

Containerships plc

Stock exchange release – Interim Report Q2/2016

Market and Company events

The business environment remains challenging. The Russia situation is unchanged, and Brexit is creating more uncertainty in the market.

Result

This is the Company's second quarterly report according to IFRS. The operational result in Q2 does not have any major one off items. The quarterly report is not audited; only the annual report is going to be audited.

Despite the unstable market situation, the Company has been able to increase its sales volumes. Containerships Group's net sales in the second quarter of 2016 amounted to EUR 49.8 million (EUR 48.7 million). Cumulative sales after Q2 are at the same level as last year, the volume growth has been over 10%, but the price level remains lower than last year due to trade balance and the competitive situation. However, price development has started to stabilize.

EBITDA in Q2 was slightly better than during Q1, and the cumulative EBITDA has increased to EUR 6.7 million (EUR 5.2 million last year) – a growth of about 30%. Cumulative EBITDA after Q2 is slightly better than budgeted. The performance improvement (better utilization and less empty positioning) is still decreasing the total costs. The material costs during Q2 were higher than in Q1, which is mainly due to increased bunkering costs.

Financial income and expenses have levelled off as the currency fluctuations were lower than before. Net loss was 576 000€ in Q2 compared to a loss of EUR 1.1 million during Q1. Cumulative net profit is at the same level as last year, and slightly better than budgeted. The own capital in the IFRS report does not include the two convertible capital loans totaling about EUR 10 million. The adjusted own capital with these would be EUR 24 million. The cash flow effect of the financial expenses is about EUR 1.2 million in each quarter.

Future outlook

The Company is maintaining its financial targets for 2016 unchanged: sales growth is between 5–10% and EBITDA at least EUR 13 million, a growth of about 50%. The Company continues to focus on segments and regions with profitable growth opportunities supported by the improved efficiency of the operations. The Company does not expect any major developments in the market situation, thus these are not included in the results estimates. The Mediterranean situation is expected to remain challenging.

The agreements for the building of the first four LNG vessels have been signed, but are still subject to final approval of the stakeholders in this project. According to the plan, the vessels will be delivered during 2018, the first vessel in early 2018. The Company has received a co-funding recommendation to the LNG vessel project from the European Union. The outcome of the funding will be confirmed during autumn this year. The recommendation is a remarkable recognition of the Company's environmental strategy and investments needed.

The Company is going to publish the next quarterly report after Q3 on November 15, 2016 and revises the reporting schedule of Q4/2016 and 2016 to be done on March 15, 2017.

These interim financial statements have been prepared in accordance with the IFRS accounting and measurement principles, but do not include the disclosure information required by the IAS 34 Interim Financial Reporting standard. The Company did not report the full IFRS quarterly reports during 2015.

Further information:

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INCOME STATEMENT, GROUP

EUR 1 000	Q2/2016	Q1/2016	1-6/2016	1-6/2015	Diff
Net sales	49 788	49 136	98 924	98 198	726
Other operating income	675	888	1 564	1 091	473
Material and services expenses	-39 309	-38 352	-77 661	-78 822	1 161
Employee benefit expenses	-5 455	-5 361	-10 817	-10 636	-181
Other operating expenses	-2 281	-3 042	-5 323	-4 608	-715
EBITDA	3 418	3 269	6 687	5 224	1 463
Depreciation, amortisation and impairment losses	-2 064	-1 948	-4 012	-4 418	406
EBIT	1 354	1 321	2 675	806	1 869
Financial income	133	931	1 064	2 565	-1 501
Financial expenses	-2 009	-3 404	-5 413	-5 485	72
Profit/loss before extraordinary items, appropri. and taxes	-522	-1 153	-1 674	-2 114	440
Income taxes	-53	40	-13	479	-492
Profit/loss for the reporting period	-575	-1 112	-1 687	-1 635	-52

CONSOLIDATED STATEMENT OF BALANCE SHEET

EUR 1 000	30.6.2016	30.6.2015	31.12.2015
ASSETS			
Non-current assets			
Goodwill	6 676	6 919	7 065
Other intangible assets	1 480	752	1 379
Property, plant and equipment	42 500	42 904	41 987
Other non-current financial assets	2	395	2
Deferred tax assets	5 792	5 771	5 726
Other receivables	5 059	4 936	4 936
Total non-current assets	61 509	61 676	61 094
Current assets			
Inventories	877	1 518	766
Trade and other receivables	46 375	56 709	47 189
Other current financial assets	110	0	232
Current tax assets	0	0	53
Cash and cash equivalents	6 571	1 715	9 255
Total current assets	53 932	59 943	57 495
Total assets	115 442	121 619	118 589
EQUITY			
Share capital	80	19	19
Share premium	337	337	337
Invested unrestricted free equity fund	4 342	4 403	4 403
Retained earnings	9 307	20 368	11 713
Total equity	14 067	25 127	16 472
LIABILITIES			
Non-current liabilities			
Bond issue	48 915	45 000	48 668
Convertible notes	9 881	6 450	9 533
Bank loans	0	0	0
Finance lease liabilities	5 279	5 033	5 570
Other liabilities	1 273	0	4
Total Interest-bearing loans and borrowings	65 349	56 484	63 775
Trade and other payables	1 263	1 578	1 266
Other non-current financial liabilities	1 718	0	967
Deferred tax liabilities	1 789	2 749	1 817
Total other non-current liabilities	4 769	4 327	4 050
Current liabilities			
Interest-bearing loans and borrowings	2 778	2 967	2 658
Trade and other payables	28 431	32 714	31 058
Other current financial liabilities	0	0	423
Current tax liabilities	49	0	154
Total current liabilities	31 258	35 681	34 292
Total liabilities	101 376	96 492	102 117
Total equity and liabilities	115 442	121 619	118 589

CASH FLOW STATEMENT

1.1.-30.6.2016

1.1. - 30.6.2015

EUR 1,000

EUR

EUR

Cash flow of operating activities

Profit (loss) before taxes	-1 674	-2 114
Adjustments		
Other operating income	-1 564	-1 091
Depreciation, amortisation and impairment losses	4 012	4 418
Finance income and expenses	4 349	2 920
Other adjustments		
Cash flow before changes in working capital	5 123	4 133

Change in working capital

Current receivables, non-interest bearing, increase (-), decrease (+)	-1 147	-7 236
Inventories, increase (-), decrease (+)	-111	-385
Trade and other payables, increase (+), decrease (-)	-1 614	5 175

Changes in working capital

	-2 872	-2 446
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Financial items and taxes

Interest received	151	11
Interest and financial costs paid	-2 103	-1 150
Paid finance lease interests	-471	-647
Taxes paid	-219	-20
Other financing items		

Financial items and taxes

	-2 642	-1 806
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Net cash generated from operating activities

	-391	-120
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Cash flow from investing activities

Proceeds from sale of property, plant and equipment	600	878
Acquisition of property, plant and equipment	-3 368	-11 208
Other investments		

Net cash flow from investing activities

	-2 767	-10 330
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Cash flow from financing activities

Proceed from loans and borrowings		45 000
Proceed from issue of convertible notes		6 450
Repayment of borrowings	306	-18 092
Change in financial receivables, increase (-) / decrease (+)	-548	-8 378
Other receivable (escrow accounts)		-19 900
Change in financial borrowings, increase (+) / decrease (-)	717	5 625
Dividend received		
Dividends paid		

Net cash flow from financing activities

	475	10 705
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Exchange rate difference from the bank accounts

Net change in cash and cash equivalents during the period	-2 684	255
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Cash and cash equivalents at the beginning of the period	9 255	1 460
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Cash and cash equivalents at the end of the period

	6 571	1 715
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