



May 15th, 2019

Press release on the earnings of Sýn hf. for the First quarter of 2019:

First quarter results in a profit of 670 m.kr.

Sýn's Q1 2019 financial statement was approved by Sýn's CEO and Board of Directors at a board meeting 15th of May 2019.

The merger of P/F Hey, subsidiary of Sýn hf. in the Faroe Islands and Nema, a subsidiary of Tjaldur, was finalized in Q1 2019. After the merger, Sýn hf. owns 49.9% of the merged company and will be accounted for by an equity method. The profit of the sale amounted to ISK 817 million. Television content rights are now accounted for as part of intangible assets instead of inventories. Comparative figures on Q1 2018 have been updated accordingly.

New accounting standard IFRS 16 was implemented on January 1, 2019, the standard is not retroactive and therefore comparative figures Q1 2018 are not updated.

- Revenue for the first quarter of 2019 amounted to ISK 4,975 million, a decrease of 1% from the previous year.
- The quarter's EBITDA amounted to ISK 1,260 million, an increase by 5% compared to Q1 2018, which amounted to ISK 1,201 million. EBITDA adjusted for IFRS 16 amounted to ISK 1,326 million.
- One-off items related to termination of several managers contracts on Q1 2019 amounts to ISK 137 million. The effect of one-off items on Q1 2018 amounted to ISK 115 million.
- Profit in the period amounted to ISK 670 million, an increase of ISK 619 million from the previous year.
- Profit pr. Share was 2,26 for Q1 2019.
- The quarters investment activities amounted to ISK 1.034 million, thereof operational related investment amounted to ISK 616 million.
- Existing EBITDA outlook remains unchanged in the range of ISK 6.0-6.5 bn. and investments in the range of ISK 3.8-4.2 bn.





Quarter one highlights

ISK m	Q1 2019	Q1 2018	Change	% change
Revenue	4,975	5,030	-55	-1%
Cost of Sales	-3,068	-3,005	-63	2%
Gross Profit	1,907	2,025	-118	-6%
Operating costs	-1,822	-1,821	-1	0%
EBITDA*	1,260	1,201	59	5%
EBIT	85	204	-119	-58%
Net Financials	-258	-134	-124	-
Impact from affiliates	820	-4	824	-
Income tax	23	-15	38	-
Net Profit	670	51	619	-
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<i>Gross Margin (%)</i>	<i>38.3%</i>	<i>40.3%</i>		
<i>EBITDA %</i>	<i>25.3%</i>	<i>23.9%</i>		
<i>EBIT %</i>	<i>1.7%</i>	<i>4.1%</i>		

Heiðar Guðjónsson, CEO:

„The management of the company has changed significantly this year. The new management group has 4 new members out of a total of 5. The last 2 new managers will join before the end of this month and have previously worked as consultants for Sýn and are therefore very knowledgeable of the business. In my opinion, the management team is very strong and I look forward working with them in the future. Sýn has started reviewing its strategic plan and we will see the business becoming more focused as early as June. We aim to provide our customers with premium service and lead the market in innovation. The first quarter results are marked by the seasonality which is embedded in the business, which means the next quarters will show better results. We have now more clarity in the business and are reaffirming our outlook for the year.“ says Heiðar Guðjónsson CEO, Sýn.



Q1 2019 Operating Results:

The Group's income during Q1 2019 amounted to ISK 4,975 million, a decrease of 1% from the same period in the previous year.

Income from media operations amounted to ISK 2,172 million in the fourth quarter, decreasing by 1% between years. Broadband income amounted to ISK 1,206 million in the first quarter, an increase of ISK 127 million, or 12%, from the previous year. Mobile income amounted to ISK 892 million and decreased by 3% between years. Income from fixed-line services amounted to ISK 242 million during the quarter a decrease of 24% between years. Income from retail sales amounted to ISK 246 million during the period, a 6% decrease as compared to the same period in 2018. Other income amounted to ISK 217 million during the quarter, decreasing by 16% from the previous year.

Cost of sales amounted to ISK 3,068 million, increasing by 2% between years. Operating costs amounted to ISK 1,822. EBITDA for the period amounted to ISK 1,260 million, an increase by ISK 59 million on equivalent quarter in 2018. The EBITDA ratio was 25.3% and the EBIT ratio was 1.7%.

Capital gains from the sale of P / F Hey amounted to ISK 817 million and are included among the subsidiaries' shares. Net financial expenses amounted to ISK 258 million in the fourth quarter, which is an increase of ISK 124 million between years. The increase is primarily due to IFRS 16 and exchange rate losses. Profit in the fourth quarter of 2018 amounted to ISK 670 million. which is ISK 619 million increase from the same period in 2018.



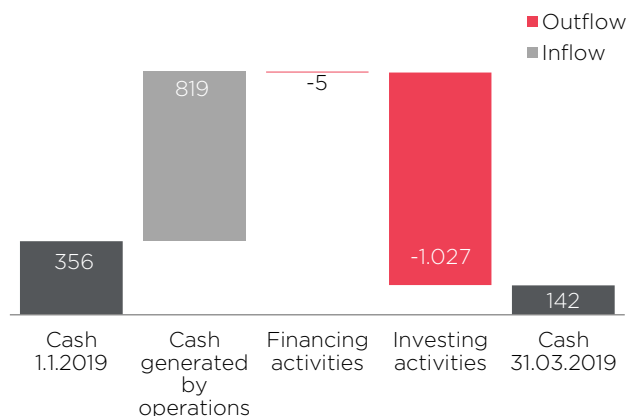
Q1 2019 Cash flow:

Net cash from operating activities in the fourth quarter of 2018 amounted to ISK 819 million, a decrease by 32% from previous year.

Investment activities amounted to ISK 1.027 million. Of which operational investments amount to ISK 616 million and investments in television content rights amounted to ISK 418 million.

The company's financing activities amounted to ISK 5 million in the first quarter of 2019. Cash equivalents at end of the first quarter amounted to ISK 142 million.

Cash flow in Q1 - Changes during the period



Balance sheet on March 31st, 2019:

Equity at the end of the period was ISK 11,127 million and the equity ratio was 36.7%. Outstanding equity amounted to ISK 2,964 million at the end of the period.

The group's total liabilities were ISK 19.193 million. Net interest-bearing debt amounted to ISK 14.828 million. The current ratio from continuing operations was 1.03.

Financial Guidance:

Existing EBITDA outlook remains unchanged in the range of 6.0-6.5 b.kr. and investments in the range of ISK 3.8-4.2 bn.

Main news and important milestones during the period:

- A true Game of Thrones-mania has been in Iceland this quarter. An explosion has been in rental of older episodes of GOT in Channel 2 Marathon Network. In January 37.807 episodes of GOT were rented versus 80.918 episodes in April. Among Channel 2 subscribers age 12-80 years old average views was 25,3% during the first three episodes of the new series. Episode 3 was especially popular among our youngest viewers but 40,9% subscribers age 18-49 years old watched it. In addition to the GOT mania the third series of





Atvinnumennirnir okkar, an Icelandic TV show about pro-athletes, got nearly 24% of all views among subscribers age 12-80 years old.

- In the middle of February, the old 365 app was shut down and users were able to download the new Channel 2 app instead. Improved image quality was among the benefits and we made sure that customer's general experience and stability was as good as it gets. User of the Channel 2 app have reported back their satisfaction with the new app.
- Channel 2 got five nominations to the Edda-Awards, Iceland's national television and film prize, this year in different categories. Channel 2's Björgvin Harðarson got the Edda for transmission control of the tv event „Paul Oscar - Live in Concert“in Laugardalshöll.
- In March Sýn and Mjólkursamsalan signed a new deal stating that the Women's and Men's Icelandic Soccer Cup will continue to be called Mjólkurbikarinn. The Cup had that same name in the years from 1986 to 1996. The name returned last year to a great reception.
- Sýn and the Icelandic Red Cross signed a cooperation agreement which guarantees Sýn's support for the Red Cross' international aid, especially the Digital Gap Bridge. This project assists the Red Cross in 15 African states so they can improve their knowledge and communication skills in their work in impoverished areas. The cooperation agreement is valid for two years and Sýn will lend an employee for this mission.
- For years Vodafone has been a proud sponsor of UN Women and the sale of the popular „Fuck Violence“-cap is a traditional part of this cooperation. This year was no exception.

Presentation on May 16th, 2019:

- An open meeting to present the results will be held on Thursday May 16th, 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

✓	Q2 results	August 28 th , 2019
✓	Q3 results	November 6 th , 2019
✓	Q4 and annual results 2019	February 26 th , 2020
✓	Annual General meeting 2020	March 20 th , 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.