



## GROWTH IN REVENUE AND VOLUME BUT LOWER EARNINGS

Financial Results - Q1 2018  
18 May 2018



# KEY HIGHLIGHTS FOR Q1 2018

Growth in revenue and volume but lower earnings

**Revenue**  
**EUR 155.5 m**  
up EUR 12.0 m

**Liner revenue**  
**EUR 100.6 m**  
up 9.3%  
**Forwarding revenue**  
**EUR 54.9 m**  
up 6.7%

## Affecting revenue

- + Volume growth
- + New group companies
- ÷ International freight rates
- ÷ Currency

**EBITDA**  
**EUR 7.3 m**  
down EUR 2.0 m

**Liner EBITDA**  
**EUR 4.2 m**  
down EUR 1.1 m  
**Forwarding EBITDA**  
**EUR 3.1 m**  
down EUR 0.9 m

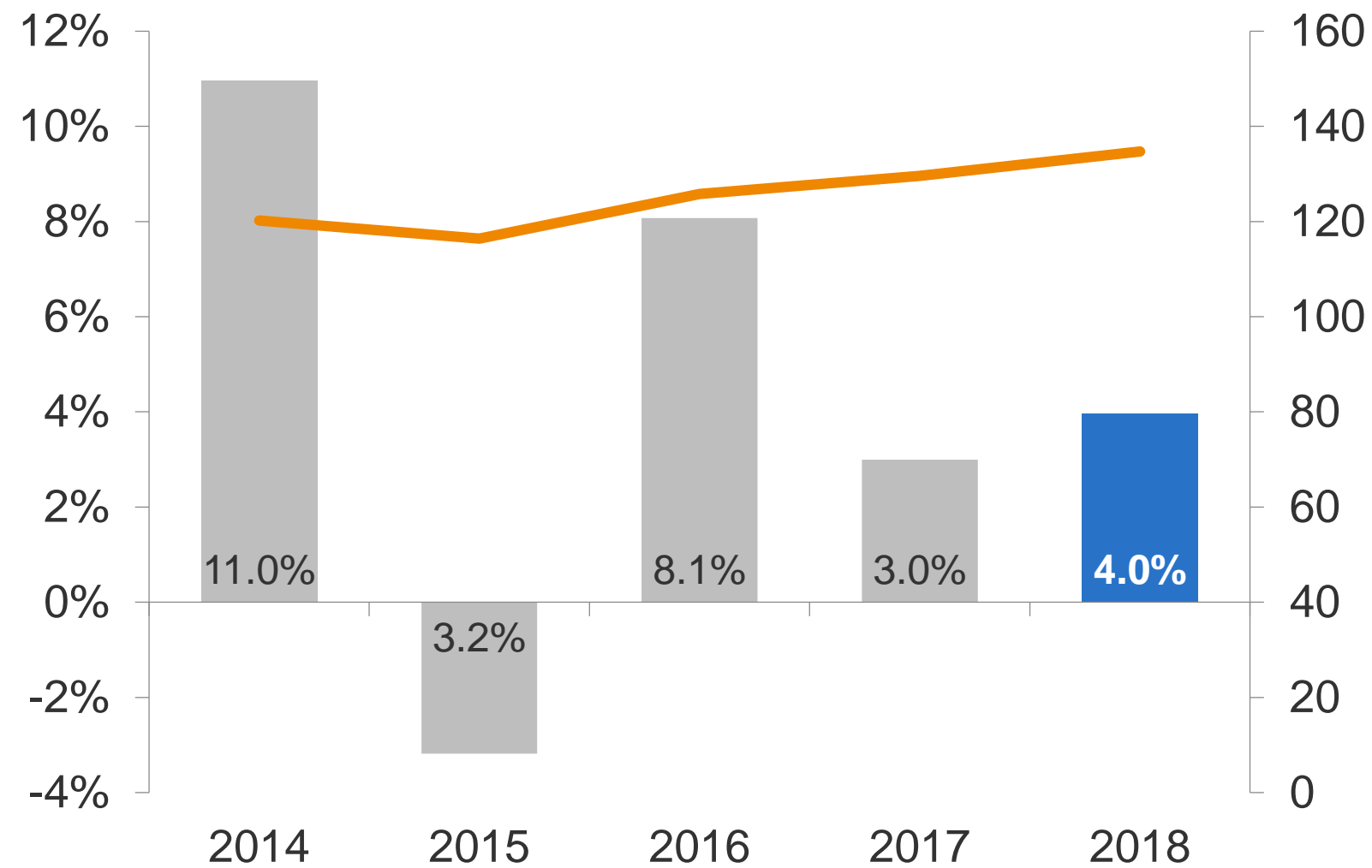
## Affecting EBITDA

- ÷ Additional vessel on Green and Gray route
- ÷ Container cost
- ÷ Trade tension
- ÷ Drop in reefer cargo

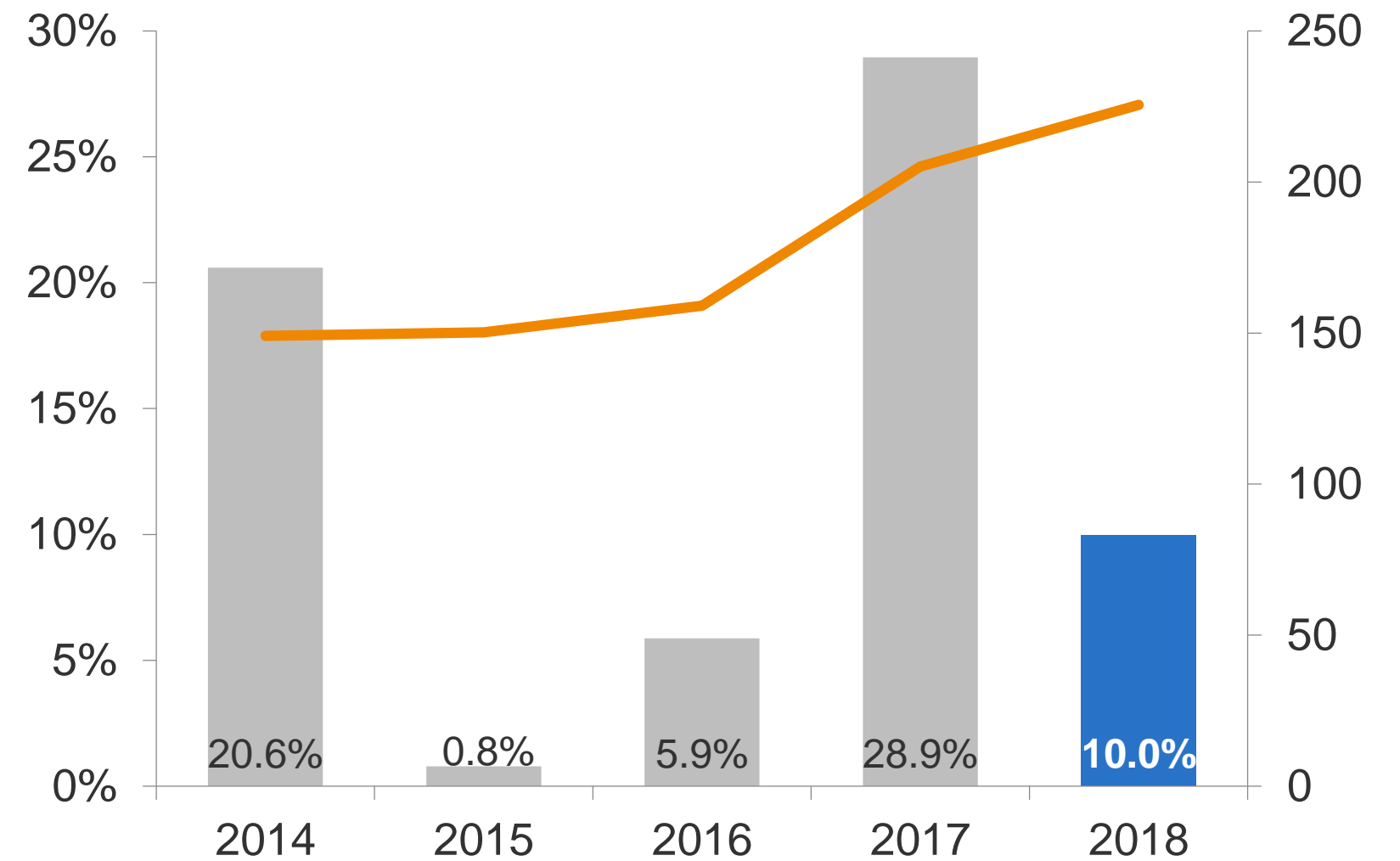
# TRANSPORTED VOLUME IN Q1 2014 TO Q1 2018

Growth in forwarding driven by dry cargo when reefer is down

## LINER SERVICES



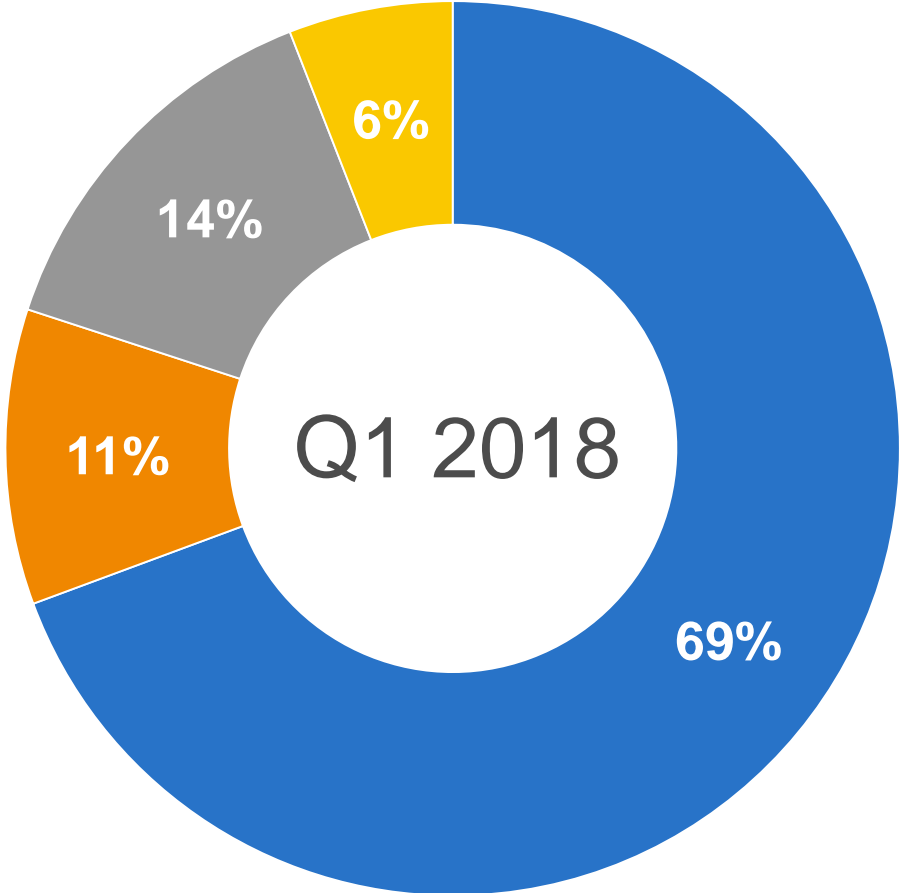
## FORWARDING SERVICES



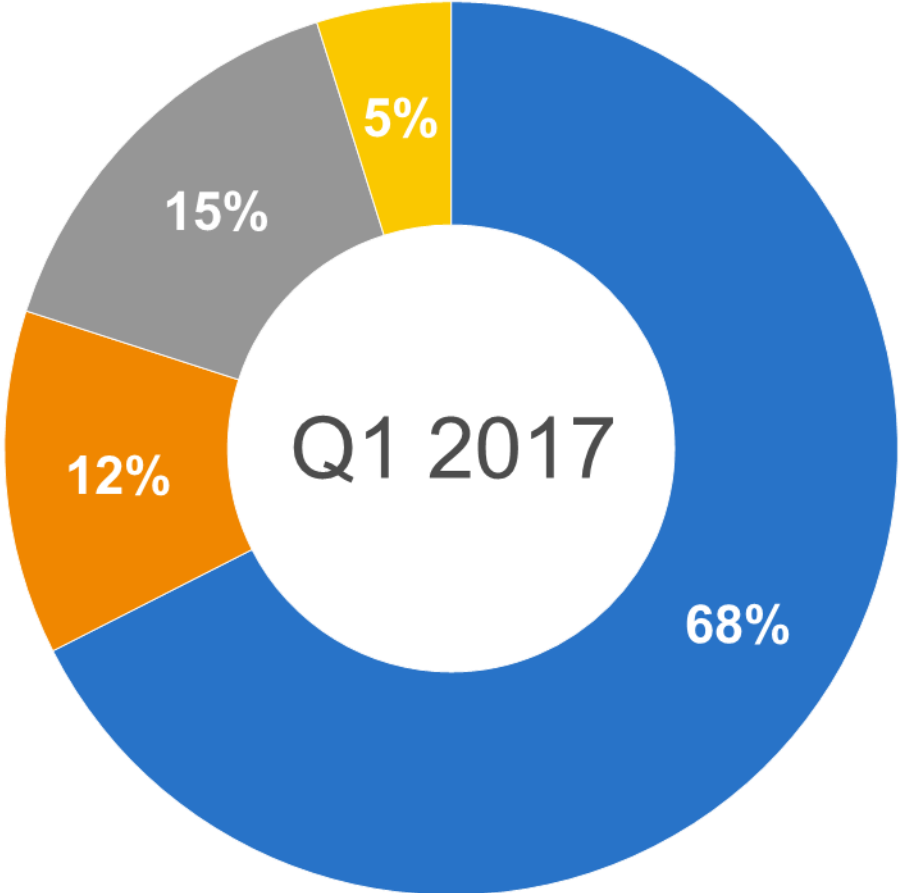
Volume index: 2010 volume at 100

# LINER SERVICES VOLUME

Increase in Trans-Atlantic volume by 28%



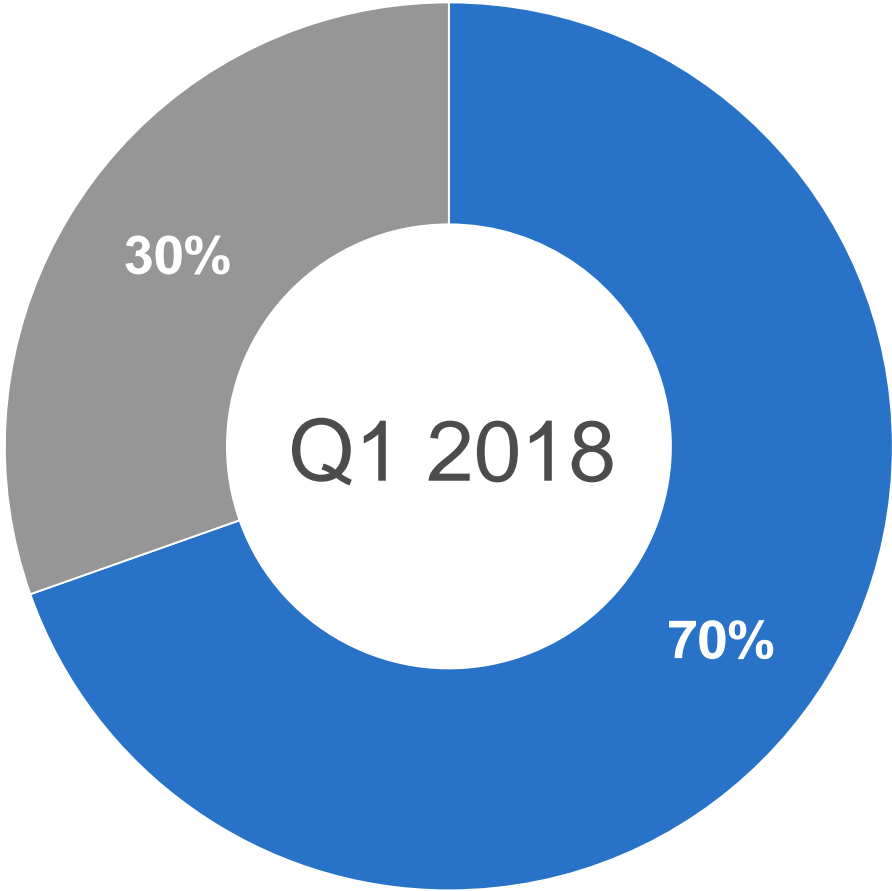
■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic



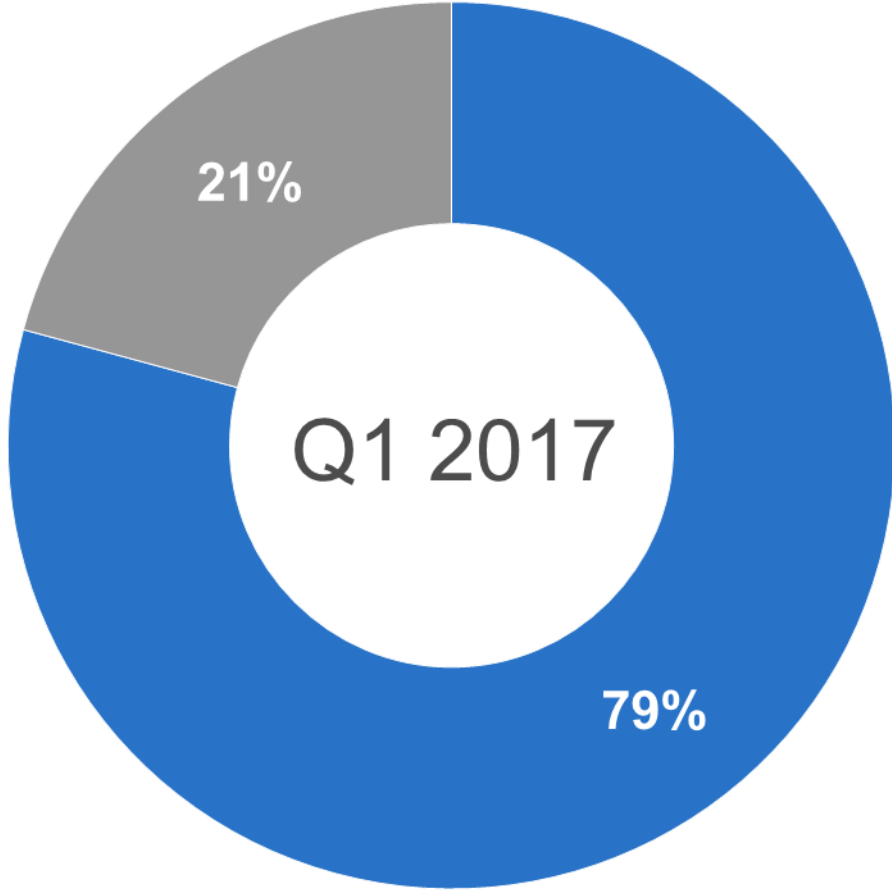
■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic

# FORWARDING SERVICES VOLUME

Growth in dry cargo



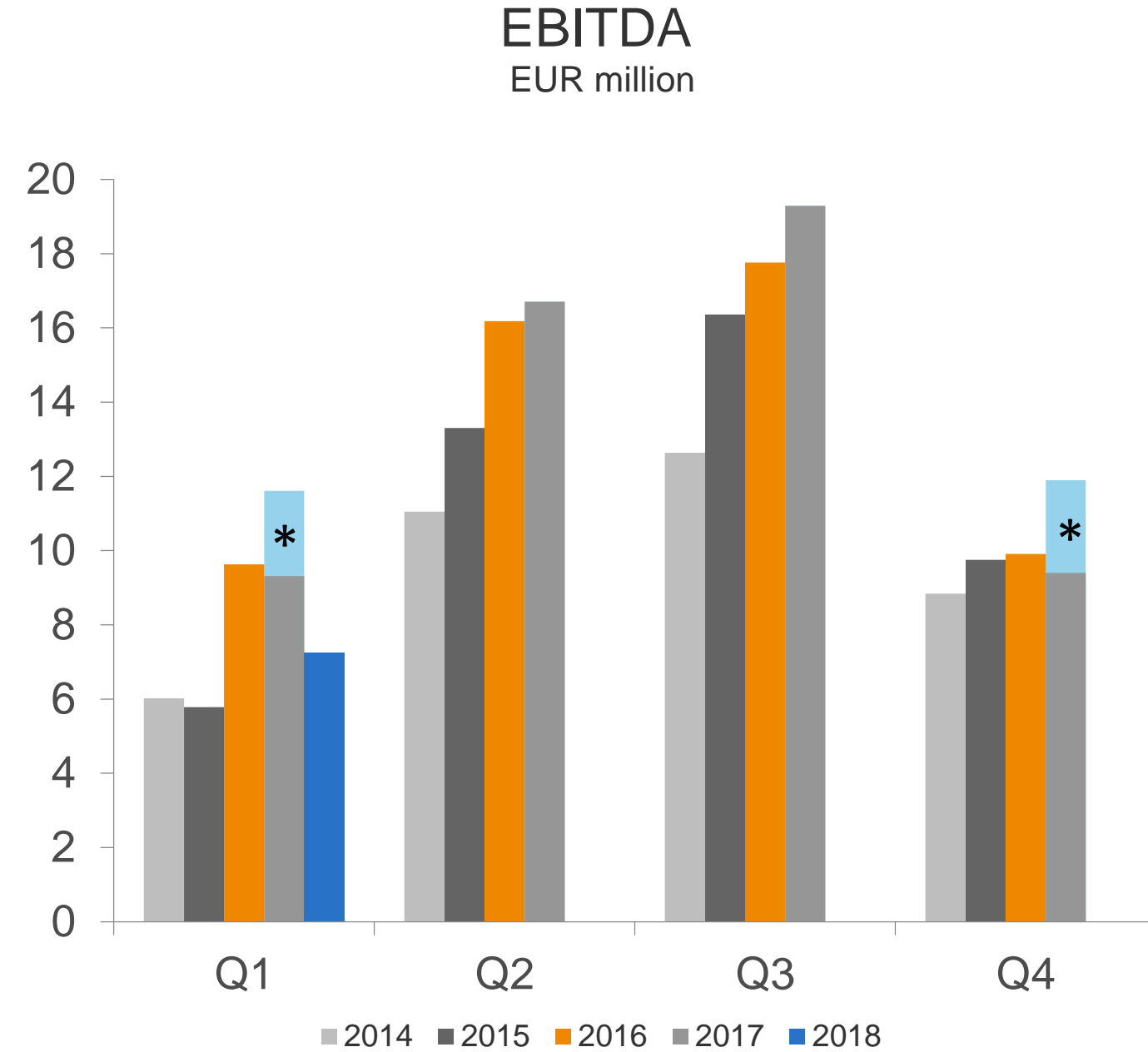
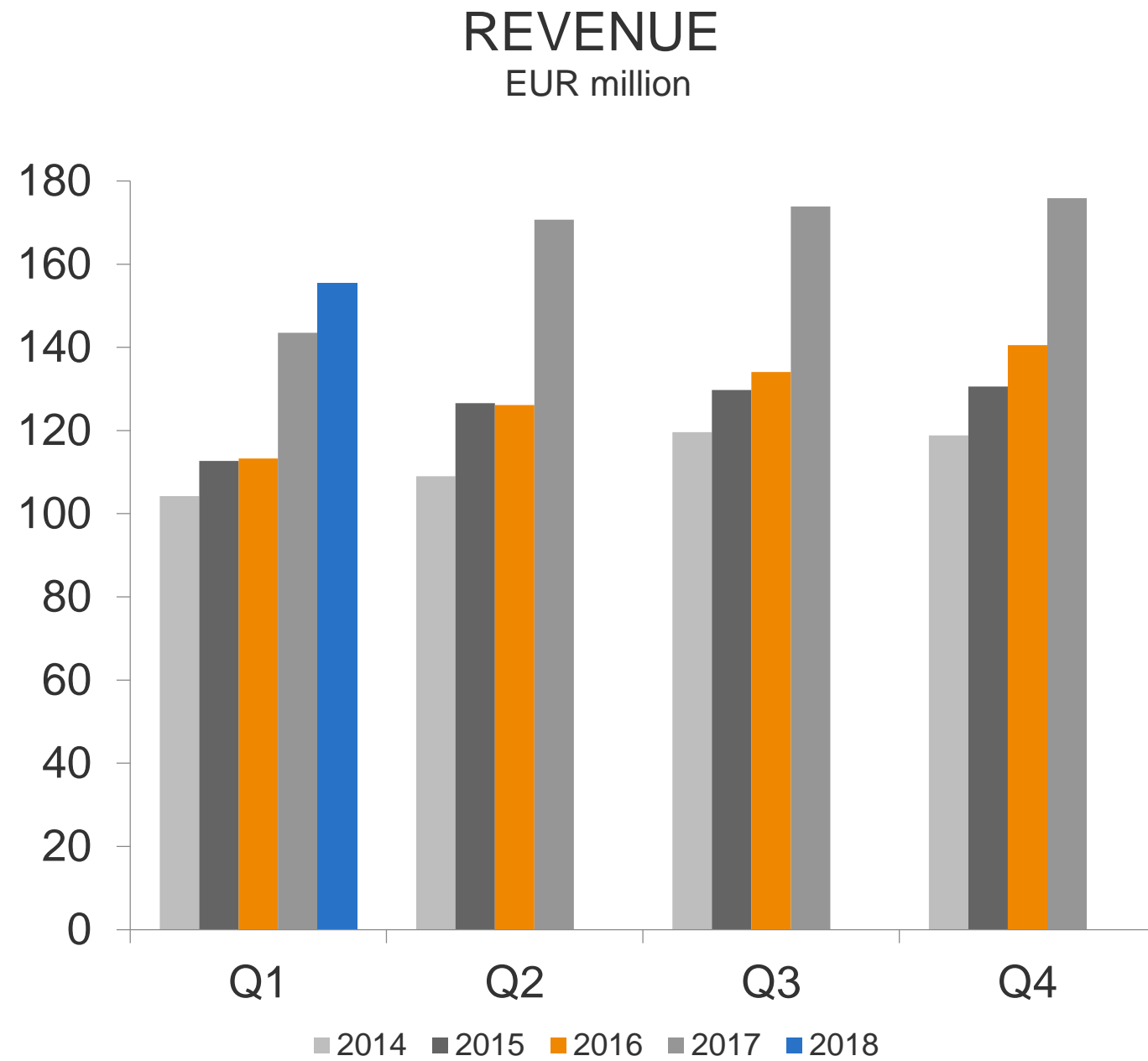
■ Reefer ■ Dry



■ Reefer ■ Dry

# REVENUE AND EBITDA 2014 TO 2018 BY QUARTER

Solid revenue growth but EBITDA affected by increased capacity in the sailing system and lower reefer cargo in forwarding

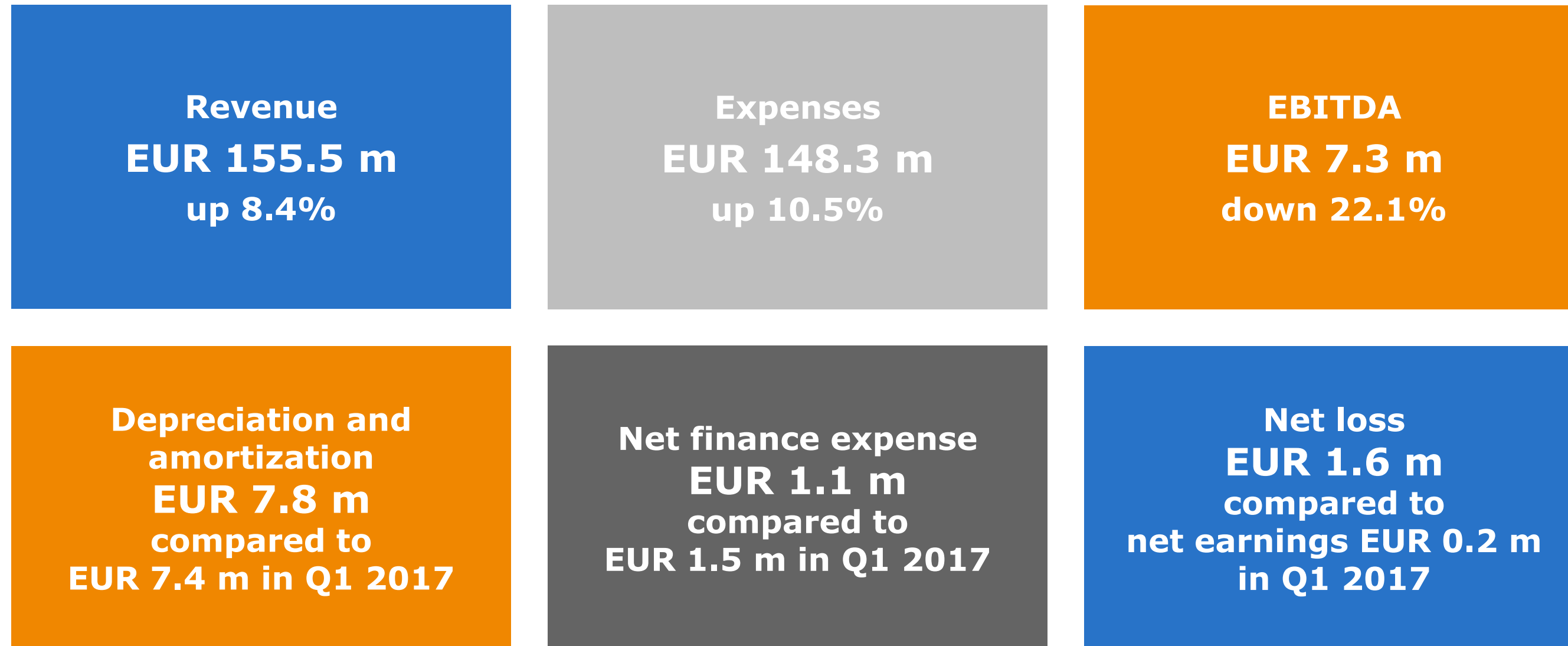


\*Add-back of EUR 2.3 million non-recurring charges in Q1 '17 is offset by a EUR 2.5 million non-recurring revenue item in Q4 '17

# FINANCIAL RESULTS

# INCOME STATEMENT Q1 2018

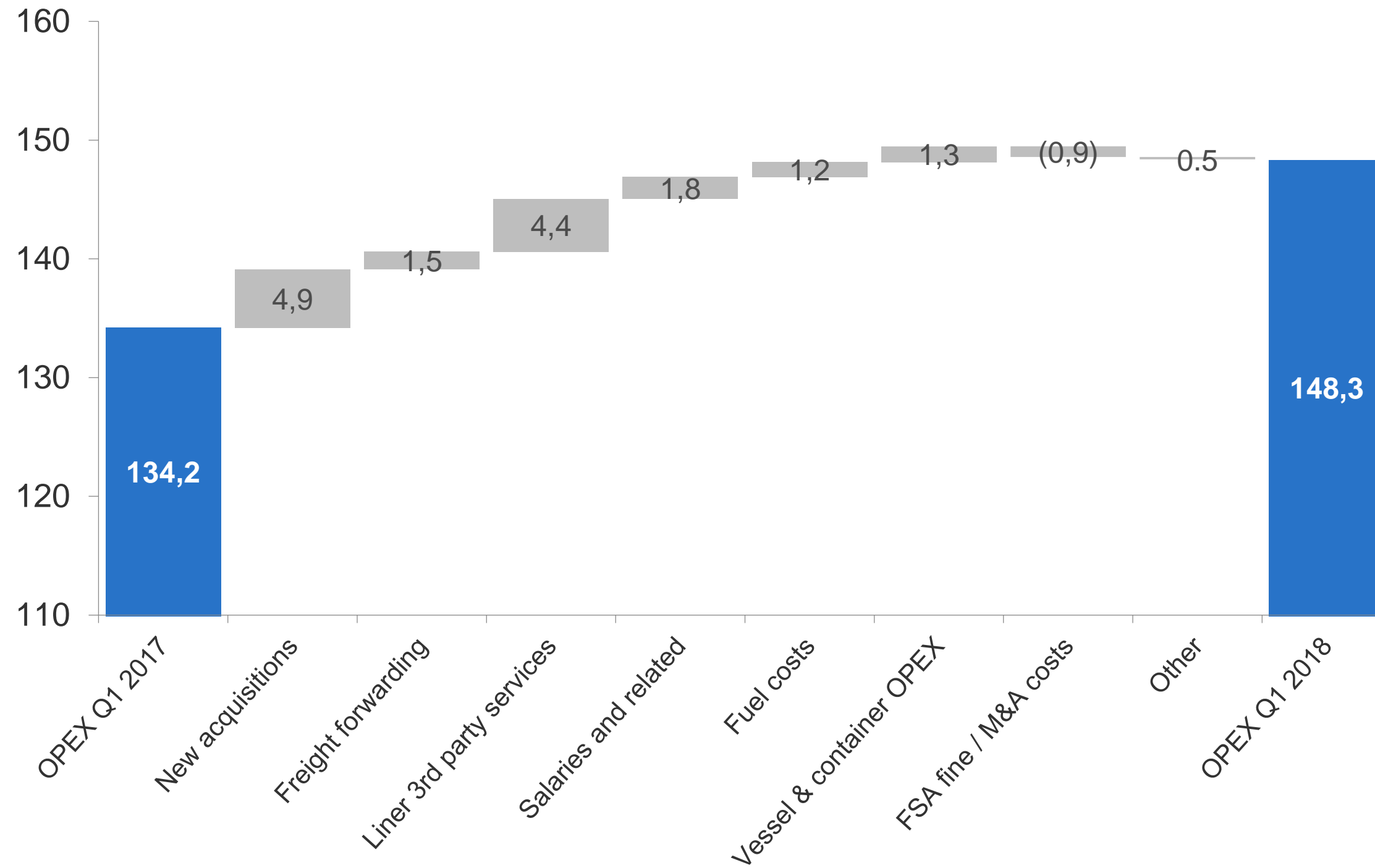
The first quarter is generally the slowest quarter of the year





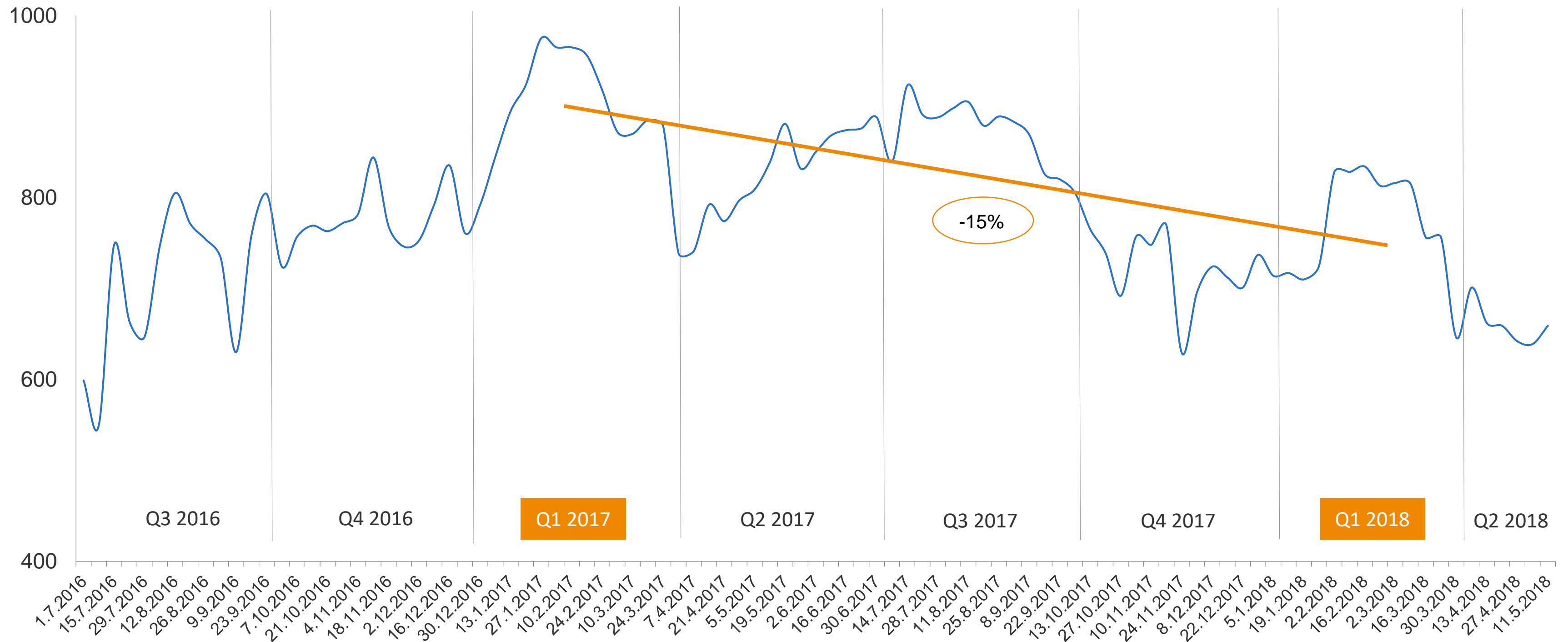
# EXPENSE BRIDGE

Increase in total cost mainly due to increased activity



# CHINA FORWARDERS FREIGHT INDEX

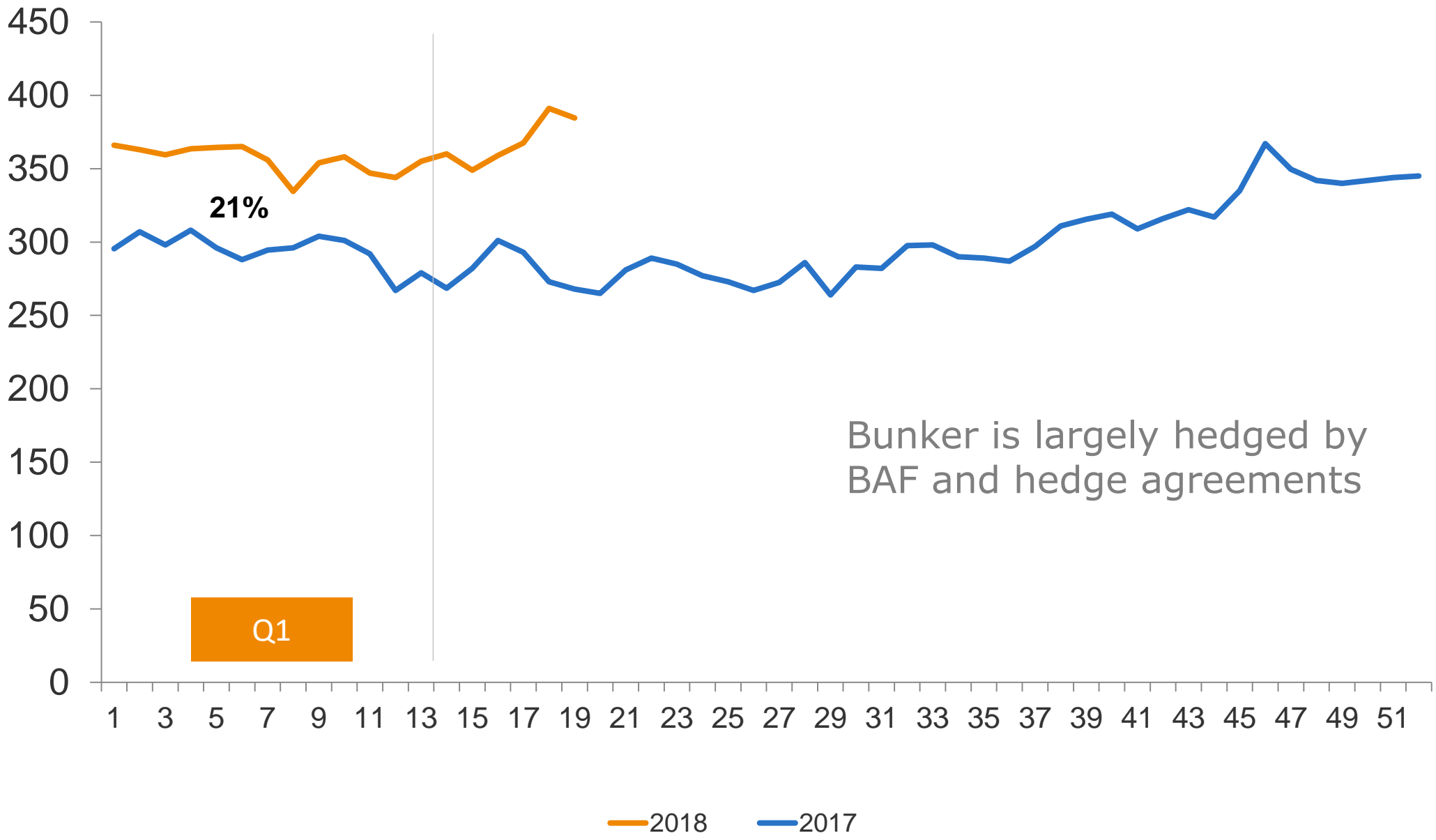
Average price decreased by 15% between Q1 2017 and Q1 2018



Source: [www.shippingchina.com](http://www.shippingchina.com)

# BUNKER PRICE DEVELOPMENT

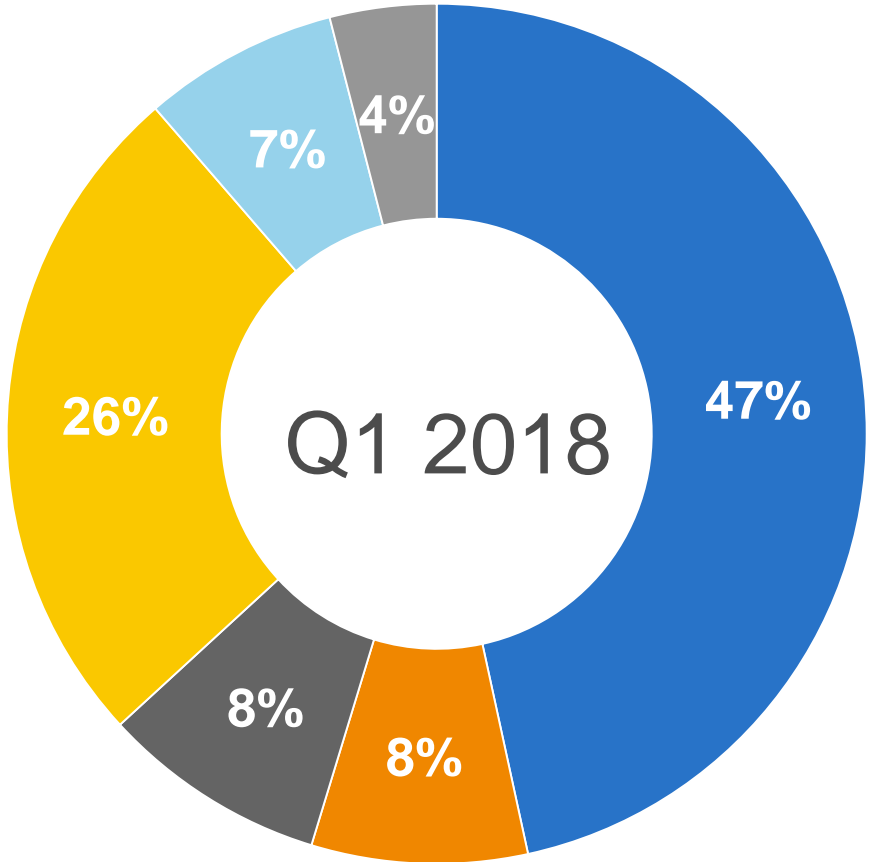
Average bunker price 21% higher in Q1 2018 compared to Q1 2017



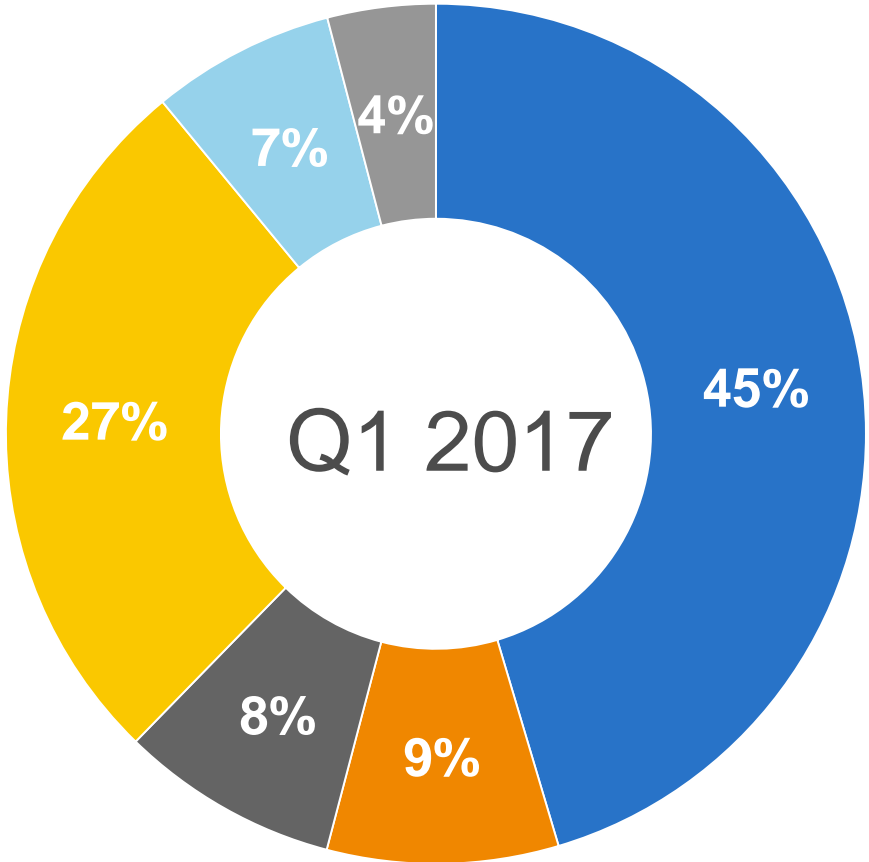
Rotterdam heavy fuel price

# GEOGRAPHICAL SPLIT OF REVENUE

Minor changes in geographical split of revenue



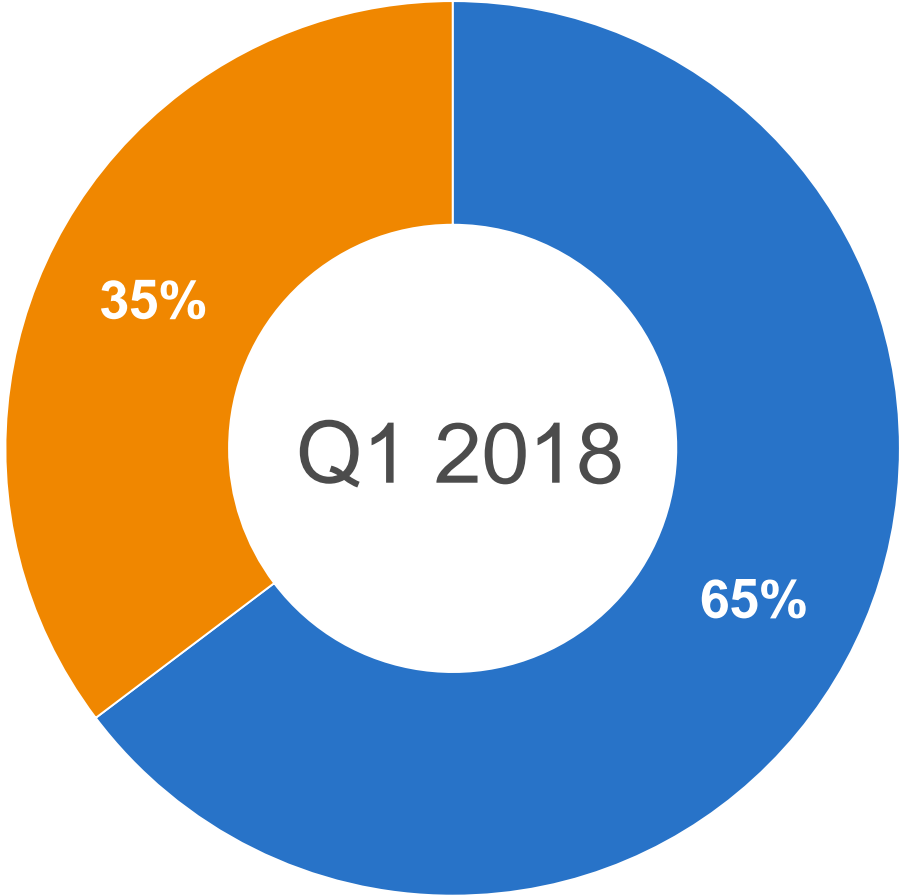
- Iceland
- Norway
- Asia
- Faroe Islands
- Europe
- Other



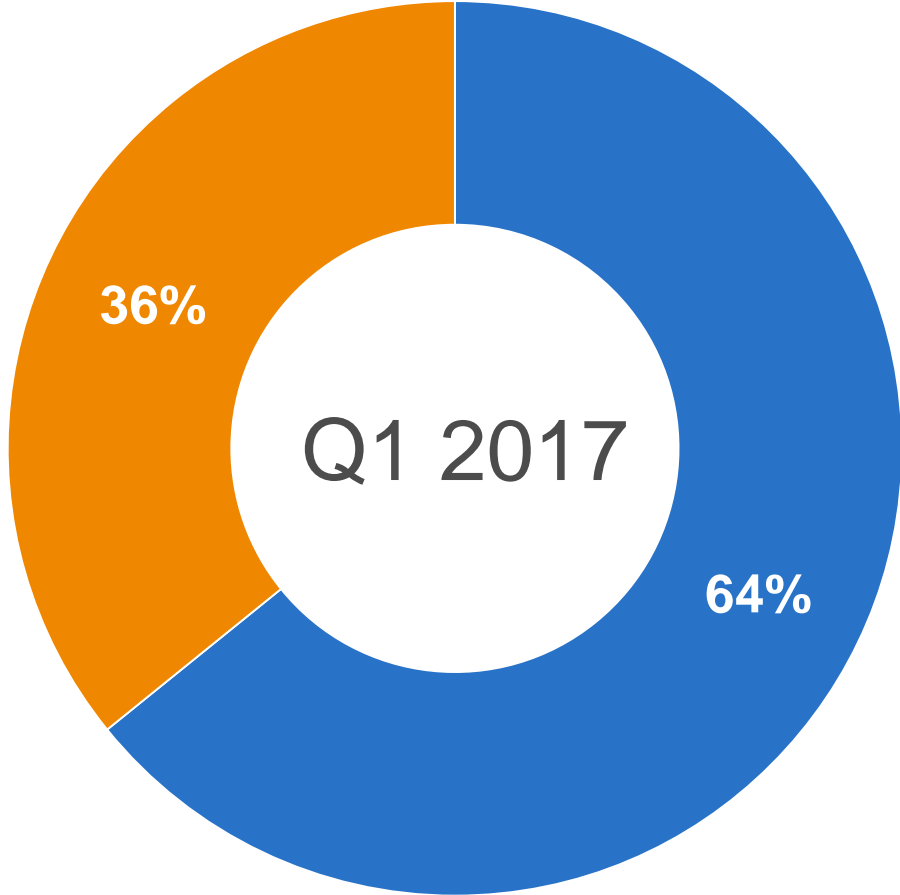
- Iceland
- Norway
- Asia
- Faroe Islands
- Europe
- Other

# REVENUE BY BUSINESS SEGMENT

Similar split between segments



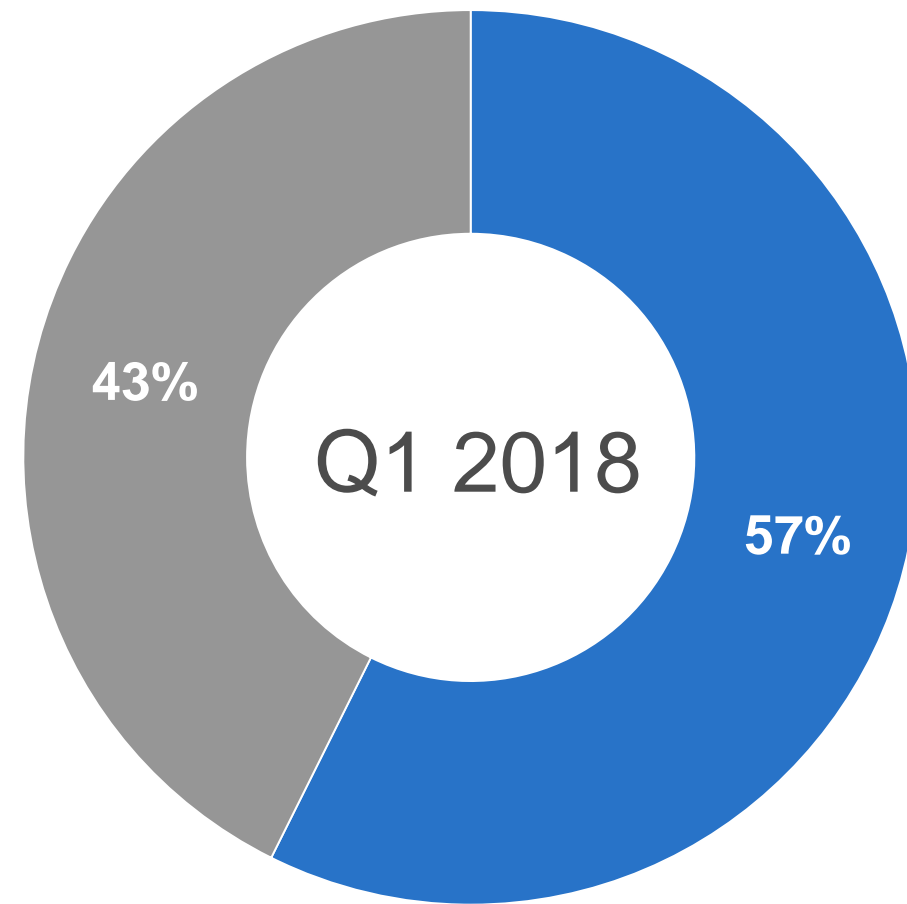
■ Liner services ■ Forwarding services



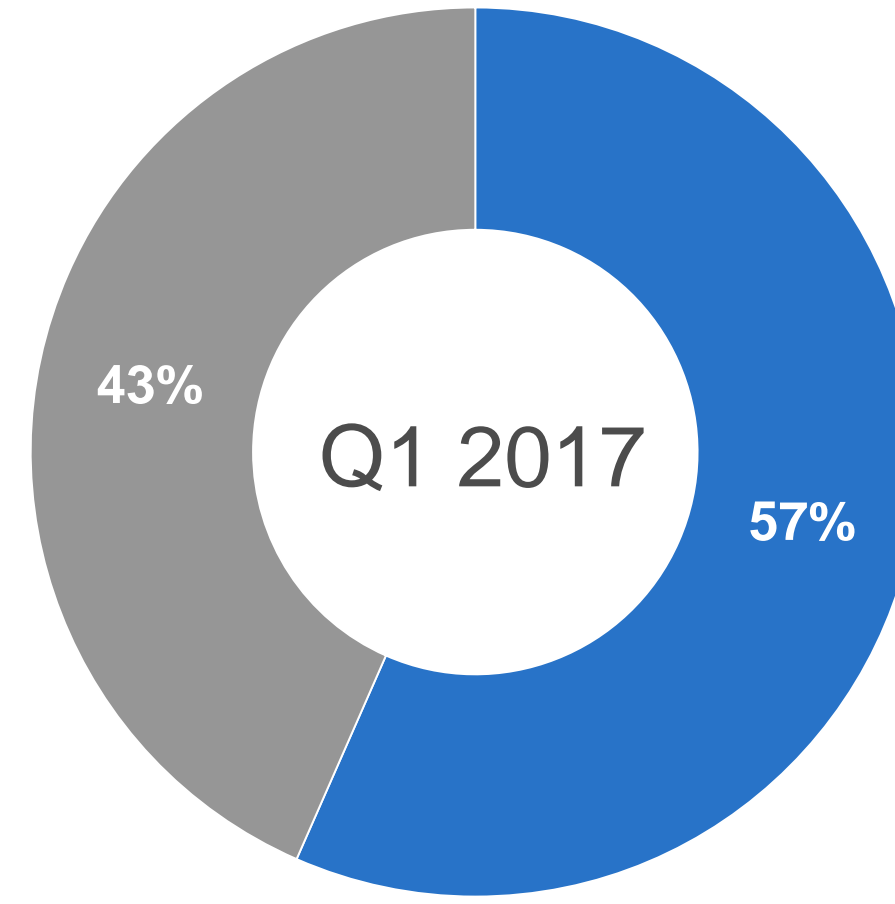
■ Liner services ■ Forwarding services

# EBITDA BY BUSINESS SEGMENT

Liner segment affected by fishermen strike in 2017 | In 2018, the liner segment affected by increased capacity



■ Liner services ■ Forwarding services



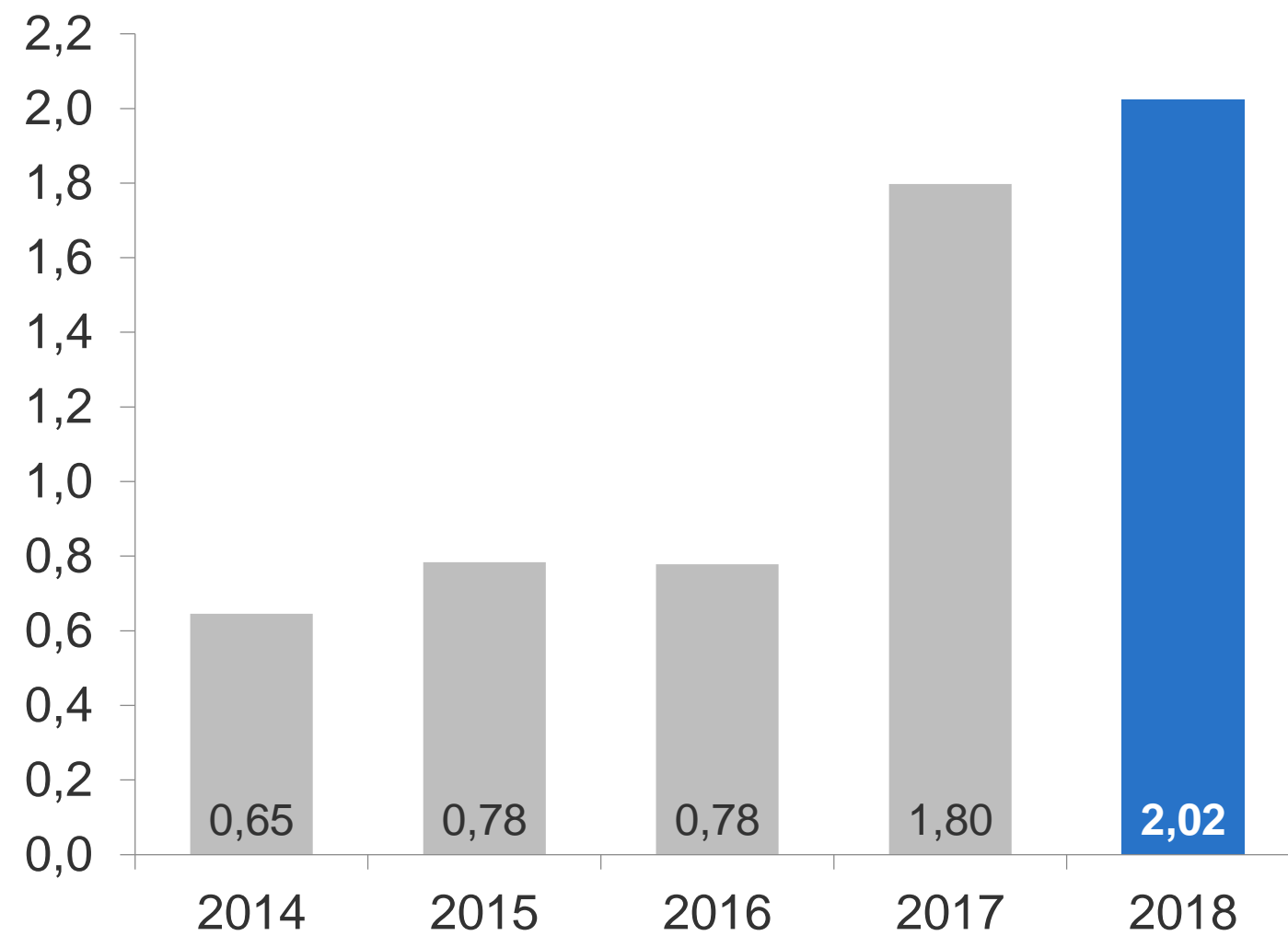
■ Liner services ■ Forwarding services

# FINANCIAL RATIOS 2014 TO Q1 2018

Increased leverage but strong financial position

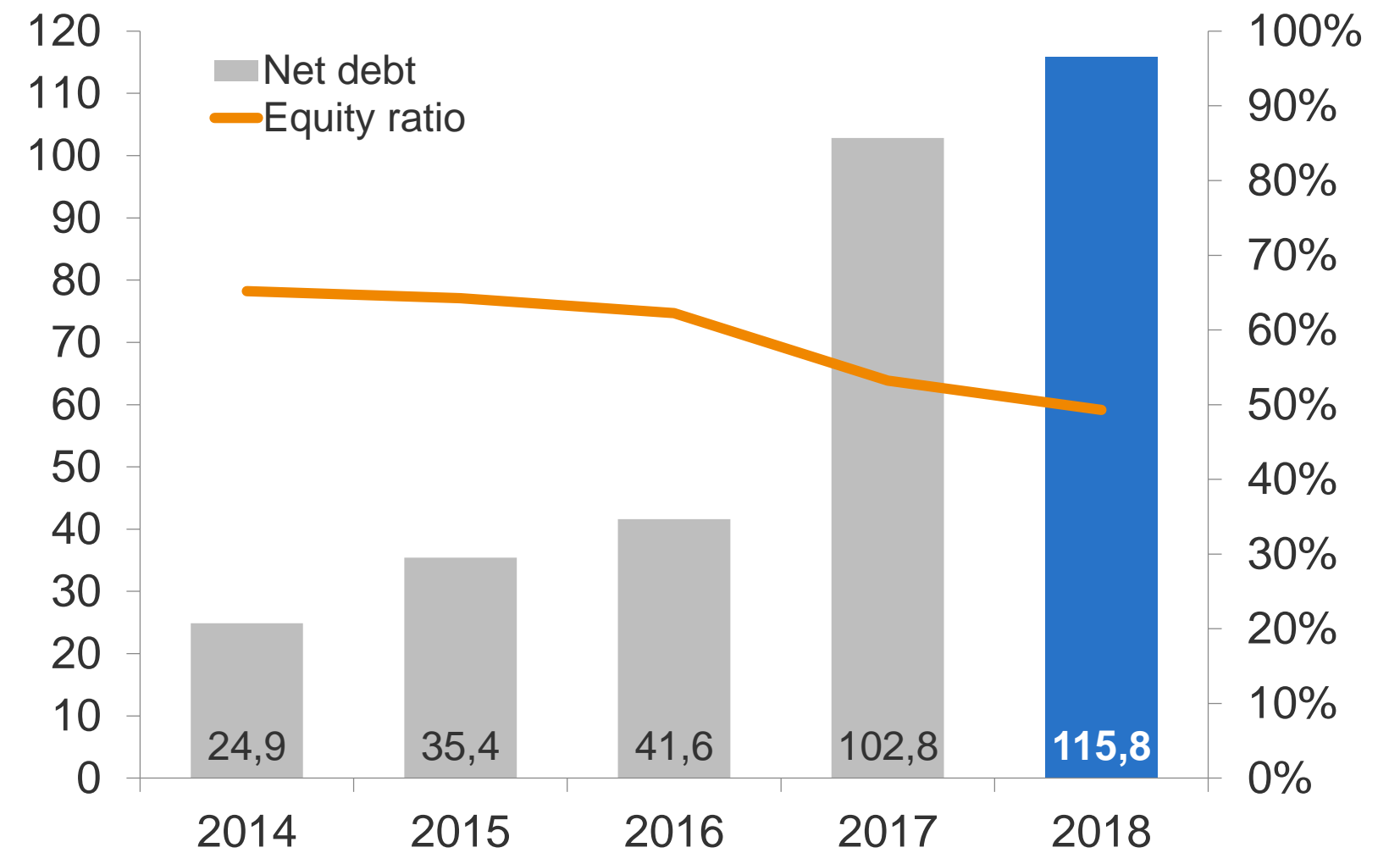
## NET DEBT / LTM-EBITDA

EUR million



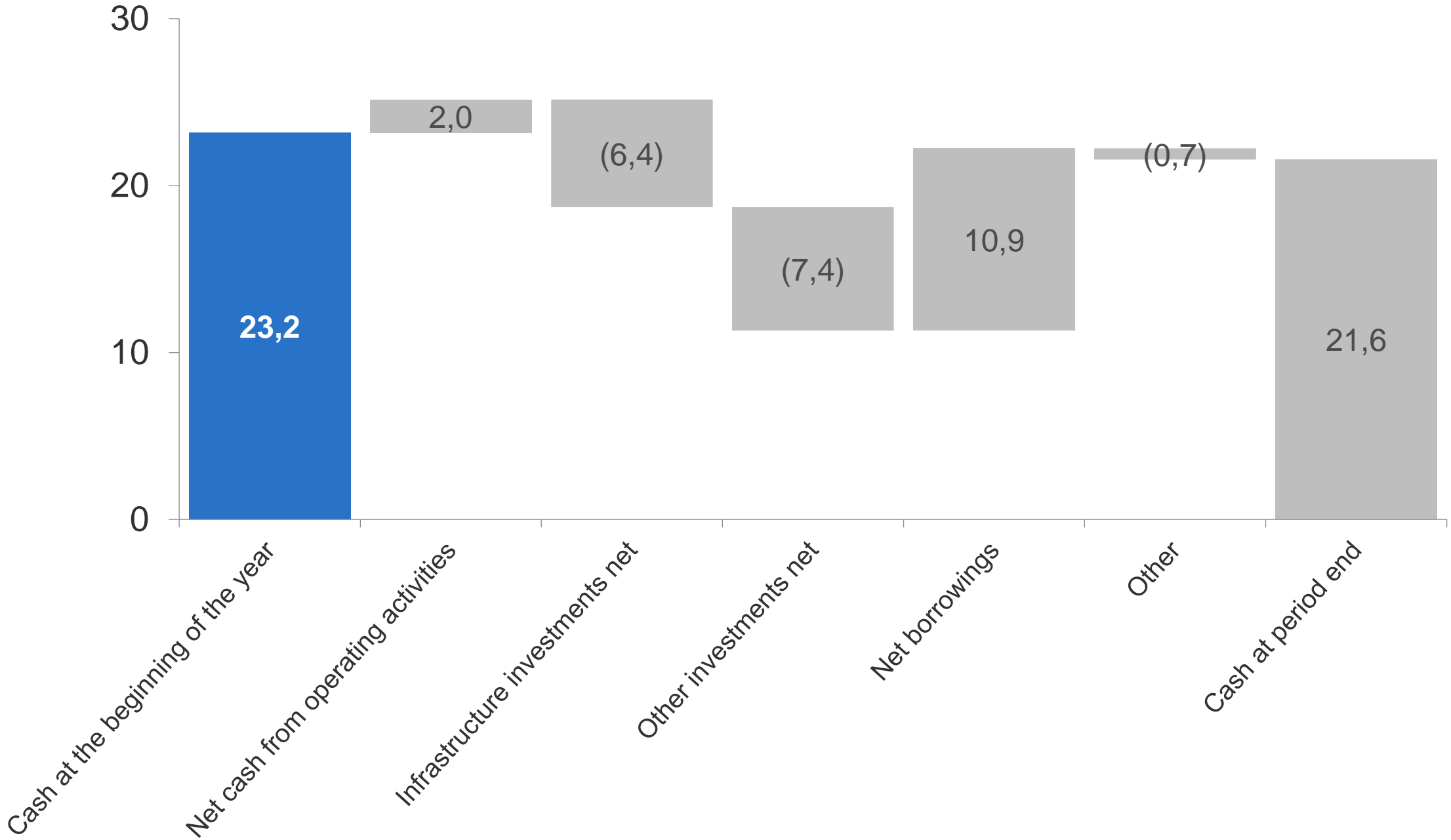
## NET DEBT AND EQUITY RATIO

EUR million



# CASH FLOW BRIDGE

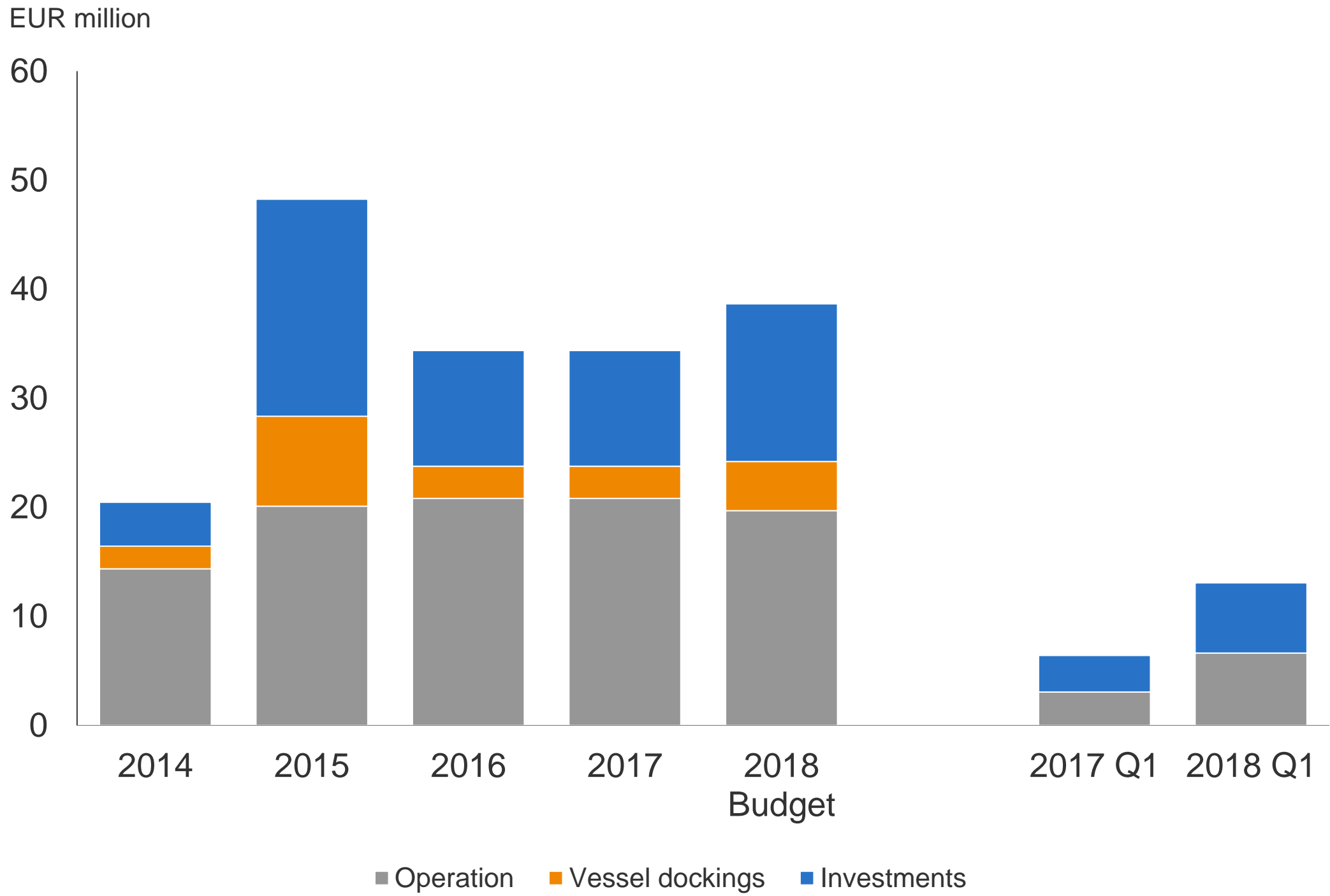
Affected by CAPEX





# CAPEX 2014 TO 2018

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

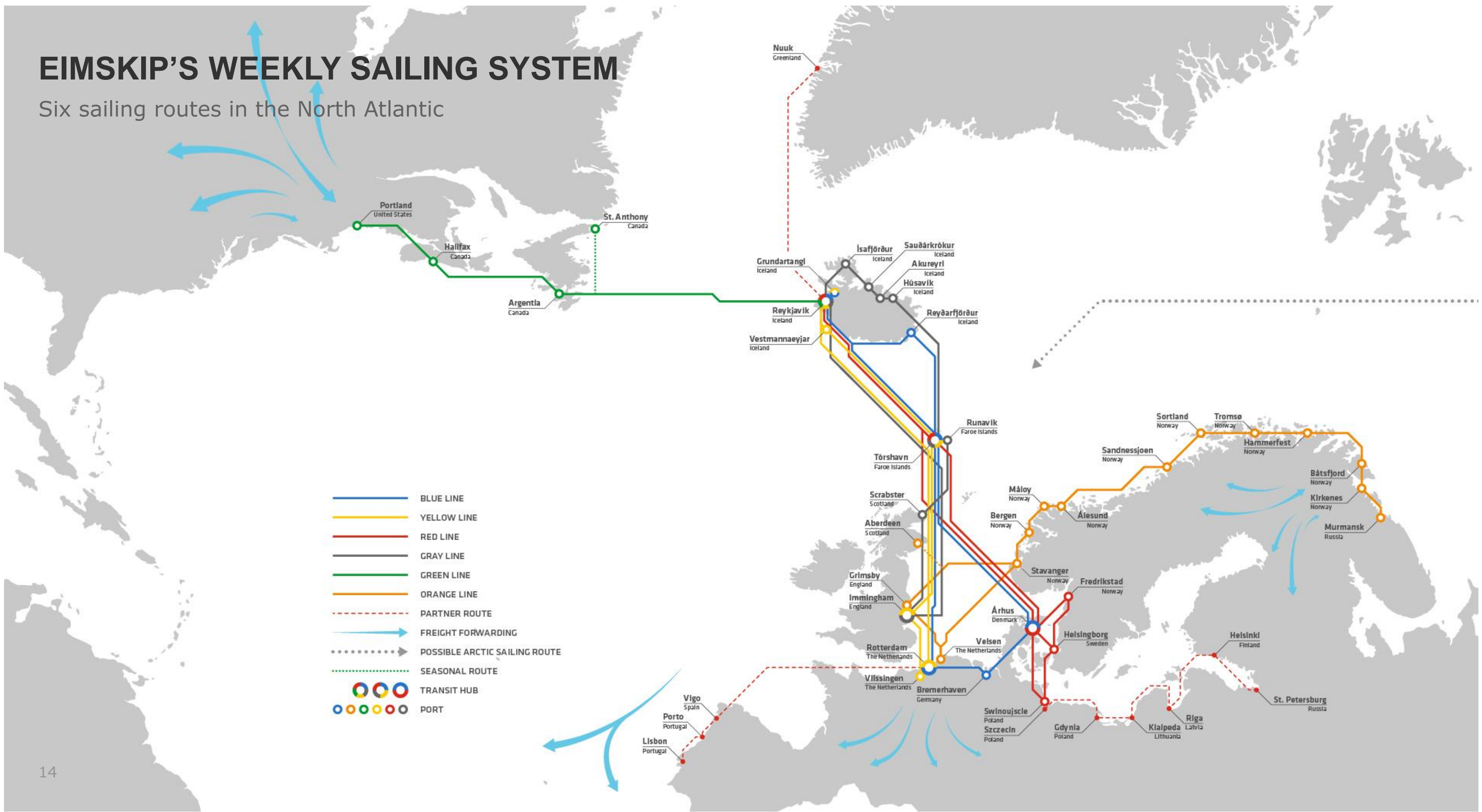


A large container ship is shown from an elevated perspective, sailing on the ocean at night. The ship is illuminated by its own lights, and the water around it is dark. The ship's deck is covered with stacks of white containers, each with the 'EIMSKIP' logo. The ship's name 'EIMSKIP' is visible on the side of the hull. The text 'ONGOING PROJECTS AND FUTURE DEVELOPMENT' is overlaid in white, bold, sans-serif font across the center of the image.

# ONGOING PROJECTS AND FUTURE DEVELOPMENT

# EIMSKIP'S WEEKLY SAILING SYSTEM

Six sailing routes in the North Atlantic

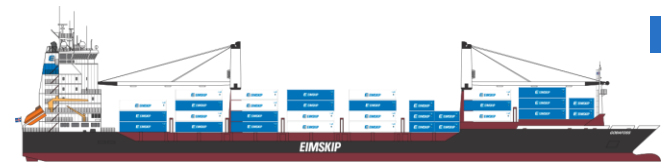


# INVESTMENT IN ADDITIONAL CAPACITY ON CONTAINER ROUTES

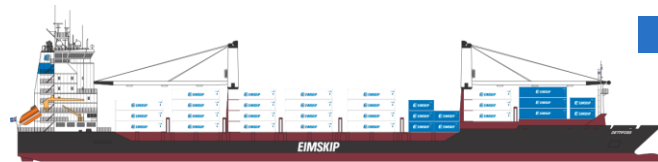
Weekly service and increased capacity

■ Own vessel    ■ Chartered vessel

## BLUE LINE



■ **GODAFOSS**  
Built 1995  
TEU 1,457  
GT 14,664



■ **DETTIFOSS**  
Built 1995  
TEU 1,457  
GT 14,664

## RED LINE

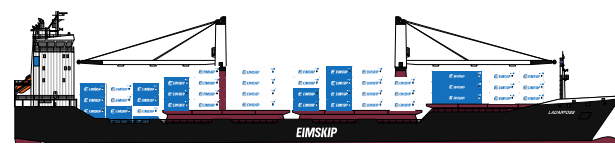


■ **POLLUX**  
Built 2009  
TEU 1,025  
GT 11,550



■ **PERSEUS**  
Built 2010  
TEU 1,025  
GT 11,550

## YELLOW LINE

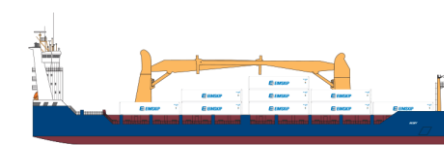


■ **LAGARFOSS**  
Built 2014  
TEU 875  
GT 10,106

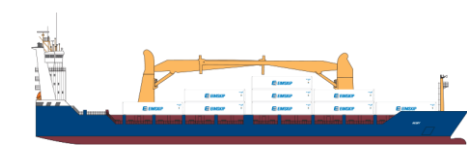


■ **BAKKAFOSS**  
Built 2010  
TEU 880  
GT 9,983

## GRAY LINE



■ **BLIKUR**  
Built 2003  
TEU 505  
GT 4,448

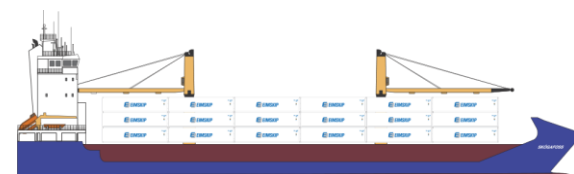


■ **LÓMUR**  
Built 2001  
TEU 505  
GT 4,454

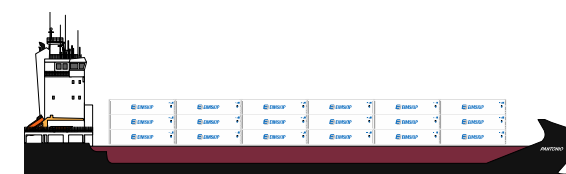
## GREEN LINE



■ **SELFOSS**  
Built 2008  
TEU 698  
GT 7,464



■ **SKÓGAFOSS**  
Built 2007  
TEU 698  
GT 7,545



■ **PANTONIO**  
Built 2007  
TEU 698  
GT 7,545

# WEEKLY SERVICES ON THE COASTAL ROUTE

Connecting Iceland, Faroe Islands, Scotland and England

- Weekly service on the coastal route
- One additional vessel added to the Gray route
  - The annual cost of an additional vessel is around EUR 5 million
- Growth in volume between Q1 2017 and Q1 2018 of 22%
  - Additional volume will start this summer from the silicon factory PCC in Húsavík, Iceland
  - Increase in salmon is expected from the Faroe Islands to Scotland and England for worldwide distribution by air



# TRANS-ATLANTIC TRADE

28% growth in TA volume between Q1 2017 and Q1 2018

- Weekly service in Trans-Atlantic trade
- One additional vessel added to the Green route
  - The annual cost of an additional vessel is around EUR 5 million
  - Volume increase is in line with expectations
- Growth in volume between Q1 2017 and Q1 2018 of 28%
  - Volume for CMA CGM between Halifax and Portland, Maine, expected to pick up this summer
  - Growth in cargo to and from the US



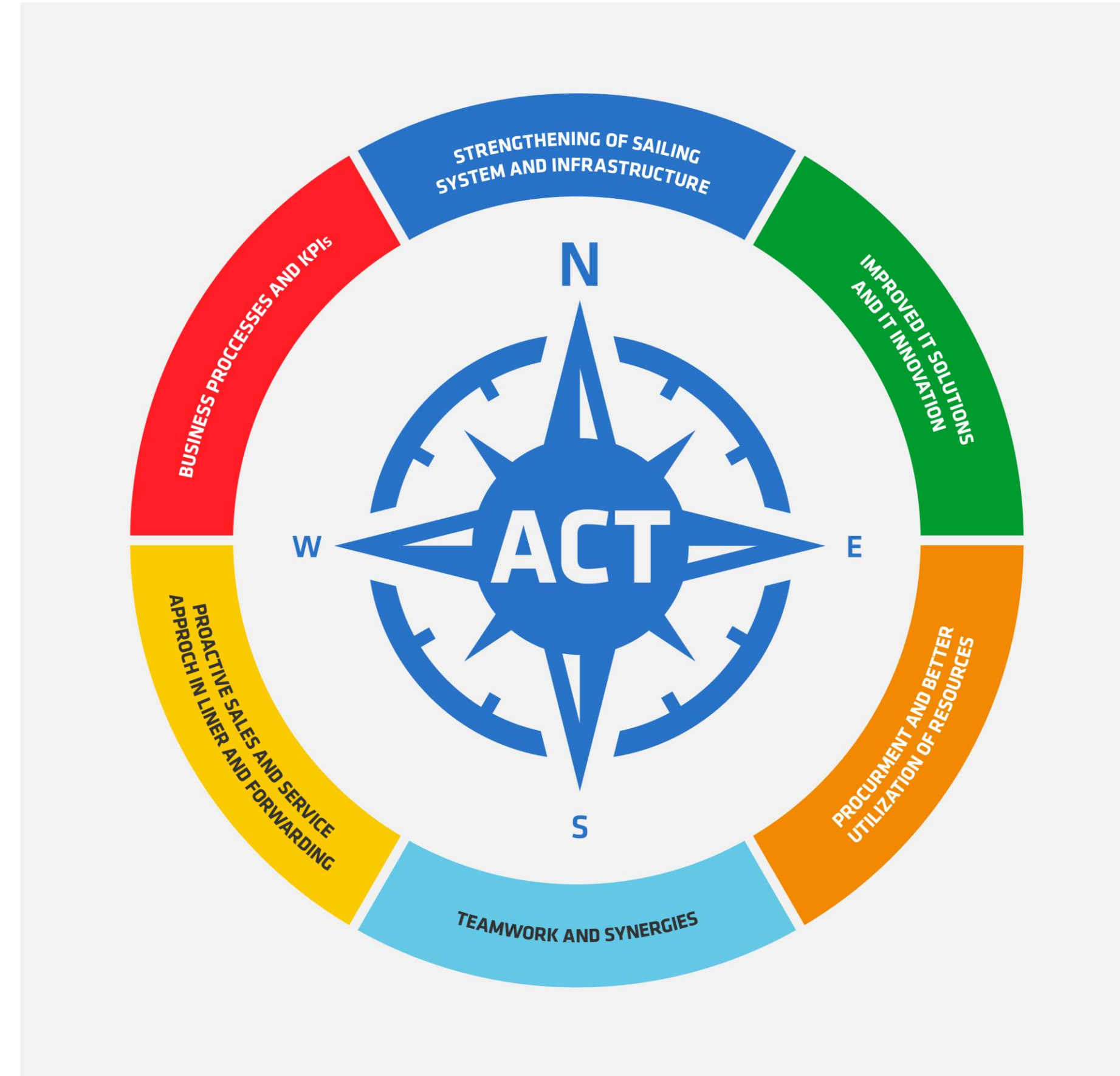
# STRATEGIC PRIORITIES 2018

Emphasis on continuous improvements

## Short-term initiatives to improve the operation and its profitability

### Strategic priorities for 2018

- Strengthening of sailing system and infrastructure**
  - Fine-tuning the sailing system
- Improved IT solutions and IT innovation**
  - Agreement signed with BluJay for software solutions for the forwarding segment
  - Automation
- Procurement and better utilization of resources**
  - Processes
  - Container control
- Teamwork and synergies**
  - Integration of new group companies
- Proactive sales and service approach in liner and forwarding**
  - Focus on Trans-Atlantic
- Business processes and KPIs**
  - End to end processes
  - KPIs for management



# INVESTMENTS

## Acquisitions and Joint Ventures

- Eimskip continues to work on organic growth and strategic accretive acquisitions to increase shareholder value
- The company is currently working on potential acquisitions in its core business
- Evaluation of vessel investments will continue on an ongoing basis





# EIMSKIP AND ROYAL ARCTIC LINE

Building of vessels in China on schedule

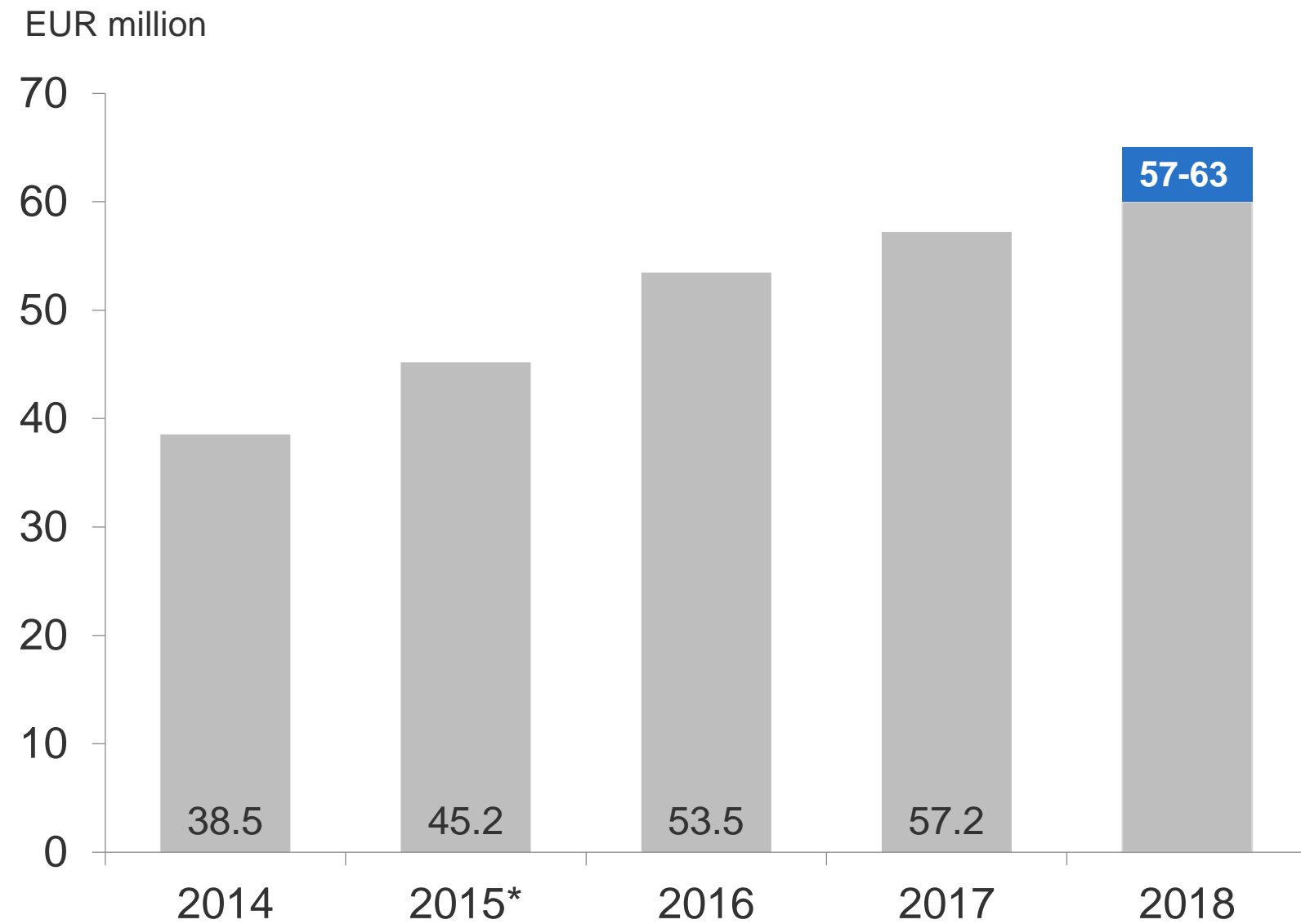


- Eimskip and Royal Arctic Line intend to share capacity on three vessels
- Eimskip is building two 2,150 TEU ice class Polar Code container vessels in China
  - Built to the highest environmental standards
  - Contract price of each vessel about USD 32 million, 40% paid during the building period and 60% upon the estimated delivery in 2019
- The progress of building the new container vessels for the intended is on track and the expected delivery of the vessels is in the middle of 2019
- Infrastructure investments in ports in Nuuk, Torshavn and Reykjavik
- The Icelandic Competition Authority is evaluating the intended cooperation



## EBITDA GUIDANCE FOR 2018

EBITDA in the range of EUR 57 to 63 million



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

- The first quarter was challenging and below the company's expectations
  - Investment in increased capacity in the sailing system
  - Reefer forwarding down due to trade tension in Africa region
  - Re-delivery of containers
- Liner services
  - Volume growth in export from Iceland but uncertainty in import to Iceland
  - Volume in the Faroe Islands and Norway expected to be stable
  - Trans-Atlantic volume expected to continue to grow at same pace
  - 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 dry cargo to remain strong
  - Ongoing evaluation of M&A targets in the forwarding sector
- 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 slightly above the middle vertically. The overall mood is contemplative and serene.

# QUESTIONS

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