

EIMSKIP ANNOUNCES 2013 RESULTS

- Operating revenue EUR 433.8 million, up by 2.4% from 2012
- Operating profit, EBITDA, EUR 37.1 million, down by 9.1% from adjusted EBITDA in 2012
- Equity ratio was 65.5% at the end of the year
- Transported volume in North Atlantic liner services up by 3.4% from 2012
- Transported volume in reefer forwarding services up by 7.9% from 2012
- The Board proposes a dividend payment representing 30.0% of net earnings for the year
- Forecasted EBITDA for the year 2014 in the range of EUR 37 to 41 million

EUR thousands

Consolidated Statement of Income	Q4 2013	Q4 2012	Change	%	2013	2012	Change	%
Operating revenue	106,875	107,928	(1,053)	(1.0%)	433,824	423,653	10,171	2.4%
Operating expenses	98,996	101,641	(2,645)	(2.6%)	396,770	387,485	9,285	2.4%
Operating profit - EBITDA	7,879	6,287	1,592	25.3%	37,054	36,168	886	2.4%
Depreciation and amortization	(5,487)	(6,118)	631	10.3%	(21,143)	(22,436)	1,293	5.8%
Results from operating activities - EBIT	2,392	169	2,223	-	15,911	13,732	2,179	15.9%
Net finance income (expense)	(842)	(1,049)	207	19.7%	(3,234)	(2,983)	(251)	(8.4%)
Share of earnings of associated company	2	0	2	-	2	0	2	-
Net earnings before income tax	1,552	(880)	2,432	-	12,679	10,749	1,930	18.0%
Income tax	(384)	(113)	(271)	239.8%	(1,862)	1,982	(3,844)	-
Net earnings for the period	1,168	(993)	2,161	-	10,817	12,731	(1,914)	(15.0%)
Adjusted for one-off items:								
Sales growth	(1.0%)	4.6%			2.4%	12.0%		
EBITDA / Sales	7.4%	9.5%			8.5%	9.6%		
EBIT / Sales	2.2%	3.8%			3.7%	4.3%		
Net debt / LTM EBITDA	0.89	0.54			0.89	0.54		
Consolidated Statement of Financial Position	31.12.2013	31.12.2012	Change	%	31.12.2013	31.12.2012	Change	%
Assets	314,365	313,281	1,084	0.3%	314,365	313,281	1,084	0.3%
Non-current assets	216,096	209,723	6,373	3.0%	216,096	209,723	6,373	3.0%
Current assets	98,269	103,558	(5,289)	(5.1%)	98,269	103,558	(5,289)	(5.1%)
Equity	205,771	199,599	6,172	3.1%	205,771	199,599	6,172	3.1%
Liabilities	108,594	113,682	(5,088)	(4.5%)	108,594	113,682	(5,088)	(4.5%)
Interest-bearing debt	59,398	59,254	144	0.2%	59,398	59,254	144	0.2%
Net debt	33,028	21,950	11,078	50.5%	33,028	21,950	11,078	50.5%
Tangible assets / Total assets	93.5%	93.7%			93.5%	93.7%		
Equity ratio	65.5%	63.7%			65.5%	63.7%		
Consolidated Statement of Cash Flows	Q4 2013	Q4 2012	Change	%	2013	2012	Change	%
Net cash from operating activities	7,172	12,749	(5,577)	(43.7%)	20,537	36,872	(16,335)	(44.3%)
Net cash used in investing activities	(4,980)	(8,192)	3,212	39.2%	(26,601)	(39,188)	12,587	32.1%
Net cash used in financing activities	(2,049)	3,869	(5,918)	-	(3,558)	(4,369)	811	18.6%
Changes in cash and cash equivalents	143	8,426	(8,283)	(98.3%)	(9,622)	(6,685)	(2,937)	(43.9%)
Effects of exchange rate fluctuations on cash held	(449)	62	(511)	-	(1,312)	472	(1,784)	-
Cash and cash equivalents at the end of period	26,370	37,304	(10,934)	(29.3%)	26,370	37,304	(10,934)	(29.3%)

GYLFI SIGFÚSSON, PRESIDENT AND CEO

“We believe that overall the results of 2013 reflect the tough economic environment in Iceland. Adverse weather conditions in the North Atlantic and mechanical issues with a few of our vessels in the fourth quarter put our sailing schedule out of order and negatively impacted our results. For the full year, revenues amounted to EUR 433.8 million and grew by 2.4% from 2012. EBITDA amounted to EUR 37.1 million which equals 9.1% decrease from previous year, taking into account one-off items in 2012. Performance of our international operations did show good results, but our operations in Iceland were below our expectations.

Transported volume in our North Atlantic liner services grew by 3.4% from 2012. Transported volume to and from Iceland remained stable but there was growth in volume related to the Faroe Islands and Norway, which are a part of our home market in the North Atlantic, and volume between Europe and North America grew. Volume in the company’s reefer forwarding services increased by 7.9% compared to previous year, mainly due to increased Intra Asian transport and transport from Europe to Asia.

Eimskip introduced substantial changes in its sailing schedule in March 2013 which increased the capacity of the system and in February 2014 we decided to make some further adjustments partly due to negative effect of bad weather conditions in recent months. A new sailing route, the Gray line, has been added between the Faroe Islands and Scotland in order to increase the flexibility of the sailing schedule and increase service reliability. It is important to be able to respond to requirements of customers with an efficient and flexible system.

Eimskip has negotiated a further delay of delivery of the two container vessels which are currently being built in China. It is expected that the first vessel will be in service as from the middle of this year but there is still uncertainty regarding the delivery of the second vessel which will presumably not be delivered until late this year. Related to the delay, Eimskip has negotiated a USD 10.8 million reduction of the vessels’ total purchase price. The delay of delivery will neither affect the sailing schedule nor services to Eimskip’s customers. It will however extend chartering of vessels since the new vessels are expected to replace two vessels which are currently chartered by the company.

The company is seeking opportunities to grow, especially outside Iceland and is working on various projects in relation to strategic acquisitions in line with the company’s vision of being a leading transportation company in the North Atlantic. As part of this strategy Eimskip is in correspondence with the Central Bank of Iceland, the Oslo Stock Exchange and other foreign stock exchanges for potential dual listing of the company’s shares.

The Board of Directors proposes a dividend payment to shareholders in 2014 in the amount of ISK 2.60 per share. The total dividend payment is ISK 504.6 million, or EUR 3.2 million, which represents 30.0% of net earnings for the year 2013.

Our EBITDA forecast for the year 2014 is in the range of EUR 37 to 41 million.”

OPERATIONS OF 2013

Eimskip’s operating revenue amounted to EUR 433.8 million in 2013 compared to EUR 423.7 million in 2012, showing an increase of 2.4%. The revenue of liner services amounted to EUR 319.2 million and increased by 3.8% from 2012. There was an increase in transported volume of the liner services in the company’s main market areas in the North Atlantic besides Iceland, where imported volume to the country decreased from previous year. The volume increase in Eimskip’s liner services in the North Atlantic was 3.4% from 2012. The revenue of forwarding services amounted to EUR 114.6 million, showing a 1.3% decrease from 2012. Transported volume in reefer forwarding services grew by 7.9% compared to 2012, mainly due to increased Intra Asian transport and transport from Europe to Asia. Fluctuations in international sea freight rates affect Eimskip’s revenues and rates during the year 2013 were considerably lower than in 2012.

EBITDA amounted to EUR 37.1 million compared to EUR 36.2 million in 2012, but adjusted EBITDA, after the EUR 1.7 million cost related to Eimskip's IPO in the third and fourth quarter 2012 and EUR 2.9 million non-cash expense related to the share options forfeited by the executive management in the fourth quarter 2012, amounted to EUR 40.8 million, decreasing EBITDA by 9.1% from 2012. The EBITDA ratio was 8.5% compared to 9.6% adjusted EBITDA ratio in 2012. Drop in imported volume to Iceland negatively affected the operating results, in addition to several negative operational incidents in the fourth quarter partially due to adverse weather conditions in the North Atlantic and mechanical issues with a few of the company's vessels which put the sailing schedule out of order. The changes made in Eimskip's sailing schedule in March 2013, which increased the system capacity and fixed cost immediately, also contributed to the decreased operating results since it takes time to grow revenues in a new and more powerful system.

Depreciation and amortization amounted to EUR 21.1 million compared to EUR 22.4 million in 2012. The reduction is mainly due to a part of the company's vessel fleet which now is depreciated to residual value.

EBIT amounted to EUR 15.9 million compared to EUR 13.7 million in 2012. Adjusted EBIT, after the aforementioned one-off items in 2012, amounted to EUR 18.3 million, showing a 13.2% decrease in EBIT from 2012.

Net finance expense amounted to EUR 3.2 million compared to EUR 3.0 in previous year. The change from previous year is explained by a EUR 0.8 million higher currency exchange loss than in 2012, but on the other hand interest expense on the company's long-term loans was lower by EUR 0.3 million in 2013.

Net earnings before income tax came to EUR 12.7 million compared to EUR 10.7 million in 2012.

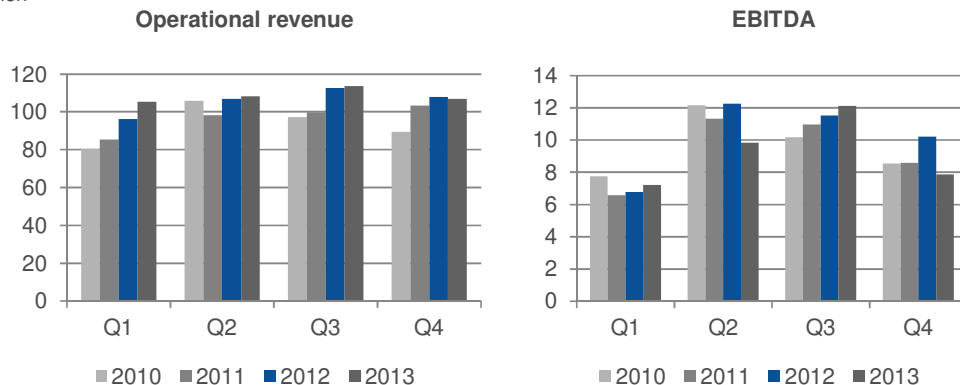
Income tax amounted to EUR 1.9 million compared to an income tax benefit in the amount of EUR 2.0 million in 2012 due to recognized tax losses carried forward in a subsidiary in the amount of EUR 3.6 million.

Net earnings amounted to EUR 10.8 million in 2013 compared to EUR 12.7 million in 2012.

The company's operations have been stable during the past few years as can be seen in the following graphs which show how revenues and EBITDA are divided to quarters from 2010 to 2013.

In these graphs, operating revenue and EBITDA have been adjusted for one-off items in 2011 and 2012. Operating revenue and EBITDA for the first quarter 2011 have been reduced by EUR 6.4 million due to the collection of a claim that had previously been written off. EBITDA for the second quarter 2011 has been increased by EUR 0.7 million due to the grounding of Godafoss and increased by EUR 0.7 million in the third quarter 2012 due to costs related to the company's listing. Finally, EBITDA for the fourth quarter 2012 has been increased by a total of EUR 3.9 million, including EUR 1.0 million due to the company's listing and EUR 2.9 million due to costs related to the share options forfeited by the executive management.

EUR million



Early in March 2013 the company introduced substantial changes in its sailing schedule. The number of vessels on liner services was increased by one, expanding system capacity by 7.7%. The main changes consisted of the introduction of a new coastal schedule in Iceland with a direct connection with the Faroe Islands, the UK and mainland Europe and increased frequency and shorter transit time to and from the USA with Portland in Maine replacing Everett and Norfolk as a port of call on the US east coast. The expansion of services to the USA are also intended to further support increased cargo volumes between Northern Norway and North America and improve connections between the USA and Newfoundland with shorter transit time. The changes also improve services for fresh fish from the Faroe Islands and to the growing oil industry in the North Atlantic, with calls at Aberdeen in Scotland. Now there is also a connection to the Baltic and an office has been opened in Gdynia in Poland.

In February 2014 adjustments were made to the sailing schedule which had been affected by difficulties due to adverse weather conditions in recent months. A new sailing route, the Gray line, has been added between the Faroe Islands and Scotland. The Gray line will increase the flexibility of the sailing schedule with the possibility of adding new ports of call in the Faroe Islands and it will also increase the service reliability. As of the middle of February, the Red line stopped calling at the Faroe Islands and Aberdeen in Scotland and will instead offer direct services to Immingham in the UK and increase the services to exporters of fresh and frozen seafood. The Red line's next call after Immingham will be Rotterdam in Holland, besides taking care of the coastal services in Iceland.

Eimskip now operates 16 vessels, of which eleven are owned and five are chartered. Twelve of the vessels are on scheduled services, two are on spot services, one is used for bulk cargo and one is a ferry.

FOURTH QUARTER OPERATIONS

- **Operating revenue EUR 106.9 million, down by 1.0% from 2012**
- **EBITDA amounted to EUR 7.9 million, a decrease by 22.8% from adjusted EBITDA in 2012**
- **Transported volume in North Atlantic liner services up by 7.9% from 2012**
- **Transported volume in reefer forwarding services up by 6.0% from 2012**

Operating revenue in the fourth quarter amounted to EUR 106.9 million compared to 107.9 million in the same period 2012, showing a decrease of 1.0%. The revenue of liner services amounted to EUR 79.2 million with an increase of 2.8% from 2012. There was a 7.9% total increase in transported volume in all of the company's main market areas in the North Atlantic. The revenue of forwarding services amounted to EUR 27.7 million and decreased by 10.4% from fourth quarter 2012 due to changed combination of transported volume with growth in shorter distance transport. These changes did not negatively affect the operating results of the forwarding services. Transported volume in reefer forwarding services grew by 6.0% compared with the fourth quarter of 2012 due to increased shorter distance services within Asia and increased transport of pelagic fish in Europe and from Europe to Asia. Sea freight rates in international markets on Europe/Asia trades in the fourth quarter were considerably lower in 2013 than in 2012. Strengthening of the EUR against Eimskip's main operational currencies has also resulted in decreased revenue in 2013 compared to previous year.

EBITDA amounted to EUR 7.9 million in the fourth quarter compared to EUR 6.3 million in the fourth quarter 2012. Adjusted EBITDA 2012, after one-off item due to a cost of EUR 1.0 million related to Eimskip's IPO and EUR 2.9 million non-cash expense related to the share options forfeited by the executive management in the fourth quarter 2012, amounted to EUR 10.2 million, decreasing EBITDA by 22.8% from 2012. The EBITDA ratio in the quarter was 7.2% compared to 9.5% adjusted EBITDA ratio in the fourth quarter 2012. Operating result of reefer forwarding services was good in the quarter or 13.8% better than in previous year. There was also good result of the company's liner services in the Faroe Islands, Norway and North America, but operating result of transportation to and from Iceland is below expectations. Adverse weather conditions and mechanical issues with a few vessels in November and December put the sailing schedule out of order and consequently negatively affected the operational results in the quarter.

Depreciation and amortization in the fourth quarter amounted to EUR 5.5 million compared to EUR 6.1 million in the same period last year. The reduction is mainly due to a part of the company's vessel fleet which now is depreciated to residual value.

Depreciation and amortization amounted to EUR 21.1 million compared to EUR 22.4 million in 2012. The reduction is mainly due to a part of the company's vessel fleet which now is depreciated to residual value.

EBIT in the fourth quarter amounted to EUR 2.4 million compared to EUR 0.2 million in the same period 2012. Adjusted EBITDA 2012, after the aforementioned one-off items related to the IPO and the forfeited share options in the fourth quarter, amounted to EUR 4.1 million, decreasing EBIT by 41.4% from 2012.

Net finance expense stood at EUR 0.8 million compared to EUR 1.1 million in the fourth quarter 2012. The change is mainly explained by non-cash currency fluctuations on intercompany balances.

Income tax amounted to EUR 0.4 million compared to EUR 0.1 million income tax in the fourth quarter 2012.

Net earnings of the quarter amounted to EUR 1.2 million compared to a net loss after taxes of EUR 1.0 million in the fourth quarter 2012.

BALANCE SHEET

- **Total assets EUR 314.4 million at year-end**
- **Equity ratio 65.5%**
- **Interest-bearing debt EUR 59.4 million**
- **Net debt EUR 33.0 million**

The company's total assets stood at EUR 314.4 million as at 31 December 2013. In comparison, total assets amounted to EUR 313.3 million at year-end 2012.

Total non-current assets amounted to EUR 216.1 million at the end of the year compared to EUR 209.7 million at year-end 2012. Net investments in non-current assets stood at EUR 25.5 million, of which investments in the two container vessels under construction amounted to EUR 8.5 million.

Total current assets amounted to EUR 98.3 million at year-end compared to EUR 103.6 million at the end of 2012. Cash and cash equivalents amounted to EUR 26.4 million compared to EUR 37.3 million at year-end 2012. The decrease in 2013 is mainly explained by investments in non-current assets.

Equity amounted to EUR 205.8 million at year-end and the equity ratio was 65.5%. Dividends in the amount of EUR 2.7 million were paid to shareholders at the end of April. For comparison, equity stood at EUR 199.6 million and the equity ratio at 63.7% at the end of 2012.

Interest-bearing debt at year-end 2013 amounted to EUR 59.4 compared to EUR 59.3 million at the end of 2012. Increase of current interest-bearing debt relates to a bridge loan of EUR 7.6 million for the new vessel building project in China which is due at the end of 2014. The company has secured a long-term financing for the vessels upon delivery with a term of ten years.

Net debt stood at EUR 33.0 million at the end of the year compared to EUR 22.0 million at year-end 2012 and the increase is mainly explained by investments in non-current assets.

CASH FLOW AND INVESTMENTS

- **Net cash from operating activities EUR 20.5 million in 2013**

- **Cash and cash equivalents EUR 26.4 million at year-end**
- **Net cash used in investing activities EUR 26.6 million**

Net cash from operating activities amounted to EUR 20.5 million in 2013 compared to EUR 36.9 million in 2012. The change is mainly due to changes in current assets and liabilities.

Net cash used in investing activities amounted to EUR 26.6 million compared to EUR 39.2 million in 2012. Total investments in non-current assets amounted to EUR 29.3 million, including investments in new vessels totaling EUR 8.5 million. In previous year, total investments in non-current assets amounted to EUR 50.5 million. Of the total investments 2013, EUR 2.8 million did not affect cash compared to EUR 8.9 million not affecting cash in 2012.

Net cash used in financing activities amounted to EUR 3.6 million in 2013 compared to EUR 4.4 million in previous year. Thus, cash and cash equivalents decreased by EUR 9.6 million compared to EUR 6.7 million in 2012. Cash and cash equivalents at the end of 2013 amounted to EUR 26.4 million compared to EUR 37.3 million at year-end 2012.

EBITDA FORECAST

The EBITDA forecast for the year 2014 is in the range of EUR 37 to 41 million.

The company does not presume much increase in imported volume to Iceland this year, but expects some increase in export. It is assumed that a solution to the mackerel dispute in Iceland will be found but there is uncertainty regarding the capelin season in Iceland. In the Faroe Islands there is uncertainty regarding export due to a landing ban of pelagic fish in Europe, but import to the Faroe Islands is expected to grow and that export of salmon will still be substantial. Transport in Norway is expected to continue growing and also the transport between Europe and North America. Reefer forwarding services is expected to grow and Eimskip plans to open new offices outside Iceland during this year. Prices in international markets are expected to rise. Finally, the current uncertainty in the labor market in Iceland may affect the company's operations.

SHAREHOLDERS

- **Eimskip's share price up by 19.2% from the company's listing**
- **The company's market capitalization EUR 309.9 million on 27 February 2014**

Eimskip's shares started trading on NASDAQ OMX Iceland on 16 November 2012. The IPO price was ISK 208.00 per share and the closing price at year-end 2012 was ISK 230.00 per share. In 2013 the closing price has been in the range ISK 221.00 to ISK 281.00, with an average for the period of ISK 255.05. The closing price at year-end 2013 was ISK 262.00. The closing price on 27 February 2014 was ISK 248.00 which represents a 19.2% price increase since the company's listing. The company's market capitalization on 27 February 2014 was ISK 48.1 billion, or EUR 309.9 million.

The total number of shares is 200,000,000 and 194,081,180 shares are outstanding. At year-end 2013 there were 1,224 shareholders but they were 1,189 on 26 February 2014.

The Board of Directors proposes a dividend payment to shareholders in 2014 in the amount of ISK 2.60 per share. The total dividend payment is ISK 504.6 million, or EUR 3.2 million, which represents 30.0% of net earnings for the year 2013.

KEY FIGURES BY QUARTERS 2012 AND 2013

EUR thousands

Operating Results	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Operating revenue	106,875	113,524	108,112	105,313	107,928
Operating expenses	98,996	101,405	98,273	98,096	101,641
EBITDA	7,879	12,119	9,839	7,217	6,287
EBIT	2,392	6,625	4,811	2,083	169
Net earnings (loss) for the period	1,168	5,079	2,038	2,532	(993)
Adjusted for one-off items:					
EBITDA	7,879	12,119	9,839	7,217	10,202
EBIT	2,392	6,625	4,811	2,083	4,084
EBITDA / Sales	7.4%	10.7%	9.1%	6.9%	9.5%
EBIT / Sales	2.2%	5.8%	4.5%	2.0%	3.8%
Balance Sheet	31.12.2013	30.09.2013	30.06.2013	31.03.2013	31.12.2012
Assets	314,365	321,099	314,051	307,193	313,281
Equity	205,771	205,077	200,656	202,219	199,599
Liabilities	108,594	116,022	113,395	104,974	113,682
Interest-bearing debt	59,398	60,540	60,549	55,575	59,254
Net debt	33,028	33,864	33,087	31,598	21,950
Equity ratio	65.5%	63.9%	63.9%	65.8%	63.7%
Cash Flow	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Net cash from (to) operating activities	7,172	7,420	8,226	(2,281)	12,749
Net cash used in investing activities	(4,980)	(7,090)	(6,486)	(8,045)	(8,192)
Net cash from (used in) financing activities	(2,049)	(956)	2,001	(2,554)	3,869
Cash and cash equivalents at the end of period	26,370	26,676	27,462	23,977	37,304

ABOUT EIMSKIP

Eimskip runs a network of 51 offices in 19 countries and operates 16 vessels. The total number of employees is about 1,400, of which about 800 are located in Iceland. Approximately half of Eimskip's operating revenue comes from operations outside Iceland. The company's vision is to provide outstanding transportation services through a dependable transport system in the North Atlantic, as well as offering an extensive worldwide network of reefer logistics services.

INVESTOR MEETING 28 FEBRUARY 2014

Investors and market participants are invited to a meeting on Friday 28 February 2014 at 8:30 a.m. at Eimskip's headquarters in Korngardar 2 in Reykjavík. Gylfi Sigfússon, President and CEO, and Hilmar Pétur Valgardsson, CFO, will present the company's financial results for 2013 and the fourth quarter results. The presentation from the meeting will be available after the meeting on the company's investor relations website, www.eimskip.is/investors, and in the company news release distribution network of NASDAQ OMX Nordic.

APPROVAL OF THE BOARD OF DIRECTORS

The Board of Directors of Eimskipafélag Íslands hf. approved the audited consolidated financial statements for 2013 at its meeting on 27 February 2014.

FINANCIAL CALENDAR

- The Annual General Meeting will be held on 27 March 2014
- Results for the first quarter 2014 will be published on 22 May 2014
- Results for the second quarter 2014 will be published on 29 August 2014
- Results for the third quarter 2014 will be published on 20 November 2014
- Results for the fourth quarter 2014 will be published on 26 February 2015
- The Annual General Meeting will be held on 26 March 2015

FURTHER INFORMATION

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FORWARD-LOOKING STATEMENTS

Any statement contained in this press release that refers to the Company's estimated or anticipated future results or future activities are forward-looking statements which reflect the Company's current analysis of existing trends, information and plans. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially depending on factors such as the availability of resources, the timing and effect of regulatory actions and other factors. Eimskip undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after this press release. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. All forward-looking statements are qualified in their entirety by this cautionary statement.