

## EIMSKIP: RESULT FOR THE YEAR 2022

Eimskip is an international transportation company, headquartered in Iceland, providing container and reefer liner services in the North Atlantic region connecting Europe and North America via Iceland. Eimskip furthermore provides customers with connections to international markets and is specialized in worldwide freight forwarding with focus on frozen and chilled commodities. Eimskip currently has around 1,700 employees and operates 56 offices in 20 countries with approximately 60% of revenue generated outside of Iceland.

### Highlights of Q4 2022 results

- Strong quarter for liner services, especially with regards to traditional seasonality, delivering an EBITDA of EUR 27.8 million compared to EUR 18.7 million in same quarter in the previous year. The increase was mainly driven by good utilization of the sailing system and strong growth in Trans-Atlantic services.
- Forwarding services with a good performance, despite a decrease in EBITDA of EUR 2.2 million YoY, resulting in an EBITDA of EUR 10.6 million for the quarter which is a positive result in historical context.
- Easing of supply chain disruptions worldwide accelerated in Q4, driving down freight rates in global markets and putting pressure on forwarding margins but at the same time positively affecting forwarding volume due to better availability of space and equipment.
- Revenue amounted to EUR 255.7 million, an increase of EUR 0.9 million or 0.4% when compared with Q4 2021.
- Expenses amounted to EUR 217.3 million, oil and other operating expenses increased while cost of 3rd party service decreased due to lower international freight rates, resulting in a net decrease of 2.7% in total expenses.
  - Salary expenses increased by EUR 2.4 million or 7.4%. due to e.g., currency effect, increased activity, general wage increases as well as a one-off Holiday Payment to all employees of the Group amounting to EUR 1.5 million, whereof EUR 1.1 million was expensed in Q4.
- Good increase in EBITDA which amounted to EUR 38.4 million compared to EUR 31.5 million for the same quarter 2021. EBITDA ratio was 15% compared to 12.4% for the same quarter last year.
- Net earnings amounted to EUR 21.8 million compared to EUR 13.7 million for the same period in 2021.

### Highlights of the year 2022

- Strong financial results driven by emphasis on excellent customer service, operational focus and favorable market conditions for the greater part of the year.
- Good year for the container liner driven by a substantial increase in Trans-Atlantic volume and higher freight rates compared to previous year, reflecting the high demand for transportation in this international trade lane.
  - High utilization of the sailing system based on good volumes in all trade lanes and active capacity management.
  - Continued successful development of the *Fresh by Sea* product portfolio.
- International Forwarding operations performed well in a highly volatile market which saw a swift downturn in the latter half of the year.
  - Eimskip's forwarding operations in Asia delivering lower results than in 2021 due to changes in market conditions but other offices generally doing better.
- Revenue amounted to EUR 1,070.6 million, an increase of EUR 187.9 million or 21.3% when compared with the year 2021.
- Total expenses amounted to EUR 907.5 million, an increase of EUR 139.1 million\* mainly driven by cost of 3rd party services, higher oil prices and general inflationary pressure which affected both salaries and operating expenses.
- Strong increase in EBITDA with EBITDA amounting to EUR 163.1 million compared to EUR 114.3 million\* in 2021, an increase of EUR 48.8 million YoY. EBIT amounted to EUR 101.5 million compared to EBIT of EUR 63.3 million\* in 2021.
- Continued good contribution from the affiliate ElbFeeder in 2022 due to favorable charter fixtures on its vessels.
- Net earnings amounted to EUR 85.3 million, compared to EUR 50.6 million\* in 2021.
- Total maintenance CAPEX in 2022 in line with plan and amounting to EUR 24.2 million compared to EUR 13.1 million the year before.

\*2021 figures adjusted for a settlement with the Icelandic Competition Authority in the amount of EUR 10.2 million

- New investments of EUR 9.7 million compared to EUR 2.3 million in 2021. Main projects in 2022 include a new harbor crane in Sundahöfn that was delivered last summer and two projects that are still under construction, namely a building of a new warehouse, cold storage and headquarters in Faroe Islands and an automated container gate in Sundahöfn.
- Strong cash flow from operations and a cash position of EUR 69.9 million at year-end.
- Leverage ratio at 1.01x at year-end compared to 1.98x by end of 2021 while long-term target is 2-3x. Equity ratio 46.4% at year-end compared to a long-term target ratio of around 40%.
- The Board of Directors will propose to the Annual General Meeting, which will be held on 9 March 2023, to pay approximately EUR 22.5 million in dividend for the year 2022, equivalent to 26% of Net Earnings.
  - Furthermore, the Board will propose to reduce share capital by an amount equivalent to approximately EUR 12.7 million in an effort to move the capital structure closer to long-term targets.
- The Board of Directors and Executive Management are appreciative of the excellent contribution of Eimskip employees around the world which have shown resilience and resourcefulness in a challenging operational environment.

## VILHELM MÁR THORSTEINSSON, CEO

“We had a good fourth quarter, especially given traditional seasonality for the sector. The results for Q4 are driven by a good performance of the liner services with continued good demand in all trade lanes, especially in the Trans-Atlantic services which contribution increased materially from the previous year. To meet this demand, we chartered in an additional 700 teu vessel as of November, however around the same time we were hit by the engine breakdown of EF Ava which took six weeks to repair, affecting the capacity in the quarter. We saw a swift turnaround in international transportation markets in the quarter with a sharp decline in global freight rates. This put pressure on the margins in our international forwarding operations, especially in Asia, where we saw a decrease in contribution compared to the previous year, although the results are positive in a historical context.

Our emphasis on excellent customer service, operational focus and favorable market conditions for the greater part of the year, all contributed to the strong results for the year 2022 which is a record year for the Company. We have continued to develop logistics solutions in our container liner system under the “Fresh by Sea” umbrella where we offer tailored solutions for importers and exporters of perishable goods, a market that is projected to keep growing in the coming years.

It has been challenging to manage an international shipping and logistics company through the recent macro-economic turmoil. Rising inflation, slowdown in global demand and changes in the geopolitical landscape are among factors that we have to meet and adjust to at any given time. Our excellent team of dedicated employees around the world have shown resilience and resourcefulness in the unusual and volatile conditions that have marked the global economy over the past few years.

We are committed to our sustainability journey and among the milestones that we reached in 2022 is the completion of the shore connection project which allows us to electrically connect our largest container vessels in Sundahöfn, saving around 240 tons of bunker fuel per year. We continue to grow our fleet of electric vehicles and machinery and took delivery of a new electric harbor crane in the summer of 2022 and are expecting delivery of the first electric trailer trucks in our fleet in Q2 this year. I am proud of the step we took last spring, when we initiated an international leadership program, in an effort to develop a diverse group of prospective leaders within our company worldwide. A total of 75 employees from 14 countries graduated from the program in 2022, with an equal gender balance. The program has been a success with nine participants, thereof five females, already promoted to new roles.

Start of the year has been in line with expectations, where we saw a traditional slowdown in the beginning of January with volume in the liner system picking up as the quarter progresses. Export Iceland volume has been lower than anticipated, due to lower production of export commodities, while Import Iceland and Trans-Atlantic volume remains good. Recently, Trans-Atlantic freight rates have started to decrease and are currently at a similar level as same time last year. After a slow start of the year in the international forwarding operations, we are seeing an uptick in volume while freight rates remain on a level with Q4.”

## INVESTOR MEETING 15 FEBRUARY 2023

The Board of Directors of Eimskipafélag Íslands hf. approved the Company’s Consolidated Financial Statements for the year 2022 at its meeting on 14 February 2023. Investors and market participants are invited to a meeting on Wednesday, 15 February 2023, at 8:30 a.m. at

the Company's headquarters, Sundabakki 2, second floor. The meeting will also be webcasted live in Icelandic at [www.eimskip.com/investors](http://www.eimskip.com/investors). Vilhelm Már Thorsteinsson, CEO and María Björk Einarsdóttir, CFO, will present the Company's financial results for Q4 2022 and the financial year 2022. Investor presentation and a recording of the meeting will be available on the Company's investor relations website.

## **FURTHER INFORMATION**

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## **FORWARD-LOOKING STATEMENTS**

Statements contained in this financial press release that refer 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.