

Results for the first nine months

Historically high cash generation

Key figures from the interim financial statements

- Profit before unrealised financial items amounted to USD 153.9 million, compared to USD 92,4 million in the same period of the prior year, which is an increase of 66,6%.
- The profit for the period was USD 102.6 million, but was USD 61.2 million in the same period of the year before.
- Operating revenues amounted to USD 396.9 million, increasing by USD 69.0 million (21.0%) from the same period of the previous year.
- Net debt decreased by USD 138.4 million from the beginning of the year and amounted to USD 1,537.4 million at the end of September.
- Cash flow from operations amounted to USD 239.1 million, an increase of 40.8% compared to the same period of the prior year.

Hörður Arnarson, CEO:

“The company’s operating environment continued to improve during the third quarter of the year. Our customers have gradually increased their energy usage as their business environment has continued to improve. Most are running at full capacity, as demand for their products has regained prior strength and in many cases has risen to a higher level than at the beginning the COVID-19 pandemic. Landsvirkjun’s power generation capacity is now approaching full utilisation.

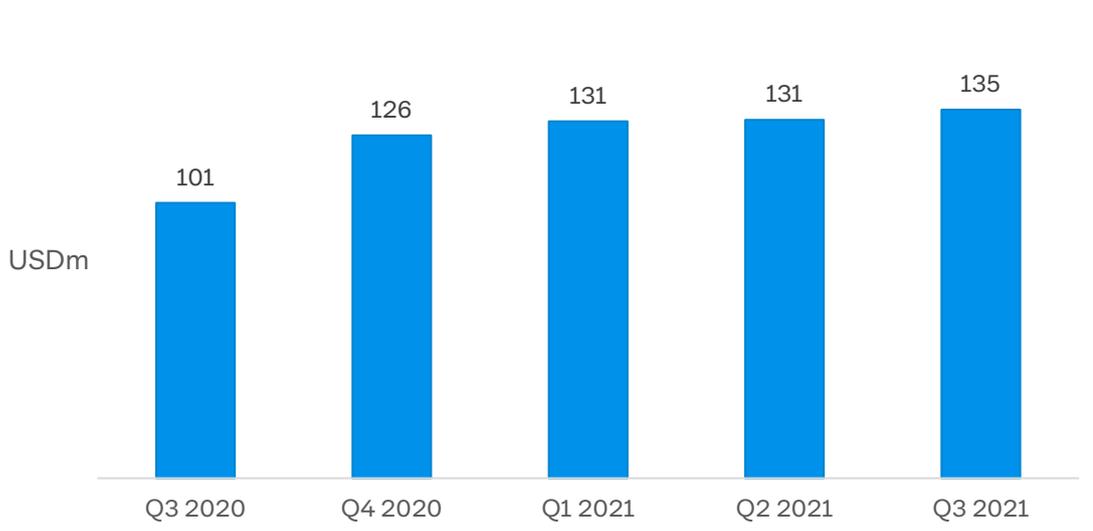
The average aluminium price during the period was almost twice as high as for the same period of the prior year, while the price on the Nord Pool market was five times as high. This was after the historically low prices of last year. As some of our energy contracts with industrial customers are linked to these two variables, revenues increased significantly or by USD 69 million compared with the same period of the prior year.

These improvements are clearly visible in the results for the first nine months. Profit before unrealized financial items, which is the criterion used by Landsvirkjun in evaluating the company’s core operation, increased by about 67% from the same period of 2020. Net debt continued to decrease and was USD 138 million lower than at the start of the year.

Operating performance was good at the company’s power stations during the period although the flow into Landsvirkjun’s reservoirs in southern Iceland was quite low this summer. The company continues to place strong emphasis on innovation projects countrywide, for example preparation for the production of electrochemical fuels, which can become a key factor in removing the country’s reliance on fossil fuels. Landsvirkjun’s generation of renewable energy continues to be a very important contribution to climate change.“

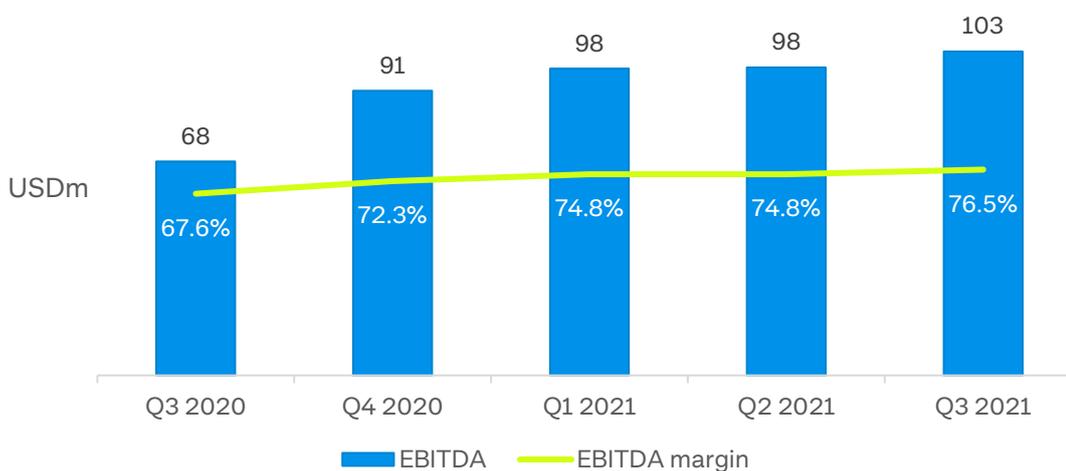
Operations

Development of operating revenues



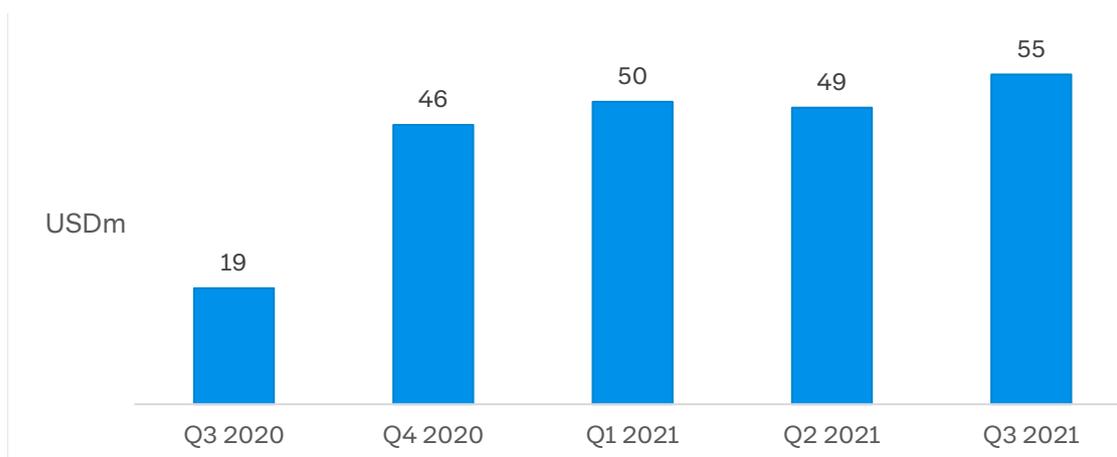
Operating revenues increased by USD 34m in the third quarter compared with the same period of the previous year. The difference is USD 69m for the first nine months of the year. This increase is mostly due to price increases in international commodity and energy markets, as some of our power contracts are linked to aluminium and Nord Pool prices.

EBITDA and EBITDA margin



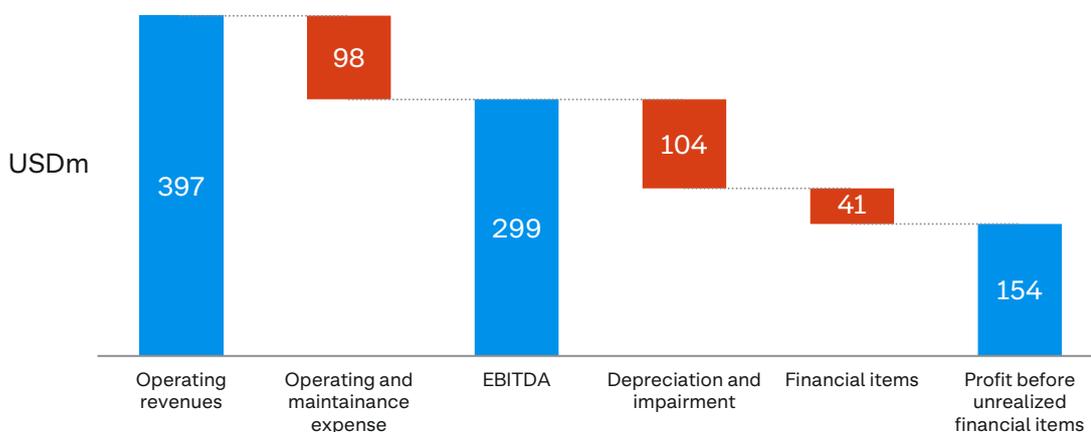
Operating profit before depreciation, EBITDA, amounted to USD 103m during the third quarter and USD 299m for the first nine months of the year. This increase is in line with revenue developments.

Profit before unrealized financial items



Profit before unrealized financial items is the criterion used by Landsvirkjun in evaluating the company’s core operation. The profit amounted to USD 154m during the first nine months of the year and has never been higher in Landsvirkjun’s history.

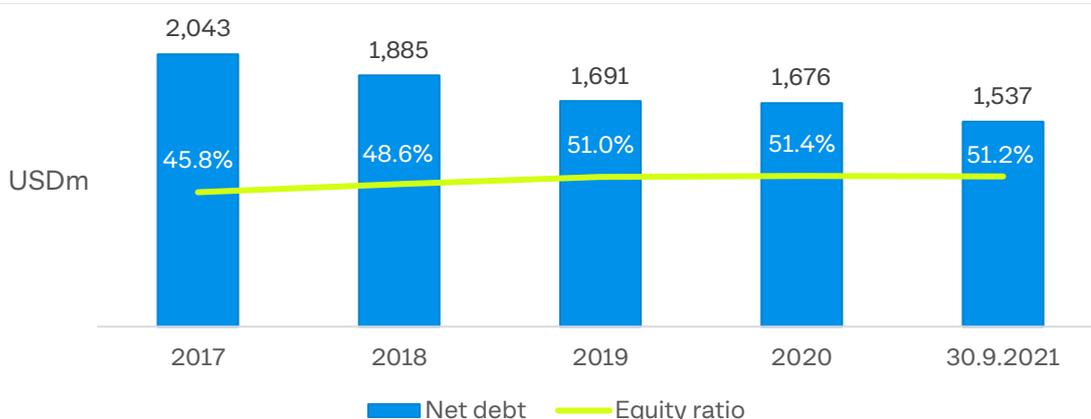
Items affecting profit before unrealised financial items - 9M 2021



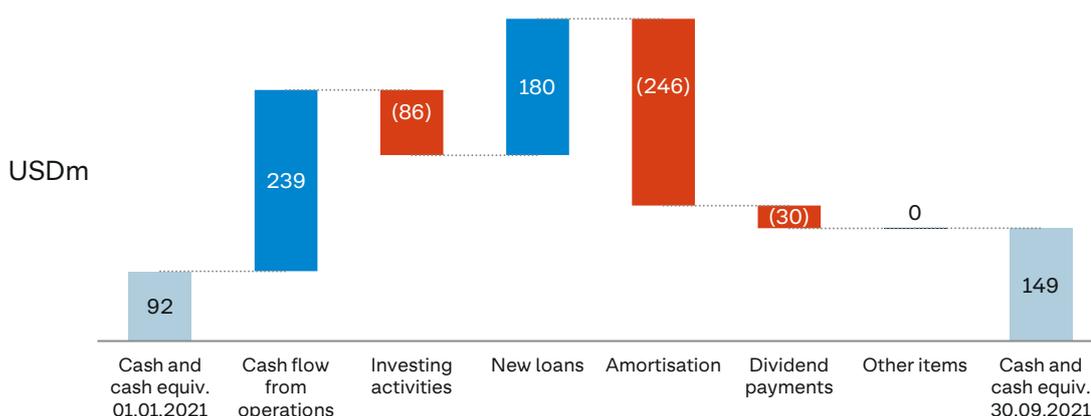
Strong cash generation

The company’s cash generation (cash flow from operations) was USD 239m during the first nine months of the year, which is USD 69m higher than during the same period of last year and represents a historical high for Landsvirkjun. Net debt (interest bearing liabilities less cash and cash equivalent) decreased by USD 138m from the start of the year.

Net debt and equity ratio



Cash and cash equivalents amounted to USD 149m at the end of the third quarter, which is a USD 57m increase from the start of the year. Net debt / EBITDA is now 3.94x and has decreased significantly over the past few years.



Operating outlook

Following the difficult economic conditions which arose during the COVID-19 pandemic there has been a turnaround in Landsvirkjun’s operations. International commodity and energy market prices have increased dramatically during the year and Landsvirkjun’s results will continue to be affected by their development, along with customer demand.

Reykjavík, 19. November 2021
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About the interim financial statements

The Interim Financial Statements of Landsvirkjun are prepared in accordance with International Financial Reporting Standards (IFRS) and are presented in USD which is the parent Company's functional currency.

Key figures from the interim financial statements in thousand USD:

	2021	2020	2019	2018	2017
	1.1.-30.9.	1.1.-30.9.	1.1.-30.9.	1.1.-30.9.	1.1.-30.9.
Operation					
Operating revenues	430,504	323,055	365,493	403,800	351,691
Realised hedges	(33,592)	4,906	6,956	(4,983)	(4,361)
Total operating revenues	396,912	327,961	372,449	398,817	347,330
Operating and maintenance expenses	(97,609)	(92,403)	(89,737)	(107,125)	(97,762)
EBITDA	299,303	235,558	282,712	291,692	249,568
Depreciation and impairment loss	(103,891)	(95,764)	(100,800)	(93,114)	(87,070)
EBIT	195,412	139,794	181,912	198,578	162,498
Financial items	(41,466)	(47,392)	(52,852)	(65,134)	(47,664)
Profit before unrealised financial items	153,946	92,402	129,060	133,444	114,834
Unrealised financial items:					
Fair value changes in embedded derivatives	49,242	(6,384)	(7,780)	(32,762)	66,194
Fair value changes in other derivatives	(58,987)	(4,541)	(3,046)	17,573	(8,919)
Unrealised foreign exchange difference	9,365	7,711	16,494	14,623	(56,091)
	(380)	(3,214)	5,668	(566)	1,184
Profit before income tax	153,566	89,188	134,728	132,878	116,018
Income tax	(51,014)	(27,996)	(44,579)	(43,601)	(37,489)
Profit	102,552	61,192	90,149	89,277	78,529
Balance sheet					
	30.9.2021	30.9.2020	30.9.2019	30.9.2018	30.9.2017
Total assets	4,453,863	4,336,657	4,336,760	4,445,981	4,441,672
Total equity	2,281,433	2,217,323	2,211,197	2,132,829	2,034,201
Total liabilities	2,172,430	2,119,334	2,125,563	2,313,152	2,407,471
Net liabilities	1,537,433	1,634,720	1,712,848	1,940,009	2,038,246
Key figures					
Cash flow from operating activities	239,064	169,828	222,407	222,693	200,432
Investing activities	(86,035)	(74,958)	(57,202)	(126,863)	(188,691)
Financing activities	(96,392)	(102,884)	(201,102)	(131,696)	(47,660)
Total liquidity	338,821	451,063	375,969	453,359	491,395
Equity ratio	51.2%	51.1%	51.0%	48.0%	45.8%
Return on equity	5.4%	3.9%	5.7%	5.8%	5.0%
Interest cover (EBITDA/net interest expenses)	7.18x	5.48x	5.39x	4.88x	5.43x
Net liabilities / EBITDA	3.94x	4.93x	4.50x	5.00x	6.26x

About Landsvirkjun

Landsvirkjun, established in 1965, is an energy generation company owned by the Icelandic nation. Landsvirkjun's role is to maximize the value of the renewable energy resources it has been entrusted with, in a sustainable and efficient manner. The Company's vision is a sustainable world, powered by renewable energy. The Company produces 70% of all electricity in Iceland, from renewable energy resources: hydroelectric energy, geothermal energy and wind energy. The Company is a leader in the sustainable utilisation of energy resources, while at the same time contributing to increased knowledge, innovation and technical development.