

Containerships plc Stock Exchange release 15 November 2018 at 9:00 am EEST

Containerships plc's Q3 2018 interim report

January-September 2018: Net Sales up almost 17 % and Net Profit up EUR 2.7 million

- Net Sales EUR 194.5 (166.2) million
- EBITDA EUR 11.7 (10.8) million
- Net Profit EUR 2.8 (EUR 0.1) million
- The majority owner of Containerships plc, Container Finance Ltd Oy, and CMA CGM group have signed an agreement 31st of October 2018, pursuant to which the container shipping and logistics business Containerships and Container Finance's holdings in Multi-Link Terminals Ltd and CD Holding Oy, will become part of CMA CGM Group.

July-September 2018: Continued strong Net Sales growth, challenge from change in bunker price

- Net Sales EUR 68.3 (EUR 55.8) million
- EBITDA EUR 3.7 (EUR 3.7) million
- Net Profit EUR 0.9 (EUR 0.0) million
- Net Sales are expected to grow over 10% and EBITDA for the full year is expected to improve on the previous year

Key figures

Key figures, IFRS	7-9/2018	7-9/2017	Change	1-9/2018	1-9/2017	Change	1-12/2017
Net Sales, €m	68,3	55,8	22,4 %	194,5	166,2	17,0 %	226,7
EBITDA, €m	3,7	3,7	0,0 %	11,7	10,8	8,3 %	15,2
as % of Net Sales	5,4 %	6,6 %		6,0 %	6,5 %		6,7 %
EBIT, €m	2,0	2,0	0,0 %	6,6	5,1	29,4 %	7,8
as % of Net Sales	2,9 %	3,6 %		3,4 %	3,1 %		3,4 %
Net Profit, €m	0,9	0,0	7400,0 %	2,8	0,1	2700,0 %	0,2
as % of Net Sales	1,3 %	0,0 %		1,4 %	0,1 %		0,1 %
Equity ratio							16,0 %
Equity ratio, adjusted							20,8 %
Personnel, on average	697	610					633*

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

*2018 personnel on average figure is 697. Updated number of personnel for 31.12.2017 is 633, original figure of 2017 (562) did not include part of the truck drivers.

Market conditions and significant events

Containerships is a full-service logistics company providing safe, 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. The group's business focus is in the Baltics, where Containerships is one of the leading companies in the business. In the 2010s, the group successfully

expanded operations to the Mediterranean Sea, where operations currently account for 12% of the group's revenue.

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 of which one will be delivered to the company during November 2018 and three will be delivered during January-June 2019. The company has increased the number of LNG-fuelled trucks in Great Britain and has increased the LNG-transport capacity also in the Netherlands. Company is exploring the possibilities to increase the LNG-transport capacity in Finland.

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.

Container Finance Ltd Oy and CMA CGM group have 31st of October 2018 signed an agreement according to which the container shipping and logistics business Containerships and Container Finance's holdings in Multi-Link Terminals Ltd and CD Holding Oy, will become part of CMA CGM group. Upon closing Container Finance's entire container logistics operations will integrate CMA CGM intra-regional market offering in Europe and Mediterranean area. The CMA CGM group is one of leading maritime transport companies in the world.

Financial performance

The group's net sales for the third quarter were EUR 68.3 (55.8) million, up 22.4% 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 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 in third 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 the in the third quarter remained in the previous year level. EBITDA for the third quarter was EUR 3.7 million, equating to 5.4% of net sales (EUR 3.7 million, 6.6%). Operating profit was EUR 2.0 million, equating to 1.3% of net sales (EUR 2.0 million, 3.6%). 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 0.9 (EUR 0.0) million, up EUR 0.9 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 significantly better than previous year and was EUR 9.2 (-1.1) million positive.

General information

Containerships Group is part of the Container Finance group, whose parent company Container Finance Ltd Oy and domicile are in Finland. Containerships group is a family-owned company and 98 percent of its shares are owned by Container Finance Ltd Oy and two percent of its shares are owned by Containerships' CEO. The home member state of Containerships Finance Ltd is Finland.

Containerships group consists of the parent company Containerships plc and the 19 subsidiaries each of which it owns 90 per cent at minimum. The group operates in 22 countries.

Containerships plc's bond totaling €60.0 million is listed on Nasdaq Helsinki (Helsinki stock exchange) and is repayable in 2021. Events after the reporting period.

Container Finance Ltd Oy and CMA CGM group have 31st of October 2018 signed an agreement according to which the container shipping and logistics business Containerships and Container Finance's holdings in Multi-Link Terminals Ltd and CD Holding Oy, will become part of CMA CGM group.

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

Group has updated its estimation for the future outlook. In 2018, Net Sales are expected to grow by 10% 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 and during first quarter of 2019. In addition, the company will continue to focus on developing LNG-fuelled truck traffic.

Containerships will publish its 2018 annual financial statement on Thursday 28 February 2019.

Containerships plc

Board of Directors

Kari-Pekka Laaksonen, CEO

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Distribution:

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Key media

www.containershipsgroup.com

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.-30.9.2018

EUR 1,000	1.7.- 30.9.2018	1.7.- 30.9.2017	1.1.- 30.9.2018	1.1.- 30.9.2017
Revenue	68 305	55 766	194 766	166 246
Other income	637	833	3 879	3 444
Materials and services	-54 577	-43 803	-153 884	-128 556
Employee benefit expenses	-6 487	-5 734	-19 570	-17 765
Depreciation, amortisation and impairment losses	-1 702	-1 769	-5 122	-5 691
Other expenses	-4 154	-3 323	-13 444	-12 538
Operating profit	2 023	1 969	6 626	5 140
Finance income	-67	470	5 517	2 639
Finance costs	-731	-2 175	-8 415	-7 016
Net finance costs	-798	-1 705	-2 898	-4 377
Profit (-loss) before taxes	1 224	264	3 728	763
Income taxes	-242	-252	-899	-660
Profit (-loss) for the financial year	982	12	2 829	103

Other comprehensive income**Items that may be subsequently reclassified to profit or loss**

Foreign currency translation differences	-714	-70	-1 337	-430
Other comprehensive income (-loss), net of tax	-714	-70	-1 337	-430
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Total comprehensive income (-loss) for the year	269	-58	1 492	-327
Profit (-loss) attributable to:				
Owners of the company	983	12	2 817	107
Non-controlling interests	-1	0	12	-4
	982	12	2 829	103
Total comprehensive income (-loss) attributable to:				
Owners of the company	270	-58	1 480	-323
Non-controlling interests	-1	0	12	-4
	269	-58	1 492	-327

CONTAINERSHIPS PLC – CONSOLIDATED BALANCE SHEET 30.9.2018

EUR 1,000	30.9.2018	30.9.2017	31.12.2017
ASSETS			
Non-current assets			
Goodwill	5 634	6 259	6 140
Other intangible assets	4 442	2 317	2 319
Property, plant and equipment	56 228	55 210	54 458
Other non-current financial assets	2	2	2
Deferred tax assets	7 162	6 372	7 367
Other receivables	5 348	6 257	7 072
Total non-current assets	78 816	76 417	77 358
Current assets			
Inventories	1 883	1 095	1 339
Trade and other receivables	43 754	34 311	33 988
Other current financial assets	590	302	268
Current tax assets	77	172	0
Cash and cash equivalents	10 902	4 005	11 347
Total current assets	57 206	39 885	46 943
Total assets	136 021	116 302	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	-2 920	-1 474	-1 583
Retained earnings	13 381	10 495	10 564
Hybrid capital loan	5 000	5 000	5 000
Equity attributable to owners of the Company	20 220	18 780	18 740
Non-controlling interests	1 129	1 121	1 117
Total equity	21 349	19 901	19 857
LIABILITIES			
Non-current liabilities			
Convertible capital loan	6 453	5 683	5 981
Bond	58 169	49 357	57 796
Other non-current liabilities	3 930	3 648	3 396
Trade and other payables	1 228	977	346
Other non-current financial liabilities	750	1 027	911
Deferred tax liabilities	2 501	1 982	2 218
Total non-current liabilities	73 030	62 674	70 647
Current liabilities			
Interest-bearing loans and borrowings	1 108	2 361	2 266
Trade and other payables	40 488	30 704	30 741
Other current financial liabilities	8	662	631
Current tax liabilities	38	0	158
Total current liabilities	41 642	33 727	33 796
Total liabilities	114 672	96 401	104 443
Total equity and liabilities	136 021	116 302	124 300

CONTAINERSHIPS PLC – CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
30.9.2018

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					2 818		2 818	12	2 829
Foreign currency translation differences				-1 337			-1 337		-1 337
Total comprehensive income for the year	0	0	0	-1 337	2 818	0	1 481	12	1 492
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 2018	80	337	4 342	-2 920	13 381	5 000	20 220	1 129	21 349

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					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
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

CONTAINERSHIPS PLC – CONSOLIDATED STATEMENT OF CASH FLOWS 30.9.2018

EUR 1,000	30.9.2018	30.9.2017	31.12.2017
Cash flows from operating activities			
Profit before tax	3 728	763	334
Adjustments:			
Other operating income	-3 879	-3 444	-4 566
Other operating cost	2 151	1 645	2 058
Depreciation, amortisation and impairment losses	5 122	5 691	7 429
Finance income	-5 517	-2 639	-5 319
Finance costs	8 415	7 016	12 743
Other adjustments	42	302	72
Changes in working capital:			
Change in trade and other receivables	-8 315	-7 358	-7 802
Change in inventories	-544	-3	-247
Change in trade and other payables	8 480	-3 107	-2 845
Interest received	234	271	378
Income taxes paid	-668	-178	-706
Other financing items	-32	-67	26
Net cash from operating activities	9 218	-1 108	1 553
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	1 245	767	1 027
Acquisition of property, plant and equipment	-7 684	-1 572	-1 839
Net from investing activities	-6 439	-805	-812
Cash flows from financing activities			
Proceeds from loans and borrowings	-30	1	9 733
Other receivable (Escrow-accounts)	-1	203	574
Interest paid	-3 552	-4 135	-8 558
Proceeds from settlement of derivatives	511	149	509
Transaction costs related to loans and borrowings	55	-23	-1 172
Payment of finance lease liabilities	-988	-1 940	-2 378
Paid finance lease interest	-301	-499	-614
Net cash from financing activities	-4 306	-6 243	-1 907
Net change in cash and cash equivalents	-1 527	-8 156	-1 166
Cash and cash equivalents at 1 January	11 347	11 066	11 066
Bank overdrafts in use 1 January *)	0	0	0
Net foreign exchange difference on cash held	1 081	1 095	1 447
Cash and cash equivalents 30 September	10 902	4 005	11 347