

An aerial photograph of a volcanic landscape. In the foreground, a dark, cracked lava flow stretches across the frame. In the middle ground, a prominent, conical mountain peak is covered in vibrant green vegetation. To the left of the peak, a white, winding path or stream cuts through the dark terrain. The background shows rolling hills and a cloudy sky. The text "ANNUAL REPORT 2017" is overlaid in white, bold, sans-serif font in the center of the image.

ANNUAL REPORT 2017

CHAIRMAN'S ADDRESS

2017 PERFORMANCE

Eimskip is a growth company. Revenues in 2017 were EUR 664.0 million, up 29.2% compared to 2016, liner services revenues were EUR 438.4 million, up 15.3%, and revenues in forwarding services were EUR 225.6 million, up 68.8%. Volume in liner services grew by 3.6% and volume in forwarding services was up 41.2%. EBITDA in 2017 was EUR 57.2 million, up 7.0%. The EBITDA for the liner business for 2017 was EUR 39.5 million, down 6.8%, mainly due to the fishermen strike in Iceland in January and February 2017, the volume imbalance of imports and exports into Iceland and the cost of adding two vessels to the liner services.

The EBITDA performance for liner services was below expectations, but we made the decision to invest in our sailing system for growth, frequency and better service for our customers by adding two vessels, so as to have weekly services on all of our six lines for the first time. In November, we added the third vessel to our Trans-Atlantic route, giving us weekly service at an annual cost of about EUR 5 million. We anticipate that this vessel will breakeven and turn to profit in the third quarter. This year, after implementing weekly service, our focus is to streamline our sailing system, take out costs, continuously improve our service offering and increase our revenue base. After taking into account the increased costs of adding vessels, we need to increase our margins and improve our return on equity in liner services in 2018. We are the leading shipping and logistics provider in the North Atlantic, connecting Murmansk in Russia, Northern Norway, the Faroe Islands, Iceland, Greenland, Newfoundland and Labrador, Nova Scotia and the northeastern states of the US through Portland, Maine. Eimskip plays an important role in connecting and servicing these niche markets and is a vital part of the transportation and temperature-controlled infrastructure in these markets. We have invested in infrastructure, such as harbor cranes, cold stores, buildings, containers and vessels, to provide superior service to our customers and the communities we serve. We have a strong foundation from which to grow.

The EBITDA for forwarding services was EUR 17.7 million, up 60.1%. EBITDA from existing forwarding operations was EUR 12.6 million, up 13.6%, and EBITDA from Extraco, Mareco and SHIP-LOG was EUR 5.1 million. This was a good performance and shows Eimskip's ability to make accretive acquisitions to grow and diversify its asset-light earnings, as well as strengthen its existing forwarding network. The new acquisitions are being integrated; cross network benefits and synergies are beginning to be realized. Eimskip also maintained its strong niche in the forwarding business, with reefer forwarding representing 76% of total volume. In 2017, EBIT from forwarding was EUR 15.2 million, which represented 56.3% of total EBIT for Eimskip. These acquisitions are accretive, have created shareholder value and are complimentary and a good balance to the liner service. Eimskip will continue to grow organically and make acquisitions in the forwarding business.

Net earnings in 2017 were EUR 16.8 million, down 23.3% due to adverse currency exchange fluctuations year-on-year of EUR 5.8 million, resulting from major moves in the US dollar against the Euro and large moves of the ISK against the US dollar and Euro. Eimskip is looking very carefully at its foreign exchange exposure to try to limit the effects of foreign exchange movements.

Cash flows from operating activities were EUR 37.4 million, down EUR 11.2 million; of the decrease, EUR 10.8 million was caused by increased working capital due to revenue growth. At the same time accounts receivable average days outstanding decreased by three days from 2016.

DIVIDEND PROPOSAL

The Board is recommending the same dividend per share of ISK 6.80 as last year. This is a total dividend payment of ISK 1,269.1 million, the equivalent of approximately EUR 10.2 million, or about 61.0% of net earnings, which is within the stated dividend policy range of 10-65% of net earnings.

NEW VESSELS

In January 2017, Eimskip signed a cooperation agreement regarding potential sharing of capacity with Royal Arctic Line. At the same time, the Company signed a contract to build two 2,150 TEU container vessels at a cost of approximately USD 64 million, of which a down payment of USD 12.8 million has been made. Once completed in 2019, Eimskip will finance USD 51.2 million, or 80%, with a 15 year loan with attractive rates. The two vessels are built to Polar Code, fitted with scrubbers, will be very fuel-efficient and meet the highest environmental standards. This will allow us to serve Greenland with Royal Arctic Line in a vessel sharing agreement that will lower the cost per TEU for both carriers and better serve our customers. These vessels are part of our fleet renewal program that will help our reliability and quality of service. Together with Royal Arctic Line we will open new markets for exports and imports to and from Greenland and should grow inter trading within our sailing system. This strategic cooperation will help connect the nations of the North Atlantic. The Icelandic Competition Authority is evaluating the intended cooperation.

2018 AND 2019



RICHARD WINSTON MARK D'ABO

Our guidance for 2018 EBITDA is EUR 60 to 65 million, without acquisitions. In our liner services, we will focus on increasing our profitability and growing our revenues organically with the benefits of offering weekly services and providing more services to our customers. The costs of adding vessels will impact our results in the first half of the year as we invest in growth. We have and are investing in our infrastructure to build a strong foundation to support our growth and be able to handle the larger 2,150 TEU vessels being delivered in 2019. In 2018 and 2019, we will also be investing in modernizing and expanding the port of Sundahöfn in Reykjavik that we will keep you informed about. On the forwarding side of the business, we have been experiencing slow markets in West Africa for the first two months of the year that now are coming back to normal. Depending on our March results, our forwarding business could be softer in the first quarter, although for the full year we are not changing our guidance.

Eimskip's financial condition remains strong and we are an asset rich company, which adds to our financial flexibility. We look forward to good revenue and EBITDA growth in 2018. The outlook in 2018 for the economies of Iceland, the Faroe Islands, Norway, Eastern Coastal Canadian States, the US and EU is favorable.

CONCLUSION

I would like to thank our customers, shareholders and Eimskip's employees all over the world for their support. Our customers are our lifeblood and we strive to provide them with the most efficient solutions to their needs with great service and systems. In addition to our long tradition of dependable service, we are active in the communities we serve and we support many cultural and communal projects. The welfare of the communities, our customers, our employees and the environment are all-important to us.

The new vessels we have ordered set new environmental standards. We are conscious of the need to minimize our ecological footprint. Eimskip is a registered participant in the UN Global Compact, the United Nations initiative for social responsibility with respect to human rights, labor, environment and anti-corruption.

I want to thank Gylfi Sigfússon and all of our team members in Iceland and all over the world for their great daily efforts that make a difference to our customers. It is important for Eimskip to provide an enthusiastic and innovative work place environment.

We are enthused with the weekly sailing system, the new vessels being built, the infrastructure investments and the forwarding companies, all of which will contribute to Eimskip's future growth.

PRESIDENT AND CEO'S ADDRESS

2017 WAS A YEAR OF GROWTH

The year 2017 was the year of growth for Eimskip, where volume, revenue and EBITDA were record high. The forwarding segment showed a strong performance, with the addition of the new companies to the Group and a solid organic performance from the existing forwarding operation of the Group. The Company faced some operational challenges in the liner segment, with the strike of Icelandic fishermen at the beginning of the year and volume imbalance between imports and exports in Iceland that reached an all-time high, both negatively affecting the EBITDA margin.

Eimskip's revenue in 2017 amounted to EUR 664.0 million and grew by 29.2% from the previous year. The Company's operating profit for the year, EBITDA, increased by 7.0% from the previous year and amounted to EUR 57.2 million. Eimskip's balance sheet at the end of 2017 remained solid and strong, with relatively low leverage and total assets amounting to EUR 459.5 million, net debt of EUR 102.8 million and a 53.2% equity ratio. The Company's cash flows remained strong, where net cash from operating activities was EUR 37.4 million and cash and cash equivalents amounted to EUR 23.2 million at the end of the year.

Transported volume in the Company's liner services in the North Atlantic grew by 3.6% compared to 2016, with good growth in transported volume related to Iceland, Trans-Atlantic and short-sea transport. Transported volume in the Company's forwarding services grew by 41.2% from 2016, through organic growth and increased transportation through newly acquired companies, creating accretive value for the Group.

MISSION, VISION AND STRATEGIC PRIORITIES

Eimskip's values are Achievement, Cooperation and Trust and these are the Company's guiding principles in its behavior towards the Company's stakeholders. Eimskip's mission is clear: to be a leading transportation company in the North Atlantic with connections to international markets and to be specialized in worldwide freight forwarding services. The Company's vision is excellence in transportation solutions and services.

The Company's six strategic priorities set forward for the year 2018 are the following:

- Optimize the sailing system and utilization of the vessel fleet, after having achieved the goal of weekly sailings in all the six sailing routes.
- Improve IT solutions and integrate common platforms across the Company.
- Implement strategic procurement processes to reduce costs and improve processes to reach operational excellence.
- Integrate Eimskip's global team of employees, work on synergies between the different divisions and companies within the Group and on integration of new Group companies to ensure maximized synergy.
- Be proactive in our approach in sales and services, both in our liner services and in the forwarding services.
- Improve business processes and Key Performance Indicators.

Eimskip has been working on lowering its carbon footprint in the recent years with good results. The Company will continue to focus on reducing its ecological footprint throughout the supply chain as a part of its social responsibility.

THE ROLE IN THE NORTH ATLANTIC

Eimskip plays a very important role in the North Atlantic, operating a strong and reliable sailing system. The Company is proud to be a niche carrier in the Arctic and to be able to serve the communities in the North Atlantic. The service network spans from Murmansk in Russia and Northern Norway, through the Faroe Islands, Iceland, Greenland, Newfoundland and Labrador, Nova Scotia and the northeastern states of the US through Portland, Maine. Eimskip is aware of its responsibility in connecting countries in the North Atlantic and has as of November 2017 secured a weekly service in the market area, which is a milestone achievement and will enable the Company to grow in additional volume from current and new customers.

FORWARDING IS AN IMPORTANT SOURCE OF REVENUE

Eimskip's forwarding services now contribute 34% of the Company's total revenue and 31% of its EBITDA. The forwarding services have been growing constantly over the past years, driven by organic growth and growth through new acquisitions, adding on new trade lanes, markets and commodities. The Company's emphasis are not only on temperature-controlled cargo, but also on dry cargo and project cargo. Eimskip's forwarding services are an asset-light business, carried out through cooperation between the Company's own offices, its worldwide network of associates and various international deep-sea lines. The freight consists mainly of frozen or chilled seafood, meat, fruit and vegetables. The trade lanes have transformed from mainly transporting fish between China and Europe/US, to being an Intra-Asian business with a more even balance of imports and exports in and out of Asia.

ORGANIC GROWTH AND STRATEGIC ACQUISITIONS

During the last five years, Eimskip has been focusing on its vision by investing in organic growth. This has been achieved by adjusting the sailing system through investments in vessels, equipment and IT solutions and by building up infrastructure to create value for customers. As a part of its organic growth strategy, Eimskip began offering weekly coastal service in Iceland in February 2017 and late 2017 the Company strengthened its Trans-Atlantic services by offering a new weekly service between Northern Europe and North America. Eimskip's Trans-Atlantic volumes are now three times larger than they were in 2009 and the volumes were up by 30.9% in 2017. This volume growth, together with a new short-sea agreement with the international shipping company CMA CGM between Halifax, Nova Scotia and Portland, Maine in the US, supports the weekly service. This weekly service on the Trans-Atlantic route opens doors to a broader customer base with additional volume that demands more frequency in shipping. Previously, the Company's foundation has been strengthened with investments in infrastructure in the market area, e.g. cranes, port facilities and other equipment.

In January 2017, Eimskip and Royal Arctic Line signed a cooperation agreement regarding potential sharing of capacity on larger vessels that will increase efficiency and service reliability. The Icelandic Competition Authority is evaluating the intended cooperation.

Eimskip finalized a contract with a reputable shipyard in China for building of two 2,150 TEU ice class Polar code container vessels. The contract price of each vessel is approximately USD 32 million. The progress of building the vessels is on track and the expected delivery is in the middle of 2019. The vessels will be the largest and most efficient in Eimskip's vessel fleet and are built in line with environmental standards.

Eimskip acquired an 80% share in the specialized Belgian forwarding company Mareco in January 2017. The acquisition gives the Group access to new commodities and new markets in Africa and South America.

In June 2017, Eimskip acquired 75% of the freight forwarding company SHIP-LOG A/S, headquartered in Århus, Denmark. The company has a strong niche position in the temperature-controlled food and pharmaceutical cargo sector.

The integration of the acquisitions creates a more powerful network and growth opportunities through new commodities, new trade lanes, cross selling and synergies. The Company has also achieved other goals with the acquisitions, by increasing the proportion of asset-light EBITDA, generating higher return on capital and geographically diversifying revenues and EBITDA. The forwarding operations are becoming more important to Eimskip and we will continue to grow the business both organically and through further acquisitions.

THE YEAR AHEAD

Eimskip is working on increasing its margins in various ways. In 2018, our focus is on increasing liner sales and lowering operating expenses. We are placing special emphasis on improved processes by reviewing our end-to-end booking processes to further increase efficiency and profitability.

Eimskip's capital structure is solid and well prepared for future investments and opportunities, both in the North Atlantic and around the globe. The Company is constantly reviewing and optimizing its sailing system, listening to customer needs and monitoring market trends, seeking ways to reduce vessel and container fleet costs and improve utilization of its transportation system.

The Company will continue to follow its vision by strengthening its organic base, but will also look for external growth opportunities and diversification of the operations, as was done with dynamic strategic acquisitions in 2017. Eimskip will put extra emphasis on exploiting the synergy potentials with the new acquisitions within the Group.

Eimskip's future is exciting and I look forward to working with our almost 1,900 dedicated employees in the 20 countries in which we operate. Our intention is to keep on growing through our strong asset base in the North Atlantic, but also to grow through our forwarding services network, through diversification of commodities and trade lanes and through strong acquisitions. Evaluation of vessel investments will continue on an ongoing basis, as Eimskip seeks to take advantage of the attractive second-hand vessel market. I have great faith in the team spirit of the Eimskip Group and know that we have the capacity to achieve good results and increase shareholder value in the coming years.

BOARD OF DIRECTORS

RICHARD WINSTON MARK D'ABO**CHAIRMAN OF THE BOARD**

Richard was born in 1956 and lives in the United States. He is a Partner in The Yucaipa Companies, LLC. Since rejoining Yucaipa in 2004, he has been involved with all the acquisition of Americold Realty Trust, building it into the largest cold storage company in the world. Richard has ten years of banking experience and 28 years of experience in private equity. From 1995 to 2003 he was involved in various activities in investment banking and private equity investing, co-founding and serving as the Director of Apogee Electronics, Inc. Richard was a Partner in The Yucaipa Companies, LLC, from 1988 to 1994. During this time he was a key contributor to the acquisitions of Cala Foods, ABC markets, Boys Markets, Almacs, Bell Markets, Alpha Beta and Food4Less. From 1992 to 1994 Richard served as a director of Food4Less Supermarkets. From 1978 to 1987 Richard worked at Union Bank and was involved in financing multiple leveraged and management buyouts. He is currently a board member of A-Tango ehf., Americold Realty Trust, Apogee Electronics, LLC and NPE Holdings, LLC. Richard was previously a board member of VersaCold International Corporation. He pursued a degree in Finance from the University of South California from 1975 to 1977. Richard has been on the Board of Directors since 23 September 2009 and is currently a member of the Remuneration Committee. He does neither own shares nor share options in the Company but is not independent of Yucaipa Funds, which own, in total, 50.6 million shares in the Company.

**RICHARD WINSTON MARK D'ABO****VÍGLUNDUR THORSTEINSSON****VICE-CHAIRMAN OF THE BOARD**

Víglundur was born in 1943 and lives in Iceland. He has been active in Icelandic industry for more than 50 years and has been a board member of various companies and organizations, such as SI (the Federation of Icelandic Industries), SA – Business Iceland (the Confederation of Icelandic Employers) and the Pension Fund of Commerce. Víglundur is currently the Chairman of Lindarflöt ehf., a private holding company, and an alternate board member of Fasteignaleigan Hraunprýdi ehf. He has a Cand.jur. degree from the University of Iceland. Víglundur has been on the Board of Directors since 3 April 2013, is an independent Board member and does neither own shares nor share options in the Company.

**VÍGLUNDUR THORSTEINSSON**

HELGA MELKORKA ÓTTARSDÓTTIR

BOARD MEMBER

Helga was born in 1966 and lives in Iceland. She is a Managing Partner at LOGOS Legal Services slf. She served as an attorney in an independent law practice from 1999 to 2000 and was a lawyer at the EFTA Surveillance Authority in Brussels from 1994 to 1999. Helga is currently a board member of Iceland Chamber of Commerce and was an Ad Hoc College member of the EFTA Surveillance Authority from 2004 to 2014. She has previously been a board member of the Icelandic Bar Association and an adjunct in European Law at both the University of Reykjavík and the University of Iceland. Helga has been a Supreme Court Attorney since 2011 and a District Court Attorney since 1999. She took her LL.M. degree in European Law and International Law at Heidelberg in Germany in 1994 and graduated with a Cand.jur. degree from the University of Iceland in 1991. Helga has been on the Board of Directors since 3 April 2013, is an independent Board member and does neither own shares nor share options in the Company.



HELGA MELKORKA ÓTTARSDÓTTIR

HRUND RUDOLFSDÓTTIR

BOARD MEMBER

Hrund was born in 1969 and lives in Iceland. She is the CEO of Veritas Capital ehf. Previously she was Corporate Director of Human Resources at Marel hf. from 2009 and Director of Operations and Investments at Moderna Finance ehf./Milestone ehf. from 2007 to 2009. Hrund was CEO of L&H Holding, CEO and Chief of Operations of Lyf & heilsa hf. from 2001 to 2006. She is currently the Chairman of Stefmir hf. and is a board member of Iceland Chamber of Commerce. Hrund took her Master's degree in International Marketing and Management at Copenhagen Business School in 2000. She also earned a Cand.Oecon. degree at the University of Iceland in 1994. Hrund has been on the Board of Directors since 3 April 2013 and currently serves as the Chairman of the Remuneration Committee. She is an independent Board member and does neither own shares nor share options in the Company.



HRUND RUDOLFSDÓTTIR

LÁRUS L. BLÖNDAL

BOARD MEMBER

Lárus was born in 1961 and lives in Iceland. He is a Supreme Court Attorney and a Partner at Juris Law Offices. Lárus was a Partner at Almenna lögfræðistofan from 1990 to 2008. Lárus is currently a board member of Orkusalan hf., RARIK Orkuthróun ehf. and the Chairman of the board of ISFI (Icelandic State Financial Investments). He has been a member of the Competition Appeals Committee since 2000 and its Vice-Chairman since 2009 and a member of the National Olympics and Sport Association's executive committee since 2001, becoming its Vice-President in 2006 and its President in 2013. He has previously been a board member of the Icelandic Bar Association, the University of Iceland's Human Rights Institute, the University of Iceland's Research Centre in Environmental and Natural Resources law, Hótel Borg ehf., Fastus ehf., the Housing Financing Fund, Chairman of the National Olympic and Sport Association's legal committee, and a member of various other official committees and boards. Lárus has been a Supreme Court Attorney since 1998 and a District Court Attorney since 1990. He graduated with a Cand.jur. degree from the University of Iceland in 1987. Lárus has been on the Board of Directors since 27 March 2014 and is currently a member of the Audit Committee. He is an independent Board member and owns 3,190 shares in the Company but no share options.



LÁRUS L. BLÖNDAL

JÓHANNA Á BERGI

ALTERNATE MEMBER OF THE BOARD

Jóhanna was born in 1970 and lives in the Faroe Islands. She is the CEO of Atlantic Airways Ltd. Jóhanna was the CEO of P/f Faroe Ship, Eimskip's subsidiary in the Faroe Islands, from 2006 to 2015, Sales Director of JFK and Kósin Seafood from 1998 to 2006 and Sales Manager of Faroe Seafood France from 1994 to 1998. She is currently a board member of the Faroese Confederation of Sports and Olympic Committees, Nordoyatunnilin, Föroya Grunnurin and Visit Faroe Islands. Jóhanna has a Master's degree in Management from Robert Gordon University in the UK. She further holds an EE degree from the Danish School of International Marketing and Export. Jóhanna has been an alternate member of the Board since 3 April 2013, is an independent Board member and does neither own shares nor share options in the Company.



JÓHANNA Á BERGI

MARC JASON SMERNOFF**ALTERNATE MEMBER OF THE BOARD**

Marc was born in 1973 and lives in the United States. He is currently the Executive Vice President and Chief Financial Officer for Americold Realty Trust (NYSE: COLD). He was Director of Private Equity of The Yucaipa Companies, LLC from 2004 to 2014. Marc was Manager of Transaction Services at KPMG from 2003 to 2004 and an Associate of Investment Banking at Wells Fargo Securities, LLC from 2000 to 2002. He was Manager of Corporate Finance at Ernst & Young, LLP from 1997 to 2000 and a staff Accountant of Assurance & Advisory Business Services at Ernst & Young, LLP from 1995 to 1997. He has previously been a Board member of Eimskipafélag Íslands hf., Americold Realty Trust (board of Trustees) and La Canada Flintridge Educational Foundation. Marc received his Master's degree in Business Administration from the UCLA Anderson School of Management in 2005 and is a Certified Public Accountant. He furthermore holds a Bachelor's degree in Business Economics from the University of California, Santa Barbara, which he received in 1995. Marc has been on the Board of Directors since 23 September 2009 and currently serves as the Chairman of the Audit Committee and a member of the Remuneration Committee. He does neither own shares nor share options in the Company but is not independent of Yucaipa Funds, which own, in total, 50.6 million shares in the Company.



MARC JASON SMERNOFF

An aerial photograph of a vast, colorful mountain range. The mountains are characterized by distinct, layered geological formations in shades of red, orange, brown, and dark grey. A wide, winding river valley with a braided riverbed flows through the center of the range. In the distance, a large, flat valley contains several small, light-colored lakes or reservoirs. The sky is filled with soft, grey clouds, suggesting an overcast day. The overall scene is one of dramatic natural beauty and geological complexity.

THE COMPANY

EIMSKIP AT A GLANCE

Eimskip is a leading transportation company in the North Atlantic with connections to international markets and is specialized in worldwide freight forwarding services. The Company's vision is excellence in transportation solutions and services.

Liner services
in the North Atlantic and
worldwide freight
forwarding services

Revenue 2017
EUR 664 m

Market Cap
EUR 357 m
as at 16 March 2017

63 own offices
in 20 countries
in four continents
Worldwide
associates network

22 vessels
on six routes
in the North Atlantic

About
1,850
employees

Eimskip has been a niche player in transportation in the North Atlantic for over 100 years. It specializes in shipping, logistics and supply chain management, and offers its customers solutions on sea, land and air, with a special emphasis on the handling and storing of all types of temperature-controlled cargo, frozen or chilled, and dry cargo. Principal cargoes are frozen, salted and fresh fish, aluminum and a wide range of general goods, from heavy machinery to fruit and vegetables. Over the years, Eimskip has built a network of its own offices and associates that links with its own shipping network, allowing it to provide its customers with comprehensive logistics services.

Eimskip's transportation services are liner services in the North Atlantic and international forwarding services. The liner services include ocean transport, terminal operations, chilled and cold storage facilities, warehousing, trucking and distribution, air freight services and agency services. The forwarding services include worldwide freight forwarding services for both reefer and dry cargo, in cooperation between the Company's own offices, its worldwide network of associates and international deep-sea lines.

Eimskip concentrates mainly on serving the North Atlantic, with a focus on its home market, where the Company has a strong position. Eimskip has defined its home market in the North Atlantic, from the east coast of North America to the west and north coasts of Norway; in other words, Newfoundland and Labrador, Iceland, the Faroe Islands and Norway. Eimskip is the only containerized liner company offering direct weekly services between Newfoundland and Labrador and Europe, between Newfoundland and Labrador and the USA and between North America and Northern Norway, connecting these areas with one comprehensive sailing schedule.

Eimskip currently operates 63 offices in 20 countries in four continents and employs about 1,850 people. The Company operates 22 vessels sailing on six different routes in the North Atlantic.

Eimskip was founded in 1914 and is a publicly traded company with its shares listed at Nasdaq Iceland. Eimskipafélag Íslands hf., the parent company, currently owns ten direct subsidiaries, all of which are wholly owned by Eimskip with one exception. These direct subsidiaries further own 61 subsidiaries that are mostly wholly owned.

MISSION, VISION AND VALUES

Eimskip traces its roots back to 17 January 1914, when H.F. Eimskipafélag Íslands was founded with about 15,000 shareholders, representing almost 17% of the Icelandic nation at that time.

Eimskip is a leading transportation company in the North Atlantic with connections to international markets and is specialized in worldwide freight forwarding services. The Company's vision is excellence in transportation solutions and services.

Eimskip's obligations towards its stakeholders are to:

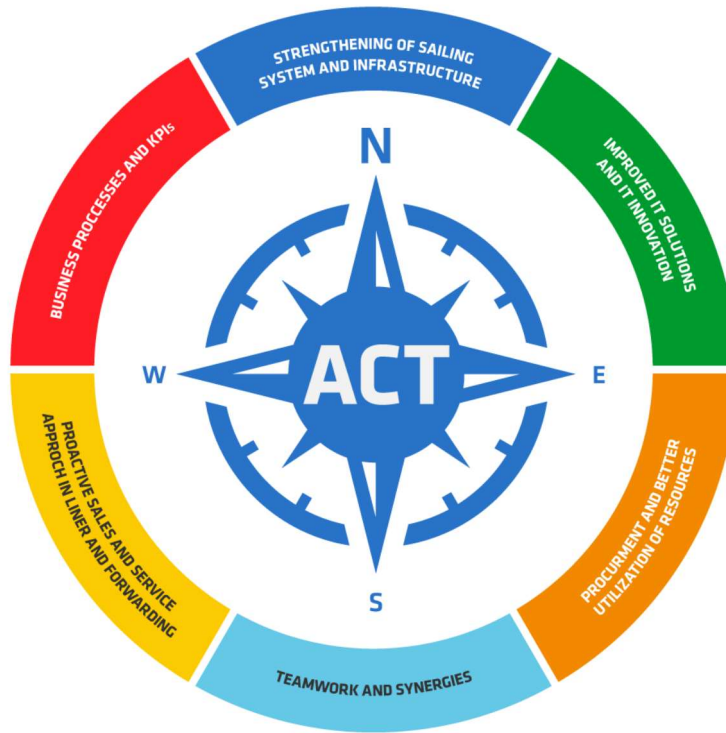
- Secure a good return for **SHAREHOLDERS** with profitable growth
- Create value for **CUSTOMERS** with outstanding solutions and services
- Be an outstanding workplace for **EMPLOYEES** with great team spirit and ambition
- Show concern for the **SOCIETY** with social responsibility and reduced ecological footprint

Eimskip's employees observe the Company's values in their daily work: **ACHIEVEMENT – COOPERATION – TRUST**



STRATEGIC PRIORITIES 2018

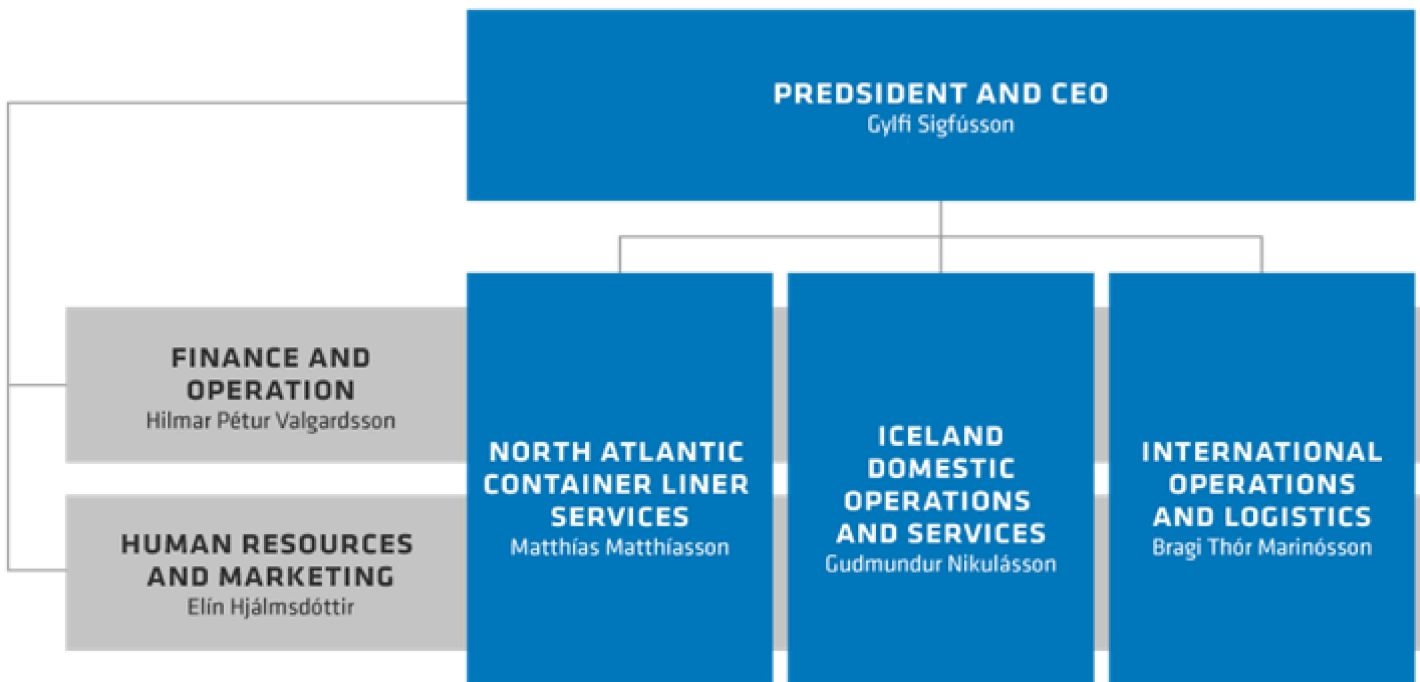
Eimskip has defined six Strategic Priorities for the year 2018. They relate to Eimskip's mission and vision, are based on the Company's values and cover different aspects of its operations.



Following are Eimskip's Strategic Priorities 2018:

- **STRENGTHENING OF SAILING SYSTEM AND INFRASTRUCTURE** focuses on optimizing Eimskip's sailing system and utilization of its vessel fleet, after having achieved the goal of weekly sailings on all the Company's six sailing routes.
- **IMPROVED IT SOLUTIONS AND IT INNOVATION** is about improving IT solutions and integrating common platforms across the Company.
- **PROCUREMENT AND BETTER UTILIZATION OF RESOURCES** focuses on implementing strategic procurement processes to reduce costs and improve processes to reach operational excellence.
- **TEAMWORK AND SYNERGIES** focuses on integration of Eimskip's global team of employees, on synergies between the different divisions and companies within the Group and on integration of new Group companies to ensure maximized synergy.
- **PROACTIVE SALES AND SERVICE APPROACH IN LINER AND FORWARDING** is about being proactive in sales and services to increase sales in all markets.
- **BUSINESS PROCESSES AND KPIs** focuses on improving the Company's business processes and its Key Performance Indicators.

ORGANIZATION AND EXECUTIVE MANAGEMENT



The Executive Management of Eimskip consists of the Chief Executive Officer and the Directors of Finance and Operation, International Operations and Logistics, Human Resources and Marketing, North Atlantic Container Liner Services and Iceland Domestic Operations and Services. All the executives have an extensive experience within the Company.

GYLFI SIGFÚSSON, President and CEO, was born in 1961. He has worked for Eimskip and related companies since 1990 and as President and CEO from 2009. Before that he was CEO of HF. Eimskipafélag Íslands, now A1988 hf., from 2008 to 2009. Gylfi held the position of CEO of Eimskip USA, Eimskip Logistics and Eimskip Canada from 2006 to 2008, overseeing all of Eimskip's transport operations in USA and Canada. Gylfi was the CEO of Eimskip Logistics in USA from 2000 to 2006. He was Executive Vice President of Ambrosio Shipping in USA from 1996 to 2000 and Executive Vice President of Marketing and Operations at Tollvörugeymslan hf., now TVG-Zimsen ehf., from 1990 to 1996. He is a board member or CEO, or both, of various subsidiaries of Eimskipafélag Íslands hf. Gylfi is a board member of Iceland Chamber of Commerce, the American-Icelandic Chamber of Commerce, the Icelandic-Canadian Chamber of Commerce, the Greenland-Icelandic Chamber of Commerce and the Icelandic-Arctic Chamber of Commerce. He earned a Cand.Oecon. degree from the University of Iceland in 1990.



GYLFI SIGFÚSSON

HILMAR PÉTUR VALGARDSSON, Chief Financial Officer, was born in 1973. He has worked for Eimskip since 1999 and as CFO from 2009. Before that he worked as CFO of HF. Eimskipafélag Íslands, now A1988 hf., from 2008 to 2009. He was CFO of Containerships Ltd. OY in Finland from 2006 to 2008 and Senior Manager of Eimskip's Financial Control Department from 2004 to 2006. Hilmar is currently a board member and Managing Director of various subsidiaries of Eimskipafélag Íslands hf. Before, Hilmar was a board member of Containerships UAB, Containership UAB, Containerships Polska, Air Atlanta Properties Ltd., Air Atlanta Aero Engineering Ltd., Vátryggingafélag Íslands hf. and Líftryggingafélag Íslands hf. Hilmar received a Cand.Oecon. degree from the University of Iceland in 1999.



HILMAR PÉTUR VALGARDSSON

BRAGI THÓR MARINÓSSON, Executive Vice President of International Operations and Logistics, was born in 1965. He has worked for Eimskip since 1993. Bragi has been Executive Vice President of International Operations and Logistics since June 2016, before which he was Executive Vice President of International Operations from 2008 to 2016 and Executive Vice President of North Atlantic Operations from 2006 to 2008, Executive Vice President of International Operations from 2004 to 2006, Managing Director of Eimskip Nederland B.V. from 1999 to 2004, Senior Manager of the International Department from 1997 to 1999, Quality Manager from 1995 to 1997 and Representative in the International Department from 1993 to 1995. Bragi is currently a board member of various subsidiaries of Eimskipafélag Íslands hf. Bragi is a board member of the British-Icelandic Chamber of Commerce and the Norwegian-Icelandic Chamber of Commerce. He received a Master's degree in Industrial Engineering from the Technical University of Denmark in 1993 and a B.Sc. degree in Mechanical Engineering from the University of Iceland in 1991.



BRAGI THÓR MARINÓSSON

ELÍN HJÁLMSDÓTTIR, Vice President of Human Resources and Marketing, was born in 1972. She has worked for Eimskip since 2004. Elín was appointed Recruiting Manager in 2006 and in 2008 she became Senior Manager of Human Resources in Iceland. Following organizational changes in 2009 she became Senior Manager of Human Resources of Eimskip and was Vice President of Human Resources from June 2016. She became Vice President of Human Resources and Marketing following organizational changes in November 2017. Elín is a board member of Eimskip Ísland ehf., a subsidiary of Eimskipafélag Íslands hf., a member of the board of SVTH – Federation of Trade & Services and was a board member of Kortathjónustan hf. 2016 to 2017. Elín received a B.Sc. degree in Business Administration in 2002 and an MBA degree in 2005 from Reykjavík University.



ELÍN HJÁLMSDÓTTIR

MATTHÍAS MATTHÍASSON, Vice President of North Atlantic Container Liner Services, was born in 1966. He worked for Eimskip from 1983 to 2004 and again from 2009. Matthías has been Vice President of North Atlantic Container Liner Services since June 2016, was Vice President of Transportation Services 2015 to 2016 and Vice President of Sales and Services from 2009 to 2014. Before that he was Vice President of Special Projects and Managing Director of Eimskip Germany in 2009, Managing Director of Komatsu Denmark from 2004 to 2009, Managing Director of Eimskip UK from 2003 to 2004 and Senior Manager of Eimskip's Export Department from 2001 to 2003. He was Senior Manager of Eimskip's Vehicles, Equipment and Special Projects from 2000 to 2001, Key Accounts Manager of Eimskip International Sales and Services from 1997 to 2000 and a sales representative of Eimskip's Import Department from 1993 to 1997. Matthías studied Education at Hedmark University in Norway from 1993 to 1996.



MATTHÍAS MATTHÍASSON

GUDMUNDUR NIKULÁSSON, Vice President of Iceland Domestic Operations and Services, was born in 1961. He has worked for Eimskip since 1997. Gudmundur has been Vice President of Iceland Domestic Operations and Services since June 2016. Before that he was Vice President of Iceland Domestic Operations from 2005 to 2016 and served as Senior Manager of Terminal Operations from 1997 to 2005. Gudmundur held the position of Chief Engineer for the City of Reykjavík from 1991 to 1997. From 1987 to 1991 he was a Consulting Engineer at Hnit hf. He is currently a board member of four subsidiaries of Eimskipafélag Íslands hf. In 1987 Gudmundur received a Civ.Eng. degree (M.Sc.) in Engineering from the Technical University of Denmark in Copenhagen. He received a B.Sc. degree in Civil Engineering from the University of Iceland in 1985.



GUDMUNDUR NIKULÁSSON

EMPLOYEES

Eimskip's employees aim at excellence in their work and the success of the Company's operations is based on their knowledge and ambition. One of the main keys to achieve excellence is strong teamwork and cooperation, drawing the best from the Company's employees, with their variety of backgrounds as regards education and experience. For this reason, the Company works towards strengthening the professional abilities of all its employees and encourages them to harness their own interest and initiative for personal development and progress.



Eimskip employed an average of 1,782 people in 20 countries in 2017. In terms of gender, the Company consists of 68% male and 32% female. The Company employed people of 39 nationalities and four generations.

NATIONALITIES

GENERATIONS AT EIMSKIP

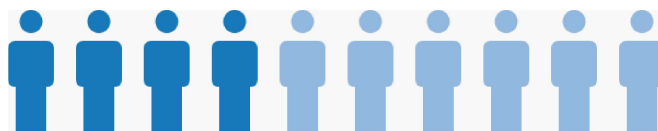
3.2 %

Generation Z



41.3 %

Generation Y



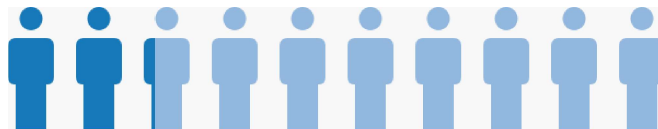
33.3 %

Generation X



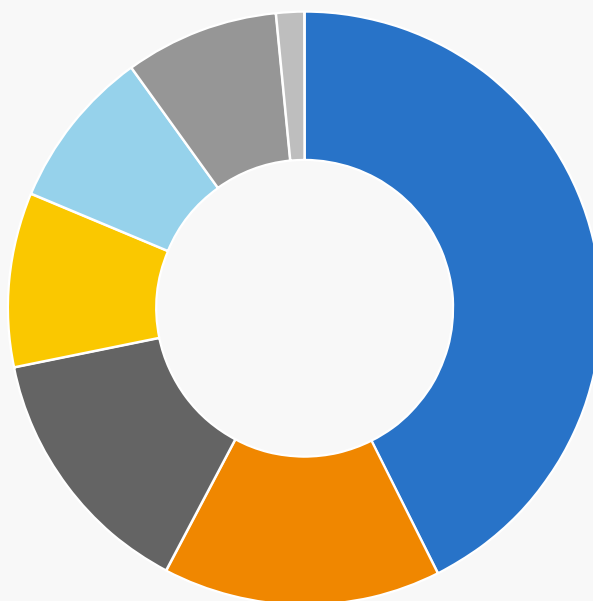
22.2 %

Baby Boomers



With the variety of people and the diversity in the operation, Eimskip faces great opportunities that seem obvious in terms of the size and growth itself, but at the same time, some challenges to sustain a strong culture based on its long history. This also requires necessary changes and continuous improvements to function and develop in a fast-moving world and a rapid technical progress.

SUBGROUPS



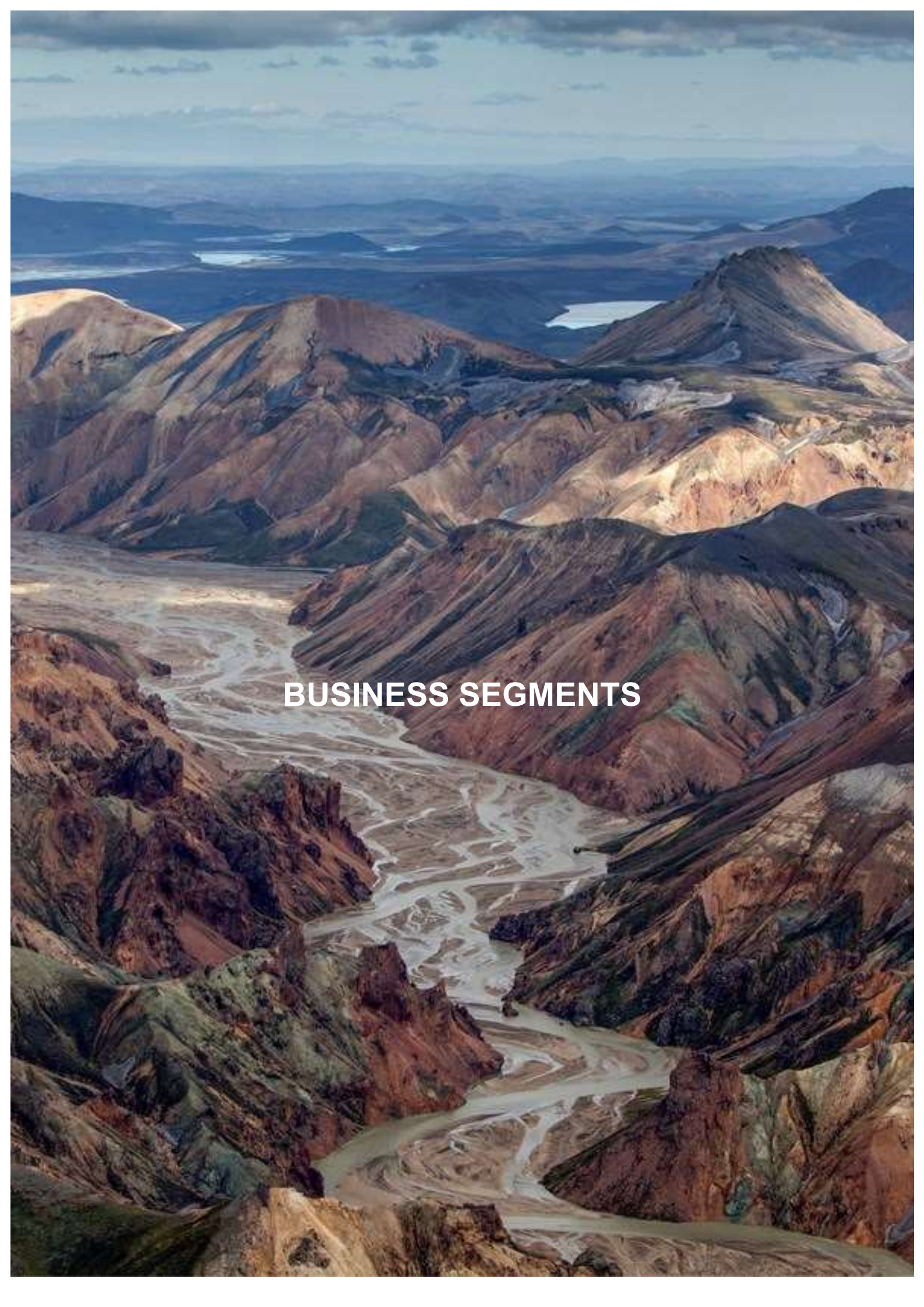
- Office
- Warehouse
- Managers
- Vessels
- Drivers
- Harbor/craftsmen
- Internal contractors

TEAM EIMSKIP was one of the Company's Strategic Priorities in 2017. The aim was to strengthen Eimskip's global team, built on a decision to harness the company culture in a strategic way, with emphasis on teamwork. The Company will continue on that path in 2018, as TEAMWORK AND SYNERGIES is one of the Strategic Priorities for the year, where the focus is on integration of Eimskip's global team of employees, on synergies between the different divisions and companies within the Group and on integration of new Group companies to ensure maximized synergy. Emphasis is on increased information flow with regular employee meetings globally, strategic information about the Company's operations and cross-functional global meetings. Also on internal information sharing through a common platform, such as Workplace by Facebook, connecting people across divisions and borders.

With the aim of excellence in the operation, more focus is put on training and education, and the access to it. "QuickHelp", a global platform for online training material, was put in place in 2017, opening up opportunities for easier access and flexibility in general education for employees and leadership education for managers. Employees' professional and personal development is increasingly based on their own effort to seek continuing education with a full support of the Company, which provides tools in the form of communication and feedback, systems and strategic goal setting.

Eimskip continues to work on improvements and further expansion of the utilization of the training system to educate its employees. With easy and accessible tools and flexibility, over time, employees will have the opportunity to strengthen their knowledge, both in their specific field and of the Company's operations, and have an easier access to their network of colleagues worldwide.

Working with the company culture is a never-ending journey, and the decision to build a stronger teamwork culture requires at every stage strategic short-term and long-term projects. Moving forward, a lot of emphasis and effort will be put on continuous improvements in form of new methodology and goal settings, cross-functional communication and education and on work with team spirit.



BUSINESS SEGMENTS

INTRODUCTION

Eimskip's operations are divided into two principal market segments: liner services in the North Atlantic and international forwarding services.

LINER SERVICES

- The core of the Company's operations
- Eimskip's home market includes Newfoundland and Labrador, Iceland, the Faroe Islands and Norway
- 22 vessels in operation
- Terminal operations
- Chilled and cold storage facilities
- Warehousing
- Trucking and distribution
- Air freight services
- Agency services

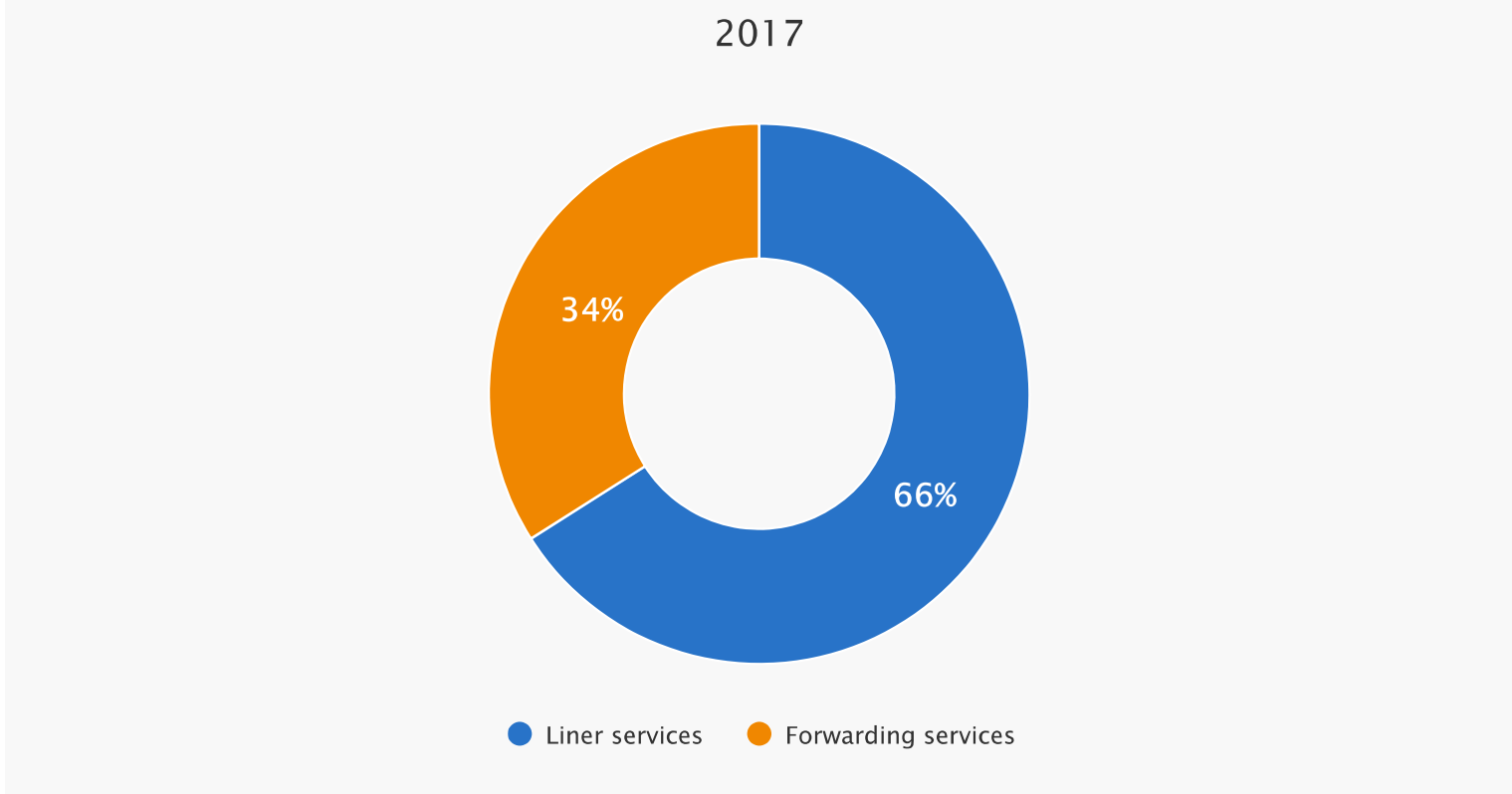
FORWARDING SERVICES

- Main focus on reefer forwarding but dry cargo forwarding is growing
- Efficient system based on a network of 63 own offices in 20 countries in four continents
- Cooperation between Eimskip's own offices, its worldwide network of associates and international deep-sea lines

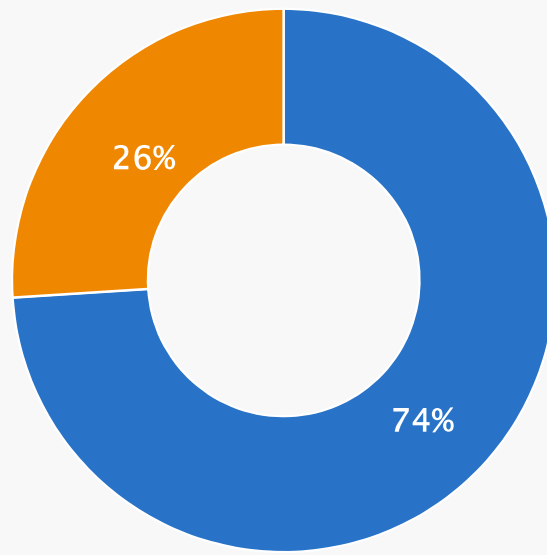
One of Eimskip's Strategic Priorities 2018 is PROACTIVE SALES AND SERVICE APPROACH IN LINER AND FORWARDING, where the focus is on being proactive in sales and services to increase sales in all markets.

In 2017, 66.0% of Eimskip's revenues came from liner services and 34.0% from forwarding services. The split of EBITDA between segments in 2017 was 69.1% from liner services and 30.9% from forwarding services. Substantial growth in the forwarding services in recent years has been increasing the proportion of asset-light EBITDA and generating higher return on equity. Geographical split of revenue changed in 2017 compared to previous year, mainly due to new Group companies, where Iceland contributed less than half of total revenue and Europe has increased to 24%.

REVENUE BY BUSINESS SEGMENT



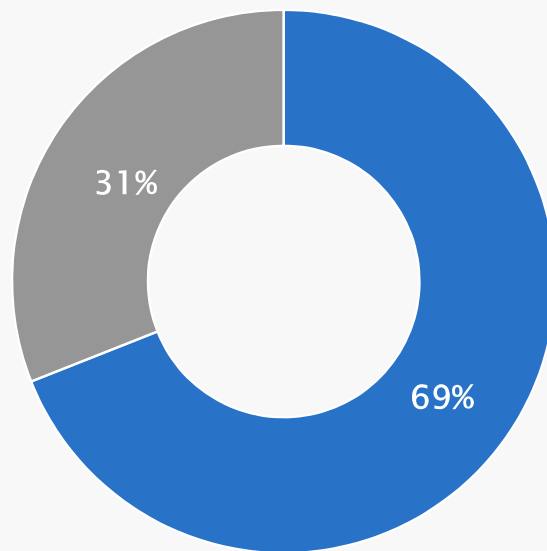
2016



● Liner services ● Forwarding services

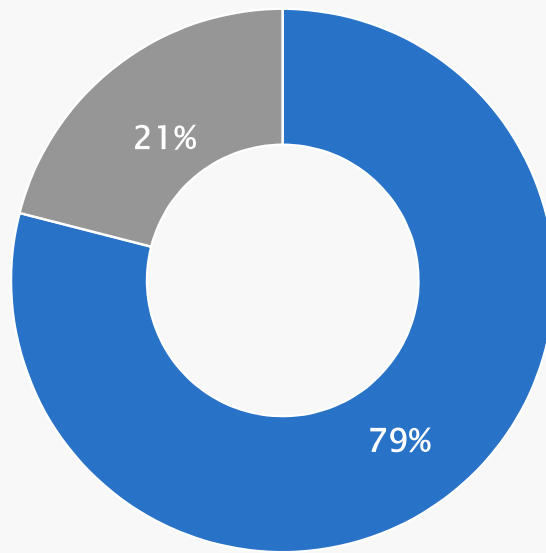
EBITDA BY BUSINESS SEGMENT

2017



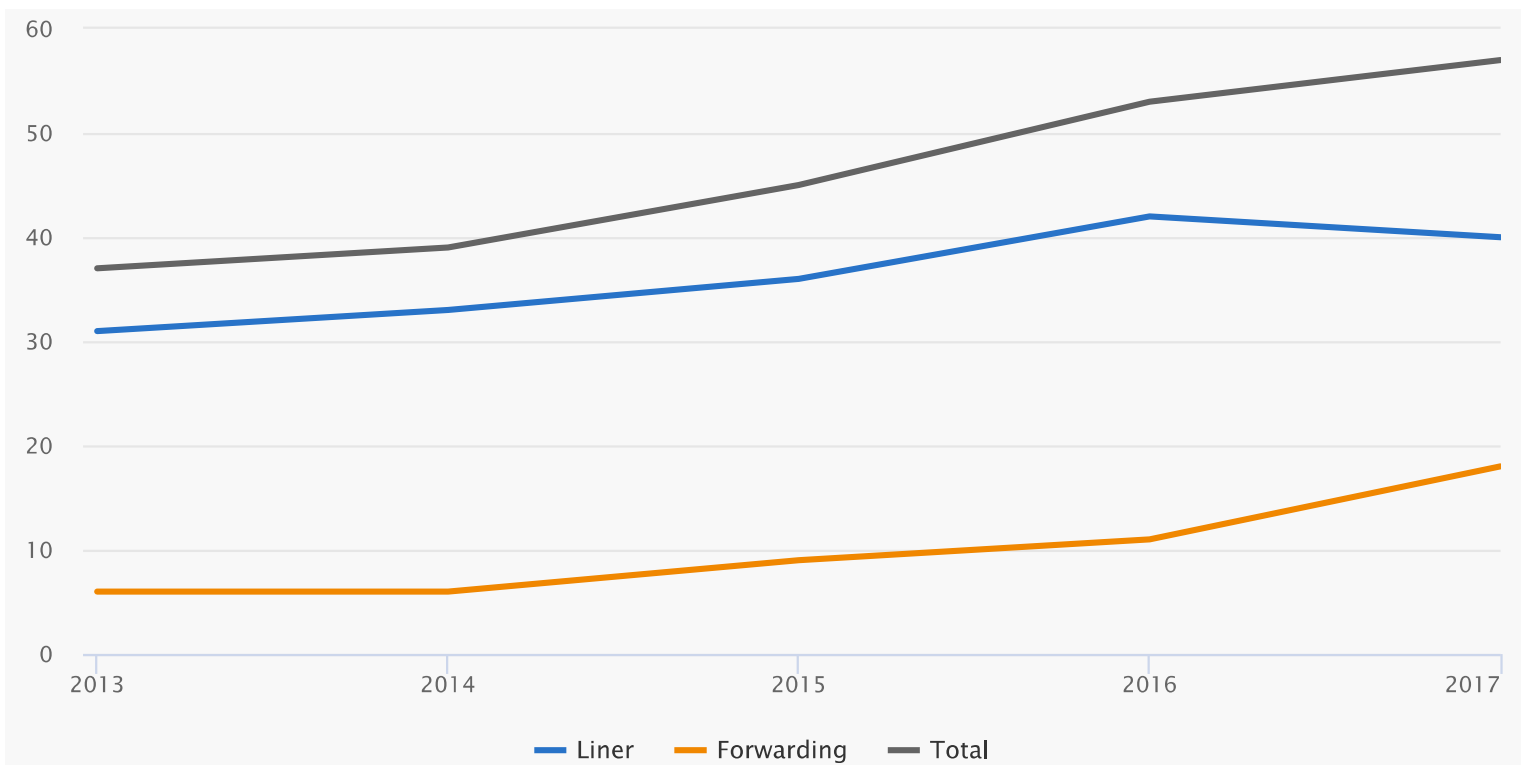
● Liner services ● Forwarding services

2016



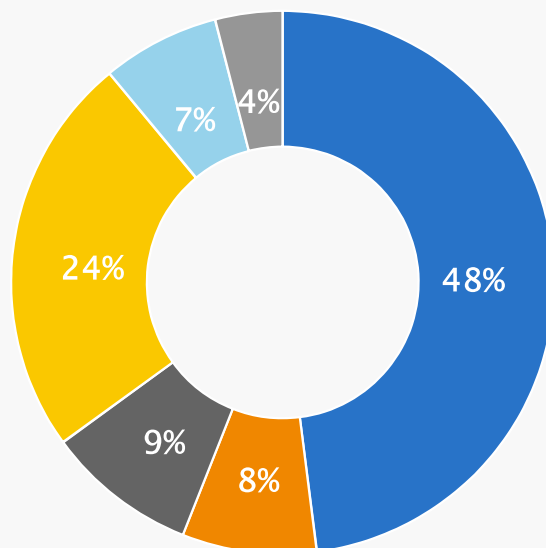
● Liner services ● Forwarding services

DEVELOPMENT OF EBITDA BY BUSINESS SEGMENT
EUR million



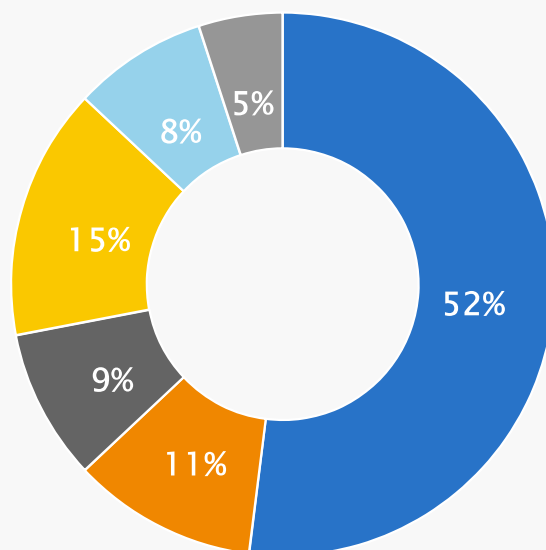
GEOGRAPHICAL SPLIT OF REVENUE

2017



● Iceland ● Faroe Islands ● Norway ● Europe ● Asia ● Other

2016



● Iceland ● Faroe Islands ● Norway ● Europe ● Asia ● Other

LINER SERVICES

Eimskip's liner services are the core of the Company's operations. The liner services operate a dynamic sailing system in the North Atlantic, currently with 22 vessels in operation. The Company's home market includes Newfoundland and Labrador, Iceland, the Faroe Islands and Norway. The liner services also offer short-sea services in Europe and North America, Trans-Atlantic services and bulk transport. Liner services include terminal operations, chilled and cold storage facilities, warehousing, trucking and distribution, air freight services and agency services.

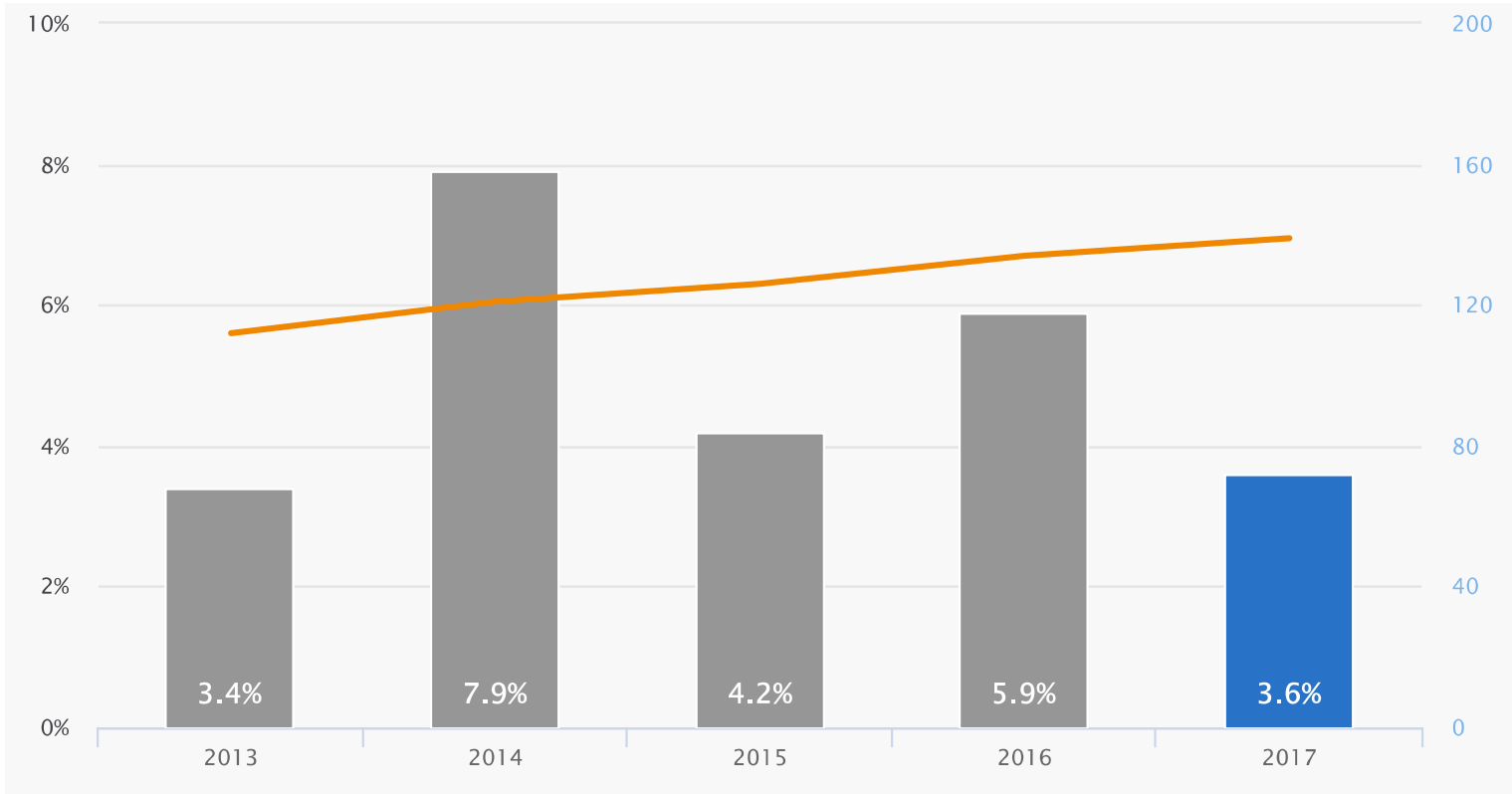
KEY STATISTICS

Liner services revenue for the year 2017 amounted to EUR 438.4 million, up by 15.3% from 2016. EBITDA from the liner services was EUR 39.5 million compared to EUR 42.4 million in the previous year. In 2017, liner services accounted for 66.0% of the Company's revenue and 69.1% of its EBITDA. These ratios decreased compared to the previous year, mainly due to new acquisitions of forwarding companies.

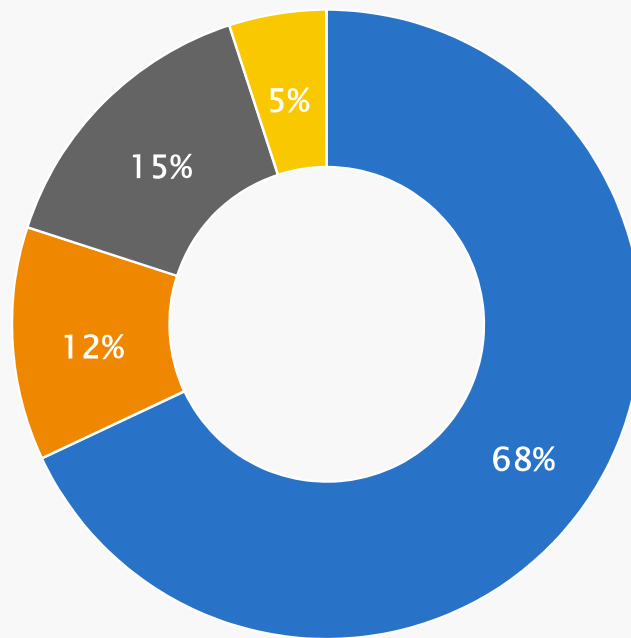
Transported volume in Eimskip's liner services in 2017 grew by 3.6% from the previous year, mainly due to good growth in imported volume to Iceland and in Trans-Atlantic volumes, while there was some reduction in export volumes from Iceland and the Faroe Islands. Due to the growth in import volume to Iceland, the Company faced increased imbalance in the Icelandic market that caused some operational challenges during the first half of the year. To offset the cost related to the imbalance, the Company implemented a new Container Positioning Charge (CPC) and made various operational adjustments to increase the efficiency of the sailing system.

As shown on the graph below on the left, transported volume in the Company's liner services has gradually been increasing in recent years. The compound annual growth rate (CAGR) for the years 2013 to 2017 was 5.4%. The volume index on the right axis is based on the 2010 volume as 100. The graph below on the right shows that 68% of the liner services volume relates to Iceland.

LINER SERVICES VOLUME
Changes from previous year



LINER SERVICES VOLUME 2017
Iceland, Faroe Islands, Norway and Trans-Atlantic



● Iceland ● Faroe Islands ● Norway ● Trans Atlantic

HOME MARKET

Eimskip has defined its home market as the North Atlantic, stretching from the east coast of North America to the west and north coasts of Norway and embracing Newfoundland and Labrador, Iceland, the Faroe Islands and Norway. These countries are all niche market areas, rich in natural resources and with small population.

Seafood represents a substantial part of total cargo in the Company's home market.

SAILING SYSTEM

Eimskip constantly re-evaluates its sailing system and vessel fleet with the aim of optimizing its operational efficiency. One of the Company's Strategic Priorities 2018 is STRENGTHENING OF SAILING SYSTEM AND INFRASTRUCTURE, where the focus is on optimizing Eimskip's sailing system and utilization of its vessel fleet, after having achieved the goal of weekly sailings on all the Company's six sailing routes.

In 2017, Eimskip invested in the future of its container liner services by making changes to its sailing system and has reached its goal of weekly service on all sailing routes. In February 2017, a new Red Line was added to strengthen the services in Scandinavia and changes were made to the services to and from North America on the Green Line. Weekly coastal services were started to support increasing activities in Iceland, served by the Gray Line, which also serves the Faroe Islands and the UK. At the end of November, the Company further increased the sailing system capacity by offering weekly services between Northern Europe and North America with the third vessel on the Green Line. Substantial growth in Trans-Atlantic volumes in recent years and additional volume from Eimskip's current customers and new customers that rely on weekly services, together with a new short-sea agreement with the international shipping company CMA CGM between Halifax, Nova Scotia and Portland, Maine in the US, supported the weekly services and the additional vessel on the route.

The Blue Line offers weekly services from Iceland to the Faroe Islands, the Netherlands, Germany and Denmark and then back to the Faroe Islands and Iceland. The vessels serving on the Blue Line are the Godafoss and Dettifoss.

The Yellow Line offers weekly services from Iceland to the Faroe Islands, England and the Netherlands and then back to Iceland. The vessels serving on the Yellow Line are the Lagarfoss and Bakkafoss.

The Red Line offers weekly services from Iceland and the Faroe Islands to Denmark, Poland, Norway and Sweden and then back to Iceland. The vessels serving on the Red Line are the Pollux and Perseus.

The Gray Line offers weekly services between Iceland, the Faroe Islands, Scotland and England and then back to Iceland. The route calls several ports around the coast of Iceland. The vessels serving on the Gray Line are the Blikur and Lomur.

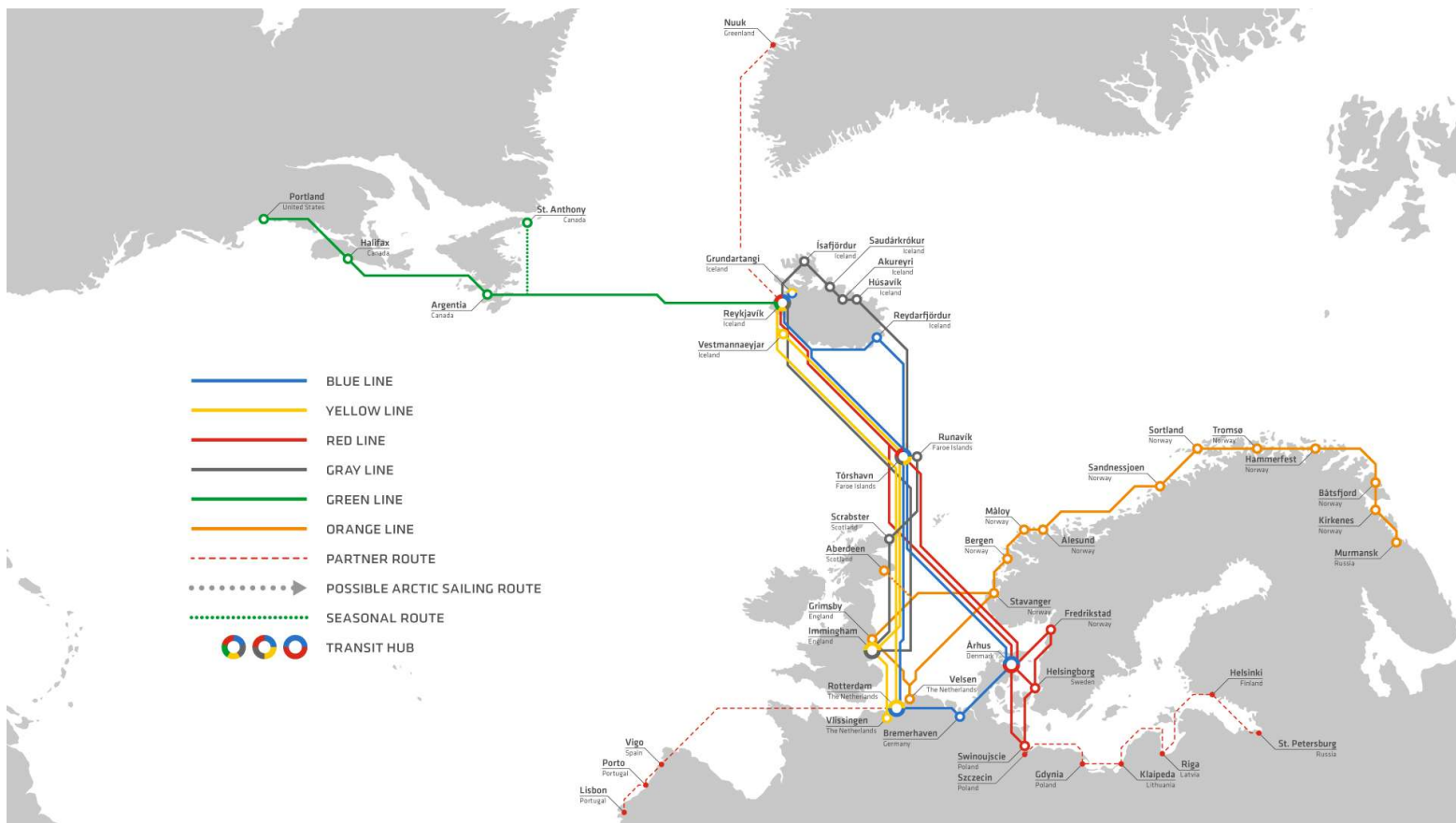
The Green Line offers weekly services from Iceland to the east coast of the United States, Nova Scotia and Newfoundland and Labrador and then back to Iceland. The Selfoss, Skógafoss and Pantonio serve on the Green Line.

The Orange Line offers weekly services from Murmansk in Russia, down the Norwegian coast on its way to the Netherlands, England, Scotland and then back to Norway. The vessels serving on the Orange line are the Vidfoss, Holmfoss, Polfoss and Svartfoss.

Seven vessels serve Other Operations in the North Atlantic. Eimskip's reefer transportation services are specially focused on transportation of frozen or chilled seafood and other perishable products in bulk, direct from port to port, in whole or partial loads. These services are carried out by the specialized reefer

vessels Langfoss, Stigfoss and Nordvåg. Eimskip offers specialized transport for bulk cargo in whole loads or by the needs of the shipper and the consignee each time. The vessel Saxum is used in bulk transport. Finally, the ferry Herjólfur offers regular services between the Westman Islands, off the south coast of Iceland, and Iceland's mainland, and the ferries Baldur and Særún serve on the west coast of Iceland.

SAILING SYSTEM IN THE NORTH ATLANTIC



VESSEL FLEET

Eimskip currently operates 22 vessels in the North Atlantic, of which twelve are own vessels and ten are chartered. 15 of the vessels are used in scheduled liner services on six different sailing routes, thereof 11 container vessels and four reefer vessels. In addition, three reefer vessels offer spot services, one is in bulk services and three are ferries operated in Iceland. The vessels are highly competitive in terms of their size, cranes, reefer plugs, low draft and maneuvering capabilities to enter narrow ports.

The Company sold in 2017 the 25 year old, 724 TEU vessel Brúarfoss and purchased the 698 TEU vessel Sophia, built in 2008, and renamed it Selfoss.

Eimskip and Royal Arctic Line, the national carrier of Greenland, signed in January 2017 a cooperation agreement regarding potential sharing of capacity. The potential cooperation is subject to confirmation from the Icelandic Competition Authority. A contract was signed with CSTC and Guangzhou Wenchong Shipyard Co., Ltd. in China on building two 2,150 TEU ice class Polar Code container vessels for Eimskip, with expected delivery in the middle of 2019. The vessels are built in line with environmental standards and designed to be fuel-efficient.

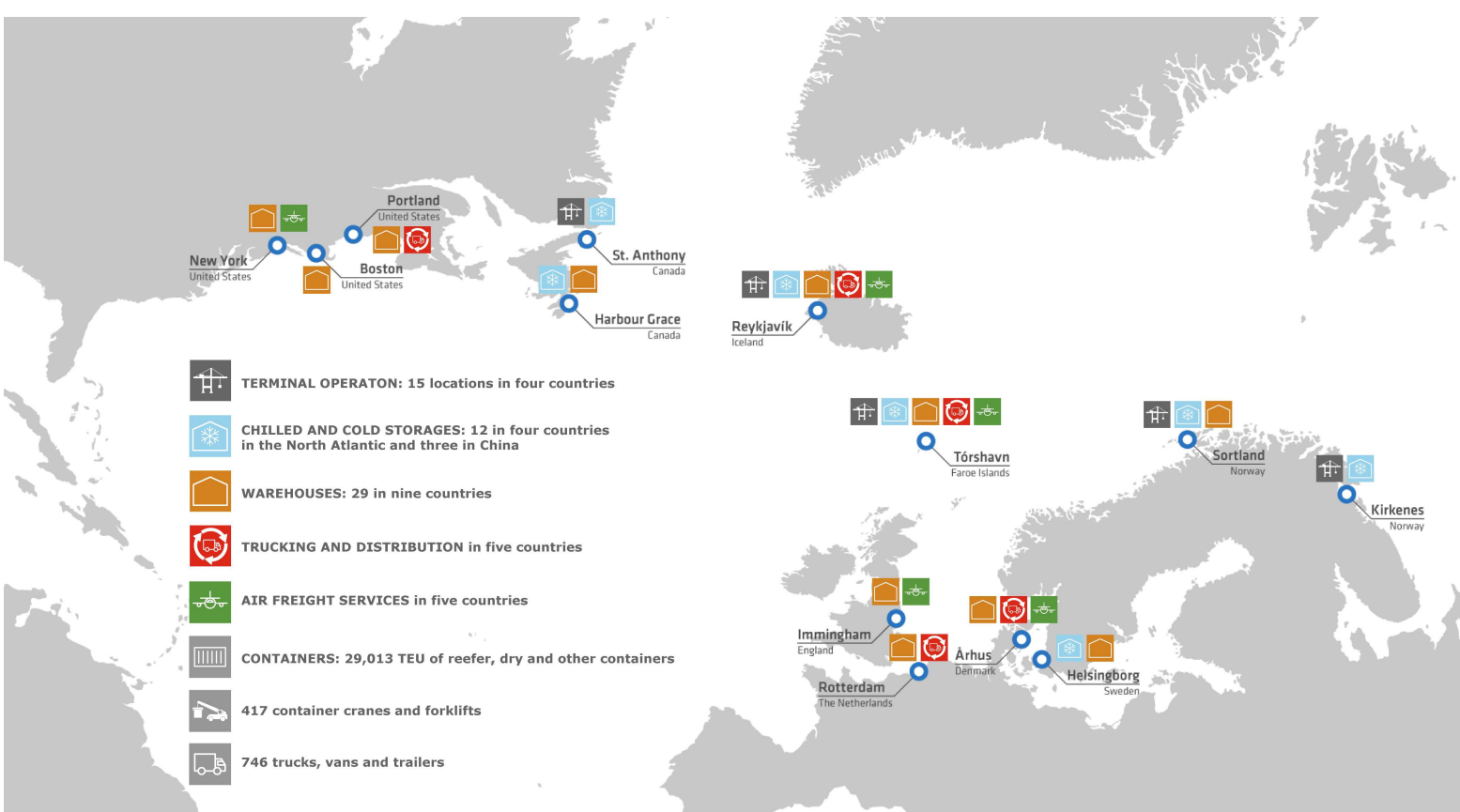
VESSEL FLEET

OPERATIONS AND OPERATING ASSETS

The Company operates terminals in 15 locations in four countries: eight in Iceland, three in the Faroe Islands and two each in Norway and Newfoundland and Labrador. Eimskip owns or operates 15 chilled and cold storage facilities in five countries: six in Iceland, three in China and two in each of the Faroe Islands, Norway and Newfoundland and Labrador. Eimskip also operates 29 warehouses for dry cargo in nine countries: 14 in Iceland, five in USA, three in the Faroe Islands, two in the UK and one each in Norway, Sweden, Denmark, the Netherlands and Vietnam.

The Company's container fleet currently consists of around 29,000 TEU. Trucking and distribution services are operated in Iceland, the Faroe Islands, Denmark, the Netherlands and USA. The Company operates 417 container cranes and forklifts and 746 trucks, vans and trailers.

OPERATIONS AND OPERATING ASSETS



SERVICES

Eimskip has a strong position in the Icelandic market, a fact which further motivates it to be the market leader in offering excellent services. Having a broad customer base embracing a range of different needs, the Company must always come up with solutions that can serve the mass but at the same time remaining flexible and innovative as regards tailor-made solutions.

The need to provide fast and reliable international services has been the main requirement in recent years. Every link in the transportation chain has to work flawlessly in order for the Company's front-line employees to be able to provide outstanding services. Eimskip's Customer Relations Management (CRM) system further enables its employees to know the customer needs. The ever-increasing pace of modern commerce demands constant adaptation to new technology and solutions to improve services further.

One of Eimskip's Strategic Priorities in 2018 is IMPROVED IT SOLUTIONS AND IT INNOVATION, where the focus is on improving IT solutions and integrating common platforms across the Company.

The Company's online service web for customers, ePORT, is constantly being developed. The ePORT enables customers to access invoices and necessary documents online, monitor their orders and call up a simple overview of their transport activities.

Eimskip's service portfolio also includes the eBOX, a clear and simple, user-friendly solution for smaller shipments from Europe and North America to Iceland. Through the eBOX, customers themselves can calculate the price of transportation door-to-door on the web and the Company's transportation system makes sure that the shipment arrives in Iceland by the first available vessel.

FORWARDING SERVICES

Eimskip is a niche player in forwarding services. The forwarding services are a network of the Company's own offices and associates worldwide, offering a full range of transportation and logistics services. They include international reefer forwarding and dry cargo forwarding. The main emphasis has been on reefer forwarding, but dry cargo forwarding has been growing in recent years.

Forwarding services are transportation solutions that are outside the Company's own operating system; nevertheless, they and the liner services support each other. The international forwarding market is diverse and very competitive, with many companies offering forwarding services. Eimskip is following its customers in their globalization by creating a service network in cooperation with various transportation companies all over the world. This service network is constantly evolving and attracting new customers. Eimskip has built valuable relationships and acquired extensive knowhow in the reefer forwarding trade over the years, both through its other operations and through acquisitions of specialized forwarding companies. The Company focuses on selling forwarding services by utilizing its global network of own offices, associates and international deep-sea lines, and is specialized in transportation of temperature-controlled cargo, where seafood products play an important role. The Company also offers forwarding of dry cargo through various logistics solutions worldwide.

Eimskip has been expanding its logistics network in Asia. It has since 2014 been a 30% partner in a joint venture with the Port Authority in Qingdao, China, operating a 50,000-ton cold storage facility in Qingdao. The port authority's selection of Eimskip as a partner is an important factor in strengthening the facility's operation and creating new opportunities.

KEY STATISTICS

Eimskip started its forwarding services in Asia by opening an office in Qingdao, China, in 2004, starting out with 4,000 TEU. The Company currently operates seven offices in Asia. For comparison, the forwarding services of the Group handled about 217,500 TEU in 2017.

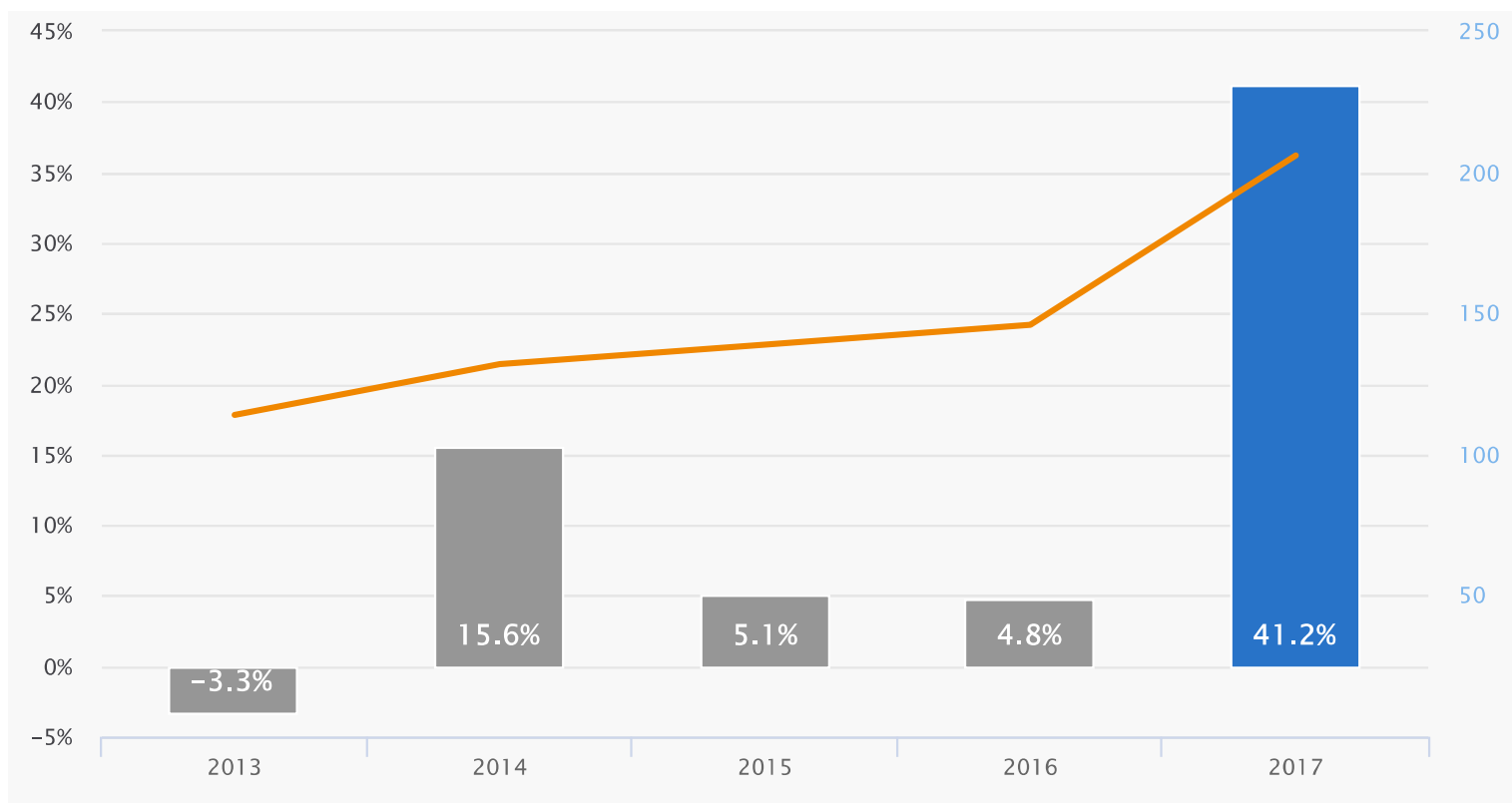
Cargo volume in international forwarding services is dependent on seaborne perishable reefer cargoes in which fish products play the most important role. The volume in reefer forwarding is more stable than in dry cargo forwarding due to reefer cargo being less dependent on economic fluctuations, since consumption of food products is usually more stable than other products. Other perishable cargoes are meat, fruit and vegetables.

Forwarding services had a strong year in 2017. Revenue amounted to EUR 225.6 million, up by 68.8% from the previous year. EBITDA from the forwarding services was EUR 17.7 million, was up by EUR 6.6 million or 60.1% from 2016. Forwarding services accounted for 34.0% of the Company's revenue in 2017 and 30.9% of its EBITDA. These ratios have grown compared to the previous year, mainly due to the recently acquired forwarding companies and organic growth.

Transported volume in Eimskip's forwarding services in 2017, including reefer forwarding and dry cargo forwarding, increased by 41.2% from the previous year. Of the growth, 29.2% came from the recently acquired forwarding companies and 12.0% was organic growth.

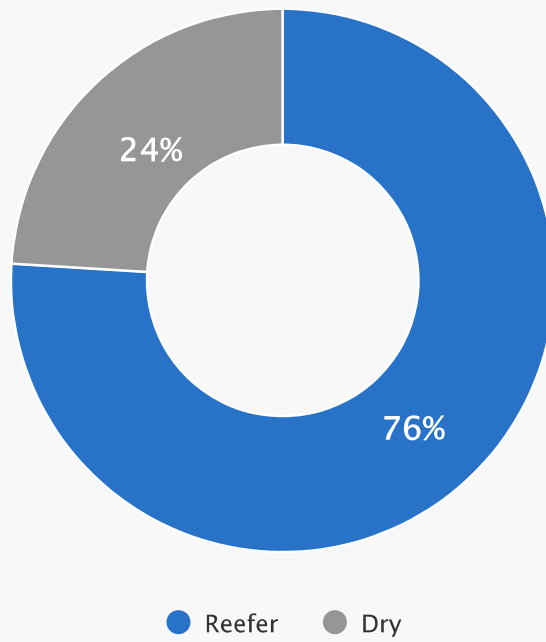
As shown on the graph below on the left, transported volume in the Company's forwarding services has gradually been increasing in recent years. The compound annual growth rate (CAGR) for the years 2013 to 2017 was 15.8%. The volume index on the right axis is based on the 2010 volume as 100. The graph below on the right shows that 76% forwarding services volume is reefer cargo.

FORWARDING SERVICES VOLUME
Changes from previous year



FORWARDING SERVICES VOLUME 2017
Reefer and dry cargo forwarding

2017



GLOBAL NETWORK

Eimskip's global network currently consists of about 1,850 employees in 63 own offices in 20 countries in Europe, America, Asia and Africa and a worldwide network of associates.

GLOBAL NETWORK



NEW FORWARDING COMPANIES

EXTRACO, MARECO AND SHIP-LOG

Eimskip acquired 90% of the specialized forwarding company Extraco in Rotterdam in the Netherlands in October 2016.

In January 2017, Eimskip announced the acquisition of an 80% share in Mareco, a specialized reefer logistics company, with offices in Antwerp, Belgium and Sao Paulo, Brazil.

The Company acquired in June 2017 a 75% share in the specialized forwarding company SHIP-LOG, with offices in Århus, Denmark and Bangkok, Thailand.

Annual revenue of the three companies amounts to approximately EUR 85 million and their EBITDA margin is about 6-8%. These three accretive acquisitions are strategic and each has a clear niche and provides additional benefits to the Company's existing forwarding services. Each forwarding company brings specialized expertise to Eimskip's forwarding services and best practices can be shared. These asset-light companies generate higher return on capital and add a great balance to the Group by geographically diversifying revenues and EBITDA.

One of the Company's Strategic Priorities 2018 is TEAMWORK AND SYNERGIES, where the focus is on integration of Eimskip's global team of employees, on synergies between the different divisions and companies within the Group and on integration of new Group companies to ensure maximized synergy.

OPERATIONAL EXCELLENCE

During the year 2017, the Company focused on further improving its operational processes and on defining its process landscape.

It is important for Eimskip to deliver excellence in transportation solutions and services in a consistent and efficient manner. The customer experience is the end-to-end process and consequently the Company needs to standardize further and improve efficiency of its processes. The Company will continue to focus on the end-to-end processes and one of its Strategic Priorities for 2018 is BUSINESS PROCESSES AND KPIs, which focuses on improving the Company's processes and Key Performance Indicators.

Another important factor under operational excellence is to secure resources in the best and most efficient way. In 2017, the Company worked actively on further improving its procurement processes. The work will continue in 2018 with the Strategic Priority PROCUREMENT AND BETTER UTILIZATION OF RESOURCES, which focuses on implementing strategic procurement processes to reduce costs and improve processes to reach operational excellence.

A dramatic landscape photograph of a volcanic crater. In the foreground, there's a dark, rocky slope with some sparse, low-lying vegetation. A large, dark lake occupies the middle ground, with a smaller, lighter-colored lake or pool visible to the left. The background features dark, jagged mountain peaks under a heavy, overcast sky with dark, swirling clouds. The overall mood is somber and powerful.

FINANCIAL PERFORMANCE

KEY FINANCIAL HIGHLIGHTS

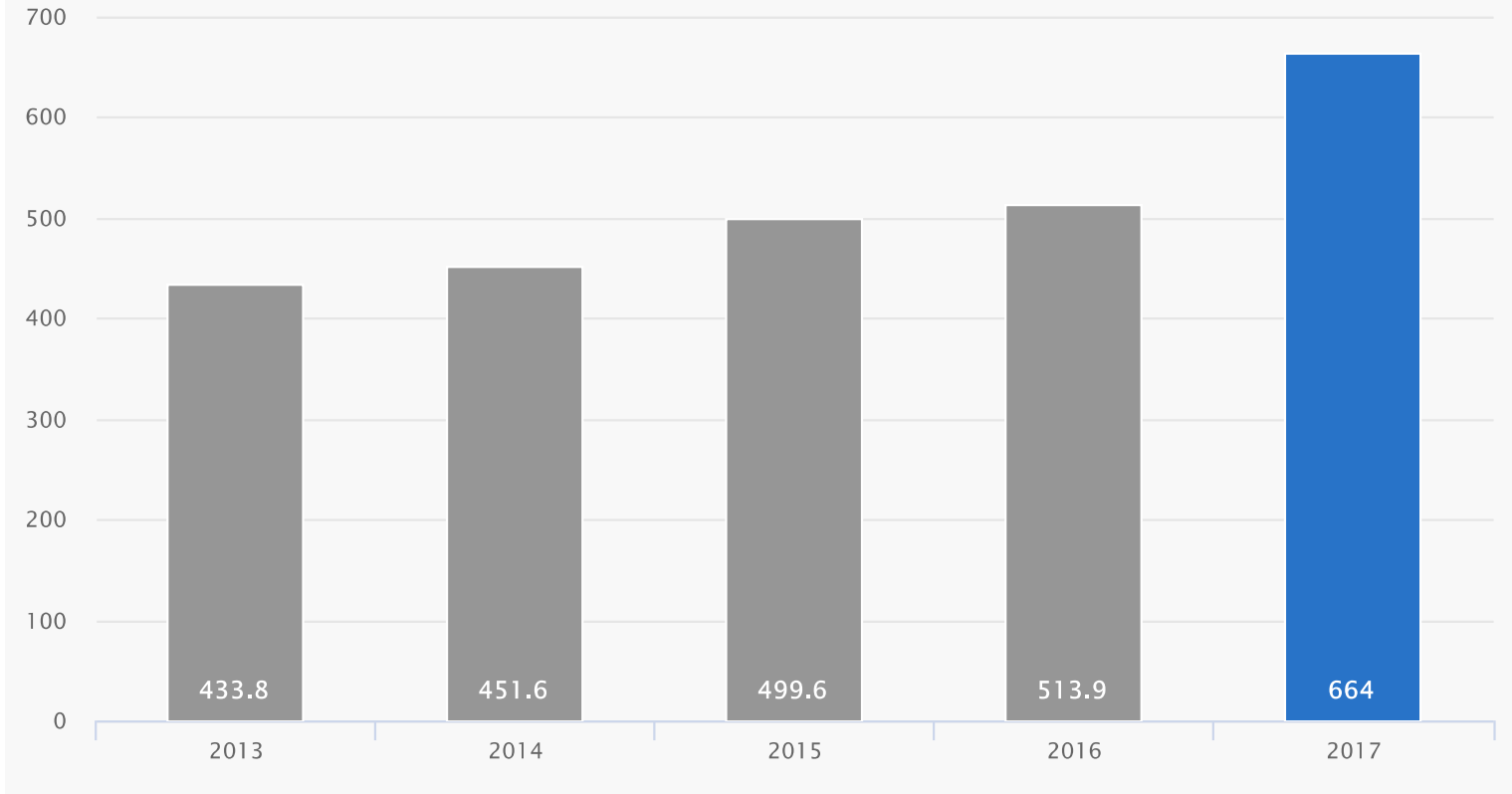
KEY FIGURES

Amounts are in thousands of EUR

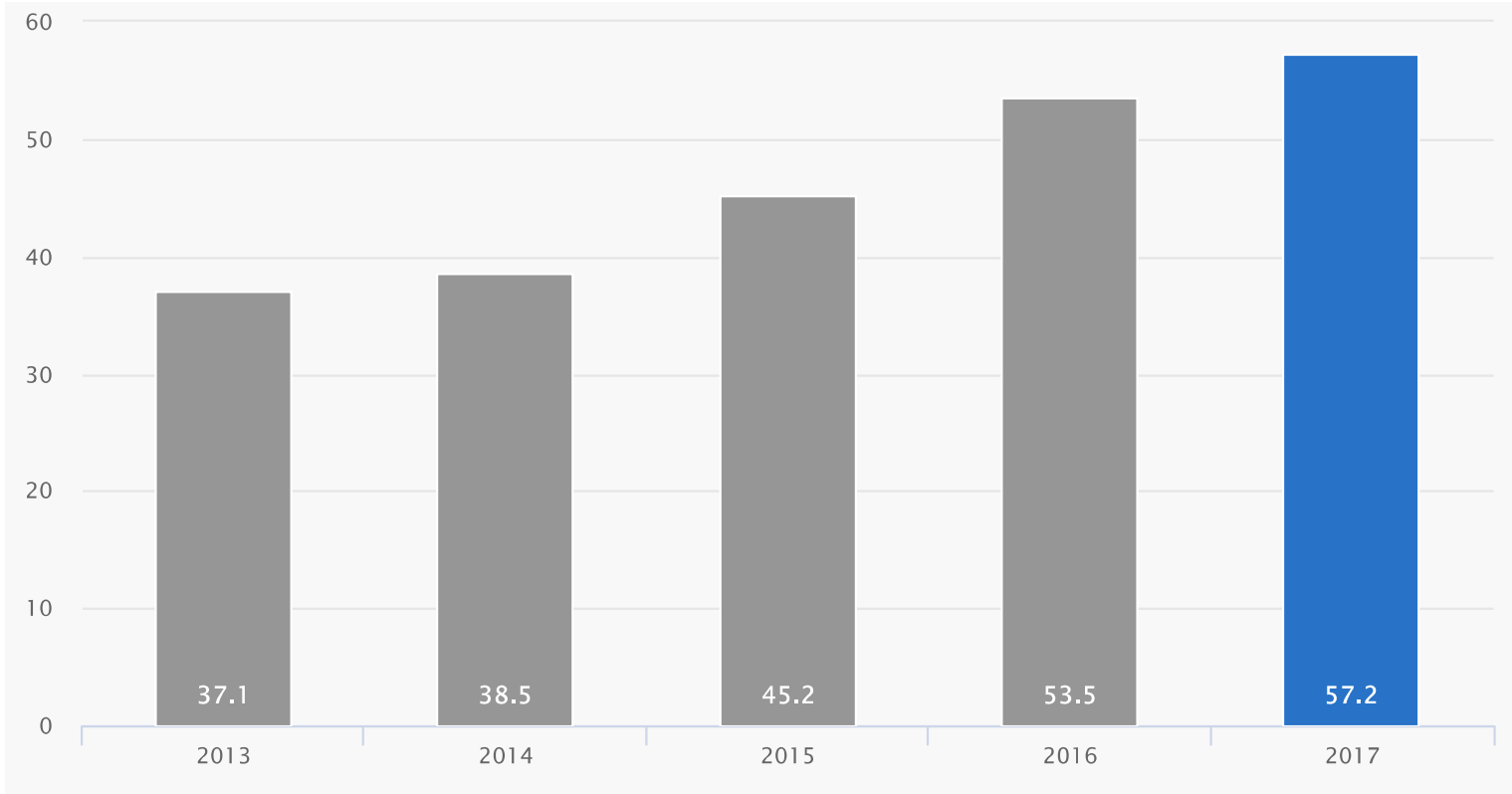
Consolidated Income Statement	2017	2016	Change	2015	2014	2013
Revenue	663,973	513,922	29.2%	499,581	451,555	433,824
Expenses	606,775	460,447	31.8%	454,384	413,013	396,770
Operating profit - EBITDA	57,198	53,475	7.0%	45,197	38,542	37,054
Depreciation and amortization	(30,148)	(28,077)	(7.4%)	(24,729)	(23,195)	(21,143)
Results from operating activities - EBIT	27,050	25,398	6.5%	20,468	15,347	15,911
Net finance (expense) income	(7,236)	(345)	-	419	591	(3,234)
Share of (loss) earnings of equity-accounted investees	(339)	210	-	331	229	2
Net earnings before income tax	19,475	25,263	(22.9%)	21,218	16,167	12,679
Income tax	(2,671)	(3,368)	20.7%	(3,416)	(2,560)	(1,862)
Net earnings for the year	16,804	21,895	(23.3%)	17,802	13,607	10,817
Earnings per share in EUR	0.0885	0.1148	(22.9%)	0.0929	0.0722	0.0554
Revenue change	29.2%	2.9%		10.6%	4.1%	2.4%
EBITDA ratio	8.6%	10.4%		9.0%	8.5%	8.5%
EBIT ratio	4.1%	4.9%		4.1%	3.4%	3.7%
Net debt / EBITDA	1.80	0.78		0.78	0.65	0.89
Consolidated Statement of Financial Position	31.12.2017	31.12.2016	Change	31.12.2015	31.12.2014	31.12.2013
Assets	459,515	391,691	17.3%	355,157	332,040	314,365
Non-current assets	313,529	253,256	23.8%	233,280	214,278	216,096
Current assets	145,986	138,435	5.5%	121,877	117,762	98,269
Equity	244,610	243,775	0.3%	228,124	216,472	205,771
Liabilities	214,905	147,916	45.3%	127,033	115,568	108,594
Non-current liabilities	117,614	64,456	82.5%	55,550	49,904	44,436
Current liabilities	97,291	83,460	16.6%	71,483	65,664	64,158
Interest-bearing debt	125,984	81,149	55.3%	71,401	64,432	59,398
Net debt	102,815	41,606	147.1%	35,418	24,893	33,028
Tangible assets / Total assets	85.4%	89.4%		92.6%	94.2%	93.5%
Equity ratio	53.2%	62.2%		64.2%	65.2%	65.5%
Consolidated Statement of Cash Flows	2017	2016	Change	2015	2014	2013
Net cash from operating activities	37,420	48,667	(23.1%)	37,357	31,603	20,537
Net cash used in investing activities	(75,139)	(39,907)	(88.3%)	(35,206)	(18,311)	(26,601)
Net cash provided by (used in) financing activities	22,581	(4,761)	-	(5,173)	(572)	(3,558)
Changes in cash and cash equivalents	(15,138)	3,999	-	(3,022)	12,720	(9,622)
Effects of exchange rate fluctuations on cash held	(1,236)	(439)	(181.5%)	(534)	449	(1,312)
Cash and cash equivalents at year-end	23,169	39,543	(41.4%)	35,983	39,539	26,370

KEY RATIOS

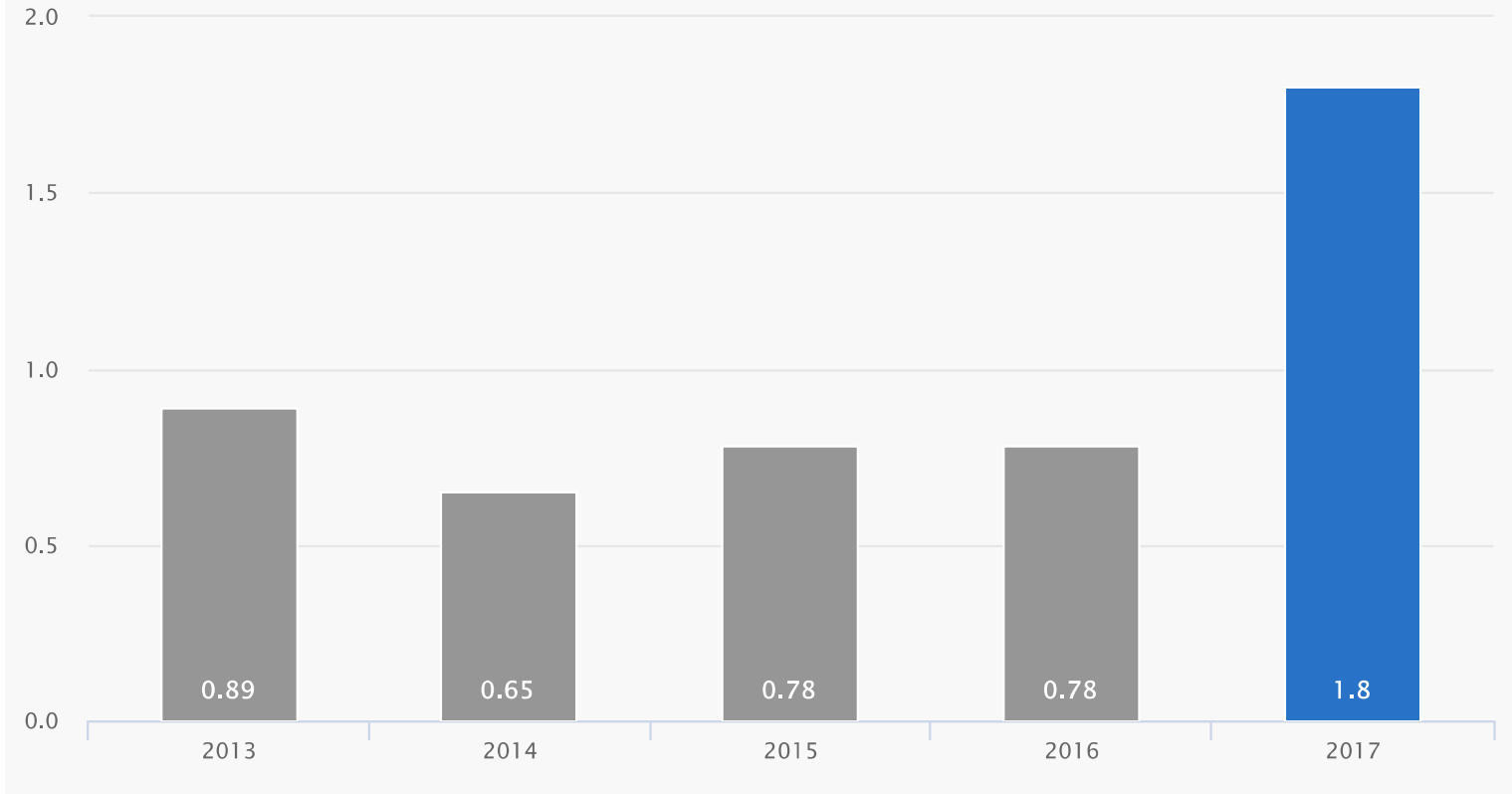
REVENUE
EUR million



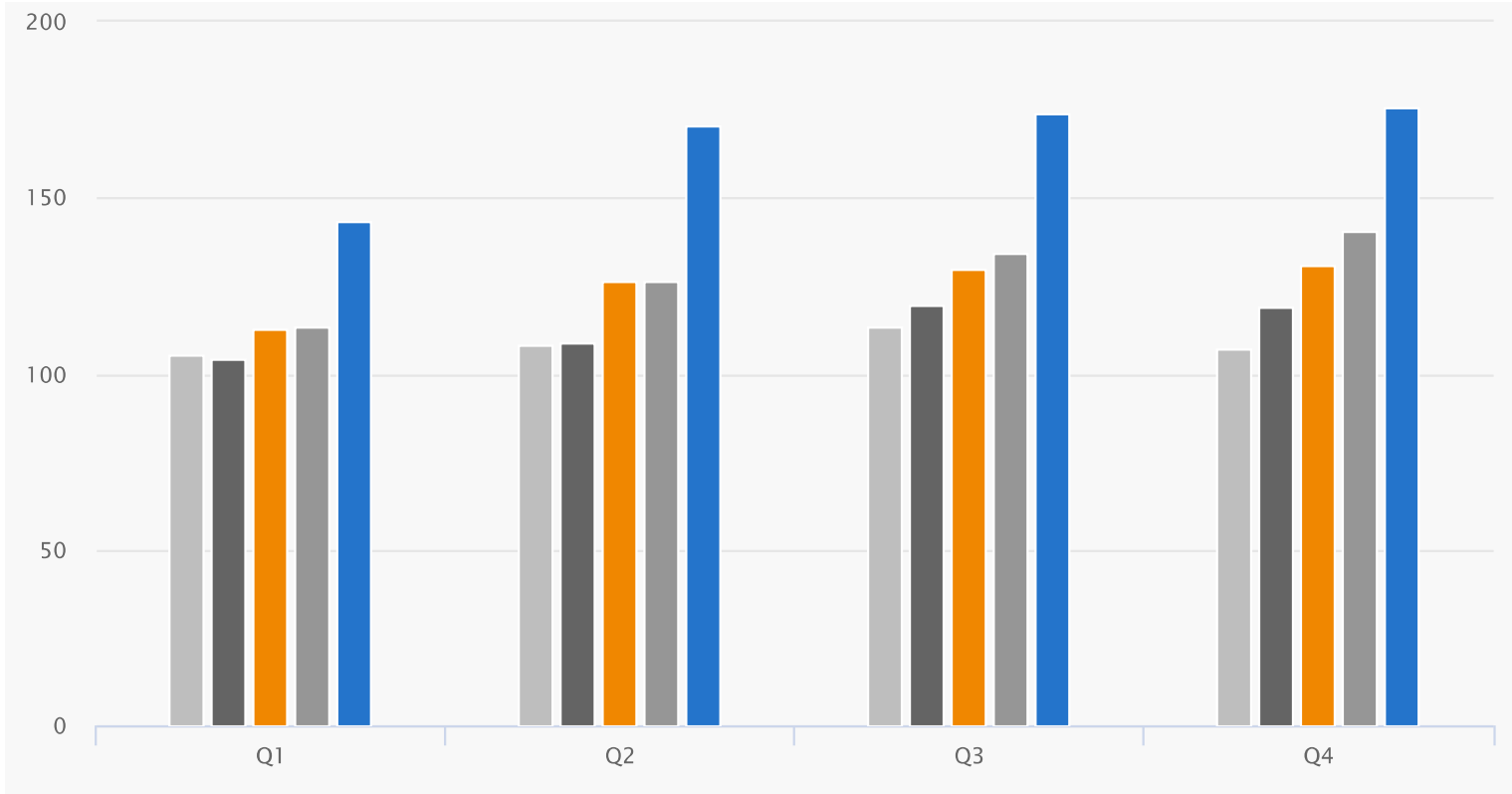
EBITDA
EUR million



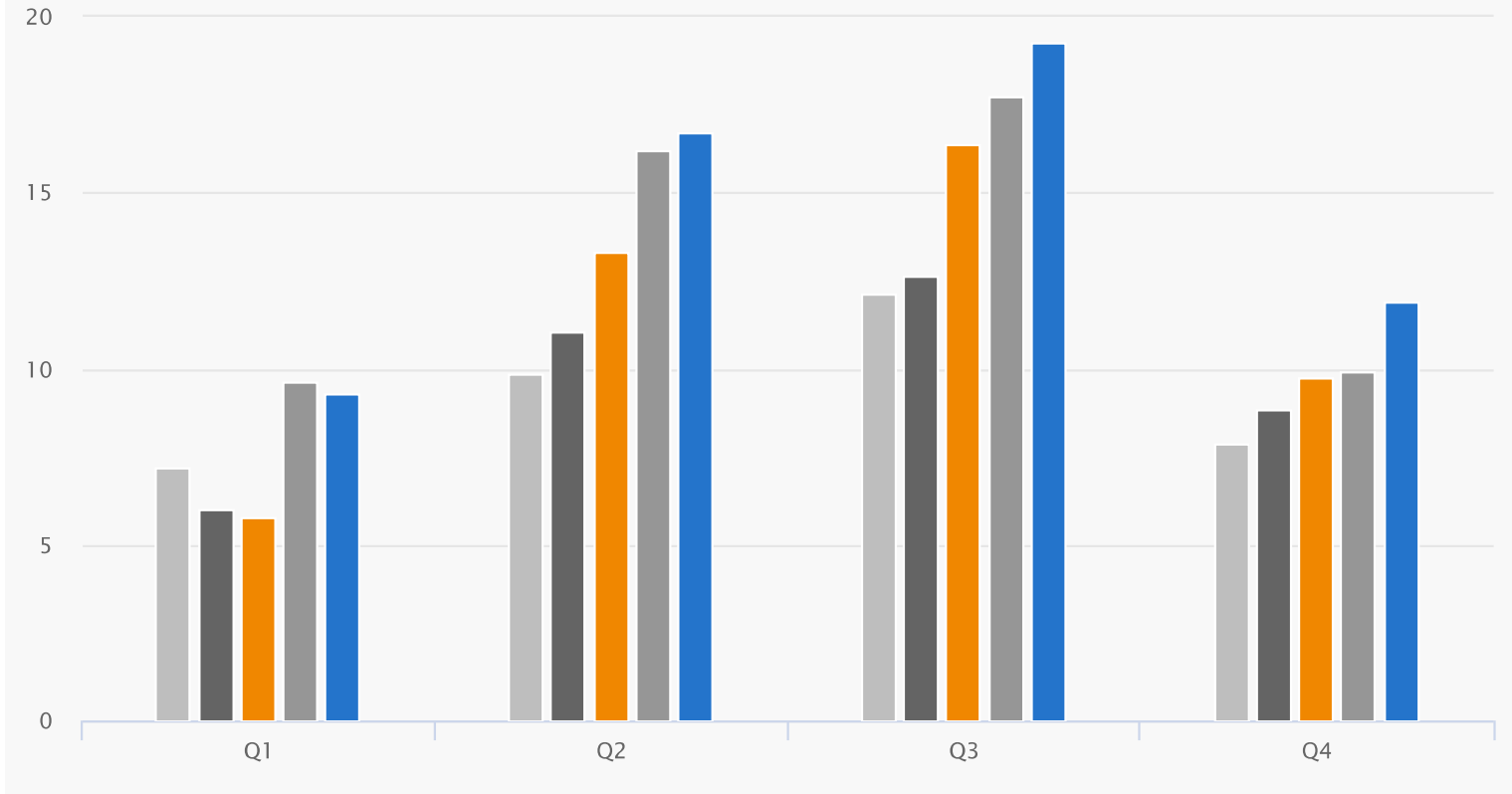
NET DEBT / EBITDA



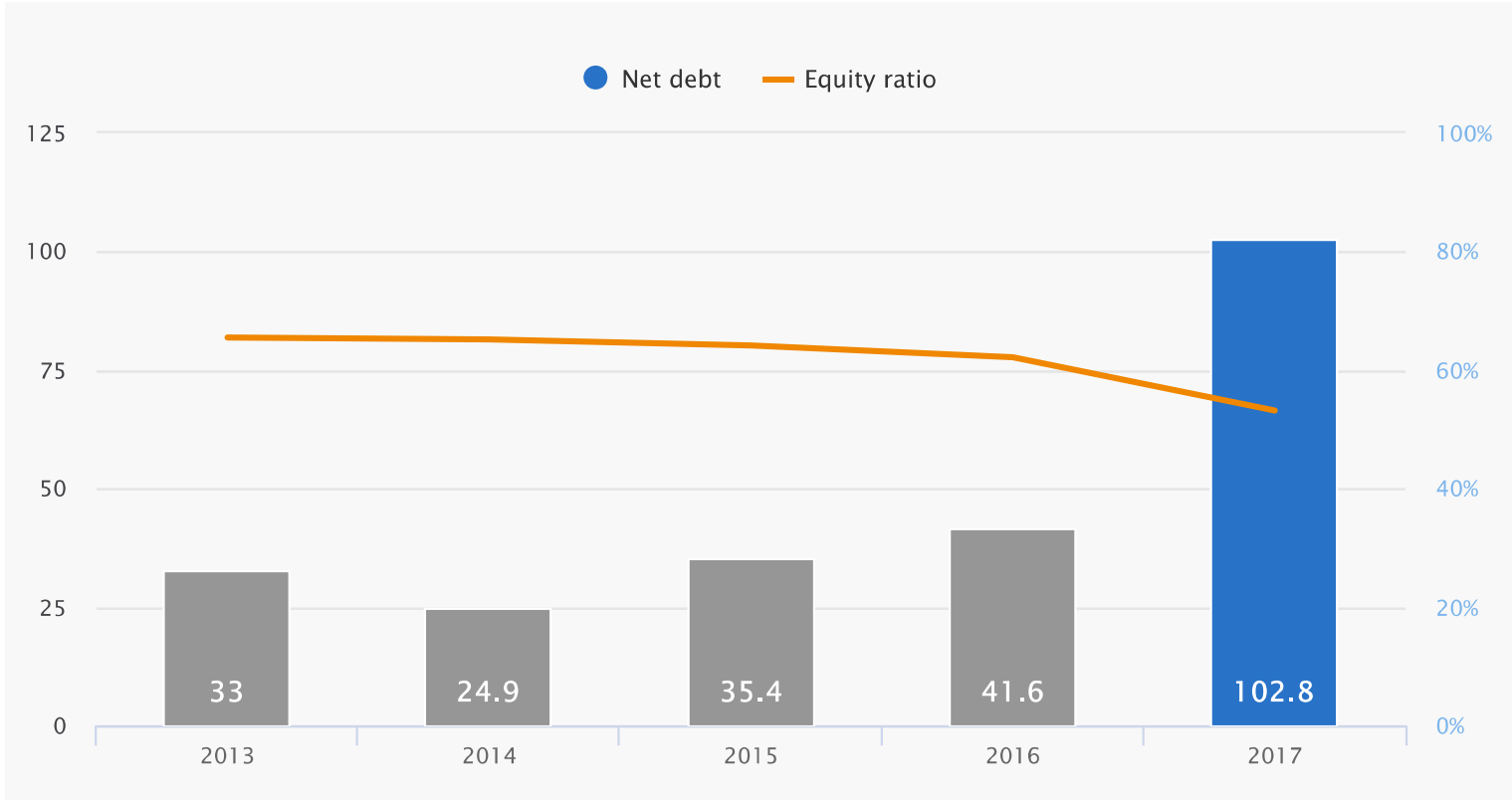
REVENUE BY QUARTER
EUR million



EBITDA BY QUARTER
EUR million



NET DEBT AND EQUITY RATIO
EUR million



KEY HIGHLIGHTS

EUR million	2017	2016	Change
Revenue	664.0	513.9	29.2%
EBITDA	57.2	53.5	7.0%
EBIT	27.1	25.4	6.5%
Net earnings	16.8	21.9	(23.3%)

CAPEX	61.9	34.4	79.9%
Net cash from operating activities	37.4	48.7	(23.1%)
Total assets	459.5	391.7	17.3%
Equity ratio	53.2%	62.2%	

A year of growth

The year 2017 can be described as “the year of growth” for Eimskip, where volume, revenue and EBITDA were record high. The year was great for the forwarding services, with new companies added to the Group and solid organic growth. The Company’s liner services faced some operational challenges that negatively affected EBITDA, such as the fishermen strike in Iceland at the beginning of the year and volume imbalance between imports and exports in Iceland.

Transported Volume and Sailing System

There was volume growth of 3.6% in the Company’s North Atlantic liner services from 2016 to 2017, mainly due to good growth in imported volume to Iceland and in Trans-Atlantic volumes, while there was some reduction in export volumes from Iceland and the Faroe Islands. Transported volume in the Company’s forwarding services grew by 41.2% from the previous year, where 29.2% came from new Group companies and 12.0% was organic growth.

In 2017, Eimskip continued investment in the future of its container liner services and has reached its goal of weekly service on all sailing routes. Over the last three years, the Company has added three vessels to its sailing system, adding 35% to the system capacity. During the same period, the transported volume increased by 32%. The added capacity and frequency in the sailing system creates the opportunity to attract new customers and increase future revenue.

Operational Results

Eimskip’s net earnings amounted to EUR 16.8 million in 2017, decreasing by EUR 5.1 million, or 23.3%, from 2016, mainly reflecting EUR 5.8 million adverse year-on-year currency exchange fluctuations.

Revenue amounted to EUR 664.0 million, compared to EUR 513.9 million in 2016. The revenue increase is mainly explained by new acquisitions, volume growth and increased international freight rates. Of the 2017 revenue, 66.0% came from the liner services and 34.0% from forwarding services.

Expenses for the year amounted to EUR 606.8 million, up by 31.8%. Thereof, salaries and related expenses amounted to EUR 135.6 million, up by 13.2%, mainly affected by currency exchange difference.

Operating profit, or EBITDA, amounted to EUR 57.2 million compared to EUR 53.5 million in 2016, up by 7.0%. Operational challenges related to the strike of Icelandic fishermen and the imbalance in transported volumes to and from Iceland negatively affected EBITDA for the first half of the year. The EBITDA ratio for the year was 8.6% compared to 10.4% in 2016.

Financial Position and Capital Expenditure

Eimskip’s balance sheet at year-end 2017 remained solid, with assets amounting to EUR 459.5 million and 53.2% equity ratio. Interest-bearing debt amounted to EUR 126.0 million at year-end, up by EUR 44.8 million, and net debt was EUR 102.8 million, up by EUR 61.2 million from the previous year.

Net cash from operating activities amounted to EUR 37.4 million and decreased by EUR 11.2 million or 23.1% from the previous year. Dividend in the amount of EUR 10.6 million, or ISK 1,269.1 million, was paid to shareholders in April 2017. Cash and cash equivalents amounted to EUR 23.2 million at year-end.

Total capital expenditure, or CAPEX, amounted to EUR 61.9 million in 2017. Thereof EUR 23.6 million was maintenance CAPEX, including vessel dockings. The largest investments were the building project of two 2,150 TEU container vessels in China, the vessel Selfoss and three buildings in Sundahöfn, Reykjavík. For comparison, CAPEX in 2016 amounted to EUR 34.4 million, whereof maintenance CAPEX was EUR 23.8 million, including vessel dockings. Net acquisitions in new companies were EUR 18.4 million in 2017 compared to EUR 11.3 million in the previous year.

CONSOLIDATED FINANCIAL STATEMENTS 2017

[Consolidated Financial Statements 2017](#)

An aerial photograph of a vast, snow-covered mountain range. The mountains are rugged and covered in a thick layer of snow, with some dark patches of rock or vegetation visible. The terrain is characterized by sharp ridges and deep valleys. The sky is a clear, pale blue. The word "INVESTORS" is written in a bold, white, sans-serif font across the center of the image, positioned over the snow-covered slopes of the mountains.

INVESTORS

CORPORATE GOVERNANCE

Eimskip is a limited liability company that is governed by the Public Limited Companies Act, No. 2/1995, its Articles of Association and the Board of Directors' Rules of Procedure. Under its Articles of Association, the Company is governed by shareholders' meetings, the Board of Directors and the Chief Executive Officer.

Corporate Governance practices are designed to ensure open and transparent relationship between the Company's management, its Board of Directors, its shareholders and other stakeholders. The Corporate Governance in Eimskip is also designed to ensure sound and effective control of the Company's affairs and a high level of business ethics.

The Board of Directors approved an update of the Corporate Governance Statement for the Company on 22 February 2018. The statement declares that Eimskip complies with the accepted practices in the 5th edition of Corporate Governance guidelines issued by the Iceland Chamber of Commerce, SA – Business Iceland and Nasdaq Iceland. Eimskip's [Corporate Governance Statement](#) is accessible on the Company's website and in the [Company's Financial Statements for 2017](#).

The Corporate Governance guidelines, along with the Company's Articles of Association and rules for issuers of securities listed at Nasdaq Iceland, make up the framework for the Corporate Governance practices for Eimskip.

BOARD OF DIRECTORS

The Annual General Meeting of the Company elects five members and two alternate members to the Board of Directors. As of 1 September 2013, the gender ratio on the Board of Directors must be as even as possible, each gender never accounting for less than 40%. The Board of Directors holds supreme authority between shareholders' meetings. It shall ensure that the Company's organization and operations are in good order. It shall promote the development and long-term performance of the Company and supervise its operations and their conformity with existing laws and regulations. Together with the CEO, the Board takes the initiative on formulating policies and setting goals and risk parameters and has established an active system of internal controls that is verified regularly. The Board handles the recruitment and dismissal of the CEO.

Rules of Procedure for the Board of Directors were adopted in accordance with the fifth paragraph of Article 70 of the Public Limited Companies Act, No. 2/1995 and are supplementary to the [Articles of Association](#). Under the [Rules of Procedure](#), the Board of Directors elects subcommittees that operate on its behalf. The Rules of Procedure are accessible on the Company's website.

BOARD COMMITTEES

The Board of Directors appointed two subcommittees in 2012: the Audit Committee and the Remuneration Committee. Rules of procedure for the subcommittees can be found on the Company's website.

The principal duties of the Audit Committee are to review all financial information and procedures regarding information disclosure from day-to-day management and the Company's independent auditors and to ensure the independence of the Company's independent auditors. The role and main responsibilities of the Audit Committee are set out in its rules of procedure. Members of the Audit Committee are Marc Jason Smernoff, Chairman, Lárus L. Blöndal and Ólafur Viggó Sigurbergsson.

The role of the Remuneration Committee includes preparing the Company's remuneration policy and ensuring its enforcement and negotiating with the CEO on wages and other employment terms. Eimskip's [Remuneration Policy](#) is accessible on the Company's website. The role and main responsibilities of the Remuneration Committee are set out in its rules of procedure. Members of the Remuneration Committee are Hrund Rudolfsdóttir, Chairman, Richard Winston Mark d'Abo and Marc Jason Smernoff.

CHIEF EXECUTIVE OFFICER

The Company's CEO is responsible for the day-to-day operations, in accordance with law, regulations and the Company's Articles of Association, and follows the policies and instructions laid down by the Board. The CEO must at all times conduct his work with integrity and take account of the Company's interests. Day-to-day operations do not include matters which are unusual or of great significance. The CEO shall make sure that the Company's accounts are kept in accordance with law and practice and that the Company's assets are kept in a secure manner. The CEO is obliged to abide by all instructions of the Board of Directors and to give the auditor any information requested. The CEO does not have the authority to make decisions concerning any matters that are assigned to others by law or are reserved to the Board under its Rules of Procedure.

EXECUTIVE MANAGEMENT

Eimskip's Executive Management consists of the Chief Executive Officer and the Directors of Finance and Operation, International Operations and Logistics, Human Resources and Marketing, North Atlantic Container Liner Services and Iceland Domestic Operations and Services. All the executives have an extensive experience within the Company. Further information on the Executive Management is to be found under [Organization and Executive Management](#).

INTERNAL CONTROL AND RISK MANAGEMENT

Internal control and active risk management play an important role at Eimskip to ensure stable operations and earnings. The internal control and risk management procedures regarding financial processes is designed to minimize the risk of material misstatements. The Audit committee monitors the Company's internal control systems. The risk management policy is aimed at minimizing potential negative effects on operations and earnings from marketing, operational and financial activities and to keep risks at acceptable levels. Risk management within the Company is governed by the Board of Directors, while the Audit Committee is responsible for its review on a regular basis. Further information on risk management and risk factors is to be found under [Risk Management and Risk Factors](#).

CORPORATE SOCIAL RESPONSIBILITY

Eimskip is a registered participant of the UN Global Compact, the United Nation's initiative for social responsibility with respect to human rights, labor, environment and anti-corruption. With its participation, the Company has committed to manage its business operations so that the UN Global Compact and its Ten Principles become a part of the Company's strategy, culture and day-to-day operations. The Company has also committed to advocate the UN Global Compact and its Ten Principles through available communication channels and communicate annually on implementation efforts.

Eimskip's Corporate Social Responsibility (CSR) Policy is based on the Nasdaq ESG Reporting Guide, published in March 2017. The Nasdaq voluntary reporting guide focuses on 33 environmental, social and governance (ESG) performance indicators.

Further information on Eimskip's social responsibility and its CSR Policy is to be found under [Corporate Social Responsibility](#).

CODE OF CONDUCT

The Board of Directors approved a revision of the Company's Code of Conduct in February 2018. The Code of Conduct closely links to the Company's values: Achievement, Cooperation and Trust. The Code is also based on Eimskip's aim to secure good return for shareholders with profitable growth, create value for customers with outstanding solutions and services, be an outstanding workplace for employees with great team spirit and ambition and show concern for society with social responsibility and reduced ecological footprint.

Eimskip's Code of Conduct focuses on Human Resources, the Market and on Social Responsibility. It includes the Company's Human Rights Policy and its Anti-Corruption and Bribery Policy. The [Code of Conduct](#) is accessible on the Company's website.

SHAREHOLDER INFORMATION

SHARE CAPITAL

Eimskip's shares started trading on Nasdaq Iceland on 16 November 2012 with the ISIN number IS0000019800 and under the ticker symbol EIM.

The total number of Eimskip's shares is 200,000,000. Each share has a nominal value of ISK 1.00 and entitles its holder to one vote. The Company holds 13,360,770 shares in treasury, corresponding to 6.7% of the total issued share capital of the Company and the number of outstanding shares is 186,639,230. There were 712 shareholders at the end of 2017.

SHARES OWNED BY A1988 HF.

A1988 hf. is the current name of the company formerly known as HF. Eimskipafélag Íslands, for which a composition agreement was accepted by all creditors in August 2009. The composition agreement included a provision by which unsecured creditors received shares in a new company, Eimskipafélag Íslands hf.

Under the composition agreement for A1988 hf., a 4.2% shareholding in Eimskip was not distributed to creditors, but reserved for A1988 hf. to satisfy contingent claims that might arise in the coming periods resulting from events prior to the composition agreement. These shares do not carry voting rights.

If the value of the shares exceeds the contingent claims accepted by A1988 hf. in accordance with the composition agreement, the remaining shares will be transferred to Eimskipafélag Íslands hf. without any compensation. These shares are not recognized in the statement of financial position at year-end. To date, no material unrecorded contingent claims have been accepted by A1988 hf.

In March 2014, Eimskip received 7,441,950 shares from A1988 hf. The shares correspond to 3.7% of total share capital in Eimskip. A1988 hf. still holds 1,000,000 shares, corresponding to 0.5% of total share capital in Eimskip.

LARGEST SHAREHOLDERS

Three of Eimskip's shareholders each owned over 10% in the Company at the end of 2017. The two Yucaipa American Alliance funds owned 15.3% and 10.0%, or a total of 25.3% of issued share capital. Lífeyrissjóður verzlunarmanna was the second largest shareholder with a share of 13.9%.

The 20 largest shareholders held 81.8% of the total shares at year-end 2017.

20 LARGEST SHAREHOLDERS

As at 31 December 2017

Shareholders	Shares	%
1. Yucaipa American Alliance Fund II, L.P.	30,504,030	15.3%
2. Lífeyrissjóður verzlunarmanna	27,785,070	13.9%
3. Yucaipa American Alliance (Parallel), Fund II L.P.	20,095,970	10.0%
4. Gildi - lífeyrissjóður	18,846,139	9.4%
5. Lífeyrissjóður starfsmanna ríkisins A-deild	12,070,000	6.0%
6. Stapi lífeyrissjóður	9,292,555	4.6%
7. Birta lífeyrissjóður	7,989,966	4.0%
8. Global Macro Absolute Return Advantage Portfolio	5,275,884	2.6%

9.	Lífeyrissjóður starfsmanna ríkisins B-deild	4,165,000	2.1%
10.	Global Macro Portfolio	4,034,070	2.0%
11.	Almenni lífeyrissjóðurinn	3,611,558	1.8%
12.	The Wellington Trust Company NA	3,293,102	1.6%
13.	Festa lífeyrissjóður	3,251,374	1.6%
14.	Söfnunarsjóður lífeyrisréttinda	2,755,323	1.4%
15.	IS Hlutabréfasjóðurinn	2,716,569	1.4%
16.	Landsbankinn hf.	2,312,902	1.2%
17.	Frjálsi lífeyrissjóðurinn	1,771,977	0.9%
18.	Fagfjárfestastjóðurinn IHF	1,402,952	0.7%
19.	Júpíter - Innlend hlutabréf	1,355,290	0.7%
20.	Lífsverk lífeyrissjóður	1,099,586	0.5%
20 largest shareholders total		163,629,317	81.8%
692 other shareholders total		23,009,913	11.5%
Eimskipafélag Íslands hf. - treasury shares		13,360,770	6.7%
712 shareholders total		200,000,000	100.00%

DISTRIBUTION OF SHARES

As at 31 December 2017

Shareholding	Number of shareholders	%	Number of shares	%
1 - 5,000	471	66.2%	1,025,760	0.5%
5,001 - 10,000	61	8.6%	497,474	0.2%
10,001 - 100,000	116	16.3%	4,033,097	2.0%
100,001 - 200,000	15	2.1%	2,205,331	1.1%
200,001 - 1,000,000	28	3.9%	14,186,397	7.1%
1,000,001-10,000,000	16	2.2%	55,389,962	27.7%
10,000,001 +	5	0.7%	109,301,209	54.7%
Total without treasury shares	712	100.00%	186,639,230	93.3%
Treasury shares		0.00%	13,360,770	6.7%
Issued shares total	712	100.00%	200,000,000	100.00%

SHARE PRICES

2017 and 2018



SHARE PRICES AND MARKET CAPITALIZATION

The price of Eimskip's shares in the IPO in 2012 was ISK 208.00 and the closing price on the first day of trading was ISK 225.00. As shown on the above graph of share prices in 2017 and 2018, there have been some fluctuations during the period. The closing price of the year 2017 was ISK 250.50 which represented Eimskip's market capitalization based on outstanding shares at year-end 2017 in the amount of ISK 46.8 billion, the equivalent of EUR 373.9 million. The market capitalization of the Company in relation to the restructuring in 2009 was EUR 167.8 million.

The closing price of Eimskip's shares on 16 March 2018 was ISK 234.50 per share with market capitalization based on outstanding shares in the amount of ISK 43.8 billion, equal to EUR 356.7 million.

DIVIDEND POLICY

The policy of Eimskipafélag Íslands hf. is to pay annual dividend that equals an amount in the range of 10-65% of net earnings. Decisions on dividend payment, and the exact amount, are subject to the Company's future investment plans, market outlook and satisfactory capital structure at any given time. The [dividend policy](#) is accessible on the Company's website.

Eimskip paid dividend in the amount of ISK 6.80 per share on 19 April 2017. The total dividend payment amounted to ISK 1,269.1 million, which represented 48.3% of net earnings for the year 2016. The paid dividend was equivalent to EUR 8.6 million.

The Board of Directors proposed to the Annual General Meeting 2018 a dividend payment of ISK 6.80 per share in 2018, amounting to a total of ISK 1,269.1 million or EUR 10.2 million, which represents approximately 61.0% of net earnings for the year 2017.

INVESTOR RELATIONS POLICY

Eimskip recognizes the value of transparent and open communication with the Company's stakeholders, consistent with commercial confidentiality and regulatory considerations. Stakeholders include investors, employees, customers, suppliers, the media, local communities and authorities.

The Board has issued an IR Policy which outlines the objectives and processes for effective communication between Eimskip and its various audiences. The [IR Policy](#) is available on the Company's website.

OTHER SHAREHOLDER INFORMATION

Eimskip's [Investor Relations website](#) provides information for investors, market participants and others. The website contains information about the Company, such as Corporate Governance documents, financial reports and presentations, Annual Reports, documents relating to Annual General Meetings, a general presentation on Eimskip, share information, news releases and investor contacts.

GROWTH STRATEGY

Eimskip's strategy is to grow, both organically and externally, to increase shareholder value.

The Company's sailing system in the North Atlantic has been going through changes in recent months in order to increase its capacity and reliability, to lay stronger foundation for further organic growth. The Company's forwarding operations have mainly been growing organically and through strategic accretive

acquisitions of specialized forwarding companies in various countries.

The Company's strategy is to use its strong financial position for external growth by making accretive acquisitions that create synergies, further strengthening the Company's performance and increasing shareholder value. The Company has increased its leverage by issuing additional debt for its recent investments. The plan is to further increase debt in relation to new investments, which will increase the leverage but still maintain a strong balance sheet.

Eimskip will continue to evaluate potential investment projects and is currently working on several potential acquisitions in its core business. Evaluation of vessel investments will also continue on an ongoing basis and the Company seeks to take advantage of attractive opportunities in the second hand vessel market.

In 2016 and 2017, Eimskip entered into partnerships and invested in several companies, which have played an important role in further strengthening the Company's services. Synergy has followed all of the acquisitions and the new companies have been performing in line with the Company's expectations.

Investments and partnerships in 2016 and 2017

- **EXTRACO**
Acquisition of a 90% share in a specialized forwarding company in Rotterdam in the Netherlands in October 2016.
- **MARECO**
Acquisition of an 80% share in a specialized reefer logistics company with offices in Antwerp, Belgium and Sao Paulo, Brazil in January 2017.
- **ROYAL ARCTIC LINE**
A cooperation agreement regarding potential sharing of capacity was signed in January 2017 with Royal Arctic Line, the national carrier of Greenland. The potential cooperation is subject to confirmation from the Icelandic Competition Authority.
A contract was signed with CSTC and Guangzhou Wenchong Shipyard Co., Ltd. in China on building two 2,150 TEU ice class Polar Code container vessels for Eimskip. Expected delivery of the vessels is in the middle of 2019.
- **CSI GROUP**
Acquisition of a 51% share in Container Services International in Boston, USA, a company specialized in container trading, in April 2017.
- **SHIP-LOG**
Acquisition of a 75% share in a specialized forwarding company with offices in Århus, Denmark and Bangkok, Thailand in June 2017.

RISK MANAGEMENT AND RISK FACTORS

RISK MANAGEMENT

Risk management is the process of analyzing and assessing the risk factors, which could prevent the Company from achieving its set goals. It also includes that remedial action is taken to minimize the anticipated effects of such risk factors.

Eimskip's internal control and risk management procedures regarding financial processes is designed to minimize the risk of material misstatements. The Company does not have an internal audit function, but it uses internal control systems that are monitored by the Audit Committee.

An independent auditing firm is elected at the Annual General Meeting each year. The auditors are supposed to review the Company's accounting records and material related to the Company's operations and financial position and they are to have access to the Company's books and documents at all times. They must examine the Company's consolidated financial statements in accordance with international standards on auditing. Significant findings regarding accounting and internal control deficiencies are reported to the Board of Directors through the Audit Committee. Independent auditors are not allowed to own shares in the Company.

The Company goes through a detailed strategic and budgeting process each year and a strategy and budget report is prepared. It has also defined its strategic priorities for the year 2018, as described under [Strategic Priorities 2018](#). The Board of Directors approves the Company's strategy and budget each year. Deviations from the strategy and budget are carefully monitored on a monthly basis.

Active risk management plays an important role in Eimskip to ensure stable operations and earnings. The risk management policy is aimed at minimizing potential negative effects on operations and earnings from marketing, operational and financial activities and to keep risks at acceptable levels.

The Board of Directors regularly communicates with the CEO regarding the identification of, description of and response to business risks which the Company may be faced with. Risk management within Eimskip is governed by the Board of Directors, while the Audit Committee is responsible for its review on a regular basis. The Executive Management is responsible for identifying material risks and developing the Company's risk management strategy. The Company's risk exposure is discussed at Board meetings and its risk management and risk factors are discussed in the Annual Report.

Eimskip monitors its financial risk factors and has defined treasury policies and procedures which, among other, sets acceptable risk limits and stipulates how to identify, measure and manage financial risk exposure. The Company has in place a financial reporting and internal control manual to which the group reporting entities must adhere.

RISK FACTORS

Detailed information about risk factors, presented as of the date of the Company's Prospectus, 22 October 2012, can be found in Chapter 1 of the Registration Document, which is a part of the Prospectus. The [Prospectus](#) is accessible on the Company's website.

The risk factors and uncertainties described in the following text are not the only risks that the Company as a whole faces; nor are they listed in order of priority with regard to significance or likelihood of occurrence.

MARKET RISK

Demand for transportation services has historically been highly cyclical and closely correlated with global economic activity. Eimskip is thus exposed to a possible economic downturn or recession, either globally or in one or more of the Company's main markets. The Company is also sensitive to foreign exchange fluctuations and changes in its competitive position.

OPERATIONAL RISK

Eimskip's operations are dependent upon many factors, e.g. access to terminals, IT systems, operation and ownership of vessels, supply of and demand for fuel, international and EU regulations on lower sulphur emissions, inflation, the reputation of the Company and its ability to retain key personnel and customer contracts. Further, refugees and stowaways and incidents involving significant damage, loss or environmental pollution are a risk factor to the Company. Changes in the legislative, political, governmental and economic framework may have a material impact on the Company's business. The Company is dependent on various licenses relating to its operations and is subject to contractual risk in relation to its obligations to fulfill various provisions of its contracts.

FINANCIAL RISK

Eimskip is exposed to financial risk factors, including currency risk, risk related to availability of funding, interest rate risk, liquidity risk, credit risk, tax risk, fuel price risk, risk related to the financial reorganization of A1988 hf. and risk in relation to potential amendments to International Financial Reporting Standards (IFRS).

Some of the financial risk factors are addressed as follows.

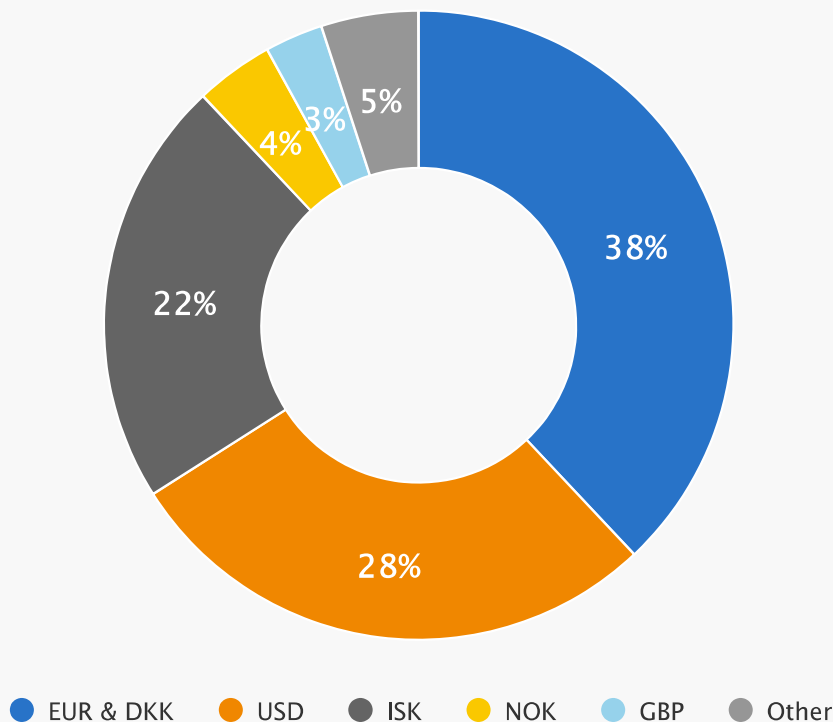
CURRENCY RISK

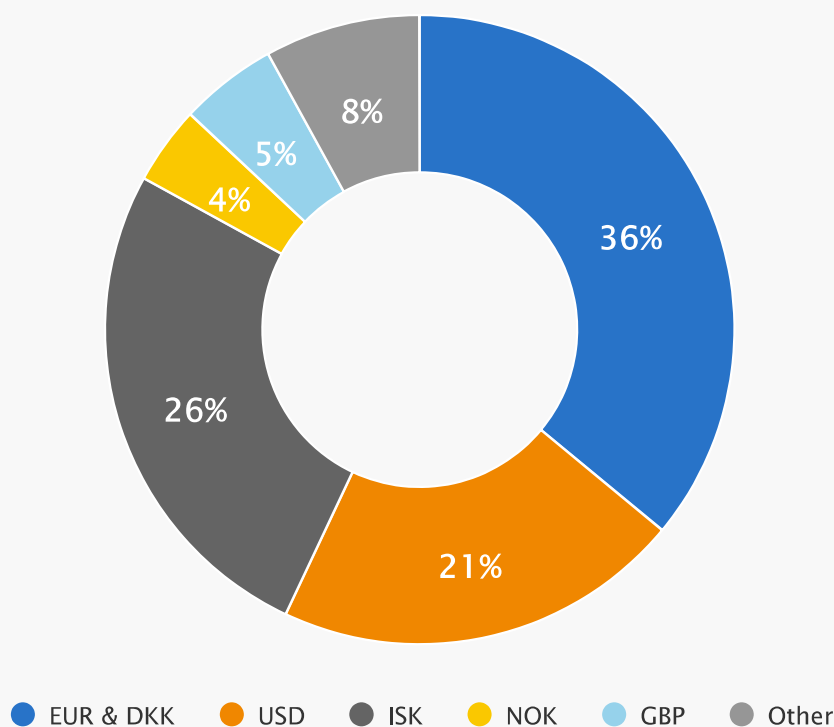
Eimskip is exposed to currency risk on sales, expenses and borrowings that are denominated in currencies other than the functional currencies of the Company and its entities. The majority of the Company's revenue and assets, and of its obligations and interest-bearing debt, are denominated in currencies other than the ISK. The subsidiaries use the local currency where they are based, except Eimskip Ísland ehf., where the functional currency is the EUR.

As can be seen from the graphs below, the revenue and expenses of Eimskip provide, to a certain degree, a natural currency hedge. The Company believes that the natural currency balance of its operations provides hedging and is investing in some external hedging instruments, such as derivatives. When planning for large investments in a non-EUR currency, due consideration is given to whether hedging is prudent. Decisions on this are made on a case-by-case basis.

Assets and liabilities in the balance sheet are mostly denominated in EUR or the relevant operating currency of the entities. The mismatch of other non-operating currencies on the balance sheet is mainly related to two currencies, the ISK and the USD, as is shown in a table under note 18 in the Consolidated Financial Statements 2017.

REVENUE 2017





ACCESS TO CREDIT RISK

Eimskip is exposed to risks related to the availability of funding. The Company is, to some extent, dependent on access to sufficient funding at acceptable terms and may not be able to secure new sources of liquidity or funding, should projected or actual liquidity fall below the levels it requires. These factors could also impact the ability of Eimskip's shareholders to provide it with liquidity and there can be no assurance that the Company could obtain additional shareholder funding. To manage this risk factor the Company seeks long-term borrowings where applicable, maintains a healthy and stable current ratio and produces internal short-term cash flow reports on a regular basis.

INTEREST RATE RISK

Interest rate risk is the risk borne by an interest-bearing liability, such as a loan or a bond, due to variability of interest rates. Eimskip's interest rate risk exposure is due to its debt and lease liabilities, which are mainly denominated in EUR. The Company's long-term debt is primarily based on floating interest rates and consequently Eimskip is exposed to fluctuations in the general level of interest rates. However, the Company's current funding structure limits to some extent risk against an increase in interest rates. The Company does not currently use any interest rate swaps or options to hedge its exposure. Its position is, however, carefully monitored and reviewed in line with interest rate developments on financial markets. For further information on Eimskip's nominal interest rates, reference is made to note 16 in the Consolidated Financial Statements.

LIQUIDITY RISK

Eimskip has liabilities and obligations which arise over time and the Company may not have the liquidity to meet its liabilities as they fall due. Eimskip's approach to managing liquidity, i.e. cash on hand or short-term marketable securities, is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. For further information on liquidity status, reference is made to note 18 in the Consolidated Financial Statements.

CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty in a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and its investment in securities.

Eimskip's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, no single customer accounts for more than 5% of the Company's revenue.

Eimskip has established a credit policy under which each new customer is individually analyzed for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings when available and in some cases bank references. Customers that fail to meet the Company's creditworthiness benchmark may transact business with the Company on a pre-payment basis only.

In spite of these precautionary measures, a general downturn in financial markets and economic activity may result in a higher volume of late payments and outstanding receivables. Eimskip's sales will depend on the financial position of its counterparties and there can be no guarantee that the financial position of the Company's customers and other contract parties will be sufficient to honor their obligations under their contracts with the Company. Even though the

Company seeks to recover all outstanding receivables, the amounts of write-offs may increase. Trade and other receivables of Eimskip amounted to EUR 118.9 million at the end of 2017, which represents 17.9% of the Company's revenue.

FUEL PRICE RISK

The supply and demand of fuel is unpredictable and price fluctuations are based on events that are outside of Eimskip's control. Therefore, the Company cannot accurately predict the future availability or price of fuel. A number of issues, including geopolitical developments, supply of and demand for oil, actions by the Organization of Petroleum Exporting Countries (OPEC) and other oil producers, war and unrest in oil-producing countries and regions, regional production patterns, environmental concerns and other unpredictable events can affect the availability and price of fuel and may result in future fuel supply shortages and price increases.

Fuel costs accounted for 5.6% of Eimskip's expenses in 2017. The Company is exposed to fluctuations in the price of crude oil and oil products. In order to minimize its exposure to fluctuations in oil prices, the Company adds a surcharge to its prices, commonly referred to as the Bunker Adjustment Factor (BAF) and the Bunker Adjustment Trucking (BAT) depending on the oil prices at the time of transport. The Company is also investing in some hedging instruments to minimize further the fuel price risk. The BAF, BAT and other pricing adjustments compensate for approximately 80% of Eimskip's risk relating to fluctuations in oil prices. However, significant increases in oil prices could lead to downward pressure on the Company's tariffs from its customers.

Majority of Eimskip's sailing routes lie through Emission Control Areas (ECA). Within ECA shipping companies are obliged to use fuel with a sulphur content no higher than 0.1%, which is more expensive than fuel with higher sulphur content. In order to compensate for the higher cost, the Company charges its customers a Low Sulphur Surcharge (LSS).

An aerial photograph of a vast, rugged landscape. The foreground and middle ground are dominated by brown, eroded hills and valleys, with some patches of snow. A small, bright blue lake is visible on the left side. In the distance, there are snow-capped mountains and a clear blue sky. The text "CORPORATE SOCIAL RESPONSIBILITY" is overlaid in white, bold, uppercase letters across the center of the image.

CORPORATE SOCIAL RESPONSIBILITY

Eimskip was established in Reykjavík in 1914 and has since then connected Iceland and the rest of the world with its transportation services. The Company has played an important role in Iceland's history and the fight for its independence. Eimskip realizes its responsibility and is committed to maintaining its presence and services.

The Company operates an efficient and responsible transportation system in the North Atlantic and offers worldwide forwarding services. Its mission is to be a leading transportation company in the North Atlantic with connections to international markets and to be specialized in worldwide freight forwarding services. Eimskip's vision is excellence in transportation solutions and services.

To attain this, Eimskip strives to provide its customers with the most efficient and sustainable transportation solutions combined with outstanding services, while securing a good return for its shareholders and being responsible towards its employees and the society, including the environment.

The Company transports large volumes of foods and various consumer goods and by securing safe transport with the focus on lowering damage, it creates shared value with smaller waste generation for the benefit of the environment.

Eimskip defines the society as one of its stakeholders. The others are the Company's shareholders, customers and employees. Corporate social responsibility plays a large role in its operations, of which the environmental matters are important. Eimskip's values are Achievement, Cooperation and Trust. These are the employees' guiding principles in the Company's endeavor to work for a better society, preserve and protect the environment and to be a role model when it comes to responsibility and trust.

Eimskip signed the Reykjavík Declaration on Climate Issues in November 2015 regarding measures to tackle climate change. In January 2017, Eimskip was one of many companies that signed a joint declaration on responsible tourism, but the Company currently operates three ferries in Iceland.

Eimskip wants to contribute to a better and safer society wherever it operates and sees it as an integral part of its corporate responsibility, values and goals to be a responsible player in the community. In this spirit, it supported a variety of community projects and non-governmental organizations in 2017. When choosing the projects, the Company gave priority to enhancing safety at sea, supporting environmental projects, charities, sporting activities, culture and innovations and, last but not least, projects centered on youth and children.

The Company is especially proud of its bicycle helmet project, which began in 2004. In cooperation with Kiwanis, the Company has given all six-year-old children in Iceland bicycle helmets and safety reflectors to contribute to youth safety. During this period, Eimskip has given about 65,000 helmets to children who are now aged between 6 and 20. The project is symbolic for Eimskip's values and commitment to a better and safer society.

In 2017, Eimskip continued aligning the Company's corporate social responsibility with its business effort and the focus of the year was on a new CSR Policy and reduced ecological footprint, according to one of its Strategic Priorities for the year 2017, which was CORPORATE SOCIAL RESPONSIBILITY AND ECOLOGICAL FOOTPRINT.

Eimskip is a registered participant of the UN Global Compact, the United Nation's initiative for social responsibility with respect to human rights, labor, environment and anti-corruption. With its participation, the Company has committed to manage its business operations so that the UN Global Compact and its Ten Principles become a part of the Company's strategy, culture and day-to-day operations. The Company has also committed to advocate the UN Global Compact and its Ten Principles through available communication channels and communicate annually on implementation efforts.



EIMSKIP AND SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Eimskip's Corporate Social Responsibility (CSR) Policy is based on the Nasdaq ESG Reporting Guide, published in March 2017. The Nasdaq voluntary reporting guide focuses on 33 environmental, social and governance (ESG) performance indicators. Eimskip's CSR policy emphasizes the environment, society and governance.

CORPORATE SOCIAL RESPONSIBILITY

Eimskip has for over a century offered reliable transportation services and the Company's vision is to reach excellence in transportation solutions and services. Eimskip focuses on creating shared value for its shareholders, customers, employees, society and other stakeholders.



ENVIRONMENT

Eimskip respects its environment and seeks to limit its impact on the ecosystem and reduce its environmental footprint.



SOCIETY

Eimskip offers employees equal opportunities in a safe and healthy working environment and endeavors to be a good corporate citizen, recognizing its responsibility to work in partnership with the communities in which it operates.



GOVERNANCE

Eimskip strives to ensure open and transparent relationship between the company's management, its Board of Directors, its shareholders and other stakeholders.

The focus in 2018 is on working on the performance indicators related to Eimskip's CSR Policy and the commitment towards the UN Global Compact

ENVIRONMENT

DECLARATION ON CLIMATE ISSUES

More than ever before, people now realize the negative impact that the use of fossil fuels has on nature. Its use has resulted in global warming, ozone-layer depletion and acid rain. For decades, the United Nations have been leading an international, consensual program to set goals for sustainable development and combat climate change. By doing so, they provide the necessary framework for all communities, large and small, to take action. A vital part of that program was the Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, otherwise known as Paris 2015, or COP21, with the aim of keeping global warming below 2°C.

For Iceland, which bases large part of its economic foundation on harvesting natural resources from the ocean in a sustainable way, the changes associated with global warming and pollution of the ocean leave all the key components of its modern economy utterly exposed, in addition to threatening the quality of life for future generations. To support global and local environmental initiatives, Eimskip signed the Reykjavík Declaration on Climate Issues in November 2015. The agreement includes reducing greenhouse gas emission, reducing waste and monitoring the results of the measures and regularly publicizing the information.

Eimskip decided to use advanced software technology together with change management to enable the Company to meet future environmental challenges related to environmental compliance, energy and waste efficiency and information sharing.

The Company's environmental management solution is a digital data collection and environmental compliance solution, covering energy and waste management of vessel fleet, truck fleet, terminal assets, warehouses and office space. The solution is based on a digital platform technology, connecting the Company digitally to its supply chain and to its customers. The company Klappir Green Solutions hf. works with Eimskip on environmental management and certifies its environmental management solution.

As an environmental service to its customers, Eimskip has developed a carbon calculator for both sea and land transport. The [carbon calculator](#) and the Company's [Environmental Report](#) are accessible on its website.

Eimskip will continue focusing on reduced emissions and improved waste disposal and, at the same time, increase the transparency of its ecological footprint throughout the supply chain. The focus in 2018 will be on continued monitoring of emissions and waste from the supply chain by collecting electronic data from all emitting sources and streaming it automatically to a common data warehouse. Digitalization of emission and waste-registration data from the supply chain enables continuous monitoring of measures and provides reliable and transparent information on the status. In January 2017, Eimskip signed a contract with a shipyard in China on building two 2,150 TEU ice class Polar Code container vessels with expected delivery in the middle of 2019. These vessels are built in line with environmental standards and are designed to be fuel-efficient.

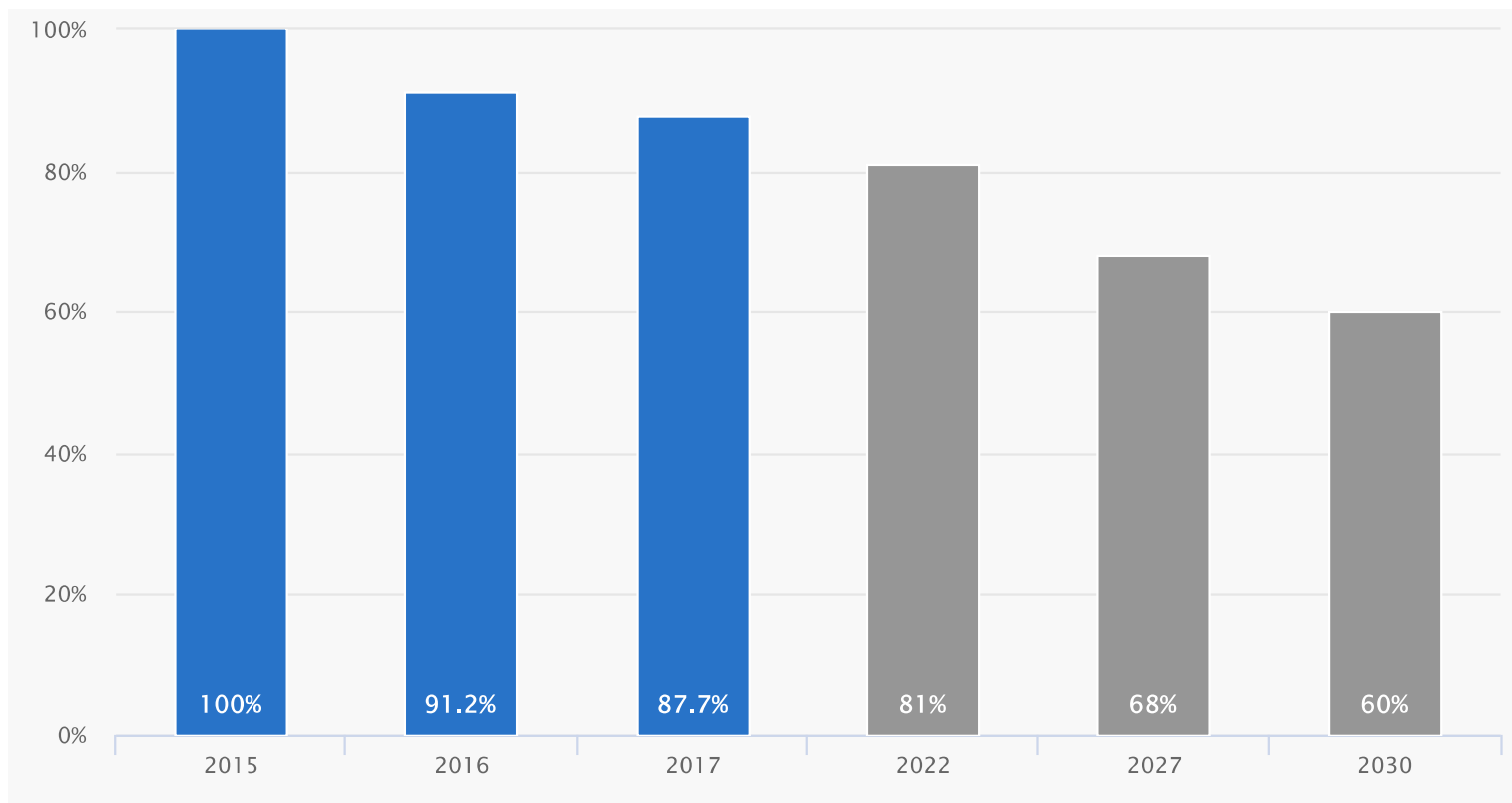
CARBON FOOTPRINT

Eimskip defines its ecological footprint as a combination of carbon footprint and waste disposal. The operation of the Company's vessels is the main contributor to its carbon footprint.

The Company respects the environment and recognizes the effects that climate change could have on society and its business activities and the need for a low-carbon economy. Minimization of the environmental load from its operations focuses on achieving full clarity regarding emissions and waste from each of the emitting sources in the supply chain. To make this possible, use of data and analytics was stepped up in 2016 and further developed in 2017, giving Eimskip a better overview of its ecological footprint and reduction opportunities. The Company's environmental management system is linked to all major assets in its supply chain, streaming reliable and transparent information on its environmental matters.

The calculation of the Company's carbon footprint is presented in the graph below, which shows accumulated results of carbon intensity per ton of transported units, compared to the base year 2015.

CARBON INTENSITY PER TON OF TRANSPORTED UNITS
Accumulated results compared to the base year 2015



The accumulated reduction of Eimskip's carbon footprint in the years 2016 and 2017 was 12.3% compared to the base year 2015, calculated per ton of transported units. The Company's aim is to further reduce its footprint in the coming years, with a goal of 19% accumulated reduction in 2022 compared to the base year 2015, 32% in 2027 and 40% accumulated reduction in 2030. This goal of total reduction is comparable with Iceland's decision of joining the European Union and Norway in their common goal of 40% reduction of emission in 2030.

ENVIRONMENTAL POLICY AND AIMS

In 1991, Eimskip became one of the first companies in Iceland to establish an environmental policy as a main driver for actions for improved ecological footprint. Since then, the challenges in this field have developed very quickly and the transportation industry, as well as others, realizes how important environmental issues are for the world today.

ENVIRONMENTAL POLICY

Eimskip respects its environment and seeks to limit its impact on the ecosystem. Protecting the environment and environmental awareness are reflected in the Company's operations, management and day-to-day work of its employees.

Much has been accomplished since 1991 and Eimskip continues to take further steps towards improving its environmental performance and align to global and international initiatives.

EIMSKIP HAS THE FOLLOWING ENVIRONMENTAL AIMS:

- Identify and control potential environmental risks posed by the Company's operations
- Manage the Company's operations according to applicable laws, regulations and international conventions
- Recycle waste from the Company's operations and minimize the creation of waste
- Improve energy efficiency of the Company's vessels
- Improve energy efficiency of the Company's fleet of trucks and other equipment
- Work on savings and improving efficiency in energy consumption on the Company's premises

- Set yearly goals on environmental issues
- Provide employees and customers with regular training on environmental issues

IDENTIFY AND CONTROL POTENTIAL ENVIRONMENTAL RISKS POSED BY THE COMPANY'S OPERATIONS

All the Company's vessels are run according to a certified Safety Management System complying with the ISM (International Safety Management) code. This includes risk assessments with regard to environmental risks and applicable procedures to control and prevent environmental risks as far as possible. It also includes emergency procedures for each vessel and the office to ensure proper response to incidents that potentially could harm the environment.

Eimskip operates a loss prevention team. One of its tasks is to monitor and identify potential environmental risks anywhere inside the Company and its operations and to highlight them to the applicable managers and/or employees.

MANAGE THE COMPANY'S OPERATIONS ACCORDING TO APPLICABLE LAWS, REGULATIONS AND INTERNATIONAL CONVENTIONS

New rules came into effect on 1 January 2015 regarding sulphur emissions from vessels in Emission Control Areas (ECA). The rules oblige shipping companies to use fuel with a sulphur content of no more than 0.1% inside these areas, a reduction from the earlier limit of 1.0%. These new rules apply to the majority of Eimskip's sailing routes.

Eimskip's ambition is to be a leading transportation company in the North Atlantic and a leader in responsibly fulfilling global environmental requirements. The new ECA regulation is intended to have positive effects on the environment, as the goal is to reduce the sulphur emissions of vessels in the ECA zones by 90%. In 2017, the Company worked on implementation of digital Monitoring, Reporting and Verification (MRV) and received a certification at year-end.

RECYCLE WASTE FROM THE COMPANY'S OPERATIONS AND MINIMIZE THE CREATION OF WASTE

For many years, Eimskip has categorized and recycled the majority of waste from its operations. In recent years, special focus has been set on recycling waste as far as possible, and this will continue.

According to MARPOL Annex V, all vessels are to have a garbage management plan and a garbage record book. To further improve the monitoring, recycling and reporting, Eimskip digitized the garbage log and started streaming the data to the environmental data warehouse in 2016. The solution was further developed in 2017, with digitalization of MARPOL Annex I and MARPOL Annex VI. Through this, waste has become a part of the supply chain footprint calculation and analytics. This also increases the possibility of further creating value from the waste.

IMPROVE ENERGY EFFICIENCY OF THE COMPANY'S VESSELS

As a front-runner in the industry, Eimskip started to explore the use of new energy management technologies in 2005 with the intention of increasing the energy efficiency of its fleet. Energy management solutions in shipping were new at that time and the technology was in its infancy. Today, energy efficiency is an integrated part of the operation of the vessel fleet. Based on the positive results, Eimskip will continue focusing on improved energy efficiency and decreased environmental impact of its vessels.

IMPROVE ENERGY EFFICIENCY OF THE COMPANY'S FLEET OF TRUCKS AND OTHER EQUIPMENT

Eimskip owns a majority share in European Transport Services B.V., a trucking company located in the Netherlands that specializes in reefer container haulage with a fleet of approximately 20 trucks. The majority of these are equipped with a TRS system, an environmentally friendly transport refrigeration system where the engine of the truck provides power to the reefer container, resulting in much lower emissions than the conventional generators used to power reefer containers' refrigeration equipment.

Eimskip operates about 140 trucks in Iceland, which are connected to a monitoring system for improved energy efficiency.

The Company operates mobile harbor cranes connected directly to external electrical power at two of the Company's terminals in Iceland: Reykjavík and Reydarfjörður on the east coast. They are from Gottwald and were originally designed to be able to run either on diesel engines or by being connected to an external, electrical power supply. The cranes use 1.2 MW power at 11 KV, which is similar to the requirements of a village of 500 to 700 inhabitants. Their operation is environmentally friendly since they produce no emissions when running on electrical power. By operating cranes with electricity, Eimskip reduces carbon dioxide (CO₂) by 340 metric tons per year. This amounts to what a 17-hectare forest is able to bind on an annual basis. In addition, pollution from noise and dust is reduced at the terminals. Five harbor cranes were taken into operation 2015 to 2017 and three of them are fitted for an external, electrical power supply.

WORK ON SAVINGS AND IMPROVING EFFICIENCY IN ENERGY CONSUMPTION ON THE COMPANY'S PREMISES

Most of the Company's premises and storage facilities use electricity for lighting and operation of refrigeration systems and electrical loading stations. The harbor lighting also consumes electrical power. The focus of 2016 and 2017 was to obtain a full transparency regarding electrical power consumption and its distribution between various consumption units by streaming power data into the environmental database for analytical purposes, the aim being a further reduction of energy use.

SET YEARLY GOALS ON ENVIRONMENTAL ISSUES

In 2015, Eimskip decided to take a vast step forward in improving its overview of its ecological footprint by implementing its own electronic Environmental Management System using data analytics and connectivity solutions. These allow the Company to link together various categories of data collected from the entire supply chain. Crews and office personnel are now provided with high quality information on environmental performance in a user-friendly format.

Eimskip's Environmental Management System utilizes the data collected from the various data sources in the supply chain. The system employs inbuilt predictive analytics, data preparation and user dashboards. This supports monitoring of the footprint throughout the supply chain, including all users, and indicates where improvements are needed. Data from the entire fleet is now streamed into one Company-designed data warehouse. Other emitters, including trucks and electrical power users, were also connected to the data warehouse in 2016.

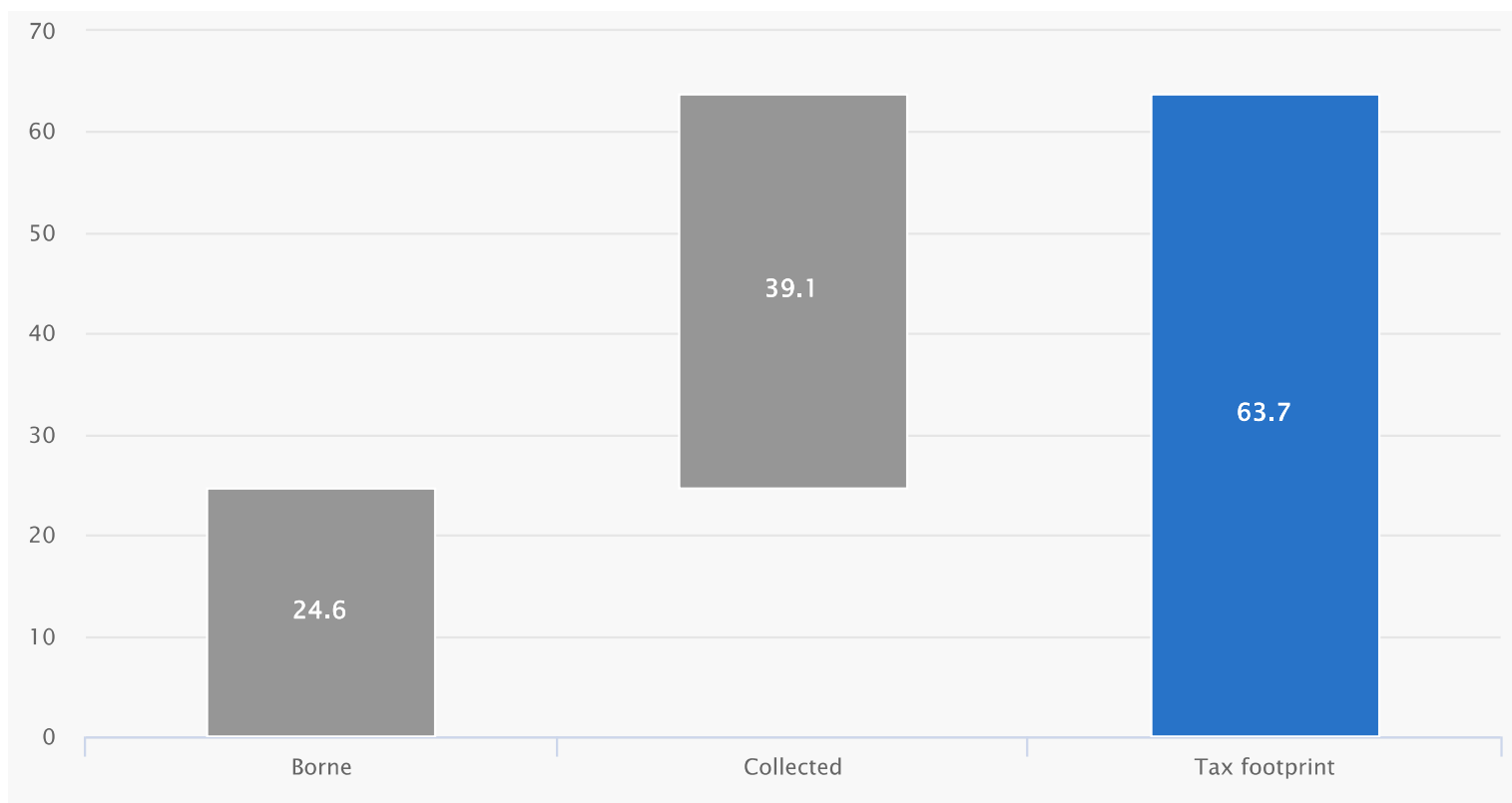
PROVIDE EMPLOYEES AND CUSTOMERS WITH REGULAR TRAINING ON ENVIRONMENTAL ISSUES

Training crew members has been a crucial part of implementing the energy management solutions on the Company's vessels and has resulted in a strong teamwork with goals for each week of the year. Specific training sessions have been carried out on the vessels in using a Ship Energy Efficiency Management Plan (SEEMP) as a tool for efficiency improvement, in using the onboard energy management system and in working with fuel changeovers when sailing into ECA zones. The focus in 2018 is to continue training employees in improved handling of waste.

TAX FOOTPRINT

The economic value generated by Eimskip's operations in the year 2017 amounted to EUR 664.8 million, consisting of revenue, gain on sale of assets and finance income. The economic value has been contributed in many different ways to the societies in which the Company operates, such as through salaries to employees, payroll taxes to authorities, purchase of goods and services from suppliers, etc.

TAX FOOTPRINT
EUR million



The total tax footprint of Eimskip amounted to EUR 63.7 million in the year 2017, of which EUR 24.6 million was borne by the Company and EUR 39.1 million was collected on behalf of local authorities. For comparison, the Company's total tax footprint was EUR 48.3 million in 2016.

The Company's taxes borne include employment taxes in the amount of EUR 15.7 million, corporate income tax of EUR 3.6 million, property taxes of EUR 2.0 million, VAT of EUR 1.1 million and other expenses of EUR 2.2 million. Collected taxes include employment taxes borne by employees amounting to EUR 31.1 million and other collected expenses of EUR 8.0 million.

A landscape photograph featuring a large, multi-colored mountain peak in the background. The mountain's slopes are covered in various shades of brown, tan, and green, suggesting mineral deposits or volcanic ash. In the foreground, a calm body of water reflects the mountain and the sky. The water is dark blue, and the reflection is clear. The sky is a pale, clear blue. The overall scene is serene and natural. The word "DISCLAIMER" is overlaid in the center of the image in a white, bold, sans-serif font.

DISCLAIMER

FORWARD-LOOKING STATEMENTS

Statements contained in this Annual Report that refer to Eimskip'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 the date of issue of this Annual Report. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the issue of this Annual Report. All forward-looking statements are qualified in their entirety by this cautionary statement.

Eimskip's Annual Report 2017

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