

November 6th, 2019

Press release on the earnings of Síðuneyti hf. for the third quarter of 2019:

Best operating profit of the year

At the beginning of the year, the accounting treatment of broadcasting license rights was changed, amounts for 2018 have been restated.

Main results:

- Revenue for the third quarter of 2019 amounted to ISK 4,878 million, a decrease of 5.2% from the previous year. Revenue in the first 9 months decreased by ISK 454 million between years, or 3%.
- The quarter's EBITDA amounted to ISK 1,623 million, compared to ISK 1,785 million in the third quarter of 2018. The EBITDA margin was 33.3% in the third quarter of 2019 compared to 34.7% in the same quarter last year. EBITDA for the first nine months of 2019 was ISK 4,100 million, a decrease of ISK 153 million from same period in 2018. The EBITDA ratio for the third quarter adjusted for IFRS 16 was 30%.
- Loss in the third quarter of 2019 amounted to ISK 71 million, compared to profit of ISK 207 million in the same quarter last year. The loss in the period is mainly due to one-off cost amounting to ISK 150 million consisting of the settlement of the company's interest rate swap and severance cost associated with employee changes. Profit in the first nine months of the year amounted to ISK 384 million which is an increase of ISK 135 million from same period in 2018. One-off costs in the first nine months amounted to ISK 358 million.
- Cash flow from operations in the quarter amounted to ISK 1,235 million compared to ISK 1,185 million in the same period 2018, an increase of 4,22%.
- Investment in the period amounted to ISK 1,119 million, thereof ISK 303 million in property, plant and equipment and intangible assets (excluding broadcasting license rights) and ISK 806 million in broadcasting license rights.
- Negative cash flow from financial activities in the third quarter amounting to ISK 367 million compared to negative cash flow of ISK 45 million in the same period 2018 which is a change of ISK 322 million.
- The outlook for the year 2019 is unchanged.

Quarter three highlights

ISK m	Q3 2019	Q3 2018	Change	% change	9M 2019	9M 2018	Change	% change
Revenue	4,878	5,143	-265	-5%	14,876	15,330	-454	-3%
Cost of Sales	-3,133	-3,112	-21	1%	-9,491	-9,275	-216	2%
Gross Profit	1,745	2,031	-286	-14%	5,385	6,055	-670	-11%
Operating expense	-1,559	-1,557	-2	0%	-5,150	-5,188	38	-1%
EBITDA	1,623	1,785	-162	-9%	4,100	4,253	-153	-4%
EBIT	186	474	-288	-61%	235	867	-632	-73%
Net financial expense	-295	-210	-85	40%	-810	-535	-275	51%
Effect of associates	16	-2	18	-	844	-14	858	-
Income tax	22	-55	77	-	115	-69	184	-
Profit (Loss)	-71	207	-278	-134%	384	249	135	54%
<i>Gross margin(%)</i>	<i>35.8%</i>	<i>39.5%</i>			<i>36.2%</i>	<i>39.5%</i>		
<i>EBITDA %</i>	<i>33.3%</i>	<i>34.7%</i>			<i>27.6%</i>	<i>27.7%</i>		
<i>EBIT %</i>	<i>3.8%</i>	<i>9.2%</i>			<i>1.6%</i>	<i>5.7%</i>		

Heiðar Guðjónsson, CEO:

„The results show that we are turning the business around. Our new internal budget plan is a much better indicator than the previous budget and gives us more visibility going forward. Cash flow from operations is better in Q3 year-on-year and the business is improving from Q2. Actions taken in the last quarter, renegotiating with vendors and a reduction in headcount will impact the results at year end and will be fully realized in 2020.

The board of directors approved the acquisition of Endor, which will become a subsidiary. There are numerous synergies and opportunities for earnings growth with this acquisition. The price paid is confidential but is around 1,5-5 times EBITDA depending on results.

We introduced Celtic Norse in London last week with our business partners. The major obstacle for growth in data centers in Iceland has been high costs of transmitting data to and from the country. Celtic Norse can have a meaningful impact on that.

The building of Reykjavik Data Center is progressing according to plan and signing up businesses to host in the center the data center is better than planned.“

Q3 2019 Operating Results:

The Company's income during Q3 2019 amounted to ISK 4,878 million, a decrease of 5% from the same period in the previous year.

Income from media operations amounted to ISK 1,946 million in the third quarter, decreasing by 7% between years. Broadband income amounted to ISK 1,216 million in the third quarter, a decrease of ISK 70 million, or by 5%, from the previous year. Mobile income amounted to ISK 1,041 million and decreased by 1% between years. Income from fixed-line amounted to ISK 217 million during the quarter a decrease of 18% between years. Income from retail sales amounted to ISK 255 million during the period, a decrease by 1% compared to the same period in 2018. Other income amounted to ISK 203 million during the quarter, increasing by 6% from the previous year.

Cost of sales amounted to ISK 3,133 million an increase of 1% between years. Operating expenses amounted to ISK 1,559, on par with the same period in 2018. EBITDA for the period amounted to ISK 1,623 million, a decrease of ISK 162 million. The EBITDA margin was 33.3% for the period.

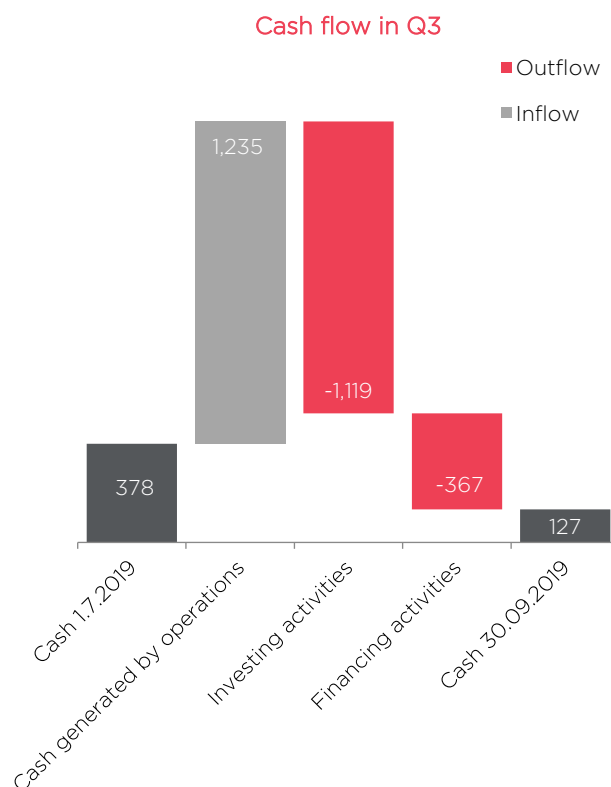
Net financial expenses amounted to ISK 295 million in the third quarter of 2019, which is an increase of ISK 85 million between years. The increase is primarily due to the implementation of IFRS 16, settlement of the company's interest rate swap which is then offset by exchange rate gains in the quarter. Loss in the period amounted to ISK 71 million, compared to profit of ISK 207 million in the same quarter last year.

Q3 2019 Cash flow:

Net cash from operating activities in the third quarter of 2019 amounted to ISK 1,235 million, an increase of 4% from previous year.

Investment activities amounted to ISK 1,119 million, of which investment in property, plant and equipment and intangible assets (excluding broadcasting license right) amounts to ISK 303 million and investments in broadcasting license rights amounted to ISK 806 million.

The Company's financing activities amounted to ISK 367 million in the third quarter of 2019. Cash equivalents at end of the third quarter amounted to ISK 127 million.



Balance sheet on September 30th, 2019:

Equity at the end of the period was ISK 10,911 million and the equity ratio was 36.3%. Outstanding equity amounted to ISK 2,964 million at the end of the period. The Company's total liabilities were ISK 19,151 million. Net interest-bearing debt amounted to ISK 14,760 million. The current ratio is 1.0.

Acquisition of Endor

Sýn hf. has signed a purchase agreement for the acquisition of all shares in the information technology company Endor. The purchase is made subject to the approval of the Competition Authority. Endor operates mainly in the international market of high-performance computing. The Company will operate Endor in its unchanged form as a subsidiary and utilize the support and infrastructure of Sýn hf. and Endor's international connections to further strengthen the company's revenue streams.

Endor revenues for the year 2018 amounted to ISK 1,500 million and total turnover for 2019 is estimated to be up to four billion ISK. Endor's impact on the financial statement of Sýn hf., which is prepared under IFRS, is being evaluated.

Main news and important milestones during the period:

- Stöð 2 started this fall with a bang, premiering 30 Icelandic TV shows in September. We are extremely proud of our wide variety and vast quality of Icelandic shows. We took our new in-house studio in use when a weekly talk show with host Gummi Ben was first broadcast a few weeks ago where Gummi and his co-host, Sóli Hólm, entertain people every Friday night.
- Stöð 2 Marabon streaming service vastly increased its choice of titles over the course of the last few months and is presently Iceland's largest streaming service when it comes to Icelandic material. Subscribers can now access quality Icelandic TV shows, the latest foreign shows, children's shows dubbed in Icelandic and almost a thousand movie titles. The latest TV shows are now added sooner than before and even alongside the linear broadcast.
- Last August Sýn got full equal pay certification after an appraisal by BSI in Iceland in May. This certification confirms that Sýn runs an equal pay system under ÍST 85:2012 equal pay standards. By introduction of these standards Sýn has developed a managerial system that supports professional wage decisions based on objective point of view and void of gender wage gaps.
- Vodafone's technicians have been busy lately installing more 4G transmitters to increase signal quality around the country, i.a. summer holiday areas and at large festivals. Since the project began this summer 4G signal now covers most of Iceland's highways and almost completely covers the route between Reykjavík and Akureyri, providing a much better reception and experience for streaming travelers.

Presentation on November 7th, 2019:

- An open meeting to present the results will be held on Thursday November 7th, 2019. The meeting will be held at Sýn hf. headquarters at Suðurlandsbraut 8, 108 Reykjavík and will begin at 8:30 am.
- 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:

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| ✓ | Q4 and annual results 2019 | February 26 th , 2020 |
| ✓ | Annual General meeting 2020 | March 20 th , 2020 |

Further information:

- ✓ Valdís Guðlaugsdóttir, Sýn's director of communications, will answer requests for further information and can be contacted via email, ir@syn.is or by telephone, +354 669-9319.