



## NET EARNINGS EUR 4.6 MILLION IN Q2 2018

Financial Results – Q2 and 1H 2018  
31 August 2018



# KEY HIGHLIGHTS FOR Q2 2018

Net earnings EUR 4.6 million

**Revenue**  
EUR 172.6 m  
up EUR 1.9 m

**EBITDA**  
EUR 14.9 m  
down by EUR 1.8 m

Investment in the  
weekly sailing system

Growth in container liner  
segment but Norway liner  
and spot was below  
expectations

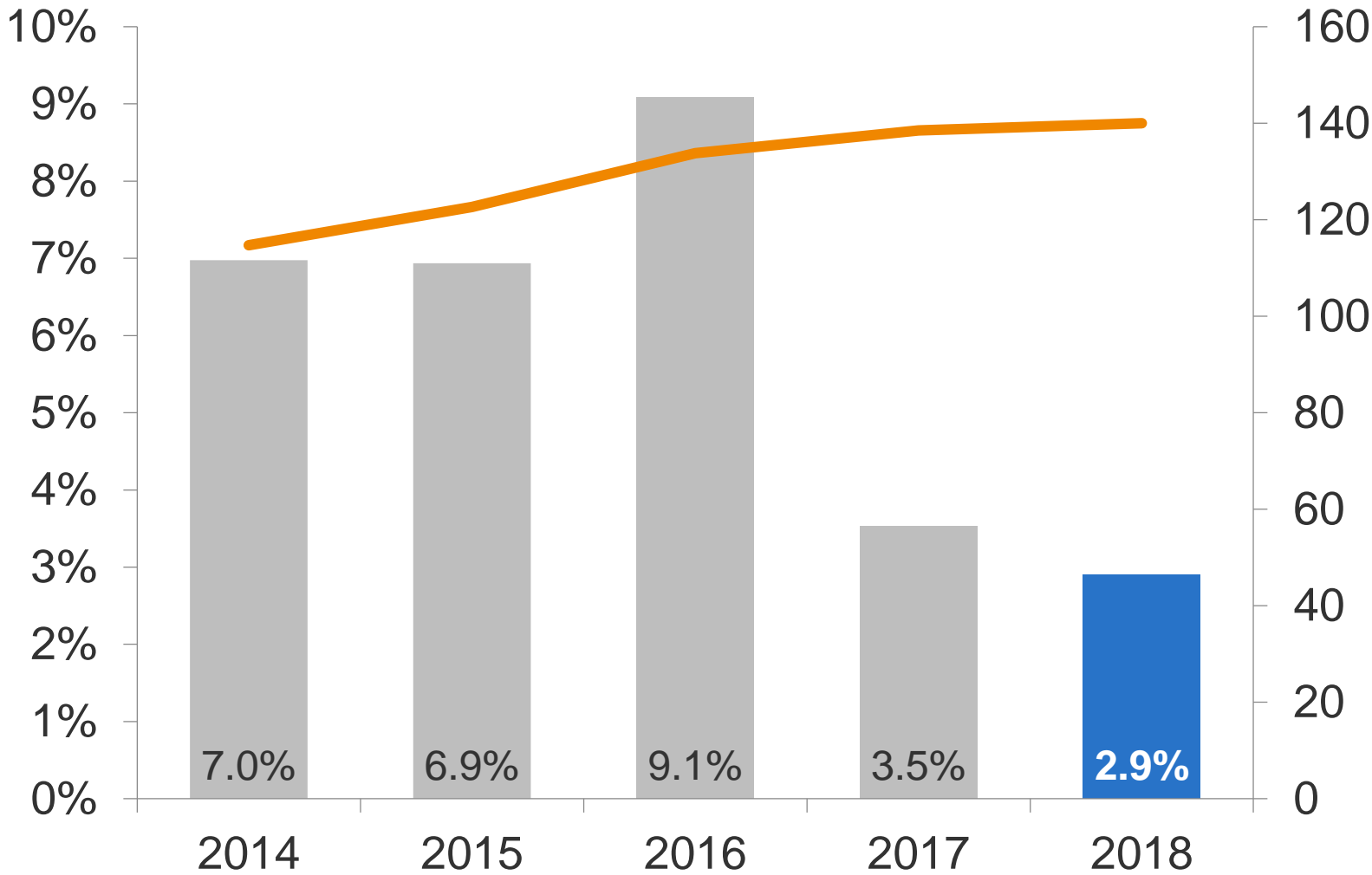
Growth in forwarding  
segment but reefer  
forwarding still suffering  
from trade tension

Focus on  
Trans-Atlantic  
and Short-Sea

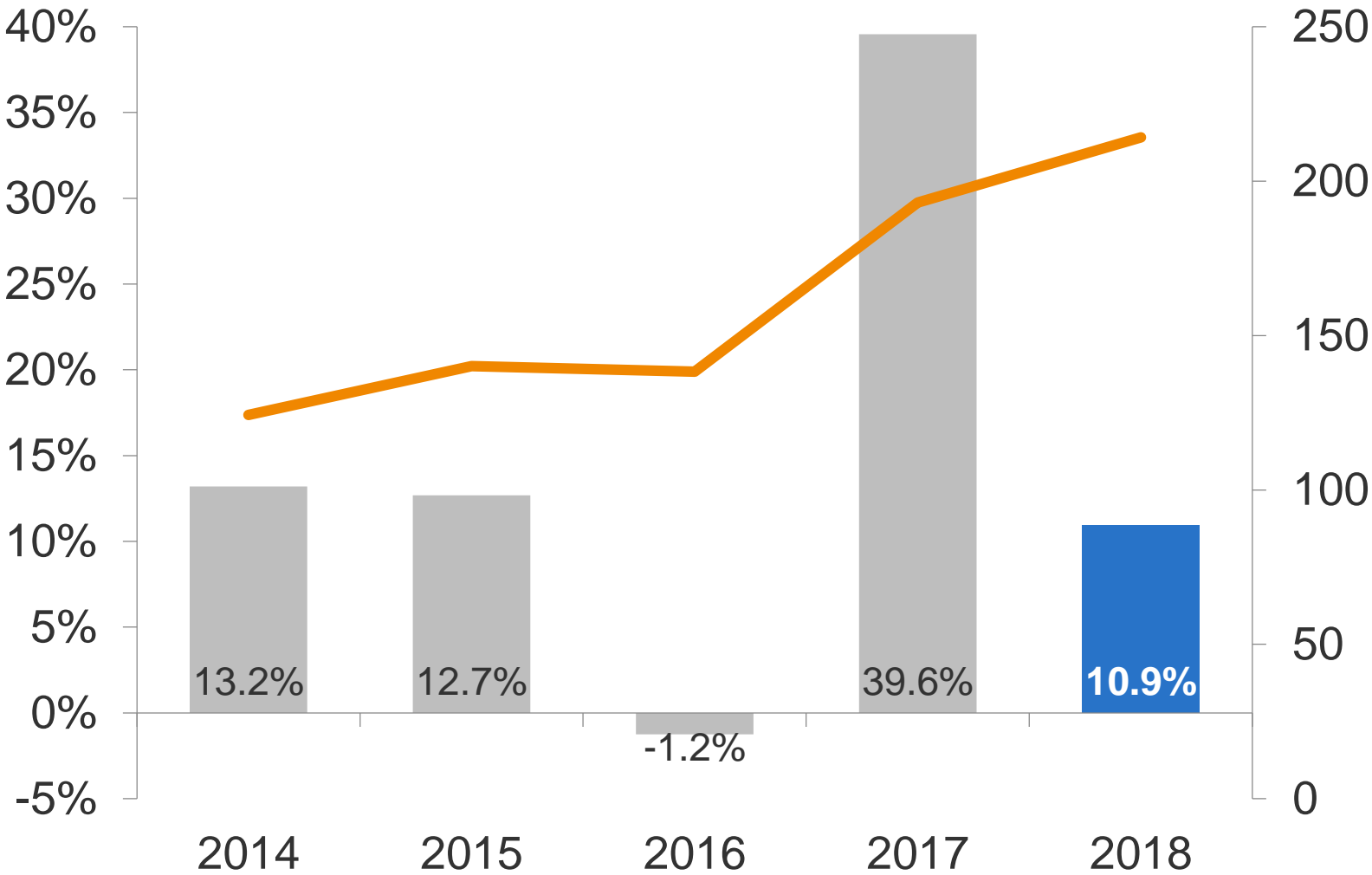
# TRANSPORTED VOLUME IN Q2 2014 TO Q2 2018

Container Liner volume up 6.3% | Growth in forwarding volume driven by dry cargo

## LINER SERVICES



## FORWARDING SERVICES

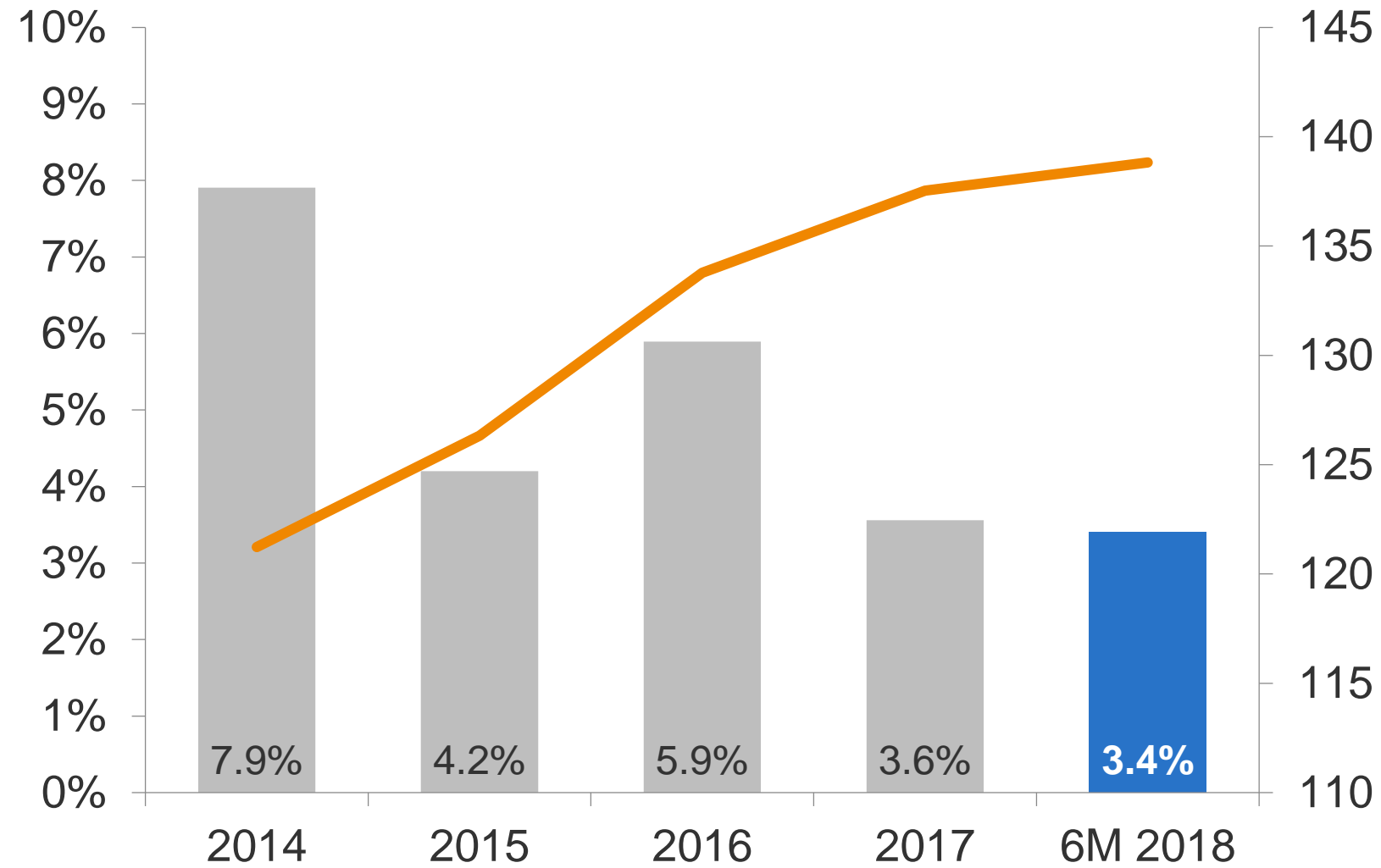


Volume index: 2010 volume at 100

# TRANSPORTED VOLUME IN 6M 2018

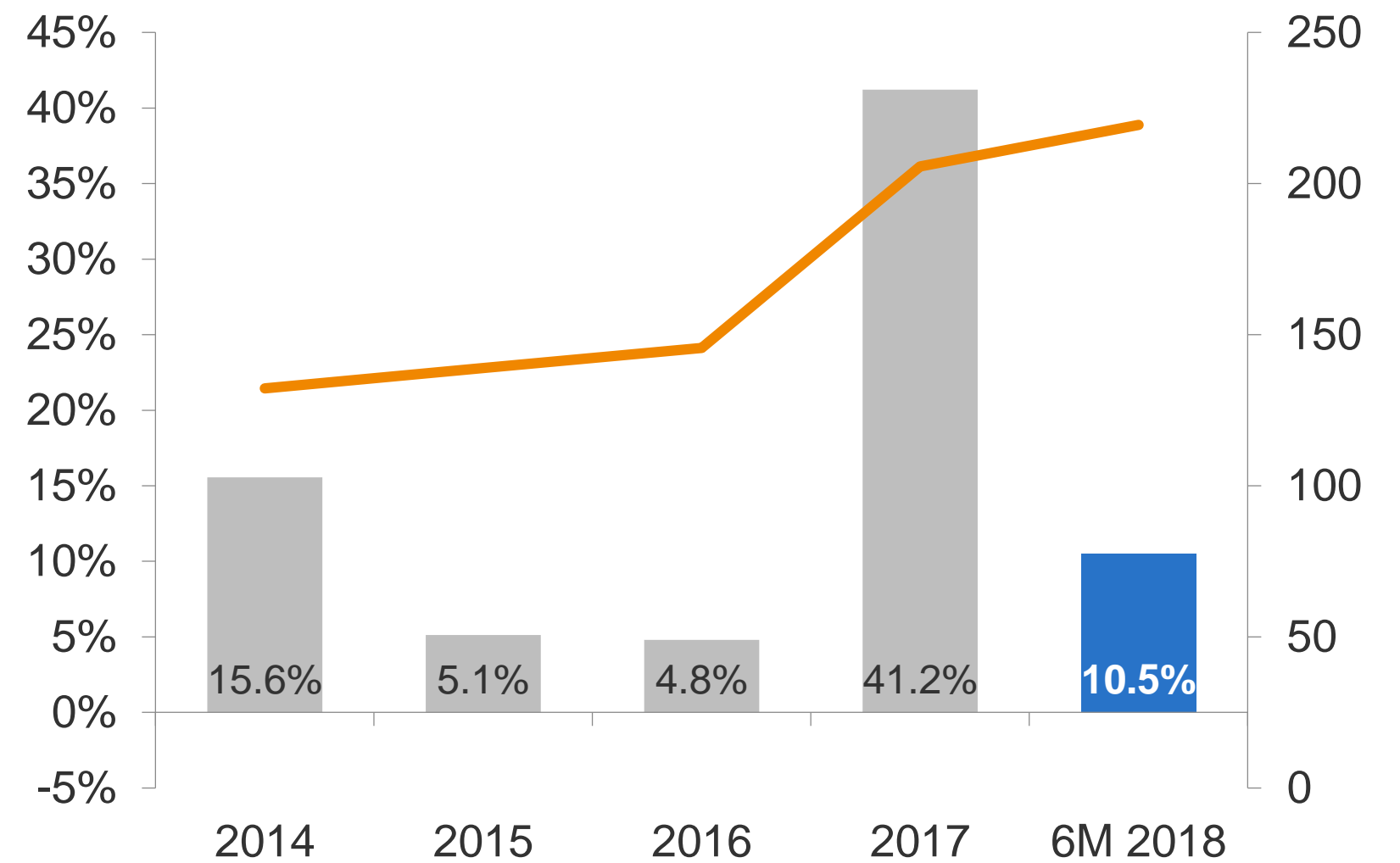
Container Liner volume up 5.9% | Growth in forwarding volume driven by dry cargo

## LINER SERVICES



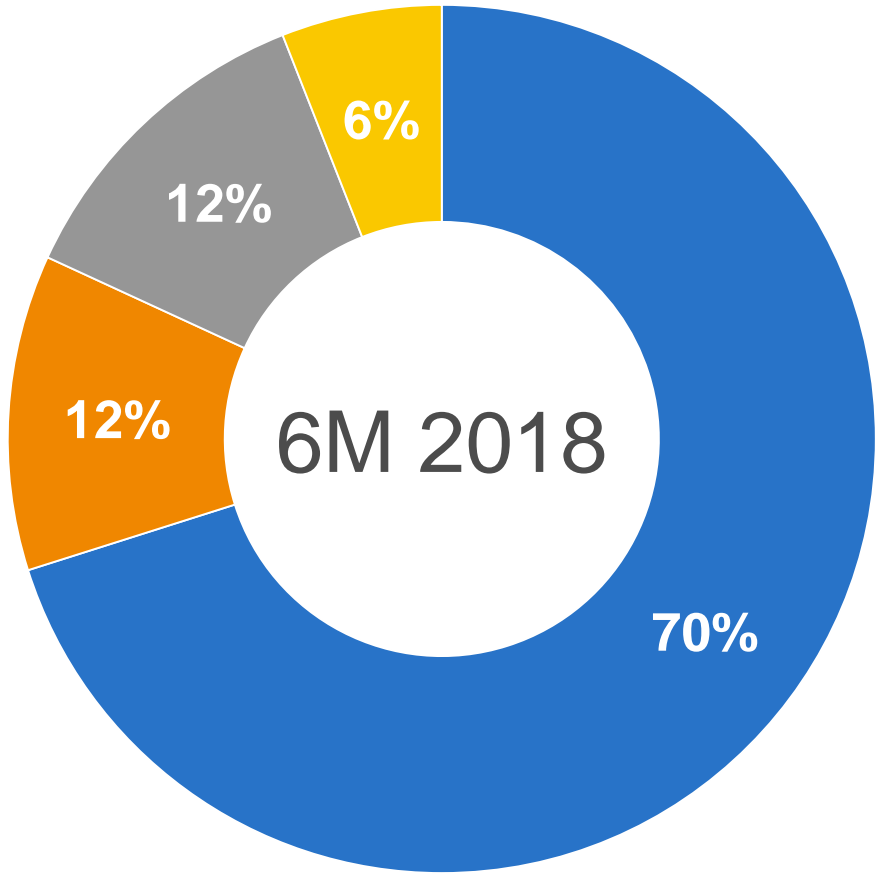
Volume index: 2010 volume at 100

## FORWARDING SERVICES

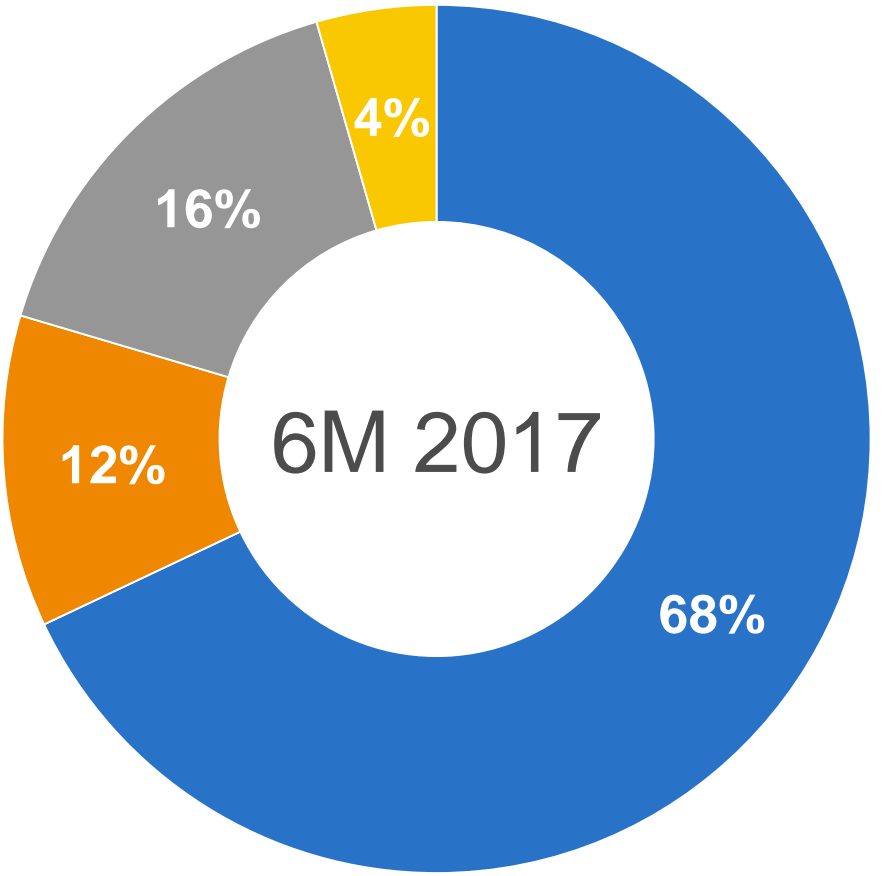


# LINER SERVICES VOLUME

Increase in container liner services and Trans-Atlantic



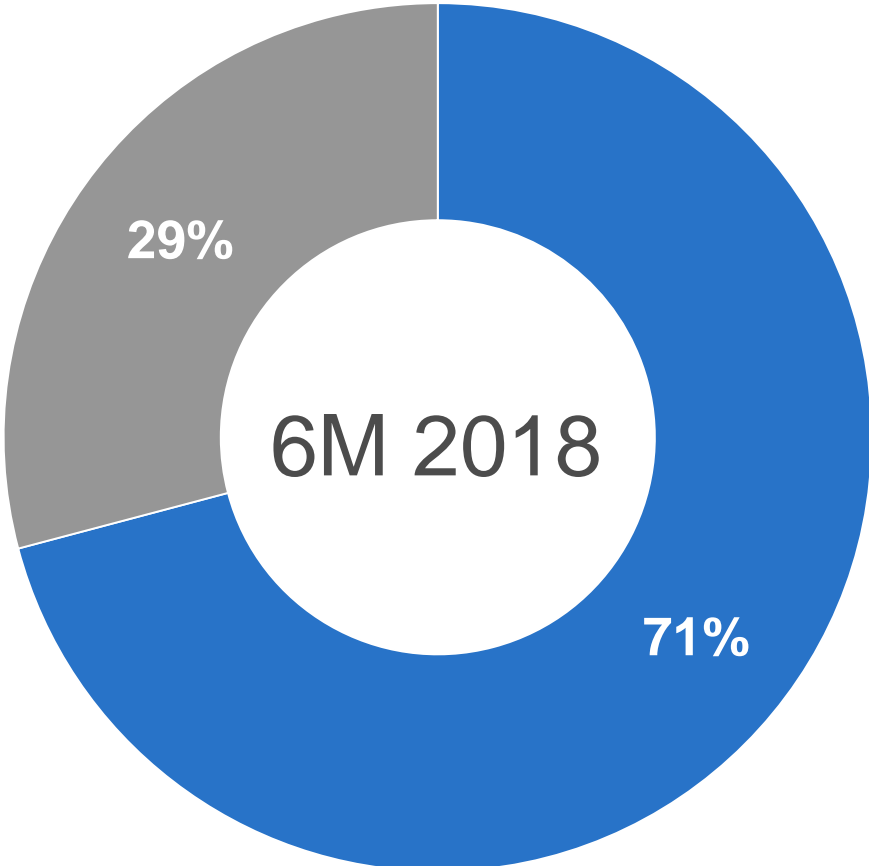
■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic



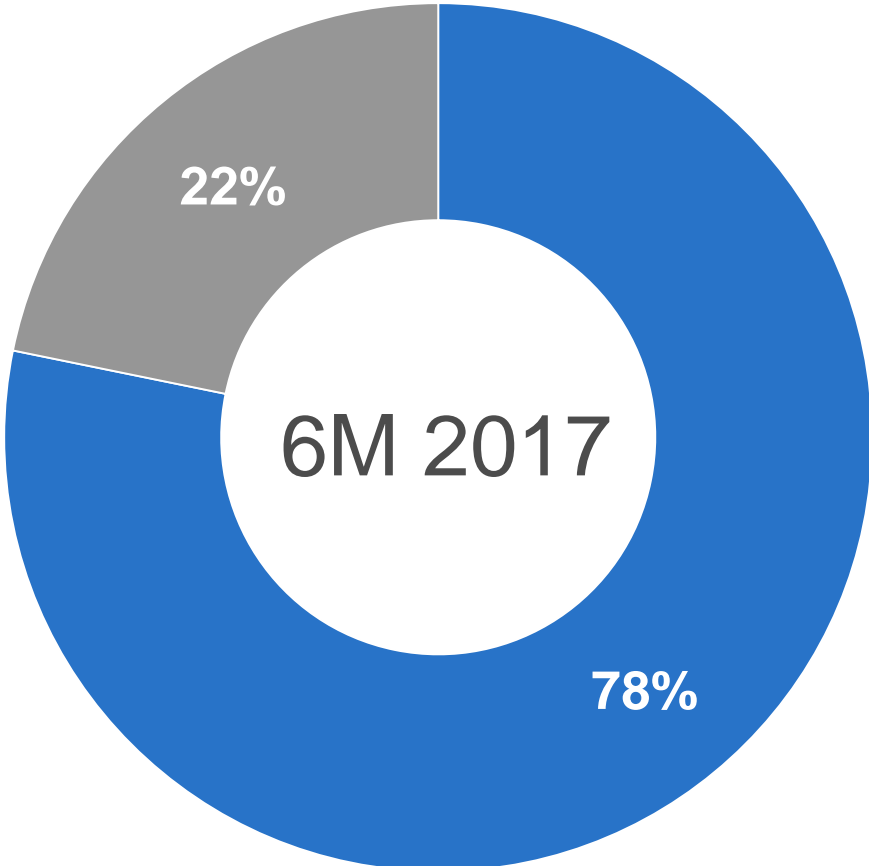
■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic

# FORWARDING SERVICES VOLUME

Continued growth in dry cargo



■ Reefer ■ Dry



■ Reefer ■ Dry



**FINANCIAL RESULTS**

# KEY HIGHLIGHTS FOR 2Q 2018

Growth in revenue and volume but lower earnings

**Revenue**  
EUR 172.6 m  
up EUR 1.9 m

**Liner revenue**  
EUR 117.5 m  
down 1.4%  
**Forwarding revenue**  
EUR 56.8 m  
up 6.6%

**Affecting revenue**

- + Container liner volume
- + Dry cargo forwarding
- + Strong growth in TA
- ÷ Car import to Iceland
- ÷ International freight rates
- ÷ Currency exchange rates
- ÷ Volume in Norway

**EBITDA**  
EUR 14.9 m  
down EUR 1.8 m

**Liner EBITDA**  
EUR 10.2 m  
**Forwarding EBITDA**  
EUR 4.7 m

**Affecting EBITDA**

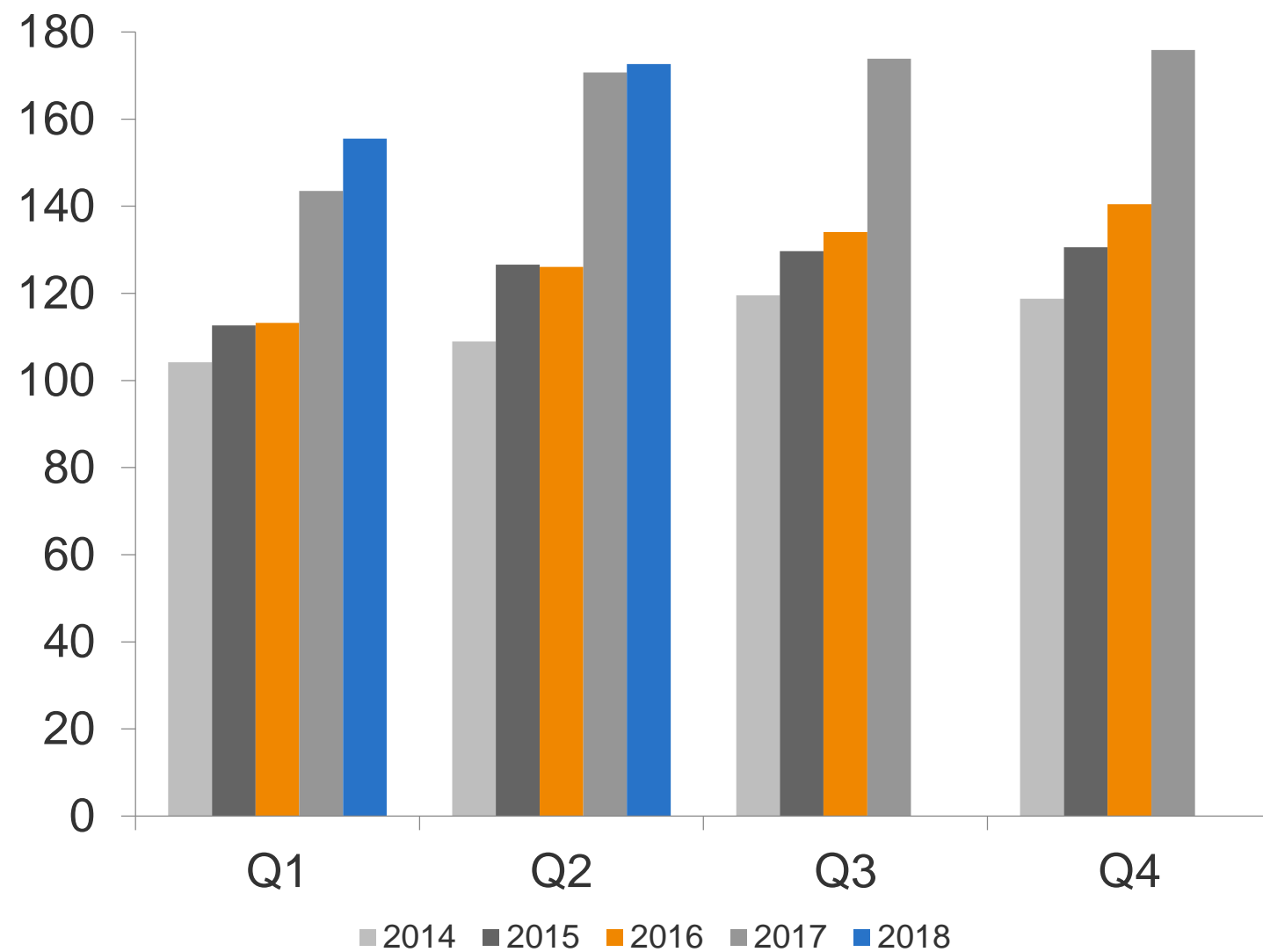
- ÷ Additional vessel on Green and Gray route
- ÷ Container cost
- ÷ Trade tension in reefer forwarding
- ÷ Bunker price



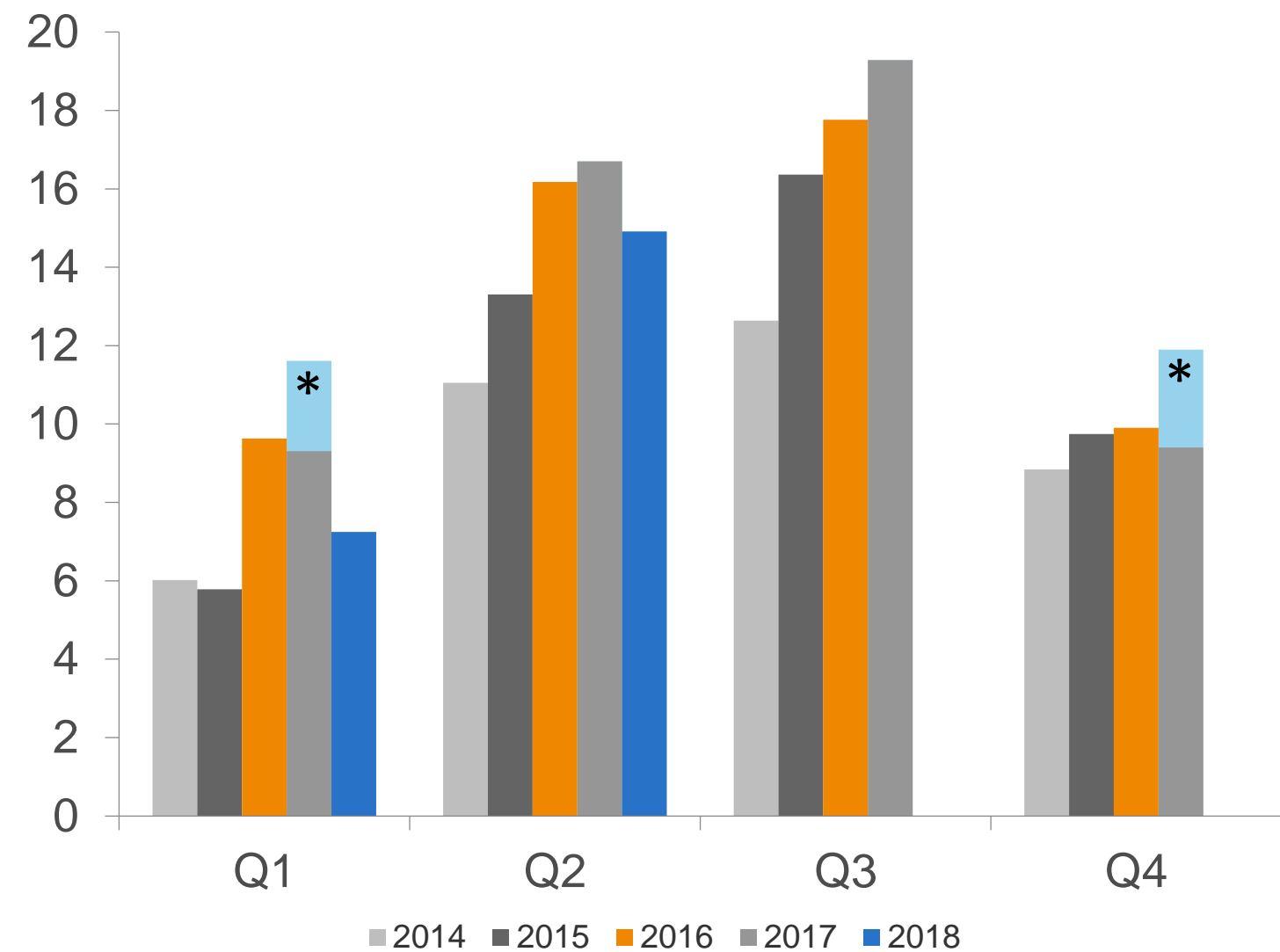
# REVENUE AND EBITDA 2014 TO 2018 BY QUARTER

Continued top line growth | EBITDA affected by investment in the sailing system

REVENUE  
EUR million



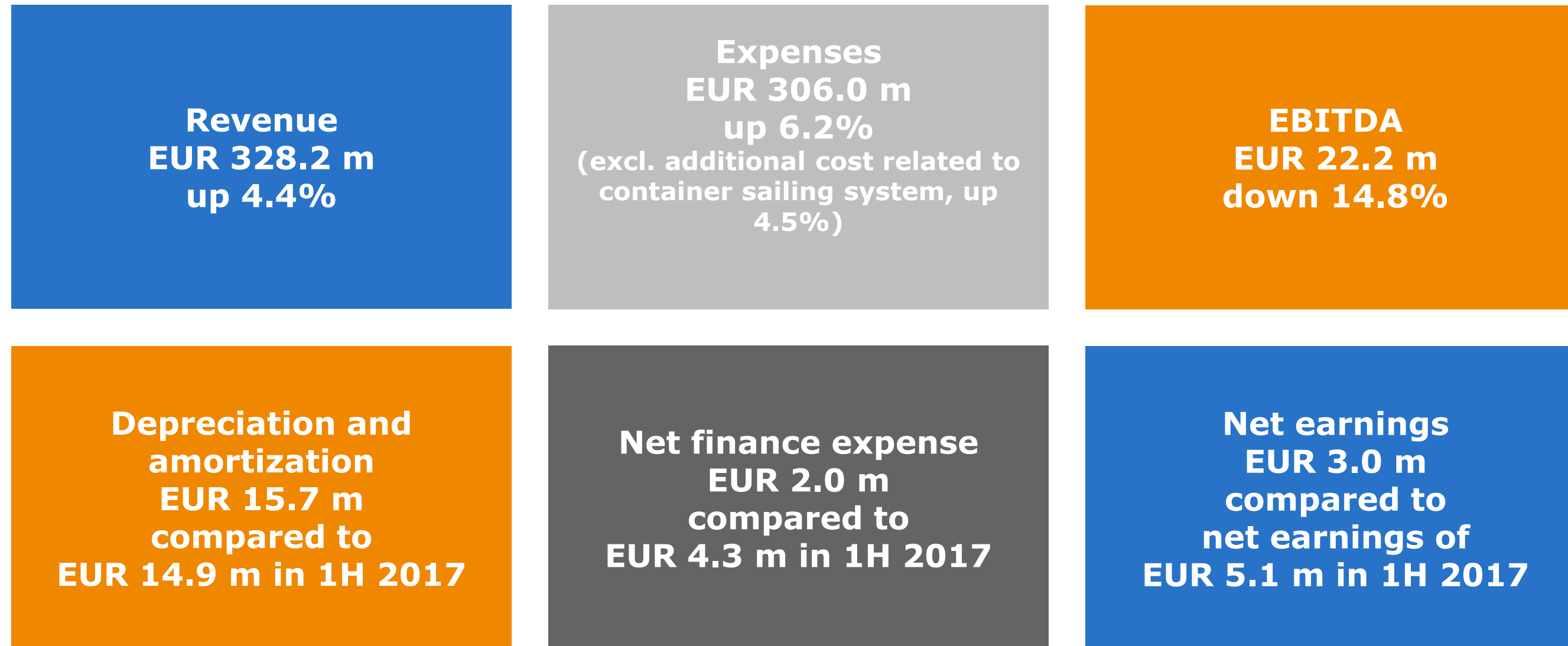
EBITDA  
EUR million



\*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

# INCOME STATEMENT 1H 2018

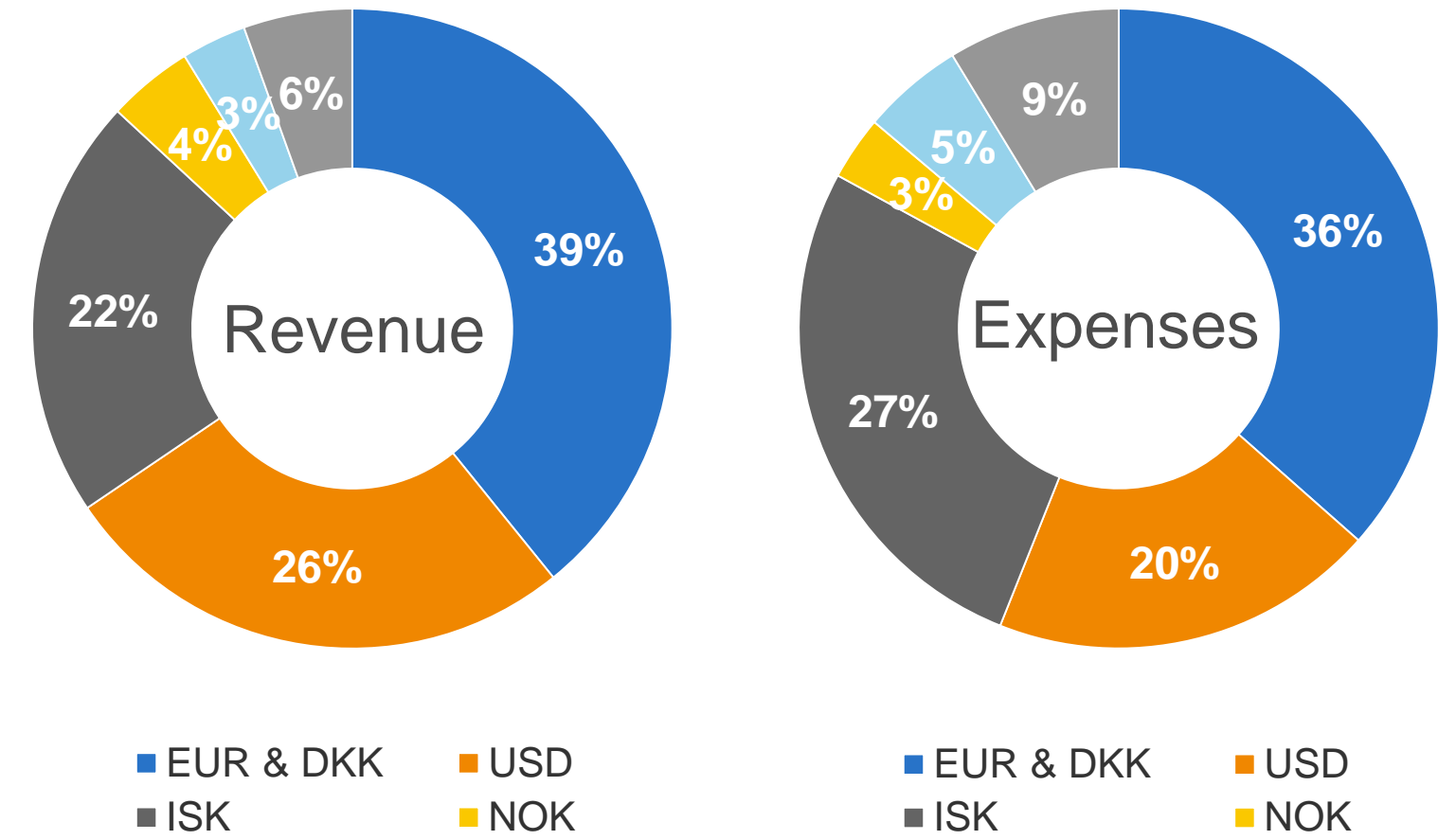
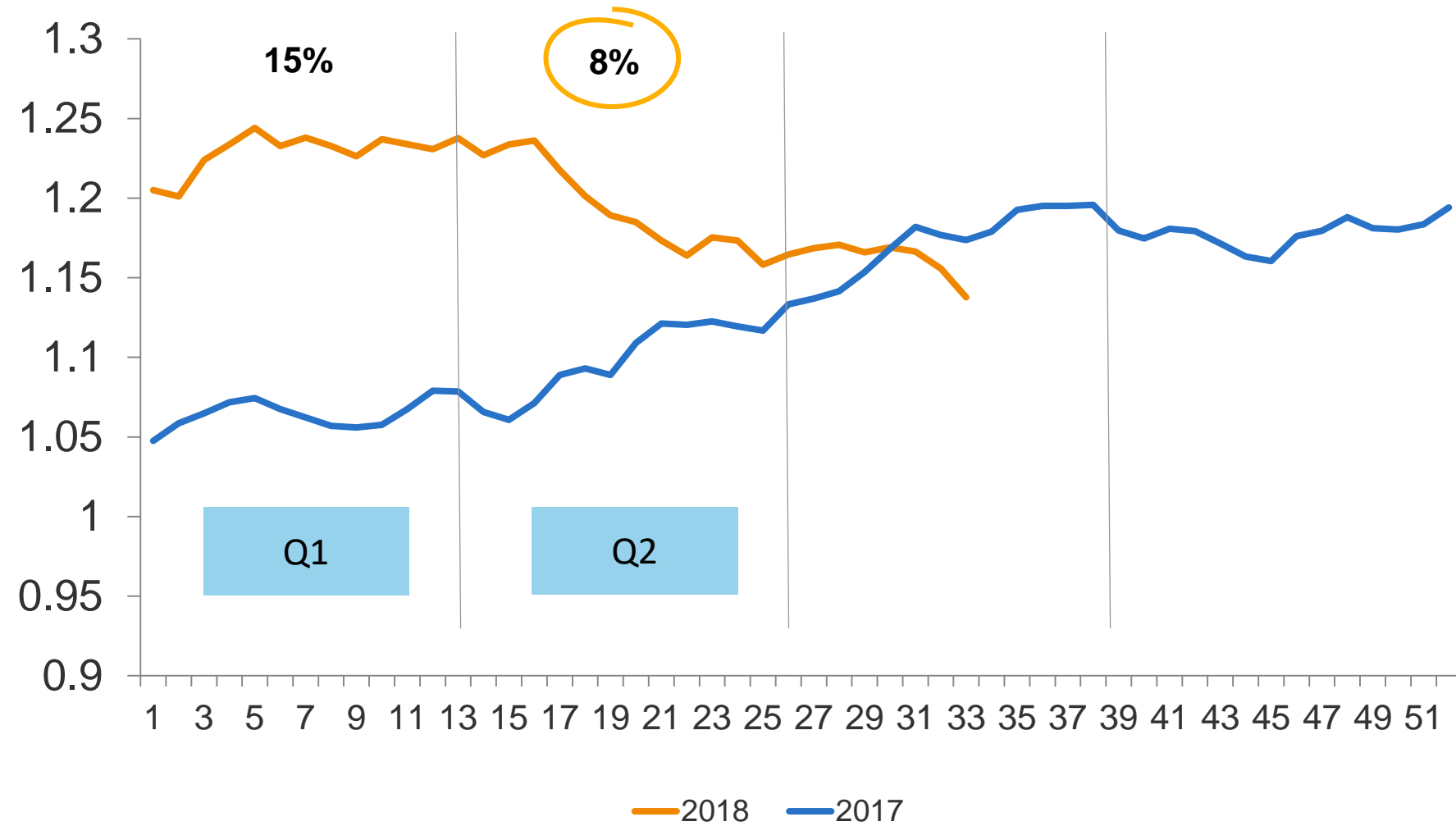
First half 2018 results affected by investment in sailing system and currency exchange rates



# REVENUE AND EXPENSES BY CURRENCY

Income statement relatively naturally hedged – long in USD and short in ISK

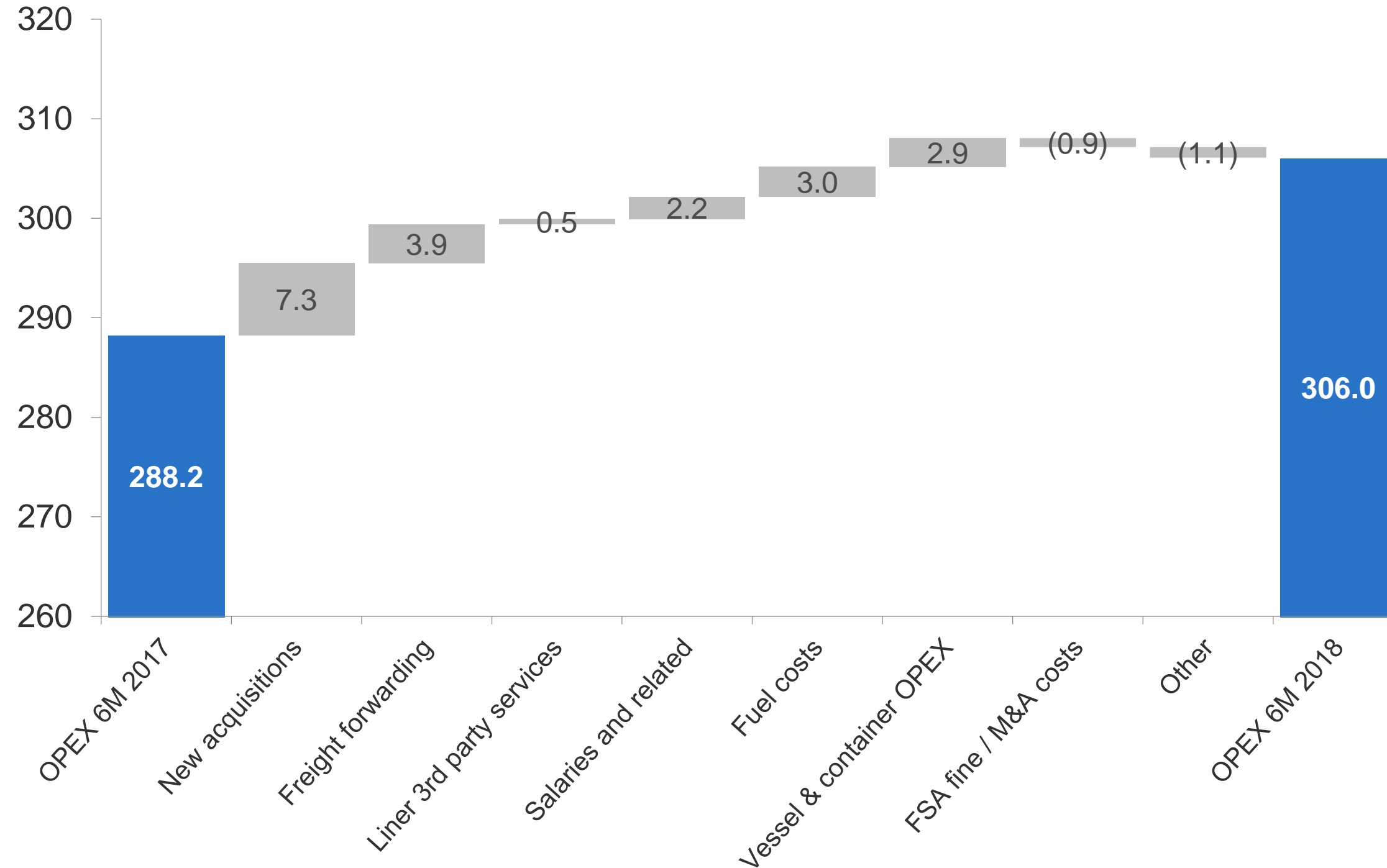
## EUR/USD Development



Average currency split for the year 2017

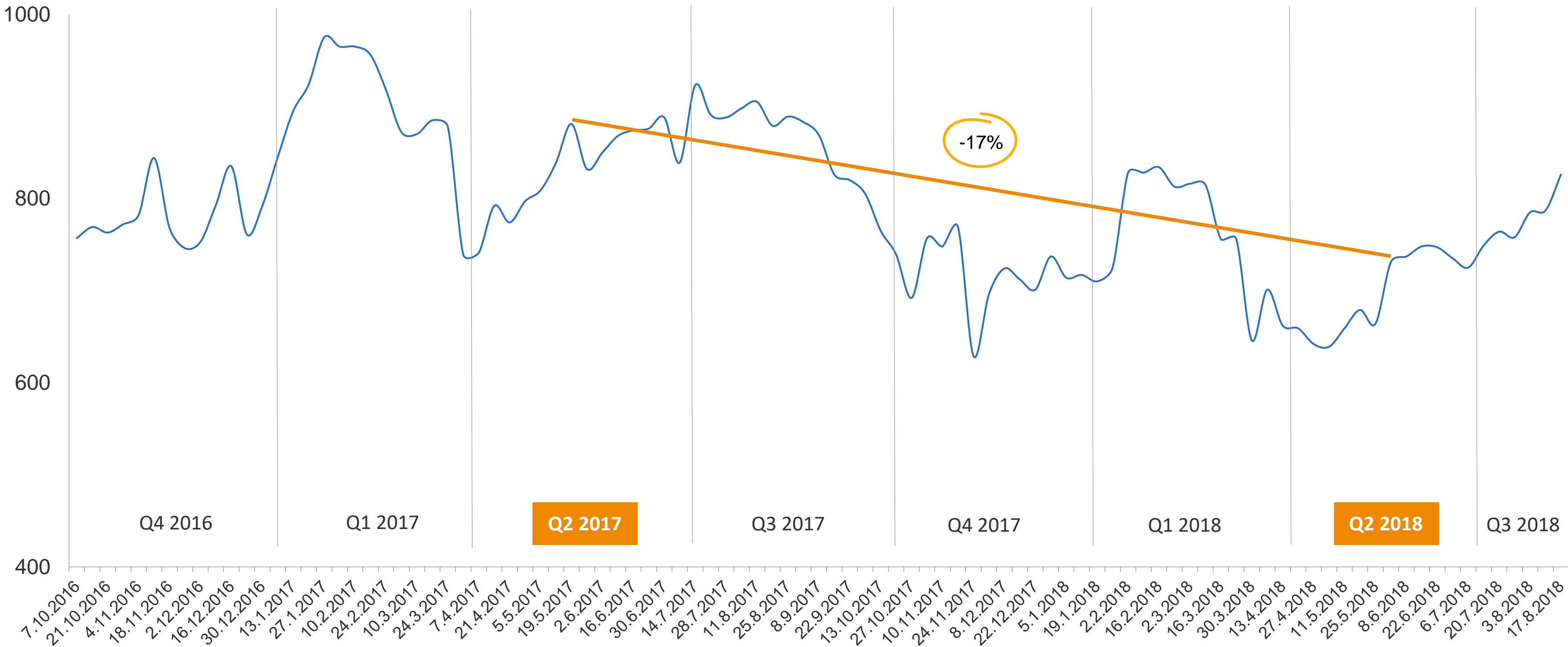
# EXPENSE BRIDGE

Increase in total cost mainly due to increased activity



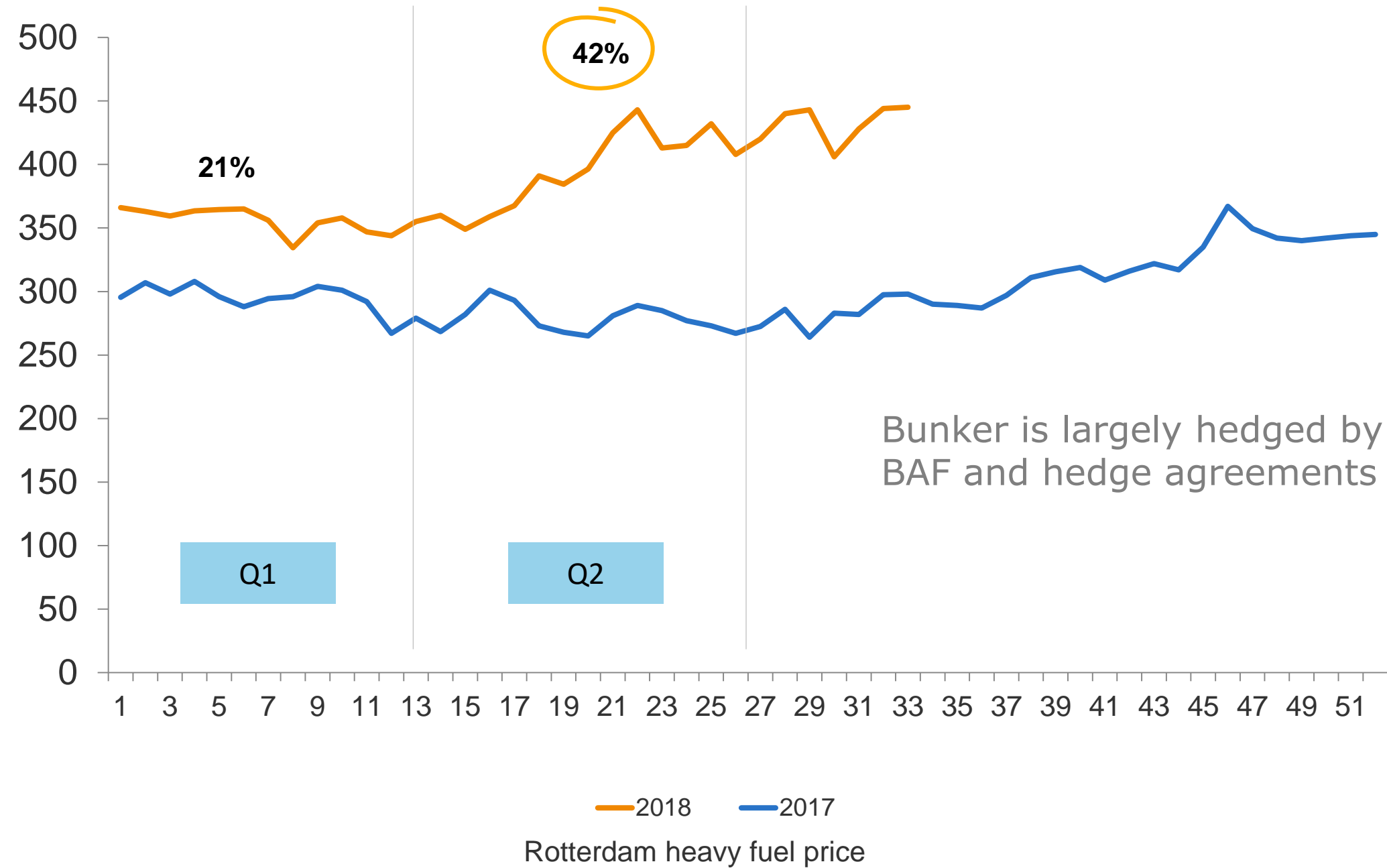
# CHINA FORWARDERS FREIGHT INDEX

Average price decreased by 17% between Q2 2017 and Q2 2018



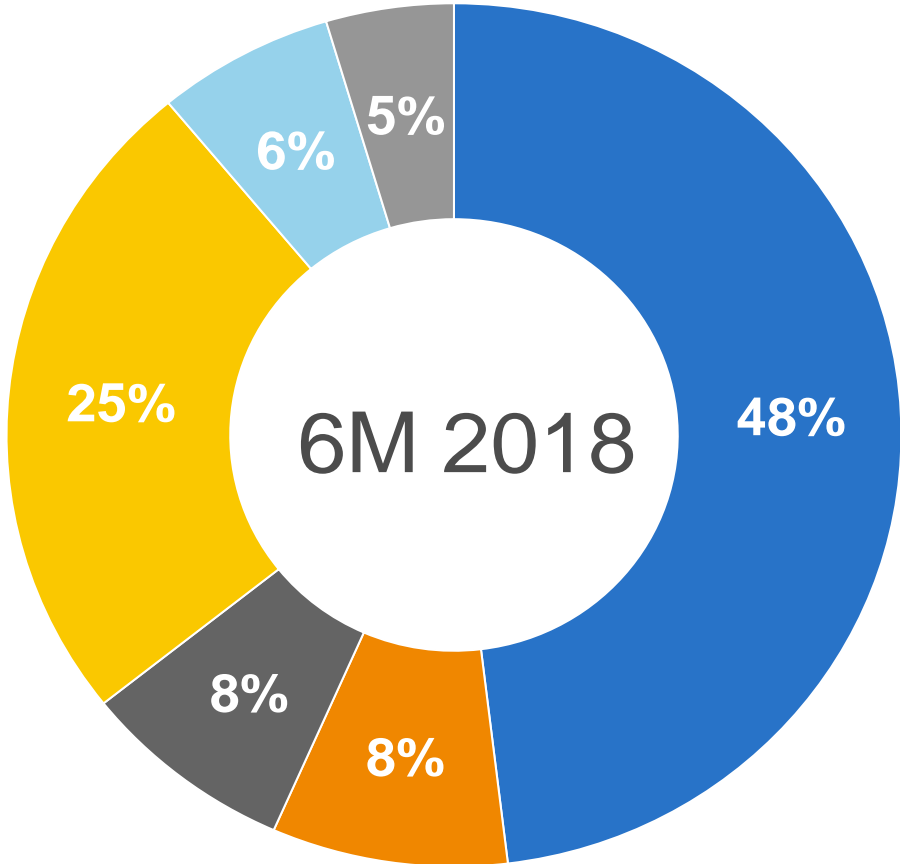
# BUNKER PRICE DEVELOPMENT

Average bunker price 31% higher in 1H 2018 compared to 1H 2017

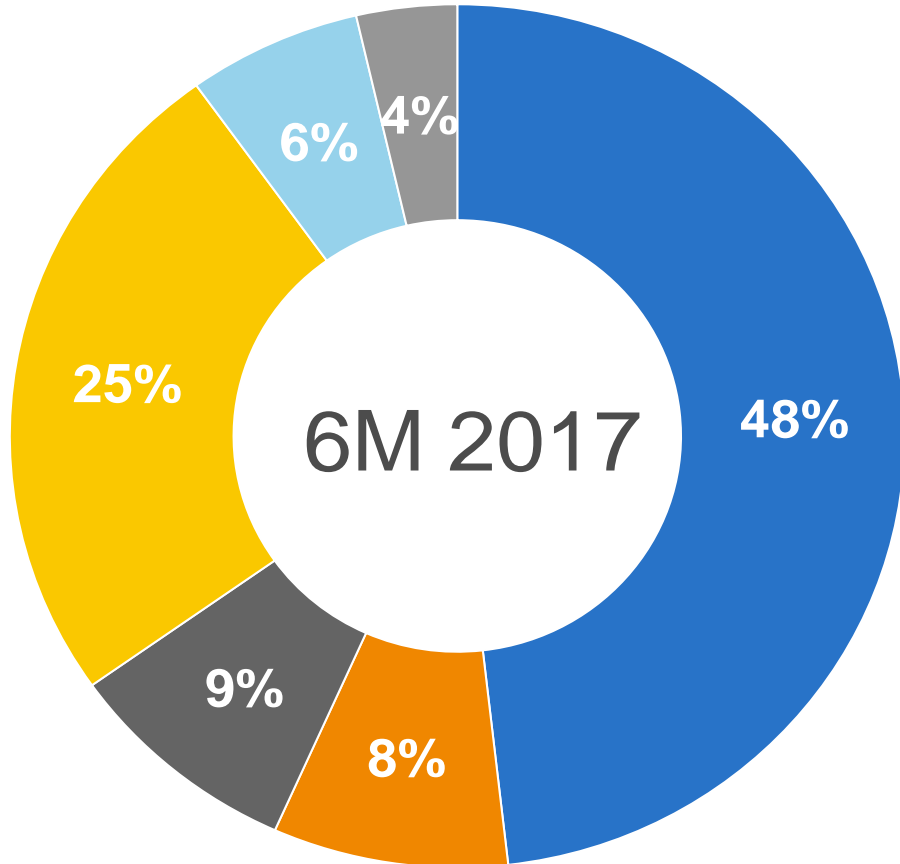


# GEOGRAPHICAL SPLIT OF REVENUE

Minor changes in geographical split of revenue



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

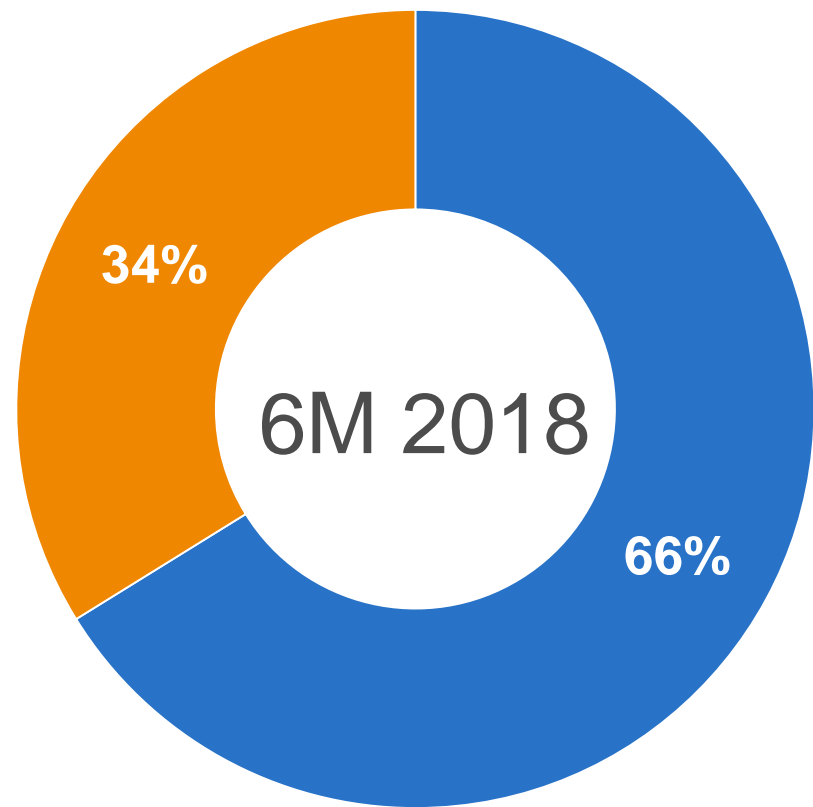


- Iceland
- Norway
- Asia
- Faroe Islands
- Europe
- Other

# REVENUE AND EBITDA BY BUSINESS SEGMENT

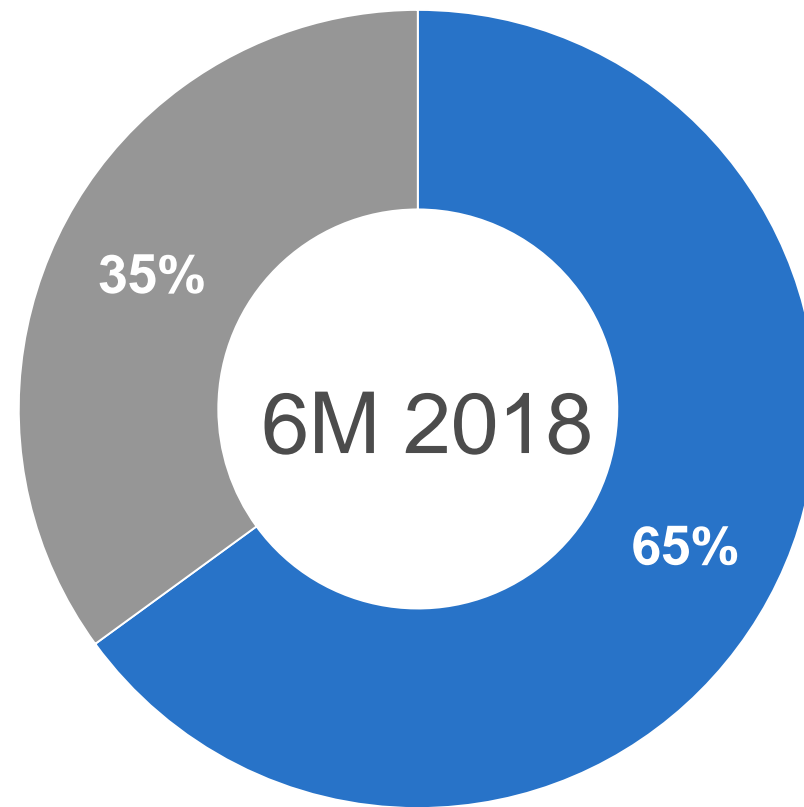
Similar split between business segments between periods

Revenue



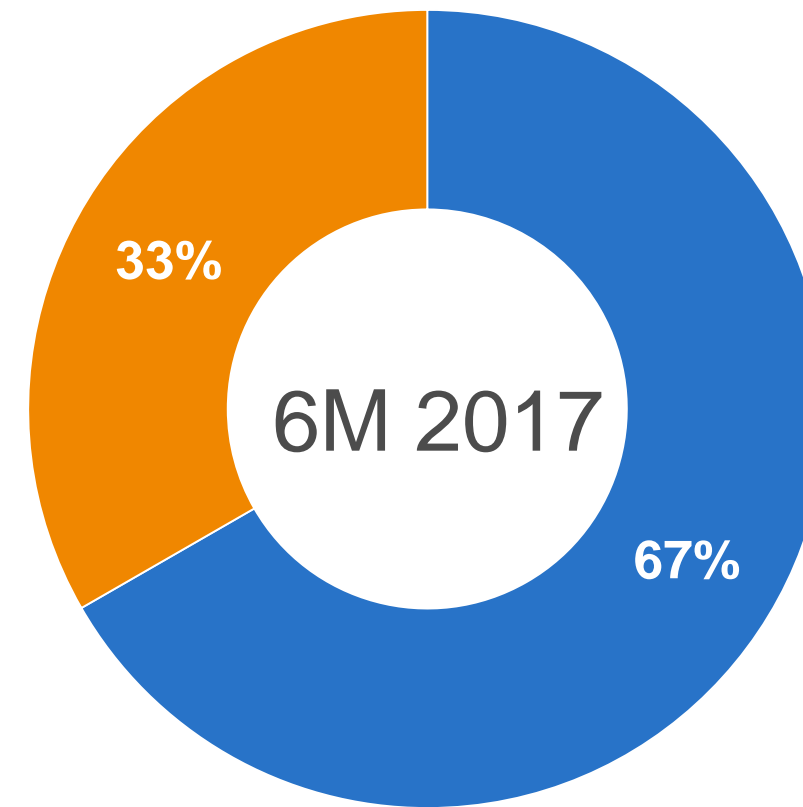
■ Liner services ■ Forwarding services

EBITDA



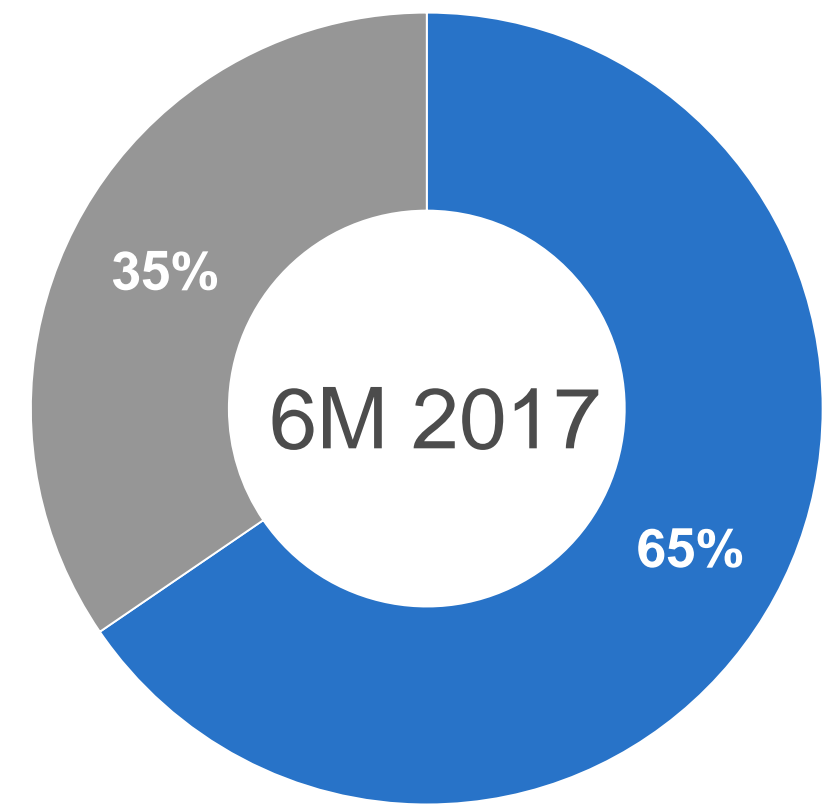
■ Liner services ■ Forwarding services

Revenue



■ Liner services ■ Forwarding services

EBITDA



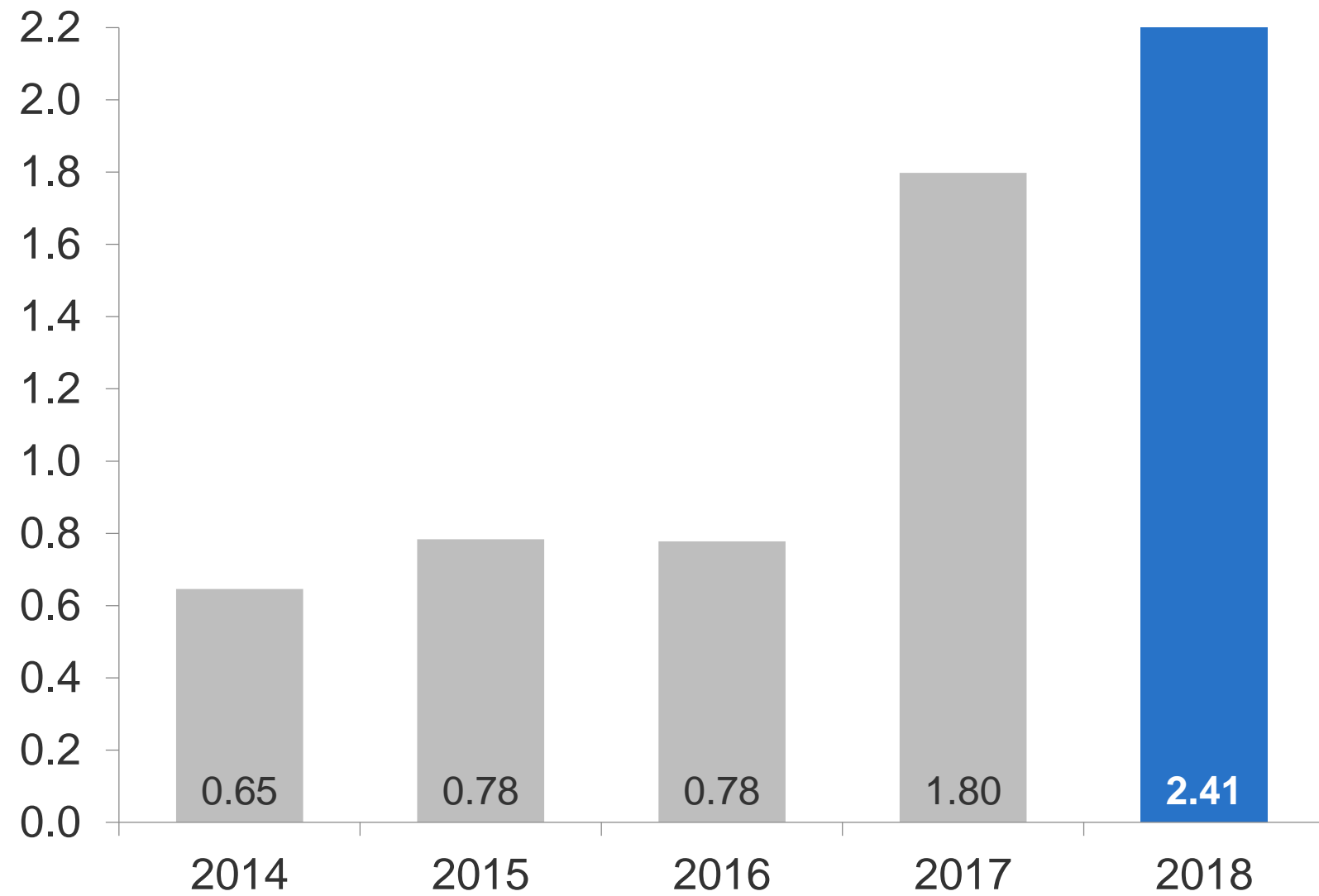
■ Liner services ■ Forwarding services



# FINANCIAL RATIOS 2014 TO Q2 2018

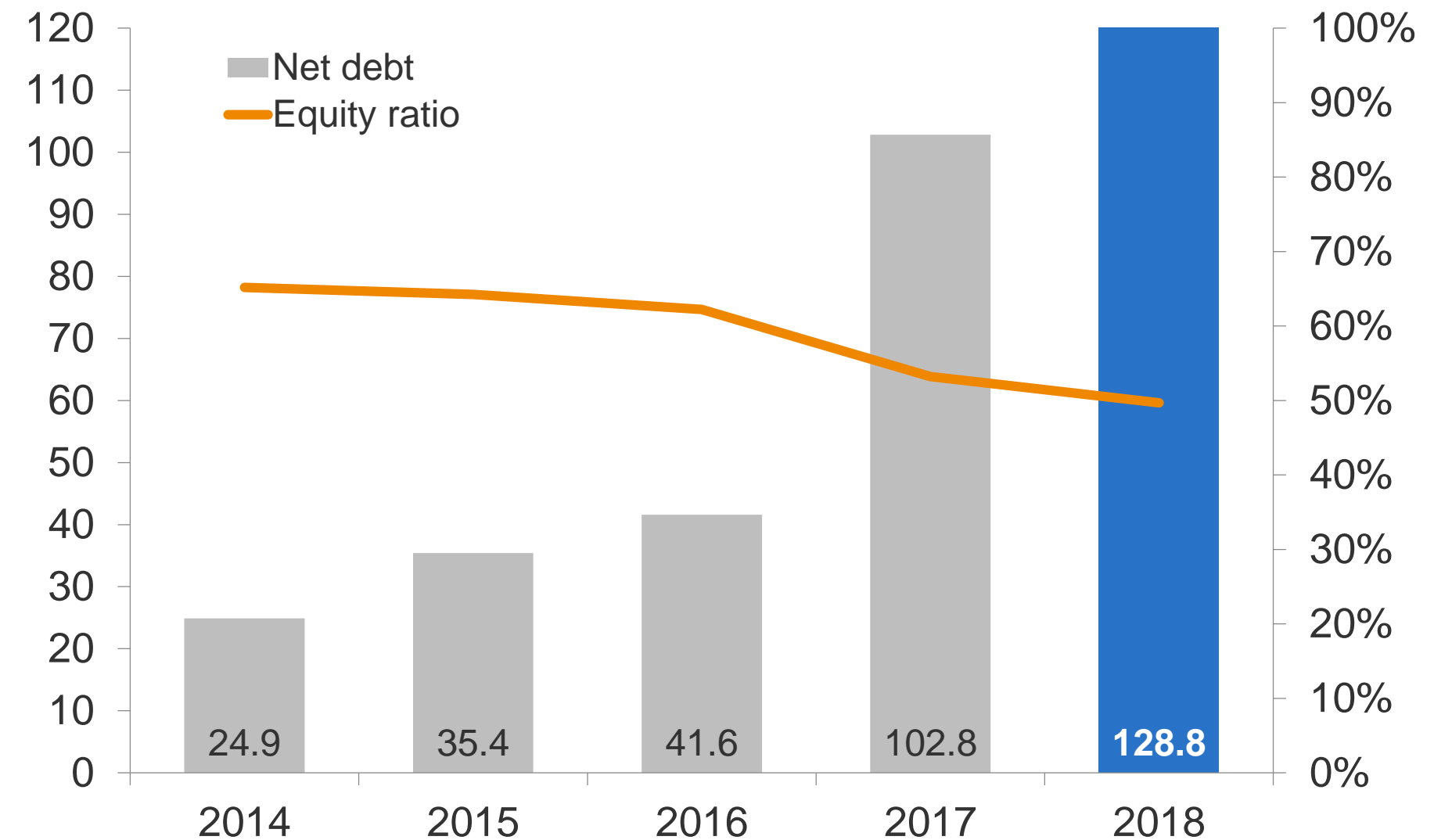
Increased leverage but strong financial position

## NET DEBT / LTM-EBITDA



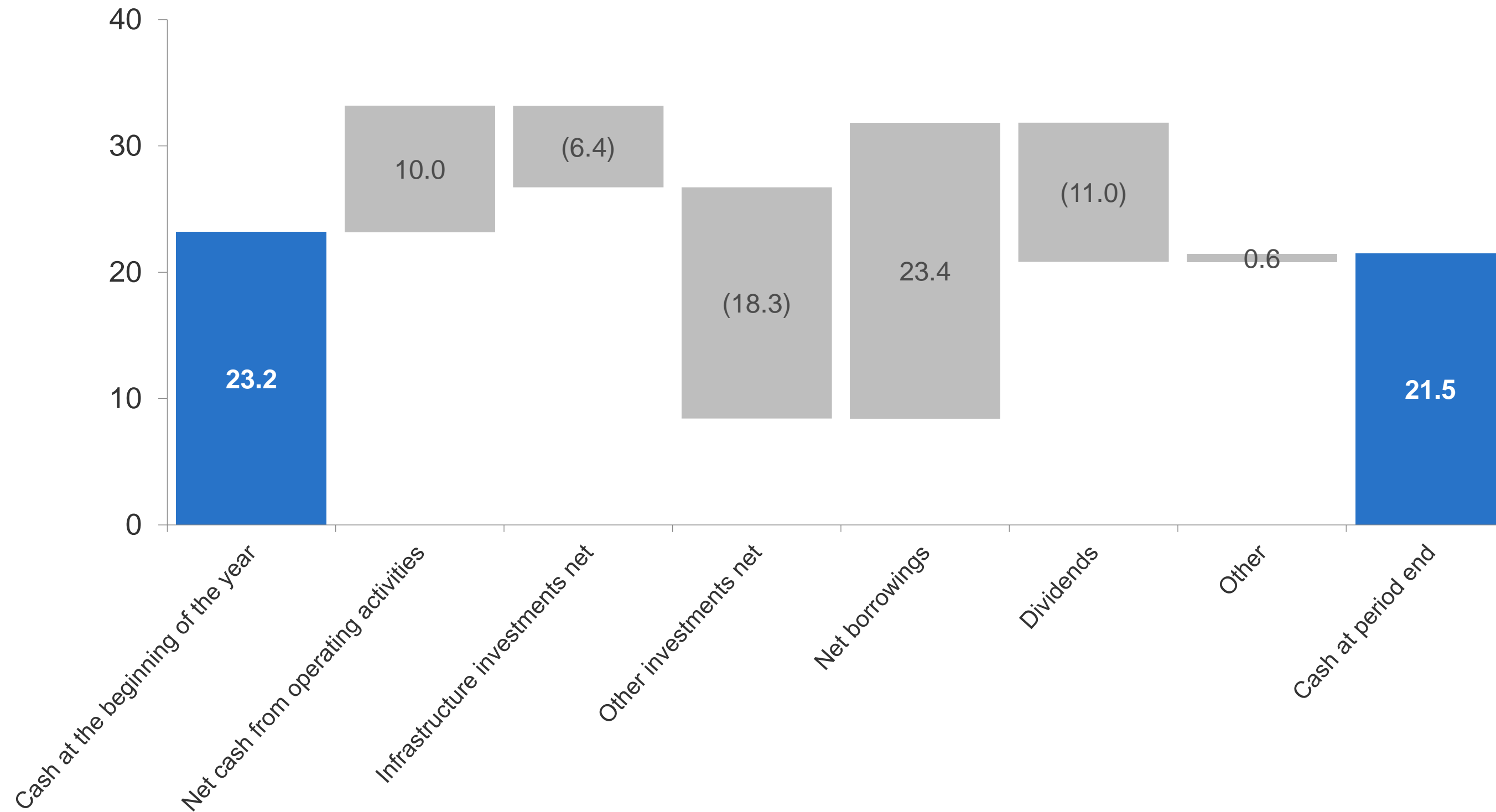
## NET DEBT AND EQUITY RATIO

EUR million



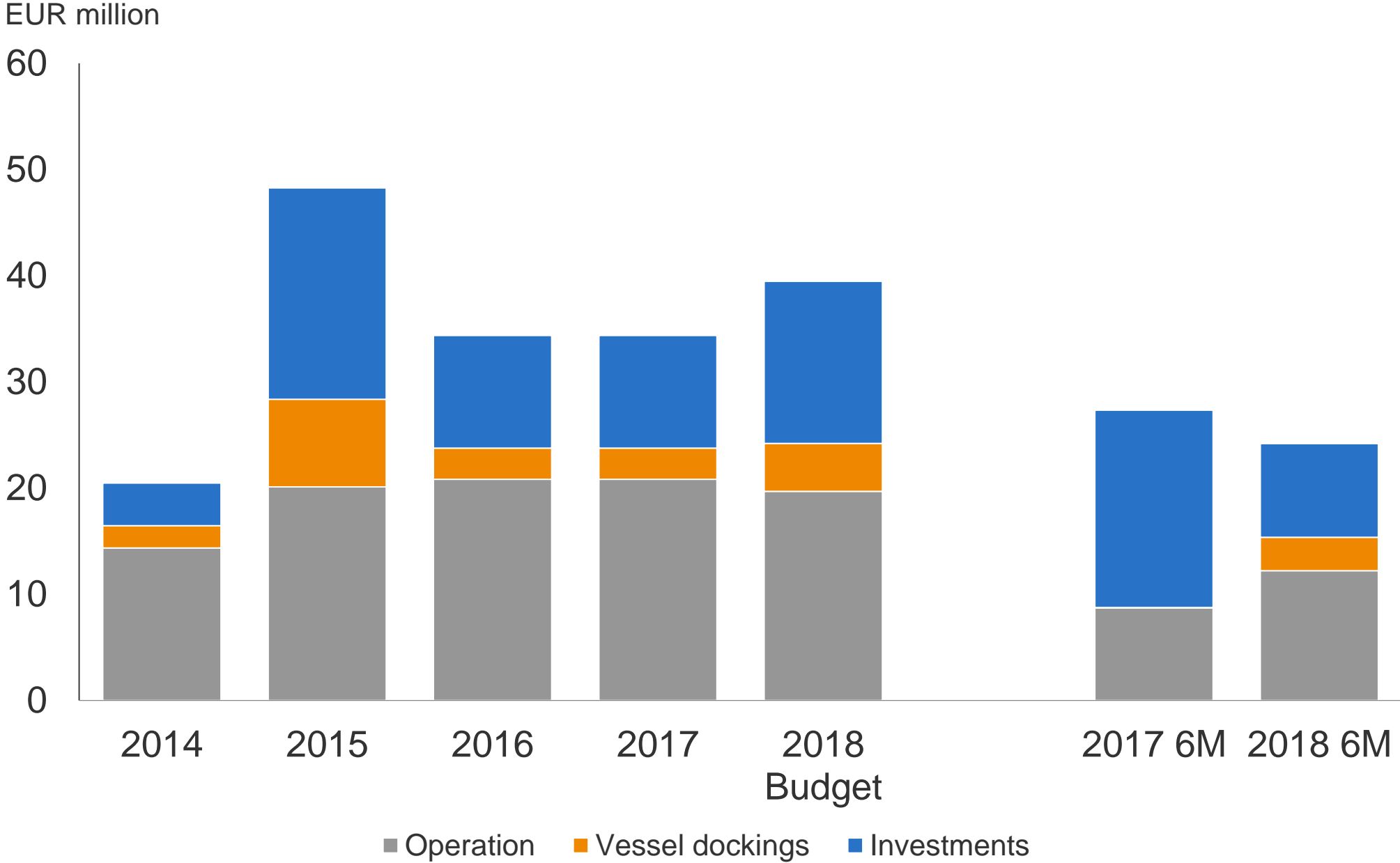
# CASH FLOW BRIDGE

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



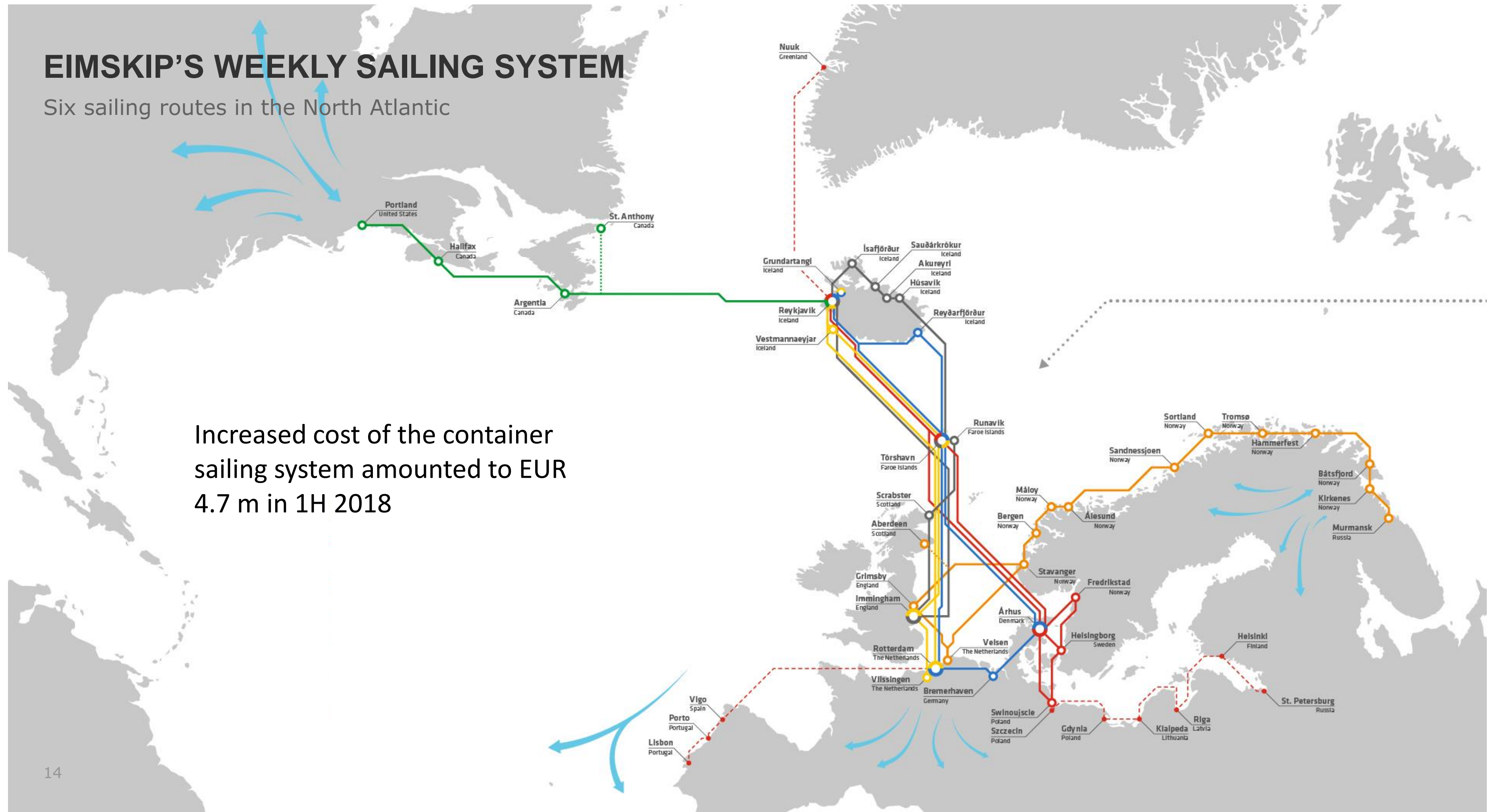
A large container ship is shown sailing on the ocean at night. The ship is illuminated by its own lights, and the water is dark. The ship is moving from left to right, leaving a white wake. The text "DEVELOPMENT OF THE SAILING SYSTEM AND OTHER PROJECTS" is overlaid in white, bold, sans-serif font across 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 OTHER PROJECTS

# EIMSKIP'S WEEKLY SAILING SYSTEM

Six sailing routes in the North Atlantic

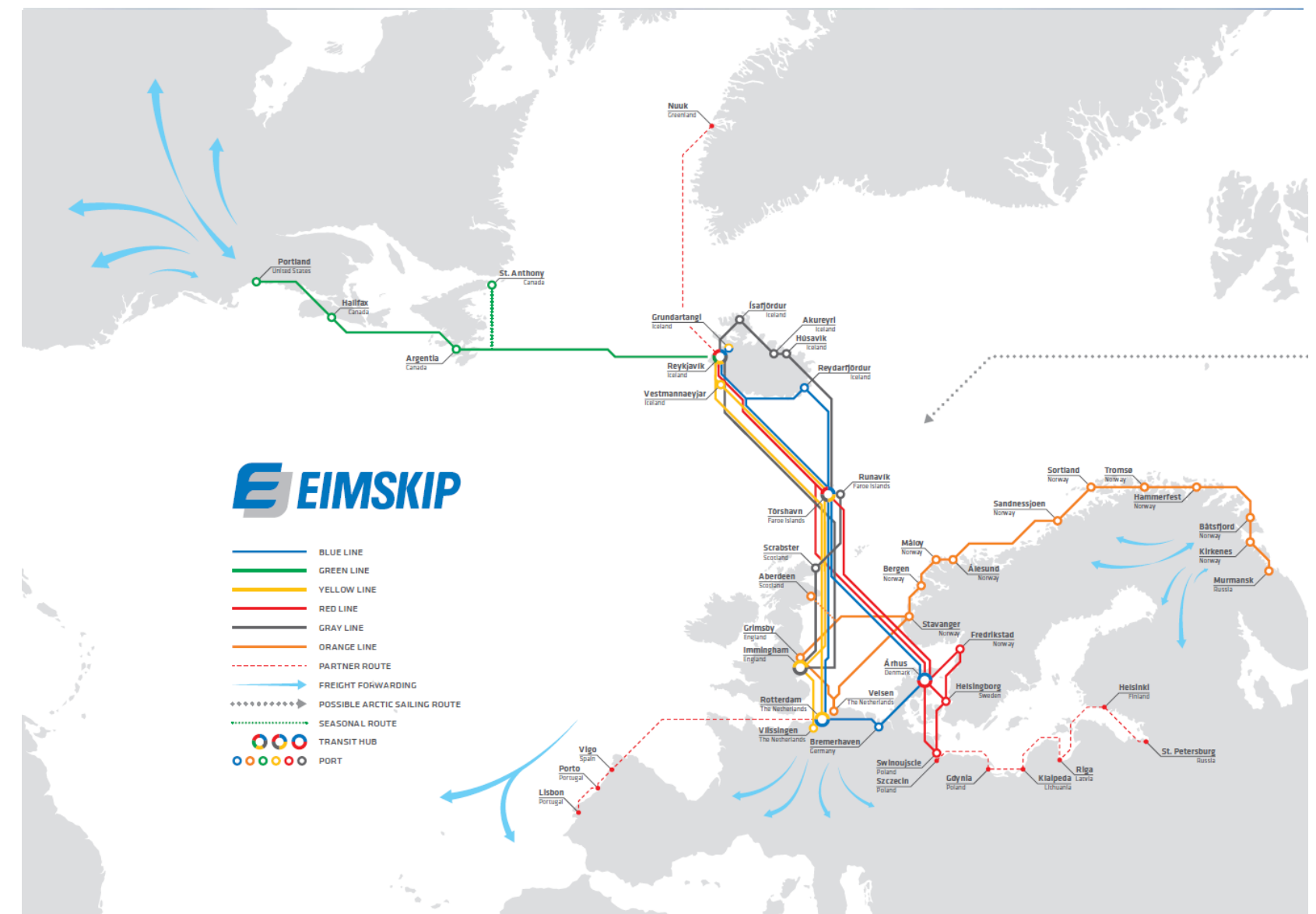
Increased cost of the container sailing system amounted to EUR 4.7 m in 1H 2018



# THE COMPANY INVESTED IN A NEW WEEKLY SAILING SYSTEM

Transformation period for the company – Container liner growth 6.3% 6M 2018 compared to 6M 2017

- The new sailing system is an investment for the future
  - On the Gray route adding volume from Húsavík
  - On the Gray route adding new volume from the UK
  - On the Green route adding TA volume between North America and Northern Europe/Scandinavia
  - Short-Sea volume between Halifax and Portland on the Green route for CMA and their international large scale customers
  - Temporary sailing services to Gdynia and Klaipeda on the Red route during the mackerel season in Iceland



# OTHER PROJECTS

## Recent developments

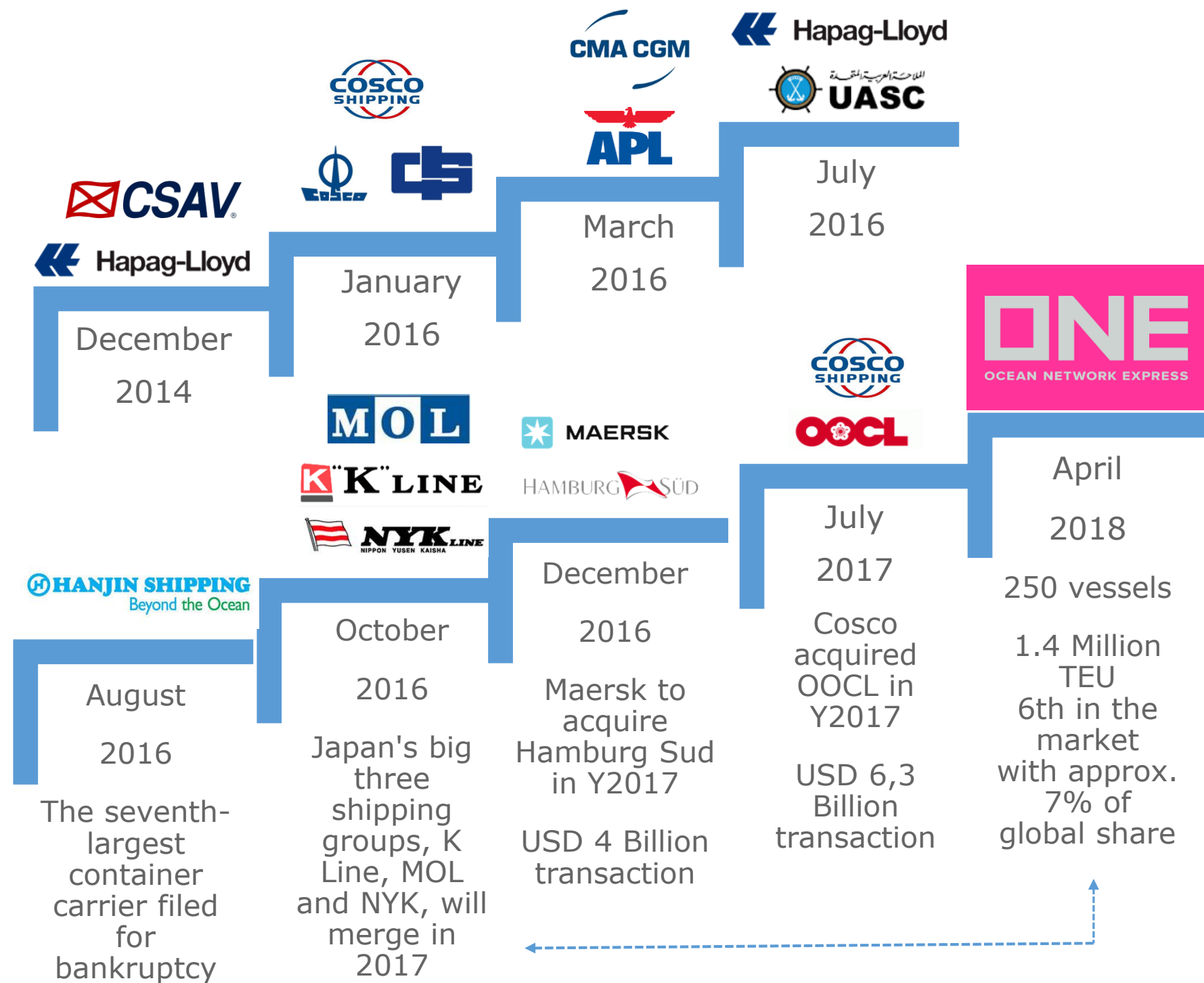
- Investment in Coldstore in Tromsø, Norway
  - 51% ownership in the operational company Tromso Terminalen
  - 49% ownership in the real estate company
- Sæferðir has signed a new 5 year contract for the operation of Baldur
- The company's investment in ELB Feeder, an investment company focused on container ship management, is on track
  - USD 10 m investment in a portfolio of five vessels
- Eimskip has opened new offices in Copenhagen and Las Palmas
- The intended cooperation with Royal arctic Line is being evaluated by the Icelandic Competition Authority
- Building of two container vessels in China is on track
  - Important milestone in the renewal of Eimskip's vessel fleet



# GLOBAL SHIPPING MARKET

2015-2017 the years of mega consolidation and alliances

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



## Alliances

### The 2M

MAERSK  
HMM  
MSC

HAMBURG SÜD

**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  
OCEAN NETWORK EXPRESS

YANG MING

**250+ Vessels  
3.4 Million TEU**



# MARKET COMPARISON

Eimskip versus Samskip in the period 2015-2017

- Increase in revenues over the period
  - EIM 32.9% vs. SAM 6.9%
- Average EBITDA
  - EIM EUR 52.0 m vs. SAM EUR 20.5 m
- EBITDA ratio
  - EIM 9.3% vs. SAM 3.2%
- Total net results over the period
  - EIM EUR 56.5 m vs. SAM EUR 18.3 m

<i><b>Income Statement</b></i>	<b>Eimskip</b>			<b>Samskip</b>		
	2017	2016	2015	2017	2016	2015
Revenue	664.0	513.9	499.6	667.8	633.0	624.8
Expenses	606.8	460.4	454.4	648.9	610.8	604.5
<b>EBITDA</b>	<b>57.2</b>	<b>53.5</b>	<b>45.2</b>	<b>18.9</b>	<b>22.2</b>	<b>20.3</b>
Depreciation	-30.1	-28.1	-24.7	-13.9	-12.7	-9.2
<b>EBIT</b>	<b>27.1</b>	<b>25.4</b>	<b>20.5</b>	<b>5.0</b>	<b>9.5</b>	<b>11.1</b>
Finance expenses	-7.3	-0.3	0.4	-2.5	-1.2	-0.2
Shares in associates	-0.3	0.2	0.3	0.3	2.6	0.4
<b>EBT</b>	<b>19.5</b>	<b>25.3</b>	<b>21.2</b>	<b>2.8</b>	<b>10.9</b>	<b>10.9</b>
Taxes	-2.7	-3.4	-3.4	-2.5	-1.9	-1.9
<b>Net results</b>	<b>16.8</b>	<b>21.9</b>	<b>17.8</b>	<b>0.3</b>	<b>9.0</b>	<b>9.0</b>

Source: KVK Netherlands Chamber of Commerce, Samskip Holding BV Annual Reports



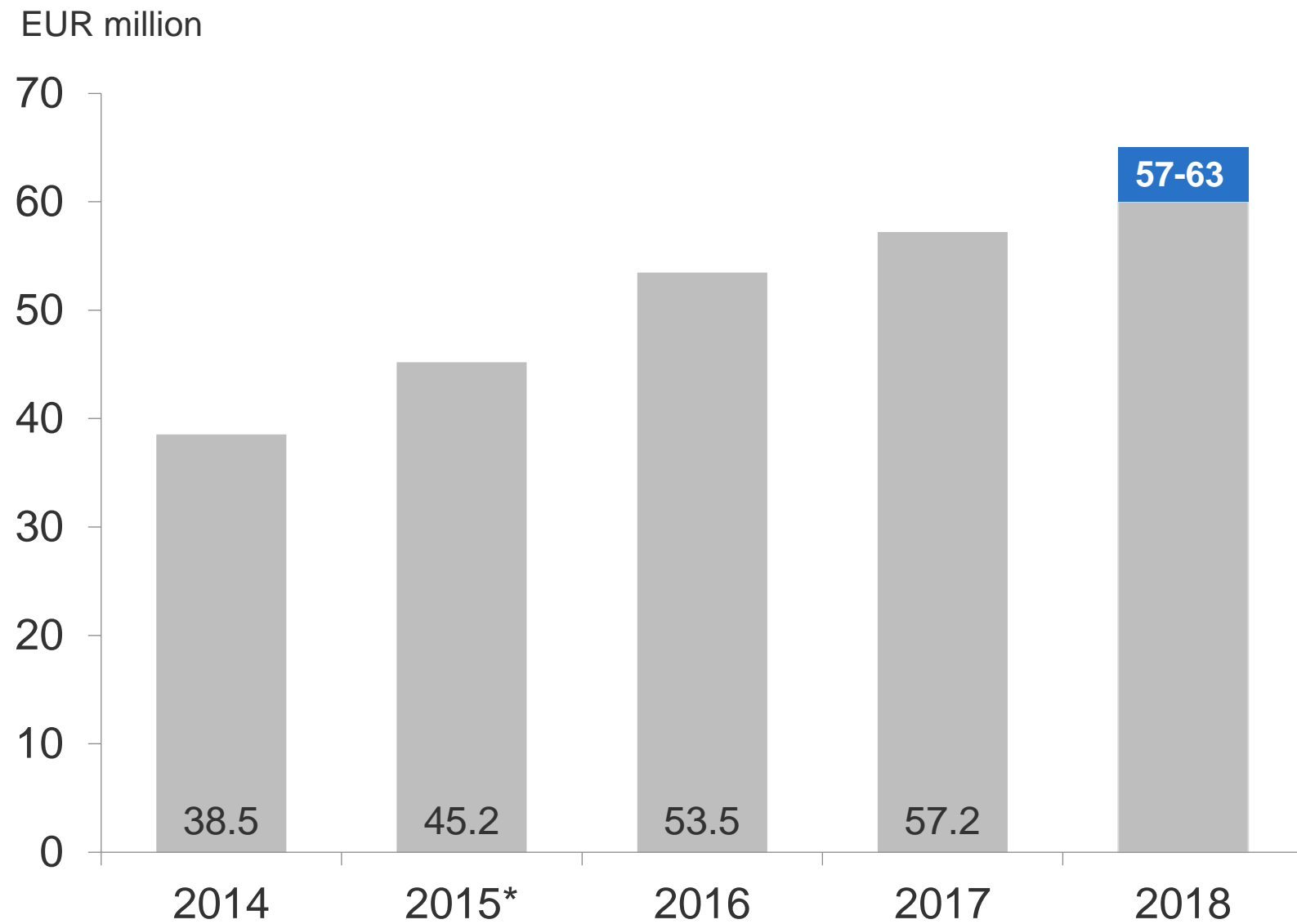
## SHORT-TERM INITIATIVES

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

- Off-hire of one vessel in Norway
- Lowering of operational container cost
- Fine-tuning of the container sailing system
- Increased synergies between offices
- Reduction in salary cost
- Various other projects

## EBITDA GUIDANCE FOR 2018

EBITDA in the range of EUR 57-63 m and according to current assumptions the results will be in the lower to mid-range of 57-63 m



\* EUR 2.0 million gain on disposal of a vessel under construction included in 2015 EBITDA

- **Liner services**
  - Volume in the container liner services expected to continue to grow
  - Volume in the Faroe Islands with a modest growth
  - Volume in Norway expected to decrease from previous year
  - Trans-Atlantic and Short-Sea volume expected to grow 40% yoy
  - Volume on Gray and Green route expected to grow faster than other routes
  - Fine-tuning the cost of the sailing system is an ongoing project
  - Savings through improved container control
- **Forwarding services**
  - Reefer volume expected to recover and show better results than first half of the year
  - 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
- **Other matters**
  - Uncertainty about outcome of the investigation of the Icelandic Competition Authority

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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