

**Containerships plc's interim report October-December 2017**

**Key financial figures 1.10.-31.12.2017**

- Net sales EUR 60.4 (EUR 50.6) million
- EBITDA EUR 4.4 (EUR 3.8) million
- Net profit EUR 0.1 million (EUR 0.8) million

**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 87% of net sales and the Mediterranean for around 13% of net sales.

There were no significant changes in the operational environment during the last quarter of 2017. 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      | 10-12/2017 | 10-12/2016 | Change | 1-12/2017 | 1-12/2016 | Change |
|------------------------|------------|------------|--------|-----------|-----------|--------|
| Net Sales, €m          | 60,4       | 50,6       | 19,4 % | 226,7     | 197,9     | 14,5 % |
| EBITDA, €m             | 4,4        | 3,8        | 14,7 % | 15,2      | 13,9      | 9,3 %  |
| as % of Net Sales      | 7,2 %      | 7,5 %      |        | 6,7 %     | 7,0 %     |        |
| EBIT, €m               | 2,6        | 1,8        | 44,0 % | 7,8       | 5,9       | 31,5 % |
| as % of Net Sales      | 4,3 %      | 3,6 %      |        | 3,4 %     | 3,0 %     |        |
| Net Profit, €m         | 0,1        | 0,8        |        | 0,2       | -1,4      |        |
| as % of Net Sales      | 0,1 %      | 1,6 %      |        | 0,1 %     | -0,7 %    |        |
| Equity ratio           | 16,0 %     | 16,8 %     | -4,9 % | 16,0 %    | 16,8 %    | -4,9 % |
| Equity ratio, adjusted | 20,8 %     | 21,3 %     | -2,4 % | 20,8 %    | 21,3 %    | -2,4 % |
| Personnel, on average  | 562        | 532        | 5,6 %  | 562       | 532       | 5,6 %  |

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 €6 million. However, these alternative key figures do not replace key figures in accordance with IFRS.

The group's net sales for the fourth quarter were EUR 60.4 (EUR 50.6) million, up 19.4% 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 continued to be challenging during the fourth quarter and both business volumes and the price level were in retreat. During the year 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 Mediterranean for the 2018.

Operating profitability improved slightly in the fourth quarter: EBITDA showed an improvement of EUR 0.6 million and operating profit an improvement of EUR 0.8 million compared to the previous year's fourth quarter. EBITDA for the fourth quarter was EUR 4.4 million, equating to 7.2% of net sales (EUR 3.8 million, 7.5%). Operating profit was EUR 2.6 million, equating to 4.3% of net sales (EUR 1.8 million, 3.6%). 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 50 % higher fuel costs compared to previous year increased operating costs significantly, which in turn eroded profitability.

Net profit for the fourth quarter was EUR 0.1 (EUR 0.8) million, down EUR 0.7 million from previous year's fourth quarter. 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 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 weaker than a year earlier and was EUR 1.6 (EUR 12.4) 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 fourth 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 will take place as planned in 2018. In addition, the group will continue to focus on developing LNG-fuelled truck traffic.

Containerships plc will as earlier communicated publish its 2017 annual report on 12<sup>th</sup> of March 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.-31.12.2017

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| EUR 1,000  | 1.10.-31.12.2017 | 1.1.-31.12.2017 | 1.10.-31.12.2016 | 1.1.-31.12.2016 |
|--|------------------|-----------------|------------------|-----------------|
| <b>Revenue</b>                                   | <b>60 410</b>    | <b>226 655</b>  | <b>50 615</b>    | <b>197 936</b>  |
| Other income                                     | 1 122            | 4 566           | 894              | 2 983           |
| Materials and services                           | -47 422          | -175 978        | -35 556          | -150 679        |
| Employee benefit expenses                        | -5 308           | -23 073         | -5 731           | -21 939         |
| Other expenses                                   | -4 446           | -16 984         | -6 427           | -14 426         |
| <b>EBITDA</b>                                    | <b>4 355</b>     | <b>15 186</b>   | <b>3 796</b>     | <b>13 876</b>   |
| Depreciation, amortisation and impairment losses | -1 738           | -7 429          | -1 978           | -8 016          |
| <b>EBIT</b>                                      | <b>2 617</b>     | <b>7 757</b>    | <b>1 817</b>     | <b>5 860</b>    |
| Finance income                                   | 2 680            | 5 319           | 2 419            | 3 807           |
| Finance costs                                    | -5 726           | -12 743         | -3 660           | -11 212         |
| <b>Net finance costs</b>                         | <b>-3 047</b>    | <b>-7 424</b>   | <b>-1 241</b>    | <b>-7 405</b>   |

|  |             |             |              |               |
|--|-------------|-------------|--------------|---------------|
| <b>Profit (-loss) before taxes</b>                                   | <b>-430</b> | <b>334</b>  | <b>577</b>   | <b>-1 545</b> |
| Income taxes   | 495         | -165        | 235          | 111           |
| <b>Profit (-loss) for the financial year</b>                         | <b>65</b>   | <b>168</b>  | <b>812</b>   | <b>-1 435</b> |
| <b>Other comprehensive income</b>                                    |             |             |              |               |
| <b>Items that may be subsequently reclassified to profit or loss</b> |             |             |              |               |
| Foreign currency translation differences                             | -109        | -539        | 244          | -698          |
| <b>Other comprehensive income (-loss), net of tax</b>                | <b>-109</b> | <b>-539</b> | <b>244</b>   | <b>-698</b>   |
| <b>Total comprehensive income (-loss) for the year</b>               | <b>-43</b>  | <b>-370</b> | <b>1 056</b> | <b>-2 133</b> |
| <b>Profit (-loss) attributable to:</b>                               |             |             |              |               |
| Owners of the company  | 69          | 176         | 827          | -1 420        |
| Non-controlling interests  | -4          | -8          | -15          | -15           |
|  | <b>65</b>   | <b>168</b>  | <b>812</b>   | <b>-1 435</b> |
| <b>Total comprehensive income (-loss) attributable to:</b>           |             |             |              |               |
| Owners of the company  | -39         | -363        | 1 071        | -2 119        |
| Non-controlling interests  | -4          | -8          | -15          | -15           |
|  | <b>-43</b>  | <b>-370</b> | <b>1 056</b> | <b>-2 133</b> |

## CONTAINERSHIPS GROUP – CONSOLIDATED BALANCE SHEET 31.12.2017

| <b>CONSOLIDATED BALANCE SHEET</b>                   |  |                    |                    |
|---|--|--------------------|--------------------|
| <b>EUR 1,000</b>                                    |  | <b>31 Dec 2017</b> | <b>31 Dec 2016</b> |
| <b>ASSETS</b>                                       |  |                    |                    |
| <b>Non-current assets</b>                           |  |                    |                    |
| Goodwill  |  | 6 140              | 6 469              |
| Other intangible assets                             |  | 2 319              | 2 007              |
| Property, plant and equipment                       |  | 54 458             | 57 901             |
| Other non-current financial assets                  |  | 2                  | 2                  |
| Deferred tax assets                                 |  | 7 367              | 6 419              |
| Other receivables                                   |  | 7 072              | 6 419              |
| <b>Total non-current assets</b>                     |  | <b>77 358</b>      | <b>79 217</b>      |
| <b>Current assets</b>                               |  |                    |                    |
| Inventories   |  | 1 339              | 1 091              |
| Trade and other receivables                         |  | 33 988             | 28 666             |
| Other current financial assets                      |  | 268                | 178                |
| Current tax assets                                  |  | 0                  | 131                |
| Cash and cash equivalents                           |  | 11 347             | 11 066             |
| <b>Total current assets</b>                         |  | <b>46 943</b>      | <b>41 132</b>      |
| <b>Total assets</b>                                 |  | <b>124 300</b>     | <b>120 349</b>     |
| <b>EQUITY</b>                                       |  |                    |                    |
| Share capital                                       |  | 80                 | 80                 |
| Share premium                                       |  | 337                | 337                |
| Fund for invested non-restricted equity             |  | 4 342              | 4 342              |
| Translation reserve                                 |  | -1 583             | -1 044             |
| Retained earnings                                   |  | 10 564             | 10 388             |
| Hybrid capital loan                                 |  | 5 000              | 5 000              |
| <b>Equity attributable to owners of the Company</b> |  | <b>18 740</b>      | <b>19 103</b>      |
| <b>Non-controlling interests</b>                    |  | <b>1 117</b>       | <b>1 125</b>       |
| <b>Total equity</b>                                 |  | <b>19 857</b>      | <b>20 227</b>      |
| <b>LIABILITIES</b>                                  |  |                    |                    |

|   |                |                |
|---|----------------|----------------|
| <b>Non-current liabilities</b>          |                |                |
| Convertible capital loan                | 5 981          | 5 405          |
| Bond                                    | 57 796         | 48 623         |
| Other non-current liabilities           | 3 396          | 5 427          |
| Trade and other payables                | 346            | 977            |
| Other non-current financial liabilities | 911            | 1 358          |
| Deferred tax liabilities                | 2 218          | 1 697          |
| <b>Total non-current liabilities</b>    | <b>70 647</b>  | <b>63 488</b>  |
| <b>Current liabilities</b>              |                |                |
| Interest-bearing loans and borrowings   | 2 266          | 3 287          |
| Trade and other payables                | 30 741         | 33 344         |
| Other current financial liabilities     | 631            | 0              |
| Current tax liabilities                 | 158            | 3              |
| <b>Total current liabilities</b>        | <b>33 796</b>  | <b>36 634</b>  |
| <b>Total liabilities</b>                | <b>104 443</b> | <b>100 122</b> |
| <b>Total equity and liabilities</b>     | <b>124 300</b> | <b>120 349</b> |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## CONTAINERSHIPS GROUP – CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 31.12.2017

### 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 |                           |              |
| <b>Equity at 1 January 2017</b>                | 80  | 337           | 4 342                                   | -1 044              | 10 388            | 5 000       | 19    | 1 125                     | 20 227       |
| <b>Comprehensive income</b>                    |   |               |   |                     |                   |             |       |                           |              |
| Profit for the reporting period                |   |               |   |                     | 176               |             | 176   | -8                        | 168          |
| Foreign currency translation differences       |   |               |   | -539                |                   |             | -539  |                           | -539         |
| <b>Total comprehensive income for the year</b> | 0   | 0             | 0                                       | -539                | 176               | 0           | -363  | -8                        | -370         |
| <b>Transactions with owners of the company</b> |   |               |   |                     |                   |             |       |                           |              |
| Subsidiaries with NCI                          |   |               |   |                     |                   |             | 0     | 0                         | 0            |
| Share capital increase                         |   |               |   |                     |                   |             | 0     |                           | 0            |
| Hybrid capital loan                            |   |               |   |                     |                   |             | 0     |                           | 0            |
| Convertible capital loan - reclassification    |   |               |   |                     |                   |             | 0     |                           | 0            |
| Other changes                                  |   |               |   |                     |                   |             | 0     |                           | 0            |
| <b>Total transactions with owners</b>          | 0   | 0             | 0                                       | 0                   | 0                 | 0           | 0     | 0                         | 0            |
| <b>Equity at 31 December 2017</b>              | 80  | 337           | 4 342                                   | -1 583              | 10 564            | 5 000       | 18    | 1 117                     | 19 857       |

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 |
|--|---------------|---------------|---|---------------------|-------------------|-------------|--------|---------------------------|--------------|
| <b>Equity at 1 January 2016</b>                | 19            | 337           | 4 403                                   | -346                | 12 059            | 0           | 16 472 | 0                         | 16 472       |
| <b>Comprehensive income</b>                    |               |               |   |                     |                   |             |        |                           |              |
| Profit for the reporting period                |               |               |   |                     | -1 420            |             | -1 420 | -15                       | -1 435       |
| Foreign currency translation differences       |               |               |   | -698                |                   |             | -698   |                           | -698         |
| <b>Total comprehensive income for the year</b> | 0             | 0             | 0                                       | -698                | -1 420            | 0           | -2 119 | -15                       | -2 133       |
| <b>Transactions with owners of the company</b> |               |               |   |                     |                   |             |        |                           |              |
| Subsidiaries with NCI                          |               |               |   |                     |                   |             | 0      | 1 140                     | 1 140        |
| Share capital increase                         | 61            |               | -61                                     |                     |                   |             | 0      |                           | 0            |
| Hybrid capital loan                            |               |               |   |                     | 0                 | 4 719       | 4 719  |                           | 4 719        |
| Convertible capital loan - reclassification    |               |               |   |                     | -281              | 281         | 0      |                           | 0            |
| Other changes                                  |               |               |   |                     | 30                |             | 30     |                           | 30           |
| <b>Total transactions with owners</b>          | 61            | 0             | -61                                     | 0                   | -251              | 5 000       | 4 749  | 1 140                     | 5 889        |
| <b>Equity at 31 December 2016</b>              | 80            | 337           | 4 342                                   | -1 044              | 10 388            | 5 000       | 19 103 | 1 125                     | 20 227       |

## CONTAINERSHIPS GROUP – CONSOLIDATED STATEMENT OF CASH FLOWS 31.12.2017

### CONSOLIDATED STATEMENT OF CASH FLOWS

| EUR 1,000   | 2017         | 2016           |
|---|--------------|----------------|
| <b>Cash flows from operating activities</b>         |              |                |
| Profit before tax                                   | 334          | -1 545         |
| Adjustments:  |              |                |
| Other operating income                              | -4 566       | -2 863         |
| Depreciation, amortisation and impairment losses    | 7 429        | 8 016          |
| Finance income                                      | -5 319       | -3 807         |
| Finance costs                                       | 12 743       | 11 212         |
| Other adjustments                                   | 72           | 74             |
| Changes in working capital:                         |              |                |
| Change in trade and other receivables               | -5 745       | -799           |
| Change in inventories                               | -247         | -326           |
| Change in trade and other payables                  | -2 845       | 2 601          |
| Interest received                                   | 378          | 387            |
| Income taxes paid                                   | -706         | -638           |
| Other financing items                               | 26           | 79             |
| <b>Net cash from operating activities</b>           | <b>1 553</b> | <b>12 392</b>  |
| <b>Cash flows from investing activities</b>         |              |                |
| Proceeds from sale of property, plant and equipment | 1 027        | 902            |
| Acquisition of property, plant and equipment        | -1 839       | -22 706        |
| <b>Net from investing activities</b>                | <b>-812</b>  | <b>-21 804</b> |

**Cash flows from financing activities**

|   |               |               |
|---|---------------|---------------|
| Proceeds from loans and borrowings                | 9 733         | 0             |
| Other receivable (Escrow-accounts)*               | 574           | 19 708        |
| Interest paid                                     | -8 558        | -4 631        |
| Proceeds from settlement of derivatives           | 509           | 356           |
| Transaction costs related to loans and borrowings | -1 172        | -631          |
| Repayment of borrowings                           | 0             | 0             |
| Payment of finance lease liabilities              | -2 378        | -3 014        |
| Paid finance lease interest                       | -614          | -904          |
| <b>Net cash from financing activities</b>         | <b>-1 907</b> | <b>10 885</b> |
| <b>Net change in cash and cash equivalents</b>    | <b>-1 166</b> | <b>1 473</b>  |
| 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      | 1 447         | 339           |
| <b>Cash and cash equivalents 31 December</b>      | <b>11 347</b> | <b>11 066</b> |

\*) Changes in cash and cash equivalents on escrow-accounts was previously presented in cash flows from operating activities. In 2017 changes in escrow-accounts are presented in cash flows from financing activities in order to provide more precise and accurate view of the cash flows. Therefore cash flows from operating and financing activities in 2016 have been reclassified accordingly.