

Containerships plc interim report January-September 2016

- Turnover €147.3 M (148.6)
- EBITDA €10.1 M which is 6.8% of net sales (€6.0 M and 4.1%)
- Net profit €-2.2 M (-5.0)
- The Company clarifies its estimated net sales: The net sales is expected to be less than the previous year. Based on an earlier estimate, the net sales were expected to grow 5–10%. The Company keeps its EBITDA estimate at its earlier level of €13 M, which will be a 50% growth on the previous year.

Market situation and most important events

CONTAINERSHIPS is a full-service, door-to-door provider of shortsea shipping and logistics solutions. It ensures safe and rapid cargo transport between Finland, Russia, the Baltic States, Continental Europe, the UK and Ireland as well as in the Mediterranean region between Turkey and North Africa. Containerships offers customers a choice of all standard and special containers, and complete coverage through a fleet of sea vessels, and road, railway and river container transportation modes. At the end of the period, 89% of the Company's turnover came from operations in the region of the Baltic and North Sea and 11% from the Mediterranean region.

There have not been any significant changes in the Company's business environment. Russian trade has remained challenging due to sanctions and the general economic situation. So far, Brexit has not had any effect on the business. The business environment is not expected to have any significant changes in the near future.

During the reporting period, the Company finalized its LNG-vessel investment contracts and received the approval from the bond investors to the modified vessel financing package. Modifications in the financing package related to the change of shipyard, which was informed on September 2 and 22. The Company continues its progress as planned on the LNG investment path. New LNG vessels are under construction, and they will be delivered during 2018 as informed earlier.

The Company started its own agency in Algeria in August and simultaneously terminated its agency agreement with a third party. This is to strengthen the Company's North African operations.

Results in brief

Key Figures, IFRS	Q3/2016	Q2/2016	Q1/2016	1-9/2016	1-9/2015	Change %	1-12/2015
Net Sales, Meur	48,4	49,8	49,1	147,3	148,6	-0,9 %	199,6
EBITDA, Meur	3,4	3,4	3,3	10,1	6,0	67,1 %	8,3
% of Net Sales	7,0 %	6,9 %	6,7 %	6,8 %	4,1 %		4,2 %
EBIT Meur	1,4	1,4	1,3	4,0	-0,5		-0,4
% of Net Sales	2,8 %	2,7 %	2,7 %	2,7 %	-0,3 %		-0,2 %
Net profit Meur	-0,6	-0,6	-1,1	-2,2	-5,0	54,9 %	-6,7
% of Net Sales	-1,2 %	-1,2 %	-2,3 %	-1,5 %	-3,4 %		-3,4 %
Equity Ratio %				11,9 %	17,0 %		13,9 %
Equity Ratio %, adjusted				20,8 %	24,8 %		22,3 %
Personnel in Average							496

Formulas used to calculate the key figures: Equity ratio = Equity/ total assets * 100, Adjusted Equity includes the convertible capital loans of about 10 MEUR

This is Containerships plc's third interim report according to IFRS accounting principles.

The Company's net sales were €48.4 M during the third quarter and were slightly behind the previous year's net sales (€50.4 M). The cumulative net sales from January–September were €147.3 M (€148.6 M). The growth of sales in the Baltic and North Sea slowed down during the third quarter and was 8% between January and September. The sales volume and the price level in the Mediterranean region reduced compared to the previous year due to the challenging market and competition situation. Price erosion in the Baltic and North Sea region stopped during the third quarter, and the main changes in the prices related to the changes in trade imbalance in Finland and Russia.

EBITDA of the third quarter remained about at the same level as the previous two quarters. The Company improved EBITDA by €2.5 M compared to the third quarter of last year. EBITDA of Jan–Sep was €10.1 M which was 6.8% of net sales (€6.0 M and 4.1%). Cumulative EBITDA exceeded the budgeted level, though the Company did not reach its sales growth target. Profitability increase came mainly from the Company's operational improvement program (improved utilization rate and positioning of the empty containers). Due to this, as well as the price of oil, operational costs were lower than in the previous quarter. Charter costs of the vessels increased a bit during the third quarter. Operational costs in the third quarter of 2015 included one-time legal costs of €0.9 M.

Financial income and expenses have levelled off as the currency fluctuations were lower during the reporting period. Net loss €560 000 remained on the same level as on the previous quarter. Cumulative net loss of Jan-Sep was reduced to €2.2 M (€5.0 M) due to the improved profitability. The own capital in the IFRS report does not include the two convertible loans totaling about €10 M. The adjusted own capital with these would be €24 M. A negative cash flow effect during the reported period of €5.8 M was experienced due to the change in working capital mainly in reduction of trade payables.

Future outlook

The Company's profitability estimate for 2016 remains unchanged. EBITDA target is a minimum of €13 M (approximately 50% growth) though the net sales will be slightly less than in 2015. The implemented efficiency improvements in the operations are the main drivers for the improved results. These actions will continue. Especially sales of services will be put into a focus in order to further develop the business in the growth segments. The Company does not expect any significant changes in the market situation or conditions. The business situation in the Mediterranean area is expected to remain challenging.

Construction of LNG vessels (4 units) is underway and they will be delivered as planned during 2018. The Company continues investing in LNG-fueled trucks. The Company has acquired an LNG re-fueling station in its UK site. The Company has also signed a grant agreement with the EU regarding the LNG project. This grant agreement is a significant support to the Company's environmental strategy and to the investments related to this field.

Containerships will publish its fourth quarter interim report and the whole year result of 2016 as earlier stated on 15 March 2017. The reporting schedule of 2017 will be informed by 15 December 2016.

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, the annual report from 2015 was made according to IFRS standards.

Containerships plc issued a senior secured callable bond loan 2015/2019 in 2 April and 28 October in 2015 which has been listed on OMX Helsinki since 1 April 2016.

Further information:

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Appendix: Containerships plc Income Statement, Balance sheet and Cash flow statement:

CONTAINERSHIPS PLC – GROUP INCOME STATEMENT 1.1.-30.9.2016

INCOME STATEMENT, GROUP

EUR 1 000	Q3/2016	Q2/2016	Q1/2016	1-9/2016	1-9/2015	Diff
Net sales	48 397	49 788	49 136	147 321	148 611	-1 290
Other operating income	526	675	888	2 089	2 073	16
Material and services expenses	-37 463	-39 309	-38 352	-115 124	-119 741	4 618
Employee benefit expenses	-5 392	-5 455	-5 361	-16 208	-16 349	141
Other operating expenses	-2 676	-2 281	-3 042	-7 999	-8 561	562
EBITDA	3 393	3 418	3 269	10 080	6 032	4 048
Depreciation, amortisation and impairment losses	-2 025	-2 064	-1 948	-6 037	-6 531	494
EBIT	1 368	1 354	1 321	4 042	-499	4 542
Financial income	324	133	931	1 387	4 317	-2 930
Financial expenses	-2 139	-2 009	-3 404	-7 552	-8 987	1 435
Profit/loss before extraordinary items, appropri. and taxes	-448	-522	-1 153	-2 122	-5 169	3 047
Income taxes	-112	-53	40	-125	183	-308
Profit/loss for the reporting period	-560	-575	-1 112	-2 247	-4 985	2 738

CONTAINERSHIPS PLC – CONSOLIDATED BALANCE SHEET 30.9.2016

EUR 1 000	30.9.2016	30.9.2015	31.12.2015
ASSETS			
Non-current assets			
Goodwill	6 583	6 919	7 065
Other intangible assets	1 463	728	1 379
Property, plant and equipment	41 130	41 286	41 987
Other non-current financial assets	2	395	2
Deferred tax assets	5 760	6 303	5 726
Other receivables	5 058	4 936	4 936
Total non-current assets	59 996	60 566	61 094
Current assets			
Inventories	861	985	766
Trade and other receivables	47 480	52 929	47 189
Other current financial assets	157	0	232
Current tax assets	0	0	53
Cash and cash equivalents	3 480	4 136	9 255
Total current assets	51 977	58 050	57 495
Total assets	111 973	118 616	118 589
EQUITY			
Share capital	80	19	19
Share premium	337	337	337
Invested unrestricted free equity fund	4 391	4 403	4 403
Retained earnings	8 524	15 353	11 713
Total equity	13 331	20 112	16 472
LIABILITIES			
Non-current liabilities			
Bond issue	49 036	43 353	48 668
Convertible notes	9 881	9 272	9 533
Bank loans	0	0	0
Finance lease liabilities	5 039	4 540	5 570
Other liabilities	0	3	4
Total interest-bearing loans and borrowings	63 956	57 167	63 775
Trade and other payables	1 263	1 421	1 266
Other non-current financial liabilities	1 711	0	967
Deferred tax liabilities	1 807	2 770	1 817
Total other non-current liabilities	4 781	4 191	4 050
Current liabilities			
Interest-bearing loans and borrowings	2 773	1 716	2 658
Trade and other payables	27 222	35 429	31 058
Other current financial liabilities	0	0	423
Current tax liabilities	-89	0	154
Total current liabilities	29 905	37 145	34 292
Total liabilities	98 642	98 503	102 117
Total equity and liabilities	111 973	118 616	118 589

CONTAINERSHIPS PLC – CONSOLIDATED CASH FLOW STATEMENT 30.9.2016

CASH FLOW STATEMENT	1.1.-30.9.2016	1.1. - 30.9.2015
EUR 1,000	EUR	EUR
Cash flow of operating activities		
Profit (loss)	-2 247	-4 985
Adjustments		
Other operating income	-2 089	-2 073
Depreciation, amortisation and impairment losses	6 037	6 531
Finance income and expenses	6 165	4 670
Income tax	125	-183
Other adjustments		
Cash flow before changes in working capital	7 991	3 959
Change in working capital		
Current receivables, non-interest bearing, increase (-), decrease (+)	-1 381	-7 236
Inventories, increase (-), decrease (+)	-95	148
Trade and other payables, increase (+), decrease (-)	-6 999	5 131
Changes in working capital	-8 474	-1 957
Financial items and taxes		
Interest received	304	11
Interest and financial costs paid	-3 137	-1 234
Paid finance lease interests	-696	-928
Taxes paid	-406	-183
Other financing items		
Financial items and taxes	-3 935	-2 334
Net cash generated from operating activities	-4 419	-332
Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	659	1 099
Acquisition of property, plant and equipment	-3 752	-11 734
Other investments		
Net cash flow from investing activities	-3 093	-10 635
Cash flow from financing activities		
Proceed from loans and borrowings	0	45 000
Proceed from issue of convertible notes	348	10 000
Repayment of borrowings	157	-18 038
Change in financial receivables, increase (-) / decrease (+)	1 441	-2 709
Change in non-current financial receivables, increase (-) / decrease (+)		
Other receivable (escrow accounts)		-19 911
Change in financial borrowings, increase (+) / decrease (-)	-210	-699
Dividend received		
Dividends paid		
Net cash flow from financing activities	1 736	13 643
Exchange rate difference from the bank accounts		
Net change in cash and cash equivalents during the period	-5 776	2 676
Cash and cash equivalents at the beginning of the period	9 255	1 460
Cash and cash equivalents at the end of the period	3 479	4 136