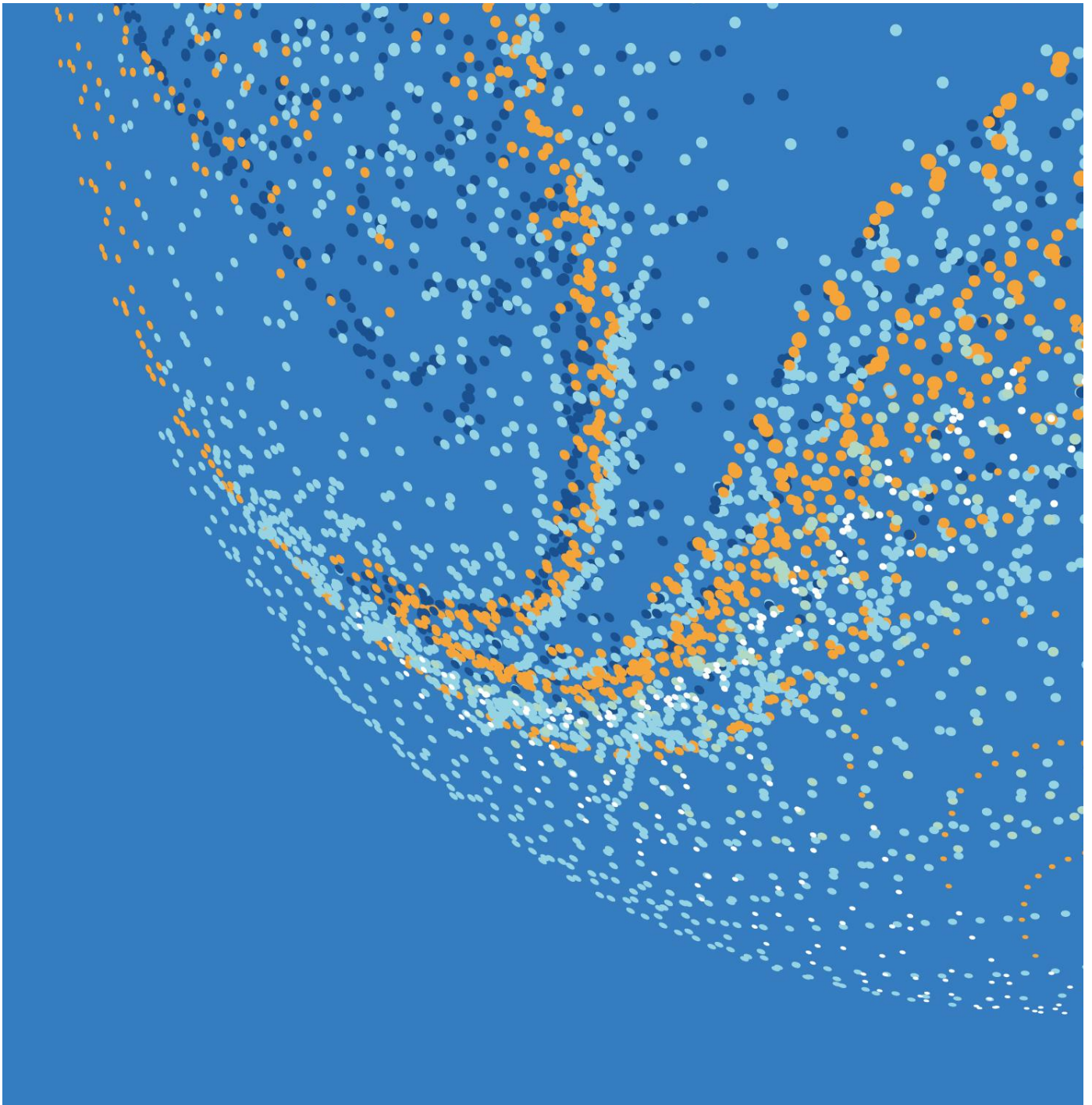


WILH. WILHELMSSEN HOLDING ASA

# Third quarter report 2018



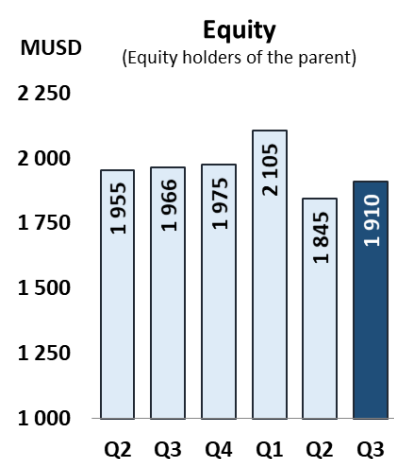
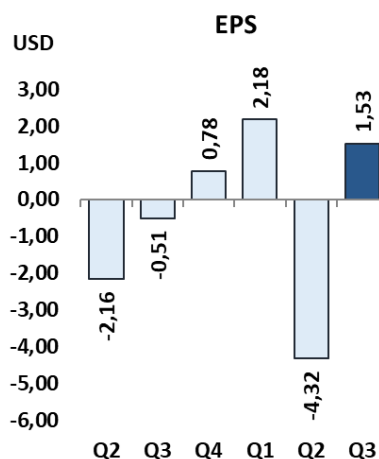
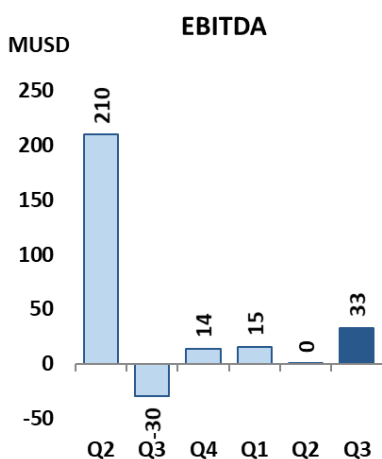
# Highlights for the quarter

- Improvement in EBITDA
  - Maritime services EBITDA margin at 13%, with all business activities contributing positively
  - Further increase in supply services EBITDA, reaching USD 18 million for the quarter supported by cost reduction and a general strong activity level
- Increased share of profit from associates
  - Wallenius Wilhelmsen ASA net profit up from the second quarter, with reduced financial cost offsetting a seasonal reduction in operating result
- Net gain from change in financial assets value
  - USD 60 million increase in Hyundai Glovis share value
  - USD 12 million increased in value of Qube Holdings and other financial assets
  - USD 10 million reduction in Survitec Group investment value
- USD 71 million net profit and USD 1.53 earnings per share for the quarter

# Post quarter events

- On 7 November, the Wilhelmsen board declared second dividend of NOK 2,00

# Key figures



# Financial performance

USD mill - unless otherwise indicated	Q3'18	Q2'18	Q-on-Q Change	Q3'17	Y-o-Y Change	01.01- 30.09.18	01.01- 30.09.17	Y-o-Y Change
<b>Total income</b>	<b>214</b>	<b>222</b>	<b>-4 %</b>	<b>104</b>	<b>105 %</b>	<b>647</b>	<b>589</b>	<b>10 %</b>
- of which operating revenue	213	219	-3 %	143	49 %	642	429	50 %
- of which gain/(loss) on sale of assets	1	3	-75 %	-39	neg.	5	160	-97 %
<b>EBITDA</b>	<b>33</b>	<b>0</b>	<b>&gt;500%</b>	<b>-30</b>	<b>neg.</b>	<b>49</b>	<b>184</b>	<b>-73 %</b>
<b>Operating profit/EBIT</b>	<b>24</b>	<b>-9</b>	<b>neg.</b>	<b>-34</b>	<b>neg.</b>	<b>20</b>	<b>172</b>	<b>-88 %</b>
Share of profits from associates	16	11	46 %	22	-29 %	33	18	81 %
Change in fair value financial assets	62	-241				-55		
Other financial income/(expenses)	-6	-30		-10	neg.	-24	21	
Tax income/(expenses)	-6	3		-2	neg.	-7	-12	
<b>Profit/(loss) from continued operations</b>	<b>90</b>	<b>-266</b>	<b>neg.</b>	<b>-23</b>	<b>neg.</b>	<b>-33</b>	<b>199</b>	<b>neg.</b>
<b>Discontinued operations</b>				<b>0</b>			<b>-239</b>	
<b>Profit/(loss) for the period</b>	<b>90</b>	<b>-266</b>	<b>neg.</b>	<b>-23</b>	<b>neg.</b>	<b>-33</b>	<b>-40</b>	<b>neg.</b>
<b>Profit/(loss) to owners of the parent</b>	<b>71</b>	<b>-201</b>	<b>neg.</b>	<b>-24</b>	<b>neg.</b>	<b>-28</b>	<b>-100</b>	<b>neg.</b>
<b>EPS (USD)</b>	<b>1,53</b>	<b>-4,32</b>	<b>neg.</b>	<b>-0,51</b>	<b>neg.</b>	<b>-0,61</b>	<b>-2,16</b>	<b>neg.</b>
Other comprehensive income	-2	-41		24	neg.	-12	98	
<b>Total comprehensive income</b>	<b>88</b>	<b>-307</b>	<b>neg.</b>	<b>1</b>	<b>&gt;500%</b>	<b>-45</b>	<b>59</b>	<b>neg.</b>
<b>Total comprehensive income owners of parent</b>	<b>68</b>	<b>-239</b>	<b>neg.</b>	<b>18</b>	<b>270 %</b>	<b>-41</b>	<b>3</b>	<b>neg.</b>
<b>Total assets</b>	<b>3 199</b>	<b>3 136</b>	<b>2 %</b>	<b>3 283</b>	<b>-3 %</b>	<b>3 199</b>	<b>3 283</b>	<b>-3 %</b>
<b>Equity parent</b>	<b>1 910</b>	<b>1 845</b>	<b>4 %</b>	<b>1 966</b>	<b>-3 %</b>	<b>1 910</b>	<b>1 966</b>	<b>-3 %</b>
<b>Total equity</b>	<b>2 112</b>	<b>2 027</b>	<b>4 %</b>	<b>2 181</b>	<b>-3 %</b>	<b>2 112</b>	<b>2 181</b>	<b>-3 %</b>
<b>Equity ratio</b>	<b>66 %</b>	<b>65 %</b>	<b>1 %</b>	<b>66 %</b>	<b>0 %</b>	<b>66 %</b>	<b>66 %</b>	<b>0 %</b>

## Result for the quarter

Total income for the Wilh. Wilhelmsen Holding ASA group (referred to as Wilhelmsen or group) was USD 214 million in the third quarter of 2018. This was a 4% reduction from the previous quarter, reflecting a modest reduction in income across all three business segments.

EBITDA was USD 33 million for the quarter, up from nil in the previous quarter which included cost related to the abandoned Drew acquisition. Underlying EBITDA excluding Drew related cost and sales gains was up 34% for the quarter. Both maritime services and supply services had a positive development in EBITDA.

Share of profit from associates was USD 16 million, reflecting improved net result in Wallenius Wilhelmsen.

Change in fair value of financial assets was positive with USD 62 million for the quarter. Value increased for both Hyundai Glovis and Qube Logistics, while value of investment in Survitec Group was down.

Other financial items were a net expense of USD 6 million for the quarter, with net financial expenses in maritime services and supply services partly offset by net financial income in holding and investments.

Other comprehensive income for the quarter was a loss of USD 2 million.

Total comprehensive income, including net profit and other comprehensive income, attributable to owners of the parent was USD 68 million in the third quarter.

## Balance sheet

Total assets were up 2% in the third quarter, mainly due to increased value of financial assets.

A net profit for the period increased equity attributable to owners of the parent with 4% in the third quarter. As of 30 September 2018, the group equity ratio was 66%.

## Cash, liquidity and debt

USD mill	Cash	Interest bearing debt
Maritime services	109	202
Supply services	16	345
Holding and investments	51	55
Elimination	0	-18
<b>Wilhelmsen group</b>	<b>175</b>	<b>583</b>

Cash and cash equivalents was USD 175 million by the end of the third quarter. This was unchanged from the previous quarter.

Interest bearing debt was USD 583 million by the end of the quarter. The USD 8 million reduction from the previous quarter followed reduced debt within supply services.

## Segment information

# Maritime services

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

USD mill - unless otherwise indicated	Q3'18	Q2'18	Q-on-Q Change	Q3'17	Y-o-Y Change	01.01- 30.09.18	01.01- 30.09.17	Y-o-Y Change
<b>Total income</b>	<b>142</b>	<b>148</b>	-4 %	<b>142</b>	0 %	<b>440</b>	<b>429</b>	3 %
- Ships service	131	138	-5 %	131	0 %	409	395	4 %
- Ship management	10	10	2 %	11	-8 %	30	34	-10 %
- Other/eliminations	0	0		0		1	1	
<b>EBITDA</b>	<b>19</b>	<b>-9</b>	<b>neg.</b>	<b>14</b>	<b>29 %</b>	<b>22</b>	<b>41</b>	<b>-46 %</b>
- EBITDA margin (%)	13 %	-6 %		10 %		5 %	9 %	
<b>Operating profit/EBIT</b>	<b>15</b>	<b>-13</b>	<b>neg.</b>	<b>11</b>	<b>39 %</b>	<b>10</b>	<b>29</b>	<b>-66 %</b>
- EBIT margin (%)	10 %	-9 %		7 %		2 %	7 %	
Share of profits from associates	1	1	26 %	1	23 %	3	3	16 %
Change in fair value financial assets	-10	-5				-12		
Other financial income/(expenses)	-7	-19		-1		-25	6	
Tax income/(expense)	-4	4		-3		-4	-9	
<b>Profit/(loss)</b>	<b>-5</b>	<b>-33</b>	<b>neg.</b>	<b>8</b>	<b>neg.</b>	<b>-27</b>	<b>29</b>	<b>neg.</b>
- Profit margin (%)	-4 %	-22 %		6 %		-6 %	7 %	
- Non controlling interest	0	1		0		1	0	
<b>Profit/(loss) to owners of the parent</b>	<b>-6</b>	<b>-34</b>	<b>neg.</b>	<b>8</b>	<b>neg.</b>	<b>-28</b>	<b>28</b>	<b>neg.</b>

### Result for the quarter

Total income from maritime services was USD 142 million in the third quarter. This was a 4% reduction from the previous quarter, and a flat development when compared with the corresponding period last year.

EBITDA was USD 19 million for the quarter. This was up 7% from the previous quarter and up 18% from the corresponding period last year when adjusting for non-recurring cost in previous periods related to the abandoned Drew acquisition.

Financial items were a net expense of USD 15 million, with change in fair value of Survitec Group being the main factor.

The quarter ended with a net loss after non-controlling interests of USD 6 million.

### 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 down 5% from the second quarter. The reduction was evenly spread across all divisions. When compared with the corresponding period last year, income was stable. Sale of marine products continued its upward trend year-over year, while income from ships agency services was down.

Operating profit was stable for the quarter.

### 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 up 2% from the second quarter. The increase followed new vessels on management, including at the new Southampton, UK, office which started operation in June 2018. When compared with the corresponding period last year, income was down 8%.

Operating profit experienced a rebound in the third quarter, mainly due to reduced contract ramp up cost.

### Other maritime services activities

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

The quarter included a USD 10 million loss from change in fair value of the Survitec investment. During the quarter, Survitec Group had a capital increase where Wilhelmsen contributed with USD 5 million. By the end of the quarter, the investment in Survitec Group was included with a net asset value of USD 75 million in the Wilhelmsen group accounts.

## Segment information

# Supply services

The supply services segment includes NorSea Group, WilNor Governmental Services and other supply services activities. (New segment from 26 September 2017, with activities previously reported under the holding and investments segment)

USD mill - unless otherwise indicated	Q3'18	Q2'18	Q-on-Q Change	Q3'17	Y-o-Y Change	01.01- 30.09.18	01.01- 30.09.17	Y-o-Y Change
<b>Total income</b>	<b>71</b>	<b>73</b>	<b>-3 %</b>			<b>204</b>		
- NorSea Group	70	70	1 %			196		
- Other/eliminations	1	3	-73 %			8		
<b>EBITDA</b>	<b>18</b>	<b>14</b>	<b>25 %</b>			<b>38</b>		
- EBITDA margin (%)	25 %	19 %				19 %		
<b>Operating profit/EBIT</b>	<b>12</b>	<b>9</b>	<b>42 %</b>			<b>21</b>		
- EBIT margin (%)	17 %	12 %				11 %		
Share of profit from associates	2	4	-39 %			8		
Other financial income/(expense)	-4	-4				-11		
Tax income/(expense)	-2	-1				-4		
<b>Profit/(loss)</b>	<b>9</b>	<b>8</b>	<b>13 %</b>			<b>14</b>		
- Profit margin (%)	13 %	11 %				7 %		
- Non controlling interest	2	3				4		
<b>Profit/(loss) to owners of the parent</b>	<b>7</b>	<b>5</b>	<b>24 %</b>			<b>10</b>		

### Result for the quarter

Total income from supply services was USD 71 million in the third quarter. This was 3% down from the previous quarter, mainly due to a reclassification of revenue within WilNor Governmental Services.

EBITDA came in at USD 18 million, up 25% from the second quarter. The improvement reflected strong contribution from NorSea group.

Share of profit from associates was USD 2 million. This was a reduction from the previous quarter which included a sales gain. Other financial items were stable, with a net expense of USD 4 million.

Net profit after minority interests was USD 7 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 (40% ownership until 26 September and ~74,2% as per 31 December 2017). NorSea Group is fully consolidated in the Wilhelmsen's accounts from end of the third quarter 2017.

Total income for NorSea Group was USD 70 million in the third quarter, up 1% from the second quarter. When

excluding second quarter sales gain, income was up 4%. Income was lifted by strong supply base service activities, start-up of a new offshore wind contract and higher marine operation activities.

During the quarter, NorSea Group also provided services for the NATO exercise, Trident Juncture.

Income from infrastructure and facilities was at a stable level, but down from the second quarter which included a sales gain.

Operating profit increased, benefitting from the high activity level. Share of profit from associates was down from the second quarter, which included a sales gain.

### Other supply services activities

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

In connection with the NATO exercise, Trident Juncture 2018, WilNor Governmental Services purchased goods and services on behalf of the Norwegian defence authorities equal to USD 51 million in the third quarter. This has been accounted for on a net basis in the income statement.



## 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	Q3'18	Q2'18	Q-on-Q Change	Q3'17	Y-o-Y Change	01.01- 30.09.18	01.01- 30.09.17	Y-o-Y Change
<b>Total income</b>	<b>3</b>	<b>3</b>	<b>-5 %</b>	<b>-35</b>	<b>neg.</b>	<b>8</b>	<b>171</b>	<b>-95 %</b>
- Operating revenue	3	3	-6 %	5	-51 %	8	16	-47 %
- Gain on sale of assets	0	0		-40		0	155	
<b>EBITDA</b>	<b>-3</b>	<b>-4</b>		<b>-44</b>		<b>-11</b>	<b>143</b>	
<b>Operating profit/EBIT</b>	<b>-3</b>	<b>-4</b>		<b>-44</b>		<b>-11</b>	<b>143</b>	
<b>Share of profit from associates</b>	<b>12</b>	<b>6</b>	<b>106 %</b>	<b>21</b>	<b>-43 %</b>	<b>22</b>	<b>15</b>	<b>43 %</b>
- Wallenius Wilhelmsen ASA	12	6	110 %	19	-35 %	22	10	124 %
- Other/eliminations	0	0		2		0	5	
<b>Change in fair value financial assets</b>	<b>72</b>	<b>-236</b>				<b>-43</b>		
- Hyundai Glovis	60	-250				-47		
- Qube Holdings/other financial assets	12	15				4		
<b>Other financial income/(expenses)</b>	<b>4</b>	<b>-7</b>	<b>neg.</b>	<b>-9</b>	<b>neg.</b>	<b>12</b>	<b>15</b>	<b>-25 %</b>
- Investment management (Holding)	1	-2		3		-2	4	
- Hyundai Glovis	0	0		0		12	0	
- Qube Holdings/other financial assets	2	0		1		4	11	
- Other financial income/(expense)	1	-5		-14		-2	0	
<b>Tax income/(expense)</b>	<b>1</b>	<b>0</b>		<b>1</b>		<b>1</b>	<b>-3</b>	
<b>Profit/(loss) for the period</b>	<b>86</b>	<b>-241</b>		<b>-32</b>		<b>-20</b>	<b>170</b>	
- Non controlling interest	16	-68		0		-10	53	
<b>Profit/(loss) to owners of the parent</b>	<b>70</b>	<b>-172</b>		<b>-32</b>		<b>-10</b>	<b>118</b>	

## Result for the quarter

The holding and investments segment reported a net profit of USD 70 million in the third quarter. The positive result followed an increase in share of profit in Wallenius Wilhelmsen ASA and a fair value gain from the investments in both Hyundai Glovis and Qube Holdings.

## 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 the Oslo Stock Exchange. Wilhelmsen owns ~37,8% of the company, which is reported as associate in Wilhelmsen's accounts.

Total income for Wallenius Wilhelmsen ASA was USD 1 031 million in the third quarter, 1% down from the previous quarter but up 8% when compared with the corresponding period last year. Ocean income continued to be supported by positive underlying volume development and increased fuel compensation. Seasonality contributed negatively when compared with the previous quarter, while contracted reductions in Hyundai Motor Group volumes negatively impacted development when compared with last year. The high and heavy share continued to increase, and was close to 30% in the third quarter. For land-based operations, income was significantly up from last year, following Keen Transport and Syngin acquisitions and full operations at the Melbourne terminal.

Reported EBITDA was USD 152 million in the third quarter, down 3% from the second quarter and down 19% when compared with the corresponding period last year. Increased bunker cost, reduced Hyundai Motor Group volumes and lower rates continued to outweigh positive

volume and cargo mix development and realised synergies when compared with the previous year. Of the about USD 30 million net increase in bunker cost compared with the third quarter last year, about half was non recurring lag effect from rising bunker prices.

Net financial items were an expense of USD 34 million for the quarter.

Wilhelmsen's share of profit in Wallenius Wilhelmsen ASA was USD 12 million in the third quarter.

## Treasure ASA

Treasure ASA holds a 12.04% ownership interest in Hyundai Glovis, and is listed on the Oslo Stock Exchange. Wilhelmsen owns ~72.7% of Treasure ASA. Hyundai Glovis is from 4 April 2017 reported as financial assets in the Wilhelmsen's accounts.

Change in fair market value of the shareholding in Hyundai Glovis was positive with USD 60 million for the quarter. The market value at the end of the third quarter was USD 528 million.

## 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 market value of the shareholdings in Qube Holdings and other financial assets was a gain of USD 12 million for the quarter. The market value at the end of the third quarter was USD 110 million. During the quarter, Wilhelmsen had a dividend income of USD 2 million on the financial assets.

The current financial investment portfolio held by Wilhelmsen was USD 94 million by the end of the third quarter. The portfolio primarily included listed equities and investment-grade bonds. Net income from investment management was a gain of USD 1 million in the third quarter.

### **Other holding and investments activities**

*Holding/other activities includes general holding activities.*

Underlying income and EBITDA was at normal levels for the quarter.

## Outlook

### **Maritime services**

Focus on improving the operating margin, strengthening profitability and growing the business will remain. Following termination of the planned Drew acquisition, development will short term primarily be driven by organic growth and innovations.

### **Supply services**

Increased activity level and positive effect from the restructuring process within NorSea Group lifted the supply services segment operating profit in the second and third quarter. The positive effects are expected to continue, but with a gradual reduction in activity level into the winter season.

### **Holding and investments**

Wallenius Wilhelmsen maintains a balanced view on the prospects for the company. However, there is increased uncertainty around the auto outlook in light of weaker auto sales in certain markets towards the end of the third quarter. Wallenius Wilhelmsen has initiated a new performance improvement program targeting USD 100 million in bottom line improvements to be realized over the next two years.

Since the beginning of the year, the market value of the group's investments has fallen.

### **Wilhelmsen group**

Despite a more positive development of underlying operating performance the past two quarters, the board expects a somewhat softer fourth quarter. A more negative sentiment towards global trade, and potential introduction of further tariffs and restrictions, continue to create uncertainties.

Lysaker, 7 November 2018  
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 future outlook will be achieved or accomplished.*

## Income statement - financial report

USD mill	Note	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Operating revenue		213	143	642	429	632
<b>Other income</b>						
Gain/(loss) on sale of assets	2	1	(39)	5	160	161
<b>Total income</b>		<b>214</b>	<b>104</b>	<b>647</b>	<b>589</b>	<b>793</b>
<b>Operating expenses</b>						
Cost of goods and change in inventory		(62)	(45)	(193)	(132)	(194)
Employee benefits		(79)	(58)	(243)	(175)	(252)
Other expenses		(40)	(30)	(162)	(98)	(150)
<b>Operating profit before depreciation and amortisation</b>		<b>33</b>	<b>(30)</b>	<b>49</b>	<b>184</b>	<b>198</b>
Depreciation and impairments	5	(9)	(4)	(29)	(12)	(22)
<b>Operating profit</b>		<b>24</b>	<b>(34)</b>	<b>20</b>	<b>172</b>	<b>176</b>
Share of profits from joint ventures and associates	6	16	22	33	18	55
Change in fair value financial assets	11	62		(55)		
Other financial income/(expenses)	9	(6)	(10)	(24)	21	22
<b>Profit before tax</b>		<b>96</b>	<b>(22)</b>	<b>(27)</b>	<b>211</b>	<b>253</b>
Tax income/(expense)		(6)	(2)	(7)	(12)	(16)
<b>Profit from continued operations</b>		<b>90</b>	<b>(23)</b>	<b>(33)</b>	<b>199</b>	<b>236</b>
<b>Discontinued operations</b>						
Net profit/(loss) from discontinued operations (net after tax)	8				(239)	(239)
<b>Profit for the period</b>		<b>90</b>	<b>(23)</b>	<b>(33)</b>	<b>(40)</b>	<b>(2)</b>
Attributable to: non-controlling interests continued operations		19		(5)	53	55
non-controlling interests discontinued operations					7	7
owners of the parent		71	(24)	(28)	(100)	(64)
Basic earnings per share (USD)	10	1,53	(0,51)	(0,61)	(2,16)	(1,38)

## Comprehensive income - financial report

USD mill		Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
<b>Profit for the period</b>		<b>90</b>	<b>(23)</b>	<b>(33)</b>	<b>(40)</b>	<b>(2)</b>
<b>Items that may be reclassified to income statement</b>						
Cash flow hedges (net after tax)		1		3		
Revaluation mark to market value available for sale financial assets			(43)		11	3
Comprehensive income from associates					(2)	(1)
Currency translation differences		(3)	67	(15)	90	47
Currency translation differences recycled to income statement as part of loss of sale of assets						28
Comprehensive income discontinued operations					(1)	(1)
<b>Items that will not be reclassified to income statement</b>						
Currency translation differences investments						
<b>Other comprehensive income, net of tax</b>		<b>(2)</b>	<b>24</b>	<b>(12)</b>	<b>98</b>	<b>77</b>
<b>Total comprehensive income for the period</b>		<b>88</b>	<b>1</b>	<b>(45)</b>	<b>59</b>	<b>75</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the parent continued operations		68	18	(41)	235	251
Owners of the parent discontinued operations					(239)	(239)
Non-controlling interests		19	(17)	(4)	63	64
<b>Total comprehensive income for the period</b>		<b>88</b>	<b>1</b>	<b>(45)</b>	<b>59</b>	<b>75</b>

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



## Balance sheet - financial report

USD mill	Note	30.09.2018	30.09.2017	31.12.2017
Deferred tax asset	7	23	16	18
Goodwill and other intangible assets	5	170	176	171
Vessels, property and other tangible assets	5	576	602	590
Investments in joint ventures and associates	6	1 028	989	1 019
Financial assets to fair value	11	714	805	801
Other non current assets		23	38	37
<b>Total non current assets</b>		<b>2 533</b>	<b>2 626</b>	<b>2 637</b>
Inventory		76	80	81
Current financial investments		94	99	101
Other current assets		320	293	302
Cash and cash equivalents		175	184	167
<b>Total current assets</b>		<b>666</b>	<b>657</b>	<b>651</b>
<b>Total assets</b>		<b>3 199</b>	<b>3 283</b>	<b>3 288</b>
Paid-in capital	10	122	122	122
Retained earnings	10/12	1 788	1 844	1 853
<b>Attributable to equity holders of the parent</b>		<b>1 910</b>	<b>1 966</b>	<b>1 975</b>
Non-controlling interests		201	215	212
<b>Total equity</b>		<b>2 112</b>	<b>2 181</b>	<b>2 188</b>
Pension liabilities		23	29	23
Deferred tax	7	9	10	6
Non-current interest-bearing debt	13	478	566	493
Other non-current liabilities		111	98	112
<b>Total non current liabilities</b>		<b>622</b>	<b>702</b>	<b>634</b>
Current income tax		3	5	11
Public duties payable		9	7	7
Current interest-bearing debt	13	105	66	108
Other current liabilities		349	323	341
<b>Total current liabilities</b>		<b>466</b>	<b>400</b>	<b>466</b>
<b>Total equity and liabilities</b>		<b>3 199</b>	<b>3 283</b>	<b>3 288</b>

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

## Cash flow statement - financial report

USD mill		Q3	Q3	YTD	YTD	Full year
	Note	2018	2017	2018	2017*	2017*
<b>Cash flow from operating activities</b>						
Profit before tax		96	(22)	(27)	(28)	14
Share of profit from joint ventures and associates		(16)	(22)	(33)	(32)	(69)
Change in fair value financial assets	11	(62)	13	55	(8)	
Other financial (income)/expenses		6	(2)	24	(15)	(6)
Depreciation/impairment	5	9	4	29	32	42
Loss/ (gain) on sale of fixed assets	5		(2)	(4)	(11)	(11)
(Gain)/loss from sale of subsidiaries, joint ventures and associates	8		26		(26)	121
Change in net pension asset/liability				(0)	1	(5)
Change in inventory		1	(2)	5	(14)	(18)
Change in other working capital		(2)	(1)	(29)	13	22
Tax paid (company income tax, withholding tax)		(1)	(4)	(4)	(11)	(11)
<b>Net cash provided by operating activities</b>		<b>32</b>	<b>(12)</b>	<b>17</b>	<b>(99)</b>	<b>79</b>
<b>Cash flow from investing activities</b>						
Dividend received from joint ventures and associates		2	2	19	17	18
Proceeds from sale of fixed assets	5			14	63	63
Investments in fixed assets	5	(12)	(12)	(30)	(24)	(29)
Net proceeds from sale of subsidiaries				7	14	14
Cash discontinued operations						(121)
Investments in subsidiaries, joint ventures and associates			(67)	(1)	(88)	(89)
Loan repayments received from joint ventures and associates				17		
Proceeds from sale of financial investments		4	3	66	104	111
Current financial investments		(11)	(6)	(32)	(50)	(58)
Interest received			1	4	2	5
<b>Net cash flow from investing activities</b>		<b>(17)</b>	<b>(70)</b>	<b>63</b>	<b>38</b>	<b>(87)</b>
<b>Cash flow from financing activities</b>						
Proceeds from issue of debt		63	244	135	274	230
Repayment of debt		(71)		(158)	(286)	(271)
Interest paid including interest derivatives		(7)	(3)	(22)	(36)	(37)
Cash from financial derivatives			7		14	
Dividend to shareholders/purchase of own shares			5	(26)	(17)	(36)
<b>Net cash flow from financing activities</b>		<b>(16)</b>	<b>31</b>	<b>(70)</b>	<b>(51)</b>	<b>(114)</b>
<b>Net increase in cash and cash equivalents <sup>1</sup></b>		<b>0</b>	<b>(51)</b>	<b>10</b>	<b>(112)</b>	<b>(121)</b>
Cash and cash equivalents at the beg. of the period <sup>1</sup>		175	235	166	296	296
<b>Cash and cash equivalents at the end of the period <sup>1</sup></b>		<b>175</b>	<b>184</b>	<b>175</b>	<b>184</b>	<b>175</b>

\* 2017 including discontinued operations

**The net cash flow from discontinued operations are:**

Net cash provided by operating activities from discontinued operations	8				7	7
Net cash provided by investing activities from discontinued operations					107	107
Net cash provided by financing activities from discontinued operations					(74)	(74)
<b>Cash and cash equivalents related to discontinued operations (at the end of the period) at 31.03.2017</b>					<b>121</b>	<b>121</b>

<sup>1</sup> Excluding restricted cash.

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
<b>Balance at 31.12.2017</b>	<b>122</b>	<b>1 853</b>	<b>1 975</b>	<b>212</b>	<b>2 188</b>
Profit for the period		(28)	(28)	(5)	(33)
Other comprehensive income		(13)	(13)	1	(12)
Change in non-controlling interests				(2)	(2)
Put option in associate		(4)	(4)		(4)
Paid dividends to shareholders		(20)	(20)	(5)	(25)
<b>Balance 30.09.2018</b>	<b>122</b>	<b>1 788</b>	<b>1 910</b>	<b>201</b>	<b>2 112</b>

<b>Balance at 31.12.2016</b>	<b>122</b>	<b>1 868</b>	<b>1 990</b>	<b>502</b>	<b>2 492</b>
Profit for the period included discontinued operations		(100)	(100)	61	(40)
Other comprehensive income		95	95	3	98
Incoming non-controlling interests				57	57
Outgoing non-controlling interests				(398)	(398)
Paid dividends to shareholders		(20)	(20)	(8)	(28)
<b>Balance 30.09.2017</b>	<b>122</b>	<b>1 844</b>	<b>1 966</b>	<b>215</b>	<b>2 181</b>

### Statement of changes in equity - [Full year 2017](#)

USD mill	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance at 31.12.2016</b>	<b>122</b>	<b>1 868</b>	<b>1 990</b>	<b>502</b>	<b>2 492</b>
Profit for the period		(64)	(64)	62	(2)
Other comprehensive income		77	77	(1)	77
Incoming non-controlling interests				53	53
Change in non-controlling interests				3	4
Outgoing non-controlling interests				(398)	(398)
Paid dividends to shareholders		(28)	(28)	(8)	(36)
<b>Balance 31.12.2017</b>	<b>122</b>	<b>1 853</b>	<b>1 975</b>	<b>212</b>	<b>2 188</b>

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 2017 for Wilh. Wilhelmsen Holding ASA group (WWI), which has been prepared in accordance with IFRS's endorsed by the EU.

#### Basic policies

The accounting policies implemented are consistent with those of the annual financial statements for WWI for the year end 31 December 2017.

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments impairment of assets and hedge accounting. The adoption of IFRS 9 Financial instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements.

The group has only one type of financial asset that is subject to IFRS 9's new expected credit loss model:

- Trade receivables for sale of services

The group was required to revise its impairment methodology under IFRS 9 for the class of asset. The impact of the change in impairment on the group's level is immaterial and no adjustments have been done at the retained earnings.

Classification investments and other financial assets.

1 January 2018, the group classify its financial assets in the following measurement category:

- Financial assets at fair value through income statement.

Changes in the fair value of financial assets at fair value through income statement are recognized at income statement as "Changes in fair value financial assets", see note 11.

The group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in no material changes.

#### 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

#### 2018

No material disposal or acquisition.

#### 2017

##### Fourth quarter

No material disposal or acquisition has been made, except increased the ownership in NorSea Group with 2.11% through acquisition of shares from NorSea Group's management.

##### Third quarter

Per 26.09.2017 the group increased its ownership in NorSea to 72% from previously held 40%. Total consideration for the additional 32% investment in NorSea Group is NOK 545 million (USD 70 million). The investment was financed through existing liquidity and funding reserves.

The remeasurement loss upon consolidation of the former NorSea Group was USD 40 mill.

NorSea Group and WilNor Governmental Service will be presented in a new segment "Supply Services" from 30.09.2017.

##### Second quarter

The merger between Wall Roll AB (part of Wallenius Rederiarna AB) and Wilh. Wilhelmsen ASA was completed in beginning of April. After the completion the group own 37.8% of Wallenius Wilhelmsen ASA. The investment is treated as an

associate company (equity method). The merger effect was an accounting loss of USD 264 mill and presented as discontinued operations. The initial investment cost was stock price 4 April 2017 NOK 42.50 per share.

In addition the group acquired Kemetyl Konsument Norge AS at 1 April 2017. The investment cost was approximately USD 20 mill.

The presentation of the investment in Hyundai Glovis Ltd was changed from an associate to financial assets to fair value. The change in accounting principle give an accounting gain of USD 195 mill. The accounting principle of the investment is in line with Treasure ASA presentation.

##### First quarter

No material disposal or acquisition.

The presentation of segment WWASA is reclassified to discontinued operations.

## Notes - financial report

### Note 3 - Segment reporting: Income statement per operating segments

USD mill	Maritime Services		Supply Services		Holding & Investments		Eliminations /discontinued operations		WWH group total	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017
<b>Quarter</b>										
Operating revenue	141	141	71		3	5	(2)	(3)	213	143
Gain on sale of assets	1	1				(40)			1	(39)
<b>Total income</b>	<b>142</b>	<b>142</b>	<b>71</b>		<b>3</b>	<b>(35)</b>	<b>(2)</b>	<b>(3)</b>	<b>214</b>	<b>104</b>
<b>Operating expenses</b>										
Cost of goods and change in inventory	(46)	(45)	(16)						(62)	(45)
Employee benefits	(53)	(53)	(23)		(3)	(5)			(79)	(58)
Other expenses	(24)	(29)	(15)		(3)	(4)	1	3	(40)	(30)
<b>Operating profit before depreciation and amortisation</b>	<b>19</b>	<b>14</b>	<b>18</b>		<b>(3)</b>	<b>(44)</b>		<b>0</b>	<b>33</b>	<b>(30)</b>
Depreciation and impairments	(4)	(4)	(5)		(0)				(9)	(4)
<b>Operating profit</b>	<b>15</b>	<b>11</b>	<b>12</b>		<b>(3)</b>	<b>(44)</b>		<b>0</b>	<b>24</b>	<b>(34)</b>
Share of profit from associates	1	1	2		12	21			16	22
Changes in fair value financial assets	(10)				72				62	
Other financial income/(expenses)	(7)	(1)	(4)		4	(9)			(6)	(10)
<b>Profit/(loss) before tax</b>	<b>(1)</b>	<b>11</b>	<b>11</b>		<b>85</b>	<b>(32)</b>		<b>0</b>	<b>96</b>	<b>(22)</b>
Tax income/(expense)	(4)	(3)	(2)		1	1			(6)	(2)
<b>Profit/(loss)</b>	<b>(5)</b>	<b>8</b>	<b>9</b>		<b>86</b>	<b>(32)</b>		<b>0</b>	<b>90</b>	<b>(23)</b>
Result of discontinued operations										
Non-controlling interests			2		16				19	
<b>Profit/(loss) to the owners of parent</b>	<b>(6)</b>	<b>8</b>	<b>7</b>		<b>70</b>	<b>(32)</b>		<b>0</b>	<b>71</b>	<b>(23)</b>

USD mill	Maritime Services			Supply Services			Holding & Investments			Eliminations /discontinued operations			WWH group total		
	YTD 2018	YTD 2017	Full year 2017	YTD 2018	YTD 2017	Full year 2017	YTD 2018	YTD 2017	Full year 2017	YTD 2018	YTD 2017	Full year 2017	YTD 2018	YTD 2017	Full year 2017
<b>YTD</b>															
Operating revenue	437	425	574	202		57	8	16	16	(5)	(12)	(14)	642	429	632
Gain on sale of assets	3	5	6	2				155	155				5	160	161
<b>Total income</b>	<b>440</b>	<b>429</b>	<b>580</b>	<b>204</b>		<b>57</b>	<b>8</b>	<b>171</b>	<b>171</b>	<b>(5)</b>	<b>(12)</b>	<b>(14)</b>	<b>647</b>	<b>589</b>	<b>793</b>
<b>Operating expenses</b>															
Cost of goods and change in inventory	(149)	(132)	(182)	(43)		(10)	(1)	(1)	(1)				(193)	(132)	(194)
Employee benefits	(163)	(160)	(214)	(70)		(20)	(10)	(15)	(19)				(243)	(175)	(252)
Other expenses	(106)	(97)	(133)	(53)		(18)	(9)	(12)	(13)	5	11	14	(162)	(98)	(150)
<b>Operating profit before depreciation and amortisation</b>	<b>22</b>	<b>41</b>	<b>51</b>	<b>38</b>		<b>9</b>	<b>(11)</b>	<b>143</b>	<b>138</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>49</b>	<b>184</b>	<b>198</b>
Depreciation and impairments	(12)	(11)	(15)	(17)		(6)							(29)	(12)	(22)
<b>Operating profit</b>	<b>10</b>	<b>29</b>	<b>36</b>	<b>21</b>		<b>2</b>	<b>(11)</b>	<b>143</b>	<b>138</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>20</b>	<b>172</b>	<b>176</b>
Share of profit from associates	3	3	4	8		1	22	15	49				33	18	55
Change in fair value financial assets	(12)						(43)						(55)		
Other finance income /(expenses)	(25)	6	6	(11)		(1)	12	15	16				(24)	21	22
<b>Profit/(loss) before tax</b>	<b>(24)</b>	<b>38</b>	<b>46</b>	<b>18</b>		<b>3</b>	<b>(21)</b>	<b>173</b>	<b>204</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>(27)</b>	<b>211</b>	<b>253</b>
Tax income/(expense)	(4)	(9)	(15)	(4)		1	1	(3)	(2)				(7)	(12)	(16)
<b>Profit/(loss)</b>	<b>(27)</b>	<b>29</b>	<b>30</b>	<b>14</b>		<b>4</b>	<b>(20)</b>	<b>170</b>	<b>202</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>(33)</b>	<b>199</b>	<b>236</b>
Result of discontinued operations											(239)	(239)		(239)	(239)
Non-controlling interests	1	1	1	4		1	(10)	53	52		7	7	(5)	60	62
<b>Profit/(loss) to the owners of parent</b>	<b>(28)</b>	<b>28</b>	<b>29</b>	<b>10</b>		<b>3</b>	<b>(10)</b>	<b>118</b>	<b>150</b>	<b>(0)</b>	<b>(246)</b>	<b>(246)</b>	<b>(28)</b>	<b>(101)</b>	<b>(64)</b>



## Notes - financial report

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

USD mill	Maritime Services		Supply Services		Holding & Investments		Eliminations		Total	
	30.09 2018	30.09 2017	30.09 2018	30.09 2017	30.09 2018	30.09 2017	30.09 2018	30.09 2017	30.09 2018	30.09 2017
<b>Year to date</b>										
<b>Assets</b>										
Deferred tax asset	17	14	0	2	6	1			23	16
Intangible assets	159	167	10	8		1			170	176
Tangible assets	182	183	392	417	2	2			576	602
Investments in joint ventures and associates	12	13	168	180	848	796			1 028	989
Financial assets to fair value	75	85			639	720			714	805
Other non current assets	13	29	6	5	25	22	(21)	(19)	23	38
Current financial investments					94	99			94	99
Other current assets	311	301	101	67	7	39	(23)	(34)	396	374
Cash and cash equivalents	109	145	16	5	51	34			175	184
<b>Total assets</b>	<b>879</b>	<b>936</b>	<b>693</b>	<b>685</b>	<b>1 672</b>	<b>1 714</b>	<b>(44)</b>	<b>(52)</b>	<b>3 199</b>	<b>3 283</b>
<b>Equity and liabilities</b>										
Equity majority	294	337	163	152	1 452	1 476			1 909	1 966
Equity non controlling interest			57	56	145	160			202	215
Deferred tax	9	10							9	10
Interest-bearing debt	202	196	345	381	55	55	(18)		583	632
Other non current liabilities	110	114	18	23	10	8	(3)	(19)	135	127
Other current liabilities	264	281	110	74	9	14	(23)	(34)	360	334
<b>Total equity and liabilities</b>	<b>879</b>	<b>936</b>	<b>693</b>	<b>685</b>	<b>1 672</b>	<b>1 714</b>	<b>(44)</b>	<b>(52)</b>	<b>3 199</b>	<b>3 283</b>

## Notes - financial report

### Cont note 3 - Segment reporting: Cash flow per segment

USD mill Quarter	Maritime Services		Supply Services		Holding & Investments	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017	Q3 2018	Q3 2017
Profit before tax	(1)	11	11		85	(32)
Change in fair value financial assets	10	(1)			(64)	
Share of profit from joint ventures and associates	(1)		(2)		(12)	(21)
Other financial (income)/expenses	4	1	4		(13)	9
Depreciation/impairment	4	4	5			
Change in working capital	(14)	(5)	5		2	9
Net (gain)/loss from sale of subsidiaries and fixed assets	2					40
<b>Net cash provided by operating activities</b>	<b>3</b>	<b>9</b>	<b>22</b>		<b>(1)</b>	<b>4</b>
Dividend received from joint ventures and associates	1		1			2
Net sale/(investments) in fixed assets		(3)	(8)			
Net sale/(investments) in entities and segments						(67)
Current financial investments	(5)				(2)	(3)
Net changes in other investments		(1)				
<b>Net cash flow from investing activities</b>	<b>(4)</b>	<b>(4)</b>	<b>(7)</b>		<b>(2)</b>	<b>(68)</b>
Net change of debt		(5)	(9)			19
Net change in other financial items	(3)					
Net dividend from other segments/ to shareholders		(2)				(5)
<b>Net cash flow from financing activities</b>	<b>(3)</b>	<b>(7)</b>	<b>(9)</b>		<b>(0)</b>	<b>14</b>
<b>Net increase in cash and cash equivalents</b>	<b>(4)</b>	<b>(1)</b>	<b>6</b>		<b>(3)</b>	<b>(50)</b>
Cash and cash equivalents at the beg. of the period	112	146	9		54	88
<b>Cash and cash equivalents at the end of period</b>	<b>109</b>	<b>145</b>	<b>16</b>		<b>51</b>	<b>38</b>

### Note 4 - Business combinations

Total ownership in NorSea Group end September 2018 is 75.15 %. In Q3 2017 the group increased the ownership from 40% to 72%, changing the presentation of NorSea from investment in associate to investment in subsidiary.

Reported net profit from NorSea Group as an associate up to consolidation 26 September 2017 are:

	2017	Q1	Q2	Q3	YTD
Net profit from NorSea Group as an associate a part of segment Holding & Investments	USD mill	2	1	1	5
Loss upon consolidation of the former NorSea Group				(40)	(40)

## Notes - financial report

### Note 5 - Tangible and intangible assets

USD mill	Vessels	Property	Other tangible assets	Intangible assets	Total tangible and intangible assets
<b>2018</b>					
Cost 1.1	36	575	269	243	1 123
Acquisition		17	12	3	31
Reclass/disposal		(17)	(31)	(10)	(58)
Currency translation differences		(3)	(4)		(7)
<b>Cost 30.09</b>	<b>36</b>	<b>571</b>	<b>245</b>	<b>237</b>	<b>1 089</b>
Accumulated depreciation and impairment losses 1.1	(17)	(159)	(114)	(71)	(362)
Depreciation/amortisation	(1)	(14)	(8)	(5)	(29)
Business combination		6	28		34
Reclass/disposal				10	10
Currency translation differences		2	2		3
<b>Accumulated depreciation and impairment losses 30.09</b>	<b>(18)</b>	<b>(165)</b>	<b>(93)</b>	<b>(67)</b>	<b>(343)</b>
<b>Carrying amounts 30.09</b>	<b>18</b>	<b>406</b>	<b>152</b>	<b>170</b>	<b>746</b>
<b>2017</b>					
Cost 1.1	2 457	90	189	208	2 944
Acquisition	18		554	31	603
Reclass/disposal	(2 458)		(4)	(7)	(2 469)
Currency translation differences			14	15	29
<b>Cost 30.09</b>	<b>17</b>	<b>90</b>	<b>753</b>	<b>247</b>	<b>1 106</b>
Accumulated depreciation and impairment losses 1.1	(579)		(110)	(63)	(752)
Depreciation/amortisation	(20)		(7)	(4)	(32)
Reclass/disposal	599		(134)		467
Currency translation differences			(6)	(4)	(10)
<b>Accumulated depreciation and impairment losses 30.09</b>	<b>0</b>		<b>(257)</b>	<b>(71)</b>	<b>(328)</b>
<b>Carrying amounts 30.09</b>	<b>17</b>	<b>90</b>	<b>496</b>	<b>176</b>	<b>778</b>
<b>2017 Full year</b>					
Cost 1.1	2 457	90	189	208	2 944
Acquisition		4	21	3	29
Business combination	38	479	57	30	604
Reclass/disposal	(2 458)	13	(10)	(8)	(2 462)
Currency translation differences	(1)	(11)	12	10	9
<b>Cost 31.12</b>	<b>36</b>	<b>575</b>	<b>269</b>	<b>243</b>	<b>1 123</b>
Accumulated depreciation and impairment losses 1.1	(579)	(38)	(72)	(63)	(752)
Depreciation/amortisation		(6)	(9)	(6)	(22)
Depreciation discontinued operations	(20)				(20)
Business combination	(17)	(100)	(37)	(1)	(156)
Reclass/disposal	599	(15)	6	1	592
Currency translation differences	1	1	(3)	(2)	(4)
<b>Accumulated depreciation and impairment losses 31.12</b>	<b>(17)</b>	<b>(159)</b>	<b>(114)</b>	<b>(71)</b>	<b>(362)</b>
<b>Carrying amounts 31.12</b>	<b>19</b>	<b>416</b>	<b>155</b>	<b>171</b>	<b>761</b>

## Notes - financial report

### Note 6 - Investment in associates

The restructuring of the group has changed the presentation of investment in associates. The net profit from associates has been moved from operating activities to be a part of investing and financial activities in the group.

As a consequence of the merger between Wilh. Wilhelmsen ASA and Wall Roll AB, the investment in Wallenius Wilhelmsen ASA (previously named Wallenius Wilhelmsen Logistics ASA) is classified as associate.

In addition the investment in Hyundai Glovis has been changed from associate to a financial assets at fair value at the same time as the merger between Wilh. Wilhelmsen ASA and Wall Roll AB.

Per 26.09.2017 the group increased the ownership in NorSea Group to 72% changing the presentation of NorSea from investment in associate to investment in subsidiary. Per Q3 2018 the ownership has increased to 75.15% through acquisition of shares from NorSea Group's management.

Material joint ventures and associates at the end September 2018 are:

#### USD mill

	Ownership	30.09.2018 Booked value
<b>Holding and Investments segment:</b>		
Wallenius Wilhelmsen ASA	37.8%	848
<b>Maritime service segment:</b>		
Associates	20 - 50%	12
<b>Supply services segment:</b>		
<i>Joint venture</i>		
Cost Center Base	50 %	105
Vikan Næringspark Invest AS	50 %	17
Other	50 %	1
<i>Associates</i>		
Risavika Havn AS	42.8%	30
Risavika Eiendom AS	42 %	9
Hammerfest Næringsinvest AS	32 %	1
Other	33 - 49%	4
<b>Total investment in joint ventures and associates</b>		<b>1 028</b>

	Q3 2018	Q3 2017	YTD 2018	YTD 2017
<b>Share of profit from joint ventures and associates</b>				
Wallenius Wilhelmsen ASA	12	29	22	24
Other joint ventures in Holding and Investments	0		0	
Joint ventures and associates in Supply Services	2		8	5
Associates in Maritime Services	1	(1)	3	3
<b>Share of profit from joint ventures and associates</b>	<b>16</b>	<b>29</b>	<b>33</b>	<b>32</b>

## Notes - financial report

### Note 7 - 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.

### Note 8 - Discontinued operations WWASA segment

On 4 April 2017 the subsidiary Wilh. Wilhelmsen ASA was merged with Wall Roll AB. After the merger the group own 37.8% of the Wallenius Wilhelmsen ASA (renamed in 2018). The profit in Wilh. Wilhelmsen ASA previous periods is presented as discontinued operations in WWH. The assets and liabilities from WWASA segment are included in the group balance sheet at 31.03.2017.

Financial information (income statement and net assets) relating to the discontinued operations for each period to the date of disposal is set out below.

Prior to the merger, WWH owned 160 000 000 shares in Wilh. Wilhelmsen ASA. Number of shares in Wallenius Wilhelmsen ASA remains unchanged after the merger.

	Full year 2017
<b>Details of the merger between the subsidiary Wilh. Wilhelmsen ASA and Wall Roll AB</b>	
Cash	14
Shares in Wallenius Wilhelmsen ASA (market value)	789
Total disposals consideration	804
Carrying amount of net assets disposal	1 062
Currency translation differences	(5)
<b>Accounting loss (discontinued operations) majority (Q2 2017)</b>	<b>(264)</b>
Net profit before non-controlling interests Q1 2017	26
<b>Profit from discontinued operations</b>	<b>(239)</b>

### Note 9 - Other financial income/(expenses)

	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Investment management	1	10	(2)	20	5
Interest income		1	4	2	5
Other financial income	2	2	17	11	12
Interest expenses	(8)	(3)	(26)	(20)	(14)
Net financial currency	(2)	(19)	(17)	7	14
<b>Other financial income/(expenses)</b>	<b>(6)</b>	<b>(10)</b>	<b>(24)</b>	<b>21</b>	<b>22</b>



## Notes - financial report

### Note 10 - Shares

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

A - shares	34 537 092
B - shares	11 866 732
<b>Total shares</b>	<b>46 403 824</b>

The annual general meeting on 26 April 2018 approved liquidation of 100 000 own class A shares, denominated NOK 20 per share.

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

The share capital is reduced from NOK 930 076 480 by NOK 2 000 000 to NOK 928 076 480.

### Note 11 - Financial assets to fair value

USD mill	31.12.2017
<b>Available-for-sale financial assets</b>	
At 1 January	209
Acquisition	12
Sale during the year	(11)
Change of accounting principle Hyundai Glovis	573
Currency translation adjustment	18
<b>Total available-for-sale financial assets</b>	<b>801</b>

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

Effective from 1 January 2018 the financial assets to fair value are measured at fair value through the income statement in accordance with IFRS 9.

Accumulated unrealised gain at 31.12.2017 will not be recycled through income statement.

**30.09.2018**

Fair value 1 January 2018	801
Acquisition	6
Sale during the year	(27)
Currency translation adjustment through other comprehensive income	(10)
Change in fair value through income statement	(55)
<b>Fair value 30 September 2018</b>	<b>714</b>

### Note 12 - Paid dividend

Dividend for fiscal year 2016 was NOK 5.00 per share, where NOK 3.50 per share was paid in May 2017 and NOK 1.50 per share was paid in November 2017.

The dividend for fiscal year 2017 in 2018 of NOK 3.50 per share, was paid to the shareholders in May 2018.

## Notes - financial report

### Note 13 - Interest-bearing debt

USD mill	30.09.2018	30.09.2017	31.12.2017
Non current interest-bearing debt	478	566	493
Current interest-bearing debt	105	66	108
<b>Total interest-bearing debt</b>	<b>584</b>	<b>632</b>	<b>601</b>
Cash and cash equivalents	175	184	167
Current financial investments	94	99	101
<b>Net interest-bearing debt</b>	<b>314</b>	<b>348</b>	<b>333</b>

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 30 September 2018 (analogous for 30 September 2017).

#### Specification of interest-bearing debt

USD mill	30.09.2018	30.09.2017	31.12.2017
<b>Interest-bearing debt</b>			
Bankloan	584	632	601
<b>Total interest-bearing debt</b>	<b>584</b>	<b>632</b>	<b>601</b>

#### Repayment schedule for interest-bearing debt

Due in 1 year	105	66	108
Due in 2 year	27	43	25
Due in 3 year	19	25	22
Due in 4 year	19	20	22
Due in 5 year and later	413	477	425
<b>Total interest-bearing debt</b>	<b>584</b>	<b>632</b>	<b>601</b>

#### Reconciliation of liabilities arising from financing activities

USD mill	31.12.2017	Cash flows	Foreign exchange movement	Amortisation	Reclassification	30.09.2018
Bank loans	493	(23)	4	1	3	478
Current portion of long-term debt	108				(3)	105
<b>Total liabilities from financing activities</b>	<b>601</b>	<b>(23)</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>584</b>

## Notes - financial report

### Note 14 - Financial level

USD mill	Level 1	Level 2	Level 3	Total
<b>2018</b>				
<b>Financial assets at fair value</b>				
Equities	48			48
Bonds	46			46
Financial derivatives		1		1
Financial assets at fair value	626		88	714
<b>Total financial assets 30.09</b>	<b>720</b>	<b>1</b>	<b>88</b>	<b>809</b>
<b>Financial liabilities at fair value</b>				
Financial derivatives		11		11
<b>Total financial liabilities 30.09</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>11</b>
<b>2017</b>				
<b>Financial assets at fair value</b>				
Equities	52		1	53
Bonds	46			46
Financial derivatives		6		6
Financial assets at fair value	709		95	805
<b>Total financial assets 30.09</b>	<b>808</b>	<b>6</b>	<b>96</b>	<b>910</b>
<b>Financial liabilities at fair value</b>				
Financial derivatives		13		13
<b>Total financial liabilities 30.09</b>	<b>0</b>	<b>13</b>	<b>0</b>	<b>13</b>

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 September 2018 are liquid investment grade bonds (analogous for 2017).

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.

## Notes - financial report

### Note 15 - Related party transactions

WWH delivers services to the Wallenius Wilhelmsen group. These include primarily human resources, tax and treasury up to 30.06.2017, and in-house services such as canteen, post, switchboard, accounting 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 16 - 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 17 - 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 the conditions prevailing on the balance sheet date.

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