Wallenius Wilhelmsen

Wallenius Wilhelmsen ASA

Q1 Report 2022

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Highlights – Q1 2022

- Strong EBITDA of USD 309m driven by the shipping segment
- Some margin pressure due to fuel prices and supply chain issues
- Cash position increased to USD 759m driven by solid EBITDA
- Limited direct impact on business from the war in Ukraine
- In April, the group issued NOK 1.25bn of sustainability-linked bonds
- In April, the AGM approved the USD 63.5m dividend, and appointed Hans Åkervall and Yngvil Eriksson Åsheim as new members of the board

"We deliver a strong revenue and EBITDA for the first quarter despite a volatile market and supply chain issues. I am proud to see how our employees across the globe strive to find solutions for our customers despite challenging times and the tragic war in the Ukraine that is affecting us all."

Torbjørn Wist
CFO & Acting CEO

Consolidated results and key figures – Q1 2022

The group continued to deliver strong revenue and EBITDA results for the quarter driven by the shipping segment. The impact from the Russian invasion of Ukraine is limited.

USDm	Q1 2022	Q4 2021	% change QoQ	Q1 2021	% change YoY
Total revenue	1 149	1 078	7 %	838	37 %
EBITDA	309	306	1 %	132	135 %
EBIT	177	121	47 %	13	1 285%
Profit/(loss) for the period	177	98	80 %	(5)	n.a.
EPS [1]	0.37	0.18	104 %	(0.01)	n.a.
Net interest-bearing debt	3 294	3 418	-4 %	3 501	-6 %
ROCE adjusted [2]	7.8 %	5.7 %	n.a.	1.3 %	n.a.
Equity ratio	37.4 %	36.0 %	n.a.	34.2 %	n.a.
EBITDA adjusted [3]	301	306	-1 %	132	129 %

1) *After tax and non-controlling interests*
2) *The calculation of ROCE has changed from prior periods to base the return on results for the last twelve months. Previously returns were calculated as an annualized amount based on year-to-date results. Prior period figures have been changed to reflect this*
3) *Q1-22 EBITDA adjusted for the USD 8m gain on a sale of a vessel*

Consolidated results

The group has suspended operations in Russia and Belarus. The direct impact on our business from the Russian invasion of Ukraine is limited, as we do not have any significant direct exposure in the region and no material operations on the ground. In 2021, revenues related to Russia represented 0.7% of total revenue.

The group continues to adhere to prevailing sanctions and other restrictions, and the situation is continuously monitored by management. Together with the Norwegian Shipowners' Association, we have provided financial support to the Red Cross.

Russia is the world's second-largest oil producer, mainly selling its crude to European refineries. The invasion triggered fear of further supply disruptions which resulted in higher fuel prices. The market has also avoided Russian products, which in turn has resulted in tighter availability of marine fuels in European ports.

Total revenues in Q1 were USD 1,149m, up 7% QoQ, driven by growth in the shipping and logistics segments, while the government segment saw decreased revenues compared to Q4-21. Compared to Q1-21, total revenue for the group was up 37%, mainly due to continued growth in the shipping segment.

EBITDA for the quarter ended at USD 309m, up 1% QoQ. Adjusted EBITDA was USD 301m, down 1% QoQ, excluding gain from sale of a vessel. Continued strong performance in the shipping segment with a QoQ EBITDA growth of USD 21m drove the positive development for the group, on a combination of high freight rates, operational efficiency, and the full utilization of our fleet. Logistics EBITDA decreased by USD 2m QoQ on lower margins due to cost increases, while government services was up by USD 9m mainly due to a gain of USD 8m from a vessel sale to the U.S. government.

EBITDA increased by 135% YoY, with adjusted EBITDA up 129%, again primarily driven by growth in the shipping segment, countering negative YoY development in logistics.

Net financial income was USD 2m in Q1, an improvement compared to the net financial expenses of USD 7m in Q4-21, driven by unrealized gain on interest derivatives as a result of increasing interest rates. Interest expense including realized interest derivatives was USD 43m, up by USD 5m versus the previous quarter. Net financial income was positively impacted by USD 62m in net unrealized gains on derivatives. Net currency developed negatively with a USD 5m loss in the quarter, mostly due to unrealized loss on currency revaluation, partly offset by gain on currency hedges in the quarter.

The group recorded a tax expense of USD 3m for Q1, compared to USD 16m in Q4-21. 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 177m, up from the USD 98m net profit in Q4-21 and the USD 5m net loss in Q1-21.

Capital and financing

Cash and cash equivalents were USD 759m, up USD 49m QoQ. Cash improved during Q1 on solid operational performance and limited investments, countered by significant financial outflows. In Q1, the group paid USD 26m in customer settlements and jurisdictional fines *(see Note 12 – Provisions).*

The investment cash flow consisted of maintenance investments of USD 17m and a USD 10m investment in ALS *(see logistics services chapter)*, reduced by USD 21m in proceeds from the sale of a vessel *(see government services chapter)*.

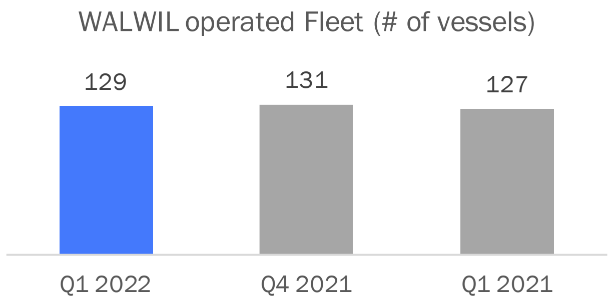
The key financial cashflows in addition to scheduled debt and lease payments, included prepayment of USD 49m of deferred debt installments granted during the onset of the pandemic in 2020. Following the prepayment, no further bank waivers or deferred debt remain. Further, EUKOR refinanced a USD 30m revolving credit facility secured by 3 vessels into a USD 20m term loan and a USD 10m revolving credit facility, thus increasing drawn debt by USD 20m. In Q1, the group repaid a NOK bond at maturity of in total USD 6m and prepaid USD 34m on a secured vessel facility relating to the intragroup sale of two vessels.

In addition to the cash position, Wallenius Wilhelmsen had USD 329m in undrawn credit facilities. This figure has been reduced by USD 20m due to the above mentioned EUKOR refinancing.

The equity ratio was 37.4% at the end of Q1, up from 36% at the end of Q4 as the group recorded a solid profit for the period. Net interest-bearing debt was USD 3,294m at the end of Q1, down from USD 3,418m in Q4. The above-mentioned cash increase, debt decreases and a USD 14m increase in lease liabilities led to the decrease in Net interest-bearing debt.

Fleet

Wallenius Wilhelmsen operated a fleet of 129 vessels at the end of Q1, down from 131 at the end of Q4 due to a decrease in short-term charter activity and sale of a vessel from the government segment. A few more mid-term and spot charter vessels would be considered to group fleet in the coming quarters if the strong demands continue.



During 2022, Wallenius Wilhelmsen has one upcoming vessel purchase option, as well as three charter redelivery candidates. The decision to exercise the option, and whether to extend the charters will be dependent on overall market situation, demand growth and long-term fleet strategy. Wallenius Wilhelmsen has finalized its exhaust gas cleaning systems program and has no further newbuildings on order.

Events after the balance sheet date

On April 6, Wallenius Wilhelmsen ASA successfully completed the issuance of new NOK 1,250m (~USD 144m) sustainability-linked senior unsecured bonds with a coupon of 3m NIBOR plus 4.25% p.a. and maturity date on April 21, 2027. Net proceeds swapped to USD of USD 81m (after buybacks in Q4-22 maturities and swap impacts) will be used to refinance the remaining bond debt maturing in Q4-22 and other general corporate purposes. The sustainability-link refers to the target and definitions in the group's Sustainability-Linked Financing Framework dated January 2022, where the group commits to reduce CO^2 intensity by 27.5% from 2019 to 2030. The redemption price of the bond will increase by 150bps if the group fails to meet its interim CO^2 intensity target for 2025.

In March, the Group established a bank waiver for ongoing business with GEFCO, a French logistics company which was owned 75% owned by Russian Railways (RZD). Our business with GEFCO is not related to Russia or sanctioned, but was considered a sanction issue under certain loan agreements with banks due to the former RZD ownership. On April 8, GEFCO was sold to CMA-CGM, and the potential sanction issue was fully resolved.

On April 26, the Annual General Meeting approved an ordinary dividend of USD 15 cents per share of which USD 9 cent per share is payable in May 2022 and USD 6 cent per share is payable in November 2022. Further, Hans Åkervall and Yngvil Eriksson Åsheim were appointed to the board of directors, replacing Jonas Kleberg and Marianne Lie. Wallenius Wilhelmsen is grateful for their services to the company over many years.

Shipping services

Shipping services continues the strong trend with another solid quarter, but seeing somewhat weakening margins as a result of operational disruptions and higher oil prices

USDm	Q1 2022	Q4 2021	% change QoQ	Q1 2021	% change YoY
Total revenue	930	862	8 %	623	49 %
EBITDA	268	247	8 %	100	168 %
EBIT	172	97	77 %	13	1204 %
Volume ('000 CBM) [1]	15 475	15 288	1 %	14 273	8 %
H&H Share [2]	31.2 %	30.1 %	4 %	28.8 %	8 %
EBITDA adjusted [3]	278	279	0 %	100	178 %
EBITDA adjusted margin	29.9 %	32.3 %	n.a.	16.0 %	n.a.

1. *Prorated cubic metres ("CBM"). Volume for previous periods may be amended as current period volumes are partially based on estimates.*
2. *Based on unprorated volumes*
3. *Q4-21 and Q1-22 EBITDA adjustments both relates to sale of assets from the shipping to the government segment. This has a positive impact on adjusted EBITDA in the shipping segment, but has zero effect on group consolidated EBITDA.*

Shipping services - Total revenue and EBITDA

The shipping services segment is engaged in ocean transportation 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 revenues were USD 930m in Q1, up 8% QoQ, on a positive development in cargo mix, net freight rates and an increase in fuel surcharges due to continued increase in fuel prices. Charter out activity remained stable QoQ.

Net freight rate in Q1 was USD 52.2 per cbm, up from USD 49.7 per cbm in Q4, on positive cargo mix development and some effects from contract renewals. The positive development in net freight rates in export from Asia continued, while rates in export from Europe remained stable at relatively low levels. The high and heavy (H&H) share based on un-prorated volumes was 31.2% in Q1, up from 30.1% in Q4. Total H&H volumes in absolute terms increased further QoQ and remains high.

Shipping volumes increased marginally by 1% QoQ despite the seasonal fluctuations. Q4 is usually a strong quarter due to the auto maker demand for delivery before year end. The ongoing Russia-Ukraine war increased volatility and uncertainty in the markets, including fuel price and fuel availability, but the impact for the shipping segment has been rather minimal in Q1.

The semiconductor shortage continued to impact volumes into Q1 and remains a challenge for the industry. Further, operational disruptions and port congestions in several central ports around the world became considerably more challenging during Q1 due to the Covid-19 resurgence in China, earthquake in Japan, stinkbug season, and labor shortages in ports. As a consequence, waiting times at several key ports created challenges for Wallenius Wilhelmsen and our customers throughout the quarter. We are doing our best to mitigate these challenges by having a continous dialogue with our customers and re-routing to other ports with less congestion whenever possible.

Volumes and activity continued to be strong out of Asia, with a slight improvement in most markets. Exports out of Europe to Asia declined QoQ, while we saw an improvement in the Oceania and the Atlantic trade. This resulted in a balanced development in both export markets, hence the trade route imbalances between Asian exports and European/Atlantic exports were stable QoQ.

Number of vessel days was 10,794 in Q1, down marginally 1% QoQ, due to lower short-term charter activity. The short-term activity represented a 5% share of total activity in Q1, a slight decrease from 6% in Q4. The tight charter market continued in Q1, with charter rates further increased QoQ.

EBITDA was USD 268m, up 8% QoQ, while adjusted EBITDA remained stable at USD 278m in Q1. The adjusted EBITDA margin decreased somewhat from 32% in Q4 to 30% in Q1. The margin pressure is mainly caused by increased fuel expenses with a continued increase in oil prices during the quarter. Fuel surcharge revenue under FAFs increased with USD 23m QoQ countered by a USD 40m increase in fuel expenses. A large portion of the fuel expense increase is expected to be recovered as a surcharge revenue in subsequent quarters[1]. Voyage expenses increased somewhat during the quarter in absolute terms and per cbm due to the operational disruptions and port congestion challenges. Charter expenses increased during Q1 due to an increase in charter rates despite lower charter-in activity. Ship operating expenses decreased by USD 9m QoQ explained by a end-of-year upward adjustment of accruals in Q4-21. A loss of USD 10m was recognized related to sale of a vessel from the shipping to the government segment. The loss is realized in the shipping segment, but has zero effect on group consolidated figures.

The market recovery is the key driver for the changes YoY. Revenues increased by 49% from Q1-21, 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. EBITDA improved by 168% YoY, on the increase in demand and revenues, with relatively lower marginal increase in expenses.

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[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

Positive development on revenues and volumes; however, EBITDA margins declined due to fuel cost increases and inefficiencies in work-flow related to continued semiconductor and labor shortages.

USDm	Q1 2022	Q4 2021	% change QoQ	Q1 2021	% change YoY
Total revenue	211	199	6 %	203	4 %
EBITDA	22	24	-7 %	29	-23 %
EBIT	(3)	(1)	n.a.	4	n.a.
EBITDA adjusted	22	24	-7 %	29	-23 %
EBITDA adjusted margin	10.5 %	11.9 %	n.a.	14.1 %	n.a.
EBITDA by product					
Solutions Americas (Auto)	4	3	3 %	12	-70 %
Solutions Americas (H&H)	2	3	-29 %	4	-41 %
Solutions APAC/EMEA	4	5	-35 %	3	23 %
Terminals	16	14	14 %	12	27 %
Other	(3)	(2)	39 %	(2)	30 %

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.

In Q1, Wallenius Wilhelmsen further strengthened its end-to-end logistics offerings in the asset-light segment by acquiring the remaining 40% of Wallenius Wilhelmsen Logistics Abnormal Load Services Holding B.V. (ALS). The company is focused on the EMEA region and is well known for delivering innovative logistics solutions for oversized, exceptional, and heavy lift cargo including transportation, port handling, storage and customs. Wallenius has a ten-year history with ALS since purchasing 60% of the business in 2012. With the decades of experience in specialized abnormal cargo at ALS, coupled with the Wallenius Wilhelmsen global network, customers will benefit from optimal product delivery across the supply chain.

Q1 revenues for the segment were USD 211m, up 6% QoQ. Volume development was positive for the quarter, while parts shortages continue to impact the business. All product areas in the segment experienced increased volumes for the quarter. However, the majority of the growth came from lower-margin services.

Q1 EBITDA was USD 22m, down 7% QoQ. Despite strong volume and revenue development, margins were muted. This was partially driven by a relative increase in Inland transportation activity, a business with inherently lower margins than other services in the logistics segment portfolio. This was further exacerbated by cost pressure in Inland transportation, as the business is significantly impacted by rising fuel cost and the lag effect of surcharges to customers.

YoY, revenues increased by 4% with increased volumes across the segment and more favorable cargo mix in Terminals. This was partially offset by significant revenue reductions in Americas (Auto), driven by lower volumes due to semiconductor chip shortages. YoY, EBITDA decreased by 23% mainly as a consequence of the reduction in auto volume and revenue in America (Auto).

America (Auto) volume increased 10% and revenue increased 4% compared to Q4-21 due to seasonality (vacation/holiday) and fewer production shutdowns in the quarter as volume from our main customers increased. However, EBITDA declined 17% compared to the prior quarter due to a slow ramp up of volume throughout the quarter, creating labor inefficiencies.

Solutions Americas (H&H) revenue increased 12% QoQ, as additional truck drivers were hired and we saw an increase in freight rates for inland transportation. EBITDA decreased 16% QoQ, due to a shift to lower margin services (Inland transportation) and increased fuel cost with a lag in surcharge recovery from customers.

Solutions APAC/EMEA revenue increased 3% QoQ, driven by slightly higher volumes in Europe and South Africa and strong fumigation revenue in China. EBITDA decreased 35% QoQ, due to the end of a special project with high margins and cessation of government grants.

Terminal volume and revenue increased 9% and 7% respectively QoQ, driven by high volumes across all Terminals, with increased storage revenues. EBITDA increased by 14% QoQ, directly related to increased volumes.

Government services

Revenues slightly down QoQ, while EBITDA was boosted by improved charter results and a gain on sale of a vessel to the U.S. government.

USDm	Q1 2022	Q4 2021	% change QoQ	Q1 2021	% change YoY
Total revenue	58	60	-3 %	54	8 %
EBITDA	16	7	118 %	10	55 %
EBIT	5	(2)	n.a.	3	75 %
EBITDA adjusted	8	7	10 %	10	-22 %
EBITDA adjusted margin	13.5 %	11.8 %	n.a.	18.6 %	n.a.

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 revenues in Q1 were USD 58m, down 3% QoQ, Covid-related port delays in Europe contributed to reduced U.S. Flag cargo volumes, while charter revenues increased from the previous quarter. EBITDA ended at USD 16m, a QoQ increase of 118%, partly due to a gain of USD 8m from the sale of the vessel M/V Honor to the U.S. government to support recapitalization of the government-owned sealift fleet. Adjusted EBITDA was USD 8m, up 10% QoQ.

Revenue was 8% up YoY on increased charters, offset in part by lower U.S. Flag cargo activity due to port delays in Europe and the timing of U.S. Flag cargo moves. Adjusted EBITDA was down 22% YoY, negatively impacted by significantly higher fuel prices.

Market update

Automotive sales in Q1-22 declined 5.4% from Q1 last year, as semiconductor shortage led to reduced sales in all major markets. High & Heavy machinery demand increased another 18.8% YoY.

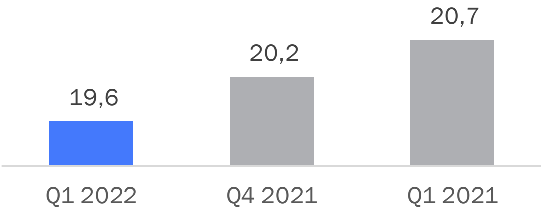
We started the quarter on a positive note. Solid fundamentals in the economies with strong consumer and business confidence led to solid GDP expansion globally. Supply chain pressure including semiconductor shortage remains and is holding production back, to a large extent driven by supply rather than demand. Inventories kept breaking new record-lows, but production of semiconductors is ramping up and we assume the situation to stabilize during 2H 2022. However, on February 24, Russia invaded Ukraine - leading to an unfolding human tragedy and geopolitical situation that will impact the global economy. The OECD recently revised its 2022 global growth forecasts down by 1-1.5 percentage points, and inflation by up to 2.5 percentage points. The direct demand effects are limited as Russia and Ukraine do not import nor export significant deep sea volumes of LVs or HH units. However, the affected countries are significant producers of the noble gases neon and palladium used for semiconductor production, and global shortage of these raw materials might put additional pressure on semiconductor production.

Moreover, higher energy costs have more far reaching effects - with oil, gas, and coal all at risk if Russian supply is disrupted. Russia and Ukraine are also powerhouses when it comes to grains - and a handful of metals key to the energy transition - affecting miners and farmers alike. Additionally, rising costs on raw materials and further supply disruptions might lead to accelerating inflation, which might force central banks into interest rate hikes that will eat into purchasing power for consumers.

Auto markets

Global light vehicle ("LV") sales include all passenger cars, SUVs, MPVs and light commercial vehicles. Sales in Q1 were down 3.0% QoQ due to normal cyclicality and down 5.4% YoY. The base of comparison,Q1-21, was soft as this was the quarter the logistics constrains inclucing semiconductor shortage started. This quarter LV sales and production continue to be 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 the same pre-Covid-19 quarter in 2019, sales were down 12.2%. Demand side started strong with low interest rates and a good job market for employees with the right skills. However during the quarter including the war in Ukraine, there is a risk of increased inflation and consumer confidence has become somehow more moderate. The risk of variations of Covid-19 intensity remains present and did take some steam out of the Chinese market. 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.

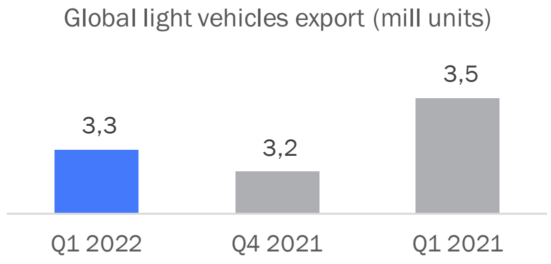
Global light vehicles sales (mill units)



North American sales declined 14.9% YoY (down 1.0% 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 6.3% YoY and increased 6.5% 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. The war in Ukraine lead to some inbound supply chain issues for OEMs including shortage of wiring looms. 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 was up 4.6% YoY, down 12.6% QoQ. Consumer confidence remains solid however Covid-19 related shut downs took out some of the steem in the market. In China particularly urban buyers are tempted by incentives for low-emission plug-in hybrid and battery electric vehicles seeing the segment expand with triple digits.



Global deep-sea exports in Q1 were down 5.9% compared to Q1-21, and up 2.7% from Q4-21 as semiconductor shortage held back LV production and export. Exports out of North America were almost flat -0.2% YoY (up 0.4% QoQ). European exports declined 12.8% YoY, up 8.3% QoQ. Japanese exports declined 16.1% YoY, up 11.7% QoQ, with main volumes exported to North America and Europe. Exports out of South Korea declined 10.4% YoY, up 3.7% QoQ. Chinese exports were up 34% YoY, down 15.9% QoQ.

High and heavy markets

Global demand in the H&H segment continued to grow strongly into Q1. Exports of construction, agriculture and rolling mining machinery increased 18.8% YoY in the three-month period ending in January[2]. Growth rates moderated compared to last quarter, due to a combination of supply challenges, inflationary pressure, and a higher basis of comparison. Absolute volumes in the period were down 6.1% compared to the nine-year high recorded in Q2-21.

Exports of construction equipment increased 23.9% YoY as volumes continued to grow strongly to all destination regions. Meanwhile, construction activity[3] was once again uneven around the world. European construction activity improved but growth moderated during the course of the quarter as cost pressures and delays mounted. Construction spending in the U.S. increased further in January and February as both residential and non-residential activity strengthened. Following the latest Covid-19 outbreak, the Australian construction sector rebounded strongly in February and March.

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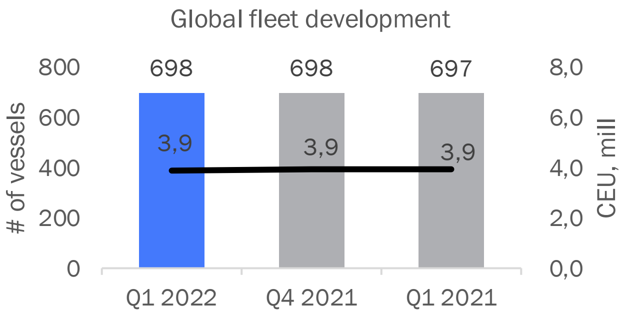
[2] Source(s): IHS Markit. All import/export data refer to the three-month rolling period ending in January 2022 unless otherwise specified and are limited to countries that have reported data per April 3rd, 2022
[3] Source(s): IHS Markit, U.S. Bureau of Census, Ai Group, Eurostat

Global mining equipment markets also continued to expand in Q1[4], with the biggest equipment manufacturers reporting strong sales growth and order intake around the world. Demand continued to be supported by metal prices and miner profits around all-time highs. Record-breaking cash generation allows miners to further grow their investments in sustaining and growing operations.

Global exports of farm machinery extended the ongoing upcycle, but growth moderated to 1.8% YoY. Farmers continue to benefit from global food prices at an all-time high but also experience margin pressure from rising input costs. End-user demand for machinery was mixed around the world in the quarter[5]. U.S. large tractor sales extended the strong run and lifted another 11.5% YoY, while German tractor registrations increased 0.9% YoY after two consecutive quarters of decline. Meanwhile, the UK market contracted for the first time in 18 months (down 6.7% YoY), and the Australian market declined 23.0% YoY due to significant availability issues.

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 Q1-22. During Q1-22 one new vessel was delivered, while one vessel was lost (MOL vessel that sank in the Atlantic). Thirteen 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 51 vessels, which amounts to about 10% of the global fleet capacity.



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[4] Source(s): The Parker Bay Company

[5] Source(s): 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 are the highligths from Q1.

People

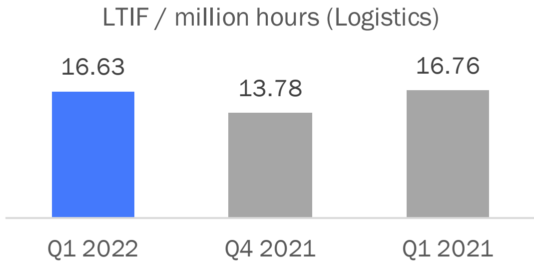
To secure equity and fair pay, we conducted a global gender compensation analysis in 2021. The analysis assessed compensation based on gender, regions, positions, and promotions before and after the yearly salary review. We ran a comparison with recognized and relevant market data. The aim was to identify and lift employees who have been compensated below target. The analysis showed that an equal number of women and men were promoted. As we have fewer female employees, this means that a higher portion of women were promoted.

The analyses also showed that we have succeeded in lifting a significant number of employees that previously were compensated below 80 per cent of the market benchmark. However, pay disparity in certain regions and for certain positions still exists and further work is needed to close this gap.

Earnings ratio	Sweden	Norway	Korea	United States
women:men	101%	98%	90%	87%

There has been a concerted effort to protect our seafares from Covid-19. As per 11 April 94% of our crew members on owned vessels were fully vaccinated and 25.7% had received a booster vaccination. This was accomplished in close cooperation with our ship managers.

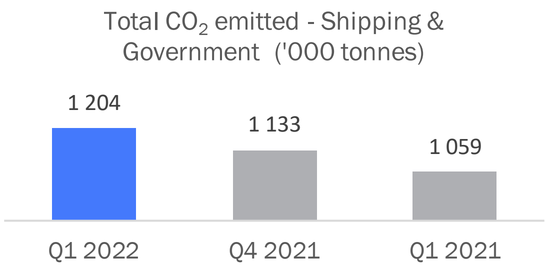
The combined shipping and government services Lost Time Injuries Frequency (LTIF) remain low and below our target of <1. Although we have achieved improvements over the years the LTIF in Logistcs remains higher than our target of <14.5. The increase in LTIF from 13.78 in Q4-21 to 16.63 in Q1-22 is mainly due to two separate incidents involving shuttle vans. Whilst no one was seriously hurt, the incidents contributed to several lost time injuries. In addition, a 9% QoQ reduction in hours worked affected the LTIF negatively. It is a priority to drive continuous improvement of safety performance and we will particularly focus on the facilities that have had the highest numbers of incidents and recurring root causes. Most injuries in all segments are related to ergonomics, hits, and slips, trips and falls.

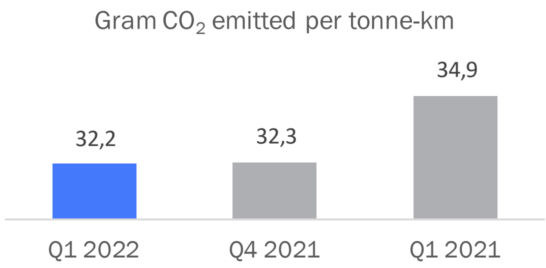


Planet

The world faces a climate crisis, and there is an urgent need for action. By decarbonizing and reducing our environmental footprint, we strive to be a part of the solution, not the problem. As a leading provider of logistics services, both on land and at sea, we work to reduce our environmental impact. To further align with the Paris Agreement Wallenius Wilhelmsen committed to a carbon intensity target which was approved by our board. Our target is to reduce our carbon intensity by 27.5% from 2019 to 2030.

The total CO2 emitted for Q1-22 increased by about 6% QoQ. However, we have seen a steady improvement in CO2 intensity, measured in grams of CO2 per tonne kilometer, over the past year. An increase in the cargo work done, measured in tonne kilometers, resulted in a 0.5% improvement in CO2 intensity compared to Q4-21. The general increase of total CO2 emissions throughout 2021 is due to increased market activity and re-introduction of ships from lay-up.





Prosperity

We will create long-term value whilst contributing to local and global economic, environmental and social progress. By solving some of our industry's greatest challenges, we create prosperity for our employees, customers, partners and the communities in which we operate.

In February we published our Sustainability-Linked Financing Framework which allows us to link our financing to our carbon intensity reduction target of -27.5% from 2019 to 2030. We issued the first Sustainability-Linked Bond under the Framework in April 2022.

In March we launched our Carbon Compass 2.0 to market. The Carbon Compass calculates the emissions of our vessels and visualizes the data. This gives our customers a quicker and more accurate way to report their scope 3 emissions, i.e. the emissions in their supply chain. By visualizing performance, it also enables better fact-based discussions on how to reduce emissions. As the most sophisticated emissions tracker in RoRo, Carbon Compass enables us to offer added value to our customers and further build our long-term partnerships.

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 the latter part of 2022. This is expected to allow us to consolidate financial flexibility and help drive shareholder value creation in the absence of further volatility. Current disruptions to the global supply chains negatively impact the group and its customers.

Potential risks include further disruptions to the global supply chains, operational impact from further Covid-19 outbreaks, fuel supply disruption, labor cost and availability, further escalation of the war in Ukraine and negative global economic developments.

Lysaker, 3 May 2022
The board of directors of Wallenius Wilhelmsen ASA

Rune Bjerke – Chair

Margareta Alestig   Anna Felländer   Hans Åkervall   Yngvil Eriksson Åsheim   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	Q1 2022	Q1 2021	2021
Total revenue	3	**1 149**	**838**	**3 884**
Operating expenses	3, 7	(841)	(707)	(3 054)
Operating profit before depreciation, amortization and impairment (EBITDA)		**309**	**132**	**830**
Other gain/(loss)	2	(3)	(6)	21
Depreciation and amortization	4, 5, 6	(128)	(113)	(483)
(Impairment)/reversal of impairment	4, 5, 6	-	(0)	(62)
Operating profit/(loss) (EBIT)		**177**	**13**	**306**
Share of profit/(loss) from joint ventures and associates		**1**	**0**	**1**
Interest income and other financial items		63	41	95
Interest expenses and other financial expenses		(60)	(56)	(203)
Financial items - net	8	**2**	**(15)**	**(108)**
Profit/(loss) before tax		**180**	**(2)**	**199**
Tax income/(expense)	10	(3)	(3)	(23)
Profit/(loss) for the period		**177**	**(5)**	**177**
Profit/(loss) for the period attributable to:				
Owners of the parent		155	(6)	133
Non-controlling interests		22	1	43
Basic and diluted earnings per share (USD)	9	0.37	(0.01)	0.32

Consolidated statement of comprehensive income

USD million	Q1 2022	Q1 2021	2021
Profit/(loss) for the period	177	(5)	177
Other comprehensive income/(loss):			
Items that may subsequently be reclassified to the income statement			
Currency translation adjustment	1	(4)	(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	3		22
Remeasurement pension liabilities, net of tax	-	-	3
Other comprehensive income/(loss), net of tax	**5**	**(4)**	**19**
Total comprehensive income/(loss) for the period	**182**	**(8)**	**196**
Total comprehensive income/(loss) attributable to:			
Owners of the parent	160	(9)	149
Non-controlling interests	22	1	47
Total comprehensive income/(loss) for the period	**182**	**(8)**	**196**

Consolidated balance sheet

USD million	Notes	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
Assets				
Non-current assets				
Deferred tax assets		72	87	71
Goodwill and other intangible assets	4	446	561	455
Vessels and other tangible assets	5	3 982	4 119	4 033
Right-of-use assets	6	1 530	1 422	1 507
Other non-current assets	2	261	188	249
Total non-current assets		**6 290**	**6 378**	**6 315**
Current assets				
Fuel/lube oil		141	84	147
Trade receivables		524	390	457
Other current assets		202	159	144
Cash and cash equivalents		759	599	710
Assets held for sale	7	13	2	21
Total current assets		**1 639**	**1 234**	**1 479**
Total assets		**7 929**	**7 612**	**7 794**
Equity and liabilities				
Equity				
Share capital	9	28	28	28
Retained earnings and other reserves		2 668	2 354	2 511
Total equity attributable to owners of the parent		**2 696**	**2 382**	**2 539**
Non-controlling interests		269	223	266
Total equity		**2 965**	**2 605**	**2 804**
Non-current liabilities				
Pension liabilities		55	72	55
Deferred tax liabilities		80	82	82
Non-current interest-bearing debt	11	2 098	2 376	2 158
Non-current lease liabilities	11	1 212	1 225	1 218
Non-current provisions	12	16	44	16
Other non-current liabilities		17	130	68
Total non-current liabilities		**3 477**	**3 928**	**3 596**
Current liabilities				
Trade payables		141	134	154
Current interest-bearing debt	11	486	324	515
Current lease liabilities	11	258	176	238
Current income tax liabilities		3	7	4
Current provisions	12	28	42	28
Other current liabilities		571	396	455
Total current liabilities		**1 487**	**1 078**	**1 395**
Total equity and liabilities		**7 929**	**7 612**	**7 794**

Consolidated cash flow statement

USD million	Notes	Q1 2022	Q1 2021	2021
Cash flow from operating activities				
Profit before tax		180	(2)	199
Financial (income)/expenses		(2)	15	108
Share of net (income)/loss from joint ventures and associates		(1)	(0)	(1)
Depreciation and amortization	4, 5, 6	128	113	483
Impairment/(reversal of impairment)		-	-	62
(Gain)/loss on sale of tangible assets		(7)	0	(0)
Change in net pension assets/liabilities		(0)	4	(8)
Change in derivative financial assets	2	3	6	(21)
Net change in other assets/liabilities		(24)	(45)	(173)
Tax (paid)/received		(7)	(6)	(24)
Net cash flow provided by operating activities[1]		**270**	**85**	**623**
Cash flow from investing activities				
Dividend received from joint ventures and associates		-	-	0
Proceeds from sale of tangible assets		22	4	5
Investments in vessels, other tangible and intangible assets		(17)	(10)	(141)
Investments in subsidiaries, net of cash aquired		(10)	-	
Investments in joint ventures		-	(8)	-
Investments in financial investments		-	-	(7)
Interest received		0	0	2
Net cash flow used in investing activities		**(5)**	**(14)**	**(140)**
Cash flow from financing activities				
Proceeds from loans and bonds		40	92	474
Repayment of loans and bonds	11	(142)	(124)	(531)
Repayment of lease liabilities	11	(69)	(47)	(204)
Interest paid including interest derivatives		(44)	(46)	(165)
Realized other derivatives		0	1	7
Dividend to non-controlling interests		(1)	(2)	(8)
Net cash flow used in financing activities		**(216)**	**(126)**	**(427)**
Net increase/(decrease) in cash and cash equivalents		**49**	**(55)**	**56**
Cash and cash equivalents at beginning of period		710	654	654
Cash and cash equivalents at end of period[1]		**759**	**599**	**710**

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

Consolidated statement of changes in equity

USD million	Note	Share capital	Own shares	Total paid-in capital	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
2022								
Balance at December 31, 2021		**28**	**(0)**	**28**	**2 511**	**2 539**	**266**	**2 804**
Profit for the period		-	-	-	155	155	22	177
Other comprehensive income		-	-	-	5	5	(0)	5
Total comprehensive income		**-**	**-**	**-**	**160**	**160**	**22**	**182**
Acquisition of non-controlling interest	13	-	-	-	(3)	(3)	(7)	(10)
Dividend to non-controlling interests		-	-	-	-	-	(11)	(11)
Balance at March 31, 2022		**28**	**(0)**	**28**	**2 668**	**2 696**	**269**	**2 965**

USD million	Share Capital	Own shares	Total paid-in capital	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
2021							
Balance at December 31, 2020	**28**	**(0)**	**28**	**2 363**	**2 391**	**224**	**2 615**
Loss for the period	-	-	-	(6)	(6)	1	(5)
Other comprehensive loss	-	-	-	(3)	(3)	(0)	(4)
Total comprehensive loss	**-**	**-**	**-**	**(9)**	**(9)**	**1**	**(8)**
Sale of own shares	-	-	-	-	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	(2)	(2)
Balance March 31, 2021	**28**	**(0)**	**28**	**2 354**	**2 382**	**223**	**2 605**

USD million	Share Capital	Own shares	Total paid-in capital	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
2021							
Balance at December 31, 2020	**28**	**(0)**	**28**	**2 363**	**2 391**	**224**	**2 615**
Profit for the period	-	-	-	133	133	43	177
Other comprehensive income	-	-	-	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 December 31, 2021	**28**	**(0)**	**28**	**2 511**	**2 539**	**266**	**2 804**

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 December 31, 2021 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 December 31, 2021.

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 recognized 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 amounts to the nearest million, totals presented may deviate from the sum of individual amounts.

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 recognized as one integrated derivative financial instrument. The derivative financial instrument is recognized 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 first quarter of 2022, the change in the value of the derivative was USD 3 million recognized as a loss within Other gain/(loss) in the income statement. A key element to calculate the gain/loss is the estimated value of the 20% non-controlling interest related to EUKOR, which has not changed significantly compared with the end of 2021.

Comparatively, the change in value during the first quarter of 2021 was USD 6 million recognized as a loss under Other gain/(loss) in the income statement. The 2021 full year showed a gain of USD 21 million, recognized as a gain 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 148 million at March 31, 2022, compared to USD 152 million at the end of 2021.

Note 3. Segment description

The group's operating segments, which are the same as the group's 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 reporting segments comprise:
- Shipping services
- Logistics services
- Government services

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.

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 key 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 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 percent 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 services 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 percent 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

USD million	Shipping services			Logistics services			Government services			Holding & eliminations			Total		
	Q1 2022	Q1 2021	2021	Q1 2022	Q1 2021	2021	Q1 2022	Q1 2021	2021	Q1 2022	Q1 2021	2021	Q1 2022	Q1 2021	2021
Net freight revenue	806	586	2 742	-	-	-	20	24	110	-	-	-	827	610	2 851
Fuel surcharges	113	28	246	-	-	-	1	1	4	-	-	-	114	29	250
Operating revenue	9	7	33	185	177	687	14	15	62	-	-	-	208	199	782
Internal operating revenue	2	2	8	26	25	102	23	14	60	(50)	(42)	(170)	-	-	-
Total revenue	**930**	**623**	**3 029**	**211**	**203**	**789**	**58**	**54**	**236**	**(50)**	**(42)**	**(170)**	**1 149**	**838**	**3 884**
Cargo expenses	(176)	(156)	(660)	-	(0)	(0)	(10)	(12)	(48)	40	38	147	(146)	(129)	(561)
Fuel	(235)	(138)	(701)	-	-	-	(7)	(5)	(25)	-	-	-	(243)	(142)	(726)
Other voyage expenses	(106)	(106)	(402)	-	-	-	(3)	(3)	(13)	-	-	-	(109)	(109)	(415)
Ship operating expenses	(55)	(47)	(219)	-	-	-	(19)	(13)	(56)	-	-	-	(74)	(60)	(275)
Charter expenses	(44)	(45)	(173)	-	-	-	(6)	(7)	(31)	10	3	19	(41)	(50)	(185)
Manufacturing cost	-	-	-	(73)	(64)	(254)	(0)	(1)	(4)	0	1	4	(73)	(64)	(254)
Other operating expenses[1]	(10)	(1)	(72)	(81)	(79)	(300)	8	0	(2)	10	-	32	(73)	(80)	(342)
Selling, general and admin expenses	(35)	(31)	(133)	(35)	(31)	(126)	(5)	(4)	(17)	(7)	(7)	(20)	(82)	(73)	(296)
Total operating expenses	**(662)**	**(523)**	**(2 359)**	**(189)**	**(174)**	**(681)**	**(43)**	**(44)**	**(196)**	**53**	**35**	**182**	**(841)**	**(707)**	**(3 054)**
Operating profit/(loss) before depreciation, amortization and impairment (EBITDA)	**268**	**100**	**670**	**22**	**29**	**108**	**16**	**10**	**40**	**3**	**(7)**	**11**	**309**	**132**	**830**
Other gain/(loss)	(3)	(6)	21	-	-	-	-	-	-	-	-	-	(3)	(6)	21
Depreciation	(92)	(80)	(340)	(16)	(17)	(66)	(9)	(5)	(33)	-	-	-	(117)	(102)	(439)
Amortization	(1)	(1)	(4)	(9)	(9)	(34)	(2)	(2)	(6)	-	-	-	(11)	(11)	(44)
(Impairment)/reversal of impairment	-	-	(76)	-	(0)	(0)	-	-	14	-	-	-	-	(0)	(62)
Operating profit/(loss) (EBIT)[2]	**172**	**13**	**271**	**(3)**	**4**	**8**	**5**	**3**	**15**	**3**	**(7)**	**11**	**177**	**13**	**306**
Share of profit/(loss) from joint ventures and associates	-	-	-	1	0	1	-	-	-	-	-	-	1	0	1
Financial income/(expense)	(1)	(12)	(66)	6	(1)	(26)	0	0	1	(3)	(2)	(17)	2	(15)	(108)
Profit/(loss) before tax	**171**	**1**	**205**	**4**	**3**	**(16)**	**6**	**3**	**17**	**(0)**	**(10)**	**(6)**	**180**	**(2)**	**199**
Tax income/(expense)	(7)	(4)	(27)	3	1	4	0	0	1	-	(0)	(0)	(3)	(3)	(23)
Profit/(loss) for the period	**164**	**(2)**	**177**	**7**	**4**	**(12)**	**6**	**3**	**17**	**(0)**	**(10)**	**(6)**	**177**	**(5)**	**177**
Profit for the period attributable to:															
Owners of the parent	143	(3)	136	7	4	(14)	6	3	17	(0)	(10)	(6)	155	(6)	133
Non-controlling interests	22	1	42	0	0	2	-	-	-	-	-	-	22	1	43

1 Sale of a vessel from shipping to government services segment resulted in a USD 10 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 intangible assets

USD million	Goodwill	Customer relations/ contracts	Other intangible assets	Total intangible assets
2022				
Cost at January 1	346	421	58	824
Additions	-	-	1	1
Disposal	-	-	(0)	(0)
Currency translation adjustment	-	-	0	0
Cost at March 31	**346**	**421**	**59**	**826**
Accumulated amortization and impairment losses at January 1	(116)	(225)	(28)	(369)
Amortization	-	(9)	(2)	(11)
Impairment	-	-	-	-
Disposal	-	-	(0)	(0)
Accumulated amortization and impairment losses at March 31	**(116)**	**(234)**	**(30)**	**(380)**
Carrying amount at March 31	**230**	**187**	**29**	**446**

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

1 In the fourth quarter of 2021, a goodwill impairment loss of USD 76 million was recognized.

“Other intangible assets” include port use rights and software.

Note 5. Vessels and other tangible assets

USD million	Property & land	Other tangible assets	Vessels & docking	Newbuild contracts[1]	Total tangible assets
2022					
Cost at January 1	125	92	5 439	1	5 656
Additions	1	6	9	1	16
Disposal	-	(1)	(9)	(0)	(10)
Reclassification	-	-	(1)	-	(1)
Currency translation adjustment	2	0	-	-	2
Cost at March 31	**127**	**97**	**5 437**	**2**	**5 662**
Accumulated depreciation and impairment losses at January 1	(23)	(43)	(1 557)	-	(1 623)
Depreciation	(2)	(3)	(61)	-	(66)
(Impairment)/reversal of impairment	-	-	-	-	-
Disposal	-	0	9	-	9
Reclassification	0	(0)	-	-	(0)
Currency translation adjustment	(0)	(0)	-	-	(1)
Accumulated depreciation and impairment losses at March 31	**(26)**	**(45)**	**(1 609)**	**-**	**(1 681)**
Carrying amount at March 31	**101**	**51**	**3 828**	**2**	**3 982**

USD million	Property & land	Other tangible assets	Vessels & docking[2]	Newbuild contracts[1]	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 December 31	**(23)**	**(43)**	**(1 557)**	**-**	**(1 623)**
Carrying amount at December 31	**102**	**49**	**3 882**	**1**	**4 033**

1 Newbuild contracts include instalments on scrubber installations and dry-dock expenditure.

2 During the fourth quarter 2021, 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.

Note 6. Right-of-use assets

USD million	Property & land	Vessels	Other assets	Total leased assets
2022				
Cost at January 1	484	1 464	31	1 979
Additions	49	19	0	68
Change in lease payments	0	-	-	0
Disposal	(0)	-	(0)	(0)
Reclassification to tangible assets	-	-	-	-
Currency translation adjustment	6	0	(0)	6
Cost at March 31	**539**	**1 483**	**32**	**2 053**
Accumulated depreciation and impairment losses at January 1	(114)	(348)	(10)	(472)
Depreciation	(14)	(35)	(2)	(51)
Disposal	0	-	0	0
Reclassification to tangible assets	(0)	-	-	(0)
Currency translation adjustment	(1)	(0)	0	(1)
Accumulated depreciation and impairment losses at March 31	**(128)**	**(383)**	**(12)**	**(524)**
Carrying amount at March 31	**410**	**1 100**	**19**	**1 530**

USD million	Property & land	Vessels	Other assets	Total leased assets
2021				
Cost at January 1	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 December 31	**484**	**1 464**	**31**	**1 979**
Accumulated depreciation and impairment losses at January 1	(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 December 31	**(114)**	**(348)**	**(10)**	**(472)**
Carrying amounts at December 31	**370**	**1 115**	**21**	**1 507**

Note 7. Assets held for sale

During the fourth quarter 2021 two vessels were classified as assets held for sale as their sale is highly probable. The vessels were measured at their net carrying value, USD 21 million, which was lower than their fair value less costs to sell. In March 2022 one of the vessels was sold for a consideration of USD 21 million, resulting in a gain to the group of 8 million. The remaining vessel classified as held for sale is expected to be disposed of in Q2 2022.

Net gain/loss on disposal of assets is presented as part of operating expenses.

Note 8. Financial income and expenses

USD million	Q1 2022	Q1 2021	2021
Financial income			
Interest income	0	0	2
DNK distribution[1]	-	-	19
Other financial items	0	0	6
Net financial income	**0**	**0**	**27**
Financial expenses			
Interest expenses	(36)	(36)	(140)
Interest rate derivatives - realized	(7)	(11)	(25)
Interest rate derivatives - unrealized	54	35	58
Other financial items	(3)	(2)	(9)
Loss on sale investments	-	0	0
Net financial expenses	**7**	**(13)**	**(117)**
Currency			
Net currency gain/(loss)	(14)	(8)	(9)
Foreign currency derivatives - realized	0	0	(3)
Foreign currency derivatives - unrealized	9	1	(12)
Net currency	**(5)**	**(6)**	**(24)**
Financial derivatives bunker			
Fuel oil derivatives - realized	-	1	10
Fuel oil derivatives - unrealized	-	3	(5)
Net bunker derivatives	**-**	**4**	**6**
Financial income/(expenses)	**2**	**(15)**	**(108)**

1 In the fourth quarter 2021, the group received a distribution from Den Norske Krigsforsikring (DNK) of USD 19 million less withholding tax of USD 5 million. The gross amount is recognized as finance income, and the related withholding tax is recognized as an income tax expense/receivable.

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 first quarter was USD 0.38 compared with negative USD 0.01 in the same quarter last year.

The company's number of shares:	Mar 31, 2022	Mar 31, 2021	31 Dec 2021
Total number of shares	423 104 938	423 104 938	423 104 938
Own shares	700 883	706 856	700 883

	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 3 million for the first quarter 2022, compared with a tax expense of USD 3 million the same quarter last year.

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 utilization.

Note 11. Interest-bearing debt

USD million	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
Non-current interest-bearing loans and bonds	2 098	2 376	2 158
Non-current lease liabilities	1 212	1 225	1 218
Current interest-bearing loans and bonds	486	324	515
Current lease liabilities	258	176	238
Total interest-bearing debt	**4 053**	**4 100**	**4 128**
Cash and cash equivalents	759	599	710
Net interest-bearing debt	**3 294**	**3 501**	**3 418**

Repayment schedule for interest-bearing debt

USD million	Bank loans	Bonds	Leasing commitments	Other interest-bearing debt	Mar 31, 2022
Due in 2022	309	128	190	0	**627**
Due in 2023	743	-	253	18	**1 013**
Due in 2024	373	233	183	0	**789**
Due in 2025	227	-	175	0	**402**
Due in 2026 and later	332	233	668	-	**1 233**
Total repayable interest-bearing debt	**1 984**	**594**	**1 469**	**18**	**4 065**
Amortized financing costs	(7)	(5)	-	-	**(12)**
Book value interest-bearing debt	**1 977**	**589**	**1 469**	**18**	**4 053**

Reconciliation of liabilities arising from financing activities

USD million	Non-current interest-bearing debt	Current interest-bearing debt	Non-current lease liabilities	Current lease liabilities	Total financing activities
Total debt December 31, 2021	**2 158**	**515**	**1 218**	**238**	**4 128**
Cash flows from loans and bonds (proceeds)	37	3	-	-	**40**
Cash flow from loans and bonds (repayments)	(90)	(53)	-	(68)	**(211)**
Net change lease commitments	-	-	30	46	**77**
Foreign exchange movement	11	1	5	0	**17**
Other non-cash movements	2	-	0	0	**2**
Re-classification	(20)	20	(41)	41	**0**
Total interest-bearing debt Mar 31, 2022	**2 098**	**486**	**1 212**	**258**	**4 053**

USD million	Non-current interest-bearing debt	Current interest-bearing debt	Non-current lease liabilities	Current lease liabilities	Total financing activities
Total debt December 31, 2020	**2 353**	**378**	**1 176**	**174**	**4 081**
Cash flows (proceeds) from loans and bonds	430	44	-	-	**474**
Cash flow (repayments) from loans and bonds	(104)	(427)	-	(204)	**(735)**
Net change lease commitments	-	-	258	67	**325**
Foreign exchange movement	(2)	(6)	(15)	(1)	**(24)**
Other non-cash movements	7	-	-	-	**7**
Re-classification	(526)	526	(202)	202	**-**
Total interest-bearing debt December 31, 2021	**2 158**	**515**	**1 218**	**238**	**4 128**

Note 12. Provisions

USD million	Mar 31, 2022	Mar 31, 2021	31 Dec 2021
Current provisions	28	42	28
Non-current provisions	16	44	16
Total provisions	**44**	**86**	**44**

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

During 2021 the proceedings with the outstanding jurisdictions were resolved, but some amounts are not yet paid and were reclassified from provisions to other current liabilities as of December 31, 2021. The timeline for the resolution of civil claims is more uncertain and the assessment as to timing and amounts remains the same as per year-end 2021. During the quarter, the group paid USD 26 million in customer settlements and fines to jurisdictions, reducing other current liabilities accordingly.

In total, USD 44 million remain classified as provisions as amounts and timing are uncertain. The provision is expected to cover any pay-outs related to potential civil claims as of March 31, 2022. At the quarter-end, the group has recognized USD 94 million of provisions (USD 44 million) and other current liabilities (USD 50 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. Acquisition of non-controlling interest

In March 2021, the group acquired the remaining 40% of the shares in Wallenius Wilhelmsen Logistics Abnormal Load Services Holding B.V. (ALS) for cash consideration of USD 10 million. With an existing 60% ownership, the group already controlled ALS and consolidated the investment as a subsidiary. The acquisition of the non-controlling interest was thus recognized as an equity transaction.

Note 14. Events after the balance sheet date

On April 6, Wallenius Wilhelmsen ASA successfully completed the issuance of new NOK 1,250m (~USD 144 million) sustainability-linked senior unsecured bonds with a coupon of 3m NIBOR plus 4.25% p.a. and maturity date on April 21, 2027. Net proceeds swapped to USD of USD 81m (after buybacks in Q4-22 maturities and swap impacts) will be used to refinance the remaining bond debt maturing in Q4-22 and other general corporate purposes. The sustainability-link refers to the target and definitions in the group's Sustainability-Linked Financing Framework dated January 2022, where the group commits to reduce CO_2 intensity by 27.5% from 2019 to 2030. The redemption price of the bond will increase by 150bps if the group fails to meet its interim CO_2 intensity target for 2025.

In March, the group established a waiver for ongoing business with GEFCO, a French logistics company which was owned 75% owned by Russian Railways (RZD). The group's business with GEFCO is not related to Russia or sanctioned, but was considered a sanction issue under certain loan agreements with banks due to the former RZD ownership. On April 8, 2022, GEFCO was sold to CMA-CGM, and a potential sanction issue was fully resolved.

On April 26, 2022, the Annual General Meeting approved an ordinary dividend of USD 15 cents per share of which USD 9 cent per share is payable in May 2022 and USD 6 cent per share payable is in November 2022.

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 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 amortization.

EBITDA adjusted is defined as EBITDA excluding items in the result which are not regarded as part of the underlying business. Examples 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 recognized.

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 amortization. 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 recognized.

For the quarterly reporting, Capital employed (CE) is calculated based on the quarterly average of Total assets less Total liabilities plus total interest-bearing debt. For the full year CE is calculated based on the annual 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.

Return on capital employed (ROCE) is based on last twelve months EBIT/EBIT adjusted divided by capital employed. 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. The metric has been changed from prior periods, which previously utilized annualized profit/(loss) based on the current quarter results in the calculation. Prior period figures have been changed to reflect this.

Return on equity is based profit/(loss) after tax for the last twelve months divided by annual average of equity. The group considers this ratio as appropriate to measure the return for the period. The metric has been changed from prior periods, and previously utilized annualized profit/(loss) based on the current quarter results in the calculation. Prior period figures have been changed to reflect this.

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 twelve 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.

Cont. Reconciliation of alternative performance measures

Net interest-bearing debt

USD million	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
Non-current interest-bearing loans and bonds	2 098	2 376	2 158
Non-current lease liabilities	1 212	1 225	1 218
Current interest-bearing loans and bonds	486	324	515
Current lease liabilities	258	176	238
Less Cash and cash equivalents	759	599	710
Net interest-bearing debt	**3 294**	**3 501**	**3 418**

Net interest-bearing debt divided by last twelve months adjusted EBITDA

USD million	Q1 2022	Q1 2021	2021
Net interest-bearing debt	3 294	3 501	3 418
Last twelve months adjusted EBITDA	1 035	531	865
Net interest-bearing debt/adjusted EBITDA ratio	**3.2x**	**6.6x**	**4.0x**

Equity ratio

USD million	Mar 31, 2022	Mar 31, 2021	Dec 31, 2021
Total equity	2 965	2 605	2 804
Total assets	7 929	7 612	7 794
Equity ratio	**37.4%**	**34.2%**	**36.0%**

Reconciliation of Total revenue to EBITDA and EBITDA adjusted

USD million	Q1 2022	Q1 2021	2021
Total revenue	1 149	838	3 884
Operating expenses excluding other gain/(loss)	(841)	(707)	(3 054)
EBITDA	**309**	**132**	**830**
EBITDA shipping services	268	100	670
Loss on sale of vessel	10	-	32
Anti-trust expense	-	-	35
EBITDA adjusted shipping services	**278**	**100**	**736**
EBITDA logistics services	22	29	108
EBITDA adjusted logistics services	**22**	**29**	**108**
EBITDA government services	16	10	40
Gain on sale of vessel	(8)	-	-
EBITDA adjusted government services	**8**	**10**	**40**
EBITDA holding/eliminations	3	(7)	11
Loss on sale of vessel	(10)	-	(32)
EBITDA adjusted holding/eliminations	**(7)**	**(7)**	**(20)**
EBITDA adjusted	**301**	**132**	**865**

cont. Reconciliation of alternative performance measures

Reconciliation of Total revenue to EBIT and EBIT adjusted

USD million	Q1 2022	Q1 2021	2021
EBITDA	309	132	830
Other gain/loss	(3)	(6)	21
Depreciation and amortization	(128)	(113)	(483)
(Impairment)/reversal of impairment	-	(0)	(62)
EBIT	**177**	**13**	**306**
Anti-trust expense	-	-	35
Gain on sale of vessel	(8)	-	-
Change in fair value of derivative financial asset	3	6	(21)
Reversal of/impairment asset held-for-sale	-	-	(8)
Impairment goodwill and intangible assets	-	-	76
Total adjustments	**(4)**	**6**	**82**
EBIT adjusted	**173**	**19**	**388**
Profit/(loss) for the period	**177**	**(5)**	**177**
Total adjustments	(4)	6	82
Profit/(loss) for the period adjusted	**173**	**2**	**259**

Reconciliation of total assets to capital employed and ROCE calculation and return on equity calculation

	Quarter average		Year average
USD million	Q1 2022	Q1 2021	2021
Total assets	7 836	7 608	7 620
Less Total liabilities	4 950	4 996	4 959
Total equity	**2 886**	**2 612**	**2 661**
Total interest-bearing debt	4 075	4 136	4 099
Capital employed	**6 961**	**6 748**	**6 760**
EBIT last twelve months	471	61	306
EBIT last twelve months adjusted	542	90	388
ROCE	**6.8%**	**0.9%**	**4.5%**
ROCE adjusted	**7.8%**	**1.3%**	**5.7%**
Profit/(loss) last twelve months	357	(23)	177
Profit/(loss) last twelve months adjusted	430	2	259
Return on equity	**12.4%**	**-0.9%**	**6.6%**
Return on equity adjusted	**14.9%**	**0.1%**	**9.7%**