

EIMSKIP: Results for Q2 2022

HIGHLIGHTS OF Q2 2022 RESULTS

- Strong performance of the container liner in the quarter despite substantial cost increases.
 - High utilization on back of good volume, especially in import to Iceland and Trans-Atlantic services.
 - Export volume in Iceland lower than last year due to e.g. Ukraine war, less groundfish and lower salmon harvesting.
 - Financial contribution from Trans-Atlantic services substantially higher than last year, supported by rates and volume that reflect the high demand for transportation primarily from Europe to North-America.
- International forwarding performing well financially despite lower volume.
 - Capacity constraints and equipment shortage by deep sea lines in international markets started to ease during the quarter while trucking remained a bottleneck.
- Domestic Iceland performing well driven by overall high activity in the Icelandic economy although fish transportation was down YoY
- Revenue in the quarter amounted to EUR 283.1 million, an increase of EUR 72.0 million or 34.1% when compared with Q2 2021.
 - Generally strong liner volume, especially in import to Iceland, in Norway and in Trans-Atlantic services.
 - Good revenue growth in forwarding services despite lower volume.
 - Revenue affected by price increases from 3rd party transportation suppliers and oil prices.
- Expenses amounted to EUR 238.4 million, an increase of 31.4% from adjusted expense last year, mainly driven by significant increase in 3rd party expenses and oil prices, with liner and salary expenses increasing as well.
- Good growth in EBITDA which amounted to EUR 44.8 million compared to adjusted EBITDA of EUR 29.7 million for the same quarter 2021. EBITDA ratio continues on a healthy level and was 15.8% compared to adjusted EBITDA ratio of 14.1% for the same quarter last year.
- Good contribution from affiliates of EUR 3.7 million compared to EUR 1.0 million same quarter last year which is mainly driven by favorable market conditions for the vessel operating company ElbFeeder.
- Net earnings amounted to EUR 24.9 million compared to adjusted Net earnings of EUR 13.3 million for the same period in 2021.
- Strong cash flow from operations which amounted to EUR 31.3 million, an increase of EUR 19.0 million compared to same quarter last year.
 - Cash position at end of period amounted to EUR 36.9 million compared to EUR 15.4 million at end of same quarter last year.
 - Leverage ratio at 1.48x which is below long-term target of 2-3x.

HIGHLIGHTS OF 6M 2022 RESULTS

- Revenue amounted to EUR 522.8 million, an increase of EUR 131.4 million or 33.6% when compared with the same period in 2021.
- Total expenses amounted to EUR 447.7 million, an increase of EUR 102.3 million compared to adjusted expenses for same period last year.
- EBITDA amounted to EUR 75.1 million compared to adjusted EBITDA of EUR 46.0 million in the same period last year, an increase of EUR 29.1 million. EBIT amounted to EUR 44.9 million compared to adjusted EBIT of EUR 22.0 million for the same period last year.
- Net earnings amounted to EUR 35.4 million, compared to adjusted Net earnings of EUR 16.2 million in the same period of 2021.
- Total CAPEX for the period amounted to EUR 9.5 million compared to EUR 5.5 million in same period last year.

VILHELM MÁR THORSTEINSSON, CEO

"I am pleased with our results in the second quarter where we had good contribution from main business activities. For a long time, especially since the beginning of Covid, the operational environment has been very challenging and ever changing which has repeatedly tested our ability to adapt and adjust to new conditions. I am proud of our experienced and qualified group of employees worldwide who have again and again proven to be committed and resourceful in the operation and in servicing our customers.

Both revenue and expenses increase substantially in the quarter mainly driven by 3rd party expenses, bunker prices and high activity. Share of revenue originated outside of Iceland is still growing and is now accounting for around 60% of total revenue. We continued to perform well in our liner services where our strong sailing system is the backbone of our operations. We saw import volumes to Iceland on a very high level this quarter while export volume decreased year on year due to e.g. the war in Ukraine and less salmon harvesting. Our Trans-Atlantic services continues to strengthen and have become an important pillar in our container liner. EBITDA in the quarter amounted to EUR 44.8 million and increased by 51% from same quarter last year with large part of the improvement attributed to the liner services. Net earnings amounted to EUR 24.9 million and it is good to see that our business is generating a healthy cash flow from operations amounting to EUR 31.3 million in the quarter.

Global freight rates have been coming down while vessel charter rates in Eimskip's category are remaining at a high level. Looking forward, there are still disruptive factors and congestion affecting the global transportation markets e.g. trucking capacity and rising inflation in the global economy that may affect international trade and demand.

Import volume to Iceland remains high, export volume from Iceland is expected to pick up in the fall and volume remains high in Trans-Atlantic services where capacity is a constraint. The outlook for third quarter and the remainder of the year is generally positive.”

INVESTOR MEETING 19 AUGUST 2022

The Board of Directors of Eimskipafélag Íslands hf. approved the Company's Condensed Consolidated Interim Financial Statements for 1 January to 30 June 2022 at its meeting on 18 August 2022. Investors and market participants are invited to a meeting on Friday 19 August 2022 at 8:30 a.m. at the Company's headquarters, Sundabakki 2, second floor. The meeting will also be webcasted live in Icelandic at www.eimskip.com/investors. Vilhelm Már Thorsteinsson, CEO and María Björk Einarsdóttir, CFO, will present the Company's financial results for Q2 2022. Investor presentation and a recording of the meeting will be available on the Company's investor relations website.

FURTHER INFORMATION

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FORWARD-LOOKING STATEMENTS

Statements contained in this financial press release that refer to the Company's estimated or anticipated future results or future activities are forward-looking statements which reflect the company's current analysis of existing trends, information and plans. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially depending on factors such as the availability of resources, the timing and effect of regulatory actions and other factors. Eimskip undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after this press release. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. All forward-looking statements are qualified in their entirety by this cautionary statement.