

EIMSKIP: Results for Q3 2022

HIGHLIGHTS OF Q3 2022 RESULTS

- Generally strong performance of all business segments in the quarter, bearing in mind that the third quarter is traditionally the strongest quarter of the year for the group.
- Container Liner services performing well with good utilization and increased operational efficiency.
 - Continued strong volume in import to Iceland and Trans-Atlantic.
 - Export Iceland volume started to pick up at the end of the quarter after a relatively slow summer.
 - Financial contribution from Trans-Atlantic services continues to be substantially higher than last year, supported by rates and volume that reflect the high demand on this international trade lane.
- High activity and good contribution from services supporting the liner system such as land transportation, warehousing and cold storage and customs services.
- International forwarding continued to perform well in the quarter despite growing global economic uncertainties.
 - Space and equipment availability with the Deep-Sea lines continued to improve in the quarter.
 - Global freight rates started to drop significantly in the latter half of the quarter, putting pressure on margins.
- Revenue in the quarter amounted to EUR 292.2 million, an increase of EUR 55.6 million or 23.5% when compared with Q3 2021.
 - Generally strong liner volume, especially in import to Iceland and Trans-Atlantic services.
 - Some increase in revenue in forwarding services despite lower volume, however margins decrease slightly from previous year.
 - Price increases from 3rd party transportation suppliers and higher oil prices also a contributing factor in revenue increase.
- Expenses amounted to EUR 242.6 million, an increase of 21.4% from last year, mainly driven by significant increase in 3rd party expenses and oil prices, with liner and salary expenses increasing as well.
- Good growth in EBITDA which amounted to EUR 49.6 million compared to EBITDA of EUR 36.8 million for the same quarter 2021. EBITDA ratio continues at a healthy level and was 17.0% compared to EBITDA ratio of 15.5% for the same quarter last year.
- Net earnings amounted to EUR 28.1 million compared to Net earnings of EUR 20.7 million for the same period in 2021.
- Strong cash flow from operations which amounted to EUR 37.2 million, an increase of EUR 10.2 million compared to same quarter last year.
 - Cash position at end of the period amounted to EUR 46.6 million compared to EUR 25.1 million at end of same quarter last year.
 - Leverage ratio at 1.23x which is below long-term target of 2-3x.
 - This strong financial position is an advantage in the current external environment.
- Total maintenance CAPEX and investments for the first nine months amounted to EUR 20.6 million compared to EUR 9.4 million for the first nine months last year.

VILHELM MÁR THORSTEINSSON, CEO

“We had a generally strong performance of all business segments in the quarter and I am pleased to see that our results are built on a diverse foundation with more than half of our income originated outside of the Icelandic Economy. We continue to see improvements in our container liner which are mainly driven by strong growth in our Trans-Atlantic services. Furthermore, there was high activity and good contribution from services supporting the liner system such as land transportation, warehousing and cold storage and customs services. There was a slight decrease in revenue in the International Freight Forwarding segment which reflects the changes in the global economy, with a drop in international freight rates and less demand for transportation in some trade lanes, however with same EBITDA results as last year.

Both revenue and expenses increase substantially from same quarter last year mainly driven by cost of 3rd party services, bunker prices and high activity. Our Trans-Atlantic services continue to strengthen and have become an important pillar in our container liner and we have announced that we will be adding a fourth vessel on the North America trade lane later in November. EBITDA in the quarter amounted to

EUR 49.6 million and increased by 35% from same quarter last year and EBIT amounted to EUR 34.1 million, an increase of EUR 10.3 million. Net earnings amounted to EUR 28.1 million and cash position at the end of the period amounted to EUR 46.6 million.

Global freight rates decreased substantially in most trade lanes in the quarter reflecting the situation and uncertainty in the Global economy. This affects margins in the International Forwarding operations although improved availability of space and equipment with the Deep-Sea lines should allow for some increase in volume, partly offsetting the rate reduction. Eimskip's freight forwarding operation is specialized in transportation of chilled and frozen commodities which is favorable under the current circumstances, since demand for foodstuff is generally more resilient than demand for other goods in a recessionary environment.

Eimskip continues to think green and during the quarter important steps were taken towards energy transition in the operations with a formal co-operation with National Power Company of Iceland, Landsvirkjun and investments in the first electric trucks in Eimskip's fleet. Furthermore, we have started to analyze and evaluate our options when it comes to renewing the container vessel fleet, focusing on the next generation of vessels using alternative greener fuel.

Overall, there has been a good start of the fourth quarter and we are positive for the remainder of the year. The global economic outlook for next year is marked by great uncertainty and inflationary pressure that is affecting both international trade volume and labor markets world-wide. We believe Eimskip is well positioned with its core operations in the North-Atlantic in economies rich of natural resources which are driven by exports and highly dependent on imports of consumer goods and commodities."

INVESTOR MEETING 4 NOVEMBER 2022

The Board of Directors of Eimskipafélag Íslands hf. approved the Company's Condensed Consolidated Interim Financial Statements for 1 January to 30 September 2022 at its meeting on 3 November 2022. Investors and market participants are invited to a meeting on Friday 4 November 2022 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. Vilhelm Már Thorsteinsson, CEO and María Björk Einarsdóttir, CFO, will present the Company's financial results for Q3 2022. Investor presentation and a recording of the meeting will be available on the Company's investor relations website.

FURTHER INFORMATION

Edda Rut Björnsdóttir, Executive Vice President of Human Resources & Communication, tel.: +354 825 3399, email: 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.