

sýn





Key Financial Results Q3 2018

Revenue

5,449 m IKR
59% increase from 2017

EBITDA

1,032 m IKR
21% increase from 2017

Net Profit

226 m IKR
22% decrease from 2017

Equity Ratio

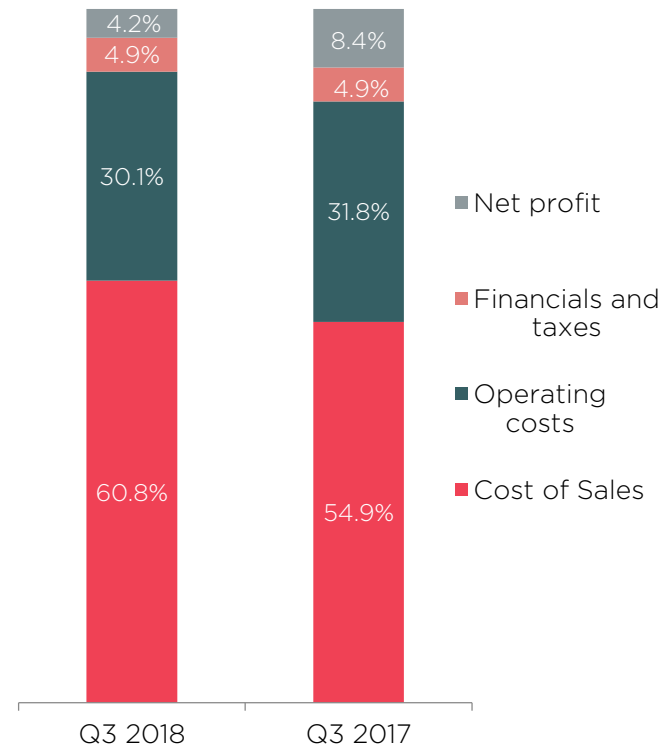
39.5%
Was 39.9% in end of 2017

Q3 Highlights



ISK m	Q3 2018	Q3 2017	Change	% change
Revenue	5,449	3,437	2,012	59%
Cost of Sales	3,311	1,887	1,424	75%
Gross Profit	2,138	1,550	588	38%
Operating costs	1,641	1,092	549	50%
EBITDA	1,032	854	178	21%
EBIT	497	458	40	9%
Net Financials	213	96	117	122%
Net Profit	226	290	-64	-22%

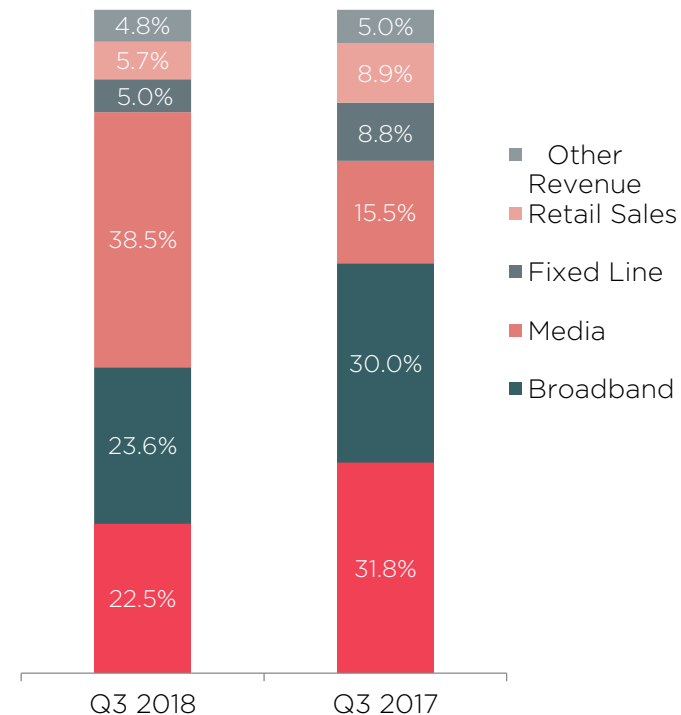
Gross Margin (%)	39.2%	45.1%
EBITDA %	18.9%	24.8%
EBIT %	9.1%	13.3%



Media largest contributor of revenue growth



ISK m	Q3 2018	Q3 2017	Chg.	% chg.
Media	2,090	531	1,559	293%
Broadband	1,288	1,032	256	25%
Mobile	1,228	1,092	136	12%
Fixed Line	270	302	-32	-11%
Retail Sales	310	307	3	1%
Other Revenue	262	173	89	51%
Total Revenue	5,449	3,437	2,012	59%

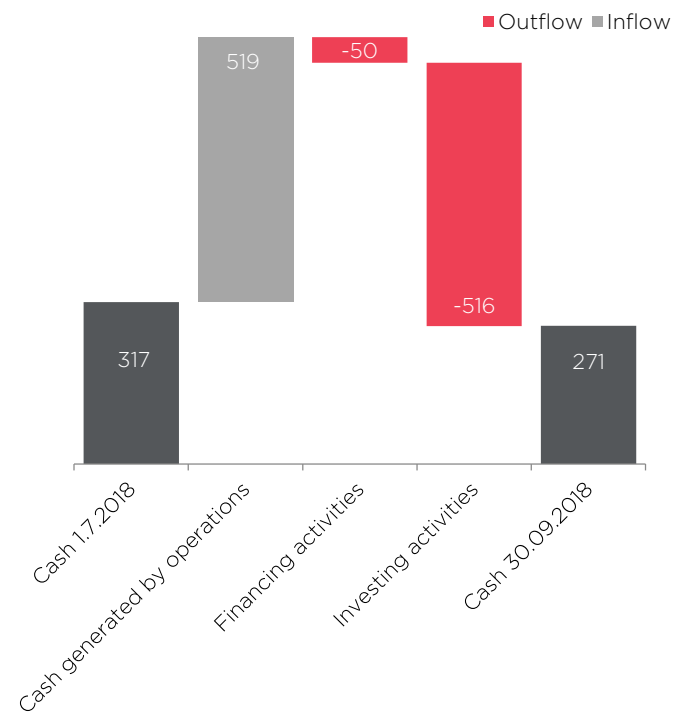


Q3 Cash flow



ISK m	Q3 2018	Q3 2017	Change	% chg.
Cash generated by operations	519	858	-339	-40%
Investing activities	-516	-368	-148	40%
Financing activities	-50	-430	380	-88%
Change in cash	-47	60	-107	-178%
Effect of exchange rate	1	-1	2	0%
Cash at beginning of period	317	326	-9	-3%
Cash at the end of period	271	385	-114	-30%
Free Cash Flow	157	563	-406	-72%

Q3 2018 Cash Flow changes





Key Financial Results 9M 2018

Revenue

16,197 m IKR
63% increase from 2017

EBITDA

2,468 m ISK
6% increase from 2017
2,619 m ISK adj.*
10% increase from 2017

Profit

278 m ISK
62% decrease from 2017
399 m ISK adj.*
48% decrease from 2017

Equity Ratio

39.5%
Was 39.9% in end of 2017

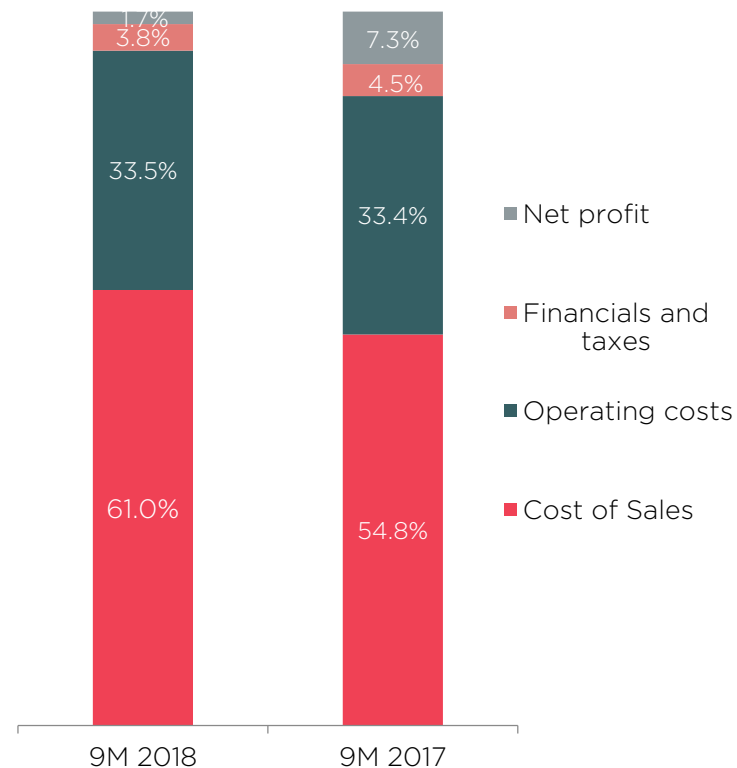
*Amounts adjusted for one-time costs for the acquisition of 365 media hf.

9M Highlights



ISK m	9M 2018	9M 2017	Change	% change
Revenue	16,197	9,964	6,232	63%
Cost of Sales	9,872	5,458	4,415	81%
Gross Profit	6,325	4,507	1,820	40%
Operating Costs	5,423	3,329	2,094	63%
EBITDA	2,468	2,334	134	6%
EBIT	902	1,177	-275	-23%
Net Financials	550	265	285	108%
Net Profit	278	730	-452	-62%

Gross Margin (%)	39.1%	45.2%
EBITDA %	15.2%	23.4%
EBIT %	5.6%	11.8%



9M Highlights



	9M 2018	9M 2017	Change	% change	9M '18 adj.	9M '17 adj.	Change	% change
Revenue	16,197	9,964	6,233	63%	16,229	9,964	6,265	63%
Cost of Sales	9,872	5,458	4,414	81%	9,855	5,458	4,397	81%
Gross Profit	6,325	4,506	1,820	40%	6,374	4,505	1,869	42%
Operating costs	5,423	3,329	2,094	63%	5,321	3,287	2,034	62%
EBITDA	2,468	2,334	134	6%	2,619	2,372	248	10%
EBIT	902	1,177	-275	-23%	1,053	1,215	-162	-13%
Net Financials	550	265	285	108%	550	265	285	108%
Net Profit	278	730	-452	-62%	399	760	-361	-48%

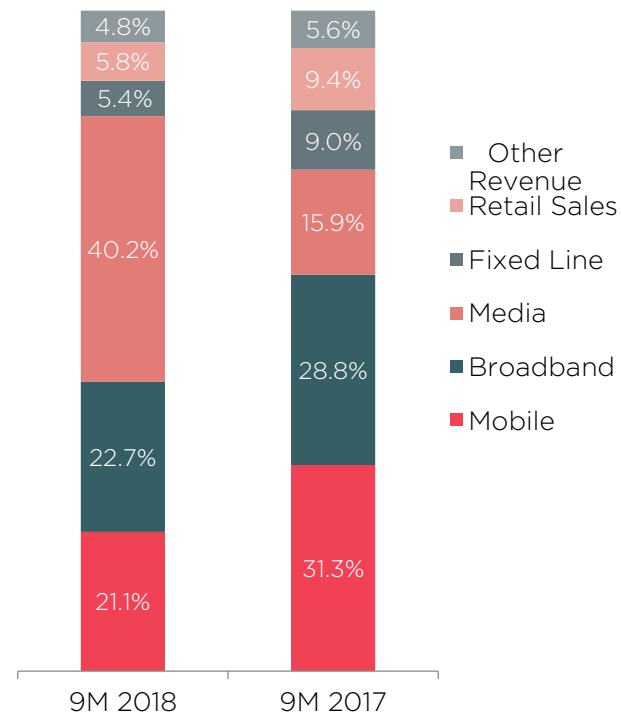
Gross Margin (%)	39.1%	45.2%
EBITDA %	15.2%	23.4%
EBIT %	5.6%	11.8%

39.3%	45.2%
16.1%	23.8%
6.5%	12.2%

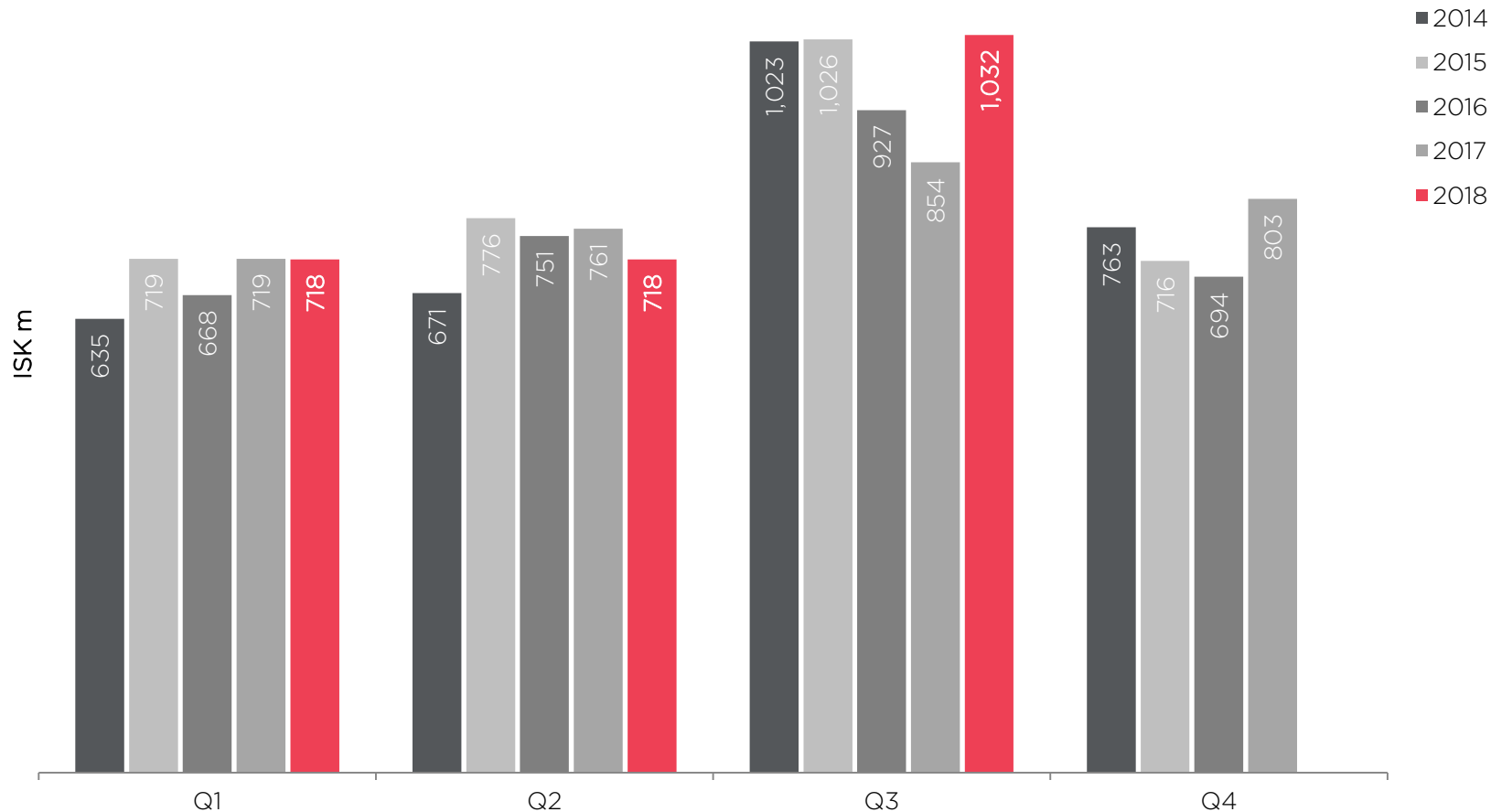
Media largest contributor of revenue growth



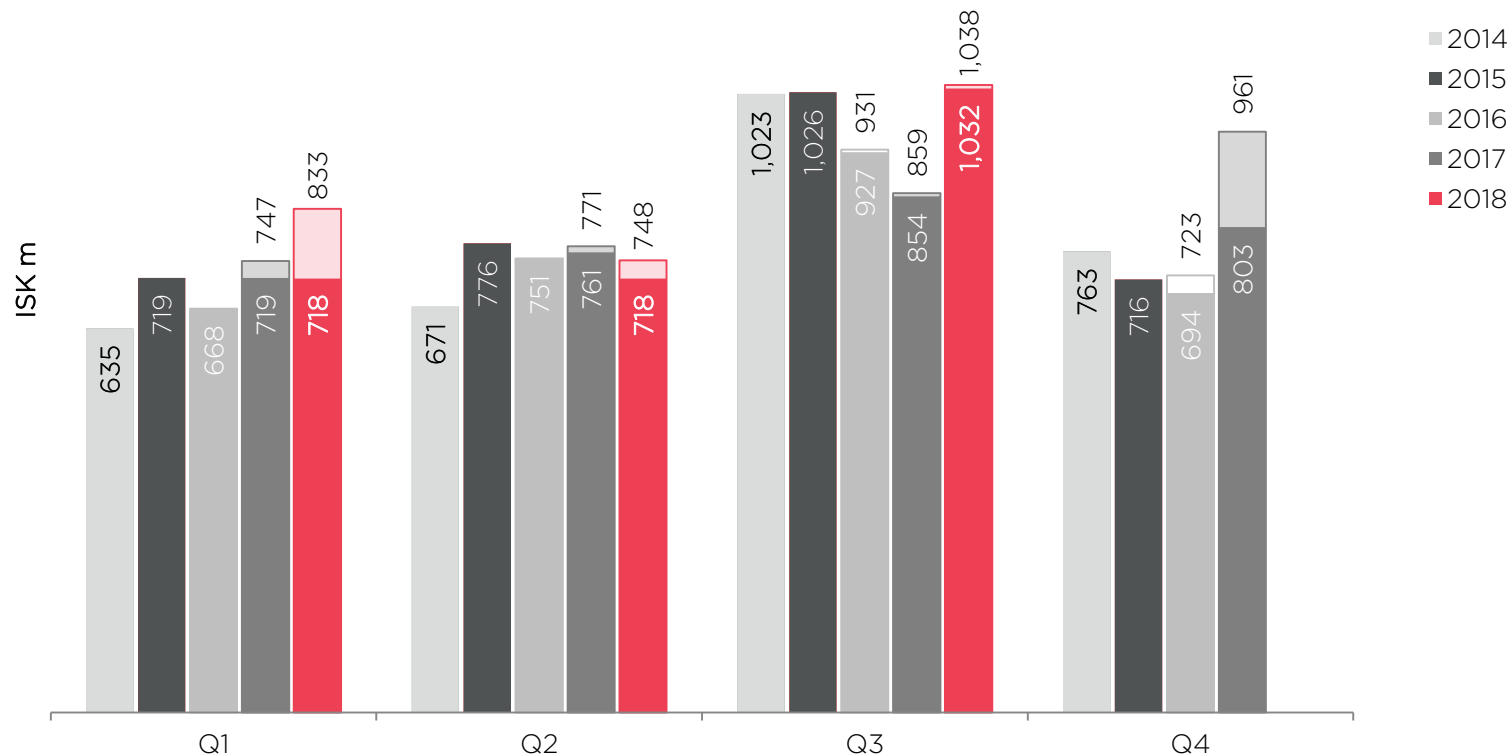
ISK m	9M 2018	9M 2017	Breyt.	% breyt.
Media	6,518	1,585	4,933	311%
Broadband	3,678	2,882	796	28%
GSM	3,416	3,115	301	10%
Fixed Line	871	901	-30	-3%
Retail Sales	937	918	19	2%
Other Revenue	777	563	214	38%
Total Revenue	16,197	9,964	6,233	63%



EBITDA quarterly development



EBITDA quarterly development adjusted for one time items



Balance sheet 30.09.2018



	30.09.18	31.12.17	Change	%
Operational assets	5,204	4,902	302	6%
Intangible assets	15,529	15,485	44	0%
Shares in other companies	39	16	23	144%
Fixed assets	20,772	20,403	369	2%
Other current assets	5,463	4,656	807	17%
Cash and cash equivalents	271	317	-46	-15%
Current assets	5,734	4,973	761	15%
Total assets	26,506	25,376	1,130	4%

Balance sheet 30.09.2018

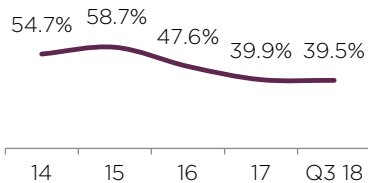
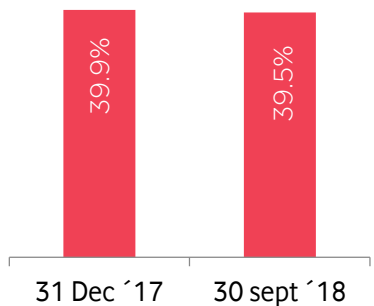


	30.09.18	31.12.17	Change	%
Equity	10,457	10,131	326	3%
Interest bearing debt	10,990	10,732	258	2%
Deferred tax liabilities	263	193	70	36%
Non-current liabilities	11,253	10,925	328	3%
Interest bearing debt	855	618	237	38%
Other current liabilities	3,941	3,702	239	6%
Current liabilities	4,796	4,320	476	11%
Total equity and liabilities	26,506	25,376	1,130	4%
<i>Interest bearing debt</i>	<i>11,845</i>	<i>11,350</i>		
<i>Net interest bearing debt</i>	<i>11,574</i>	<i>11,033</i>		
<i>Equity ratio</i>	<i>39.5%</i>	<i>39.9%</i>		

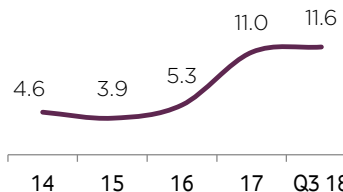
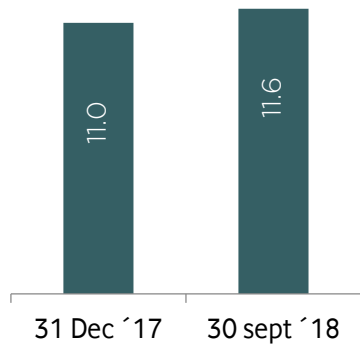
Balance sheet KPI's



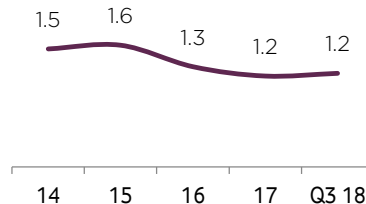
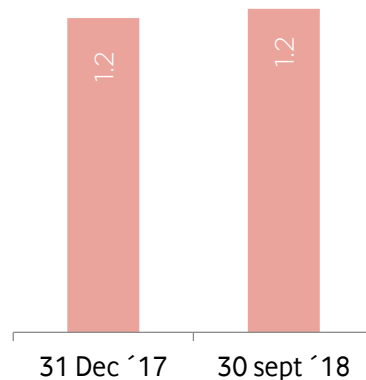
Equity Ratio



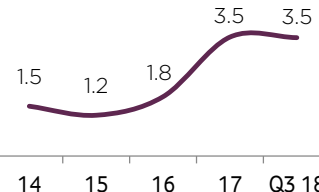
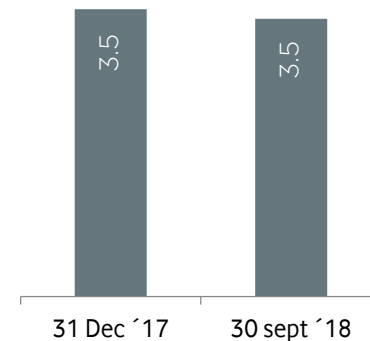
Net Interest Bearing Debt



Current Ratio



Net Debt/EBITDA



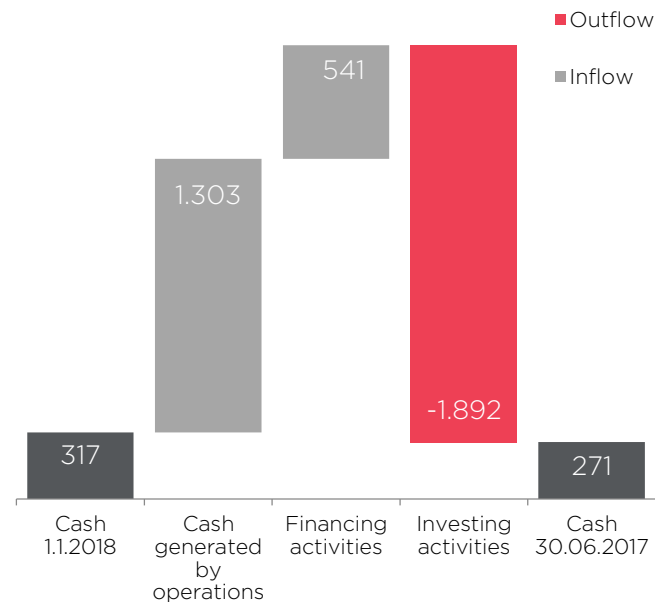
* Net Debt/EBITDA is calculated from the consolidated net interest bearing debt at 1Q end 2018 and EBITDA of trailing 12 months.

9M Cash flow



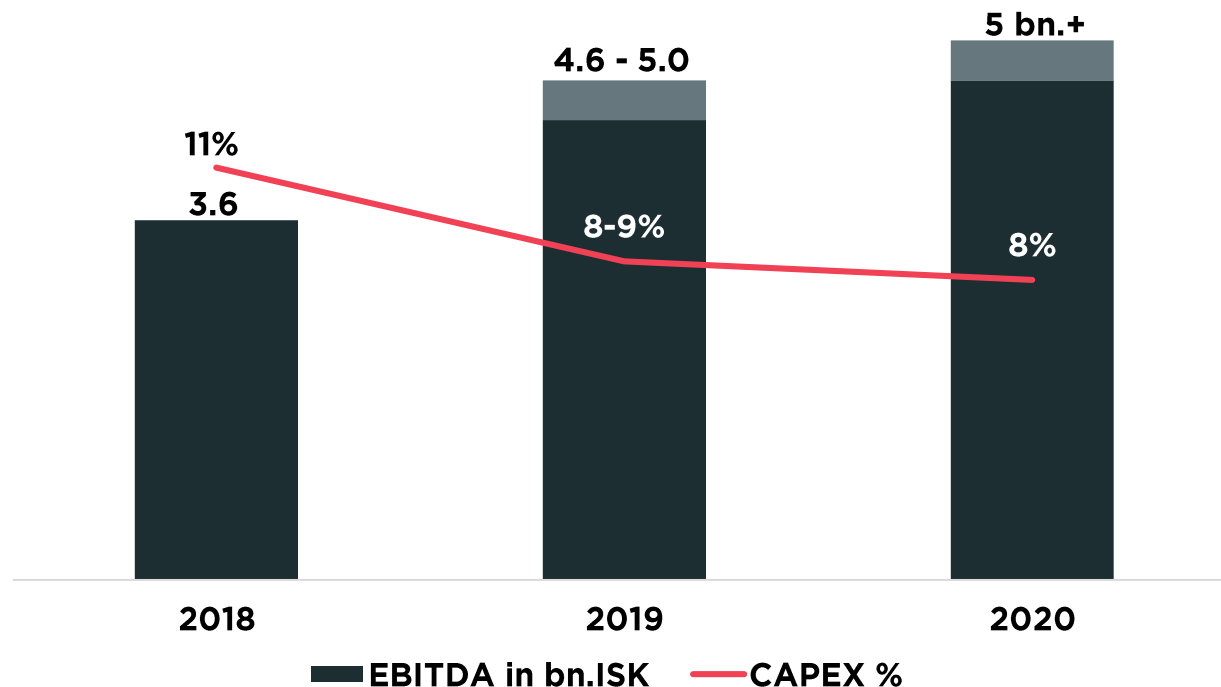
ISK m	9M 2018	9M 2017	Change	% chg.
Cash generated by operations	1,303	1,544	-241	-16%
Investing activities	-1,892	-1,229	-663	54%
Financing activities	541	-295	836	-283%
Change in cash	-48	20	-68	-340%
Effect of exchange rate	2	-3	5	-167%
Cash at beginning of period	317	368	-51	-14%
Cash at the end of period	271	385	-114	-30%
Free Cash Flow	-61	565	-625	-111%

Cash flow 9M 2108



A collage of various celebrities and characters, including Arsenal's Thierry Henry, Brad Pitt, Batman, and Dora the Explorer, with the text "Financial Guidance" overlaid. The collage is set against a red background. The text "Financial Guidance" is written in a white, bold, sans-serif font, centered horizontally and vertically. The collage includes: Thierry Henry in an Arsenal jersey (bottom left), Brad Pitt in a dark shirt (bottom right), Batman in his suit (center), Dora the Explorer (top left), and a T-Rex (top right). Other figures include a woman with blonde hair, a man in a suit, and a woman in a black top. The overall theme is a diverse group of famous people.

Financial guidance for 2018



EBITDA outlook for 2018 has been lowered and are now around ISK 3600 million from regular operations. One-off items in the first nine months of the year are ISK 151 million. It is expected that the one-off items will not have material effect on the last quarter of the year. The estimated capital expenditure ratio is 11% of income. The management has assessed the guidance for 2019 and 2020 and do not find that there are premises for changing the outlook

Guidance for 2018 and clarifications



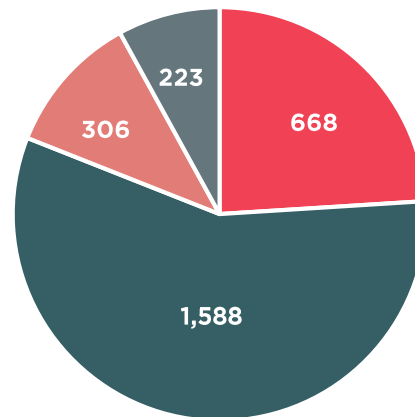
- From the provisional September operational results and Beyond Budgeting process for Q4 it came apparent that it was prudent to lower the prospects
- The reason, amongst other, is related to strain of resources due to merger projects as well as the depreciation of the ISK, i.e.:
 - Higher cost and delay of merger projects during the second half
 - Depreciation of the ISK has substantially affected the prospects for 4th quarter
 - Increase in subscription does not fully cover lowering of content prices
 - Lower advertisement income affects due to the World Cup and relocation of radio stations in September

Currency operational risk



- The company's operational risk is approximately ISK 2.8 bn in foreign currency. 10% exchange-rate fluctuation has therefore a ISK 280 m.kr effect on the operational results.
- Action has been taken to increase revenue next year to counter the increased cost of the ISK currency weakening.

Operations in foreign currency (ISK m.)



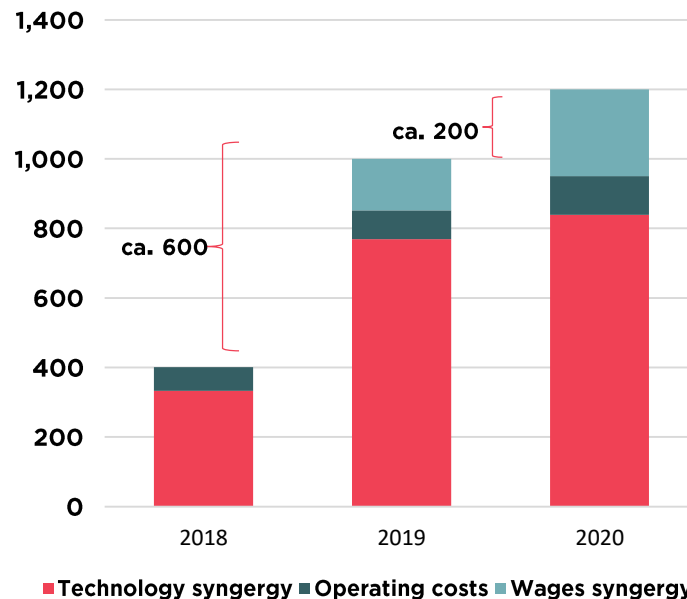
■ Technology ■ Media ■ Consumer sales ■ Other departments

Outlook on synergy 2018-2020



- Original synergy plan of ISK 1.0-1.1 bn.
- Approx. ISK 400 m. positive results in cost synergies is apparent in 2018
- High cost level due to integration lead to a weaker impact of synergies in the operations
- Prospect of higher cost synergies than original plans

Estimated development of synergy



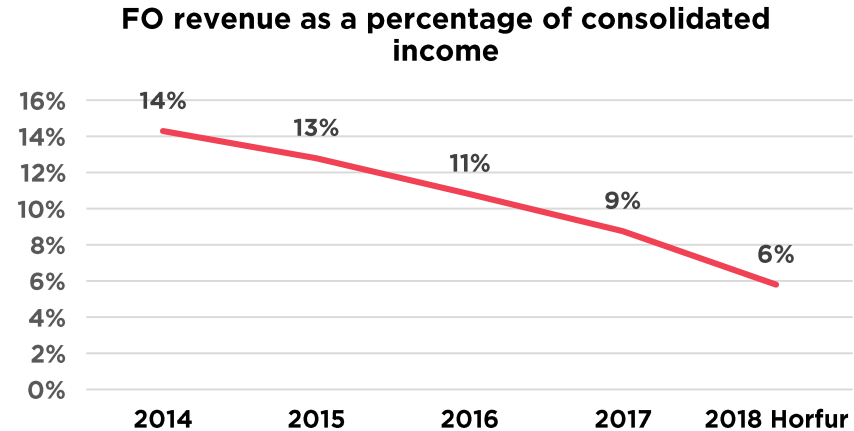
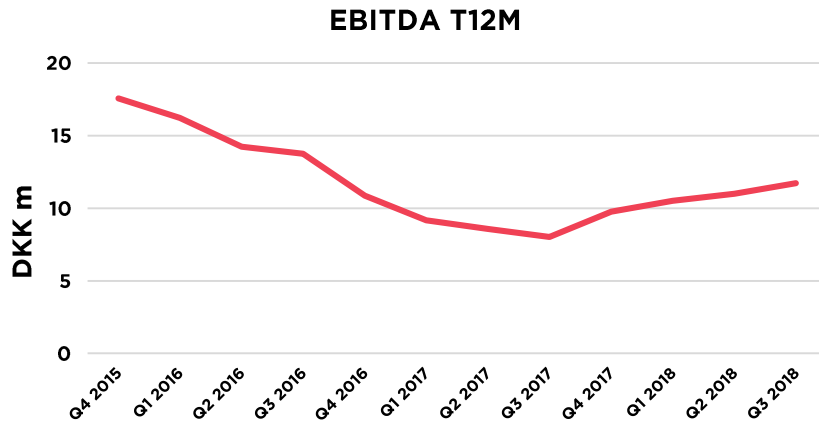


Business highlights

Relative size of Hey in Sýn has been decreasing



- Following difficult trading environment due to price war and sharp price reduction in the Faroes market, the operations of Hey have stabilized largely due to cost reduction initiatives
- Hey's EBITDA has now grown (YoY) for 4 consecutive quarters after 2 years decrease
- The relative Size of Hey in Sýn has furthermore reduced following the acquisition of assets and operations from 365.
- The board and management of Hey have therefore been seeking new developing opportunities that will result in less time commitment from Sýn' management for Hey



Majority of shares in Hey sold in a merger with Nema

- Sýn and the Faroese company Tjaldur have agreed on heads of terms in a merger of Hey a subsidiary of Sýn and the Faroese IT company Nema a subsidiary of Tjaldur.
- The transaction will create a leading ICT company in the Faroese market with diversified income streams from enterprise and consumer market in the Faroe Islands.
- The merger will realize cost synergies and unlock potential for further value creation through extended product supply to the enterprise ICT market.
- The transaction is subject to several prerequisites such as completion of a final share purchase agreement and approval of the Faroese competition authorities.
- Key terms agreed between parties:
 - Sýn will hold 49,9% of the merged business and Tjaldur owning 50,1%.
 - Sýn will receive a payment of DKK 22m.
 - Respective interests of the parties will be protected by a shareholder agreement. Fjárhagsleg áhrif á Sýn:
- Impact on Sýn:
 - The transaction will result in a profit of DKK 46m for Sýn from an increase in the booked value of Hey
 - Following the transaction Sýn's stake in the merged business will most likely be accounted for using the equity method and therefore not on a consolidated basis.

Set-top box – just if it suits you!



- Watch wherever you want and whenever you want:
 - Via set-top box
 - Via phone
 - Via computer
 - Via Apple TV
 - Via tablet
 - Via Chromecast or AirPlay
- The Stöð 2 app gives access to: close to 30 stations, Stöð 2 Marathon, Hopster and on demand services.



Stöð 2 appið

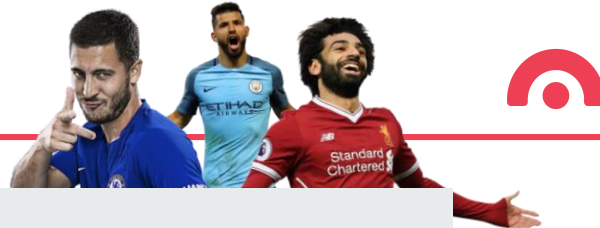




The nations most popular TV show, S-American Dream. Mix of national and foreign quality material in linear and nonlinear schedule.

VÍSIR

77% of the nation reads Vísir each week
165 thousand Icelanders read Vísir at least 4 times a day.



Increase in subscribers following a 35% reduction in subscriber price. Continues to be a strong sports center.

BYLGJAN
989

The nations most popular radio station. Over 50% market share.



66,4% of the population listen to Sýns radio stations every day.



Six radio stations that each cater to their target group. Contextual ads cover a wide audience of listeners.

World-class sports and coverage



- Stöð 2 Sport has most of the world's strongest sport content, despite the loss of content rights for the English Premier League from autumn 2019 (EPL 24% of broadcasts).
- Long-term agreements on key rights.
- Rights for the Nations League and UEFA Euro 2020.
- Lower prices have resulted in growth of subscribers, new position in the market gives opportunity to further grow the customer base



LaLiga





- **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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