

Q3 2017 EBITDA IN LINE WITH EXPECTATIONS

Q3 2017 - 22 November 2017 | EBITDA forecast for 2017 EUR 60 to 62 million

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HIGHLIGHTS

KEY HIGHLIGHTS FOR Q3 2017

Q3 2017 compared to Q3 2016

REVENUE
EUR 177.0 m
up 32.0%

REVENUE
Liner services
EUR 112.2 m, up 12.8%
Forwarding services
EUR 64.8 m, up 87.1%

AFFECTING REVENUE
+ New companies
+ Volume growth
+ International freight rates

EBITDA
EUR 19.3 m
up 8.6%

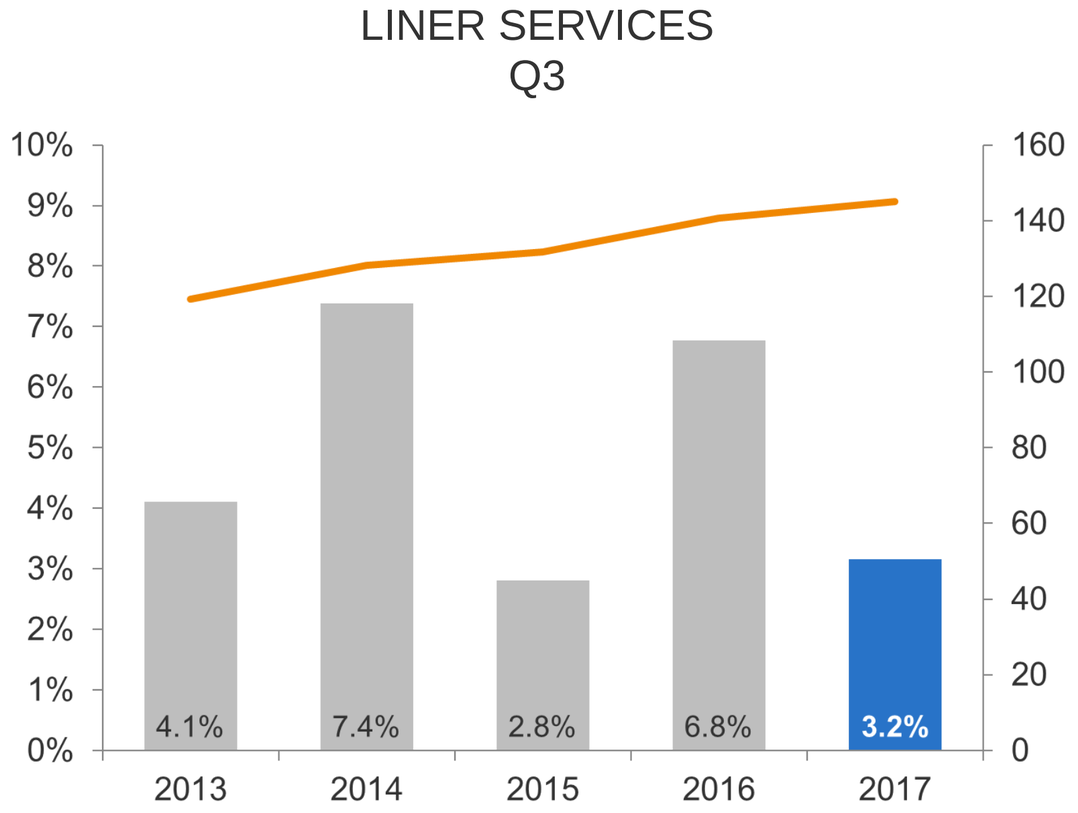
EBITDA
Liner services
EUR 13.8 m, down 2.1%
Forwarding services
EUR 5.5 m, up 49.0%

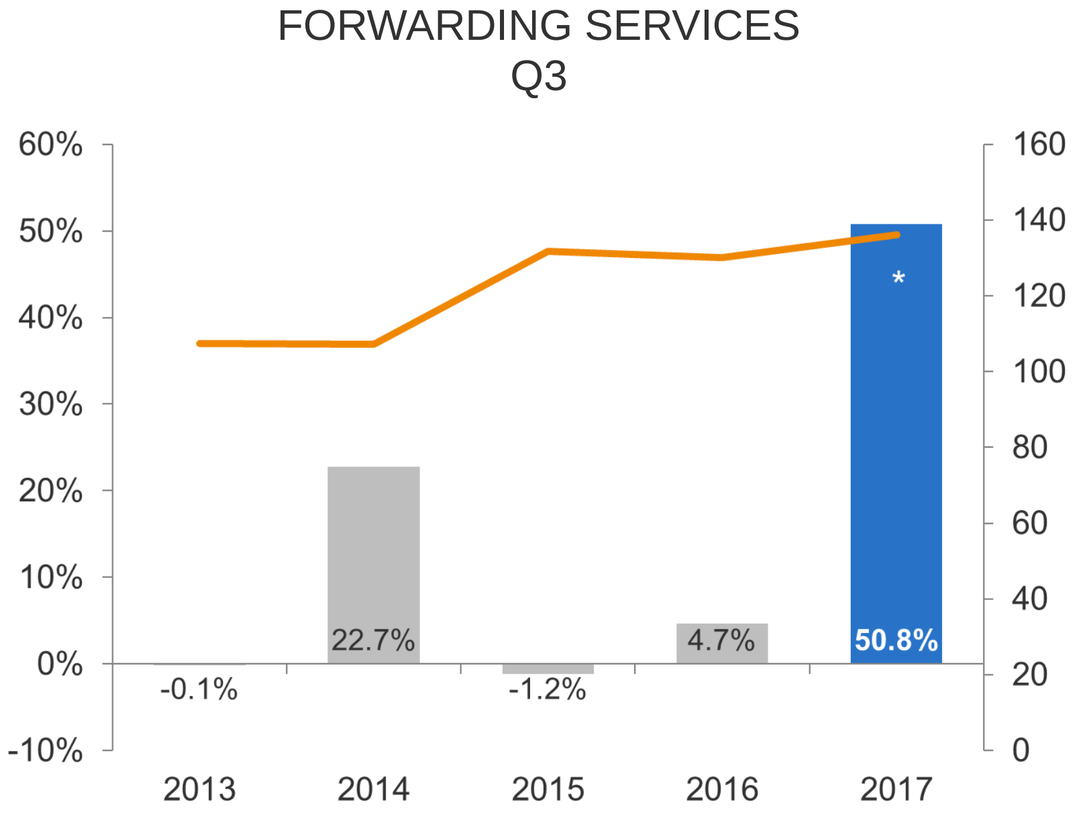
AFFECTING EBITDA
+ Volume growth
+ Iceland
+ New companies
– Norway
– IT cost

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TRANSPORTED VOLUME IN Q3 2013 TO 2017

CAGR 4.0% for liner services and 13.9% for forwarding services





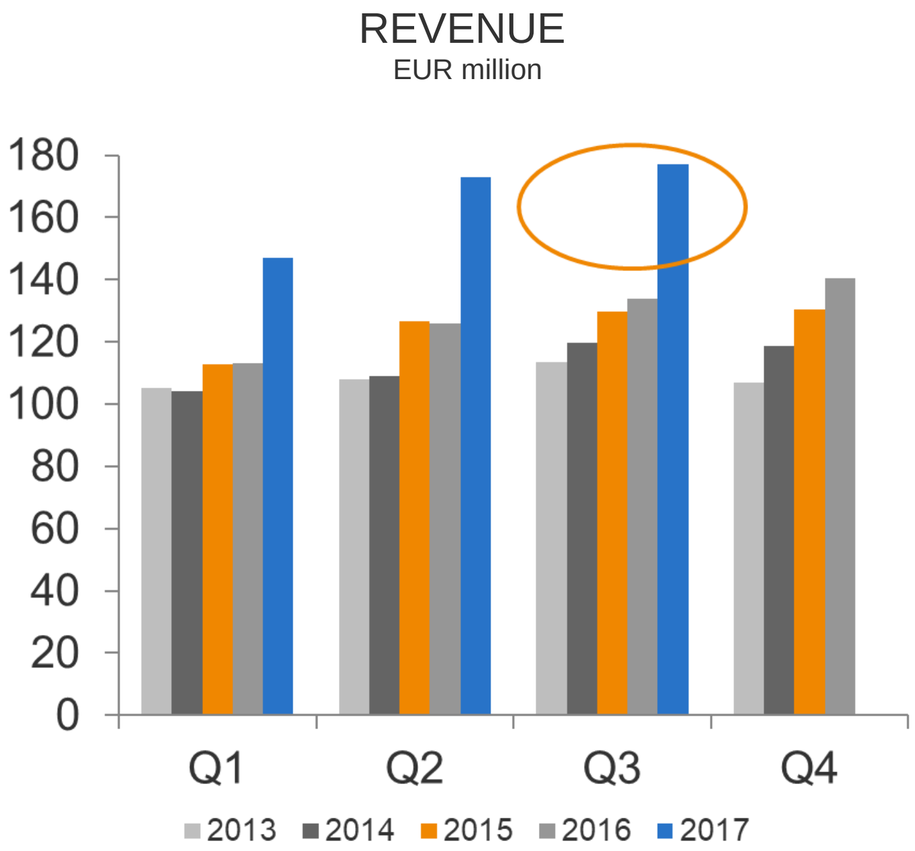
Volume index: 2010 volume at 100

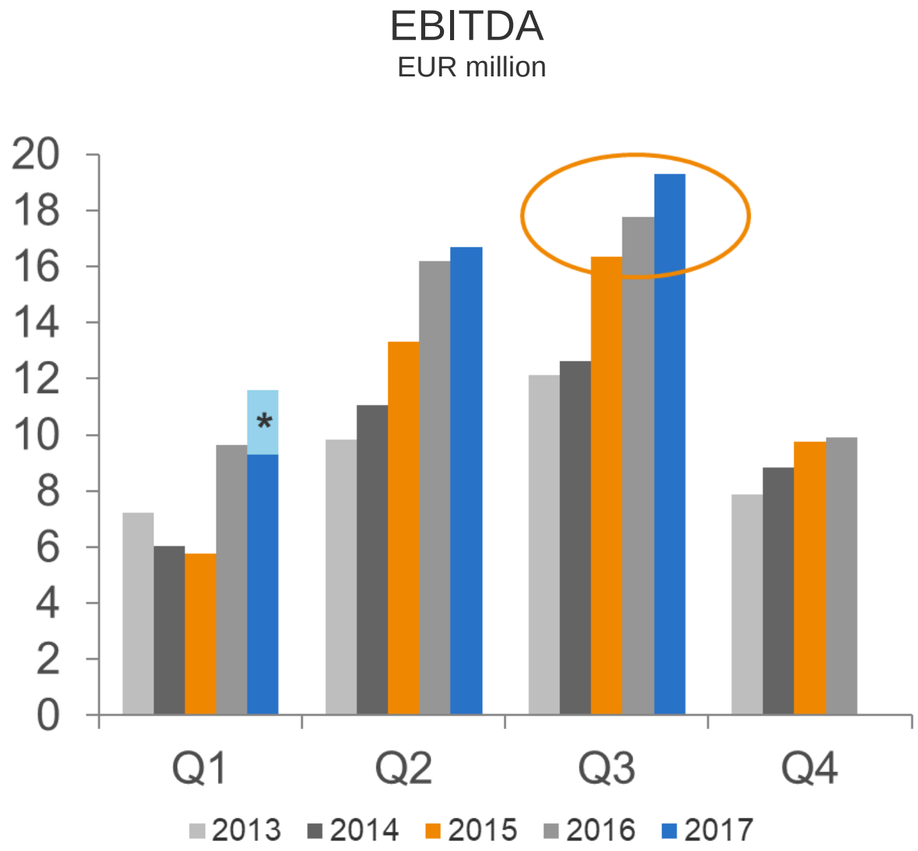
* New acquisitions account for 31.5% and organic growth 19.3%

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REVENUE AND EBITDA 2013 TO 2017 BY QUARTER

Revenue and EBITDA in Q3 2017 outperform Q3 in previous years

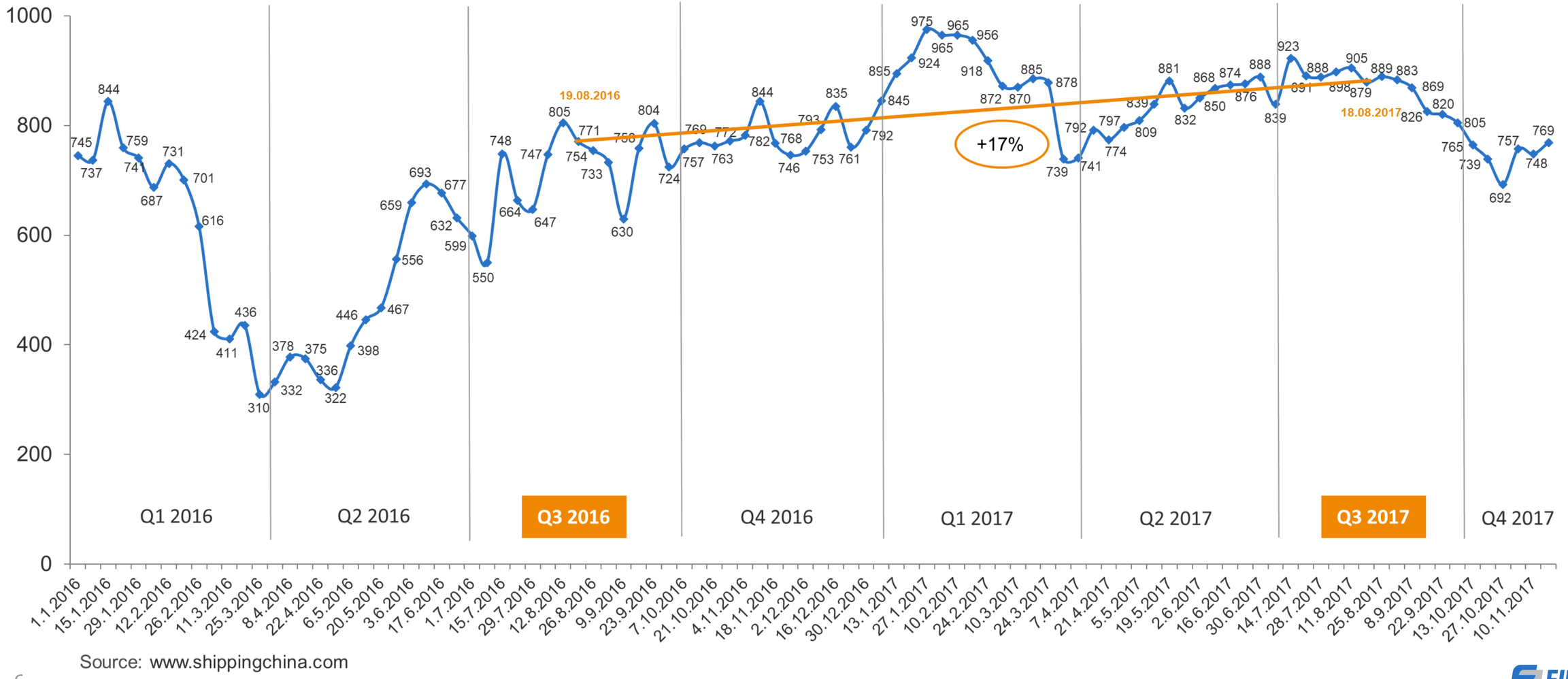




* Add-back of EUR 2.3 million non-recurring items in Q1 2017

CHINA FORWARDERS FREIGHT INDEX

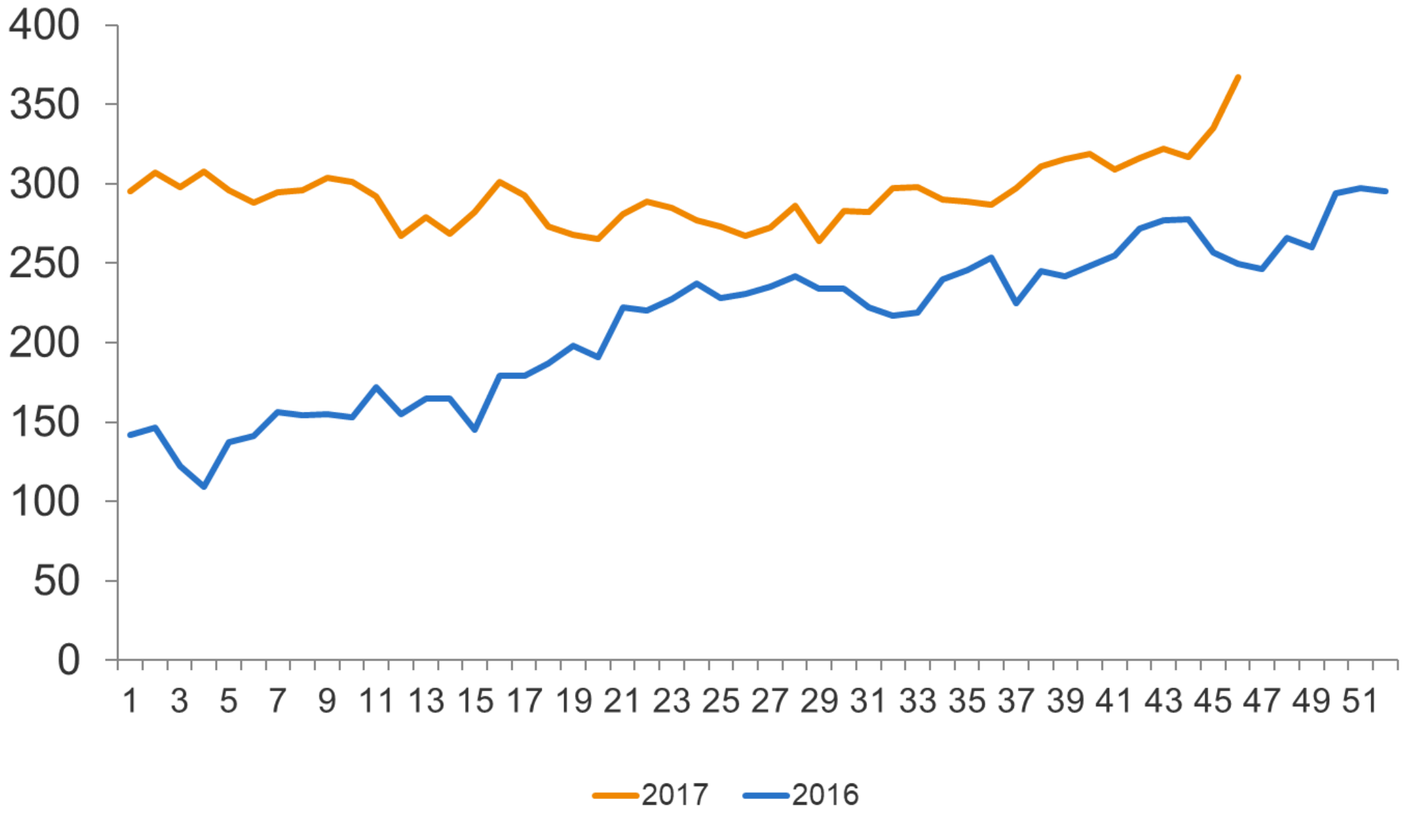
China - Europe



Source: www.shippingchina.com

BUNKER PRICE DEVELOPMENT

Average fuel price for the 9M 2017 approximately 50% up from 9M 2016



Rotterdam heavy fuel price in USD

KEY HIGHLIGHTS FOR 9M 2017

9M 2017 compared to 9M 2016

REVENUE

EUR 497.0 m

up 33.1%

REVENUE

Liner services

EUR 321.7 m, up 15.5%

Forwarding services

EUR 175.3 m, up 84.8%

AFFECTING REVENUE

+ New companies
+ Volume growth
+ International freight rates

EBITDA

EUR 45.3 m

up 4.0%

Adjusted EUR 47.6 m

up 9.2%

EBITDA

Liner services

EUR 30.8 m, down 11.2%

Forwarding services

EUR 14.5 m, up 63.1%

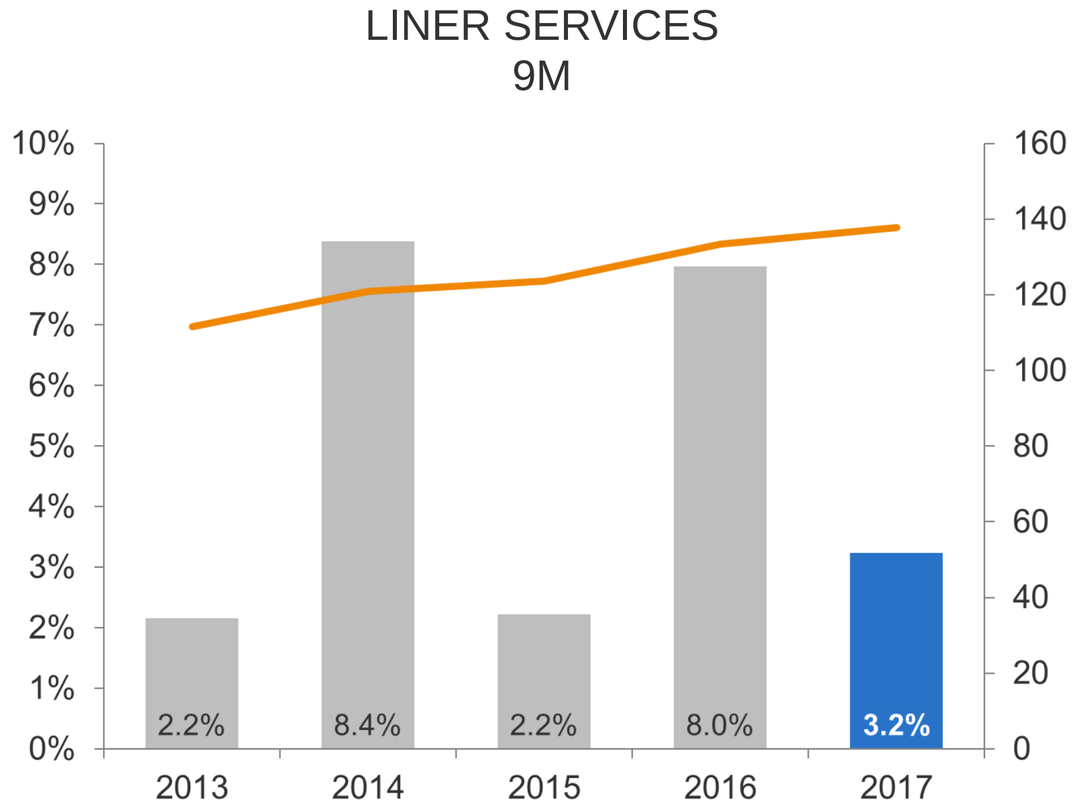
AFFECTING EBITDA

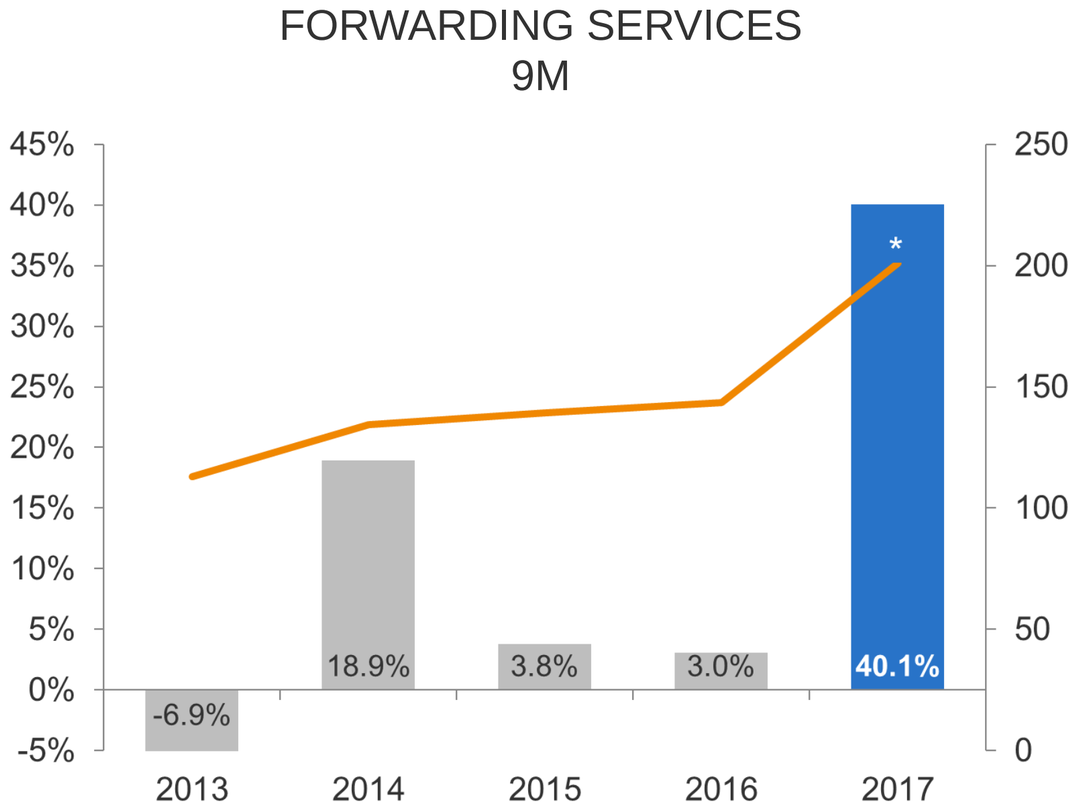
+ New companies
+ Volume growth
– Strike in Iceland
– Volume imbalance
– Changed sailing system
– Norway

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TRANSPORTED VOLUME IN 9M 2013 TO 2017

CAGR 4.3% for liner services and 12.2% for forwarding services



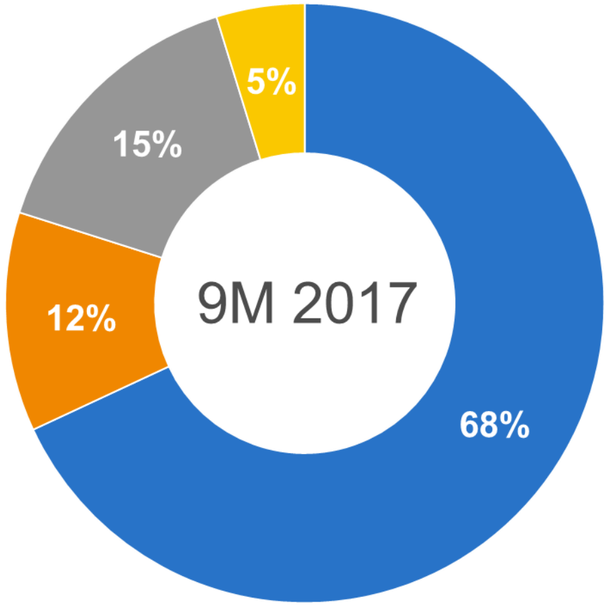


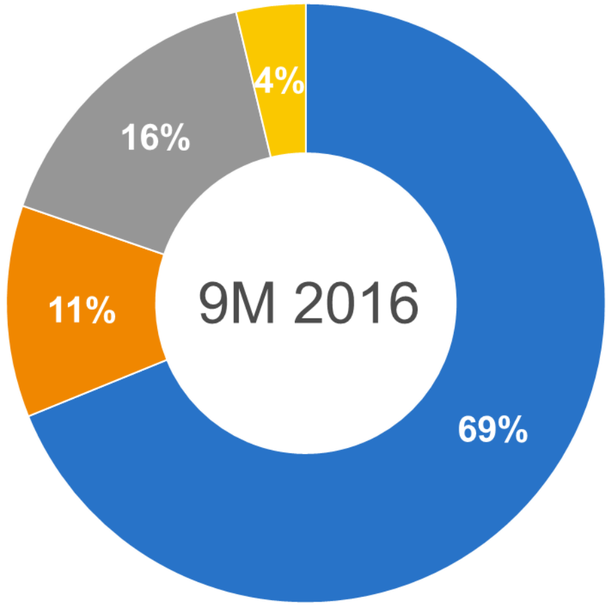
Volume index: 2010 volume at 100

* New acquisitions account for 30.8% and organic growth 9.3%

LINER SERVICES VOLUME

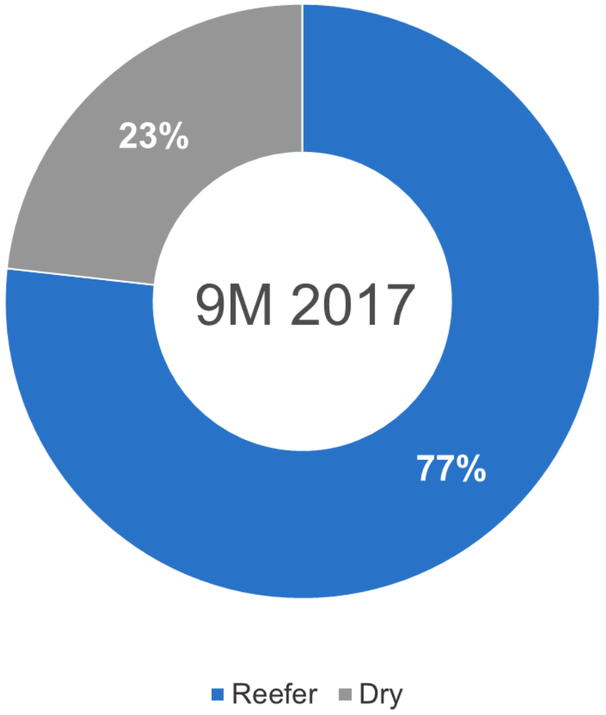
Iceland, Faroe Islands, Norway and Trans-Atlantic

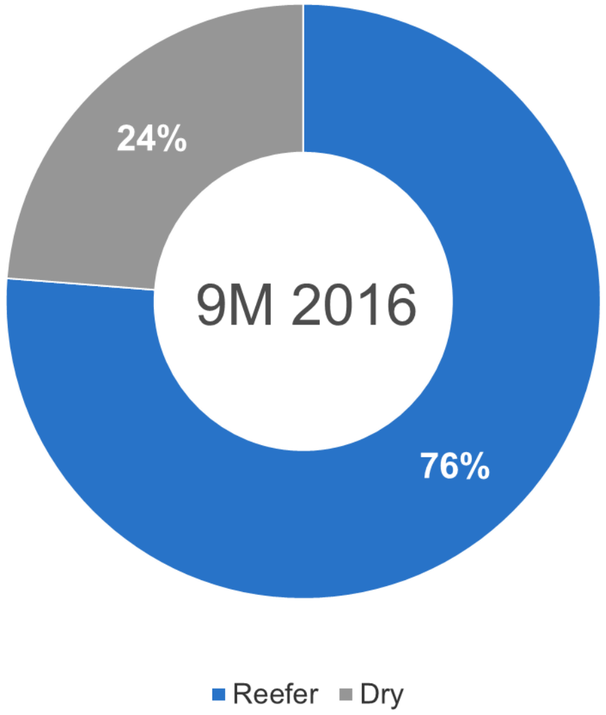




FORWARDING SERVICES VOLUME

Reefer and dry cargo forwarding







FINANCIAL RESULTS

INCOME STATEMENT 9M 2017

Results affected by the fishermen strike in Iceland and other non-recurring items in the first half of the year

Revenue
EUR 497.0 m
up 33.1%

Expenses
EUR 451.7 m
up 36.9%

EBITDA
EUR 45.3 m
up 4.0%

Adjusted EBITDA
EUR 47.6 m
up 9.2%

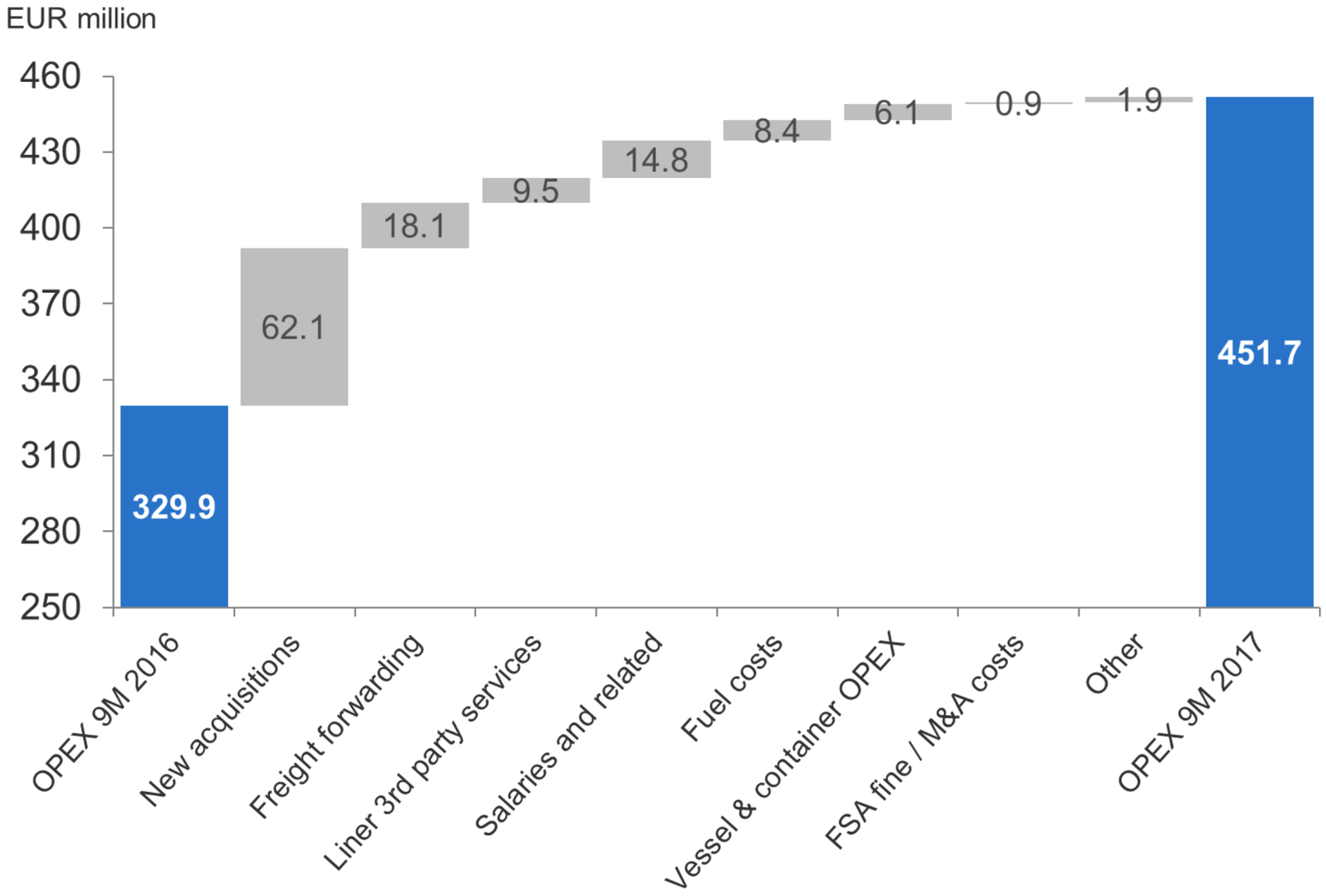
Depreciation and amortization
EUR 22.4 m
compared to
EUR 20.1 m in 9M 2016

Net finance expense
EUR 6.0 m
compared to
EUR 1.0 m in 9M 2016

Net earnings
EUR 13.9 m
compared to
EUR 20.0 m in 9M 2016

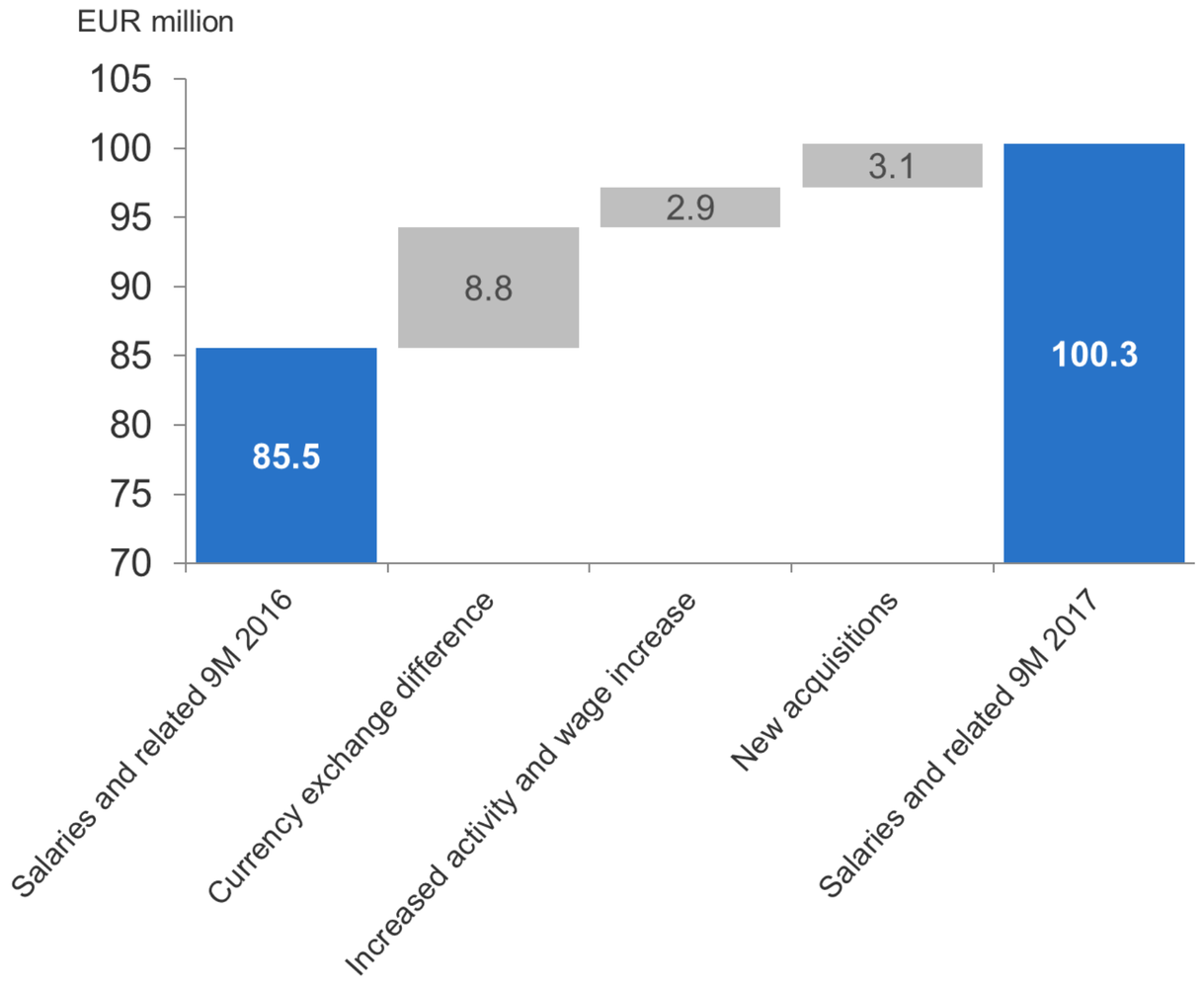
OPERATING EXPENSES BRIDGE

Expenses related to changed sailing system EUR 2.7 million and imbalance cost EUR 1.1 million, realized in the first half of 2017



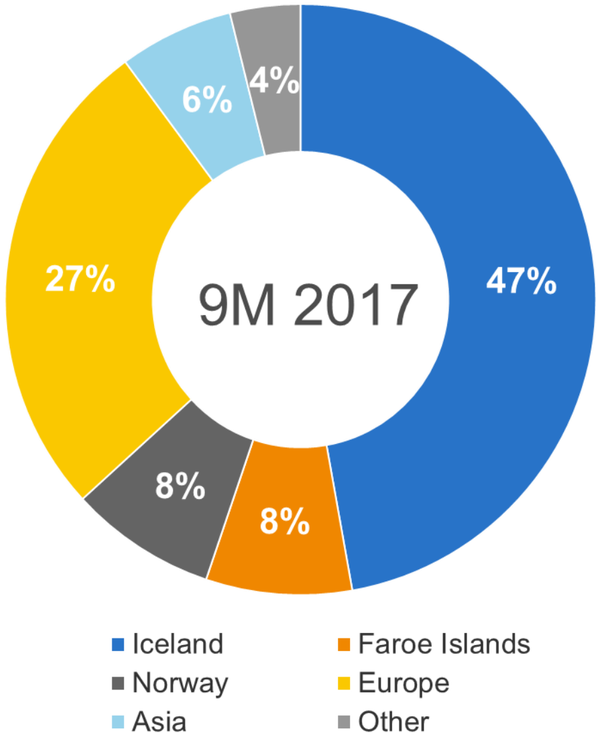
SALARY BRIDGE 9M 2017

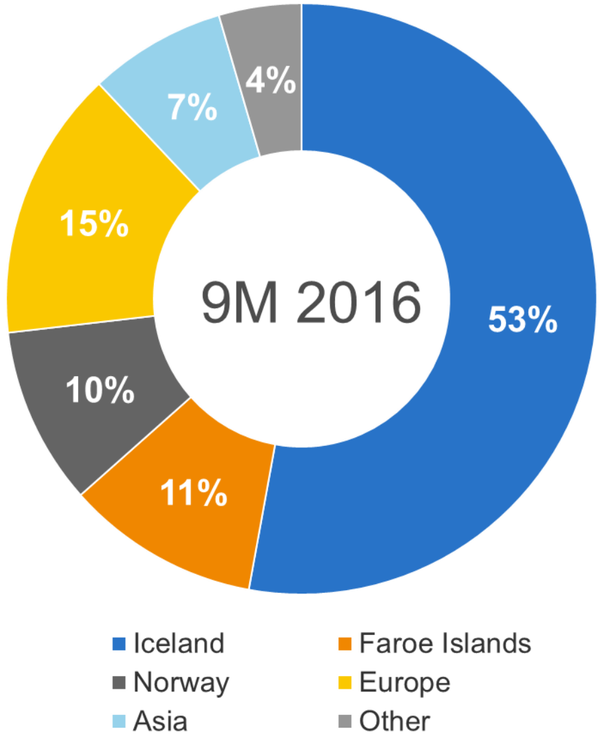
Salaries and related expenses increased by 17.3%, thereof 3.4% due to increased activity and wage increase



GEOGRAPHICAL SPLIT OF REVENUE

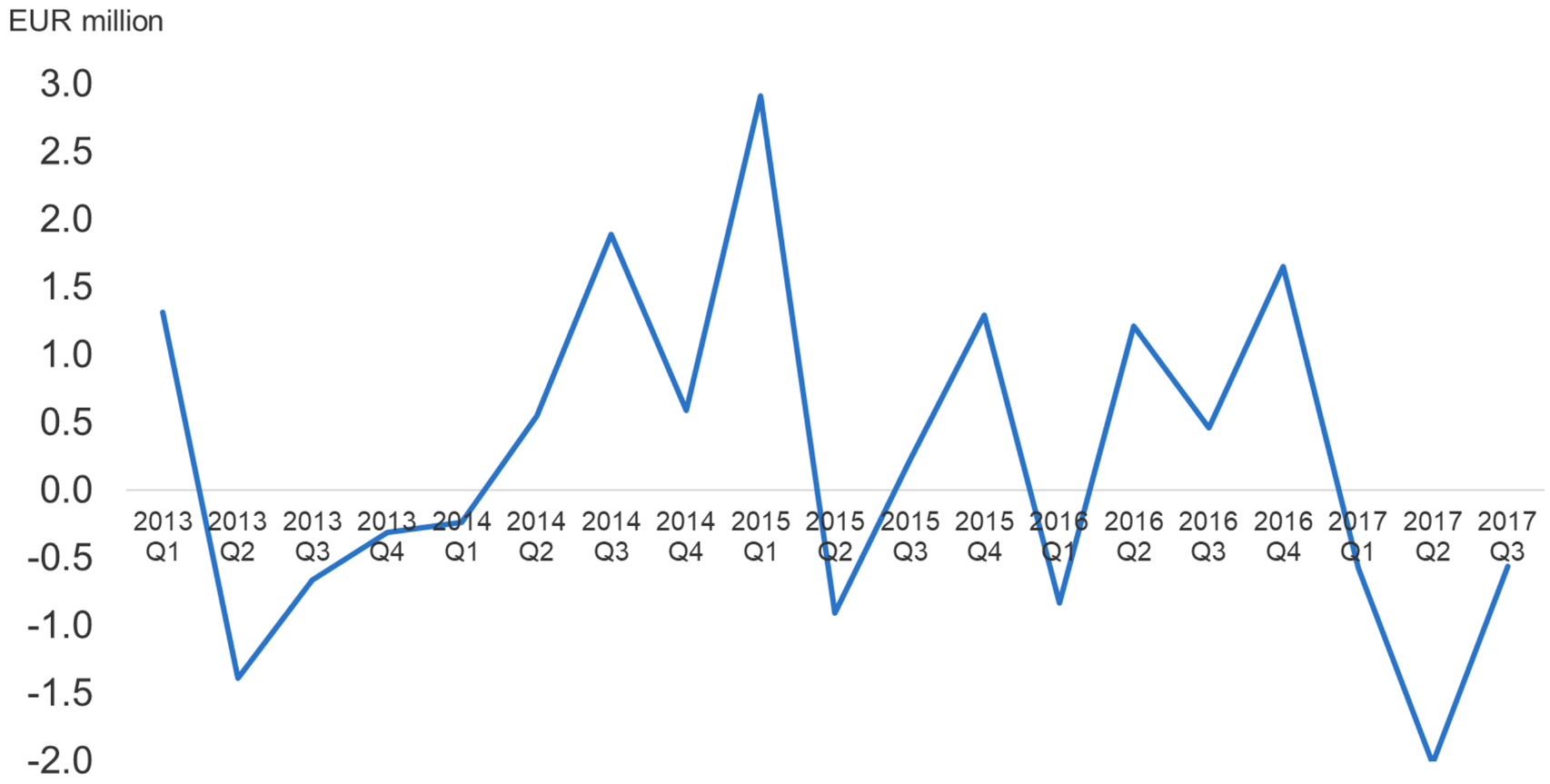
Europe has grown due to new forwarding acquisitions





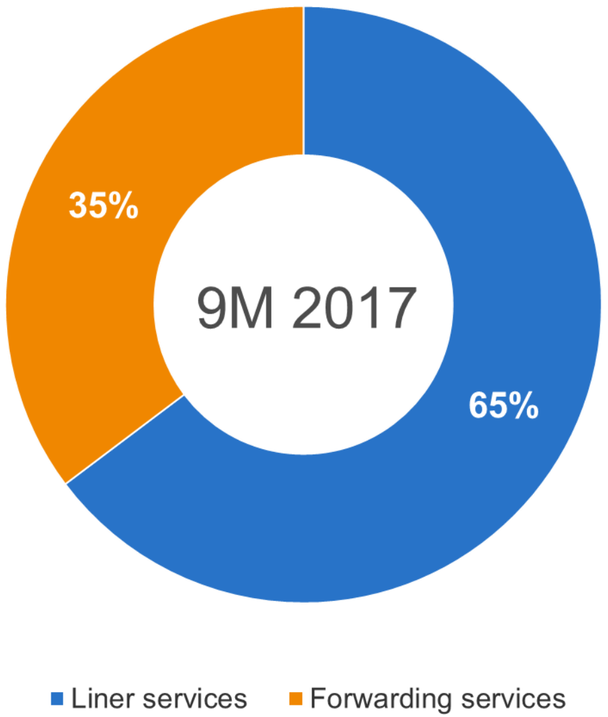
CURRENCY EXCHANGE GAINS AND LOSSES BY QUARTER 2013 TO 2017

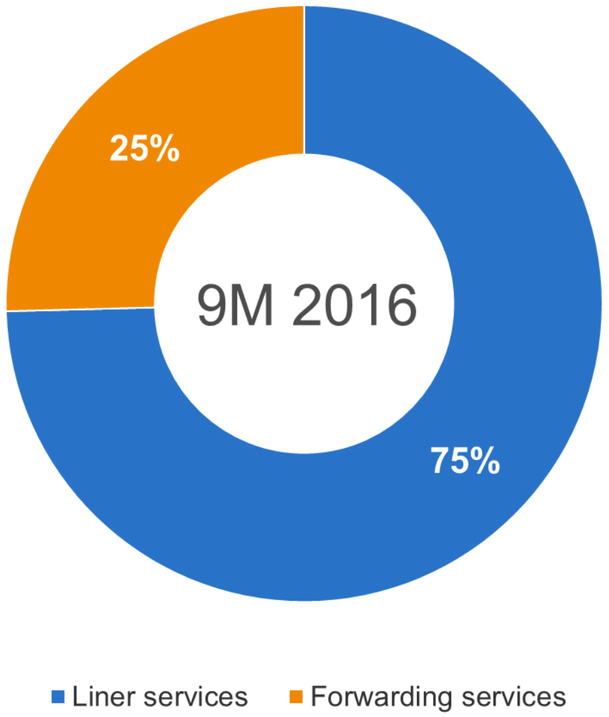
Accumulated fluctuations 2013 to 2016 positive of EUR 7.7 million and 9M 2017 negative of EUR 3.2 million



REVENUE BY BUSINESS SEGMENT

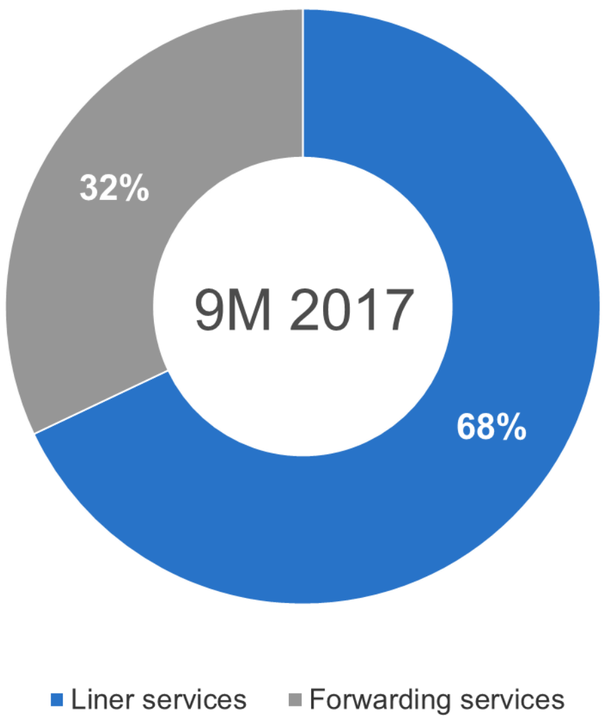
Liner services and forwarding services

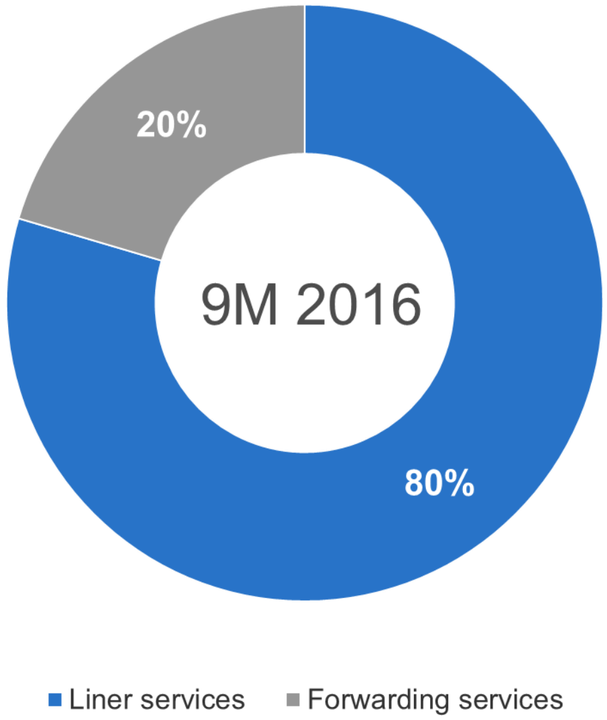




EBITDA BY BUSINESS SEGMENT

Liner services and forwarding services



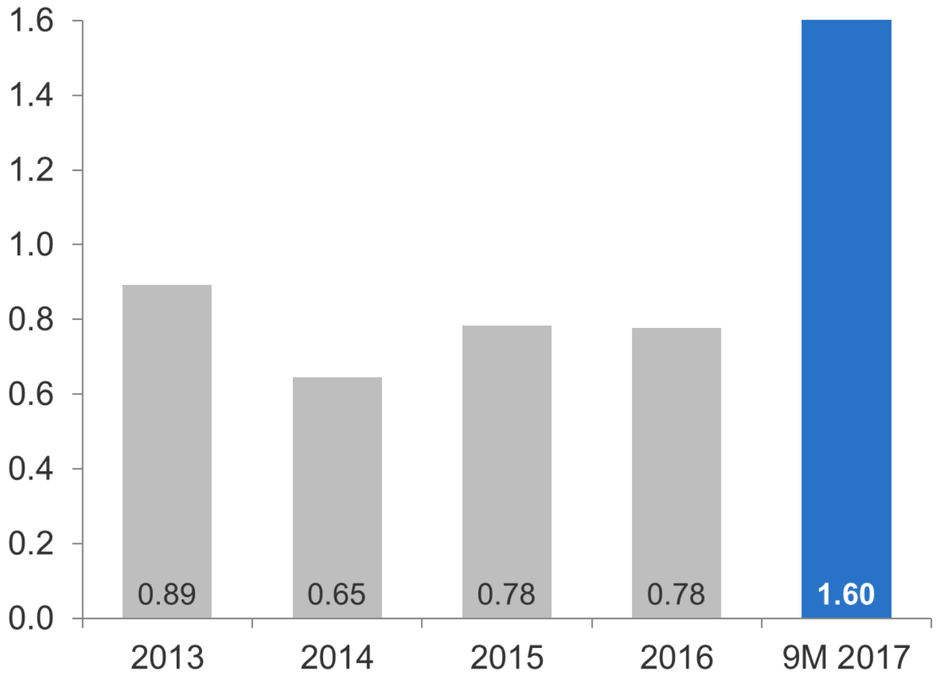


FINANCIAL RATIOS 2013 TO 9M 2017

Increased leverage due to new acquisitions and other investments

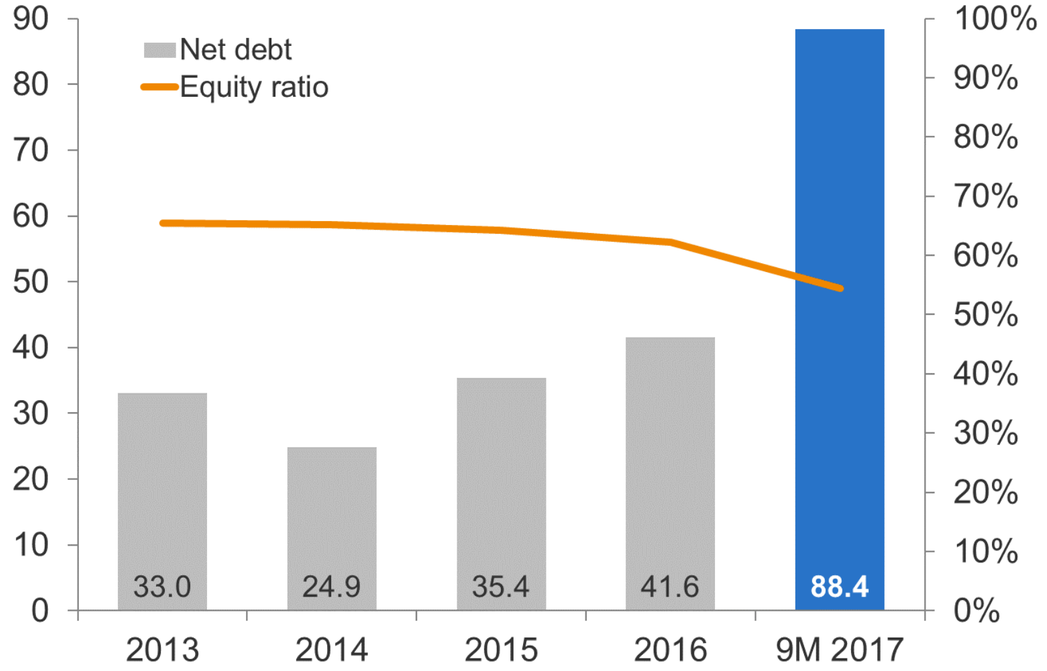
NET DEBT / LTM-EBITDA

EUR million



NET DEBT AND EQUITY RATIO

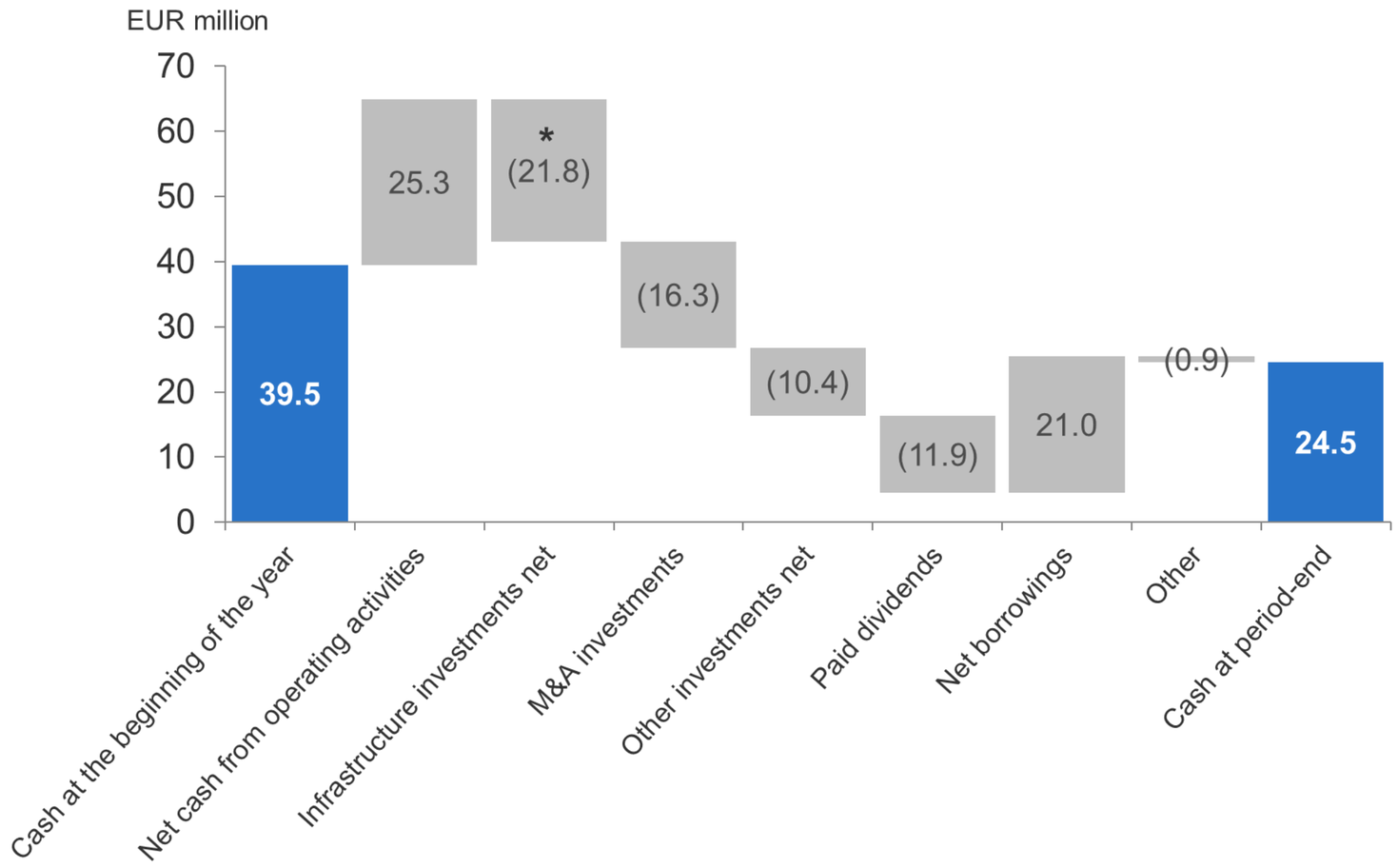
EUR million



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CASH FLOW BRIDGE 9M 2017

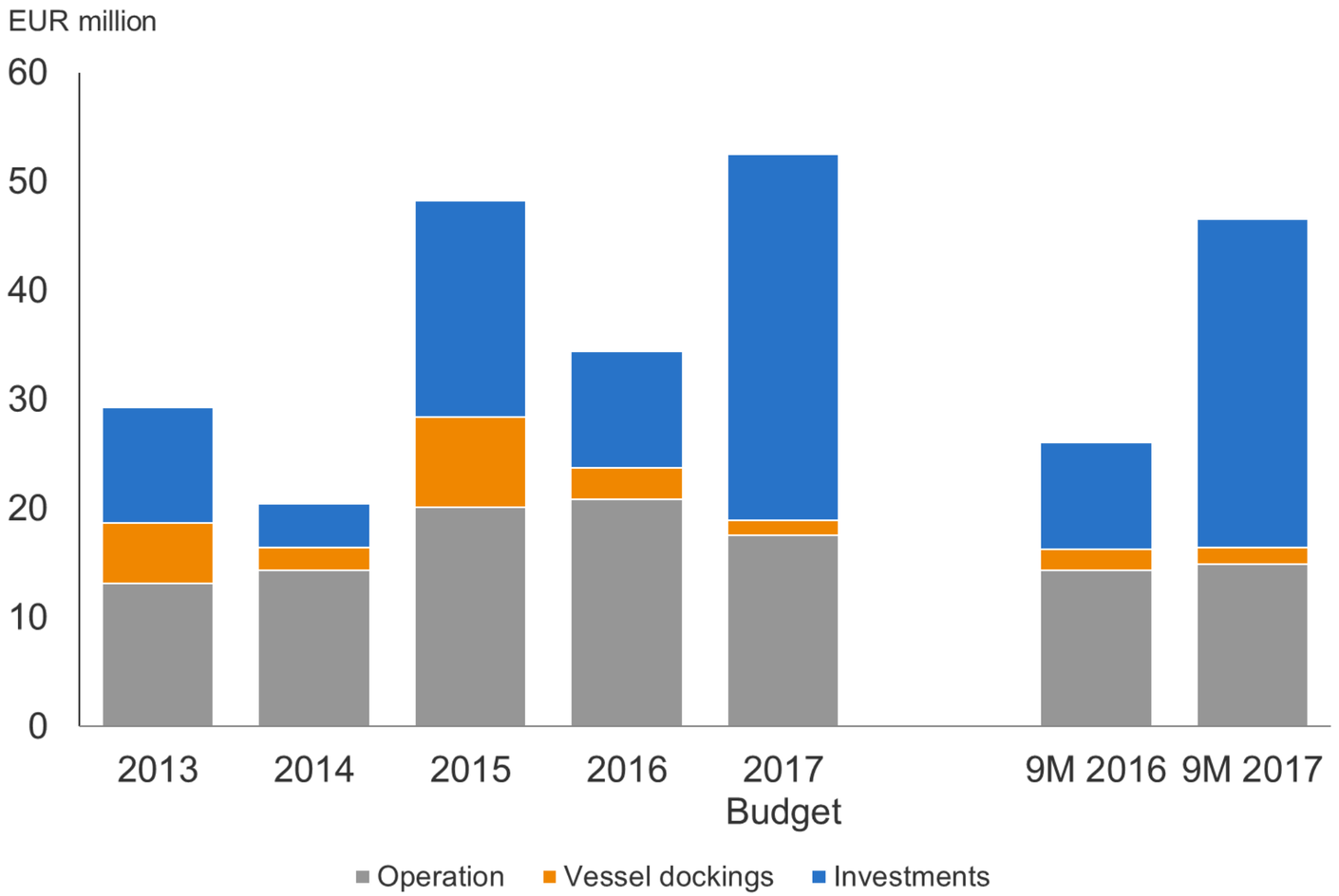
Affected by M&A investments and vessel investments



* Includes EUR 11.7 million contract payment on vessel building in China

CAPEX 2013 TO 2017

Investments 9M 2017 include EUR 11.7 million for vessel down payment and EUR 8.3 million for three buildings in Iceland

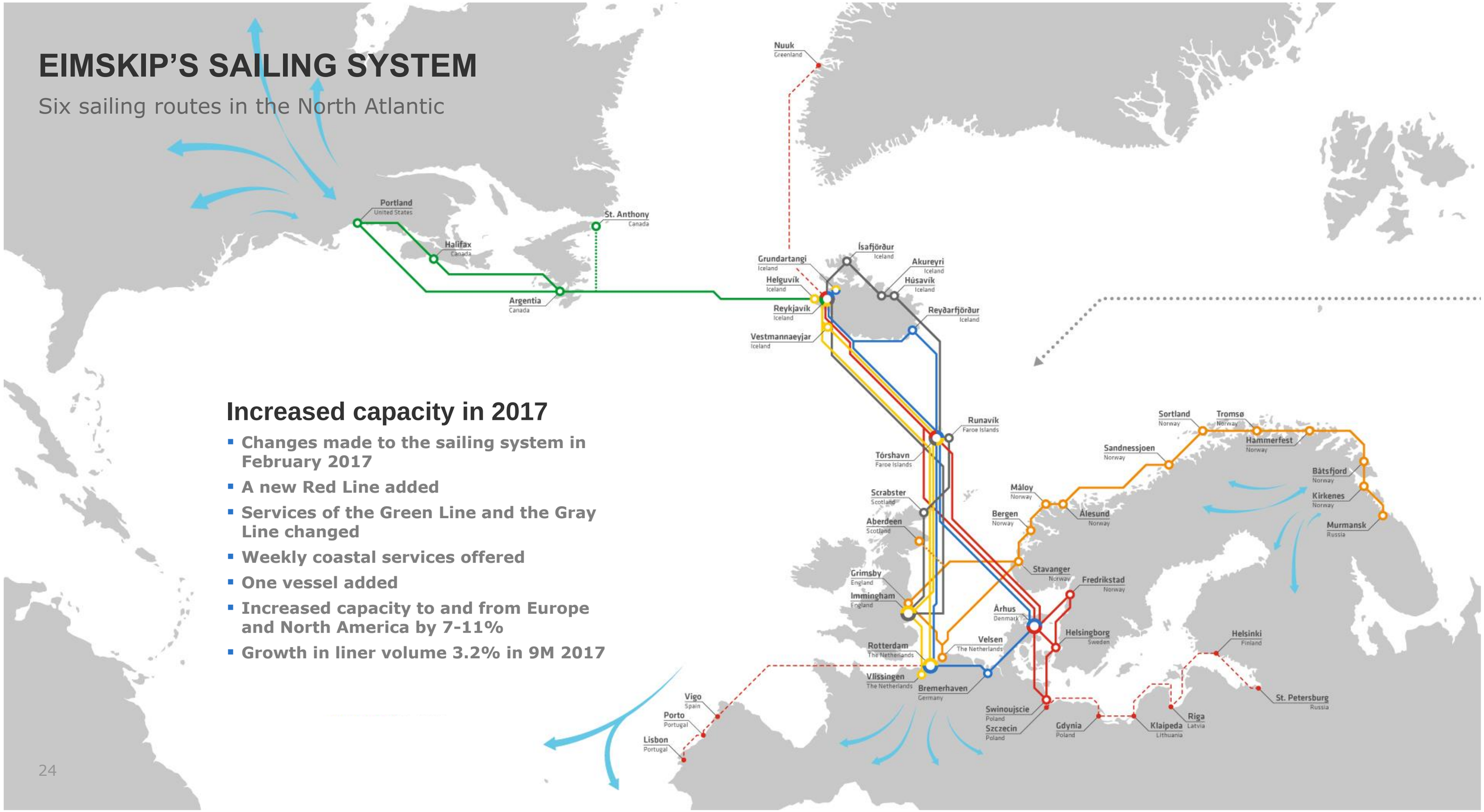




ONGOING PROJECTS AND FUTURE DEVELOPMENT

EIMSKIP'S SAILING SYSTEM

Six sailing routes in the North Atlantic



Increased capacity in 2017

- Changes made to the sailing system in February 2017
- A new Red Line added
- Services of the Green Line and the Gray Line changed
- Weekly coastal services offered
- One vessel added
- Increased capacity to and from Europe and North America by 7-11%
- Growth in liner volume 3.2% in 9M 2017

GREEN LINE

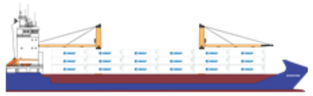
Connecting Northern Europe and North America



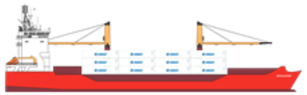
GREEN LINE



SELFOSS
Built 2008
TEU 698
GT 7,464



SKÓGAFOSS
Built 2007
TEU 698
GT 7,545



REYKJAFOSS
Built 1999
TEU 712
GT 7,541

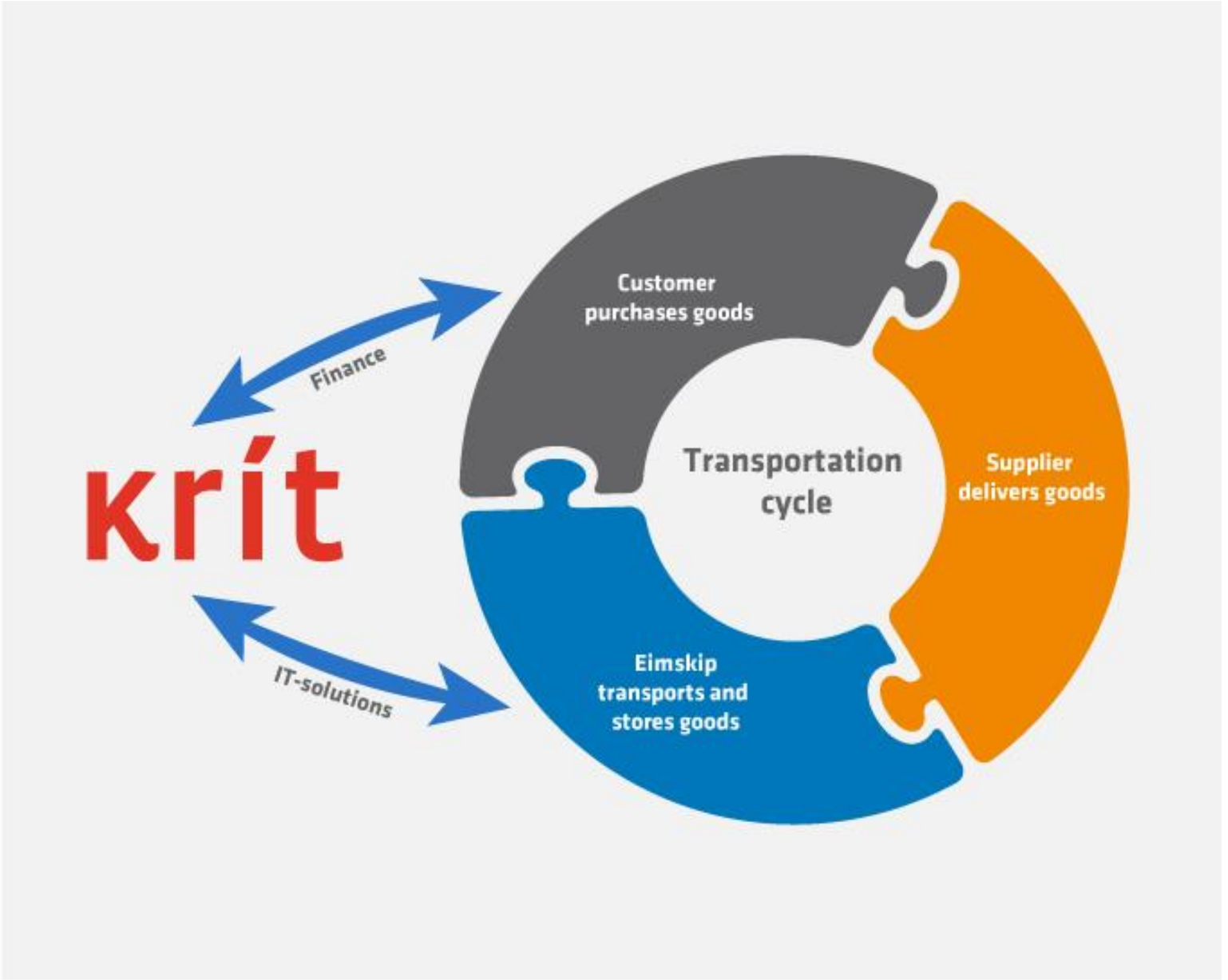
New weekly service

- **Adding third vessel to the Green Line**
- **Volume growth in Trans-Atlantic services, tripled since 2009 and 33% this year**
- **A new contract with the international shipping company CMA CGM between Halifax, Nova Scotia and Portland, Maine**
- **Opens doors to a new customer base that demands weekly service**
- **A new harbor crane located in Argentia, Newfoundland increases service reliability and enables operation of two gearless vessels on the route**

INVENTORY FINANCING

Value added service

- Eimskip and GAMMA Capital Management signed an agreement in November to establish the inventory financing company Krít ehf.
- New opportunities of value added services for customers by connecting logistics services with inventory financing
- Eimskip uses its IT systems to connect with the financial services of Krít ehf., creating a fast, efficient and secure solution for customers



THREE BUILDINGS

Purchased from the Nordic Investment Bank

- Eimskip is pleased to have finalized a favorable agreement with the Nordic Investment Bank (NIB) to purchase three buildings in Eimskip's terminal in Reykjavík
  - The assets have been leased from NIB since 2009
  - The office building for Eimskip's headquarters, a dry warehouse and the a storage facility in the Sundahöfn terminal
  - Total size of the assets is 10,440 square meters
  - Purchase price is EUR 8.3 million
- The assets and the financial commitment are included in the balance sheet





STRENGTHENING OF IT SYSTEMS

Reaching competitive advantage

- The company has been working on several IT system upgrades
- In June 2017 the company changed its main IT service provider
  - Additional cost due to transfer in the second half of the year
- Further strengthening of the IT platform creates more efficiency and increased focus on customer portals and more digitalized solutions
  - Trucking and Terminal system
  - ePORT
  - eBOX
  - CRM systems
  - Freight forwarding system

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PCC BAKKI SILICON

A silicon metal production plant in Húsavík, Iceland

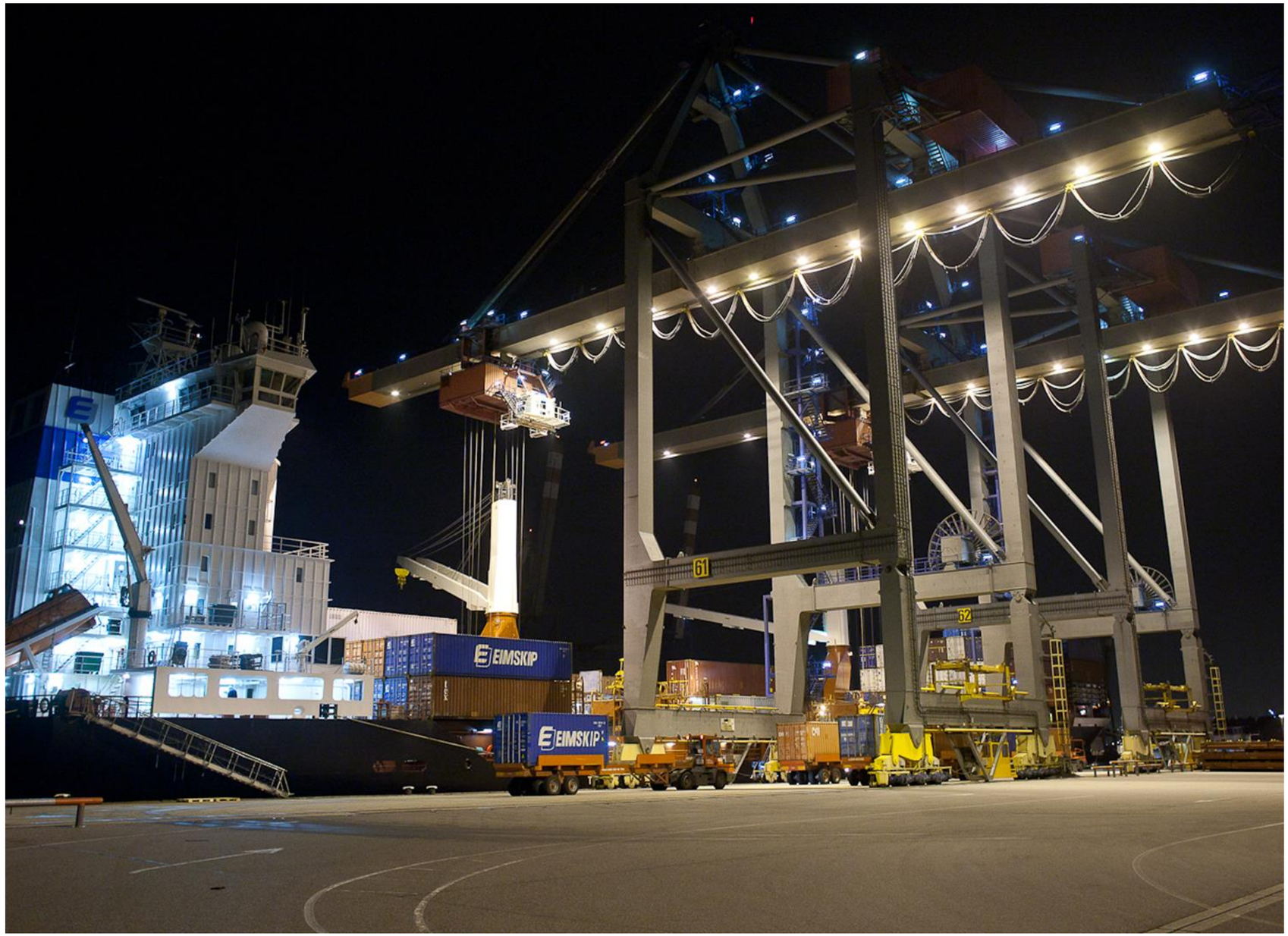
- Eimskip and PCC Bakki Silicon have signed a stevedoring contract
- The first discharge of vessel was in November
- Expected start of plant operation is in January 2018
- Estimated volume per year
  - Discharge and transport to factory site of 180,000 tons of raw material
  - 3,800 containers in and out
  - 60-90 calls of bulk and container vessels



INVESTMENTS

Acquisitions and Joint Ventures

- Eimskip continues to work on organic growth and strategic accretive acquisitions to increase shareholder value
- Recent progress
  - Acquisition of a 90% share in Extraco in October 2016
  - Acquisition of a 80% share in Mareco in January 2017
  - Cooperation agreement with Royal Arctic Line in January 2017
  - Acquisition of a 51% share in CSI in April 2017
  - Acquisition of a 75% share in SHIP-LOG A/S in June 2017
- The company is currently working on several potential acquisitions in its core business
- Evaluation of vessel investments will continue on an ongoing basis
  - Eimskip seeks to take advantage of the attractive used vessel market



EIMSKIP AND ROYAL ARCTIC LINE

The cooperation regarding the vessel sharing agreement estimated to begin in the middle of 2019

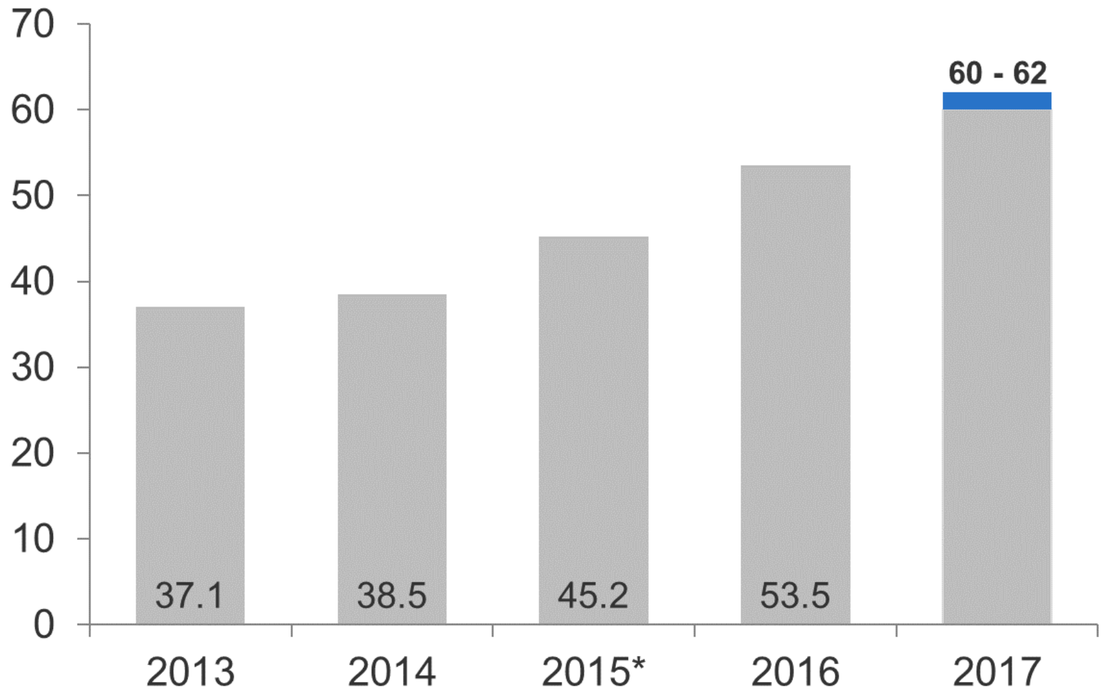
- The vessel investment is a part of the renewal of Eimskip's vessel fleet
  - Godafoss and Dettifoss are 22 years old, built in 1995
- The cooperation will open up new business opportunities in the North Atlantic
  - Connecting Greenland, Iceland, the Faroe Islands and Scandinavia with weekly service
  - Iceland and the Faroe Islands will potentially become hubs for transshipments to and from Greenland
- Changed cost structure with lower cost per TEU
  - Economics of scale with larger vessels
  - Increased fuel efficiency and lower emission
  - More reliable services
- The Icelandic Competition Authority is evaluating the cooperation



UPDATED EBITDA FORECAST FOR 2017

EBITDA in the range of EUR 60 to 62 million

- The first nine months were in line with the company's expectations, the volume for the first six weeks of the fourth quarter are also in line with expectations
- The EBITDA outlook for 2017 is EUR 60 to 62 million
  - Liner services
    - Import volume to Iceland continues to be strong
    - Volume in the Faroe Islands stable for the rest of the year
    - Norway expected to get back on track following challenges in the third quarter
    - Trans-Atlantic transport expected to grow
    - The surcharge of CPC to offset the cost related to volume imbalance in Iceland
  - Forwarding services
    - New acquisitions will remain strong
    - Organic growth in line with expectations
  - Eimskip has been working on a restructuring project related to the operation in Asia
    - Included in the forecasted EBITDA for 2017 is an estimated revenue transaction related to the restructuring project that is expected to increase the company's fourth quarter revenue and EBITDA by EUR 2.5 million
- Other external factors
  - Global economic conditions, competition, fuel prices, currency exchange rate fluctuations and available resources of employees



* EUR 2.0 million gain on disposal of a vessel under construction included in 2015 EBITDA

QUESTIONS



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