February 27th, 2019

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

Merged company completes its first full year under challenging market conditions

Sýn´s 2018 annual financial statement was approved by Sýn´s CEO and board of directors at a board meeting 27th of February 2019. The financial statement was audited and signed under unqualified opinion by the firm´s auditors. The financial statement will be presented for confirmation at the firm´s annual general meeting on the 22nd of March 2019.

In December 2017 the company purchased certain assets and operations of 365 Miðlar hf., and this influences the comparison between periods.

Sýn and the Faroese company Tjaldur have agreed on heads of terms in the merger of P/F Hey a subsidiary of Sýn and the Faroese IT company Nema a subsidiary of Tjaldur. Sýn being the sole shareholder of P/F Hey will hold 49,9% of the merged business with Tjaldur owning 50,1%. P/F Hey´s assets and liabilities have been classified as held for sale in the balance sheet but the company´s operations in 2018 have not been presented as discontinued in the income statement as it is considered unsubstantial in the company´s accounts.

- Revenue in the fourth quarter of 2018 amounted to ISK 5,754 million, an increase of 34% from the previous year.
- Total revenue for 2018 amounted to ISK 21,951 million, an increase by 54% from the previous year.
- The quarter's EBITDA amounted to ISK 780 million, a decrease by ISK 23 million from previous year. EBITDA adjusted for one off items amounted to ISK 798 million, a 17% decrease from previous year.
- EBITDA for the year amounted to ISK 3,248 million, a 4% increase from previous year. EBITDA adjusted for one off items in relation to the acquisition amounted to ISK 3,417 million, a 2% increase from the previous year.
- Profit in the period amounted to ISK 195 million, a decrease of 45% from the previous year.
- The year's profit amounted to ISK 473 million, a 56% decrease from previous year. Profit adjusted for one off items in relation to the acquisition amounted to ISK 608 million, a 52% decrease from the previous year.
- Profit per share was ISK 1.6 for the year.
- The years investment activities amounted to ISK 2,407 million, an increase of 45% from the previous year. Investment activities as a percentage of revenue was 11.0%, but was 11.7% in 2017.
- The Board of Directors proposes that no dividend will be paid for the operating year 2018.
- The EBITDA guidance has been revised downwards by ISK 440 million. Furthermore, the sale of the majority stake of P/F Hey, changes in accounting

methods of content rights and implementation of IFRS 16 leads to a revised guidance of ISK 6.0 – 6.5 bn., see graph 5.

- changed accounting policies used in the handling of the exhibit and the implementation of IFRS 16.

Table 1: 2018 highlights

	Q4 2018	Q4 2017	Change	% change	2018	2017	Change	% change
Revenue	5,754	4,304	*1,450*	*34%*	21,951	14,268	*7,683*	*54%*
Cost of Sales	3,684	2,370	*1,314*	*55%*	13,556	7,829	*5,727*	*73%*
Gross Profit	2,070	1,934	*136*	*7%*	8,395	6,439	*1,956*	*30%*
Operating costs	1,769	1,560	*209*	*13%*	7,192	4,889	*2,303*	*47%*
EBITDA	780	803	*-23*	*-3%*	3,248	3,137	*111*	*4%*
EBIT	301	374	*-73*	*-20%*	1,203	1,550	*-347*	*-22%*
Net Financials	178	109	*69*	*63%*	728	374	*354*	*95%*
Net Profit	195	356	*-161*	*-45%*	473	1,086	*-613*	*-56%*

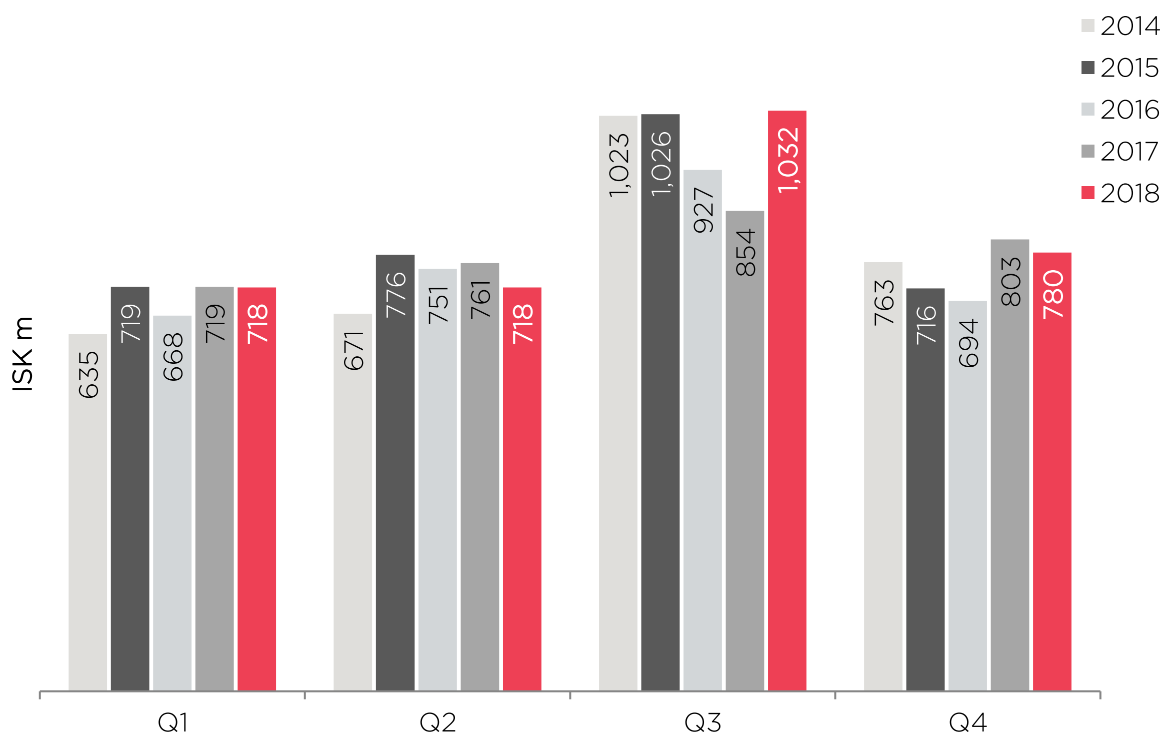
	Q4 2018	Q4 2017	2018	2017
Gross margin(%)	*36.0%*	*44.9%*	*38.2%*	*45.1%*
EBITDA %	*13.6%*	*18.7%*	*14.8%*	*22.0%*
EBIT %	*5.2%*	*8.7%*	*5.5%*	*10.9%*

Stefán Sigurðsson, CEO:

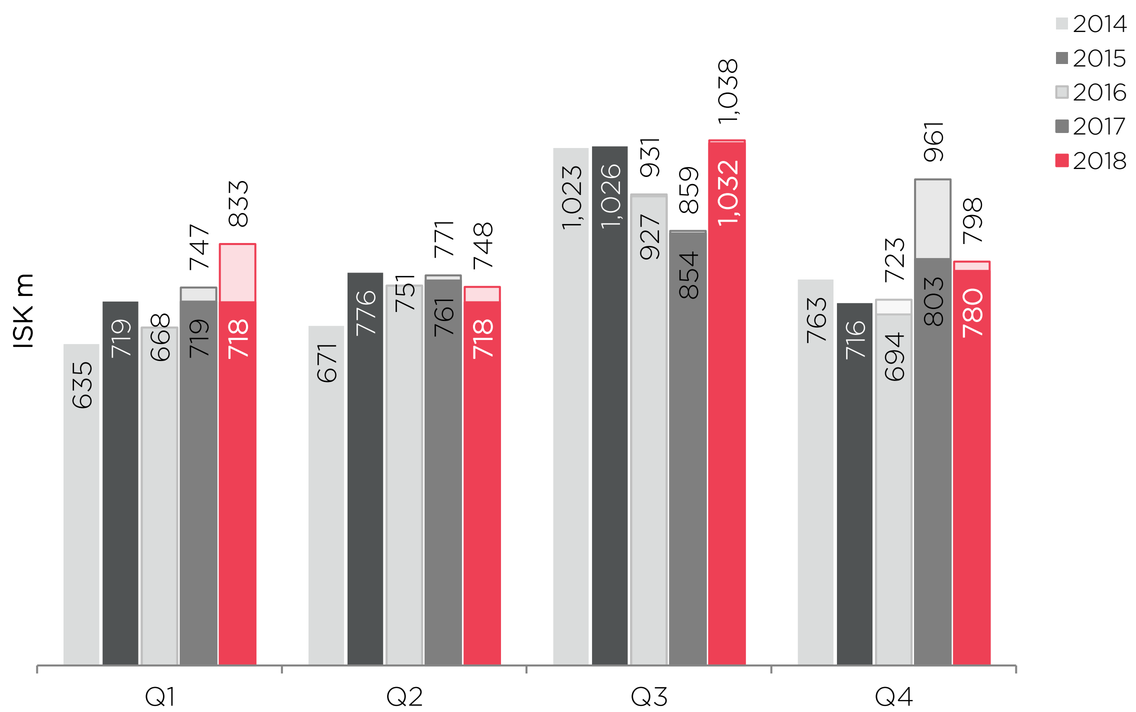
"The fourth quarter results mark the first full year of merged company. There are several reasons why the results are lower than our earlier guidance. Firstly, challenging economic conditions have affected sales in both advertising and TV-subscriptions. Secondly, the cost level of the company has been higher than anticipated along with cost increase due to the weakening of the ISK in the fourth quarter. Thirdly, technical difficulties of migrating customers between billing systems around mid-year caused a lot of strain on the company's service at the same time as the competition in the market increased. This increased churn, sales cost and led to lower ARPU in the fourth quarter. All mentioned challenges have been met with various measures. The service level of the company is back to normal, sales have increased although competition in the market is still fierce. Focus has been put on cost cutting which will continue to have positive effect on the company's results. At the same time measures will be taken to simplify and improve the corporation´s operations in coming months.

Technical projects related to the merger have mostly been completed and all operations are now situated at the company HQ at Suðurlandsbraut 8-10. The sale of the majority of P/F Hey in the Faroe Islands will simplify the operations. Other projects include construction of Reykjavik first data center partly owned by Sýn. The project has been met with much enthusiasm as the data center will be the one of the most advanced in Iceland. After the merger the company is financially stronger, with more diverse income streams, and numerous future opportunities and therefore well positioned to face challenges in the market and macro environment" says Stefán Sigurðsson CEO, Sýn.

Graph 1: EBITDA by quarters from 2014:



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



Q4 2018 Operating Results:

The Group's income during Q4 2018 amounted to ISK 5,754 million, an increase of 34% 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. In 2017, revenues for the fourth quarter consisted of two months of Sýn hf. before merger but one month of merged operations.

Income from media operations amounted to ISK 2,294 million in the fourth quarter, increasing by 85% between years. The increase can for the most part be attributed to the purchased operations. Broadband income amounted to ISK 1,330 million in the fourth quarter, an increase of ISK 237 million, or 22%, from the previous year. Mobile income amounted to ISK 1,100 million and increased by 3% between years. Income from fixed-line services amounted to ISK 260 million during the quarter a decrease of 17% between years. Income from retail sales amounted to ISK 547 million during the period, a 36% increase as compared to the same period in 2017. Other income amounted to ISK 223 million during the quarter, increasing by 15% from the previous year.

Cost of sales amounted to ISK 3,648 million, increasing by 55% between years, particularly due to content and vendor telecommunication costs of new operations, while operating costs amounted to ISK 1,769 million. EBITDA for the period amounted to ISK 780 million, a decrease by ISK 23 million on equivalent quarter in 2017. The EBITDA ratio was 13.6% and the EBIT ratio was 5.2%. Taking into account the one-off costs, EBITDA for the period would have amounted to ISK 798 million, the EBITDA ratio 13.9% and EBIT ratio 5.6%

Net financial expenses in the fourth quarter amounted to ISK 178 million, a 63% 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 195 million, a ISK 161 million decrease from the same period in 2017.

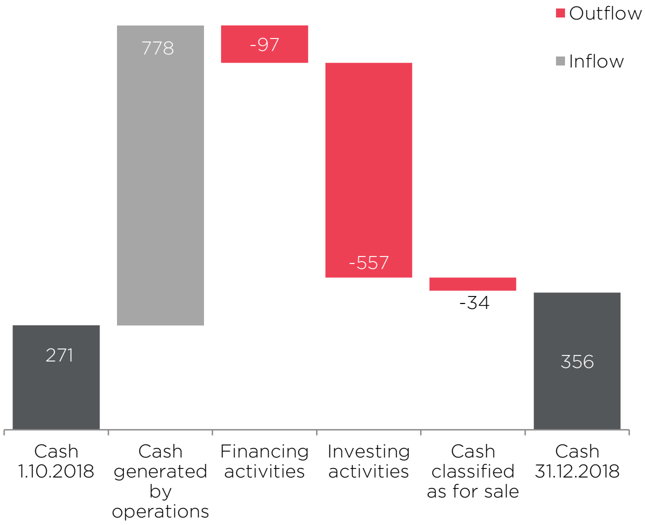
Q4 2018 Cash flow:

Net cash from operating activities in the fourth quarter of 2018 amounted to ISK 778 million, an increase by 13% from previous year. Investment activities amounted to ISK 557 million.

The company's financing activities amounted to ISK 97 million in the fourth quarter of 2018. Last November refinancing of the company was finalized. An agreement was reached with Landsbankinn for a long-term loan of 5.5 years, amounting to ISK 8,999 million and repaid loans amounting to ISK 8,014 million.

Cash equivalents at end of the fourth quarter amounted to ISK 356 million. Free cash flow in the quarter amounted to ISK 402 million, an increase by 68% from the same period in the previous year.

Graph 3: Cash flow in Q4 – Changes during the period



2018 Operating Results:

The Group's income during 2018 amounted to ISK 21,951 million, an increase of ISK 7,683 million or 54% from the same period in the previous year. The year'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 8,812 million in the year, increasing by 212% between years. The increase can for the most part be attributed to the purchased operations. Broadband income amounted to ISK 5,008 million in the fourth quarter, an increase of ISK 1,003 million, or 26%, from the previous year. Mobile income amounted to ISK 4,515 million and increased by 8% between years. Income from fixed-line services amounted to ISK 1,131 million during the year a decrease of 7% between years. Income from retail sales amounted to ISK 1,485 million during the year, a 12% increase as compared to the same period in 2017. Other income amounted to ISK 1,000 million during the year, increasing by 32% from the previous year.

Cost of sales amounted to ISK 13,556 million, increasing by 73% between years. Gross profit amounted to ISK 8,395 million and the gross margin was 38.2% compared to 45.1% in 2017. Operating costs amounted to ISK 7,192, of which one-off costs related to the purchase of certain assets and operations of 365 Miðlar hf. amounted to ISK 169 million.

EBITDA for the year amounted to ISK 3,248 million, a decrease by ISK 111 million or 4% from 2017. The EBITDA ratio was 14.8% compared to 22.0% in 2017 and the EBIT ratio was 5.5%. If one-off costs are taken into account the EBITDA for the year would have amounted to ISK 3,417 million, the EBITDA ratio 15.5% and EBIT ratio 6.2%. The year's profit after taxes amounted to ISK 473 million and decreases by 56% from previous year, considering one-off costs the year's profit would have been ISK 608 million.

Balance sheet on December 31st, 2018:

Equity at the end of the period was ISK 10,707 million and the equity ratio was 39.6%. Outstanding equity amounted to ISK 2,964 million at the end of the period.

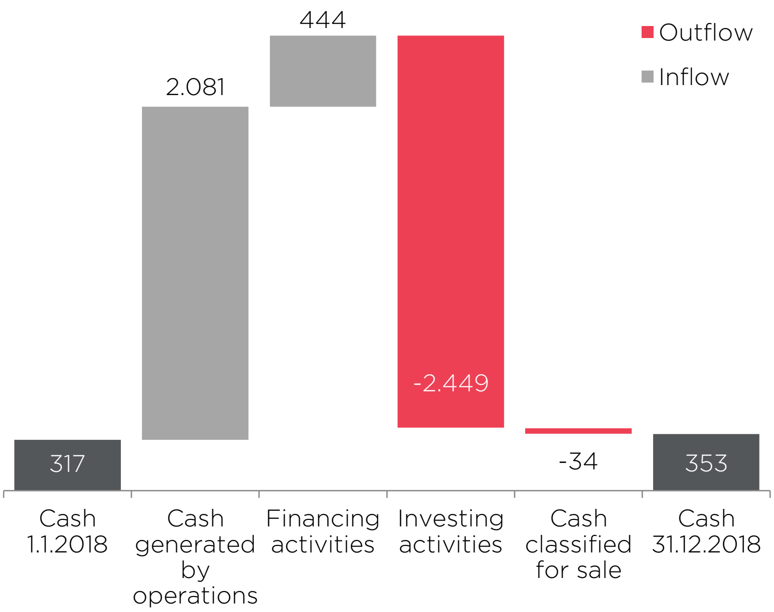
The group's total liabilities were ISK 16,304 million. Net interest-bearing debt amounted to ISK 11,205 million and the ratio to EBITDA profits in the previous 12 months was 3.4. The current ratio from continuing operations was 1.4.

2018 Cash flow:

Net cash from operating activities in 2018 amounted to ISK 2,081 million. Investment activities amounted to ISK 2,449 million, of which operational investments amounted to ISK 2,407 million.

The company's financing activities amounted to ISK 444 million in 2018. Cash equivalents at the end of the year amounted to ISK 356 million.

Graph 4: Cash flow in 2018– Changes during the period



Financial Guidance:

Given the challenging competitive conditions, the available EBITDA outlook for 2019 has been lowered by ISK 440 million.

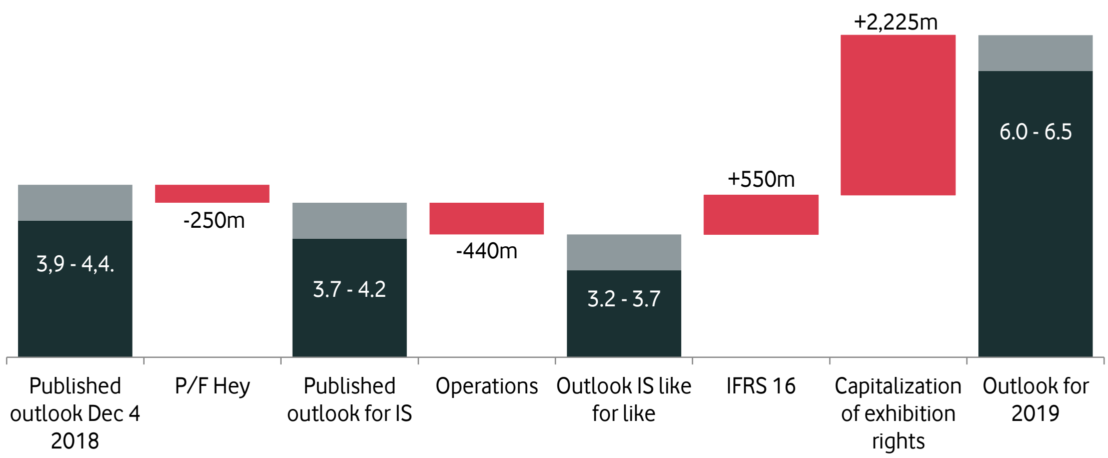
Updated EBITDA takes into account the impact of the sale of the majority of shares in P/F Hey. The negative effect on the company's outlook is around ISK 250 million. IFRS 16, will be implemented as of January 1st, 2019. Estimated effect on the Balance sheet is an increase in lease liabilities of ISK 3,400-3,600 million and assets due to right of utilization of ISK 3,000-

3,600 million. This results in an increase in EBITDA profit around ISK 550 million and a lower profit around ISK 60 million since lease payments will no longer be expensed as part of operating expenses, but the expense is divided between depreciation of utilization rights and financing costs of the lease debt.

The accounting method of content rights will be changed from January 1, 2019, and the rights will be accounted for as intangible assets, the effect on the EBITDA guidance is positive around ISK 2,2 bn. with the corresponding impact on capex.

The updated outlook for the 2019 operating year is now in the range of ISK 6.0 – 6.5 bn. and investments in the range of 3.8 – 4.2 bn.

Graph 5: Financial guidance 2019:



Presentation on February 28th, 2019:

- An open meeting to present the results will be held on Thursday February 28th, 2019. The meeting will be held at the Sýn hf. headquarters at Suðurlandsbraut 8, 108 Reykjavík and will begin at 8:30am.
- 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 2019:

✓	Annual General Meeting 2019	March 22nd, 2019
✓	Q1 results	May 8th, 2019
✓	Q2 results	August 21st, 2019
✓	Q3 results	October 30th, 2019
✓	Q4 and annual results 2019	February 19th, 2020
✓	Annual General meeting 2020	March 13th, 2020

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.