Wallenius Wilhelmsen
Q4 Report 2020

Investor relations:
Anette Orsten
anette.orsten@walleniuswilhelmsen.com
Tel: +47 980 67 912

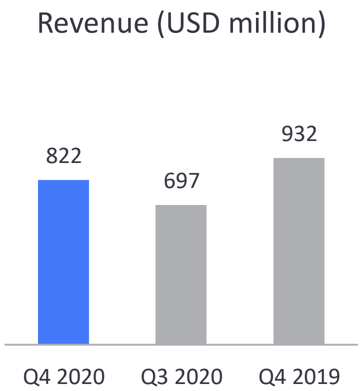
Media:
Fredrik Tangeraas
fredrik.tangeraas@walleniuswilhelmsen.com
Tel: +47 924 64 699

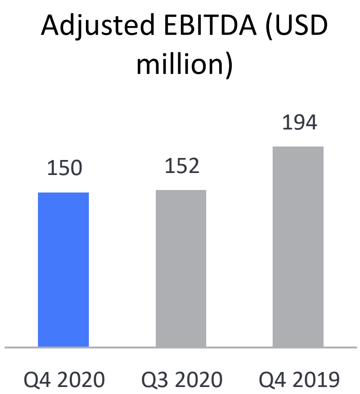
Highlights – Q4 2020

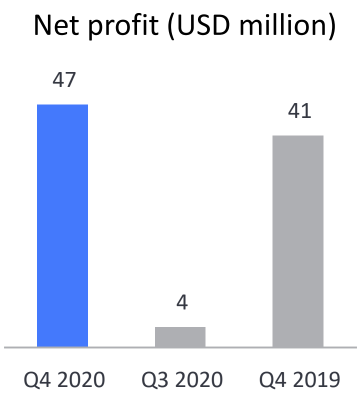
- Wallenius Wilhelmsen continues to take a proactive and precautionary approach to the COVID19 pandemic, prioritising the welfare of its employees and the community, as well as the needs of its customers.
- The positive EBITDA effects from ocean volume recovery and improved landbased results were offset by a lower high&heavy share, activity ramp-up costs and temporary market inefficiencies.
- Q4 ocean volumes were down 4% YoY, but up 23% from Q3, representing a solid return of activity.
- Landbased revenue was up 2% YoY and adjusted EBITDA up 13% YoY on increased high-margin volumes, solid automotive related business recovery and continued resilience in terminals.
- Measures taken to protect and strengthen cash flow have resulted in a cash position of USD 654m, up from USD 600m in Q3, and USD 326m of undrawn credit facilities.

Commenting on the Q4 results, Craig Jasienski, President and CEO of Wallenius Wilhelmsen, said:

"Wallenius Wilhelmsen finished off a challenging year with a solid final quarter, and I'm pleased with the development in both landbased and ocean activities. Our proactive and prudent approach has served us well during the year, as we managed costs and preserved cash. Close cooperation with our customers and partners enabled us to offer sufficient shipping capacity and seamless demand driven operations across our land-based facilities throughout the COVID19 pandemic. I am truly proud of the achievements of our employees and the collaborative spirit they have shown during this demanding year."







Consolidated results and key figures – Q4 2020

Adjusted EBITDA was USD 150m in Q4, with flat development QoQ. The positive EBITDA effects from ocean volume recovery and improved landbased results were offset by a lower high&heavy share, activity ramp-up costs and temporary market inefficiencies.

USDm	Q4 2020	Q3 2020	% change QoQ	Q4 2019	% change YoY
Total revenue	822	697	18%	932	(12%)
EBITDA	150	152	(1%)	162	(7%)
EBIT	53	40	30%	81	(35%)
Profit for the period	47	4	958%	41	14%
EPS 1)	0.11	0.01	849%	0.10	15%
Net interest-bearing debt	3,427	3,436	0%	3,646	(6%)
ROCE	3.1%	2.5%	n/a	4.6%	n/a
Equity ratio	34.3%	34.0%	n/a	37.5%	n/a
EBITDA adjusted 2)	150	152	(1%)	194	(23%)

1) After tax and non-controlling interests
2) Q4 2019 EBITDA adjusted with USD 30m in anti-trust expense and USD 3m in pension cost

Consolidated results

The COVID19 pandemic has had a significant impact on the world economy and especially on intercontinental trade patterns in our markets. The group took early and decisive action to adjust capacity, reduce costs, limit capex and preserve cash. Seven vessels available for redelivery at end of charter contracts were returned, 15 vessels were put in cold lay-up, and vessel operations optimised to further reduce capacity and costs.

In Q4 2020, both ocean and landbased volume levels remain below last year but have recovered significantly from the low point in Q2.

Total revenue in Q4 was USD 822m, down 12% YoY due to lower revenues in the ocean segment. The decrease in ocean revenue was a result of lower volumes, down 4% YoY, lower net freight earned per cubic meter, lower fuel surcharge revenue and limited charter income due to capacity constraints. Landbased revenue was up 2% YoY on increased high-margin volumes with solid automotive related business recovery and continued resilience in terminals. Compared to Q3, total revenue for the group was up 18% as both ocean and landbased volumes recovered.

EBITDA ended at USD 150m and developed flat versus Q3 as the improvement in the landbased segment and general volume recovery was offset by a negative cargo mix development, activity ramp-up costs on fuel and capacity and market inefficiencies in the ocean segment QoQ.

EBITDA declined 7% compared to EBITDA in Q4 2019. Adjusted for anti-trust and pension cost incurred in Q4 2019, the EBITDA declined 23% YoY. The negative impact from lower volumes, lower net freight rate per CBM, increased ship opex following the Tannhauser delivery and increased net charter expense in the ocean segment was only somewhat countered by the lower net fuel cost[1] and the positive EBITDA development in the landbased segment.

During Q4 the value of the net derivative arising from the put-call arrangement in the shareholder agreement for EUKOR increased by USD 20m, recognised as a gain 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 130m at the end of the quarter.

Net financial expenses were USD 3m in Q4, down from USD 36m in Q3. Interest expense including realised interest derivatives was USD 41m, down by USD 7m versus Q4 2019 and flat compared to Q3. Net financial expenses were positively impacted by USD 67m in unrealised interest rate, FX and bunker derivatives. Depreciating USD caused a USD 30m net currency loss. This was mostly from revaluation of bond debt, which is offset by gain on FX hedges.

The group recorded a tax expense of USD 3m for Q4, compared with an expense of USD 19m the same quarter last year. The tax authorities in Korea have cancelled a withholding tax case on dividends from EUKOR to Wallenius Logistics AB for the period 2010-2014, resulting in recognition of a tax income of USD 6m in the fourth quarter. 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.

Net profit ended at USD 47m in Q4, up from USD 4 in Q3. The average annualised Return on Capital Employed (ROCE) in Q4 2020 was 3.1%, compared to 2.5% in Q3 2020 and 4.6% in Q4 2019.

Capital and financing

On 10 September 2020, Wallenius Wilhelmsen ASA took delivery of the newbuild *Tannhauser* from the CSIC Xingang shipyard in China. The vessel was subsequently financed by a sale and leaseback agreement. This was regarded as a financing arrangement and the USD 61m liability was classified as other interest-bearing debt during Q4.

The equity ratio was 34.3% at the end of Q4, up from 34.0% at the end of Q3 as the group recorded a profit for the period which outweighed the increase in total assets. Cash and cash equivalents were USD 654m, up from USD 600m at the end of Q3. In addition, Wallenius Wilhelmsen had USD 326m in undrawn credit facilities and USD 50m committed for the delivery financing for the final newbuild in 2021. The increase in undrawn credit facilities is the result of USD 44m repayment of drawn amounts using excess cash during the quarter. Net interest-bearing debt was USD 3,427m at the end of Q4, largely unchanged compared to Q3.

As a result of site closures in the landbased business due to lockdowns, Wallenius Wilhelmsen noted in the Q1 2020 report that there was a risk of a breach of a NIBD/EBITDA covenant in a revolving credit facility for the group's

[1] Net fuel cost in a period is the bunker cost incurred less the fuel surcharge earned. Fuel surcharge is earned under bunker adjustment factor clauses which are reflected in most shipping contracts, being included to manage risk of change in fuel price during the contract period.

subsidiary WW Solutions. The agreement in place with the relevant lenders was to waive this covenant for the remainder of 2020, before gradually being reset in 2021.

For the ocean 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. As of the end of Q4, all agreed amounts are deferred, and scheduled repayments resume in January 2021. The deferred instalments are scheduled to be repaid during the life of each facility. Given that the deferral agreement involves a dividend block, the company aims to prepay the deferred instalments early to clear the way for the payment of dividends from Wallenius Wilhelmsen ASA. Any decision to prepay will be made once the company deems the market and liquidity situation to have stabilised.

Events after the balance sheet date

Wallenius Wilhelmsen decided to recycle up to four vessels above 24 years of age as part of the early action to withstand the COVID19 impact. Two of the vessels have been recycled in 2020 and a third vessel is sold for recycling in January 2021. The fourth vessel is still classified as held for sale as of December 31, 2020, and no agreement to sell the vessel for scrap has been entered into yet. In line with the group's long-standing policy, all recycling is green and is reported accordingly to the Ship Recycling Transparency Initiative.

In January 2021, Wallenius Wilhelmsen announced that it has decided to reactivate up to 9 of its 16 vessels that are currently in cold layup. Reactivation will take place during H1 2021, and the reactivated vessels will replace capacity currently sourced through short term charters. Reactivation of the remaining 7 vessels will be considered in the same period.

In February, the Federal Court of Australia issued a fine of AUD 24m to Wallenius Wilhelmsen Ocean stemming from the Australian Competition and Consumer Commission’s car carrier investigations in 2015. The company has accepted the ruling, which does not trigger any change in provisions. The legal process in Australia is the last of the investigations looking into the car carrying industry involving Wallenius Wilhelmsen Ocean.

Ocean operations

Q4 volumes were down 4% YoY, but up 23% from Q3, representing a solid return of activity. The 16% QoQ increase in revenue was offset by a lower high&heavy share, volume ramp-up costs on fuel and capacity, as well as market inefficiencies, pushing EBITDA down 5% QoQ.

USDm	Q4 2020	Q3 2020	% change QoQ	Q4 2019	% change YoY
Total revenue	634	545	16%	757	(16%)
EBITDA	122	129	(5%)	141	(13%)
EBIT	50	42	18%	83	(39%)
Volume[1] ('000 CBM)	15,167	12,378[3]	23%	15,731	(4%)
H&H share[2]	27.6%	29.5%[3]	n/a	27.3%	n/a
EBITDA adjusted[4]	122	129	(5%)	171	(28%)

1) *Prorated cubic metres ("CBM")*
2) *Based on unprorated volumes*
3) *For Q3 2020, volume is revised from 12,426,000 CBM, consequently revising H&H share from 29.6% and net freight per CBM from USD 40.0*
4) *Q4 2019 EBITDA adjusted with USD 30m in anti-trust expense*

Ocean - Total revenue and EBITDA

Total revenue was USD 634m in Q4 2020, down 16% compared to the same period last year. The decline in ocean revenue was driven by a combination of volumes being down 4% YoY, and lower net freight per cubic metre ("CBM") due to negative trade mix development, lower fuel surcharge revenues and limited income from chartering out of vessels. Compared to Q3, total revenue was up by 16%, with the impact of 23% higher volumes being partially offset by lower net freight per CBM at USD 39.4/CBM, down from USD 40.2/CBM in Q3, partly on lower high & heavy (H&H) share. Fuel surcharge revenue was flat compared to Q3. Other operating revenue decreased, partly due to limited chartering income.

Volume development diverged among the main trade routes compared to Q4 2019, while up across all trades compared to Q3 2020. The decline in volume YoY was also impacted by a few contracts that were not renewed in Q4 2019 because of commercial priorities. The Asia-North America trade was up 9% YoY on increased auto volumes, despite lower H&H volumes. Volumes in the Atlantic were at the same level as in Q4 2019, as a strong recovery of auto volumes both eastbound and westbound made up for slightly weaker H&H volumes. The Europe-Asia trade was down 6% YoY but continued the improvement seen in Q3 2020. Volumes fell 14% YoY in the Asia-Europe trade due to COVID19 effects. The Europe/North America-Oceania trade was down 24% YoY partly due to COVID19 impacts and a contract which was not renewed at the end of 2019, though improved since Q3 on both auto and H&H volumes.

The H&H share based on un-prorated volumes was 27.6% in Q4 2020, the same level as in Q4 2019, but down from 29.5% in Q3. Compared to the peak in Q2 2020, this share normalized during the second half of 2020 as auto volumes recovered.

In comparison to the previous quarter EBITDA was 5% weaker, driven by several factors. Overall gross revenue increased together with improved volumes, however net revenue and voyage results were negatively impacted by a weaker cargo mix that offset an improved trade mix in some areas, and a lag in BAF recoveries. Voyage results were further impacted by expenses related to the increased level of activity, also including a higher fleet in operation, slightly increased speed, and fuel price. Net charter expenses were up by USD 19m in the quarter with net 18 vessels on short term charter, combined with anchorage cost of laid-up vessels. Net fuel cost is up USD 23m, whereof USD 10m is explained by cargo and bunker volume increase. SG&A expenses were up by USD 9m through a combination of return-to-work payroll increases, removal of various government subsidies, along with year-end closings and adjustments. Due to the rapid increase in volume demand, congestion was also experienced in several regions, causing further inefficiencies in the operation.

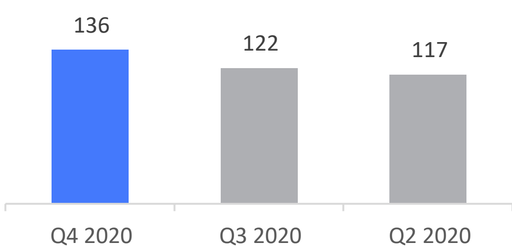
Compared to Q4 2019, total revenue was down 16%, while EBITDA and adjusted EBITDA was down 13% and 28%, respectively. Whilst volumes were only down slightly, revenue per CBM was driven down sharply by changes in overall trade mix and reduced fuel surcharge recovery. Short-term charter activities were higher than a year earlier due to the sharp volume spikes in the quarter, resulting in USD 13m in higher net charter expenses. Voyage result margins were under pressure by the impact of trade mix, SG&A was up USD 3m and ship operating expense increased slightly as a result of the delivery of *Tannhauser* to the fleet. These factors were then partially offset by the positive net fuel price effect of USD 20m, where the 27% reduction in the price of consumed fuel was muted by the reduced BAF recovery.

As previously reported, the U.S. Government Accountability Office (GAO) sustained protests filed against the United States Transportation Command (USTRANSCOM) award of the Global Household Goods Contract (GHC) originally awarded on 30 April 2020 to American Roll-On Roll-Off Carrier Group, Inc. (ARC). In response to the GAO decision USTRANSCOM reopened discussions with bidders and allowed revised proposals submitted and currently ongoing presentations. ARC is participating in this process. USTRANSCOM has indicated they tentatively expect to complete their review and make an award in the second half of 2021.

Wallenius Wilhelmsen fleet

Wallenius Wilhelmsen controlled a fleet of 136 vessels at the end of Q4, up from 122 at the end of Q3. The company utilized the short-term charter market during the quarter to increase fleet capacity 18 vessels in line with volume increases. Redelivery of eight long term time charter vessels and extension of four vessels have been completed throughout 2020 and two vessels have been recycled during the quarter. The company has the flexibility to redeliver another three vessels during 2021, and another four during 2022.

WALWIL controlled fleet (# of vessels)



Tannhauser, vessel number three (8,000 CEU) in the Post-Panamax newbuild programme of total four vessels, entered service in October 2020. The final Post-Panamax vessel is scheduled for delivery in Q2 2021 with remaining committed CAPEX of USD 40m for which committed financing is in place. The vessel is financed through a secured bank facility. Wallenius Wilhelmsen has no further newbuilds on order.

Landbased operations

Underlying business improved with a rise in automotive activities, and the resilient Terminals segment continued to perform well. Adjusted EBITDA for Q4 was USD 32m, up 13% YoY despite lower overall volumes as higher margin activities boosted the results.

USDm	Q4 2020	Q3 2020	% change QoQ	Q4 2019	% change YoY
Total revenue	216	175	23%	212	2%
EBITDA	32	28	17%	26	23%
EBIT	7	3	170%	3	136%
EBITDA adjusted[1]	32	28	17%	29	13%
EBITDA by segment					
Solutions Americas (Auto)	13	10	28%	14	(11%)
Solutions Americas (H&H)	0	4	(91%)	4	(91%)
Solutions APAC/EMEA	4	3	20%	2	81%
Terminals	14	11	21%	11	26%
Other	2	(1)	n/a	(5)	n/a

1) Q4 EBITDA adjusted with USD 3m in pension cost

Landbased - Total revenue and EBITDA

Total revenue in Q4 2020 was USD 216m, up 2% compared to Q4 2019. Landbased services continued to benefit from volume recovery in Q4 2020, combined with underlying automotive business improvement and new high margin volumes at year end. Overall volumes were still 8% below the previous year's levels. Compared to Q3 2020 revenue was up 23%.

EBITDA was USD 32m, up 23% YoY, because of increased high margin volumes from existing and new contracts. Compared to Q3, EBITDA increased 17% on higher auto volumes in Solutions Americas and in Terminals. Adjusted EBITDA was up 13% YoY.

Solutions Americas (Auto) revenue was up 9% compared to Q4 2019, due to an increase in higher value activities and solid underlying business development while overall volume was slightly down. EBITDA was USD 13m in Q4 2020, 11% down YoY, but continuing the improvement since Q3 2020 as volumes returns.

Solutions Americas (H&H) revenue was down 19% YoY, driven by transportation and storage volume remaining low after the lockdowns in the middle of the year. EBITDA was zero in Q4 2020, 90% down YoY, impacted by lower volumes.

Solutions APAC/EMEA revenue was up 11% YoY on new business and as automotive volumes returned across the region. EBITDA was up with 26% YoY boosted by higher revenue as well as efficiency gains and measures to reduce costs, in addition to government subsidies to counter impact from the pandemic.

Terminals saw revenues rise 2% YoY with increases in higher margin activities together with the continued return of volumes, being 6% down YoY. EBITDA came in strong at USD 14m, up 26% YoY, driven by high value activities and continued focus on cost savings measures. Revenue was up 21% QoQ on 15% in increased volumes including seasonality, with EBITDA increase QoQ in line with the revenue development.

Consolidated results – Full year 2020

Adjusted EBITDA for FY 2020 ended at USD 536m, down USD 301m compared to FY 2019 on lower volumes.

USDm	2020	2019	% change
Total revenue	2,958	3,909	(24%)
EBITDA	473	805	(41%)
EBIT	(84)	358	n.a.
Profit for the period	(302)	102	n.a.
EPS 1)	(0.68)	0.22	n.a.
Net interest-bearing debt	3,427	3,646	(6%)
ROCE	(1.3%)	5.0%	n/a
Equity ratio	34.3%	37.5%	n/a
EBITDA adjusted[2]	536	837	(36%)

1) *After tax and non-controlling interests*
2) *2020 EBITDA adjusted with USD 55m in anti-trust expense and USD 7m in scrapping of scrubber installation. 2019 EBITDA adjusted with USD 30m in anti-trust expense and USD 3m in pension cost*

Total revenue was USD 2,958m for FY 2020, a decrease of 24% compared to FY 2019, with lower revenues for both the ocean and landbased segments mainly due to COVID19. Ocean revenues were down 26% driven by lower volumes (-23%), lower net freight per CBM, reduced fuel surcharge and a decline in other revenue partly due to low vessel charter out activity. The decline in volumes was due to a combination of the impact of COVID19, generally slower markets, and related to a few contracts that were not renewed in Q4 2019 as a result of commercial priorities. Landbased revenues were down 20% as volumes dropped on temporary OEM plant closures and production cutbacks as a direct effect of COVID19 H1 2020 before gradually improving in the second half, with annual volumes down 27% compared to 2019.

EBITDA ended at USD 473m for FY 2020 compared to USD 805m in 2019. Adjusted EBITDA ended at USD 536m, down 36% compared to 2019. Despite a reduction in net fuel cost, adjusted EBITDA for the ocean segment fell by 36% as margins were impacted by increased ship operating expense partly due to the delivery of two newbuilds in 2019 and 2020, by increased charter expense net of charter income, and SG&A costs that fell less than revenue. The landbased segment adjusted EBITDA decreased by 34%, as SG&A cost fell less than revenue though manufacturing cost and other operating costs developed in line with revenue.

At the onset of COVID19, Wallenius Wilhelmsen took a pro-active and precautionary approach to safeguard the health, safety and security of employees, crew and society at large, whilst maintaining services for customers. While EBITDA declined more than revenue for both ocean and landbased operations, the early and decisive action taken to manage costs and capacity prevented an even greater negative impact. Seven vessels available for redelivery at end of charter contracts were redelivered in 2020, 15 vessels were put in cold lay-up, and vessel operations were optimised in Q2 and Q3. For the landbased business, temporarily lay-offs of production workers became necessary as production was halted across several sites during Q2 to curb the spread of COVID19.

Furthermore, there were some items impacting the net loss of the year below EBITDA in addition to depreciation and amortization. During the year, Wallenius Wilhelmsen recognised impairment losses of USD 90m, of which USD

44m is related to four vessels that will be recycled. Two of the vessels were recycled during Q2 and Q3 at estimated sales price, while the remaining two vessels are still classified as assets held for sale as of 31 December 2020 to an estimated scrap value of USD 5m. The company also booked an impairment charge of USD 40m on the goodwill allocated to the landbased activities in Q1. The main reason for the impairment was the downward adjustment of the forecast for this segment as COVID19 hit, coupled with a reduction of the anticipated growth rate. Lastly, the group recognized an impairment of USD 5m related to software under development.

During FY 2020 the change in the value of the put-call derivative for EUKOR was negative of USD 16m, recognised under Other gain/(loss) in the income statement, while the impact was a gain of USD 52m in FY 2019.

Net financial expenses were USD 223m vs USD 247m in FY 2019. Interest expense including realised interest derivatives was USD 166m, down by USD 35m versus FY 2019. Net financial expenses were further impacted by USD 31m in unrealised derivative losses, including USD 57m loss related to interest rate derivatives, USD 1m gain related to bunker derivatives and USD 25m loss related to FX derivatives. In FY 2019, unrealised derivative losses were USD 18m.

Tax income was USD 4m vs a tax expense of USD 10m for FY 2019. The tax income is partly from that the authorities in Korea have cancelled a withholding tax case on dividends from EUKOR to Wallenius Logistics AB for the period 2010-2014, resulting in recognition of a tax income of USD 6m.

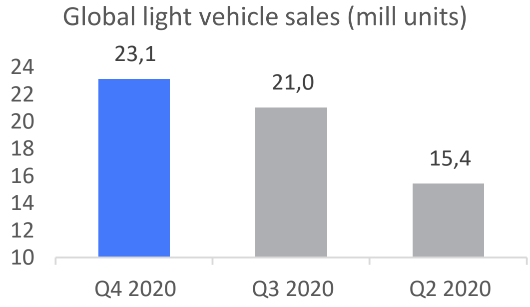
Net loss for the full year of 2020 ended at USD 302m.

Given the company's dividend policy and negative profit after tax in FY2020, the board will not propose a dividend to the Annual General Meeting in April 2021.

Market update

Automotive sales in Q4 declined 0.8% YoY as pent-up demand and incentives fuelled sales. The H&H segment completed an impressive recovery as volumes increased 5.3% YoY.

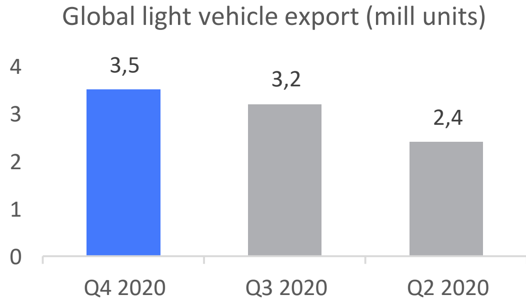
Auto markets



Global light vehicle ("LV") sales include all passenger cars, SUVs, MPVs and light commercial vehicles. Sales in Q4 was up 10.0% from Q3 but decreased 0.8% compared to Q4 2019. Pent-up demand, incentives and improved unemployment figures fuelled sales. While recovery is clearly continuing, the risk of variations of COVID19 intensity remains present. New mutated variations of the virus, particularly as seen in Europe, do not support recovery. However, both the demand side and the supply side have some experience in how to handle the situation. Shortage of semiconductor chips in certain markets at the end of Q4 caused some disruption in selected regions. 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 and in Q4 electric LV has increased sales by 120% YoY.

North American sales declined 4.6% YoY (up 4.3% QoQ). Pent-up demand and better unemployment figures have supported sales. LV production issues have led to shortage on some models and original equipment manufacturers ("OEMs") prioritise the most profitable models. Retail sales performed better than fleet sales in the US.

Sales in Europe declined 6.3% YoY, but up 1.2% QoQ. Lockdown measures were modest in the Q4, though have recently been on the increase. 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 uncertainty. In Russia, sales were down 5.8 % YoY.



Source: IHS Markit / LMCA

Chinese LV sales continued its positive development after the Q1 low and Q2/Q4 rebound. In Q4, sales were up 7.8% YoY. Compared to Q3, sales were up 19.9%. Pent-up demand and governmental stimulus fuelled sales YoY.

Global deep-sea exports in Q4 2020 were down 7.7% compared to Q4 2019, and up 8.6% from Q3 2020. China is the region which is driving LV sales. The region has a higher share of domestic produced vehicles compared to NA and Europe; this means the global deep-sea development has been softer than global sales.

Exports out of North America were down 12.5% YoY (up 10.3% QoQ), as lower sales were seen in Europe and South America. European exports declined 3.0% YoY, up 11.7% QoQ. Largest contributor to the drop was North America, the largest export region for Europe. Japanese exports in Q4 2020 declined 8.1% YoY, up 8.5% QoQ, with volumes exported to main regions North America and Europe rebounding after Q2 low. Exports out of South Korea declined

3.4% YoY and increased 4.4% QoQ, though with Q4 volumes to US up on a YoY basis. Chinese exports were down 0.7% YoY (up 8.8% QoQ).

High and heavy markets[1]

The momentum in the H&H segment continued to improve considerably in Q4. Exports of construction, mining and farm machinery increased 5% YoY in the three-month period that ended in November, with exports to all destination regions expanding from last year.

Global construction and rolling mining equipment exports increased 4% YoY, as volumes to most destination regions were on par with last year while Australian demand surged. Meanwhile, the recovery in construction activity[2] continued to be unsynchronized around the world. While the Eurozone construction PMI has improved significantly from the Q2 trough, readings signalled further deterioration in Q4 with a new round of lockdown measures. US construction spending held up well in the quarter, with three straight months of gains. The Australian construction PCI (PMI) made a strong recovery with three months of uninterrupted growth in the quarter, putting an end to 25 consecutive months of activity contraction.

Global mining equipment markets also delivered a strong turnaround in Q4, and prices of key commodities strengthened to multi-year highs. Following eight straight quarters of sequential contraction, deliveries were 4% higher than last year after increasing 35% QoQ. Volumes improved to all other continents than Oceania, where demand has held up well during the recent downturn. Deliveries improved markedly for all major mineral groups in Q4, except for oil sands and iron ore. For the full year, deliveries increased 13% to gold mines as miners took advantage of sustained high gold prices. Deliveries to iron ore mines were largely unchanged, while the number of machines delivered to copper mines declined 13% compared to last year. The overall market contraction in 2020 was driven by other mineral groups, most notably coal.

Global exports of farm machinery improved 10% YoY in the three-month period ending in November. Supported by strong commodity prices, machinery traded higher than last year to all destination regions except Latin America. Very strong momentum was also recorded in end user demand in the quarter[3]. U.S. high-horsepower tractor sales lifted 16% YoY, the strongest market expansion in more than two years. The big European markets also experienced strong demand, as German tractor registrations increased 27% YoY and U.K. registrations lifted 9% YoY. The Australian market ended an exceptionally strong year on a high note, with sales growing another 9% YoY in Q4. Brazilian sales increased 31% YoY as growth accelerated throughout the quarter.

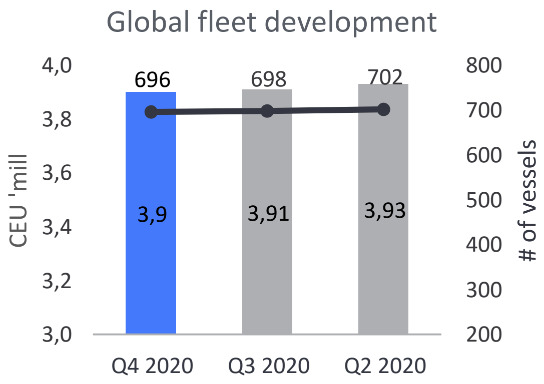
The end of 2020 saw rates of growth in global manufacturing production and new orders remain among the strongest seen over the past decade, and growth remained resilient at the start of 2021. The Global Manufacturing

[1] Source: IHS Markit - All import/export data refer to the three-month rolling period ending in November 2020 unless otherwise specified, and is limited to countries (52%) that have reported customs data as per 03.02.2021
[2] Sources: IHS Markit, U.S. Bureau of Census, Ai Group
[3] Sources: AEM, TMA, ANFAVEVA, AEA, VDMA | US Large Tractors (2WD 100+HP & 4WD), Australia Large tractor (100+HP), Brazil (All), UK (50+HP), Germany (+70kW)

PMI[1] signalled further expansion with a reading of 53.5 in January while new manufacturing orders (54.1) rose for the seventh successive month. 23 out of the 30 economies for which PMI data were available registered growth in manufacturing activity in the period.

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 Q4. During Q4 three new vessel were delivered, while five vessels were recycled. No new order was confirmed in the period (for vessels >4,000 CEU). The orderbook for deep-sea vehicle carriers (>4,000 CEU) counts 8 vessels, which amounts to about 2% of the global fleet capacity.



Source: Clarksons

[1] Source: IHS Markit

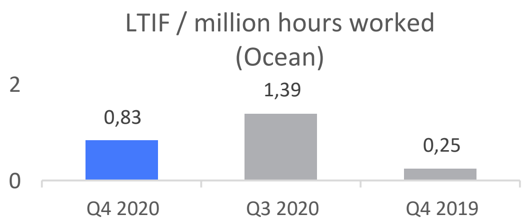
Health, safety and environment

Ocean Lost Time Incident Frequency ("LTIF") in Q4 2020 was slightly up from Q4 2019, while WW Solutions LTIF continues its positive trend driven by preventative safety measures. Fleet CO_2 emissions relative to cargo work decreased with about 5% relative to Q4 2019, due to better utilisation.

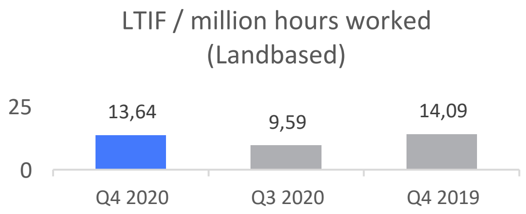
Health & safety

From the start of the COVID19 outbreak, 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. Landbased operations returned to near capacity during Q4 and adhered to all local and relevant regulations in respect of social distancing, hygiene and workplace safety for essential workers. With the vast majority of the group's workforce based in production working environments, we have avoided any workplace infections in Q4, and throughout the year.

The Ocean LTIF rate has fluctuated continuously over the last years, with no clear trend the last quarters. In absolute terms Q4 was at the same level as Q1. There is no systematic cause observed, but particularly considering the current crew situation, has close attention.

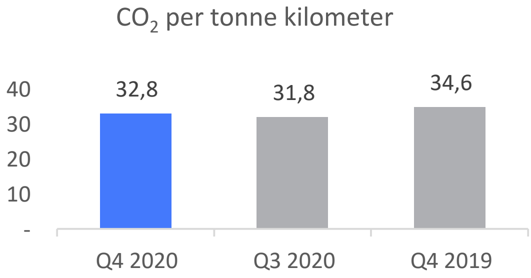


Landbased LTIF continues to show a positive development compared to the last year, though slightly up QoQ. Management measures being taken to address key safety hazards are observed to lead to direct results in the LTIF results.



Environment

The total CO2 emitted for Q4 was about 10% lower than the same quarter of 2019, while the corresponding total cargo work done decreased by about 4% measured in tonne kilometres. In total, this resulted in a decrease of about 5% in the grams of CO2 emitted per tonne kilometre compared to same period last year. This was mainly driven by better utilization.



Prospects

At the end of 2020, the markets in which the group operate have recovered significantly since the sharp drop in volumes observed during April and May 2020. However, volumes remain below 2019 levels and sales patterns remain unstable. Looking further into 2021, it is hard to predict the ongoing potential impact on production from virus intensity in parts of the world. Due to overall global fleet reduction, low order book and a rebound in volumes anticipated to come close to pre-COVID19 levels during 2021, overall industry supply-demand balance is expected to improve mid-term. Stabilisation of the market conditions will provide the group with more flexibility with regards to payment of dividends and further growth investments.

Wallenius Wilhelmsen has taken a range of actions to adjust capacity, reduce costs and protect its cash position through this turbulent phase. Together with an efficient and adjustable cost base and starting from a strong financial situation, the company is well prepared to continue to manage its way through this unprecedented market situation.

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

Håkan Larsson – Chair   Rune Bjerke – Vice 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	Q4 2020	Q4 2019	2020	2019
Total revenue	3	**822**	**932**	**2,958**	**3,909**
Operating expenses	3	(672)	(771)	(2,484)	(3,104)
Operating profit before depreciation, amortisation and impairment (EBITDA)		**150**	**162**	**473**	**805**
Other gain/(loss)	2	20	49	(16)	51
Depreciation and amortisation	4, 5	(112)	(130)	(451)	(498)
Impairment	4, 5, 6	(6)	-	(90)	-
Operating profit/(loss) (EBIT)		**53**	**81**	**(84)**	**358**
Share of profit/(loss) from joint ventures and associates		**0**	**1**	**1**	**1**
Interest income and other financial items		70	38	34	51
Interest expenses and other financial expenses		(74)	(59)	(257)	(297)
Financial items - net	7	**(3)**	**(22)**	**(223)**	**(247)**
Profit/(loss) before tax		**50**	**60**	**(306)**	**112**
Tax income/(expenses)	9	(3)	(19)	4	(10)
Profit/(loss) for the period		**47**	**41**	**(302)**	**102**
Profit/(loss) for the period attributable to:					
Owners of the parent		48	41	(286)	93
Non-controlling interests		(1)	(0)	(16)	10
Basic and diluted earnings per share (USD)	8	0.11	0.10	(0.68)	0.22

Consolidated statement of comprehensive income

USD million	Q4 2020	Q4 2019	2020	2019
Profit/(loss) for the period	47	41	(302)	102
Other comprehensive income:				
Items that may subsequently be reclassified to the income statement				
Changes in fair value of cash flow hedge instruments	-	(0)	-	2
Hedging gains reclassified to the income statement related to cash flow hedges	-	2	-	2
Currency translation adjustment	9	5	6	(0)
Items that will not be reclassified to the income statement				
Remeasurement pension liabilities, net of tax	(3)	(7)	(8)	(7)
Other comprehensive income/(loss) for the period	**5**	**(0)**	**(1)**	**(4)**
Total comprehensive income/(loss) for the period	**53**	**41**	**(303)**	**99**
Total comprehensive income attributable to:				
Owners of the parent	53	41	(288)	87
Non-controlling interests	(0)	0	(15)	11
Total comprehensive income for the period	**53**	**41**	**(303)**	**99**

Balance sheet

USD million	Notes	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Deferred tax assets		87	92
Goodwill and other intangible assets	4, 6	571	652
Vessels, other tangible and leased assets	5, 6	5,539	5,806
Investments in joint ventures and associates		10	1
Other non-current assets	2	184	196
Total non-current assets		**6,391**	**6,747**
Current assets			
Bunkers/luboil		79	108
Trade receivables		363	420
Other current assets		135	123
Cash and cash equivalents		654	398
Assets held for sale	6	5	-
Total current assets		**1,237**	**1,048**
Total assets		**7,628**	**7,796**
EQUITY and LIABILITIES			
Equity			
Share capital	8	28	28
Retained earnings and other reserves		2,363	2,650
Total equity attributable to owners of the parent		**2,391**	**2,678**
Non-controlling interests		224	243
Total equity		**2,615**	**2,921**
Non-current liabilities			
Pension liabilities	12	68	61
Deferred tax liabilities		84	96
Non-current interest-bearing debt	10	3,529	3,549
Non-current provisions	11	59	140
Other non-current liabilities	11	179	6
Total non-current liabilities		**3,919**	**3,852**
Current liabilities			
Trade payables		142	148
Current interest-bearing debt	10	552	495
Current income tax liabilities		6	14
Current provisions	11	51	54
Other current liabilities	11	343	312
Total current liabilities		**1,094**	**1,023**
Total equity and liabilities		**7,628**	**7,796**

Cash flow statement

USD million	Notes	Q4 2020	Q4 2019	2020	2019
Cash flow from operating activities					
Profit/(loss) before tax		50	60	(306)	112
Financial (income)/expenses		3	22	223	247
Share of net income from joint ventures and associates		(0)	(1)	(1)	(1)
Depreciation, amortisation and impairments	4, 5, 6	117	130	541	498
(Gain)/loss on sale of tangible assets		0	1	7	0
Change in net pension assets/liabilities		2	(6)	2	(10)
Change in derivative financial assets	2	(20)	(49)	16	(52)
Other change in working capital		(13)	(10)	141	(38)
Tax (paid)/received		(2)	6	(9)	(7)
Net cash flow provided by operating activities [1)]		**138**	**153**	**615**	**749**
Cash flow from investing activities					
Proceeds from sale of tangible assets		(0)	(1)	8	1
Investments in vessels, other tangible and intangible assets		(26)	(61)	(135)	(145)
Investments in joint ventures		-	-	(8)	-
Proceeds from sale of joint venture		-	1	-	1
Interest received		1	3	4	10
Net cash flow provided by/(used in) investing activities		**(26)**	**(58)**	**(130)**	**(133)**
Cash flow from financing activities					
Proceeds from issue of debt		117	50	557	687
Repayment of debt		(133)	(184)	(598)	(1,102)
Interest paid including interest derivatives		(41)	(48)	(166)	(202)
Realised other derivatives		(0)	(1)	(19)	(31)
Dividend to non-controlling interests		(2)	(1)	(3)	(4)
Dividend to shareholders		-	(25)	-	(51)
Net cash flow used in financing activities		**(58)**	**(209)**	**(229)**	**(701)**
Net increase in cash and cash equivalents		**54**	**(115)**	**256**	**(86)**
Cash and cash equivalents, excluding restricted cash, at beginning of period		600	513	398	484
Cash and cash equivalents at end of period[1)]		**654**	**398**	**654**	**398**

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

Wallenius Wilhelmsen

Statement of changes in equity

USD 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**
Profit/(loss) for the period	-	-	-	(286)	(286)	(16)	(302)
Other comprehensive income	-	-	-	(2)	(2)	0	(1)
Total comprehensive income	**-**	**-**	**-**	**(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**

USD million	Share capital	Own shares	Total paid-in capital	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
2019							
Balance at 31 December 2018	**28**	**(0)**	**28**	**2,619**	**2,647**	**228**	**2,876**
Profit for the period	-	-	-	93	93	10	102
Other comprehensive income	-	-	-	(5)	(5)	2	(4)
Total comprehensive income	**-**	**-**	**-**	**87**	**87**	**11**	**99**
Sale of own shares	-	0	0	0	0	-	0
Transactions with non-controlling interests	-	-	-	(6)	(6)	7	1
Dividend to owners of the parent	-	-	-	(51)	(51)	-	(51)
Dividend to non-controlling interests	-	-	-	-	-	(4)	(4)
Balancen at 31 December 2019	**28**	**(0)**	**28**	**2,650**	**2,678**	**243**	**2,921**

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 2019 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 2019.

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 fourth quarter 2020, the change in the value of the derivative was USD 20 million recognised as a gain under Other gain/(loss) in the income statement. The full year change in value of the derivative is a loss of USD 16 million recognised under Other gain/(loss) in the income statement. One of the most important elements to calculate the gain/loss is the estimated value of the 20% non-controlling interest related to EUKOR. The movements during the year has come due to changes in the value of the EUKOR shares driven by uncertainties related to the estimated cash flows due to the COVID19 pandemic.

The change in value during fourth quarter 2019 was USD 49 million recognised as a positive effect under Other gain/(loss) in the income statement. The full year change in 2019 was positive USD 52 million.

The financial derivative is recognised as an Other non-current asset and has a carrying value of USD 130 million at the end of fourth quarter 2020, compared to USD 146 million in fourth quarter last year.

Note 3 - Segment reporting - QTD

USD million	Ocean		Landbased		Holding & Eliminations		Total	
	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019	Q4 2020	Q4 2019
Net freight revenue	594	666	-	-	-	-	594	666
Surcharges	25	52	-	-	-	-	25	52
Operating revenue	14	38	188	176	-	0	203	214
Internal operating revenue	1	0	28	36	(29)	(36)	-	-
Total revenue	**634**	**757**	**216**	**212**	**(29)**	**(36)**	**822**	**932**
Cargo expenses	(147)	(160)	-	-	28	28	(120)	(133)
Bunker	(112)	(160)	-	-	-	-	(112)	(160)
Other voyage expenses	(99)	(113)	-	-	-	8	(99)	(105)
Ship operating expenses	(62)	(64)	-	-	-	-	(62)	(64)
Charter expenses	(48)	(45)	-	-	-	-	(48)	(45)
Manufacturing cost	-	-	(68)	(45)	1	0	(67)	(45)
Other operating expenses	(2)	(35)	(82)	(105)	-	1	(84)	(139)
Selling, general and admin expenses	(42)	(39)	(34)	(36)	(4)	(5)	(79)	(80)
Total operating expenses	**(512)**	**(616)**	**(184)**	**(186)**	**24**	**31**	**(672)**	**(771)**
Operating profit/(loss) before depreciation, amortisation and impairment (EBITDA)	**122**	**141**	**32**	**26**	**(5)**	**(5)**	**150**	**162**
Other gain/(loss)	20	49	-	-	-	-	20	49
Depreciation	(84)	(100)	(16)	(14)	-	0	(99)	(114)
Amortisation	(3)	(7)	(10)	(10)	-	(0)	(12)	(16)
Impairment	(5)	-	(0)	-	-	-	(6)	-
Operating profit/(loss) (EBIT)[1)]	**50**	**83**	**7**	**3**	**(5)**	**(5)**	**53**	**81**
Share of profit/(loss) from joint ventures and associates	-	0	0	0	-	0	0	1
Financial income/(expenses)	(13)	(24)	2	(2)	8	5	(3)	(22)
Profit/(loss) before tax	**37**	**60**	**9**	**1**	**3**	**(1)**	**50**	**60**
Tax income/(expense)	(5)	15	7	(6)	(5)	(28)	(3)	(19)
Profit/(loss) for the period	**32**	**75**	**16**	**(5)**	**(1)**	**(29)**	**47**	**41**
Profit/(loss) for the period attributable to:								
Owners of the parent	33	75	16	(5)	(1)	(29)	48	41
Non-controlling interests	(1)	(0)	0	(0)	-	0	(1)	(0)

[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	Ocean		Landbased		Holding & Eliminations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Net freight revenue	2,053	2,754	-	-	-	-	2,053	2,754
Surcharges	178	244	-	-	-	-	178	244
Operating revenue	94	142	633	769	-	-	727	911
Internal operating revenue	3	1	89	131	(92)	(133)	-	-
Total revenue	**2,327**	**3,142**	**722**	**900**	**(92)**	**(133)**	**2,958**	**3,909**
Cargo expenses	(478)	(675)	-	-	88	103	(390)	(572)
Bunker	(474)	(675)	-	-	-	-	(474)	(675)
Other voyage expenses	(360)	(456)	-	-	-	27	(360)	(429)
Ship operating expenses	(246)	(228)	-	-	-	-	(246)	(228)
Charter expenses	(150)	(198)	-	-	-	-	(150)	(198)
Manufacturing cost	-	-	(231)	(220)	3	0	(228)	(220)
Other operating expenses	(68)	(49)	(284)	(424)	-	3	(352)	(470)
Selling, general and admin expenses	(146)	(160)	(123)	(133)	(15)	(21)	(285)	(313)
Total operating expenses	**(1,921)**	**(2,440)**	**(639)**	**(777)**	**76**	**112**	**(2,484)**	**(3,104)**
Operating profit/(loss) before depreciation, amortisation and impairment (EBITDA)	**406**	**702**	**83**	**123**	**(16)**	**(21)**	**473**	**805**
Other gain/(loss)	(16)	52	-	(1)	-	-	(16)	51
Depreciation	(344)	(383)	(61)	(54)	-	-	(404)	(436)
Amortisation	(8)	(24)	(38)	(38)	-	(0)	(47)	(62)
Impairment	(50)	-	(40)	-	-	-	(90)	-
Operating profit/(loss) (EBIT)[1)]	**(12)**	**348**	**(56)**	**30**	**(16)**	**(21)**	**(84)**	**358**
Share of profit/(loss) from joint ventures and associates	-	1	1	0	-	0	1	1
Financial income/(expenses)	(169)	(233)	(42)	(49)	(11)	36	(223)	(247)
Profit/(loss) before tax	**(181)**	**116**	**(97)**	**(19)**	**(27)**	**15**	**(306)**	**112**
Tax income/(expense)	(7)	29	15	(11)	(3)	(28)	4	(10)
Profit/(loss) for the period	**(188)**	**145**	**(83)**	**(29)**	**(31)**	**(13)**	**(302)**	**102**
Profit/(loss) for the period attributable to:								
Owners of the parent	(172)	136	(83)	(30)	(31)	(13)	(286)	93
Non-controlling interests	(16)	9	0	1	-	-	(16)	10

[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
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. See note 6 for further information.

USD million	Goodwill	Customer relations/contracts	Other intangible assets	Total intangible assets
2019				
Cost at 1 January	350	421	49	819
Adjustment of purchase price allocation	(3)	-	-	(3)
Additions	-	-	7	7
Disposal	-	-	(29)	(29)
Currency translation adjustment	-	-	(1)	(1)
Cost at 31 December	**346**	**421**	**26**	**793**
Accumulated amortisation and impairment losses at 1 January	-	(91)	(16)	(107)
Amortisation	-	(57)	(5)	(62)
Disposal	-	-	28	28
Accumulated amortisation and impairment losses at 31 December	**-**	**(148)**	**7**	**(141)**
Carrying amounts at 31 December	**346**	**273**	**33**	**652**

Note 5 - Vessels, other tangible and leased assets

USD million	Property & land	Other tangible assets	Vessels & docking[1]	Newbuilding contracts*	Leased assets[1)]	Total tangible assets
2020						
Cost at 1 January	118	76	5,268	66	1,700	7,227
Additions	3	15	43	76	36	172
Change in lease payments	-	-	-	-	9	9
Disposal	(0)	(5)	(13)	(8)	(61)	(87)
Reclassification	(1)	1	8	(89)	(0)	(80)
Currency translation adjustment	7	1	-	-	25	33
Cost at 31 December	**127**	**89**	**5,306**	**45**	**1,708**	**7,275**
Accumulated depreciation and impairment losses at 1 January	(5)	(21)	(1,158)	-	(237)	(1,421)
Depreciation	(10)	(13)	(228)	-	(154)	(404)
Impairment	-	-	(44)	-	-	(44)
Disposal	0	3	12	-	52	67
Reclassification	(0)	(1)	75	-	(0)	74
Currency translation adjustment	(2)	(1)	-	-	(4)	(6)
Accumulated depreciation and impairment losses at 31 December	**(16)**	**(33)**	**(1,343)**	**-**	**(344)**	**(1,735)**
Carrying amounts at 31 December	**111**	**56**	**3,964**	**45**	**1,365**	**5,539**

*Newbuilding contracts include instalments on scrubber installations.

[1)]See note 10 for information regarding reclassification of opening balance.

During the year, a new vessel was delivered resulting in a reclass from newbuilding contracts to vessels of USD 74 million.

In 2020, two of the four vessels classified as assets held for sale have been recycled. The two last vessels that were impaired in first quarter, have not yet been recycled and are still classified as held for sale. Total estimated scrap value for these is USD 5 million.

During 2020, the group has redelivered a total of eight leased vessels.

USD million	Property & land	Other tangible assets	Vessels & docking	Newbuilding contracts*	Leased assets	Total tangible assets
2019						
Cost at 1 January	114	67	5,953	95	-	6,230
Additions	11	17	37	43	47	155
Implementation IFRS 16	-	-	-	-	861	861
Reclassification	1	(2)	(2,199)	(72)	2,272	-
Disposal	(12)	(38)	(6)	-	(2)	(57)
Currency translation adjustment	(0)	1	-	-	4	4
Accumulated depreciation and impairment losses at 31 December	**114**	**45**	**3,786**	**66**	**3,181**	**7,192**
Accumulated depreciation and impairment losses at 1 January	(2)	(15)	(988)	-	-	(1,005)
Depreciation	(10)	(12)	(177)	-	(236)	(436)
Disposal	12	37	6	-	1	56
Reclassification	(1)	1	189	-	(189)	-
Currency translation adjustment	0	(1)	-	-	0	0
Accumulated depreciation and impairment losses at 31 December	**(0)**	**10**	**(971)**	**-**	**(424)**	**(1,386)**
Carrying amounts at 31 December	**114**	**55**	**2,815**	**66**	**2,757**	**5,806**

Cont. Note 5 - Vessels, other tangible and leased assets

Specification of leased assets

USD million	Property & land	Vessels[1]	Other assets	Total leased assets
2020				
Total leased assets at 1 January	439	1,258	3	1,700
Additions	14	20	1	36
Change in lease agreements	8	1	0	9
Disposal	(8)	(53)	(0)	(61)
Reclassification	(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	(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]See note 10 for information regarding reclassification of opening balance between leased assets and tangible assets.

USD million	Property & land	Vessels	Other assets	Total leased assets
2019				
IFRS 16 implementation at 1 January	419	440	1	861
Existing financial leases under IAS 17[1]	-	2,302	2	2,304
Total leased assets at 1 January	**419**	**2,742**	**4**	**3,165**
Additions	7	-	0	8
Change in lease agreements	10	30	-	40
Disposal	(2)	-	(0)	(2)
Reclassification to tangible assets	-	(32)	-	(32)
Currency translation adjustment	5	-	(1)	3
Total leased assets at 31 December	**439**	**2,739**	**3**	**3,181**
Accumulated depreciation and impairment losses at 1 January	-	-	-	-
Existing financial leases under IAS 17	-	(190)	(1)	(191)
Depreciation	(43)	(193)	(1)	(236)
Disposal	1	-	0	1
Reclassification to tangible assets	-	2	-	2
Currency translation adjustment	(0)	-	1	0
Accumulated depreciation and impairment losses at 31 December	**(42)**	**(381)**	**(1)**	**(424)**
Carrying amounts at 31 December	**397**	**2,359**	**1**	**2,757**

[1]During the year, the group has reclassified some assets defined earlier as lease, to owned vessels.

In 2019, an option to purchase a vessel was exercised, resulting in increased leased vessels and leasing commitments with USD 15 million. Transfer of ownership was effective in 2019 and the vessel was reclassified from leased asset to tangible asset, resulting in a net decrease of USD 30 million in leased assets.

Wallenius Wilhelmsen

Note 6 - Impairment of non-current assets

In the fourth quarter, the group recognised an impairment of other intangible assets of USD 5 million related to software. In 2020, the group recognized impairments of USD 90 million.

Earlier this year, Wallenius Wilhelmsen recognised impairment losses of USD 84 million. Of this amount, USD 44 million was related to four vessels. The expected sale price for the four vessels was USD 11 million. In 2020, two vessels have been recycled to a total sales price of USD 6 million, while the remaining two vessels are still classified as assets held for sale as of 31 December 2020 to an estimated scrap value of USD 5 million. The remaining USD 40 million was related to goodwill impairments in the landbased segment as a result of adjusted forecast coupled with a reduction of the anticipated growth rate. As per 31 March 31 2020, the anticipated growth rate for the landbased segment was reduced to 1%, down from 2% as per 31 December 2019, reflecting an anticipated weaker outlook following the CVID19 pandemic. The forecasts have been adjusted upwards as we have seen a recovery in the market. An updated impairment assessment has been done in fourth quarter, but since there were no significant adverse changes to the forecast or other assumptions used, no further impairments were required. The carrying value of goodwill for the landbased segment is USD 176 million at the end of the fourth quarter.

An update of the impairment assessment for the other cash generating units with goodwill has been done in fourth quarter with no impairments required.

In the table below an overview of cash generating units that includes goodwill are presented together with the main assumptions used for the impairment test as of 31 December 2020 compared with main assumptions used as of 31 December 2019.

USD million unless otherwise stated	Goodwill		Discount rate post tax		Growth rate terminal value	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Wallenius Wilhelmsen Ocean	119	119	7.0%	8.0%	0.0%	0.0%
ARC	11	11	7.0%	8.0%	0.0%	0.0%
Total Ocean	**130**	**130**				
Wallenius Wilhelmsen Solutions	176	216	7.5%	8.5%	1.0%	2.0%
Total	**306**	**346**				

Note 7 - Financial income and expenses

USD million	Q4 2020	Q4 2019	2020	2019
Financial income				
Interest income	1	3	4	10
Other financial items	2	3	4	5
Net financial income	**3**	**7**	**8**	**15**
Financial expenses				
Interest expenses	(35)	(47)	(147)	(194)
Interest rate derivatives - realised	(6)	(1)	(19)	(8)
Interest rate derivatives - unrealised	15	18	(57)	(53)
Other financial items	(2)	(2)	(9)	(6)
Loss on sale investments	(0)	-	(0)	-
Net financial expenses	**(29)**	**(32)**	**(233)**	**(261)**
Currency				
Net currency gain/(loss)	(30)	(6)	(6)	(5)
Derivatives for hedging of foreign currency risk - realised	(0)	(1)	(6)	(31)
Derivatives for hedging of foreign currency risk - unrealised	47	12	25	25
Net currency	**17**	**5**	**13**	**(11)**
Financial derivatives bunker				
Unrealised bunker derivatives	5	(2)	1	10
Realised bunker derivatives	(0)	1	(13)	1
Net bunker derivatives	**5**	**(1)**	**(12)**	**11**
Financial income/(expenses)	**(3)**	**(22)**	**(223)**	**(247)**

Note 8 - 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.

The annual general meeting on 28 April 2020, granted an authorisation to the board of directors to, on behalf of the company, acquire own shares with a total nominal value of up to NOK 22,001,456 which equals 10% of the current share capital. Basic earnings per share is calculated by dividing profit for the period after non-controlling interests, by average number of total outstanding shares. Basic earnings per share for the fourth quarter was positive USD 0.11 compared with USD 0.10 in the same quarter last year.

The company's share capital is as follows:	Number of shares	NOK million	USD million
Share capital 31 December 2020	423,104,938	220	28
Own shares 31 December 2020	706,856		

Note 9 - 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 fourth quarter 2020, compared with an expense of USD 19 million the same quarter last year. The tax authorities in Korea have cancelled a withholding tax case on dividends from EUKOR to Wallenius Logistics AB for the period 2010-2014, resulting in recognition of a tax income of USD 5 million in the fourth quarter. The expense of USD 19 million in the fourth qurater of 2019 was primarily driven by a valuation allowance for tax losses carry forward for the Norwegian legal entities.

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 per year-end 2020 amounts to USD 73 million

Wallenius Wilhelmsen

Note 10 - Interest-bearing debt and financial risk

USD million	31 Dec 2020	31 Dec 2019
Non-current interest-bearing debt	3,529	3,549
Current interest-bearing debt	552	495
Total interest-bearing debt	**4,081**	**4,044**
Cash and cash equivalents	654	398
Net interest-bearing debt	**3,427**	**3,646**

Repayment schedule for interest-bearing debt	Bank loans	Leasing	Bonds	Other	31 Dec 2020
Due in 2021	322	174	56	0	**552**
Due in 2022	328	170	187	2	**686**
Due in 2023	755	165	-	14	**934**
Due in 2024	421	124	234	0	**779**
Due in 2025 and later	412	718	-	0	**1,130**
Total interest-bearing debt	**2,238**	**1,351**	**476**	**16**	**4,081**

Reconciliation of liabilities arising from financing activities	31 Dec 2019	Cash flow	Non cash changes: Net change leasing commitments	Foreign exchange movement	Amorti-sation	Other	Reclass-ification	31 Dec 2020
2020								
Bank loans[1)]	1,959	199	-	-	1	-	(242)	1,917
Leasing commitments[1)]	1,269	(1)	34	21	-	-	(148)	1,176
Bonds	304	152	-	19	1	6	(60)	420
Bank overdraft / other interest-bearing debt	17	(1)	-	0	-	-	(0)	16
Total non-current interest-bearing liabilities	**3,549**	**349**	**34**	**40**	**1**	**6**	**(450)**	**3,529**
Bank loans[1)]	281	(202)	-	-	(0)	-	242	322
Leasing commitments[1)]	203	(180)	2	1	-	-	148	174
Bonds	9	(7)	-	(6)	-	-	60	56
Bank overdraft / other interest-bearing debt	1	(1)	-	(0)	-	-	0	0
Total current interest-bearing liabilities	**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 leased 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.

Due to the impact of site closures as a result of measures to reduce the spread of COVID-19 on the activities in WW Solutions, there was a risk for breach of the NIBD/EBITDA covenant in WW Solutions per end of the second quarter. Wallenius Wilhelmsen reached an agreement with the relevant lenders to waive this covenant for the remainder of 2020 before it is gradually reset in 2021.

Furthermore, to strengthen the cash position during the period of reduced activity, the company has agreed with the banks of WW Ocean to defer instalments of about USD 70 million, previously scheduled for the second half of 2020. While deferred amounts are outstanding, the group is restricted from paying out dividends.

Earlier this year, Wallenius Wilhelmsen ASA completed a new senior unsecured bond issue of USD 220 million. Net proceeds from the bond issue was used for partial repurchased of other outstanding bonds of USD 73 million.

The group has entered into sale and leaseback agreements for two vessels in 2020. The arrangements are regarded as financing arrangements and the liabilities related to these of total USD 90 million have been classified as bank loans.

Wallenius Wilhelmsen

Cont. Note 10 - Interest-bearing debt and financial risk

USD million Reconciliation of liabilities arising from financing activities	31 Dec 2018	Cash flow	Non cash changes Net change leasing commitments	Foreign exchange movement	Amorti-sation	Other[1]	Reclass-ification	31 Dec 2019
2019								
Bank loans	1,409	176	-	(0)	2	-	(177)	1,409
Leasing commitments	1,274	118	47	2	-	701	(322)	1,819
Bonds	309	-	-	(1)	0	5	(10)	304
Bank overdraft / other interest-bearing debt	63	-	-	(0)	-	3	(50)	16
Total non-current interest-bearing liabilities	**3,055**	**293**	**47**	**1**	**2**	**710**	**(559)**	**3,549**
Bank loans	186	(199)	-	-	0	-	177	165
Leasing commitments	254	(370)	4	0	-	110	322	320
Bonds	68	(68)	-	-	-	-	10	9
Bank overdraft / other interest-bearing debt	23	(71)	-	-	-	-	50	1
Total current interest-bearing liabilities	**530**	**(708)**	**4**	**0**	**0**	**110**	**559**	**495**
Total liabilities from financing activities	**3,584**	**(414)**	**51**	**1**	**2**	**820**	**-**	**4,044**

[1] Mainly effects from implementation of IFRS 16 Leases.

Note 11 - Provisions

The operating entities WW Ocean and EUKOR have been part of anti-trust investigations in several jurisdictions since 2012. There has been a delay in several jurisdictions due to the COVID19 pandemic, but Wallenius Wilhelmsen expects the proceedings with the outstanding jurisdictions to be largely resolved in 2021, while the timeline for the resolution of civil claims is more uncertain. Earlier this year, USD 55 million was recognised as an operating expense in the income statement. The increase was related to updated estimates on outstanding customer claims.

In 2020, USD 63 million and USD 62 million were reclassified from Non-current provisions and Current provisions to Other non-current liabilities and Other current liabilities, respectively, due to amounts no longer being uncertain in amount or timing. During the year, the provisions were further reduced with USD 12 million due to commercial settlements. In total, USD 110 million remains classified as provisions as amounts and timing are uncertain. The provisions shall cover expected pay outs related to jurisdictions with ongoing anti-trust proceedings and potential civil claims as of 31 December 2020. 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 12 - Employee Benefits

The net defined benefit plans have been remeasured as of 31 December 2020. A remeasurement loss has been recognised mainly due to a significant decrease in yield on high quality corporate bonds in 2020. Other financial assumptions have been revised where necessary. The net remeasurement loss is recognised as an increase in net liability of USD 10 million. The negative effect in other comprehensive income is USD 8 million (after tax) of which USD 3 million was recognised in fourth quarter. The liability related to defined benefit plans amounts to USD 68 million as of 31 December 2020.

Note 13 - Dividend

To strengthen the cash position during the period of reduced activity, the company agreed earlier this year with the banks of WW Ocean to defer instalments of about USD 70 million, previously scheduled for the second half of 2020. While deferred amounts are outstanding, the group is restricted from paying out dividends. The deferred instalments are scheduled to be repaid during the life of each facility, but remain a priority to prepay in order to allow future dividends from Wallenius Wilhelmsen ASA. In light of the above dividend restrictions, the company's dividend policy and negative profit after tax in FY2020, the board of directors has resolved not to propose distribution of a dividend for FY2020 to the Annual General Meeting in April 2021.

Note 14 - Events after the balance sheet date

Clarification anti-trust investigation in Australia

In February, the Federal Court of Australia issued a fine of AUD 24 million to Wallenius Wilhelmsen Ocean stemming from the Australian Competition and Consumer Commission's car carrier investigations in 2015. The company has accepted the ruling, which does not trigger any change in provisions. The legal process in Australia is the last of the investigations looking into the car carrying industry involving Wallenius Wilhelmsen Ocean.

Laid up vessels

Wallenius Wilhelmsen decided to recycle up to four vessels above 24 years of age as part of the early action to withstand the COVID19 impact. Two of the vessels have been recycled in 2020 and a third vessel is sold for recycling in January 2021. The fourth vessel is still classified as held for sale as of 31 December 2020, and no agreement to sell the vessel for scrap has been entered into yet. In line with the group's long-standing policy, all recycling is green and is reported accordingly to the Ship Recycling Transparency Initiative.

In January 2021, Wallenius Wilhelmsen announced that it has decided to reactivate up to 9 of its 16 vessels that are currently in cold layup. Reactivation will take place during Q1 2021, and the reactivated vessels will replace capacity currently sourced through short term charters.

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

	31 Dec 2020	31 Dec 2019
Net interest-bearing debt		
Cash and cash equivalents	654	398
Non-current interest bearing debt	3,529	3,549
Current interest-bearing debt	552	495
Net interest-bearing debt	**3,427**	**3,646**

Reconciliation of alternative performance measures

USD million

	Q4 2020	Q4 2019	2020	2019
Reconciliation of Total revenue to EBITDA and EBITDA adjusted				
Total revenue	822	932	2,958	3,909
Operating expenses excluding other gain/(loss)	(672)	(771)	(2,484)	(3,104)
EBITDA	**150**	**162**	**473**	**805**
EBITDA Ocean	122	141	406	702
Anti-trust expense	-	30	55	30
Scrapping of scrubber installations	-	-	7	-
EBITDA adjusted Ocean	**122**	**171**	**469**	**732**
EBITDA Landbased	32	26	83	123
Pension cost following plan amendment	-	3	-	3
EBITDA adjusted Landbased	**32**	**29**	**83**	**125**
EBITDA Holding/Eliminations	(5)	(5)	(16)	(21)
EBITDA adjusted Holding/Eliminations	**(5)**	**(5)**	**(16)**	**(21)**
EBITDA adjusted	**150**	**194**	**536**	**837**
Reconciliation of Total revenue to EBIT and EBIT adjusted				
EBITDA	150	162	473	805
Other gain/loss	20	49	(16)	51
Depreciation and amortisation	(112)	(130)	(451)	(498)
Impairment	(6)	-	(90)	-
EBIT	**53**	**81**	**(84)**	**358**
Pension cost following plan amendment	-	3	-	3
Anti-trust expense	-	30	55	30
Scrapping of scrubber installations	-	-	7	-
Change in fair value of derivative financial asset	(20)	(49)	16	(52)
Impairment recycling vessels and Landbased goodwill	-	-	84	-
Impairment other intangible assets	5	-	5	-
Total adjustments	**(14)**	**(16)**	**168**	**(20)**
EBIT adjusted	**38**	**65**	**85**	**338**
Profit/(loss) for the period	**47**	**41**	**(302)**	**102**
Total adjustments	(14)	(16)	168	(20)
Profit/(loss) for the period adjusted	**33**	**25**	**(133)**	**82**

	Quarter average		Yearly average	Yearly average
Reconciliation of total assets to capital employed and ROCE calculation and return on equity calculation	Q4 2020	Q4 2019	2020	2019
Total assets	7,597	7,936	7,575	8,033
Total liabilities	5,009	5,017	4,935	5,139
Total equity	2,588	2,919	2,640	**2,894**
Total interest-bearing debt	4,130	4,091	4,036	4,271
Capital employed	**6,718**	**7,009**	**6,676**	**7,165**
EBIT annualised	210	323	(84)	358
EBIT annualised adjusted	152	258	85	338
ROCE	**3.1%**	**4.6%**	**-1.3%**	**5.0%**
ROCE adjusted	**2.3%**	**3.7%**	**1.3%**	**4.7%**
Profit for the period annualised	188	164	(302)	102
Profit for the period annualised and adjusted	130	100	(133)	82
Return on equity	**7.3%**	**5.6%**	**-11.4%**	**3.5%**
Return on equity adjusted	**5.0%**	**3.4%**	**-5.0%**	**2.8%**