Quarterly report

Q1 2020

Investor Relations:

Astrid Martinsen
astrid.martinsen@walleniuswilhelmsen.com
+47 958 45 255

Media:

Anna Larsson
anna.larsson@walleniuswilhelmsen.com
+47 484 06 919

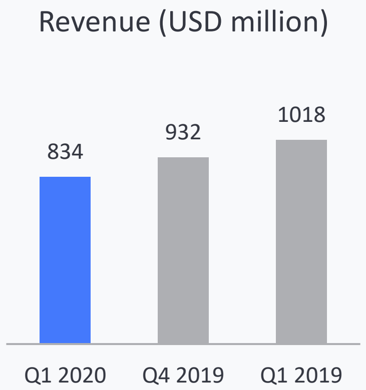
walleniuswilhelmsen.com

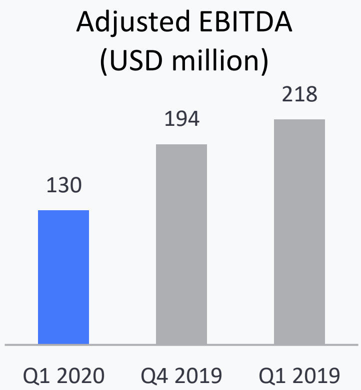
Highlights first quarter 2020

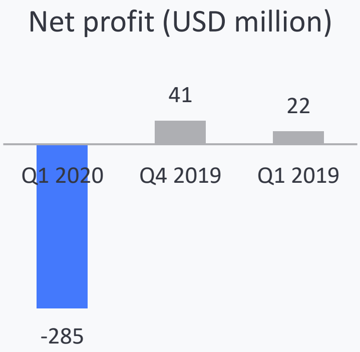
- Wallenius Wilhelmsen is taking a preventative and proactive approach to the Covid-19 crisis, with priority on the welfare of our employees and community, as well as the needs of our customers
- EBITDA of USD 130 million, impacted by lower volumes
- Ocean volume declined 20% y-o-y, due to Covid-19 combined with generally slower markets
- Performance in Landbased fell as a result of lower volumes, partly due to Covid-19
- ARC awarded contract for transportation of household goods with US Transportation Command
- Decisive action taken to reduce costs and strengthen cash flow
- Strong cash position and solid balance sheet will help the company through a turbulent period

Commenting on the first quarter results, Craig Jasienski, President and CEO of Wallenius Wilhelmsen, says:

"Our industry is caught in an unprecedented situation where business volumes are driven sharply down by closures and cuts in customer production due to Covid-19 measures and weakened demand. We have taken a range of actions to adjust capacity, reduce costs and protect our cash position through this turbulent phase. Combined with our strong financial situation going into this, I am confident that we will see through this crisis."







Consolidated results and key figures – first quarter 2020

EBITDA for the first quarter was USD 130 million, down by 40% compared to same period last year mainly as a result of lower volumes.

USD million	Q1 2020	Q4 2019	% change Q-o-Q	Q1 2019	% change Y-o-Y
Total income	834	932	(11%)	1 018	(18%)
EBITDA	130	162	(20%)	218	(40%)
EBIT	(132)	81	n/a	95	n/a
Profit for the period	(285)	41	n/a	22	n/a
EPS [1)]	(0.65)	0.10	n/a	0.05	n/a
Net interest-bearing debt	3 554	3 646	(3%)	3 882	(8%)
ROCE	(1.4%)	3.9%	n/a	5.2%	n/a
Equity ratio	34.6%	37.5%	n/a	35.0%	n/a
EBITDA adjusted	130	194	(33%)	218	(40%)

1) After tax and non-controlling interests

Consolidated results

Total income was USD 834 million in the first quarter, down 18% compared to the same period last year as a result of lower revenues in both the ocean and landbased segments. The decrease in ocean revenues was a result of lower volumes combined with lower net freight per CBM and less other operating income, whereas landbased revenue was down as a result of lower volumes. Ocean volumes were down 20% y-o-y. The reduced volumes are driven by a combination of impact from the Covid-19 pandemic, generally slower markets for both auto and high & heavy going into 2020 and to some extent commercial priorities where Wallenius Wilhelmsen has chosen not to renew contracts or carry cargo at unprofitable rate levels. The landbased revenue is down due to lower volumes driven by OEM plant closures and production cutbacks combined with generally slower markets. Compared to the fourth quarter, total income was down 11%.

EBITDA in the first quarter of 2020 was USD 130 million, a decline of 40% compared to the same quarter last year. Both the ocean and landbased segment declined mainly as a result of lower volumes.

Compared to the fourth quarter, EBITDA (adjusted) declined by 33% as a result of the lower volumes in both the Ocean and Landbased segment.

At the end of the first quarter 2020 about USD 85 million of the USD 100 million performance improvement programme has been confirmed with concrete improvement measures identified, and USD 72 million realised through improvement measures implemented. The remaining initiatives, in particular digitalised operations, continue and will bring realised savings over time. However, as these initiatives will come from tasks that increase sailing efficiency and reduce fuel consumption, it will be difficult to track in the current environment where activity is sharply reduced through lower volumes. Wallenius Wilhelmsen will continue to work on these initiatives and is comfortable that the target of USD 100 million will be reached in a more normalised operating environment, but the company will cease its quarterly reporting on the programme as comparison in a situation with lower overall activity makes less sense.

A put-call arrangement exists in the shareholder agreement with the minority shareholders for the investment in EUKOR. Any changes in the valuation of the net derivative will be recorded in the profit and loss. During first quarter 2020 the change in the value of the derivative was USD 61 million recognised as a loss under Other gain/(loss) in the income statement. One of the most important elements to calculate this loss is the estimated value of the 20% non-controlling interest related to EUKOR. The loss is mainly explained by a decrease in the estimated value of the EUKOR shares driven by lower estimated cash flows. The financial derivative is recognised as a non-current asset and has a carrying value of USD 86 million at the end of first quarter 2020.

Furthermore, Wallenius Wilhelmsen recognised impairment losses of USD 84 million in the first quarter, of which USD 44 million is related to four vessels that will be recycled. The expected sale price for the four vessels, USD 11 million, has been reclassified to assets held for sale in first quarter. During the quarter the group also adjusted down the short- and long-term forecasted results for all cash generating units with goodwill due to the Covid-19 impact on our business operations. The forecast is a key input in the impairment assessment and for our landbased activities (Wallenius Wilhelmsen Solutions) the group recorded an impairment charge of USD 40 million in the first quarter 2020 on the goodwill allocated to these activities. The main reason being the adjusted forecast coupled with a reduction of the anticipated growth rate.

Net financial expenses were USD 153 million in the first quarter, up from USD 22 million in the previous quarter, with the large increase a result of negative unrealised mark-to-market impact on derivatives compared to positive impact from unrealised derivatives in the previous quarter. Interest expense including realised interest derivatives was USD 48 million, down USD 5 million compared to first quarter 2019 and flat compared to the previous quarter. Net financial expenses were affected by USD 70 million negative impact from unrealised interest rate derivatives. Furthermore, there was a USD 42 million negative impact from unrealised FX derivatives, primarily related to the basis swap for two of our NOK bonds, hence the negative impact here is to a large extent offset by an equal reduction in the bond liability. Bunker derivatives had a negative effect on financial expenses of in total USD 15 million, of which USD 6 million was a realised loss and USD 9 million was unrealised. Finally, a currency gain of USD 23 million, mainly as result of the mark-to-market movement in the NOK bond debt, had a positive impact on net financials.

The group recorded a tax income of USD 0 million for the first quarter 2020, compared with an expense of USD 3 million the same quarter last year.

The average Return on Capital Employed (ROCE) in the first quarter was -1.4%, compared to 5.2% in the first quarter of 2019.

Capital and financing

The equity ratio was 34.6% at the end of the first quarter, down from 37.5% in the previous quarter. Cash and cash equivalents at the end of the first quarter was USD 451 million, up from USD 398 million in the previous quarter. In addition, Wallenius Wilhelmsen had USD 267 million in undrawn credit facilities. Net interest-bearing debt was USD 3 554 million at the end of the first quarter, down from USD 3 646 at the end of the fourth quarter 2019.

Due to the impact of site closures as a result of measures to reduce the spread of COVID-19, there is a risk for breach of the NIBD/EBITDA covenant in WW Solutions per end of the second quarter. As a preventive measure, Wallenius Wilhelmsen has initiated a dialogue with the relevant lenders and expect a waiver for the covenant to be in place before the end of the quarter.

For the ocean business, the reduction in volumes is expected to cause a significant drop in cash over the next quarters. We commenced an active dialogue with the relevant lenders at the early stages of the pandemic to ensure sufficient liquidity. The dialogues have been constructive and will continue in order to secure sufficient flexibility under the facilities.

To reduce capital expenditure, planned scrubber installations have been reviewed. In addition to the four cancellations already communicated during the quarter, an additional five planned scrubber installations have now been cancelled. Three installations were completed this quarter, and for the remaining eight installations some deferrals will take place.

Events after the balance sheet date

American Roll-On Roll-Off Carrier Group, Inc. (ARC) has been selected by the United States Transportation Command (TRANSCOM) for a new multi-year contract to provide global relocation services for the Department of Defense (DoD) and U.S. Coast Guard. The Global Household Goods Contract (GHC) will, after an introductory setting up period, start in early 2021 with volumes gradually building so as to be fully operational by the end of the year. From 2022, the contract is estimated to provide revenues of more than USD 2 billion per annum and positively impact the Wallenius Wilhelmsen EBITDA. Margins will vary in the early years of the program due to start-up and transition periods. Accordingly, while we expect the contract to be EBITDA positive post the nine-month transition, we expect margins in the next twenty-four months to be in the 0 to 2% range and to improve over time. In line with standard TRANSCOM procurement process, there is a 10-day window where it is possible to protest the award of the contract.

Volume outlook

The COVID-19 pandemic is affecting demand for vehicles and equipment, disrupting supply chains and production patterns and is affecting the group's operations. Business volumes are driven sharply down by closures and cuts in customer production due to Covid-19 measures and impact. The group has taken a range of actions to adjust capacity, reduce costs and protect our cash position through this turbulent phase. The current drop in volumes has created excess capacity in the industry, which is likely to persist for some time and delay any rate improvements. Measures taken to recycle, lay-up, idle and slow-steam ships will go some way in countering this effect. The group is expecting a reduction in ocean volumes in the 50% range for second quarter 2020 compared to second quarter 2019.

Ocean operations

EBITDA for the first quarter of 2020 was USD 113 million, down by 41% compared to the same quarter last year. Volumes fell 20% driven by a combination of COVID-19 impact, generally weaker markets and relinquished volumes.

USD million	Q1 2020	Q4 2019	% change Q-o-Q	Q1 2019	% change Y-o-Y
Total income	652	756	(14%)	812	(20%)
EBITDA	113	141	(20%)	190	(41%)
EBIT	(85)	83	(203%)	90	(195%)
Volume[1] ('000 cbm)	13 002	15 733	(17%)	16 160	(20%)
High & heavy share[2]	30.7%	27.2%	n/a	30.2%	n/a
EBITDA adjusted	113	171	(34%)	190	(134%)

1) Prorated
2) Based on unprorated volumes

Total income and EBITDA

Total income was USD 652 million in the first quarter, down 20% compared to the same period last year. The decline in ocean revenues was driven by lower volumes combined with lower net freight per CBM and reduced other operating revenue. Ocean volumes were down 20% y-o-y. The decline in volumes were due to a combination of the impact of Covid-19, generally slower markets, and the impact of reduced volumes related to a few contracts that were not renewed in the fourth quarter of 2019 as a result of commercial priorities. Compared to the fourth quarter, total income was down 14%.

Volumes declined across all the main trades compared to the same period last year. The Asia-Europe trade was down 20% compared to the first quarter of 2019, due to lower auto volumes. The Europe-Asia trade was down by 9% y-o-y, due to a combination of the suspension of production in Europe towards the end of the quarter and the impact of a contract which was not renewed with effect from January 2020. Volumes in the Asia-North America trade declined by 18% driven by both auto and high & heavy decline. Volume in the Atlantic was down by 16%, with weaker high & heavy volumes compared to the strong first quarter of 2019. The Oceania trade was down 41% compared to same period in 2019, as a result of general weakening in both auto and high & heavy volumes and an auto contract not renewed with effect from November 2019.

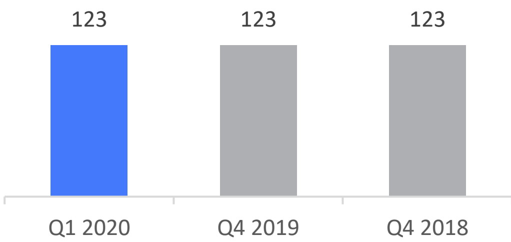
The high & heavy share, based on unprorated volumes, was 30.7%, up from 30.2% in the first quarter last year as high & heavy volumes held up slightly better than auto volumes.

EBITDA for the first quarter ended at USD 113 million, down 41% compared to first quarter last year. The decline was due to a combination of the 20% decline in volumes, lower net freight per CBM compared to the high level in the first quarter of 2019, and higher net bunker costs of about USD 20 million (adjusted for cargo and bunker volume effects). Compared to the fourth quarter of 2019, adjusted EBITDA declined by 34%, as a result of lower volumes and higher net bunker costs (when adjusting for volume effects).

Wallenius Wilhelmsen fleet

In the first quarter, Wallenius Wilhelmsen controlled a fleet of 123 vessels at the start and the end of the quarter. Of the 11 vessels available for redelivery in 2020 per end of Q4 2019, four have been redelivered and one contract has been extended in the quarter (excluding vessels on short charter). Another three vessels will be redelivered before summer, and three remain under consideration. The company has the flexibility to redeliver another three vessels by end of 2021, and another four by end of 2022.

WALWIL controlled fleet (# of vessels)



Source: Wallenius Wilhelmsen

Vessel number three (8 000 CEU) in the Post-Panamax newbuilding programme of total four vessels is expected to enter service latest Q3 2020 and the fourth is scheduled for delivery in Q4 2020. The outstanding instalments for these vessels amount to about USD 80 million. The newbuildings are financed through secured bank facilities.

Landbased operations

EBITDA for the first quarter of 2020 was USD 21 million, down 37% compared to first quarter of 2019 as a result of lower volumes, partly due to Covid-19 impact.

USD million	Q1 2020	Q4 2019	% change Q-o-Q	Q1 2019	% change Y-o-Y
Total income	205	212	(3%)	232	(12%)
EBITDA	21	26	(20%)	33	(37%)
EBIT	(42)	3	n/a	10	n/a
EBITDA adjusted	21	29	(27%)	33	(37%)
EBITDA by segment					
Solutions Americas (auto)	10	14	(32%)	15	(38%)
Solutions Americas (H&H)	3	4	(12%)	5	(36%)
Solutions APAC/EMEA	2	2	5%	3	(23%)
Terminals	9	11	(22%)	11	(24%)
Other	(3)	(5)	(40%)	(1)	102%

Total income and EBITDA

Total income in the first quarter was USD 205 million, down 12% compared to the same period last year. Lower volumes, partly driven by plant closures as a result of Covid-19, impacted revenues across all segments. Compared to the fourth quarter 2019, revenue was down 3%.

EBITDA for the first quarter was USD 21 million, a decline of 37% compared to the first quarter last year as a result of lower volumes across all segments, with particularly Solutions Americas – Auto and Terminals contributing to the decline. Compared to the fourth quarter, EBITDA (adjusted) fell 27%.

EBITDA for Solutions Americas – Auto was USD 10 million. Lower volumes as a consequence of plant closures was the key driver behind the decline. Syngin continued to contribute positively.

EBITDA for Solutions Americas – H&H was USD 3 million. EBITDA came down in line with lower revenue, driven by a decline in brokerage revenue which is usually the most affected by a downturn, partly offset by strong storage revenue.

EBITDA for Solutions – APAC/EMEA was USD 2 million. EBITDA declined by 13% as revenue was negatively impacted by Covid-19 and a continued slowing of the market in Australia.

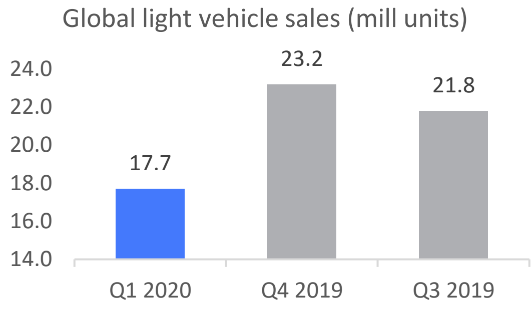
EBITDA for the Terminals was USD 9 million. EBITDA declined as a result of lower volumes (-13%).

Market update

Auto exports in the first quarter declined 20.7% as auto sales were soft before Covid-19 hit and all major markets lost significant sales volume. High & heavy trade has continued to weaken.

Auto markets

Total light vehicle (LV) sales in the first quarter decreased 20.7% compared to the corresponding period last year and was down 23.9% from the previous quarter. Government efforts to curb the Covid-19 virus via "stay-home" policies contributed to significantly reduced LV sales.



Source: IHS Markit / LMCA

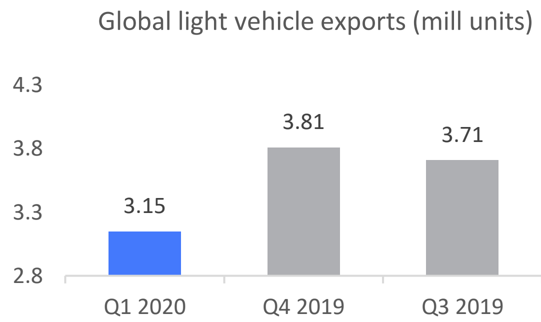
North American sales declined 5.0% y-o-y (down 11.6% q-o-q) as responses to Covid-19 were implemented in the US at a later point in time compared to Asia and Europe. Inventories were increasing at the end of the quarter. Retail sales were down while fleet sales were up in the US.

Sales in Europe declined 16.8% y-o-y and 12.3% q-o-q. Measures taken to contain the Covid-19 virus reduced economic activity, which contributed to a drop in sales in Q1. The implementation of the EU WLTP emission testing scheme contributed to several monthly effects as the market entered different standards both in September 2018, September 2019 and January 2020. Several automakers have been struggling to get vehicles compliant and some vehicles have also been subject to increased taxes. The market was negatively impacted by continued UK Brexit downside risks and uncertainty around diesel vehicles. Q1 sales in Western Europe were down 19.3% y-o-y and down 7.1% y-o-y in Russia.

The Chinese LV sales were notably disrupted by Covid-19, down 42.1% y-o-y, including a significant sales decline in February while March was somewhat better. Compared to the previous quarter, sales were down 50.6%. The Chinese LV sales were soft before the Covid-19 situation and US trade tensions do not favour increased sales, however governmental stimulus like continued NEV subsidies, cash subsidies and new licence plates in selected cities might support a rebound.

The Brazilian market continued its rebound with 2.3% y-o-y growth.

Total exports in the first quarter were down 12.9% compared to the corresponding period last year and down 17.2% from the previous quarter.



Source: IHS Markit / LMCA

Exports out of North America were down 14.3% y-o-y (down 23.8% q-o-q), as Asian and European markets were hit earlier than US by Covid-19.

European exports declined 16.7% y-o-y and 20.2% q-o-q. As the US was hit later by Covid-19, export volumes to the region did not drop as significantly as volumes to Asia. A model shift for one automaker from Europe to North America contributed to parts of this decline.

Japanese exports in the first quarter declined 13.4% y-o-y (down 17.0% q-o-q), with volumes exported to main regions North America and Europe only slightly affected from a supply side perspective. However, as demand fell exported volumes were affected as well. Exports out of South Korea declined 9.9% y-o-y and 9.0% q-o-q, with reduced volume were to all regions except North America, where growth was driven by a new SUV model. Chinese exports were down 2.0% y-o-y (down 20.5% q-o-q).

High and heavy markets[1]

Global high & heavy trade continued the softening trend from the second half of 2019 in the first quarter of 2020, with exports of construction, mining and farm machinery declining 9% y-o-y. As the impact of Covid-19 first became widespread globally towards the end of March, global trade implications have not yet manifested in the available data. However, the Global Machinery and Equipment PMI edged up to 47.0 in March (46.0 in February) and continues to signal contraction in global machinery manufacturing. The small gain in March was driven by the Asian PMI (+4.8 to 48.9), as the China-centric Asian production started to return to normality in terms of capacity. The European PMI weighed heavily in the opposite direction (-6.1 to 41.8), as Covid-19 implications were felt across the continent.

Global construction and rolling mining equipment exports decreased 12% y-o-y. All major regions declined led by North America (-25% y-o-y) and Asia (-9% y-o-y). The Australian market, which has seen its construction PMI remain at levels indicating contraction since 2018 and recorded 37.9 in March, saw imports fall 27% y-o-y in the quarter. Following temporary production suspensions, supply shortages and declining demand, the Eurozone construction PMI fell to levels not seen in over a decade, recording 33.5 in March. Analysts expect global sales of major construction equipment OEMs to decline 16% in 2020, before rebounding 6% and 4% in 2021 and 2022, respectively.

Global mining equipment deliveries fell for the fourth consecutive quarter and was down 42% y-o-y in the first quarter. Nearly half the gains recorded during the 2016-19 expansion cycle have been lost during the last year, and the factors driving the current downcycle are expected to be exacerbated by Covid-19. In response to the virus outbreak, several miners have stated that they will reduce capex spend this year. Analysts expect global mining machinery sales of major OEMs to drop 18% in 2020 but anticipate a gradual recovery the following two years.

Global exports of farm machinery declined 1% y-o-y. Sustained growth in Asia (+11% y-o-y) and Europe (+7% y-o-y) was offset by declining exports from North America (-26% y-o-y). Key markets have also seen mixed agriculture equipment demand in the first quarter[2]. UK tractor registrations declined 8% y-o-y as the general business climate index for the agriculture equipment industry in Europe fell to 10-year lows. Brazil ended three straight quarters of declining sales by recording 3% growth y-o-y in the first quarter, but saw several OEMs suspend equipment manufacturing plants due to Covid-19. Large tractor sales in Australia experienced flat growth as considerable rainfall in most parts of drought-affected Australia has led to renewed optimism for farmers, despite the current challenges associated with the coronavirus outbreak. US large tractor sales, on the other hand, declined 1% and are expected to remain weak until the US recovers from Covid-19 and commodity prices stabilise. Analysts expect global farm machinery sales to decline by double-digits in 2020 but forecast sales to pick up with a compound annual growth rate (CAGR) of 6% from 2020 to 2022.

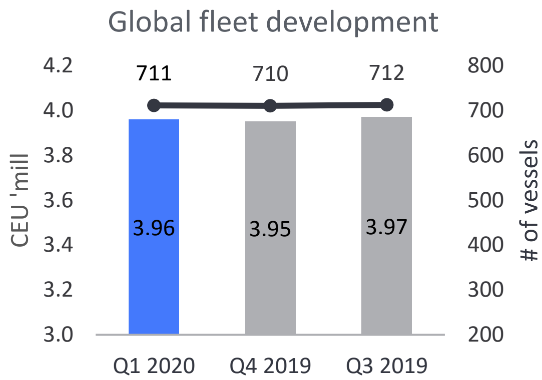
---

[1] Source: IHS Markit | All import/export data refer to the three-month rolling period ending in February 2020 and is limited to countries that have reported customs figures to IHS Markit by the end of April 2020.

[2] Ag Equipment Intelligence, TMA, CEMA, AEA, ANFAVEVA

Global fleet

The global car carrier fleet (>1 000 CEU) totalled 711 vessels with a capacity of 3.96 million CEU at the end of the first quarter. During the quarter two vessels were delivered, while one vessel was recycled. One new order was confirmed in the period (for vessels >4000 CEU). The orderbook for deep-sea vehicle carriers (>4000 CEU) counts 15 vessels, which amounts to about 3% of the global fleet capacity.



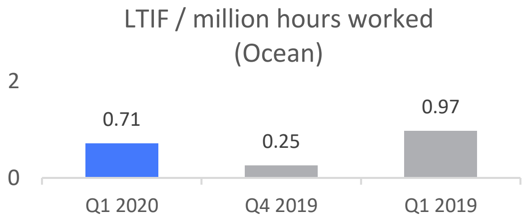
Source: Clarksons

Health, safety and environment

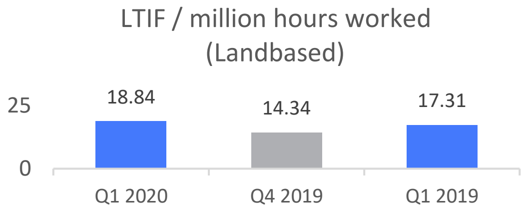
Ocean LTIF increased compared to previous quarter, though remained below the annual target of 1. Landbased LTIF increased compared to same period last year. Fleet CO2 emissions relative to cargo work increased with about 2% relative to the same quarter last year.

Health & safety

The Ocean LTIF has fluctuated continuously over the past 12 months, with no clear trend or systematic background to the events observed. LTIF for this quarter increased compared to the previous quarter.

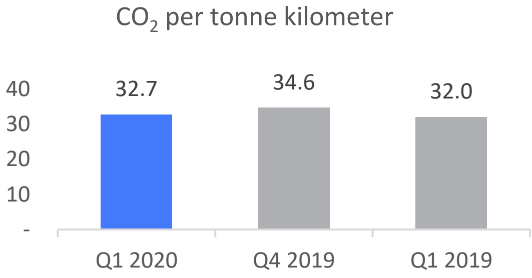


Landbased LTIF was impacted by a high incident rate in January particularly related to one minibus accident, but is trending down again. February and March displayed a reduction compared to 2019, a direct result of management's commitment to cultivate a Safety 1st culture.



Environment

The total CO2 emitted for the quarter was about 15% lower than the same quarter of 2019, however the corresponding total cargo work done decreased by about 16% measured in tonne kilometers. The decrease in both factors resulted in an increase of about 2% in the grams of CO2 emitted per tonne kilometer compared to the same period last year, mainly driven by increased idling across the fleet.



Regrettably, the regulatory development process at IMO has been disrupted by Covid-19, with both the 75th session of the Marine Environment Protection Committee (MEPC) and the Intersessional Working Group on Reduction of GHG Emissions from Ships cancelled.

California has published the final draft of its 'at berth' rule-making. The revised rule now encompasses basically all vessels of all types. RoRo vessels would have to comply from 1st January 2024, however a December 2022 interim evaluation to determine if technology and infrastructure is in place to allow RoRo vessels to comply is also proposed. As a large portion of the fleet call California during a year, and as the EU is also taking an interest in at-berth requirements, this may need to be considered as a fleet-wide compliance issue. Wallenius Wilhelmsen is working with a range of innovators (including from Ocean Exchange) and vendors to identify alternative compliance solutions. An ideal solution would preserve operational independence for the vessel and would enable us to extend the benefits of such regulation at any port.

Prospects

In the very near term the company will be impacted by a sharp drop in volumes driven by measures taken globally to fight the Covid-19 pandemic. The current drop in volumes has created excess capacity in the industry, which is likely to persist for some time and delay any rate improvements. Measures taken to recycle, lay-up, idle and slow-steam ships will go some way in countering this effect.

Wallenius Wilhelmsen is undertaking significant measures to reduce costs and strengthen liquidity. Together with an efficient and flexible cost base and starting from a strong financial situation going into this, the company is well prepared to manage through this unprecedented market situation.

Lysaker, 14 May 2020
The board of directors of Wallenius Wilhelmsen ASA

Håkan Larsson – Chair

Thomas Wilhelmsen   Jonas Kleberg   Marianne Lie   Margareta Alestig   Anna Felländer

Forward-looking statements presented in this report are based on various assumptions. The assumptions were reasonable when made but are inherently subject to uncertainties and contingencies that are difficult or impossible to predict. Wallenius Wilhelmsen ASA cannot give assurances that expectations regarding the outlook will be achieved or accomplished.

Consolidated statement of profit or loss

USD million	Notes	Q1 2020	Q1 2019	2019
Total income	3	**834**	**1,018**	**3,909**
Operating expenses	3	(703)	(799)	(3,104)
Operating profit before depreciation, amortisation and impairment (EBITDA)		**130**	**218**	**805**
Other gain / (loss)	2	(61)	(0)	51
Depreciation and amortisation	4, 5	(117)	(123)	(498)
Impairment	4, 5, 6	(84)	-	-
Operating profit (EBIT)		**(132)**	**95**	**358**
Share of profit/(loss) from joint ventures and associates		**0**	**(0)**	**1**
Interest income and other financial items		24	9	51
Interest expenses and other financial expenses		(177)	(80)	(297)
Financial items - net	7	**(153)**	**(70)**	**(247)**
Profit/(loss) before tax		**(285)**	**25**	**112**
Tax income/(expenses)	10	0	(3)	(10)
Profit/(loss) for the period		**(285)**	**22**	**102**
Profit/(loss) for the period attributable to:				
Owners of the parent		(276)	20	93
Non-controlling interests		(9)	3	10
Basic earnings per share (USD)	8	(0.65)	0.05	0.22

Consolidated statement of comprehensive income

USD million	Q1 2020	Q1 2019	2019
Profit for the period	(285)	22	102
Other comprehensive income:			
Items that may subsequently be reclassified to the income statement			
Changes in fair value of cash flow hedge instruments	-	2	2
Hedging gains reclassified to the income statement related to cash flow hedges	-	-	2
Currency translation adjustment	(9)	0	(0)
Items that will not be reclassified to the income statement			
Remeasurement pension liabilities, net of tax	-	-	(7)
Other comprehensive income for the period	**(9)**	**3**	**(4)**
Total comprehensive income for the period	**(294)**	**25**	**99**
Total comprehensive income attributable to:			
Owners of the parent	(285)	22	87
Non-controlling interests	(9)	3	11
Total comprehensive income for the period	**(294)**	**25**	**99**

Balance sheet

USD million	Notes	31 Mar 2020	31 Mar 2019	31 Dec 2019
ASSETS				
Non-current assets				
Deferred tax assets		77	112	92
Goodwill and other intangible assets	4, 6	602	693	652
Vessels, other tangible and leased assets	5, 6	5,655	5,991	5,806
Investments in joint ventures and associates		7	2	1
Other non-current assets	2	135	150	196
Total non-current assets		**6,476**	**6,948**	**6,747**
Current assets				
Bunkers/luboil		109	78	108
Trade receivables		368	544	420
Other current assets		171	155	123
Cash and cash equivalents		451	555	398
Assets held for sale	6	11	-	-
Total current assets		**1,110**	**1,332**	**1,048**
Total assets		**7,586**	**8,280**	**7,796**
EQUITY and LIABILITIES				
Equity				
Share capital	8	28	28	28
Retained earnings and other reserves		2,366	2,640	2,650
Total equity attributable to owners of the parent		**2,394**	**2,668**	**2,678**
Non-controlling interests		233	233	243
Total equity		**2,627**	**2,900**	**2,921**
Non-current liabilities				
Pension liabilities		57	64	61
Deferred tax liabilities		92	112	96
Non-current interest-bearing debt	11	3,510	3,875	3,549
Non-current provisions		119	133	140
Other non-current liabilities		184	67	6
Total non-current liabilities		**3,962**	**4,251**	**3,852**
Current liabilities				
Trade payables		129	203	148
Current interest-bearing debt	11	495	562	495
Current income tax liabilities		16	16	14
Current provisions		74	45	54
Other current liabilities		283	303	312
Total current liabilities		**998**	**1,128**	**1,023**
Total equity and liabilities		**7,586**	**8,280**	**7,796**

Wallenius Wilhelmsen

Cash flow statement

USD million	Notes	Q1 2020	Q1 2019	2019
Cash flow from operating activities				
Profit before tax		(285)	25	112
Financial (income)/expenses		153	70	247
Share of net income from joint ventures and associates		(0)	(0)	(1)
Depreciation, amortisation and impairments	6	201	123	498
(Gain)/loss on sale of tangible assets		2	(0)	0
Change in net pension assets/liabilities		(4)	(1)	(10)
Change in derivative financial assets	2	61	0	(52)
Other change in working capital		(25)	(71)	(38)
Tax (paid)/received		(0)	(2)	(7)
Net cash flow provided by operating activities [1]		**103**	**144**	**749**
Cash flow from investing activities				
Proceeds from sale of tangible assets		0	0	1
Investments in vessels, other tangible and intangible assets		(18)	(9)	(145)
Investments in joint ventures		(6)	-	-
Proceeds from sale of joint venture		-	-	1
Interest received		2	3	10
Net cash flow provided by/(used in) investing activities		**(23)**	**(6)**	**(133)**
Cash flow from financing activities				
Proceeds from issue of debt		141	225	687
Repayment of debt		(113)	(236)	(1,102)
Interest paid including interest derivatives		(48)	(53)	(202)
Realised other derivatives		(7)	(2)	(31)
Dividend to non-controlling interests		(0)	(2)	(4)
Dividend to shareholders		-	-	(51)
Net cash flow used in financing activities		**(27)**	**(67)**	**(701)**
Net increase in cash and cash equivalents		53	71	(86)
Cash and cash equivalents, excluding restricted cash, at beginning of period		398	484	484
Cash and cash equivalents at end of period [1]		**451**	**555**	**398**

[1] The group is located and operating world wide and every entity has several bank accounts in different currencies. Unrealised currency effects are included in net cash provided by operating activities.

Statement of changes in equity

USD million	Share capital	Own shares	Total paid-in capital	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
2020							
Balance at 31 December 2019	**28**	**(0)**	**28**	**2,650**	**2,678**	**243**	**2,921**
Profit/(loss) for the period	-	-	-	(276)	(276)	(9)	(285)
Other comprehensive income	-	-	-	(9)	(9)	(0)	(9)
Total comprehensive income	**-**	**-**	**-**	**(285)**	**(285)**	**(9)**	**(294)**
Dividend to non-controlling interests	-	-	-		-	(0)	(0)
Balance 31 March 2020	**28**	**(0)**	**28**	**2,366**	**2,394**	**233**	**2,627**

USD million	Share capital	Own shares	Total paid-in capital	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
2019							
Balance at 31 December 2018	**28**	**(0)**	**28**	**2,619**	**2,647**	**228**	**2,876**
Profit for the period	-	-	-	93	93	10	102
Other comprehensive income	-	-	-	(5)	(5)	2	(4)
Total comprehensive income	**-**	**-**	**-**	**87**	**87**	**11**	**99**
Sale of own shares	-	0	0	0	0	-	0
Transactions with non-controlling interests	-	-	-	(6)	(6)	7	1
Dividend to owners of the parent	-	-	-	(51)	(51)	-	(51)
Dividend to non-controlling interests	-	-	-	-	-	(4)	(4)
Balance 31 December 2019	**28**	**(0)**	**28**	**2,650**	**2,678**	**243**	**2,921**

Note 1 - Accounting Principles

This consolidated interim financial report has been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting. The consolidated interim financial reporting should be read in conjunction with the annual financial statements for the year end 31 December 2019 for Wallenius Wilhelmsen ASA group (the group), which has been prepared in accordance with IFRS's endorsed by the EU.

The accounting policies implemented are consistent with those of the annual financial statements for the group for the year end 31 December 2019.

Use of judgements and estimates
In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The effect of a change in an accounting estimate is recognised in profit or loss in the period where the estimate is revised or in the period of the revision and future periods if the change affects both.

The significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

As a result of rounding adjustments, the figures in one or more columns may not add up to the total of that column.

Note 2 - Other gain/(loss)

Non-controlling shareholders hold a put option for their 20% shareholding in EUKOR through a shareholder agreement entered into in 2002. The shareholder agreement also contains a symmetrical call option held by the group.

Non-controlling interests containing a symmetrical put and call option held by the non-controlling interest shareholders and the group, respectively, is recognised as one integrated derivative financial instrument. The derivative financial instrument is recognised as a non-current asset when the options are exercisable and the fair value of the non-controlling interest exceed the value of the exercise price for symmetrical put and call option.

During first quarter 2020 the change in the value of the derivative was USD 61 million recognised as a loss under Other gain/(loss) in the income statement. One of the most important elements to calculate this loss is the estimated value of the 20% non-controlling interest related to Eukor. The loss is mainly explained by a decrease in the estimated value of the Eukor shares driven by lower estimated cash flows.

The change in value during first quarter 2019 was an immaterial loss. The financial derivative is recognised as an other non-current asset and has a carrying value of USD 86 million at the end of first quarter 2020.

Wallenius Wilhelmsen

Note 3 - Segment reporting

USD million	Ocean			Landbased			Holding & Eliminations			Total		
	Q1 2020	Q1 2019	2019	Q1 2020	Q1 2019	2019	Q1 2020	Q1 2019	2019	Q1 2020	Q1 2019	2019
Net freight revenue	548	698	2,754	-	-	-	-	-	-	548	698	2,754
Surcharges	71	70	244	-	-	-	-	-	-	71	70	244
Operating revenue	32	44	142	183	206	769	-	-	-	214	249	911
Internal operating revenue	1	0	1	22	27	131	(23)	(27)	(133)	-	-	-
Total revenue	**652**	**812**	**3,142**	**205**	**232**	**900**	**(23)**	**(27)**	**(133)**	**834**	**1,018**	**3,909**
Cargo expenses	(128)	(184)	(675)	(1)	-	-	23	24	103	(106)	(159)	(572)
Bunker	(179)	(176)	(675)	-	-	-	-	-	-	(179)	(176)	(675)
Other voyage expenses	(97)	(111)	(456)	0	-	-	0	2	27	(97)	(109)	(429)
Ship operating expenses	(58)	(53)	(228)	-	-	-	-	-	-	(58)	(53)	(228)
Charter expenses	(38)	(55)	(198)	(0)	-	-	0	-	-	(38)	(55)	(198)
Manufacturing cost	0	-	-	(64)	(62)	(220)	0	(0)	0	(64)	(62)	(220)
Other operating expenses	(1)	(5)	(49)	(87)	(107)	(424)	-	1	3	(88)	(112)	(470)
Selling, general and administrative	(38)	(37)	(160)	(31)	(30)	(133)	(4)	(5)	(21)	(73)	(72)	(313)
Total operating expenses	**(539)**	**(622)**	**(2,440)**	**(184)**	**(199)**	**(777)**	**20**	**22**	**112**	**(703)**	**(799)**	**(3,104)**
Operating profit before depreciation, amortisation and impairment (EBITDA)	**113**	**190**	**702**	**21**	**33**	**123**	**(4)**	**(5)**	**(21)**	**130**	**218**	**805**
Other gain/(loss)	(61)	-	52	-	-	(1)	-	-	-	(61)	-	51
Depreciation	(92)	(94)	(383)	(14)	(13)	(54)	-	-	-	(105)	(108)	(436)
Amortisation	(2)	(6)	(24)	(10)	(9)	(38)	-	(0)	(0)	(11)	(15)	(62)
Impairment	(44)	-	-	(40)	-	-	-	-	-	(84)	-	-
Operating profit (EBIT)[1)]	**(85)**	**90**	**348**	**(42)**	**10**	**30**	**(4)**	**(5)**	**(21)**	**(132)**	**95**	**358**
Share of profit/(loss) from joint ventures and associates	-	0	1	0	(0)	0	-	(0)	0	0	(0)	1
Financial income/(expenses)	(104)	(83)	(233)	(34)	(15)	(49)	(15)	28	36	(153)	(70)	(247)
Profit/(loss) before tax	**(189)**	**7**	**116**	**(76)**	**(5)**	**(19)**	**(19)**	**23**	**15**	**(285)**	**25**	**112**
Tax income/(expense)	(1)	(2)	29	2	(1)	(11)	(1)	-	(28)	0	(3)	(10)
Profit/(loss) for the period	**(191)**	**5**	**145**	**(74)**	**(6)**	**(29)**	**(20)**	**23**	**(13)**	**(285)**	**22**	**102**
Profit/(loss) for the period attributable to:												
Owners of the parent	(182)	3	136	(74)	(6)	(30)	(20)	23	(13)	(276)	20	93
Non-controlling interests	9	2	9	(0)	0	1	-	-	-	9	3	10

[1)] Cash settled portion of bunker hedge swaps is included in net operating profit by reduction/(increase) of voyage related expenses.

Note 4 - Goodwill, customer relations/contracts and other intangible assets

USD million	Goodwill	Customer relations/contracts	Other intangible assets	Total intangible assets
2020				
Cost at 1 January	346	421	50	817
Additions	-	-	2	2
Disposal	-	-	(0)	(0)
Currency translation adjustment	-	-	(0)	(0)
Cost at 31 March	**346**	**421**	**52**	**818**
Accumulated amortisation and impairment losses at 1 January	-	(148)	(17)	(165)
Amortisation	-	(10)	(1)	(11)
Impairment [1)]	(40)	-	-	(40)
Disposal	-	-	0	0
Accumulated amortisation and impairment losses at 31 March	**(40)**	**(158)**	**(18)**	**(216)**
Carrying amounts at 31 March	**306**	**263**	**33**	**602**

1) See note 6 for further information.

USD million	Goodwill	Customer relations/contracts	Other intangible assets	Total intangible assets
2019				
Cost at 1 January	350	421	49	819
Adjustment of purchase price allocation	(3)	-	-	(3)
Additions	-	-	7	7
Disposal	-	-	(29)	(29)
Currency translation adjustment	-	-	(1)	(1)
Cost at 31 December	**346**	**421**	**26**	**793**
Accumulated amortisation and impairment losses at 1 January	-	(91)	(16)	(107)
Amortisation	-	(57)	(5)	(62)
Disposal	-	-	28	28
Accumulated amortisation and impairment losses at 31 December	**-**	**(148)**	**7**	**(141)**
Carrying amounts at 31 December	**346**	**273**	**33**	**652**

Note 5 - Vessels, other tangible and leased assets

USD million	Property & land	Other tangible assets	Vessels & docking	Newbuilding contracts*	Leased assets	Total tangible assets
2020						
Cost at 1 January	118	76	3,786	66	3,181	7,227
Additions	0	9	1	21	4	35
Change in lease payments					(1)	(1)
Disposal	-	(2)	(1)	(0)	(24)	(27)
Reclassification	(1)	1	(84)	10	(0)	(74)
Currency translation adjustment	(8)	(4)	-	-	(26)	(38)
Cost at 31 March	**110**	**80**	**3,702**	**97**	**3,134**	**7,123**
Accumulated depreciation and impairment losses at 1 January	(5)	(21)	(971)	-	(424)	(1,421)
Depreciation	(3)	(3)	(45)	-	(54)	(105)
Impairment	-	-	(44)	-	-	(44)
Disposal	-	2	(0)	-	22	23
Reclassification	-	0	75	-	(0)	75
Currency translation adjustment	2	2	-	-	2	6
Accumulated depreciation and impairment losses at 31 March	**(6)**	**(20)**	**(987)**	**-**	**(455)**	**(1,467)**
Carrying amounts at 31 March	**104**	**60**	**2,716**	**97**	**2,679**	**5,655**

*Newbuilding contracts include instalments on scrubber installations.

In first quarter 2020 the group has decided to recycle four vessels. These have been reclassified to Assets held for sale in the balance sheet and an impairment has been made down to expected sales price. See note 6 for more information. In addition, four leased vessels were redelivered during the period.

USD million	Property & land	Other tangible assets	Vessels & docking	Newbuilding contracts*	Leased assets	Total tangible assets
2019						
Cost at 1 January	114	67	5,953	95	-	6,230
Additions	11	17	37	43	47	155
Implementation IFRS 16	-	-	-	-	861	861
Reclassification	1	(2)	(2,199)	(72)	2,272	-
Disposal	(12)	(38)	(6)	-	(2)	(57)
Currency translation adjustment	(0)	1	-	-	4	4
Disposal	**114**	**45**	**3,786**	**66**	**3,181**	**7,192**
Accumulated depreciation and impairment losses at 1 January	(2)	(15)	(988)	-	-	(1,005)
Depreciation	(10)	(12)	(177)	-	(236)	(436)
Disposal	12	37	6	-	1	56
Reclassification	(1)	1	189	-	(189)	-
Impairment	-	-	-	-	-	-
Currency translation adjustment	0	(1)	-	-	0	0
Accumulated depreciation and impairment losses at 31 December	**(0)**	**10**	**(971)**	**-**	**(424)**	**(1,386)**
Carrying amounts at 31 December	**114**	**55**	**2,815**	**66**	**2,757**	**5,806**

Cont. Note 5 - Vessels, other tangible and leased assets

Specification of leased assets

USD million	Property & land	Vessels	Other assets	Total leased assets
2020				
Total leased assets at 1 January	439	2,739	3	3,181
Additions	4	-	0	4
Change in lease payments	1	(2)	(0)	(1)
Disposal	(0)	(24)	0	(24)
Reclassification	(0)	-	-	(0)
Currency translation adjustment	(26)	-	0	(26)
Cost at 31 March	**417**	**2,714**	**3**	**3,134**
Accumulated depreciation and impairment losses at 1 January	(42)	(381)	(1)	(424)
Depreciation	(11)	(43)	(0)	(54)
Disposal	0	21	-	22
Reclassification	(0)	-	(0)	(0)
Currency translation adjustment	2	-	0	2
Accumulated depreciation and impairment losses at 31 March	**(51)**	**(403)**	**(2)**	**(455)**
Carrying amounts at 31 March	**366**	**2,311**	**1**	**2,679**

USD million	Property & land	Vessels	Other assets	Total leased assets
2019				
IFRS 16 implementation at 1 January	419	440	1	861
Existing financial leases under IAS 17[1)]	-	2,302	2	2,304
Total leased assets at 1 January	**419**	**2,742**	**4**	**3,165**
Additions	7	-	0	8
Change in lease payments	10	30	-	40
Disposal	(2)	-	(0)	(2)
Reclassification to tangible assets	-	(32)	-	(32)
Currency translation adjustment	5		(1)	3
Total leased assets at 31 December	**439**	**2,739**	**3**	**3,181**
Accumulated depreciation and impairment losses at 1 January	-	-	-	-
Existing financial leases under IAS 17	-	(190)	(1)	(191)
Depreciation	(43)	(193)	(1)	(236)
Disposal	1	-	0	1
Reclassification to tangible assets	-	2	-	2
Currency translation adjustment	(0)		1	0
Accumulated depreciation and impairment losses at 31 December	**(42)**	**(381)**	**(1)**	**(424)**
Carrying amounts at 31 December	**397**	**2,359**	**1**	**2,757**

[1)] During the year, the group has reclassified some assets defined earlier as lease, to fixed assets.

In 2019, an option to purchase a vessel was exercised, resulting in increased leased vessels and leasing commitments with USD 15 million. Transfer of ownership was effective in 2019 and the vessel was reclassified from leased asset to tangible asset, resulting in a net decrease of USD 30 million in leased assets.

Note 6 - Impairment of non-current assets

In the first quarter Wallenius Wilhelmsen recognised impairment losses of USD 84 million. Of this amount, USD 44 million is related to four vessels that will be recycled. The expected sale price for the four vessels is USD 11 million. These vessels have been reclassified to assets held for sale as of 31 March 2020.

During the quarter the group adjusted down the short- and long - term forecasted results for all cash generating units with goodwill due to the Covid-19 impact on our business operations. The forecast is a key input in the impairment assessment and for our landbased activities (Wallenius Wilhelmsen Solutions) the group recorded an impairment charge of USD 40 million in the first quarter 2020 on the goodwill allocated to these activities. The main reason being the adjusted forecast coupled with a reduction of the anticipated growth rate. The carrying value of goodwill for the landbased segment is USD 176 million at the end of the first quarter.

In the table below an overview of cash generating units that includes goodwill are presented together with the main assumptions used for the impairment test as of 31 March 2020 compared with main assumptions used as of 31 December 2019.

USD million unless otherwise stated	Goodwill		Discount rate post tax		Growth rate terminal value	
	1Q 2020	2019	1Q 2020	2019	1Q 2020	2019
Wallenius Wilhelmsen Ocean	119	119	7.0%	7.0%	0.0%	0.0%
ARC	11	11	7.0%	7.0%	0.0%	0.0%
Total Ocean	**130**	**130**				
Wallenius Wilhelmsen Solutions	176	216	7.5%	7.5%	1.0%	2.0%
Total	**306**	**346**				

As of primo May 2020, it is still uncertain when and to what level economic activity will return. Refer to Annual report 2019 group accounting principles and note 11 Impairment on non-current assets for further details.

Wallenius Wilhelmsen

Note 7 - Financial income and expenses

USD million	Q1 2020	Q1 2019	2019
Financial income			
Interest income	2	3	10
Other financial items	(0)	1	5
Net financial income	**2**	**3**	**15**
Financial expenses			
Interest expenses	(44)	(49)	(194)
Interest rate derivatives - realised	(4)	(4)	(8)
Interest rate derivatives - unrealised	(70)	(22)	(53)
Other financial items	(2)	(1)	(6)
Loss on sale investments	0	-	-
Net financial expenses	**(119)**	**(76)**	**(261)**
Currency			
Net currency gain/(loss)	23	(2)	(5)
Derivatives for hedging of foreign currency risk - realised	(1)	(2)	(31)
Derivatives for hedging of foreign currency risk - unrealised	(42)	3	25
Net currency	**(21)**	**(0)**	**(11)**
Financial derivatives bunker			
Unrealised bunker derivatives	(9)	2	10
Realised bunker derivatives	(6)	-	1
Net bunker derivatives	**(15)**	**2**	**11**
Financial income/(expenses)	**(153)**	**(70)**	**(247)**

Note 8 - Shares

Earnings per share takes into consideration the number of outstanding shares in the period. However, the company had no outstanding shares in the period.

The annual general meeting on 28 April 2020, granted an authorisation to the board of directors to, on behalf of the company, acquire own shares with a total nominal value of up to NOK 22,001,456 which equals 10% of the current share capital.

Basic earnings per share is calculated by dividing profit for the period after non-controlling interests, by average number of total outstanding shares. Basic earnings per share for the first quarter was negative USD 0.65 compared with a positive USD 0.05 in the same quarter last year.

The company's share capital is as follows:	Number of shares	NOK million	USD million
Share capital 31 March 2020	423,104,938	220	28
Own shares 31 March 2020	764,009		

Note 9 - Dividend

Withdrawal of proposed dividend
Given the unpredictable situation for the global economy as the impact of COVID-19 continue to evolve, the Wallenius Wilhelmsen Board of Directors has decided to withdraw their proposed dividend for 2019. In connection with the publication of fourth quarter and annual results on 22 February this year, the Board proposed an ordinary dividend of 7 cents per share to the Annual General Meeting in April 2020. The board also proposed that the Annual General Meeting give the Board authority to approve a second dividend payment of up to USD 7 cents per share for a period limited in time up to the annual general meeting in 2021, but no longer than to 30 June 2021. The board has decided to withdraw this proposal, which in total would have been equivalent to about USD 60 million.

Note 10 - Tax

The effective tax rate for the group will, from period to period, change dependent on the group's gains and losses from investments inside the exemption method and tax-exempt revenues from tonnage tax regimes. Tonnage tax is considered as operating expense in the accounts.

The group recorded a tax income of USD 0 million for the first quarter 2020, compared with an expense of USD 3 million the same quarter last year. The group continue the non-recognition of net deferred tax asset in the balance sheet related to tax losses in the Norwegian entities, due to uncertain future utilisation.

Wallenius Wilhelmsen

Note 11 - Interest-bearing debt and financial risk

USD million	31 Mar 2020	31 Mar 2019	31 Dec 2019
Non-current interest-bearing debt	3,510	3,875	3,549
Current interest-bearing debt	495	562	495
Total interest-bearing debt	**4,005**	**4,437**	**4,044**
Cash and cash equivalents	451	555	398
Net interest-bearing debt	**3,554**	**3,882**	**3,646**

Repayment schedule for interest-bearing debt	Bank loans	Leasing	Bonds	Other	31 Mar 2020
Due in 2021	124	253	-	11	**388**
Due in 2022	258	316	71	2	**647**
Due in 2023	178	245	197	3	**623**
Due in 2024	640	246	-	18	**904**
Due in 2025 and later	432	988	-	22	**1,442**
Total interest-bearing debt	**1,632**	**2,049**	**268**	**55**	**4,005**

			Non cash changes					
Reconciliation of liabilities arising from financing activities	31 Dec 2019	Cash flow	Net change leasing commitments	Foreign exchange movement	Amorti-sation	Other	Reclass-ification	31 Mar 2020
Bank loans	1,409	58	-	-	0	-	-	1,468
Leasing commitments	1,819	(4)	(4)	(25)	-	-	(57)	1,730
Bonds	304	-	-	(36)	0	-	-	268
Bank overdraft / other interest-bearing debt	16	30	-	(0)	-	(2)	-	45
Total non-current interest-bearing liabilities	**3,549**	**84**	**(4)**	**(61)**	**1**	**(2)**	**(57)**	**3,510**
Current portion of interest-bearing liabilities	495	(56)	0	(1)	0	-	57	495
Total liabilities from financing activities	**4,044**	**28**	**(4)**	**(62)**	**1**	**(2)**	**(0)**	**4,005**

In first quarter the group entered into a sale and leaseback agreement for one vessel. The arrangement is regarded as a financing arrangement and the liability related to this of USD 30 million has been classified as other interest- bearing debt.

			Non cash changes					
Reconciliation of liabilities arising from financing activities	31 Dec 2018	Cash flow	Net change leasing commitments	Foreign exchange movement	Amorti-sation	Other [1)]	Reclass-ification	31 Mar 2020
Bank loans	1,409	176	-	(0)	2	-	(177)	1,409
Leasing commitments	1,274	118	47	2	-	701	(322)	1,819
Bonds	309	-	-	(1)	0	5	(10)	304
Bank overdraft / other interest-bearing debt	63	-	-	(0)	-	3	(50)	16
Total non-current interest-bearing liabilities	**3,055**	**293**	**47**	**1**	**2**	**710**	**(559)**	**3,549**
Current portion of non-current debt	530	(708)	4	0	0	110	559	495
Total liabilities from financing activities	**3,584**	**(414)**	**51**	**1**	**2**	**820**	**-**	**4,044**

[1)] Mainly effects from implementation of IFRS 16 Leases. See note 12 for more information.

Due to the impact of site closures as a result of measures to reduce the spread of COVID-19 on the activities in WW Solutions, there is a risk for breach of the NIBD/EBITDA covenant in WW Solutions per end of the second quarter. Wallenius Wilhelmsen is in constructive dialogue with the relevant lenders and expect a waiver for the covenant to be in place before the end of the quarter.

Note 12 - Events after the balance sheet date

ARC awarded new contract

The Wallenius Wilhelmsen subsidiary American Roll-On Roll-Off Carrier Group Inc. (ARC) announced 30 April 2020 that the company has been selected by the United States Transportation Command (TRANSCOM) for a new multi-year contract to provide global relocation services for the Department of Defense (DoD) and U.S. Coast Guard. The Global Household Goods Contract (GHC) will, after an introductory setting up period, start in early 2021 with volumes gradually building so as to be fully operational by the end of the year. From 2022, the contract is estimated to provide revenues of more than USD 2 billion per year and positively impact the Wallenius Wilhelmsen EBITDA. Margins will vary in the early years of the program due to start-up and transition periods. Accordingly, while we expect the contract to be EBITDA positive post the nine-month transition, we expect margins in the next twenty-four months to be in the 0 to 2% range and to improve over time. We expect the contract to run for over nine years, if all options and awards are exercised In line with standard TRANSCOM procurement process, there is a 10-day window where it is possible to protest the award of the contract.

Impact of Covid 19-pandemic

The COVID-19 pandemic is affecting demand for vehicles and equipment, disrupting supply chains and production patterns and is affecting the group's operations. Business volumes are driven sharply down by closures and cuts in customer production due to Covid-19 measures and impact. The group has taken a range of actions to adjust capacity, reduce costs and protect our cash position through this turbulent phase. The current drop in volumes has created excess capacity in the industry, which is likely to persist for some time and delay any rate improvements. Measures taken to recycle, lay-up, idle and slow-steam ships will go some way in countering this effect. The group is expecting a reduction in ocean volumes in the 50% range for second quarter 2020 compared to second quarter 2019.

The COVID-19 breakout is an indicator of impairment for assets such as goodwill, other intangible assets, vessels and right of use assets. The value in use impairment assessment for these types of assets have been impacted by the COVID-19 breakout for the first quarter 2020 and impairments of USD 84 million have been reflected, of which USD 44 million is related to vessels going into early recycling. See note 6 for more information.

Per end of the quarter, the group still had a solid liquidity situation, with cash and cash equivalents of USD 451 million and around USD 267 million in undrawn credit facilities, which makes the group well prepared to handle the downturn. The only covenant on group level, related to the group's bond debt, is limitation on the ability to pledge assets. All financing at the level of the different business units have covenants measured on the level of the business unit. The bank and lease financing of vessels have financial covenant clauses relating to one or several of the following minimum liquidity, current assets/current liabilities, loan to value clauses, and in some cases fixed charge/ interest coverage. The financing for the landbased segment has covenants related to net interest-bearing debt/EBITDA, equity ratio and minimum liquidity. Due to the impact of site closures as a result of measures to reduce the spread of COVID-19 on the activities in the Landbased segment, there is a risk of breach of the NIBD/EBITDA covenant in this segment per end of the second quarter. Wallenius Wilhelmsen is in constructive dialogue with the relevant lenders and expect a waiver for the covenant to be in place before the end of the quarter.

Reconciliation of alternative performance measures

Definitions of Alternative Performance Measures (APMs)
This section describes the non-GAAP financial alternative performance measures (APM) that are used in the quarterly and annual reports.

The following measures are not defined nor specified in the applicable financial reporting framework of IFRS. They may be considered as non-GAAP financial measures that may include or exclude amounts that are calculated and presented according to the IFRS. These APMs are intended to enhance comparability of the results and cash flows from period to period and it is the Group's experience that these are frequently used by investors, analysts and other parties. Internally, these APMs are used by the management to measure performance on a regular basis. The APMs should not be considered as a substitute for measures of performance in accordance with IFRS.

EBITDA is defined as Total income (Operating revenue and gain/(loss) on sale of assets) adjusted for Operating expenses excluding other gain/(loss). EBITDA is used as an additional measure of the group's operational profitability, excluding the impact from financial items, taxes, depreciation and amortisation.

EBITDA adjusted is defined as EBITDA excluding items in the result which are not regarded as part of the underlying business. Example of such items are restructuring costs, anti-trust, gain/loss on sale of vessels and other tangible assets and other income and expenses which are not primarily related to the period in which they are recognised.

EBIT is defined as Total income (Operating revenue and gain/(loss) on sale of assets) less Operating expenses excluding other gain/(loss), Other gain/loss and depreciation and amortisation. EBIT is used as a measure of operational profitability excluding the effects of how the operations were financed, taxed and excluding foreign exchange gains & losses.

EBIT adjusted is defined as EBIT excluding items in the result which are not regarded as part of the underlying business. Example of such items are restructuring costs, anti-trust, gain/loss on sale of vessels and other tangible assets, impairment, other gain/loss and other income and expenses which are not primarily related to the period in which they are recognised.

For the quarters Capital Employed (CE) is calculated based on quarterly average of Total assets, Total liabilities and total interest-bearing debt. For the full year CE is calculated based on yearly average of Total assets, Total liabilities and total interest-bearing debt. CE is measured in order to assess how much capital is needed for the operations/business to function and evaluate if the capital employed can be utilized more efficiently and/or if operations should be discontinued.

In the quarterly reporting Return on Capital Employed (ROCE) is based on annualised EBIT divided by capital employed. For the annual reporting the EBIT in the ROCE calculation is the actual EBIT for the full year. ROCE is used to measure the return on the capital employed without taking into consideration the way the operations and assets are financed during the period under review. The group considers this ratio as appropriate to measure the return of the period.

Wallenius Wilhelmsen

Reconciliation of alternative performance measures

USD million

	Q1 2020	Q1 2019	2019
Reconciliation of Total income to EBITDA and EBITDA adjusted			
Total income	834	1,018	3,909
Operating expenses excluding other gain/(loss)	(703)	(799)	(3,104)
EBITDA	**130**	**218**	**805**
EBITDA Ocean	113	190	702
Anti-trust expense	-	-	30
EBITDA adjusted Ocean	**113**	**190**	**732**
EBITDA Landbased	21	33	123
Pension cost following plan amendment	-	-	3
EBITDA adjusted Landbased	**21**	**33**	**125**
EBITDA Holding/Eliminations	(4)	(5)	(21)
EBITDA adjusted Holding/Eliminations	**(4)**	**(5)**	**(21)**
EBITDA adjusted	**130**	**218**	**837**
Reconciliation of Total income to EBIT and EBIT adjusted			
EBITDA	130	218	805
Other gain/loss	(61)	(0)	51
Depreciation and amortisation	(117)	(123)	(498)
EBIT	**(132)**	**95**	**358**
Pension cost following plan amendment	-	-	3
Anti-trust expense	-	-	30
Change in fair value of derivative financial asset	61	0	(52)
Impairment recycling vessels and Landbased goodwill	84	-	-
EBIT adjusted	**13**	**95**	**338**

	Quarter average		Yearly average
Reconciliation of total assets to capital employed and ROCE calculation and return on equity calculation	Q1 2020	Q1 2019	31 Dec 2019
Total assets	7,586	8,041	8,033
Total liabilities	4,959	5,153	5,139
Total equity	**2,627**	**2,888**	**2,894**
Total interest-bearing debt	4,008	4,435	4,271
Capital employed	**6,635**	**7,323**	**7,165**
EBIT annualised	(91)	381	358
ROCE	**-1.4%**	**5.2%**	**5.0%**
Profit for the period annualised	(1,138)	89	102
Return on equity	**-43.3%**	**3.1%**	**3.5%**

	31 Mar 2020	31 Mar 2019	31 Dec 2019
Net interest-bearing debt			
Cash and cash equivalents	451	555	398
Non-current interest bearing debt	3,510	3,875	3,549
Current interest-bearing debt	495	562	495
Net interest-bearing debt	**3,554**	**3,882**	**3,646**