



## 2017 WAS A YEAR OF GROWTH FOR EIMSKIP

2017 and Q4 - 23 February 2018 | EBITDA forecast for 2018 EUR 60 to 65 million





## KEY HIGHLIGHTS FOR 2017

2017 compared to 2016

**REVENUE**  
**EUR 664.0 m**  
up 29.2%

**REVENUE**  
**Liner services**  
EUR 438.4 m, up 15.3%  
**Forwarding services**  
EUR 225.6 m, up 68.8%

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

**EBITDA**  
**EUR 57.2 m**  
up 7.0%

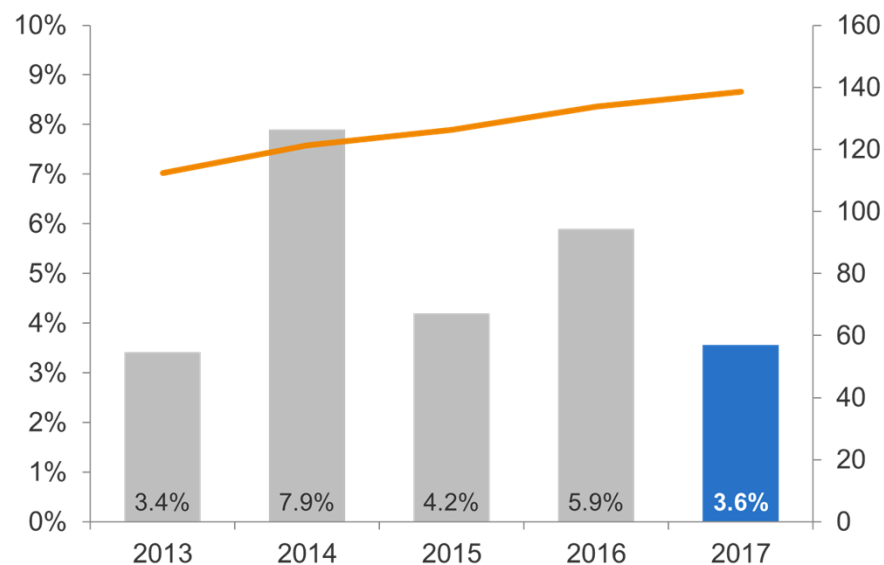
**EBITDA**  
**Liner services**  
EUR 39.5 m, down 6.8%  
**Forwarding services**  
EUR 17.7 m, up 60.1%

**AFFECTING EBITDA**  
+ New companies  
+ Volume growth  
– Strike in Iceland  
– Volume imbalance  
– Two vessels added

## TRANSPORTED VOLUME 2013 TO 2017

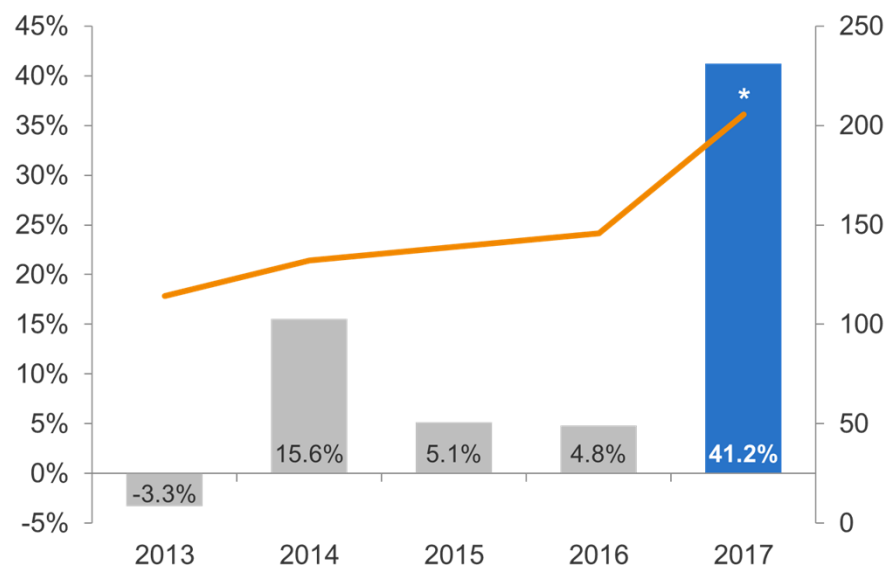
CAGR 5.4% for liner services and 15.8% for forwarding services

### LINER SERVICES



Volume index: 2010 volume at 100

### FORWARDING SERVICES



\* New acquisitions account for 29.2% and organic growth 12.0%

## KEY HIGHLIGHTS FOR Q4 2017

Q4 2017 compared to Q4 2016

**REVENUE**  
**EUR 175.9 m**  
up 25.2%

**REVENUE**  
Liner services  
EUR 116.7 m, up 14.7%  
Forwarding services  
EUR 59.2 m, up 52.7%

**AFFECTING REVENUE**  
+ New companies  
+ Volume growth

**EBITDA**  
**EUR 11.9 m**  
up 20.1%

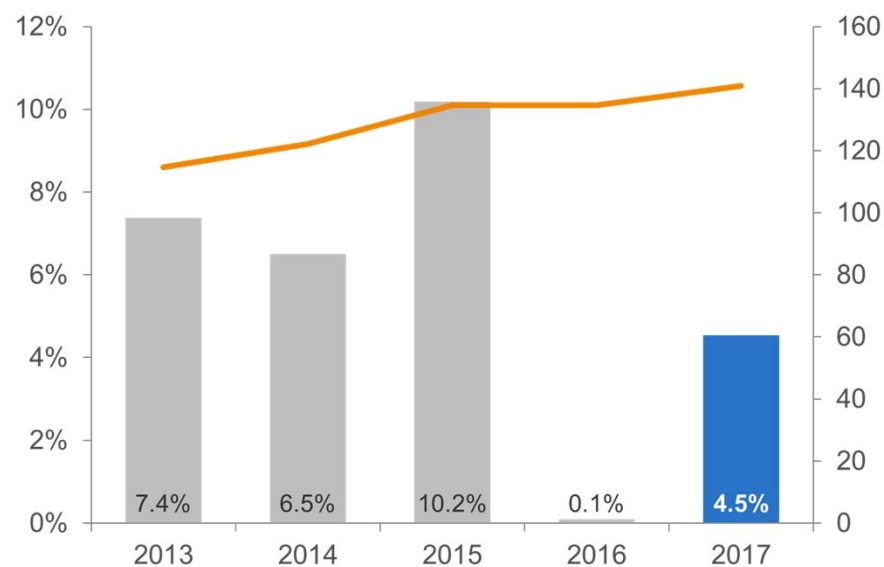
**EBITDA**  
Liner services  
EUR 8.8 m, up 12.6%  
Forwarding services  
EUR 3.1 m, up 47.5%

**AFFECTING EBITDA**  
+ Volume growth  
+ New companies  
+ Non-recurring revenue  
– One vessel added  
– Export volume down

## TRANSPORTED VOLUME IN Q4 2013 TO 2017

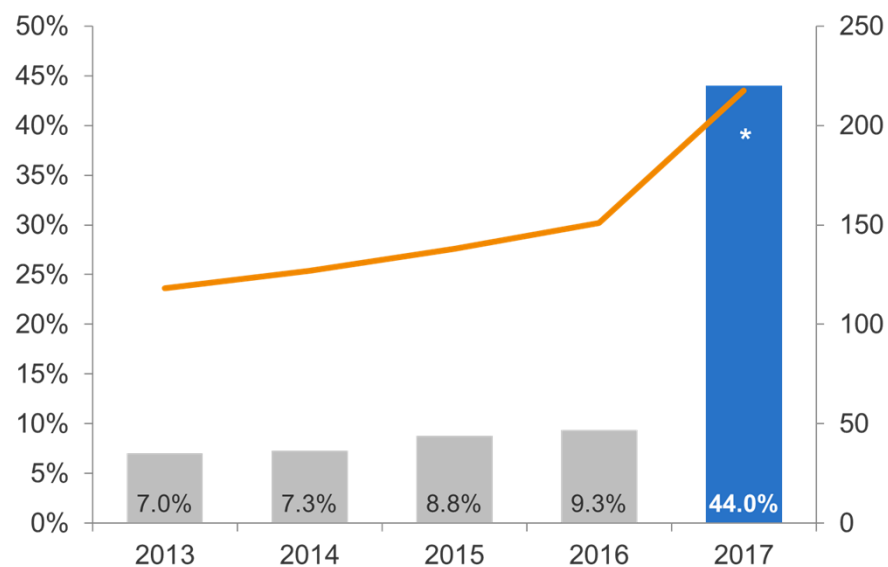
CAGR 5.3% for liner services and 16.4% for forwarding services

LINER SERVICES  
Q4



Volume index: 2010 volume at 100

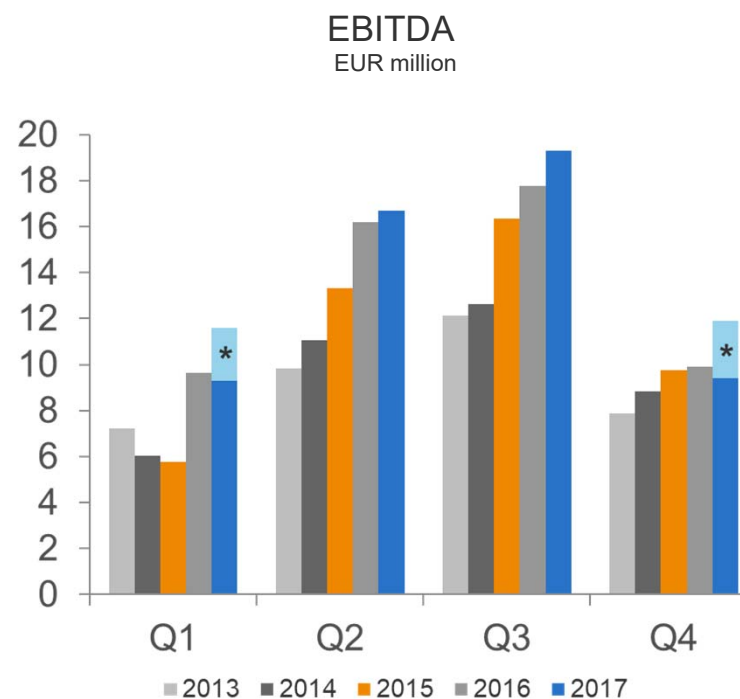
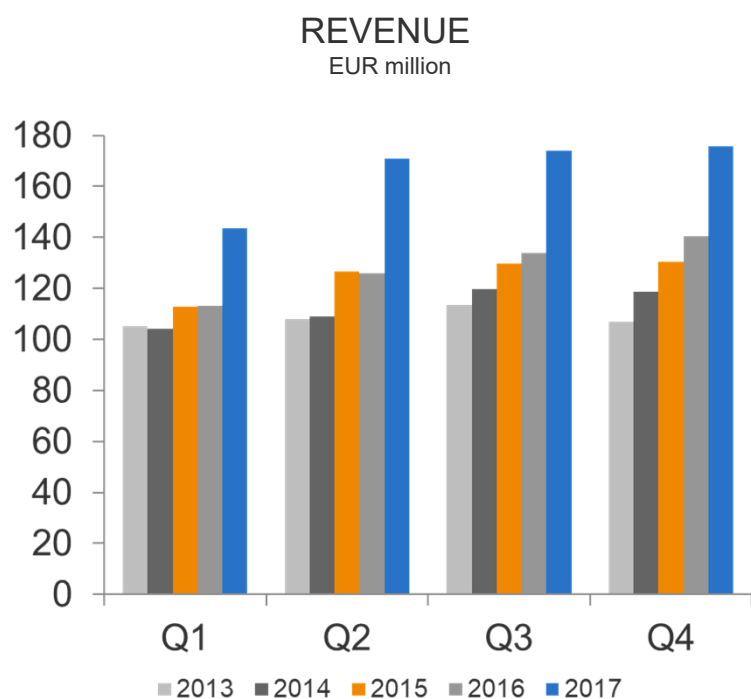
FORWARDING SERVICES  
Q4



\* New acquisitions account for 25.2% and organic growth 18.8%

## REVENUE AND EBITDA 2013 TO 2017 BY QUARTER

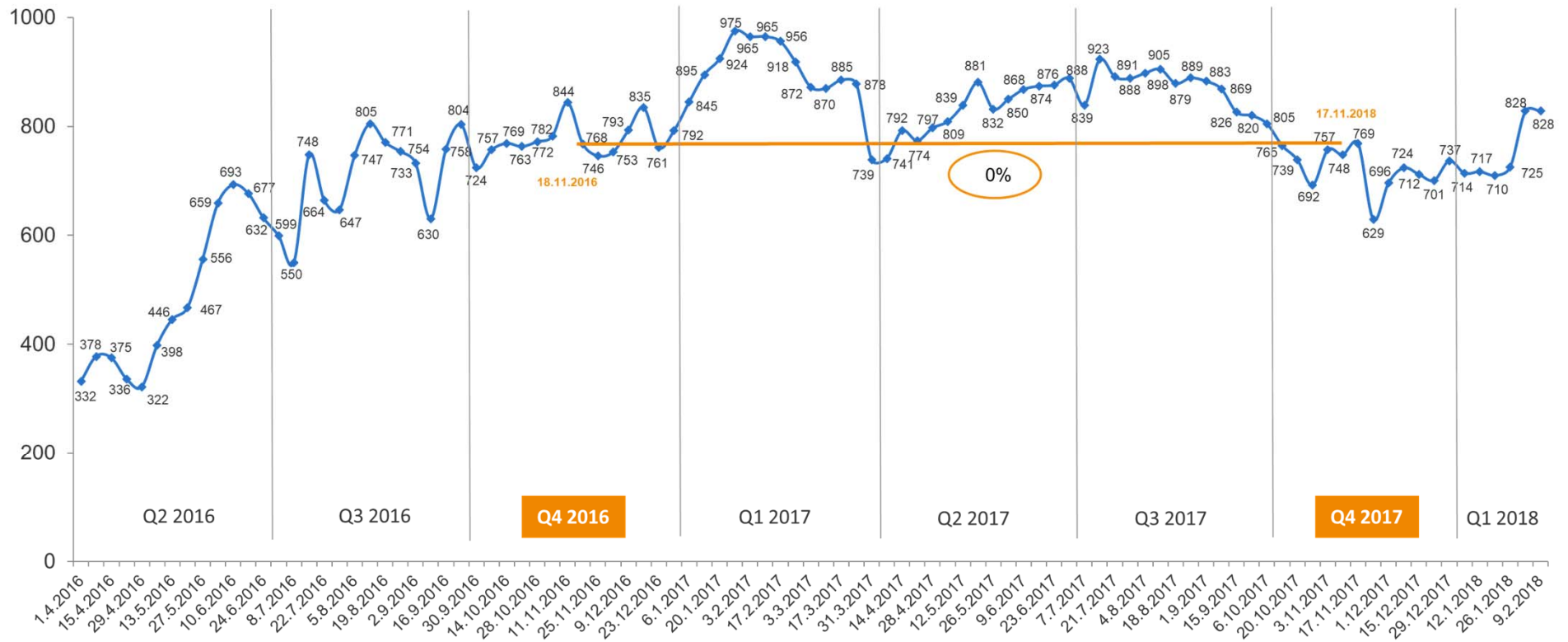
Revenue and EBITDA in 2017 outperform the previous years



\* Add-back of EUR 2.3 million non-recurring charges in Q1 2017 is offset by a EUR 2.5 million non-recurring revenue item in Q4 2017

# CHINA FORWARDERS FREIGHT INDEX

China - Europe

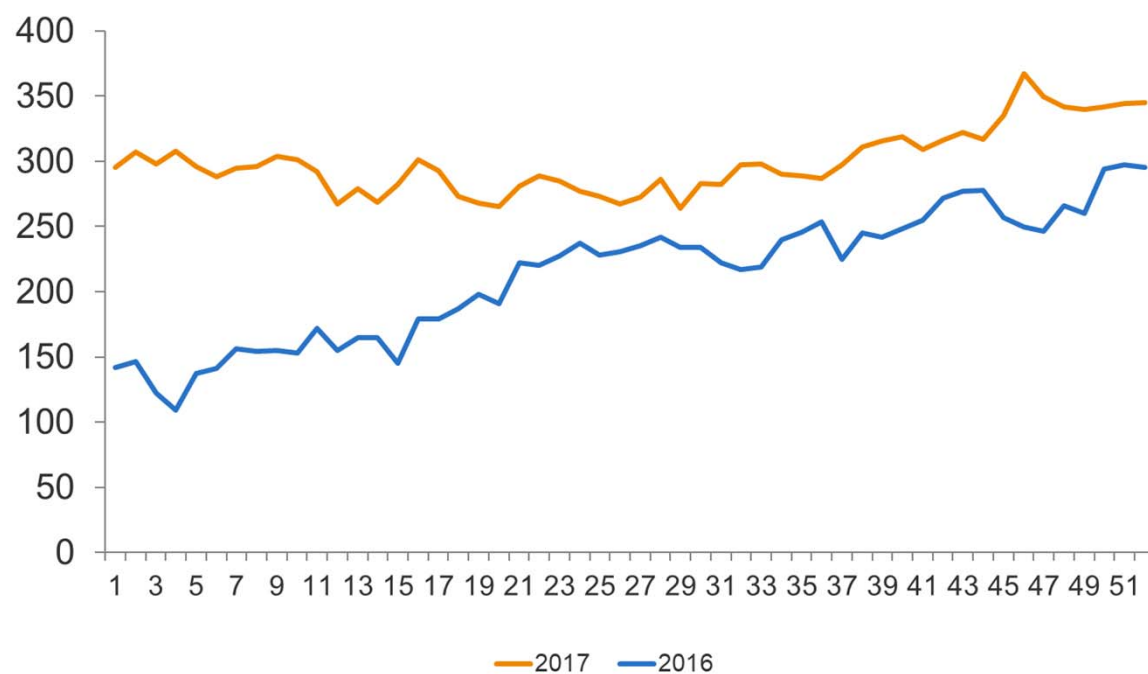


Source: [www.shippingchina.com](http://www.shippingchina.com)



## BUNKER PRICE DEVELOPMENT

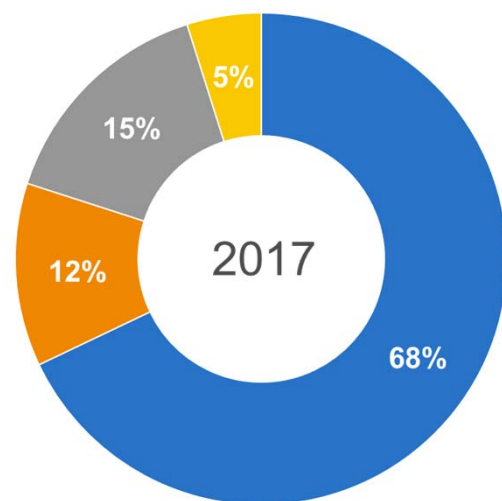
Average fuel price in 2017 approximately 40% up from 2016



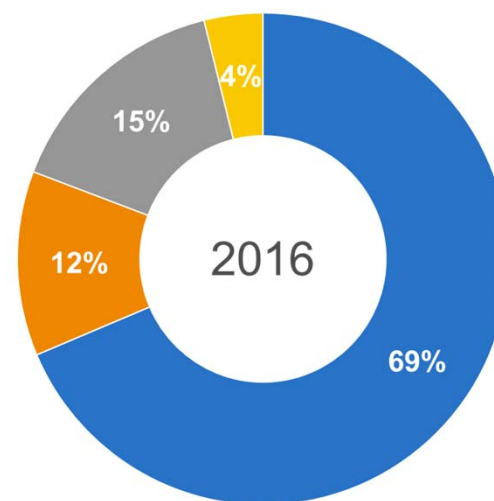
Rotterdam heavy fuel price in USD

## LINER SERVICES VOLUME

Iceland, Faroe Islands, Norway and Trans-Atlantic



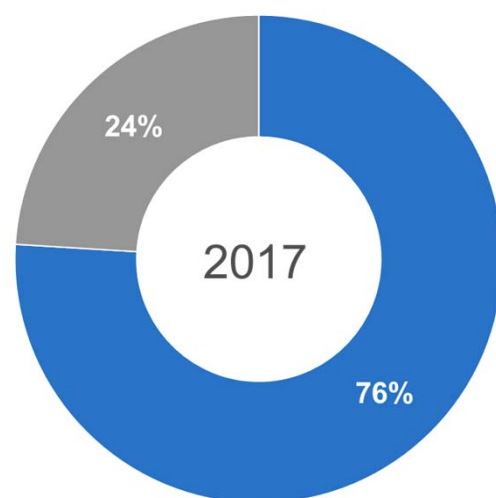
■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic



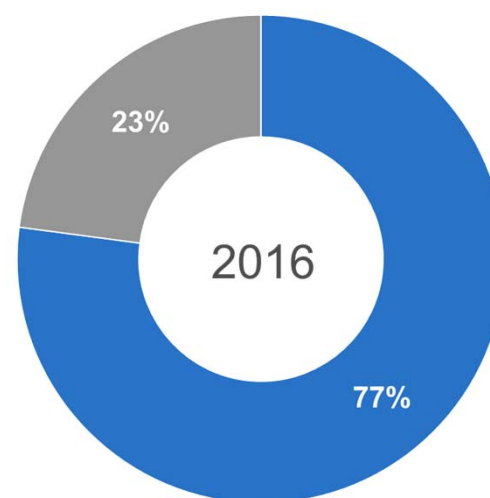
■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic

## FORWARDING SERVICES VOLUME

Reefer and dry cargo forwarding



■ Reeper ■ Dry



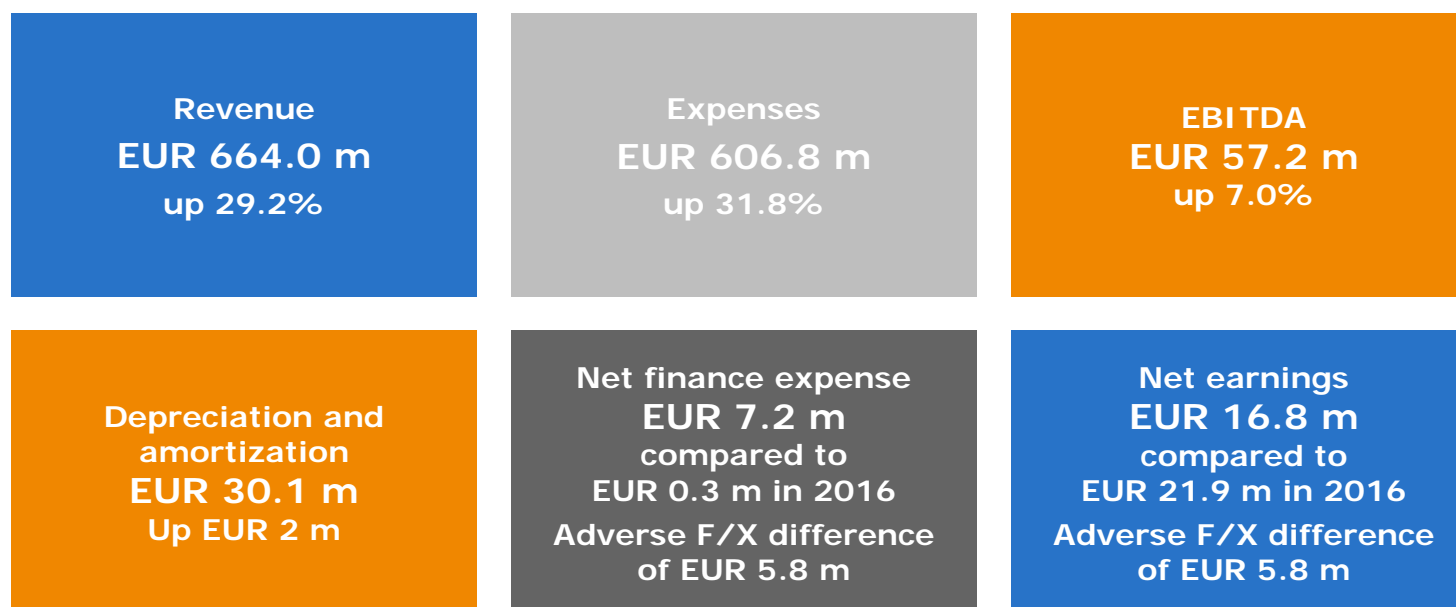
■ Reeper ■ Dry



# FINANCIAL RESULTS

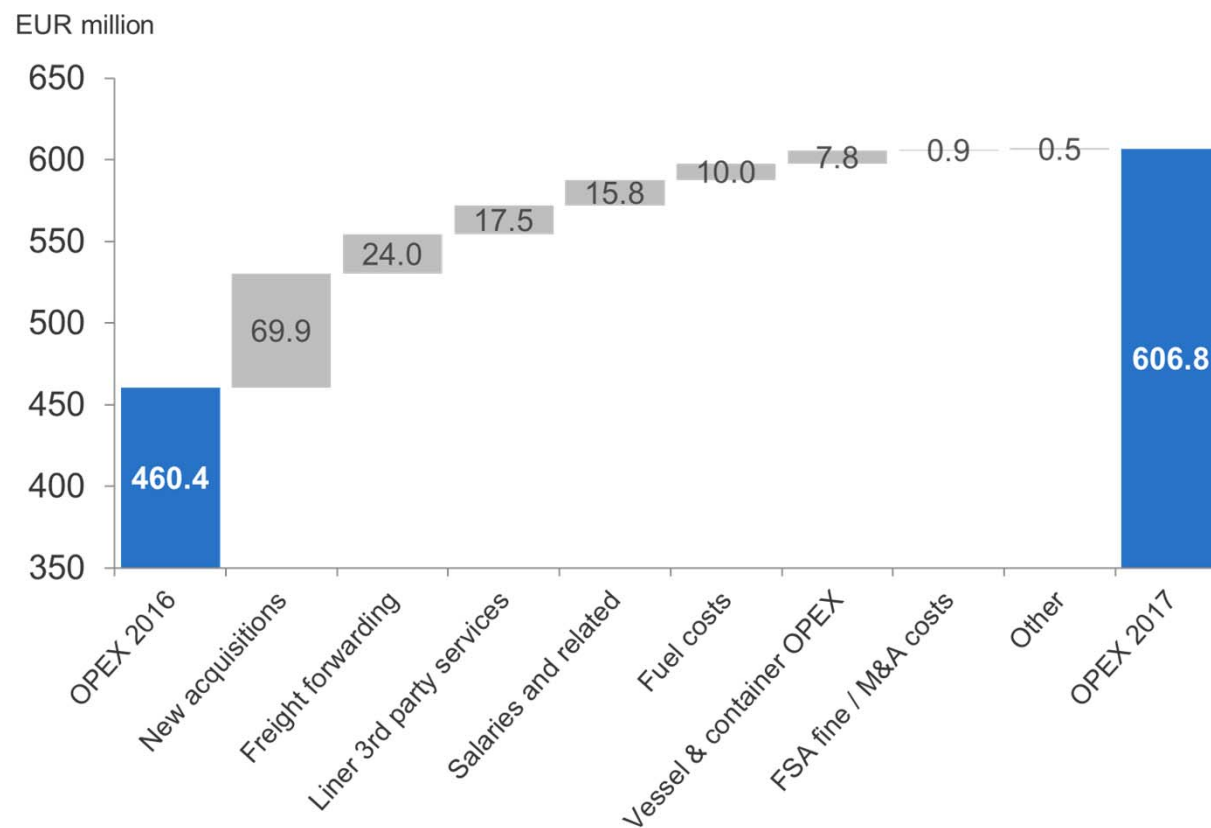
## INCOME STATEMENT 2017

A year of growth, strike, imbalance challenges and investment in increased capacity



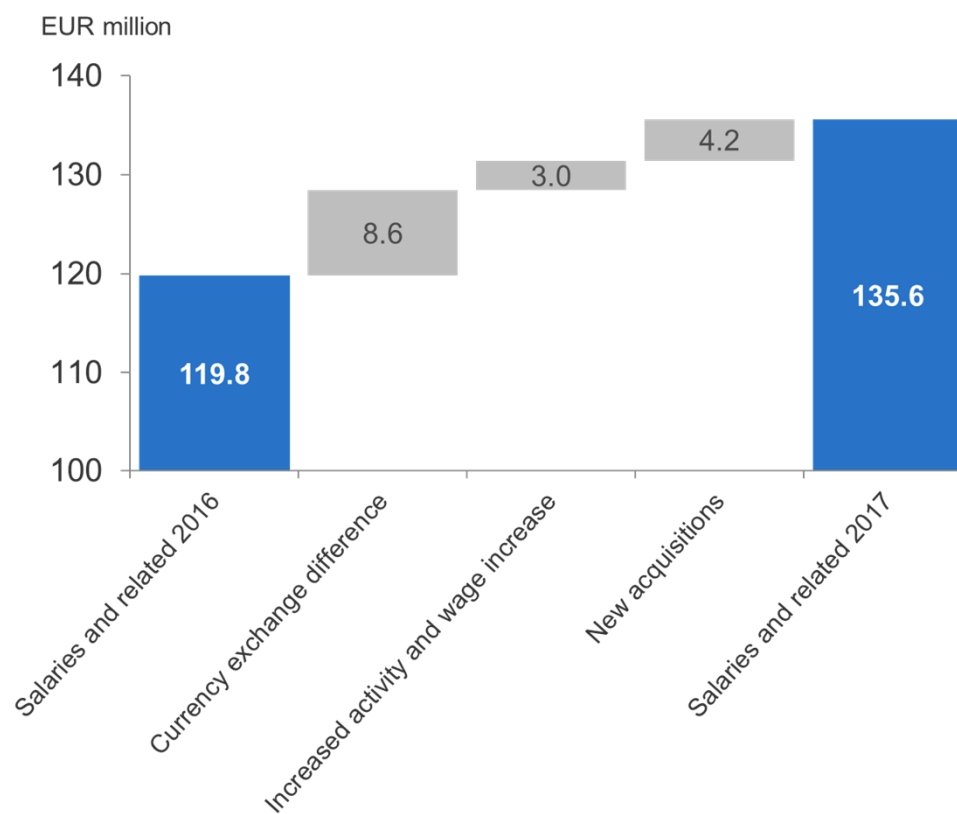
## OPERATING EXPENSES BRIDGE

Increased expenses largely affected by new companies and increased capacity



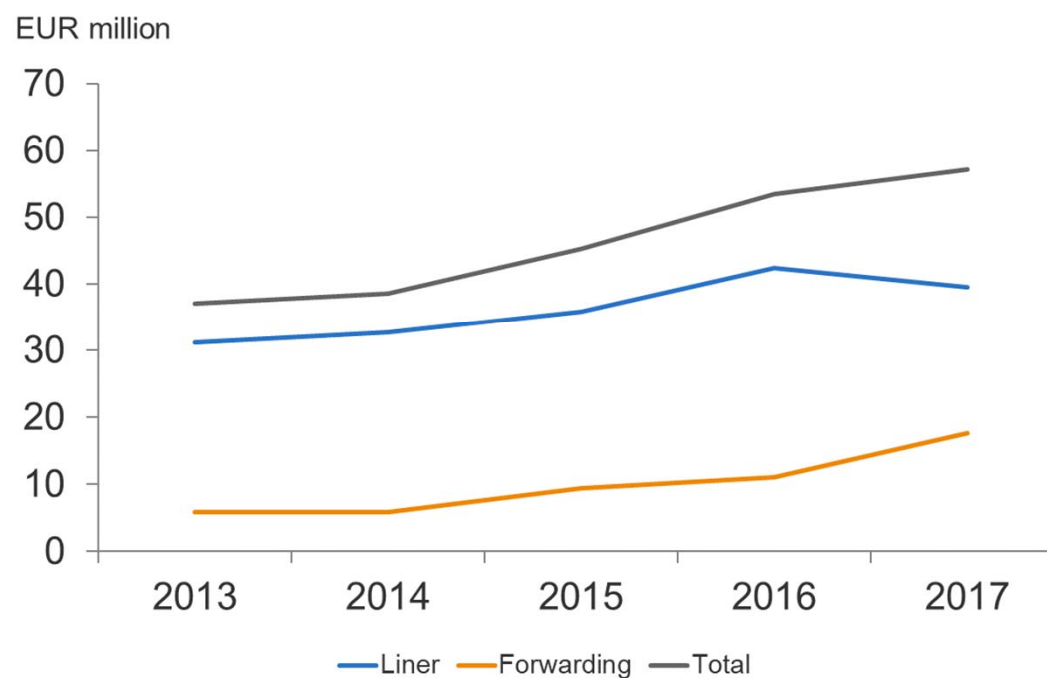
## SALARY BRIDGE 2017

Salaries and related expenses increased by 13.2%, thereof EUR 8.6 million due to strengthening of the ISK



## DEVELOPMENT OF THE SEGMENTS EBITDA 2013 TO 2017

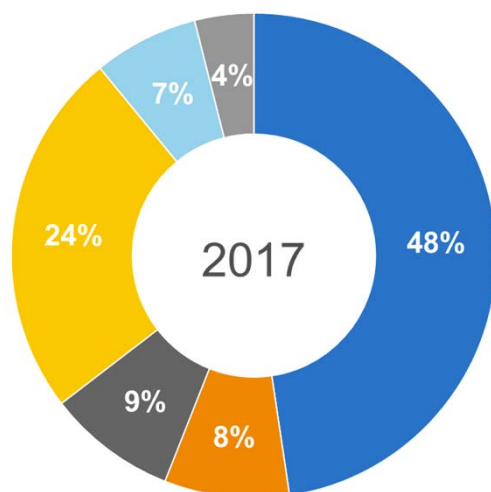
Substantial growth in forwarding increasing the proportion of asset-light EBITDA and generating higher return on equity



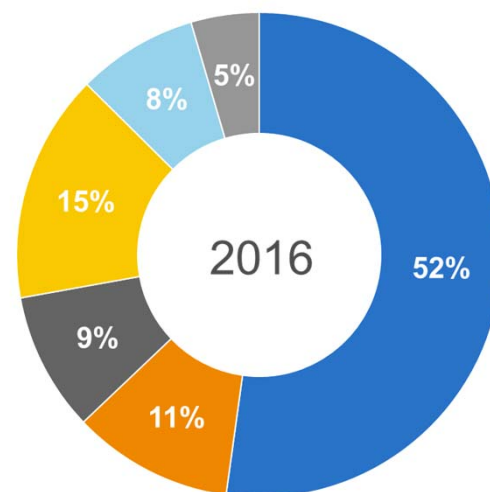


## GEOGRAPHICAL SPLIT OF REVENUE

Europe has grown due to new forwarding acquisitions



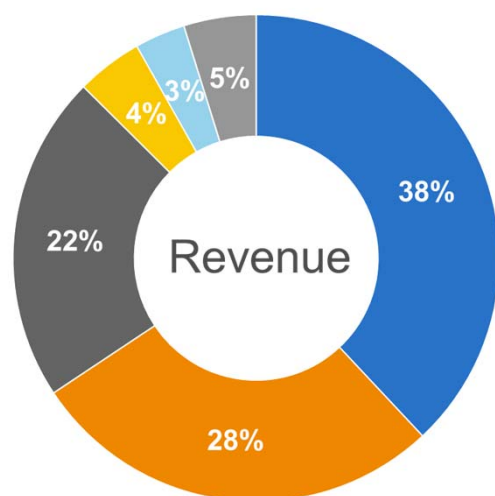
■ Iceland ■ Faroe Islands  
■ Norway ■ Europe  
■ Asia ■ Other



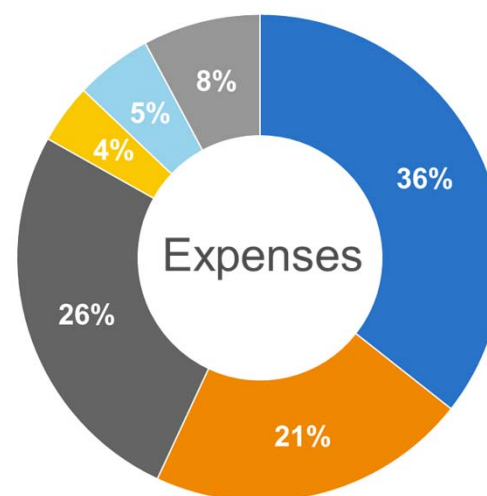
■ Iceland ■ Faroe Islands  
■ Norway ■ Europe  
■ Asia ■ Other

## REVENUE AND EXPENSES BY CURRENCY 2017

Income statement relatively naturally hedged – long in USD and short in ISK



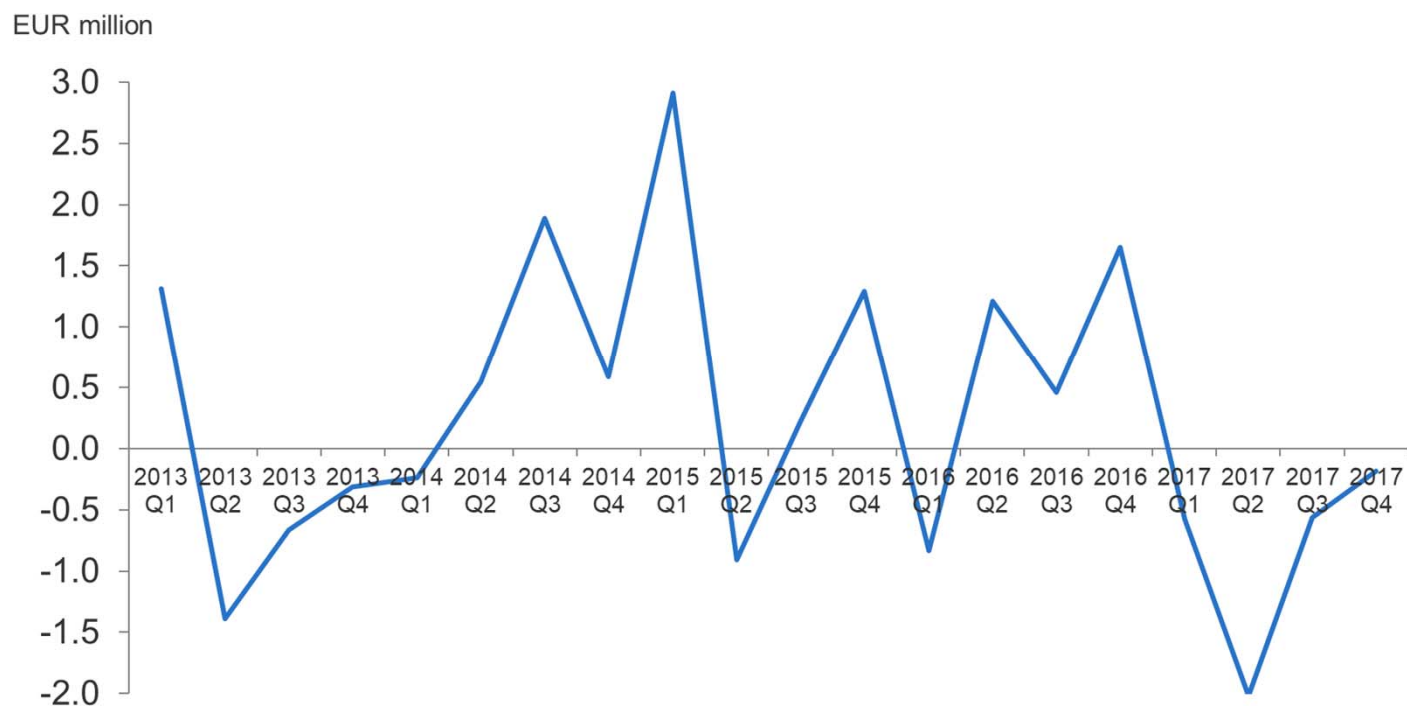
■ EUR & DKK ■ USD  
■ ISK ■ NOK  
■ GBP ■ Other



■ EUR & DKK ■ USD  
■ ISK ■ NOK  
■ GBP ■ Other

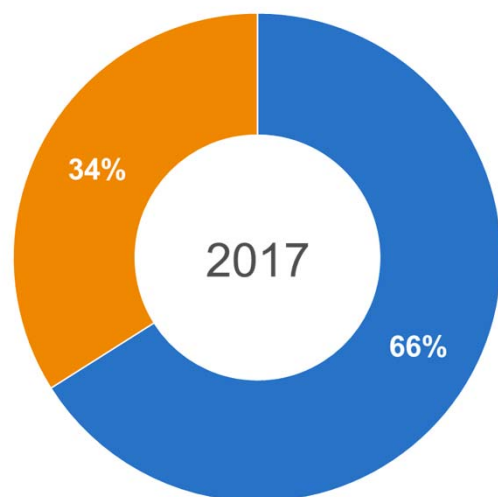
## CURRENCY EXCHANGE GAINS AND LOSSES BY QUARTER 2013 TO 2017

Accumulated fluctuations 2013 to 2016 positive of EUR 7.7 million and 2017 negative of EUR 3.3 million

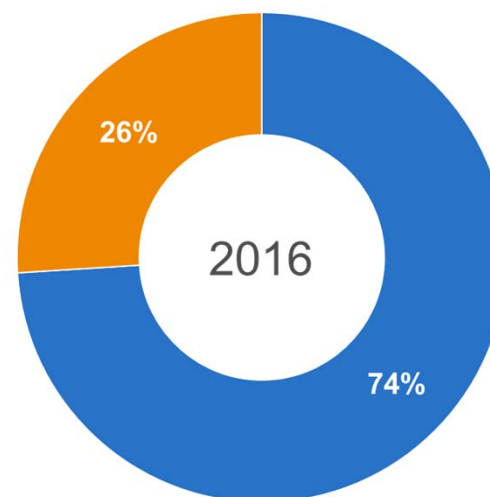


## REVENUE BY BUSINESS SEGMENT

Liner services and forwarding services



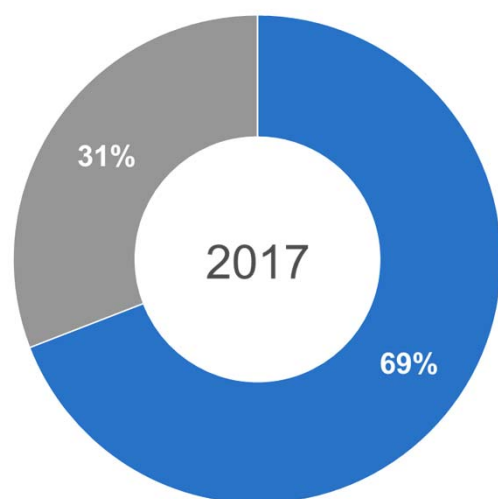
■ Liner services ■ Forwarding services



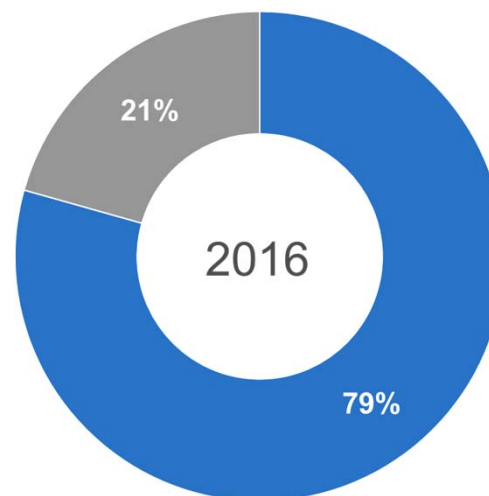
■ Liner services ■ Forwarding services

## EBITDA BY BUSINESS SEGMENT

Liner services and forwarding services



■ Liner services ■ Forwarding services

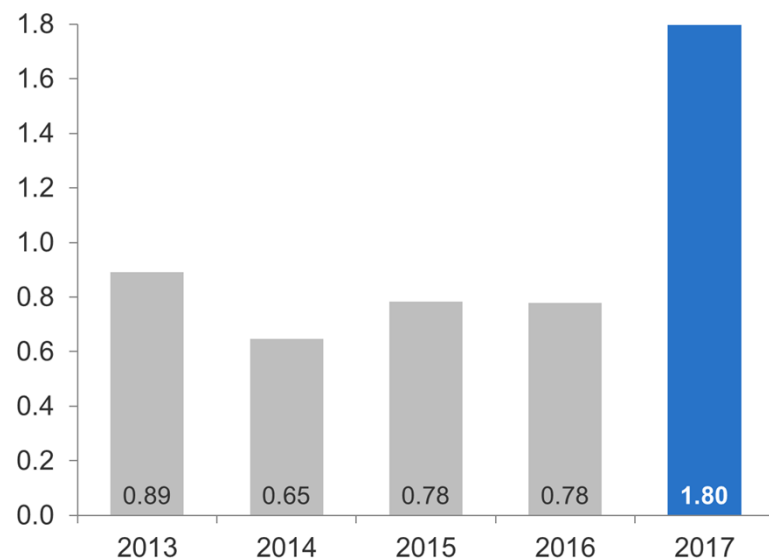


■ Liner services ■ Forwarding services

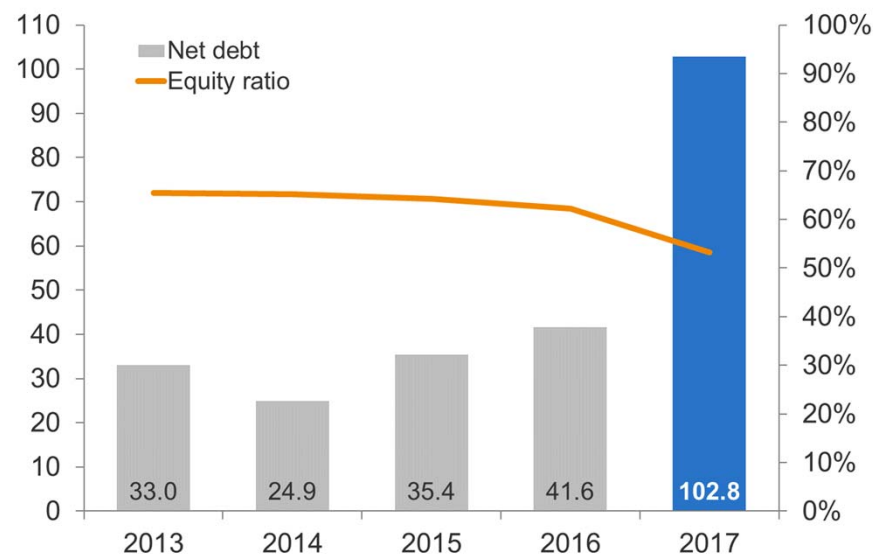
## FINANCIAL RATIOS 2013 TO 2017

Increased leverage due to new acquisitions and other investments

NET DEBT / LTM-EBITDA  
EUR million

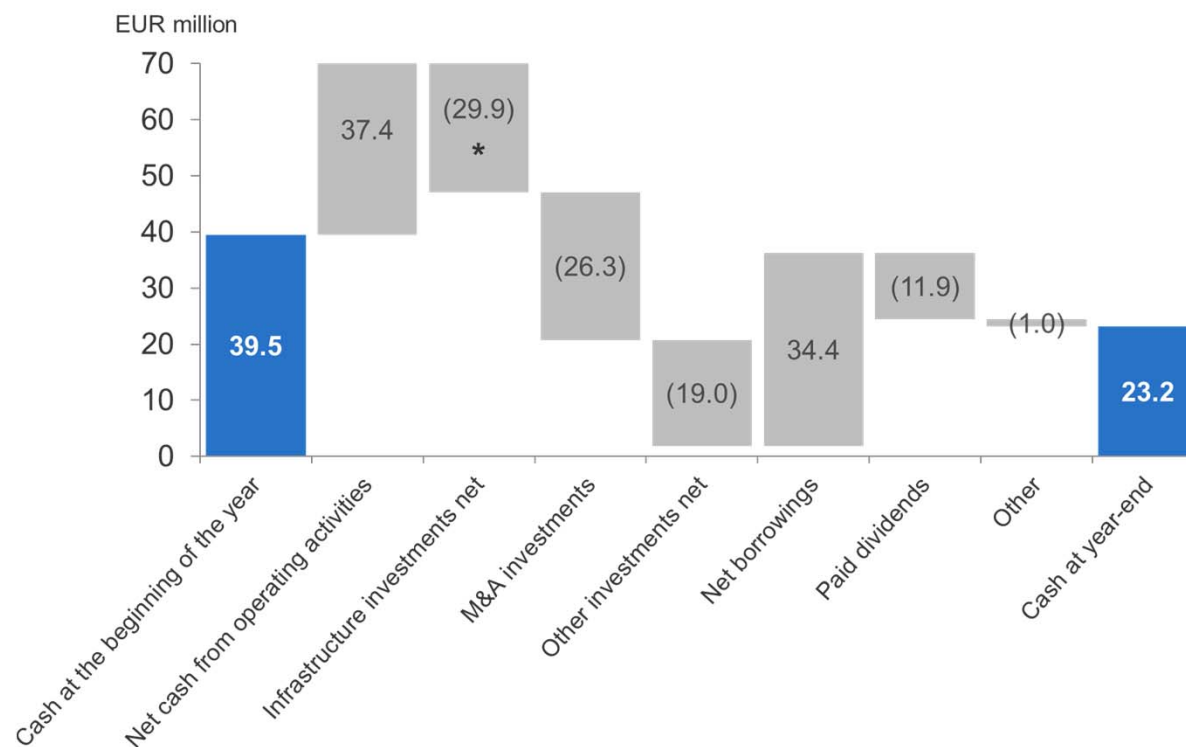


NET DEBT AND EQUITY RATIO  
EUR million



## CASH FLOW BRIDGE 2017

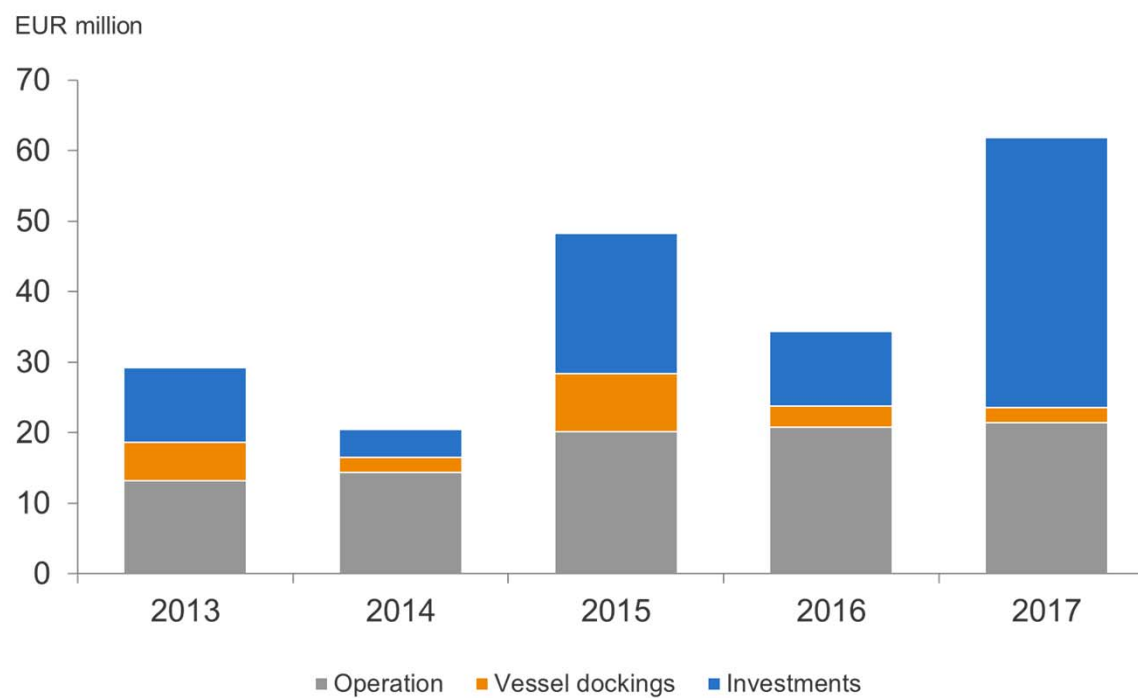
Affected by M&A investments and vessel investments



\* Includes EUR 12.3 million on vessel building in China, EUR 6.0 million for the vessel Selfoss and EUR 4.1 million for harbor cranes

## CAPEX 2013 TO 2017

Investments 2017 include EUR 12.3 million for vessel under construction and EUR 8.3 million for three buildings in Iceland





## DIVIDEND PROPOSAL 2018

Proposed total payment EUR 10.2 million

### DIVIDEND POLICY

The policy of Eimskipafélag Íslands hf. is to pay annual dividend that equals an amount in the range of 10-65% of net profit after taxes.

Decisions on dividend payment, and the exact amount, are subject to the company's future investment plans, market outlook and satisfactory capital structure at any given time.

### DIVIDEND PROPOSAL 2018

ISK 6.80 per share

- The same payment per share as last year

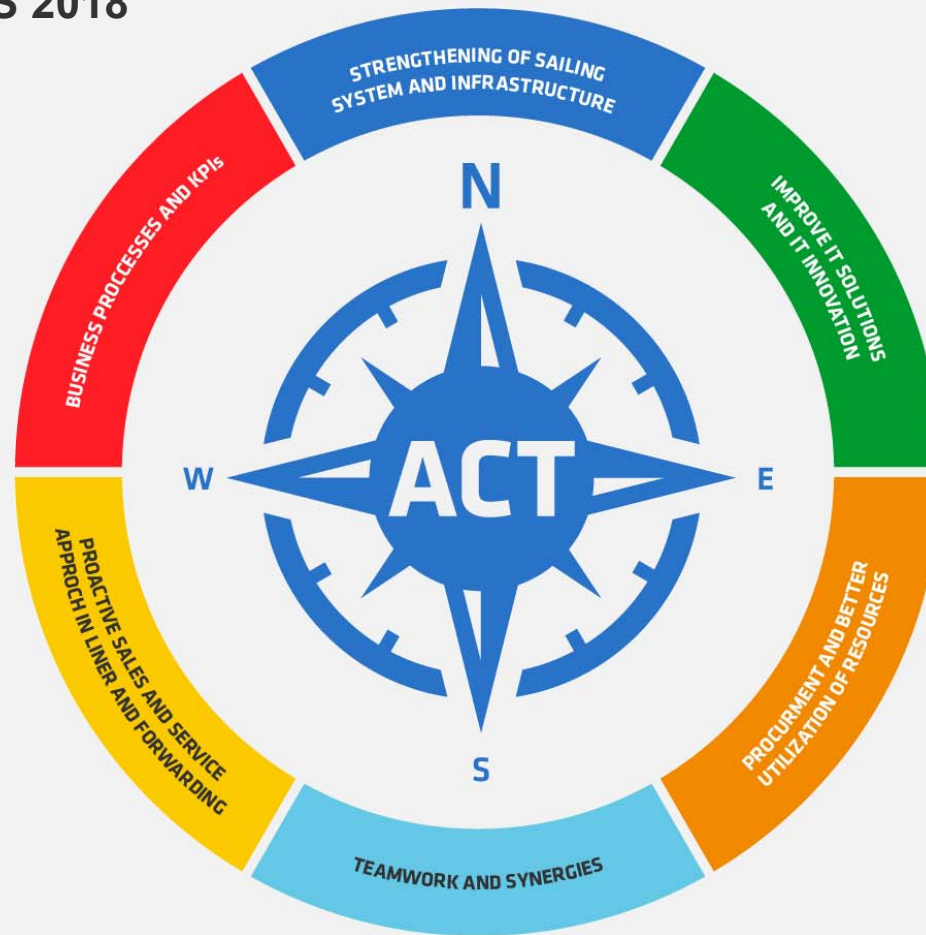
ISK 1,269.1 million total dividend payment

- Equal to about EUR 10.2 million
- Approximately 61.0% of net earnings for the year 2017



# ONGOING PROJECTS AND FUTURE DEVELOPMENT

## STRATEGIC PRIORITIES 2018

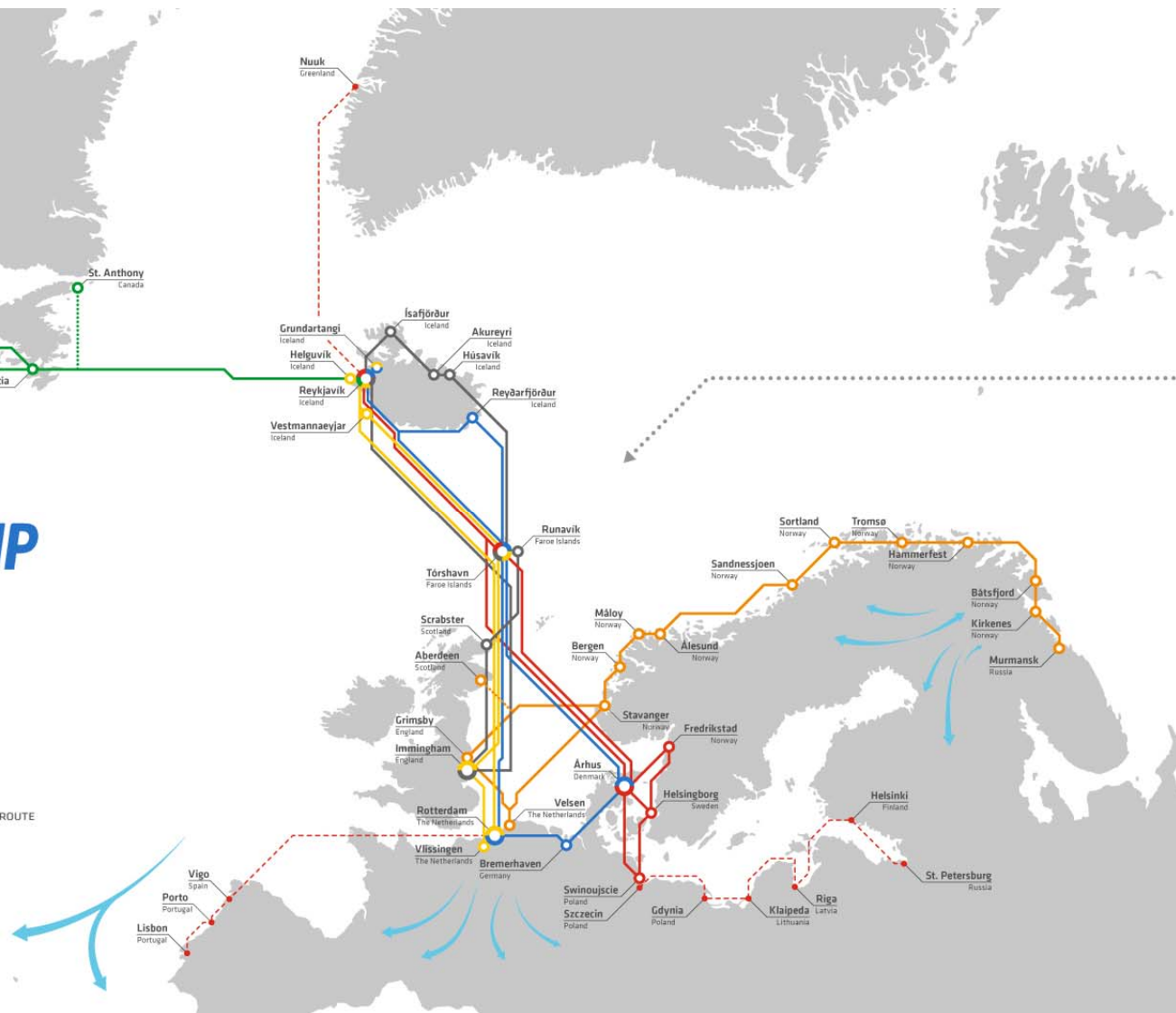


# EIMSKIP'S SAILING SYSTEM

Six weekly sailing routes in the North Atlantic



- BLUE LINE
- YELLOW LINE
- RED LINE
- GRAY LINE
- GREEN LINE
- ORANGE LINE
- - - PARTNER ROUTE
- FREIGHT FORWARDING
- ..... POSSIBLE ARCTIC SAILING ROUTE
- ..... SEASONAL ROUTE
- ● ● ● ● TRANSIT HUB
- ○ ○ ○ ○ PORT





## EVOLUTION OF THE SAILING SYSTEM

Weekly services in all routes

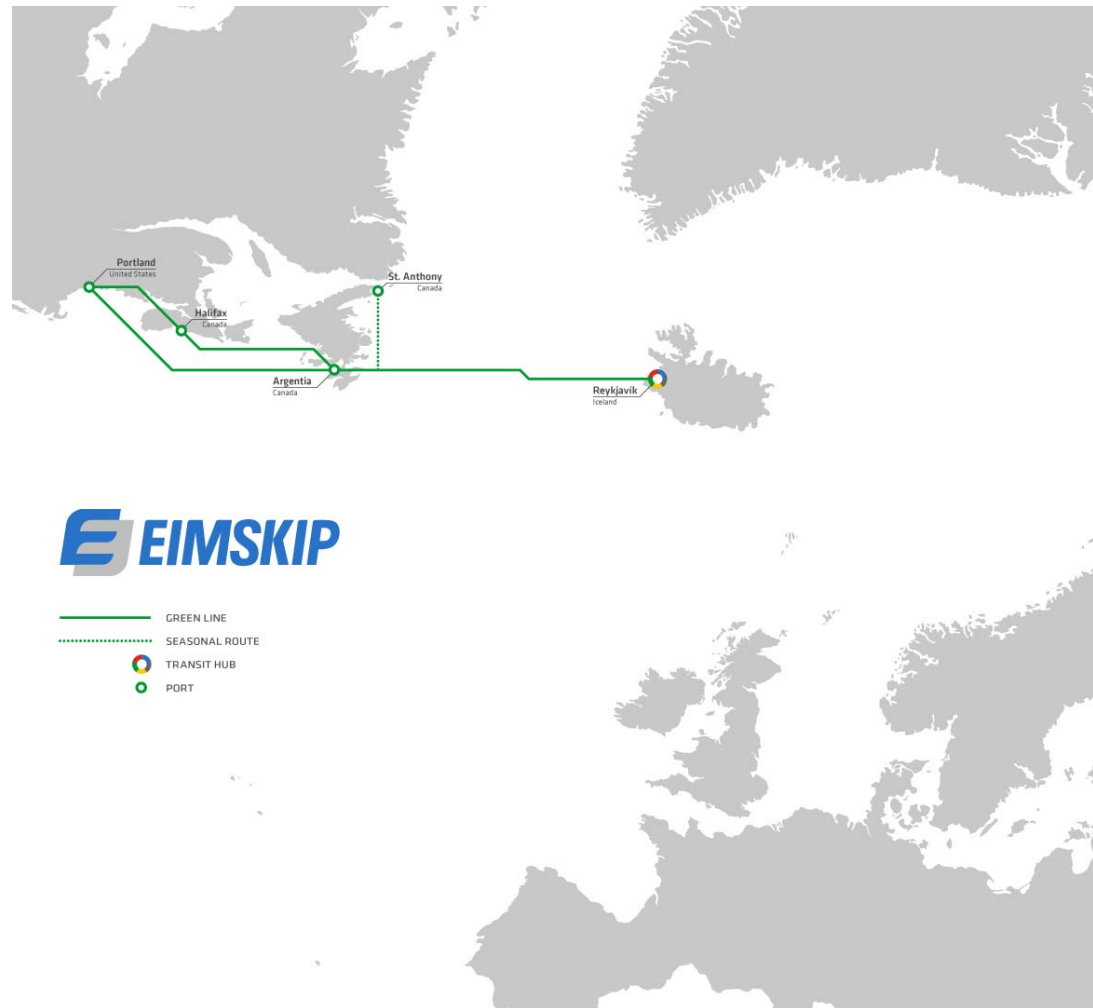
- Eimskip has over the last three years added three vessels to its container liner system, increasing capacity by 35%
  - At the same time the transported volume increased by 32%
- Adding a vessel to the system costs about EUR 5 million annually
  - It takes time to build up volume to be profitable
- Eimskip has reached its goal to offer weekly services on all of its North Atlantic routes
  - The added frequency in the sailing system will increase revenue and attract new customers
  - If the company needs to adjust capacity, it can scale the size of its vessels
  - The continuity in the system will provide better service and be more efficient
  - Focus on profitability



## WEEKLY SERVICES TO NORTH AMERICA

Focus on sales in Trans-Atlantic services

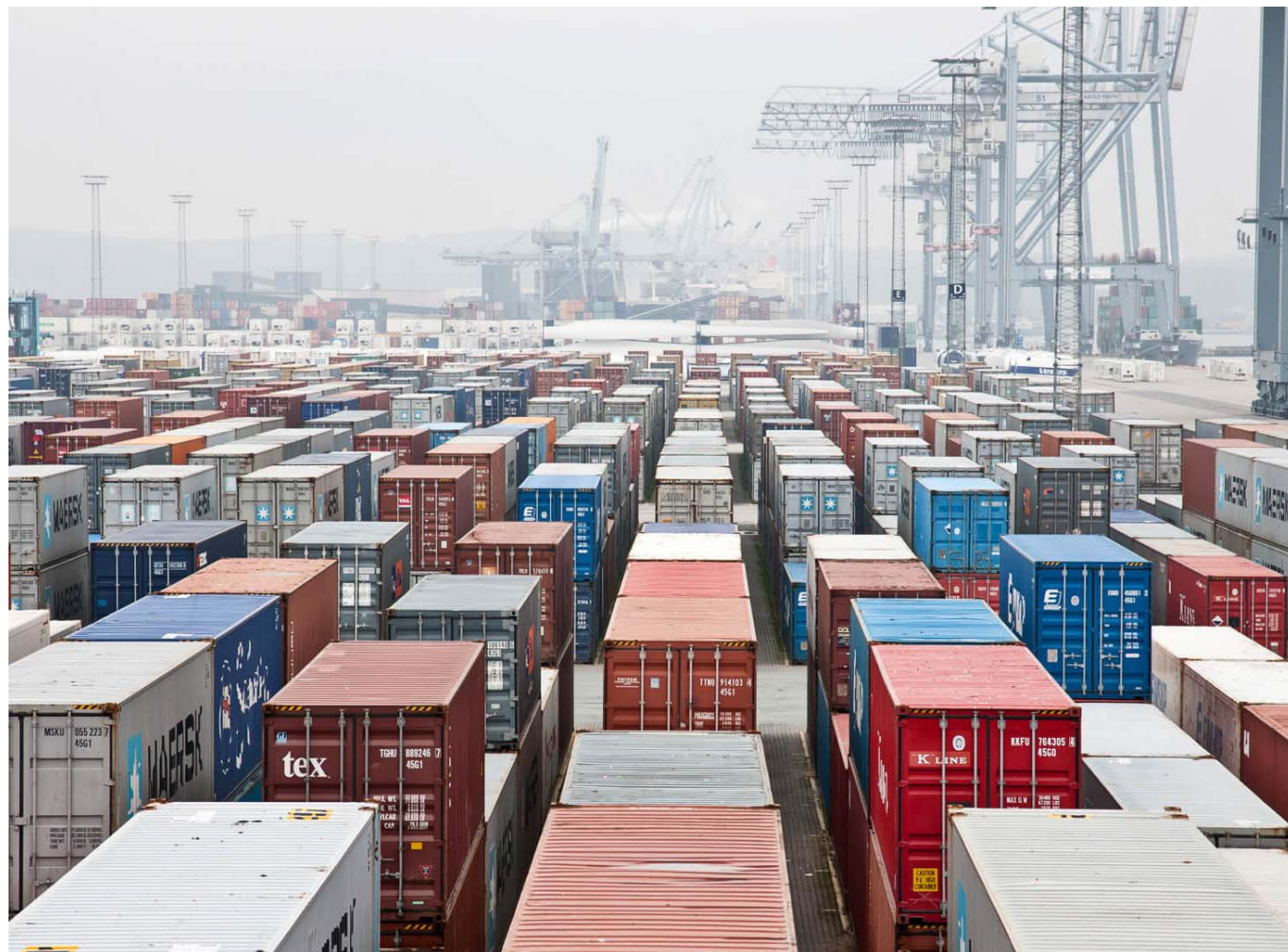
- A third vessel was added to the Green Line in November 2017 to provide weekly service
- Weekly service has been well received by the market
  - Shorter transit time
  - Only liner service that provides weekly connection between US and Canada East Coast
  - Only carrier offering weekly services between Newfoundland and Europe
- Increased revenue will come from
  - More volume from existing customers due to added frequency
  - New customers demanding weekly services
  - CMA CGM contract for short-sea services between Halifax, Nova Scotia to Portland, Maine
- Enlarging and diversifying customer base
- Strategic niche route with high growth potential



## ACQUISITIONS

Ongoing in 2018

- Eimskip continues to work on strategic accretive acquisitions to increase shareholder value
- The company is currently working on potential acquisitions in its core markets



## EIMSKIP AND ROYAL ARCTIC LINE

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

- Eimskip has ordered two 2,150 TEU vessels at a cost of USD 32 million each, for delivery from a reputable Chinese shipyard in the middle of 2019
- The vessels will become Eimskip's new flagship vessels, replacing Godafoss and Dettifoss and are a part of Eimskip's fleet renewal program
  - The new vessels are being built to fulfill Polar code, are more fuel efficient with lower emissions and will lower Eimskip's cost per TEU due to their size
- Eimskip has secured an attractive long-term financing with a German bank, with a Chinese export guarantee
- This matching of a long-term strategic core shipping infrastructure asset with long-term funding increases shareholder value
- Also provides Eimskip's customers and crew members with the best equipped vessels to provide mission critical reliable services in the North Atlantic

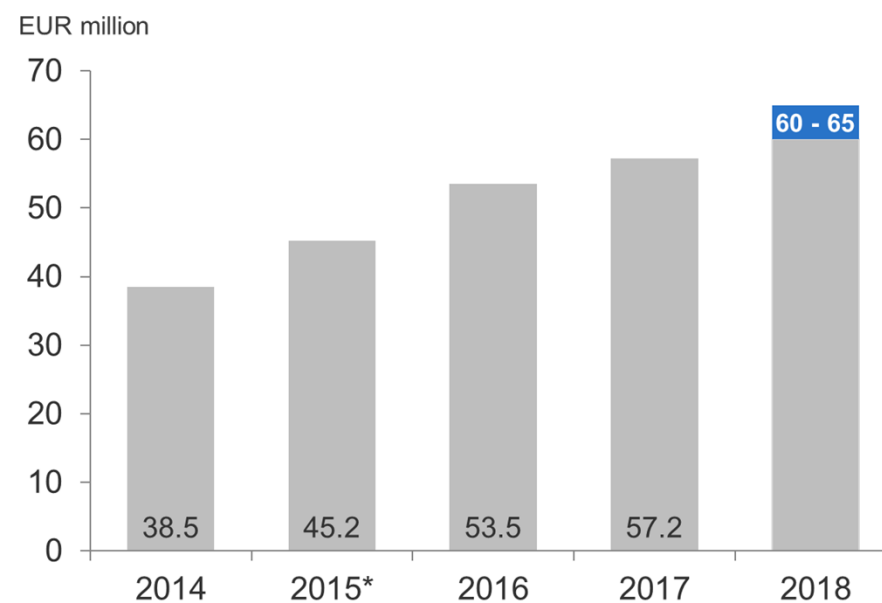




## EBITDA FORECAST FOR 2018

EBITDA in the range of EUR 60 to 65 million

- The outlook for liner services and forwarding for 2018 is positive
- Liner services
  - Weekly services in all routes
  - Growth expected in import and export volumes in Iceland
  - Focus on Trans-Atlantic sales
  - Operations in the Faroe Islands and Norway are expected to be stable
- Forwarding services
  - Organic growth expected to continue
  - New acquisitions will remain strong and generate further opportunities for new trade lanes and commodities
  - Ongoing evaluation of M&A targets in the forwarding sector
- External risk factors
  - General wage agreements in Iceland, 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

A photograph of a seagull in flight, wings spread, against a dark blue background. The word 'EINMSKIP' is faintly visible in the background. The word 'QUESTIONS' is overlaid in white text.

# QUESTIONS

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