

## EIMSKIP: Results for Q1 2023

### HIGHLIGHTS OF QUARTER ONE

- Overall good results, driven by strong performance of the Container liner services, while results in International forwarding decreased, as expected, with market conditions that have significantly changed as the global shipping market has normalized.
  - Sharp decline in global freight rates resulting in a decrease in both revenue and cost YoY, mainly through purchase of third-party services.
  - Overall moderate growth in liner volumes compared to same quarter last year or an increase of 5.3%.
  - Import to Iceland remained on a strong level and export from Iceland and Faroe Islands benefitted from strong pelagic seasons while export of farmed salmon and industrial cargo from Iceland was lower than expected.
  - Trans-Atlantic volume grew by 9.6% and rates decreased from Q4 2022 levels and were on a similar level as in Q1 2022.
  - International forwarding with marginal decrease in volume or 2.4% and solid financial results, despite decrease from previous year.
- Revenue in the quarter amounted to EUR 214.6 million, a decrease of EUR 25.1 million or 10.5% when compared with Q1 2022, mainly caused by lower global freight rates.
- Expenses amounted to EUR 182.7 million, a decrease of EUR 26.6 million or 12.7% from last year, mainly driven by a significant decrease in cost of 3rd party services.
- Salary expenses increased by EUR 2.7 million or 8.3% due to e.g., increase in FTEs and general wage increases partly offset by a positive currency effect of EUR 1.5 million.
- EBITDA in the quarter on a similar level as same time last year and amounted to EUR 31.8 million, up by EUR 1.5 million or 4.8%.
- EBIT in the quarter amounted to EUR 15.8 million which is an increase of EUR 0.7 million or 4.6%.
- Share of profit of affiliates amounted to EUR 1.9 million in the quarter, an increase of EUR 1.1 million from last year.
- Net earnings amounted to EUR 12.5 million compared to Net earnings of EUR 10.5 million for the same period in 2022.
- Good cash flow, with net cash from operating activities amounting to EUR 34.3 million, an increase of EUR 5.5 million compared with same quarter last year, mainly driven by changes in net working capital.
  - Strong liquidity at end of the period with a cash position of EUR 86.8 million compared to EUR 51.2 million at end of same quarter last year. At the end of the quarter, around EUR 22.7 million were allocated to dividend payment and EUR 12.7 million to share capital reduction, both paid in April.
- Total maintenance CAPEX and new investments in line with plan for the first three months and amounted to EUR 7.2 million compared to EUR 4.4 million for the first three months last year.

### VILHELM MÁR THORSTEINSSON, CEO

“We are overall pleased with the financial results in the first quarter. The container liner saw a moderate growth in volume and the three pillars of the system; Iceland, Faroe Islands and Trans-Atlantic services, all performed well in the quarter. Import to Iceland remained strong and export from Iceland and Faroe Islands benefitted from successful pelagic seasons while farmed salmon and industrial exports from Iceland were on a rather low level. Trans-Atlantic volume grew by 9.6% while the freight rates decreased in the quarter as the global shipping market normalized, however the rates were on similar level as in Q1 2022. The changes in the global market landscape affected our international forwarding operations where volume remained on a similar level to the year before, while financial results decreased as was expected.

Both revenue and expenses decreased in the quarter, mainly driven by lower cost of third-party services. Revenue in the quarter amounted to EUR 214.6 million and decreased by EUR 25.1 million from last year and expenses amounted to EUR 182.7 million and decreased by EUR 26.6 million. EBITDA in the quarter amounted to EUR 31.8 million and increased by EUR 1.5 million from same quarter last year and EBIT amounted to EUR 15.8 million, an increase of EUR 0.7 million. Net earnings amounted to EUR 12.5 million compared to EUR 10.5 million last year.

The second quarter has been eventful so far with the sale of the ferry Baldur, acquisition of the port agency and forwarding activities of Royal Arctic Line in Greenland, strategic changes to the sailing system and approval of new sustainability targets which include reaching net-zero emissions in 2040 and increasing share of women in the company’s management.

An agreement was signed in April for the sale of the ferry Baldur, which is servicing in Breiðafjörður under the brand Sæferðir. The ferry has for a long time been an important connection for the West Fjords, and its importance has increased even further with the growing activity in the area. Baldur will remain in service until this October when it will be delivered to its new owner. The Icelandic Road and Coastal Administration (Vegagerðin) is expected to issue a tender announcement for the ferry operations in Breiðafjörður soon and until the tender is concluded, uncertainty remains regarding the future of Sæferði's ferry operation in the area.

In May, Eimskip acquired the port agency and forwarding activities of Royal Arctic Line in Greenland. Greenland is a growing, high-potential market area and the acquisition increases Eimskip's presence and strengthens its service portfolio in the Greenlandic market.

We recently announced changes to our sailing system which include connecting the reefer liner system in Norway with the container liner system in Faroe Islands. This allows us to reduce number of container vessels in operation by one, increase utilization of the system and our terminal in the Faroes as well as reduce bunker consumption and thus lower emissions. Subsequently we announced weekly coastal services in Iceland which will transform our domestic services. These changes strengthen our service offering and create business opportunities by adding new connections while resulting in lower operating cost.

The outlook for coming months is mixed. There is general positivity surrounding our home market in the North-Atlantic, while the swift changes in the global shipping market will inevitably continue to affect our international forwarding operations and the Trans-Atlantic rates in our container liner. On the other hand, lower international freight rates and bunker prices have decreased customers' total transportation cost which should positively affect demand in the longer term. We experience general inflationary pressure on salaries and other operating expenses, both in Iceland and internationally and stay committed to manage our costs in a proactive way."

## INVESTOR MEETING 17 MAY 2023

The Board of Directors of Eimskipafélag Íslands hf. approved the Company's Condensed Consolidated Interim Financial Statements for the period 1 January to 31 March 2023 at its meeting on 16 May 2023. Investors and market participants are invited to a meeting on Wednesday, 17 May 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 Q1 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.