

sýn 



Key Financial Results Q1 2019

Revenue

4,975 m IKR
1% decrease from 2018

EBITDA

1,260 m IKR
5% increase from 2017

Net Profit

670 m IKR
51 m IKR profit on Q1 2018

Equity Ratio

36.7%
Was 39.6% in end of 2018

Key factors that affect Q1 2019



- The merger of P/F Hey, Sýn's subsidiary in the Faroe Islands and Nema, a subsidiary of Tjaldur, was finalized in Q1 2019. After the merger, Sýn owns 49,9% of the merged company and will be accounted for with an equity method.
- Television content rights are now accounted for as part of intangible assets instead of inventories, comparative figures in 2018 have been updated accordingly.
- New accounting standard IFRS 16 was implemented on January 1, 2019. Comparative figures for Q1 2018 are not updated.
- 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.
- Unfavorable exchange rate developments in Q1 2019 amounted to ISK 91 million compared to the same period last year.
- WOW's bankruptcy and labor agreements had a negative impact on advertising revenue on Q1 2019.
- Estimated effects of collective agreements amount to ISK 115 million in 2019

Q4 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	-

<i>Gross Margin (%)</i>	38.3%	40.3%
<i>EBITDA %</i>	25.3%	23.9%
<i>EBIT %</i>	1.7%	4.1%

Impact of IFRS 16 on operations

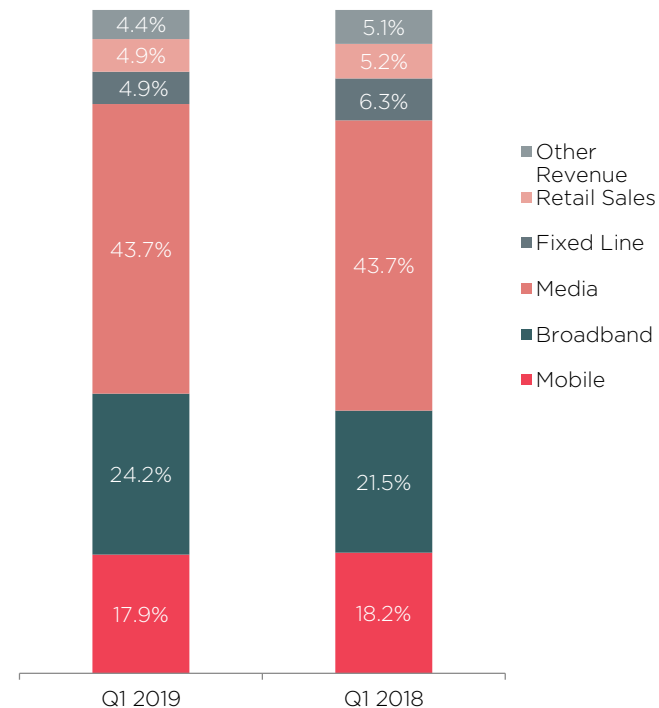
	Q1 2019
Cost of sales	80
Operating costs	63
EBITDA	143
Net financials	-33
Depreciation	-104
Profit (loss) for the period	6

*EBITDA 2018 adjusted retroactively to changed presentation of content rights

Revenue sources on Q1



ISK m	Q1 2019	Q1 2018*	Chg.	% chg.
Media	2,172	2,199	-27	-1%
Broadband	1,206	1,079	127	12%
Mobile	892	915	-23	-3%
Fixed Line	242	319	-77	-24%
Retail Sales	246	261	-15	-6%
Other Revenue	217	257	-40	-16%
Total Revenue	4,975	5,030	-55	-1%



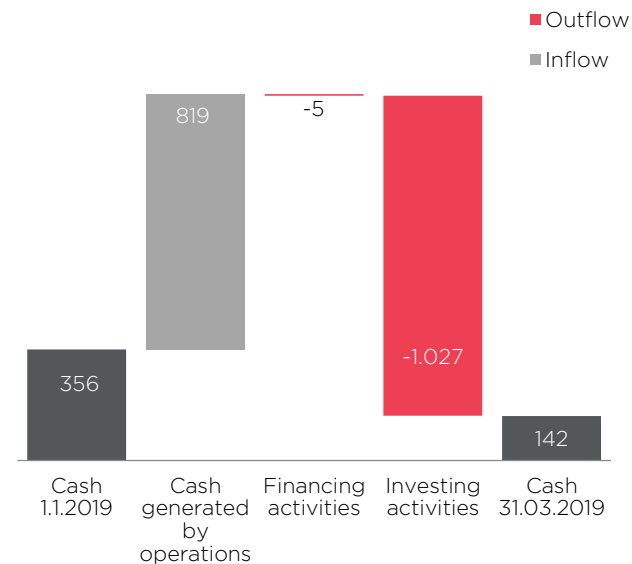
*Updated comparative figures for the sale of P/F Hey

Q1 Cash flow



ISK m	Q1 2019	Q1 2018*	Change	% chg.
Cash generated by operations	819	1,198	-379	-32%
Investing activities	-1,027	-1,285	258	-20%
Financing activities	-5	36	-41	-114%
Change in cash	-214	-51	-163	320%
Effect of exchange rate	0	1	-1	0%
Cash at beginning of period	356	329	27	8%
Cash classified as for sale	0	-38	38	-
Cash at the end of period	142	241	-99	-41%
Free Cash Flow	-11	102	-113	-111%

Q1 2019 Cash Flow changes



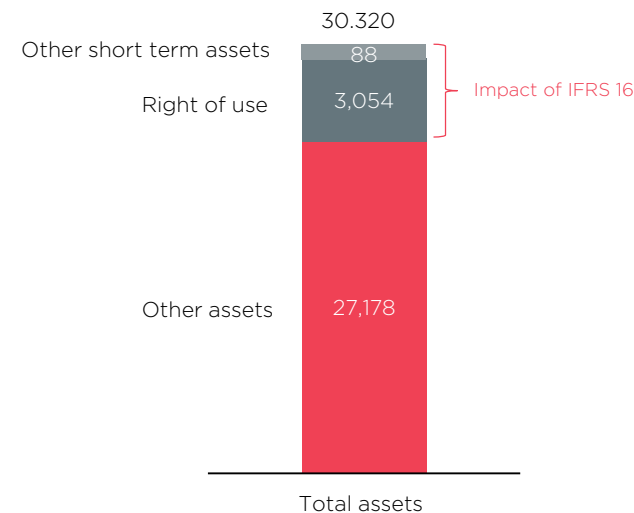
*Updated comparative figures for the sale of P/F Hey and TV content rights

Balance sheet 31.03.2019



	31.03.19	31.12.18*	Change	%
Operational assets	4,960	4,785	175	4%
Righ-of-use assets	3,054	0	3,054	-
Intangible assets	16,786	16,999	-213	-1%
Shares in other companies	1,265	48	1,217	2535%
Fixed assets	26,066	21,832	4,234	19%
Other current assets	4,112	3,767	345	9%
Cash and cash equivalents	142	356	-214	-60%
Assets classified for sale	0	1,056	-1,056	-
Current assets	4,254	5,179	-925	-18%
Total assets	30,320	27,011	3,309	12%

Impact of IFRS 16 on assets 31.03.19



*Updated comparative figures for the sale of P/F Hey and TV content rights

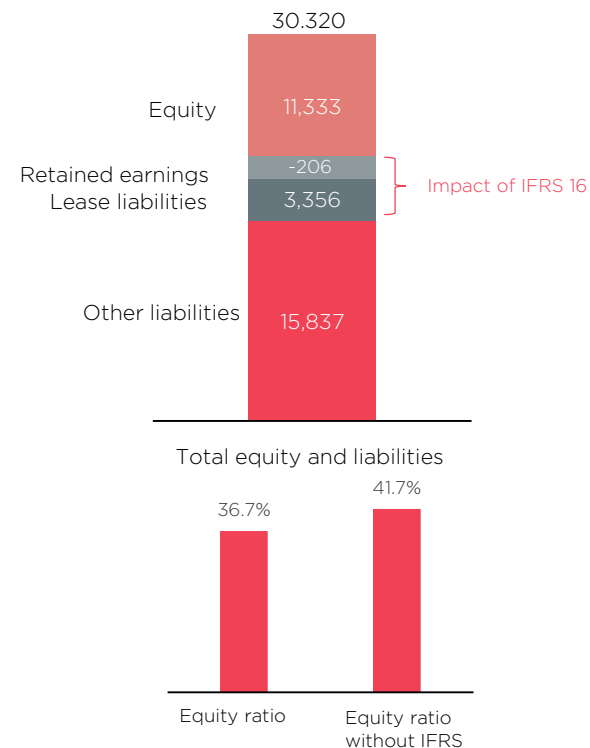
Figures are in ISK million

Balance sheet 31.03.2019



	31.03.19	31.12.18*	Change	%
Equity	11,127	10,707	420	4%
Interest bearing debt	10,922	10,874	48	0%
Lease liabilities	2,933	0	2,933	-
Deferred tax liabilities	116	138	-22	-16%
Non-current liabilities	13,971	11,012	2,959	27%
Interest bearing debt	692	687	5	1%
Lease liabilities	423	0	423	-
Other current liabilities	4,107	4,167	-60	-1%
Liabilities connected to assets classified for sale	0	438	-438	-
Current liabilities	5,222	5,292	-70	-1%
Total equity and liabilities	30,320	27,011	3,309	12%
<i>Interest bearing debt</i>	<i>14,970</i>	<i>11,561</i>		
<i>Net interest bearing debt</i>	<i>14,828</i>	<i>11,205</i>		
<i>Equity ratio</i>	<i>36.7%</i>	<i>39.6%</i>		

Impact of IFRS 16 on equity and liabilities 31.03.19



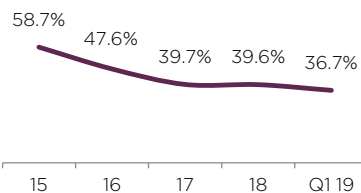
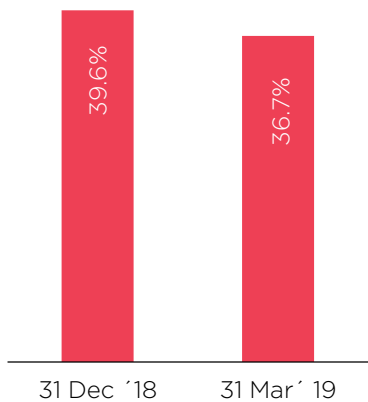
*Updated comparative figures for the sale of P/F Hey and TV content rights

Figures are in ISK million

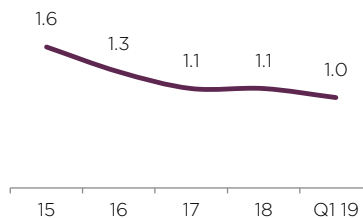
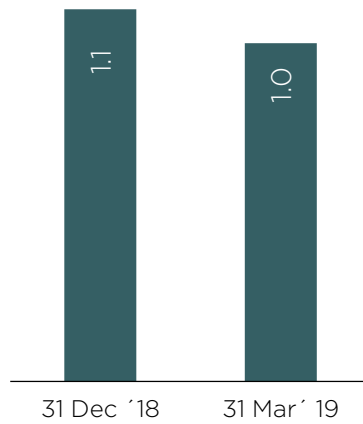
Key ratios



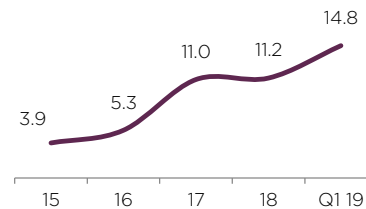
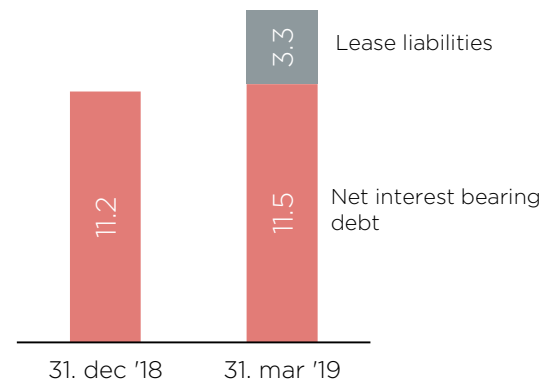
Equity Ratio



Current Ratio*



Net interest bearing debt



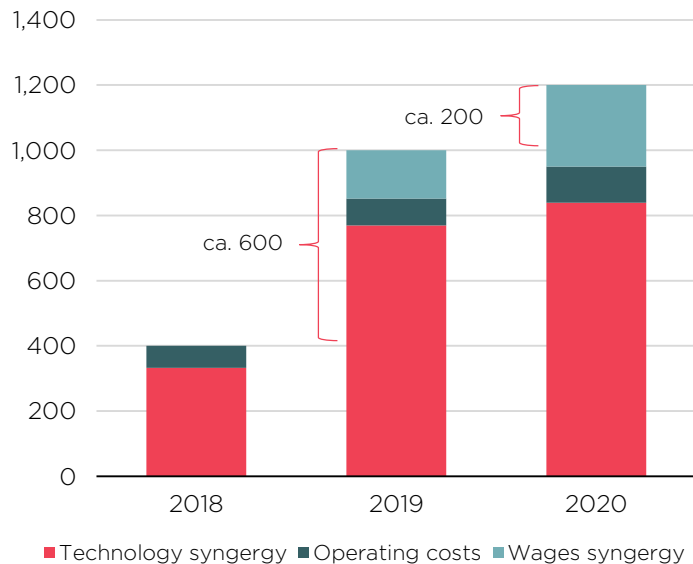
Updated comparative figures for the sale of P/F Hey.

*Current ratio = current assets / short term liabilities - interest bearing debt and lease liabilities

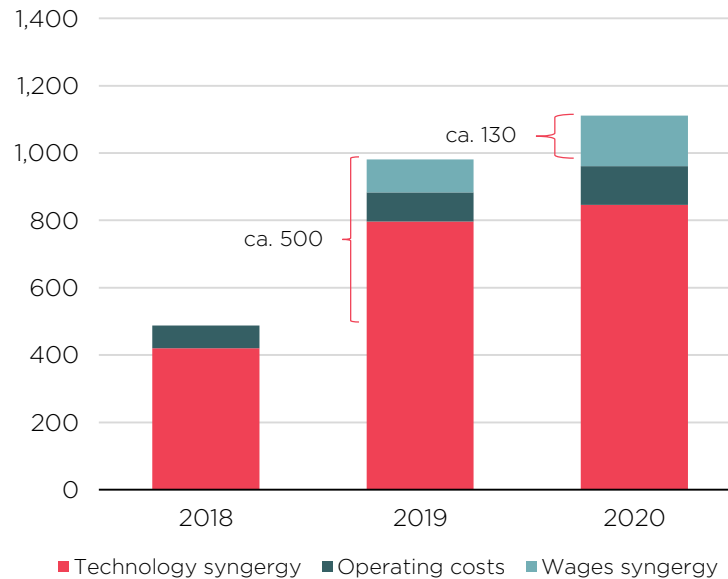
Estimated synergy



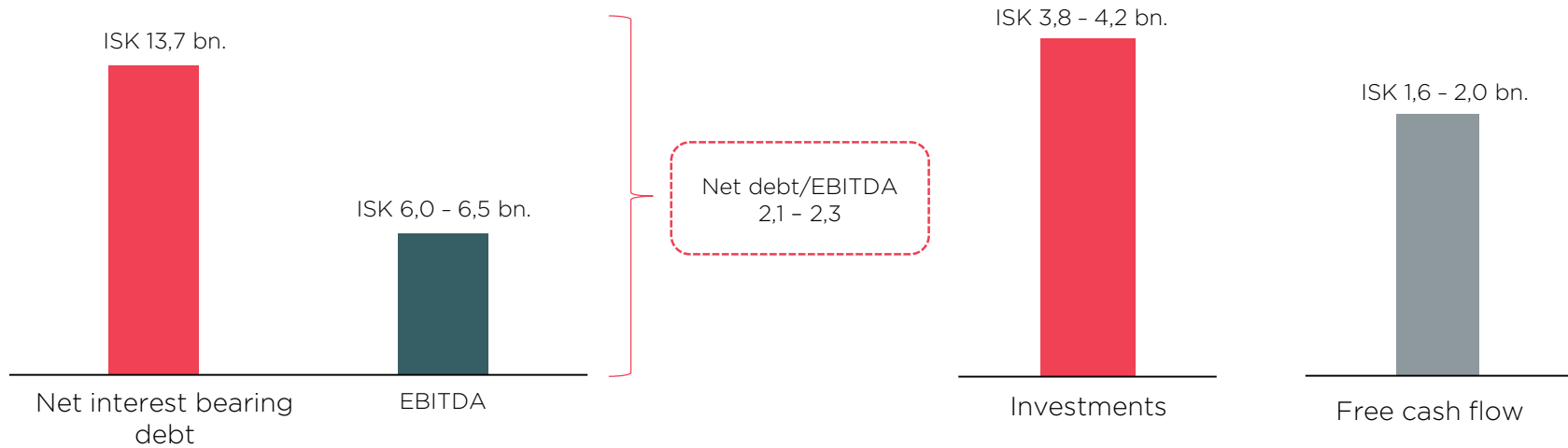
Estimated development of synergy published on Q3 20018



Estimated development of synergy updated for Q1 2019



Outlook 2019



Other matters



- Two new managers have been recruited and will commence their work by 1 June 2019
- Þórhallur Gunnarsson will be managing the Media part of the operations
- Signý Magnúsdóttir will be the CFO

- Strategic plans are underway and will be finalised in Q2
- Extensive presentations with Q2 results



- **Mobile** – Revenue for use of cell phones, including data transfer within 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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