

28 February 2014

Financial results 2013 and fourth quarter results





Agenda

1. **Highlights**
2. Financial results 2013
3. Outlook
4. Q&A



Key highlights

Q4 and FY

EUR millions	Q4 2013	Q4 2012	Change	2013	2012	Change
Operating revenue	106.9	107.9	(1.0%)	433.8	423.7	2.4%
EBITDA	7.9	6.3	25.3%	37.1	36.2	2.4%
EBIT	2.4	0.2	-	15.9	13.7	15.9%
CAPEX	5.8	10.2	(43.1%)	29.3	50.5	(42.0%)
Net cash from operating activities	7.2	12.7	(43.7%)	20.5	36.9	(44.3%)
Total assets	314.4	313.3	0.3%	314.4	313.3	0.3%
Equity ratio	65.5%	63.7%	2.7%	65.5%	63.7%	2.7%

Key highlights of 2013

- Operational results in 2013 reflect the tough economic environment in Iceland
 - Performance of Eimskip's operations in Iceland below expectations, but other areas in the home market performed better
 - Downward trend in international sea freight prices affect the company's revenues
 - Adverse weather conditions in the North Atlantic and mechanical issues with a few of our vessels in Q4 put our sailing schedule out of order and negatively impacted our results
- Increase in transported volume from 2012
 - North Atlantic liner services up by 3.4% and reefer forwarding up by 7.9%
 - Total volume related to Iceland similar to previous year but growth in the Faroe Islands, Norway and in Transatlantic transport
 - Transported volume in forwarding in Intra Europe and Intra Asia has increased

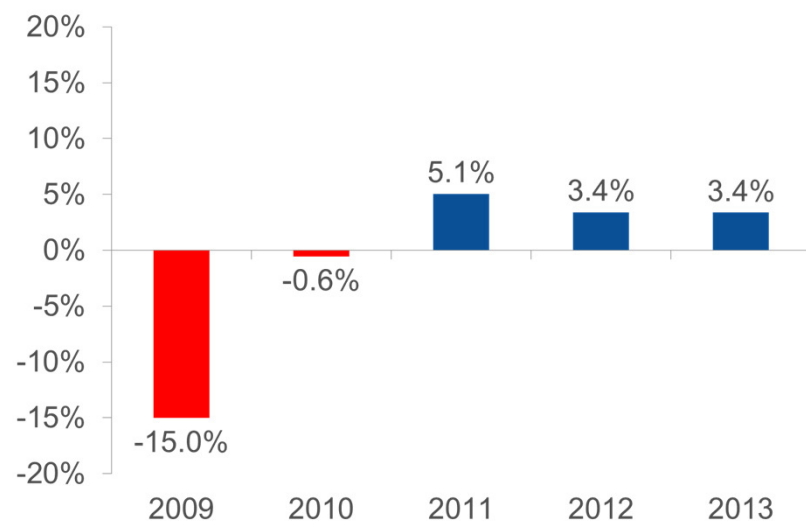
Key highlights of 2013

- Substantial changes in Eimskip's sailing schedule in March 2013
 - Increased capacity, increased fixed cost and good market reaction
 - Adjustments made in February 2014 with a new sailing route, the Gray line, to increase flexibility and service reliability
 - It takes time to grow revenues in a new and more powerful system
- The two new container vessels
 - Total negotiated reduction of the vessels' purchase price is USD 10.8 million due to estimated delay of delivery until Q2 and Q4 this year
 - The delay will neither affect the sailing schedule nor services to Eimskip's customers
- Opening of new offices
 - Three new offices were opened during the year, in Murmansk in Russia, in Gdynia in Poland and in Portland, Maine in the US
- Proposed dividend payment for the year 2013 represents 30.0% of net earnings of the year

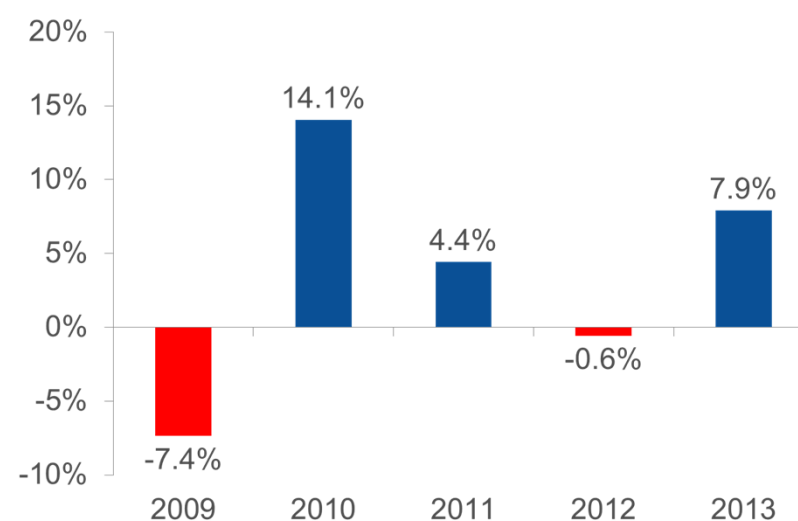
Transported volume 2009 to 2013

Changes from previous year

Liner services



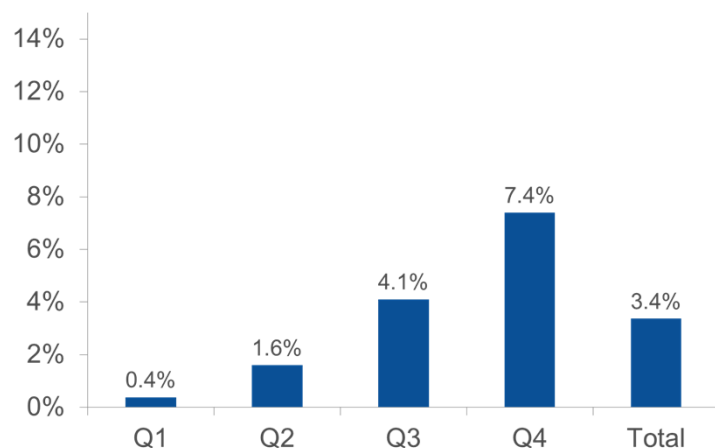
Reefer forwarding



Transported volume in 2013 by quarters

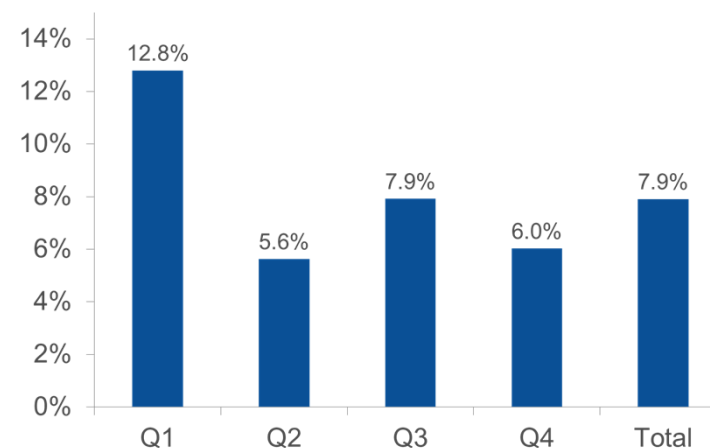
Changes from the same period 2012

Liner services



- Iceland related trade is slowly improving
- Increased volume in the Faroe Islands, Norway and Transatlantic

Reefer forwarding

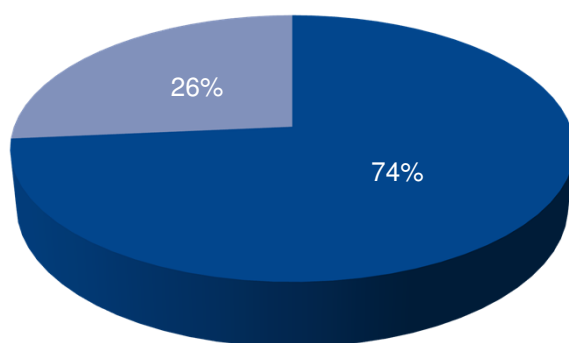


- Increased volume on shorter transit routes, i.e. Intra Europe and Intra Asia
- Lower rates on shorter transit routes explain lower revenues

Operating revenue by segments

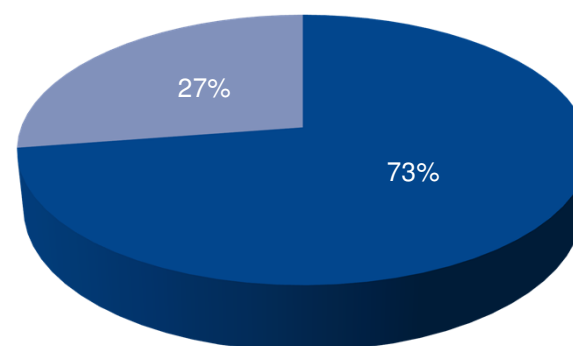
Liner services and forwarding services

2013



■ Liner services ■ Forwarding services

2012

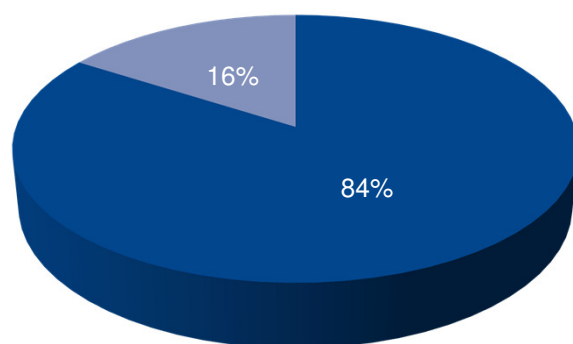


■ Liner services ■ Forwarding services

Operating profit, EBITDA, by segments

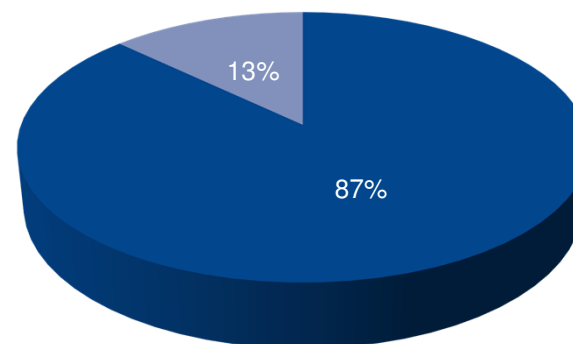
Liner services and forwarding services

2013



■ Liner services ■ Forwarding services

2012

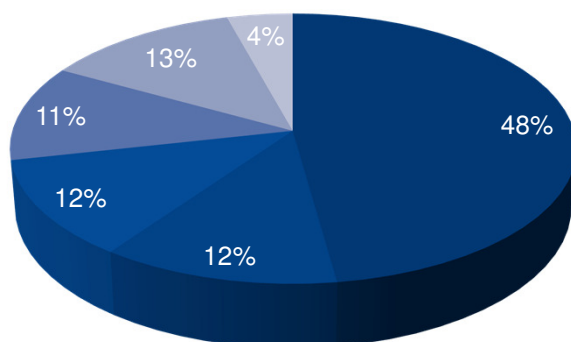


■ Liner services ■ Forwarding services

Geographical split of operating revenue

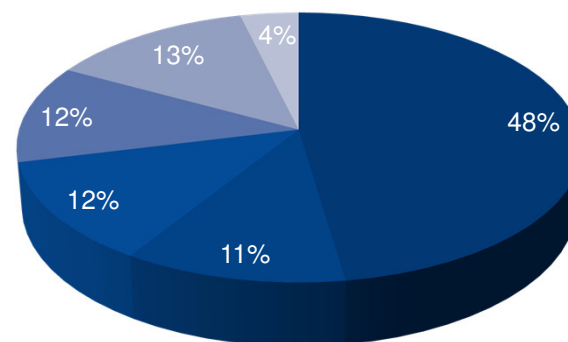
Less than half of the operating revenue is related to Iceland

2013



■ Iceland ■ Faroe Islands ■ Norway ■ Europe ■ Asia ■ Other

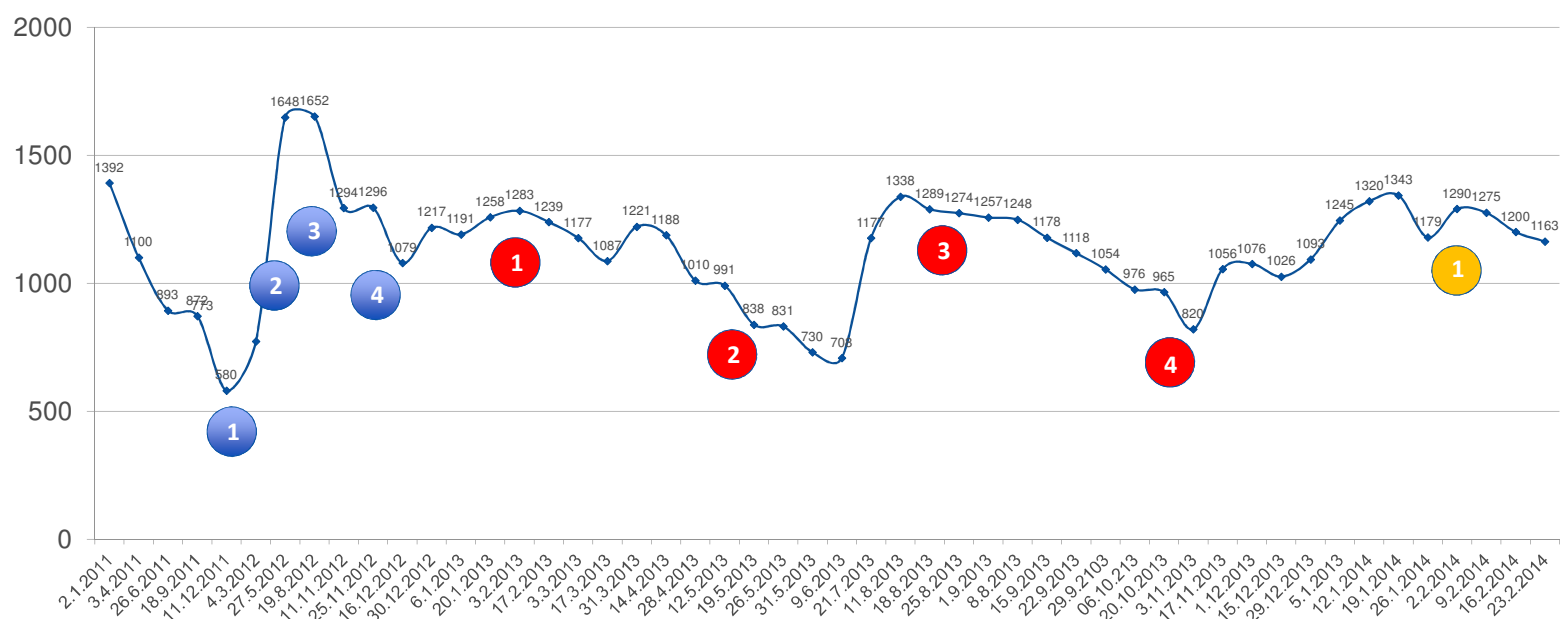
2012



■ Iceland ■ Faroe Islands ■ Norway ■ Europe ■ Asia ■ Other

Freight index China - Europe

Fluctuations in pricing from the deep sea carriers 2011 to 2014



Source: www.shippingchina.com



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Income statement

Comparison between years affected by one-off items in 2012

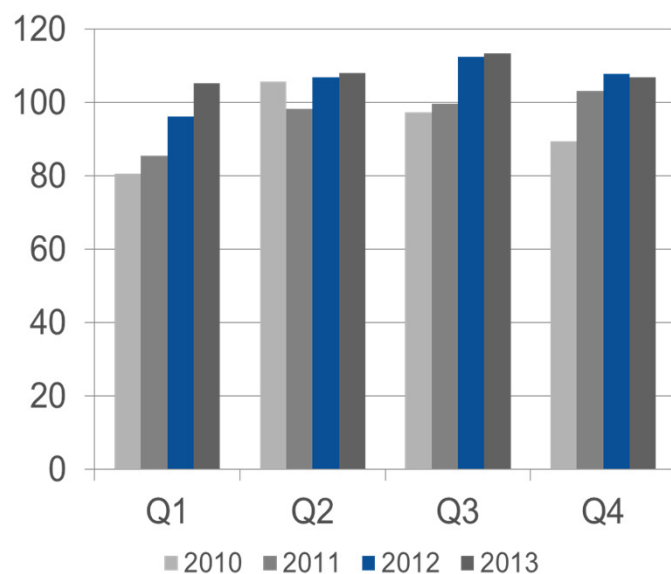
EUR thousands	Q4 2013	Q4 2012	Change	%	2013	2012	Change	%
Operating revenue	106,875	107,928	(1,053)	(1.0%)	433,824	423,653	10,171	2.4%
Operating expenses	98,996	101,641	(2,645)	(2.6%)	396,770	387,485	9,285	2.4%
EBITDA	7,879	6,287	1,592	25.3%	37,054	36,168	886	2.4%
Depreciation and amortization	(5,487)	(6,118)	631	10.3%	(21,143)	(22,436)	1,293	5.8%
EBIT	2,392	169	2,223	-	15,911	13,732	2,179	15.9%
Net finance income (expense)	(842)	(1,049)	207	19.7%	(3,234)	(2,983)	(251)	(8.4%)
Share of earnings of associated company	2	0	2	-	2	0	2	-
Net earnings before income tax	1,552	(880)	2,432	-	12,679	10,749	1,930	18.0%
Income tax	(384)	(113)	(271)	239.8%	(1,862)	1,982	(3,844)	-
Net earnings for the period	1,168	(993)	2,161	-	10,817	12,731	(1,914)	(15.0%)

- Revenue affected by prices, cargo combination and currency exchange rates
- EBITDA dropped by 22.8% in Q4, taking into account one-off items related to the IPO and due to costs related to the share options forfeited by the executive management in Q4 2012
- EBITDA for the year affected by decreased import to Iceland, changed sailing schedule and operational incidents in Q4
- Reduction in depreciation since part of the company's vessels are depreciated to residual value
- Higher net finance expense due to increased negative changes in currency exchange between years, but interest expense on long-term loans has decreased
- Income tax benefit in 2012 due to EUR 3.6 million recognized tax losses carried forward in a subsidiary

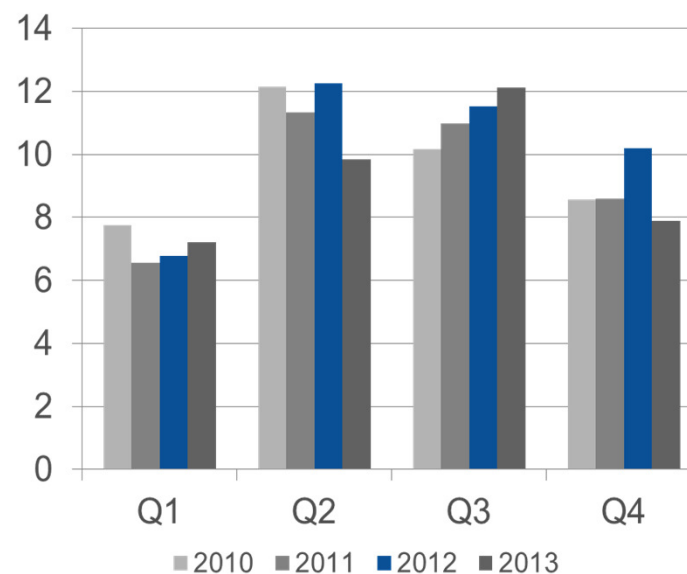
Operating revenue and EBITDA by quarters

Adjusted for one-off items in 2011 and 2012

Operating revenue by quarters



EBITDA by quarters



Balance sheet

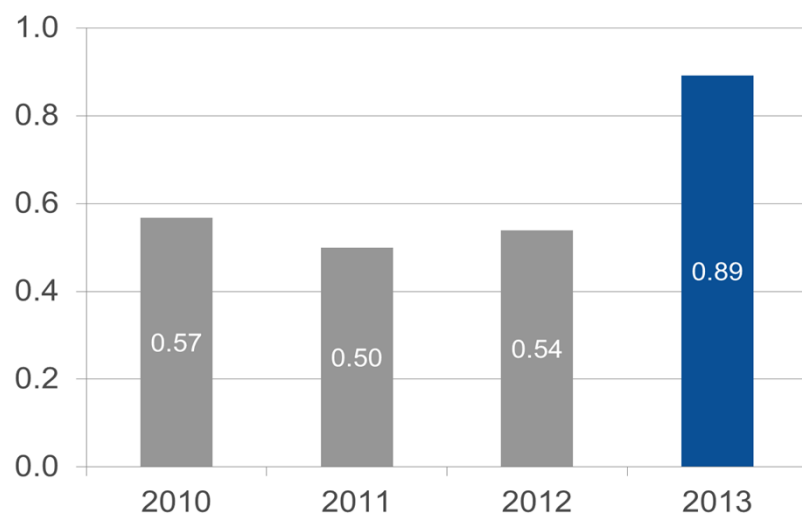
Increase in non-current assets and net debt due to investments

EUR thousands	31.12.2013	31.12.2012	Change	%
Non-current assets	216,096	209,723	6,373	3.0%
Current assets	98,269	103,558	(5,289)	(5.1%)
Total assets	314,365	313,281	1,084	0.3%
Total equity	205,771	199,599	6,172	3.1%
Non-current liabilities	44,436	51,088	(6,652)	(13.0%)
Current liabilities	64,158	62,594	1,564	2.5%
Total liabilities	108,594	113,682	(5,088)	(4.5%)
Total equity and liabilities	314,365	313,281	1,084	0.3%

- Increase in non-current assets due to investments in vessels and other operating assets
- Equity ratio was 65.5% at year-end compared to 63.7% at the end of 2012
- Total interest-bearing debt amounted to EUR 59.4 million at year-end and is unchanged from 2012
- Current interest-bearing debt has increased due to a EUR 7.6 million bridge loan taken to finance the vessel building project in China until the end of 2014 and the company has an agreement in place for long-term financing with ten year term
- Net debt amounted to EUR 33.0 million at year-end compared to EUR 22.0 million at year-end 2012 and increased due to investments

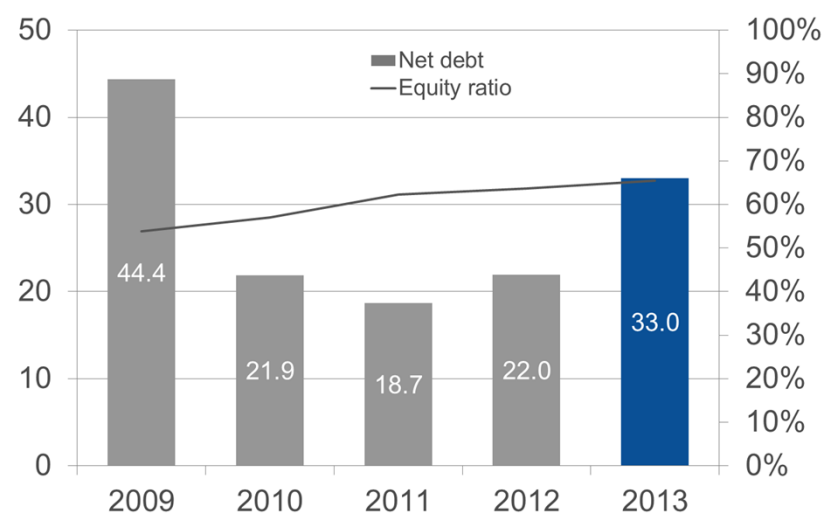
Financial ratios

Net debt / EBITDA (adjusted)



Net debt and equity ratio

EUR millions



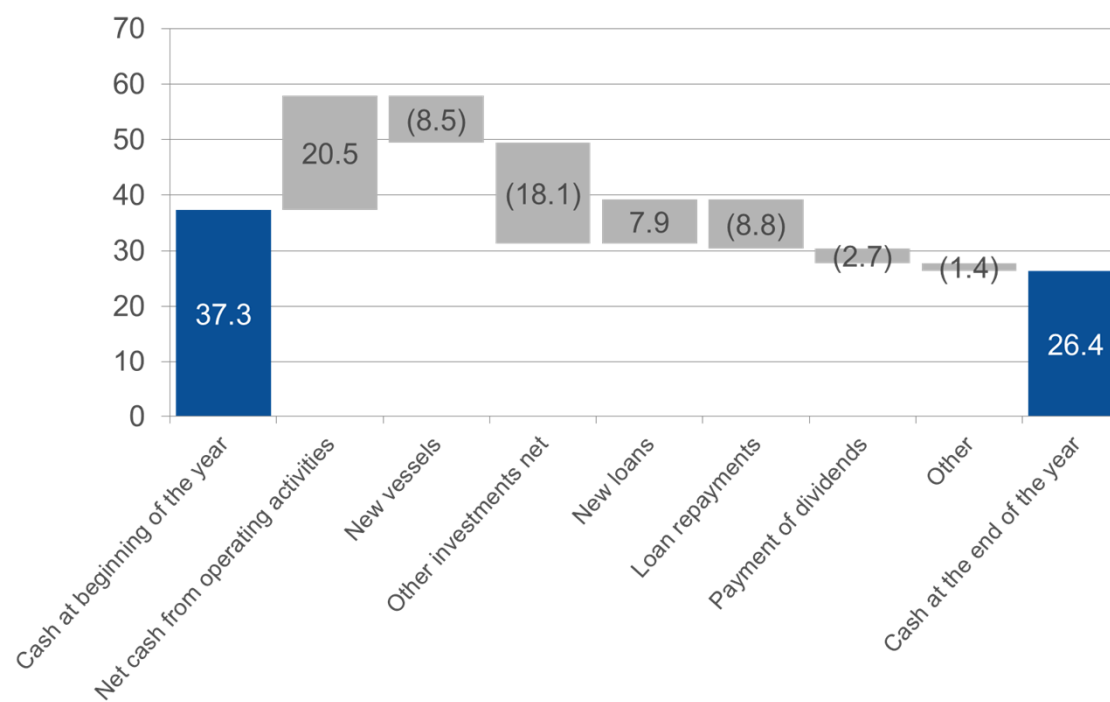
Cash flows

Decreased cash due to investments

EUR thousands	Q4 2013	Q4 2012	Change	%	2013	2012	Change	%
Cash flows from operations	7,172	12,749	(5,577)	(43.7%)	20,537	36,872	(16,335)	(44.3%)
Investing activities	(4,980)	(8,192)	3,212	39.2%	(26,601)	(39,188)	12,587	32.1%
Financing activities	(2,049)	3,869	(5,918)	-	(3,558)	(4,369)	811	18.6%
Changes in cash and cash equivalents	143	8,426	(8,283)	(98.3%)	(9,622)	(6,685)	(2,937)	(43.9%)
Cash at the beginning of the period	26,676	28,816	(2,140)	(7.4%)	37,304	43,517	(6,213)	(14.3%)
Exchange rate fluctuations	(449)	62	(511)	-	(1,312)	472	(1,784)	-
Cash at the end of period	26,370	37,304	(10,934)	(29.3%)	26,370	37,304	(10,934)	(29.3%)

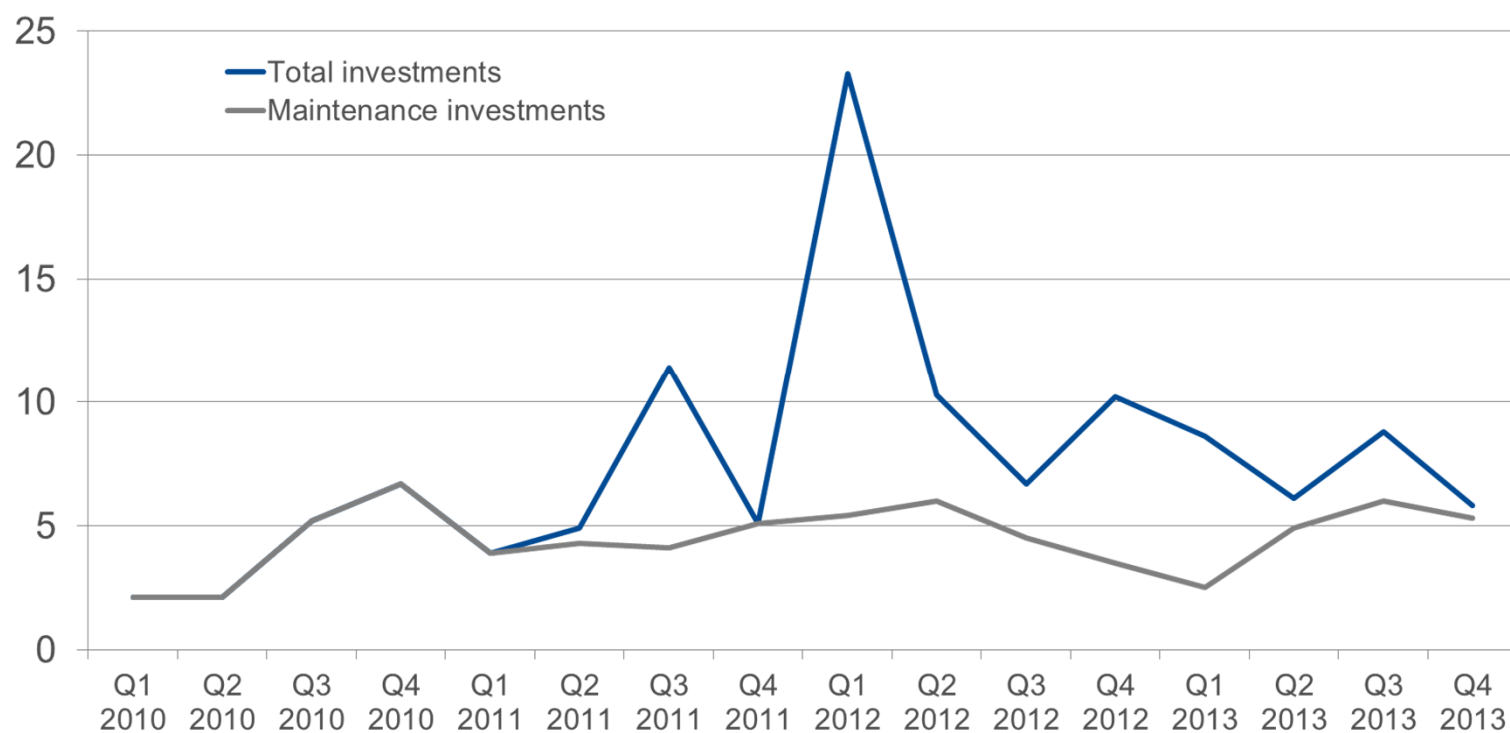
Cash flow bridge 2013

EUR millions



CAPEX 2010 to 2013

CAPEX affected by vessel investments





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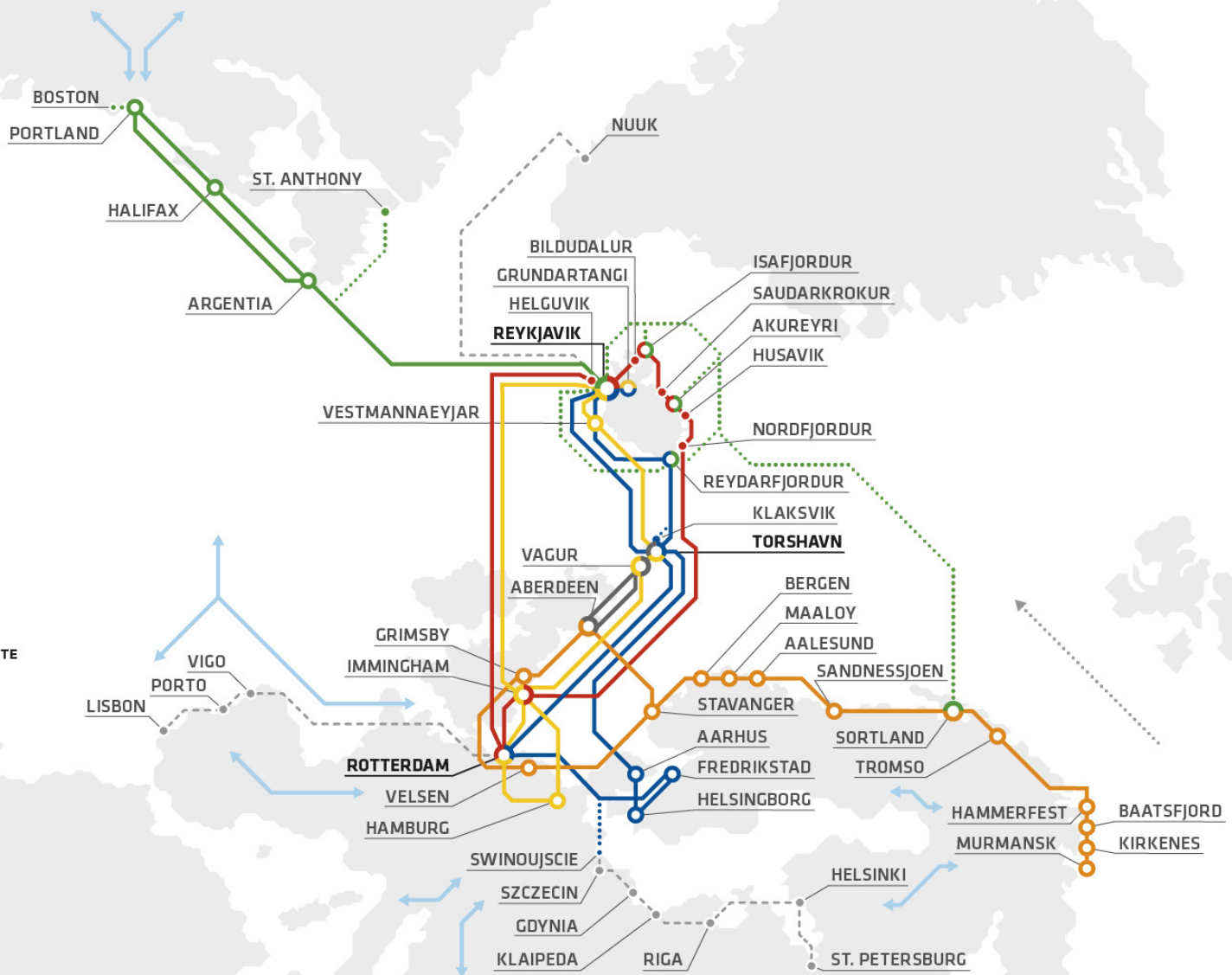
Focus on optimizing Eimskip's sailing schedule

Continuous improvements

- Adjustments were made in February 2014 to increase services and reliability
- The main focus on liner services is promoting
 - Iceland costal services, now connected to Immingham
 - Services between the Faroe Islands and Scotland with a new route, the Gray line
 - Northern Norway connected to US/Canada
 - Transatlantic services
 - Short sea services in Europe and US/Canada
 - Bi-weekly sailings to and from US/Canada
 - North Atlantic with Deep Sea Lines to Asia
- The main focus in forwarding services is
 - Europe to and from Asia
 - Intra Asia
 - Expanding commodity focus to fruit, vegetables and meat



- BLUE LINE
- YELLOW LINE
- RED LINE
- GREEN LINE
- ORANGE LINE
- GRAY LINE
- - - PARTNER ROUTE
- ↔ FREIGHT FORWARDING
- POSSIBLE ARCTIC SAILING ROUTE
- OPTIONAL PORT / SEASONAL ROUTE
- TRANSIT HUB
- PORT
- PARTNER PORT





BLUE LINE



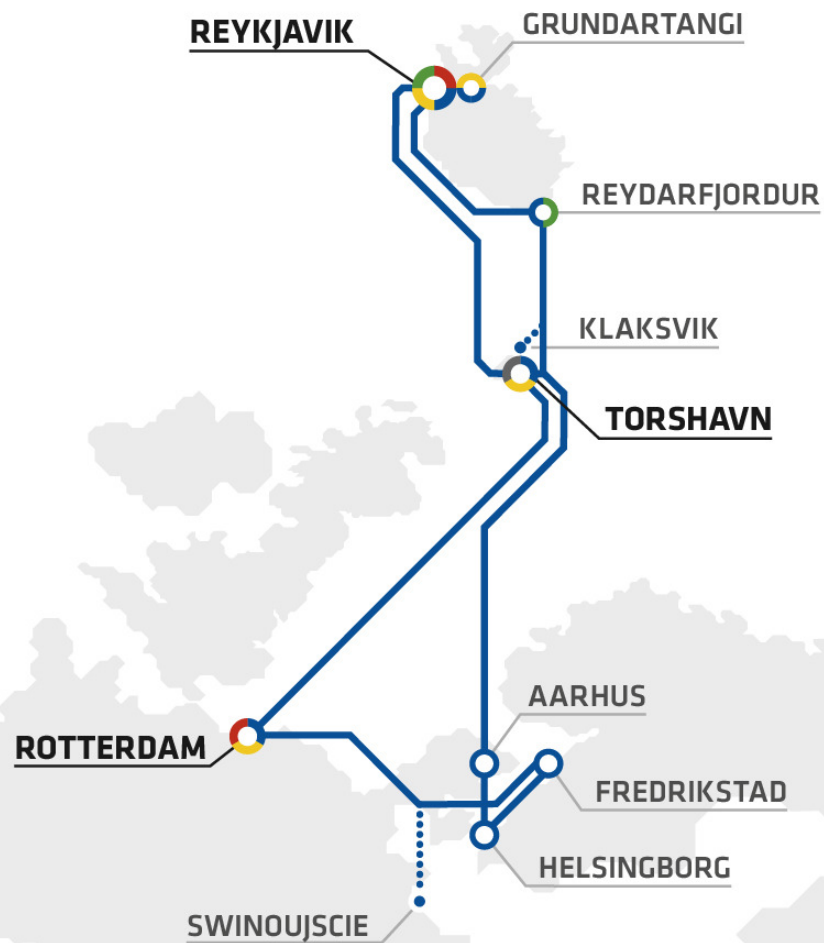
OPTIONAL PORT / SEASONAL ROUTE



TRANSIT HUB



PORT





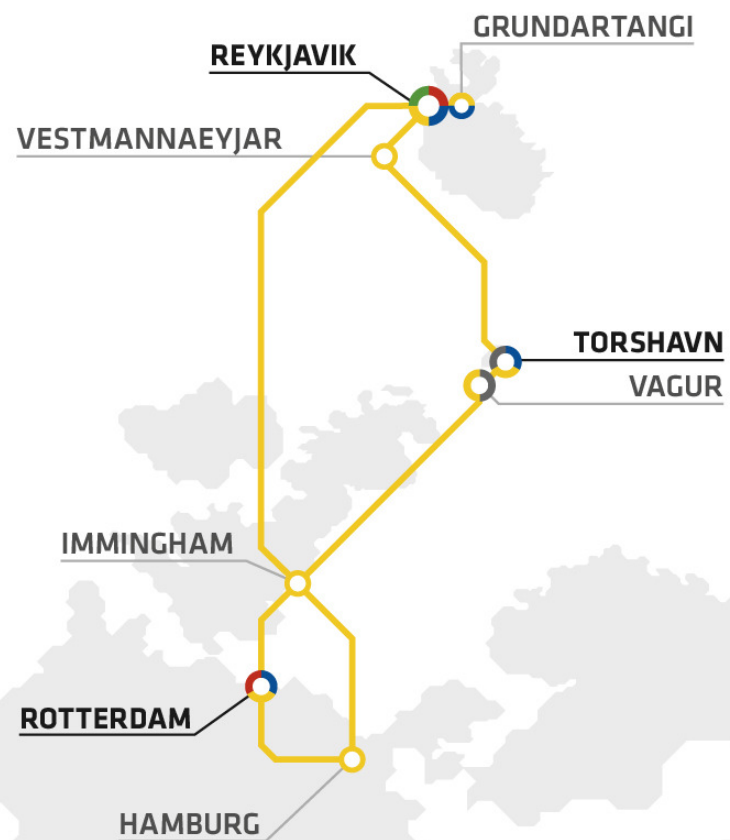
— YELLOW LINE



TRANSIT HUB



PORT





 **GREEN LINE**

 **OPTIONAL PORT / SEASONAL ROUTE**

 **TRANSIT HUB**

 **PORT**

 **PARTNER ROUTE**

BOSTON
PORTLAND

HALIFAX

ST. ANTHONY

ARGENTIA

NUUK

REYKJAVIK

ISAFJORDUR

AKUREYRI

REYDARFJORDUR

SORTLAND



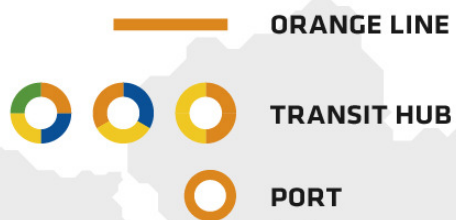
— RED LINE

• OPTIONAL PORT

TRANSIT HUB

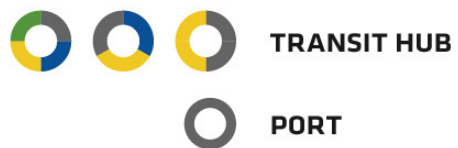
○ PORT







GRAY LINE



ABERDEEN

TORSHAVN
VAGUR

The new vessel building project in China

Estimated delivery in second and fourth quarter 2014



- In 2011 Eimskip and the shipyard Rongcheng Shenfei in China made an agreement of building two container vessels
 - Each vessel is 875 TEU with container plugs for 230 reefer containers, deadweight is about 12 thousand tons and each vessel is 140.7 meters long and 23.2 meters wide
- Eimskip has negotiated a total reduction of USD 10.8 million of the vessels' purchase price
- Estimated delivery time of the first vessel is in the second quarter this year
- A new amendment agreement for the second vessel has not been made but estimated delivery time is in the fourth quarter this year
- Eimskip has already paid USD 28.6 million which equals about 78% of the altered purchase price of the vessels

Strengthening of infrastructure

New facilities in Iceland in 2013

- In September Eimskip took into operation a new and advanced workshop in Sundahöfn in Reykjavík
 - The size of the new building is 768m² and it is an extension to the company's old workshop building from 1982
 - The workshop serves as a repair facility for the company's specialized transportation equipment
- The company opened in October a new distribution center in Reydarfjörður on the east coast of Iceland
 - The building is 668m² and contains chilled and cold storage facilities
 - The distribution center is an important step in improving the handling of cargo and the company's services in the area



TVG-Zimsen North Atlantic Agency



TVG-ZIMSEN



- TVG-Zimsen, Eimskip's subsidiary, has established a new cooperation platform called North Atlantic Agency, NAA
- NAA is an integrated system between TVG-Zimsen, Eimskip in Iceland, Faroe Ship, Eimskip Norway, Eimskip in Newfoundland and Royal Arctic Line in Greenland
- NAA is an agency platform and a bridge between group companies and close partners in the North Atlantic in order to provide services needed towards various kinds of vessels in the area
- Expected increase of sailings in the North Atlantic in the future
 - Oil, gas and metal production
 - Number of cruise vessels in the North Atlantic will grow by 15 to 18% per year
 - Increased number of research vessels and surveillance vessels in the area and growing demand for trawler services
 - Future Arctic sailings
- NAA will strengthen Eimskip's position in the North Atlantic

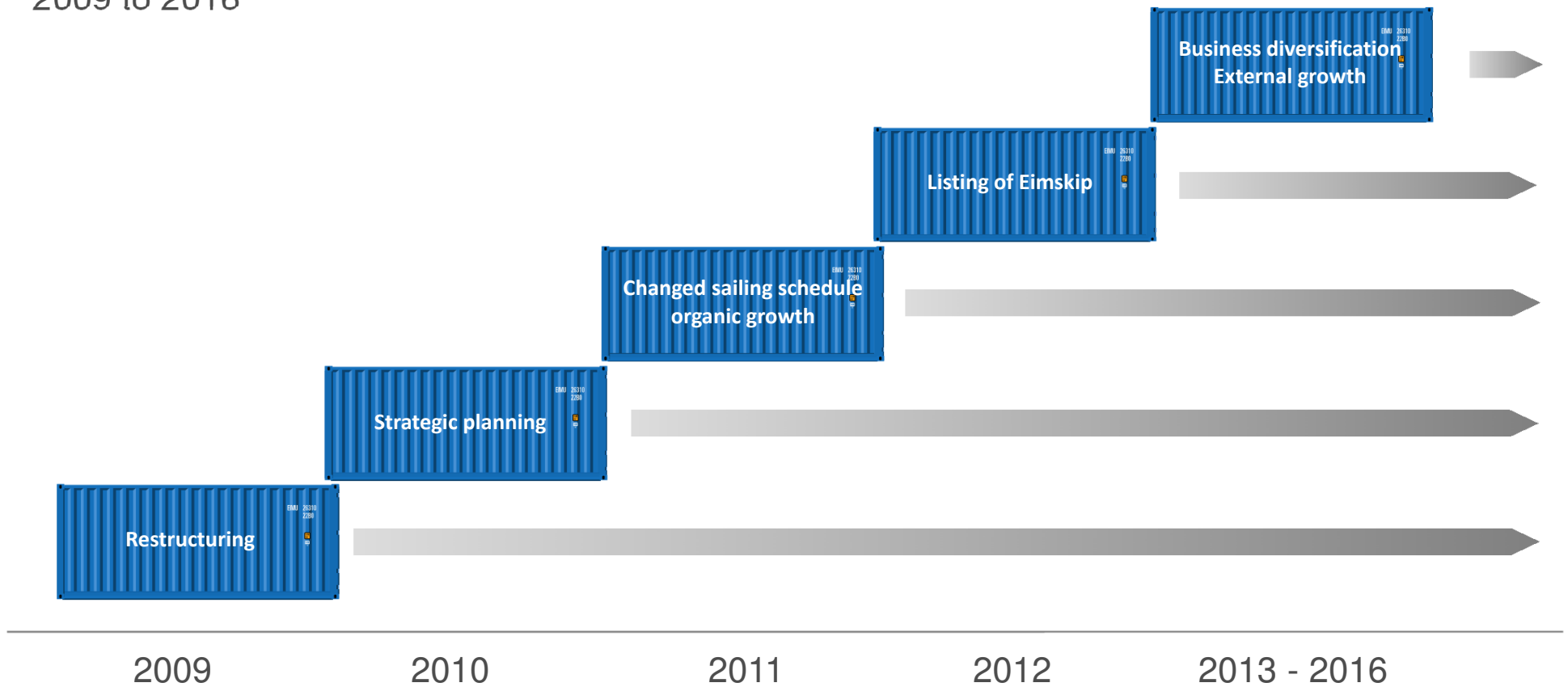
Competition Authority's dawn raid

Declined access to Eimskip's requested information was rescinded in January 2014



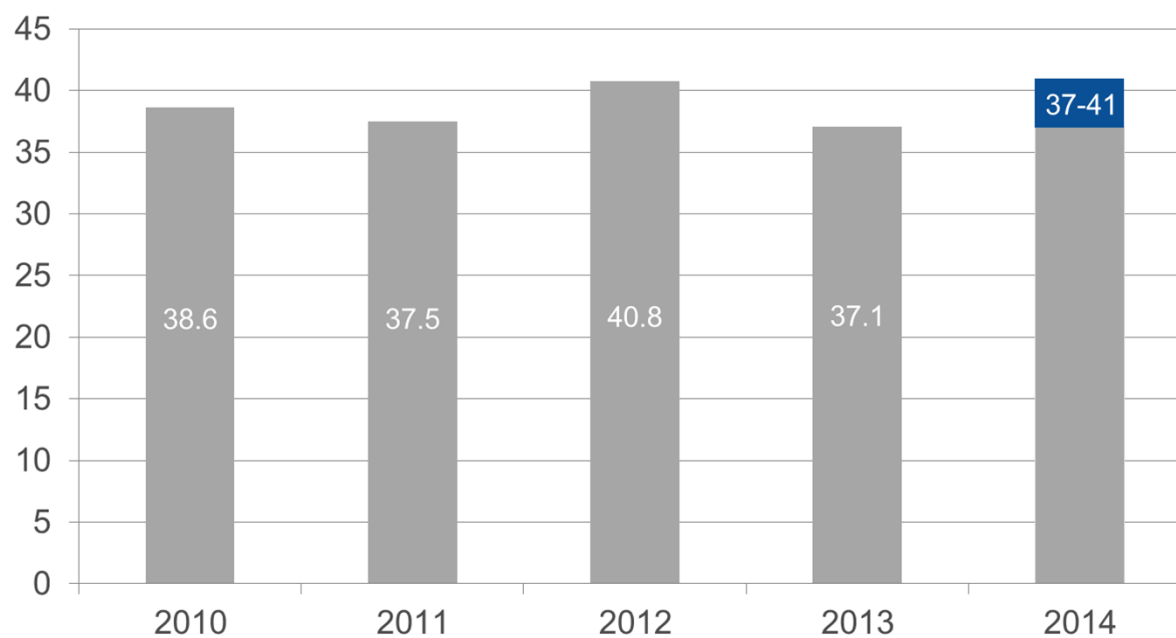
- On 10 September 2013 the Icelandic Competition Authority exercised a dawn raid at the premises of Eimskipafélag Íslands hf. and its subsidiaries, Eimskip Ísland ehf. and TVG-Zimsen ehf. based on a ruling from the Reykjavik District Court
- The dawn raid was exercised due to alleged breach of Article 10 and 11 of the Icelandic Competition Act
- The companies requested access to the information behind the Competition Authority's request for court ruling
- Access was declined and therefore the companies submitted an appeal to the competent authorities
- Eimskip appealed the decision to the Competition Appeals Committee, which did in January 2014 rule that the decision of the Icelandic Competition Authority, declining access to the requested information, was rescinded and the Committee also ruled that the case should go back to the Icelandic Competition Authority for further assessment and a new decision on Eimskip's request for access to the information
- Eimskip assumes that in the light of this new ruling the company will be granted access to the requested information and that such access will explain the reason behind the dawn raid
- The subject matter of the investigation is still not known and any elaboration on the potential outcome of the investigation is premature
- The investigation neither affected the company's income statement for the year 2013 nor its statement of financial position as at 31 December 2013

Development after restructuring and future vision 2009 to 2016



EBITDA forecast for 2014

In the range of EUR 37 to 41 million



Eimskip's 100th Anniversary

17 January 2014



- Eimskip celebrated its 100th anniversary with a reception and a concert in Harpa on 17 and 18 of January 2014
- Books have been published on Eimskip's history, its art collection and vessels
- A 90 minute documentary film was shown on TV in February
- The anniversary will be celebrated in various ways throughout the year, both in Iceland and overseas



Q&A

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