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Key factors affecting Q4 & 2019



- The merger of P/F Hey, Sýn's subsidiary in the Faroe Islands and Nema, a subsidiary of Tjaldur, was finalized in Q1 2019, the sales profit amounted to ISK 872 million. After the merger, Sýn owns 49.9% of the merged company which will be accounted for under the equity method from January 1st 2019.
- On October 18th 2019, Sýn hf. signed the acquisition of all share capital in the information technology company Endor.
 - The Competition Authority approved the acquisition on December 1st 2019. Endor's balance sheet has been fully included in the consolidated financial statements, but the company's operations in December are not part of the consolidated financial statements where there are insignificant amounts.
- Broadcasting license rights are now accounted for as intangible assets instead of inventories, comparative figures 2018 have been restated accordingly.
- New accounting standard IFRS 16 was implemented on January 1, 2019. Comparative figures for 2018 are not restated.
- Effect of collective agreements amount to ISK 115 million.
- The impact of one-off items amounted to ISK 358 million in 2019.
- Negative exchange rate effect on broadcasting license rights between years is around 10%, which is reflected in higher production and broadcasting cost.



Key Financial Results 2019



LEITIN
AÐ UPPRUNANUM

Revenue

19,811 m IKR

EBITDA

5,509 m.kr.

Results

1,748 m IKR loss

Equity ratio

27.5%

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Key factors affecting Q4 & 2019



Media

- Price changes for Stöð 2 and Risapakinn following the elimination of the Premier League had an impact on media revenue in 2019.
- Positive development in the number of subscribers to Skemmtipakinn and Stöð 2 on Q4 2019. In December 2019 the number of subscribers was higher than the same period in the year before.
- Good growth in Maráðon this year.

Broadband, GSM and fixed line

- Tough competition on both corporate and retail markets.
- Increase in roaming revenue between years due to favorable contracts.

Retail sales

- One-off sales on Q4 amounting to 119 ISK m and therefore the real decrease of retail sales was 1.5% (decrease between quarters was 0.3%).

Cost of sales

- Continued cost optimization for 365 telecommunications distribution, a decrease by ISK 200 m. between years.
- An increase in labor costs comes as a result of new wage agreements as well as settlement of termination agreements.
- Increase in program and broadcast costs due to higher purchase price of broadcasting rights and increased focus on domestic content.
- Higher depreciation of operational assets due to investments from previous years due to the construction of the new headquarters and investments in media activities.

Operating expense

- Close to a ISK 276 m decrease in operating expenses between years, which is reduced due to settlement of termination agreements and an increase in depreciation of operating assets.



Income Statement 2019 Highlights



ISK m	2019	2018	Change	% change
Revenue	19,811	20,754	-943	-5%
Cost of Sales	-12,589	-12,716	127	-1%
Gross Profit	7,222	8,038	-816	-10%
Operating expense	-6,720	-6,871	151	-2%
Impairment	-2,452	0	-2,452	-
EBITDA*	5,509	5,619	-110	-
EBIT	-1,950	1,167	-3,117	-
Net financial expense	-995	-702	-293	-
Effect of associates	963	-27	990	-
Income tax	234	5	229	-
Profit (Loss)**	-1,748	443	-2,191	-

Gross Margin (%)	36.5%	38.7%
EBITDA %	27.8%	27.1%
EBIT %	-9.8%	5.6%

Impact of IFRS 16 on P/L	2019
Cost of sales	337
Operating expense	272
EBITDA	609
Net financial expense	-196
Depreciation	-458
IFRS 16 impact on earnings	-45

*EBITDA 2018 restated in relation to changes in the accounting treatment of broadcasting license rights.

** Profit 2018 for the period from continuing operations.

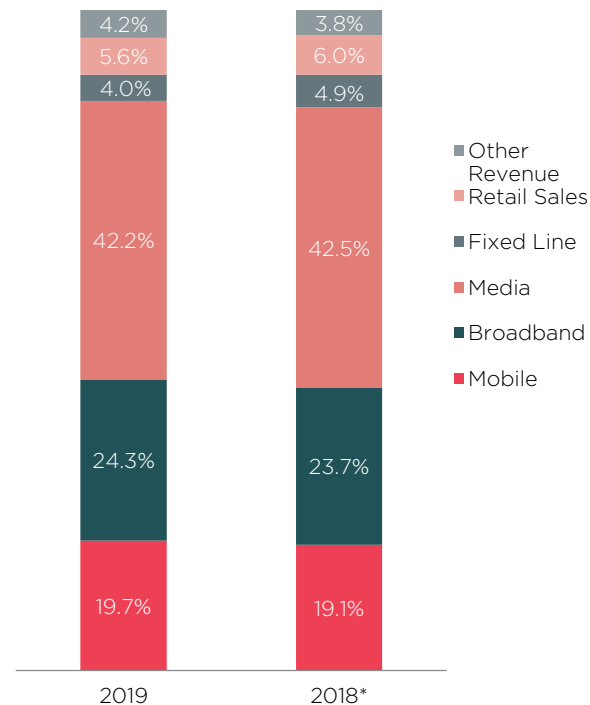


Figures are in ISK million

Revenue 2019



ISK m	2019	2018*	Chg.	% Chg.
Media	8,367	8,813	-446	-5%
Broadband	4,811	4,905	-94	-2%
GSM	3,902	3,957	-55	-1%
Fixed Line	789	1,027	-238	-23%
Retail Sales	1,122	1,258	-136	-11%
Other Revenue	820	794	26	3%
Total Revenue	19,811	20,754	-943	-5%



*Updated comparative figures for the sale of P/F Hey. Rental of internet routers has been moved from other revenue to broadband.



Figures are in ISK million

Key Financial Results Q4 2019



Revenue

4,935 m IKR

EBITDA

1,409 m.kr.

Results

2,101 m IKR loss

Equity ratio

27.5%



Income Statement Q4 Highlights



ISK m	Q4 2019	Q4 2018	Change	% change
Revenue	4,935	5,424	-489	-9%
Cost of Sales	-3,098	-3,441	343	-10%
Gross Profit	1,837	1,983	-146	-7%
Operating expense	-1,570	-1,682	112	-7%
Impairment	-2,452	0	-2,452	-
EBITDA*	1,409	1,449	-40	-
EBIT	-2,185	301	-2,486	-
Net financial expense	-153	-168	15	-
Effect of associates	119	-13	132	-
Income tax	119	73	46	-
Profit (Loss)**	-2,101	193	-2,294	-

Gross Margin (%)	37.2%	36.6%
EBITDA %	28.6%	26.7%
EBIT %	-44.3%	5.5%

Impact of IFRS 16 on P/L	Q4 2019
Cost of sales	93
Operating expense	46
EBITDA	139
Net financial expense	-55
Depreciation	-98
IFRS 16 impact on earnings	-15

*EBITDA 2018 restated in relation to changes in the accounting treatment of broadcasting license rights.

** Profit 2018 for the period from continuing operations.

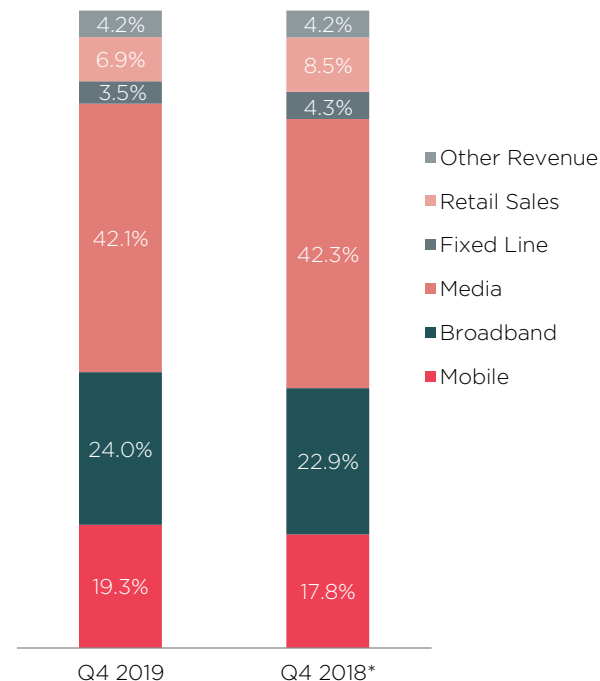


Figures are in ISK million

Revenue Q4



ISK m	Q4 2019	Q4 2018*	Chg.	% Chg.
Media	2,079	2,295	-216	-9%
Broadband	1,182	1,239	-57	-5%
Mobile	953	968	-15	-2%
Fixed Line	174	231	-57	-25%
Retail Sales	342	462	-120	-26%
Other Revenue	205	229	-24	-11%
Total Revenue	4,935	5,424	-489	-9%



*Updated comparative figures for the sale of P/F Hey. Rental of internet routers has been moved from other revenue to broadband.



Figures are in ISK million

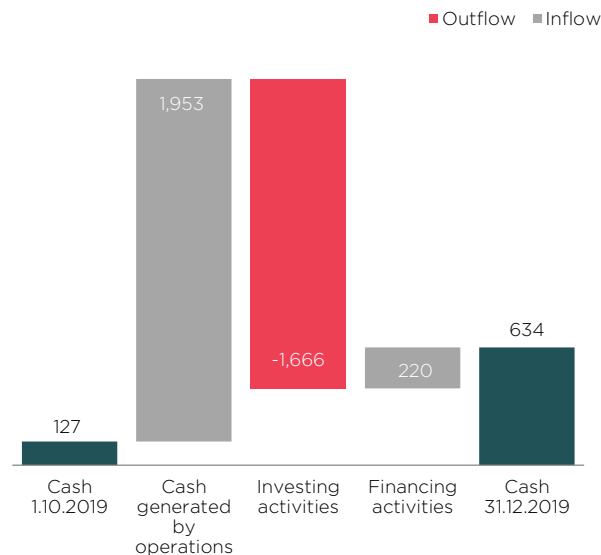
Cash Flow Q4 2019



ISK m	Q4 2019	Q4 2018	Change	% chg.
Cash generated by operations	1,953	1,358	595	44%
Investing activities	-1,666	-1,215	-451	37%
Financing activities	220	-93	313	-337%
Change in cash	507	50	457	914%
Cash at beginning of period	127	306	-179	-58%
Cash at the end of period	634	356	278	78%
Cash generated by operations before interest and tax	2,141	1,533	608	40%
Investment activities*	-1,572	-1,192	-380	32%
Free Cash Flow	569	341	228	67%

* Excluding net investment in share in other companies

Q4 2019 Cash Flow

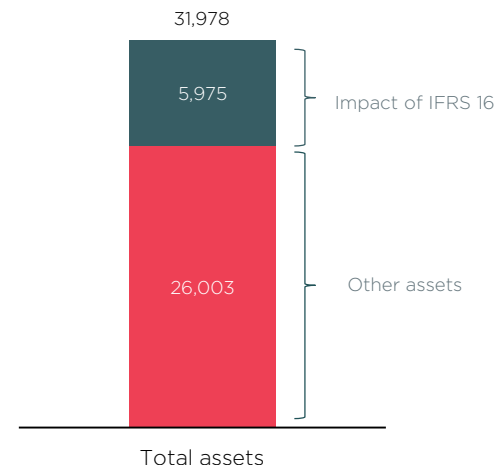


Statement of Financial Position December 31st 2019



	31.12.19*	31.12.18	Change	%
Property, plant and equipment	4,793	4,785	8	0%
Righ-of-use assets	5,828	0	5,828	-
Intangible assets	13,435	15,454	-2,019	-13%
Shares in other companies	1,383	48	1,335	-
Income tax balance	97	0	97	-
Fixed assets	25,536	20,287	5,249	26%
Other current assets	5,808	5,312	496	9%
Cash and cash equivalents	634	356	278	78%
Assets classified as held for sale	0	1,056	-1,056	-
Current assets	6,442	6,724	-282	-4%
Total assets	31,978	27,011	4,967	18%

Impact of IFRS 16 on assets 31.12.19



*Endor's is part of the consolidated statement of financial position



Figures are in ISK million

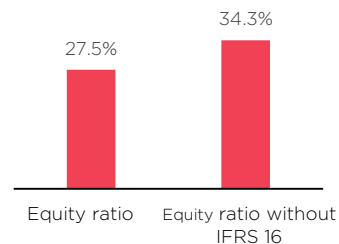
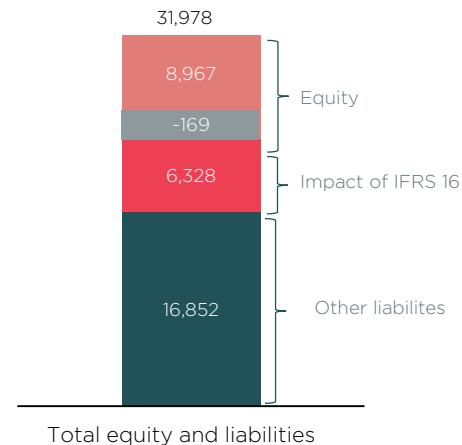
Statement of Financial Position December 31st 2019



	31.12.19*	31.12.18	Change	%
Equity	8,798	10,707	-1,909	-18%
Interest bearing debt	10,898	10,874	24	0%
Lease liabilities	5,390	0	5,390	-
Deferred tax liabilities	9	138	-129	-94%
Other long term liabilities	252	0	252	-
Non-current liabilities	16,549	11,012	5,537	50%
Interest bearing debt	689	687	2	0%
Lease liabilities	938	0	938	-
Other current liabilities	5,004	4,167	837	20%
Liabilities related to assets classified held for sale	0	438	-438	-
Current liabilities	6,631	5,292	1,339	25%
Total equity and liabilities	31,978	27,011	4,967	18%
<i>Interest bearing debt</i>	<i>17,915</i>	<i>11,561</i>		
<i>Net interest bearing debt</i>	<i>17,281</i>	<i>11,205</i>		
<i>Equity ratio</i>	<i>27.5%</i>	<i>39.6%</i>		

*Endor's is part of the consolidated statement of financial position

Impact of IFRS 16 on equity and liabilities 31.12.19



Figures are in ISK million

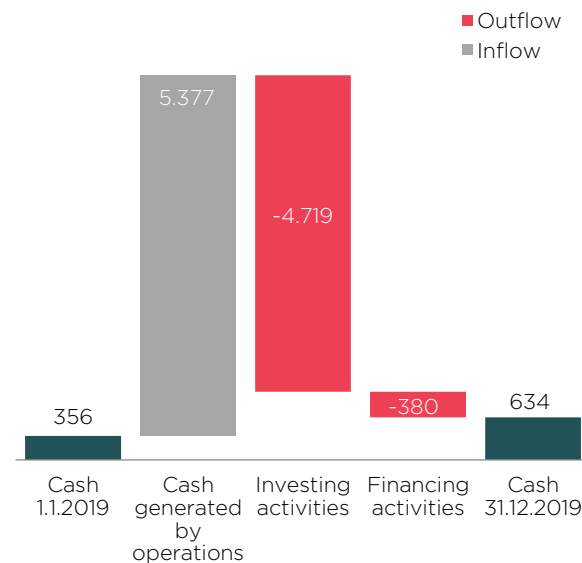
Cash Flow 2019



ISK m	2019	2018	Change	% chg.
Cash generated by operations	5,377	4,689	688	15%
Investing activities	-4,719	-5,096	377	-7%
Financing activities	-380	434	-814	-188%
Change in cash	278	27	251	930%
Cash at beginning of period	356	329	27	8%
Cash at the end of period	634	356	278	78%
Cash generated by operations before interest and tax	6,304	5,356	948	18%
Investment activities*	-4,622	-5,038	416	-8%
Free Cash Flow	1,682	318	1,364	-

* Excluding net investment in share in other companies

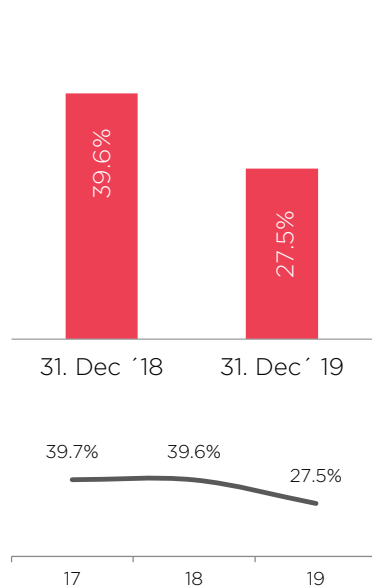
Cash Flow 2019



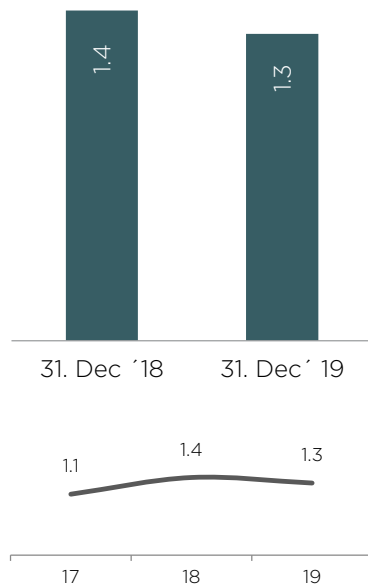
Statement of Financial Position - Key ratios



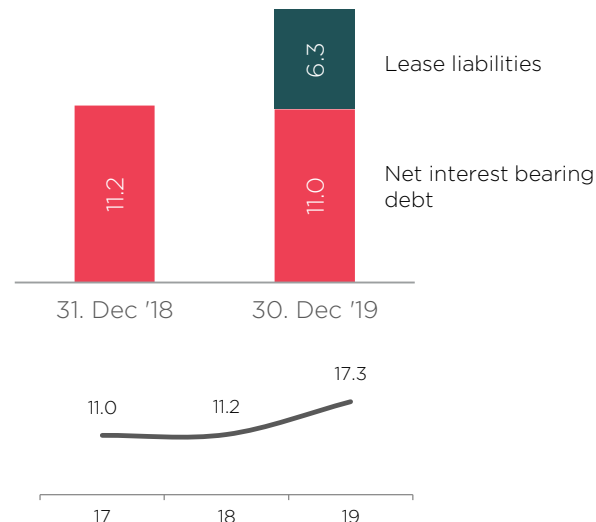
Equity Ratio



Current Ratio*



Net interest bearing debt



Updated comparative figures for the sale of P/F Hey

*Current ratio = current assets / current liabilities



2020 outlook – Focus on increased margins



- Management's key focus in 2020 is to achieve increased profitability from the company's operations.
 - Effect of collective agreements will increase labor costs in 2020 around ISK 100 m. Agreements with the Journalists' Association are still unfinished.
- Systematic efforts are being made to streamline the company's processes. Continued cost control with emphasis on efficiency.
 - Efforts to maximize synergy from the telecommunications and media operations.
 - Increased automation and simplification of processes with better information analysis.
- Improved procedures for the assessment of investment options. Emphasis on systematic security and operational efficiency.
 - Potential partnerships in 5G development and related projects have a significant impact on the investment outlook for the year.
- Investments will be around 1 ISK bn in 2020.
- In 2020, the company's focus is to increase its EBITDA margin from the previous year.
- The company's goal is to improve cash flow from operation in 2020.



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5G development



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- Number of users:
 - 1 million around Europe (from the 500 million user market).
 - 11 in China and South-Korea.
- Number of 5G systems.
 - In Europe 40 systems have been negotiated and 27 have been started (19 from Huawei and 8 from Ericsson).
 - Worldwide 61 systems have been negotiated (43 from Huawei).
- EU advises telecommunication companies to use more than one supplier.
- A comprehensive system is being developed in Europe, with more than one supplier and effort to maximize security while minimizing waste.
- A 5G system requires a larger number of transmitters based on the current system and greater electricity consumption.



Infrastructure



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Company infratstructure



Nationwide fiber network

IPTV service to 97% of population

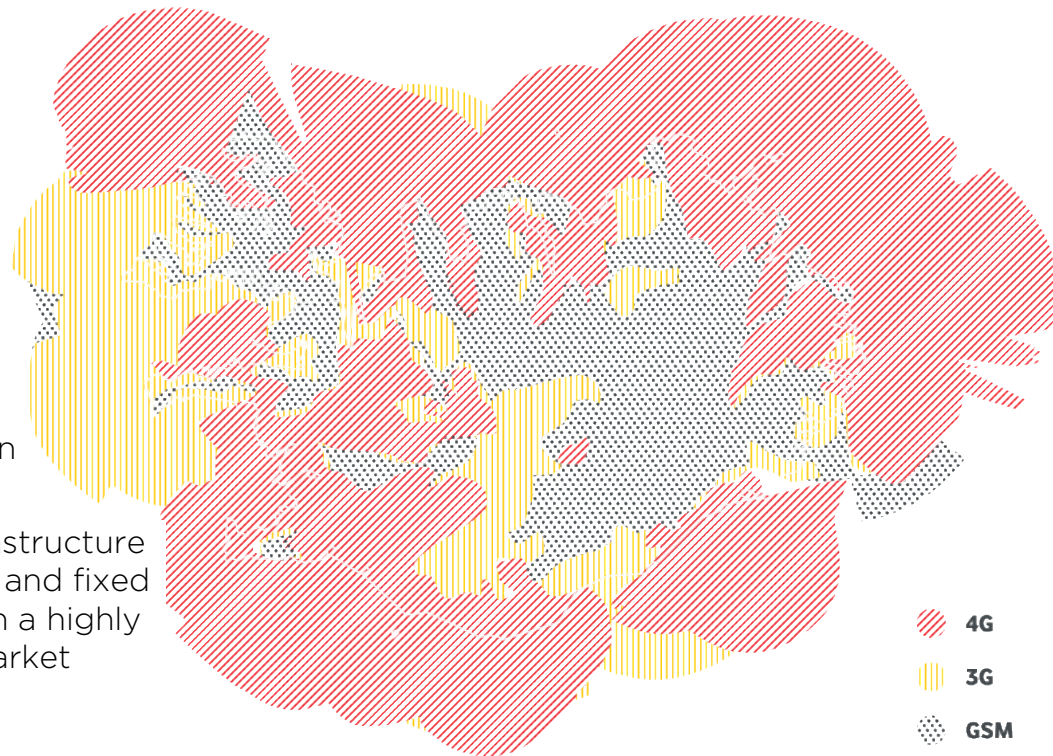
Mobile network throughout the country and beyond

Mobile coverage on land and sea

TV broadcasting DVB-T

TV Broadcasting over DVB-T to 99,9% population

Sýn has, during the past 20 years, built major infrastructure throughout the whole country in mobile, TV, radio and fixed network. This ensures a competitive advantage on a highly competitive Icelandic telecommunications market



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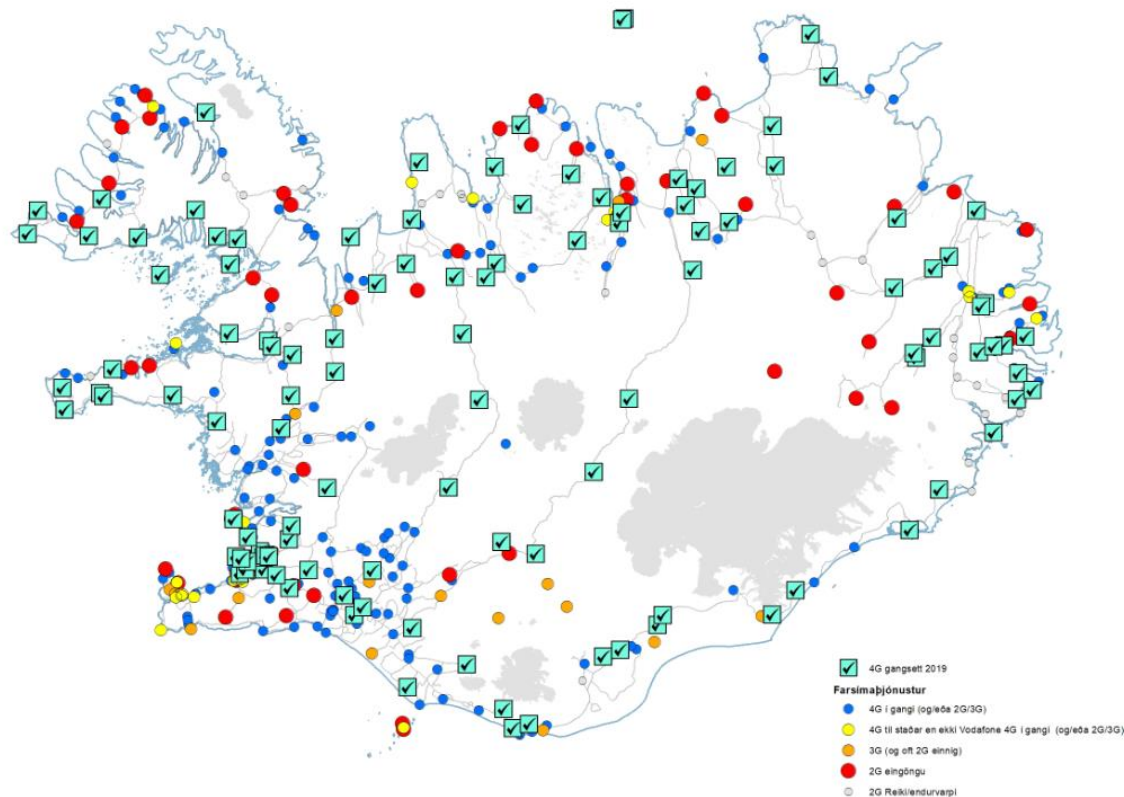


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Mobile network system - 4G coverage to 99,7% of population



575 Sites in operation

- 433 2G sites
- 460 3G sites
- 412 4G sites

Reykjavík DC – New high-tech data center



New high tech Data Center opening in March 2020
Sýn 30% owner



REYKJAVÍK
DC

TV and radio



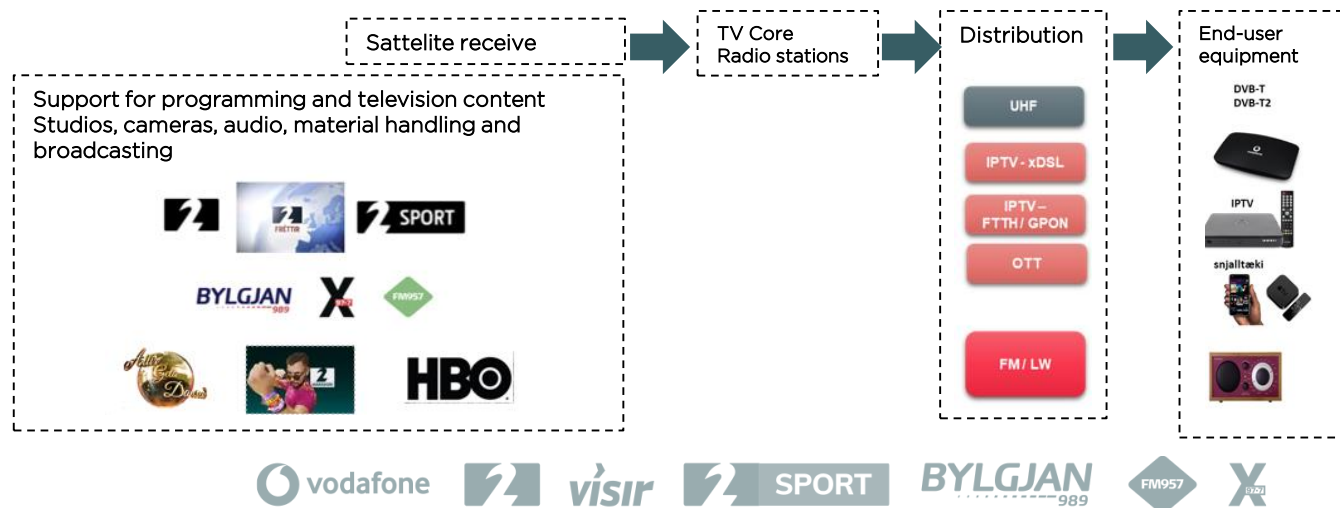
From production and content procurement, to TV core systems, distribution networks and end-user equipment

Strong infrastructure to produce content:

- Studio (newly rebuilt)
- Broadcasting tech (newly rebuilt)
- Equipment
- Knowledge

Outstanding middleware and distribution systems:

- Co-built IPTV og OTT system
- DTT TV broadcasting to whole of Iceland
- Outstanding FM radio coverage



WE ARE THE **BIGGEST** MEDIA IN **ADVERTISING** IN ICELAND

OUR MEDIA REACH 180.000 PEOPLE DAILY*

We have a unique position in the Icelandic advertising market



TV

OUR TV STATIONS REACH
81.925 PEOPLE EVERY DAY



RADIO

OUR RADIO STATIONS REACH
79.147 LISTENERS EVERY DAY

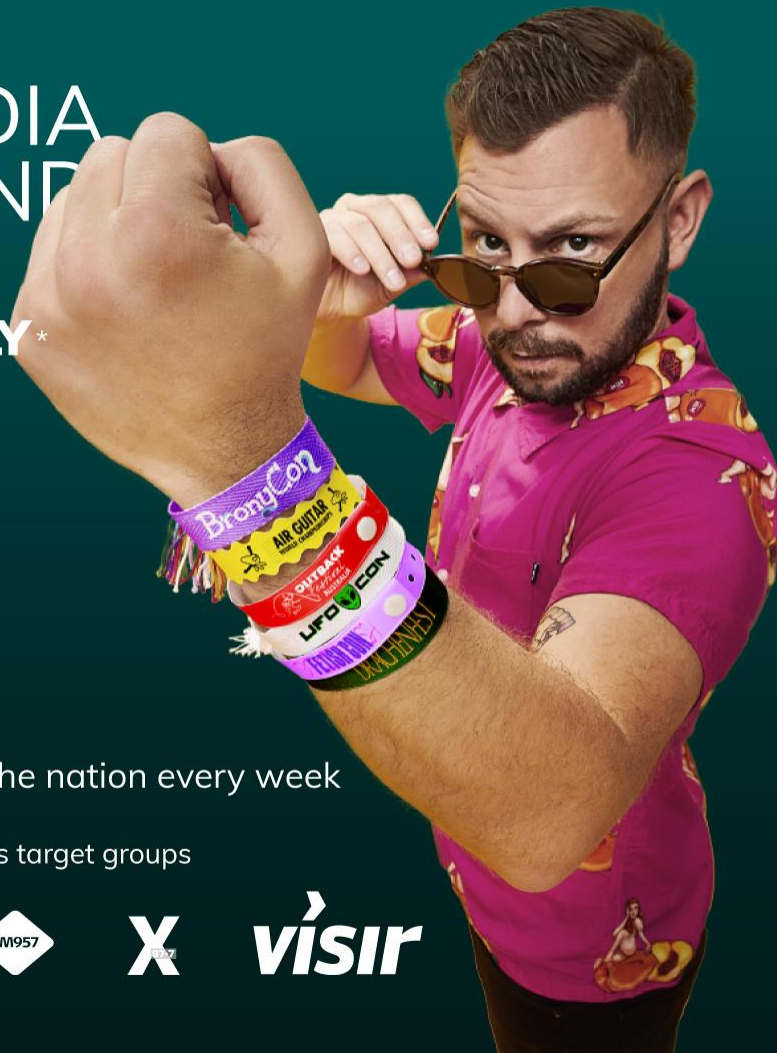


WEB

OUR FLAGSHIP NEWS WEBSITE,
VÍSIR.IS, REACHES
135.264 READERS EVERY DAY

We boast a wide variety of media that reach **97%** of the nation every week

It is a compelling option for advertisers that want to reach various target groups



WILL ICELAND QUALIFY?

PROBABLY BIGGEST MATCH EVER

Play-Off Semi Finals 26 March



ICELAND - ROMANIA



LIVE ON STÖÐ 2 & STÖÐ 2 SPORT



EURO2020

EURO2020 12 JUNE- 12 JULY

- A total of 12 cities across Europe will deliver 51 matches across 31 days of competition.
- All matches live on Stöð 2 Sport
- Media coverage on tv, radio and on Vísir.is



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