

## EIMSKIP: RESULTS FOR THE THIRD QUARTER 2020

### Highlights of Q3 2020 results

- Revenues amounted to EUR 170.4 million, a decrease of EUR 2.1 million or 1.2% when compared with the same quarter in 2019.
  - Revenues positively affected by a 1.3% volume increase in liner services, however offset by lower contribution of services in Iceland because of weakening of ISK.
  - Forwarding volume down by 5.3% however, revenues increased by 9.3% due to higher share of reefer cargo and higher rates in International forwarding.
- Total expenses amounted to EUR 149.0 million, a decrease of EUR 3.2 million, compared with the same quarter in 2019, mainly driven by realization of streamlining measures.
  - Reduction in salary expenses by EUR 6.3 million or 19.9% whereof EUR 2.5 million related to devaluation of ISK.
  - Savings in sailing system expenses, administrative expenses and lower fuel prices also contributed to the decrease in expenses, however offset by increased rates from deep sea carriers.
- EBITDA amounted to EUR 21.4 million in the third quarter of 2020 compared to EUR 20.3 million in the same quarter last year, an increase of 5.4%.
  - Negative effect of COVID-19 in the high season for cruise agency and ferry operation in Iceland amounting to EUR 1.2m.
- Net earnings for the period amounted to EUR 6.2 million, compared to EUR 7.2 million for the for the same quarter of 2019.
- Net cash from operating activities increased by EUR 14.0 million and amounted to EUR 15.5 million compared to EUR 1.5 million for the same quarter 2019.
  - Cash balance is good and installments amounting to EUR 6.5 million were made to a revolving credit facility in the quarter.

### Highlights of 9M 2020 results

- Revenues amounted to EUR 492.7 million, a decrease of EUR 11.4 million or 2.3% when compared with the same period in 2019.
- Total expenses amounted to EUR 445.9 million, a decrease of EUR 8.8 million. Salary expenses decreased by EUR 13.3 million or 13.5% whereof approximately EUR 5.6 million is related to devaluation of ISK.
- EBITDA amounted to EUR 46.7 million compared to 49.4 million in the same period last year, a decrease of 5.3%.
- Net earnings amounted to EUR 3.7 million, compared to net earnings 7.5 million in the same period of 2019.
- Total CAPEX for the period amounted to EUR 32.7 million which is in level with first 9M in 2019.
  - Investment in new vessels amounting to EUR 19.3 million.
  - Third of planned maintenance CAPEX for the year, EUR 4-5 million was put on hold due to COVID-19 uncertainty.
- Net cash from operating activities amounted to EUR 38.6 million compared to EUR 34.5 million in the same period of 2019, an increase of 12%.
- Total equity amounted to EUR 228.1 million at the end of the period, an equity ratio of 42.6% compared to 44.0% at year-end 2019.
- Leverage ratio was 3.31 at the end of third quarter 2020, compared to 3.03 at the end of 2019 which is above the long-term target leverage ratio of 2-3x net debt to EBITDA mainly due to recent investment in new vessels.
- Significant effort has been put into securing the safety & health of employees and maintaining the logistic chain and customer service due to effects of COVID-19.

### VILHELM MÁR THORSTEINSSON, CEO

“I am pleased with the third quarter results and the continued improvements in our operation. We had a positive volume development from previous two quarters and our streamlining measures over the past year are resulting in lower cost and improving profitability. There was a good volume in export from Iceland and the Faroe Islands as well as in our reefer forwarding services. Furthermore, we are leveraging on a more cost-efficient container sailing system which we implemented as part of our proactive COVID-19 actions and we are starting to see the benefits of our co-operation with Royal Arctic Line. However, we are also seeing negative impact of the pandemic on e.g. our cruise agency and ferry operation in Iceland which normally has its high season in the third quarter.

I am extremely pleased and thankful for the dedication and valuable contribution of our diverse group of employees all over the world. They have successfully managed to maintain an unbroken logistic chain and good customer service during these unprecedented times.

It was a great milestone for us when we took delivery of our second newbuilding, Brúarfoss, in China in beginning of October. The vessel came into our service this week in Denmark. I would like to thank the crew of Brúarfoss for travelling to China in this challenging environment due to COVID-19 and to secure a safe delivery of our new vessel.

Eimskip has long paid attention to corporate social responsibility in its operations. Recent event following the sale of two of our older vessels was a reminder of the importance of taking ESG matters into account in every decision we make. We have taken this matter seriously and an ESG risk assessment has been conducted on our Company by advisors specialized in sustainability. As a result of that a new and updated action plan and ESG targets for the next three years are being developed. Sustainability is an on-going journey and even though we have been leading in this respect in Iceland for years, we are now increasing our emphasis on this matter and have dedicated a full time employee in the role of Sustainability Manager.

The outlook for fourth quarter is favorable with solid result in October but November and especially December are usually more volatile and slower months. We expect sustainability of streamlining measures undertaken for the past 12-18 months. Operationally, effects of COVID-19 on different markets that Eimskip operates in continues to remain uncertain.”

## ONLINE INVESTOR MEETING 20 NOVEMBER 2020

The Board of Directors of Eimskipafélag Íslands hf. approved the company's Interim Consolidated Financial Statements for the third quarter of 2020 at its meeting on 19 November 2020. Investors and market participants are invited to a meeting on Friday 20 November 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 third 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

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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.