

Wilhelmsen and Wallenius merge to form world-leading shipping and logistics platform

On 5 September 2016, Wilh. Wilhelmsen Holding ASA ("WWH") and Wilh. Wilhelmsen ASA ("WWASA") signed a letter of intent with Rederi AB Soya ("Soya") and Wallenius Lines AB ("WL"), whereby it was agreed to establish a new ownership structure for their jointly owned investments (the "Lol"). The intention of the Lol is to merge the ownership in the jointly owned entities Wallenius Wilhelmsen Logistics ("WWL") (jointly owned 100%), EUKOR Car Carriers ("EUKOR") (jointly owned 80%) and American Roll-on Roll-off Carrier ("ARC") (jointly owned 100%), in addition to the ownership of the parties' vessels and other assets and liabilities (the "Merger").

In order to facilitate for the proposed structure, WL and its subsidiaries are in the process of transferring by way of intragroup transfers and sales all relevant assets, rights and obligations to the wholly-owned Wallroll AB ("Wallroll").

Following final negotiations and a joint due diligence process, WWASA and Wallroll signed a merger plan on 22 December 2016 (the "Merger Plan"), pursuant to which Wallroll shall transfer its assets, rights and obligations as a whole to WWASA.

The key terms of the transaction are as follows:

- The Merger is based on an exchange ratio of 50/50 between WWASA and Wallroll. WL shall on completion of the Merger receive a total of 203,104,938 shares in WWASA, the surviving company. The consideration shares shall be ordinary shares in WWASA, and shall be equal to all other issued and outstanding shares in WWASA.
- Following the issuance of the consideration shares, there will be 423,104,938 shares outstanding in the combined company. WL will hold 48.0%, WWH will hold 37.8%, with the remaining 14.2% being held by the current minority shareholders in WWASA. Subsequent to completion of the Merger it is agreed that WL shall reduce its shareholding in WWASA by 43,104,938 shares (the "Incremental Shares") in order to reach the same ownership level as WWH has in WWASA (160,000,000 shares). Subject to certain conditions, at least 25% of the Incremental Shares shall be sold within four weeks after completion of the Merger, and the remaining Incremental Shares shall be sold no later than three weeks after the second quarterly reporting of WWASA following completion the Merger. Such a reduction of WL's shareholding in WWASA will reduce the combined WWH and WL proforma ownership in WWASA to 75.6%, and is expected to facilitate a significantly improved trading liquidity in the WWASA shares.
- In relation to the 75% remaining Incremental Shares, WWH has entered a risk sharing agreement with WL, where WWH and WL will equally share any upside if the Incremental Shares are sold for more than NOK 32.50 per share and downside if the Incremental Shares are sold for less than NOK 22.50 per share. Until all of the Incremental Shares have been

sold, WL shall at possible general meetings of WWLASA not vote for more than the total number of shares held by WWH.

- As part of the Merger consideration WWASA shall issue new unsecured bonds that shall be fully subscribed by WL (in exchange for contributing assets to WWASA, i.e. payment-in-kind). The issue amount shall be USD 80,000,000, and the bonds shall mature in December 2022. The interest rate shall be 6% per annum and payable-in-kind (i.e. non-cash interest payments).
- Completion of the Merger is conditional upon customary closing conditions such as i.a. all regulatory approvals being given and the occurrence of no material adverse change to either of WWASA and/or Wallroll.
- The Merger shall be presented at extraordinary general meetings in Wallroll and WWASA. WWASA's extraordinary general meeting is expected to be held 25 January 2017, while Wallroll's extraordinary general meeting is expected to be held early February 2017. Approval of the Merger Plan requires at least two-thirds majority of the votes cast and of the share capital represented at the general meetings held in WWASA and Wallroll, respectively.
- Closing of the Merger is expected by early April 2017, subject to relevant regulatory and shareholders' approval.

Both parties continuously assess the exposure related to the ongoing anti-trust investigations in the jointly owned companies. With several investigations still ongoing, including the EU, there is a risk that provisions already made might not be sufficient.

Strategic rationale

The markets in which the jointly owned entities operate are going through rapid change and require a more agile and efficient business model. In addition to establishing one common owner and governance structure, the Merger is expected to enable substantial run-rate synergies in the high end of the previously announced range of USD 50-100 million by combining the assets and harvesting economies of scale, including more optimal tonnage planning, and administrative, commercial, and operational efficiencies between the entities. The Merger will create a world-leading, sustainable transporter of car and ro-ro cargoes, and will facilitate an improved growth path for the land-based logistics offering as well as the ocean business.

Key facts about Wallroll AB

Wallroll is a privately owned company (Swe. aktiebolag) incorporated in Sweden, with business registration number 556668-5987. The legal and commercial name of the company is Wallroll

Aktiebolag. Wallroll's registered office and principal place of business is registered at P.O. Box 17086, SE104 62 Stockholm, Sweden.

Wallroll is wholly owned by WL and is part of the Soya Group, in which Soya is the parent company. WL controls 35 vessels, either through ownership or charter agreements. The operations are carried out through WWL, EUKOR and ARC. Additionally, WL has an ownership stake in United European Car Carriers ("UECC") which is not part of the Merger.

Wallroll will be the merging entity and will comprise 31 owned or long-term chartered vessels, 50% ownership in WWL, 40% ownership in EUKOR and 50% ownership in ARC. Approximately 94% of WL's assets are transferred to Wallroll. Wallroll currently has no employees. The board of directors of Wallroll consists of Anders Boman.

Key financial information for Wallroll AB

The table below sets out selected data from WL's audited income statement and balance sheet for the years ended 31 December 2015, 2014 and 2013 as well as unaudited income statements as of 30 September 2016¹. WL's four vessels operated by UECC, ownership in UECC and some assets and liabilities are excluded from the Merger. This has not been adjusted for in the below financial statements.

Income statement

| USD million | Twelve months ended | | | Nine months ended 30 September 2016 YTD |
|---|---------------------|------------|------------|--|
| | 2013 | 2014 | 2015 | |
| Operating income | 276 | 267 | 298 | 182 |
| Share in result of associated companies | 129 | 110 | 32 | 113 |
| Result from sale of ships | 0 | 4 | 3 | 10 |
| Operating expenses | -176 | -163 | -148 | -108 |
| Depreciation | -76 | -83 | -84 | -63 |
| Operating profit | 152 | 135 | 100 | 133 |
| Net financial items | -16 | -33 | -29 | -22 |
| EBT | 136 | 102 | 71 | 110 |
| Tax | -2 | 27 | 4 | 0 |
| Net profit | 134 | 129 | 75 | 110 |

Balance sheet

| USD million | Period ended | | | Period ended 30 September 2016 YTD |
|---|--------------|-------|-------|---------------------------------------|
| | 2013 | 2014 | 2015 | |
| Ships and newbuildings | 1,364 | 1,301 | 1,262 | 1,174 |
| Other | 0 | 0 | 0 | 1 |
| Participations in Associated Co's | 775 | 786 | 777 | 855 |

¹ Accounting standard: Swedish K3

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Receivables from Associated Co's | 0 | 6 | 8 | 17 |
| Other | 51 | 61 | 12 | 12 |
| Total non-current assets | 2,191 | 2,155 | 2,060 | 2,058 |
| Current receivables..... | 25 | 16 | 21 | 17 |
| Cash & Bank, short-term investments | 40 | 54 | 43 | 83 |
| Total current assets | 66 | 71 | 64 | 100 |
| Total assets..... | 2,256 | 2,225 | 2,124 | 2,159 |
| | | | | |
| Equity..... | 988 | 1,104 | 1,169 | 1,282 |
| Provisions..... | 157 | 146 | 96 | 95 |
| Long-term liabilities | 920 | 827 | 723 | 651 |
| Total non-current liabilities | 1,077 | 973 | 818 | 746 |
| Current liabilities to credit institutions..... | 138 | 107 | 113 | 103 |
| Other current liabilities..... | 52 | 41 | 23 | 28 |
| Total current liabilities | 190 | 148 | 136 | 131 |
| Total liabilities..... | 1,267 | 1,121 | 955 | 877 |
| Total equity and liabilities | 2,256 | 2,225 | 2,124 | 2,159 |

Other key information related to the Merger

The Merger shall be carried out in accordance with the provisions for cross-border mergers in chapter 13 VII of the Norwegian Public Limited Liability Companies Act and chapter 23 of the Swedish Companies Act, pursuant to which Wallroll shall transfer all of its assets, rights and obligations as a whole to WWASA.

Subsequent to approval by the respective general meetings, the merger resolutions shall be registered in the Swedish Companies Registration Office and the Norwegian Register of Business Enterprises, and the respective creditor notice periods of the companies start upon such registration. The creditor notice period of WWASA shall be six weeks and for Wallroll two months.

After expiry of the creditor notice periods and the satisfaction or waiver of other conditions for completion, fulfilment of all applicable conditions for the Merger shall be registered with the Norwegian Register of Business Enterprises and the Swedish Companies Registration Office. A merger certificate shall then be issued by the respective registry, and the Merger may subsequently be registered as completed.

Upon registration of completion in the Norwegian Register of Business Enterprises, all applicable assets, rights and obligations shall be deemed transferred to WWASA, Wallroll shall cease to exist and the consideration shares and the new unsecured bonds shall be issued to WL as the sole shareholder of Wallroll.

The name of the surviving company after completion of the Merger shall be Wallenius Wilhelmsen Logistics ASA, and shall continue to be listed on the Oslo Stock Exchange on the current listing platform of WWASA.

The head office for the new company will be in Norway. Craig Jasienski, currently CEO and president of EUKOR and Wallenius Wilhelmsen Logistics AS, will become CEO of Wallenius

Wilhelmsen Logistics ASA. The board of the new company will have up to nine shareholder elected members, of which the majority owners will have two members each. Håkan Larsson, the current chairman of Wallenius Wilhelmsen Logistics AS and member of the steering committee for the jointly owned entities, will be proposed as chair of the board. In addition to his experience at Wallenius Wilhelmsen, Mr. Larsson has significant experience from shipping and logistics through board and executive positions.

As part of the Merger, WWH and WL have entered into a limited shareholders' agreement dealing with board representation and a right of first refusal if either of the parties reduce their ownership to below 20%. Further, WWH and WL have agreed to a one year "stay away period", in which neither party are allowed to increase their holdings in the new combined entity. The shareholders' agreement shall remain in force until 31 December 2021.

WWASA will publish an information memorandum with respect to the Merger in accordance with Oslo Børs' Continuing Obligations section 3.5 (the "Information Memorandum"). The Information Memorandum is expected to be published around mid-January 2017.

Aggregated financial information for the combined entity

Based on their reported financials per 3Q 2016, the jointly controlled entities would have generated combined operating revenues year-to-date of approximately USD 2,800 million (excluding any non-recurring gains). The combined assets of WL and WWASA amount to approximately USD 7,500 million. The financials are based on preliminary pro forma financials for WL and WWASA as prepared by WWASA and do not include transaction costs or synergy effects associated with the Merger.

Advisors

Wilh. Wilhelmsen ASA has been advised by Arctic Securities and Wiersholm on this transaction. Wallenius Lines AB and Wallroll AB have been advised by SEB Corporate Finance, Setterwalls and Schjødt on this transaction.

Cautionary note

This stock exchange release contains certain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty, as they reflect current expectations and assumptions as to future events and circumstances that may not prove accurate. A number of factors could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.

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