

## EIMSKIP ANNOUNCES Q1 2015 RESULTS

- Operating revenue EUR 112.7 million, up by EUR 8.5 million or 8.1% from Q1 2014
- Operating profit, EBITDA, EUR 5.8 million compared to EUR 6.0 million in Q1 2014
- Net earnings EUR 1.5 million, improvement of EUR 2.3 million from Q1 2014
- Transported volume in North Atlantic liner services down by 3.2% from Q1 2014
- Transported volume in reefer forwarding services up by 4.1% from Q1 2014
- Equity ratio 62.9% and net debt EUR 30.3 million at the end of March
- EBITDA forecast for the year 2015 is unchanged, in the range of EUR 39 to 44 million

EUR thousands

Consolidated Income Statement	Q1 2015	Q1 2014	Change	%	12M 2014
Operating revenue	112,663	104,200	8,463	8.1%	451,555
Operating expenses	106,879	98,182	8,697	8.9%	413,013
<b>Operating profit - EBITDA</b>	<b>5,784</b>	<b>6,018</b>	<b>(234)</b>	<b>(3.9%)</b>	<b>38,542</b>
Depreciation and amortization	(5,735)	(5,656)	(79)	(1.4%)	(23,195)
<b>Results from operating activities - EBIT</b>	<b>49</b>	<b>362</b>	<b>(313)</b>	<b>(86.5%)</b>	<b>15,347</b>
Net finance income (expense)	2,170	(856)	3,026	-	591
Share of earnings (loss) of associated companies	92	(27)	119	-	229
<b>Net earnings (loss) before income tax</b>	<b>2,311</b>	<b>(521)</b>	<b>2,832</b>	<b>-</b>	<b>16,167</b>
Income tax	(787)	(272)	(515)	(189.3%)	(2,560)
<b>Net earnings (loss) for the period</b>	<b>1,524</b>	<b>(793)</b>	<b>2,317</b>	<b>-</b>	<b>13,607</b>
<b>Adjusted for one-off items:</b>					
Sales growth	8.1%	(1.1%)			4.1%
EBITDA / Sales	5.1%	5.8%			8.5%
EBIT / Sales	0.0%	0.3%			3.4%
Net debt / LTM EBITDA	0.79	0.85			0.65
Consolidated Statement of Financial Position	31.03.2015	31.03.2014	Change	%	31.12.2014
<b>Assets</b>	<b>341,538</b>	<b>314,772</b>	<b>26,766</b>	<b>8.5%</b>	<b>332,040</b>
Non-current assets	221,322	213,683	7,639	3.6%	214,278
Current assets	120,216	101,089	19,127	18.9%	117,762
<b>Equity</b>	<b>214,879</b>	<b>202,124</b>	<b>12,755</b>	<b>6.3%</b>	<b>216,472</b>
<b>Liabilities</b>	<b>126,659</b>	<b>112,648</b>	<b>14,011</b>	<b>12.4%</b>	<b>115,568</b>
Interest-bearing debt	64,703	57,990	6,713	11.6%	64,432
Net debt	30,277	30,503	(226)	(0.7%)	24,893
Tangible assets / Total assets	93.3%	93.6%			94.2%
Equity ratio	62.9%	64.2%			65.2%
Consolidated Statement of Cash Flows	Q1 2015	Q1 2014	Change	%	12M 2014
Net cash from operating activities	3,083	5,697	(2,614)	(45.9%)	31,603
Net cash used in investing activities	(8,495)	(2,824)	(5,671)	(200.8%)	(18,311)
Net cash used in financing activities	(1,367)	(1,844)	477	25.9%	(572)
<b>Changes in cash and cash equivalents</b>	<b>(6,779)</b>	<b>1,029</b>	<b>(7,808)</b>	<b>-</b>	<b>12,720</b>
Effects of exchange rate fluctuations on cash held	1,666	88	1,578	-	449
<b>Cash and cash equivalents at the end of period</b>	<b>34,426</b>	<b>27,487</b>	<b>6,939</b>	<b>25.2%</b>	<b>39,539</b>

## GYLFI SIGFÚSSON, PRESIDENT AND CEO

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“Eimskip’s net earnings for the first quarter 2015 are above expectations, mainly due to large positive currency exchange fluctuations. Operating revenue grew by 8.1% from the first quarter 2014. EBITDA amounted to EUR 5.8 million, in line with the first quarter of the previous year but slightly down, or by EUR 0.2 million. Net earnings amounted to EUR 1.5 million compared to a net loss of EUR 0.8 million in the first quarter last year, which is a positive change of EUR 2.3 million. The first quarter of the year has historically been the company’s weakest quarter in terms of EBITDA.

The main currencies of the company’s operation are the EUR, USD, ISK and NOK. Currency exchange fluctuations, where the USD, ISK and NOK strengthened towards the EUR, resulted in a EUR 2.9 million currency exchange gain compared to a EUR 0.2 million currency exchange loss in the first quarter 2014.

Transported volume in the North Atlantic liner services decreased by 3.2% from the first quarter last year due to decreased volumes from Norway, where bad weather affected the fishing industry. The discharged cod in Norway was 23% down in the first quarter compared to the same period last year, but has been regaining its strength in recent weeks, both in the company’s liner and forwarding services. There was good growth in volumes to and from Iceland and the Faroe Islands. Transported volumes in the company’s reefer forwarding services grew by 4.1% from the first quarter last year. Downturn in transported volumes from Norway due to decreased fishing affected the total volume and volumes of fish transported from Europe to Asia have also generally decreased. Still, markets in Asia remain strong and are showing growth.

Adverse weather conditions affected the company’s operations in the first quarter. Vessels had problems with keeping schedule due to this and cost of overtime and increased fuel consumption. In addition, the company’s reefer vessels in Norway had problems during the period. The domestic operation in Iceland was also negatively affected by bad weather, mainly the inland trucking and the terminal operations.

During the first half of the second quarter, transported volumes in the company’s liner system have so far been growing beyond expectations and the increase for the first six weeks of the second quarter is showing 4.5% growth in the liner system from the same period 2014, mainly because of Norway getting back on track and also due to continued growth of transported volume to and from Iceland. A vessel had to be temporarily added to the system in April and early May to increase capacity for imported volumes to Iceland and the Gray Line, serving between the Faroe Islands and Scotland, has three times been routed to mainland Europe to increase the company’s capacity due to overbookings from Europe. Growth in transported volume in the reefer forwarding in April is 11.0% up from the same month last year.

In April, further adjustments were made to the Blue Line and the Yellow Line, which will from now on both call Hamburg every other week and in the other week the Yellow Line will call a new port, Vlissingen in the Netherlands, to serve the aluminum industry in Iceland. Due to growing import of vehicles, the Gray Line will continue assisting with increased volumes from Europe until the transport is rebalanced.

The companies that Eimskip finalized the acquisition of in the first quarter will be fully realized in the company’s operation by the end of the second quarter. The outlook in terms of volume in Eimskip’s liner and forwarding systems is positive.

Eimskip, like other companies in Iceland, faces uncertainty in the labor market related to the negative impact that possible labor strikes in the upcoming weeks may have on the company’s operations. In addition to Russia’s continued embargo on Norway and Newfoundland Labrador, the company will also have to deal with uncertainty concerning China’s new restriction on import from Norway in terms of special health inspection of imported products from Norway, which can cause delays that may cause problems for Norwegian exporters.

In April, Eimskip and Íslandsbanki signed a EUR 10 million long-term loan agreement for the construction of Eimskip's new 10,000 ton cold storage facility in Hafnarfjörður, Iceland. In addition, a credit line in the amount of EUR 12 million was signed in order to support further investment projects. Eimskip has also renegotiated the interest terms of a total of EUR 45 million mortgage loans with Icelandic banks.

Eimskip is still considering its position regarding the building of the new vessel Bakkafoss which is not proceeding on schedule. As earlier disclosed, delivery was planned in the fourth quarter this year, but further delay is expected and a final decision on the issue will be made before the end of August.

In the beginning of May, Eimskip acquired all shares in Seatours (Sæferdir ehf.) in Stykkishólmur, Iceland. The company offers sea-related tourist services in Breidafjörður and operates the ferry Baldur and the vessel Særún. Approval of the Icelandic Competition Authority is awaited in order to finalize the transaction.

Eimskip's Board of Directors and management continue evaluating potential investment projects in order to grow the company, in line with its vision. As mentioned in the Chairman's speech at the Annual General Meeting in March, Eimskip is still continuing to pursue a dual listing of its shares outside Iceland and has obtained approvals from the Central Bank of Iceland. Further steps towards dual listing will be taken based on potential investments, market conditions, the status of the capital controls in Iceland and the status of the Icelandic Competition Authority's case.

The EBITDA forecast for the year 2015 is unchanged, in the range of EUR 39 to 44 million."

## FIRST QUARTER OPERATIONS

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Eimskip's operating revenue amounted to EUR 112.7 million in the first quarter 2015 compared to EUR 104.2 million in the same period last year. Revenue from the liner services amounted to EUR 78.6 million compared to EUR 76.8 in the first quarter last year, showing an increase of 2.4%. Transported volume in the company's liner services decreased by 3.2% from the same period last year, mainly due to decreased volumes from Norway because of bad weather affecting the Norwegian fishing industry, while volumes to and from Iceland and from the Faroe Islands grew. Revenue from the company's forwarding services amounted to EUR 34.1 million in the quarter compared to EUR 27.4 million in the same period 2014, an increase of 24.2%. Transported volume in the company's reefer forwarding services grew by 4.1% from the first quarter 2014. Revenue growth beyond transported volume can largely be explained by currency exchange fluctuations, but since last year, the EUR has weakened considerably towards the company's main currencies.

EBITDA of the first quarter amounted to EUR 5.8 million compared to EUR 6.0 million in the first quarter last year. The EBITDA ratio of the quarter was 5.1% compared to 5.8% EBITDA ratio in the same quarter last year. Decreased EBITDA can mostly be explained by decreased volume in the company's liner and forwarding services in Norway due to adverse weather conditions and downturn in fishing. On the other hand, the operations in Iceland showed improved results due to increased volume. EBITDA from the company's liner services amounted to EUR 4.6 million compared to EUR 4.7 million in the first quarter 2014. EBITDA from the forwarding services amounted to EUR 1.2 million compared to EUR 1.3 million in the same period last year.

Depreciation and amortization amounted to EUR 5.7 million, increasing by 1.4% from the first quarter 2014. The increase is mainly explained by the new vessel Lagarfoss which was taken into operation in the third quarter 2014.

EBIT for the quarter amounted to EUR 49 thousand compared to EUR 0.4 million for the same quarter last year.

Net finance income amounted to EUR 2.2 million compared to EUR 0.9 million net finance expense in the first quarter 2014. The change from previous year is mainly explained by a net currency exchange gain of EUR 2.9 million this year instead of a net currency exchange loss in the amount of EUR 0.2

million in the first quarter last year. Share of earnings of associated companies amounted to EUR 0.1 million this year compared to a slight loss in the first quarter last year.

Net earnings before income tax amounted to EUR 2.3 million compared to a loss of EUR 0.5 million in the first quarter 2014, which is a turnaround of EUR 2.8 million.

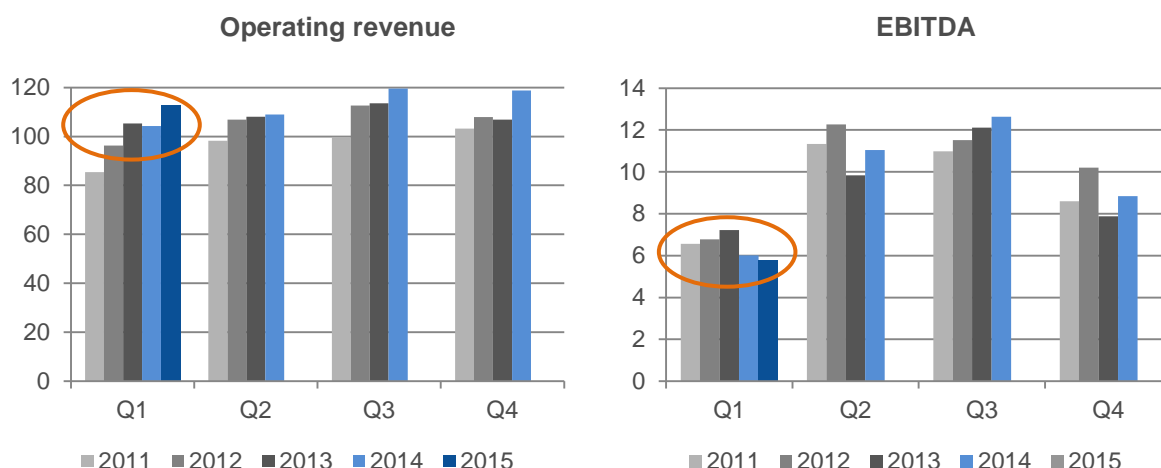
Income tax for the quarter amounted to EUR 0.8 million compared to EUR 0.3 million in the same period 2014.

Net earnings for the quarter amounted to EUR 1.5 million compared to net loss in the amount of EUR 0.8 million in the first quarter 2014, an improvement of EUR 2.3 million.

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 2011 to 2015.

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 the 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. In February 2015, the Green Line (serving between Iceland and North America with a port call in Sortland in Norway) and the Red Line (connecting the coastal services in Iceland with Europe) were combined into a new Green Line with three vessels, a direct sailing route between Europe and North America with port calls in Iceland. The change will further strengthen the service reliability and services for customers and increases by five the annual number of voyages between Europe and North America.

Eimskip operates 16 vessels, of which twelve are owned and four are chartered. Twelve of the vessels are in scheduled services, two are in spot services, one is used for bulk cargo and one is a ferry.

## BALANCE SHEET

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- **Total assets EUR 341.5 million at the end of March 2015**
- **Equity ratio 62.9%**
- **Interest-bearing debt EUR 64.7 million**
- **Net debt EUR 30.3 million**

The company's total assets amounted to EUR 341.5 million at 31 March 2015. In comparison, total assets amounted to EUR 314.8 million at the end of March 2014 and EUR 332.0 million at year-end 2014.

Total non-current assets amounted to EUR 221.3 million at the end of March compared to EUR 213.7 million at the end of March last year and EUR 214.3 million at year-end 2014. Net investments in fixed and intangible assets amounted to EUR 7.0 million compared to EUR 3.2 million in the first quarter 2014.

Total current assets amounted to EUR 120.2 million at the end of the first quarter compared to EUR 101.1 million at the end of March 2014 and EUR 117.8 million at the end of 2014. Trade and other receivables increased from year-end 2014 due to increased revenues and currency exchange differences. Cash and cash equivalents amounted to EUR 34.4 million at the end of March compared to EUR 27.5 million at the end of first quarter 2014 and EUR 39.5 million at year-end 2014.

Equity amounted to EUR 214.9 million at the end of March and the equity ratio was 62.9%. Equity amounted to EUR 202.1 million at the end of first quarter 2014 with equity ratio of 64.2% and EUR 216.5 million with equity ratio of 65.2% at year-end 2014. The Annual General Meeting at the end of March 2015 approved a dividend payment to be made in April in the amount of EUR 6.3 million, or ISK 933.2 million, which decreased equity and increased current liabilities at the end of the quarter.

Current liabilities amounted to EUR 83.9 million at the end of March compared to EUR 69.5 million at the end of March 2014 and EUR 65.7 million at year-end 2014. The increase this year is mostly explained by dividend in the amount of EUR 6.3 million to be paid in April and a EUR 7.6 million bridge loan due to vessel constructions that is payable in Q1 2016.

Interest-bearing debt amounted to EUR 64.7 million at the end of the quarter compared to EUR 64.4 million at year-end 2014.

Net debt amounted to EUR 30.3 million at the end of March compared to EUR 30.5 million at the end of March 2014 and EUR 24.9 million at year-end 2014.

## CASH FLOWS AND INVESTMENTS

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- **Net cash from operating activities EUR 3.1 million in the first quarter 2015**
- **Net cash used in investing activities EUR 8.5 million**
- **Cash and cash equivalents EUR 34.4 million at the end of March**

Net cash from operating activities amounted to EUR 3.1 million in the first quarter 2015 compared to EUR 5.7 million in the first quarter last year.

Net cash used in investing activities amounted to EUR 8.5 million in the quarter compared to EUR 2.8 million in the same period 2014. Thereof, financing activities related to merger and acquisitions of new companies amounted to EUR 4.1 million. Total capital expenditure (CAPEX) amounted to EUR 8.0 million, including investments in the amount of EUR 0.6 million which did not affect cash flows. In the first quarter 2014, CAPEX amounted to EUR 3.3 million, including investments of EUR 0.3 million not affecting cash flows.

Net cash used in financing activities amounted to EUR 1.4 million compared to EUR 1.8 million in the first quarter last year.

Cash and cash equivalents decreased by EUR 6.8 million during the quarter compared to a EUR 1.0 million increase in cash and cash equivalents in the first quarter 2014. Cash and cash equivalents at the end of March amounted to EUR 34.4 million compared to EUR 27.5 million at the end of March 2014 and EUR 39.5 million at year-end 2014.

## EBITDA FORECAST 2015

The EBITDA forecast for the year 2015 is unchanged, in the range of EUR 39 to 44 million.

The company expects continued growth in transported volume to and from Iceland, including a good mackerel season this summer. Further growth is expected to and from the Faroe Islands. Despite the difficult start in Norway, volumes there are growing and further growth is expected, but there is uncertainty regarding volumes from Norway to China. Transport between North America and Europe is also expected to grow. Continued growth is expected in forwarding services throughout the year. The EBITDA forecast takes into account increased earnings related to the merger and acquisitions which have been announced. In addition to general uncertainty regarding volumes, rates, fuel cost and competition, there is uncertainty about possible labor strikes in Iceland in the coming weeks and the conclusion of general wage agreements in the Icelandic labor market.

## KEY FIGURES BY QUARTER

EUR thousands

Operating Results	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Operating revenue	112,663	118,794	119,583	108,978	104,200
Operating expenses	106,879	109,953	106,949	97,929	98,182
EBITDA	5,784	8,841	12,634	11,049	6,018
EBIT	49	2,789	7,050	5,146	362
Net earnings (loss) for the period	1,524	2,290	7,517	4,593	(793)
EBITDA / Sales	5.1%	7.4%	10.6%	10.1%	5.8%
EBIT / Sales	0.0%	2.3%	5.9%	4.7%	0.3%
Balance Sheet	31.03.2015	31.12.2014	30.09.2014	30.06.2014	31.03.2014
Assets	341,538	332,040	336,749	315,897	314,772
Equity	214,879	216,472	215,659	206,588	202,124
Liabilities	126,659	115,568	121,090	109,309	112,648
Interest-bearing debt	64,703	64,432	66,448	56,841	57,990
Net debt	30,277	24,893	32,275	32,023	30,503
Equity ratio	62.9%	65.2%	64.0%	65.4%	64.2%
Cash Flow	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Net cash from operating activities	3,083	12,713	4,968	8,225	5,697
Net cash used in investing activities	(8,495)	(4,382)	(5,153)	(5,952)	(2,824)
Net cash (used in) provided by financing activities	(1,367)	(2,108)	8,483	(5,103)	(1,844)
Cash and cash equivalents at the end of period	34,426	39,539	34,173	24,818	27,487

## SHAREHOLDERS

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- **The company's market capitalization was EUR 286.8 million on 20 May 2015**

Eimskip's shares started trading on Nasdaq 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 was in the range of ISK 221.00 to ISK 281.00, with an average for the year of ISK 255.05. The closing price at year-end 2013 was ISK 262.00.

In 2014 the closing price was in the range of ISK 218.50 to ISK 268.50, with an average of ISK 234.69 for the year and a year-end closing price of ISK 237.00. The closing price on 20 May 2015 was ISK 227.50 which represents Eimskip's market capitalization in the amount of ISK 42.5 billion that day, equivalent of EUR 286.8 million

The total number of shares is 200,000,000 and 186,639,230 shares are outstanding. At year-end 2014 there were 1,101 shareholders and they were 1,051 on 20 May 2015. The company has 13,360,770 of shares in treasury.

## INVESTIGATION OF THE ICELANDIC COMPETITION AUTHORITY

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The company responded to the request for information from the Icelandic Competition Authority in March within time limits.

On 30 March 2015 the company received requested information cf. Competition Appeals Committee ruling from 22 December 2014. Unfortunately almost all the received pages had been blacked and did not cast any further light on the merits of the investigation. The company has therefore appealed this decision of the Icelandic Competition Authority, not to provide access to the information, to the Competition Appeals Committee.

The company brought a complaint to the Althingi Ombudsman in February regarding the administrative procedure of the Icelandic Competition Authority's investigation, which has been under investigation for six years and four times been appealed to the Competition Appeals Committee. Althingi Ombudsman has decided to take up a case and demand more information from the Icelandic Competition Authority regarding its delay in responding to the company's requests for information behind the investigation, following the rulings of the Competition Appeals Committee. Althingi Ombudsman will then evaluate whether the authority's procedure and administrative practices, regarding the company's requests for access to the information, comply with the Administrative Procedures Act and the principle of good governance practices.

## ABOUT EIMSKIP

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Eimskip runs a network of 55 offices in 19 countries and operates 16 vessels. The total number of employees is about 1,540. 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 22 MAY 2015

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Investors and market participants are invited to a meeting on Friday 22 May 2015 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 2015. The presentation from the meeting will be available after the meeting on the company's investor relations

website, [www.eimskip.is/investors](http://www.eimskip.is/investors), and in the company news release distribution network of Nasdaq Nordic.

## **APPROVAL OF THE BOARD OF DIRECTORS**

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The Board of Directors of Eimskipafélag Íslands hf. approved the Consolidated Interim Financial Statements for the period 1 January to 31 March 2015 at its meeting on 21 May 2015.

## **FINANCIAL CALENDAR**

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- Results for the second quarter 2015 will be published on 27 August 2015
- Results for the third quarter 2015 will be published on 19 November 2015
- Results for the fourth quarter 2015 will be published on 25 February 2016
- The Annual General Meeting 2016 will be held on 17 March 2016

## **FURTHER INFORMATION**

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## **FORWARD-LOOKING STATEMENTS**

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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.