

## EIMSKIP: RESULTS FOR THE FIRST QUARTER 2020

### Highlights of Q1 2020 results

- Revenues amounted to EUR 161.7 million, a decrease of EUR 2.3 million or 1.4% when compared with the same quarter in 2019.
  - Revenues affected by 5.0% lower volume in liner services and discontinued operation of ferry Herjólfur.
  - Forwarding volume was down by 7.4% however revenues increased due to higher market prices.
- Total expenses amounted to EUR 152.3 million, an increase of EUR 1.6 million driven by 3<sup>rd</sup> party expenses. However, salary expenses decreased by EUR 3.0 million or 9.1%.
- EBITDA amounted to EUR 9.3 million in the first quarter of 2020 compared to EUR 13.2 million in the same quarter last year, a decrease of 29.4%. Mainly attributed to decreased volume in liner services.
- Net loss for the period amounted to EUR 4.9 million, compared to EUR 2.5 million for the for the same quarter of 2019.
- Total CAPEX for the period amounted to EUR 4.9 million compared to EUR 8.3 million for the same period 2019 but maintenance CAPEX remained at similar level.
  - Third of planned maintenance CAPEX for the year put on hold due to COVID-19 uncertainty.
- Net cash from operating activities decreased and amounted to EUR 1.2 million compared to EUR 13.1 million for the same quarter 2019, mainly attributed to changes in working capital between quarters.
  - Proceeds from sale of vessels and other assets amounting to EUR 9.8 million.
  - Current cash balance is good and installments amounting to EUR 7 million have been made to a revolving credit facility.
- Total equity amounted to EUR 217.0 million at the end of the first quarter of 2020, an equity ratio of 41.4% compared to 44.0% at year-end 2019.
  - Share buyback program which was initiated in Q4 2019 was finalized in January 2020 with this year's purchase amounting to EUR 1.5 million.
- Leverage ratio was 3.6 in the first quarter 2020, compared to 3.0 at the end of 2019.
  - Above the long-term target leverage ratio which is in the range of 2-3x net debt to EBITDA.
- Tremendous effort in securing safety & health of employees, maintaining the logistic chain and customer service due to COVID-19.
- EBITDA guidance for 2020 was withdrawn in March due to uncertainty related to COVID-19 pandemic and it is premature to publish a new guidance.

### VILHELM MÁR THORSTEINSSON, CEO

"The first quarter of the year 2020 will be remembered for the outbreak of COVID-19 pandemic. We were already seeing its affect in our operation in China at the beginning of the year which then escalated throughout our operation towards the end of the quarter. Eimskip's crisis management team was activated early in the process and tremendous effort was put in securing the safety and health of employees and to maintain the logistic chain and customer service during these challenging times. We also significantly increased the flow of information to all stakeholders to support business continuity and reduce uncertainty surrounding the logistic chain as we are very aware of our role as an important logistics infrastructure company.

Volume in our liner services decreased as a result of cooldown in the Icelandic economy, as we expected, less catch around Iceland and Faroe Islands and effects of COVID-19 towards the end of the quarter.

Volume in forwarding services was down, however results were good, especially given COVID-19 situation as transport of reefer cargo, which is our main forwarding service, remained relatively strong.

In early April we announced an adjustment to our container sailing system as a part of our operational measures to respond to effects of COVID-19. In relation with these adjustments we managed to off-hire the vessels Godafoss and Laxfoss earlier than previously planned to lower fixed operating cost.

We have started to see positive financial impact of last year's streamlining measures as salary and admin expenses decrease by 9% YoY. Since the start of the year we have reduced number of FTE's by additional 170 or 10% of total number of FTE's, in all layers of the Company, including management. For me and the management team the journey of integrating and streamlining the operation has not been easy, especially not regarding reduction of employees. It has nevertheless been important considering the financial results and negative liner

volume development for the last couple of years. We have invested considerably in automation and reformation of processes and working procedures which supports these measures.

In April Dettifoss, one of the two new vessels that has been built in China was delivered. This is an important milestone on our journey to commence co-operation with the Greenlandic carrier Royal Arctic Line which is scheduled to start at end of Q2. With the co-operation, Greenland will be connected to Eimskip's international sailing system, which creates opportunities for direct connections for Greenland to international markets. An adjustment will be made to the container sailing system once Dettifoss commences service and the co-operation starts.

As of this quarter we will publish our environmental statistics quarterly on our website. We are pleased to see positive development in our carbon footprint, as measured by CO<sub>2</sub> emission per ton of transported cargo. I am also happy to see reduction in printed paper by 15.5% from Q4 2019.

The full impact of the COVID-19 pandemic on global economies, including in the North-Atlantic Region which is the Company's core market area remains to be seen. We expect this will have negative effect on demand for cargo services throughout the year however reefer cargo, which we specialize in, is likely to be relatively less impacted than dry.

The EBITDA guidance for the year 2020 was withdrawn in March and it is premature to publish a new guidance.

I am proud and thankful for how our dedicated employees have managed through this challenging times, especially our crew members, terminal workers, warehouse personnel and drivers who were not able to work remotely and contributed importantly in keeping cargo flowing through our logistic chain."

## ONLINE INVESTOR MEETING 20 MAY 2020

The Board of Directors of Eimskipafélag Íslands hf. approved the company's Interim Consolidated Financial Statements for the first quarter of 2020 at its meeting on 19 May 2020. Investors and market participants are invited to a meeting on Wednesday 20 May 2020 at 8:30 a.m. The meeting will only be webcasted live in Icelandic at [www.eimskip.com/investors](http://www.eimskip.com/investors). Vilhelm Már Thorsteinsson, CEO will present the company's financial results for the first quarter of 2020. Investor presentation and a recording of the meeting (in Icelandic) will be available on the company's investor relations website, [www.eimskip.com/investors](http://www.eimskip.com/investors).

## FURTHER INFORMATION

- Egill Örn Petersen, CFO, tel.: +354 525 7202
- Edda Rut Björnsdóttir, Executive Vice President of Human Resources & Communication, tel.: +354 825 3399, email: [investors@eimskip.com](mailto:investors@eimskip.com)

## 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.