

sýn 



## Key Financial Results Q1 2018

### Revenue

**5,304 m IKR**  
69% increase from 2017

### EBITDA

**718 m IKR**  
13.5% EBITDA %  
**833 m IKR**

### Net Profit

**56 m IKR**  
72% decrease from 2017  
**150 m IKR adj.\***  
33% decrease from 2017

### Equity Ratio

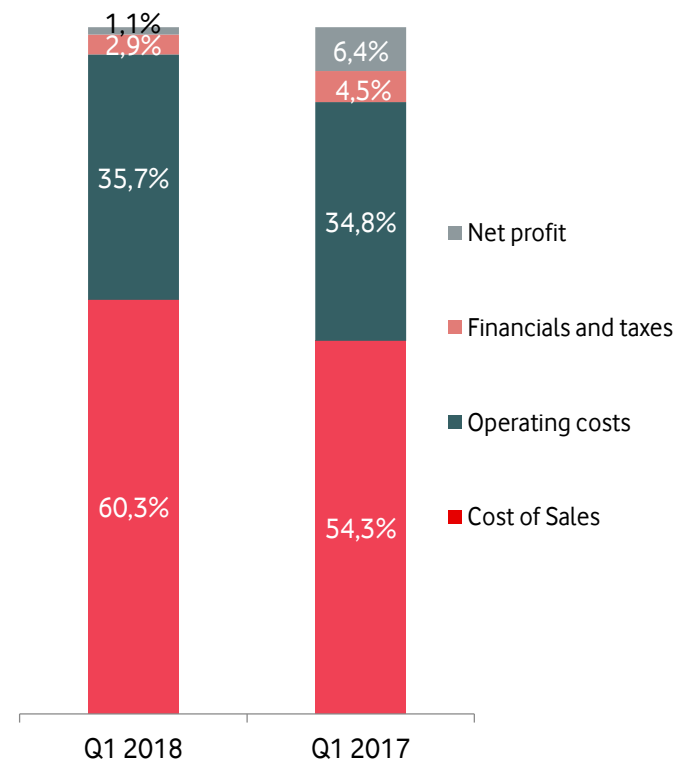
**39.7%**  
Was 39.9% at year end  
2017

# Q1 Highlights



ISK m	Q1 2018	Q1 2017	Change	% change
Revenue	5,304	3,141	2,163	69%
Cost of Sales	3,197	1,707	1,491	87%
Gross Profit	2,106	1,434	672	47%
Operating costs	1,896	1,092	804	74%
EBITDA	718	719	-1	0%
EBIT	211	342	-130	-38%
Net Financials	139	91	48	53%
Net Profit	56	201	-145	-72%

<i>Gross Margin (%)</i>	<i>39.7%</i>	<i>45.7%</i>
<i>EBITDA %</i>	<i>13.5%</i>	<i>22.9%</i>
<i>EBIT %</i>	<i>4.0%</i>	<i>10.9%</i>



# Q1 Highlights



Adjusted for one-time items

	Q1 2018	Q1 2017	Change	% change	Q1 '18 adj.	Q1 '17 adj.	Change	% change
Revenue	5.304	3.141	2.163	69%	5.336	3.141	2.195	70%
Cost of Sales	3.197	1.707	1.490	87%	3.183	1.707	1.476	86%
Gross Profit	2.107	1.434	673	47%	2.153	1.434	719	50%
Operating costs	1.896	1.092	804	74%	1.827	1.064	763	72%
<b>EBITDA</b>	<b>718</b>	<b>719</b>	<b>-1</b>	<b>0%</b>	<b>833</b>	<b>747</b>	<b>86</b>	<b>12%</b>
<b>EBIT</b>	<b>211</b>	<b>342</b>	<b>-131</b>	<b>-38%</b>	<b>326</b>	<b>370</b>	<b>-45</b>	<b>-12%</b>
Net Financials	139	91	48	53%	139	91	48	53%
<b>Net Profit</b>	<b>56</b>	<b>201</b>	<b>-145</b>	<b>-72%</b>	<b>150</b>	<b>223</b>	<b>-74</b>	<b>-33%</b>

*Gross Margin (%)*                      39,7%      45,7%

*EBITDA %*                                13,5%      22,9%

*EBIT %*                                      4,0%      10,9%

40,3%      45,7%

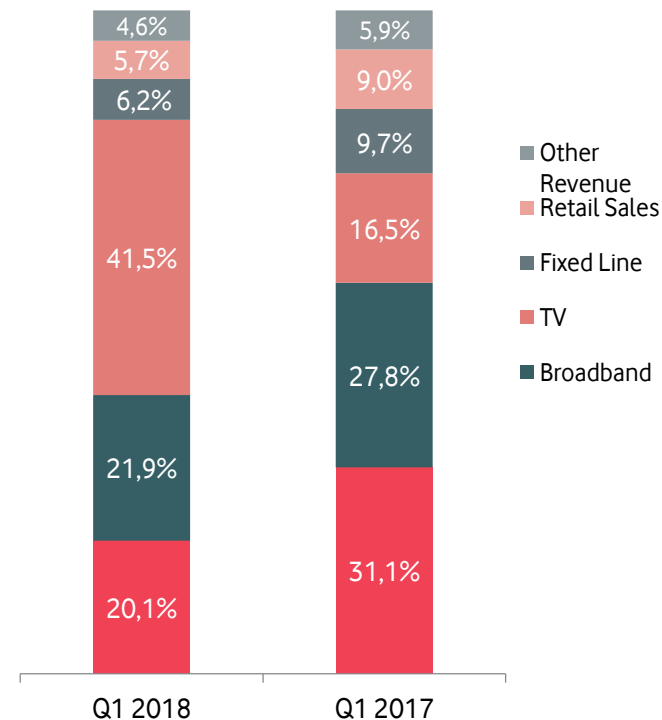
15,6%      23,8%

6,1%      11,8%

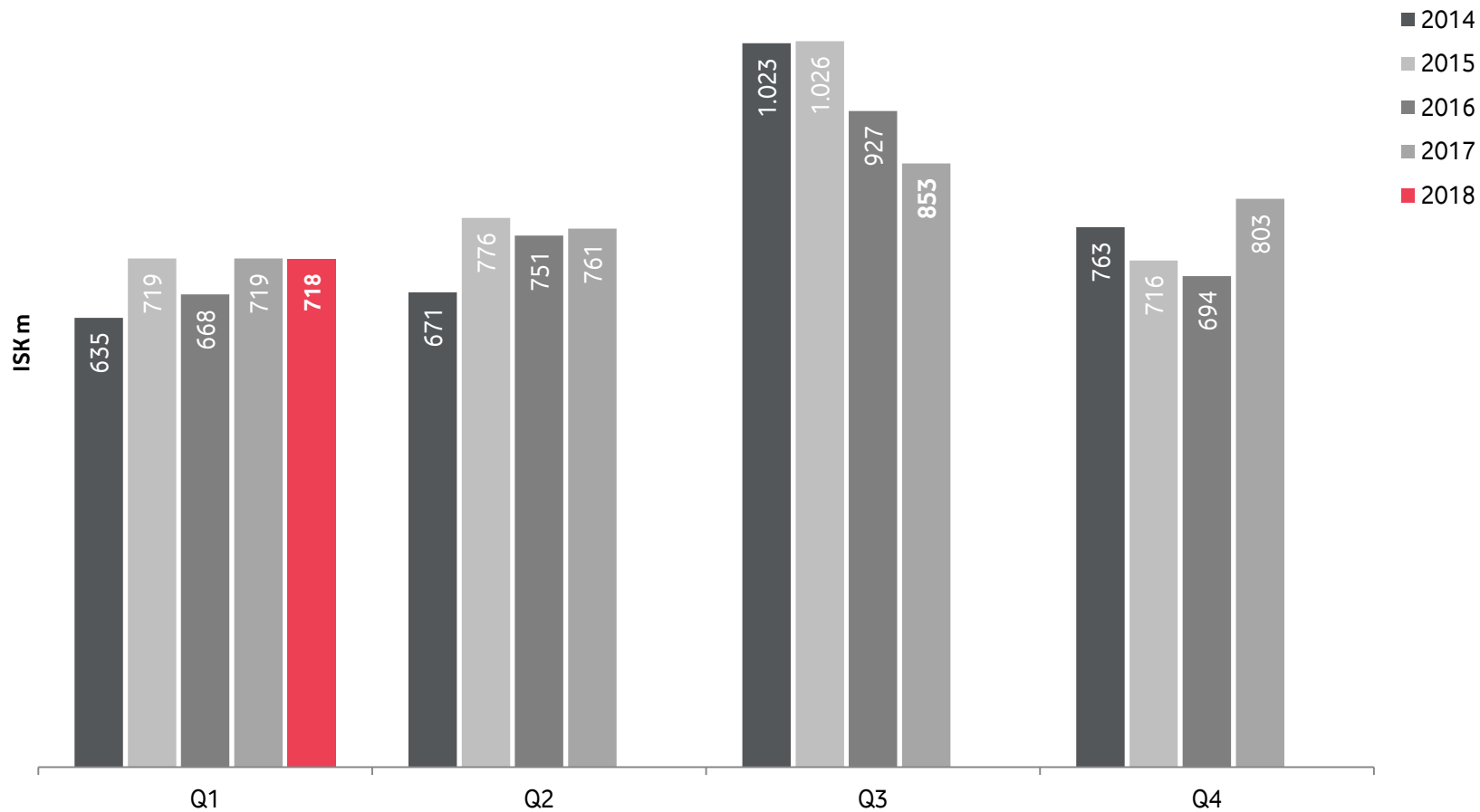
# Revenue Growth in Broadband and Media



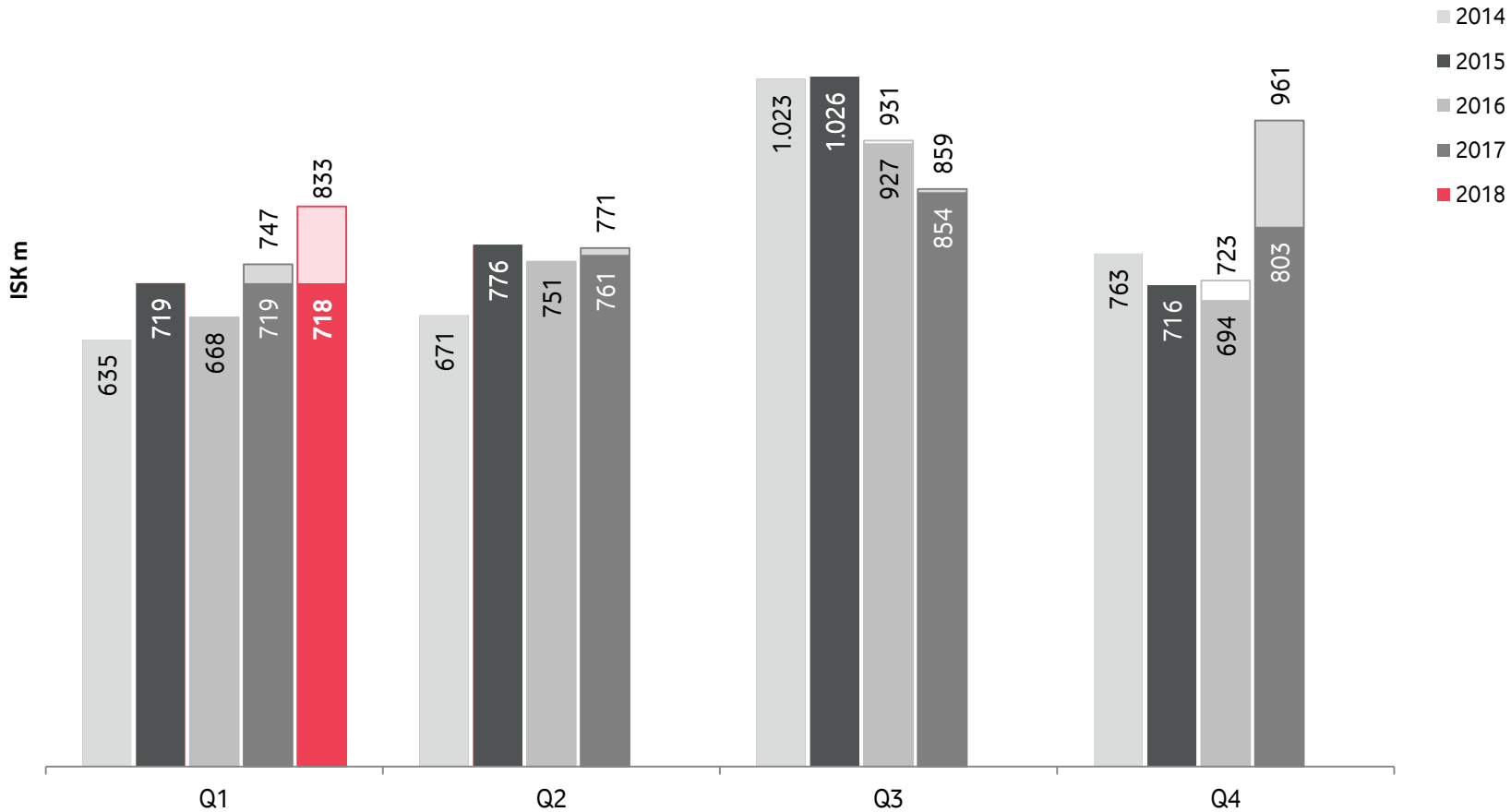
ISK m	Q1 2018	Q1 2017	Chg.	% chg.
Media	2,199	517	1,682	325%
Broadband	1,164	874	290	33%
Mobile	1,066	978	88	9%
Fixed Line	327	305	22	7%
Retail Sales	305	282	23	8%
Other Revenue	243	185	58	31%
<b>Total Revenue</b>	<b>5,304</b>	<b>3,141</b>	<b>2,163</b>	<b>69%</b>



# EBITDA quarterly development



# EBITDA quarterly development adjusted for one time items



# Balance sheet 31.03.2018



	31.03.18	31.12.17	Change	%
Operational assets	4,922	4,902	20	0%
Intangible assets	15,446	15,485	-39	0%
Shares in other companies	27	16	11	69%
Fixed assets	20,395	20,403	-8	0%
Other current assets	5,084	4,656	428	9%
Cash and cash equivalents	241	317	-76	-24%
Current assets	5,325	4,973	352	7%
<b>Total assets</b>	<b>25,720</b>	<b>25,376</b>	<b>344</b>	<b>1%</b>



# Balance sheet 31.03.2018

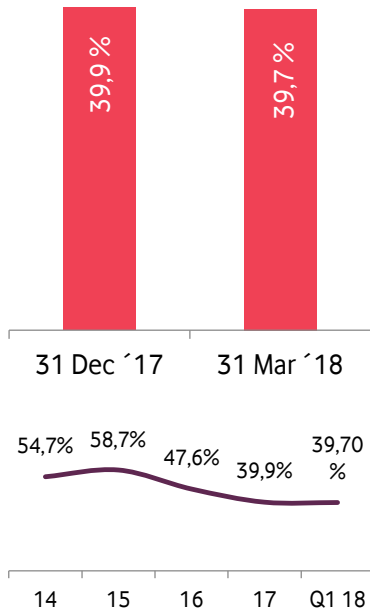


	31.03.18	31.12.17	Change	%
Equity	10,202	10,131	71	1%
Interest bearing debt	10,645	10,732	-87	-1%
Deferred tax liabilities	206	193	13	7%
Non-current liabilities	10,851	10,925	-74	-1%
Interest bearing debt	694	618	76	12%
Other current liabilities	3,973	3,702	271	7%
Current liabilities	4,667	4,320	347	8%
<b>Total equity and liabilities</b>	<b>25,720</b>	<b>25,376</b>	<b>344</b>	<b>1%</b>
<i>Interest bearing debt</i>	<i>11,339</i>	<i>11,350</i>		
<i>Net interest bearing debt</i>	<i>11,098</i>	<i>11,033</i>		
<i>Equity ratio</i>	<i>39.7%</i>	<i>39.9%</i>		

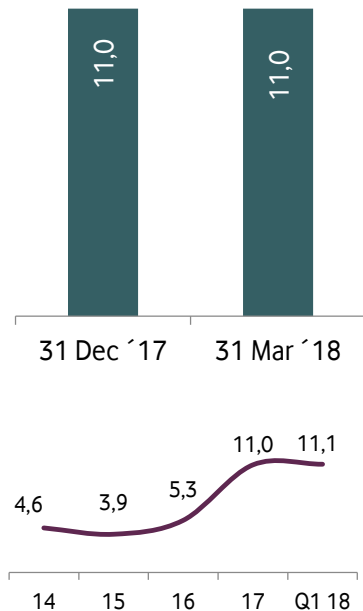
# Balance sheet KPI's



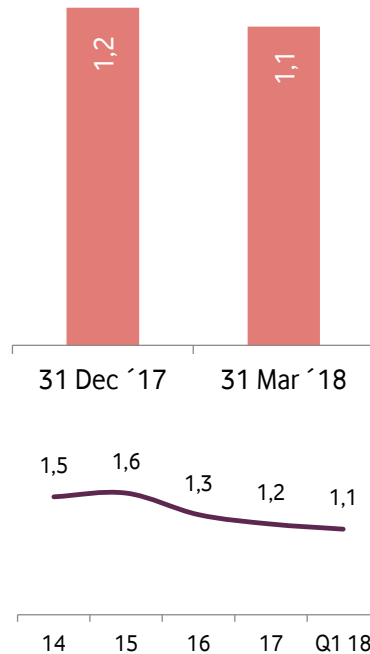
## Equity Ratio



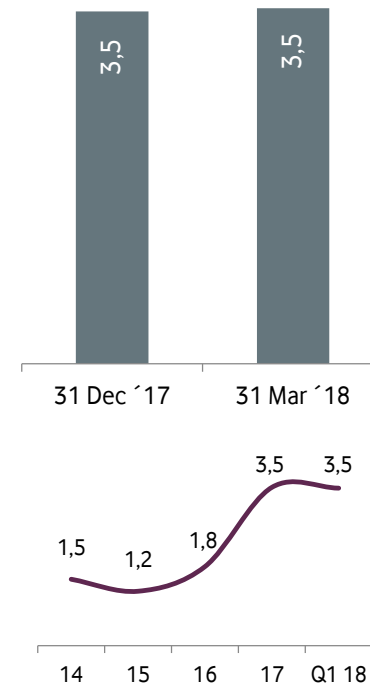
## Net Interest Bearing Debt



## Current Ratio



## Net Debt/EBITDA\*



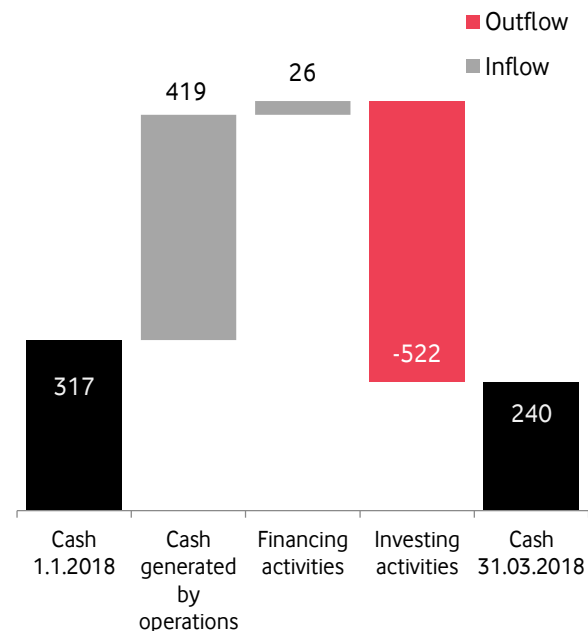
\* Net Debt/EBITDA is calculated from the consolidated net interest bearing debt at 1Q end 2018 and EBITDA of trailing 12 months.

# Q1 Cash flow

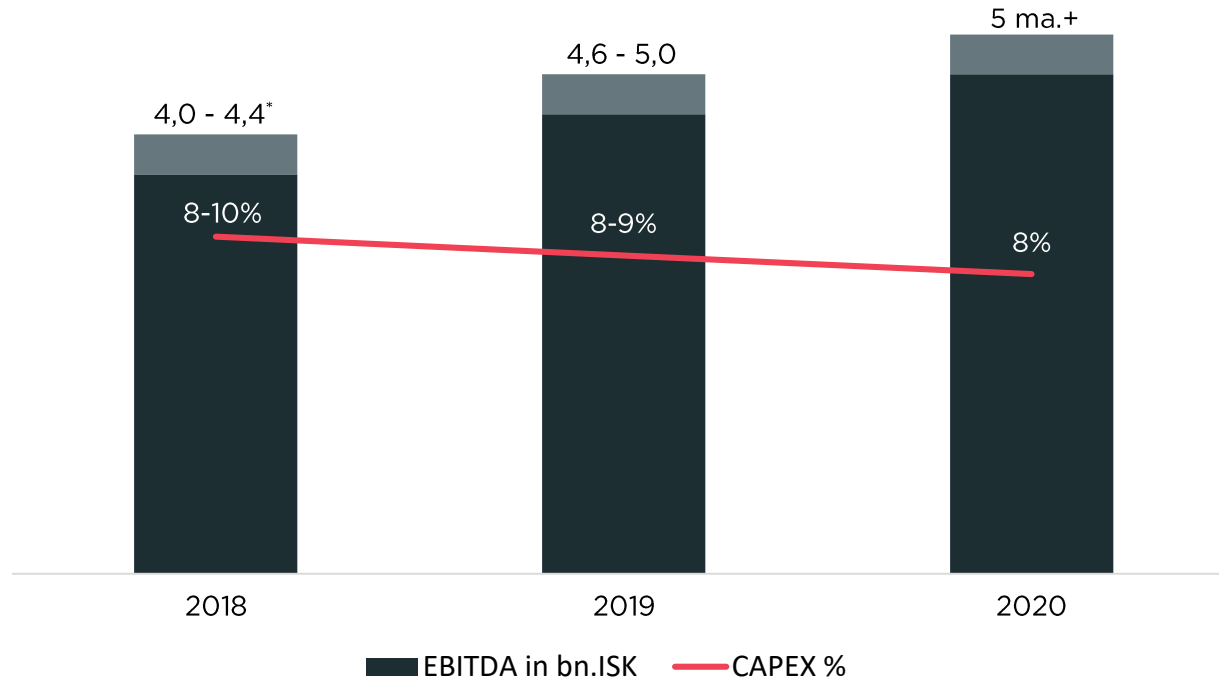


ISK m	Q1 2018	Q1 2017	Change	% chg.
Cash generated by operations	419	172	247	144%
Investing activities	-522	-324	-198	61%
Financing activities	26	59	-33	-56%
Change in cash	-77	-93	16	-17%
Effect of exchange rate	1	-1	2	0%
Cash at beginning of period	317	368	-51	-14%
Cash at the end of period	241	274	-33	-12%
Free Cash Flow	87	-52	139	-267%

## Q1 2018 Cash Flow changes

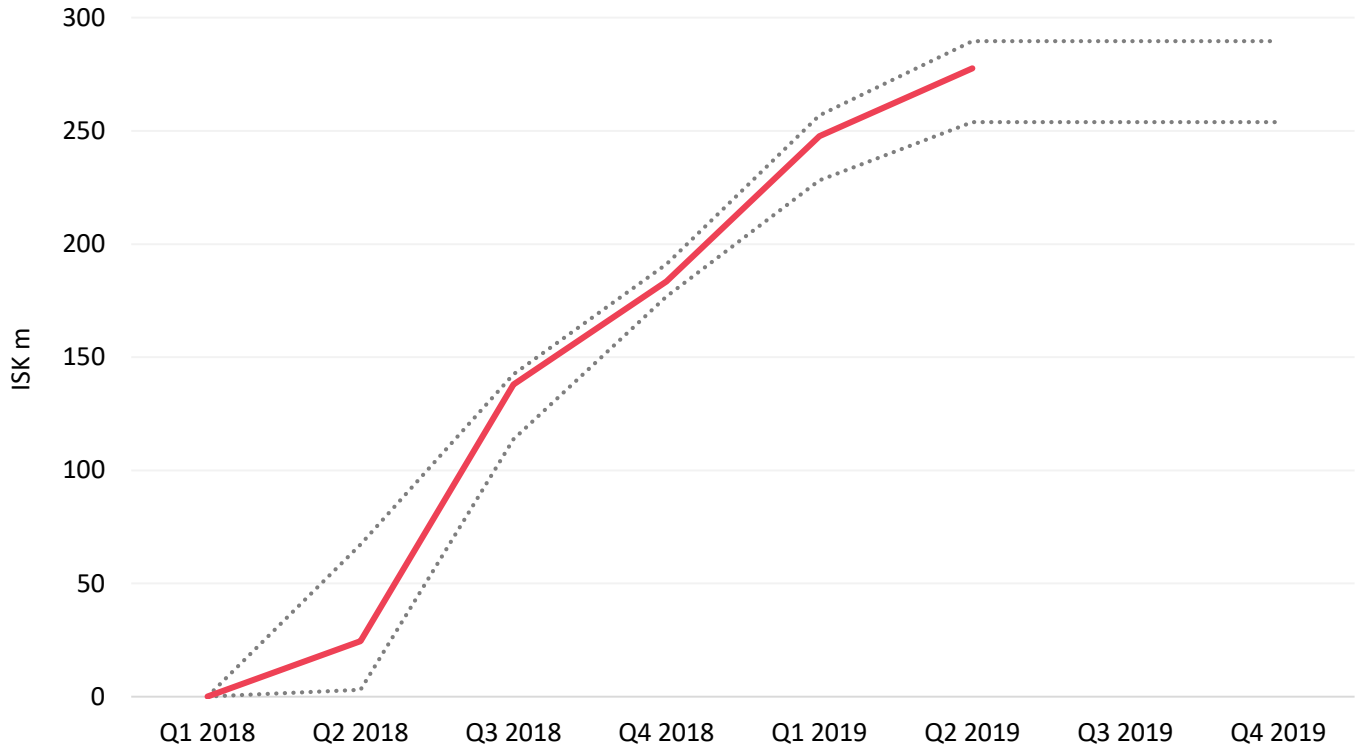


# Financial guidance for 2018



\* Management estimates that EBITDA will range between ISK 4,0- 4,4 bn. of regular operations in 2018

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





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# Keiketu á glediðni



# A new Samsung UHD Set Top Box being rolled out



## Samsung UHD / 4K Set-top box

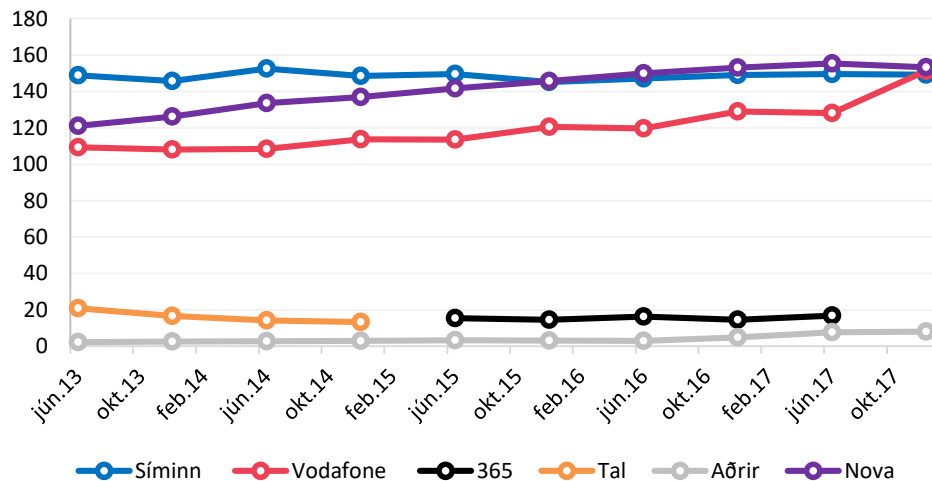
- Latest generation UHD Set-top box
- 4x the image resolution of our current HD STBs.
- Sharper and more dynamic HD image quality
- UHD linear and non-linear capabilities
- 20x more responsive remote gestures
- Drastically reduced loading periods
- Same montly fee as for our current HD STBs



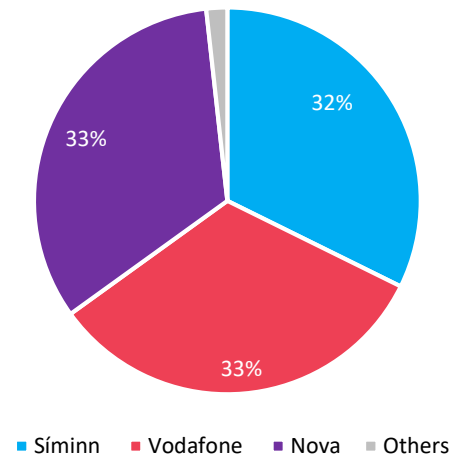


# Total number of subscribers on mobile networks

## Development in number of subscribers



## Market Share 31.12.2017

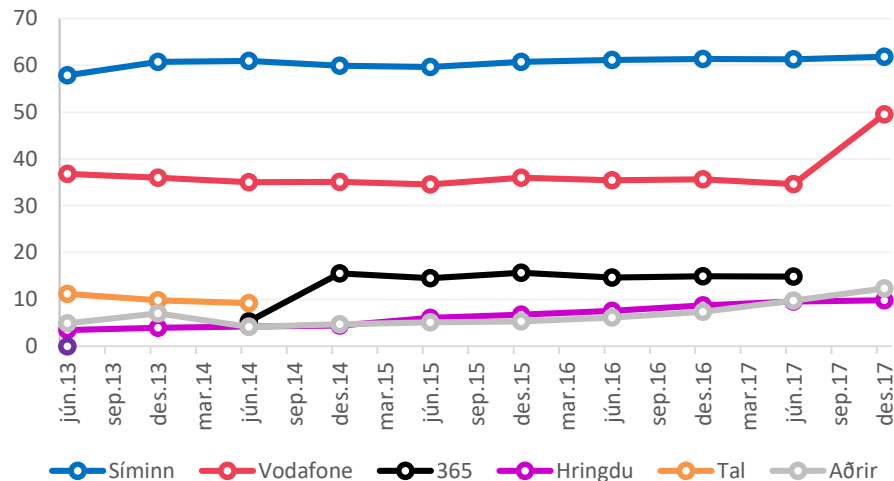


Source: Icelandic PTA (pfs.is) 31.12.2017

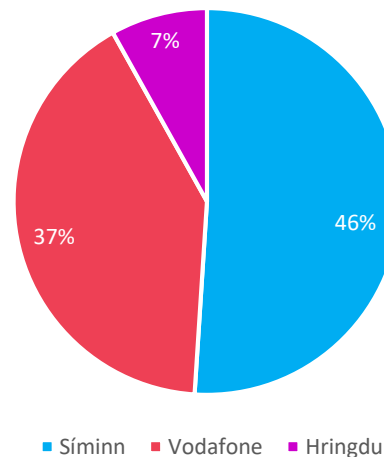
# Number of broadband connections



## Development in number of internet connections



## Market share 31.12.2017

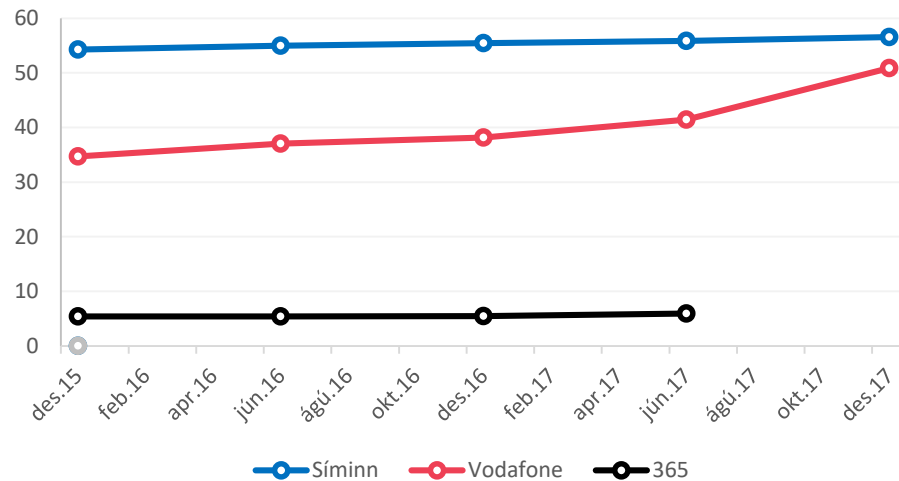


Source: Icelandic PTA (pfs.is) 31.12.2017

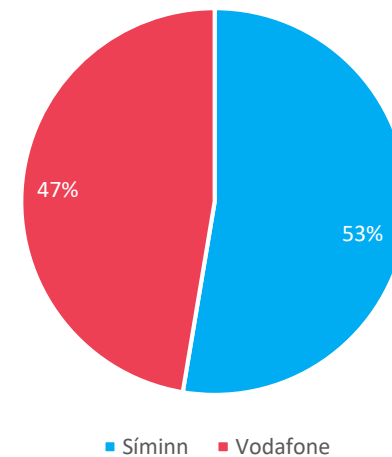
# Total number of IPTV subscribers



## Development in number of subscribers



## Market Share 31.12.2017

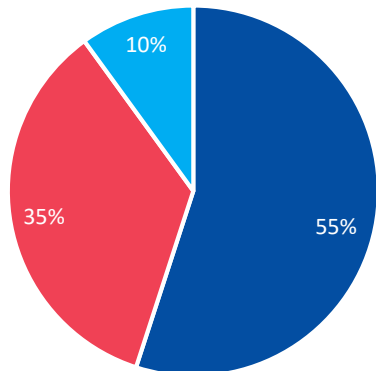


Source: Icelandic PTA (pfs.is) 31.12.2017

# TV and Radio market share in April



## Shares - TV

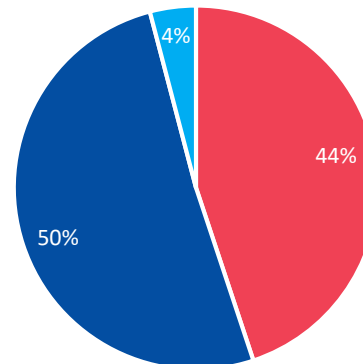


■ RÚV ■ SÝN ■ Sjónvarp Símans



Capacent: April 2018, sample aged 12-80

## Shares - Radio



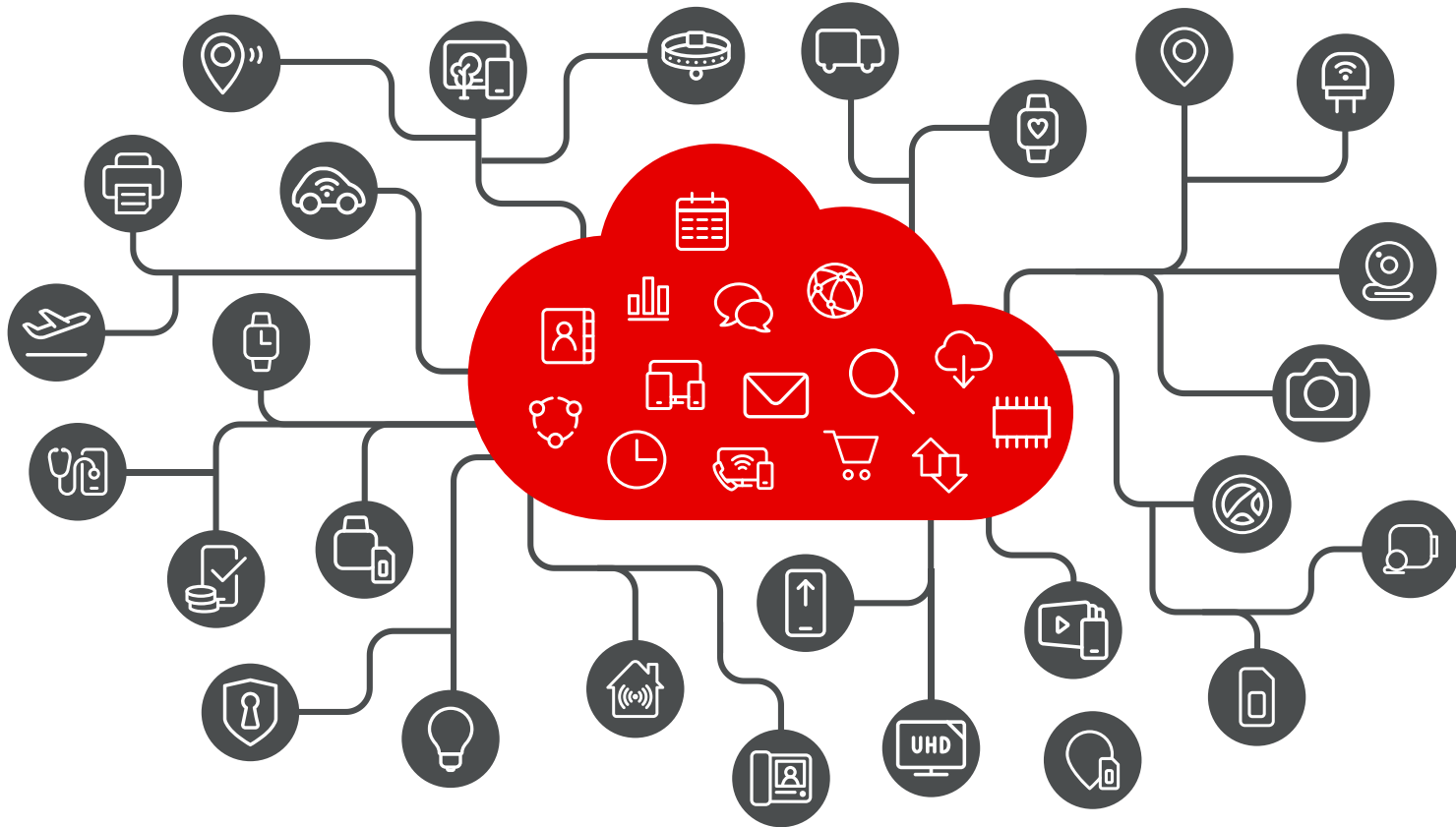
■ SÝN ■ RÚV ■ K100



Capacent: April 2018, sample aged 12-80

# 4th Industrial Revolution – New Data Cable opportunity

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# The Icelandic DC Industry and connectivity



- Iceland is a great location for data centers (DC) due to its cool climate and renewable electricity generation at competitive prices
- The Icelandic DC industry is however stagnating
- New report by KPMG written for the Data Centers Iceland coalition, defines three areas that should be focused on improving to strengthen the competitiveness of the DC Industry
- Competitive connectivity setup is one of the key areas

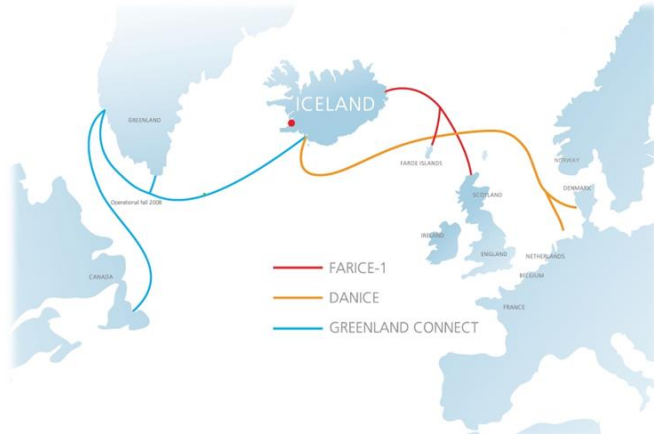


# Competition for Data Centres



- Iceland is not the only country with cool climate and renewable electricity production. Therefore other criteria's such as the connectivity become the diversifying factors for DC customers
- Currently Farice ehf. owns, operates and sells bandwidth access over the only fibre pairs from Iceland to Europe, resulting in a monopoly position in the connectivity market to Iceland
- Connectivity is a major concern raised by DC customer prospects, naming bandwidth pricing, lack of carrier diversity, and network reliability as primary factors.

## Connectivity to Iceland



## Competition

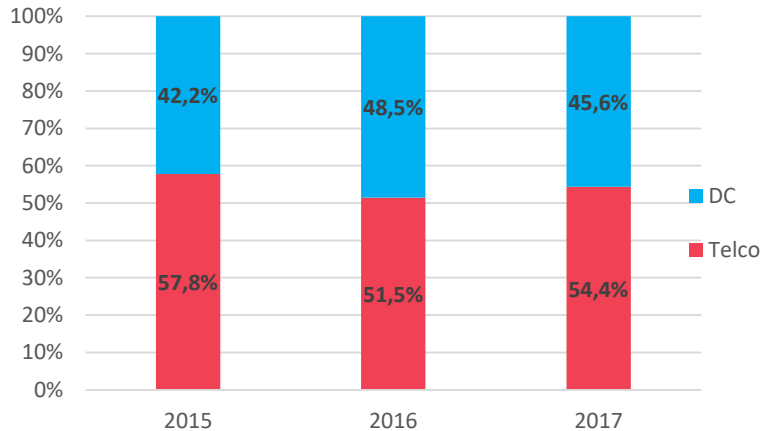


# Dual Pricing at Farice

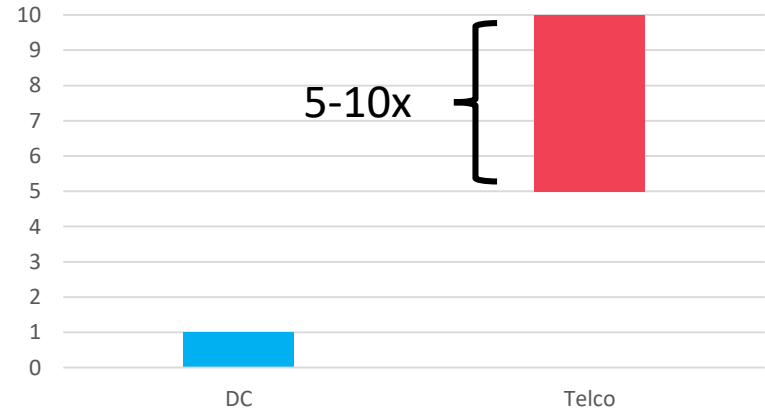


- Farice sells bandwidth to Icelandic ISP like Sýn at higher prices than to DC customers
  - The price for bandwidth to ISP is 5-10x the price to DC customers
- For Sýn this is significant cost paid to a monopoly vendor and therefore not acceptable position for Sýn going forward

### Farice revenues



### Bandwidth price difference





# Opportunity for Sýn that also benefits Iceland

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- The current position brings questions to the mind of Sýn' management
  - What does a new subsea cable from Iceland to Europe cost?
  - Is it feasible for Sýn to build and operate a new cable instead of paying the cost to Farice?
  - By bringing competition to the market, can the market grow?
- To get answers to these questions Sýn is running a subsea cable project with support from consultants in the field
- The management of Sýn believes that the results justify further exploration of the project, if completed would greatly improve the current connectivity setup to Iceland
- Cooperation from the Icelandic Government is however needed for Sýn to be able take the project forward for the benefit not only of Sýn but all of Iceland

Proud Partner of KSÍ



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