

Media release

Wallenius Wilhelmsen Logistics ASA (WWL): Results for the second quarter 2017

Oslo, August 8, 2017 – Earnings (EBITDA) for the second quarter 2017, adjusted for extraordinary items, increased compared with previous quarter. Transported volumes increased and costs decreased for the ocean business, while the positive development in the landbased business continued. The merger restructuring was completed during the quarter, together with initial procurement initiatives, so that approximately half of the targeted USD 100 million in synergies can be confirmed. Realization of the remaining synergies will however take more time, and a downward trend in rates combined with market overcapacity will continue to put pressure on the ocean segment.

Total income for WWL ASA was USD 912 million in the second quarter, while earnings (EBITDA) ended at USD 106 million, down 26% from USD 143 million in the previous quarter. However, the second quarter of 2017 included negative extraordinary items of USD 82 million related to the merger, including a USD 62 million non-cash loss on previously held interest in joint ventures, and organizational restructuring costs of USD 20 million. Adjusted earnings (EBITDA) came in at USD 188 million, an underlying improvement of 32% compared with previous quarter.

“We are pleased to see this improved result, driven by an increase in transported volumes for the ocean business and reduced costs. On the other hand, we are still faced with pressure on rates. We have completed the organizational restructuring, and together with initial procurement initiatives we can confirm approximately half of the targeted annualized synergies, which will gradually come into effect,” says Craig Jasienski, President & CEO of WWL ASA.

The positive development in the landbased segment continued and was mainly driven by terminal services improving in line with overall ocean volumes, and by technical services due to stable volumes in a declining market and an increase in value-adding services in the USA.

In June 2017, WWL ASA subsidiary WWL AS reached a settlement with Mexico’s Federal Economic Competition Commission (COFECE), agreeing to pay a fine of USD 4 million as part of the conclusion of their anti-trust investigation into the car carrier industry. WWL AS had made a provision for the outcome of the investigation in 2016, and the fine did not have a profit and loss effect for 2017.

The board expects the merger to have a positive impact on WWL ASA profitability. The organizational restructuring is completed and realization of synergies are well under way, but the remaining synergies will take more time to achieve. The USD 100 million target is maintained with full effect from 2019. Even if this will positively impact the business, the board remains cautious about the outlook as the recovery in the high & heavy segment remains slow and no significant improvement for large mining shipments is expected before 2019. In addition, continued rate pressure combined with some overcapacity in the market will continue to put pressure on the ocean segment

About Wallenius Wilhelmsen Logistics ASA

Wallenius Wilhelmsen Logistics ASA is a global logistics operator serving the manufacturing industry with special focus on vehicles, mining and construction equipment and machinery. The company brings together the shipping and logistics businesses of EUKOR Car Carriers, WWL AS and American RoRo Carriers.

For more information see www.walleniuswilhelmsen.com

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