SKEL

SKEL fjárfestingafélag hf. - Financial Statements 2024

Profit after tax amounted to ISK 6,754 million, corresponding to an ROE of 18.3%.

Total assets amounted to ISK 60,570 million.

Equity stood at ISK 43,728 million, corresponding to ISK 23.3 per issued share.

Fair value change of listed assets was positive by ISK 2,145 million.

Fair value change of unlisted assets was positive by ISK 5,375 million.

Highlights from SKEL's 2024 Portfolio

Listed Assets

SKEL's return on listed investments was 24,8% for the year, including dividend payments, resulting in a positive gain of ISK 2,326 million. Total assets in listed securities amounted to ISK 9,396 million at the beginning of the year and ISK 9,583 million by December 31. At the end of the period, SKEL's most valuable listed assets included a 15.3% stake in Kaldalón, with a market value of ISK 4,619 million, and an 8.2% stake in Skagi, valued at ISK 3,390 million. Other listed shares in SKEL's portfolio had a market value of ISK 1,574 million. Listed assets accounted for 16% of SKEL's total assets at year-end. The company's long-term objective is to increase the share of listed assets to 50%.

Corporate Market

Styrkás

Styrkás delivered strong performance over the past year. The company's consolidated EBITDA for 2024 amounted to ISK 2,649 million, exceeding management’s forecasts by 2%. Fuel sales grew 5% year-on-year, while the company experienced a record year in Scania truck sales and strong CAT machine sales, both of which will contribute to future service revenues. Additionally, Stólpi introduced new housing solutions tailored for municipalities and developers.

Styrkás recently signed a purchase agreement for Hringrás ehf., marking an important step in expanding its service offering and establishing environmental services as the fourth core pillar of its operations. Hringrás is a leader in recycling and environmental services, and investments in recent years have strengthened its ability to serve customers efficiently while meeting the highest regulatory standards. Collaboration with other Styrkás group entities will create additional opportunities for facility sharing and improved operational efficiency. Moreover, Styrkás’ financial strength enables further expansion of services at its Hafnarfjörður site. A key aspect of this acquisition is the inclusion of Hringrás’ current owners in Styrkás’ growing shareholder base. Their strategic vision and leadership in developing Hringrás have positioned the company as a market leader in recycling for the future. Styrkás aims to be listed on the Icelandic Stock Exchange no later than 2027.

The value of SKEL's 63.4% stake in Styrkás is recorded at ISK 12,969 million in SKEL's financial statements, based on the last transaction price of the company's share capital.

Consumer Market

Orkan/Löður

Orkan and its affiliated companies performed well, with Orkan's EBITDA exceeding the 2024 forecasts by 23%. Service station deliveries increased by 4.9% year-on-year, while liters sold rose by 2.6%. The Icelandic Energy Authority had forecast that 37% of newly registered vehicles in 2023 would be clean energy vehicles, but the actual figure was just under 19%. Despite this, fast charging station sales grew by 664% during the year. Orkan remains committed to the energy transition and currently operates 13 fast charging stations, with plans to open up to seven new stations in 2025. Löður introduced a subscription-based car wash service this year, which has exceeded expectations, reaching over 5,000 subscribers. New washing stations opened at Fellsmúli and in Akureyri this winter, bringing the total to 12. An additional car wash is set to open on Lambhagavegur in the coming months.

Management maintains a positive outlook for continued strong operations, leading to a valuation increase of ISK 1.5 billion for Orkan and Löður over the year. At year-end, the combined value of the group stood at ISK 10.7 billion.

In the first quarter of 2025, SKEL plans to expand Orkan Group's operations. This expansion effort will leverage Orkan's existing infrastructure and strong management team to enhance the company's activities and diversify revenue streams through mergers in the consumer market. Further details on this project are included in SKEL's investor presentation.

Samkaup/Heimkaup

In 2024, merger negotiations took place between SKEL and Samkaup, as publicly announced. The plan was to merge SKEL's majority-owned consumer market businesses with Samkaup. However, these negotiations were terminated in October 2024. As part of the merger discussions, an assessment of the synergies of the combined company was conducted. The assessment estimated that procurement savings would amount to approximately 1.5%. Based on this evaluation, Samkaup and Heimkaup's shareholders decided to proceed with a merger in December 2024. Lyfjaval is not included in this merger. Heimkaup's revenue for 2024 was approximately ISK 7.7 billion, while Samkaup's was around ISK 42 billion. Both companies operated at a loss during the year.

In December 2024, the board of Samkaup approached shareholders to increase share capital by ISK 1 billion to strengthen the company's equity position. The capital increase was carried out at a price of ISK 24 per share, and a holding company owned by SKEL subscribed to 17.4% of the offering. Following the increase, SKEL indirectly owns a 6.2% stake in Samkaup, with a book value of ISK 641 million based on the offering price. In SKEL's 2024 annual accounts, the valuation of its stake in Heimkaup is derived from the number of Samkaup shares SKEL is expected to receive in exchange for its Heimkaup shareholding. As a result, Heimkaup's share capital is recorded at ISK 934 million in the financial statements.

If the Samkaup-Heimkaup merger is completed, it is estimated that SKEL will to hold a 13.7% indirect stake in Samkaup, valued at ISK 1,576 million. Samkaup's management has presented optimization and growth plans to shareholders. Both Samkaup and Heimkaup's management teams see synergy opportunities that will strengthen their competitive position in the food market. SKEL supports this strategy as a shareholder and will contribute to achieving these goals. The merger is expected to be fully completed in the first half of 2025.

Lyfjaval

Lyfjaval currently operates six pharmacies in the capital area, one in Reykjanesbær, and will open its eighth location in Selfoss this week. Turnover increased by 11.4% during the year, but EBITDA amounted to ISK 139 million, which was lower than expected. As a result, SKEL has revised Lyfjaval's valuation downward.

Real estate

In 2024, SKEL acquired 50 apartments at Stefnisvogur in Reykjavík, totaling 5,721 square meters, for ISK 4.9 billion. These apartments were delivered at the end of the year. With this acquisition, SKEL's total holdings at Stefnisvogur increased to 105 apartments, up from 55 previously owned. The purchase was part of SKEL's strategy to optimize its balance sheet, transforming development assets into income-generating properties with a known market value and liquidity potential within approximately 12 months.

A significant portion of the initial apartments was rented to residents of Grindavík, offering flexible lease terms to accommodate their needs. Tenant feedback on this arrangement was generally positive.

SKEL plans to begin selling apartments as lease agreements expire and market conditions permit. Independent real estate agents valued the apartments at ISK 10.3 billion at the end of 2024. Additionally, other commercial real estate and land owned by SKEL, which is leased for business purposes, has a total valuation of ISK 635 million.

Foreign Assets

Stork ehf., a wholly owned subsidiary of SKEL, has been established to manage all foreign retail investments with clearly defined goals and structured management. Over the past 18 months, SKEL has systematically mapped out investment opportunities across Europe, focusing on the retail sector. Business relationships have been developed with leading investment banks, resulting in a strong pipeline of potential projects. To support this initiative, SKEL has engaged Arion Banki hf. to raise equity capital from institutional investors, based on a well-defined investment framework and exit strategy.

In mid-2024, Stork, in partnership with Axcent of Scandinavia (AoS), acquired the Belgian retail chain INNO, one of Belgium's largest and most well-known department stores, operating since 1897. INNO manages 16 stores across Belgium, covering 130,000 square meters and employing nearly 1,400 people. In the last financial year, INNO generated ISK 42.4 billion in sales, with 21.4 million store visits and an EBITDA of ISK 1.4 billion. SKEL and AoS are focusing on enhancing the customer experience through store renovations and boosting profitability by increasing the prominence of INNO's own brands. SKEL's stake in Stork is recorded at ISK 2,208 million in the 2024 annual accounts.

The company's long-term strategy is to increase the share of foreign investments to 30% of its total portfolio over time.

Shareholders

On 16 April 2024, SKEL paid a dividend of ISK 0.39 per share, totaling ISK 750 million.

For 2025, the Board of Directors has proposed a dividend payout of ISK 6,000 million for the 2024 financial year, which corresponds to ISK 3.19 per share. The board will propose to the shareholders' meeting that dividends be paid in two installments, each amounting to ISK 3,000 m. Further details will be provided in the notice of the annual general meeting.

Ásgeir Helgi Reykfjörð Gylfason, SKEL CEO:

"SKEL delivered a strong performance in 2024, despite challenges in the first half of the year. Both operational results and asset development exceeded expectations, demonstrating the strength and diversification of SKEL's portfolio. The company's core mission is to develop business opportunities and create long-term value, and significant steps were taken in 2024 to advance this strategy. A decision was made to increase SKEL's foreign asset allocation from 3% to up to 30% and as a part of this effort, SKEL conducted a structured mapping of investment opportunities in Europe, identifying significant potential in the consumer market. This led to the acquisition of the INNO retail chain in Belgium, in collaboration with experienced international partners, marking SKEL's first major transformational investment abroad. Domestically, SKEL continued to pursue consumer market opportunities, culminating in the planned merger of Heimkaup and Samkaup, which is expected to be completed in the first half of 2025, subject to final conditions. On the corporate market side, Styrkás strengthened its position by acquiring Hringrás, taking an important step toward its goal of providing environmental services to businesses. Styrkás is planning to go public in 2027, at which point it will join Kaldalón and Skagi as part of SKEL's portfolio of listed assets. SKEL's listed investments performed well in 2024, generating a 28% return, including dividends. During the year, Kaldalón was added to the Selected shares index, while Skagi strengthened its position as a strong financial company in insurance, asset management, and investment banking. Currently, listed assets account for approximately 16% of SKEL's total portfolio, with a long-term target of up to 50%. In 2025, SKEL will focus on selling its real estate holdings at Stefnisvogur and further diversifying risk within its asset portfolio. Additionally, the company will continue to support domestic infrastructure development by providing comprehensive services to Icelandic businesses, while also seeking strong international partners for future foreign investment projects."

Financial calendar for 2025:

2024 Financial Results Presentation: February 7, 2025, at Studios, Reykjavík Edition, 08:30

Annual General Meeting 2025: 6 March 2025

Financial statement for first half of 2023: 14 August 2025

Financial statement for second half of 2025 and Annual Financial Statement for 2025: 5 February 2025

Annual General Meeting 2026: 5 March 2026

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Disclaimer:

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