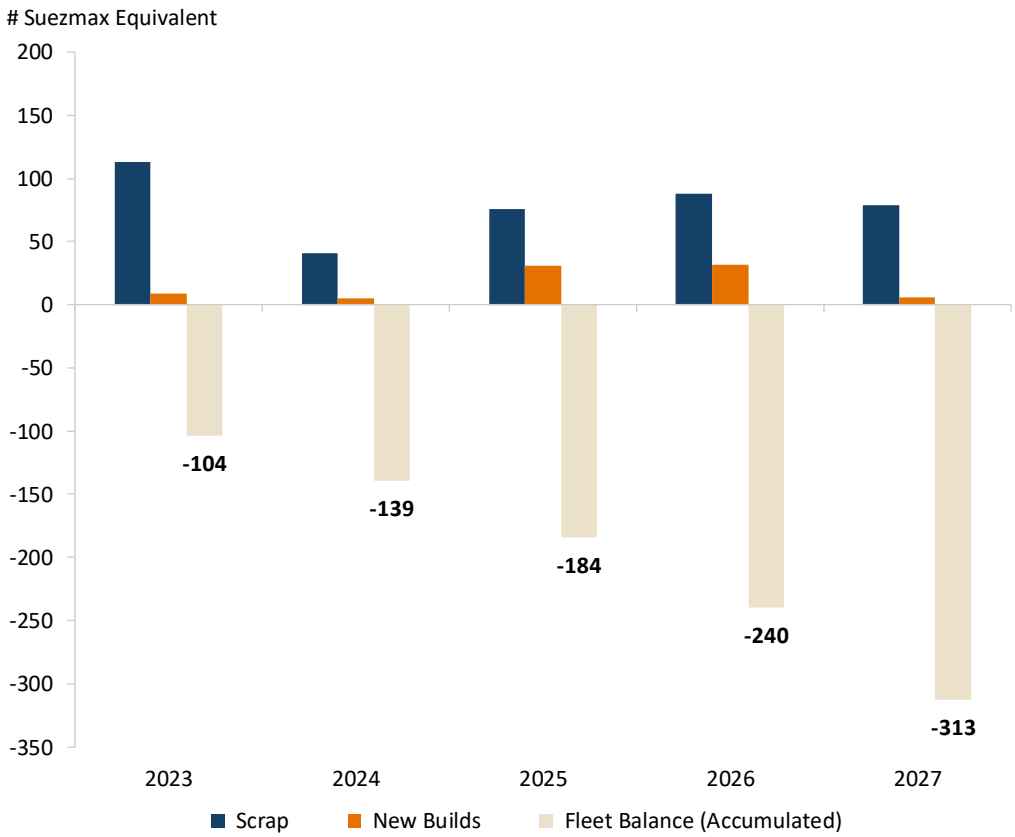
Source: Vortexa, Hafnia & Signal

ANTICIPATED FLEET BALANCES

Handy, MR, LR1, LR2 in MR Equivalents



VLCC & Suezmax in Suezmax Equivalents

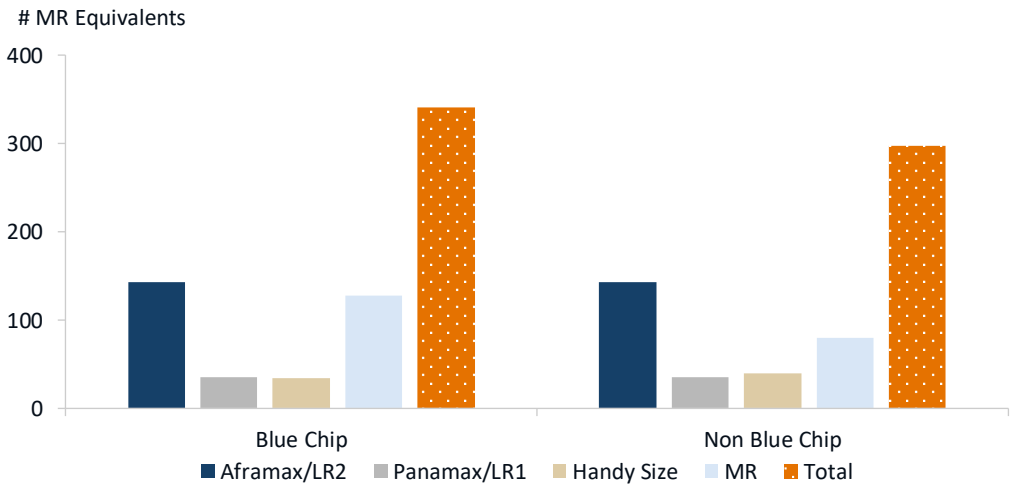


- Assuming scrape age of 25 for MR & Handy, 23 for LR2, LR1, Suzemax & VLCC.
- Tonnage supply balance to drop significant in the next couple of years, due to ageing fleet profile and scrapping.

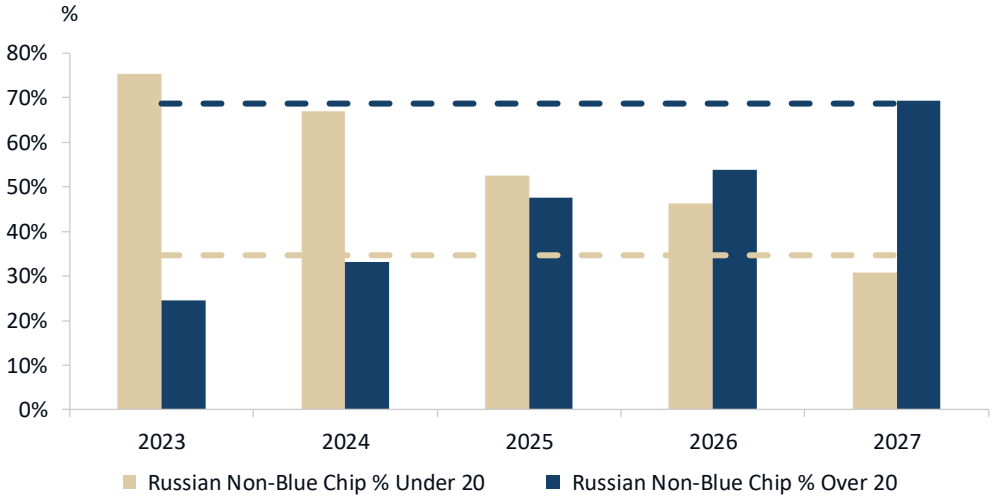
Source: Vortexa, Hafnia & Signal

RUSSIAN TRADING FLEET

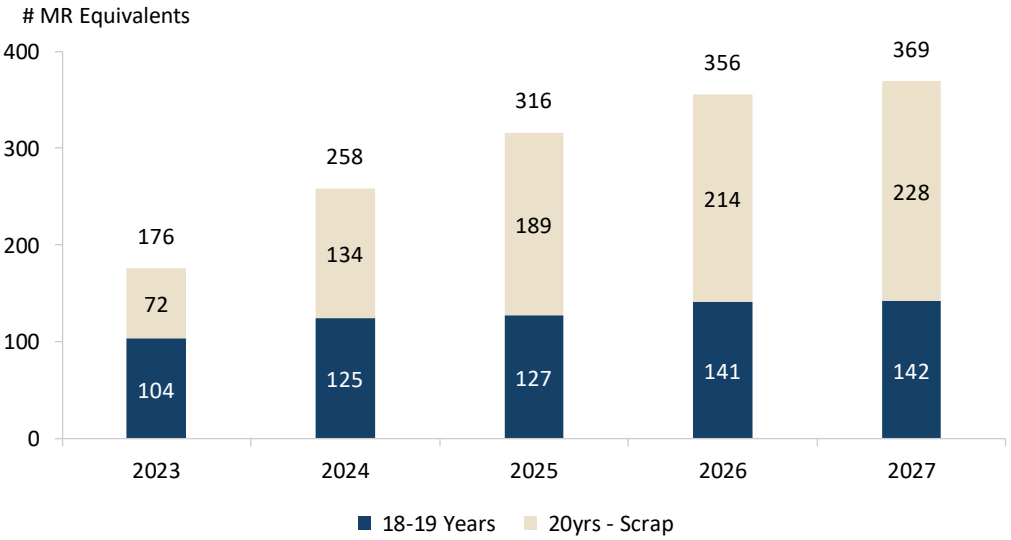
Breakdown of Russian Trading Fleet in MR Equivalents



Age Profile of Russian Trading Fleet



18 years+ to Scrap Russia calling vessels

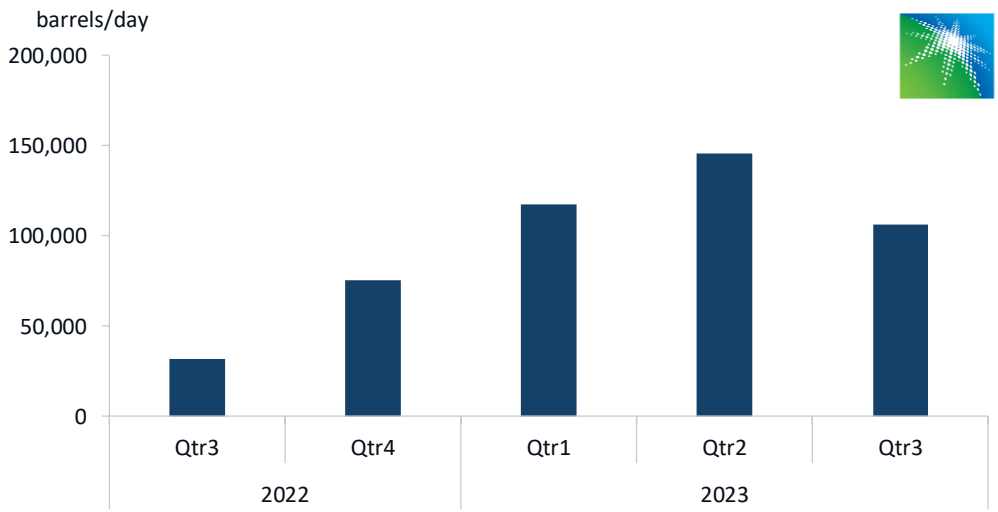


- As a result of the Russian invasion and subsequent sanctions, there remains a large fleet trading Russian oil products, which we estimate to be approximately 640 MR equivalent.
- A high proportion of these fleet are from reputable owners (blue chip), while those non-blue chip are of the larger age profile.
- Vessels operated by non-blue chip owners are unlikely to return to international if the sanctions should be lifted in the future

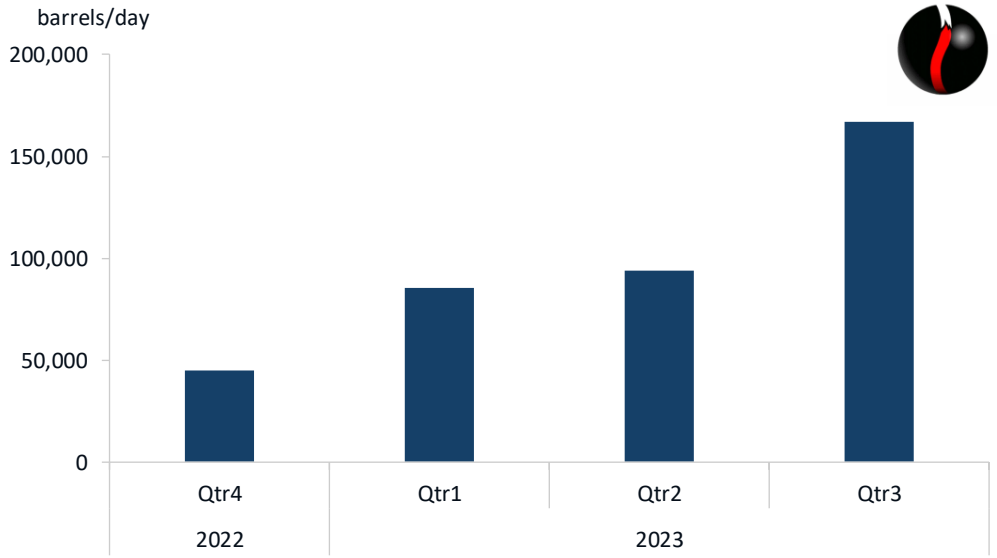
Source: Vortexa & Hafnia

MIDDLE EASTERN REFINERY & EXPORT DEVELOPMENT

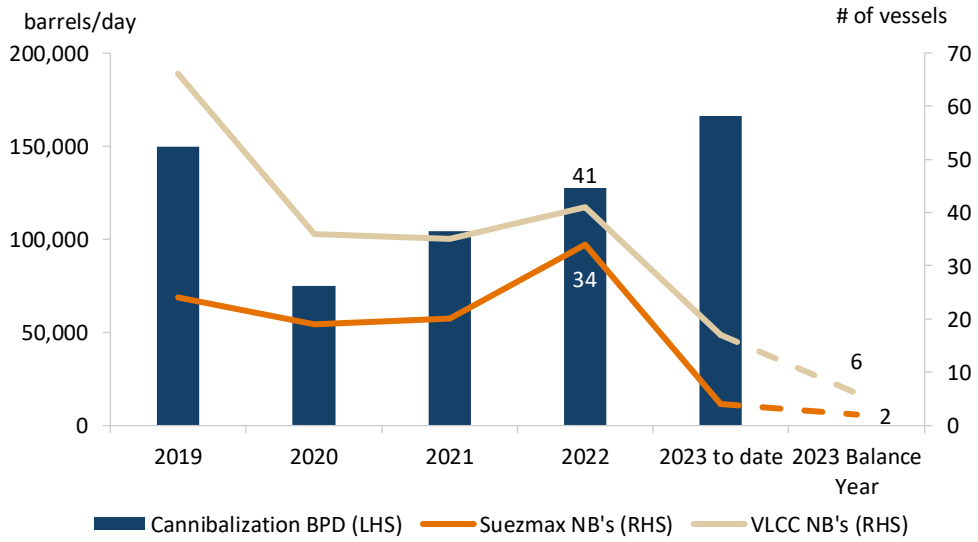
Saudi Aramco Jizan Refinery Output



KPC Al-Zhour Refinery Output



VLCC & Suezmax CPP Market Cannibalization

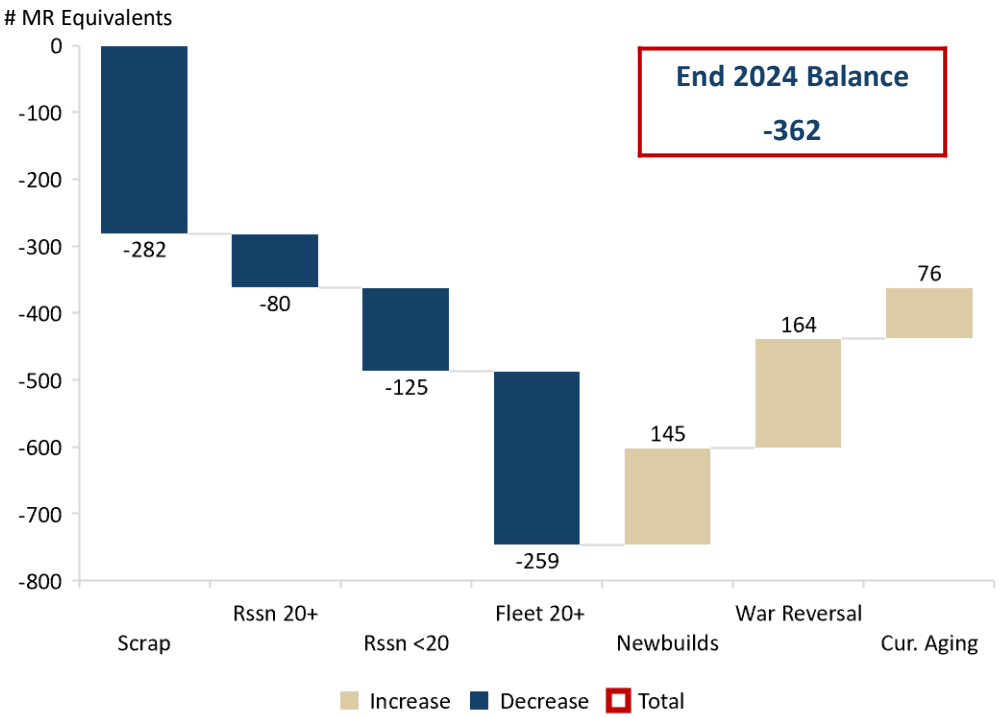


- Global refinery landscape is evolving, with capacity expansions in 2023 mostly originating from Middle East and China.
- In Middle East, two mega-refineries Saudi Aramco's Jizan refinery and KPC Al-Zhour in Kuwait output has been increasing in the past quarters. Despite that, they are still producing only about half of capacity, signaling further potential for output from Middle East.
- With only a handful of VLCC and Suezmax newbuilds left to be delivered for the remainder of 2023, we can expect market cannibalization levels to be very minimal, leading to higher utilization of existing product tankers
- This will support the clean product segment due to increased export volumes and long-haul transport from end users coming from the western hemisphere.

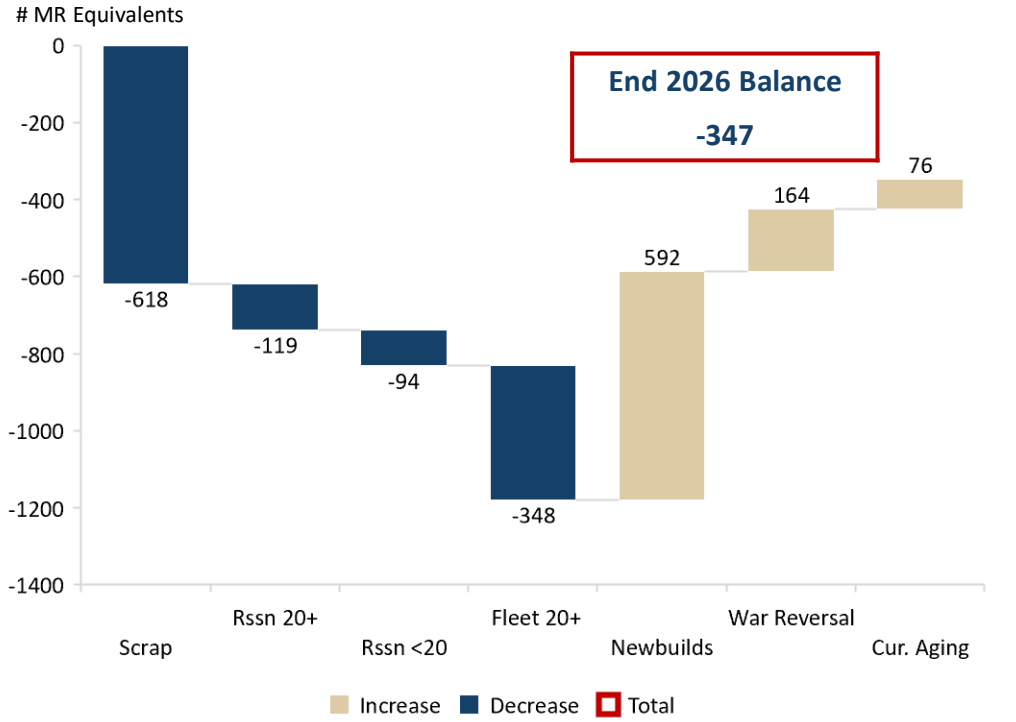
Source: Vortexa & Hafnia

SUPPLY VERSUS DEMAND POST-RUSSIA SANCTIONS

2024 Base Case Scenario (Handy to Aframax)



2026 Base Case Scenario (Handy to Aframax)

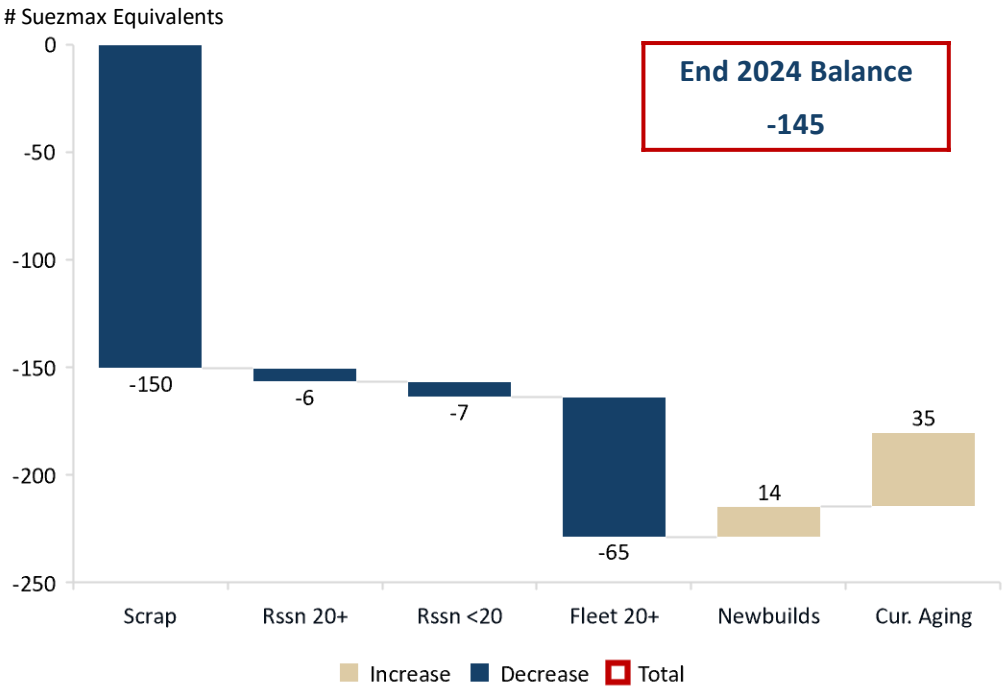


- ***Scrap*** *- Identifies Vessels that are above their respective scrap age (23 for LR1/Panamax & LR2/Aframax, and 25 for Handysize & MR)* – ***98% of candidates applied***
- ***Russian 20+*** *- Identifies Vessels within the 20-Scrap age range and have been trading Russia within the last three months.*
  The percentage is based upon which of these vessels are being traded by "non-blue chip" companies - ***60% of candidates applied***
- ***Russian <20*** *- Identifies Vessels between 0-19 years old and have been trading Russia within the last three months.*
  The percentage is based upon which of these vessels are being traded by "blue chip and non-blue chip" vessels. - ***25% of candidates applied***
- ***Fleet 20+*** *- Identifies Vessels that are in the age range 20-Scrap, and the figure excludes any Russian trading ships.*
  *The percentage is based on data that highlights the utilization of vessels within this age range. -****34% of candidates applied***
- ***Newbuilds*** *- Refers to the known and speculated deliveries as per Braemar market reports.* – ***Actual newbuild orders applied for 2024 and an additional 100 MR equivalent over and above known orders added to 2026***
- ***War Reversal*** *- Refers to the difference in demanded tonnage by Russia if/when the war were to end and ton-mile will decrease. -* ***60% reversal of ton-mile/tonnage demand increase applied***
- ***Current Aging*** *- Refers to the market benefit already received by older ships that are no longer trading*

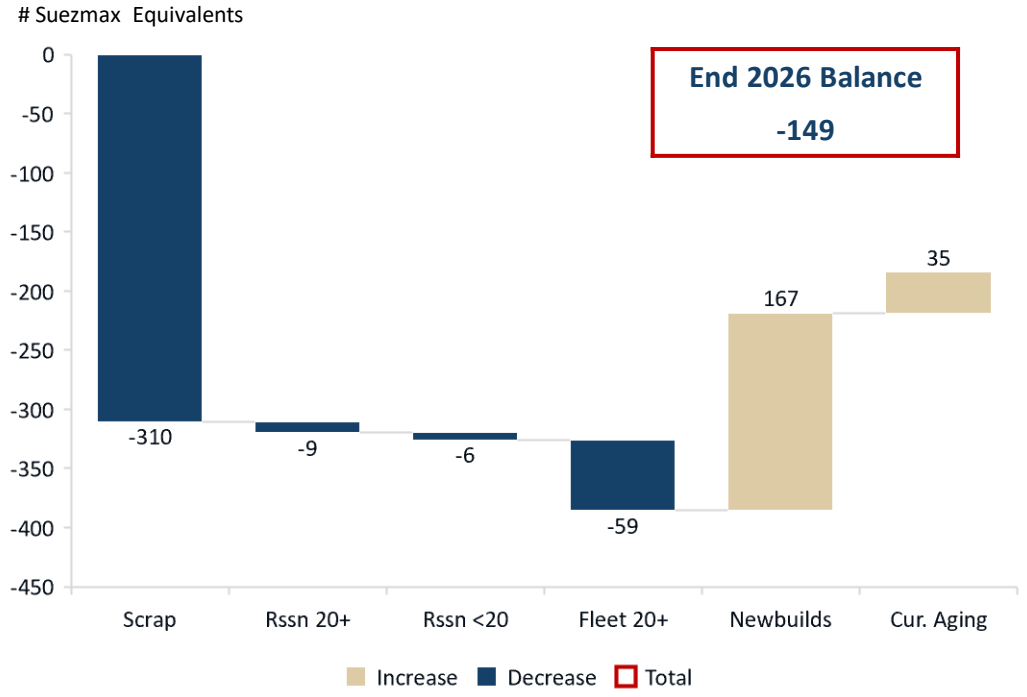
Source: Hafnia

LARGE CRUDE TANKER SUPPLY POST RUSSIA SANCTIONS

2024 Scenario (Suezmax & VLCC's)



2026 Scenario (Suezmax & VLCC's))



- ***Scrap*** *- Identifies Vessels that are above their respective scrap age (23 for LR1/Panamax & LR2/Aframax, and 25 for Handysize & MR)* – ***98% of candidates applied***
- ***Russian 20+*** *- Identifies Vessels within the 20-Scrap age range and have been trading Russia within the last three months. The percentage is based upon which of these vessels are being traded by "non-blue chip" companies -* ***63% of candidates applied***
- ***Russian <20*** *- Identifies Vessels between 0-19 years old and have been trading Russia within the last three months. The percentage is based upon which of these vessels are being traded by "blue chip and non-blue chip" vessels. -* ***11% of candidates applied***
- ***Fleet 20+*** *- Identifies Vessels that are in the age range 20-Scrap, and the figure excludes any Russian trading ships. The percentage is based on data that highlights the utilization of vessels within this age range. -****28% of candidates applied***
- ***Newbuilds*** *- Refers to the known and speculated deliveries as per Braemar market reports.* – ***Actual newbuild orders applied for 2024 and 90 additional Suezmax equivalent orders added to 2026***
- ***Current Aging*** *- Refers to the market benefit already received by older ships that are no longer trading*

Source: Hafnia

Agenda

Q2

Q2 2023 Overview

Financial Summary

Industry Review & Outlook

ESG Overview

HAFNIA
Member of BW Group

ESG OVERVIEW

Environment

COMPLIANCE

IMO 2030 TARGET
On track to be fully compliant **by 2028**

MARPOL
100% compliant

EMISSIONS

AER 5.24
Annual Efficiency Ratio
26% below Net Zero 2050 (PPMI) trajectory value

CO_2 emissions
-725 MT
Per vessel respect to 2021

CERTIFICATION

ISO 14001 **Certified**
*Hafnia internally managed fleet

Our Hafnia Technical Services are ISO 14001 certified.
And our emissions data are verified after **each voyage.**

Social

OUR PEOPLE

Employees	Crew	Women onshore in Hafnia	Nationalities
246	4,849	35%	35

SAFETY

LTIF 0.32
Lost Time Incident Frequency

TRCF 0.69
Total Recordable Case Frequency

Retention Rate
94% On shore
96% At sea

TRAINING

20.5 Total training hours per seafarer*
16.3 Training hours per onshore personnel

Women at Sea *
*Hafnia internally managed fleet
96% Increase (vs 2021)

Governance

- **No reported cases of misconduct**
- **No whistleblowing reports**
- **No fines incurred**

ESG Strategy anchored to the top

100% of our people trained on
Sanctions **GDPR** **Anti-Trust** **Anti-Corruption**

AWARDS

2022 **Award Winners**
Outstanding Leadership
Diversity – Danish Shippping
Seafarer of the Year
Tanker Operator

Our Sustainable Development Goals

5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
17 PARTNERSHIPS FOR THE GOALS

We are reporting under

GRI · SASB · TCFD Task Force on Climate-Related Financial Disclosures · Maritime Framework

HAFNIA Member of BW Group

WORLD'S LEADING TANKER OWNER



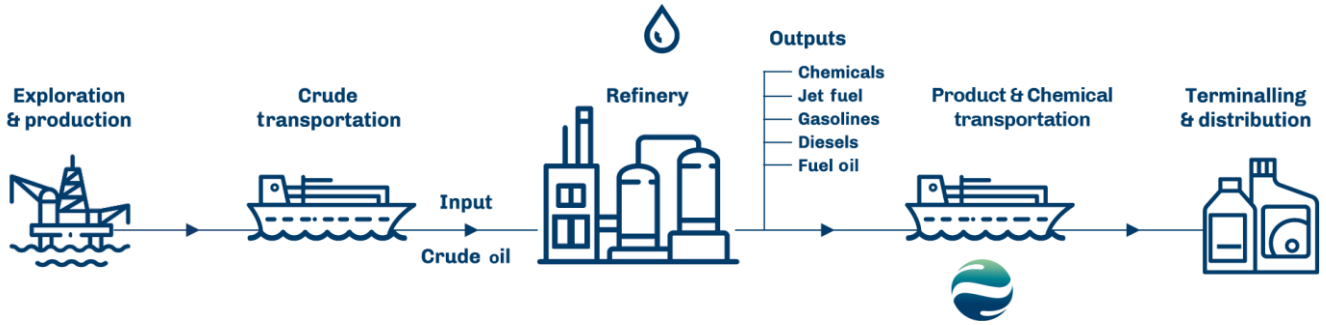


LARGEST OPERATOR OF PRODUCT AND CHEMICAL TANKERS IN THE WORLD

STRONG PRODUCT MARKET OUTLOOK AND FUNDAMENTALS

STRONG FOCUS ON ESG INITIATIVES AND HIGHLY REPUTABLE BOARD OF DIRECTORS

STRONG RELATIONSHIPS WITH INDUSTRY PARTNERS AND INVESTOR COMMUNITY



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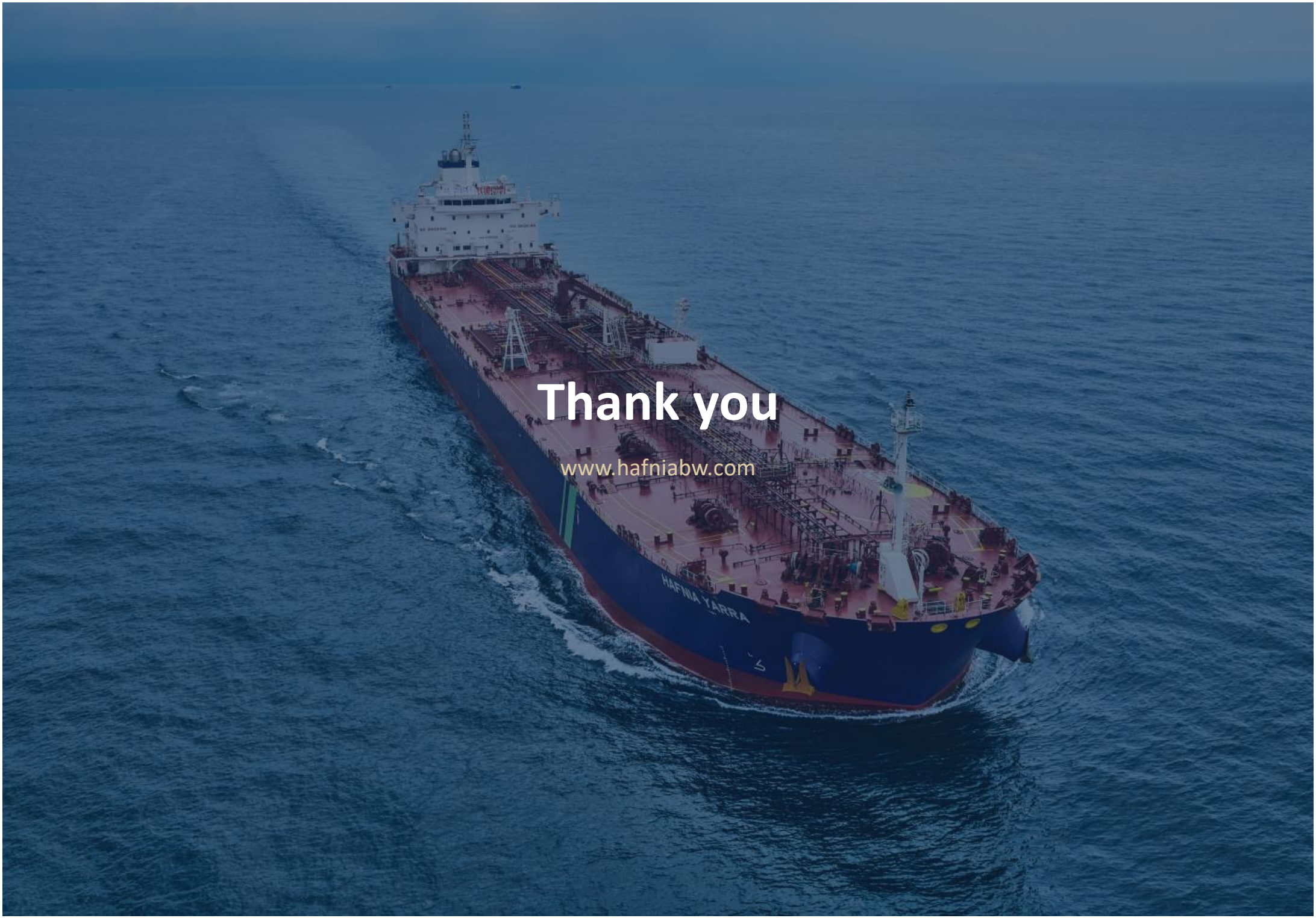

Thank you

www.hafniabw.com