



PRESENTATION OF FY 2018 AND Q4 RESULTS

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1 March 2019



KEY HIGHLIGHTS FOR THE YEAR 2018

RESULTS

Volume & revenues in both liner and forwarding services grew

but

EBITDA and profitability levels are disappointing

REASONS

Reefer liner services in Norway substantially under performing

Lower margin in forwarding services in Europe

Increased cost in Trans-Atlantic with third vessel – volume picked up late last year

Positive second half of the year in container liner services

Good performance in Iceland domestic operation & the Faroes operation

ACTIONS

A reduction of two vessels in Norway and continued focus on improving operations

Reduction of FTE's and realignment of Org. structure

Continued streamlining of the container liner system and increased focus on operating expenses

More focus on synergies between different units and on processes automation

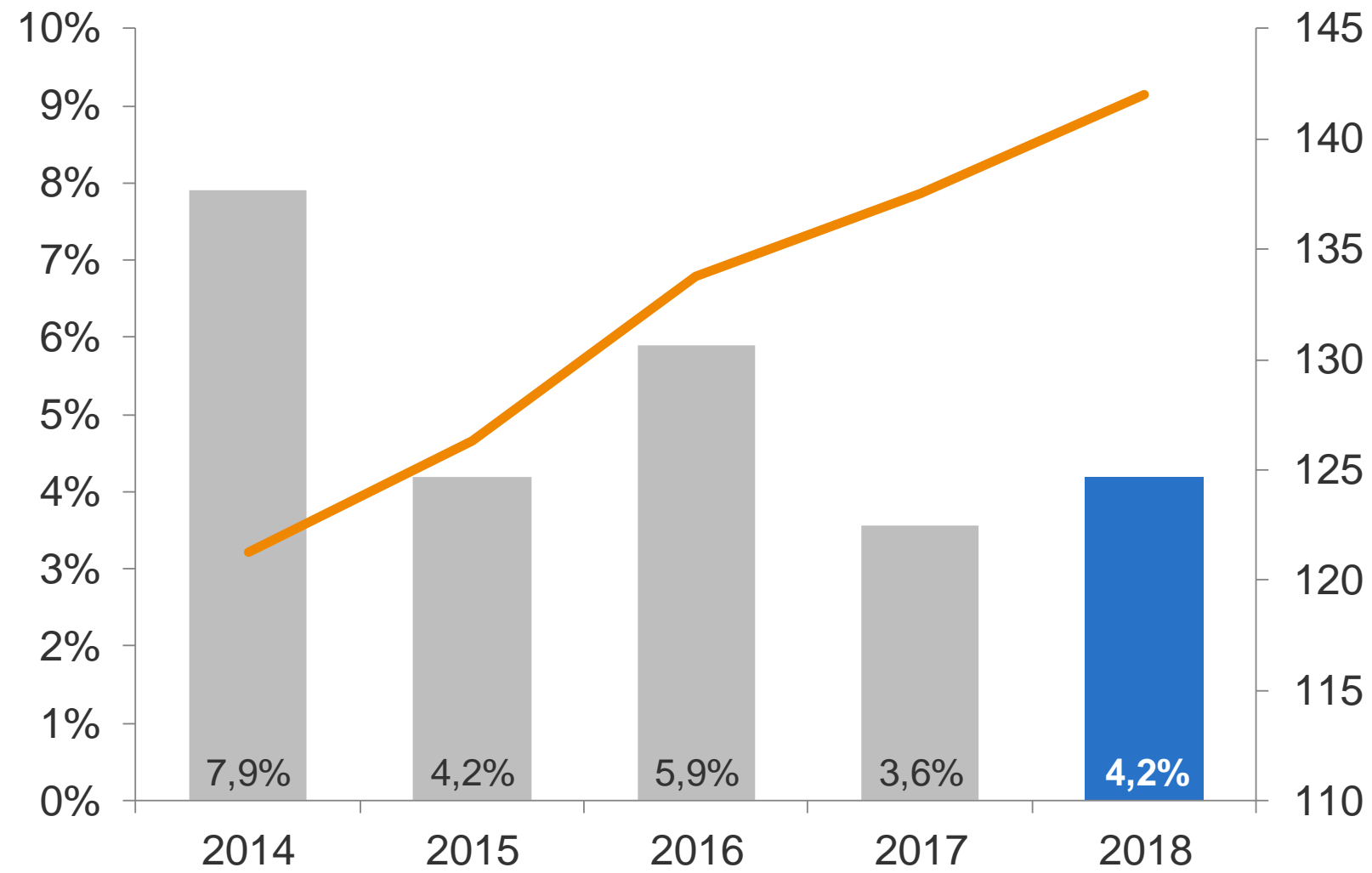
OPERATING ACTIVITIES



LINER SERVICES VOLUME IN 2018

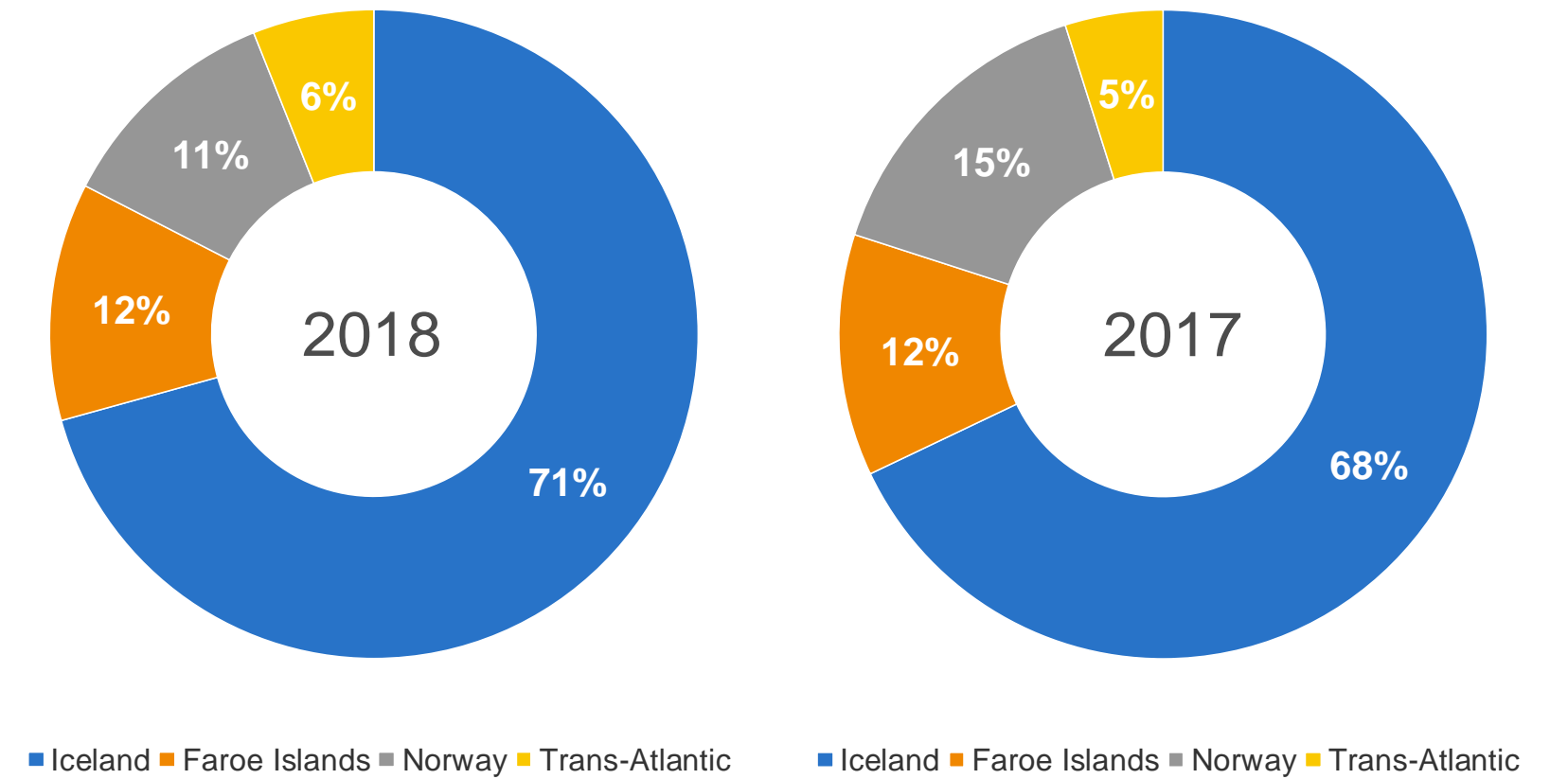
Container Liner volume up 7.0% but Reefer Liner services down 13.6%

VOLUME DEVELOPMENT



Volume index: 2010 volume at 100

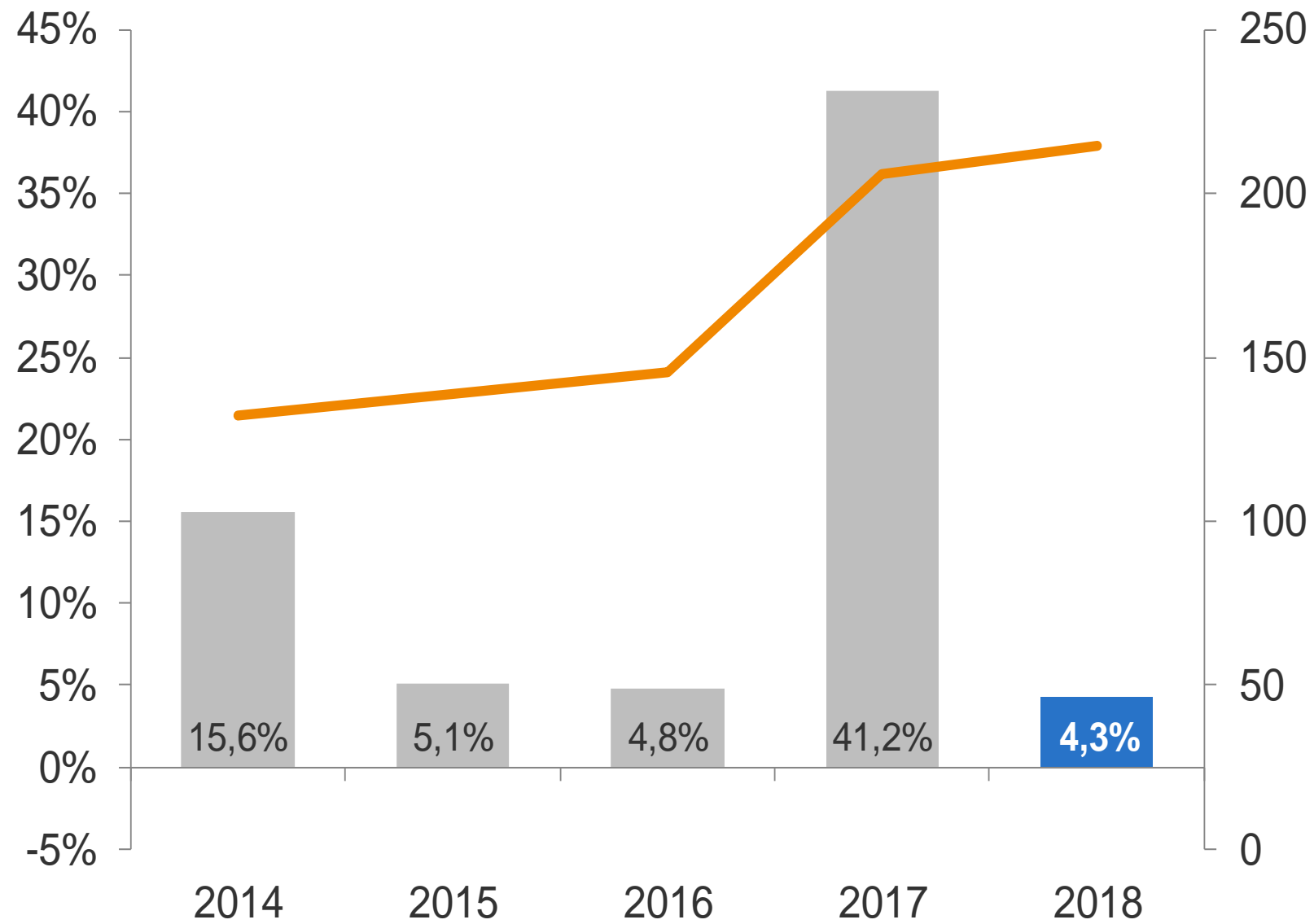
GEOGRAPHICAL SPLIT



FORWARDING SERVICES VOLUME IN 2018

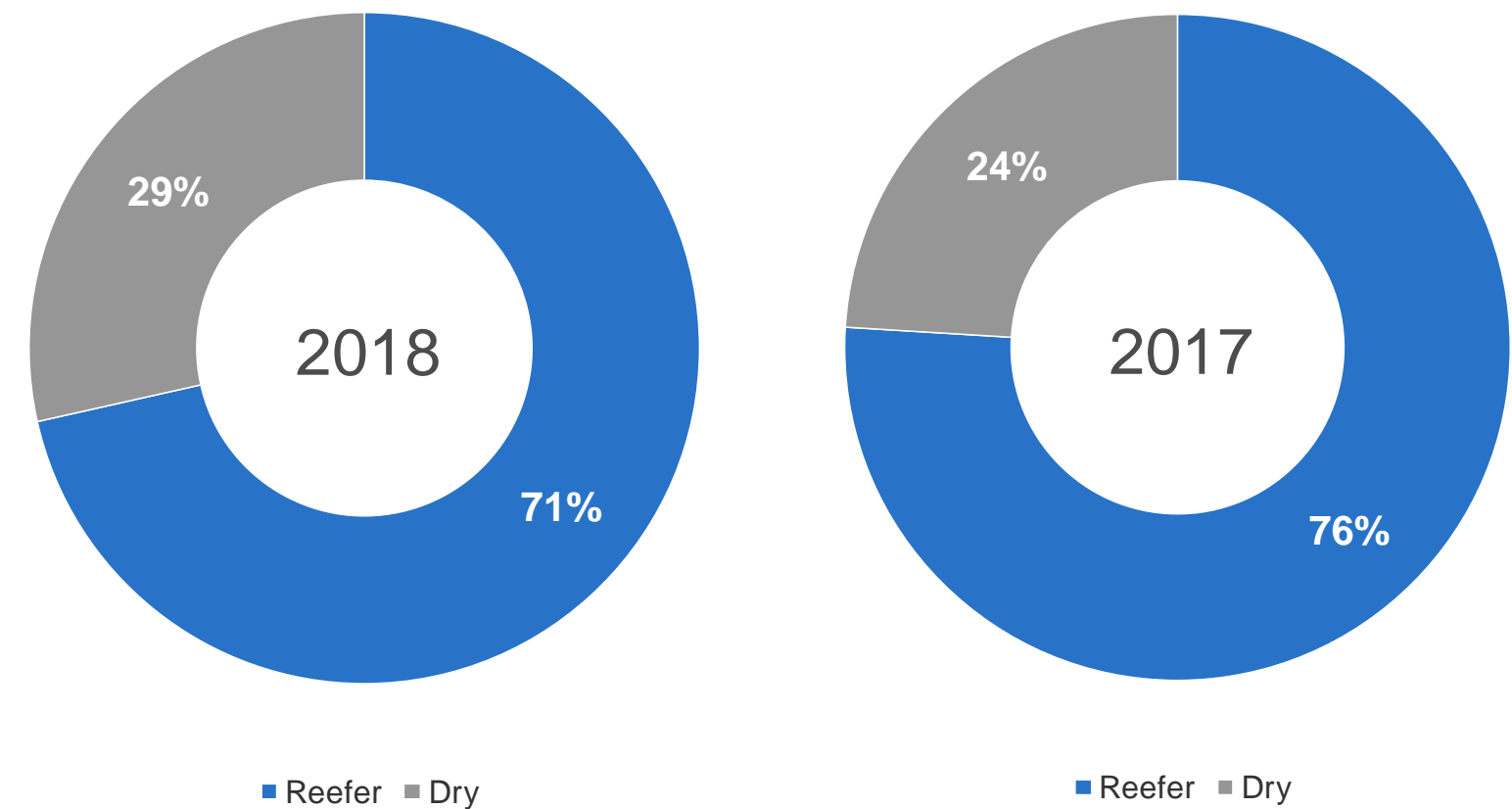
Growth driven by dry cargo up 23.7% | Reefer forwarding volume down 1.9%

VOLUME DEVELOPMENT



Volume index: 2010 volume at 100

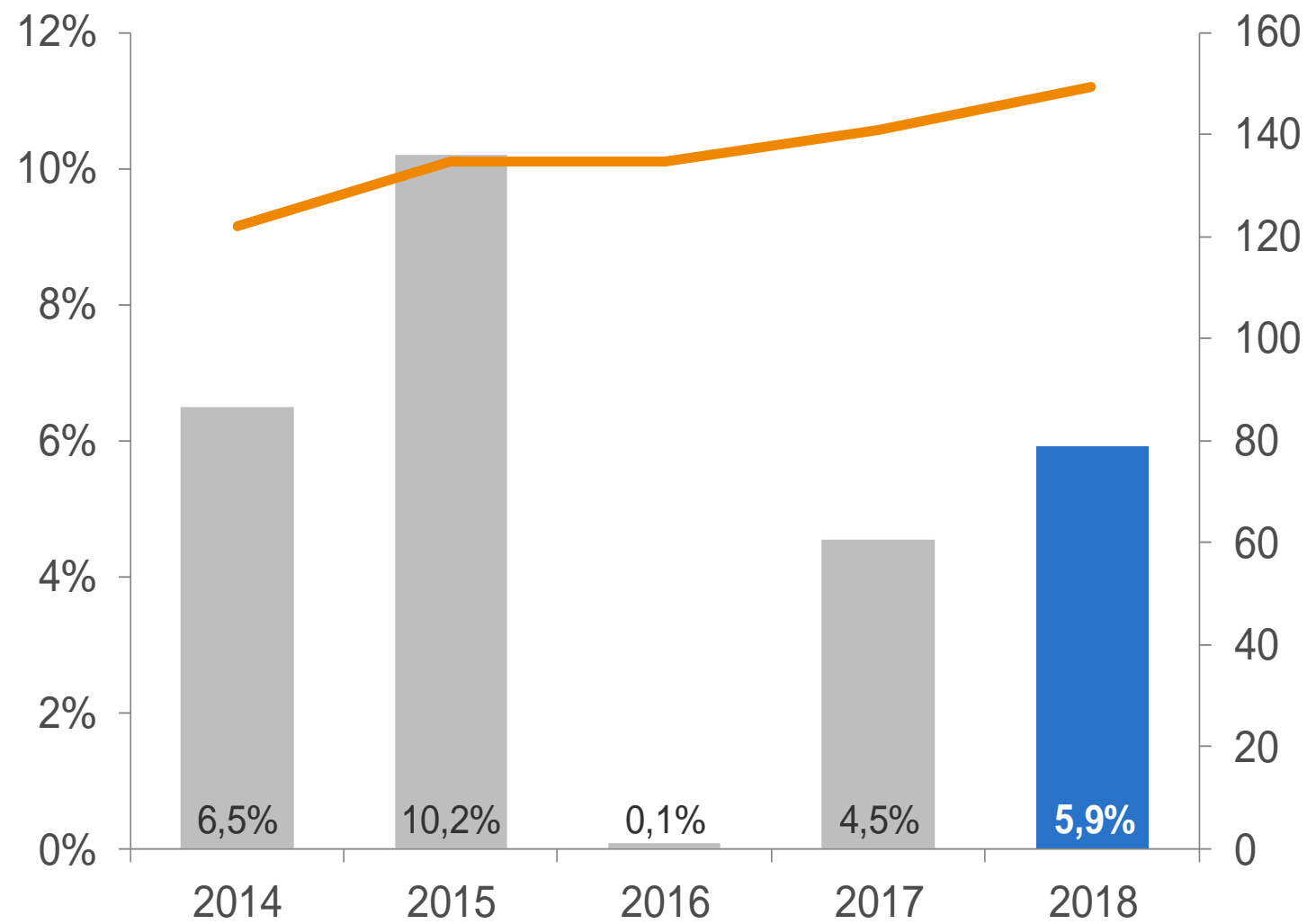
REEFER VS DRY



VOLUME IN Q4 2018

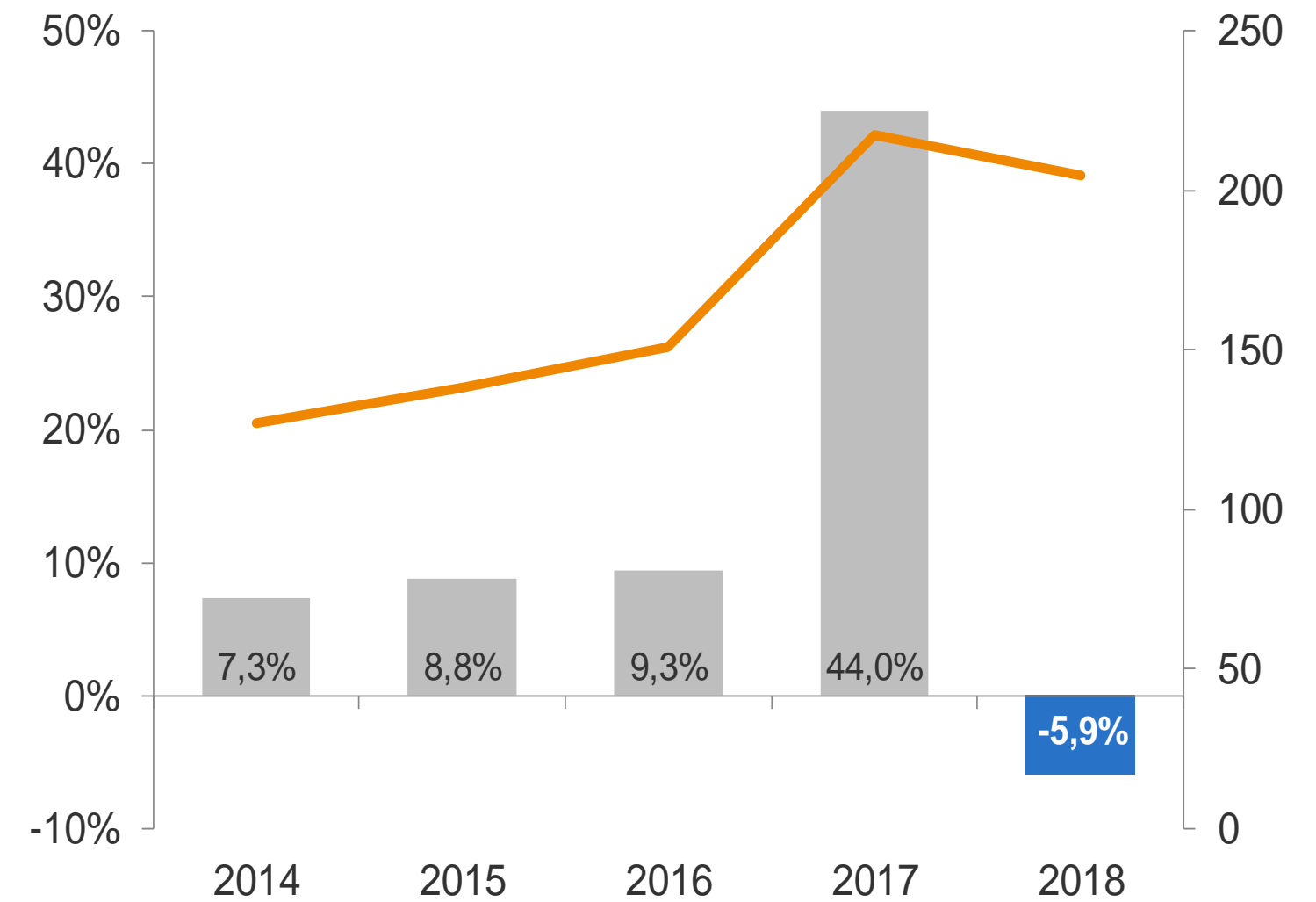
Strong volume growth in Container Liner up 10% | Dry Forwarding volume down 17% due to discontinued low margin service

LINER SERVICES



Volume index: 2010 volume at 100

FORWARDING SERVICES

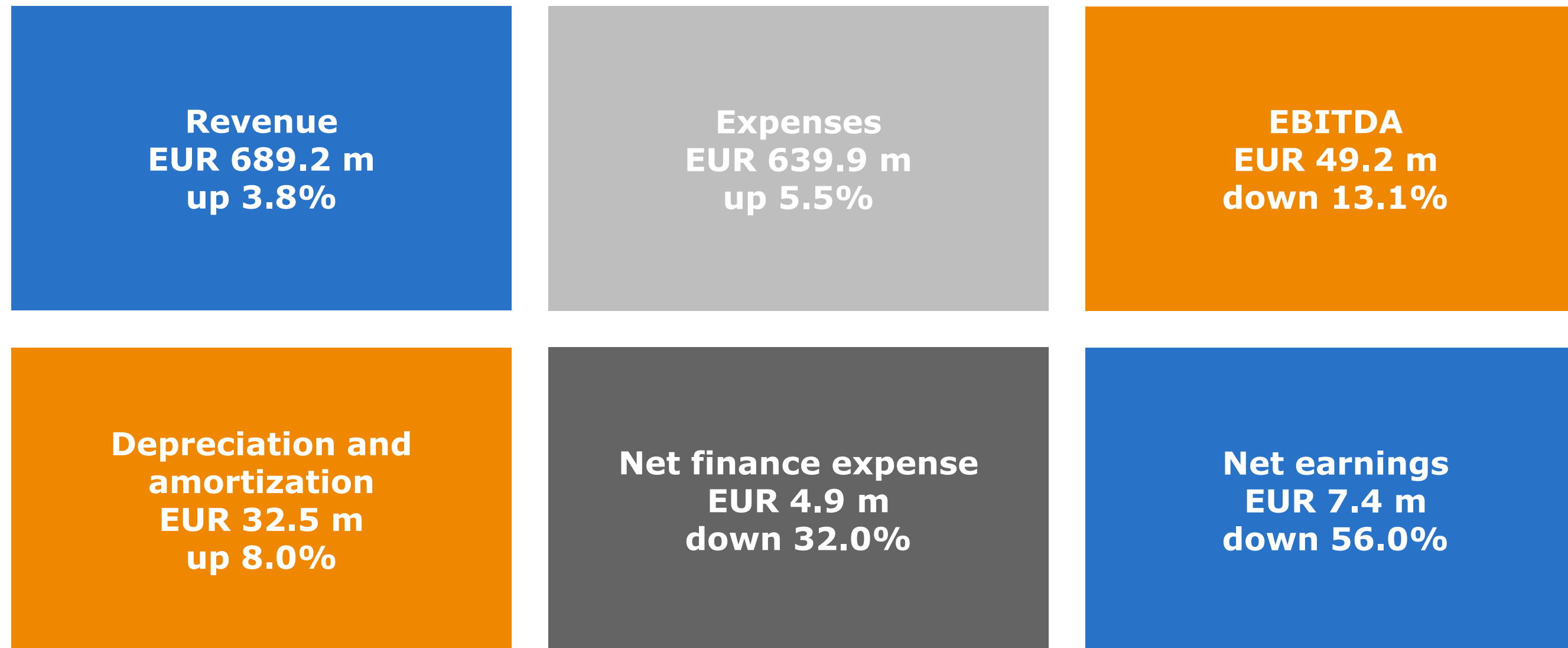




FINANCIAL RESULTS

INCOME STATEMENT 2018

Continued revenue and volume growth year-on-year but disappointing operating result and profitability



SEGMENT PERFORMANCE

Liner affected by Norway reefer liner & cost of capacity increase in TA | Forwarding affected by challenging market conditions

LINER

Revenue
EUR 449.2 m
up EUR 10.8 m

Expenses
EUR 399.1 m
up 13.6 m

EBITDA
35.0 m
down 4.5 m

FORWARDING

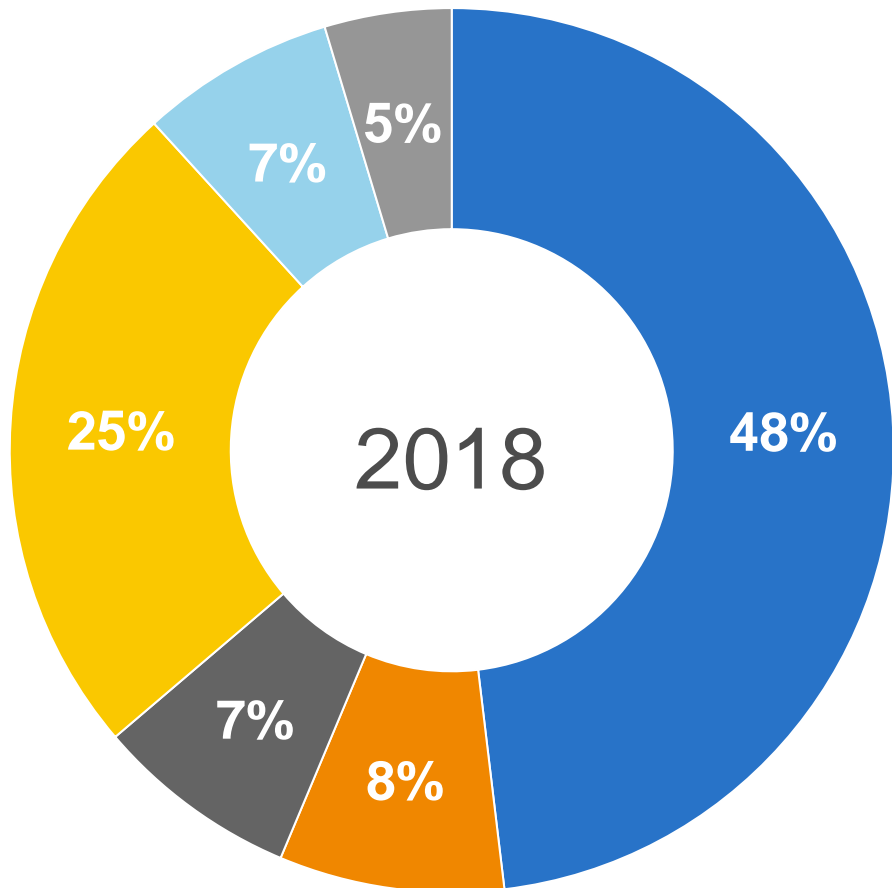
Revenue
EUR 239.9 m
up EUR 14.4 m

Expenses
EUR 240.8 m
up 19.6 m

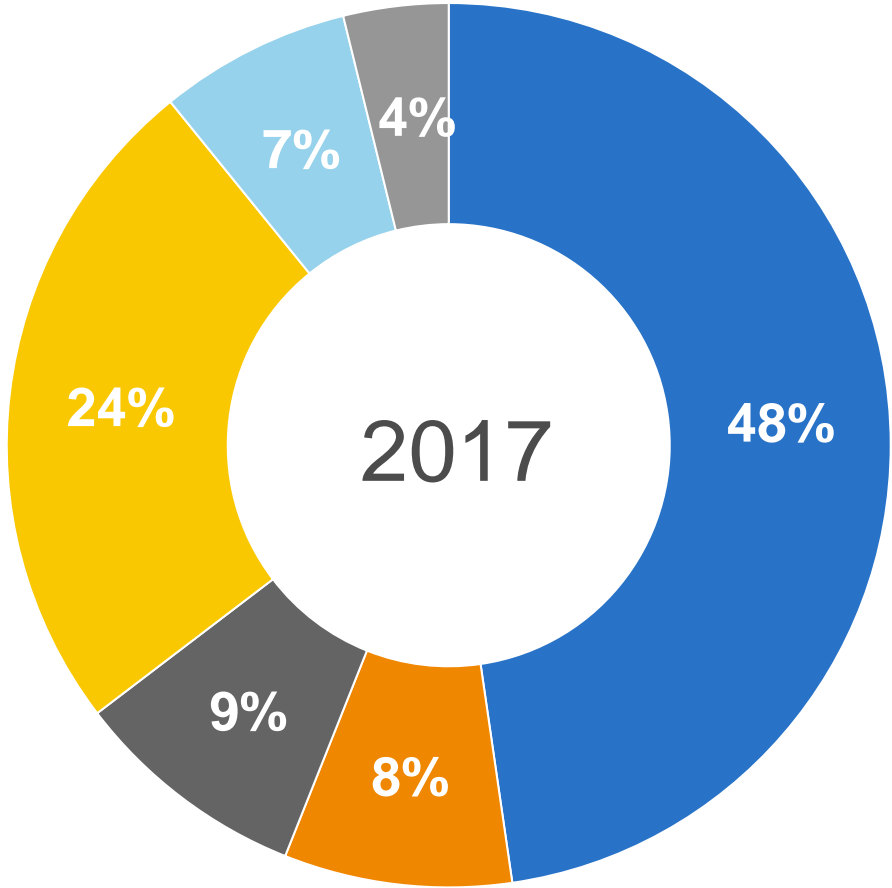
EBITDA
14.2 m
down 3.4 m

GEOGRAPHICAL SPLIT OF REVENUE

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



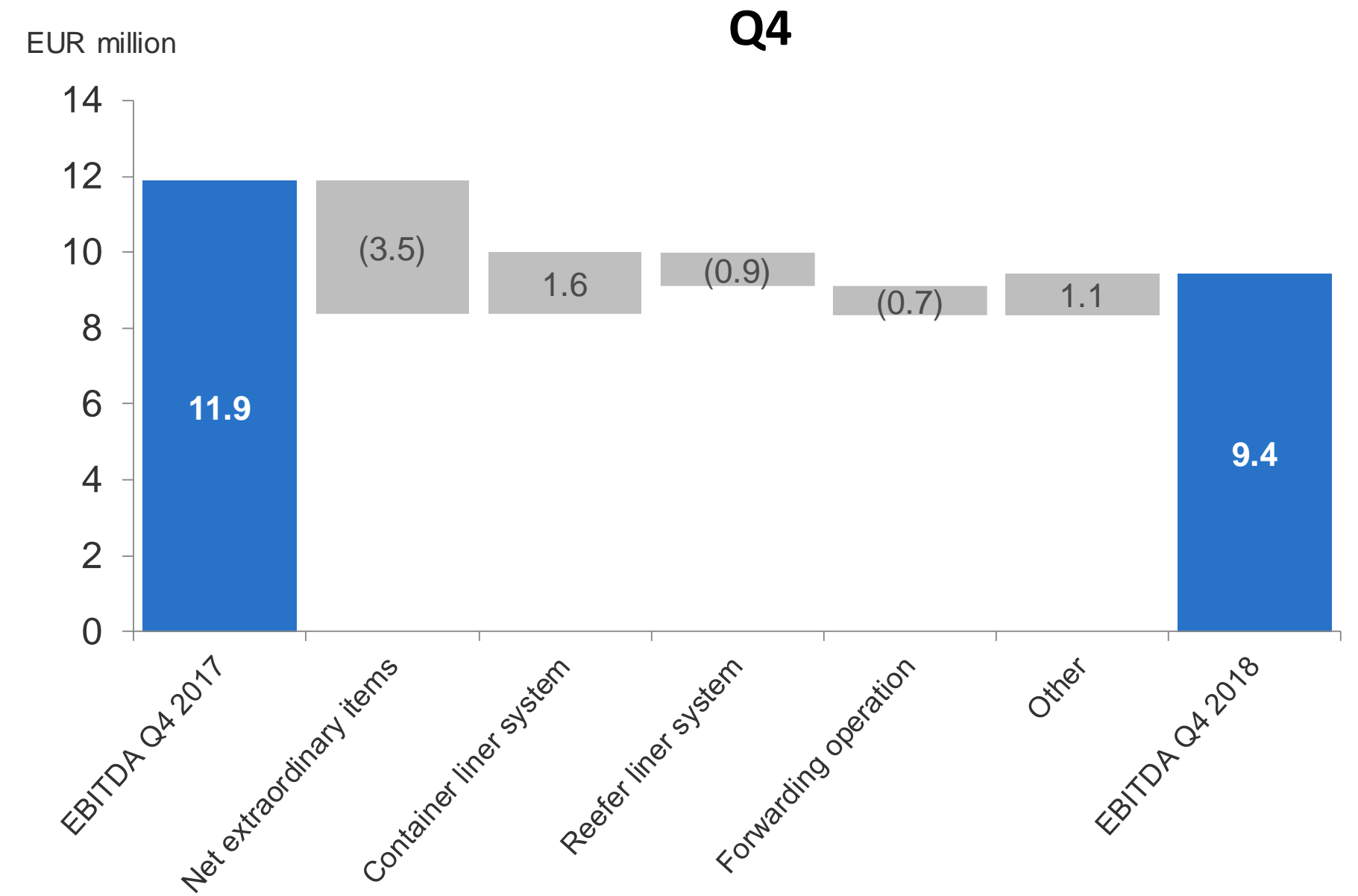
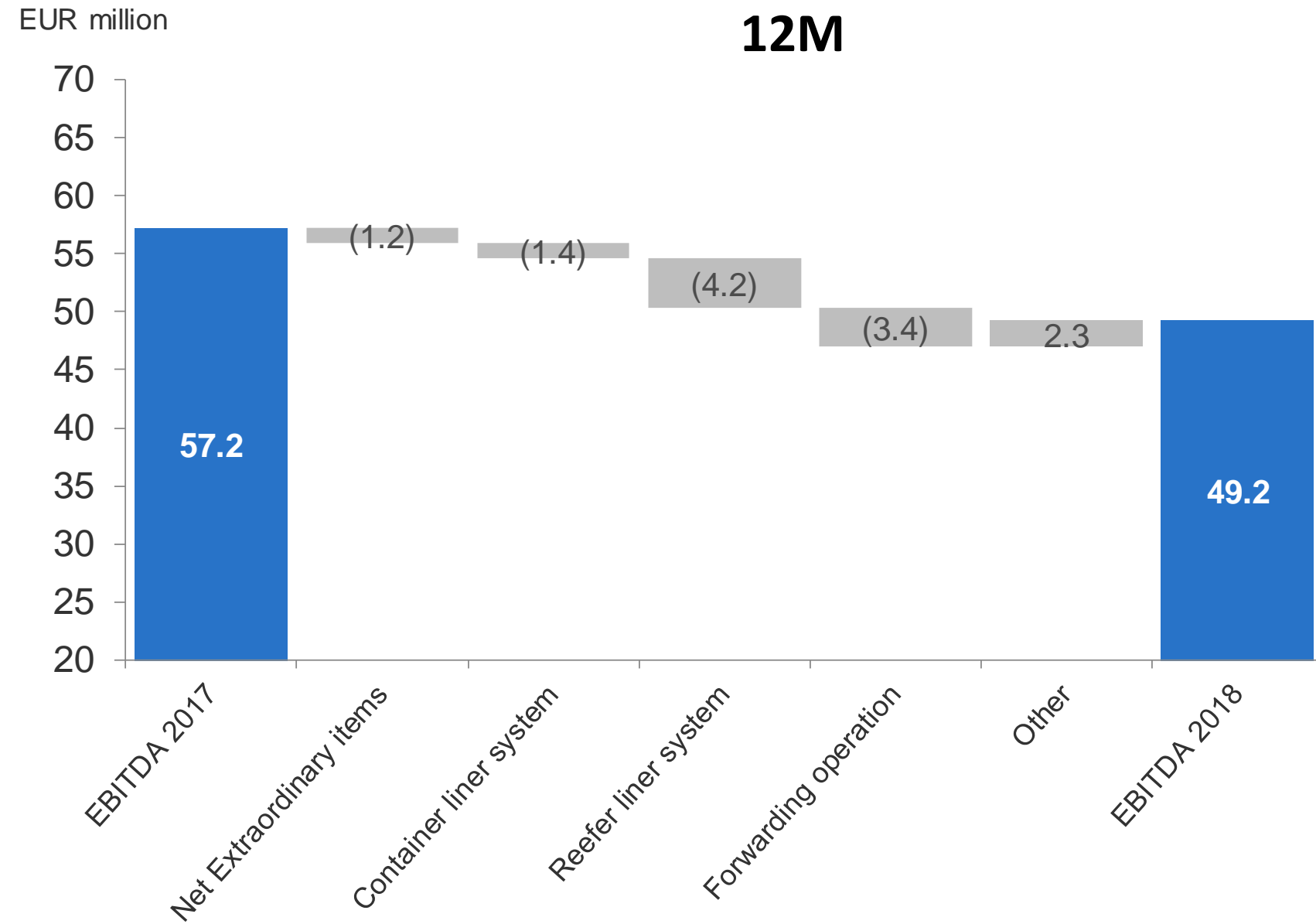
- Iceland
- Norway
- Asia
- Faroe Islands
- Europe
- Other



- Iceland
- Norway
- Asia
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- Europe
- Other

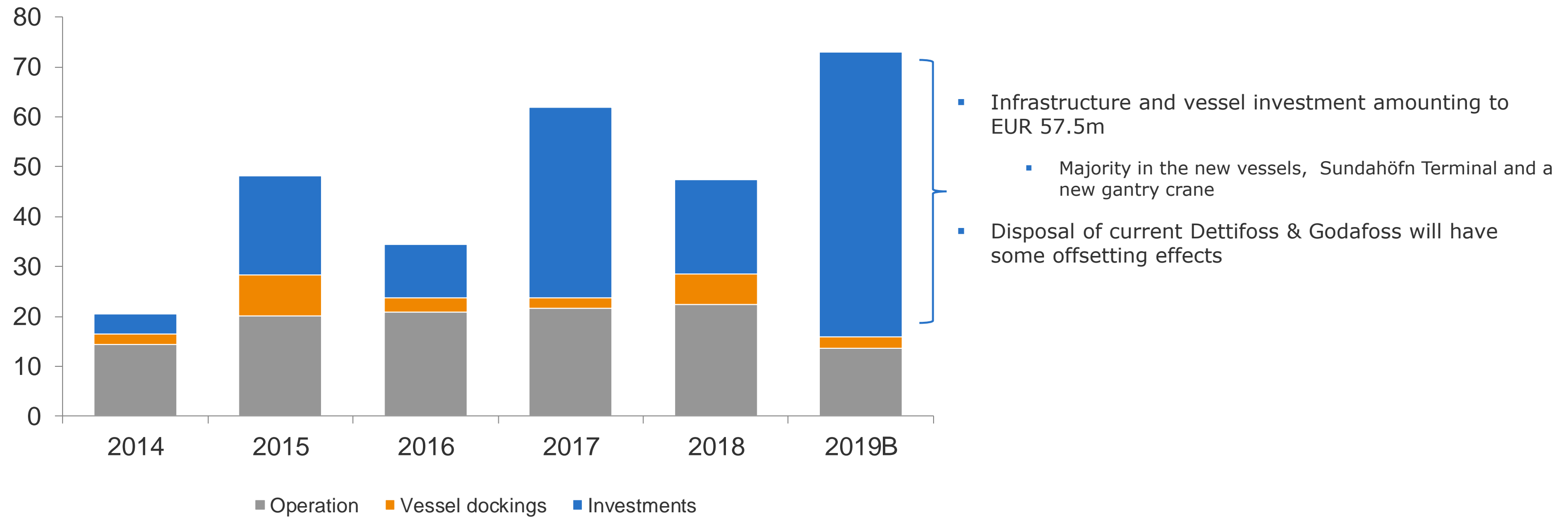
EBITDA BRIDGE

Container liner system rebounded in Q4



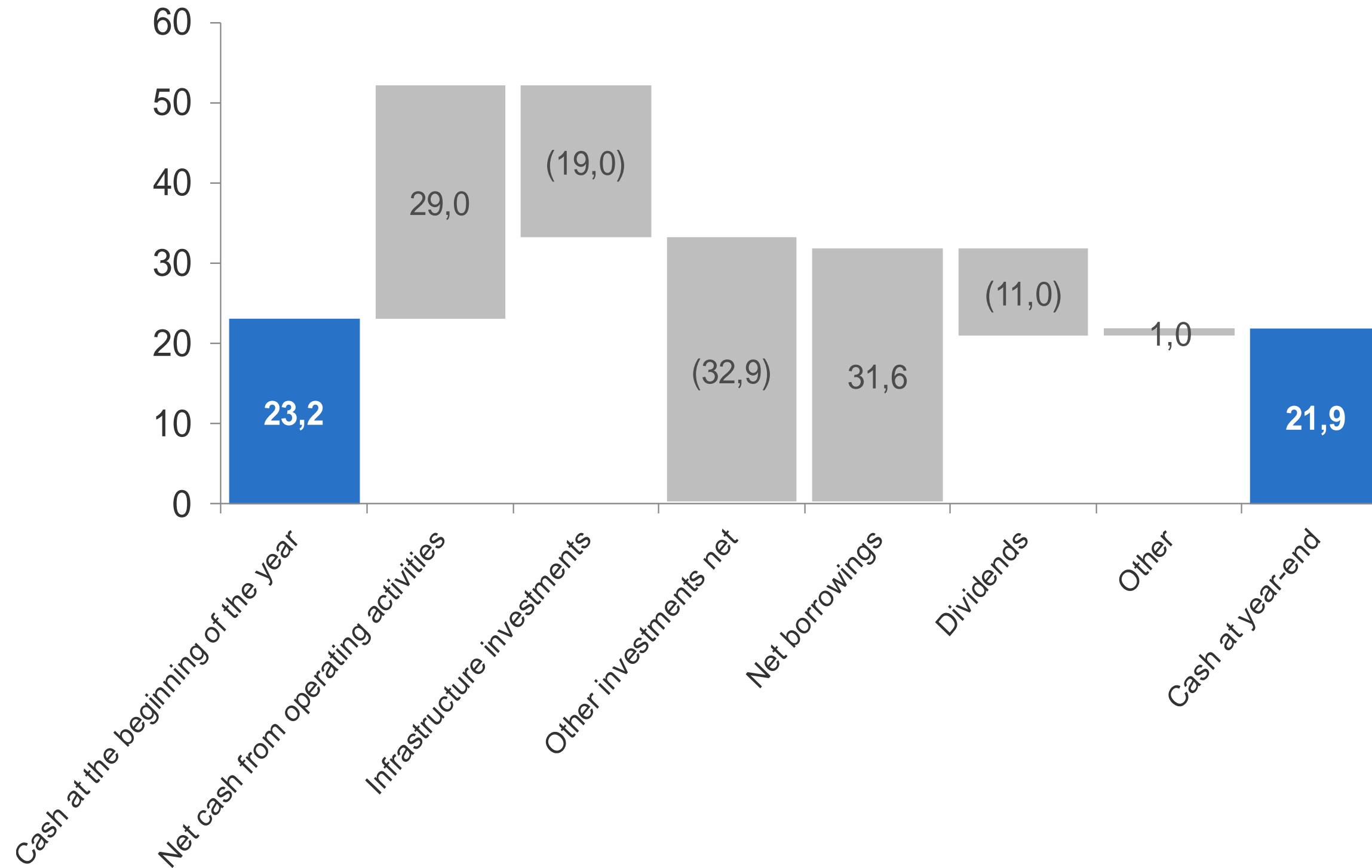
CAPEX 2014 - 2019

Considerable investments forecasted in 2019 | Driven by long term investments in vessels and port facilities



CASH FLOW BRIDGE

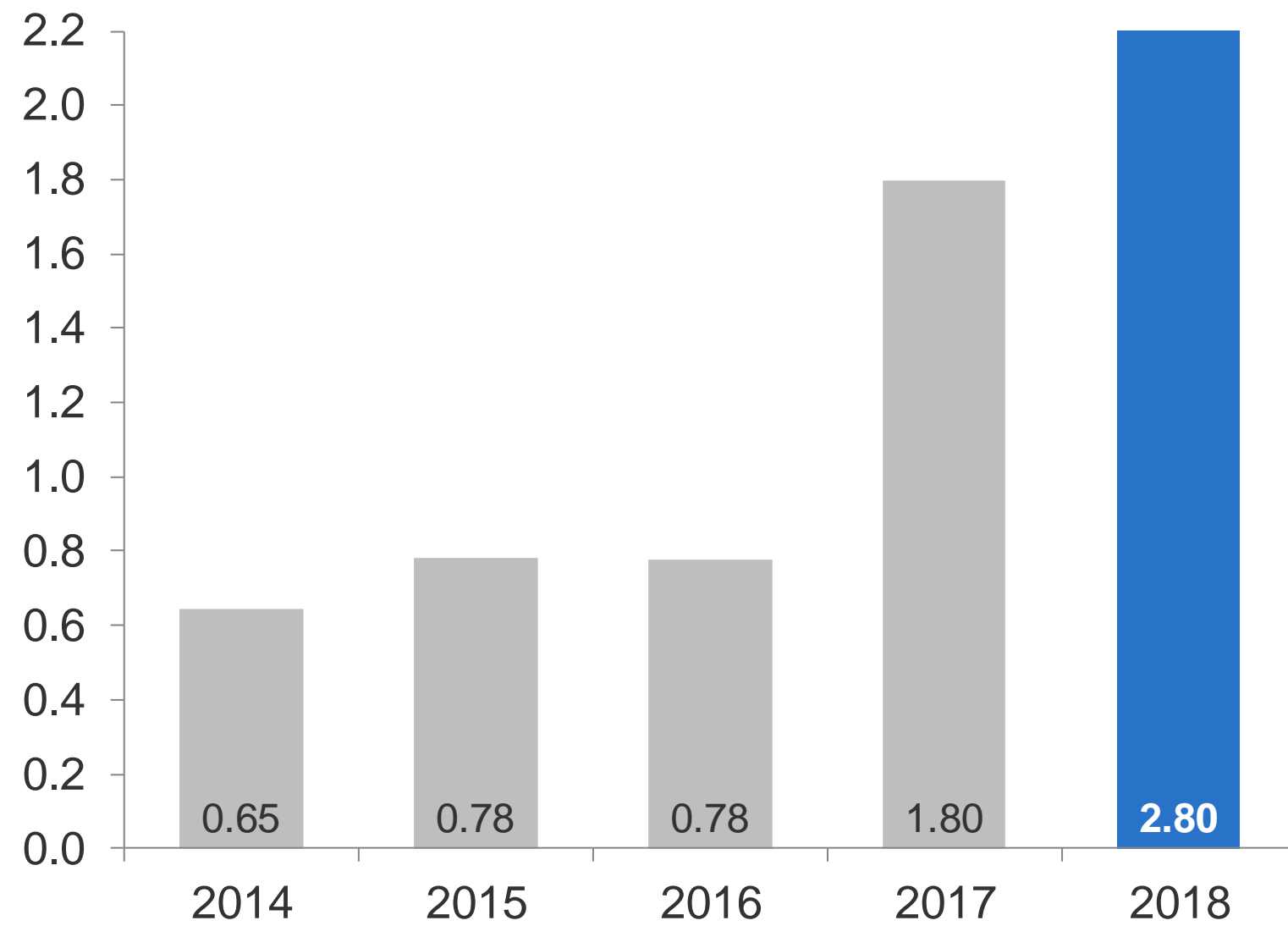
Investments have led to increase in borrowings



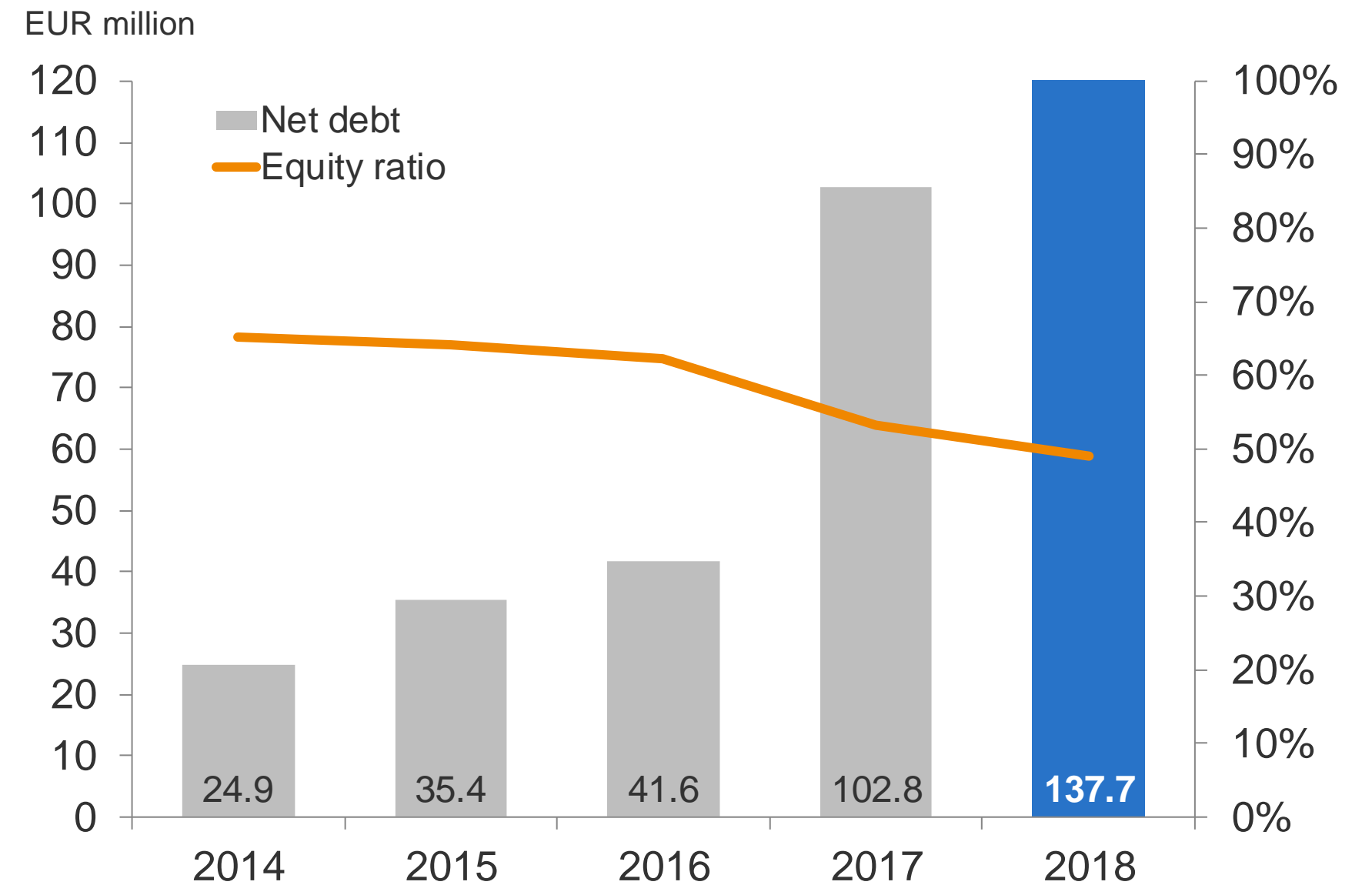
FINANCIAL RATIOS 2014 - 2018

Increased leverage but strong financial position | Equity ratio 49.1% at year-end

NET DEBT / EBITDA



NET DEBT AND EQUITY RATIO



DIVIDEND PROPOSAL

Proposed total payment of EUR 4.8 million

DIVIDEND POLICY

The policy of Eimskipafélag Íslands hf. is to pay annual dividend that equals an amount in the range of 10-65% of net profit after taxes.

Decisions on dividend payment, and the exact amount, are subject to the company's future investment plans, market outlook and satisfactory capital structure at any given time.

DIVIDEND PROPOSAL 2019

ISK 3.50 per share

ISK 653.2 million total dividend payment

- Equal to about EUR 4.8 million
- Approximately 64.8% of net earnings for the year 2018



GUIDANCE AND THE WAY FORWARD

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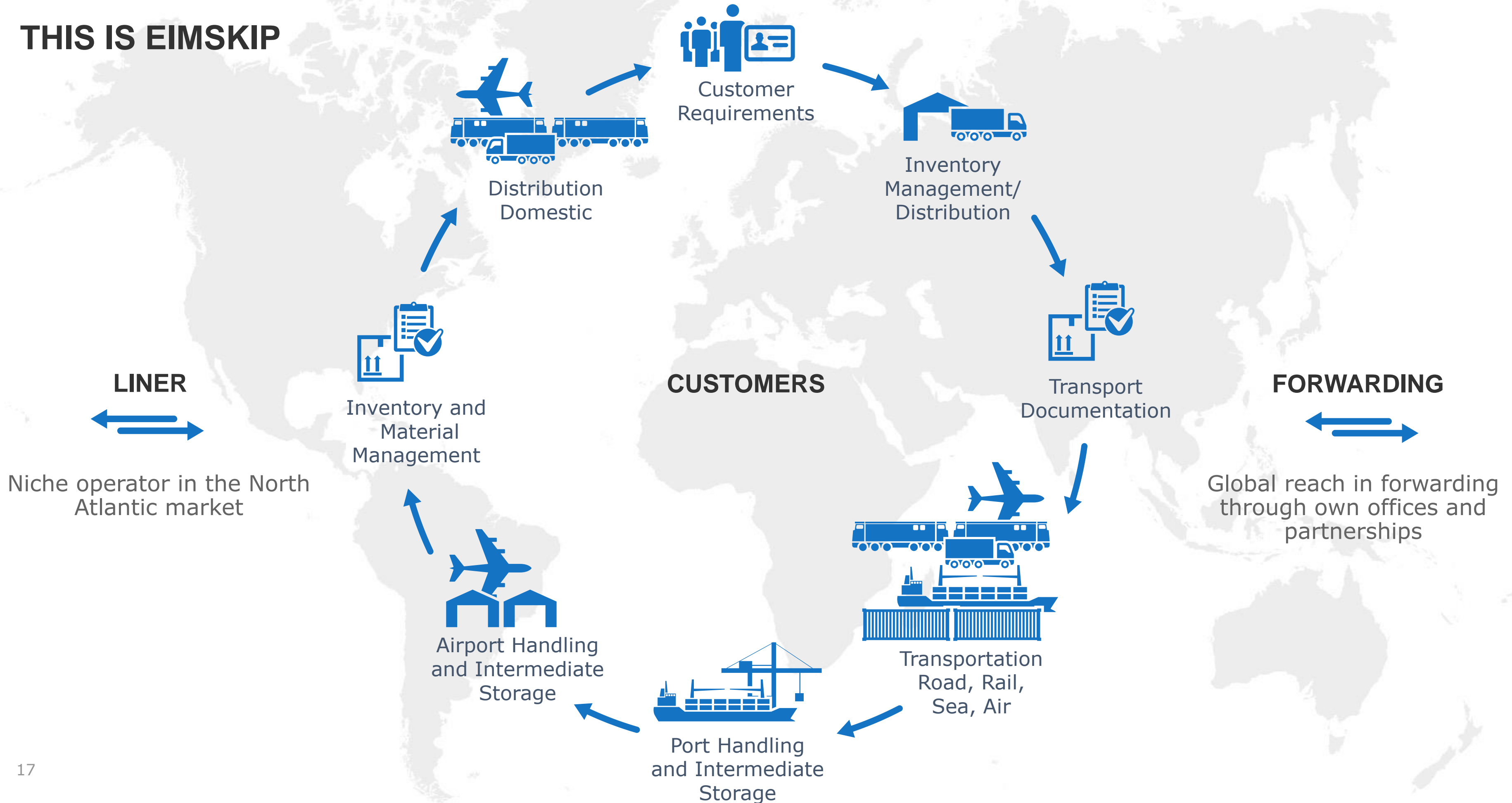
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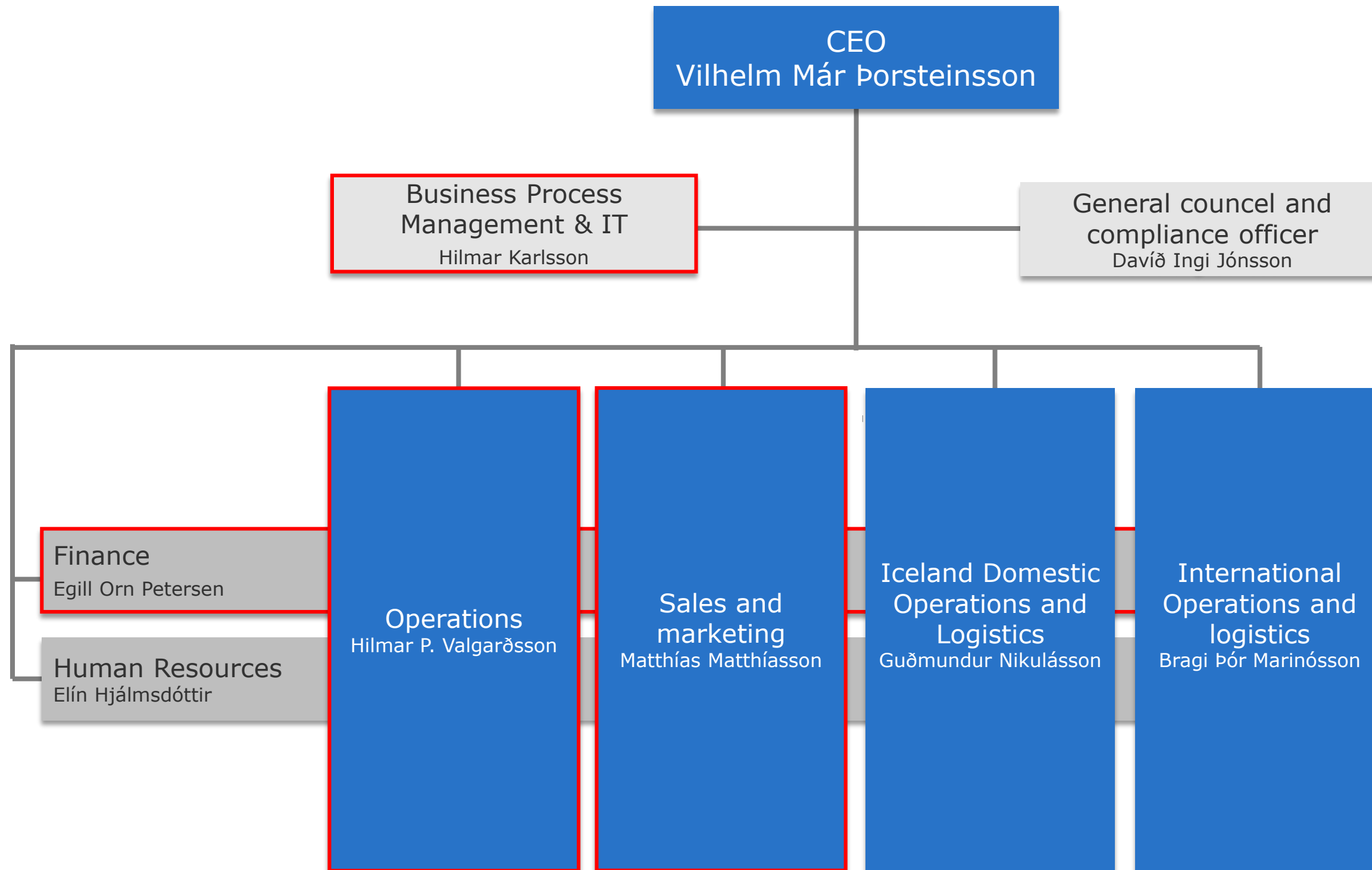
TUG

THIS IS EIMSKIP



NEW ORGANIZATIONAL STRUCTURE

More holistic view and accountability of individual business divisions & Operations



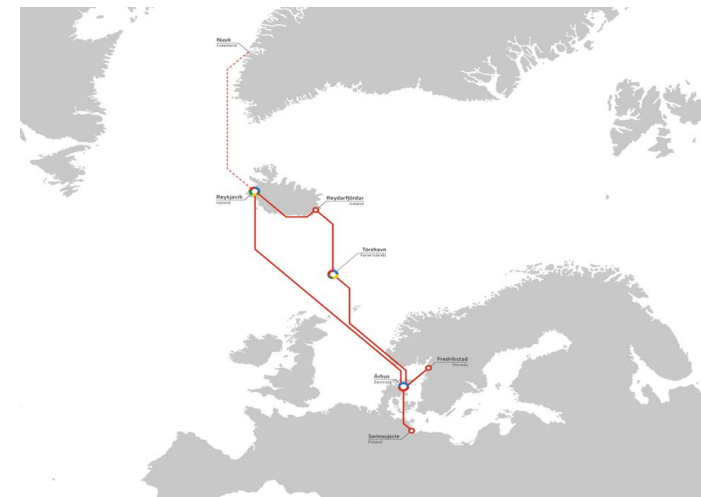
Affected by structural changes in January

STRATEGIC LONG TERM INVESTMENTS

Long term financing secured

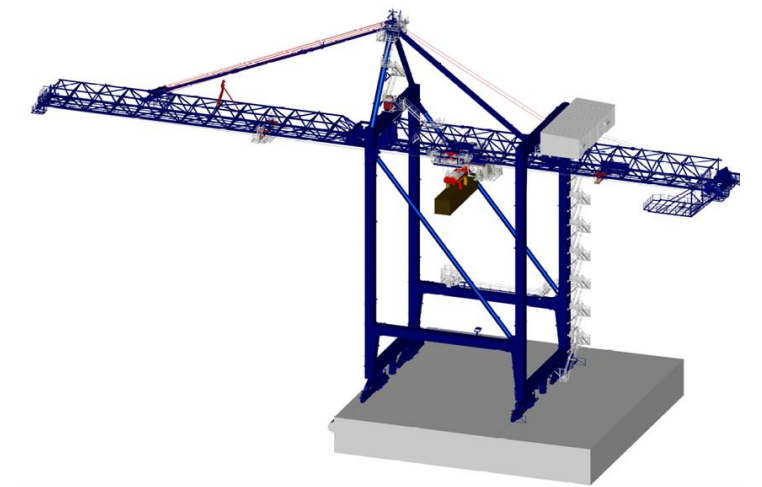
Two new container vessels

- Newbuilding of two 2.150 teus container vessels in China with estimated delivery during 2H 2019
- Vessels will be named Brúarfoss and Dettifoss
- Eimskip has already paid 40% of the purchase price and secured long term financing of 80% - cash will be released upon funding
- Operating savings through fuel efficiency and lower unit cost per teus
- The Red Line planned to be extended to Greenland with the planned co-operation with Royal Arctic Line
 - Subject to approval from Icelandic Competition Authorities (SKE)
- Current 1.450 teus Dettifoss and Godafoss will be sold later this year



Sundahöfn Terminal and New Liebherr gantry crane

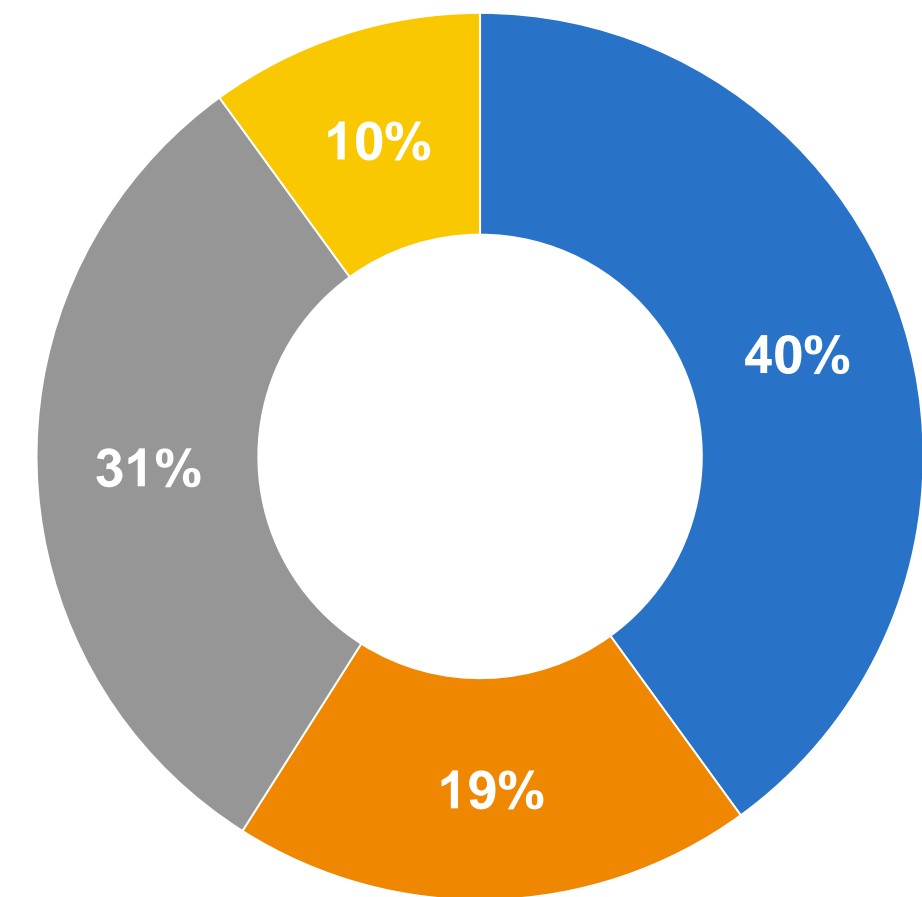
- All necessary construction work at the new key area is executed by Faxaflóahafnir
- Planned to be finalized in phases in the period from July to September
- Key investment to service larger vessels – an investment for next decades
- Replacing 36 year old Jakinn which has made above 2 million moves during that time



ESTIMATED EFFECT OF IFRS16

Eimskip will implement IFRS16 financial reporting standard on operational lease agreements at the start of 2019

Asset and liability increase:	EUR 35 - 40 million
EBITDA effect	EUR 18 million
Equity ratio decrease	49.1% -> 45.1%
Leverage ratio decrease	2.80 -> 2.09



■ Buildings ■ Land ■ Vessels ■ Equipment

EBITDA GUIDANCE FOR 2019

EBITDA in the range of EUR 49 - 57 million*

Million EUR	2017	2018	2019 Guidance	
			Lower	Upper
EBITDA	57,2	49,2	49,0	57,0
Working capital changes & other	(13,2)	(13,5)		
Taxes	(2,6)	(1,7)		
Maintenance CAPEX net sale	(20,4)	(25,8)		
Cash flow before debt service	21,0	8,3		
Debt repayment and interests	(19,0)	(14,0)		
Cash flow before Investments	2,0	(5,7)		
Net investments	(54,7)	(26,1)		
Debt funding	49,4	40,7		
Cash flow available to shareholders	(3,2)	8,8		

- General operating activities
 - Increased focus on operating cost and improving current business platform
 - Revenue & cost synergies between different Eimskip's offices and subsidiaries
- Liner services
 - Expecting continued growth in Trans-Atlantic services
 - Challenging operating environment in reefer liner in Norway
 - Increased focus on improving operation
 - A decrease of two vessels since middle of last year
 - Export expected to be stable but uncertainty regarding outcome of capelin fisheries
 - Import in Iceland under pressure, mainly due to cool down of Icelandic economy and arising uncertainty
- Forwarding services
 - Volume expected to grow in reefer but go down in dry forwarding
 - Margins expected to improve from last year
- External factors and general reservations
 - Uncertainty what effect the cool-down of the Icelandic economy will have, especially on import
 - Tension in the Icelandic labor market and uncertain development
 - General reservations such as geopolitical risk (Brexit), trade tension & global economic conditions, import, export & forwarding volumes, development of freight rates & bunker prices, interest- & currency exchange rates 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 overlaid in a bold, white, sans-serif font in the center of the image.

QUESTIONS

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