

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

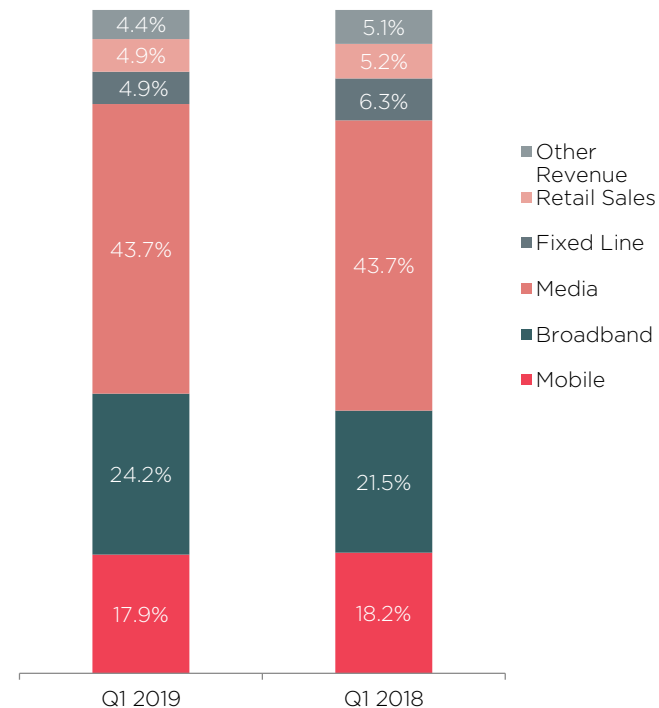
| | Q1 2019 |
|-------------------------------------|------------|
| Cost of sales | 80 |
| Operating costs | 63 |
| EBITDA | 143 |
| Net financials | -33 |
| Depreciation | -104 |
| Profit (loss) for the period | 6 |

*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% |



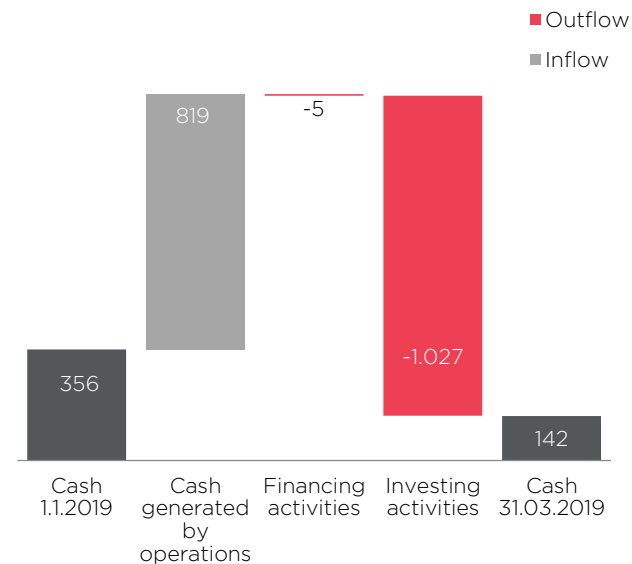
*Updated comparative figures for the sale of P/F Hey

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



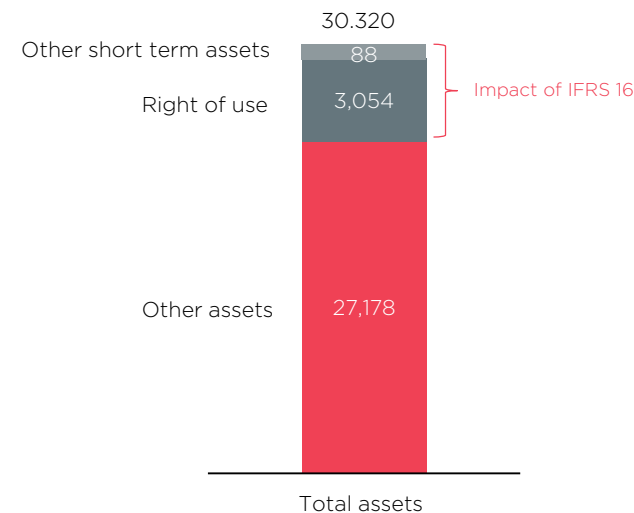
*Updated comparative figures for the sale of P/F Hey and TV content rights

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

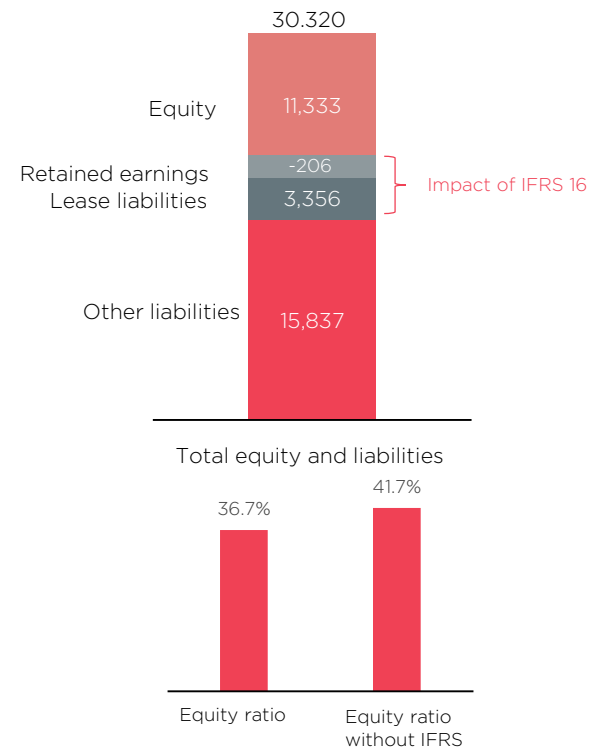
Figures are in ISK million

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



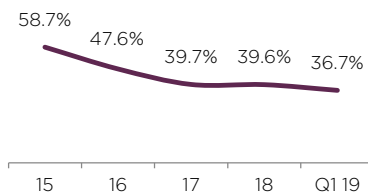
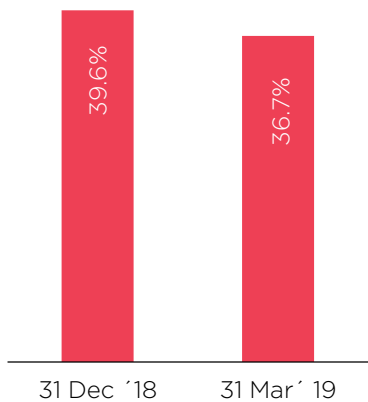
*Updated comparative figures for the sale of P/F Hey and TV content rights

Figures are in ISK million

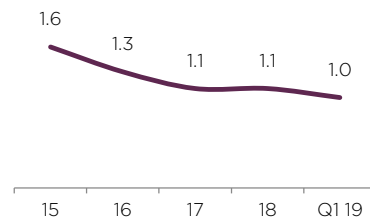
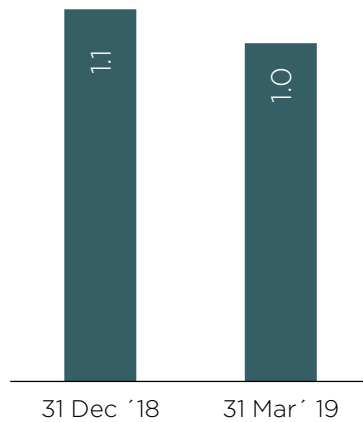
Key ratios



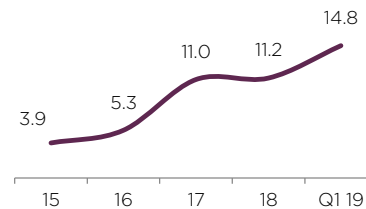
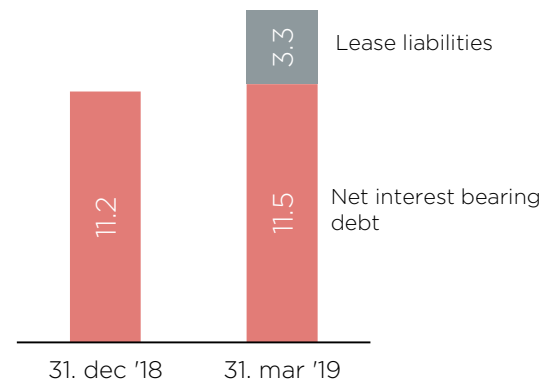
Equity Ratio



Current Ratio*



Net interest bearing debt



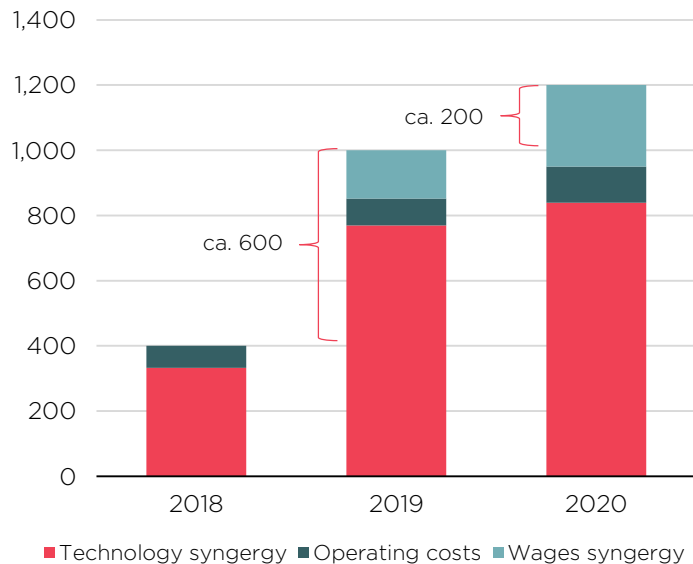
Updated comparative figures for the sale of P/F Hey.

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

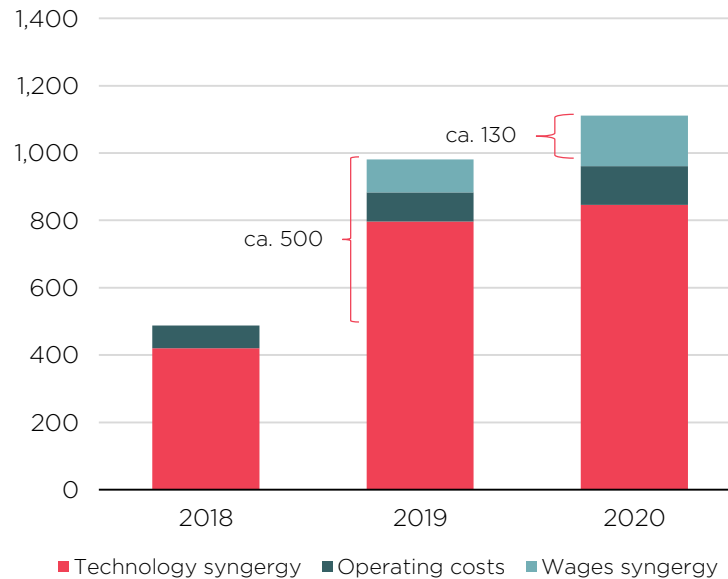
Estimated synergy



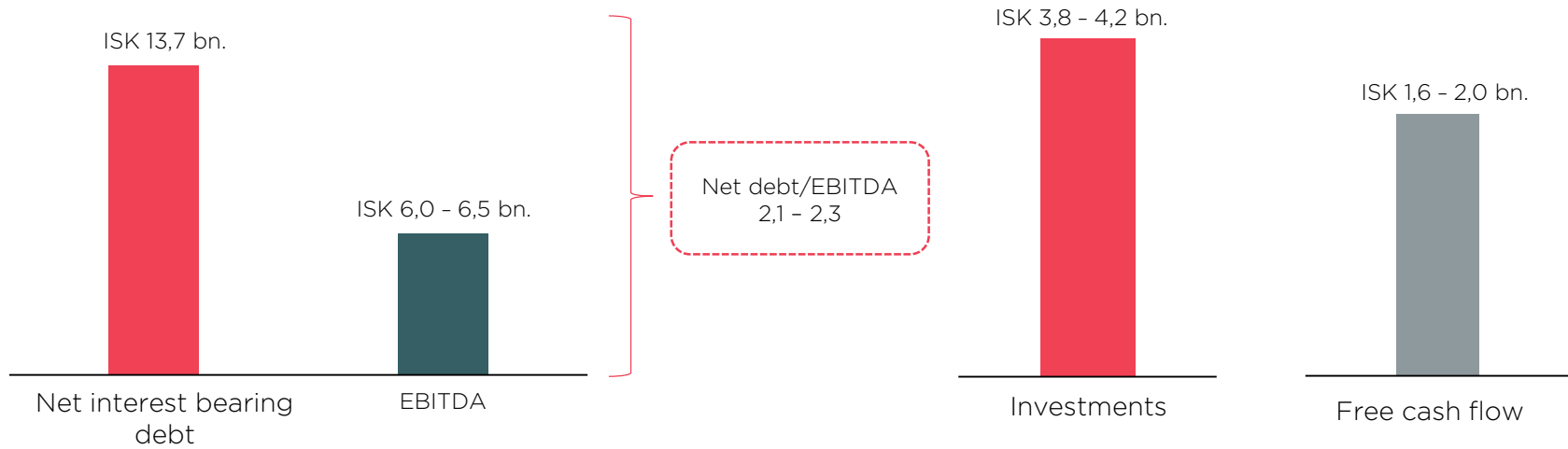
Estimated development of synergy published on Q3 20018



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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