



PRESENTATION OF Q2 AND 6M 2019 RESULTS

Vilhelm Már Þorsteinsson, CEO



THIS IS EIMSKIP

Eimskip is a leading transportation company in the North Atlantic with connections to international markets and is specialized in worldwide freight forwarding services, with the vision of providing excellence in transportation solutions and services

ABOUT



63 OFFICES



18 VESSELS



20 COUNTRIES



200 TRUCKS



1750 EMPLOYEES



29 WAREHOUSES
16 COLD STORAGES



44 NATIONALITIES



ACHIEVEMENT
COOPERATION
TRUST

KEY FIGURES 6M 2019

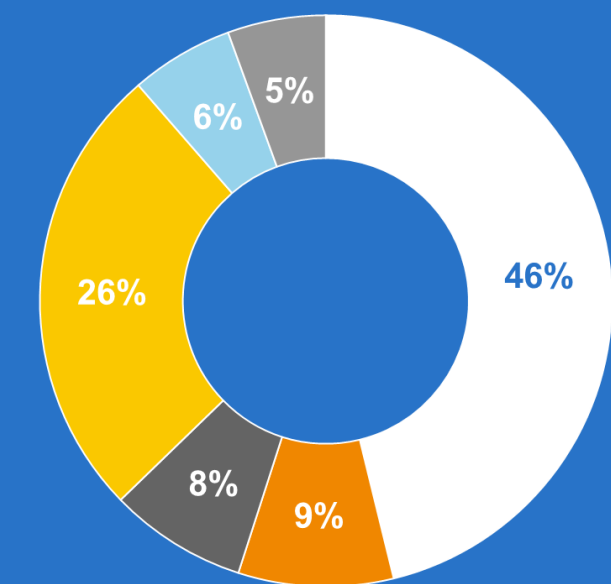
REVENUES: EUR 332 m

EBITDA: EUR 34.0 m
(EUR 23.8 m excl. IFRS16)

TOTAL ASSETS: EUR 527 m

EQUITY: EUR 232.9 m

GEOGRAPHICAL SPLIT OF REVENUE



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

An aerial photograph of a busy port. A large white and red container ship is docked at a pier. The pier is filled with stacks of colorful shipping containers in shades of blue, red, and white. Several blue gantry cranes are positioned along the pier, and a yellow crane is visible on the right. The water is a deep blue. The text is overlaid on the left side of the image.

KEY HIGHLIGHTS FOR Q2

STRONG CASHFLOW GENERATION

INTERNATIONAL OPERATION ON TRACK DESPITE LOWER VOLUME

STREAMLINING INITIATIVES IN NORWAY CONTINUE TO IMPROVE RESULTS

LOWER EXPORT VOLUME FROM FAROE ISLANDS

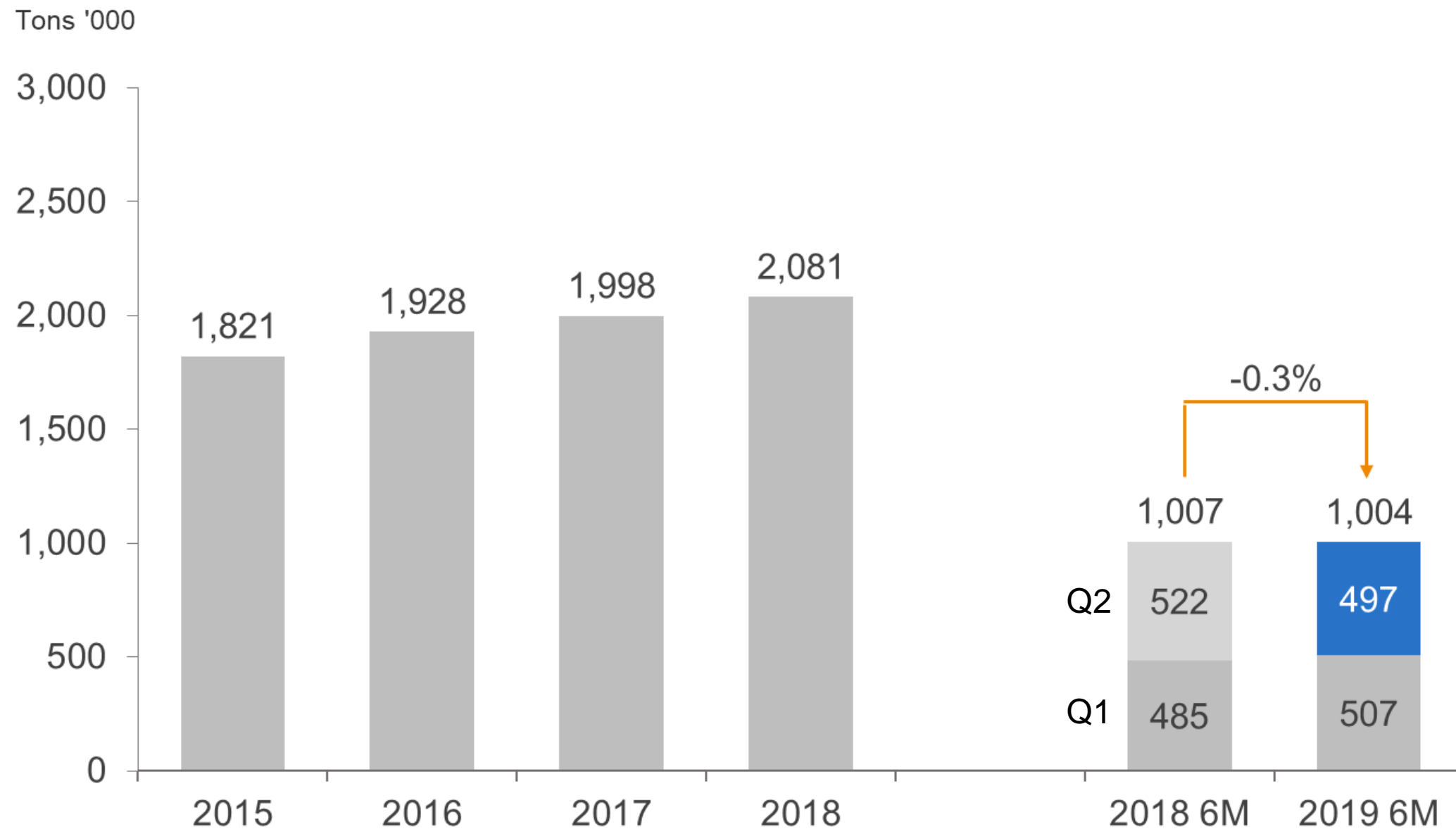
LOWER LEVEL OF IMPORT VOLUME TO ICELAND AND EXPORT LOST MOMENTUM DURING SUMMER

COST OF HEAD QUARTERS AND SUPPORT FUNCTION DECREASING

OPERATING ACTIVITIES

VOLUME DEVELOPMENT IN LINER SERVICES

Container Liner volume for 6M up 1.9% but Reefer Liner services down 16.0%



Q2

- Overall volume decrease of 4.8%
- Continued growth in Trans Atlantic (TA)
- Lower import and export volume to Iceland
- Export volume from Faroe Islands suffered from lower catch and change in product mix
- Lower volume in Norway due to capacity reduction (two fewer vessels)

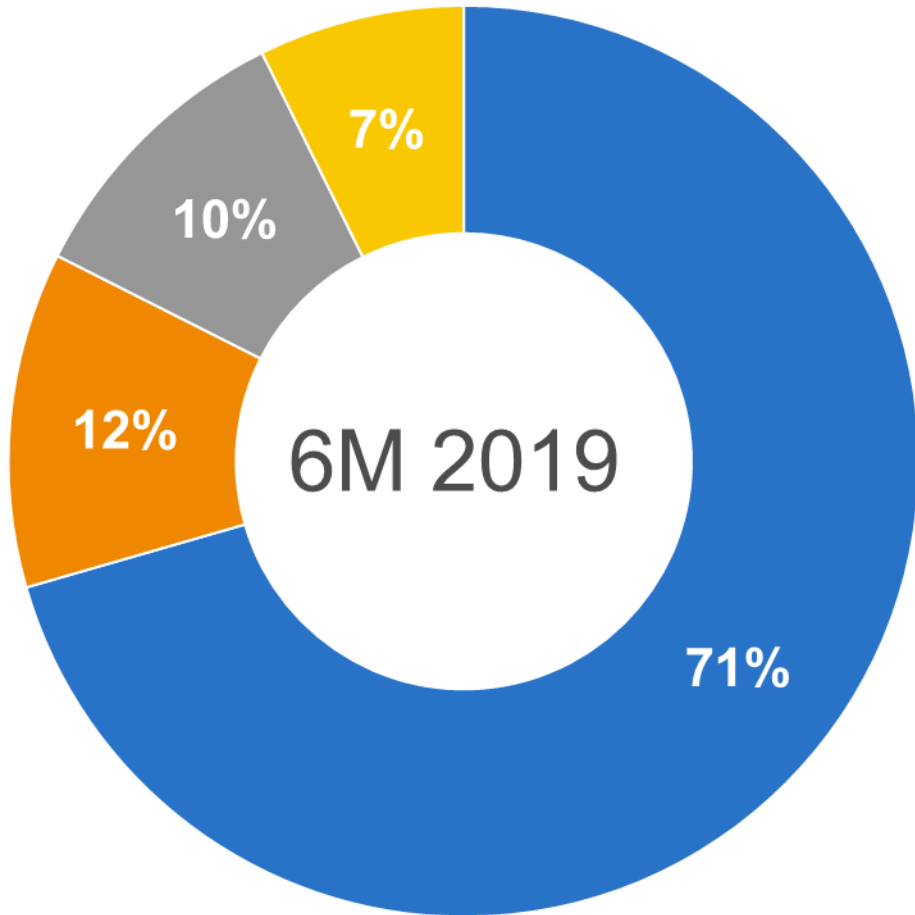
6M

- Import in Iceland generally lower in 2019 compared to last year
- Capacity reduction in Norway resulted in lower volumes
- Export from Iceland was strong most of the period but declining volumes in June

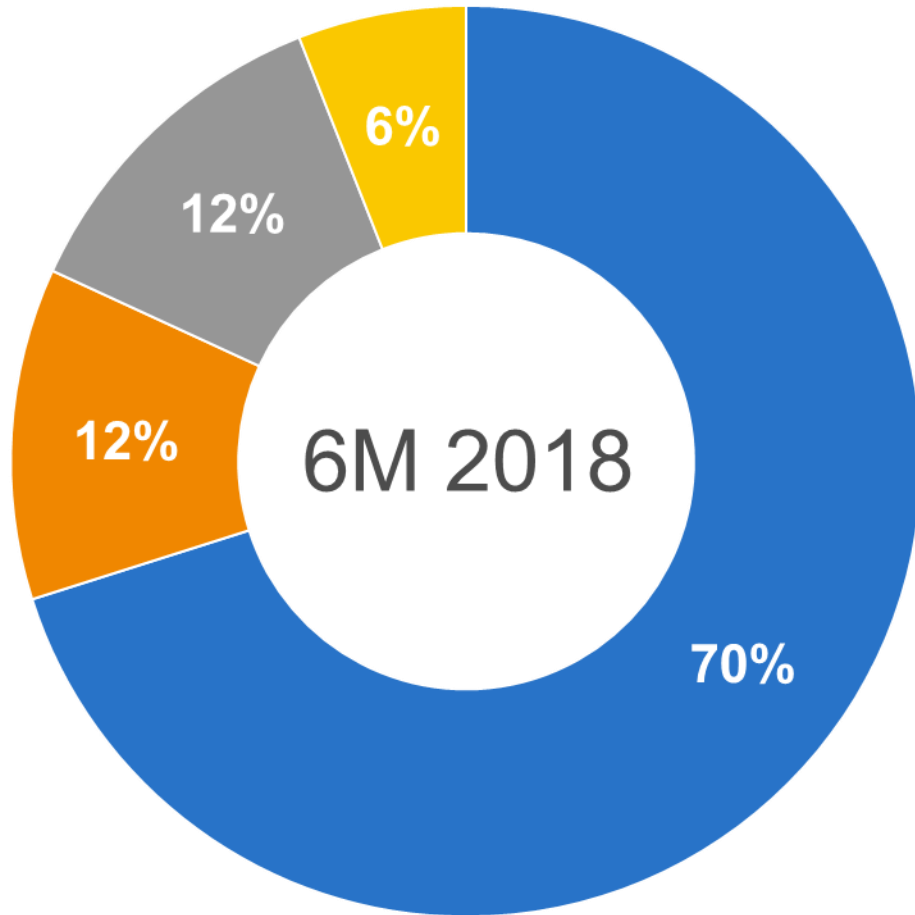
GEOGRAPHICAL SPLIT OF LINER VOLUME

Increased share of container liner services | Decrease in Norway due to capacity reduction of two vessels

VOLUME SPLIT



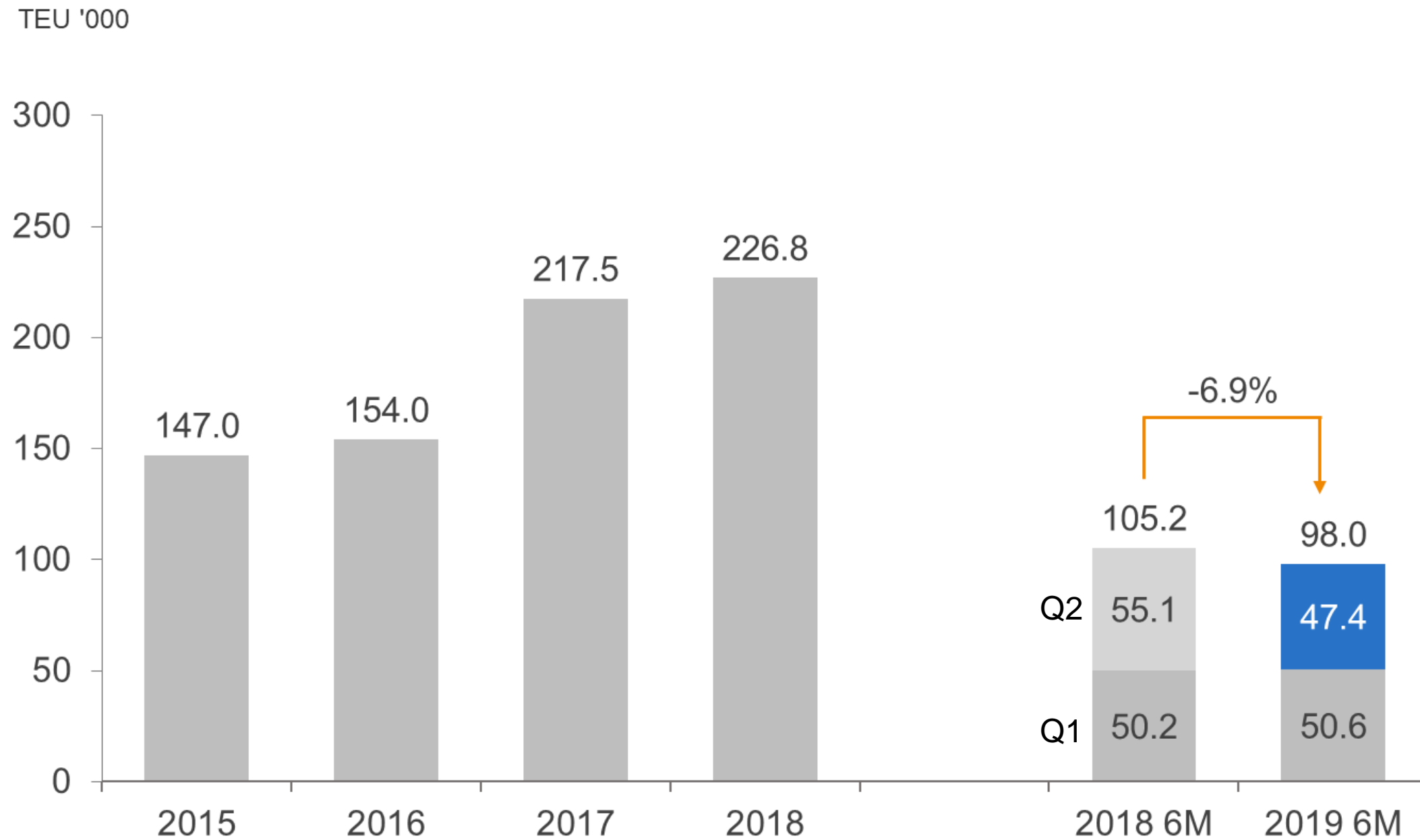
■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic



■ Iceland ■ Faroe Islands ■ Norway ■ Trans-Atlantic

VOLUME DEVELOPMENT IN FORWARDING SERVICES

Reefer forwarding volume for 6M down 3.5% and dry forwarding volume down 15.1%



Q2

- Decline of 14.2% in reefer forwarding
- Dry forwarding down 13.5% due to discontinued service in China

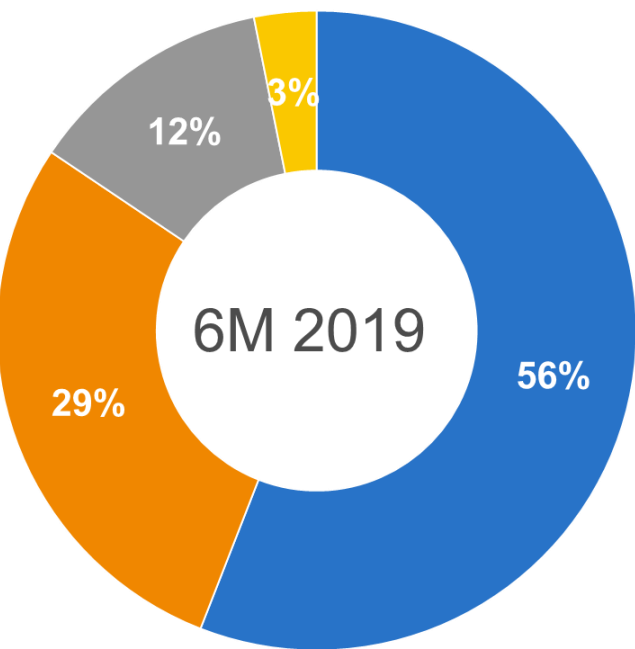
6M

- Good growth in reefer forwarding in Q1 however offset by decline in Q2
- Drop in dry forwarding volume in China has limited effect on results

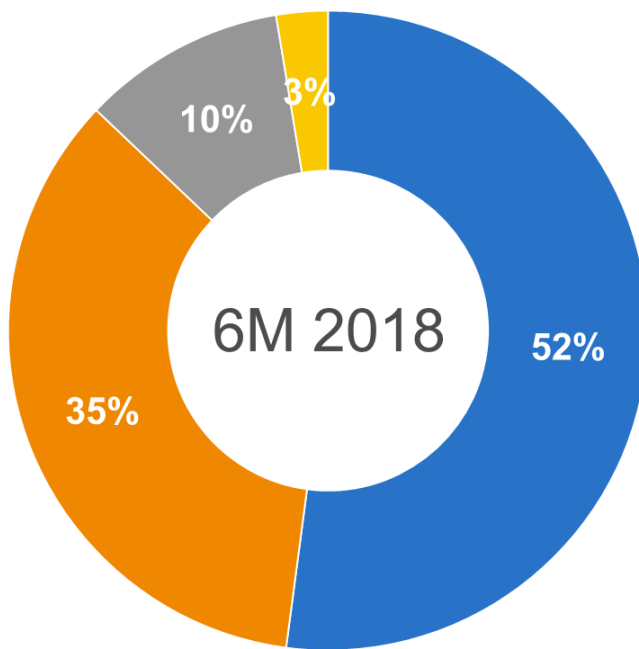
GEOGRAPHICAL AND CATEGORY SPLIT OF FORWARDING VOLUME

Dry cargo contract in China discontinued in Q4 2018 | Increased share of reefer cargo

GEOGRAPHICAL SPLIT

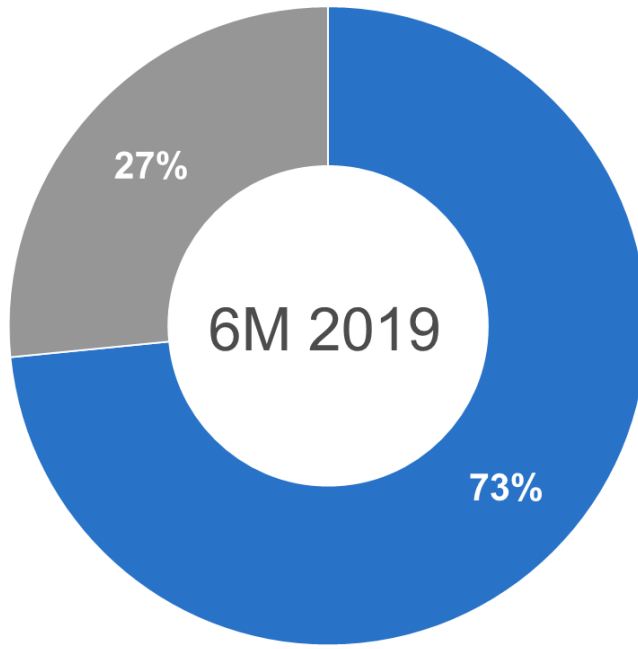


■ Europe ■ Asia ■ Scandinavia ■ N-America

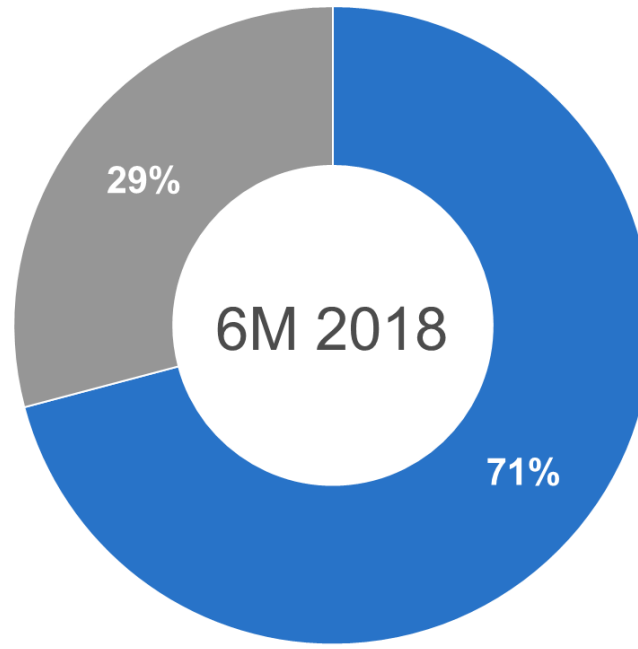


■ Europe ■ Asia ■ Scandinavia ■ N-America

CATEGORY SPLIT

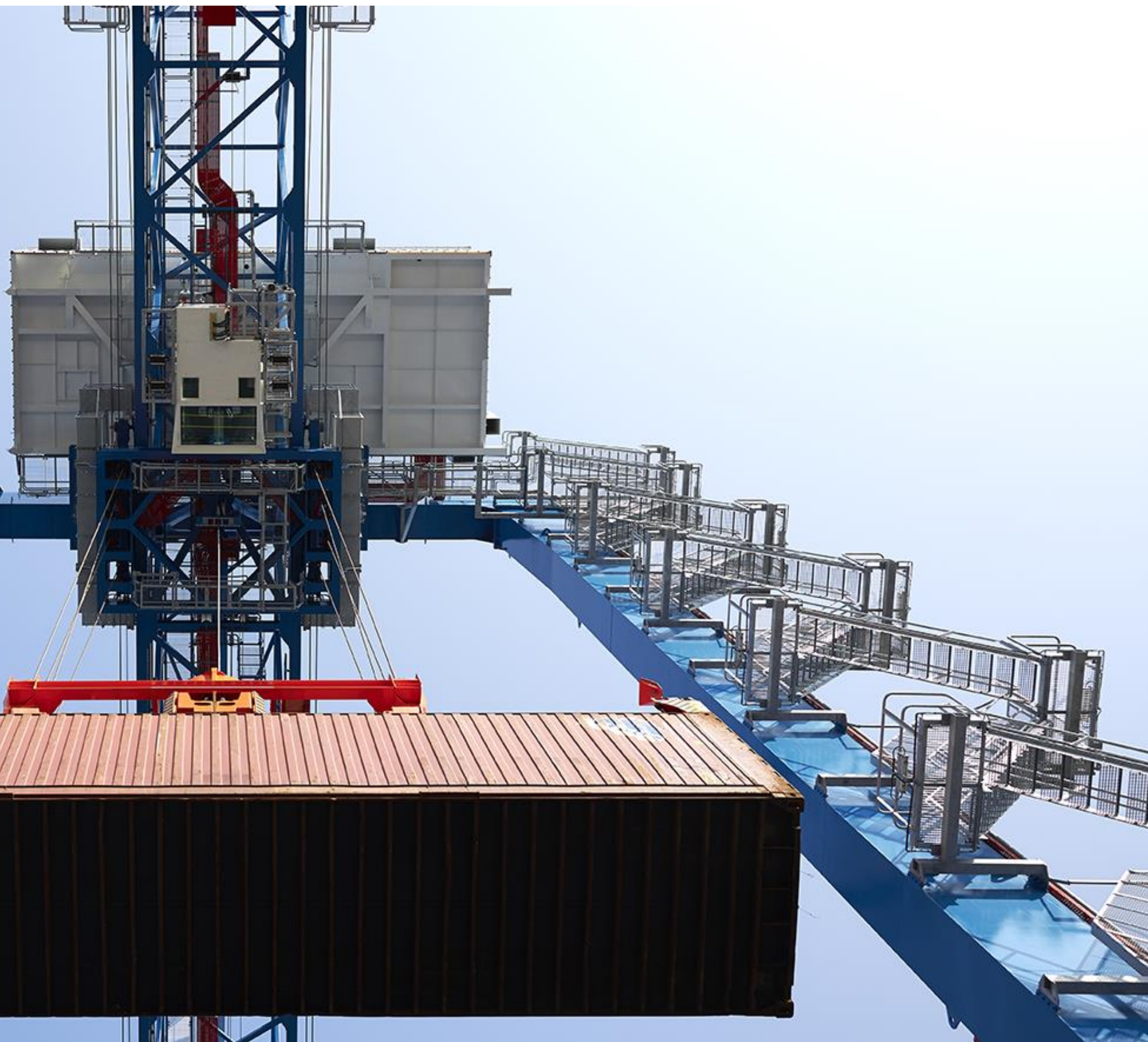


■ Reefer ■ Dry



■ Reefer ■ Dry

FINANCIAL RESULTS



INCOME STATEMENT Q2

Results slightly below expectations mainly due to lower volume in Iceland liner

EUR thousand	Q2 2019	IFRS 16 Impact	Q2 2019 Adjust.	Q2 2018	Change	%
Revenue	167,535		167,535	172,631	(5,096)	(3.0%)
Expenses	149,043	5,342	154,385	157,718	(3,333)	(2.1%)
EBITDA	18,492	(5,342)	13,150	14,913	(1,763)	(11.8%)
Depreciation and amortization	(13,391)	5,256	(8,135)	(7,918)	(217)	2.7%
EBIT	5,101	(86)	5,015	6,995	(1,980)	(28.3%)
Net finance expense	(1,606)	(35)	(1,641)	(901)	(740)	(82.1%)
Share of loss of equity accounted investees	85		85	(345)	430	124.6%
Net earnings before income tax	3,580	(121)	3,459	5,749	(2,290)	(39.8%)
Income tax	(929)	25	(904)	(1,134)	230	-
Net earnings for the period	2,651	(96)	2,555	4,615	(2,060)	(44.6%)

- A decrease of 3.0% in revenues, mainly due to lower liner volume in Iceland and the Faroe's
- Salary cost decreased 5.3% while other operating expenses decreased 1.2%
- EBITDA slightly below expectations as a result of lower liner volume in June to and from Iceland

INCOME STATEMENT 6M

Operational improvements in first 6M

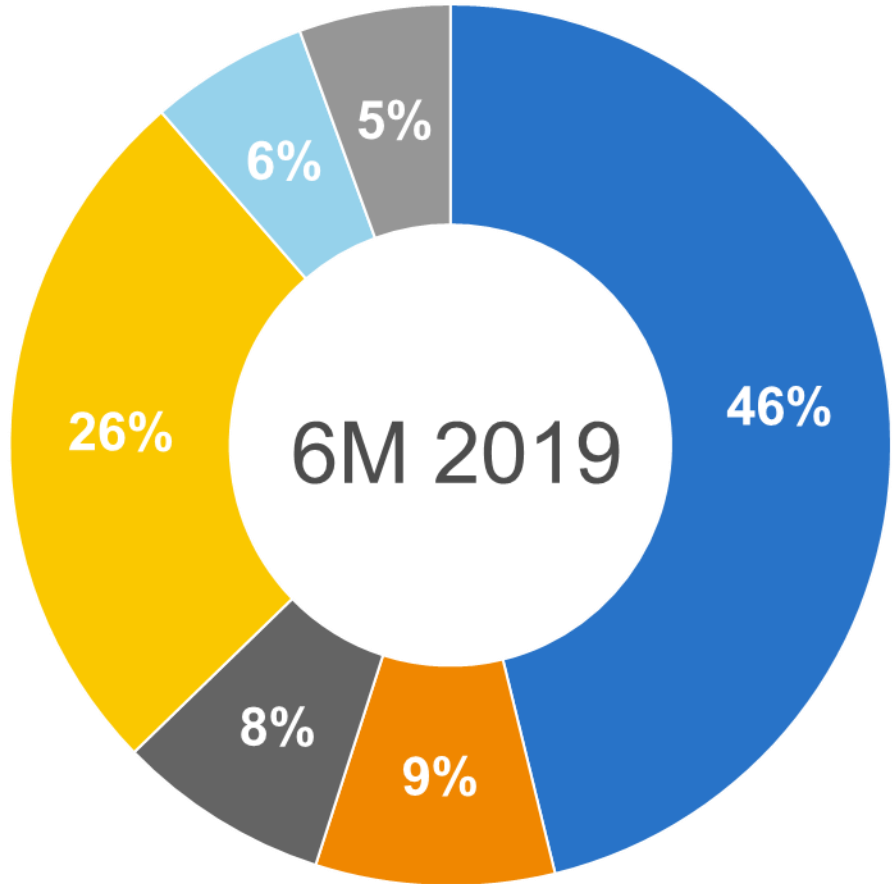
EUR thousand	6M 2019	IFRS 16 Impact	6M 2019 Adjust.	6M 2018	Change	%
Revenue	331,523		331,523	328,163	3,360	1.0%
Expenses	297,509	10,232	307,741	305,999	1,742	0.6%
EBITDA	34,014	(10,232)	23,782	22,164	1,618	7.3%
Depreciation and amortization	(26,469)	9,947	(16,522)	(15,725)	8,456	5.4%
EBIT	7,545	(285)	7,260	6,439	821	12.8%
Net finance expense	(2,904)	152	(2,752)	(2,015)	(737)	(36.6%)
Share of loss of equity accounted investees	1		1	(1,015)	1,016	100.1%
Net earnings before income tax	4,642	(133)	4,509	3,409	1,100	32.3%
Income tax	(4,504)	27	(4,477)	(380)	(4,097)	-
Net earnings for the period	138	(106)	32	3,029	(2,997)	98.9%

- Marginal increase in revenues between periods
 - Revenue growth of EUR 8.5 million or 5.4% in Q1 compared to a decline of EUR 5.1 million in Q2 or 3%
- EBITDA EUR 23.8 million excluding IFRS 16, an increase of EUR 1.6 million or 7.3%
- An increase of EUR 1.1 million or 32.3% in net earnings before tax
- One-off tax expense amounting EUR 3.4 million following a ruling of Internal Revenue Board

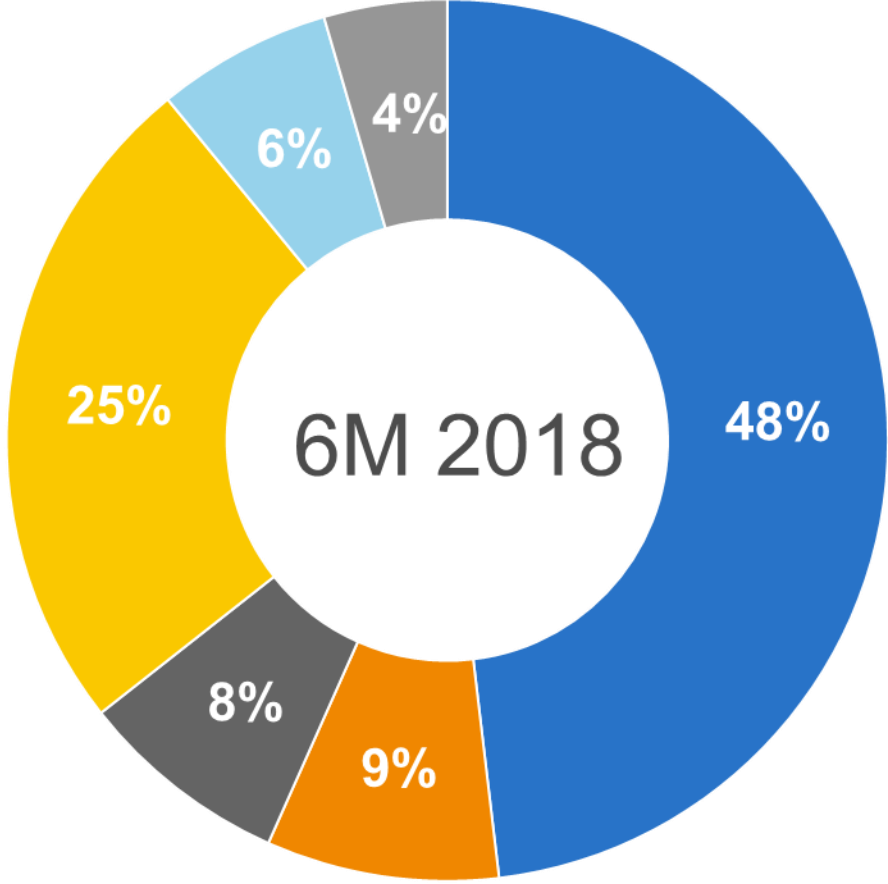
GEOGRAPHICAL SPLIT OF REVENUE

Increased share of Europe and Trans-Atlantic (TA) | Iceland affected by lower import volume

REVENUE SPLIT



- Iceland
- Norway
- Asia
- Faroe Islands
- Europe
- N-America / TA

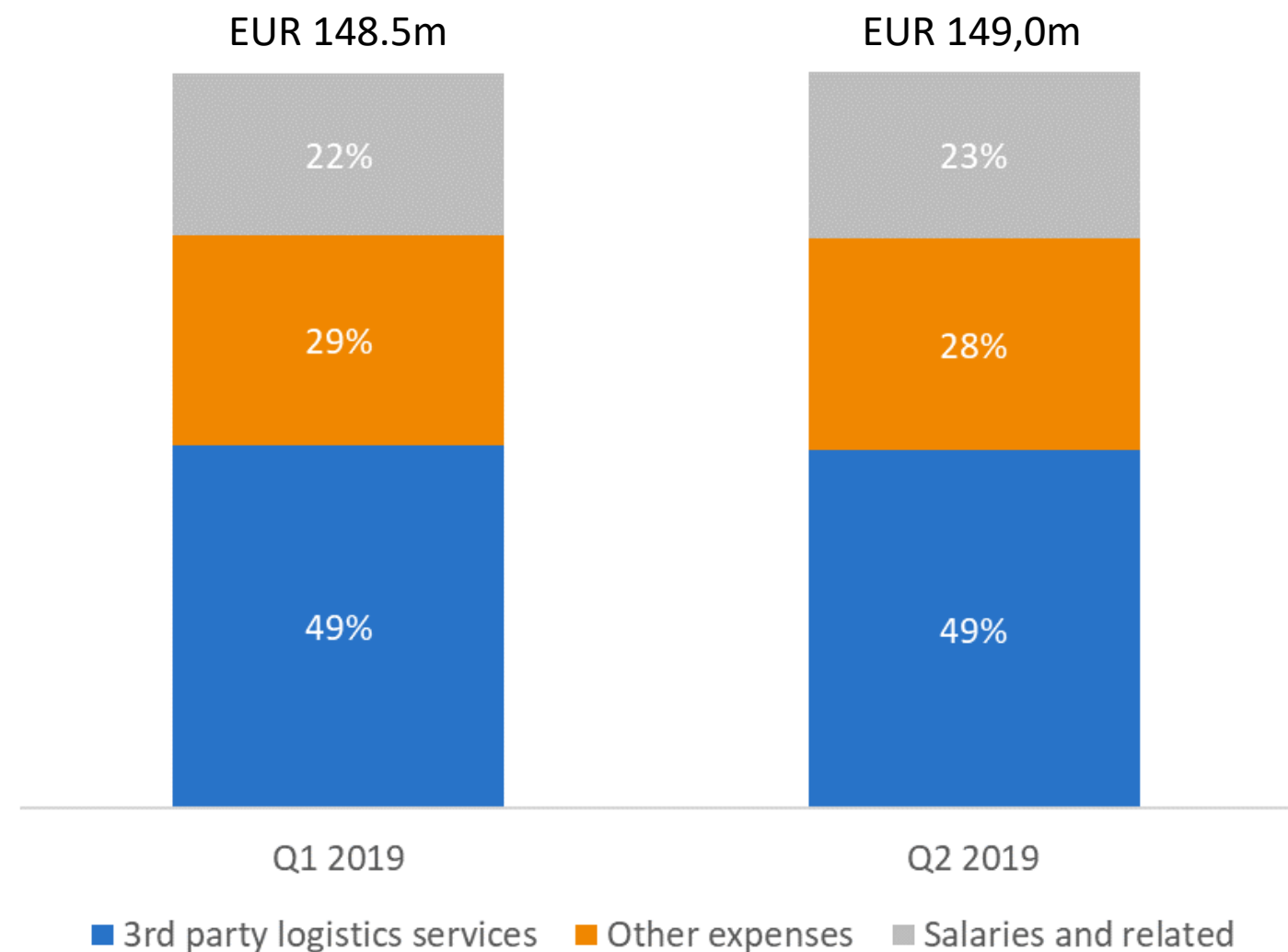


- Iceland
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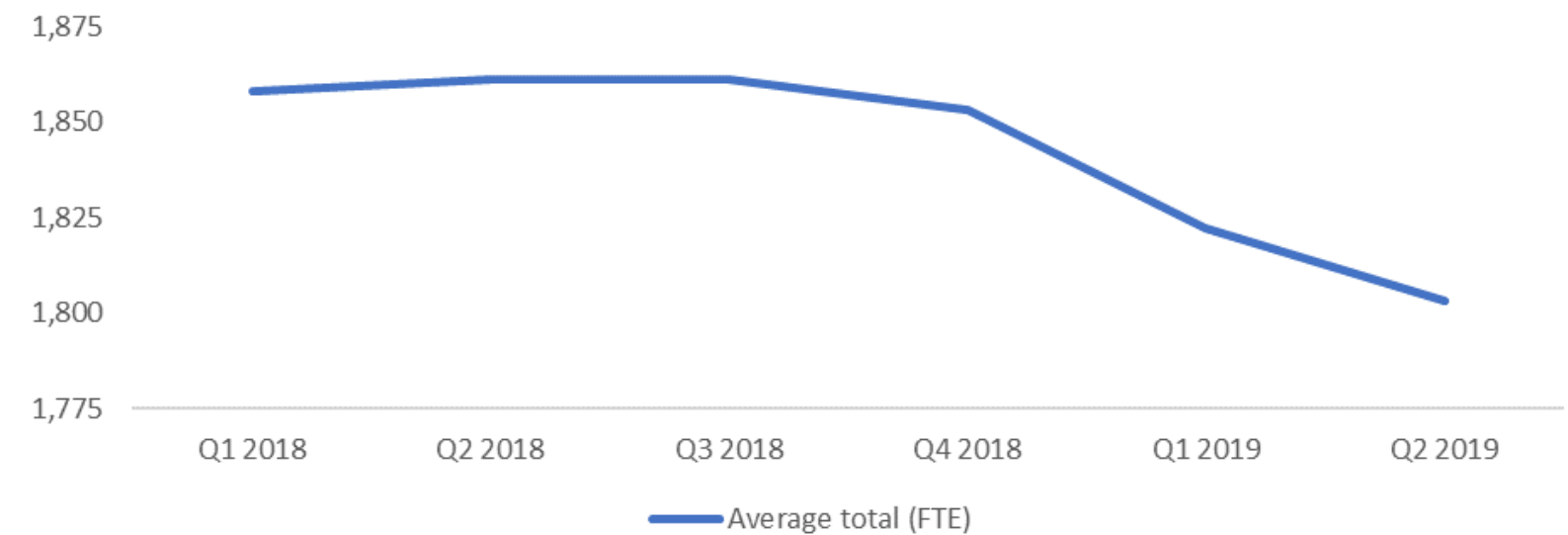
SPLIT OF TOTAL OPERATING EXPENSES

Almost half of operating expenses is directly volume driven

COST SPLIT

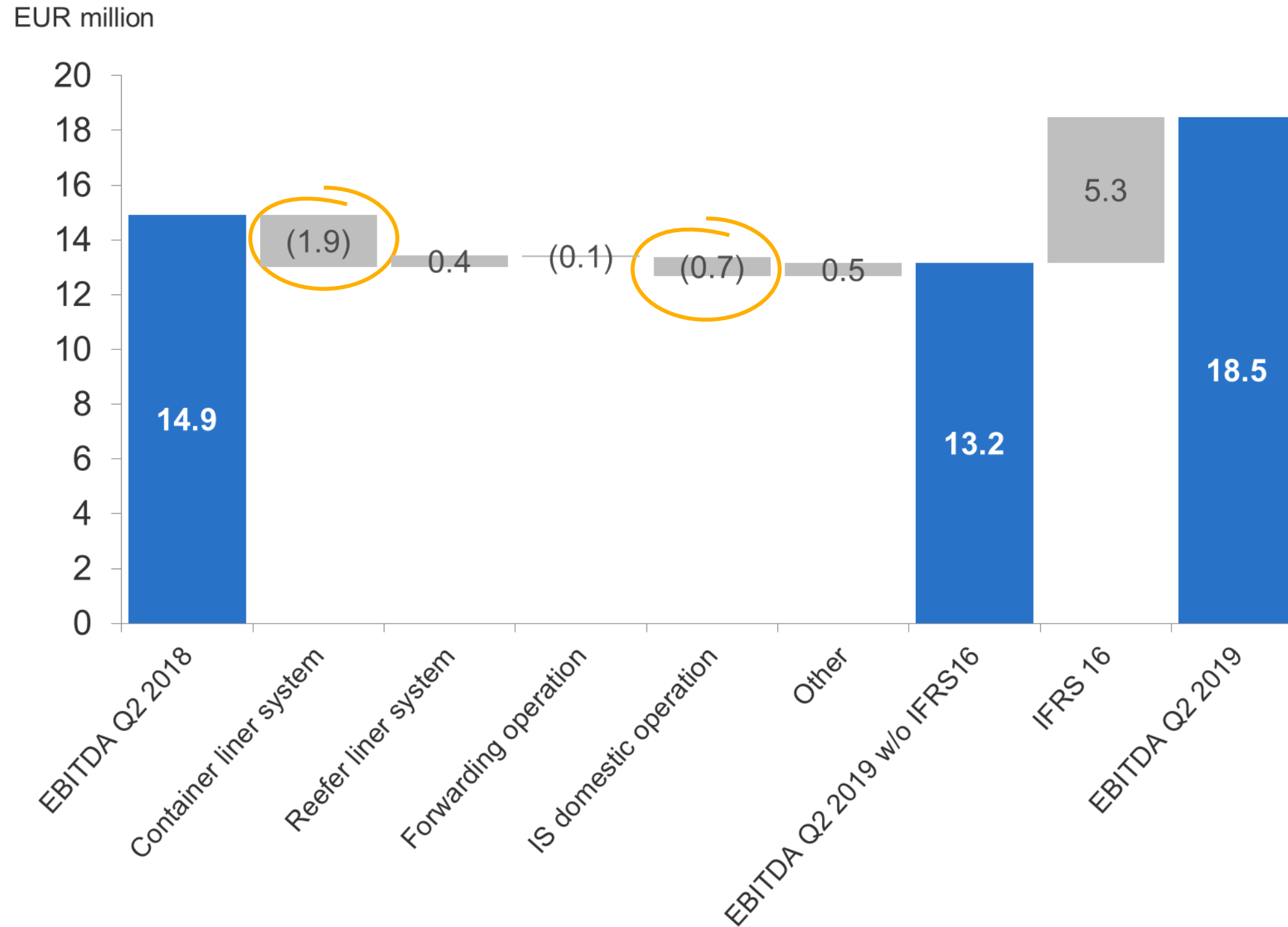


- Cost development in global transportation markets affects cost of 3rd party logistics services
 - China forwarders trade index increased by 12% between years
- Other expenses include e.g. fuel expenses, operational cost of vessels and equipment, IT and general operating cost
- Salary expenses decreasing due to streamlining measures approx. EUR 2 million in first 6M and additionally affected by weaker ISK
 - Number of FTE's continue to decrease from end of last year



EBITDA BRIDGE Q2

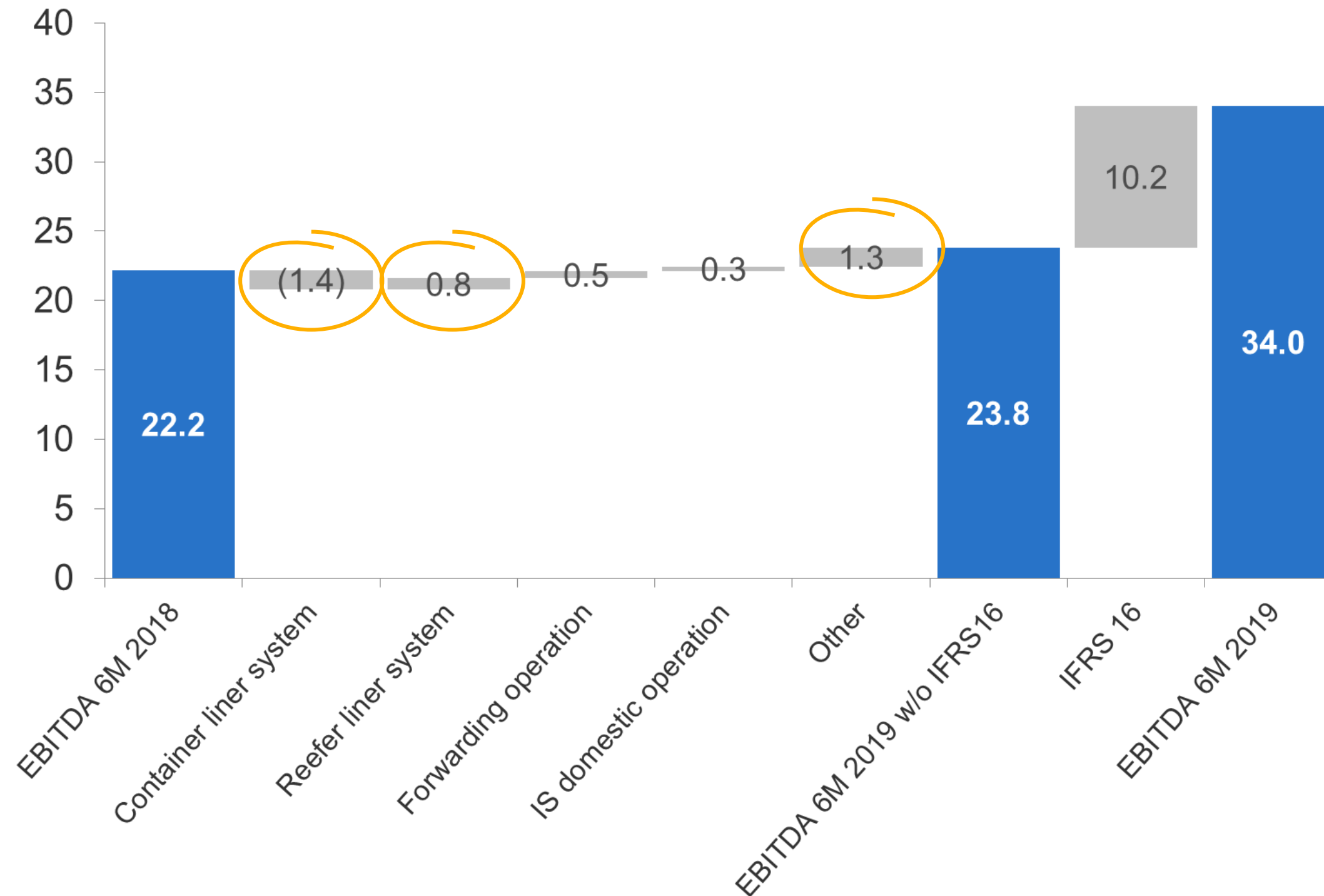
Decrease in EBITDA somewhat more than expected



- EBITDA mostly affected by decreased volume in Iceland Liner which also affected the Domestic operations

EBITDA BRIDGE 6M

Improvements in Norway and Iceland more than offset negative development in Container liner system

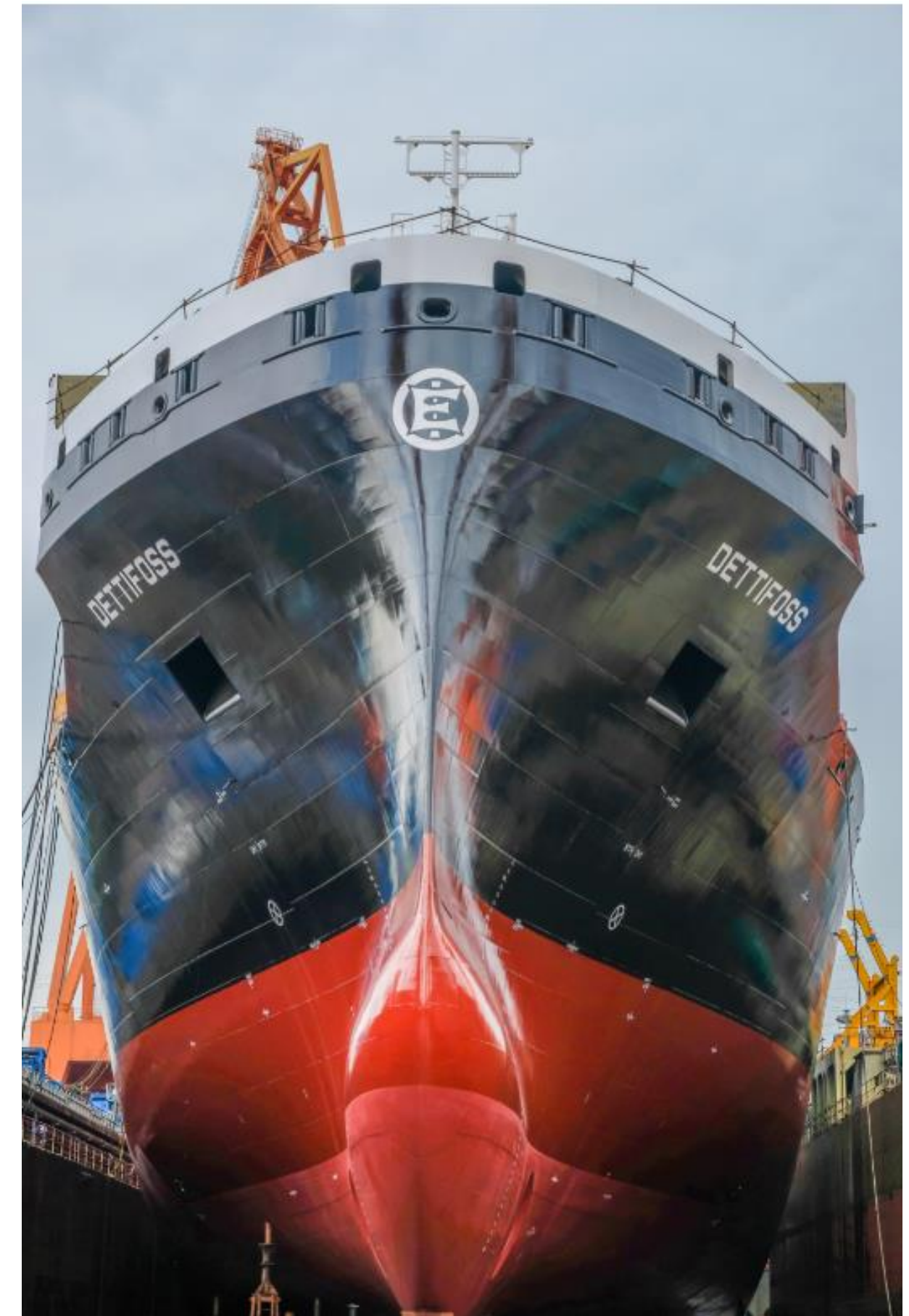


- Following a strong Q1 in Container liner volume, Q2 was affected by lower volume in import to Iceland and export from Faroe Islands
- Norway improving as a result of capacity reduction and various restructuring and operational measures
- Streamlining and cost cutting projects in Iceland contributing positively between periods

CONTAINER SAILING SYSTEM UNDER REVIEW

Adjusting for lower volume levels but maintaining high customer service levels

- Sailing system has been under review with the aim of:
 - Lowering fixed operating costs
 - Adjust for current volumes and increase utilization
 - Continue to secure high customer service level
 - Pave the way for the Royal Arctic Line co-operation
- Partnership with Unifeeder established and started in beginning of Q3
- The plan is to introduce adjusted container sailing system before year end
- Expected benefits of adjusted sailing system and co-operation with Royal Arctic line to be presented in Q3 investor presentation
 - An estimated delay in delivery of few weeks
 - The new vessels expected to be delivered in Q4 and co-operation with Royal Arctic Line to commence in Q1 2020



BALANCE SHEET

Balance sheet affected by new accounting standard IFRS 16

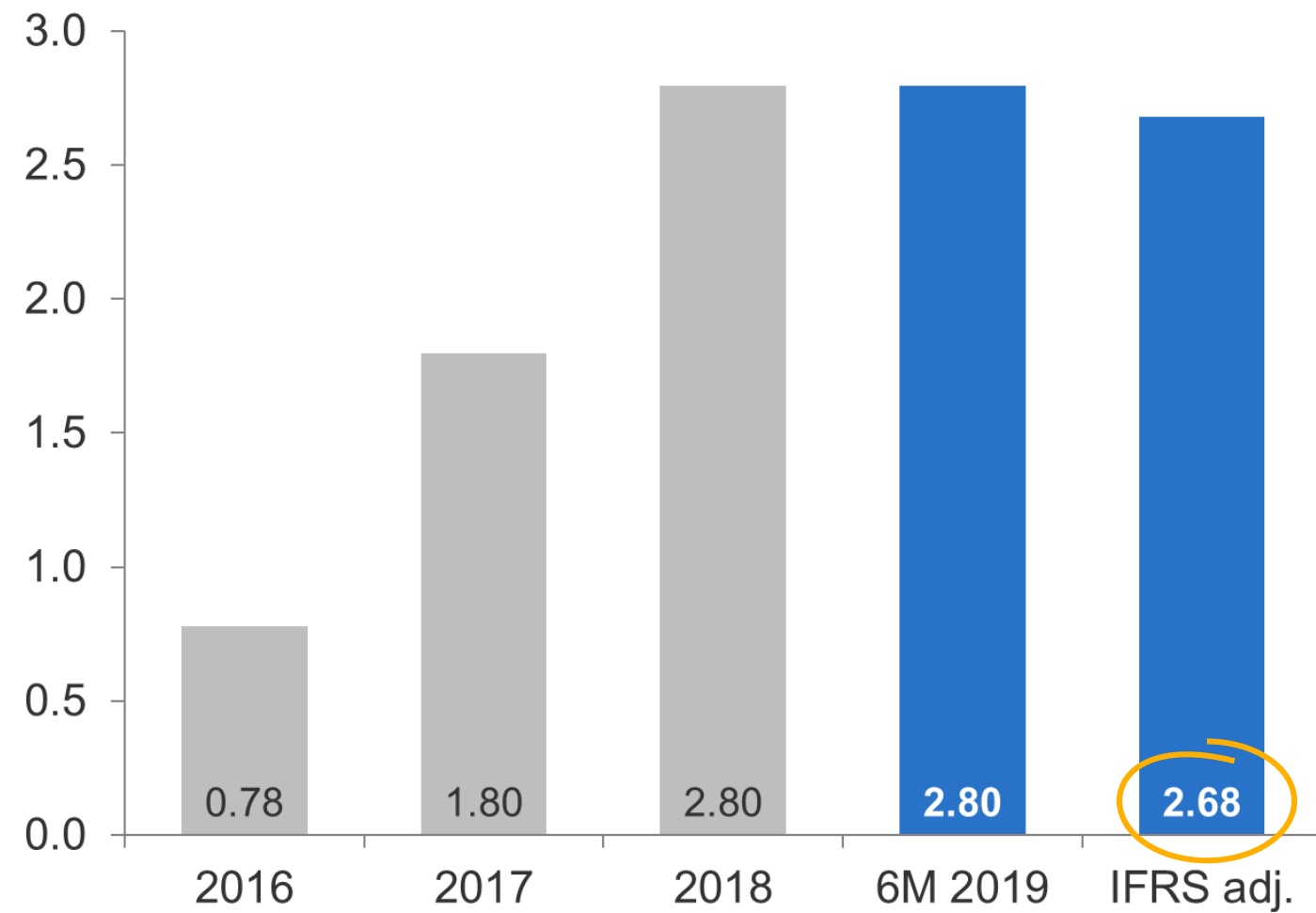
EUR thousand	30.6.2019	31.12.2018	Change	%
Non-current assets	372,409	335,172	37,237	11.1%
Fixed assets	318,642	313,765	4,877	1.6%
Right-of-use assets	34,622	0	34,622	-
Other non-current assets	19,145	21,407	(2,262)	(10.6%)
Current assets	154,612	151,124	3,488	2.3%
Assets	527,021	486,296	40,725	8.4%
Equity	232,856	238,926	(6,070)	(2.5%)
Non-current liabilities	183,252	140,753	42,499	30.2%
Current liabilities	111,849	106,617	5,232	4.9%
Liabilities	294,165	247,370	46,795	18.9%
Equity and liabilities	527,021	486,296	40,725	8.4%

- Approx. EUR 35 million increase in assets and liabilities due to IFRS 16 effects
- Equity ratio 44.1% and 47.2% excluding IFRS 16 compared to 49.1% at end of 2018
 - Dividend payment amounting to EUR 4.8 million
 - Share buy-back amounting to EUR 1.9 million

DEVELOPMENT OF FINANCIAL RATIOS

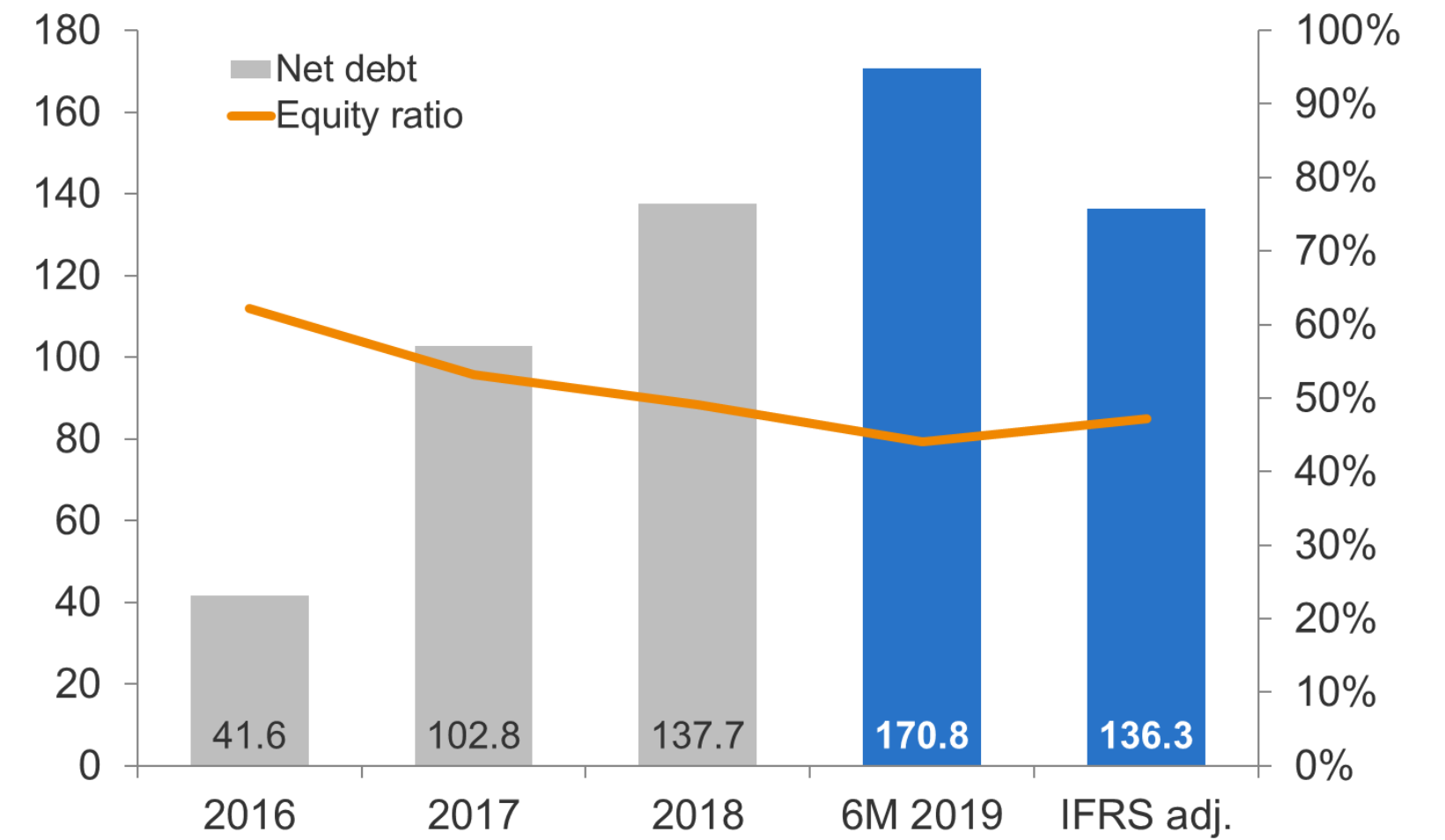
Excluding IFRS 16, leverage ratio decreases from year-end 2018

NET DEBT / EBITDA



NET DEBT AND EQUITY RATIO

EUR million



CASH FLOW IN Q2 AND 6M

Substantial increase in cashflow from operation continues

Million EUR	Q2 2019	Q2 2018	6M 2019	6M 2018
EBITDA	13.2	14.9	23.8	22.2
Working capital changes & other	4.0	(3.0)	7.6	(8.7)
Taxes	(0.4)	(0.1)	(0.9)	(0.4)
Cash flow from operation	16.8	11.8	30.6	13.1

- Management has increased focus on cash generation which has been improving

CASH FLOW IN Q2 AND 6M

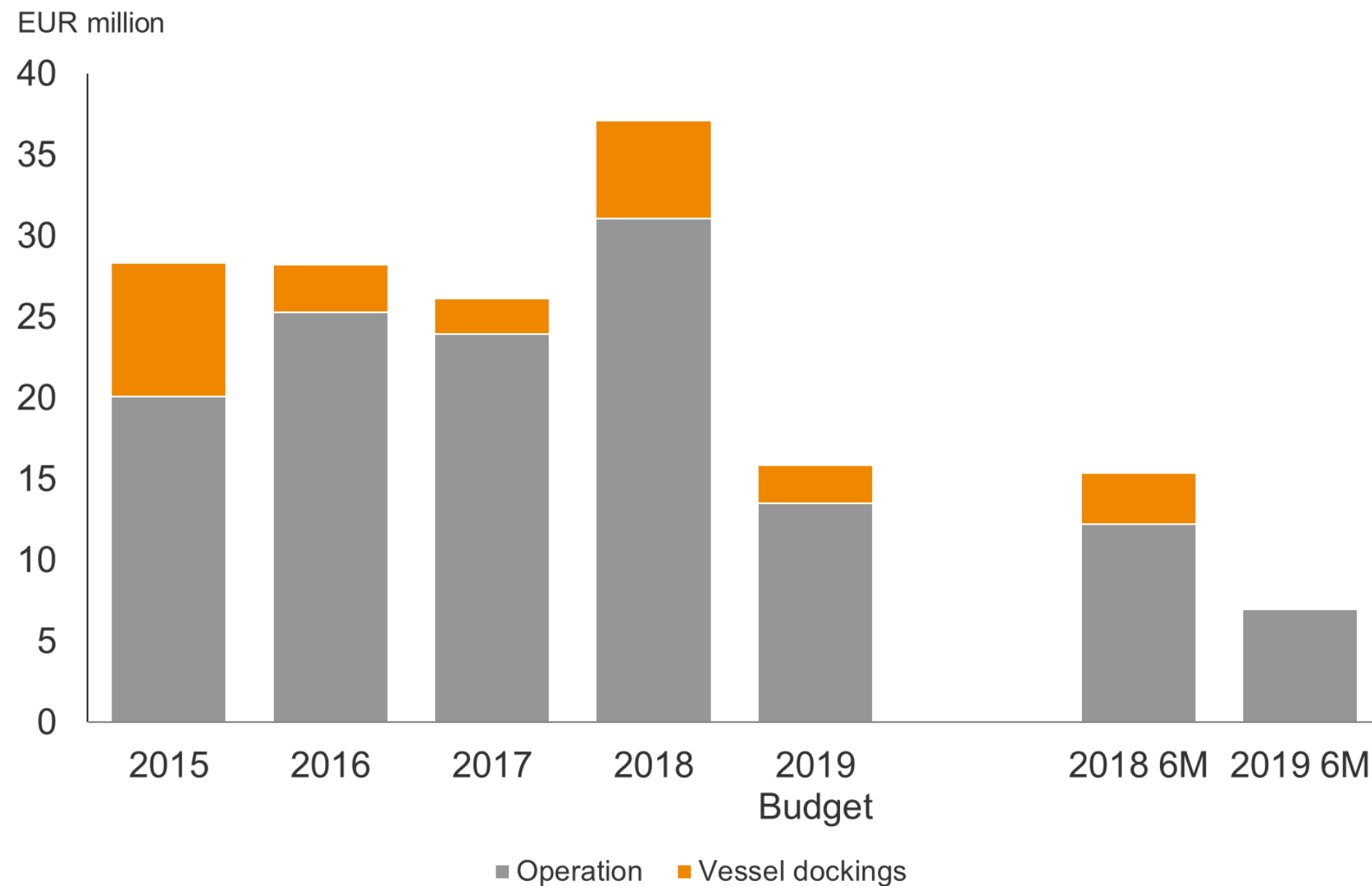
Substantial increase in cashflow before debt service continues

Million EUR	Q2 2019	Q2 2018	6M 2019	6M 2018
EBITDA	13.2	14.9	23.8	22.2
Working capital changes & other	4.0	(3.0)	7.6	(8.7)
Taxes	(0.4)	(0.1)	(0.9)	(0.4)
Cash flow from operation	16.8	11.8	30.6	13.1
Maintenance CAPEX net of sale	(2.1)	(6.8)	(5.5)	(12.7)
Cash flow before debt service	14.7	5.0	25.0	0.4

- Management has increased focus on cash generation which has been improving
- A decrease of EUR 7.2 million in maintenance CAPEX between periods

DEVELOPMENT IN MAINTENANCE CAPEX

Management intention is to keep maintenance CAPEX at lower levels than previous years



- Maintenance CAPEX in 2019 at a different level than previous years
- 6M 2019 maintenance CAPEX EUR 7.0 million, slightly under budget, compared to EUR 15.4 million for same period 2018
 - Maintenance CAPEX expected to be on budget at year end or EUR 15.9
 - Maintenance CAPEX items mostly relate to renewal of containers, trucks, terminal equipment, docking of vessels and IT related expenditures
- A 3-year maintenance CAPEX plan to be presented in Q3 investor presentation

CASH FLOW IN Q2 AND 6M

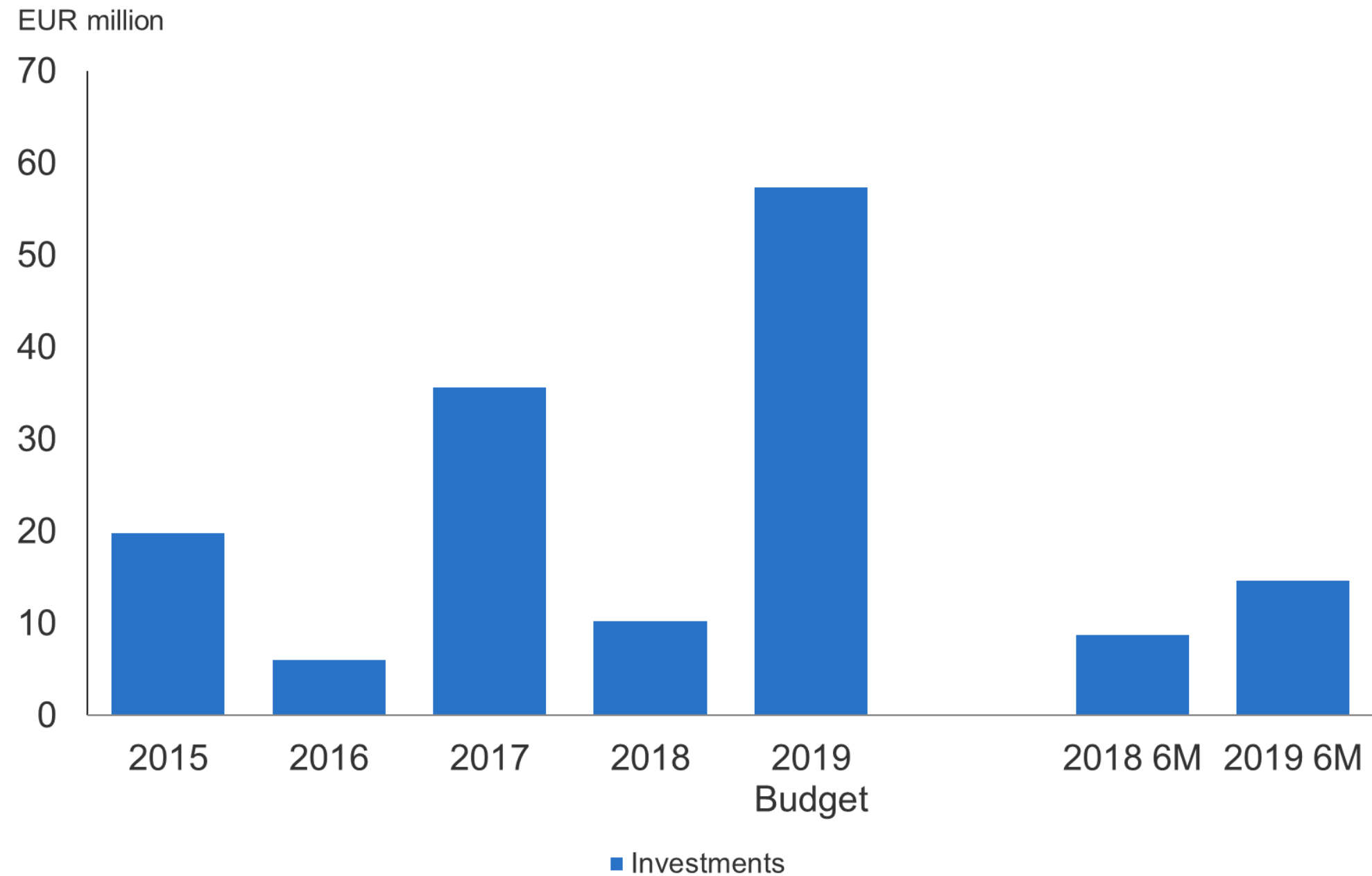
Substantial increase in cashflow before investments continues

Million EUR	Q2 2019	Q2 2018	6M 2019	6M 2018
EBITDA	13.2	14.9	23.8	22.2
Working capital changes & other	4.0	(3.0)	7.6	(8.7)
Taxes	(0.4)	(0.1)	(0.9)	(0.4)
Cash flow from operation	16.8	11.8	30.6	13.1
Maintenance CAPEX net of sale	(2.1)	(6.8)	(5.5)	(12.7)
Cash flow before debt service	14.7	5.0	25.0	0.4
Debt repayment and interests	(4.0)	(3.6)	(7.7)	(7.1)
Cash flow before Investments	10.7	1.4	17.4	(6.7)

- Management has increased focus on cash generation which has been improving
- A decrease of EUR 7.2 million in maintenance CAPEX between periods
- Strong cashflow to service investments

DEVELOPMENT IN INVESTMENTS

Large scale infrastructure investments in 2019 for long term use



- Investments expected to be substantially lower in coming years compared to 2019 and 2017 levels
- Investments for 6M 2019 amounted to EUR 14.7 million
 - Lower than planned at 6M
 - Full year investments expected to remain on budget at approx. EUR 58 million
- Investments during 2019 mainly in:
 - New vessels EUR 42 million
 - Gantry crane and terminal area constructions EUR 11 million
 - Other investments EUR 5 million

CASH FLOW IN Q2 AND 6M

Substantial increase in cashflow before debt service continues

Million EUR	Q2 2019	Q2 2018	6M 2019	6M 2018
EBITDA	18.5	14.9	34.0	22.2
Working capital changes & other	4.0	(3.0)	7.4	(8.7)
Taxes	(0.4)	(0.1)	(0.9)	(0.4)
Repayment and interest of lease liabilities	(5.3)	0.0	(10.0)	0.0
Maintenance CAPEX net of sale	(2.1)	(6.8)	(5.5)	(12.7)
Cash flow before debt service	14.7	5.0	25.0	0.4
Debt repayment and interests	(4.0)	(3.6)	(7.7)	(7.1)
Cash flow before Investments	10.7	1.4	17.4	(6.7)
Net investments	(8.3)	(5.5)	(14.6)	(12.0)
Debt funding	5.5	14.3	9.7	28.0
Dividend to minority	(0.0)	(0.3)	(0.2)	(0.7)
Share buy-back	(1.6)	0.0	(1.6)	0.0
Dividend to Shareholders of the Company	(4.7)	(10.4)	(4.7)	(10.4)
Change in Cash	1.5	(0.5)	5.8	(1.8)

- Management has increased focus on cash generation which has been improving
- Share buy-back program initiated in Q2 and completed in early Q3
 - Total share buy-back program amounting EUR 3.6 million
 - Classified as treasury shares
- Considerable investments forecasted in the second half of the year
 - Funding secured for 80% of the vessel investment of which the Company has already paid 40%
 - New Gantry crane and terminal area construction funded with cash from operations

HEADQUARTERS CONSOLIDATED IN VÖRUHÓTEL IN FIRST HALF OF 2020

An investment not in current investment plan but attractive payback

- The Board of Directors has approved to work towards consolidating Eimskip's headquarters in the office facility in the warehouse Vöruhótel
 - A reduction of office space by 3,230m² or approx. 50%
 - Estimated yearly rental income plus decrease in OPEX of Korngarðar 2 in the range of ISK 100-125 million (kEUR 730-870)
- Implementing Activity Based Work environment
- Estimating additional benefits through increased collaboration, shorter lines of communication and more dynamic work environment
- In line with management's strategy of increasing profitability of core operation

	Rental price pr. m ²	
	2.000	2.500
Million ISK		
Rental income pr. year	78	97
Decrease in OPEX	25	25
Potential benefit pr. year	103	122
<i>kEUR equivalent (at 140 ISK)</i>	732	871



SUMMARY AND GUIDANCE

1 COOLDOWN OF THE ICELANDIC ECONOMY
AFFECTING IMPORT VOLUME

2 STRONG FOCUS ON CASHFLOW FROM OPERATION

3 SAILING SYSTEM UNDER REVIEW TO ADJUST FOR
LOWER VOLUME AND ROYAL ARCTIC LINE COOPERATION

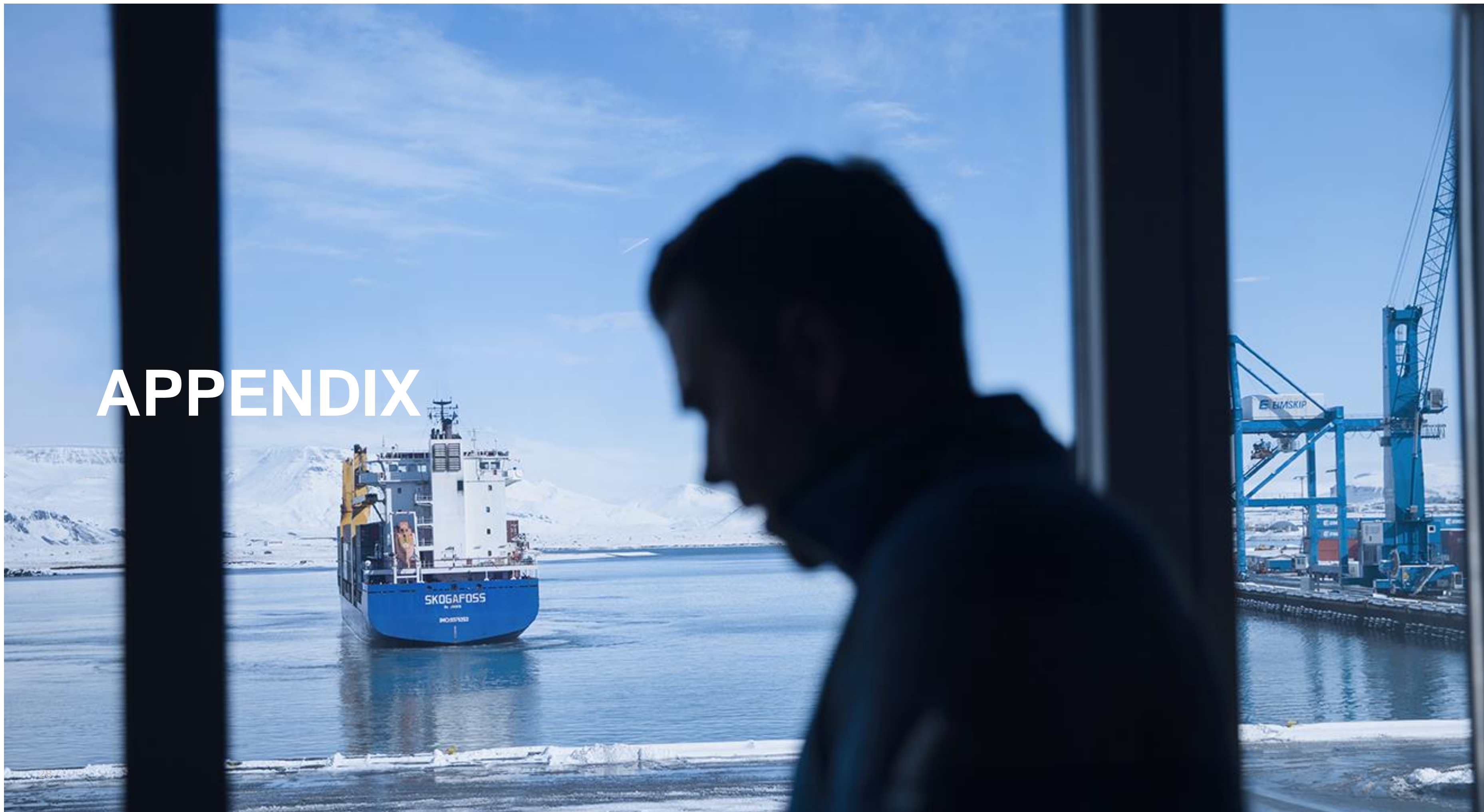
4 CONTINUED FOCUS ON OPERATIONAL
EFFICIENCY TO IMPROVE CORE OPERATION

5 EBITDA GUIDANCE FOR THE YEAR REMAINS IN THE RANGE OF EUR 51 – 57 MILLION*

**THANK
YOU**



APPENDIX

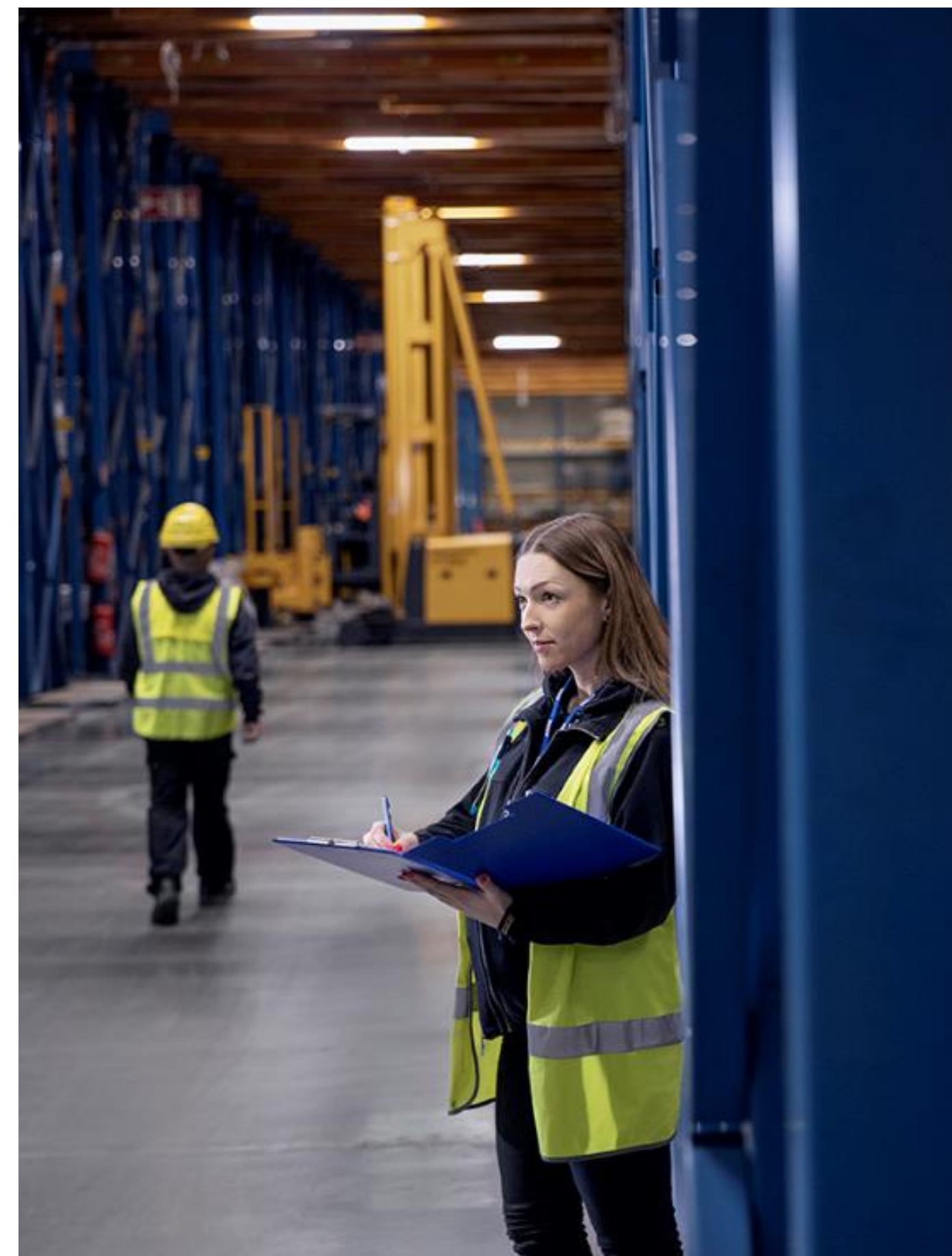


RESULTS BY BUSINESS SEGMENTS FOR Q2 AND 6M

Improvements for 6M but Liner Services affected by declining volume in Q2

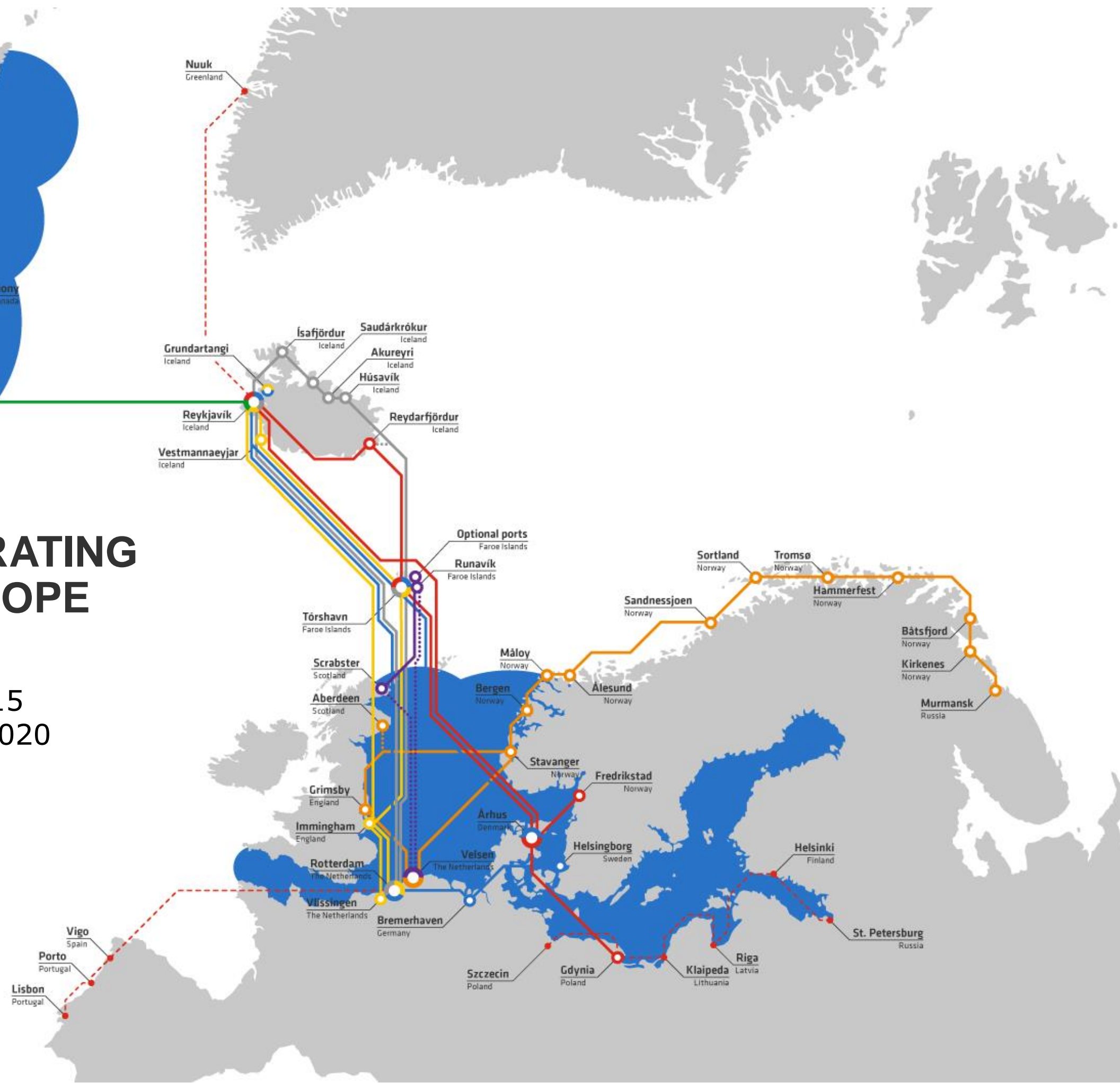
EUR thousand	Q2 2019	IFRS 16 Impact	Q2 2019 Adjust.	Q2 2018	Change	%
<i>Liner Services:</i>						
Revenue	107,568		107,568	115,854	(8,286)	(7.2%)
Expenses	94,907	4,162	99,069	105,609	(6,540)	(6.2%)
EBITDA	12,661	(4,162)	8,499	10,245	(1,746)	(17.0%)
<i>Forwarding Services:</i>						
Revenue	59,967		59,967	56,777	3,190	5.6%
Expenses	54,136	1,180	55,316	52,109	3,207	6.2%
EBITDA	5,831	(1,180)	4,651	4,668	(17)	(0.4%)

EUR thousand	6M 2019	IFRS 16 Impact	6M 2019 Adjust.	6M 2018	Change	%
<i>Liner Services:</i>						
Revenue	213,280		213,280	216,496	(3,216)	(1.5%)
Expenses	189,924	7,867	197,791	202,092	(4,301)	(2.1%)
EBITDA	23,356	(7,867)	15,489	14,404	1,085	7.5%
<i>Forwarding Services:</i>						
Revenue	118,243		118,243	111,667	6,576	5.9%
Expenses	107,585	2,365	109,950	103,907	6,043	5.8%
EBITDA	10,658	(2,365)	8,293	7,760	533	6.9%



EIMSKIP IS ALREADY OPERATING IN LOW SO_x ZONES IN EUROPE AND NORTH AMERICA

BLUE AREA IS 0,1% SO_x FROM 1.1.2015
WHITE AREA IS 3,5% SO_x UNTIL 1.1.2020
AND 0,5% THERE AFTER



FUEL PRICE DEVELOPMENT

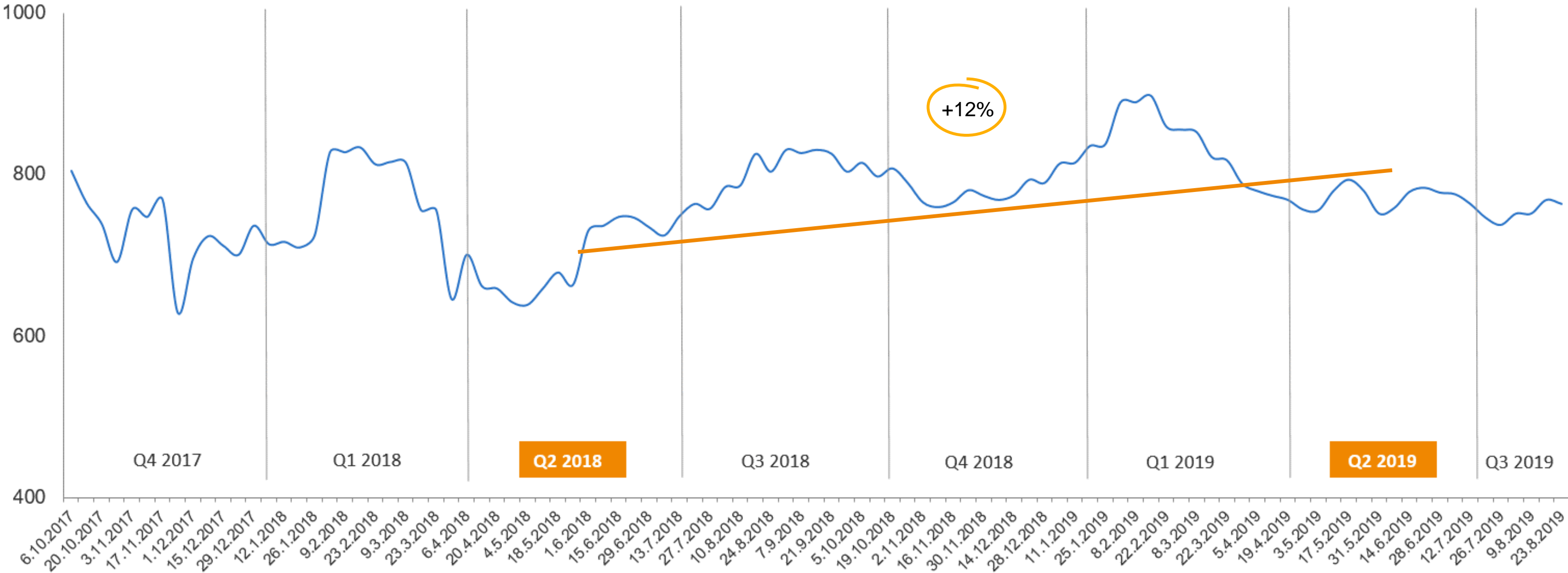
Average spread between gas oil and heavy oil has been approx. USD 200



- Approx. 53% of total fuel consumption of the vessel fleet is gas oil and 47% heavy fuel oil
- From 1.1.2020 it is estimated that share of gas oil will increase to approx. 75% given comparable sailing system
- Eimskip will operate three vessels fitted with scrubbers in 2020
- Fuel consumption is approx. 80,000 tons on annual basis
 - Average spread between gas and heavy oil is USD 200
 - Estimated cost increase will be approx. USD 3-4 million depending e.g. on sailing system, scrubber utilization and fuel spread
 - Low sulfur surcharge applied to offset cost increase

CHINA FORWARDERS FREIGHT INDEX

Average price increased by 12% between Q2 2018 and Q2 2019



Source: www.shippingchina.com

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