

Financial press release – Síminn hf. Q1 2019**Revenue growth in first quarter**

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- Q1 2018 interim statement has been restated according to changes made to treatment of TV rights.
 - Síminn's revenue amounted to ISK 6,962 million in the first quarter (Q1) of 2019, compared to ISK 6,874 million in the same period 2018. An increase by ISK 88 million or 1.3%.
 - EBITDA amounted to ISK 2,369 million in Q1 2019, compared to ISK 2,404 million in the same period of 2018, down by ISK 35 million or 1.5%. The EBITDA ratio was 34.0% in Q1 2019, compared to 35.0% in the same period of 2018. Considering changes due to IFRS 16, EBITDA at Q1 2018 amounted to ISK 2,604 million and EBITDA ratio was 37.9%.
 - Profit in Q1 2019 amounted to ISK 615 million, compared to ISK 887 million in the same period of 2018.
 - Cash generated by operation amounted to ISK 2,062 million in Q1 2019, compared to ISK 2,390 million in the same period of 2018. Net cash from operating activities amounted to ISK 1,711 million in Q1 2019, compared to ISK 2,043 million in the same period 2018.
 - Interest bearing debt amounted to ISK 16.5 billion at the end of Q1 of 2019, compared to ISK 17.2 billion at the end of 2018. Net interest-bearing debt amounted to 15.5 billion ISK at the end of Q1 2019 compared to 16.0 at the end of 2018.
 - Net financial expenses amounted to ISK 313 million in Q1 2019, compared to ISK 182 million in the same period of 2018. Financial expenses amounted to ISK 356 million, financial income ISK 50 million, and foreign exchange loss ISK 7 million.
 - Síminn's equity ratio was 55.4% at the end of Q1 2019 and equity was 35.8 billion.

Orri Hauksson, CEO:

“The Group's operations are based on a solid foundation in the first quarter of 2019, as in recent quarters. Revenues have increased between years, and important revenue streams such as television services will grow even stronger during the year.

Several events set their mark in the first months of the year. EBITDA increases in accounting terms between years but decreases this quarter YoY when the same accounting policies are used for the previous year's figures. Profit also contracted in the first quarter. We charged a precautionary charge of ISK 100 million during the quarter, including penalty interest, due to the judgment of the District Court of Reykjavík on matters that took place in Snæfellsnes over a decade ago. We have appealed the amount which we believe should be significantly lower. Employment termination

costs increase between years, as employees of Síminn hf. decreased by 30 in the quarter. The closure of our store in Kringlan mall last month was the biggest single change, but in addition, automation and increased stability of our systems continue to reduce the need for humans monitoring and servicing around the clock. Our wholesale and roaming business is just over ISK 200 million lower year-on-year in Q1, but this difference will be negligible as the year progresses.

The large wage agreement negotiations in the labor market ended with a rather realistic conclusion, which is of great importance to the Group, as wage costs are by far our single cost item. We have still not finalized agreements with large labor groups operating within our ranks, but we expect to finalize those agreements in line with the larger labor market agreements. As is known, the interruption of WOW Air's operations has a negative impact on the economy and hence on the Group's operations, but the airline was in business with Síminn. In the context of other changes in operations, however, the impact is limited and does not affect our forecast for the year.

Sensa had a strong quarter and increased its revenues year-on-year, but Sensa's revenues tend to fluctuate more between quarters than the Group's other business lines. Míla had a stable and good quarter as is often the case. Investments will continue to be high this year, mainly in fiber-optic cables. The FTTH project has been implemented for years now and has entered its latter part, as Míla's fiber reaches more than half of Iceland's households. In addition, as is customary with telecom companies, we continue to update our systems, such as our mobile and information systems. What is more, for the first time, a large part of our acquired TV programming is accounted for as an investment, which is written off with use over time. Previously, this item was expensed from inventory, which is why this new accounting method shows higher investment between years.

The telecom market in Iceland continues to be competitive. Competition within the corporate market has been especially lively, which has driven the price of mobile phone services down in recent years. Such reductions continued last year as can be seen in our Q1 figures this year. In the retail market, certain products have been reduced in price, such as the Internet last fall. In addition, efforts have been made to improve our services, e.g. TV services and data packages, which have in certain instances included price increases in parallel with these changes. Our mobile customer base increased by 10,500 between years, largely due to the popularity of a product called Þrennan. The number of our home package product (Heimilispakki) increased by more than 5,400 and the TV service is enjoying great success. We will further strengthen this income stream as of the third quarter, when the English Premier League starts at Síminn. Slowly but surely describes our year best. “

Q1 2019 Results

Operations

	Q1 2019	Q1 2018	Change	Change in %
Net sales	6.773	6.756	17	0,3%
Cost of sales	(3.425)	(3.302)	(123)	3,7%
Gross profit	3.348	3.454	(106)	-3,1%
<i>Gross profit ratio</i>	<i>49,4%</i>	<i>51,1%</i>		
Other operating income	189	118	71	60,2%
Operating expenses	(2.430)	(2.275)	(155)	6,8%
Impairment losses	0	0	0	-
Operating profit	1.107	1.297	(190)	-14,6%
<i>Operating profit/Net sales</i>	<i>16,3%</i>	<i>19,2%</i>		
<i>Finance income</i>	<i>50</i>	<i>52</i>	<i>(2)</i>	<i>-3,8%</i>
<i>Finance cost</i>	<i>(356)</i>	<i>(241)</i>	<i>(115)</i>	<i>47,7%</i>
<i>Net exchange rate differences</i>	<i>(7)</i>	<i>7</i>	<i>(14)</i>	
Net financial items	(313)	(182)	(131)	72,0%
Income tax	(179)	(228)	49	-21,5%
Net profit	615	887	(272)	
Depreciation	(1.262)	(1.107)	(155)	
EBITDA*	2.369	2.404	(35)	-1,5%
<i>EBITDA ratio</i>	<i>34,0%</i>	<i>35,0%</i>		
EBIT	1.107	1.297	(190)	
<i>EBIT ratio</i>	<i>15,9%</i>	<i>18,9%</i>		

*Restated according to changes made to treatment of TV rights

Total sales for Q1 2019 amounted to ISK 6,962 million compared to ISK 6,874 million for the same period 2018, up by 88 million or 1.3%. Revenue from mobile amounted to ISK 1,357 million down by ISK 184 million or 11.9% between periods. Of this, the decrease in wholesale and roaming amounts to ISK 125 million. Revenue from fixed voice amounted to ISK 465 million, down by ISK 33 million or 6.6% between periods. Revenue from data (internet & network) amounted to ISK 2,135 million, down by ISK 125 million or 5.5% between periods. Revenue from TV services amounted to ISK 1,331 million, up by ISK 164 million or 14.1% between periods. Revenues from IT services amounted to ISK 951 million, up by ISK 249 million, or 35.5% between periods. Revenues from equipment sale ISK 425 million, up by ISK 2 million between periods.

Gross profit for Q1 2019 amounted to ISK 3,348 million, down by ISK 106 million or 3.1% from the same period in 2018. Operating expenses amounted to ISK 2,430 million, up by ISK 155 million or 6.8% from the same period in 2018.

EBITDA amounted to ISK 2,369 million in Q1 2019, compared to ISK 2,404 million for the same period in 2018, down by ISK 35 million or 1.5%. The EBITDA ratio is 34.0%, compared to 35.0% in the same period in 2018. Considering changes due to IFRS 16, EBITDA at Q1 2018 amounted to ISK 2,604 million and EBITDA ratio was 37.9%.

Depreciation and amortization amounted to ISK 1.262 million in Q1 2019, compared to ISK 1.107 million for the same period in 2018.

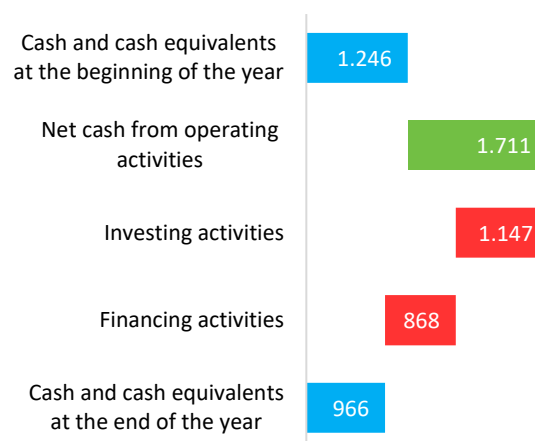
Net financial items amounted to ISK 313 million in Q1 2019 up by ISK 131 million compared to same period 2018. Of this amount, ISK 50 million are estimated for the judgment of the District Court of Reykjavík in the so-called TSC case. Expensed precautionary charge for the case amounts to a total of ISK 100 million.

Profit for the period amounted to ISK 615 million, compared to ISK 887 million for the same period in 2018.

Cash flow

Cash generated by operation was ISK 2,062 million in Q1 2019, compared to ISK 2,390 million in the same period 2018. Net cash from operating activities was ISK 1,711 million in Q1 2019, compared to ISK 2,043 million in the same period 2018.

Investing activities were ISK 1,147 million in Q1 of 2019, compared to ISK 1,154 million in the same period 2018.



Balance sheet

Total assets amounted to ISK 60,603 million at the end of Q1 2019, compared to ISK 58,834 million at the end of 2018. Interest bearing debt amounted to ISK 16,483 million at the end of Q1, compared to ISK 17,231 million at the end of 2018. Net interest-bearing debt amounted to ISK 15,517 million at the end of Q1 down by ISK 468 million or 2.9% compared to year end 2018. Net interest-bearing debt to EBITDA for the last twelve months was 1.75. The target ratio for Síminn is between 1.5 and 2.5.

	31.3.2019	31.12.2018*
Non-current assets	56.514	50.956
Current assets	8.089	7.878
Total assets	64.603	58.834
Total equity	35.817	35.202
Non-current liabilities	21.654	16.529
Current liabilities	7.132	7.103
Total equity and liabilities	64.603	58.834
Equity ratio	55,4%	59,8%

*Restated according to changes made to treatment of TV rights.

Total equity amounted to ISK 35,817 million at the end of Q1 and the equity ratio was 55.4%.

Key events in the Q1 of 2019

- **The popularity of Síminn's SVOD service continues.** About 40.000 homes in Iceland now have a Sjónvarp Símans Premium subscription. Viewing numbers have never been higher and have seen much growth between quarters thanks to quality content, both local and foreign.
- **Síminn & The English Premier League.** Síminn has the distribution rights for the EPL in Iceland starting with the 2019/2020 season until the end of the 2021/2022 season. We have announced that 30 games will be aired for free to all and for the first time in Iceland 80 live games will be broadcasted in 4K resolution.
- **Machine learning & viewing data.** Síminn has been developing a new modern approach for viewing numbers using real time data and with the help of artificial intelligence we can forecast future viewing numbers with even more accuracy.
- **Gender equality roadmap.** All employees have taken part in this project which main purpose is to expose all unconscious gender bias that is often found in the culture and environment of companies.
- **Kringlan shop closed.** Síminn has closed its store in the Kringlan mall. Visitors to the store have been fewer and fewer and our customers want to do their business online in greater numbers. The data shows that and our web shop has been seeing far more orders then before and it will be updated with even more features in the coming weeks.
- **Growing mobile network.** Our mobile network got even better during the quarter. Special focus was on the Snæfellsnes area and the northern part of the country where we installed long-range radios from our partner Ericsson that service both land & sea.

Guidance 2019

Guidance for the year 2019 is unchanged from what was presented in February 2019 and remains with EBITDA in the range of 10.2 to 10.7 billion ISK and CAPEX in the range of 6.0 to 6.4 billion ISK.

Investor meeting 2 May 2019

An investor presentation will be held on Thursday 2 May 2019 at 8:30 am at Síminn's headquarters in Ármúli 25, Reykjavík.

During the meeting, Orri Hauksson CEO and Óskar Hauksson CFO will present the financial results. The meeting will be held in Icelandic.

Documents and a recording of the meeting will be available after the meeting on the company's investor relations website:

www.siminn.is/forsida/siminn/fjarfestar/fjarhagsupplýsingar/uppgjor

and in Nasdaq's Iceland company news.

The meeting will be webcasted on:

<https://livestream.com/accounts/11153656/events/8642811/player>

Financial calendar 2019

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| • Q2 2019 Results | Published 27 August 2019 |
| • Q3 2019 Results | Published 29 October 2019 |
| • Q4 2019 Results | Published 25 February 2020 |
| • Annual General Meeting 2020 | 19 March 2020 |

Further information

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Note: This English version is a translation of the Icelandic text that accompanies the Q1 2019 results of Siminn hf.

Síminn hf.

Síminn owns and operates the companies Síminn, Míla, Sensa and Radiómiðun. Síminn is Iceland's largest telco company and provides customers, both individuals and companies, with a comprehensive product offering in the field of telecommunications, entertainment and information technology.