

EIMSKIP ANNOUNCES THIRD QUARTER RESULTS 2013

- Operating revenue EUR 113.5 million, up by 0.8% from 2012
- Operating profit, EBITDA, EUR 12.1 million, up by 5.2% from 2012
- Equity ratio was 63.9% at the end of September
- Transported volume in North Atlantic liner services up by 4.1% from 2012
- Transported volume in reefer forwarding services up by 7.6% from 2012
- Forecasted EBITDA for the year 2013 in the range of EUR 37 to 40 million

EUR thousands

Consolidated Statement of Income	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%
Operating profit - EBITDA	12,119	10,839	1,280	11.8%	29,175	29,881	(706)	(2.4%)
Depreciation and amortization	(5,494)	(5,026)	(468)	(9.3%)	(15,656)	(16,318)	662	4.1%
Results from operating activities - EBIT	6,625	5,813	812	14.0%	13,519	13,563	(44)	(0.3%)
Net finance income (expense)	(1,274)	104	(1,378)	1,325.0%	(2,392)	(1,934)	(458)	(23.7%)
Net earnings before income tax	5,351	5,917	(566)	(9.6%)	11,127	11,629	(502)	(4.3%)
Income tax	(272)	(169)	(103)	60.9%	(1,478)	2,095	(3,573)	(170.5%)
Net earnings for the period	5,079	5,748	(669)	(11.6%)	9,649	13,724	(4,075)	(29.7%)
Adjusted for one-off items:								
Sales growth	0.8%	12.8%			3.6%	13.9%		
EBITDA / Sales	10.7%	10.2%			8.9%	9.7%		
EBIT / Sales	5.8%	5.8%			4.1%	4.5%		
Net debt / LTM EBITDA	0.86	0.85			0.86	0.85		
Consolidated Statement of Financial Position	30.09.2013	30.09.2012	Change	%	30.09.2013	31.12.2012	Change	%
Assets	321,099	303,077	18,022	5.9%	321,099	313,281	7,818	2.5%
Non-current assets	216,785	204,436	12,349	6.0%	216,785	209,723	7,062	3.4%
Current assets	104,314	98,641	5,673	5.8%	104,314	103,558	756	0.7%
Equity	205,077	190,415	14,662	7.7%	205,077	199,599	5,478	2.7%
Liabilities	116,022	112,662	3,360	3.0%	116,022	113,682	2,340	2.1%
Interest-bearing debt	60,540	62,061	(1,521)	(2.5%)	60,540	59,254	1,286	2.2%
Net debt	33,864	33,245	619	1.9%	33,864	21,950	11,914	54.3%
Tangible assets / Total assets	93.6%	93.7%			93.6%	93.7%		
Equity ratio	63.9%	62.8%			63.9%	63.7%		
Consolidated Statement of Cash Flows	Q3 2013	Q3 2012	Change	%	9M 2013	9M 2012	Change	%
Net cash from operating activities	7,420	7,333	87	1.2%	13,365	24,123	(10,758)	(44.6%)
Net cash used in investing activities	(7,090)	(3,410)	(3,680)	(107.9%)	(21,621)	(30,996)	9,375	30.2%
Net cash used in financing activities	(956)	(2,384)	1,428	59.9%	(1,509)	(8,238)	6,729	81.7%
Changes in cash and cash equivalents	(626)	1,539	(2,165)	(140.7%)	(9,765)	(15,111)	5,346	35.4%
Effects of exchange rate fluctuations on cash held	(160)	76	(236)	(310.5%)	(863)	410	(1,273)	(310.5%)
Cash and cash equivalents at the end of period	26,676	28,816	(2,140)	(7.4%)	26,676	28,816	(2,140)	(7.4%)

GYLFI SIGFÚSSON, PRESIDENT AND CEO

“Results in the third quarter are in line with our expectations. The transported volume to and from Iceland grew compared to last year, reversing the volume trend during the first half of the year. Transported volume in our North Atlantic liner services grew by 4.1% in the third quarter, with growth in all our market areas. Volume in the company’s reefer forwarding services increased by 7.6% compared to third quarter last year.

Revenues in the third quarter grew by 0.8% compared to 2012 and amounted to EUR 113.5 million. EBITDA amounted to EUR 12.1 million which equals 5.2% growth from previous year taking into account the one-off expenses related to the IPO last year. As presented before, Eimskip introduced substantial changes in its sailing schedule in March which increased system capacity by 7.7%. The changes to our sailing schedule have been well received by the market. Still, the recent performance of our operations in Iceland remains under our expectations although consistent with Iceland’s macro-economic activity related to import volumes and the shortage of capital investment projects in the country. Eimskip’s operations outside Iceland, both liner services and international forwarding, continue to grow. Eimskip benefits from the diversity of its operations. We continue to evaluate internal growth opportunities and strategic acquisitions throughout the markets we serve.

Consistent with its strategy, Eimskip’s subsidiary TVG-Zimsen entered in October into a cooperation with the shipping company Royal Arctic Line. With the cooperation TVG-Zimsen is taking an important strategic step in the North Atlantic, where we believe that valuable future opportunities exist.

Eimskip has continued strengthening its infrastructure in Iceland with the addition of two new buildings to its operations. The first is a new and advanced workshop in Reykjavík port, Sundahöfn, which will serve as the repair facility for the company’s specialized transportation equipment, resulting in lower maintenance cost. The second building is a new distribution center in Reydarfjörður on the east coast of Iceland, which will strengthen significantly Eimskip’s services in the area.

Overall, we are pleased with the favorable market reaction to the steps Eimskip has taken to better serve its customers throughout Iceland, the North Atlantic and our global forwarding network. Our third quarter results have begun to reflect the benefits of our long term vision. Accordingly we are refining our EBITDA guidance for fiscal year 2013 to be in the range of EUR 37 to 40 million.”

THIRD QUARTER OPERATIONS

Operating revenue in the third quarter amounted to EUR 113.5 million compared to EUR 112.6 million in 2012, an increase of 0.8%. The revenue of liner services came to EUR 84.5 million, showing an increase of 4.5% from 2012. There was an increase by 4.1% in transported volume of the liner services in the company’s main market areas in the North Atlantic, mainly due to an increase in Iceland, in the Faroe Islands, in Norway and between Europe and North America. The revenue of forwarding services amounted to EUR 29.0 million and decreased by 8.6% from third quarter 2012 due to changed combination of transported volume, where shorter distance transport grew but longer distance transport decreased. These changes did not affect the company’s results in forwarding services. Transported volume in reefer forwarding services grew by 7.6% compared with the third quarter of 2012 due to increased shorter distance services which is Intra Asian transport and increased transport of pelagic fish in Europe. Sea freight rates in international markets on Europe/Asia trades in third quarter were similar in 2013 and 2012. Strengthening of the EUR against Eimskip’s main operational currencies has resulted in decreased revenues between years.

EBITDA amounted to EUR 12.1 million in the third quarter compared to EUR 10.8 million in the third quarter 2012. Adjusted EBITDA, after one-off item due to a cost of EUR 0.7 million related to Eimskip’s IPO in the third quarter 2012, amounted to EUR 11.5 million, increasing EBITDA by 5.2% from 2012. The EBITDA ratio in the quarter was 10.7% compared to 10.2% in third quarter 2012. Operating result of reefer forwarding services was good in the quarter, or EUR 0.7 million better than last year. There was also good result of the company’s liner services in the Faroe Islands, Norway and North America. Operating result of transportation to and from Iceland is below expectations despite positive trend in

transported volume between years. Eimskip's changes in its sailing schedule in March increased the system capacity by 7.7%.

Depreciation and amortization in the third quarter amounted to EUR 5.5 million, compared to EUR 5.0 million in the same period last year. The increase is mainly due to investments in fixed assets.

EBIT in the third quarter amounted to EUR 6.6 million compared to EUR 5.8 million in the same period last year. Adjusted EBITDA, after the EUR 0.7 million one-off cost item related to the listing in the third quarter 2012, amounted to EUR 6.5 million.

Net finance expense stood at EUR 1.3 million compared to EUR 0.1 million net finance revenue in the third quarter 2012. The change between years is mainly explained by weakening of the Icelandic krona against EUR and due to increased non-cash currency fluctuations on intercompany balances.

Income tax came to EUR 0.3 million compared to EUR 0.2 million income tax in the second quarter 2012.

As a result of the above, net earnings of the third quarter amounted to EUR 5.1 million compared to EUR 5.7 million in the same period last year.

NINE MONTHS OPERATIONS

- **Operating revenue EUR 326.9 million, up by 3.6% from 2012**
- **EBITDA amounted to EUR 29.2 million, a decrease by 4.5% from 2012**
- **Transported volume in North Atlantic liner services up by 2.2% from 2012**
- **Transported volume in reefer forwarding services up by 8.5% from 2012**

Operating revenue for the first nine months amounted to EUR 326.9 million compared to EUR 315.7 million in the same period 2012 and increased by 3.6% between years. There was an increase of 2.2% in transported volume in the company's main market areas in the North Atlantic except in Iceland, where imported volume to Iceland decreased between years. The total increase in the company's liner services in the North Atlantic was 2.2% from last year. Transported volume in reefer forwarding services increased by 8.5% from the first nine months 2012, mainly due to increased Intra Asian transport and transport from Asia to Europe. Fluctuations in international sea freight prices have considerable effect on Eimskip's revenues and compared to last year there have been considerable fluctuations with an extensive increase in the first quarter, decreased prices in the second quarter and similar prices in the third quarter.

EBITDA amounted to EUR 29.2 million compared to EUR 29.9 million in the same period 2012, but adjusted EBITDA, after the EUR 0.7 million one-off cost item related to Eimskip's IPO in the third quarter 2012, amounted to EUR 30.6 million, decreasing EBITDA by 4.5% from 2012. The EBITDA ratio in the first nine months was 8.9% compared to 9.7% in the same period 2012. The drop is mainly explained by the change of the company's sailing schedule and by reduction in import to Iceland this year.

Depreciation and amortization the first nine months amounted to EUR 15.7 million compared to EUR 16.3 million in the same period last year. The reduction is mainly due to fully depreciated part of the company's vessel fleet.

EBIT in the first nine months amounted to EUR 13.5 million compared to EUR 13.6 million in the same period last year. Adjusted EBIT, after the EUR 0.7 million one-off cost item related to Eimskip's IPO in the third quarter 2012, amounted to EUR 14.3 million.

Net finance expense amounted to EUR 2.4 million compared to EUR 1.9 million the first nine months 2012. The change between years is explained by a currency exchange loss this year compared to a

currency exchange gain last year, but on the other hand interest expense on the company's long-term loans has become lower this year.

Net earnings before income tax for the period came to EUR 11.1 million compared to EUR 11.6 million last year.

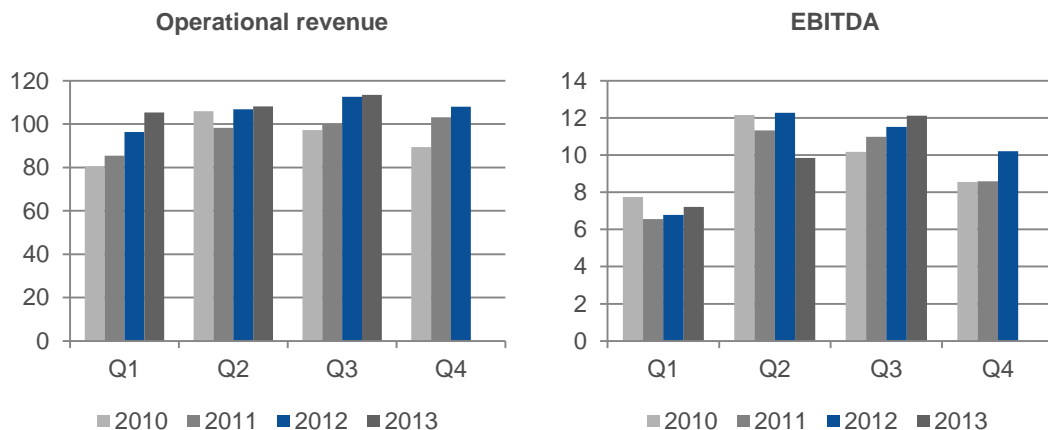
Income tax amounted to EUR 1.5 million compared to an income tax benefit in the amount of EUR 2.1 million in first nine months last year due to recognized tax losses carried forward in a subsidiary in the amount of EUR 2.8 million.

Net earnings amounted to EUR 9.6 million for the period compared to EUR 13.7 million in the same period 2012.

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 2010 to 2013.

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 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.

EUR million



Early in March the company introduced substantial changes in its sailing schedule. The number of vessels on liner services was increased by one, expanding system capacity by 7.7%. A corresponding reduction of one was made in the number of vessels in bulk services so a total of 16 vessels were in operation during the first nine months of the year. The main changes consisted of the introduction of a new weekly coastal schedule in Iceland with a direct connection with the Faroe Islands, the UK and mainland Europe, and increased frequency and shorter transit time to and from the USA with Portland in Maine replacing Everett and Norfolk as a port of call on the US east coast. The expansion of services to the USA are also intended to further support increased cargo volumes between Northern Norway and North America and improve connections between the USA and Newfoundland with shorter transit time. The changes will also result in improved services for fresh fish from the Faroe Islands and to the growing oil industry in the North Atlantic, with calls at Aberdeen in Scotland. Now there is also a connection to the Baltic and an office has been opened in Gdynia in Poland. Brúarfoss departed Reykjavík on its first coastal route schedule in Iceland on 14 March and the first call at Portland in the USA took place on 26 March. The first call at Aberdeen in Scotland was in April. Thus, the changes to the sailing schedule had only minimal effect on first quarter's operations but fully effected the second and third quarters' operations.

Eimskip now operates 16 vessels, of which eleven are owned and five are chartered. Twelve of the vessels are on scheduled services, two are on spot services, one is used for bulk cargo and one is a ferry.

BALANCE SHEET

- **Total assets EUR 321.1 million at the end of September**
- **Equity ratio 63.9%**
- **Interest-bearing debt EUR 60.5 million**
- **Net debt EUR 33.9 million**

The company's total assets stood at EUR 321.1 million as at 30 September 2013. By comparison, total assets at the end of the third quarter 2012 stood at EUR 303.1 million and EUR 313.3 million at year-end 2012.

Total non-current assets amounted to EUR 216.8 million at the end of September compared to EUR 204.4 at the end of September 2012 and EUR 209.7 million at year-end 2012. Net investments in property, vessels and equipment the first nine months came to EUR 22.6 million, of which investments in the two container vessels under construction amounted to EUR 8.1 million.

Total current assets amounted to EUR 104.3 million at the end of September compared to EUR 98.6 million at the end of September 2012 and EUR 103.6 million at the end of last year. Cash and cash equivalents amounted to EUR 26.7 million at the end of September, compared to EUR 28.8 million at the same time 2012 and EUR 37.3 at year-end 2012. The decrease this year is mainly explained by investments in vessels and other equipment.

Equity amounted to EUR 205.1 million at the end September and the equity ratio was 63.9%. Dividends in the amount of EUR 2.7 million were paid to shareholders at the end of April. For comparison, equity stood at EUR 190.4 million and the equity ratio 62.8% at the end of September 2012 and EUR 199.6 million, with an equity ratio of 63.7%, at year-end 2012.

Interest-bearing debt amounted to EUR 60.5 million at the end of September compared to EUR 62.1 million at the end of September 2012 and EUR 59.3 million at year-end 2012. Net debt stood at EUR 33.9 million at the end of September compared to EUR 33.2 million at the end of third quarter 2012 and EUR 22.0 million at year-end 2012.

CASH FLOW AND INVESTMENTS

- **Net cash from operating activities EUR 13.4 million in the first nine months**
- **Cash and cash equivalents EUR 26.7 million at the end of September**
- **Net cash used in investing activities EUR 21.6 million**

Net cash from operating activities amounted to EUR 13.4 million in the first nine months compared to EUR 24.1 million in the first half of 2012. The change is mainly due to changes in current assets and liabilities.

Net cash used in investing activities came to EUR 21.6 million in the first nine months compared to EUR 31.0 million in the same period last year. Total investments in property, vessels and equipment amounted to EUR 23.5 million, including investments in vessels totaling EUR 8.1 million. In the same period last year, total investments in non-current assets amounted to EUR 40.3 million. Of total investments this year EUR 2.0 million did not affect cash compared to EUR 7.8 million not affecting cash the first nine months last year.

Net cash from financing activities amounted to EUR 1.5 million in first nine months compared to EUR 8.3 million during the same period 2012. Thus, cash and cash equivalents decreased by EUR 9.8 million compared to EUR 15.1 million for the same period last year. Cash and cash equivalents amounted to EUR 26.7 million at the end of September compared to EUR 28.8 million at the end of September 2012.

EBITDA FORECAST

The EBITDA forecast for the year 2013 is in the range of EUR 37 to 40 million.

KEY FIGURES BY QUARTERS 2012 AND 2013

EUR thousands

Operating Results	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Operating revenue	113,524	108,112	105,313	107,929	112,574
Operating expenses	101,405	98,273	98,096	101,642	101,735
EBITDA	12,119	9,839	7,217	6,287	10,839
EBIT	6,625	4,811	2,083	169	5,813
Net earnings (loss) for the period	5,079	2,038	2,532	(993)	5,748
Adjusted for one-off items:					
EBITDA	12,119	9,839	7,217	10,202	11,520
EBIT	6,625	4,811	2,083	4,084	6,494
EBITDA / Sales	10.7%	9.1%	6.9%	9.5%	10.2%
EBIT / Sales	5.8%	4.5%	2.0%	3.8%	5.8%
Balance Sheet	30.09.2013	30.06.2013	31.03.2013	31.12.2012	30.09.2012
Assets	321,099	314,051	307,193	313,281	303,077
Equity	205,077	200,656	202,219	199,599	190,415
Liabilities	116,022	113,395	104,974	113,682	112,662
Interest-bearing debt	60,540	60,549	55,575	0	0
Net debt	33,864	33,087	31,598	21,950	33,245
Equity ratio	63.9%	63.9%	65.8%	63.7%	62.8%
Cash Flow	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Net cash (to) from operating activities	7,420	8,226	(2,281)	12,749	7,333
Net cash used in investing activities	(7,090)	(6,486)	(8,045)	(8,188)	(3,410)
Net cash from (used in) financing activities	(956)	2,001	(2,554)	3,865	(2,384)
Cash and cash equivalents at the end of period	26,676	27,462	23,977	37,304	28,816

SHAREHOLDERS

- Eimskip's share price up by 13.9% from the company's listing
- The company's market capitalization EUR 280.4 million on 21. November 2013

Eimskip's shares started trading on NASDAQ OMX Iceland on 16 November 2012. The IPO price was ISK 208.00 per share. This year the closing price has been in the range ISK 221.00 to ISK 281.00, with an average for the period of ISK 255.45. The closing price on 21 November 2013 was ISK 237.00

which represents a 13.9% price increase since the company's listing. The company's market capitalization on 21 November 2013 was ISK 46.0 billion, or EUR 280.4 million.

The total number of shares is 200,000,000 and 194.081.180 shares are outstanding. On 20 November there were 1,232 shareholders.

ABOUT EIMSKIP

Eimskip runs a network of 51 offices in 19 countries and operates 16 vessels. The total number of employees is about 1,390, of which about 800 are located in Iceland. About 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 22 NOVEMBER 2013

Investors and market participants are invited to a meeting on Friday 22 November 2013 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 the first nine months of 2013. 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 condensed consolidated interim financial statements for the period 1 January to 30 September 2013 at its meeting on 21 November 2013.

FINANCIAL CALENDAR

- Results for the fourth quarter 2013 will be published on 27 February 2014
- The Annual General Meeting will be held on 27 March 2014

FURTHER INFORMATION

- Gylfi Sigfússon, President and CEO, tel.: +354 525 7202
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- 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.