



30 August 2013

## Second quarter and six months 2013 results





# Agenda

## 1. Highlights

2. Q2 and 6M 2013 financial results

3. Outlook

4. Q&A



## Key highlights Q2 and 6M 2013

EUR millions	Q2 2013	Q2 2012	Change	6M 2013	6M 2012	Change
Operating revenue	108.1	106.9	1.2%	213.4	203.2	5.1%
EBITDA	9.8	12.3	(19.8%)	17.1	19.0	(10.4%)
EBIT	4.8	6.4	(25.2%)	6.9	7.8	(11.0%)
CAPEX	6.1	10.3	(40.8%)	14.7	33.6	(56.3%)
Net cash from operating activities	8.2	13.0	(36.9%)	5.9	16.8	(65.0%)
Total assets	314.1	299.8	4.8%	314.1	299.8	4.8%
Equity ratio	63.9%	61.6%	3.7%	63.9%	61.6%	3.7%

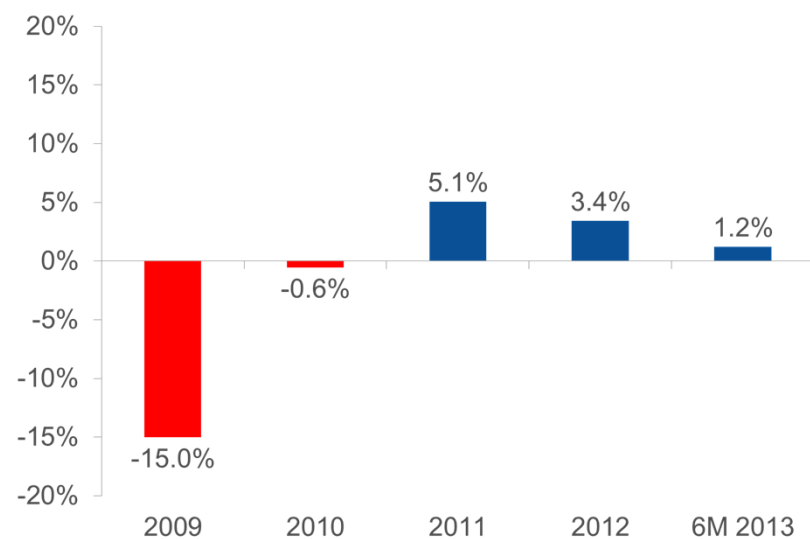
## Key highlights

- Macro-economic conditions in Iceland are still challenging
- According to Statistics Iceland, total import volumes to Iceland during the first six months have declined by 4.8% and export has declined by 0.5% from the same period last year
- Eimskip's transported volume in the North Atlantic liner services has increased by 1.2% from last year, with increases in the Faroe Islands, Norway and between Europe and North America, but offset by a decline in import to Iceland
- 9% increase in transported volume in the company's reefer forwarding services
- Major changes to the company's sailing schedule were launched in March, strengthening the company's future organic growth and creating new opportunities for the company and its customers
- Increase of system capacity by 7.7% by adding one vessel to the sailing schedule has increased fixed cost and decreased the EBITDA in Q2 by EUR 0.8 million from last year
- It will take time to build volume and revenue to cover the additional costs
- The company has seen import volumes return to prior level for the first six weeks of the third quarter
- The company's EBITDA forecast for 2013 is in the range of EUR 36 to 40 million

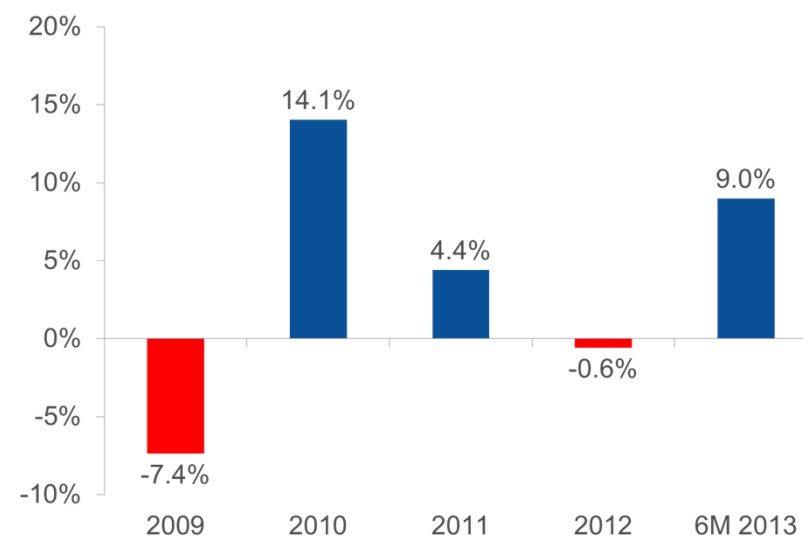
# Transported volume

## Liner services and reefer forwarding

Liner services



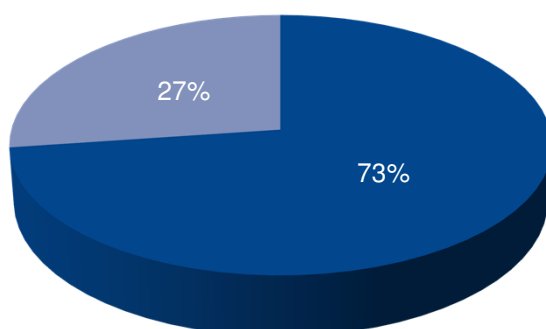
Reefer forwarding



## Operating revenue by segments

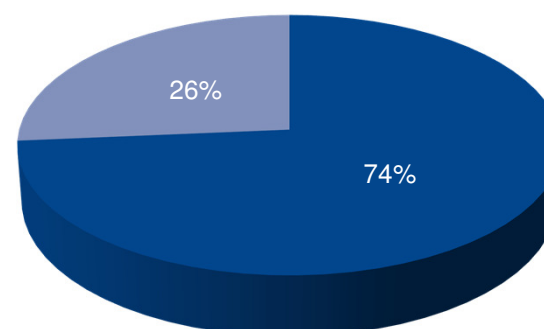
Liner services and forwarding services

6M 2013



■ Liner services ■ Forwarding services

6M 2012

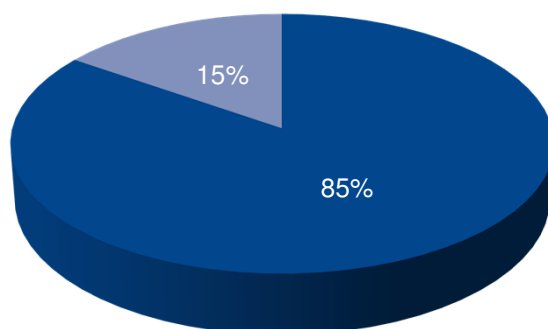


■ Liner services ■ Forwarding services

## Operating profit, EBITDA, by segments

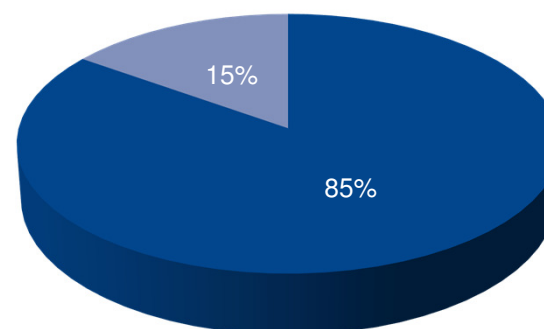
Liner services and forwarding services

6M 2013



■ Liner services ■ Forwarding services

6M 2012

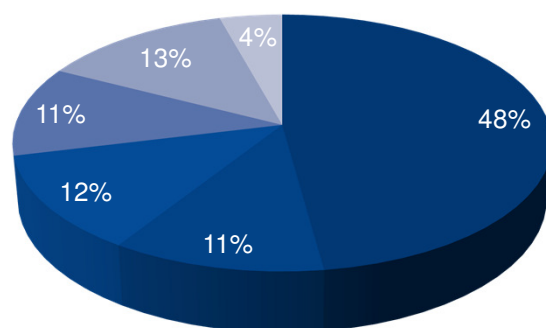


■ Liner services ■ Forwarding services

## Geographical split of operating revenue

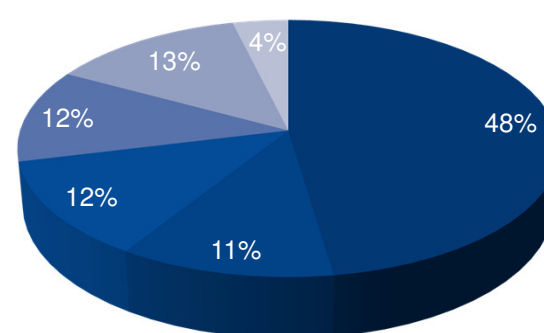
Less than half of the operating revenue is related to Iceland

6M 2013



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

12M 2012

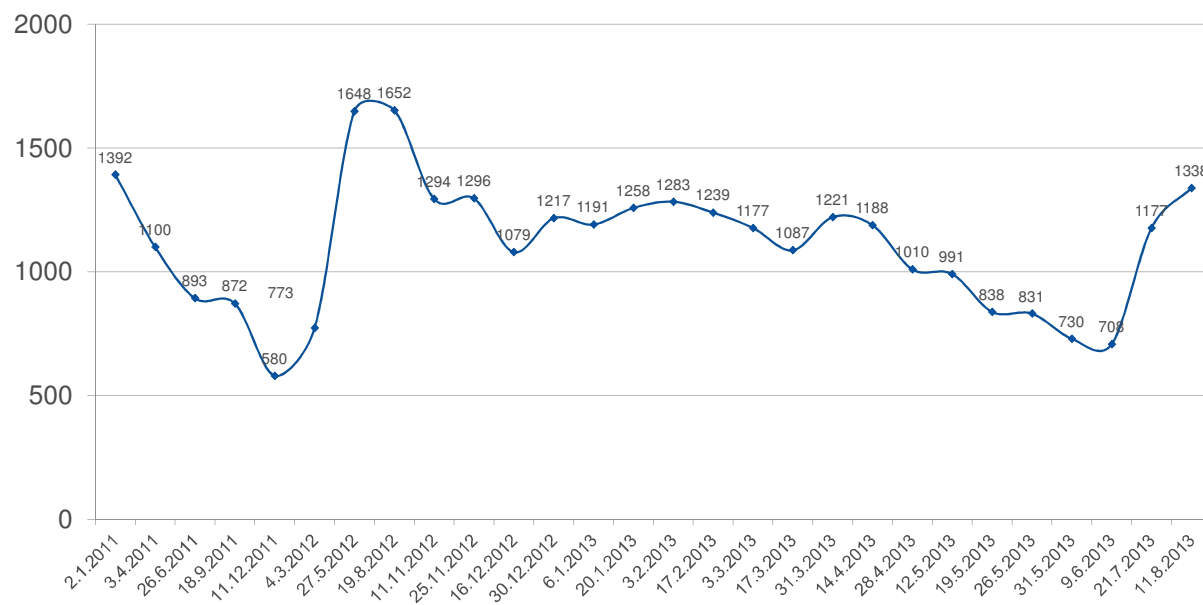


■ Iceland ■ Faroe Islands ■ Norway ■ Europe ■ Asia ■ Other



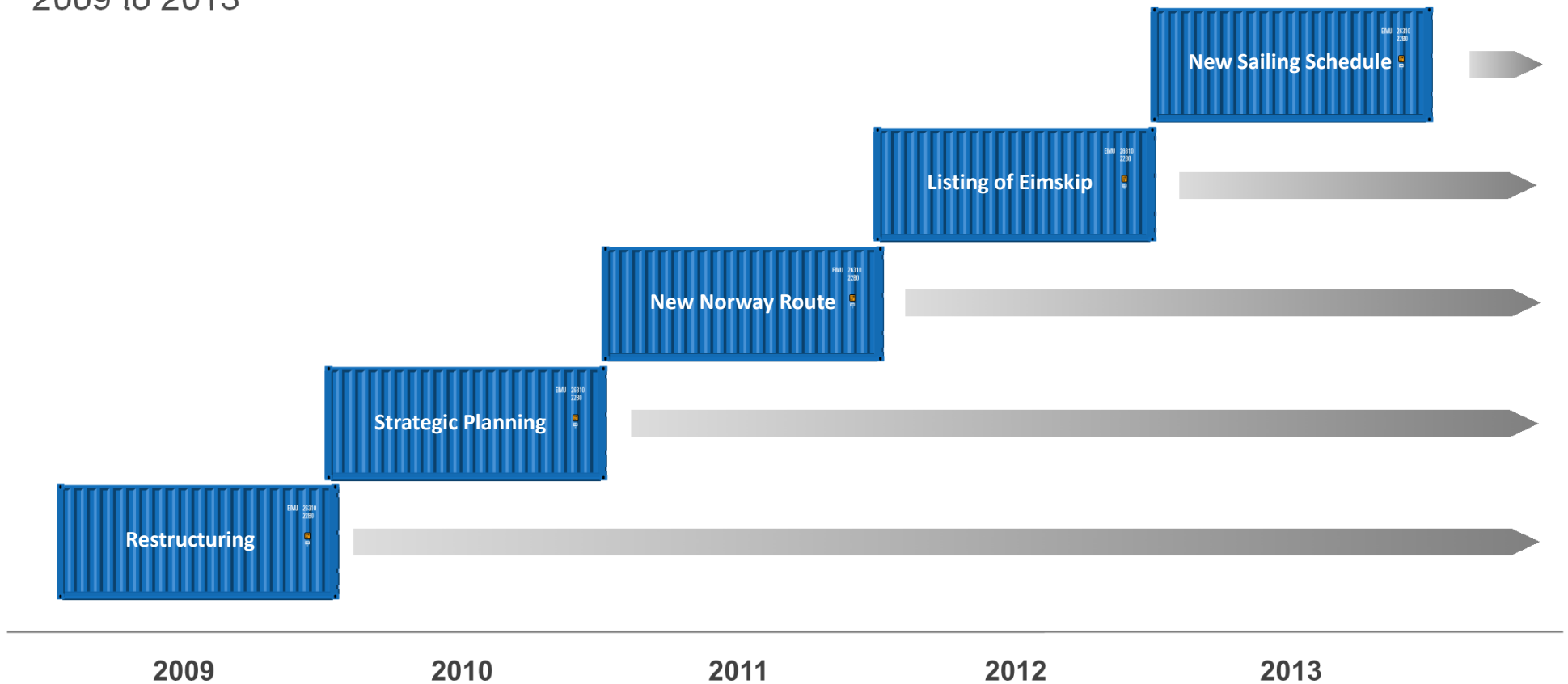
# Freight index China - Europe

Fluctuations in pricing from the deep sea carriers



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

## Development after restructuring 2009 to 2013



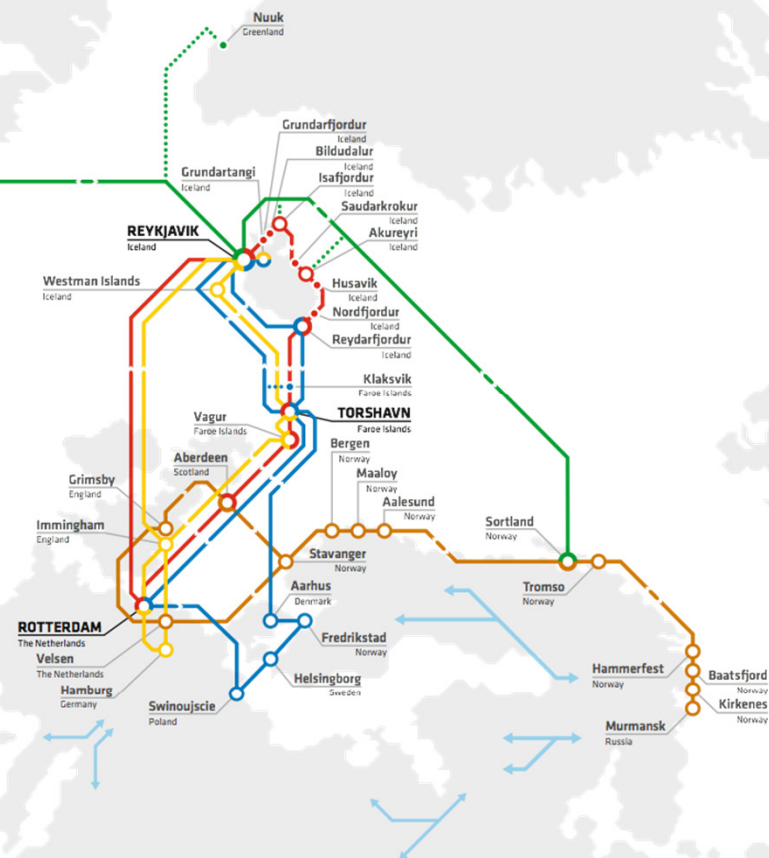
# Significant changes in Eimskip's sailing schedule

## Introduced 6 March 2013

- The main changes are
  - Increased capacity in the liner system by 7.7% by adding one vessel to the sailing schedule
  - Weekly coastal services around Iceland, connecting Faroe Islands with direct connection to the UK and mainland Europe and new services for fresh salmon from the Faroe Islands to the UK
  - New calls in Portland, Maine in the USA, increasing frequency and shortening transit time to and from the USA connecting with Newfoundland, Iceland, Norway and mainland Europe
  - Increased services for the oil industry with direct services to and from Scotland
  - Direct connection to the Baltic with calls in Poland
  - To increase capacity on the Norwegian route, the vessel Ice Bird was moved from the spot service to the liner services



- **BLUE LINE**  
Iceland, Faroe Islands, The Netherlands, Poland, Sweden, Norway, 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
- **BROWN LINE**  
Russia, Norway, The Netherlands, England, Scotland, Norway
- ↔ **FREIGHT FORWARDING**
- ... **OPTIONAL PORT / SEASONAL ROUTE**
- **MAJOR TRANSIT HUB**
- **TRANSIT HUB**
- **PORT**





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# Income statement

Net earnings before income tax similar to last year

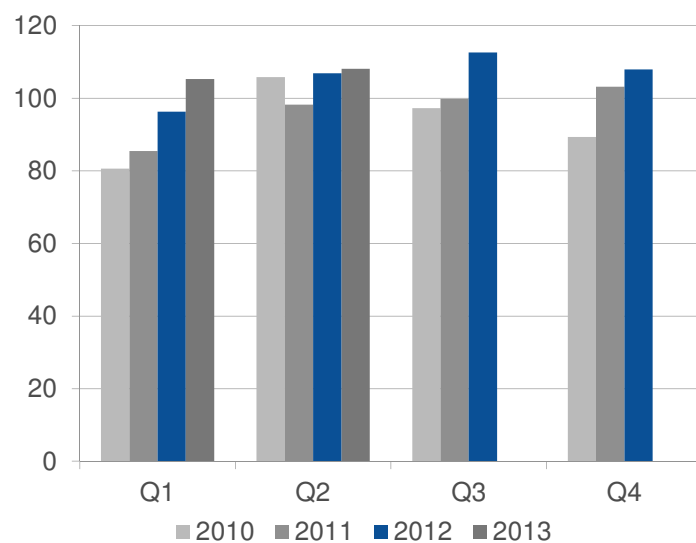
EUR thousands	Q2 2013	Q2 2012	Change	%	6M 2013	6M 2012	Change	%
Operating revenue	108,112	106,861	1,251	1.2%	213,425	203,151	10,274	5.1%
Operating expenses	98,273	94,595	3,678	3.9%	196,369	184,109	12,260	6.7%
<b>EBITDA</b>	<b>9,839</b>	<b>12,266</b>	<b>(2,427)</b>	<b>(19.8%)</b>	<b>17,056</b>	<b>19,042</b>	<b>(1,986)</b>	<b>(10.4%)</b>
Depreciation and amortization	(5,028)	(5,830)	802	13.8%	(10,162)	(11,292)	1,130	10.0%
<b>EBIT</b>	<b>4,811</b>	<b>6,436</b>	<b>(1,625)</b>	<b>(25.2%)</b>	<b>6,894</b>	<b>7,750</b>	<b>(856)</b>	<b>(11.0%)</b>
Net finance income (expense)	(2,067)	(1,021)	(1,046)	(102.4%)	(1,118)	(2,038)	920	45.1%
<b>Net earnings before income tax</b>	<b>2,744</b>	<b>5,415</b>	<b>(2,671)</b>	<b>(49.3%)</b>	<b>5,776</b>	<b>5,712</b>	<b>64</b>	<b>1.1%</b>
Income tax	(706)	1,979	(2,685)	(135.7%)	(1,206)	2,264	(3,470)	(153.3%)
<b>Net earnings for the period</b>	<b>2,038</b>	<b>7,394</b>	<b>(5,356)</b>	<b>(72.4%)</b>	<b>4,570</b>	<b>7,976</b>	<b>(3,406)</b>	<b>(42.7%)</b>

- Revenue increased by 5.1% from 6M 2012, mainly explained by volume increase in forwarding and freight increases in international shipping markets
- Drop in EBITDA from 2012 mainly due to changed sailing schedule and reduced import to Iceland
- Reduction of depreciation since part of the company's vessels are fully depreciated to their residual value
- Net finance expense in 6M this year was lower due to lower interest expense on loans and less currency loss than in 6M 2012
- Net earnings before income tax similar to last year, or EUR 5.8 million
- Income tax benefit in 2012 due to EUR 2.8 million recognized tax losses carried forward in a subsidiary

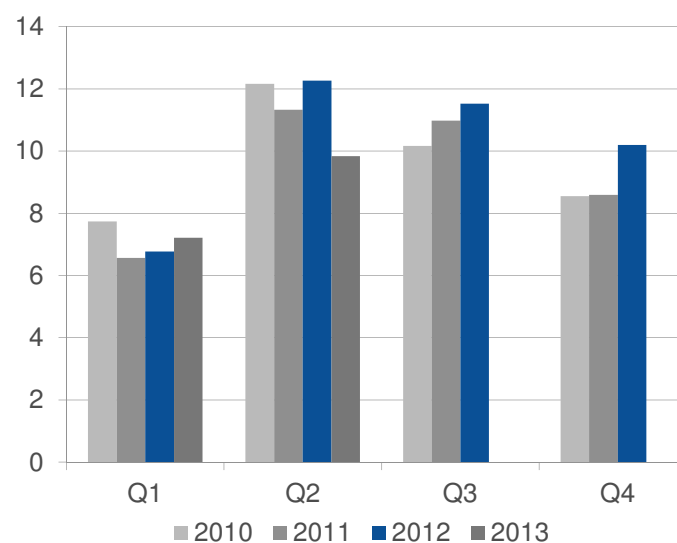
## Operating revenue and EBITDA by quarters

Adjusted for one-off items in 2011 and 2012

Operating revenue by quarters



EBITDA by quarters



## Balance sheet

### Solid with low leverage

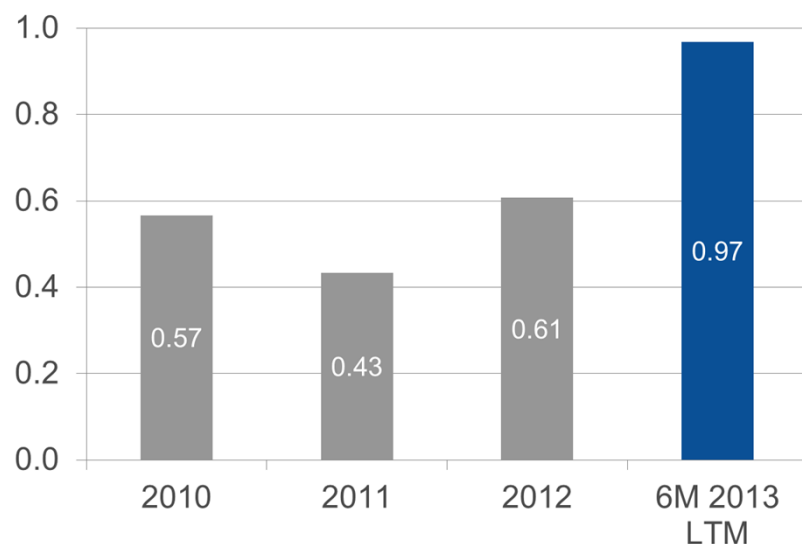
EUR thousands	30.6.2013	31.12.2012	Change	%
Non-current assets	213,335	209,723	3,612	1.7%
Current assets	100,716	103,558	(2,842)	(2.7%)
<b>Total assets</b>	<b>314,051</b>	<b>313,281</b>	<b>770</b>	<b>0.2%</b>
<b>Total equity</b>	<b>200,656</b>	<b>199,599</b>	<b>1,057</b>	<b>0.5%</b>
Non-current liabilities	52,989	51,088	1,901	3.7%
Current liabilities	60,406	62,594	(2,188)	(3.5%)
<b>Total liabilities</b>	<b>113,395</b>	<b>113,682</b>	<b>(287)</b>	<b>(0.3%)</b>
<b>Total equity and liabilities</b>	<b>314,051</b>	<b>313,281</b>	<b>770</b>	<b>0.2%</b>

- Increase in non-current assets due to investments in vessels and other operating assets
- Reduction in cash and cash equivalents due to investments
- 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% at the end of June
- Interest-bearing debt amounted to EUR 60.5 million at the end of June
- Net debt amounted to EUR 33.1 million



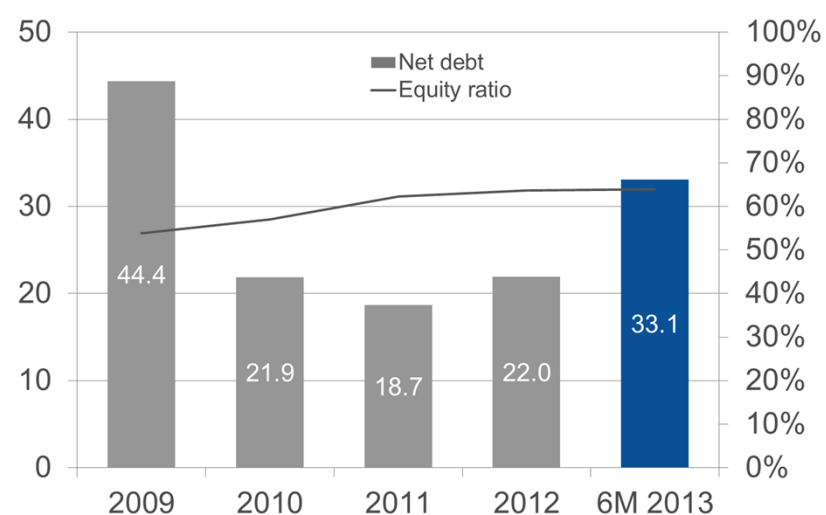
## Financial ratios

Net debt / EBITDA



Net debt and equity ratio

EUR millions



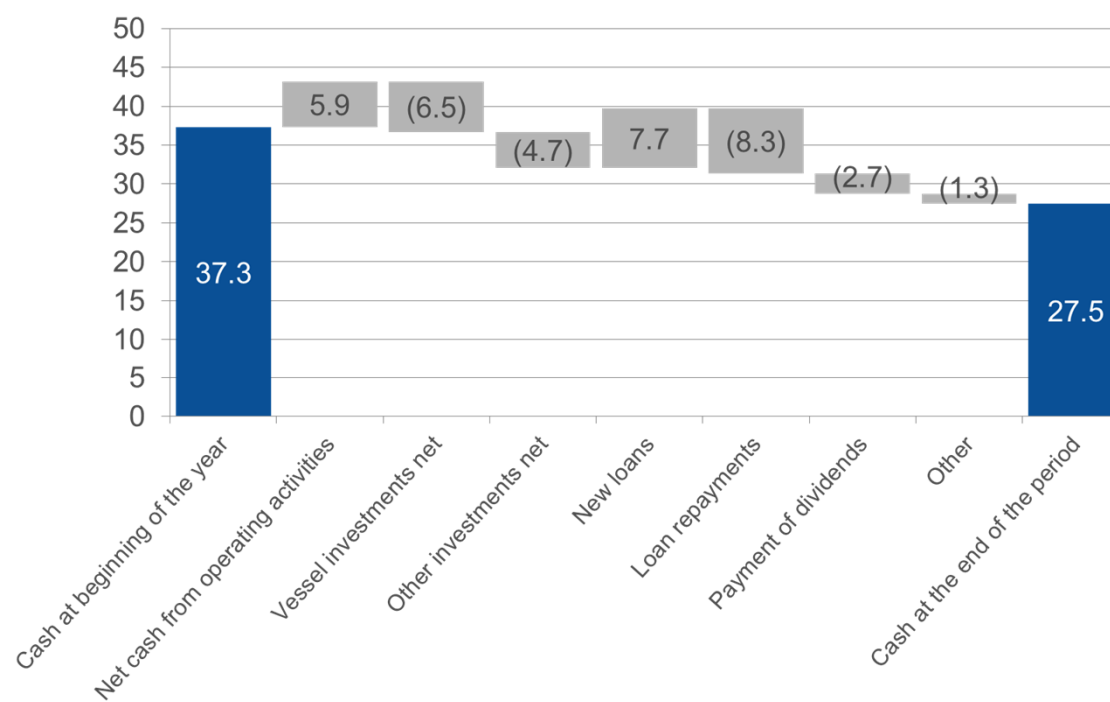
## Strong cash flow and cash position

Decreased cash from year-end 2012 due to investments

EUR thousands	Q2 2013	Q2 2012	Change	%	6M 2013	6M 2012	Change	%
Cash flows from operations	8,226	13,045	(4,819)	(36.9%)	5,869	16,790	(10,921)	(65.0%)
Investing activities	(3,663)	(5,609)	1,946	34.7%	(11,708)	(27,586)	15,878	57.6%
Financing activities	(822)	(5,386)	4,564	84.7%	(3,300)	(5,854)	2,554	43.6%
<b>Changes in cash and cash equivalents</b>	<b>3,741</b>	<b>2,050</b>	<b>1,691</b>	<b>82.5%</b>	<b>(9,139)</b>	<b>(16,650)</b>	<b>7,511</b>	<b>45.1%</b>
Cash at the beginning of the period	23,977	24,997	(1,020)	(4.1%)	37,304	43,517	(6,213)	(14.3%)
Exchange rate fluctuations	(256)	154	(410)	(266.2%)	(703)	334	(1,037)	(310.5%)
<b>Cash at the end of period</b>	<b>27,462</b>	<b>27,201</b>	<b>261</b>	<b>1.0%</b>	<b>27,462</b>	<b>27,201</b>	<b>261</b>	<b>1.0%</b>

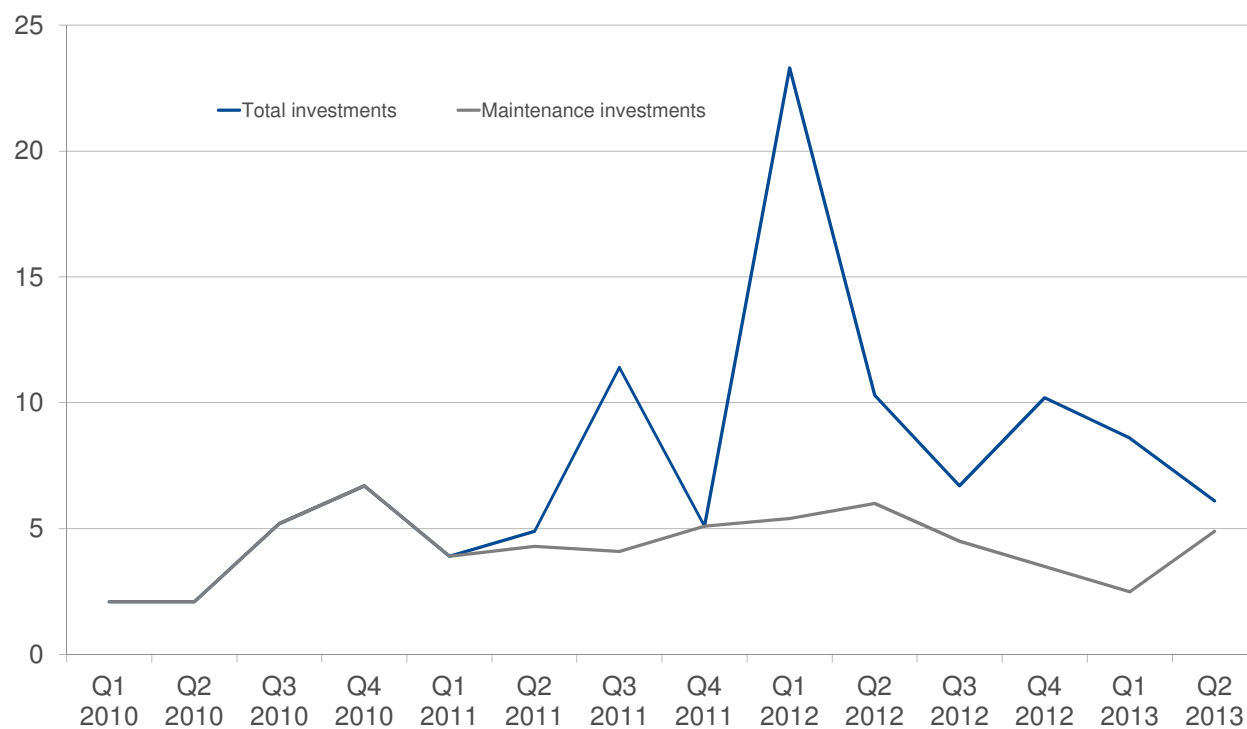
## Cash flow bridge 2013

EUR millions



## CAPEX 2010 to 2013

CAPEX affected by vessel investments





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# Outlook

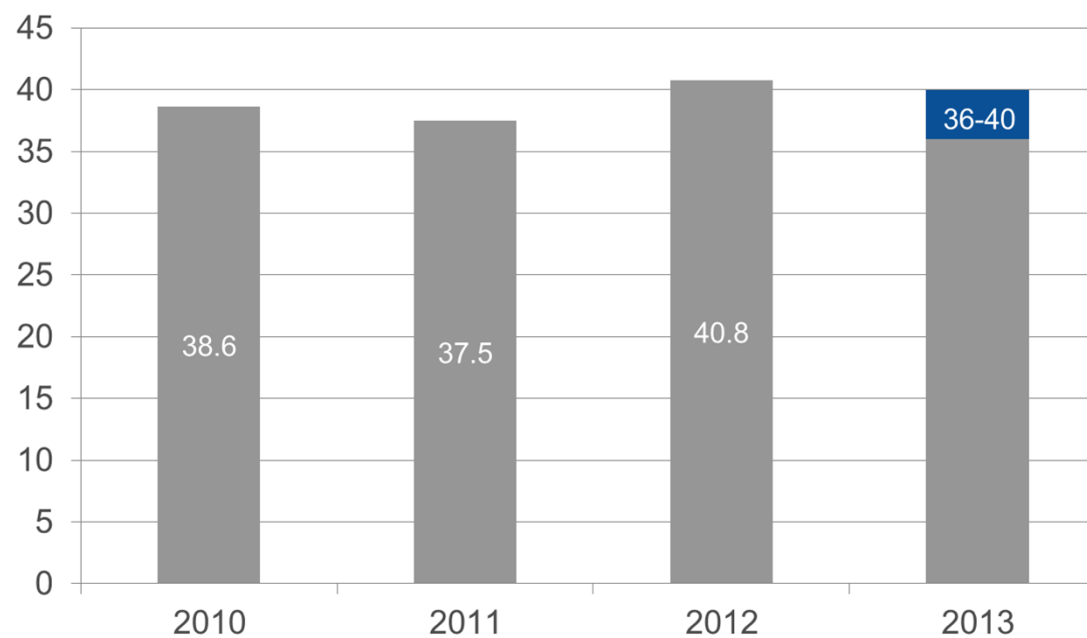
## Various growth opportunities

- Continuing optimization and development of the liner services
- Marketing and selling of the new sailing schedule
- Increased focus on projects in connection with the coastal services in Iceland
- Opening of new offices outside Iceland
- Opportunities related to new projects in the Faroe Islands, in Northern Norway, Newfoundland, Portland in USA, Scotland, Poland, Greenland and Russia
- Growth opportunities in the home market in the North Atlantic, including projects in relation to the fishing and fish farming industry, heavy industry, oil, mining, terminal services and infrastructure projects
- The Arctic sailing route



## EBITDA forecast

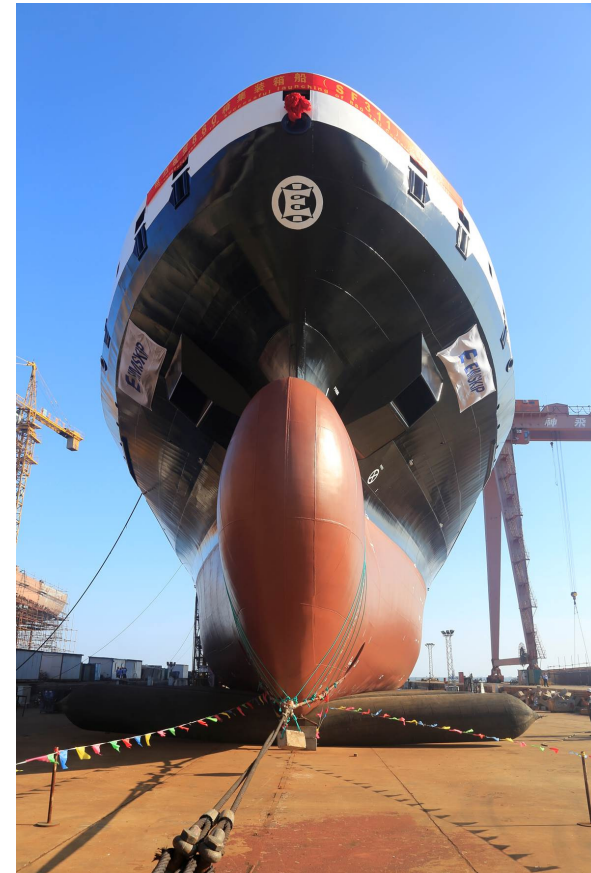
In the range of EUR 36 to 40 million for 2013



## New vessel building project in China

The first vessel was launched on 25 August

- In 2011 Eimskip and the shipyard Rongcheng Shenfei in China made an agreement of building two container vessels
  - Each vessel's size 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 26 million which equals about 70% of the altered purchase price of the vessels
- The estimated delivery time of the vessels is in the first half of 2014





# Q&A

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