

A dramatic landscape at sunset. The sun is low on the horizon, casting a golden glow over a vast valley. A river winds through the valley floor. In the foreground, a steep, rocky cliffside rises, with a small figure of a person standing on the very edge, looking out over the landscape. The sky is filled with soft, golden clouds. A large blue graphic element is on the right side of the image.

PRESENTATION OF Q1 RESULTS

Vilhelm Már Thorsteinsson, CEO



THIS IS EIMSKIP

Eimskip is a leading transportation company in the North Atlantic with connections to international markets and is specialized in worldwide freight forwarding services, with the vision of providing excellence in transportation solutions and services

ABOUT



55 OFFICES



16 VESSELS



18 COUNTRIES



180 TRUCKS



1635 EMPLOYEES



28 WAREHOUSES
14 COLD STORAGES



42 NATIONALITIES



ACHIEVEMENT
COOPERATION
TRUST

KEY FIGURES Q1 2020

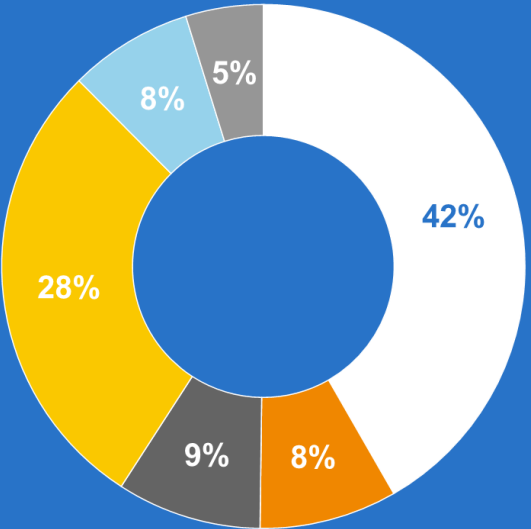
REVENUES: EUR 162 m

EBITDA: EUR 9.3 m

TOTAL ASSETS: EUR 525 m

EQUITY: EUR 217 m

GEOGRAPHICAL SPLIT OF REVENUE



■ Iceland
■ Faroe Islands
■ Europe
■ Asia
■ N-America / TA

KEY HIGHLIGHTS FOR Q1 2020

1

Cooldown of the Icelandic economy, lower catch around Iceland and the Faroe Islands resulting in lower container liner volume

2

Streamlining measures and integration projects resulting in lower cost and an FTE reduction of 170 YTD

3

COVID-19 situation negatively affecting results towards the end of the quarter

4

Increased emphasis on business origination and a more holistic approach in customer service

5

Tremendous effort in securing safety & health of employees, maintaining the logistic chain and customer service due to COVID-19

MANAGING THROUGH THE COVID-19 PANDEMIC

Challenging situation that also creates new opportunities



- Crisis management team activated
- Securing safety and health of employees and business continuity
- Secure cashflow and collections
- Fast adaptation to new situation
 - Working from home
 - Segregation of operational areas
 - Information sharing with employees and customers



- New ways of day to day remote management and digital collaboration between employees and customers
- Substantial streamlining measures initiated
 - Reduction of FTE's
 - Part of maintenance CAPEX delayed
 - Sailing system adjusted
- Information flow increased significantly to all stakeholders



- Focus on close relationship with customers along side business origination and seeking new opportunities
- Adjusting to a new more digital reality e.g. less travel, online meetings, less printing, digital processes and signatures, electronic invoicing
- Manage process of getting back to a new normal
 - Employee survey measuring Eimskip's reaction to COVID-19



- Leverage on things we have and will learn from COVID-19 situation
 - New way of working and communicating with coworkers and customers
- Finding smarter ways of working to counter higher cost due to the pandemic and economic situations
- Align current operation and focus to new normal e.g. sharpen corporate strategy, develop a more flexible work environment and a more holistic customer approach

STRONG GROWTH IN NUMBER OF SHIPMENTS AT TVG XPRESS IN ICELAND

LAST MILE DELIVERY

- Strong growth in TVG Xpress Last Mile Delivery system as result of Covid-19 situation
- Important steps taken to expand delivery network e.g. cooperation with Dropp and own delivery boxes
- Focus on “Last mile” and eCommerce service
 - Both Icelandic and foreign retailers
- eCommerce centre - 3rd party solutions
 - Dry, cooling and reefer storage
 - Warehouse management system
- Delivery options
 - Same day home delivery – Capital area
 - Next day delivery – Outside capital
 - Nearly 100 pick up/drop locations in Iceland

VIÐ KOMUM ÞINNI SENDINGU TIL SKILA



SAMDÆGURS Á
HÖFUÐBORGARSVÆÐINU



UM HELGAR Á
HÖFUÐBORGARSVÆÐINU



Á 8 AFHENDINGARSTÖÐUM
Á HÖFUÐBORGARSVÆÐINU
MEÐ ALLT AÐ 24 KLST OPNUNARTÍMA



DAGINN EFTIR Á LANDSBYGGÐINI



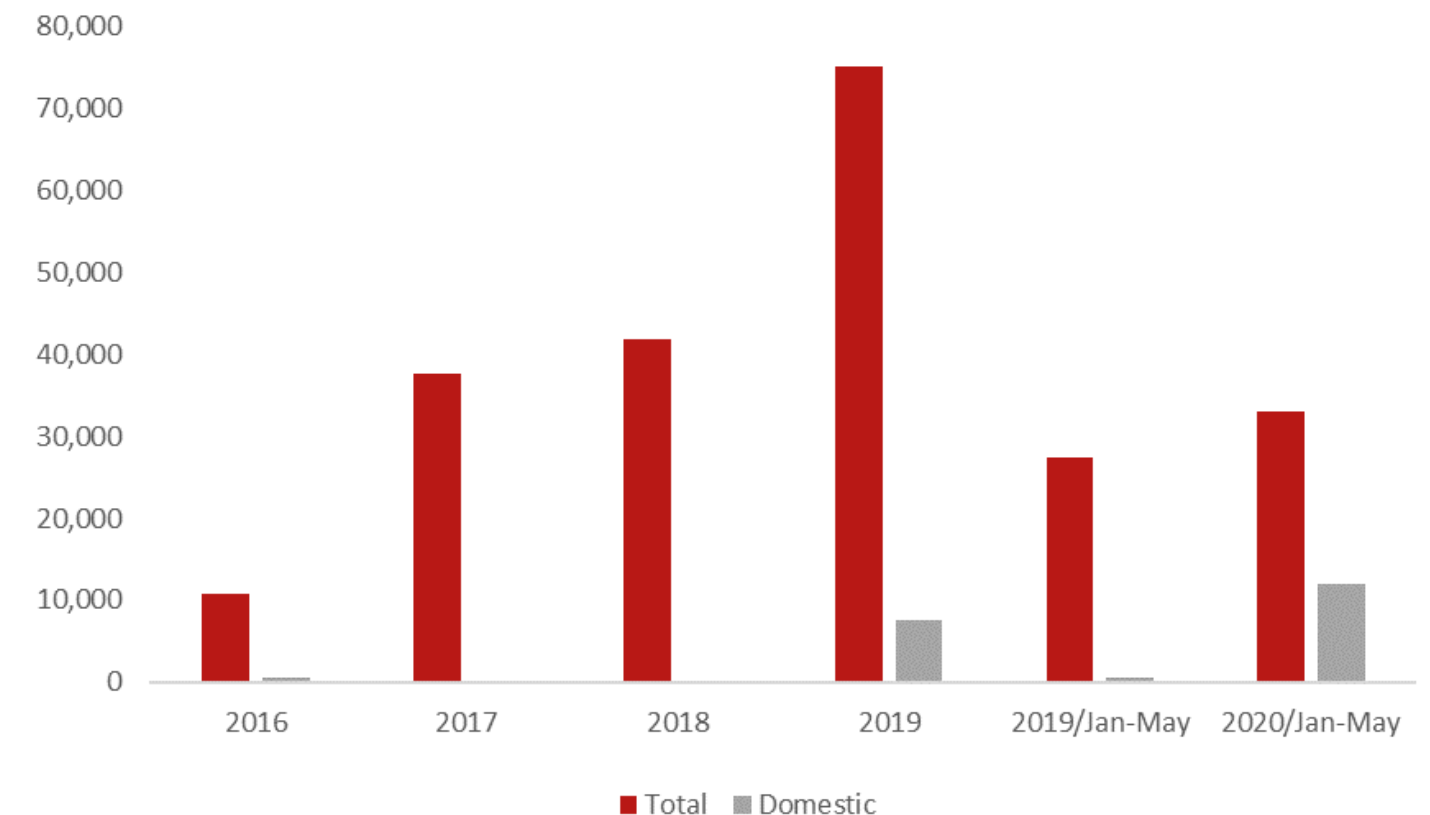
EITT VERÐ UM LAND ALLT
FYRIR SENDINGAR UNDIR 10 KG

HAFÐU SAMBAND OG LEYFÐU OKKUR
AÐ SJÁ UM ÞETTA

info@tvgxpress.is

TVGXPRESS

Number of shipments per year TVG Xpress



PARTNERS



VESSEL NEWBUILDING AND ROYAL ARCTIC LINE CO-OPERATION

Important milestone when Dettifoss was delivered in May

NEW BUILDINGS AND CO-OPERATION WITH ROYAL ARCTIC LINE

- Dettifoss was delivered in beginning of May and is expected to come into service after mid-June
 - Final drawdown on financing from KfW made parallel to the delivery in May amounting to EUR 23.4 million
 - Vessel financing 80% LTV
 - 15-years terms and repayment profile
 - Favorable interest terms
 - Final payments to shipyard and bank guarantor EUR 15.3 million
 - Net cash inflow therefore EUR 7.4 million
 - Full vessel of cargo secured for home voyage to offset the sailing cost
- Bruarfoss is estimated to be delivered in Q3
- Tukuma Arctica has commenced service for Royal Arctic Line (RAL)
- The co-operation between Eimskip and RAL is estimated to commence by end of Q2



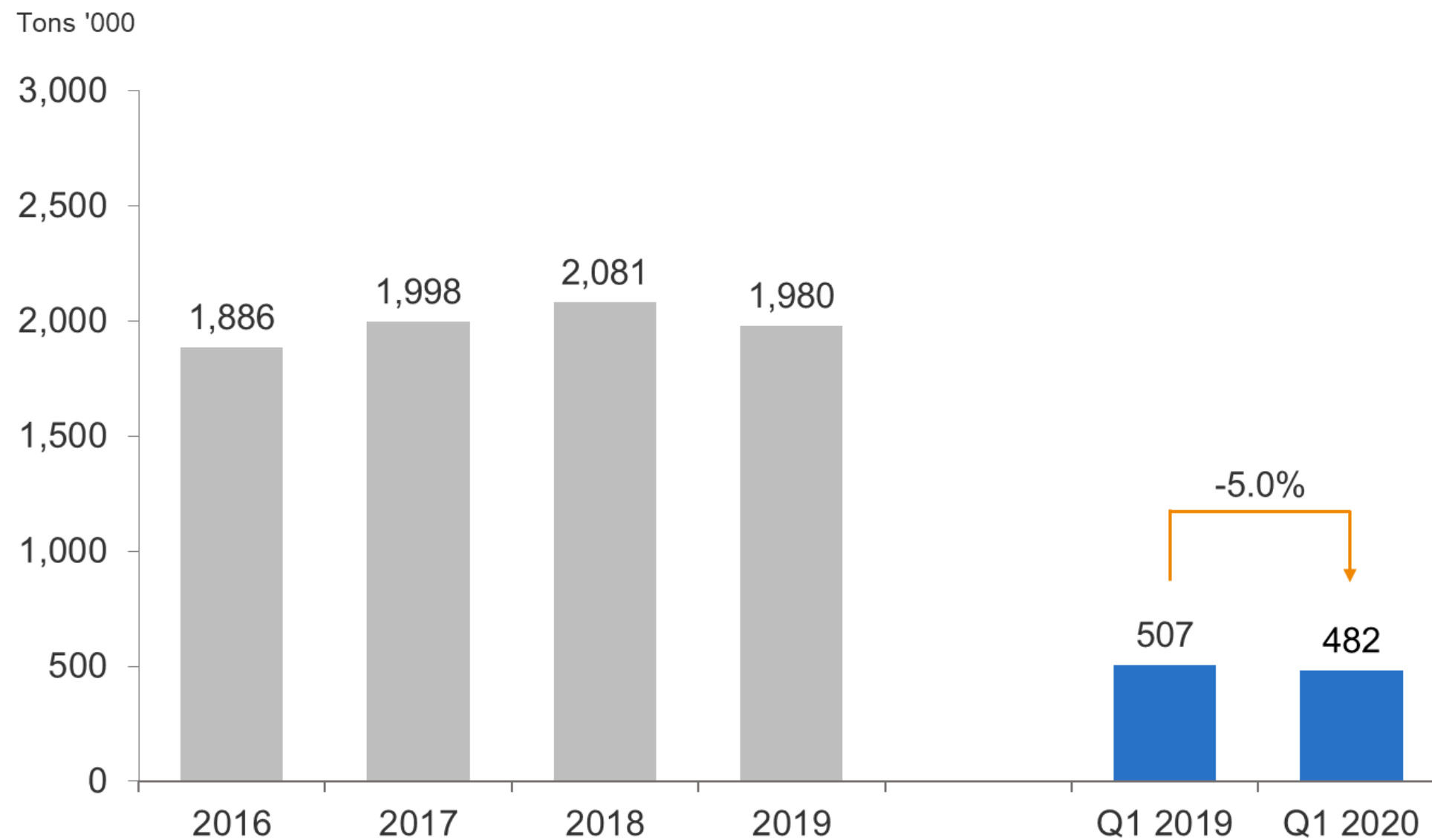
Dettifoss leaving the shipyard in Guangzhou - May 2020

An aerial photograph of a rugged, mountainous island. The island features a prominent, dark, jagged mountain peak in the background, partially shrouded in mist. The foreground shows a grassy, yellowish-green landscape with a small, orange lighthouse on a rocky outcrop. The island is surrounded by dark blue ocean water with white waves crashing against the shore. The sky is overcast with grey clouds. A large blue graphic element is visible on the right side of the image.

OPERATING ACTIVITIES

VOLUME DEVELOPMENT IN LINER SERVICES

Container liner volume down 4.6% and Reefer liner down 8% YoY in Q1



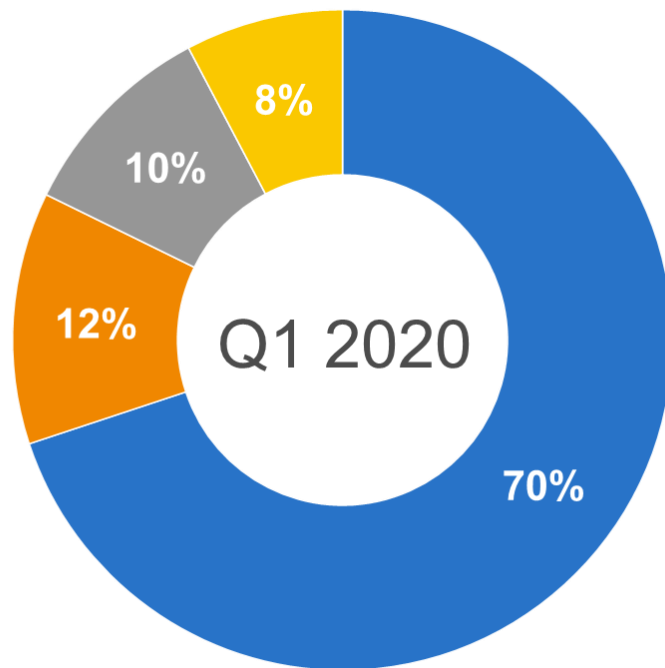
Q1

- Import to Iceland down by 7.7% YoY but in line with expectations
- Export from Iceland down by 1.0% YoY, affected by low catch (-26%) and thus less favorable volume mix
- Faroe export down 18% YoY as a result of harvest mix and less fresh salmon e.g. as a result of COVID-19
- Reefer liner down by 8% YoY due to capacity reduction, lower catch in January and operational challenges when delivering sold vessels

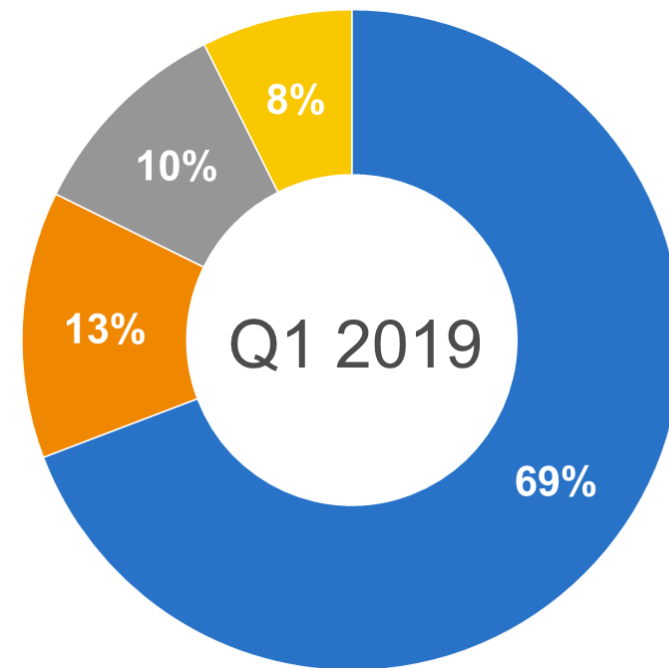
GEOGRAPHICAL SPLIT OF LINER VOLUME

Volume split stable between periods

GEOGRAPHICAL SPLIT

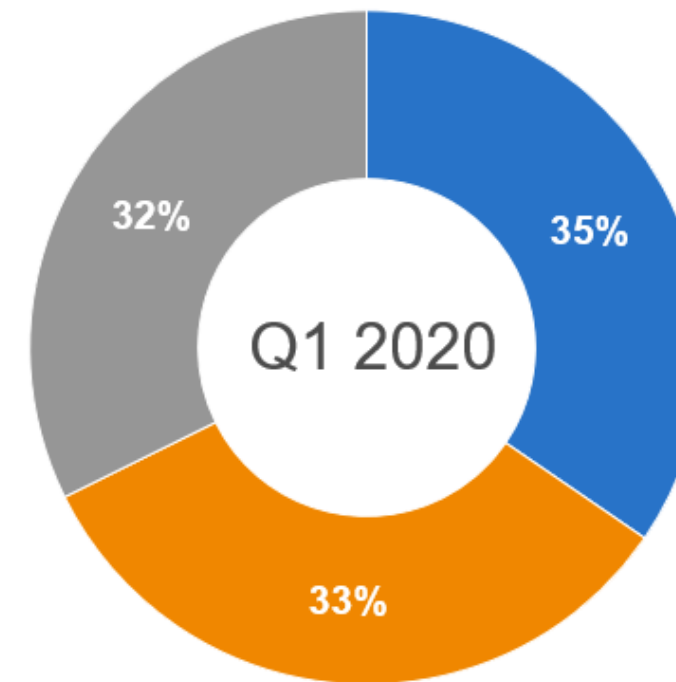


■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic

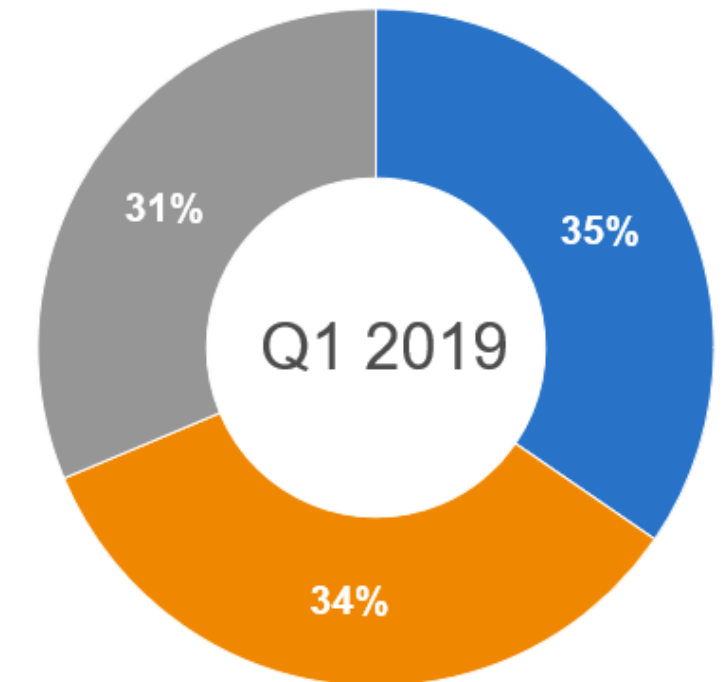


■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic

SEGMENT SPLIT



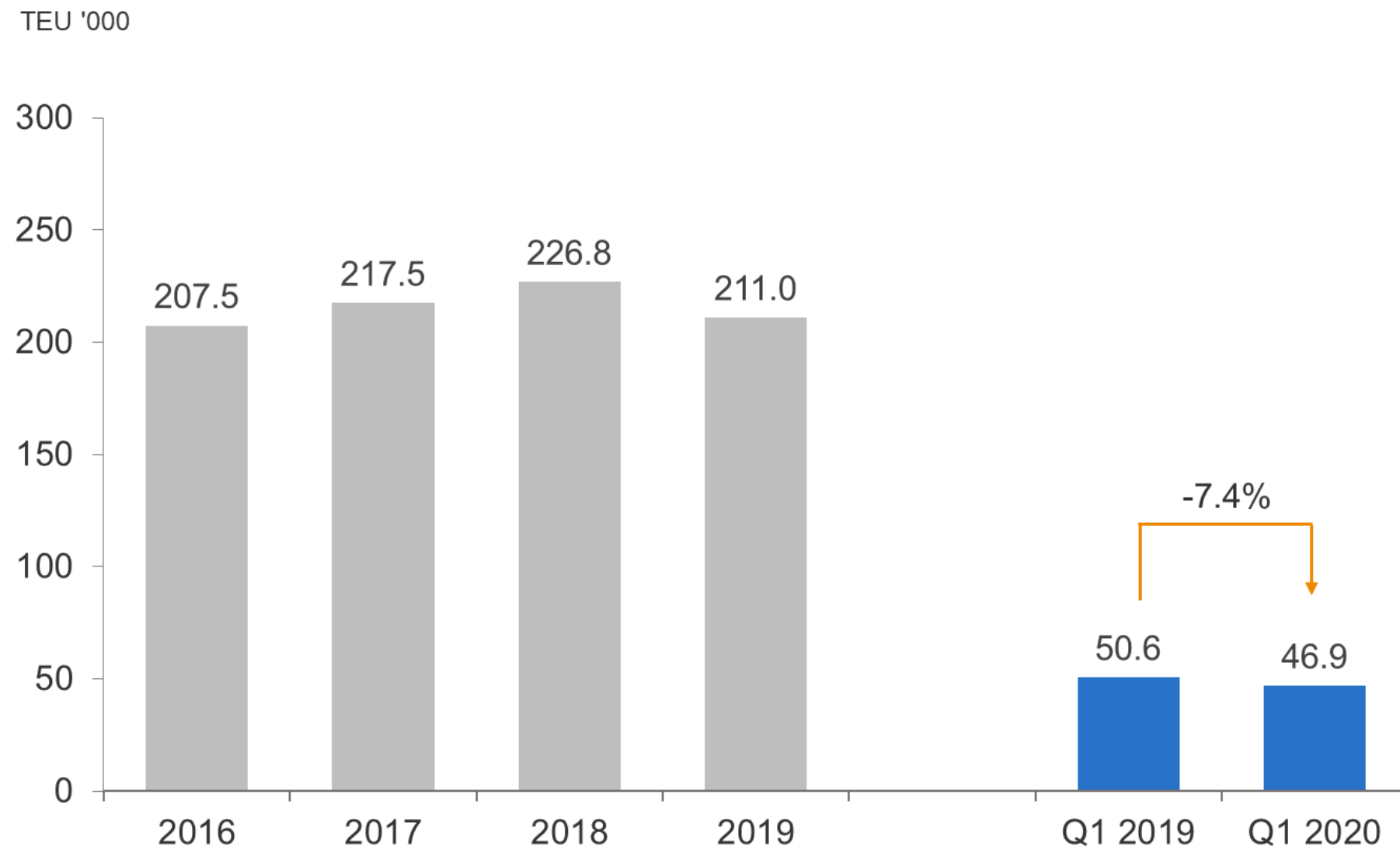
■ Reefer ■ Dry ■ Industrial



■ Reefer ■ Dry ■ Industrial

VOLUME DEVELOPMENT IN FORWARDING

Reefer forwarding down 6% in Q1 mostly due to less inbound cargo



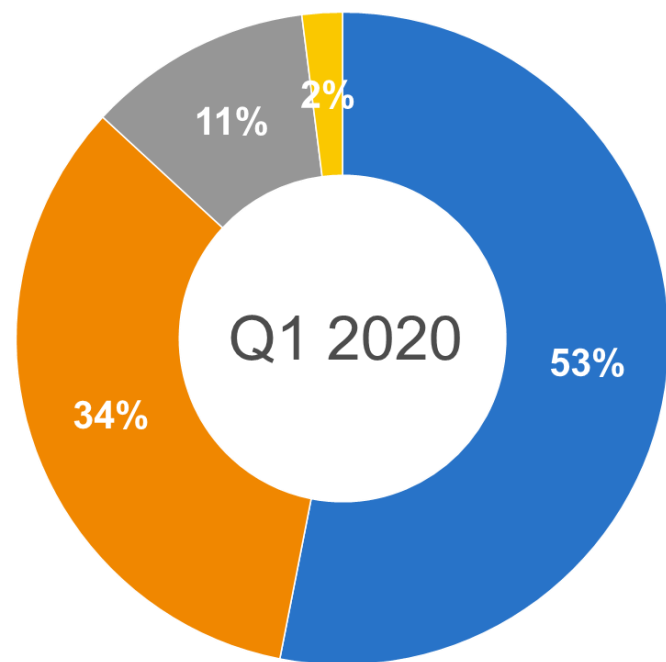
Q1

- Reefer forwarding volume down 6% from last year
 - Mainly driven by less inbound cargo handling which is lower paying business than outbound cargo
- Dry forwarding volume down 11% from last year, also driven by less inbound cargo
 - Outbound cargo 5% up from last year

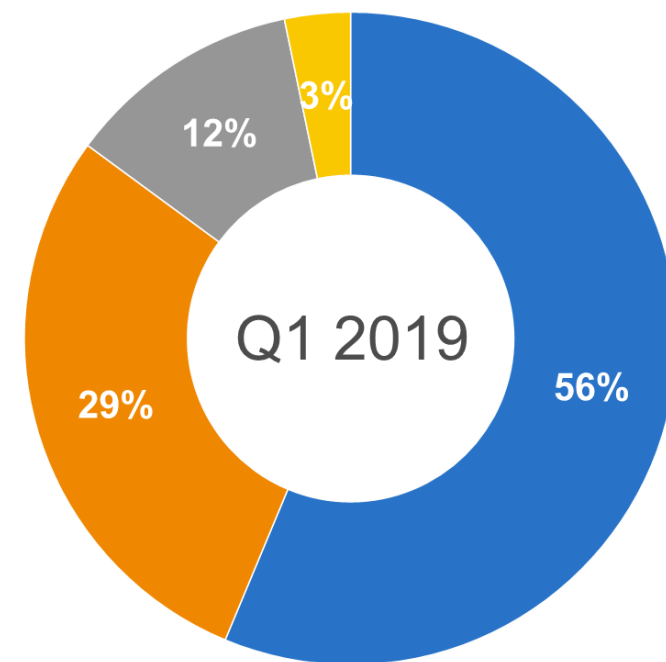
GEOGRAPHICAL SPLIT AND TYPE OF FORWARDING VOLUME

Increased volume share of Asia despite China being affected by COVID-19 early

GEOGRAPHICAL SPLIT

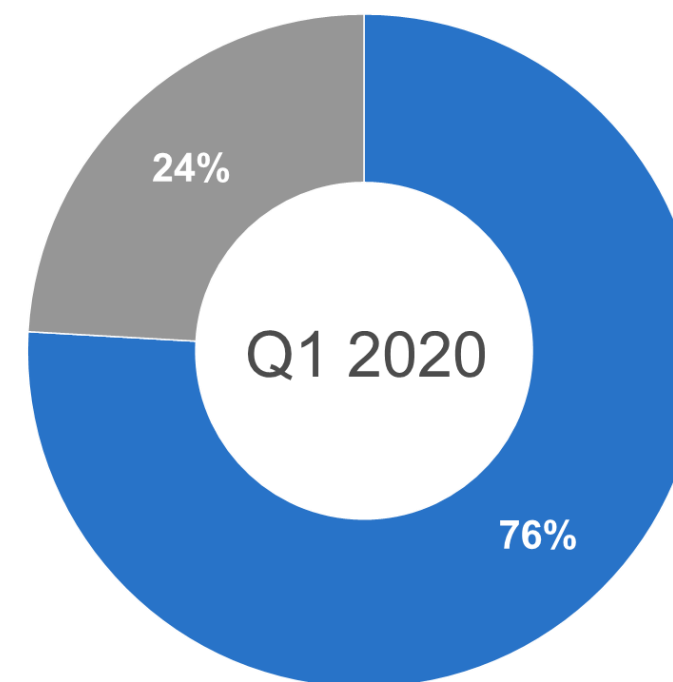


■ Europe ■ Asia ■ Scandinavia ■ N-America

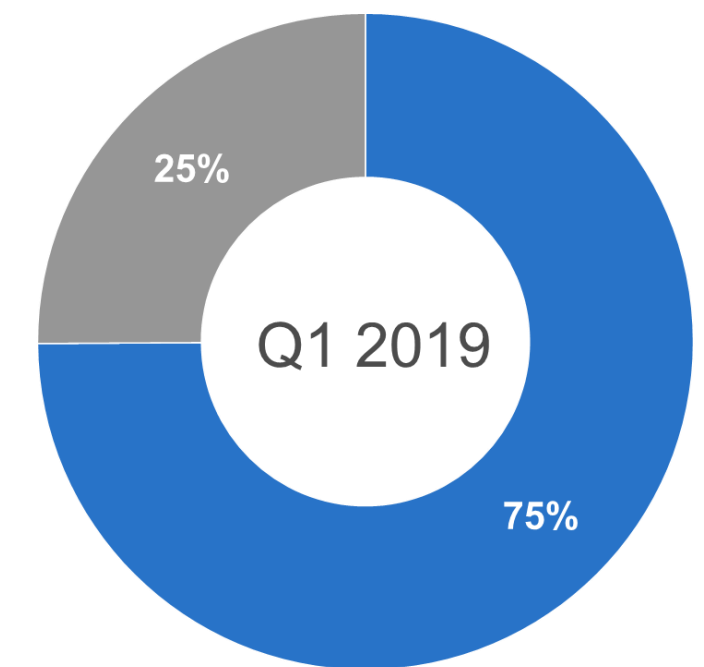


■ Europe ■ Asia ■ Scandinavia ■ N-America

SEGMENT SPLIT



■ Reefer ■ Dry



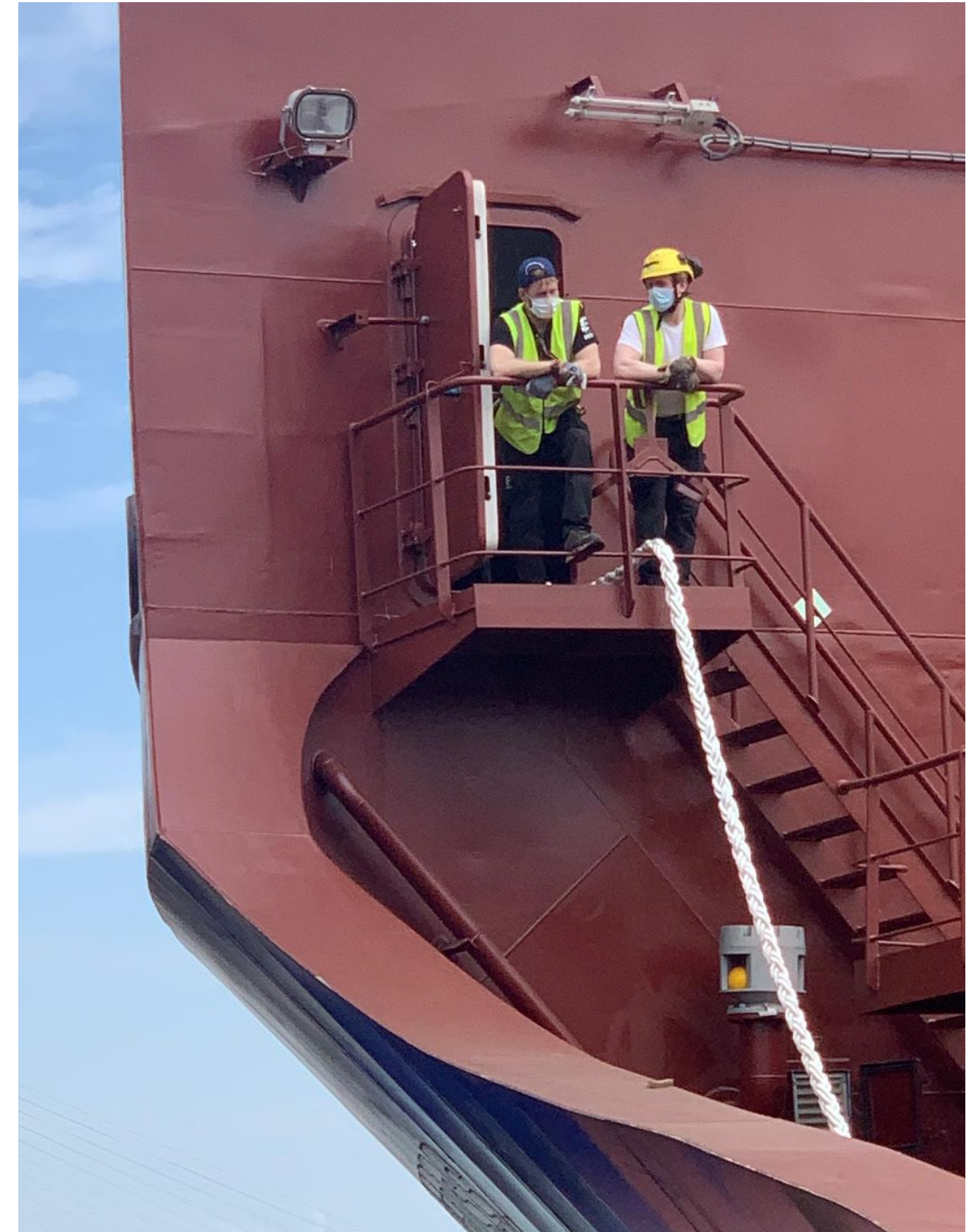
■ Reefer ■ Dry

VARIOUS STREAMLINING AND COVID-19 COUNTER MEASURES HAVE BEEN TAKEN

FTE reduction of 10% YTD

KEY MEASURES

- The number of FTE's in Eimskip Group has been reduced by 170 YTD in all layers of the Company, an equivalent of 10%
 - Estimated cost savings EUR 11 million on annual basis
 - Sales & Service division and TVG-Zimsen integrated under one EVP in February
 - Human Resources and Marketing & Communications integrated under one EVP in April
- The container sailing system has been temporarily adjusted, enabling the Company to off-hire two vessels earlier than expected
 - Estimated cost savings during this three-month period is approximately EUR 2 million
- About a third of the 2020 planned maintenance CAPEX, approximately EUR 5 million, has been delayed
- Increased emphasis on business origination by offering complete range of logistic services
- Benefits of Royal Arctic Line cooperation not expected to start to materialize until second half of the year
- The full impact of the COVID-19 pandemic on Eimskip remains to be seen and management is monitoring situation closely



FINANCIAL RESULTS

INCOME STATEMENT

Operational improvements offset by volume decrease in container liner

EUR thousand	Q1 2020	Q1 2019	Change	%
Revenue	161,670	163,988	(2,318)	(1.4%)
Expenses	152,332	150,766	1,566	1.0%
<i>Salary and related expenses</i>	29,753	32,720	(2,967)	(9.1%)
EBITDA	9,338	13,222	(3,884)	(29.4%)
Depreciation and amortization	(10,932)	(10,753)	(179)	1.7%
EBIT	(1,594)	2,469	(4,063)	-
Net finance expense	(2,640)	(1,311)	(1,329)	101.4%
Share of loss of equity accounted investees	(317)	(84)	(233)	277.4%
Net (loss) earnings before income tax	(4,551)	1,074	(5,625)	-
Income tax	(400)	(3,575)	3,175	-
Net (loss) earnings for the period	(4,951)	(2,501)	(2,450)	-
Key ratios	Q1 2020	Q1 2019		
Revenue change	(1.4%)	5.4%		
EBITDA ratio	5.8%	8.1%		
EBIT ratio	(1.0%)	1.5%		
Profit margin	(3.1%)	(1.5%)		

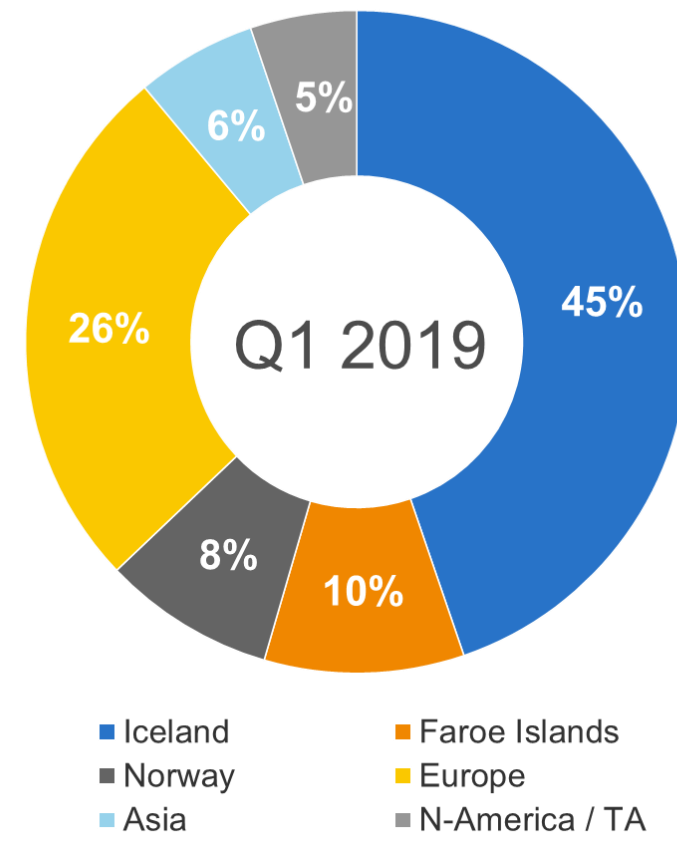
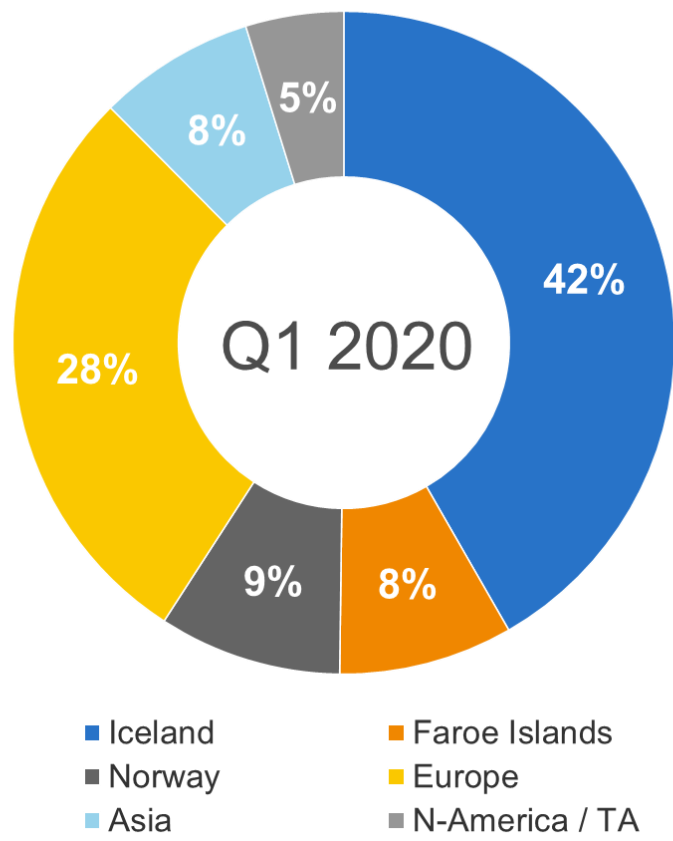
Q1

- Marginal 1.4% decrease in revenues however affected both ways by e.g.
 - Volume decrease
 - Discontinued operation of ferry Herjólfur
 - Increased low sulfur surcharge due to IMO changes
 - Higher forwarding prices due to COVID-19 related issues e.g. capacity reduction and congestion at terminals in China
- Expenses
 - An increase quarter on quarter in 3rd party and IMO expenses
 - Salaries decrease by 9% as a result of managed FTE reduction
- Net finance expense
 - Increase in interest expense due to lease liabilities
 - Foreign currency exchange loss greater than in Q1 2019
- One-off tax expense amounting to EUR 3.4 million in Q1 2019

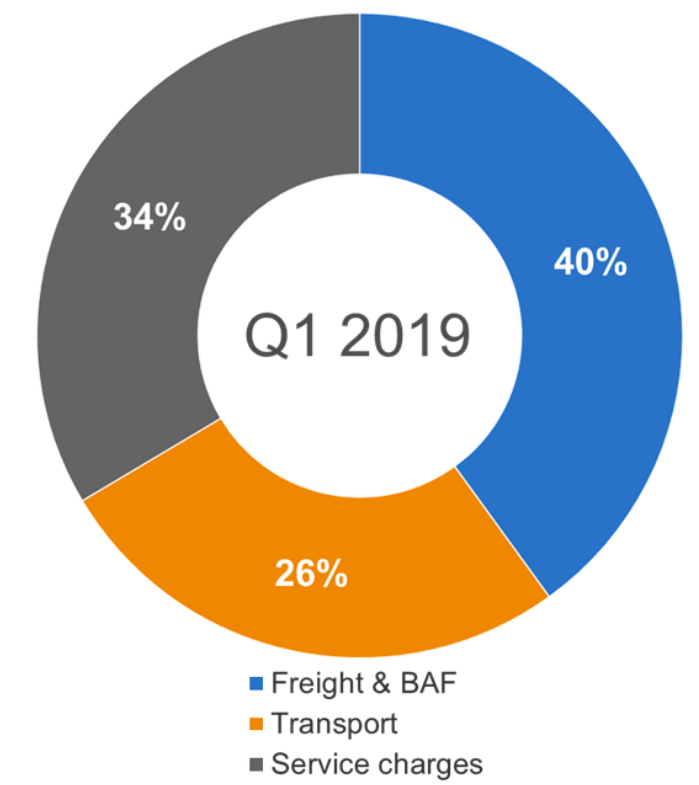
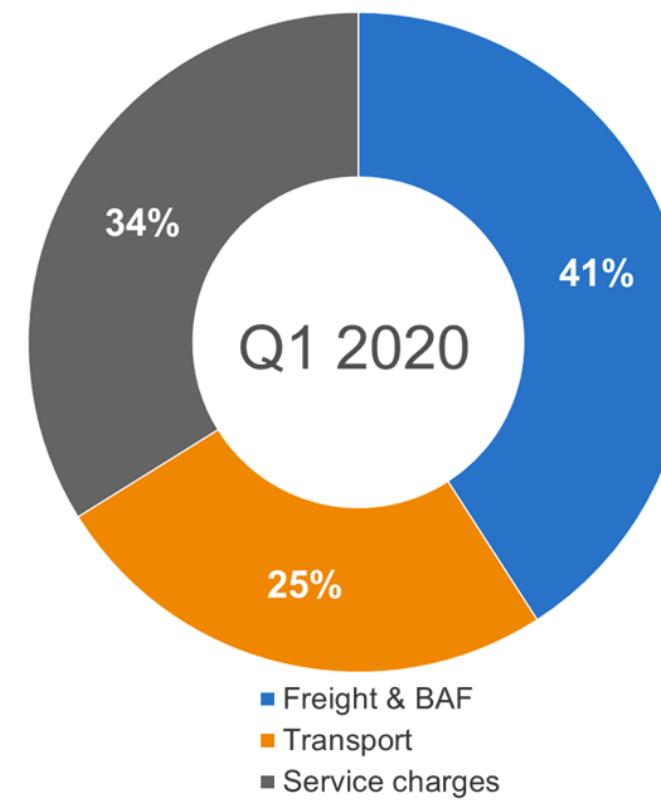
GEOGRAPHICAL SPLIT AND TYPE OF REVENUE

Iceland affected by lower import volume

GEOGRAPHICAL SPLIT



TYPE OF REVENUE SPLIT

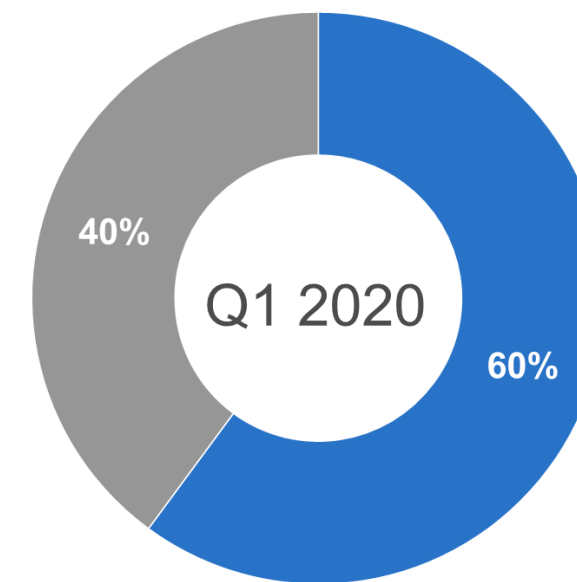


RESULTS BY BUSINESS SEGMENTS

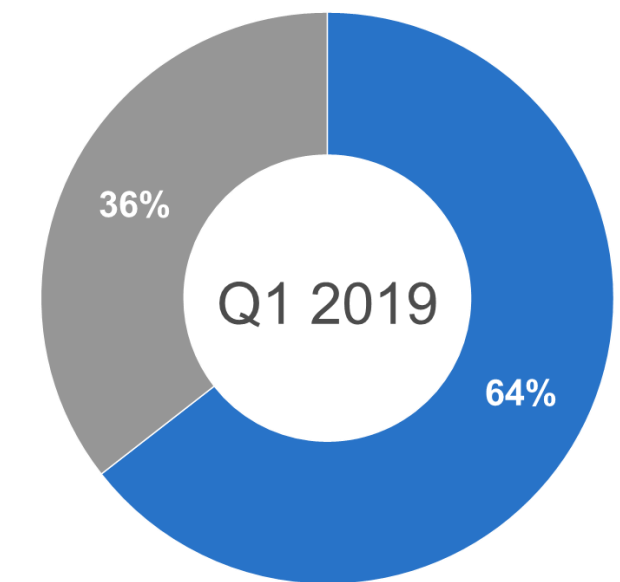
Forwarding in line with last year but liner negatively affected by current environment

EUR thousand	3M 2020	3M 2019	Change	%
<i>Liner Services:</i>				
Revenue	97,160	105,712	(8,552)	(8.1%)
Expenses	92,766	97,317	(4,551)	(4.7%)
EBITDA	4,394	8,395	(4,001)	(47.7%)
<i>Forwarding Services:</i>				
Revenue	64,510	58,276	6,234	10.7%
Expenses	59,566	53,449	6,117	11.4%
EBITDA	4,944	4,827	117	2.4%

REVENUE SPLIT BY SEGMENTS



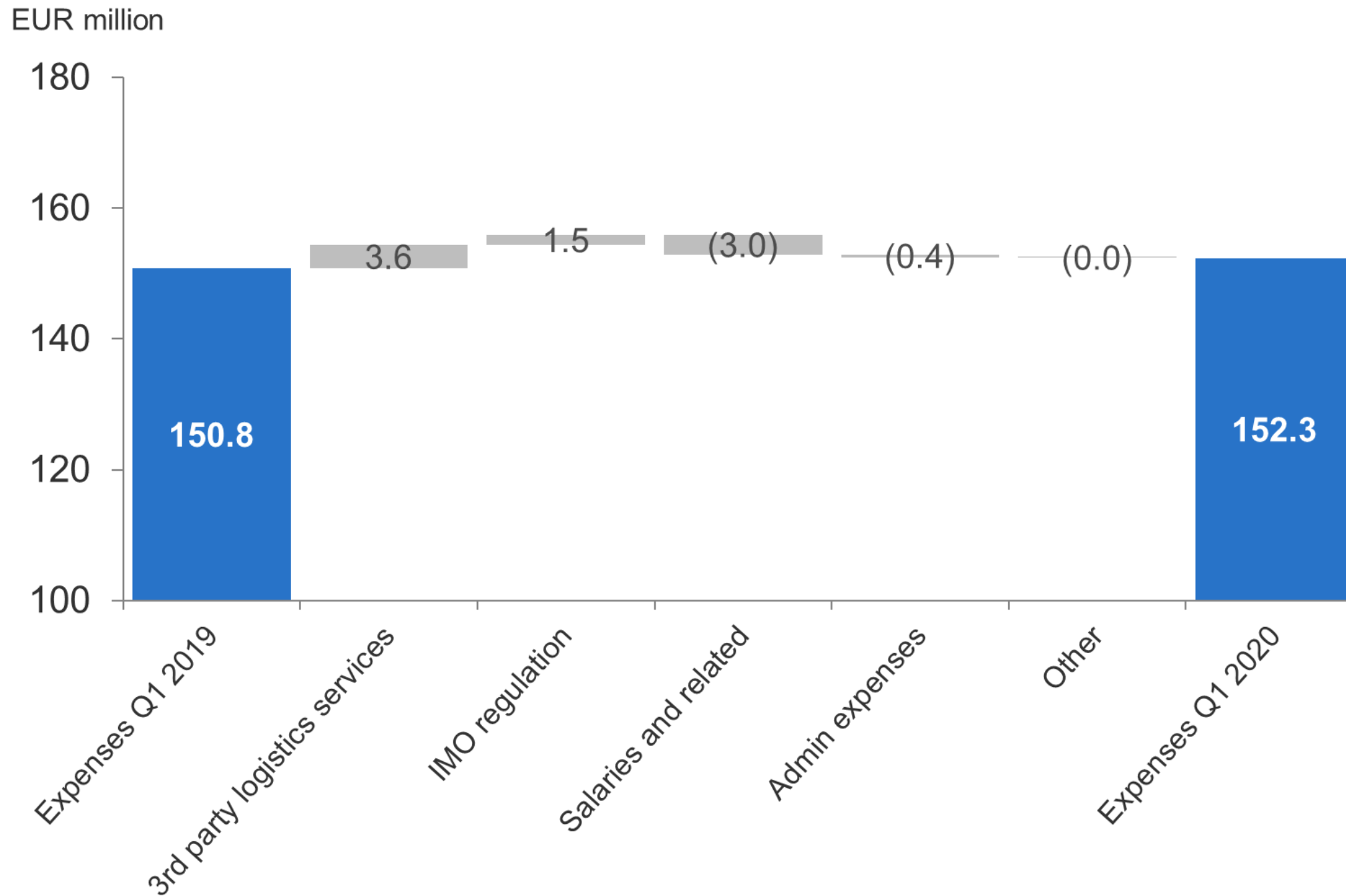
■ Liner services ■ Forwarding services



■ Liner services ■ Forwarding services

DEVELOPMENT AND NATURE OF EXPENSES

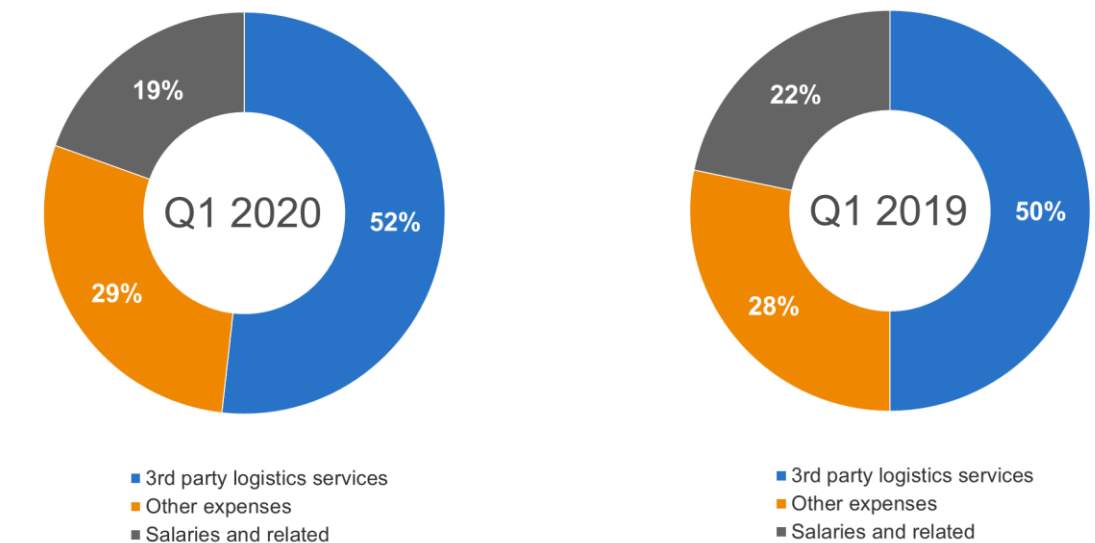
Streamlining measures positively affecting salaries and admin expenses



Q1

- 3rd party expenses affected by prices, e.g. deep-sea carriers
- IMO regulation change from year end 2019 increasing bunker cost
 - Offset by low sulfur surcharge in revenue
- Salary cost and admin expenses down by 9% QoQ
- Other cost items remain the same but affected both positively and negatively

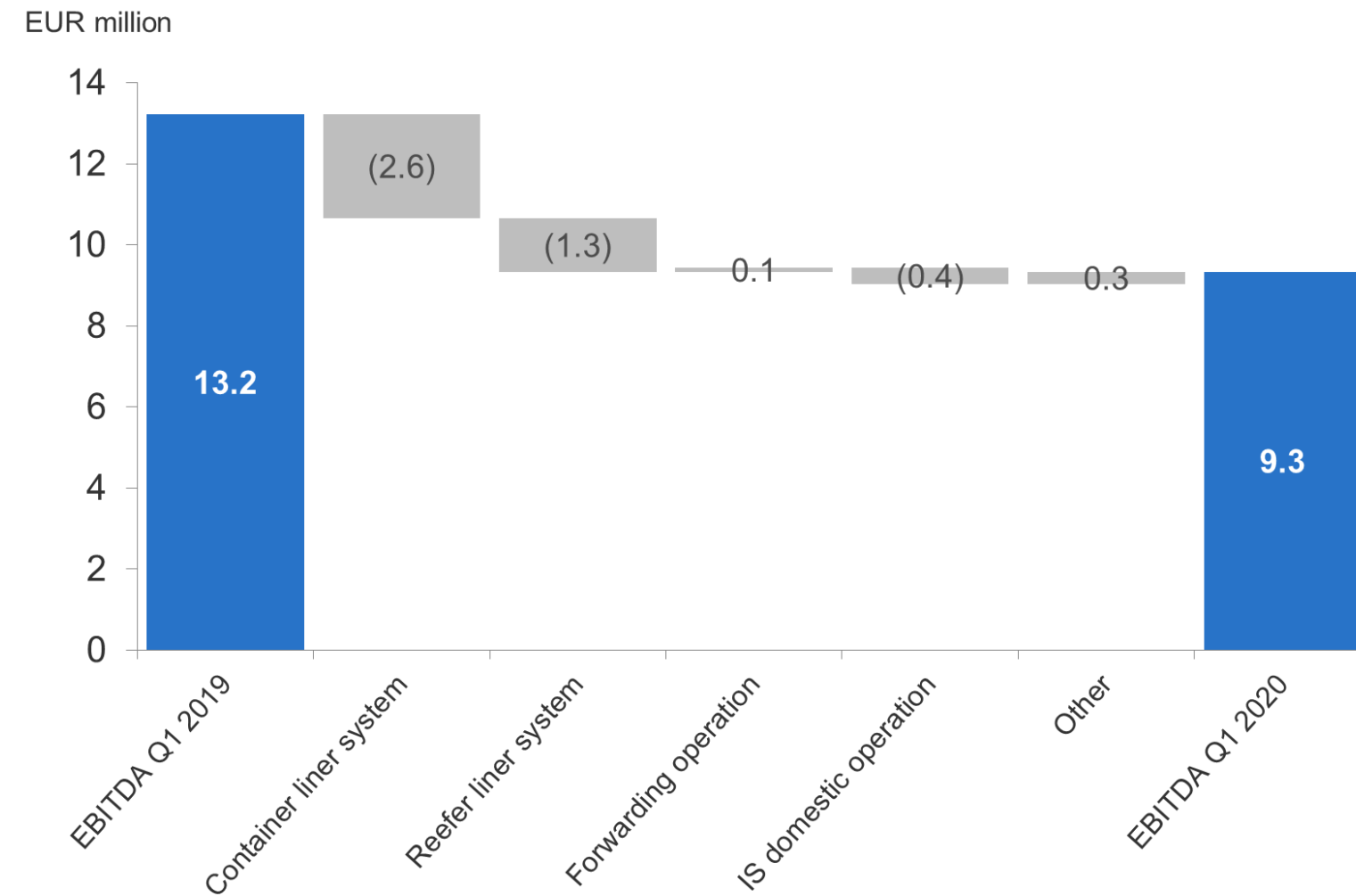
EXPENSE CATEGORIES



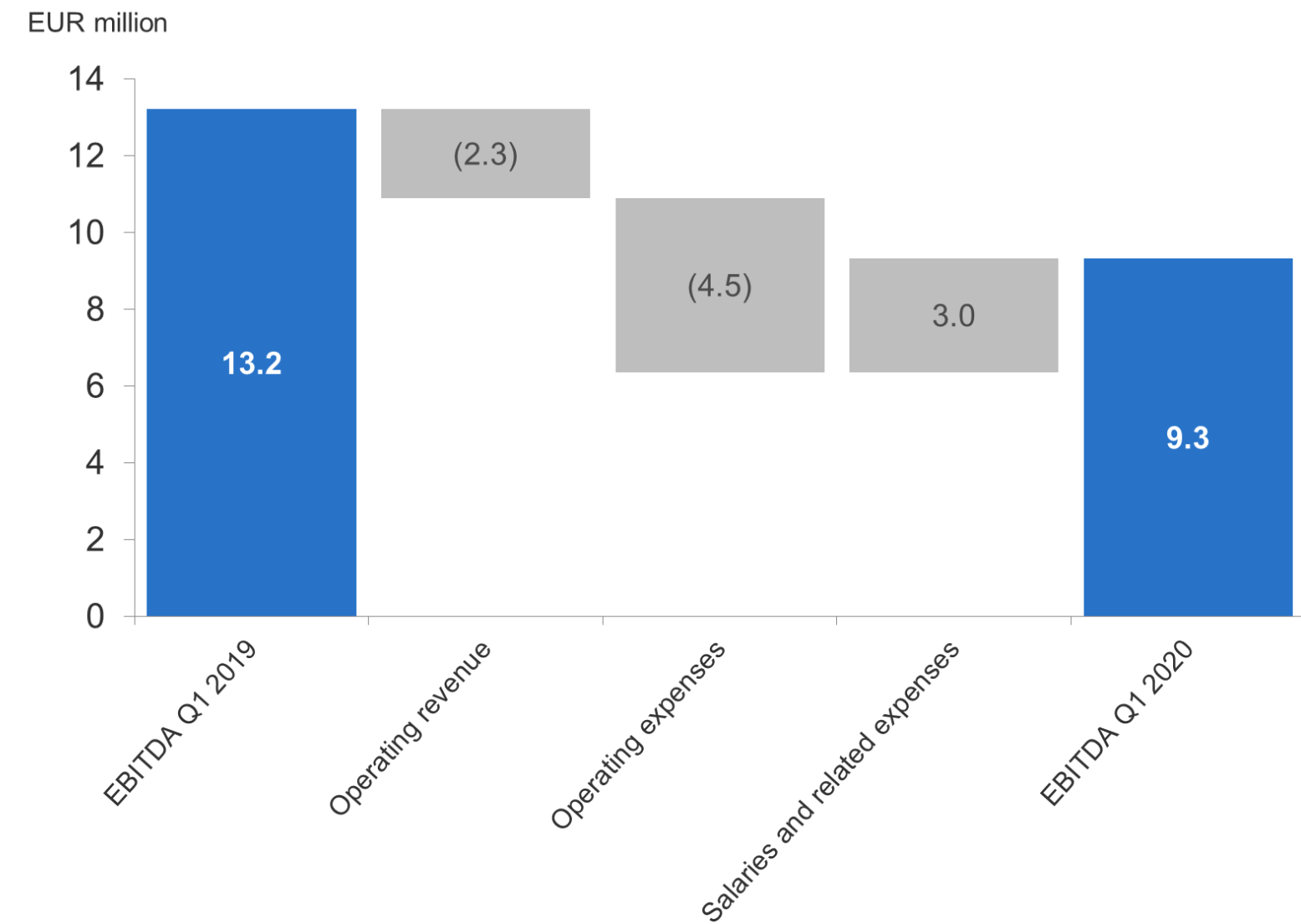
EBITDA BRIDGE

Negative volume development as well as 3rd party expenses

EBITDA BRIDGE BY BUSINESS ACTIVITY



EBITDA BRIDGE BY OPERATING ITEMS



BALANCE SHEET

Equity ratio affected by total income

EUR thousand	31.3.2020	31.12.2019	Change	%
Non-current assets	378,295	355,712	22,583	6.3%
Fixed assets	287,522	292,470	(4,948)	(1.7%)
Right-of-use assets	66,879	44,486	22,393	-
Other non-current assets	23,894	18,756	5,138	27.4%
Current assets	146,386	168,802	(22,416)	(13.3%)
Vessels held for sale	0	14,907	(14,907)	-
Assets	524,681	524,514	167	0.0%
Equity	217,018	230,868	(13,850)	(6.0%)
Non-current liabilities	208,213	191,927	16,286	8.5%
Current liabilities	99,450	101,719	(2,269)	(2.2%)
Liabilities	307,663	293,646	14,017	4.8%
Equity and liabilities	524,681	524,514	167	0.0%

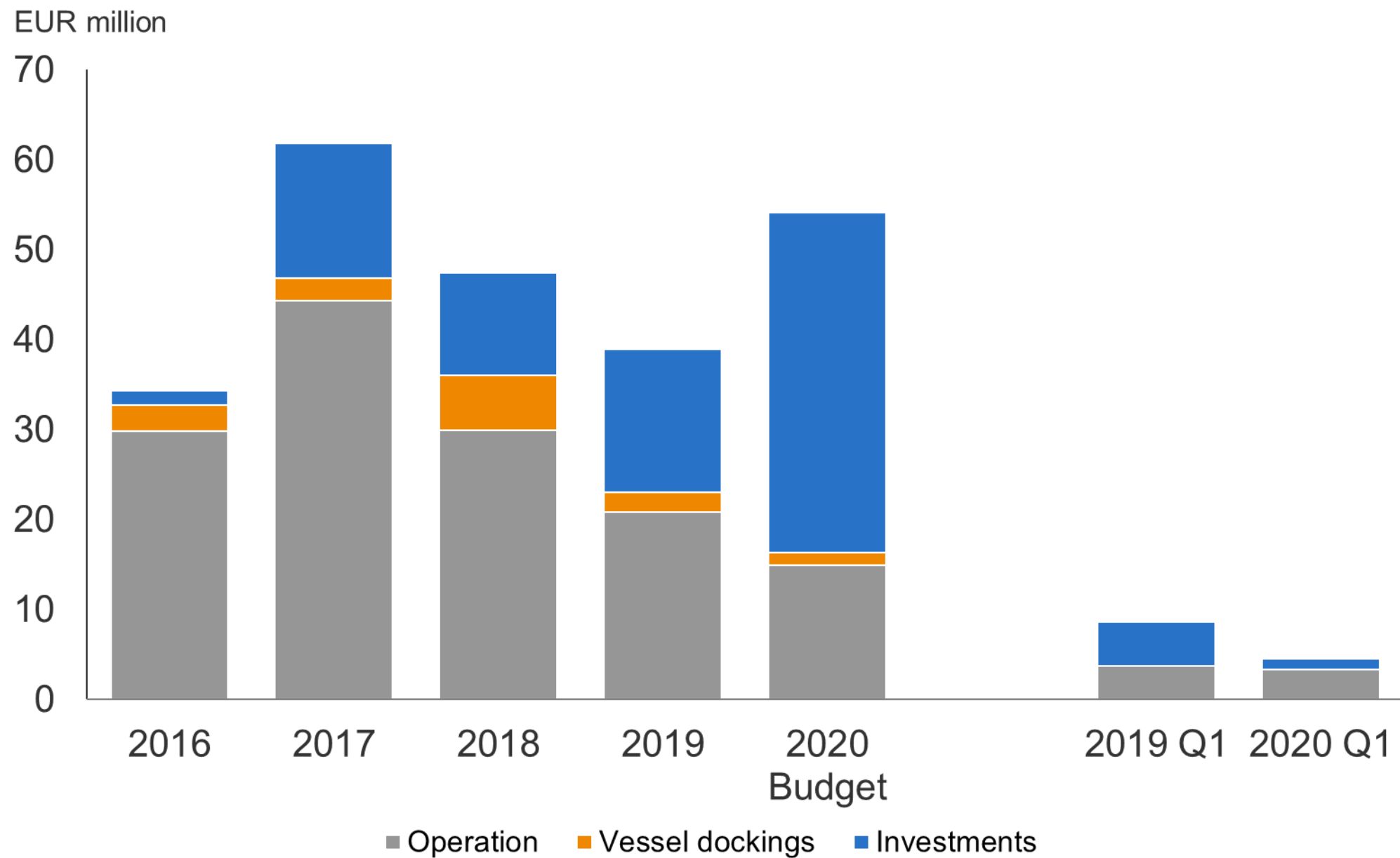
Key ratios	31.3.2020	31.12.2019
Tangible assets / Total assets	87.4%	87.4%
Equity ratio	41.4%	44.0%
Net debt / LTM-EBITDA	3.59	3.03
LTM Return on Equity	(0.6%)	0.4%

Q1

- Right of use assets increase
 - Tromsøterminalen in Norway started operation in January 2020 on long term lease
 - Lease back of sold vessels
- Five sold vessels delivered to new owners
- Equity ratio 41.4% compared to 44.0% at year end 2019, affected by total comprehensive income

DEVELOPMENT IN CAPEX

Vessel investments originally planned in 2019 delayed to 2020



Q1

- Maintenance CAPEX in the quarter at similar level YoY
- Investments minimal but finalization of vessel new buildings still to come
- Approximately third of planned maintenance CAPEX has been put on hold due to uncertainty surrounding COVID-19 to preserve financial strength of the Company

CASH FLOW

Cash flow from operation affected by lower results and change in working capital

Million EUR	Q1 2020	Q1 2019
EBITDA	9.3	13.2
Working capital changes & EBITDA adjustments	(5.6)	1.6
Paid taxes	(0.7)	(0.5)
Maintenance CAPEX net of sale	(3.3)	(3.7)
Cash flow before debt/lease service	(0.3)	10.5
Debt and lease repayment and interests	(8.2)	(6.0)
Cash flow before Investments	(8.4)	4.5
Net investments	8.1	(4.1)
Debt funding	0.0	4.2
Dividend to minority	(0.6)	(0.2)
Share buy-back	(1.5)	0.0
Change in Cash	(2.5)	4.3
Cash balance at end of period	18.6	26.7

Q1

- Working capital items negatively affected by slow end of 2019
- Proceeds from sold assets contribute positively to cash flow
- Current cash status is good, EUR 20 million after EUR 7 million installment to a revolving credit facility

MANAGEMENT ASSESSMENT OF PERFORMANCE AND STATUS

PUBLISHED QUARTER

- Good results in forwarding, especially given COVID-19 situation
- The journey of streamlining delivering a reduction in salary and administration expenses
- Negative liner volume development affecting result and challenging to scale down fixed expenses accordingly
- Volume in Trans-Atlantic on par with same quarter last year but lower margins
- Higher cost associated with delivery of the five sold vessels than expected

CURRENT QUARTER

- Pleased to have managed to secure health and security of employees
- Positive to have secured logistic chain during COVID-19 so far and kept good level of customers service
- Liner volume affected by COVID-19, especially import Iceland and export Faroe Islands but less so in Trans-Atlantic services
- Volume in forwarding services is good given the global situation, especially in reefer forwarding
- Dettifoss delivered and preparing for the Royal Arctic Line cooperation

NEAR TERM OUTLOOK

- Cost benefit of FTE reduction in 1H 2020 will start to realize in 2H
- Re-adjustment of the container sailing system
 - The Royal Arctic Line cooperation commences at end of Q2
 - Estimated delivery of Bruarfoss at end of Q3
- Economic downturn following COVID-19 expected to have negative effect on demand for cargo services throughout the year however reefer cargo likely to be relatively less impacted than dry
- EBITDA guidance for the year was withdrawn in March and it is premature to publish a new guidance

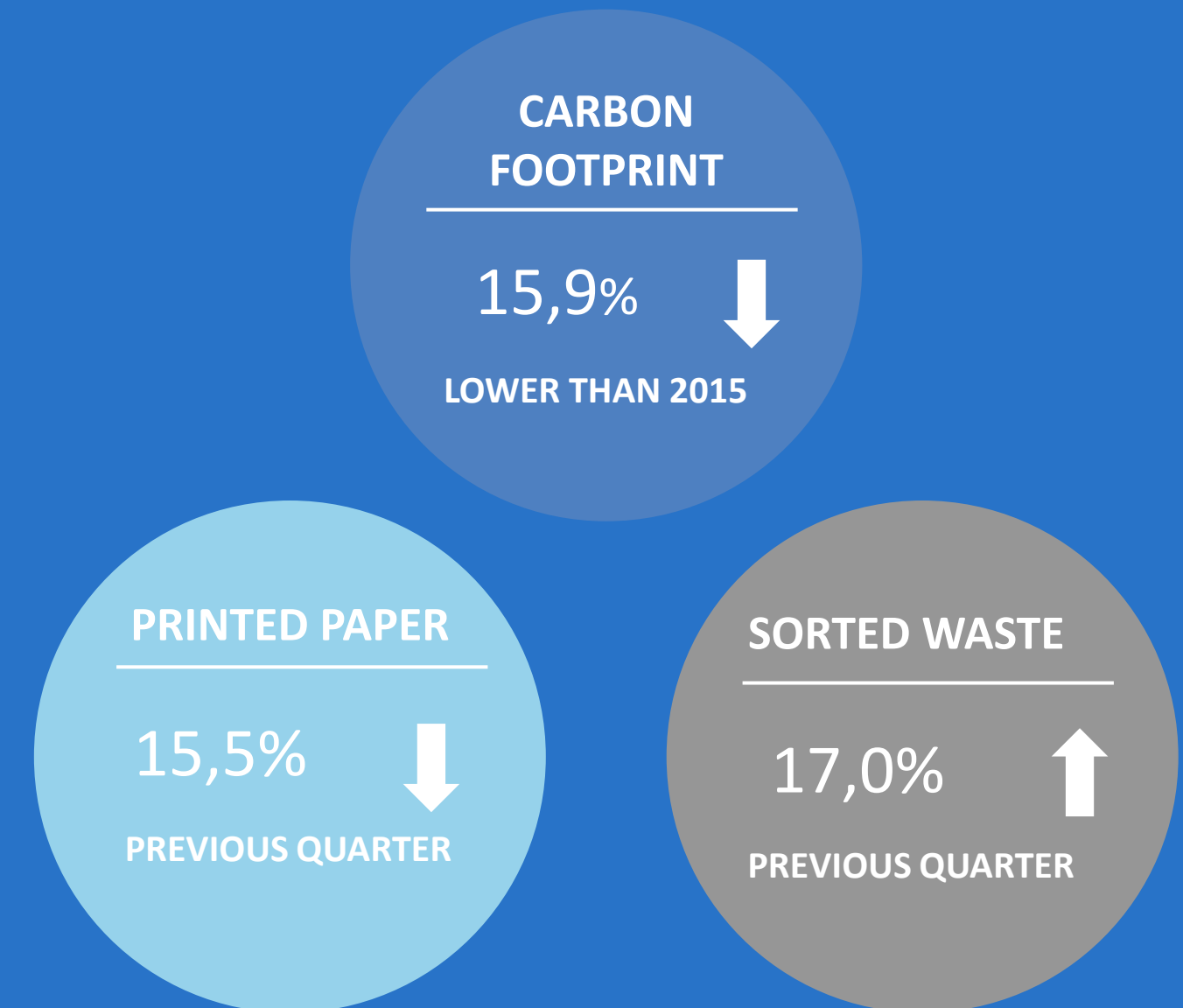
THANK YOU

APPENDIX I

CORPORATE SOCIAL RESPONSIBILITY

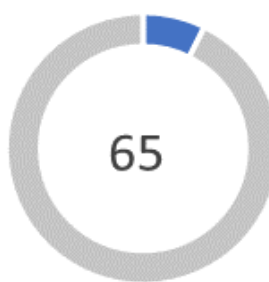
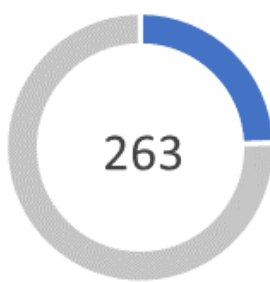
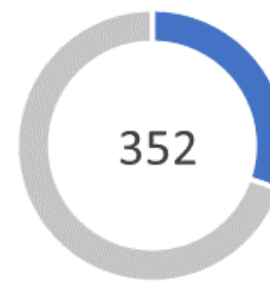








LEADING IN ENVIRONMENTAL MATTERS FOR 29 YEARS

- Eimskip became one of the first companies in Iceland to establish an environmental policy 29 years ago
- An ambitious goal to reduce carbon footprint by 40% from 2015 to 2030
- Dettifoss, the largest and most environmentally friendly vessel Eimskip has had in operation was added to the fleet on the 8th of May
- Since 2004 Eimskip has given all 1st graders in Iceland bicycle helmets and safety reflectors. During these 16 years around 65.000 helmets have been given which is around 18% of the Icelandic population. Eimskip is very proud of the project which is in good harmony with Eimskip's CSR focus and commitment to a better and safer society
- Eimskip will focus on four Sustainable Development Goals in 2020
 - Climate action
 - Gender equality
 - Good health and well- being
 - Life below water



OPERATIONAL OVERVIEW

Insight to the operation

	Eimskip	North-America	Europe	Scandinavia	Asia	Total International	Iceland
# of FTE's		 65	 263	 352	 132	 812	 828
							
# of Offices		9	12	13	7	41	14
# of Coldstores		2	0	5	0	7	7
Size (Tons)		7,000	0	35,700	0	42,700	15,300
# of Warehouse		4	3	6	1	14	14
Size (m ²)		20,251	3,700	32,550	2,000	58,501	41,609
# of own Trucks		0	17	30	0	47	131
# of Terminals		3	0	5	0	8	7
# of containers (Teu's)							28,000
# of Vessels		0	0	14	0	14	2

OPERATING RESULTS BY QUARTER

Amounts are in thousands of EUR

OPERATING RESULTS	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Revenue	161.670	175.549	172.522	167.535	163.988
Expenses	152.332	164.363	152.210	151.706	150.766
EBITDA	9.338	11.186	20.312	15.829	13.222
EBIT	(1.594)	(3.319)	9.248	5.124	2.469
Net (loss) earnings earnings for the period	(4.951)	(6.449)	7.203	2.754	2.501
EBITDA ratio	5,8%	6,4%	11,8%	9,4%	8,1%
EBIT ratio	(1,0%)	(1,9%)	5,4%	3,1%	1,5%
BALANCE SHEET	31.03.2020	31.12.2019	30.09.2019	30.06.2019	31.03.2019
Assets	524.681	524.514	522.507	520.227	513.751
Equity	217.014	230.868	233.119	232.972	233.314
Liabilities	307.667	293.646	289.388	287.255	280.437
Interest-bearing debt	204.263	204.263	190.824	189.207	189.207
Net debt	183.526	183.526	163.851	170.761	167.853
Equity ratio	41,4%	44,0%	44,6%	44,8%	45,4%
CASH FLOW	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Net cash from operating activities	1.249	16.903	1.406	19.872	13.121
Net cash provided by (used in) investing activities	4.737	(5.827)	(10.569)	(12.290)	(7.865)
Net cash (used in) provided by financing activities	(8.506)	(8.903)	311	(6.091)	(916)
Cash and cash equivalents at the end of the period/year	18.563	20.737	18.673	26.973	26.684

OTHER MATTERS

SHAREHOLDERS

- Eimskip's market capitalization was EUR 156.0 million or ISK 24.4 billion at the end of trading on 19 May 2020.
- Closing price at year end 2019 was ISK 189.5 per share and the average closing price for the year 2019 was ISK 183.9 per share. The closing price on 19 May 2020 was ISK 135.0 per share, a decrease of 28.8% from the beginning of the year.
- The total number of shares is 187,000,000, thereof 180,867,243 shares are outstanding and 6,132,757 are treasury shares. There were 664 shareholders at year end 2019 and they were 723 on 19 May 2020.
- A share buy-back program was initiated in Q4 2019 and finalized in January 2020. A total of 2,190,465 shares were purchased for a market value amounting to ISK 410 million or EUR 3.0 million. The shares are classified as treasury shares.

OTHER

- The Company has a continuance until 15 June 2020 to submit objections to statement of objections II from the Icelandic Competition Authority.

DISCLAIMER

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