



Q1 results 2021

14th of May 2021



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ENDOR



Key financial results

Q1 2021



Revenue
4,962 m IKR

Q1 2020
4,995 m IKR



EBITDA
1,388 m IKR

Q1 2020
1,355 m IKR



Earnings
-231 m IKR

Q1 2020
-350 m IKR



FCF
-119 m IKR

Q1 2020
522 m IKR

Income Statement



	Q1 2021	Q1 2020	Ch.	% ch.
Revenues	4,962	4,995	-33	-0.7%
Cost of sales	-3,337	-3,350	13	-0.4%
Gross profit	1,625	1,645	-20	-1.2%
Operating expense	-1,583	-1,666	83	-5.0%
EBITDA	1,388	1,355	33	2.4%
EBIT	42	-21	63	-302%
Net financial expense	-93	-441	348	-79%
Effect of associates	-193	20	-213	-1064%
Income tax	13	92	-79	-86%
Loss	-231	-350	119	-

<i>Gross Margin</i>	<i>32.7%</i>	<i>32.9%</i>		
<i>EBITDA</i>	<i>28.0%</i>	<i>27.1%</i>		
<i>EBIT</i>	<i>0.9%</i>	<i>-0.4%</i>		

Key factors impacting Q1 2021

- Revenue decrease by -0.7% between quarters. From March 2020 the pandemic started to have a negative impact on the Groups operation.
- EBITDA increase between Q1 2020 and Q1 2021 due to lower operating expenses which is mainly the result of cost optimization procedures.
- Interest expenses decrease by 75m between periods.
- Exchange rate gain recognized in Q1 2021 was 46m compared to exchange rate loss of 230m in Q1 2020.
- A loss of 189m was recognised due to the sale of the Faroese associate.

Revenue breakdown



	Q1 2021	Q1 2020	Ch.	% Ch.
Media	1,918	1,935	-17	-1%
Broadband	1,145	1,160	-15	-1%
Mobile	939	911	28	3%
Fixed Line	140	167	-27	-16%
Hosting and operating solutions	313	371	-58	-16%
Retail sale	293	235	58	25%
Other revenue	214	216	-2	-1%
Total Revenue	4,962	4,995	-33	-1%

Media

- The decision to make Stöð 2 a full subscription TV has had a positive impact on subscription revenue. Revenues from subscription were similar in January 2021 and December 2020, which is more often the biggest month of the year. The number of subscribers for Stöð 2 increased by 12% between Q1 2021 and Q1 2020.

Broadband

- There is a sign of turnaround in revenue from broadband. Revenue increased by 3% between Q4 2020 and Q1 2021. The increase is comparable between corporate and retail market, but revenue from the retail market weighs significantly higher.

Mobile

- Revenue from mobile increases by 3% between Q1 2020 and Q1 2021 which is mainly due to growth in IOT revenue. At the same time roaming revenue have decreased by 72% between periods.

Fixed line

- The decline in revenue for fixed lines has stalled. Revenue was similar for Q1 2021 and Q4 2020.

Hosting and operating solutions

- Revenue decreased by 16%, mostly because of decrease in retail sales and unfavorable exchange rate development. The functional currency for Endor is EUR.

Retail sales

- Continuing positive development in retail sales. A result of changes in consumer behavior during the pandemic and increased focus in marketing. Margin from retail is low but has been growing due to change in the product mix.

Statement of Financial Position



Assets				Liabilities and equity			
ISK m	31.3.2021	31.12.2020	% ch.	ISK m	31.3.2021	31.12.2020	% ch.
Fixed assets				Equity	8,208	8,549	-4%
Right-of-use asset	4,899	5,227	-6%	Long term liabilities			
Property, plant and equipment	3,680	3,818	-4%	Interest bearing debt	9,472	9,492	0%
Goodwill	8,890	8,932	0%	Lease liabilities	4,395	4,507	-2%
Other intangible assets	4,333	4,403	-2%	Other liabilities	166	166	0%
Shares in other companies	120	1,398	-91%	Deferred tax liabilities	-	16	-100%
Deffered tax asset	382	383	0%	Non-current liabilities	14,033	14,181	-1%
Fixed assets total	22,304	24,161	-8%	Current liabilities			
Current assets				Interest bearing debt	992	992	0%
Broadcasting license rights	1,828	1,876	-3%	Lease liabilities	1,067	1,259	-15%
Inventories	288	241	20%	Accounts payable and other current liabilities	5,067	5,699	-11%
Trade receivables and other short term receivables	4,340	3,217	35%	Current liabilities	7,126	7,950	-10%
Cash and cash equivalents	240	831	-71%	Liabilities because of assets available for sale	169	182	-7%
Current assets total	6,696	6,165	9%	Total equity and liabilities	29,536	30,862	-4%
Assets available for sale	536	536					
Total assets	29,536	30,862	-4%	<i>Interest bearing debt</i>	<i>15,925</i>	<i>16,251</i>	
				<i>Net interest bearing debt</i>	<i>15,686</i>	<i>15,419</i>	
				<i>Equity ratio</i>	<i>27.8%</i>	<i>27.8%</i>	

*Amounts are in ISK millions

Cashflow

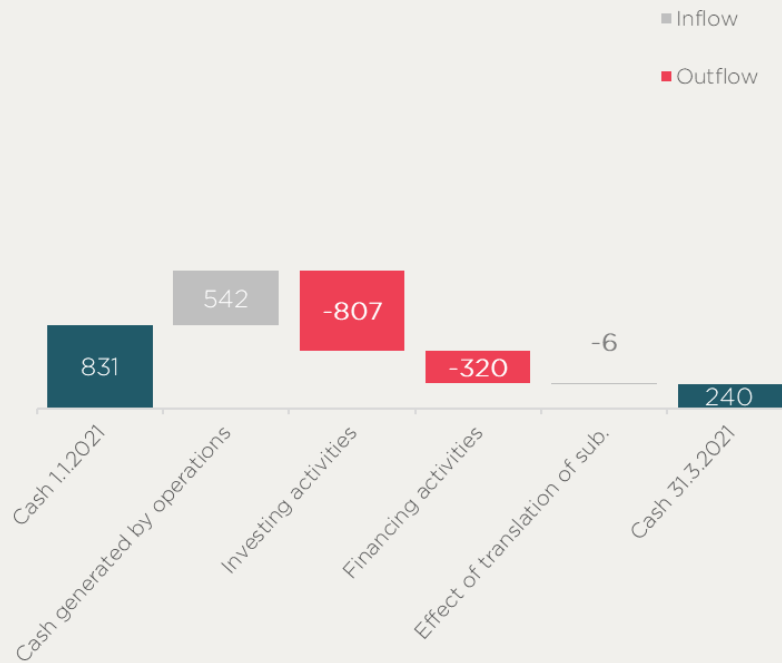


ISK m	Q1 2021	Q1 2020	Ch.	% ch.
Cash generated by operations	542	1.053	-511	-49%
Investing activities	-807	-738	-69	9%
Financing activities	-320	-590	270	-46%
Change in cash	-585	-275	-310	113%
Cash at beginning of period	831	634	197	31%
Effect of translation of sub.	-6	26	-32	-
Cash at the end of period	240	385	-145	-38%

	Q1 2021	Q1 2020	Ch.	% ch.
Cash generated by operations before interest and tax	688	1.260	-572	-45%
Investment activities*	-807	-738	-69	9%
Free cash flow	-119	522	-641	-123%

*Excluding net investment in share in other companies

Cashflow Q1 2021

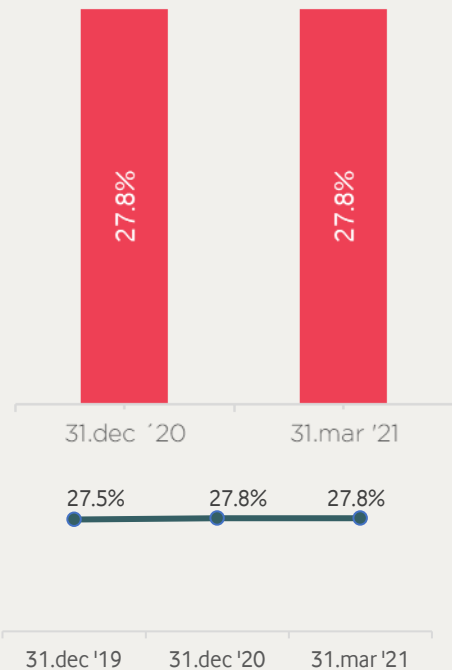


*Amounts are in ISK millions

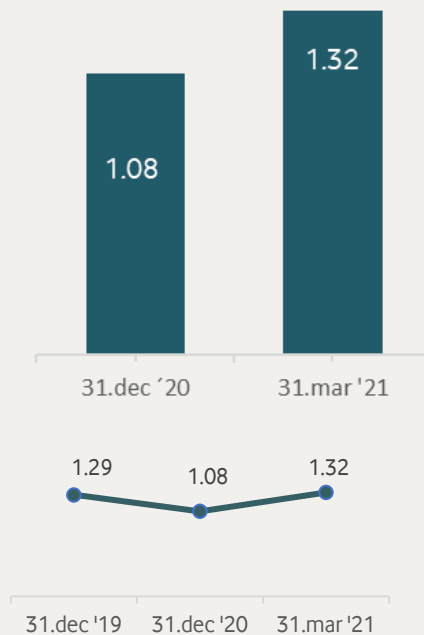
Statement of Financial Position – Key ratios



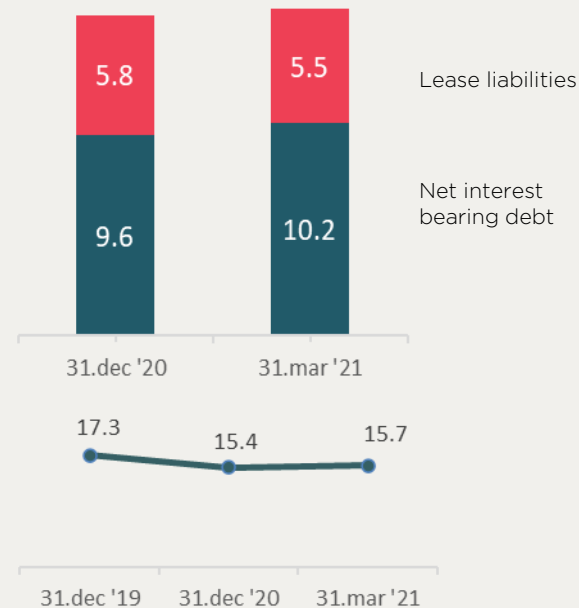
Equity Ratio



Current Ratio*



Net interest bearing debt



*Current assets/ accounts payable and other current liabilities

*Amounts are in ISK millions



Balance sheet transformation



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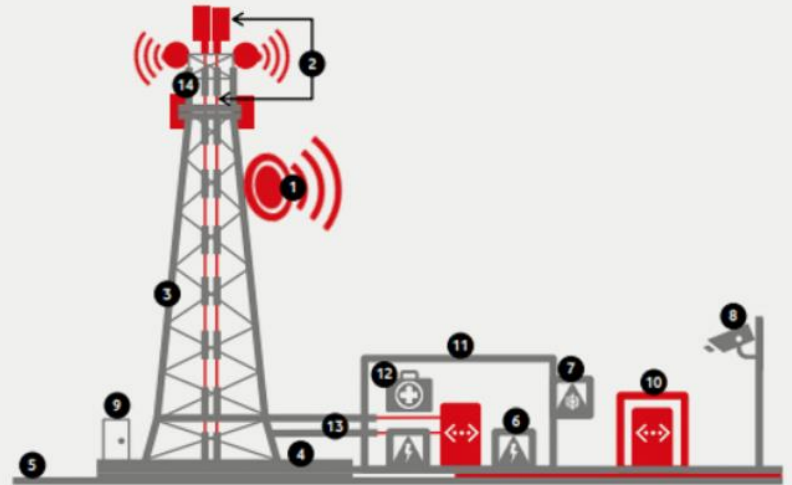


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Sale of passive mobile infrastructure

- On the 31st of March, Sýn hf. signed an agreement for the sale and leaseback of its passive mobile infrastructure.
- The total sales price is around 7.1 billion ISK.
- The transaction will strengthen the Company's balance sheet and the expected sales profit is over 6.5 billion ISK.
- At the same time, a long-term lease agreement was made, which will ensure the Group's continued access to the passive mobile infrastructure.
- The impact of the transaction on the EBITDA of the Company is immaterial since the amount of the right of use assets recognized in relation to the transaction will be a much lower than the recognized lease liability. Interest expense of the lease liability will be recognized through finance expense.
- The agreement is subject to be accepted by The Competition Authority.
- Sýn hf. is preparing for additional sales of other infrastructure in the year.



Asset	Owner	Asset	Owner
1 Active radio transmission equipment	Vodafone	8 Surveillance systems	TowerCo
2 Antennae & cables (fibre / feeders)	Vodafone	9 Access facilities	TowerCo
3 Physical tower, masts & pole	TowerCo	10 Outdoor cabinet	Vodafone
4 Foundation & fencing	TowerCo	11 Shelter / service rooms	TowerCo
5 Contractual right to occupy site area	TowerCo	12 Emergency equipment	TowerCo
6 Power equipment	TowerCo	13 Cable routing (duct)	TowerCo
7 Cooling system	TowerCo	14 Mounting equipment	TowerCo



Landline systems* throughout the country

- Vodafone operates fiber-optic system throughout the country
- Fiber optics are the basis of Vodafone's fixed line and mobile network
- Vodafone has equipment on over 800 sites in Iceland today.
- Optimization potentials through joint ventures.

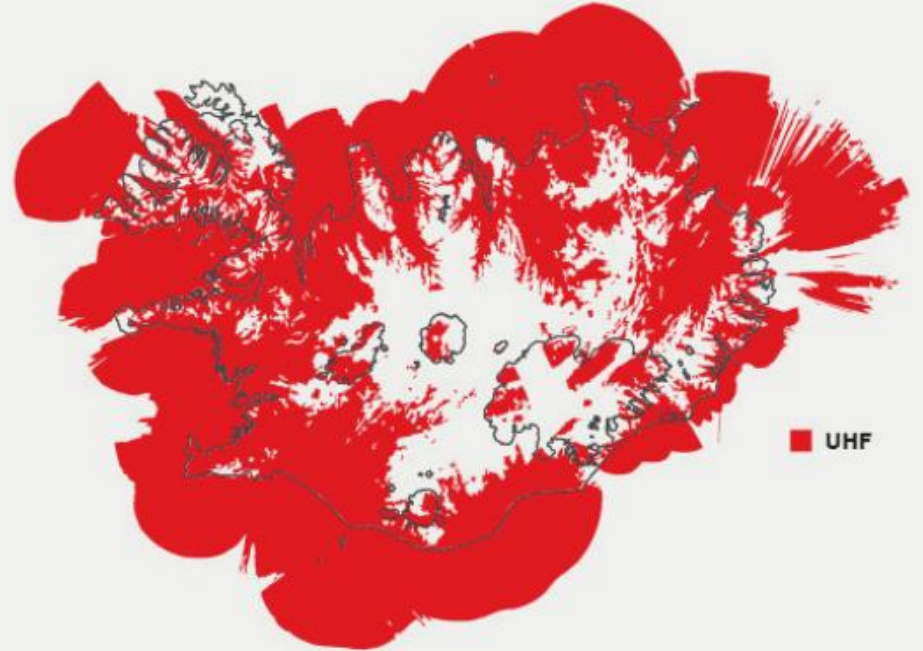


**The system is not part of the infrastructure sold in March 2021.*

Television and radio distribution*



- Vodafone owns the only nationwide television and radio distribution system.
- HD digital television broadcasts reach to 99.9% of the population.
- Vodafone has a nationwide IPTV system, only two such systems exist in the country.



**The system is not part of the infrastructure sold in March 2021.*



Exciting times ahead



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“Fjölskyldupakkinn”

- In March, a new bundling offer “Fjölskyldupakkinn” was launched. The bundle includes both Stöð 2 and Stöð 2+ and telecommunication services.
- The acquisition of the media operation gives the Company the possibility to offer a complete service for a better price to our customers. “Fjölskyldupakkinn” combines the best of both telecommunications and media services provided by Sýn.



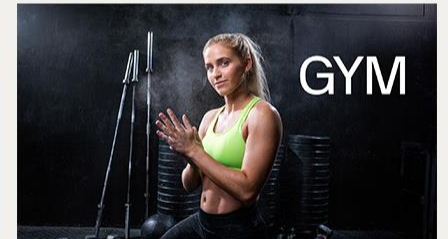
Fjölskyldupakkinn:
= 19.990 kr. 

The advertisement features a red background with white text and icons. It lists the bundle name 'Fjölskyldupakkinn', the price '= 19.990 kr.', and the Vodafone logo. Above the price, there are four red icons: a Wi-Fi symbol, a SIM card with 'x2', a TV, and a smartphone, each separated by a white plus sign.



Focus on domestic content

- Stöð 2 received 16 nominations for this years Edda, the Icelandic television and film awards.
- The result of a significantly increased focus on producing high quality television shows in Icelandic.
- In the year 2020 the Company produced 266 episodes of domestic TV shows which is an increase of 41% from the year 2019.





News

- From January 2021 Stöð 2 is available exclusively for subscribers.
 - Subscriptions to Stöð 2 increased by 5% in April 2021 compared to April 2020.
- Stöð 2 received four out of five nominations to The Edda awards in the news and interview show of the year category.
 - Ummerki
 - Kompás
 - Fósturbörn
 - Transbörn
- In development is a fresh news commentary show where light is shed on various issues, especially issues regarding the younger generation.





BIÓ



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FJÖLSKYLDA

Development within advertising



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Development within advertisement

- Structural changes which have led to:
 - Better customer service
 - Increased variability in product offering
- New products
 - Content and location driven marketing.
 - New web site, auglysingar.is
- Positive feedback from the market in relation to these changes and the effect on Visir.is which has been ranked the most visited website in Iceland for the last months.



GEO TARGETING ADS



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X vísir

Are you in business in Akureyri or with residents in the east part of the country?

- With geo targeting advertisement will pop up exactly on the location specified.
- A specific region, municipality or target can be chosen or a specific postcode.
- By using this method, customers can direct their message exactly where they want to.



CONTENT MARKETING



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Advertisement connected to the news content on Vísir.is

Customers can place their advertisement ribbons so they will pop up only on news that have certain keywords or „tags“ in its contents. These keywords can be found under any news at Vísir.

VOD ADVERTISEMENT IN POPULAR CONTENT



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X
vísir

Post the advertisement in popular categories on television and capture the eyes of the target group.

Advertisements can be tagged to the following categories:

- Love, romance and drama
- Entertainment and comedy
- Action and crime
- Documentaries and films
- Icelandic content
- Sports
- Travel and Outdoors
- Housing and construction
- Cooking shows



UEFA EURO2020



- The European Football Championship which was supposed to take place in the summer of 2020 will be played from June 11th to the July 11th.
- Stöð 2 Sport has broadcasting rights for the EUROS. The EUROS are the biggest single project in the history of Stöð 2 Sport.
- Every game in the tournament, 51 total, will be live on Stöð 2 Sport.
- Pre-game show and post-game show for every game.
- A recap show at the end of every game day.
- Guðmundur Benediktsson and Helena Ólafsdóttir will lead the EURO coverage.
- Programming will be aired live from a brand new Stöð 2 Sport studio.



UEFA
EURO2020





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MAX

DEILDIN

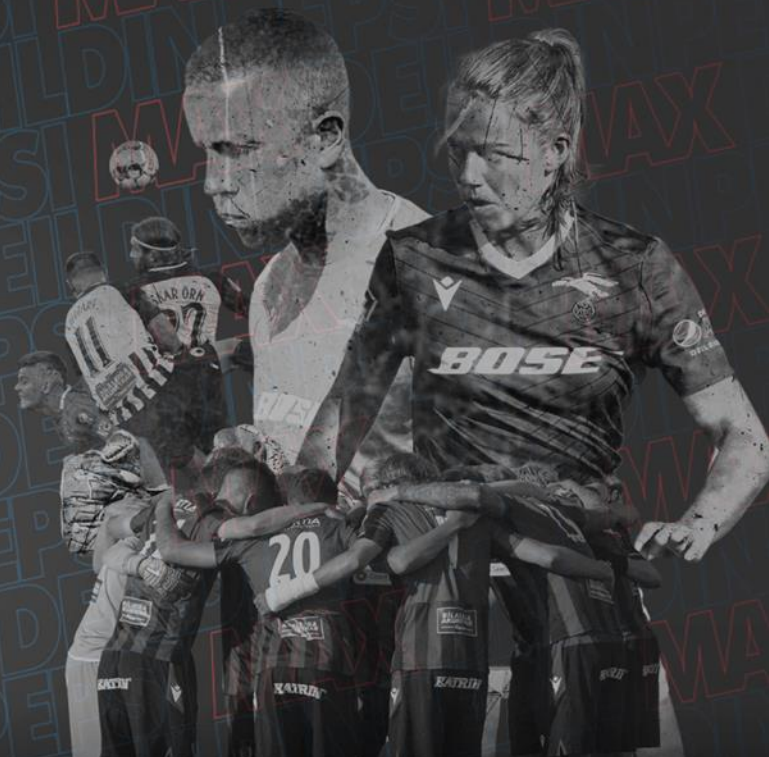
- Stöð 2 Sport agreed on the key term for the broadcasting rights of the Pepsi Max-leagues, the Icelandic men and women's top football leagues for the seasons 2022-2026.
- Stöð 2 Sport has held exclusive broadcasting rights to the men's top league in Icelandic football since 1997.
- The current agreement regarding the Icelandic men and women's top football leagues expires after this season.
- Extensive programs will be produced regarding Icelandic football with more than 100 live broadcasts from games during the season and approximately 60-70 shows.



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PEPSI MAX CONTENT PLATFORM

- Pepsi Max league world is a content platform for subscribers through the web television at stod2.is
- Every game in men's and women's Pepsi Max league will be accessible for subscribers
- Access to previous games and shows from Stöð 2 Sport.
- Ongoing development of the content platform.



FRAMUNDAN Í BEINNI

 <p>Stjarnan - Keftavík 11. maí kl. 19:05</p>	 <p>KA - Leiknir R. 12. maí kl. 17:30</p>	 <p>Fylkir - KR 12. maí kl. 19:05</p>	 <p>Stjarnan - Víkingur R. 13. maí kl. 19:05</p>	 <p>Valur - HK 13. maí kl. 19:05</p>
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Thank you



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