

## NET EARNINGS IN FIRST QUARTER 2013 WAS EUR 2.5 MILLION

- Operating revenue increased by 12.4% from 2012 and was EUR 105.3 million
- Operating profit (EBITDA) was EUR 7.2 million
- Equity ratio was 65.8% at the end of March
- Transported volume of liner services in the North Atlantic increased by 0.3% from 2012
- Transported volume of reefer forwarding services increased by 13.1% from 2012

EUR thousand

Consolidated Statement of Income	Q1 2013	Q1 2012	Change	%	12M 2012
Operating revenue	105,313	93,726	11,587	12.4%	414,330
Operating expenses	98,096	86,950	11,146	12.8%	378,162
<b>Operating profit - EBITDA</b>	<b>7,217</b>	<b>6,776</b>	<b>441</b>	<b>6.5%</b>	<b>36,168</b>
Depreciation and amortization	(5,134)	(5,462)	328	6.0%	(22,436)
<b>Results from operating activities - EBIT</b>	<b>2,083</b>	<b>1,314</b>	<b>769</b>	<b>58.5%</b>	<b>13,732</b>
Net finance income (expense)	949	(1,017)	1,966	193.3%	(2,983)
<b>Net earnings before income tax</b>	<b>3,032</b>	<b>297</b>	<b>2,735</b>	<b>920.9%</b>	<b>10,749</b>
Income tax	(500)	285	(785)	(275.4%)	1,982
<b>Net earnings for the period</b>	<b>2,532</b>	<b>582</b>	<b>1,950</b>	<b>335.1%</b>	<b>12,731</b>
<b>Adjusted for one-off items:</b>					
Operating revenue	105,313	93,726	11,587	12.4%	414,330
<b>EBITDA</b>	<b>7,217</b>	<b>6,776</b>	<b>441</b>	<b>6.5%</b>	<b>40,764</b>
<b>EBIT</b>	<b>2,083</b>	<b>1,314</b>	<b>769</b>	<b>58.5%</b>	<b>18,328</b>
Sales growth	12.4%	11.8%			9.5%
EBITDA / Sales	6.9%	7.2%			9.8%
EBIT / Sales	2.0%	1.4%			4.4%
Net debt / LTM EBITDA	0.77	0.99			0.54
Consolidated Statement of Financial Position	31.03.2013	31.03.2012	Change	%	31.12.2012
<b>Assets</b>	<b>307,193</b>	<b>284,656</b>	<b>22,537</b>	<b>7.9%</b>	<b>313,281</b>
Non-current assets	213,135	194,955	18,180	9.3%	209,723
<b>Equity</b>	<b>202,219</b>	<b>176,907</b>	<b>25,312</b>	<b>14.3%</b>	<b>199,599</b>
<b>Liabilities</b>	<b>104,974</b>	<b>107,749</b>	<b>(2,775)</b>	<b>(2.6%)</b>	<b>113,682</b>
Net debt	31,598	37,249	(5,651)	(15.2%)	21,950
Tangible assets / Total assets	93.5%	93.3%			93.7%
Equity ratio	65.8%	62.1%			63.7%
Consolidated Statement of Cash Flows	Q1 2013	Q1 2012	Change	%	12M 2012
Net cash (to) from operating activities	(2,357)	3,745	(6,102)	(162.9%)	36,872
Net cash used in investing activities	(8,045)	(21,981)	13,936	63.4%	(39,188)
Net cash used in financing activities	(2,478)	(464)	(2,014)	(434.1%)	(4,369)
<b>Decrease in cash and cash equivalents</b>	<b>(12,880)</b>	<b>(18,700)</b>	<b>5,820</b>	<b>31.1%</b>	<b>(6,685)</b>
Effects of exchange rate fluctuations on cash held	(447)	180	(627)	(348.3%)	472
<b>Cash and cash equivalents at the end of period</b>	<b>23,977</b>	<b>24,997</b>	<b>(1,020)</b>	<b>(4.1%)</b>	<b>37,304</b>

## **GYLFI SIGFÚSSON, PRESIDENT AND CEO**

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“EBITDA of the first quarter of 2013 was EUR 7.2 million and increased by 6.5% from previous year. Net earnings amounted to EUR 2.5 million compared to EUR 0.6 million in first quarter last year.

Transported volume in the company’s liner services in the North Atlantic increased slightly, or by 0.3% from the same period 2012. The company has grown its transported volume to and from the Faroe Islands and between Europe and North America, which has offset softness in volumes into Iceland and in Norway. Transported volume in the company’s reefer forwarding services increased by 13.1% compared to last year driven by growth in Intra Asia trade.

Early in March, Eimskip introduced substantial changes in the company’s sailing schedule by adding one vessel to the liner system, increasing system capacity by 7.7%. The changes create new opportunities for Eimskip’s customers and for new source of revenue for the company. The main changes are weekly coastal services, new port calls in the Faroe Islands, Scotland, Poland and in USA. In connection with the changes of the sailing schedule, the company opened an office in Gdynia in Poland early in March and Eimskip’s first port call at Swinoujscie in Poland was in April. Our sailing schedule now allows Eimskip to enter the Baltic market and better serve many of the company’s customers who export fish products from Iceland, the Faroe Islands and Norway.

Building volume in a changed sailing schedule will take time, but customers have been positive regarding the changes and we have already signed new contracts with estimated total worth of EUR 3 to 4 million in annual sea freight revenues for our transportation system. The changed sailing schedule has also benefitted our customers and the company through improved efficiency and by reducing costs and traffic on Icelandic roads. To give an example, our trucks have driven 150 thousand kilometers less during the first two months of the coastal services than before.

In April, Eimskip negotiated a reduction of the purchase price of the two new vessels being built in China by about 20%. The reduction is USD 10 million in total for the two vessels. Originally the vessels were expected to be delivered this year, but Eimskip and the shipyard made an agreement on delivering the vessels in the first half of 2014. The change of the vessels’ delivery time will not affect service to the company’s customers.

The company continues to focus on strengthening and expanding its operations in the North Atlantic regarding projects related to heavy industry, oil and mining, as well as terminal services and other related services. The company is also evaluating potential opportunities related to future sailings in the Arctic.”

## **FIRST QUARTER OPERATIONS 2013**

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Operating revenue in the first quarter amounted to EUR 105.3 million compared to EUR 93.7 million in first quarter 2012 and increased by 12.4% between years. There was an increase in transported volume in the company’s main market areas in the North Atlantic increased by 0.3% from 2012. Transported volume in reefer forwarding services increased by 13.1% from first quarter 2012, mainly due to increased Intra Asian transport. Revenues have also increased due to increased prices in sea freight in international markets.

EBITDA was EUR 7.2 million in the first quarter compared to EUR 6.8 million in first quarter 2012, which was an increase of 6.5% between years. EBITDA ratio in the first quarter was 6.9% compared to 7.2% in first quarter 2012.

Depreciation and amortization in the first quarter amounted to EUR 5.1 million compared to EUR 5.5 million in the same period last year. Reduction is mainly due to the fact that a part of the company’s vessels are fully depreciated to their residual value.

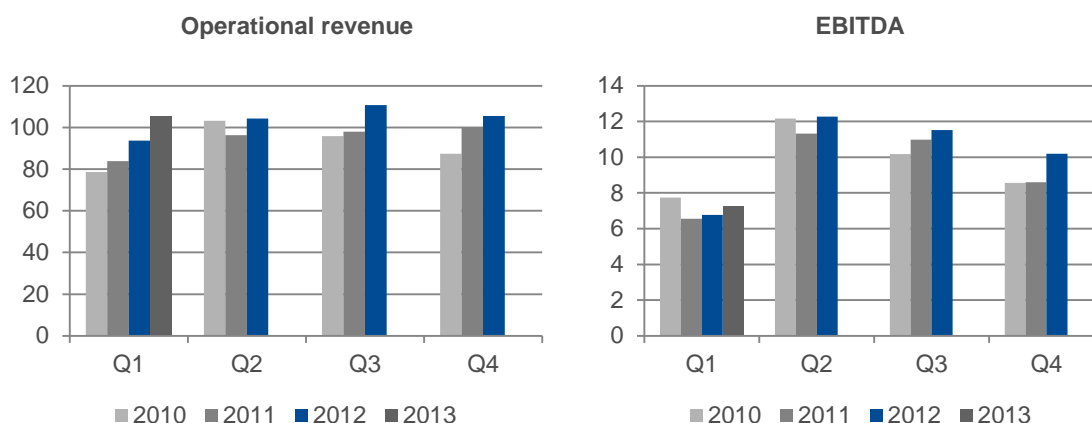
EBIT in the first quarter amounted to EUR 3.0 million compared to EUR 0.3 million in the same period last year.

Net finance income was EUR 0.9 million compared to EUR 1.0 million net finance expense in first quarter 2012. The change between years is explained by currency gain this year where there was currency loss in the first quarter of previous year. Income tax was EUR 0.5 million compared to positive income tax in the amount of EUR 0.3 million in first quarter 2012. Net earnings amounted to EUR 2.5 million in the first quarter compared to EUR 0.6 million net earnings in first quarter 2012.

The operations of the company have been stable during previous years as can be seen in the following graphs which show how revenues and EBITDA are divided to quarters 2010 to 2013.

In these graphs operating revenue and EBITDA have been adjusted for the one-off items. Operating revenue and EBITDA has been reduced by EUR 6.4 million in first quarter 2011, due to a collection of a claim that had previously been written off. EBITDA has been increased by EUR 0.7 million in second quarter 2011 due to the grounding of Godafoss and increased by EUR 0.7 million in third quarter 2012 due to cost related to the company's listing. Finally EBITDA in fourth quarter 2012 has been increased by a total of EUR 3.9 million, thereof by EUR 1.0 million due to the company's listing and by EUR 2.9 million due to cost related to the share options forfeited by the executive management.

EUR million



Early in March the company introduced substantial changes of its sailing schedule. Number of vessels serving the company's liner services was increased by one which increased system capacity by 7.7%. Number of vessels in bulk services was in exchange reduced by one so the company operated 16 vessels in total in the first quarter. The main changes were a new weekly coastal route in Iceland, connecting Iceland with the Faroe Islands, the UK and mainland Europe, and increased frequency and shorter transit time to and from USA with a port of call at Portland in Maine instead of Everett and Norfolk on the US east coast. Increased services to USA is also meant to further support increased transportation between Northern Norway and North America and improve the connection between USA and Newfoundland with shorter transit time. The changes also lead to improved services for fresh fish from the Faroe Islands and to improved services of the company to growing oil industry in the North Atlantic with port calls at Aberdeen in Scotland. Now there is also direct connection to the Baltic with a port call at Swinoujscie in Poland and with opening of a new office in Gdynia. Brúarfoss departed Reykjavík on its first coastal route sailing in Iceland on 14 March and the first port call at Portland in USA was 26 March. Therefore the changes of the sailing schedule had only minimal effect on first quarter's operations. First ports of call at Swinoujscie in Poland and at Aberdeen in Scotland were in April.

Eimskip now operates 16 vessels, whereof eleven are owned and five are chartered. Twelve of the vessels are for scheduled services, two are for spot services, one is for bulk cargo and one is a ferry.

## BALANCE SHEET

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- **Total assets at the end of March amounted to EUR 307.2 million**
- **Equity ratio was 65.8%**
- **Interest bearing debt amounted to EUR 55.6 million**

According to Eimskip's balance sheet the company's assets amounted to EUR 307.2 million as at 31 March 2013. In comparison, the amount of the company's total assets at the end of first quarter 2012 was EUR 284.7 million and EUR 313.3 million at year-end 2012.

Total non-current assets amounted to EUR 213.1 million at the end of March compared to EUR 195.0 at the end of March 2012 and EUR 209.7 million at year-end 2012. Net investments in the first quarter were EUR 8.0 million.

Total current assets amounted to EUR 94.1 million at the end of the first quarter compared to EUR 89.7 million at the end of March 2012 and EUR 103.6 million at the end of last year. Cash and cash equivalents amounted to EUR 24.0 million at the end of March, was EUR 25.0 million at the end of March 2012 and EUR 37.3 at year-end 2012. The decrease in 2013 is mainly explained by investments in vessels and other equipment and by decrease in current liabilities. At the end of 2012, unpaid investments in the amount of EUR 4.0 million increased current liabilities.

Equity amounted to EUR 202.2 million at the end of the first quarter and the equity ratio was 65.8%. In comparison the equity was EUR 176.9 million and the equity ratio 62.1% at the end of March 2012 and EUR 199.6 million with an equity ratio of 63.7% at year-end 2012.

Interest bearing debt amounted to EUR 55.6 million at the end of March compared to EUR 62.2 million at the end of March 2012 and EUR 59.3 million at year-end 2012. Net debt has increased this year due to decrease in cash and cash equivalents and amounted to EUR 31.6 million at the end of March, but were EUR 37.2 million at the end of first quarter 2012 and EUR 22.0 million at year-end 2012.

## CASH FLOW AND INVESTMENTS

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- **Net cash to operating activities was EUR 2.4 million**
- **Cash and cash equivalents amounted to EUR 24.0 million at the end of March**
- **Net investments amounted to EUR 8.0 million**

Net cash to operating activities amounted to EUR 2.4 million in the first quarter compared to net cash from operating activities in the amount of EUR 3.7 million in first quarter 2012. The change is mainly due to changes in current assets and liabilities.

Net cash used in investing activities was EUR 8.0 million in the first quarter. Total investments in the quarter amounted to EUR 8.6 million, whereof investments in vessels amounted to EUR 5.6 million. Net cash used in investing activities was EUR 22.0 million in first quarter 2012.

Net cash from financing activities was negative in the amount of EUR 2.5 million in the quarter compared to negative amount of EUR 0.5 million in first quarter 2012. Therefore cash and cash equivalents decreased by EUR 12.9 million and amounted to EUR 24.0 million at the end of March.

## SHAREHOLDERS

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- **Eimskip's share price has increased by 25.0% from the company's listing**
- **The company's market capitalization was EUR 317.6 million on 22 May 2013**

Eimskip's shares started trading on NASDAQ OMX Iceland on 16 November 2012. The final price in the IPO was ISK 208.00 per share. This year the closing price has been in the range of ISK 281.00 per share the highest to ISK 233.50 per share the lowest and the average price of the period is ISK 266.06 per share. The closing of 22 May 2013 was ISK 260.00 per share which equals 25.0% price increase from the company's listing. The company's market capitalization was ISK 50.5 billion, or EUR 317.6 million, on 22 May 2013.

Total number of shares is 200,000,000 and number of outstanding shares is 194,081,180. Total number of shareholders on 22 May was 1,367.

## KEY FIGURES BY QUARTERS 2012 AND 2013

EUR thousand

Operating Results	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Operating revenue	105,313	105,508	110,744	104,352	93,726
Operating expenses	98,096	99,221	99,905	92,086	86,950
EBITDA	7,217	6,287	10,839	12,266	6,776
EBIT	2,083	169	5,813	6,436	1,314
Net earnings (loss) for the period	2,532	(993)	5,748	7,394	582
Adjusted for one-off items:					
EBITDA	7,217	10,202	11,520	12,266	6,776
EBIT	2,083	4,084	6,494	6,436	1,314
EBITDA / Sales	6.9%	9.7%	10.4%	11.8%	7.2%
EBIT / Sales	2.0%	3.9%	5.9%	6.2%	1.4%
Balance Sheet	31.03.2013	31.12.2012	30.09.2012	30.06.2012	31.03.2012
Assets	307,193	313,281	303,077	299,766	284,656
Equity	202,219	199,599	190,415	184,698	176,907
Liabilities	104,974	113,682	112,662	115,068	107,749
Net debt	31,598	21,950	33,245	34,670	37,249
Equity ratio	65.8%	63.7%	62.8%	61.6%	62.1%
Cash Flow	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Net cash (to) from operating activities	(2,357)	12,749	7,333	13,045	3,745
Net cash used in investing activities	(8,045)	(8,430)	(3,604)	(5,721)	(21,433)
Net cash from (used in) financing activities	(2,478)	4,107	(2,190)	(5,274)	(1,012)
Cash and cash equivalents at the end of period	23,977	37,304	28,816	27,201	24,997

## ABOUT EIMSKIP

Eimskip runs a network of 51 offices in 18 countries and operates 16 vessels. Total number of employees is around 1,350, whereof around 780 are located in Iceland. About half of Eimskip's operating revenue comes from operations outside Iceland. The company's vision is to provide outstanding transportation services through a dependable transport system in the North Atlantic, as well as offering extensive worldwide network of reefer logistics services.

## INVESTOR MEETING 24 MAY 2013

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Investors and market participants are invited to a meeting on Friday 24 May 2013 at 8:30 a.m. at Eimskip's headquarters in Korngardar 2 in Reykjavík. Gylfi Sigfússon, President and CEO, and Hilmar Pétur Valgardsson, CFO, will present the company's financial results for the first quarter 2013. The presentation from the meeting will be available after the meeting on the company's investor relations website, [www.eimskip.is/investors](http://www.eimskip.is/investors), and in the news release distribution network of NASDAQ OMX Nordic.

## APPROVAL OF THE BOARD OF DIRECTORS

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The Board of Directors of Eimskipafélag Íslands hf. approved the condensed consolidated interim financial statements for the period 1 January to 31 March 2013 on its meeting on 23 May 2013.

## FINANCIAL CALENDAR

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- Results of second quarter 2013 will be published on 29 August 2013
- Results of third quarter 2013 will be published on 21 November 2013
- Results of fourth quarter 2013 will be published on 27 February 2014

## FURTHER INFORMATION

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## FORWARD-LOOKING STATEMENTS

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Any statement contained in this press release that refers 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.