

INVESTOR PRESENTATION

Q2 2022 FINANCIAL RESULTS

August 17, 2022

Disclaimer

Forward-Looking Statements

This presentation contains or may be deemed to contain forward-looking statements (as defined in the U.S. Private Securities Litigation Reform Act of 1995 and the Israeli Securities Law, 1968). In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about the Company, may include projections of the Company's future financial results, its anticipated growth strategies and anticipated trends in its business as well as its intended dividend policy. These statements are only predictions based on the Company's current expectations and projections about future events or results. There are important factors that could cause the Company's actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause such differences include, but are not limited to: market changes in freight, bunker, charter and other rates or prices, new legislation or regulation affecting the Company's operations, new competition and changes in the competitive environment, the outcome of legal proceedings to which the Company is a party, and other risks and uncertainties detailed from time to time in the Company's filings with the U.S. Securities and Exchange Commission, including under the caption "Risk Factors" in its 2021 Annual Report.

Although the Company believes that the expectations reflected in the forward-looking statements contained herein are reasonable, it cannot guarantee future results, level of activity, performance or achievements. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. The Company assumes no duty to update any of these forward-looking statements after the date hereof to conform its prior statements to actual results or revised expectations, except as otherwise required by law.

The Company prepares its financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Use of non-IFRS financial measures

The Company presents non-IFRS measures as additional performance measures as the Company believes that it enables the comparison of operating performance between periods on a consistent basis. These measures should not be considered in isolation, or as a substitute for operating income, any other performance measures, or cash flow data, which were prepared in accordance with Generally Accepted Accounting Principles as measures of profitability or liquidity. Please note that Adjusted EBITDA does not take into account debt service requirements, or other commitments, including capital expenditures, and therefore, does not necessarily indicate the amounts that may be available for the Company's use. In addition, Non-IFRS financial measures, as those presented by the Company, may not be comparable to similarly titled measures reported by other companies, due to differences in the way these measures are calculated.

Adjusted EBITDA

Net income (loss) adjusted to exclude financial expenses (income), net, income taxes, depreciation and amortization in order to reach EBITDA, and further adjusted to exclude impairment of assets, non-cash charter hire expenses, capital gains (losses) beyond the ordinary course of business and expenses related to legal contingencies.

Adjusted EBIT

Net income (loss) adjusted to exclude financial expenses (income), net and income taxes, in order to reach our results from operating activities, or EBIT, and further adjusted to exclude impairment of assets, non-cash charter hire expenses, capital gains (losses) beyond the ordinary course of business and expenses related to legal contingencies.

Free cash flow

Net cash generated from operating activities minus capital expenditures, net.

Total cash position

Includes cash and cash equivalents and investments in bank deposits and other investment instruments.

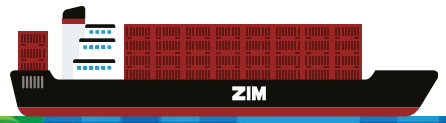
Net debt

Face value of short- and long-term debt, minus cash and cash equivalents, bank deposits and other investment instruments. Net cash: cash and cash equivalents, bank deposits and other investment instruments exceeding the face value of short- and long-term debt.

Net leverage ratio

Net debt (defined above) divided by Adjusted EBITDA for the last twelve-month period.

See the reconciliation of net income to Adjusted EBITDA and Adjusted EBIT below.



Q2 2022 & 1H 2022 – continued strong financial results and profitability

			Δ YoY		Prior period	
1H.2022	Revenues	$**7.15** Bn	+**73**%	Adjusted EBITDA and EBIT margins **65**% and **56**%	**52**% and **45**%	Total equity (June 30, 2022) **$5.25** Bn*
	Adjusted EBITDA	$**4.63** Bn	+**115**%			
	Net income	$**3.05** Bn	+**106**%			
	Operating cash flow	$**3.37** Bn	+**72**%			
Q2.2022	Revenues	$**3.43** Bn	+**44**%	Adjusted EBITDA and EBIT margins **61**% and **51**%	**56**% and **49**%	
	Adjusted EBITDA	$**2.10** Bn	+**57**%			
	Net income	$**1.34** Bn	+**50**%			
	Operating cash flow	$**1.71** Bn	+**45**%			

Reaffirm full year 2022 guidance; expected record year of earnings and profitability

* Following $2.4 billion of dividends declared and distributed in 1H 2022

Increasing dividend quarterly payout

Dividend policy*
(effective August 2022)

Distribute **30-50%** on annual net income as follows:

Q1, Q2, Q3 – interim dividends of 30% of quarterly net income

Q4 – 30% of quarterly net income, up to 50% of annual net income
(including quarterly interim dividends)

2022 dividends
(to date)

Q1 interim dividend – $2.85
20% of Q1 2022 net income

Q2 interim dividend – $4.75
$3.33 – 30% of Q2 2022 net income +
$1.42 – onetime "catch up", 10% of Q1 net income

* All future dividend distributions are subject to board approval



Execution based on core competencies – innovation, agility, excellence

Global-niche strategy	Currently operating 149 vessels	Adapt fleet to new 2M agreement	Expand car carrier fleet	Maintain high level of fleet flexibility	Grow & adapt network; identify profitable trades
Actively manage capacity					
Transition to newbuild/LNG capacity	Promote ESG goals; lowest carbon intensity with LNG fleet			Improve cost structure	

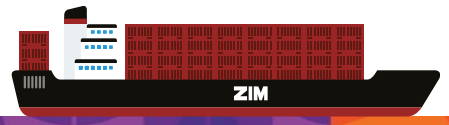
Investing in growth engines

Data science and AI to enhance operations and profitability

Next generation scanning technology

Cutting edge, power efficient tracking system

eB/L blockchain solution



Strong results across key operational and financial indicators*

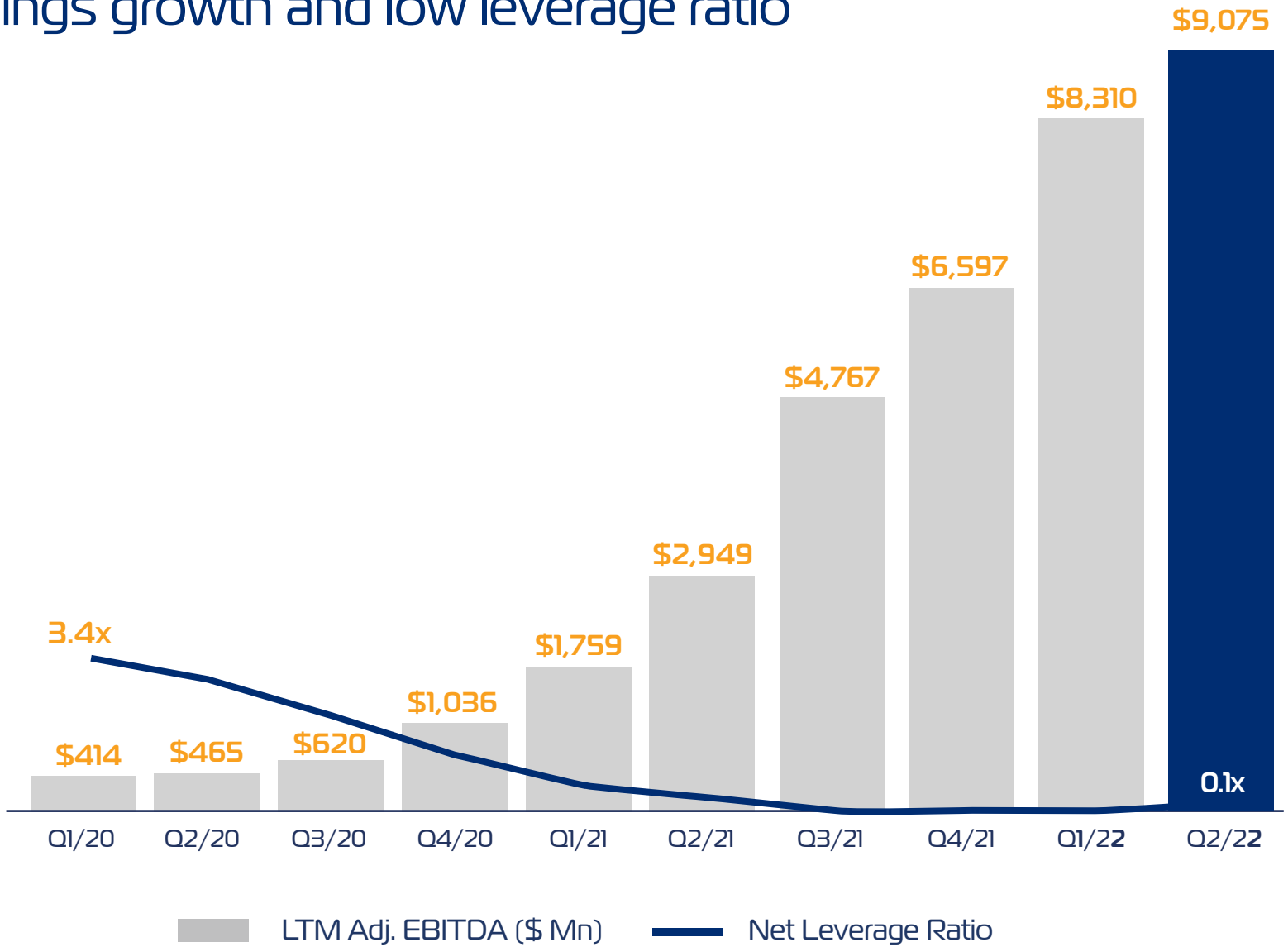
Operational	Q2-22	1H-22
Carried volume (K TEUs)	856 (-7%)	1,715 (-1%)
Freight rate ($/TEU)	3,596 (+54%)	3,722 (+73%)
Revenue ($ Mn)	3,429 (+44%)	7,145 (+73%)

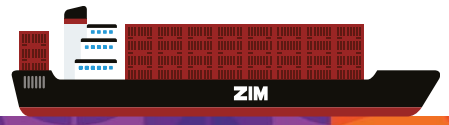
Cash flow	Q2-22	1H-22
Free cash flow ($ Mn)	1,639 (+788)	3,122 (+1,627)
Cash conversion rate	78% (+14%)	67% (-2%)

Balance Sheet	30-6-22
Total debt** ($ Mn)	4,567 (+1,226)
Cash, bank deposit and investment instruments ($ Mn)	3,937 (+88)
Net debt ($ Mn)	630 (-1,139)
Net leverage ratio	0.1X

* Operational and cash flow metrics – figures in parentheses reflect comparison to the same period prior year
Balance sheet metrics – figure in parentheses reflect comparison to year-end 2021
** Face value

Consistent earnings growth and low leverage ratio

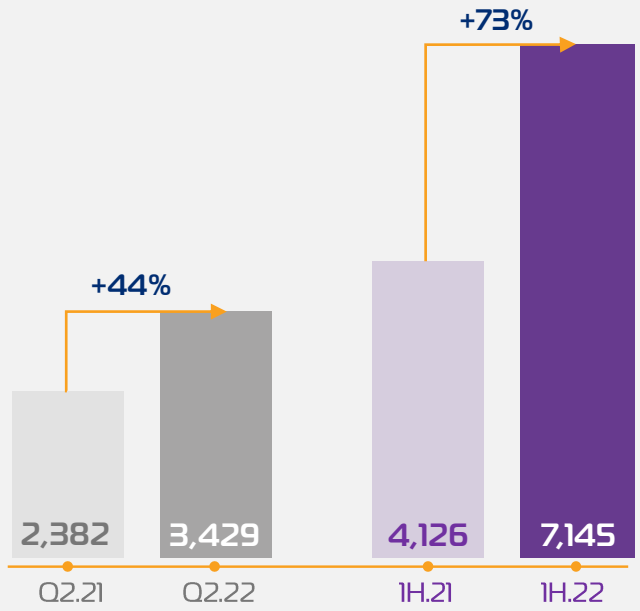




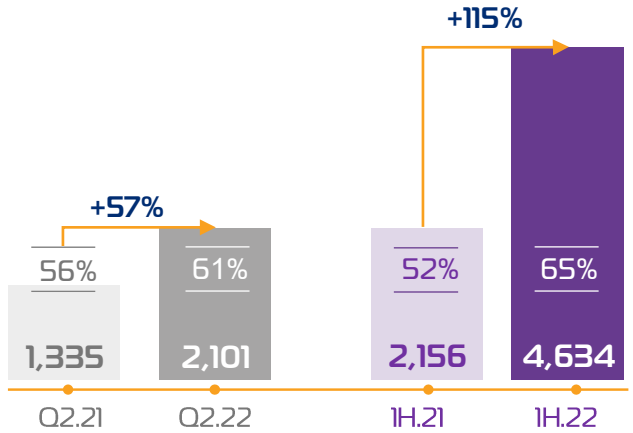
Significant YoY improvement across all financial indicators; record 1H results

XX% - margin

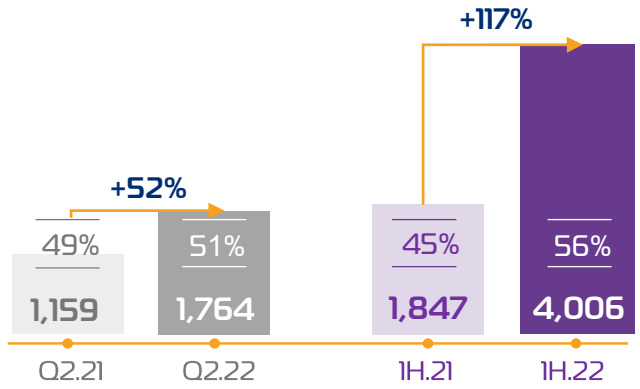
Revenue ($Mn)



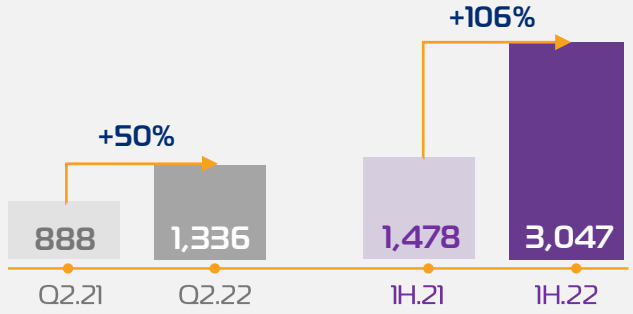
Adjusted EBITDA ($Mn)



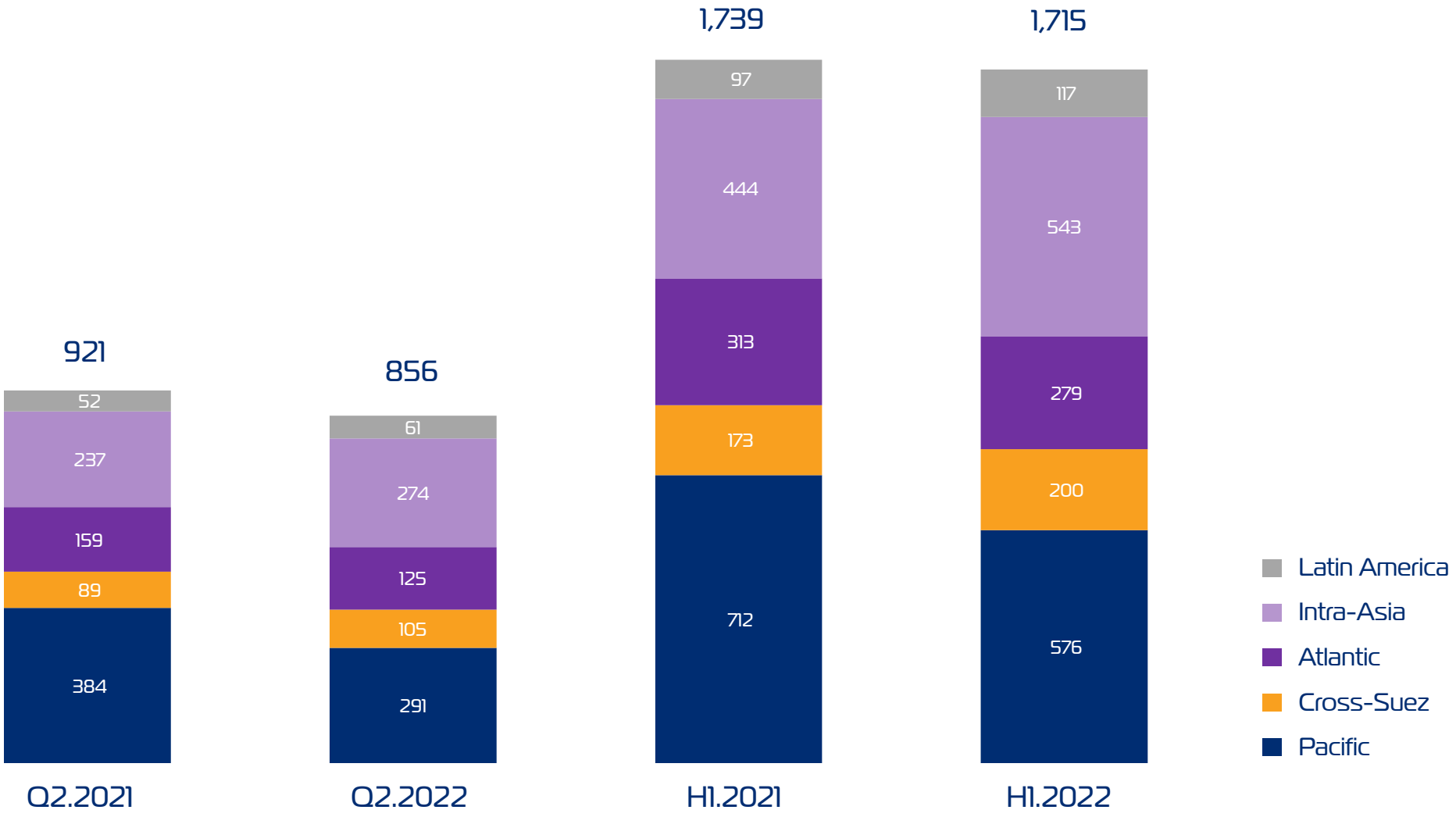
Adjusted EBIT ($Mn)



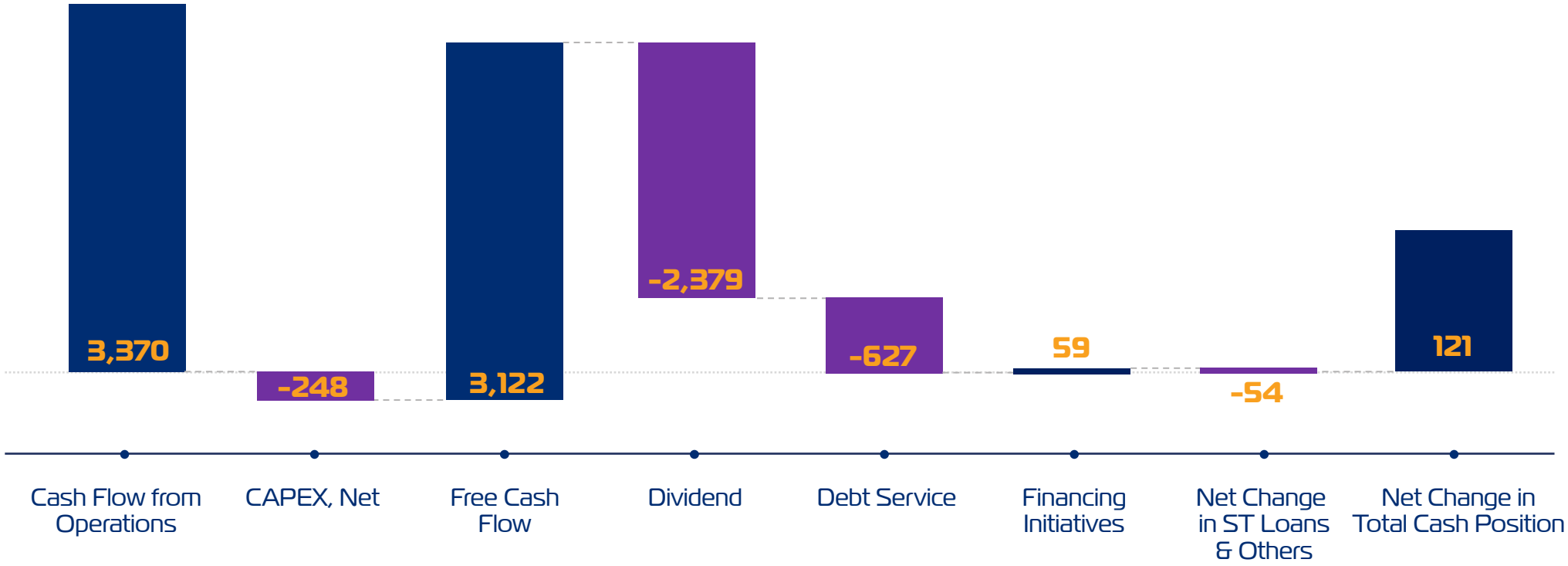
Net Profit ($Mn)



Volume breakdown by geographic trade zone (K TEU)



Total cash position recovered after dividend payments of $2.4 billion



1H.2022 cash flow bridge ($ Mn)

* Includes income taxes totaling $1.13 billion paid during the period

Reaffirming 2022 full-year guidance; expected record year of earnings and profitability

Adjusted EBITDA

$7.8 – 8.2 Bn

Adjusted EBIT

$6.3 – 6.7 Bn

Average freight rates in 2022 higher than 2021; gradual decline of spot rates in 2H'22
Contract rates – double vs. 2021 rates

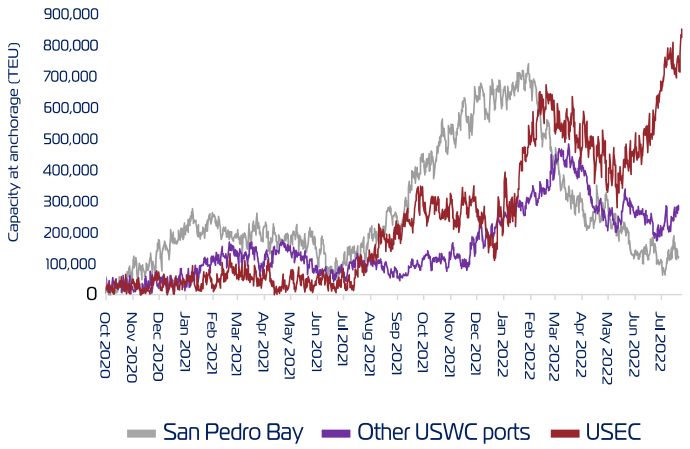
Volume growth ~2-3%

Average bunker rates in 2022 higher than 2021

Charter rates remain stable in 2022; limited exposure to fluctuations in charter rates in 2022

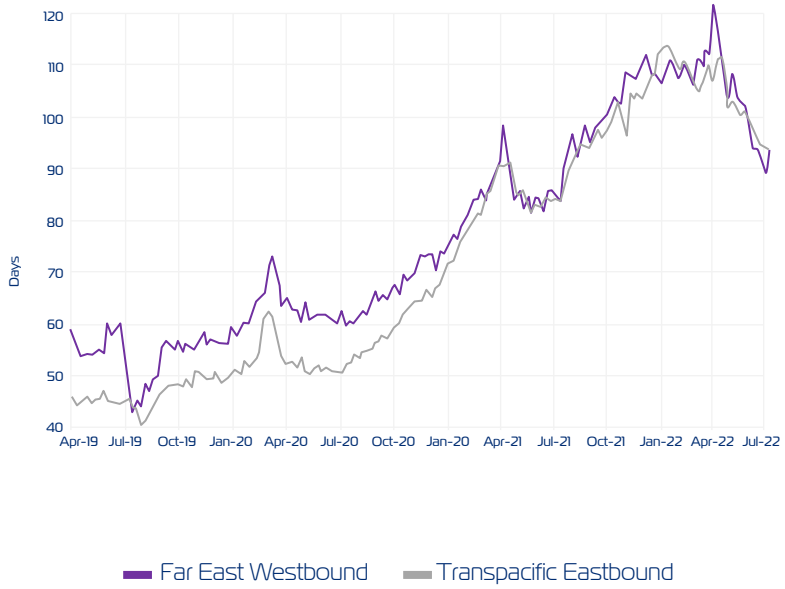
Despite some improvement, port congestion not expected to improve into 2023

Port congestion – North American ports



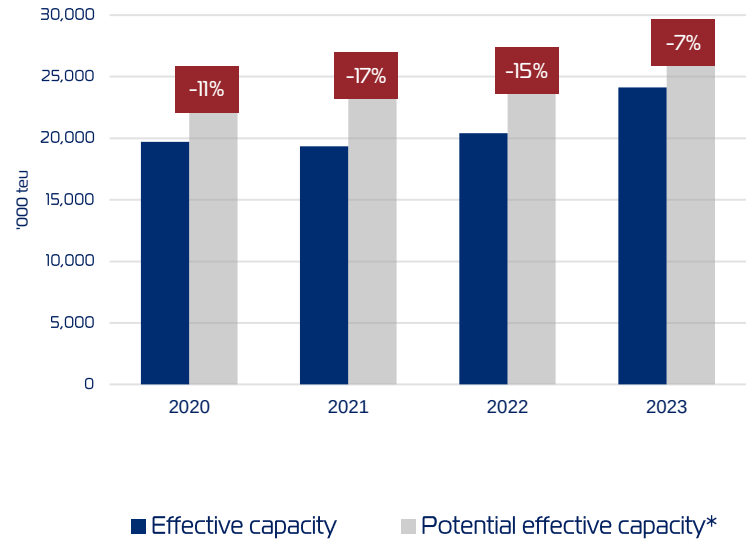
Source: Linerlytica – July 25, 2022

Cargo ready date to destination port departure



Source: Flexport Research, data through July 19, 2022

Real effective capacity



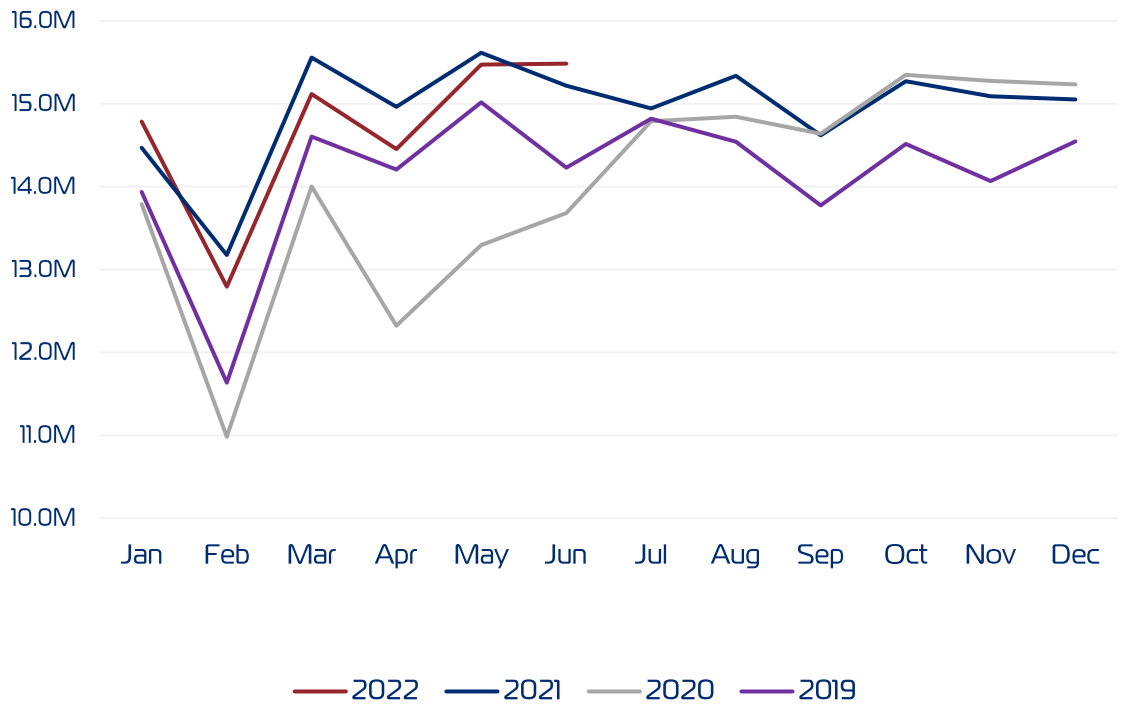
Source: Drewry Container Forecaster, Q2 2022

* Basis same port productivity as 2019. Note: Figures above bars are % reduction

Demand trends remain positive despite macro headwinds

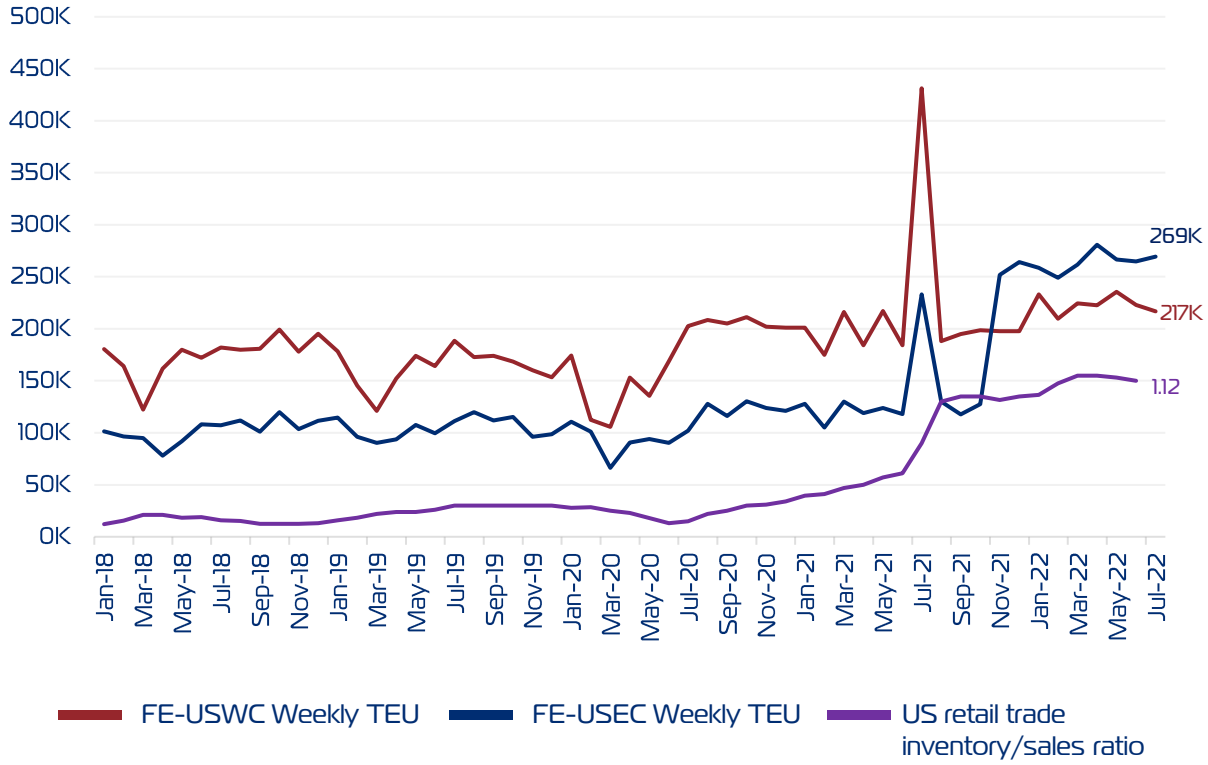
Global demand in 1H 2022 – 5.4% higher than 2019

Global volumes, TEU/month



Source: internal analysis based on CTS data

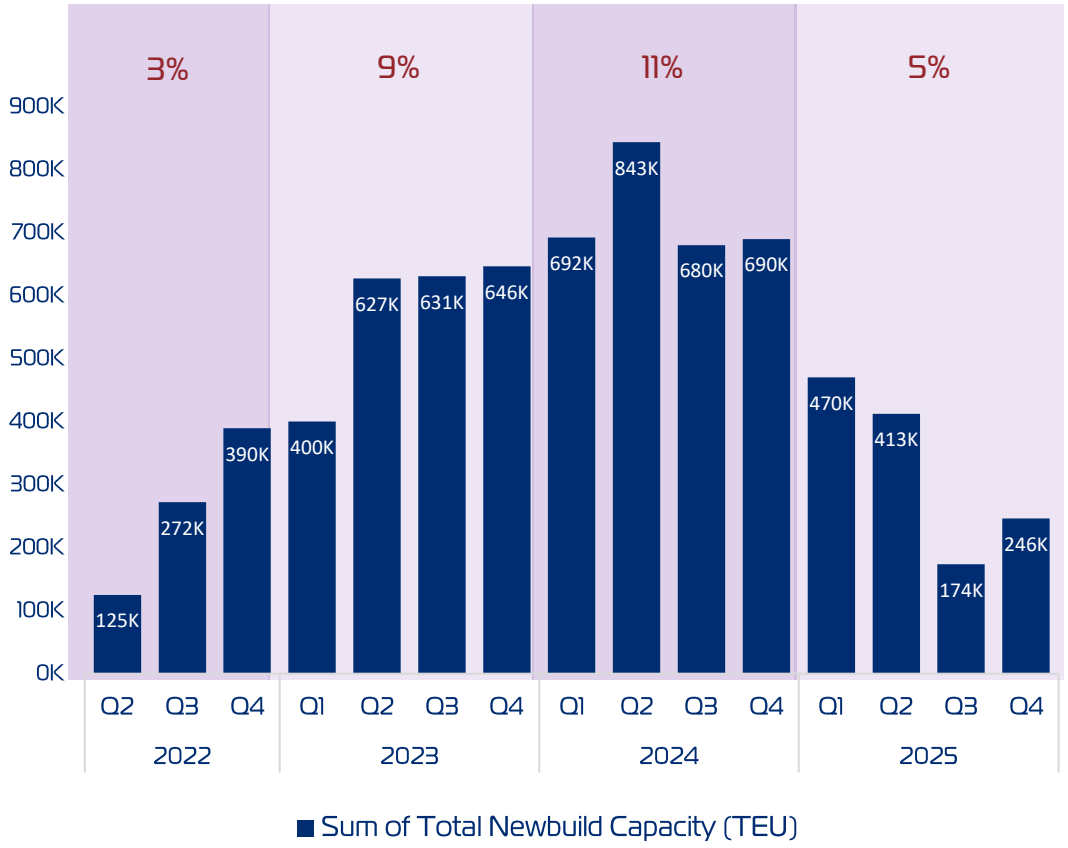
Demand (Avg Weekly TEU) vs. US Retail Trade Inventory/Sales Ratio



Source: PIERS and United States Census Bureau

New dynamics impacting supply/demand balance

Expected delivery of newbuild capacity (TEU/quarter)



Source: Alphaliner

Traditional view

Actual newbuild deliveries vs. economic growth

New dynamics

- Port congestion
- Lacking landside infrastructure
- IMO 2023 – slow steaming
- Zero carbon emission agenda – increased scrapping
- Structural changes in container shipping

Outcome

Effective supply growth smaller than implied by current orderbook

Differentiated **commercial strategy and competitive cost structure** with chartered newbuild capacity

Well positioned as **innovative digital leader** of seaborne transportation

Set to deliver **record results for 2022**

Commitment to

Outperform the market and lead in **EBIT margin**

Deliver long-term shareholder value



Q&A SESSION



APPENDIX

Reconciliation of net income to Adjusted EBITDA and Adjusted EBIT

($ in Mn)	Q2'22	Q2'21	Q2'20
RECONCILIATION OF NET INCOME TO ADJUSTED EBIT			
Net income	**1,336**	**888**	**25**
Financial expenses, net	28	45	40
Income taxes	400	224	4
Operating income (EBIT)	**1,764**	**1,157**	**69**
Non-cash charter hire expenses [1][2]	0	1	2
Impairment of assets	0	0	2
Expenses related to legal contingencies	0	1	0
Adjusted EBIT	**1,764**	**1,159**	**73**
RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA			
Net income	1,336	888	25
Financial expenses, net	28	45	40
Income taxes	400	224	4
Depreciation and amortization	337	176	74
EBITDA	**2,101**	**1,333**	**143**
Non-cash charter hire expenses [1][2]	0	1	0
Impairment of assets	0	0	2
Expenses related to legal contingencies	0	1	0
Adjusted EBITDA	**2,101**	**1,335**	**145**

Notes: (1) Mainly related to amortization of deferred charter hire costs, recorded in connection with the 2014 restructuring. (2) Following the adoption of IFRS 16 on January 1, 2019, part of the adjustments are recorded as amortization of right-of-use assets.