

EIMSKIP ANNOUNCES SECOND QUARTER RESULTS AND PROVIDES 2013 GUIDANCE

- Operating revenue up by 1,2% from 2012 to EUR 108.1 million
- Operating profit, EBITDA, amounted to EUR 9.8 million
- Equity ratio was 63.9% at the end of June
- Transported volume in North Atlantic liner services up by 2.0% from 2012
- Transported volume in reefer forwarding services up by 5.4% from 2012
- Forecasted EBITDA for the year 2013 in range of EUR 36 to 40 million

EUR thousands

Consolidated Statement of Income	Q2 2013	Q2 2012	Change	%	6M 2013	6M 2012	Change	%
Operating revenue	108,112	106,861	1,251	1.2%	213,425	203,151	10,274	5.1%
Operating expenses	98,273	94,595	3,678	3.9%	196,369	184,109	12,260	6.7%
Operating profit - EBITDA	9,839	12,266	(2,427)	(19.8%)	17,056	19,042	(1,986)	(10.4%)
Depreciation and amortization	(5,028)	(5,830)	802	13.8%	(10,162)	(11,292)	1,130	10.0%
Results from operating activities - EBIT	4,811	6,436	(1,625)	(25.2%)	6,894	7,750	(856)	(11.0%)
Net finance income (expense)	(2,067)	(1,021)	(1,046)	(102.4%)	(1,118)	(2,038)	920	45.1%
Net earnings before income tax	2,744	5,415	(2,671)	(49.3%)	5,776	5,712	64	1.1%
Income tax	(706)	1,979	(2,685)	(135.7%)	(1,206)	2,264	(3,470)	(153.3%)
Net earnings for the period	2,038	7,394	(5,356)	(72.4%)	4,570	7,976	(3,406)	(42.7%)
Adjusted for one-off items:								
Sales growth	1.2%	8.7%			5.1%	10.6%		
EBITDA / Sales	9.1%	11.5%			8.0%	9.4%		
EBIT / Sales	4.5%	6.0%			3.2%	3.8%		
Net debt / LTM EBITDA	0.85	0.90			0.85	0.90		
Consolidated Statement of Financial Position	30.06.2013	30.06.2012	Change	%	30.06.2013	31.12.2012	Change	%
Assets	314,051	299,766	14,285	4.8%	314,051	313,281	770	0.2%
Non-current assets	213,335	202,509	10,826	5.3%	213,335	209,723	3,612	1.7%
Equity	200,656	184,698	15,958	8.6%	200,656	199,599	1,057	0.5%
Liabilities	113,395	115,068	(1,673)	(1.5%)	113,395	113,682	(287)	(0.3%)
Interest-bearing debt	60,549	61,871	(1,322)	(2.1%)	60,549	59,254	1,295	2.2%
Net debt	33,087	34,670	(1,583)	(4.6%)	33,087	21,950	11,137	50.7%
Tangible assets / Total assets	93.4%	93.6%			93.4%	93.7%		
Equity ratio	63.9%	61.6%			63.9%	63.7%		
Consolidated Statement of Cash Flows	Q2 2013	Q2 2012	Change	%	6M 2013	6M 2012	Change	%
Net cash from operating activities	8,226	13,045	(4,819)	(36.9%)	5,869	16,790	(10,921)	(65.0%)
Net cash used in investing activities	(3,663)	(5,609)	1,946	34.7%	(11,708)	(27,586)	15,878	57.6%
Net cash used in financing activities	(822)	(5,386)	4,564	84.7%	(3,300)	(5,854)	2,554	43.6%
Changes in cash and cash equivalents	3,741	2,050	1,691	82.5%	(9,139)	(16,650)	7,511	45.1%
Effects of exchange rate fluctuations on cash held	(256)	154	(410)	(266.2%)	(703)	334	(1,037)	(310.5%)
Cash and cash equivalents at the end of period	27,462	27,201	261	1.0%	27,462	27,201	261	1.0%

GYLFI SIGFÚSSON, PRESIDENT AND CEO

“Macro-economic conditions in Iceland remained challenging during the second quarter. Statistics Iceland reports that for the first six months of 2013 import and export volumes to and from Iceland declined by 4.8% and 0.5% respectively. Eimskip’s transported volume in the North Atlantic liner services increased by 2.0% from 2012 with increases in transport volume in the Faroe Islands, Norway and between Europe and North America, offset by a decline in Iceland import volume consistent with the Icelandic economy. Transported volume in the company’s reefer forwarding services rose by 5.4% from the same period last year.

Eimskip’s revenues came to EUR 108.1 million and EBITDA amounted to EUR 9.8 million for the second quarter of 2013. The results were adversely affected by the continued weakness of imports to Iceland and start-up costs associated with adding a vessel to service our new sailing schedule.

In March, Eimskip continued investing to position the company for future organic growth by introducing major changes to the company’s sailing schedule. The changes create new opportunities for Eimskip’s customers and new sources of revenue for the company. The new sailing schedule added weekly Icelandic coastal services, new port calls in the Faroe Islands, Scotland, Poland and the USA, and increased system capacity by 7.7%. The new coastal services in Iceland have allowed us to streamline our domestic transportation system by reducing the number of trucks in operation. Improved services to the Faroe Islands, by calling three ports, has resulted in an increase in transported volume. Eimskip now operates the most extensive containerized transportation system in its home market in the North Atlantic. The company continues to focus on marketing and selling its new sailing schedule.

Eimskip has increased its fixed cost by adding one vessel related to the changes in its sailing schedule. We see the consequences in the second quarter since it takes time to build volume and revenue to cover the additional costs. The changes of the sailing schedule have reduced the EBITDA by approximately EUR 0.8 million in the second quarter compared to last year.

The EBITDA comparison was also adversely impacted by a reduction in transported volume to Iceland. It is important for both the Icelandic economy and Eimskip that investment activities in Iceland start growing, that financial difficulties of Icelandic homes and companies will be solved and that an acceptable solution regarding the capital controls and currency restrictions in Iceland will be reached.

Although the Icelandic economy remains weak, the company has seen import volumes return to prior year level for the first six weeks of the third quarter. Based on our estimated market outlook for the remaining of the year we estimate the EBITDA of the company to be in the range of EUR 36 to 40 million.

Eimskip will continue to focus on strengthening and expanding its operations in the North Atlantic regarding projects related to serving the fishing and fish farming industry, heavy industry, oil and mining, as well as terminal services and infrastructure projects. The company is also evaluating potential opportunities in connection with future sailings in the North Atlantic.”

SECOND QUARTER OPERATIONS

Operating revenue in the second quarter amounted to EUR 108.1 million compared to EUR 106.9 million in second quarter 2012 and increased by 1.2% between years. There was an increase of 2.0% in transported volume in the company’s main market areas in the North Atlantic, mainly in the Faroe Islands, Norway and between Europe and North America. On the other hand there was a decrease in transportation to Iceland. Transported volume in reefer forwarding services grew by 5.4% compared with the second quarter of 2012, mainly due to increased transport from Asia to Europe. Prices of sea freight in international markets decreased in the quarter.

EBITDA came to EUR 9.8 million in the second quarter compared to EUR 12.3 million in the second quarter 2012. The EBITDA ratio in the second quarter was 9.1% compared to 11.5% in second quarter

2012. Eimskip changed its sailing schedule in March and increased system capacity by 7.7%. The additional capacity increases fixed cost, but it takes time to gradually build volume and revenue to cover the additional fixed cost. These changes resulted in EUR 0.8 million lower EBITDA compared to 2012. The drop in EBITDA is also related to reduction in import to Iceland.

Depreciation and amortization in the second quarter amounted to EUR 5.0 million, compared to EUR 5.8 million in the same period last year. The reduction is mainly due to the fact that a part of the company's vessels have been fully depreciated to their residual value.

EBIT in the second quarter amounted to EUR 4.8 million compared to EUR 6.4 million in the same period last year.

Net finance expense stood at EUR 2.1 million compared to EUR 1.0 million in second quarter 2012. The change between years is mainly explained by increased non-cash currency fluctuations on intercompany balances.

Income tax came to EUR 0.7 million compared to an income tax benefit in the amount of EUR 2.0 million in the second quarter 2012 due to recognized tax losses carried forward in a subsidiary in the amount of EUR 2.8 million.

As a result of the above, net earnings of the second quarter amounted to EUR 2.0 million compared to EUR 7.4 million in the same period last year.

SIX MONTHS OPERATIONS

- **Operating revenue up by 5.1% from 2012, to EUR 213.4 million**
- **EBITDA amounted to EUR 17.1 million**
- **Transported volume in North Atlantic liner services up by 1.2% from 2012**
- **Transported volume in reefer forwarding services up by 9.0% from 2012**

Operating revenue for the first six months amounted to EUR 213.4 million compared to EUR 203.2 million in the same period 2012 and increased by 5.1% between years. There was an increase of 1.2% in transported volume in the company's main market areas in the North Atlantic compared with 2012. Transported volume in reefer forwarding services increased by 9.0% from the first half 2012, mainly due to increased Intra-Asian and transport from Asia to Europe. Revenues have also increased due to higher prices in sea freight in international markets. Still, the increase was mainly in the first quarter since sea freight prices in international markets decreased in the second quarter.

EBITDA amounted to EUR 17.1 million compared to EUR 19.0 million in the same period 2012. The EBITDA ratio in the first six months was 8.0% compared to 9.4% in the same period 2012. The drop is mainly explained by the change of the company's sailing schedule and by reduction in import to Iceland in the second quarter.

Depreciation and amortization in the first half amounted to EUR 10.2 million compared to EUR 11.3 million in the same period last year. Reduction is mainly due to fully depreciated part of the company's vessel fleet.

EBIT in the first six months amounted to EUR 6.9 million compared to EUR 7.8 million in the same period last year.

Net finance expense amounted to EUR 1.1 million compared to EUR 2.0 million in the first half 2012. The change between years is explained by lower interest expense on long-term loans and by less currency loss in the first half this year than last year.

Net earnings before income tax for the period came to EUR 5.8 million compared to EUR 5.7 million last year.

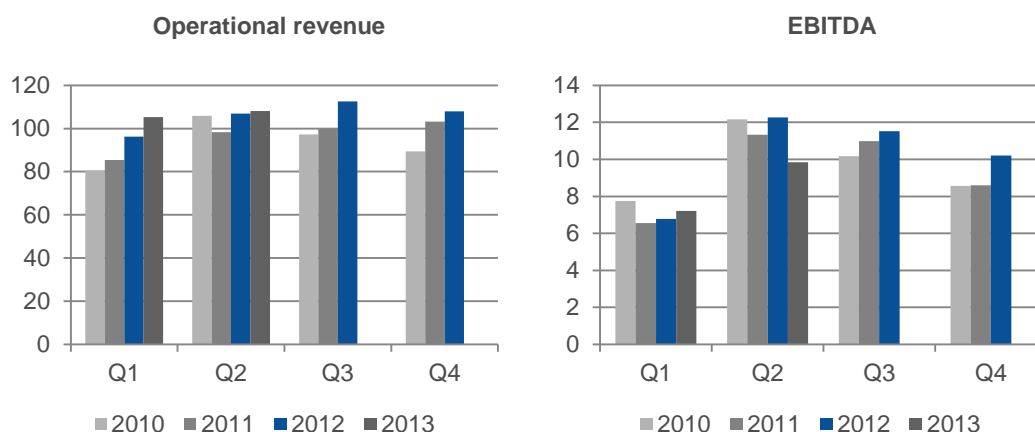
Income tax amounted to EUR 1.2 million compared to an income tax benefit in the amount of EUR 2.3 million in first six months last year.

Net earnings amounted to EUR 4.6 million for the period compared to EUR 8.0 million in the same period 2012.

The company's operations have been stable during the past few 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 one-off items in 2011 and 2012. Operating revenue and EBITDA for the first quarter 2011 have been reduced by EUR 6.4 million due to the collection of a claim that had previously been written off. EBITDA for the second quarter 2011 has been increased by EUR 0.7 million due to the grounding of Godafoss and increased by EUR 0.7 million in the third quarter 2012 due to costs related to the company's listing. Finally, EBITDA for the fourth quarter 2012 has been increased by a total of EUR 3.9 million, including EUR 1.0 million due to the company's listing and EUR 2.9 million due to costs related to the share options forfeited by the executive management.

EUR million



Early in March the company introduced substantial changes in its sailing schedule. The number of vessels on liner services was increased by one, expanding system capacity by 7.7%. A corresponding reduction of one was made in the number of vessels in bulk services so a total of 16 vessels were in operation in the second quarter. The main changes consisted of the introduction of a new weekly coastal schedule in Iceland with a direct connection with the Faroe Islands, the UK and mainland Europe, and increased frequency and shorter transit time to and from the USA with Portland in Maine replacing Everett and Norfolk as a port of call on the US east coast. The expansion of services to the USA are also intended to further support increased cargo volumes between Northern Norway and North America and improve connections between the USA and Newfoundland with shorter transit time. The changes will also result in improved services for fresh fish from the Faroe Islands and to the growing oil industry in the North Atlantic, with calls at Aberdeen in Scotland. Now there is also a direct connection to the Baltic with calls at Swinoujscie in Poland and the opening of a new office in Gdynia. Brúarfoss departed Reykjavík on its first coastal route schedule in Iceland on 14 March and the first call at Portland in the USA took place on 26 March. First calls at Swinoujscie in Poland and at Aberdeen in Scotland were in April. Thus, the changes to the sailing schedule had only minimal effect on first quarter's operations but fully effected the second quarter's operations.

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

BALANCE SHEET

- **Total assets EUR 314.1 million at the end of June**
- **Equity ratio 63.9%**
- **Interest-bearing debt EUR 60.5 million**
- **Net debt EUR 33.1 million**

The company's total assets stood at EUR 314.1 million as at 30 June 2013. By comparison, total assets at the end of the second quarter 2012 stood at EUR 299.8 million and EUR 313.3 million at year-end 2012.

Total non-current assets amounted to EUR 213.3 million at the end of June compared to EUR 202.5 at the end of June 2012 and EUR 209.7 million at year-end 2012. Net investments in the first half came to EUR 11.7 million, of which investments in the two container vessels under construction amounted to EUR 6.1 million.

Total current assets amounted to EUR 100.7 million at the end of June compared to EUR 97.3 million at the end of June 2012 and EUR 103.6 million at the end of last year. Cash and cash equivalents amounted to EUR 27.5 million at the end of June, compared to EUR 27.2 million at the same time 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 a 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 200.7 million at the end June and the equity ratio was 63.9%. Dividends in the amount of EUR 2.7 million were paid to shareholders at the end of April. For comparison, equity stood at EUR 184.7 million and the equity ratio 61.6% at the end of June 2012 and EUR 199.6 million, with an equity ratio of 63.7%, at year-end 2012.

Interest-bearing debt amounted to EUR 60.5 million at the end of June compared to EUR 61.9 million at the end of June 2012 and EUR 59.3 million at year-end 2012. Net debt stood at EUR 33.1 million at the end of June, slightly below EUR 34.7 million at the end of second quarter 2012, but above EUR 22.0 million at year-end 2012, due to continued vessel investments and changes in working capital.

CASH FLOW AND INVESTMENTS

- **Net cash to operating activities EUR 5.9 million in the first six months**
- **Cash and cash equivalents EUR 27.5 million at the end of June**
- **Net investments EUR 11.7 million**

Net cash from operating activities amounted to EUR 5.9 million in the first six months compared to EUR 16.8 million in the first half of 2012. The change is mainly due to changes in current assets and liabilities.

Net cash used in investing activities came to EUR 11.7 million in the first half compared to EUR 27.6 million in the same period last year. Total investments in non-current assets amounted to EUR 14.7 million, including investments in vessels totaling EUR 6.1 million. In the same period last year, total investments in non-current assets amounted to EUR 33.8 million, of which EUR 4.9 million did not affect cash.

Net cash from financing activities amounted to EUR 3.3 million in first half compared to EUR 5.9 million during the first half of 2012. Thus, cash and cash equivalents decreased by EUR 9.1 million and amounted to EUR 27.5 million at the end of June compared to EUR 27.2 million in June 2012.

EBITDA FORECAST

Eimskip will now publish its forecast of EBITDA for the year 2013.

The EBITDA forecast is in the range of EUR 36 to 40 million.

KEY FIGURES BY QUARTERS 2012 AND 2013

EUR thousands

Operating Results	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Operating revenue	108,112	105,313	107,929	112,574	106,861
Operating expenses	98,273	98,096	101,642	101,735	94,595
EBITDA	9,839	7,217	6,287	10,839	12,266
EBIT	4,811	2,083	169	5,813	6,436
Net earnings (loss) for the period	2,038	2,532	(993)	5,748	7,394
Adjusted for one-off items:					
EBITDA	9,839	7,217	10,202	11,520	12,266
EBIT	4,811	2,083	4,084	6,494	6,436
EBITDA / Sales	9.1%	6.9%	9.5%	10.2%	11.5%
EBIT / Sales	4.5%	2.0%	3.8%	5.8%	6.0%
Balance Sheet	30.06.2013	31.03.2013	31.12.2012	30.09.2012	30.06.2012
Assets	314,051	307,193	313,281	303,077	299,766
Equity	200,656	202,219	199,599	190,415	184,698
Liabilities	113,395	104,974	113,682	112,662	115,068
Interest-bearing debt	60,549	55,575	59,254	62,061	61,871
Net debt	33,087	31,598	21,950	33,245	34,670
Equity ratio	63.9%	65.8%	63.7%	62.8%	61.6%
Cash Flow	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Net cash (to) from operating activities	8,226	(2,357)	12,749	7,333	13,045
Net cash used in investing activities	(3,663)	(8,045)	(8,188)	(3,410)	(5,609)
Net cash from (used in) financing activities	(822)	(2,478)	3,865	(2,384)	(5,386)
Cash and cash equivalents at the end of period	27,462	23,977	37,304	28,816	27,201

SHAREHOLDERS

- Eimskip's share price up by 20.2% from the company's listing
- The company's market capitalization EUR 302.5 million on 28 August 2013

Eimskip's shares started trading on NASDAQ OMX Iceland on 16 November 2012. The IPO price was ISK 208.00 per share. This year the closing price has been in the range ISK 233.50 to ISK 281.00, with an average for the period of ISK 265.49. The closing price on 28 August 2013 was ISK 250.00, representing a 20.2% price increase since the company's listing. The company's market capitalization on 28 August 2013 was ISK 48.5 billion, or EUR 302.5 million.

The total number of shares is 200,000,000 and 194,081,180 shares are outstanding. On 28 August there were 1,290 shareholders.

ABOUT EIMSKIP

Eimskip runs a network of 51 offices in 19 countries and operates 16 vessels. The total number of employees is about 1,360, of which about 790 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 an extensive worldwide network of reefer logistics services.

INVESTOR MEETING 30 AUGUST 2013

Investors and market participants are invited to a meeting on Friday 30 August 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 second quarter the first six months of 2013. The presentation from the meeting will be available after the meeting on the company's investor relations website, www.eimskip.is/investors, and in the company news release distribution network of NASDAQ OMX Nordic.

APPROVAL OF THE BOARD OF DIRECTORS

The Board of Directors of Eimskipafélag Íslands hf. approved the condensed consolidated interim financial statements for the period 1 January to 30 June 2013 at its meeting on 29 August 2013.

FINANCIAL CALENDAR

- Results for the third quarter 2013 will be published on 21 November 2013
- Results for the fourth quarter 2013 will be published on 27 February 2014

FURTHER INFORMATION

- Gylfi Sigfússon, President and CEO, tel.: +354 525 7202
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FORWARD-LOOKING STATEMENTS

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.