



30 November 2012

# Third quarter financial results 2012





# Agenda

1. Highlights
2. Financial results Q3 and 9M
3. Outlook
4. Q&A



# Highlights

Third quarter and nine months

	Operating revenue	EBITDA	Net earnings
Q3	EUR 110.7 million	EUR 10.8 million	EUR 5.7 million
9M	EUR 308.8 million	EUR 29.9 million	EUR 13.7 million

# Business segments

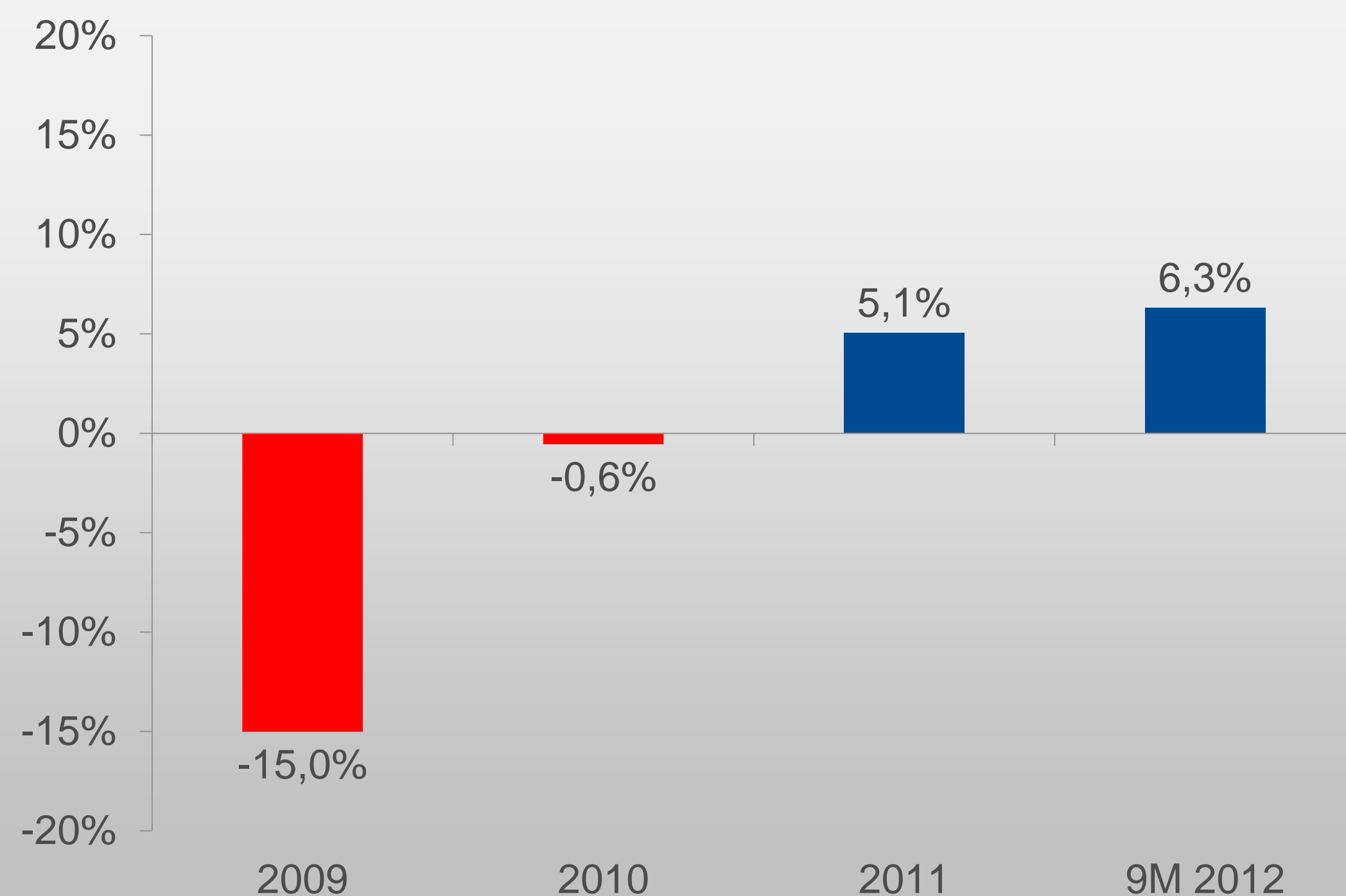
## Liner services in the North-Atlantic and international forwarding services

Liner services and other operations		Forwarding services
<ul style="list-style-type: none"> <li>• The core of the company's operations</li> <li>• The home market includes Iceland, Faroe Islands, Norway and Newfoundland</li> <li>• 17 vessels in operation</li> </ul>	<ul style="list-style-type: none"> <li>• Port operations</li> <li>• Chilled and cold storages</li> <li>• Warehousing</li> <li>• Trucking and distribution</li> <li>• Airfreight services</li> <li>• Agency services</li> </ul>	<ul style="list-style-type: none"> <li>• Main focus on reefer forwarding</li> <li>• Efficient system based on a network of own offices</li> <li>• Strong co-operation with the large deep sea lines and associates in 36 countries</li> </ul>

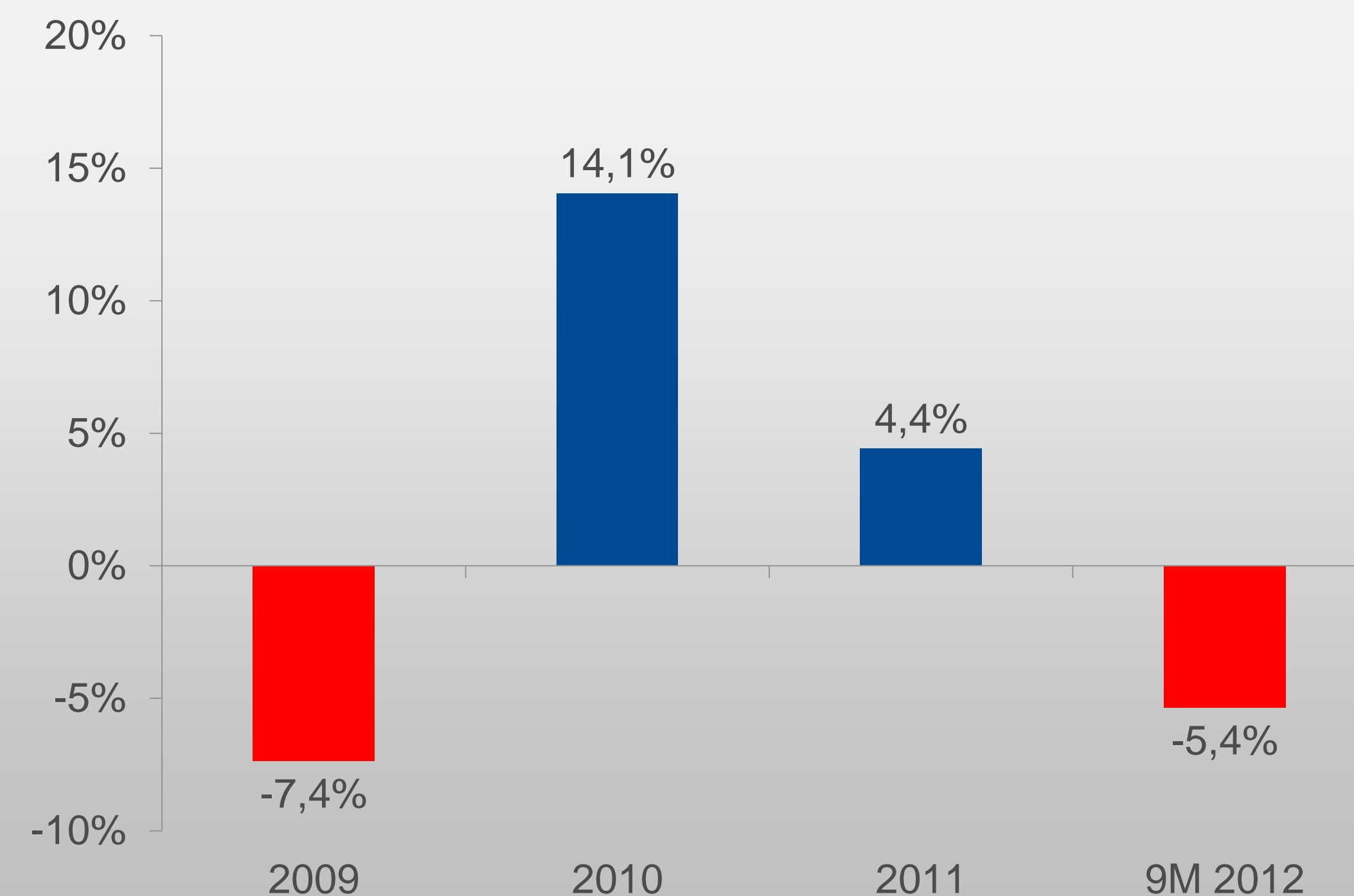
# Transported volume

## Liner services and reefer forwarding

### Liner services



### Reefer forwarding



# Freight index China - Europe

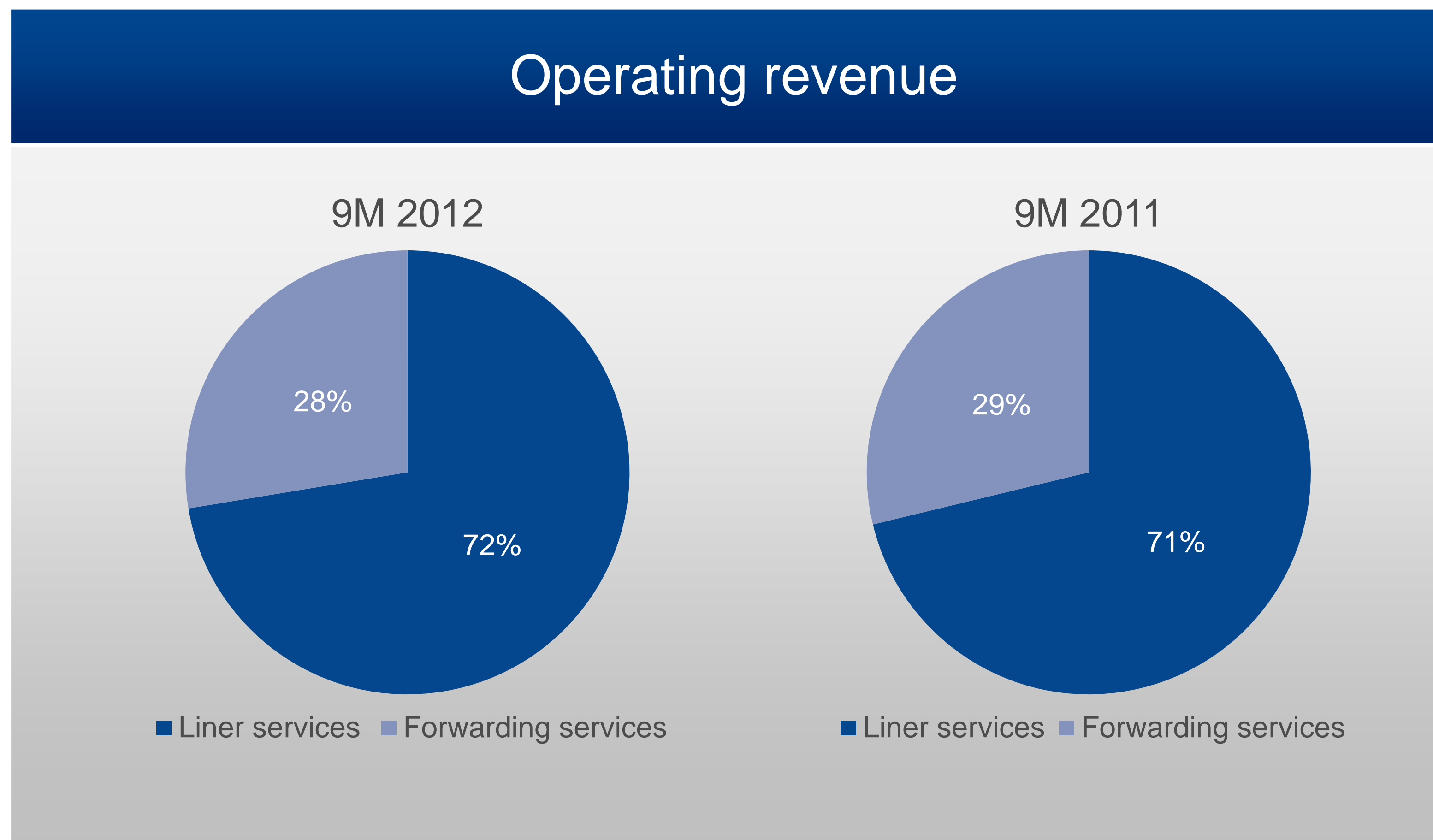
Fluctuations in pricing from the big carriers



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

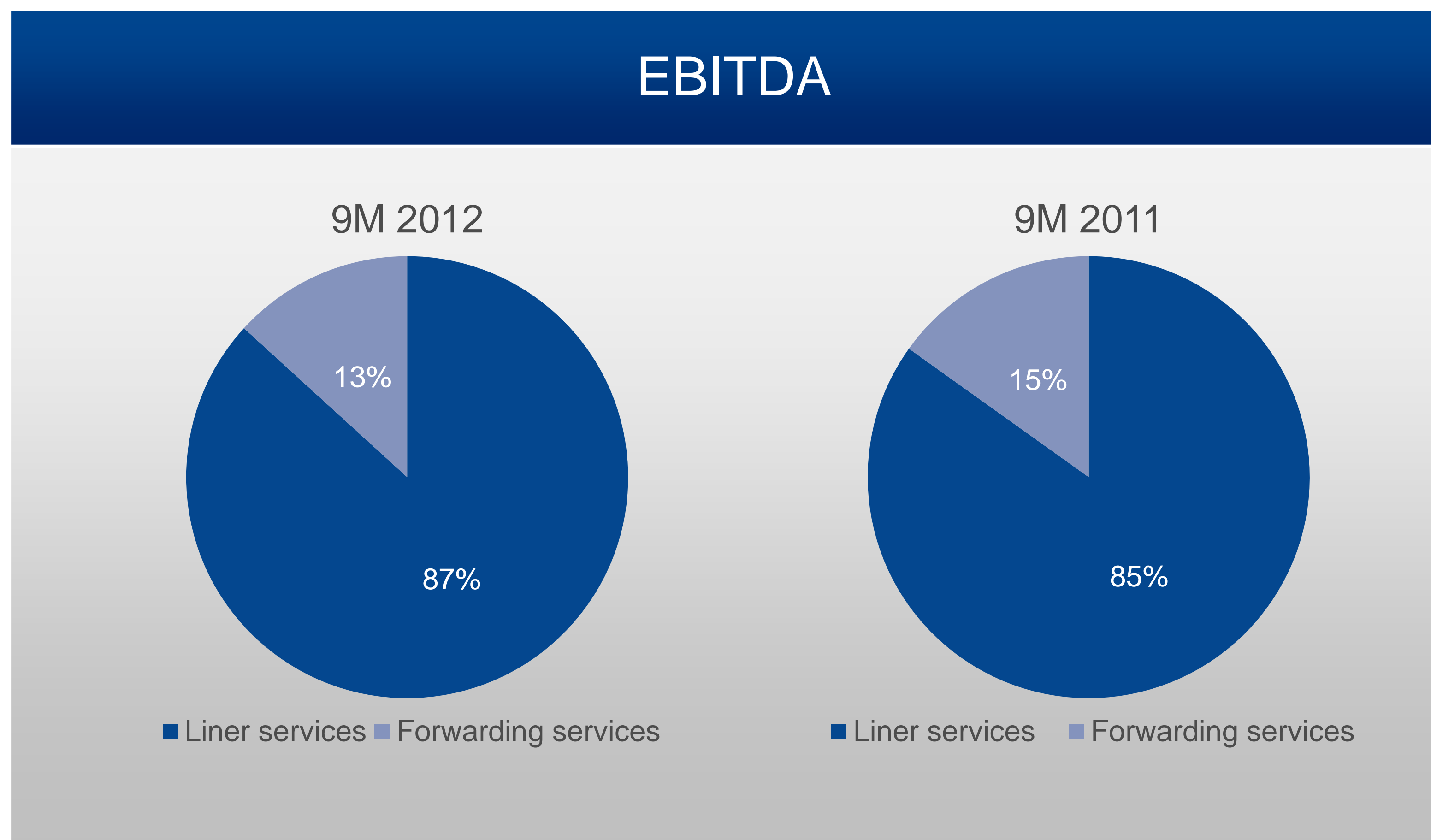
# Operating revenue by segments

## Liner services and forwarding services



# Operating profit, EBITDA, by segments

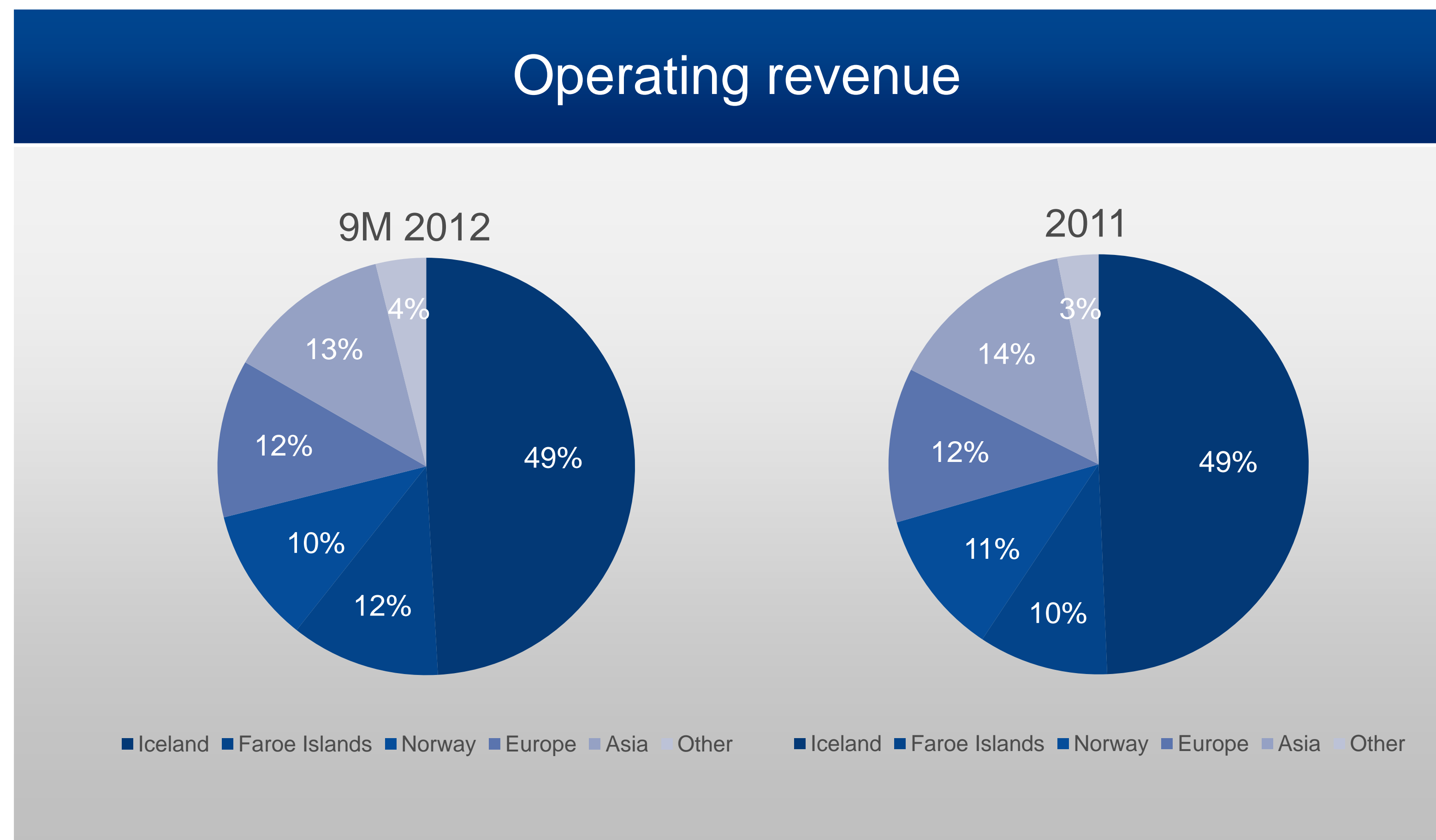
## Liner services and forwarding services





# Geographical split of operating revenue

Half of the operating revenue is related to Iceland



# Shareholders of Eimskip

## Changed ownership following IPO

- Eimskip's shares started trading at NASDAQ OMX Iceland on 16 November 2012
- 20 largest shareholders as of 29 November 2012
- Total number of shareholders is currently 2,566
- Total number of shares is 200,000,000 and number of outstanding shares is 194,081,180
- Market value of Eimskip was ISK 43.8 billion or EUR 267.8 million on 29 November 2012
- Closing price on 29 November 2012 was ISK 225.50 per share

## 20 largest shareholders

Name	Shares	
1. Yucaipa American Alliance Fund II, LP	30,504,030	15.25%
2. Lífeyrissjóður verzlunarmanna	29,135,070	14.57%
3. Landsbanki Íslands hf.	20,792,325	10.40%
4. Yucaipa American Alliance (Parallel)	20,095,970	10.05%
5. A1988 hf.	8,441,950	4.22%
6. J.P. Morgan Clearing Corporation	7,672,360	3.84%
7. Eimskipafélag Íslands hf.	5,918,820	2.96%
8. Íslandsbanki hf.	5,528,479	2.76%
9. MP banki hf.	4,274,593	2.14%
10. Úrvalsbréf Landsbankans	3,937,863	1.97%
11. Íslandssjóðir hf. Úrval innlendra hlutabréfa	3,583,317	1.79%
12. Straumur fjárfestingabanki hf.	3,565,821	1.78%
13. Stefnir – ÍS 15	3,073,827	1.54%
14. Stefnir – ÍS 5	2,700,403	1.35%
15. Arkur ehf.	2,403,846	1.20%
16. Sameinadi Lífeyrissjóðurinn	2,400,280	1.20%
17. Brimgardar ehf.	1,600,000	0.80%
18. Almenni Lífeyrissjóðurinn	1,547,983	0.77%
19. GLB Holding ehf.	1,420,300	0.71%
20. Audur Capital safnreikningur	1,354,493	0.68%
Total	159,951,730	79.98%





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# Income statement

## Stable operations

- Revenue from liner services and other operations account for 72% of revenues and 28% come from forwarding services
- Revenue increased by 8.5% for the first nine months of 2012
  - Volume increases in the liner system
  - Price increases in deep sea markets
- EBITDA result affected by one-off items
- Depreciation decreasing due to fully written-off IT systems
- Financial items affected by currency exchange difference
- Positive taxes in 2012 due to recognized taxable losses in a foreign subsidiary

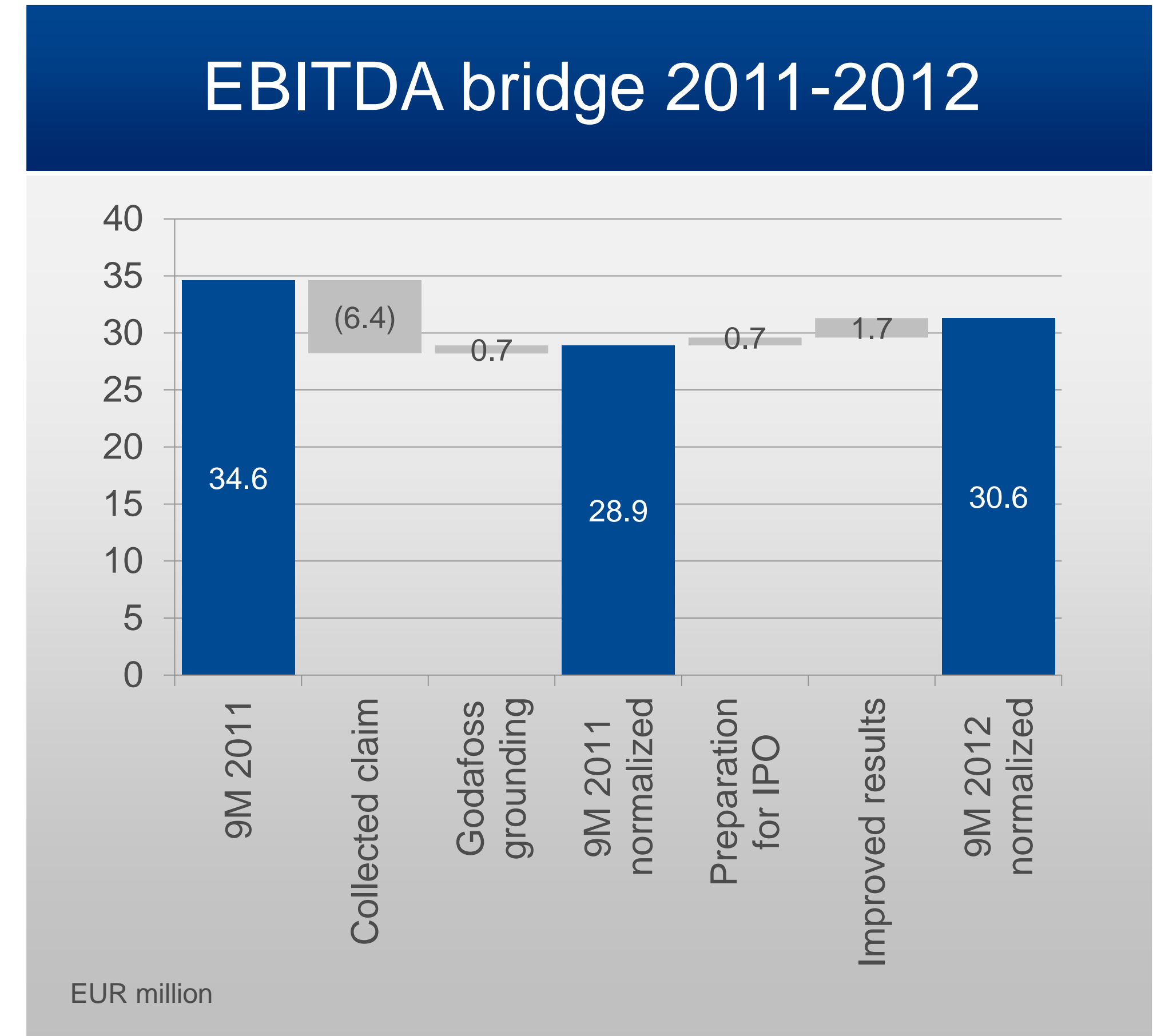
## Income statement

EUR '000	Q3 2012	Q3 2011	9M 2012	9M 2011
Revenue	110,744	98,053	308,822	284,590
Expenses	(99,905)	(87,074)	(278,941)	(250,028)
EBITDA	10,839	10,979	29,881	34,562
Depreciation	(5,026)	(6,143)	(16,318)	(17,996)
EBIT	5,813	4,836	13,563	16,566
Financial items	104	890	(1,934)	(2,552)
Taxes	(169)	(655)	2,095	(1,484)
Earnings	5,748	5,071	13,724	12,530
EBITDA ratio	9.8%	11.2%	9.7%	12.1%
EBIT ratio	5.2%	4.9%	4.4%	5.8%

# Normalized EBITDA

## Significant one-off items

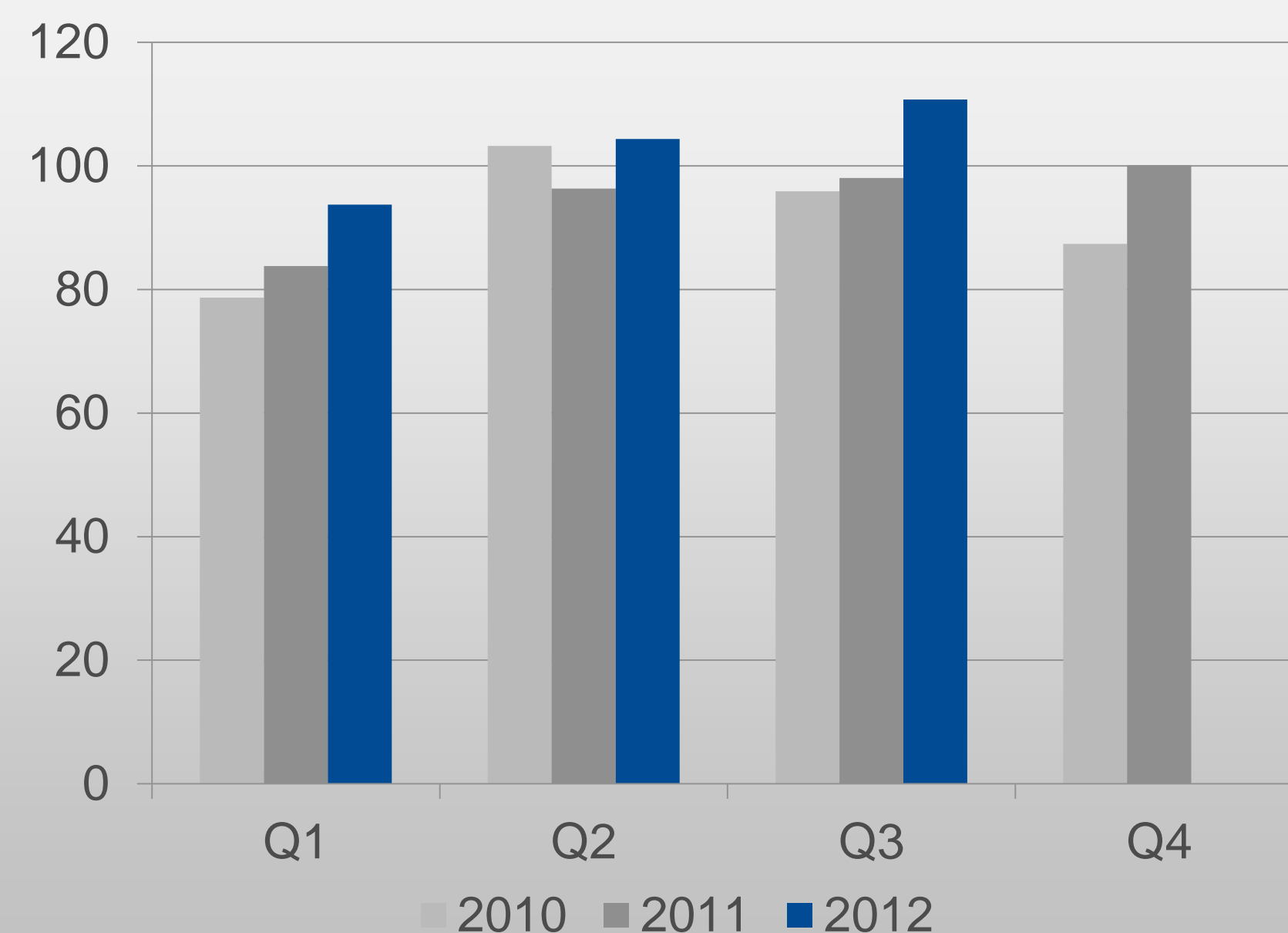
- In 9M 2011 EBITDA amounted to EUR 34.6 million, but two one-off items had a material impact on the EBITDA
  - Collection of a claim in the amount of EUR 6.4 million, which had previously been written off, had a positive impact
  - Total expenses in relation to the Godafoss stranding amounted to EUR 0,7 million, which had a negative impact
- In 9M 2012 EBITDA amounted to EUR 29.9 million
  - Incurred expenses related to the IPO was 0.7 million, having a negative impact on the EBITDA
- Adjusting for the aforementioned one-off items, Eimskip's EBITDA for 9M 2012 amounted to EUR 30.6 million compared to EUR 28.9 million for 9M 2011



# Operating revenue and EBITDA by quarters

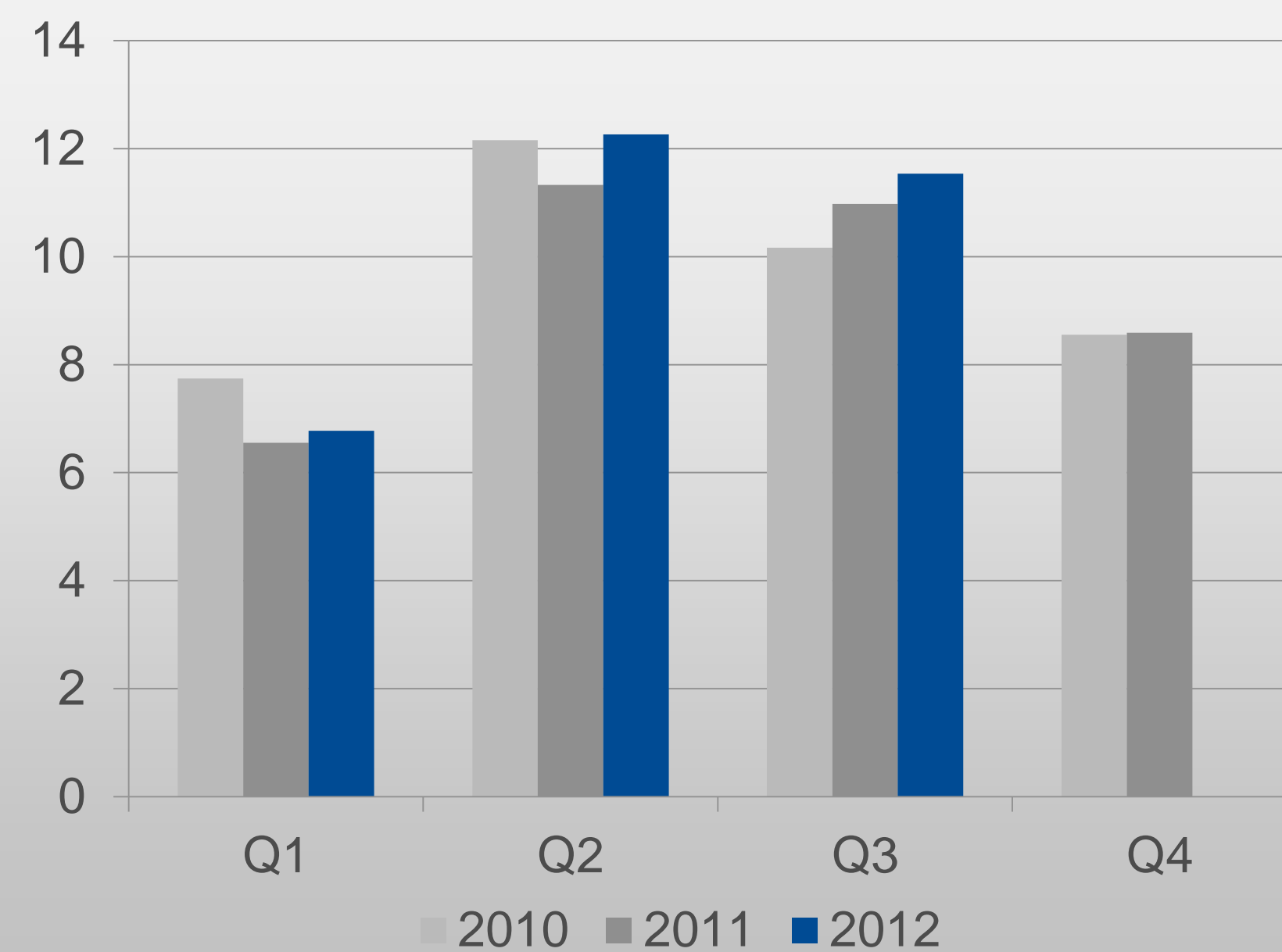
Adjusted for one-off items

## Operating revenue by quarters



EUR million

## EBITDA by quarters



EUR million



# Solid balance sheet and low leverage

## 62.8% equity ratio

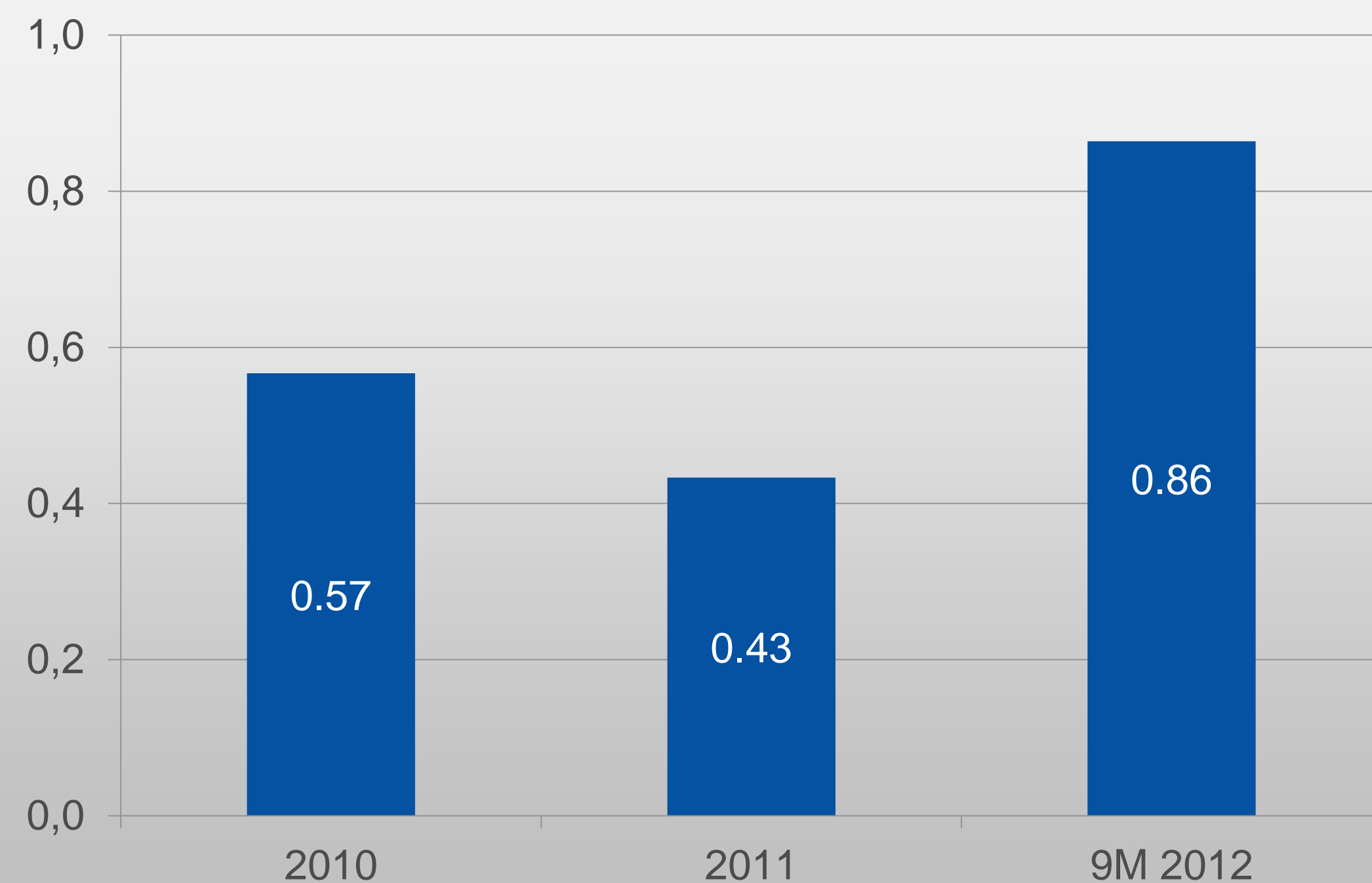
- Increase in non-current assets due to investments in vessels and other operating assets
- Equity ratio 62.8% at the end of September 2012
- Eimskip owns 3.0% of treasury shares or 5.9 million out of 200 million issued shares
- Loans and borrowings amounted to EUR 62.1 million

## Balance sheet

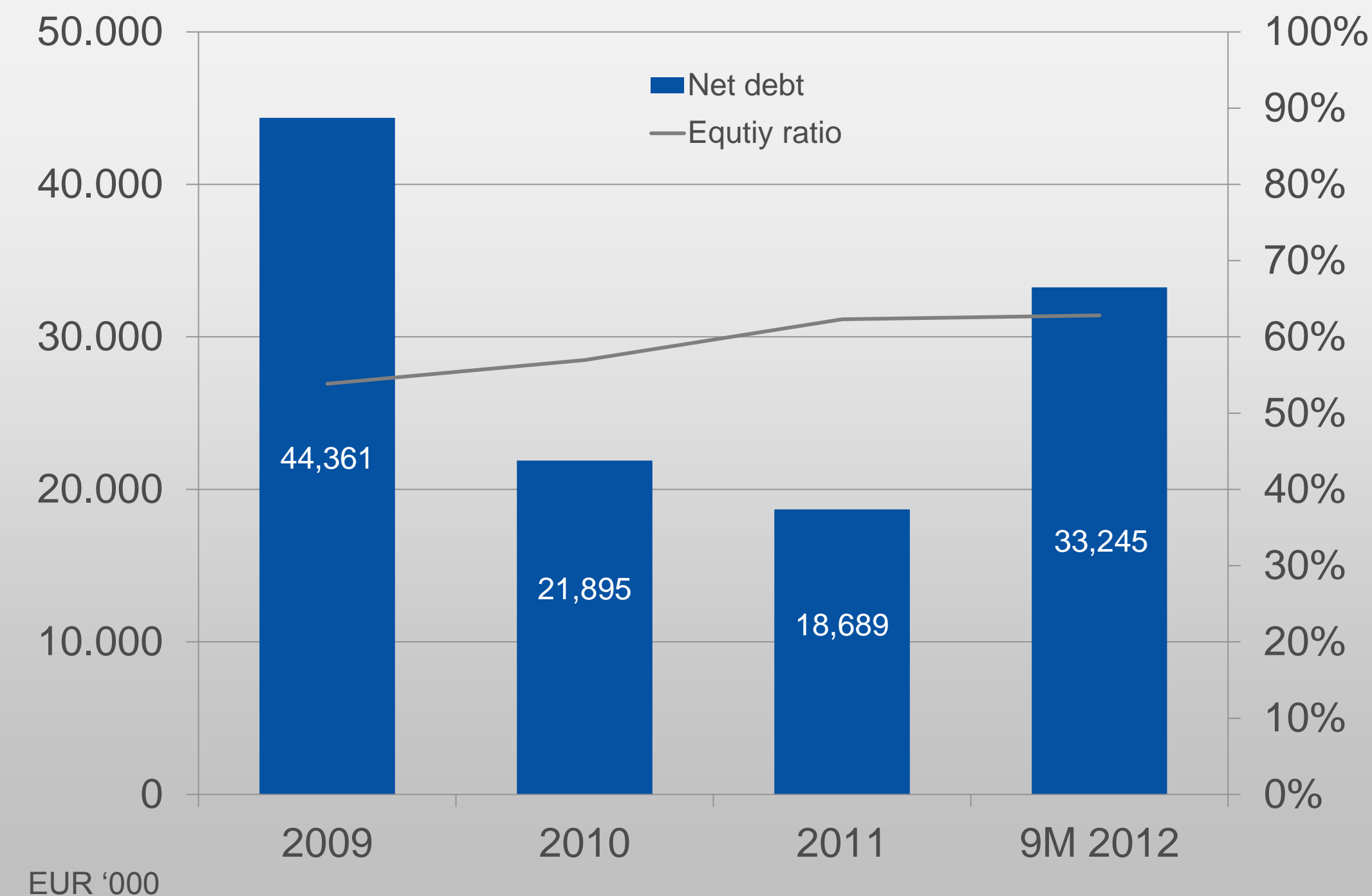
EUR '000	30.09.2012	31.12.2011
Non-current assets	204,436	176,946
Current assets	98,641	106,278
Total assets	303,077	283,224
Total equity	190,415	176,509
Non-current liabilities	52,117	50,791
Current liabilities	60,545	55,924
Total liabilities	112,662	106,715
Total equity and liabilities	303,077	283,224

# Financial ratios

## Net debt / EBITDA



## Net debt and equity ratio



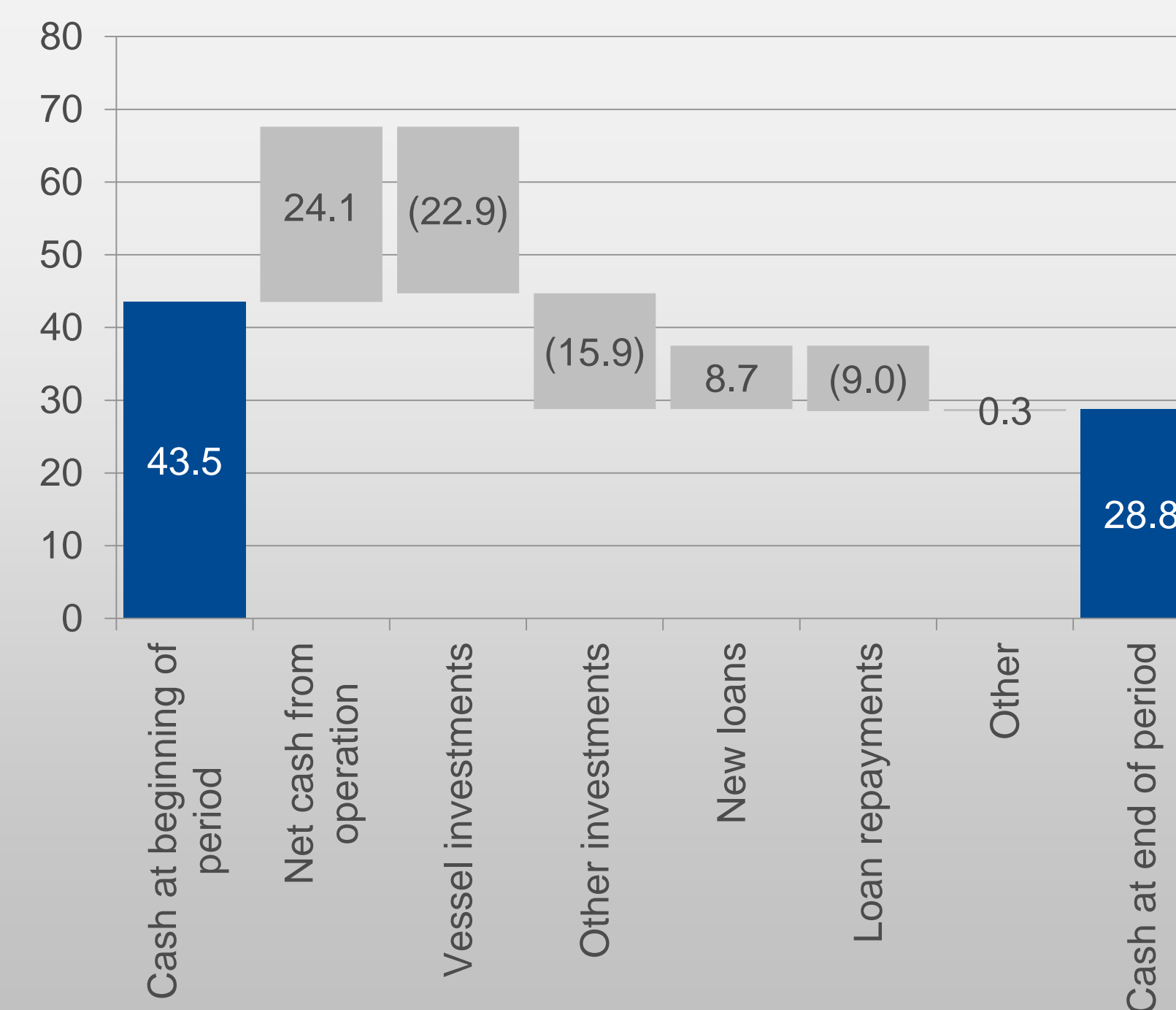
# Strong cash flow and cash position

## Decreased cash due to investments in vessels

### Cash flow

EUR '000	Q3 2012	Q3 2011	9M 2012	9M 2011
Cash flows from operations	7,333	5,271	24,123	13,969
Investing activities	(6,308)	(10,888)	(38,784)	(18,894)
Financing activities	514	(2,471)	(450)	(8,077)
Changes in cash	1,539	(8,088)	(15,111)	(13,002)
Cash in beginning of the period	27,201	44,970	43,517	50,333
Exchange rate fluctuations	76	150	410	(299)
Cash at the end of the period	28,816	37,032	28,816	37,032

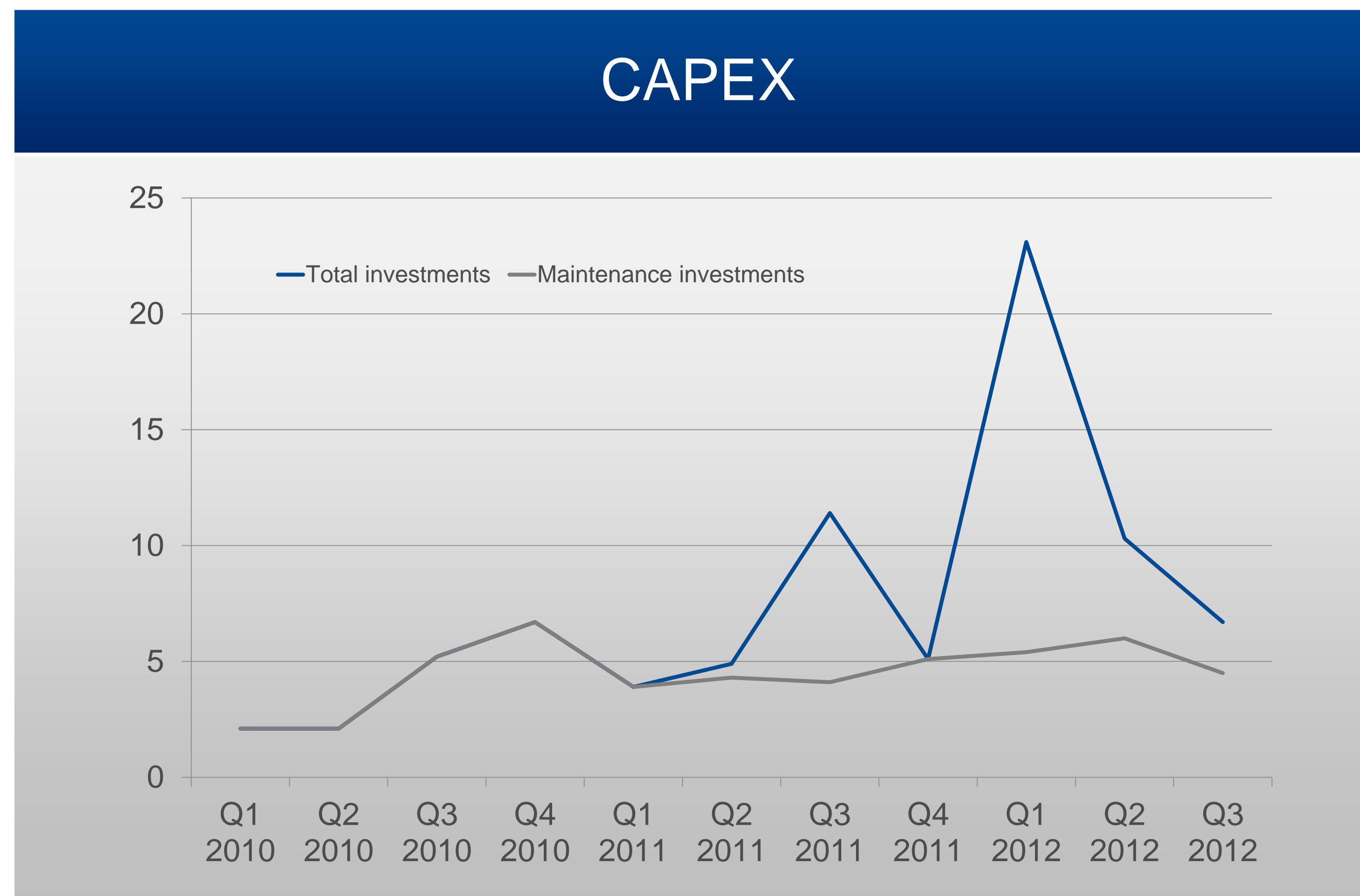
### Cash flow bridge 2012





# CAPEX 2010-2012

CAPEX affected by vessel investments







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# Liner services

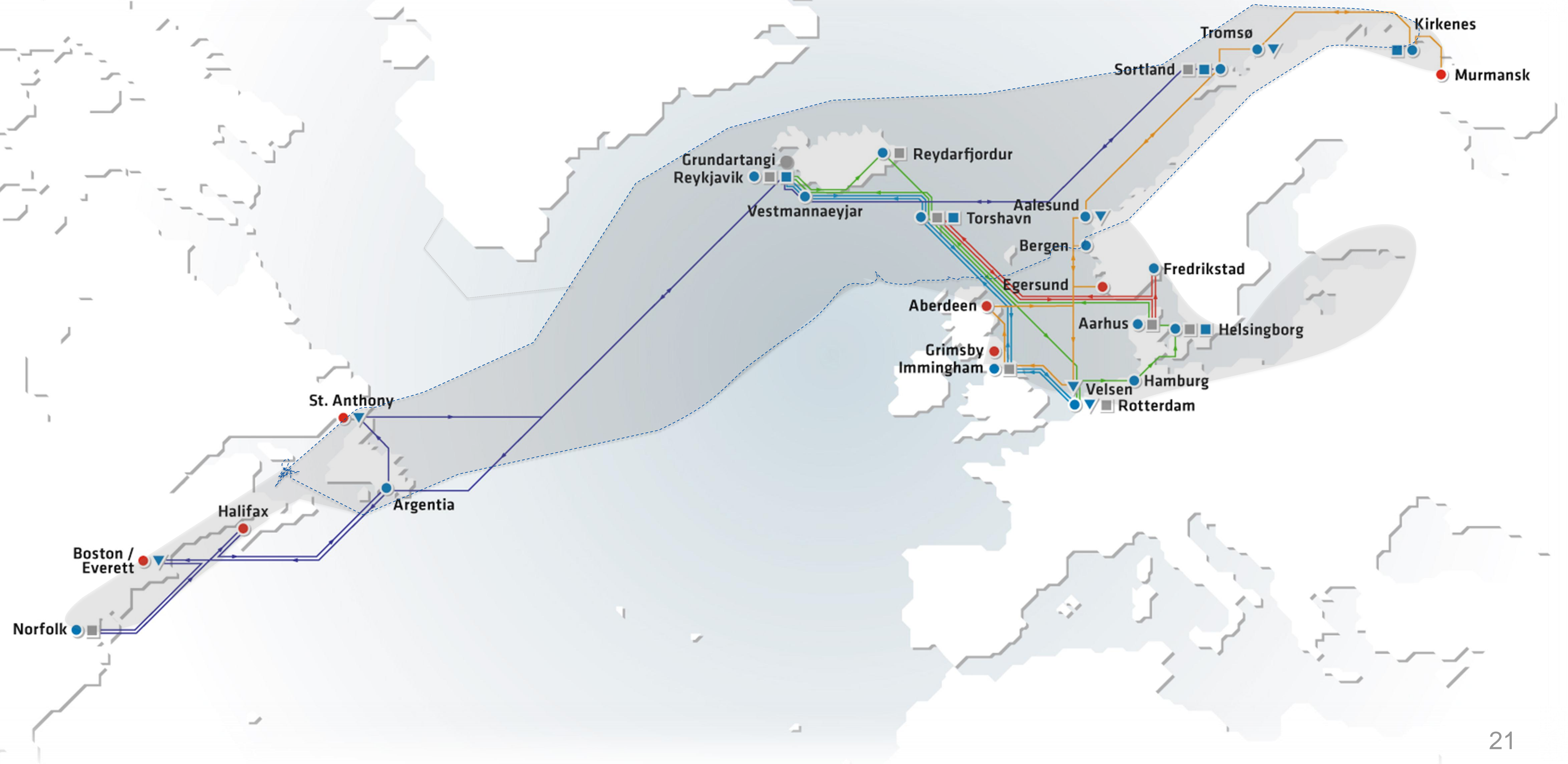
## Main focus on the North-Atlantic

- Focus on serving the home market with 17 vessels
  - Liner vessels (12)
  - Bulk vessels (2)
  - „Spot“-services (3)
- Seafood represents a substantial part of total cargo in Eimskip's liner services
- New liner route connecting Northern Norway with other parts of the North-Atlantic creates new opportunities





# Liner services and home market



# Factors influencing Eimskip's operations

Many positive factors can increase the company's operating performance

- The purchase of the Ice Sisters and two new container vessels will increase Eimskip's EBITDA
  - Decreases leasing payments and operation will become more efficient due to more transport capacity of the new vessels
  - The Ice Sisters were purchased in February 2012
  - The new container vessels are expected to be delivered in 2013
- The new route between Northern Norway and North-America has been well received and is beginning to build volume
- After a decline in imports to Iceland from the year 2008, import has been increasing and is currently at similar level as in 1996
- Eimskip's liner services are constantly under review as well as general optimization in the company's operations
- Eimskip aims to open two new offices offering forwarding services per year
- Recent investments, e.g. in new containers and equipment, will decrease operating expenses going forward

## Influencing factors

	EBITDA ratio	EBITDA	Revenue
Purchase of the Ice Sisters	+	+	
Building of two new vessels	+	+	
New vessel on the America Route	+	+	+
Increase in cargo volume	+	+	+
Optimization in operations	+	+	
Additional offices in forwarding services	-	+	+
Regular pricing adjustments			+



# Current outlook

Eimskip is working on several projects to strengthen its position

- Continuing optimization of the liner services
- Strengthening the new route between Norway and North-America
- Finalizing investments in vessels
- Opening of two to three new offices outside Iceland
- Improved sharing of information and efficiency towards customers
- Transported volume to Iceland is still historically low
- Uncertainty regarding volume of frozen fish exported from Iceland due to difficult market conditions
- Growth opportunities in the home market include projects in relation to oil, aluminum and other industries







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# Q&A



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