

Investor Presentation


Q3 2022

28 October 2022

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SKEL
FJÁRFESTINGAFÉLAG

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Our mission is to develop opportunities with the goal of long term value creation

Overview of Q3 2022

➤ ISK 196 million

PROFIT
AFTER TAXES IN Q3

- Results of operating companies 578 million ISK, increase value of investment assets
- Listed equity holdings negative by 214 million ISK
- Interest income 21 million ISK
- Other income 107 million ISK
- Profit YTD 5,135 million ISK. Previously projected 7.6-8.3 billion ISK for 2022
- Valuation of the operating companies is in process and will be in the 2022 financial statements

Investments

- Orkan acquires a 34% share in Straumlind, with an option to buy an additional 20%
- Skeljungur reached an agreement to acquire 94% share in Klettur, subject to approvals
- SKEL buys all shares in Klettagarðar 8-10 ehf. Subject to approvals
- Increased investment in VÍS, position at end of Q3 8.7%
- Increased investment in Kaldalón, position at end of Q3 13.7%

On track

- Q1 – Focus set on acquisitions of companies in related sectors to expand operations and increase revenue
- Q2 – Announced plans for external growth. Orkan and Skeljungur to be operated with the objective to grow and make them fit to be listed on the stock exchange
- Q3 - Acquisitions of Straumlind and Klettur first steps toward these objectives

Financials

SKEL income statement for Q3 2022

<i>M.ISK</i>	3Q 2022	9M 2022
Change in Fair value	361	857
Financial income (-expenses)	30	164
Capital gains and other icome	118	6.182
Investing income	509	7.371
Salaries	(245)	(651)
Other expenses	(89)	(332)
Operating expenses	(334)	(983)
EBIT	175	6.388
Taxes	21	(1.253)
Total income	196	5.135

- Fair value change of financial assets in Q3
 - Operating companies positive by 575 million ISK
 - Listed equity holdings negative by 214 million ISK
- Capital gains and other income is comprised of capital gains on real estate
- Operating expense for the year as a whole is marked by cost of the restructuring, balance will be achieved by year-end
- The target is to bring operating expense below 2% of the Company's equity after this year
- Return on equity in 9M 2022 approximately 31% year-on-year

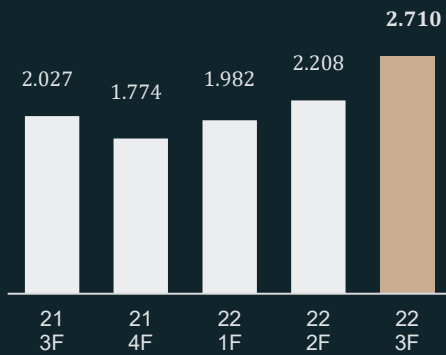
Balance Sheet 30 September 2022

<i>M.ISK</i>	30.9.2022	30.6.2022
Investment assets	19.075	17.050
Real estate assets	214	554
Receivables and other assets	1.561	1.567
Cash and cash equivalents	7.090	7.535
Total assets	27.941	26.707
Equity	23.548	23.323
Interest bearing debt	2.022	661
Deferred tax liability	2.207	2.228
Payables and other liabilities	163	495
Total liabilities	4.393	3.384
Total equity and liabilities	27.941	26.707

- Financial assets at fair value
 - Domestic unlisted companies 11.9 billion ISK
 - Domestic listed companies 4.5 billion ISK
 - Foreign unlisted companies 2.7 billion ISK
- Cash and Cash Equivalents
 - Deposits 5,519 million ISK
 - Restricted deposits 100 million ISK
 - RIKB 23 T-bonds 1.471 million ISK
- Forward position in VÍS off the balance sheet 435 million ISK
- New borrowings 1,750 million ISK to finance forward contracts and refinance other less favourable loans
- Equity ratio 84.3% (82.7% counting forward contracts)

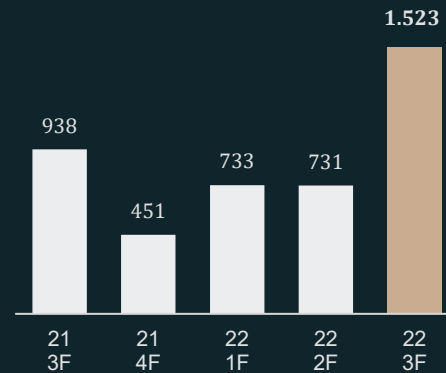
Principal results of SKEL and operating companies in Iceland in Q3

Gross profit



Amounts in ISK million

EBITDA*



Amounts in ISK million

- Operating companies owned 100% by SKEL are: Skeljungur, Orkan and Gallon
- Historically, Q3 has been a favourable quarter and this remained the case
- EBITDA Q3 2022 was 1,523 million ISK v. 938 million ISK in Q3 21
- EBITDA for the first 9 months was 2,981 million ISK v. 2,248 million ISK in 2021
- Operation of Löður included from Q3 21 and Lyfjaval in Q4 21
- Interest bearing debt of operating companies 4 billion ISK

*EBITDA calculations exclude: profit from sales of real estate 5.618 million ISK, fair value changes on investment assets 857 million ISK and dividends 164 million ISK

Investment assets



B2C

ORKAN (100%)

Löður
Gló
Lyfjaval
Íslenska vetnisfélagið
Brauð & Co.
Straumlind

WEDO (33%)

Heimkaup
Bland
Hópkaup



B2B

SKELJUNGUR (100%)

Barkur
Ecomar
Tollvörugæymslan
(Klettur)

SP/F ORKUFELAGIÐ (48%)

(Purchase offer accepted 25/10)



Infrastructure

GALLON (100%)



Real estate

KALDALÓN (13,7%)

REIR ÞRÓUN (50%)

OTHER REAL ESTATE



Financial markets

VÍS (8,7%)



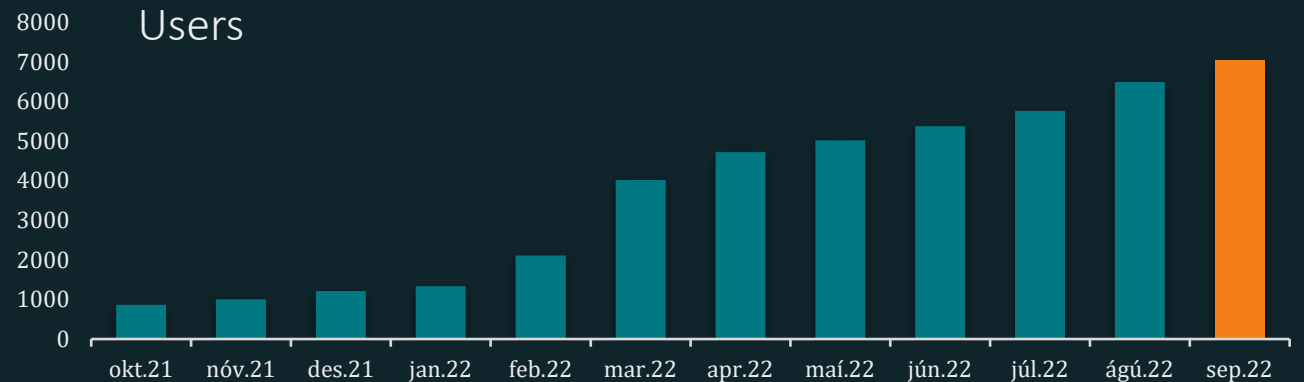
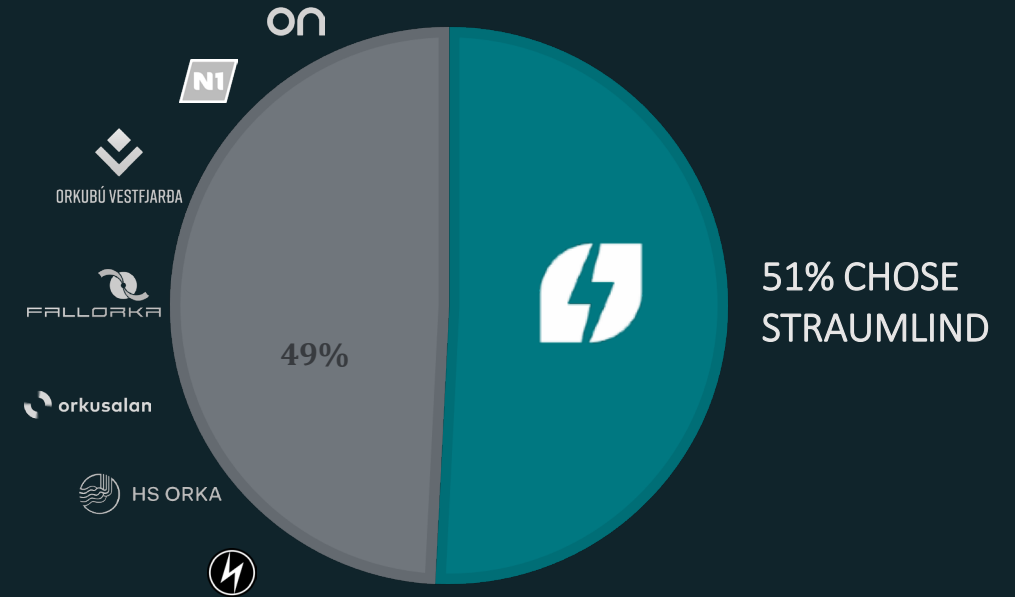
The journey – new milestones

Straumlind

Energy supplier in rapid growth

SUMMARY

- Orkan acquires a 34% share with an option to buy another 20% after two years – significant incentive for further growth
- Straumlind established in 2020 by current management
- The goal is to offer customers the most attractive prices of electricity in Iceland
- A new approach using data science and machine learning – the company is built from the ground up and can grow with minimal additional cost
- Users today are about **8,000**, having grown **fivefold** during the year
- Of buyers who changed energy suppliers in 2022, **51%** chose Straumlind




Opportunities


Collaboration

- Orkan and Straumlind share the same values and future vision
 - Offer the lowest price in the market
 - Intend to be active participants in the energy transition
- In collaboration with Straumlind we believe that Orkan can introduce to tens of thousands of its customers new smart solutions to reduce their energy cost
- Fast-charging services for electric vehicles is the first joint venture



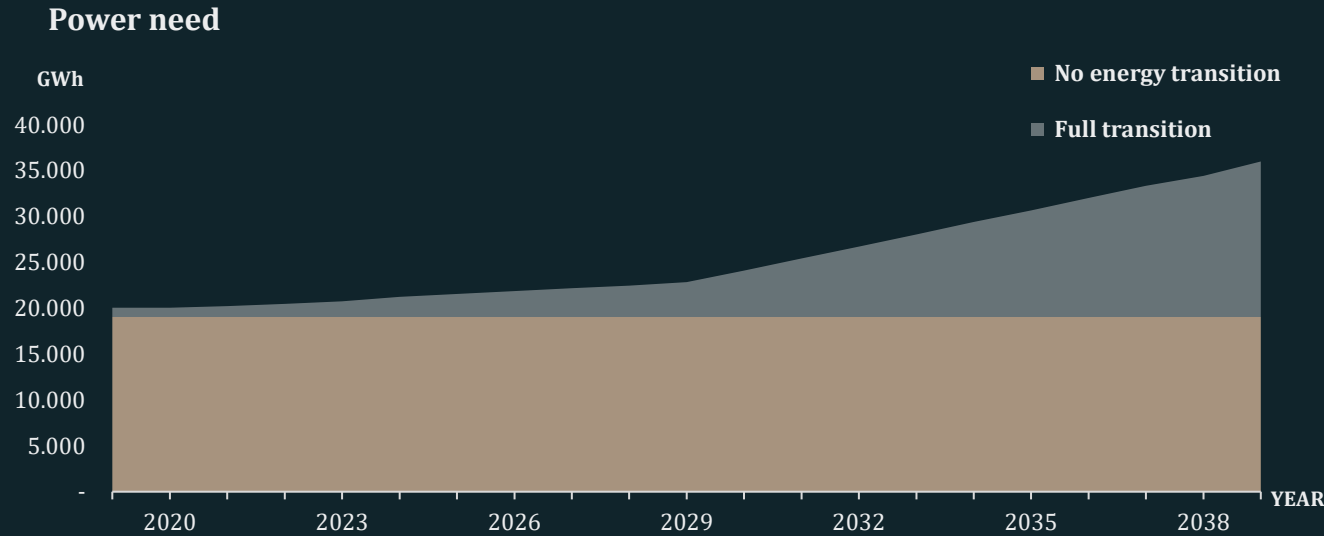
Energy transition and infrastructure

 Iceland produces **20 TWh** of electricity per year
16 additional TWh need to be produced for full energy transition, to achieve the governments goals

 The total amount of investments and in addition the need for investment in the maintenance and strengthening of infrastructure is over ISK 1,000 billion

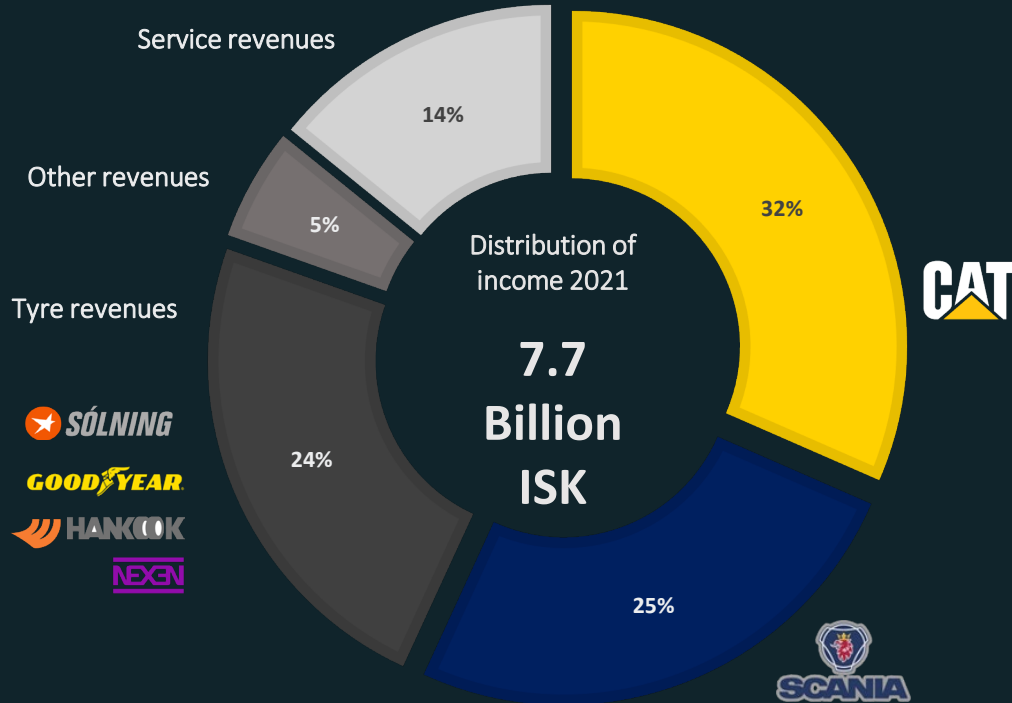
It is clear that whatever the percentage of this investment will be, the need for service providers, energy and equipment is significant and likely to increase

Energy conversion in larger devices, such as machines and transport vehicles, will probably be faster than the electrification of cars



Klettur

Strong partner for further growth



“Over the years, Klettur has had excellent cooperation with reliable and loyal customers

The company has over 100 employees with great expertise and experience

- Opportunities for co-operation and increased service offerings to customers
- Knútur G. Hauksson, former owner and managing director, will be chairman of the board
- Total proposed transaction value of Klettur is ISK 2,300 million
- Skeljungur acquires 94%
- The company’s management will own 6% share

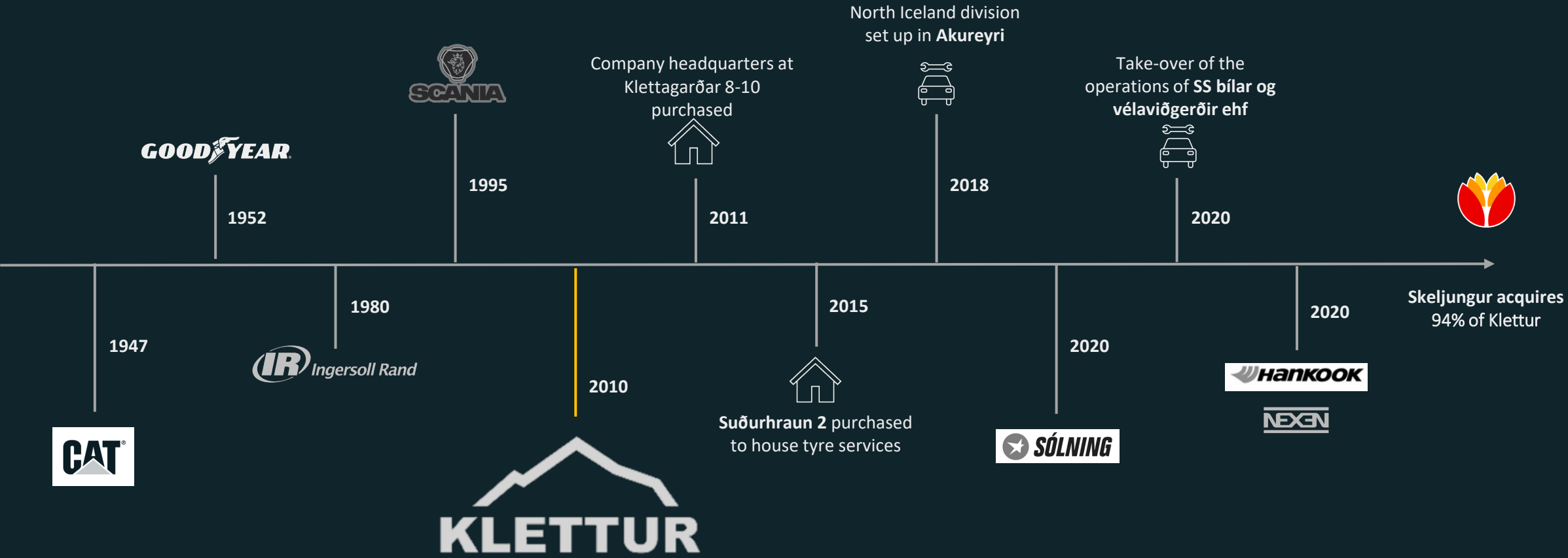


Kristján Már Atlason, newly appointed CEO of Klettur

Kristján has extensive knowledge of the Icelandic industries, having worked for Samskip, Olís and ON.

Klettur

Deep-rooted sales and service company



Opportunities

SYNERGY

- Skeljungur and Klettur share the same future vision and values
- Both companies are deep-rooted in the Icelandic economy and have exclusive agency for leading brands in their segments of the market
- Both companies aim to build up a strong sales and service company for the Icelandic market
- The companies serve the same industries, offering different services and product range
- Great opportunities for income and cost synergies

MARKET INITIATIVE

- The acquisition of Klettur marks the creation of an all-round service company
- Fundamentally changed landscape in the sales of related products – sharpens the focus and purpose of all parties
- Customers are becoming larger and projects more extensive
- Increased demand for specialized and well-trained personnel, as well as technical equipment

FINANCES

- 2022 financial budget for Klettur
 - Turnover 8,200 million ISK
 - EBITDA 405 million ISK
- The acquisition of Klettur brings us closer to our previously announced targets for Skeljungur:
 - External growth, attractive companies in related business activities offering a variety of opportunities for synergy
 - Focus on the domestic market where there is a natural need for the purchase of services
 - Tripled EBITDA and listing in the primary market in 3-5 years



Klettagarðar 8-10 ehf.

Skel acquires 100%

THE ACQUISITION

- SKEL fjárfestingafélag hf acquired all the shares in Klettagarðar 8-10 ehf., which owns and leases real estate to Klettur.
- Enterprise value is 1,500 million ISK.
- The real estate portfolio comprises three properties with a combined floor space of 5,311 square metres.
 - **Klettagarðar 8-10**
Specialised premises built specifically for Klettur’s business activities
 - **Suðurhraun 2**
Tyre services
 - **Hjalteyrargata 8**
Premises to house Klettur’s business in Akureyri



Klettagarðar 8-10



4,393m² / 19,368 m²
Sq. m (site/building)



1,233 m ISK
Officially registered value



1,621 m ISK
Fire insurance valuation²



2001
Year of construction



5,000– 6,000 800 m²
Building rights on site



278 m ISK
Site valuation



173.5 m ISK
Rental income per year

SP/F Orkufelagið

Purchase offer accepted

- SKEL fjárfestingafélag hf. has accepted an offer from a Faroese company for all SKEL's shares in P/F Orkufelagið, 48.3%
- The offer is subject to normal reservations, e.g. as regards due diligence, performance in the year and approval by authorities.
- The acquisition price of the shareholding is 146 million DKK, or 2,798 million ISK based on the current exchange rate.
- The estimated profit from the sale is 124 million ISK based on book value as at 30/06/2022.
- Concurrently with the sale, a conditional agreement has been reached to the effect that Icelandic investors in Orkufelagid will establish a new holding company to hold an 11.9% share in Orkufelagid. SKEL will own 39% of the shares in the holding company and pay 14 million DKK for its share. Under a shareholders' agreement currently in place the holding company will be entitled to one out of five board members



Questions?

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