

sýn 



Key Financial Results Q2 2018

Revenue

5,444 m IKR
61% increase from 2017

EBITDA

718 m IKR
13.2% EBITDA %

Net Loss

4 m IKR
102% decrease from
2017

Equity Ratio

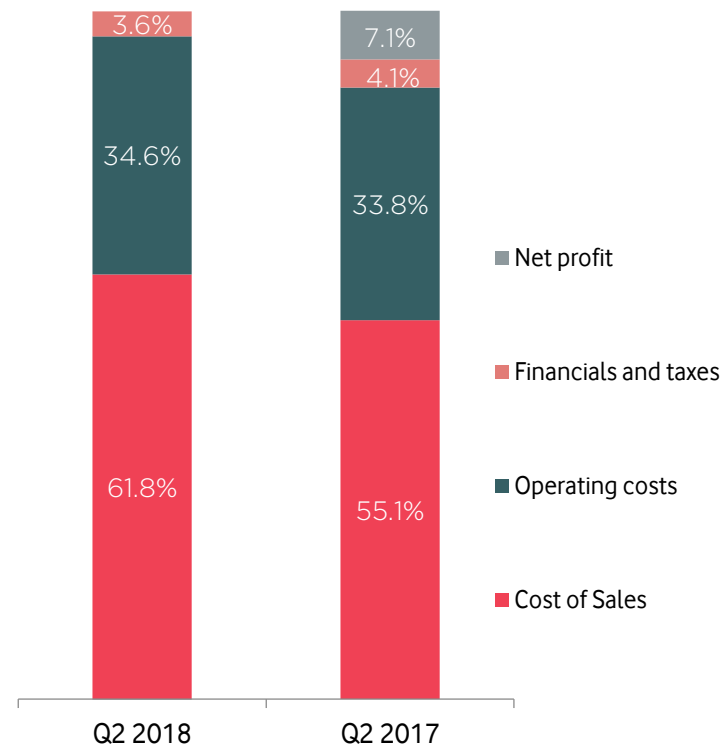
38.4%
Was 39.% in end of 2017

Q2 Highlights



ISK m	Q2 2018	Q2 2017	Change	% change
Revenue	5,444	3,386	2,058	61%
Cost of Sales	3,364	1,865	1,499	80%
Gross Profit	2,080	1,521	559	37%
Operating costs	1,886	1,145	741	65%
EBITDA	718	761	-43	-6%
EBIT	194	376	-182	-48%
Net Financials	198	78	120	156%
Net Profit	-4	239	-243	-102%

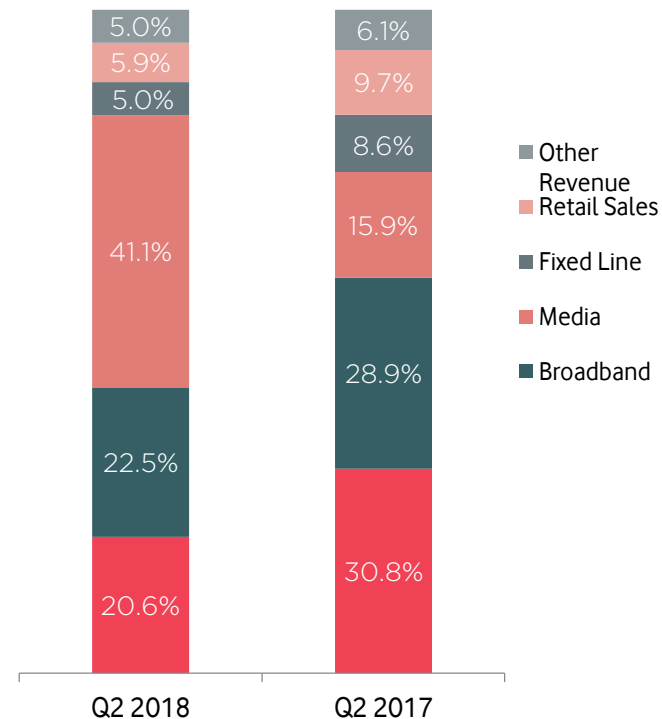
Gross Margin (%)	38.2%	44.9%
EBITDA %	13.2%	22.5%
EBIT %	3.6%	11.1%



Media largest contributor of revenue growth



ISK m	Q2 2018	Q2 2017	Chg.	% chg.
Media	2,229	536	1,693	316%
Broadband	1,226	977	249	25%
Mobile	1,121	1,044	77	7%
Fixed Line	274	293	-19	-7%
Retail Sales	322	329	-7	-2%
Other Revenue	272	207	65	31%
Total Revenue	5,444	3,386	2,058	61%

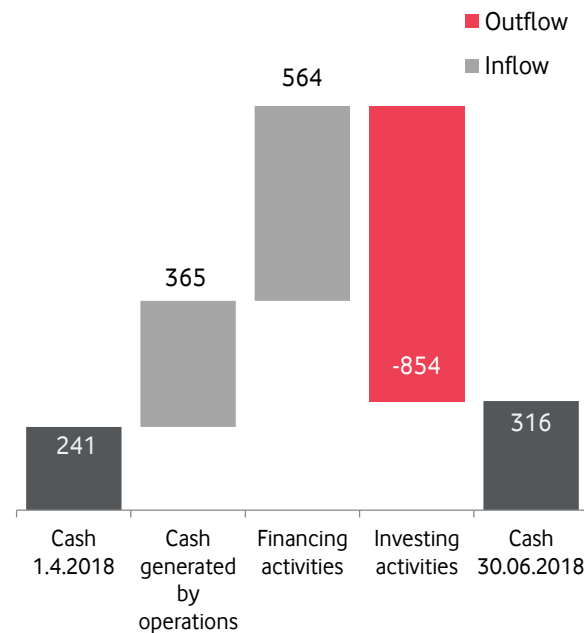


Q1 Cash flow



ISK m	Q2 2018	Q2 2017	Change	% chg.
Cash generated by operations	365	513	-148	-29%
Investing activities	-854	-536	-318	59%
Financing activities	564	75	489	652%
Change in cash	76	52	24	46%
Cash at beginning of period	241	274	-33	-12%
Cash at the end of period	317	326	-9	-3%
Free Cash Flow	-320	56	-376	-671%

Q2 2018 Cash Flow changes





Key Financial Results 6M 2018

Revenue

10,748 m IKR
65% increase from 2017

EBITDA

1,436 m ISK
13,4% EBITDA %
1.581 m ISK adj.*
4% increase from 2017

Profit

52 m ISK
88% decrease from 2017
168 m ISK adj.*
64% decrease from 2017

Equity Ratio

38.4%
Was 39.9% in end of 2017

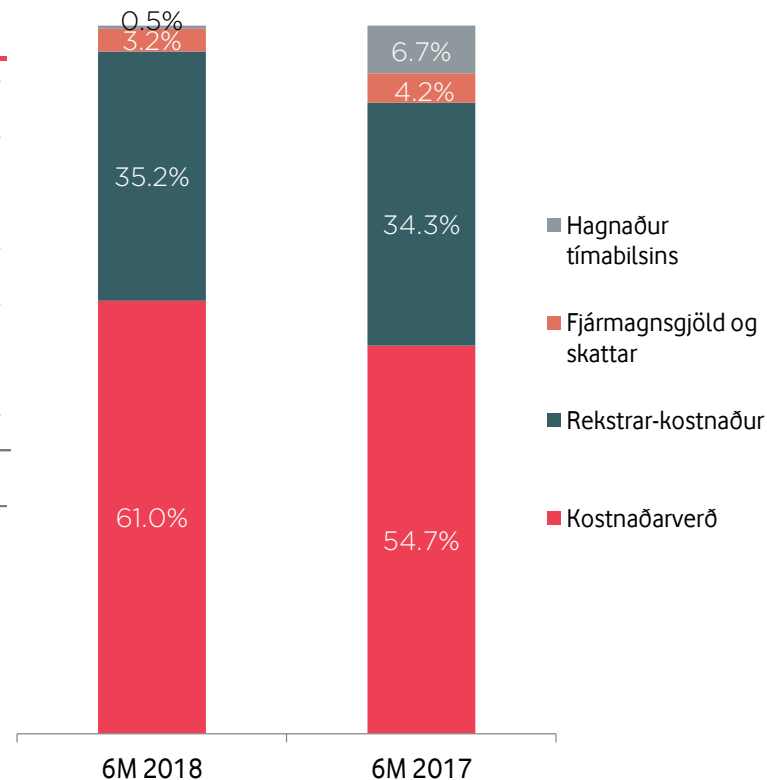
*Amounts adjusted for one-time costs for the acquisition of 365 media hf.

6M Highlights



ISK m	6M 2018	6M 2017	Change	% change
Revenue	10,748	6,527	4,221	65%
Cost of Sales	6,561	3,572	2,989	84%
Gross Profit	4,187	2,955	1,232	42%
Operating Costs	3,782	2,237	1,545	69%
EBITDA	1,436	1,480	-44	-3%
EBIT	405	718	-313	-44%
Net Financials	337	169	168	99%
Net Profit	52	440	-388	-88%

Gross Margin (%)	39.0%	45.3%
EBITDA %	13.4%	22.7%
EBIT %	3.8%	11.0%



6M Highlights



	6M 2018	6M 2017	Change	% change	6M '18 adj.	6M '17 adj.	Change	% change
Revenue	10,748	6,527	4,221	65%	10,780	6,527	4,253	65%
Cost of Sales	6,561	3,572	2,989	84%	6,547	3,572	2,975	83%
Gross Profit	4,187	2,955	1,232	42%	4,233	2,955	1,278	43%
Operating costs	3,782	2,237	1,545	69%	3,684	2,199	1,485	68%
EBITDA	1,436	1,480	-44	-3%	1,581	1,518	63	4%
EBIT	405	718	-313	-44%	550	756	-207	-27%
Net Financials	337	169	167	99%	337	169	168	99%
Net Profit	52	440	-388	-88%	168	470	-302	-64%

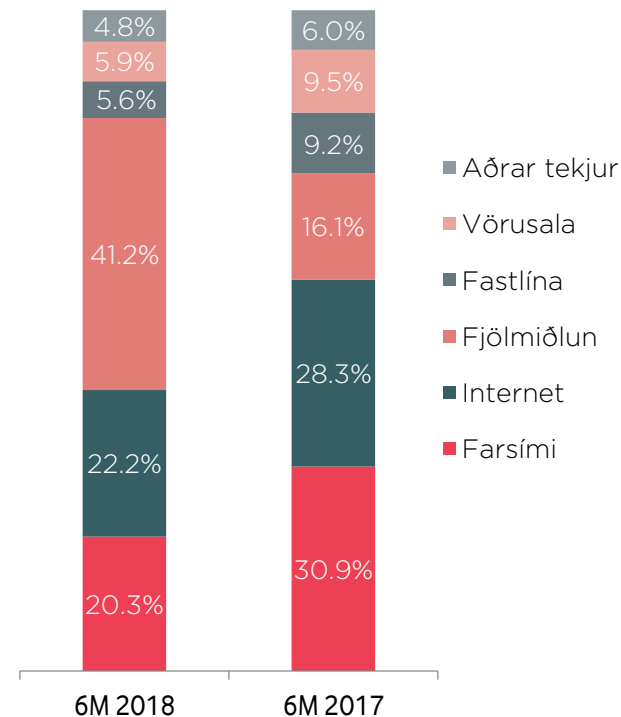
Gross Margin (%)	39.0%	45.3%
EBITDA %	13.4%	22.7%
EBIT %	3.8%	11.0%

39.3%	45.3%
14.7%	23.3%
5.1%	11.6%

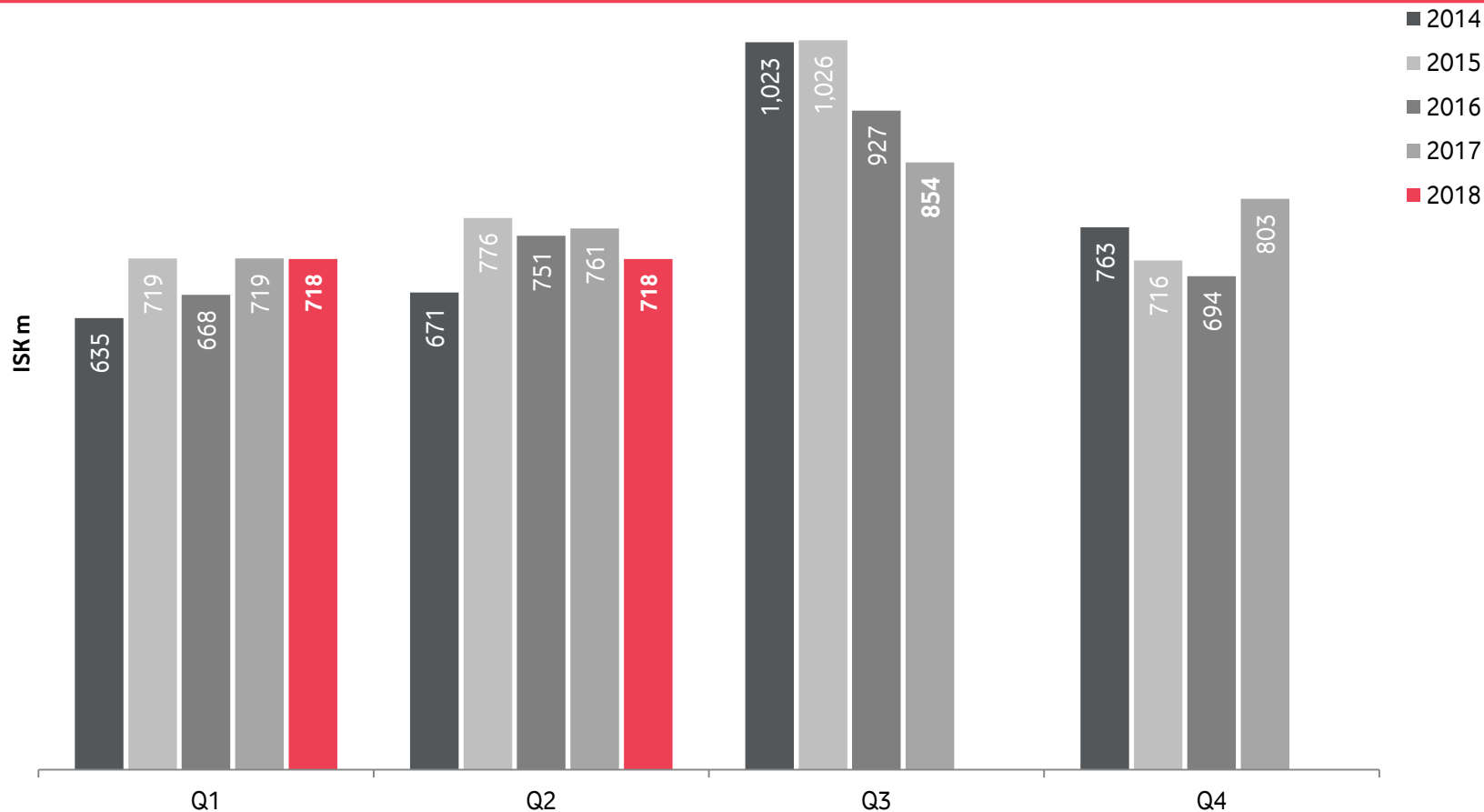
Media largest contributor of revenue growth



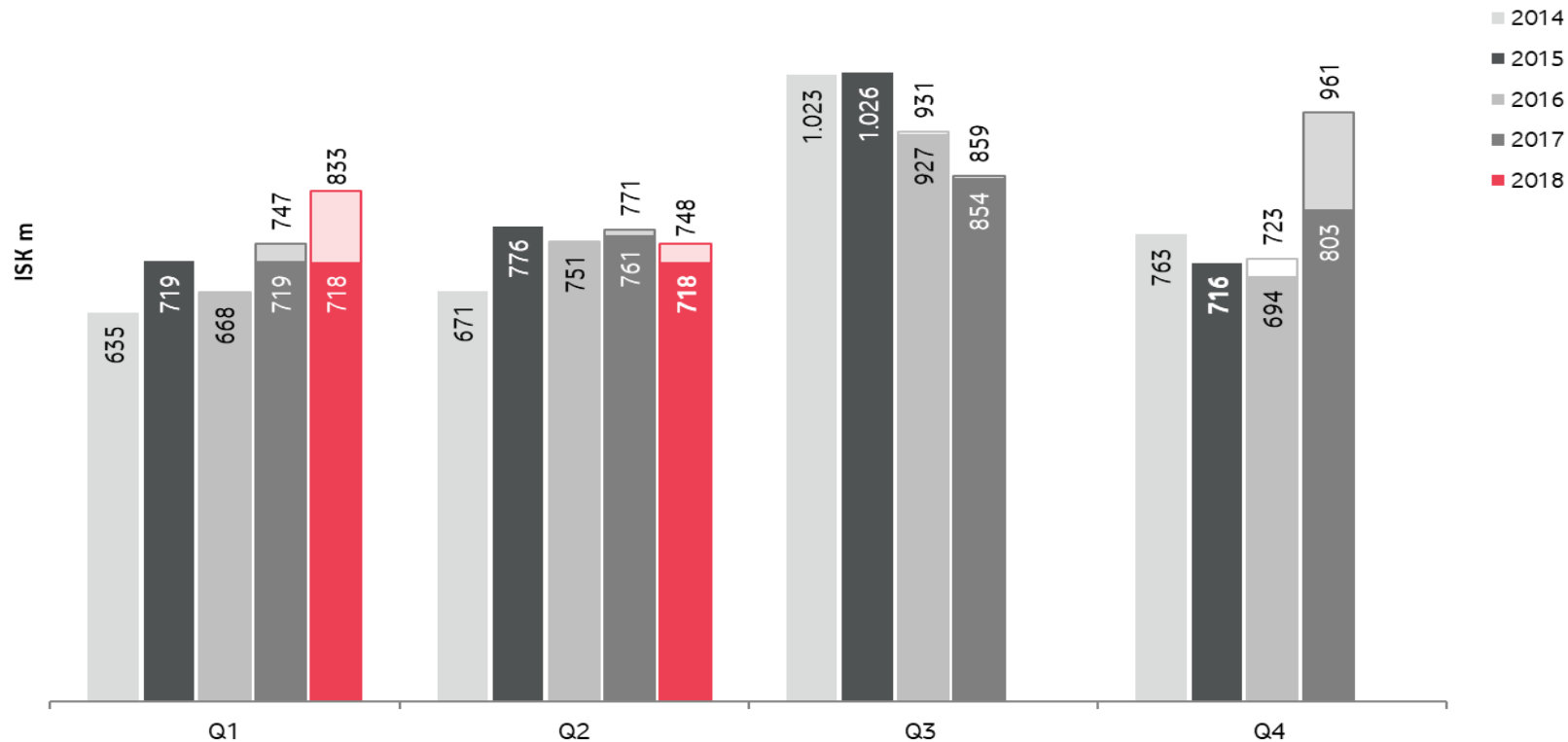
ISK m	6M 2018	6M 2017	Breyt.	% breyt.
Media	4,428	1,053	3,375	320%
Broadband	2,390	1,853	537	29%
GSM	2,187	2,020	167	8%
Fixed Line	601	598	2	0%
Retail Sales	627	611	16	2%
Other Revenue	515	391	124	32%
Total Revenue	10,748	6,527	4,220	65%



EBITDA quarterly development



EBITDA quarterly development adjusted for one time items



Balance sheet 30.06.2018



	30.06.18	30.06.17	Change	%
Operational assets	5,098	4,902	196	4%
Intangible assets	15,631	15,485	146	1%
Shares in other companies	30	16	14	88%
Fixed assets	20,759	20,403	356	2%
Other current assets	5,488	4,656	832	18%
Cash and cash equivalents	317	317	0	0%
Current assets	5,805	4,973	832	17%
Total assets	26,565	25,376	1,189	5%

Balance sheet 30.06.2018

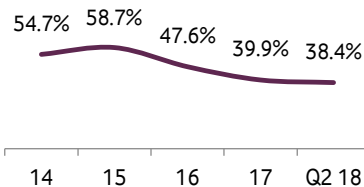
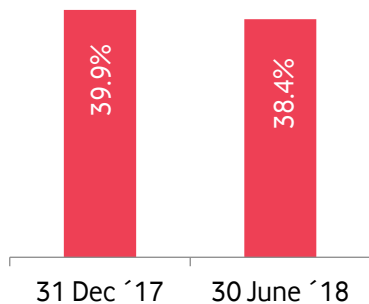


	30.06.18	30.06.17	Change	%
Equity	10,204	10,131	73	1%
Interest bearing debt	11,155	10,732	423	4%
Deferred tax liabilities	207	193	14	7%
Non-current liabilities	11,362	10,925	437	4%
Interest bearing debt	747	618	129	21%
Other current liabilities	4,252	3,702	550	15%
Current liabilities	4,999	4,320	679	16%
Total equity and liabilities	26,565	25,376	1,189	5%
<i>Interest bearing debt</i>	<i>11,902</i>	<i>11,350</i>		
<i>Net interest bearing debt</i>	<i>11,584</i>	<i>11,033</i>		
<i>Equity ratio</i>	<i>38.4%</i>	<i>39.9%</i>		

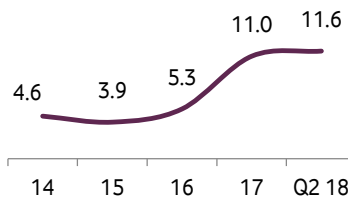
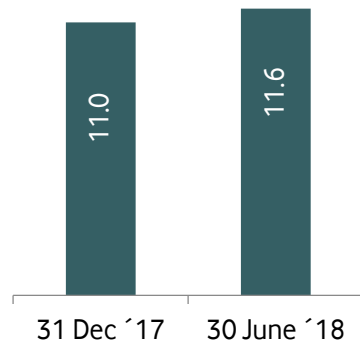
Balance sheet KPI's



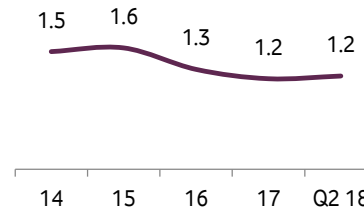
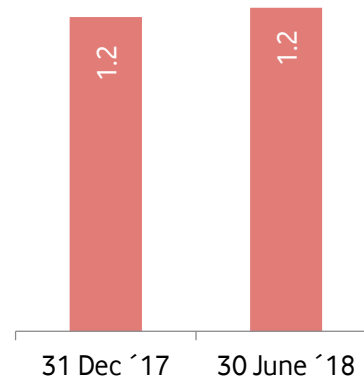
Equity Ratio



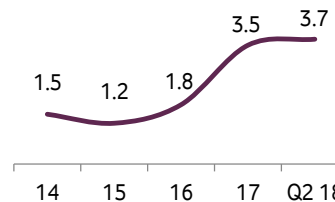
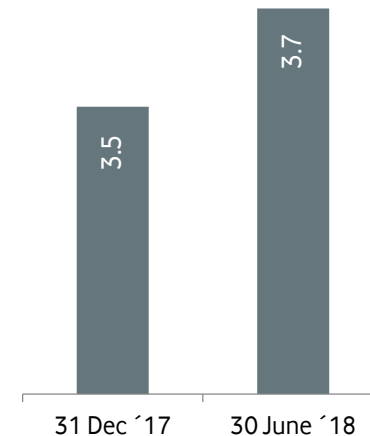
Net Interest Bearing Debt



Current Ratio



Net Debt/EBITDA



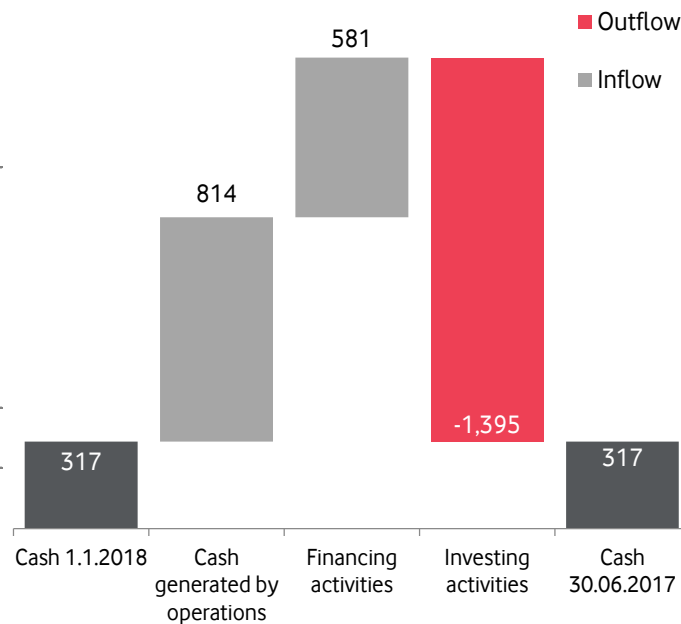
* Net Debt/EBITDA is calculated from the consolidated net interest bearing debt at 1Q end 2018 and EBITDA of trailing 12 months.

6M Cash flow

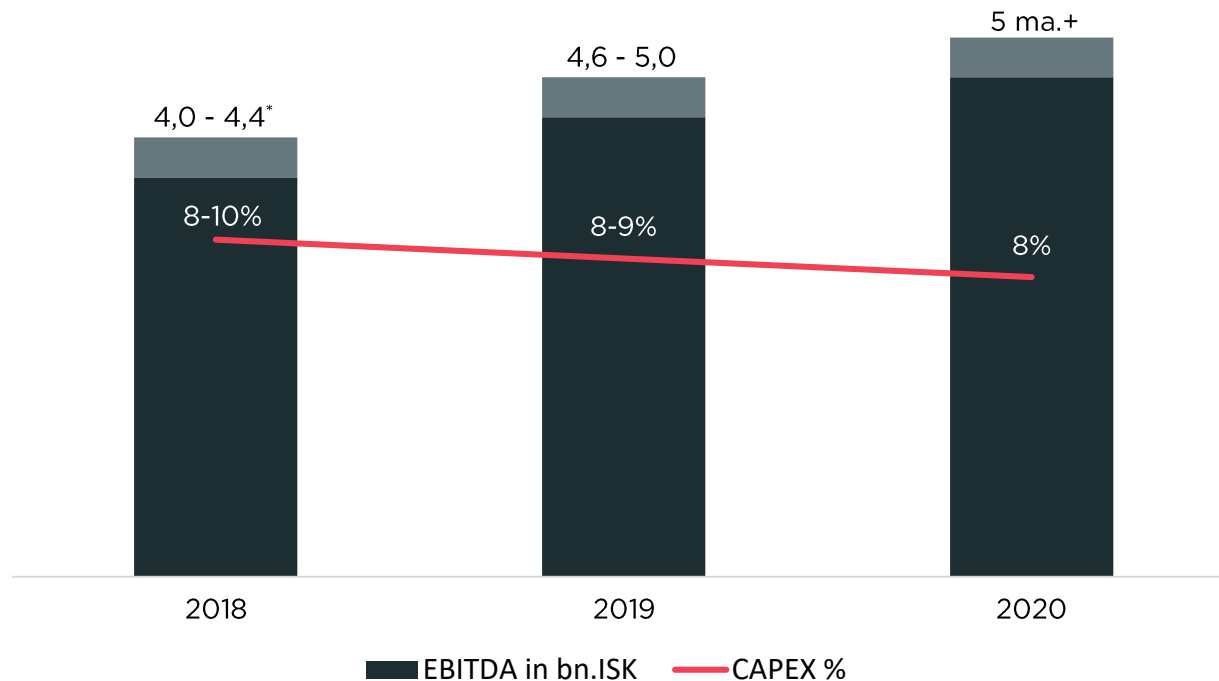


ISK m	6M 2018	6M 2017	Change	% chg.
Cash generated by operations	779	705	74	10%
Investing activities	-1,371	-861	-510	59%
Financing activities	592	116	476	410%
Change in cash	-1	-40	39	-98%
Effect of exchange rate	1	-2	3	-150%
Cash at beginning of period	317	368	-51	-14%
Cash at the end of period	317	326	-9	-3%
Free Cash Flow	-248	22	-270	-1227%

Cash flow 6M 2108



Financial guidance for 2018



EBITDA outlook for 2018 is estimated at ISK 4,000-4,400 million from regular operations. The company's forecast for 2018 is currently in the lower end of the range. One-off items in the first half of the year are ISK 145 million. It is expected that the one-off items will not have material effect on the second half of the year. The estimated capital expenditure ratio is 8-10% of income and will be close to the upper bound considering front-loaded investment in relation to integration projects.



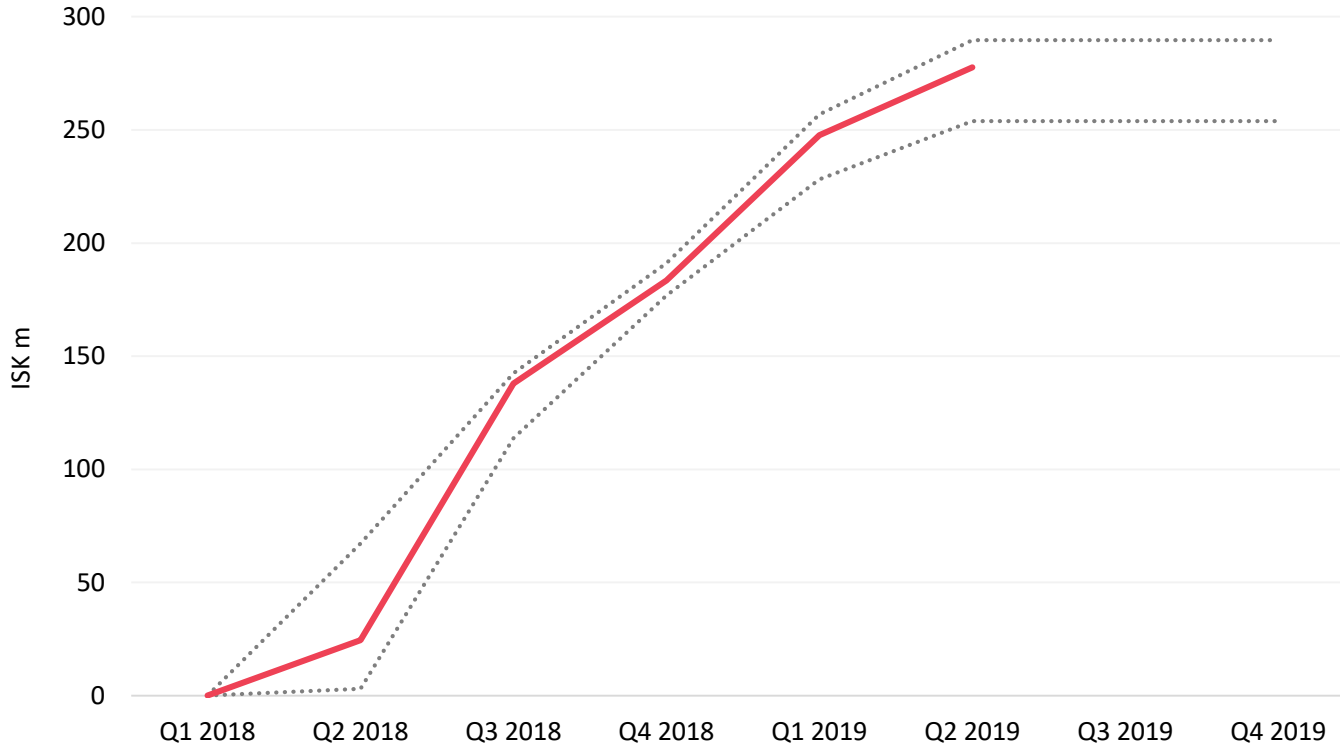
Business highlights

Milestones of the 1H that will contribute to 2H



- Transfer of all mobile clients to SYN's mobile systems and vendor agreements terminated
- Service agreements of international capacity links terminated and transferred under SYN's systems and agreements
- Change in fixed line setup towards vendors that increases efficiency
- Merger of customer services, sales, technical services, on-site services as well as the back office of 365 terminated
- The merger of financial departments and processes – beyond budgeting process for all units in place
- All clients billed from SYN's billing system for all services
- Rationalization of software license agreements that saves costs
- New line up of TV products with lower price points for increased competitiveness
- Wholesale service with regard to premium TV services to other telecom providers
- Approximately 70% of former 365 employees are now working at our HQ at Sudurlandsbraut

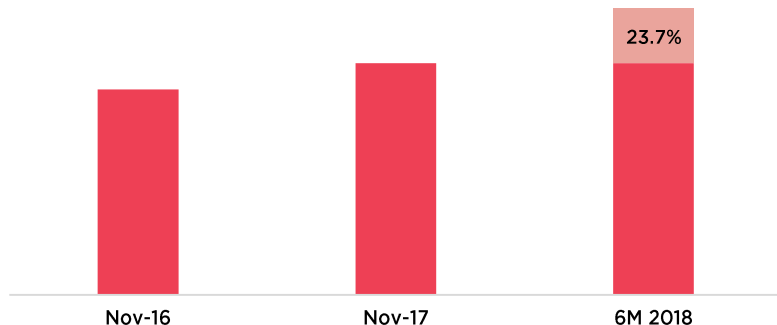
Outlook for 1.0 – 1.1 bn annual synergy realized from Q3 2019



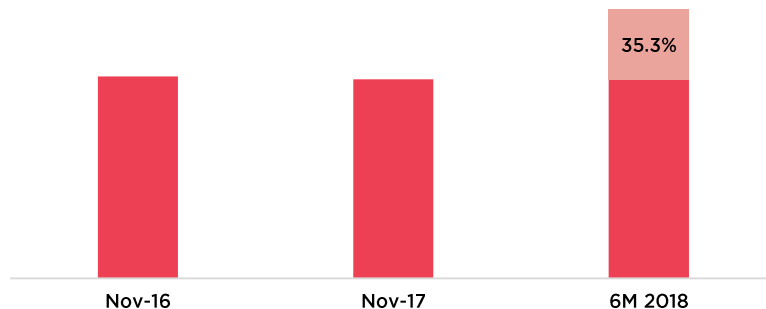
Subscription numbers in accordance to plans



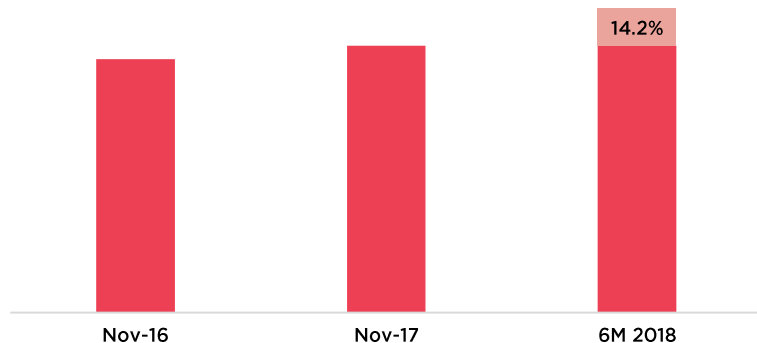
Mobile



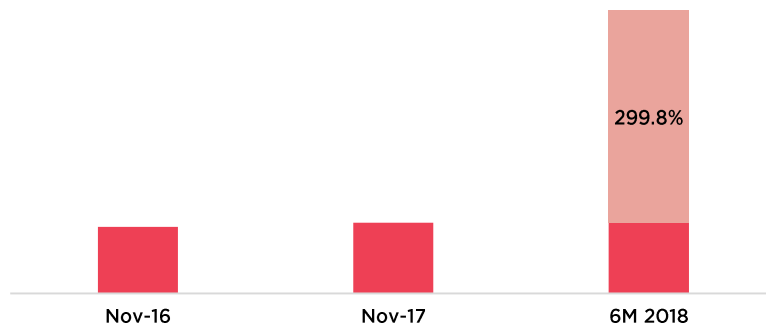
Fixed line



IPTV



TV subscriptions - Linear TV



TV services – stronger price points and bundles...



1.490 kr.

Krakkar

1.490 kr.



Golfstöðin

3.990 kr.



6.990 kr.



9.990 kr.



1.990 kr.



9.990 kr.



11.990 kr.



19.990 kr.

Heima – Media and Telco service bundle for households



Content from Channel 2



Unlimited Internet



New 4K Set-top box



Landline

Heima
customers get
10x more
GB
for their
mobile
subscription





SPORT



UEFA
NATIONS
LEAGUE™

ÁFRAM ÍSLAND!





Keiktu á gleðinni



- **Mobile** – Revenue for use of cell phones, including data transfer with in the mobile network, subscription revenue from individuals, prepaid sim cards, roaming revenue from travelers, interconnection revenues etc.
- **Broadband** – Revenue from internet service in fixed-line networks, including fiber optic cables, xDSL service and other data connections.
- **Media** – Revenue from the operation of broadcast media, TV subscriptions, advertisement, distribution systems, set-top boxes, TVOD, SVOD and PPV.
- **Fixed line** – Revenue from home phone usage and corporate fixed line usage, interconnection revenue from fixed line.
- **Retail sale** – Revenue from sale of telecommunications equipment and accessories.
- **Other revenue** – Service revenues and rental of terminal equipment

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