



November 7th, 2018

Press release on the earnings of Sýn hf. for the Third quarter of 2018:

The merger starting to generate positive results with EBITDA increase of 21%

The interim financial report for Sýn hf. for the third quarter of 2018, was approved by the company's Board of Directors and CEO at a board meeting on November 7th 2018. In December 2017 the company purchased certain assets and operations of 365 Miðlar hf., and this influences the comparison between periods.

- Revenue in the third quarter of 2018 amounted to ISK 5,449 million, an increase of 59% from the previous year. Income in the first nine months of the year increased by ISK 6,233 million, or 63%.
- The quarter's EBITDA amounted to ISK 1,032 million, an increase by ISK 178 million from previous year. EBITDA for the first nine months amounted to ISK 2,468 million, a 6% increase from previous year.
- EBITDA adjusted for one off items in relation to the acquisition amounted to ISK 1,038 million, a 21% increase from the previous year.
- Profit in the period amounted to ISK 226 million, a decrease of 22% from the previous year. Profit for the first nine months of the year amounted to ISK 278 million, a 62% decrease from previous year.
- Profit per share was ISK 0.76 in Q3 and was ISK 0.94 for the first nine months of the year.
- The quarter's investment activities amounted to ISK 516 million, an increase of 40% from the previous year due to integration projects.
- Sýn hf. published revised EBITDA guidance for 2018 on November 1, 2018. Current EBITDA guidance for 2018 is estimated at ISK 3,600 million from regular operations. One-off items in the first nine months of the year are ISK 151 million. It is expected that the one-off items will not have material effect on the last quarter. The estimated Capex ratio is 11% of income and is higher than expected mostly due to investments regarding moving of broadcasting studios and employees at the end of the year.



Table 1: Q3 highlights

	Q3 2018	Q3 2017	Change	% change	9M 2018	9M 2017	Change	% change
Revenue	5,449	3,437	2,012	59%	16,197	9,964	6,232	63%
Cost of Sales	3,311	1,887	1,424	75%	9,872	5,458	4,415	81%
Gross Profit	2,138	1,550	588	38%	6,325	4,507	1,820	40%
Operating costs	1,641	1,092	549	50%	5,423	3,329	2,094	63%
EBITDA	1,032	854	178	21%	2,468	2,334	134	6%
EBIT	497	458	40	9%	902	1,177	-275	-23%
Net Financials	213	96	117	122%	550	265	285	108%
Net Profit	226	290	-64	-22%	278	730	-452	-62%

Framlegð (%)	39.2%	45.1%	39.1%	45.2%
EBITDA %	18.9%	24.8%	15.2%	23.4%
EBIT %	9.1%	13.3%	5.6%	11.8%

Stefán Sigurðsson, CEO:

I was pleased to see the merger result in increased EBITDA of ISK 1,032 million in the third quarter, an increase of 21% compared to the third quarter last year. As the synergies have not fully materialized and total cost of the merger is higher than expected, the next quarters should show positive operating results, in accordance to the third quarter, throughout 2019 and into 2020. The management goal is a steady increase of the quarterly EBITDA up to ISK 1.0 to 1.4 bn. in accordance to merger plans which assumed full synergies within 18 months.

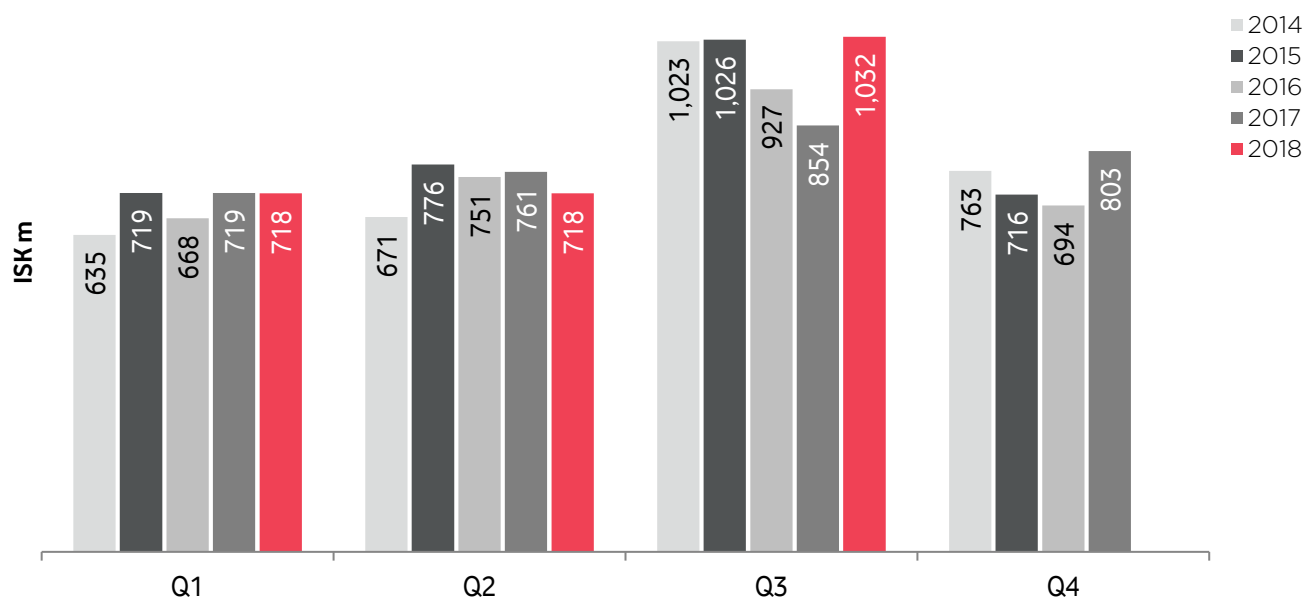
The company was forced to lower its earnings prospects for 2018, mainly due to merger projects having more effect on the operations for a longer time than anticipated. This has resulted in higher cost level in the company as synergy projects have taken time from regular operations, leading to higher wage cost due to increased work load and overtime while moving and combining various operating systems. Reduction of full-time employees is however in accordance with the plans of the merger. The depreciation of the ISK has in addition had negative effects, especially on the outlook for the fourth quarter. On the positive side, the increased strain of the merger will not last forever and the synergy projects are well underway. With each passing day the operation is getting more to normal and with relocation of all staff and studio operations to Suðurlandsbraut by the end of the year we will have seen the last of the extensive merger projects.

Management is working hard on specific actions to strengthen the company's operations and at this point does not see reason to change outlook for 2019 from ISK 4,600 to 5,000 million despite lowered guidance for 2018. Management is working on many different fronts to execute on the outlined merger goals. Already, action has been taken to increase revenue for the coming year to complement the weakening of the ISK, synergy effects related to supplier deals will affect in lower cost for 2019 in whole, and operational projects will result in improved operation. The number of full-time employees have already decreased by 5% in the second half of the year and with less strain, plans assume a decrease of further 5% by

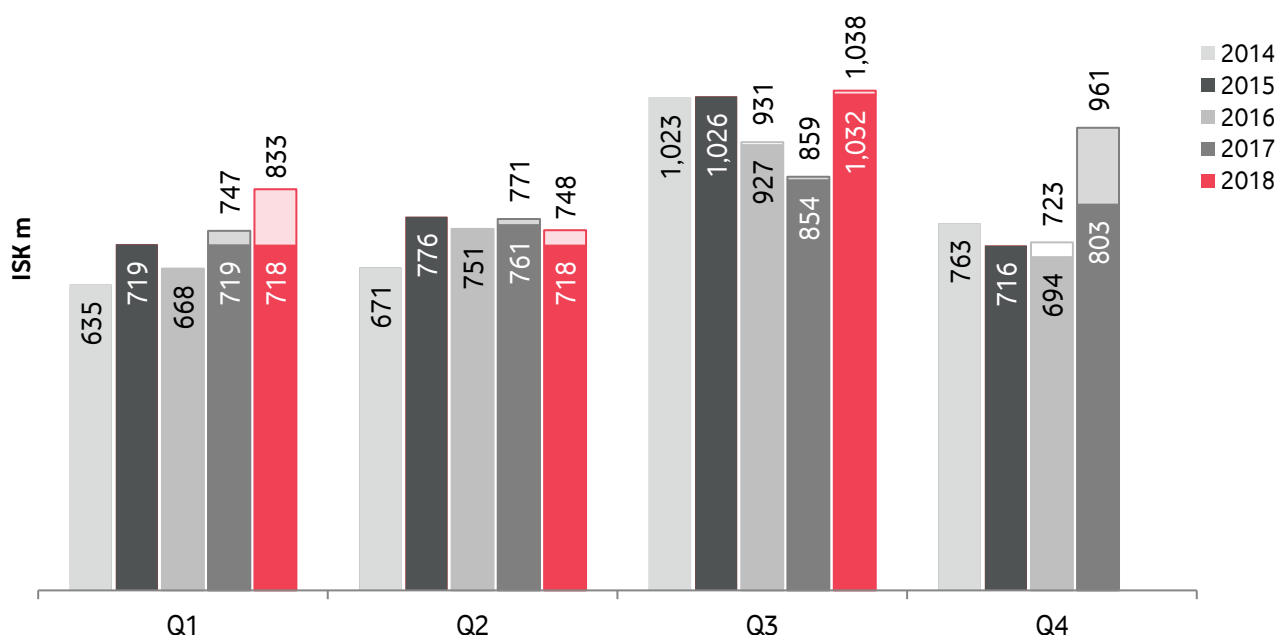


second half of 2019 following employee turnover. We therefore see positive operations in coming quarters, well into 2020.

Graph 1: EBITDA by quarters from 2014:



Graph 2: EBITDA by quarters from 2014 - adjusted for one-time items 2016-2018:





Q3 2018 Operating Results:

The Group's income during Q3 2018 amounted to ISK 5,449 million, an increase of 59% from the same period in the previous year. The quarter's income consists of new combined operations following the purchase of certain assets and operations of 365 Miðlar hf., and this influences the comparison between periods. Income from media operations amounted to ISK 2,090 million in the third quarter, increasing by 293% between years. The increase can for the most part be attributed to the purchased operations. Broadband income amounted to ISK 1,288 million in the third quarter, an increase of ISK 256 million, or 25%, from the previous year. Mobile income amounted to ISK 1,228 million and increased by 12% between years. Income from fixed-line services amounted to ISK 270 million during the quarter a decrease of 11% between years. Income from retail sales amounted to ISK 310 million during the period, a 1% increase as compared to the same period in 2017. Other income amounted to ISK 262 during the quarter, increasing by 51% from the previous year.

Cost of sales amounted to ISK 3,311 million, increasing by 75% between years, particularly due to content and vendor telecommunication costs of new operations, while operating costs amounted to ISK 1,641 million. EBITDA for the period amounted to ISK 1,032 million, an increase by 178 million on equivalent quarter in 2017. The EBITDA ratio was 18.9% and the EBIT ratio was 9.1%.

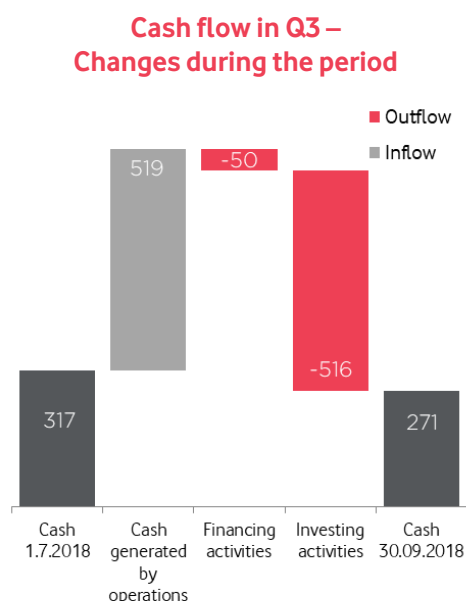
Net financial expenses in the first quarter amounted to ISK 213 million, a 122% increase from the previous year. The increase is mainly due to higher interest expenditures resulting from the financing of the purchase of specified assets and operations of 365 Miðlar hf.

Quarter profit after taxes amounted to ISK 226 million, a ISK 64 million decrease from the same period in 2017.

Q3 2018 Cash flow:

Net cash from operating activities in the first quarter of 2018 amounted to ISK 519 million. Investment activities amounted to ISK 516 million, a 40% increase from the previous period.

The company's financing activities amounted to ISK 50 million in the third quarter of 2018. Payments on long-term liabilities amounted to ISK 145 million. Cash and cash equivalents at end of the third quarter amounted to ISK 271 million.





Balance sheet on September 30th, 2018:

Equity at the end of the period was ISK 10,457 million and the equity ratio was 39.5%. Outstanding equity amounted to ISK 2,964 million at the end of the period.

The group's total liabilities were ISK 16,049 million. Net interest-bearing debt amounted to ISK 11,574 million and the ratio to EBITDA profits in the previous 12 months was 3.5. The current ratio was 1.2.

Financial Guidance:

Sýn hf. published revised EBITDA guidance for 2018 on November 1, 2018. Current EBITDA guidance for 2018 is estimated at ISK 3,600 million from regular operations. One-off items in the first half of the year are ISK 151 million. It is expected that the one-off items will not have material effect on the last quarter. The estimated capital expenditure ratio is 11% of income and is higher than expected mostly due to investments regarding moving of studios and employees at the end of the year.

The management has assessed the guidance for 2019 and 2020 and do not find that there are premises for changing the outlook due to specific actions that will affect the outcome as well as macro-economic uncertainties, namely currency fluctuations and pending collective agreements.

The current guidance is including the continued consolidation of the Icelandic operations and Hey in the Faroes. It has been announced that an agreement has been made on heads of terms in a merger of Hey a subsidiary of SYN and the Faroese IT company Nema. The transaction results in SYN owning 49.9% in the merged company thereby removing Faroese options from SYN's consolidated account. SYN stake in the company will be accounted for using the equity method. The transaction is subject to regular prerequisites but if transaction will materialize and the Faroese business subsequently not consolidated it would thus mean a change to the guidance of SYN. The part of the EBITDA of Hey in the published outlook is approximately DKK 14m or ISK 258m on today's exchange rate. The effect on the CAPEX ratio guidance would however be none and the effect on free cash flow immaterial.

Essential news and important milestones on Q3:

- Technicians from Vodafone went to the Westfjords to activate 4G transmitters in the area. Towns and villages like Suðureyri, Súðavík, Flateyri, Þingeyri and Tálknafjörður are now 4G connected as well as Hólmavík and Dranganes and surrounding areas.
- The entire staff of Sýn along with members of Landsbjörg, the Icelandic volunteer rescue services, along with Icelandic celebrities and politicians answered the phones in our service center and accepted donations from the public in support of Landsbjörg. The fundraiser was televised live on Stöð 2 and on this occasion our new television studio was displayed for the very first time.
- The Musicians Fund of Bylgjan radio station and Stöð 2 tv in cooperation with STEF, the musicians' union, allocated total grant of ISK 9.950.000 to Icelandic musicians but the purpose of the fund is to encourage creativity and growth in the Icelandic music sector.



- Sýn hf. participated this October in the National Icelandic Cancer Association's „Pink Ribbon“ in support of raised awareness of cancer treatment for women. Our headquarter's were lit up in pink and our staff dressed up in pink on the „Pink Day“ October 12th.
- Sýn supports all kinds of innovation and creativity. For example this fall Sýn hf. supported the production of the play „My name is Guðrún“ in the National Theater. The play demonstrates the terrible effects of Alzheimer's disease. „My name is Guðrún“ has been very successful in Scandinavia since its debut in 2014.

Presentation on November 8th, 2018:

- An open meeting to present the results will be held on Thursday November 8th, 2018. The meeting will be held at the Sýn hf. headquarters at Suðurlandsbraut 8, 108 Reykjavík. The meeting will begin at 8:30 am and breakfast will be served from 8:00.
- Following the meeting, presentation materials will be available on Sýn's investor relations page at <https://www.syn.is/investors> and in Nasdaq Iceland's news network.
- The meeting will be streamed live at <https://www.syn.is/investors>

Financial calendar 2018:

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| ✓ | Q4 and annual results 2018 | February 27 th , 2019 |
| ✓ | Annual General Meeting 2019 | March 21 st , 2019 |

Further information:

- ✓ Guðfinnur Sigurvinsson, Sýn's director of communication, will answer requests for further information and can be contacted via email, fjarfestatengsl@syn.is or by telephone, +354 669-9330.