

Containerships plc's interim report July-September 2017

- Net sales EUR 55.8 (EUR 48.4) million
- EBITDA EUR 3.7 (EUR 3.4) million
- Net profit EUR 0.0 million (-EUR 0.6) million
- Guidance for 2017 remains unchanged: In 2017 net sales are expected to grow 10% and profitability (EBITDA) to improve on the 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 88% of net sales and the Mediterranean for around 12% of net sales.

There were no significant changes in the operational environment during the reporting period. 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, which will be delivered to the group during 2018. 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 agency activities in Algeria have contributed a positive operative result. Business in Tunisia and Libya is being developed in partnership with local agents.

Key figures, IFRS	7-9/2017	7-9/2016	Change	1-9/2017	1-9/2016	Change	1-12/2016
Net Sales, €m	55,8	48,4	15,2 %	166,2	147,3	12,8 %	197,9
EBITDA, €m	3,7	3,4	10,2 %	10,8	10,1	7,5 %	13,9
as % of Net Sales	6,7 %	7,0 %		6,5 %	6,8 %		7,0 %
EBIT, €m	2,0	1,4	43,9 %	5,1	4,0	27,2 %	5,9
as % of Net Sales	3,5 %	2,8 %		3,1 %	2,7 %		3,0 %
Net Profit, €m	0,0	-0,6		0,1	-2,2		-1,4
as % of Net Sales	0,0 %	-1,2 %		0,1 %	-1,5 %		-0,7 %
Equity ratio				17,1 %	11,9 %		16,8 %
Equity ratio, adjusted				22,0 %	20,8 %		21,3 %
Personnel, on average	570	529					532

Containerships discloses EBITDA and adjusted equity ratio as alternative key figures because management considers them to better describe the group's EBIT and financial position and to improve comparability. The consolidated statement of comprehensive income shows the reconciliation of EBITDA on EBIT. Equity ratio adjusted (Equity/total assets x 100) includes a capital loan of €5 million. However, these alternative key figures do not replace key figures in accordance with IFRS.

The group's net sales for the third quarter were EUR 55.8 (48.4) million, up 15.2% year on year. Falling freight prices in the Baltic Sea and North Sea levelled out and showed a slight rise towards the end of the quarter. Market conditions and competition in the Mediterranean were challenging during the quarter and both business volumes and the price level were in retreat. The group developed its operations to better respond to customer needs in the Mediterranean. This resulted in sales growth towards the end of the quarter. Thanks to the measures introduced, the group sees that the positive trend in sales will continue and profitability will improve in the Mediterranean for the rest of the year.

Operating profitability improved slightly in the third quarter: EBITDA showed an improvement of EUR 0.3 million and operating profit an improvement of EUR 0.6 million compared to the previous year. EBITDA for the third quarter was EUR 3.7 million, equating to 6.7% of net sales (EUR 3.4 million, 7.0%). Operating profit was EUR 2.0 million, equating to 3.5% of net sales (EUR 1.4 million, 2.8%). 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 45 % higher fuel costs compared to previous year increased operating costs significantly, which in turn eroded profitability.

Net profit for the third quarter was EUR 0.0 (-EUR 0.6) million, up EUR 0.6 million. 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 5 million. Adjusted equity is around EUR 26 million, whereas in the IFRS calculation it is around EUR 20 million.

The group's operational cash flow was challenging than a year earlier and was EUR 1.1 million negative.

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

Guidance for 2017 remains unchanged. In 2017, net sales are expected to grow 10%. EBITDA for the third quarter was, as planned, slightly better than a year earlier and EBITDA for the full year is 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 will take place as planned in 2018. In addition, the group will continue to focus on developing LNG-fuelled truck traffic.

Containerships plc will publish its 2017 annual report on 12th of March 2018.

Containerships plc's bond totalling EUR 50.5 million issued on 2 April and 28 October 2015 has been listed on Nasdaq Helsinki since 1 April 2016.

Further information:

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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 plc Statement of comprehensive income, Balance sheet, Statement changes of equity and Cash flow statement.

CONTAINERSHIPS PLC – STATEMENT OF COMPREHENSIVE INCOME 1.1.-30.9.2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	1.7.-30.9.2017	1.1.-30.9.2017	1.7.-30.9.2016	1.1.-30.9.2016
Revenue	55 766	166 246	48 397	147 321
Other income	833	3 444	526	2 089
Materials and services	-43 803	-128 556	-37 463	-115 124
Employee benefit expenses	-5 734	-17 765	-5 392	-16 208
Other expenses	-3 323	-12 538	-2 676	-7 999
EBITDA	3 738	10 831	3 393	10 080
Depreciation, amortisation and impairment losses	-1 769	-5 691	-2 025	-6 037
EBIT	1 969	5 140	1 368	4 042
Finance income	470	2 639	324	1 387
Finance costs	-2 175	-7 016	-2 139	-7 552
Net finance costs	-1 705	-4 377	-1 816	-6 165
Profit (-loss) before taxes	264	763	-448	-2 122
Income taxes	-252	-660	-112	-125
Profit (-loss) for the financial year	12	103	-560	-2 247
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation differences	-70	-430	-224	-942
			-224	-942
Other comprehensive income (-loss), net of tax	-70	-430		
Total comprehensive income (-loss) for the year	-58	-327	-784	-3 189
Profit (-loss) attributable to:				
Owners of the company	12	107	-560	-2 247
Non-controlling interests	0	-4	0	0
	12	103	-560	-2 247
Total comprehensive income (-loss) attributable to:				
Owners of the company	-58	-323	-784	-3 189
Non-controlling interests	0	-4	0	0
	-58	-327	-784	-3 189

CONTAINERSHIPS PLC – CONSOLIDATED BALANCE SHEET 30.9.2017

CONSOLIDATED BALANCE SHEET

EUR 1,000	30.9.2017	31.12.2016
ASSETS		
Non-current assets		
Goodwill	6 259	6 469
Other intangible assets	2 317	2 007
Property, plant and equipment	55 210	57 901
Other non-current financial assets	2	2
Deferred tax assets	6 372	6 419
Other receivables	6 257	6 419
Total non-current assets	76 417	79 217
Current assets		
Inventories	1 095	1 091
Trade and other receivables	34 311	28 666
Other current financial assets	302	178
Current tax assets	172	131
Cash and cash equivalents	4 005	11 066
Total current assets	39 885	41 132
Total assets	116 302	120 349
EQUITY		
Share capital	80	80
Share premium	337	337
Fund for invested non-restricted equity	4 342	4 342
Translation reserve	-1 474	-1 044
Retained earnings	10 495	10 388
Hybrid capital loan	5 000	5 000
Equity attributable to owners of the Company	18 780	19 103
Non-controlling interests	1 121	1 125
Total equity	19 901	20 227
LIABILITIES		
Non-current liabilities		
Convertible capital loan	5 683	5 405
Bond	49 357	48 623
Other non-current liabilities	3 648	5 427
Trade and other payables	977	977
Other non-current financial liabilities	1 027	1 358
Deferred tax liabilities	1 982	1 697
Total non-current liabilities	62 674	63 488
Current liabilities		
Interest-bearing loans and borrowings	2 361	3 287
Trade and other payables	30 704	33 344
Other current financial liabilities	662	0
Current tax liabilities	0	3
Total current liabilities	33 727	36 634
Total liabilities	96 401	100 122
Total equity and liabilities	116 302	120 349

CONTAINERSHIPS PLC – CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
30.9.2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000	Equity attributable to shareholders of the parent company							Non-controlling interests	Total equity
	Share capital	Share premium	Fund for invested non-restricted equity	Translation reserve	Retained earnings	Hybrid loan	Total		
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					107		107	-4	103
Foreign currency translation differences				-430			-430		-430
Total comprehensive income for the year	0	0	0	-430	107	0	-323	-4	-326
Transactions with owners of the company									
Other changes						0	0		0
Total transactions with owners	0	0	0	0	0	0	0	0	0
Equity at 30 September 2017	80	337	4 342	-1 474	10 495	5 000	18 780	1 121	19 901

EUR 1,000	Equity attributable to shareholders of the parent company							Non-controlling interests	Total equity
	Share capital	Share premium	Fund for invested non-restricted equity	Translation reserve	Retained earnings	Hybrid loan	Total		
Equity at 1 January 2016	19	337	4 403	-346	12 059	0	16 472	0	16 472
Comprehensive income									
Profit for the reporting period					-2 247		-2 247		-2 247
Foreign currency translation differences				-942			-942		-942
Total comprehensive income for the year	0	0	0	-942	-2 247	0	-3 189	0	-3 189
Transactions with owners of the company									
Share capital increase	61		-61				0		0
Other changes					48		48		48
Total transactions with owners	61	0	-61	0	48	0	48	0	48
Equity at 30 September 2016	80	337	4 342	-1 288	9 860	0	13 331	0	13 331

CONTAINERSHIPS PLC – CONSOLIDATED STATEMENT OF CASH FLOWS 30.9.2017

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1.1.2017-30.9.2017	1.1.2016-30.9.2016
Cash flows from operating activities		
Profit before tax	763	-2 247
Adjustments:		
Other operating income	-3 444	-2 089
Depreciation, amortisation and impairment losses	5 691	6 037
Finance income	-2 639	-1 387
Finance costs	7 016	7 552
Unrealised foreign exchange gains and losses		
Other adjustments	302	0
Changes in working capital:		
Change in trade and other receivables	-5 713	-1 381
Other receivable (Escrow-accounts)	0	0
Change in inventories	-3	-95
Change in trade and other payables	-3 107	-6 999
Interest received	271	304
Income taxes paid	-178	-281
Other items	-67	0
Net cash from operating activities	-1 108	-586
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	767	659
Acquisition of property, plant and equipment	-1 572	-3 752
Loans provided	0	0
Net from investing activities	-805	-3 093
Cash flows from financing activities		
Proceeds from loans and borrowings	1	0
Changes in escrow-accounts for investments **)	203	0
Proceeds from issue of convertible notes	0	348
Paid interest and other finance costs	-4 135	-3 137
Proceeds from settlement of derivatives	149	0
Transaction costs related to loans and borrowings	-23	-210
Repayment of borrowings	0	157
Payment of finance lease liabilities	-1 940	1 441
Paid finance lease interest	-499	-696
Net cash from financing activities	-6 244	-2 097
Net change in cash and cash equivalents	-8 156	-5 776
Cash and cash equivalents at 1 January	11 066	9 255
Bank overdrafts in use 1 January	0	0
Net foreign exchange difference on cash held	1 095	0
Cash and cash equivalents 30th of September	4 005	3 479