

EBITDA AMOUNTED TO EUR 11.0 MILLION, UP BY 1.2 MILLION OR 12.3% FROM Q2 2013

- Operating revenue EUR 109.0 million, up by EUR 0.9 million from Q2 2013
- Operating profit, EBITDA, EUR 11.0 million, up by EUR 1.2 million from Q2 2013
- Net earnings EUR 4.6 million, up by EUR 2.6 million from Q2 2013
- Transported volume in North Atlantic liner services up by 7.1% from Q2 2013
- Transported volume in reefer forwarding services up by 4.9% from Q2 2013
- Equity ratio was 65.4% and net debt was EUR 32.0 million at the end of June
- Forecasted EBITDA for the year 2014 unchanged, in the range of EUR 37 to 41 million

EUR thousands

Consolidated Income Statement	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%)
Operating profit - EBITDA	11,049	9,839	1,210	12.3%	17,067	17,056	11	0.1%
Depreciation and amortization	(5,903)	(5,028)	(875)	(17.4%)	(11,559)	(10,162)	(1,397)	(13.7%)
Results from operating activities - EBIT	5,146	4,811	335	7.0%	5,508	6,894	(1,386)	(20.1%)
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	-
Net earnings before income tax	5,347	2,744	2,603	94.9%	4,826	5,776	(950)	(16.4%)
Income tax	(754)	(706)	(48)	(6.8%)	(1,026)	(1,206)	180	14.9%
Net earnings for the period	4,593	2,038	2,555	125.4%	3,800	4,570	(770)	(16.8%)
Adjusted for one-off items:								
Sales growth	0.8%	1.2%			(0.1%)	5.1%		
EBITDA / Sales	10.1%	9.1%			8.0%	8.0%		
EBIT / Sales	4.7%	4.5%			2.6%	3.2%		
Net debt / LTM EBITDA	0.86	0.85			0.86	0.85		
Consolidated Statement of Financial Position	30.06.2014	30.06.2013	Change	%	30.06.2014	31.12.2013	Change	%
Assets	315,897	314,051	1,846	0.6%	315,897	314,365	1,532	0.5%
Non-current assets	214,497	213,335	1,162	0.5%	214,497	216,096	(1,599)	(0.7%)
Current assets	101,400	100,716	684	0.7%	101,400	98,269	3,131	3.2%
Equity	206,588	200,656	5,932	3.0%	206,588	205,771	817	0.4%
Liabilities	109,309	113,395	(4,086)	(3.6%)	109,309	108,594	715	0.7%
Interest-bearing debt	56,841	60,549	(3,708)	(6.1%)	56,841	59,398	(2,557)	(4.3%)
Net debt	32,023	33,087	(1,064)	(3.2%)	32,023	33,028	(1,005)	(3.0%)
Tangible assets / Total assets	93.7%	93.4%			93.7%	93.4%		
Equity ratio	65.4%	63.9%			65.4%	63.9%		
Consolidated Statement of Cash Flows	Q2 2014	Q2 2013	Change	%	6M 2014	6M 2013	Change	%
Net cash from operating activities	8,225	8,226	(1)	-	13,922	5,945	7,977	134.2%
Net cash used in investing activities	(5,952)	(6,486)	534	8.2%	(8,776)	(14,531)	5,755	39.6%
Net cash used in financing activities	(5,103)	2,001	(7,104)	-	(6,947)	(553)	(6,394)	-
Changes in cash and cash equivalents	(2,830)	3,741	(6,571)	-	(1,801)	(9,139)	7,338	80.3%
Effects of exchange rate fluctuations on cash held	161	(256)	417	-	249	(703)	952	-
Cash and cash equivalents at the end of period	24,818	27,462	(2,644)	(9.6%)	24,818	27,462	(2,644)	(9.6%)

GYLFI SIGFÚSSON, PRESIDENT AND CEO

“The operational results of the second quarter are in line with our expectations. The company’s revenues for the quarter amounted to EUR 109.0 million compared to EUR 108.1 million for the same period last year. EBITDA for the second quarter grew by 12.3% from previous year and amounted to EUR 11.0 million. The increased EBITDA is, among other, explained by increased transported volume and more efficient sailing system following the changes made on the Red Line route and by adding the Gray Line in the first quarter this year. Net earnings for the period more than doubled from last year, amounted to EUR 4.6 million and grew by EUR 2.6 million from the second quarter 2013, mainly due to currency movements.

Revenues for the first six months were flat with last year, in the amount of EUR 213.2 million. EBITDA for the first six months remained the same as last year, or EUR 17.1 million. Transported volume in the company’s North Atlantic liner services for the first six months increased by 9.1% from the same period last year. Imported volume to Iceland has been growing this year and it is constructive to see a positive trend in categories such as vehicles and construction supplies after stagnation in recent years. Transported volume in the company’s reefer forwarding services rose by 9.2% from the same period last year, mainly due to increased activity in inbound cargo. Inbound means that Eimskip takes care of custom clearance and door-to-door delivery of the cargo.

The 875 TEU container vessel Lagarfoss, the first of the two container vessels being built for Eimskip in China, was delivered in China on 24 June. The vessel, which arrived in Reykjavik on 17 August, is already in service and will replace Selfoss on the Yellow Line. The Lagarfoss will increase the line’s capacity by 151 TEU, besides being a faster, more cost-efficient per TEU and more environmentally friendly vessel. The Selfoss will replace the chartered vessel Horst B on the Red Line in September. These vessel fleet changes are expected to increase the company’s current EBITDA by 2-3% on a yearly basis. The Lagarfoss will increase the service reliability, which is extremely important for export of seafood from Iceland and the Faroe Islands to the UK and mainland Europe. The delivery of the Lagarfoss also gives an opportunity of adding new ports of call in order to increase services to our customers. We are very proud to finally have the Lagarfoss in operations.

It has been decided to complete negotiations of finishing the building of Bakkafoss, the sister vessel of the Lagarfoss. The shipyard has offered further discount of the vessel’s purchase price in the amount of USD 0.8 million and the estimated delivery is in the fourth quarter 2015. After the negotiated discount, the total contract price for the second vessel will be USD 18.0 million.

There is still uncertainty in the labor market in Iceland and the company has open agreements with a part of the Icelandic crew members of its container vessels and the ferry Herjólfur. There is also some uncertainty in international markets, especially regarding Russia’s food import restrictions which took place now in August. It is still uncertain how the sanctions will hit Eimskip’s operations, but they are expected to affect the transport of seafood from Newfoundland and Norway to Russia. Iceland is not included in the Russian embargo.

Regarding the investigation of the Icelandic Competition Authority, Eimskip is still, without success, seeking information on its subject matter to get a better understanding of the investigation. The company decided to appeal to the Competition Appeals Committee following the Icelandic Competition Authority’s gathering of further information in June this year. The company is waiting for the second ruling of the Competition Appeals Committee.

Eimskip continues to evaluate its external growth opportunities to strengthen its current position in markets outside Iceland and in line with the company’s vision of being a leading transportation company in the North Atlantic. The company continues working on preparing the dual listing of its shares in relation to these potential investments.

We keep our EBITDA forecast for the year 2014 unchanged in the range of EUR 37 to 41 million.”

SECOND QUARTER OPERATIONS

Operating revenue in the second quarter amounted to EUR 109.0 million compared to EUR 108.1 million in the same period 2013, showing an increase of 0.8%. Revenue from the liner services in the second quarter amounted to EUR 82.1 million and increased by 1.6% from the same period 2013. Volume of the company's liner services grew by 7.1% from the second quarter 2013. Revenue of the forwarding services amounted to EUR 26.9 million, showing a decrease of 1.6% from the second quarter 2013. Transported volume in the reefer forwarding services grew by 4.9% compared to the second quarter 2013, mainly due to changed combination of transported distances and increased inbound activity, but inbound is when Eimskip takes care of custom clearance and door-to-door delivery of the cargo. Expenses decreased from EUR 98.3 million in the second quarter last year to EUR 97.9 million this year, or by 0.4%. The company decreased its operational cost by changing its sailing system in February, where the capacity of the Red Line was decreased from two vessels to one vessel by moving the Reykjafoss to the Green Line, and a new route was added, the Gray Line, which serves with a smaller vessel than the Reykjafoss.

EBITDA amounted to EUR 11.0 million in the second quarter compared to EUR 9.8 million in the same period 2013, increasing by 12.3%. The EBITDA ratio was 10.1% compared to 9.1% EBITDA ratio in the second quarter 2013.

Imported volume to Iceland increased considerably in the quarter. There has been a positive trend in categories such as vehicles and construction supplies after some stagnation during recent years. Export from Iceland decreased slightly from the second quarter last year, among other due to a poor capelin season. There was considerable growth in volume to and from the Faroe Islands in the quarter, but at the same time volume in Norway has been decreasing mainly due to lower northbound cargo to Russia than in the previous year.

Depreciation and amortization amounted to EUR 5.9 million compared to EUR 5.0 million in the second quarter 2013. The increase is mainly due to renewal of containers and other equipment and regular dockings of vessels.

EBIT amounted to EUR 5.1 million compared to EUR 4.8 million in the second quarter 2013. The EBIT ratio was 4.7% compared to 4.5% in the same period last year.

There was net finance income in the amount of EUR 0.1 million in the quarter compared to EUR 2.1 million net finance expense in the second quarter last year. The change is mainly explained by a EUR 0.5 million currency exchange gain this year compared to a currency exchange loss in the amount of EUR 1.4 million in the second quarter last year.

Net earnings before income tax came to EUR 5.3 million compared to EUR 2.7 million in the second quarter 2013.

Income tax amounted to EUR 0.8 million in the second quarter compared to EUR 0.7 million in the same period 2013. Effective tax rate was higher in the second quarter 2013 than 2014 since tax-losses carried forward in one of Eimskip's subsidiaries were not recognized in the second quarter 2013.

Net earnings for the period amounted to EUR 4.6 million compared to EUR 2.0 million net earnings for the same period last year.

SIX MONTHS OPERATIONS

- **Operating revenue flat with last year, amounting to EUR 213.2 million**
- **EBITDA amounted to EUR 17.1 million, the same result as for 6M 2013**
- **Transported volume in North Atlantic services up by 9.1% from 6M 2013**
- **Transported volume in reefer forwarding services up by 9.2% from 6M 2013**

Operating revenue for the first six months amounted to EUR 213.2 million compared to EUR 213.4 million in the same period 2013. Revenue from the liner services for the first six months came to EUR 158.8 million and increase of 2.2% from the same period last year. There was a 9.1% total increase in transported volume in the company's liner services compared to the same period last year. Revenue from the forwarding services amounted to EUR 54.3 million, a decrease of 6.3% from the first half 2013, mainly due to changed combination of transported volume with growth in shorter distance transport and increased inbound activity. Despite the decreased revenue in forwarding services, EBITDA from forwarding services was up by 9.3% from the same period last year. At the same time, transported volume in reefer forwarding services grew by 9.2%.

EBITDA amounted to EUR 17.1 million and was the same as for the first six months 2013 and the EBITDA ratio was 8% for both years. The improved EBITDA results of the second quarter this year did offset the low results of the first quarter, which was a challenging quarter in terms of adverse weather conditions and more expensive sailing system than the year before.

Depreciation and amortization in the first six months amounted to EUR 11.6 million compared with EUR 10.2 million in the same period last year. The increase is mainly due to renewal of containers and other equipment and regular dockings of vessels.

EBIT for the first six months amounted to EUR 5.5 million which is a reduction from EUR 6.9 million for the same period 2013.

Net finance expense for the period amounted to EUR 0.8 million compared to EUR 1.1 million for the first six months 2013. The change from previous year is mainly explained by a net currency exchange gain of EUR 0.3 million this year instead of a net currency exchange loss of EUR 0.1 million last year.

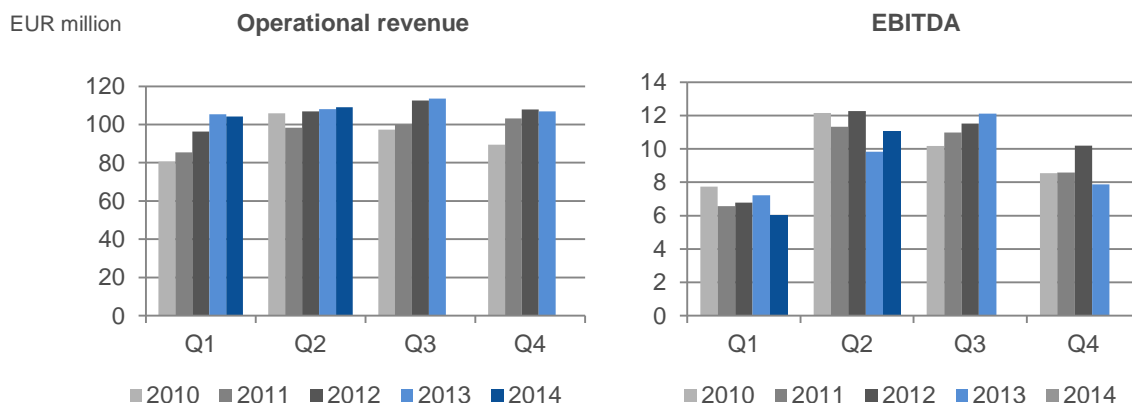
Net earnings before income tax came to EUR 4.8 million compared to EUR 5.8 million in 2013.

Income tax stood at EUR 1.0 million for the period compared to EUR 1.2 million for the first six months 2013. The effective tax rate for the first six months 2014 and 2013 was similar.

Net earnings for the first six months amounted to EUR 3.8 million compared to EUR 4.6 million for the first six months last year.

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 2010 to 2014.

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.



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.

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

BALANCE SHEET

- **Total assets EUR 315.9 million at the end of June**
- **Equity ratio 65.4%**
- **Interest-bearing debt EUR 56.8 million**
- **Net debt EUR 32.0 million**

The company's total assets stood at EUR 315.9 million as at 30 June 2014. In comparison, total assets at the end of second quarter 2013 amounted to EUR 314.1 million and EUR 314.4 million at year-end 2013.

Total non-current assets amounted to EUR 214.5 million at the end of June compared to EUR 213.3 million at the end of June 2013 and EUR 216.1 million at year-end 2013. Net investments in non-current assets came to EUR 9.8 million in the first half, of which investments in new vessels amounted to EUR 2.7 million. Comparable figures for last year were EUR 14.5 million net investments, of which investments in the two new vessels amounted to EUR 6.1 million.

Total current assets amounted to EUR 101.4 million at the end of June compared to EUR 100.7 million at the end of June 2013 and EUR 98.3 million at the end of 2013. Cash and cash equivalents amounted to EUR 24.8 million at the end of second quarter compared to EUR 27.5 million at the end of June 2013 and EUR 26.4 million at year-end 2013.

Equity amounted to EUR 206.6 million at the end of second quarter and the equity ratio was 65.4%. Dividend in the amount of EUR 3.1 million was paid to shareholders at the end of April. For comparison, equity stood at EUR 200.7 million at the end of June 2013 and the equity ratio was 63.9%. At year-end 2013 equity amounted to EUR 205.8 million and the equity ratio was 65.5%.

Interest-bearing debt at the end of June amounted to EUR 56.8 million compared to EUR 60.5 million at the end of June 2013 and EUR 59.4 million at year-end 2013.

Net debt stood at EUR 32.0 million at the end of the quarter compared to EUR 33.1 million at the end of second quarter 2013 and EUR 33.0 million at year-end 2013. The change from year-end is explained by a EUR 2.6 million decrease in debt and a EUR 1.6 million decrease in cash and cash equivalents.

CASH FLOWS AND INVESTMENTS

- **Net cash from operating activities EUR 13.9 million**
- **Net cash used in investing activities EUR 8.8 million**
- **Cash and cash equivalents EUR 24.8 million at the end of June**

Net cash from operating activities amounted to EUR 13.9 million in first half of the year compared to net cash to operating activities in the amount of EUR 5.9 million in the same period 2013.

Net cash used in investing activities amounted to EUR 8.8 million in the first half compared to EUR 14.5 million in the same period 2013. Total investments in non-current assets amounted to EUR 10.2 million in the period, including investments in the amount of EUR 1.0 million which did not affect cash flows. In the first half of last year, total investments in non-current assets amounted to EUR 14.7 million, but then investments in new vessels amounted to EUR 6.1 million compared to EUR 2.7 million for the same period this year.

Net cash used in financing activities amounted to EUR 6.9 million in the first half compared to EUR 3.3 million in the same period previous year.

Cash and cash equivalents decreased by EUR 1.8 million from the beginning of the year compared to a EUR 9.1 million decrease in cash and cash equivalents in the first half 2013. Cash and cash equivalents at the end of June 2014 amounted to EUR 24.8 million compared to EUR 27.5 million at the end of June 2013.

EBITDA FORECAST 2014

The EBITDA forecast for the year 2014 is unchanged from what was presented with the publishing of Eimskip's first quarter's 2014 financial results on 22 May 2014, or EBITDA in the range of EUR 37 to 41 million. The forecast includes no expected external growth.

KEY FIGURES BY QUARTER

EUR thousands

Operating Results	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Operating revenue	108,978	104,200	106,875	113,524	108,112
Operating expenses	97,929	98,182	98,996	101,405	98,273
EBITDA	11,049	6,018	7,879	12,119	9,839
EBIT	5,146	362	2,392	6,625	4,811
Net earnings (loss) for the period	4,593	(793)	1,168	5,079	2,038
EBITDA / Sales	10.1%	5.8%	7.4%	10.7%	9.1%
EBIT / Sales	4.7%	0.3%	2.2%	5.8%	4.5%
Balance Sheet	30.06.2014	31.03.2014	31.12.2013	30.09.2013	30.06.2013
Assets	315,897	314,772	314,365	321,099	314,051
Equity	206,588	202,124	205,771	205,077	200,656
Liabilities	109,309	112,648	108,594	116,022	113,395
Interest-bearing debt	56,841	57,990	59,398	60,540	60,549
Net debt	32,023	30,503	33,028	33,864	33,087
Equity ratio	65.4%	64.2%	65.5%	63.9%	63.9%
Cash Flow	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Net cash from operating activities	8,225	5,697	7,172	7,420	8,226
Net cash used in investing activities	(5,952)	(2,824)	(4,980)	(7,090)	(6,486)
Net cash from (used in) financing activities	(5,103)	(1,844)	(2,049)	(956)	2,001
Cash and cash equivalents at the end of period	24,818	27,487	26,370	26,676	27,462

SHAREHOLDERS

- Eimskip's share price up by 7.0% from the company's listing
- The company's market capitalization was EUR 269.6 million on 27 August 2014

Eimskip's shares started trading on NASDAQ OMX 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 period of ISK 255.05. The closing price at year-end 2013 was ISK 262.00.

So far this year, the closing price has been in the range of ISK 222.50 to ISK 268.50 per share with an average closing price of ISK 238.77 per share. The closing price per share on 27 August 2014 was ISK 222.50 which represents a 7.0% price increase since the company's listing. The company's market capitalization on 27 August 2014 was ISK 41.5 billion, or EUR 269.6 million.

The total number of shares is 200,000,000 and 186,639,230 shares are outstanding. On 27 August 2014 there were 1,126 shareholders. The company has 13,360,770 of shares in treasury, up by 7,441,950 shares or 125.7% from this time last year.

ABOUT EIMSKIP

Eimskip runs a network of 51 offices in 19 countries and operates 16 vessels. The total number of employees is about 1,400, of which about 800 are located in Iceland. 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 29 AUGUST 2014

Investors and market participants are invited to a meeting on Friday 29 August 2014 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 second quarter and the first six months 2014. The presentation from the meeting will be available after the meeting on the company's investor relations website, www.eimskip.is/investors, and in the company news release distribution network of NASDAQ OMX Nordic.

APPROVAL OF THE BOARD OF DIRECTORS

The Board of Directors of Eimskipafélag Íslands hf. approved the reviewed consolidated interim financial statements for the period 1 January to 30 June 2014 at its meeting on 28 August 2014.

FINANCIAL CALENDAR

- Results for the third quarter 2014 will be published on 20 November 2014
- Results for the fourth quarter 2014 will be published on 26 February 2015
- The Annual General Meeting will be held on 26 March 2015

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

FORWARD-LOOKING STATEMENTS

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.