Wallenius Wilhelmsen ASA Q1 2018 results

Oslo, May 7, 2018 – Wallenius Wilhelmsen ASA reports EBITDA adjusted for extraordinary costs of USD 128 million in the seasonally weak first quarter. The continued underlying positive volume development was offset by the contracted reduction in Hyundai Motor Group (HMG) volumes. The results were further negatively impacted by rate reductions, increased bunker cost and currency movements. On the positive side, the company sees continued improvement in volumes, especially for high & heavy.

Total income for Wallenius Wilhelmsen ASA was USD 968 in the seasonally weak first quarter, up 9% from the same period last year, mainly due to increased fuel cost compensation in the ocean segment and increased revenues for the landbased segment.

EBITDA adjusted ended at USD 128 million, a decline of 10% from USD 143 million in the first quarter last year. The decline is mainly driven by the ocean segment which was negatively impacted by contracted reductions in HMG volumes, rate reductions, increased bunker prices and unfavourable currency movements. The negative effects were only partly offset by underlying positive volume and cargo mix development, and realization of synergies.

"The first quarter is seasonally weak, but results were still below our expectations. Volumes continued to develop favourably, especially for high & heavy equipment and we see the beginnings of an improved tonnage supply - demand balance. However, market prices remain at a depressed level" says Craig Jasienski, President and CEO of Wallenius Wilhelmsen ASA.

For the ocean segment EBITDA adjusted ended at USD 111 million, a decline of 10% compared to the same period last year due to several factors. Firstly, EBITDA was negatively impacted by rate reductions of about USD 15 million and planned contracted reduction in HMG volumes, as well as a strike at HMG production facilities. Furthermore, increased bunker prices had a more than USD 10 million negative effect during the quarter due to lag in bunker cost compensation. In addition, the USD has weakened substantially since the same period last year causing a negative currency effect of about USD 15 million.

EBITDA for the **landbased segment** ended at USD 20 million in the first quarter, down from USD 22 million (-10%) in the same period last year. The segment was negatively impacted by about USD 3 million in increased IT- and administration cost allocation from shared services.

At the end of the first quarter about USD 85 million of the USD 120 million synergy target was confirmed. During the quarter about USD 10 million was added to confirmed synergies, mainly related to fleet optimization, procurement and SG&A savings.

The board maintains a balanced view on the prospects for Wallenius Wilhelmsen. The positive volume development and recovery in the high & heavy segment is expected to continue. Increased realization of synergies will also positively impact the results. The tonnage supply/demand balance has started to improve, but market rates remain at a depressed level. The results will continue to be impacted by the contracted reduction in HMG volumes and rate reductions from contract renewals during 2017 of which both were reflected in the first quarter results**.**

About Wallenius Wilhelmsen

The Wallenius Wilhelmsen group (OEX: WWL) is a market leader in RoRo shipping and vehicle logistics, transporting cars, trucks, rolling equipment and breakbulk around the world. The company operates around 130 vessels servicing 32 trade routes to six continents, with a global inland distribution network, 77 processing centres, and 13 marine terminals. The Wallenius Wilhelmsen group consists of Wallenius Wilhelmsen Ocean, Wallenius Wilhelmsen Solutions, EUKOR and ARC. The group is headquartered in Oslo, Norway with 7.500 employees in 29 countries worldwide. Read more at walleniuswilhelmsen.com

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