Wallenius Wilhelmsen

Q3 2018

Quarterly report

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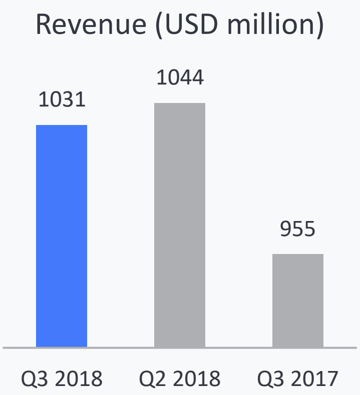
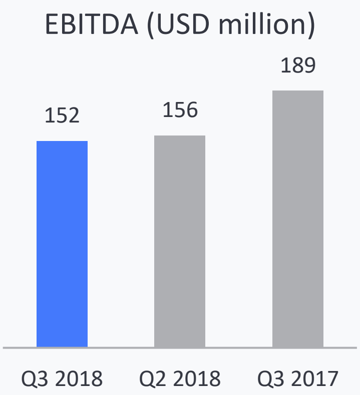
Highlights third quarter 2018

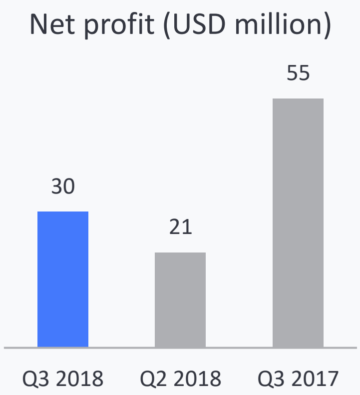
- Continued positive ocean volume development due to increased high & heavy volumes
- Some weakening in volumes late in the quarter reflecting more volatile auto markets
- Ocean results continue to be negatively impacted by higher and rising bunker cost
- Vessel capacity reduced during the quarter due to rationalization of voyages and weaker volumes
- USD 120 million synergy target confirmed
- Performance improvement program targeting USD 100 million initiated

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

"Results for the third quarter were in line with our expectations. We see volume development leveling out and the underlying performance is hampered by rising bunker prices and low rates. We have delivered on the USD 120 million synergy target and are now moving to the next phase of improvement initiatives. During the quarter we initiated a performance improvement program targeting USD 100 million in bottom line improvement to further increase operational efficiency, reduce costs and lift margins."







Consolidated results and key figures

EBITDA for the third quarter ended at USD 152 million, a decline of 19% compared to the same period last year mainly due to lower results for the ocean segment.

USD million	Q3 2018	Q2 2018	% change q-o-q	Q3 2017	% change y-o-y
Total income	1 031	1 044	-1%	955	8%
EBITDA	152	156	-3%	189	-19%
EBIT	65	70	-7%	105	-38%
Profit for the period	30	21	40%	55	-45%
EPS [1)]	0.07	0.04	n/a	0.12	n/a
Net interest-bearing debt	3 159	3 207	-2%	2 995	5%
ROCE [2)]	4.0%	4.5%	n/a	6.6%	n/a
Equity ratio	38.0%	37.4%	n/a	35.5%	n/a
EBITDA adjusted	152	159	-4%	192	-21%

1) *After tax and non-controlling interests*
2) *ROCE calculated as annualised EBIT adjusted for non-recurring items minus restructuring costs divided by average CE in the quarter*

Consolidated results

Total income was USD 1 031 million in the third quarter, up 8% compared to the same period last year due to increased revenues for both the ocean and landbased segment. The increase in ocean revenues were driven by a combination of slightly higher net freight and increased fuel cost compensation from customers. Ocean volumes were up 1% y-o-y despite relatively weak Hyundai Motor Group (HMG) volumes due to planned reduction in contracted volumes (about 500k CBM, partial strike at production facilities and Holiday Season in South Korea (about 250k CBM). Compared to the seasonally stronger second quarter total income was down 1% with flat development for landbased while the ocean segment fell 2% driven by a 5% decrease in net freight partly offset by increased fuel compensation from customers.

EBITDA ended at USD 152 million in the third quarter, a decline of 21% from EBITDA (adjusted) of USD 192 million in the third quarter last year. The decline is largely driven by the ocean segment which was negatively impacted by substantially higher and increasing bunker prices, relatively weak HMG volumes, lower rates, and some trade imbalances driving increased ballasting of vessels due to more volumes out of Asia than Europe. The negative effects were only partly offset by underlying positive volume and cargo mix development and higher realization of synergies. EBITDA for the landbased segment was down 8% compared to the third quarter last year. The results were positively impacted by the Melbourne terminal being fully operational and the acquisition of Keen Transport and Syngin (see note 3 for more information). On the other hand, results were negatively affected by increased SG&A cost allocations of about USD 3 million (offset by a similar reduction in ocean) and a less optimal customer and service mix for Solutions Americas – Auto (VSA). Compared to the seasonally stronger second quarter EBITDA was down 3% due to a slight reduction in results for both the Ocean and landbased segment.

At the end of the third quarter, the revised USD 120 million synergy was achieved. During the quarter about USD 10 million was added to confirmed synergies, through mainly ship management and fleet optimization. The annualized run rate for synergies were more than USD 110 million, up from above USD 100 million in the previous quarter. The remaining part of the confirmed synergies will come into effect from Q1 2019. This concludes the synergy program and the company will cease the reporting on synergies. In the third quarter, Wallenius Wilhelmsen initiated a new performance improvement program targeting USD 100 million in bottom line improvements to be realized over the next two years. A key part of the program is to leverage digitalization and introduce new technology to optimize voyage and fleet management, increasing operational efficiency and reducing cost.

Net financial items were USD 34 million for the third quarter, compared with an expense of USD 45 million in the previous quarter. Net financial expenses were positively impacted by USD 14 million in unrealised interest derivates and negatively impacted by USD 6 million related to movements in currency / currency derivatives.

The group recorded a tax expense of USD 1 million for the third quarter. Net result for the third quarter came in at USD 30 million compared with USD 55 million in the third quarter last year. The average Return on Capital Employed (ROCE) in the second quarter was 4.0%.

Capital and financing

The equity ratio was 38.0% at the end of the third quarter, slightly up compared to previous quarter of 37.4%. Cash and cash equivalents by the end of the third quarter was USD 545 million, up from USD 517 million in the previous quarter. In addition, Wallenius Wilhelmsen has about USD 275 million in undrawn credit facilities. Net interest-bearing debt was USD 3 159 million at the end of the third quarter.

During the quarter two vessels in EUKOR were refinanced and a new NOK 750 million bond was raised to repay the NOK 800 million bond with maturity date in April 2019. The group has three vessels on order and the outstanding instalments for these vessels are about USD 120 million. The vessels have been financed through regular bank facilities.

Antitrust update

In the third quarter Wallenius Wilhelmsen made payments on commercial settlements in the amount of USD 11 million. Wallenius Wilhelmsen expects the proceedings with the outstanding jurisdictions to be largely resolved by early 2019, while the timeline for the resolution of civil claims is more uncertain. The ongoing investigations of WW Ocean and EUKOR are confidential, and Wallenius Wilhelmsen is therefore not able to provide more detailed comments.

Ocean operations

EBITDA for the third quarter ended at USD 132 million, a decline of 18% y-o-y due to higher and increasing bunker prices, contracted reductions in HMG volumes and lower rates.

USD million	Q3 2018	Q2 2018	% change q-o-q	Q3 2017	% change y-o-y
Total income	822	842	-2%	766	7%
EBITDA	132	134	-1%	162	-18%
EBIT	59	61	-3%	88	-34%
Volume ('000 cbm) 1)	17 286	18 500	-7%	17 031	1%
High & heavy share	29.7%	29.2%	n/a	26.3%	n/a
EBITDA adjusted	132	136	-3%	170	-22%

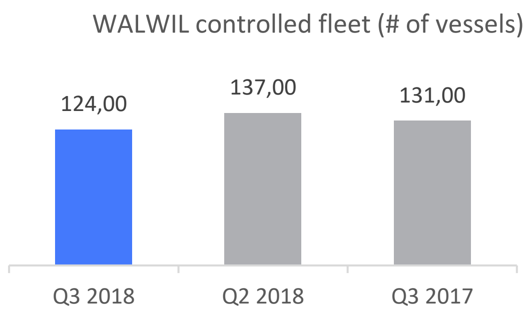
Total income and EBITDA

Total income was USD 822 million in the third quarter, up 7% compared to the same period last year due to a combination of increased net freight and increased fuel cost compensation. Ocean volumes were up 1% y-o-y despite relatively weak Hyundai Motor Group (HMG) volumes due to planned reduction in contracted volumes (about 500k CBM), partial strike at production facilities and Holiday Season in South Korea (about 250k CBM) due to increased volumes from other customers, although volumes in September were weak. The Atlantic and Asia-South America trade experienced strong growth while the Europe-Oceania and Europe-Asia trade moved sideways, and the Asia-Europe and Asia-North America trades decreased. The latter, which was due to the reduction in HMG volumes, was partly offset by increased volumes from other customers. Compared to the seasonally stronger second quarter total income was down 2% with net freight down 5% partly offset by increased fuel compensation from customers. The high & heavy share increased to 29.7%, up from about 29.2% in the previous quarter due to continued positive development in the high & heavy segment.

EBITDA for the third quarter ended at USD 132 million, a decline of 18% compared to the same period last year. Firstly, EBITDA was negatively impacted by relatively weak HMG volumes and rate reductions (about USD 7 million) in the quarter. Furthermore, net bunker cost in the quarter increased by about USD 35 million y-o-y due to higher and increasing bunker prices and higher bunker consumption due to more voyage days. In the third quarter, the increased bunker prices had an about USD 30 million negative impact on results y-o-y of which about half is related to the lag effect and the other half relates to lack of BAF and/or structure of the BAF in some customer contracts. Furthermore, trade imbalances driving increased ballasting of vessels due to more volumes out of Asia than Europe and trade mix impacted the results negatively. The negative effects were only partly offset by underlying positive volume and cargo mix development and higher realization of synergies. The results were positively impacted by seasonally strong project cargo shipments in the Atlantic, but to a lesser extent than in the third quarter last year. EBITDA adjusted in the third quarter was down 3% compared to the seasonally stronger second quarter.

Wallenius Wilhelmsen fleet

Wallenius Wilhelmsen controlled a fleet of 137 vessels at the start of the quarter. The fleet was gradually reduced to 124 vessels during the quarter due to rationalization of voyages and a weakening in volumes, especially towards the end of the quarter. To mitigate against seasonally slower demand in July and August, the group focused on position swaps with other operators rather than short-term charters to optimize the overall tonnage allocation. As volumes in September weakened, several short-term chartered vessels fixed in the second quarter were redelivered during the third quarter. Currently, the group retains flexibility to redeliver one vessel in 2018 and up to 18 vessels by 2022 (excluding vessels on short charter; less than 12 months).



Landbased Operations

EBITDA for landbased was down 8% compared to last year with reduced contribution from Solutions Americas auto and increased SG&A cost allocations effective from January 2018. This was partly offset by the Melbourne terminal being fully operational and the acquisition of Keen Transport and Syngin.

USD million	Q3 2018	Q2 2018	% change q-o-q	Q3 2017	% change y-o-y
Total income	225	222	1%	203	11%
EBITDA	23	25	-10%	29	-22%
EBIT	9	13	-29%	19	-50%
EBITDA adjusted	23	25	-8%	24	-8%

Total income and EBITDA

Total income in the third quarter increased to USD 225 million, up 11% compared with the same quarter last year. This was driven by full operations at the Melbourne terminal and the acquisition of Keen Transport and Syngin. Total income was flat for all the business areas compared to the last quarter.

EBITDA for the landbased segment was USD 23 million in the third quarter, down 8% compared to the same period last year adjusted for an extraordinary item of USD 4.5 million related to sales gain for a facility in the US in the third quarter last year. Compared to last year, the landbased segment was negatively impacted by increased SG&A cost allocations of USD 3 million (offset by a similar reduction in ocean) following a detailed review of the IT portfolio and cost drivers in the first quarter.

Solutions Americas – Auto (VSA) continued to experience high volumes and activity level. However, EBITDA in third quarter ended at only USD 11 million, down 27% compared to the same quarter last year, due to increased SG&A cost allocations combined with less profitable customer and service mix, i.e. less accessory fitting & content and more yard management work. This was partly offset by positive contribution from Syngin that was acquired July 5th (see note 3 for more information).

EBITDA for Terminals was USD 8 million, up 28% from USD 6 million in the third quarter last year. The improved results were driven by the Melbourne terminal being fully operational, whereas results for the other terminals on average were in line with last year.

EBITDA for Solutions Americas – H&H was USD 4 million, substantially up from USD 0.5 million in the third quarter last year driven by the acquisition of Keen Transport in December 2017.

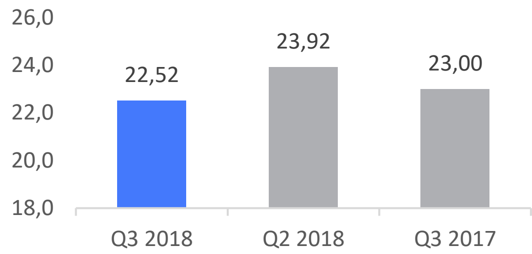
Market update

Auto exports in the third quarter increased 2.1% from a year prior, but volumes towards end of quarter weakened. The high & heavy markets continued to strengthen with construction equipment trade growing and mining equipment markets advancing further.

Auto markets

Total light vehicle (LV) sales in the third quarter decreased 2.2% compared to the corresponding period last year and fell 5.9% from the previous quarter.

Global light vehicle sales (mill units)

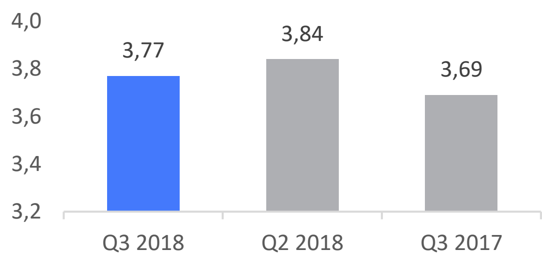


Source: IHS Markit

North American sales declined 2.9% y-o-y and 4.9% q-o-q from a seasonally strong second quarter, caused in part by a decline in sales in areas hit by Hurricane Florence and a high comparison last year when consumers rushed to replace vehicles damaged by Hurricane Harvey. Sales in Western Europe edged up 0.4% y-o-y but declined 18.4% q-o-q on seasonality, with surging sales in August and a subsequent contraction in September related to the implementation of the EU WLTP emission testing scheme. The Chinese market lost momentum and declined 6.0% y-o-y and 4.0% q-o-q, driven by US trade tensions, currency depreciation and stock market weakness. The Russian and the Brazilian markets continued to record growth with 9.2% and 12.2% y-o-y respectively (-1.8% and +10.7% q-o-q), but at a more measured pace than in the first half of the year.

Total exports in the third quarter were up 2.1% compared to the corresponding period last year but declined 2.0% from the previous quarter. Exports out of North America edged up 0.3% y-o-y but declined 5.0% q-o-q, as falling imports in China offset broad growth to most destinations. European exports were down 2.0% y-o-y and 1.1% q-o-q, as strong growth to Asia only partly offset North American imports that slowed with lower sales in the US in the quarter. Japanese exports in the third quarter were up 1.4% y-o-y, but decreased 0.7% q-o-q as typhoons and earthquakes disrupted supply-chains for several manufacturers. Exports out of South Korea continued to soften with production losses due to holiday season, declining 0.9% y-o-y and 4.9% q-o-q. Chinese exports were up 43.1% y-o-y and 3.2% q-o-q with continued production ramp-up with broad geographic growth despite U.S. tariff increases.

Global light vehicle exports (mill units)



Source: IHS Markit

High and heavy markets

The global expansion in high & heavy trade continued into the third quarter, with exports of construction, mining and farm machinery growing 9% y-o-y[1].

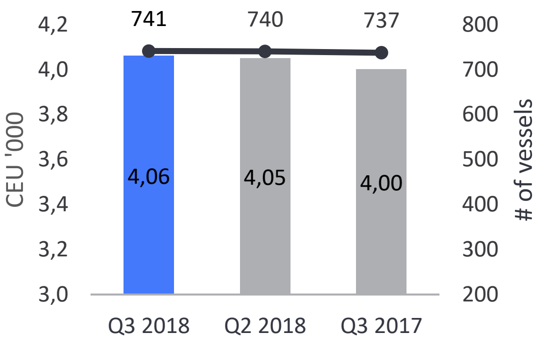
Global construction equipment exports increased 13% y-o-y, with continued growth to all regions except Latin America. The seasonally adjusted construction spending in the U.S. edged up from the previous quarter. Construction machinery sales from US manufacturers increased 11% y-o-y in the period, and North American imports of construction equipment increased 18% y-o-y. The Eurozone construction PMI continued to signal expansion in the quarter, and European imports of construction machinery increased 2% y-o-y. The Australian construction PMI softened as the struggling residential sector put an end to 19 consecutive months of expansion in September, while construction machinery imports strengthened 28% y-o-y.

Mining machinery demand continued to show signs of sustained improvement in the quarter. OEM majors again reported broad-based geographical sales growth and order development in their mining equipment divisions, with machinery sales growth outpacing aftermarket and parts on replacement needs. Exports of agricultural machinery increased 2% y-o-y, and demand for large agriculture equipment was strong in most key markets in the quarter. US large tractor sales increased 31% y-o-y, as replacement-driven demand lifted sales strongly in each month of the quarter. European registrations of high-HP tractors increased in the biggest markets and recorded gains in Germany (+9% y-o-y), France (+4% y-o-y) and the UK (+9% y-o-y), despite softening sequential momentum in both Germany and the UK. The Australian market declined 8% y-o-y as drought is taking its toll on farmer sentiment, while the Brazilian market expanded 16% y-o-y and continued the positive development from the previous quarter.

Global fleet

The global car carrier fleet (>1 000 CEU) totaled 741 vessels with a capacity of 4.06 million CEU at the end of the third quarter. During the quarter three vessels were delivered, and two sold for recycling, resulting in a net increase of one vessel. No new orders were confirmed in the quarter, but an order for four vessels was cancelled by SIEM Car Carriers, of which two vessels were included in the order book and one is still assumed to enter operations. The orderbook for deep-sea vehicle carriers (>4 000 CEU) counts 20 vessels, which together with four smaller (>1 000 CEU) vessels on order amount to less than 4% of the global fleet capacity.

Global fleet development



Source: Seaweb

[1] All import/export data refer to the three-month period ending in July, 2018, with the exception of imports to North America and Australia, referring to the three-month period ending in August, 2018. Source: IHS Markit

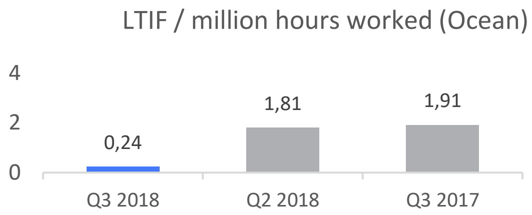
Health, safety and environment

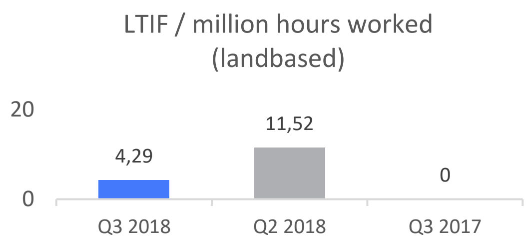
Ocean LTIF declined relative to the two previous quarters and broke the worsening trend seen. WW Solutions LTIF also declined significantly and contribution to Preventive Safety improvements continued demonstrating continued dedication to the Safety 1st culture.

Health & safety

There was only one lost time incident arising from ocean operations for the quarter, which is a significant decrease versus the previous quarter. At the same time an overall increase in exposure hours was observed.

LTIF results for landbased are presented for the third time, and the Safety 1st program is currently being rolled out to all entities globally. Contribution into the WW Solutions Preventive Safety initiative continued to rise this quarter and changes in reporting are the main reason for the large drop in LTIF compared to the last quarter. The target is to reduce number of incidents to an absolute minimum through proactively addressing safety risks, near misses, and personal injury incidents.

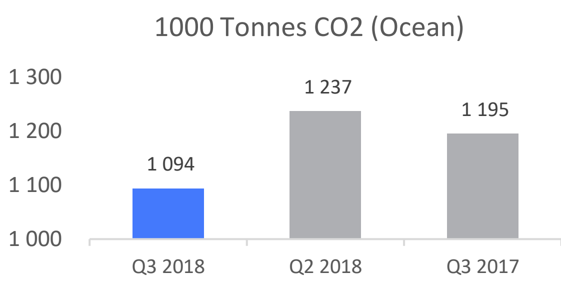




Environment

The total CO_2 emitted for the quarter was 8.4% lower than the same quarter of 2017, the corresponding total cargo work done decreased by 5.8% measured in tonne kilometers. The decrease in both these factors ultimately results in a 2.9% reduction in the grams of CO_2 emitted per tonne kilometer.

The 2018 Orcelle Award was won by Jolt Energy Storage Technologies for their high-capacity flow battery, which has the potential to develop into shore power alternative.



Prospects

The board maintains a balanced view on the prospects for the company. However, there is increased uncertainty around the auto outlook in light of weaker auto sales in certain markets towards the end of the third quarter and the potential risk of trade barriers. The positive development for high & heavy volumes is expected to continue. Market rates remain at a depressed level, but tonnage balance is expected to gradually improve.

Wallenius Wilhelmsen has a solid platform for growth and is well positioned in a challenging market with more than USD 120 million in synergies realized. Furthermore, the new 2-year performance improvement program is expected to support profitability.

Lysaker, 6 November 2018
The board of directors of Wallenius Wilhelmsen ASA

Håkan Larsson – Chair

Thomas Wilhelmsen   Jonas Kleberg   Marianne Lie   Margareta Alestig

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.

Wallenius Wilhelmsen

Income statement

USD mill	Notes	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Operating revenue	4	1 031	958	3 043	1 991	3 024
Gain/(loss) on sale of assets	2		(3)		5	2
Total income		**1 031**	**955**	**3 043**	**1 997**	**3 027**
Operating expenses	4	(879)	(766)	(2 610)	(1 601)	(2 454)
Operating profit before depreciation, amortisation and impairment (EBITDA)		**152**	**189**	**433**	**396**	**573**
Depreciation and amortisation	5/6	(87)	(84)	(257)	(187)	(272)
Operating profit (EBIT)		**65**	**105**	**176**	**209**	**301**
Share of profit from joint ventures and associates			1	1	15	15
Loss on previously held equity interest	2		(2)		(64)	(64)
Financial income	7	18	26	98	48	70
Financial (expenses)	7	(53)	(47)	(184)	(117)	(175)
Financial items - net		**(34)**	**(22)**	**(84)**	**(119)**	**(153)**
Profit before tax		**31**	**83**	**92**	**90**	**148**
Tax income/(expense)	8	(1)	(28)	(31)	(30)	(3)
Profit for the period		**30**	**55**	**61**	**60**	**146**
Profit for the period attributable to:						
Owners of the parent		30	51	57	52	134
Non-controlling interests			4	5	8	11
Basic earnings per share (USD)	8	0.07	0.12	0.13	0.12	0.37

Statement of comprehensive income

USD mill	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Profit for the period	30	55	61	60	146
Other comprehensive income:					
Items that may be subsequently reclassified to the income statement					
Cash flow hedges, net of tax		1		(1)	(3)
Currency translation adjustment and recycling of currency translation adjustment related to previously equity investment		(16)	(5)	2	3
Items that will not be reclassified to the income statement					
Remeasurement pension liabilities, net of tax					1
Other comprehensive income, net of tax	**(0)**	**(16)**	**(5)**	**1**	**2**
Total comprehensive income for the period	**30**	**39**	**57**	**61**	**148**
Total comprehensive income attributable to:					
Owners of the parent	30	34	52	51	135
Non-controlling interests	1	5	4	10	13
Total comprehensive income for the period	**30**	**39**	**57**	**61**	**148**

Balance sheet

USD mill	Notes	30.09.2018	30.09.2017	31.12.2017
ASSETS				
Non-current assets				
Deferred tax assets		91	85	99
Goodwill and other intangible assets	5	778	645	774
Vessels and other tangible assets	6	5 265	5 395	5 364
Investments in joint ventures and associates		2	1	1
Other non-current assets		79	85	84
Total non-current assets		**6 215**	**6 210**	**6 322**
Current assets				
Bunkers/luboil		111	80	96
Trade receivables		474	412	472
Other current assets		113	127	123
Cash and cash equivalents		545	820	796
Total current assets		**1 244**	**1 440**	**1 487**
Total assets		**7 459**	**7 650**	**7 809**
EQUITY and LIABILITIES				
Equity				
Share capital	8	28	28	28
Retained earnings and other reserves		2 580	2 456	2 540
Total equity attributable to owners of the parent		**2 608**	**2 484**	**2 568**
Non-controlling interests		228	232	228
Total equity		**2 836**	**2 716**	**2 796**
Non-current liabilities				
Pension liabilities		72	82	73
Deferred tax liabilities		108	143	106
Non-current interest-bearing debt	10	3 140	3 205	3 103
Non-current provisions		114		183
Other non current liabilities		26	89	89
Total non-current liabilites		**3 460**	**3 519**	**3 554**
Current liabilities				
Trade payables		233	184	221
Current income tax liabilities		20	17	13
Current provisions		65	270	257
Other current liabilities	10	845	943	967
Total current liabilities		**1 163**	**1 414**	**1 458**
Total equity and liabilities		**7 459**	**7 650**	**7 809**

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Cash flow statement

USD mill	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Cash flow from operating activities					
Profit before tax	31	83	92	90	148
Financial (income)/expenses	34	22	84	119	153
Depreciation/impairment	87	84	257	187	272
(Gain)/loss on sale of tangible assets		3		(5)	(2)
Change in net pension assets/liabilities		4	(1)	5	(2)
Other change in working capital	(20)	(61)	(274)	(57)	(74)
Tax paid (company income tax, witholding tax)	(7)	(11)	(19)	(21)	(32)
Net cash flow provided by operating activities [1)]	**125**	**123**	**140**	**316**	**462**
Cash flow from investing activities					
Dividend received from joint ventures and associates	2		2		
Proceeds from sale of tangible assets	2	96	7	150	154
Investments in vessels, other tangible and intangible assets	(26)	(18)	(132)	(66)	(83)
Investments in subsidaries, net of cash aquired	(22)		(22)		(64)
Proceeds from sale of financial investments				218	218
Investments in financial investments				(15)	(15)
Interest received	2	3	7	3	4
Cash and cash equivalents, incoming entities merger		9		494	494
Changes in other investments	(1)	2	(2)	2	1
Net cash flow provided by/(used in) investing activities	**(44)**	**91**	**(140)**	**786**	**710**
Cash flow from financing activities					
Proceeds from issue of debt	206	7	796	138	281
Repayment of debt	(212)	(121)	(870)	(381)	(568)
Loan to related party				(15)	(15)
Interest paid including interest derivatives	(45)	(30)	(131)	(83)	(119)
Realised other derivatives	(1)	(1)	(28)	(16)	(31)
Dividend to non-controlling interests		(5)	(17)	(5)	(5)
Net cash flow used in financing activities	**(52)**	**(149)**	**(250)**	**(363)**	**(457)**
Net increase in cash and cash equivalents	29	65	(250)	740	715
Cash and cash equivalents, excluding restricted cash, at beginning of period	517	755	796	81	81
Cash and cash equivalents at end of period	**545**	**820**	**545**	**820**	**796**

[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.

Wallenius Wilhelmsen

Statement of changes in equity

USD mill	Share capital	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
2018 - Year to date					
Balance at 31.12.2017	28	2 540	2 568	228	2 796
Profit for the period		57	57	5	61
Other comprehensive income		(4)	(4)		(5)
Total comprehensive income	**0**	**52**	**52**	**4**	**57**
Put option non-controlling interests on acquisition of subsidiary		(12)	(12)		(12)
Transactions with non-controlling interests on acquisition of subsidiary				13	13
Dividend to non-controlling interests				(17)	(17)
Balance 30.09.2018	**28**	**2 580**	**2 608**	**228**	**2 836**

2017 - Year to date					
Balance at 31.12.2016	16	1 419	1 435		1 435
Profit for the period		52	52	8	60
Other comprehensive income		(1)	(1)	2	1
Total comprehensive income	**0**	**51**	**51**	**10**	**61**
Merger with Wallroll AB	12	989	1 002	224	1 225
Change in non-controlling interest		(3)	(3)	3	0
Balance 30.09.2017	**28**	**2 456**	**2 484**	**232**	**2 716**

2017 - Full year					
Balance at 31.12.2016	16	1 419	1 435		1 435
Profit for the period		134	134	11	146
Other comprehensive income			0	2	2
Total comprehensive income	**0**	**135**	**135**	**13**	**148**
Merger with Wallroll AB	12	989	1 002	224	1 225
Change in non-controlling interests		(3)	(3)	(4)	(7)
Dividend to non-controlling interests			0	(5)	(5)
Balance 31.12.2017	**28**	**2 540**	**2 568**	**228**	**2 796**

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 2017 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 2017, with the exception of IFRS 9 and 15:

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of assets and hedge accounting. The adoption of IFRS 9 Financial instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. The group has only one type of financial assets that are subject to IFRS 9's new expected credit loss model: Trade receivables for sale of services. The group adopted the simplified expected credit loss model for its trade receivables with only minor effects. No assets held by the group were subject to reclassifications in IFRS 9. The impact of the change in impairment on the group is immaterial and no adjustments have been reflected in retained earnings.

The group has adopted *IFRS 15* Revenue from Contracts with Customers from 1 January 2018 which resulted in no material changes.

Due to the merger transaction in 2017, the group's remaining joint ventures and associates are no longer regarded as part of the group's operating activity. Hence, the share of profit/(loss) from joint ventures and associates are reclassified to financial income/expenses. Comparative figures, including loss on previously held equity interest, are also reclassified.

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, except for new judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described above.

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 - Material gain/(loss) from disposal of assets

USD mill	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Ocean					
Sale of vessel to joint venture				9	9
Refinancing of two vessels through sale and leaseback agreements		(8)		(8)	(8)
Write-off of capitalised IT costs					(2)
Other			(1)		
Net gain/(loss) on sale of assets	**0**	**(8)**	**(1)**	**0**	**(1)**
Landbased					
Sales of a facility in the US		5		5	7
Write-off of capitalised IT costs					(3)
Other					
Net gain/(loss) on sale of assets	**(0)**	**5**	**0**	**5**	**4**
Total					
Sale of vessel to joint venture				9	9
Refinancing of two vessels through sale and leaseback agreements		(8)		(8)	(8)
Sales of a facility in the US		5		5	7
Write-off of capitalised IT costs					(5)
Other					
Net gain/(loss) on sale of assets	**(0)**	**(3)**	**(0)**	**5**	**2**

Note 3 - Business combinations

On July 4, the group signed an agreement to acquire 70% of the membership interest in Syngin Technology LLC ("Syngin") for a consideration of USD 30 million on a cash and debt free basis. Syngin is a leading provider of automated logistics solutions for disposition of used vehicles through an electronic marketplace currently operating in the US and Canadian market. Syngin streamlines the movement of vehicles handled by fleet leasing companies and remarketers to auction houses through a virtual marketplace that matches these stakeholders with transportation providers and repair centers.

The consideration includes a deferred consideration of USD 8 million linked to company performance exceeding certain threshold targets. It is expected that the entity will meet these targets. Current owners will maintain an ownership stake of 30% and stay highly involved in the business for the foreseeable future.

Acquisition related costs of USD 0.5 million have been excluded from the consideration transferred and were recognised as an expense within operating expenses in the interim consolidated statement of income.

The primary drivingforce for the acquisition of Syngin is the possibility of entry into the Full Life Cycle Logistics space for the group and lays a solid foundation for growth. The combined strength of the landbased segment and Syngin represents a significant opportunity to scale the business, not only within the current scope, but also into adjacent customers and geographies. It is also an important step in realizing the landbased segment's ambition to develop and deploy digital solutions to help customers manage their business better, faster and smarter.

The transaction is financed through existing credit facilities and available cash.

The non-controlling interest is provided with a put option as part of the transaction for their remaining 30% shareholding. The price is based on certain performance related measures and can be excercised five years after the transaction date. A financial liability of USD 12.4 million has been recognized reflecting the present value of the redemption amount as a non-current other) with a corresponding entry reducing equity through retained earnings and other reserve. All subsequent changes to the liability are recognised in profit and loss. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

Details of net assets acquired and goodwill are as follows:

USD mill

Consideration	22
Earn out	8
Consideration transferred	30
Non-controlling interests	13
Fair value of net identifiable assets acquired (see below)	(27)
Goodwill arising from aquisition	16

The fair value of net identifiable assets is primarily attributable to Syngins software technology and customer relationships.
Other current assets primarily comprise accounts receivables. The gross contractual amounts of the receivables reflected in the balance sheet is considered to best reflect the fair value of the receivables at the time of the acquisition.

Identifiable assets aquired and liabilities recognised at the date of aquisition:

USD mill	Fair value
Assets	
Intangible assets - software	8
Intangible assets - customer relations	17
Other current assets	2
Cash and cash equivalents	0
Liabilitites	
Other non-current liabilities	0
Other current liabilities	0
Net identifiable assets acquired	**27**

Had Syngin been acquired on 01.01.2018, the group's EBITDA and profit for the period would have been affected positively with USD 3.3 million and USD 0.2 millions respectively.

Note 4 - Segment reporting

Due to the merger transaction in 2017 which materially impacts the consolidated historical financial statements for the group, the below segment information for 2017 is not based on historical financial information since the board is of the opinion that this would not provide meaningful information. Therefore, the information is based on unaudited proforma income statement for Q1 2017 and actual figures for the last three quarters of 2017. The proforma income statement for Q1 2017 has been prepared on the basis as if the merger transaction had been effective on 1 January 2016.

USD mill	Ocean		Landbased		Holding		Eliminations		Total	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017
Net freight revenue	716	697							716	697
Surcharges	62	33							62	33
Other operating revenue	43	45	225	198		1	(16)	(16)	252	228
Gain/(loss) on sale of assets		(8)		5						(3)
Total income	**822**	**766**	**225**	**203**	**0**	**1**	**(16)**	**(16)**	**1 031**	**955**
Cargo expenses	(182)	(161)					15	15	(167)	(147)
Bunker	(193)	(131)							(193)	(131)
Other voyage expenses	(118)	(118)							(118)	(118)
Ship operating expenses	(59)	(55)							(59)	(55)
Charter expenses	(94)	(86)							(94)	(86)
Manufacturing cost			(65)	(54)					(65)	(54)
Other operating expenses	(6)	(4)	(107)	(99)					(113)	(103)
Selling, general and administrative expenses	(37)	(49)	(30)	(21)	(3)	(3)		1	(70)	(71)
Total operating expenses	**(690)**	**(605)**	**(202)**	**(174)**	**(3)**	**(3)**	**15**	**16**	**(879)**	**(766)**
Operating profit before depreciation, amortisation and impairment (EBITDA)	**132**	**162**	**23**	**29**	**(3)**	**(2)**	**(0)**	**(0)**	**152**	**189**
Depreciation	(66)	(65)	(4)	(4)					(70)	(68)
Amortisation	(8)	(8)	(9)	(7)					(17)	(15)
Operating profit (EBIT)[1]	**59**	**88**	**9**	**19**	**(3)**	**(2)**	**(0)**	**0**	**65**	**105**
Financial items - net	(57)	(23)		1	23				(34)	**(22)**
Profit before tax	**2**	**65**	**9**	**20**	**21**	**(2)**	**(0)**	**0**	**31**	**83**
Tax income/(expense)	5	(21)	(1)	(5)	(5)	(2)			(1)	(28)
Profit for the period	**6**	**44**	**8**	**15**	**16**	**(4)**	**(0)**	**0**	**30**	**55**
Profit for the period attributable to:										
Owners of the parent	7	41	7	14	16	(4)			30	51
Non-controlling interests	(1)	3	1	1						4

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

Note 4 - Segment reporting

USD mill	Ocean			Landbased			Holding			Eliminations			Total		
	YTD 2018	YTD 2017	Full year 2017	YTD 2018	YTD 2017	Full year 2017	YTD 2018	YTD 2017	Full year 2017	YTD 2018	YTD 2017	Full year 2017	YTD 2018	YTD 2017	Full year 2017
Net freight revenue	2 129	2 091	2 847										2 129	2 091	2 847
Surcharges	158	80	114										158	80	114
Operating revenue	127	120	162	679	576	795		3	3	(50)	(48)	(66)	756	651	894
Gain/(loss) on sale of assets	(1)	(8)	(10)		5	4								(3)	(6)
Total income	**2 414**	**2 283**	**3 113**	**679**	**581**	**799**	**0**	**3**	**3**	**(50)**	**(48)**	**(66)**	**3 043**	**2 819**	**3 849**
Cargo expenses	(533)	(500)	(686)							48	45	63	(485)	(454)	(623)
Bunker	(548)	(400)	(559)										(548)	(400)	(559)
Other voyage expenses	(366)	(355)	(479)										(366)	(355)	(479)
Ship operating expenses	(169)	(171)	(226)										(169)	(171)	(226)
Charter expenses	(276)	(239)	(337)										(276)	(239)	(337)
Manufacturing cost				(202)	(154)	(211)							(202)	(154)	(211)
Other operating expenses	(20)	(21)	(20)	(318)	(289)	(399)							(338)	(309)	(420)
Selling, general and administrative expenses	(125)	(169)	(220)	(91)	(61)	(88)	(10)	(10)	(13)	1	3	3	(225)	(238)	(318)
Total operating expenses	**(2 038)**	**(1 854)**	**(2 528)**	**(611)**	**(504)**	**(699)**	**(10)**	**(10)**	**(13)**	**49**	**48**	**66**	**(2 610)**	**(2 320)**	**(3 173)**
Operating profit before depreciation, amortisation and impairment (EBITDA)	**376**	**430**	**587**	**68**	**77**	**100**	**(10)**	**(7)**	**(10)**	**(0)**	**(0)**	**(0)**	**433**	**500**	**677**
Depreciation	(196)	(192)	(256)	(13)	(11)	(16)							(208)	**(203)**	**(271)**
Amortisation	(24)	(26)	(37)	(25)	(20)	(26)							(49)	(46)	(63)
Operating profit (EBIT)[1]	**156**	**212**	**295**	**30**	**46**	**58**	**(10)**	**(7)**	**(10)**	**(0)**	**0**	**0**	**176**	**251**	**344**
Financial items - net	(101)	(77)	(106)	(3)		(1)	19	(70)	(75)				(84)	**(147)**	**(182)**
Profit before tax	**55**	**135**	**189**	**28**	**46**	**57**	**9**	**(77)**	**(85)**	**(0)**	**0**	**0**	**92**	**104**	**162**
Tax income/(expense)	(19)	(24)	(8)	(9)	12	26	(2)	3					(31)	(9)	18
Profit for the period	**36**	**111**	**181**	**18**	**57**	**83**	**7**	**(74)**	**(85)**	**(0)**	**0**	**0**	**61**	**94**	**179**
Profit for the period attributable to:															
Owners of the parent	34	101	170	16	55	80	7	(74)	(85)				57	82	165
Non-controlling interests	2	9	11	3	2	3							5	11	14

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

Note 5 - Goodwill, customer relations/contracts and other intangible assets

USD mill	Goodwill	Customer relations/ contracts	Other intangible assets	Total intangible assets
2018 - Year to date				
Cost at 01.01	383	398	33	815
Additions	19	22	12	53
Cost at 30.09	**401**	**421**	**46**	**867**
Accumulated amortisation and impairment losses at 01.01		(37)	(4)	(41)
Amortisation		(40)	(8)	(49)
Accumulated amortisation and impairment losses at 30.09	**0**	**(77)**	**(12)**	**(89)**
Carrying amounts at 30.09	**401**	**344**	**33**	**778**

Note 6 - Vessels, property and other tangible assets

USD mill	Property & land	Other tangible assets	Vessels & docking	Newbuilding contracts	Total tangible assets
2018 - Year to date					
Cost at 01.01	85	89	5 840	120	6 134
Additions		20	52	49	121
Reclassification from newbuilding contracts to vessels			76	(76)	0
Disposal	(7)	(10)	(14)		(31)
Currency translation adjustment	(5)	(2)	0		(7)
Cost at 30.09	**73**	**97**	**5 954**	**94**	**6 218**
Accumulated depreciation and impairment losses at 01.01	(3)	(10)	(757)		(770)
Depreciation	(3)	(14)	(192)		(208)
Disposal	1	8	14		23
Currency translation adjustment	1	2	0		2
Accumulated depreciation and impairment losses at 30.09	**(4)**	**(14)**	**(935)**		**(953)**
Carrying amounts at 30.09	**69**	**83**	**5 020**	**94**	**5 265**

Note 7 - Financial items

USD mill	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Share of profit from joint ventures and associates		1	1	15	15
Loss on previously held equity interest		(2)		(64)	(64)
Interest income	3	3	7	6	4
Interest expenses	(46)	(41)	(132)	(96)	(137)
Interest rate derivatives - unrealised	14	10	57	12	25
Currency					
Net currency gain/(loss)	(5)	(6)	(23)	(2)	5
Derivatives for hedging of foreign currency risk - realised	(1)	(1)	(28)	(16)	(31)
Derivatives for hedging of foreign currency risk - unrealised	1	12	34	27	31
Net financial - currency	**(6)**	**6**	**(18)**	**8**	**4**
Other financial derivatives					
Unrealised other financial derivatives				(3)	(3)
Realised other financial derivatives				3	3
Net other financial derivatives	**0**	**0**		**0**	**0**
Financial items - net	**(34)**	**(22)**	**(84)**	**(119)**	**(153)**

Financial income					
Interest income	3	3	7	6	6
Interest rate derivatives - unrealised	14	10	57	12	25
Net currency gain/(loss)					5
Derivatives for hedging of foreign currency risk - unrealised	1	12	34	27	31
Realised other financial derivatives				3	3
Financial income	**18**	**26**	**98**	**48**	**70**

Note 8 - Shares

Earnings per share takes into consideration the number of outstanding shares in the period. The company had no outstanding 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. Basic earnings per share for the third quarter was USD 0.07 compared with USD 0.12 in the same quarter last year.

The company's share capital is as follows:

	Number of shares	NOK mill	USD mill
Share capital	423 104 938	220	28

Note 9 - Paid/ proposed dividend

The board and the general meeting decided to not pay any ordinary dividend in May 2018.

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Note 10 - Interest-bearing debt

USD mill	30.09.2018	30.09.2017	31.12.2017
Non-current interest-bearing debt	3 140	3 205	3 103
Current interest-bearing debt	564	611	661
Total interest-bearing debt	**3 704**	**3 816**	**3 764**
Cash and cash equivalents	545	820	796
Net interest-bearing debt	**3 159**	**2 995**	**2 968**

Repayment schedule for interest-bearing debt

	Bank loans	Leasing commitments	Bonds	Other interest-bearing debt	Bank overdraft	30.09.2018
Due in year 2018	37	38			21	**95**
Due in year 2019	237	254	72			**563**
Due in year 2020	470	211	10			**691**
Due in year 2021	207	168	92			**466**
Due in year 2022 and later	763	895	219	12		**1 888**
Total interest-bearing debt	**1 713**	**1 565**	**392**	**12**	**21**	**3 704**

Reconciliation of liabilities arising from financing activities

			Non cash changes					
	31.12.2017	Cash flows	Debt assumed as part of acquisition	Foreign exchange movement	Amorti-sation	Other*	Reclass-ification	30.09.2018
Bank loans	1 344	304					(140)	**1 498**
Leasing commitments	1 435	33					(170)	**1 310**
Bonds	324	1		2	(3)	2	(6)	**320**
Other interest-bearing debt			12					**12**
Current portion of non-current debt	661	(412)					316	**564**
Total liabilities from financing activities	**3 764**	**(74)**	**12**	**2**	**(3)**	**2**	**0**	**3 704**

*Interest on corporate bond with maturity in 2022.

Note 11 - IFRS 16 - Leases

IFRS 16, Leases, issued in January 2016 and effective from 1 January 2019 covers the recognition of leases and related disclosure in the financial statements, and will replace IAS 17 Leases. In the financial statement of lessees, the new standard requires recognition of all contracts that qualify under its definition of a lease as right-of-use assets and lease liabilities in the balance sheet, while lease payments should be split in interest expense and reduction of lease liabilities. The right-of-use assets are to be depreciated in accordance with IAS 16 “Property, Plant and Equipment” over the shorter of each contract’s term and the assets useful life. The standard consequently implies a significant change in lessees’ accounting for leases currently defined as operating leases under IAS 17, both as regards impact on the balance period of time in exchange of consideration. In general, the group expects the implementation of IFRS 16 to have a material effect on both EBITDA, non-current assets and liabilities.

Wallenius Wilhelmsen will apply IFRS 16 retrospectively with recognition of the cumulative implementation effect recognised at the date of initial application 1 January 2019. By doing this comparative financial information shall not be restated, but the cumulative effect of initially applying this standard shall be reflected as an adjustment to the opening balance.

As of 1 January 2019, the lease liabilities will be measured at the present value of remaining lease payments, discounted using the incremental borrowing rate at such date. The right-of-use assets will be measured at an amount equal to the lease liability.

At the time of transition, leases entered under IAS 17 will not be reassessed.

The standard has provided options on scope and exemptions and below the group's policy choices are described:

- The standard will not be applied to leases of intangible assets and these will continue to be recognized in accordance with IAS 38 Intangible assets.
- All leases deemed short-term by the standard are exempt from reporting
- All leases deemed to be of low value by the standard are exempt from reporting.
- Non-lease components shall be separated from the lease component in all vessel leases. For other lease agreements, the group will apply a materiality threshold when evaluating separation.

Note 12 - Contingencies

Update on the anti-trust investigations

The operating entities Wallenius Wilhelmsen Ocean and EUKOR have been part of anti-trust investigations in several jurisdictions since 2012. Wallenius Wilhelmsen expect the processes with the outstanding jurisdictions to be largely resolved by early 2019 while the timeline for civil claims are more uncertain. The possible outcome of pending investigations and the possibility for civil claims are reflected in the remaining provision in the balance sheet. In the third quarter the provision was reduced with USD 11 million due to a commercial settlement. The remaining provision shall cover costs in jurisdictions with ongoing anti-trust proceedings and potential civil claims. The ongoing investigations of Wallenius Wilhelmsen Ocean and EUKOR are confidential and Wallenius Wilhelmsen is therefore not able to provide detailed comments.

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Reconciliation of alternative performance measures

USD mill

Reconciliation of Total income to EBITDA and EBITDA adjusted

	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Total income	1 031	958	3 043	1 991	3 024
Operating expenses	(879)	(766)	(2 610)	(1 601)	(2 454)
EBITDA	**152**	**189**	**433**	**396**	**573**
Restructuring costs			5	20	27
Gain on sale of vessel				(9)	(9)
Gain on sale of PP&E		(5)		(5)	(7)
Loss on sale of vessels		8		8	8
EBITDA adjusted	**152**	**192**	**439**	**411**	**592**

Reconciliation of Total income to EBIT and EBIT adjusted

	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
EBITDA	**152**	**189**	**433**	**396**	**573**
Depreciation and amortisation	(87)	(84)	(257)	(187)	(272)
EBIT	**65**	**105**	**176**	**209**	**301**
Restructuring costs			5	20	27
Gain on sale of vessel				(9)	(9)
Gain on sale of PP&E		(5)		(5)	(7)
Loss on sale of vessels		8		8	8
EBIT adjusted	**65**	**108**	**181**	**224**	**320**

Reconciliation of total assets to capital employed and ROCE calculation

	Quarter average		
	30.09.2018	30.09.2017	31.12.2017*
Total assets	7 481	7 694	7 809
Total liabilities	4 660	4 994	5 013
Total equity	**2 821**	**2 700**	**2 796**
Total interest-bearing debt	3 713	3 871	3 764
Capital employed	**6 535**	**6 570**	**6 560**
EBIT adjusted annualised	261	431	320
ROCE	**4.0%**	**6.6%**	**4.9 %**

*Due to the merger of Wilh. Wilhelmsen ASA and Wallroll AB on 4 April 2017, the year end 2016 figures is excluded from the Full year calculation of 2017.

Net interest-bearing debt	30.09.2018	30.09.2017	31.12.2017
Cash and cash equivalents	545	820	796
Non-current interest bearing debt	3 140	3 205	3 103
Other current liabilities [1)]	564	611	661
Net interest-bearing debt	**3 159**	**2 995**	**2 968**

[1)] Only current interest-bearing debt