



## 2016 WAS A RECORD YEAR FOR EIMSKIP

2016 and Q4 - 24 February 2017 | Normalized EBITDA growth 23.7%





# HIGHLIGHTS

# KEY HIGHLIGHTS FOR 2016

2016 compared to 2015

**EBITDA growth**  
**18.3%**  
**Normalized EBITDA growth**  
**23.7%**

**EBIT**  
**up by 24.1%**  
**Normalized EBIT**  
**up by 37.4%**

**Net earnings**  
**up by 23.0%**

**Volume in  
liner services**  
**up by 5.9%**

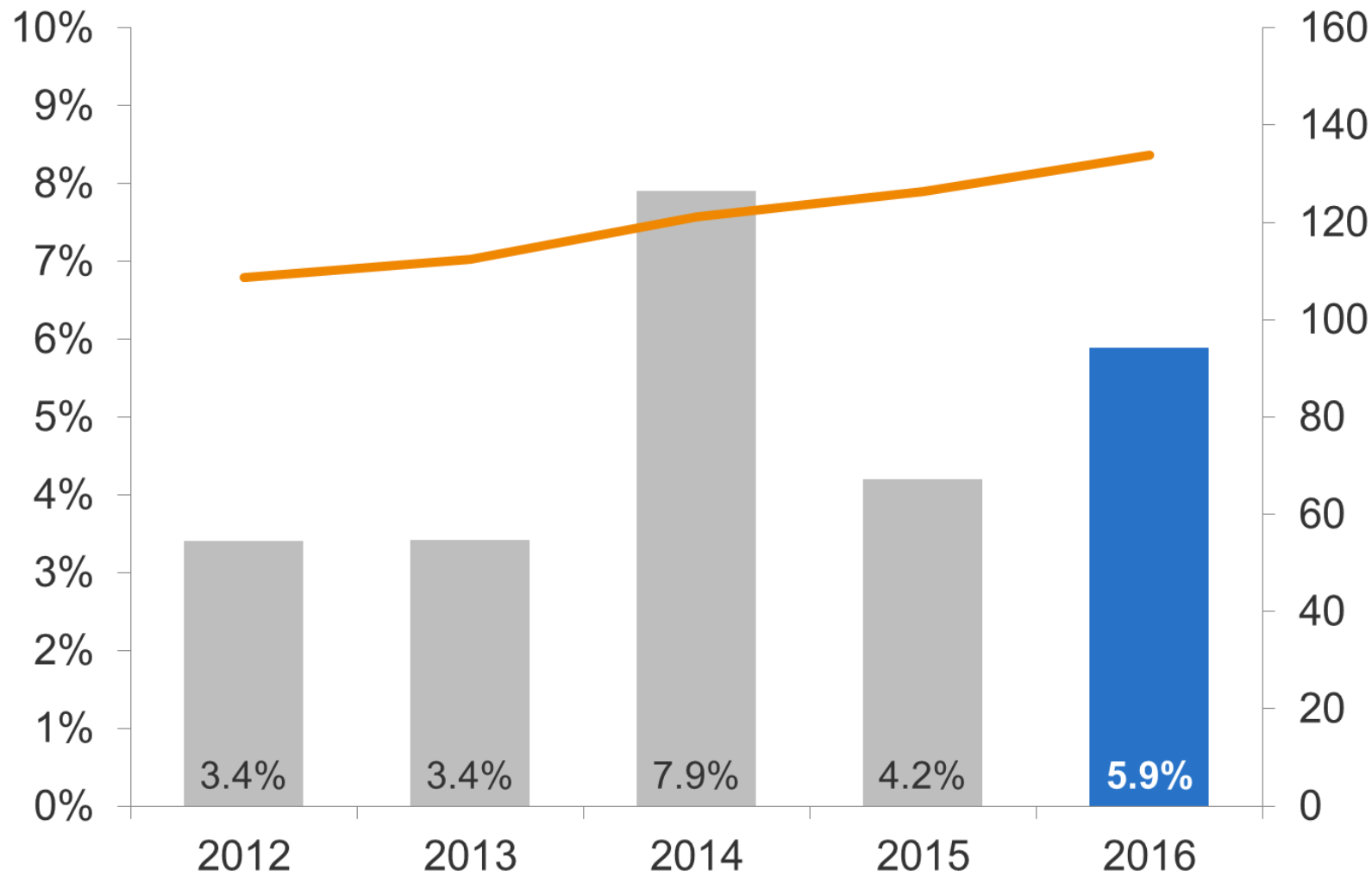
**Volume in  
forwarding services**  
**up by 4.8%**

**Strong cash flow**

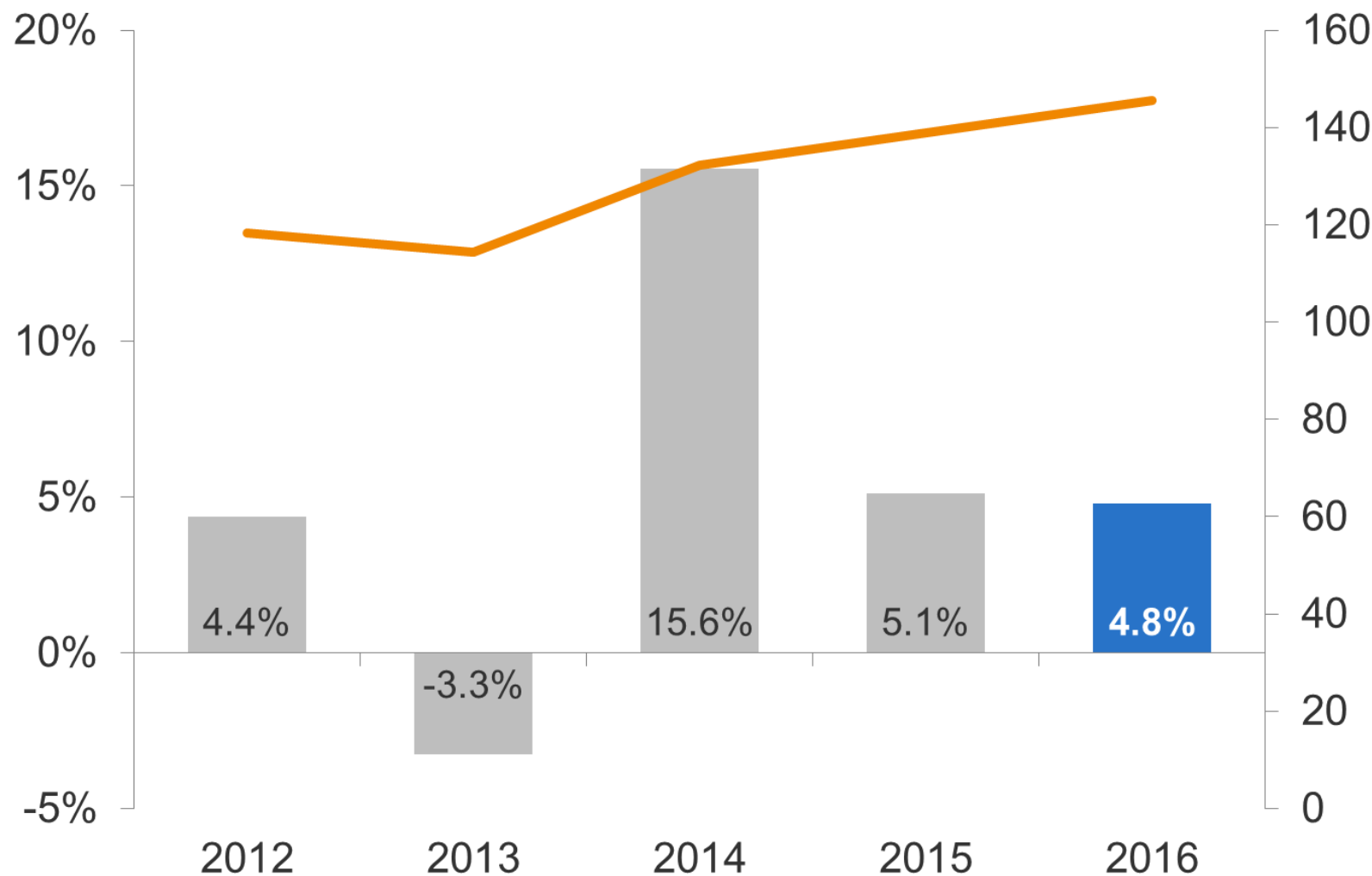
# TRANSPORTED VOLUME 2012 TO 2016

Changes from previous year

## LINER SERVICES



## FORWARDING SERVICES

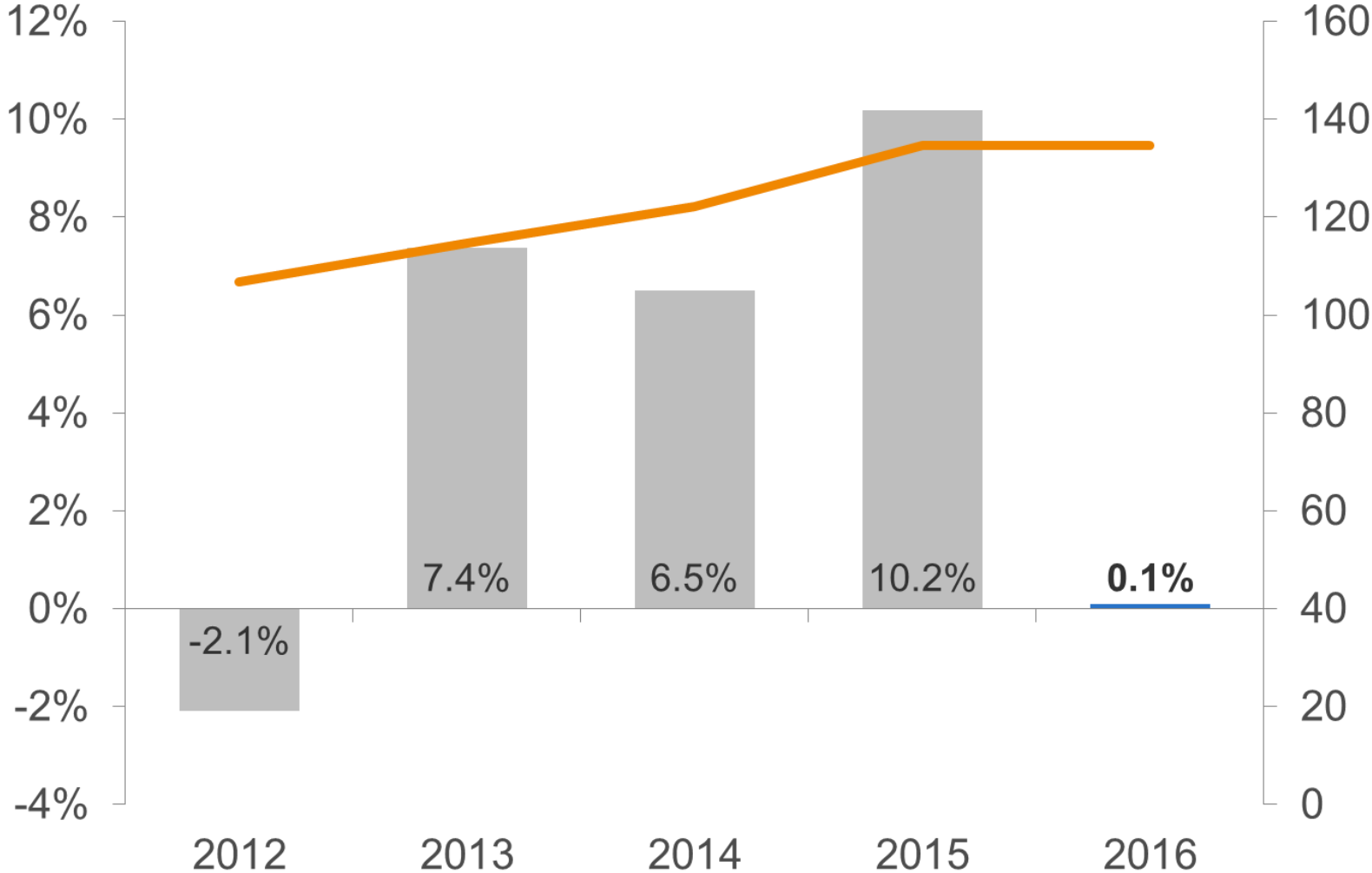


Volume index: 2010 volume at 100

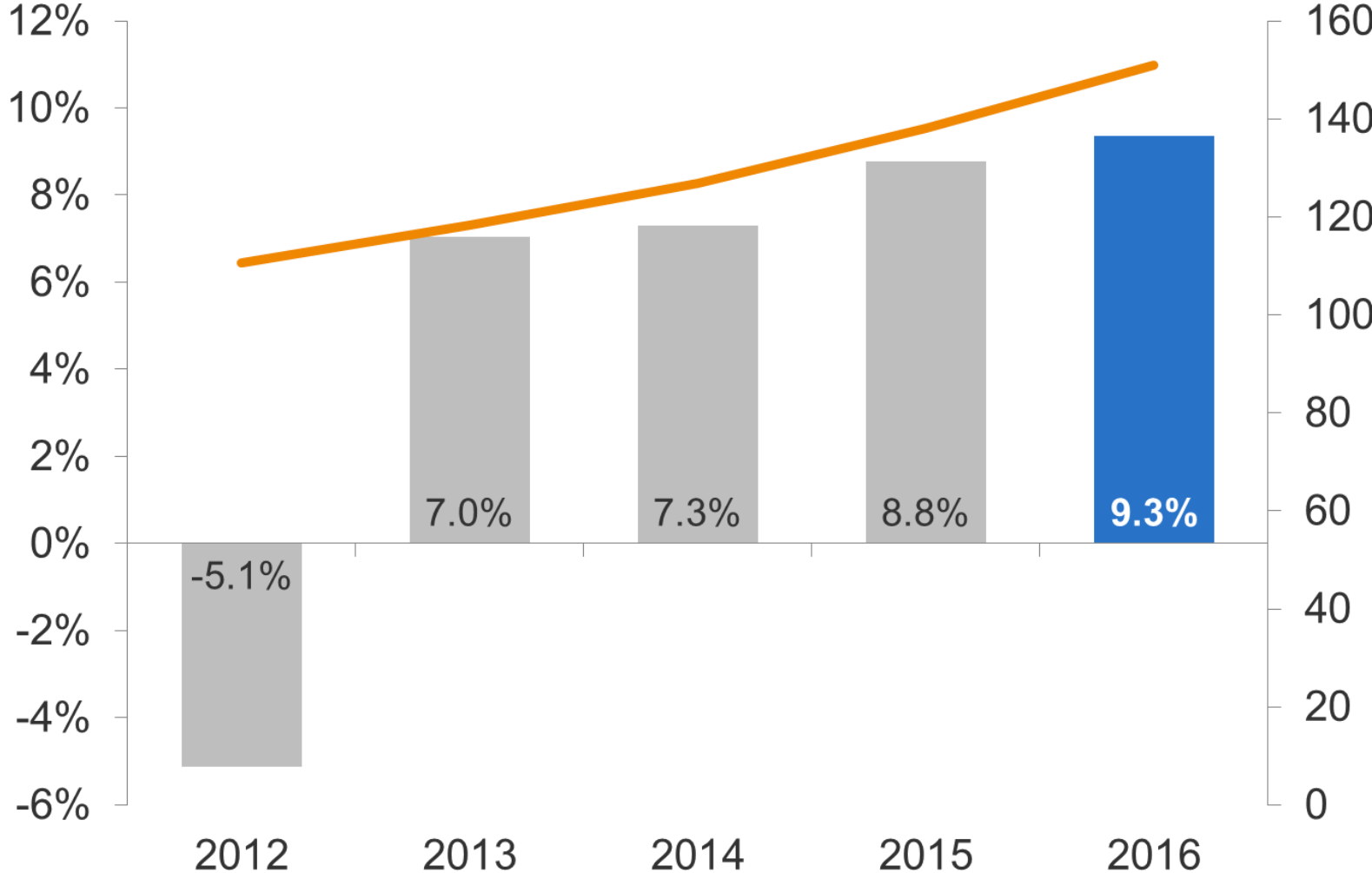
# TRANSPORTED VOLUME IN Q4 2012 TO 2016

Changes from Q4 in previous year

## LINER SERVICES



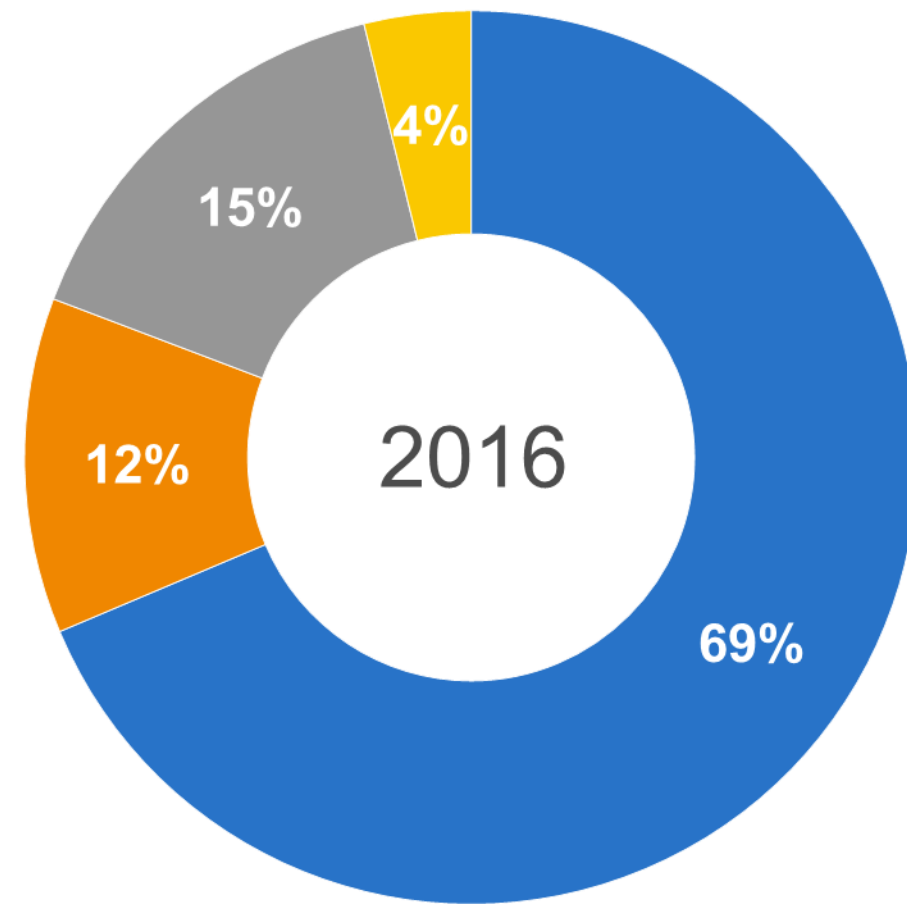
## FORWARDING SERVICES



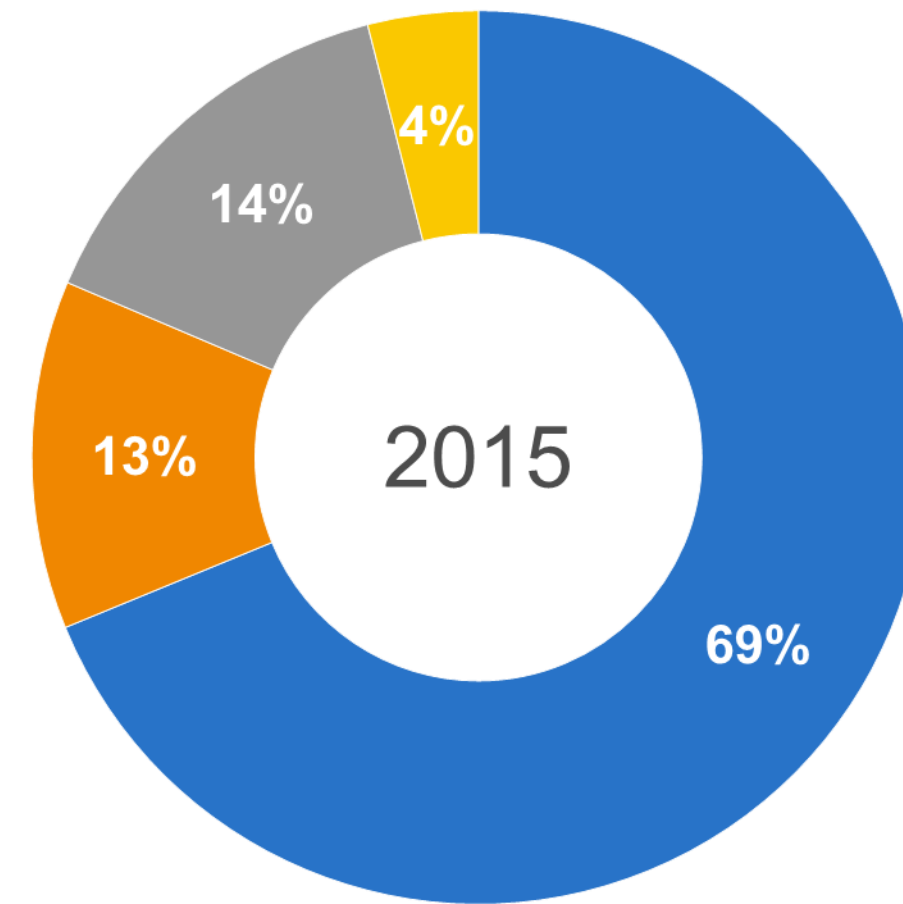
Volume index: 2010 volume at 100

# LINER SERVICES VOLUME

Iceland, Faroe Islands, Norway and Trans-Atlantic



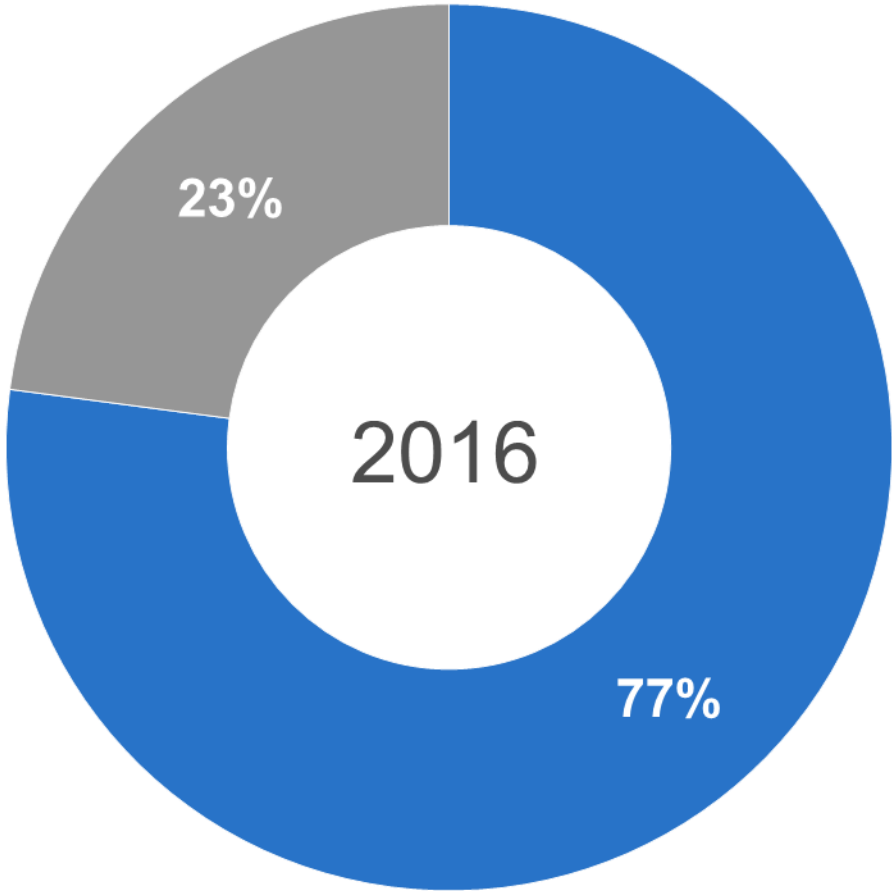
■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic



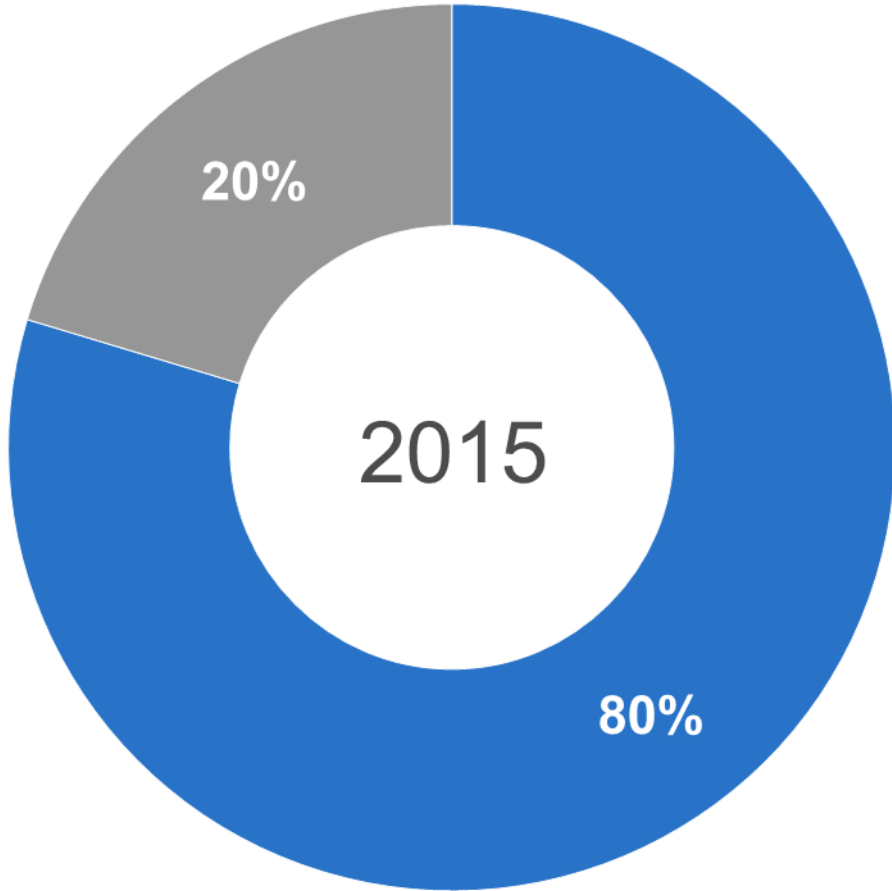
■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic

# FORWARDING SERVICES VOLUME

Reefer and dry cargo forwarding



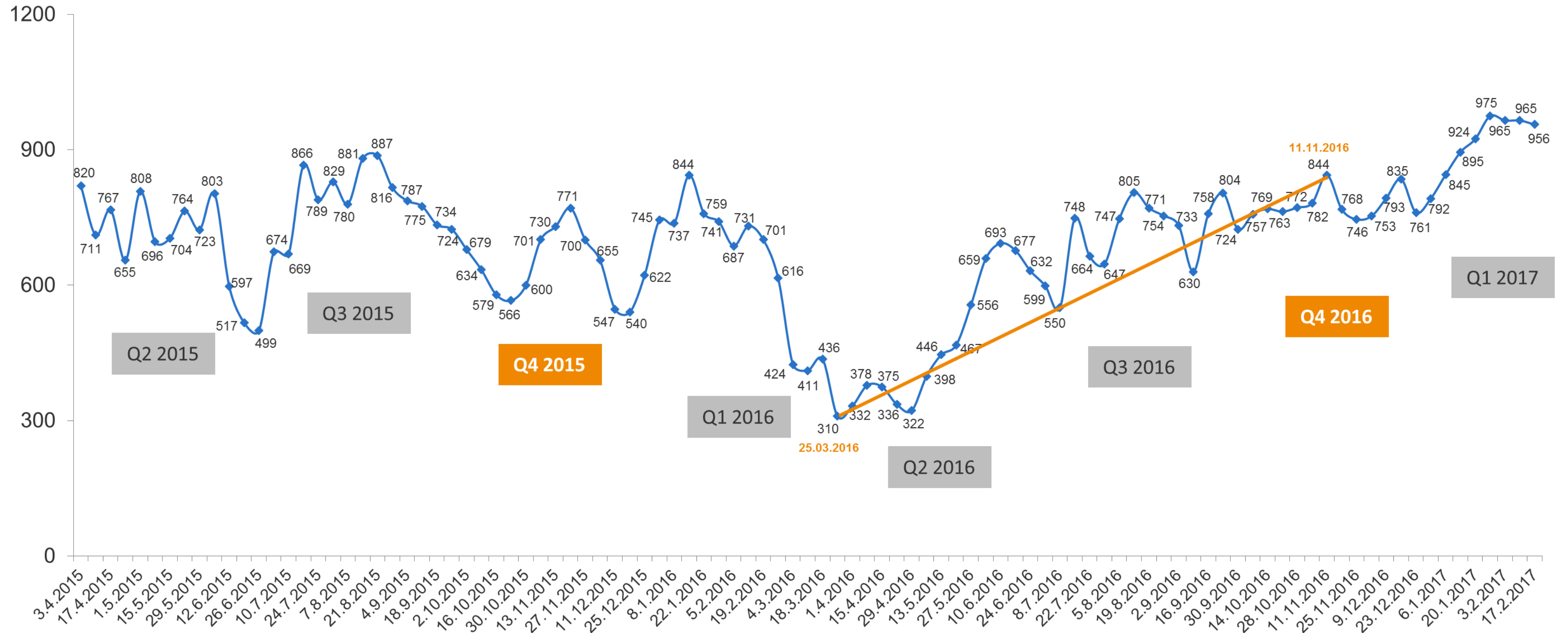
■ Reefer ■ Dry



■ Reefer ■ Dry

# CHINA FORWARDERS FREIGHT INDEX

China - Europe

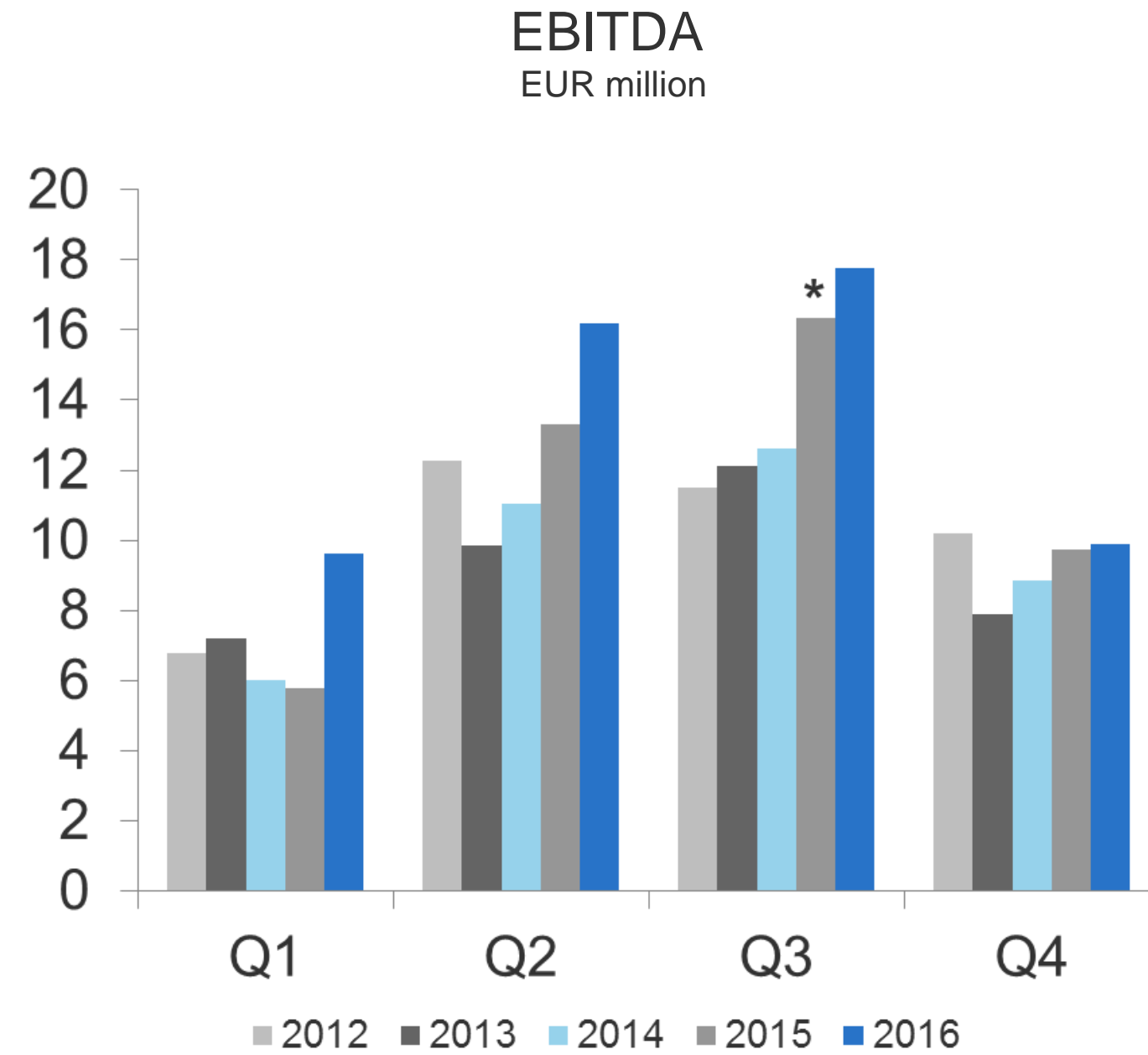
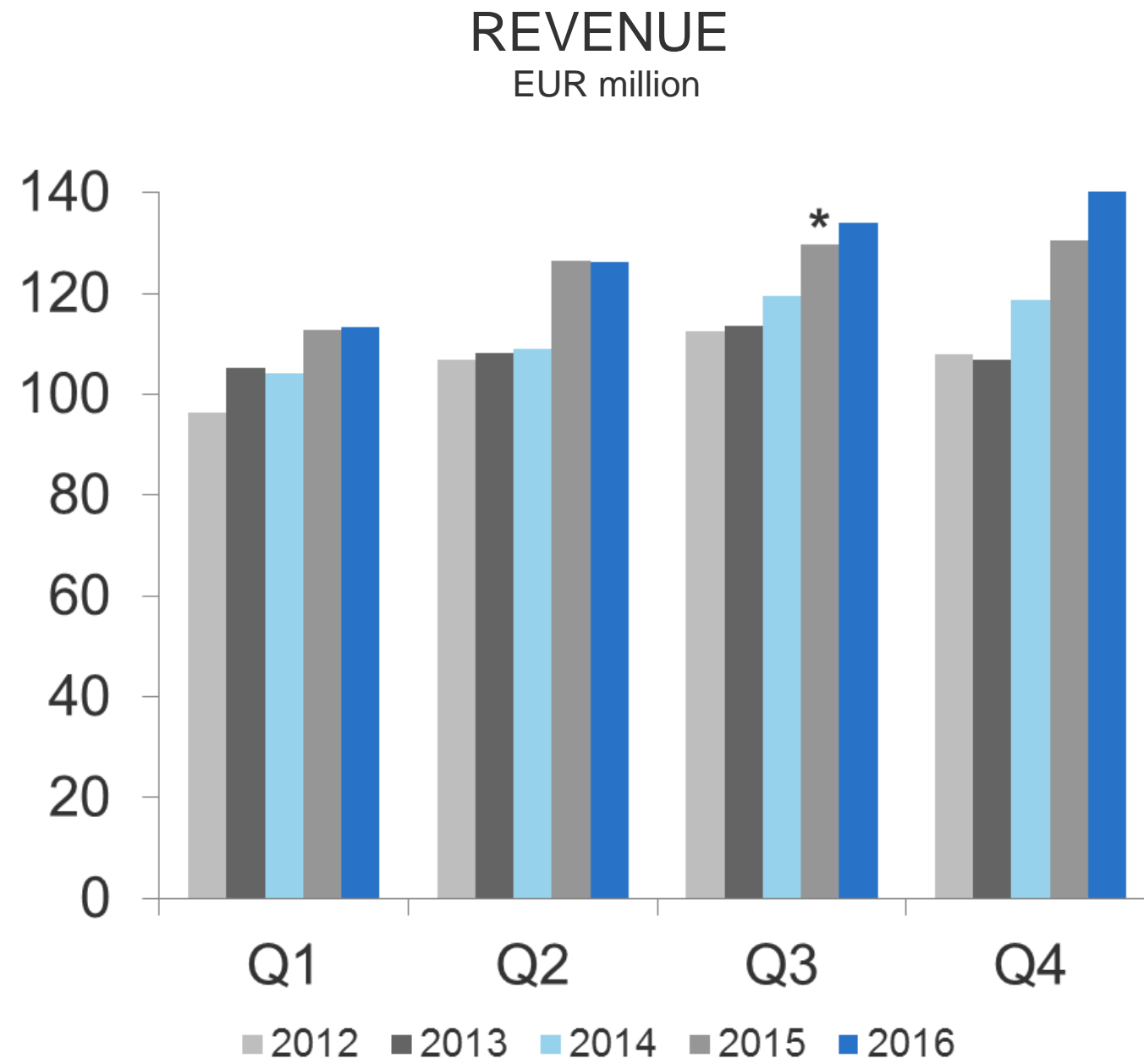


Source: www.shippingchina.com



# REVENUE AND EBITDA 2012 TO 2016 BY QUARTER

2016 was a record year



Adjusted for one-off items in 2012 in connection with the IPO

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



# FINANCIAL RESULTS

# INCOME STATEMENT 2016

Key highlights

**Revenue**  
**EUR 513.9 m**  
affected by international  
freight rates

**Operating expenses**  
**up by 1.3%**  
despite salary expenses  
up by 24.7%

**EBITDA**  
**EUR 53.5 m**  
up by 18.3%  
**EBITDA ratio**  
**10.4%**

**EBIT**  
**EUR 25.4 m**  
up by 24.1%

**Currency exchange gain**  
**EUR 2.5 m**  
compared to  
EUR 3.5 m in 2015

**Net earnings**  
**EUR 21.9 m**  
up by 23.0%

# KEY HIGHLIGHTS FOR Q4 2016

Q4 2016 compared to Q4 2015

**Revenue growth  
7.6%**

**EBITDA growth  
1.6%**  
Norway below  
expectations

**Net earnings  
lower by 16.4%**  
Increased depreciation

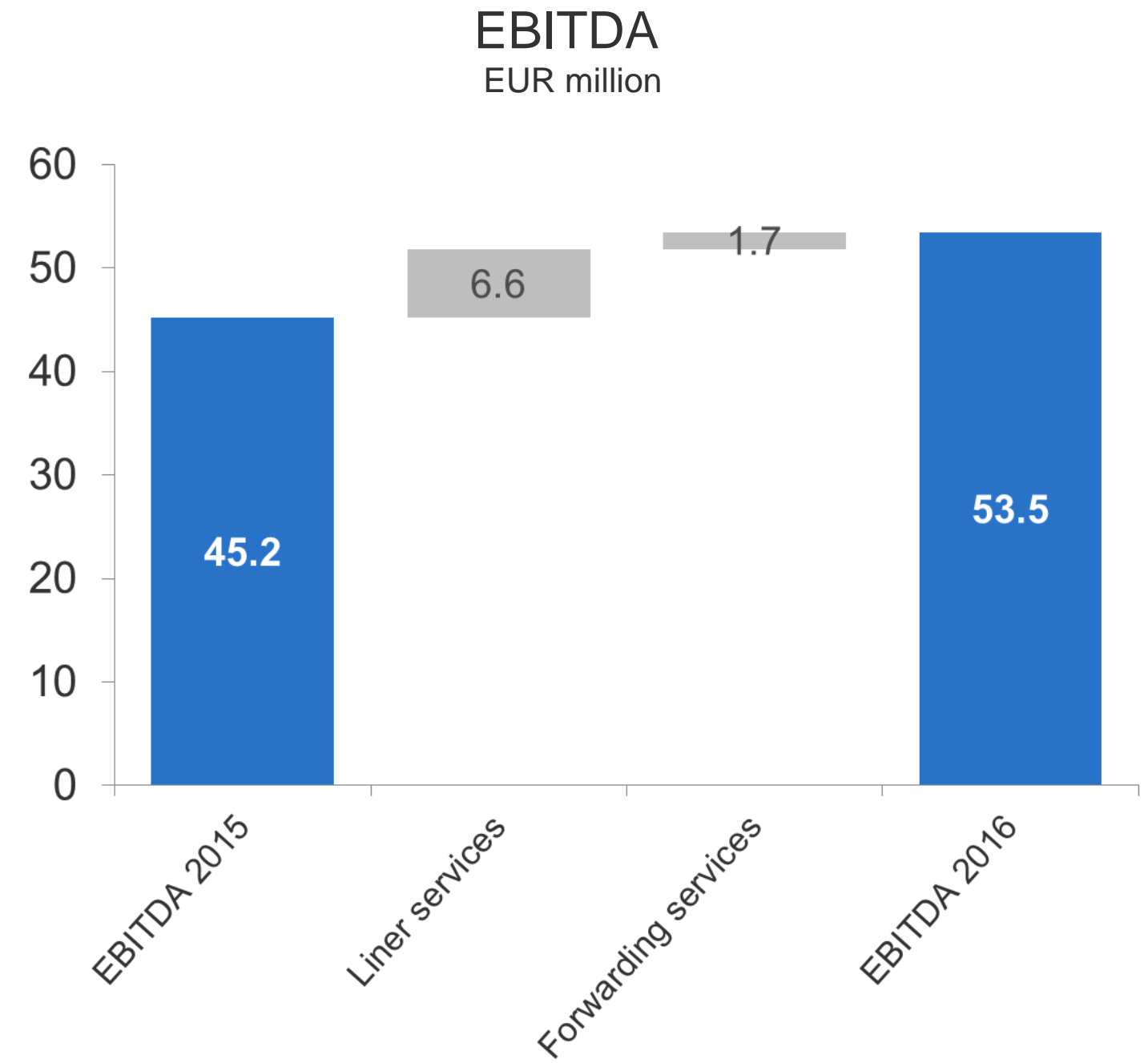
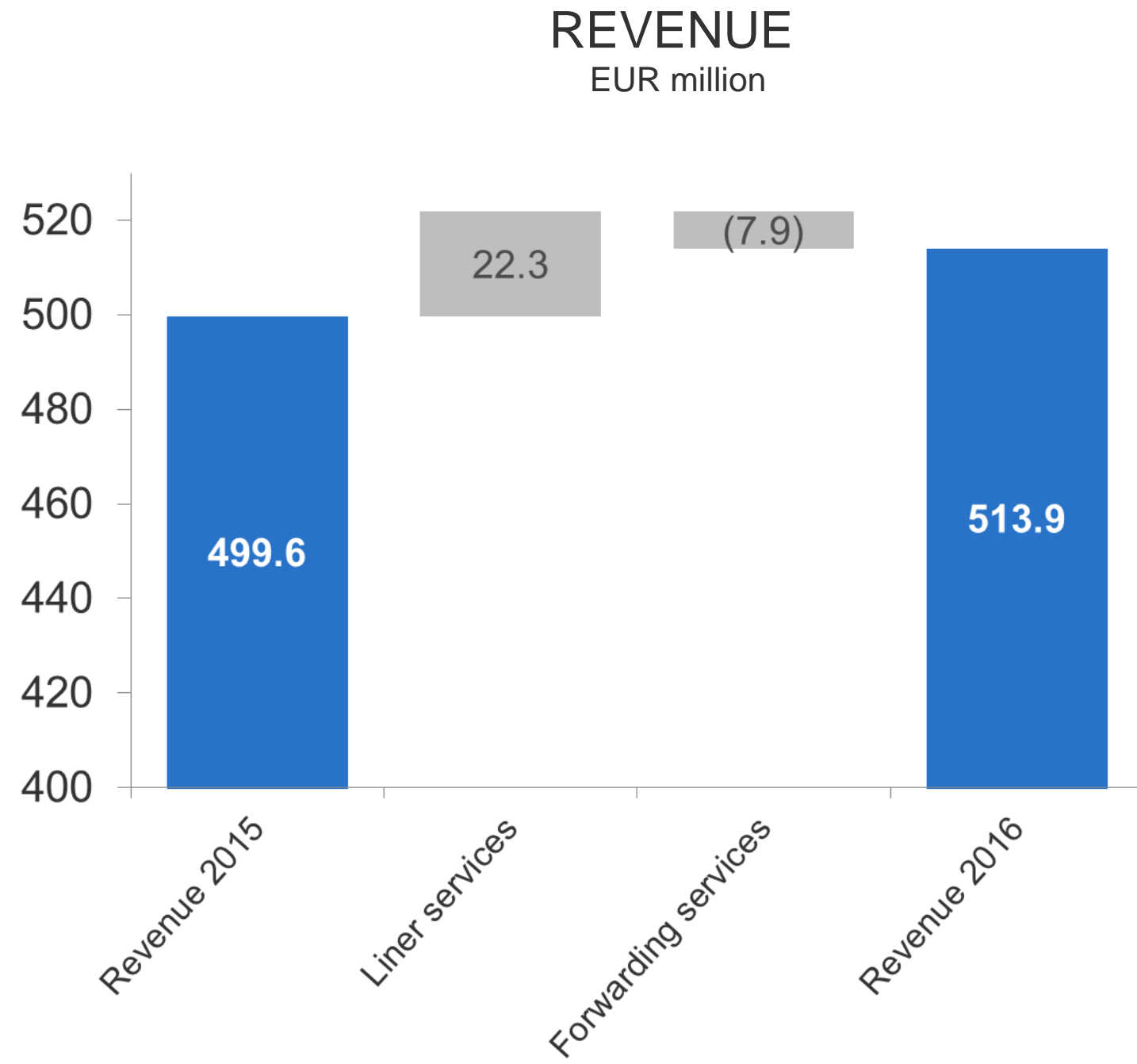
**Volume in  
liner services  
up by 0.1%**  
Lower Norway volume

**Volume in  
forwarding services  
up by 9.3%**

**Strong cash flow**

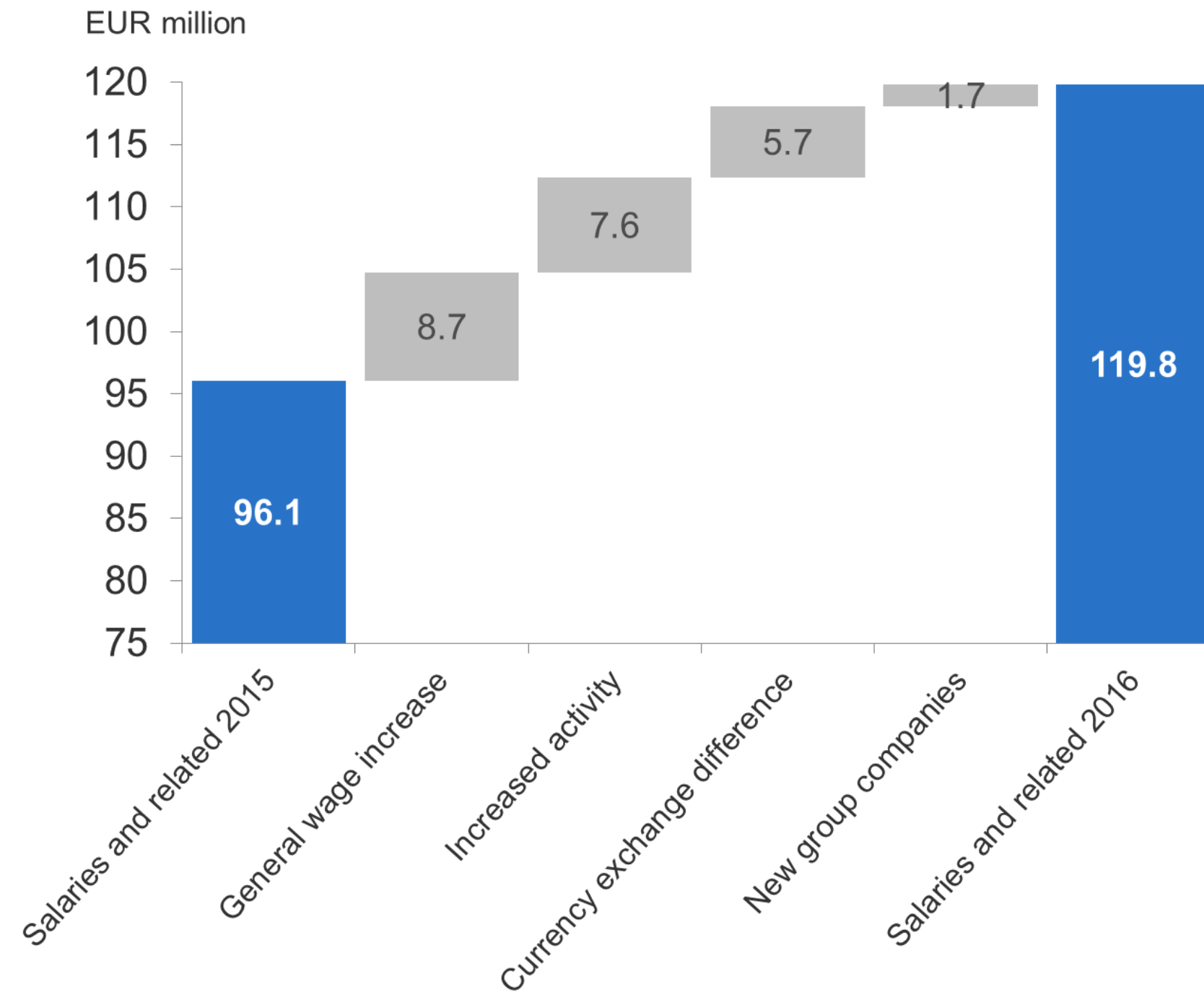
# BUSINESS SEGMENT BRIDGES 2016

Revenue and EBITDA



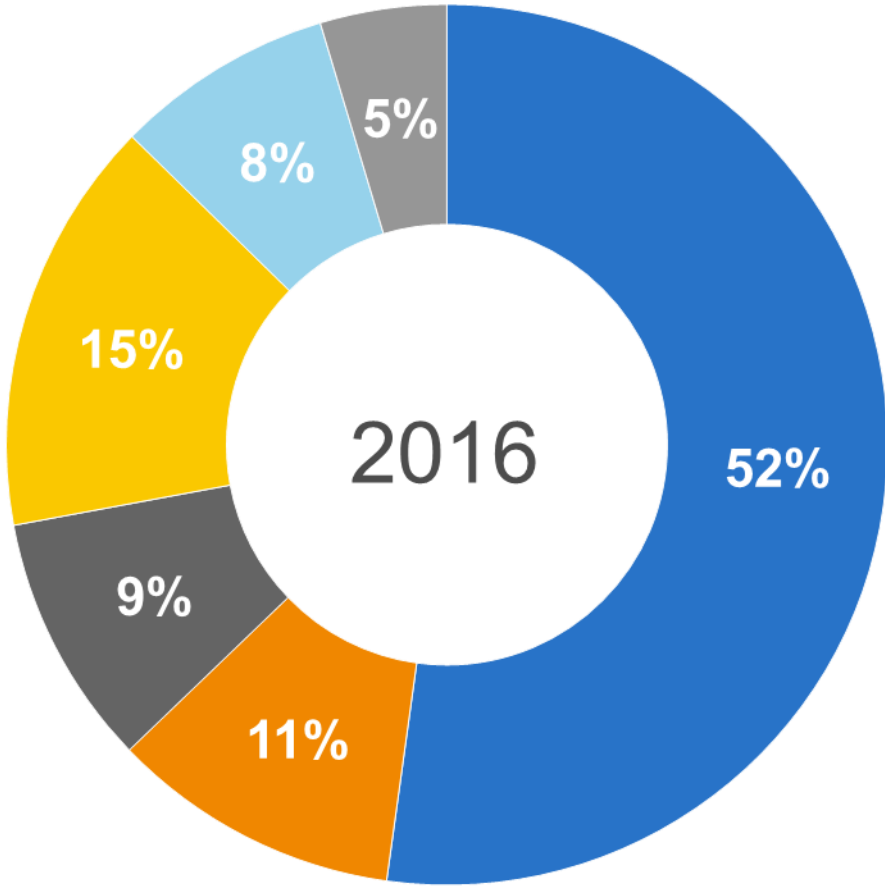
# SALARY BRIDGE 2016

Salaries and related expenses

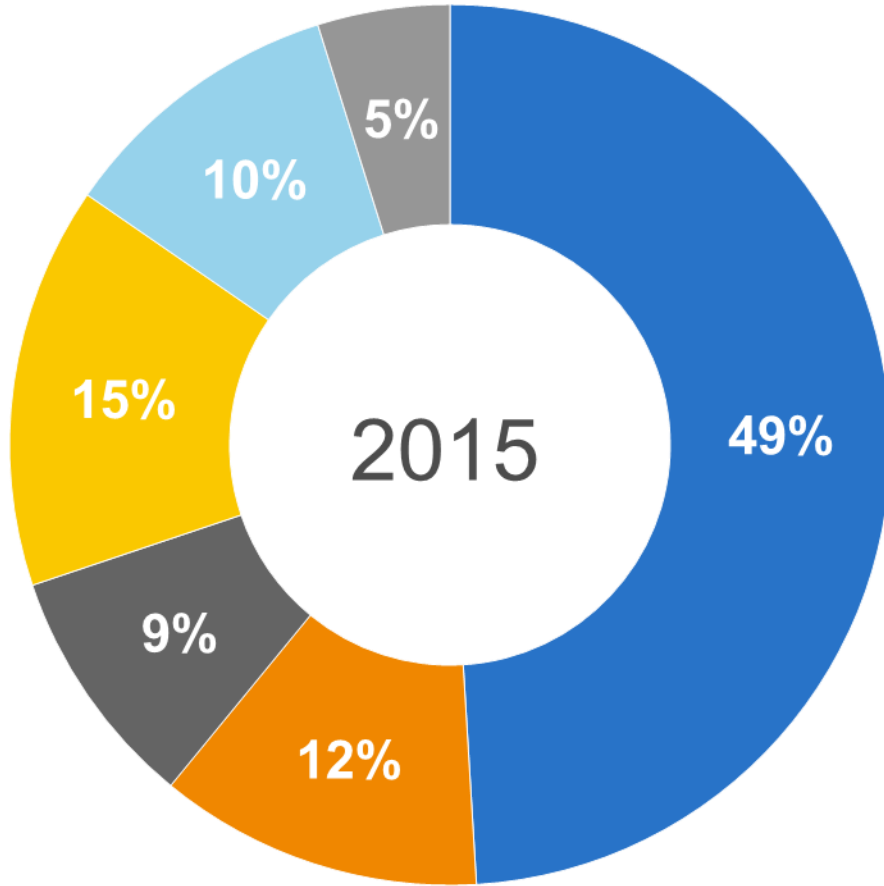


# GEOGRAPHICAL SPLIT OF REVENUE

About half of revenue is related to Iceland



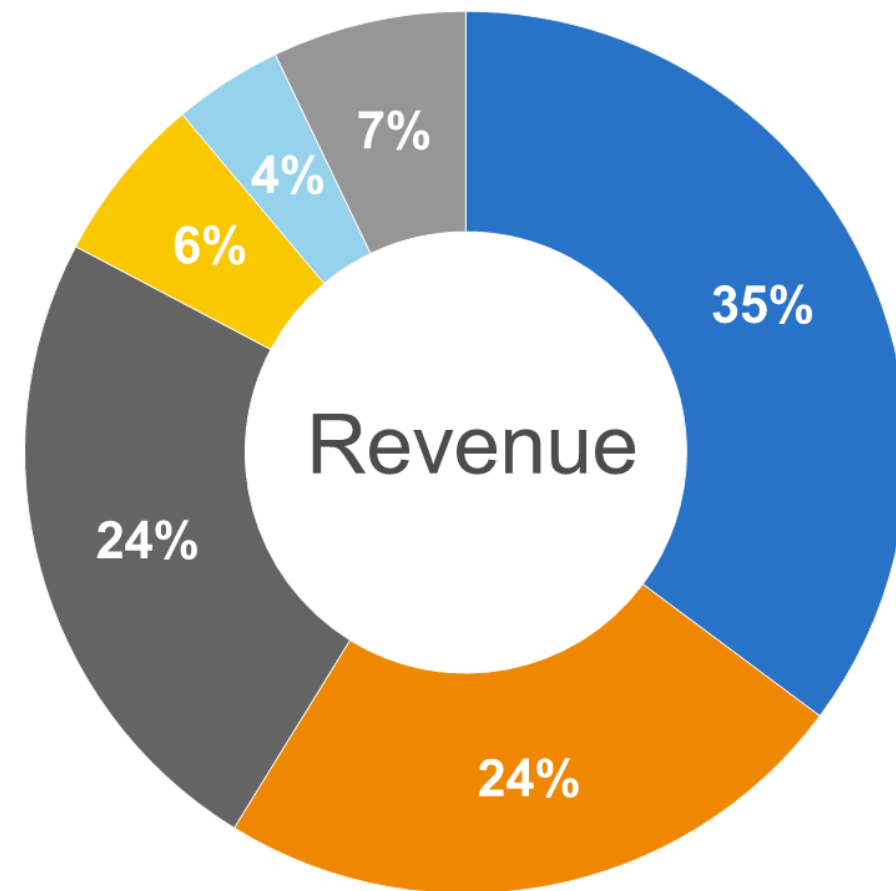
- Iceland
- Norway
- Asia
- Faroe Islands
- Europe
- Other



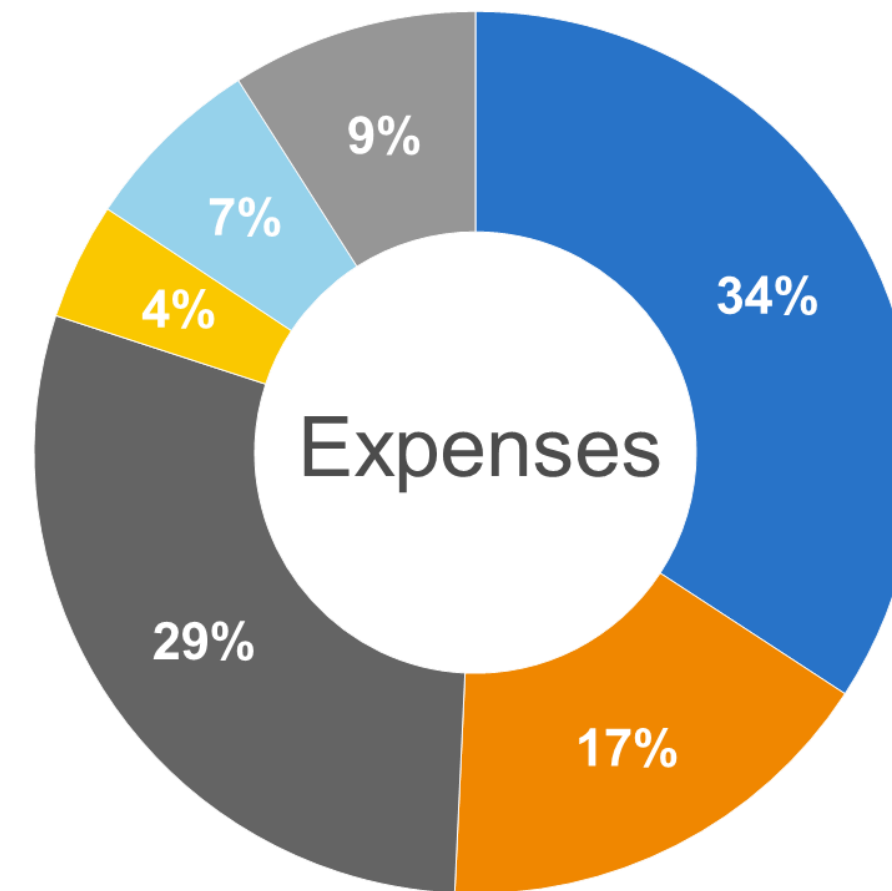
- Iceland
- Norway
- Asia
- Faroe Islands
- Europe
- Other

# REVENUE AND EXPENSES BY CURRENCY 2016

Income statement relatively naturally hedged – long in USD and short in ISK



■ EUR & DKK  
■ ISK  
■ GBP  
■ USD  
■ NOK  
■ Other

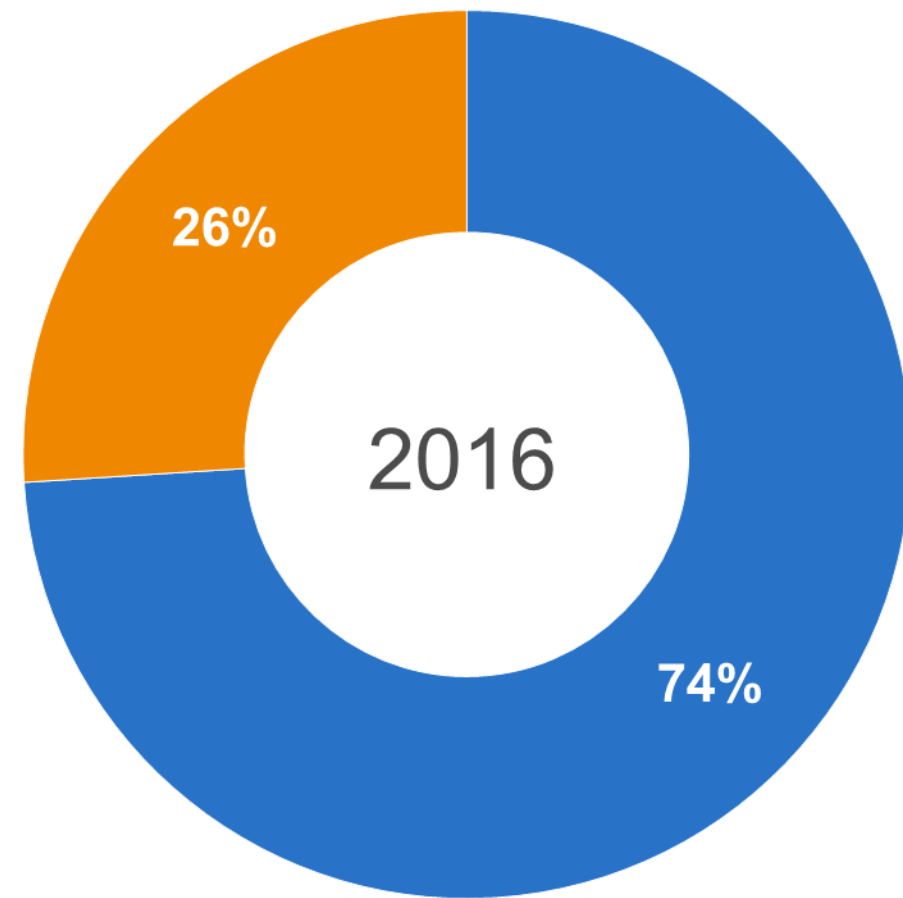


■ EUR & DKK  
■ ISK  
■ GBP  
■ USD  
■ NOK  
■ Other

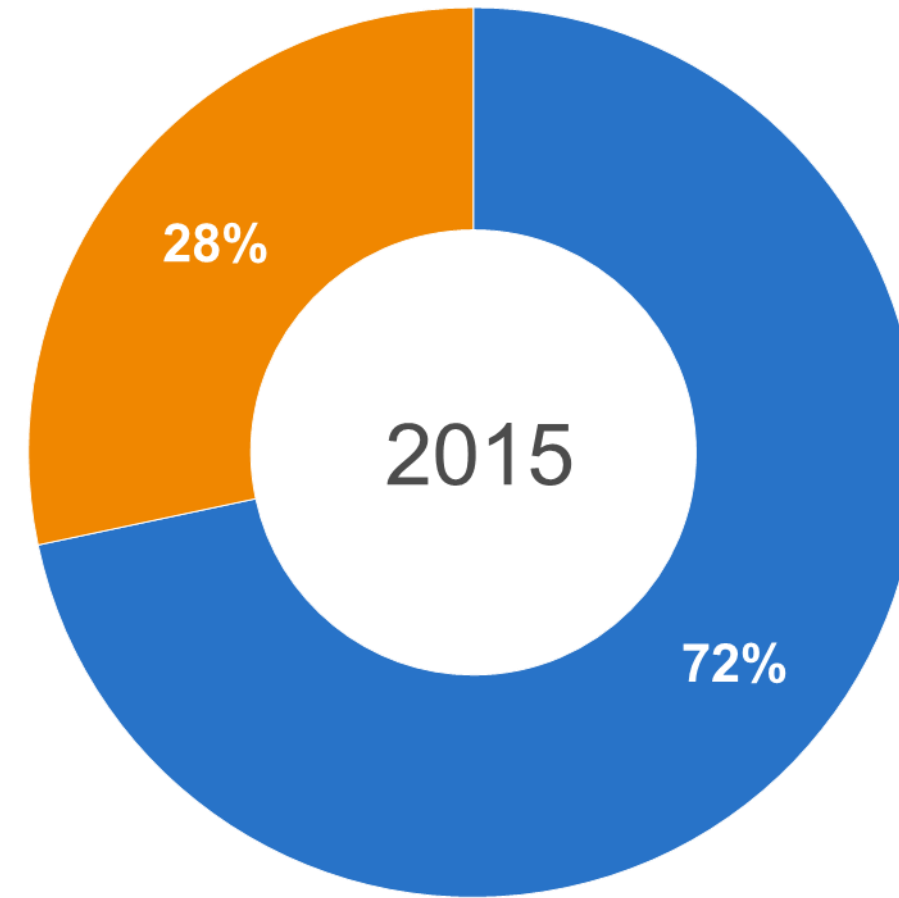


# REVENUE BY BUSINESS SEGMENT

Liner services and forwarding services



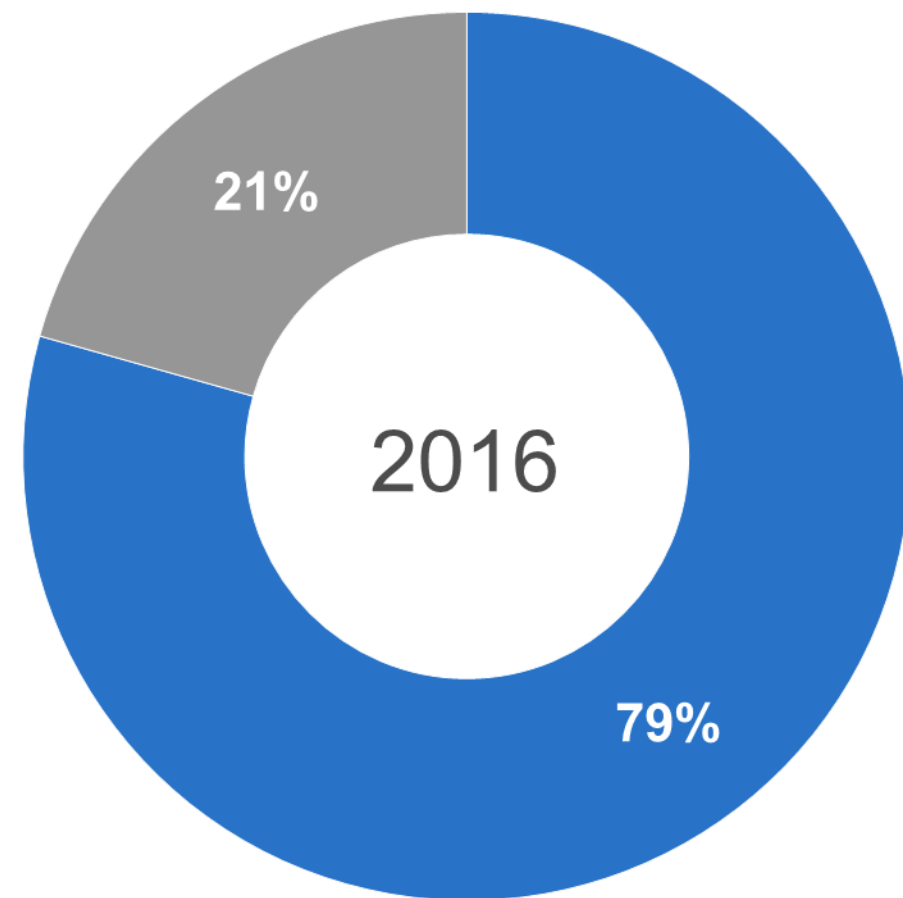
■ Liner services ■ Forwarding services



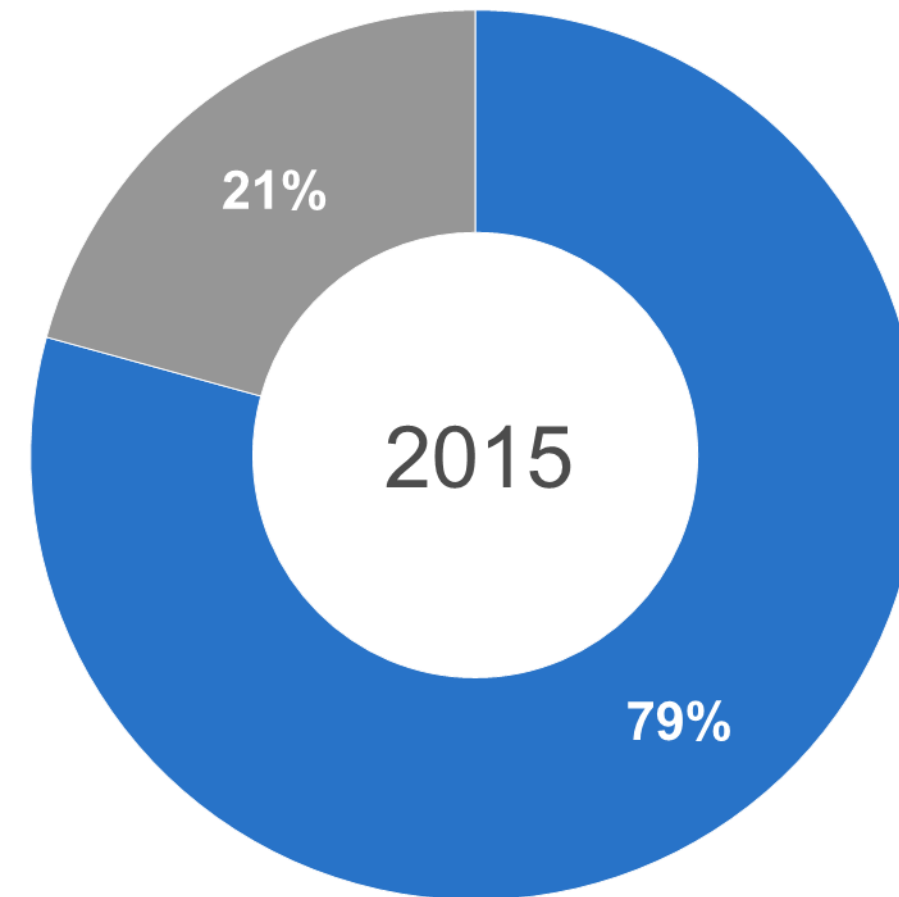
■ Liner services ■ Forwarding services

# EBITDA BY BUSINESS SEGMENT

Liner services and forwarding services



■ Liner services ■ Forwarding services



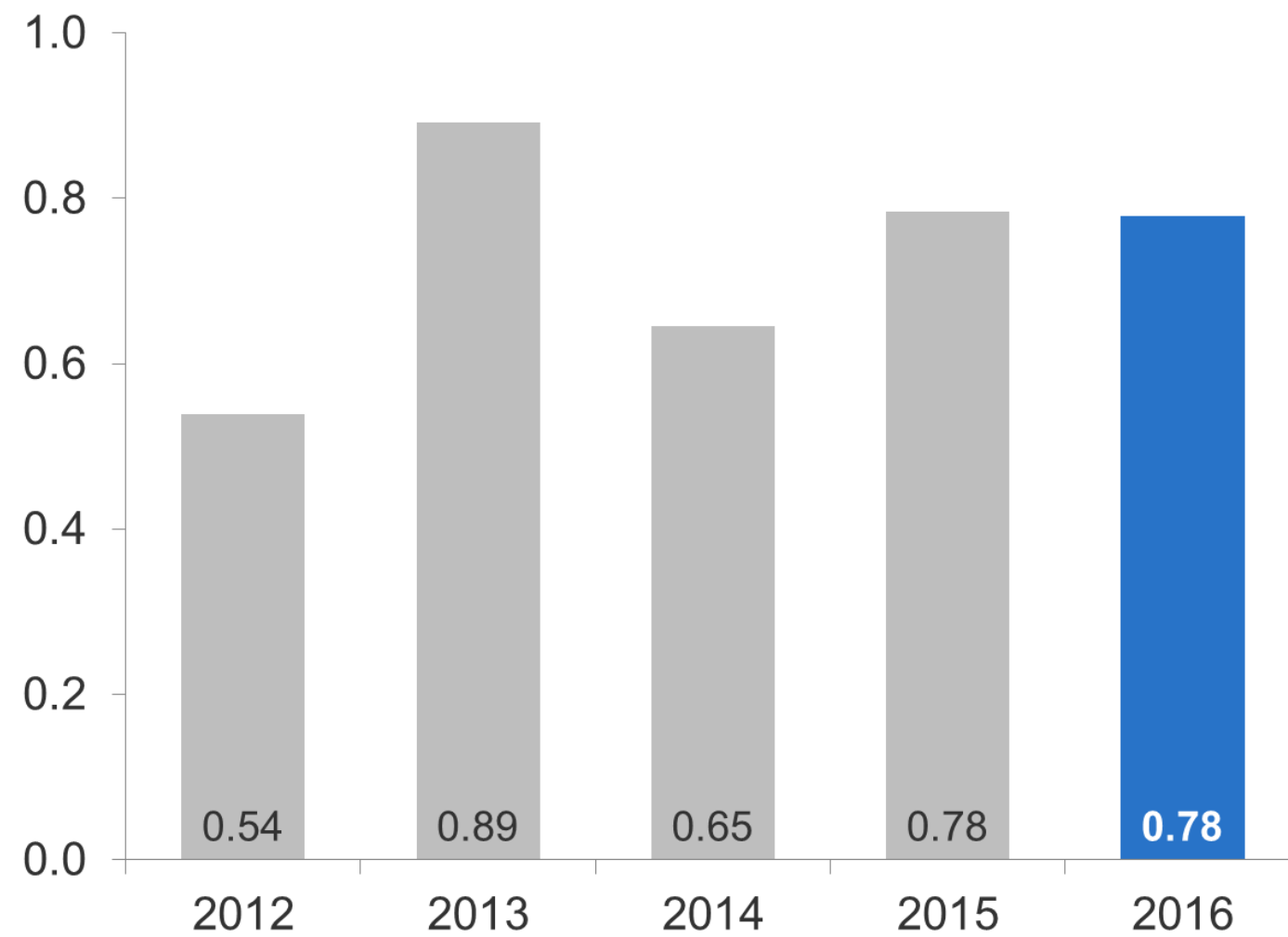
■ Liner services ■ Forwarding services

# FINANCIAL RATIOS 2012 TO 2016

Low leverage and strong financial position

## NET DEBT / LTM-EBITDA

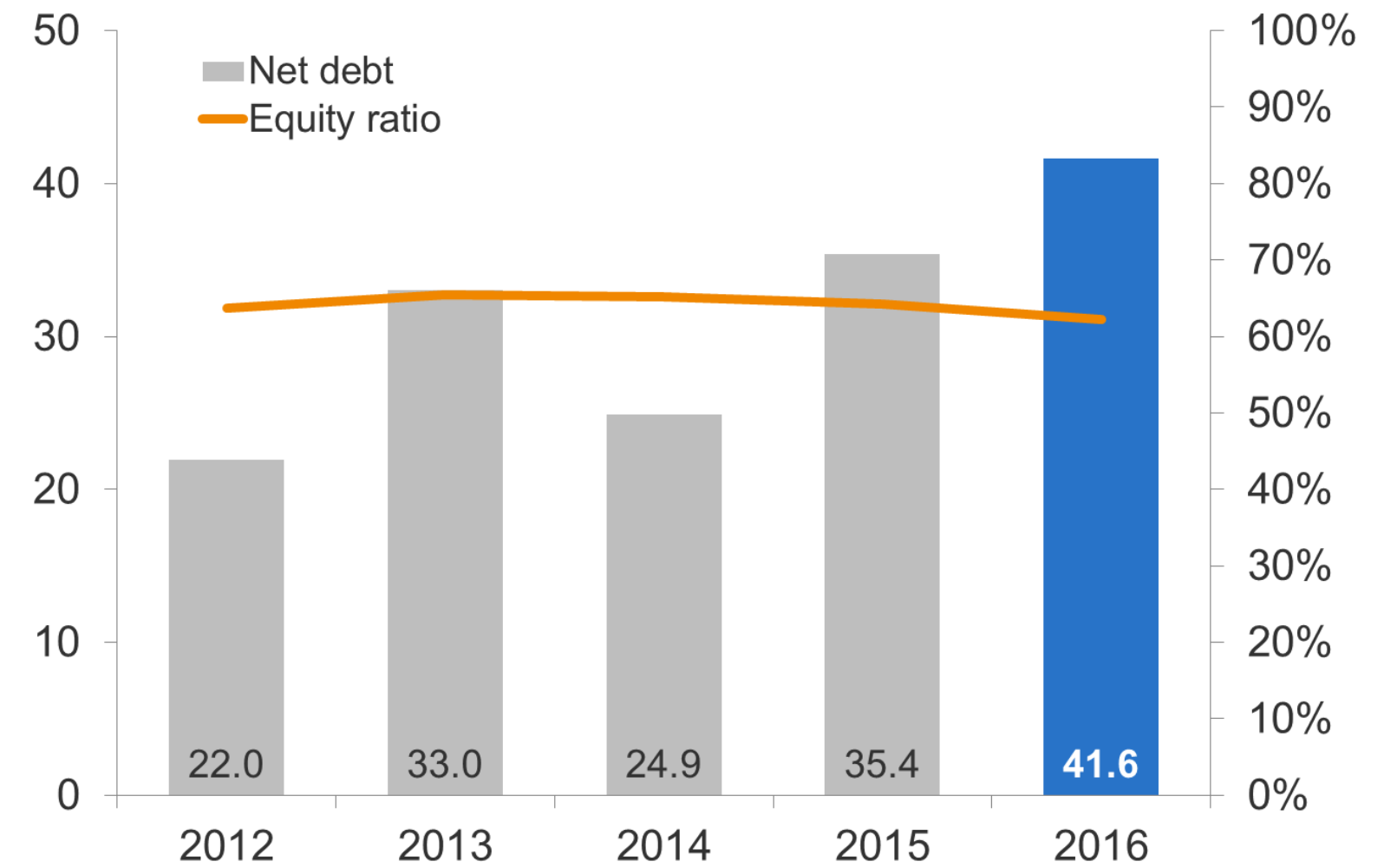
EUR million



Adjusted for one-off items in 2012

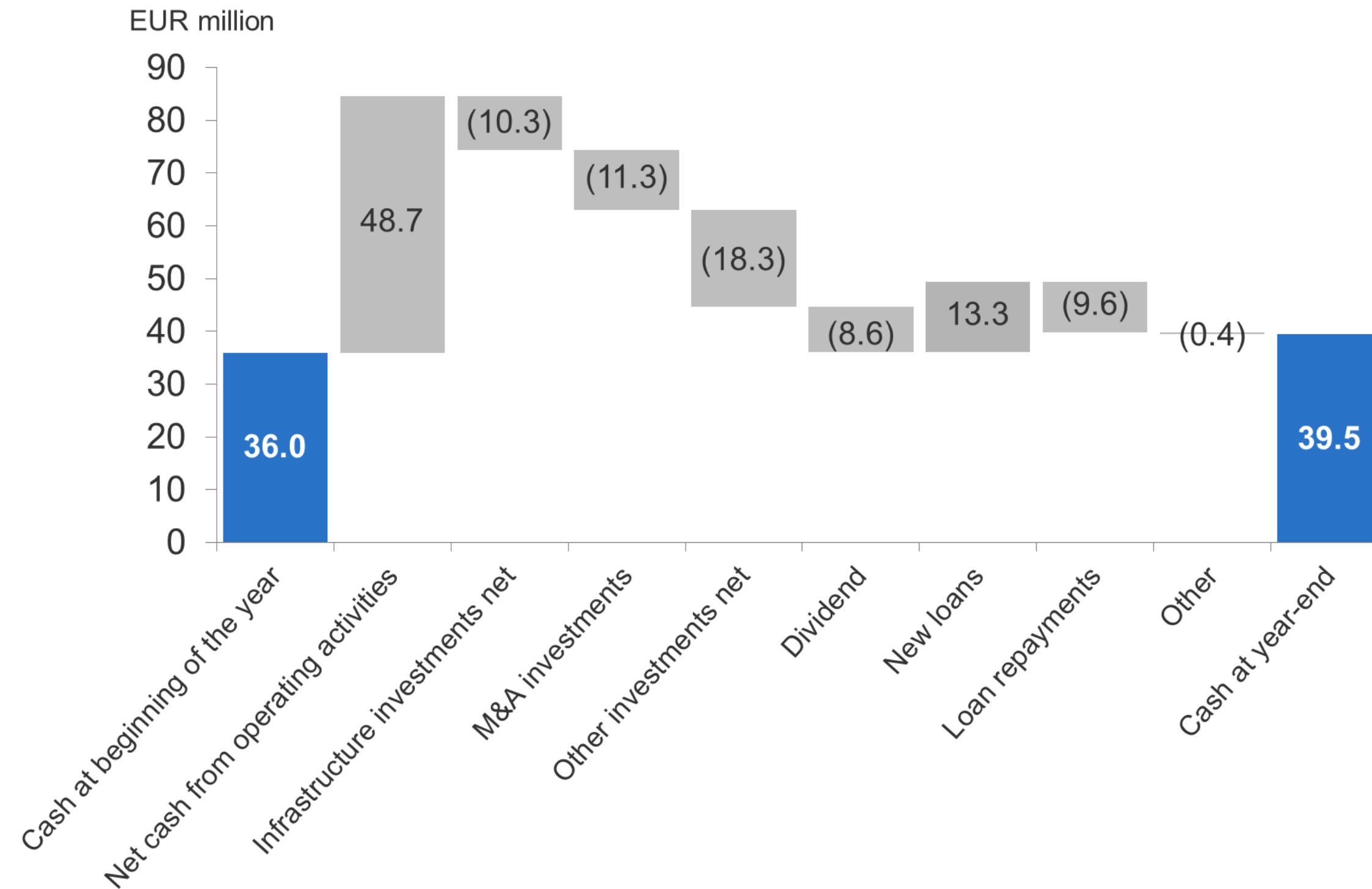
## NET DEBT AND EQUITY RATIO

EUR million



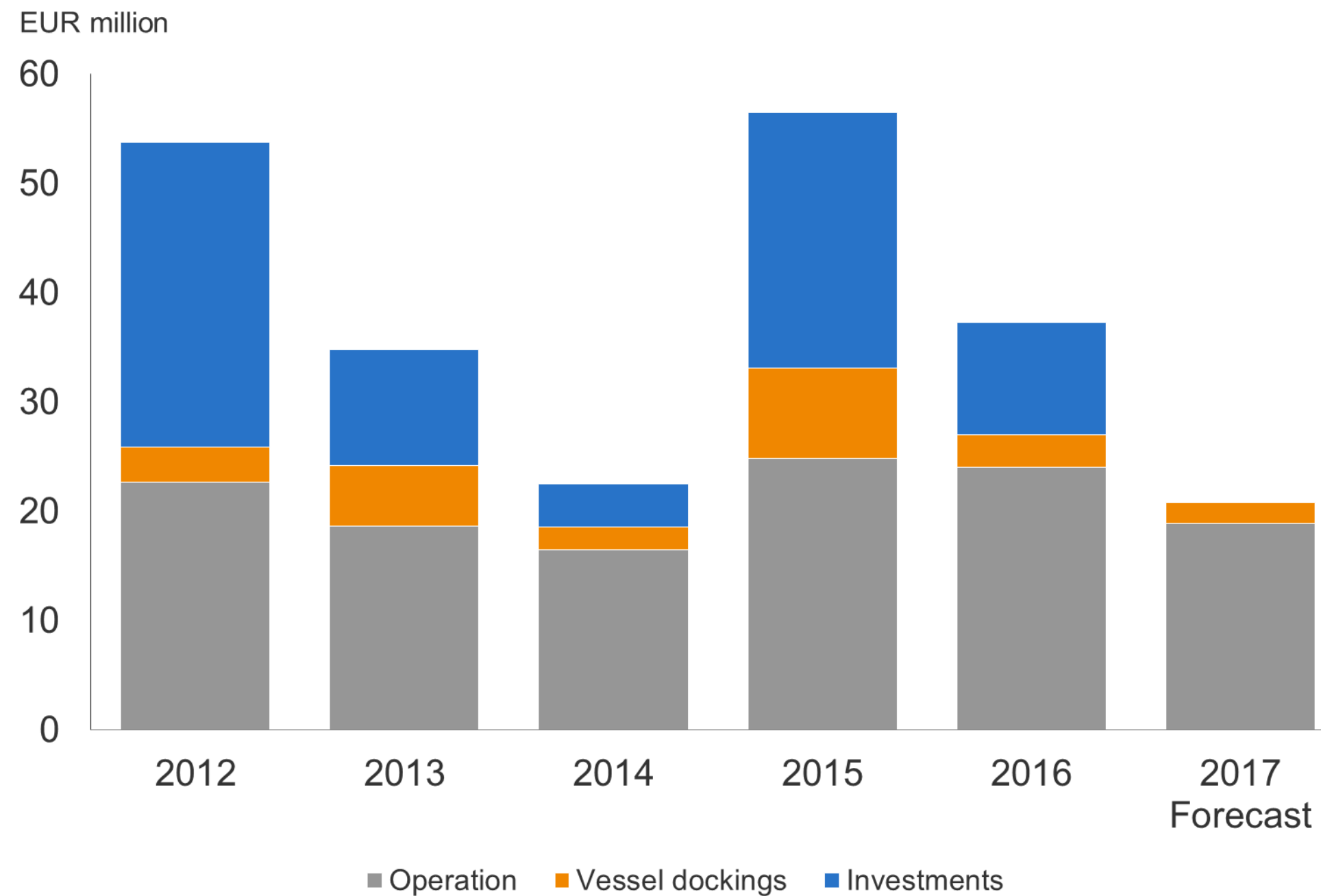
# CASH FLOW BRIDGE 2016

Increased cash flow from operating activities



# CAPEX 2012 TO 2017

Operation CAPEX 2016 in line with previous year



# DIVIDEND PROPOSAL 2017

Proposed total payment EUR 11.0 million

## DIVIDEND POLICY

The policy of Eimskipafélag Íslands hf. 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.

## DIVIDEND PROPOSAL 2017

ISK 6.80 per share

- Up by 4.6% from the 2016 dividend payment of ISK 6.50 per share

ISK 1,269.1 million total dividend payment

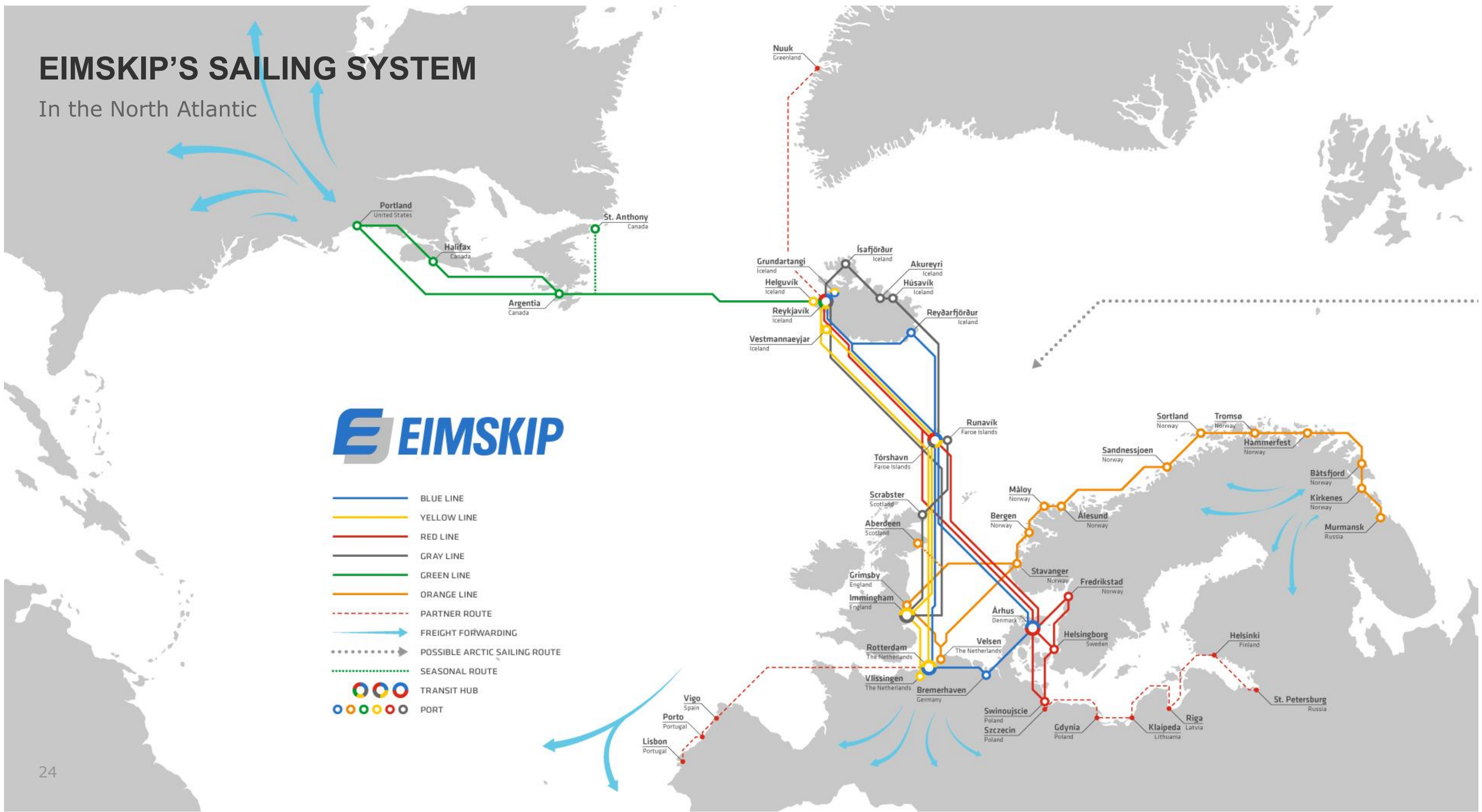
- Equal to approximately EUR 11.0 million
- Approximately 50% of net earnings
- Up by 27.7% from the EUR 8.6 million dividend payment in 2016



# ONGOING PROJECTS AND FUTURE DEVELOPMENT

# EIMSKIP'S SAILING SYSTEM

In the North Atlantic



- BLUE LINE
- YELLOW LINE
- RED LINE
- GRAY LINE
- GREEN LINE
- ORANGE LINE
- PARTNER ROUTE
- ➔ FREIGHT FORWARDING
- POSSIBLE ARCTIC SAILING ROUTE
- SEASONAL ROUTE
- ⊙ TRANSIT HUB
- ⊙ PORT





# THE VESSEL FLEET

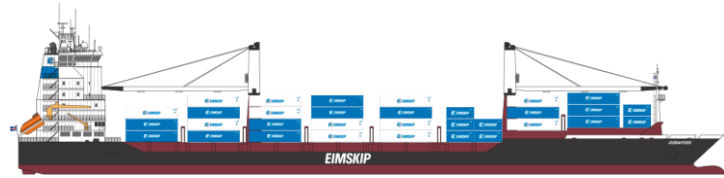
Changes in the first months of 2017

- Eimskip is constantly working on upgrading and renewing its vessel fleet to better serve customers and ensure reliable services
- Brúarfoss
  - Built 1992
  - 724 TEU
  - Sold in February 2017
- Sophia
  - Built 2008
  - 698 TEU
  - Gearless > cranes to be added later
  - Purchased in February 2017
  - Will be delivered in May 2017
- The company currently operates a fleet of 21 vessels
  - 12 own vessels and 9 chartered
  - 14 are in scheduled services, three are in spot services, one is used for bulk cargo and three are in ferry operation

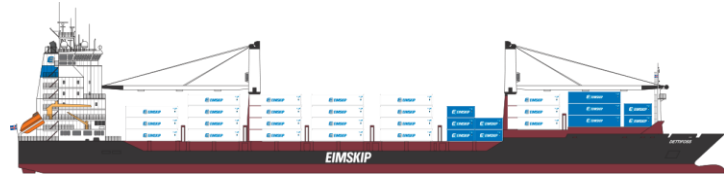
# THE VESSEL FLEET

21 vessels in operation, 12 own and 9 chartered

## BLUE LINE



**GODAFOSS** ■  
Built 1995  
TEU 1,457  
GT 14,664



**DETTIFOSS** ■  
Built 1995  
TEU 1,457  
GT 14,664

## YELLOW LINE

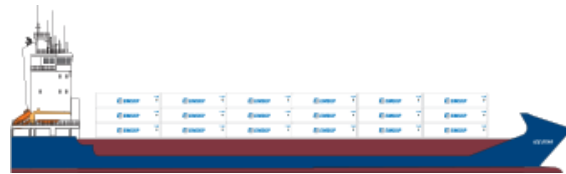


**LAGARFOSS** ■  
Built 2014  
TEU 875  
GT 10,106

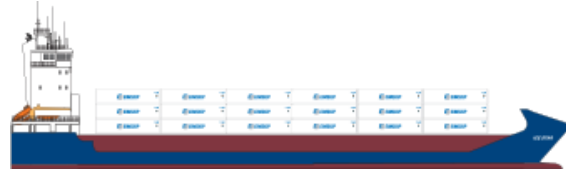


**BAKKAFOSS** ■  
Built 2010  
TEU 880  
GT 9,983

## RED LINE

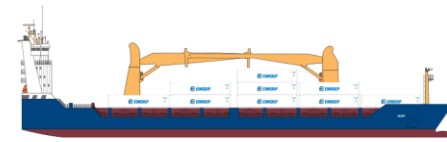


**ICE STAR** ■  
Built 2008  
TEU 698  
GT 7,545

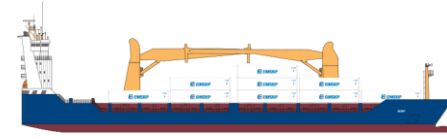


**ICE MOON** ■  
Built 2008  
TEU 698  
GT 7,545

## GRAY LINE

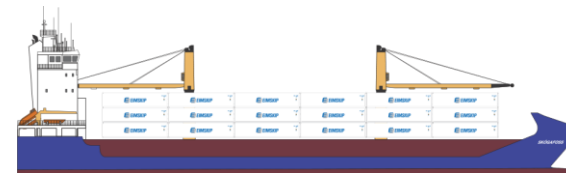


**BLIKUR** ■  
Built 2003  
TEU 505  
GT 4,454

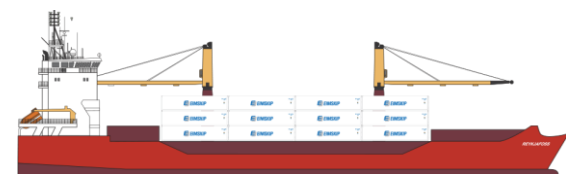


**LÓMUR** ■  
Built 2001  
TEU 505  
GT 4,454

## GREEN LINE

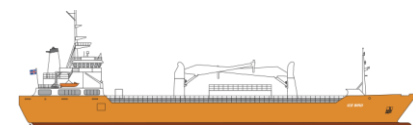


**SKÓGAFOSS** ■  
Built 2007  
TEU 698  
GT 7,545



**REYKJAFOSS** ■  
Built 1999  
TEU 712  
GT 7,541

## ORANGE LINE

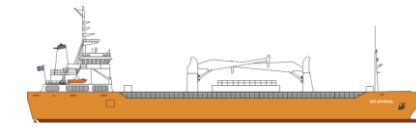


**VIDFOSS** ■  
Built 1990  
Reefer (bulk)  
GT 3,625

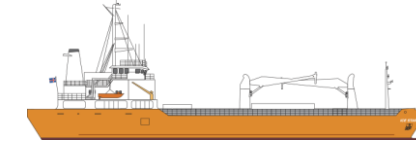


**HOLMFOSS** ■  
Built 2007  
Reefer (bulk/TEU24)  
GT 3,538

## OTHER OPERATIONS IN THE NORTH ATLANTIC



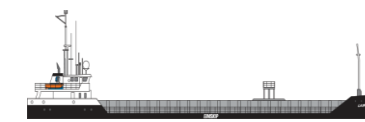
**LANGFOSS** ■  
Built 1991  
Reefer (bulk)  
GT 3,625



**STIGFOSS** ■  
Built 1990  
Reefer (bulk)  
GT 3,625



**NORDVÅG** ■  
Built 1979  
Reefer (bulk/TEU44)  
GT 2,854



**LAXFOSS** ■  
Built 1995  
Bulk cargo  
GT 1,682



**HERJÓLFUR** ■  
Built 1992  
Ferry  
GT 3,354



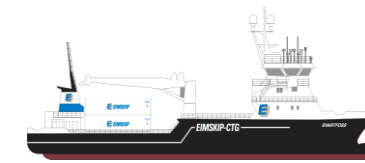
**BALDUR** ■  
Built 1979  
Ferry  
GT 1,677



**SÆRÚN** ■  
Built 1978  
Ferry  
GT 194



**POLFOSS** ■  
Built 2008  
Reefer (bulk/TEU24)  
GT 3,538



**SVARTFOSS** ■  
Built 2005  
Reefer (bulk/TEU48)  
GT 2,990

■ Own Vessel    ■ Chartered Vessel

# INVESTMENTS

## Acquisitions and Joint Ventures

- Eimskip intends to grow both organically and through strategic accretive acquisitions to increase shareholder value
- Recent progress
  - Acquisition of 90% share in Extraco in October 2016
  - Acquisition of 80% share in Mareco in January 2017
  - Cooperation agreement with Royal Arctic Line in January 2017
  - Uncertainty regarding the acquisition of Nor Lines
- The company is currently working on several potential acquisitions in its core business
- Evaluation of vessel investments will continue on an ongoing basis
  - Eimskip seeks to take advantage of the attractive used vessel market



# EXTRACO

Strengthens Eimskip's position in worldwide reefer logistics

- A specialized forwarding company in Rotterdam, established in 1991
- Acquisition of a 90% share in the company
- Customers are importers of chilled and frozen commodities in the Netherlands
- Strong financial performance
  - Annual turnover approximately EUR 19 million
  - Strong customer base
  - Stable operation
  - Good growth potential
- Strong management team
  - The majority of the management team will stay on board
- Will be relocated to Eimskip's office in Rotterdam to achieve synergies
  - Will be a part of Eimskip's reefer logistics center in Rotterdam
  - Others in the center are: European Transportation Services (E.T.S), Eimskip Reefer Logistics (ERL) and Jac. Meisner





## MARECO

Strengthens Eimskip's position in worldwide forwarding services

- A specialized reefer logistics company
  - Established in 2002
  - Headquartered in Antwerp, Belgium: 22 employees
  - An operation in Sao Paulo, Brazil: 4 employees
- Acquisition of a 80% share in the company
  - A strong management team will stay on board and own a 20% share
- Focus on reefer logistics services
  - Especially on export from all over the world to West, Central and South Africa
- Main commodities are seafood, chicken, pork and beef
- The acquisition is estimated EUR 16.6 million, subject to financial results for 2016
  - Annual turnover approximately EUR 60 million
  - About 32,000 TEU transported per year
  - Strong customer base and stable operation
  - Great growth and synergy potential
- Expands Eimskip's geographical reefer logistics network
  - Especially in areas in Africa and South America
  - Increases the variety of frozen commodities
  - Supports further development in Eimskip's reefer logistics services

# EIMSKIP AND ROYAL ARCTIC LINE

Cooperation agreement and building of container vessels in China

- In May 2016, Eimskip and Royal Arctic Line signed a letter of intent to form and evaluate a potential cooperation regarding building of three container vessels and sharing capacity
- An agreement for the cooperation was signed in January 2017
  - Subject to confirmation from the relevant competition authorities
- At the same time, Eimskip finalized a contract with a shipyard in China on building two 2,150 TEU ice class Polar Code container vessels
- Built to the highest environmental standards
- Contract price of each vessel about USD 32 million
- Estimated delivery in 2019
- The company is evaluating several attractive long-term financing proposals for the vessels
- Royal Arctic Line also signed a contract to build one similar vessel with the same shipyard



# NOR LINES

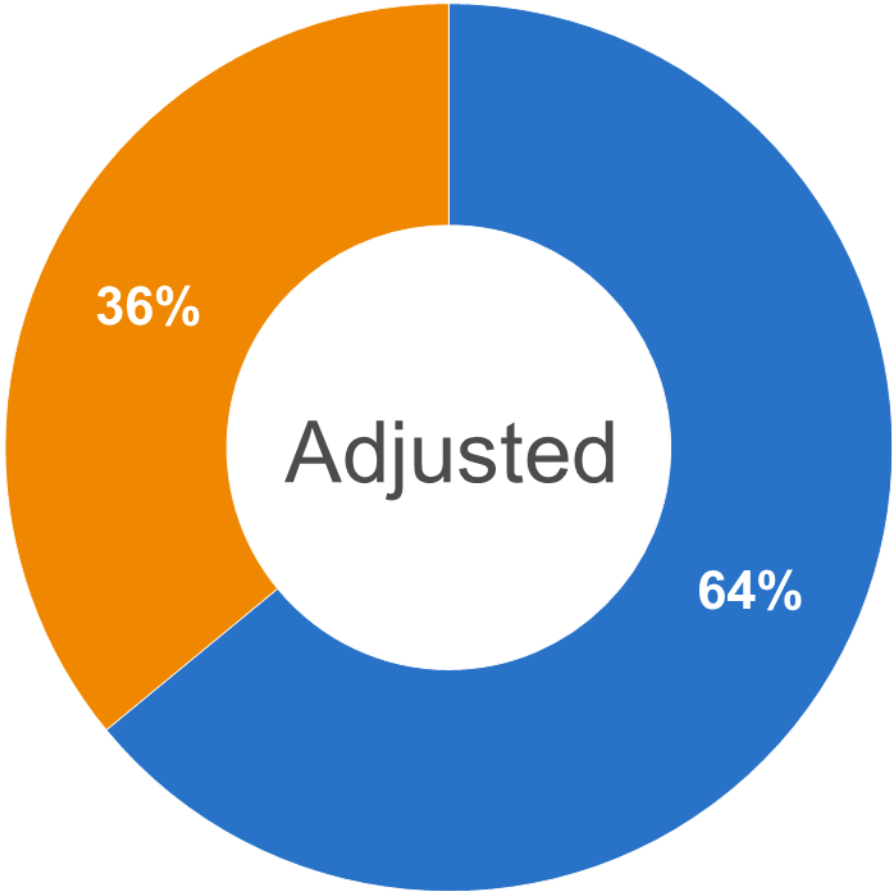
Eimskip is evaluating its next steps

- Eimskip signed an agreement to acquire the Norwegian shipping and logistics company Nor Lines in November 2016
  - The agreement was 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 the company
- Eimskip has 15 business days to present its counter-arguments
- 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

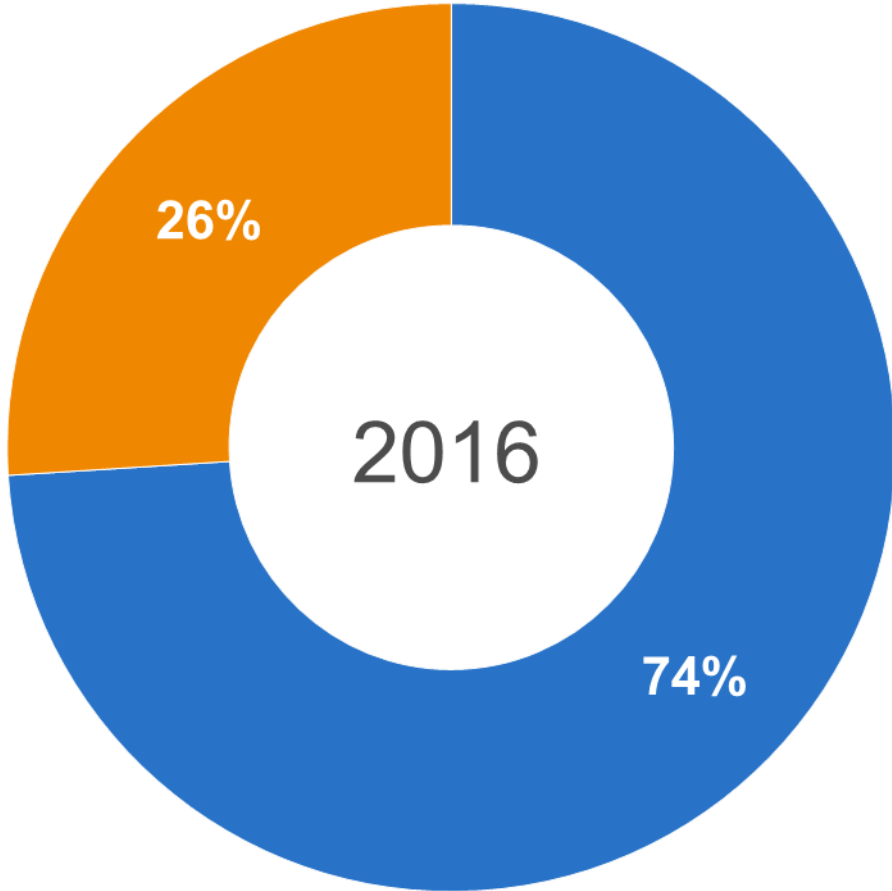


# REVENUE BY BUSINESS SEGMENT

Adjusted for Extraco and Mareco



■ Liner services ■ Forwarding services

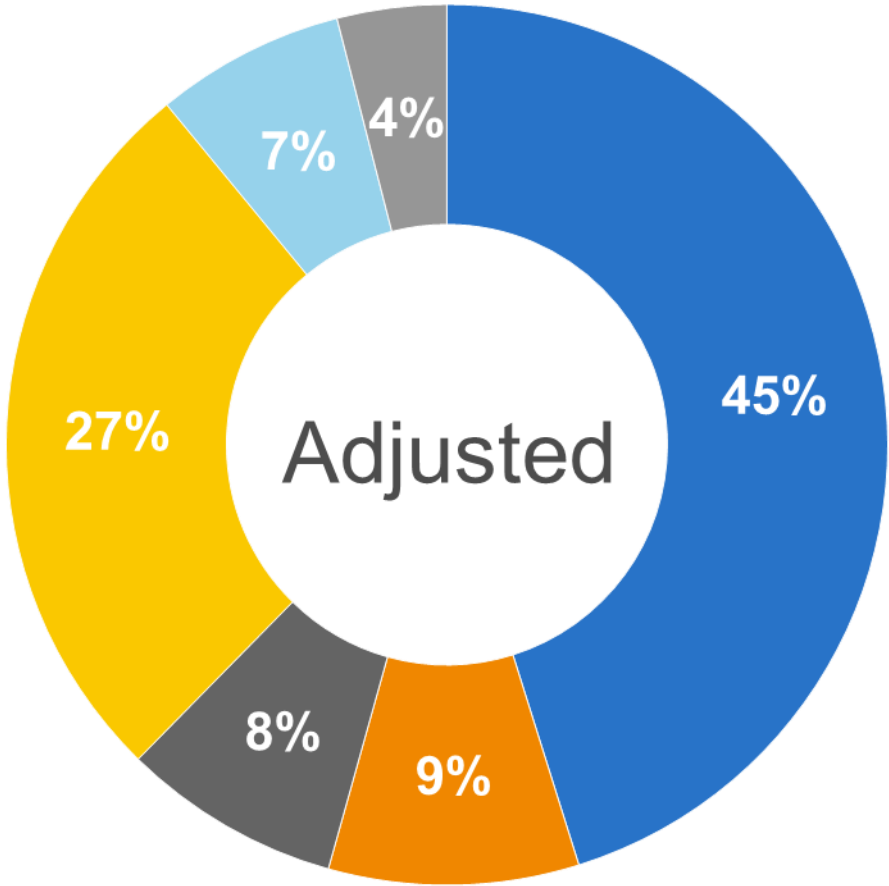


■ Liner services ■ Forwarding services

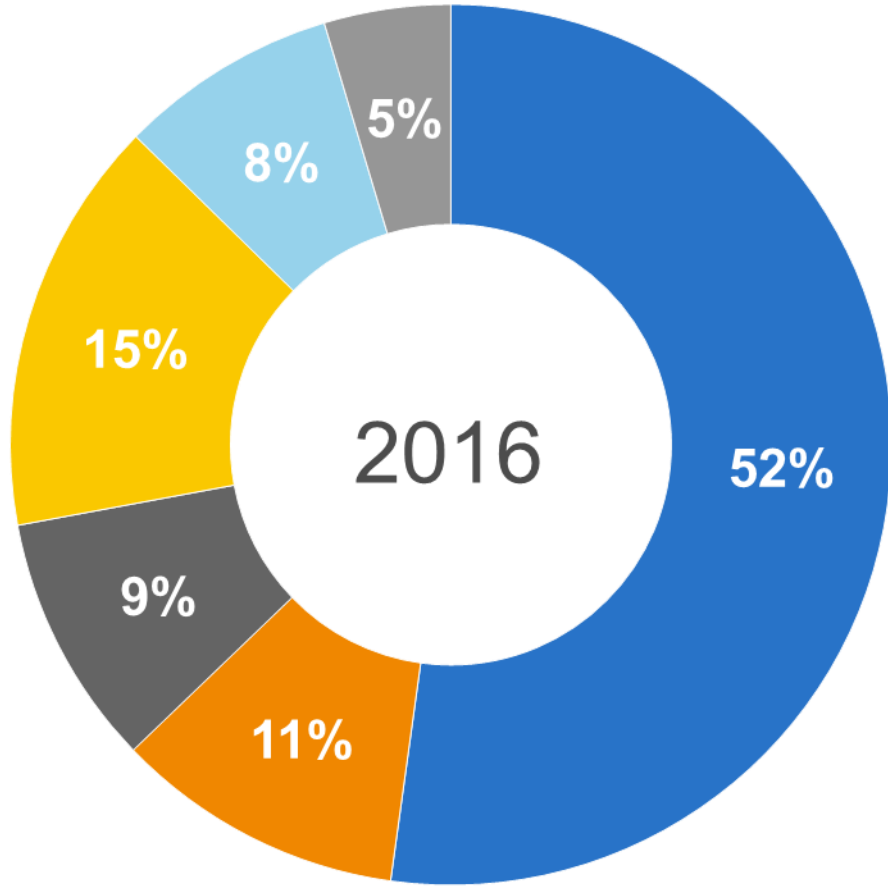


# GEOGRAPHICAL SPLIT OF REVENUE

Adjusted for Extraco and Mareco



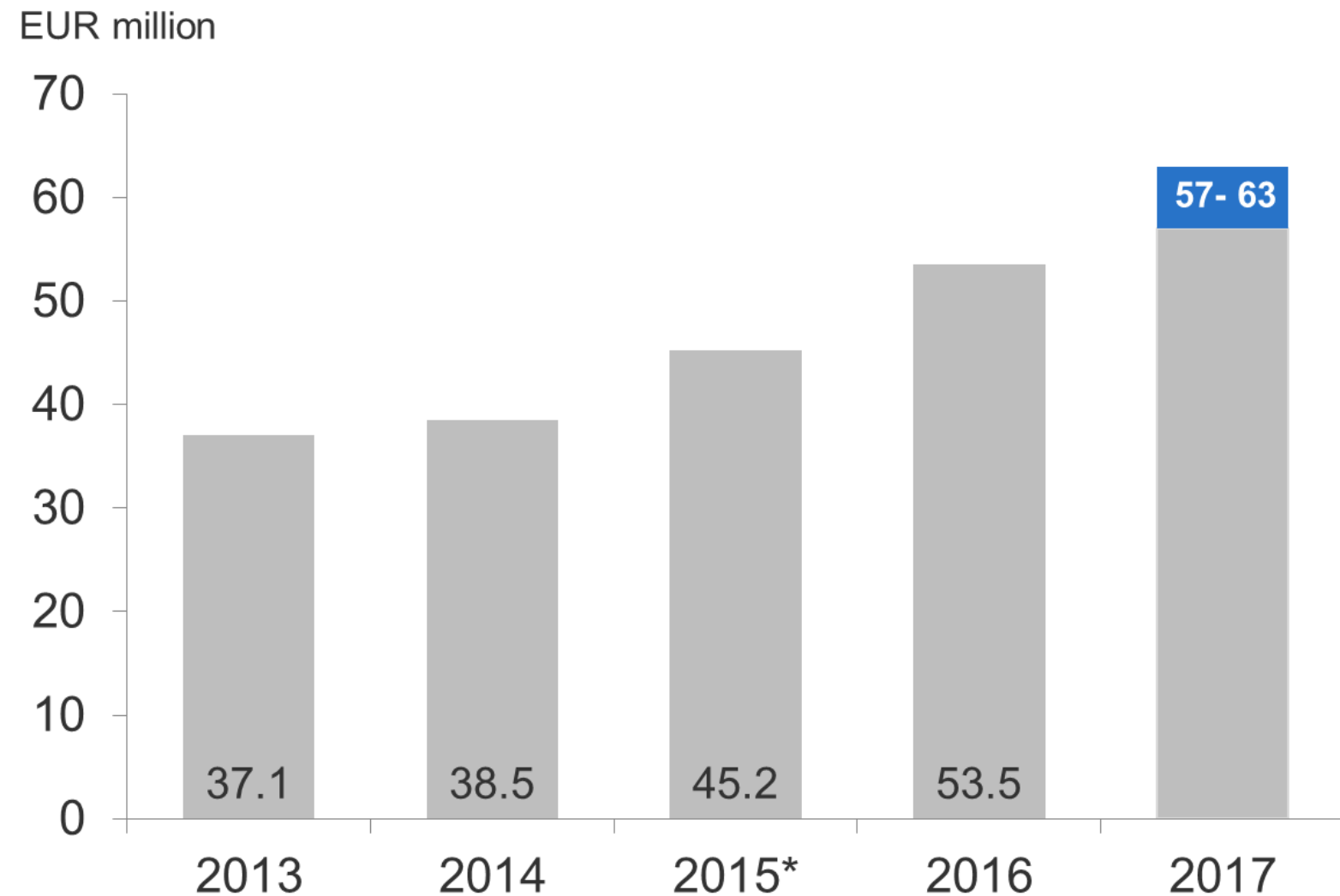
- Iceland
- Norway
- Asia
- Faroe Islands
- Europe
- Other



- Iceland
- Norway
- Asia
- Faroe Islands
- Europe
- Other

# EBITDA FORECAST FOR 2017

EBITDA in the range of EUR 57 to 63 million



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

- The outlook for 2017 is positive
  - Continued volume growth is expected in the Icelandic market
    - The strike in the seafood industry in Iceland will affect Q1 results
  - Positive outlook for the Faroe Islands and Norway
  - Forwarding projected to grow due to recent acquisitions and expected increasing international freight rates
  - Competition remains strong, especially in the North Atlantic
- Uncertainty
  - If the year's fish quota in Iceland will be fully caught and transported in 2017
  - General uncertainty regarding global economic conditions, volumes, rates, fuel costs, currency rates and competition

A large container ship is shown from an elevated perspective, sailing on the ocean at night. The ship is illuminated by its own lights, and the sea is dark with white foam from the ship's wake. The word "QUESTIONS" is written in large, white, sans-serif capital letters across the center of the ship's deck. The ship's hull and containers are visible, with the name "EIMSKIP" repeated on many of the containers. The sky is a deep, dark blue, and the horizon is visible in the distance.

# QUESTIONS

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