



## SECOND QUARTER 2014 FINANCIAL RESULTS

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29 August 2014

**EIMSKIP**  
COOL CHOICE IN LOGISTICS

HIGHLIGHTS



## KEY HIGHLIGHTS

Q2 and 6M

EUR million	Q2 2014	Q2 2013	Change	%	6M 2014	6M 2013	Change	%
Operating revenue	109.0	108.1	0.9	0.8%	213.2	213.4	(0.2)	(0.1%)
EBITDA	11.0	9.8	1.2	12.3%	17.1	17.1	0.0	0.1%
EBIT	5.1	4.8	0.3	7.0%	5.5	6.9	(1.4)	(20.1%)
CAPEX	6.8	6.1	0.7	11.8%	10.2	14.7	(4.5)	(30.9%)
Net cash from operating activities	8.2	8.2	0.0	-	13.9	5.9	8.0	134.2%
Total assets	315.9	314.1	1.8	0.6%	315.9	314.1	1.8	0.6%
Equity ratio	65.4%	63.9%			65.4%	63.9%		

## KEY HIGHLIGHTS 2014

First six months

- Improved EBITDA results in Q2 offset the low results in Q1
- Transported volume in the company's North Atlantic liner services grew by 9.1% from the same period 2013
  - According to Statistics Iceland, total import volumes to Iceland increased by 4.5% and export decreased by 5.1% during the first six months 2014
  - Eimskip's volumes to Iceland increased but export decreased
  - Volumes related to the Faroe Islands, Norway and transatlantic cargo have been growing
- Transported volume in the company's reefer forwarding services grew by 9.2% from the first six months last year
  - Mainly due to increased activity in inbound cargo
- Changes of the Red Line and the new Gray Line in Q1 made the company's sailing system more efficient
- Adverse weather conditions in January and February and a strike on the ferry Herjólfur in Q1 negatively affected the results

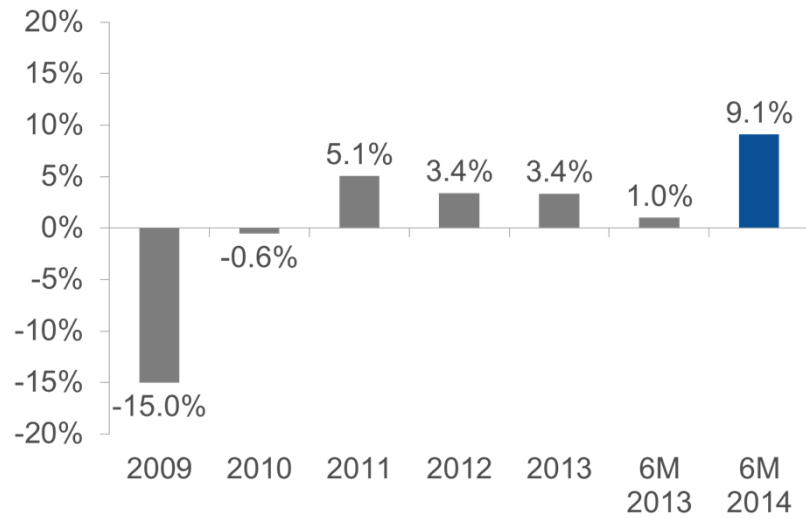


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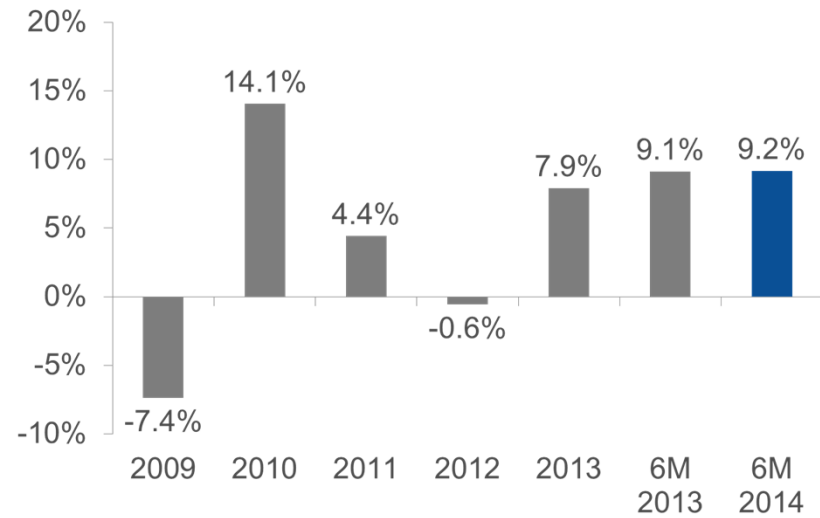
## TRANSPORTED VOLUME 2009 TO 2014

Changes from previous year

### Liner services



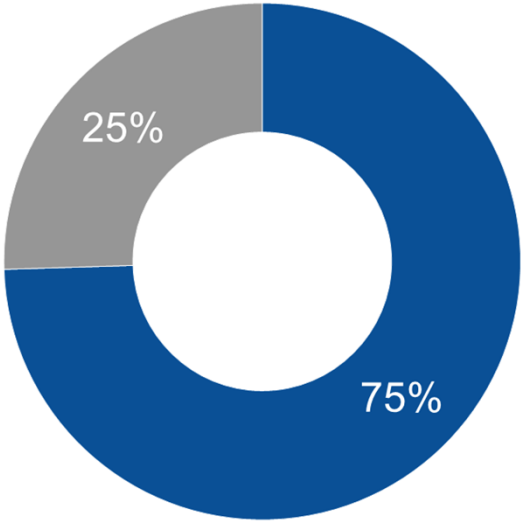
### Reefer forwarding



# OPERATING REVENUE BY SEGMENT

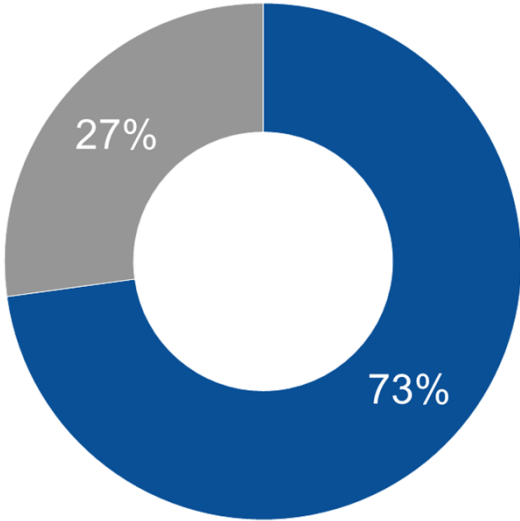
Liner services and forwarding services

6M 2014



■ Liner services ■ Forwarding services

6M 2013

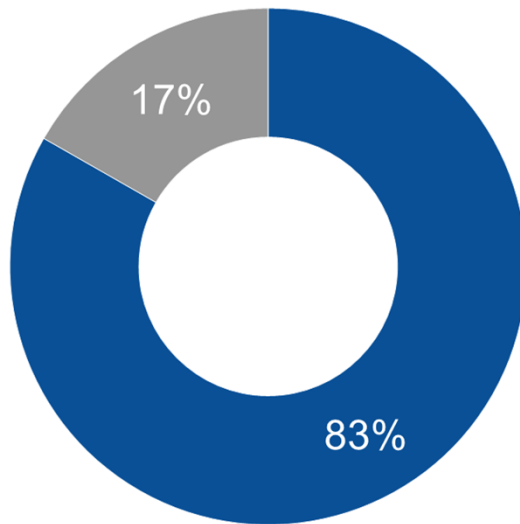


■ Liner services ■ Forwarding services

## EBITDA BY SEGMENT

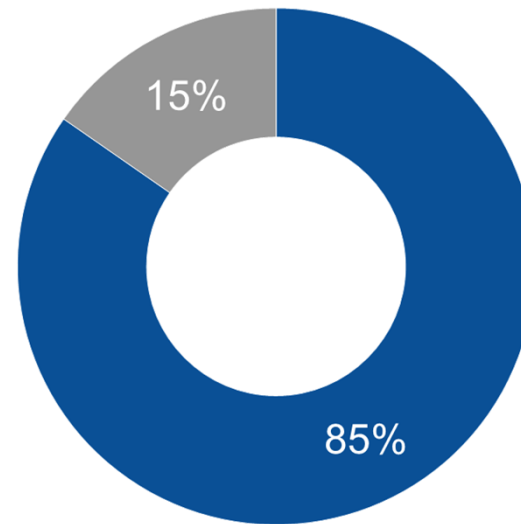
Liner services and forwarding services

6M 2014



■ Liner services ■ Forwarding services

6M 2013

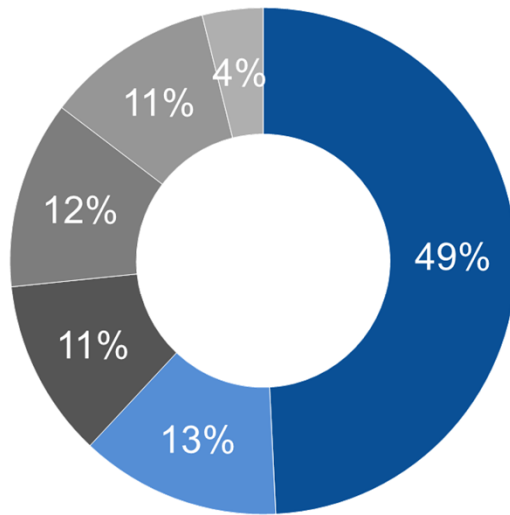


■ Liner services ■ Forwarding services

## GEOGRAPHICAL SPLIT OF OPERATING REVENUE

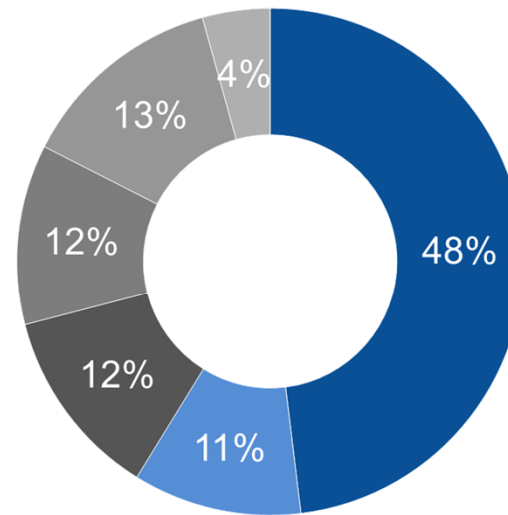
Less than half of operating revenue is related to Iceland

6M 2014



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

6M 2013

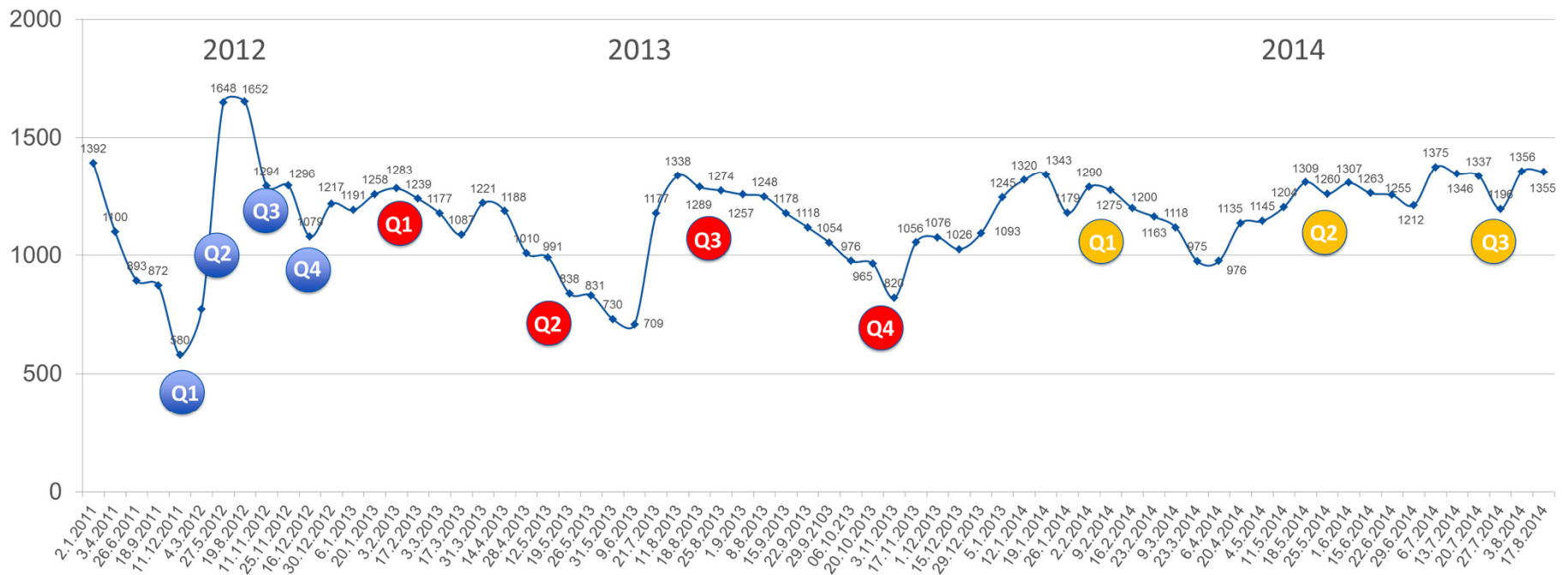


■ Iceland  
■ Norway  
■ Asia  
■ Faroe Islands  
■ Europe  
■ Other



# FREIGHT INDEX CHINA - EUROPE

Fluctuations in pricing from the deep sea carriers 2011 to 2014



Source: www.shippingchina.com

Q2 AND 6M 2014 FINANCIAL RESULTS



## INCOME STATEMENT

In line with the company's budget

EUR thousands	Q2 2014	Q2 2013	Change	%	6M 2014	6M 2013	Change	%
Operating revenue	108,978	108,112	866	0.8%	213,178	213,425	(247)	(0.1%)
Operating expenses	97,929	98,273	(344)	(0.4%)	196,111	196,369	(258)	(0.1%)
<b>EBITDA</b>	<b>11,049</b>	<b>9,839</b>	<b>1,210</b>	<b>12.3%</b>	<b>17,067</b>	<b>17,056</b>	<b>11</b>	<b>0.1%</b>
Depreciation and amortization	(5,903)	(5,028)	(875)	(17.4%)	(11,559)	(10,162)	(1,397)	(13.7%)
<b>EBIT</b>	<b>5,146</b>	<b>4,811</b>	<b>335</b>	<b>7.0%</b>	<b>5,508</b>	<b>6,894</b>	<b>(1,386)</b>	<b>(20.1%)</b>
Net finance income (expense)	86	(2,067)	2,153	-	(770)	(1,118)	348	31.1%
Share of earnings of associated company	115	0	115	-	88	0	88	-
<b>Net earnings before income tax</b>	<b>5,347</b>	<b>2,744</b>	<b>2,603</b>	<b>94.9%</b>	<b>4,826</b>	<b>5,776</b>	<b>(950)</b>	<b>(16.4%)</b>
Income tax	(754)	(706)	(48)	(6.8%)	(1,026)	(1,206)	180	14.9%
<b>Net earnings for the period</b>	<b>4,593</b>	<b>2,038</b>	<b>2,555</b>	<b>125.4%</b>	<b>3,800</b>	<b>4,570</b>	<b>(770)</b>	<b>(16.8%)</b>

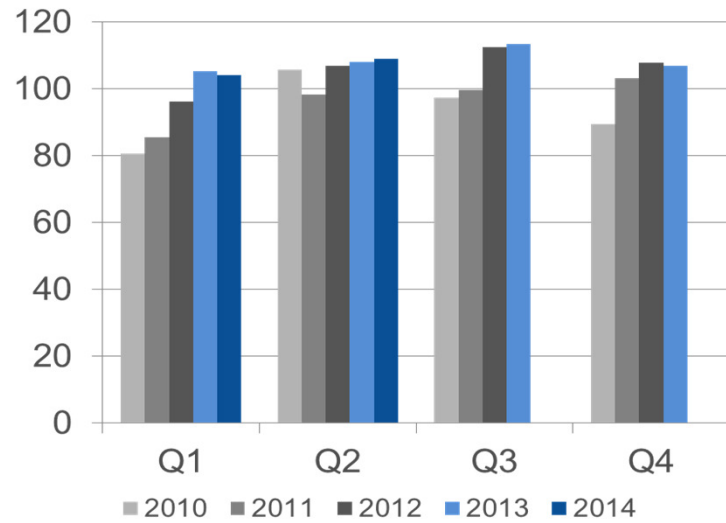
- Improved EBITDA results in Q2 offset the low results in Q1
- Results affected by the following items
  - Revenue generally affected by rates, cargo combination and currency exchange rates
  - Growth in import to Iceland but decreased export
  - Growing volume related to the Faroe Islands, Norway and transatlantic cargo
  - Adverse weather conditions during the first two months 2014 increased cost but changes of the sailing schedule by repositioning vessels on routes decreased operational cost in Q2
- Increased depreciation due to renewal of containers and other equipment and regular dockings of vessels
- Net finance expense decreased from last year due to currency exchange gain this year compared to a currency exchange loss in 6M 2013

## OPERATING REVENUE AND EBITDA BY QUARTER

Adjusted for one-off items in 2011 and 2012

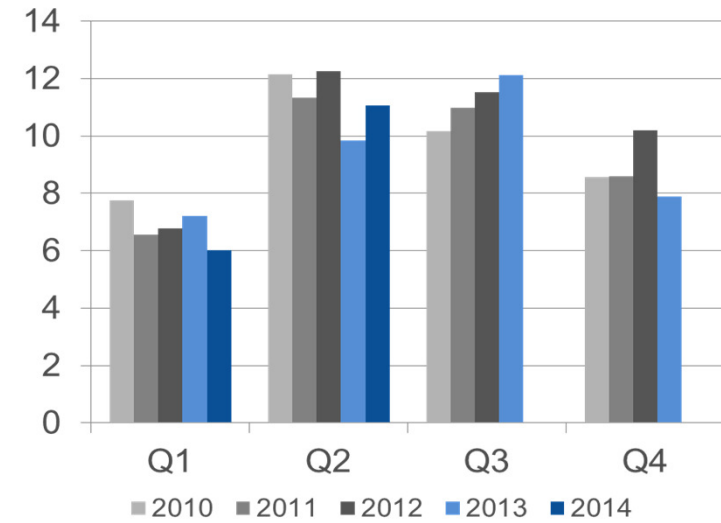
### Operating revenue

EUR million



### EBITDA

EUR million



## BALANCE SHEET

Solid with low leverage

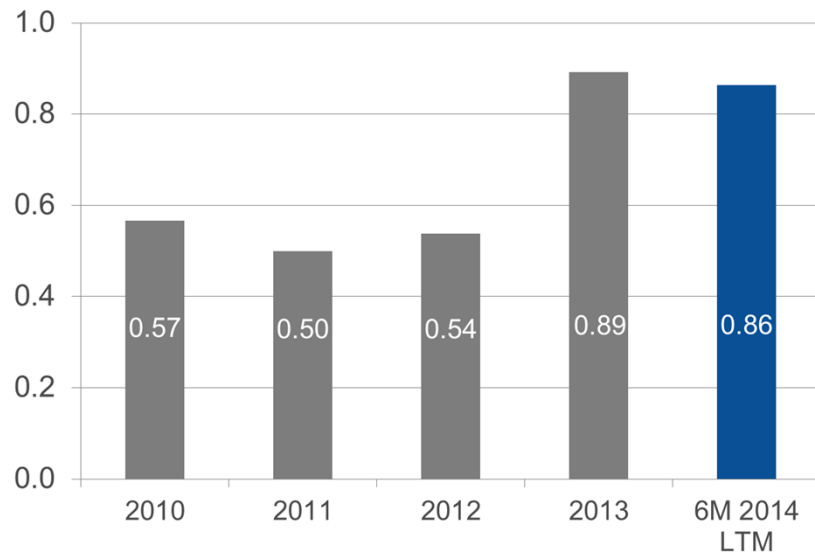
- A dividend payment of EUR 3.1 million was made at the end of April
- Equity ratio was 65.4% at the end of June, similar to 65.5% at year-end 2013
- Transfer from current liabilities to non-current liabilities due to changed terms of bridge loans related to vessel buildings
- Total interest bearing debt amounted to EUR 56.8 million at the end of June compared to EUR 59.4 million at the end of 2013
- Net debt amounted to EUR 32.0 million at the end of June compared to EUR 33.0 million at year-end 2013

EUR thousands	30.6.2014	31.12.2013	Change	%
Non-current assets	214,497	216,096	(1,599)	(0.7%)
Current assets	101,400	98,269	3,131	3.2%
<b>Total assets</b>	<b>315,897</b>	<b>314,365</b>	<b>1,532</b>	<b>0.5%</b>
<b>Total equity</b>	<b>206,588</b>	<b>205,771</b>	<b>817</b>	<b>0.4%</b>
Non-current liabilities	49,576	44,436	5,140	11.6%
Current liabilities	59,733	64,158	(4,425)	(6.9%)
<b>Total liabilities</b>	<b>109,309</b>	<b>108,594</b>	<b>715</b>	<b>0.7%</b>
<b>Total equity and liabilities</b>	<b>315,897</b>	<b>314,365</b>	<b>1,532</b>	<b>0.5%</b>

## FINANCIAL RATIOS

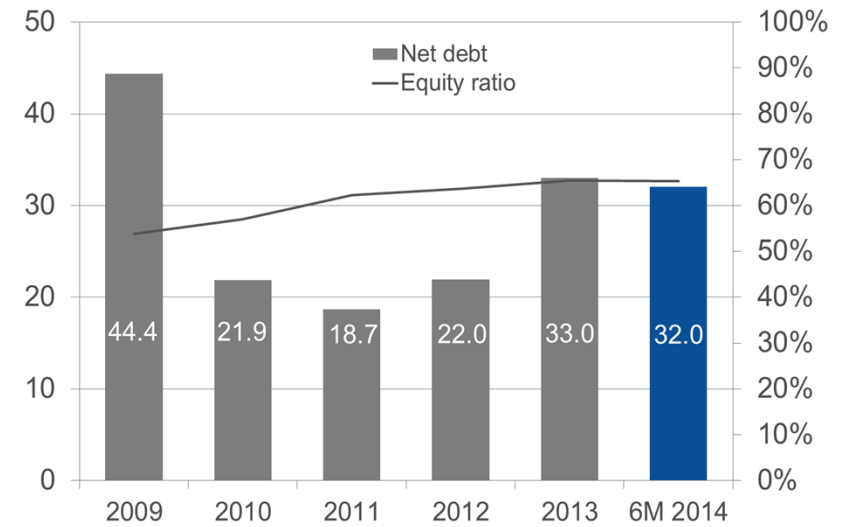
### Net debt / EBITDA (adjusted)

EUR million



### Net debt and equity ratio

EUR million



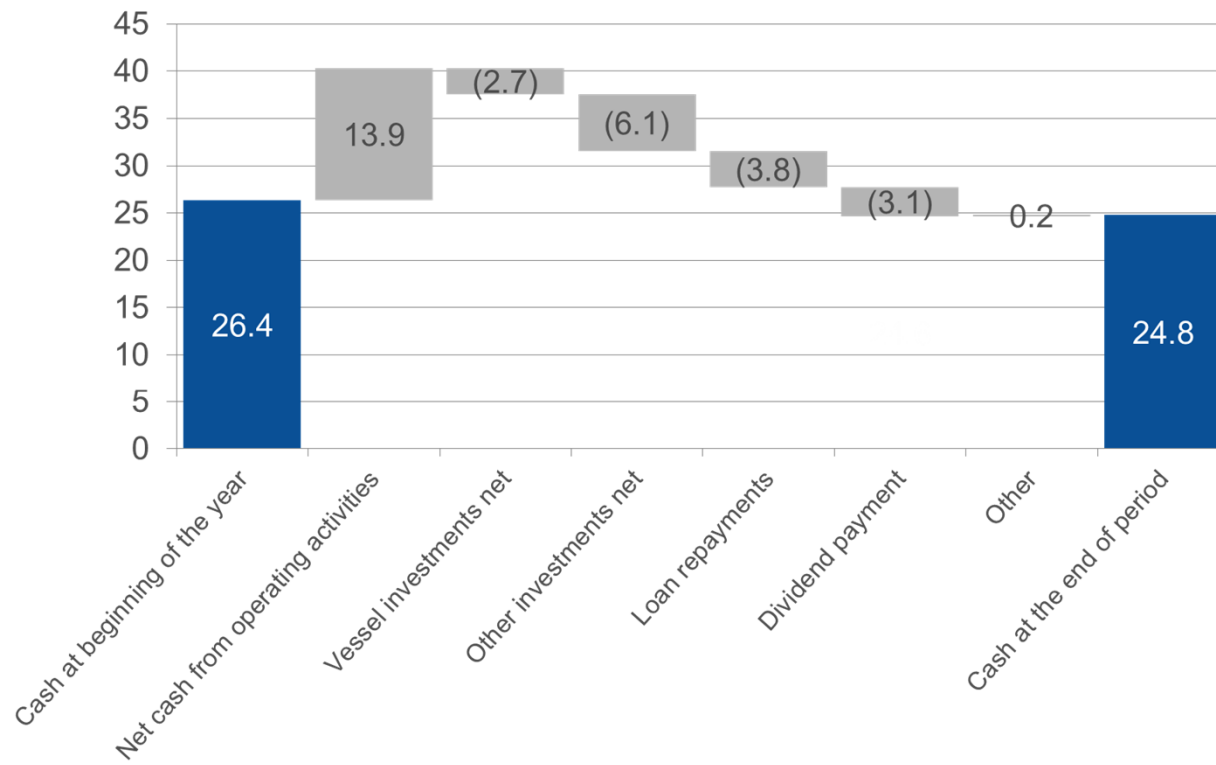
## STRONG CASH FLOW AND CASH POSITION

Increased cash flows from operations

EUR thousands	Q2 2014	Q2 2013	Change	%	6M 2014	6M 2013	Change	%
Cash flows from operations	8,225	8,226	(1)	-	13,922	5,945	7,977	134.2%
Investing activities	(5,952)	(6,486)	534	8.2%	(8,776)	(14,531)	5,755	39.6%
Financing activities	(5,103)	2,001	(7,104)	-	(6,947)	(553)	(6,394)	-
<b>Changes in cash and cash equivalents</b>	<b>(2,830)</b>	<b>3,741</b>	<b>(6,571)</b>	<b>-</b>	<b>(1,801)</b>	<b>(9,139)</b>	<b>7,338</b>	<b>80.3%</b>
Cash at the beginning of the period	27,487	23,977	3,510	14.6%	26,370	37,304	(10,934)	(29.3%)
Exchange rate fluctuations	161	(256)	417	-	249	(703)	952	-
<b>Cash at the end of period</b>	<b>24,818</b>	<b>27,462</b>	<b>(2,644)</b>	<b>(9.6%)</b>	<b>24,818</b>	<b>27,462</b>	<b>(2,644)</b>	<b>(9.6%)</b>

## CASH FLOW BRIDGE 2014

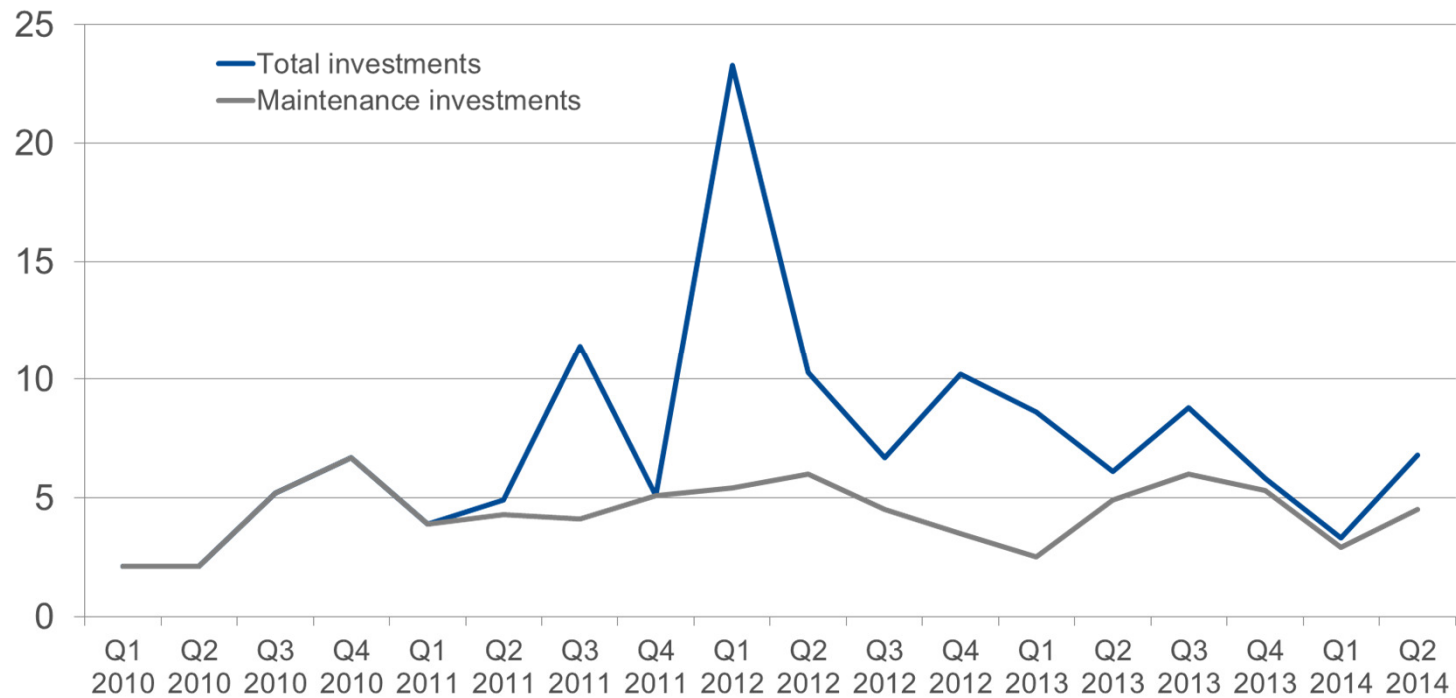
EUR million





## CAPEX 2010 TO 2014

Affected by vessel investments



OUTLOOK





## THE NEW VESSELS

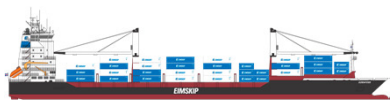
Lagarfoss already in operation

- The 875 TEU container vessel Lagarfoss was delivered in China on 24 June and arrived in Reykjavik on 17 August where she was given name after a successful journey from Asia
- The vessel will replace the 724 TEU Selfoss on the Yellow Line
- Selfoss will replace the chartered vessel Horst B on the Red Line in September and Horst B will be off-hired
  - Besides increasing capacity on the Yellow line, the new vessel is faster, more cost-efficient per TEU and more environmentally friendly
  - Lagarfoss will increase the service reliability on the Yellow Line, which is extremely important for transport of fresh fish, and creates opportunity to add new ports of call
  - The vessel fleet changes are expected to increase the current EBITDA by 2-3% on a yearly basis
- The company has decided to finish the building of Bakkafoss, the sister vessel of the Lagarfoss, and negotiation with the shipyard is taking place
  - The shipyard has offered additional discount of the purchase price in the amount of USD 0.8 million, which lowers the total price of the vessel to USD 18.0 million
  - Estimated delivery is in the fourth quarter 2015

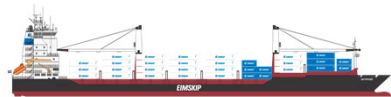
# THE VESSEL FLEET AS OF SEPTEMBER 2014

16 vessels in operation, 12 own and 4 chartered

## Blue Line

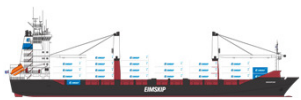


**Godafoss** O  
 Built 1995  
 TEU 1,457  
 GT 14,664



**Dettifoss** O  
 Built 1995  
 TEU 1,457  
 GT 14,664

## Yellow Line

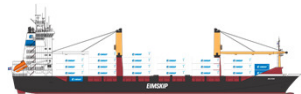


**Brúarfoss** O  
 Built 1992  
 TEU 724  
 GT 7,676



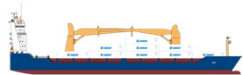
**Lagarfoss** O  
 Built 2014  
 TEU 875  
 GT 10,106

## Red Line



**Selfoss** O  
 Built 1991  
 TEU 724  
 GT 7,676

## Gray Line

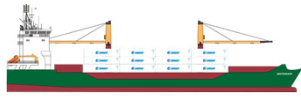


**Ruby** C  
 Built 2002  
 TEU 505  
 GT 4,454

## Green Line



**Skógafoss** C  
 Built 2007  
 TEU 698  
 GT 7,545



**Reykjafoss** C  
 Built 1999  
 TEU 712  
 GT 7,589

## Orange Line



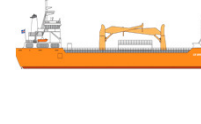
**Holmfoss** O  
 Built 2007  
 Reefer (bulk/TEU24)  
 GT 3,538



**Pölfoss** O  
 Built 2008  
 Reefer (bulk/TEU24)  
 GT 3,538

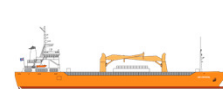


**Svartfoss** O  
 Built 2005  
 Reefer (bulk/TEU48)  
 GT 2,990



**Vidfoss** O  
 Built 1990  
 Reefer (bulk)  
 GT 3,625

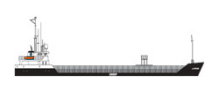
## Other operations



**Langfoss** O  
 Built 1991  
 Reefer (bulk)  
 GT 3,625



**Stigfoss** O  
 Built 1990  
 Reefer (bulk)  
 GT 3,625



**Laxfoss** O  
 Built 1995  
 Bulk cargo  
 GT 1,682



**Herjólfur** C  
 Built 1992  
 Ferry  
 GT 3,354

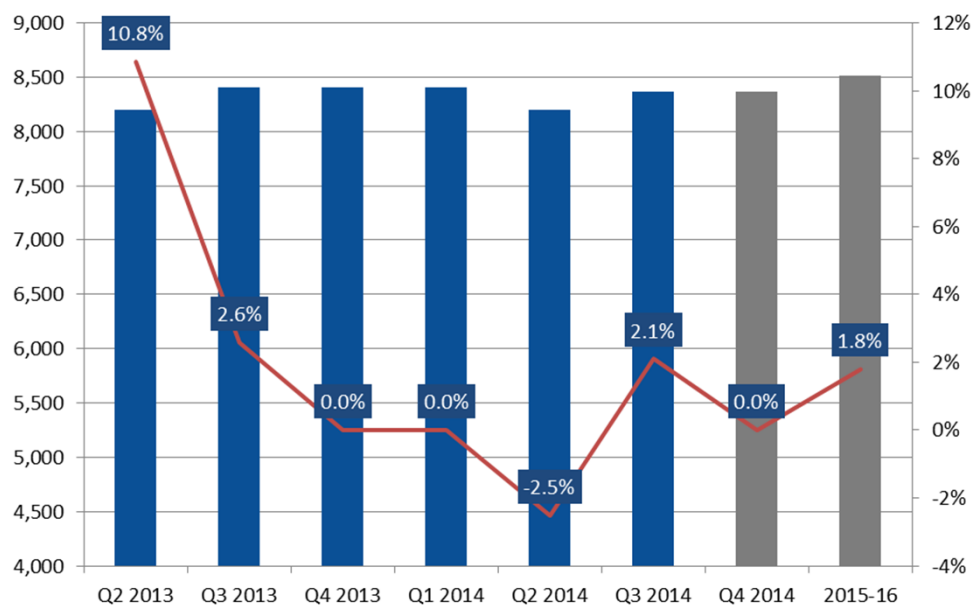
O Own Vessel  
C Chartered Vessel



## ESTIMATED DEVELOPMENT OF TEU CAPACITY

Container and reefer vessels in liner trade in the North Atlantic

TEU capacity of container and reefer vessels liner system



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## GROWTH IN LINE WITH STRATEGY

Through acquisitions and joint ventures

- Focus on operations in Eimskip's home market where synergy is a clear driver in evaluation of potential targets
- Reasonably sized acquisitions and 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 the existing network

## DUAL LISTING

Ongoing preparation

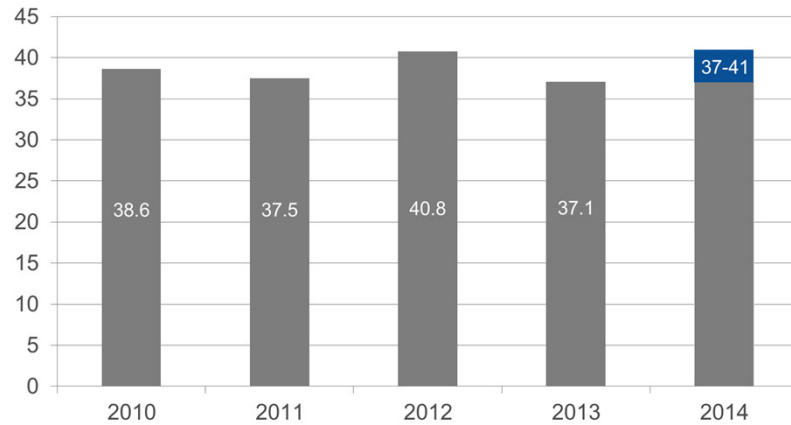
- Dual listing of Eimskip will provide
  - Source of foreign currency enabling Eimskip to make material acquisitions overseas and facilitate the use of stock in acquisitions
  - Improved access to investors and increased analyst coverage which should increase trading volumes
  - Better access to debt-financing alternatives
  - Help to enable Eimskip to diversify and grow its sales and profits outside Iceland
- Current status
  - Continued discussions with the Central Bank of Iceland
  - Continued discussions with Oslo Børs
  - In discussions with potential listing advisors



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COOL CHOICE IN LOGISTICS

## OUTLOOK FOR 2014

- Opportunities to benefit from increased volume to Iceland
- Uncertainty regarding Russia's food import sanctions
- International operations well positioned for organic and external growth
- EBITDA forecast for this year EUR 37 to 41 million, which includes no external growth







## FUTURE OUTLOOK

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- Imported volume to Iceland is growing
- Large projects in Iceland are slowly picking up after several years of recession
- External growth through reasonably sized acquisitions and joint venture projects
- Growth opportunities in Eimskip's home market in the North Atlantic, including projects related to the fishing and fish farming industry, heavy industry, oil, mining, terminal services and infrastructure projects
- Growth opportunities in Asia, especially related to Intra Asia business
- New opportunities in relation to increased interest in the Arctic

# Q & A

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