

February 26th, 2020

Press release on the earnings of Sýn hf. for the fourth quarter and the year 2019:

Results in line with outlook

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 fourth quarter of 2019 amounted to ISK 4,935 million, a decrease of 9% from the same period in 2018. Total revenue decreased by 943 ISK million between years, or by 5%.
- The quarter's EBITDA amounted to ISK 1,409 million, compared to ISK 1,449 million in the fourth quarter of 2018. The EBITDA margin was 28.6% in the fourth quarter of 2019 compared to 26.7% in the same quarter last year. EBITDA adjusted for IFRS 16 in the fourth quarter amounted to ISK 1,270 million. EBITDA for 2019 amounted to ISK 5,509 million, a decrease of ISK 110 million compared to 2018.
- Loss in the fourth quarter of 2019 amounted to ISK 2,101 million, compared to profit of ISK 193 million in the same quarter last year. Goodwill was impaired by ISK 2,452 million in the fourth quarter which explains the loss in the quarter. The quarter's adjusted for the impairment would have been a profit of ISK 351 million.
- The loss of the year amounted to ISK 1,748 million compared to a profit of ISK 443 million in 2018. Result of the year, adjusted for the impairment of goodwill, amounted to a profit of ISK 703 million. One-off items amounted to ISK 358 million.
- Cash flow from operations in the fourth quarter amounted to ISK 1,953 million compared to ISK 1,358 million in the same period in 2018, an increase of 44%.
- Total investments for the year amounted to ISK 4,719 million, thereof ISK 1,833 million in property, plant and equipment and intangible assets (excluding broadcasting license rights) and ISK 2,789 million in broadcasting license rights.
- Negative cash flow from financial activities for the year amounted to ISK 380 million compared to positive cash flow of ISK 434 million in 2018 which is a change of ISK 814 million.
- Sýn hf.'s equity ratio was 27.5% at the end of 2019.
- The management's key focus in 2020 is to increase profitability and cash flow from the company's operations. Investments for the year will be around ISK 1 billion.

ISK m	Q4 2019	Q4 2018	Change	% change	2019	2018	Change	% change
Revenue	4,935	5,424	-489	-9%	19,811	20,754	-943	-5%
Cost of Sales	-3,098	-3,441	343	-10%	-12,589	-12,716	127	-1%
Gross Profit	1,837	1,983	-146	-7%	7,222	8,038	-816	-10%
Operating expense	-1,570	-1,682	112	-7%	-6,720	-6,871	151	-2%
Impairment	-2,452	0	-2,452	-	-2,452	0	-2,452	-
EBITDA	1,409	1,449	-40	-	5,509	5,619	-110	-
EBIT	-2,185	301	-2,486	-	-1,950	1,167	-3,117	-
Net financial expense	-153	-168	15	-	-995	-702	-293	-
Effect of associates	119	-13	132	-	963	-27	990	-
Income tax	119	73	46	-	234	5	229	-
Profit (Loss)	-2,101	193	-2,294	-	-1,748	443	-2,191	-
<i>Gross margin(%)</i>	<i>37.2%</i>	<i>36.6%</i>			<i>36.5%</i>	<i>38.7%</i>		
<i>EBITDA %</i>	<i>28.6%</i>	<i>26.7%</i>			<i>27.8%</i>	<i>27.1%</i>		
<i>EBIT %</i>	<i>-44.3%</i>	<i>5.5%</i>			<i>-9.8%</i>	<i>5.6%</i>		

Heiðar Guðjónsson, CEO:

“The net income of last year amounted to a loss of ISK 1,748 million. That should not come as a surprise since our guidance for free cash flow and EBITDA materialized. Last year’s accounts are marred by the big operational changes taking place and the impairment of goodwill. It is positive to note that free cash flow increases by over one billion ISK between ‘18 and ‘19.

The whole company participated in a strategic review of the business last year. As a result of that work the organizational chart was changed and today we have changed the entire management board of the company except for the CTO. We split the technology department so that IT is now under the COO which will increase operational efficiency and speed up digital transformation. Human resources and a newly formed communications department now report directly to the CEO just like the income areas of the business. On top of this we implemented a new communications and brand strategy for the entire business and started a very successful 4DX campaign to increase consumer satisfaction. As a result of this work we are in a good position to grow our business.

The key to improving our operations is by moving from a fixed cost model to flexible model. Here we have several projects underway. Outsourcing is growing, and we are making better use of internal resources by aligning the work of different departments of the business. On the telco side it is most important how to plan the infrastructure investments going forward to ensure quality and efficiency. An important step was taken with the announcement from December 19th by the operators in Iceland on possible collaboration on build-out of 5G – but it is too early to tell what that might lead to.

This year’s outlook is promising. We know that our current operations are becoming more efficient which will improve our cash flow. Other measures should improve profitability further. The big questions around infrastructure build-out on the telco side make it very hard to offer similar guidance as the company has done in the past. Such a range in EBITDA would not adequately capture the potential of the company.”

Q4 2019 Operating Results:

The Company's income during Q4 2019 amounted to ISK 4,935 million, a decrease of 9% from the same period in the previous year.

Income from media operations amounted to ISK 2,079 million in the fourth quarter, decreasing by 9% between years. Broadband income amounted to ISK 1,182 million in the fourth quarter, a decrease of ISK 57 million, or by 5%, from the previous year. Mobile income amounted to ISK 953 million a decrease by 2% between years. Income from fixed-line amounted to ISK 174 million during the quarter, a decrease of 25% between years. Income from retail sales amounted to ISK 342 million during the period, a decrease by 26% compared to the same period in 2018. One-off retail sale on Q4 in 2018 amounted to ISK 119 million, therefore the real decrease of retail sales in the quarter is 0,3%. Other income amounted to ISK 205 million during the quarter, decreasing by 11% from the previous year.

Cost of sales amounted to ISK 3,098 million a decrease of 10% between years. Operating expenses amounted to ISK 1,570, a decrease by 7% compared to the same period in 2018. EBITDA for the period amounted to ISK 1,409 million, a decrease of ISK 40 million. The EBITDA margin was 28.6% for the period.

Net financial expenses amounted to ISK 153 million in the fourth quarter of 2019, which is a decrease of ISK 15 million between years. Loss in the period amounted to ISK 2,101 million, compared to profit of ISK 193 million in the same quarter last year. Goodwill was impaired by ISK 2,452 million on the fourth quarter which explains the loss in the quarter.

Q4 2019 Cash flow:

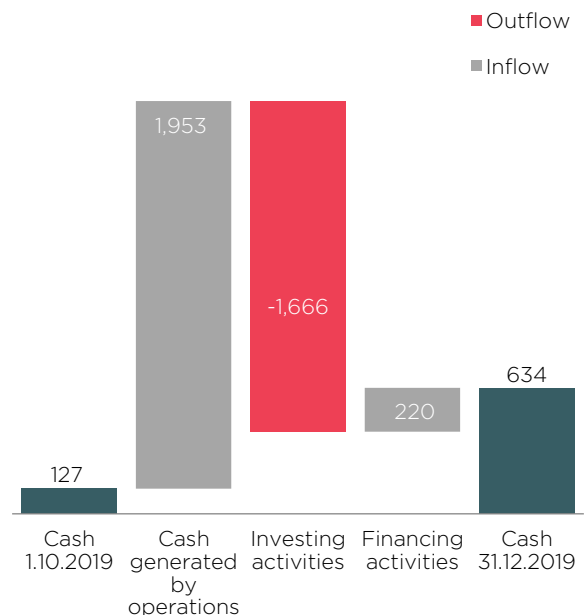
Net cash from operating activities in the fourth quarter of 2019 amounted to ISK 1,953 million, an increase of 44% from previous year.

Investment activities amounted to ISK 1,666 million.

The Company's financing activities amounted to ISK 220 million in the fourth quarter of 2019.

Cash equivalents at end of the fourth quarter amounted to ISK 634 million, increasing by ISK 278 million compared to the same period in 2018.

Cash flow in Q4 2019



2019 Operating Results:

The Group's income during 2019 amounted to ISK 19,811 million, decreasing by ISK 943 million or 5% from previous year. Income from media operations amounted to ISK 8,367 million in the year, a decrease by 5% between years. Broadband income amounted to ISK 4,811 million in 2019, a decrease by 94 million, or 2%, from the previous year. Mobile income amounted to ISK 3,902 million and decreasing by 1% between years.

Income from fixed-line services amounted to ISK 789 million during the year, a decrease of 23% between years. Income from retail sales amounted to ISK 1,122 million during the year, a 11% decrease as compared to 2018. Other income amounted to ISK 820 million during the year, increasing by 3% between years.

Cost of sales amounted to ISK 12,589 million, decreasing by ISK 127 million, or 1% between years. Gross profit amounted to ISK 7,222 million and the gross margin was 36.5% compared to 38.7% in 2018. Operating costs amounted to ISK 6,720, decreasing by ISK 151 million from 2018.

EBITDA for the year amounted to ISK 5,509 million, a decrease by ISK 110 million between years. The EBITDA ratio was 27.8% compared to 27.1% in 2018.

Balance sheet on December 31st, 2019:

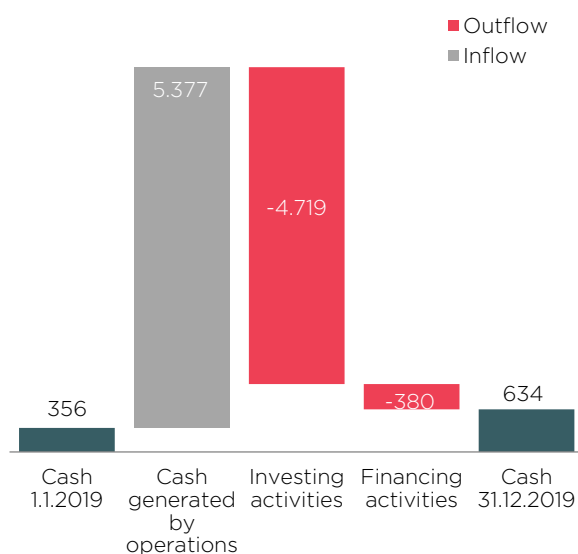
Equity at the end of the period was ISK 8,798 million and the equity ratio was 27.5%. Outstanding capital amounted to ISK 2,964 million at the end of the period. The Company's total liabilities were ISK 23,180 million. Net interest-bearing debt amounted to ISK 17,281 million. The current ratio is 1.3.

2019 Cash flow:

Net cash from operating activities in 2019 amounted to ISK 5,377 million. Investment activities amounted to ISK 4,719 million, of which investment in property, plant and equipment and intangible assets (excluding broadcasting license right) amounts to ISK 1,833 million and investments in broadcasting license rights amounted to ISK 2,789 million.

The Company's financing activities amounted to ISK 380 million in 2019. Cash equivalents at the end of the year amounted to ISK 634 million

Cash flow in 2019



Presentation on February 27th, 2020:

- An open meeting to present the results will be held on Thursday February 27th, 2020. 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 2020:

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| ✓ Annual General meeting 2020 | March 20 th , 2020 |
| ✓ Q1 2020 Results | May 13 th , 2020 |
| ✓ Q2 2020 Results | August 26 th , 2020 |
| ✓ Q3 2020 Results | November 4 th , 2020 |
| ✓ Q4 2020 Results | February 24 th , 2021 |
| ✓ Annual General meeting 2021 | March 19 th , 2021 |

Further information:

- ✓ Lilja Birgisdóttir, Sýn's director of communications, will answer requests for further information and can be contacted via email fjarfestatengsl@syn.is or by telephone, +354 779-3302