Wallenius Wilhelmsen

Wallenius Wilhelmsen ASA

Q4 Report 2021

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Highlights – Q4 2021

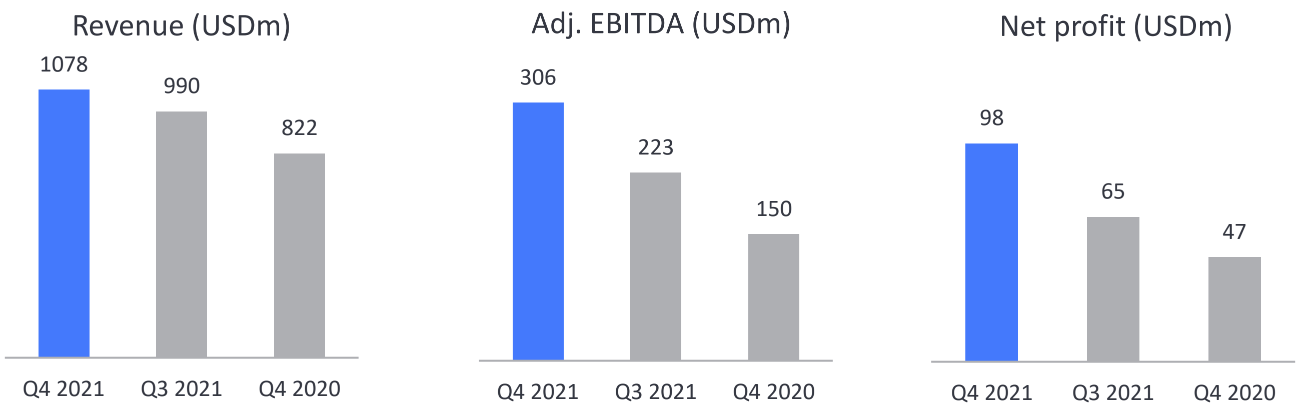
- Strong quarterly EBITDA of USD 306m (up 37% QoQ), driven by Shipping results and improvement in Logistics
- Deferred debt being prepaid in Q1-22, removing dividend block
- Proposed dividend of USD 63.5m for 2021
- Solid cash position of USD 710m
- All vessels returned from lay-up and final newbuild Nabucco delivered
- Lasse Kristoffersen named new CEO, starting no later than 1 June 2022

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

“We are proud to deliver a strong final quarter in 2021.

Improved freight rates, operational efficiency and a full sailing fleet are key drivers for the improved margins, despite continuing chip shortages. Going forward we need to continue to leverage our operational flexibility to maneuver ongoing global market volatility.

The results combined with prepayment of deferred debt allow us to return to a dividend paying position. We are happy to propose a solid dividend for FY2021.”



Consolidated results and key figures – Q4 2021

A very strong quarter for Shipping led to a solid EBITDA of USD 306m for the group. Logistics also delivered improved profitability, while Government saw a drop in margins.

USDm	Q4 2021	Q3 2021	% change QoQ	Q4 2020	% change YoY
Total revenue	1,078	990	9%	822	31%
EBITDA	306	223	37%	150	104%
EBIT	121	108	12%	53	128%
Profit/(loss) for the period	98	65	51%	47	109%
EPS [1)]	0.18	0.12	50%	0.11	61%
Net interest-bearing debt	3,418	3,403	0%	3,427	0%
ROCE	10.2%	6.4%	n.a.	3.1%	n.a.
Equity ratio	36.0%	35.7%	n.a.	34.3%	n.a.
EBITDA adjusted	306	223	37%	150	104%

1) After tax and non-controlling interests

Consolidated results

Total revenue in Q4 was USD 1,078m, up 9% QoQ, driven by growth in the Shipping and Logistics segments, while the Government margins fell compared to Q3. Compared to Q4-20, total revenue for the group was up 31%, due to the market turn-around for Shipping services.

The group delivered another strong EBITDA for the quarter, coming in at USD 306m. EBITDA and adjusted EBITDA was up 37% QoQ. The improvement in profitability was largely driven by a strong performance in the Shipping segment, on a combination of high freight rates, operational efficiency, and the full utilization of our fleet. Logistics EBITDA grew by USD 3m QoQ on higher volumes and seasonal variations despite supply chain disruptions, while Government services was down by USD 4m due to negative cargo mix and higher fuel costs.

EBITDA increased by 104% YoY, again due to the very strong growth in the Shipping segment, countering negative YoY development in Logistics and Government services.

In Q4 the value of the net derivative arising from the put-call arrangement in the shareholder agreement for EUKOR increased by USD 24m, positively impacting EBIT. The financial derivative is recognized as an Other non-current asset and had a carrying value of USD 152m at the end of the quarter, compared to USD 128m in Q3.

Goodwill deriving from the 2017 merger was impaired by USD 76m in Q4, based on updated long-term forecasts including expected required investments such as replacement of capacity in coming years. The non-cash impairment relates to goodwill in WW Ocean, part of the Shipping segment.

Net financial expenses were USD 7m in Q4, significantly lower than the USD 42m in Q3, driven by a USD 19m financial income relating to a one-off equity distribution from Den Norske Krigsforsikring for Skib (DNK) and otherwise mostly by movements in interest rates. Interest expense including realized interest derivatives was USD 37m, down by USD 3m versus last quarter. Net financial expenses were positively impacted by USD 3m in net unrealized gains on derivatives. Currency derivatives developed negatively with a USD 6m loss in the quarter, mostly due to unrealized loss on currency hedges in the quarter.

The group recorded a tax expense of USD 16m for Q4, compared to USD 1m in Q3. USD 2m of the increase is related to withholding tax on the DNK equity distribution. 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 98m, up from the USD 65m net profit in Q3 and the USD 47m net profit in Q4-20.

Capital and financing

On 18 November Wallenius Wilhelmsen ASA successfully completed a tap issue of NOK 500m under WAWI01 (senior unsecured bond at 3-month NIBOR plus a margin of 3.90 % p.a. maturing on 3 March 2026). The issue was swapped to USD 57m. During the quarter the final newbuilding Nabucco was delivered and financed with a loan drawdown of USD 50m. In addition, two vessels with aggregate USD 49m in debt were refinanced following intra-group sales, with new debt uptakes of total USD 47m.

Cash and cash equivalents were USD 710m, up USD 124m QoQ. Cash improved during Q4 on solid operational performance, USD 14m in cash impact from the DNK distribution (a further USD 3m is expected recovered later, see *Note 10 Tax*), USD 48m in net vessel debt uptake and USD 57m in net proceeds from the bond issue. Material cash outflows include USD 73m in investments (USD 39m for Nabucco, USD 21m for dry dock, USD 7m for scrubber installation and otherwise for maintenance), scheduled debt service, USD 58m in change of net working capital, and USD 65m 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.

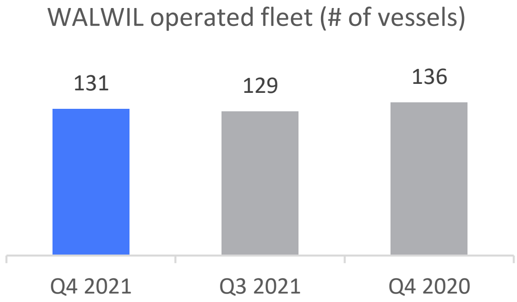
The equity ratio was 36% at the end of Q4, up from 35.7% at the end of Q3 as the group recorded a solid profit for the period. Net interest-bearing debt was USD 3,418m at the end of Q4, up from USD 3,403m in Q3. The above-mentioned debt increases and a USD 144m increase in lease liabilities led to the increase in Net interest-bearing debt, despite the solid cash from operations. The increase in lease liabilities was due to an increase in the number of long-term charters and equipment leases.

Since 2020, we have had a deferral agreement including a dividend block in place with WW Ocean banks. At year end, the group had USD 50m of deferred amounts remaining, and prepayment has been initiated and will be concluded during Q1-22. See *Events after the balance sheet date*.

Fleet

Wallenius Wilhelmsen operated a fleet of 131 vessels at the end of Q4, up from 129 at the end of Q3, due to an increase in long-term charters and the delivery of Nabucco, despite a reduction in spot charters. We managed to increase the controlled fleet to 125 vessels from 119 in Q3, consisting of owned vessels and vessels on long-term charter.

During Q4, we concluded the final two scrubber installations of a 24-vessel program, 14 owned and 10 on long-term charter. The group continued to increase active vessel days in the controlled fleet through Q4 with the reactivation of the final vessel from cold layup (last of 16) and delivery of the final newbuilding Nabucco in October 2021. Wallenius Wilhelmsen has no further newbuilds on order.



Events after the balance sheet date

In January, we commenced prepayment of the remaining USD 50m of deferred amounts with the WW Ocean banks. All amounts will be prepaid within Q1-22, after which the related dividend block will be removed.

The Board has decided to propose an ordinary dividend of USD 15 cents per share to the Annual General Meeting on 26 April 2022, USD 9 cent per share payable in May and USD 6 cent per share payable in November. In total, the proposed dividend for 2021 is equivalent to about USD 63.5m.

Shipping services

In Q4, Shipping delivers solid volume and revenue development, with robust EBITDA margins, demonstrating the operating flexibility of the company

USDm	Q4 2021	Q3 2021	% change QoQ	Q4 2020	% change YoY
Total revenue	862	787	9%	593	45%
EBITDA	247	195	27%	112	121%
EBIT	97	114	-15%	52	88%
Volume[1] ('000 CBM)	15,418	14,622	5%	14,863	4%
H&H share[2]	29.3%	33.5%	n.a.	26.1%	n.a.
EBITDA adjusted[3]	279	195	43%	112	149%
EBITDA adj, margin	32.3%	24.8%	n.a.	18.8%	n.a.

1. *Prorated cubic metres ("CBM")*
2. *Based on unprorated volumes*
3. *Q4-21 EBITDA adjustment relates to sale of assets to ARC. This has positive impact on adjusted EBITDA in the shipping segment (USD 32m) but has zero effect on group consolidated EBITDA.*

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 862m in Q4, up 9% QoQ, on a positive development in volumes, an increase in net freight rates and an increase in fuel surcharges due to continued increase in fuel prices.

Net freight rate in Q4 was USD 49.3 per cbm, up from USD 48.3 per cbm in Q3, on positive trade mix development, despite an unfavorable development in cargo mix. The positive development in net freight rates in export from Asia continues, while rates in export from Europe are quite stable.

The high and heavy (H&H) share based on un-prorated volumes was 29.3% in Q4, down from 33.5% in Q3. Total H&H volumes in absolute terms were relatively stable QoQ and remains high. The reduction in the H&H share is caused by most of the volume increase coming from the auto segment in Q4.

Shipping volumes increased 5% QoQ, mainly driven by auto maker demand for delivery before year end and some recovery from semiconductor shortage on European/Atlantic exports. Volumes and activity continue to be strong out of Asia, particularly from Asia to North America, but most of the volume increase in Q4 is seen in Europe to Asia, and the Atlantic trades. The trade route imbalances between Asian exports and European/Atlantic exports were hence reduced somewhat QoQ.

By the end of Q4, the last of the 16 vessels previously in cold layup had been reactivated and re-entered service, and our final newbuilding Nabucco was delivered. Number of active vessel days was 10,272, up 2% QoQ, whereof 6% came from short-term charter activity. The charter market remains tight in Q4, but we were able to secure additional long-term charters while reducing the short-term charter-in activity.

EBITDA was USD 247m, up 27% QoQ, while adjusted EBITDA increased 43% QoQ. The adjusted EBITDA margin improved from 24.8% to a very solid 32.3%. The margin increase is driven by increased net freight rates and fuel surcharges, but it also demonstrates the company's operating flexibility. Voyage expenses increased only marginally due to efficient operations with port rationalization and a higher portion of volume increase from autos. Fuel surcharge revenue under FAFs[1] increased with USD 19m QoQ countered by a USD 5m increase in fuel expenses, driven by increased consumption and continued increase in fuel prices. Ship operating expenses increased USD 12m QoQ on crew, insurance, maintenance, and repair due to delivery of the final newbuilding, reactivation of the last vessel from lay up as well as an end-of-year adjustment of accruals. In addition, expenses related to cargo handling equipment and an increase in vessels on long-term versus short-term charters boosted EBITDA by about USD 10-11m QoQ, as short-term charter costs are classified as OPEX while lease assets costs are recognized as depreciation and interest cost.

The market recovery is the key driver for the changes YoY. Revenues increased by 45% from Q4-20, due to growth in volumes, strong development in net freight rates, particularly on Asian exports, positive cargo mix, and higher fuel surcharges. The volume increase is mainly explained by strong Asian exports, particularly from Asia to Europe and South America. Net rate development is particularly strong YoY and explains most of the increase along with increased fuel surcharges. EBITDA improved by 121% YoY, on the increase in demand and revenues, with relatively lower marginal increase in expenses.

[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

QoQ development was positive with increased volume and improved margins despite continued semiconductor and labor shortages.

USDm	Q4 2021	Q3 2021	% change QoQ	Q4 2020	% change YoY
Total revenue	199	184	8%	205	(3%)
EBITDA	24	21	13%	28	(16%)
EBIT	(1)	(4)	n.a.	3	n.a.
EBITDA adjusted	24	21	13%	28	(15%)
EBITDA adj. margin	12%	11%	n.a.	14%	n.a.
EBITDA by subsegment					
Solutions Americas (Auto)	3.5	5.4	(36%)	12.6	(72%)
Solutions Americas (H&H)	2.9	3.4	(13%)	0.4	n.a.
Solutions APAC/EMEA	5.5	4.1	34%	3.7	48%
Terminals	13.8	11.5	20%	13.6	2%
Other	(2.0)	(3.3)	(41%)	(1.7)	19%

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 centers, equipment processing centers, inland distribution networks and terminals.

One specific example of logistics services and especially appropriate for Q4, is the Brown Marmorated Stink Bug (BMSB) fumigation process. Cargo entering Australia and New Zeeland require prior fumigation during the stink bug season starting in September and ending in April. Logistics performs fumigation services in US, Europe, and Asia.

Q4 revenue for the segment was USD 199m, up USD 15m from Q3. Although volume development was positive, semiconductor chip and, to a lesser degree, other parts shortages continue to impact the overall business, with varying effect across the different services. The North American technical services business in particular saw reduced volumes, while our global Terminal business volumes were above pre-pandemic levels, in correlation with the growth in the Shipping segment.

Q4 EBITDA was USD 24m, up USD 2.7m from Q3. Despite volatility and labor challenges facing the market, our diversified portfolio helped deliver healthy margins for the segment in total. Although the Terminals experienced delays from virus outbreaks, large volumes and port congestion, the margins improved from prior quarter. Profitability was also driven by customers' push for volumes at year-end and seasonality for fumigation services.

Increased shipping services volumes positively impacted revenue and profit for Terminals, while on technical services, instability in the domestic production supply chain negatively impacted profits.

In late 2020, Logistics saw a rapid market recovery from the pandemic impact and Q4-20 was a strong quarter for the segment. YoY, revenue decreased by 3% with significant reductions in Solution America (Auto) with volumes down due to the semiconductor chip shortage. YoY, EBITDA decreased by 17% as a direct consequence of the reduction in auto volume and revenue.

Solutions America (Auto) revenue and volume grew 13% compared to Q3. Fewer plant production shutdowns in the quarter lead to increased volume from our main customers. EBITDA declined 36% compared to prior quarter due to increased labor cost and increased SG&A, mainly IT and Sales cost.

Solutions Americas (H&H) revenue decreased 2%, on lower transportation activity and lower volume overall due to seasonality. EBITDA decreased 13% QoQ, due to reduction in revenue and increased SG&A cost.

Solutions APAC/EMEA revenue increased 5% QoQ, driven by strong volume specifically in China, Belgium and the Middle East. BMSB fumigation season in full swing also contributed to increased revenue QoQ. EBITDA increased 34% QoQ, due to higher volumes and the mix of higher margin services.

Terminal volume and revenue increased 3% and 11% respectively QoQ. In addition to increased handling revenue, BMSB fumigation seasonality was a positive contributor to the quarter. Auto / HH volume increased in the quarter due to year-end push. Some Terminals experienced congestion due to vessel bunching and increased throughput. EBITDA increased by 20% QoQ, with increased handling revenue and higher margin services.

Government services

The segment saw stable revenues and lower margins in Q4, driven by cargo mix and increased fuel prices.

USDm	Q4 2021	Q3 2021	% change QoQ	Q4 2020	% change YoY
Total revenue	60	61	(1%)	67	(10%)
EBITDA	7	11	(38%)	15	(52%)
EBIT	(2)	2	N/A	3	N/A
EBITDA adjusted	7	11	(38%)	15	(52%)
EBITDA adj. margin	11.8%	18.8%	(6.9%)	22.2%	(10.4%)

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 Q4 was USD 60m, a small reduction QoQ, as seasonal volume reductions in privately owned vehicles and H&H were partially offset by higher military charters. EBITDA was USD 7m, a 38% drop QoQ due to cargo mix, increased fuel price and higher port/canal expenses.

Revenue was down 10% YoY, as Q4-20 was positively impacted by high stevedoring and terminal services activity, not replicated in 2021. This, in addition to increased fuel prices, had a negative impact on EBITDA, down 52% YoY.

Consolidated results – Full year 2021

*Adjusted EBITDA for FY 2021 ended at USD 865m, up USD 329m compare*d to FY 2020 *on growth in Shipping and Logistics.*

USDm	2021	2020	% change
Total revenue	3,884	2,958	31%
EBITDA	830	473	75%
EBIT	306	(84)	n.a.
Profit/(loss) for the period	177	(302)	n.a.
EPS 1)	0.32	(0.68)	n.a.
Net interest-bearing debt	3,418	3,427	0%
ROCE adjusted	5.7%	1.3%	n.a.
Equity ratio	36.0%	34.3%	n.a.
EBITDA adjusted 2)	865	536	61%

1) *After tax and non-controlling interests*
2) *2021 EBITDA adjusted for USD 35m increase in provisions. 2020 EBITDA adjusted with USD 55m in anti-trust expense and USD 7m in cancellation of scrubber installation*

Total revenue was USD 3,884m for FY 2021, an increase of 31% compared to FY 2020, with higher revenues for both the Shipping and the Logistics Segments. Shipping revenues were up 41% YoY, from USD 2,145m in 2020 to USD 3,029m in 2021. This was driven by 25% growth in volumes, a solid increase in net rates and fuel surcharges. The strong volume growth was due to normalization of the market in 2021, as 2020 was heavily impacted by the pandemic. Logistics revenues were up 12%, from USD 704m to 789m, as volumes increased and we saw fewer shutdowns, although the root cause of production disruptions shifted from COVID19 to semiconductor chip shortages. Government revenues fell 4% from USD 247m in FY 2020 to USD 236m in FY 2021, mainly due to lower U.S. Flag Cargo activity.

EBITDA ended at USD 830m for FY 2021, up 23% from USD 473m for FY 2020. Adjusted EBITDA ended at USD 865m, up 61% compared to 2020. Shipping saw a significant increase in activity and a full reactivation of the operating fleet, driving significant revenue and margin growth, with adjusted EBITDA up 75% from FY 2020. For Logistics, adjusted EBITDA increased 38%, a direct result of higher activity and revenue growth. Government saw an EBITDA drop of 26%, due to lower revenues and increased fuel cost.

During FY 2021 there was an increase in the value of the put-call derivative for EUKOR of USD 21m, recognized under Other gain/(loss) in the income statement. The impact in FY 2020 was a loss of USD 16m.

In 2021, Wallenius Wilhelmsen recognized a net impairment loss of USD 62m. USD 76m is a charge to goodwill allocated to Shipping services as described in the Q4 review, and USD 14m a reversal of impairment related to a vessel being reclassified from assets held-for-sale to tangible assets.

Net financial expenses were USD 108m vs USD 223m in FY 2020. The group registered a USD 19m financial income relating to a one-off equity distribution from Den Norske Krigsforsikring for Skib (DNK), resulting in USD 27m in financial income vs USD 8m in FY 2020. Interest expense including realized interest derivatives was USD 165m, down by USD 1m versus FY 2020. Currency loss including realized currency derivatives was USD 12m and flat over FY 2020, while realized bunker derivatives led to a gain of USD 10m vs a loss of USD 13m in FY 2020. Net financial income was further improved by USD 41m in unrealized derivative gains, mainly driven by USD 58m in positive interest rate derivative movements. In FY 2020, unrealized derivative losses were USD 31m.

Tax expense was USD 23m vs a tax income of USD 4m in FY 2020. USD 2m of the increase is related to withholding tax on the DNK equity distribution and USD 4m is a change in deferred tax. 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.

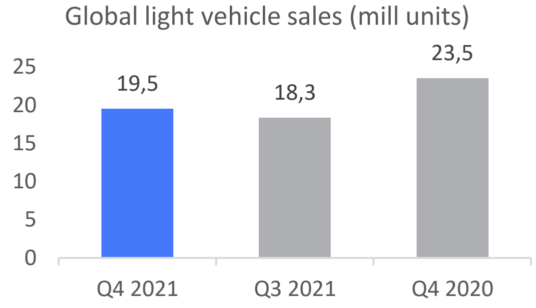
Net income for FY 2021 was USD 177m, up from a net loss of USD 302m in FY 2020.

The Board has decided to propose an ordinary dividend of USD 15 cents per share to the Annual General Meeting on 26 April 2022, USD 9 cent per share payable in May and USD 6 cent per share payable in November. In total, the proposed dividend for 2021 is equivalent to about USD 63.5m.

Market update

Automotive sales in Q4-21 declined with 17% from Q4 last year, as semiconductor shortage has led to reduced sales in all major markets. Sales were down 16% compared to the same pre-COVID19 quarter in 2019. Demand for High & Heavy machinery continued to be strong around the world.

Auto markets[1]



Global light vehicle ("LV") sales include all passenger cars, SUVs, MPVs and light commercial vehicles. Sales in Q4-21 were up 6.6% from Q3-21 and down 16% compared to Q4-20. Base of comparison from last year was inflated by stimulus such as tax deduction on low emission vehicles. This quarter LV sales and production have been hindered by disruptions in the automotive supply chain particularly in Europe and North America. The semiconductor shortage has led to low vehicle inventories, followed by increased waiting times for new vehicles. Compared to sales in same pre-COVID19 quarter in 2019 sales were down 16.3%. Demand side is strong with low interest rates and a good job market for employees with the right skills. The risk of variations of COVID19 intensity remains present. The Omicron variant looks to be less harmful than other variants and might bring immunity to a larger part of the population. However, both the demand and supply sides have some experience in how to handle the pandemic situation. Shortage of semiconductor chips is expected to cause some disruption in various regions during 2022 with a gradually improvement of the situation. Further sales increase in auto markets is dependent on higher production figures as inventories are running low. Incentives in the LV sector globally has led the sales mix to low emission vehicles.

North American sales declined 20.2% YoY (down 4.8% 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 21.3% YoY and up 0.6% QoQ as vehicle production was 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 impacting LV sales include the implementation of the EU WLTP emission test scheme, diesel woes and Brexit.

The Chinese LV market was somewhat less hit by supply chain constraints and semiconductor shortage and sales declined 14.8% YoY, up 23.8% QoQ and down a moderate 8.0% compared to Q4 in 2019. 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.

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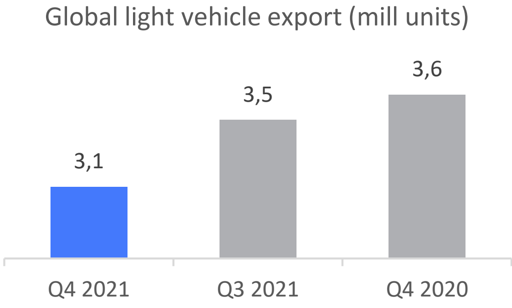
[1] Source: IHS Markit

Global deep-sea exports in Q4-21 were down 15.8% compared to Q4-20, and down 12.0% from Q3-21. Our shipping volumes developed more positive than market volumes as we were present in more favorable trades and because we had customers performing more positive than the market.



Source: IHS Markit / LMCA

Exports out of North America were down 23.3% YoY (down 17.3% QoQ), due to semiconductor shortage. European exports declined 18.8% YoY, down 4.3% QoQ. Japanese exports in Q4-21 declined 26.0% YoY, down 19.9% QoQ, with main volumes exported to North America and Europe. Exports out of South Korea declined 14.6% YoY and was down 19.0% QoQ. Chinese exports were up 46% YoY (down 10.1% QoQ).

High and heavy markets

Global demand in the H&H segment again grew strongly in Q4-21. Exports of construction, agriculture and rolling mining machinery improved 24.9% YoY in the three-month period ending in November[1]. The growth rate moderated compared to last quarter, due to a combination of supply challenges and a higher basis of comparison. Absolute volumes were down 3.2% compared to the nine-year high recorded in Q2-12 but remained above the levels seen in every quarter between Q2-12 and Q2-21.

Exports of construction equipment increased 32.5% YoY as volumes continued to grow strongly to all regions. Meanwhile, the recovery in construction activity[2] again proved volatile around the world. The European construction sector recorded growth throughout the quarter – at the fastest pace since early 2020. In the U.S., construction spending increased further as both residential and non-residential activity strengthened. The Australian construction sector slipped back to contraction after a period of strong growth in December, as Omicron resulted in severe staff shortages.

Global mining equipment markets also continued to recover healthily in Q4-21[3], with the biggest equipment manufacturers reporting strong sales growth and order intake in most parts of the world. Demand is supported by metal prices at an all-time high, and miners continue to raise their capex guidance on the back of earnings at decade-highs.

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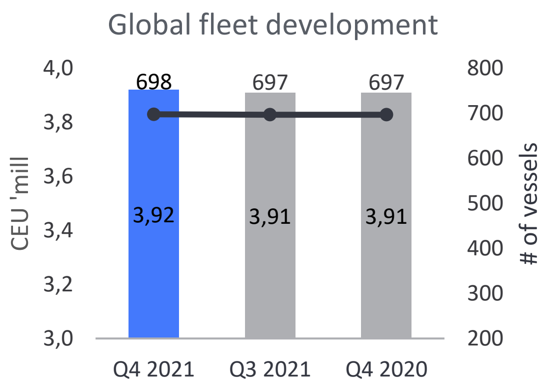
[1] Source: IHS Markit (All import/export data refer to the three-month rolling period ending in November 2021 unless otherwise specified, and are limited to countries that have reported November customs data per February 3rd, 2022)
[2] Sources: IHS Markit, U.S. Bureau of Census, Ai Group, Eurostat
[3] Source: The Parker Bay Company

Global exports of farm machinery extended the ongoing upcycle, but growth moderated to 6.4% YoY on a tougher basis of comparison and equipment availability continuing to be a challenge. Prices of key crops again advanced and end-user demand remained strong in most regions in the period[1]. U.S. high-horsepower tractor sales lifted another 16.9% YoY, and the Australian market extended its remarkable upturn with sales growing 15.8% YoY. Meanwhile, growth in key European markets cooled further. The UK market edged up 2.6% YoY, while registrations in Germany fell another 10.4% compared to the same period last year.

Global fleet

The global car carrier fleet (with size >1,000 car equivalent units, "CEU") totaled 698 vessels with a capacity of 3,92m CEU at the end of Q4-21. During Q4-21 one new vessel was delivered, while no vessels were recycled. No new orders were confirmed for the official orderbook in the period (for vessels >4,000 CEU). The orderbook for deep-sea vehicle carriers (>4,000 CEU) counts 39 vessels, which amounts to about 8% of the global fleet capacity.



Source: Clarksons

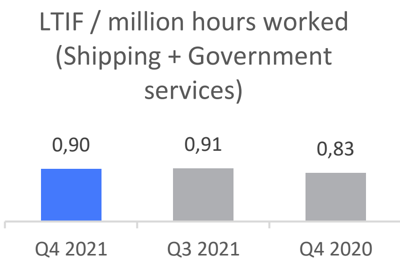
[1] Sources: AEM, TMA, AEA and VDMA tractor sales/registrations (US (2WD +100HP & 4WD), Australia (100+HP), UK (+50HP) and Germany (+70kW)

People, planet & prosperity

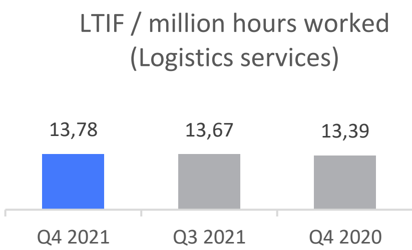
Our sustainability work is identified through our four pillars, principles of governance, people, planet and prosperity. The work is embedded into our business areas. Here is an update on our progress for Q4.

People

As a global company operating in various countries and communities it is critical for us to understand potential negative impact on human rights and how we can mitigate these as well as enhancing our positive impact. We have completed our human right risk and due diligence assessment in line with OECD guidelines for multinational enterprises and UN guiding principles on business and human rights. As a result, we launched an updated human right policy for the group.



Our priority has also been to keep our employees safe and in a healthy environment. We have monitored the situation and ensured our adequate continuity plans for business and operations.

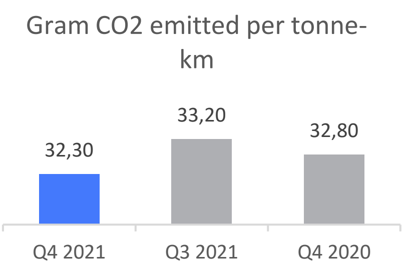


The combined Shipping and Government services Lost Time Injuries Frequency (LTIF) rate has fluctuated continuously over the last years, with no clear trend the last quarters. The Logistics services LTIF has remained quite constant over the last quarters. Management measures being taken to address key safety hazards are observed to lead to direct results in the LTIF results.

Planet

We have progressed on plan and trajectory to meet our 2030 CO_2 intensity target. We have done a detailed comprehensive climate related risks and opportunities assessment both on land and at sea.

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



The total CO_2 emitted for Q4 was identical to the previous quarter, while the corresponding cargo work done increased by about 3% measured in tonne-kilometers. In total, this resulted in a decrease in carbon intensity of about 3%, measured in grams of CO_2 emitted per tonne-kilometer, compared to Q3.

Prosperity

To make our position clear to our suppliers, we have launched a supplier code of conduct this quarter followed by an internal procurement policy. This will act as a guideline when selecting suppliers and outlines a minimum standard of conduct. We expect our suppliers to be transparent and have an open dialogue about challenges which they encounter as part of their operations. We expect that our suppliers always try to exercise good judgement and consideration by following both the requirements and the intentions of this guideline.

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 gradual improvement of automotive semiconductor chip supply expected during 2022. In the absence of further volatility and disruptions to supply-chains, these developments are expected to further improve financial flexibility and help drive shareholder value creation. Potential risks include further parts shortages, labor shortages, increased geopolitical tension, negative impacts of any significant disruptions to the global supply chains, and operational impact from COVID19 outbreaks.

Lysaker, 8 February 2022
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	Q4 2021	Q4 2020	2021	2020
Total revenue	3	**1,078**	**822**	**3,884**	**2,958**
Operating expenses	3	(772)	(672)	(3,054)	(2,484)
Operating profit before depreciation, amortisation and impairment (EBITDA)		**306**	**150**	**830**	**473**
Other gain/(loss)	2	24	20	21	(16)
Depreciation and amortisation	4, 5, 6	(132)	(112)	(483)	(451)
(Impairment)/reversal of impairment	4, 5, 6, 7	(76)	(6)	(62)	(90)
Operating profit/(loss) (EBIT)		**121**	**53**	**306**	**(84)**
Share of profit/(loss) from joint ventures and associates		**0**	**0**	**1**	**1**
Interest income and other financial items		46	70	95	34
Interest expenses and other financial expenses		(53)	(74)	(203)	(257)
Financial items - net	8	**(7)**	**(3)**	**(108)**	**(223)**
Profit/(loss) before tax		**114**	**50**	**199**	**(306)**
Tax income/(expense)	10	(16)	(3)	(23)	4
Profit/(loss) for the period		**98**	**47**	**177**	**(302)**
Profit/(loss) for the period attributable to:					
Owners of the parent		77	48	133	(286)
Non-controlling interests		22	(1)	43	(16)
Basic and diluted earnings per share (USD)	9	0.18	0.11	0.32	(0.68)

Consolidated statement of comprehensive income

USD million	Q4 2021	Q4 2020	2021	2020
Profit/(loss) for the period	98	47	177	(302)
Other comprehensive income/(loss):				
Items that may subsequently be reclassified to the income statement				
Currency translation adjustment	(1)	9	(6)	6
Items that will not be reclassified to the income statement				
Changes in the fair value of equity investments designated at fair value through other comprehensive income	22		22	
Remeasurement pension liabilities, net of tax	3	(3)	3	(8)
Other comprehensive income/(loss) for the period	**24**	**5**	**19**	**(1)**
Total comprehensive income/(loss) for the period	**122**	**53**	**196**	**(303)**
Total comprehensive income/(loss) attributable to:				
Owners of the parent	97	53	149	(288)
Non-controlling interests	26	(0)	47	(15)
Total comprehensive income/(loss) for the period	**122**	**53**	**196**	**(303)**

Balance sheet

USD million	Notes	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Deferred tax assets		71	87
Goodwill and other intangible assets	4	455	571
Vessels and other tangible assets	5	4,033	4,175
Right-of-use assets	6	1,507	1,365
Other non-current assets	2	249	194
Total non-current assets		**6,315**	**6,391**
Current assets			
Fuel/luboil		147	79
Trade receivables		457	363
Other current assets		144	135
Cash and cash equivalents		710	654
Assets held for sale	7	21	5
Total current assets		**1,479**	**1,237**
Total assets		**7,794**	**7,628**
EQUITY and LIABILITIES			
Equity			
Share capital	9	28	28
Retained earnings and other reserves		2,511	2,363
Total equity attributable to owners of the parent		**2,539**	**2,391**
Non-controlling interests		266	224
Total equity		**2,804**	**2,615**
Non-current liabilities			
Pension liabilities		55	68
Deferred tax liabilities		82	84
Non-current interest-bearing loans and bonds	11	2,158	2,353
Non-current lease liabilities	11	1,218	1,176
Non-current provisions	12	16	59
Other non-current liabilities		68	179
Total non-current liabilities		**3,596**	**3,919**
Current liabilities			
Trade payables		154	142
Current interest-bearing loans and bonds	11	515	378
Current lease liabilities	11	238	174
Current income tax liabilities		4	6
Current provisions	12	28	51
Other current liabilities		455	343
Total current liabilities		**1,395**	**1,094**
Total equity and liabilities		**7,794**	**7,628**

Cash flow statement

USD million	Notes	Q4 2021	Q4 2020	2021	2020
Cash flow from operating activities					
Profit/(loss) before tax		114	50	199	(306)
Financial (income)/expenses		7	3	108	223
Share of net (income)/loss from joint ventures and associates		(0)	(0)	(1)	(1)
Depreciation and amortisation	4, 5, 6	132	112	483	451
Impairment/(reversal of impairment)		76	6	62	90
(Gain)/loss on sale of tangible assets		1	0	(0)	7
Change in net pension assets/liabilities		(8)	2	(10)	2
Change in derivative financial assets	2	(24)	(20)	(21)	16
Other change in working capital	12	(58)	(13)	(172)	141
Tax (paid)/received		(13)	(2)	(24)	(9)
Net cash flow provided by operating activities [1)]		**228**	**138**	**623**	**615**
Cash flow from investing activities					
Dividend received from joint ventures and associates		-	-	0	-
Proceeds from sale of tangible assets		1	(0)	5	8
Investments in vessels, other tangible and intangible assets		(73)	(26)	(141)	(135)
Investments in joint ventures		8	-	-	(8)
Investments in financial investments		(7)	-	(7)	-
Interest received		1	1	2	4
Net cash flow used in investing activities		**(70)**	**(26)**	**(140)**	**(130)**
Cash flow from financing activities					
Proceeds from issue of debt		188	117	474	557
Repayment of bank loans and bonds	11	(131)	(88)	(531)	(417)
Repayment of lease liabilities	11	(56)	(45)	(204)	(181)
Interest paid including interest derivatives		(38)	(41)	(165)	(166)
Realised other derivatives		6	(0)	7	(19)
Dividend to non-controlling interests		(3)	(2)	(8)	(3)
Net cash flow used in financing activities		**(34)**	**(58)**	**(427)**	**(229)**
Net increase/(decrease) in cash and cash equivalents		**124**	**54**	**56**	**256**
Cash and cash equivalents at beginning of period		587	600	654	398
Cash and cash equivalents at end of period [1)]		**710**	**654**	**710**	**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	-	-	-	133	133	43	177
Other comprehensive income/(loss)	-	-	-	16	16	3	19
Total comprehensive income	**-**	**-**	**-**	**149**	**149**	**47**	**196**
Sale of own shares	-	0	0	0	0	-	0
Change in non-controlling interests	-	-	-	(1)	(1)	3	1
Dividend to non-controlling interests	-	-	-	-	-	(8)	(8)
Balance at 3 December 2021	**28**	**(0)**	**28**	**2,511**	**2,539**	**266**	**2,804**

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 Standard 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 have been prepared in accordance with IFRSs 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 expenses. 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 in which 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 exceeds the value of the exercise price for the symmetrical put and call option.

During the fourth quarter 2021, the change in the value of the derivative was USD 24 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.

A gain of USD 21 million has been recognised in 2021 and classified as Other gain/(loss) in the income statement, driven largely by an increase in the estimated fair value of EUKOR shares compared with the end of 2020.

The change in value during the fourth quarter 2020, was USD 20 million recognised as a gain under Other gain/(loss) in the income statement. The 2020 full year showed a loss from decrease in the value of the derivative of USD 16 million, recognised as a loss under Other gain/(loss) in the income statement.

The financial derivative is recognised in Other non-current assets in the balance sheet and has a carrying value of USD 152 million at the end of 2021, compared to USD 130 million at the end of 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 Government services was previously mainly recognised in the Ocean segment, 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	
	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020	Q4 2021	Q4 2020
Net freight revenue	760	568	-	-	30	26	-	-	789	594
Fuel surcharges	91	24	-	-	1	1	-	-	92	25
Operating revenue	10	(1)	172	179	14	25	-	-	197	203
Internal operating revenue	1	2	27	27	15	14	(43)	(43)	-	-
Total revenue	**862**	**593**	**199**	**205**	**60**	**67**	**(43)**	**(43)**	**1,078**	**822**
Cargo expenses	(163)	(146)	-	-	(12)	(12)	37	38	(137)	(120)
Fuel	(195)	(108)	-	-	(8)	(5)	-	-	(203)	(112)
Other voyage expenses	(86)	(98)	-	-	(4)	(1)	-	-	(90)	(99)
Ship operating expenses	(64)	(47)	-	-	(14)	(15)	-	-	(79)	(62)
Charter expenses	(39)	(44)	-	-	(9)	(8)	6	3	(42)	(48)
Manufacturing cost	-	-	(64)	(61)	(1)	(7)	0	1	(65)	(67)
Other operating expenses[1)]	(33)	(2)	(76)	(82)	(1)	(0)	32	-	(78)	(84)
Selling, general and admin expenses	(34)	(37)	(36)	(34)	(5)	(4)	(4)	(4)	(79)	(79)
Total operating expenses	**(615)**	**(481)**	**(176)**	**(177)**	**(53)**	**(52)**	**71**	**39**	**(772)**	**(672)**
Operating profit/(loss) before depreciation, amortisation and impairment (EBITDA)	**247**	**112**	**24**	**28**	**7**	**15**	**28**	**(5)**	**306**	**150**
Other gain/(loss)	24	20	-	-	-	-	-	-	24	20
Depreciation	(96)	(78)	(16)	(16)	(8)	(5)	-	-	(120)	(99)
Amortisation	(2)	(1)	(9)	(10)	(2)	(2)	-	-	(12)	(12)
(Impairment)/reversal of impairment	(76)	(0)	0	(0)	-	(5)	-	-	(76)	(6)
Operating profit/(loss) (EBIT)[2)]	**97**	**52**	**(1)**	**3**	**(2)**	**3**	**28**	**(5)**	**121**	**53**
Share of profit/(loss) from joint ventures and associates	-	-	0	0	-	-	-	-	0	0
Financial income/(expenses)	(1)	(11)	(4)	2	3	(2)	(4)	8	(7)	(4)
Profit/(loss) before tax	**95**	**40**	**(5)**	**5**	**0**	**1**	**24**	**3**	**114**	**49**
Tax income/(expense)	(17)	(14)	0	8	1	7	0	(5)	(16)	(3)
Profit/(loss) for the period	**78**	**27**	**(5)**	**13**	**1**	**8**	**24**	**(1)**	**98**	**47**
Profit/(loss) for the period attributable to:										
Owners of the parent	57	28	(5)	13	1	8	24	(1)	77	47
Non-controlling interests	21	(1)	0	0	-	-	-	-	22	(1)

1) Sale of a vessel from shipping to government services segment resulted in a USD 32 million loss in the shipping segment included in Other operating expenses. This amount is eliminated on group level.

2) 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net freight revenue	2,742	1,931	-	-	110	122	-	-	2,851	2,053
Fuel surcharges	246	174	-	-	4	4	-	-	250	178
Operating revenue	33	32	687	620	62	75	-	-	782	727
Internal operating revenue	8	8	102	85	60	47	(170)	(139)	-	-
Total revenue	**3,029**	**2,145**	**789**	**704**	**236**	**247**	**(170)**	**(139)**	**3,884**	**2,958**
Cargo expenses	(660)	(476)	-	-	(48)	(39)	147	126	(561)	(390)
Fuel	(701)	(452)	-	-	(25)	(21)	-	-	(726)	(474)
Other voyage expenses	(402)	(345)	-	-	(13)	(14)	-	-	(415)	(360)
Ship operating expenses	(219)	(185)	-	-	(56)	(60)	-	-	(275)	(246)
Charter expenses	(173)	(131)	-	-	(31)	(29)	19	10	(185)	(150)
Manufacturing cost	-	-	(254)	(219)	(4)	(13)	4	3	(254)	(228)
Other operating expenses[1)]	(72)	(68)	(300)	(284)	(2)	(0)	32	-	(342)	(352)
Selling, general and admin expenses	(133)	(130)	(126)	(124)	(17)	(15)	(20)	(15)	(296)	(285)
Total operating expenses	**(2,359)**	**(1,788)**	**(681)**	**(626)**	**(196)**	**(192)**	**182**	**123**	**(3,054)**	**(2,484)**
Operating profit/(loss) before depreciation, amortisation and impairment (EBITDA)	**670**	**357**	**108**	**78**	**40**	**55**	**11**	**(16)**	**830**	**473**
Other gain/(loss)	21	(16)	-	-	-	-	-	-	21	(16)
Depreciation	(340)	(319)	(66)	(61)	(33)	(25)	-	-	(439)	(404)
Amortisation	(4)	(2)	(34)	(38)	(6)	(6)	-	-	(44)	(47)
(Impairment)/reversal of impairment	(76)	(18)	(0)	(40)	14	(32)	-	-	(62)	(90)
Operating profit/(loss) (EBIT)[2)]	**271**	**2**	**8**	**(61)**	**15**	**(8)**	**11**	**(16)**	**306**	**(84)**
Share of profit/(loss) from joint ventures and associates	-	-	1	1	-	-	-	-	1	1
Financial income/(expenses)	(66)	(165)	(26)	(43)	1	(5)	(17)	(11)	(108)	(223)
Profit/(loss) before tax	**205**	**(163)**	**(16)**	**(103)**	**17**	**(13)**	**(6)**	**(27)**	**199**	**(306)**
Tax income/(expense)	(27)	(17)	4	16	1	8	(0)	(3)	(23)	4
Profit/(loss) for the period	**177**	**(180)**	**(12)**	**(87)**	**17**	**(5)**	**(6)**	**(31)**	**177**	**(302)**
Profit/(loss) for the period attributable to:										
Owners of the parent	136	(164)	(14)	(87)	17	(5)	(6)	(31)	133	(286)
Non-controlling interests	42	(16)	2	0	-	-	-	-	43	(16)

[1)] Sale of a vessel from shipping to government services segment resulted in a USD 32 million loss in the shipping segment included in Other operating expenses. This amount is eliminated on group level.

[2)] 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

USD million	Goodwill	Customer relations/ contracts	Other intangible assets	Total intangible assets
2021				
Cost at 1 January	346	421	54	820
Additions	-	-	5	5
Disposal	-	-	(0)	(0)
Currency translation adjustment	-	-	(0)	(0)
Cost at 31 December	**346**	**421**	**58**	**824**
Accumulated amortisation and impairment losses at 1 January	(40)	(188)	(21)	(249)
Amortisation	-	(36)	(8)	(44)
Impairment	(76)	-	(0)	(76)
Disposal	-	-	1	1
Accumulated amortisation and impairment losses at 31 December	**(116)**	**(225)**	**(28)**	**(369)**
Carrying amounts at 31 December	**230**	**196**	**29**	**455**

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 logistics segment was impaired.

In the fourth quarter, the group recognised an impairment of goodwill of USD 76 million related to WW Ocean, part of the shipping services segment. This is based on updated long-term forecasts including expected required investments such as replacement of capacity in coming years.

The table below shows an overview of cash generating units that include goodwill, and the main assumptions used for the impairment test as of 31 December 2021 compared with main assumptions used as of 31 December 2020.

USD million unless otherwise stated	Goodwill		Discount rate post tax		Growth rate terminal value	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
WW Ocean	43	119	7.0%	7.0%	1.0%	0.0%
ARC	11	11	7.0%	7.0%	0.0%	0.0%
Total Shipping services	**54**	**130**				
Logistics services	176	176	7.5%	7.5%	1.5%	1.0%
Total	**230**	**306**				

Note 5 - Vessels and other tangible assets

USD million	Property & land	Other tangible assets	Vessels & docking[1)]	Newbuild contracts[2)]	Total tangible assets
2021					
Cost at 1 January	127	89	5,307	45	5,567
Additions	2	11	63	60	136
Disposal	(1)	(3)	(23)	(0)	(27)
Reclassification	2	(2)	92	(104)	(12)
Currency translation adjustment	(5)	(2)	-	-	(7)
Cost at 31 December	**125**	**92**	**5,439**	**1**	**5,656**
Accumulated depreciation and impairment losses at 1 January	(16)	(33)	(1,343)	-	(1,392)
Depreciation	(10)	(12)	(242)	-	(264)
Impairment/(reversal of impairment)	-	-	14	-	14
Disposal	1	1	22	-	25
Reclassification	-	0	(8)	-	(8)
Currency translation adjustment	2	1	-	-	3
Accumulated depreciation and impairment losses at 31 December	**(23)**	**(43)**	**(1,557)**	**-**	**(1,623)**
Carrying amounts at 31 December	**102**	**49**	**3,882**	**1**	**4,033**

[1)] During the fourth quarter, a new vessel (Nabucco) was delivered, resulting in a reclassification from newbuilding contracts to vessels of USD 74 million. The reclassification balance in Total tangible assets (cost and related depreciation) relates to the classification of two vessels to assets held-for-sale as at 31 December 2021, and the reversal of a vessel classified as held for sale back to tangible assets, as it continues to be used in operations (see note 7).

[2)] Newbuild contracts include instalments on scrubber installations and dry-dock expenditure.

USD million	Property & land	Other tangible assets	Vessels & docking[1)]	Newbuild contracts2)	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**

[1)] The group 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 were reclassified to bank loans.

[2)] Newbuild contracts include instalments on scrubber installations and dry-dock expenditure.

Note 6 - Right-of-use assets

USD million	Property & land	Vessels	Other assets	Total leased assets
2021				
Total right-of-use assets at 1 January	478	1,226	4	1,708
Additions	19	166	28	214
Change in lease payments	33	85	-	119
Disposal	(29)	(13)	(0)	(42)
Reclassification to tangible assets	-	(0)	-	(0)
Currency translation adjustment	(18)	(0)	(0)	(19)
Cost at 31 December	**484**	**1,464**	**31**	**1,979**
Accumulated depreciation and impairment losses at 1 January	(91)	(250)	(2)	(344)
Depreciation	(55)	(111)	(8)	(174)
Disposal	29	13	0	42
Reclassification to tangible assets	-	(0)	-	(0)
Currency translation adjustment	3	0	0	4
Accumulated depreciation and impairment losses at 31 December	**(114)**	**(348)**	**(10)**	**(472)**
Carrying amounts at 31 December	**370**	**1,115**	**21**	**1,507**

USD million	Property & land	Vessels[1)]	Other assets	Total leased assets
2020				
Total right-of-use assets 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 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 were 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 in 2021 and with a current 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 the second quarter as it continues to be used in operations. The USD 14 million impairment that was charged in 2020 was reversed in the second quarter. In addition USD 6 million of incremental depreciation was recognized.

During the fourth quarter 2021 two vessels were classified as assets held for sale as their sale is highly probable. The vessels are measured at net carrying value, USD 21 million, which is lower than their fair value less costs to sell.

Note 8 - Financial income and expenses

USD million	Q4 2021	Q4 2020	2021	2020
Financial income				
Interest income	1	1	2	4
DNK distribution[1)]	19	-	19	-
Other financial items	4	2	6	4
Net financial income	**24**	**3**	**27**	**8**
Financial expenses				
Interest expenses	(35)	(35)	(140)	(147)
Interest rate derivatives - realised	(2)	(6)	(25)	(19)
Interest rate derivatives - unrealised	16	15	58	(57)
Other financial items	(3)	(2)	(9)	(9)
Loss on sale investments	-	(0)	0	(0)
Net financial expenses	**(24)**	**(29)**	**(117)**	**(233)**
Currency				
Net currency gain/(loss)	2	(30)	(9)	(6)
Derivatives for hedging of foreign currency risk - realised	1	(0)	(3)	(6)
Derivatives for hedging of foreign currency risk - unrealised	(9)	47	(12)	25
Net currency	**(6)**	**17**	**(24)**	**13**
Financial derivatives bunker				
Unrealised bunker derivatives	(4)	5	(5)	1
Realised bunker derivatives	4	(0)	10	(13)
Net bunker derivatives	**0**	**5**	**6**	**(12)**
Financial income/(expenses)	**(7)**	**(3)**	**(108)**	**(223)**

[1)] The group has in Q4 received a distribution from Den Norske Krigsforsikring (DNK) of USD 19 million less withholding tax of USD 5 million. The gross amount is recognised as finance income, and the related withholding tax is recognised as an income tax expense/receivable (see note 10).

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 attributable to the owners of the parent by the average number of total outstanding shares (adjusted for average number of own shares). Basic earnings per share for the fourth quarter was USD 0.18 compared with USD 0.11 in the same quarter last year.

	31 Dec 2021	31 Dec 2020
The company's number of shares:		
Total number of shares	423,104,938	423,104,938
Own shares	700,883	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 an operating expense.

The group recognized a tax expense of USD 16 million for the fourth quarter 2021, compared with a tax expense of USD 3 million the same quarter last year. The tax expense includes USD 2 million in withholding tax on dividend distributions from Den Norske Krigsforsikring for Skib (DNK). The group expects to recover a further USD 3 million of the withholding tax. This amount has been recognised in Other current assets.

The group continues the non-recognition of net deferred tax assets in the balance sheet related to tax losses carry forwards and non-deductible interest cost carry forwards in the Norwegian entities, due to uncertain future utilisation. The deferred tax assets not recognised at year-end 2021 amount to USD 103 million, increased from USD 73 million last year.

Note 11 - Interest-bearing liabilities

USD million	31 Dec 2021	31 Dec 2020
Non-current interest-bearing loans and bonds	2,158	2,353
Non-current lease liabilities	1,218	1,176
Current interest-bearing loans and bonds	515	378
Current lease liabilities	238	174
Total interest-bearing debt	**4,128**	**4,081**
Cash and cash equivalents	710	654
Net interest-bearing debt	**3,418**	**3,427**

Repayment schedule for interest-bearing debt	Bank loans	Leasing commitments	Bonds	Other interest-bearing debt	31 Dec 2021
Due in 2022	382	238	133	0	**753**
Due in 2023	770	237	-	17	**1,024**
Due in 2024	397	170	227	0	**795**
Due in 2025 and later	209	161	-	0	**369**
Due in 2026 and later	324	649	227	0	**1,201**
Total repayable interest-bearing debt	**2,081**	**1,455**	**588**	**18**	**4,142**
Amortised financing costs	(8)	-	(6)	-	**(13)**
Book value interest-bearing debt	**2,073**	**1,455**	**582**	**18**	**4,128**

During the fourth quarter, Wallenius Wilhelmsen ASA completed a tap issue of USD 57 million (NOK 500 million) in the bond WAWI01. Delivery of the last newbuilding on order was financed with a loan drawdown of USD 50 millon.

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	31 Dec 2020	Cash flow	Non cash changes: Net change leasing commitments	Foreign exchange movement	Amorti-sation	Other	Reclass-ification	31 Dec 2021
2021								
Bank loans	1,917	154	-	(1)	3	-	(380)	1,692
Leasing commitments	1,176	(0)	259	(15)	-	-	(202)	1,218
Bonds	420	173	-	(1)	(3)	5	(146)	449
Bank overdraft / other interest-bearing debt	16	0	-	(0)	-	2	(0)	18
Total non-current interest-bearing debt	**3,529**	**326**	**259**	**(17)**	**(0)**	**7**	**(728)**	**3,376**
Bank loans	322	(321)	-	-	0	-	380	381
Leasing commitments	174	(204)	67	(1)	-	-	202	238
Bonds	56	(63)	-	(6)	-	-	146	133
Bank overdraft / other interest-bearing debt	0	(0)	-	(0)	-	-	0	0
Total current interest-bearing debt	**552**	**(587)**	**67**	**(7)**	**0**	**-**	**728**	**752**
Total liabilities from financing activities	**4,081**	**(261)**	**325**	**(24)**	**(0)**	**7**	**-**	**4,128**

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 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 were reclassified to bank loans.

Note 12 - Provisions

USD million	31 Dec 2021	31 Dec 2020
Current provisions	28	51
Non-current provisions	16	59
Total provisions	**44**	**110**

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 have been reclassified from provisions to other current liabilities. The timeline for the resolution of civil claims is more uncertain and in updated assessments of claims resulted in additional provisions of USD 35 million in the second quarter. This amount was recognized as an operating expense. During the year, the group paid USD 149 million in customer settlements and fines to jurisdictions.

In total, USD 44 million remain classified as provisions as amounts and timing are uncertain. The provisions are expected to cover any pay-outs related to potential civil claims as of 31 December 2021. At year-end, the group has recognized USD 120 million of provisions (USD 44 million) and other current liabilities (USD 76 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 date

In January 2022, we commenced prepayment of the remaining USD 50 million of deferred amounts with the WW Ocean banks. All amounts will be prepaid by early March, after which the related dividend block will be removed. The Board has decided to propose an ordinary dividend of USD 15 cents per share to the Annual General Meeting on 26 April 2022, USD 9 cent per share payable in May and USD 6 cent per share payable in November. In total, the proposed dividend for 2021 is equivalent to about USD 63.5 million.

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 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 revenue 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 plus total interest-bearing debt. For the full year CE is calculated based on yearly average of Total assets less Total liabilities plus 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.

Total Interest Bearing Debt is calculated as the end of period sum of Non-current interest-bearing loans and bonds, Non-current lease liabilities, Current interest-bearing loans and bonds and Current lease liabilities. The group considers this a good measure of total financial debt.

Net Interest Bearing Debt (NIBD) is calculated as the end of period Total Interest Bearing Debt less the end of period Cash and Cash Equivalents. The group considers this a good measure of underlying financial debt.

NIBD/EBITDA adjusted is calculated based on the end of period Net Interest Bearing Debt divided by the aggregate last 12 months of EBITDA adjusted. The group considers this a good measure of leverage as it indicates how many years of EBITDA adjusted, being a proxy for normal cash flow from operations, is needed to cover the NIBD.

Return on equity is based on yearly profit/(loss) after tax divided by yearly average of equity. The group considers this ratio as appropriate to measure the return of the period.

Cont. Reconciliation of alternative performance measures

USD million

	31 Dec 2021	31 Dec 2020
Net interest-bearing liabilities		
Non-current interest-bearing loans and bonds	2,158	2,353
Non-current lease liabilities	1,218	1,176
Current interest-bearing loans and bonds	515	378
Current lease liabilities	238	174
Less Cash and cash equivalents	710	654
Net interest-bearing debt	**3,418**	**3,427**

	Q4 2021	Q4 2020	2021	2020
Net interest-bearing debt divided by last twelve months adjusted EBITDA				
Net interest-bearing debt	3,418	3,427	3,418	3,427
Last twelve months adjusted EBITDA	865	536	865	536
Net interest-bearing debt/adjusted EBITDA ratio	**4.0x**	**6.4x**	**4.0x**	**6.4x**

	31 Dec 2021	31 Dec 2020
Equity ratio		
Total equity	2,804	2,615
Total assets	7,794	7,628
Equity ratio	**36.0%**	**34.3%**

	Q4 2021	Q4 2020	2021	2020
Reconciliation of Total revenue to EBITDA and EBITDA adjusted				
Total revenue	1,078	822	3,884	2,958
Operating expenses excluding other gain/(loss)	(772)	(672)	(3,054)	(2,484)
EBITDA	**306**	**150**	**830**	**473**
EBITDA Shipping services	247	112	670	357
Loss on sale of vessel	32	-	32	-
Anti-trust expense	-	-	35	55
Scrapping of scrubber installations	-	-	-	7
EBITDA adjusted Shipping services	**279**	**112**	**736**	**419**
EBITDA Logistics services	24	28	108	78
EBITDA adjusted Logistics services	**24**	**28**	**108**	**78**
EBITDA Government services	7	15	40	55
EBITDA adjusted Government services	**7**	**15**	**40**	**55**
EBITDA Holding/Eliminations	28	(5)	11	(16)
Loss on sale of vessel	(32)	-	(32)	-
EBITDA adjusted Holding/Eliminations	**(4)**	**(5)**	**(20)**	**(16)**
EBITDA adjusted	**306**	**150**	**865**	**536**

cont. Reconciliation of alternative performance measures

USD million

Reconciliation of Total revenue to EBIT and EBIT adjusted	Q4 2021	Q4 2020	2021	2020
EBITDA	306	150	830	473
Other gain/loss	24	20	21	(16)
Depreciation and amortisation	(132)	(112)	(483)	(451)
(Impairment)/reversal of impairment	(76)	(6)	(62)	(90)
EBIT	**121**	**53**	**306**	**(84)**
Anti-trust expense	-	-	35	55
Scrapping of scrubber installations	-	-	-	7
Change in fair value of derivative financial asset	(24)	(20)	(21)	16
Reversal of/impairment asset held-for-sale	-	-	(8)	27
Impairment recycling vessels	-	-	-	18
Impairment goodwill and intangible assets	76	5	76	45
Total adjustments	**52**	**(14)**	**82**	**168**
EBIT adjusted	**173**	**38**	**388**	**85**
Profit/(loss) for the period	**98**	**47**	**177**	**(302)**
Total adjustments	52	(14)	82	168
Profit/(loss) for the period adjusted	**151**	**33**	**259**	**(133)**

	Quarter average		Yearly average	
Reconciliation of total assets to capital employed and ROCE calculation and return on equity calculation	Q4 2021	Q4 2020	2021	2020
Total assets	7,669	7,597	7,620	7,575
Less Total liabilities	4,922	5,009	4,959	4,935
Total equity	**2,747**	**2,588**	**2,661**	**2,640**
Total interest-bearing debt	4,077	4,130	4,099	4,036
Capital employed	**6,824**	**6,718**	**6,760**	**6,676**
EBIT annualised	483	210	306	(84)
EBIT annualised adjusted	693	152	388	85
ROCE	**7.1%**	**3.1%**	**4.5%**	**-1.3%**
ROCE adjusted	**10.2%**	**2.3%**	**5.7%**	**1.3%**
Profit/(loss) for the period annualised	394	188	177	(302)
Profit/(loss) for the period annualised and adjusted	604	130	259	(133)
Return on equity	**14.3%**	**7.3%**	**6.6%**	**-11.4%**
Return on equity adjusted	**22.0%**	**5.0%**	**9.7%**	**-5.0%**