
Skeljungur.

2020 Consolidated Annual Statement

ISK 791 MILLION PROFIT IN 2020

Operations in the Faroe Islands were solid, but circumstances in Iceland were challenging.

Key figures and highlights from Q4 2020

- Gross profit amounted to ISK 2,181 million, up by 6.6% from Q4 2019.
- EBITDA amounted to ISK 391 million, down by 23.6% from Q4 2019.
- EBITDA/gross profit was 18.0%, as compared to 25.0% in Q4 2019.
- Profit after taxes amounted to ISK 48 million, as compared to ISK 77 million in Q4 2019.
- Total profit was negative ISK 57 million, as compared to ISK 103 million in Q4 2019.
- Earnings per share were ISK 0.02, as compared to ISK 0.03 in Q4 2019.
- Net cash from operating activities was ISK -49 million, as compared to ISK 1,285 million in Q4 2019.
- Equity at the end of the period amounted to ISK 9,921 and the equity ratio was 38.9%.

Key figures and highlights for 2020

- Gross profit amounted to ISK 9.454 million, up by 8.6% from 2019.
- EBITDA amounted to ISK 2,676 million, down by 21.8% from 2019.
- EBITDA/gross profit was 28.3%, as compared to 39.3% in 2019.
- Profit after taxes amounted to ISK 791 million, as compared to ISK 1,409 million in 2019.
- Total profit amounted to ISK 1,060 million, as compared to ISK 1,475 million in 2019.
- Annual return on equity was 8.1%, as compared to 15% in 2019.
- Earnings per share were ISK 0.39, as compared to ISK 0.68 in 2019.
- The Company acquired own shares for ISK 384 million and paid dividends amounting to ISK 600 million.
- Net cash from operating activities was ISK 1,812 million, as compared to ISK 4,573 million in 2019.
- Equity at the end of the period amounted to ISK 9,921 and the equity ratio was 38.9%.
- Basko ehf. is a part of the 2020 Group but was only a part of the Group for one month in 2019. This distorts the comparison with the previous year.

The Board of Directors and CEO of Skeljungur today approved the Annual Financial Statement of the Group for 2020. The year's EBITDA amounted to ISK 2,676 million and the year's profit amounted to ISK 791 million.

At a board meeting today, the Board of Directors decided to propose to the Company's Annual General Meeting on 4 March 2021 a dividend payment of ISK 350 million, which corresponds to ISK 0.18 per share.

Outlook for 2021

Skeljungur estimates that the 2021 EBITDA will range from ISK 3,000-3,400 million, and that investments in permanent operational assets will range from ISK 750-850 million.

The Company's EDBITA guidance assumes stable exchange rates and oil prices. Income from foreign tourists is expected to be unsubstantial until mid-year. It should be noted that Skeljungur uses the average exchange rate within each year when converting financial statements. In the Company's budget the average rate of DKK/ISK is 20.7.

Comparison of figures between years

In ISK million	Q4 2020	Q4 2019	Δ	2020	2019	Δ
Gross profit	2,181	2,046	6.6%	9,454	8,703	8.6%
EBITDA	391	512	-23.6%	2,676	3,422	-21.8%
EBIT	58	213	-72.6%	1,369	2,329	-41.2%
Profit for the period	48	77	-38.2%	791	1,409	-43.8%
Total profit for the period	-57	103		1,060	1,475	-28.1%

Ratios				
EBITDA ratio	18.0%	25.0%	28.3%	39.3%
EBIT ratio	2.7%	10.4%	14.5%	26.8%
Salary costs / gross profit	-49.2%	-42.1%	-42.8%	-32.0%
Sales and distribution costs / gross profit	-29.1%	-29.1%	-25.5%	-24.8%
Operating costs/ gross profit	-87.2%	-79.0%	-75.1%	-63.5%
Return on equity (per year)			8.1%	15.0%

2020 at a glance

Árni Pétur Jónsson, CEO of Skeljungur:

“Skeljungur faced great challenges in 2020 due to COVID-19, the impact of which was widely reflected in the Company's operations, especially in Iceland. Traffic in Iceland decreased substantially last year, the number of foreign tourists and cruise liners decreased. International flights were next to none. In spite of great challenges and decreased economic activity, Icelanders travelled extensively around the country last summer, and various business operations of our customers, for example in the contractor sector, agriculture, and fisheries, showed vigorous energy. In the course of the year, the Company took several efficiency measures which are starting to produce results.

Our operations in the Faroe Islands were highly successful in 2020. The foundations of the Faroese economy are strong, to the benefit of our operations there. The decline of the Icelandic Krona against the Danish Krone benefited the Group in its operations, and the outlook for 2021 is good.

The year's results were affected by the factors recounted above, and so all in all we are satisfied with the outcome of the Company's operations. The co-ordinated efforts of our employees, new working conditions for part of our work force and changes in the environments of our customers meant that the Company needed to adjust to drastically changed circumstances which none of us have had to deal with before. Gratitude towards our employees is uppermost in my mind at this time. Their adjustment to new and difficult circumstances had the result that our operations went smoothly.

We concluded a new contract on sales of fuel to Costco for the next two years. Skeljungur has supplied fuel to Costco from the outset and this contract confirms the good and reliable cooperation between the two companies.

Toward the end of the year, Skeljungur acquired all the shares in Port I, which owns and operates Dælan and Løður. The objective of this acquisition was to increase our range of services to customers. This acquisition is under review by the Icelandic Competition Authority.

In the course of the year, we continued to strengthen good corporate governance. Our target is to develop and sharpen our focus on the measurable criteria in the Company's strategy, amongst other things by mitigating the negative impact and enhancing the positive impact of the Company on its stakeholders. The Company also has ambitious objectives concerning environmental issues and has carbon-offset all its operations since 2018.

The year 2021 will bring new challenges, which we are well prepared to handle. Our focus will be on streamlining our operations, simplifying our organisation, enhancing income units, and continuing to take advantage of opportunities for expansion.

Key Events and Milestones in 2020:

- Skeljungur carbon offset all of the Company's operations in Iceland in 2020 and has committed to do the same in 2021.
- The service stations of Orkan were overhauled based on what has been referred to as "pinkisation".
- Skeljungur acquired all the shares in Port I ehf. and thereby became the owner of Dælan ehf. and Løður ehf.
- Skeljungur acquired shares in Brauð & Co. ehf., Gló veitingar ehf and Lyfsalinn.
- Skeljungur re-opened its hydrogen stations and the number of electrical charging stations was increased.
- In the course of the year, Skeljungur obtained ISO 9001 certification of the quality management systems of four business units. The units receiving certification were fuel distribution in the Westman Islands, Akureyri, Eskifjörður and Ísafjörður. The supply depot in Örfirisey was certified in 2019 and re-certified in December 2020.
- Skeljungur received equal pay certification during the year, as in previous years, and the unexplained gender pay gap was 0.7%, which was well below Skeljungur's target for 2020.
- Skeljungur set itself the objective obtaining certification for its operations under the international environmental standard ISO 14001 in 2020. The objective was achieved, and five business units have now been certified according to the standard.

Presentation meeting

An electronic presentation meeting on the consolidated annual statement of the Company will be held on 5 February at 8:30 a.m., where CEO Árni Pétur Jónsson and CFO Ólafur Þór Jóhannesson will give an overview of the Statement and operational highlights.

The live streaming will be accessible here: <http://www.skeljungur.is/fjarfestakynning>.

Market players can send questions to fjarfestar@skeljungur.is. They will be answered after the presentation on 5 February.

The presentation is attached, and the presentation materials will also be available on Skeljungur's website, <https://www.skeljungur.is/fyrir-fjarfesta>.

Annual Accounts for 2020

The main points in this announcement are taken from Skeljungur hf.'s annual accounts for 2020, which were approved by the Board of Directors and the CEO at a board meeting on 4 February 2021.

The annual accounts contain the consolidated annual accounts of the Company, the parent company, and its subsidiaries. The accounts are prepared in accordance with International Financial Reporting Standards (IFRS). The Company's auditors, KPMG ehf., have audited the annual accounts and signed them without reservations.

For further information we refer to the accounts attached to this notification.

Financial Calendar 2021

Annual General Meeting 2021: 4 March 2021

Q1 2021 results: 29 April 2021

Q2 2021 results: 11 August 2021

Q3 2021 results: 28 October 2021

Q4 2021 results and Consolidated Annual Accounts 2021: 3 February 2022

Annual General Meeting 2022: 3 March 2022

Dates are subject to change.

* * *

For further information, please contact CEO Árni Pétur Jónsson, fjarfestar@skeljungur.is.

www.skeljungur.is

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