

sýn 



 **vodafone**



viðir



SPORT

BYLGJAN
989



Key factors affecting Q1 2020



- On October 18th 2019 Sýn acquired all the shares in Endor ehf.
 - Competition authorities approved the acquisition on December 1st 2019. Endor's operation is included in Q1 2020.
- Effects of prices and content changes in Stöð 2 Sport resulted in revenue decline of 175 m IKR compared to Q1 2019.
 - Price reduction executed in July 2019 on Risapakkinn and Stöð 2 Sport.
- One-time expenses due to termination settlements amount to 70 m IKR in Q1 2020.
- Main effects of COVID-19 in Q1 2020 are as follows:
 - Decline in advertisement revenue by 55 m IKR compared to same quarter last year.
 - Decline in roaming revenue by 15 m IKR but gross profit on par approx.
 - Less live coverage of sport events but increased inhouse productions of sport material along side other Icelandic production.
 - Negative exchange rate differences in Q1 2020 amount to 230 m IKR compared to 47 m IKR in Q1 2019.



vodafone



vísir



BYLGJAN
989



Key factors affecting Q1 2020



Media

- Subscription sales of Skemmtipakkinn and Marabon have been stable since year-end and maintenance of subscriptions since December, which is the biggest month of the year, have been successful.
- Subscription churn for Stöð 2 Sport have been insignificant in Q1 2020. Increase in churn rate started to be visible in Q2 2020. Negotiations have been started in relation to recovery of paid right-of-use licenses.

Internet, mobile and fixed line

- **Internet:**
 - Reduction in revenues in the retail market between quarters, but stable corporate market.
- **Mobile:**
 - Revenues stable between quarters in spite of decline in roaming revenues.
- **Fixed line:**
 - Continuing reduction as expected. Reduction due to fewer landline users. Corporate market stable.

Cost of sales

- Increased cost of sales in Q1 2019 is due to Endor's operations. Endor's effects on cost of sales amount to 326 m IKR. Expenses due to termination settlements amount to 40 m IKR in Q1 2020. Decrease in salaries between quarters amount to 23 m IKR (excluding termination settlements).

Operating costs

- Endor's effect on operating costs are insignificant.
- Reduction in most nature of expense since Q1 2019. Reduced salary expense is 70 m IKR since Q1 2019 (excluding termination settlements).



COVID-19 impact



Current status

- Daily business has gone well and operational adjustment has exceeded expectations.
- Large portion of employees work from home and will continue to do so until restrictions are lifted.
- Service and sales departments have adapted well.
- Outlets in Kringlan and Smáralind were temporarily closed. Smáralind has since reopened and Kringlan will be reopened after improvements.
- Increased strain on news media.
- Endor operations in line with expectations in Q1, insignificant effects on COVID-19 in the quarter.

Countermeasures

- Ongoing work in relation to cost reduction.
- Work on digital development and scalability has begun and will reduce cost in the long term.

Operational effects

- Revenue from roaming is expected to decline from last years. Possible effect on this years gross profit amounts to 200 m IKR.
- Reduction in advertisement sales. Continuing development uncertain but decline in revenue is expected between years.
- Uncertainty concerning subscriptions to Stöð 2 Sport due to uncertainty in sport broadcasting and increased concentration of material over a shorter period. UEFA Euro 2020 postponed for a year.
- Transition of customers between corporate and retail market expected.
- Certain Endor-projects delayed due to COVID-19.
- Weakening of the IKR has significant effects on cost in foreign currency but work has commenced on lowering said effects with revised purchasing policies.



Key financial results Q1 2020



Revenue

4,995 m IKR

EBITDA

1,355 m IKR

Results

350 m IKR loss

Equity ratio

26.8%



Income statement Q1 highlights



ISK m	Q1 2020	Q1 2019	Change	% change
Revenue	4,995	4,975	20	0%
Cost of Sales	-3,350	-3,068	-282	9%
Gross Profit	1,645	1,907	-262	-14%
Operating expense	-1,666	-1,822	156	-9%
EBITDA	1,355	1,260	95	8%
EBIT	-21	85	-106	-125%
Net financial expense	-441	-258	-183	71%
Effect of associates	20	820	-800	-98%
Income tax	92	23	69	300%
Loss / profit	-350	670	-1,020	-152%

<i>Gross Margin</i>	<i>32.9%</i>	<i>38.3%</i>
<i>EBITDA</i>	<i>27.1%</i>	<i>25.3%</i>
<i>EBIT</i>	<i>-0.4%</i>	<i>1.7%</i>



visir



SPORT

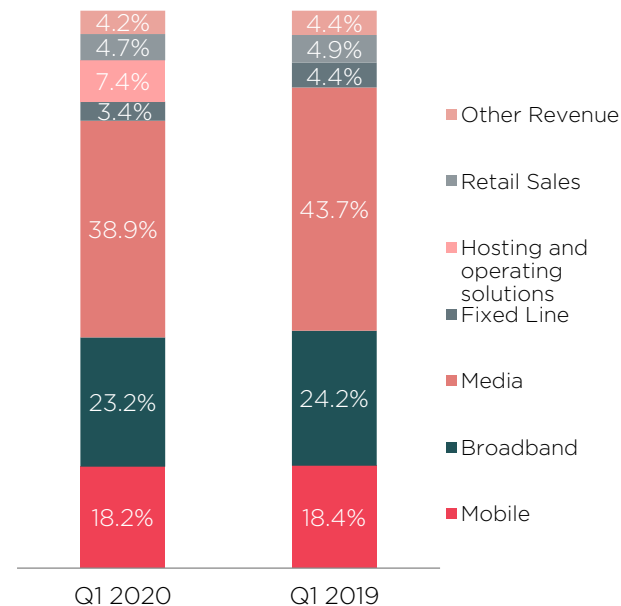
BY LGJAN



Revenue Q1 2020



ISK m	Q1 2020	Q1 2019	Chg.	% Chg.
Media	1,943	2,172	-229	-11%
Broadband	1,160	1,206	-46	-4%
Mobile	911	913	-2	0%
Fixed Line	167	221	-54	-24%
Hosting and operating solutions	371	0	371	-
Retail Sales	235	246	-11	-5%
Other Revenue	208	217	-9	-4%
Total Revenue	4,995	4,975	20	0%



Statement of Financial Position March 31st 2020



ISK m	31.3.2020	31.12.2019	Change	%
Right-of-use assets	5,918	5,828	90	2%
Property, plant and equipment	4,605	4,793	-188	-4%
Goodwill	8,832	8,787	45	1%
Other intangible assets	4,610	4,648	-38	-1%
Shares in other companies	1,403	1,383	20	1%
Deffered tax asset	190	97	93	96%
Fixed assets	25,558	25,536	22	0%
Broadcasting license rights	1,709	1,814	-105	-6%
Inventories	405	427	-22	-5%
Accounts receivables and other short term liabilities	3,466	3,567	-101	-3%
Cash and cash equivalents	385	634	-249	-39%
Current assets	5,965	6,442	-477	-7%
Total assets	31,523	31,978	-455	-1%



Statement of Financial Position March 31st 2020

ISK m	31.3.2020	31.12.2019	Change	%
Equity	8,446	8,798	-352	-4%
Interest bearing debt	10,280	10,898	-618	-6%
Lease liabilities	5,225	5,390	-165	-3%
Deferred tax liabilities	152	252	-100	-40%
Other long term liabilities	14	9	5	57%
Non-current liabilities	15,671	16,549	-878	-5%
Interest bearing debt	990	689	301	44%
Lease liabilities	1,235	938	297	32%
Other current liabilities	5,181	5,004	177	4%
Current liabilities	7,406	6,631	775	12%
Total equity and liabilities	31,523	31,978	-455	-1%
<i>Interest bearing debt</i>	<i>17,730</i>	<i>17,915</i>		
<i>Net interest bearing debt</i>	<i>17,345</i>	<i>17,281</i>		
<i>Equity ratio</i>	<i>26.8%</i>	<i>27.5%</i>		



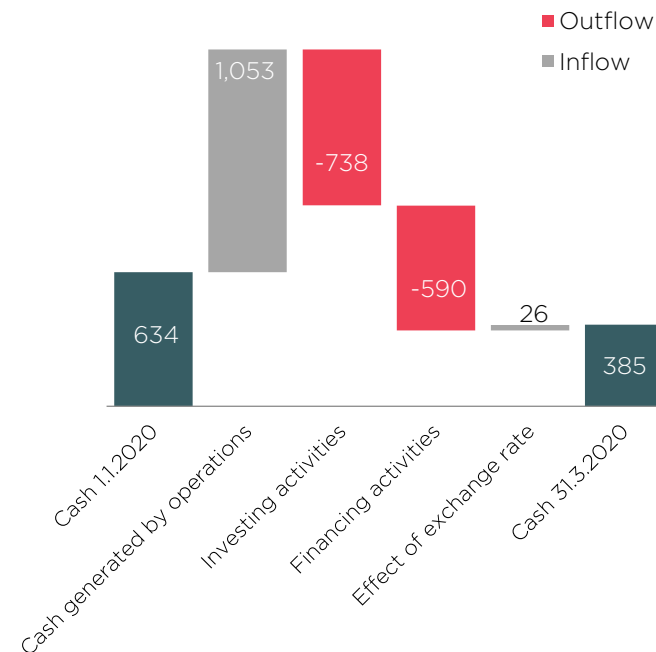
Cash flow Q1 2020



ISK m	Q1 2020	Q1 2019	Change	% chg.
Cash generated by operations	1,053	819	234	29%
Investing activities	-738	-1,028	290	-28%
Financing activities	-590	-5	-585	-
Change in cash	-275	-214	-61	28%
Cash at beginning of period	634	356	278	78%
Effect of exchange rate	26	0	26	-
Cash at the end of period	385	142	243	171%
Cash generated by operations before interest and tax	1,260	1,023	237	23%
Investment activities*	-738	-1,034	296	-29%
Free Cash Flow	522	-11	533	-

* Excluding net investment in share in other companies

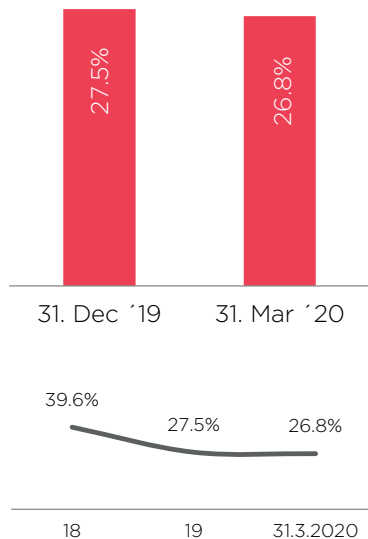
Cash flow Q1 2020



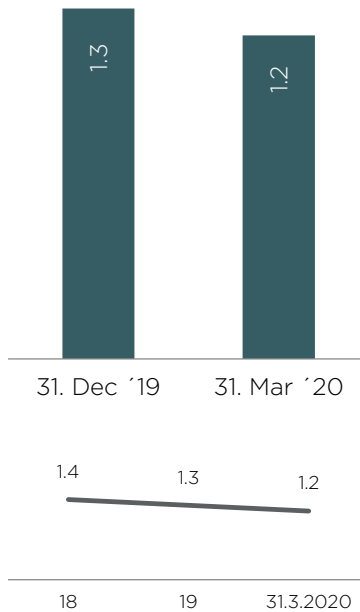
Statement of Financial Position - Key ratios



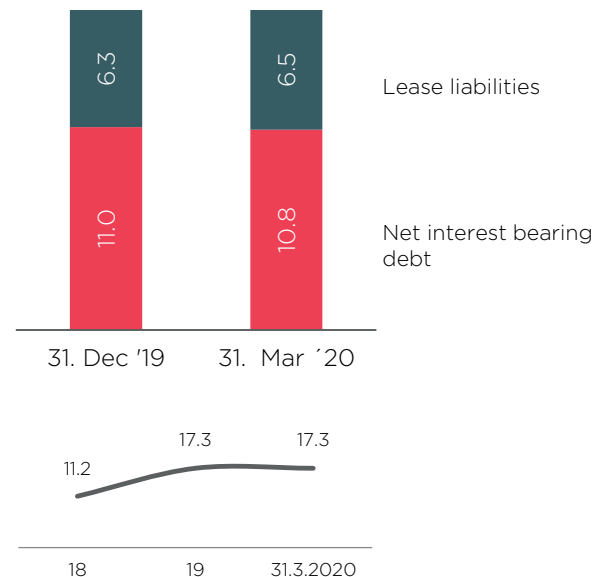
Equity Ratio



Current Ratio*



Net interest bearing debt



Updated comparative figures 31.12.2018 of the sale of P/F Hey.

*Current ratio = Current assets - Assets classified for sale / Other short term liabilities





The data center at Korputorg has been put into operation





SPORT

BYLGJAN
.....989



Disclaimer



The information in this presentation are based on sources that Sýn hf. deem reliable at the time of publication. However, it is not possible to secure fully that they are completely faultless.

All information in the presentation are the property of Sýn hf. It is prohibited to copy, amend or distribute in any manner, partly or fully, the presentation and the information therein.

The presentation is only for information purposes and not to be used as basis for decision making on part of recipients. Recipients shall not in any manner interpret the content therein as promise or guidance. Sýn hf. is not obliged to provide the recipients with further information nor to amend or correct should the information it is based on change.

Any statement in this presentation that cites future prospects is solely for guidance purposes, based on current evolution, information and projections. Future guidance of the company are subject to numerous risk and uncertainties that can result in being substantially different from the content of this presentation. External factors, such as access to finance, legislation, regulatory actions and otherwise can thus have substantial effects.

Sýn hf. will not update future guidance of the company due to situations that will occur afterwards. Sýn hf. suggest that recipients of the presentation should not trust statements therein at a later stage as they are only relevant at the day of the publication. Subject to this provision, all guidance on future prospects are fully reliable.

The recipients of the presentation acknowledge that they are subject to aforementioned disclaimers and limitations.

