

EIMSKIP: OPERATING RESULTS FOR Q2 2021

Highlights of Q2 results

- Strong operational results in Q2 and overall good volume benefitting from increased economic activities in main liner business areas, conditions in global transportation markets and focus on business origination.
 - Good balance and utilization in container liner system.
 - Substantial volume growth in Trans-Atlantic services.
- Good performance in International forwarding operation where 3rd party expenses, from which Eimskip purchases services on behalf of its customers, increase substantially due to disruption in global transportation markets resulting in corresponding increase in sales revenue.
- Settlement made with the Icelandic Competition Authority in the competition case concerning the period 2008-2013. The settlement amount of EUR 10.2 million expensed in the quarter.
 - Figures below are adjusted for the settlement amount expensed in the quarter for better comparison of actual operational results.
- Revenue amounted to EUR 211.1 million, an increase of EUR 50.5 million or 31% when compared with Q2 2020 which was on a low level.
 - Higher sales revenue partly driven by increase in 3rd party expenses.
 - Focused revenue management and positive volume development also increase revenue.
- Adjusted expenses amounted to EUR 181.4 million, an increase of 25%, mainly driven by significant increase in 3rd party expenses.
- Substantial increase in EBITDA with adjusted EBITDA amounting to EUR 29.7 compared to EUR 16 million for the same quarter 2020. EBITDA ratio was 14.1% compared to 10.0% for the same period last year.
 - Improved results in container liner are the main driver for increased EBITDA leveraging on higher volume and more favorable volume mix, revenue management and increased share of Trans-Atlantic services.
 - Continued strong performance in international forwarding benefitting from higher general price levels.
- Adjusted EBIT amounted to EUR 17.5 million compared to EUR 5.0 million or an increase of EUR 12.4 million for the same period in 2020.
- Adjusted Net earnings amounted to EUR 13.3 million compared to EUR 2.5 million for the same period in 2020.
- Equity ratio was 39.7% and adjusted leverage ratio was 2.61 both in line with published targets.

Highlights of 6M 2021 results

- Revenue amounted to EUR 391.4 million, an increase of EUR 69.1 million or 21% when compared with the same period in 2020.
- Adjusted total expenses amounted to EUR 345.3 million, an increase of EUR 48.4 million. Salary expenses at same level as last year.
- Good increase in EBITDA with adjusted EBITDA amounting to EUR 46.0 million compared to EUR 25.3 million in the same period last year, an increase of EUR 20.7 million. Leveraging e.g., on lower cost base after last year's streamlining and integration measures.
- Adjusted EBIT amounted to EUR 21.9 million compared to EUR 3.4 million for the same period last year.
- Substantial increase in Net earnings where adjusted Net earnings amounted to EUR 16.2 million, compared to Net loss of EUR 2.5 million in the same period of 2020.
- Total CAPEX for the period amounted to EUR 5.5 million compared to EUR 26.1 million in same period of 2020.
- Updated guidance for adjusted EBITDA for the full year 2021 in the range of EUR 90-100 million and adjusted EBIT in the range of EUR 41-51 million.
 - Based on actual operational results for 6M 2021, management accounts for July now available, current outlook for August and updated forecast for the remainder of the year.
 - The broad range in the guidance represents the uncertainty and volatility in the global transportation markets

VILHELM MÁR THORSTEINSSON, CEO

"I am very pleased with the performance in the second quarter of the year which exceeded our expectations. We are realizing on the great work of our employees on many improvement projects e.g., revenue management, streamlining and integration projects and in optimizing our operational network. At the same time market conditions, although challenging, have been working in our favor. I am extremely pleased with employee resilience and resourcefulness during challenging times which also contribute to good operational results.

Financially the quarter and first six months are characterized by effects of the disruption in the global transportation markets which e.g. lead to increased revenue and expenses. The global trends in the international vessel charter markets are concerning, with very high charter prices, and the situation is now expected to last at least into 2022.

Adjusted EBITDA in the quarter was strong or amounting EUR 29.7 million. Improvements are mainly driven by better results of the container liner system leveraging on higher volume and more favorable volume mix, revenue management and increased share of Trans-Atlantic services. The volume growth in Trans-Atlantic services continued in the quarter with positive margin effect as this product is on higher-than-average price levels. Furthermore, International forwarding performed well in the quarter despite turbulence in global transportation markets. Share of revenue generated in Eimskip International operations was 57% in the quarter and has grown from 45% in 2016.

In June Eimskip made a settlement with the Icelandic Competition Authority in the old competition case concerning the period 2008 to 2013. Despite the negative financial impact, it was the Board of Directors opinion that it would be in the best interest of the Company to settle this old case.

Given actual operational results for 6M 2021, management accounts for July now available, current forecast for August and volume and margin outlook for the remainder of the year, updated guidance for adjusted EBITDA for the full year 2021 is now in the range of EUR 90-100 million. We continue to have a fairly broad range in the guidance due to the uncertainty and volatility in the global transportation markets."

ONLINE INVESTOR MEETING 20 AUGUST 2021

The Board of Directors of Eimskipafélag Íslands hf. approved the Company's Condensed Consolidated Interim Financial Statements for Q2 2021 at its meeting on 19 August 2021. Investors and market participants are invited to a meeting on Friday 20 August 2021 at 8:30 a.m. The meeting will only be webcasted live in Icelandic at www.eimskip.com/investors. Vilhelm Már Thorsteinsson, CEO will present the Company's financial results for the Q2 2021. 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.