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Containerships plc's interim report H1/2017

H1/2017: Net Sales up almost 12% and Net Profit up EUR 1.8 million

- Net Sales EUR 110.5 (EUR 98.9) million
- EBITDA EUR 7.1 (EUR 6.7) million
- Net Profit EUR 0.1 (-EUR 1.7) million

Q2/2017: Continued strong Net Sales growth, challenge from change in bunker price

- Net Sales EUR 54.8 (EUR 49.8) million
- EBITDA EUR 3.6 (EUR 3.4) million
- Net Profit -EUR 0.5 (-EUR 0.6) million

Key figures

Key figures, IFRS	**1-6/2017**	**1-6/2016**	**Change**	**4-6/2017**	**4-6/2016**	**1-12/2016**
Net Sales, €m	110,5	98,9	11,7 %	54,8	49,8	197,9
EBITDA, €m	7,1	6,7	5,9 %	3,6	3,4	13,9
as % of Net Sales	6,4 %	6,8 %		6,6 %	6,8 %	7,0 %
EBIT, €m	3,2	2,7	19,7 %	1,7	1,4	5,9
as % of Net Sales	2,9 %	2,7 %		3,1 %	2,8 %	3,0 %
Net Profit, €m	0,1	-1,7		-0,5	-0,6	-1,4
as % of Net Sales	0,1 %	-1,7 %		-0,9 %	-1,2 %	-0,7 %
Equity ratio						16,8 %
Equity ratio, adjusted						21,3 %
Personnel, on average	565	532				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.

CEO's review

Kari-Pekka Laaksonen: EBIT for the second quarter was EUR 1.7 (EUR 1.4) million, up 21.4%. This increase was attributable to the positive development in Net Sales, which rose 11.7% during the first half of the year and around 10% during the second quarter. EBIT for the first half of the year were EUR 3.2 (EUR 2.7) million, which is according to plan. Improved EBIT was particularly affected by higher fuel costs compared to the same period a year earlier. We aim to further improve business profitability through vessel optimisation, route planning and other savings programmes designed to reduce costs.

Guidance for 2017 remains unchanged. In 2017, Net Sales are expected to grow by 5-10% and EBITDA for the full year is expected to improve on the previous year.

Market conditions and significant events

CONTAINERSHIPS is a full-service logistics company providing transportation solutions to customers using various container types and logistics solutions in the Baltic Sea, North Sea and the Mediterranean regions. 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 operating environment during the reporting period. The Russian market has remained challenging due to economic sanctions and the country's overall economic situation. The United Kingdom's Brexit decision has at least not yet impacted the company's business. No significant changes are estimated to occur in the operating environment in the near future.

The company continues to progress on its chosen investment path based on its environmentally friendly LNG strategy. A start has been made on building the four LNG vessels, which will be delivered to the company in 2018. The company 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 business in the Mediterranean region, the Group's own agency activities in Algeria began in autumn 2016 continue to show profitable growth. Business in Tunisia and Libya is being developed in partnership with local agents.

General information

Containerships Group is part of the Container Finance Group, whose parent company Container Finance Ltd Oy and domicile are in Finland. Containerships plc's bond totalling EUR 50.5 million issued on 2 April 2015 and 28 October 2015 has been listed on Nasdaq Helsinki since 1 April 2016.

Financial performance

The company's Net Sales for the first half of the year were EUR 110.5 (EUR 98.9) million, up 11.7% year on year.Net Sales in the Baltic Sea and North Sea (CSL Baltic) segment accounted around 88% (88%) of Net Sales and the Mediterranean (CSL Med) segment for 12% (12%). Business volumes in the Baltic Sea and North Sea were up around 13%. Market conditions and competition in the Mediterranean were challenging earlier in the year and both business volumes and the price level were in retreat. Falling market prices and higher fuel prices weakened profitability in the Mediterranean market. The company developed its operations to better respond to customer needs and added a fourth vessel to its operations in the Mediterranean. This resulted in an upswing in sales during the second quarter. It is thought that driven by these actions, positive progress made in the Mediterranean will continue during the rest of the year.

Operative profitability improved slightly in the first half of the year: EBITDA showed an improvement of EUR 0.4 million and operating profit an improvement of EUR 0.5 million compared to the previous year. EBITDA for the first half of the year was EUR 7.1 million, equating to 6.4% of Net Sales (EUR 6.7 million, 6.8%). Operating profit was EUR 3.2 million, equating to 2.9% of Net Sales (EUR 2.7 million, 2.7%). EBIT in the CSL Baltic segment was EUR 3.5 million (EUR 2.3) million and CSL Med segment posted an operating loss of EUR 0.3 (profit of EUR 0.4) million. Operational efficiency measures, in particular better utilization rates, drive improved profitability. On the other hand, the rise in the price of oil on the global market and higher fuel prices added a significant increase of EUR 5.8 million to operating costs, which in turn constrained profitability improvement.

Net Profit for the first half of the year was EUR 0.1 (-EUR 1.7) million, up EUR 1.8 million. Financial income and expenses fluctuated because of movements in currency exchange rates and were higher than earlier in the second quarter, which increased deferred items. Some of the interest costs on the bond have been capitalised in the cost of building ships in accordance with IFRS reporting since the prepayments for the vessels were made in October 2016.

The equity ratio stated in IFRS reporting excludes a capital loan of around EUR 5 million. Adjusted equity is around EUR 26 million, whereas in the IFRS calculation it is around EUR 21 million.

Balance sheet, financing and cash flow

The company's operational cash flow was weaker than a year earlier and was EUR 1.6 (EUR 2.2) million positive. Cash and cash equivalents amounted to EUR 4.3 million at the end of the reporting period.

Investments

During the reporting period, Group gross investments were EUR 3.5 (EUR 3.4) million, including investments in intangible and tangible assets. Investments were allocated mainly to acquisitions of containers, machinery and equipment (EUR 0.4 million), vessels (EUR 0.5 million) and intangible assets (EUR 1.2 million). Depreciation and impairments totalled EUR 3.9 (EUR 4.0) million.

Personnel

During the reporting period, the Group employed an average of 565 (532) persons. Additional resources in the Group's service center and Algerian company accounted for most on the increase in employee numbers.

Risks and risk management

The most significant risks in Containerships' business relate to fluctuations in the price of oil and to the political uncertainty in the Russian and Turkish markets. There have been no major changes in the Libyan payment. Risks and risk management are detailed on the company's website and in the financial statements. The company does not consider there to have been any material changes in risks during the reporting period.

Disputes

Containership plc's pending disputes are discussed in the 2016 financial statements. The Group had no material legal cases pending at 30 June 2017. Incidental legal costs have no impact on the Group's result. The Group has settled its claim for compensation with regard to faulty containers. The Group will possibly instigate arbitration proceedings with the ex-Algerian agent relating to the open payments. The Group has submitted these claims and other measures to end cooperation with the agent concerned in Algeria. Total claims are around EUR 2 million.

Events after the reporting period

There are no significant events to report after the end of the reporting period.

Outlook

Guidance for 2017 remains unchanged. In 2017, Net Sales are expected to grow by 5-10% and EBITDA for the full year is expected to improve on the previous year. EBITDA for the first half year 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 in particular by focusing on those segments and regions where growth can be captured and by further improving efficiency especially in those regions. The company 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 ongoing and delivery will take place as planned in 2018.In addition, the company will continue to focus on developing LNG-fuelled truck traffic.

Containerships will publish its Q3 report on 14 November 2017.

Containerships plc

Board of Directors

Kari-Pekka Laaksonen

CEO

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ATTACHMENTS

- Consolidated statement of comprehensive income, IFRS
- Consolidated balance sheet, IFRS
- Consolidated statement of changes in equity, IFRS
- Consolidated statement of cash flows, IFRS
- Net Sales and earnings by segment
- Tangible assets
- Fair value hierarchy
- Commitments and contingent liabilities
- Quarterly Net Sales and earnings
- Events after the reporting period
- Related party transactions

DISTRIBUTION

Nasdaq Helsinki Oy

www.containershipsgroup.com

Reporting and accounting principles

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 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 principles in the IFRS financial statements for 2016. The information presented in this report is unaudited.