



PRESENTATION OF Q3 AND 9M 2019 RESULTS

Vilhelm Már Þorsteinsson, CEO





KEY HIGHLIGHTS FOR Q3

NEW CONTAINER SAILING SYSTEM INTRODUCED, READY FOR ROYAL ARCTIC LINE COOPERATION

CONTINUED GROWTH IN TRANS-ATLANTIC SERVICES

COOL DOWN OF ICELANDIC ECONOMY AFFECTING IMPORT

PERFORMANCE OF INTERNATIONAL OPERATION ON TRACK

STREAMLINING AND INTEGRATION PROJECTS RESULTING IN LOWER COST

SLOW SUMMER IN EXPORT OUT OF ICELAND AND FAROE ISLANDS BUT PICKED UP IN AUGUST

EVENTFUL Q3

New **simpler** and more **reliable** container sailing system implemented – lowering **fixed** cost



Automating terminal communications in Rotterdam

“Paperless” project dramatically **reducing waste** in printing and paper handling



Successful shift to a modern desktop environment with Microsoft 365



Electronic invoices for our domestic operation resulting in reduction of 22 thousand paper invoices pr. year



Lagarfoss equipped with a new scrubber (exhaust gas cleaning system)

Eimskip office in Belgium will merge with Rotterdam

New office in Greenland will be opened in 2020



Eimskip office in Murmansk integrated with Norway

Improved automation by applying **robotic automation** – **handle over 2000 requests** pr. month



More ports and increased frequency in sailings to Poland and Baltics introduced

Preparations for **consolidation** of Eimskip’s **headquarters** in Vöruhótel well underway

Ready for implementation of shorter work week according to new collective agreements in Iceland



A new electrical Gantry Crane taken into operation in Iceland - leaves no carbon footprint



Target capital structure and a three-year target **CAPEX plan** developed

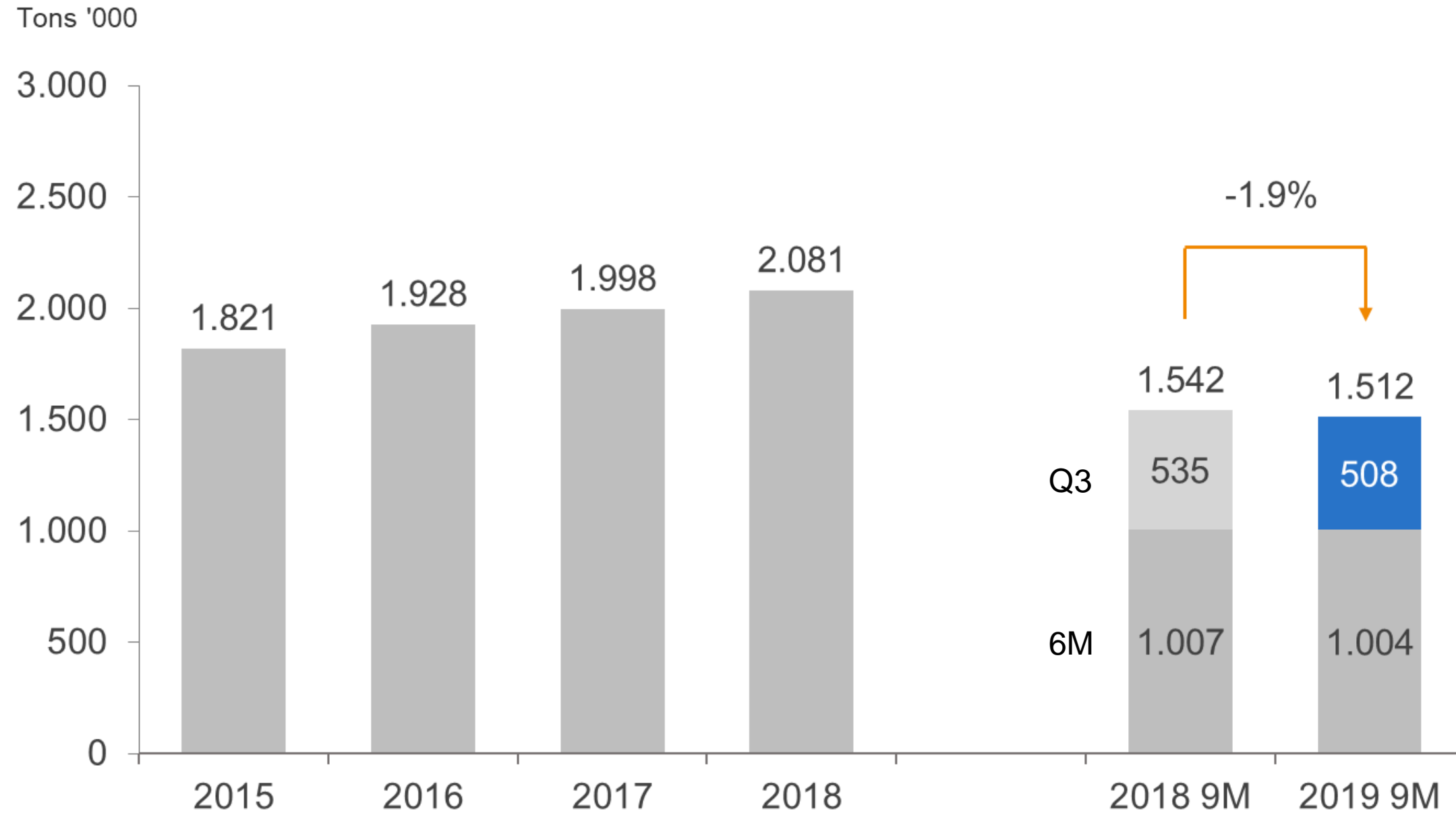




OPERATING ACTIVITIES

VOLUME DEVELOPMENT IN LINER SERVICES

Container liner volume for 9M up 0.6% but Reefer liner services down 12.2%



Q3

- Overall volume decrease of 5.1%
 - Container liner down 5.2% and Reefer liner down 3.8%
 - Slow summer in export from Iceland and Faroe Islands and did not pick up until late August
- Continued double digit growth in Trans-Atlantic
- Good volume on the line between Faroe Islands and Aarhus

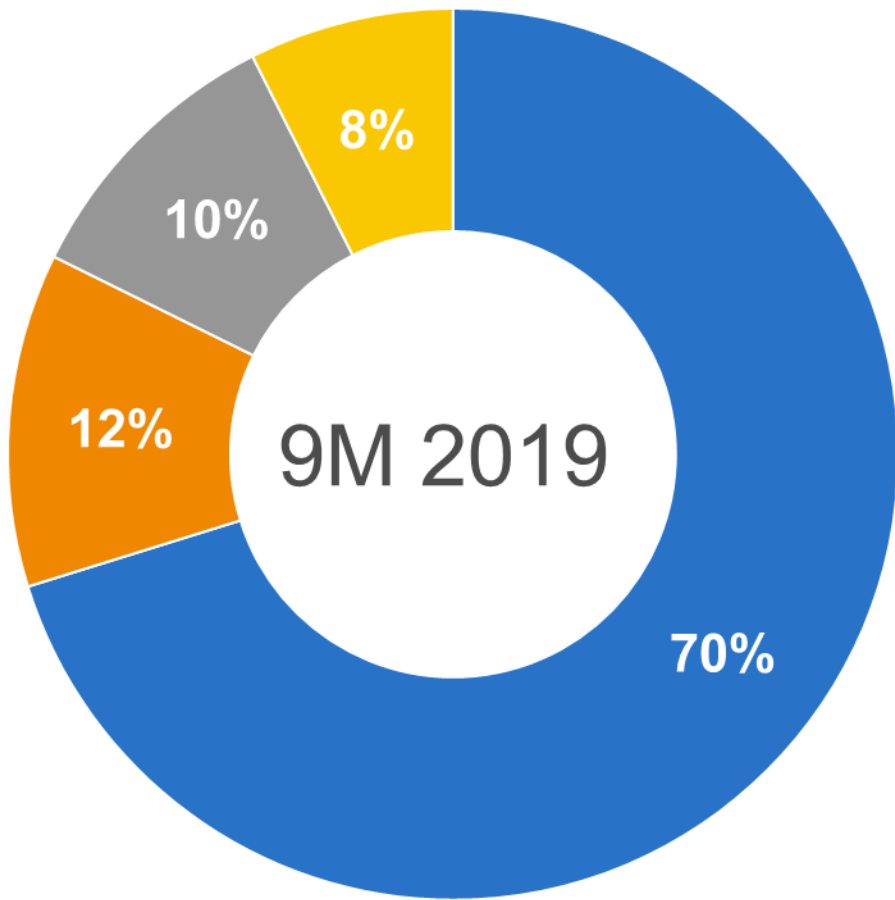
9M

- Import to Iceland generally lower in 2019 compared to last year
- Capacity reduction in Norway resulted in lower volumes but improved results
- Export from Iceland was strong in the beginning of the year. After a slow summer, the volume started to pick up again in late August
- Volume to and from Faroe Islands has generally been strong

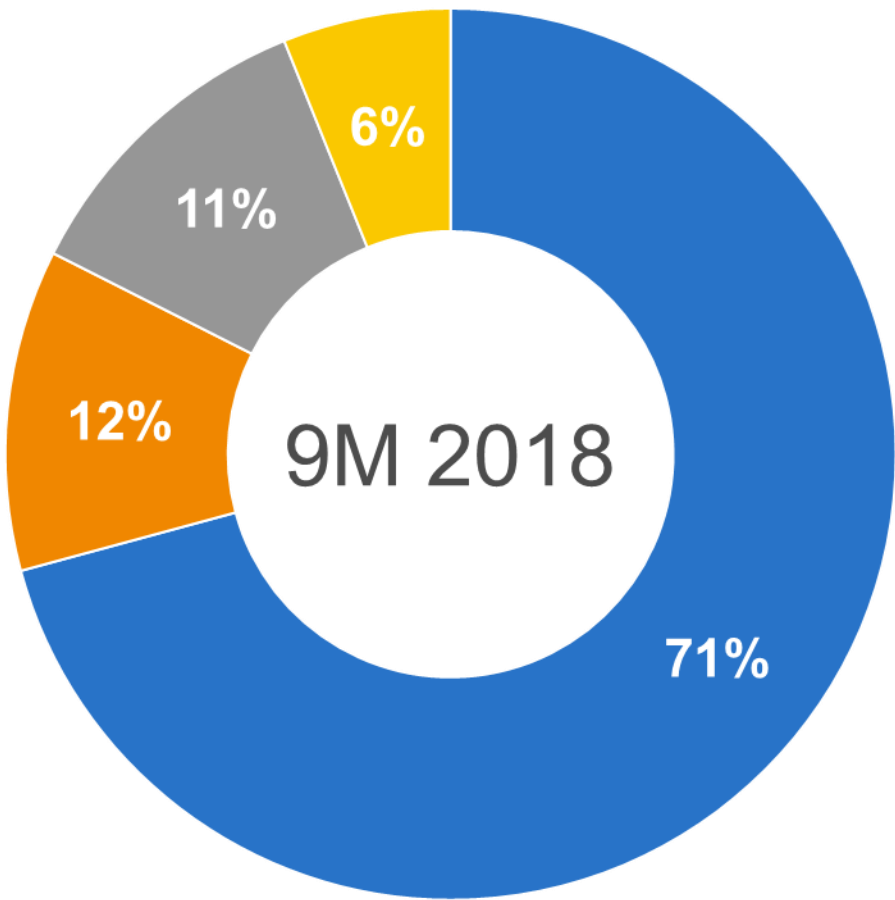
GEOGRAPHICAL SPLIT OF LINER VOLUME

Growth in Trans-Atlantic between years

VOLUME SPLIT



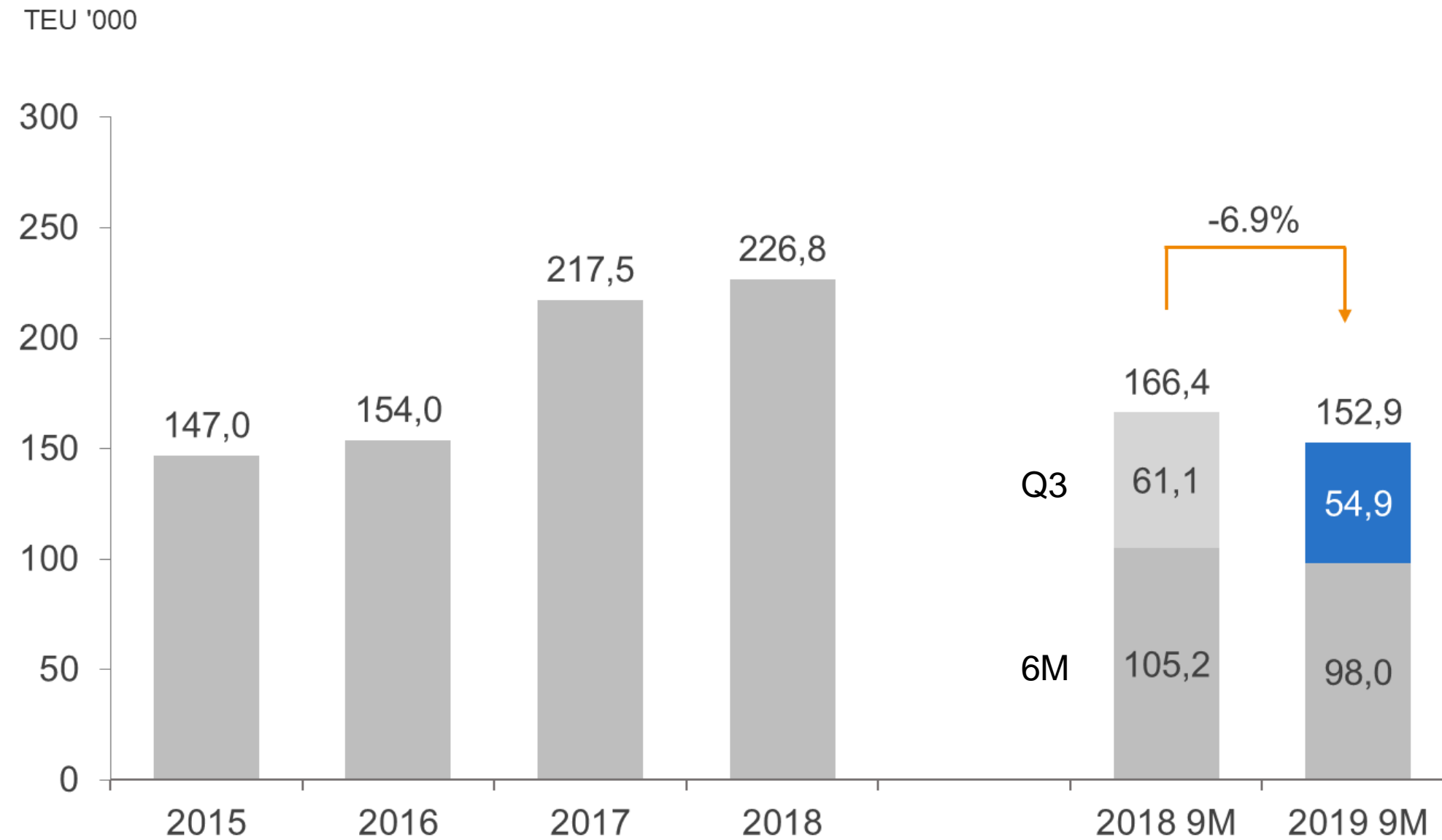
■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic



■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic

VOLUME DEVELOPMENT IN FORWARDING SERVICES

Reefer forwarding volume for 9M down 3.7% and dry forwarding volume down 18.2%



Q3

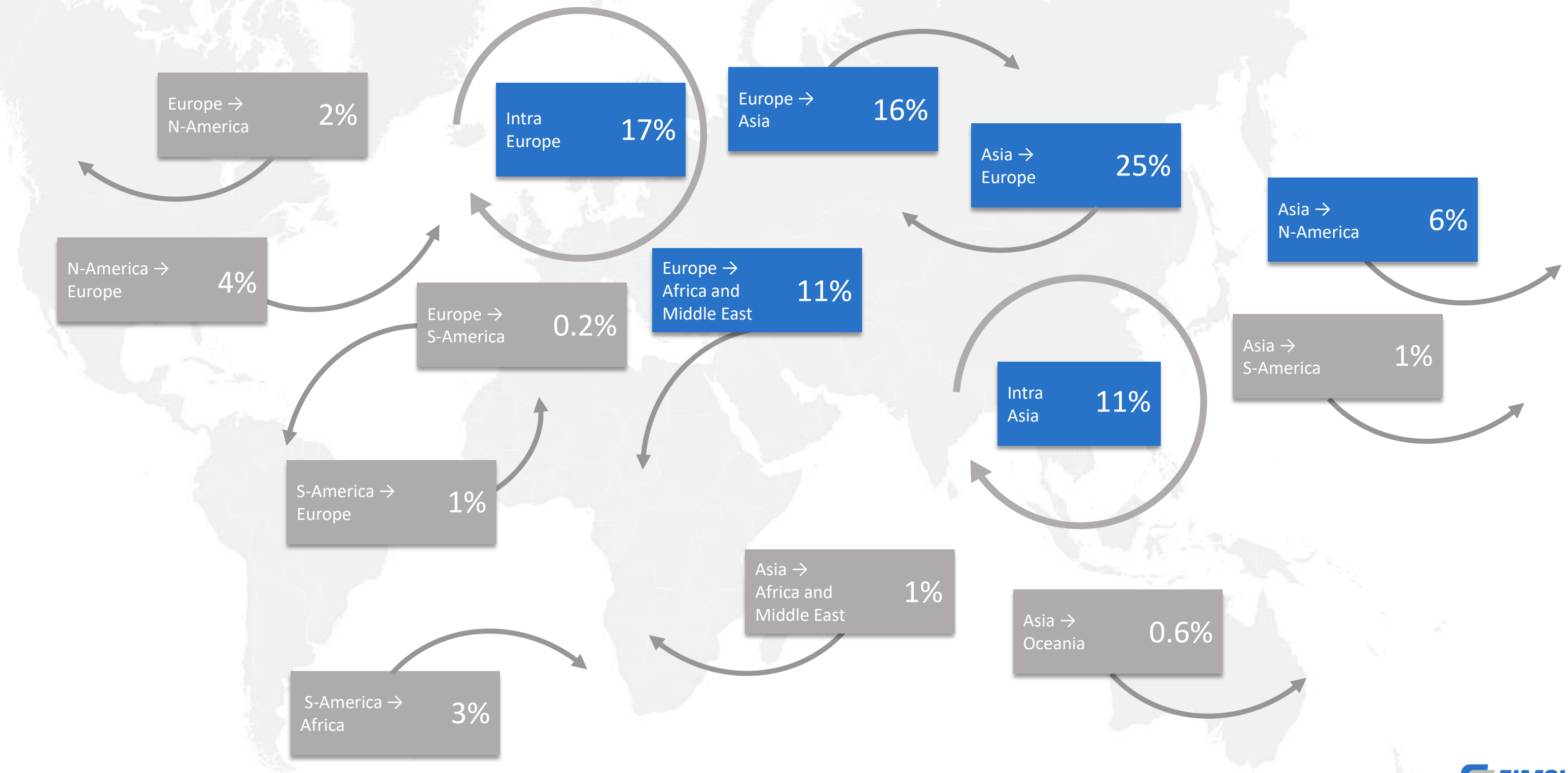
- Decline of 10.3% in forwarding volume mainly due to discontinued service in China and trade tensions
 - Decline of 4.0% in reefer forwarding
 - Dry forwarding down 23.5%

9M

- Good growth in reefer forwarding in Q1 however offset by decline in Q2 and Q3
- Volume drop due to discontinued dry forwarding service in China has limited effect on results

MAIN OUTBOUND FLOW OF FORWARDING VOLUME

9M 2019



VESSEL NEWBUILDING AND ROYAL ARCTIC LINE COOPERATION

Damaged shaft generator of Bruarfoss causing further delay

NEW BUILDING PROJECT

- Just before sea-trial of Bruarfoss in September the Shaft Generator was damaged during testing causing further delay in delivery
- The root cause has been analyzed by the manufacturer and it is estimated to have minimal affect on delivery of the second vessel, Dettifoss, but some modifications are needed
- Eimskip is currently in discussion with the shipyard regarding next steps and compensation for the delay
- Estimated delivery for Dettifoss is in Q1 2020 and Bruarfoss in Q3 2020

COOPERATION WITH ROYAL ARCTIC LINE (RAL)

- The delay of Bruarfoss will affect the starting date of the cooperation with RAL which will commence later than previously expected
- Estimated start of the cooperation is in Q2 2020
 - The plan is to temporarily charter a vessel to replace Bruarfoss until its delivery

SALE OF GODAFOSS AND LAXFOSS

- Eimskip has initiated a sale process of Godafoss and Laxfoss which will be replaced by the new vessels
- The divestment is estimated to be finalized in Q1 2020



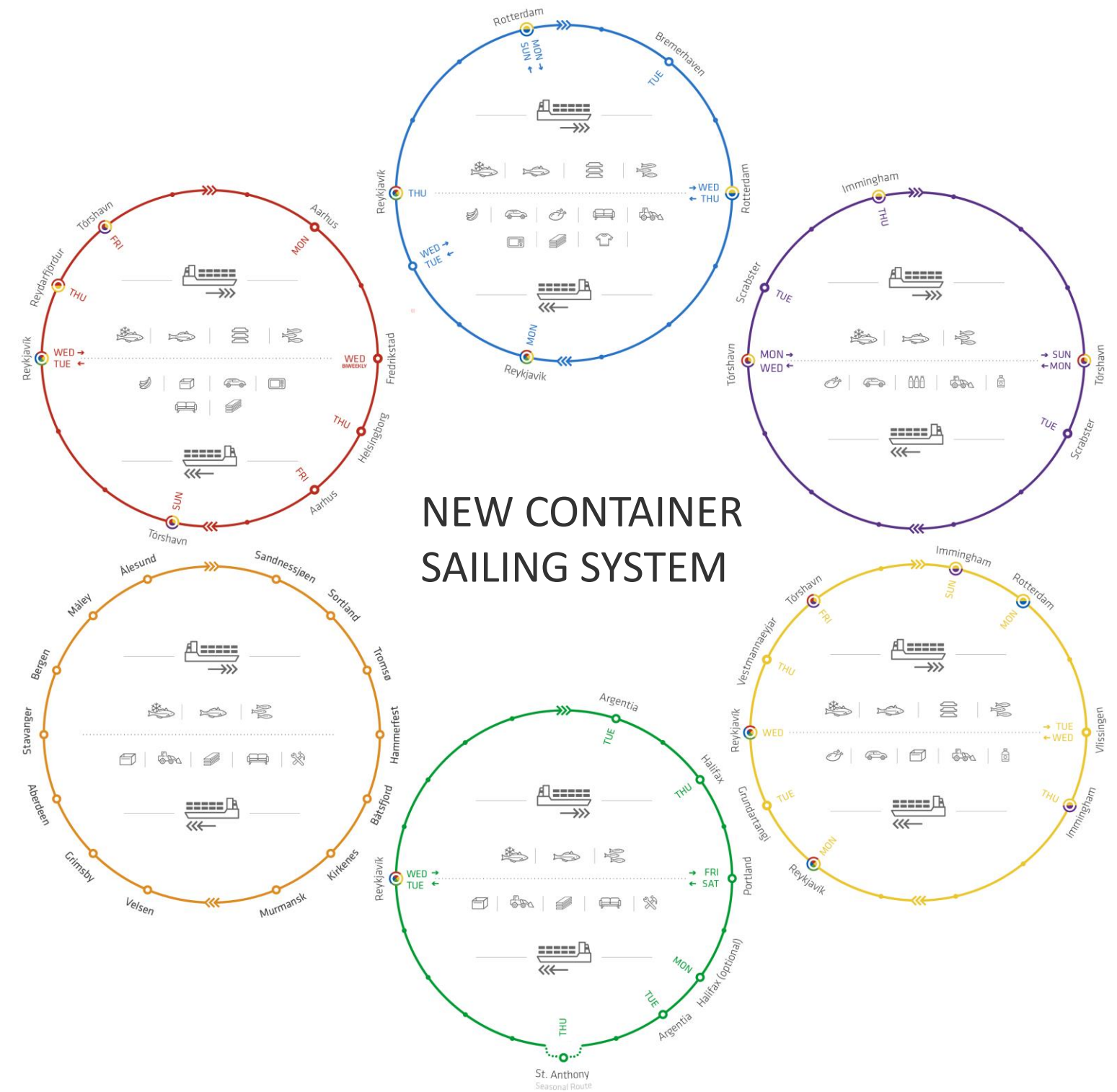
NEW CONTAINER SAILING SYSTEM INTRODUCED IN OCTOBER

Simplified sailing routes and larger vessels increase service and reliability and lower fixed operating cost

- Number of container vessels reduced by one – currently 10 container vessels in operation
- Capacity maintained at similar level with larger vessels and further benefit of lower unit cost per TEUS
- The changes pave the way for the Royal Arctic Line (RAL) cooperation scheduled to commence in Q2 2020
- Target net operating cost reduction of the new sailing system and the cooperation with RAL, is in the range of EUR 7.0-9.0 million on an annual basis

KEY BENEFITS FOR CUSTOMERS

- Departure one day later from main ports in Europe and shorter transit time creates additional opportunities in the import of fresh products
 - Last departure from Europe to Iceland and shortest transit time
- Express service for export and import of fresh products to and from Iceland and Faroe Islands
- Improved connections with the coastal ports in Iceland
- Improved connections to the green line
- Weekly connections to more Baltic ports from Iceland, Faroe Islands and Denmark



NEW CONTAINER SAILING SYSTEM



FINANCIAL RESULTS

INCOME STATEMENT Q3

EBITDA results in line with expectations | Net earnings increases between years

EUR thousand	Q3 2019	IFRS 16 Impact	Q3 2019 Adjust.	Q3 2018	Change	%
Revenue	172,522		172,522	182,164	(9,642)	(5.3%)
Expenses	149,804	5,066	154,870	164,530	(9,660)	(5.9%)
EBITDA	22,718	(5,066)	17,652	17,634	18	0.1%
Depreciation and amortization	(13,693)	5,092	(8,601)	(7,896)	705	8.9%
EBIT	9,025	26	9,051	9,738	(687)	(7.1%)
Net finance expense	102	67	169	(1,331)	1,500	-
Share of loss of equity accounted investees	(84)		(84)	(170)	86	50.6%
Net earnings before income tax	9,043	93	9,136	8,237	899	10.9%
Income tax	(1,990)	(19)	(2,009)	(1,968)	(41)	2.1%
Net earnings for the period	7,053	74	7,127	6,269	858	13.7%

- A decrease of 5.3% in revenues, mainly due to lower liner volume in Iceland
 - Lower international freight rates in Q3 affecting revenues and cost
- Salary cost decreased 5.3% while other operating expenses decreased by 6.0%
- EBITDA and Net earnings in line with expectations

INCOME STATEMENT 9M

Operational improvements in first 9M | One-off tax expense affecting bottom line

EUR thousand	9M 2019	IFRS 16 Impact	9M 2019 Adjust.	9M 2018	Change	%
Revenue	504,045		504,045	510,327	(6,282)	(1.2%)
Expenses	447,313	15,298	462,611	470,529	(7,918)	(1.7%)
EBITDA	56,732	(15,298)	41,434	39,798	1,636	4.1%
Depreciation and amortization	(40,162)	15,039	(25,123)	(23,621)	1,502	6.4%
EBIT	16,570	(259)	16,311	16,177	134	0.8%
Net finance expense	(2,802)	219	(2,583)	(3,346)	763	22.8%
Share of loss of equity accounted investees	(83)		(83)	(1,185)	1,102	93.0%
Net earnings before income tax	13,685	(40)	13,645	11,646	1,999	17.2%
Income tax	(6,494)	8	(6,486)	(2,348)	4,138	176.2%
Net earnings for the period	7,191	(32)	7,159	9,298	(2,139)	(23.0%)

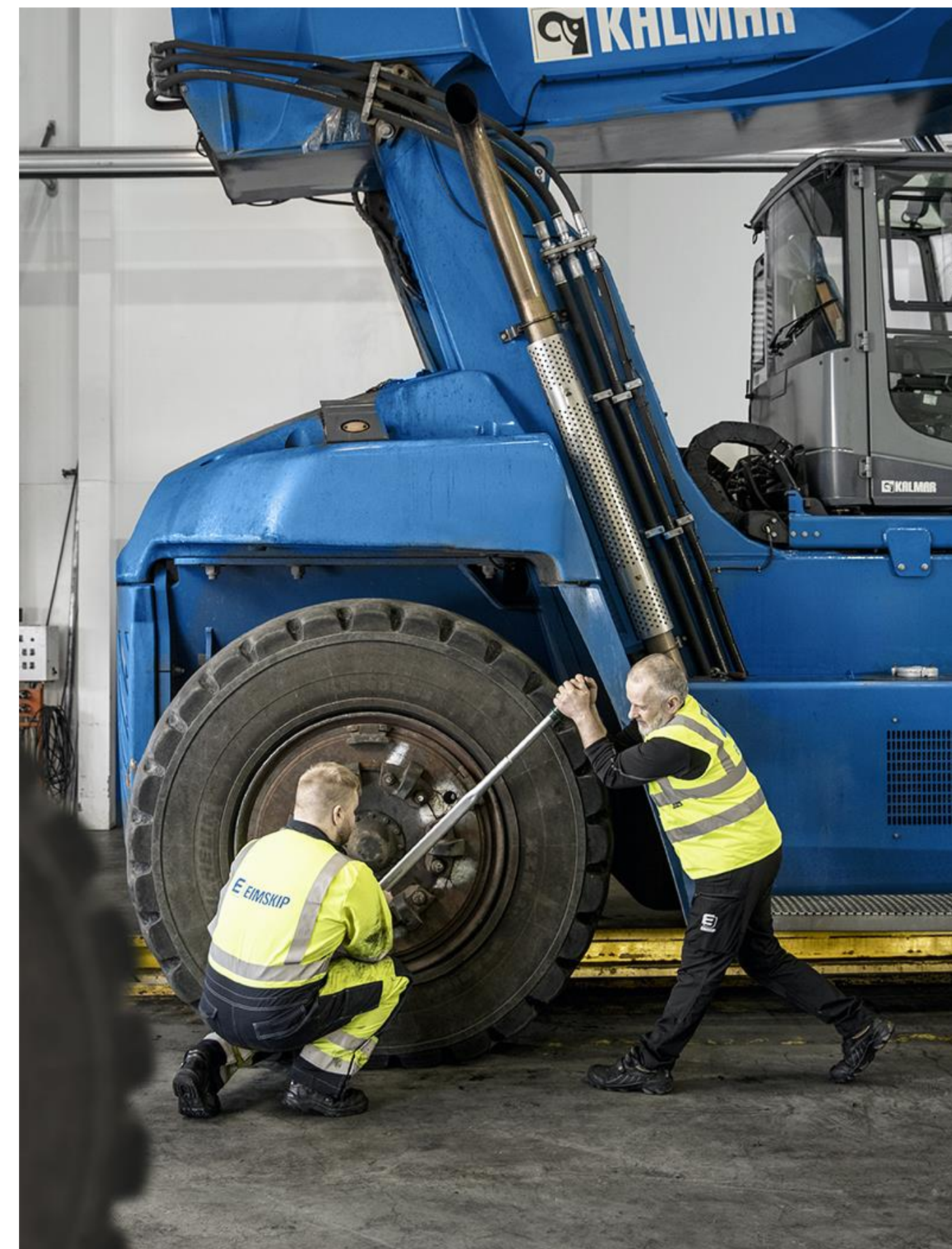
- Marginal decrease in revenues between periods but more decrease in expenses
 - Salary expenses down by EUR 3.4 million due to streamlining measures
 - FTE reduction of 55 from 1.1.2019
- EBITDA EUR 41.4 million excluding IFRS 16, an increase of EUR 1.6 million or 4.1%
- An increase of EUR 2.0 million or 17.2% in net earnings before tax
- One-off tax expense amounting EUR 3.4 million following a ruling of Internal Revenue Board

RESULTS BY BUSINESS SEGMENTS FOR Q3 AND 9M

Improvements for 9M but Liner Services affected by declining volume

EUR thousand	Q3 2019	IFRS 16 Impact	Q3 2019 Adjust.	Q3 2018	Change	%
<i>Liner Services:</i>						
Revenue	110,185		110,185	116,505	(6,320)	(5.4%)
Expenses	93,639	3,790	97,429	98,991	(1,562)	(1.6%)
EBITDA	16,546	(3,790)	12,756	13,551	(795)	(5.9%)
<i>Forwarding Services:</i>						
Revenue	62,337		62,337	65,659	(3,322)	(5.1%)
Expenses	56,165	1,276	57,441	65,539	(8,098)	(12.4%)
EBITDA	6,172	(1,276)	4,896	4,083	813	19.9%

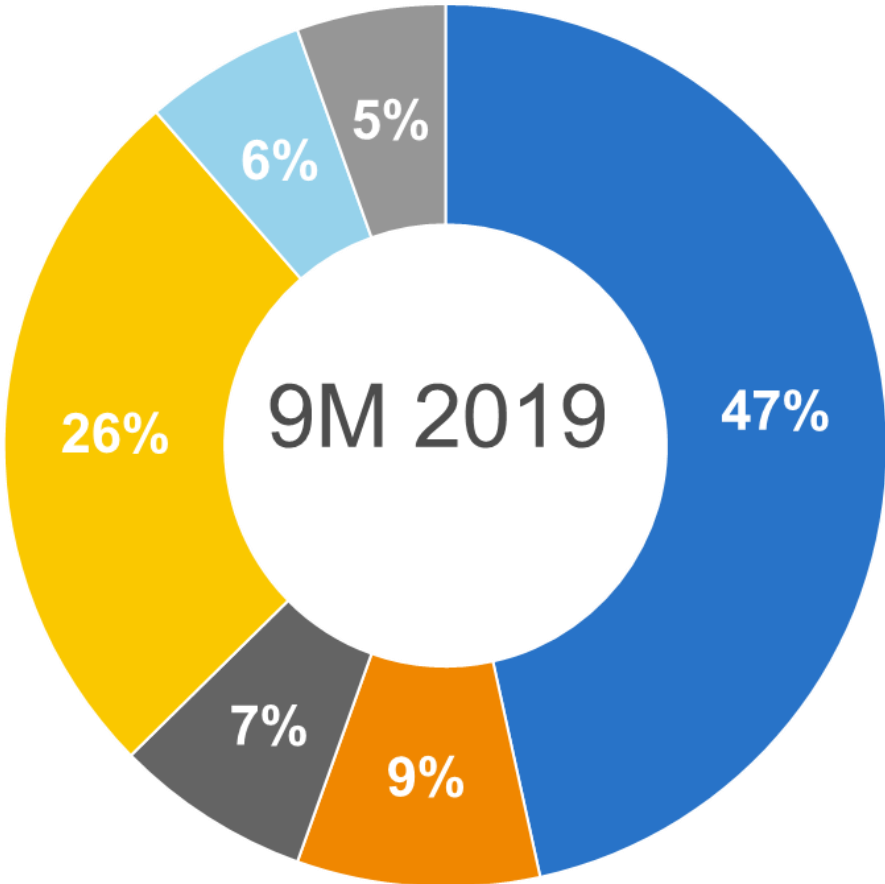
EUR thousand	9M 2019	IFRS 16 Impact	9M 2019 Adjust.	9M 2018	Change	%
<i>Liner Services:</i>						
Revenue	323,465		323,465	333,001	(9,536)	(2.9%)
Expenses	283,563	11,657	295,220	305,046	(9,826)	(3.2%)
EBITDA	39,902	(11,657)	28,245	27,955	290	1.0%
<i>Forwarding Services:</i>						
Revenue	180,580		180,580	177,326	3,254	1.8%
Expenses	163,750	3,641	167,391	165,483	1,908	1.2%
EBITDA	16,830	(3,641)	13,189	11,843	1,346	11.4%



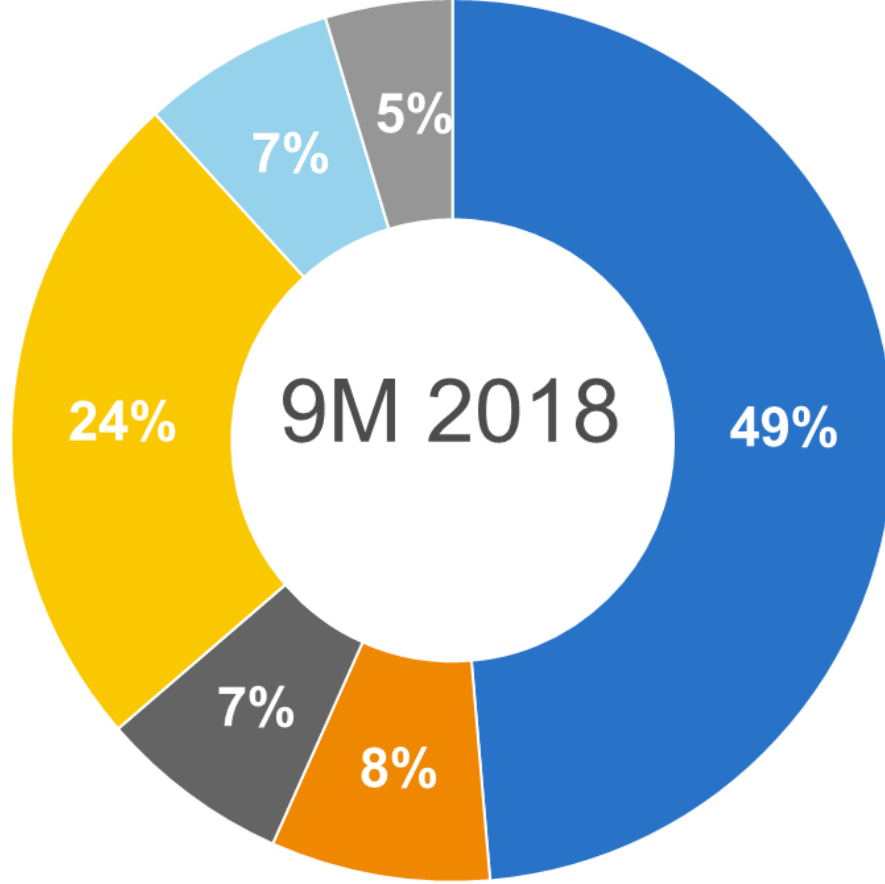
GEOGRAPHICAL SPLIT OF REVENUE

Increased share of Europe | Iceland affected by lower import volume

REVENUE SPLIT



- Iceland
- Norway
- Asia
- Faroe Islands
- Europe
- N-America / TA

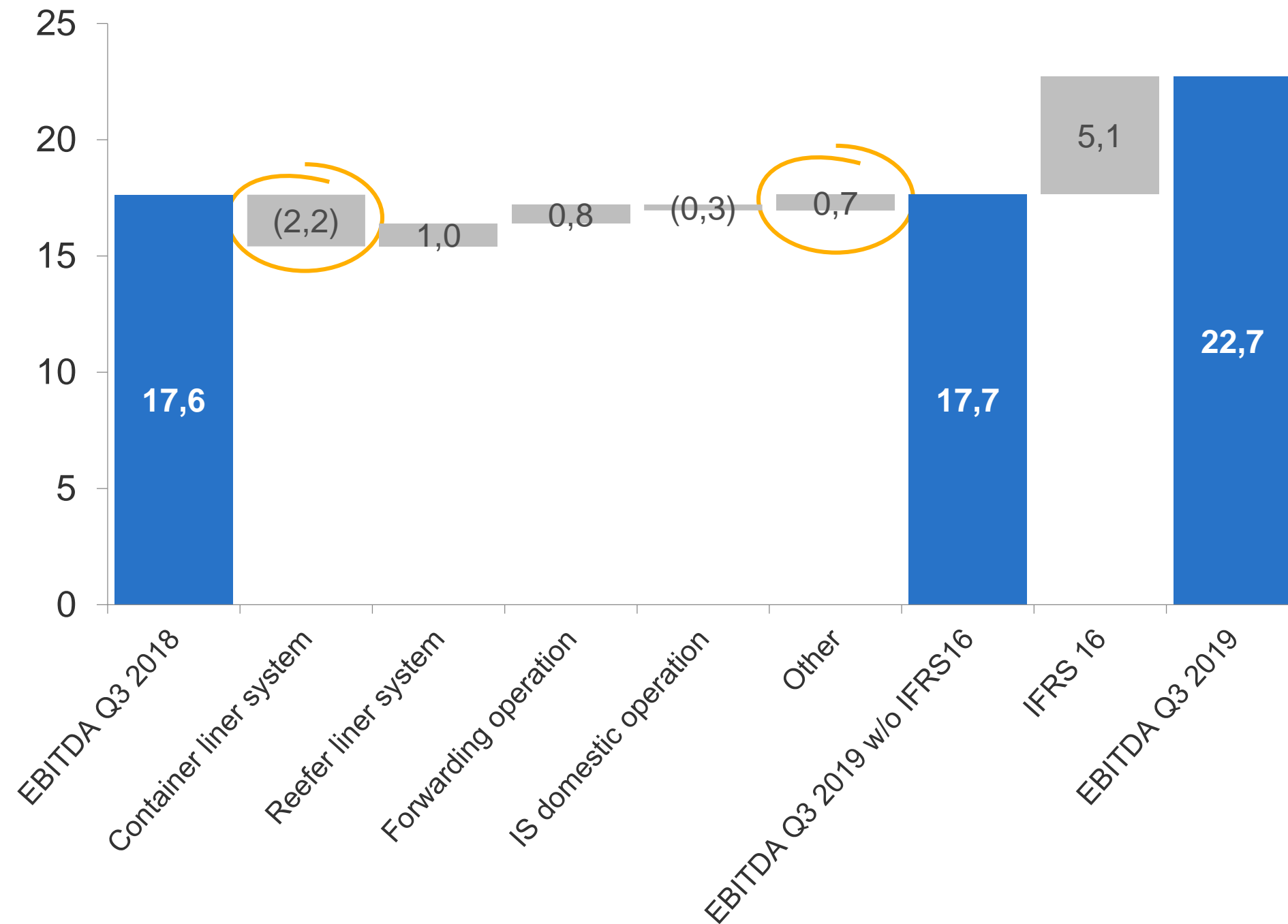


- Iceland
- Norway
- Asia
- Faroe Islands
- Europe
- N-America / TA

EBITDA BRIDGE Q3

EBITDA in level with previous year

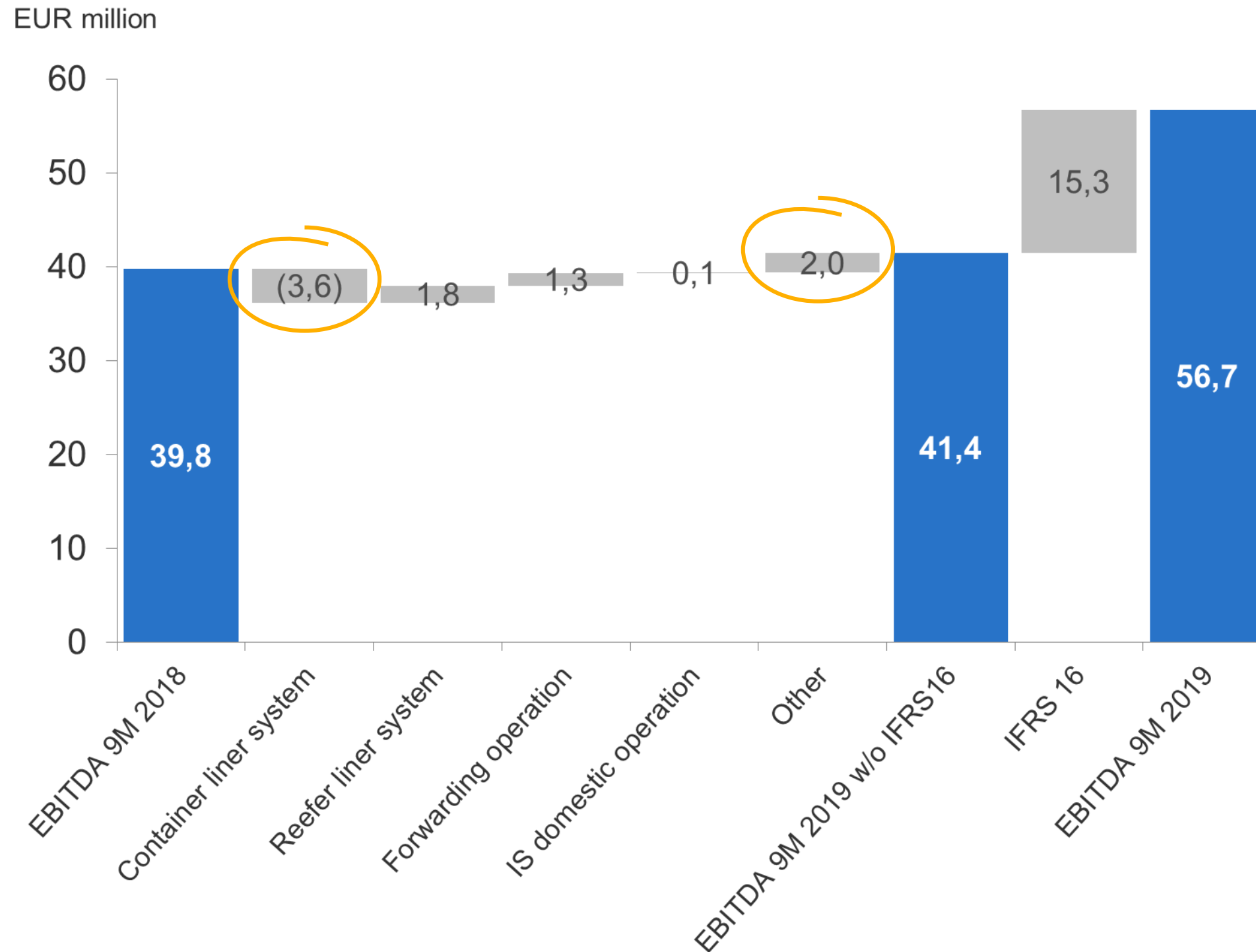
EUR million



- EBITDA mostly affected by decreased volume in container liner
- Improvements in the reefer liner operation following streamlining measures
- Lower operating cost of head office divisions positively affecting EBITDA

EBITDA BRIDGE 9M

Operational improvements and streamlining more than offset negative development in Container liner system



- Container liner volumes negatively affecting results
 - New sailing system will reduce fixed expenses as a counter measure

- Norway improving as a result of capacity reduction and various restructuring and operational measures

- Streamlining projects contributing positively between years

BALANCE SHEET

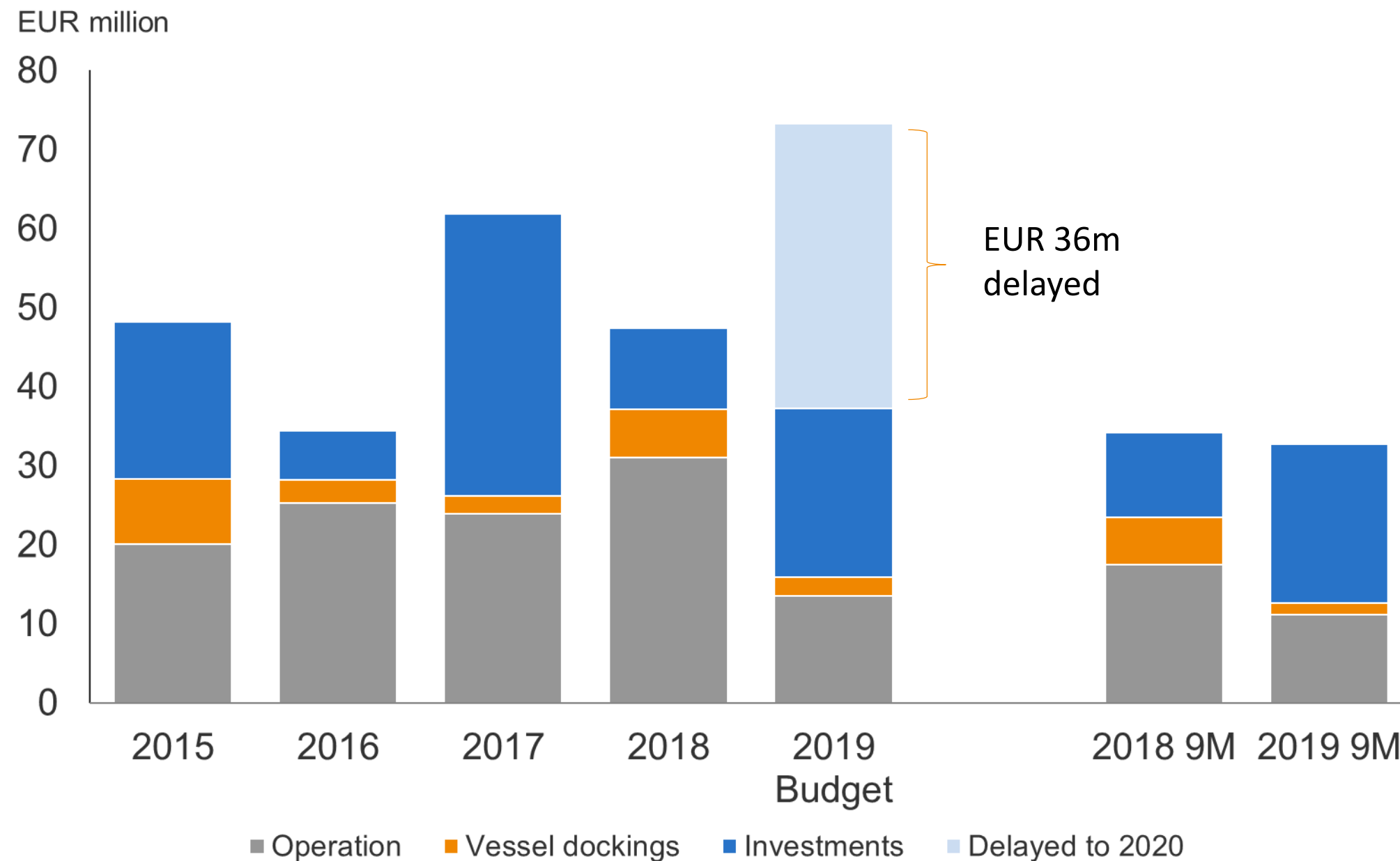
Balance sheet affected by new accounting standard IFRS 16

EUR thousand	30.9.2019	31.12.2018	Change	%
Non-current assets	372,137	335,172	36,965	11.0%
Fixed assets	321,145	313,765	7,380	2.4%
Right-of-use assets	32,089	0	32,089	-
Other non-current assets	18,903	21,407	(2,504)	(11.7%)
Current assets	153,956	151,124	2,832	1.9%
Cash and cash equivalents	18,673	21,941	(3,268)	(14.9%)
Assets	526,093	486,296	39,797	8.2%
Equity	237,100	238,926	(1,826)	(0.8%)
Non-current liabilities	186,233	140,753	45,480	32.3%
Current liabilities	102,760	106,617	(3,857)	(3.6%)
Liabilities	288,993	247,370	41,623	16.8%
Equity and liabilities	526,093	486,296	39,797	8.2%

- Approximately EUR 32 million increase in assets and liabilities due to IFRS 16 effects
- Equity ratio 45.1% and 48.0% excluding IFRS 16 compared to 49.1% at end of 2018
 - Dividend payment amounting to EUR 4.7 million
 - Share buy-back amounting to EUR 3.6 million

DEVELOPMENT IN CAPEX

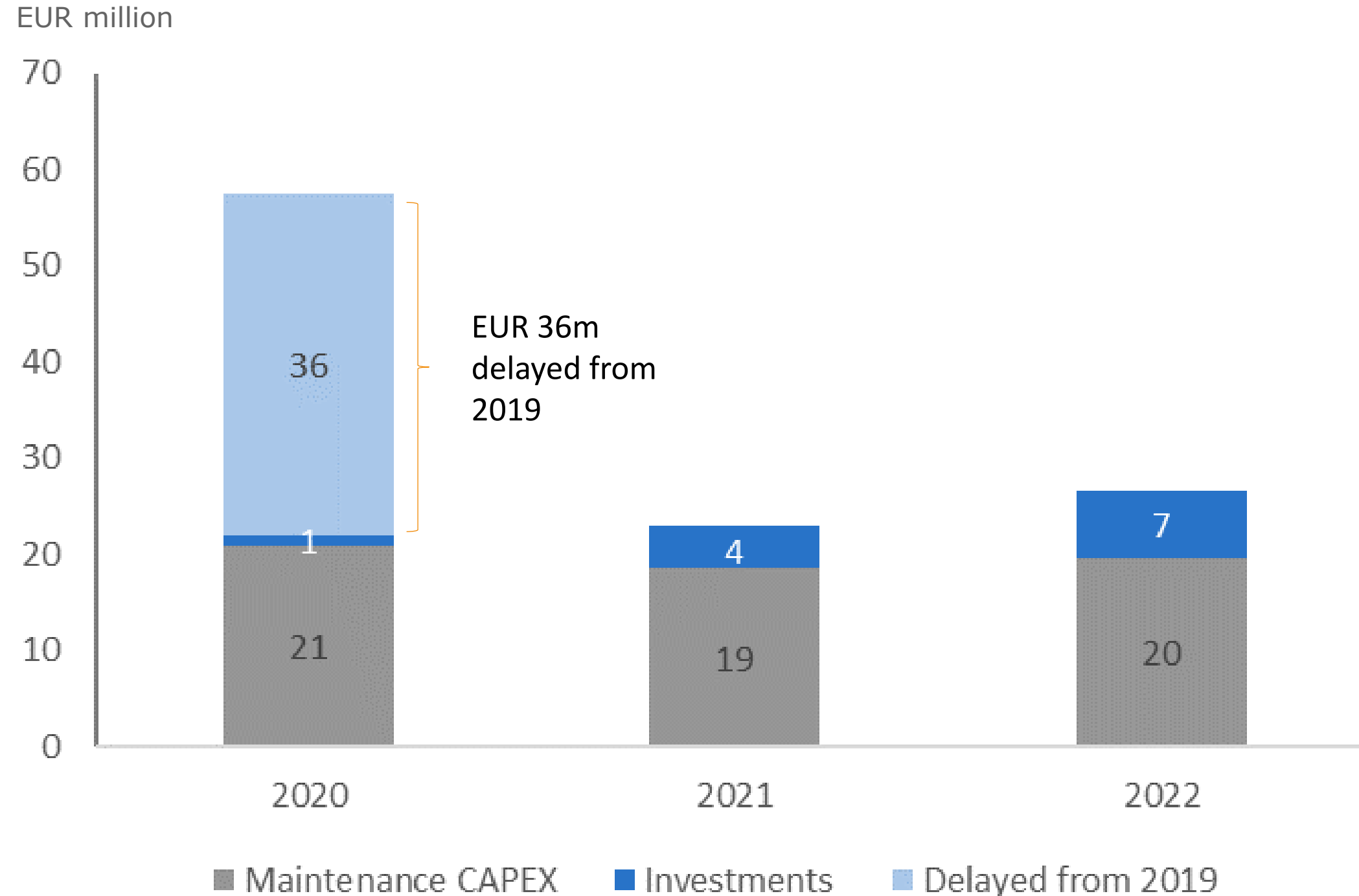
Substantial amount of investments planned in 2019 delayed to 2020



- Maintenance CAPEX in 2019 at a different level than previous years
 - 9M 2019 EUR 12.6 million compared to EUR 23.5 million same period 2018
 - Maintenance CAPEX items mostly relate to renewal of containers, trucks, terminal equipment, docking of vessels and IT related expenditures
 - Full year expected to be on budget
- Investments in 9M 2019 amounting to EUR 20.2 million compared to EUR 10.7 million in 9M 2018
 - Investments include installments on the new vessels, new gantry crane and terminal area construction and equipment
 - Investments delayed to 2020 amounting to EUR 36 million, mostly due to delay in delivery of the two new vessels
- Total CAPEX, other than delayed 2019 investments, expected to be substantially lower in 2020-2022 compared to last years

TARGET CAPEX PLAN 2020-2022

Substantial amount of investments planned in 2019 delayed to 2020



- Maintenance and investment CAPEX in the range of EUR 22-27 million
 - Excluding delayed investments from 2019
- Maintenance CAPEX in the range of EUR 19 to 21 million
 - Expected dockings in 2020 amounting EUR 5 million
 - Other items during the period include e.g. container and equipment renewals and IT investments
- Planned investments in the range of EUR 1-7 million (excluding delayed from 2019)
 - Investments in 2020 mostly related to preparing Vöruhótel for consolidation of headquarters
 - In 2021 and 2022 include investment in warehouse property in Thorshavn FO.
- Target CAPEX plan does not include divestment of assets which would offset investment cost
 - Sale of vessels e.g. Godafoss and Laxfoss

CASH FLOW IN Q3 AND 9M

Substantial increase in cashflow before debt service continues

Million EUR	Q3 2019	Q3 2018	9M 2019	9M 2018
EBITDA	22.7	17.6	56.7	39.8
Working capital changes & other	(14.3)	(5.6)	(6.9)	(14.8)
Taxes	(0.8)	(0.5)	(1.7)	(0.8)
Repayment and interest of lease liabilities	(5.1)	0.0	(15.1)	0.0
Maintenance CAPEX net of sale	(4.5)	(7.8)	(10.1)	(20.5)
Cash flow before debt service	(2.1)	3.8	23.0	3.7
Net interest payments	(1.8)	(1.0)	(3.9)	(3.5)
Repayment of debt	(2.7)	(1.9)	(8.3)	(6.5)
Debt repayment and interests	(4.5)	(2.9)	(12.2)	(10.0)
Cash flow before Investments	(6.6)	0.9	10.8	(6.4)
Net investments	(6.0)	(5.7)	(20.7)	(17.7)
Debt funding	5.7	2.7	15.4	30.6
Dividend to minority	(0.0)	0.0	(0.3)	(0.7)
Share buy-back	(1.9)	0.0	(3.6)	0.0
Dividend to Shareholders of the Company	0.0	0.0	(4.7)	(10.4)
Change in Cash	(8.9)	(2.1)	(3.0)	(4.5)

- Management has increased focus on cash generation which has been improving year on year
- Working capital changes due to seasonal effect
- Strong cashflow after debt service for the first 9M
- Share buy-back program initiated in Q2 and completed in early Q3
 - Total share buy-back program amounting EUR 3.6 million
 - Classified as treasury shares

TARGET LONG TERM CAPITAL STRUCTURE

Objective to maintain an equity ratio near 40% and modest leverage ratio

CURRENT RATIOS - 9M 2019



Total Equity: EUR 237m
Equity ratio: 45%



Net debt (NIBD*): EUR 183m
NIBD/EBITDA (LTM**): 2,6x

TARGET CAPITAL STRUCTURE



Equity ratio: ~ 40%



NIBD/EBITDA: ~ 2-3x EBITDA

- The Board of Directors has approved a long-term capital structure target
 - Objective to maintain an equity ratio near 40%
 - Benchmark for leverage set in the range of NIBD/EBITDA 2-3x
 - A long-term objective through the business cycle that can vary from quarter to quarter based on general economic and business conditions as well as strategic initiatives
- Implementation is likely to entail capital allocation through payment of dividends, share buy-backs or share capital reduction
 - Aim to get near capital structure target over a period of two years
 - Capital distribution could amount up to EUR 30 million based on current capital structure vs. target subject to business performance & credit markets

* NIBD includes IFRS16 liabilities

** EBITDA in Q4 2018 adjusted to IFRS16

SUMMARY AND GUIDANCE

1 COOLDOWN OF THE ICELANDIC ECONOMY
AFFECTING IMPORT VOLUME

2 TARGET LONG-TERM CAPITAL STRUCTURE AND A
THREE-YEAR TARGET CAPEX PLAN INTRODUCED

3 NEW SAILING SYSTEM IN PLACE WITH EXPECTED
EUR 7-9 MILLION COST BENEFIT, INCLUDING RAL
COOPERATION

4 CONTINUED FOCUS ON OPERATIONAL
EFFICIENCY TO IMPROVE CORE OPERATION

5 EBITDA GUIDANCE FOR THE YEAR NARROWED TO THE RANGE OF EUR 52 – 55 MILLION*



EIMSKIP

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APPENDIX I

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



56 OFFICES



19 VESSELS



18 COUNTRIES



200 TRUCKS



1750 EMPLOYEES



29 WAREHOUSES
16 COLD STORAGES



41 NATIONALITIES



ACHIEVEMENT
COOPERATION
TRUST

KEY FIGURES 9M 2019

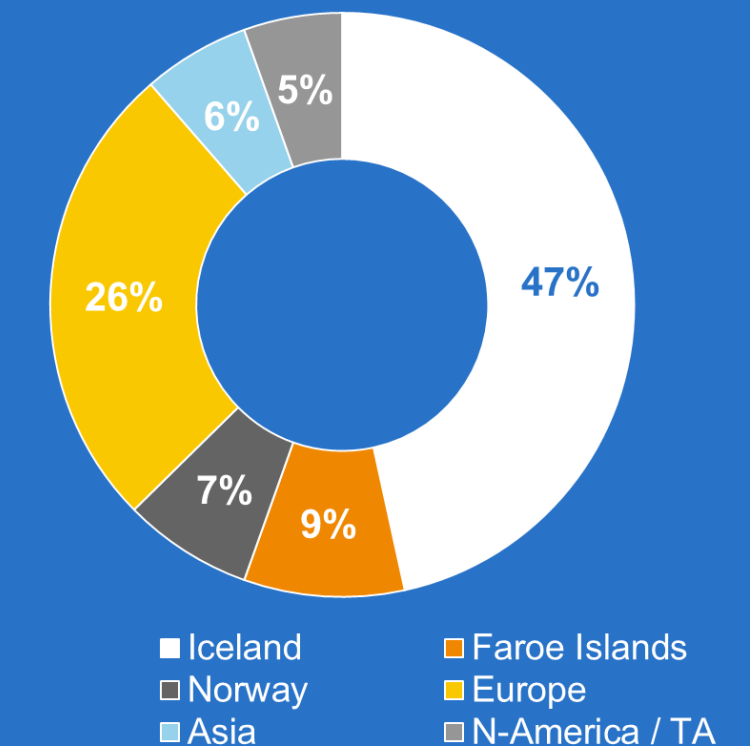
REVENUES: EUR 504 m

EBITDA: EUR 56.7 m
(EUR 41.4 m excl. IFRS16)

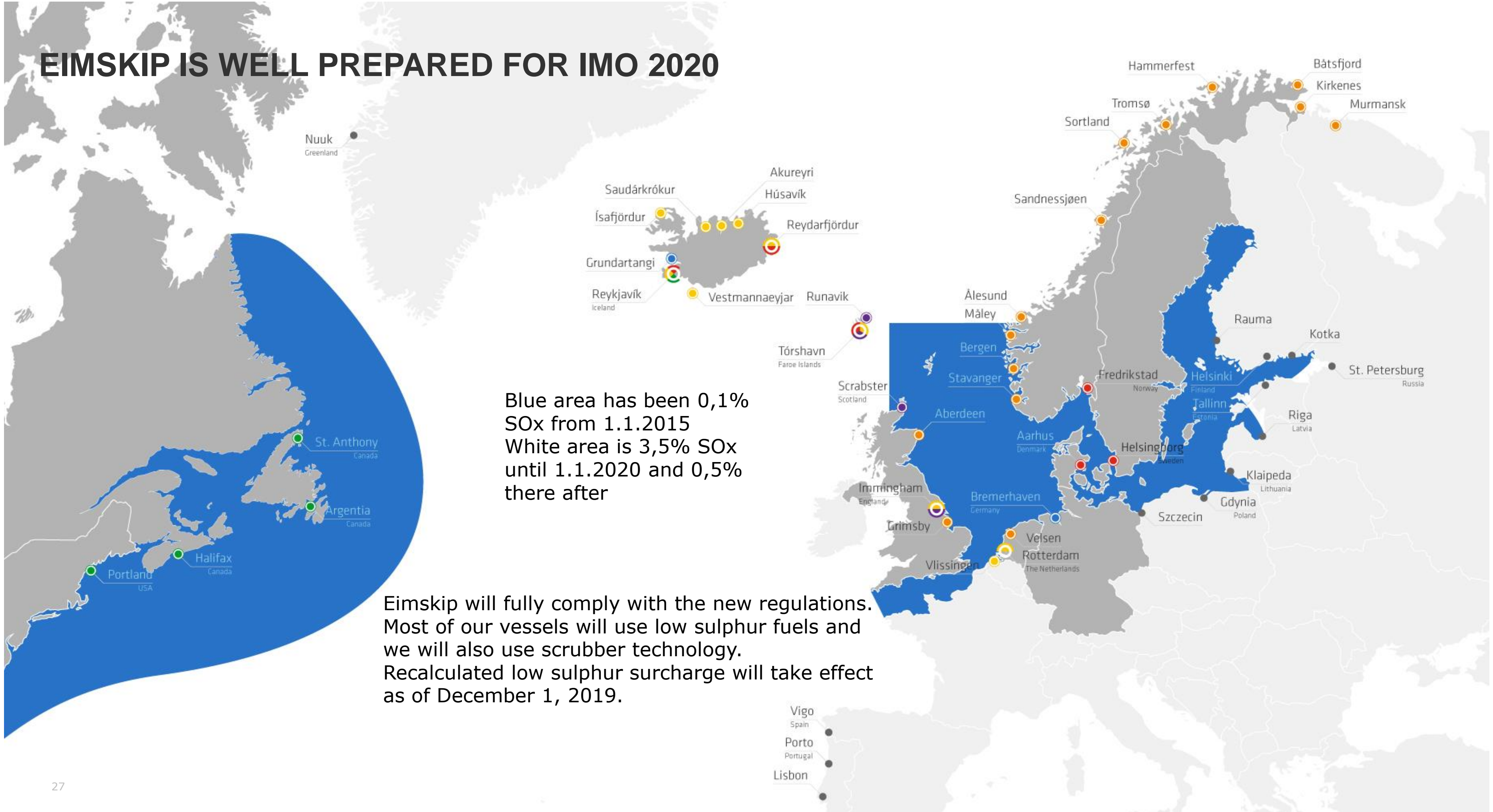
TOTAL ASSETS: EUR 526 m

EQUITY: EUR 237.1 m

GEOGRAPHICAL SPLIT
OF REVENUE



EIMSKIP IS WELL PREPARED FOR IMO 2020



Blue area has been 0,1% SOx from 1.1.2015
 White area is 3,5% SOx until 1.1.2020 and 0,5% there after

Eimskip will fully comply with the new regulations. Most of our vessels will use low sulphur fuels and we will also use scrubber technology. Recalculated low sulphur surcharge will take effect as of December 1, 2019.

FUEL PRICE DEVELOPMENT

Average spread between gas oil and heavy oil has been on average USD 200 for last 12 months

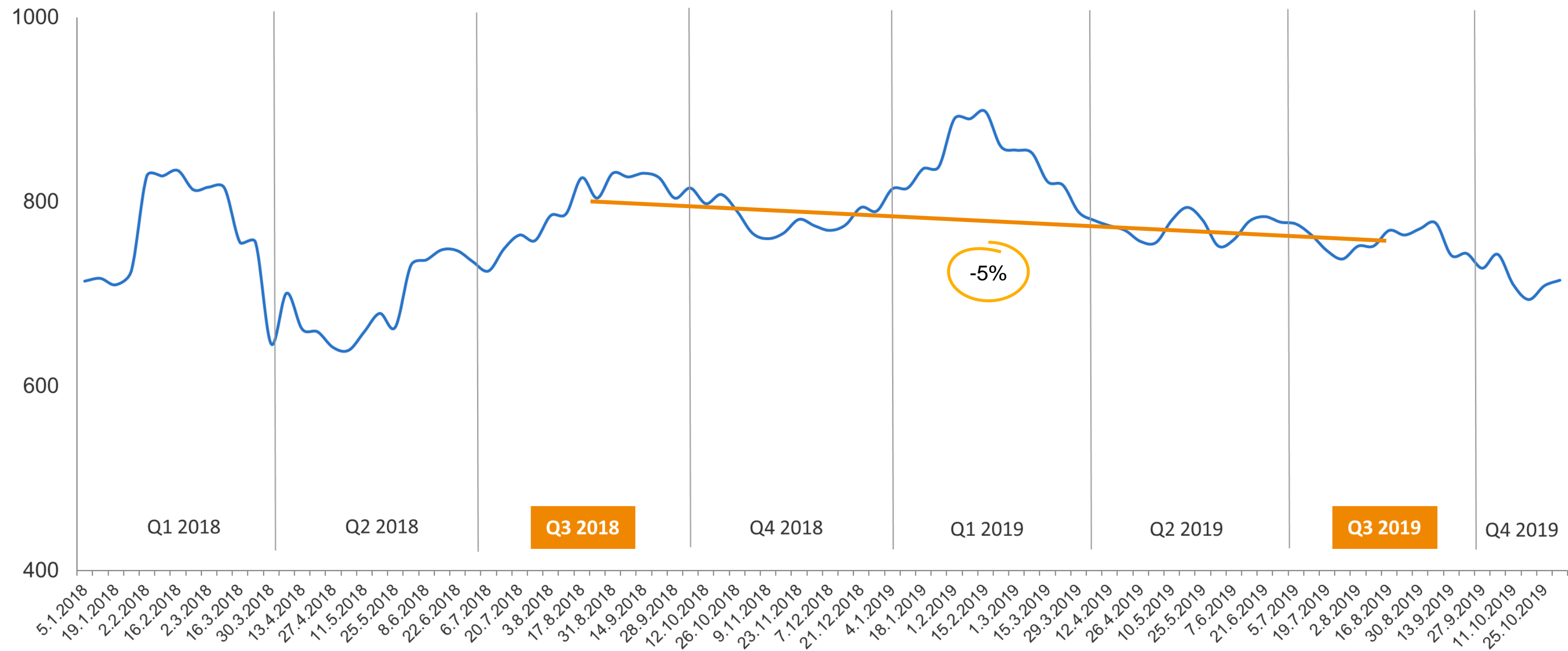


Source: Bunkerworld.com

- Around 53% of total current fuel consumption of the vessel fleet is gas oil and 47% heavy fuel
- From 1.1.2020 it is estimated that share of gas oil will increase to 85% given current sailing system and delay of newbuildings and is estimated to be around 75% after delivery of the new vessels
- Eimskip currently operates one vessel with scrubber and another two will be in service in 2020
- Fuel consumption is approx. 80,000 tons on annual basis
 - Average spread between gas and heavy oil has been USD 200
 - Estimated cost increase of IMO 2020 implementation will be approx. USD 5-6 million depending e.g. on sailing system, scrubber utilization and fuel spread
- The company has already informed its customer that Low Sulfur Surcharge will increase as of December 1st 2019

CHINA FORWARDERS FREIGHT INDEX

Average prices decreased by 5% between Q3 2018 and Q3 2019



Source: www.shippingchina.com

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