Hafnia Limited
Investor Presentation Q3 2023

Q3





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

Q3 2023 In Numbers

1 # Vessels Owned[1]/ Time Chartered-in	**114x/14x** LR2: 8x LR1: 31x/4x MR[2]: 51x/10x Handy[2]: 24x
2 NAV at Q3 2023	**USD ~ 3.6b** *(equivalent to ~NOK 76.7/share)*
3 Average broker value[3]	**USD ~4.3b**
4 Vessels average age[4]	**8.1 years**
5 Stock exchange	**NOK 72.70** *(as of 13 November 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 70% payout ratio in Q3 2023 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 September 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 IMO II vessels*
[3] *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*
[4] *Hafnia's owned vessels as of 30 September 2023, excluding time chartered-in fleet*

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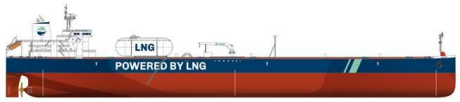
HAFNIA KEY UPDATES



1. Welcome of Newbuild

- Welcomed Hafnia Larvik (LR2 LNG dual-fuelled) in October 2023.
- Third of four newbuilds as part of Vista Joint Venture.
- Last vessel to be delivered in February 2024.



2. Sustainability-Linked Credit Facility

- In Q3, we have signed a USD 303 million sustainability-linked credit facility.
- Established with a syndicate of eight banks and secured by a fleet of nine IMO II vessels.
- Facility has an annual sustainability margin adjustment mechanism, with DNV providing the second party opinion on key performance indicators.

3. US Dual Listing[1]

- Hafnia's Board has authorized management to commence working toward a potential secondary listing in the US.
- The transaction currently under consideration is limited solely to a direct listing of outstanding Hafnia shares, without raising any additional capital.
- If Hafnia's shares are in the future listed in the United States, the shares would also continue trading on the OSE.
- This decision is based on its desire to consider options for reaching a wider base of investors and improving share liquidity.

[1] This does not constitute an offer to sell or the solicitation of an offer to buy any securities. Any offers, solicitations of offers to buy, or any sales of securities in the United States will be made in accordance with the registration requirements of the Securities Act of 1933, as amended ("Securities Act") and any applicable state laws or available exemptions from registration.

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STRONG SHAREHOLDER RETURN THROUGH ACTIVE MANAGEMENT

Q3 & YTD 9M 2023 Financial Results

TCE Income

USD 310.3M

YTD 9 months 2023 of USD 1,036.8M

EBITDA

USD 220.8M

YTD 9 months 2023 of USD 778.4M

Pool & Bunker Income

USD 7.5M

YTD 9 months 2023 of USD 28.7M

Net Profit

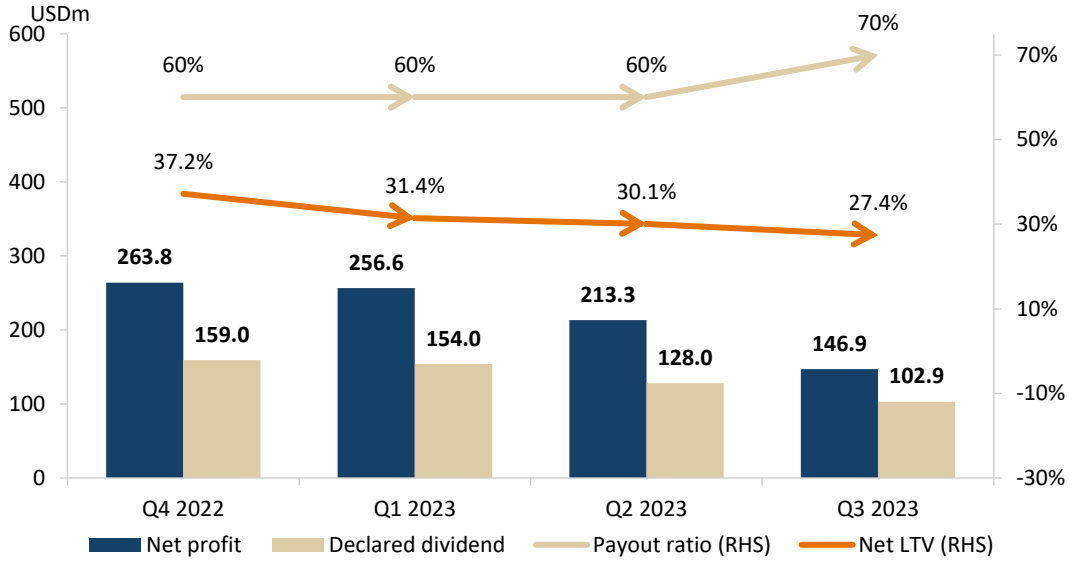
USD 146.9M

YTD 9 months 2023 of USD 616.8M

Q3 2023 TCE/day

USD 28,954

Strong Shareholder Returns



YTD 9M 2023

Net profit of **USD 616.8m**

Dividend of **USD 384.8m (62.4% payout ratio)**

- Net LTV ratio at the end of Q3 2023 has dropped to **27.4%**, adjusted downwards from Q2 2023 due mainly to reduction in debt.
- For the quarter, we will pay out a dividend of **USD 0.2032** (~NOK 2.2565[1]) per share. This brings the total dividend amount for the quarter to USD **102.9m,** representing a payout ratio of **70%.**

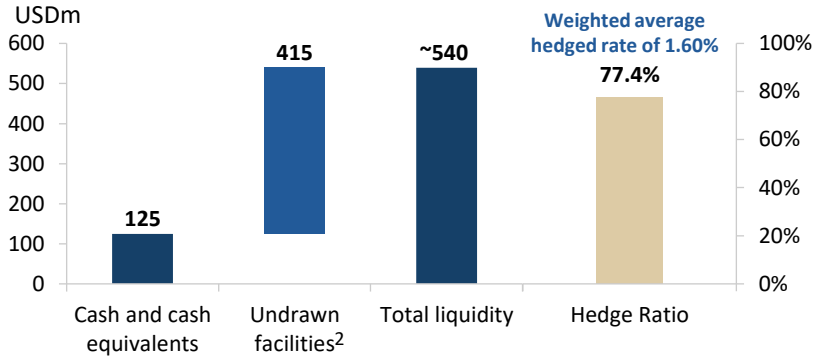
[1] *Based on exchange rate of 11.1063 on 13 November 2023*

Q3 & YTD 9M 2023 FINANCIAL SUMMARY

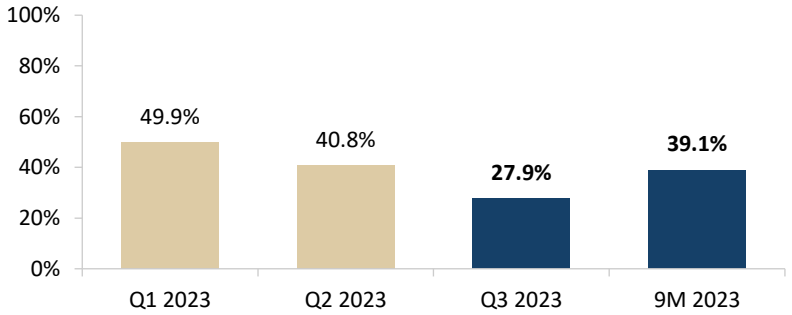
Income Statement USDm	Q3 2022	9M 2022	Q3 2023	9M 2023
TCE income	**407.6**	**919.3**	**310.3**	**1,036.8**
Other operating income	12.1	26.6	14.9	36.2
Vessel operating & technical management expenses	(74.1)	(213.3)	(78.1)	(220.0)
Charter hire expenses	(8.1)	(25.7)	(10.2)	(25.2)
General and administrative expenses	(11.5)	(35.8)	(16.1)	(49.4)
EBITDA	**326.0**	**671.0**	**220.8**	**778.4**
Depreciation and amortisation charges	(53.6)	(155.6)	(53.5)	(157.3)
Gain/(Loss) on disposal of assets	25.8	26.4	(0.1)	56.4
EBIT	**298.1**	**541.8**	**167.2**	**677.4**
Net financial expense	(24.4)	(64.9)	(22.6)	(70.4)
Share of profit from associate and joint venture	7.9	16.2	3.2	14.2
Profit before income tax	**281.6**	**493.1**	**147.9**	**621.2**
Income tax expense	(1.4)	(5.3)	(0.9)	(4.4)
Profit after tax	**280.3**	**487.8**	**146.9**	**616.8**

Balance Sheet Items USDm	Q1 2023	Q2 2023	Q3 2023
Total assets	3,931	4,087	**3,822**
Cash and cash equivalents	268.3	241.5	**124.8**
Total liabilities	1,826	1,911	**1,623**
Total equity	2,106	2,176	**2,198**
Gross debt	1,556	1,436	**1,230**
Net LTV[1] - %	31.4	30.1	**27.4**

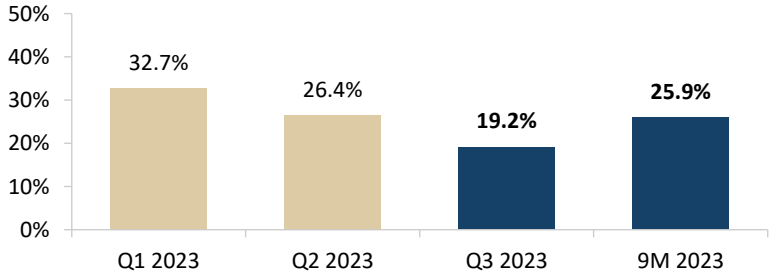
Total Liquidity & Hedge Ratio



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 up to Q2 2023), 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*

Q3 2023 OPERATING SUMMARY

Q3 2023 average TCE of USD 28,954 per day

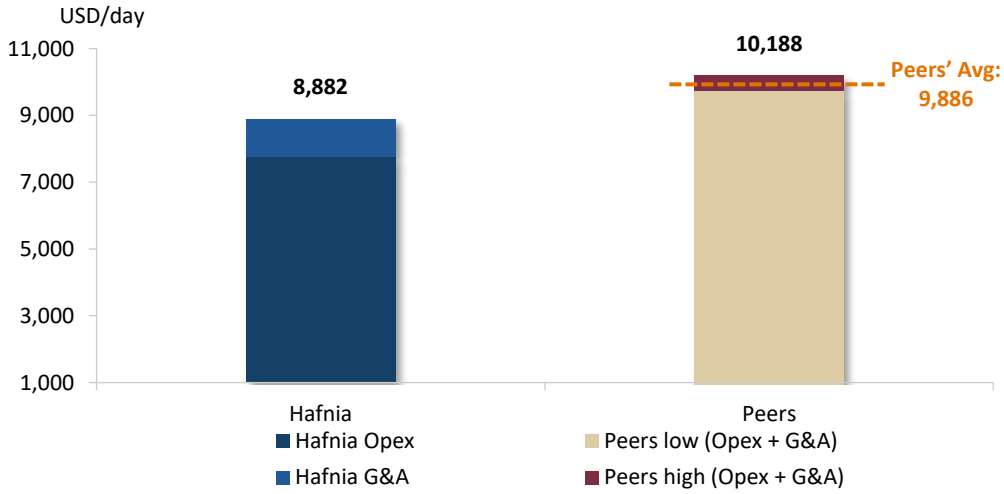
TCE Segment Breakdown

	Q3 2022		Q3 2023	
	Operating days[1]	TCE (USD/day)	Operating days[1]	TCE (USD/day)
LR2	552	36,926	552	31,272
LR1	3,105	41,119	2,590	30,198
MR[3]	5,058	30,954	5,336	29,141
Handy[3]	2,176	30,100	2,199	26,780
Specialized	-	-	39	10,068
Total[4]	11,208	36,367	10,716	28,954

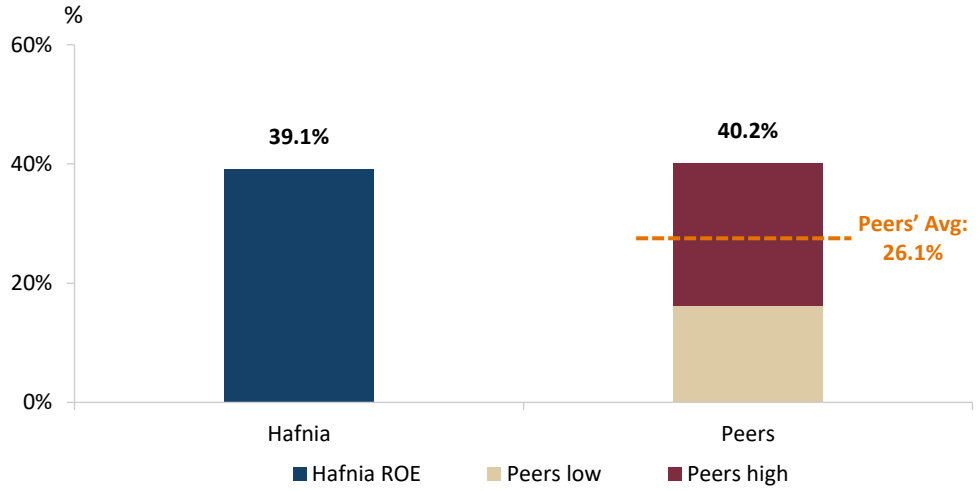
OPEX Segment Breakdown

	Q3 2022		Q3 2023	
	Calendar days	OPEX[2] (USD/day)	Calendar days	OPEX[2] (USD/day)
LR2	552	6,883	552	8,348
LR1	2,779	6,516	2,298	8,628
MR[3]	4,324	5,851	4,508	8,093
Handy[3]	2,307	6,764	2,208	7,753
Specialized	-	-	-	-
Total[4]	10,334	7,135	9,566	8,160

YTD 9M 2023 OPEX and SG&A[5]



YTD 9M 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 IMO II vessels
[4] Total in Q3 2022 includes Stainless-steel vessel figures
[5] G&A includes all expenses and is adjusted for cost incurred in managing external vessels.
Peers: Torm, Ardmore, Scorpio

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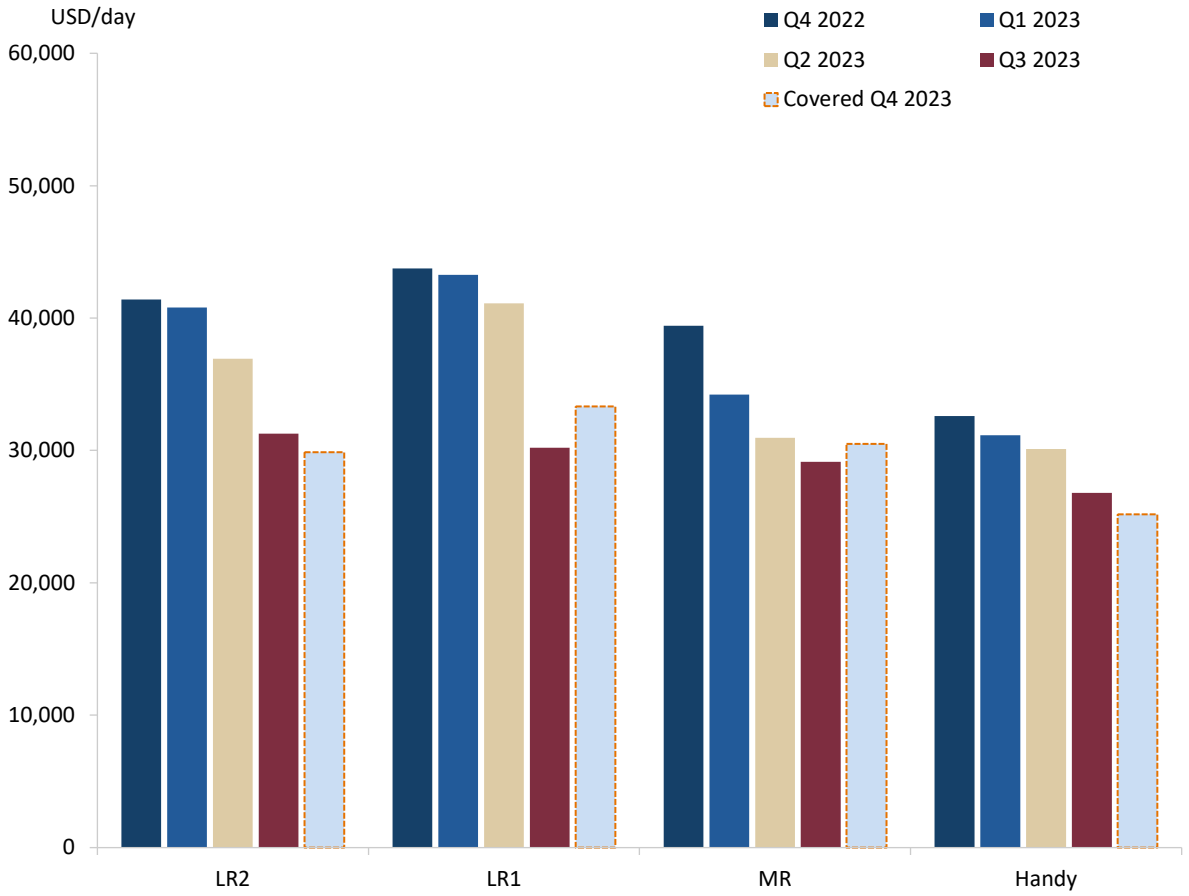
FLEET COVERAGE

65% of fleet is covered for Q4 2023 at USD 29,893 per day

Average Daily TCE by Vessel Type



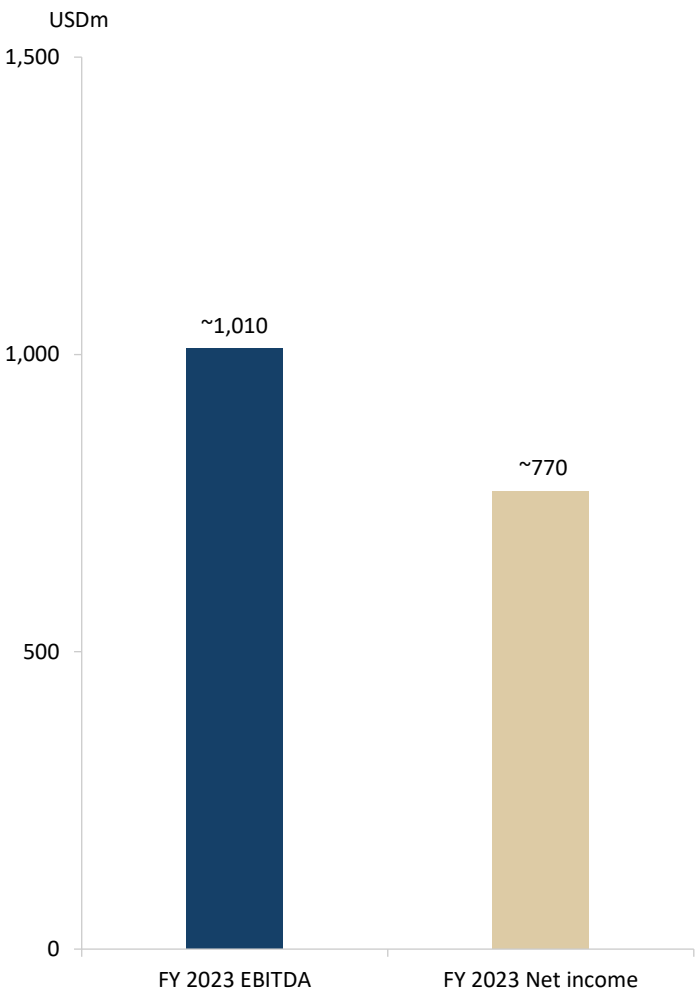
Coverage as of 8 November 2023

	Q4 2023		2024	
	Covered (%)	Covered rates (USD/day)	Covered (%)	Covered rates (USD/day)
LR2	68%	29,861	39%	25,592
LR1	55%	33,321	-	-
MR	65%	30,492	18%	22,987
Handy	79%	25,164	7%	25,441
Total	**65%**	**29,893**	**13%**	**23,842**

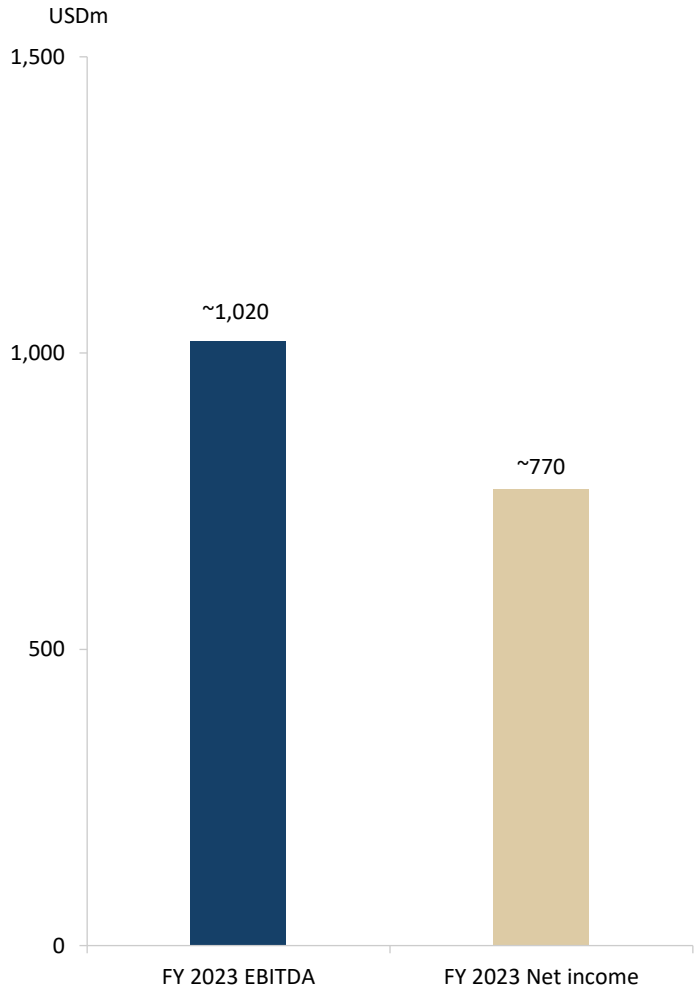
EARNINGS GUIDANCE FOR 2023

Strong fundamentals and positive outlook for product tanker market in 2023

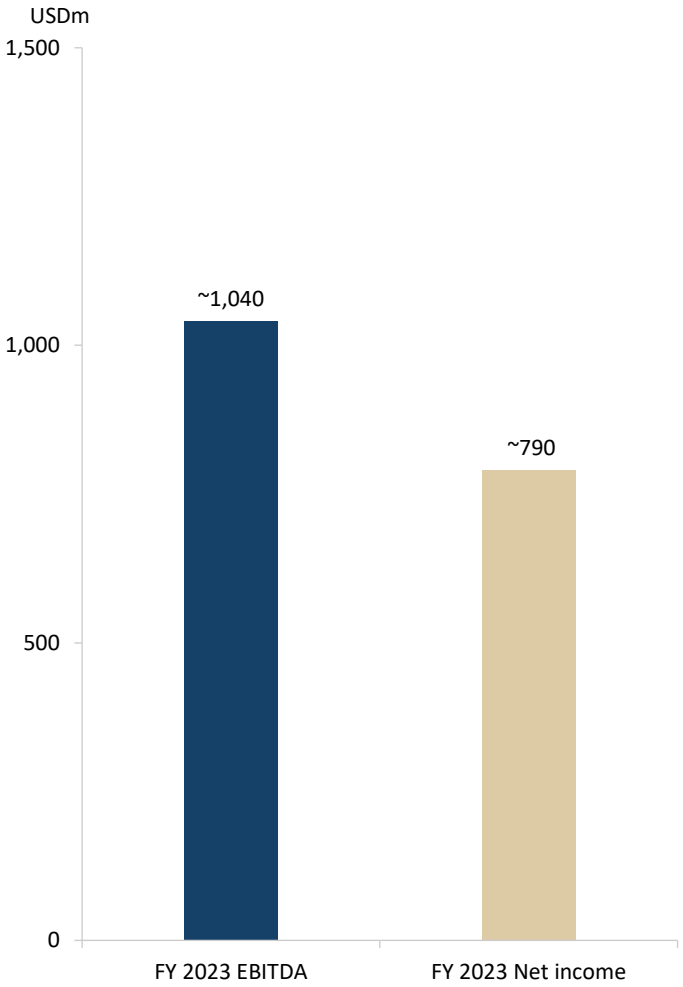
Analysts' Consensus[1]



Q4 2023 Covered Rates[2]



YTD Oct 2023 Covered Rates[3]



[1] *From Bloomberg*
[2] *Q4 23 covered rates as of 8 November applied to projected earning days in Q4 2023*
[3] *YTD October 2023 covered rates applied to projected earning days in Q4 2023*

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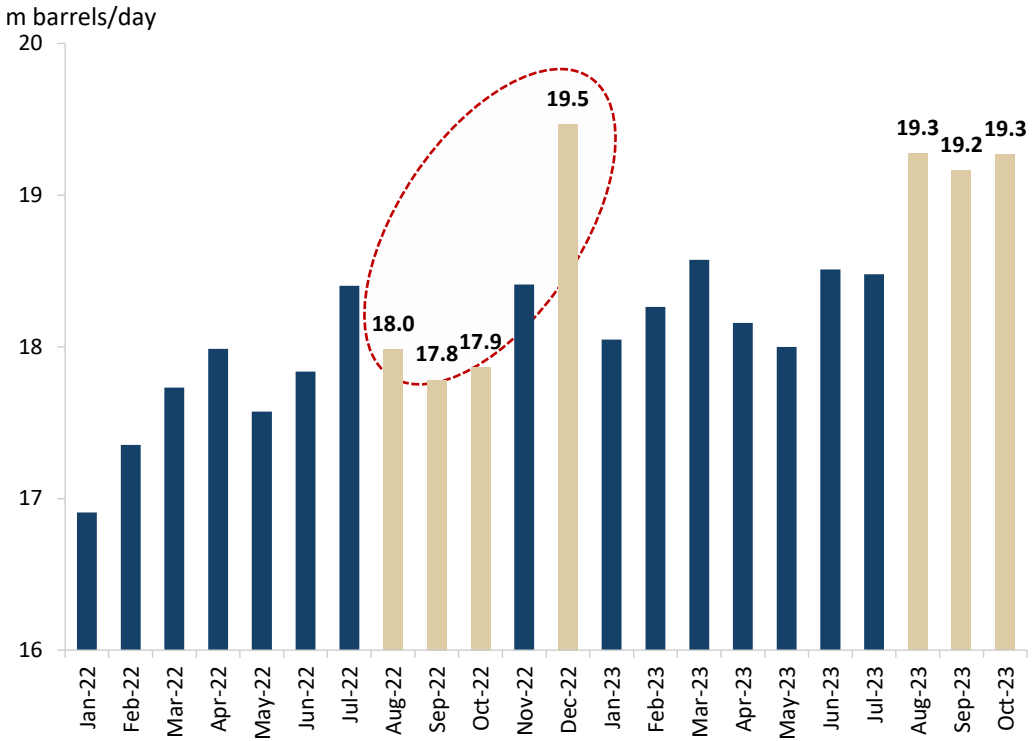
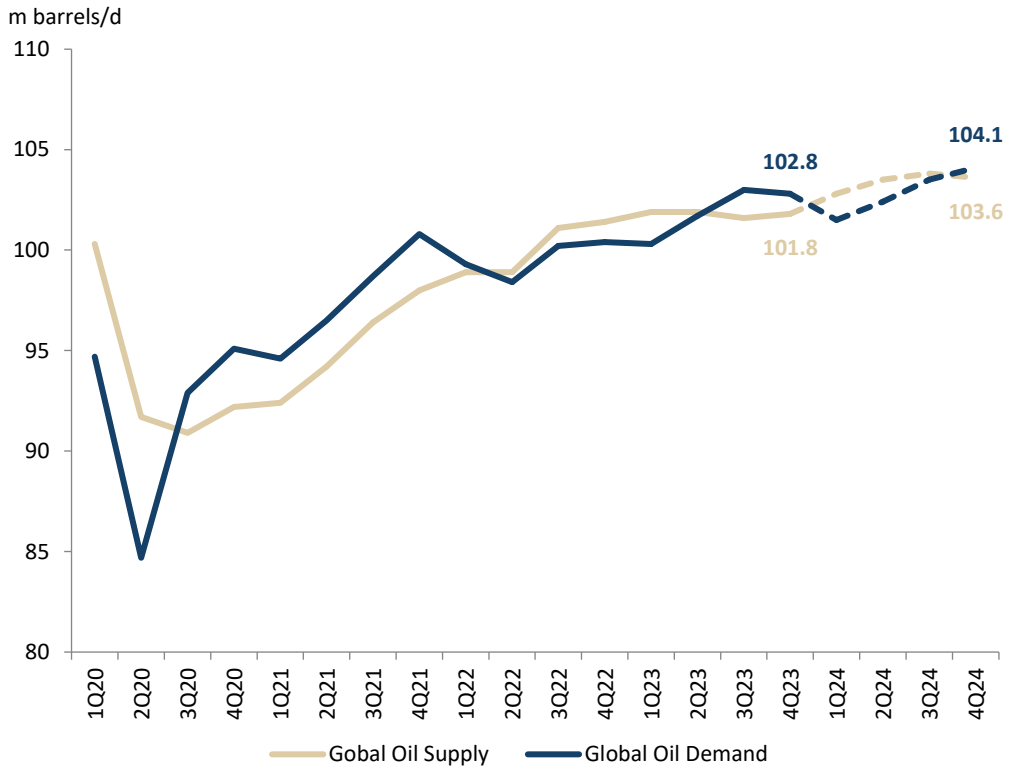
HIGHER OIL DEMAND AND DAILY LOADINGS

Daily CPP and Chemical Loadings Worldwide



Global Oil Demand and Supply

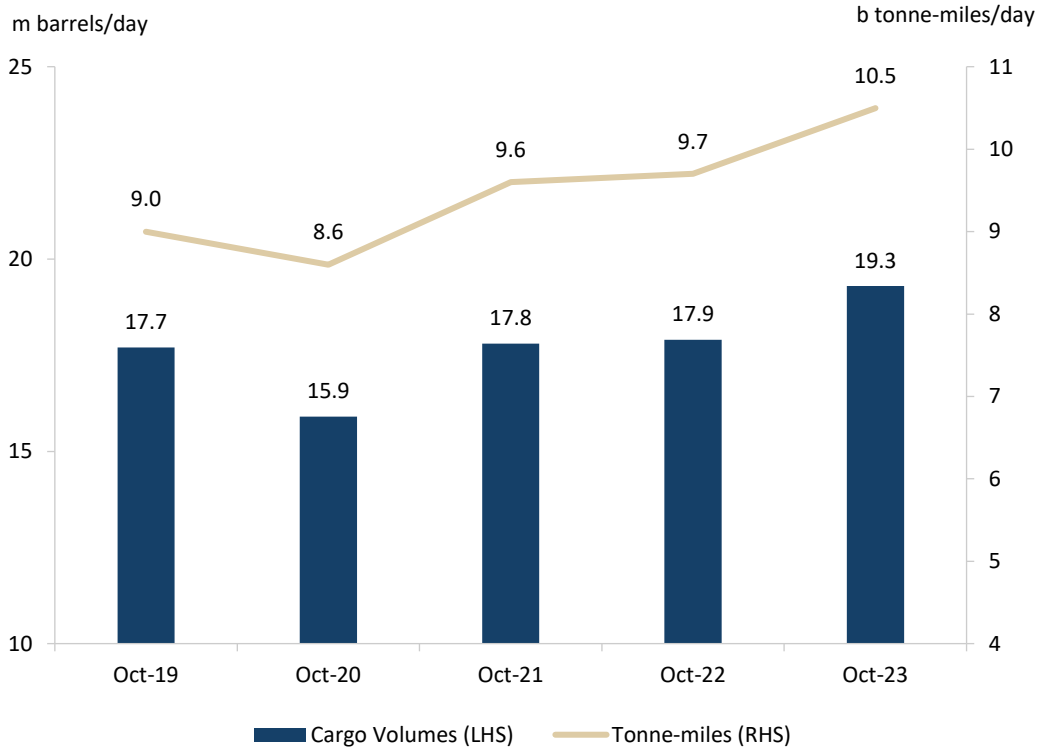


- Daily loadings of CPPs and Chemicals worldwide in recent months have increased compared to levels a year ago and close to peak levels from December 2022. We can expect the same trend to follow and expect loadings to continue rising towards the winter season.
- Global oil demand in the third quarter increased by 1.3m barrels per day from the second quarter, mainly attributed to China and non-OECD economies. The OECD demand growth has been muted in 2023, with consumption likely declining with an estimated 200,000 barrels from 2024.
- Despite OPEC+ production cuts, global oil supply is expected to increase by 1.7m barrels per day in 2023, with non-OPEC+ driving the increase. Specifically, the US alone accounted for 1.3m barrels of the rise.

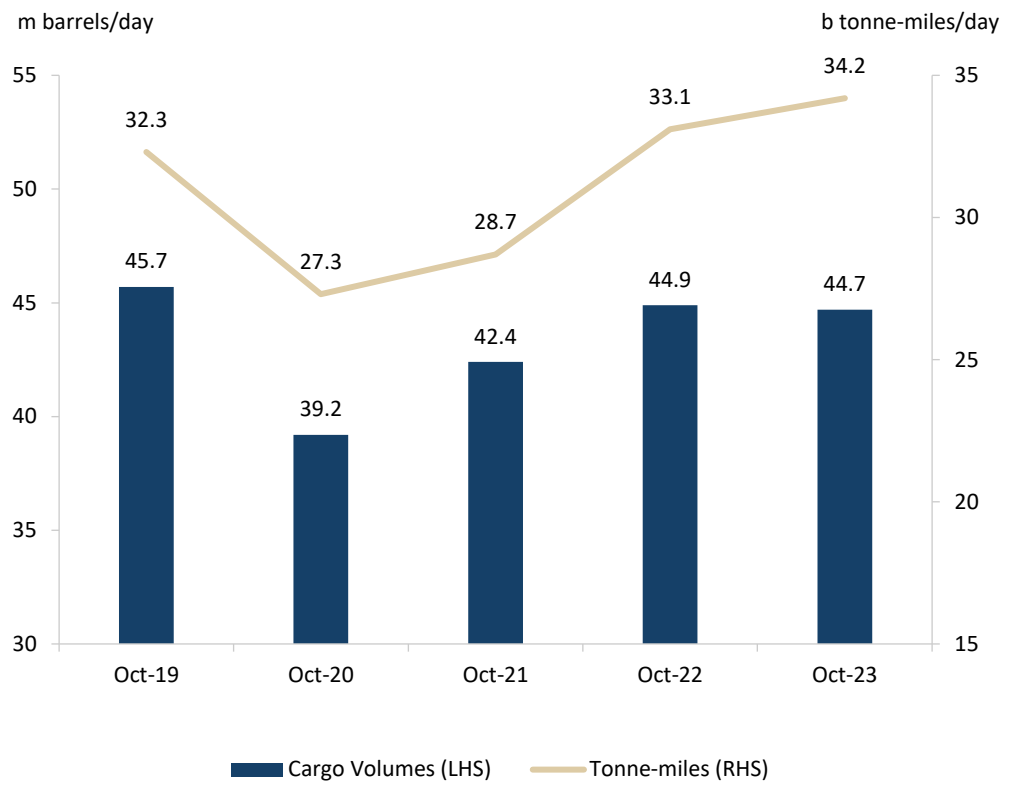
Source: IEA, Clarksons, Vortexa & Hafnia

HIGHER CARGO VOLUMES AND TON-MILES

CPPs and Chemicals



Dirty Petroleum Products

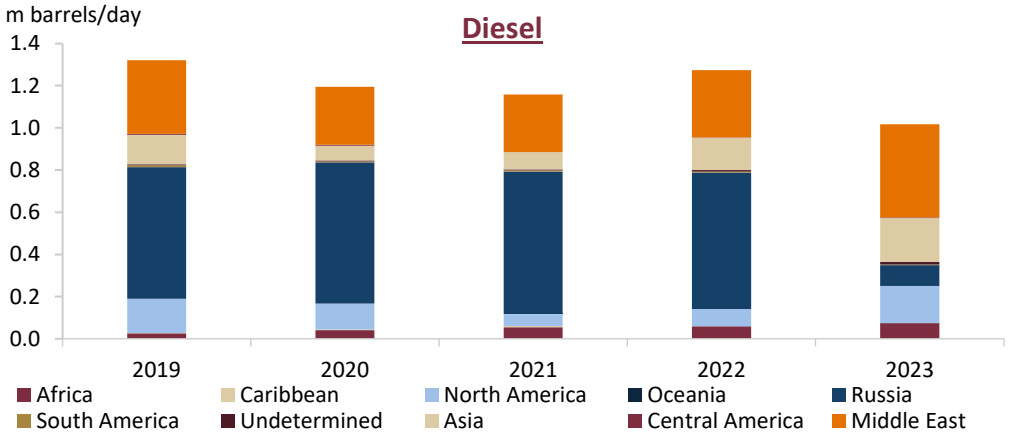


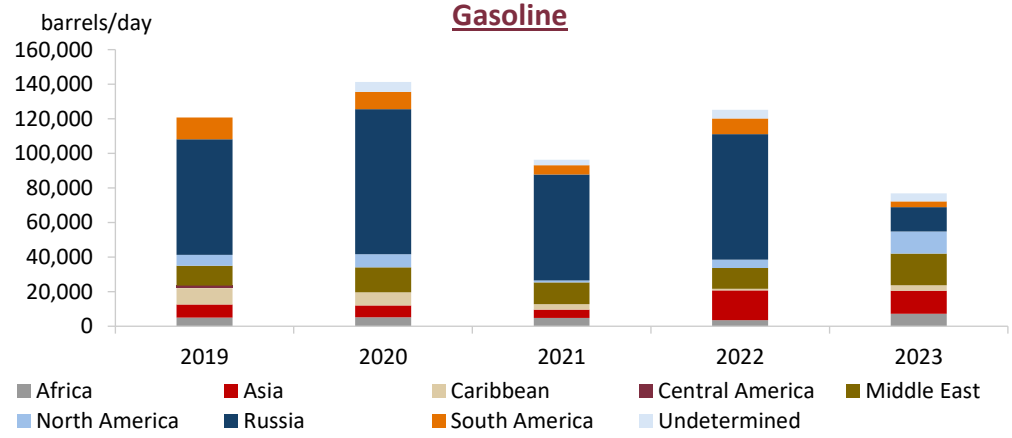
- Year-on-year, from Oct 2019 to Oct 2023, cargo volumes and ton-miles for CPPs and chemicals have increased. On the other hand, DPP volumes have dipped slightly compared to a year ago and are below pre-pandemic 2019 levels.
- Market inefficiencies arising from Russia's invasion of Ukraine a year ago have gradually alleviated with trading patterns settling, leading to a proportionate increase in ton-miles.
- With the winter season approaching, which seasonally has been the strongest, we expect increases in daily CPP loadings and ton-mile due mainly to Eastern refineries increasingly feeding Atlantic consumers.

Source: Vortexa & Hafnia

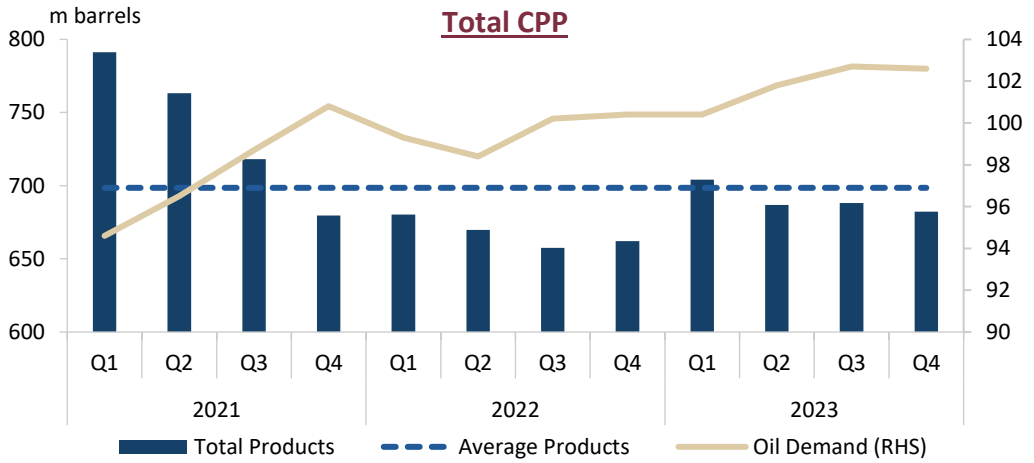
EUROPE IMPORTS AND INVENTORY LEVELS ON A DECLINE

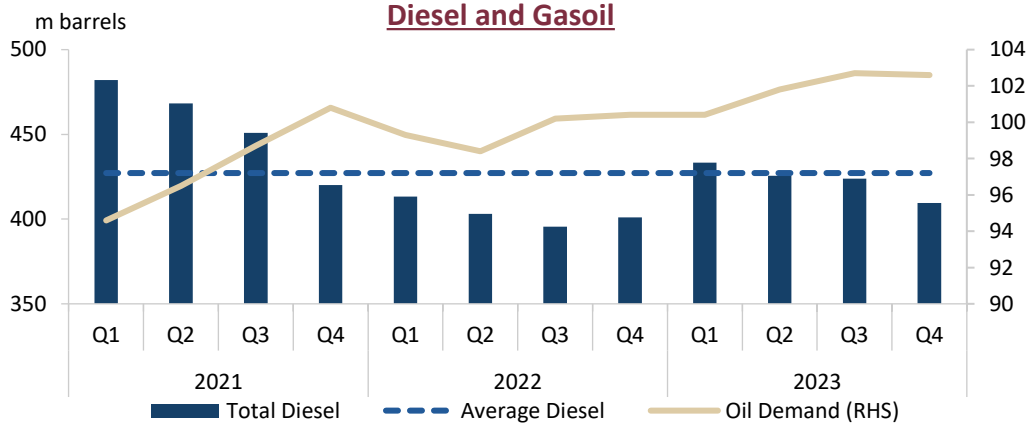
Europe Import Levels





Europe Inventory Levels



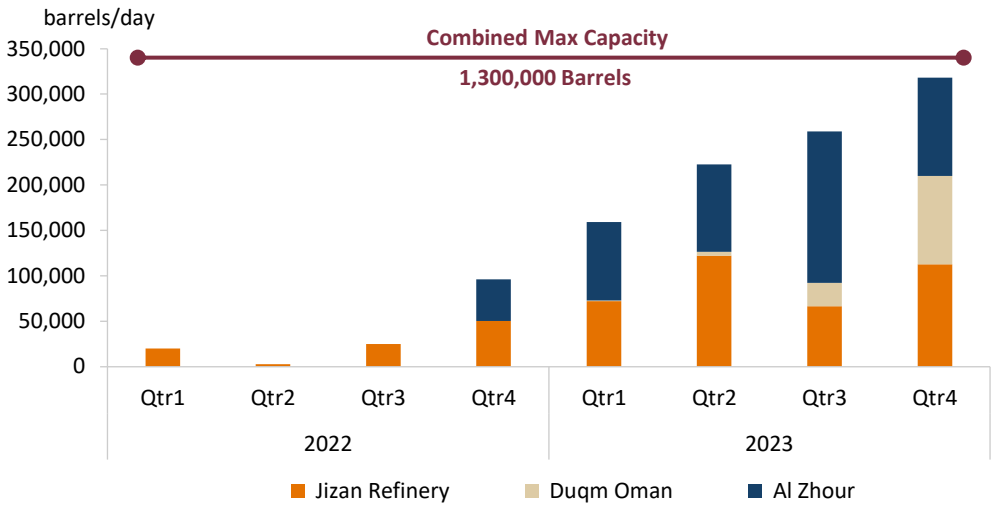


- Europe CPP inventory levels remain below average due to drawdown and low import levels compared to historical imports from Russia.
- We do not expect this drawdown to continue heading into the winter season and expect imports to gradually increase.
- This will improve vessel demand and support increased earnings as freight rates historically increase when inventories are built.

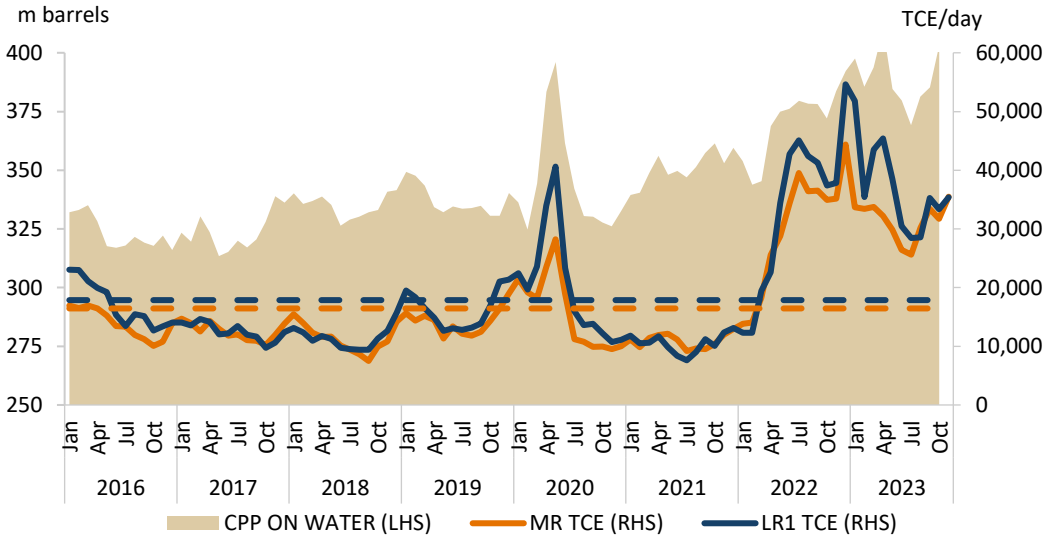
Source: Vortexa, woodmackenzie, Hafnia & Signal

REFINERY CAPACITY, OIL ON WATER AND CANNIBALIZATION

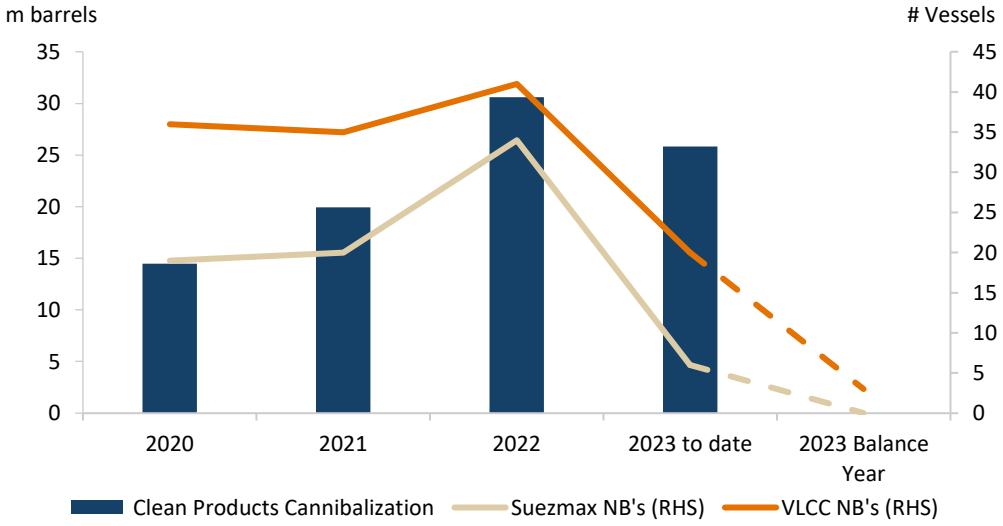
Middle East Refinery Exports



Oil on Water



VLCC & Suezmax CPP Market Cannibalization

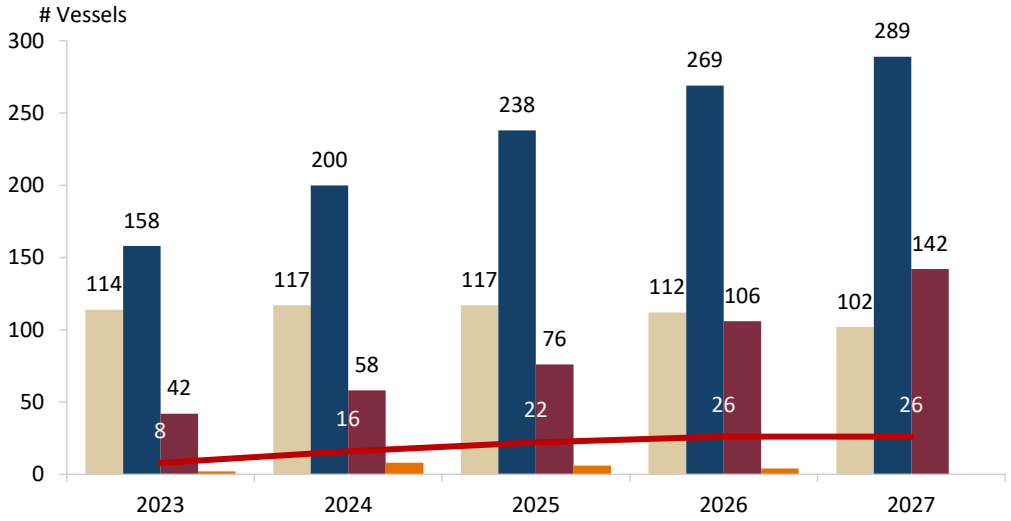


- New refinery capacity in the Middle East has reached 25% of max capacity. Duqm refinery (Oman) has surprisingly matched Jizan refinery exports in just one month.
- Oil on water has reached a plateau, which will increase again when Middle East refinery capacity ramps up and when unavoidable Europe inventory replenishment kicks in.
- VLCC and Suezmax cannibalization is likely to disappear as only 3 VLCCs are to be delivered for the balance of the year, and large tanker markets are pushing freight to new highs.

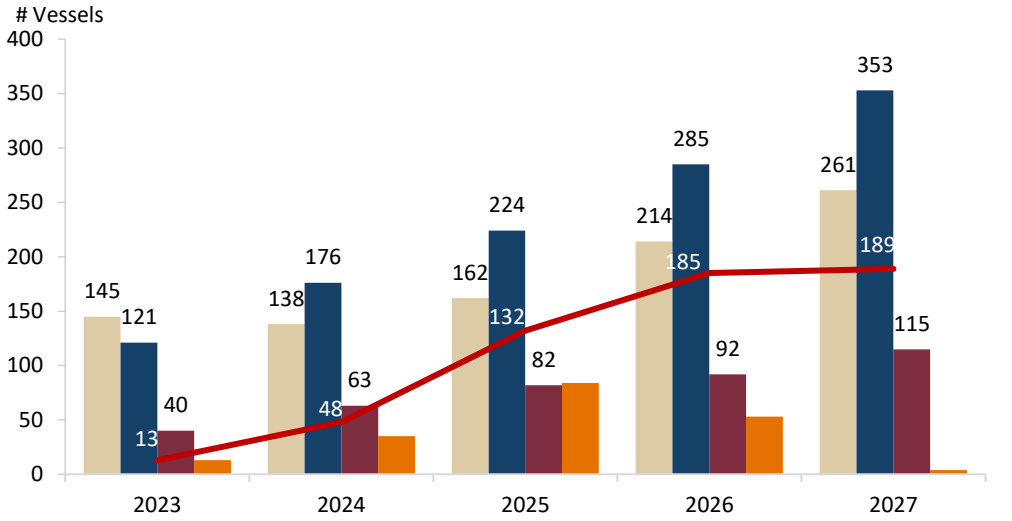
Source: Vortexa & Hafnia

ACCUMULATED FLEET AGEING PROFILE

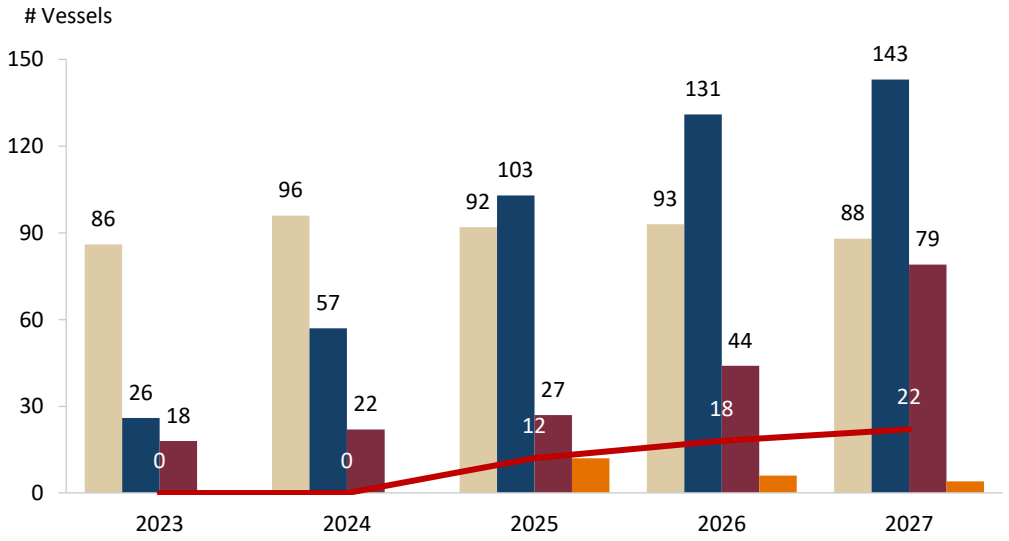
Handysize (CPP & DPP)



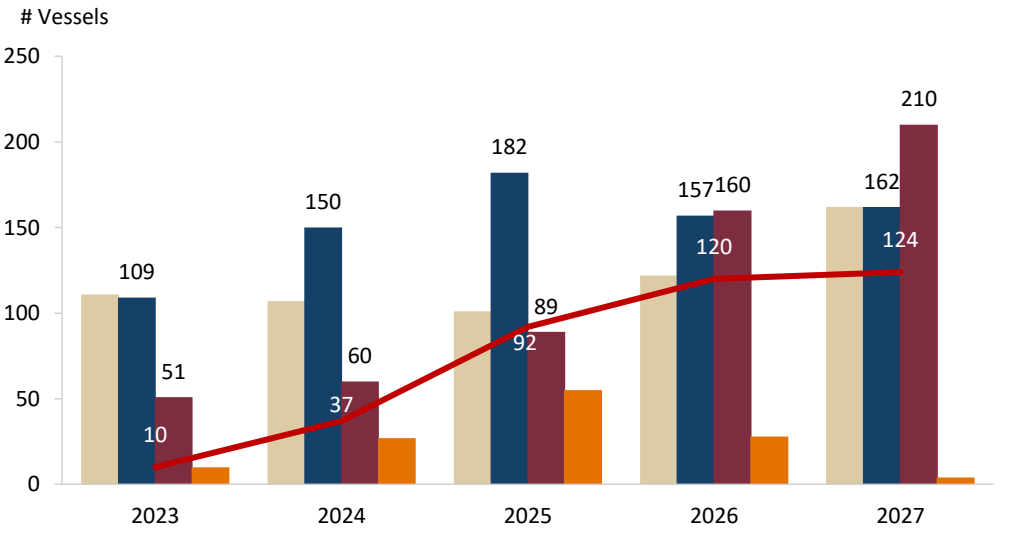
MR (CPP & DPP)



LR1 (CPP & DPP)



LR2/Aframax (CPP & DPP)

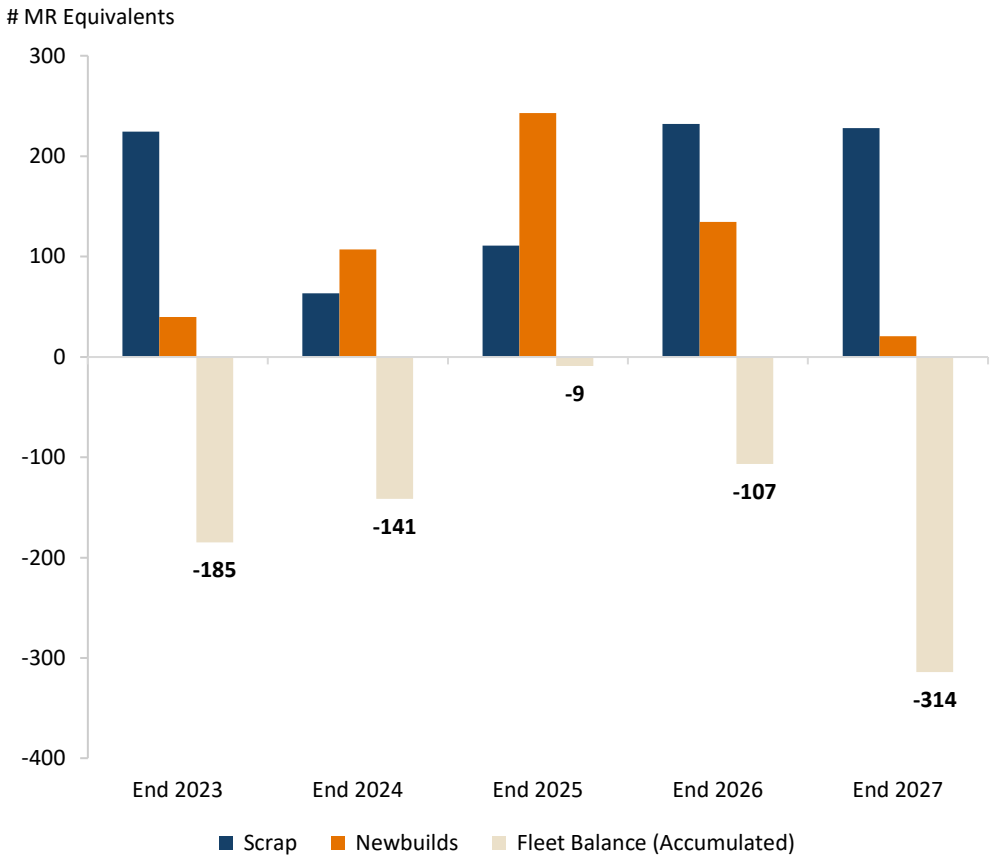


+18-19 Yrs | +20-24 Yrs | Scrap +25 Years | New Builds per year | New Builds (Accumulated)

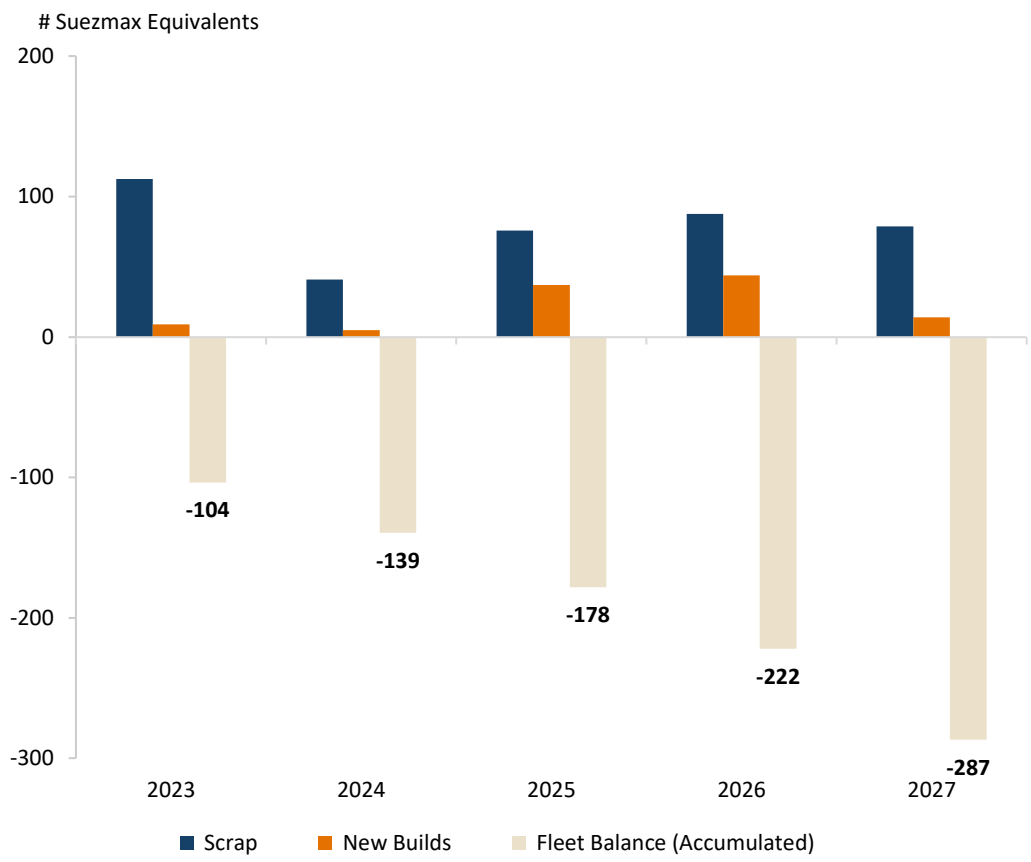
Source: Hafnia & Signal

ANTICIPATED FLEET BALANCES

Handy, MR, LR1, LR2 in MR Equivalents



VLCC & Suezmax in Suezmax Equivalents



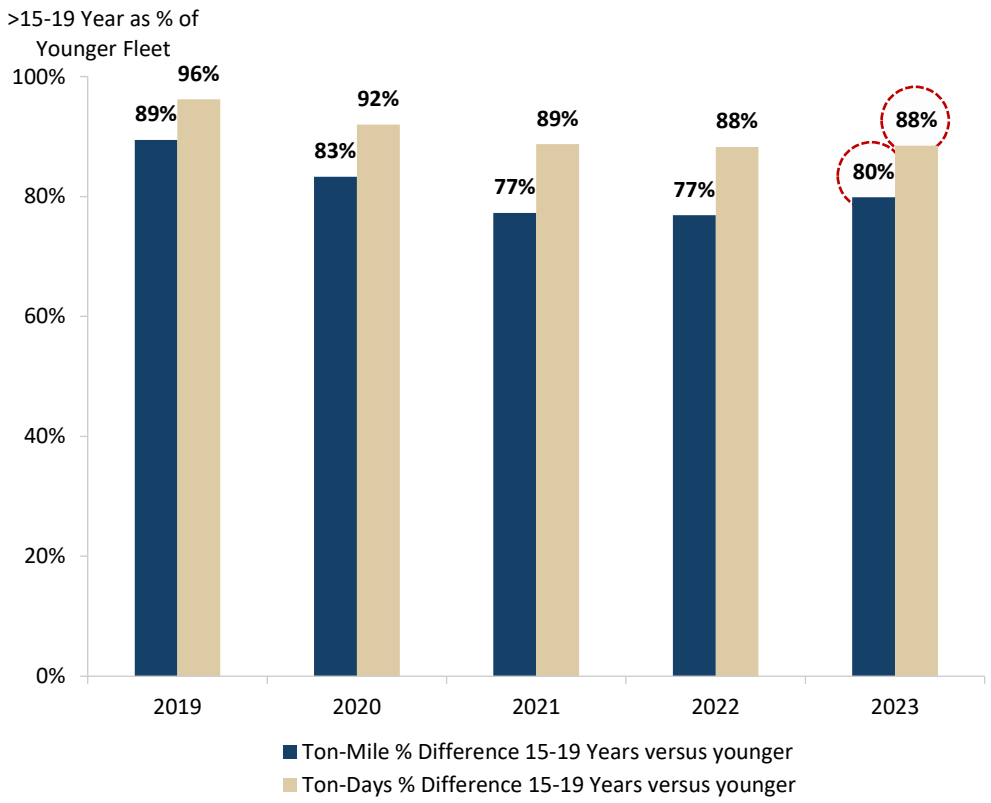
- Assuming scrape age of 25 for MR & Handy, 23 for LR2, LR1, Suzemax & VLCC.
- Supply versus demand balance is set to improve significantly during the next couple of years due to the aging fleet profile and scrapping.
- it is worth noticing that newbuild orders consist largely of LR2 tonnage, which is bound to replace the rapidly aging Aframax segment. This analysis does not adjust for EXXI, CII, EU ETS, and reduced utilization of the aging fleet.

Source: Braemar, Hafnia & Signal

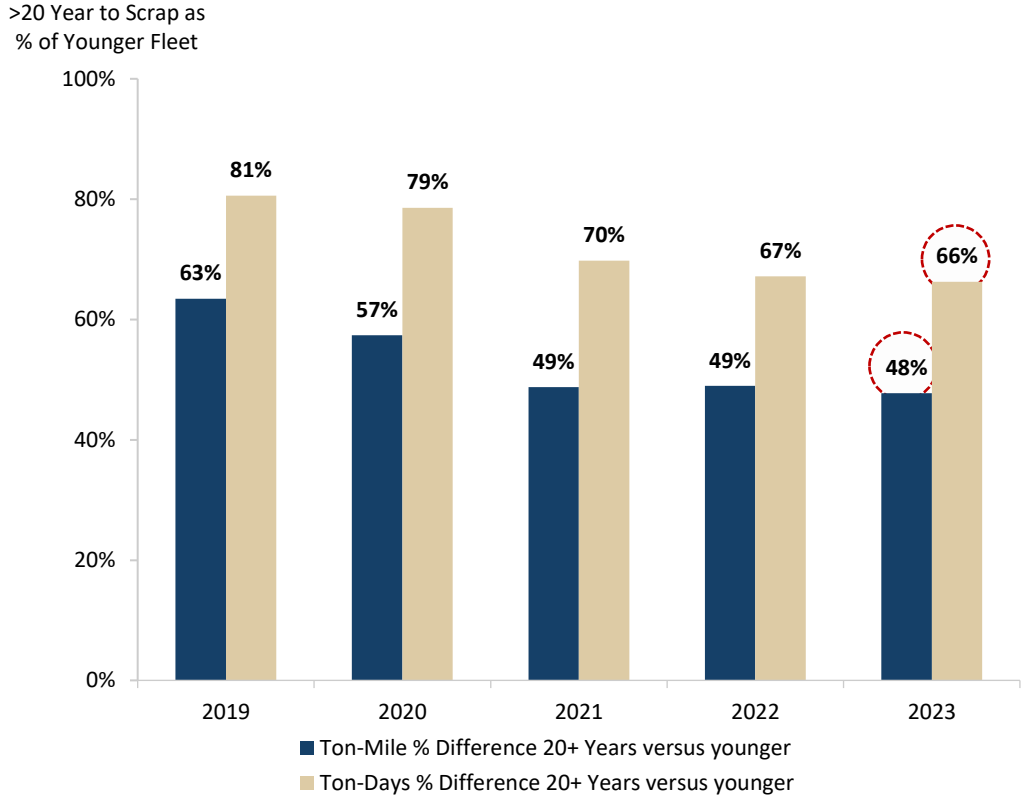
REDUCED UTILISATION OF AGEING FLEET

Handy, MR, LR1/Panamax, LR2/Aframax

AGE 15 – 19 Versus Younger



AGE 20+ Versus Younger

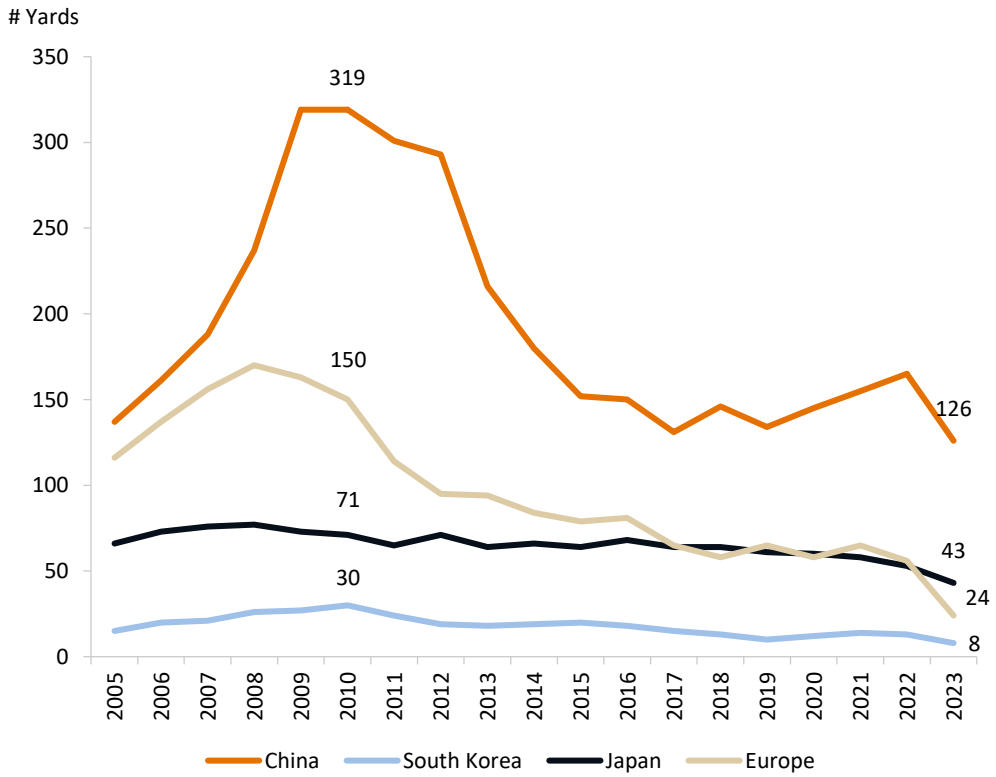


- Current ageing of the global fleet is leading to lower utilization, even if current earnings levels should reflect higher employment ratios.
- This is partly because Russian trading tonnage is ballasting longer for subsequent employment. At the same time, the older part of the fleet is getting older, resulting in increased downtime and longer commercial waiting periods between voyages, effectively removing capacity from the market

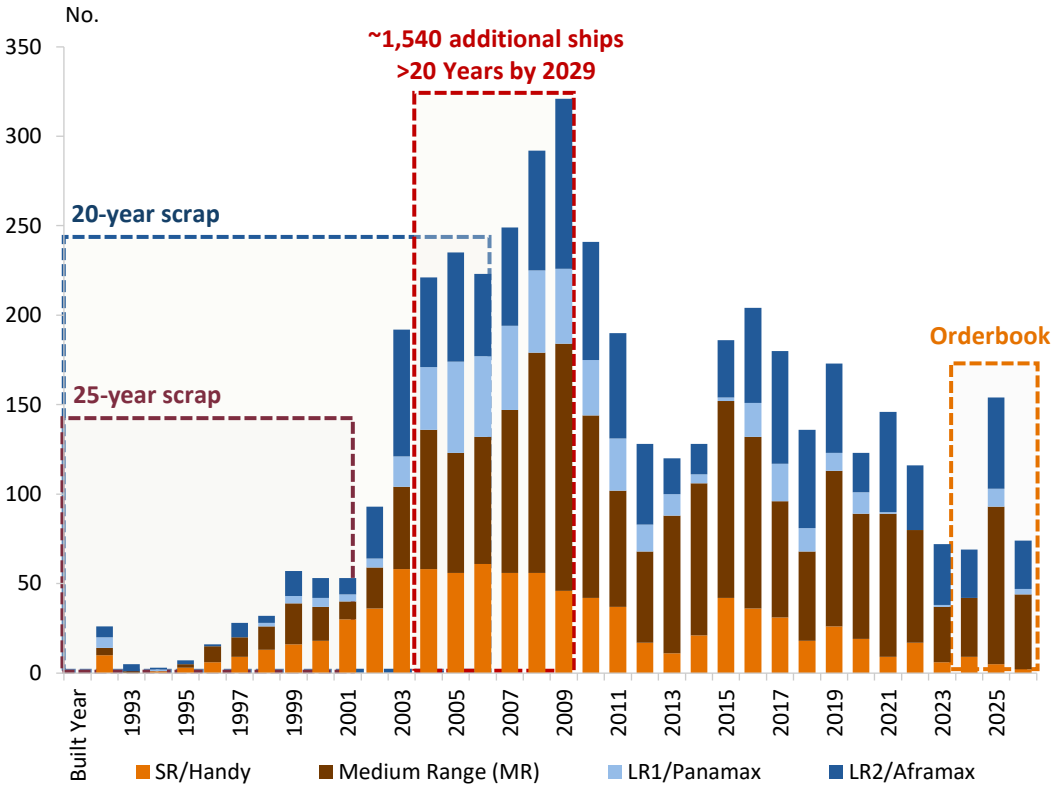
Source: Vortexa, Hafnia & Signal

SUPPLY REMAINS POSITIVE DESPITE CONTRACTING PICK UP

Historical Shipyard Development



Historical & Scheduled Newbuild Deliveries

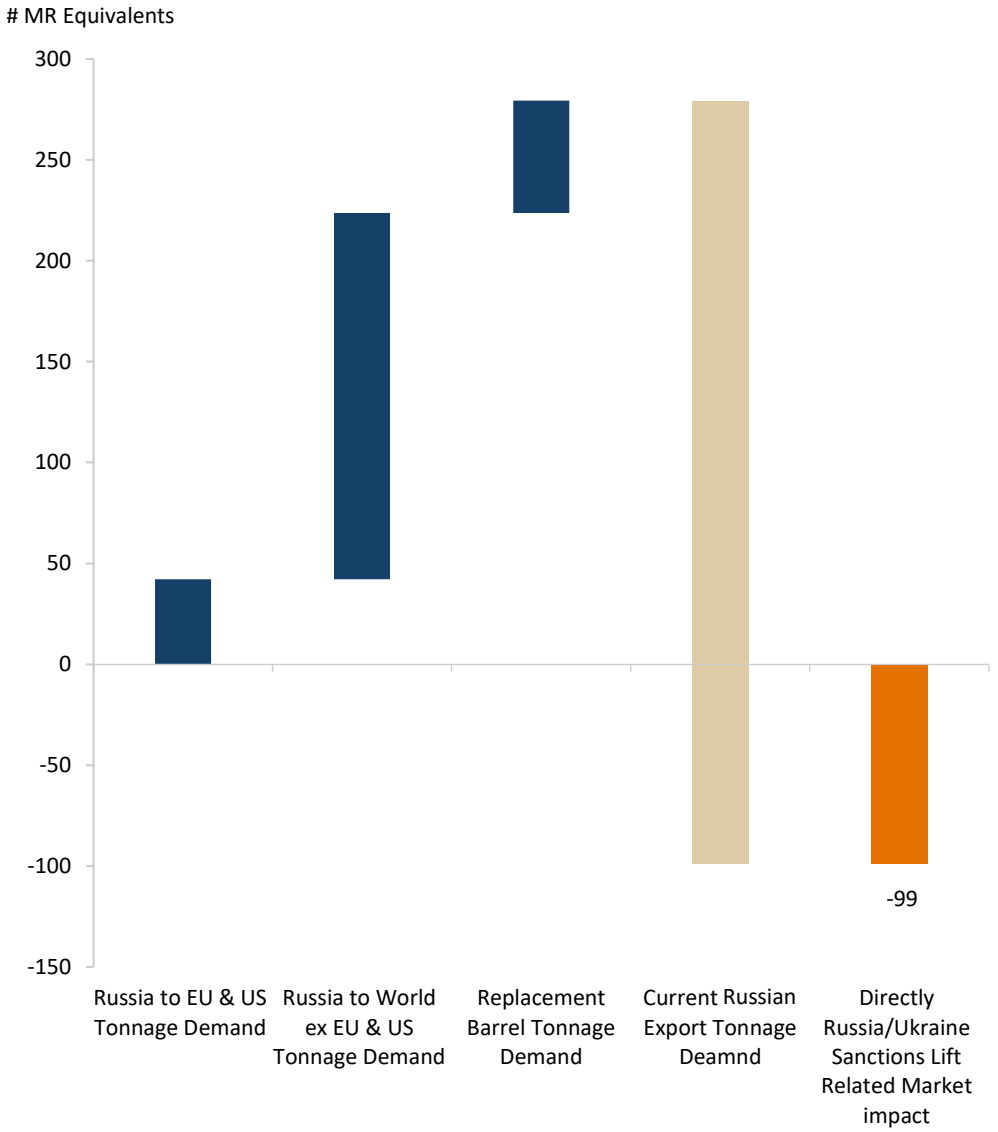


- Ordering activities remained muted in the third quarter. As a percentage of the fleet, the product tanker order book reflects 10.6% as of October, with most newbuilds due to be delivered in 2025 or thereafter.
- The shipyard count today versus 15 years ago mirrors a 60% reduction in total capacity, and shipyards are today operating at nearly full capacity. Newbuild orders are dominated by containers, gas carriers, and bulkers.

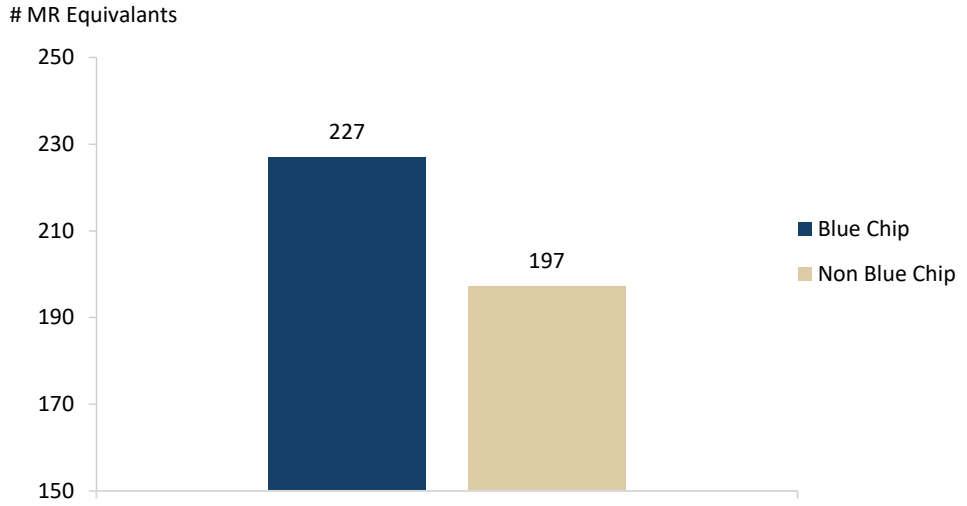
Source: Hafnia, Signal, Vortexa & Clarksons

END OF SANCTIONS MARKET IMPACT

Estimated Impact in MR Equivalents



Profile of Russian Trading Fleet



- We estimate a total of ~270 MR equivalents needed to carry Russian CPP exports and replacement cargo volumes required to meet EU and US demand, post sanctions.
- This compared to the current Russian and replacement barrel demand of ~350 MR equivalents, leaves a negative post sanctions MR equivalent impact of ~100 vessels, assuming a 50% reverse to "normal" trading patterns and volumes.
- Since July 1st, while there are ~400 MR equivalents calling Russia, there are only ~170 MR equivalents on the water with Russian clean barrels onboard. Non-blue-chip vessels, will by the end of 2024, consist of 65% aged above 15 and 30% aged above 20.

Source: Vortexa & Hafnia

Agenda

Q3

Q3 2023 Overview

Financial Summary

Industry Review & Outlook

ESG Overview

HAFNIA
Member of BW Group

ESG PROJECT HIGHLIGHTS

Dual Fuel Vessels

- Invested in several dual-fuel Newbuilds
- As part of Vista joint venture, invested in four LR2 LNG dual-fueled vessels
- As part of Socatra joint venture, invested in four Chemical IMO-II MR Methanol dual-fueled vessels



Ascension Clean Energy

- Collaboration with Clean Hydrogen Works on the development of a clean hydrogen ammonia production and export project
- Project aims to capture up to 98% of carbon dioxide emissions from its processes, providing a scalable pathway to supply carbon-free energy

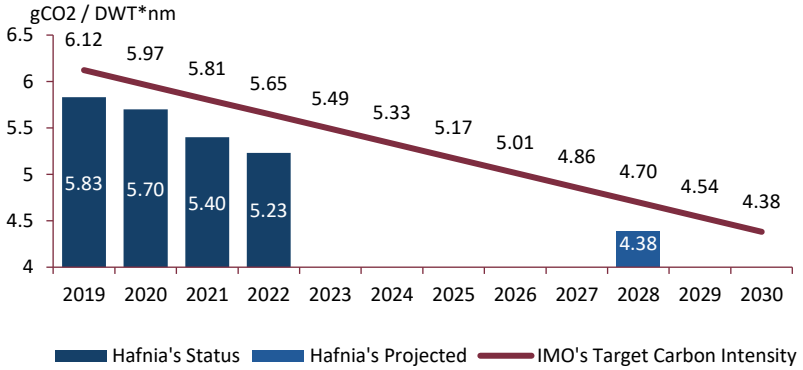
Hafnia ESG Efforts

Studio 30/50

- Jointly with Microsoft, Wilhelmesen, IMC Venture and DNV, announced digital venture studio 30/50
- Aims to solve both short- and long-term goals of the maritime industry through funding innovative proposal

Vessel Optimization Initiatives

- Constantly implementing numerous energy saving initiatives on our vessels
- In 2022 across Hafnia's owned fleet, carbon intensity of 5.23 grams/ton nautical mile (T-NM), 7.4% below the present IMO baseline



WORLD'S LEADING TANKER OWNER



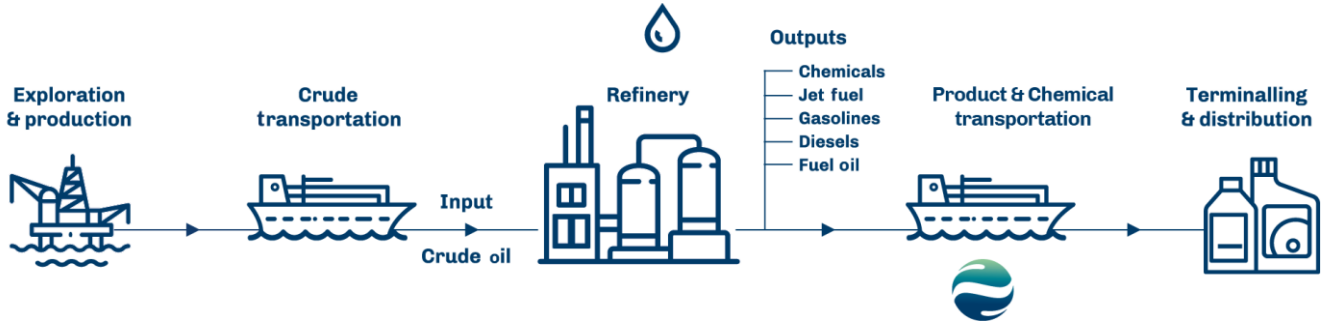


LARGEST OPERATOR OF PRODUCT AND CHEMICAL TANKERS IN THE WORLD

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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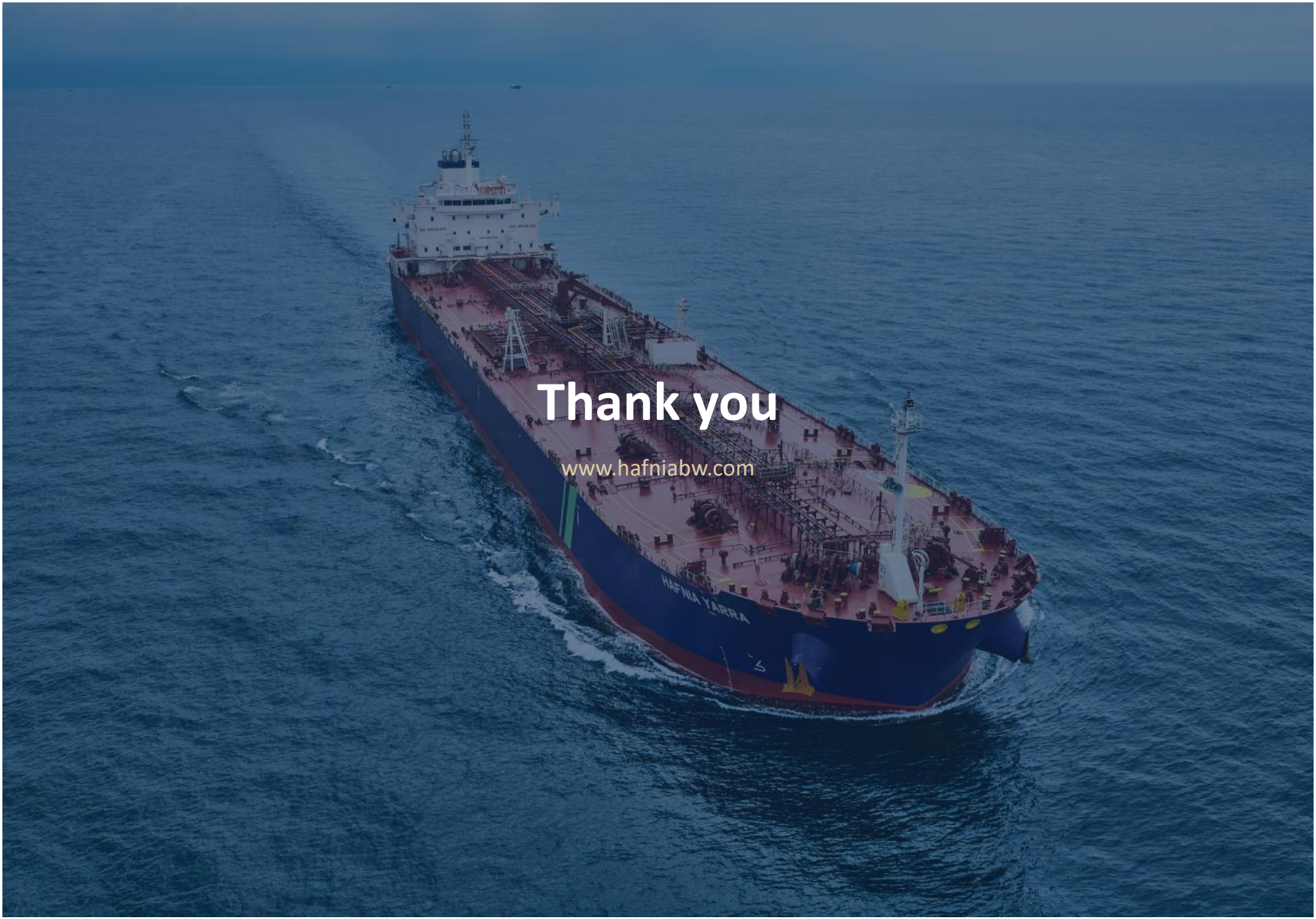

Thank you

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