



# Improved operations, improved future outlook

Full year 2022  
and Q4 2022





## Strong result in 2022

- Operational turnaround continues with solid results for the year. Operating profit (EBIT) for the year 2022 amounts to ISK 1.592 million and profit after tax amounts to ISK 888 million.
- Strategic streamlining in Q4 2022 will come into full effect in 2023. Continued focus on responsible operations.
- Good operating income in Q4 despite non-recurring cost due to streamlining (ISK 150 million) and a back dated salary increase related to recent job market agreements (ISK 50 million).
- EBIT for Q4 amounts to ISK 383 million and profit after tax ISK 434 million. EBIT adjusted for the cost of strategic streamlining was ISK 533 million.
- Organizational changes in November 2022 will increase the visibility of individual business units with focus on operational independence.
- Projected EBIT for 2023 is estimated to be from ISK 2.200 million to ISK 2.500 million. The profit from the sale of core network is not calculated in the projected EBIT.
- The board will propose to the annual general meeting that ISK 300 million will be paid in dividends to shareholders for the 2022 financial year.



## A successful year in many areas

- Substantial revenue growth for Vísir.
- Continued effort on simplifying and developing our product range.
- 5G rollout went according to plan.
- IoT continues to gain further interest (Internet of Things).
- Transfer of IT operations and user services to Endor was completed.
- An important agreement on the sale of the core network to Ljósleiðarinn was completed in December.





# Sale of Core Network

- Purchase agreement signed for Ljósleiðarinn's purchase of Sýn's core network.
- 12-year service agreement between the companies.
- The purchase price is ISK 3.000 million. The capital gain from the sale is approximately ISK 2.400 million.
- The sale will result in streamlining, reducing staff, simplifying services and phasing out older technology.
  - Taken into account the service agreement, annual investment requirement decreases by ISK 120 million and annual operating cost decreases by more than ISK 100 million.
  - No rental obligation.
- The sale will result higher quality telecommunications network that will be beneficial for customers.
- Decision from The Icelandic Competition Authorities is anticipated in Q2 this year.





# Key financial results

Financial statement 2022



**Revenue** +5,6%  
**ISK 22.983M**

2021  
ISK 21.765M



**EBIT** +116,9%  
**ISK 1.592M**

2021<sup>1</sup>  
ISK 734M



**Earnings**  
**ISK 888M**

2021<sup>2</sup>  
ISK -273M



**FCF**  
**ISK 2.493M**

2021<sup>3</sup>  
ISK 1.824M

1. Adjusted EBIT for the sale of infrastructure. The profit for the sale in 2021 was ISK 2.552M.
2. Adjusted Earnings for the sale of infrastructure and sale of affiliate Hey. Impact on earnings amounts to ISK 2.373M before tax.
3. FCF has been adjusted for the sale of infrastructure and sale of affiliate Hey. Cash inflows due to the sales was ISK 8.011M in 2021. .



# Income statement

	Q4 2022	Q4 2021	% ch.	2022	2021	% ch.
Revenues	5.791	5.943	-2,6%	22.983	21.765	5,6%
Cost of sales	-3.696	-3.884	-4,8%	-14.966	-14.672	2,0%
<b>Gross profit</b>	<b>2.095</b>	<b>2.059</b>	<b>1,7%</b>	<b>8.017</b>	<b>7.093</b>	<b>13,0%</b>
Sale profit	-	2.552	-	-	2.552	-
Operating expense	-1.712	-1.731	-1,1%	-6.425	-6.359	1,0%
<b>EBITDA*</b>	<b>1.528</b>	<b>1.670</b>	<b>-8,5%</b>	<b>6.644</b>	<b>6.432</b>	<b>3,3%</b>
<b>EBIT*</b>	<b>383</b>	<b>328</b>	<b>16,8%</b>	<b>1.592</b>	<b>734</b>	<b>116,9%</b>
Net financial expense	-206	-152	-	-846	-573	-
Effect of associates**	0	-78	-	0	-72	-
Income tax***	257	-374	-	142	-362	-
<b>Profit / (Loss)*</b>	<b>434</b>	<b>-276</b>	<b>-</b>	<b>888</b>	<b>-273</b>	<b>-</b>
<i>Gross Margin</i>	<i>36,2%</i>	<i>34,6%</i>		<i>34,9%</i>	<i>32,6%</i>	
<i>EBITDA (non-adjusted)</i>	<i>1.528</i>	<i>4.222</i>		<i>6.644</i>	<i>8.984</i>	
<i>EBIT (non-adjusted)</i>	<i>383</i>	<i>2.880</i>		<i>1.592</i>	<i>3.286</i>	
<i>Adjusted EBITDA %</i>	<i>26,4%</i>	<i>28,1%</i>		<i>28,9%</i>	<i>29,6%</i>	
<i>Adjusted EBIT %</i>	<i>6,6%</i>	<i>5,5%</i>		<i>6,9%</i>	<i>3,4%</i>	

\* Amounts are in ISK million

\*Adjusted for the sale of infrastructure in 2021.

\*\*Adjusted for the sale of affiliate Hey, a loss of ISK 179 million in Q1 2021.

\*\*\* Income tax has not been adjusted for the sale of infrastructure and the sale of affiliate Hey but the estimated impact is a decrease of ISK 450 million.

## Key factors impacting Q4 and 2022

- Revenues for 2022 are ISK 22.983 million and increase by 5.6% from 2021.
- Revenues from subsidiary Endor increase by 35%. Endor's gross margin is below 10%, yet the group's gross margin is increasing.
- Cost of strategic streamlining was ISK 150 million in Q4.
- Operating profit (EBIT) was ISK 1.592 million for 2022.
- Changes in fair value of ISK 102 million on equity stake in Controlant results in a reduction in net interest expenses.
- Interest expenses increase by ISK 385 million mainly due to higher rental obligations as a result of the sale of infrastructure.
- The income tax for 2022 is positive, mainly because of tax write-off of goodwill that was generated due to the purchase of 365 media assets.



# Revenues

	Q4 2022	Q4 2021	% ch.	2022	2021	% ch.
Media	2.254	2.178	3%	8.607	8.372	3%
Broadband	1.094	1.097	0%	4.422	4.463	-1%
Mobile	1.219	1.364	-11%	5.165	4.616	12%
Fixed Line	114	128	-11%	484	535	-10%
Hosting and operating solutions	546	601	-9%	2.261	1.676	35%
Retail sale	363	371	-2%	1.267	1.267	0%
Other revenue	201	204	-1%	777	836	-7%
<b>Total Revenue</b>	<b>5.791</b>	<b>5.943</b>	<b>-3%</b>	<b>22.983</b>	<b>21.765</b>	<b>6%</b>

## Media

Both advertising and subscription revenues increase between years. Record breaking month in number of Stöð 2+ subscribers in December.

## Broadband

Sale of corporate connections increase by 9% between years. Revenue from home connections decrease between years because of lower average price to costumers.

## Mobile

Growth between years is driven by a good IoT revenue growth and an increase in roaming revenue. Decrease between quarters is explained by non-recurring revenues related to IoT as sales in IoT fluctuate between periods.

## Hosting and operating solutions

Endor's revenue growth occurs in 1H 2022. Large equipment sales create fluctuations in Endor's income and have affect on gross margin ratio, which decreases between years.



# Balance sheet

## Assets

ISK m	31.12.2022	31.12.2021	Ch.	% ch.
<b>Fixed assets</b>				
Right-of-use asset	8.620	8.049	571	7%
Property, plant and equipment	2.866	3.212	-346	-11%
Goodwill	8.906	8.888	18	0%
Other intangible assets	4.389	4.469	-80	-2%
Shares in other companies	185	62	123	198%
Long term lease receivables	157	166	-9	-5%
Deferred tax asset	158	26	132	508%
<b>Fixed assets</b>	<b>25.281</b>	<b>24.872</b>	<b>409</b>	<b>2%</b>
<b>Current assets</b>				
Broadcasting license rights	1.809	1.762	47	3%
Inventories	559	356	203	57%
Trade receivables and other short term receivables	3.650	5.297	-1.647	-31%
Cash and cash equivalents	2.063	4.214	-2.151	-51%
<b>Current assets</b>	<b>8.081</b>	<b>11.629</b>	<b>-3.548</b>	<b>-31%</b>
Assets available for sale	564	-	564	
<b>Total assets</b>	<b>33.926</b>	<b>36.501</b>	<b>-2.575</b>	<b>-7%</b>

\*Amounts in ISK millions

## Liabilities and equity

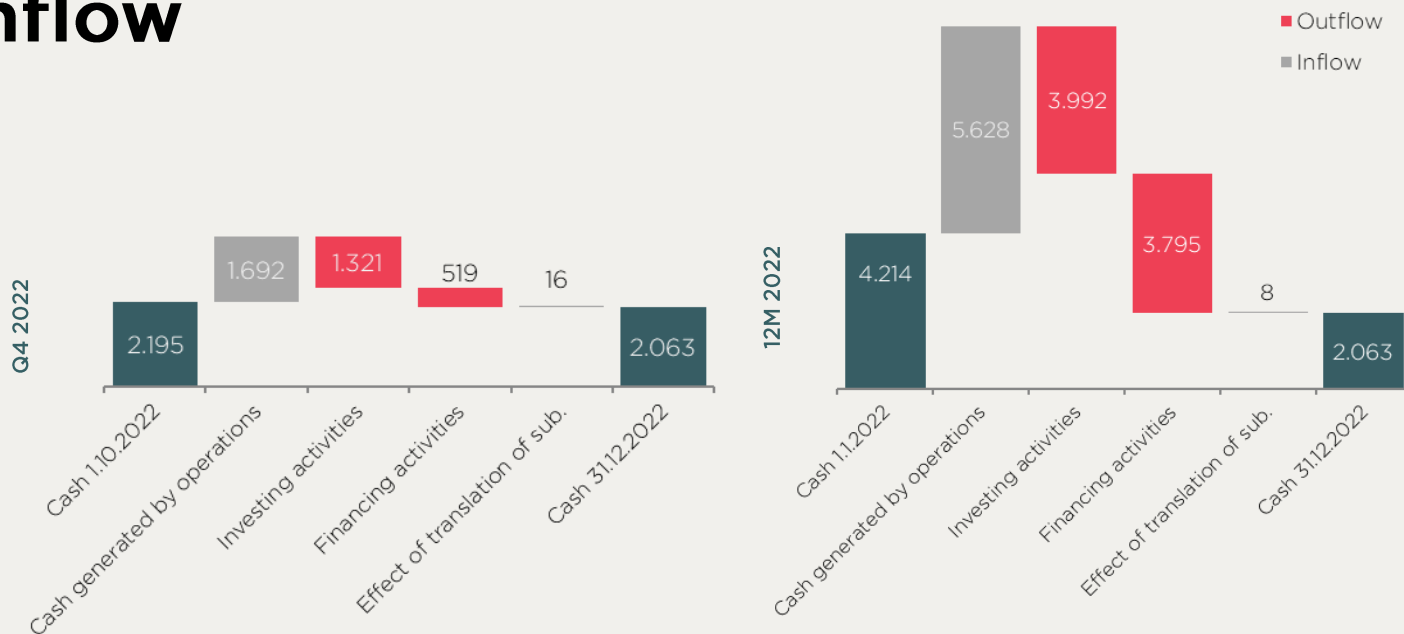
ISK m	31.12.2022	31.12.2021	Ch.	% ch.
<b>Equity</b>	<b>9.469</b>	<b>10.535</b>	<b>-1.066</b>	<b>-10%</b>
<b>Long term liabilities</b>				
Interest bearing debt	4.801	4.965	-164	-3%
Lease liabilities	11.820	11.393	427	4%
Other liabilities	0	180	-180	-100%
Deferred tax liabilities	0	19	-19	-100%
<b>Long term liabilities</b>	<b>16.621</b>	<b>16.557</b>	<b>64</b>	<b>0%</b>
<b>Current liabilities</b>				
Interest bearing debt	373	723	-350	-48%
Lease liabilities	1.295	1.206	89	7%
Accounts payable and other current liabilities	6.168	7.480	-1.312	-18%
<b>Current liabilities</b>	<b>7.836</b>	<b>9.409</b>	<b>-1.573</b>	<b>-17%</b>
<b>Total equity and liabilities</b>	<b>33.926</b>	<b>36.501</b>	<b>-2.575</b>	<b>-7%</b>
<i>Interest bearing debt</i>	<i>18.289</i>	<i>18.287</i>		
<i>Net interest bearing debt</i>	<i>16.226</i>	<i>14.073</i>		
<i>Equity ratio</i>	<i>27,9%</i>	<i>28,9%</i>		

\*Amounts have not been adjusted





# Cashflow



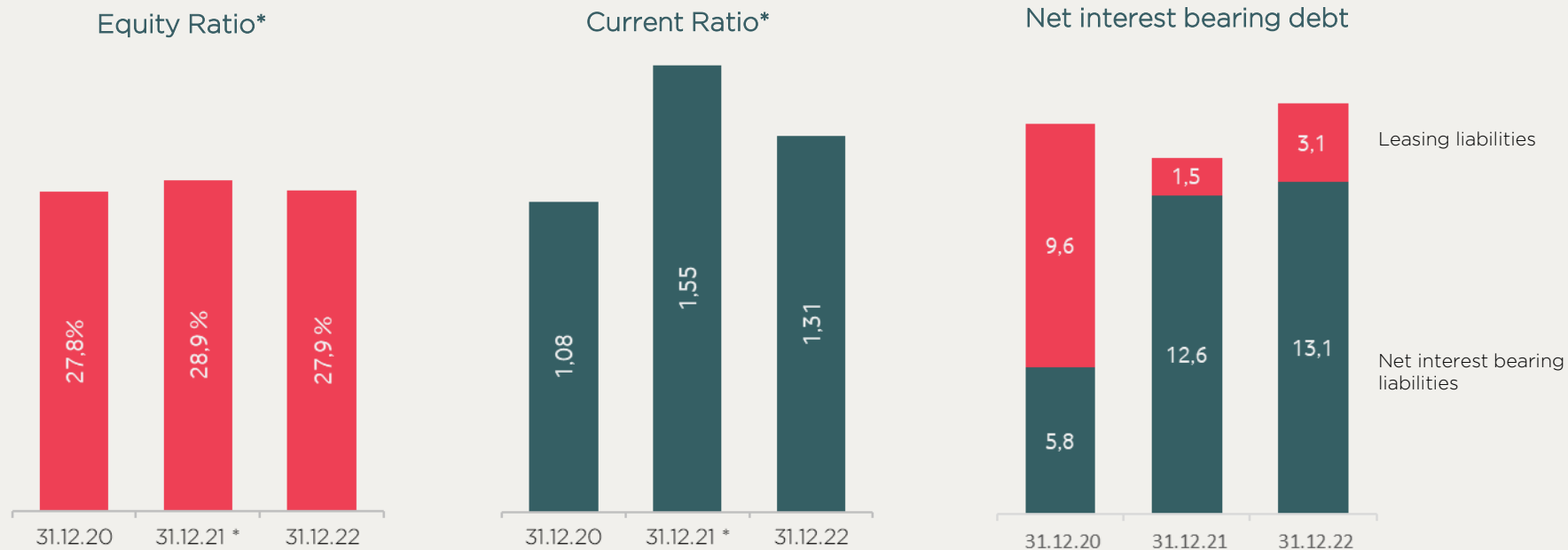
	Q4 2022	Q4 2021	% ch.	2022	2021	% ch.
Cash generated by operations before interest and tax	1.881	1.450	30%	6.485	5.597	16%
Investment activities*	-1.321	-1.021	29%	-3.992	-3.773	6%
<b>Free cash flow</b>	<b>560</b>	<b>429</b>	<b>31%</b>	<b>2.493</b>	<b>1.824</b>	<b>37%</b>

\*Adjusted for the sale of infrastructure and the sale of affiliate Hey in 2021

Amounts in ISK millions



# Balance sheet - Key indicators



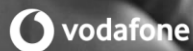
\*In the beginning of 2022 the board decided to repurchase shares of ISK 1,860 million.  
When adjusted for this the equity ratio on the 31.12.2021 is 24.8% and the current rate 1,31.

*Current assets / payables and other short term liabilities*

Improved operations, improved future outlook  
Full year 2022 and Q4 2022



# Business units





# Four business units

Board



CEO

Yngvi Halldórsson



Vodafone - telecom

Sesselía Birgisdóttir

Telecommunication  
services for home  
and business

IoT (Internet of  
Things)

TV-services

Stores



Media

Þórhallur Gunnarsson

Stöð 2 og  
Stöð 2+

Stöð 2 Sport

Bylgjan, FM957  
og X-ið

Vísir, Innherji  
and Tal



Sýn - infrastructure

Sigurbjörn Eiríksson

Mobile network

Fixed network

Backbone  
network

TV Broadcast

Radio Broadcast

Roaming and  
Interconnect

Wholesale



Endor ehf.

Gunnar Guðjónsson

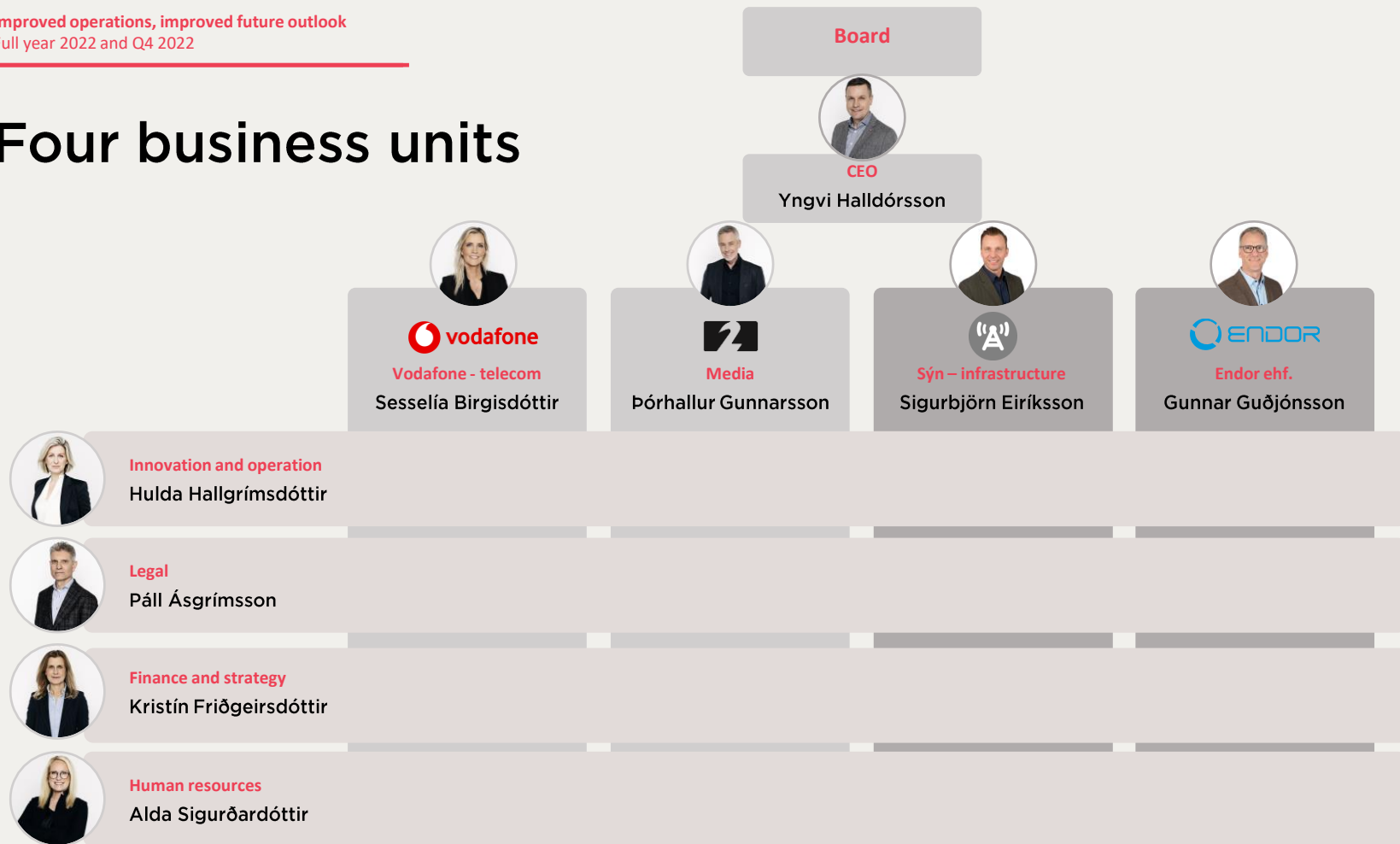
Energy-  
intensive  
Information  
technology

Cloud and  
operational  
solutions

Equipment and  
basic system  
solutions



# Four business units





# Insight into business units



- Positive revenue growth in the corporate market
- Emphasis on simplifying product offerings and offer product “bundling” beneficial to customers.
- Increase focus on digital services.
- Continue building on strong IOT position and continued cooperation with Vodafone Group



- 74.5% of the nation use Sýn’s media daily and 94.9% weekly according to Gallup.
- “Idol” was successful. Over 50,000 viewers for every episode.
- Record number of subscribers on Stöð +.
- Channel “Stöð 2 Sport” showed all top division games in men’s and women’s football in 2022 live.
- A lot of innovation at Visir
  - Tal podcast services
  - “Innherji” behind a paywall



- Upgrading the mobile network to 5G is progressing and the phasing out of 2G and 3G has begun.
- By the end of 2022 we have made 60 agreements for 5G roaming in 45 countries
- Development and implementation of new mobile solutions in progress.
- NB-IoT is becoming wide spread.



- Increase of 300% in domestic customers for the last 18 months.
- Good reception related to sales of cloud and operational solutions to many of the largest companies in the country.
- Large and complex “supercomputing” international projects ahead



# Outlook for 2023

- Projections for 2023 assume EBIT will be around **ISK 2.200 million to ISK 2.500 million** apart from the non-recurring profit from the sale of the core network.
- Moderate revenue growth is projected with strong focus on improvements in all business units.
- Strategic streamlining in Q4 2022 will come into full effect in 2023. Reduction in labor cost and improved contracts with suppliers.
- Continued optimization in purchase of foreign broadcasting rights as focus will be on domestic production.
- Emphasis on sharpening the distinction between business units and increase transparency in information provided to the market.
- The aim is to distribute funds from improved operations and asset sales to shareholders



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# Questions?

Inquiries should be directed to  
[fjarfestatengsl@syn.is](mailto:fjarfestatengsl@syn.is)



SPORT



ENDOR





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