



FIRST QUARTER 2014 FINANCIAL RESULTS

23 May 2014

EIMSKIP
COOL CHOICE IN LOGISTICS



KEY HIGHLIGHTS

First quarter

EUR million	Q1 2014	Q1 2013	Change	%
Operating revenue	104.2	105.3	(1.1)	(1.1%)
EBITDA	6.0	7.2	(1.2)	(16.6%)
EBIT	0.4	2.1	(1.7)	(82.6%)
CAPEX	3.3	8.6	(5.3)	(61.6%)
Net cash from (to) operating activities	5.7	(2.4)	8.0	-
Total assets	314.8	307.2	7.6	2.5%
Equity ratio	64.2%	65.8%		

KEY HIGHLIGHTS 2014

Several important items affected the results in Q1 2014

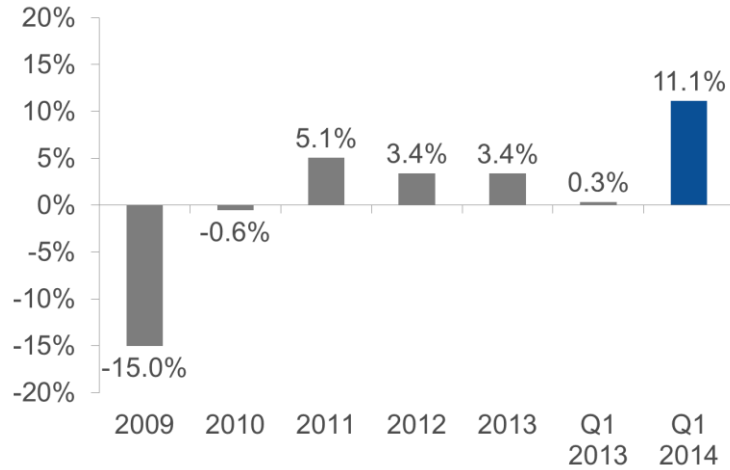
- Increased volume in reefer forwarding
 - Price decrease affecting gross revenue
- Import to Iceland is growing
 - Vehicles and construction supplies
- Export from Iceland decreased
 - Poor capelin season
- Volume related to the Faroe Islands, Norway and transatlantic services is growing
- Imbalance in cargo flow
 - Cost of positioning of empty containers
- Adverse weather conditions in January and February
 - Caused delays, leading to higher cost of fuel and overtime
- Increased capacity of the sailing system in March 2013 affects the comparison between Q1 2013 and 2014
- Strike affecting the results of the ferry Herjólfur
- Less equipment sold than in Q1 last year



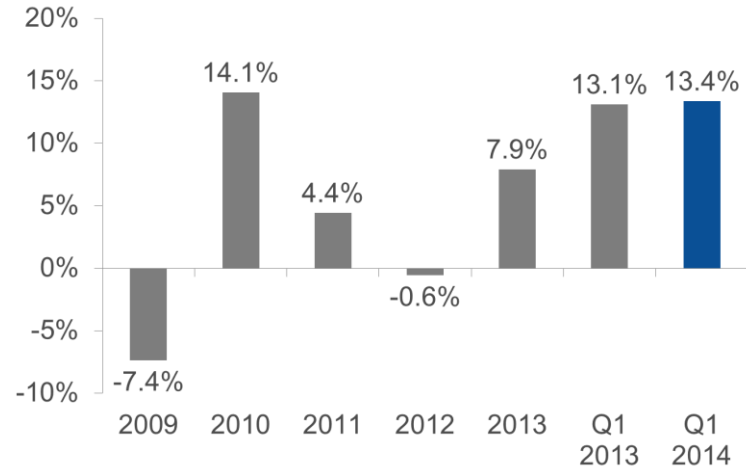
TRANSPORTED VOLUME 2009 TO 2014

Changes from previous year

Liner services



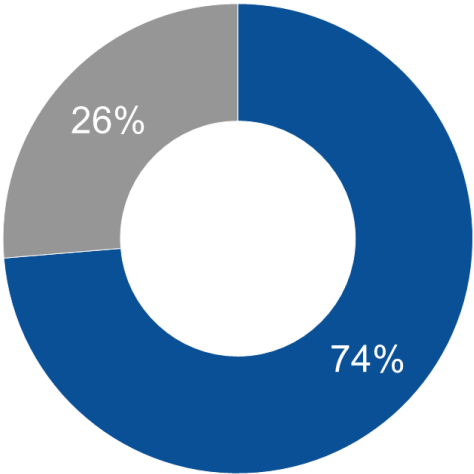
Reefer forwarding



OPERATING REVENUE BY SEGMENT

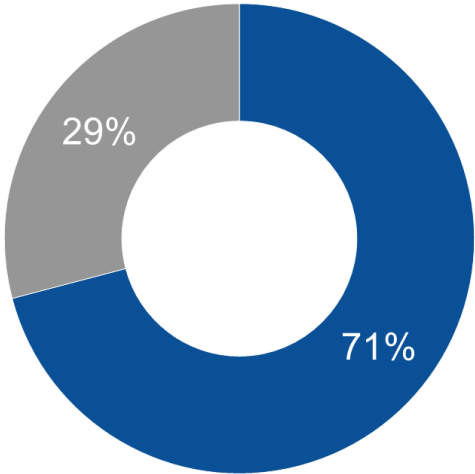
Liner services and forwarding services

Q1 2014



■ Liner services ■ Forwarding services

Q1 2013

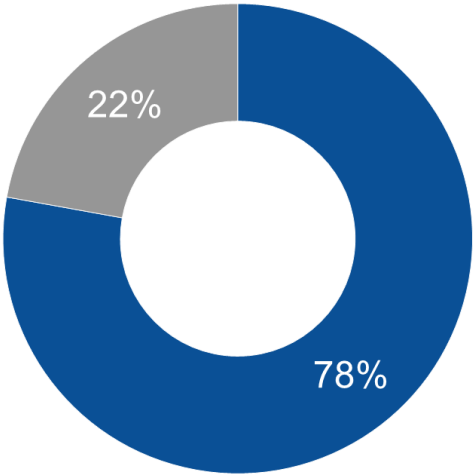


■ Liner services ■ Forwarding services

EBITDA BY SEGMENT

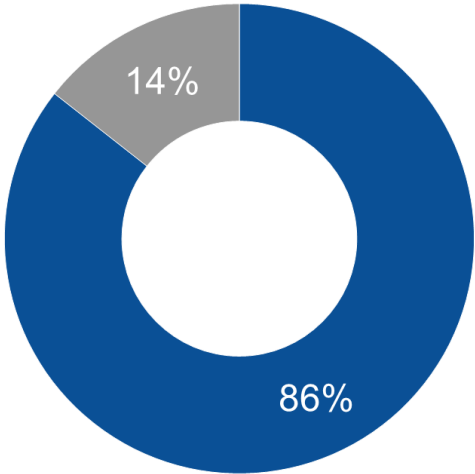
Liner services and forwarding services

Q1 2014



■ Liner services ■ Forwarding services

Q1 2013

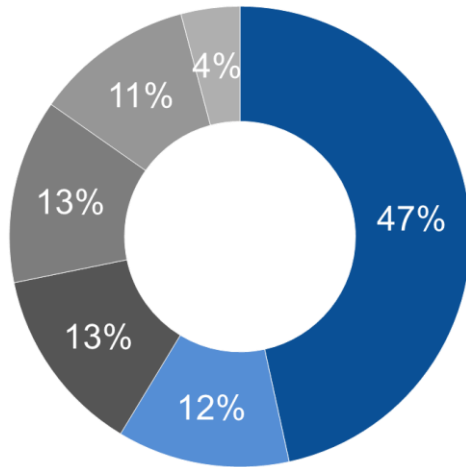


■ Liner services ■ Forwarding services

GEOGRAPHICAL SPLIT OF OPERATING REVENUE

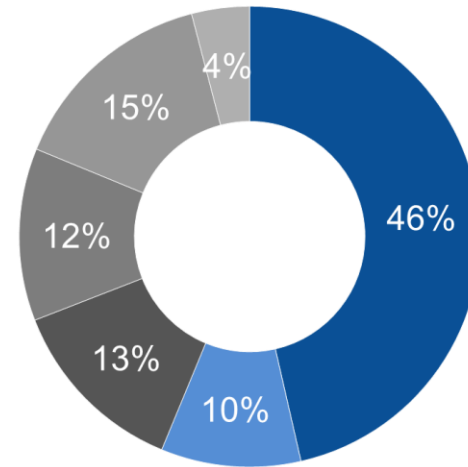
Less than half of operating revenue is related to Iceland

Q1 2014



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

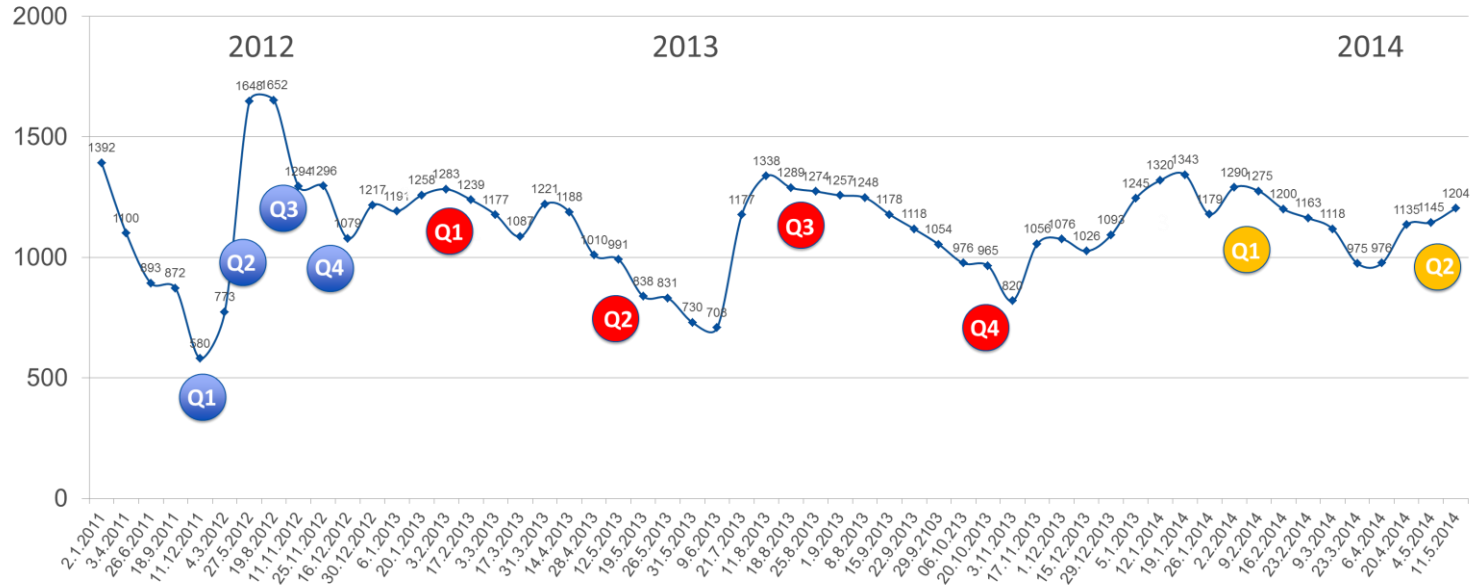
Q1 2013



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

FREIGHT INDEX CHINA - EUROPE

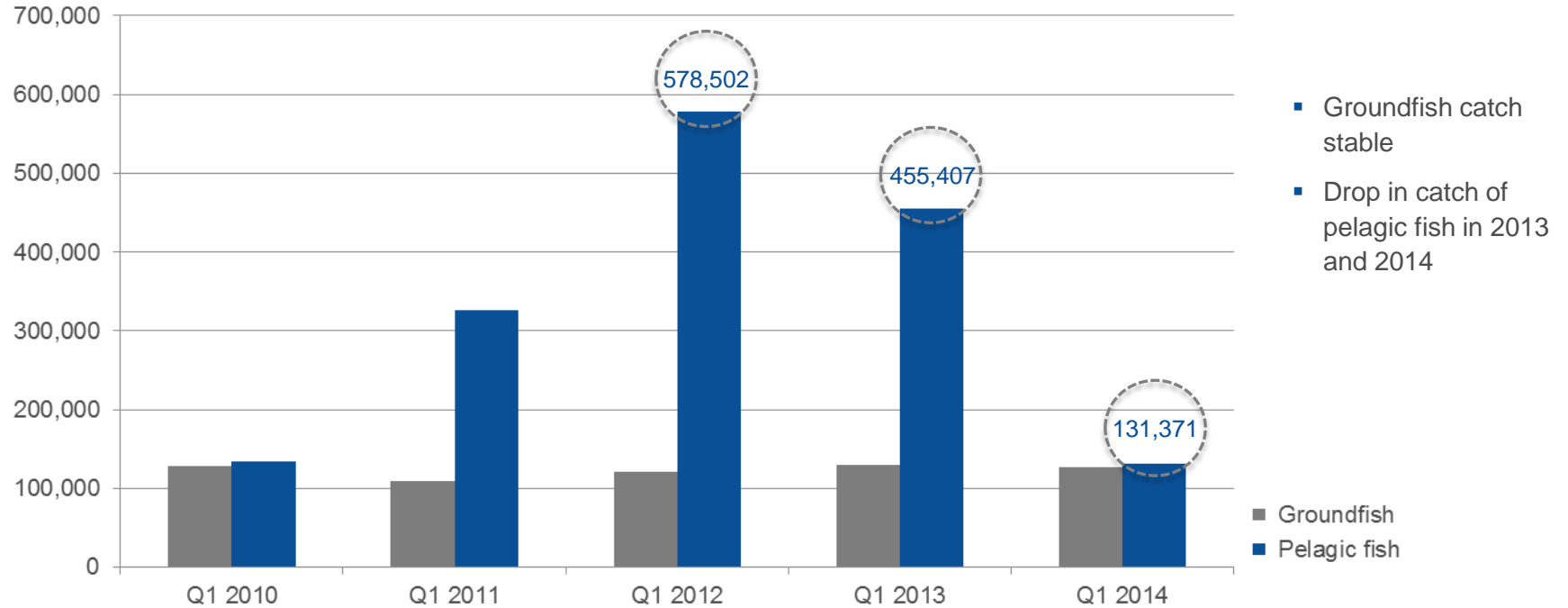
Fluctuations in pricing from the deep sea carriers 2011 to 2014



Source: www.shippingchina.com

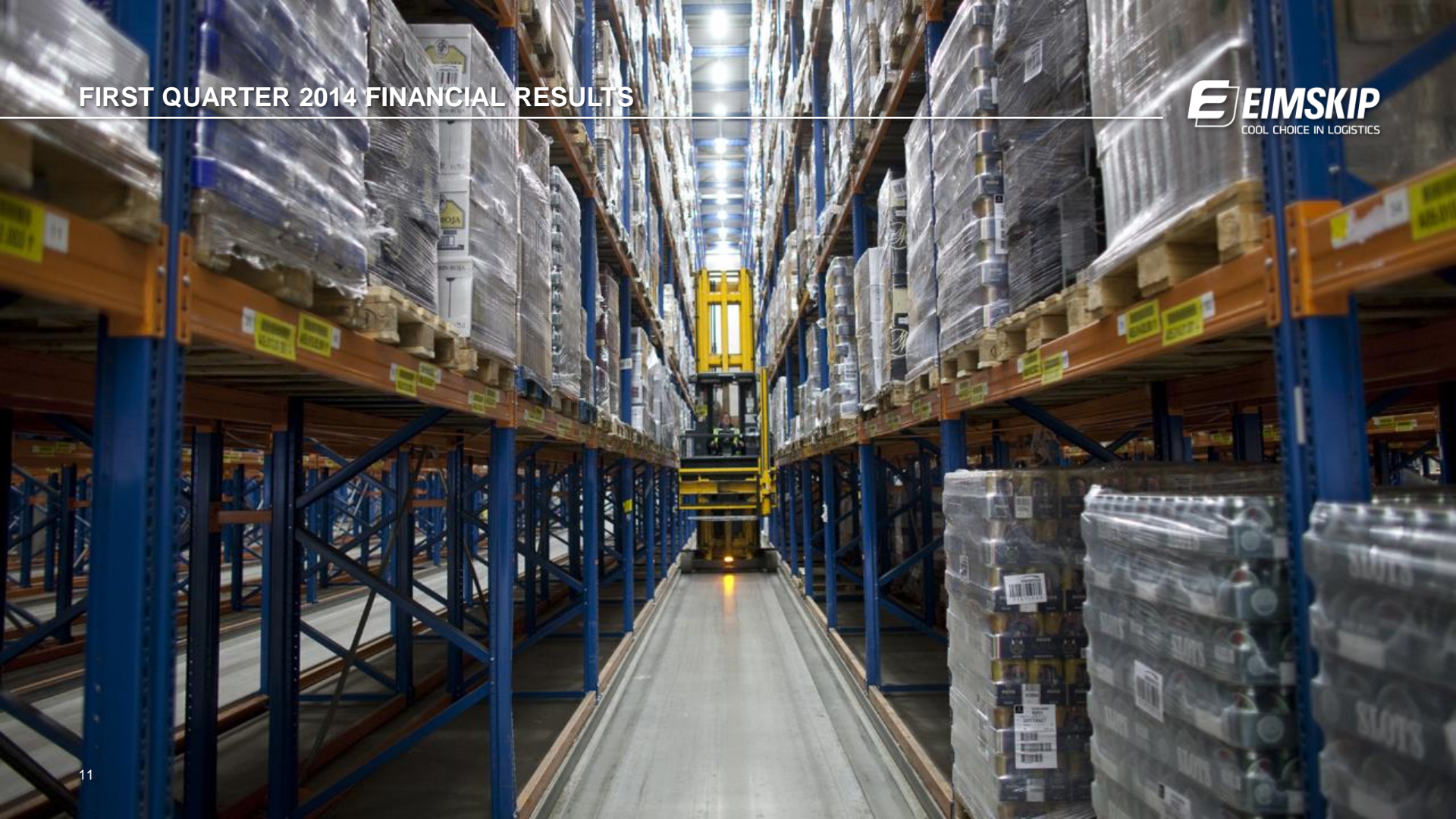
FISH CATCH IN ICELAND

Q1 2010 to 2014



Source: Fiskistofa

FIRST QUARTER 2014 FINANCIAL RESULTS



INCOME STATEMENT

In line with the company's budget

- Q1 is seasonally the slowest quarter of the year
- Revenue generally affected by prices, cargo combination and currency exchange rates
- Q1 results affected by several important items
 - Growth in import to Iceland
 - Decreased export from Iceland
 - Growing volume related to the Faroe Islands, Norway and transatlantic services
 - Imbalance in cargo flow causes increased cost of positioning empty containers
 - Adverse weather conditions during the two first months increased cost of fuel and overtime
 - Increased capacity of the sailing system in March 2013 affects comparison between Q1 2013 and 2014
 - Strike affecting the results of the ferry Herjólfur
 - Fewer containers sold than in Q1 2013
- Increased depreciation due to renewal of containers and regular dockings of vessels
- Change from net finance income to net finance expense due to EUR 0.2 million currency exchange loss this year compared to EUR 1.3 million currency exchange gain last year

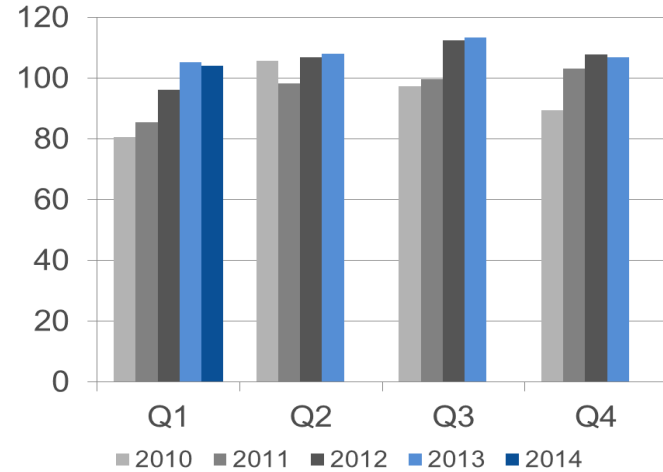
EUR thousands	Q1 2014	Q1 2013	Change	%
Operating revenue	104,200	105,313	(1,113)	(1.1%)
Operating expenses	98,182	98,096	86	0.1%
EBITDA	6,018	7,217	(1,199)	(16.6%)
Depreciation and amortization	(5,656)	(5,134)	(522)	(10.2%)
EBIT	362	2,083	(1,721)	(82.6%)
Net finance income (expense)	(856)	949	(1,805)	-
Share of earnings of associated company	(27)	0	(27)	-
Net earnings before income tax	(521)	3,032	(3,553)	-
Income tax	(272)	(500)	228	(45.6%)
Net earnings for the period	(793)	2,532	(3,325)	-

OPERATING REVENUE AND EBITDA BY QUARTER

Adjusted for one-off items in 2011 and 2012

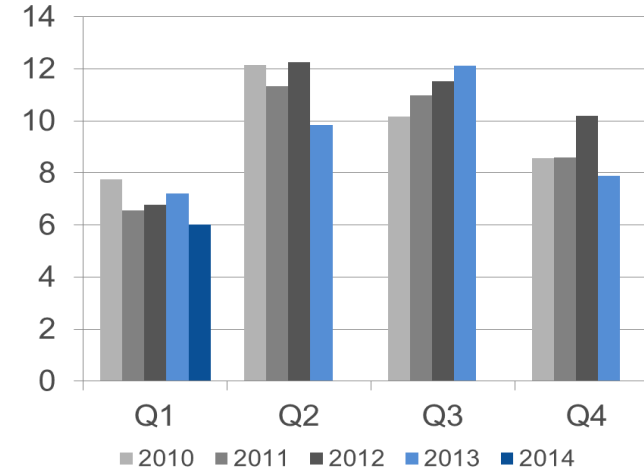
Operating revenue

EUR million



EBITDA

EUR million



BALANCE SHEET

Solid with low leverage

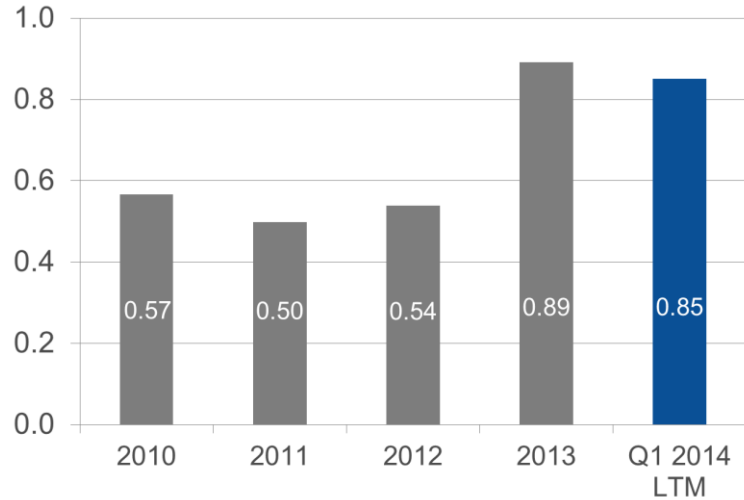
- Equity decreased by EUR 3.6 million, mainly due to EUR 3.1 million declared dividend
- Equity ratio was 64.2% at the end of Q1 compared to 65.5% at year-end 2013
- Current liabilities increased by EUR 5.3 million, mainly explained by the unpaid dividend at the end of Q1
- Total interest bearing debt amounted to EUR 58.0 million at the end of Q1 compared to EUR 59.4 million at the end of 2013
- Net debt amounted to EUR 30.5 million at the end of Q1 compared to EUR 33.0 million at year-end 2013

EUR thousands	31.3.2014	31.12.2013	Change	%
Non-current assets	213,683	216,096	(2,413)	0.3%
Current assets	101,089	98,269	2,820	2.9%
Total assets	314,772	314,365	407	2.5%
Total equity	202,124	205,771	(3,647)	(0.0%)
Non-current liabilities	43,147	44,436	(1,289)	(10.1%)
Current liabilities	69,501	64,158	5,343	22.0%
Total liabilities	112,648	108,594	4,054	7.3%
Total equity and liabilities	314,772	314,365	407	0.1%

FINANCIAL RATIOS

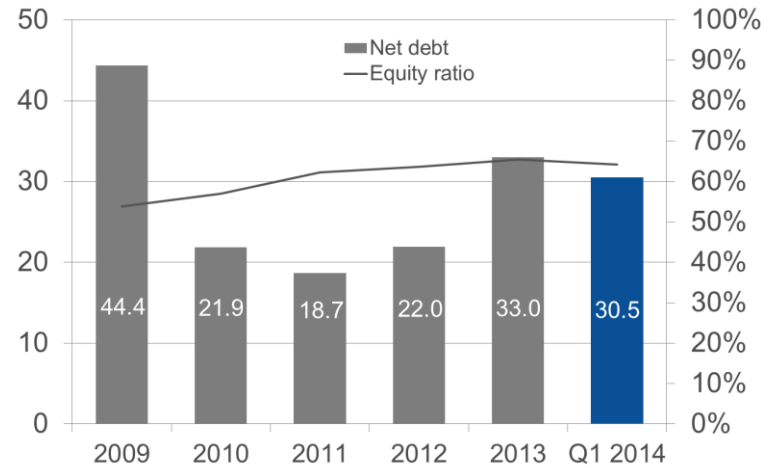
Net debt / EBITDA (adjusted)

EUR million



Net debt and equity ratio

EUR million



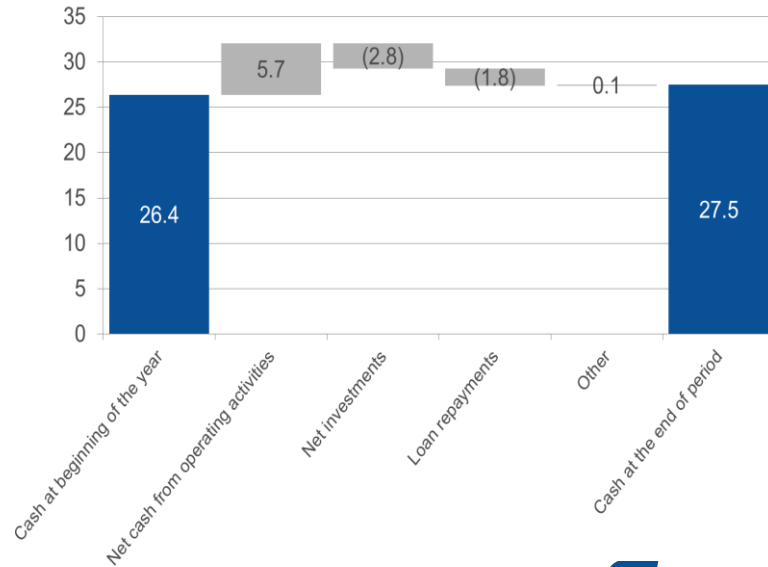
CASH FLOWS AND CASH FLOW BRIDGE

CAPEX is decreasing between years

EUR thousands	Q1 2014	Q1 2013	Change	%
Cash flows from operations	5,697	(2,357)	8,054	-
Investing activities	(2,824)	(8,045)	5,221	64.9%
Financing activities	(1,844)	(2,478)	634	25.6%
Changes in cash and cash equivalents	1,029	(12,880)	13,909	-
Cash at the beginning of the period	26,370	37,304	(10,934)	(29.3%)
Exchange rate fluctuations	88	(447)	535	-
Cash at the end of period	27,487	23,977	3,510	14.6%

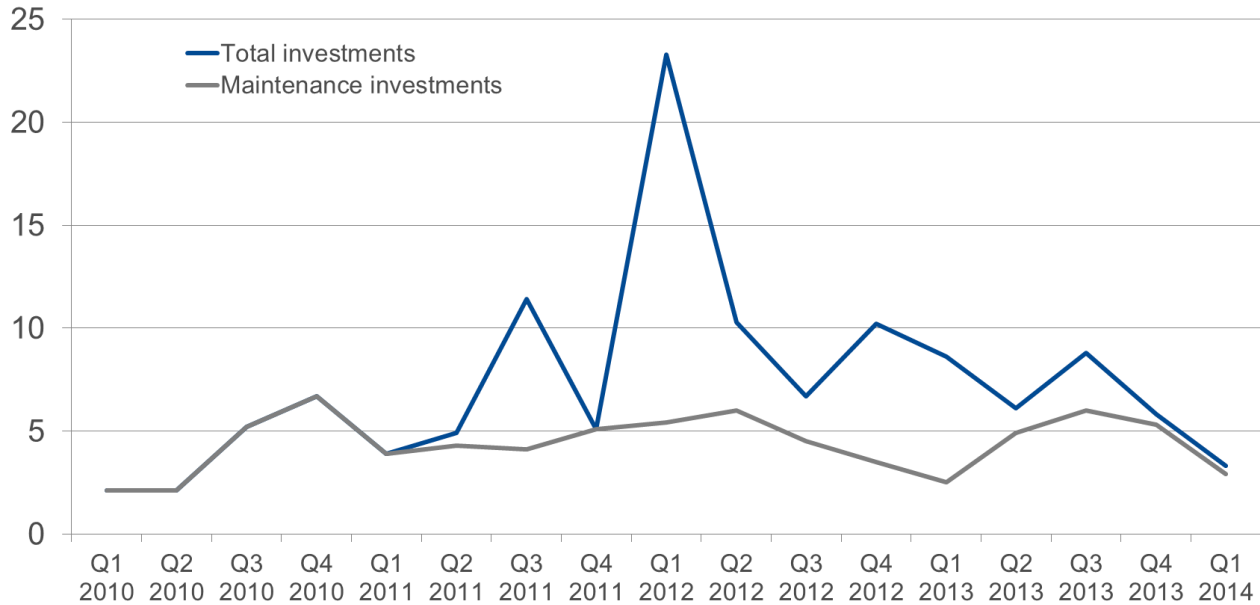
Cash flow bridge

EUR million



CAPEX 2010 TO 2014

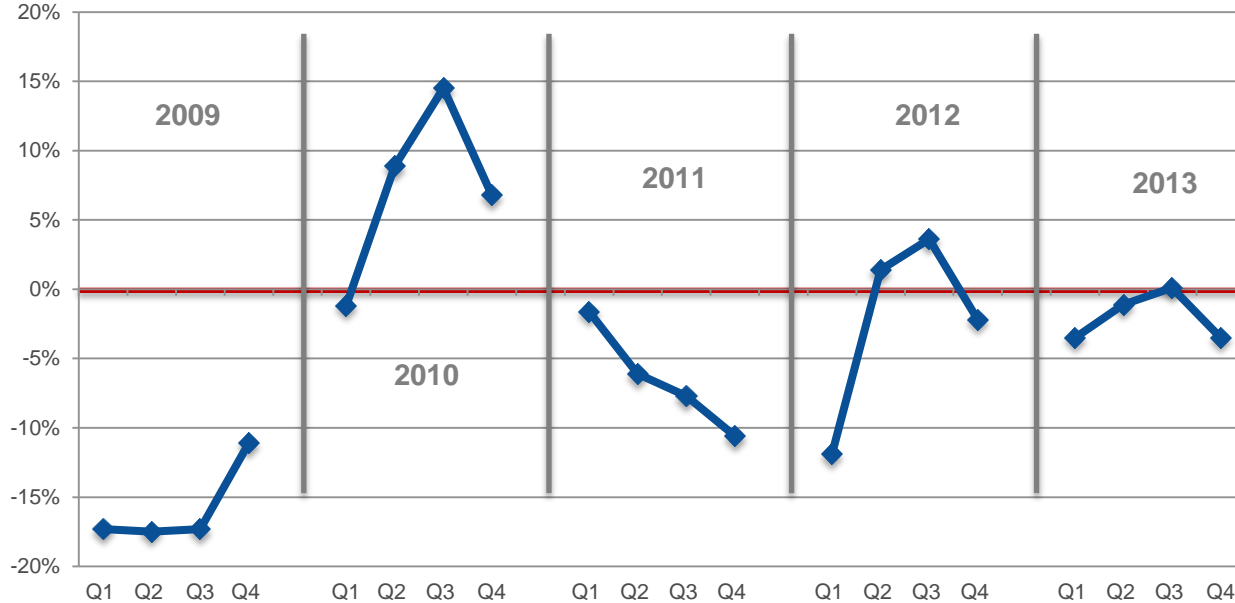
Affected by vessel investments





AVERAGE LARGE CARRIER OPERATING PROFIT MARGIN

2009 to 2013 by quarter

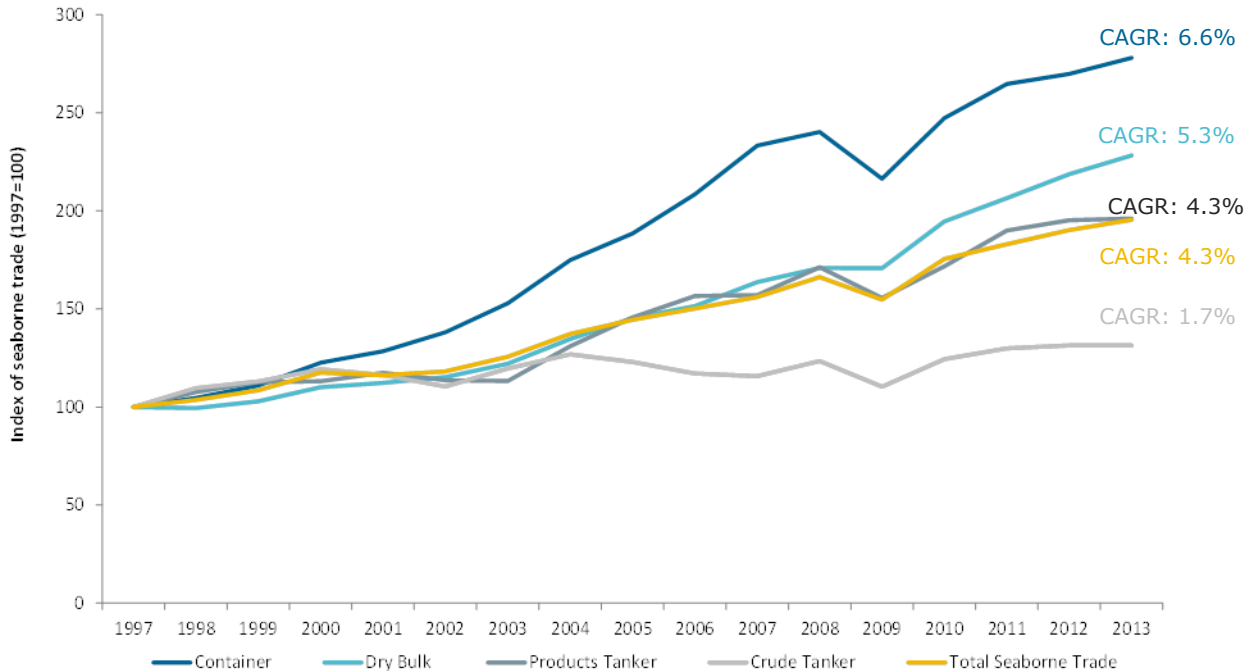


- The five of the top carriers that already have disclosed their results for Q1 2014 are showing around -4% margin (operating loss)

Source: Alphaliner, profit margin for 30 top carriers

CONTAINER TRADE HISTORICAL GROWTH

Index of seaborne trade

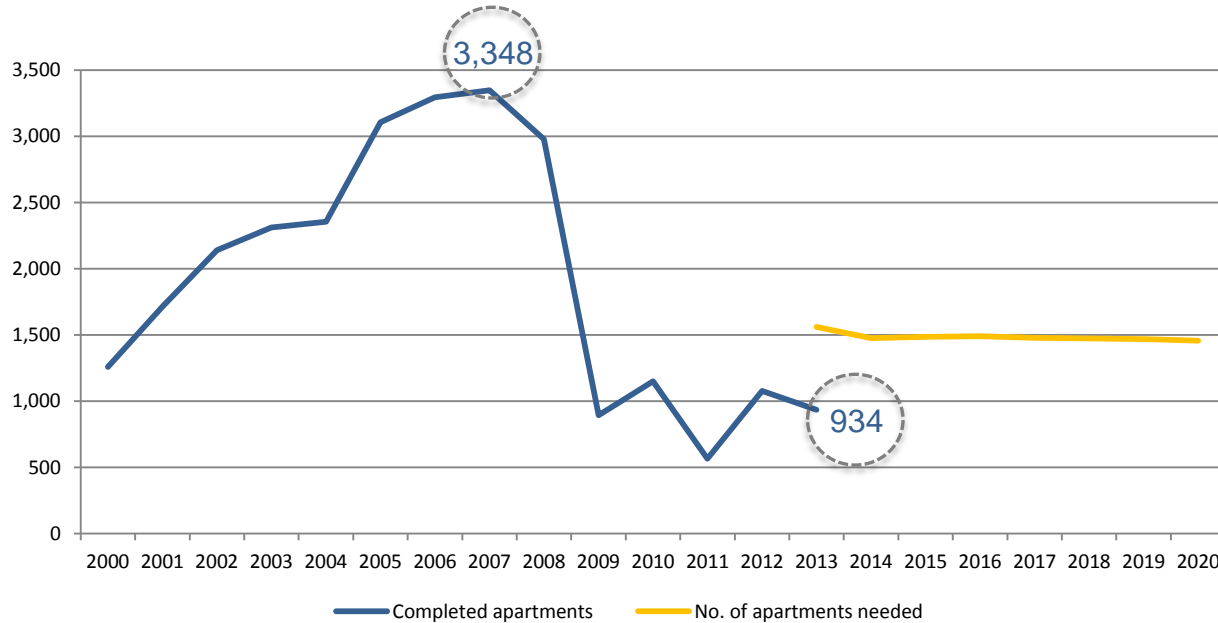


- Total seaborne trade has grown at a rate of 4.3% over the same period
- Global containerized trade has grown at an annual rate of 6.6% since 1997, resulting in almost a triple increase in containerized cargo movements
- Positive growth outlook short-medium term, driven mainly by US and Asian economies

Source: Maersk Broker

NUMBER OF APARTMENTS IN ICELAND

2000 to 2020



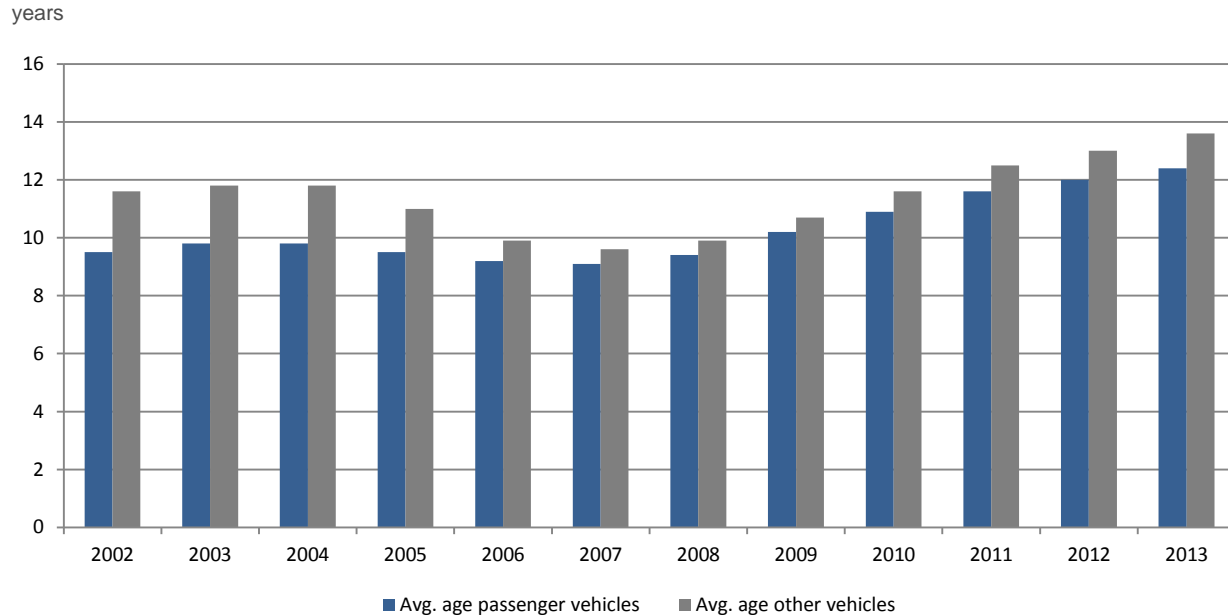
- There is an average annual need for 1,500* new residential properties in the coming years 2014 to 2020
- One apartment equals one 40' container (2 TEU)

**About 3,000 TEU
equal to
7 voyages with
Brúarfoss**

* Net demand for residential property in Iceland, according to Statistics Iceland's forecast on population development and assumptions on the size of an average household

AVERAGE AGE OF VEHICLES IN ICELAND IS INCREASING

2002 to 2013



- Required additional one-off import to reduce average age to 2002 levels*:

**40,000 = 20,000 TEU
equal to
41 voyages with
Brúarfoss**

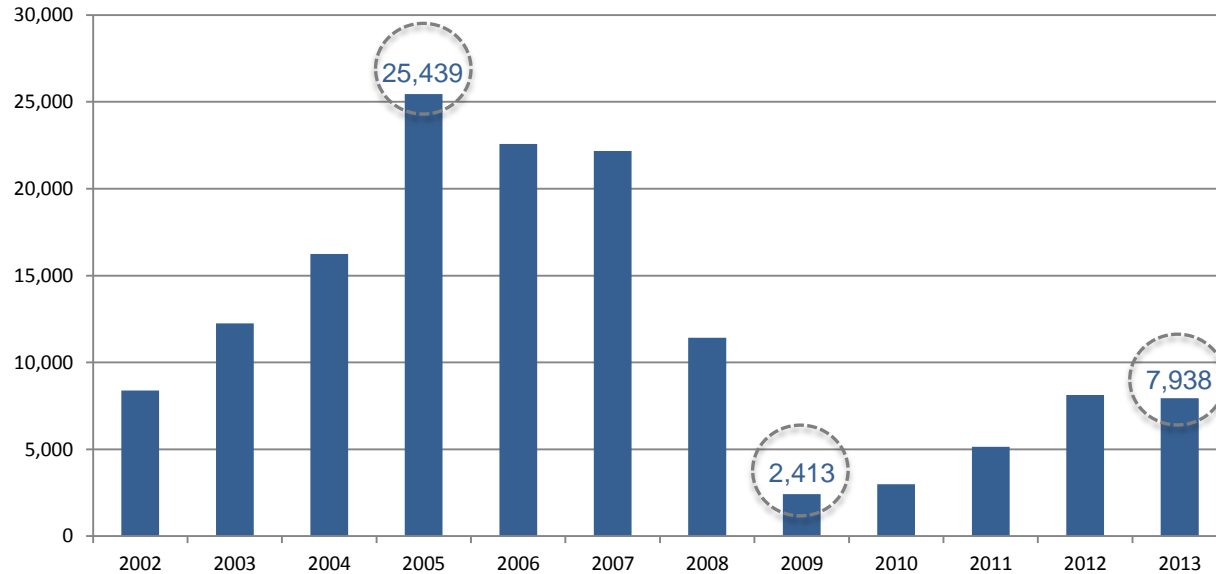
- Required annual import to maintain 2013 average age*:

**About 7,250 TEU
equal to
15 voyages with
Brúarfoss**

* Based on Eimskip's assumptions on de-registrations and age distribution

NEW REGISTRATION OF MOTOR VEHICLES IN ICELAND

2002 to 2013

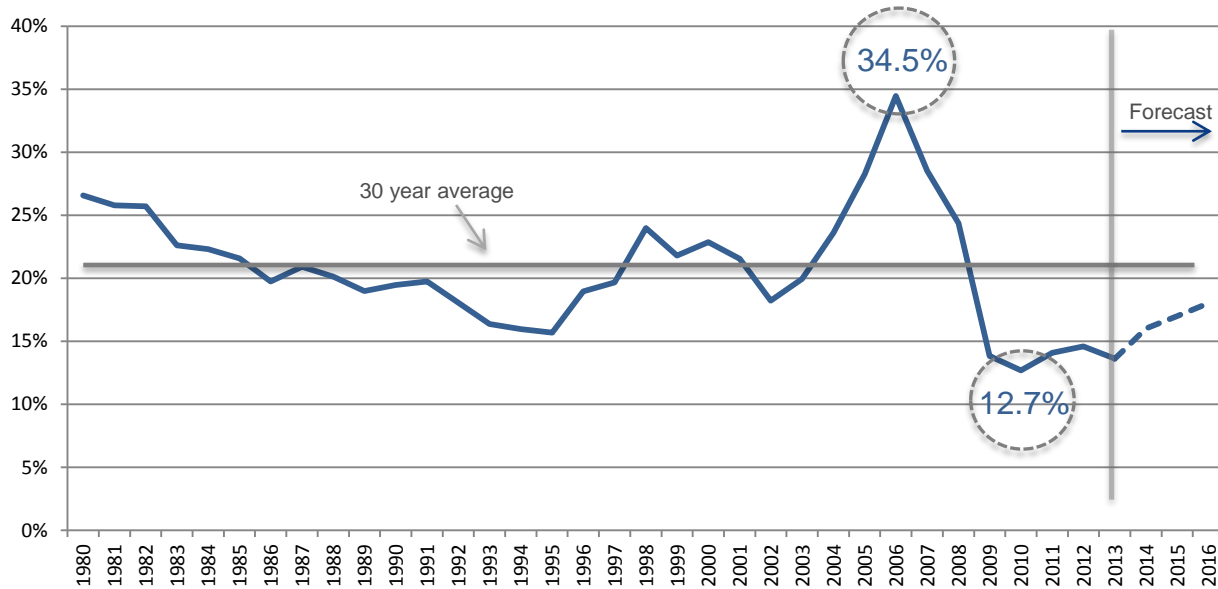


- Import of vehicles dominated by car rentals
- Vehicle purchases by individuals still at historically low levels

Source: www.statice.is

INVESTMENT AS A SHARE OF GDP IN ICELAND

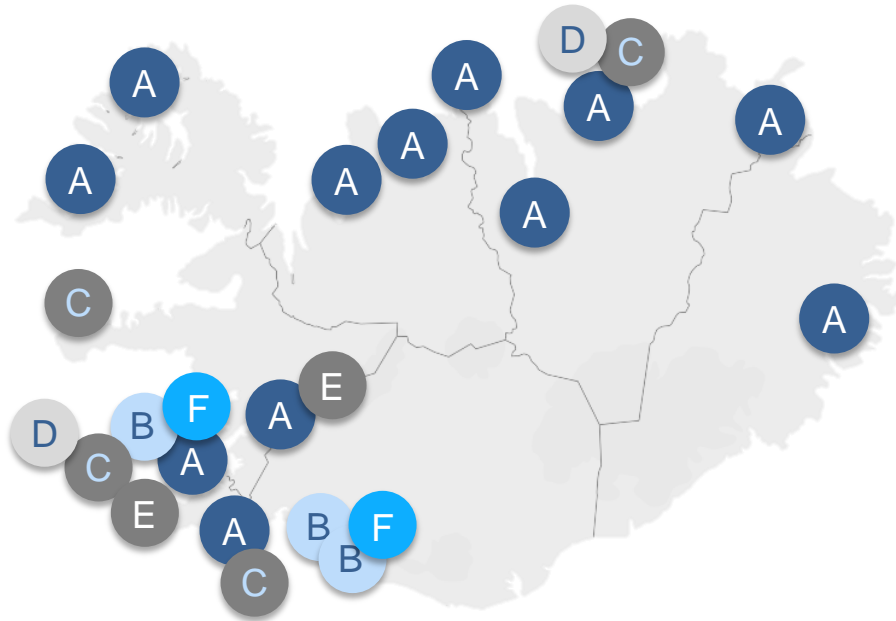
1980 to 2016



- Investment is well below a historical average
- According to Arion Bank research and the Central Bank of Iceland, a slight increase in investment is expected in the years 2014 to 2016
- In 2013 there was a gap of ISK 125 billion for investments to reach the average share of GDP

Source: www.statice.is, www.sedlabanki.is and www.arionbanki.is

MANY PLANNED LARGE SCALE PROJECTS IN ICELAND

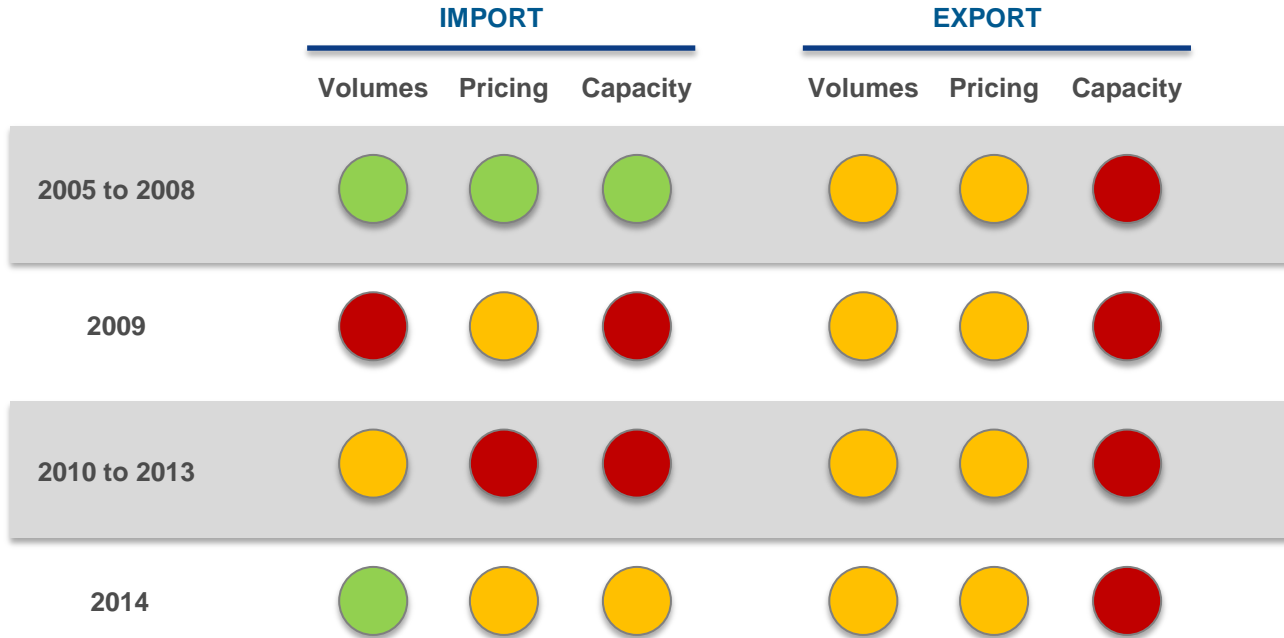


- A** Intentions/talks (18)
- B** Feasibility study (3)
- C** Letter of intent/investment contract (5)
- D** Off take agreement (silicon projects in Helguvík and Húsavík)
- E** Recently launched (GMR steel recycling, Algalif)
- F** Construction about to commence (Alvogen and various Hotel projects)

Source: As published on www.mbl.is on 22 March 2014, discussing increased interest among investors

DEVELOPMENT OF THE ICELANDIC TRANSPORT MARKET

2005 to 2014

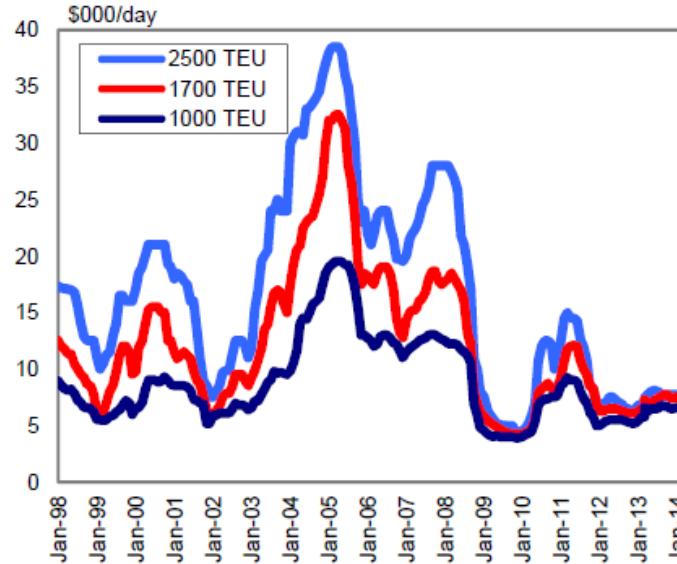


HISTORICAL T/C RATES FROM 1998 TO END OF APRIL 2014

Time charter at historically low levels

- Time charter rates peaked in 2006
- Time charter have been at historically low levels since the end of 2009 due to the situation of the world economy
- Many owners have been forced to sell their vessels and many have gone bankrupt
- The KG system in Germany that did supply many feeder vessels in Europe has collapsed

Geared containership charter rates



Source: Clarkson



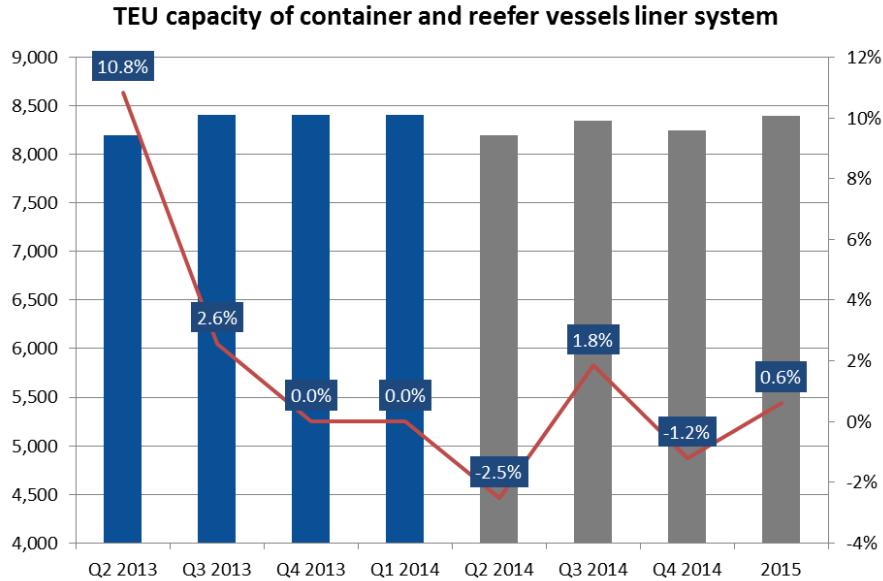
NEW BUILDINGS IN CHINA

Estimated delivery of Lagarfoss is at the end of June

- The first of the two vessels will be given the name Lagarfoss and will be the 7th vessel with that name
- The main engine was started at the end of April
- Sea trial is scheduled in early June
- Delivery is scheduled in the end of June
- The vessel is expected to be in Iceland late August
- Vessel fleet changes in the coming months
 - 500 TEU vessel in services between the Faroe Islands and Scotland replacing a 700 TEU vessel
 - The new Lagarfoss is 875 TEU and will replace the 724 TEU Selfoss on the Yellow Line
 - Selfoss will replace one of the chartered vessels or will be chartered on bareboat in a different market

ESTIMATED DEVELOPMENT OF TEU CAPACITY

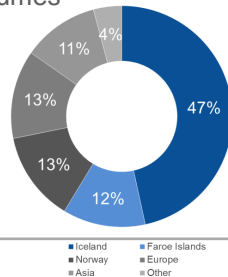
Container and reefer vessels in liner trade in the North Atlantic



DIVERSIFYING OPERATIONS

External growth

- External growth project with the intention of diversifying operations and increasing stability in earnings
- Eimskip's Annual General Meeting 2014 approved to increase the share capital by 110 million shares
- Expansion project at an early stage with Eimskip currently evaluating different opportunities
- Dual listing will provide
 - Source of foreign currency enabling Eimskip to make material acquisitions overseas and facilitate the use of stock in acquisitions
 - Improved access to investors and increased analyst coverage which should increase trading volumes
 - Better access to debt-financing alternatives





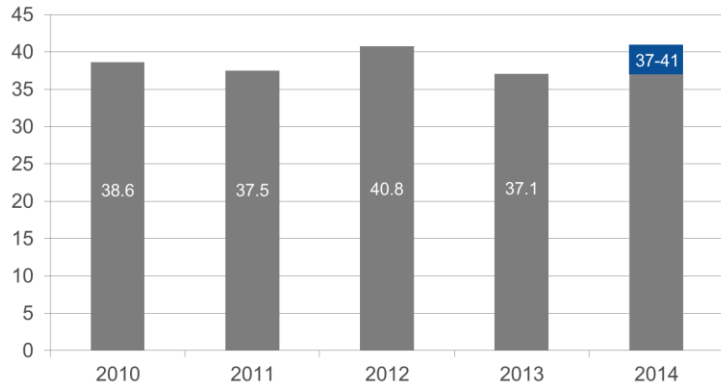
GROWTH IN LINE WITH STRATEGY

Through joint ventures and acquisitions

- Focus on operations in Eimskip's home market where synergy is a clear driver in evaluation of potential targets
- Reasonably sized acquisitions or joint venture projects
 - Container liner operations
 - Reefer and dry vessel operations
 - Vessel investment / management
 - Terminal operations
 - Port located cold storages with strong connection to the seafood industry
 - Trucking to serve Eimskip's needs and third party
 - Custom clearance / brokerage serving liner trade
- Reefer logistics worldwide
 - Freight forwarding companies
 - Continued focus on opening new offices supporting existing network

OUTLOOK FOR 2014

- Opportunities to benefit from increased volume to and from Iceland
- International operations well positioned for organic and external growth
- EBITDA forecast for this year EUR 37 to 41 million which includes no external growth



Q & A

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