

Containerships Interim report Q1 2016



Containerships Interim Report Q1-2016

Market and company events

The business environment has remained challenging. Especially the inbound volumes to Russia are still under pressure. The Company has continued to replace the weak domestic market in Russia with growing volumes to and from Finland and the Baltics. The westbound volumes have exceeded the eastbound volumes.

The Company has listed its bond and became a plc in the beginning of April.

Result

This is the Company's first quarterly report according to IFRS. The operational result in Q1 does not have any major one offs. The quarterly report is not audited, only to annual report is going to be audited.

Containerships Group's net sales in the first quarter of 2016 amounted to EUR 49.1 million (€49.5m). Sales volume (carried TEUs) development was positive and increased by 11.9%. However, the price level due to the sales mix and market situation was clearly below last year, which resulted in sales remaining at the same level as last year. Q1 2015 included the SECA surcharge, which disappeared later in the year due to a drop in oil prices and competition. This explains the price decrease in the first quarter compared to the previous year.

EBITDA was at the same level as last year and EBIT was slightly better than Q1/2015. Both were also above the budgeted Q1/2016. The performance improvement (better utilization and less empty positioning) and decreased bunkering costs lowered the costs during Q1, which was partly eaten up by higher chartering costs. The total costs were at the same level as last year.

The other operating income was up mainly due to some recovery of the oil hedging bookings from the year end. The net result of financial income and expense was clearly negative, worsening the result with almost €3.3 million. This was partly due to higher interest costs related to the bond financing and the effect of the currency exchange rate. Last year, the Company enjoyed the currency gain and currency hedging gain, which are missing from this year. The key currency USD has remained at the same level, no significant losses and gains were made during Q1. The Company is hedging its open position with the USD at the current level. Net financial costs were €3.3 million higher than last year, from which the effect of the currency exchange rate was €2.3 million. Net debt is at the same level as it was at the end of 2015.

Future outlook

Market conditions continue to be challenging. Despite that, the Company is maintaining its financial targets for 2016 unchanged. Estimated sales growth for 2016 is between 5-10% and the EBITDA target is at least EUR 13 million (a growth of about 50%). This is based on focusing on segments and regions where we can expect growth as well as improved efficiency of the operations. Possible European recovery, economic growth including Russia relationships and oil price development will have an effect on Containerships' performance.

The first four LNG vessels are targeted to be delivered during 2018, as informed. However, the delivery of the first vessel will be delayed until early 2018 due to a change in the shipyard. Re-negotiations of the two company-own-financed vessels and two other vessels are ongoing.

The Company is going to publish the following stock releases about the 2016 result: Q2/2016 on August 16, 2016, Q3/2016 on November 15, 2016 and Q4/2016 and 2016 result on February 28, 2017.

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CONTAINERSHIPS GROUP

	IFRS	IFRS	
INCOME STATEMENT	1.1.-31.3.2016	1.1.-31.3.2015	Diff
EUR 1,000	EUR	EUR	EUR
Net sales	49 136	49 495	-359
Other operating income	888	598	290
Material and services expenses	-38 352	-37 461	-892
Employee benefit expenses	-5 361	-5 223	-138
Other operating expenses	-3 042	-4 149	1 107
EBITDA	3 269	3 261	8
Depreciation, amortisation and impairment losses	-1 948	-2 348	400
EBIT	1 321	913	408
Financial income	931	3 741	-2 810
Financial expenses	-3 404	-2 931	-473
Profit/loss before extraordinary items, appropriations and taxes	-1 153	1 723	-2 875
Profit/loss before appropriations and taxes	-1 153	1 723	-2 875
Income taxes	40	-6	46
Profit/loss for the financial year	-1 112	1 717	-2 829

CONSOLIDATED STATEMENT OF BALANCE SHEET

EUR 1,000	31.3.2016	31.3.2015
ASSETS		
Non-current assets		
Goodwill	6 673	6 919
Other intangible assets	1 536	827
Property, plant and equipment	39 972	42 688
Other non-current financial assets	2	395
Deferred tax assets	5 770	5 449
Other receivables	5 241	0
Total non-current assets	59 194	56 278
Current assets		
Inventories	587	1 167
Trade and other receivables	48 411	29 532
Other current financial assets	0	1 505
Current tax assets	98	0
Cash and cash equivalents	5 766	845
Total current assets	54 861	33 049
Total assets	114 054	89 327
EQUITY		
Share capital	80	19
Share premium	337	337
Invested unrestricted free equity fund	4 342	4 403
Fair value reserve	0	0
Translation reserve	0	0
Retained earnings	10 110	20 528
Total equity	14 869	25 287
LIABILITIES		
Non-current liabilities		
Bond issue	48 790	0
Convertible notes	9 533	0
Bank loans	0	9 721
Finance lease liabilities	4 767	6 251
Other liabilities	11	0
Total interest-bearing loans and borrowings	63 101	15 971
Trade and other payables	1 105	1 736
Other non-current financial liabilities	1 485	0
Deferred tax liabilities	1 739	2 925
Provisions	0	0
Total other non-current liabilities	4 329	4 661
Current liabilities		
Interest-bearing loans and borrowings	2 421	13 511
Trade and other payables	29 188	29 895
Other current financial liabilities	8	0
Provisions	0	0
Current tax liabilities	138	0
Total current liabilities	31 756	43 407
Total liabilities	99 186	64 039
Total equity and liabilities	114 054	89 327

CONTAINERSHIPS GROUP
CASH FLOW STATEMENT
1.1.-31.3.2016
1.1. - 31.3.2015
EUR
EUR
Cash flow of operating activities

Profit (loss) before taxes	-1 153	1 723
Adjustments		
Other operating income	-888	-598
Depreciation, amortisation and impairment losses	1 948	2 348
Unrealised foreign exchange gains and losses	490	-1 505
Finance income	-671	-927
Finance costs	2 654	2 931
Other adjustments	-158	0
Change in working capital		
Change in trade and other receivables	-1 035	-4 157
Other receivables (escrow-accounts)	0	
Change in inventories	179	-34
Change in trade and other payables	-2 536	-825
Dividend received		
Interest received	52	47
Taxes paid	-27	-20
Other financing items	-5	
Net cash generated from operating activities	-1 150	-1 018

Cash flow from investing activities

Proceeds from sale of property, plant and equipment	214	638
Acquisition of property, plant and equipment	-172	-106
Loans provided		
Dividends provided		
Net cash flow from investing activities	42	531

Cash flow from financing activities

Proceed from loans and borrowings		
Proceed from issue of convertible notes		
Interest and financial costs paid	-1 060	-109
Proceeds from settlement of derivatives		1 309
Transaction costs related to loans and borrowings		
Repayment of borrowings	-260	
Payment of finance lease liabilities	-753	-1 168
Paid finance lease interests	-225	-242
Paid dividends		
Shareholder loan		
Loans and repayments to parent company		
Share Issue		
Net cash flow from financing activities	-2 298	-210

Exchange rate difference from the bank accounts	-83	82
Net change in cash and cash equivalents during the financial year	-3 406	-697
Cash and cash equivalents at the beginning of the period	9 255	1 460
Cash and cash equivalents at the end of the period	5 766	845