



22 November 2013

## Third quarter and nine months 2013 results





## Agenda

### 1. Highlights

2. Q3 and 9M 2013 financial results

3. Outlook

4. Q&A



## Key highlights Q3 and 9M 2013

EUR millions	Q3 2013	Q3 2012	Change	9M 2013	9M 2012	Change
Operating revenue	113.5	112.6	0.8%	326.9	315.7	3.6%
EBITDA	12.1	10.8	11.8%	29.2	29.9	(2.4%)
EBIT	6.6	5.8	14.0%	13.5	13.6	(0.3%)
CAPEX	8.8	6.7	31.3%	23.5	40.3	(41.7%)
Net cash from operating activities	7.4	7.3	1.2%	13.4	24.1	(44.6%)
Total assets	321.1	303.1	5.9%	321.1	303.1	5.9%
Equity ratio	63.9%	62.8%	1.7%	63.9%	62.8%	1.7%

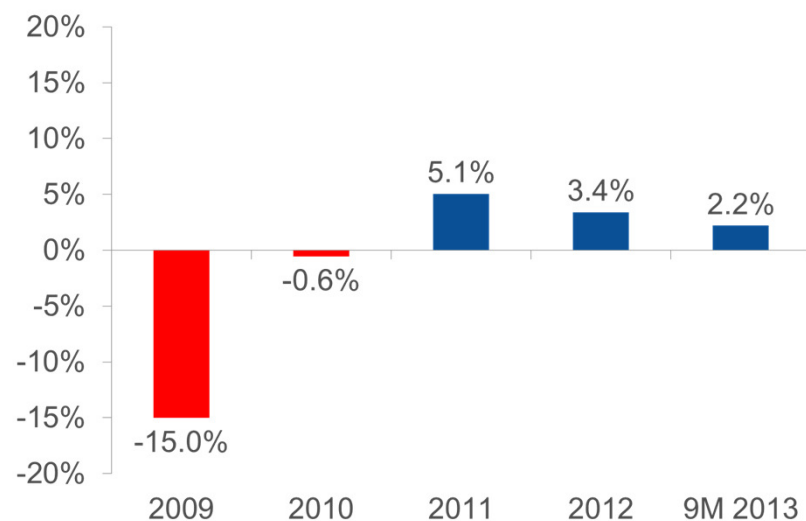
## Key highlights for Q3

- Eimskip's transported volume in the North Atlantic liner services has increased in all market areas by 4.1%
  - Mainly in the Faroe Islands, Norway and Trans Atlantic trade
  - New sailing route well received by customers in the North Atlantic, adding 7.7% to the capacity
  - After a slow first half Eimskip is now realizing increased volumes compared to last year in transport to and from Iceland
- Transported volume in forwarding services increased by 7.6%
  - Transported volume in shorter distances, such as Intra Asia and Intra Europe, increased
  - Longer transit routes, such as Asia - Europe and Asia - US, decreased in volume
  - Shift from longer transit routes to shorter routes led to increased volume but revenue decrease
  - EBITDA performance in forwarding services increased by EUR 0.7 million despite the above

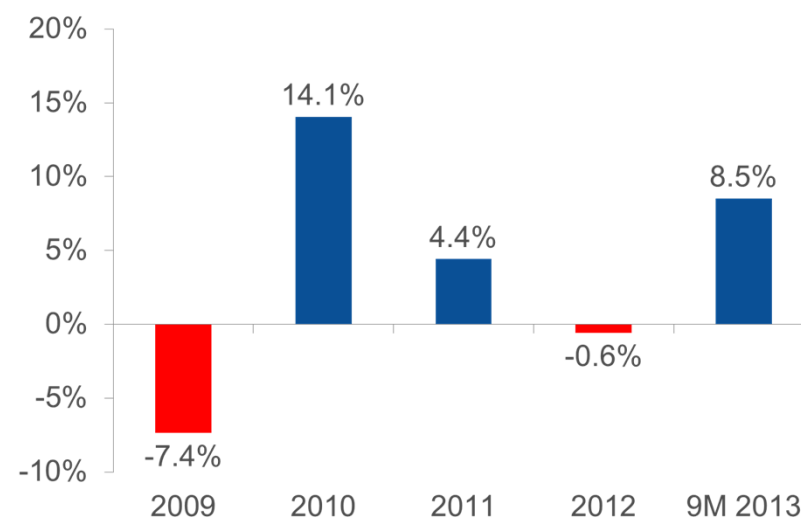
# Transported volume

## Liner services and reefer forwarding

Liner services



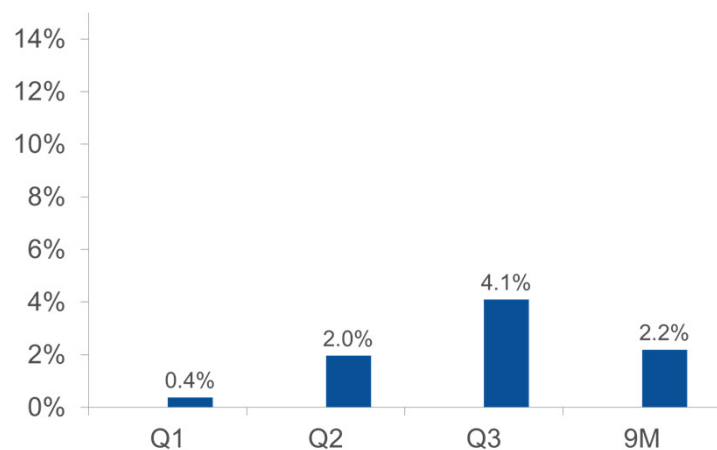
Reefer forwarding



# Transported volume

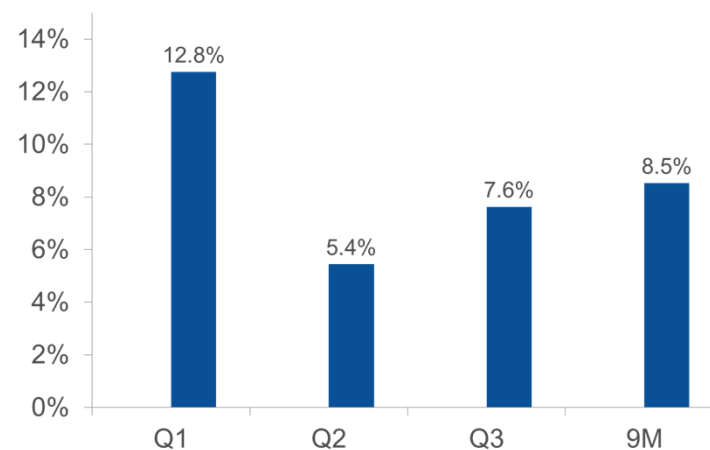
## Liner services and reefer forwarding

### Liner services



- Icelandic trade slowly improving
- Increased volume in the Faroe Islands, Norway and Trans Atlantic

### Reefer forwarding

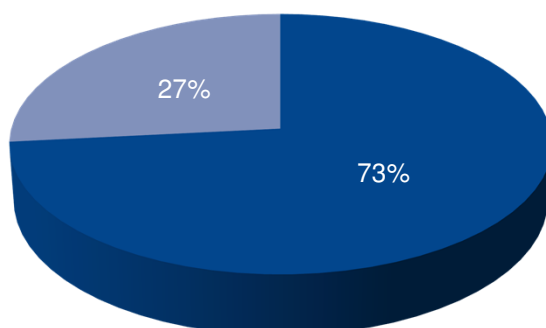


- Increased volume on shorter transit routes, i.e. Intra Asia and Intra Europe
- Lower rates on shorter transit routes explain lower revenues

## Operating revenue by segments

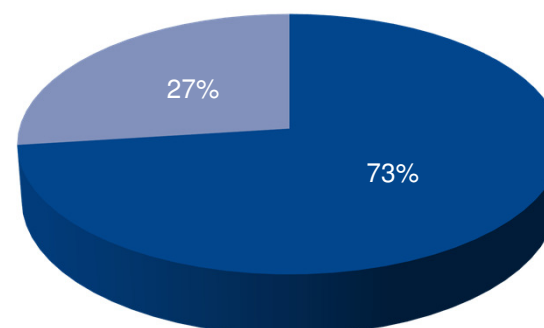
Liner services and forwarding services

9M 2013



■ Liner services ■ Forwarding services

9M 2012

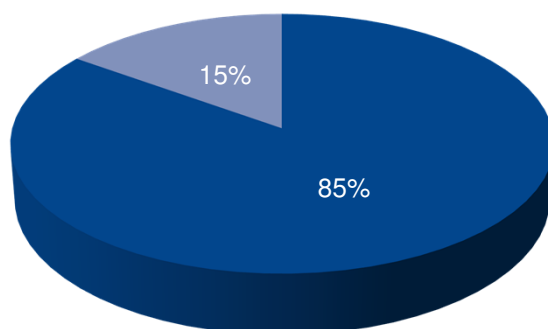


■ Liner services ■ Forwarding services

## Operating profit, EBITDA, by segments

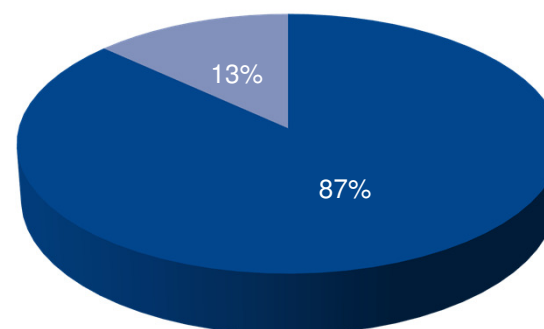
Liner services and forwarding services

9M 2013



■ Liner services ■ Forwarding services

9M 2012



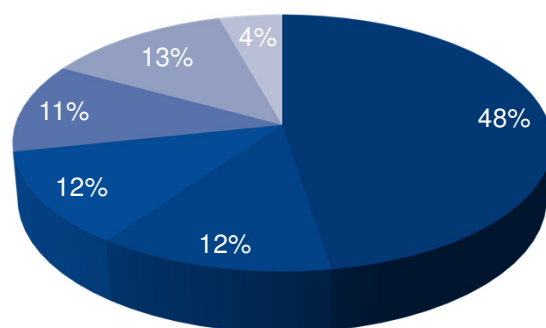
■ Liner services ■ Forwarding services



## Geographical split of operating revenue

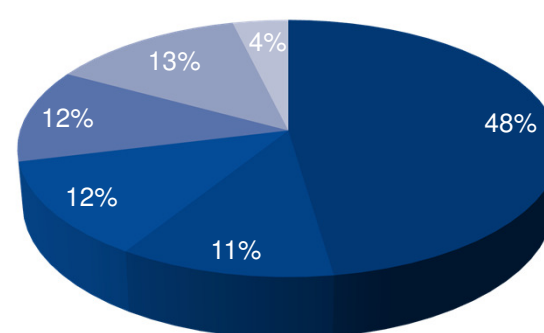
Less than half of the operating revenue is related to Iceland

9M 2013



■ Iceland ■ Faroe Islands ■ Norway ■ Europe ■ Asia ■ Other

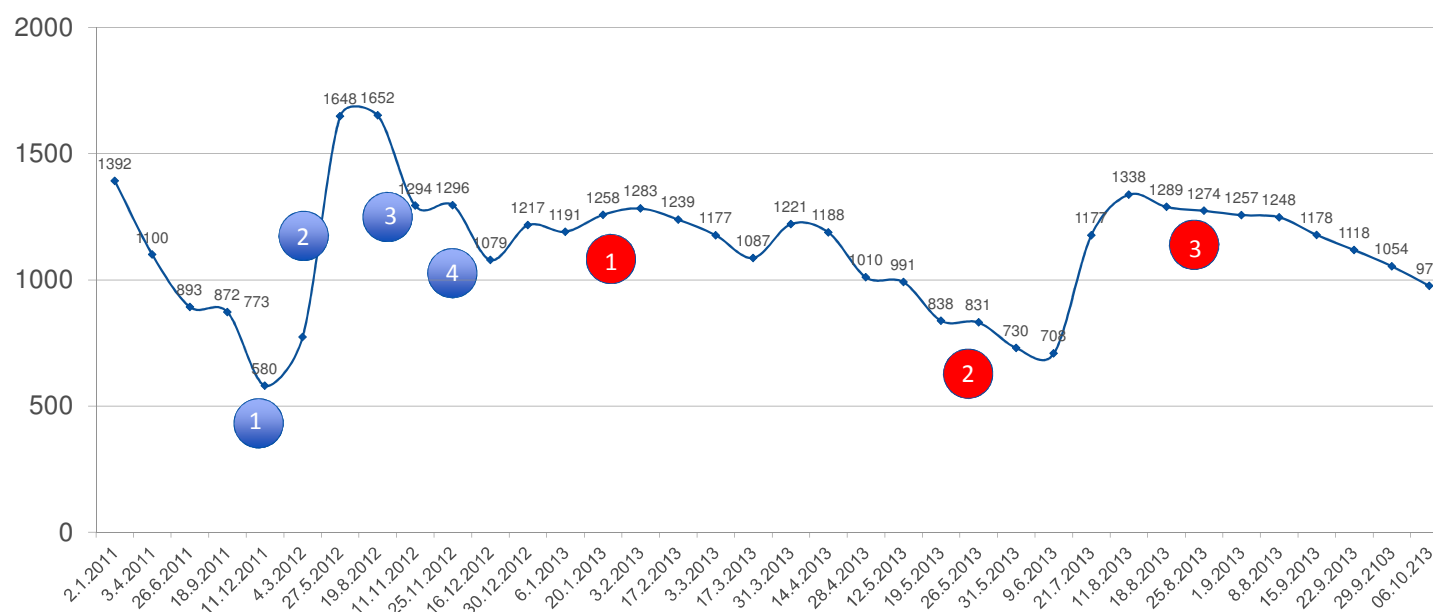
12M 2012



■ Iceland ■ Faroe Islands ■ Norway ■ Europe ■ Asia ■ Other

# Freight index China - Europe

## Fluctuations in pricing from the deep sea carriers



Source: [www.shippingchina.com](http://www.shippingchina.com)



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## Income statement

### Increased EBITDA on Q3

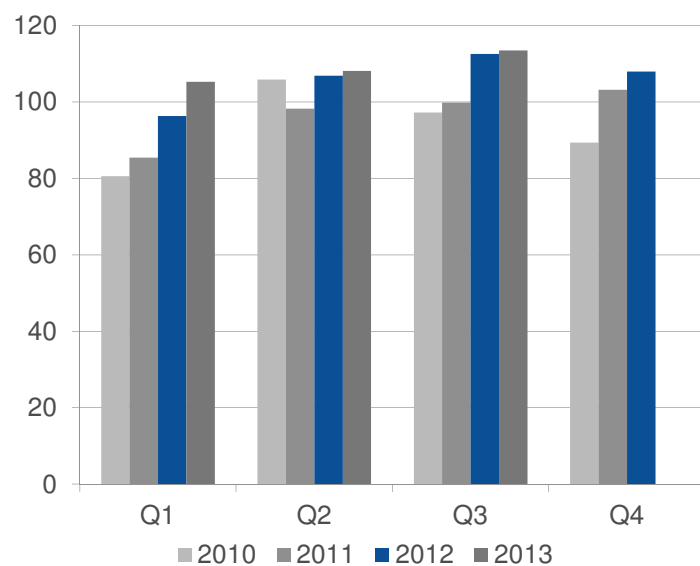
EUR thousands	Q3 2013	Q3 2012	Change	%	9M 2013	9M 2012	Change	%
Operating revenue	113,524	112,574	950	0.8%	326,949	315,725	11,224	3.6%
Operating expenses	101,405	101,735	(330)	(0.3%)	297,774	285,844	11,930	4.2%
<b>EBITDA</b>	<b>12,119</b>	<b>10,839</b>	<b>1,280</b>	<b>11.8%</b>	<b>29,175</b>	<b>29,881</b>	<b>(706)</b>	<b>(2.4%)</b>
Depreciation and amortization	(5,494)	(5,026)	(468)	(9.3%)	(15,656)	(16,318)	662	4.1%
<b>EBIT</b>	<b>6,625</b>	<b>5,813</b>	<b>812</b>	<b>14.0%</b>	<b>13,519</b>	<b>13,563</b>	<b>(44)</b>	<b>(0.3%)</b>
Net finance income (expense)	(1,274)	104	(1,378)	1,325.0%	(2,392)	(1,934)	(458)	(23.7%)
<b>Net earnings before income tax</b>	<b>5,351</b>	<b>5,917</b>	<b>(566)</b>	<b>(9.6%)</b>	<b>11,127</b>	<b>11,629</b>	<b>(502)</b>	<b>(4.3%)</b>
Income tax	(272)	(169)	(103)	60.9%	(1,478)	2,095	(3,573)	(170.5%)
<b>Net earnings for the period</b>	<b>5,079</b>	<b>5,748</b>	<b>(669)</b>	<b>(11.6%)</b>	<b>9,649</b>	<b>13,724</b>	<b>(4,075)</b>	<b>(29.7%)</b>

- Revenue increased by 0.8% in Q3 and 3.6% in 9M mainly explained by volume increase in liner and forwarding services
- Increased EBITDA in Q3 of 5.2%, taking into account the one-off item from 2012 in relation to the IPO
- Reduction in 9M depreciation since part of the company's vessels are fully depreciated
- Net finance expense in 9M this year was higher due to negative changes in currency exchange between years, but interest expense on long-term loans are lower
- Income tax benefit in 2012 due to EUR 2.8 million recognized tax losses carried forward in a subsidiary

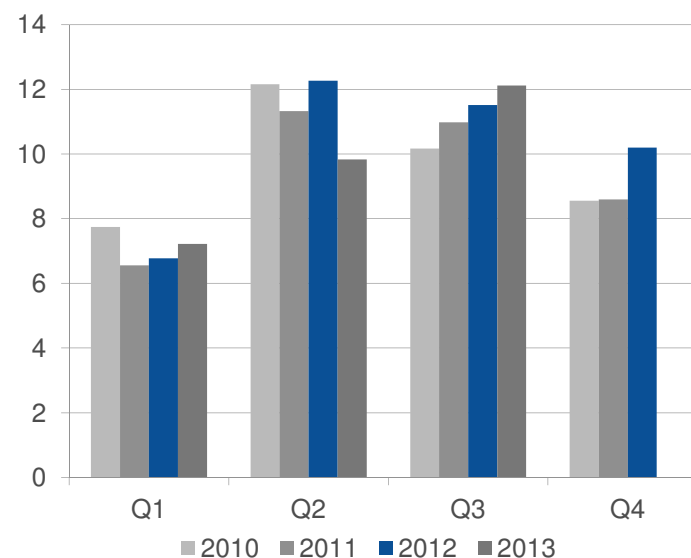
# Operating revenue and EBITDA by quarters

Adjusted for one-off items in 2011 and 2012

Operating revenue by quarters



EBITDA by quarters



## Balance sheet

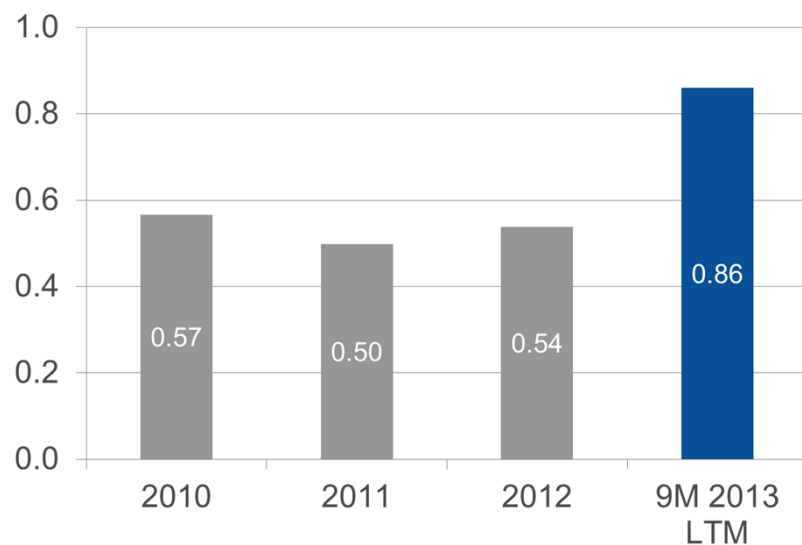
### Solid with low leverage

EUR thousands	30.9.2013	31.12.2012	Change	%
Non-current assets	216,785	209,723	7,062	3.4%
Current assets	104,314	103,558	756	0.7%
<b>Total assets</b>	<b>321,099</b>	<b>313,281</b>	<b>7,818</b>	<b>2.5%</b>
<b>Total equity</b>	<b>205,077</b>	<b>199,599</b>	<b>5,478</b>	<b>2.7%</b>
Non-current liabilities	53,143	51,088	2,055	4.0%
Current liabilities	62,879	62,594	285	0.5%
<b>Total liabilities</b>	<b>116,022</b>	<b>113,682</b>	<b>2,340</b>	<b>2.1%</b>
<b>Total equity and liabilities</b>	<b>321,099</b>	<b>313,281</b>	<b>7,818</b>	<b>2.5%</b>

- Increase in non-current assets due to investments in vessels and other operating assets
- A payment of dividends of EUR 2.7 million was made at the end of April
- Eimskip owns about 3% treasury shares, or 5.9 million out of 200 million issued shares
- Equity ratio was 63.9%
- Interest-bearing debt amounted to EUR 60.5 million
- Net debt amounted to EUR 33.9 million

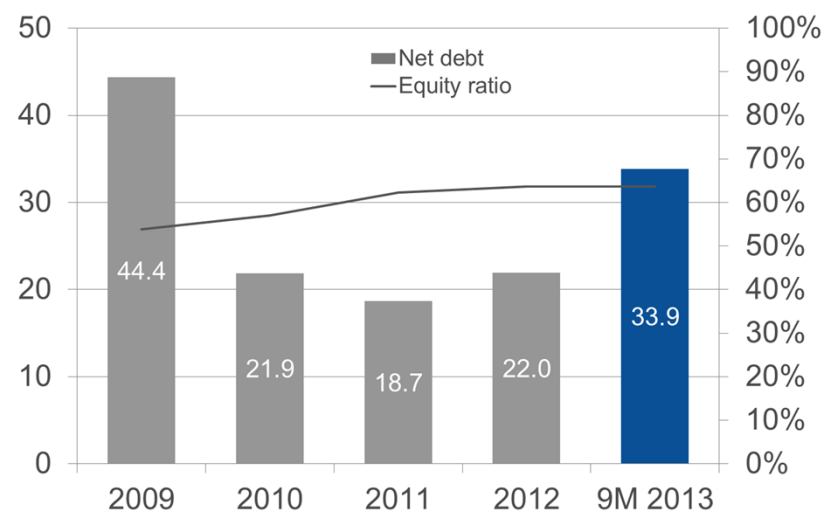
## Financial ratios

Net debt / EBITDA (adjusted)



Net debt and equity ratio

EUR millions



## Strong cash position

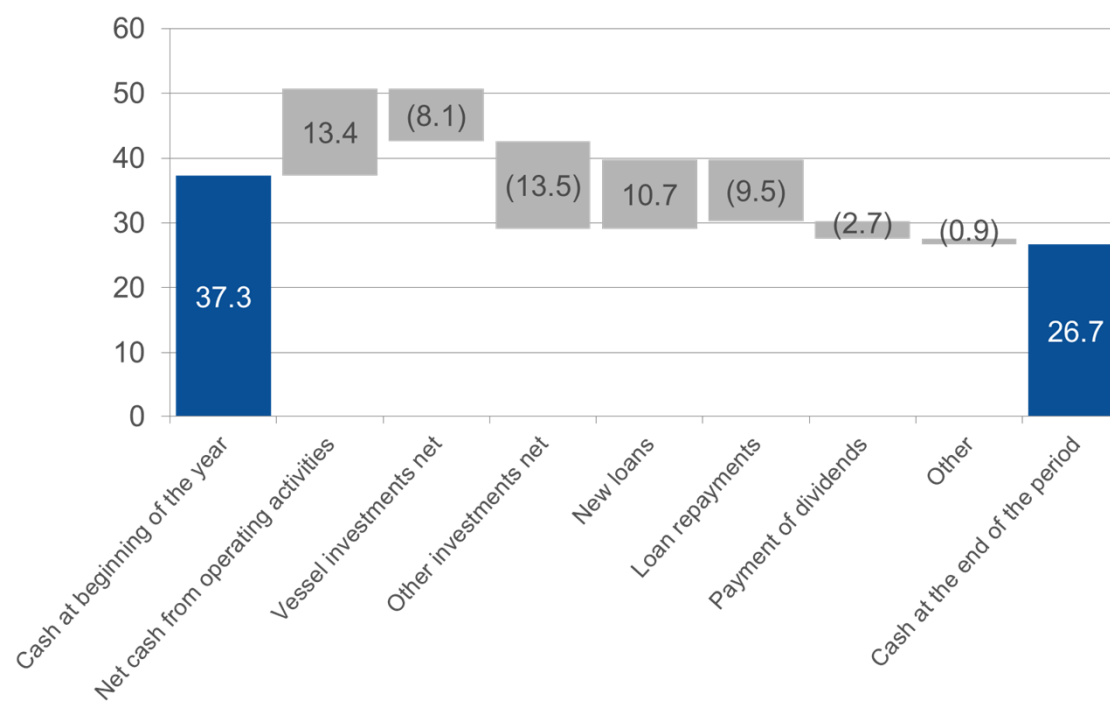
### Decreased cash due to investments

EUR thousands	Q3 2013	Q3 2012	Change	%	9M 2013	9M 2012	Change	%
Cash flows from operations	7,420	7,333	87	1.2%	13,365	24,123	(10,758)	(44.6%)
Investing activities	(7,090)	(3,410)	(3,680)	(107.9%)	(21,621)	(30,996)	9,375	30.2%
Financing activities	(956)	(2,384)	1,428	59.9%	(1,509)	(8,238)	6,729	81.7%
<b>Changes in cash and cash equivalents</b>	<b>(626)</b>	<b>1,539</b>	<b>(2,165)</b>	<b>(140.7%)</b>	<b>(9,765)</b>	<b>(15,111)</b>	<b>5,346</b>	<b>35.4%</b>
Cash at the beginning of the period	27,462	27,201	261	1.0%	37,304	43,517	(6,213)	(14.3%)
Exchange rate fluctuations	(160)	76	(236)	(310.5%)	(863)	410	(1,273)	(310.5%)
<b>Cash at the end of period</b>	<b>26,676</b>	<b>28,816</b>	<b>(2,140)</b>	<b>(7.4%)</b>	<b>26,676</b>	<b>28,816</b>	<b>(2,140)</b>	<b>(7.4%)</b>



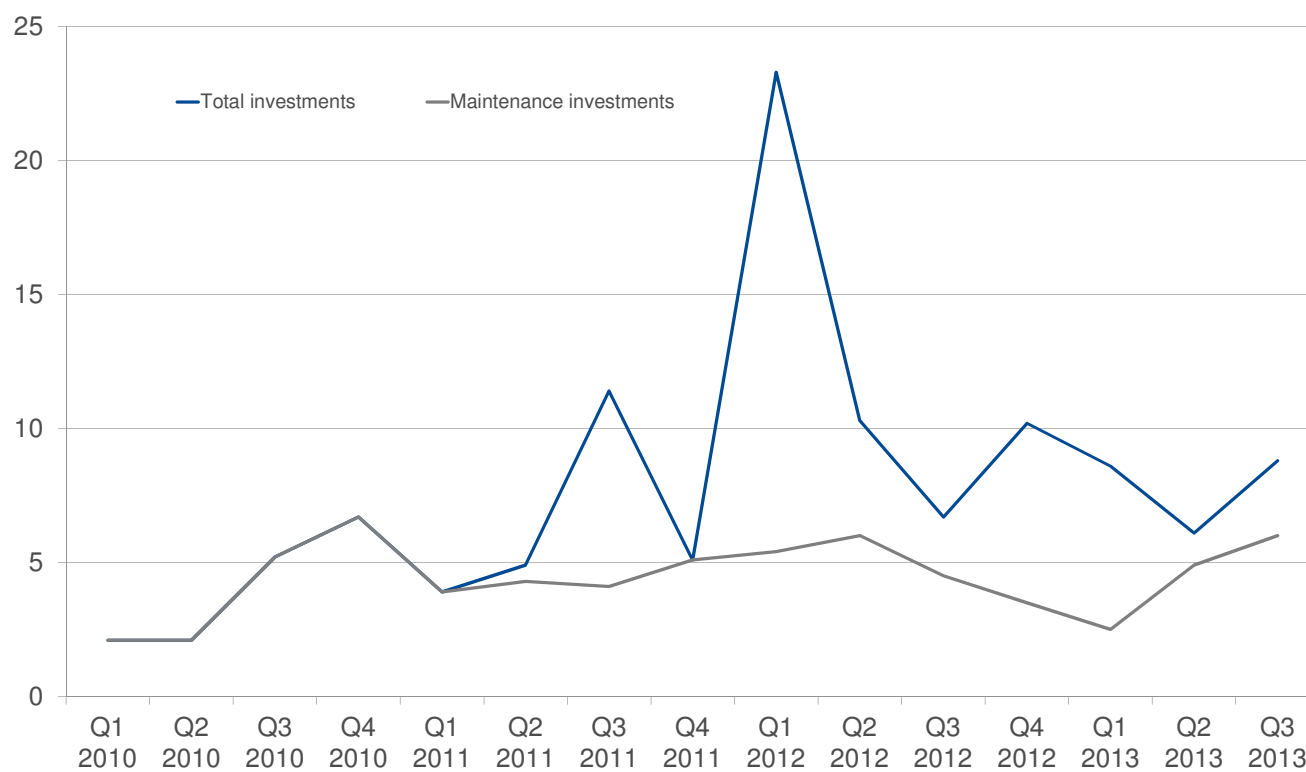
## Cash flow bridge 2013

EUR millions



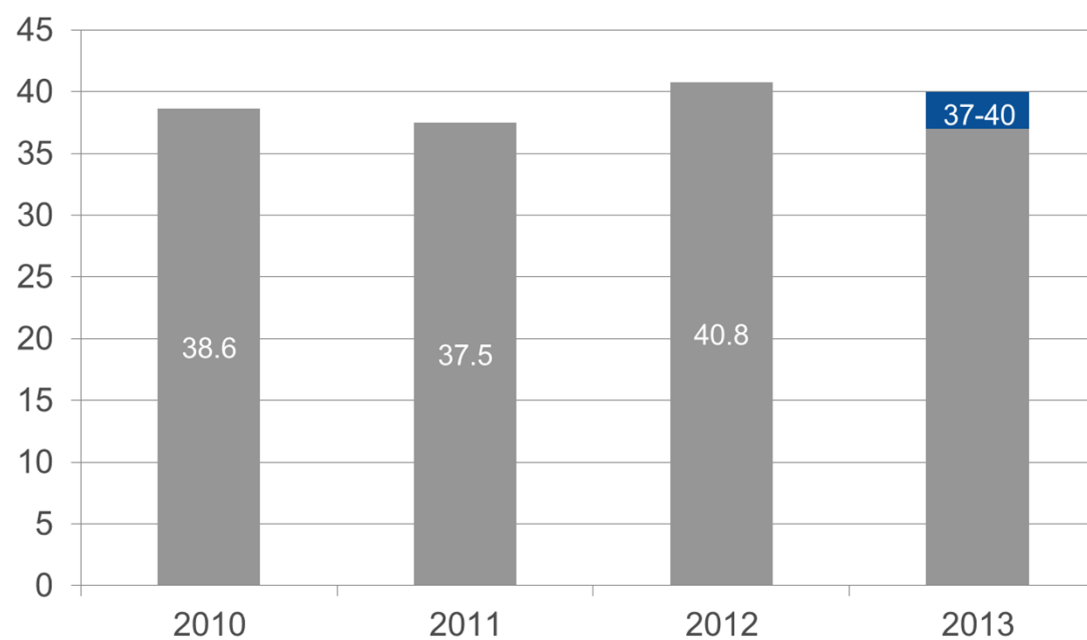
## CAPEX 2010 to 2013

CAPEX affected by vessel investments



## EBITDA forecast

In the range of EUR 37 to 40 million for 2013





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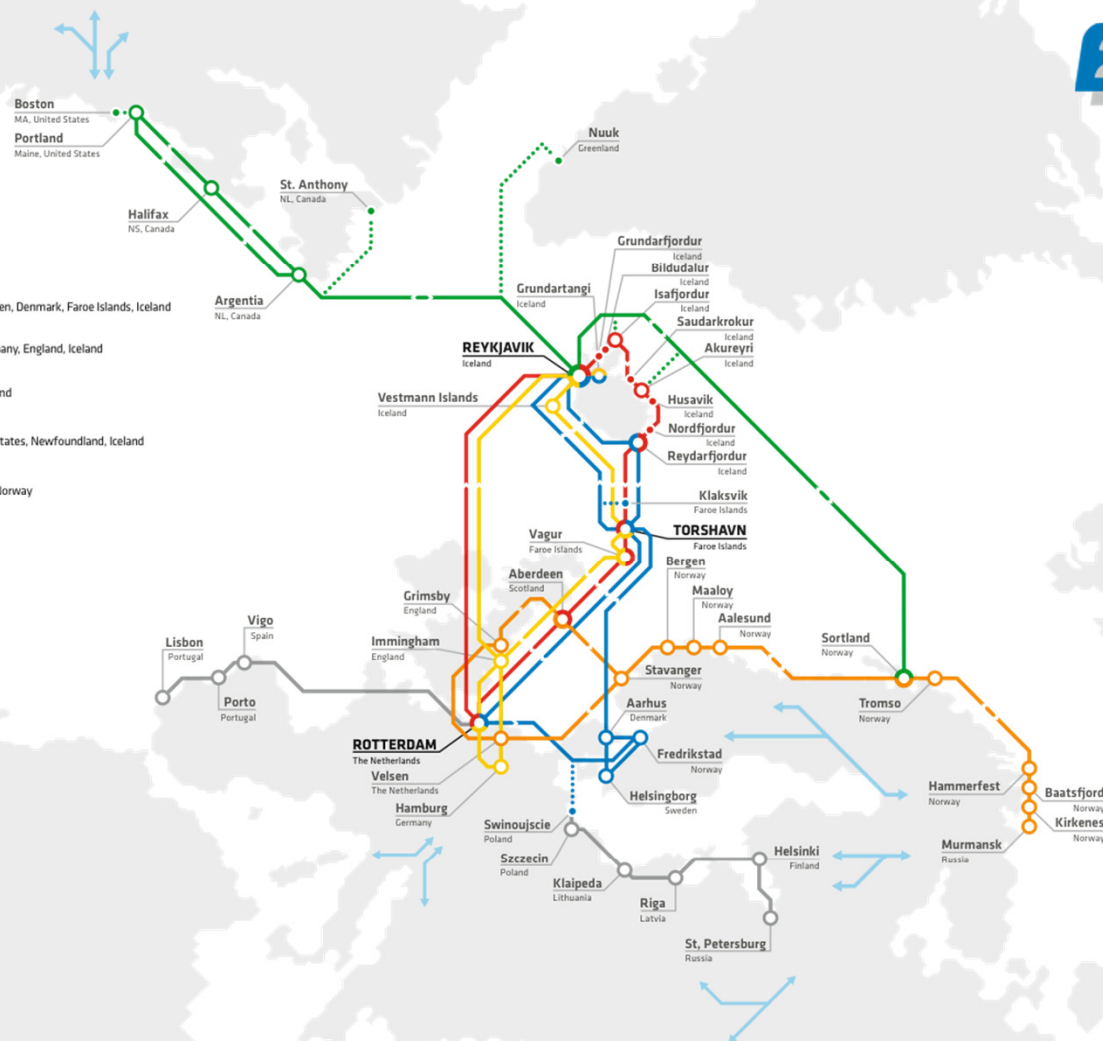
## Focus on sales and new markets

7.7% increased capacity in liner services

- The main focus on liner services is promoting:
  - Iceland costal sailing
  - The Faroe Islands
  - Aberdeen in Scotland
  - Northern Norway - US/Canada
  - Other Trans Atlantic services
  - Short sea services in Europe
  - Bi-weekly sailings to and from US/Canada
  - Short sea services US/Canada
- The main focus in forwarding services is:
  - North Atlantic to Asia
  - Intra Asia
  - Asia to South America/Africa



- **BLUE LINE**  
Iceland, Faroe Islands, The Netherlands, Norway, Sweden, Denmark, Faroe Islands, Iceland
- **YELLOW LINE**  
Iceland, Faroe Islands, England, The Netherlands, Germany, England, Iceland
- **RED LINE**  
Iceland, Faroe Islands, Scotland, The Netherlands, Iceland
- **GREEN LINE**  
Norway, Iceland, Newfoundland, Nova Scotia, United States, Newfoundland, Iceland
- **ORANGE LINE**  
Russia, Norway, The Netherlands, England, Scotland, Norway
- **PARTNER ROUTE**
- ↔ **FREIGHT FORWARDING**
- ⋯ **OPTIONAL PORT / SEASONAL ROUTE**
- ⦿ **POSSIBLE ARCTIC SAILING ROUTE**
- ⦿ **MAJOR TRANSIT HUB**
- ⦿ **TRANSIT HUB**
- ⦿ **PORT**



## New facilities in Iceland

### A distribution center in Reydarfjörður

- Eimskip has opened a new distribution center in Reydarfjörður on the east coast of Iceland
  - The building is 668 m<sup>2</sup>
  - An important step in improving the handling of cargo and the company's services in the area
  - Contains chilled and cold storage facilities



### Stórt framfaraskref í vöruafgreiðslu á Austurlandi

Eimskip Flytjandi hefur tekið í notkun glæsilega 668 m<sup>2</sup> dreifingar-  
miðstöð á Reyðarfirði. Þessi aðstaða stórbætir alla vörumeðhöndlun.  
Hleðslurampar auðvelda lestun og losun flutningabíla og undir einu  
og sama þaki er bæði kællir og frystir. Nýja miðstöðin er á Nesbraut 5,  
Reyðarfirði, steinsnar frá annarri stærstu höfn landsins.

Nesbraut 5 | 755 Reyðarfirði | Sími 525 7973 | [www.eimskip.is](http://www.eimskip.is)



## New facilities in Iceland

### A workshop in Sundahöfn

- In September Eimskip took into operation a new and advanced workshop in Sundahöfn in Reykjavík
  - The size of the new building is 768 m<sup>2</sup> and it is an extension to the company's old workshop building from 1982
  - The workshop will serve as the repair facility for the company's specialized transportation equipment





## TVG-Zimsen

### True North and Royal Arctic Line

- TVG-Zimsen, Eimskip's subsidiary, has acquired 32% of the film production services and event management company TrueNorth Ísland ehf.
  - TrueNorth was founded in 2003 and specializes in delivering unique, high quality production services to companies wishing to encapsulate Iceland's sparse and mighty presence for the screen
  - TVG-Zimsen is a logistics provider for the entertainment industry
- In October, TVG-Zimsen entered into a cooperation with the shipping company Royal Arctic Line
  - With the cooperation TVG-Zimsen is taking an important strategic step into the North Atlantic with experts on logistics in arctic regions, where valuable future opportunities may exist



**TVG-ZIMSEN**

**TRUENORTH®**



**ROYAL**  **ARCTIC**

## New vessel building project in China

### Delivery in 2014

- In 2011 Eimskip and the shipyard Rongcheng Shenfei in China made an agreement of building two container vessels
  - Each vessel is 875 TEU with container plugs for 230 reefer containers
  - Deadweight is about 12 thousand tons
  - The vessels are 140.7 meters long and 23.2 meters wide
- Eimskip has negotiated a total reduction of USD 10 million of the vessels' purchase price
- Eimskip has already paid USD 28.6 million which equals about 76% of the altered purchase price of the vessels
- The first vessel was launched on 25 August 2013, will be delivered in January 2014 and is expected to be in service in the second quarter of 2014
- Estimated delivery time of the second vessel is in the third quarter of 2014



# Godafoss

## Fire in the vessel's exhaust room

- On 11 November 2013 a fire broke out in the main engine exhaust pipe behind the bridge of Godafoss
- Location was 90 miles west of the Faroe Islands
- Similar accident happened in October 2010
- The reason behind the two accidents is not of the same origin
- The crew members followed the company's security procedures in every respect, extinguished the fire and brought the vessel safely back to Thorshavn
- Eimskip's vessels are fully insured for such accidents and the related cost is therefore minimal
- Eimskip's sailing schedule is prepared to handle deviations like this
- Godafoss is back in service



## Competition Authority's dawn raid

- On 10 September 2013 the Icelandic Competition Authority exercised a dawn raid at the premises of Eimskipafélag Íslands hf. and its subsidiaries, Eimskip Ísland ehf. and TVG-Zimsen ehf. based on a ruling from the Reykjavik District Court
- The dawn raid was exercised due to alleged breach of Article 10 and 11 of the Icelandic Competition Act
- The companies requested access to the information behind the Competition Authority's request for court ruling
- Access was declined and therefore the companies submitted an appeal to the competent authorities, which is to be resolved
- At this point the subject matter of the investigation is not known and any elaboration on the potential outcome of the investigation is premature
- The investigation neither affected the income statement nor the statement of financial position of Eimskip as at 30 September 2013







## Eimskip's North Arctic sailing Network

Connects US/Canada and Europe

Reliable network with efficient grid of interlinked transit hubs in the Arctic

*USA, Newfoundland, Greenland, Iceland, Faroe Islands, Norway, Russia*

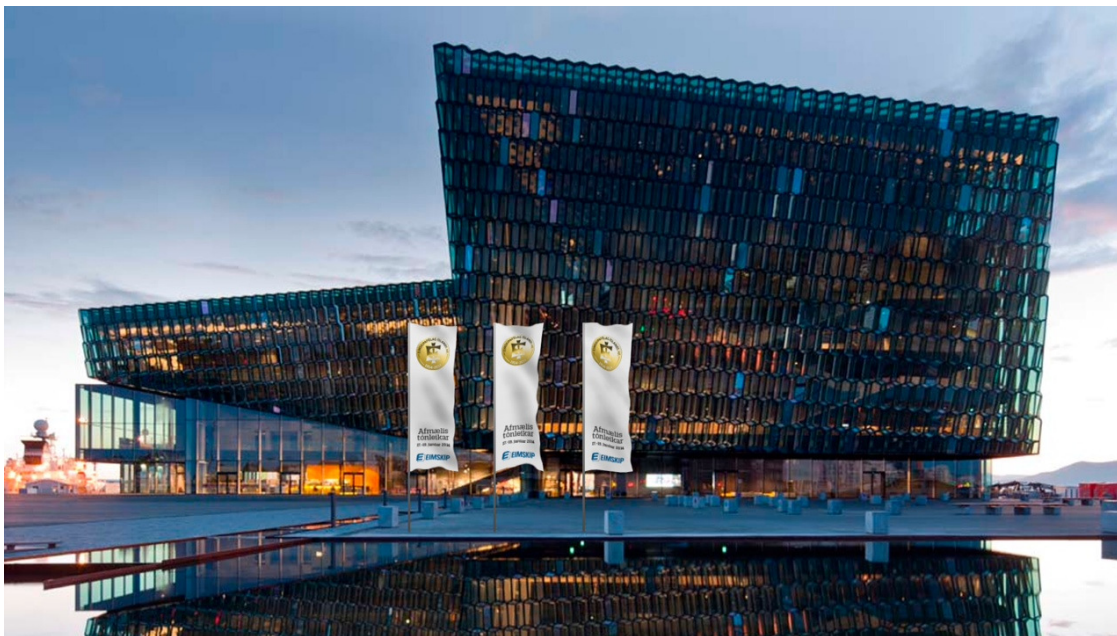
Within Europe

*Denmark, Sweden, Poland, Germany, Netherlands and UK*



## Eimskip's 100<sup>th</sup> anniversary

17 January 2014



- Eimskip will be celebrating its 100<sup>th</sup> anniversary in various ways in 2014
- Books will be published
  - The history of Eimskip
  - Eimskip's art collection
  - Eimskip's vessels for 100 years
- Receptions in Harpa
- A documentary film
- Launching of new vessels
- Other events throughout the year, in Iceland and overseas

Eimskip's vessel in a new Google Nexus 7 ad .....





# Q&A

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