

**CORE
OPERATION
IMPROVING**



PRESENTATION OF Q1 2019 RESULTS

Vilhelm Már Þorsteinsson



THIS IS EIMSKIP

Eimskip is a leading transportation company in the North Atlantic with connections to international markets and is specialized in worldwide freight forwarding services, with the vision of providing excellence in transportation solutions and services

ABOUT



63 OFFICES



19 VESSELS



20 COUNTRIES



200 TRUCKS



1800 EMPLOYEES



29 WAREHOUSES
16 COLD STORAGES



44 NATIONALITIES



ACHIEVEMENT
COOPERATION
TRUST

KEY FIGURES Q1 2019

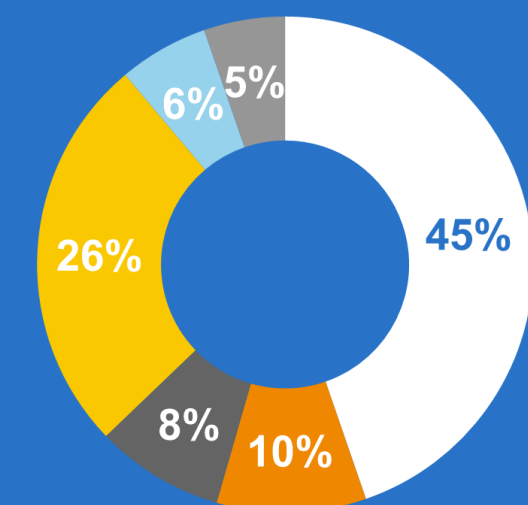
REVENUES: EUR 164 m

EBITDA: EUR 15,5 m
(EUR 10,6 m excl. IFRS16)

TOTAL ASSETS: EUR 519 m

EQUITY: EUR 233,3 m

GEOGRAPHICAL SPLIT OF REVENUE



■ Iceland
■ Norway
■ Asia
■ Faroe Islands
■ Europe
■ Other



KEY HIGHLIGHTS FOR Q1

IMPROVED OPERATING RESULTS IN NORWAY

STREAMLINING MEASURES AND ORG. CHANGES STARTING TO PAY OFF

INCREASED ACTIVITY AND VOLUME IN THE TRANS-ATLANTIC SERVICES

POSITIVE DEVELOPMENT IN REEFER FORWARDING

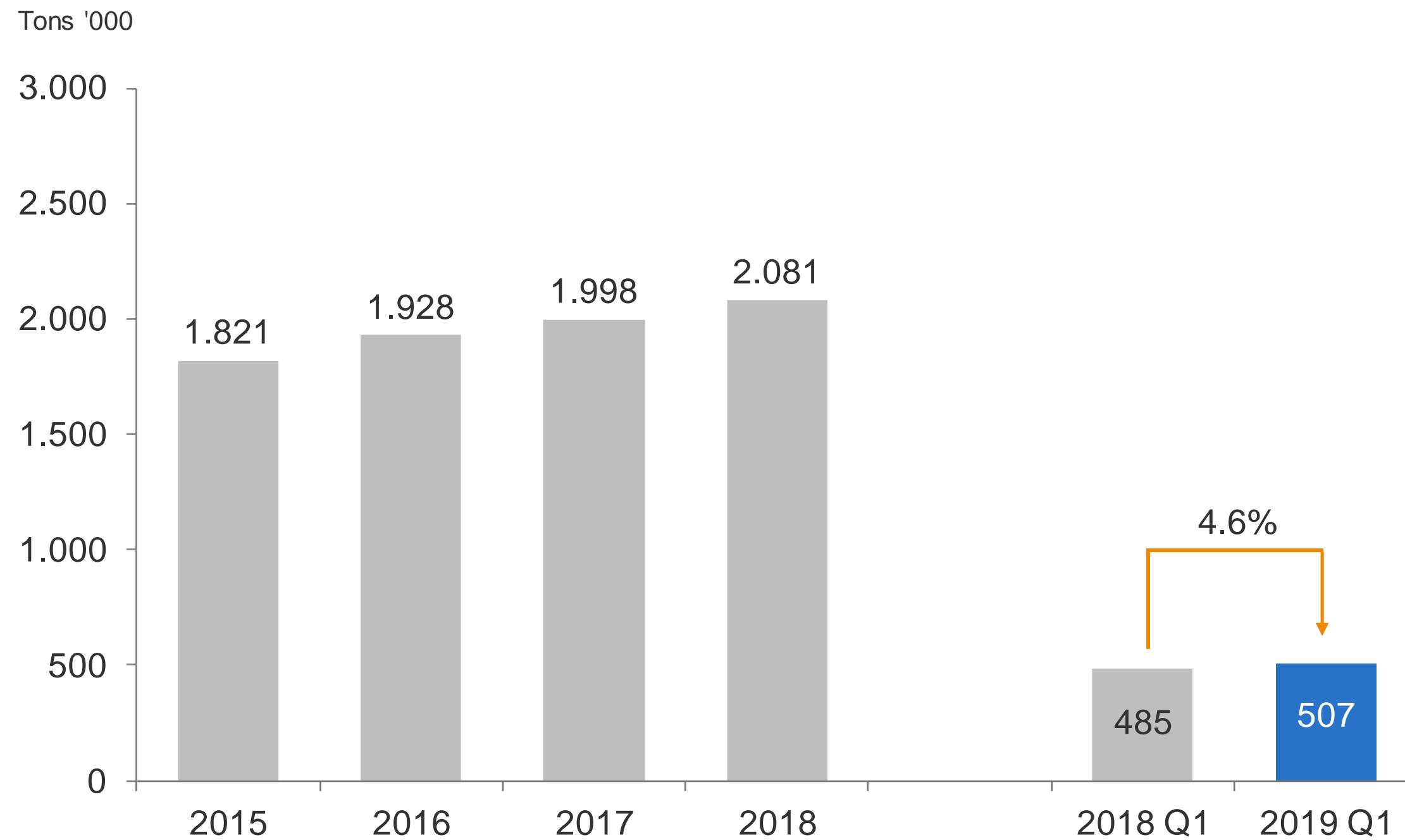
OPERATIONS IN ICELAND GOING WELL

OPERATING ACTIVITIES



VOLUME IN LINER SERVICES

Container Liner volume up 9.0% but Reefer Liner services down 23.0%

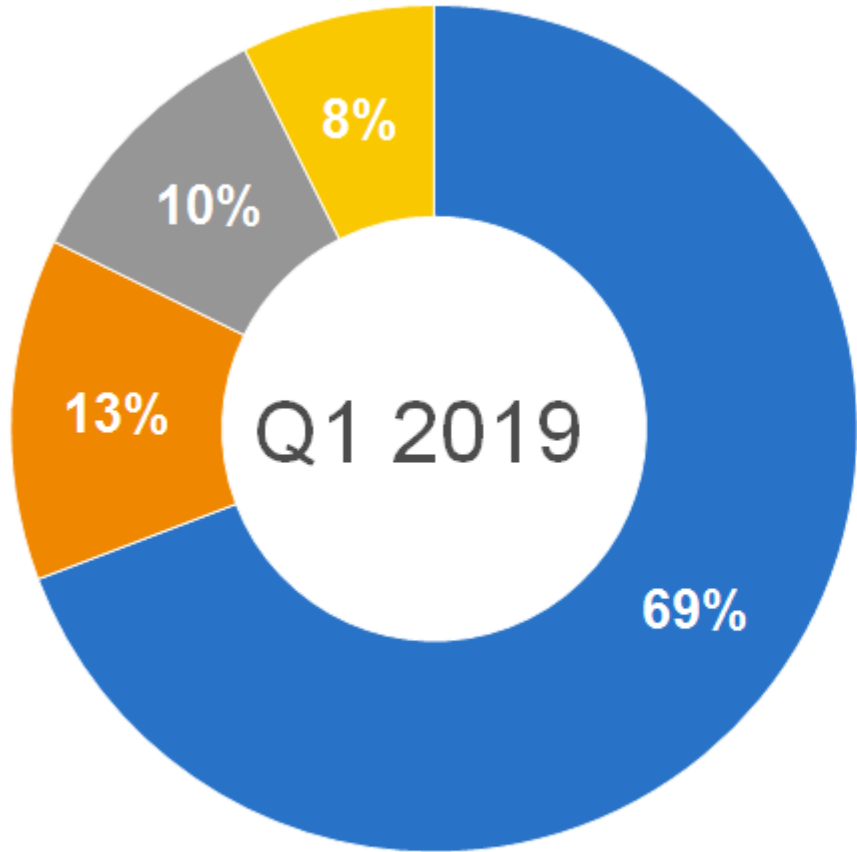


- Strong growth in container liner volume in Q1
- Reefer liner volume in Q1 2019 was down as was expected – two fewer vessels in operation

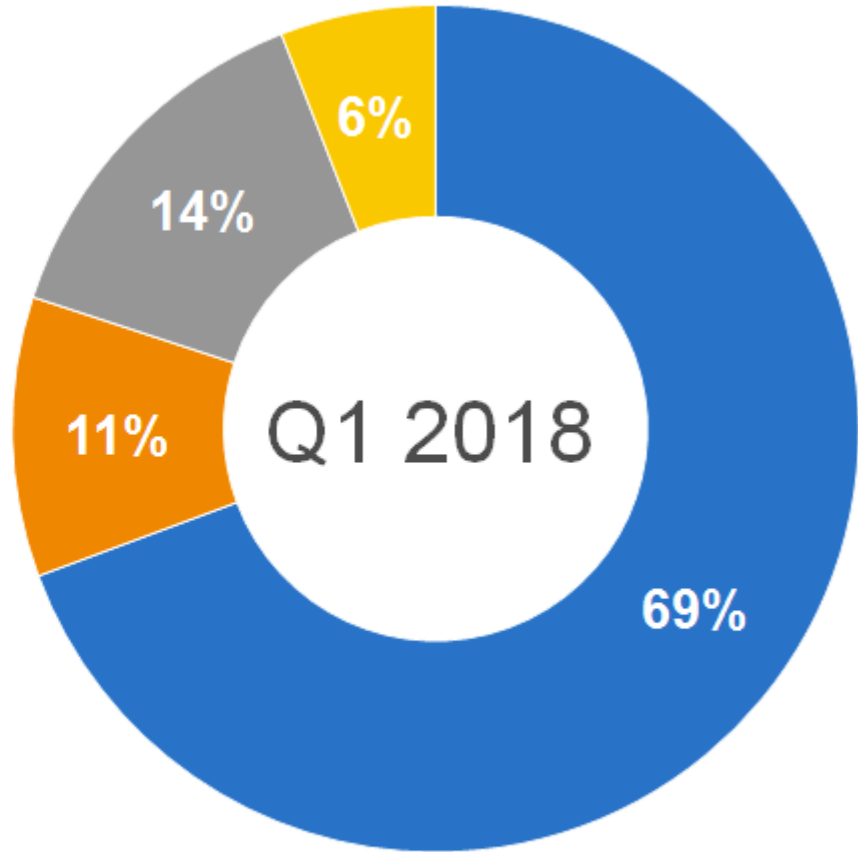
GEOGRAPHICAL SPLIT OF LINER VOLUME

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

VOLUME SPLIT



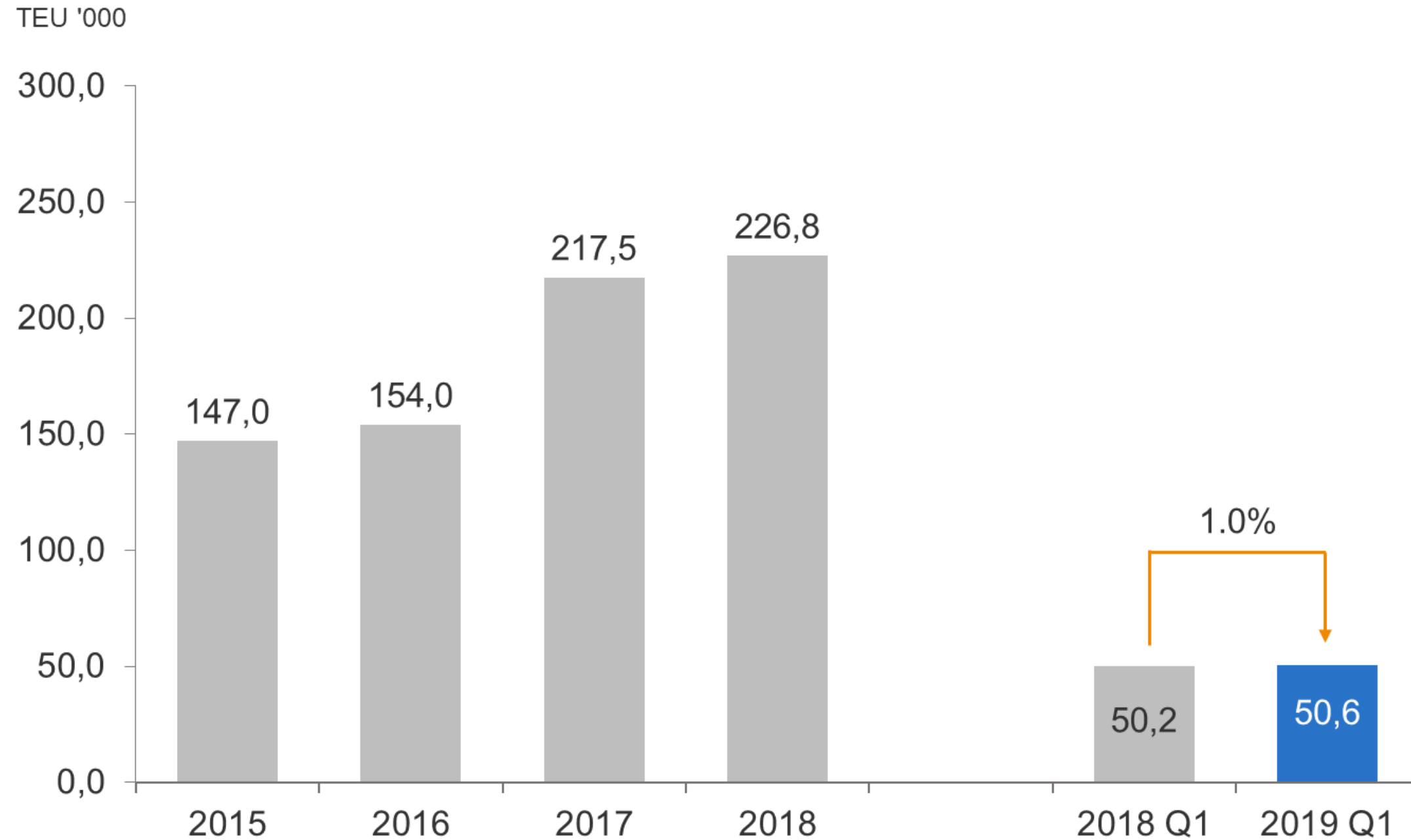
■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic



■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic

VOLUME IN FORWARDING SERVICES

Reefer forwarding volume up 8.7% but dry forwarding volume down

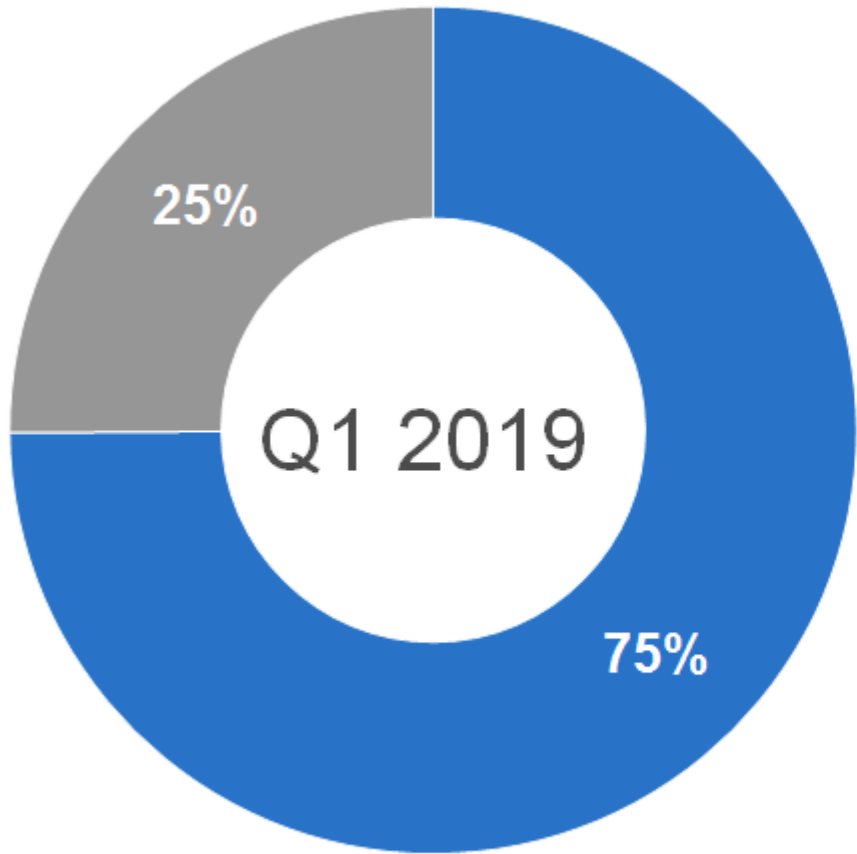


- Good growth in reefer forwarding volume in Q1
- Discontinued client contract in China explains drop in dry forwarding volume but has a limited effect on results

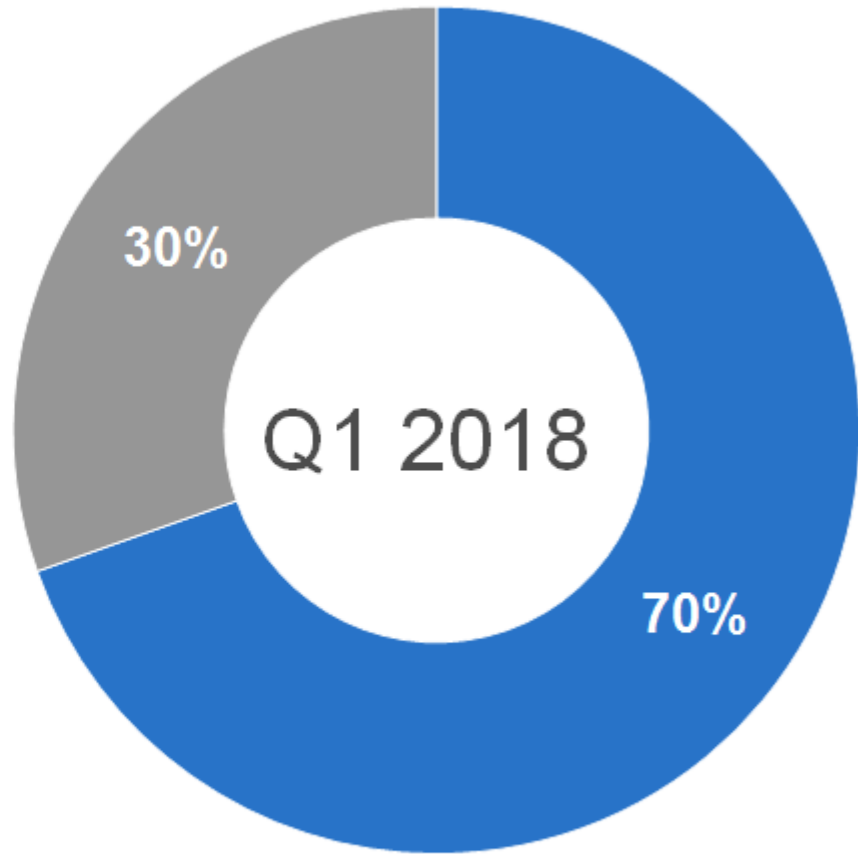
CATEGORY SPLIT OF FORWARDING VOLUME

Dry cargo contract in China discontinued | Increased share of reefer cargo

VOLUME SPLIT



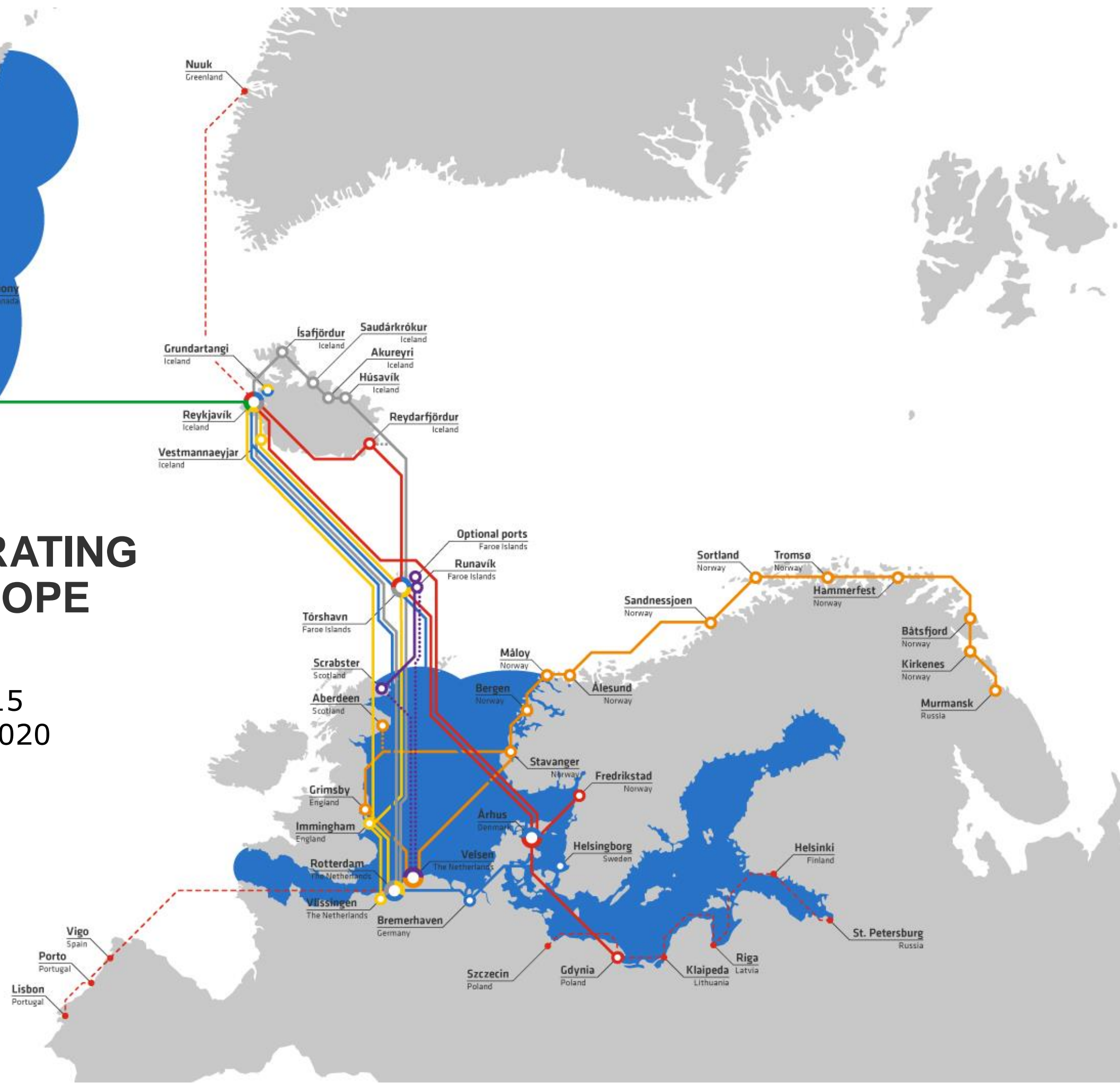
■ Reefer ■ Dry



■ Reefer ■ Dry

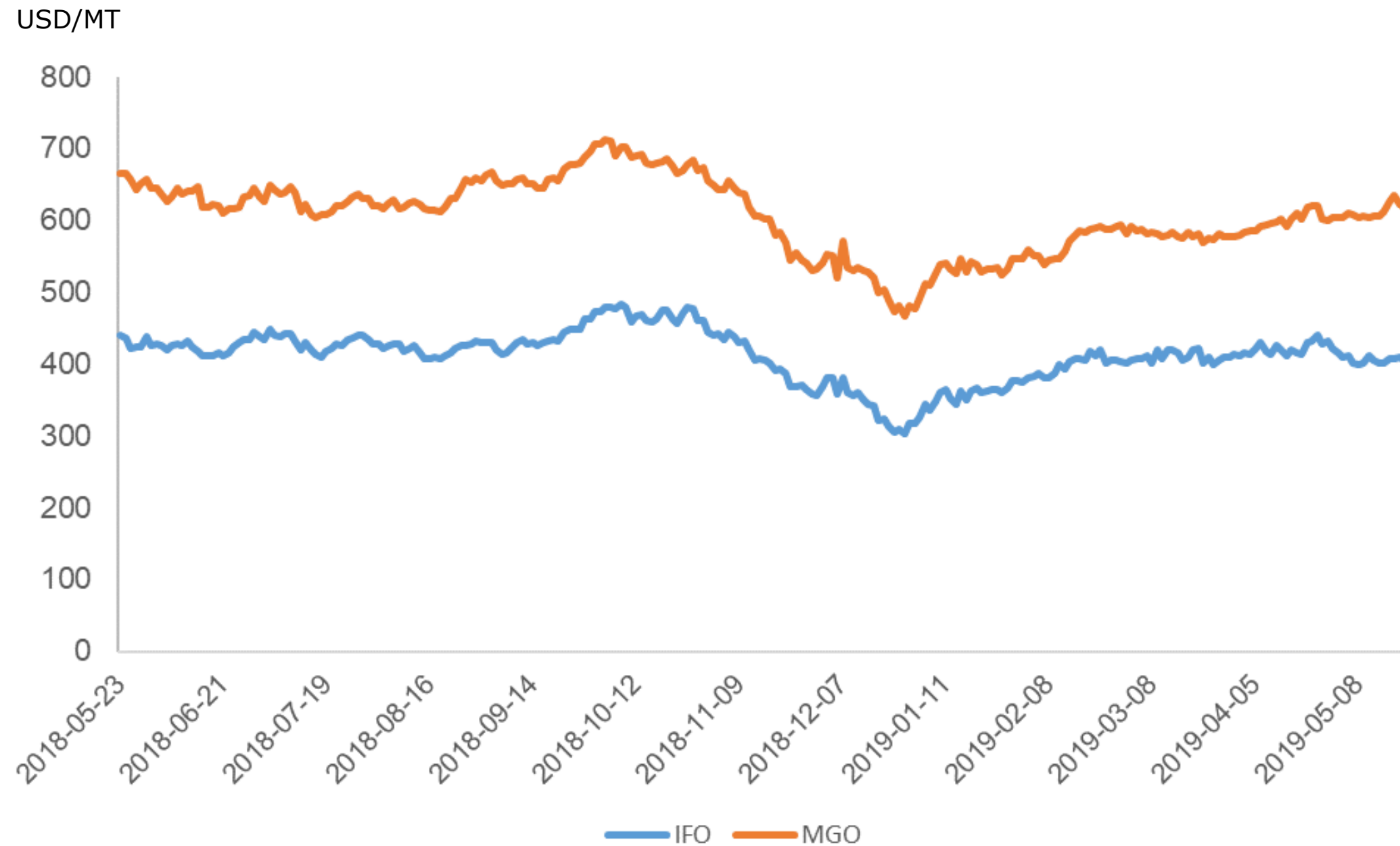
EIMSKIP IS ALREADY OPERATING IN LOW SO_x ZONES IN EUROPE AND NORTH AMERICA

BLUE AREA IS 0,1% SO_x FROM 1.1.2015
WHITE AREA IS 3,5% SO_x UNTIL 1.1.2020
AND 0,5% THERE AFTER



FUEL PRICE DEVELOPMENT

Average spread between gas oil and heavy oil has been approx. USD 200



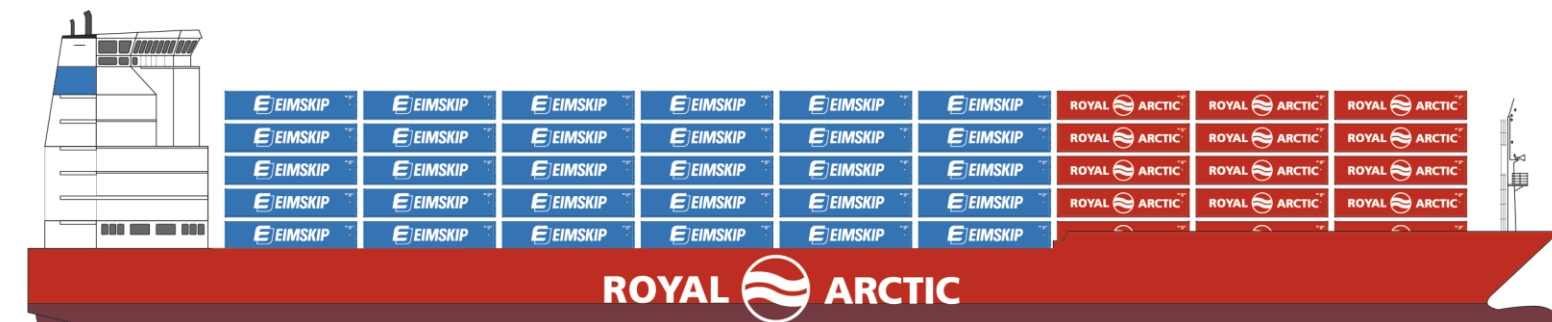
- Approx. 53% of total fuel consumption of the vessel fleet is gas oil and 47% heavy fuel oil
- From 1.1.2020 it is estimated that share of gas oil will increase to approx. 75% given comparable sailing system
- Eimskip will operate three vessels fitted with scrubbers in 2020
- Fuel consumption is approx. 80,000 tons on annual basis
 - Average spread between gas and heavy oil is USD 200
 - Estimated cost increase will be approx. USD 3-4 million depending e.g. on sailing system, scrubber utilization and fuel spread
 - Low sulfur surcharge applied to offset cost increase

COOPERATION WITH ROYAL ARCTIC LINE (RAL)

Eimskips' two new vessels will replace two almost twenty five years old less efficient vessels

- Vessel sharing agreement between Eimskip and RAL approved by the ICA in April this year
- Three new 2,150 TEU container vessels (2 x Eimskip & 1 x RAL) expected in service late 2019
- Weekly services between Greenland, Iceland, Faroe Island and Scandinavia
- Larger vessels provide economy of scale and are more environmentally friendly
- Eimskip will provide RAL with stevedoring services in Iceland

CARGO CAPACITY - EIMSKIP WILL HAVE 2/3 AND RAL 1/3 OF EACH VESSEL



FINANCIAL RESULTS

INCOME STATEMENT

Operational improvements in Q1

EUR thousand	Q1 2019	IFRS 16 Impact	Q1 2019 Adjust.	Q1 2018	Change	%
Revenue	163,988		163,988	155,532	8,456	5.4%
Expenses	148,466	4,890	153,356	148,281	5,075	3.4%
EBITDA	15,522	(4,890)	10,632	7,251	3,381	46.6%
Depreciation and amortization	(13,078)	4,691	(8,387)	(7,807)	8,456	5.4%
EBIT	2,444	(199)	2,245	(556)	2,801	-
Net finance expense	(1,298)	187	(1,111)	(1,114)	3	0.3%
Share of loss of equity accounted investees	(84)		(84)	(670)	586	87.5%
Net earnings before income tax	1,062	(12)	1,050	(2,340)	3,390	-
Income tax	(3,575)	2	(3,573)	754	(4,327)	-
Net earnings for the period	(2,513)	(10)	(2,523)	(1,586)	(937)	(59.1%)

- Revenue growth of EUR 8.5 million or 5.4%
- EBITDA EUR 10.6 million excluding IFRS 16 an increase of EUR 3.4 million
- Considerable increase in EBIT or EUR 2.8 million
- One-off tax expense amounting EUR 3.4 million following a ruling of Internal Revenue Board

RESULTS BY BUSINESS SEGMENTS

Improvements in both Liner and Forwarding Services

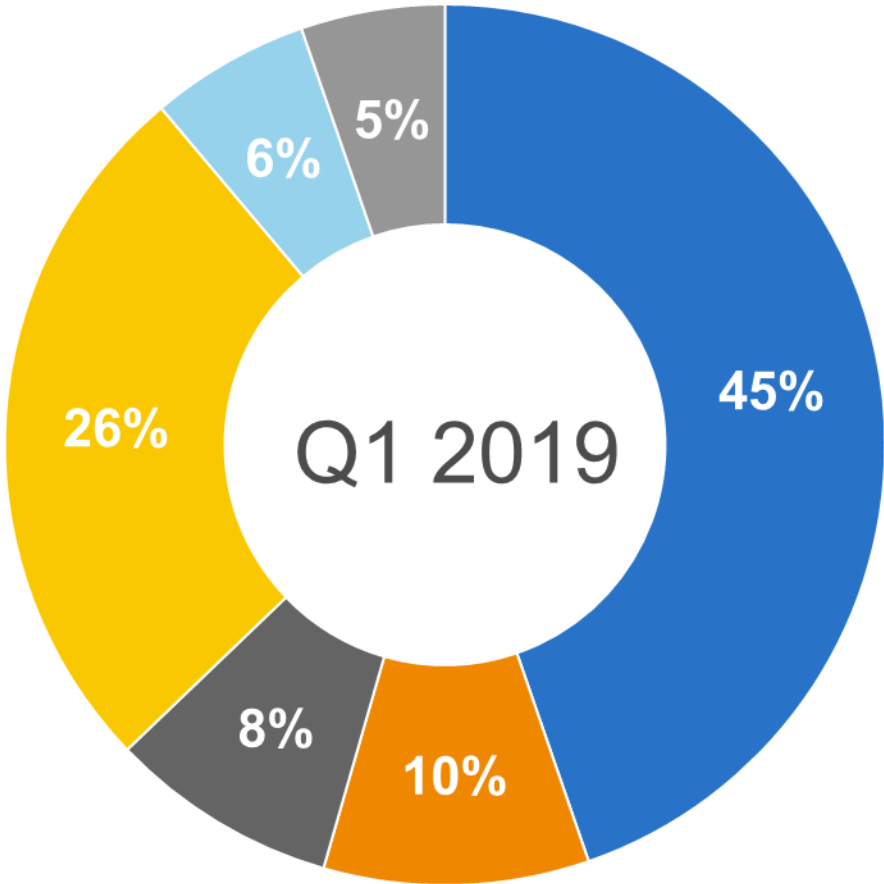
EUR thousand	Q1 2019	IFRS 16 Impact	Q1 2019 Adjust.	Q1 2018	Change	%
<i>Liner Services:</i>						
Revenue	105,712		105,712	100,642	5,070	5.0%
Expenses	95,017	3,705	98,722	96,483	2,239	2.3%
EBITDA	10,695	(3,705)	6,990	4,159	2,831	68.1%
<i>Forwarding Services:</i>						
Revenue	58,276		58,276	54,890	3,386	6.2%
Expenses	53,449	1,185	54,634	51,798	2,836	5.5%
EBITDA	4,827	(1,185)	3,642	3,092	550	17.8%



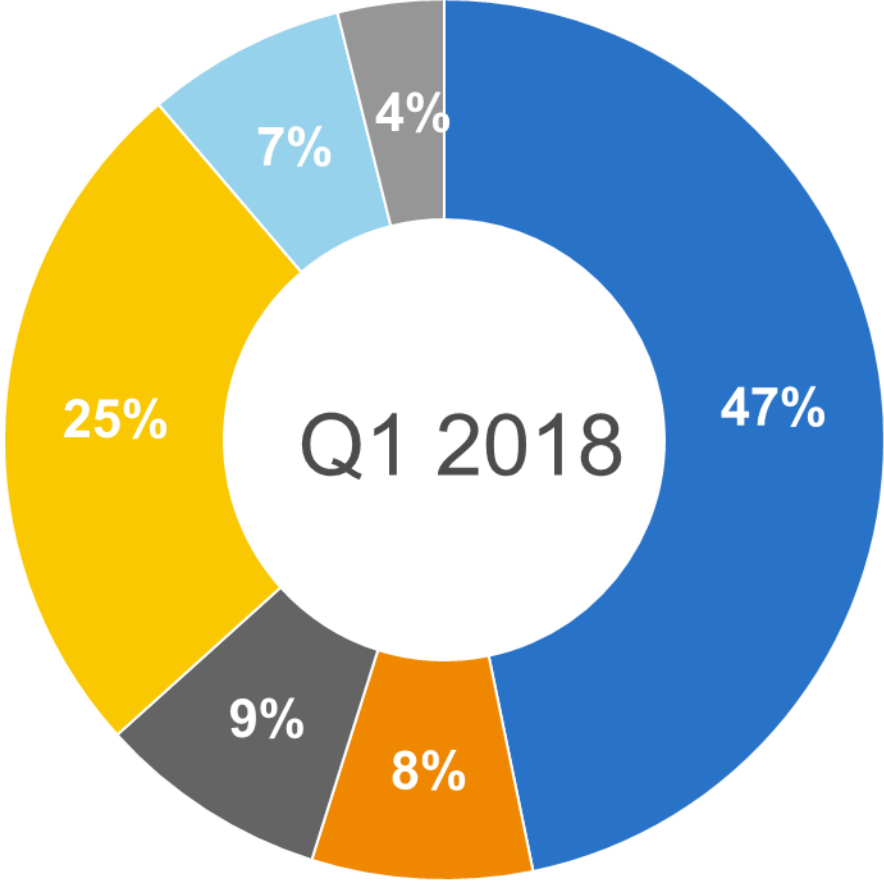
GEOGRAPHICAL SPLIT OF REVENUE

Increase in Europe and Faroe Islands

REVENUE SPLIT



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

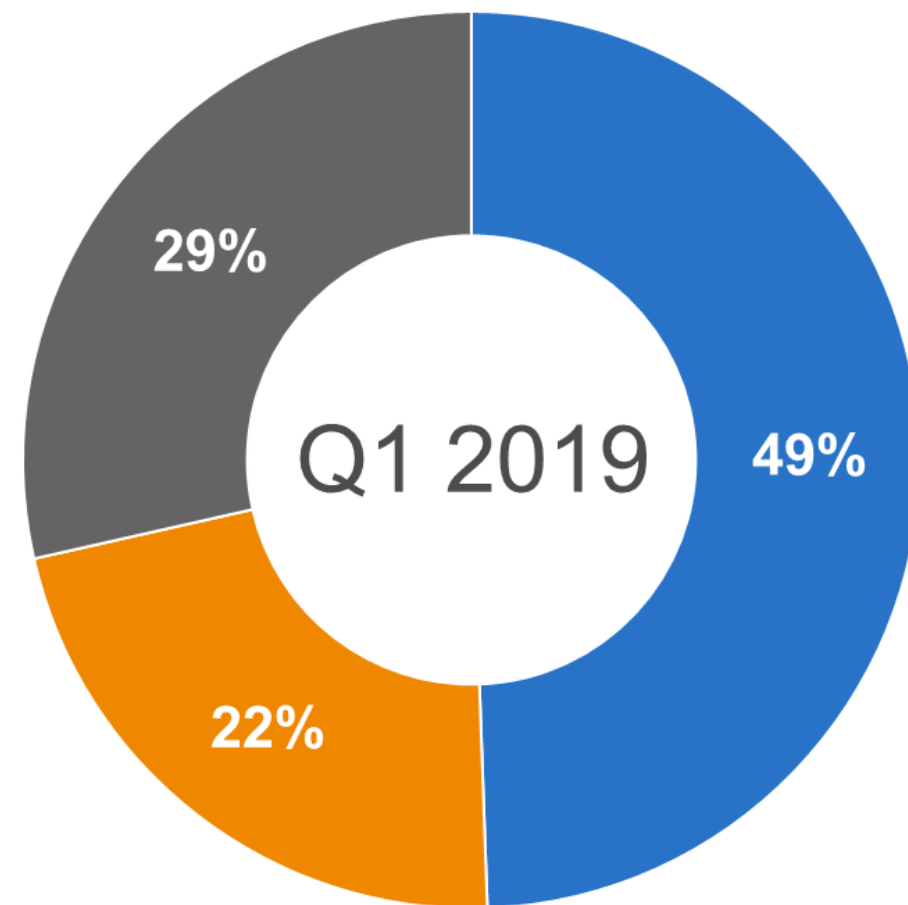


- Iceland
- Norway
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- Faroe Islands
- Europe
- Other

SPLIT OF TOTAL OPERATING EXPENSES

Almost half of operating expenses is volume driven

COST SPLIT

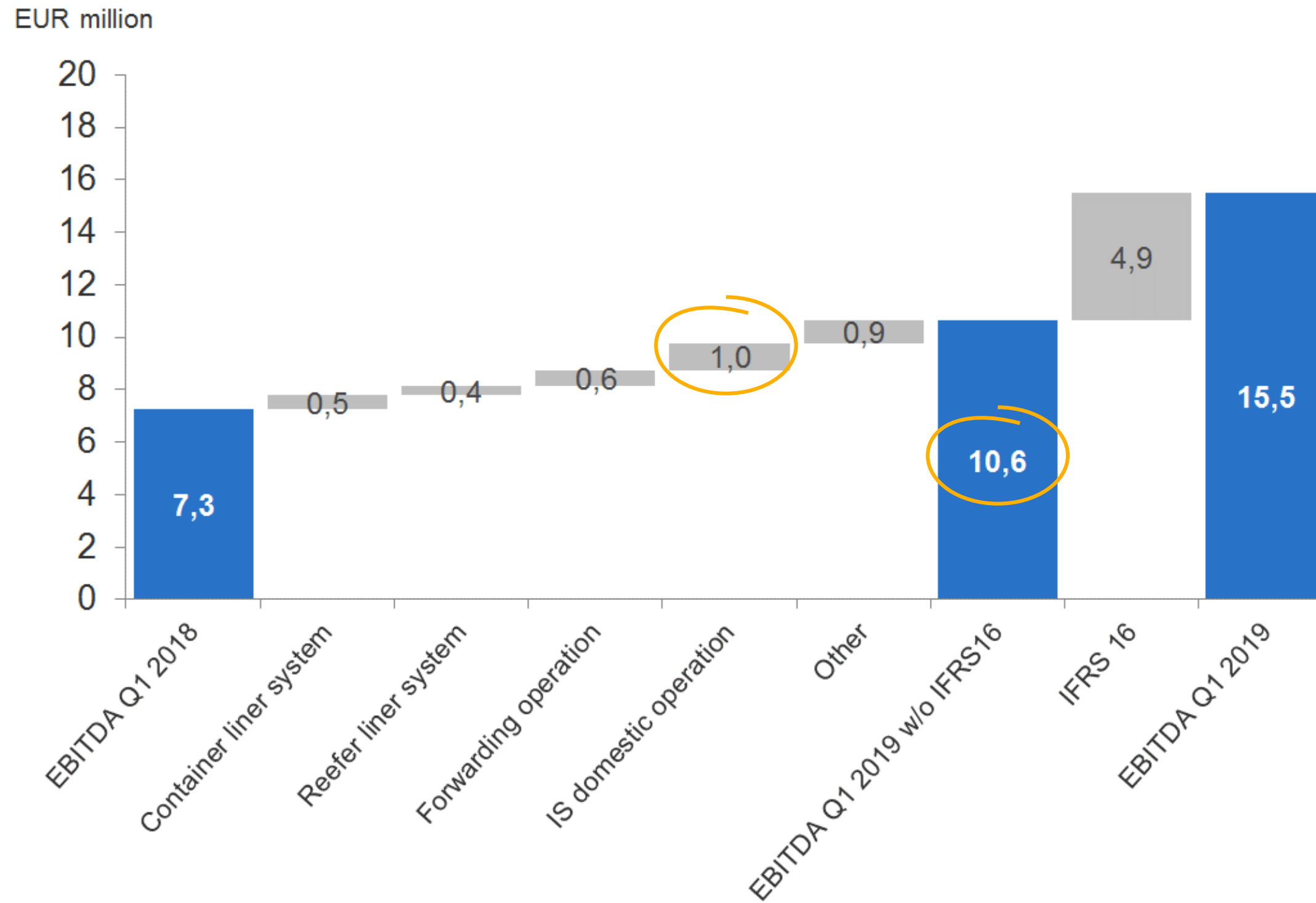


- 3rd party logistics services
- Salaries and related expenses
- Other expenses

- Cost development in global transportation markets affects cost of 3rd party logistics services
- Other expenses include e.g. fuel expenses, operational cost of vessels and equipment, IT and general operating cost

EBITDA BRIDGE

Best first quarter EBITDA since 2009



BALANCE SHEET

Balance sheet affected by new accounting standard IFRS 16

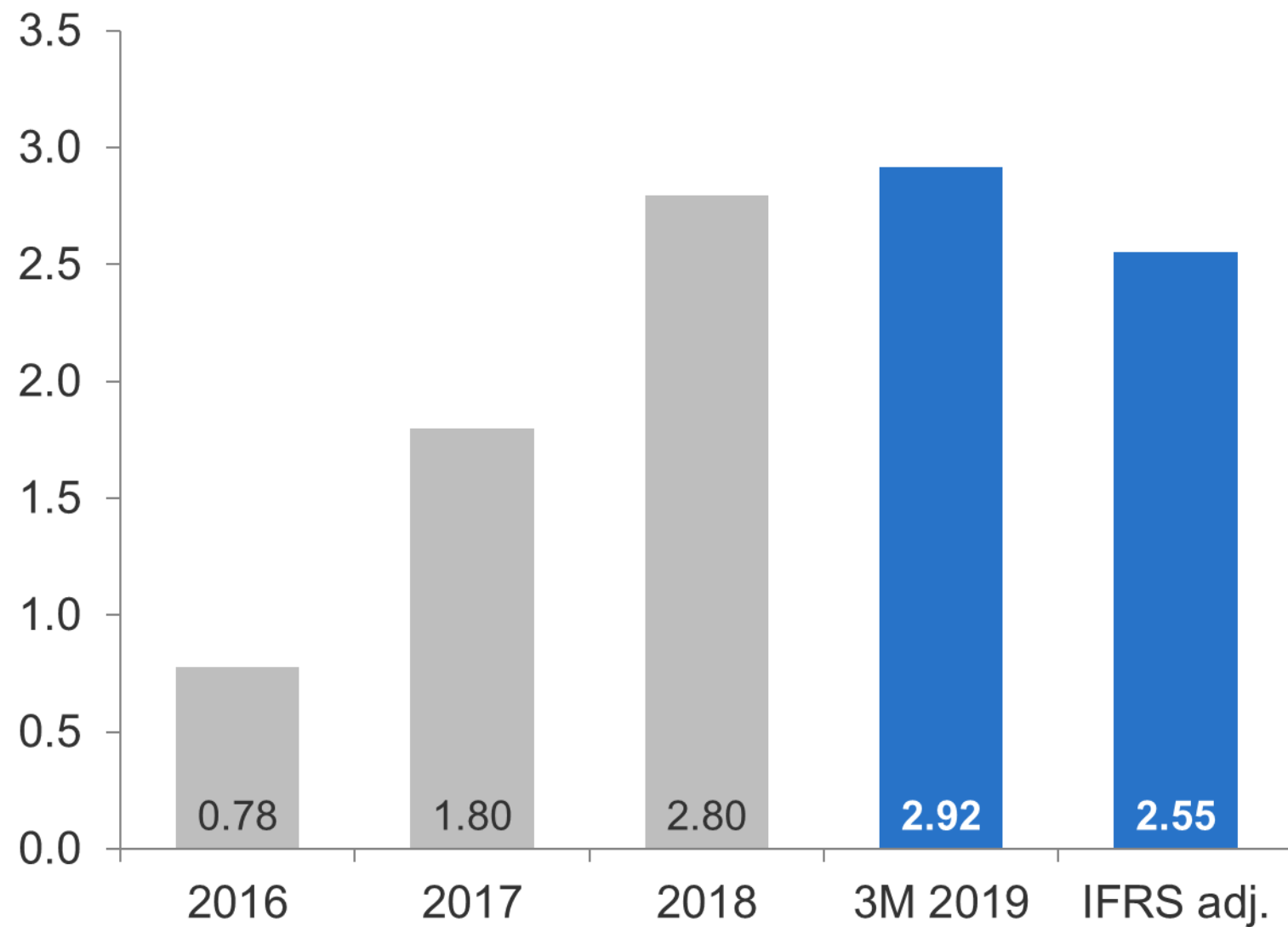
EUR thousand	31.3.2019	31.12.2018	Change	%
Non-current assets	366,833	335,172	31,661	9.4%
Fixed assets	314,156	313,765	391	0.1%
Right-of-use assets	33,612	0	33,612	-
Other non-current assets	19,065	21,407	(2,342)	(10.9%)
Current assets	152,235	151,124	1,111	0.7%
Assets	519,068	486,296	32,772	6.7%
Equity	233,301	238,926	(5,625)	(2.4%)
Non-current liabilities	165,785	140,753	25,032	17.8%
Current liabilities	119,982	106,617	13,365	12.5%
Liabilities	285,767	247,370	38,397	15.5%
Equity and liabilities	519,068	486,296	32,772	6.7%

- Approx. EUR 34 million increase in assets and liabilities due to IFRS 16 effects
- Equity ratio 44,9% and 48,1% excluding IFRS 16

FINANCIAL RATIOS FROM 2016 TO 2019

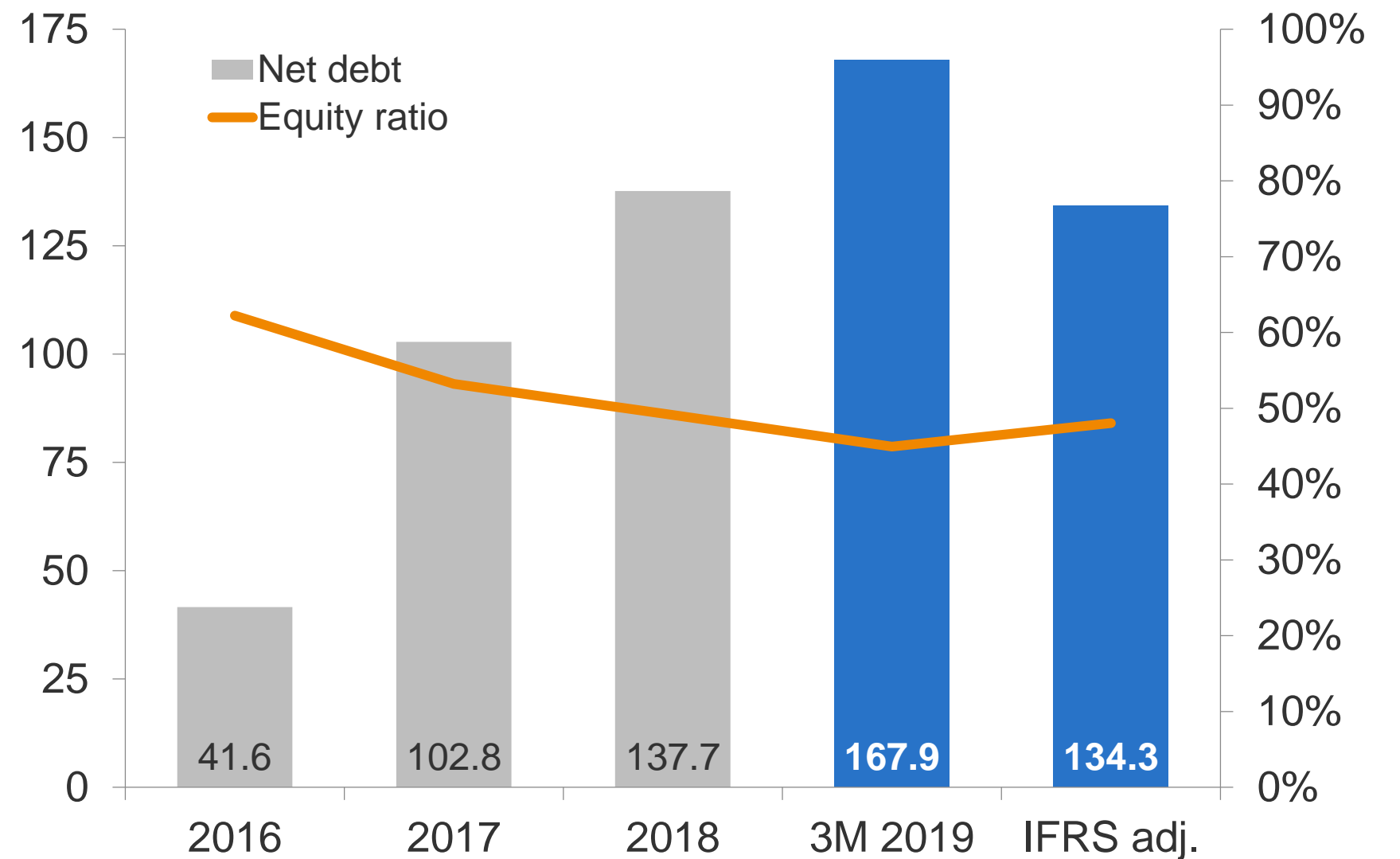
Excluding IFRS 16, leverage ratio decreases from year-end 2018

NET DEBT / EBITDA



NET DEBT AND EQUITY RATIO

EUR million



CASH FLOW DEVELOPMENT

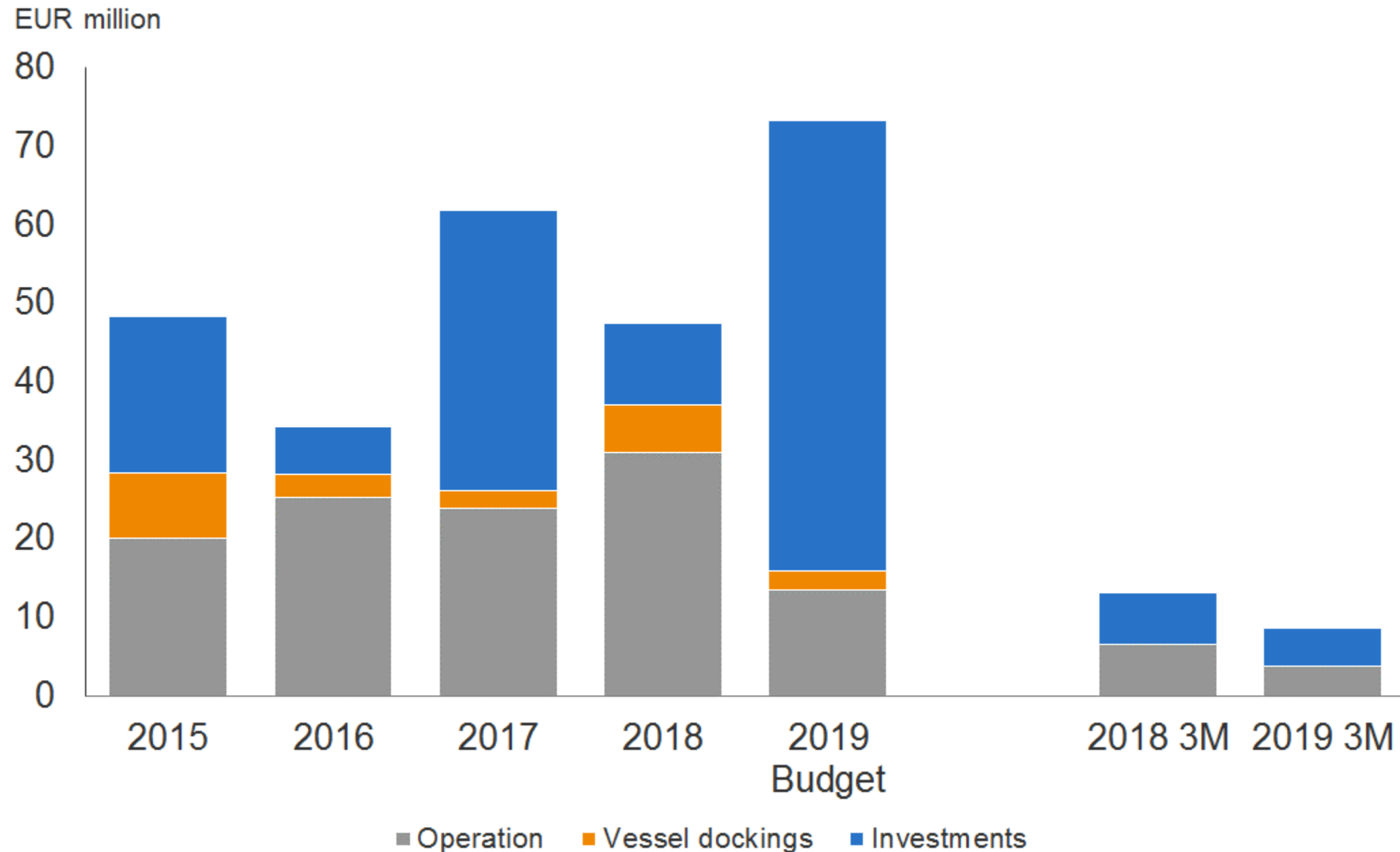
Substantial increase in cashflow before debt service

Million EUR	Q1 2019	Q1 2018
EBITDA	15.5	7.3
Working capital changes & other	3.5	(5.6)
Taxes	(0.5)	(0.3)
Repayment and interest of lease liabilities	(4.7)	0.0
Maintenance CAPEX net of sale	(3.4)	(5.9)
Cash flow before debt service	10.3	(4.6)
Debt repayment and interests	(3.6)	(3.5)
Cash flow before Investments	6.7	(8.1)
Net investments	(6.3)	(6.5)
Debt funding	4.2	13.7
Dividend to minority	(0.2)	(0.4)
Change in Cash	4.3	(1.3)

- Positive improvement in cash generation between periods
- Management has increased focus on cash generation however considerable investments forecasted in the second half of the year

OPERATING CAPEX AND INVESTMENTS

A decrease in CAPEX between periods but investments will be heavy in the second half of the year



- CAPEX for Q1 2019 EUR 8.6 million thereof maintenance CAPEX EUR 3.7 million
- Substantial investments in long term assets in 2019
- Investment budget EUR 57.5 million
 - New vessels EUR 41.6 million - useful life of 25 years
 - Gantry crane and harbor investments in Sundahöfn EUR 11.4 million - useful life of 30+ years
 - Other investments EUR 4.4 million - useful life of 15+ years

SUMMARY & GUIDANCE

- 1 STREAMLINING AND INTIGRATION MEASURES NOT FULLY MATERIALIZED
- 2 OPPORTUNITIES ASSOCIATED WITH COOPERATION WITH ROYAL ARCTIC LINE
- 3 UNCERTAINTY IN EXTERNAL ENVIRONMENT E.G. ICELANDIC ECONOMY AND TRADE TENSION
- 4 CONTINUED FOCUS ON OPERATIONAL EFFICIENCY TO IMPROVE CORE OPERATION
- 5 EBITDA GUIDANCE FOR THE YEAR IN THE RANGE OF EUR 51 – 57 MILLION*

* Excluding the effect of IFRS 16 of approximately EUR 19 million

THANK
YOU

EIMSKIP

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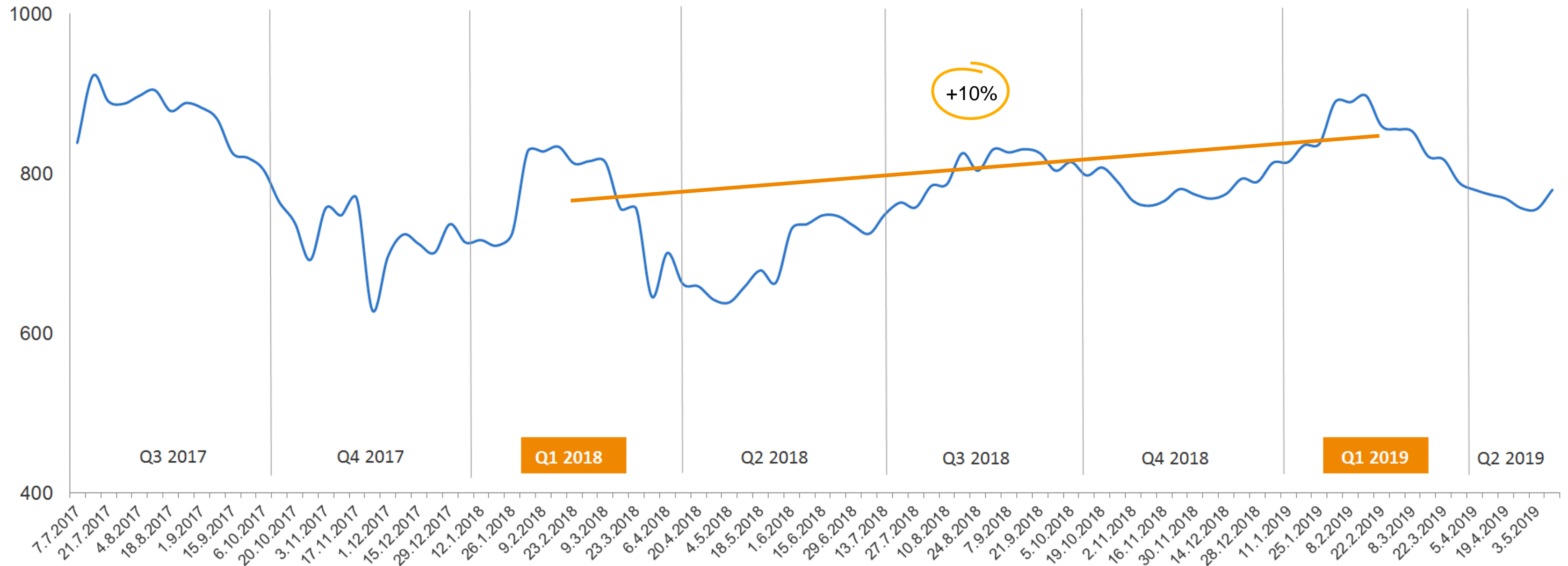
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APPENDIX

CHINA FORWARDERS FREIGHT INDEX

Average price increased by 10% between Q1 2018 and Q1 2019



Source: www.shippingchina.com

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