Wallenius Wilhelmsen

Wallenius Wilhelmsen ASA

Q3 Report 2021

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Highlights – Q3 2021

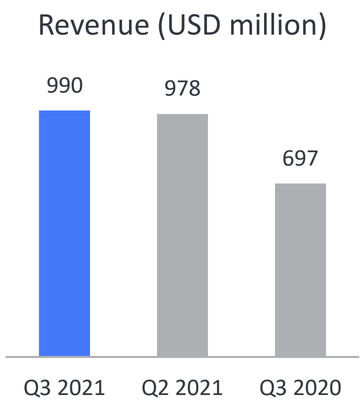
- EBITDA ended at a record USD 223m, the highest quarterly level since the merger in 2017.
- Strong rate and profitability development in the Shipping segment outweigh a reduction in volumes and lower activity in Logistics and Government services.
- Semiconductor chip shortages impact volumes across all segments.
- Successful bond issue of NOK 1,500m in August with pricing 3m NIBOR+390bps and 5-year maturity.
- Cash position of USD 587m, up USD 21m QoQ.

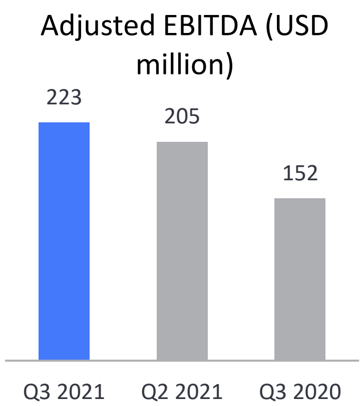
Commenting on the third quarter results, Torbjørn Wist, CFO and Acting CEO of Wallenius Wilhelmsen, said:

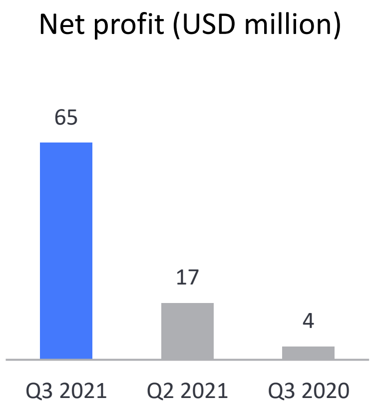
"Despite trade imbalances, semiconductor and other supply chain disruptions, Wallenius Wilhelmsen delivers the highest quarterly EBITDA since the merger in 2017.

Strong shipping performance countered muted development in other areas this quarter. In the Shipping segment, we demonstrated our operating flexibility and ability to adapt to secure higher margin cargos, despite the volume drop in autos caused by the chip shortage.

The global economy is in recovery, but we are still prepared for continued volatility and imbalance in the market. On our journey back to normalization we continue to increase active vessel days through Q4 with reactivation of vessels and delivery of the final newbuild".







Consolidated results and key figures – Q3 2021

EBITDA ended at a record USD 223m, the highest quarterly level since the merger in 2017. Strong rate and profitability development in the Shipping segment outweigh muted developments in Logistics and Government services.

USDm	Q3 2021	Q2 2021	% change QoQ	Q3 2020	% change YoY
Total revenue	990	978	1%	697	42%
EBITDA	223	170	31%	152	47%
EBIT	108	64	68%	40	168%
Profit/(loss) for the period	65	17	273%	4	1,367%
EPS [1)]	0.12	0.03	362%	0.01	916%
Net interest-bearing debt	3,403	3,487	(2%)	3,437	(1%)
ROCE	6.4%	3.8%	n.a.	2.5%	n.a.
Equity ratio	35.7%	34.5%	n.a	34.0%	n.a.
EBITDA adjusted [2)]	223	205	9%	152	47%

1) *After tax and non-controlling interests*
2) *Q2-21 EBITDA adjusted for USD 35m increase in provisions*

Consolidated results

Total revenue in Q3 was USD 990m, up 1% QoQ, on the back of solid Shipping results, flat development for Government services and despite a negative development for Logistics. Compared to Q3-20, a quarter significantly impacted by COVID19, total revenue for the group was up 42%.

EBITDA ended at a solid USD 223m; the highest level seen since the merger in 2017. EBITDA strengthened 31% QoQ, while adjusted EBITDA increased 9%. The solid improvement in adjusted EBITDA was largely driven by strong rate development and positive net fuel cost impact in the Shipping segment that resulted in a USD 32m increase, while Logistics adjusted EBITDA fell by USD 14m on negative volumes due to the semiconductor chip shortage, Government services was slightly down by USD 0.5m and SG&A on Holding developed flat.

EBITDA increased by 47% YoY, as the significant improvement in the Shipping segment countered negative development in Logistics and Government services.

During Q3 the value of the net derivative arising from the put-call arrangement in the shareholder agreement for EUKOR increased by USD 4m, positively impacting EBIT. The financial derivative is recognized as an Other non-current asset and had a carrying value of USD 128m at the end of the quarter, compared to USD 124m in Q2.

Net financial expenses were USD 42m in Q3, USD 3m lower than in Q2 driven mostly by movements in interest rates. Interest expense including realized interest derivatives was USD 40m, down by USD 1m versus last quarter. Net financial expenses were positively impacted by USD 4m in net unrealized gains on derivatives. Currency developed negative with USD 11m loss in the quarter, due to realized loss and accounting effects in connection with bond maturity and buybacks.

The group recorded a tax expense of USD 1m for Q3, compared to USD 3m in Q2. The group continues the non-recognition of net deferred tax asset in the balance sheet related to tax losses in the Norwegian entities, primarily due to uncertain future utilization.

The quarter ended with a net profit of USD 65m, up from the USD 17m net profit in Q2 and the USD 4m net profit in Q3-20.

Capital and financing

On 20 August Wallenius Wilhelmsen ASA successfully completed a new NOK 1,500m senior unsecured issue at 3-month NIBOR plus a margin of 3.90 % p.a. maturing on 3 March 2026, swapped to USD 166m. Net proceeds of USD 41m (after buybacks, a September maturity and swap impacts). During the quarter two scrubber installations were lease financed with around USD 11 million (non-cash effect), and a vessel facility matured with a balloon payment of USD 7m.

Cash and cash equivalents were USD 587m, up USD 21m QoQ. Solid operational performance, USD 4m in reduction of net working capital and USD 41m in net proceeds from the bond issue were countered by USD 7m in balloon payment, USD 28m in investments (for dry dock, maintenance and scrubber installation) and USD 32m paid in customer settlements and jurisdictional fines (*see Note 12 – Provisions*). In addition to the cash position, Wallenius Wilhelmsen had USD 349m in undrawn credit facilities and USD 50m committed for the delivery financing of the final newbuild (*see Events after the balance sheet date*).

The equity ratio was 35.7% at the end of Q3, up from 34.5% at the end of Q2 as the group recorded a solid profit for the period. Net interest-bearing debt was USD 3,403m at the end of Q3, down from USD 3,487m in Q2 as cash increased USD 21m and as scheduled debt and lease payments together with the USD 7m balloon payment exceeded the increase in debt through the bond issue and in scrubber related lease debt.

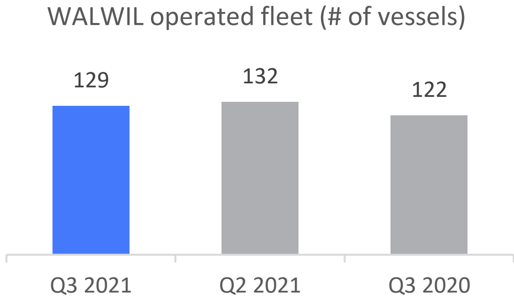
We have a deferral agreement including a dividend block in place since 2020, which the company aims to prepay in early 2022 to clear the way for the payment of dividends in accordance with the dividend policy. For the shipping business, the company agreed with the banks of WW Ocean to defer instalments of about USD 70m, previously scheduled for the second half of 2020, to strengthen the cash position during the period of reduced activity. Scheduled repayments resumed in January 2021 and the deferred instalments are scheduled to be repaid during the remaining life of each facility with USD 55m remaining end Q3.

Fleet

Wallenius Wilhelmsen operated a fleet of 129 vessels at the end of Q3, down from 132 at the end of Q2, with the number of vessels on short-term charters varying throughout the quarter. Controlled fleet remain at 119 vessels, consisting of owned vessels and vessels on long term charter.

The group continues to increase active vessel days in the controlled fleet through Q4 with reactivation of the final vessel from cold layup and delivery of the final newbuilding. 15 of the 16 vessels in cold layup at the end of 2020 had re-entered service by end Q3, 2 of which were reactivated in Q3.

The final Post-Panamax vessel, the Nabucco, was delivered after the balance sheet date, see below. Wallenius Wilhelmsen has no further newbuilds on order.



Event after the balance sheet date

The vessel Nabucco was delivered on 19 October 2021, with related USD 39m payment to yard and drawdown of USD 50m in delivery debt financing.

On 4 November 2021, American Roll-On Roll-Off Carrier Group Inc. (ARC) announced the company was not selected by the United States Transportation Command (TRANSCOM) to provide global relocation services for the Department of Defense (DoD) and the U.S. Coast Guard, under the Global Household Goods Contract (GHC). ARC was originally awarded the GHC in April 2020. That award was protested by unsuccessful bidders, following which the Government conducted a re-evaluation. ARC submitted its updated response in December 2020 but was notified on 4 November 2021 that it was not awarded the contract. The GHC contract would have meant incremental business for the Government services segment compared to the current operations.

Shipping services

Shipping delivers strong net freight rates, demonstrating the company's operating flexibility and ability to secure higher margin cargos despite the volume drop caused by the chip shortage.

USDm	Q3 2021	Q2 2021	% change QoQ	Q3 2020	% change YoY
Total revenue	787	757	4%	485	62%
EBITDA	195	128	52%	106	84%
EBIT	114	47	144%	27	327%
Volume[1] ('000 CBM)	14,622	16,152	(9%)	11,929	23%
H&H share[2]	33.5%	32.1%	n.a.	27.2%	n.a.
EBITDA adjusted	195	163	20%	106	84%
EBITDA adj, margin	24.8%	21.5%	n.a.	21.9%	n.a.

1) *Prorated cubic metres ("CBM")*
2) *Based on unprorated volumes*

Shipping services - Total revenue and EBITDA

The Shipping services segment is engaged in ocean transport of vehicles and RoRo cargo. Its main customers are global car manufacturers as well as manufacturers of construction and other high and heavy equipment, in addition to select industrial break-bulk cargo.

Total revenue was USD 787m in Q3, up 4% QoQ, due to a solid increase in net freight rates and fuel surcharges, and despite volume declining 9% as the semiconductor shortage continues to hold back global auto and equipment production.

Net freight rate per CBM was very solid at USD 48.3, up from USD 42.7 in Q2, on the positive trade mix, improved cargo mix and attractive spot cargoes from amongst other pre-owned vehicles and breakbulk. This demonstrates the company's operating flexibility, including but not limited to the ability to secure higher margin cargoes despite drop in overall volumes.

The high and heavy (H&H) share based on un-prorated volumes was 33.5%, up from 32.1% in Q2, positively impacting net freight rate. The improvement in cargo mix continues on the back of strong demand for agriculture, mining and construction equipment as well as the group's solid break bulk business and is further boosted by spillover demand from the container market. In terms of absolute volume, the activity remains high, though somewhat lower than the record volumes in Q2 due to impact from semiconductor shortage on equipment production.

The trade route imbalances between Asian exports and European/Atlantic exports were exacerbated by the semiconductor shortage QoQ. The 9% drop in Shipping volumes were to a large degree driven by continued reductions in volumes on European and Atlantic export trades. These trades lag significantly behind the trade volumes in Q3-19. Meanwhile, trade volumes from Asia to Europe and Asia to South America continue to grow QoQ, positively impacting net freight rates.

In Q3, the tight capacity constraints eased due to lower volumes and as most of the group's vessels have reentered service. At the end of Q3, 15 of the 16 vessels in cold layup at the end of 2020 were reactivated and had re-entered service. Number of active vessel days was 10,085, down 3% QoQ, whereof 10% came from short-term charter activity. The short-term charter in activity reduced during the quarter as further reactivations took place and pressure on capacity has eased.

EBITDA was USD 195m, up 52% QoQ, while adjusted EBITDA increased 20% QoQ. The adjusted EBITDA margin improved from 21.5% to a very solid 24.8% on improved net freight rates and net fuel cost. Fuel surcharge revenue under FAFs[1] increased with USD 17m QoQ which together with a 6% reduction in fuel consumption countered the increase in fuel price in Q3. The net fuel cost effect was positive by USD 5m compared to Q2. Adjusting for increased provisions for civil claims in Q2, the operating expenses fell by USD 2m on lower cargo volumes, despite the increase in fuel price.

YoY, the 62% increase in revenue reflects the market recovery, as Q3-20 activity was significantly impacted by COVID19. Shipping volumes increased by 23% reflecting the rebound in demand from Q3-20. Net freight per CBM increased by 28% YoY from USD 37.7 to USD 48.3, as Q3-20 reflected a pandemic low point in net freight rates. EBITDA increased 84% YoY, on the return of demand and volumes for the segment.

[1] FAF (fuel adjustment factor) is a main mechanism to manage fuel price risk in the segment and the main contributor to fuel surcharges revenue. However, the segment has a short-term exposure to the fuel prices since FAF is calculated based on the average fuel price over a historical period and then fixed during an application period, creating a lag effect. As such, in periods of rising fuel prices the segment will not be able to recoup the higher prices through the FAF. Conversely, in periods of falling fuel prices the segment will benefit from higher FAF

Logistics services

Continuing semiconductor chip shortages had a negative impact on auto volumes in the Logistics services segment, leading to a reduction in revenue and profitability QoQ.

USDm	Q3 2021	Q2 2021	% change QoQ	Q3 2020	% change YoY
Total revenue	184	203	(9%)	174	6%
EBITDA	21	35	(40%)	28	(24%)
EBIT	(4)	10	n.a.	3	(252%)
EBITDA adjusted	21	35	(40%)	28	(24%)
EBITDA adj. margin	11.4%	17.2%	n.a.	15.9%	n.a.
EBITDA by subsegment					
Solutions Americas (Auto)	5	11	(50%)	10	(45%)
Solutions Americas (H&H)	3	4	(7%)	4	(14%)
Solutions APAC/EMEA	4	6	(31%)	3	33%
Terminals	11	15	(26%)	11	2%
Other	(3)	(0)	n.a.	(0)	n.a.

Logistics services - Total revenue and EBITDA

Logistics services serve mainly the same customer groups as Shipping services. Customers operating globally are offered sophisticated logistics services, such as vehicle processing centres, equipment processing centres, inland distribution networks and terminals.

Q3 revenue was USD 184m, down USD 18m from Q2. Volume development was negative as semiconductor chip and, to a lesser degree, other parts shortages continue to impact the overall business, especially in Solutions Americas (Auto) and Terminals.

Q3 EBITDA was USD 21m, down USD 9m from Q2 when adjusting for a USD 5m one-off gain during Q2. Profitability is negatively impacted by instability in the supply chain. Last minute production shut-downs and erratic volumes led to inefficiencies, including for planning of labor, across the services offered by Logistics. Lower shipping services volumes also impact value-added services and storage revenue in Terminals.

YoY, revenue increased by 6% with improved revenue in all segments except for Solutions America (Auto) where volumes were down significantly due to the semiconductor chip shortage. YoY, EBITDA decreased by 24% as a direct consequence of the reduction in auto volume and revenue.

Solutions America (Auto) revenue and volume fell 19% compared to Q2. Semiconductor chip and parts shortages contributed to plant production shutdowns. Gross profit margin was reduced from 30% to 22% in Q3 because of lower volume and increased labor inefficiencies due to volatility of volumes processed. In line with the lower volume, EBITDA declined 58% compared to prior quarter.

Solutions Americas (H&H) revenue decreased 3%, on lower transportation activity, while brokerage and equipment processing services were mainly flat. EBITDA decreased 7% QoQ, due to increased administrative expense including health insurance and IT expense.

Solutions APAC/EMEA revenue decreased 5% QoQ, driven by seasonality in Zeebrugge with lower volumes during summer period. Other parts of the APAC/EMEA region saw less of an impact from the summer slowdown and improved cargo mix resulted in higher revenues per handled unit. EBITDA decreased 30% QoQ due to increased administrative cost in Q2.

Terminal volume and revenue decreased 13% QoQ. Contributing factors correlate with the reduction in Shipping volumes QoQ. More specifically the Terminals incurred decreased auto volumes related to the semiconductor chip shortages, reduced storage volumes for auto and H&H due to strong market demand, and seasonality. On the positive side, Breakbulk volumes continue to increase on spillover from lack of capacity in the container market. EBITDA decreased by 26% QoQ, where volatile volumes and congestion had a negative impact on efficiency for labor together with increased IT costs.

Government services

The segment performed slightly weaker in Q3, as a new logistics support services contract was countered by lower U.S. flag cargo activity

USDm	Q3 2021	Q2 2021	% change QoQ	Q3 2020	% change YoY
Total revenue	61	61	(1%)	73	(17%)
EBITDA	11	12	(3%)	23	(49%)
EBIT	2	12	(82%)	16	(85%)
EBITDA adjusted	11	12	(3%)	23	(49%)
EBITDA adj. margin	18.8%	19.2%	(0.4%)	30.8%	(12.0%)

Government services - Total revenue and EBITDA

The Government services segment provides ocean transport of RoRo cargo, breakbulk and vehicles. The segment also performs logistics services primarily related to multimodal transportation, stevedoring and terminal operations. The primary customer is the U.S. government, but the segment also includes commercial cargos such as those generated by the financial sponsorship of a federal program, or a guarantee provided by the U.S. government. In the segment, contract duration can vary from less than one year up to ten years. Segment revenue and EBITDA is primarily driven by government activities which are in part driven by world events and government objectives and does not necessarily follow regular seasonal patterns or quarterly trends.

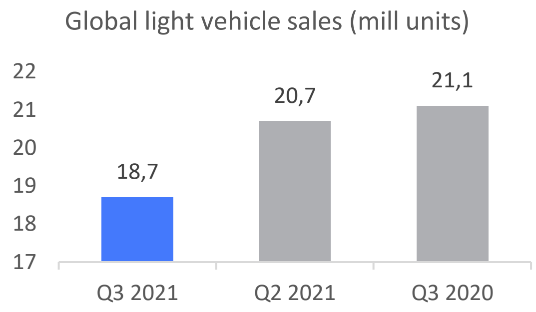
Total revenue in Q3 was USD 61m, a small reduction QoQ, as revenues from a new logistics support services contract was countered by slightly lower U.S. flag cargo activity. EBITDA was USD 11m and decreased slightly by 3% QoQ due to lower revenue and increase in fuel price.

Revenue was down 17% YoY, as Q3-20 included a significant one-time positive impact from catch-up of volumes due to the Q2-20 COVID19 government stop move order. EBITDA was 12% lower YoY, largely due to the post-COVID19 Q3-20 catch-up in volumes noted above.

Market update

Automotive sales in Q3-21 declined with 11% from Q3 last year, as semiconductor shortage has led to reduced sales in all major markets. Sales were down 15% compared to the same pre-COVID19 quarter in 2019. Demand for High & Heavy machinery continued to grow strongly around the world.

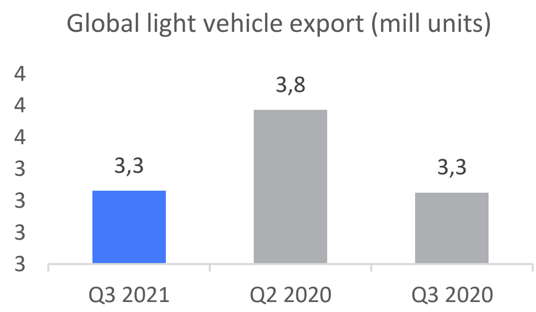
Auto markets[1]



Global light vehicle ("LV") sales include all passenger cars, SUVs, MPVs and light commercial vehicles. Sales in Q3-21 were down 10.0% from Q2-21 and down 11% compared to Q2-20. Base of comparison from last year was inflated by stimulus such as tax deduction on low emission vehicles. This quarter has LV sales and production have been hindered by disruptions in the automotive supply chain. The semiconductor shortage has led to low vehicle inventories, followed by increased waiting times for new vehicles in many regions. Compared to sales in same pre-COVID19 quarter in 2019 sales were down 14.6%. Demand side is strong with low interest rates and an improved job market. The risk of variations of COVID19 intensity remains present. New mutated variations of the virus do not support recovery. However, both the demand and supply sides have some experience in how to handle the situation. Shortage of semiconductor chips is expected to cause some disruption in various regions during H1-22 and is expected to stabilize during H2-22. Further sales increase in auto markets is dependent on higher production figures as inventories are running low. Incentives in the LV sector in Europe and China has led the sales mix to low emission vehicles.

North American sales declined 9.2% YoY (down 18.2% QoQ). Strong underlying demand with high consumer confidence is not translated into high LV sales as production is hampered by semiconductor shortage. Original equipment manufacturers ("OEMs") prioritize the most profitable models. Average transaction price is high, inventories are low and retail sales performed better than fleet sales in the US.

Sales in Europe declined 17.1% YoY and 16.9% QoQ as vehicle production were held back by issues in the supply chain including semiconductor shortage. Governmental subsidies continue, mostly focused on low-emission vehicles generally and Battery Electric Vehicles (BEVs) specifically. Other factors not driving LV sales include the implementation of the EU WLTP emission test scheme, diesel woes and Brexit.



The Chinese LV market was also hit by supply chain constraints and semiconductor shortage and sales declined 15.9% YoY and declined 4.3% QoQ. Q3-21 sales were also 7.1% lower than Q3-

[1] Source: IHS Markit

19 figures. Consumer confidence remains strong and particularly urban buyers are tempted by incentives for low-emission plug-in hybrid and battery electric vehicles seeing the segment expand with triple digits. Sales rate for all vehicles for first 9 months of the year ended at 25.2m.

Global deep-sea exports in Q3-21 were up 0.2% compared to Q3-20, and down 12.0% from Q2-21.

Exports out of North America were down 4.7% YoY (down 10.7% QoQ), due to semiconductor shortage. European exports declined 1.4% YoY, down 13.0% QoQ. Japanese exports in Q3-21 declined 3.5% YoY, down 14.7% QoQ, with main volumes exported to North America and Europe. Exports out of South Korea declined 6.0% YoY and was down 19.6% QoQ. Chinese exports were up 47% YoY (down 16.6% QoQ).

High and heavy markets

Global demand in the H&H segment again grew strongly in Q3-21. Exports of construction, agriculture and rolling mining machinery improved 45.3% YoY in the three-month period ending in August[1]. Growth moderated slightly compared to last quarter, due to a combination of supply challenges and a higher basis for comparison.

Exports of construction equipment increased 53.0% YoY as volumes continued to grow strongly to all regions. Meanwhile, the construction sector[2] extended its uneven recovery around the world. In the US, construction spending inched up again due mainly to higher residential activity. The Australian construction sector was severely disrupted by Covid lockdowns, but recovered partially in September. In Europe, the construction sector continued its slow return with activity levels moving sideways compared to last quarter.

Global mining equipment markets also continued to recover healthily in Q3-21[3], as prices of key metals surged towards all-time highs. The number of machines shipped was 57.9% higher than last year and essentially unchanged from last quarter. Volumes increased strongly to Africa, Asia, Europe, and Latin America, while shipments to Oceania and North America were largely on par with the same period last year.

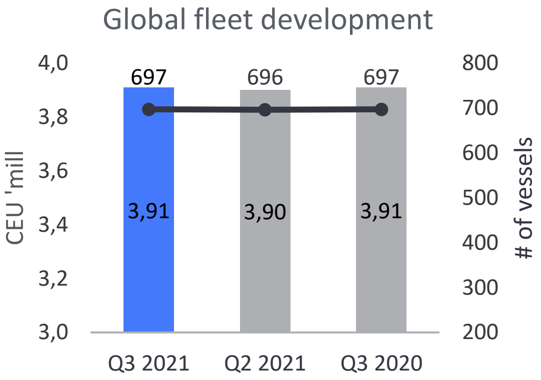
Global exports of farm machinery extended the ongoing upcycle and increased 27.2% YoY, with volumes strengthening to all destination regions. Growth moderated compared to last quarter, due mainly to tougher comparables. End user demand was more mixed in the in the period[4], with equipment availability becoming increasingly challenging around the world. U.S. high-horsepower tractor sales lifted another 31.2% YoY, and the Australian market extended its remarkable upturn with sales surging 52.6%. Meanwhile, growth in key European

[1] Source: IHS Markit (All import/export data refer to the three-month rolling period ending in August 2021 unless otherwise specified, and are limited to countries (66% of total) that have reported August customs data per November 3rd, 2021)
[2] Sources: IHS Markit, U.S. Bureau of Census, Ai Group, Eurostat
[3] Source: The Parker Bay Company
[4] Sources: AEM, TMA, AEA and VDMA tractor sales/registrations (US (2WD +100HP & 4WD), Australia (100+HP), UK (+50HP) and Germany (+70kW)

markets slowed markedly. The expansion of the UK market decelerated to 7.1% YoY, while registrations in Germany fell 5.7% compared to the same period last year.

Global fleet

The global car carrier fleet (with size >1,000 car equivalent units, "CEU") totalled 697 vessels with a capacity of 3.91m CEU at the end of Q3-21. During Q3-21 one new vessel was delivered, while no vessels were recycled. 24 new orders were confirmed in the period (for vessels >4,000 CEU). The orderbook for deep-sea vehicle carriers (>4,000 CEU) counts 40 vessels, which amounts to about 8% of the global fleet capacity.



Source: Clarksons

Sustainability

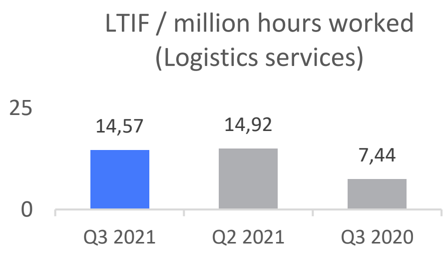
We have a long history working with sustainability and this is at the core of everything we do. Our journey towards a sustainable logistic company is founded on the four Ps: Principles of governance, People, Planet & Prosperity.

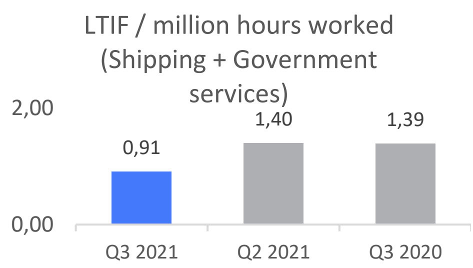
Principles of governance

To strengthen our governance on sustainability we have appointed a new Chief Sustainability Officer Anette Rønnov, who reports directly to the CEO. This is an important new role to further strengthen and operationalize our approach to sustainability across the organization. The Board is strongly committed to sustainability, sets the direction for management, and follows up regularly in board meetings.

People

Our priority is to keep our people safe and in a healthy environment. Recovering from the pandemic, our focus is on mental health and creating an environment where employees can return to the offices feeling safe. The combined Shipping and Government services LTIF rate has fluctuated continuously over the last years, with no clear trend the last quarters. The Logistics services LTIF shows a positive development compared to the last quarters. Management measures being taken to address key safety hazards are observed to lead to direct results in the LTIF results.



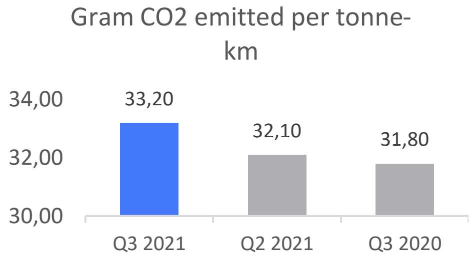


This quarter we reached our target within diversity which was to recruit 10 female top talents to Senior Manager position and above. In our internal employee survey, we reached our target on questions regarding diversity, equity, and inclusion with a score of 8.2 of 10 compared to the ambition of 7.7.

Planet

We are taking on shipping and logistics' greatest challenge - getting to net zero-emissions. For Wallenius Wilhelmsen, more than 99% of our Scope 1 and 2 greenhouse gas emissions derive from our shipping operations and have therefore been the key focus of our reduction efforts. Our efforts have resulted in a reduction in our CO_2 intensity by 33.6% from 2008 to 2019.

To strengthen our efforts and to further align with the Paris Agreement, Wallenius Wilhelmsen committed to a carbon intensity target (the “Target”) which was approved by our board in March 2020: Our Target is to reduce our CO2 intensity by 27.5% from 2019 to 2030.



The total CO2 emitted for Q3 was about 4% lower than the previous quarter, while the corresponding cargo work done decreased by about 7% measured in tonne kilometers. In total, this resulted in an increase of about 3% in carbon intensity, measured in grams of CO2 emitted per tonne kilometer, compared to Q2.

Prosperity

We are working to create prosperity for our society beyond our financial results. We collaborate with suppliers and service providers to investigate technology options. Wallenius Wilhelmsen is a member of an R&D coalition that is seeking to develop and bring to scale a lignin-based maritime bio-fuel product that would achieve a steep reduction in lifecycle GHG emissions relative to conventional fossil fuels.

Prospects

We continue to expect the supply-demand balance in Shipping to remain favorable over the mid-term due to the overall global fleet situation. Logistics volumes will benefit from stabilization of automotive semiconductor chip supply expected during 2022. Potential risks include further shortages of semiconductor chips and other parts, labor shortages, negative impacts of any further imbalances and disruptions to the global supply chains, and operational impact from any new COVID19 outbreaks. Continuing stabilization of market conditions will provide more financial flexibility and help drive future shareholder value creation.

Lysaker, 9 November 2021
The board of directors of Wallenius Wilhelmsen ASA

Rune Bjerke – Chair

Margareta Alestig   Anna Felländer   Jonas Kleberg   Marianne Lie   Thomas Wilhelmsen

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 income statement

USD million	Notes	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Total revenue	3	**990**	**697**	**2,806**	**2,136**	**2,958**
Operating expenses	3	(767)	(545)	(2,282)	(1,812)	(2,484)
Operating profit before depreciation, amortisation and impairment (EBITDA)		**223**	**152**	**524**	**323**	**473**
Other gain/(loss)	2	4	(1)	(2)	(36)	(16)
Depreciation and amortisation	4, 5, 6	(119)	(110)	(350)	(339)	(451)
(Impairment)/reversal of impairment	4, 5, 6, 7	0	-	14	(84)	(90)
Operating profit/(loss) (EBIT)		**108**	**40**	**185**	**(136)**	**(84)**
Share of profit/(loss) from joint ventures and associates		**0**	**0**	**1**	**0**	**1**
Interest income and other financial items		15	13	51	29	34
Interest expenses and other financial expenses		(57)	(50)	(152)	(249)	(257)
Financial items - net	8	**(42)**	**(36)**	**(101)**	**(220)**	**(223)**
Profit/(loss) before tax		**66**	**4**	**85**	**(355)**	**(306)**
Tax income/(expenses)	10	(1)	0	(7)	7	4
Profit/(loss) for the period		**65**	**4**	**78**	**(349)**	**(302)**
Profit/(loss) for the period attributable to:						
Owners of the parent		51	5	57	(334)	(286)
Non-controlling interests		14	(1)	22	(15)	(16)
Basic and diluted earnings per share (USD)	9	0.12	0.01	0.13	(0.79)	(0.68)

Consolidated statement of comprehensive income

USD million	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Profit/(loss) for the period	65	4	78	(349)	(302)
Other comprehensive income/(loss):					
Items that may subsequently be reclassified to the income statement					
Currency translation adjustment	(3)	4	(5)	(2)	6
Items that will not be reclassified to the income statement					
Remeasurement pension liabilities, net of tax	-	(4)	-	(4)	(8)
Other comprehensive income/(loss) for the period	**(3)**	**(0)**	**(5)**	**(7)**	**(1)**
Total comprehensive income/(loss) for the period	**62**	**4**	**74**	**(355)**	**(303)**
Total comprehensive income/(loss) attributable to:					
Owners of the parent	48	5	52	(340)	(288)
Non-controlling interests	14	(0)	21	(15)	(15)
Total comprehensive income/(loss) for the period	**62**	**4**	**74**	**(355)**	**(303)**

Balance sheet

USD million	Notes	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS				
Non-current assets				
Deferred tax assets		86	87	87
Goodwill and other intangible assets	4	542	582	571
Vessels and other tangible assets	5	4,051	4,213	4,175
Right-of-use assets	6	1,417	1,373	1,365
Other non-current assets	2	190	177	194
Total non-current assets		**6,285**	**6,432**	**6,391**
Current assets				
Fuel/luboil		103	49	79
Trade receivables		385	314	363
Other current assets		147	137	135
Cash and cash equivalents		587	600	654
Assets held for sale	7	-	5	5
Total current assets		**1,222**	**1,106**	**1,237**
Total assets		**7,507**	**7,537**	**7,628**
EQUITY and LIABILITIES				
Equity				
Share capital	9	28	28	28
Retained earnings and other reserves		2,415	2,310	2,363
Total equity attributable to owners of the parent		**2,443**	**2,338**	**2,391**
Non-controlling interests		240	226	224
Total equity		**2,683**	**2,564**	**2,615**
Non-current liabilities				
Pension liabilities		66	67	68
Deferred tax liabilities		76	89	84
Non-current interest-bearing loans and bonds	11	2,265	2,256	2,353
Non-current lease liabilities	11	1,170	1,212	1,176
Non-current provisions		4	74	59
Other non-current liabilities		101	242	179
Total non-current liabilities		**3,683**	**3,939**	**3,919**
Current liabilities				
Trade payables		112	113	142
Current interest-bearing loans and bonds	11	349	405	378
Current lease liabilities	11	205	164	174
Current income tax liabilities		5	5	6
Current provisions		117	34	51
Other current liabilities		352	313	343
Total current liabilities		**1,141**	**1,034**	**1,094**
Total equity and liabilities		**7,507**	**7,537**	**7,628**

Cash flow statement

USD million	Notes	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Cash flow from operating activities						
Profit/(loss) before tax		66	4	85	(355)	(306)
Financial (income)/expenses		42	36	101	220	223
Share of net (income)/loss from joint ventures and associates		(0)	(0)	(1)	(0)	(1)
Depreciation and amortisation	4, 5, 6	119	110	350	339	451
Impairment/(reversal of impairment)		(0)	-	(14)	84	90
(Gain)/loss on sale of tangible assets		(2)	(1)	(2)	7	7
Change in net pension assets/liabilities		(6)	1	(2)	(0)	2
Change in derivative financial assets	2	(4)	1	2	36	16
Other change in working capital	12	(47)	(1)	(114)	154	141
Tax (paid)/received		(2)	(6)	(12)	(7)	(9)
Net cash flow provided by operating activities [1]		**166**	**145**	**395**	**477**	**615**
Cash flow from investing activities						
Dividend received from joint ventures and associates		-	-	0	-	-
Proceeds from sale of tangible assets		1	5	5	9	8
Investments in vessels, other tangible and intangible assets		(29)	(73)	(68)	(108)	(135)
Investments in joint ventures		-	(0)	(8)	(8)	(8)
Interest received		0	1	1	3	4
Net cash flow used in investing activities		**(28)**	**(67)**	**(70)**	**(104)**	**(130)**
Cash flow from financing activities						
Proceeds from issue of debt		174	260	287	440	557
Repayment of bank loans and bonds	10	(194)	(186)	(400)	(329)	(417)
Repayment of lease liabilities	10	(54)	(44)	(148)	(136)	(181)
Interest paid including interest derivatives		(40)	(41)	(128)	(126)	(166)
Realised other derivatives		(1)	(5)	2	(19)	(19)
Dividend to non-controlling interests		(2)	(1)	(6)	(1)	(3)
Net cash flow used in financing activities		**(117)**	**(17)**	**(393)**	**(171)**	**(229)**
Net increase/(decrease) in cash and cash equivalents		**21**	**62**	**(68)**	**202**	**256**
Cash and cash equivalents at beginning of period		566	539	654	398	398
Cash and cash equivalents at end of period [1]		**587**	**600**	**587**	**600**	**654**

[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
2021							
Balance at 31 December 2020	**28**	**(0)**	**28**	**2,363**	**2,391**	**224**	**2,615**
Profit for the period	-	-	-	57	57	22	78
Other comprehensive loss	-	-	-	(4)	(4)	(0)	(5)
Total comprehensive income/(loss)	**-**	**-**	**-**	**52**	**52**	**21**	**74**
Sale of own shares	-	-	-	-	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	(6)	(6)
Balance at 30 September 2021	**28**	**(0)**	**28**	**2,415**	**2,443**	**240**	**2,683**

	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**
Loss for the period	-	-	-	(334)	(334)	(15)	(349)
Other comprehensive loss	-	-	-	(7)	(7)	(0)	(7)
Total comprehensive loss	**-**	**-**	**-**	**(340)**	**(340)**	**(15)**	**(355)**
Sale of own shares	-	0	0	0	0	-	0
Dividend to non-controlling interests	-	-	-	-	-	(1)	(1)
Balance 30 September 2020	**28**	**(0)**	**28**	**2,310**	**2,338**	**226**	**2,564**

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**
Loss for the period	-	-	-	(286)	(286)	(16)	(302)
Other comprehensive income/(loss)	-	-	-	(2)	(2)	0	(1)
Total comprehensive loss	**-**	**-**	**-**	**(288)**	**(288)**	**(15)**	**(303)**
Sale of own shares	-	0	0	0	0	-	0
Dividend to non-controlling interests	-	-	-	-	-	(3)	(3)
Balance at 31 December 2020	**28**	**(0)**	**28**	**2,363**	**2,391**	**224**	**2,615**

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 2020 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 2020.

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 third quarter 2021, the change in the value of the derivative was USD 4 million recognised as a gain under Other gain/(loss) in the income statement. One of the most important elements to calculate the gain/loss is the estimated value of the 20% non-controlling interest related to EUKOR.

Year-to-date a loss of USD 2 million has been recognised under Other gain/(loss) in the income statement. This was mainly related to increased estimated cash flow used in calculating the value of the EUKOR shares compared to year end 2020.

The change in value during third quarter 2020, was USD 1 million recognised as a loss under Other gain/(loss) in the income statement. The 2020 year-to-date loss from change in the value of the derivative increased to USD 36 million, recognised as a loss under Other gain/(loss) in the income statement.

The financial derivative is recognised as an Other non-current asset and has a carrying value of USD 128 million at the end of third quarter 2021, compared to USD 110 million in third quarter last year.

Note 3 - Segment description

Wallenius Wilhelmsen changed the reporting segments on 1 January 2021, and they now comprise:

- Shipping services
- Logistics services
- Government services

The reporting segments are the key components of the group's business which are assessed, monitored and managed on a regular basis by the Chief Executive Officer (CEO).

The Board of Directors and management have identified the three reporting segments based on the current organization of activities. Such organization of activities and reporting segments are continuously being assessed and remains subject to future changes

The activity in the Government services was mainly recognised in the Ocean segment earlier, but also partly in Landbased. This activity has now been separated out primarily due to separate monitoring by the CEO in addition to its nature in being a service provider to the governmental sector. Comparable figures have been restated accordingly.

Shipping services
The Shipping services segment is engaged in ocean transport of cars and RoRo cargo. Its main customers are global car manufacturers as well as manufacturers of construction and other high and heavy equipment, in addition to select industrial break-bulk cargo. The customers' cargo is carried in a worldwide transport network. This is the group's most capital-intensive segment. The revenue is generated from transporting these products and varies with voyage routes. The total vessel capacity is balanced by time charter, both in and out. The shipping services segment's margin is highly influenced by fuel prices. FAF (fuel adjustment factor) is a main mechanism to manage fuel oil price risk in the segment and the main contributor to fuel surcharges revenue. However, the segment has a short-term exposure to the fuel prices since FAF is calculated based on the average fuel price over a historical period and then fixed during an application period, creating a lag effect. As such, in periods of rising fuel prices the segment will not be able to recoup the higher prices through the FAF. Conversely, in periods of falling fuel prices the segment will benefit from higher FAF. In the shipping services segment, contract duration is normally one to five years, with some 20-30% of contracts being renewed annually. Fixed prices are usually applied, with review for CPI development or other applicable index for contracts exceeding three years. FAF adjustments are reflected in most contracts and represent a variable pricing element. In some contracts, the group is guaranteed a fixed percentage of a customer's volume, but mostly there are no defined minimum volumes.

Logistics services
The logistics segment has mainly the same customer groups as shipping services. Customers operating globally are offered sophisticated logistics services, such as vehicle processing centres, equipment processing centres, inland distribution networks and terminals. The segment's primary assets are human capital (expertise and systems) and customer contacts reflected in long-term relationships. In the logistics services segment, contract duration is normally one to five years, with some 20-30% of contracts being renewed annually. Pricing is usually fixed, and volumes may vary depending on customer output.

Government services
The government services segment provides ocean transport of RoRo cargo, breakbulk and vehicles. The segment also performs logistics services primarily related to multimodal transportation, stevedoring and terminal operations. The primary customer is the U.S. government, but the segment also includes commercial cargos such as those generated by the financial sponsorship of a Federal program or a guarantee provided by the U.S. Government. In the government services segment, contract duration can vary between less than one year and as long as ten years. Segment revenue and EBITDA is primarily driven by government activities which are in part driven by world events and government objectives, and does not necessarily follow regular seasonal patterns.

Holding/Eliminations
Remaining group activities are shown in the "holding/eliminations" column. The holding segment includes the parent company, and other minor activities (including corporate group activities like operational management, tax and finance) which fail to meet the definition for other core activities. Eliminations are transactions between the group's three segments mentioned above.

Note 3 - Segment reporting - QTD

USD million	Shipping services		Logistics services		Government services		Holding & Eliminations		Total	
	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020
Net freight revenue	706	450	-	-	27	47	-	-	733	498
Fuel surcharges	72	24	-	-	1	1	-	-	73	26
Operating revenue	6	7	161	153	16	13	-	-	184	174
Internal operating revenue	3	3	23	21	16	11	(42)	(35)	-	-
Total revenue	**787**	**485**	**184**	**174**	**61**	**73**	**(42)**	**(35)**	**990**	**697**
Cargo expenses	(164)	(107)	-	-	(12)	(12)	33	33	(143)	(86)
Fuel	(190)	(85)	-	-	(7)	(5)	-	-	(197)	(90)
Other voyage expenses	(104)	(86)	-	-	(3)	(6)	-	-	(107)	(92)
Ship operating expenses	(52)	(45)	-	-	(14)	(17)	-	-	(66)	(62)
Charter expenses	(47)	(26)	-	-	(7)	(6)	7	2	(47)	(30)
Manufacturing cost	-	-	(62)	(52)	(1)	(2)	2	0	(61)	(53)
Other operating expenses	(2)	(1)	(68)	(62)	(1)	1	-	(1)	(70)	(64)
Selling, general and admin expenses	(33)	(28)	(34)	(32)	(4)	(4)	(4)	(5)	(76)	(69)
Total operating expenses	**(592)**	**(379)**	**(163)**	**(146)**	**(49)**	**(51)**	**38**	**30**	**(767)**	**(545)**
Operating profit/(loss) before depreciation, amortisation and impairment (EBITDA)	**195**	**106**	**21**	**28**	**11**	**23**	**(5)**	**(5)**	**223**	**152**
Other gain/(loss)	4	(1)	-	-	-	-	-	-	4	(1)
Depreciation	(84)	(78)	(17)	(15)	(8)	(5)	-	-	(108)	(99)
Amortisation	(1)	(0)	(9)	(10)	(2)	(2)	-	-	(11)	(11)
(Impairment)/reversal of impairment	-	-	0	-	-	-	-	-	0	-
Operating profit/(loss) (EBIT)[1)]	**114**	**27**	**(4)**	**3**	**2**	**16**	**(5)**	**(5)**	**108**	**40**
Share of profit/(loss) from joint ventures and associates	-	-	0	0	-	-	-	-	0	0
Financial income/(expenses)	(25)	(26)	(8)	(6)	(1)	(0)	(8)	(4)	(42)	(36)
Profit/(loss) before tax	**89**	**1**	**(12)**	**(3)**	**2**	**15**	**(12)**	**(8)**	**66**	**4**
Tax income/(expense)	(4)	(1)	3	1	(0)	0	-	0	(1)	0
Profit/(loss) for the period	**86**	**(0)**	**(9)**	**(3)**	**1**	**16**	**(12)**	**(8)**	**65**	**4**
Profit/(loss) for the period attributable to:										
Owners of the parent	72	0	(10)	(3)	1	16	(12)	(8)	51	5
Non-controlling interests	14	(1)	0	0	-	-	-	-	14	(1)

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

Note 3 - Segment reporting - YTD

USD million	Shipping services			Logistics services			Government services			Holding & Eliminations			Total		
	YTD 2021	YTD 2020	2020	YTD 2021	YTD 2020	2020	YTD 2021	YTD 2020	2020	YTD 2021	YTD 2020	2020	YTD 2021	YTD 2020	2020
Net freight revenue	1,982	1,363	1,931	-	-	-	80	96	122	-	-	-	2,062	1,458	2,053
Fuel surcharges	155	151	174	-	-	-	4	3	4	-	-	-	159	153	178
Operating revenue	23	33	32	514	441	620	48	50	75	-	-	-	585	524	727
Internal operating revenue	7	6	8	75	58	85	44	32	47	(127)	(96)	(139)	-	-	-
Total revenue	**2,168**	**1,553**	**2,145**	**590**	**499**	**704**	**176**	**180**	**247**	**(127)**	**(96)**	**(139)**	**2,806**	**2,136**	**2,958**
Cargo expenses	(497)	(330)	(476)	-	-	-	(37)	(27)	(39)	110	87	126	(424)	(270)	(390)
Fuel	(506)	(344)	(452)	-	-	-	(17)	(17)	(21)	-	-	-	(523)	(361)	(474)
Other voyage expenses	(316)	(248)	(345)	-	-	-	(9)	(13)	(14)	-	-	-	(325)	(261)	(360)
Ship operating expenses	(154)	(138)	(185)	-	-	-	(42)	(46)	(60)	-	-	-	(196)	(184)	(246)
Charter expenses	(134)	(87)	(131)	-	-	-	(22)	(21)	(29)	13	6	10	(143)	(102)	(150)
Manufacturing cost	-	-	-	(190)	(158)	(219)	(3)	(6)	(13)	4	2	3	(189)	(161)	(228)
Other operating expenses	(39)	(67)	(68)	(225)	(201)	(284)	(1)	0	(0)	-	-	-	(264)	(268)	(352)
Selling, general and admin expenses	(99)	(93)	(130)	(91)	(90)	(124)	(12)	(11)	(15)	(16)	(11)	(15)	(218)	(206)	(285)
Total operating expenses	**(1,745)**	**(1,307)**	**(1,788)**	**(505)**	**(449)**	**(626)**	**(143)**	**(141)**	**(192)**	**111**	**85**	**123**	**(2,282)**	**(1,812)**	**(2,484)**
Operating profit/(loss) before depreciation, amortisation and impairment (EBITDA)	**423**	**245**	**357**	**85**	**50**	**78**	**33**	**40**	**55**	**(16)**	**(11)**	**(16)**	**524**	**323**	**473**
Other gain/(loss)	(2)	(36)	(16)	-	-	-	-	-	-	-	-	-	(2)	(36)	(16)
Depreciation	(244)	(241)	(319)	(50)	(45)	(61)	(25)	(19)	(25)	-	-	-	(318)	(305)	(404)
Amortisation	(2)	(1)	(2)	(26)	(29)	(38)	(5)	(5)	(6)	-	-	-	(32)	(34)	(47)
(Impairment)/reversal of impairment	-	(18)	(18)	(0)	(40)	(40)	14	(27)	(32)	-	-	-	14	(84)	(90)
Operating profit/(loss) (EBIT)[1)]	**174**	**(50)**	**2**	**9**	**(64)**	**(61)**	**18**	**(11)**	**(8)**	**(16)**	**(11)**	**(16)**	**185**	**(136)**	**(84)**
Share of profit/(loss) from joint ventures and associates	-	-	-	1	0	1	-	-	-	-	-	-	1	0	1
Financial income/(expenses)	(65)	(153)	(165)	(22)	(44)	(43)	(1)	(3)	(5)	(13)	(19)	(11)	(101)	(220)	(223)
Profit/(loss) before tax	**109**	**(203)**	**(163)**	**(12)**	**(108)**	**(103)**	**17**	**(13)**	**(13)**	**(30)**	**(31)**	**(27)**	**85**	**(355)**	**(306)**
Tax income/(expense)	(10)	(3)	(17)	4	8	16	(0)	1	8	(0)	1	(3)	(7)	7	4
Profit/(loss) for the period	**99**	**(206)**	**(180)**	**(8)**	**(100)**	**(87)**	**16**	**(13)**	**(5)**	**(30)**	**(30)**	**(31)**	**78**	**(349)**	**(302)**
Profit/(loss) for the period attributable to:															
Owners of the parent	79	(191)	(164)	(9)	(100)	(87)	16	(13)	(5)	(30)	(30)	(31)	57	(334)	(286)
Non-controlling interests	20	(15)	(16)	1	(0)	0	-	-	-	-	-	-	22	(15)	(16)

[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
2021				
Cost at 1 January	346	421	54	820
Additions	-	-	3	3
Disposal	-	-	(0)	(0)
Currency translation adjustment	-	-	(0)	(0)
Cost at 30 September	**346**	**421**	**56**	**823**
Accumulated amortisation and impairment losses at 1 January	(40)	(188)	(21)	(249)
Amortisation	-	(27)	(5)	(32)
Impairment/(reversal of impairment)	-	-	(0)	(0)
Disposal	-	-	1	1
Accumulated amortisation and impairment losses at 30 September	**(40)**	**(216)**	**(26)**	**(281)**
Carrying amounts at 30 September	**306**	**205**	**31**	**542**

USD million	Goodwill	Customer relations/contracts	Other intangible assets	Total intangible assets
2020				
Cost at 1 January	346	421	50	817
Additions	-	-	11	11
Disposal	-	-	(7)	(7)
Currency translation adjustment	-	-	0	0
Cost at 31 December	**346**	**421**	**54**	**820**
Accumulated amortisation and impairment losses at 1 January	-	(148)	(17)	(165)
Amortisation	-	(41)	(6)	(47)
Impairment[1)]	(40)	-	(5)	(45)
Disposal	-	-	7	7
Accumulated amortisation and impairment losses at 31 December	**(40)**	**(188)**	**(21)**	**(249)**
Carrying amounts at 31 December	**306**	**232**	**33**	**571**

[1)]As of 31 March 2020, a portion of the goodwill in the Landbased segment was impaired.

Note 5 - Vessels and other tangible assets

USD million	Property & land	Other tangible assets	Vessels & docking	Newbuild contracts*	Total tangible assets
2021					
Cost at 1 January	127	89	5,307	45	5,567
Additions	2	8	41	14	65
Disposal	(1)	(2)	(15)	(0)	(18)
Reclassification	1	(2)	38	(15)	23
Currency translation adjustment	(5)	(2)	-	-	(7)
Cost at 30 September	**125**	**90**	**5,371**	**44**	**5,629**
Accumulated depreciation and impairment losses at 1 January	(16)	(33)	(1,343)	-	(1,392)
Depreciation	(7)	(10)	(180)	-	(197)
Impairment/(reversal of impairment)	-	-	14	-	14
Disposal	1	1	14	-	16
Reclassification	(0)	0	(22)	-	(22)
Currency translation adjustment	2	1	-	-	3
Accumulated depreciation and impairment losses at 30 September	**(21)**	**(40)**	**(1,517)**	**-**	**(1,579)**
Carrying amounts at 30 September	**103**	**50**	**3,854**	**44**	**4,051**

*Newbuild contracts include instalments on scrubber installations.

USD million	Property & land	Other tangible assets	Vessels & docking[1)]	Newbuild contracts*	Total tangible assets
2020					
Cost at 1 January	118	76	5,268	66	5,527
Additions	3	15	43	76	137
Disposal	(0)	(5)	(13)	(8)	(26)
Reclassification	(1)	1	8	(89)	(80)
Currency translation adjustment	7	1	-	-	8
Cost at 31 December	**127**	**89**	**5,307**	**45**	**5,567**
Accumulated depreciation and impairment losses at 1 January	(5)	(21)	(1,158)	-	(1,184)
Depreciation	(10)	(13)	(228)	-	(251)
Impairment	-	-	(44)	-	(44)
Disposal	0	3	12	-	15
Reclassification	(0)	(1)	75	-	74
Currency translation adjustment	(2)	(1)	-	-	(2)
Accumulated depreciation and impairment losses at 31 December	**(16)**	**(33)**	**(1,343)**	**-**	**(1,392)**
Carrying amounts at 31 December	**111**	**56**	**3,964**	**45**	**4,175**

*Newbuild contracts include instalments on scrubber installations.

[1)] The group has reclassified 20 vessels from right-of-use assets to tangible assets effective from 1 January 2020 due to contracts being considered financing arrangements rather than lease contracts. The corresponding lease liabilities have been reclassified to bank loans.

Note 6 - Right-of-use assets

USD million	Property & land	Vessels	Other assets	Total leased assets
2021				
Cost at 1 January	478	1,226	4	1,708
Additions	18	45	6	70
Change in lease payments	33	86	0	119
Disposal	(1)	(10)	(0)	(11)
Currency translation adjustment	(18)	(0)	(0)	(19)
Cost at 30 September	**510**	**1,346**	**10**	**1,866**
Accumulated depreciation and impairment losses at 1 January	(91)	(250)	(2)	(344)
Depreciation	(41)	(79)	(1)	(121)
Disposal	1	10	0	11
Reclassification to tangible assets	0	0	-	0
Currency translation adjustment	3	0	0	3
Accumulated depreciation and impairment losses at 30 September	**(128)**	**(319)**	**(3)**	**(449)**
Carrying amounts at 30 September	**383**	**1,027**	**7**	**1,417**

USD million	Property & land	Vessels[1)]	Other assets	Total leased assets
2020				
Cost at 1 January	439	1,258	3	1,700
Additions	14	20	1	36
Change in lease payments	8	1	0	9
Disposal	(8)	(53)	(0)	(61)
Reclassification to tangible assets	(0)	(0)	(0)	(0)
Currency translation adjustment	24	-	0	25
Cost at 31 December	**478**	**1,226**	**4**	**1,708**
Accumulated depreciation and impairment losses at 1 January	(42)	(194)	(1)	(237)
Depreciation	(49)	(104)	(1)	(154)
Disposal	3	48	0	52
Reclassification to tangible assets	(0)	(0)	(0)	(0)
Currency translation adjustment	(4)	-	(0)	(4)
Accumulated depreciation and impairment losses at 31 December	**(91)**	**(250)**	**(2)**	**(344)**
Carrying amounts at 31 December	**387**	**976**	**2**	**1,365**

[1)] The group has reclassified 20 vessels from right-of-use assets to tangible assets effective from 1 January 2020 due to contracts being considered financing arrangements rather than lease contracts. The corresponding lease liabilities have been reclassified to bank loans.

Note 7 - Assets held for sale

As part of the measure to take out capacity in 2020 it was decided that 4 vessels would be recycled early, all 24 years or older. The reason for the recycling decision was the overcapacity in the market and the drastic drop in demand due to the COVID19 pandemic. It was not expected that there would be any need for the vessels in the foreseeable future and they were classified as held for sale. The market has changed drastically since last year and now there is a tonnage shortage in the market. 3 out of the 4 vessels have been recycled. The last vessel, was reclassified to tangible assets from assets held-for-sale in second quarter as it continues tol be used in operations. The USD 14 million impairment that was done on the vessel last year was reversed in second quarter, in addition USD 6 million of incremental depreciation was recognised.

Note 8 - Financial income and expenses

USD million	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Financial income					
Interest income	0	1	1	3	4
Other financial items	1	1	2	1	4
Net financial income	**2**	**2**	**3**	**5**	**8**
Financial expenses					
Interest expenses	(34)	(34)	(105)	(112)	(147)
Interest rate derivatives - realised	(6)	(7)	(23)	(13)	(19)
Interest rate derivatives - unrealised	9	8	41	(72)	(57)
Other financial items	(2)	(3)	(7)	(7)	(9)
Loss on sale investments	-	0	0	0	(0)
Net financial expenses	**(33)**	**(37)**	**(93)**	**(204)**	**(233)**
Currency					
Net currency gain/(loss)	(4)	3	(11)	24	(6)
Derivatives for hedging of foreign currency risk - realised	(5)	(4)	(4)	(6)	(6)
Derivatives for hedging of foreign currency risk - unrealised	(1)	0	(2)	(21)	25
Net currency	**(11)**	**(1)**	**(17)**	**(3)**	**13**
Financial derivatives bunker					
Unrealised bunker derivatives	(4)	(0)	(0)	(4)	1
Realised bunker derivatives	4	(0)	6	(13)	(13)
Net bunker derivatives	**0**	**(1)**	**6**	**(17)**	**(12)**
Financial income/(expenses)	**(42)**	**(36)**	**(101)**	**(220)**	**(223)**

Note 9 - Shares

Earnings per share takes into consideration the number of issued shares excluding own shares in the period.

Basic earnings per share is calculated by dividing profit for the period after non-controlling interests, by average number of total outstanding shares (adjusted for average number of own shares). Basic earnings per share for the third quarter was USD 0.12 compared with USD 0.01 in the same quarter last year.

	30 Sep 2021	30 Sep 2020	31 Dec 2020
The company's number of shares:			
Total number of shares	423,104,938	423,104,938	423,104,938
Own shares	706,856	706,856	706,856

	NOK million	USD million
The company's share capital is as follows:	220	28

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 expense of USD 1 million for the third quarter 2021, compared with a tax income of USD 0 million the same quarter last year when deferred tax assets related to tax losses in the Logistics segment were recognized.

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. The deferred tax assets not recognised at the end of third quarter 2021, amounts to USD 73 million.

Note 11 - Interest-bearing liabilities

USD million	30 Sep 2021	30 Sep 2020	31 Dec 2020
Non-current interest-bearing loans and bonds	2,265	2,256	2,353
Non-current lease liabilities	1,170	1,212	1,176
Current interest-bearing loans and bonds	349	405	378
Current lease liabilities	205	164	174
Total interest-bearing debt	**3,990**	**4,037**	**4,081**
Cash and cash equivalents	587	600	654
Net interest-bearing debt	**3,403**	**3,437**	**3,427**

Repayment schedule for interest-bearing debt	Bank loans	Leasing commitments	Bonds	Other interest bearing debt	30 Sep 2021
Due in 2021	64	55	-	0	**118**
Due in 2022	377	194	132	0	**703**
Due in 2023	766	203	-	17	**986**
Due in 2024	408	140	229	0	**778**
Due in 2025 and later	464	783	172	0	**1,419**
Total repayable interest-bearing debt	**2,079**	**1,375**	**532**	**17**	**4,004**
Amortised financing costs	(8)	-	(6)	-	**(14)**
Book value interest-bearing debt	**2,071**	**1,375**	**526**	**17**	**3,990**

During the third quarter, Wallenius Wilhelmsen ASA completed a new senior unsecured bond issue of USD 166 million. Net proceeds from the bond issue was used for partial repurchase of other outstanding bonds and during third quarter, USD 72 million of outstanding bonds was repurchased. In addition USD 40 million of bond debt matured during the quarter. Two scrubber installations were financed with USD 11 million.

Reconciliation of liabilities arising from financing activities			Non cash changes					
	31 Dec 2020	Cash flow	Net change leasing commitments	Foreign exchange movement	Amorti-sation	Other	Reclass-ification	30 Sep 2021
2021								
Bank loans	1,917	92	-	(1)	2	-	(282)	1,728
Leasing commitments	1,176	(0)	156	(16)	-	-	(146)	1,170
Bonds	420	117	-	(7)	(3)	3	(10)	520
Bank overdraft / other interest-bearing debt	16	1	-	(0)	-	-	(0)	17
Total non-current interest-bearing debt	**3,529**	**210**	**156**	**(24)**	**(1)**	**3**	**(438)**	**3,435**
Bank loans	322	(261)	-	(0)	0	-	282	343
Leasing commitments	174	(148)	33	(1)	-	-	146	205
Bonds	56	(63)	-	3	-	-	10	6
Bank overdraft / other interest-bearing debt	0	(0)	-	(0)	-	-	0	0
Total current interest-bearing debt	**552**	**(471)**	**33**	**2**	**0**	**-**	**438**	**555**
Total liabilities from financing activities	**4,081**	**(261)**	**189**	**(22)**	**(1)**	**3**	**(0)**	**3,990**

Wallenius Wilhelmsen

Cont. Note 11 - Interest-bearing debt

USD million Reconciliation of liabilities arising from financing activities	31 Dec 2019	Cash flows	Non cash changes Net change lease commitments	Foreign exchange movement	Amortisation	Other	Re-classification	31 Dec 2020
2020								
Bank loans[1)]	1,959	199	-	-	1	-	(242)	1,917
Leasing commitments[1)]	1,269	(1)	34	21	-	-	(148)	1,176
Bonds	304	152	-	19	1	6	(60)	420
Bank overdraft / other interest-bearing debt	17	(1)	-	0	-	-	(0)	16
Total non-current interest-bearing debt	**3,549**	**349**	**34**	**40**	**1**	**6**	**(450)**	**3,529**
Bank loans[1)]	281	(202)	-	-	(0)	-	242	322
Leasing commitments[1)]	203	(180)	2	1	-	-	148	174
Bonds	9	(7)	-	(6)	-	-	60	56
Bank overdraft / other interest-bearing debt	1	(1)	-	(0)	-	-	0	0
Total current interest-bearing debt	**495**	**(390)**	**2**	**(5)**	**(0)**	**-**	**450**	**552**
Total liabilities from financing activities	**4,044**	**(41)**	**36**	**35**	**1**	**6**	**0**	**4,081**

[1)] The group has reclassified 20 vessels from right-of-use assets to tangible assets effective from 1 January 2020 due to contracts being considered financing arrangements rather than lease contracts. The corresponding lease liabilities have been reclassified to bank loans.

Note 12 - Provisions

USD million	30 Sep 2021	30 Sep 2020	31 Dec 2020
Current provisions	4	74	51
Non-current provisions	117	34	59
Total provisions	**121**	**108**	**194**

The operating entities WW Ocean and EUKOR have been part of anti-trust investigations in several jurisdictions since 2012.

During the first half of 2021, the proceedings with the outstanding jurisdictions have been resolved, but some amounts are not yet paid and are recognized as other current liabilities. The timeline for the resolution of civil claims is more uncertain and in second quarter an updated assessment of these claims was made and additional provision of USD 35 million was recognized as an operating expense. There was no new changes to the assessment for third quarter 2021. During third quarter the group paid USD 32 million in customer settlements and fines to jurisdictions, and year to date payments amounted to USD 84 million.

In total, USD 121 million remains classified as provisions as amounts and timing are uncertain. The provisions shall cover expected pay outs related potential civil claims as of 30 September 2021. In aggregate, the group has accounted for USD 185 million of provisions (USD 121 million) and other current liabilities (USD 64 million) related to fines, civil claims and customer settlement. The ongoing investigations of WW Ocean and EUKOR are confidential, and Wallenius Wilhelmsen is therefore not able to provide more detailed comments.

Contingencies
The group is party to lawsuits related to laws and regulations in various jurisdictions arising out of the conduct of its business. The potential civil claims related to the anti-trust investigations are uncertain and as such there is a contingency related to the provision made.

Note 13 - Events after the balance sheet

The Nabucco was delivered on 19 October 2021, with related USD 39 million payment to yard and drawdown of USD 50 million in delivery debt financing.

On 4 November 2021, American Roll-On Roll-Off Carrier Group Inc. (ARC) announced the company was not selected by the United States Transportation Command (TRANSCOM) to provide global relocation services for the Department of Defense (DoD) and the U.S. Coast Guard, under the Global Household Goods Contract (GHC). ARC was originally awarded the GHC in April 2020. That award was protested by unsuccessful bidders, following which the Government conducted a re-evaluation. ARC submitted its updated response in December 2020 but was notified on 4 November 2021 that it was not awarded the contract. The GHC contract would have meant incremental business for the Government services segment compared to the current operations.

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 revene less Operating expenses. 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 and Profit/(loss) for the period adjusted is defined as EBIT/Profit/(loss) for the period adjusted 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 less Total liabilities pluss total interest-bearing debt. For the full year CE is calculated based on yearly average of Total assets less Total liabilities pluss 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/EBIT adjusted divided by capital employed. For the annual reporting the EBIT in the ROCE calculation is the actual EBIT for the full year/EBIT adjusted 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.

USD million

	30 Sep 2021	30 Sep 2020	31 Dec 2020
Net interest-bearing liabilities			
Non-current interest-bearing loans and bonds	2,265	2,256	2,353
Non-current lease liabilities	1,170	1,212	1,176
Current interest-bearing loans and bonds	349	405	378
Current lease liabilities	205	164	174
Less Cash and cash equivalents	587	600	654
Net interest-bearing debt	**3,403**	**3,437**	**3,427**
Equity ratio			
Total equity	2,683	2,564	2,615
Total assets	7,507	7,537	7,628
Equity ratio	**35.7%**	**34.0%**	**34.3%**

Reconciliation of alternative performance measures

USD million

	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Reconciliation of Total revenue to EBITDA and EBITDA adjusted					
Total revenue	990	697	2,806	2,136	2,958
Operating expenses excluding other gain/(loss)	(767)	(545)	(2,282)	(1,812)	(2,484)
EBITDA	**223**	**152**	**524**	**323**	**473**
EBITDA Shipping services	195	106	423	245	357
Anti-trust expense	-	-	35	55	55
Scrapping of scrubber installations	-	-	-	7	7
EBITDA adjusted Shipping services	**195**	**106**	**458**	**300**	**412**
EBITDA Logistics services	21	28	85	50	78
EBITDA adjusted Logistics services	**21**	**28**	**85**	**50**	**78**
EBITDA Government services	11	23	33	40	55
EBITDA adjusted Holding/Eliminations	**11**	**23**	**33**	**40**	**55**
EBITDA Holding/Eliminations	(5)	(5)	(16)	(11)	(16)
EBITDA adjusted Holding/Eliminations	**(5)**	**(5)**	**(16)**	**(11)**	**(16)**
EBITDA adjusted	**223**	**152**	**559**	**378**	**528**
Reconciliation of Total revenue to EBIT and EBIT adjusted					
EBITDA	223	152	524	323	473
Other gain/loss	4	(1)	(2)	(36)	(16)
Depreciation and amortisation	(119)	(110)	(350)	(339)	(451)
(Impairment)/reversal of impairment	0	-	14	(84)	(90)
EBIT	**108**	**40**	**185**	**(136)**	**(84)**
Anti-trust expense	-	-	35	55	55
Scrapping of scrubber installations	-	-	-	7	7
Change in fair value of derivative financial asset	(4)	1	2	36	16
Net reversal impairment asset held-for-sale	-	-	(8)	-	-
Impairment recycling vessels and Logistics goodwill	-	-	-	84	84
Impairment other intangible assets	-	-	-	-	5
Total adjustments	**(4)**	**1**	**30**	**183**	**168**
EBIT adjusted	**104**	**41**	**215**	**47**	**85**
Profit/(loss) for the period	**65**	**4**	**78**	**(349)**	**(302)**
Total adjustments	(4)	1	30	183	168
Profit/(loss) for the period adjusted	**61**	**6**	**108**	**(166)**	**(133)**

	Quarter average		Yearly average		Yearly average
Reconciliation of total assets to capital employed and ROCE calculation and return on equity calculation	Q3 2021	Q3 2020	Oct 2020- Sep 2021	Oct 2019- Sep 2020	2020
Total assets	7,553	7,489	7,587	7,666	7,575
Total liabilities	4,905	4,913	4,970	4,945	4,935
Total equity	**2,648**	**2,576**	**2,617**	**2,721**	**2,640**
Total interest-bearing debt	4,051	4,005	4,107	4,028	4,036
Capital employed	**6,698**	**6,581**	**6,724**	**6,749**	**6,676**
EBIT annualised	432	161	247	(182)	(84)
EBIT annualised adjusted	416	166	286	62	85
ROCE	**6.4%**	**2.5%**	**3.7%**	**-2.7%**	**-1.3%**
ROCE adjusted	**6.2%**	**2.5%**	**4.3%**	**0.9%**	**1.3%**
Profit/(loss) for the period annualised	261	18	104	(465)	(302)
Profit/(loss) for the period annualised and adjusted	245	22	144	(221)	(133)
Return on equity	**9.9%**	**0.7%**	**4.0%**	**-17.1%**	**-11.4%**
Return on equity adjusted	**9.3%**	**0.9%**	**5.5%**	**-8.1%**	**-5.0%**