Wallenius Wilhelmsen ASA

Q2 Report 2021

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Highlights – Q2 2021

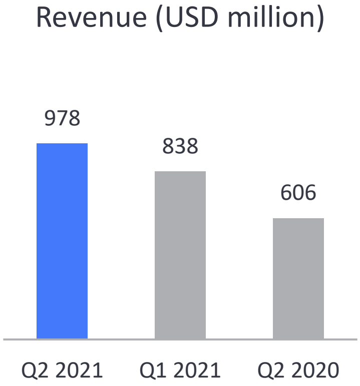
- Adjusted EBITDA USD 205m, up 56% QoQ and near 2019 quarterly average.
- Underlying results back to pre-pandemic levels in Shipping, Logistics and Government segments.
- Shipping saw strong volumes and enhanced profitability from improved cargo and trade mix, further supported by fuel surcharges.
- Updated estimates for anti-trust related customer claims led to an increase in provisions of USD 35m.
- Cash position of USD 566m, down from USD 599m in Q1, and USD 349m of undrawn credit facilities.

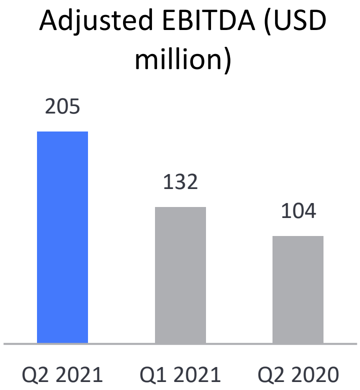
Commenting on the second quarter results, Torbjørn Wist, Acting CEO of Wallenius Wilhelmsen, said:

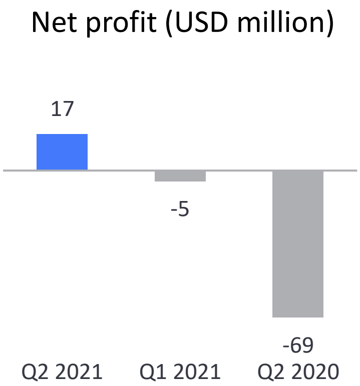
"Wallenius Wilhelmsen has returned to pre-pandemic underlying results fuelled by solid demand and improved profitability. Strong shipping volumes and H&H cargos at decade high more than offset increased fuel costs.

We expect a favourable balance in supply-demand for the foreseeable future, and while trade imbalances remain, we did see congestion ease during the second quarter.

With most vessels out of layup, Wallenius Wilhelmsen is well positioned to thrive as global trade continues to rebound."







Consolidated results and key figures – Q2 2021

Adjusted EBITDA was USD 205m, up 56% QoQ and back to 2019 levels for all segments. Shipping's volume, fuel surcharges and net freight rate improvements were key contributors to the increase from Q1.

USDm	Q2 2021	Q1 2021	% change QoQ	Q2 2020	% change YoY
Total revenue	978	838	17%	606	62%
EBITDA	170	132	29%	42	307%
EBIT	64	13	403%	(45)	n/a
Profit/(loss) for the period	17	(5)	n/a	(69)	n/a
EPS 1)	0.03	(0.01)	n/a	(0.15)	n/a
Net interest-bearing debt	3,487	3,501	-	3,437	1%
ROCE	3.8%	0.8%	3.1%	(2.7%)	6.5%
Equity ratio	34.5%	34.2%	0.3%	34.4%	0.1%
EBITDA adjusted	205	132	56%	104	97%

1) After tax and non-controlling interests

Consolidated results

Total revenue in Q2-21 was USD 978m, up 17% QoQ, with Shipping experiencing the most significant improvement while Logistics and Government also delivered solid revenue figures. Compared to Q2-20, the quarter where activity across all segments was the most severely impacted by COVID19, total revenue for the group was up 62% on a return to a normalized and strong business environment across segments.

EBITDA ended at USD 170m, a 29% strengthening QoQ, while EBITDA adjusted for provisions ended at USD 205m, an increase of 56% and a return to underlying results in line with the 2019 average quarterly adjusted EBITDA. The solid adjusted EBITDA improvement was largely driven by strong volume and rate development in the Shipping segment resulting in a USD 62m increase, but also supported by a USD 6m increase in Logistics, a USD 2m increase in Government and a USD 2m reduction in SG&A on the Holding segment.

The operating entities WW Ocean and EUKOR have been part of anti-trust investigations in several jurisdictions since 2012. In H1-21, the proceedings with the outstanding jurisdictions have been resolved. The timeline for the resolution of civil claims is more uncertain and in Q2-21 an updated assessment of these claims has been made, following which an additional provision of USD 35m was recognized as an operating expense. During second quarter the group paid USD 22m in customer settlements and fines to jurisdictions. See Note 12 – Provisions.

EBITDA increased by 307% YoY, and adjusted EBITDA increased by 97%, with significant improvements across segments from the low baseline in Q2-20.

In Q2, EBIT was positively impacted by a net USD 8m gain from the USD 14m reversal of impairment related to a vessel being reclassified from assets held-for-sale to tangible assets and USD 6m incremental depreciation recognized. See the Fleet section below and Note 7 – Assets held for sale for further detail.

During Q2 the value of the net derivative arising from the put-call arrangement in the shareholder agreement for EUKOR was stable compared with the first quarter. The financial derivative is recognised as an Other non-current asset and had a carrying value of USD 124m at the end of the quarter, compared to USD 111m in Q2-20.

Net financial expenses were USD 45m in Q2, up USD 30m QoQ driven by movements in FX and interest rates. Interest expense including realised interest derivatives was USD 41m, down by USD 5m versus last quarter. Net financial expenses were negatively impacted by USD 5m unrealised loss on derivatives. Currency developed flat with a small USD 1m gain in the quarter.

The group recorded a tax expense of USD 3m for Q2-21, flat QoQ. The group continues the non-recognition of net deferred tax asset in the balance sheet related to tax losses in the Norwegian entities, due to uncertain future utilisation.

The quarter ended with a net profit of USD 17m, up from the USD 5m net loss in Q1-21 and the USD 69m net loss in Q2-20.

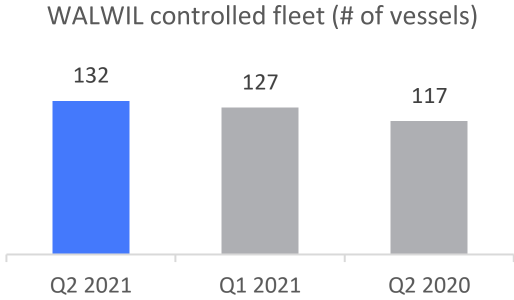
Capital and financing

The equity ratio was 34.5% at the end of Q2-21, up from 34.2% at the end of Q1-21 as the group recorded a profit for the period. Cash and cash equivalents were USD 566m, down from USD 599m at the end of Q1-21. This is mainly due to a combination of increased working capital as business has ramped up, some investment capex and scheduled net debt payments. Investment capex is mainly relating to drydocking, scrubber and ballast water treatment systems, as well as regular maintenance in the Logistics segment. In addition, Wallenius Wilhelmsen had USD 349m in undrawn credit facilities and USD 50m committed for the delivery financing of the final newbuild (for delivery in Q3-21). Net interest-bearing debt was USD 3,487m at the end of Q2-21, down from USD 3,501m in Q1-21 as total interest-bearing debt decreased more than the cash position through planned debt and lease payments.

For the shipping business, the company agreed with the banks of WW Ocean to defer instalments of about USD 70m, previously scheduled for the second half of 2020, to strengthen the cash position during the period of reduced activity. Scheduled repayments resumed in January 2021 and the deferred instalments are scheduled to be repaid during the remaining life of each facility. Given that the deferral agreement involves a dividend block, the company aims to prepay the deferred instalments to clear the way for the payment of dividends in accordance with our dividend policy. Any decision to prepay will be made once the company deems the market and liquidity situation to have stabilised.

Fleet

Wallenius Wilhelmsen controlled a fleet of 132 vessels at the end of Q2-21, up from 127 at the end of Q1-21 owning to an increase in long-term and spot charters. Two long-term charter vessels were extended in Q1-21.



As part of the measure to take out capacity in the face of COVID19 in 2020, it was decided that 4 vessels would be recycled early, all 24 years or older. The market has changed drastically since last year and now there is a tonnage shortage in the market. Three vessels were recycled during 2020 and H1-21, while the last vessel that had not been recycled has been reclassified to tangible assets from assets held-for-sale as it will be used in operations.

In addition to the reactivation of 8 vessels during Q1-21, another 5 of the 16 vessels in cold layup at the end of 2020 were reactivated and re-entered service during Q2-21. The remaining 3 vessels are in the process of being reactivated during H2-21. On average, it takes two to three months to reactivate a vessel from cold layup into our operations.

The final Post-Panamax vessel HERO4 is scheduled for delivery in late Q3-21 with remaining committed CAPEX of USD 40m for which USD 50m in secured bank financing is in place. Wallenius Wilhelmsen has no further newbuilds on order.

Shipping services

Adjusted EBITDA was USD 163m, up by 63% QoQ, on strong volumes and enhanced profitability from improved cargo and trade route mix, further supported by fuel surcharges.

USDm	Q2 2021	Q1 2021	% change QoQ	Q2 2020	% change YoY
Total revenue	757	623	22%	458	65%
EBITDA	128	100	28%	36	256%
EBIT	47	13	256%	(18)	n/a
Volume[1] ('000 CBM)	16,152	14,469	12%	9,049	79%
H&H share[2]	32.2%	28.3%	3.9%	37.4%	-5.7%
EBITDA adjusted	163	100	63%	98	66%
EBITDA adj, margin	21.5%	16.0%	5.5%	21.5%	0.1%

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

Shipping services - Total revenue and EBITDA

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

Total revenue was USD 757m in Q2-21, up 22% QoQ, on a solid volume development, an increase in fuel surcharges and an increase in net freight per CBM from favourable cargo and trade mix development as well as profitable spot volumes. YoY, the 65% increase in revenue was largely caused by the market recovery, as Q2-20 was the quarter with the most severe COVID19 impact on activity.

The H&H share based on un-prorated volumes was 32.2% with a strong cargo mix both in terms of share and absolute volumes, being the highest since 2012. The H&H share increased significantly from Q1, and though the share is below Q2-20 when H&H held up better than auto volumes in the early stages of COVID19, the absolute volume is significantly higher YoY.

Shipping volumes strengthened 12% QoQ, of which more than half is driven by the continued strong market for exports from Asia, in particular on the trades to South America and Europe which also include spot volumes at solid margins. The Oceania trade experienced a 23% increase, partly due to cargo rolled from Q1 and partly due to better vessel capacity on the trade. Development in the Europe to Asia trade was muted on negative impact from the semiconductor chip shortage for auto makers. Net freight rate per CBM was USD 42.7, up from USD 41.1 in Q1 on the strong cargo mix and improved trade mix.

YoY, Shipping volumes increased by 79% reflecting the rebound in demand from the very low level experienced in Q2-20. Net freight per CBM developed flat over Q2-20, when rates were bolstered by the H&H volumes holding up better than auto volumes during the initial impact of the pandemic.

At the end of Q2, 13 of the 16 vessels in cold layup at the end of 2020 were reactivated and had re-entered service, with related reactivation costs of USD 3m incurred during the quarter. Number of active vessel days was 10,421, up 3% QoQ, due to the reactivated vessels and despite the reduction in short-term time charter vessel days. In Q2, the share of short-term time charter vessel days dropped to 9% from 15% of active days in Q1, due to less access to tonnage in the charter market.

EBITDA was USD 128m, up 28% QoQ, while EBITDA adjusted for the USD 35m increase in provisions was USD 163m, up 63% QoQ. Despite reactivation costs, higher maintenance expenses and higher net fuel cost, the adjusted EBITDA margin improved to 21.5% from 16.0% on improved cargo mix, spot volumes and operational efficiency. While fuel surcharge revenue under FAF's[1] increased with USD 27m QoQ, increasing fuel prices and 5% higher fuel consumption led to a negative USD 14m net fuel cost effect compared to Q1. Ship operating expenses increased on maintenance and repair, but also slightly on crew expenses with continued challenges experienced for efficient crewing and movement of seafarers due to the pandemic. Charter expenses were lower with USD 3m, due to the reduction in short-term time charter vessel days QoQ.

EBITDA increased 256% YoY and EBITDA adjusted for provisions increased 66% YoY, on the return of demand and volumes for the segment. The adjusted EBITDA margin was flat as costs largely developed in line with the volume increase, with the exception of the negative net fuel cost impact, positive impact from more efficient operations and relatively less charter activity compared to volume. Net fuel cost increased by USD 91m, with a flat fuel surcharge development, higher fuel prices and a 61% increase in consumption YoY.

[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

Improving volumes and cargo/service mix in H&H Americas, APAC/EMEA and certain terminals was offset by the continuing negative impact on Auto volumes caused by the semiconductor chip shortage. EBITDA development was flat QoQ, when adjusting for a one-off gain.

USDm	Q2 2021	Q1 2021	% change QoQ	Q2 2020	% change YoY
Total revenue	203	203	-	124	64%
EBITDA	35	29	21%	2	1,704%
EBIT	10	4	173%	(24)	n/a
EBITDA adjusted	35	29	21%	2	1,704%
EBITDA adj. margin	17.2%	14.1%	3.0%	1.6%	15.6%
EBITDA by subsegment					
Solutions Americas (Auto)	11	12	(9%)	(5)	n/a
Solutions Americas (H&H)	4	4	3%	3	8%
Solutions APAC/EMEA	6	3	103%	0	1,402%
Terminals	15	12	25%	6	147%
Other	0	(2)	n/a	(2)	n/a

Logistics services - Total revenue and EBITDA

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

Total revenue in Q2 of USD 203m, flat compared to Q1. Positive volume and cargo/service mix development in Terminals and APAC/EMEA were countered by seasonality on fumigation activity as well as a negative volume impact from the continued semiconductor chip and other parts shortage, especially impacting the Solutions Americas (Auto) volumes. YoY, revenue increased by 64%, as Q2-20 was the quarter with business activity and results most severely impacted by the pandemic.

EBITDA was USD 35m, up 21% QoQ, largely on a USD 5m one-off gain from a reversal of a medical insurance accrual, but also on improved results in the APAC/EMEA and the Terminals sub-segments. Logistics was severely impacted by COVID19 in Q2-20 due to plant closures and lower volumes, and the significant EBITDA improvement YoY reflects the very low baseline and return to normal business operations.

Solutions Americas (Auto) revenue and volume fell 13% compared to Q1, largely due to the continuing semiconductor chip and parts shortage impacting auto production in the region. EBITDA fell less than revenue with a decline of 9% QoQ. The EBITDA margin of 13% was maintained, bolstered by a USD 5m gain through an adjustment of a medical insurance provision following updated estimates in the quarter.

Solutions Americas (H&H) revenue increased 13% from Q1, on higher transportation activity. EBITDA increased 3% QoQ, reflecting the improvement in activity, however margins came slightly under pressure due to lack of access to skilled drivers for the transportation business and increased costs from the H&H transportation brokerage business, reflecting the tight labour market in this sector.

Solutions APAC/EMEA revenue increased with 4% QoQ on higher volumes in Belgium, as well as a favourable cargo mix development and new contracts, an improvement despite Q1 being the peak season for higher margin fumigation activity relating to the brown marmorated stink bug (BMSB). EBITDA increased 103% over Q1, largely reflecting the revenue and cargo mix development.

Terminals saw revenue rise 14% since Q1. Contributing factors were increase in volumes relating to both Terminal activity and stevedoring services, increase in value-added services such as washing and storage, but also on increased breakbulk activity as a spill over from lack of capacity in the container market. The end of BMSB fumigation season in April somewhat muted the positive revenue development. EBITDA improved by 25% QoQ on the higher volume and improved cargo/service mix.

Government services

In Q2, revenue and EBITDA margins were positively influenced by higher U.S. flag cargo activity compared to Q1.

USDm	Q2 2021	Q1 2021	% change QoQ	Q2 2020	% change YoY
Total revenue	61	54	14%	49	26%
EBITDA	12	10	18%	7	74%
EBIT	12	3	300%	0	n/a
EBITDA adjusted	12	10	18%	7	74%
EBITDA adj. margin	19.2%	18.6%	0.6%	13.9%	5.3%

Government services - Total revenue and EBITDA

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

Total revenue in Q2 was USD 61m, up 14% QoQ, due to higher U.S. flag cargo activity and related logistics support services. The results were also positively impacted by the movement of U.S. flag cargos for relocating government employees, that is generally higher during the May through September period. Compared to Q2-20, which was the quarter where business activity was most impacted by COVID19, revenue was up 26% on the normalized business environment.

EBITDA was USD 12m and increased 18% QoQ on the higher level of activity, while operating costs developed in line with higher activity with an additional impact from higher fuel prices. EBITDA was 74% higher YoY, largely due to the normalized business environment.

Consolidated results – first half of year 2021

Adjusted EBITDA for the first half of the year was USD 336m, up by 44% compared to the same period last year driven by returning volumes

USD million	1H 2021	1H 2020	% change
Total income	1,816	1,439	26%
EBITDA	301	172	75%
EBIT	77	(176)	n/a
Profit for the period	13	(353)	n/a
EPS 1)	0.01	(0.80)	n/a
Net interest-bearing debt	3,487	3,437	1%
ROCE 2)	2.3%	(5.3%)	n/a
Equity ratio	34.5%	34.4%	0.1%
EBITDA adjusted	336	234	44%

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

Total income was USD 1,816m in the first half of 2021, significantly up compared to the same period last year when activity was severely impacted by the onset of COVID19. Adjusted EBITDA ended at USD 336m in the first half of 2021, up by 44% YoY. EBITDA was affected by some items not included in the adjusted EBITDA of total USD 35m in Q2-21, as described in the quarterly review, and USD 62m in Q2-20. With these effects, EBITDA ended at USD 301m in H1-21 up by 75% since H1-20.

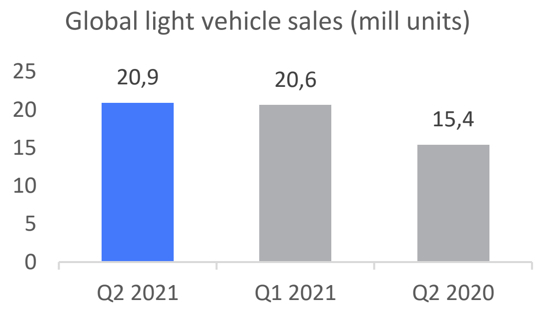
Furthermore, there were some items impacting the result below EBITDA. In the first quarter, Wallenius Wilhelmsen reversed USD 14m in impairments as a gain related to a vessel which has been reclassified to a tangible asset from an asset held-for-sale, as described in the quarterly review. In addition, the put-call arrangement described in the quarterly review had a change in value of USD 6m during H1-21, recognised as a loss under Other gain/(loss) in the income statement.

Net profit amounted to USD 13m for H1-21 compared to a net loss of USD 353m in H1-20.

Market update

Automotive sales in Q2-21 increased slightly from Q1-21, as US and China drive sales in major markets. Sales were down 6.1% compared to the same pre-COVID19 quarter in 2019. High & Heavy volumes surged past pre-pandemic levels to a nine-year high.

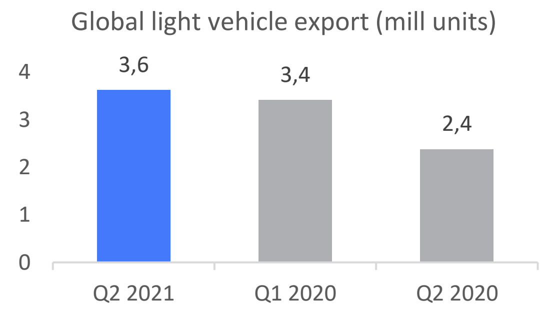
Auto markets[1]



Global light vehicle ("LV") sales include all passenger cars, SUVs, MPVs and light commercial vehicles. Sales in Q2-21 were up 1.6% from Q1-21 and up 36% compared to Q2-20 due to low base of comparison. Compared to sales in same pre-COVID19 quarter in 2019 sales were down 6.1%. Low interest rates and an improved job market has led to solid consumer confidence. While recovery is clearly continuing, the risk of variations of COVID19 intensity remains present. New mutated variations of the virus do not support recovery. However, both the demand and supply sides have some experience in how to handle the situation. Shortage of semiconductor chips caused some disruption in selected regions during Q2-21 and is expected to stabilize at the end of the year. Further recovery in auto markets may vary by market maturity. Incentives in the LV sector in Europe and China has led the sales mix to low emission vehicles.

North American sales increase 48% YoY (up 10.4% QoQ). In US massive fiscal stimulus and favourable COVID19 trends driving growth in jobs and consumer spending, helping fuel LV demand. LV production issues have led to shortage on some models and original equipment manufacturers ("OEMs") prioritise the most profitable models. Average transaction price is high and retail sales performed better than fleet sales in the US.

Sales in Europe increased 69% YoY and up 11.0% QoQ due to low base of comparison. European sales were muted as recovery momentum was harmed by slow vaccine roll out and travel disruption, however a better vaccination trend was seen at the end of the quarter. The end of some stimulus measures in January 2021 dampened some sales, but other measures continue, mostly focused on low-emission vehicles. Pent-up demand and government incentives support sales. Other factors not fuelling LV sales include the implementation of the EU WLTP emission test scheme, diesel woes and Brexit.



Source: IHS Markit / LMCA

Chinese LV sales were still robust in Q2-21 however not as strong as seen in H2-20. In Q2-21, sales were down 2.2% YoY. Compared to Q1-21, sales were up 1.1%. Pent-up demand and

[1] Source: IHS Markit

governmental stimulus continued to drive sales. Sales rate for H1-21 ended at 24.8m.

Global deep-sea exports in Q2-21 were up 52% compared to Q2-20 due to low comparison base, and up 6.0% from Q1-21.

Exports out of North America were up 31.0% YoY (up 3.2% QoQ), due to the low comparison base. NA export did not hold up with global deepsea volume, as soft sales were seen in Europe and South America. European exports increased 43.0% YoY, up 5.9% QoQ due to low comparison basis. Japanese exports in Q2-21 increased 39.9% YoY, up 7.5% QoQ, with volumes exported to main regions North America and Europe driving rebounding. Exports out of South Korea increased 63% YoY and was up 16.4% QoQ. Chinese exports were up 169% YoY (down 4.3% QoQ).

High and heavy markets

Global demand in the H&H segment continued to improve considerably in Q2-21. Global exports of construction, agriculture and rolling mining machinery increased 48.5% YoY in the three-month period ending in May[1], taking export volumes to a nine-year high and 7.6% above the same pre-pandemic period in 2019.

Global exports of construction equipment increased 49.2% YoY as volumes continued to improve around the world. Meanwhile, the construction sector[2] continued its disparate recovery in various geographies. In the US, construction spending edged up as growing residential outlays again offset falling non-residential spending. Australian construction activity continued to expand strongly in the quarter, although momentum slowed from the all-time high recorded in March. In Europe, the construction sector continued its slow recovery with activity levels holding steady compared to the previous quarter.

Global mining equipment markets also continued the turnaround in Q2-21[3], with momentum bolstered by further price appreciation for key mined commodities. The number of machines shipped was 24.0% higher than last quarter and 48.4% ahead of last year, giving the highest volume since Q2-19. The gains were driven by strong growth to Asia, Europe, North America, and Latin America compared to last year, while the expansion in Oceania was more muted from a comparatively higher base.

Global exports of farm machinery extended the ongoing upcycle and increased another 46.3% YoY in the three-month period that ended in May. Supported by the highest global food prices in almost a decade, export growth accelerated to all destination regions. Strong demand was also recorded in end user markets in the quarter[4]. U.S. high-horsepower tractor sales lifted another 30.1% YoY compared to the trough in the second quarter of last year.

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[1] Source: IHS Markit (All import/export data refer to the three-month rolling period ending in May 2021 unless otherwise specified, and are limited to countries (62% of total) that have reported May customs data per August 3rd, 2021)

[2] Sources: IHS Markit, U.S. Bureau of Census, Ai Group, Eurostat

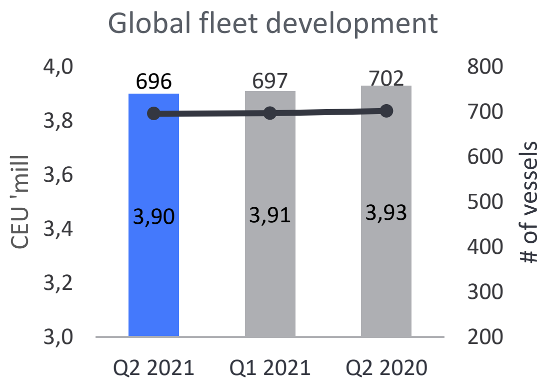
[3] Source: The Parker Bay Company

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

Growth in key European markets also accelerated sequentially, as UK and German tractor registrations increased 39.6% and 13.9% YoY, respectively. The Australian market extended the current upturn to 18 straight months as sales increased 8.8% YoY in the quarter.

Global fleet

The global car carrier fleet (with size >1,000 car equivalent units, "CEU") totalled 696 vessels with a capacity of 3.90m CEU at the end of Q2-21. During Q2-21 one new vessel were delivered, while no vessels were recycled. Seven new orders were confirmed in the period (for vessels >4,000 CEU). The orderbook for deep-sea vehicle carriers (>4,000 CEU) counts 16 vessels, which amounts to about 3% of the global fleet capacity.



Source: Clarksons

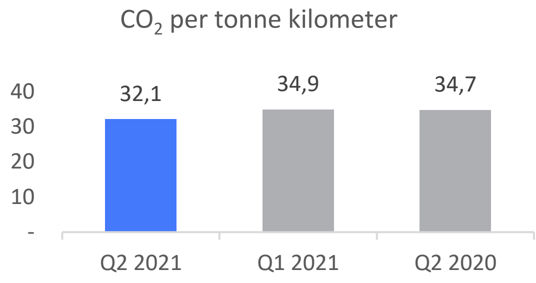
Health, safety and environment

In Wallenius Wilhelmsen, the health and safety of our people and the communities where we operate is our priority, and our sustainability agenda is an integrated part of this work.

Environment, Social & Governance

In March 2021, we established **Science-Based Targets** to reduce CO2 intensity by 27.5% by 2030 (from 2019) to guide our zero-emissions journey in line with current climate science and the Paris Climate Agreement. We are in the process of validating the target with the Science Based Target initiative.

The total CO2 emitted for Q2 was about 11% higher than the previous quarter, while the corresponding total cargo work done increased by about 21% measured in tonne kilometres. In total, this resulted in a decrease of about 8% in the grams of CO2 emitted per tonne kilometre compared to Q1. This decrease can be explained by a substantial increase in fleet utilization, which has more than offset the higher fuel consumption that comes with increased activity level.

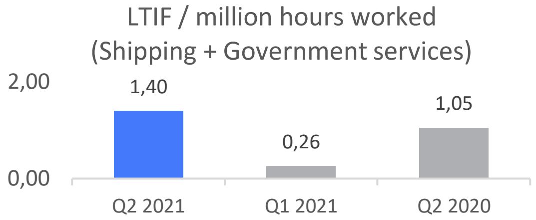


Ethics and compliance are at the core of everything we do. The Code of Conduct is an important pilar to maintain this work. In the second quarter we provided mandatory, yearly training. The Code of Conduct is applicable to all Board members, employees (permanent and temporary), contractors and consultants in the Group, its subsidiaries, and joint ventures that are majority owned or controlled by Wallenius Wilhelmsen.

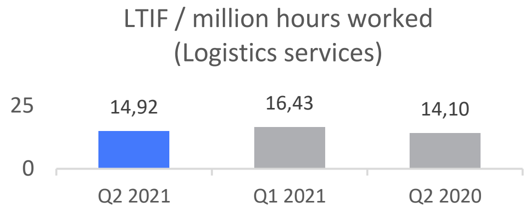
Health & safety

From the onset of the COVID19 pandemic, Wallenius Wilhelmsen has adopted a precautionary approach, putting in place policies, processes, and tools to protect employees, customers and business partners and help limit any spread in the community. Preventive and contingency measures have been put in place across the company to safeguard employees while ensuring continuity of operations, including a vaccination program for seafarers. Logistics operations operated near capacity during Q2 and adhered to all local and relevant regulations in respect of social distancing, hygiene and workplace safety for essential workers.

The combined Shipping and Government services LTIF rate has fluctuated continuously over the last years, with no clear trend the last quarters. In absolute terms, Q2 was at a higher level QoQ and YoY. While no systematic cause has been observed, this rate remains under our close attention, particularly when considering the added stress on the crew during the pandemic.



The Logistics services LTIF shows a positive development compared to the last quarter as Q1 was impacted by seasonality effect and wintery conditions in the northern hemisphere. However, LTIF are slightly up YoY, due to the unstable number of working hours as a result of pandemic policy impacts and the microchip shortage. Those events make comparisons difficult to establish and trend hard to identify. Management measures being taken to address key safety hazards are observed to lead to direct results in the LTIF results.



Risk update

Through its global operation, the group is exposed to market, operational and financial risks, among others.

Main risk factors

As a global organisation, Wallenius Wilhelmsen is exposed to a variety of risks through its worldwide ocean and landbased operations. The risks span from financial, market and commercial and operational, to various regulatory, environmental and safety categories. A deliberate strategy and effective procedures for risk management and mitigation are required to keep our employees safe and our business in operation and will, over time, impact profitability in a positive way. Wallenius Wilhelmsen has a group-wide enterprise risk management model and maps all main risks regularly. Every quarter, management presents a detailed risk assessment including mitigating actions, covering business and functional areas, to the Board of Directors. For a thorough explanation of the risk factors, please refer to pages 28 - 32 and note 18 in the Wallenius Wilhelmsen Annual report 2020.

The ongoing COVID19 pandemic continues to adversely impact a range of aspects of the group's business. While the business activity and operational results of the group has reverted to pre-pandemic levels, operational challenges continue such as limitations to international travel and vaccines for crews, offshore COVID19 outbreaks and secondary effects disturbing global supply chains. Preventive and contingency measures have been put in place across the company to safeguard employees while ensuring continuity of operations, including a vaccination program for seafarers.

Demand for the Shipping and Logistics service offerings are cyclical and closely correlated with global economic activity in general and deep-sea transportation of automotive and high and heavy equipment in particular. Changes in the global economy are therefore of major importance for the development of Wallenius Wilhelmsen's volumes and financial performance.

The main operational risks for Wallenius Wilhelmsen include tonnage imbalance, trade imbalance, vessel incidents, and adverse weather conditions. Through the increased digitalisation of the operations of Wallenius Wilhelmsen, the company will also become more vulnerable to cyber risks. Furthermore, Wallenius Wilhelmsen is, by the nature of its activities, exposed to environmental and safety risks arising from its operations both on- and offshore. Forthcoming GHG regulatory changes, from the International Maritime Organisation (IMO), the shipping industry's global regulator, and the European Union (EU), is another significant risk factor for Wallenius Wilhelmsen

The main financial risk exposures for Wallenius Wilhelmsen are interest rate risks, currency risks, and fuel price development. These risks are described in detail in the 2020 Annual Report, note 18 to the accounts.

Prospects

We continue to expect the supply-demand balance in Shipping to remain favourable over the mid-term due to overall global fleet situation and a continued rebound in volumes. Logistics volumes will benefit from stabilization of automotive semiconductor chip supply expected during 2022. Potential risks include fleet capacity constraints, increased COVID19 intensity, operational impact from any outbreak onboard vessels, further delays in supply of semiconductor chips and negative impacts of further disruptions to the global supply chains. Continuing stabilization of market conditions will provide more financial flexibility and help drive future shareholder value creation.

Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2021 have been prepared in accordance with IAS 34 – Interim Financial Reporting and gives a true and fair view of the group's assets, liabilities, financial position and profit as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties' transactions.

Lysaker, 17 August 2021
The board of directors of Wallenius Wilhelmsen ASA

Rune Bjerke – Chair

Margareta Alestig | Anna Felländer | Jonas Kleberg | Marianne Lie | Thomas Wilhelmsen

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

Consolidated statement of profit or loss

USD million	Notes	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
Total revenue	3	**978**	**606**	**1,816**	**1,439**	**2,958**
Operating expenses	3	(808)	(564)	(1,515)	(1,267)	(2,484)
Operating profit before depreciation, amortisation and impairment (EBITDA)		**170**	**42**	**301**	**172**	**473**
Other gain/(loss)	2	(0)	26	(6)	(35)	(16)
Depreciation and amortisation	4, 5, 6	(119)	(112)	(232)	(229)	(451)
(Impairment)/reversal of impairment	4, 5, 6, 7	14	-	14	(84)	(90)
Operating profit/(loss) (EBIT)		**64**	**(45)**	**77**	**(176)**	**(84)**
Share of profit/(loss) from joint ventures and associates		**1**	**0**	**1**	**0**	**1**
Interest income and other financial items		4	26	39	24	34
Interest expenses and other financial expenses		(49)	(56)	(99)	(207)	(257)
Financial items - net	8	**(45)**	**(30)**	**(60)**	**(183)**	**(223)**
Profit/(loss) before tax		**20**	**(75)**	**18**	**(360)**	**(306)**
Tax income/(expenses)	10	(3)	6	(5)	7	4
Profit/(loss) for the period		**17**	**(69)**	**13**	**(353)**	**(302)**
Profit/(loss) for the period attributable to:						
Owners of the parent		11	(63)	5	(339)	(286)
Non-controlling interests		6	(6)	8	(14)	(16)
Basic and diluted earnings per share (USD)	9	0.03	(0.15)	0.01	(0.80)	(0.68)

Consolidated statement of comprehensive income

USD million	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
Profit/(loss) for the period	17	(69)	13	(353)	(302)
Other comprehensive loss:					
Items that may subsequently be reclassified to the income statement					
Currency translation adjustment	2	3	(1)	(6)	6
Items that will not be reclassified to the income statement					
Remeasurement pension liabilities, net of tax	-	-	-	-	(8)
Other comprehensive profit/(loss) for the period	**2**	**3**	**(1)**	**(6)**	**(1)**
Total comprehensive profit/(loss) for the period	**20**	**(66)**	**12**	**(360)**	**(303)**
Total comprehensive income/(loss) attributable to:					
Owners of the parent	13	(60)	5	(345)	(288)
Non-controlling interests	6	(6)	7	(15)	(15)
Total comprehensive profit/(loss) for the period	**20**	**(66)**	**12**	**(360)**	**(303)**

Balance sheet

USD million	Notes	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS				
Non-current assets				
Deferred tax assets		87	85	87
Goodwill and other intangible assets	4	552	593	571
Vessels and other tangible assets	5	4,091	4,213	4,175
Right-of-use assets	6	1,443	1,387	1,365
Other non-current assets	2	188	172	194
Total non-current assets		**6,360**	**6,450**	**6,391**
Current assets				
Fuel/luboil		95	33	79
Trade receivables		428	280	363
Other current assets		153	132	135
Cash and cash equivalents		566	539	654
Assets held for sale	7	-	7	5
Total current assets		**1,241**	**991**	**1,237**
Total assets		**7,602**	**7,441**	**7,628**
EQUITY and LIABILITIES				
Equity				
Share capital	9	28	28	28
Retained earnings and other reserves		2,367	2,306	2,363
Total equity attributable to owners of the parent		**2,395**	**2,334**	**2,391**
Non-controlling interests		228	227	224
Total equity		**2,624**	**2,561**	**2,615**
Non-current liabilities				
Pension liabilities		72	60	68
Deferred tax liabilities		79	91	84
Non-current interest-bearing loans and bonds	11	2,213	2,225	2,353
Non-current lease liabilities	11	1,222	1,201	1,176
Non-current provisions		30	154	59
Other non-current liabilities		134	129	179
Total non-current liabilities		**3,751**	**3,860**	**3,919**
Current liabilities				
Trade payables		142	101	142
Current interest-bearing loans and bonds	11	428	365	378
Current lease liabilities	11	190	185	174
Current income tax liabilities		8	9	6
Current provisions		90	93	51
Other current liabilities		368	268	343
Total current liabilities		**1,227**	**1,020**	**1,094**
Total equity and liabilities		**7,602**	**7,441**	**7,628**

Wallenius Wilhelmsen

Cash flow statement

USD million	Notes	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
Cash flow from operating activities						
Profit/(loss) before tax		20	(75)	18	(360)	(306)
Financial (income)/expenses		45	30	60	183	223
Share of net income/(loss) from joint ventures and associates		(1)	(0)	(1)	(0)	(1)
Depreciation and amortisation	4, 5, 6	119	112	232	229	451
Impairment/(reversal of impairment)		(14)	-	(14)	84	90
(Gain)/loss on sale of tangible assets		(0)	5	0	8	7
Change in net pension assets/liabilities		0	3	4	(1)	2
Change in derivative financial assets	2	0	(26)	6	35	16
Other change in working capital		(22)	180	(67)	155	141
Tax (paid)/received		(3)	(1)	(9)	(1)	(9)
Net cash flow provided by operating activities [1)]		**145**	**229**	**230**	**332**	**615**
Cash flow from investing activities						
Dividend received from joint ventures and associates		0	-	0	-	-
Proceeds from sale of tangible assets		0	3	4	3	8
Investments in vessels, other tangible and intangible assets		(29)	(17)	(39)	(35)	(135)
Investments in joint ventures		-	(2)	(8)	(8)	(8)
Interest received		0	1	1	2	4
Net cash flow used in investing activities		**(28)**	**(15)**	**(42)**	**(37)**	**(130)**
Cash flow from financing activities						
Proceeds from issue of debt		21	39	112	180	557
Repayment of bank loans and bonds	10	(82)	(72)	(206)	(143)	(417)
Repayment of lease liabilities	10	(47)	(50)	(94)	(92)	(181)
Interest paid including interest derivatives		(41)	(37)	(87)	(84)	(166)
Realised other derivatives		1	(7)	2	(14)	(19)
Dividend to non-controlling interests		(1)	(0)	(3)	(1)	(3)
Net cash flow used in financing activities		**(150)**	**(127)**	**(276)**	**(155)**	**(229)**
Net increase/(decrease) in cash and cash equivalents		**(33)**	**87**	**(88)**	**140**	**256**
Cash and cash equivalents at beginning of period		599	451	654	398	398
Cash and cash equivalents at end of period[1)]		**566**	**538**	**566**	**538**	**654**

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

Statement of changes in equity

USD million	Share capital	Own shares	Total paid-in capital	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
2021							
Balance at 31 December 2020	**28**	**(0)**	**28**	**2,363**	**2,391**	**224**	**2,615**
Profit/(loss) for the period	-	-	-	5	5	8	13
Other comprehensive loss	-	-	-	(1)	(1)	(0)	(1)
Total comprehensive income/(loss)	**-**	**-**	**-**	**5**	**5**	**7**	**12**
Sale of own shares	-	-	-	-	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	(3)	(3)
Balance at 30 June 2021	**28**	**(0)**	**28**	**2,367**	**2,395**	**228**	**2,624**

	Share Capital	Own shares	Total paid-in capital	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
2020							
Balance at 31 December 2019	**28**	**(0)**	**28**	**2,650**	**2,678**	**243**	**2,921**
Loss for the period	-	-	-	(339)	(339)	(14)	(353)
Other comprehensive loss	-	-	-	(6)	(6)	(0)	(6)
Total comprehensive loss	**-**	**-**	**-**	**(345)**	**(345)**	**(15)**	**(360)**
Sale of own shares	-	-	-		-	-	-
Dividend to non-controlling interests	-	-	-	-	-	(1)	(1)
Balance 30 June 2020	**28**	**(0)**	**28**	**2,306**	**2,334**	**227**	**2,561**

USD million	Share capital	Own shares	Total paid-in capital	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
2020							
Balance at 31 December 2019	**28**	**(0)**	**28**	**2,650**	**2,678**	**243**	**2,921**
Loss for the period	-	-	-	(286)	(286)	(16)	(302)
Other comprehensive income/(loss)	-	-	-	(2)	(2)	0	(1)
Total comprehensive loss	**-**	**-**	**-**	**(288)**	**(288)**	**(15)**	**(303)**
Sale of own shares	-	0	0	0	0	-	0
Dividend to non-controlling interests	-	-	-	-	-	(3)	(3)
Balance at 31 December 2020	**28**	**(0)**	**28**	**2,363**	**2,391**	**224**	**2,615**

Wallenius Wilhelmsen

Note 1 - Accounting Principles

This consolidated interim financial report has been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting. The consolidated interim financial reporting should be read in conjunction with the annual financial statements for the year end 31 December 2020 for Wallenius Wilhelmsen ASA group (the group), which has been prepared in accordance with IFRS's endorsed by the EU.

The accounting policies implemented are consistent with those of the annual financial statements for the group for the year end 31 December 2020.

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

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

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

Note 2 - Other gain/(loss)

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

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

During second quarter 2021, the value of the derivative was stable compared with first quarter. One of the most important elements to calculate the gain/loss is the estimated value of the 20% non-controlling interest related to EUKOR.

Year-to-date a loss of USD 6 million has been recognized under Other gain/(Loss) in the income statement. This was mainly related to lower estimated cash flow used in calculating the value of the Eukor shares in first quarter compared to year end 2020. The change in value during second quarter 2020, was USD 26 million recognised as a gain under Other gain/(loss) in the income statement. This gain reduced the loss taken in the first quarter giving a year-to date change in the value of the derivative of USD 35 million also recognised as a loss under Other gain/(loss) in the income statement.

The financial derivative is recognised as an Other non-current asset and has a carrying value of USD 124 million at the end of second quarter 2021, compared to USD 111 million in second quarter last year.

Note 3 - Segment description

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

- Shipping services
- Logistics services
- Government services

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

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

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

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

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

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

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

Note 3 - Segment reporting - QTD

USD million	Shipping services		Logistics services		Government services		Holding & Eliminations		Total	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020
Net freight revenue	690	392	-	-	29	20	-	-	719	413
Fuel surcharges	55	56	-	-	1	1	-	-	56	57
Operating revenue	10	9	176	109	17	18	-	-	203	136
Internal operating revenue	2	0	27	15	14	10	(43)	(25)	-	-
Total revenue	**757**	**458**	**203**	**124**	**61**	**49**	**(43)**	**(25)**	**978**	**606**
Cargo expenses	(178)	(92)	-	1	(13)	(7)	38	21	(152)	(78)
Fuel	(178)	(88)	-	-	(6)	(3)	-	-	(184)	(92)
Other voyage expenses	(105)	(69)	-	(0)	(4)	(3)	-	(0)	(109)	(72)
Ship operating expenses	(56)	(49)	-	-	(15)	(15)	-	-	(70)	(64)
Charter expenses	(42)	(29)	-	(0)	(8)	(8)	3	3	(47)	(35)
Manufacturing cost	-	-	(64)	(44)	(1)	(1)	1	1	(64)	(44)
Other operating expenses	(36)	(64)	(78)	(52)	(0)	(0)	-	0	(114)	(115)
Selling, general and admin expenses	(34)	(31)	(26)	(27)	(4)	(3)	(4)	(3)	(69)	(64)
Total operating expenses	**(629)**	**(422)**	**(168)**	**(122)**	**(49)**	**(42)**	**38**	**22**	**(808)**	**(564)**
Operating profit/(loss) before depreciation, amortisation and impairment (EBITDA)	**128**	**36**	**35**	**2**	**12**	**7**	**(5)**	**(3)**	**170**	**42**
Other gain/(loss)	(0)	26	-	-	-	-	-	-	(0)	26
Depreciation	(80)	(80)	(16)	(16)	(12)	(5)	-	-	(108)	(101)
Amortisation	(1)	(0)	(9)	(10)	(2)	(2)	-	-	(11)	(11)
(Impairment)/reversal of impairment	-	-	0	-	14	-	-	-	14	-
Operating profit/(loss) (EBIT)[1)]	**47**	**(18)**	**10**	**(24)**	**12**	**(0)**	**(5)**	**(3)**	**64**	**(45)**
Share of profit/(loss) from joint ventures and associates	-	-	1	0	-	-	-	-	1	0
Financial income/(expenses)	(28)	(25)	(13)	(4)	(1)	(1)	(3)	(0)	(45)	(30)
Profit/(loss) before tax	**19**	**(43)**	**(3)**	**(27)**	**12**	**(1)**	**(8)**	**(3)**	**20**	**(75)**
Tax income/(expense)	(3)	(0)	0	5	0	0	-	2	(3)	6
Profit/(loss) for the period	**16**	**(44)**	**(2)**	**(23)**	**12**	**(1)**	**(8)**	**(1)**	**17**	**(69)**
Profit/(loss) for the period attributable to:										
Owners of the parent	10	(38)	(3)	(22)	12	(1)	(8)	(1)	11	(63)
Non-controlling interests	6	(5)	1	(0)	-	-	-	-	6	(6)

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

Note 3 - Segment reporting - YTD

USD million	Shipping services			Logistics services			Government services			Holding & Eliminations			Total		
	1H 2021	1H 2020	2020	1H 2021	1H 2020	2020	1H 2021	1H 2020	2020	1H 2021	1H 2020	2020	1H 2021	1H 2020	2020
Net freight revenue	1,276	913	1,931	-	-	-	53	48	122	-	-	-	1,329	961	2,053
Fuel surcharges	83	127	174	-	-	-	2	1	4	-	-	-	85	128	178
Operating revenue	17	26	32	353	288	620	32	37	75	-	-	-	402	350	727
Internal operating revenue	4	3	8	52	37	85	28	21	47	(85)	(61)	(139)	-	-	-
Total revenue	**1,380**	**1,068**	**2,145**	**405**	**325**	**704**	**115**	**107**	**247**	**(85)**	**(61)**	**(139)**	**1,816**	**1,439**	**2,958**
Cargo expenses	(333)	(223)	(476)	-	-	-	(24)	(15)	(39)	76	54	126	(281)	(184)	(390)
Fuel	(316)	(259)	(452)	-	-	-	(10)	(12)	(21)	-	-	-	(326)	(271)	(474)
Other voyage expenses	(211)	(162)	(345)	-	-	-	(6)	(7)	(14)	-	-	-	(218)	(169)	(360)
Ship operating expenses	(102)	(93)	(185)	-	-	-	(28)	(29)	(60)	-	-	-	(130)	(122)	(246)
Charter expenses	(88)	(61)	(131)	-	-	-	(15)	(15)	(29)	6	4	10	(97)	(73)	(150)
Manufacturing cost	-	-	-	(128)	(106)	(219)	(1)	(4)	(13)	2	2	3	(128)	(108)	(228)
Other operating expenses	(37)	(65)	(68)	(157)	(139)	(284)	0	(0)	(0)	-	1	-	(194)	(204)	(352)
Selling, general and admin expenses	(66)	(65)	(130)	(57)	(58)	(124)	(8)	(7)	(15)	(11)	(6)	(15)	(142)	(136)	(285)
Total operating expenses	**(1,153)**	**(929)**	**(1,788)**	**(342)**	**(303)**	**(626)**	**(93)**	**(90)**	**(192)**	**73**	**55**	**123**	**(1,515)**	**(1,267)**	**(2,484)**
Operating profit/(loss) before depreciation, amortisation and impairment (EBITDA)	**228**	**139**	**357**	**63**	**22**	**78**	**22**	**17**	**55**	**(12)**	**(7)**	**(16)**	**301**	**172**	**473**
Other gain/(loss)	(6)	(35)	(16)	-	-	-	-	-	-	-	-	-	(6)	(35)	(16)
Depreciation	(160)	(163)	(319)	(33)	(30)	(61)	(17)	(14)	(25)	-	-	-	(210)	(206)	(404)
Amortisation	(2)	(0)	(2)	(17)	(19)	(38)	(3)	(3)	(6)	-	-	-	(22)	(23)	(47)
(Impairment)/reversal of impairment	-	(18)	(18)	(0)	(40)	(40)	14	(27)	(32)	-	-	-	14	(84)	(90)
Operating profit/(loss) (EBIT)[1]	**60**	**(77)**	**2**	**13**	**(67)**	**(61)**	**16**	**(26)**	**(8)**	**(12)**	**(7)**	**(16)**	**77**	**(176)**	**(84)**
Share of profit/(loss) from joint ventures and associates	-	-	-	1	0	1	-	-	-	-	-	-	1	0	1
Financial income/(expenses)	(40)	(127)	(165)	(14)	(38)	(43)	(1)	(3)	(5)	(6)	(16)	(11)	(60)	(183)	(223)
Profit/(loss) before tax	**20**	**(204)**	**(163)**	**1**	**(104)**	**(103)**	**15**	**(29)**	**(13)**	**(17)**	**(22)**	**(27)**	**18**	**(360)**	**(306)**
Tax income/(expense)	(6)	(2)	(17)	1	7	16	0	1	8	(0)	1	(3)	(5)	7	4
Profit/(loss) for the period	**14**	**(206)**	**(180)**	**2**	**(97)**	**(87)**	**15**	**(28)**	**(5)**	**(18)**	**(22)**	**(31)**	**13**	**(353)**	**(302)**
Profit/(loss) for the period attributable to:															
Owners of the parent	7	(192)	(164)	1	(97)	(87)	15	(28)	(5)	(18)	(22)	(31)	5	(339)	(286)
Non-controlling interests	6	(14)	(16)	1	(0)	0	-	-	-	-	-	-	8	(14)	(16)

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

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

USD million	Goodwill	Customer relations/contracts	Other intangible assets	Total intangible assets
2021				
Cost at 1 January	346	421	54	820
Additions	-	-	2	2
Disposal	-	-	(0)	(0)
Currency translation adjustment	-	-	(0)	(0)
Cost at 30 June	**346**	**421**	**55**	**822**
Accumulated amortisation and impairment losses at 1 January	(40)	(188)	(21)	(249)
Amortisation	-	(18)	(3)	(22)
Impairment/(reversal of impairment)	-	-	(0)	(0)
Disposal	-	-	0	0
Accumulated amortisation and impairment losses at 30 June	**(40)**	**(207)**	**(24)**	**(271)**
Carrying amounts at 30 June	**306**	**214**	**31**	**552**

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

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

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Note 5 - Vessels and other tangible assets

USD million	Property & land	Other tangible assets	Vessels & docking	Newbuild contracts*	Total tangible assets
2021					
Cost at 1 January	127	89	5,307	45	5,567
Additions	1	6	22	8	37
Disposal	(1)	(1)	(11)	-	(13)
Reclassification	-	(1)	37	(13)	22
Currency translation adjustment	(2)	(1)	-	-	(3)
Cost at 30 June	**126**	**91**	**5,354**	**39**	**5,610**
Accumulated depreciation and impairment losses at 1 January	(16)	(33)	(1,343)	-	(1,392)
Depreciation	(5)	(6)	(120)	-	(131)
Impairment/(reversal of impairment)	-	-	14	-	14
Disposal	1	1	10	-	12
Reclassification	(0)	0	(22)	-	(22)
Currency translation adjustment	1	0	-	-	1
Accumulated depreciation and impairment losses at 30 June	**(20)**	**(38)**	**(1,461)**	**-**	**(1,519)**
Carrying amounts at 30 June	**106**	**53**	**3,893**	**39**	**4,091**

*Newbuild contracts include instalments on scrubber installations.

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

*Newbuild contracts include instalments on scrubber installations.

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

Note 6 - Right-of-use assets

USD million	Property & land	Vessels	Other assets	Total leased assets
2021				
Cost at 1 January	478	1,226	4	1,708
Additions	46	28	3	77
Change in lease payments	(1)	86	0	85
Disposal	(1)	-	(0)	(1)
Currency translation adjustment	(6)	(0)	(0)	(6)
Cost at 30 June	**516**	**1,329**	**7**	**1,852**
Accumulated depreciation and impairment losses at 1 January	(91)	(250)	(2)	(344)
Depreciation	(27)	(51)	(0)	(79)
Disposal	1	-	0	1
Reclassification to tangible assets	0	10	-	11
Currency translation adjustment	1	0	0	1
Accumulated depreciation and impairment losses at 30 June	**(117)**	**(291)**	**(2)**	**(410)**
Carrying amounts at 30 June	**399**	**1,039**	**4**	**1,443**

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

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

Note 7 - Assets held for sale

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

Note 8 - Financial income and expenses

USD million	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
Financial income					
Interest income	0	1	1	2	4
Other financial items	0	0	0	0	4
Net financial income	**1**	**1**	**1**	**3**	**8**
Financial expenses					
Interest expenses	(35)	(34)	(71)	(78)	(147)
Interest rate derivatives - realised	(6)	(2)	(17)	(6)	(19)
Interest rate derivatives - unrealised	(3)	(10)	32	(80)	(57)
Other financial items	(2)	(2)	(5)	(4)	(9)
Loss on sale investments	-	0	0	0	(0)
Net financial expenses	**(47)**	**(48)**	**(60)**	**(168)**	**(233)**
Currency					
Net currency gain/(loss)	1	(1)	(6)	21	(6)
Derivatives for hedging of foreign currency risk - realised	0	(0)	1	(2)	(6)
Derivatives for hedging of foreign currency risk - unrealised	(2)	20	(1)	(22)	25
Net currency	**(1)**	**19**	**(7)**	**(2)**	**13**
Financial derivatives bunker					
Unrealised bunker derivatives	1	5	4	(4)	1
Realised bunker derivatives	1	(6)	2	(12)	(13)
Net bunker derivatives	**2**	**(2)**	**6**	**(16)**	**(12)**
Financial income/(expenses)	**(45)**	**(30)**	**(60)**	**(183)**	**(223)**

Note 9 - Shares

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

Basic earnings per share is calculated by dividing profit for the period after non-controlling interests, by average number of total outstanding shares (adjusted for average number of own shares). Basic earnings per share for the first quarter was USD 0.03 compared with negative USD 0.15 in the same quarter last year.

The company's share capital is as follows:	Number of shares	NOK million	USD million
Share capital 30 June 2021	423,104,938	220	28
Own shares 30 June 2021	706,856		

Note 10 - Tax

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

The group recorded a tax expense of USD 3 million for the second quarter 2021, compared with a tax income of USD 6 million the same quarter last year when deferred tax assets related to tax losses in the Logistics segment were recognized.

The group continue the non-recognition of net deferred tax asset in the balance sheet related to tax losses in the Norwegian entities, due to uncertain future utilisation. The deferred tax assets not recognised at the end of second quarter 2021, amounts to USD 73 million

Note 11 - Interest-bearing liabilities

USD million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Non-current interest-bearing loans and bonds	2,213	2,225	2,353
Non-current lease liabilities	1,222	1,201	1,176
Current interest-bearing loans and bonds	428	365	378
Current lease liabilities	190	185	174
Total interest-bearing debt	**4,053**	**3,976**	**4,081**
Cash and cash equivalents	566	539	654
Net interest-bearing debt	**3,487**	**3,437**	**3,427**

Repayment schedule for interest-bearing debt	Bank loans	Leasing commitments	Bonds	Other interest-bearing debt	30 Jun 2021
Due in 2021	138	97	56	0	**291**
Due in 2022	379	197	193	0	**769**
Due in 2023	765	196	-	17	**978**
Due in 2024	412	139	233	0	**784**
Due in 2025 and later	459	783	-	0	**1,242**
Total repayable interest-bearing debt	**2,154**	**1,412**	**482**	**17**	**4,064**
Amortised financing costs	(9)	-	(2)	-	**(11)**
Book value interest-bearing debt	**2,145**	**1,412**	**479**	**17**	**4,053**

Reconciliation of liabilities arising from financing activities			Non cash changes					
	31 Dec 2020	Cash flow	Net change leasing commitments	Foreign exchange movement	Amorti-sation	Other	Reclass-ification	30 Jun 2021
2021								
Bank loans	1,917	100	-	(0)	1	-	(236)	1,781
Leasing commitments	1,176	(0)	133	(6)	-	-	(82)	1,222
Bonds	420	-	-	0	4	-	(10)	415
Bank overdraft / other interest-bearing debt	16	1	-	0	-	-	(0)	17
Total non-current interest-bearing debt	**3,529**	**100**	**133**	**(6)**	**5**	**-**	**(328)**	**3,435**
Bank loans	322	(194)	-	(0)	0	-	236	364
Leasing commitments	174	(94)	27	(0)	-	-	82	190
Bonds	56	-	-	(1)	-	-	10	65
Bank overdraft / other interest-bearing debt	0	(0)	-	0	-	-	0	0
Total current interest-bearing debt	**552**	**(288)**	**27**	**(1)**	**0**	**-**	**328**	**618**
Total liabilities from financing activities	**4,081**	**(188)**	**161**	**(7)**	**5**	**-**	**0**	**4,053**

Cont. Note 11 - Interest-bearing debt

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

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

Note 12 - Provisions

USD million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Current provisions	90	93	51
Non-current provisions	30	154	59
Total provisions	**121**	**246**	**194**

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

In the first half of 2021, the proceedings with the outstanding jurisdictions have been resolved, but some amounts are not yet paid and are recognized as other current liabilities. The timeline for the resolution of civil claims is more uncertain and in second quarter an updated assessment of these claims has been made and additional provision of USD 35 million was recognized as an operating expense. During second quarter the group paid USD 32 million in customer settlements and fines to jurisdictions.

In total, USD 121 million remains classified as provisions as amounts and timing are uncertain. The provisions shall cover expected pay outs related potential civil claims as of 30 June 2021. USD 97 million remains classified as other current (USD 74 million) and non-current liabilties (USD 23 million) related to unpaid amounts to jurisdictions and commercial settlements. 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.

Reconciliation of alternative performance measures

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

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

EBITDA is defined as Total revene less Operating expenses. EBITDA is used as an additional measure of the group's operational profitability, excluding the impact from financial items, taxes, depreciation and amortisation.

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

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

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

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

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

USD million

	30 Jun 2021	30 Jun 2020	31 Dec 2020
Net interest-bearing liabilities			
Non-current interest-bearing loans and bonds	2,213	2,225	2,353
Non-current lease liabilities	1,222	1,201	1,176
Current interest-bearing loans and bonds	428	365	378
Current lease liabilities	190	185	174
Less Cash and cash equivalents	566	539	654
Net interest-bearing debt	**3,487**	**3,437**	**3,427**

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Reconciliation of alternative performance measures

USD million

	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
Reconciliation of Total revenue to EBITDA and EBITDA adjusted					
Total revenue	978	606	1,816	1,439	2,958
Operating expenses excluding other gain/(loss)	(808)	(564)	(1,515)	(1,267)	(2,484)
EBITDA	**170**	**42**	**301**	**172**	**473**
EBITDA Shipping services	128	36	228	139	357
Anti-trust expense	35	55	35	55	55
Scrapping of scrubber installations	-	7	-	7	7
EBITDA adjusted Shipping services	**163**	**91**	**263**	**194**	**412**
EBITDA Logistics services	35	2	63	22	78
EBITDA adjusted Logistics services	**35**	**2**	**63**	**22**	**78**
EBITDA Government services	12	7	22	17	55
EBITDA adjusted Holding/Eliminations	**12**	**7**	**22**	**17**	**55**
EBITDA Holding/Eliminations	(5)	(3)	(12)	(7)	(16)
EBITDA adjusted Holding/Eliminations	**(5)**	**(3)**	**(12)**	**(7)**	**(16)**
EBITDA adjusted	**205**	**97**	**336**	**227**	**528**
Reconciliation of Total revenue to EBIT and EBIT adjusted					
EBITDA	170	42	301	172	473
Other gain/loss	(0)	26	(6)	(35)	(16)
Depreciation and amortisation	(119)	(112)	(232)	(229)	(451)
(Impairment)/reversal of impairment	14	-	14	(84)	(90)
EBIT	**64**	**(45)**	**77**	**(176)**	**(84)**
Anti-trust expense	35	55	35	55	55
Scrapping of scrubber installations	-	7	-	7	7
Change in fair value of derivative financial asset	0	(26)	6	35	16
Net reversal impairment asset held-for-sale	(8)	-	(8)	-	-
Impairment recycling vessels and Logistics goodwill	-	-	-	84	84
Impairment other intangible assets	-	-	-	-	5
Total adjustments	**27**	**37**	**34**	**182**	**168**
EBIT adjusted	**92**	**(8)**	**111**	**5**	**85**
Profit/(loss) for the period	**17**	**(69)**	**13**	**(353)**	**(302)**
Total adjustments	27	37	34	182	168
Profit/(loss) for the period adjusted	**45**	**(32)**	**46**	**(171)**	**(133)**

	Quarter average		1H average		Yearly average
Reconciliation of total assets to capital employed and ROCE calculation and return on equity calculation	Q2 2021	Q2 2020	1H 2021	1H 2020	2020
Total assets	7,611	7,506	7,609	7,588	7,575
Total liabilities	4,991	4,903	4,991	4,896	4,935
Total equity	**2,620**	**2,603**	**2,618**	**2,692**	**2,640**
Total interest-bearing debt	4,122	3,992	4,127	3,996	4,036
Capital employed	**6,742**	**6,595**	**6,745**	**6,688**	**6,676**
EBIT annualised	258	(179)	154	(353)	(84)
EBIT annualised adjusted	367	(33)	222	10	85
ROCE	**3.8%**	**-2.7%**	**2.3%**	**-5.3%**	**-1.3%**
ROCE adjusted	**5.4%**	**-0.5%**	**3.3%**	**0.2%**	**1.3%**
Profit/(loss) for the period annualised	70	(274)	26	(706)	(302)
Profit/(loss) for the period annualised and adjusted	180	(128)	93	(343)	(133)
Return on equity	**2.7%**	**-10.5%**	**1.0%**	**-26.2%**	**-11.4%**
Return on equity adjusted	**6.9%**	**-4.9%**	**3.6%**	**-12.7%**	**-5.0%**