

INGAR SKAUG
(B. 28 Sept. 1946)

Masters Degree in business administration
University of Nürnberg, Germany

- 1972 - 1975 Marketing Manager, Lufthansa Services GMBH (Catering)
- 1975 - 1977 Management Trainee, Scandinavian Airlines System
- Education at the SAS Learning Center in Copenhagen,
 Working at different operational functions in Oslo and
 Haugesund.
- Working in different Head Office Functions in Stockholm.
- 1977 - 1979 Management Trainee, SAS, North America
- Sales Representative Chicago District
- Sales Representative Iowa, Nebraska and South Dakota.
- 1979 - 1982 Assistant to the President, SAS North America Inc.
- Feb 1982- Director of Administration, Routesector Intercontinental,
Aug 1982 SAS Headoffice in Stockholm, Sweden
- 1982 - 1984 Director Cargo, SAS Norge
- 1984 - 1986 Director of SAS North America
- 1986 - 1988 Vice President, SAS Routesector Norway,
 Responsible for all commercial and operational airline
 activities as well as the domestic routes in Norway.
- 1989 - 1990 Vice President, Deputy Chief Operating Officer, SAS Airline
 Responsible for the airline in Norway
- 1990- 1999 President and C.E.O. of Wilhelmsen Lines AS, Oslo, Norway
- July 1999 President & C.E.O of Wallenius Wilhelmsen Lines AS, Oslo, Norway
 (Present position)

Achievements by Ingar Skaug

1. Achievements in SAS
 - 1.1. Participation in the reorganization of SAS, subsequent to Jan Carlzon's entry. (Part of the group of 5. As 1 of 2 representatives from the organization abroad).
 - 1.2. Participation in the reshaping of the Inter Continental activities – product, organization and principles for Management.
 - 1.3. Responsible for the reshaping and turn around of SAS Cargo in Norway. Results were lifted considerably.
 - 1.4. Responsible for reshaping and turn around of North America. Head of Eastern Area. Had the coordinating role for all of the areas in America. Considerable result improvements were made of the North Atlantic route results, organizational efficiency, and service levels within station and sales.
 - 1.5. Refocus and reshaping of the airline activities in Norway, launched by Jan Carlzon, lead to improved service levels, improved result for Norwegian domestic routes, and improved efficiency for the entire organization. Initiative was taken to a strong coordination between all SAS activities (airline – hotel – service partner – trading) leading to an improved corporate SAS profile in Norway.
2. Achievement in Wilh. Wilhelmsen, as CEO of Wilhelmsen Lines.
 - 2.1. Build up of the Wilhelmsen Lines AS organization after the death of 50 top executives and key employees in the company. (The entire top management was killed).

The company was newly started as per January 1, 1989. All Liner shipping partnerships of WW (Scan Carrier, Barber Blue Sea, ScanDutch) were merged in with the pure WW Lines activities as fundament for the “new Wilhelmsen Lines AS”. The accident represented a major set back. The accident happened September 8, 1989. I started May 1st, 1990.
 - 2.2. Development of the company with considerable result improvements, partly as consequence of focusing of the organization worldwide and creating a proactive result-oriented and “happy” organization. Considerable improvements of the climate were made.

2.3.

Purchase of NAL and amalgamation of NAL-Nosac into Wilhelmsen Lines. The carrying through of the merging of the shipping activities as well as the amalgamation of the organization and the build up of the new joint culture. Built on the same foundation as created for Wilhelmsen Lines.

Considerable synergies were reached as well as considerable result-improvement within Wilhelmsen Lines. The takeover was treated as a merger and has externally and internally been characterized as a textbook case.

3. As deputy group CEO of Wilh. Wilhelmsen ASA and CEO of Wilhelmsen Lines, carried out the global regionalization for the WW ASA Group (180 offices in 49 countries)

4. Achievements as CEO of Wallenius Wilhelmsen Lines

Initiating and carrying through of the merger between Wallenius Lines and Wilhelmsen Lines, into the largest operator of Roll on Roll off vessels and Car Carriers in the world.

Considerable synergies have been achieved, worldwide.

The merger has been characterized as a textbook case internally and externally.

The result effects are strong,

Shipping

-

The New Generation

MLAANZ
28th Annual Conference
Sydney
10 - 13th October 2001

Global Industrial Development

Global manufacturers seek growth and market position through mergers, acquisitions, partnerships, etc. This globalisation leads to:



Outsourcing:

- * **increased focus on core business**
- * **cost reductions through outsourcing of non-core activities**



Logistics management:

- * **management of logistic activities will be the key to control the customer**
- * **excellent management information systems will be a prerequisite**



Globalisation of trading patterns



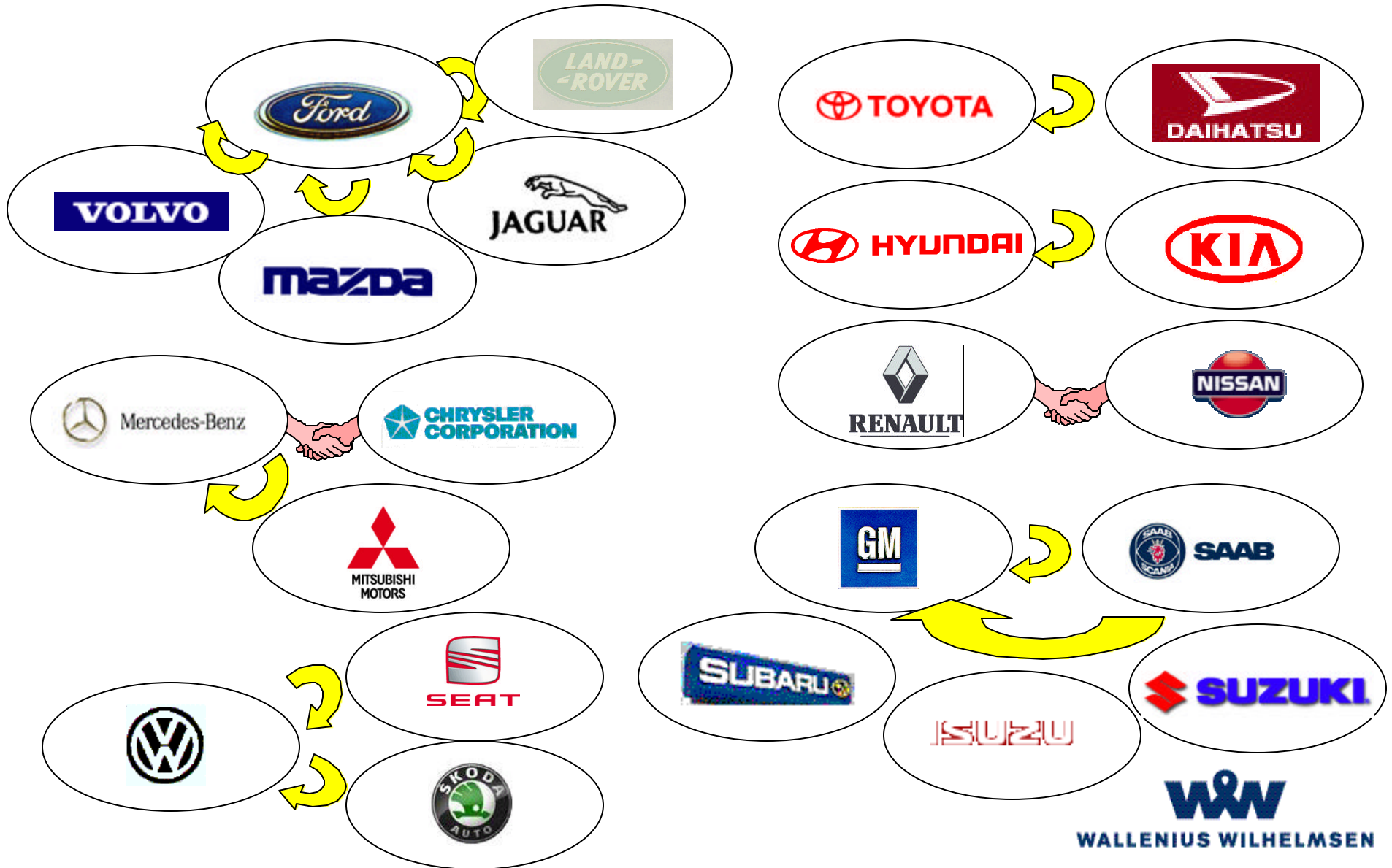
Intensified global competition

Market Changes Leads To Changes Of Strategy

- ➔ **Global coverage (with flexibility)**
- ➔ **Logistics integration (competence development)**
- ➔ **Optimisation**
- ➔ **Systems development and integration**

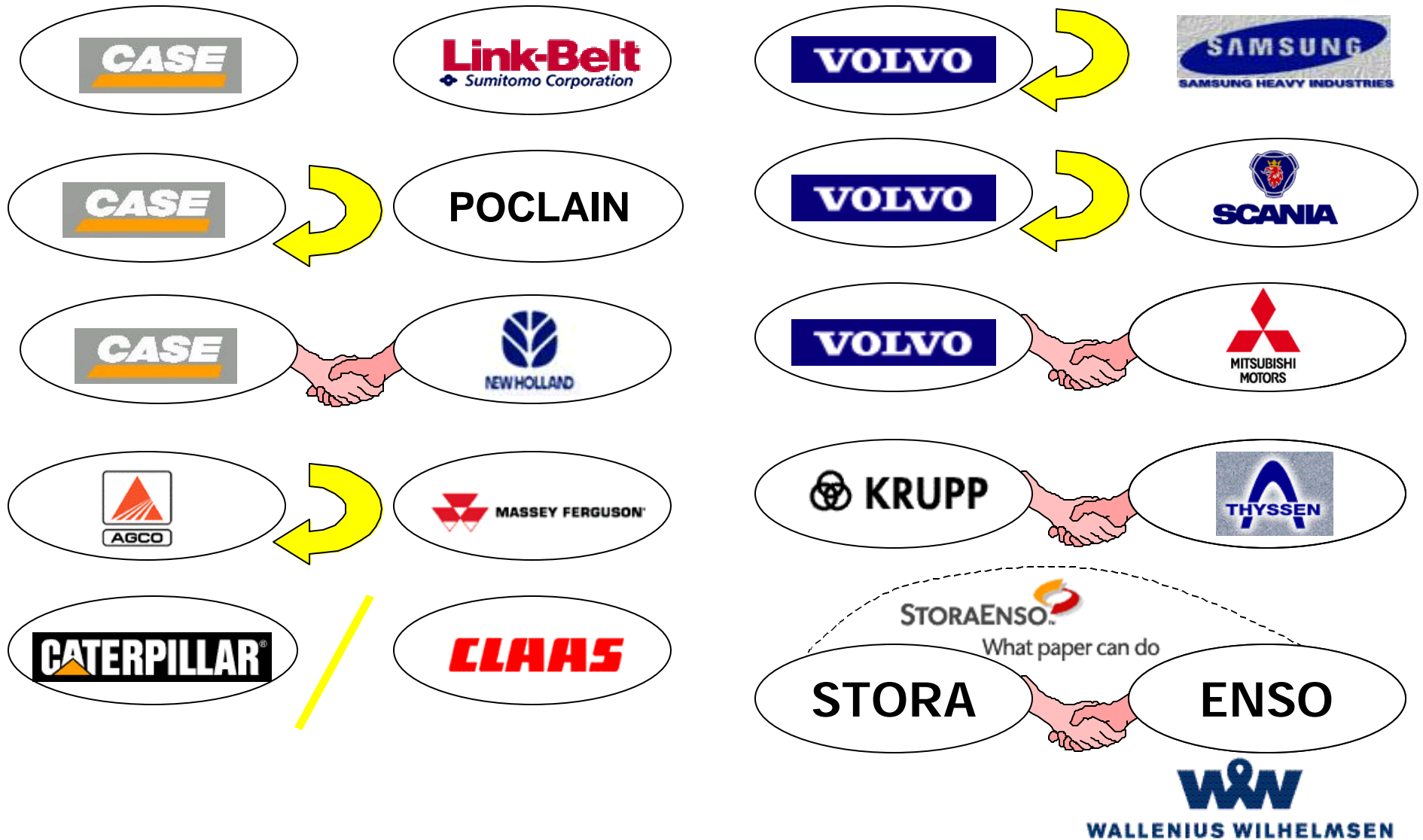
Recent Mergers, Acquisitions, etc.

- Car Segment

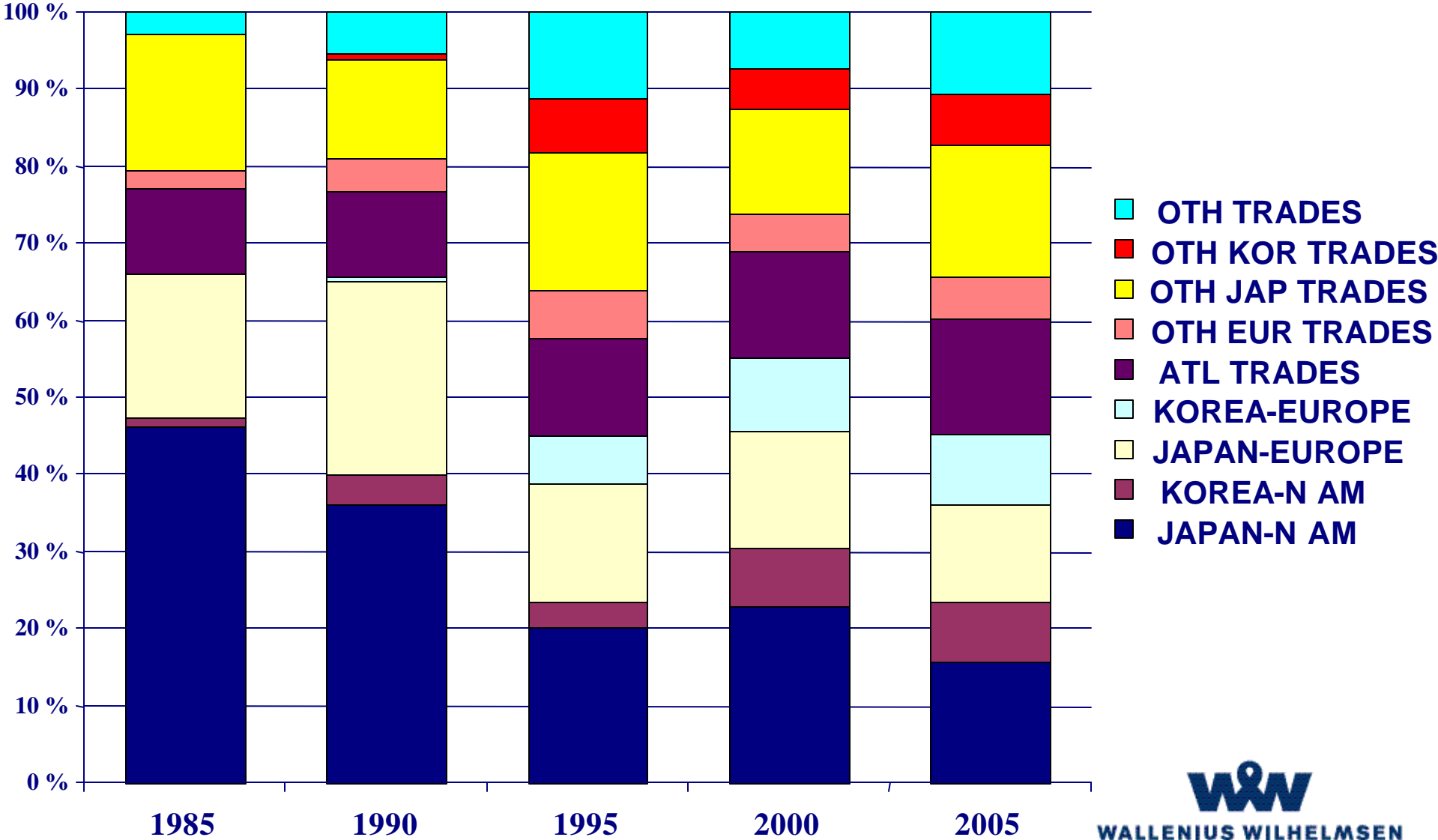


Recent Mergers, Acquisitions, etc.

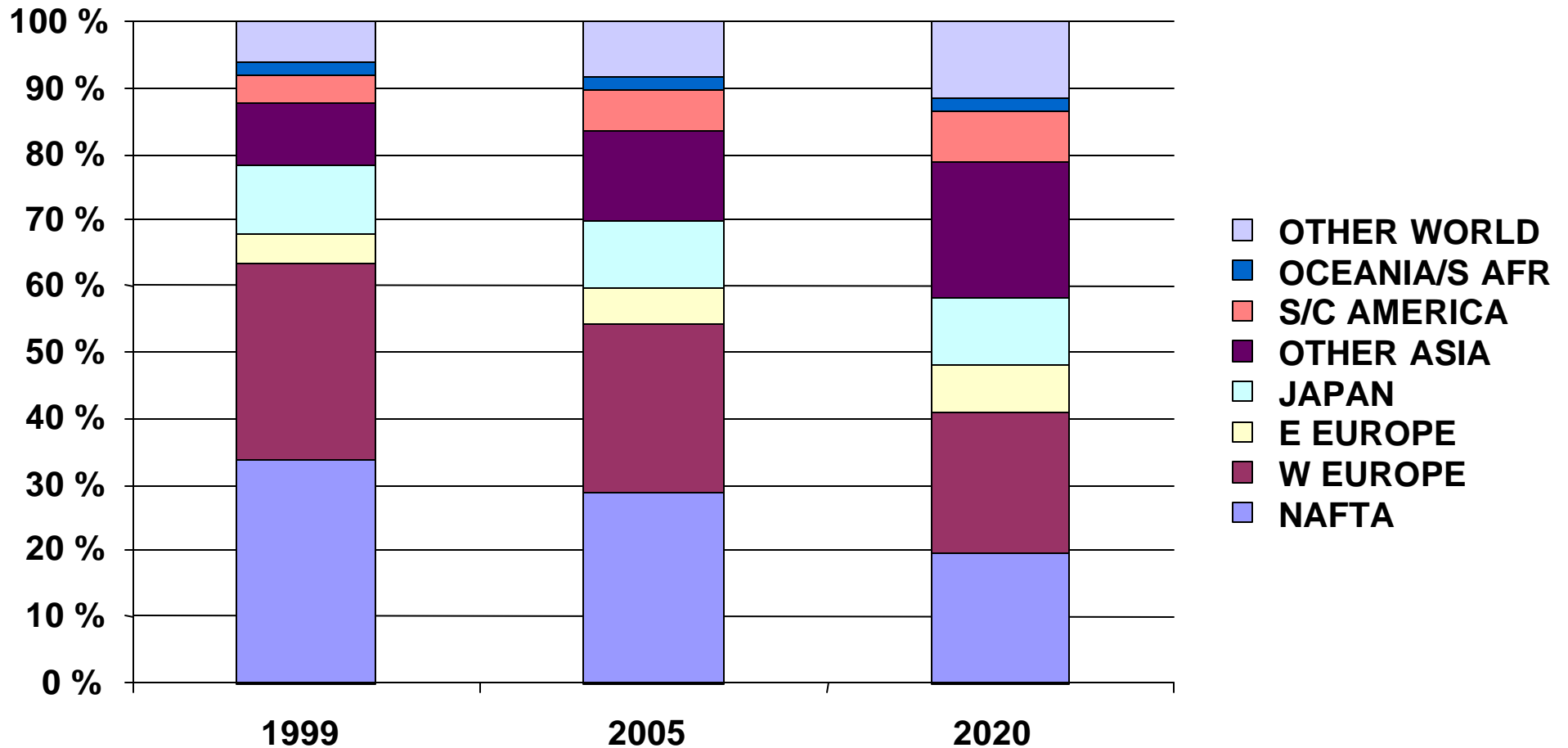
- H&H & NCC Segment



TRADE STRUCTURE DEVELOPMENT - FRAGMENTATION

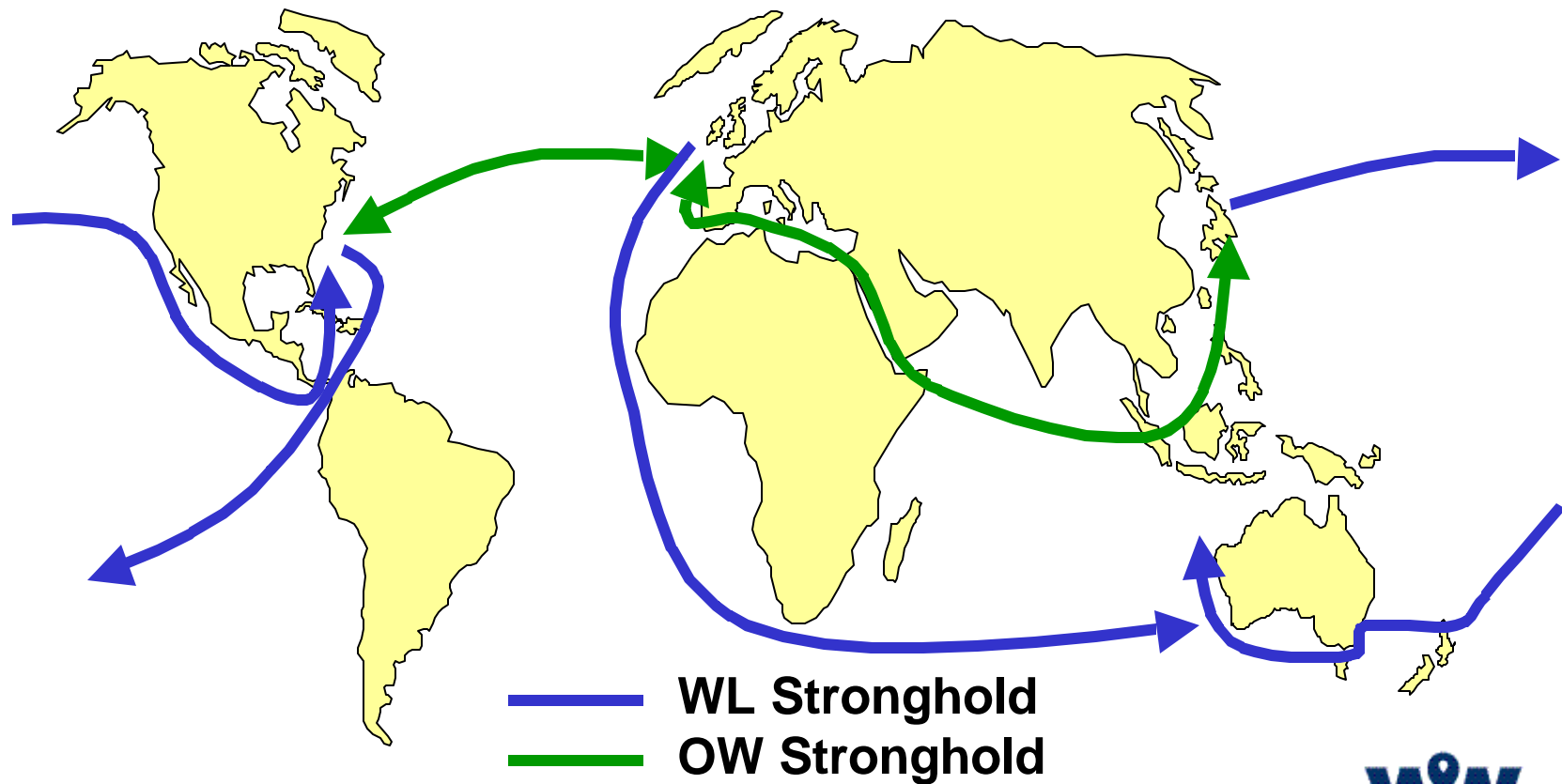


SALES DEVELOPMENT - FRAGMENTATION



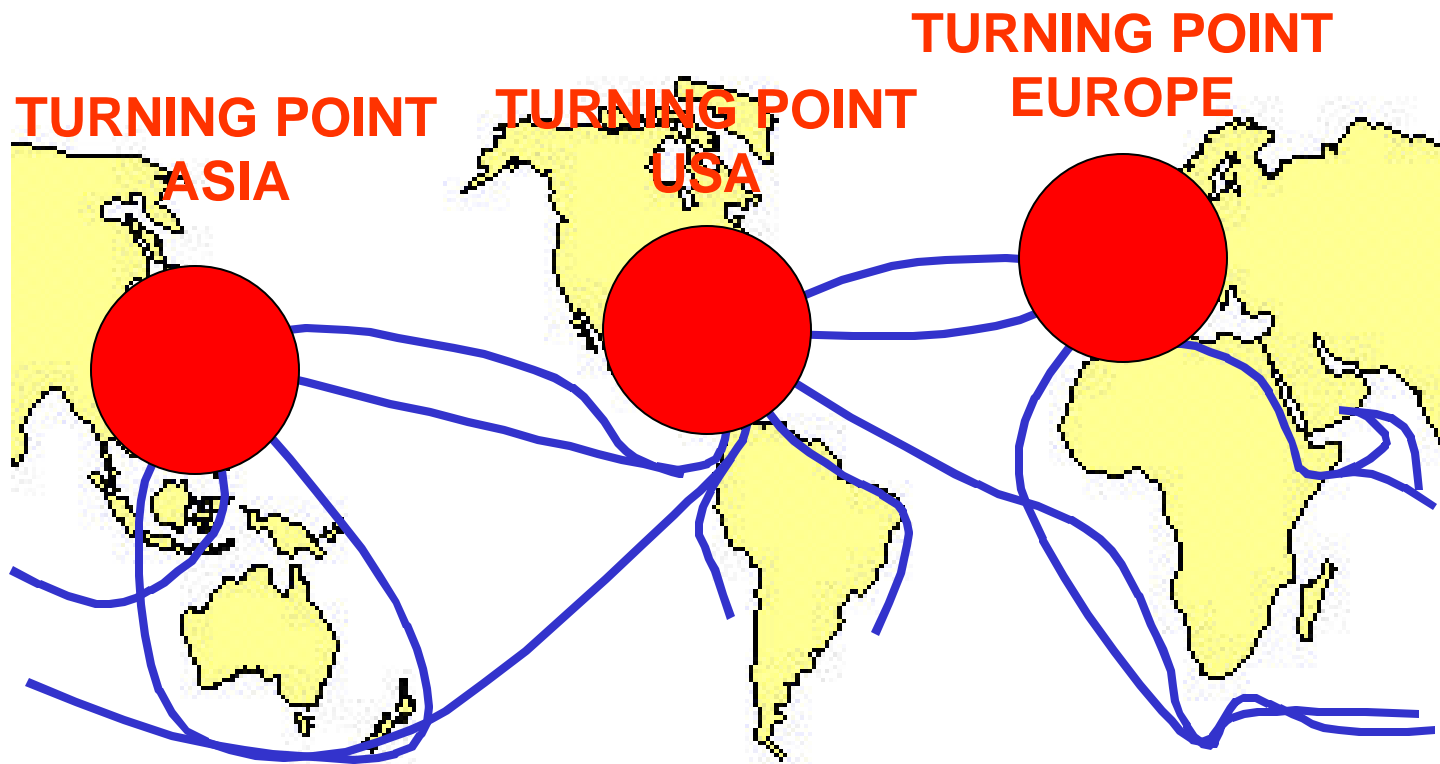
Compatibility Trade Routes

OW and WL have their strongholds in different trades



Fleet Synergies

A combined fleet will enable WWL to operate most of the vessels via turning points in Asia and Europe



Increased flexibility and enhanced product to the customers



WALLENIUS WILHELMSEN

VISION STATEMENT:

“ Help our customers succeed through innovative transportation and logistics solutions ”



Key Facts

- Ocean transportation of around 1.8 million cars and 300,000 RoRo units annually. 1.5 million cars moved inland and more than 250,000 units processed in vehicle processing centres.
- USD 1.3 billion annual revenue.
- 2,800 employees world wide.
- Operates more than 65 highly sophisticated vessels and a combined fleet of more than 600 trucks and trailers.
- VPC, PDI , Auto Handling, Auto Refurbishment, Terminal Operation, etc.
- Own Richard Lawson Autologistics, one of UK's and Europe's leading vehicle distribution and logistics companies.

WWL Activities In Oceania

	Port calls per month	Fleet Fit facilities	Ag-Ready facilities
Auckland	4	-	-
Brisbane	5	1	1
Sydney	5	1	1
Melbourne	5	1	1
Adelaide	-	1	-
Fremantle	4	1	1
Tarunga	1	-	-
Noumea	1	-	-
Darwin	-	1	-
Townsville	-	1	-

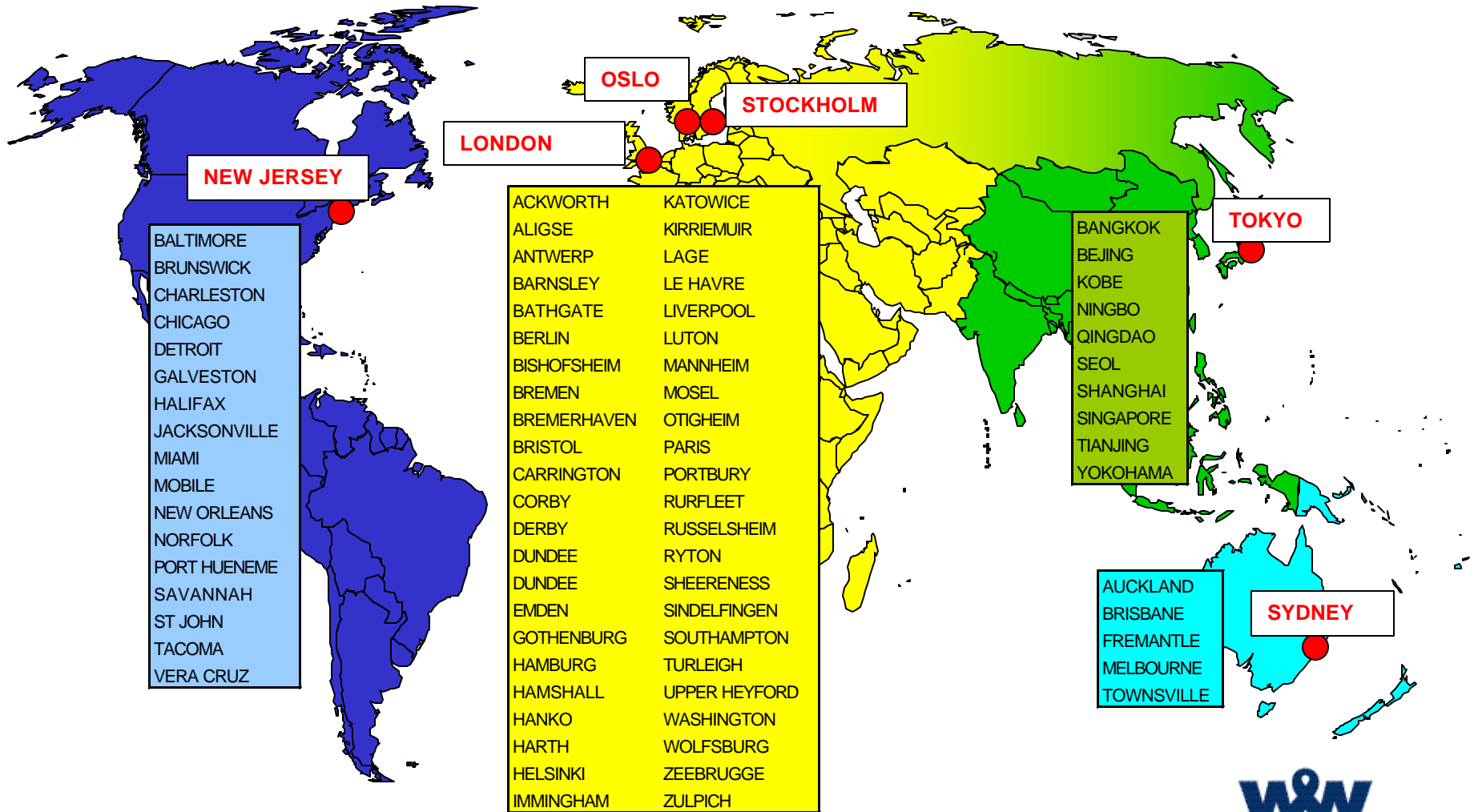
Regions & Own Offices

AMERICAS

"EUROPE"

ASIA

OCEANIA



(APPROX. 80 OFFICES)

Our Comprehensive Services

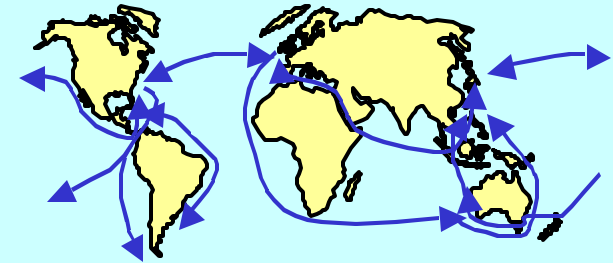
**Inland
Distribution**

picture

**Vehicle
Processing**

picture

**Ocean
Distribution**



**Offered individually
or
integrated**

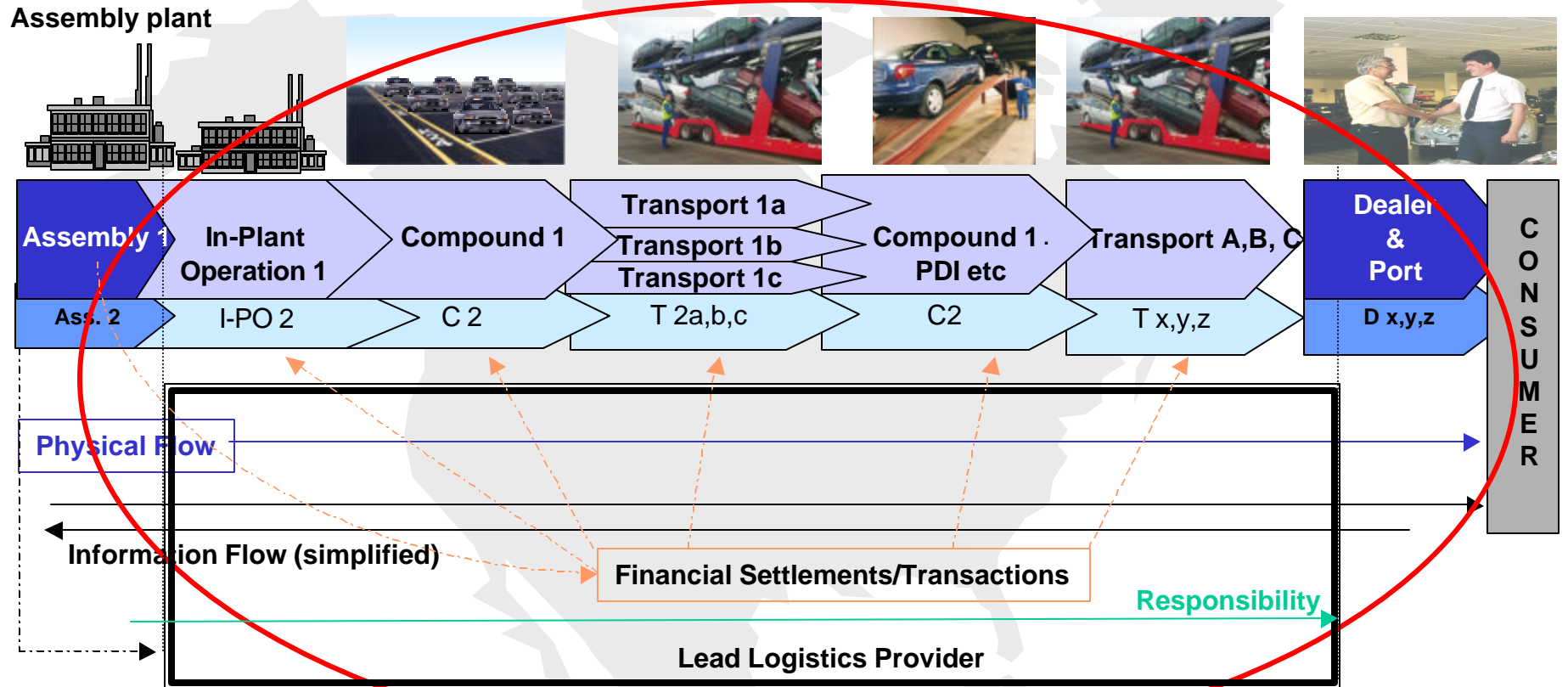


Integrated logistics management solutions

Customers - Main Challenges

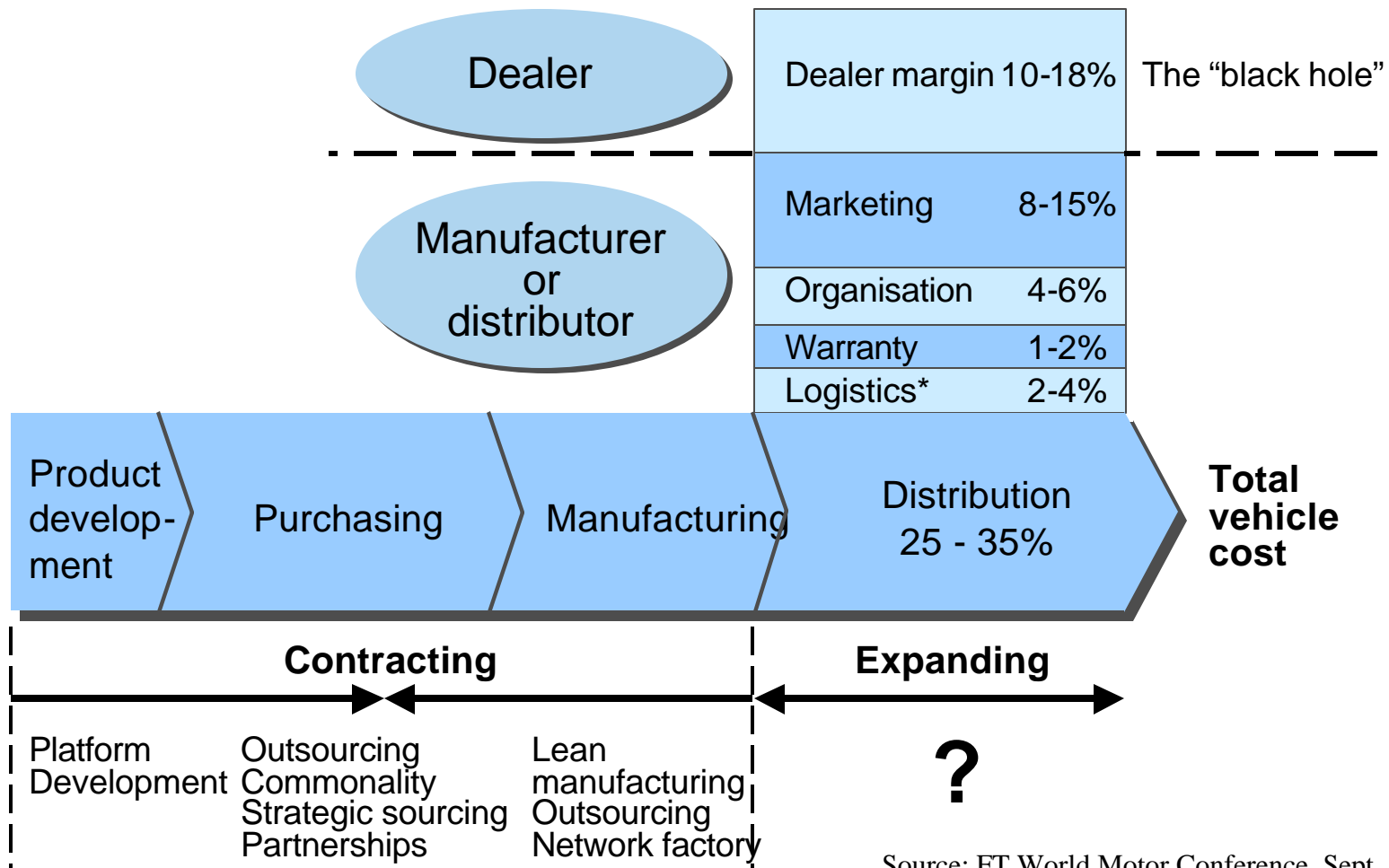
- **Inland distribution:**
 - mostly operated in-house => significant administrative burden
 - complex with many players (trucking, processing, storage, re-marketing, delivery to dealer, etc.)
 - inefficient structure and high cost per unit
- **Ocean transportation:**
 - mature business
 - well developed products
 - transparent
 - high frequency, low damage ratios, reliable, good transit times
 - efficient and low cost

Integrated Outbound Supply-Chain Model (Simplified)



Streamlining & Optimisation

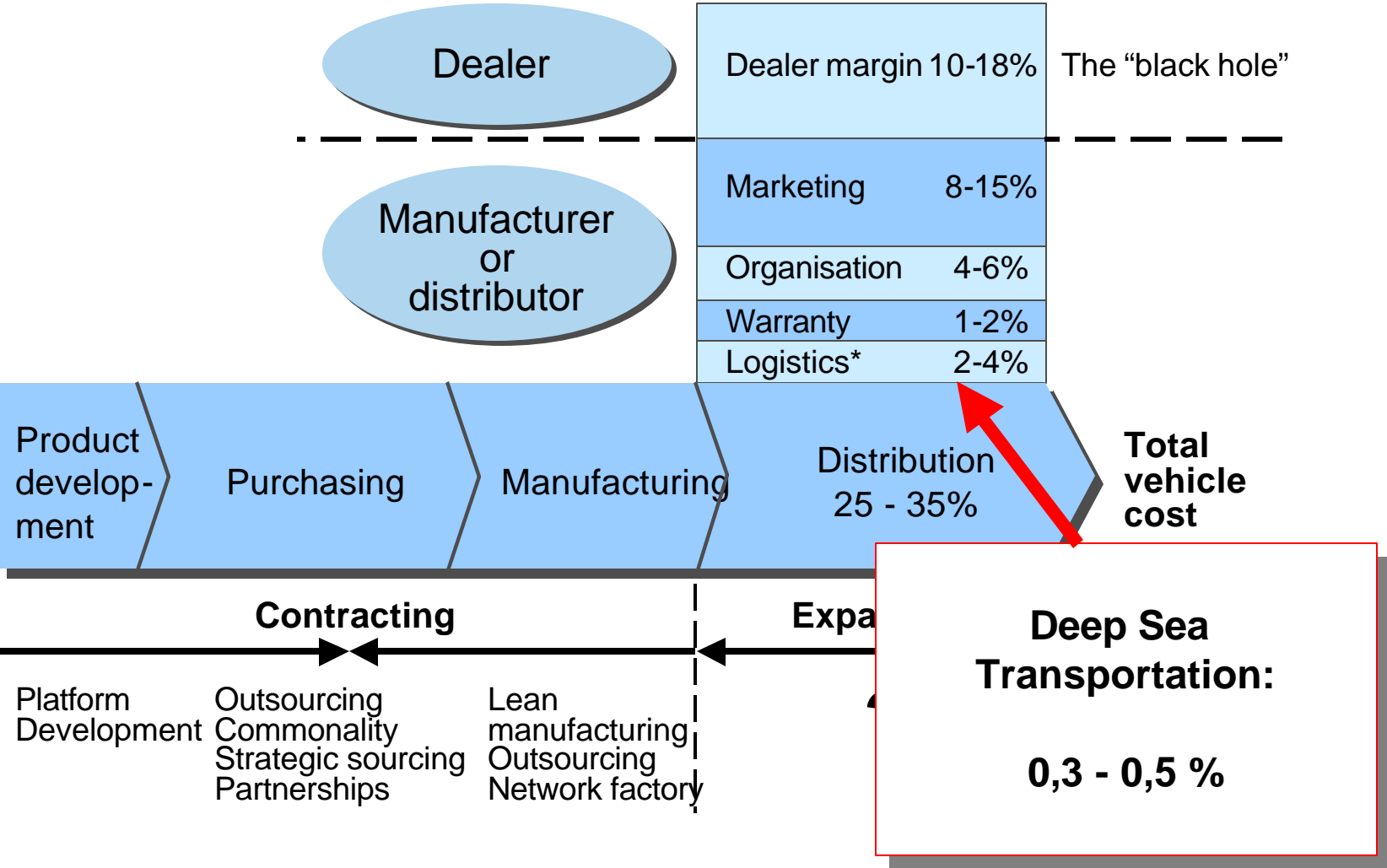
Distribution - today



Source: FT World Motor Conference, Sept. 1999

*Including all costs related to inbound & outbound logistics.

Deep-sea share of distribution



*Including all costs related to inbound & outbound logistics.

Customers - Demands

- **How can we assist them?**
 - Of an annual car sale of 60 million, only 8 million are shipped deep sea.
 - Structure and manage the whole outbound distribution chain to be more efficient and cost effective.
- **More and more customer specific demands:**
 - EDI / Communication systems
 - other needs than current service product
 - customised transport solutions

Customers - Opportunities

- **The customers' focus on core business creates:**
 - **increased scope for WWL core activities and opportunities for new business**
 - **outbound logistics management is a fairly “new” business area with significant upside**
 - **savings for customers and increased profit for us**
 - **outsourcing also attracts other competitors and new types of competitors**

Competition

Lack of competence within logistics management?

Lack of competence within physical distribution?

HMM

HUAL

Groupe CAT

FedEx

UPS Logistics Group

NYK LINE
NIPPON Yusen Kaisha

MÆRSK

Deutsche Post

Mitsui O.S.K. Lines

DHL
WORLDWIDE EXPRESS

K LINE
KAWASAKI KISEN KAISHA, LTD.

SCHENKER
Stinnes Logistics

GRIMALDI GROUP

TNT
Global Express, Logistics & Mail

W&W
WALLENIUS WILHELMSSEN

Competition is changing

Traditional Shipping Companies As 3PL Suppliers?

- **Pressure on rates.**
- **High cost operation:**
 - * **difficult to continue HUB concept**
 - * **increase number of export ports**
- **Increased operational changes will require flexibility:**
 - * **frequency demands**
 - * **variations in tonnage demand**
 - * **rapid export/import port changes**
- **Decreased market control - less customer contact.**
- **Inland distribution demands will affect deep sea-export.**
- **Commodity provider.**

European Logistics Structure

In-house or Outsourcing?

VOLVO

Volvo
Logistics



UPS Logistics Group



Europe ?

GM



Vector



TOYOTA

TOYOTA



FIAT



GRIMALDI GROUP



Global Express,
Logistics & Mail



RENAULT



Groupe CAT



Groupe CAT



PEUGEOT

Gefco



Mercedes-Benz



Mercedes-Benz

WALLENIUS WILHELMSSEN

Future Tonnage Requirements

Important market and operational factors:

- **More fragmented markets:**
 - => changes in production facilities**
 - => changes in transportation flows**
- **Increased focus on frequency:**
 - => need for co-loading of different cargo types to maintain profitability**
- **Reduction in number of ports:**
 - => tendencies towards hubs**
 - => larger vessels?**
- **Environmental issues.**
- **Speed?**
 - => submarines**
 - => gas turbines**

Hub Development



Main ports North America:

- New York
- Baltimore
- Brunswick
- Galveston - Gulf
- Port Hueneme - West Coast

Main ports Europe:

- Gothenburg
- Bremerhaven
- Zeebrugge
- Southampton

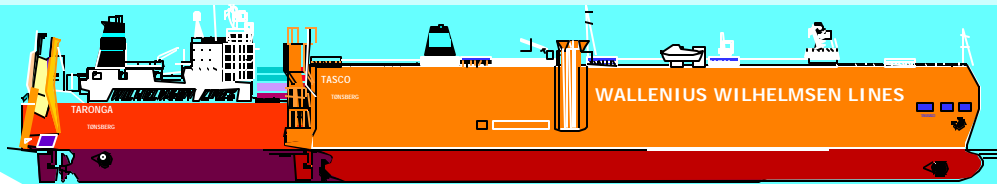
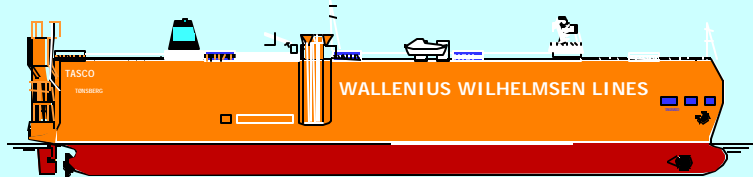
MED - Where?

- Australia - Where?
- Feeder / Land transport?

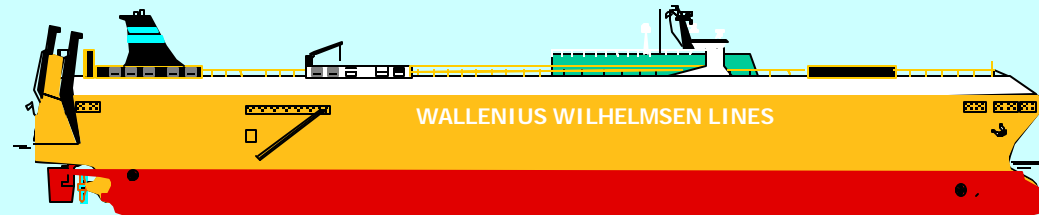


Future Tonnage Requirements

Historically: PCTC & ConRo Vessels



Today: RoRo Vessels



Future:



New Competence

WWL Basic Philosophy

“We believe empowered employees in an innovative, learning organization are our main competitive advantage in meeting the needs and wants of our customers”

- **Develop competence**
- **Maintain and secure competence**

WWL Organization

- The day-to-day business cannot be run from a central office function through administrative routines.
 - Decentralized decisions need to be taken close to the market and the customer:
 - * speed of change
 - * market knowledge
 - * customer demands
 - The business complexity demands input from several sources to make a decision.
- => A common platform through our values and a process oriented matrix organization are prerequisites for the execution of the business.**

Corporate Values

