

24 May 2013

## First quarter 2013 financial results





## Agenda

### 1. Highlights

2. First quarter 2013 financial results

3. Outlook

4. Q&A



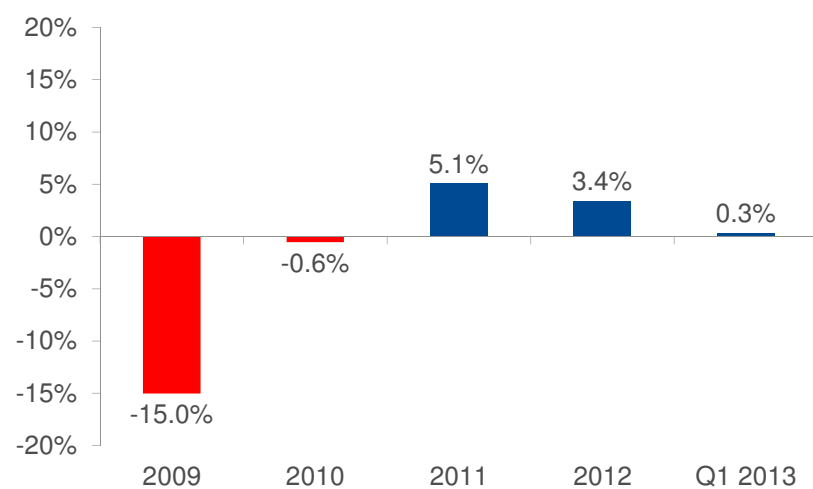
## Key highlights Q1 2013

EUR million	Q1 2013	Q1 2012	Change
Operating revenue	105.3	93.7	12.4%
EBITDA	7.2	6.8	6.5%
EBIT	2.1	1.3	58.5%
CAPEX	8.6	22.7	(62.1%)
Net cash (to) from operating activities	(2.4)	3.7	(162.9%)
Total assets	307.2	284.7	7.9%
Equity ratio	65.8%	62.1%	5.9%

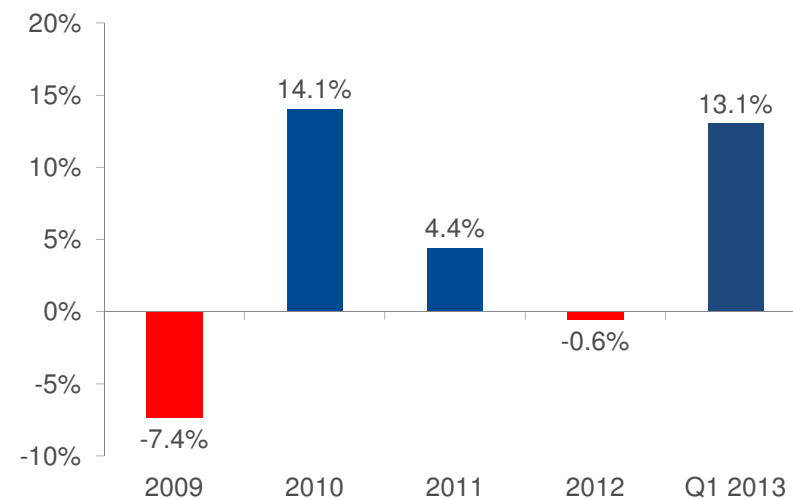
## Transported volume

### Liner services and reefer forwarding

Liner services



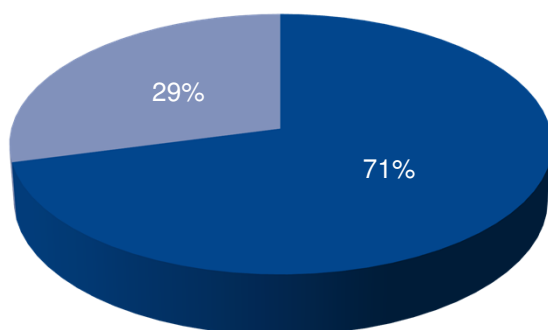
Reefer forwarding



## Operating revenue by segments

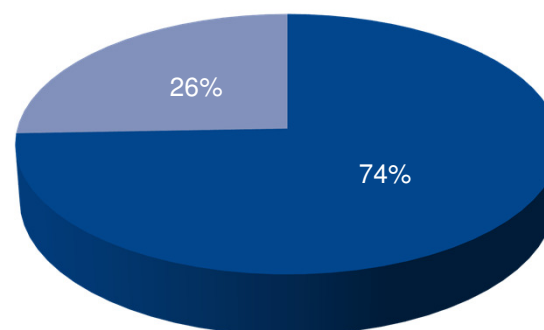
Liner services and forwarding services

Q1 2013



■ Liner services ■ Forwarding services

Q1 2012

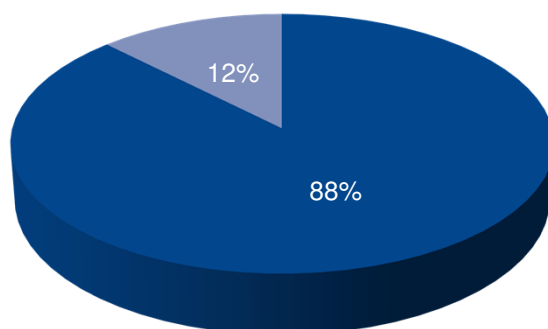


■ Liner services ■ Forwarding services

## Operating profit, EBITDA, by segments

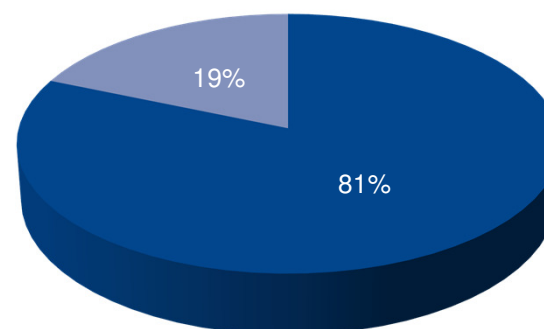
Liner services and forwarding services

Q1 2013



■ Liner services ■ Forwarding services

Q1 2012

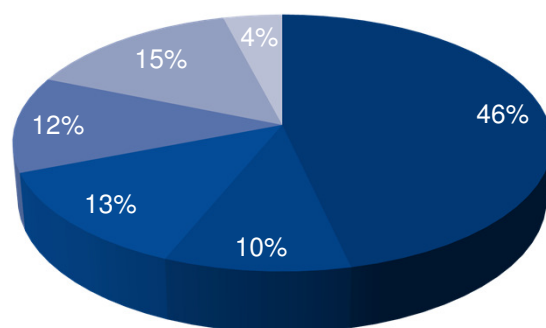


■ Liner services ■ Forwarding services

## Geographical split of operating revenue

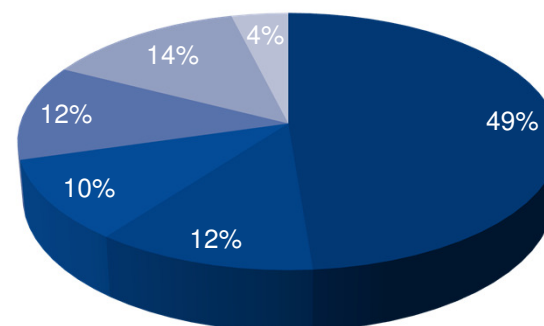
Less than half of the operating revenue is related to Iceland

Q1 2013



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

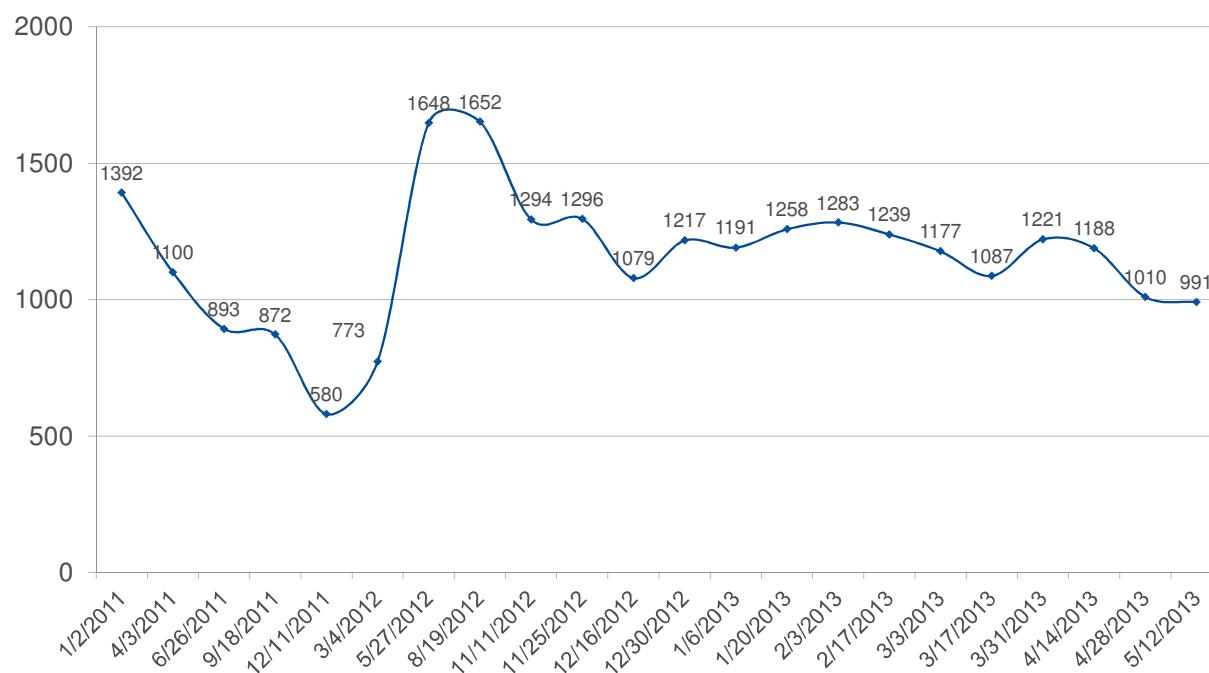
12M 2012



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

# Freight index China - Europe

Fluctuations in pricing from the deep sea carriers

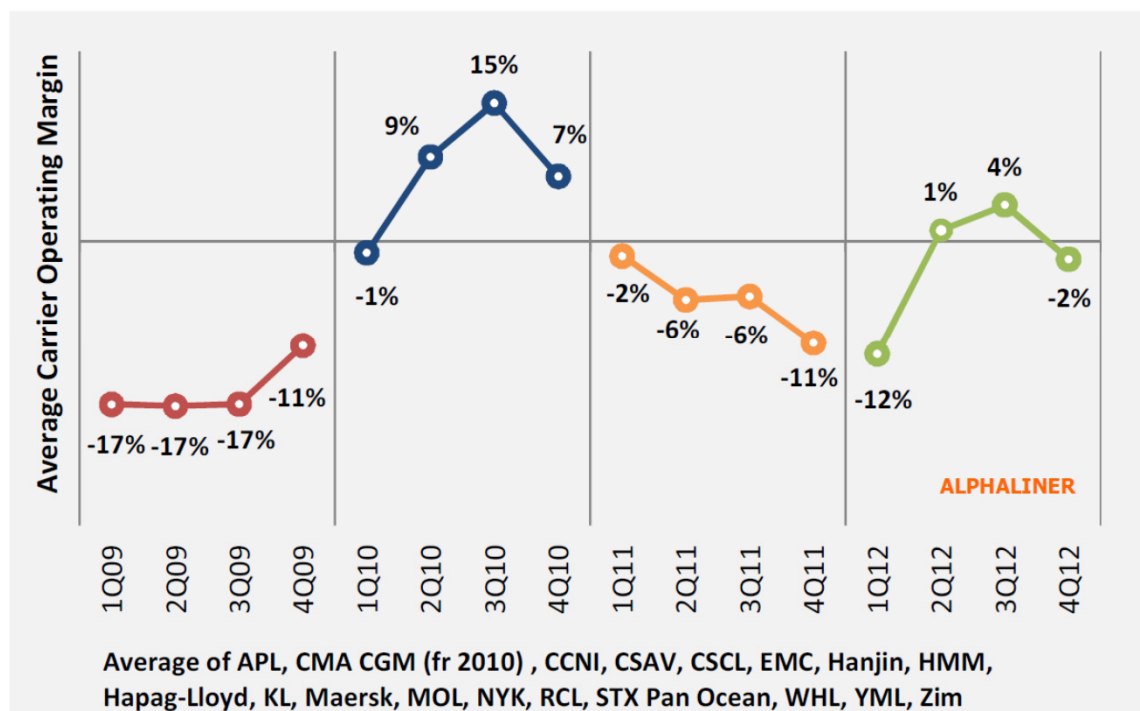


Source: [www.shippingchina.com](http://www.shippingchina.com)



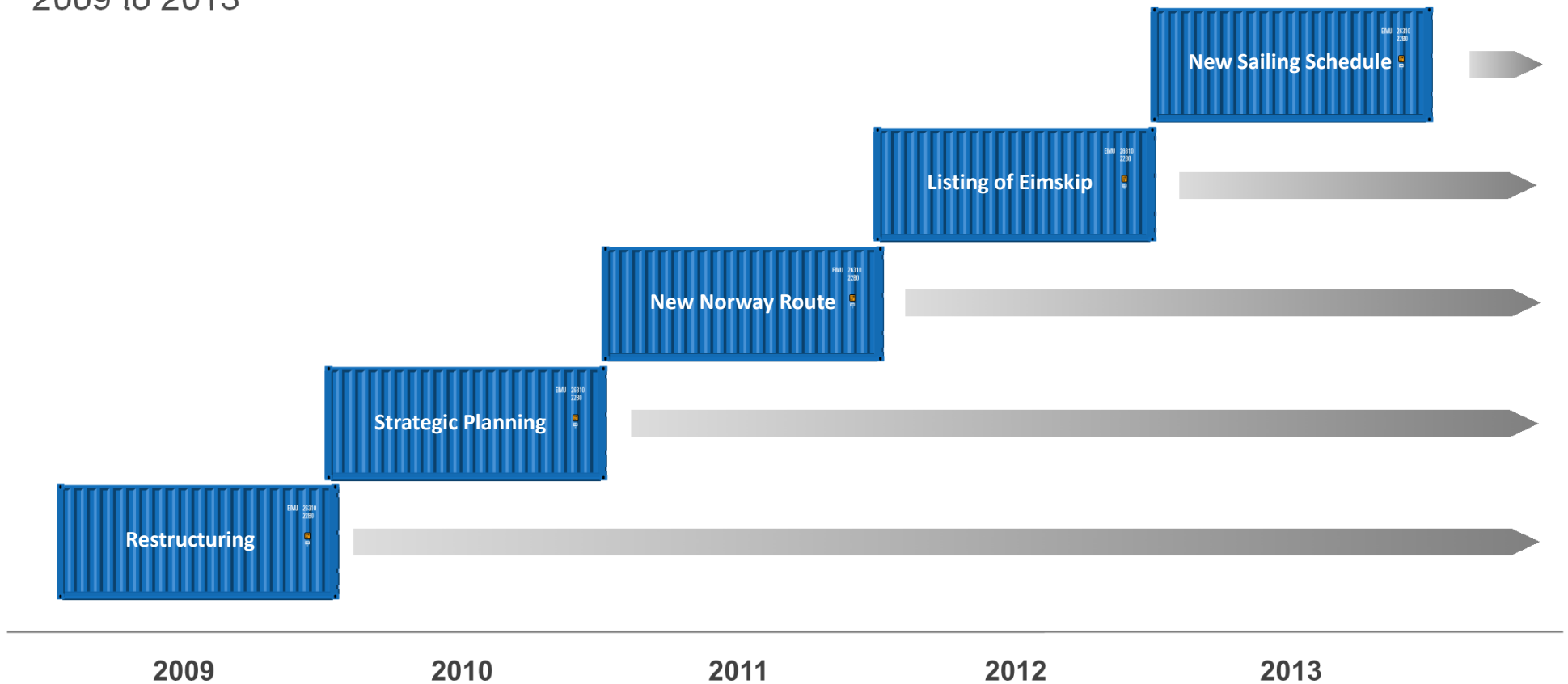
# International carriers

Average Carrier Operating Margins by Quarter : 2009-2012



Source: Alphaliner

## Development after restructuring 2009 to 2013



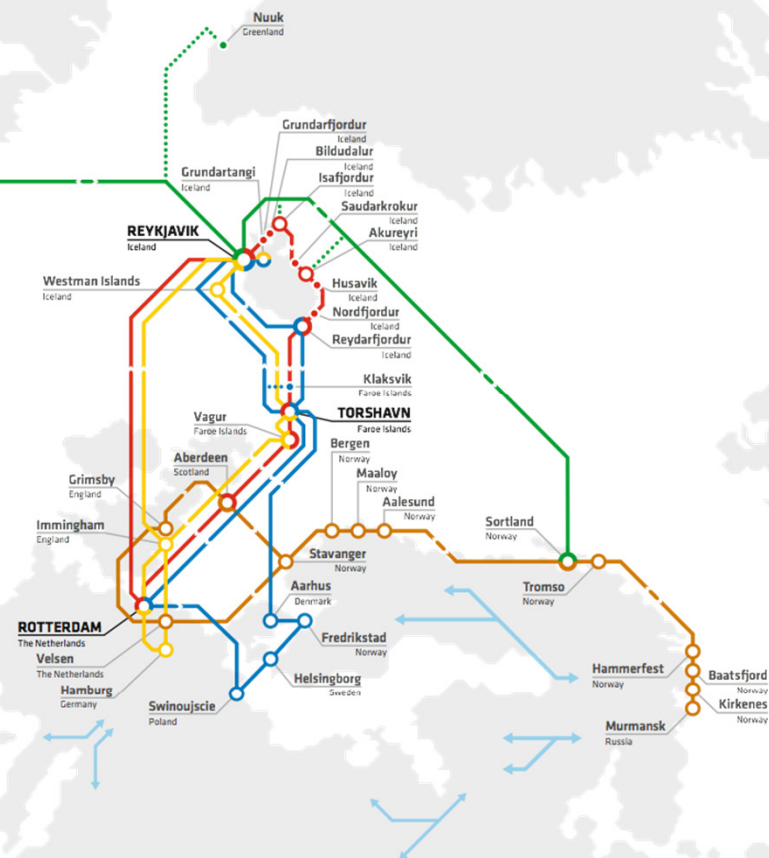
# Significant changes in Eimskip's sailing schedule

## Introduced 6 March 2013

- The main changes are
  - Increased capacity in the liner system by 7.7%
  - Weekly coastal services around Iceland connecting Faroe Islands with direct connection to the UK and mainland Europe and new services for fresh salmon from the Faroe Islands to the UK
  - New port call in Portland, Maine in USA, increasing frequency and shortening transit time to and from USA connecting with Newfoundland, Iceland, Norway and mainland Europe
  - Increased services for the oil industry with direct services to and from Scotland
  - Direct connection to the Baltic with a port call in Poland
  - The vessel Ice Bird moved from the spot service to liner services in Norway to increase capacity

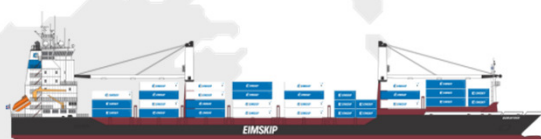


- **BLUE LINE**  
Iceland, Faroe Islands, The Netherlands, Poland, Sweden, Norway, Denmark, Faroe Islands, Iceland
- **YELLOW LINE**  
Iceland, Faroe Islands, England, The Netherlands, Germany, England, Iceland
- **RED LINE**  
Iceland, Faroe Islands, Scotland, The Netherlands, Iceland
- **GREEN LINE**  
Norway, Iceland, Newfoundland, Nova Scotia, United States, Newfoundland, Iceland
- **BROWN LINE**  
Russia, Norway, The Netherlands, England, Scotland, Norway
- ↔ **FREIGHT FORWARDING**
- ... **OPTIONAL PORT / SEASONAL ROUTE**
- **MAJOR TRANSIT HUB**
- **TRANSIT HUB**
- **PORT**



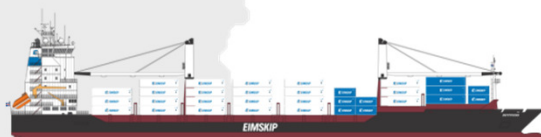
**BLUE LINE**

Iceland, Faroe Islands, The Netherlands, Poland, Sweden, Norway, Denmark, Faroe Islands, Iceland



**Godafoss**

Built 1995  
TEUS 1,457  
GT 14,664



**Dettifoss**

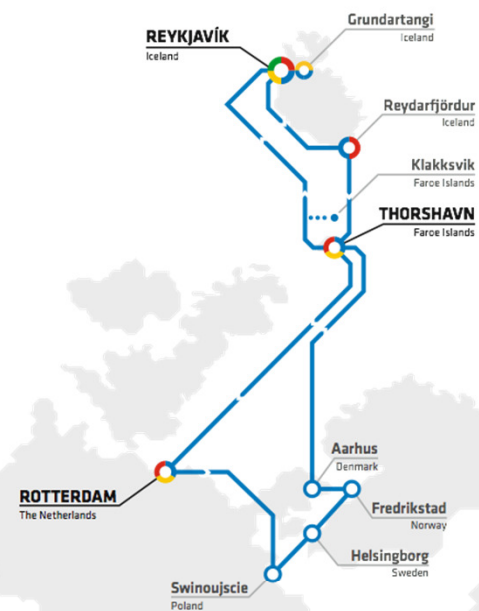
Built 1995  
TEUS 1,457  
GT 14,664

Owned

OPTIONAL PORT / SEASONAL ROUTES



PORT



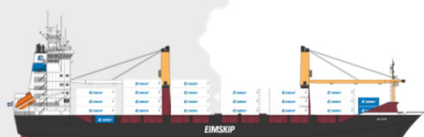
## YELLOW LINE

Iceland, Faroe Islands, England, The Netherlands, Germany, England, Iceland




### Brúarfoss

Built 1992  
TEUS 724  
GT 7,676



### Selfoss

Built 1991  
TEUS 724  
GT 7,676

 Owned

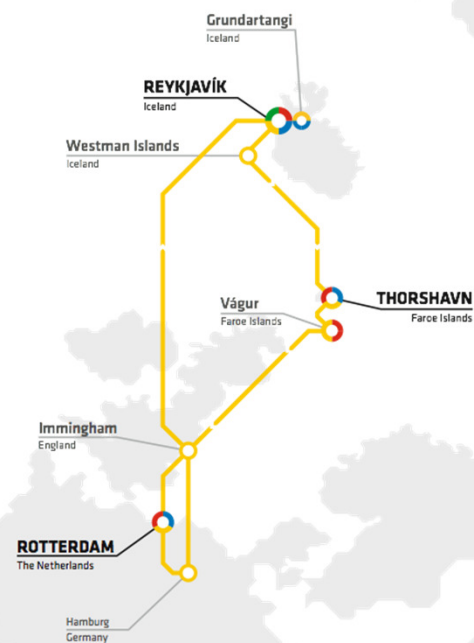


MAJOR TRANSIT HUB



TRANSIT HUB

 PORT

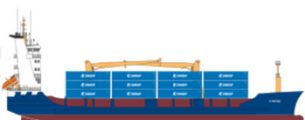


**RED LINE**

Iceland, Faroe Islands, Scotland, The Netherlands, Iceland



**Horst B** C  
Built 1994  
TEUS 703  
GT 6,297



**S. Rafael** C  
Built 2000  
TEUS 501  
GT 4,454

C Chartered



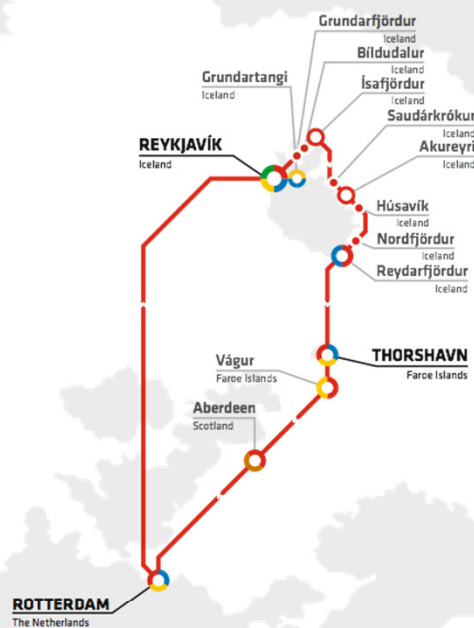
MAJOR TRANSIT HUB



PORT



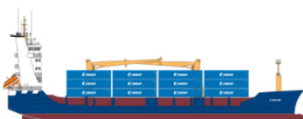
TRANSIT HUB



**Iceland, Faroe Islands, Scotland, The Netherlands, Iceland**

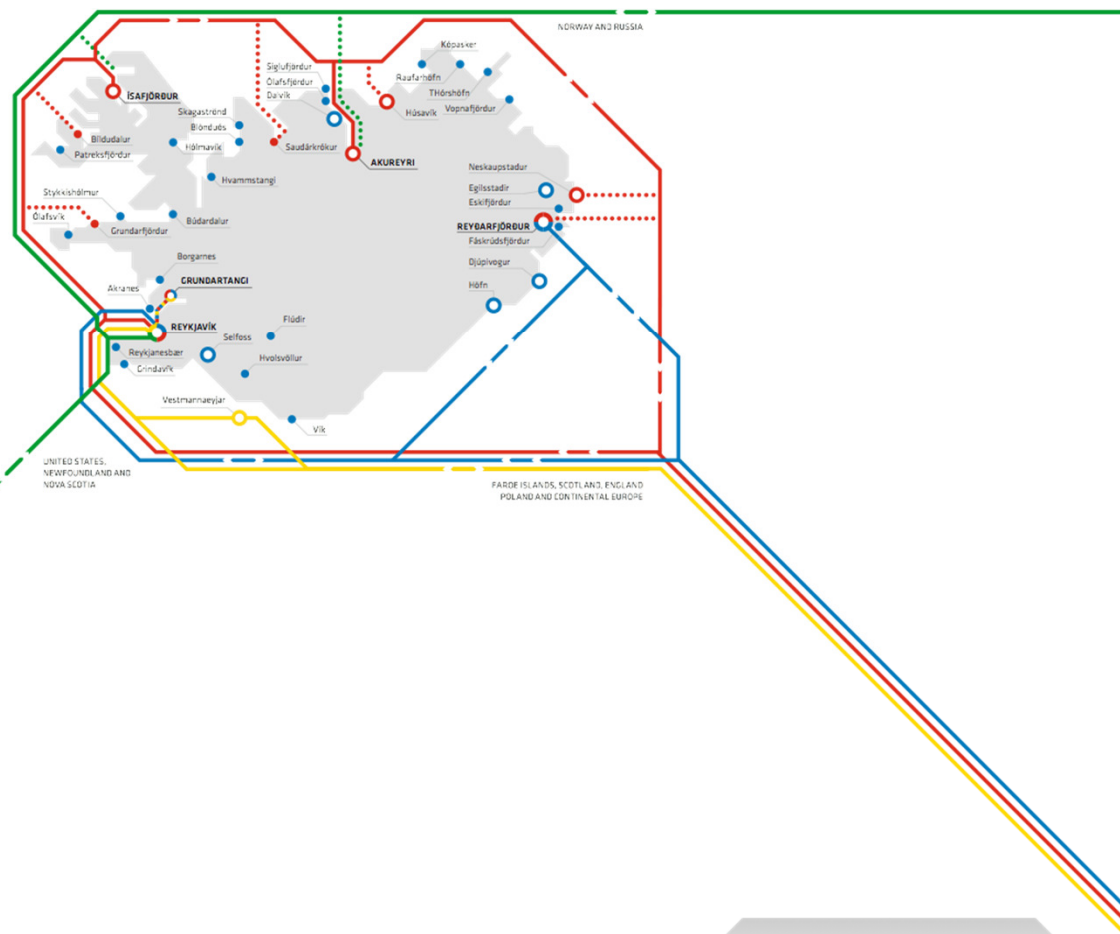


**Horst B** C  
Built 1994  
TEUS 703  
GT 6,297



**S. Rafael** C  
Built 2000  
TEUS 501  
GT 4,454

**c** Chartered





**GREEN LINE**

Norway, Iceland, Newfoundland, Nova Scotia, United States, Newfoundland, Iceland



**Skógafoss** C

Built 2007  
TEUS 698  
GT 7,545

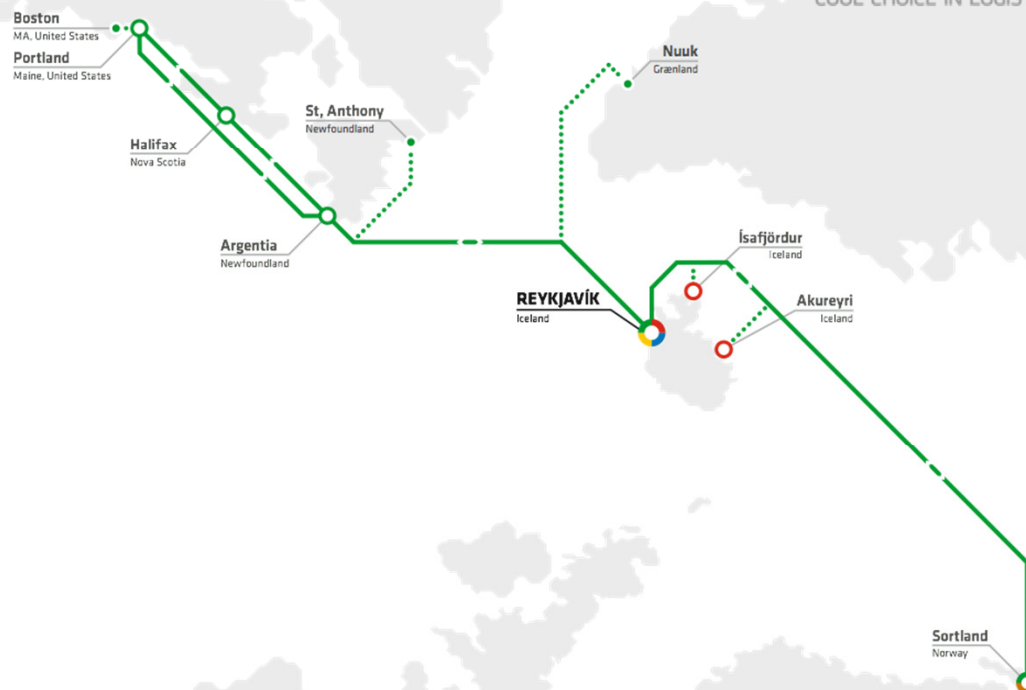


**Reykjafoss** C

Built 1999  
TEUS 712  
GT 7,589

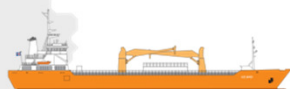
C Chartered

OPTIONAL PORT / SEASONAL ROUTES



## BROWN LINE

Russia, Norway, The Netherlands, England, Scotland, Norway



### Ice Bird

Built 1990  
Reefer (bulk)  
GT 3,625



### Hólmfoss

Built 2007  
Reefer (bulk/TEUS 24)  
GT 3,538



### Pólfoss

Built 2008  
Reefer (bulk/TEUS 24)  
GT 3,578



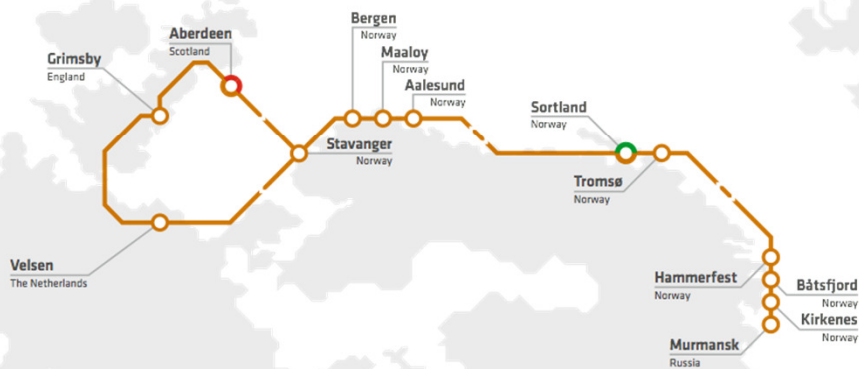
### Svartfoss

Built 2005  
Reefer (bulk/TEUS 48)  
GT 2,990

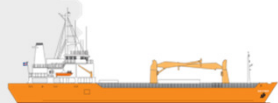
 Owned



 PORT

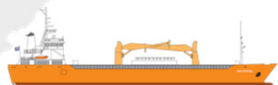


## Other operations In the North Atlantic



**Ice Star** o

Built 1990  
Reefer (bulk)  
GT 3.625



**Ice Crystal** o

Built 1991  
Reefer (bulk)  
GT 3.625



**Laxfoss** o

Built 1995  
Bulk Cargo  
GT 1.682



**Herjólfur** c

Built 1992  
Ferry  
GT 3.354

o Owned c Chartered





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## Income statement

### Improvements from previous year

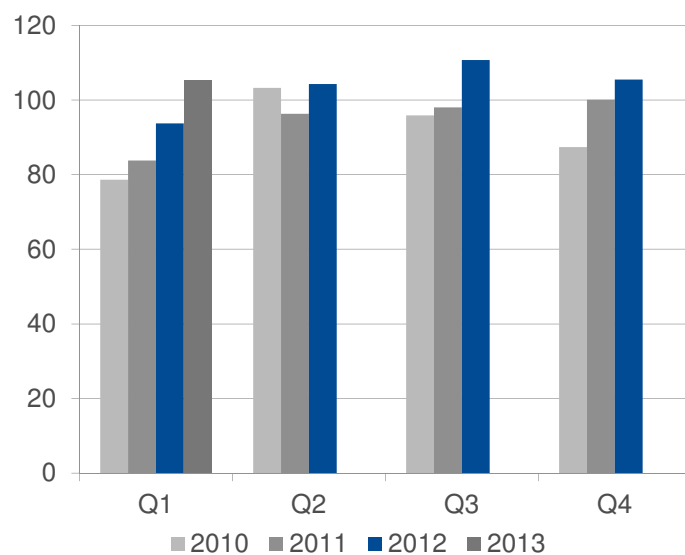
EUR thousand	Q1 2013	Q1 2012	Change	%
Operating revenue	105,313	93,726	11,587	12.4%
Operating expenses	98,096	86,950	11,146	12.8%
<b>EBITDA</b>	<b>7,217</b>	<b>6,776</b>	<b>441</b>	<b>6.5%</b>
Depreciation and amortization	(5,134)	(5,462)	328	6.0%
<b>EBIT</b>	<b>2,083</b>	<b>1,314</b>	<b>769</b>	<b>58.5%</b>
Net finance income (expense)	949	(1,017)	1,966	193.3%
<b>Net earnings before income tax</b>	<b>3,032</b>	<b>297</b>	<b>2,735</b>	<b>920.9%</b>
Income tax	(500)	285	(785)	(275.4%)
<b>Net earnings for the period</b>	<b>2,532</b>	<b>582</b>	<b>1,950</b>	<b>335.1%</b>

- Revenue increased by 12.4% from Q1 2012 mainly explained by volume increase in forwarding and freight increases on international shipping markets
- EBITDA increased by 6.5% and EBIT by 58.5% between years
- Reduction of depreciation since part of the company's vessels are fully depreciated to their residual value
- Net finance income in Q1 this year due to currency gain compared to currency loss in Q1 2012

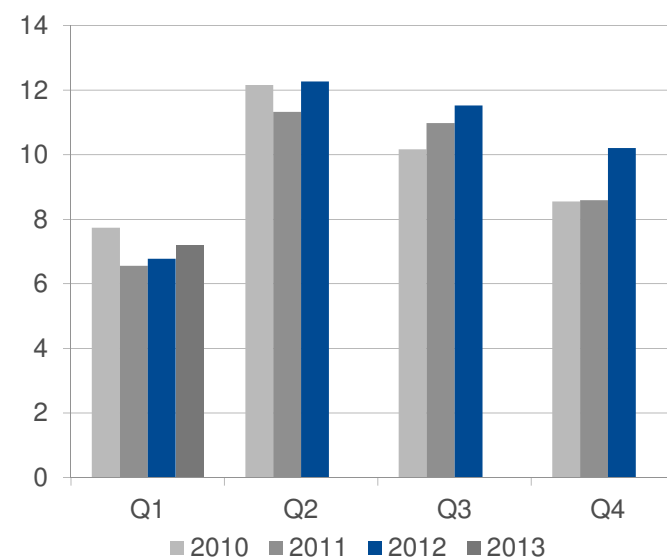
# Operating revenue and EBITDA by quarters

Adjusted for one-off items in 2011 and 2012

Operating revenue by quarters



EBITDA by quarters



## Balance sheet

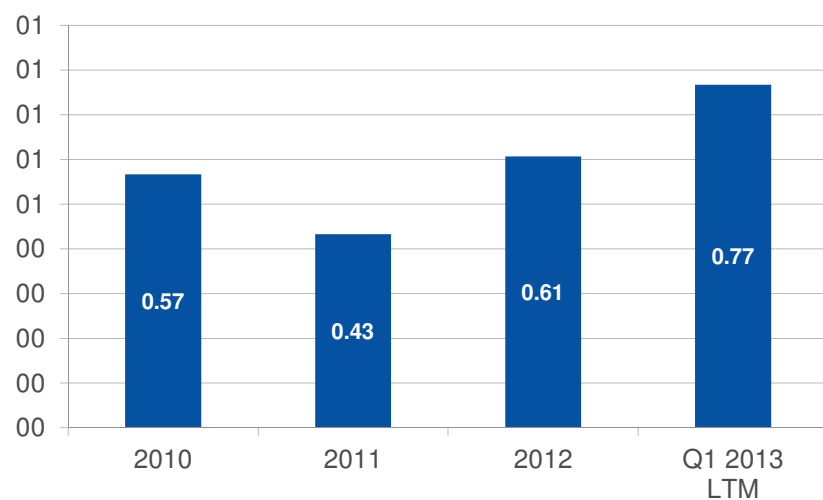
### Solid with low leverage

EUR thousand	31.3.2013	31.12.2012	Change	%
Non-current assets	213,135	209,723	3,412	1.6%
Current assets	94,058	103,558	(9,500)	(9.2%)
<b>Total assets</b>	<b>307,193</b>	<b>313,281</b>	<b>(6,088)</b>	<b>(1.9%)</b>
<b>Total equity</b>	<b>202,219</b>	<b>199,599</b>	<b>2,620</b>	<b>1.3%</b>
Non-current liabilities	48,017	51,088	(3,071)	(6.0%)
Current liabilities	56,957	62,594	(5,637)	(9.0%)
<b>Total liabilities</b>	<b>104,974</b>	<b>113,682</b>	<b>(8,708)</b>	<b>(7.7%)</b>
<b>Total equity and liabilities</b>	<b>307,193</b>	<b>313,281</b>	<b>(6,088)</b>	<b>(1.9%)</b>

- Increase in non-current assets due to investments in vessels and other operating assets
- Reduction in cash and cash equivalents due to investments, mainly in vessels
- Equity ratio was 65.8% at the end of March
- Eimskip owns about 3% of treasury shares or 5.9 million out of 200 million issued shares
- Reduction of current liabilities in the quarter due to unpaid investment in containers in the amount of EUR 4 million at year-end 2012

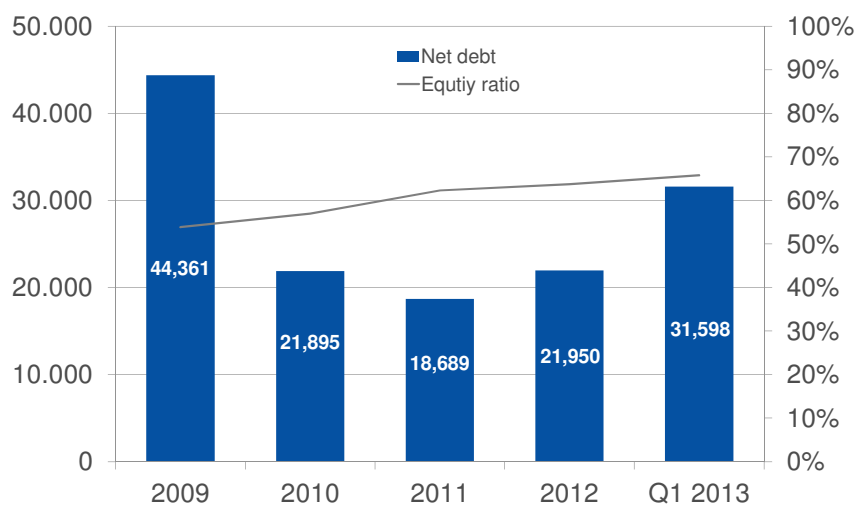
## Financial ratios

### Net debt / EBITDA



### Net debt and equity ratio

EUR thousand



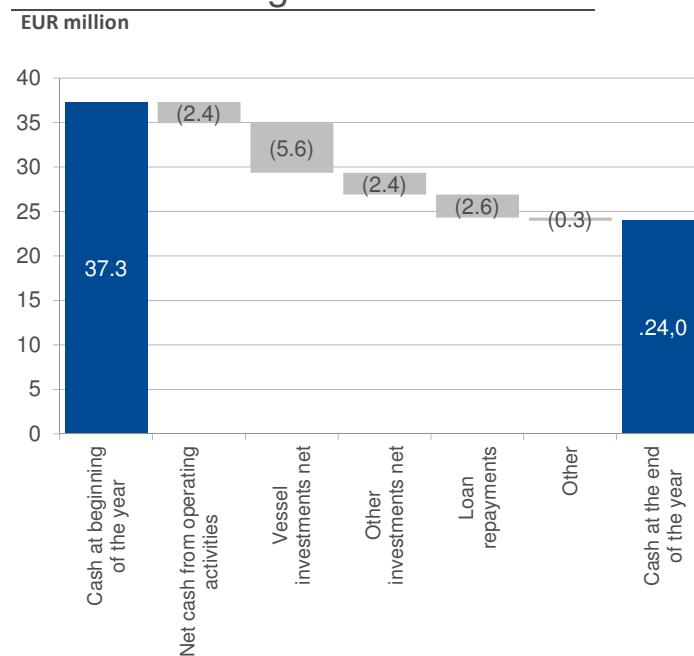


## Strong cash flow and cash position

### Decreased cash mainly due to investments

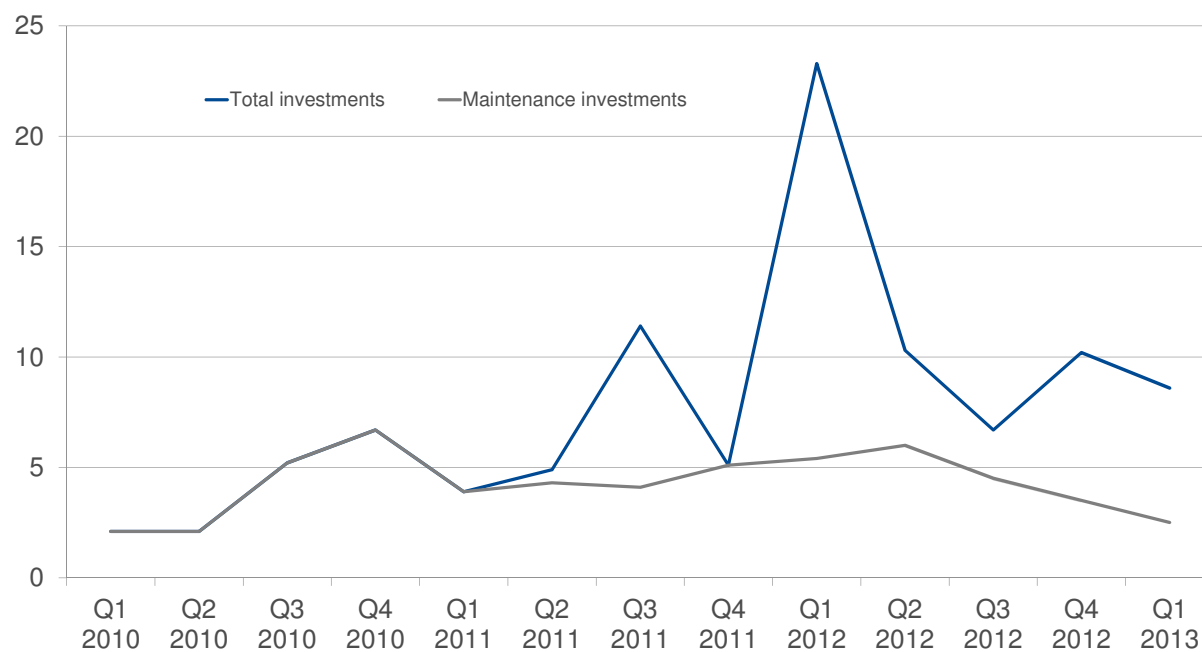
EUR thousand	Q1 2013	Q1 2012	Change	%
Cash flows (to) from operations	(2,357)	3,745	(6,102)	(162.9%)
Investing activities	(8,045)	(21,981)	13,936	63.4%
Financing activities	(2,478)	(464)	(2,014)	(434.1%)
<b>Decrease in cash</b>	<b>(12,880)</b>	<b>(18,700)</b>	<b>5,820</b>	<b>31.1%</b>
Cash at the beginning of the period	37,304	43,517	(6,213)	(14.3%)
Exchange rate fluctuations	(447)	180	(627)	(348.3%)
<b>Cash at the end of period</b>	<b>23,977</b>	<b>24,997</b>	<b>(1,020)</b>	<b>(4.1%)</b>

### Cash flow bridge 2013



## CAPEX 2010 to 2013

CAPEX affected by vessel investments





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## New vessel building project in China

### Delay of delivery and reduction of purchase price

- In 2011 Eimskip and the shipyard Rongcheng Shenfei in China made an agreement of building two container vessels
  - Each vessel's size is 875 TEU with container plugs for 230 reefer containers
  - Deadweight is about 12 thousand tons
  - The vessels are 140.7 meters long and 23.2 meters wide
- Expected delivery time was in 2013
- An amendment agreement with the shipyard expects delivery in the first half of 2014
- Besides negotiating the delay, Eimskip has negotiated a reduction of the vessels' purchase price
- The total reduction is approximately 20% or USD 10 million in total
- Eimskip has already paid USD 26 million which equals about 70% of the altered purchase price of the vessels



## New companies and projects

### E.T.S. B.V.

- Eimskip has acquired a 52.5% share in the Dutch trucking company E.T.S. B.V., European Transport Services, which is located in Rotterdam
- The company was established to provide trucking services for Eimskip within the Benelux and neighboring countries
- E.T.S. specializes in reefer container haulage and offers various other forms of road transport, such as heavy transport solutions and other tailor made solutions
- The fleet consists of 15 trucks of which the majority is equipped with a T.R.S. system, an environmentally friendly system where the engine of the truck provides power to the reefer container and produces less emissions than conventional generators do



## New companies and projects

### Gára ehf.

- In April 2013, TVG-Zimsen, an Iceland based subsidiary of Eimskip, acquired the ship agency Gára ehf.
- Gára is a 20 year old company, located in Hafnarfjörður in Iceland
- Gára will be operated as a separate unit under TVG-Zimsen and the former owners will continue working for the company
- The company will be offering services to cruise vessels and other types of vessels, such as trawlers, research vessels and naval vessels
- TVG-Zimsen and Gára will also be watching closely development of the future opportunities in the North Atlantic





## New companies and projects

### Development in Dysnes in Akureyri

- Eimskip has joined several other parties in founding a development company, Dysnes Próunarfélag ehf.
- Dysnes is founded to develop and promote new port facility to serve oil, mining and other industries in the North Atlantic as well as the Arctic Sea route
- Approximately 90 acres will be developed for port facilities
- Dysnes is located in Eyjafjörður, about 15 km north of Akureyri in the north of Iceland
- Eimskip's strategy is to follow the development of the various future opportunities in the North Atlantic



# Future opportunities

## Growth opportunities in the home market

- Continuing optimization and development of the liner services
- Marketing and sale of the new sailing schedule
- Opportunities related to new projects in Newfoundland, Portland in USA, Scotland, Russia, the Faroe Islands and Poland
- Increased focus on projects in connection with the coastal services in Iceland
- Growth opportunities in the home market in the North Atlantic, including projects in relation to oil, aluminum and other industries
- Opening of new offices outside Iceland
- The Arctic sailing route





# Q&A

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