

# Skeljungur:

## Financial statements for Q1

Off to a good start.

### Key numbers and results for Q1

- Earnings per share were 0.20, which is the same result as in Q1 2018.
- Gross profit amounted to 2,107m ISK and increased by 20.7% from Q1 previous year.
- EBITDA amounted to 892m ISK which is a 9.4% increase from Q1 2018.
- Adjusted EBITDA was 848m ISK, which is a 19.0% increase from Q1 2018.\*
- EBITDA margin in Q1 was 42.3% compared to 46.7% in Q1 the previous year.
- Profit after taxes amounted to 411m ISK compared to 416m ISK Q1 the year before, which is a 1.2% decrease between years.
- Return on equity (on a yearly basis) was 19.0% compared to 22.6% in Q1 2018.
- Equity at the end of Q1 amounted to 9,369m ISK and the equity ratio was 36%.
- The Company estimates that the EBITDA in 2019, without effects from IFRS 16, will range from 3,000-3,200m ISK and that investments will range from 800-900m ISK.

\* The EBITDA was adjusted for positive effects from IFRS 16 in Q1 2019 by 44m ISK, and a one-off profit in Q1 2018 by 103m ISK.

### Key figures

	2019	2018	
m.ISK	Q1	Q1	%
Margin	2.107	1.746	20.7%
EBITDA	892	815	9.4%
EBIT	631	617	2.2%
Profit	411	416	-1.2%
EBITDA	42.3%	46.7%	
EBIT	29.9%	35.3%	
Salary cost/margin	28.8%	26.3%	
Sales and distrib. costs/margin	23.4%	28.6%	
Operating cost/margin	59.6%	62.0%	
Return on equity	19.0%	22.6%	

## Outlook for 2019

The outlook for 2019 is unchanged. The Company estimates that the EBITDA in 2019 will range from 3,000-3,200m ISK without the effects from IFRS 16 and 3,200-3,400m ISK with the effects from IFRS 16. The Company also estimates that investments will range from 800-900m ISK.

The Company's guidance assumes stable exchange rates and stable oil prices. It is pointed out that in the translation of the financial statement, an average exchange rate over the year is used. In the budget for 2019 a fixed rate of DKK/ISK 18.1 is assumed.

## Hendrik Egholm, CEO of Skeljungur:

We are happy with the results in Q1. Operations are going well in all key markets, i.e. in Iceland, the Faroe Islands and in international sales. It is one of the Company's strengths that it operates on different markets which are in Q1 all generating good income. Costs are also under control, despite historically high salary and cost pressure, both in Iceland and in the Faroe Islands. As a sign of that Skeljungur's adjusted EBITDA in Q1 increases by 19.0% from Q1 in 2018. Our focus is now as before on a lean and efficient operation. As the last financial statements show, we have done well in that aspect, but we are not finished. We believe in continuous improvements.

Late March contracts regarding re-financing of the company's interest bearing loans in USD and ISK were finalized and the Company also switched commercial banks in Iceland. The biggest part of the Company's financing however still stems from the Faroe Islands. This decision was made in connection with the Company's previous Icelandic commercial bank's decision to utilize a clause in their contract which allowed them to increase the interest premium. The goal with the re-financing was to decrease interest payments and to further reduce currency risk. The re-financing will have unsubstantial effects on financial costs, re-payment terms or other previous terms.

Finally, it is a pleasure to inform that Skeljungur's new Corporate Responsibility Policy, which is founded on the vision of reducing the Company's negative footprint, has moved from words to actions. As previously announced, the Company purchased in 2018 a Faroese company, which is leading in green house heating solutions in the Faroe Islands. The Company's first multi-energy station, also unique worldwide, was opened this month by his Excellency the President of Iceland. The station, which is located at Miklabraut in Reykjavík, offers electricity, methane and hydrogen, along with fossil fuels. The same week Skeljungur signed a co-operation agreement with the Wetlands fund, where the Company commits to carbon neutralize all its operations in Iceland for three years. Skeljungur will also offer its customers a simple method for them to carbon neutralize their purchases of fossil fuels, simply by choosing it on the display screen at the pump. The Wetlands fund's objective is to restore dried up wetlands and thereby stop CO2 emissions. According to the Icelandic government's report on climate matters, 66% of Iceland's CO2 emissions stem from the dried-up wetlands. We are very proud of the steps we have taken in this direction. They show that Skeljungur takes its corporate social responsibility into the operations of the Company and thus intertwines the Company's interests with the interests of the society.

Skeljungur is doing well both financially and operationally, which enables the Company to give back to the society and is it our ambition to ensure the Company's prosperity also in the future.

## Investor meeting

Skeljungur will host an open meeting for investors, analysts and the press on Wednesday, May 22 at 8:30 am at the Company's headquarters at Borgartún 26, Reykjavík, 8th floor. Light refreshments will be served from 8:15 am. CEO Hendrik Egholm and CFO Benedikt Ólafsson will give an overview of the financial results and operational highlights. After the presentation attendees will have opportunity to discuss further with Skeljungur's management.

The meeting will also be webcast live on <https://global.gotomeeting.com/join/463251261>. Note that once you participate in the meeting, the name you signed yourself in with will appear on the meeting screen.

The presentation is enclosed and all meeting material and recording from the meeting will be available on Skeljungur's website after the meeting.

## Financial Calendar 2019

Second Quarter Results 2019: **August 27, 2019**

Third Quarter Results 2019: **November 12, 2019**

Fourth Quarter Results 2019 and Consolidated Financial Statement: **February 25, 2020**

Annual General Meeting 2020: **March 24, 2020**

The financial calendar is subject to change.

## Interim report for Q1

The main statements in this announcement are taken from Skeljungur hf.'s Q1 accounts for 2019, which were approved by the Board of Directors and the CEO at a board meeting on May 21st, 2019.

The Q1 accounts contain the consolidated annual accounts of the Company, the account for the mother company and its subsidiaries and are prepared in accordance with International Financial Reporting Standards (IFRS). The Q1 accounts have neither been audited nor reviewed by the company's auditors, KPMG ehf.

For further information please find the accounts enclosed.

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For further information please contact Hendrik Egholm, CEO, [investors@skeljungur.is](mailto:investors@skeljungur.is), tel: 444-3000 / 840-3002.

Skeljungur is an energy company which sells products and services in Iceland, the Faroe Islands and in the N-Atlantic. Skeljungur's main activities are import, storage, sales and distribution of fuel and fuel related products. The Company operates 76 gas stations and 6 oil depots in Iceland and the Faroe Islands. In addition, the Company operates convenience stores and provides services and sells oils for house heating in the Faroe Islands and sells fertilizer and other chemical products in Iceland. The Company's customer base spans from individuals to institutions and companies in the fishing industry, agriculture, transport and contractors. Skeljungur owns the brand names Skeljungur, Orkan and OrkanX in Iceland and Magn in the Faroe Islands. Skeljungur's goal is to fulfil the energy needs of individuals and companies in an efficient and safe way, in harmony with the environment.

[www.skeljungur.is](http://www.skeljungur.is)

<https://www.linkedin.com/company/skeljungur-hf/>