

## 2016 WAS A RECORD YEAR FOR EIMSKIP

### Normalized EBITDA growth 23.7%

- **Revenue EUR 513.9 million, up by EUR 14.3 million or 2.9% from 2015**
  - Revenue up by EUR 16.3 million or 3.3% when excluding the EUR 2.0 million gain on disposal of a vessel included in 2015 revenue
- **EBITDA EUR 53.5 million, up by EUR 8.3 million or 18.3% from 2015**
  - Normalized EBITDA up by EUR 10.3 million or 23.7%, excluding the EUR 2.0 million gain on disposal
- **Net earnings EUR 21.9 million, up by EUR 4.1 million or 23.0% from 2015**
- **Equity ratio 62.2% and net debt EUR 41.6 million at year-end**
- **The Board proposes a dividend payment of ISK 6.80 per share, a total of approximately EUR 11.0 million**
- **EBITDA forecast for the year 2017 in the range of EUR 57 to 63 million**

Amounts are in thousands of EUR

CONSOLIDATED INCOME STATEMENT	Q4 2016	Q4 2015	Change	%	2016	2015	Change	%
Revenue	140,497	130,610	9,887	7.6%	513,922	499,581	14,341	2.9%
Expenses	130,592	120,863	9,729	8.0%	460,447	454,384	6,063	1.3%
<b>Operating profit - EBITDA</b>	<b>9,905</b>	<b>9,747</b>	<b>158</b>	<b>1.6%</b>	<b>53,475</b>	<b>45,197</b>	<b>8,278</b>	<b>18.3%</b>
Depreciation and amortization	(7,998)	(7,271)	(727)	(10.0%)	(28,077)	(24,729)	(3,348)	(13.5%)
<b>Results from operating activities - EBIT</b>	<b>1,907</b>	<b>2,476</b>	<b>(569)</b>	<b>(23.0%)</b>	<b>25,398</b>	<b>20,468</b>	<b>4,930</b>	<b>24.1%</b>
Net finance income (expense)	683	392	291	74.2%	(345)	419	(764)	-
Share of (loss) earnings of associated companies	(201)	79	(280)	-	210	331	(121)	(36.6%)
<b>Net earnings before income tax</b>	<b>2,389</b>	<b>2,947</b>	<b>(558)</b>	<b>(18.9%)</b>	<b>25,263</b>	<b>21,218</b>	<b>4,045</b>	<b>19.1%</b>
Income tax	(475)	(658)	183	27.8%	(3,368)	(3,416)	48	1.4%
<b>Net earnings for the period</b>	<b>1,914</b>	<b>2,289</b>	<b>(375)</b>	<b>(16.4%)</b>	<b>21,895</b>	<b>17,802</b>	<b>4,093</b>	<b>23.0%</b>
Earnings per share in EUR	0.0092	0.0116	(0.0024)	(20.4%)	0.1148	0.0929	0.0218	23.5%
Revenue change	7.6%	9.9%			2.9%	10.6%		
EBITDA ratio	7.0%	7.5%			10.4%	9.0%		
EBIT ratio	1.4%	1.9%			4.9%	4.1%		
Net debt / LTM-EBITDA	0.78	0.78			0.78	0.78		
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31.12.2016	31.12.2015	Change	%	31.12.2016	31.12.2015	Change	%
<b>Assets</b>	<b>391,691</b>	<b>355,157</b>	<b>36,534</b>	<b>10.3%</b>	<b>391,691</b>	<b>355,157</b>	<b>36,534</b>	<b>10.3%</b>
Non-current assets	253,256	233,280	19,976	8.6%	253,256	233,280	19,976	8.6%
Current assets	138,435	121,877	16,558	13.6%	138,435	121,877	16,558	13.6%
<b>Equity</b>	<b>243,775</b>	<b>228,124</b>	<b>15,651</b>	<b>6.9%</b>	<b>243,775</b>	<b>228,124</b>	<b>15,651</b>	<b>6.9%</b>
<b>Liabilities</b>	<b>147,916</b>	<b>127,033</b>	<b>20,883</b>	<b>16.4%</b>	<b>147,916</b>	<b>127,033</b>	<b>20,883</b>	<b>16.4%</b>
Non-current liabilities	64,456	55,550	8,906	16.0%	64,456	55,550	8,906	16.0%
Current liabilities	83,460	71,483	11,977	16.8%	83,460	71,483	11,977	16.8%
Interest-bearing debt	81,149	71,401	9,748	13.7%	81,149	71,401	9,748	13.7%
Net debt	41,606	35,418	6,188	17.5%	41,606	35,418	6,188	17.5%
Tangible assets / Total assets	89.4%	92.6%			89.4%	92.6%		
Equity ratio	62.2%	64.2%			62.2%	64.2%		
CONSOLIDATED STATEMENT OF CASH FLOWS	Q4 2016	Q4 2015	Change	%	2016	2015	Change	%
Net cash from operating activities	14,485	15,574	(1,089)	(7.0%)	48,667	37,357	11,310	30.3%
Net cash (used in) from investing activities	(18,442)	4,032	(22,474)	-	(39,907)	(35,206)	(4,701)	(13.4%)
Net cash used in financing activities	(1,306)	(11,611)	10,305	88.8%	(4,761)	(5,173)	412	8.0%
<b>Changes in cash and cash equivalents</b>	<b>(5,263)</b>	<b>7,995</b>	<b>(13,258)</b>	<b>-</b>	<b>3,999</b>	<b>(3,022)</b>	<b>7,021</b>	<b>-</b>
Effects of exchange rate fluctuations on cash held	(316)	(1,262)	946	75.0%	(439)	(534)	95	17.8%
<b>Cash and cash equivalents at the end of period</b>	<b>39,543</b>	<b>35,983</b>	<b>3,560</b>	<b>9.9%</b>	<b>39,543</b>	<b>35,983</b>	<b>3,560</b>	<b>9.9%</b>

## **GYLFI SIGFÚSSON, PRESIDENT AND CEO**

"I am pleased to say that 2016 was a record year for Eimskip. Overall revenue increased to EUR 513.9 million, up by 3.3% compared to normalized 2015 revenue. EBITDA increased to EUR 53.5 million, up by 23.7% compared to normalized EBITDA of EUR 43.2 million in 2015. Acquisition related costs of EUR 1.1 million were expensed in 2016. Net earnings for the year were EUR 21.9 million, up by 23.0%. The company's cash flow remained strong and net cash from operating activities grew by EUR 11.3 million or 30.3% from prior year. The North Atlantic liner services revenue were EUR 380.3 million, up by 6.2%, and EBITDA for the segment was up by 18.5% and volume in the liner services 2016 grew by 5.9%. Revenues in forwarding services were EUR 133.6 million, down 5.6%, reflecting lower international freight rates. However EBITDA was EUR 11.0 million, up by 17.7% due to tight cost controls and because margins are not affected despite lower freight rates. Volume in forwarding services was up by 4.8%.

Revenue in the fourth quarter was EUR 140.5 million, up by EUR 9.9 million or 7.6%, and the quarter's EBITDA was EUR 9.9 million, up by 1.6% compared to 2015. Liner services revenue was EUR 101.7 million, up by EUR 7.0 million or 7.4%, but the liner services EBITDA was 3.0% lower due to EUR 0.8 million of acquisition costs and lower earnings in Norway in the quarter. Norway had an overall record year in 2016 in revenues and EBITDA, but were lower in the fourth quarter compared to the previous year. We anticipate that Norway will continue to grow both in revenue and EBITDA in 2017. Transported volume in the liner services was flat due to volume decrease in Norway. Forwarding revenue was EUR 38.8 million, up EUR 2.8 million or 7.9% compared to prior year, mainly due to the acquisition of Extraco. EBITDA for forwarding was EUR 2.1 million, up by 23.2%, reflecting higher freight rates and volume growth of 9.3% in the quarter.

In May 2016, Eimskip and Royal Arctic Line in Greenland signed a letter of intent to form and evaluate a potential cooperation regarding building of three container vessels and sharing capacity. The two companies signed an agreement for the cooperation in January, subject to notification to and confirmation from the relevant competition authorities if applicable. At the same time, Eimskip signed a contract with a shipyard in China on building two 2,150 TEU ice class Polar Code container vessels. These vessels will be built in line with environmental standards, and are designed to be fuel efficient. The contract price of each vessel is approximately USD 32 million and the vessels are expected to be delivered in 2019. Royal Arctic Line also signed a contract to build one similar vessel with the same shipyard.

Eimskip acquired 90% of the forwarding company Extraco in Rotterdam in October 2016. In January, Eimskip announced the acquisition of an 80% share in Mareco, headquartered in Antwerp, Belgium. The companies specialize in reefer freight forwarding services. The total investment for the two companies was approximately EUR 29 million, with estimated annual revenue of EUR 80 million and EBITDA margins of about 6-8%. These two acquisitions are very strategic, both operate in our existing markets, each has a clear niche and will provide additional benefits to our existing forwarding services. Eimskip intends to continue to grow in the forwarding business and we welcome Extraco and Mareco into the Eimskip group. With access to the group and greater resources, we will create synergies and expand the services to our customers. Each forwarding company brings specialized expertise to our forwarding group and best practices can be shared. These asset-light companies add a great balance and diversification to our business. These accretive acquisitions will provide excellent growth in earnings and free cash. We are actively looking to acquire additional freight forwarding logistics companies.

Eimskip signed an agreement to acquire the Norwegian shipping and logistics company Nor Lines in November 2016, subject to the approval of the Norwegian Competition Authority (NCA). On 20 February, NCA gave a notice of an objection to Eimskip's acquisition of Nor Lines. Eimskip has 15 business days to present its counter-

arguments and following that the NCA has another 15 business days to make a final decision. Eimskip intends to submit its counter-arguments after evaluating the NCA objections.

In relation to Eimskip's investment and acquisition projects, the company has made an agreement with Íslandsbanki for a revolving credit facility with an agreed term of 18 months in the amount of EUR 47 million. The company is evaluating several attractive long-term financing proposals for the vessels.

Changes will be made to the company's sailing system by the end of February to further strengthen the system and its services. With the changes and an additional 700 TEU vessel, the company's capacity to and from Europe and North-America will grow by 7-11%. A new route, the Red Line, will be added and the services of the Green Line and the Gray Line will be changed. Weekly coastal services will be offered to support the increasing activities in Iceland. In the beginning of May, the port of Helsingborg will replace Halmstad as the company's port of call in Sweden. This change will better serve our customers.

Eimskip has sold its container vessel Brúarfoss, built in 1992, and has purchased a 700 TEU container vessel Sophia, built in 2008, which will be delivered in May. We are continuing to upgrade and renew our fleet to better serve our customers and ensure our reliable services. We are going to continue to take advantage of the depressed shipping market and our strong financial condition to purchase attractively priced used vessels. Following the vessel changes, Eimskip will be operating a fleet of 21 vessels.

Eimskip's intention is to grow organically and through strategic accretive acquisitions to increase shareholder value and the company continues to evaluate additional acquisitions and vessel investments on an ongoing basis. No new equity will be issued to conclude potential investments, but additional debt will be issued whilst still maintaining a strong balance sheet.

The Board of Directors proposes to increase its dividend from ISK 6.50 per share to ISK 6.80 per share, or up by 4.6% in ISK, amounting to ISK 1,269.1 million. In terms of EUR, the dividend increases from EUR 8.6 million to approximately EUR 11.0 million or up by 27.7%, reflecting the strengthening of the ISK.

The outlook for the year 2017 is positive and the company expects growth in imported volume to Iceland. The outlook for the Faroe Islands and Norway is also positive. The forwarding business is expected to grow in volume, revenue and margins in 2017, among other due to the new acquired companies and expected increasing international freight rates. Extraco and Mareco will create synergies for Eimskip into new commodities and trade lanes. Competition remains strong in the market area, especially in the company's North Atlantic liner operation. The strike in the seafood industry in Iceland in January and February will negatively affect the first quarter's results. We assume that the quota for the year will be fully caught and that the cargo will therefore switch from the first to the second quarter and that it will be transported during the remainder of the year. Increased imports to Iceland will partly compensate for less export of fish in the first quarter. The forecasted EBITDA for 2017 is in the range of EUR 57 to 63 million."

## **OPERATIONS OF 2016**

Eimskip's revenue in 2016 amounted to EUR 513.9 million compared to EUR 499.6 million in 2015, up by EUR 14.3 million or 2.9%. The normalized revenue growth was 3.3%, taking into account the EUR 2.0 million gain on disposal of a vessel under construction that was included in the third quarter's revenue 2015. Revenue from the liner services was EUR 380.3 million, grew by EUR 22.3 million from 2015 or 6.2%. Transported volume in the liner services grew by 5.9%, mainly due to good growth related to Iceland and Norway. Revenue from the company's forwarding services amounted to EUR 133.6 million and decreased by EUR 7.9 million compared to

2015 or 5.6%, mainly due to lower freight rates from the international deep sea lines serving between Asia and Europe. The forwarding volume grew by 4.8% compared to 2015.

Total expenses of the company were EUR 460.4 million compared to EUR 454.4 million in 2015, a 1.3% increase. Thereof, operating expenses were EUR 340.6 million compared to EUR 358.3 million in 2015, a decrease of 4.9%. The company changed its sailing system in the autumn of 2015 to increase service reliability and to be able to operate in a more efficient way during the winter season and these changes have resulted in better operations. The vessel maintenance cost and cost of fuel was also lower than in 2015. Various projects of streamlining the operations have also commenced and led to lower operating expenses. The cost of the forwarding services has decreased due to lower rates from the deep sea lines. Salaries and related expenses for the period amounted to EUR 119.8 million and increased by 24.7% compared to 2015. Thereof 9.1% is explained by general wage increase, 7.8% by increased activity, 6.0% by currency exchange difference and 1.8% by new companies that became part of the Eimskip group in 2015. Cost related to merger and acquisition projects was EUR 1.1 million in 2016.

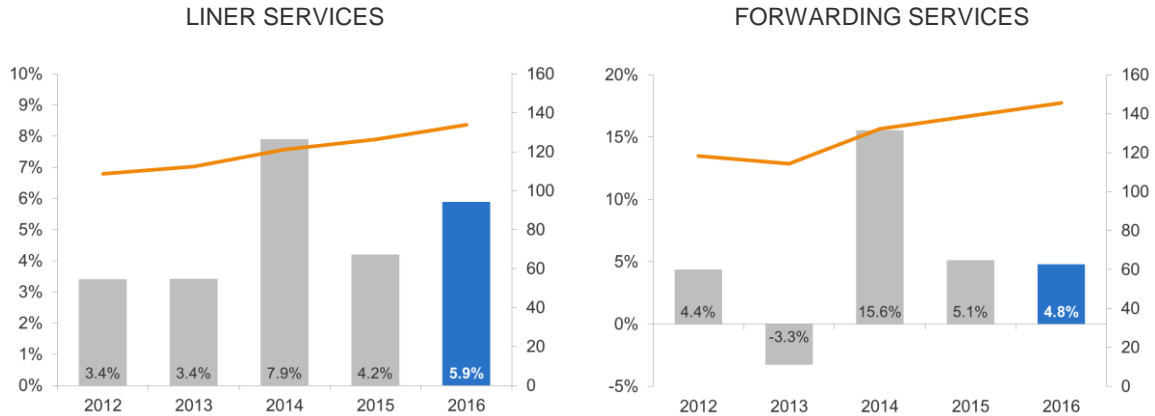
EBITDA for the year amounted to EUR 53.5 million compared to EUR 45.2 million in 2015, an increase of EUR 8.3 million or 18.3%. Normalized EBITDA growth for the year was 23.7%, taking into account the EUR 2.0 million gain on disposal of vessel under construction that was included in the third quarter's revenue 2015. The EBITDA ratio was 10.4%, compared to 8.7% normalized ratio for 2015. EBITDA from the company's liner services was EUR 42.4 million compared to EUR 35.8 million in 2015, up by 18.5%. The EBITDA ratio from the liner services was 11.2% compared to 10.0% EBITDA ratio for 2015. EBITDA from the company's forwarding services was EUR 11.0 million compared to EUR 9.4 million in 2015, an increase of 17.7% due to tight cost controls and increasing forwarding freight rates in the fourth quarter. The EBITDA ratio from the forwarding services was 8.3% and grew from 6.6% for 2015.

Depreciation and amortization amounted to EUR 28.1 million compared to EUR 24.7 million in 2015, up by 13.5%. The increase is mainly explained by investments in fixed and intangible assets, vessel dry-dockings and new group companies.

Net finance expense for the year was EUR 0.3 million compared to EUR 0.4 million net finance income in 2015. Currency exchange fluctuations resulted in a currency exchange gain amounting to EUR 2.5 million compared to a EUR 3.5 million currency exchange gain in 2015. This EUR 1.0 million decrease of currency exchange gain largely explains the change in the net financial items.

Net earnings for the year amounted to EUR 21.9 million and increased by EUR 4.1 million or 23.0% from 2015. Earnings per share was EUR 0.1148, up by 23.5% from 2015.

The following graphs show that transported volume in the company's liner and forwarding services has been gradually increasing. The volume index on the right axis is based on the 2010 volume as 100.



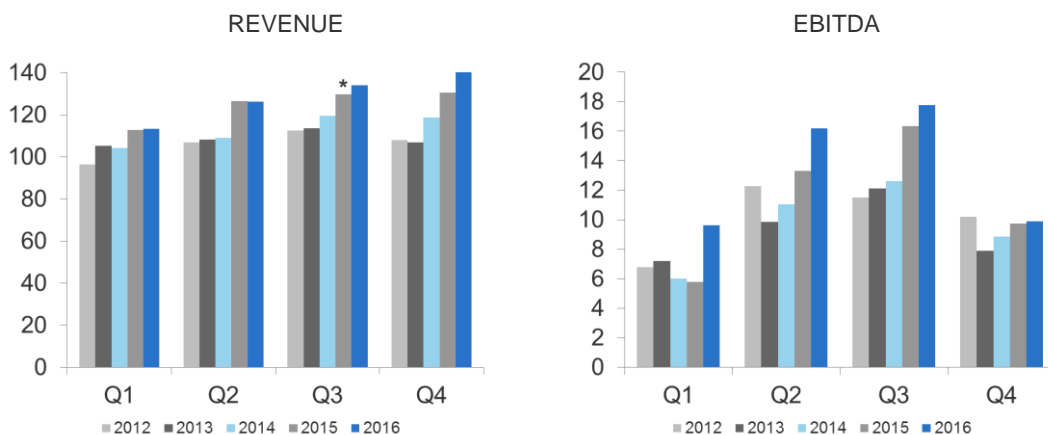
During the year 2015, some changes were made to the company’s sailing schedule in order to increase system capacity and service reliability. In February 2015, the Green Line (serving between Iceland and North America with a port call in Sortland in Norway) and the Red Line (connecting the coastal services 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. In October 2015 the services of the Gray Line were expanded by adding another chartered 500 TEU vessel to the line to increase capacity and with new port calls in Århus in Denmark, Halmstad in Sweden and Swinoujscie in Poland. Changes will be made to the system by the end of February 2017. A new Red Line will be added and the services of the Green Line and the Gray Line will be changed. Weekly coastal services will be offered to support the increasing activities in Iceland. In May, the port of Helsingborg in Sweden will replace the port of Halmstad as a port of call. The new system will increase capacity to and from Europe and North America by 7-11%.

Eimskip operates 21 vessels, of which twelve are owned and nine are chartered. Fourteen of the vessels are in scheduled services, three are in spot services, one is used for bulk cargo and three are in ferry operation.

The company’s operations have been growing during the past years as can be seen in the following graphs, and there was substantial growth in revenue and EBITDA in 2015 and 2016.

The graphs show how revenues and EBITDA are divided to quarters from 2012 to 2016. In the graphs, revenue and EBITDA have been adjusted for one-off items in 2012. EBITDA for the third quarter 2012 was increased by EUR 0.7 million due to costs related to the company’s listing. EBITDA for the fourth quarter 2012 was also 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



\* EUR 2.0 million gain on disposal of a vessel under construction included in Q3 2015 revenue and EBITDA

## FOURTH QUARTER OPERATIONS

- **Revenue EUR 140.5 million, up by EUR 9.9 million or 7.6% from Q4 2015**
  - Volume in liner services up by 0.1% and liner revenue up by EUR 7.0 million or 7.4%
  - Volume in forwarding services up by 9.3% and revenue up by EUR 2.8 million or 7.9%
- **EBITDA EUR 9.9 million compared to EUR 9.7 million in Q4 2015**

The company's revenue amounted to EUR 140.5 million in the fourth quarter 2016 compared to EUR 130.6 million in 2015, up by EUR 9.9 million or 7.6%. Revenue from the liner services was EUR 101.7 million compared to EUR 94.7 million in the fourth quarter 2015 and grew by EUR 7.0 million or 7.4%. Transported volume in the liner services grew by 0.1%. Iceland and the Faroe Islands showed good growth which was offset by a volume decrease in Norway. Revenue from the company's forwarding services amounted to EUR 38.8 million compared to EUR 35.9 million in the fourth quarter 2015, up by EUR 2.8 million or 7.9%, mainly due to the acquisition of Extraco. The forwarding services volume in the fourth quarter, both reefer and dry cargo, was up by 9.3% from the same quarter 2015.

Total expenses of the company were EUR 130.6 million in the quarter compared to EUR 120.9 million in the fourth quarter 2015, up by 8.0%. Thereof, operating expenses amounted to EUR 96.3 million compared to EUR 94.8 million in 2015, an increase of 1.6%. The cost of the forwarding services increased less than the revenue growth in the quarter (cost up by 3.0% vs. revenue up by 7.9%), affected by rates from the deep sea lines. Salaries and related expenses increased by 31.7% and were EUR 34.3 million compared to EUR 26.0 million in the fourth quarter 2015. Cost related to merger and acquisition projects in the fourth quarter amounted to EUR 0.8 million.

EBITDA for the quarter amounted to EUR 9.9 million compared to EUR 9.7 million in the same period 2015, an increase of EUR 0.2 million or 1.6%. The EBITDA ratio of the quarter was 7.0% compared to 7.5% in the previous year. EBITDA from the company's liner services was EUR 7.8 million in the quarter compared to EUR 8.0 million in the same quarter 2015, down by 3.0%, mainly due to acquisition costs and volume decrease in Norway. The EBITDA ratio from the liner services was 7.6% compared to 8.5% 2015. EBITDA from the company's forwarding services was EUR 2.1 million compared to EBITDA in the amount of EUR 1.7 million in the same period 2015, up by 23.2%, reflecting higher freight rates and volume growth and that Extraco became a part of the group in the quarter. The EBITDA ratio from the forwarding services was 5.5% compared to 4.8% in the fourth quarter 2015.

Net finance income was EUR 0.7 million in the quarter compared to EUR 0.4 million net finance income for the same quarter 2015. Thereof, there was currency exchange gain in the quarter in both years, EUR 1.7 million 2016 and EUR 1.3 million 2015.

Net earnings for the quarter amounted to EUR 1.9 million and decreased by 16.4% compared to the fourth quarter 2015.

## BALANCE SHEET

- **Total assets EUR 391.7 million at year-end 2016**
- **Equity ratio 62.2%**
- **Interest-bearing debt EUR 81.1 million**
- **Net debt EUR 41.6 million**

Total non-current assets amounted to EUR 253.3 million at year-end compared to EUR 233.3 million at the end of 2015. Net investments in fixed and intangible assets during the year amounted to EUR 31.3 million compared to EUR 31.7 million in 2015.

Total current assets amounted to EUR 138.4 million at the end of the year compared to EUR 121.9 million at the end of 2015. The change from year-end 2015 is explained by change in cash and trade receivable. Cash and cash equivalents amounted to EUR 39.5 million at year-end compared to EUR 36.0 million at the end of 2015. Trade receivables increased from EUR 83.9 million at year-end 2015 to EUR 96.6 million at the end of 2016 due to seasonal fluctuations, currency exchange rates and new group companies.

Equity amounted to EUR 243.8 million at year-end and the equity ratio was 62.2%. Dividend in the amount of EUR 8.6 million, or ISK 1,213.2 million, was paid to shareholders in April 2016.

Current liabilities at year-end amounted to EUR 83.5 million compared to EUR 71.5 million at year-end 2015. The increase in 2016 is mostly explained by seasonal fluctuations, currency exchange rates and increase in short-term loans and borrowings.

Interest-bearing debt amounted to EUR 81.1 million at year-end and grew from EUR 71.4 million at the end of 2015. Net debt amounted to EUR 41.6 million compared to EUR 35.4 million at year-end 2015.

## CASH FLOWS AND INVESTMENTS

- **Net cash from operating activities EUR 48.7 million in 2016**
- **Net cash used in investing activities EUR 39.9 million**
- **Cash and cash equivalents EUR 39.5 million at year-end 2016**

Eimskip's cash flow for the year 2016 was strong. Net cash from operating activities was EUR 48.7 million in 2016 and grew by EUR 11.3 million or 30.3% from 2015.

Net cash used in investing activities amounted to EUR 39.9 million compared to EUR 35.2 million in 2015. Total capital expenditure amounted to EUR 34.4 million and the largest investments were containers and a harbor crane. For comparison, CAPEX amounted to EUR 48.3 million in 2015.

Cash and cash equivalents amounted to EUR 39.5 million at year-end compared to EUR 36.0 million at year-end 2015.

## EBITDA FORECAST 2017

Eimskip's EBITDA forecast for the year 2017 is in the range of EUR 57 to 63 million.

The outlook for the year 2017 is positive and the company expects growth in imported volume to Iceland. The outlook for the Faroe Islands and Norway is also positive. The forwarding business is expected to grow both in volume, revenue and margins in 2017, among other due to the acquired companies and expected increasing international freight rates. Extraco and Mareco will create new opportunities and synergies for Eimskip into new commodities and trade lanes. Competition remains strong in the market area, especially in the company's North Atlantic liner operation. The strike in the seafood industry in Iceland in January and February will negatively affect the first quarter's results. The quota for the year is expected to be fully caught and the cargo is therefore expected to switch from the first to the second quarter and to be transported during the remainder of the year. Increased imports to Iceland will partly compensate for less export of fish in the first quarter.

There is general uncertainty regarding global economic conditions, volumes, rates, fuel cost, currency rates and competition.

## SHAREHOLDERS

- **Eimskip's market capitalization was EUR 518.2 million on 22 February 2017**

The closing price of Eimskip's shares rose by 36.9% in 2016. The OMXI8 index (OMX Iceland 8) went down by 9.0% during the same period. The year-end closing price was ISK 235.50 per share in 2015 and ISK 322.50 in 2016 and the average closing price for the year 2016 was ISK 274.24 per share. The closing price on 22 February 2017 was ISK 321.50 per share, which represents Eimskip's market capitalization based on outstanding shares in the amount of ISK 60.0 billion that day, the equivalent of EUR 518.2 million.

The total number of shares is 200,000,000, thereof 186,639,230 shares are outstanding and 13,360,770 shares are in treasury. At year-end 2016 there were 806 shareholders and they were 812 on 22 February 2017.

The company's dividend policy is to pay annual dividend that equals an amount in the range of 10-50% of net profit after taxes. Decisions on dividend payment and the exact amount are subject to the company's future investment plans, market outlook and satisfactory capital structure at any given time. The Board of Directors proposes to the Annual General Meeting a dividend payment to shareholders in 2017 in the amount of ISK 6.80 per share. The proposed dividend payment amounts to ISK 1,269.1 million, the equivalent of approximately EUR 11.0 million, which represents approximately 50.0% of net earnings for the year 2016.

## KEY FIGURES BY QUARTER

Amounts are in thousands of EUR

<b>OPERATING RESULTS</b>	<b>Q4 2016</b>	<b>Q3 2016</b>	<b>Q2 2016</b>	<b>Q1 2016</b>	<b>Q4 2015</b>
Revenue	140,497	134,070	126,102	113,253	130,610
Expenses	130,592	116,310	109,924	103,621	120,863
EBITDA	9,905	17,760	16,178	9,632	9,747
EBIT	1,907	10,843	9,381	3,267	2,476
Net earnings for the period	1,914	9,381	8,755	1,845	2,289
EBITDA ratio	7.0%	13.2%	12.8%	8.5%	7.5%
EBIT ratio	1.4%	8.1%	7.4%	2.9%	1.9%
<b>BALANCE SHEET</b>	<b>31.12.2016</b>	<b>30.09.2016</b>	<b>30.06.2016</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
Assets	391,691	379,111	371,003	368,468	355,157
Equity	243,775	240,061	229,928	220,796	228,124
Liabilities	147,916	139,050	141,075	147,672	127,033
Interest-bearing debt	81,149	79,958	78,846	80,764	71,401
Net debt	41,606	34,836	31,383	33,427	35,418
Equity ratio	62.2%	63.3%	62.0%	59.9%	64.2%
<b>CASH FLOW</b>	<b>Q4 2016</b>	<b>Q3 2016</b>	<b>Q2 2016</b>	<b>Q1 2016</b>	<b>Q4 2015</b>
Net cash from operating activities	14,485	5,831	15,671	12,680	15,574
Net cash (used in) from investing activities	(18,442)	(7,225)	(4,293)	(9,947)	4,032
Net cash (used in) provided by financing activities	(1,306)	(1,213)	(11,103)	8,861	(11,611)
Cash and cash equivalents at the end of period	39,543	45,122	47,463	47,337	35,983



## INVESTIGATION OF THE ICELANDIC COMPETITION AUTHORITY

The investigation of the Icelandic Competition Authority is still ongoing. Eimskip will continue doing its best in providing answers in accordance with the company's legal obligation. It is in the interest of the company that the investigation will be completed as soon as possible.

## ABOUT EIMSKIP

Eimskip is a leading transportation company in the North Atlantic with connections to international markets and is specialized in worldwide freight forwarding services, with the vision of providing excellence in transportation solutions and services. Eimskip was founded in 1914 and is a publicly traded company with its shares listed at Nasdaq Iceland. The company runs a network of 60 offices in 20 countries, operates 21 vessels and has around 1,700 employees. Approximately half of the company's revenue comes from operations outside Iceland.

## INVESTOR MEETING 24 FEBRUARY 2017

Investors and market participants are invited to a meeting on Friday 24 February 2017 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 2016 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](http://www.eimskip.is/investors), and in the company news release distribution network of Nasdaq Nordic. The investor meeting will be broadcasted on Eimskip's Facebook page, using Facebook Live: [www.facebook.com/Eimskip/](http://www.facebook.com/Eimskip/). The meeting will be conducted in Icelandic and the broadcast starts at 8:30 a.m.

## APPROVAL OF THE BOARD OF DIRECTORS

The Board of Directors of Eimskipafélag Íslands hf. approved the company's audited Consolidated Financial Statements for 2016 at its meeting on 23 February 2017.

## FINANCIAL CALENDAR

- Annual General Meeting 2017: 23 March 2017
- Q1 2017: Published 23 May 2017
- Q2 2017: Published 24 August 2017
- Q3 2017: Published 21 November 2017
- Q4 2017: Published 22 February 2018
- Annual General Meeting 2018: 22 March 2018

## FURTHER INFORMATION

- Gylfi Sigfússon, President and CEO, tel.: +354 525 7202
- Hilmar Pétur Valgardsson, CFO, tel.: +354 525 7202
- Erna Eiríksdóttir, Senior Manager of Investor Relations, tel.: +354 825 7220, email: [investors@eimskip.is](mailto:investors@eimskip.is)

#### **FORWARD-LOOKING STATEMENTS**

Statements contained in this financial press release that refer 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.