

Containerships plc's interim report 1.1.-31.3.2018

Key figures: Growth continues

- Net sales EUR 62.6 (EUR 55.7) million
- EBITDA EUR 4.0 (EUR 3.5) million
- Net profit EUR 0.5 million (EUR 0.6) million
- Outlook for 2018 remains unchanged: Net sales is estimated to grow approximately 10 % and EBITDA will improve from previous year.

Market conditions and significant events

CONTAINERSHIPS is a full-service logistics company providing safe and fast container transportation in the Baltic Sea, North Sea and the Mediterranean. Containerships offers both standard and customised containers and variable logistics solutions from door to door. During the reporting period, Baltic Sea and North Sea traffic accounted for around 89% of net sales and the Mediterranean for around 11% of net sales.

There were no significant changes in the operational environment during the first quarter of 2018. The Russian market has remained challenging due to economic sanctions and country's overall economic situation. United Kingdom's Brexit decision has not impacted the group's business. No significant changes are estimated to occur in the operating environment in the near future.

The group continues to progress on its chosen investment track based on its environmentally friendly LNG strategy. Building of the LNG vessels has started numbering four in total, of which three will be delivered to the group during 2018 and the fourth in the beginning of 2019. The group has increased the number of LNG-fuelled trucks in Great Britain and is exploring the possibilities to increase the number of LNG-fuelled trucks also in the Netherlands and Finland.

In the Mediterranean region, the group's own business activities in Algeria have continued in positive way. Business in Libya is being developed in partnership with local agents.

Result

Q1/2018

Key figures, IFRS	1-3/2018	1-3/2017	Change	1-12/2017
Net Sales, €m	62,6	55,7	12,4 %	226,7
EBITDA, €m	4,0	3,5	14,3 %	15,2
as % of Net Sales	6,4 %	6,3 %		6,7 %
EBIT, €m	2,3	1,4	62,4 %	7,8
as % of Net Sales	3,6 %	2,5 %		3,4 %
Net Profit, €m	0,5	0,6	-8,5 %	0,2
as % of Net Sales	0,9 %	1,1 %		0,1 %
Equity ratio				16,0 %
Equity ratio, adjusted				20,8 %

Personnel, on average				562
Formulas used to calculate the key figures: Equity ratio = Equity/total assets x 100, Equity ratio, adjusted includes a capital loan of around €6 million				

The group's net sales for the first quarter were EUR 62.6 (EUR 55.7) million, up 12.4% year on year. Business volume in Baltic Sea and in North Sea grew approximately 16 %.

Despite the challenging market conditions and competition in the Mediterranean, the group succeeded to grow business volume by 23 % and the price levels went up in the end of the quarter. Group developed its operations to better respond to customer needs in the Mediterranean. Thanks to the measures introduced, the group sees that the positive trend in sales will continue in the Mediterranean for the 2018. In Tunisia group will open new joint venture with local partner during Q2/2018.

Operating profitability improved in the first quarter: EBITDA showed an improvement of EUR 0.5 million and operating profit an improvement of EUR 0.9 million compared to the previous year's first quarter. EBITDA for the first quarter was EUR 4.0 million, equating to 6.4% of net sales (EUR 3.5 million, 6.3%). Operating profit was EUR 2.3 million, equating to 3.6% of net sales (EUR 1.4 million, 2.5%). Profitability improved on the back of better utilisation rates, driven mostly by operational efficiency measures and the positioning of empty containers. On the other hand, the rise in the price of oil on the global market and higher fuel costs increased operating costs, which eroded profitability.

Net profit for the first quarter was EUR 0.5 (EUR 0.6) million. Financial costs increased mostly due to currency rate of exchange by EUR 0.6 million and therefore the net result at previous year's first quarter level. Part of the interest costs on the bond have been capitalised in the cost of building the ships in accordance with general practice since the prepayments for the vessels were made in October 2016. The equity stated in the IFRS report does not include a capital loan of around EUR 6.1 million. Adjusted equity is EUR 26.3 million, whereas in the IFRS calculation it is EUR 20.2 million.

The group's operational cash flow was better than a year earlier and was EUR 1.7 (EUR -3.4) million.

Most significant risks looking ahead

The most significant risks in Containerships' business relate to fluctuations in the price of oil and to political uncertainty in the Russian and Turkish markets. Risks and risk management are detailed on the group's website and in the financial statements. The group does not consider there to have been any material changes in risks during the reporting period.

Outlook

EBITDA for the first quarter was, as estimated, better than a year earlier and EBITDA for the full year is also expected to improve on the previous year.

Work will continue on improving operating efficiency. Efforts will be made to develop sales work by focusing on those segments and regions where growth can be captured and by further improving efficiency especially in those regions. The group does not expect any major changes in market conditions. The challenging situation in the Mediterranean is expected to continue.

Work on building the LNG vessels is underway and delivery of three will take place in 2018 and fourth in beginning 2019. In addition, the group will continue to focus on developing LNG-fuelled truck traffic.

Containerships plc will as earlier communicated publish its Q2/2018 interim report on 16 August 2018.

Containerships plc's bond totalling EUR 60.0 million issued on 2 April and 28 October 2015 has been listed on Nasdaq Helsinki since 2 April 2015.

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Containerships plc has reported its results in accordance with IFRS accounting principles since the start of 2016. Interim reports are prepared in accordance with IFRS accounting principles, but exclude the notes to the financial statements as required under IAS 34 Interim Financial Reporting. When preparing the interim report, the company has complied with the same accounting principles as in the IFRS financial statements for 2016. The information presented in this interim report is unaudited.

Appendix 1: Containerships Group: Statement of comprehensive income, Balance sheet, Statement changes of equity and Cash flow statement.

CONTAINERSHIPS GROUP– STATEMENT OF COMPREHENSIVE INCOME 1.1.-31.3.2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	1.1.- 31.3.2018	1.1.- 31.3.2017	1.1.- 31.3.2016
Revenue	62 593	55 691	226 655
Other income	1 469	699	4 566
Materials and services	-48 938	-43 148	-175 978
Employee benefit expenses	-6 313	-5 848	-23 073
Other expenses	-4 811	-3 910	-16 984
EBITDA	4 001	3 484	15 186
Depreciation, amortisation and impairment losses	-1 727	-2 036	-7 429
EBIT	2 274	1 447	7 757
Finance income	1 840	876	5 319
Finance costs	-3 404	-1 642	-12 743
Net finance costs	-1 564	-766	-7 424
Profit (-loss) before taxes	710	681	334
Income taxes	-161	-86	-165
Profit (-loss) for the financial year	549	595	168
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation differences	-236	-1	-539
Other comprehensive income (-loss), net of tax	-236	-1	-539
Total comprehensive income (-loss) for the year	312	595	-370
Profit (-loss) attributable to:			
Owners of the company	549	599	176
Non-controlling interests	0	-4	-8
	549	595	168
Total comprehensive income (-loss) attributable to:			
Owners of the company	312	598	-363
Non-controlling interests	0	-4	-8
	312	595	-370

CONTAINERSHIPS GROUP – CONSOLIDATED BALANCE SHEET 31.3.2018

CONSOLIDATED BALANCE SHEET

EUR 1,000	31.3.2018	31.3.2017	31.12.2017
ASSETS			
Non-current assets			
Goodwill	6 035	6 385	6 140
Other intangible assets	3 475	2 098	2 319
Property, plant and equipment	55 410	56 626	54 458
Other non-current financial assets	2	2	2
Deferred tax assets	7 402	6 289	7 367
Other receivables	5 563	6 367	7 072
Total non-current assets	77 886	77 768	77 358
Current assets			
Inventories	1 037	1 530	1 339
Trade and other receivables	39 547	31 816	33 988
Other current financial assets	42	32	268
Current tax assets	0	151	0
Cash and cash equivalents	9 858	5 955	11 347
Total current assets	50 484	39 484	46 943
Total assets	128 370	117 252	124 300
EQUITY			
Share capital	80	80	80
Share premium	337	337	337
Fund for invested non-restricted equity	4 342	4 342	4 342
Translation reserve	-1 820	-1 045	-1 583
Retained earnings	11 113	10 987	10 564
Hybrid capital loan	5 000	5 000	5 000
Equity attributable to owners of the Company	19 052	19 701	18 740
Non-controlling interests	1 117	1 121	1 117
Total equity	20 169	20 822	19 857
LIABILITIES			
Non-current liabilities			
Convertible capital loan	6 134	5 405	5 981
Bond	57 917	48 848	57 796
Other non-current liabilities	3 414	4 872	3 396
Trade and other payables	1 228	977	346
Other non-current financial liabilities	877	1 157	911
Deferred tax liabilities	2 286	1 558	2 218
Total non-current liabilities	71 855	62 817	70 647
Current liabilities			
Interest-bearing loans and borrowings	2 106	3 097	2 266
Trade and other payables	33 429	30 469	30 741
Other current financial liabilities	570	47	631
Current tax liabilities	240	0	158
Total current liabilities	36 346	33 613	33 796
Total liabilities	108 201	96 430	104 443
Total equity and liabilities	128 370	117 252	124 300

CONTAINERSHIPS GROUP – CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
31.3.2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to shareholders of the parent company									
EUR 1,000	Share capital	Share premium	Fund for invested non-restricted equity	Translation reserve	Retained earnings	Hybrid loan	Total	Non-controlling interests	Total equity
Equity at 1 January 2018	80	337	4 342	-1 583	10 564	5 000	18 740	1 117	19 857
Comprehensive income									
Profit for the reporting period					549		549	0	549
Foreign currency translation differences				-236			-236		-236
Total comprehensive income for the year	0	0	0	-236	549	0	312	0	312
Transactions with owners of the company									
Subsidiaries with NCI							0		0
Share capital increase							0		0
Hybrid capital loan							0		0
Convertible capital loan - reclassification							0		0
Other changes						0	0		0
Total transactions with owners	0	0	0	0	0	0	0	0	0
Equity at 31 March 2018	80	337	4 342	-1 820	11 113	5 000	19 052	1 117	20 169

Equity attributable to shareholders of the parent company									
EUR 1,000	Share capital	Share premium	Fund for invested non-restricted equity	Translation reserve	Retained earnings	Hybrid loan	Total	Non-controlling interests	Total equity
Equity at 1 January 2017	80	337	4 342	-1 044	10 388	5 000	19 103	1 125	20 227
Comprehensive income									
Profit for the reporting period					176		176	-8	168
Foreign currency translation differences				-539			-539		-539
Total comprehensive income for the year	0	0	0	-539	176	0	-363	-8	-370
Transactions with owners of the company									
Subsidiaries with NCI							0		0
Share capital increase							0		0
Hybrid capital loan							0		0
Convertible capital loan - reclassification							0		0
Other changes							0		0
Total transactions with owners	0	0	0	0	0	0	0	0	0
Equity at 31 December 2017	80	337	4 342	-1 583	10 564	5 000	18 740	1 117	19 857

CONTAINERSHIPS GROUP – CONSOLIDATED STATEMENT OF CASH FLOWS 31.3.2018

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	31.3.2018	31.3.2017	31.12.2017
Cash flows from operating activities			
Profit before tax	710	681	334
Adjustments:			
Other operating income	-1 469	-599	-4 566
Other operating cost	930	39	2 058
Depreciation, amortisation and impairment losses	1 727	2 036	7 429
Unrealised foreign exchange gains and losses			
Finance income	-1 840	-876	-5 319
Finance costs	3 404	1 642	12 743
Other adjustments	104	423	72
Changes in working capital:			
Change in trade and other receivables	-4 705	-3 234	-7 802
Change in inventories	302	-439	-247
Change in trade and other payables	2 550	-3 082	-2 845
Interest received	75	88	378
Income taxes paid	-110	-74	-706
Other financing items	30	-40	26
Net cash from operating activities	1 708	-3 435	1 553
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	271	190	1 027
Acquisition of property, plant and equipment	-1 702	-94	-1 839
Net from investing activities	-1 431	97	-812
Cash flows from financing activities			
Proceeds from loans and borrowings	106	1	9 733
Other receivable (Escrow-accounts)*	101	203	574
Interest paid	-1 498	-1 623	-8 558
Proceeds from settlement of derivatives	175	186	509
Transaction costs related to loans and borrowings	55	0	-1 172
Repayment of borrowings	0	0	0
Payment of finance lease liabilities	-396	-610	-2 378
Paid finance lease interest	-100	-196	-614
Net cash from financing activities	-1 558	-2 039	-1 907
Net change in cash and cash equivalents	-1 281	-5 377	-1 166
Cash and cash equivalents at 1 January	11 348	11 066	11 066
Bank overdrafts in use 1 January *)	0	0	0
Net foreign exchange difference on cash held	-209	266	1 447
Cash and cash equivalents 31 March	9 858	5 955	11 348