

WALLENIOUS WILHELMSSEN  
LOGISTICS ASA

# Report for the third quarter 2017

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## Highlights third quarter 2017

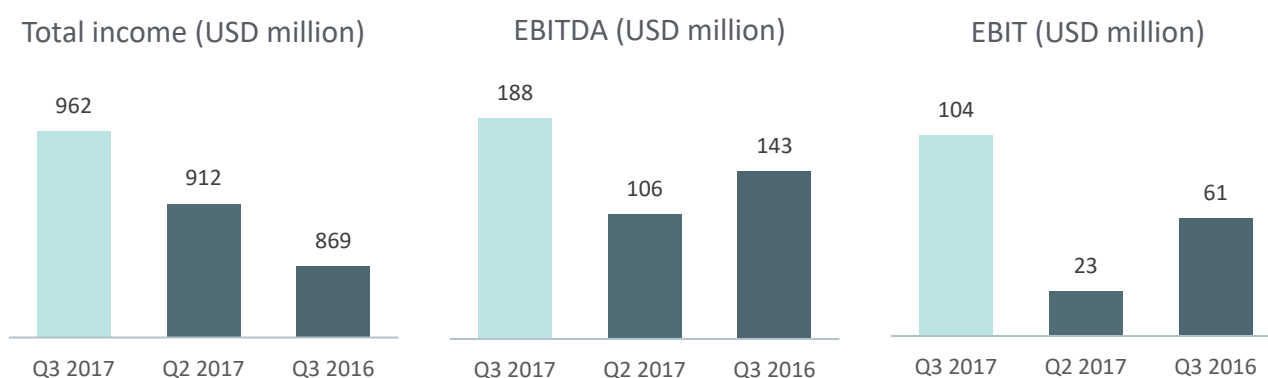
- Strong underlying results with EBITDA adjusted for extraordinary items of USD 193 million (up from USD 188 million in the second quarter)
- Continued positive development for Ocean volumes y-o-y
- Continued improvement in cargo mix with a High & Heavy share of 24.9%
- Still some overcapacity and pressure on freight rates
- Continued positive underlying development in the landbased business y-o-y
- More than half of the targeted annualized synergies have been confirmed. We maintain the USD 100 million synergy target for 2019

Commenting on the third quarter results, Craig Jasienski, President and CEO of WWL ASA, says:

*"We are pleased to see the improved results in the third quarter which is normally weaker than the second quarter. The results are driven by stronger volumes than anticipated, good trade mix on Ocean, as well as reduced costs. On the other hand, we are still faced with some overcapacity and pressure on rates. We are well on the way with synergy realization, but the next wave of synergies will take more time to achieve".*



## Key financials<sup>1)</sup>



1) Proforma numbers Q3 2016

## WWL ASA consolidated results – Third Quarter 2017

*Underlying performance (EBITDA) for the third quarter 2017 adjusted for extraordinary items ended at USD 193 million, an improvement of 2% compared with the previous quarter.*

USD million	Q3 2017	Q2 2017	Proforma Q3 2016 <sup>1)</sup>	% change q-o-q
Total income	962	912	869	5%
EBITDA	188	106	143	77%
EBIT	104	23	61	345%
Profit /(loss) for the period	55	(20)	40	n/a
EPS <sup>2)</sup>	0.12	(0.06)	n/a	n/a
Net interest-bearing debt	2 995	3 171	n/a	(6%)
ROCE <sup>3)</sup>	6.6%	5.1%	n/a	n/a
Equity ratio	35.5%	34.7%	n/a	n/a
Total income adjusted	959	974	869	(2%)
EBITDA adjusted	193	188	143	2%

1) WWL ASA pre-merger proforma accounts are prepared as if the merger had taken place Jan 1<sup>st</sup> 2016 and adjusted for demerger of Treasure ASA and VSA acquisition as well as inclusion of SG&A costs in WallRoll AB.

2) After tax and non-controlling interests

3) ROCE calculated as annualized EBIT adjusted for extraordinary items minus restructuring costs divided by average CE in the quarter

### Consolidated results

On April 4<sup>th</sup> 2017, the merger between Wilh. Wilhelmsen ASA and WallRoll AB was completed, with Wilh. Wilhelmsen ASA as the surviving company, renamed to Wallenius Wilhelmsen Logistics ASA (WWL ASA). Historical figures used for comparison with the third quarter below are the proforma WWL ASA figures.

Total income for WWL ASA was USD 962 million in the third quarter, up 5% from previous quarter. Total income for the third quarter includes extraordinary items net of USD 3 million related to a USD 4.5 million gain on fixed assets sale and negative USD 1.5 million in loss on previously held equity interests in joint ventures. This is a consequence of the merger transaction where the accounting principle changed from equity accounting to full consolidation of the acquired subsidiaries at fair market value. Adjusted for the extraordinary items the total income was USD 959 million, down 2% from comparable figures from the seasonally stronger second quarter and up about 10% y-o-y.

Total EBITDA ended at USD 188 million in the third quarter, up 77% from USD 106 million in the previous quarter. In addition to the extraordinary items above, a loss of USD 8 million was recorded related to disposal of two vessels in EUKOR with regards to a sale lease back transaction. EBITDA adjusted for these items came in at USD 193 million, which is an underlying improvement of 2% compared with previous quarter. The adjusted EBITDA for the third quarter was positively impacted by improved cargo and trade mix coupled with increased realization of synergies. Furthermore, the results were positively impacted by project cargo shipments in the Atlantic which together with the above more than offset the negative impact of seasonally lower volumes. About two thirds of the targeted annualized synergies have been confirmed, through organizational restructuring and procurement of which more than USD 10 million was already

realized in the second quarter (annualized effect of about USD 50 million). The remaining part of the confirmed synergies will gradually come into effect over the next 3-6 months. WWL ASA maintains the USD 100 million synergy target by 2019.

Net financial expenses were USD 21 million in the third quarter, significantly down from USD 41 million in the second quarter. Net financials expenses in the third quarter were positively impacted by USD 10 million in unrealized gains from interested hedges, USD 6 million related to movements in currency, and USD 3 million in interest income. Net interest expenses were USD 41 million, slightly higher than in the second quarter.

WWL ASA recorded a tax expense of USD 28 million for the third quarter. A significant part of this relates to a change in a deferred tax liability that was previously not recognized according to the equity method and a change in deferred tax due to USD/NOK currency translation for Norwegian tax purposes.

Profit/(loss) for the period amounted to USD 55 million for the third quarter compared with a loss of 20 million in the second quarter. Adjusted for extraordinary items of negative 5 million in the third quarter and USD 82 million in the second quarter, the net profit was USD 60 million and USD 62 million respectively.

The average Return on Capital employed (ROCE) in the third quarter was 6.6%.

## Capital and financing

The equity ratio for WWL ASA increased from 34.7% in the second quarter to 35.5% in the third quarter mainly driven by the positive net result of USD 55 million in the third quarter. Cash and cash equivalents in WWL ASA by the end of the third quarter was USD 820 million. In addition, WWL ASA has approximately USD 230 million in undrawn credit facilities. Net interest-bearing debt in WWL ASA was USD 2 995 million at the end of the third quarter.

On 28<sup>th</sup> September 2017 the WWL ASA successfully completed a new 5-year NOK 1 000 million unsecured bond issue with a margin set at 3-month NIBOR plus 3.00% p.a. Net proceeds will be used to refinance existing bond debt and/or other general corporate purposes. Furthermore, WWL ASA has initiated a process to simplify the financial and legal structure following the merger. As part of this process, all ship loans in Wilhelmsen Lines and Wallenius Logistics with maturity in 2018 and 2019 will be refinanced into a new club deal facility.

In June 2017 Mexico's Federal Economic Competition Commission (COEFCE) announced its conclusion from the investigation into alleged anti-competitive behaviour. WWL AS was fined USD 4 million which was paid during the third quarter. In August 2017 the Korean Fair-Trade Commission (KFTC) announced the outcome of its investigation, issuing a fine for EUKOR of about USD 1.8 million and for WWL AS of about USD 3.6 million. Both EUKOR and WWL AS have made provisions for the potential fines, resulting in no profit and loss effect for WWL ASA.

The ongoing investigations of WWL AS and EUKOR are confidential. WWL ASA is therefore not in a position to comment on the remaining investigations. Further clarifications are expected early 2018.

## Ocean Operations – Third Quarter 2017

*Adjusted earnings (EBITDA) improved 5% quarter on quarter despite seasonal reduction in volumes due to improved trade and cargo mix, synergies, and project cargo shipments.*

USD million	Q3 2017	Q2 2017	Proforma Q3 2016 <sup>1)</sup>	% change q-o-q
Total income	775	798	707	(3%)
EBITDA	162	145	125	11%
EBIT	88	73	53	21 %
Volume ('000 cbm) <sup>2)</sup>	16 670	17 614	15 159	(5%)
High & Heavy share	24.9%	24.7%	24.1%	n/a
Total income adjusted	775	798	707	(3%)
EBITDA adjusted	170	162	125	5%

1) WWL ASA pre-merger proforma accounts are prepared as if the merger had taken place Jan 1<sup>st</sup> 2016 and adjusted for demerger of Treasure ASA and VSA acquisition as well as inclusion of SG&A costs in WallRoll AB.

2) Prorated volumes

Total income for the ocean segment was USD 775 million in the third quarter, down 3% compared with second quarter, primarily driven by seasonal reduction in volumes.

EBITDA ended at USD 162 million in the third quarter, up 11% from USD 145 million in the previous quarter. However, the current quarter included extraordinary costs of USD 8 million related to disposal of two vessels in EUKOR. Hence the adjusted EBITDA was USD 170 million, representing an improvement of 5% compared with adjusted figures in the second quarter.

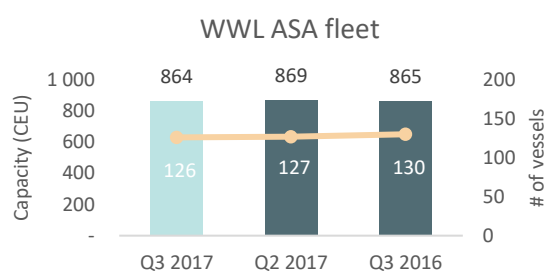
The seasonal reduction in volumes of 5% quarter on quarter took place across all main trades and was primarily driven by volumes out of Asia to Europe and volumes out of Europe to Asia, which fell 11% and 6% respectively. The adjusted EBITDA for the third quarter was positively impacted by improved cargo and trade mix coupled with increased realization of synergies. Furthermore, the results were positively impacted by project cargo shipments in the Atlantic occupying empty space which together with the above more than offset the negative impact of seasonally lower volumes.

The volumes year over year increased by 10%, primarily driven by an increase in transported volumes from Asia to North America of 23% and from Europe to Asia of 11%. Transported volumes from Europe to Oceania have increased by 6%, while we are experiencing a modest increase of 2% in shipments out of Asia to Europe.

## WWL ASA fleet

WWL ASA operated 126 vessels with carrying capacity of 864K CEU, accounting for 20% of the global car carrier fleet.

One chartered-in vessel was redelivered to the external owner as per agreement. Currently, WWL ASA has the flexibility to redeliver one vessel by the end of 2017, three in 2018 and 18 vessels from 2019 to 2022.



Source: WWLASA

Four Post-Panamax vessels are under construction with combined capacity of 32K CEU. Three of these vessels are expected to enter service in 2018 and one is scheduled for delivery in 2019. The outstanding instalments for these vessels are USD 170 million. The vessels have been financed through regular bank facilities.

## Landbased Operations – Third Quarter 2017

*Underlying performance (EBITDA adjusted) was down USD 3 million or 9% compared with the previous quarter, driven by reduced value-adding services coupled with congestions at certain plant locations.*

USD million	WWL ASA Q3 2017	WWL ASA Q2 2017	Proforma Q3 2016 <sup>1)</sup>	% change q-o-q
Total income	203	192	177	6%
EBITDA	29	26	20	12%
EBIT	19	15	10	21%
Total income adjusted	199	192	177	4%
EBITDA adjusted	24	27	20	(9%)

1) WWL ASA pre-merger proforma accounts are prepared as if the merger had taken place Jan 1<sup>st</sup> 2016 and adjusted for demerger of Treasure ASA and VSA acquisition as well as inclusion of SG&A costs in WallRoll AB.

The total income and EBITDA for third quarter was USD 203 million and USD 29 million respectively, an increase in EBITDA of 12% quarter on quarter. However, the third quarter included an extraordinary item of USD 4.5 million related to sales gain for a facility in the US.

EBITDA adjusted for the extraordinary sales gain was USD 24 million, representing an underlying decline in earnings of 9% compared with previous quarter, but up 19% y-o-y. The negative development q-o-q was driven by reduced contribution from technical services and terminals globally.

During the quarter, technical services in North America experienced stable volumes, but less value-adding services coupled with congestion at certain plant locations pulled results down. In line with slowing US auto sales, the build-up of auto inventories in the US continued in Q3 2017. Contribution from the technical services and inland distribution portfolio in Europe and Asia Pacific contributed to the positive development in the third quarter. The improvement was mainly driven by improvement for technical services in Australia due to a combination of higher volumes, improved efficiencies and reduced cost.

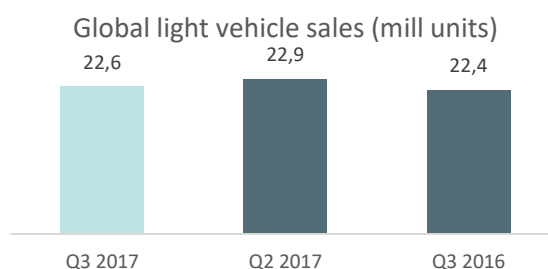
Terminals experienced a slight reduction in results given the overall decline in ocean volumes, especially for Zeebrugge and Port Hueneme, while other terminals performed in line with the second quarter. The terminal results continue to be negatively impacted by planned low volumes as part of the start-up of the Melbourne terminal, which will be fully operational from 2018, and low volumes into Kotka (Finland). The Southampton terminal also saw continued low volumes, as shipments have been shifted to Bristol to allow for construction work to expand capacity.

## Market Update

Overall, auto sales development was soft with a decline of 1.7% compared to last quarter. The high & heavy market continues to show signs of having bottomed out in several regions, with construction equipment trade growing globally. On the fleet side, no new orders were reported in the third quarter.

### Auto markets

In key markets, total light vehicle (LV) sales in the third quarter increased by 0.8% compared to the corresponding period last year, but declined 1.7% compared to second quarter. The sales rate for the first nine months of 2017 indicate annual global sales of 95 million units (up 1.6% y-o-y).



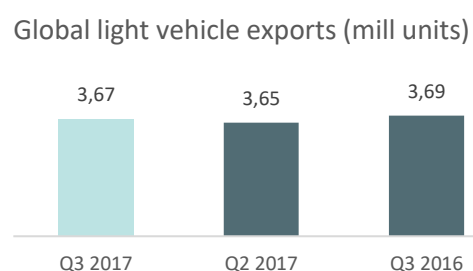
Source: IHS Markit

Sales in the US continued the soft development, and were down 3.6% q-o-q due to seasonality, while down

4.7% y-o-y. Despite softer sales, the absolute sales figures are still strong. Sales in Western Europe were stable in the third quarter y-o-y, and down 15.0% q-o-q mainly due to seasonality, as most European countries have annual vacation in the third quarter.

The Chinese market showed a marginal decline in the third quarter y-o-y (-0.5%), and grew by 4.0% q-o-q as the second quarter was weaker than expected due to a reduction in tax incentives. Both the Russian (16.4% y-o-y and 2.5% q-o-q) and the Brazilian (10.5% y-o-y and 4.3% q-o-q) markets continued to show a positive development in the third quarter.

Total exports in the third quarter were marginally down (0.6%) compared to the corresponding period last year, but increased 0.4% compared to the second quarter. Exports out of NAFTA in the third quarter increased 6.1% y-o-y and 2.1% q-o-q as Mexican exports are ramping up. European exports were up 2.8% y-o-y and 0.6% q-o-q in the third quarter.



Source: IHS Markit

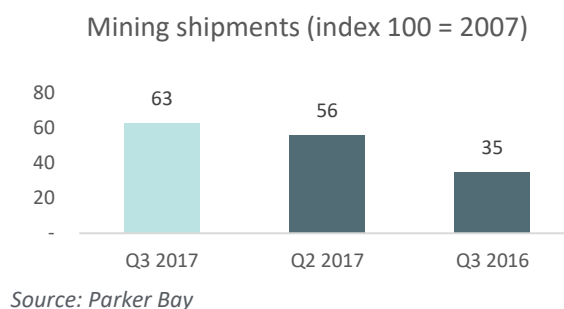
Japanese exports in the third quarter were up 2.0% q-o-q and down 1.0% y-o-y. Exports out of South Korea was down 11.0% y-o-y mainly driven by decreased volumes to the US as production capacity in Mexico is being ramped up. Exports q-o-q were down 2.9% due to seasonality.

### High & heavy markets

The global economy is now enjoying its most widespread and solid growth since a short-lived rebound after the global recession in 2010. On the back of this, world construction equipment markets continue to show signs of being in the early stages of recovery. Equipment imports have grown continuously in all continents excluding Africa this year, but there are still significant regional differences when it comes to

the state of the construction industry. The Chinese equipment market remains the global growth engine, and excavator sales in July and August continued the trend of doubling compared to last year. Despite a non-residential spending slump in the US, construction machinery deliveries from US manufacturers grew 18% y-o-y for the two months that ended in August. The Eurozone construction sector continued to post solid growth this quarter, but activity in the UK is now slowing for the first time in thirteen months due to Brexit uncertainty. Australian activity has also expanded every month in the third quarter.

While some prices fell strongly in September, the third quarter was another positive for mining commodity prices. Global deliveries of mining equipment continued the positive trend and posted another quarter of growth, but volumes are still low in a historical context. Australia has seen values stabilise in the last few quarters, and finally experienced growth this quarter, albeit from very low levels.



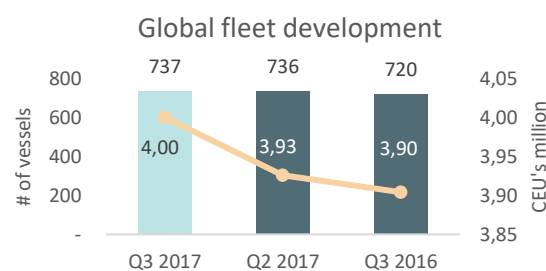
The equipment manufacturers delivered another very solid quarter in their mining divisions, with broad-based geographical growth. However, aftermarket sales remain the driver. Order intake developed favourably for key OEMs, with growth in many cases accelerating sequentially.

Agriculture equipment markets largely continued the development from the first half of the year in the third quarter. US large tractor sales declined -17% y-o-y and -27% q-o-q, while combine sales were flat y-o-y and up 30% q-o-q. The Australian tractor market extended its good development, and sales increased 15% y-o-y in both July and August. The big European tractor markets of Germany (-22% y-o-y and -9% q-o-q), France (-5% y-o-y and -3% q-o-q) and UK (-3% y-o-y and -6% q-o-q) all contracted in the third quarter, but the y-o-y declines were largely due to emissions-related deadlines that boosted registrations in September last year.

## Global fleet

The global car carrier fleet totalled 737 vessels with a capacity of 4 million CEU.

Five vessels were delivered and four vessels were sold for recycling, resulting in a net increase of one vessel. No new orders, cancellations or conversions were reported in the quarter.



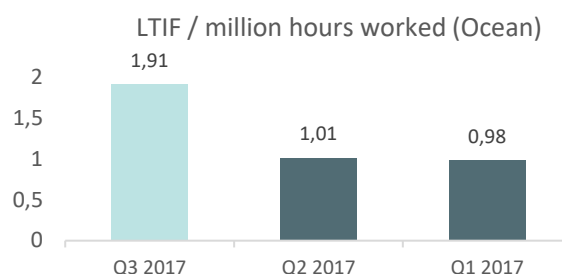
The orderbook for vehicle carriers stands at 37 vessels, representing 6% of the total fleet.

## Health, Safety and Environment

*A small increase in lost time incidents resulted in the deterioration of the LTIF. The total and relative CO2 emissions remained at similar level compared with the previous two quarters.*

### Health and Safety (Ocean)

In the third quarter there were a total of 8 lost time incidents, double that of the previous quarter. Exposure hours increased only 5% over the same interval, hence the significant rise in LTIF. The second quarter result has been restated to 1.01 from 1.10 due to an error in the reporting of exposure hours.

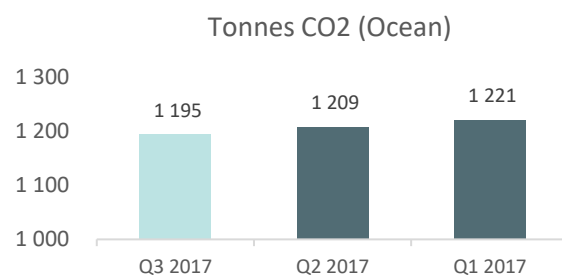


Source: WWLASA

### Environment

Total CO2 emissions for the fleet remained at a similar level to the two preceding quarters, which was in line with total fuel consumption not varying by more than 1% over the three quarters (382.3 – 386.8 thousand tonnes).

The fleet's relative CO2 emissions came to 33.5 grams of CO2 per tonne-kilometre, representing a 2% increase from the second quarter. The result is reflective of the total cargo work done varying within a narrow range of 34.9-36.3bn tonne kilometres.



Source: WWLASA

The total and relative CO2 results reflect the performance of the entire fleet of 126 vessels, both owned and chartered.

## Prospects

The board expects the merger to continue to have a positive impact on WWL ASA's 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 in the short term. In addition, continued rate pressure combined with some overcapacity in the market will continue to put pressure on the ocean business.

Lysaker, 7 November 2017

The board of directors of Wallenius Wilhelmsen Logistics ASA

Håkan Larsson - Chair

Thomas Wilhelmsen

Jonas Kleberg

Marianne Lie

Margareta Alestig

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. WWL ASA cannot give assurances that expectations regarding the outlook will be achieved or accomplished.

## Income statement

USD mill	Notes	01.07-30.09 2017	01.07-30.09 2016	YTD 2017	YTD 2016	Full year 2016
Operating revenue		958	57	1 991	191	257
Share of profit/(loss) from joint ventures and associates		1	17	15	135	119
Loss on previously held equity interest		(2)		(64)		
Gain on sale of assets	2/10	5		13	375	375
<b>Total income</b>		<b>962</b>	<b>74</b>	<b>1 956</b>	<b>701</b>	<b>751</b>
Operating expenses		(774)	(30)	(1 609)	(94)	(130)
<b>Operating profit before depreciation, amortisation and impairment (EBITDA)</b>		<b>188</b>	<b>44</b>	<b>347</b>	<b>607</b>	<b>620</b>
Depreciation and amortisation	3	(84)	(21)	(187)	(60)	(81)
<b>Operating profit/(loss) (EBIT)</b>		<b>104</b>	<b>24</b>	<b>160</b>	<b>546</b>	<b>539</b>
Financial income/(expenses) - net	4	(21)	3	(70)	(22)	(17)
<b>Profit/(loss) before tax</b>		<b>83</b>	<b>26</b>	<b>90</b>	<b>524</b>	<b>522</b>
Tax income/(expense)	6	(28)	(2)	(30)	(3)	(22)
<b>Profit/(loss) for the period</b>		<b>55</b>	<b>25</b>	<b>60</b>	<b>521</b>	<b>500</b>
<b>Profit/(loss) for the period attributable to:</b>						
Owners of the parent		51	25	52	521	500
Non-controlling interests		4		8		
Basic and diluted earnings per share (USD)	7	0.12	0.11	0.12	2.37	2.27

## Statement of comprehensive income

USD mill	Notes	01.07-30.09 2017	01.07-30.09 2016	YTD 2017	YTD 2016	Full year 2016
Profit/(loss) for the period		55	25	60	521	500
<b>Other comprehensive income:</b>						
<b>Items that may be subsequently reclassified to the income statement</b>						
Cash flow hedges, net of tax		1	1	(1)	10	12
Currency translation adjustment and recycling of currency translation adjustment related to previously equity investment*		(16)	(1)	2		(2)
<b>Items that will not be reclassified to the income statement</b>						
Remeasurement pension liabilities, net of tax						1
<b>Other comprehensive income, net of tax</b>		<b>(16)</b>	<b>0</b>	<b>1</b>	<b>9</b>	<b>10</b>
<b>Total comprehensive income for the period</b>		<b>39</b>	<b>25</b>	<b>61</b>	<b>530</b>	<b>510</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the parent		34	25	51	530	510
Non-controlling interests		5		10		
<b>Total comprehensive income for the period</b>		<b>39</b>	<b>25</b>	<b>61</b>	<b>530</b>	<b>510</b>

\* The preliminary purchase price allocation has been updated during third quarter.

The above consolidated income statement and comprehensive income should be read in conjunction with the accompanying notes.

## Balance sheet

USD mill	Notes	30.09.2017	30.09.2016	31.12.2016
<b>ASSETS</b>				
<b>Non current assets</b>				
Deferred tax assets		85	81	55
Goodwill and other intangible assets	3	645	6	6
Investments in vessels and other tangible assets	3	5 395	1 897	1 879
Pension assets		2		
Investments in joint ventures and associates		1	795	768
Other non current assets		83	1	1
<b>Total non current assets</b>		<b>6 210</b>	<b>2 779</b>	<b>2 708</b>
<b>Current assets</b>				
Current financial investments			261	202
Other current assets		619	17	22
Cash and cash equivalents		820	150	81
<b>Total current assets</b>		<b>1 440</b>	<b>428</b>	<b>305</b>
<b>Total assets</b>		<b>7 650</b>	<b>3 207</b>	<b>3 013</b>
<b>EQUITY and LIABILITIES</b>				
<b>Equity</b>				
Share capital	7	28	16	16
Retained earnings and other reserves		2 456	1 439	1 419
<b>Total equity attributable to owners of the parent</b>		<b>2 484</b>	<b>1 455</b>	<b>1 435</b>
Non-controlling interests		232		
<b>Total equity</b>		<b>2 716</b>	<b>1 455</b>	<b>1 435</b>
<b>Non current liabilities</b>				
Pension liabilities		82	45	40
Deferred tax liabilities		143		
Non current interest-bearing debt	9	3 205	1 259	1 205
Other non current liabilities		89	148	128
<b>Total non current liabilities</b>		<b>3 519</b>	<b>1 452</b>	<b>1 374</b>
<b>Current liabilities</b>				
Current income tax liabilities		17	7	7
Public duties payable		3		1
Other current liabilities		1 394	293	197
<b>Total current liabilities</b>		<b>1 414</b>	<b>301</b>	<b>204</b>
<b>Total equity and liabilities</b>		<b>7 650</b>	<b>3 207</b>	<b>3 013</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

## Cash flow statement

USD mill	Note	01.07-30.09 2017	01.07-30.09 2016	YTD 2017	YTD 2016	Full year 2016
<b>Cash flow from operating activities</b>						
Profit/(loss) before tax		83	26	90	524	522
Financial (income)/expenses		21	(3)	70	22	17
Depreciation/impairment	3	84	21	187	60	81
(Gain)/loss on sale of tangible assets		3		(5)	3	3
(Gain)/loss on demerger				0	(375)	(375)
Loss on previously held equity interest		2		64		
Other change in working capital		(57)	(2)	(52)	30	22
Share of (profit)/loss from joint ventures and associates		(1)	(17)	(15)	(135)	(119)
Dividend received from joint ventures and associates				0	53	64
Tax paid (company income tax, withholding tax)		(11)	(0)	(21)	(2)	(5)
<b>Net cash flow provided by/(used in) operating activities</b>		<b>123</b>	<b>25</b>	<b>316</b>	<b>181</b>	<b>211</b>
<b>Cash flow from investing activities</b>						
Proceeds from sale of tangible assets		96		150	13	13
Investments in vessels, other tangible and intangible assets	3	(18)	(4)	(66)	(147)	(149)
Proceeds from sale of financial investments			16	218	61	117
Investments in financial investments			(18)	(15)	(77)	(79)
Interest and dividend (financial investments) received		3		3	3	3
Changes in other investments		2		2		
<b>Net cash flow provided by/(used in) investing activities</b>		<b>82</b>	<b>(7)</b>	<b>292</b>	<b>(146)</b>	<b>(95)</b>
<b>Cash flow from financing activities</b>						
Proceeds from issue of debt		7	88	138	248	248
Repayment of debt		(121)	(85)	(381)	(154)	(258)
Loan to related party				(15)		
Interest paid including interest derivatives and realised financial derivatives		(30)	(21)	(100)	(69)	(115)
Dividend to non-controlling interests		(5)		(5)		
Dividend to shareholders/ demerger Den Norske Amerikalinje AS					(17)	(17)
<b>Net cash flow provided by/(used in) financing activities</b>		<b>(149)</b>	<b>(18)</b>	<b>(363)</b>	<b>8</b>	<b>(143)</b>
<b>Net increase in cash and cash equivalents</b>		<b>56</b>		<b>245</b>	<b>43</b>	<b>(27)</b>
Cash and cash equivalents, excluding restricted cash, at beginning of period		755	150	81	108	108
Cash and cash equivalents, incoming entities		9		494		
Currency on cash and cash equivalents*						
<b>Cash and cash equivalents at end of period</b>		<b>820</b>	<b>150</b>	<b>820</b>	<b>150</b>	<b>81</b>

\* 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.

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

## Statement of changes in equity

USD mill	Share capital	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
<b>2017 - Year to date</b>					
Balance at 31.12.2016	16	1 419	1 435		1 435
Profit/(loss) for the period		52	52	8	60
Other comprehensive income		(1)	(1)	2	1
<b>Total comprehensive income</b>	<b>0</b>	<b>51</b>	<b>51</b>	<b>10</b>	<b>61</b>
Merger with Wallroll AB	12	989	1 002	224	1 225
Change in non-controlling interest		(3)	(3)	3	0
Dividend to shareholders			0		0
Dividend to non-controlling interests			0	(5)	(5)
<b>Balance 30.09.2017</b>	<b>28</b>	<b>2 456</b>	<b>2 484</b>	<b>232</b>	<b>2 716</b>

<b>2016 - Year to date</b>					
Balance at 31.12.2015	30	1 623	1 654		1 655
Profit/(loss) for the period		521	521		521
Other comprehensive income		9	9		9
<b>Total comprehensive income</b>	<b>0</b>	<b>530</b>	<b>530</b>	<b>0</b>	<b>530</b>
Demerger Den Norske Amerikalinje AS	(15)	(716)	(730)		(730)
<b>Balance 30.09.2016</b>	<b>16</b>	<b>1 439</b>	<b>1 455</b>	<b>0</b>	<b>1 455</b>

<b>2016 - Full year</b>					
Balance at 31.12.2015	30	1 623	1 654		1 655
Profit/(loss) for the year		500	500		500
Other comprehensive income		10	10		10
<b>Total comprehensive income</b>	<b>0</b>	<b>510</b>	<b>510</b>	<b>0</b>	<b>510</b>
Demerger Den Norske Amerikalinje AS	(15)	(716)	(730)		(730)
<b>Balance 31.12.2016</b>	<b>16</b>	<b>1 419</b>	<b>1 435</b>	<b>0</b>	<b>1 435</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Note 1 - Accounting principles

This consolidated interim financial report has been prepared in accordance with International Accounting Standards (IAS 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 2016 for Wilh. Wilhelmsen ASA group (WWASA), 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 WWASA for the year end 31 December 2016.

There are no new standards or amendments to standards released during 2017.

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 - Significant acquisitions and disposals

### **New ownership structure for joint ventures**

The merger between Wall Roll AB (part of Wallenius Rederi AS AB) and WWASA was completed in beginning of April.

For further information see note 11.

### **Demerger of NAL (Hyundai Glovis)**

The demerger of Den Norske Amerikalinje AS (owns the Hyundai Glovis shareholding) from the group was effective on 8 June 2016. The demerger was accounted for at fair value and contributed with a significant non-recurring gain in the second quarter of USD 375 million. The book value of equity, after the accounting gain, was reduced with 730 million by the demerger.

The demerged entity named Treasure ASA was listed on the Oslo Stock Exchange on 8 June 2016. All shareholders of WWASA received 1 share in Treasure ASA for every share held in WWASA.

### **Investments in logistics in WWL**

In the first quarter of 2016, WWL acquired the full ownership of WWL Vehicle Services Americas (VSA), previously a joint venture, based in USA. The company employs 3 400 employees and handles some 4.7 million units annually.

With full ownership, WWL strengthens its position as a leading provider of vehicle processing for automotive manufacturers in North America.

WWL has also acquired the full ownership of CAT-WWL, previously a joint venture, based in South Africa.

With full ownership in CAT-WWL, a network of ten vehicle-processing facilities, WWL becomes one of the top independent providers of vehicle processing services to support automotive manufacturers in South Africa.

The business employs more than 900 workers and handles some 680 000 units.

In addition, WWL has sold Vehicle Services Europe (VSE) to Groupe CAT. The company employs some 400 employees with truck based inland distribution in Europe and three vehicle processing centres in Germany.

## Note 3 - Vessels, property and other tangible

USD mill	Property	Other tangible assets	Vessels & Newbuilding contracts	Total tangible assets
<b>2017 - Year to date</b>				
Cost price at 01.01		2	2 457	2 459
Additions		9	55	64
Acquisitions through business combination	92	252	3 602	3 946
Disposal		(6)	(160)	(167)
Currency translation adjustment	2	1		3
<b>Cost price at 30.09</b>	<b>94</b>	<b>257</b>	<b>5 954</b>	<b>6 305</b>
Accumulated depreciation and impairment losses at 01.01		(1)	(579)	(581)
Accumulated depreciation through business combination	(12)	(191)		(203)
Depreciation	(2)	(8)	(146)	(156)
Disposal		3	27	31
Currency translation adjustment		(1)		(1)
<b>Accumulated depreciation and impairment losses at 30.09</b>	<b>(14)</b>	<b>(199)</b>	<b>(698)</b>	<b>(910)</b>
<b>Carrying amounts at 30.09</b>	<b>80</b>	<b>58</b>	<b>5 257</b>	<b>5 395</b>
<b>2016 - Year to date</b>				
Cost price 01.01		2	2 472	2 474
Additions			147	147
Disposal			(163)	(163)
<b>Cost price at 30.09</b>		<b>2</b>	<b>2 456</b>	<b>2 457</b>
Accumulated depreciation and impairment losses 01.01		(1)	(646)	(648)
Depreciation			(60)	(60)
Disposal			147	147
<b>Accumulated depreciation and impairment losses at 30.09</b>		<b>(1)</b>	<b>(559)</b>	<b>(561)</b>
<b>Carrying amounts at 30.09</b>		<b>0</b>	<b>1 897</b>	<b>1 897</b>
<b>2016 - Full year</b>				
Cost price at 01.01		2	2 472	2 474
Additions			149	149
Disposal			(164)	(164)
<b>Cost price at 31.12</b>		<b>2</b>	<b>2 457</b>	<b>2 459</b>
Accumulated depreciation and impairment losses at 01.01		(1)	(646)	(648)
Depreciation			(81)	(81)
Disposal			148	148
<b>Accumulated depreciation and impairment losses at 31.12</b>		<b>(1)</b>	<b>(579)</b>	<b>(581)</b>
<b>Carrying amounts at 31.12</b>		<b>0</b>	<b>1 878</b>	<b>1 879</b>

## Cont. Note 3 - Goodwill and customer relations/contracts and software

USD mill	Goodwill	Customer relations/contracts and software	Total intangible assets
<b>2017 - Year to date</b>			
Cost price at 01.01	6	1	7
Additions		2	2
Acquisitions through business combination	265	539	804
Disposal		(1)	(1)
<b>Cost price at 30.09</b>	<b>271</b>	<b>541</b>	<b>812</b>
Accumulated amortisation and impairment losses at 01.01		(1)	(1)
Accumulated amortisation through business combination		(135)	(135)
Amortisation		(31)	(31)
Disposal		1	1
<b>Accumulated amortisation and impairment losses at 30.09</b>	<b>0</b>	<b>(167)</b>	<b>(167)</b>
<b>Carrying amounts at 30.06</b>	<b>271</b>	<b>375</b>	<b>645</b>

<b>2016 - Year to date</b>			
Cost price 01.01	7		7
<b>Cost price at 30.09</b>	<b>7</b>	<b>0</b>	<b>7</b>
Accumulated amortisation and impairment losses 01.01	(1)		(1)
<b>Accumulated amortisation and impairment losses at 30.09</b>	<b>(1)</b>	<b>0</b>	<b>(1)</b>
<b>Carrying amounts at 30.06</b>	<b>6</b>	<b>0</b>	<b>6</b>

<b>2016 - Full year</b>			
Cost price at 01.01	7		7
<b>Cost price at 31.12</b>	<b>7</b>	<b>0</b>	<b>7</b>
Accumulated amortisation and impairment losses at 01.01	(1)		(1)
<b>Accumulated amortisation and impairment losses at 31.12</b>	<b>(1)</b>	<b>0</b>	<b>(1)</b>
<b>Carrying amounts at 31.12</b>	<b>6</b>	<b>0</b>	<b>6</b>

## Note 4 - Financial income/(expenses)

USD mill	01.07-30.09 2017	01.07-30.09 2016	YTD 2017	YTD 2016	Full year 2016
<b>Financials</b>					
Investment management <sup>1</sup>		3	3	6	11
Interest income	3		3		
Other financial items	1	(1)		(1)	(1)
<b>Net financial items</b>	<b>3</b>	<b>2</b>	<b>6</b>	<b>5</b>	<b>10</b>
<b>Net financials - interest rate</b>					
Interest expenses	(34)	(11)	(76)	(31)	(41)
Interest rate derivatives - realised	(7)	(7)	(20)	(22)	(28)
<b>Net interest expenses</b>	<b>(41)</b>	<b>(17)</b>	<b>(96)</b>	<b>(52)</b>	<b>(69)</b>
<b>Interest rate derivatives - unrealised</b>	<b>10</b>	<b>10</b>	<b>12</b>	<b>(2)</b>	<b>25</b>
<b>Net financial - currency</b>					
Net currency gain/(loss)	(6)	(8)	(2)	(15)	(14)
Derivatives for hedging of cash flow risk - realised			(14)	(13)	(23)
Derivatives for hedging of cash flow risk - unrealised	4	7	16	31	39
Derivatives for hedging of translation risk - realised	(1)	(1)	(2)	(2)	(20)
Derivatives for hedging of translation risk - unrealised	8	9	11	20	27
<b>Net financial - currency</b>	<b>6</b>	<b>8</b>	<b>8</b>	<b>22</b>	<b>10</b>
<b>Financial derivatives bunkers</b>					
Valuation of bunker hedges			(3)	7	9
Realised portion of bunker hedges			3	(2)	(2)
<b>Net financial derivatives bunkers</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>5</b>	<b>7</b>
<b>Financial income/(expenses)</b>	<b>(21)</b>	<b>3</b>	<b>(70)</b>	<b>(22)</b>	<b>(17)</b>

<sup>1</sup> Includes financial derivatives for trading

### Realised portion of bunker and fuel hedges included in operating expenses

USD mill	01.07-30.09 2017	01.07-30.09 2016	YTD 2017	YTD 2016	Full year 2016
Cash settled portion of bunker and fuel hedges	0.9		1.7		

## Note 5 - Financial level

Total financial instruments and short term financial investments:

USD mill	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through the income statement</b>				
Financial derivatives		2		2
Equities				0
Bonds				0
<b>Total financial assets 30.09.2017</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>
<b>Financial liabilities at fair value through the income statement</b>				
Financial derivatives		120		120
<b>Total financial liabilities 30.09.2017</b>	<b>0</b>	<b>120</b>	<b>0</b>	<b>120</b>
<b>Financial assets at fair value through the income statement</b>				
Financial derivatives		9		9
Equities	59			59
Bonds	143			143
<b>Total financial assets 31.12.2016</b>	<b>202</b>	<b>9</b>	<b>0</b>	<b>210</b>
<b>Financial liabilities at fair value through the income statement</b>				
Financial derivatives		153		153
<b>Total financial liabilities 31.12.2016</b>	<b>0</b>	<b>153</b>	<b>0</b>	<b>153</b>
			<b>2017</b>	<b>2016</b>
<b>Changes in level 3 instruments</b>				
Opening balance 01.01			0	0
<b>Closing balance</b>			<b>0</b>	<b>0</b>

### Fair value estimation

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market (over-the-counter contracts) are based on third party quotes. These quotes use the maximum number of observable market rates for price discovery. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of interest rate swap option (swaption) contracts is determined using observable volatility, yield curve and time-to-maturity parameters at the balance sheet date, resulting in a swaption premium
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value and
- The fair value of foreign exchange option contracts is determined using observable forward exchange rates, volatility, yield curve and time-to-maturity parameters at the balance sheet date, resulting in an option premium.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market

interest rate that is available to the group for similar financial instruments.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the group is the current mid price. These instruments are included in level 1. Instruments included in level 1 are listed equities and liquid investment grade bonds.

The fair value of financial instruments that are not traded in an active market are based on third-party quotes (Mark-to-Market). These quotes use the maximum number of observable market rates for price discovery. The different valuation techniques typically applied by financial counterparties (banks) were described above. These instruments - FX and IR derivatives - are included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is in level 3. Primarily illiquid investment funds and structured notes are included in level 3.

## Note 6 - Tax

The effective tax rate for the WWL ASA group will, from period to period, change dependent on the group 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 28 million for the third quarter. A significant part of this relates to a change in deferred tax of USD 8 million in Fidelio Limited Partnership and a change in deferred tax of USD 8 million in Norwegian entities due to USD to NOK currency translation for Norwegian tax purpose.  
In regards to the withholding tax case on dividends from EUKOR to Wilhelmsen Ships Holding Malta Ltd for the period 2010-2014

the company have decided to bring the 2010 decision in National Tax Tribunal before the administrative court in Korea. The first hearing was held in September 2017. The administrative appeal to the Board of Audit and Inspection (BAI) for the period 2011-2014 is still pending.

## Note 7 - Shares

The company's share capital is as follows:

	Number of shares	NOK mill	USD mill
Share capital	423 104 938	220	28

The merger between Wilh. Wilhelmsen ASA and Wallroll AB was completed on 4 April 2017 and led to an increase of the share capital with NOK 106 million / USD 12. See note 11 for further information.

Earnings per share taking into consideration the number of outstanding shares in the period.

Basic earnings per share is calculated by dividing profit for the period after minority interests, by average number of total outstanding shares.

The demerger of Den Norske Amerikalinje AS from the group led to a reduction of the share capital with NOK 106 million / USD 15 million in the second quarter of 2016.

From 30 June 2017, earnings per share is calculated based on 423 104 938 shares.

For the first quarter of 2017 and each quarter of 2016, earnings per share was calculated based on 220 000 000 shares.

## Note 8 - Paid/ proposed dividend

### Dividend/Equity transaction

In line with the company's new dividend policy where the board shall consider future capital requirements and the groups' financial standing before deciding on a dividend, the annual

general meeting held 20 June 2017 decided not to pay dividend for the fiscal year 2016.

The demerger of Den Norske Amerikalinje AS (owns the Hyundai Glovis shareholding) from the group was effective on 8 June 2016. The demerged entity named Treasure ASA was listed on the Oslo Stock Exchange on 8 June 2016. All shareholders of WWASA

received 1 share in Treasure ASA for every share held in WWASA. Visualising values for WWASA's shareholders through the spin-off, the annual general meeting held 3 May 2016 resolved not to pay dividend for the fiscal year 2015.

## Note 9 - Interest-bearing debt

USD mill	30.09.2017	30.09.2016	31.12.2016
Non current interest-bearing debt	3 205	1 259	1 205
Current interest-bearing debt	611	182	115
<b>Total interest-bearing debt</b>	<b>3 816</b>	<b>1 441</b>	<b>1 320</b>
Cash and cash equivalents	820	150	81
Current financial investments		261	202
<b>Net interest-bearing debt</b>	<b>2 995</b>	<b>1 029</b>	<b>1 038</b>

Specification of interest-bearing debt	30.09.2017	30.09.2016	31.12.2016
Bank loans	1 864	914	886
Leasing commitments	1 606	244	239
Bonds	292	283	196
Bank overdraft	55		
<b>Total interest-bearing debt</b>	<b>3 816</b>	<b>1 441</b>	<b>1 320</b>

Repayment schedule for interest-bearing debt			
Due in year 1	146	106	115
Due in year 2	734	115	292
Due in year 3	711	298	307
Due in year 4	398	314	83
Due in year 5 and later	1 828	607	523
<b>Total interest-bearing debt</b>	<b>3 816</b>	<b>1 441</b>	<b>1 320</b>

## Note 10 - Segments

USD mill	Ocean			Landbased			Holding			Eliminations			Total		
	Q3	Q3	Full	Q3	Q3	Full	Q3	Q3	Full	Q3	Q3	Full	Q3	Q3	Full
Quarter	2017	2016	year	2017	2016	year	2017	2016	year	2017	2016	year	2017	2016	year
Operating revenue	774	57	257	198			1	1	4	(16)	(1)	(4)	958	57	257
Share of profit/(loss) from joint ventures and associates	1	12	12		5	106							1	17	119
Loss on previously held equity interest							(2)						(2)		
Gain on sale of assets				5					375				5		375
<b>Total income</b>	<b>775</b>	<b>69</b>	<b>269</b>	<b>203</b>	<b>5</b>	<b>106</b>	<b>(1)</b>	<b>1</b>	<b>379</b>	<b>(16)</b>	<b>(1)</b>	<b>(4)</b>	<b>962</b>	<b>74</b>	<b>751</b>
Operating expenses	(613)	(28)	(115)	(174)			(3)	(3)	(19)	16	1	4	(774)	(30)	(130)
<b>Operating profit before depreciation, amortisation and impairment (EBITDA)</b>	<b>162</b>	<b>41</b>	<b>155</b>	<b>29</b>	<b>5</b>	<b>106</b>	<b>(3)</b>	<b>(2)</b>	<b>359</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>188</b>	<b>44</b>	<b>620</b>
Depreciation and amortisation	(73)	(21)	(81)	(10)									(84)	(21)	(81)
<b>Operating profit/(loss) (EBIT)<sup>1</sup></b>	<b>88</b>	<b>20</b>	<b>73</b>	<b>19</b>	<b>5</b>	<b>106</b>	<b>(3)</b>	<b>(2)</b>	<b>359</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>104</b>	<b>24</b>	<b>539</b>
Financial income/(expenses)	(24)	(1)	(12)	1			2	4	(5)				(21)	3	(17)
<b>Profit/(loss) before tax</b>	<b>65</b>	<b>19</b>	<b>62</b>	<b>20</b>	<b>5</b>	<b>106</b>	<b>(2)</b>	<b>2</b>	<b>354</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>83</b>	<b>26</b>	<b>522</b>
Tax income/(expense)	(21)	(1)	(17)	(5)			(2)		(5)				(28)	(2)	(22)
<b>Profit/(loss) for the period</b>	<b>44</b>	<b>18</b>	<b>45</b>	<b>15</b>	<b>5</b>	<b>106</b>	<b>(4)</b>	<b>1</b>	<b>349</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>55</b>	<b>25</b>	<b>500</b>
<b>Profit/(loss) for the period attributable to:</b>															
Owners of the parent	41	18	45	14	5	106	(4)	1	349				51	25	500
Non-controlling interests	(3)			(1)									(4)		

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

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

## Note 10 - Segments

USD mill	Ocean			Landbased			Holding			Eliminations			Total		
	YTD	YTD	Full	YTD	YTD	Full	YTD	YTD	Full	YTD	YTD	Full	YTD	YTD	Full
Year to date	2017	2016	year	2017	2016	year	2017	2016	2016	2017	2016	2016	2017	2016	2016
Operating revenue	1 632	191	257	390			3	3	4	(33)	(3)	(4)	1 991	191	257
Share of profit/(loss) from joint ventures and associates	10	28	12	5	107	106							15	135	119
Loss on previously held equity interest							(64)						(64)		
Gain on sale of assets	9			5				375	375				13	375	375
<b>Total income</b>	<b>1 650</b>	<b>219</b>	<b>269</b>	<b>400</b>	<b>107</b>	<b>106</b>	<b>(61)</b>	<b>378</b>	<b>379</b>	<b>(33)</b>	<b>(3)</b>	<b>(4)</b>	<b>1 956</b>	<b>701</b>	<b>751</b>
Operating expenses	(1 292)	(87)	(115)	(340)			(10)	(10)	(19)	33	3	4	(1 609)	(94)	(130)
<b>Operating profit before depreciation, amortisation and impairment (EBITDA)</b>	<b>358</b>	<b>132</b>	<b>155</b>	<b>60</b>	<b>107</b>	<b>106</b>	<b>(71)</b>	<b>368</b>	<b>359</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>347</b>	<b>607</b>	<b>620</b>
Depreciation and amortisation	(166)	(60)	(81)	(21)									(187)	(60)	(81)
<b>Operating profit/(loss) (EBIT)<sup>1</sup></b>	<b>191</b>	<b>72</b>	<b>73</b>	<b>39</b>	<b>107</b>	<b>106</b>	<b>(71)</b>	<b>368</b>	<b>359</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>160</b>	<b>546</b>	<b>539</b>
Financial income/(expenses)	(61)	(17)	(12)				(8)	(5)	(5)				(70)	(22)	(17)
<b>Profit/(loss) before tax</b>	<b>130</b>	<b>55</b>	<b>62</b>	<b>39</b>	<b>107</b>	<b>106</b>	<b>(79)</b>	<b>362</b>	<b>354</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>90</b>	<b>524</b>	<b>522</b>
Tax income/(expense)	(22)	(3)	(17)	(10)			2		(5)				(30)	(3)	(22)
<b>Profit/(loss) for the period</b>	<b>108</b>	<b>52</b>	<b>45</b>	<b>29</b>	<b>107</b>	<b>106</b>	<b>(77)</b>	<b>363</b>	<b>349</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>521</b>	<b>500</b>
<b>Profit/(loss) for the period attributable to:</b>															
Owners of the parent	102	52	45	27	107	106	(77)	363	349				52	521	500
Non-controlling interests	(6)			(2)									(8)		

<sup>1</sup> Cash settled portion of bunker hedge swaps is included in net operating profit by reduction/(increase) of voyage related expenses. As a result of rounding adjustments, the figures in one or more columns may not add up to the total of that column.

### 2017: Material gain/(loss) from disposal of assets and impairment charges

- > Ocean Q1 - Gain of USD 8.6 mill from sale of vessel to joint venture.
- > Landbased: Q2 - The sale of 25% of WWL Vehicle Services South Africa led to a loss of USD 3 million, taken directly to equity.
- > Holding: Q2 - Loss on previously held equity interest USD 62 million.
- > Holding: Q3 - Additional loss on previously hold equity interest of USD 2 million after an update of the preliminary purchase price allocation.
- > Ocean Q3 - A refinancing of two vessels through sale and leaseback agreements led to a loss of USD 8 million.
- > Landbased: Q3 - Gain of USD 4.5 million related to sales of a facility in the US.

### 2016: Material gain/(loss) from disposal of assets and impairment charges.

- > Landbased: Q1 - An accounting gain of USD 80 million as a result of step acquisition in Vehicle Services Americas (VSA) and CAT-WWL, and sale of Vehicle Services Europe (VSE).
- > Ocean Q1 - Loss of USD 3.5 million related to recycling of three vessels.
- > Ocean Q2 - Loss of USD 1.5 million related to recycling of one vessel.
- > Holding: Q2 - The demerger of Den Norske Amerikalinje AS (owns the Hyundai Glovis shareholding) contributed with a non-recurring gain of USD 375 million in the second quarter.
- > Q3 - No material gain/(loss)
- > Q4 - No material gain/(loss)

## Note 11 - Business combinations

On 4 April, the merger between Wilh. Wilhelmsen ASA and Wallroll AB was registered as completed, with Wilh. Wilhelmsen ASA as the surviving company. From now on, the new name of Wilh. Wilhelmsen ASA shall be Wallenius Wilhelmsen Logistics ASA.

After completion of the merger and following share transactions on 20 April, Wilh. Wilhelmsen Holding ASA and Wallenius Lines AB each owns 160 000,000 shares in the company, each representing 37.8% of the share capital and the votes in the company. The merger led to an increase of the share capital with NOK 106 million / USD 12.

The intention of the transaction is to merge the ownership in the jointly owned entities Wallenius Wilhelmsen Logistics (jointly owned 100%), EUKOR (jointly owned 80%), Tellus Shipping AS (jointly owned 100%) and American Roll-on Roll-off Carrier (jointly

owned 100%), in addition to the ownership of the majority of their vessels and affected assets and liabilities.

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 synergies 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.

For a full description of the transaction agreement, please refer to the Stock Exchange Notice from WWASA dated 22 December 2016.

### Details of net assets acquired and goodwill are as follows:

USD mill

Share consideration	1 002
Bond consideration	80
Total purchase consideration	1 082
Non-controlling interest	224
Fair value of previously held interests	710
Cost of business combination	2 015
Fair value of net identifiable assets acquired (see below)	(1 750)
<b>Goodwill</b>	<b>265</b>

The goodwill is attributable to the companies strong position in the market and the synergies expected to arise after the merger.

### The preliminary purchase price allocation are as follows:

USD mill

Fair value

Intangible assets, incl customer relations/contracts, software	403
Property, fixtures and vessels	3 748
Other long-term assets	154
Other current assets	624
Cash and cash equivalents	494
Long-term interest-bearing debt	(2 246)
Other non-current liabilities	(616)
Other current liabilities	(812)
<b>Net identifiable assets acquired</b>	<b>1 750</b>

## Note 12 - Pre-merger proforma accounts

WWL ASA pre-merger proforma accounts are under the assumption that the merger took place on 1 January 2016. The figures are adjusted for the demerger of Treasure ASA, gain/loss on intercompany transactions and WWL Vehicle Services Americas acquisition as well as inclusion of SG&A costs in WallRoll AB

USD mill	Ocean						Landbased						Holding						Eliminations						Total					
	Q1	Q2	Q3	Q4	Full year	Q1	Q1	Q2	Q3	Q4	Full year	Q1	Q1	Q2	Q3	Q4	Full year	Q1	Q1	Q2	Q3	Q4	Full year	Q1	Q1	Q2	Q3	Q4	Full year	Q1
	2016	2016	2016	2016	2016	2017	2016	2016	2016	2016	2016	2017	2016	2016	2016	2016	2016	2017	2016	2016	2016	2016	2016	2017	2016	2016	2016	2016	2016	2017
Total income	724	759	707	748	2 938	719	166	176	177	184	703	186	1	1	1	1	4	1	(15)	(18)	(16)	(16)	(65)	(16)	875	919	869	917	3 581	890
Operating expenses	(601)	(618)	(582)	(613)	(2 414)	(597)	(148)	(154)	(157)	(163)	(620)	(164)	(3)	(4)	(3)	(9)	(19)	(4)	15	18	16	16	65	16	(736)	(758)	(726)	(769)	(2 988)	(748)
Operating profit before depreciation, amortisation and impairment (EBITDA)	123	142	125	135	525	123	18	23	20	21	83	22	(2)	(3)	(2)	(8)	(15)	(3)	0	0	0	0	0	0	139	162	143	148	592	143
Depreciation and amortisation	(71)	(71)	(72)	(72)	(286)	(72)	(9)	(10)	(10)	(10)	(40)	(10)													(81)	(81)	(82)	(82)	(326)	(82)
Operating profit/(loss) (EBIT) <sup>1</sup>	52	71	53	63	238	51	9	13	10	11	43	12	(2)	(3)	(2)	(8)	(15)	(3)	0	0	0	0	0	0	59	80	61	66	266	60
Profit/(loss) for the period	(4)	49	32	15	92	26	9	5	8	2	24	8	0	0	0	0	0	0	0	0	0	0	0	0	5	54	40	17	116	34

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

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

## Note 13 - Related party transactions

Wilh. Wilhelmsen Holding ASA (WWH) delivers services to the WWL ASA group related to accounting services ("Shared Services") and in-house services such as canteen, post, switchboard and rent of office facilities. Generally, Shared Services are priced using a cost plus 5% margin calculation, in accordance with the principles set out in the OECD Transfer Pricing Guidelines and are delivered according to agreements that are renewed annually. In addition, the Soya group delivers accounting services to the WWL ASA group.

Historically and currently the minority shareholders, WWH and Soya (through Wallenius Lines), further delivers several services to the group, all of which are made on an arm's length principle based on market terms, based on the principles set out in the

OECD's transfer pricing guidelines for group services, including, inter alia, cost plus basis or based on independent broker estimates, as the case may be. In the event services are provided to both external and internal parties, the prices set forth in the contracts regarding such services, are on same level for both the external and the internal customers. The services cover:

- Ship management including crewing, technical and management service
- Insurance brokerage
- Agency services
- Freight and liner services
- Marine products to vessels
- IT Services

## Note 14 - Contingencies

### **Update on the anti-trust investigations**

The ongoing investigations of WWL and EUKOR are confidential and WWL ASA is therefore not able to provide detailed comments.

The processes are expected to continue to take time, but further clarifications are expected by early 2018.

## Note 15 - Events occurring after the balance sheet date

No material events occurred between the balance sheet date and the date when the accounts were presented providing new

information about conditions prevailing on the balance sheet date.