Press release

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Wilh. Wilhelmsen ASA (WWASA): Results for the first quarter of 2014

(Lysaker, 8 May 2014) A decrease in demand for auto transportation, partly due to seasonality and bad weather, combined with an unfavourable trade mix led to weaker profitability in the shipping segment quarter on quarter. The operating profit was also negatively affected by reduced contribution from logistics activities.

The WWASA group posted an operating profit of USD 54 million in the first quarter of 2014 based on an operating profit of USD 637 million. The corresponding figures for the fourth quarter of 2013 were USD 66 million and USD 671 million. The fourth quarter was negatively affected by an accrual of USD 16.5 million related to the cease and desist order and surcharge order partly owned Wallenius Wilhelmsen Logistics received from the Japanese Fair Trade Commission. Including a sales gain of USD 1 million in the fourth quarter, the adjusted operating profit fell 34% and total income 5% quarter on quarter.

“With a 6% decrease in shipments, mainly auto volumes, our profitability was weaker quarter on quarter. The operating profit was also negatively impacted by an unfavorable trade mix and increased costs in US trades due to bad weather. With a slight increase in high and heavy volumes our cargo mix improved, but the increased volumes were not in primary ro-ro trades. Due to increased cost, the marginal high and heavy contribution was less profitable,” says Jan Eyvin Wang, president and CEO of WWASA.

The contribution from the group’s logistics activities also declined: “Total income was on par with the previous quarter. Increased revenue from inland distribution services was offset by a decline in contribution from Hyundai Glovis which had a negative effect on profitability,” says Wang.

“Despite a positive underlying growth potential for our cargo segments, we expect the demand for deep sea transportation of cars and high and heavy volumes to be modest. In addition, an increased pressure on margins for both shipping and logistics services is evident. We will therefore continue to actively optimise and adjust tonnage to market demand. Cost efficiency programmes are also implemented in order to offset potentially negative effects stemming from suboptimal cargo and trade mixes,” says Wang on future prospects.

In accordance with seasonality, the board expects the group’s core activities to perform stronger in the second quarter.

The Annual General Meeting (AGM) held 24 April 2014 resolved to pay a dividend of NOK 1 per share, totalling USD 37 million, to be paid to shareholders 8 May 2014.

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