



EBITDA IN THE THIRD QUARTER DECREASED BY 8.6%

Financial Results – Q3 2018
21 November 2018



KEY HIGHLIGHTS FOR Q3 2018

Highest quarter in terms of revenue since 2009 | Q3 affected by Norway results and trade tension in freight forwarding

Revenue
EUR 182.2 m
up EUR 8.3 m

EBITDA
EUR 17.6 m
down by EUR 1.7 m

The positive signs are:

- **Liner export from Iceland**
- **Domestic operation**
- **Increased volume on Trans-Atlantic**
- **Increased volume on Short-Sea**

Norway liner and spot was below expectations:

- **Lower volume and rates**
- **Break down of vessels**

Reefer forwarding suffering from:

- **Trade tension**
- **Loss of agency business in Europe**

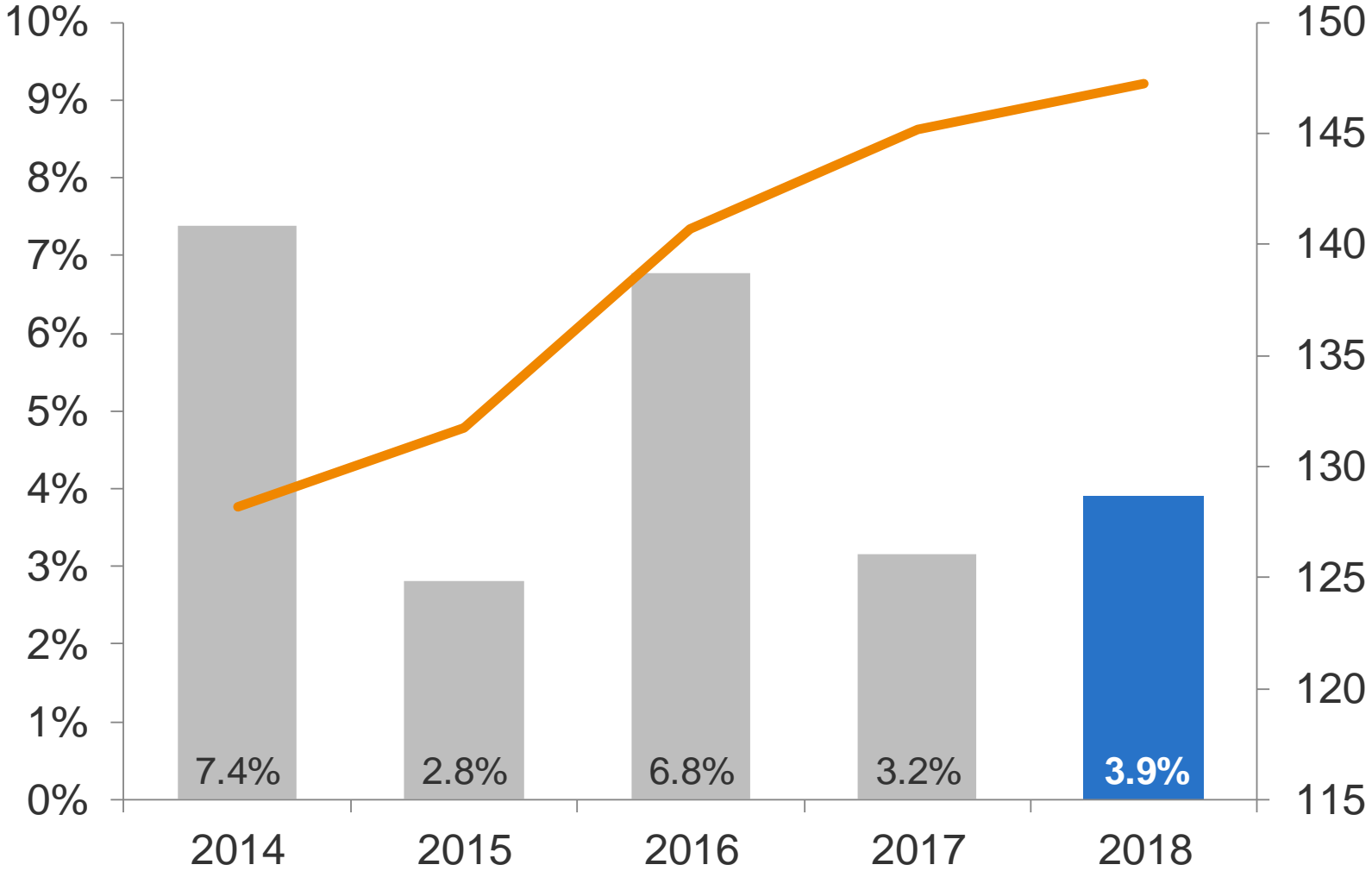
Investment in increased capacity in weekly sailings:

- **Revenues building up slower than anticipated in 1H 2018**
- **Showing progress in Q3**

TRANSPORTED VOLUME IN Q3 2014 TO Q3 2018

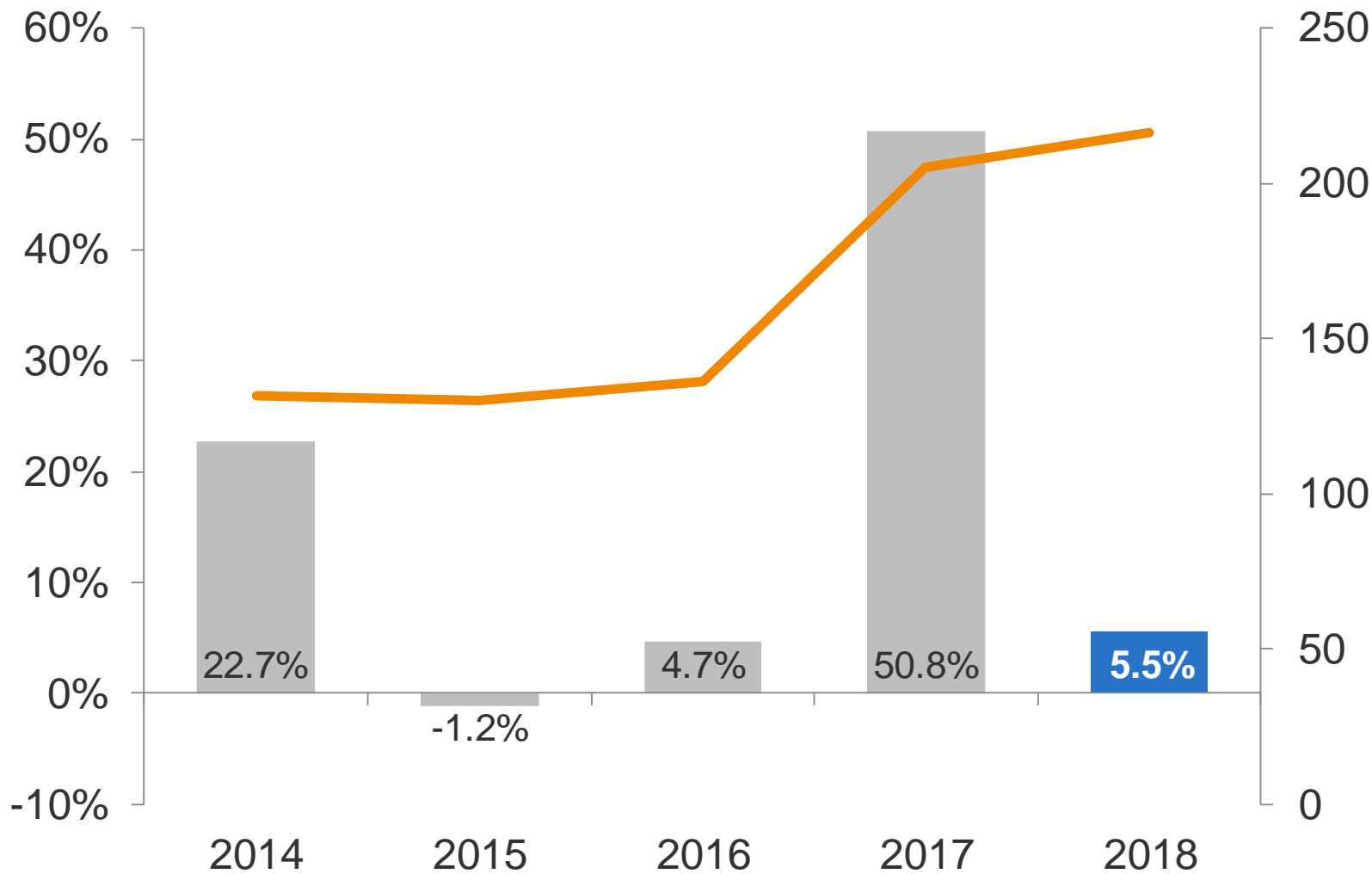
Container Liner volume up 6.2% | Growth in forwarding volume driven by dry cargo

LINER SERVICES



Volume index: 2010 volume at 100

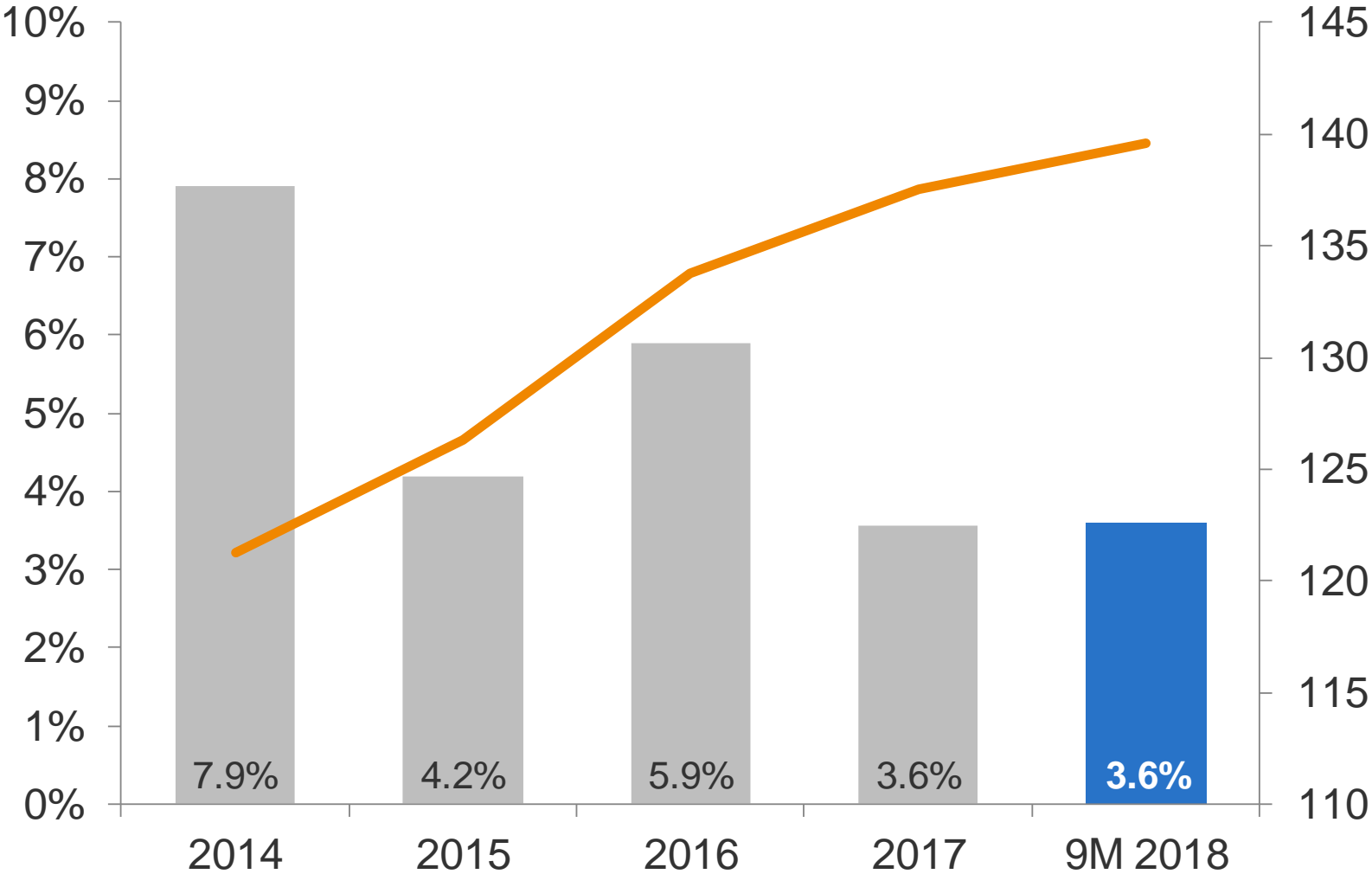
FORWARDING SERVICES



TRANSPORTED VOLUME IN 9M 2018

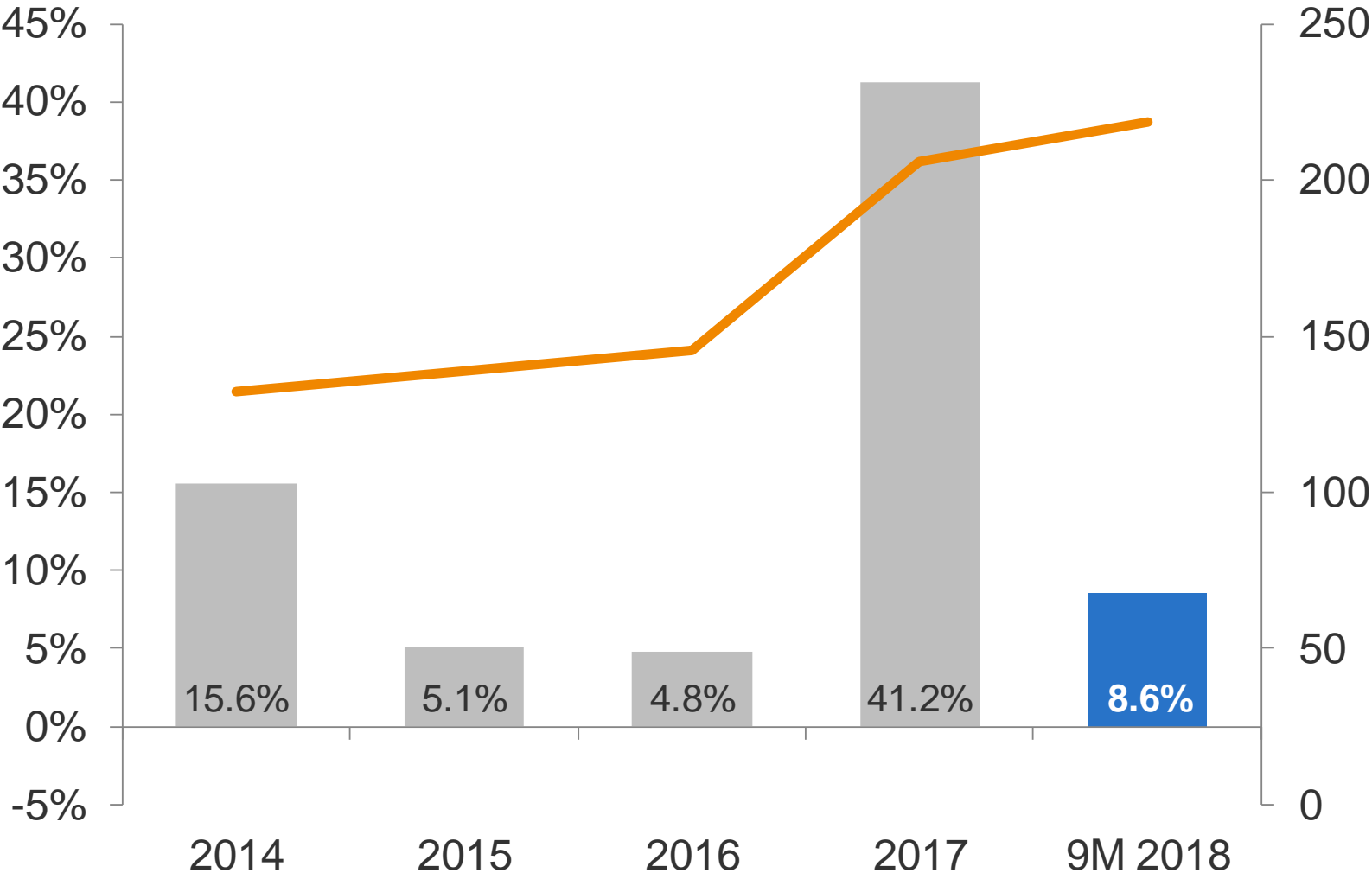
Container Liner volume up 6.0% | Growth in forwarding volume driven by dry cargo

LINER SERVICES



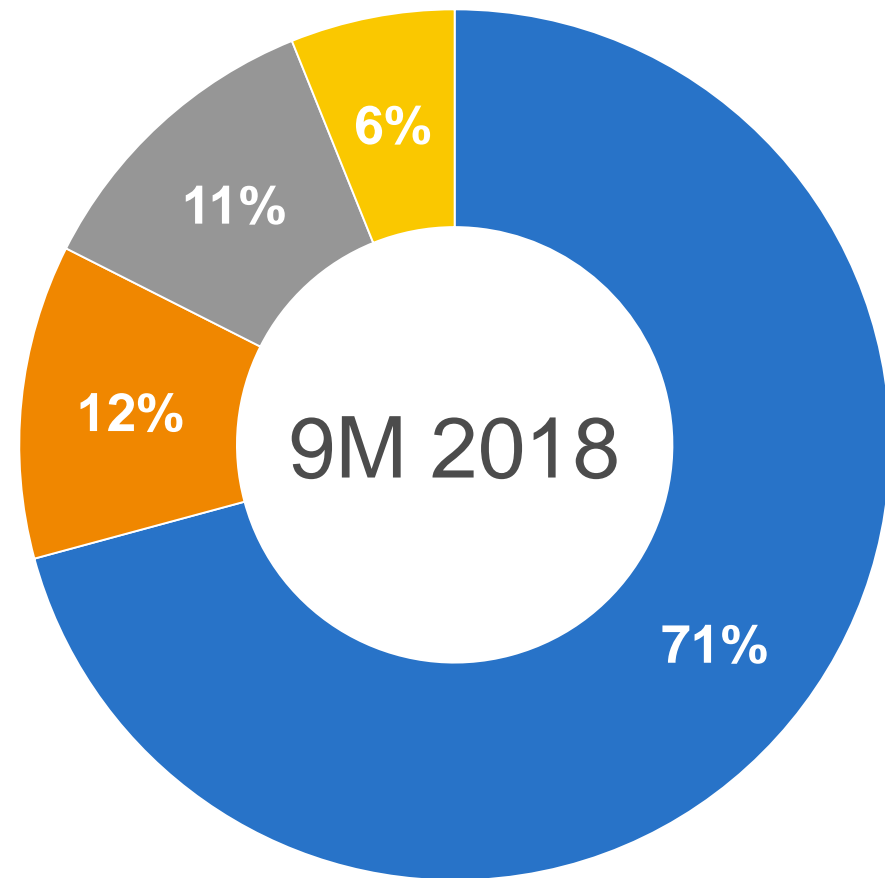
Volume index: 2010 volume at 100

FORWARDING SERVICES

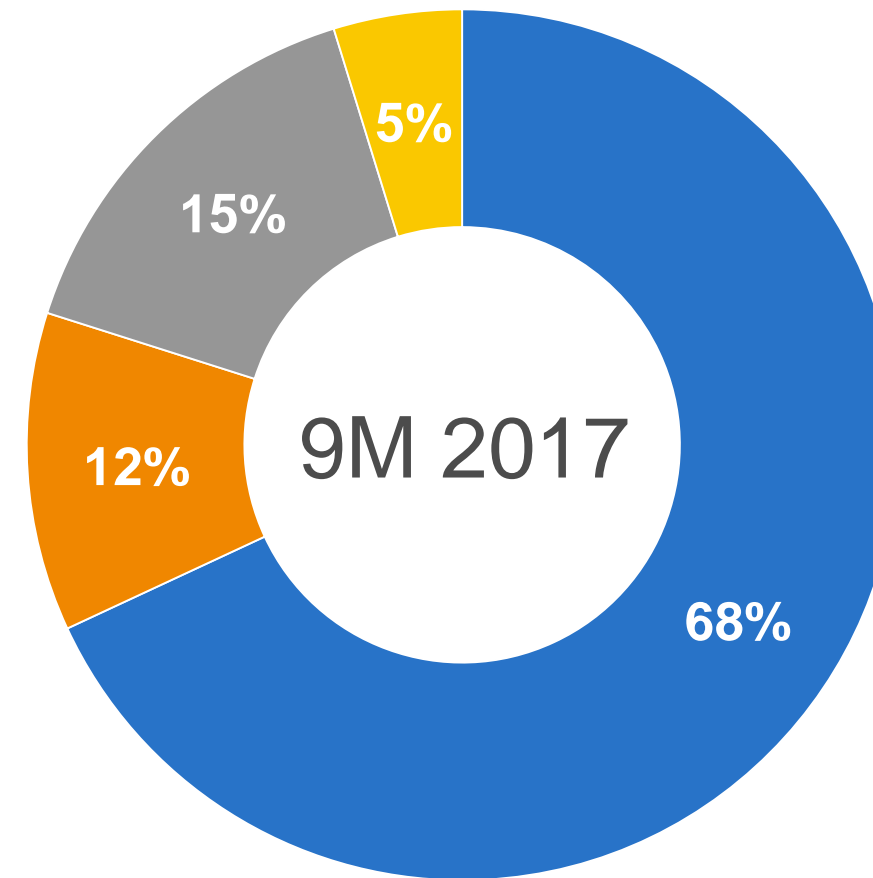


LINER SERVICES VOLUME

Increase in container liner services and Trans-Atlantic | Decrease in volume in Norway



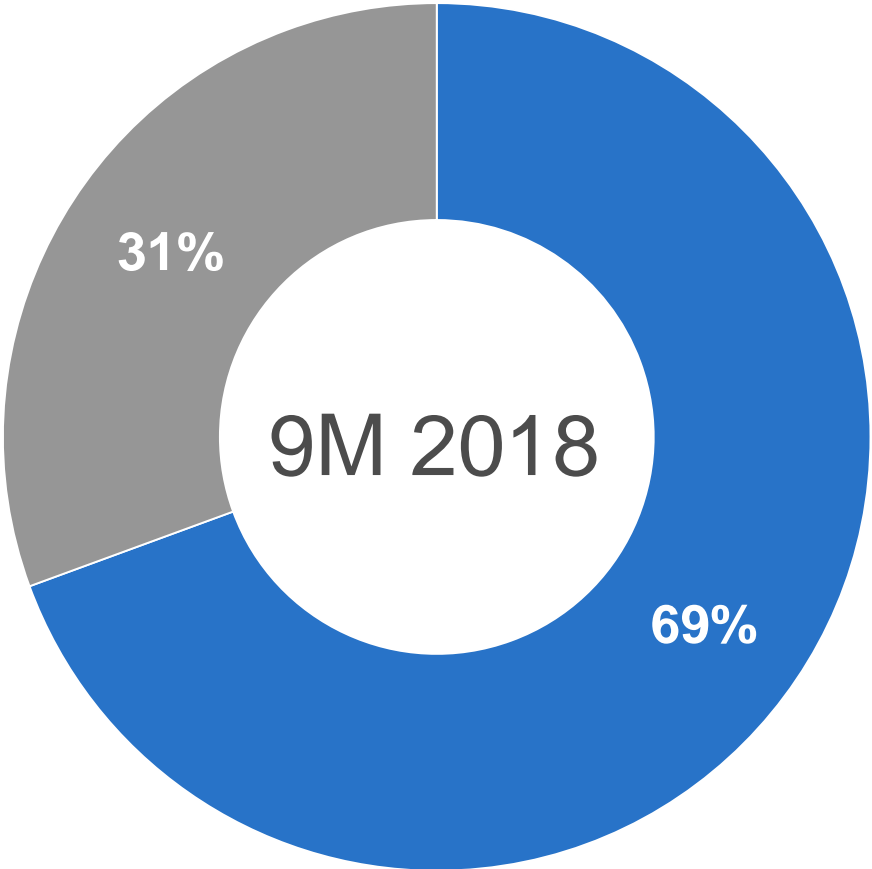
■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic



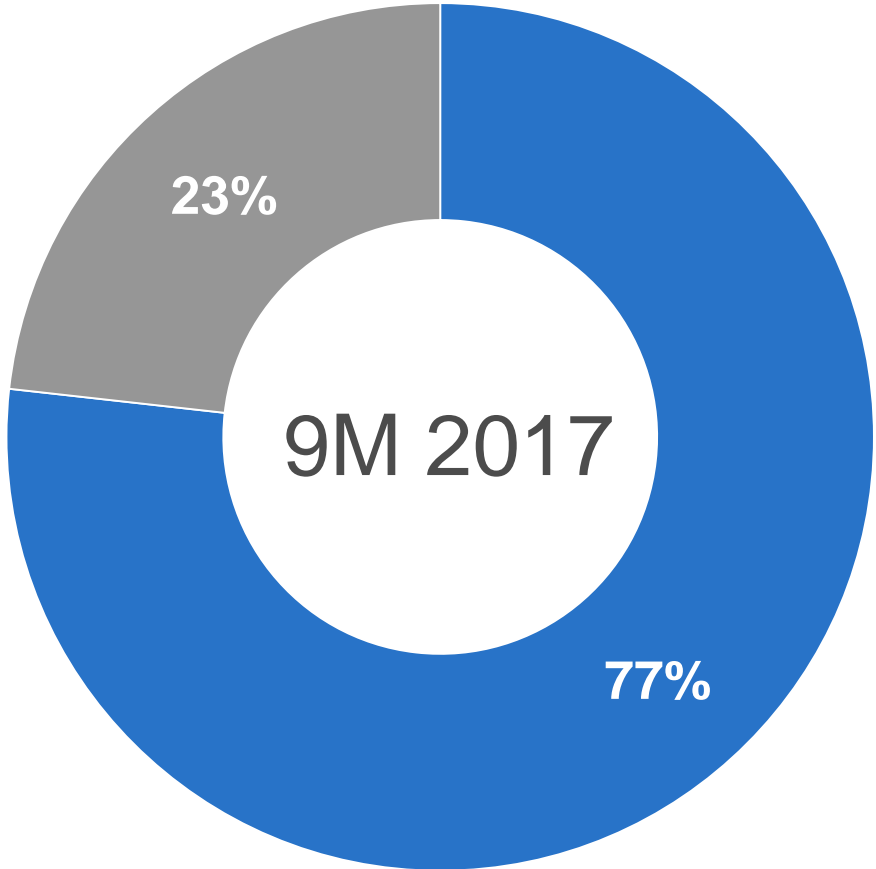
■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic

FORWARDING SERVICES VOLUME

Continued growth in dry cargo



■ Reefer ■ Dry



■ Reefer ■ Dry



FINANCIAL RESULTS

KEY HIGHLIGHTS FOR Q3 2018

Highest quarter in terms of revenue since 2009 | Q3 affected by Norway results and trade tension in freight forwarding

Revenue
EUR 182.2 m
up EUR 8.3 m

Liner revenue
EUR 116.5 m
up 3.9%
Forwarding revenue
EUR 65.7 m
up 6.4%

Affecting revenue
+ Container liner volume
+ Dry cargo forwarding
+ Growth in TA
+ Increasing fuel cost
÷ Car import to Iceland
÷ International freight rates
÷ Volume in Norway

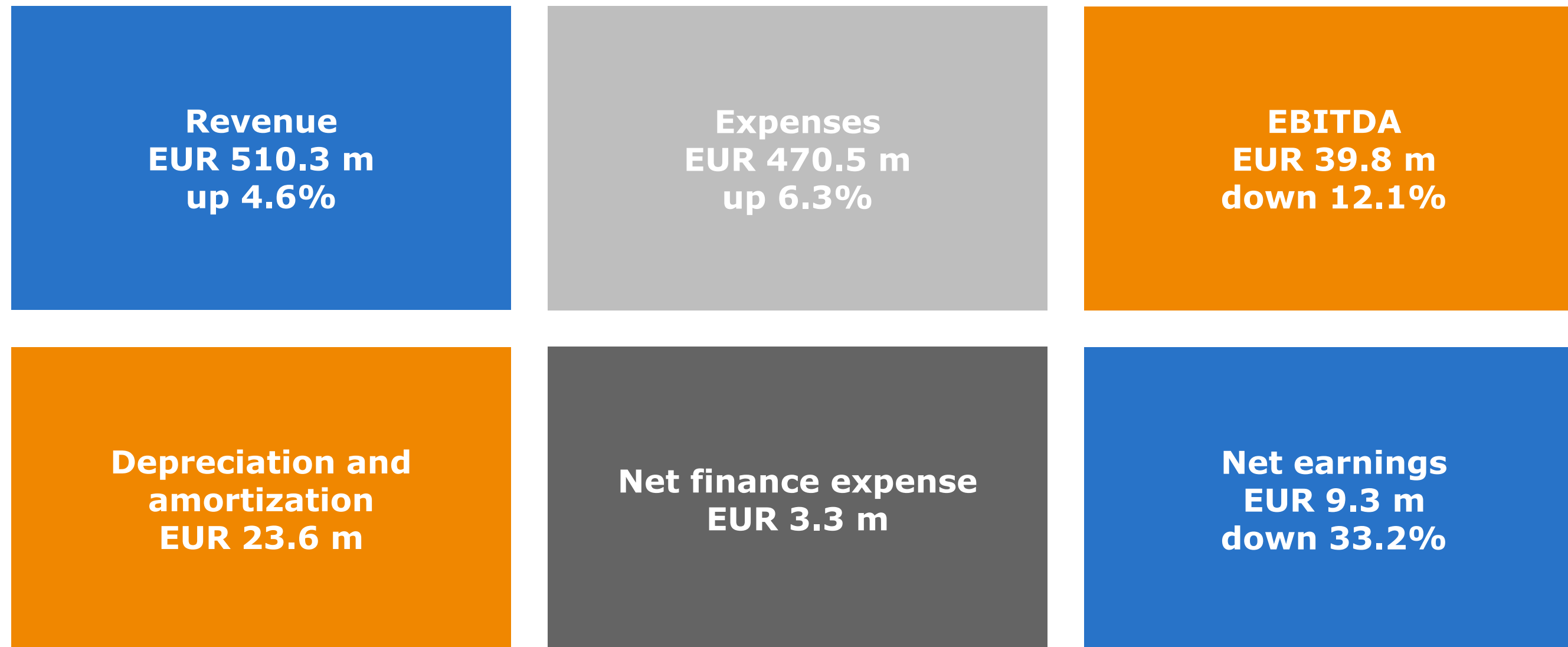
EBITDA
EUR 17.6 m
down EUR 1.7 m

Liner EBITDA
EUR 13.5 m
Forwarding EBITDA
EUR 4.1 m

Affecting EBITDA
+ Container liner volume
+ Lower container cost
+ Domestic operation
+ Export from Iceland
÷ Lower results in Norway
÷ Trade tension in reefer forwarding
÷ Bunker price

INCOME STATEMENT 9M 2018

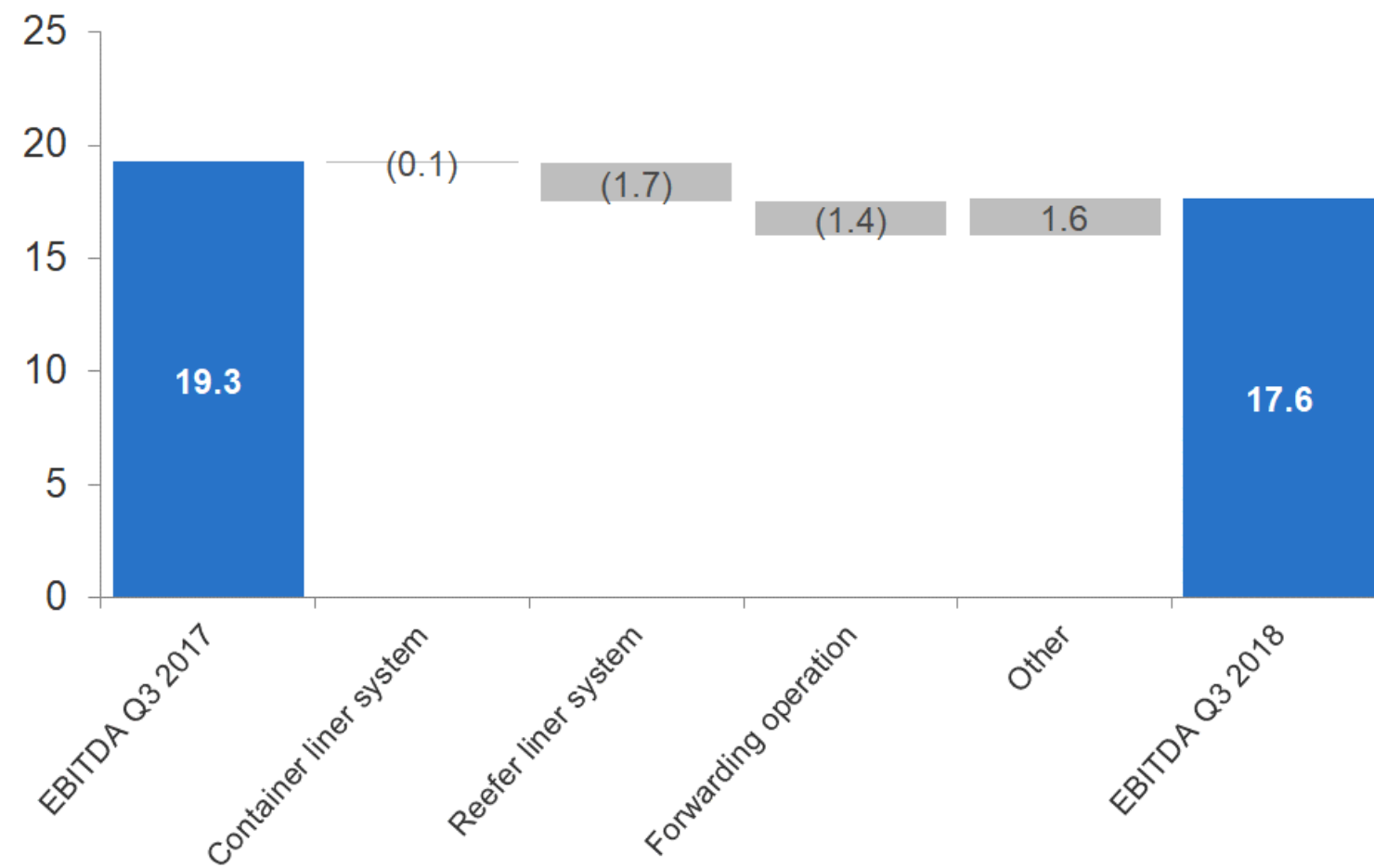
Nine months 2018 results affected by increased capacity, Norway results and trade tension in freight forwarding



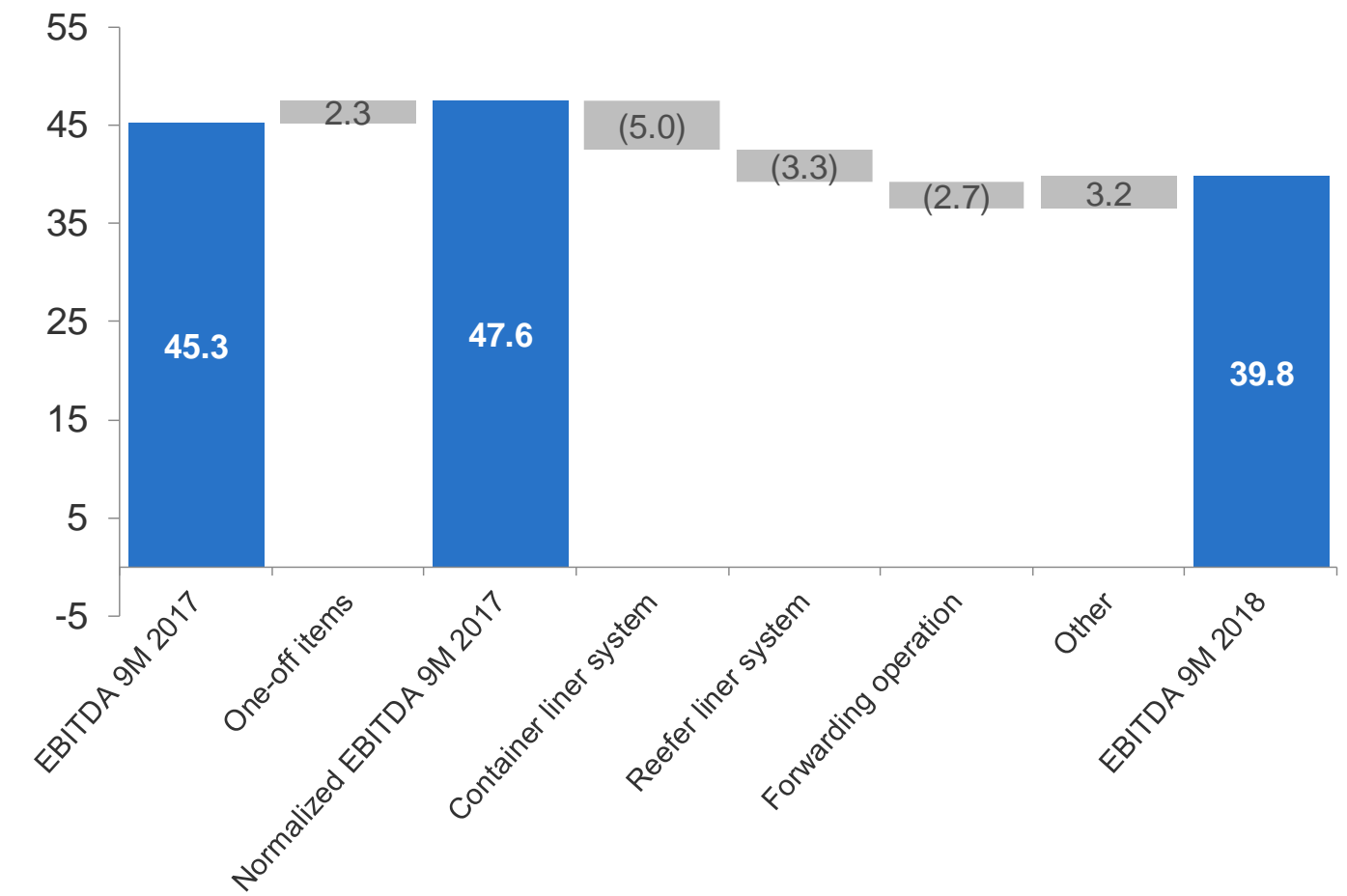
EBITDA BRIDGE

9M 2018 VS. 3Q 2018

Q3



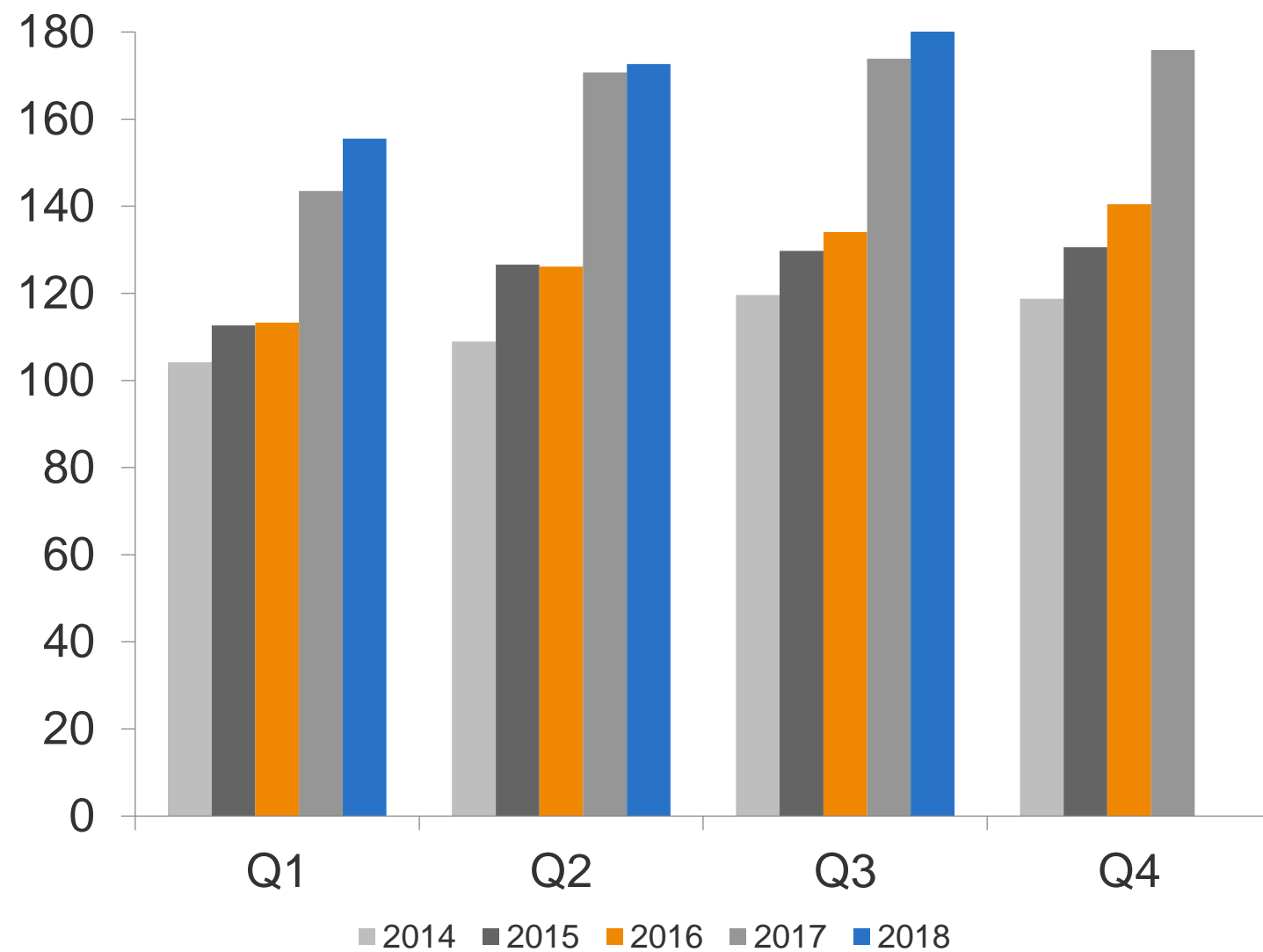
9M



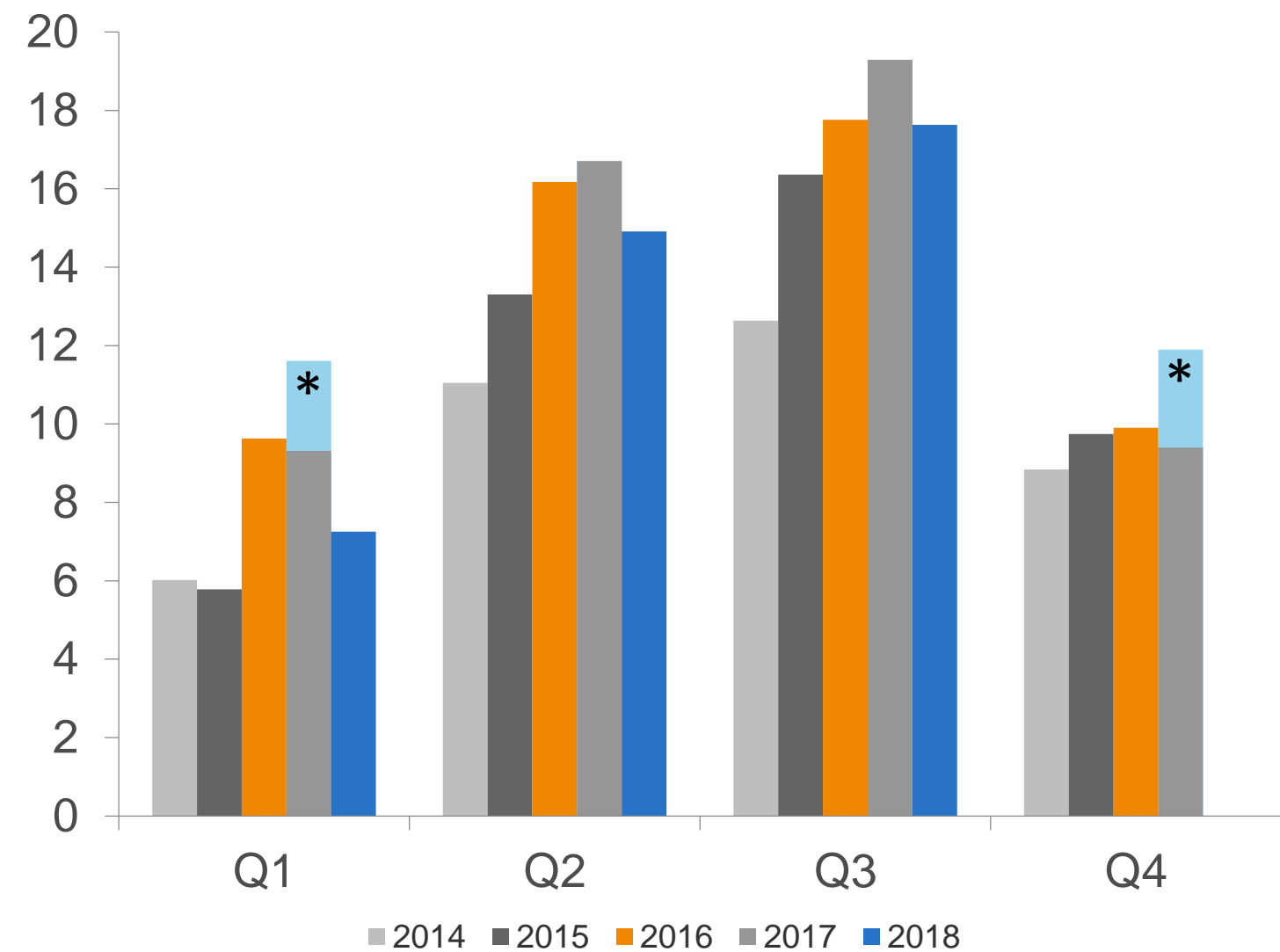
REVENUE AND EBITDA 2014 TO 2018 BY QUARTER

Continued top line growth | EBITDA contribution needs to improve

REVENUE
EUR million



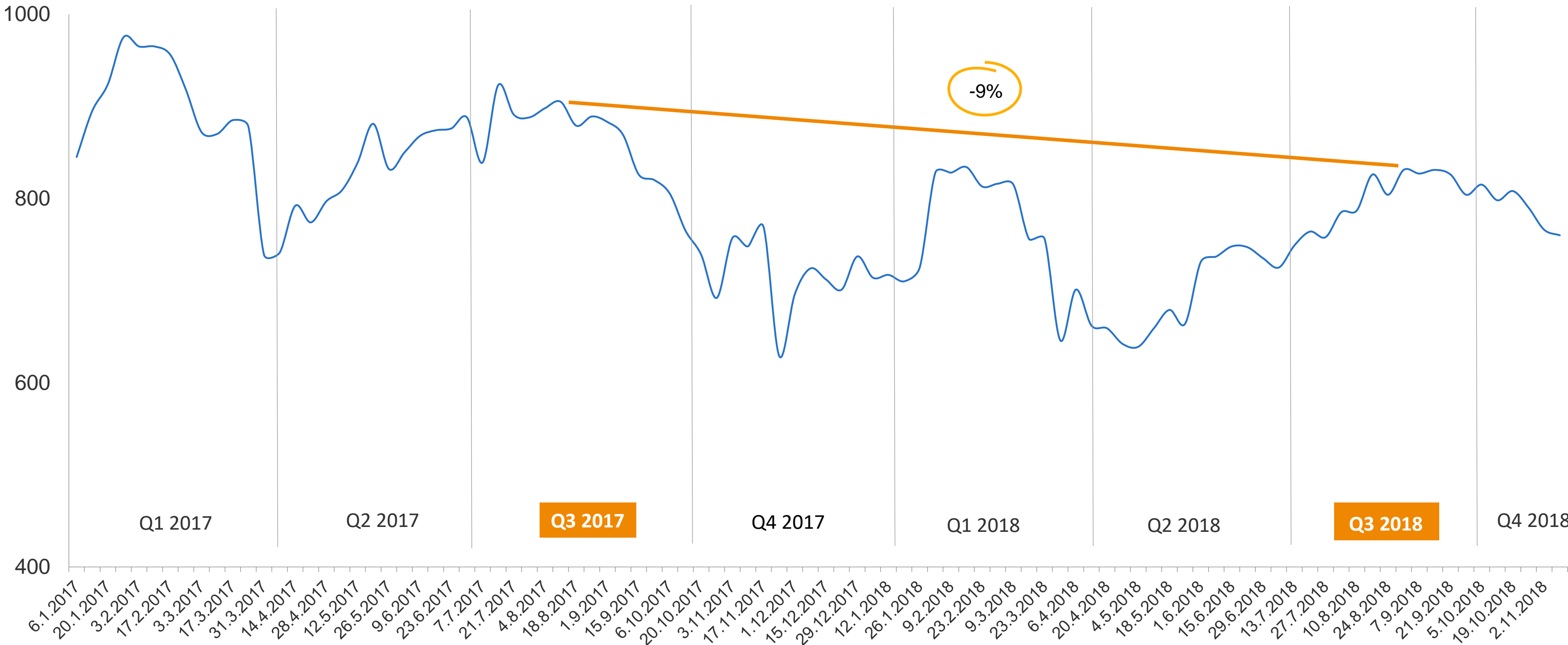
EBITDA
EUR million



*Add-back of EUR 2.3 million non-recurring charges in Q1 '17 is offset by a EUR 2.5 million non-recurring revenue item in Q4 '17

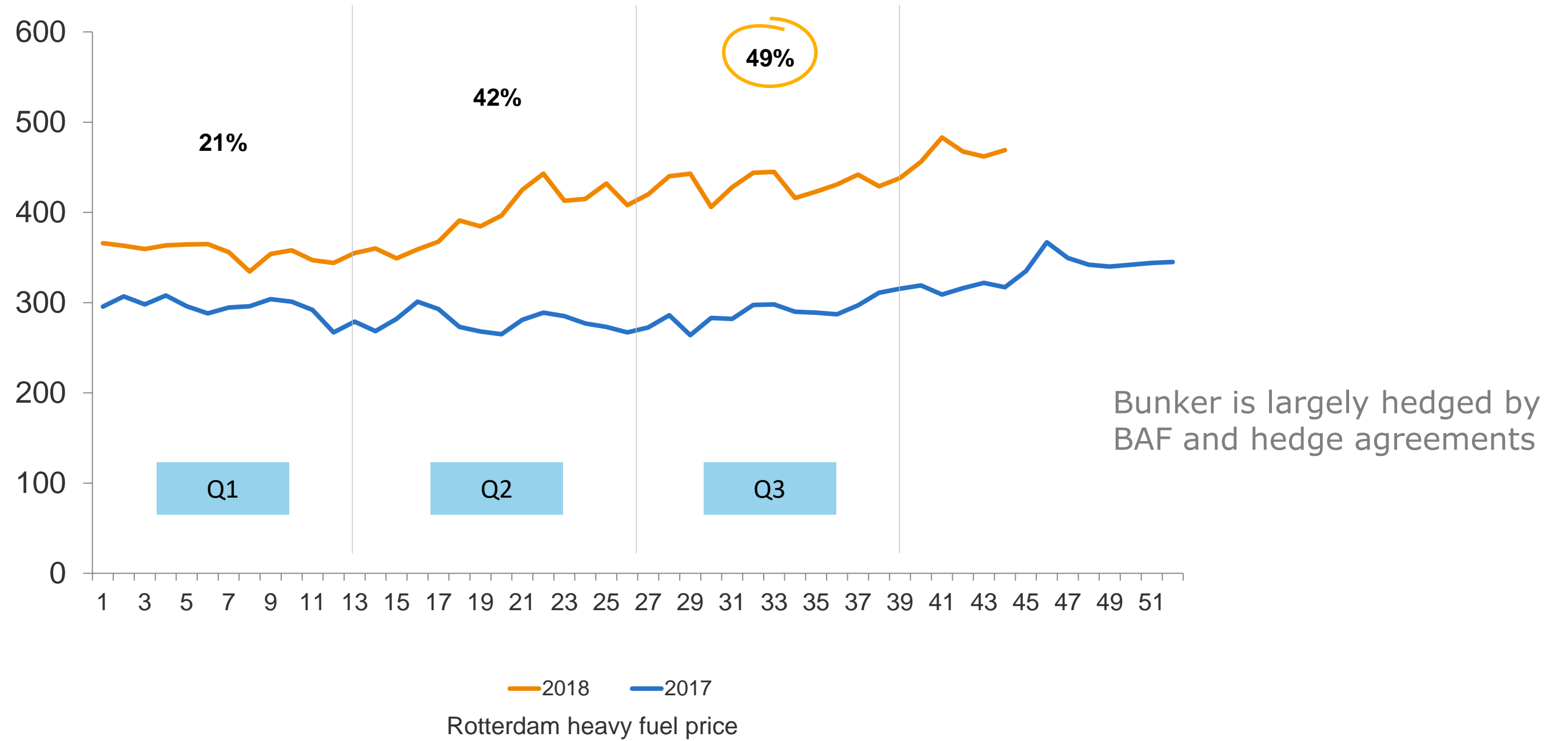
CHINA FORWARDERS FREIGHT INDEX

Average price decreased by 9% between Q3 2017 and Q3 2018



BUNKER PRICE DEVELOPMENT

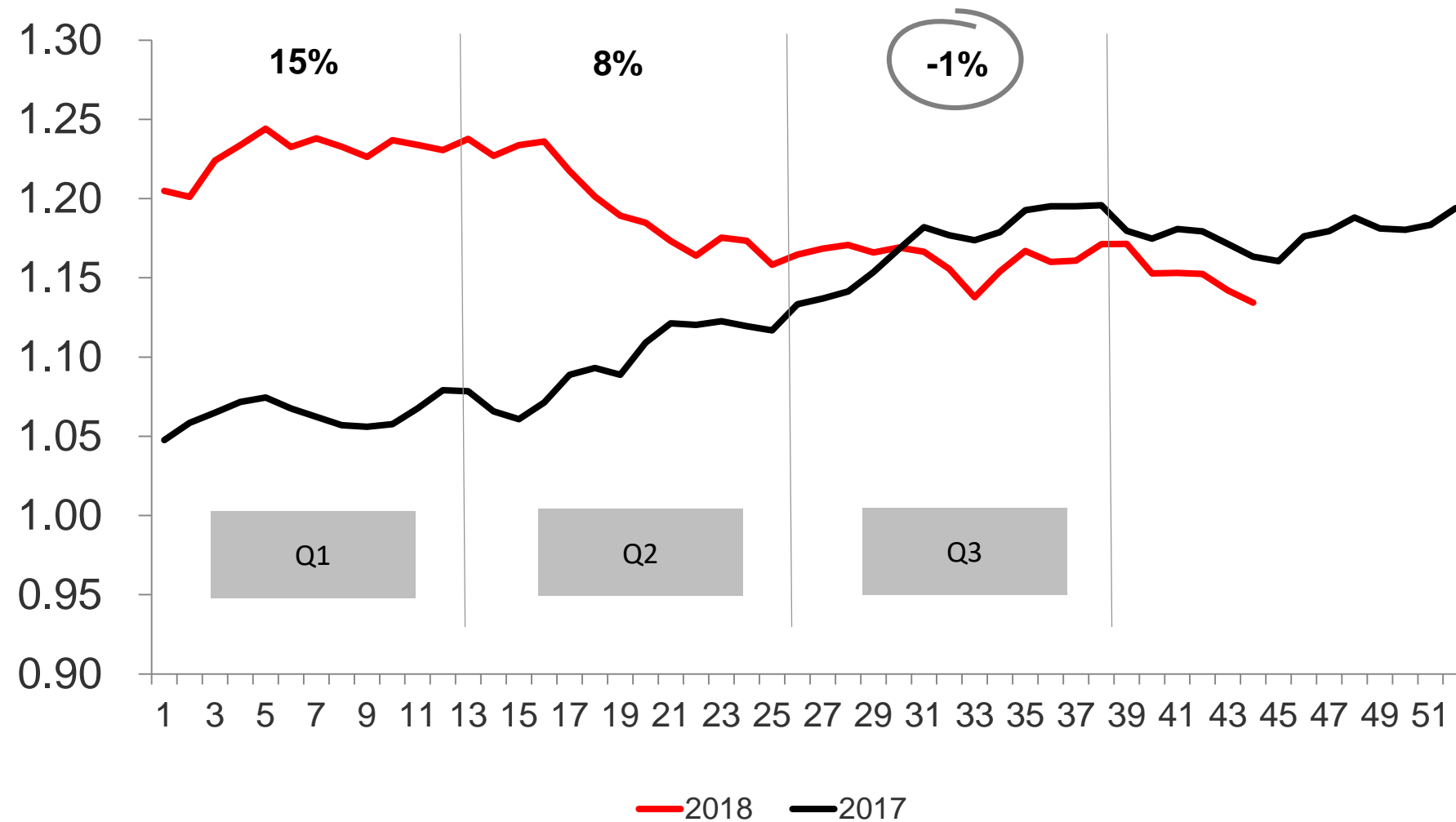
Average bunker price 37% higher in 9M 2018 compared to 9M 2017 | Puts pressure on freight rates



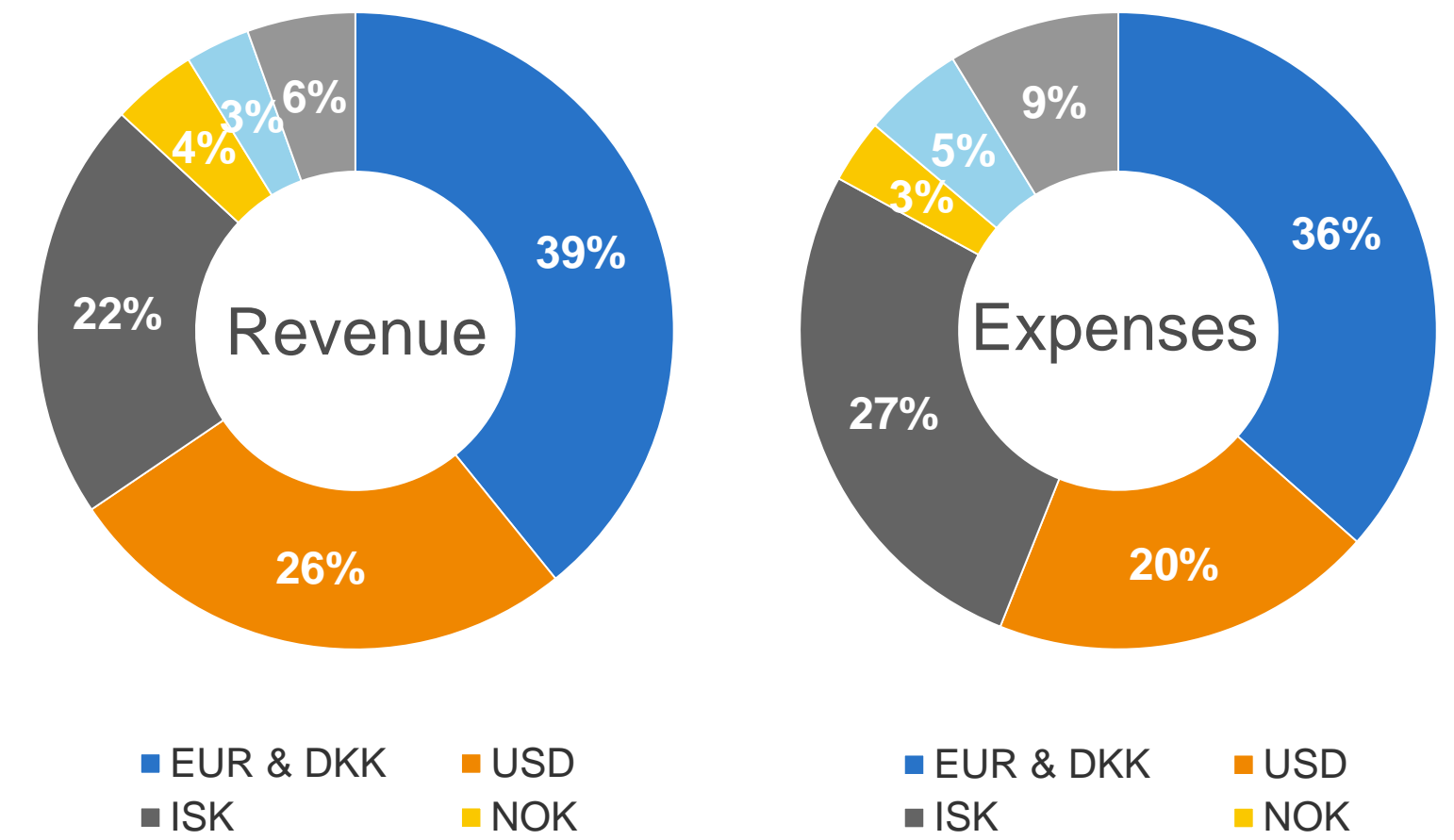
REVENUE AND EXPENSES BY CURRENCY

Strengthening of the USD against the EUR is positive going forward for the operation

EUR/USD Development



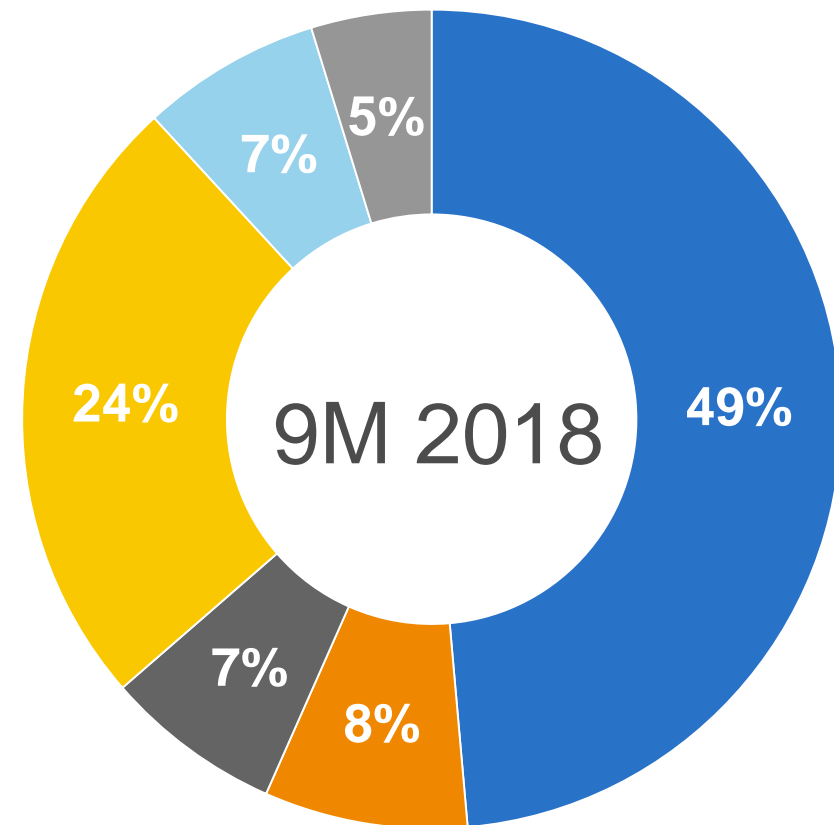
Revenue and expenses by currency



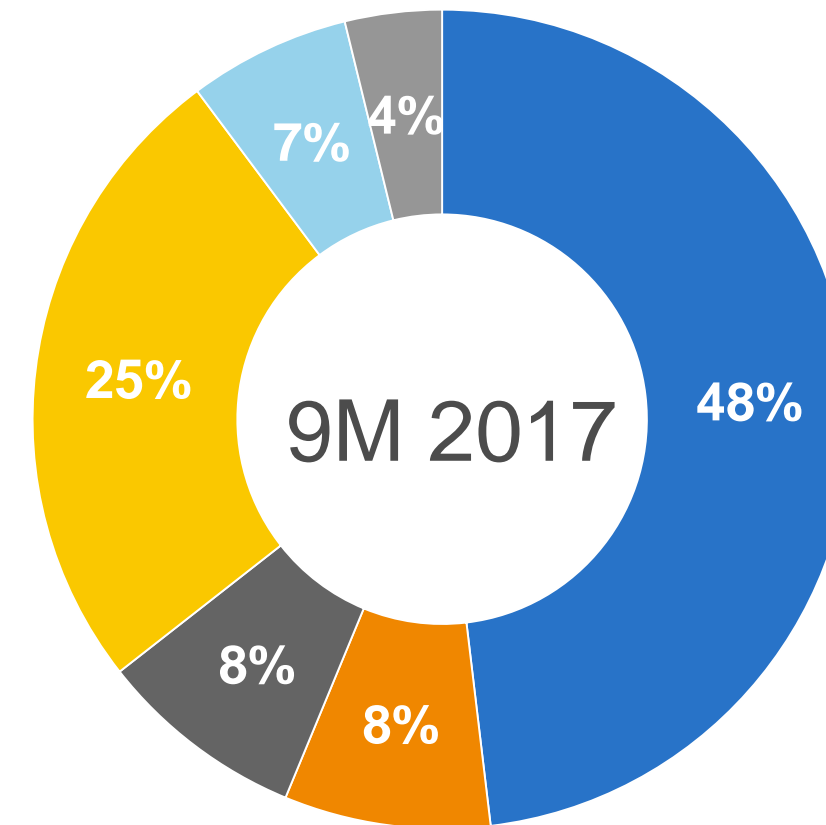
Average currency split for the year 2017

GEOGRAPHICAL SPLIT OF REVENUE

Minor changes in geographical split of revenue | Norway and Europe decreasing



- Iceland
- Norway
- Asia
- Faroe Islands
- Europe
- Other

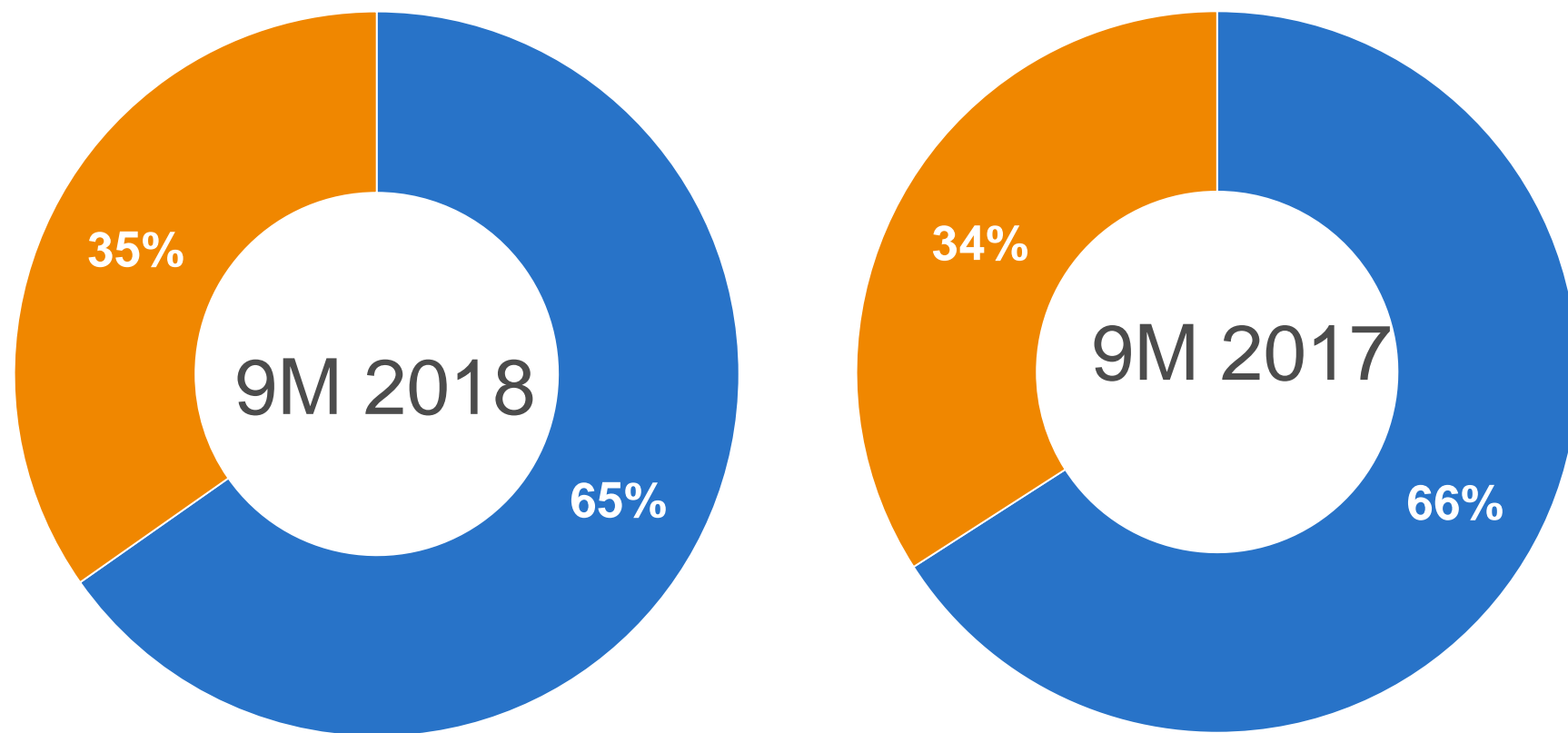


- Iceland
- Norway
- Asia
- Faroe Islands
- Europe
- Other

REVENUE AND EBITDA BY BUSINESS SEGMENT

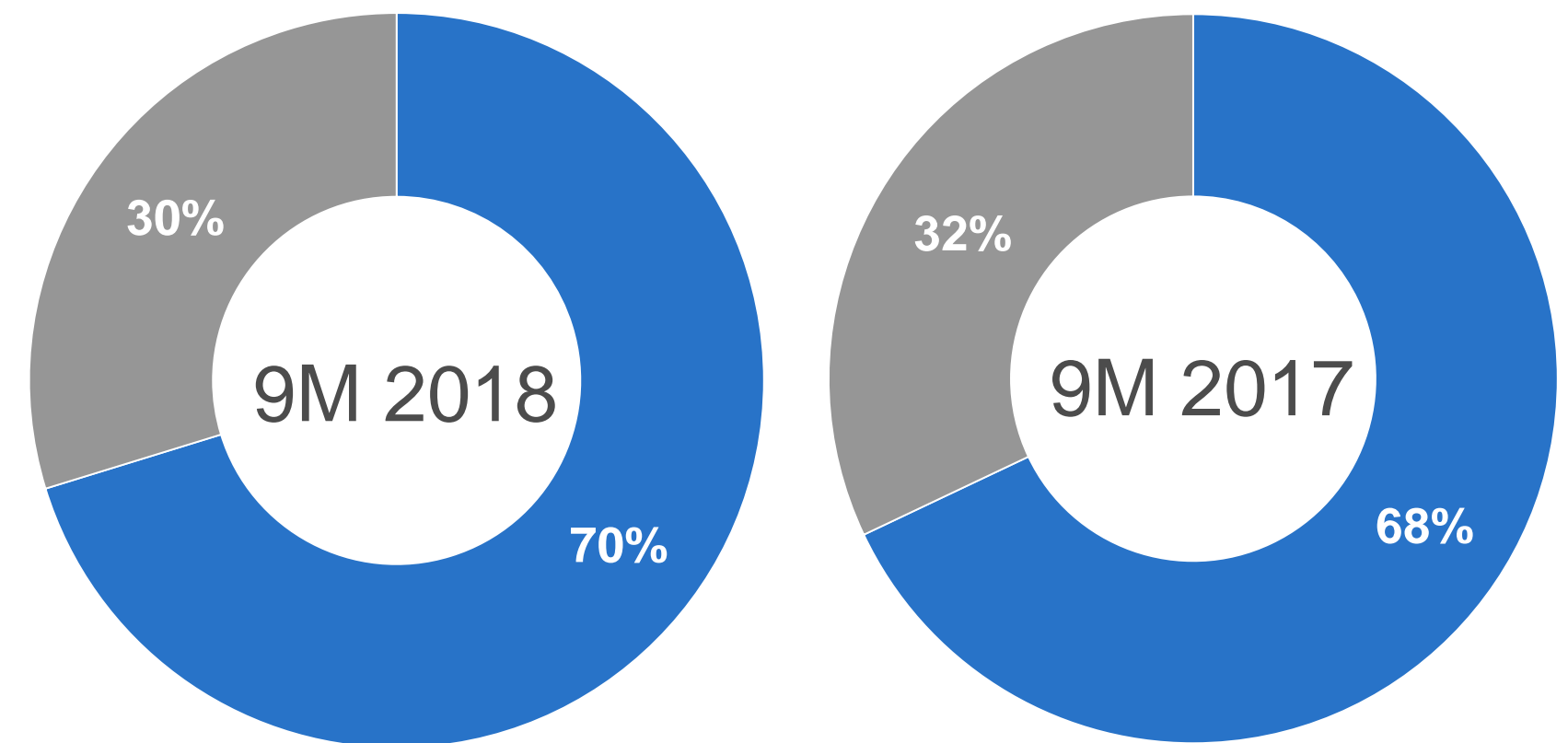
Similar split between business segments between periods

REVENUE



■ Liner services ■ Forwarding services

EBITDA

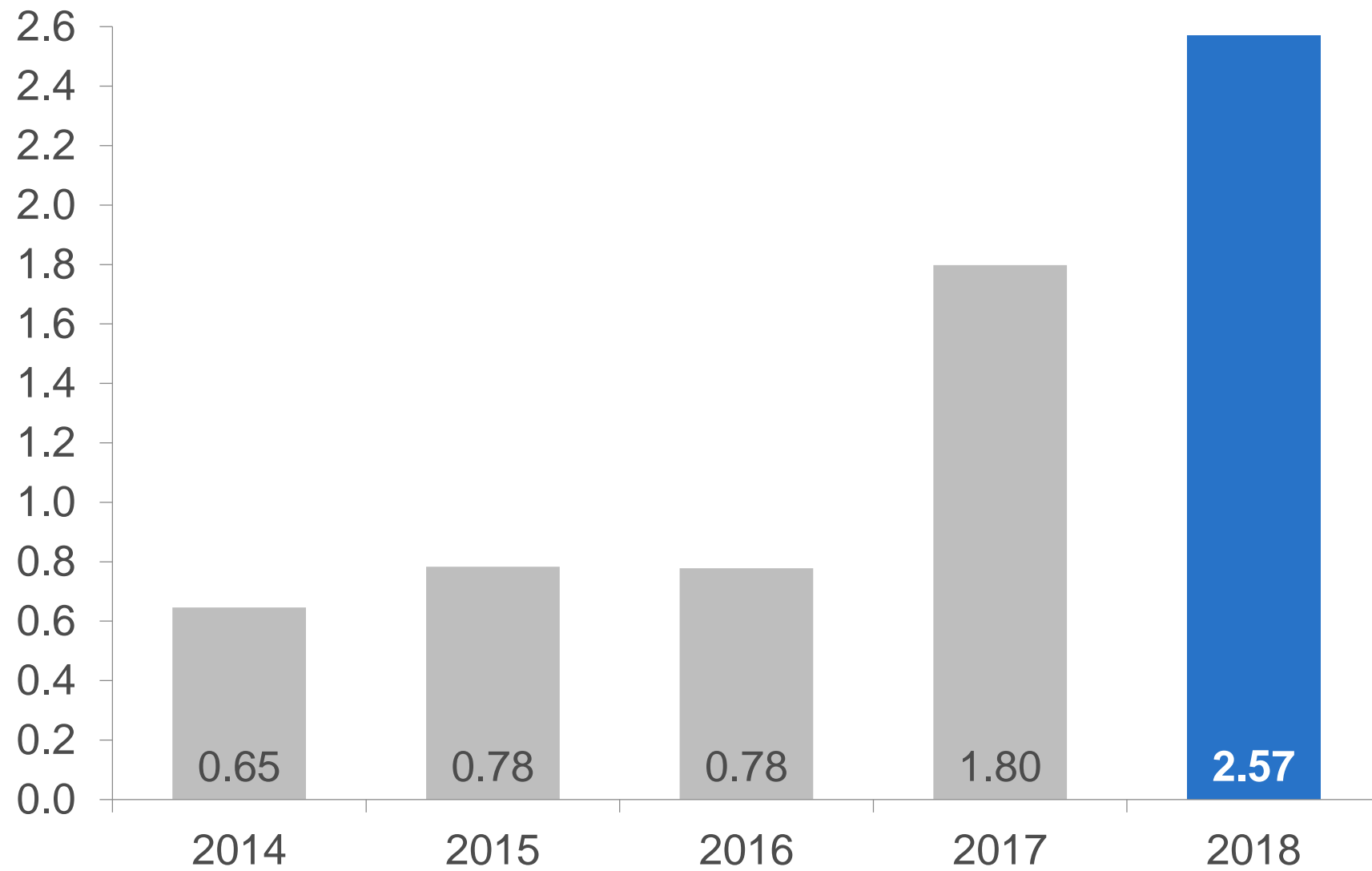


■ Liner services ■ Forwarding services

FINANCIAL RATIOS 2014 TO Q2 2018

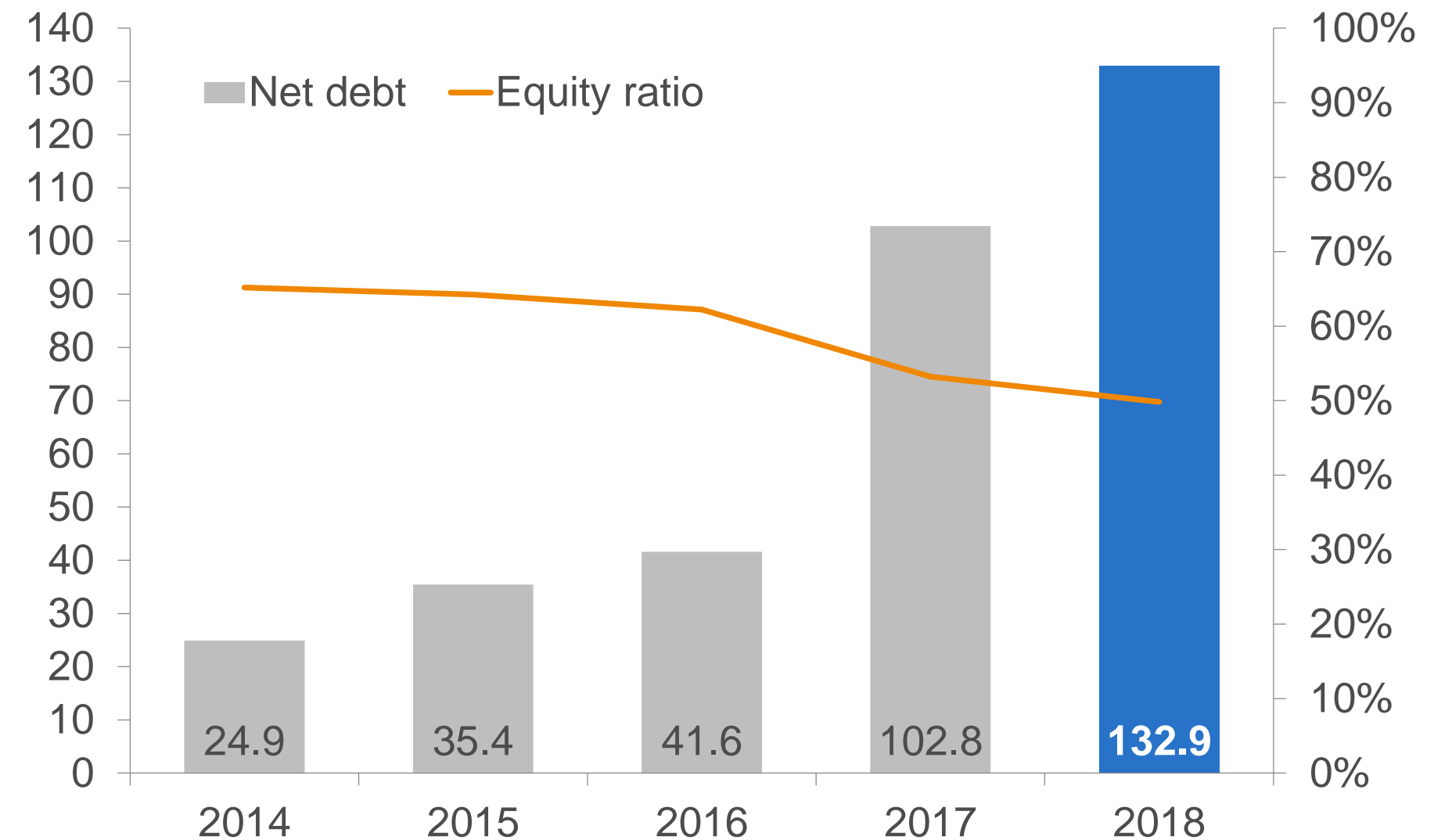
Increased leverage but strong financial position | Equity ratio 49.7% at the end of September

NET DEBT / LTM-EBITDA



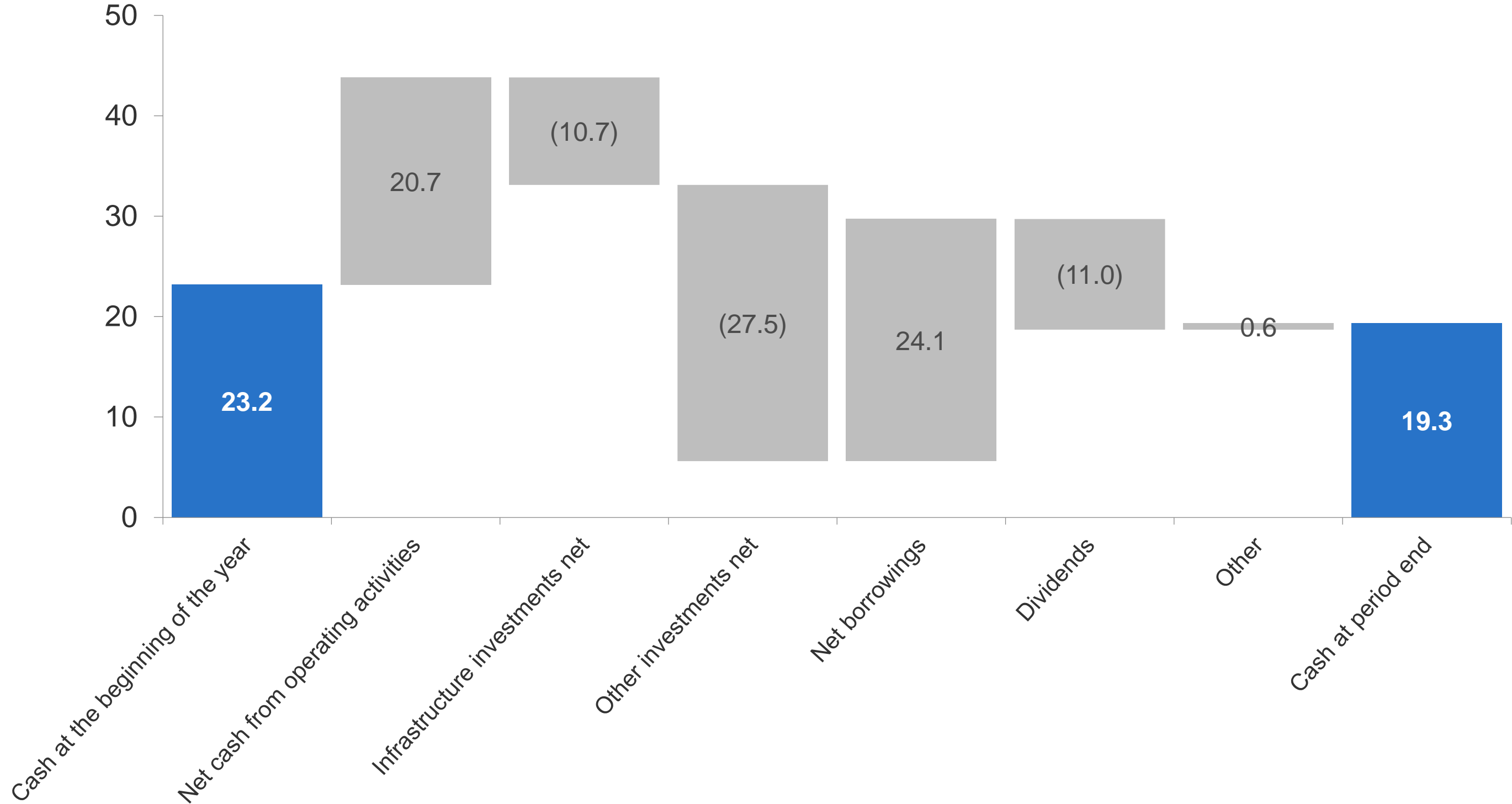
NET DEBT AND EQUITY RATIO

EUR million



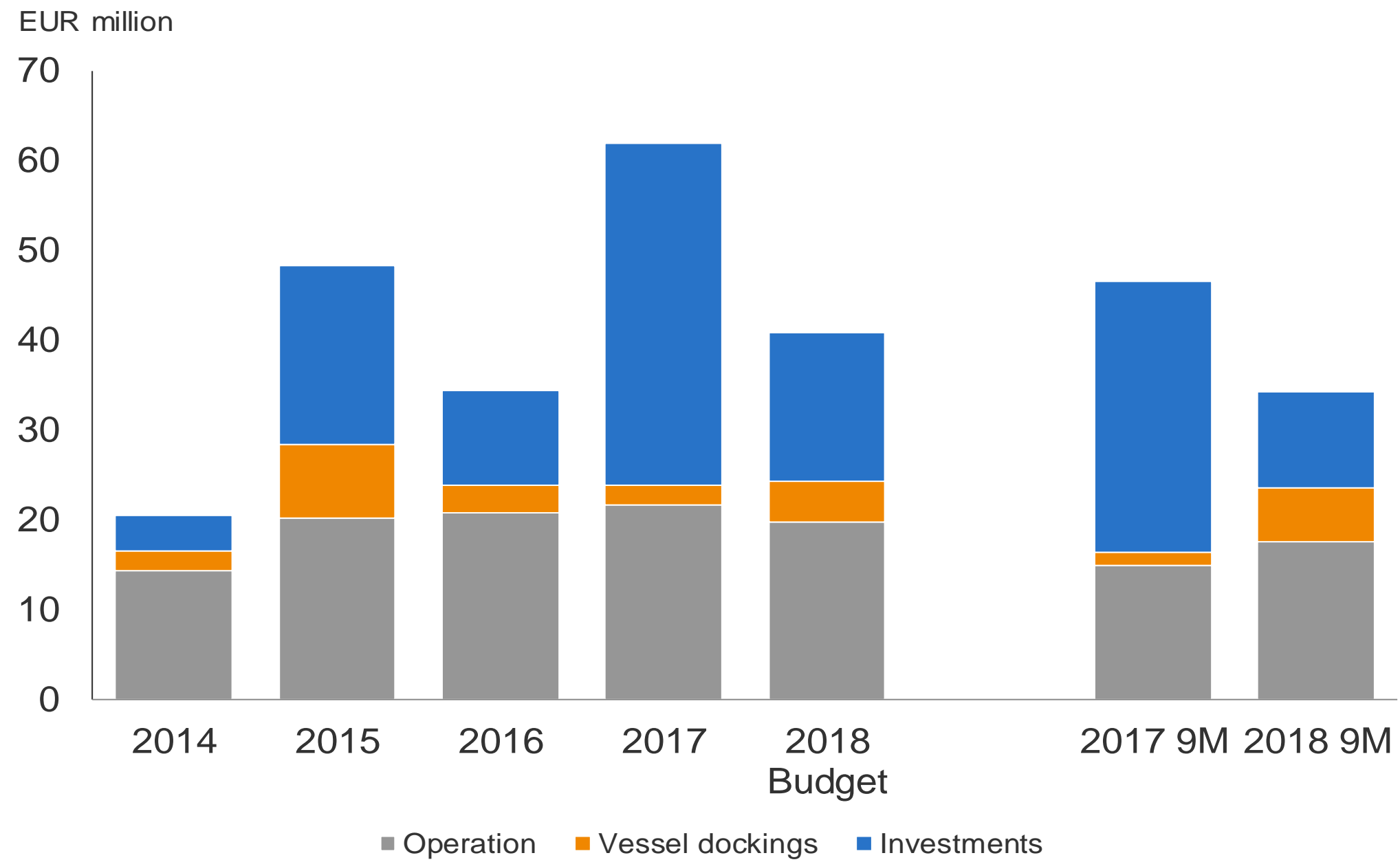
CASH FLOW BRIDGE

Investments have led to increase in borrowings



CAPEX 2014 TO 2018

Included in 2018 budget is payment of vessel and new port crane in Sundahöfn

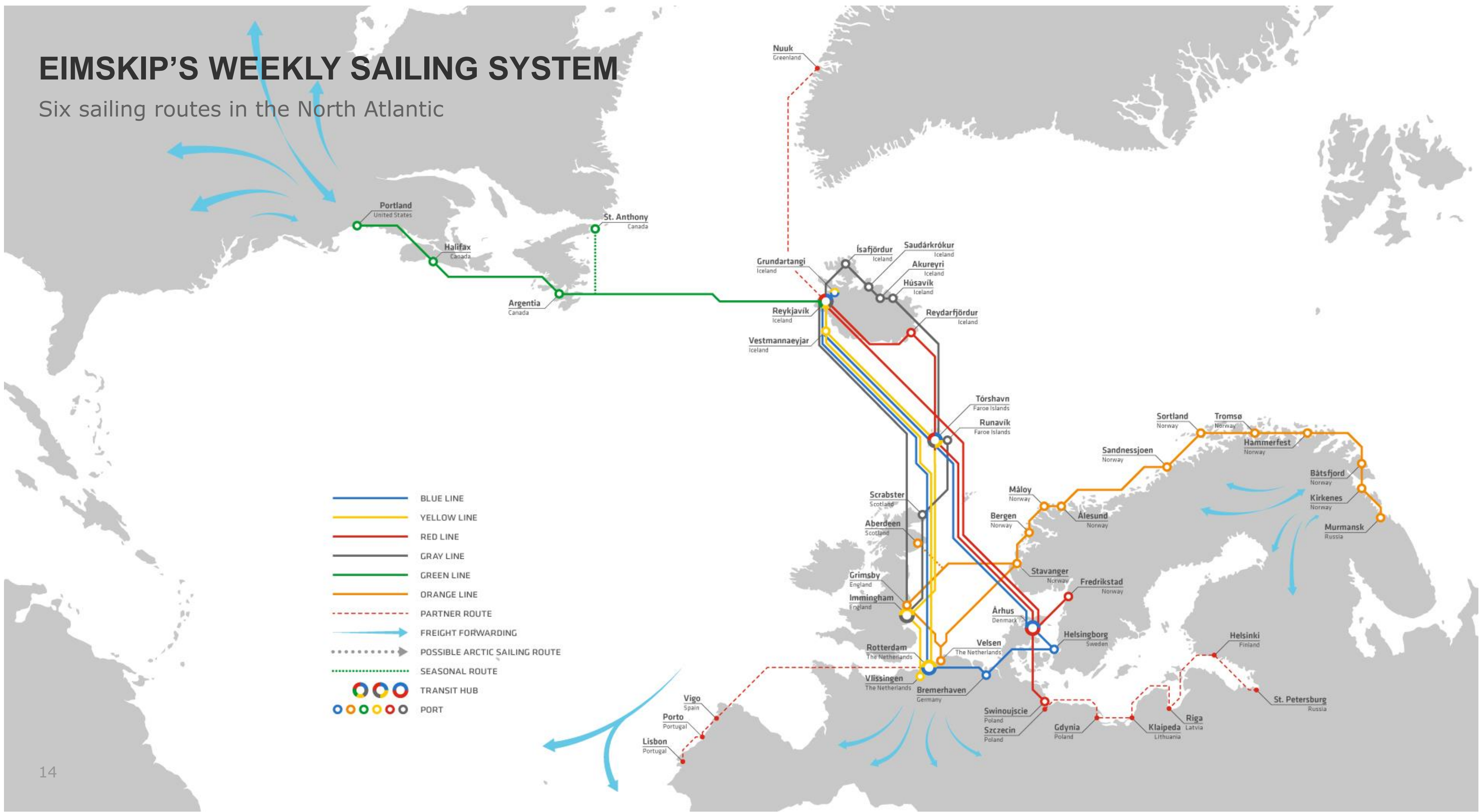


A large container ship is shown sailing on the ocean at night. The ship is illuminated by its own lights, and the water is dark. The ship is moving from left to right, leaving a white wake. The text "DEVELOPMENT OF THE SAILING SYSTEM AND ONGOING PROJECTS" is overlaid in white, bold, sans-serif font across the center of the image. The ship's name "EIMSKIP" is visible on the side of the hull and on the containers.

DEVELOPMENT OF THE SAILING SYSTEM AND ONGOING PROJECTS

EIMSKIP'S WEEKLY SAILING SYSTEM

Six sailing routes in the North Atlantic



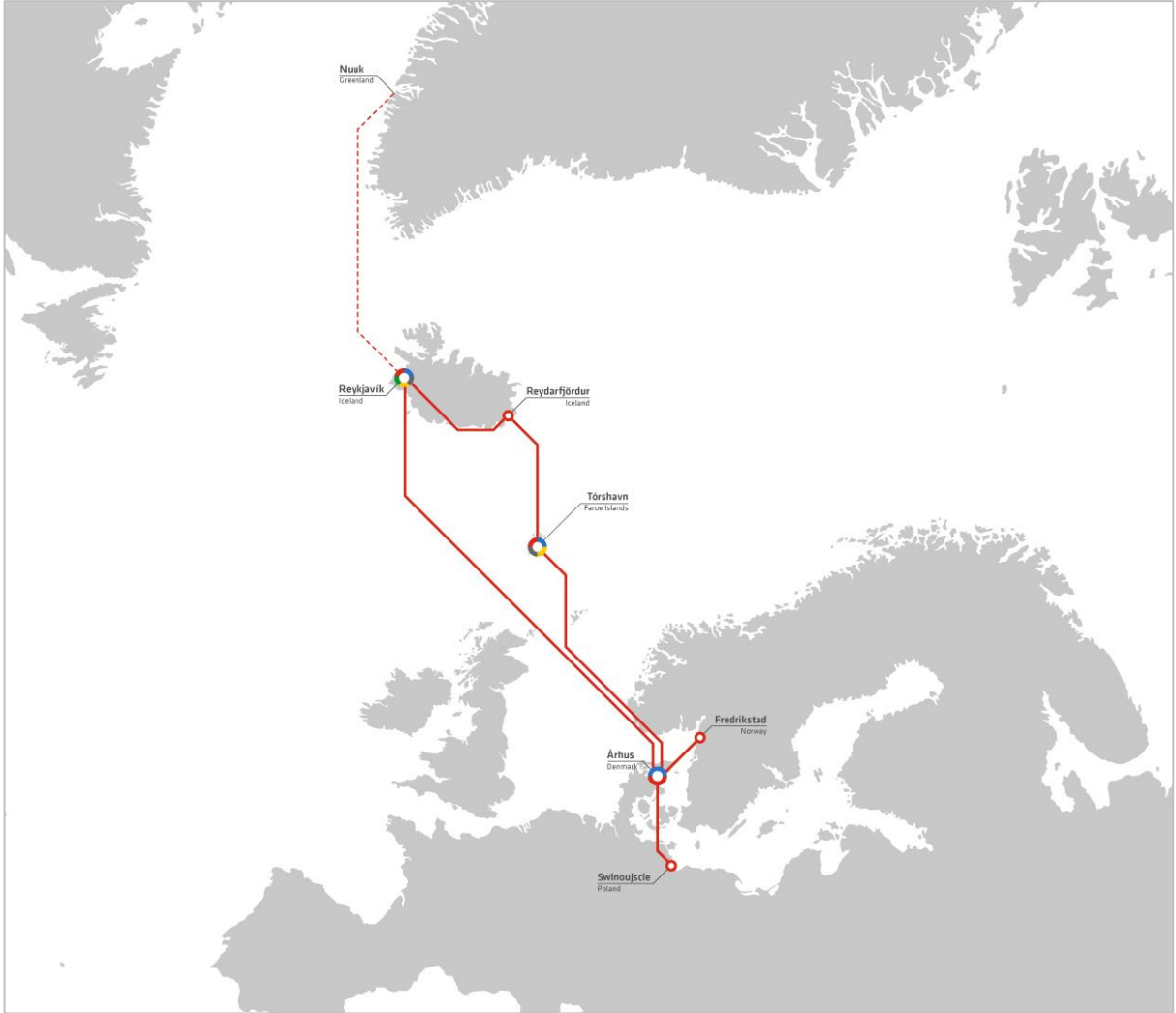
CHANGES IN THE SAILING SYSTEM | EFFECTIVE AS OF WEEK 46

Express delivery time of fresh and frozen fish to markets in Europe and onwards



SCHEDULED CHANGES IN THE SAILING SYSTEM AND VESSEL FLEET IN 2019

New vessels to be delivered during 2H 2019 | Red line connected to Greenland | Subject to Icelandic Competition Authority



GREEN ROUTE | INCREASED FREQUENCY

Volume growth in Trans-Atlantic in the first nine months 2018 +40%

INCREASE IN VOLUME

- Volume growth 2016 to 2017: **+28%**
- Volume growth first nine months 2018: **+40%**

INCREASE IN FREQUENCY

- 13 voyages 2010 (one vessel)
- 26 voyages 2011 (two vessels)
- 31 voyages 2014 (three vessels)
- 36 voyages 2017 (two vessels)
- 52 voyages 2018 (three vessels)



EIMSKIP'S OWN OFFICES IN NORTH AMERICA

Four offices in USA and four offices in Canada



ONGOING PROJECTS

New buildings in China and port developments on schedule

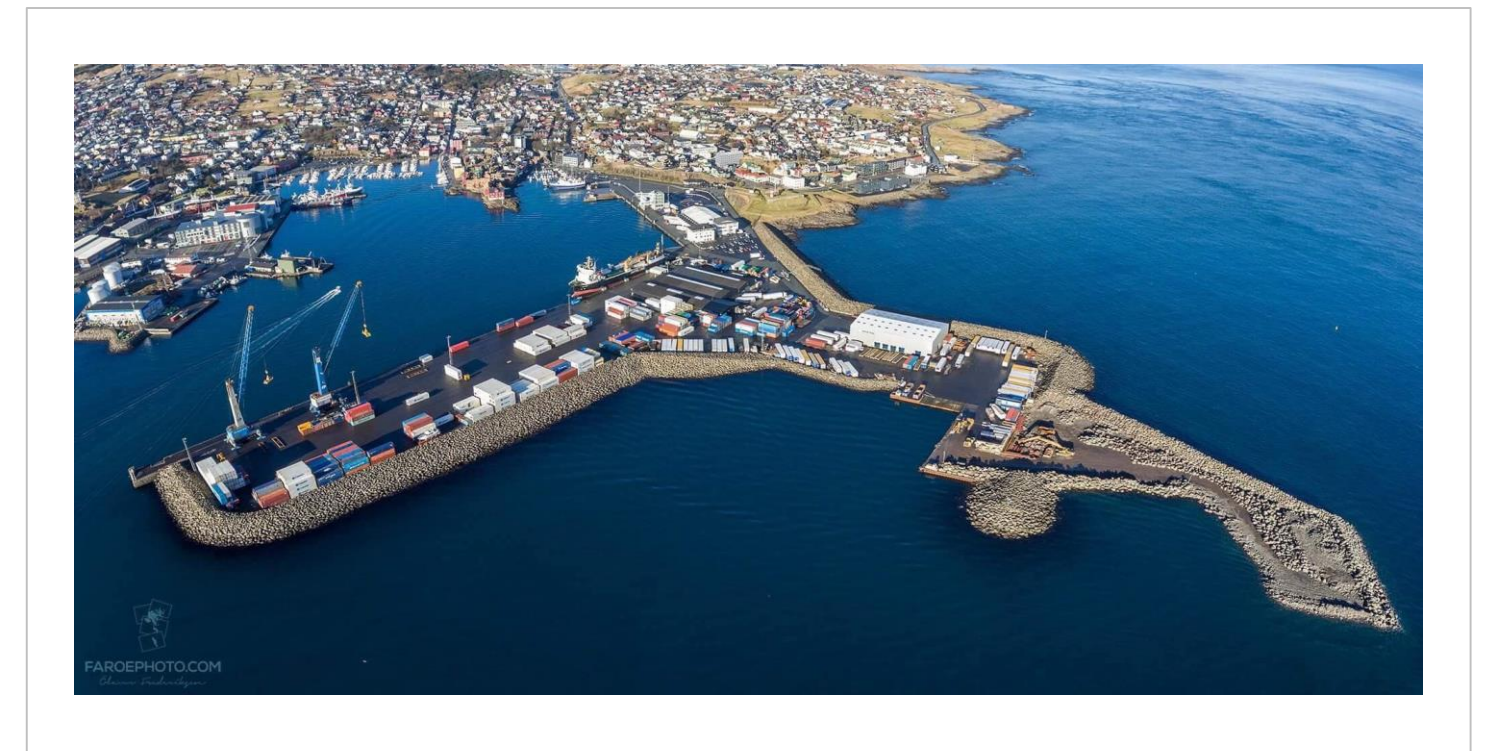
New buildings in China

- Vessels on schedule and launch of first vessel scheduled before year end
- Estimated to be delivered in 2H 2019 and start sailing on the red line



Port developments

- Nuuk in Greenland is up and running with two mobile cranes
- Tórshavn in Faroe Islands will be ready in 2019 with two mobile cranes
- Reykjavik in Iceland will be ready in 2019 with new gantry crane and two mobile cranes



ONGOING PROJECTS

Investment in 45' pallet wide reefer containers | New gantry crane to replace 34 year old Jakinn

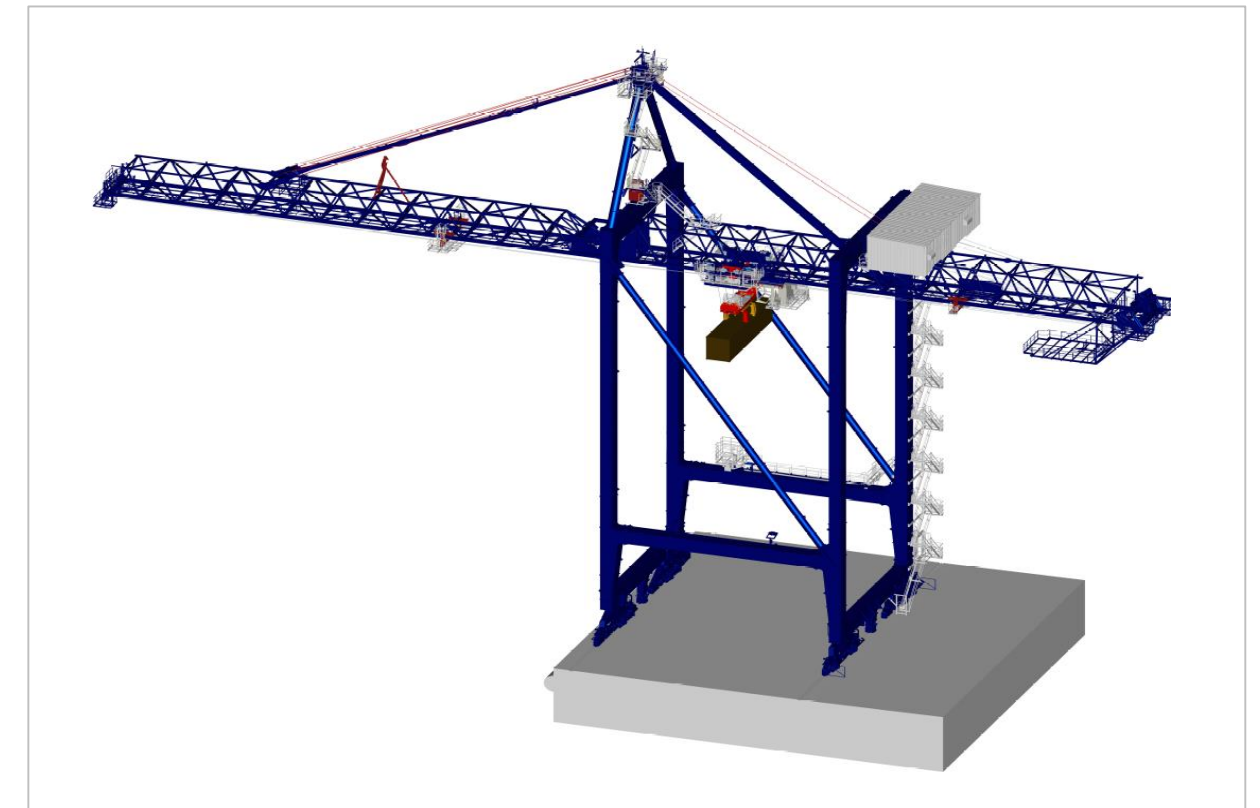
45' reefer containers

- Eimskip has invested in 45' reefer containers to respond to changes in market needs for fresh fish
- Easy to load with increased volume
- Instead of loading normal 22 pallets, it is possible to load 33 euro pallets



New gantry crane in Sundahöfn

- Eimskip has invested in a new ship to shore gantry crane from Liebherr to replace the old Jakinn gantry crane from 1984
- The new crane can reach further out to the stacks on board the vessels and is more productive
- Loads and discharges 40 containers per hour in comparison with 30 containers with the old Jakinn and mobile crane 20 containers per hour



ONGOING PROJECTS

Construction of new coldstore in Tromsø on schedule | Flagging of Eimskip's vessels in Faroe Islands

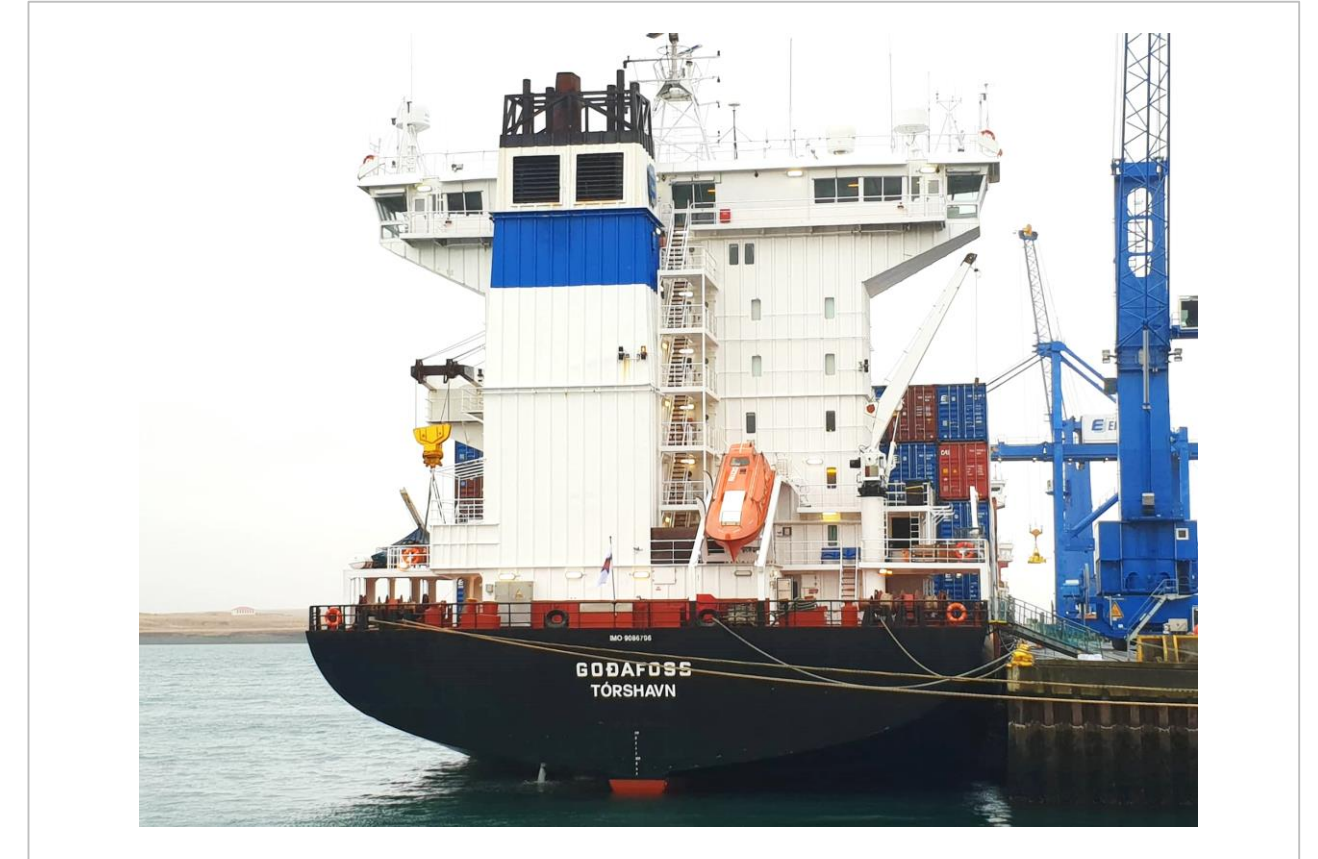
Tromsø Terminalen

- Tromsø is Norway's largest port for discharging of frozen whitefish
- The investment in Tromsø coldstore is a part of restructuring of Norway business
- New coldstore scheduled to be up and running in beginning of 2020



Flagging of Eimskip's vessels

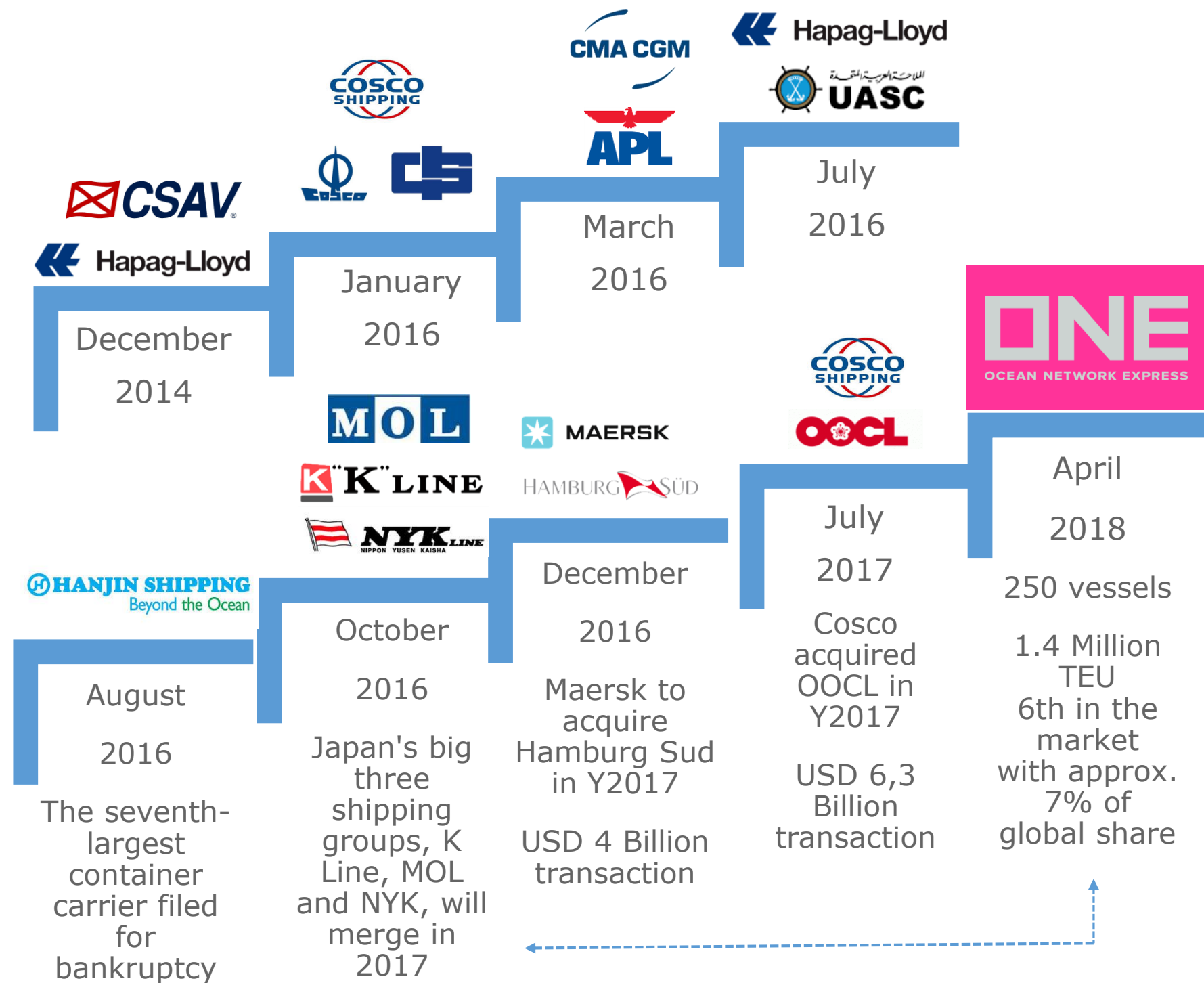
- Eimskip has been working on registering its vessels in Tórshavn, in the Faroe Islands for some time
- In November Godafoss, Dettifoss and Lagarfoss were flagged under the Faroese flag



GLOBAL SHIPPING MARKET

Turbulence around mergers and consolidation with the deep-sea lines is getting back to normal

The last three years M&A and bankruptcies in Global Shipping



Alliances

The 2M

HAMBURG SÜD

MAERSK, MSC, HMM

**486 Vessels
3.3 Million TEU**

The Ocean Alliance

CMA CGM, APL, COSCO SHIPPING, OOCL, EVERGREEN

**350 Vessels
3.5 Million TEU**

The Alliance

Hapag-Lloyd, UASC, ONE, YANG MING

**250+ Vessels
3.4 Million TEU**



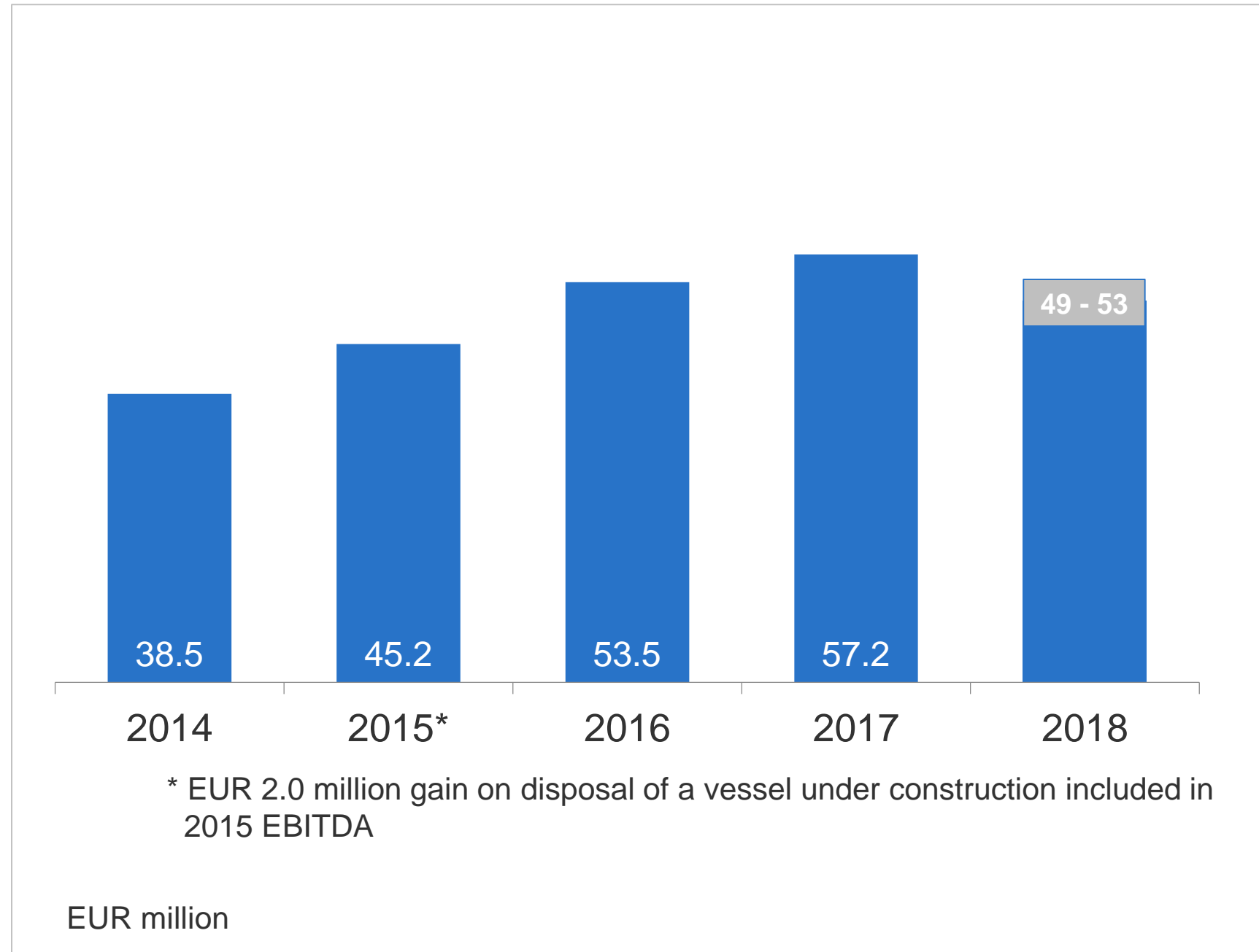
SHORT-TERM INITIATIVES

The company expects to realize gains from a number of initiatives to improve its operation and profitability

- Off-hire of one vessel in Norway ✓ | done
- Restructuring of Norway business ✓ | ongoing
- Decrease in charter rates of vessels ✓ | done
- Reduction in salary cost ✓ | ongoing
- Lowering of container cost ✓ | ongoing
- Fine-tuning of the container sailing system ✓ | ongoing
- Increased synergies between offices ✓ | ongoing
- Increase sales effort in Trans-Atlantic & Short-Sea ✓ | ongoing
- New platform for freight forwarding ✓ | ongoing
- Automation and back-office ✓ | under review
- Improved procurement procedures ✓ | ongoing

EBITDA GUIDANCE FOR 2018

EBITDA in the range of EUR 49-53 million



- Liner services
 - Export to be strong for the remainder of the year
 - Trans-Atlantic and Short-Sea volume expected to grow 40% y-o-y
 - Volume in the Faroe Islands to be stable
 - Volume in Norway expected to decrease in comparison with last year
 - Fine-tuning the cost of the sailing system is an ongoing project
 - Savings through improved container control
 - Savings through lower time charter rates
- Forwarding services
 - Reefer volume expected to be slow because of trade tension
 - Volume in dry cargo to remain strong
 - Ongoing work regarding synergies between freight forwarding companies in the group
- External factors
 - There is general uncertainty regarding geopolitical risk, trade tension, global economic conditions, volumes, freight rates, bunker prices, rate of exchange and competition

A seagull is captured in mid-flight, its wings spread wide, against a deep blue twilight sky. The bird is positioned in the center-left of the frame. In the foreground, a concrete pier structure is visible on the left, and a dark wooden railing runs across the bottom. The word "QUESTIONS" is written in a bold, white, sans-serif font, centered horizontally and partially overlapping the bird's wings.

QUESTIONS

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