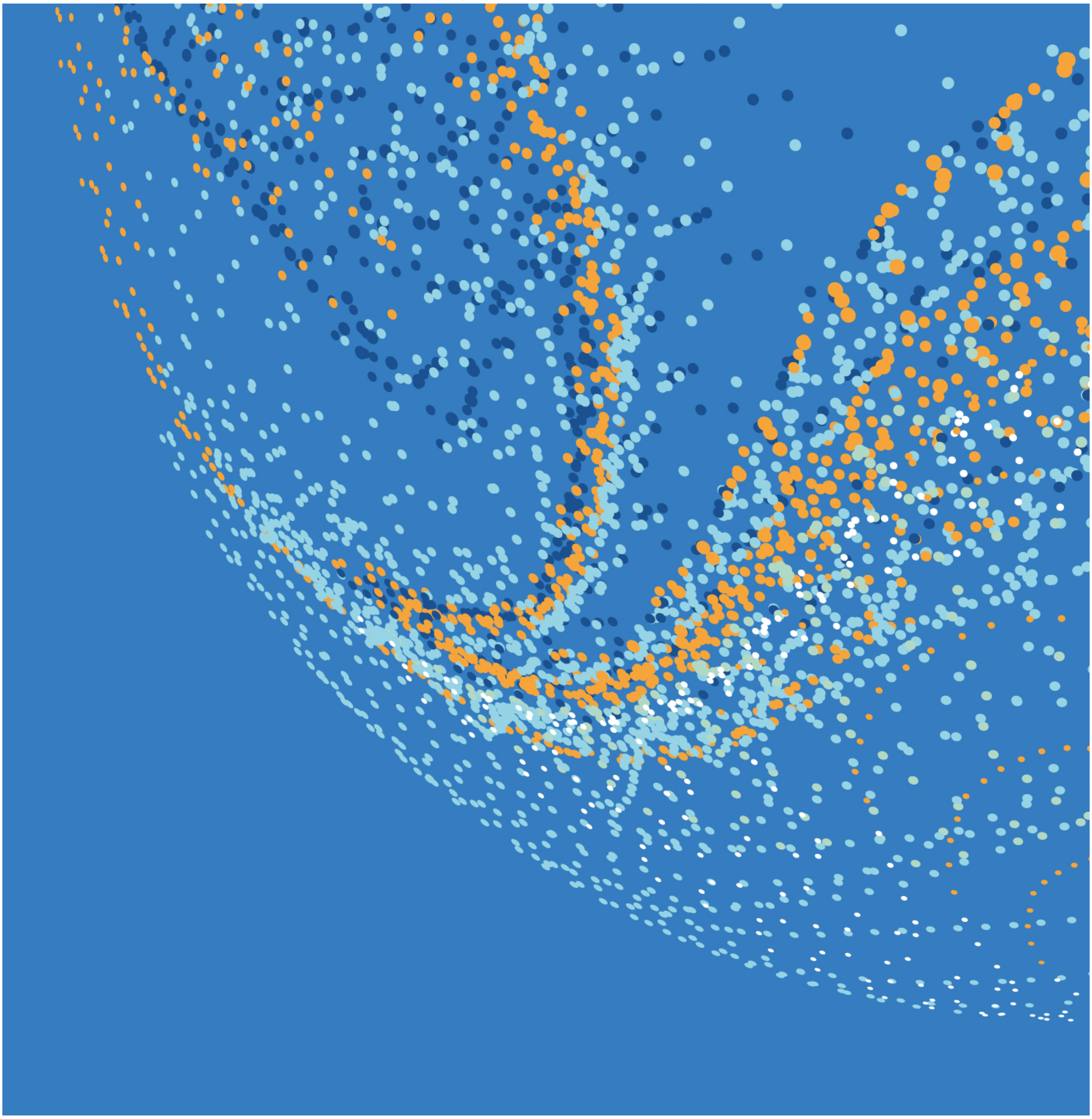
Wilhelmsen

WILH. WILHELMSEN HOLDING ASA

First quarter report 2019



Highlights for the quarter

The Wilhelmsen group recorded a USD 29 million net profit after non-controlling interests for the first quarter of 2019. Increased share of profits from associates and net financial gains more than offset a reduction in adjusted EBITDA when compared with the previous quarter.

- USD 34 million in EBITDA, of which USD 9 million follows from implementation of IFRS 16 accounting standard for leases
  - Reduced underlying EBITDA in maritime services
  - Stable EBITDA in supply services when adjusting for IFRS 16, with sales gain offsetting a reduction in operating revenue

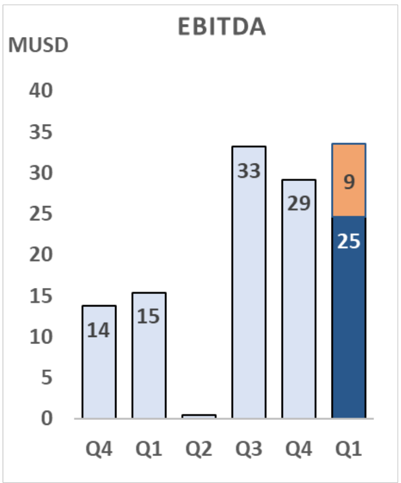
- Increased share of profit from associates
  - Improved operating profit in Wallenius Wilhelmsen ASA following more favourable cargo mix, lower net bunker cost and early wins from new improvement program

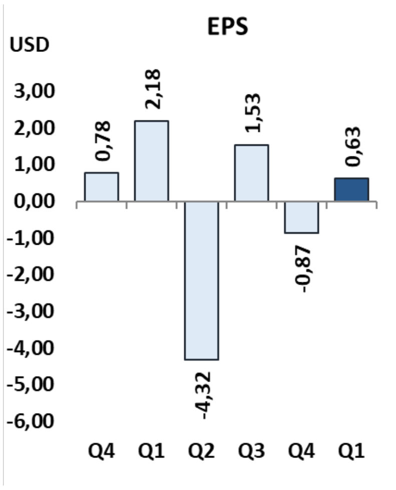
- Net gain from other financials
  - Increase in fair value of Qube Holdings
  - Dividend income offsetting reduction in fair value of Hyundai Glovis

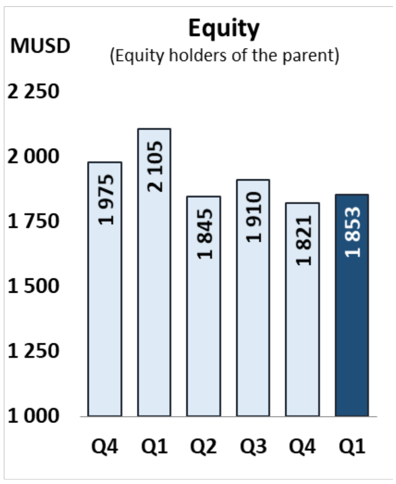
Post quarter events

- The annual general meeting on 30 April approved a first dividend of NOK 2.50 per share and authorised the board to declare a second dividend of up to NOK 2.50 per share

Key figures







Financial performance

USD mill - unless otherwise indicated	Q1'19	Q4'18	Q-on-Q Change	Q1'18	Y-o-Y Change
Total income	**199**	**224**	*-11 %*	**211**	*-6 %*
- of which operating revenue	*192*	*225*	*-14 %*	*210*	*-8 %*
- of which gain/(loss) on sale of assets	*7*	*-1*	*neg.*	*1*	*449 %*
EBITDA	**34**	**29**	*15 %*	**15**	*118 %*
EBITDA adjusted for IFRS 16	**25**	**29**	*-16 %*	**15**	*60 %*
Operating profit/EBIT	**17**	**16**	*6 %*	**5**	*206 %*
Share of profit from associates	**15**	**3**	*391 %*	**6**	*147 %*
Change in fair value financial assets	**-3**	**-61**		**124**	
Other financial income/(expenses)	**8**	**-17**		**11**	
Profit/(loss) before tax/EBT	**37**	**-59**	*neg.*	**147**	*-75 %*
Tax income/(expenses)	**-6**	**18**		**-5**	
Profit/(loss) for the period	**31**	**-41**	*neg.*	**142**	*-78 %*
Profit/(loss) to owners of the parent	**29**	**-40**	*neg.*	**101**	*-71 %*
EPS (USD)	**0,63**	**-0,87**	*neg.*	**2,18**	*-71 %*
Other comprehensive income	**5**	**-42**		**31**	
Total comprehensive income	**36**	**-83**	*neg.*	**174**	*-80 %*
Total comprehensive income owners of parent	**33**	**-78**	*neg.*	**130**	*-74 %*
Total assets	**3 276**	**3 079**	*6 %*	**3 478**	*-6 %*
Equity parent	**1 853**	**1 821**	*2 %*	**2 105**	*-12 %*
Total equity	**2 051**	**2 017**	*2 %*	**2 361**	*-13 %*
Equity ratio	**63 %**	**65 %**	*-3 %*	**68 %**	*-5 %*

Result for the quarter

Total income for the Wilh. Wilhelmsen Holding ASA group (referred to as Wilhelmsen or group) was USD 199 million in the first quarter of 2019. This was down 11% from the previous quarter, reflecting a reduction in activity level within the supply services business segment.

EBITDA was USD 34 million for the quarter, up 15% from the previous quarter. The increase followed from a sales gain within the supply services business segment and effect from implementation of IFRS 16 accounting standard for leases. Adjusted for the IFRS 16 effect, EBITDA was down 16%.

Share of profit from associates was USD 15 million, of which USD 8 million was from Wallenius Wilhelmsen ASA and USD 6 million from associates in NorSea Group.

Change in fair value of financial assets was negative with USD 3 million for the quarter due to several large investments going ex-dividend during the first quarter. Other financial items were a net income of USD 8 million, lifted by dividend income from investments.

Other comprehensive income for the quarter was a gain of USD 5 million, primarily related to currency translation differences on non-USD assets.

Total comprehensive income, including net profit and other comprehensive income, attributable to owners of the parent was USD 33 million in the first quarter.

Balance sheet

Total assets were up 6% in the first quarter, mainly due to a USD 220 million increase in tangible assets due to implementation of IFRS 16.

A profit for the period lifted equity attributable to owners of the parent with 2%, to USD 1 853 million. As of 31 March 2019, the group equity ratio was 63%. The reduction in equity ratio from year end was due to increased book assets after implementation of IFRS 16.

Cash, liquidity and debt

USD mill	Cash	Total interest bearing debt	Net interest bearing debt
Maritime services	137	256	118
Supply services	6	409	404
Holding and investments	19	81	62
Elimination	0	-29	-29
Wilhelmsen group	**162**	**718**	**556**

Cash and cash equivalents were USD 162 million at the end of the first quarter. This was up USD 22 million from the previous quarter due to increased cash in the maritime services business segment.

Total interest-bearing debt was USD 718 million by the end of the quarter, an increase of USD 184 million from the previous quarter. The increase was due to the inclusion of USD 220 million in leasing debt following implementation of IFRS 16. Other interest-bearing debt was down USD 36 million for the quarter.

Segment information

Maritime services

The maritime services segment includes ships service, ship management and other maritime services activities.

USD mill - unless otherwise indicated	Q1'19	Q4'18	Q-on-Q Change	Q1'18	Y-o-Y Change
Total income	**144**	**141**	*2 %*	**151**	*-5 %*
- Ships service	*133*	*131*	*2 %*	*140*	*-5 %*
- Ship management	*10*	*11*	*-6 %*	*10*	*-3 %*
- Other/eliminations	*0*	*0*		*0*	
EBITDA	**20**	**20**	**4 %**	**13**	**58 %**
- EBITDA margin (%)	*14 %*	*14 %*		*9 %*	
EBITDA adjusted for IFRS 16	**17**	**20**	**-12 %**	**13**	**34 %**
- Adjusted EBITDA margin (%)	*12 %*	*14 %*		*9 %*	
Operating profit/EBIT	**14**	**16**	**-12 %**	**9**	**55 %**
- EBIT margin (%)	*10 %*	*11 %*		*6 %*	
Share of profit from associates	1	0	*156 %*	1	*29 %*
Change in fair value financial assets	0	-48		3	
Other financial income/(expenses)	-6	-12		1	
Tax income/(expense)	-4	17		-3	
Profit/(loss)	**6**	**-27**	**neg.**	**11**	**-46 %**
- Profit margin (%)	*4 %*	*-19 %*		*7 %*	
- Non controlling interest	*0*	*0*		*0*	
Profit/(loss) to owners of the parent	**6**	**-28**	**neg.**	**11**	**-48 %**

Result for the quarter

Total income from maritime services was USD 144 million in the first quarter. This was up 2% from the previous quarter, but a 5% reduction when compared with the corresponding period last year.

EBITDA was USD 20 million for the quarter, including a positive effect of USD 3 million from implementation of IFRS 16. Adjusting for the IFRS 16 effect, EBITDA was down 12% from the previous quarter, but up 34% from the corresponding period last year.

Total financial items, including share of profit from associates and change in fair value financial assets, were a net expense of USD 4 million, of which USD 1 million was related to leasing debt due to implementation of IFRS 16.

The quarter ended with a net profit after non-controlling interests of USD 6 million. The IFRS 16 impact on net profit was limited.

Ships service

Wilhelmsen Ships Service is a global provider of standardised product brands and service solutions to the maritime industry, focusing on marine products, marine chemicals, maritime logistics and ships agency. Ships service is fully owned by Wilhelmsen.

Total income for ships service was up 2% from the previous quarter, with increased marine product sales outweighing lower agency income. When compared with the corresponding period last year, income was down 5% following reduced sale of non-marine chemicals.

EBITDA was stable for the quarter when adjusting for IFRS 16 impact.

Ship management

Wilhelmsen Ship Management provides full technical management, crewing and related services for all major vessel types. Ship management is fully owned by Wilhelmsen.

Total income for ship management was down 6% from the previous quarter, partly due to reduced lay-up management activities. When compared with the corresponding period last year, income was down 3%.

EBITDA was down for the quarter.

Other maritime services activities

This includes Wilhelmsen Insurance Services (fully owned by Wilhelmsen), Survitec Group (owned ~20%) and certain corporate activites. Survitec Group is reported as financial assets.

By the end of the quarter, the investment in Survitec Group was included with a fair value of USD 27 million. This was in line with the fair value at the end of the previous quarter.

Wilhelmsen Insurance Services had a stable performance, with total income and EBITDA in line with previous quarters.

Segment information

Supply services

The supply services segment includes NorSea Group, WilNor Governmental Services and other supply services activities.

USD mill - unless otherwise indicated	Q1'19	Q4'18	Q-on-Q Change	Q1'18	Y-o-Y Change
Total income	**54**	**82**	*-34 %*	**59**	*-9 %*
- NorSea Group	*54*	*79*	*-32 %*	*56*	*-4 %*
- Other/eliminations	*1*	*3*	*-78 %*	*3*	*-82 %*
EBITDA	**17**	**13**	**33 %**	**6**	**174 %**
- EBITDA margin (%)	*31,58 %*	*15,79 %*		*11 %*	
EBITDA adjusted for IFRS 16	**13**	**13**	**-3 %**	**6**	**101 %**
- Adjusted EBITDA margin (%)	*23,17 %*	*15,79 %*		*11 %*	
Operating profit/EBIT	**8**	**4**	**122 %**	**1**	**>500%**
- EBIT margin (%)	*15 %*	*5 %*		*1 %*	
Share of profit from associates	6	1	*319 %*	1	*307 %*
Other financial income/(expense)	-5	-3		-4	
Tax income/(expense)	-1	0		-1	
Profit/(loss)	**8**	**1**	**>500%**	**-3**	**neg.**
- Profit margin (%)	*15 %*	*1 %*		*-5 %*	
- Non controlling interest	*2*	*0*		*-1*	
Profit/(loss) to owners of the parent	**6**	**1**	**>500%**	**-2**	**neg.**

Result for the quarter

Total income from supply services was USD 54 million in the first quarter. This was down 34% from the previous quarter and down 9% when compared with the corresponding period last year. The quarter included a USD 6 million gain related to sale of assets.

EBITDA was USD 17 million for the quarter, including a positive adjustment of USD 5 million following implementation of IFRS 16. Adjusting for the IFRS 16 effect, EBITDA was in line with the previous quarter, but up more than 200% from the corresponding period last year.

Share of profit from associates was USD 6 million for the quarter, lifted by a USD 7 million sales gain. Other financial expenses of USD 5 million included USD 2 million in interest expenses on leases following implementation of IFRS 16.

Net profit after minority interests was USD 6 million for the quarter.

NorSea Group

NorSea Group provides supply bases and integrated logistics solution to the offshore industry. Wilhelmsen owns ~75,2% of NorSea Group.

Total income for NorSea Group was USD 54 million in the first quarter, down 32% from the previous quarter and down 4% from the corresponding period last year. The strong reduction from the previous quarter followed mainly from completion of the NATO exercise Trident Juncture in addition to some seasonal slowdown. This was partly offset by a sales gain.

EBITDA was up for the quarter due to the sales gain and reduced lease expenses following implementation of IFRS 16.

Other supply services activities

This includes WilNor Governmental Services (owned 51% directly and 49% through NorSea Group) and certain minor supply services activities.

Income was at a low level for the quarter, following completion of the NATO exercise, Trident Juncture.

Segment information

Holding and investments

The holding and investments segment includes investments in Wallenius Wilhelmsen ASA and Treasure ASA, financial assets, and other holding and investments activities.

USD mill - unless otherwise indicated	Q1'19	Q4'18	Q-on-Q Change	Q1'18	Y-o-Y Change
Total income	**2**	**3**	*-18 %*	**3**	*-20 %*
- Operating revenue	*2*	*3*	*-18 %*	*3*	*-20 %*
- Gain on sale of assets	*0*	*0*		*0*	
EBITDA	**-4**	**-3**		**-4**	
EBITDA adjusted for IFRS 16	**-5**	**-3**		**-4**	
Operating profit/EBIT	**-5**	**-4**		**-4**	
Share of profit from associates	**8**	**1**	**>500%**	**4**	**116 %**
- Wallenius Wilhelmsen ASA	*8*	*1*	*493 %*	*4*	*123 %*
- Other/eliminations	*0*	*0*		*0*	
Change in fair value financial assets	**-3**	**-13**		**121**	
- Hyundai Glovis	*-12*	*-6*		*144*	
- Qube Holdings/other financial assets	*9*	*-7*		*-23*	
Other financial income/(expenses)	**18**	**-1**	**neg.**	**14**	**31 %**
- Investment management (Holding)	*6*	*-4*		*-1*	
- Hyundai Glovis	*13*	*0*		*12*	
- Qube Holdings/other financial assets	*1*	*1*		*1*	
- Other financial income/(expense)	*-2*	*2*		*1*	
Tax income/(expense)	**-1**	**2**		**0**	
Profit/(loss) for the period	**17**	**-15**		**134**	
- Non controlling interest	*0*	*-2*		*42*	
Profit/(loss) to owners of the parent	**17**	**-13**		**92**	

Result for the quarter

The holding and investments segment reported a profit of USD 17 million in the first quarter. The positive result followed a USD 8 million share of profit in Wallenius Wilhelmsen ASA, a gain from change in fair value of the Qube investment, and income from the holding company investment portfolio. A negative change in fair value of Hyundai Glovis was more than offset by a dividend income from the company.

Wallenius Wilhelmsen ASA

Wallenius Wilhelmsen ASA is a global provider of ocean and land-based logistics services towards car and ro-ro customers, and is listed on Oslo Børs. Wilhelmsen owns ~37,8% of the company, which is reported as associate in Wilhelmsen's accounts.

Total income for Wallenius Wilhelmsen ASA was USD 1 018 million in the first quarter, in line with the previous quarter and up 5% from the corresponding period last year. The increase from first quarter 2018 was driven by a more favourable cargo mix, and fuel cost compensation from ocean customers. Compared with the previous quarter, improved cargo mix with higher net freight compensated for lower ocean auto volumes. For land-based operations, income was stable.

Reported EBITDA was USD 218 million in the first quarter, including a USD 42 million positive impact from implementation of IFRS 16. Excluding the IFRS 16 effect, ocean EBITDA was up USD 7 million from previous quarter and up USD 50 million when compared with the corresponding quarter last year. The improvement from the corresponsing period last year was driven by several factors, including early wins on performance improvement program and more favourable cargo mix. Adjusted EBITDA for the land based segment was stable.

Wallenius Wilhelmsen ASA reported a net profit of USD 22 million for the quarter.

Wilhelmsen's share of profit in Wallenius Wilhelmsen ASA was USD 8 million in the first quarter.

Treasure ASA

Treasure ASA holds a 12.04% ownership interest in Hyundai Glovis, and is listed on Oslo Børs. Wilhelmsen owns ~73,5% of Treasure ASA.

Change in fair value of the shareholding in Hyundai Glovis was negative with USD 12 million for the quarter. In March, Hyundai Glovis declared dividend of KRW 3 300 per share, with Treasure ASA to receive USD 13 million in April. The market value of the investment in Hyundai Glovis was USD 510 million at the end of the first quarter.

The 13 March annual general meeting in Treasure ASA approved liquidation of 2.2 million own shares, reducing outstanding shares to 217.8 million. Wilhelmsen maintained a holding of 160 million shares in Treasure ASA, increasing ownership to 73.5% once liquidation of the shares is effective.

Financial investments

Financial investments include cash and cash equivalents, current financial investments and other financial assets held by the parent and fully owned subsidiaries.

Change in fair value of the shareholdings in Qube Holdings and other financial assets was a gain of USD 9 million for the quarter, while dividend income was USD 1 million. The market value at the end of the first quarter was USD 110 million.

The current financial investment portfolio was USD 89 million by the end of the first quarter. The portfolio primarily included listed equities and investment-grade bonds. Net income from investment management was a gain of USD 6 million for the quarter.

Other holding and investments activities

Holding/other activities include general holding activities and certain non-financial investments, including Dolittle AS (50% owned), Massterly AS (50%) and Raa Labs AS (50%).

Underlying income and EBITDA were broadly in line with normal levels. The EBITDA effect from IFRS 16 was positive with USD 1 million for the quarter.

Outlook

Maritime services

Focus on improving the operating margin, strengthening profitability and growing the business will remain. Continued performance improvement initiatives are expected to have a positive impact on operating margin, while price pressure within some business activities may have the opposite effect.

Supply services

The first quarter result was lifted by non-recurring sales gain. A seasonal uplift in offshore activities is expected to have a positive impact on operating revenue and result from operation for the next two quarters.

Holding and investments

Wallenius Wilhelmsen maintains a balanced view on the prospects. There is increased uncertainty around the volume outlook, while the new two-year performance improvement program will continue to support profitability going forward.

Wilhelmsen group

The board expects a stable development of underlying operating performance, but with normal seasonal variations.

Wilhelmsen’s exposure towards global trade, and potential introduction of further tariffs and restrictions, continues to create uncertainties. Wilhelmsen retains its robustness to meet such eventualities.

Lysaker, 8 May 2019
The board of directors of Wilh. Wilhelmsen Holding ASA

Forward-looking statements presented in this report are based on various assumptions. These assumptions were reasonable when made, but as assumptions are inherently subject to uncertainties and contingencies which are difficult or impossible to predict. Wilhelmsen cannot give assurances that expectations regarding the outlook will be achieved or accomplished.

Income statement - financial report

USD mill	Note	Q1 2019	Q1 2018	Full year 2018
Operating revenue		192	210	867
Other income				
Gain/(loss) on sale of assets		7	1	4
Total income		**199**	**211**	**871**
Operating expenses				
Cost of goods and change in inventory		(56)	(67)	(267)
Employee benefits		(75)	(82)	(320)
Other expenses		(34)	(46)	(206)
Operating profit before depreciation and amortisation		**34**	**15**	**78**
Depreciation and impairments	6	(17)	(10)	(42)
Operating profit		**17**	**5**	**36**
Share of profit from joint ventures and associates	4	15	6	36
Change in fair value financial assets	8	(3)	124	(116)
Other financial income/(expenses)		8	11	(41)
Profit/(loss) before tax		**37**	**147**	**(86)**
Tax income/(expense)		(6)	(5)	12
Profit/(loss) for the period		**31**	**142**	**(75)**
Attributable to: non-controlling interests		2	41	(6)
owners of the parent		29	101	(69)
Basic earnings per share (USD)	7	0,63	2,18	(1,48)

Comprehensive income - financial report

USD mill	Q1 2019	Q1 2018	Full year 2018
Profit/(loss) for the period	**31**	**142**	**(75)**
Items that may be reclassified to income statement			
Cash flow hedges (net after tax)		2	2
Comprehensive income from associates	1		
Currency translation differences	3	29	(57)
Items that will not be reclassified to income statement			
Remeasurement pension liabilities, net of tax			1
Other comprehensive income, net of tax	**5**	**31**	**(53)**
Total comprehensive income for the period	**36**	**174**	**(128)**
Total comprehensive income attributable to:			
Owners of the parent continued operations	33	130	(119)
Non-controlling interests	2	44	(9)
Total comprehensive income for the period	**36**	**174**	**(128)**

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

Balance sheet - financial report

USD mill	Note	31.03.2019	31.03.2018	31.12.2018
Deferred tax asset	5	53	11	54
Goodwill and other intangible assets	6	156	178	156
Vessels, property and other tangible assets	6	784	610	567
Investments in joint ventures and associates	4	1 000	1 033	1 018
Financial assets to fair value	8	650	924	650
Other non current assets		21	40	23
Total non current assets		**2 664**	**2 796**	**2 467**
Inventory		73	78	74
Current financial investments		90	99	88
Other current assets		288	333	311
Cash and cash equivalents		162	171	140
Total current assets		**612**	**682**	**612**
Total assets		**3 276**	**3 478**	**3 079**
Paid-in capital	7	122	122	122
Retained earnings	7/9	1 731	1 983	1 699
Attributable to equity holders of the parent		**1 853**	**2 105**	**1 821**
Non-controlling interests		198	256	196
Total equity		**2 051**	**2 361**	**2 017**
Pension liabilities		20	24	20
Deferred tax	5	12	5	12
Non-current interest-bearing debt	10	628	507	448
Other non-current liabilities		103	109	100
Total non current liabilities		**762**	**645**	**580**
Current income tax		13	7	13
Public duties payable		6	9	9
Current interest-bearing debt	10	90	114	85
Other current liabilities		355	342	375
Total current liabilities		**464**	**472**	**483**
Total equity and liabilities		**3 276**	**3 478**	**3 079**

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

Cash flow statement - financial report

USD mill	Note	Q1 2019	Q1 2018	Full year 2018
Cash flow from operating activities				
Profit/(loss) before tax		37	147	(86)
Share of profit from joint ventures and associates		(15)	(6)	(36)
Change in fair value financial assets	8	3	(124)	116
Other financial (income)/expenses		(8)	(11)	41
Depreciation/impairment	6	17	10	42
Loss/(gain) on sale of fixed assets	6	3	1	(4)
(Gain)/loss from sale of subsidiaries, joint ventures and associates		(6)		
Change in net pension asset/liability			(1)	(1)
Change in inventory		2	4	7
Change in other working capital		11	(1)	(6)
Tax paid (company income tax, withholding tax)		(3)	(3)	(12)
Net cash provided by operating activities		**40**	**15**	**62**
Cash flow from investing activities				
Dividend received from joint ventures and associates		6	2	20
Proceeds from sale of fixed assets	6			14
Investments in fixed assets	6	(9)	(9)	(54)
Net proceeds from sale of subsidiaries		3		7
Net proceeds from sale of joint ventures and associates		34		
Cash discontinued operations				(1)
Investments in subsidaries, joint ventures and associates			(1)	17
Proceeds from sale of financial investments		6	8	71
Current financial investments		(5)	(7)	(38)
Interest received				4
Net cash flow from investing activities		**36**	**(5)**	**40**
Cash flow from financing activities				
Proceeds from issue of debt		9	10	153
Repayment of debt		(55)	(9)	(211)
Interest paid including interest derivatives		(8)	(7)	(29)
Dividend to shareholders/purchase of own shares		(1)		(40)
Net cash flow from financing activities		**(54)**	**(6)**	**(128)**
Net increase in cash and cash equivalents [1]		**22**	**3**	**(26)**
Cash and cash equivalents at the beg. of the period [1]		140	167	167
Cash and cash equivalents at the end of the period [1]		**162**	**171**	**140**

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 statement of cash flows should be read in conjunction with the accompanying notes.

Statement of changes in equity - financial report

Statement of changes in equity - Year to date

USD mill	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31.12.2018	**122**	**1 698**	**1 820**	**196**	**2 017**
Implementation of IFRS 16 leasing			**(0)**		**(0)**
Profit for the period		29	**29**	2	**31**
Other comprehensive income		5	**5**		**5**
Buy own shares*		(1)	**(1)**		**(1)**
Paid dividends to shareholders			-	(1)	**(1)**
Balance 31.03.2019	**122**	**1 731**	**1 853**	**198**	**2 051**

*Treasure ASA has bought 750.000 shares at a price of 13,00 NOK per share. Pursuant to the transaction, Treasure ASA owns 2.200.000 shares

Balance at 31.12.2017	**122**	**1 853**	**1 975**	**212**	**2 188**
Profit for the period		101	101	41	142
Other comprehensive income		28	28		31
Balance 31.03.2018	**122**	**1 983**	**2 105**	**256**	**2 361**

Statement of changes in equity - Full year 2018

USD mill	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31.12.2017	**122**	**1 853**	**1 975**	**212**	**2 188**
Profit for the period		(69)	(69)	(6)	(75)
Other comprehensive income		(50)	(50)	(3)	(53)
Change in non-controlling interests			-	(1)	(1)
Put option in associate		(5)	(5)		(5)
Paid dividends to shareholders		(31)	(31)	(6)	(37)
Balance 31.12.2018	**122**	**1 698**	**1 820**	**196**	**2 017**

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

Notes - financial report

Note 1 - Accounting principles

General information
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 2018 for Wilh.Wilhelmsen Holding ASA group (WWI), which has been prepared in accordance with IFRS's endorsed by the EU.

Changes in accounting policies – implementation of IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 Leases that relate to the recognition, of leases and related disclosures. The adoption of IFRS 16 Leases from 1 January 2019 resulted in significant changes to the group's accounting for leases previously defined as operating leases under IAS 17.

In accordance with the implementation of IFRS 16, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term is on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

- variable lease payment that are based on an index or a rate

- amounts expected to be payable by the lessee under residual value guarantees

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:
-the amount of the initial measurement of lease liability

- any lease payments made at or before the commencement date less any lease incentives received

- any initial direct costs, and

- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The effect of a change in an accounting estimate is recognised in the income statement in the period where the estimate is revised or in the period of the revision and future periods if the change affects both.
The significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for the critical judgements in determining the lease term following the implementation of IFRS 16.

Critical judgements in determining the lease term.

From 1 January 2019 the group has implemented the new leasing standard IFRS 16. For all leases, except for short-term leases and leases of low value, a lease liability and a corresponding right-of-use asset is recognised in the balance sheet.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Basic policies
The accounting policies implemented are consistent with those of the annual financial statements for WWI for the year end 31 December 2018.

Roundings
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

2019

No material disposal or acquistion.

2018

No material disposal or acquistion.

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Note 3 - Segment reporting: Income statement per operating segments

USD mill	Maritime Services		Supply Services		Holding & Investments		Eliminations		WWH group total	
Quarter	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Operating revenue	143	150	48	59	2	3	(2)	(2)	**192**	**210**
Gain on sale of assets		1	6						**7**	**1**
Total income	**144**	**151**	**54**	**59**	**2**	**3**	**(2)**	**(2)**	**199**	**211**
Operating expenses										
Cost of goods and change in inventory	(46)	(55)	(10)	(12)					**(56)**	**(67)**
Employee benefits	(51)	(55)	(20)	(23)	(4)	(4)			**(75)**	**(82)**
Other expenses	(26)	(27)	(8)	(18)	(2)	(3)	1	2	**(34)**	**(46)**
Operating profit/(loss) before depreciation and amortisation	**20**	**13**	**17**	**6**	**(4)**	**(4)**		**0**	**34**	**15**
Depreciation and impairments	(7)	(4)	(9)	(6)	(1)				**(17)**	**(10)**
Operating profit/(loss)	**14**	**9**	**8**	**1**	**(5)**	**(4)**		**0**	**17**	**5**
Share of profit from associates	1	1	6	1	8	4			**15**	**6**
Change in fair value financial assets		3			(3)	121			**(3)**	**124**
Other financial income/(expenses)	(6)	1	(5)	(4)	18	14			**8**	**11**
Profit/(loss) before tax	**10**	**14**	**9**	**(2)**	**18**	**134**		**0**	**37**	**147**
Tax income/(expense)	(4)	(3)	(1)	(1)	(1)				**(6)**	**(5)**
Profit/(loss)	**6**	**11**	**8**	**(3)**	**17**	**134**		**0**	**31**	**142**
Non-controlling interests			2	(1)		42			**2**	**41**
Profit/(loss) to the owners of parent	**6**	**11**	**6**	**(2)**	**17**	**92**		**0**	**29**	**102**
Implementation of IFRS 16 leasing										
Operating expenses	3,1		4,6		1,3				8,9	
Depreciation	(2,8)		(3,7)		(1,2)				(7,7)	
Financial expenses	(0,7)		(1,8)		(0,6)				(3,1)	
Net effects of IFRS 16 for the quarter	**(0,4)**		**(1,0)**		**(0,5)**				**(1,9)**	

The income statement Q1 per segment is including IFRS 16 effects.

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Cont note 3 - Segment reporting: Balance sheet per operating segments

USD mill	Maritime Services		Supply Services		Holding & Investments		Eliminations		Total	
Year to date	**31.03 2019**	**31.03 2018**	**31.03 2019**	**31.03 2018**	**31.03 2019**	**31.03 2018**	**31.03 2019**	**31.03 2018**	**31.03 2019**	**31.03 2018**
Assets										
Deferred tax asset	42	4	4	3	8	4			**53**	**11**
Intangible assets	148	168	6	9	2	0			**156**	**178**
Tangible assets*	245	192	497	415	54	2	(11)		**784**	**610**
Investments in joint ventures and associates	11	13	132	184	857	836			**1 000**	**1 033**
Financial assets to fair value	27	86			622	839			**650**	**924**
Other non current assets	13	30	6	6	23	25	(21)	(21)	**21**	**40**
Current financial investments					89	99			**90**	**99**
Other current assets	284	328	67	67	25	57	(15)	(40)	**360**	**412**
Cash and cash equivalents	137	143	6	10	19	18			**162**	**171**
Total assets	**908**	**965**	**717**	**694**	**1 698**	**1 881**	**(47)**	**(61)**	**3 276**	**3 478**
Equity and liabilities										
Equity majority	243	355	160	159	1 451	1 592			**1 853**	**2 105**
Equity non-controlling interest	(1)	(1)	56	57	143	200			**198**	**256**
Deferred tax	12	5							**12**	**5**
Interest-bearing debt**	256	196	409	380	81	64	(29)	(19)	**718**	**621**
Other non current liabilities	99	107	18	19	9	10	(4)	(2)	**123**	**133**
Other current liabilities	300	303	74	79	15	16	(15)	(40)	**374**	**358**
Total equity and liabilities	**908**	**965**	**717**	**694**	**1 698**	**1 881**	**(47)**	**(61)**	**3 276**	**3 478**
IFRS16 leasing										
*Right of use (including in tangible assets)	58		120		51		(11)		220	
**Leasing debt (including interest-bearing debt)	58		120		51		(11)		220	

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Cont note 3 - Segment reporting: Cash flow per segment

USD mill	Maritime Services		Supply services		Holding & Investments	
Quarter	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Profit before tax	10	14	9	(2)	18	134
Change in fair value financial assets	(0)	(3)			3	(121)
Share of profit from joint ventures and associates	(1)	(1)	(6)	(1)	(8)	(4)
Other financial (income)/expenses	5	(1)	5	4	(18)	(14)
Depreciation/impairment	7	4	9	6	1	
Change in working capital	16	(7)	(4)	7	(1)	(4)
Net (gain)/loss from sale of subsidiaries and fixed assets	3	(1)	(6)			
Net cash provided by operating activities	**38**	**5**	**7**	**13**	**(5)**	**(7)**
Dividend received from joint ventures and associates			5	1		
Net sale/(investments) in fixed assets	(4)	(3)	(2)	(2)		
Net sale/(investments) in joint ventures and associates			34			
Current financial investments	0				1	2
Net cash flow from investing activities	**(3)**	**(3)**	**38**	**(1)**	**1**	**2**
Net change of debt	(3)		(47)	(7)	4	8
Net change in other financial items	(4)	(3)	(3)	(4)	1	1
Net dividend from other segments/ to shareholders	(1)					
Net cash flow from financing activities	**(8)**	**(3)**	**(51)**	**(10)**	**5**	**9**
Net increase in cash and cash equivalents	**27**	**(1)**	**(6)**	**2**	**1**	**4**
Cash and cash equivalents at the beg.of the period	110	144	12	8	18	14
Cash and cash equivalents at the end of period	**137**	**143**	**6**	**10**	**19**	**18**

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Note 4 - Investment in joint ventures and associates

Joint ventures and associates at end March 2019 are:

USD mill

		31.03.2019	31.03.2018
Holding and Investments segment:	**Ownership**	**Booked value**	Booked value
Wallenius Wilhelmsen ASA	37.8%	855	836
Other	50 %		
Maritime services segment:			
Associates	20 - 50%	11	13
Supply services segment:			
Joint venture			
Coast Center Base	50 %	102	107
Vikan Næringspark Invest AS	50 %	17	16
Other	50 %		
Associates			
Risavika Havn AS	42.8%		40
Risavika Eiendom AS	42 %	8	12
Hammerfest Næringsinvest AS	32 %	1	2
Other	33 - 49%	5	7
Total investment in joint ventures and associates		**1 000**	**1 033**

Share of profit from joint ventures and associates	**Q1 2019**	Q1 2018
Wallenius Wilhelmsen ASA	8	4
Other joint ventures and associates in Holding and Investments	0	
Joint ventures and associates in Supply Services	6	1
Associates in Maritime Services	1	1
Share of profit from joint ventures and associates	**15**	**6**

Note 5 - Tax

The effective tax rate for the group will, from period to period, change dependent on the group gains and losses from investments inside the exemption method.

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Note 6 - Tangible and intangible assets

USD mill	Vessels	Property	Other tangible assets	Intangible assets	Total tangible and intangible assets
2019 - Year to date					
Cost 1.1	35	550	251	225	1 061
Acquisition		5	3	1	9
Reclass/disposal		(1)	(8)		(9)
Currency translation differences		3	1	2	6
Cost 31.03	**36**	**557**	**247**	**227**	**1 067**
Accumulated depreciation and impairment losses 1.1	(18)	(162)	(89)	(68)	(337)
Depreciation/amortisation		(4)	(3)	(2)	(9)
Reclass/disposal		2	1		3
Currency translation differences				(1)	(1)
Accumulated depreciation and impairment losses 31.03	**(18)**	**(165)**	**(91)**	**(71)**	**(345)**
Carrying amounts 31.03	**17**	**393**	**155**	**156**	**722**

2019 Lease assets Right of use - Year to date

Implementation IFRS 16		210	12		222
Additional		6			6
Currency translation differences		(1)			(1)
Cost 31.03		**215**	**12**		**227**
Accumulated depreciation and impairment losses 1.1					
Depreciation/amortisation		(7)	(1)		(8)
Currency translation differences					
Accumulated depreciation and impairment losses 31.03		**(7)**	**(1)**		**(8)**
Carrying amounts 31.03		**208**	**11**		**220**

USD mill	Vessels	Property	Other tangible assets	Intangible assets	Total tangible and intangible assets
2018 - Year to date					
Cost 1.1	36	575	269	243	1 123
Acquisition		2	5	2	9
Reclass/disposal		(7)	(27)	(1)	(35)
Currency translation differences	2	25	8	10	44
Cost 31.03	**38**	**595**	**254**	**253**	**1 140**
Accumulated depreciation and impairment losses 1.1	(17)	(159)	(114)	(71)	(362)
Depreciation/amortisation		(5)	(2)	(2)	(10)
Reclass/disposal		7	25	1	33
Currency translation differences	(1)	(7)	(4)	(3)	(14)
Accumulated depreciation and impairment losses 31.03	**(18)**	**(164)**	**(95)**	**(75)**	**(352)**
Carrying amounts 31.03	**20**	**431**	**159**	**178**	**788**

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Cont. note 6 - Tangible and intangible assets

USD mill	Vessels	Property	Other tangible assets	Intangible assets	Total tangible and intangible assets
2018 - Full year					
Cost 1.1	36	575	269	243	1 123
Acquisition	1	28	24	4	56
Business combination				2	2
Reclass/disposal		(18)	(32)	(11)	(62)
Currency translation differences	(2)	(34)	(10)	(12)	(59)
Cost 31.12	**35**	**550**	**251**	**225**	**1 061**
Accumulated depreciation and impairment losses 1.1	(17)	(159)	(114)	(71)	(362)
Depreciation/amortisation		(19)	(11)	(7)	(39)
Business combination		6	32		38
Reclass/disposal		1		10	10
Impairment					(4)
Currency translation differences				4	19
Accumulated depreciation and impairment losses 31.12	**(18)**	**(162)**	**(89)**	**(68)**	**(337)**
Carrying amounts 31.12	**18**	**388**	**162**	**156**	**723**

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Note 7 - Shares

The share capital is as follow with a nominal value of NOK 20:

A - shares	34 537 092
B - shares	11 866 732
Total shares	**46 403 824**

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 non-controlling interests, by average number of total outstanding shares.

Earnings per share is calculated based on 46 403 824 shares for 2019, and each quarter in 2018.

Note 8 - Financial assets to fair value

USD mill	**31.03.2019**	**31.03.2018**	**31.12.2018**
Financial assets to fair value			
At 1 January	650	801	801
Acquisition			6
Sale during the year			(27)
Return of capital			(1)
Currency translation adjustment through other comprehensive income	3		(13)
Change in fair value through income statement	(3)	124	(116)
Total financial assets to fair value	**650**	**924**	**650**

Financial assets to fair value are held in subsidiaries with different functional currencies and thereby creating translation adjustment.

Note 9 - Paid dividend

Dividend for fiscal year 2017 was NOK 5.50 per share, where NOK 3.50 per share was paid in May 2018 and NOK 2.00 per share was paid in November 2018.
The proposed dividend for fiscal year 2018 in 2019 is NOK 2.50 per share, was approved by the annual general meeting on 30 April 2019.

The dividend will have effect on retained earnings in second quarter of 2019.

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Note 10 - Interest-bearing debt

USD mill	31.03.2019	31.03.2018	31.12.2018
Non current interest-bearing debt	432	507	448
Current interest-bearing debt	66	114	85
Non current leasing debt	196		
Current leasing debt	24		
Total interest-bearing debt	**718**	**621**	**533**
Cash and cash equivalents	162	171	140
Current financial investments	90	99	88
Net interest-bearing debt	**466**	**351**	**306**

Loan agreements entered into by group companies contain financial covenants related to equity ratio, liquidity, current ratio and net interest-bearing debt / EBITDA measured in respect of the relevant borrowing company or group of companies. The group was in compliance with these covenants at 31 March 2019 (analogous for 31 March 2018).

Specification of interest-bearing debt

USD mill	31.03.2019	31.03.2018	31.12.2018
Interest-bearing debt			
Bankloan	498	621	533
Leasing debt	220		
Total interest-bearing debt	**718**	**621**	**533**
Repayment schedule for interest-bearing debt			
Due in 1 year	90	114	85
Due in 2 year	54	25	55
Due in 3 year	37	28	22
Due in 4 year	245	21	217
Due in 5 year and later	291	433	153
Total interest-bearing debt	**718**	**621**	**601**

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Note 11 - Financial level

USD mill	Level 1	Level 2	Level 3	Total
2019				
Financial assets at fair value				
Equities	44			44
Bonds	46			46
Financial derivatives		1		1
Financial assets at fair value	610		40	650
Total financial assets 31.03	**699**	**1**	**40**	**740**
Financial liabilities at fair value				
Financial derivatives		(8)		(8)
Total financial liabilities 31.03	**0**	**(8)**	**0**	**(8)**
2018				
Financial assets at fair value				
Equities	51		1	52
Bonds	47			47
Financial derivatives		13		13
Financial assets at fair value	828		97	924
Total financial assets 31.03	**925**	**13**	**98**	**1 036**
Financial liabilities at fair value				
Financial derivatives		9		9
Total financial liabilities 31.03	**0**	**9**	**0**	**9**

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 by financial counterparties (banks) to value financial derivatives include:
- Quoted market prices or dealer quotes for similar derivatives
- The fair value of interest rate swaps is calculated as the net 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. Options are typically valued by applying the Black-Scholes model.
- 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 net present value
- The fair value of foreign exchange option contracts is determined using observable forward exchange rates, volatility, yield curves and time-to-maturity parameters at the balance sheet date, resulting in an option premium. Options are typically valued by applying the Black-Scholes model.

The carrying value less impairment provision of 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 derivatives.

The fair values, except for bond debt, are based on cash flows discounted using a rate based on market rates including margins and are within level 2 of the fair value hierarchy. The fair values of the bond debt are based on quoted prices and are also classified within level 2 of the fair value hierarchy due to limited trading in an active market.

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 at the end of March 2019 are liquid investment grade bonds (analogous for 2018).

The fair value of financial instruments that are not traded in an active market (over-the-counter contracts) are based on third party quotes (Mark-to-Market). These quotes use the maximum number of observable market rates for price discovery. The different 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 derivatives is in level 3. Primarily illiquid investment funds and structured notes are included in level 3.

Note 12 Leasing IFRS 16

The new IFRS 16 Leasing standard is effective from 1 January 2019. The standard will significantly change how the company accounts for its lease contracts for land, buildings and equipment currently accounted for as operating leases. Virtually all leases will be brought into the balance sheet increasing the groups assets and liabilities, in addition to affecting income statement figures. This note summarizes the impact on the financial reporting of the group from implementing the new standard. According to the company's existing loan agreements, the new standard will not result in breach of debt covenants.

The Lease Contracts
The company has a number of leases related to property and land that account for the significant part of the lease liability. The group also leases vechicle and equipment. A lease liability and right-of-use asset will be presented for these contracts which previously were reported as operating leases.

Recognition and Measurement Approach on Transition
Wilhelmsen group will apply IFRS 16 retrospectively with recognition of the cumulative implementation effect recognised at the date of initial application 1 January 2019. By doing this, comparative financial information shall not be restated, but the cumulative effect of initially applying this standard are reflected as an adjustment to the opening balance. At the time of transition, leases entered under IAS 17 will not be reassessed.

As of 1 January 2019, the lease liabilities are measured at the present value of remaining lease payments, discounted using the incremental borrowing rate at such date. The right-of-use assets are measured at an amount equal to the lease liability.

The standard has provided options on scope and exemptions and below the group's policy choices are described:
- The standard will not be applied to leases of intangible assets and these will continue to be recognized in accordance with IAS 38 Intangible assets.
- All leases deemed short-term by the standard are exempt from reporting.
- All leases deemed to be of low value by the standard are exempt from reporting.
- Non-lease components shall be separated from the lease component in all vessel leases. For other lease agreements, the group will apply a materiality threshold when evaluating separation.

Implementation effect

Impact on equity

The net effect on equity as at 1 January 2019 is presented below.

USD million

Lease liability at 1 January 2019	220
Right-of-use asset at 1 January 2019	222
Difference between lease liability and right-of-use asset at 1 January 2019	**2**
Effect from prepayments and currency translation	**2**

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Note 13 - Related party transactions

WWH delivers services to the Wallenius Wilhelmsen group. These include primarily 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 Maritime Services have several transactions with associates. The contracts governing such transactions are based on commercial market terms.

Note 14 - Contingencies

The size and global activities of the group dictate that companies in the group will be involved from time to time in disputes and legal actions.

The group is not aware of any financial risk associated with disputes and legal actions which are not largely covered through insurance arrangements.

Nevertheless, any such disputes/actions which might exist are of such a nature that they will not significantly affect the group's financial position.

Note 15 - Events occurring after the balance sheet date

No material events occured between the balance sheet date and the date when the accounts were presented providing new information about the conditions prevailing on the balance sheet date.

Notes 16 Alternative performance measures

This section describes non-GAAP financial alternative performance measures (APM) that may be used in the quarterly and annual reports and related presentations.

The following measures are not defined nor specified in the applicable financial reporting framework of IFRS. They may be considered as non-GAAP financial measures that may include or exclude amounts that are calculated and presented according to the IFRS. These APMs are intended to enhance comparability of the results, balance sheet and cash flows from period to period and it is the Company's experience that these are frequently used by investors, analysts and other parties. Internally, these APMs are used by the management to measure performance on a regular basis. The APMs should not be considered as a substitute for measures of performance in accordance with IFRS.

EBITDA is defined as Total income (Operating revenue and gain/(loss) on sale of assets) adjusted for Operating expenses. EBITDA is used as an additional measure of operational profitability, excluding the impact from financial items, taxes, depreciation and amortization.

EBITDA adjusted is defined as EBITDA excluding certain income and/or cost items which are not regarded as part of the underlying operational performance for the period. The Company do not report EBITDA adjusted on a regular basis, but may use it on a case by case basis to better explain operational performance.

EBITDA margin is defined as EBITDA as a per cent of of Total income.

EBITDA margin adjusted is defined as EBITDA adjusted as a per cent of Total income, with Total income also adjusted for the same income elements as those which have been adjusted for in EBITDA adjusted.

EBIT is defined as Total income (Operating revenue and gain/(loss) on sale of assets) less Operating expenses, Other gain/loss and depreciation and amortization. EBIT is used as a measure of operational profitability excluding the effects of how the operations were financed, taxed and excluding foreign exchange gains & losses.

EBIT adjusted, EBIT margin and **EBIT margin adjusted** will, if used, be prepared in the same manner as described under EBITDA.

Net interest-bearing debt (NIBD) is defined as total interest bearing debt (Non-current interest-bearing debt and Current interest-bearing debt) less Cash and cash equivalenets and Current financial investments.

Equity ratio is defined as Total equity as a percent of Total assets.

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