



## STRONG PERFORMANCE CONTINUES IN Q3

Q3 2016 - 18 November 2016 | Normalized EBITDA growth 23.3%



**EIMSKIP**

**EIMSKIP**

# HIGHLIGHTS

**EIMSKIP**

**EIMSKIP**

EIMU  
470 188 2  
45R1

EIMU  
470 192 2  
45R1

EIMU  
470 228 2  
45R1

**EIMSKIP**

# KEY HIGHLIGHTS FOR Q3 2016

Q3 2016 compared to Q3 2015

**EBITDA growth**  
**8.6%**  
**Normalized EBITDA growth**  
**23.3%**

**EBIT**  
**up by 4.0%**  
**Normalized EBIT**  
**up by 27.9%**

**Net earnings**  
**up by 10.7%**

**Volume in  
liner services**  
**up by 6.8%**

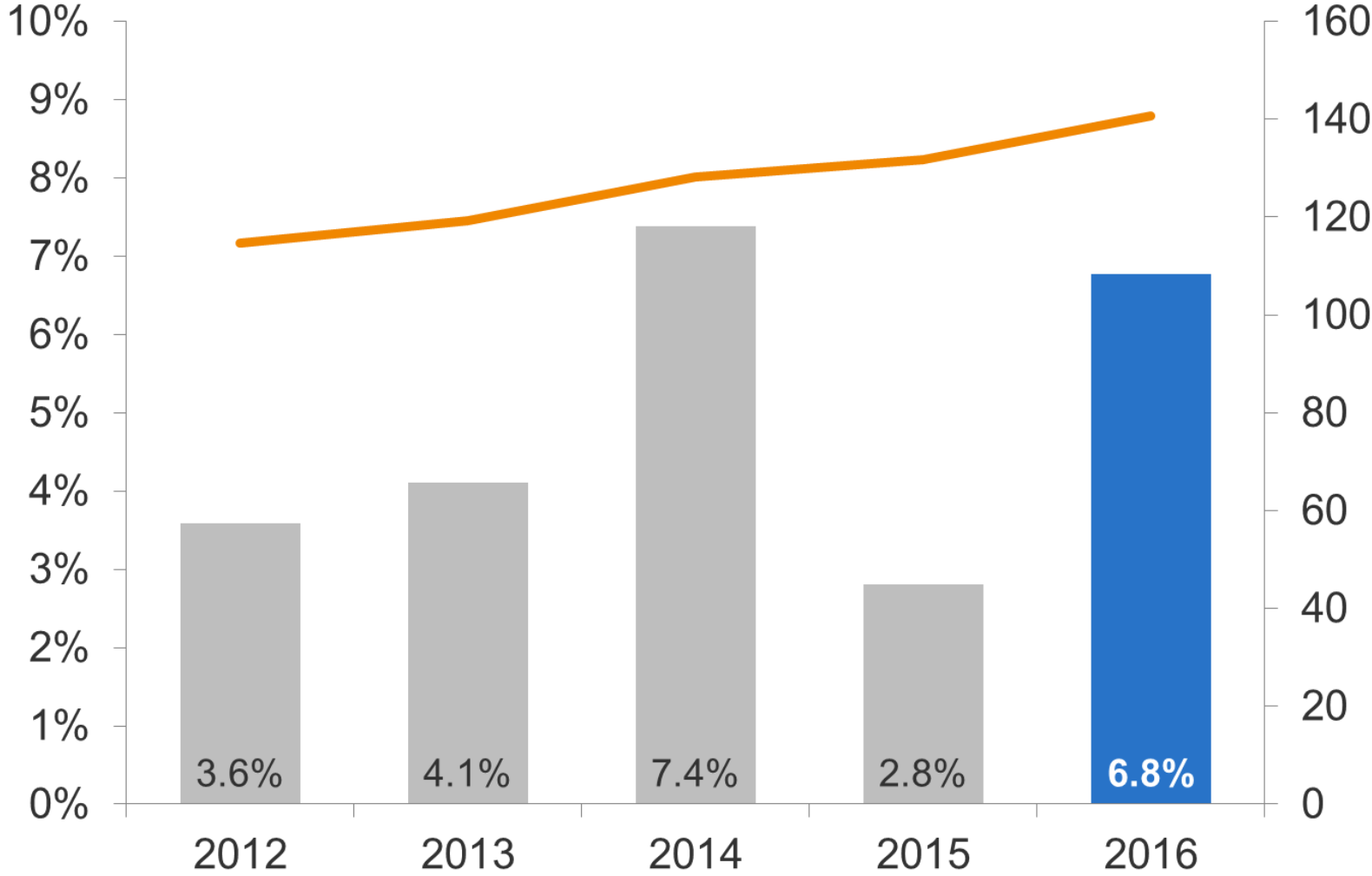
**Volume in  
forwarding services**  
**up by 4.7%**

**Strong cash flow**

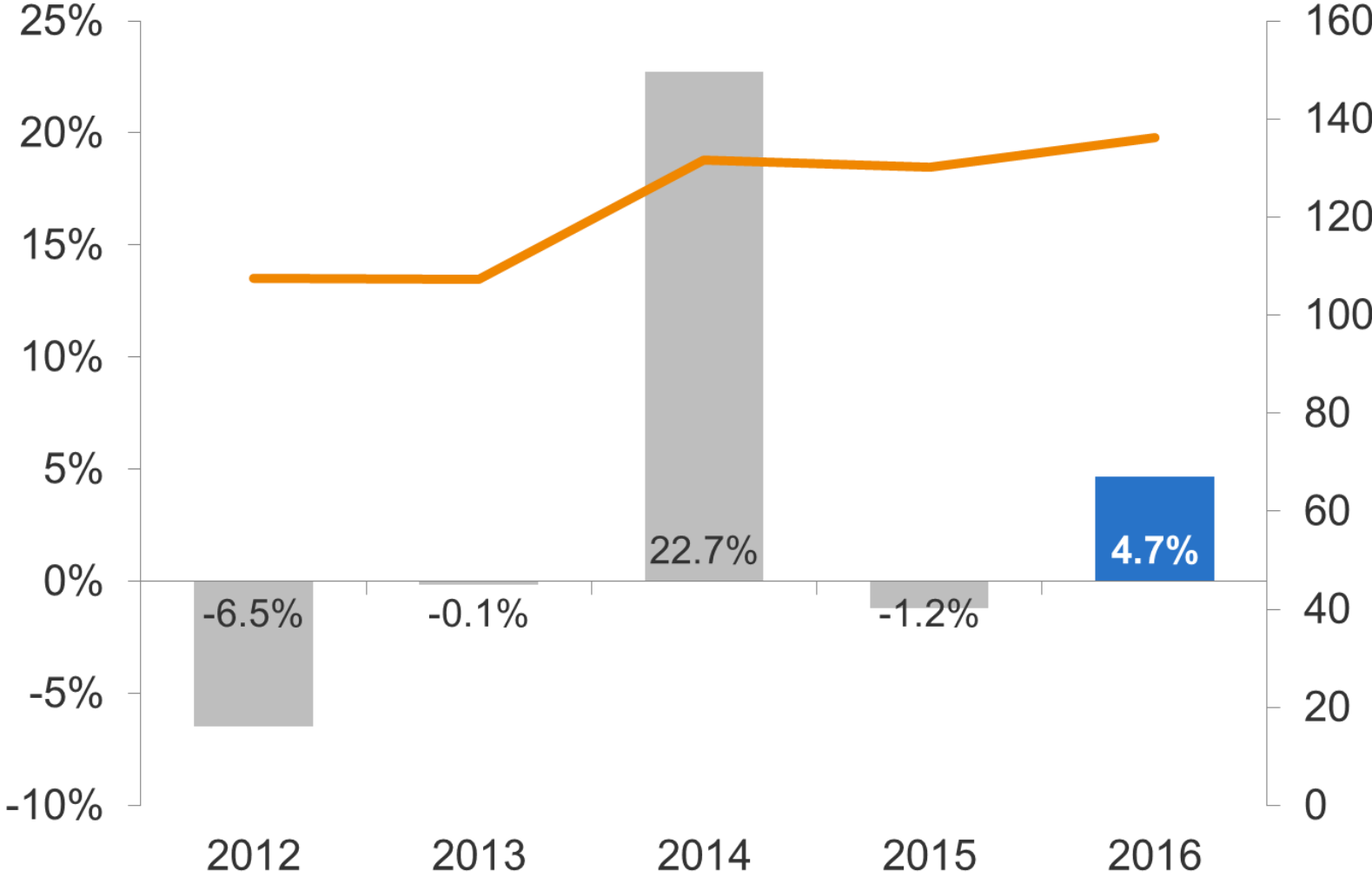
# TRANSPORTED VOLUME IN Q3 2012 TO 2016

Changes from Q3 in previous year

## Liner services



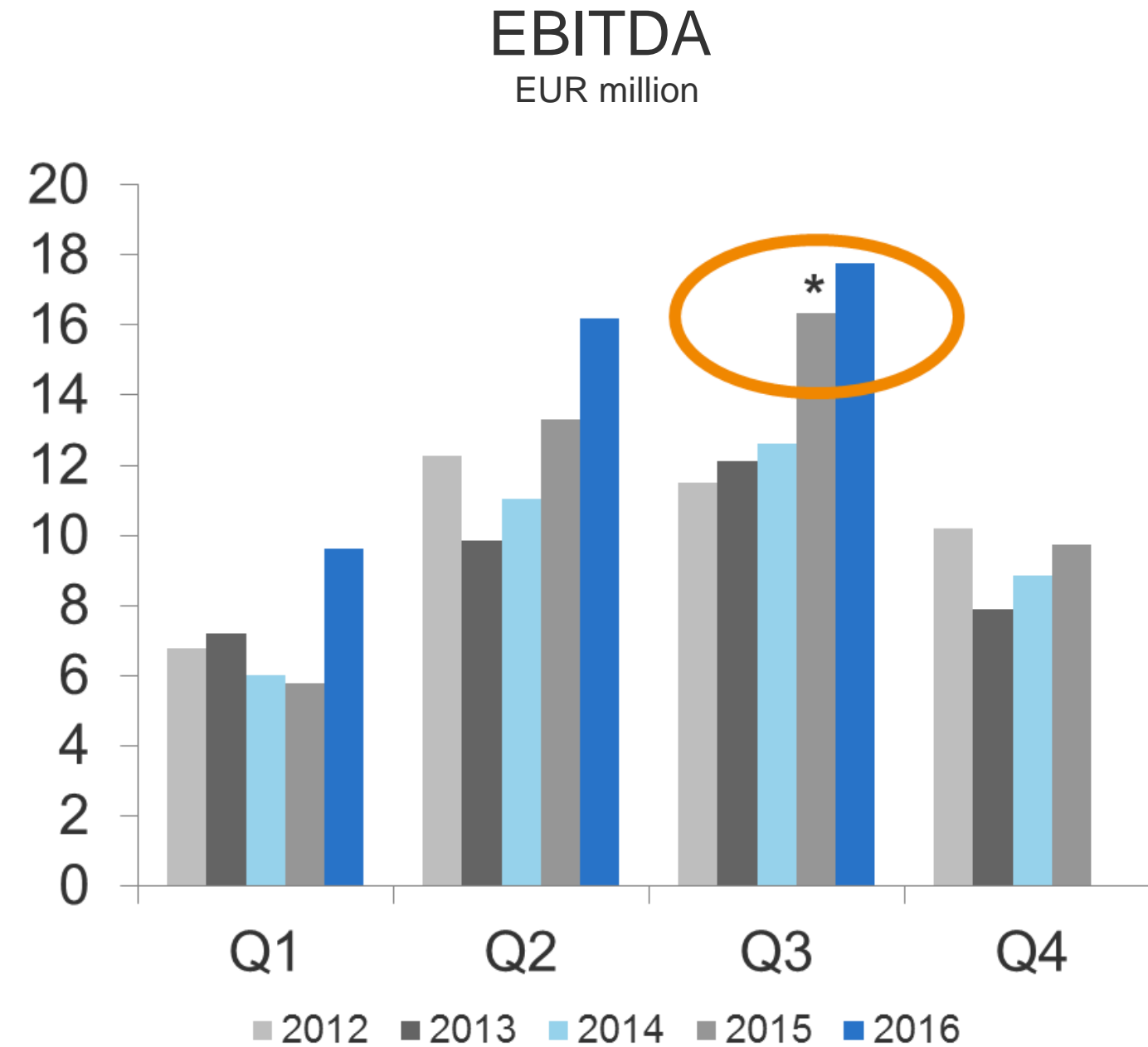
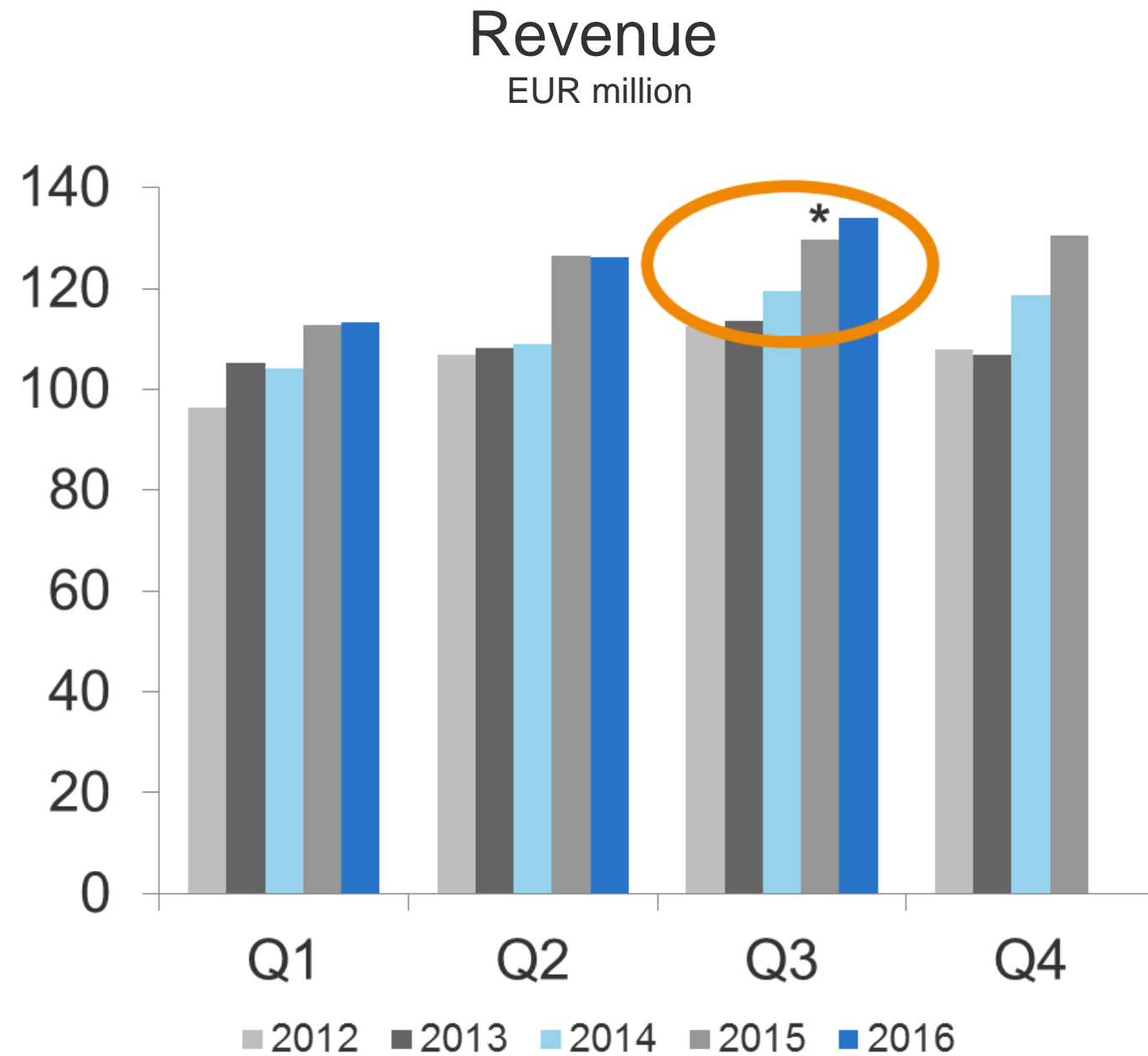
## Forwarding services



Volume index: 2010 volume at 100

# REVENUE AND EBITDA 2012 TO 2016 BY QUARTER

Best third quarter since 2009

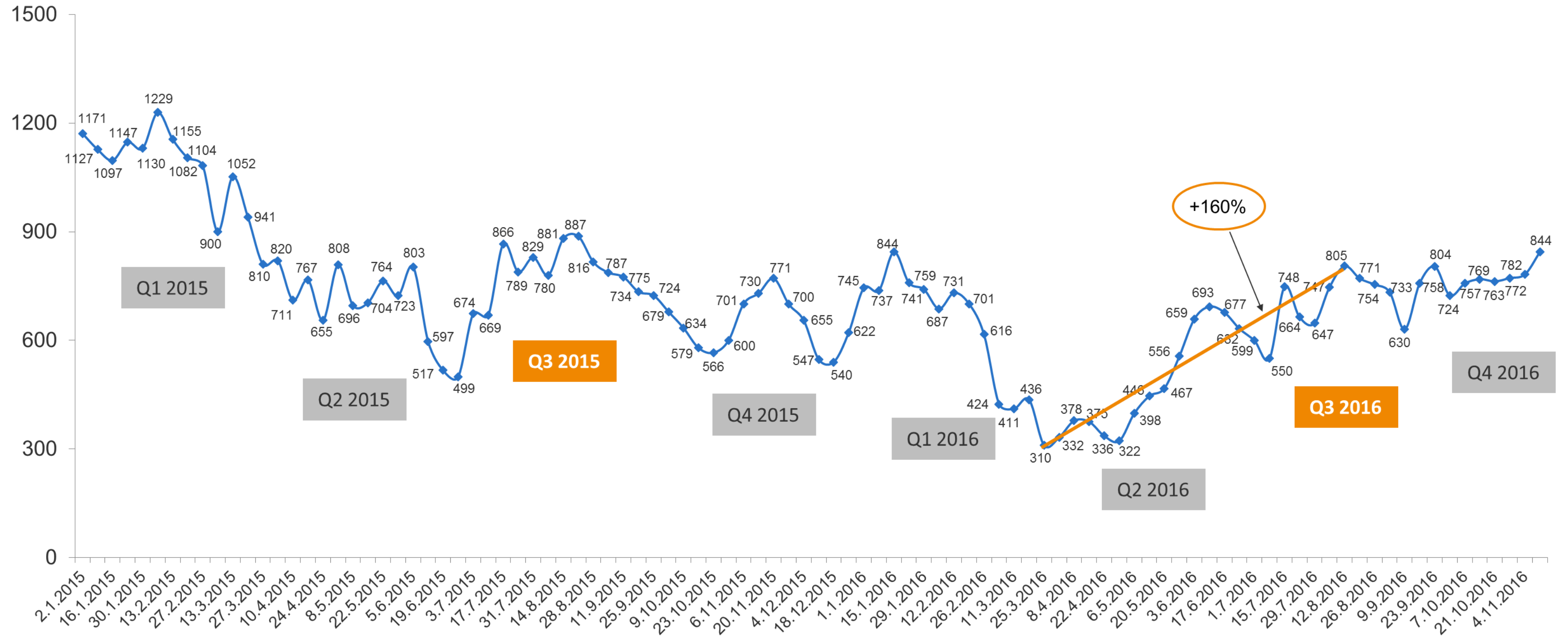


Adjusted for one-off items in 2012 in connection with the IPO

\* EUR 2.0 million gain on disposal of a vessel under construction included in Q3 2015 revenue and EBITDA

# CHINA FORWARDERS FREIGHT INDEX

China - Europe



Source: www.shippingchina.com

# KEY HIGHLIGHTS FOR 9M 2016

9M 2016 compared to 9M 2015

**EBITDA growth**  
**22.9%**  
**Normalized EBITDA growth**  
**30.1%**

**EBIT**  
**up by 30.6%**  
**Normalized EBIT**  
**up by 46.4%**

**Net earnings**  
**up by 28.8%**

**Volume in**  
**liner services**  
**up by 8.0%**

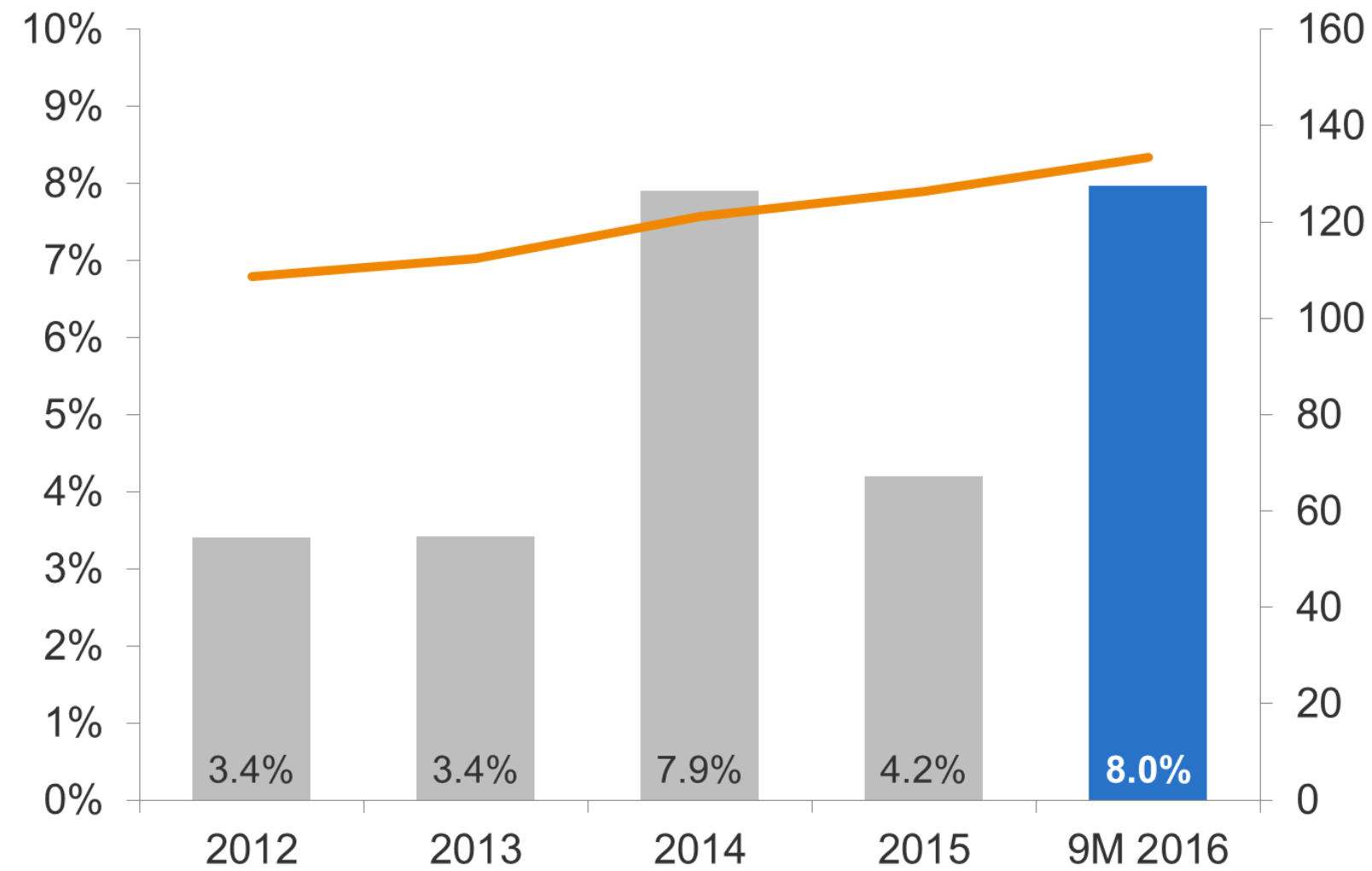
**Volume in**  
**forwarding services**  
**up by 3.0%**

**Strong cash flow**

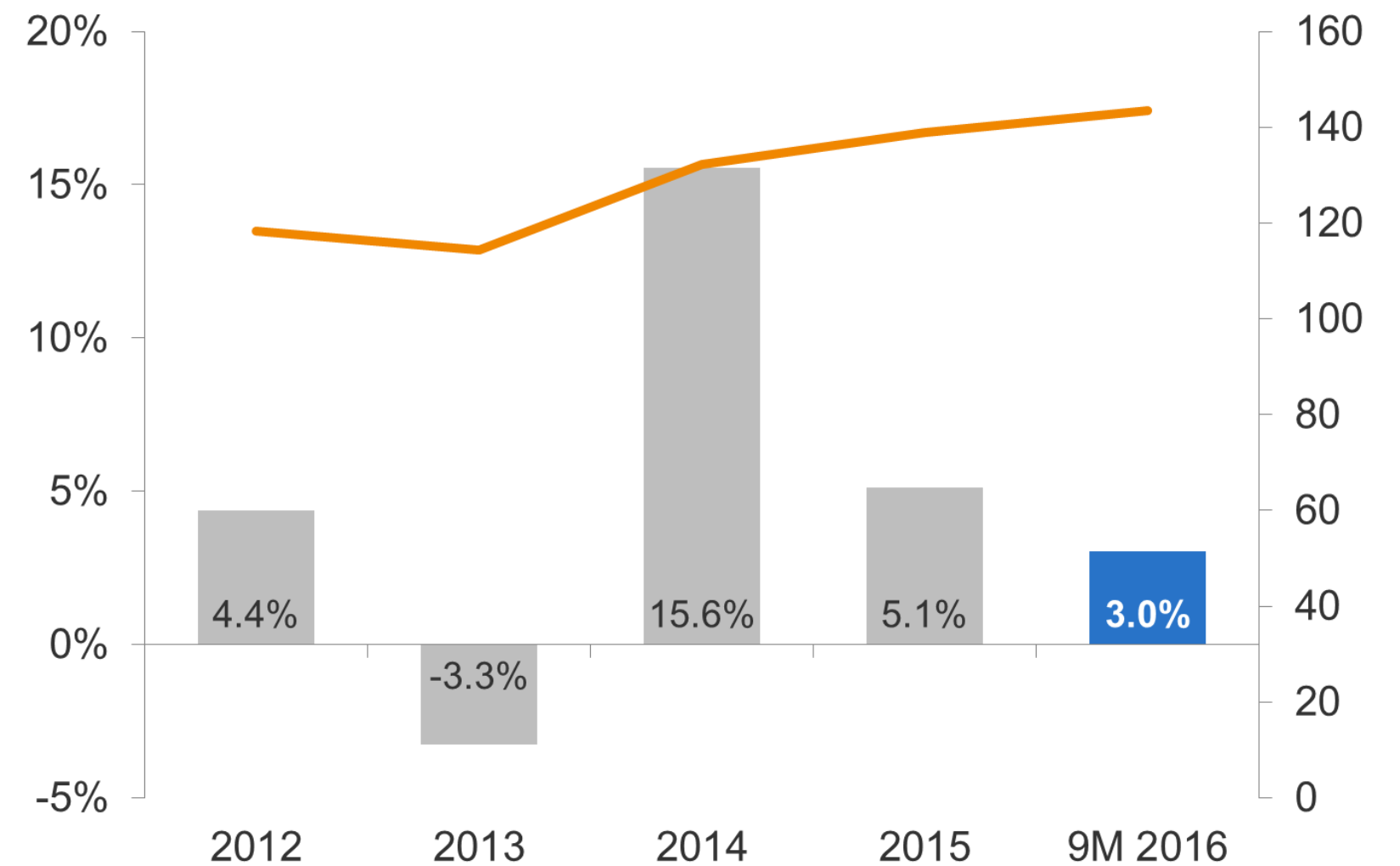
# TRANSPORTED VOLUME 2012 TO 9M 2016

Changes from previous year

## Liner services



## Forwarding services

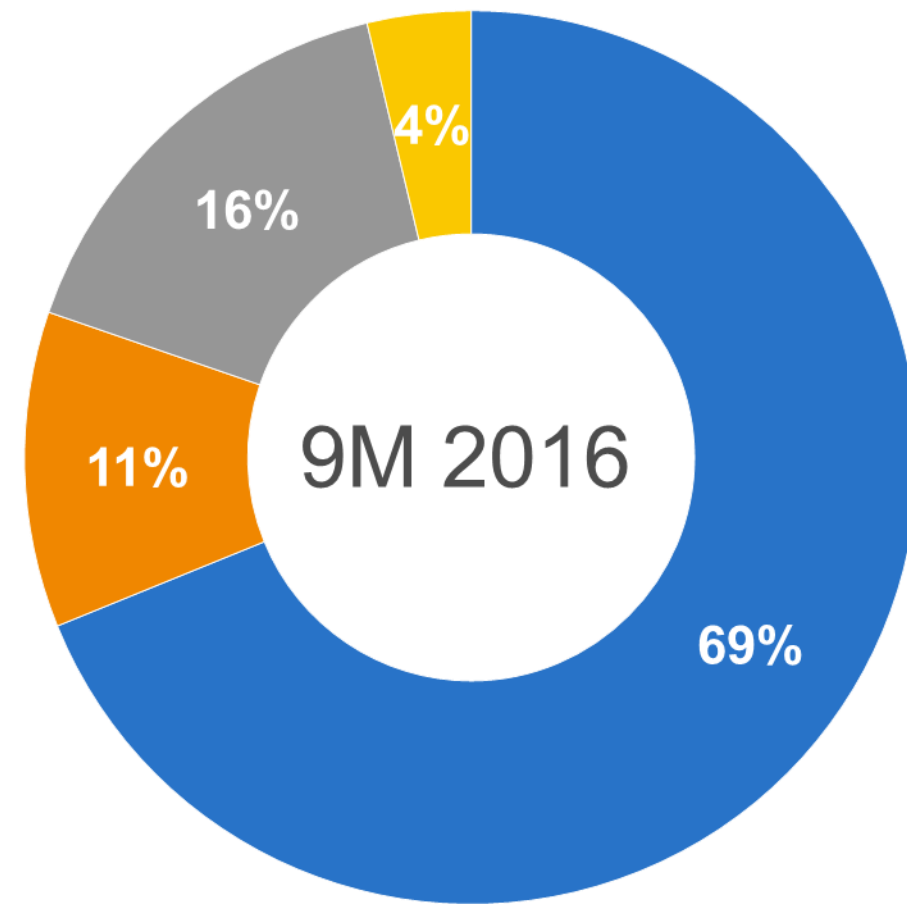


Volume index: 2010 volume at 100

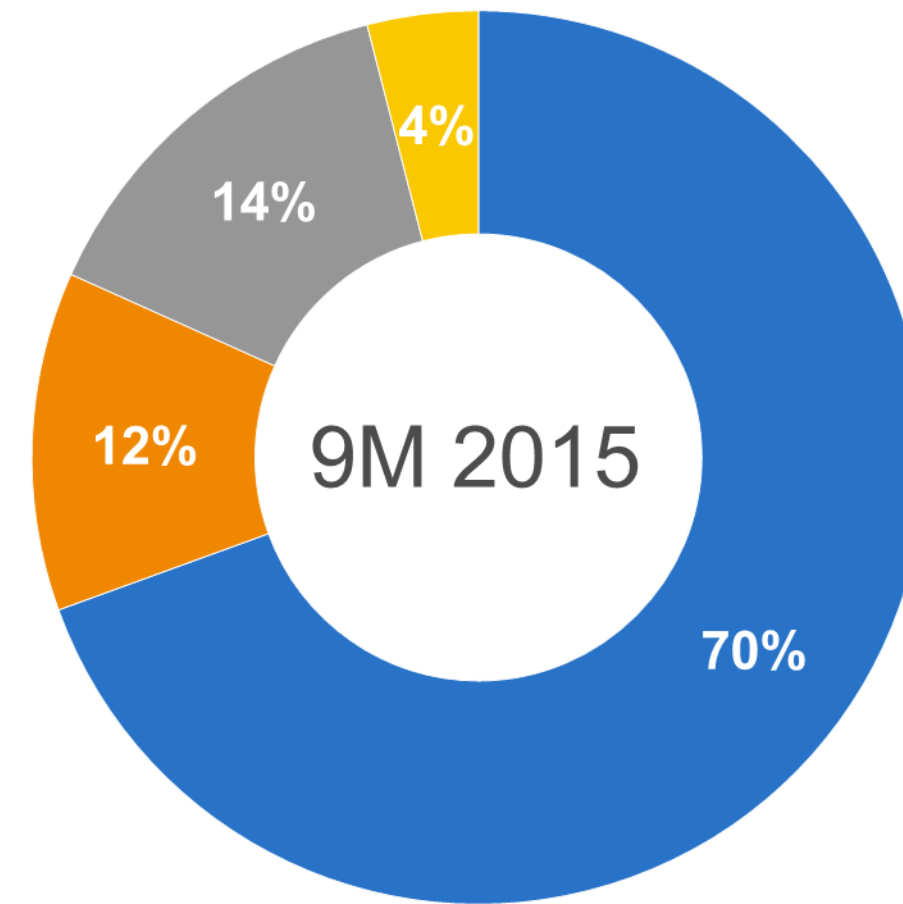


# LINER SERVICES VOLUME

Iceland, Faroe Islands, Norway and Trans-Atlantic



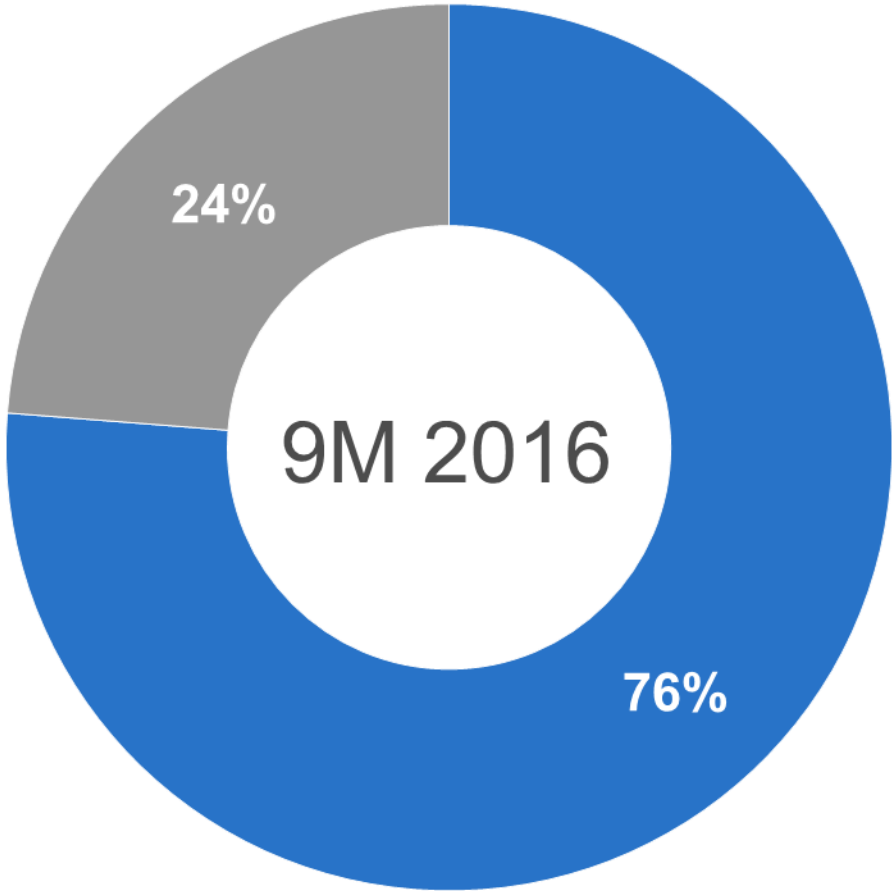
■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic



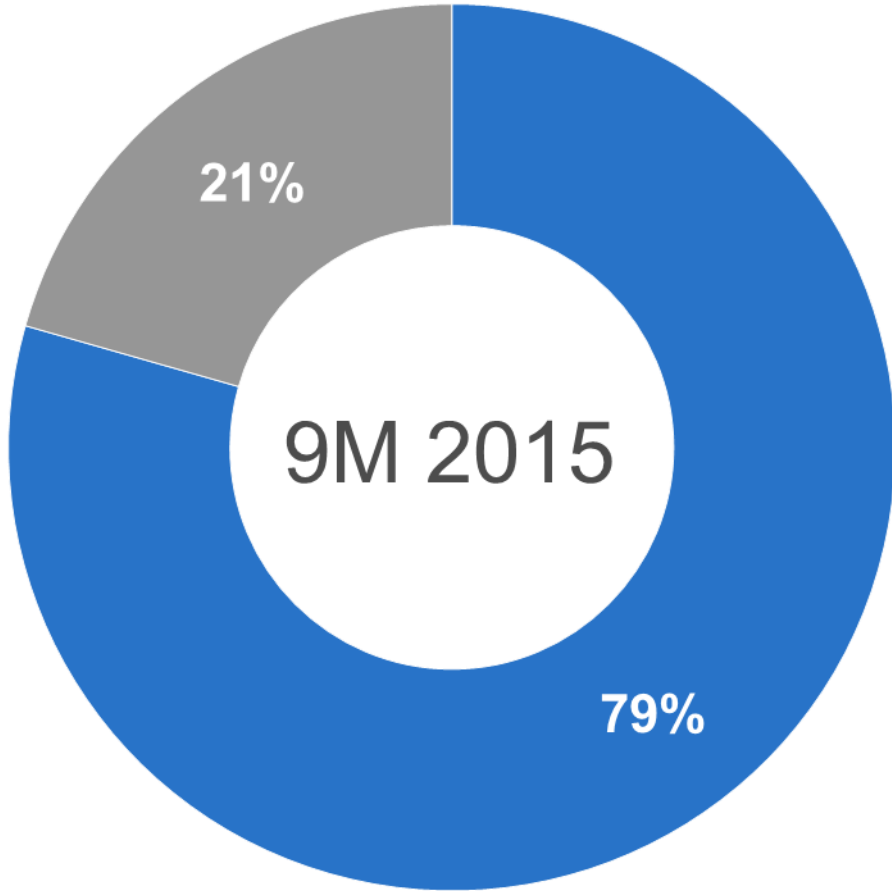
■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic

# FORWARDING SERVICES VOLUME

Reefer and dry cargo forwarding



■ Reefer ■ Dry



■ Reefer ■ Dry



# FINANCIAL RESULTS

# INCOME STATEMENT 9M 2016

Key highlights

**Revenue**  
**EUR 373.4 m**  
affected by freight  
forwarding rates

**Operating expenses**  
**down by 1.1%**  
despite salary expenses  
up by 22.1%

**EBITDA**  
**EUR 43.6 m**  
up by 22.9%  
**EBITDA ratio**  
**11.7%**

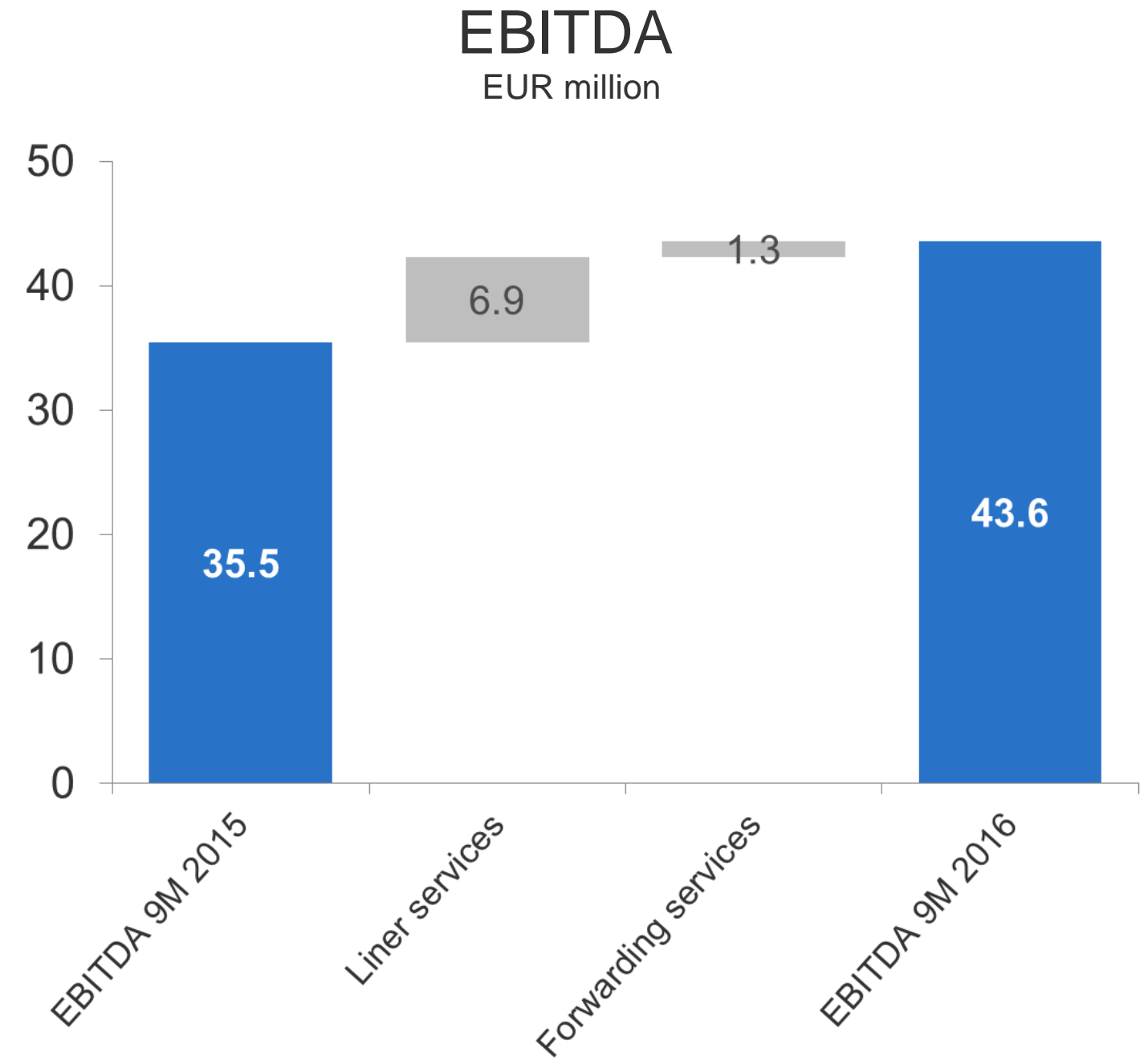
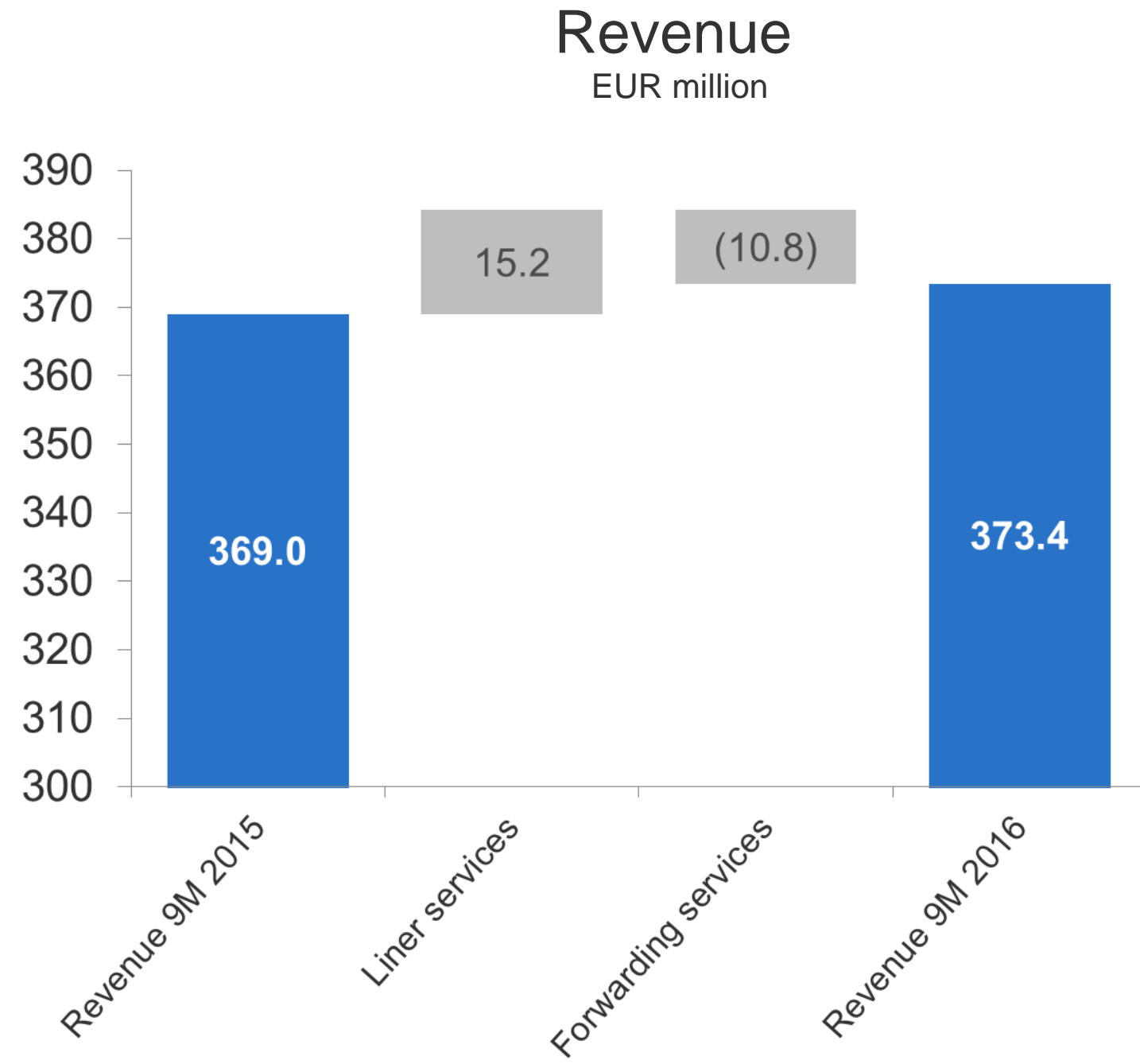
**EBIT**  
**EUR 23.5 m**  
up by 30.6%

**Currency exchange gain**  
**EUR 0.8 m**  
compared to  
EUR 2.2 m in 2015

**Net earnings**  
**EUR 20.0 m**  
up by 28.8%

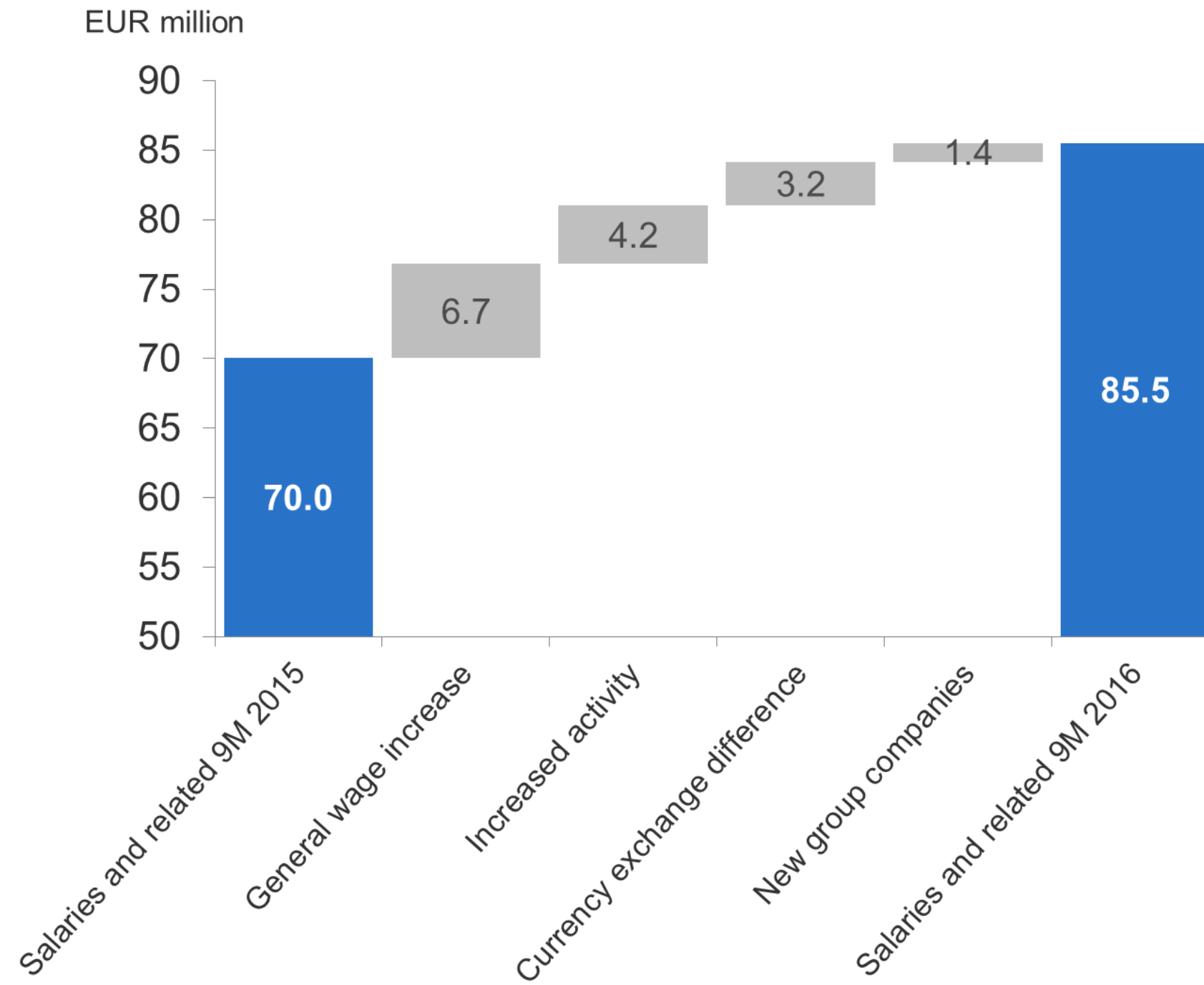
# BUSINESS SEGMENT BRIDGES 9M 2016

Revenue and EBITDA



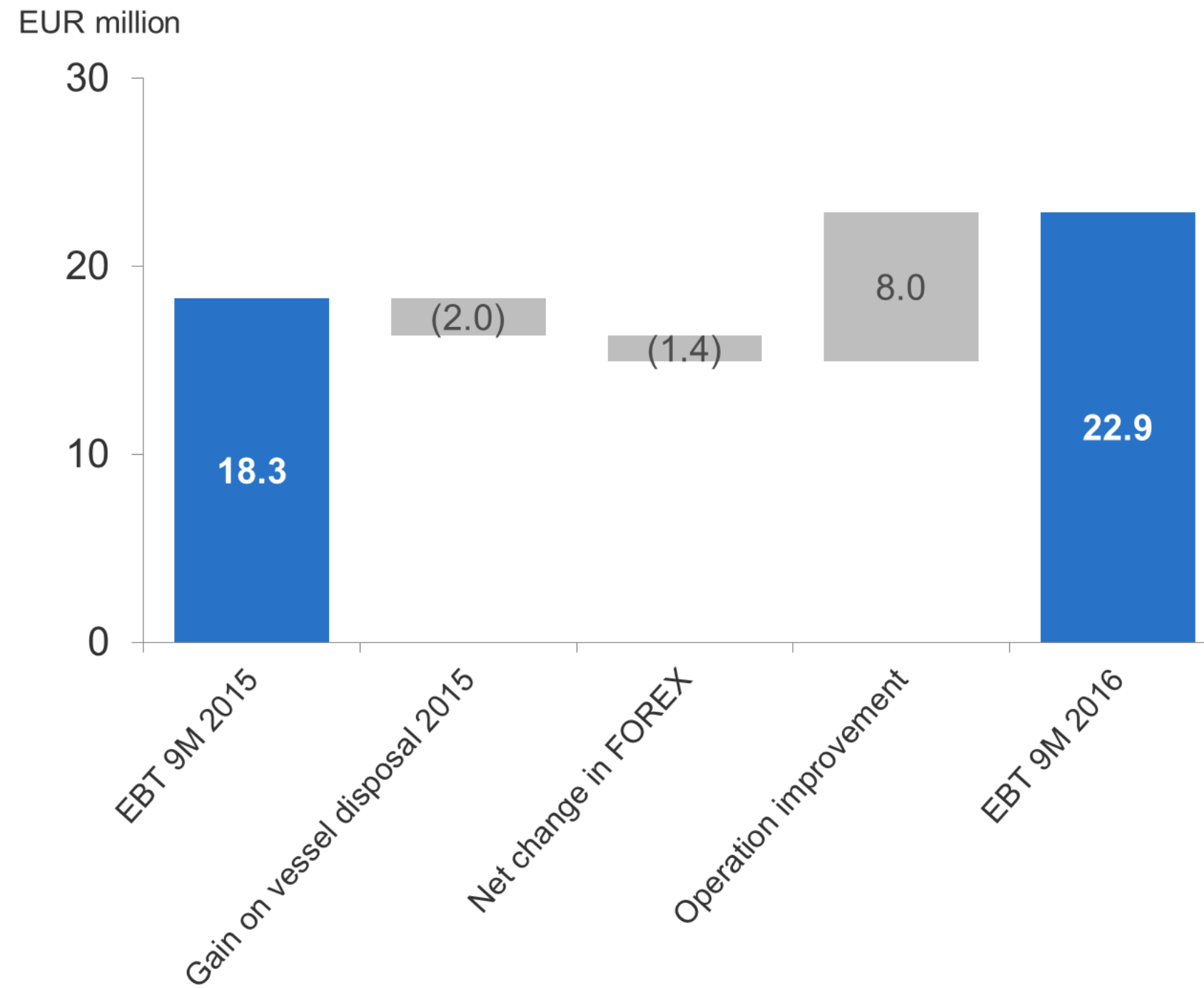
# SALARY BRIDGE 9M 2016

Salaries and related expenses



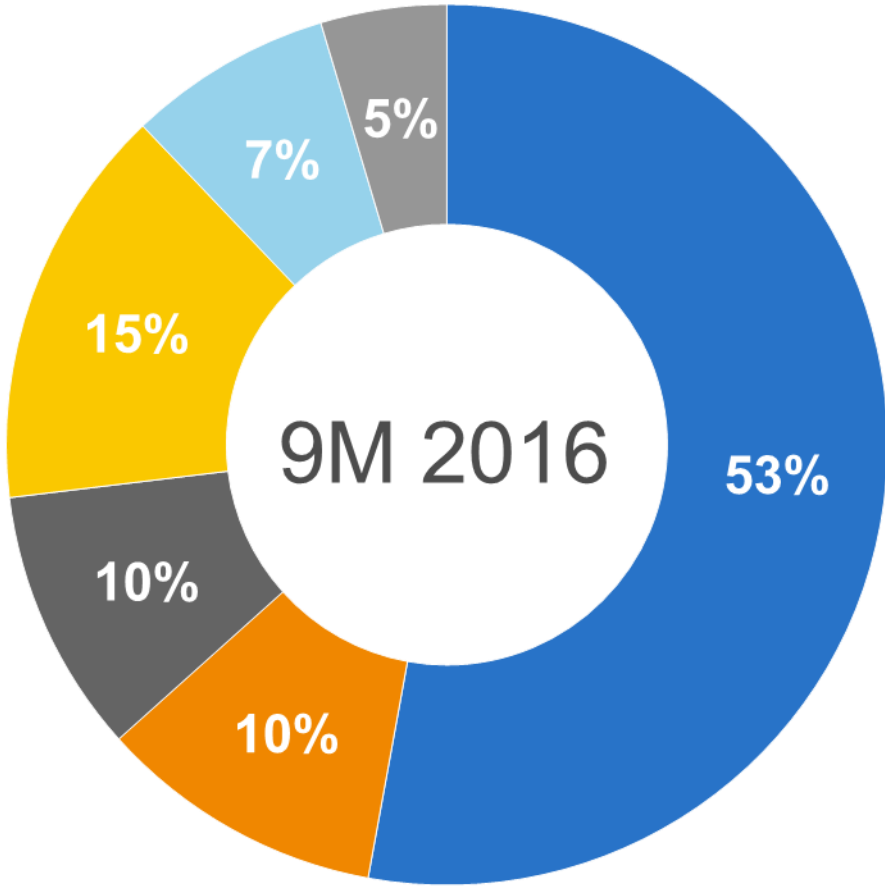
# EBT BRIDGE 9M 2016

Earnings before tax

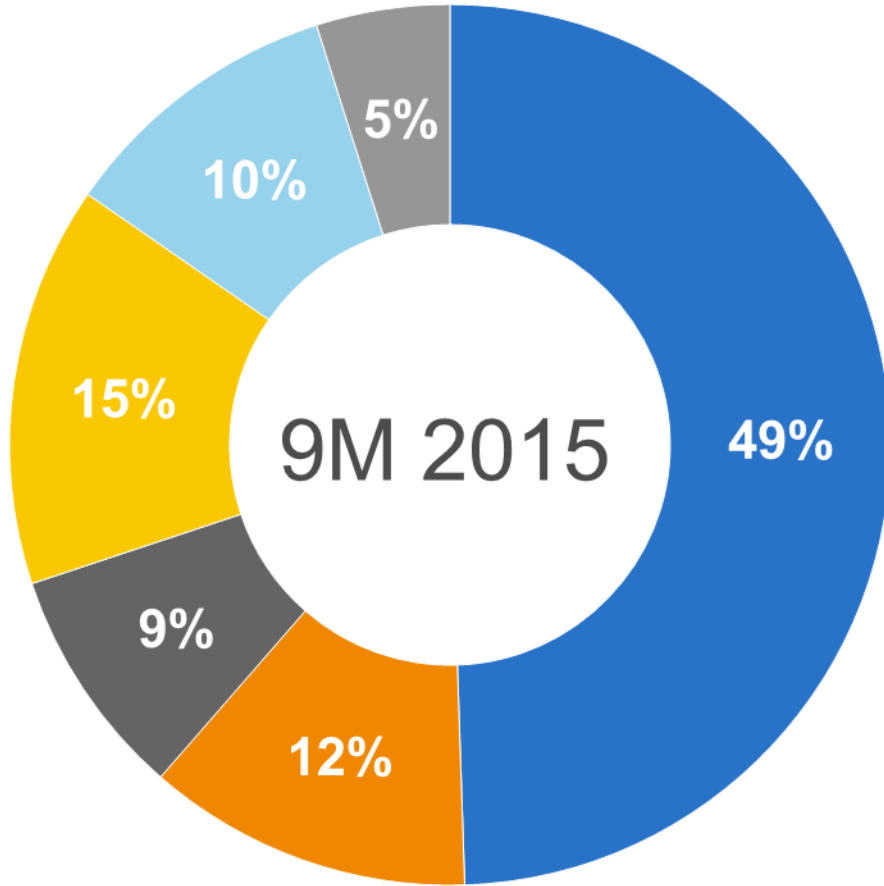


# GEOGRAPHICAL SPLIT OF REVENUE

About half of revenue is related to Iceland



- Iceland
- Norway
- Asia
- Faroe Islands
- Europe
- Other

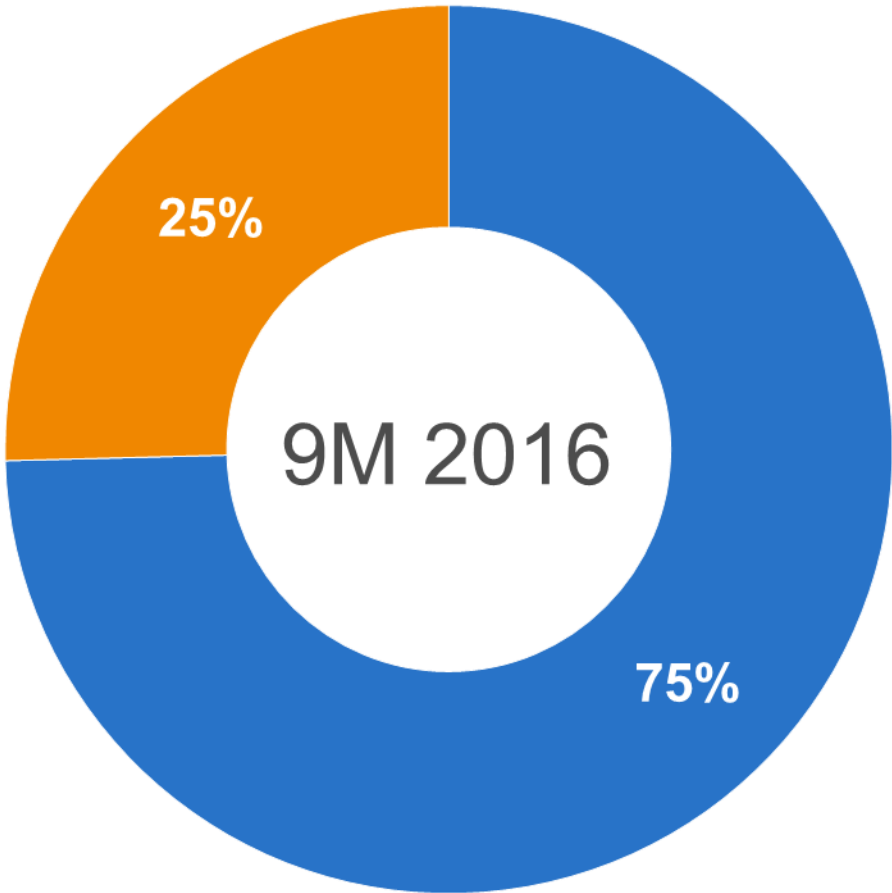


- Iceland
- Norway
- Asia
- Faroe Islands
- Europe
- Other

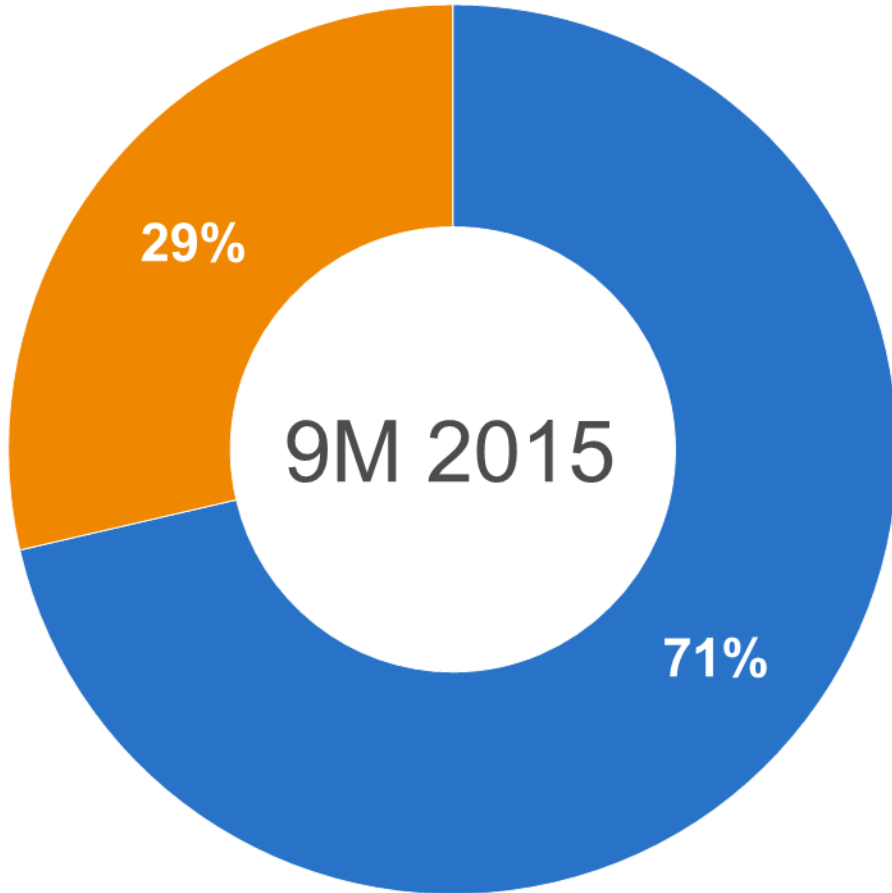


# REVENUE BY BUSINESS SEGMENT

Liner services and forwarding services



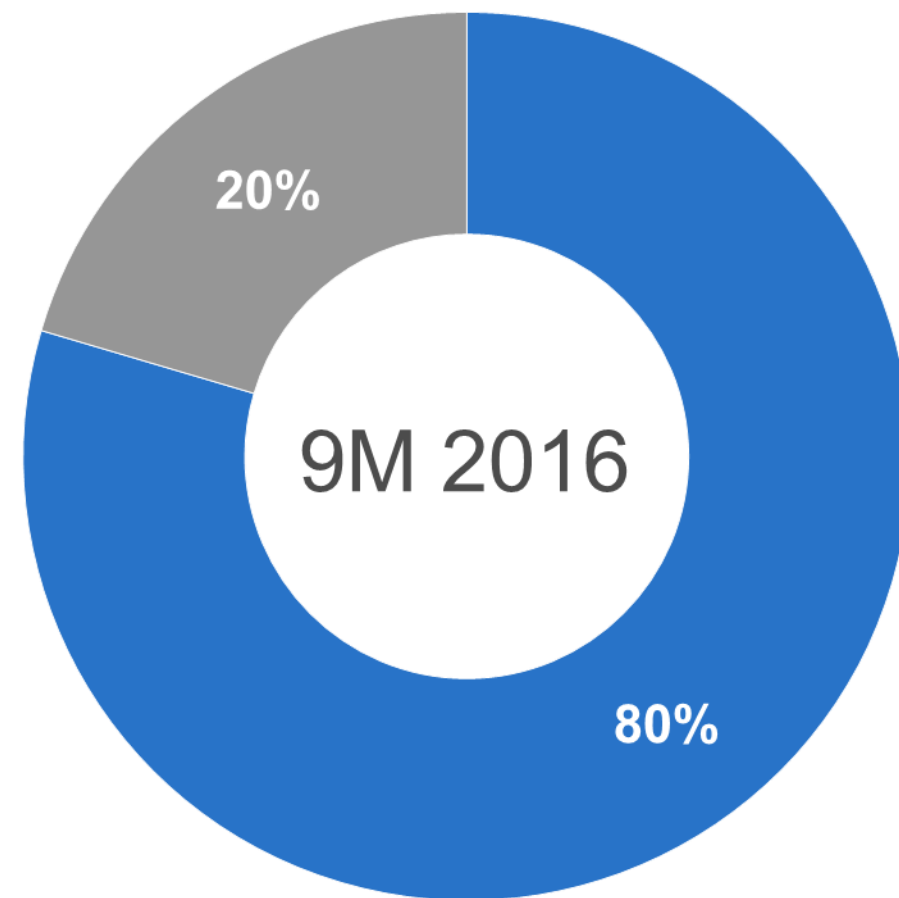
■ Liner services ■ Forwarding services



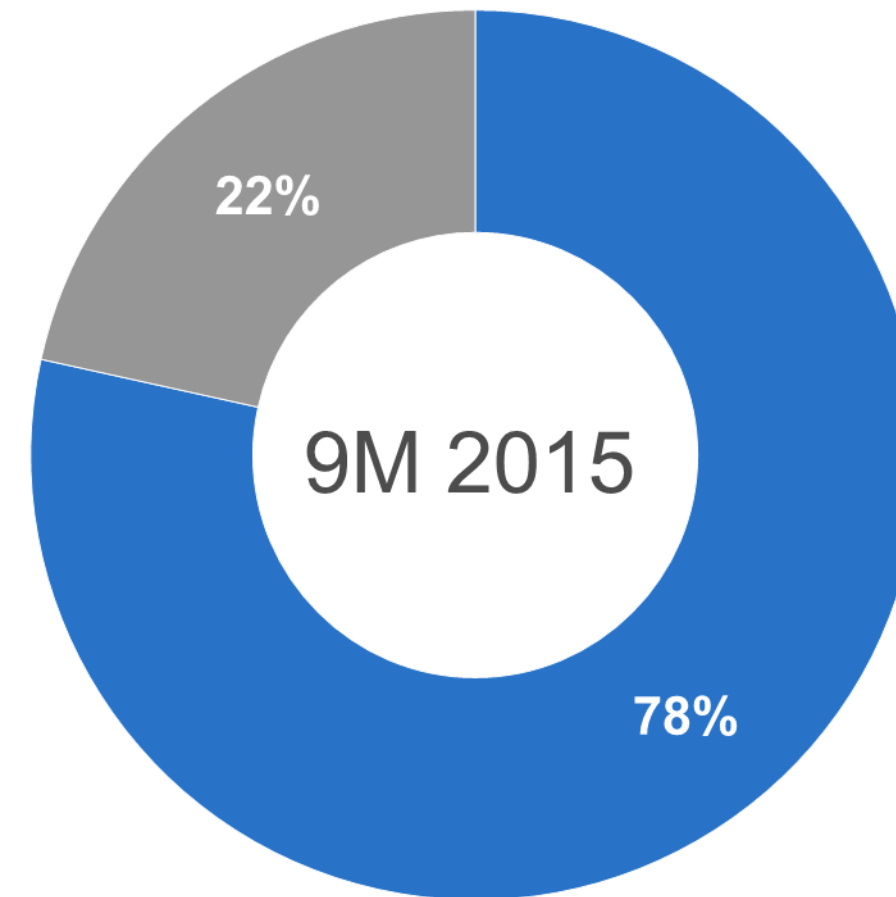
■ Liner services ■ Forwarding services

# EBITDA BY BUSINESS SEGMENT

Liner services and forwarding services



■ Liner services ■ Forwarding services



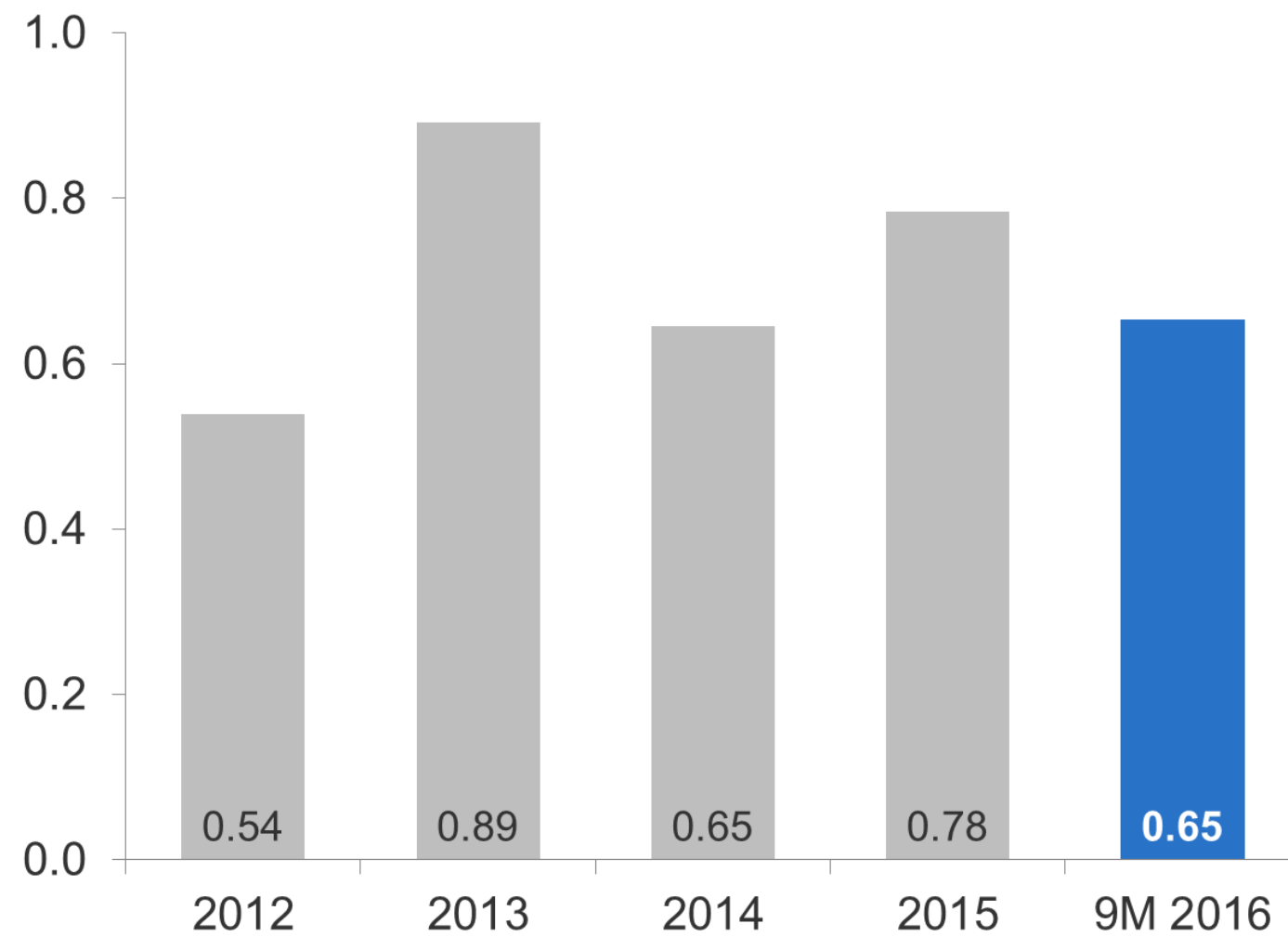
■ Liner services ■ Forwarding services

# FINANCIAL RATIOS 2012 TO 2016

Low leverage and strong financial position

## Net debt / LTM-EBITDA

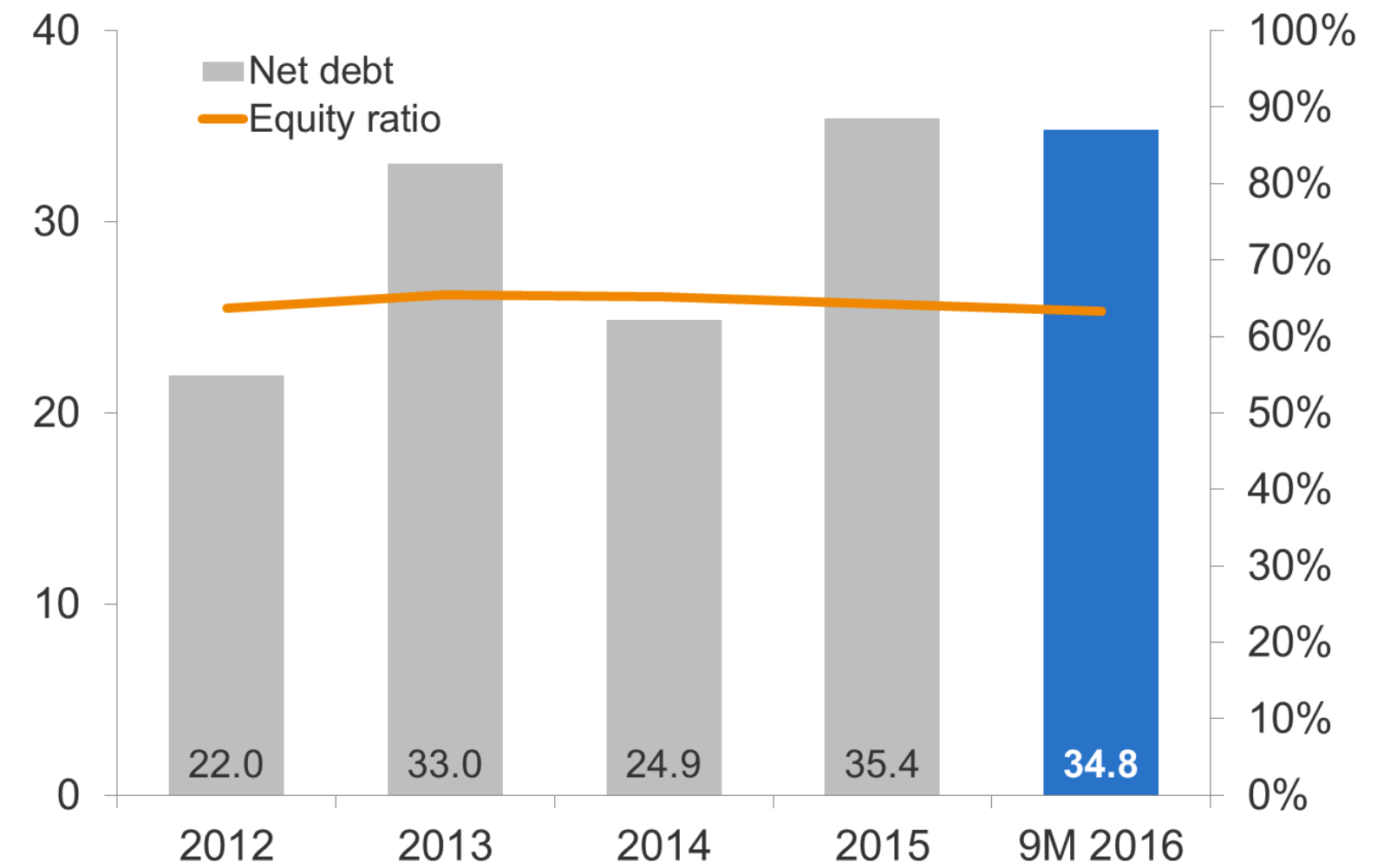
EUR million



Adjusted for one-off items in 2012

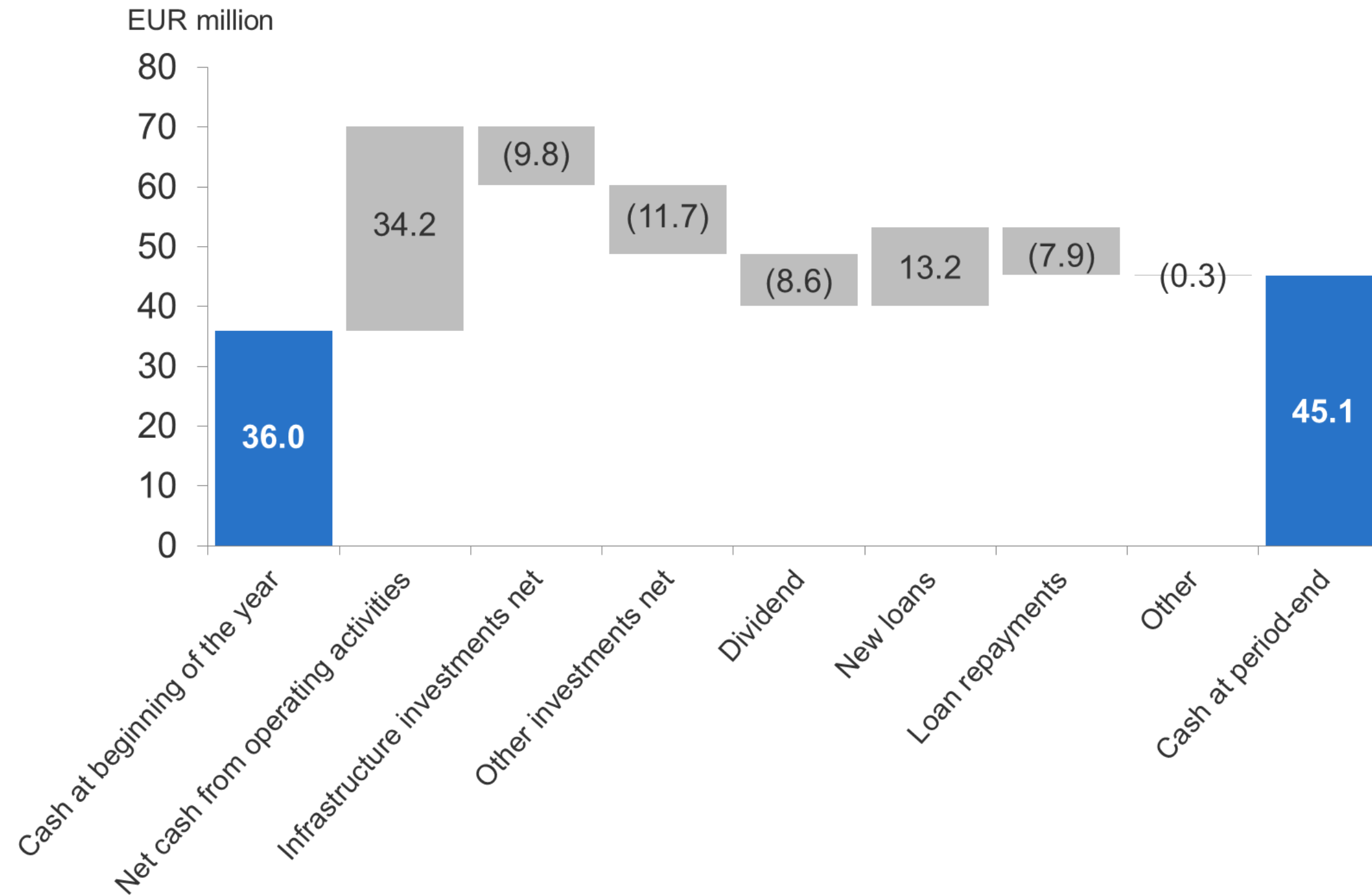
## Net debt and equity ratio

EUR million



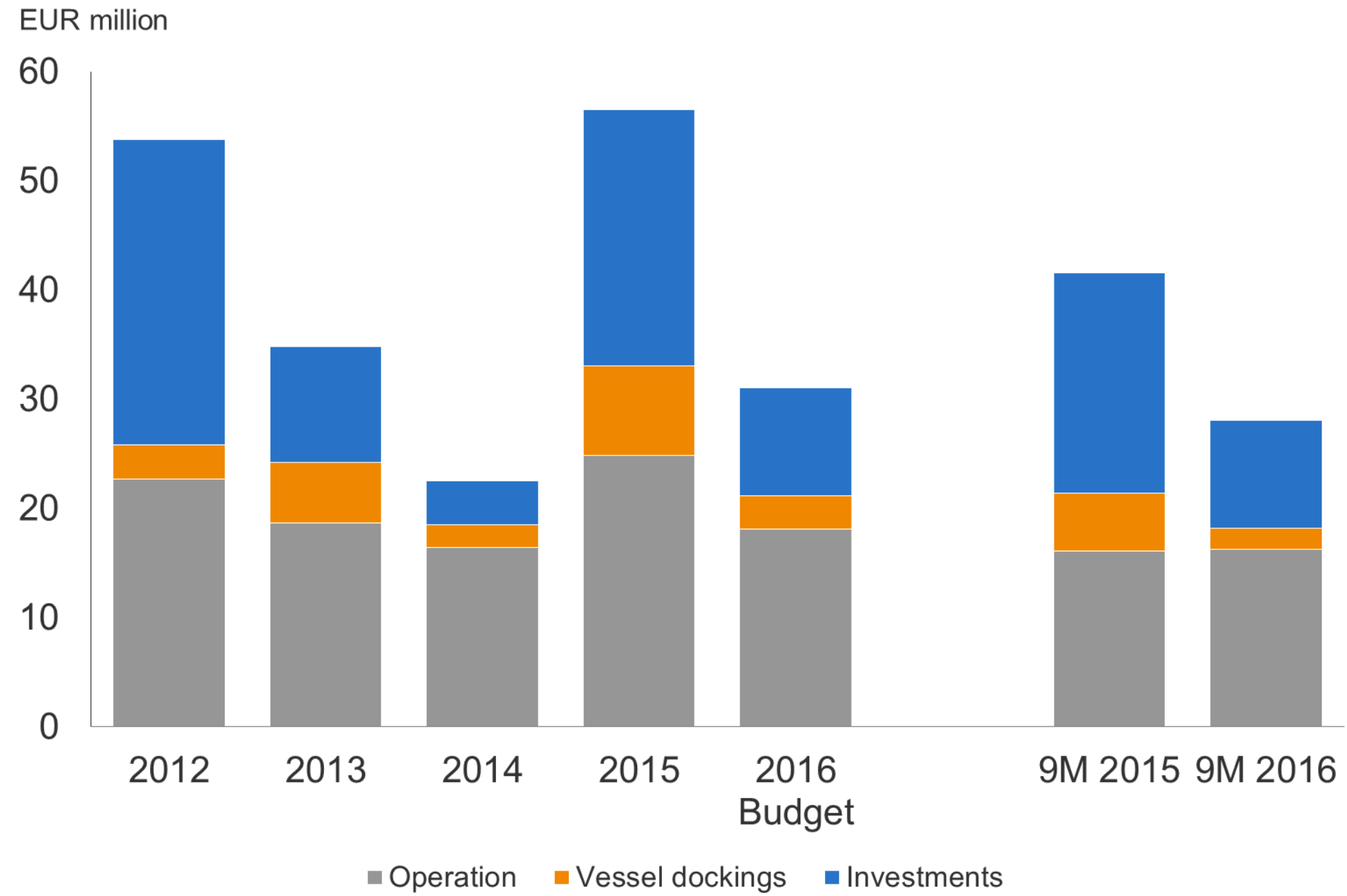
# CASH FLOW BRIDGE 9M 2016

Increased cash flow from operating activities



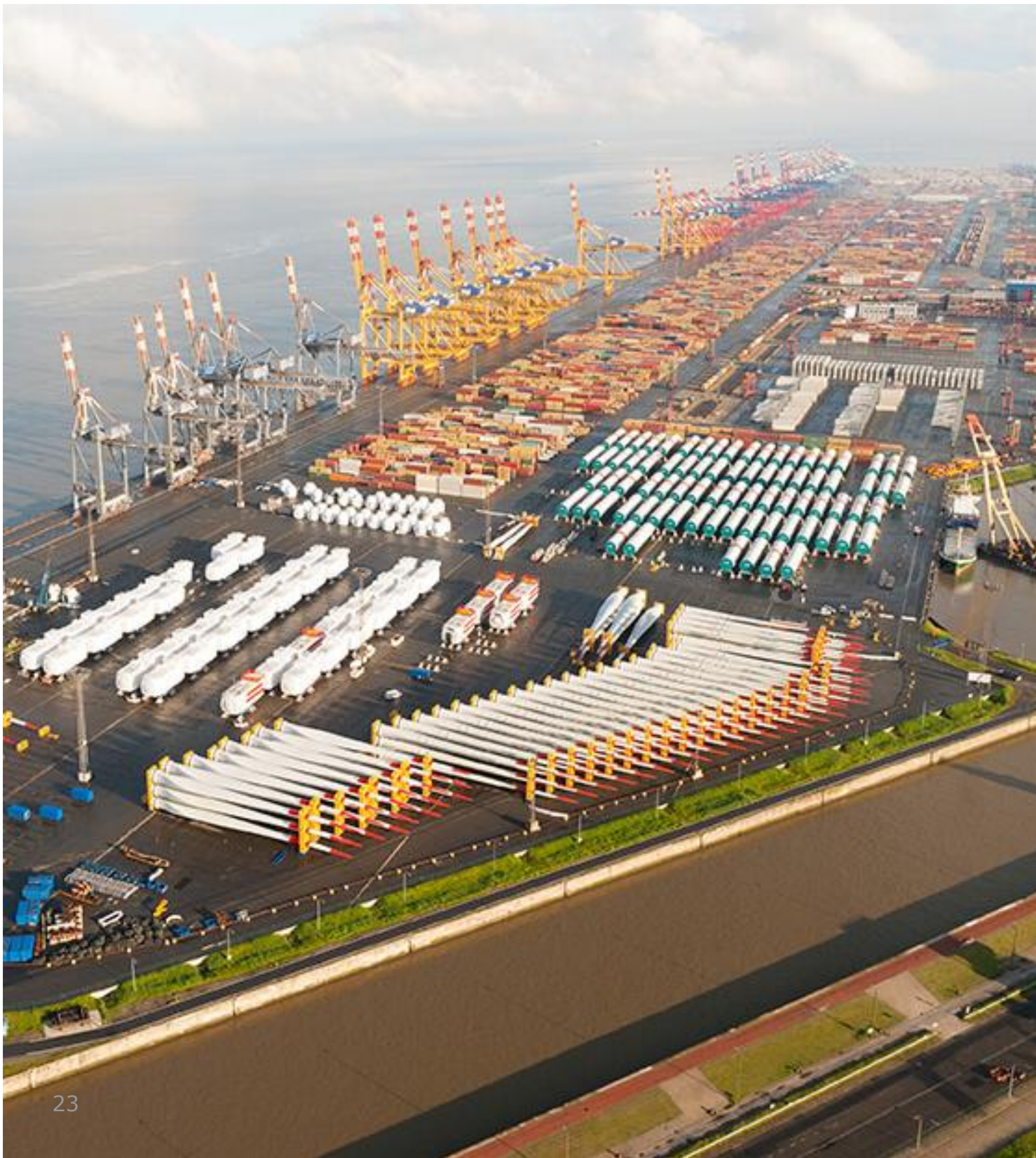
# CAPEX 2012 TO 2016

EUR 26.1 million in 9M 2016 compared to EUR 36.3 million in 9M 2015





# ONGOING PROJECTS AND FUTURE DEVELOPMENT



# BREMERHAVEN

New port of call in Germany

- Eimskip will start calling Bremerhaven in Germany as of 6 December on the Blue Line
  - EUROGATE Container Terminal Bremerhaven
- The company will stop calling Hamburg after 90 years of cooperation
  - The terminal that Eimskip has been using will be closed due to structural changes of the port of Hamburg
- The container port of Bremerhaven is the fourth largest in Europe
  - A major transshipment hub to the rest of the world
    - Connections to Asia, Africa and South and North America
  - A modern terminal with a high degree of efficiency
  - Warehouse facilities for chilled and frozen cargo are located at the container terminal
- This is a significant step in increasing services to Eimskip's customers
  - Gives Eimskip's customers in Iceland, the Faroe Islands and Norway better connections to other markets
  - Shorter transit time
  - Bremerhaven area is the heart of the German fish industry

# INVESTMENTS

## Acquisitions and Joint Ventures

- Eimskip's intent is to grow both organically and through strategic accretive acquisitions to increase shareholder value
- The company has made a significant progress
  - Acquisition of 90% share in Extraco in October
  - Acquisition of Nor Lines in November
  - The goal is to conclude an agreement for a Joint Venture with Royal Arctic Line in December
- The company is currently working on a few options in its core business in Europe
- Evaluation on additional acquisitions and vessel investments will continue on an ongoing basis
- New equity will not be issued to conclude potential investments
  - The plan is to issue additional debt for the investments, increasing the leverage of the company to more normal levels, still maintaining a strong balance sheet







## EXTRACO

Strengthens Eimskip's position in worldwide reefer logistics

- A specialized forwarding company in Rotterdam, established in 1991
- Acquisition of a 90% share in the company
- Customers are importers of chilled and frozen commodities in the Netherlands
- Strong financial performance
  - Annual turnover approximately EUR 19 million
  - Strong customer base
  - Stable operation
  - Good growth potential
- Strong management team
  - The majority of the management team will stay on board
- Will be relocated to Eimskip's office in Rotterdam to achieve synergies
  - Will be a part of Eimskip's reefer logistics center in Rotterdam
  - Others in the center are: European Transportation Services (E.T.S), Eimskip Reefer Logistics (ERL) and Jac. Meisner

# NOR LINES

Extensive logistics network in Norway

- Nor Lines currently operates an extensive logistics network
  - Two liner routes
    - Continent Line and Poland Line
  - Seven vessels in operation
    - Three reefer vessels
    - Two multi-purpose vessels
    - Two bulk vessels (not a part of the transaction)
  - Network of 60 terminals
    - Operation of 14 terminals and 46 operated by agents
  - Trucking services
    - 450 trucks, owned and operated by third party
  - Cargo sales on Hurtigruten
    - Cargo capacity of 11 vessels of Hurtigruten
  - Currently 260 employees
    - Including crew members on vessels







# NOR LINES

Strategic move to strengthen the Norwegian operation

- Eimskip signed an agreement to acquire the Norwegian shipping and logistics company Nor Lines in November 2016
- It is a strategic fit to Eimskip's current operation
- The estimated purchase price for the operation is EUR 15 million
  - The price is dependent on the financial performance of the company for 2016
- Purchase of the vessel Nordkinn for EUR 8 million
  - Nordkinn was built by Eimskip in the year 2006
- Asset-light operation
- The transaction is subject to approval of the Norwegian Competition Authority (NCA)
- Anticipated closing in Q1 2017



**SEA TRANSPORT LINES**

-  EIMSKIP - ORANGE LINE
-  NOR LINES - CONTINENT LINE
-  NOR LINES - POLAND LINE
-  NOR LINES - HURTIGRUTEN



# THE VESSEL FLEET IN NORWAY

**O** OWN VESSEL

**C** CHARTERED VESSEL

## EIMSKIP - ORANGE LINE



### HOLMFOSS **O**

Built 2007  
Reefer (Bulk/TEU 24)  
Gross Tonnage 3,538



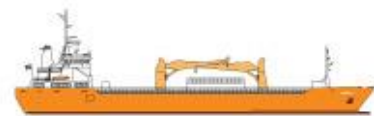
### POLFOSS **O**

Built 2008  
Reefer (Bulk/TEU 24)  
Gross Tonnage 3,538



### SVARTFOSS **O**

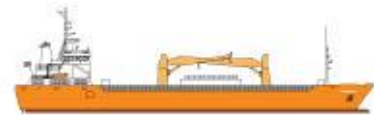
Built 2005  
Reefer (Bulk/TEU 48)  
Gross Tonnage 2,990



### VIDFOSS **O**

Built 1990  
Reefer (Bulk)  
Gross Tonnage 3,625

## EIMSKIP - REEFER SPOT VESSELS



### LANGFOSS **O**

Built 1991  
Reefer (Bulk)  
Gross Tonnage 3,625



### STIGFOSS **O**

Built 1990  
Reefer (Bulk)  
Gross Tonnage 3,625



### NORDVÅG **C**

Built 1979  
Reefer (Bulk/TEU 44)  
Gross Tonnage 2,854

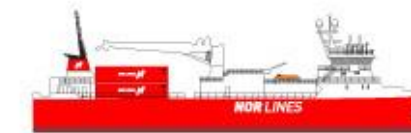


## NOR LINES - CONTINENT LINE



### KVITBJORN **C**

Built 2015  
Multipurpose  
(Reefer/Bulk/TEU 120)  
Gross Tonnage 9,132



### KVITNOS **C**

Built 2015  
Multipurpose  
(Reefer/Bulk/TEU 120)  
Gross Tonnage 9,132

## NOR LINES - POLAND LINE



### NORDKINN **O**

Built 2006  
Reefer (Bulk/TEU 48)  
Gross Tonnage 2,990



### SILVER LAKE **C**

Built 2008  
Reefer (Bulk/TEU 24)  
Gross Tonnage 3,538



### SILVER RIVER **C**

Built 2007  
Reefer (Bulk/TEU 24)  
Gross Tonnage 3,538

**LAND TRANSPORT LINES**

-  DAILY
-  2-3 TIMES A WEEK
-  WEEKLY
-  SPOT ROUTES




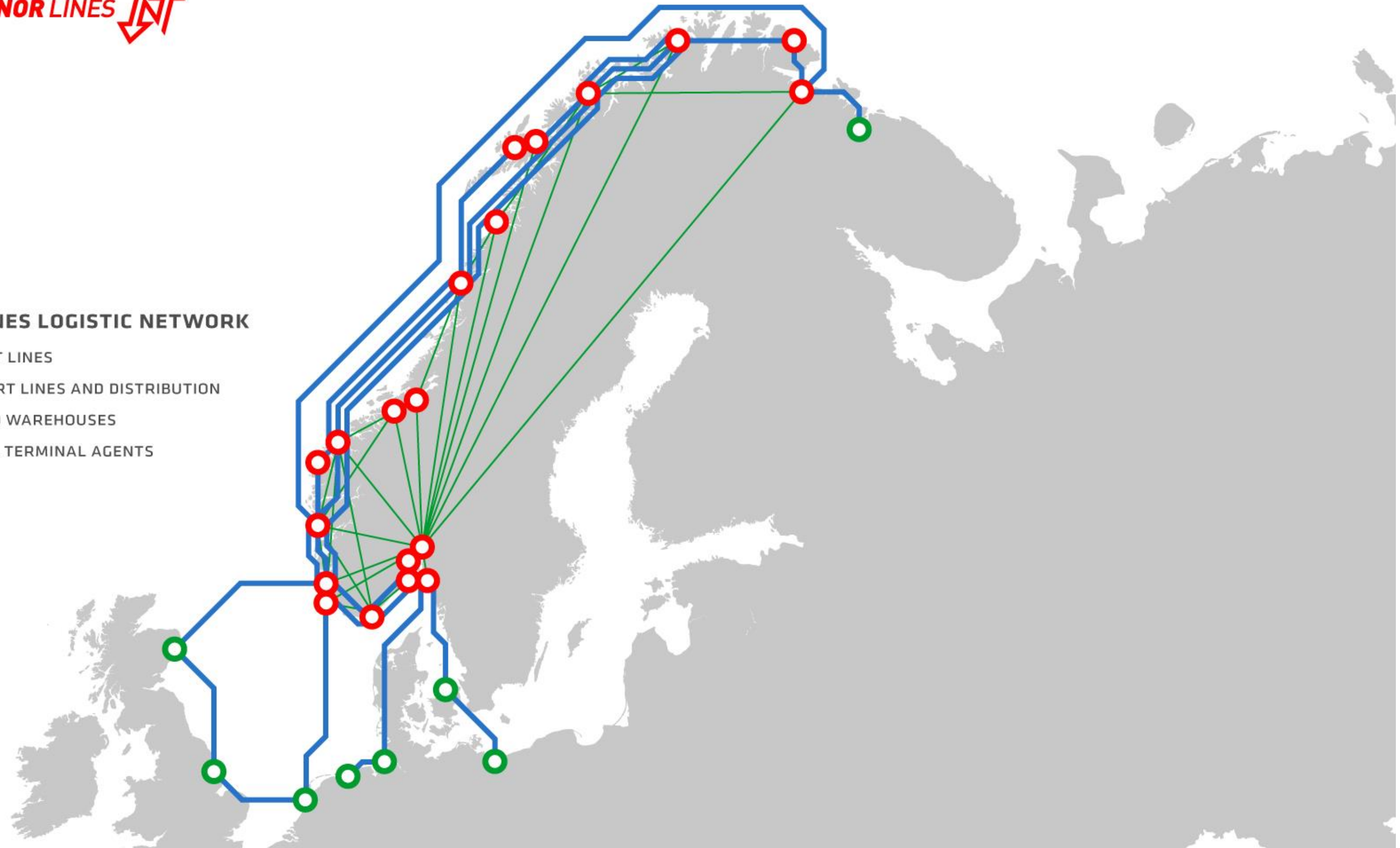
**TERMINALS AND WAREHOUSES**

- NOR LINES
- EIMSKIP NORWAY
- DOMESTIC AGENTS
- INTERNATIONAL AGENTS



**EIMSKIP AND NOR LINES LOGISTIC NETWORK**

-  SEA TRANSPORT LINES
-  LAND TRANSPORT LINES AND DISTRIBUTION
-  TERMINALS AND WAREHOUSES
-  INTERNATIONAL TERMINAL AGENTS





# NOR LINES

## The restructuring project

- The operation of Nor Lines has been challenging in recent years
- Why Nor Lines?
  - Eimskip sees Nor Lines as a strategic fit with restructuring opportunities
  - As a part of the transaction, Eimskip has already secured favorable agreements on the operation of Nor Lines' sailing system
  - Further synergy will be achieved by integrating the sailing system of Nor Lines with Eimskip
  - Three out of five vessels are sister vessels of Eimskip's current fleet in Norway, which creates operational benefit and synergies
  - Eimskip's current operation is mainly focusing on reefer trade but Nor Lines brings more diversified cargo combination and routes as well as having a strong connection to land operation
  - Sales and service opportunities with Eimskip's offices in Germany, the Netherlands and Poland



# NOR LINES

## The restructuring project

- Next steps
  - Eimskip can not start working on implementing the restructuring process until after a formal approval from the Norwegian Competition Authority in Q1 2017
  - The restructuring task is in two phases
    - Achieved in 2017 in relation to the transaction connected with the operation of the sailing system
    - Working on integration and synergies in 2017 and 2018
- Financial targets
  - Annual turnover of EUR 110 million
  - EBITDA margin of 6-8%



# ROYAL ARCTIC LINE

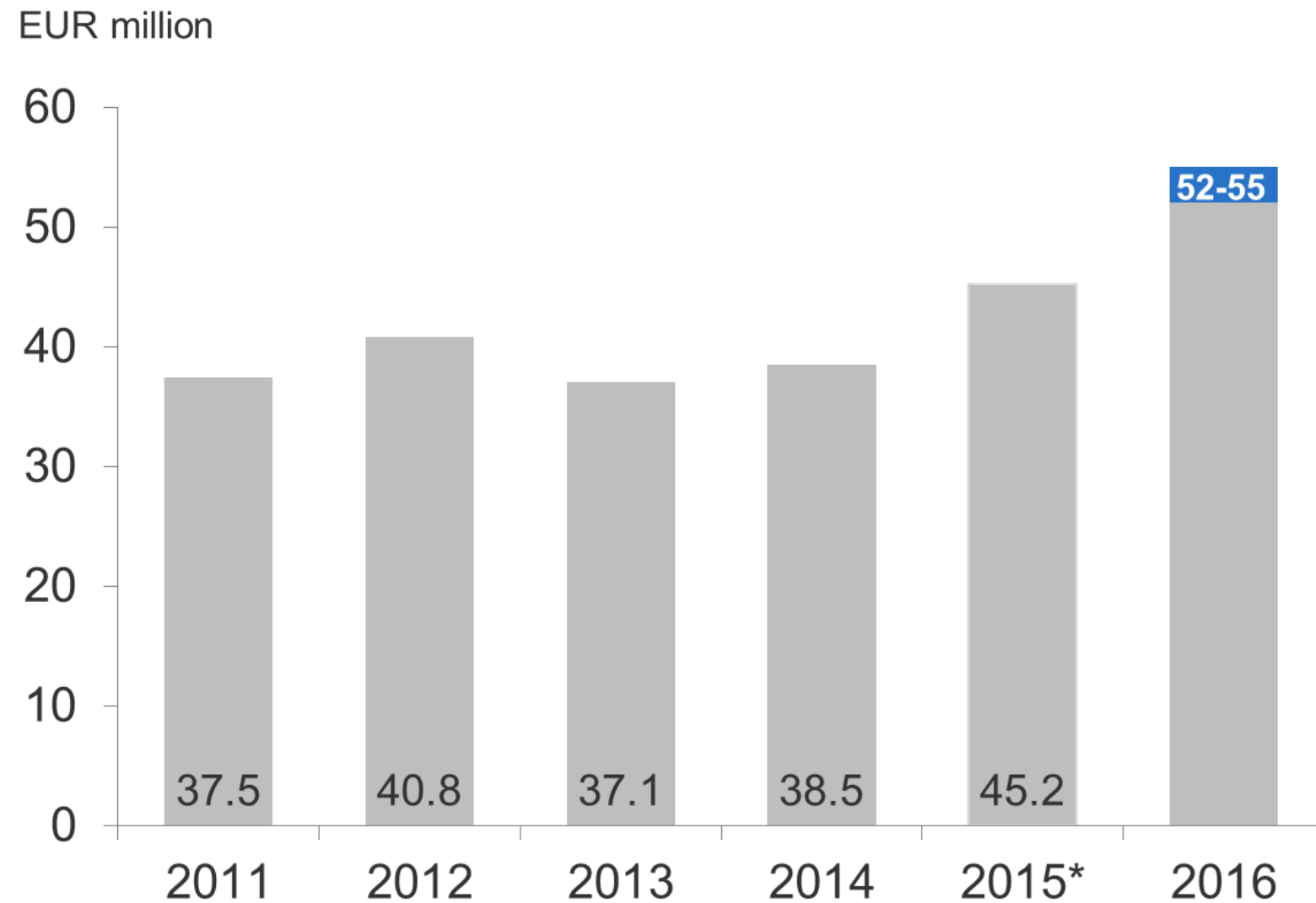
## Potential Joint Venture

- In May, Eimskip and Royal Arctic Line, the national carrier of Greenland, signed a letter of intent to evaluate a potential cooperation regarding
  - Container vessel investment
    - Plan to build together and share capacity on three vessels
  - Connecting of sailing systems
- The companies have been formalizing and evaluating the potential cooperation
- The project has been progressing well in recent weeks and months
- The goal is to conclude an agreement for a Joint Venture in December



# CHANGED EBITDA FORECAST FOR 2016

EBITDA in the range of EUR 52 to 55 million



\* EUR 2.0 million gain on disposal of a vessel under construction included in Q3 2015 EBITDA

- The outlook for the fourth quarter is in line with expectations
  - Continued volume growth is expected in the Icelandic market
  - Volumes in the Faroe Islands market are expected to grow
  - Outlook for the reefer market in Norway remains positive
  - Reefer forwarding for the first nine months has been affected by low freight rates but the outlook for Q4 is rising rates
  - Volumes are building up again in China after a very slow start in the first half of the year
  - Reefer cargo in the company's freight forwarding business has been picking up in the second half of the year and the dry cargo forwarding has been stable
- Uncertainty
  - Still uncertainty regarding wage agreements with a part of the Icelandic crew members on the company's vessels
  - General uncertainty regarding global economic conditions, volumes, rates, fuel costs, currency rates and competition
- The EBITDA forecast includes estimated results of Extraco and cost related to investments in new companies

A blue-tinted photograph showing the side of a ship with a large, stylized 'E' logo. The ship is moving through the ocean, leaving a white wake. The sky is a clear, deep blue.

# QUESTIONS

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