

# Presentation of Q4 2019 results

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# FESTI

# Strategic development of Festi hf.

Festi hf. Is a holding company of 5 operating companies, and its primary goal is investment and support service to those operating companies

 Daily operations is divided into support service for its subsidiaries on one hand and investment on the other

Main goal of the support service is to facilitate subsidiaries in redemption of value in their daily operations with various services, such as IT, finance including funding and accounting, human resources, real estate operations along with quality and security operations.

Festi hf. is a part of the board of subsidiaries and partakes in monthly directoral meetings and Festi representatives are appointed board members of subsidiaries.

Festi hf. controls the investment development of the group and serves information to the public and investors.

Value

Efficiency

Trust

# Strategic development of Festi hf.

Clear vision

„The goal of Festi hf. is to control investments of the group with value-added means and support subsidiaries in their value redemption with efficient support services.“



# Strategic development of support services

Clear vision

„The goal of support services within Festi is to provide subsidiaries with value-added service and support joint value creation within the group for the future“



**ELKO** 

**KRONAN** 

**BAKKINN**  
vöruhótel

FINANCIALS

 **FESTI**

**N1**

# CONSOLIDATED HIGHLIGHTS

ISK 1.766 m

EBITDA Q4 2019

35,3%

Equity ratio

3,68

Return on equity 12M 20

ISK 5.369 m

Cash and cash equivalents

32,9%

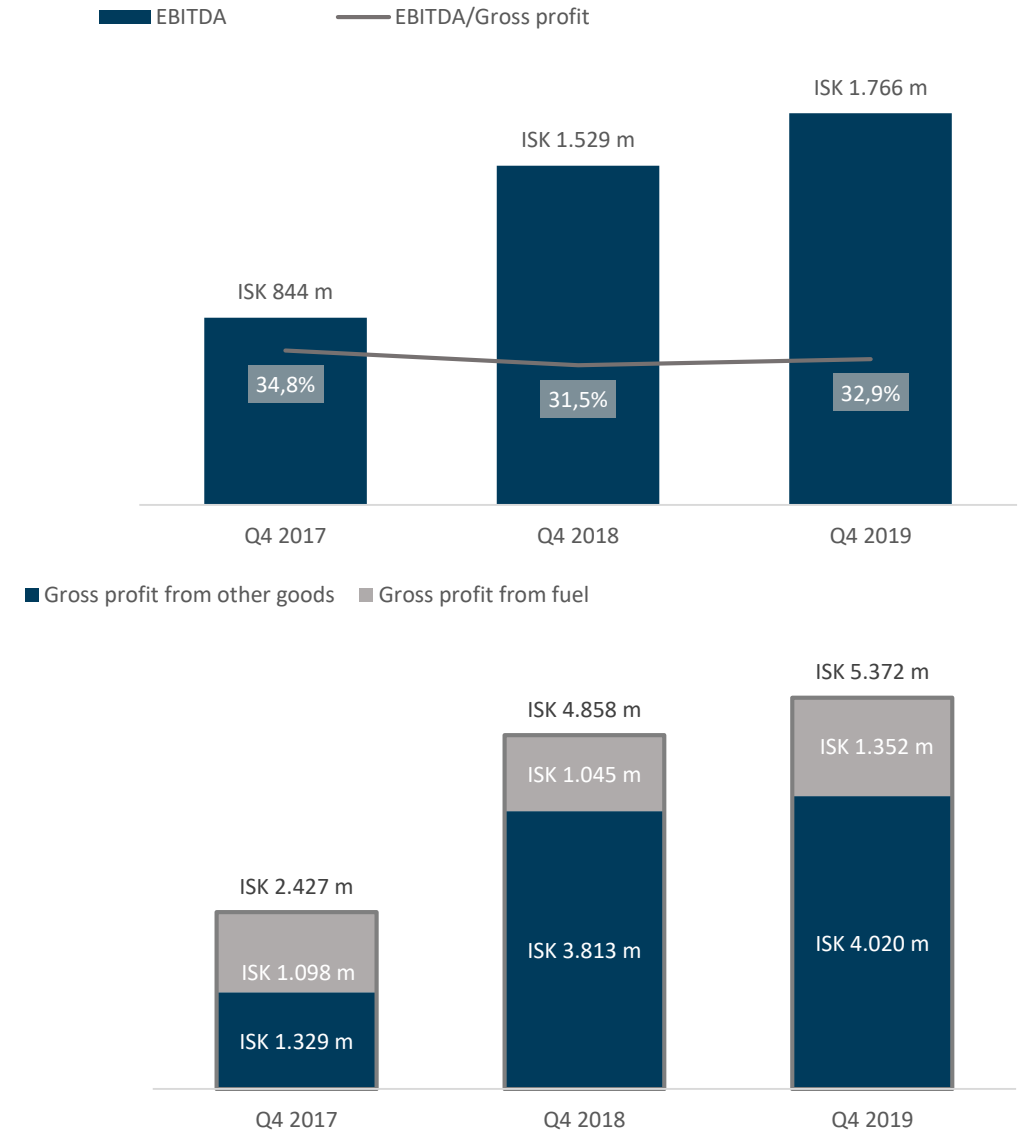
EBITDA/Gross profit Q4 2019

50,3%

Salaries/Gross profit Q4

# CONSOLIDATED OPERATIONS IN Q4

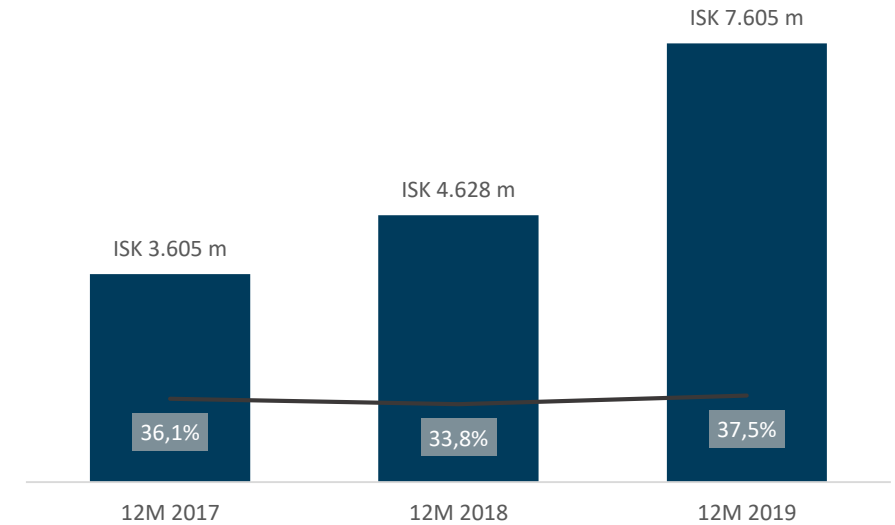
Amounts are in ISK million	Q4 2019	Q4 2018	Change	% Chg.
Gross profit	5.372	4.858	514	10,6%
Lease revenue and operating income	134	370	-236	-63,7%
Salaries and personnel expenses	-2.703	-2.607	-96	3,7%
Other operating expenses	-1.037	-1.092	54	-5,0%
EBITDA	1.766	1.529	237	15,5%
<b>Key Figures</b>				
EBITDA/Gross profit	32,9%	31,5%	1,4%	4,5%
Salaries/Gross profit	50,3%	53,7%	-3,4%	-6,3%
Earnings per share	2,18	1,00	1,18	117,6%



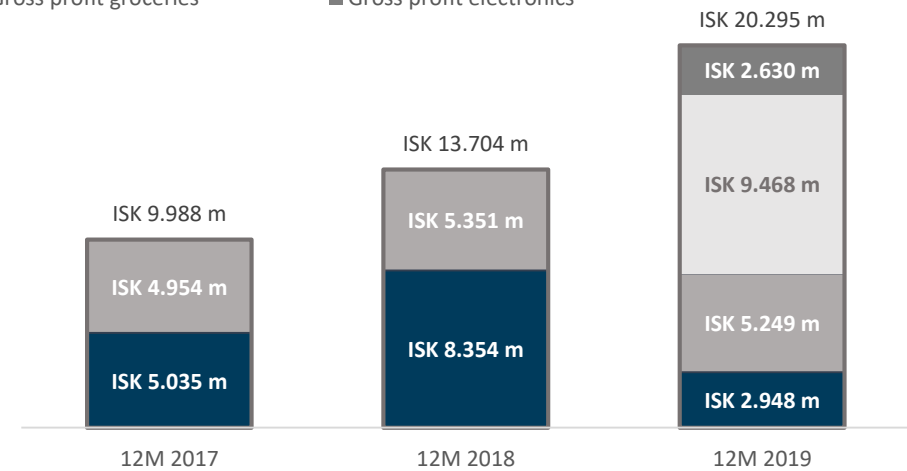
# COSOLIDATED OPERATIONS IN 2019

Amounts are in ISK million	12M 2019	12M 2018	Change	% Chg.
Gross profit	20.295	13.704	6.591	48,1%
Lease revenue and operating income	1.749	776	973	125,4%
Salaries and personnel expenses	-9.953	-6.532	3.421	52,4%
Other operating expenses	-4.486	-3.321	1.165	35,1%
EBITDA	7.605	4.628	2.977	64,3%
<b>Key Figures</b>				
EBITDA/Gross profit	37,5%	33,8%	3,7%	11,0%
Salaries/Gross profit	49,0%	47,7%	1,4%	2,9%
Earnings per share	8,49	7,44	1,04	14,0%

■ EBITDA — EBITDA/Gross profit



■ Gross profit groceries ■ Gross profit from fuel  
■ Gross profit groceries ■ Gross profit electronics



# HIGHLIGHTS Q4



- Sale of gasoline and diesel decreased by 4.9% in Q4 2019 compared to Q4 2018
- Sale of goods other than fuel increased by 2.2% in Q4 2019 compared to Q4 2018
- Development in world market price of oil had negative impact on gross margin on Q4

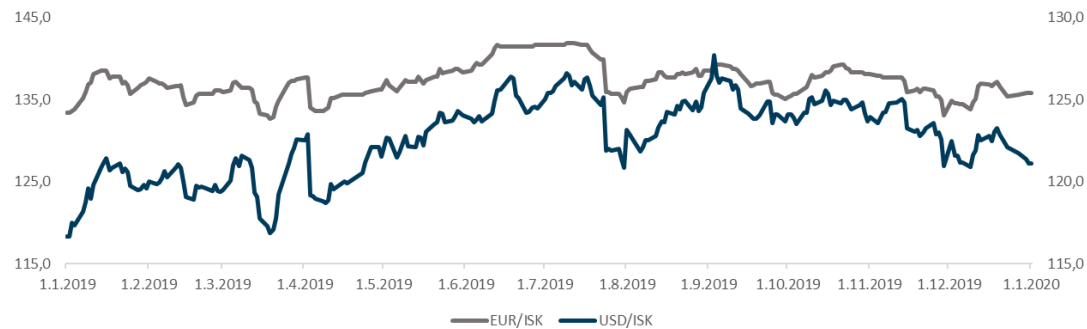


- Sale exceeded expectations in Q4 2019
- Margin level less than expected in Q4 2019
- Biggest christmas season in Krónan from opening
- Gréta María Grétarsdóttir CEO of Krónan, received business award of the year from Viðskiptablaðið
- Krónan topped the charts of consumer satisfaction surveys in groceries



- Sale and margin exceeded expectations on Q4 2019
- High sales figures for black Friday and surrounding days.
- Strong showing in the christmas season from Elko

Exchange rate development



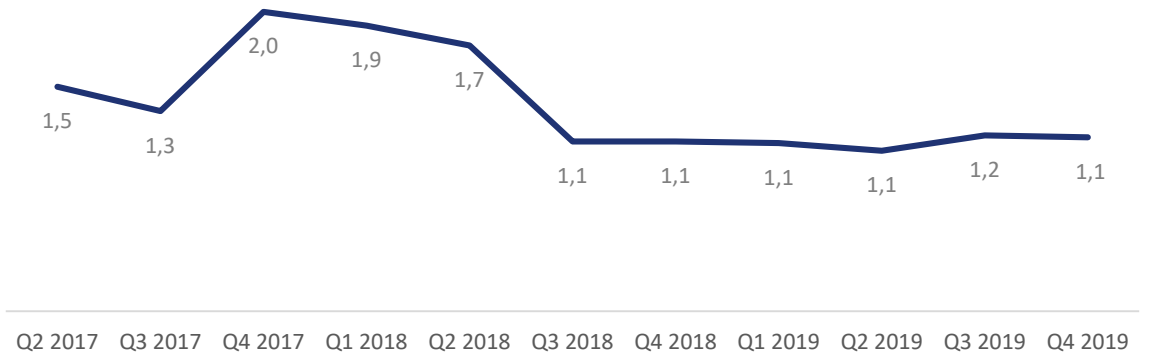
- USD/ISK decreased by 2,4% and difference between highest and lowest exchange rate 3,9%
- EUR/ISK increased by 0,4% and difference between highest and lowest exchange rate 4,7%

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## Statement of Financial Position (Assets)

Amounts are in ISK million	12M 2019	12M 2018	Change	% Chg.
Goodwill	14.070	14.070	0	0,0%
Other Intangible assets	4.650	4.504	146	3,2%
Property and equipment	31.434	32.419	-985	-3,0%
Leased assets	3.862	0	3.862	-
Investment properties	7.354	8.752	-1.397	-16,0%
Shares in associates	1.952	2.080	-127	-6,1%
Securities	109	12	97	804,4%
<b>Non-current assets</b>	<b>63.704</b>	<b>61.892</b>	<b>1.595</b>	<b>2,6%</b>
Inventories	7.678	7.616	62	0,8%
Trade receivables	3.756	3.685	72	1,9%
Other short-term receivables	737	340	397	116,9%
Cash and cash equivalents	5.369	4.267	1.102	25,8%
<b>Current assets</b>	<b>17.540</b>	<b>15.907</b>	<b>1.633</b>	<b>10,3%</b>
<b>Total assets</b>	<b>81.244</b>	<b>77.799</b>	<b>3.445</b>	<b>4,4%</b>

## Current ratio



## Inventory turnover



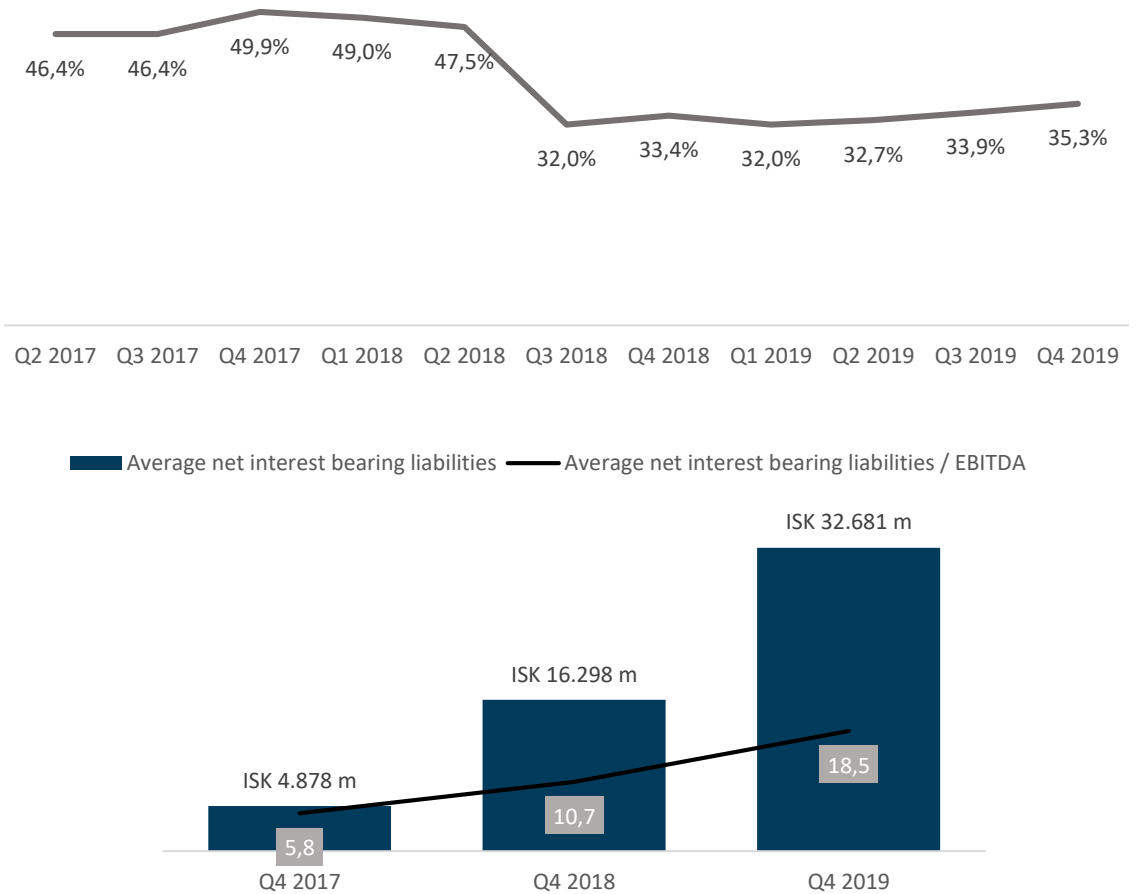
# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## Equity ratio

**Statement of Financial position (equity and liabilities)**

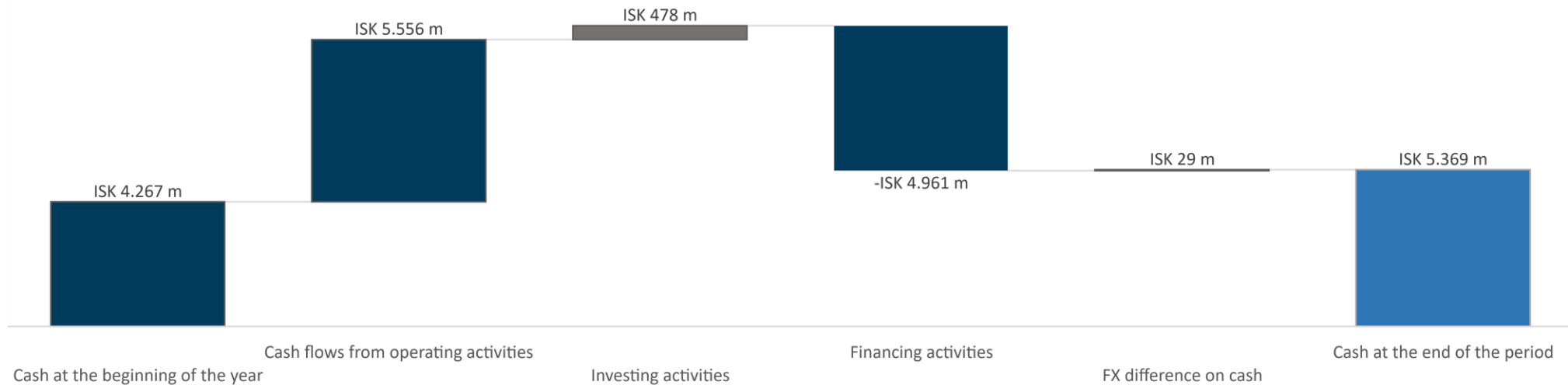
Amounts are in ISK million

	12M 2019	12M 2018	Change	% Chg.
<b>Equity</b>	28.688	25.970	2.718	10,5%
Payable to credit institutions	29.942	33.593	-3.651	-10,9%
Lease liabilities	3.586	0	3.586	-
Deferred tax liabilities	4.271	3.939	332	8,4%
<b>Non-current liabilities</b>	37.799	37.532	268	0,7%
Payable to credit institutions	3.438	3.721	-283	-7,6%
Lease liabilities	378	0	378	-
Trade payables	6.803	5.654	1.149	20,3%
Other short-term liabilities	4.138	4.922	-784	-15,9%
<b>Current liabilities</b>	14.757	14.297	459	3,2%
<b>Total equity and liabilities</b>	81.244	77.799	3.445	4,4%



# CONSOLIDATED STATEMENT OF CASH FLOWS

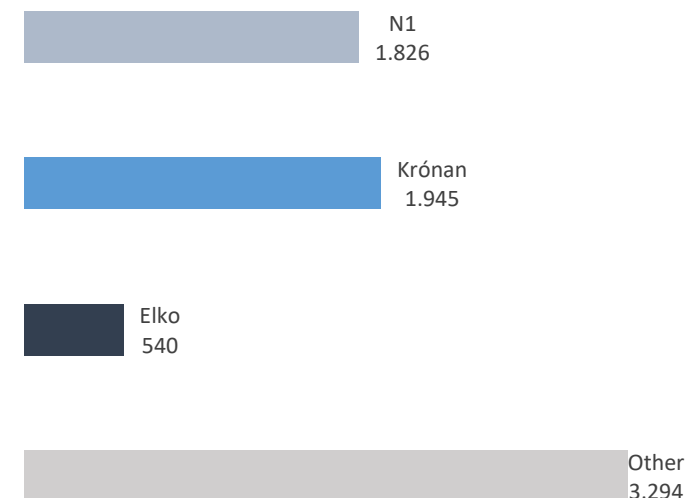
Amounts are in ISK million	12M 2019	12M 2018	Change	% Chg.
Cash at the beginning of the year	4.267	2.800	1.467	52,4%
Cash flows from operating activities	5.556	3.825	1.731	45,3%
Investing activities	478	-13.734	14.212	-103,5%
Financing activities	-4.961	11.343	-16.304	-143,7%
FX difference on cash	29	33	-4	-12,5%
Cash at the end of the period	5.369	4.267	1.102	25,8%



# OPERATING SEGMENTS OF THE GROUP

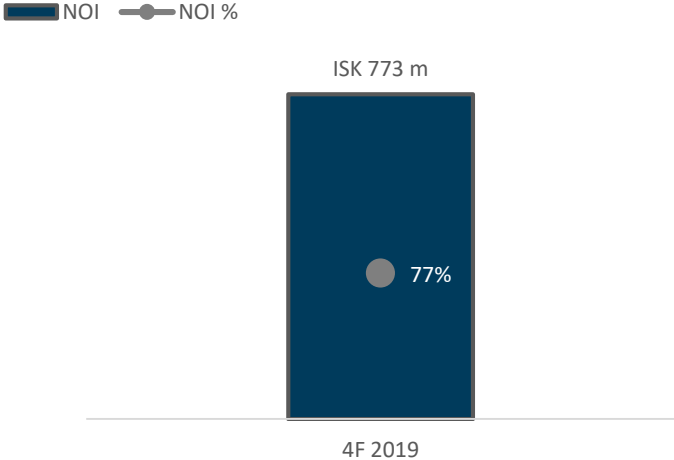
Amounts are in ISK million	N1	Krónan	Elko	Other	Total
Operating revenue outside of group	38.108	36.227	11.126	1.280	86.741
Other revenue within group	37	128	13	5.662	5.839
Total segment revenue	38.145	36.355	11.139	6.942	92.581
Total operating expenses of segments	-36.319	-34.409	-10.599	-3.648	-84.975
Segment EBITDA	1.826	1.945	540	3.294	7.605
Segment depreciation and amortisation	-703	-776	-195	-1.024	-2.698
Fair value changes of investment properties	0	0	0	291	291
Operating result of segments	1.123	1.170	345	2.561	5.198
Financial expenses	64	-165	-27	-2.026	-2.153
Share of profit from associates	0	0	0	325	325
Income tax expense	-240	-178	-53	-104	-575
Profit	947	827	266	756	2.796
Segment assets	15.816	17.593	6.165	41.670	81.244
Segment investments	522	634	126	976	2.258
Segment debts	5.494	7.706	4.356	35.000	52.556

## Segment EBITDA



# REAL ESTATE OPERATIONS OF THE GROUP

Properties, key figures	Q4 2019
NOI*	ISK 860 m
NOI ratio	88%
Utization ratio	97%
LTV**	61%
Number of Festi's properties	89
Total square meters	102 thousand m <sup>2</sup>
Own use	81%
Leased to third parties	19%



\* Net operating income

\*\* Loan-to-value ratio

# SHARE PRICE DEVELOPMENT



## Shareholders (10 largest)

Lífeyrissjóður verslunarmanna	10,6%
Gildi - lífeyrissjóður	9,8%
Lífeyrissjóður starfsmanna ríkisins A-, B- og S-division	9,1%
Stefnir	7,2%
Lansdowne IcaV Lansdowne Euro	6,0%
Stapi lífeyrissjóður	5,7%
Birta lífeyrissjóður	5,5%
Almenni lífeyrissjóðurinn	4,8%
Festa - lífeyrissjóður	3,1%
Sjóvá-Almennar tryggingar hf.	2,8%

## Market information

Issued shares	330 M
Market cap at the end of September 2019	ISK 42.680 M
Market cap at the end of September 2018	ISK 28.875 M
Number of shareholders	796
Annual return 2019	12,85%



## POSITION AND OUTLOOK



# POSITION AND OUTLOOK

## Financial forecast

- EBITDA estimate Festi expected to be in range of 7.700 – 8.000 m.kr. 2020, excluding expenses related to the acquisition of Hlekkur, which has already been realised

## Assumptions:

- Estimated that slow economic growth 2020 and increased unemployment negatively impacts operating companies within the group
- Less Capelin activities than anticipated in financial forecast
- Turmoil in the oil market and ISK exchange rate can lead to fluctuations of gross margin and working capital
- ISK Exchange rate can cause fluctuations in operations of Festi's subsidiaries
- Tourism growth marginal

## Highlights:

- Finished integrating support services of the group
- Investment in Dropp ehf. <https://www.dropp.is/>
- Investment in IMF ehf.
- Ongoing work on decreasing operating expenses

## Investments:

- Annual consolidated investments of approximately ISK 1,930 million
- New ELKO store in Akureyri
- New Krónan store in Norðurhella
- Policy in a real estate company aimed at reducing square footage and improved utilization of capital

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