

## EIMSKIP: Results for Q3 2023

### HIGHLIGHTS OF THE QUARTER

- A good quarter with solid performance of most business units, although marked by a sharp decline in Trans-Atlantic rates compared to the previous year.
- Liner services with a fairly good quarter despite abnormal level of operational incidents for a single quarter.
  - Continued robust imports to Iceland on the back of high economic activity.
  - Export Iceland picked up as expected in the latter half of the quarter with increased fisheries and salmon harvesting.
  - Total transformation in Trans-Atlantic rates from previous year, combined with traditional seasonality in Trans-Atlantic volume, main driver behind drop in EBITDA YoY.
  - Serious incidents with two container vessels temporarily reduced the sailing system capacity and balance, adversely affecting both revenue and cost.
- International forwarding with a solid quarter in challenging global market, delivering a strong EBITDA margin on back of niche focus on reefer logistics.
- Good quarter for Domestic Iceland with high activity in all business units and improved balance in the trucking system compared to recent quarters.
- Record cruise season concluded in Iceland and Greenland with good financial contribution from port agency and marine logistics activities.
- Revenue amounting to EUR 202.0m and operating expenses amounting to EUR 167.5m, both decreasing by 31% from previous year. Main drivers behind decrease in revenue and expenses are significantly lower global freight rates and some decrease in liner volume
- Salary expenses increased by EUR 1.7 million or 5.1% due to general wage increases, however partly offset by a positive currency effect of EUR 0.7 million.
- EBITDA amounting to EUR 34.5m, a decrease of EUR 15.1m from a record quarter in the previous year, however EBITDA margin remains on the same level.
- Share of profit of affiliates amounted to EUR 4.4 million in the quarter, an increase of EUR 0.5 million from last year.
- Net earnings amounted to EUR 16.6 million compared to Net earnings of EUR 28.1 million for the same period in 2022.
- Continued good cash flow, with net cash from operating activities amounting to EUR 29.3 million, down by EUR 7.9 million compared with same quarter last year, mainly driven by change in EBITDA.
  - Strong liquidity at the end of the period with a cash position of EUR 47.1 million compared to EUR 46.6 million at end of same quarter last year.
- Total maintenance CAPEX and new investments on track and in line with plan for the first nine months and amounted to EUR 34.0 million compared to EUR 20.6 million for the first nine months last year.

### HIGHLIGHTS OF 9M 2023 RESULTS

- Revenue amounted to EUR 626 million, a decrease of EUR 189 million or 23% when compared with the same period in 2022.
- Total expenses amounted to EUR 525 million, a decrease of EUR 165 million compared to expenses for same period last year.
- EBITDA amounted to EUR 101 million compared to EBITDA of EUR 125 million in the same period last year, a decrease of EUR 24 million.
- Net earnings amounted to EUR 46.1 million, compared to Net earnings of EUR 63.5 million in the same period of 2022.

### VILHELM MÁR THORSTEINSSON, CEO

“We delivered good results in the quarter, in a global shipping market that has normalized after an extraordinary period. The market changes from last year are reflected in a substantial decrease in both revenue and operating expenses. Despite this substantial change in global market conditions, we have managed to maintain our margins by placing our focus on excellent customer service, efficient cost control, active procurement, and proactive sales. The result is an EBITDA of EUR 35.4 million, which is a material decrease from EUR 49.6 million in the same

quarter last year, but we were well aware that the earnings level that we saw last year was not sustainable. However, if we look further back and compare our results to pre-covid level, it is evident that our financial performance has reached a new and improved level.

It is challenging to operate a shipping line in the harsh conditions of the North-Atlantic and various operational incidents caused by weather conditions are unfortunately a part of our daily operations. We have therefore not made a habit out of informing the market about specific incidents. This quarter was, however, marked by abnormal level of operational challenges when we had serious malfunction in two key vessels at the same time as we had two other vessels scheduled to dry-dock. This temporarily reduced the capacity and balance of our sailing system, affected the service level and caused some lost revenues as well as increased cost associated with shuffling vessels and container cost.

If we look past these operational hurdles, we were generally content with the volume in our liner system, with the exception of Trans-Atlantic volume, where we witnessed a combination of contraction in the market along with less import to the USA and a traditional slowdown for exports out of Europe during the summer holiday season, which we did not see in the past two years due to backlog of volume in covid. Import to Iceland remained on a robust level in the quarter and exports out of Iceland picked up in the quarter after a slow summer along with increased fisheries and salmon harvesting. Volume in the Faroe Islands was acceptable although the import market has reduced since last year and an anticipated growth in salmon harvesting did not materialize. In Norway we saw a prolonged slowdown in whitefish exports but we have recently started to see volumes pick up in the fourth quarter.

Our international forwarding business performed well and delivered a strong margin despite significant changes in market conditions, with global freight rates on a much lower level than same time last year. Our domestic trucking and warehousing services in Iceland delivered strong results in the quarter on back of high economic activity and improved balance in the trucking system alongside increased fisheries. We continue to develop port agency and marine logistics services in our home market and benefitted from a record cruise season both in Iceland and Greenland this year.

Although we see rising uncertainty in the global economy, with signs of stagnant growth and rising geopolitical conflict, we are generally positive for the coming months. Under such conditions, we as Eimskip are well positioned as a niche player in the North-Atlantic, servicing our home market of wealthy economies that are highly dependent on import and export. In Iceland we anticipate strong export ahead with good fisheries, steady salmon production and growing volume in exports of waste for recycling in Scandinavia and Mainland Europe. Domestic services in Iceland are also on a good track and our subsidiary Sæferðir recently signed a new agreement regarding ferry operations in Breiðafjörður until end of 2024. In Faroe Islands the outlook is generally stable although we have some hopes for a good herring season which could add to the volume in Q4. Trans-Atlantic volume has picked somewhat up since end of third quarter and rates seem to be leveling off after a sharp decline from the beginning of the year. In our international forwarding business, we have a niche status with our specialty in reefer logistics, which are generally more complex, higher paid and more resilient against economic cycles than dry cargo logistics.”

## INVESTOR MEETING 8 NOVEMBER 2023

The Board of Directors of Eimskipafélag Íslands hf. approved the Company's Condensed Consolidated Interim Financial Statements for 1 January to 30 September 2023 at its meeting on 7 November 2023. Investors and market participants are invited to a meeting on Wednesday 8 November 2023 at 8:30 a.m. at the Company's headquarters, Sundabakki 2, second floor. The meeting will also be webcasted live in Icelandic at [www.eimskip.com/investors](http://www.eimskip.com/investors). Vilhelm Már Thorsteinsson, CEO and María Björk Einarsdóttir, CFO, will present the Company's financial results for Q3 2023. Investor presentation and a recording of the meeting will be available on the Company's investor relations website.

## FURTHER INFORMATION

María Björk Einarsdóttir, CFO, tel: +354 774 0604, email: [investors@eimskip.com](mailto:investors@eimskip.com)

Guðbjörg Birna Björnsdóttir, Head of Treasury and Investor Relations, tel: +354 844 4752, 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.