

## Eimskip reports a loss of EUR 214.5m in Q2 2009

- Marked improvement in the shipping business from previous quarter -
- Impairment loss on coldstore assets of EUR 176.1m -

### Highlights for the quarter

- Revenue of EUR 298.6m (Q2 2008: EUR 319.4m), decreasing by 6.5% from previous year
- Operating expenses of EUR 263.9m (Q2 2008: EUR 288.6), decreasing by 8.6% from previous year
- EBITDA of EUR 34.7m, or 11.6% of revenue, an increase of 12.6% from previous year when it was EUR 30.8m, or 9.6% of revenue
- Financial expenses of EUR 22.5m, including exchange gains of EUR 6.5m
- Loss from continuing operations of EUR 190.2m
- Loss from discontinued operations of EUR 24.3m
- Loss for the quarter of EUR 214.5m (Q2 2008: loss EUR 100.8m)
- Total assets at the end of the period of EUR 1,540.6m
- Total liabilities at the end of the period of EUR 1,931.0m
- Equity at the end of the period was negative EUR 390.4m

Continuing operations include logistics operations (shipping and related services) in the N-Atlantic and Asia and the operation of coldstores in America, Asia and Oceania. Subsidiaries which have been put up for sale, or are in administration, are included in discontinued operations. Eimskip will retain a controlling share of the coldstore operations of Atlas and Versacold and they are now included in continuing operations.

EUR million	Q2 2009	Q2 2008	2009	2008
Revenue	298.6	319.4	599.3	638.6
Expenses	-263.9	-288.6	-532.9	-568.6
EBITDA	34.7	30.8	66.4	70.0
EBITDA %	11.6%	9.6%	11.1%	11.0%
Profit/loss from continuing operations	-190.2	-35.7	-224.6	-71.0
Profit/loss for the period	-214.5	-100.8	-254.7	-139.7

### Financial results

#### Revenue

Total revenue in Q2 was EUR 298.6m, decreasing by 6.5% from between years (Q2 2008: EUR 319.4m). Revenue for the first 6 months was EUR 599.3m, decreasing by 6.2% between years (6M 2008: EUR 638.6m).

Continuing operations consist of two segments, shipping and coldstore operations.

Shipping operations include liner operations in N-Atlantic and related services, including Eimskip Iceland, Eimskip-CTG in Norway and Faroe Ship in the Faroe Islands.

Revenue from shipping operations was EUR 70.9m in Q2 (Q2 2008: EUR 101.6m). In the first 6 months the revenue was EUR 139.0m (6M 2008: EUR 197.3m). Volumes have dropped substantially worldwide and shipments to and from Iceland have dropped by 28% even though export volume has increased from previous year.

**Coldstore operations** include temperature controlled transportation and storage in the US, Canada, Argentina, Australia, New-Zealand and China. The operation of Versacold, Atlas and Eimskip China are included in this segment.

Revenue from coldstore operations was EUR 227.6m in Q2 (Q2 2008: EUR 217.4m) and EUR 460.0m in the first 6 months (6M 2008: EUR 441.0m).

#### **Operating expenses**

Operating expenses were EUR 263.9m in Q2 (Q2 2008: EUR 288.6m) and have dropped by 8.6% from previous year. The cost/revenue ratio was 88.4%, down from 90.4% in Q2 2008. Operating expenses in the first 6 months were EUR 532.9m (6M 2008: EUR 568.6m), a reduction of 6.3% from previous year. The cost/revenue ratio was 88.9% in the first 6 months compared with 89.0% in 2008.

The cost/revenue ratio in the shipping business was 89.1% in Q2 (Q2 2008: 91.6%) and 88.2% in the coldstore business (QF 2008: 89.9%). Various measures to reduce costs and increase efficiency, combined with favourable exchange rate developments, result in a lower cost/revenue ratio in spite of reduced volumes.

#### **EBITDA & EBIT**

EBITDA was EUR 34.7m in Q2 (Q2 2008: EUR 30.8m), or 11.6% of revenues (QF 2008: 9.6%). EBITDA in the first 6 months was EUR 66.4m (6M 2008: EUR 70.0m), or 11.1% of revenues (6M 2008: 11.0%).

EBITDA from shipping was EUR 7.7m in Q2 (Q2 2008: EUR 8.5m), up from EUR 1.7m in Q1, as a result of various cost cutting measures put in place in the past few months. Expenses related to financial restructuring amount to EUR 2.7m in the first 6 months.

EBITDA from coldstore operations was EUR 26.9m in Q2 (Q2 2008: EUR 21.9m), down from EUR 30.0m in Q1. The reduction between quarters is mainly due to declining results in Asia and N-America.

EBIT loss in Q2 was EUR 162.9m (Q2 2008: profit EUR 7.2m), mainly due to impairment losses on assets of EUR 176.1m. EBIT loss in the first 6 months was EUR 151.8m (6M 2008: profit EUR 22.3m). The impairment losses are related to coldstore operations in N-America. Eimskip has been negotiating the sale of these assets since Q3 2008, and has revised their valuations to reflect current market conditions. Eimskip will today send a press release regarding the Financial Re-organisation.

#### **Financial items**

Financial expenses were EUR 22.5m in Q2 (Q2 2008: EUR 51.3m), consisting of net interest expenses of EUR 29.0m (Q1 2009: EUR 36.2) and exchange rate gains of EUR 6.5m (Q1 2009: loss EUR 9.4m). Financial expenses in the first 6 months were EUR 68.1m (6M 2008: EUR 105.9m), including exchange rate losses of EUR 2.9 m (6M 2008: losses EUR 35.7m).

#### **Loss from continuing operations**

Loss before taxes was EUR 185.4m in Q2 (Q2 2008: loss 43.8m) and loss after taxes was EUR 214.5m (Q2 2008: loss EUR 100.8m). After tax loss in the first 6 months was EUR 254.7m (6M 2008: loss EUR 139.7).

#### **Loss from discontinued operations**

Loss from discontinued operations is mainly related to the sale of the Finnish shipping company Containerships, but as announced on 13 May 2009 the sale of Eimskip's share in Containerships resulted in loss of ISK 3.9 billion which is included in the results for Q2.

<b>Income statement (EUR million)</b>	<b>Q2 2009</b>	<b>Q2 2008</b>	<b>2009</b>	<b>2008</b>
Revenue	298.6	319.4	599.3	638.6
Expenses	-263.9	-288.6	-532.9	-568.6
<b>EBITDA</b>	<b>34.7</b>	<b>30.8</b>	<b>66.4</b>	<b>70.0</b>
Depreciation	-21.5	-23.6	-42.2	-47.7
Impairment of assets	-176.1	0.0	-176.1	0.0
Financial items & associated companies	-22.5	-50.9	-68.0	-105.7
<b>Profit/loss before taxes</b>	<b>-185.4</b>	<b>-43.8</b>	<b>-219.8</b>	<b>-83.4</b>
Income tax	-4.8	8.1	-4.8	12.4
<b>Profit/loss from continuing operations</b>	<b>-190.2</b>	<b>-35.7</b>	<b>-224.6</b>	<b>-71.0</b>
Profit/loss from discontinued operations	-24.3	-65.2	-30.1	-68.7
<b>Profit/loss for the period</b>	<b>-214.5</b>	<b>-100.8</b>	<b>-254.7</b>	<b>-139.7</b>

#### Assets & liabilities

Total assets amounted to EUR 1,540.6m at the end of Q2. Total liabilities at the end of Q2 amounted to EUR 1,931.0m, of which EUR 1,294.7m was net interest bearing debt.

#### Equity

At the end of Q2, equity was negative by EUR 390.4m.

#### Cash flow

Cash from operating activities was EUR 10.6m in the first 6 months (6M 2008: negative EUR 7.6m). Net reduction in current assets/liabilities was EUR 1.5m (6M 2008: EUR 59.0m).

Total investment activities in the first 6 months were negative by EUR 12.0m and financing activities positive by EUR 5.3m. Cash and cash equivalents decreased by EUR 0.2m in the first 6 months and amounted to EUR 51.9m at the end of the period.

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<b>Income statement (EUR million)</b>	<b>Q2 2009</b>	<b>Q2 2008</b>	<b>Change %</b>
Revenue	298.6	319.4	-6.5%
Expenses	-285.4	-312.2	-8.6%
<b>Operating profit</b>	13.1	7.2	83.3%
Impairment of assets	-176.1	0.0	
Financial items & associated companies	-22.5	-50.9	-55.9%
Income tax	-4.8	8.1	-160.0%
<b>Profit/loss from continuing operations</b>	-190.2	-35.7	4.3
Profit/loss from discontinued operations	-24.3	-65.2	-62.8%
<b>Profit/loss for the period</b>	-214.5	-100.8	112.7%

<b>Assets (EUR million)</b>	<b>Q2 2009</b>	<b>Q4 2008</b>	<b>Change %</b>
Goodwill	132.1	309.2	-57.3%
Other intangible assets	42.0	82.4	-49.0%
Property, vessels and equipment	948.6	1,039.8	-8.8%
Investments and associated companies	10.5	79.7	-86.8%
Deferred tax asset	54.9	74.0	-25.8%
<b>Non-current assets</b>	1,188.0	1,585.1	-25.0%
Inventories	8.9	10.5	-15.4%
Trade and other receivables	196.3	247.6	-20.7%
Cash and cash equivalents	51.9	52.1	-0.2%
Assets classified as held for sale	95.4	48.6	96.2%
<b>Current assets</b>	352.5	358.8	-1.7%
<b>Total assets</b>	1,540.6	1,943.9	-20.7%

<b>Equity (EUR million)</b>	<b>Q2 2009</b>	<b>Q4 2008</b>	<b>Change %</b>
Share capital	20.7	20.7	0.0%
Share premium	0.0	413.9	-100.0%
Reserves	-14.7	-14.4	1.6%
Retained earnings	-414.0	-575.1	-28.0%
Minority interest	17.6	20.7	-15.3%
<b>Total equity</b>	-390.4	-134.2	190.8%

<b>Liabilities (EUR million)</b>	<b>Q2 2009</b>	<b>Q4 2008</b>	<b>Change %</b>
Convertible loan	0.0	67.2	-100.0%
Loans and borrowings	909.1	861.2	5.6%
Provisions and other liabilities	36.7	37.3	-1.5%
Deferred income tax liability	121.7	154.4	-21.2%
<b>Non-current liabilities</b>	1,067.5	1,120.2	-4.7%
Loans and borrowings	385.6	465.3	-17.1%
Trade and other payables	421.0	444.0	-5.2%
Liabilities classified as held for sale	56.9	48.6	17.0%
<b>Current liabilities</b>	863.5	957.9	-9.9%
<b>Total liabilities</b>	1,931.0	2,078.1	-7.1%