

FIRST QUARTER 2014 RESULTS ARE IN LINE WITH THE COMPANY'S EXPECTATIONS

- Operating revenue EUR 104.2 million, down by EUR 1.1 million from Q1 2013
- Operating profit, EBITDA, EUR 6.0 million, down by EUR 1.2 million from Q1 2013, as a result of the new sailing schedule and adverse weather conditions in January and February
- Transported volume in North Atlantic liner services up by 11.1% from Q1 2013
- Transported volume in reefer forwarding services up by 13.4% from Q1 2013
- Equity ratio was 64.2% at the end of March
- Forecasted EBITDA for the year 2014 unchanged, in the range of EUR 37 to 41 million

EUR thousands

Consolidated Income Statement	Q1 2014	Q1 2013	Change	%	12M 2013
Operating revenue	104,200	105,313	(1,113)	(1.1%)	433,824
Operating expenses	98,182	98,096	86	0.1%	396,770
Operating profit - EBITDA	6,018	7,217	(1,199)	(16.6%)	37,054
Depreciation and amortization	(5,656)	(5,134)	(522)	(10.2%)	(21,143)
Results from operating activities - EBIT	362	2,083	(1,721)	(82.6%)	15,911
Net finance income (expense)	(856)	949	(1,805)	-	(3,234)
Share of earnings of associated company	(27)	0	(27)	-	2
Net earnings (loss) before income tax	(521)	3,032	(3,553)	-	12,679
Income tax	(272)	(500)	228	(45.6%)	(1,862)
Net earnings (loss) for the period	(793)	2,532	(3,325)	-	10,817
Sales growth	(1.1%)	9.4%			2.4%
EBITDA / Sales	5.8%	6.9%			8.5%
EBIT / Sales	0.3%	2.0%			3.7%
Net debt / LTM EBITDA	0.85	0.77			0.89
Consolidated Statement of Financial Position	31.03.2014	31.03.2013	Change	%	31.12.2013
Assets	314,772	307,193	7,579	2.5%	314,365
Non-current assets	213,683	213,135	548	0.3%	216,096
Current assets	101,089	94,058	7,031	7.5%	98,269
Equity	202,124	202,219	(95)	(0.0%)	205,771
Liabilities	112,648	104,974	7,674	7.3%	108,594
Interest-bearing debt	57,990	55,575	2,415	4.3%	59,398
Net debt	30,503	31,598	(1,095)	(3.5%)	33,028
Tangible assets / Total assets	93.6%	93.5%			93.5%
Equity ratio	64.2%	65.8%			65.5%
Consolidated Statement of Cash Flows	Q1 2014	Q1 2013	Change	%	12M 2013
Net cash from (to) operating activities	5,697	(2,357)	8,054	-	20,537
Net cash used in investing activities	(2,824)	(8,045)	5,221	64.9%	(26,601)
Net cash used in financing activities	(1,844)	(2,478)	634	25.6%	(3,558)
Changes in cash and cash equivalents	1,029	(12,880)	13,909	-	(9,622)
Effects of exchange rate fluctuations on cash held	88	(447)	535	-	(1,312)
Cash and cash equivalents at the end of period	27,487	23,977	3,510	14.6%	26,370

GYLFI SIGFÚSSON, PRESIDENT AND CEO

"Results of the first quarter are in line with our expectations and it is positive to see that volume in the company's transportation system is growing. Transported volume in the North Atlantic liner services grew by 11.1% from the first quarter last year, with increases in all market areas except exports from Iceland due to a disappointing capelin season. Imported volume to Iceland has increased and we are seeing positive trend in categories such as vehicles and construction supplies which have been stagnant during recent years. Volume in the company's reefer forwarding services increased by 13.4% compared to the same period 2013, mainly due to increased transport from Europe to Asia, but revenues were down due to decreased prices in certain markets. The company's operating revenue amounted to EUR 104.2 million and decreased by 1.1% from the same quarter last year, reflecting the lower revenue from freight forwarding. The revenues were also affected by reduced services due to a strike action taken by a part of the crew of Herjólfur, the company's ferry operation in Iceland. Finally, the company sold less equipment in the first quarter this year compared to last year and the prior year included the divestiture of specialized container equipment no longer needed.

The first quarter's EBITDA amounted to EUR 6.0 million compared to EUR 7.2 million in the same period 2013. Eimskip's first quarter is seasonally the quarter of the year which contributes the lowest operational profit. Also, several important items affected the results in the first quarter of 2014 compared to previous year.

Adverse weather conditions in January and February negatively affected our sailing schedule which increased use of fuel and cost of overtime. In late March 2013, Eimskip increased its capacity by adding a vessel to the sailing schedule, resulting in increased cost of the sailing system which was not reflected in the full quarter of the prior year. It is good to see that the increased capacity supports the volume increase in the first quarter this year. Lastly, lower exports of capelin combined with increased imports caused an imbalance and resulted in higher cost related to repositioning of empty containers.

As the company experienced with the ferry operation, some uncertainty exists in the labor market in Iceland. Certain important collective agreements are still to be finalized, such as with the Seamen's Union of Iceland.

It is expected that the first of the two container vessels, which are currently being built for Eimskip in China, will be delivered this June. The first vessel will be given the name Lagarfoss and will be serving on the Yellow Line. The new vessel will replace one of the company's current vessels. A new amendment agreement for the ultimate delivery date of the second vessel has not been finalized and we now expect that the delivery will not occur until 2015. The delay of delivery will neither affect the sailing schedule nor services to Eimskip's customers.

Eimskip continues to evaluate its external growth opportunities to strengthen its current position in markets outside Iceland and in line with the company's vision of being a leading transportation company in the North Atlantic. The company continues working on preparing dual listing of its shares in relation to these potential investments.

It is constructive to see that imported volume to Iceland is growing since it gives hope of improving economic conditions in Iceland. We expect to see exports grow in the coming months with the upcoming mackerel catch around Greenland, Iceland, the Faroe Islands and Norway.

We keep our EBITDA forecast for the year 2014 unchanged in the range of EUR 37 to 41 million. Transported volume in the North Atlantic in April and the first two weeks of May seems to be consistent with the volume growth in the first quarter."

FIRST QUARTER OPERATIONS

Operating revenue in the first quarter amounted to EUR 104.2 million compared to EUR 105.3 million in the same period 2013, showing a decrease of 1.1%. Transported volume grew considerably from last year, both in the company's liner services and the reefer forwarding services. Revenue of the liner

services in first quarter amounted to EUR 76.8 million and increased by 2.8% from 2013. Volume of the company's liner services grew by 11.1% from the first quarter 2013. Revenue of the forwarding services amounted to EUR 27.4 million, showing a 10.5% decrease from the first quarter 2013. Transported volume in the reefer forwarding services grew by 13.4% compared to 2013, mainly due to increased transport from Europe to Asia. Fluctuations in international sea freight rates affect Eimskip's revenues, but rates in certain markets have decreased this year compared to the same period last year.

EBITDA amounted to EUR 6.0 million in the first quarter compared to EUR 7.2 million in the same period 2013, decreasing by 16.6%. The EBITDA ratio was 5.8% compared to 6.9% EBITDA ratio in the first quarter 2013.

Several important items affected the results of the first quarter compared to previous year. Imported volume to Iceland has increased, showing a positive trend in such categories as vehicles and construction supplies after some stagnation during recent years. There has also been growth in the Faroe Islands, Norway and the company's transatlantic services. Exported volume from Iceland decreased compared to the same period last year, mainly due to a poor capelin season. The revenue was also affected by a strike action taken by the crew of Herjólfur, the company's ferry operation in Iceland. It also affected the first quarter's revenue that the company sold less equipment in the first quarter this year compared to last year and the prior year included the divestiture of specialized container equipment no longer needed. Development of rates and volume combination negatively affected the revenue in the forwarding services. Adverse weather conditions the first two months of the year led up to delayed vessel services which results in rising cost of fuel and overtime. In March 2013 the company increased its total capacity by adding a vessel to the sailing schedule, resulting in increased cost of the sailing system. Even with increased import to Iceland, the decline of exported volume from Iceland causes imbalance in the company's transportation system and increases cost related to positioning of empty containers. It must be kept in mind while comparing the first quarters of 2013 and 2014 that the changes of the company's sailing schedule and capacity in late March 2013 were not reflected in the full quarter of that year.

Depreciation and amortization amounted to EUR 5.7 million compared to EUR 5.1 million in the first quarter 2013. The increase is mainly due to renewal of containers and regular dockings of vessels.

EBIT amounted to EUR 0.4 million compared to EUR 2.1 million in the first quarter 2013. The EBIT ratio was 0.3% compared to 2.0% in the same period last year.

Net finance expense amounted to EUR 0.9 million compared to EUR 0.9 million net finance income in the first quarter last year. The change is mainly explained by a EUR 0.2 million currency exchange loss this year compared to a currency exchange gain in the amount of EUR 1.3 million in the first quarter last year.

Net loss before income tax came to EUR 0.5 million compared to EUR 3.0 million net earnings in the first quarter 2013.

Income tax amounted to EUR 0.3 million in the first quarter compared to EUR 0.5 million in the same period 2013. Effective tax rate increases due to one of Eimskip's subsidiaries which is not recognizing a tax-loss carried forward.

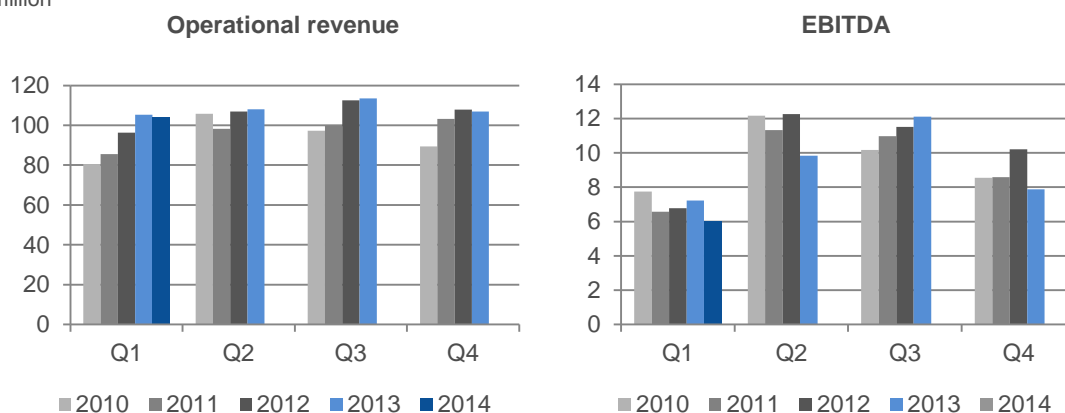
Net loss amounted to EUR 0.8 million compared to EUR 2.5 million net earnings in the same period last year.

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 2014.

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



Substantial changes were made in the company's sailing schedule in March 2013 which increased system capacity and in February 2014 adjustments were made to the system which had been affected by adverse weather conditions. A new sailing route, the Gray Line, was added between the Faroe Islands and Scotland to increase the flexibility of the sailing schedule and the service reliability for customers.

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.

BALANCE SHEET

- **Total assets EUR 314.8 million at the end of March**
- **Equity ratio 64.2%**
- **Interest-bearing debt EUR 58.0 million**
- **Net debt EUR 30.5 million**

The company's total assets stood at EUR 314.8 million as at 31 March 2014. In comparison, total assets amounted to EUR 314.4 million at year-end 2013.

Total non-current assets amounted to EUR 213.7 million at the end of March compared to EUR 216.1 million at year-end 2013. Net investments in non-current assets came to EUR 3.2 million in the first quarter.

Total current assets amounted to EUR 101.1 million at the end of March compared to EUR 98.3 million at the end of 2013. Cash and cash equivalents amounted to EUR 27.5 million at the end of first quarter compared to EUR 26.4 million at the same time 2013.

Equity amounted to EUR 202.1 million at the end of first quarter and the equity ratio was 64.2%. For comparison, equity stood at EUR 205.8 million and the equity ratio at 65.5% at the end of 2013. The Annual General Meeting at the end of March approved a dividend payment to be made in April in the amount of EUR 3.1 million that decreases equity and increases current liabilities at the end of the quarter.

Interest-bearing debt at the end of March amounted to EUR 58.0 compared to EUR 59.4 million at the end of 2013.

Net debt stood at EUR 30.5 million at the end of the quarter compared to EUR 33.0 million at year-end 2013 and the change is explained by an increase in cash and cash equivalents of EUR 1.1 million and a EUR 1.4 million decrease in debt.

CASH FLOWS AND INVESTMENTS

- **Net cash from operating activities EUR 5.7 million**
- **Net cash used in investing activities EUR 2.8 million**
- **Cash and cash equivalents EUR 27.5 million at the end of March**

Net cash from operating activities amounted to EUR 5.7 million in the first quarter compared to net cash to operating activities in the amount of EUR 2.3 million in the same period 2013. The change is mainly due to changes in operating assets and liabilities, but at year-end 2012 the company had unpaid investments in containers in the amount of EUR 4.0 million which affected changes in operating assets and liabilities in the first quarter 2013.

Net cash used in investing activities amounted to EUR 2.8 million in the first quarter compared to EUR 8.0 million in the same period 2013. Total investments in non-current assets amounted to EUR 3.3 million in the period. In the first quarter last year, total investments in non-current assets amounted to EUR 8.6 million, but then vessel investments amounted to EUR 5.6 million compared to almost no investments in vessels under construction this year.

Net cash used in financing activities amounted to EUR 1.8 million in the first quarter compared to EUR 2.5 million in the same period previous year.

Cash and cash equivalents increased by EUR 1.0 million compared to a EUR 12.9 million decrease in cash and cash equivalents in the first quarter 2013. Cash and cash equivalents at the end of March 2014 amounted to EUR 27.5 million compared to EUR 24.0 million at the end of March 2013.

EBITDA FORECAST 2014

The EBITDA forecast for the year 2014 is unchanged from what was presented with the publishing of Eimskip's financial statements for 2013 on 27 February 2014, or EBITDA in the range of EUR 37 to 41 million. The forecast includes no expected external growth.

SHAREHOLDERS

- **Eimskip's share price up by 15.9% from the company's listing**
- **The company's market capitalization was EUR 291.4 million on 21 May 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.

So far this year, the closing price has been in the range of ISK 226.00 to ISK 268.50 per share with an average closing price of ISK 245.23 per share. The closing price per share on 21 May 2014 was ISK 241.00 which represents a 15.9% price increase since the company's listing. The company's market capitalization on 21 May 2014 was ISK 45.0 billion, or EUR 291.4 million.

The total number of shares is 200,000,000 and 186,639,230 shares are outstanding. On 21 May 2014 there were 1,141 shareholders.

KEY FIGURES BY QUARTER

EUR thousands

Operating Results	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Operating revenue	104,200	106,875	113,524	108,112	105,313
Operating expenses	98,182	98,996	101,405	98,273	98,096
EBITDA	6,018	7,879	12,119	9,839	7,217
EBIT	362	2,392	6,625	4,811	2,083
Net earnings (loss) for the period	(793)	1,168	5,079	2,038	2,532
EBITDA / Sales	5.8%	7.4%	10.7%	9.1%	6.9%
EBIT / Sales	0.3%	2.2%	5.8%	4.5%	2.0%
Balance Sheet	31.03.2014	31.12.2013	30.09.2013	30.06.2013	31.03.2013
Assets	314,772	314,365	321,099	314,051	307,193
Equity	202,124	205,771	205,077	200,656	202,219
Liabilities	112,648	108,594	116,022	113,395	104,974
Interest-bearing debt	57,990	59,398	60,540	60,549	55,575
Net debt	30,503	33,028	33,864	33,087	31,598
Equity ratio	64.2%	65.5%	63.9%	63.9%	65.8%
Cash Flow	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net cash from (to) operating activities	5,697	7,172	7,420	8,226	(2,281)
Net cash used in investing activities	(2,824)	(4,980)	(7,090)	(6,486)	(8,045)
Net cash from (used in) financing activities	(1,844)	(2,049)	(956)	2,001	(2,554)
Cash and cash equivalents at the end of period	27,487	26,370	26,676	27,462	23,977

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 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 23 MAY 2014

Investors and market participants are invited to a meeting on Friday 23 May 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 the first quarter 2014. 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 consolidated interim financial statements for the period 1 January to 31 March 2014 at its meeting on 22 May 2014.

FINANCIAL CALENDAR

- Results for the second quarter 2014 will be published on 28 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.