W U T I S

HÖEGH AUTOLINERS

Equity Research Division

Höegh Autoliners

Pioneering the Roll-on Roll-off future

Target Price: $ 14.6

Current Price: $ 9.3

Upside Potential: +57.2%

Recommendation: BUY

Investment Horizon: 3 Years

Vienna, 31 January 2025

Team Overview

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Equity research

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- Task Distribution
- Storyline

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- Company overview
- Business model

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- Industry Overview

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- Industry Overview

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Agenda

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Share Price Performance

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Since its IPO, the share price increased with minor fluctuations due to geopolitical tensions

Major events

- [1] ***February 2022*** (-8%) – Höegh's share price decreased due to rising fuel costs and global trade disruptions caused by the Russia-Ukraine war
- [2] ***April 2024*** (+14%) – The share price increased after the Italian ship owner Emanuele Grimaldi acquired a stake of 5.12% in the company
- [3] ***August 2024*** (+10%) – The share price reached its all-time high after the first Aurora vessel successfully entered into commercial operations
- [4] ***January 2025*** (-12%) – The Houthi rebels' ceasefire announcement in Yemen caused shipping stocks to drop as investors expected lower freight rates from improved Red Sea security

Key Stats

- **Ticker:** HAUTO (OB)
- **IPO:** 29th of November 2021
- **Market Cap:** USD 1,774 bn
- **52-week-range:** [USD 8.32 - 13.69]

Investment Thesis

Pioneering sustainable RoRo innovation with strong market position and resilience in a volatile landscape

Key investment highlights

1. The Aurora class leads the charge as the **first mover in sustainable RoRo** vessels, revolutionizing the future of shipping with eco-friendly innovation

2. **Long-term partnerships** help Höegh maintain resilience in a volatile environment, enabling it to achieve high-margin potential exceeding its peers

3. Höegh's current valuation is heavily impacted by negative market sentiment, falling **below its intrinsic value** even under conservative assumptions

4. The RoRo market has **high barriers to entry** which ensures a niche position while strengthening competitive advantage

5. Höegh is well-positioned compared to peers, benefiting from **low China-U.S. China trade exposure** amid uncertainty caused by upcoming U.S. tariffs on imports

6. Höegh operates in a **volatile market** where geopolitical conflicts and trade disputes significantly influence shipping routes, and overall industry dynamics

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Business Overview

Company Overview

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Leading ocean transportation provider with strong financials and solid name in the industry

Company Overview

Höegh Autoliners is a global provider of **Roll-on Roll-off (RoRo) ocean transportation** services. Established in 1927, they operate a global network of deep-sea trades with **Pure Car and Truck Carrier (PCTC)** vessels

Headquartered in **Oslo, Norway**

11 trade routes and **16 offices**

More than **3,000 port calls** annually

~400 land-based **employees** ~1,200 seafarers

Financials

in USDm	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Total Revenues	921.8	736.7	946.9 ⬆	1,270.3 ⬆	1,446.1 ⬆
YoY Growth	*(12.6%)*	*(20.1%)*	*28.5%*	*34.2%*	*13.8%*
EBITDA	203.2	175.1	202.8	446.7	735.5
Margin	*22.0%*	*23.8%*	*21.4%* ⬆	*35.2%* ⬆	*50.9%* ⬆
Net profit	(63)	(62)	(19)	125	299
Margin	*(6,0%)*	*(6,7%)*	*(2,5%)* ⬆	*13,2%* ⬆	*23,5%* ⬆
EPS, basic (in USD)		(0.14)	0.9	1.6	3.1
YoY Growth			*757.1%*	*70.6%*	*96.8%*

Legacy, Management and Backing

Andreas Enger
CEO

- Board Member in the International Chamber of shipping
- VP at Norwegian Shipowners Association

Leif Høegh
Founder

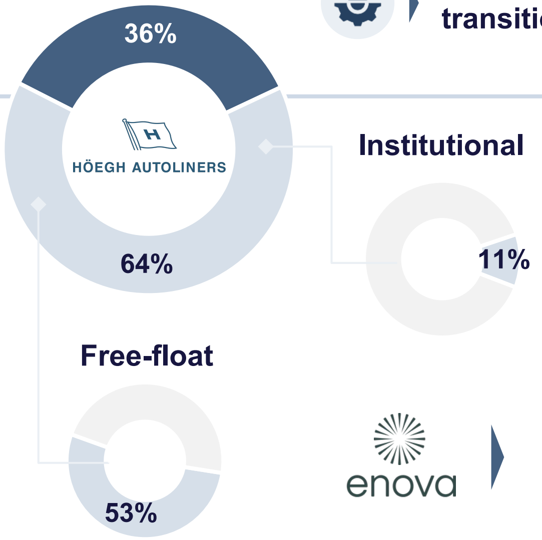
Leif O. Høegh
Chair

HÖEGH EVI
HÖEGH CAPITAL PARTNERS

Morten W. Høegh
Board member

HÖEGH EIENDOM
HÖEGH CAPITAL PARTNERS

The Höegh family (35.5%) remains **involved** while **transitioning** from direct management **to governance**



clearstream | DEUTSCHE BÖRSE GROUP
storebrand Asset Management
KLP
Folketrygdfondet
equinor
Alfred Berg

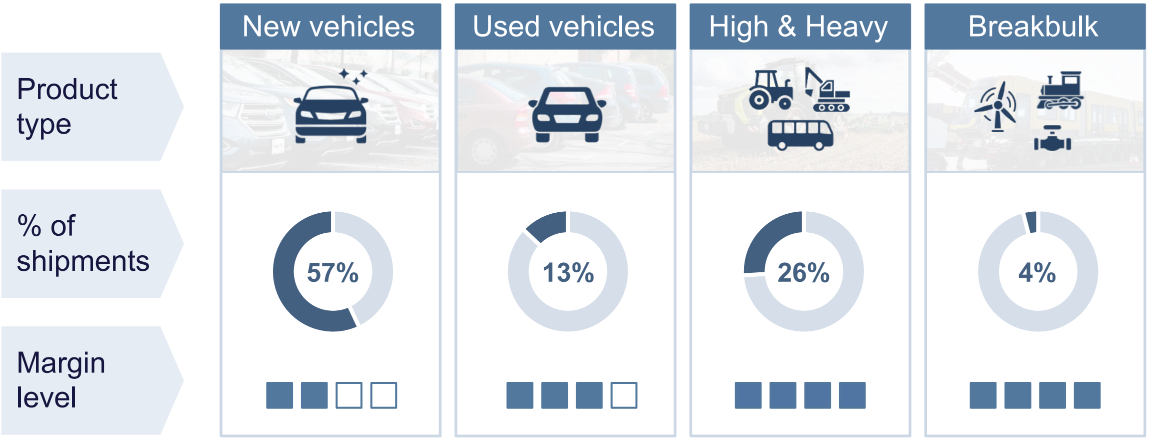
enova

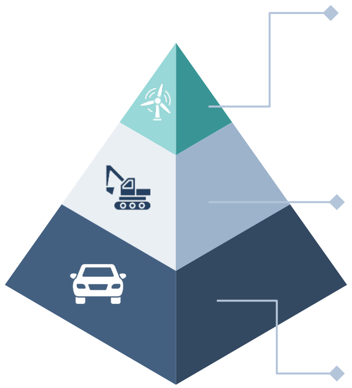
Höegh **secured a total of 22.3 USDm grant** from Enova (owned by the Norwegian Ministry of Climate and Environment) **to develop ammonia-powered vessels**

Business Model I – Cargo Segments and Geographies

Höegh leverages cargo expertise and broad geographic coverage with fast and efficient rerouting

Cargo Segments





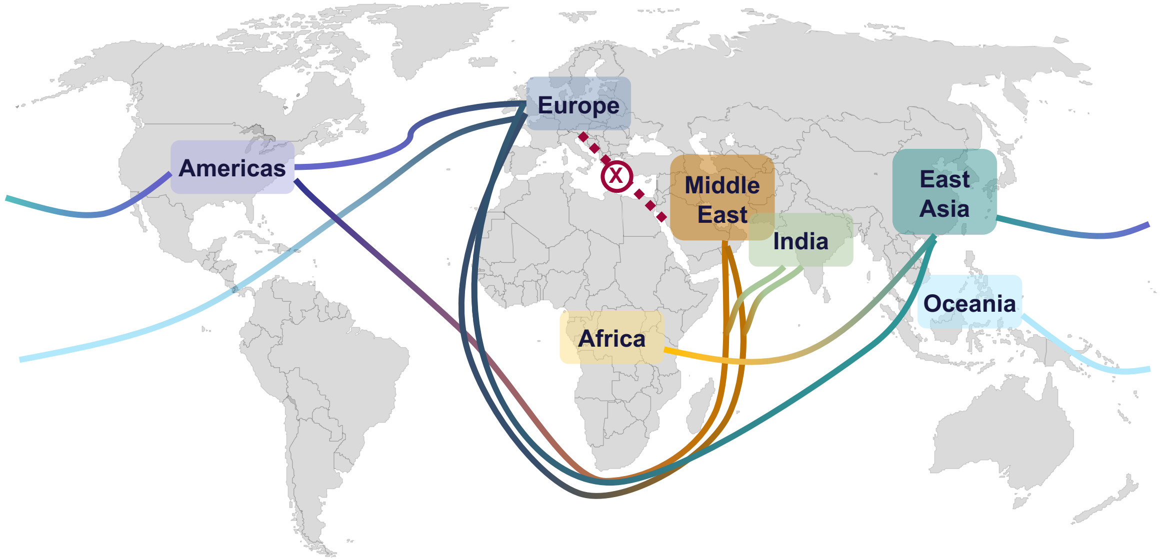
Premier provider for complex, high-value cargo like wind turbines and trains: Höegh's ability to handle non-standard, high-margin cargo attracts premium clients

Expertise in handling oversized machinery with precision logistics: industry leader in transporting H&H, providing customized lashing and stowage

Efficient and reliable RoRo transport for global automotive brands: strong foundation in vehicle transport supports its specialized offerings

Geographies

Höegh Autoliners operates a robust global network across **11 trade routes** and serving over **120 ports** in **40 countries** ensuring timely cargo delivery worldwide



Tariffs Resilience
Unaffected by US-China tensions

Suez Canal Agility
Quick rerouting minimized losses

Early Rerouting Leader
Ensures safety and cost-effectiveness

Asian Routes Security
Threats monitored with military intel

Business Model II – Fleet and Strategy

Höegh focuses on efficiency and innovation, challenging the industry and gaining first-mover advantage

Current Fleet

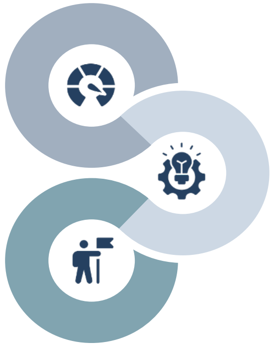
Class	*CEU*	*#*	*Avg. age*	*Breakbulk*
Aurora	9,100	2 + 10 owned[1]	<1.0 years	44%
Post-panamax	8,500	6 owned	9.2 years	22%
Cat 0	7,850	10 owned[2]	19.8 years	22%
Cat 1	~6,500	10 owned	20.9 years	19%
Under 6,000	<6,000	5 owned + 3 time chartered	18.5 years	22%

Höegh Autoliners operates a fleet of **36 vessels in total** of which 33 are owned, 3 are on time charter and **10** more Aurora-class **newbuilds to be delivered between 2025-2027**

Höegh Autoliners has the **largest average vessel size within the car carrier industry**, with few competitors having the same capacities

1. To be commissioned between 2025-2027
2. Includes vessels on long-term BB charter with a purchase option/obligation

Strategy



Efficiency in fleet and routes management
Smart voyage optimization, rapid port turnaround efficiency

Technological advancements
Innovative digital twin tech, predictive analytics

Challenging and pioneering the industry
Ammonia-ready vessels, bold net-zero leadership

Aurora-class vessels are **leading industry's transition to sustainable shipping**

	Average RoRo provider	Höegh Aurora-class
Lifecycle Cost Efficiency	Higher costs due to more frequent repairs	Predictive maintenance **cutting downtime by 20%**
Versatility	Limited to standard cargo	**Fully adjustable decks**
Environmental impact	Varies; newer ships built with some improvements	**58% lower CO_2 emissions** per car transported

Business Model III – Supply Chain, Services and Customers

Höegh "ticks all the boxes" for its clients' demands, securing long-term contracts

Supply Chain Highlights

- All of the **Aurora vessels were ordered in advance**, so now Höegh benefits from a strategic advantage of **receiving them first among peers**
- Höegh is **not dependent on any specific fuel provider**, moreover, ability to switch between biofuel and LNG mitigates the price volatility risks
- Any **unexpected changes** in fuel prices or other costs **are invoiced directly to clients** on the 3-month average basis transferring the costs

Integrated Services

Höegh Autoliners is **a fully integrated global organization** with deep in-house expertise

- **Commercial** Management
- **Operational** Management
- Full **Technical Services**
- **Newbuilding** Management
- **Crewing** Services

This integration allows Höegh to maintain direct control over all its operations, ensuring **efficiency and consistency across its services**

Customers

Höegh has built a **loyal customer base**, with clients regularly renewing contracts due to consistent performance and **meeting evolving expectations**

- **Easy upscaling** in case of increased volumes
- **Safety** and minimized risks as top priorities
- Flexible and fast **rerouting** options
- **Expert handling** of complex and expensive cargo
- **Biofuel** and sustainable shipments

Contractual Agreements

11.5 million CBM	**>90 USD/CBM rate**	**3.4 years**	**~80% coverage**
Annualized volume signed on long-term contracts	Average gross freight rate on new contracts	Remaining long-term contracts duration	Share of volume covered by contracts

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Market and Industry Overview

Industry Overview I – RoRo Market

RoRo capitalizes on high specialization and strong entry barriers to drive niche growth

Shipping Industry

Criteria \ Segment	Container	Bulk	Tanker	RoRo
Market Coverage	70%	15%	10%	5%
Primary cargo	Consumer Goods	Raw materials (coal, iron ore)	Liquids (crude oil, LNG)	Vehicles, B&B
Logistics complexity	High ■■■	Low ■□□	Moderate ■■□	High ■■■
Contract duration	1-3 Years	Spot contracts	5+ Years	2-4 Years
Demand volatility	High ■■■	Moderate ■■□	Moderate ■■□	Moderate ■■□

RoRo shipping ensures **quick loading and unloading**, **cost-effectiveness** for wheeled or oversized cargo, and **minimal damage risk**, making it ideal for vehicles and heavy machinery

Porter's 5 Forces

The RoRo shipping industry **benefits from low threats from substitutes and new entrants** due to high specialization and capital barriers, paired with moderate buyer power, supplier influence, and industry rivalry creates high potential for the niche growth

Threat of New Entrants
LOW THREAT
■□□

Competitive Rivalry
MODERATE THREAT
■■□

Threat of Substitution
LOW THREAT
■□□

Bargaining Power of Buyers
MODERATE POWER
■■□

Bargaining Power of Buyers
MODERATE POWER
■■□

Industry Overview II – Trends & Drivers

Höegh sucessfully adopts to major RoRo market trends

Market Trends

Trend influence on industry: - Low - Medium - Strong - Höegh's trend adoption

Global Trade Supply/Demand

Strong **RoRo demand** from **Asia's oversupply**, **benefits** Höegh's well-positioned **Aurora-class ships**

Geopolitical Stability & Supply Chain

Conflicts like Suez or **Red Sea** affect shipping, but Höegh's **diverse routes** and **strong contracts** ensure reliability

Fright Rates Drivers

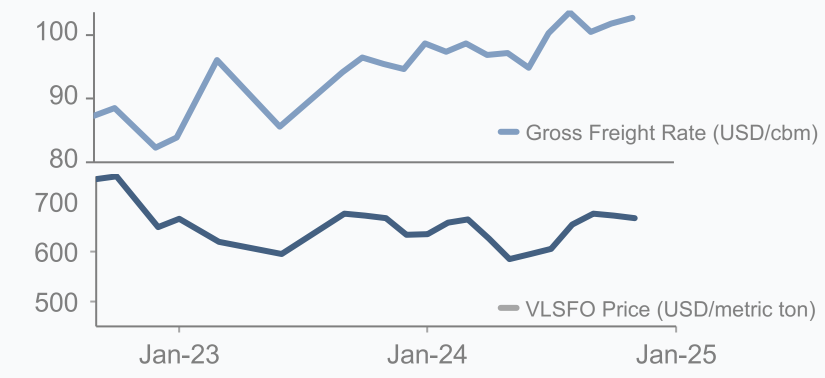
Freight rates mainly **depend** on **bunker prices** and demand, Höegh offsets costs to customers as **bunker prices stagnate**

Regulatory and Environmental Policies

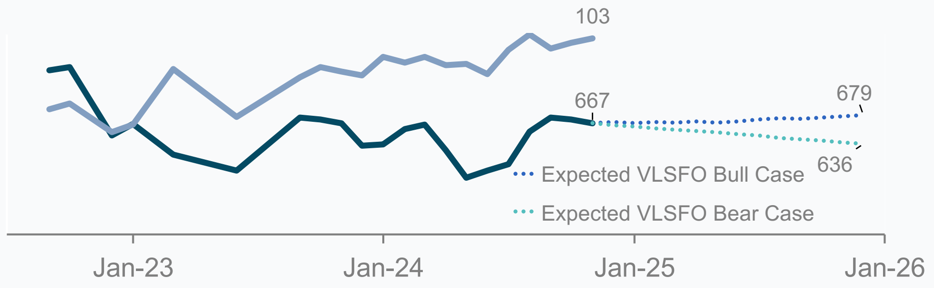
New **environmental regulations favor** Höegh's **Aurora-class** vessels with **sustainable**, flexible **fuel options**

Fleet Modernization

Höegh's AI-driven **voyage planning** and **fuel-efficient** Aurora-class ships set a **new standard** in sustainable shipping



Freight rates are **mainly driven by bunker fuel prices** and **amplified** by **demand** shifts. Bunker prices, and consequently freight rates, are **expected to stagnate** next 12 months



*VLSFO (Very Low Sulphur Fuel Oil)

Industry Overview III – Market Segments

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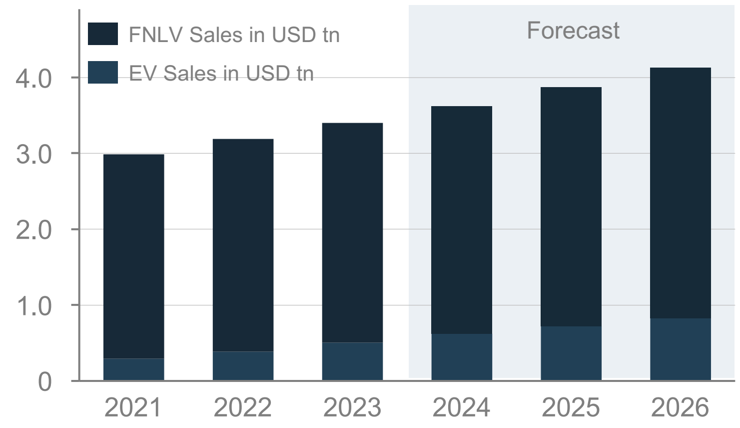
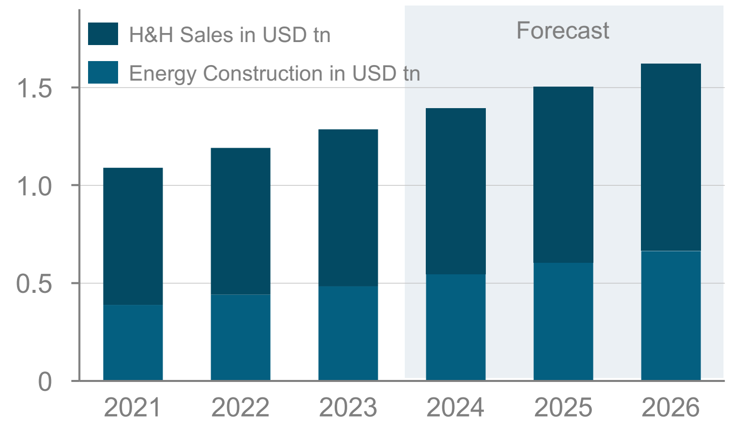
Höegh operates in consistently growing market segments, which ensures stable demand

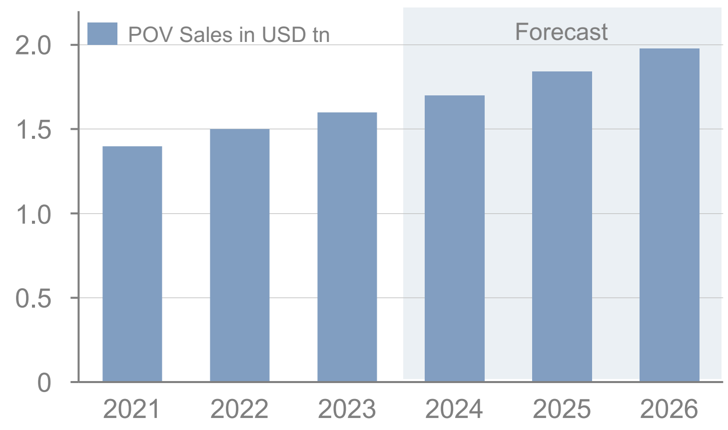
Factory-New Light Vehicles (FNLV)



High and Heavy and Breakbulk (H&H, B&B)



Previously Owned Vehicles (POV)



Market Drivers

FNLV is **driven by stable exports from Japan and Korea and growing Asian production**

Höegh's **modern vessels** ensure safe, efficient transport, **meeting high demand** for new vehicles

There is steady growth across all **the 7 sub-segments**, especially in energy and constructions, supports Höegh's diversified cargo base

Their **flexible fleet** is **well-suited for** handling **oversized** and specialized **shipments**

The growing demand for used vehicles, in **emerging markets**, offers **steady opportunities**

Höegh benefits from its **global network** and ability to cater to this cost-sensitive segment

Forecasted CAGR (FNLV): **4.1%**

Forecasted CAGR (H&H): **6.1%**

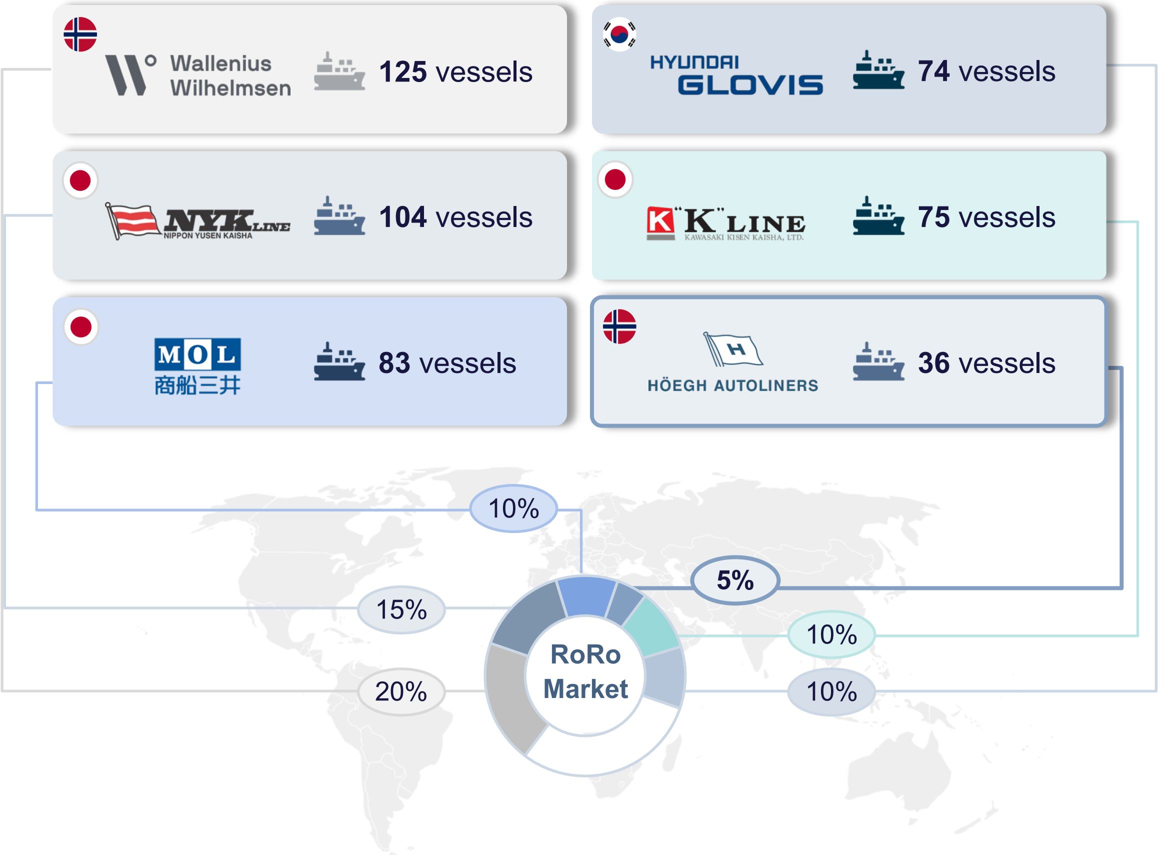
Forecasted CAGR (POV): **7.3%**

Sources: Höegh Autoliners corporate website, Financial Times, Statista

Peers I – Fleet and Sustainability Efforts

Despite having a fleet of smaller scale than its peers, Höegh excels in sustainability and long-term strategy

Tier-1 Peers



Even with a relatively small fleet **Höegh is well-positioned among peers** leveraging it's **Aurora vessels** which could carry bigger and more complicated cargo, **as a competitive advantage**

Peer Benchmarking

Höegh Autoliners **leads with a sustainability-driven strategy**, prioritizing green fleet operations, alternative low-emission fuels, and operational control to align with environmental goals

✓ - Criteria satisfied

✗ - Criteria not satisfied

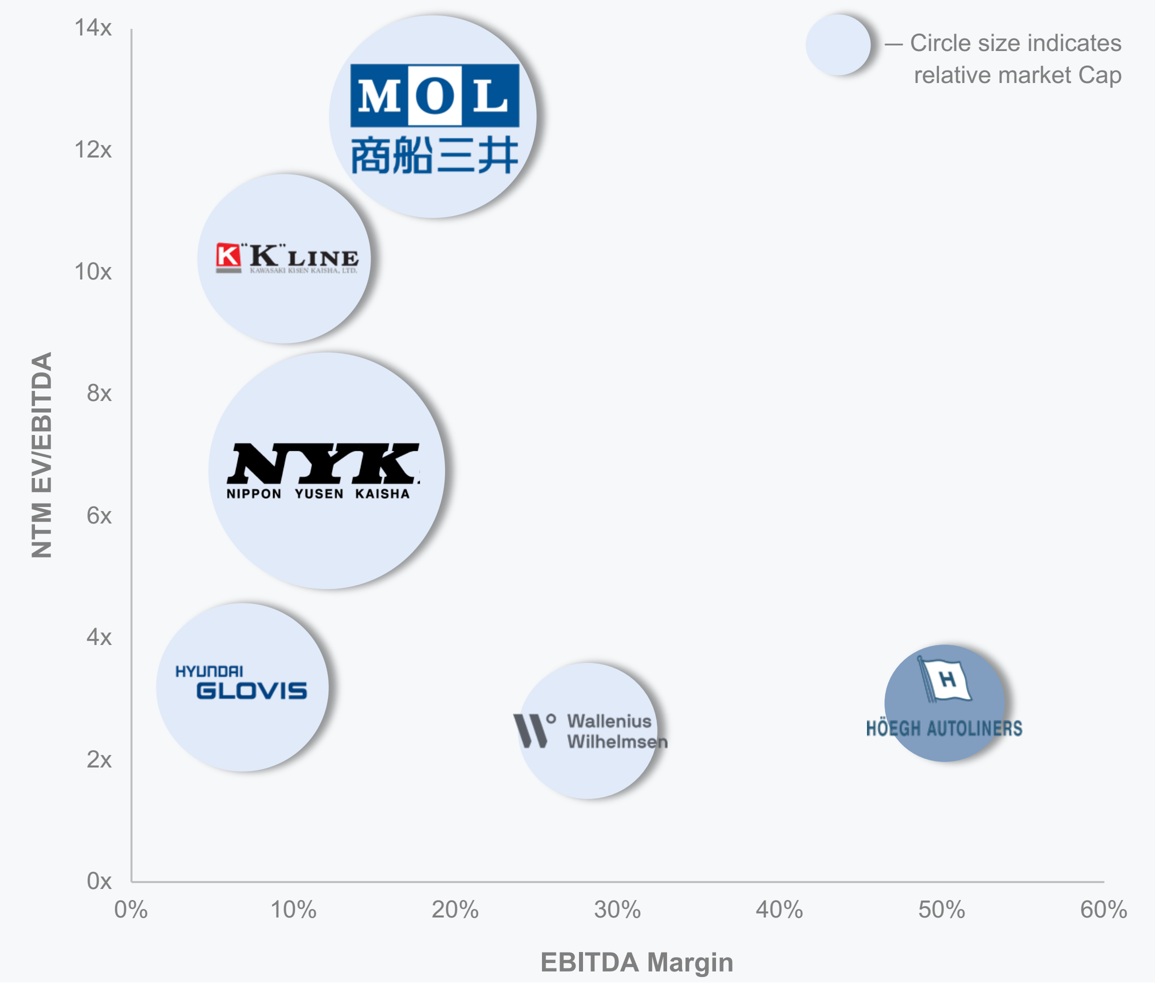
Criteria

	Criteria	Höegh Autoliners	Wallenius Wilhelmsen	NYK Line	Hyundai Glovis	MOL	K Line
Service	Specialized H&H Expertise	✓	✓	✗	✗	✗	✗
Service	Long-term Contracts	✓	✓	✗	✗	✗	✗
Strategy	Focus on Container Shipping	✗	✗	✓	✗	✓	✗
Strategy	Majority Ownership of Fleet	✓	✗	✓	✓	✓	✓
Sustainability	Ammonia or Methanol Focus	✓	✓	✗	✗	✗	✗
Sustainability	LNG-Integration	✓	✓	✓	✓	✓	✓
Sustainability	Operational Green Fleet	✓	✗	✗	✗	✗	✗

Peers II – Peer Group Margins

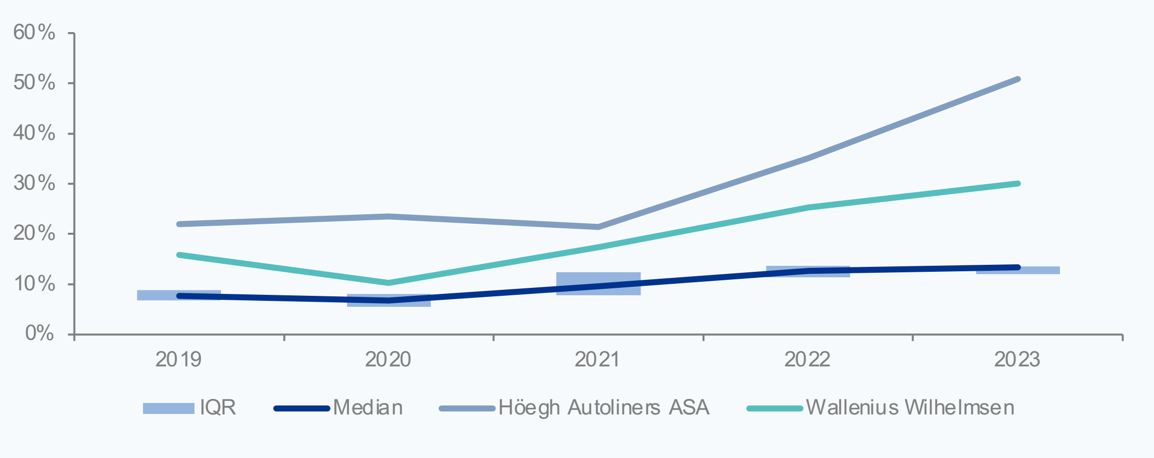
An attractive business model fueled by outstanding margin improvement, positions Höegh as a great investment opportunity

Margin and Valuation Benchmarking



1. NTM EV/EBITDA Q3'24

Historic EBITDA Margin



Peer Group Conclusions

Superior Margins
Höegh has achieved remarkable **margins improvements** over the past three years, delivering results nearly **double its peers**

Attractive Valuation
Höegh is trading at a **discount**, with an **EV/EBITDA[1] of 3.3x** compared to the peer average of 7.3x

Strong Revenue Growth
Höegh's **revenue grew** by an average of **25%** over the last three years, significantly outperforming the 9% median of its peers

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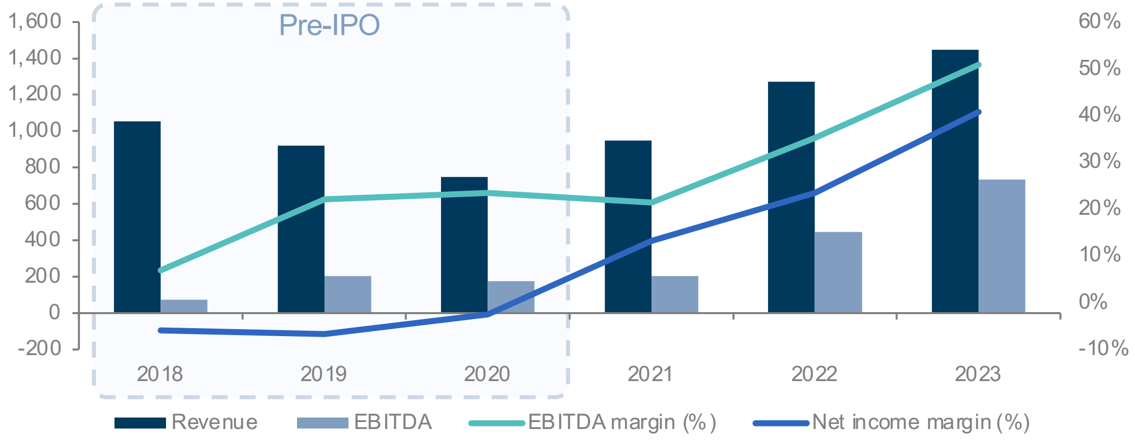
Financials and Valuation

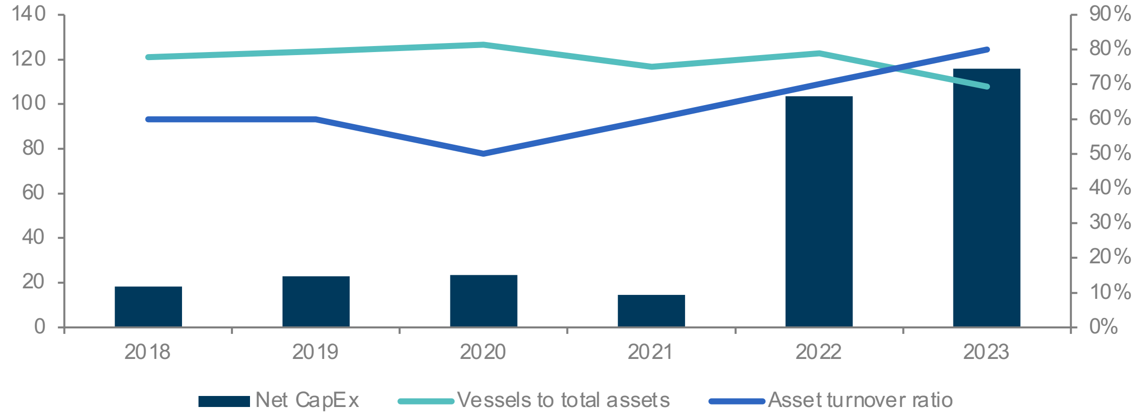
Financial Analysis

Financial resilience and value drivers shaped Höegh's success post-IPO

Profitability Analysis (in USDm)



Asset Analysis (in USDm)



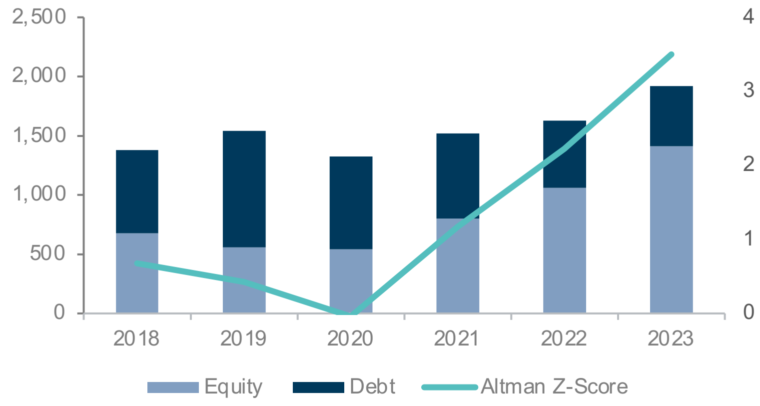
Deep Dive

Growing market demand over the years has turned Höegh profitable, leading to **strong earnings growth**, improved financial stability, and impressive results

Repurchasing vessels from sale and leaseback contracts, boosting **fleet ownership** and operational control

Höegh's improved profitability, financial stability, and asset efficiency have driven its Altman Z-Score into the safe zone, reflecting very **low risk of financial distress**

Altman Z-Score



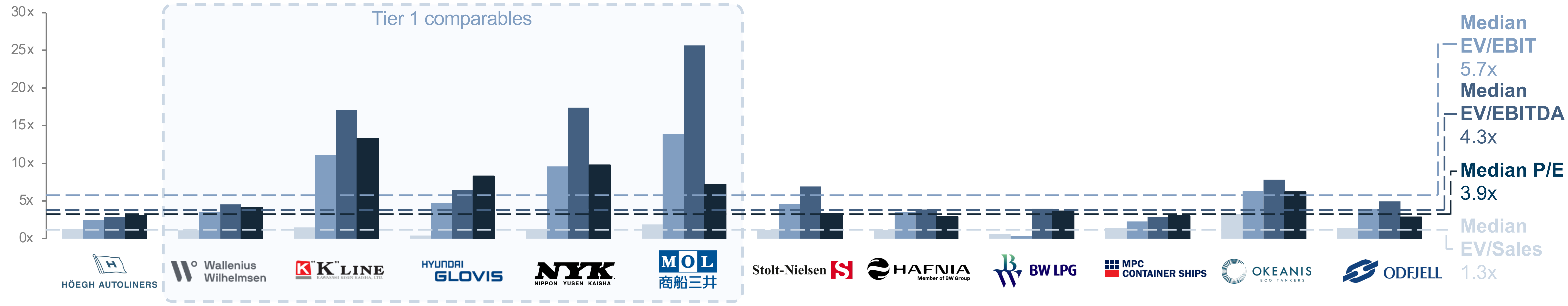
The D/E ratio dropped **from 175% to 36%** in the past 5 years, reflecting improved stability.

A solid **3.5 Altman Z-Score** underscores strong financial health.

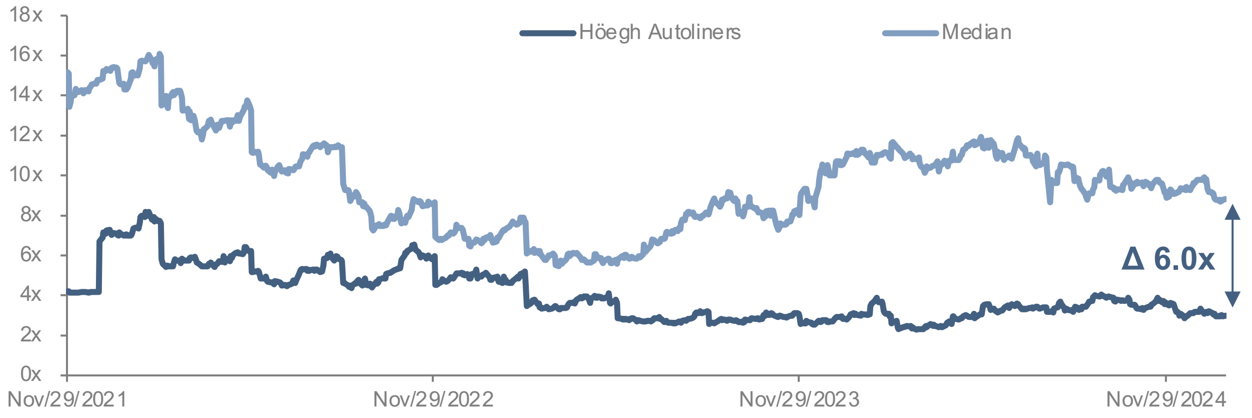
Valuation I – CCA

Persistent undervaluation of Höegh stands out among closest peers

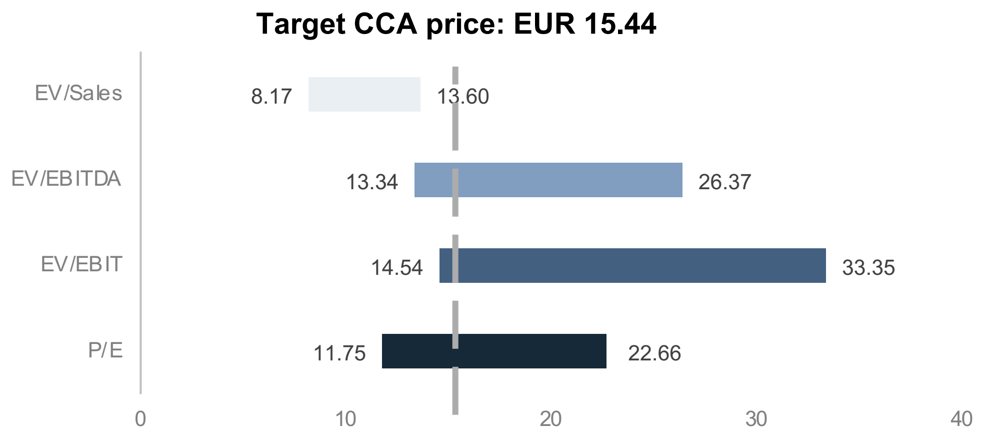
Multiples Chart



Tier 1 Delta - EV/EBITDA Development



Football Field Chart



Valuation II – DCF

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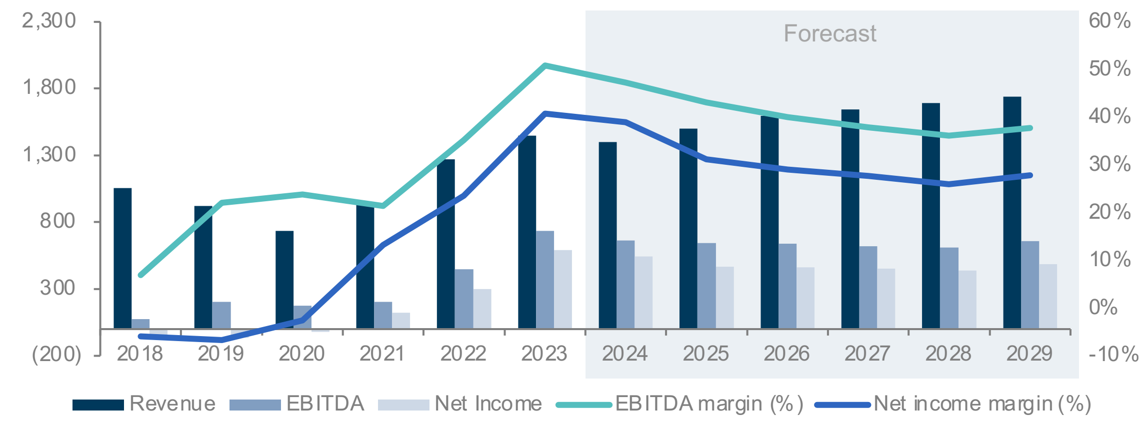
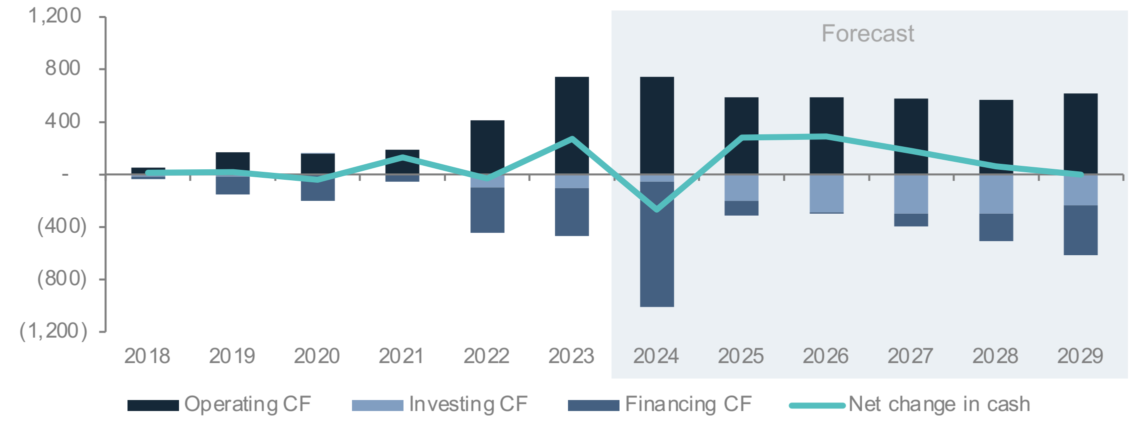
Key value drivers and contractual coverage secure Höegh's long-term stability

P&L Development (in USDm)



Free Cash Flow Composition (in USDm)



Revenue Breakdown

Product Segments

FNLV | POV | H&H | BB

Customer segments' growth ✖ **Global shipping growth** ✖ **Fleet expansion** = **Revenue**

Value Drivers

Fleet Renewal
High demand for vessels in the fleet, coupled with renewal, lowers maintenance costs and secures long-term operational stability

Long-term contracts
80% contractual coverage ensures reliable revenue through regularly renewed agreements

Low-cost financing
Favorable borrowing terms support fleet expansion and reduce financial dependency.

Valuation III – Summary

Healthy upside potential, even under conservative assumptions

Key DCF Assumptions & Cases

WACC – 9.3% – Including China risk exposure

Growth rate – 1.0%

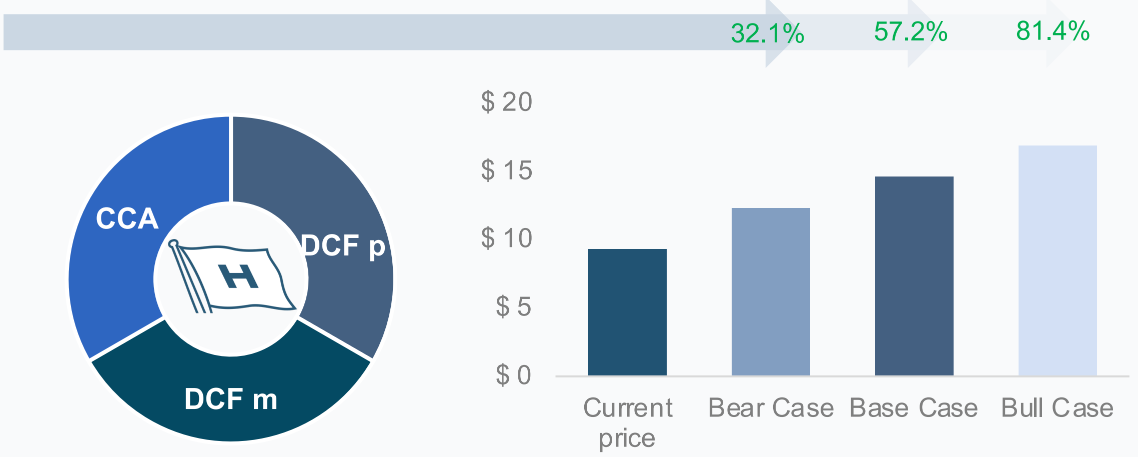
Beta – ß 0.88

Bull Case
Improving margins, favorable market conditions and upholding contract renewals.

Base Case
Stable margins while fulfilling expectations with less fluctuating variable costs, ensuring steady growth.

Bear Case
Margin compression with slower market growth coupled with delays in arrival of vessels.

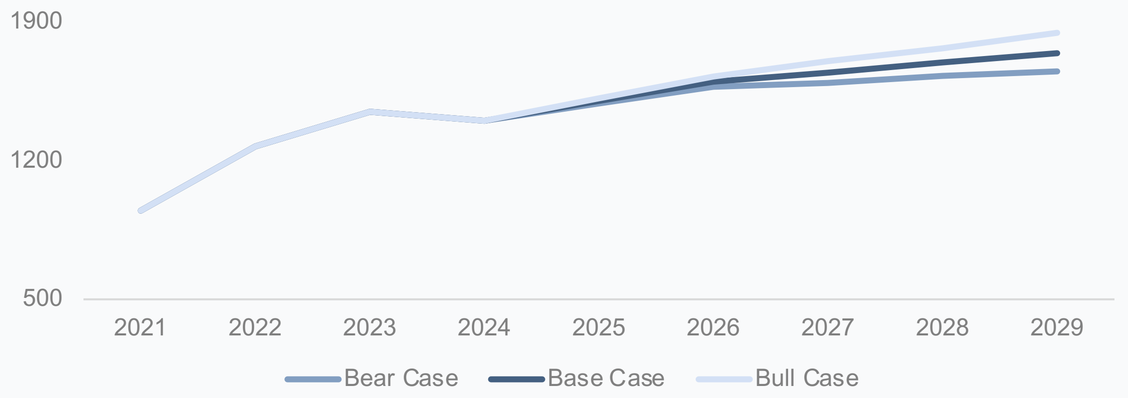
Valuation Outcome



DCF - Sensitivity Analysis

WACC \ Terminal Growth rate	0.50%	0.75%	1.00%	1.25%	1.50%
8.2%	16.01	16.42	16.87	17.35	17.87
8.7%	14.98	15.34	15.73	16.14	16.58
9.2%	14.07	14.39	14.72	15.08	15.46
9.7%	13.27	13.54	13.83	14.14	14.47
10.2%	12.54	12.79	13.04	13.31	13.60

Revenue Growth



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Conclusion

Conclusion

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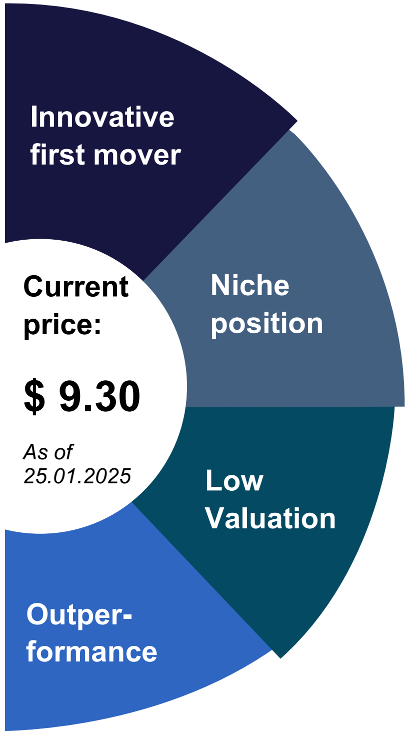
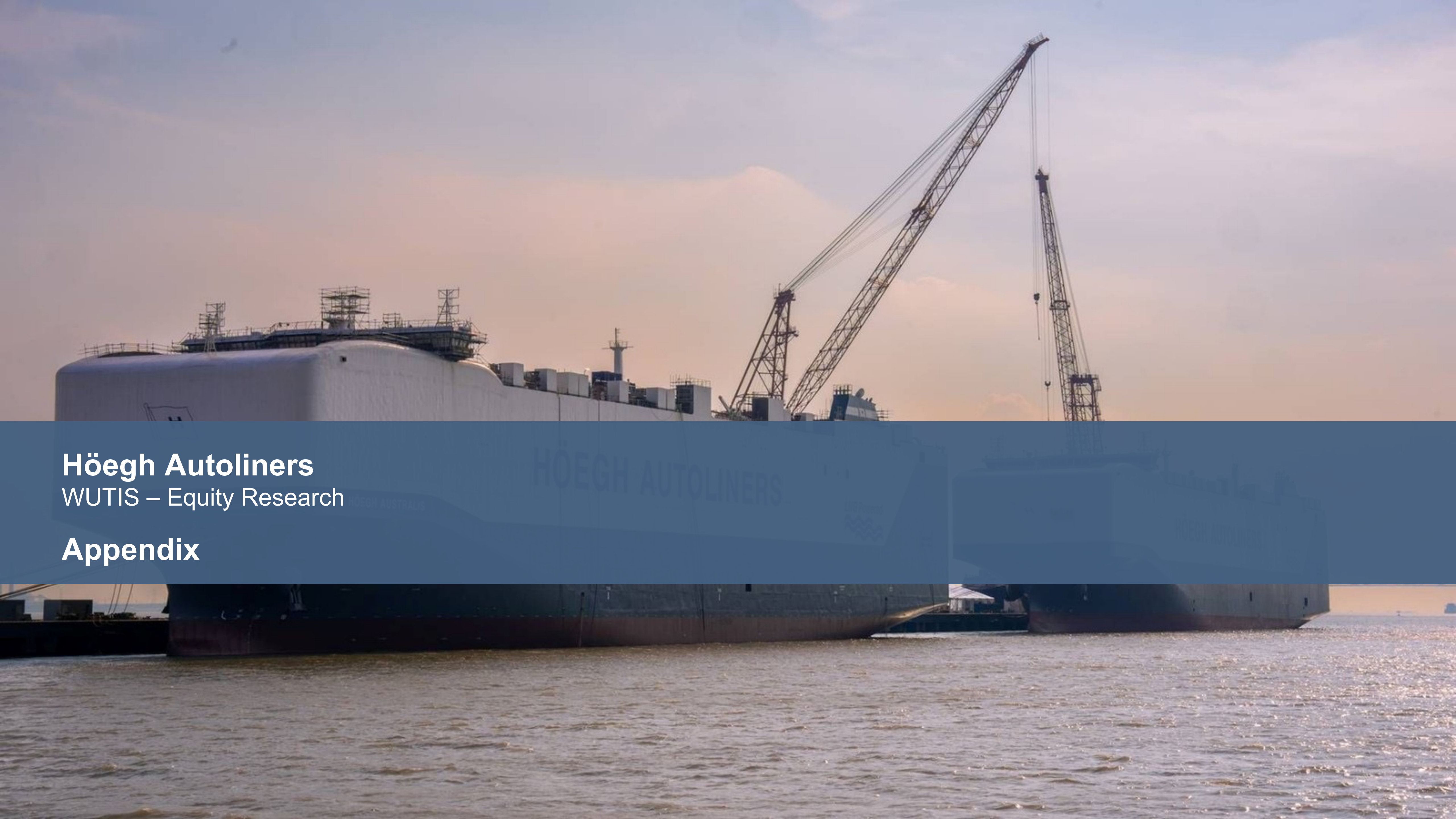
Höegh capitalizes on its innovative first-mover advantage in RoRo to further strengthen its global position





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Appendix

Appendix – Insider Trading & Public Investments

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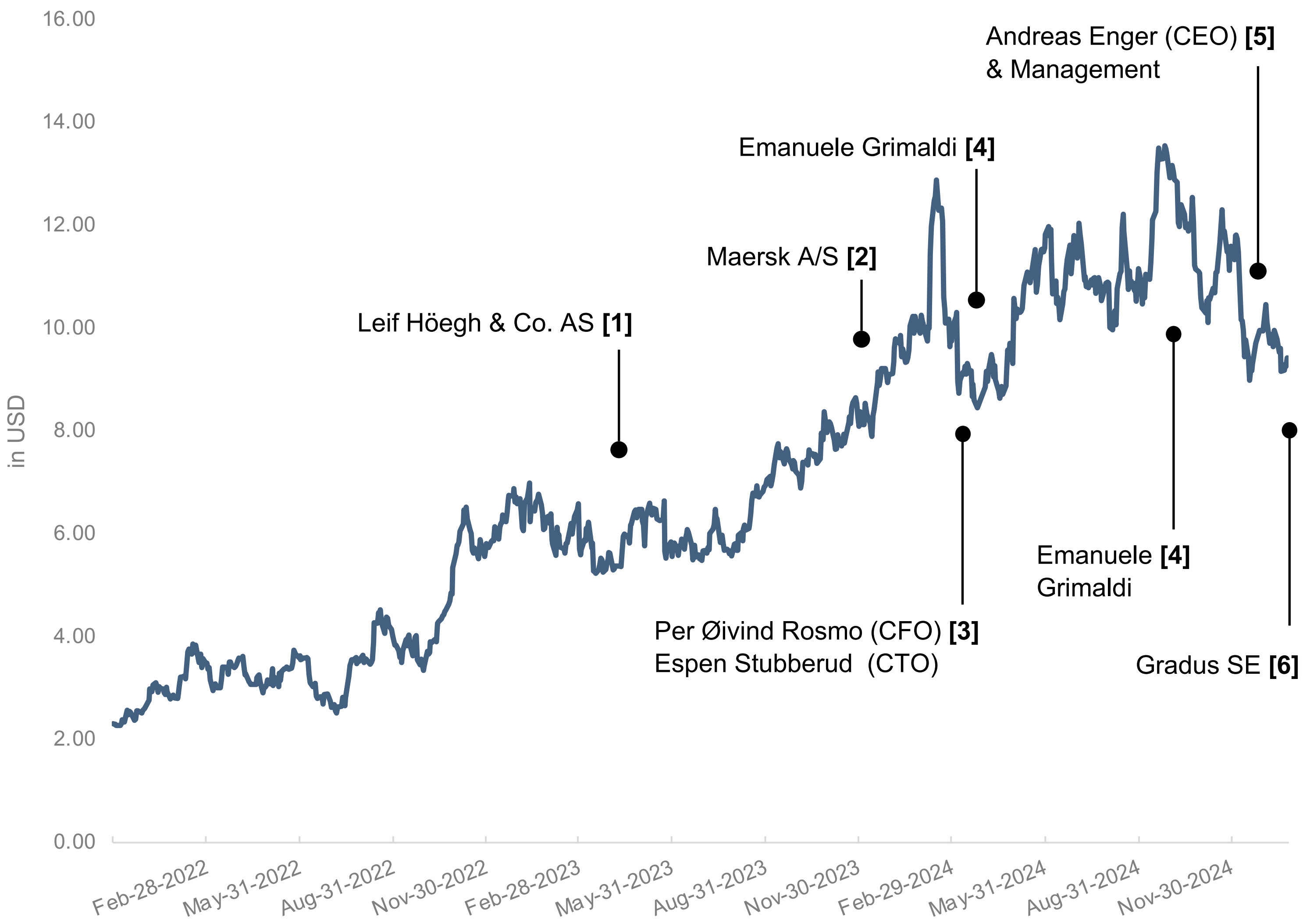
Despite occasional insider sales, overall public and insider trading activity has been bullish recently



Insider & Public Trading History

- [1] ***April 2023*** (sell) – The Höegh family sold a 6.4% stake valued at 70 USDm, while maintaining their position as the company's largest shareholder.
- [2] ***November 2023*** (sell) – Maersk A/S has disposed its stake in Höegh Autoliners, selling the remaining 10.48% in stake or 20m of the company's shares. Perhaps Maersk was seeking to raise cash after an operating loss of $27m in Q3 2023.
- [3] ***February 2024*** (sell) – Per Øivind Rosmo (CFO of Höegh) and Espen Stubberud (CTO of Höegh) sold in total 65,000 shares in the company for unknown reasons.
- [4] ***September 2024*** (buy) – Emanuele Grimaldi (CEO of the Grimaldi Group) doubled his stake in the company to over 10%, stating that the company is still massively undervalued (initially acquired 5.1% in April 2024).
- [5] ***November 2024*** (buy) – Options of several members of the management have been exercised. CEO Andreas Enger was the only one selling of shares afterwards.
- [6] ***January 2025*** (buy) – Gadus SE indirectly acquires 67.8m Höegh shares.

Appendix – Company History

W U T I S

Höegh Autoliners is driving innovation and growth in global RoRo shipping

1927

Leif Høegh established the company in Norway, initially focusing on oil tankers and bulk carriers, setting the foundation for a future global shipping enterprise

1969

Diversified into the Roll-on/Roll-off (RoRo) segment, pioneering the transportation of vehicles, a move that marked a major shift in the company's strategy towards specialized maritime logistics

1980-90s

Expanded its global footprint by acquiring and operating larger, more versatile vessels, solidifying its position in the deep-sea RoRo market

2000s

Formed strategic alliances with major automotive manufacturers, enhancing its service offerings and becoming a trusted partner in global vehicle logistics

2010

Introduced a new fleet of Horizon-class vessels, improving cargo capacity and operational efficiency, and meeting the increasing demand for complex cargo handling

2020

Launched the innovative Aurora-class vessels, focusing on sustainability with ammonia-ready engines, leading the industry towards eco-friendly maritime solutions

2023

Renewed significant multiyear contracts with major international car producers, reinforcing its market leadership in the RoRo sector and continuing its commitment to customer-centric solutions

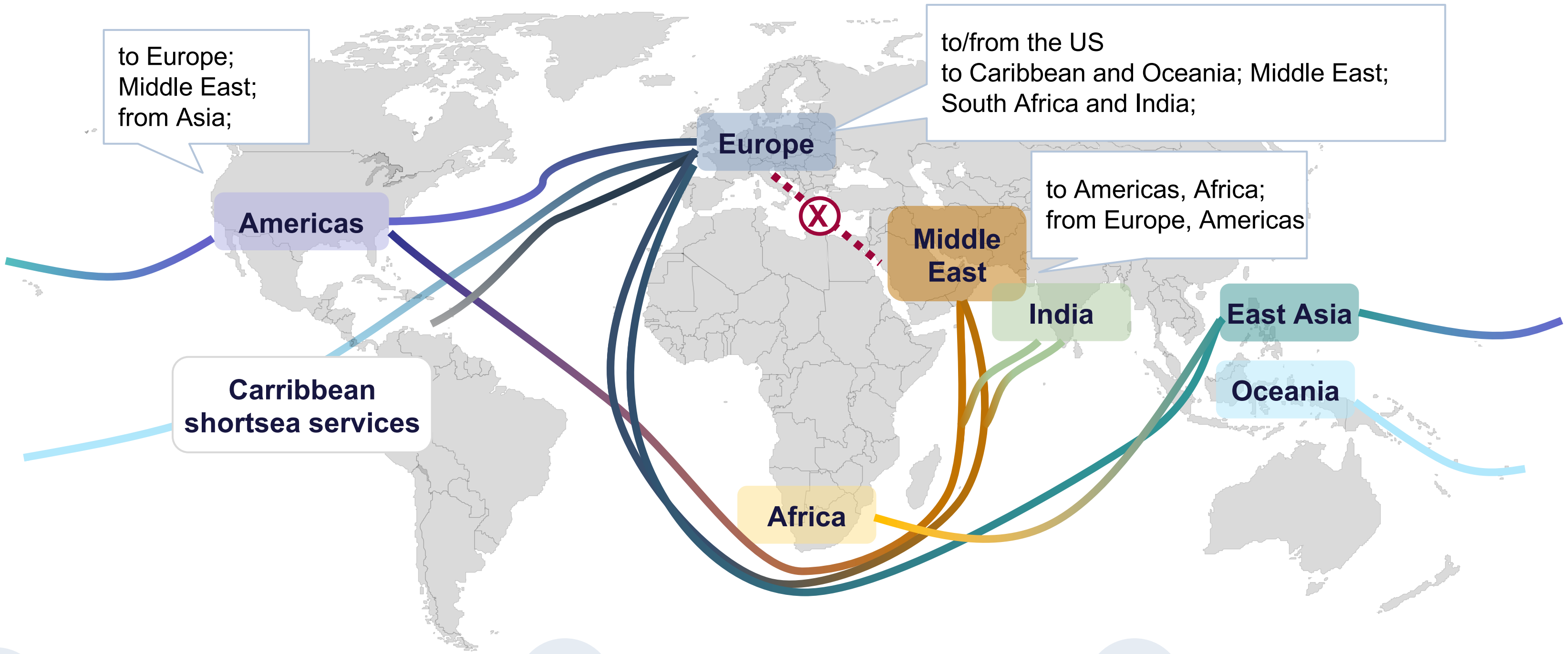
Today

Höegh Autoliners operates a diverse, modern fleet with a focus on sustainability, security, and handling high-value cargo, serving over 120 ports in 40 countries, and making more than 3,000 port calls annually

Appendix – Geographies

W U T I S

Höegh operates worldwide optimizing the routes to meet customers' demands



Suez Canal Agility

Höegh Autoliners swiftly adapted to Suez Canal disruptions by rerouting, minimizing impact, showcasing operational agility and effective crisis management, while maintaining stable costs

Early Rerouting Leader

Pioneering early rerouting strategies during Suez crises, Höegh's collaboration with the Norwegian government highlights its commitment to safety and efficiency, setting industry benchmarks for adaptive logistics

Asian Routes Security

Leveraging partnerships with Norwegian military intelligence, Höegh ensures proactive threat monitoring and safe passage in high-risk areas, enhancing reliability and customer trust in volatile regions

Tariffs Resilience

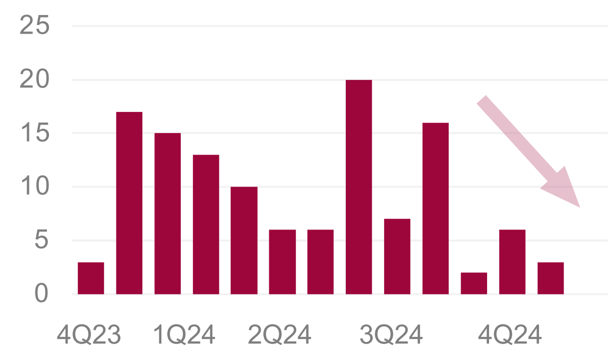
Höegh's diversified cargo routes, focusing on Japanese and Korean exports, shield it from geopolitical shifts like U.S. tariffs on Chinese EVs, ensuring stable operations and revenue unaffected by trade tensions

Sources: Höegh Autoliners corporate website, team analysis

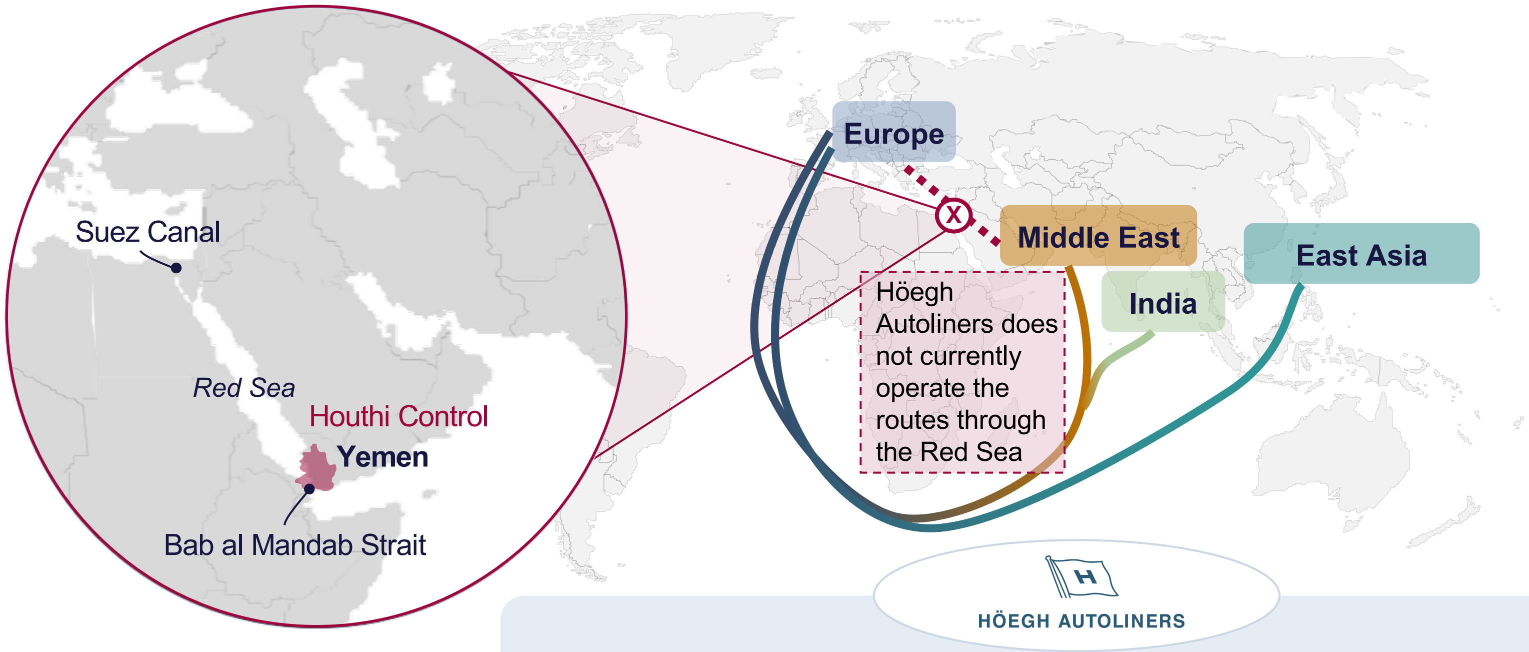
Appendix – Red Sea Uncertainty

Attacks in the Red Sea have declined from their peak, however stability is not expected

Number of Houthi attacks and other actions targeting commercial ships in the Red Sea



Includes separate events targeting the same ship;
Excludes attacks where the target was unclear



Severe Disruption of Trade Routes
Cargo volumes in the Red Sea declined by 70% due to Houthi threats, impacting the Suez Canal, which normally handles 12% of global trade

Sophisticated Extortion Operations
The Houthis established a "safe-transit service" requiring protection payments, which could change in amounts with no real guarantees

Shift in Shipping Traffic
While Western firms face increasing risks and costs; Chinese vessels expanded their presence in the region, filling the gap

Fleet Adaptability and Capacity
Modern fleet, including Aurora-class vessels, handles higher volumes efficiently, even with rerouting

Premium Service for High-Value Cargo
Specialization in complex cargo attracts industries needing secure, reliable transport in unstable regions

Enhanced Security Protocols and "Safety-First" Strategy
Höegh's use of military intelligence ensures safer navigation through high-risk zones and overall strategy focuses on risk minimization

Appendix – Aurora Story

W U T I S

Höegh Autoliners believes the Aurora class is its most significant innovation

2021

The dawn of a new era

April 2021:
The new zero-carbon ready Aurora-class vessels design was launched

2022

Concept brought to life

January 2022:
Contract ceremony with China Merchants Heavy Industry for the first 8 vessels, financing secured

2023

New generation

First Aurora-class vessels began to take shape, with the program extended to 12 vessels

2024

Aurora in operation

3Q 2024:
First two Aurora vessels delivered

Access to first four ammonia engines by Man Energy Solutions and Hyundai Heavy Industries secured

2027

On track to net-zero

Aim to launch the first ammonia-powered Aurora Class vessels

Sources: Höegh Autoliners corporate website

Appendix – Aurora Class

Aurora-class vessels are leading industry's transition to sustainable shipping

Criteria	Average RoRo provider	Höegh Horizon-class	Höegh Aurora-class
Capacity (CEUs)	6,000-6,600	6,500	9,100
Fuel type	Conventional, with a few LNG-ready	Conventional marine fuels	**Multi-fuel**, incl. ammonia and LNG
Energy Management	Limited or none	Basic	**Advanced**
Noise and Vibration Control	Basic systems	Standard controls	**State-of-the-art** control
Lifecycle Cost Efficiency	Higher costs due to more frequent repairs	Regular maintenance with moderate efficiency	Predictive maintenance **cutting downtime by 20%**
Cargo versatility	Limited to cars and standard vehicles	Standard flexibility	**Fully adjustable** decks
Environmental impact	Varies; newer ships with 10-30% improvements	40% more efficient than older vessels	**58% lower CO_2 emissions** per car transported
Environmental Compliance	May be challenged by stricter regulations	Meets current IMO regulations	**Exceeds** IMO 2030/2050 standards

3Q2024 first vessel inauguration

12 vessels by 1H2027

6 vessels under construction

2 vessels to be delivered every 6 months

All vessels contracted with the Norwegian flag

1,500 sqm solar panels

37.8 meters (beam) – wider for enhanced stability

200 meters

Main engine by MAN

Bridge system by Kongsberg Maritime

Ammonia- and methanol-ready notation by DNV

Appendix – Industry

Shipping industry segmentation

Industry Segmentation

Criteria / Segment	Container	Bulk	Tanker	RoRo
Maturity	**1950's** - mature	**1900's** – very mature	**1880's** – very mature	**1970's** – less mature
Market Coverage	70%	15%	10%	5%
Primary cargo	Consumer Goods	Raw materials (coal, iron ore)	Liquids (crude oil, LGN)	Vehicles, B&B
Logistics complexity	High ■■■	Low ■□□	Moderate ■■□	High ■■■
Contract duration	1-3 Years	Spot contracts	5+ Years	2-4 Years
Demand volatility	~20% ■■■	~5% ■□□	~10% ■■□	~15% ■■□

Comments

- RoRo industry is **less mature** as tanker, bulk or container so it **has much bigger growth potential**
- As RoRo's market coverage is significantly less than for other segments, **it could be considered a relatively niche market**
- Vessels in **RoRo segment transport much more complicated cargo** with vehicles and B&B as primary and then even more complicated cargo too
- **Logistics complexity is higher for RoRo shipping** both due to specific cargo and the routes it needs to be delivered
- Relatively **long-term contracts are common for RoRo** industry
- RoRo industry is prone to relatively **moderate demand volatility**

Appendix – High and Heavy and Breakbulk

Seven sub-segments

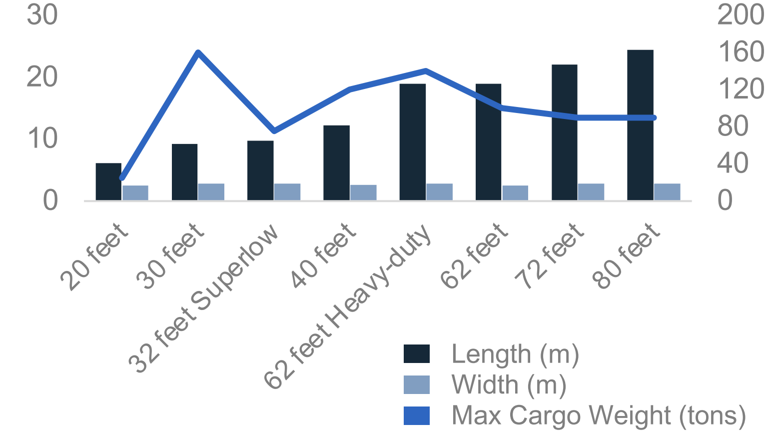
Mining
Heavy mining equipment, self-propelled and static, using rolltrailers up to 160 t

Power
Power equipment secured on rolltrailers, with a 120 t capacity and deck lashing points

Machinery
Machinery on rolltrailers, with up to 140 t capacity and underdeck stowage

Rail
Railcars on rolltrailers with rails and the Höegh Bridge, handling up to 140 t

Comparison of Rolltrailer Types



Boats and Yachts
Boats, including catamarans, on rolltrailers, using the Double-wide rolltrailer for wider vessels

Argriculture
Agricultural machinery, driven on board, transported on rolltrailers up to 160 t

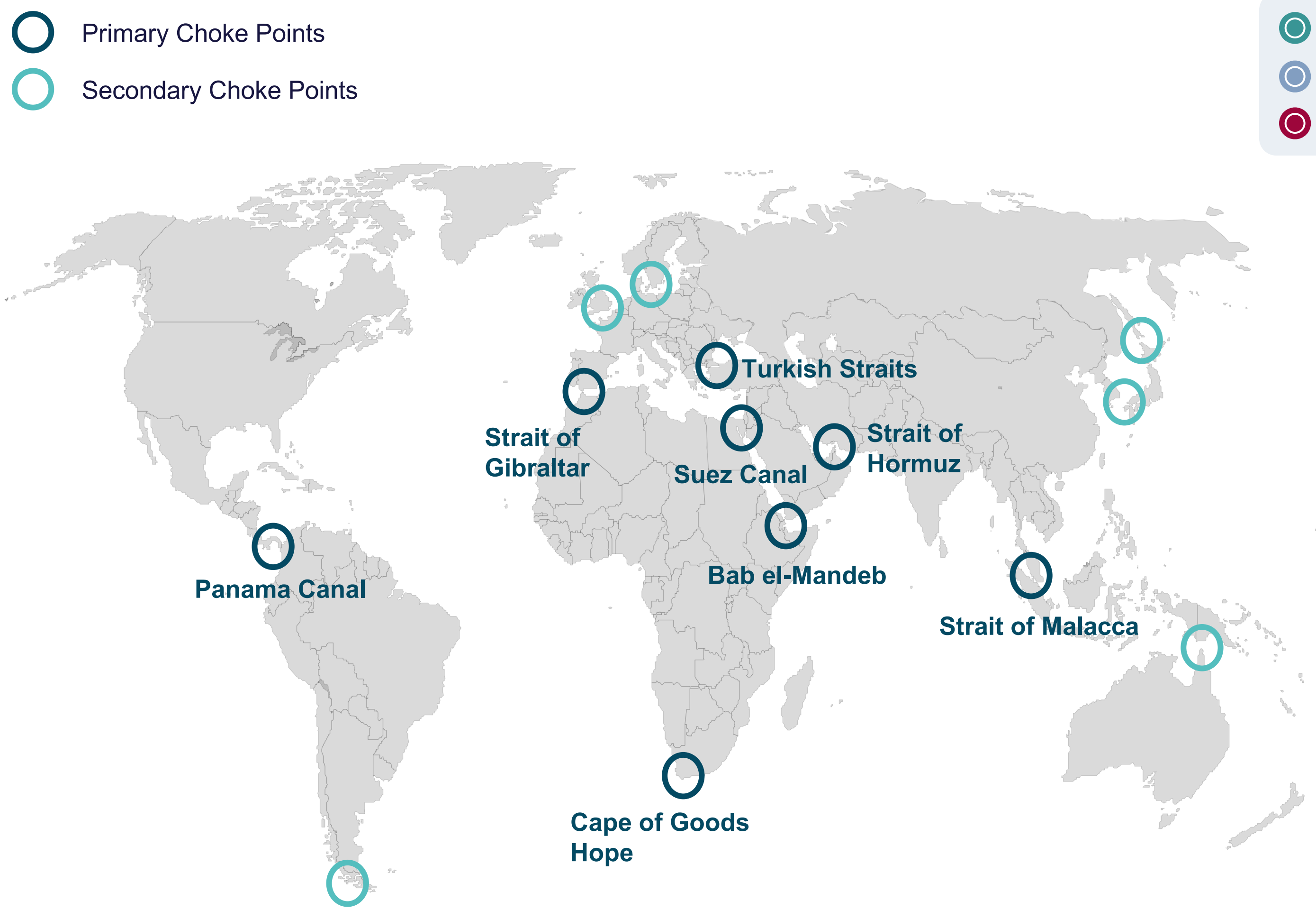
Construction
Machinery, either rolling or partly dismantled, transported on rolltrailers with up to 160 t capacity

Sources: Höegh Autoliners corporate website, team analysis

Appendix – World's Key Maritime Choke Points

W U T I S

Maritime choke points are critical to global trade but remain highly vulnerable to structural and geopolitical risks



- Low risk
- Medium risk
- High risk

	Panama Canal	Suez Canal	Strait of Malacca	Strait of Homurz	Bab el-Mandeb	Turkish Straits
Temperature extremes	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
Flood & Drought	High risk	Low risk	Low risk	Low risk	Low risk	Low risk
Storms	Low risk	High risk	Low risk	Low risk	Low risk	High risk
Haze & Fog	Medium risk	Medium risk	Medium risk	Low risk	Low risk	Medium risk
Conflicts & Terrorists	Low risk	High risk	Low risk	Low risk	Medium risk	Low risk
Piracy	Low risk	Low risk	High risk	High risk	High risk	Low risk

Appendix – Peer Benchmarking

Compared to its peers, Höegh prioritizes environmental goals and long-term operational efficiency

Benchmarking

✓ - Criteria satisfied
✗ - Criteria not satisfied

	Criteria	Höegh Autoliners	Wallenius Wilhelmsen	NYK Line	Hyundai Glovis	MOL	"K" Line
Service	Global RoRo coverage	✓	✓	✓	✓	✓	✓
	Specialized H&H Expertise	✓	✓	✗	✗	✗	✗
	Long-term Contracts	✓	✓	✗	✗	✗	✗
Strategy	Focus on Container Shipping	✗	✗	✓	✗	✓	✗
	Majority Ownership of Fleet	✓	✗	✓	✓	✓	✓
	U.S. Operations	✓	✓	✓	✓	✓	✓
Sustainability	Ammonia or Methanol Focus	✓	✓	✗	✗	✗	✗
	LNG-Integration	✓	✓	✓	✓	✓	✓
	Operational Green Fleet	✓	✗	✗	✗	✗	✗

Comments

- Wallenius Wilhelmsen secures billion-dollar contracts across automotive and equipment sectors; Höegh focuses on electric vehicle transport **contracts until 2028**
- All listed competitors operate in U.S. ports, but Höegh particularly specializes in EV shipments and **high-value RoRo cargo** from Asia to the U.S. and Europe
- Höegh Autoliners stands out with a strategy of **owning and controlling the majority of its fleet**, ensuring operational flexibility and alignment with its sustainability goals. Competitors like Wallenius Wilhelmsen and NYK Line operate a mix of owned and chartered vessels
- NYK Line, Hyundai Glovis, and MOL lead in LNG adoption; Höegh focuses on **alternative low-emission fuels** (e.g., methanol/ammonia-ready vessels)

Sources: Corporate websites, team analysis

Appendix – Peers' Share Price Performance

Höegh Autoliners has outperformed its peers in terms of share price performance in recent years

Appendix – Sustainability Overview

RoRo shipping is building a sustainable future through comprehensive low-to-zero emission initiatives

RoRo Sustainability Initiatives

Fuel Alternatives

LNG as a fuel instead of heavy oil

- **GHG Reduction**: Cuts emissions by 23%; bio-LNG reduces up to 80%
- **Future-Proof**: Enables carbon-neutral operations (IMO 2050)

Ammonia Fuel Retrofits from 2029 onwards

- **77% Emission Cuts**: Significant lifetime reduction
- **Cost-Effective**: Comparable to oil-fueled ships
- **EU Targets**: Supports 80% reduction by 2050

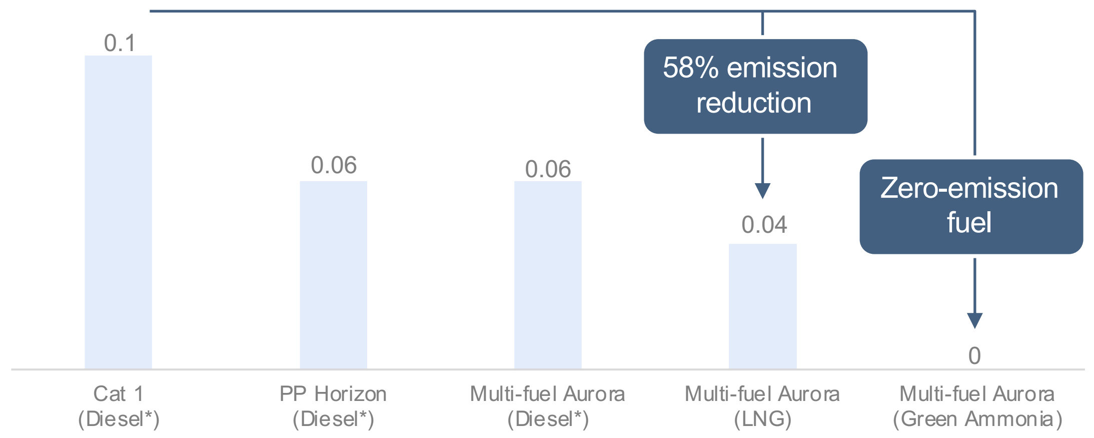
Other Initiatives

Ballast Water Management: Safeguards marine biodiversity

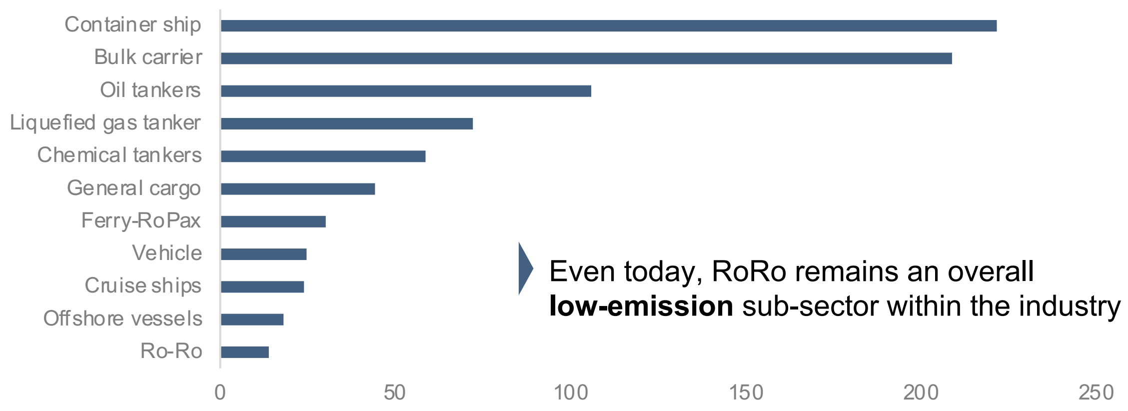
Energy-Efficient Lighting: Utilizes fluorescent systems to save energy

Solar power and **storage batteries**

Tonnes of CO2 emitted per CBM transported



Carbon Dioxide Emissions worldwide shipping 2022 (in million metric tons CO2)



Even today, RoRo remains an overall **low-emission** sub-sector within the industry

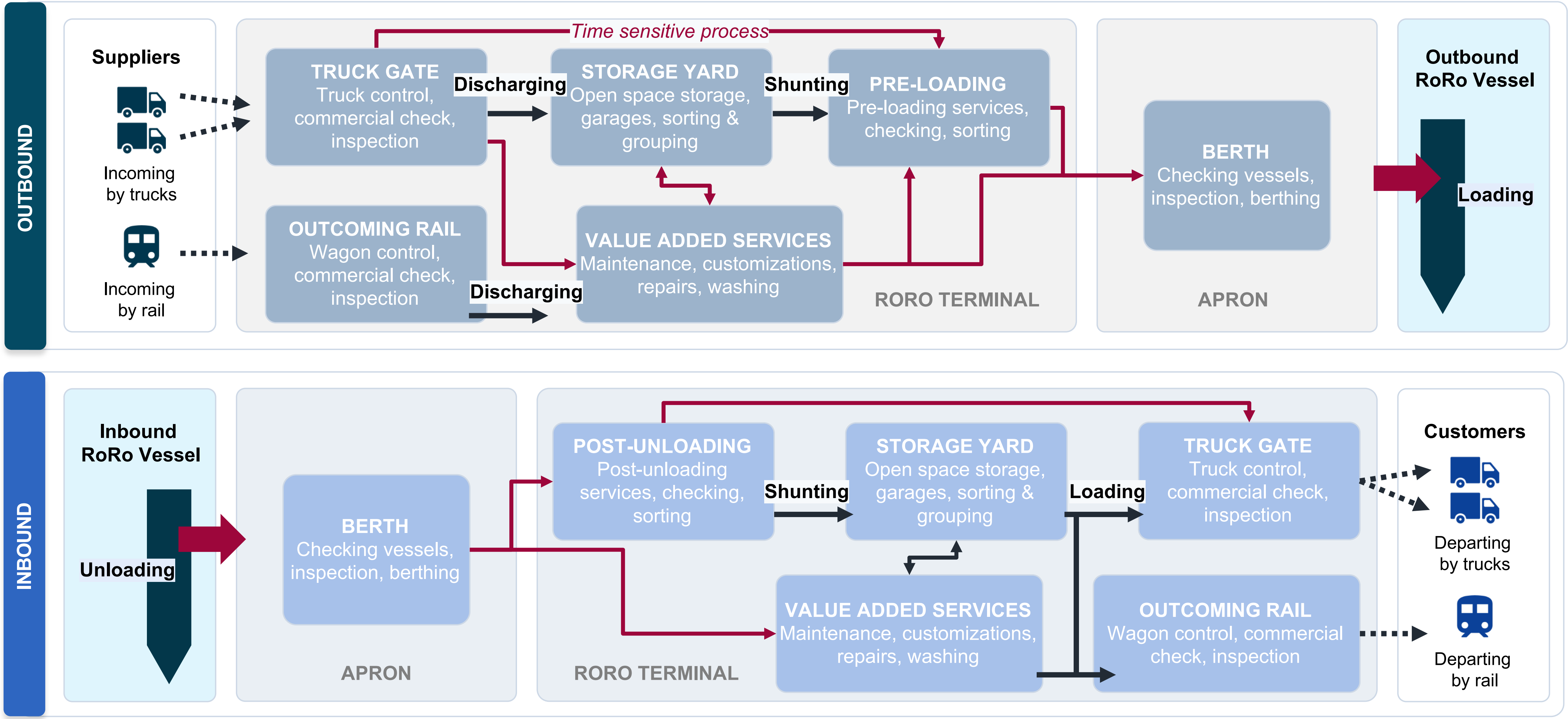
* Low sulphur diesel (LSFO and MGO). Based on tank-to-wake emissions with speed of 15.5 knots

Sources: Sustainalitics, ABG SC report

Appendix – Industry

W U T I S

Outbound and inbound traffic at car terminals



Appendix – Regional Market Deep Dive

Strong growth across Höegh Autoliners' key regions promises diverse market opportunities

United States

- Boom in automotive production and trade due to high consumer demand
- In 2023, the United States exported approximately 1.65 m passenger cars and light vehicles
- **Exported electric cars (EVs) valued at approximately 7 USDb** in 2023, accounting for **5% of global EV exports** (5th position worldwide)
- The **Construction Equipment Market** was valued at appx. 194 USDb in 2023 and is projected to grow at a **CAGR of 4.5%** from 2024 to 2030, reaching nearly 264 USDb by 2030

China

- China's exports of passenger cars jumped almost 20% in 2024, to almost 5m vehicles
- China's share of global **industrial production** increased from 24% in 2018 to 27% in 2024 and is expected to reach 45% by 2030
- In the first half of 2023, China's **construction machinery trade** totaled **26 USDb (+23% YoY)**. Exports reached 25 USDb (+26%), while imports fell to 1.3 USDb (-12%)
- In 2023, China was responsible for **65% of** newly installed **wind power capacity**

Europe

- Strong demand for EVs, in 2023, **electric vehicles (EVs) accounted for 15% of car sales** in Europe
- In 2024, the European **construction equipment market** was valued at approximately 51 USDb. It is projected to reach 76 USDb by 2030, growing at a **CAGR of 7%**
- As of the H1 2024, Europe installed 6 gigawatts (GW) of new wind power capacity

India

- In 2023, India's **construction industry was valued at approximately 792 USDb**. It is projected to achieve an average annual growth rate of over 5% between 2025 and 2028
- India has projected status as the **third-largest automotive exporter by 2030**

Appendix – Regulations Deep Dive

W U T I S

Global efforts to reduce maritime emissions

International

International Maritime Organization (IMO) Environmental Standards (UN)

In July 2023, the IMO set a target for net-zero GHG emissions from international shipping by 2050, with intermediate goals of a 30% reduction by 2030 and 80% by 2040, compared to 2008 levels.

MARPOL 73/78 & SECAs:

Limits air pollution (SOx, NOx, particulate matter). In SECAs (Baltic, North Sea, North America, Caribbean), ships must use ≤0.10% sulfur fuel or scrubbers.

IMO 2020 Sulphur Cap:

Limits sulfur content in marine fuel to 0.5% globally (previously 3.5%).

United States

Trump Presidency: "U.S. Withdrawal from the Paris Agreement"

Omitting commitments to reduce greenhouse gas emissions and halting contributions to the Green Climate Fund, the withdrawal could complicate international shipping, introduce carbon border taxes on U.S. exports and alter trade flows.

U.S. Oil Pollution Act of 1990 (OPA):

The OPA requires oil storage facilities and vessels to submit to the Federal government plans detailing how they will respond to large discharges of oil.

Jones Act (Cabotage Law):

Limits Höegh's operations in domestic U.S. shipping. However, it focuses on international freight, minimizing direct disruption.

China

Energy Efficiency Design Index (EEDI) for New Builds:

China adopts IMO EEDI standards, requiring new ships to meet stricter energy efficiency benchmarks.
→ Höegh collaborates with China Merchants Heavy Industry to construct Aurora-class vessels, aligning with EEDI standards.

National Emissions Control Areas (NECAs):

Vessels operating in NECAs must limit nitrogen oxide (NOx) emissions. Höegh adheres to these regulations through catalytic reduction systems

European Union

FuelEU Maritime

Höegh is aligned with **FuelEU Maritime** objectives to reduce greenhouse gas emissions through low-carbon fuel solutions

"Fit for 55"

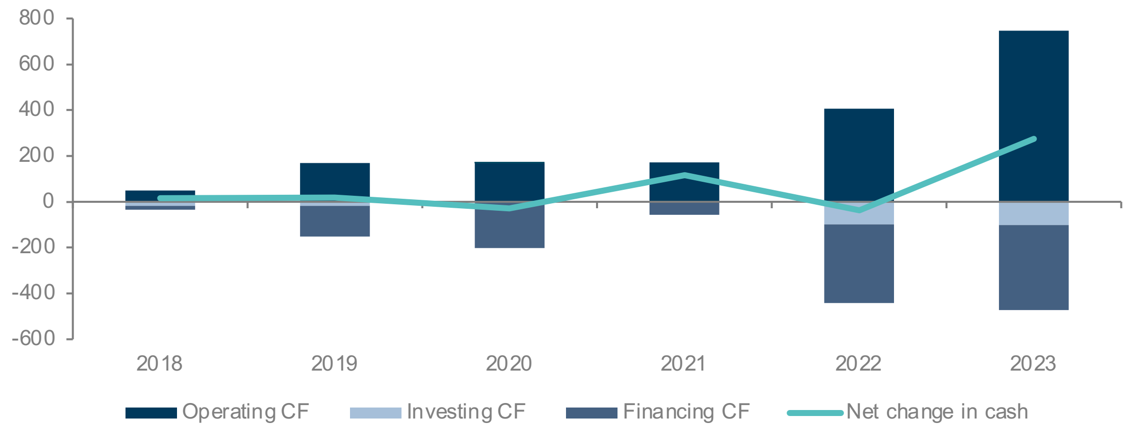
1) **2030 Target**: Reduce net greenhouse gas emissions by at least 55% compared to 1990 levels.
2) **2040 Target**: Achieve a net 90% reduction in emissions below 1990 levels.
3) **2050 Goal**: Attain net-zero emissions, aiming for climate neutrality.

Sources: Code of Federal Regulations ,International Maritime Organization (IMO), MARPOL, U.S. Environmental Protection Agency (EPA), U.S. Oil Pollution Act (OPA), World Resource Institute

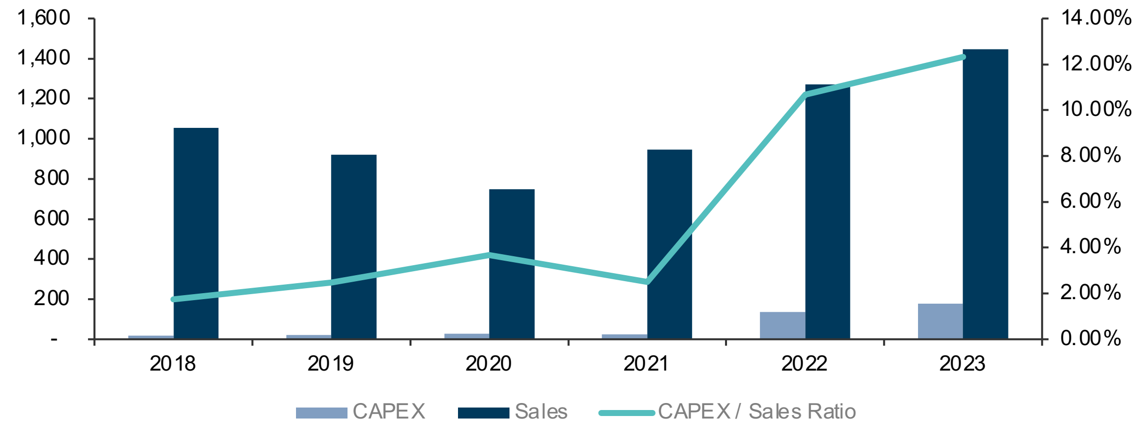
Appendix – Historical Financial Analysis

Financial health and liquidity analysis

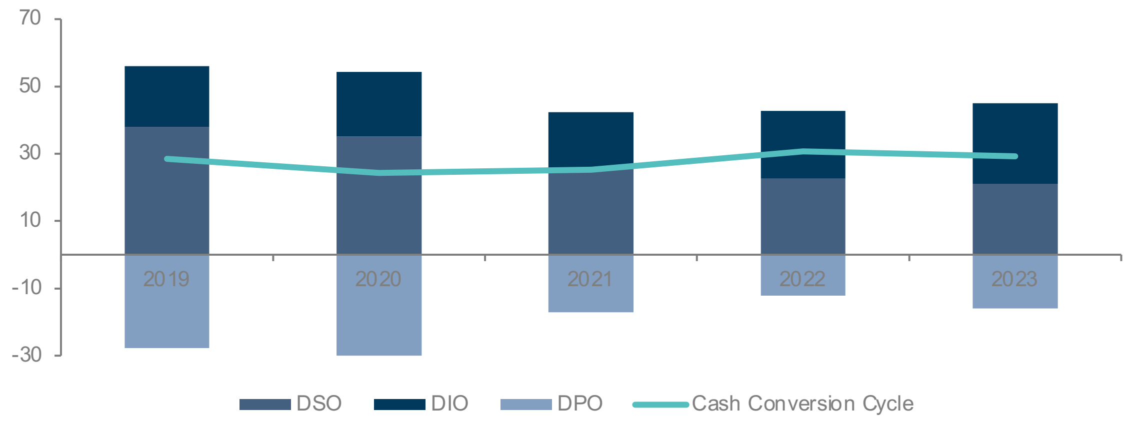
Cashflow Analysis (in USDm)



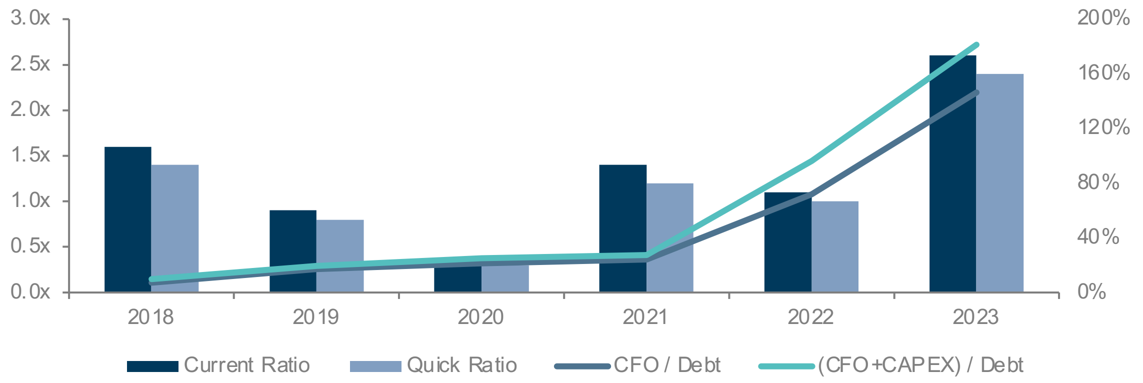
CAPEX / Sales Ratio



Cash Conversion Cycle (in days)



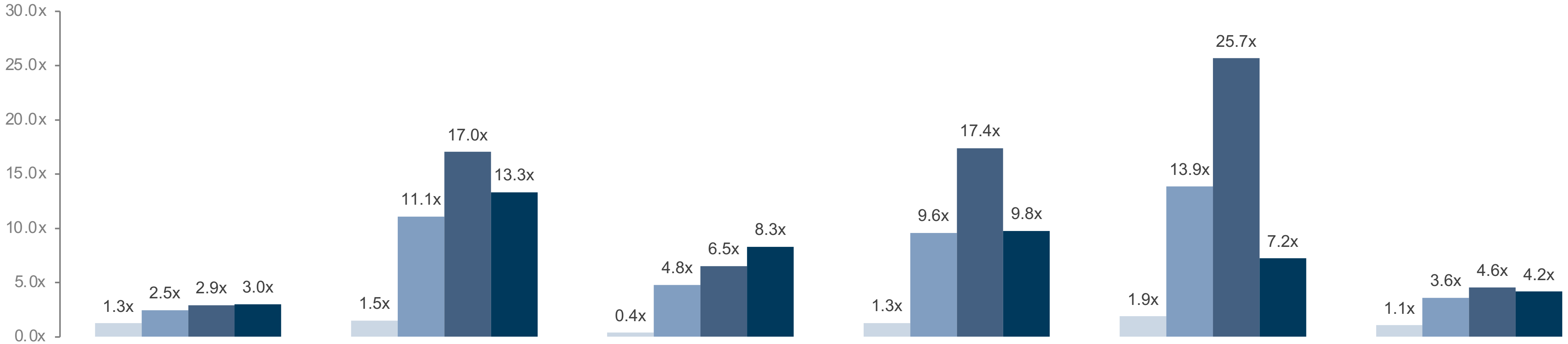
Liquidity and Solvency



Comparable Company Analysis

Tier 1 CCA

Median P/E
8.3x
Median EV/EBIT
17.0x
Median EV/EBITDA
9.6x
Median EV/Sales
1.3x



Company	HÖEGH AUTOLINERS	"K" LINE KAWASAKI KISEN KAISHA, LTD.	HYUNDAI GLOVIS	NYK NIPPON YUSEN KAISHA	MOL 商船三井	Wallenius Wilhelmsen
Country						
Market Cap (USD mn)	1,956	9,236	6,863	14,765	12,530	3,538
Revenue	1,446	6,362	19,806	15,783	10,763	5,149
EBITDA	736	860	1,625	2,091	1,472	1,548
Margin%	50.90%	13.50%	8.20%	13.20%	13.70%	30.10%
EBIT	627	560	1,198	1,155	794	1,224
Margin%	43.30%	8.80%	6.10%	7.30%	7.40%	23.80%
Net Income	590	693	825	1,511	1,730	846
D/E (%)	36.10%	17.70%	44.90%	33.90%	54.50%	91.50%
ROE %	47.60%	6.70%	14.60%	9.00%	12.20%	25.60%

Sources: Team analysis

Appendix – WACC, Beta Analysis and Equity Bridge

WACC

WACC (FCF) - Tree

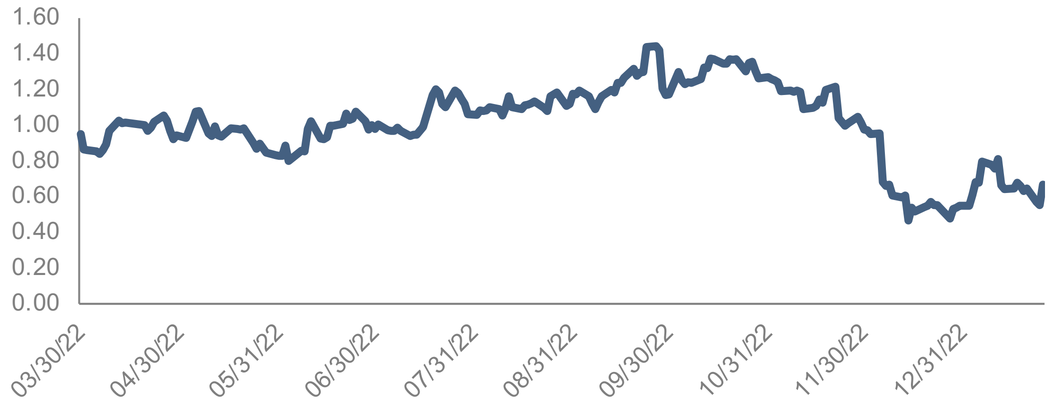
Cost of Equity
9.38%
- Country risk premium: 0.94%
- Beta: 0.88
- MRP: 5.11%
- Rf: 3.93%

Cost of Debt
5.64%
- Country risk premium: 0.94%
- Rf: 3.93%
- Spread: 1.20%

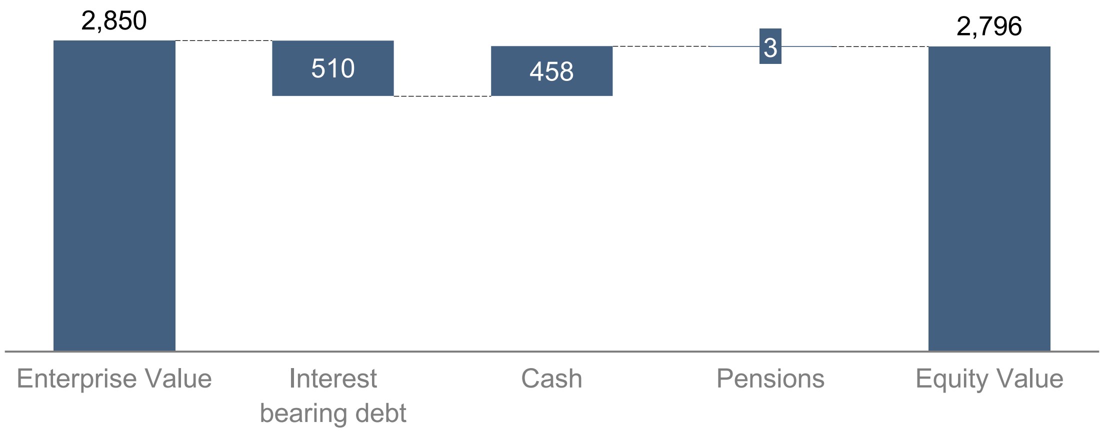
WACC
9.24%

Beta Regression Analysis [%]

Trailing Beta



Equity Bridge



Appendix – DCF Sensitivity Analysis

W U T I S

Sensitivities

DCF – perpetuity approach

Share Price

WACC	Terminal Growth rate 0.50%	0.75%	1.00%	1.25%	1.50%
8.2%	16.01	16.42	16.87	17.35	17.87
8.7%	14.98	15.34	15.73	16.14	16.58
9.2%	14.07	14.39	14.72	15.08	15.46
9.7%	13.27	13.54	13.83	14.14	14.47
10.2%	12.54	12.79	13.04	13.31	13.60

Implied FY24E Multiple

WACC	Terminal Growth rate 0.50%	0.75%	1.00%	1.25%	1.50%
8.2%	4.7x	4.8x	4.9x	5.1x	5.2x
8.7%	4.4x	4.5x	4.6x	4.7x	4.8x
9.2%	4.1x	4.2x	4.3x	4.4x	4.5x
9.7%	3.9x	4.0x	4.1x	4.1x	4.2x
10.2%	3.7x	3.8x	3.8x	3.9x	4.0x

DCF – exit multiple approach

Share Price

WACC	Terminal Growth rate 0.50%	0.75%	1.00%	1.25%	1.50%
8.2%	14.30	14.30	14.30	14.30	14.31
8.7%	14.03	14.03	14.04	14.04	14.04
9.2%	13.77	13.77	13.77	13.78	13.78
9.7%	13.52	13.52	13.52	13.52	13.52
10.2%	13.27	13.27	13.27	13.27	13.27

Implied FY24E Multiple

WACC	Terminal Growth rate 0.50%	0.75%	1.00%	1.25%	1.50%
8.2%	4.2x	4.2x	4.2x	4.2x	4.2x
8.7%	4.1x	4.1x	4.1x	4.1x	4.1x
9.2%	4.0x	4.0x	4.0x	4.0x	4.0x
9.7%	4.0x	4.0x	4.0x	4.0x	4.0x
10.2%	3.9x	3.9x	3.9x	3.9x	3.9x

Sources: Valuation

Appendix – Höegh's Dividend Policy

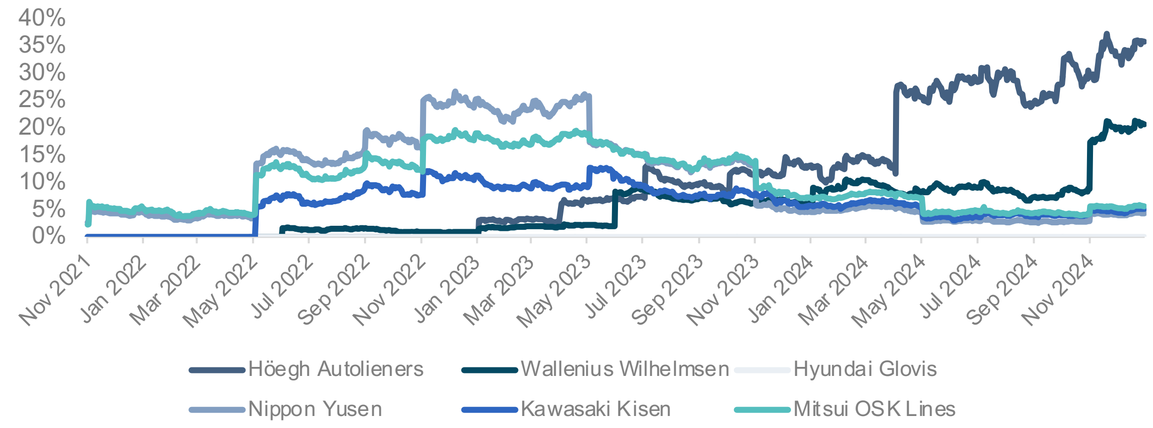
WUTIS

Höegh's dividend approach in favour compared to its peers

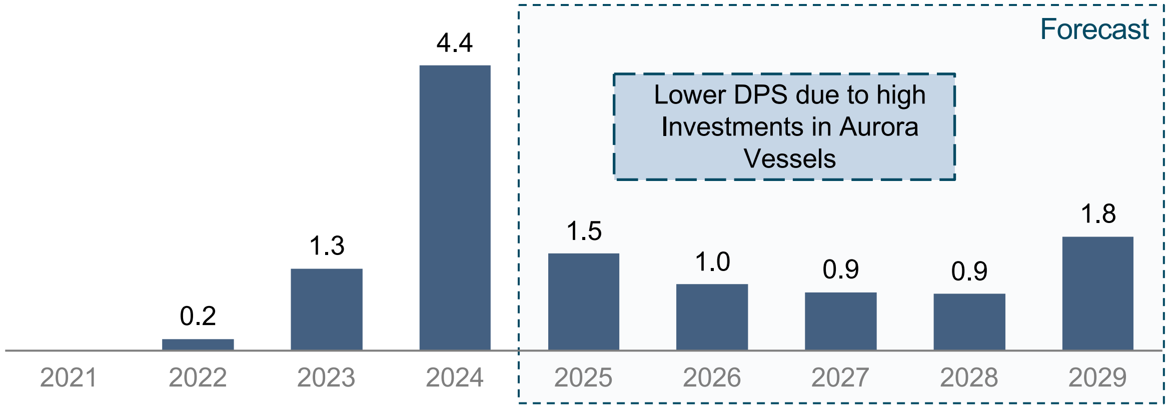
Dividend Overview

in USDm	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY2029
Operating Cash Flow	741.5	590.2	588.6	576.9	568.4	615.1
CAPEX	(127.2)	(259.4)	(347.6)	(359.5)	(356.6)	(233.5)
Debt repayments	(44.8)	(44.8)	(44.8)	(44.8)	(44.8)	(44.8)
Dividend payout	**570**	**286**	**196**	**173**	**167**	**337**

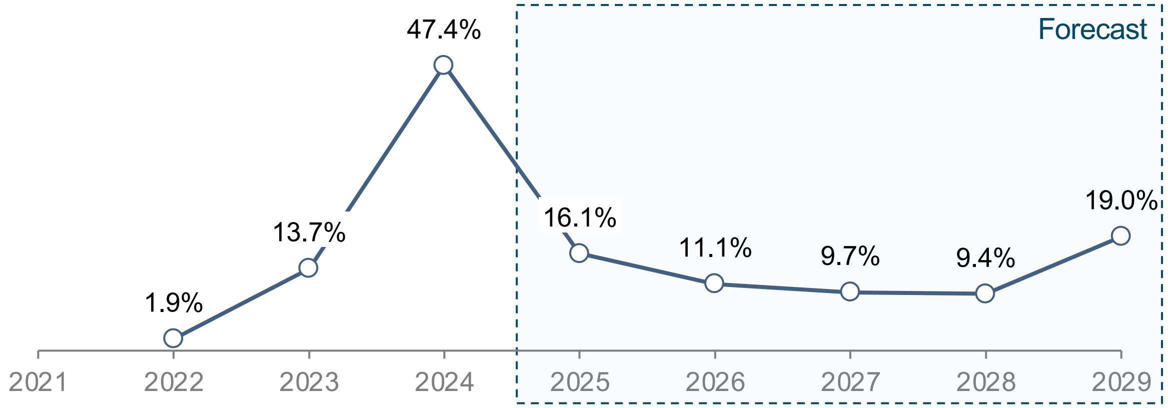
Historical Dividend Yield



Dividend per Share Development



Dividend Yield



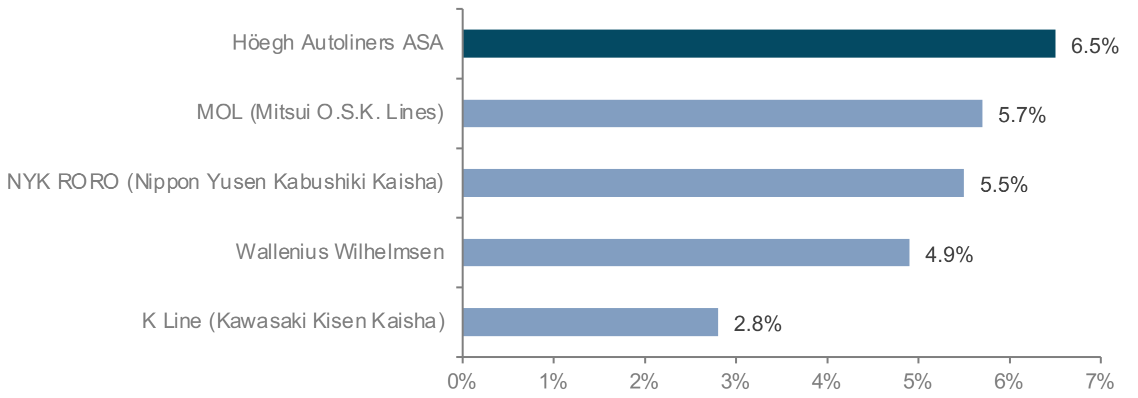
Sources: Valuation

Appendix – Financial Analysis

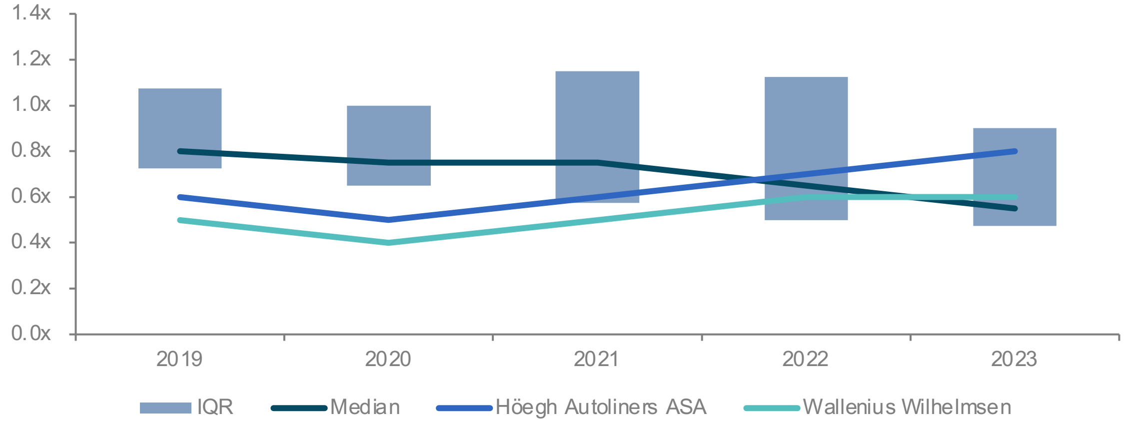
WUTIS

Revenue growth and asset utilization

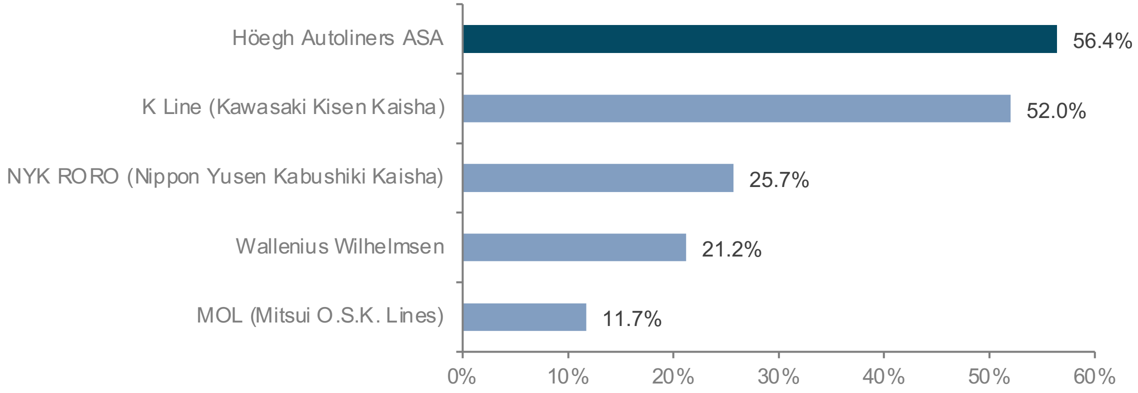
Total Revenue Growth (5Y CAGR)



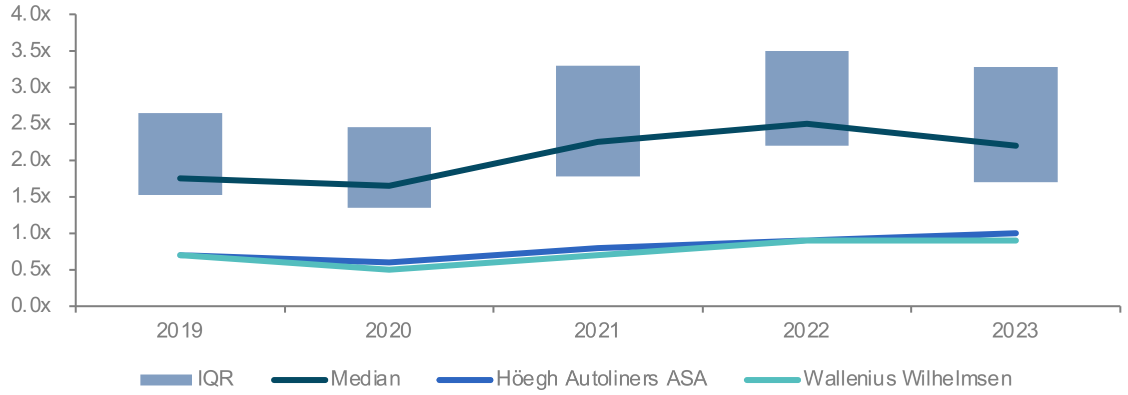
Total Asset Turnover [%]



Total EBITDA Growth (5Y CAGR)



Fixed Asset Turnover [%]

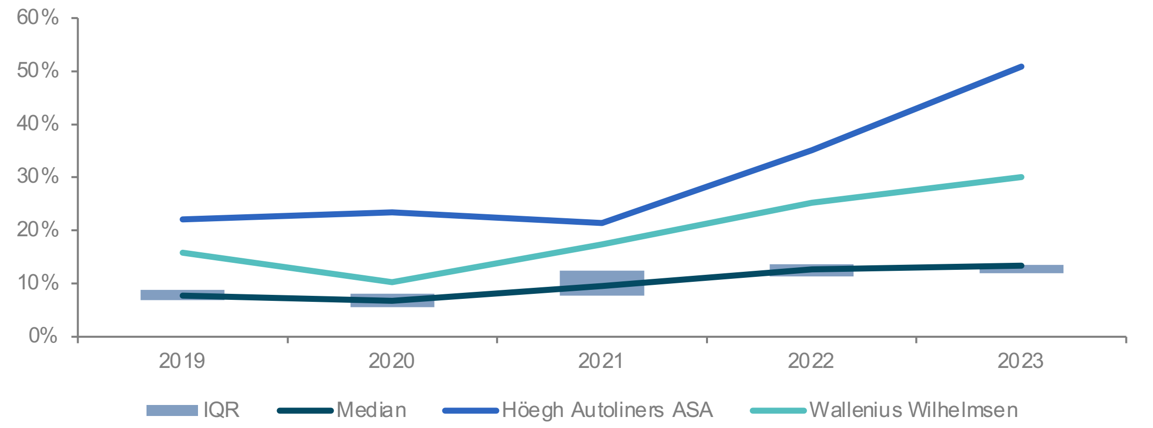


Sources: Valuation

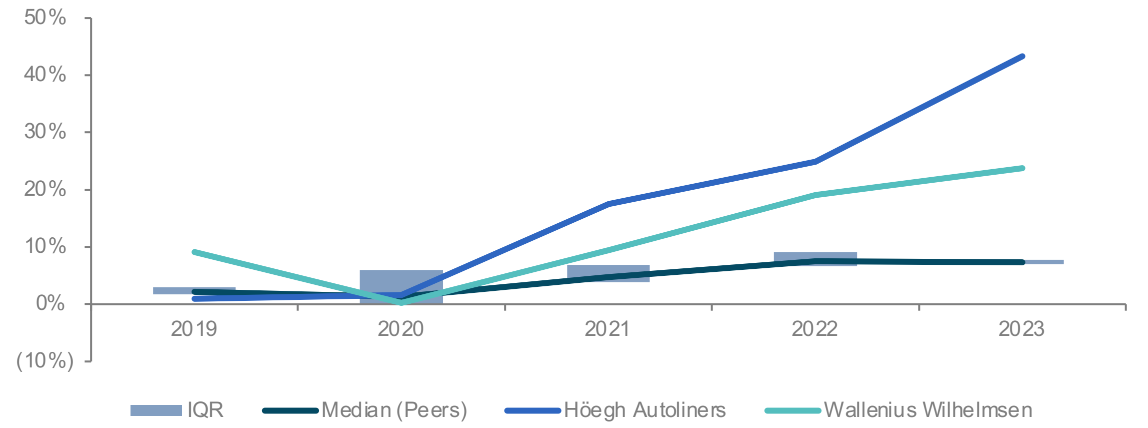
Appendix – Financial Analysis

Profitability metrics

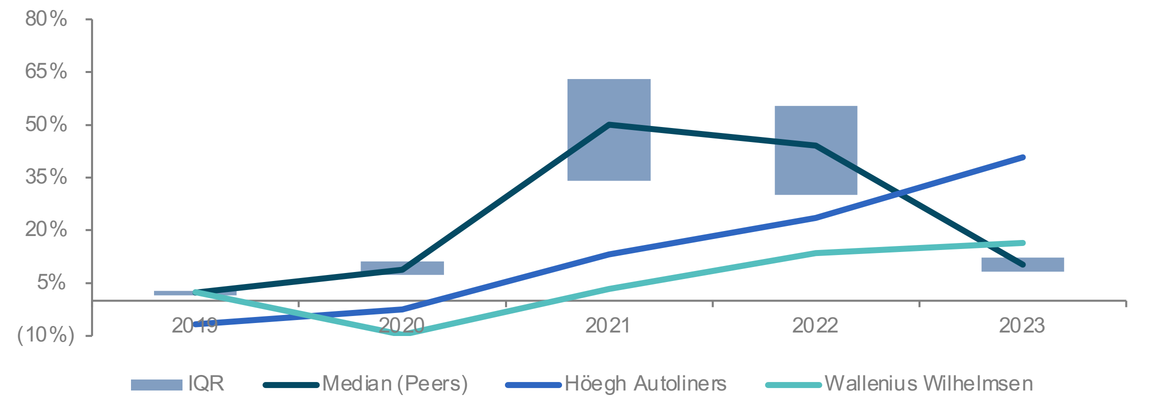
EBITDA-Margin [%]



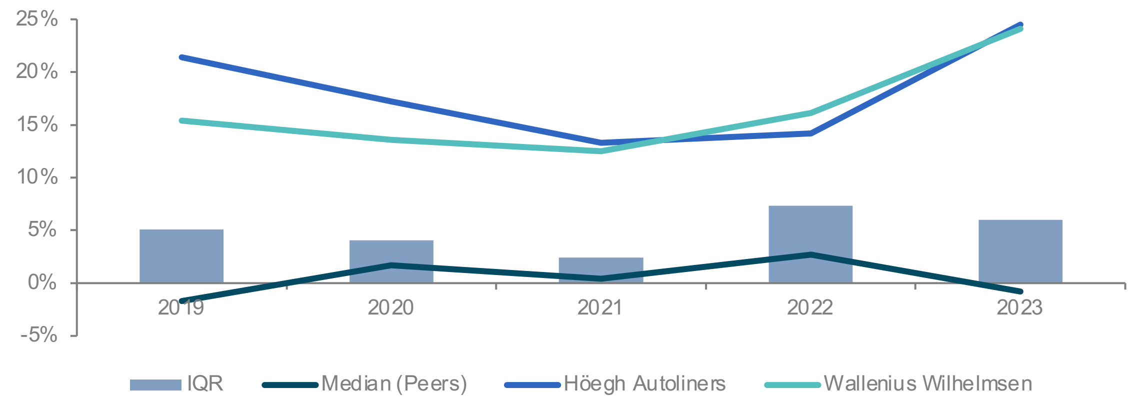
EBIT-Margin [%]



Net Income-Margin [%]



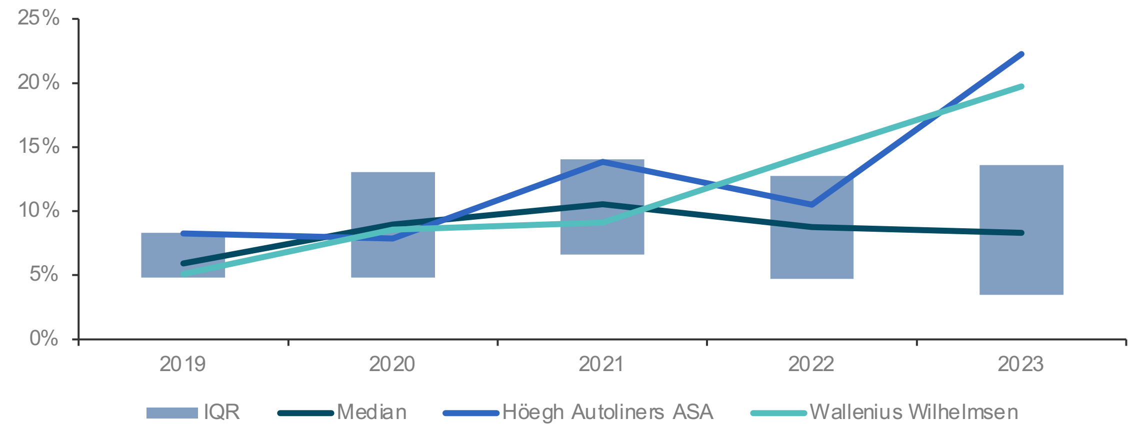
Unlevered Free Cash Flow Margin [%]



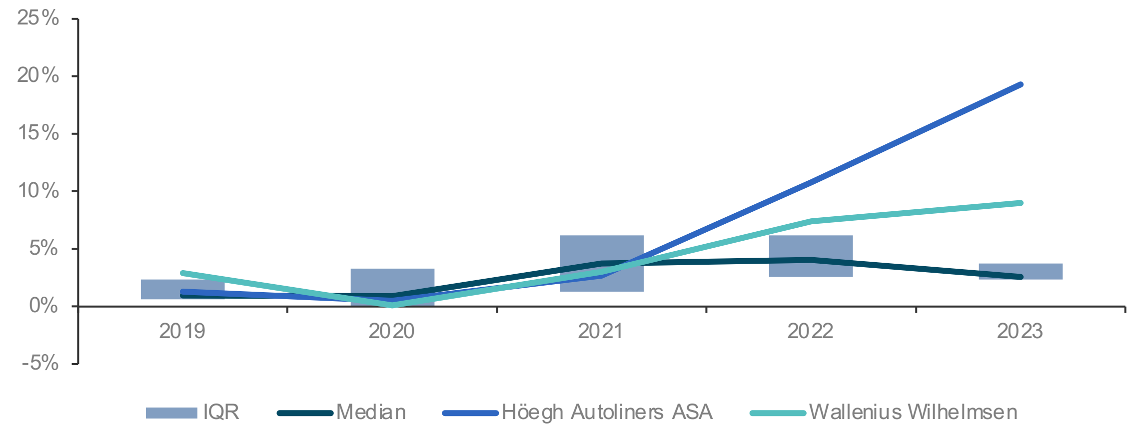
Appendix – Financial Analysis

Cash ratio and return performance analysis

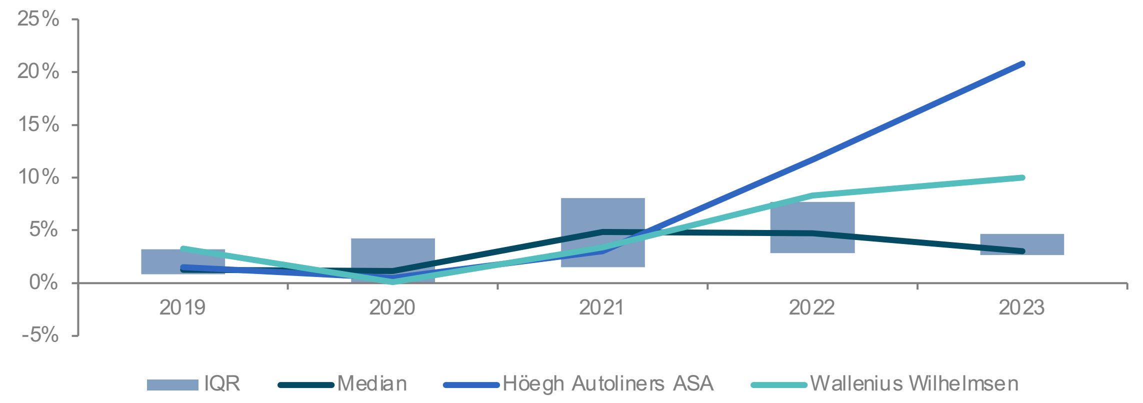
Cash Ratio [%]



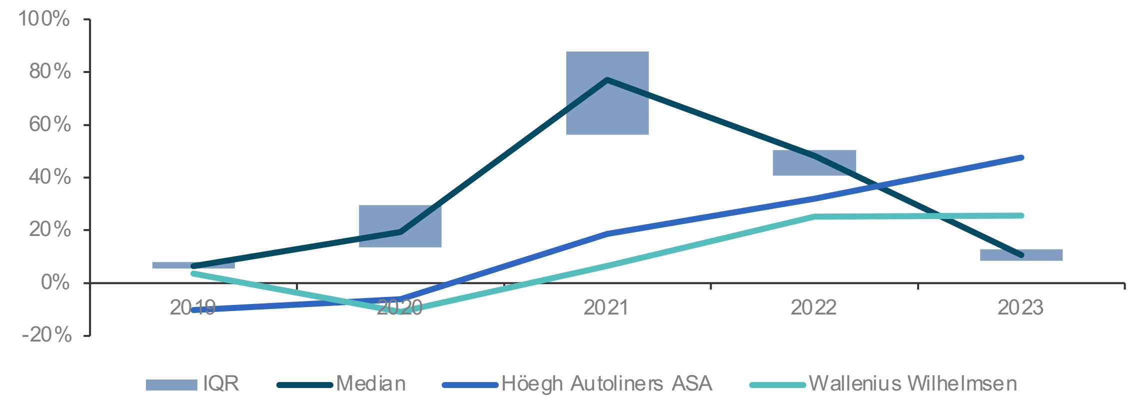
Return on Assets [%]



Return on Capital [%]



Return on Equity [%]

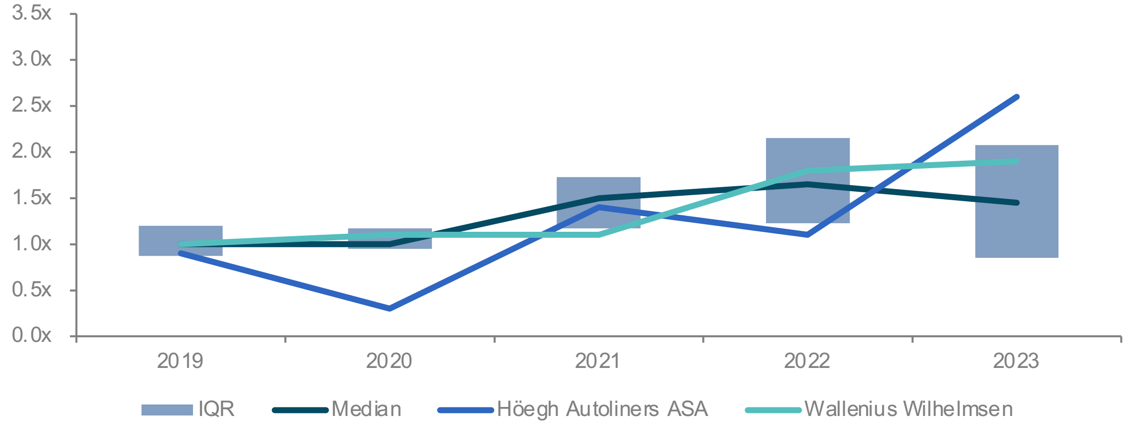


Appendix – Financial Analysis

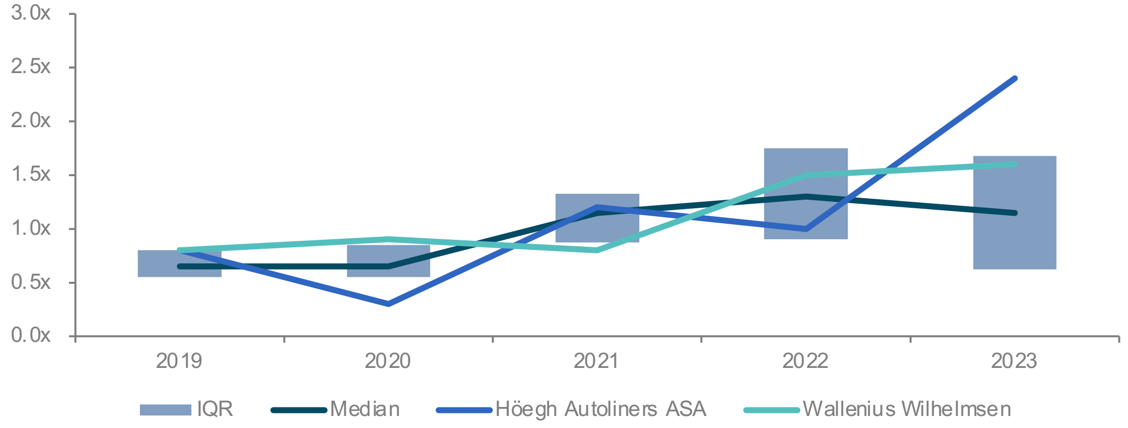
W U T I S

Liquidity and solvency

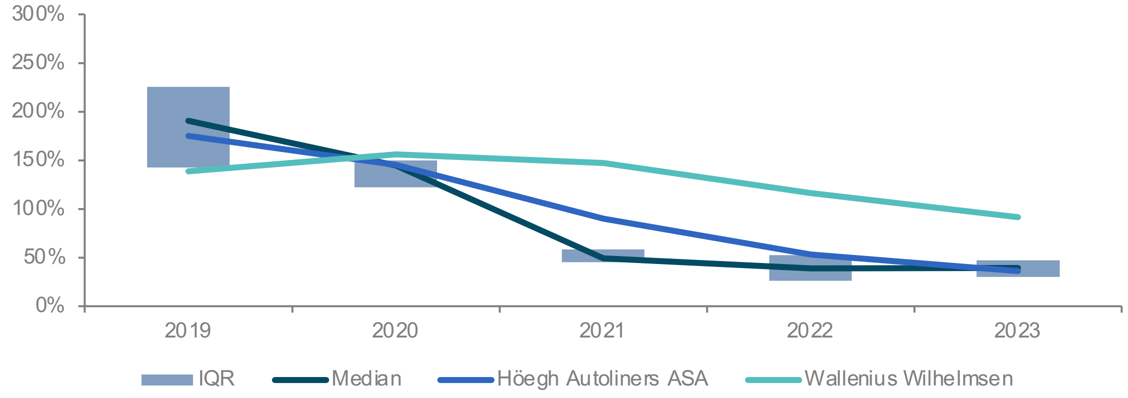
Current Ratio [x]



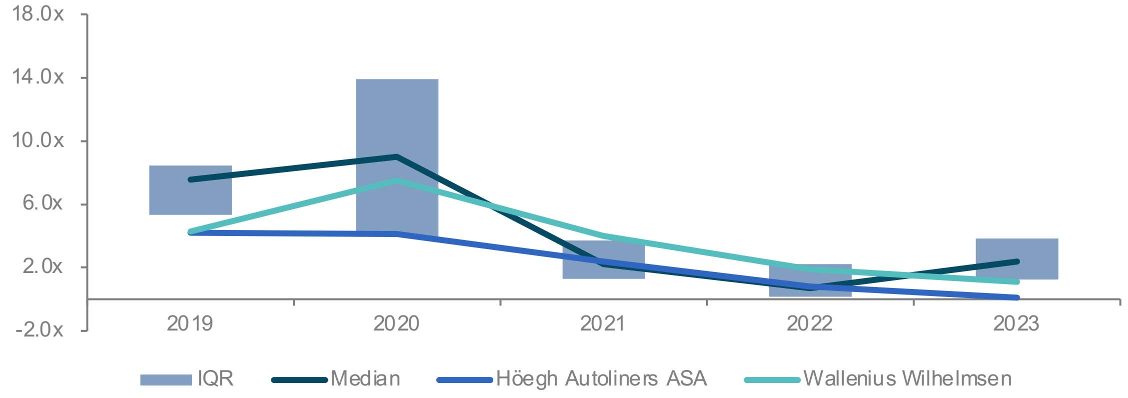
Quick Ratio [x]



Total Debt / Equity [%]



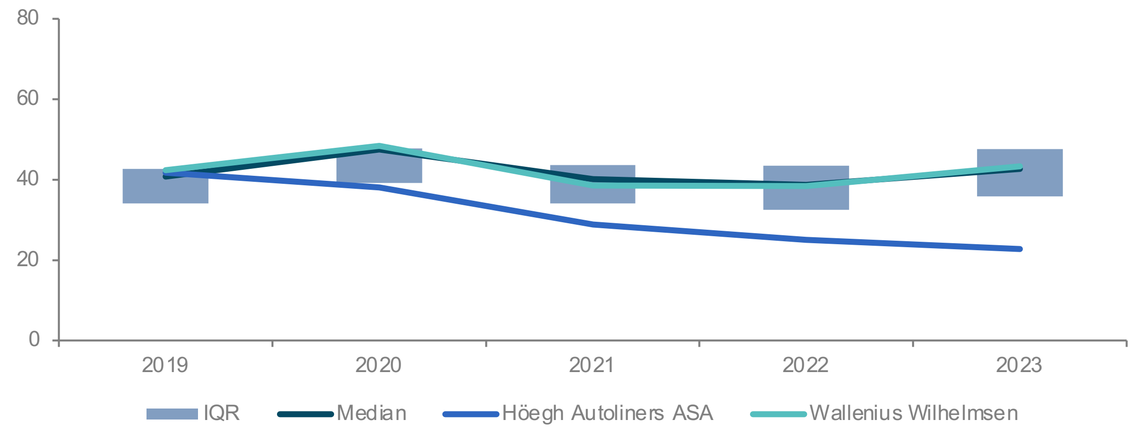
Net Debt / EBITDA [x]



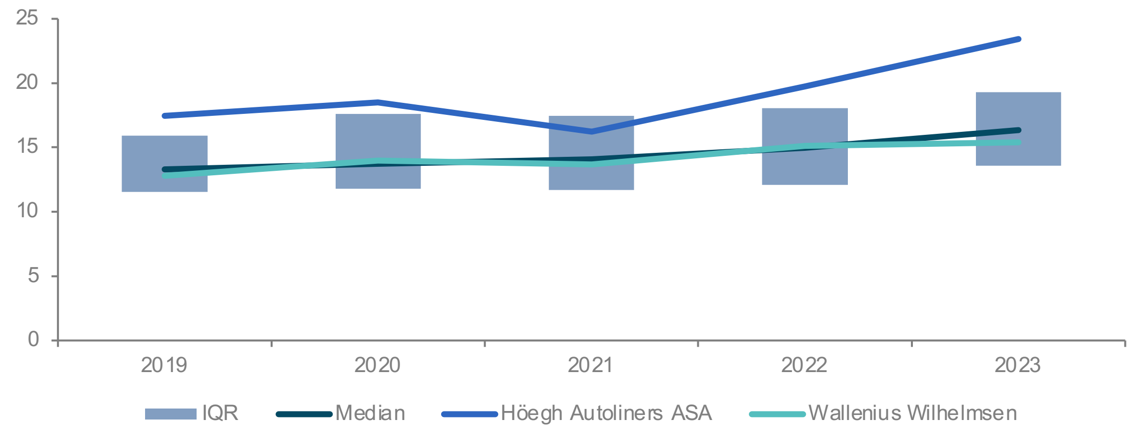
Appendix – Financial Analysis

Working capital analysis

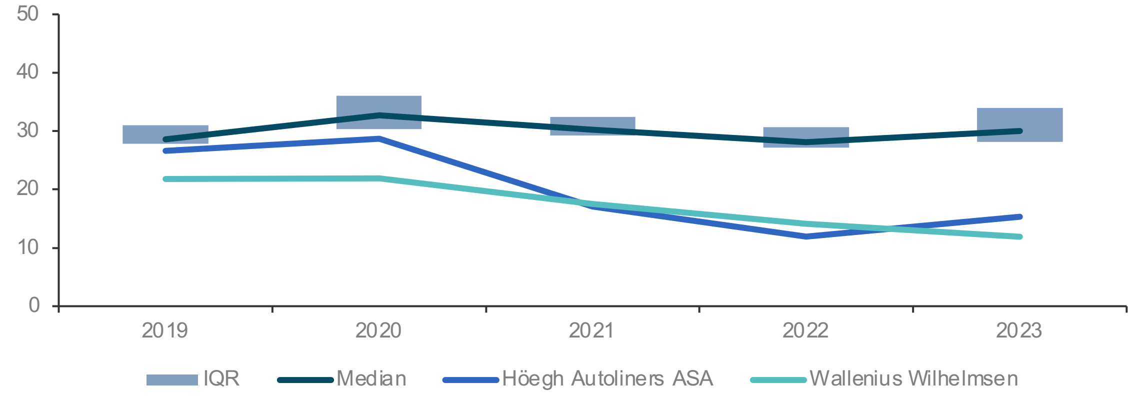
Days Sales Outstanding [DSO]



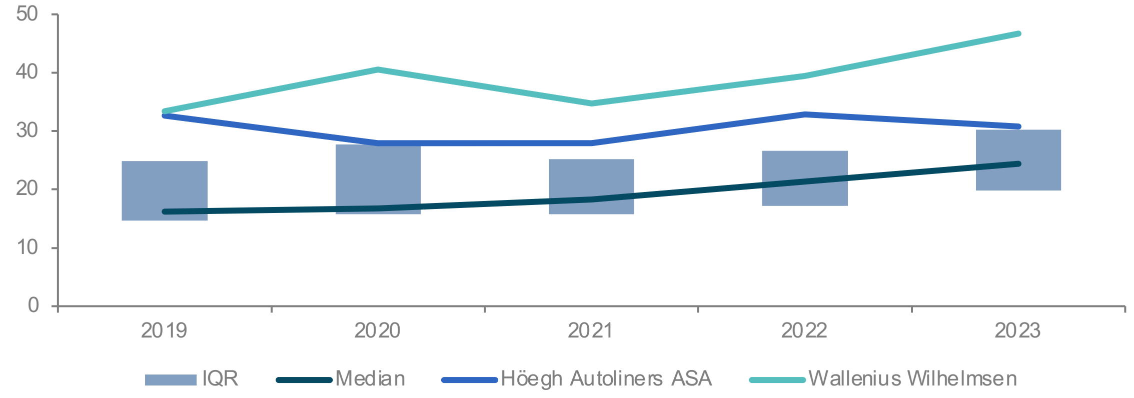
Days Inventory On-Hand [DIO]



Days Payables Outstanding [DPO]



Cash Conversion Cycle [CCC]



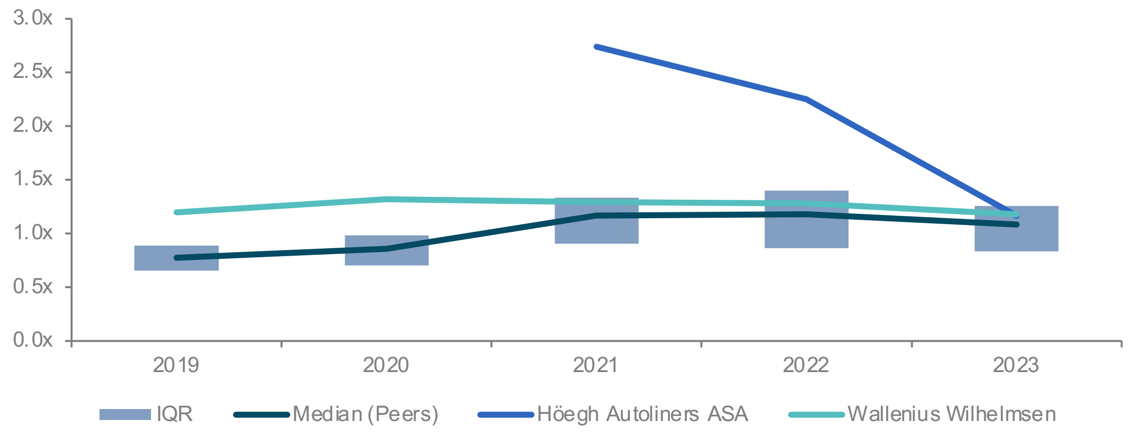
Sources: Valuation

Appendix – Financial Analysis

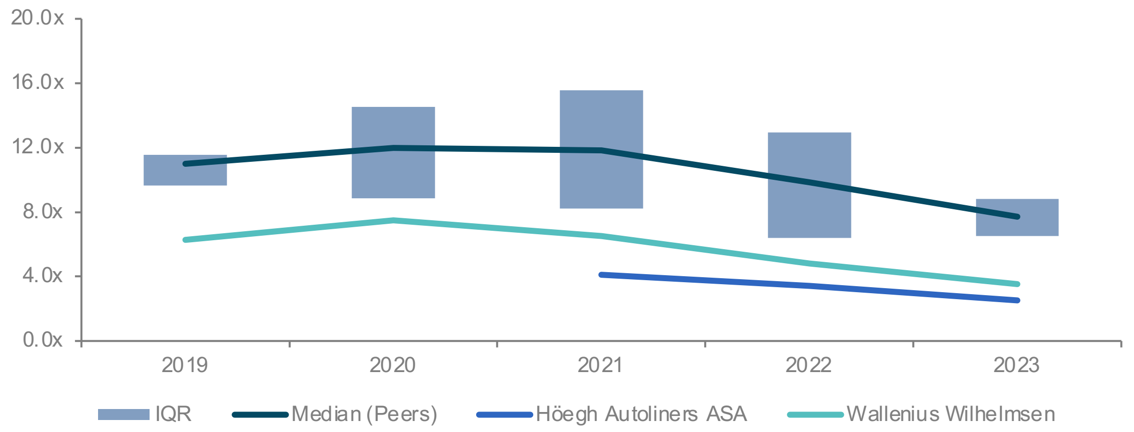
W U T I S

Peer group multiples time series

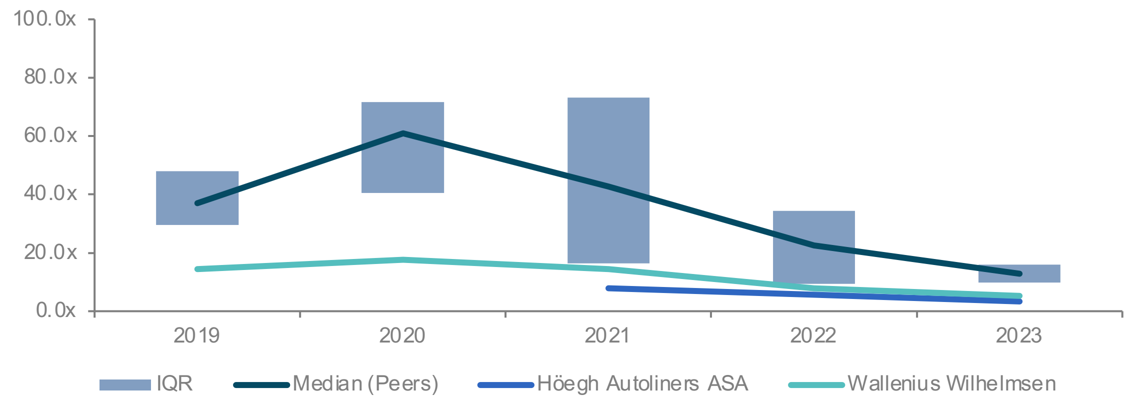
NTM EV / Total Revenue over time [x]



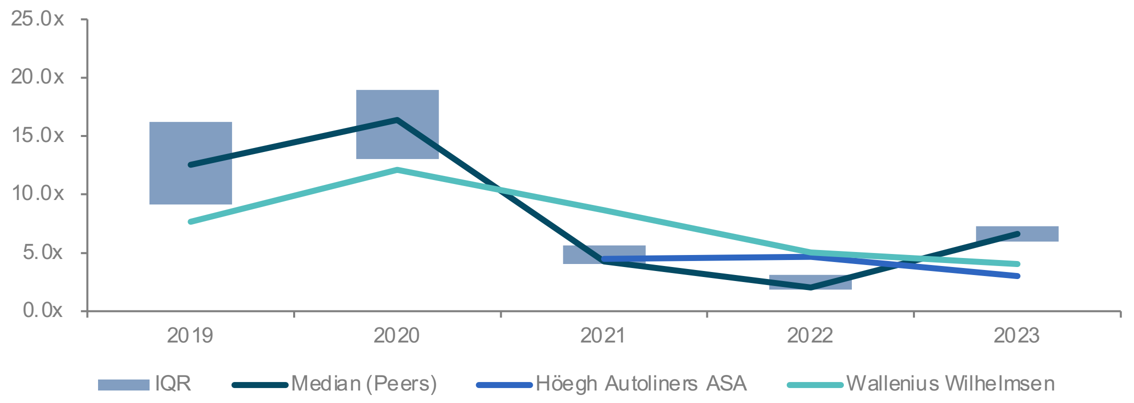
NTM EV / EBITDA over time [x]



NTM EV / EBIT over time [x]



NTM P/E over time [x]



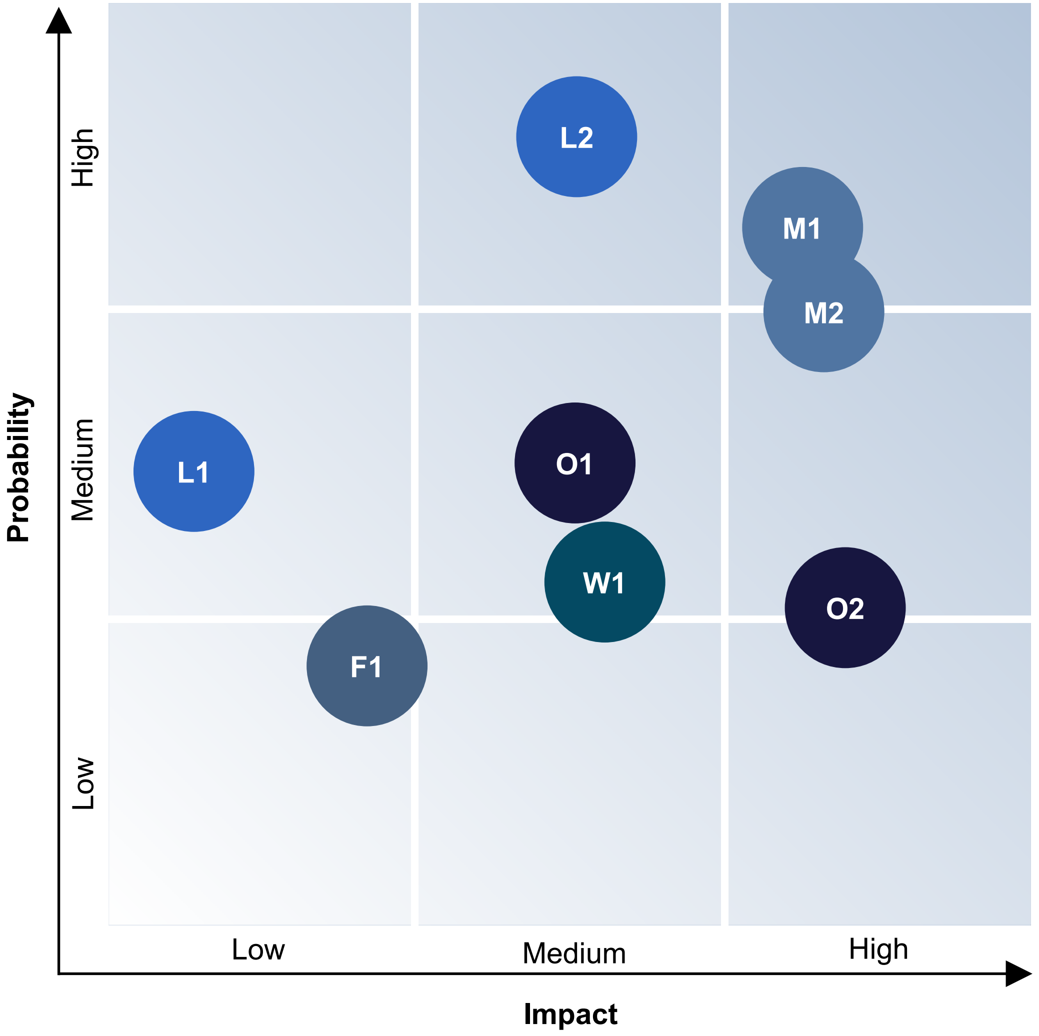
Appendix – Risks

W U T I S

Höegh Autoliners faces risks in operations, markets, finances, legislation and workforce

- **O1** — **Operational delays** due to maintenance issues, vessel breakdowns, or port congestion **could lead to higher costs** and service disruptions
- **O2** — **Potential technical issues** or delays **in the integration of new Aurora vessels** could disrupt operations and increase costs during fleet expansion
- **M1** — **Changes in global** automotive demand could impact Höegh Autoliners' demand and profitability
- **M2** — **Economic downturns** or reduced global trade could lead to capacity oversupply and lower profitability
- **F1** — **Volatile bunker prices** driven by global economic conditions could significantly increase operating expenses
- **L1** — **Stricter environmental regulations** could require further costly fleet retrofits, impacting cash flow
- **L2** — **US-China tariffs and regulations** associated with Donald Trump presidency
- **W1** — **Labor strikes or port disruptions could cause delays**, impacting shipping schedules

Operations (O) – Market (M) – Financial (F) – Legislation (L) – Workforce (W)



Appendix – Porters Five Forces

Analyzing competitive pressures in the RoRo industry

Threat of New Entrants

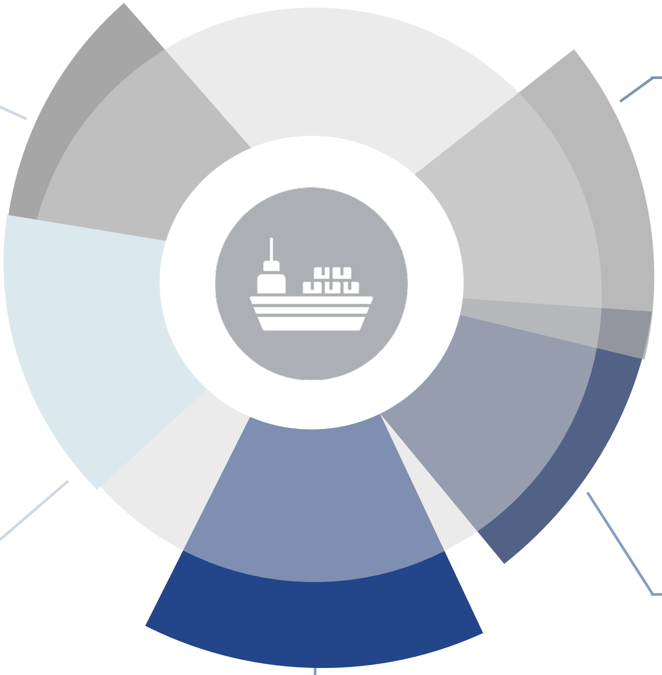
LOW THREAT

- High capital costs (-)
- High level of regulation (-)
- Economies of scale (-)
- Global network requirements (-)

Threat of Substitution

LOW THREAT

- High switching costs due to nature of the industry (-)
- Switching shipping providers involves significant logistical and contractual complexities
- Limited substitutes for global shipping (-)
- Alternatives like air or rail transport are not viable for large-scale, intercontinental vehicle transportation.
- Specialized nature of cargo (-)
- Vehicles require purpose-built carriers, limiting the use of standard shipping methods.
- Container shipping as a partial alternative (+)



Competitive Rivalry

MODERATE THREAT

- Reliant on demand for vehicles and H&H (+)
- Economies of scale required for sustainable operations (+)
- Low cost switching (+)
- Limited number of major players (-)

Bargaining Power of Buyers

MODERATE POWER

- Long-term contracts reduce switching (+/-)
- Long-term agreements are common in the industry, which can stabilize revenues for Höegh but also limit the ability to renegotiate rates frequently.
- High buyer size due to institutional buyers (+)
- Relative high price sensitivity (+)
- Oligopsony threat (+)
- The market has relatively few dominant car manufacturers as buyers, increasing their power over shipping companies

Bargaining Power of Suppliers

MODERATE POWER

- High dependency on key suppliers for ships (+)
- Moderate dependency on fuel (-/+)

PESTLE Analysis

Strategic navigation of external forces shaping Höegh Autoliners' future

Impact

High | Medium | Low | | Low | Medium | High

Geopolitical Instability: operations in regions which could be affected by political tensions, requiring strategic risk management and rerouting capabilities	P	**Tariffs and compliance regulations:** changing trade tariffs (like US import tariff for Chinese goods) as well as increasing international regulations on ESG put additional pressure on Höegh as well as the industry in general
Fluctuating Global Trade: economic slowdowns and trade disputes, especially in major markets like Europe and Asia, can affect demand for RoRo services, impacting Höegh's revenue	E	**Rising Fuel Costs:** volatility in fuel prices increases operational expenses, emphasizing the importance of Höegh's investment in fuel-efficient, multi-fuel vessels to mitigate costs
Consumer Demand for Sustainability: growing environmental consciousness among consumers and businesses drives demand for eco-friendly logistics solutions, aligning with Höegh's green initiatives	S	**Urbanization and Industrial Growth:** increased urbanization and infrastructure development in emerging markets provide opportunities for expanding services in heavy equipment transport
Advancements in Green Technology: Höegh's adoption of ammonia-ready vessels and advanced marine technology places them at the forefront of innovation, improving efficiency and reducing environmental impact	T	**Digitalization of Logistics:** the shift towards digital platforms for cargo tracking and fleet management enhances service reliability and operational efficiency
Strict Environmental Regulations: compliance with global maritime laws, such as IMO regulations on emissions, necessitates continuous investment in sustainable fleet upgrades	L	**Trade and Tariff Policies:** changes in international trade policies, such as tariffs on automotive exports, can impact key client segments and require strategic adjustments
Climate Change Impact: rising sea levels and extreme weather events pose risks to global shipping routes, necessitating adaptive strategies for operational resilience	E	**Sustainability Pressure:** the push for reduced carbon footprints in shipping presents both challenges and opportunities, with Höegh's green fleet positioning it as a leader in sustainable logistics

SWOT Analysis

Höegh Autoliners is navigating strengths and opportunities in a dynamic shipping landscape

STRENGTHS

- **Global Network and Expertise:** Höegh Autoliners operates one of the largest RoRo fleets, serving over 120 ports worldwide, ensuring extensive market reach and reliable service
- **Sustainability Leadership:** with ammonia-ready Aurora-class vessels, Höegh is ahead in adopting eco-friendly technologies, meeting rising customer demand for green logistics solutions
- **Specialized Cargo Handling:** expertise in managing complex, high-value cargo like heavy machinery and renewable energy components sets Höegh apart from competitors

OPPORTUNITIES

- **Growing Demand for Sustainable Shipping:** increasing global emphasis on sustainability presents a major growth opportunity for Höegh, especially with its green fleet initiatives
- **Expansion in Emerging Markets:** rising industrialization in emerging economies offers new routes and markets for Höegh to expand its services
- **Strategic Partnerships:** collaborations with major global firms in construction and renewables can drive long-term growth and strengthen its market position

HÖEGH AUTOLINERS

- **High Dependence on Core Markets:** while Höegh excels in the RoRo sector, its heavy reliance on the automotive industry could limit growth potential
- **Geopolitical Risk Exposure**: operating in volatile regions like the Red Sea exposes Höegh to security threats and potential disruptions, which can lead to increased costs and operational delays
- **Capital-Intensive Sustainability Investments:** the significant capital required for upgrading fleets with green technologies, such as ammonia-ready vessels, may strain financial resources and impact short-term profitability

WEAKNESSES

- **Economic Downturns:** global economic slowdowns or recessions could reduce demand for shipping services, affecting revenue streams
- **Dependency on key customers:** significant portion of Höegh's revenue comes from long-term contracts with automakers, where losing major clients would create financial vulnerabilities
- **Brand risks for sustainability commitments:** Höegh's strong focus on sustainability increases reputational risks if it fails to meet ESG targets or experiences operational challenges, such as emissions incidents

THREATS

Sources: Team analysis

Appendix – Valuation Overview

W U T I S

Valuation

Höegh Autoliners
WUTIS - WU Trading & Investment Society
Equity Research

General Information

Team members		Dates	31.01.2025
Head of Equity Research:	Matthias Koerner	**Submission date**	29.01.2025
Head of Equity Research:	Nina Feik		
Associates:	Norbert Stegner		
Analysts:	Marina Shvets		
	Mariia Tuhai		
	Kian Müller		
	Benedikt von Keyserlingk		
Fellow Analysts:	Kornelia Malinowska		

General Information

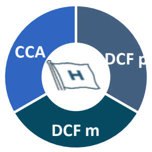
Höegh Autoliners ASA engages in the provision of transportation and logistics services within the Roll-on Roll-off. It operates through the Shipping Services and Logistics Services segments. The company was founded by Leif Høegh in 1927 and is headquartered in Oslo, Norway.

Name	Hoegh Autoliners ASA (XOSL:HAUTO)				
Ticker	HAUTO	52-week-low	8.32	EV/Sales	1.3x
Market Capitalization	1 774	52-week-high	13.69	EV/EBITDA	2.5x
Shareprice	9.3	Family owned	1927	EV/EBIT	2.9x

Valuation Overview

Select Case: **Base Case**

Current Shareprice	9.30	
	Share price	*Weights*
DCF (perpetuity)	$14.65	*33%*
DCF (exit multiple)	$13.76	*33%*
CCA	$15.44	*33%*
Share Price	$14.62	
Upside potential	*+57.2%*	



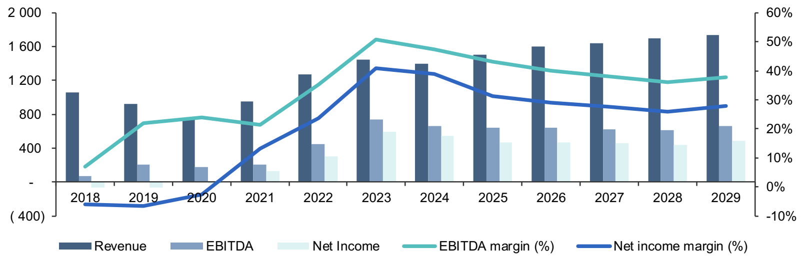
Discounted Cash Flow Analysis

Key Assumptions	
WACC	**9.24%**
LTGR	**1.0%**
Discounted TV as % of EV	72.6%
Enterprise Value	2 850
Net Debt	52
Equity Value	**2 796**

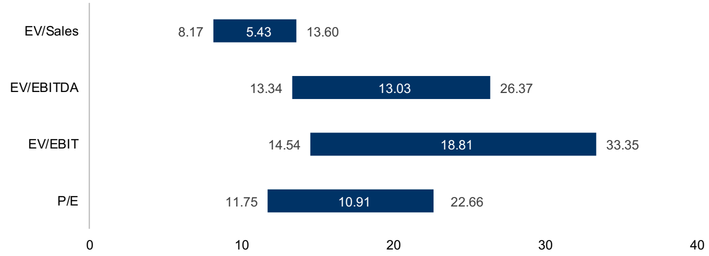
		rminal Growth rate				
		0.50%	0.75%	1.00%	1.25%	1.50%
WACC	8.2%	16.01	16.42	16.87	17.35	17.87
	8.7%	14.98	15.34	15.73	16.14	16.58
	9.2%	14.07	14.39	14.72	15.08	15.46
	9.7%	13.27	13.54	13.83	14.14	14.47
	10.2%	12.54	12.79	13.04	13.31	13.60

Equity value includes Pensions

Key Visualisation - P&L development



Comparable Company Anaylsis



Tier 1 Competitors
Wallenius Wilhelmsen ASA
K Line (Kawasaki Kisen Kaisha)
Hyundai Glovis Co., Ltd.
NYK RORO (Nippon Yusen Kabushiki Kaisha)
Mitsui O.S.K. Lines, Ltd.

Appendix – Income Statement

W U T I S

Operating model

Höegh Autoliners

Operating Model — **Active case: Base Case**

in USDm except per share items

	Historicals							Forecasted				
	2018A	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E
x **Income Statement**												
Net freight revenues	978	863	632	824	1 017	1 243	1 182	1 266	1 348	1 388	1 430	1 470
Other surcharges	–	–	83	116	250	199	214	229	244	251	259	266
Freight revenues	**978**	**863**	**715**	**940**	**1 266**	**1 442**	**1 395**	**1 495**	**1 592**	**1 638**	**1 689**	**1 736**
% Growth Rate		*(11.8%)*	*(17.2%)*	*31.6%*	*34.7%*	*13.9%*	*(3.2%)*	7.1%	6.5%	2.9%	3.1%	2.8%
TC income	59	54	18	2	–	–	–	–	–	–	–	–
Terminal related income	18	5	4	4	4	4	4	4	4	4	4	4
Total revenues	**1 055**	**922**	**737**	**947**	**1 270**	**1 446**	**1 400**	**1 499**	**1 596**	**1 643**	**1 693**	**1 740**
% Growth Rate		*(12.6%)*	*(20.1%)*	*28.5%*	*34.2%*	*13.8%*	*(3.2%)*	*7.1%*	*6.5%*	*2.9%*	*3.1%*	*2.8%*
Other income	–	–	10	–	–	–	–	–	–	–	–	–
Bunker expenses	(232)	(189)	(145)	(212)	(314)	(242)	(257)	(302)	(344)	(369)	(394)	(397)
Voyage expenses	(413)	(352)	(308)	(394)	(370)	(340)	(344)	(390)	(432)	(455)	(478)	(475)
Charter hire expenses	(221)	(61)	(14)	(25)	(21)	(9)	(13)	(17)	(21)	(24)	(27)	(28)
Running expenses	(89)	(89)	(89)	(97)	(100)	(100)	(105)	(123)	(140)	(150)	(159)	(160)
Salaries	(14)	(17)	(8)	(11)	(10)	(10)	(10)	(11)	(12)	(13)	(13)	(14)
Payroll taxes	(2)	(3)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Pension expenses	(1)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Auditor's fee	(0)	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Other administrative expenses	(10)	(7)	(6)	(3)	(5)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
EBITDA	**73**	**203**	**175**	**203**	**447**	**736**	**661**	**646**	**639**	**623**	**612**	**657**
EBITDA margin	*6.9%*	*22.0%*	*23.8%*	*21.4%*	*35.2%*	*50.9%*	*47.3%*	43.1%	40.0%	37.9%	36.1%	37.8%
Profit from associates and joint ventures	2	3	0	1	2	1	1	–	–	–	–	–
Gain/(loss) on sale of assets	0	0	(3)	(0)	19	36	52	–	–	–	–	–
Reversal of impairment / (impairment)	–	(29)	(8)	96	–	–	–	–	–	–	–	–
Depreciation charges for leased assets	–	(90)	(77)	(60)	(62)	(52)	(31)	(21)	(11)	–	–	–
Other depreciation	(83)	(79)	(76)	(74)	(90)	(94)	(98)	(101)	(106)	(112)	(118)	(119)
EBIT	**(8)**	**9**	**12**	**166**	**316**	**627**	**585**	**525**	**522**	**511**	**494**	**538**
EBIT margin	*(0.8%)*	*1.0%*	*1.6%*	*17.5%*	*24.9%*	*43.3%*	*41.8%*	35.0%	32.7%	31.1%	29.2%	30.9%
x **Financial Result and Taxes**												
Interest income	2	1	0	0	1	12	12	12	12	12	12	12
Interest expenses	(41)	(67)	(45)	(33)	(31)	(33)	(28)	(47)	(47)	(47)	(44)	(42)
Dividends	0	0	0	13	–	–	–	–	–	–	–	–
Income from other financial items	5	3	5	2	39	0	–	–	–	–	–	–
Expenses from other financial items	(13)	(5)	(5)	(19)	(11)	(8)	(8)	(8)	(8)	(8)	(8)	(8)
Profit before tax from continued operations	**(55)**	**(59)**	**(33)**	**129**	**314**	**598**	**562**	**483**	**479**	**468**	**454**	**500**
Income tax expenses	(8)	(4)	(1)	(4)	(15)	(8)	(17)	(15)	(15)	(14)	(14)	(15)
Profit/(loss) from continued operations	**(63)**	**(63)**	**(34)**	**125**	**299**	**590**	**545**	**468**	**465**	**454**	**440**	**485**
Profit/(loss) from discontinued operations	–	2	15	–	–	–	–	–	–	–	–	–
Profit for the year	**(63)**	**(62)**	**(19)**	**125**	**299**	**590**	**545**	**468**	**465**	**454**	**440**	**485**
Profit margin	*(6.0%)*	*(6.7%)*	*(2.5%)*	*13.2%*	*23.5%*	*40.8%*	*38.9%*	31.2%	29.1%	27.6%	26.0%	27.8%

Appendix – Balance Sheet

Operating model

WUTIS

x	**Balance Sheet**												
	Error Check	*OK*	*OK*	*OK*	*OK*	*OK*	*OK*	*OK*	*OK*	*OK*	*OK*	*OK*	*OK*
	ASSETS												
	Deferred tax assets	1	1	1	1	1	1	6	6	6	6	6	6
	Vessels	1 195	1 054	978	1 017	989	1 032	1 002	1 101	1 282	1 470	1 649	1 763
	Leased / RoU assets	–	329	218	229	274	142	72	38	14	–	–	–
	Newbuildings and projects	14	11	12	13	139	270	290	290	290	290	290	290
	Equipment	16	23	16	14	16	14	13	13	13	13	13	13
	Investments in associates and joint ventures	22	18	9	9	5	5	5	5	5	5	5	5
	Other non-current assets	17	1	1	1	1	1	1	1	1	1	1	1
	Other non-current financial assets	5	6	3	2	1	1	1	1	1	1	1	1
	Non-current assets	**1 269**	**1 443**	**1 238**	**1 286**	**1 425**	**1 466**	**1 389**	**1 453**	**1 610**	**1 784**	**1 963**	**2 077**
	Bunker	36	33	25	41	48	43	38	51	57	61	64	63
	Vessels held for sale	–	–	14	12	–	–	25	25	25	25	25	25
	Trade and other receivables	123	88	68	81	93	87	93	106	116	121	126	137
	Prepayments	2	2	2	2	2	4	2	2	2	2	2	2
	Other current financial assets	0	3	1	–	–	–	1	1	1	1	1	1
	Cash and cash equivalents	122	141	115	228	184	458	452	731	1 020	1 200	1 260	1 260
	Current assets	**282**	**267**	**225**	**365**	**327**	**593**	**611**	**917**	**1 222**	**1 410**	**1 479**	**1 488**
	Total assets	**1 552**	**1 710**	**1 463**	**1 652**	**1 752**	**2 059**	**2 000**	**2 370**	**2 832**	**3 195**	**3 442**	**3 566**
x	**SHAREHOLDERS' EQUITY AND LIABILITIES**												
	Share capital	493	493	493	444	444	444	444	444	444	444	444	444
	Share premium reserve	255	255	255	289	289	289	162	162	162	162	162	162
	Other paid-in equity	–	–	–	0	1	1	2	2	2	2	2	2
	Retained earnings	(71)	(188)	(208)	67	329	677	690	886	1 169	1 465	1 752	1 916
	Equity	**678**	**561**	**541**	**801**	**1 063**	**1 412**	**1 297**	**1 494**	**1 777**	**2 073**	**2 360**	**2 523**
	Pension liabilities	5	5	3	2	2	3	3	3	3	3	3	3
	Deferred tax liabilities	21	25	24	28	36	37	–	–	–	–	–	–
	Other non-current liabilities	16	12	7	0	0	0	0	0	0	0	0	0
	Non-current interest bearing debt	655	525	–	360	228	296	476	671	866	942	897	852
	Non-current lease liabilities	–	290	208	202	134	82	38	14	–	–	–	–
	Non-current liabilities	**698**	**857**	**242**	**592**	**400**	**418**	**517**	**688**	**870**	**945**	**900**	**855**
	Current interest bearing debt	46	82	521	85	37	50	37	37	37	37	37	37
	Trade and other payables	74	77	51	43	38	42	37	50	58	64	69	74
	Income tax payable	1	1	0	0	5	6	7	7	7	7	7	7
	Current accruals and provisions	50	41	45	52	44	50	69	69	69	69	69	69
	Other current liabilities	5	8	8	6	–	–	–	–	–	–	–	–
	Current lease liabilities	–	84	56	73	165	82	35	24	14	–	–	–
	Current liabilities	**176**	**292**	**681**	**259**	**289**	**229**	**185**	**188**	**185**	**177**	**182**	**187**
	Total liabiliteis	**874**	**1 150**	**922**	**851**	**689**	**648**	**702**	**876**	**1 055**	**1 122**	**1 082**	**1 042**
	Total equity and liabilities	**1 552**	**1 710**	**1 463**	**1 652**	**1 752**	**2 059**	**2 000**	**2 370**	**2 832**	**3 195**	**3 442**	**3 566**

Appendix – Cash Flow Statement

Operating model

Cash Flow Statement												
Cash flow from operating activities												
Profit/(loss) before tax	–	(59)	(33)	129	314	598	562	483	479	468	454	500
Financial (income)/expenses	–	–	44	37	2	29	2	–	–	–	–	–
Share of net income from joint ventures and associates	–	–	(0)	(1)	(2)	(1)	(1)	–	–	–	–	–
Loss/(gain) on sale of tangible assets	–	(0)	3	0	(19)	(36)	32	–	–	–	–	–
(Reversal of impairment)/Impairment	–	29	8	(96)	–	–	–	–	–	–	–	–
Depreciation and amortisation	–	169	153	134	151	146	129	122	117	112	118	119
Changes due to discontinued operations	–	–	(15)	–	–	–	–	–	–	–	–	–
Tax paid (company income tax, withholding tax)	–	–	(1)	(1)	(1)	(6)	(0)	–	–	–	–	–
Cash flows provided by operating activities before changes in working	**–**	**139**	**159**	**202**	**446**	**730**	**724**	**604**	**596**	**580**	**572**	**619**
Bunker	–	3	8	(16)	(7)	4	5	(13)	(6)	(3)	(3)	1
Trade and other receivables	–	35	20	(13)	(11)	6	(5)	(14)	(9)	(5)	(5)	(10)
Prepayments	–	(1)	(0)	0	(0)	(2)	2	–	–	–	–	–
Other non-current assets	–	–	–	–	–	–	0	–	–	–	–	–
Trade and other payables	–	3	(26)	(10)	(5)	4	(5)	13	8	5	5	5
Income tax payable	–	(0)	–	–	–	–	1	–	–	–	–	–
Current accruals and provisions	–	(9)	4	8	(7)	6	19	–	–	–	–	–
Pension liabilities	–	0	(3)	(0)	(0)	1	0	–	–	–	–	–
Other current liabilities	–	3	(1)	1	(6)	–	–	–	–	–	–	–
Other changes to working capital	–	(3)	4	(0)	(3)	(2)	–	–	–	–	–	–
Net cash flows provided by operating activities	**–**	**167**	**157**	**188**	**412**	**742**	**742**	**590**	**589**	**577**	**568**	**615**
Cash flow from investing activities												
Proceeds from sale of tangible assets	–	0	4	9	32	62	60	60	60	60	60	–
Investment in vessels and other tangible assets	(18)	(23)	(27)	(24)	(136)	(178)	(127)	(259)	(348)	(359)	(357)	(233)
Investment in joint ventures and associates	0	6	10	1	4	1	0	–	–	–	–	–
Other dividend	–	–	–	10	–	–	–	–	–	–	–	–
Interest received	1	–	0	0	1	12	12	–	–	–	–	–
Sale of operations, net of cash sold companies	–	–	19	–	–	–	–	–	–	–	–	–
Net cash flows used in investing activities	**(17)**	**(17)**	**6**	**(4)**	**(99)**	**(103)**	**(55)**	**(199)**	**(288)**	**(299)**	**(297)**	**(233)**
Cash flow from financing activities												
Proceeds from issue of debt	–	–	–	–	–	130	110	240	240	120	–	–
Proceeds from issue of shares	50	–	–	128	4	–	–	–	–	–	–	–
Other paid-in equity	–	–	–	–	–	–	0	–	–	–	–	–
Repayment of debt	(30)	(39)	(83)	(84)	(153)	(51)	(11)	(45)	(45)	(45)	(45)	(45)
Repayment of lease liabilities	–	(87)	(71)	(60)	(116)	(161)	(165)	(21)	(11)	–	–	–
Paid for interest rate swaps	(4)	–	(3)	(3)	–	–	–	–	–	–	–	–
Interest paid on mortgage debt	(34)	–	(20)	(14)	(17)	(27)	(41)	–	–	–	–	–
Interest paid on lease liabilities	–	–	(22)	(16)	(18)	(15)	(6)	–	–	–	–	–
Other financial items	(0)	(8)	(2)	(4)	(9)	(3)	–	–	–	–	–	–
Dividend to shareholders	–	–	–	–	(35)	(241)	(841)	(286)	(196)	(173)	(167)	(337)
Net cash flows used in financing activities	**(19)**	**(134)**	**(202)**	**(52)**	**(344)**	**(369)**	**(955)**	**(112)**	**(12)**	**(97)**	**(212)**	**(382)**
Net change in cash and cash equivalents	**(36)**	**17**	**(39)**	**132**	**(31)**	**271**	**(268)**	**279**	**289**	**180**	**60**	**–**
Total Cash Change												
Cash and cash equivalents beginning of period		122	141	115	244	206	477	209	488	777	957	1 017
Exchange differences in cash and cash equivalents	(2)	(2)	2	(3)	(7)	(0)	–	–	–	–	–	–
Cash and cash equivalents end of period	**122**	**141**	**115**	**244**	**206**	**477**	**209**	**488**	**777**	**957**	**1 017**	**1 017**

Appendix – WACC

W U T I S

WACC

Högegh Autoliners

WACC

in USDm except per share items

x	WACC forecast period		Comments
	Genral		
	Net Debt	52	
	Market Cap	1 774	
	D/E	2.90%	Net Debt / Market Cap
	D/(D+E)	2.82%	
	Marginal tax rate	22.00%	Norwegian Tax rate
	Cost of Equity	**9.38%**	
	Risk-free Rate	3.93%	
	Wheighted Relevered Beta	0.88	
	Implied Market Risk Premium	5.11%	
	Country Risk Premium (CRP CoD)	0.94%	China risk exposure from Damoderan
	Cost of Debt	**5.64%**	
	Cost of Debt	**6.02%**	calculated with credit spread
	Risk-free Rate	3.93%	
	Credit Spread	1.20%	S&P Global: BBB-; Industry Credit Spread for BBB
	After Tax Cost of Debt	**4.70%**	Calculated with corporate tax rate
	Country Risk Premium (CRP CoE)	0.94%	China risk exposure from Damoderan
	WACC	**9.24%**	

Appendix – DCF perpetuity

DCF: Free Cash Flow, Equity Bridge & Share Price Calculation

Höegh Autoliners

DCF **Active case: Base Case**

in USDm except per share items

Active case: **Base Case**

x

Assumptions

First forecast YE	31.Dez.24
Valuation date	31.Dez.24
Yearfrac	0.0%
WACC	9.24%
LTGR	1.0%
Tax rate	22.0%
Mid year convention discount	0.5

x

DCF-Analysis

	0%	100%	100%	100%	100%	100%	100%
	-	0.50	1.50	2.50	3.50	4.50	4.50

All in €m	CY23A	CY24E	CY25E	CY26E	CY27E	CY28E	CY29E	Terminal
Revenue		1 400	1 499	1 596	1 643	1 693	1 740	1 758
%growth			*7.1%*	*6.5%*	*2.9%*	*3.1%*	*2.8%*	*1.0%*
EBITDA		661	646	639	623	612	657	664
%margin		*47.3%*	*43.1%*	*40.0%*	*37.9%*	*36.1%*	*37.8%*	*37.8%*
Total D&A		129	122	117	112	118	119	120
%of sales		*9.2%*	*8.1%*	*7.3%*	*6.8%*	*7.0%*	*6.9%*	*6.9%*
EBIT		790	768	755	734	730	776	784
%margin		*56.4%*	*51.2%*	*47.3%*	*44.7%*	*43.1%*	*44.6%*	*44.6%*
Total Capex		(127)	(259)	(348)	(359)	(357)	(233)	(236)
%of sales		*(9.1%)*	*(17.3%)*	*(21.8%)*	*(21.9%)*	*(21.1%)*	*(13.4%)*	*(13.4%)*
Δ NWC		(5)	(14)	(7)	(4)	(4)	(4)	(2)
%of change in sales		*0.3%*	*14.1%*	*7.6%*	*7.6%*	*7.3%*	*8.9%*	*8.9%*
Lease expenses								-
%of sales		*-%*	*-%*	*-%*	*-%*	*-%*	*-%*	*0.0%*
Taxes		(174)	(169)	(166)	(162)	(161)	(171)	*(172)*
%ETR		*(22.0%)*	*(22.0%)*	*(22.0%)*	*(22.0%)*	*(22.0%)*	*(22.0%)*	*(22.0%)*
Unlevered FCF		**-**	**204**	**118**	**98**	**91**	**248**	**254**
Discount Factor		*100.0%*	*95.7%*	*87.6%*	*80.2%*	*73.4%*	*67.2%*	*67.2%*
PV of FCF		**-**	**195**	**103**	**79**	**67**	**167**	**170**

x

x

TEV build

Enterprise Value	%total	(€m)
PV of Terminal Value	265%	2 069
PV of projections	100%	781
EV		**2 850**
Discounted TV as % of EV		*72.6%*
Impied EV/EBITDA 24F		*4.3x*
Impied EV/EBITDA 25F		*4.4x*

Equity bridge

Total EV	**2 850**
- interest bearing debt	510
+ Cash and Cash Equivalents	458
- Non-Controlling interest	0
- Pensions	3
Equity Value	**2 796**
Shares Outstanding	191
Implied Equity Value per Share	14.7
Current Share Price	9.3
Upside Potential	*57.57%*

Sources: Valuation

Appendix – DCF Exit Multiple

W U T I S

DCF: Free Cash Flow, Equity Bridge & Share Price Calculation

x

DCF-Exit multiple

All in €m

Dec-YE	CY23A	CY24E	CY25E	CY26E	CY27E	CY28E	CY29E
EBITDA	-	661	646	639	623	612	657
EV/EBITDA Exit multiple							*4.3x*
Terminal Value							**2 824**

PV of TV	1 898
PV of CF	781
Total EV	**2 679**
- interest bearing debt	510
+ Cash and Cash Equivalents	458
- Non-Controlling interest	0
- Pensions	3
Equity Value	**2 625**
Shares Outstanding	191
Implied Equity Value per Share	13.8
Current Share Price	9.3
Upside Potential	*47.91%*
Discounted TV as % of EV	*70.8%*
Impied EV/EBITDA 24F	*4.0x*
Impied EV/EBITDA 25F	*4.1x*

Appendix – Target Price

W U T I S

Target price

Högh Autoliners	
Target Price	**Active case: Base Case**
in USDm except per share items	

x **Target Price** x

DCF (perpetuity)	$14.65
Weight (%)	*33%*
DCF (exit multiple)	$13.76
Weight (%)	*33%*
CCA	$15.44
Weight (%)	*33%*
Target Share Price	**$14.62**
Close Price:	$9.30
Upside Potential	***+57.2%***

x **End** x

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