



Q2 2021 Results

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Highlights in Q2 and 1H 2021

	Q2 2021	6M 2021
Revenue	6.352 m.kr. Q2 2020: 6.214 m.kr.	12.760 m.kr. 6M 2020: 12.523 m.kr.
EBITDA *	2.557 m.kr. Q2 2020: 2.300 m.kr.	5.097 m.kr. 6M 2020: 4.938 m.kr.
EBITDA % *	40,3% Q2 2020: 37,0%	39,9% 6M 2020: 39,4%
EBIT *	1.126 m.kr. Q2 2020: 835 m.kr.	2.248 m.kr. 6M 2020: 2.026 m.kr.
CAPEX	1.306 m.kr. Q2 2020: 1.314 m.kr.	2.591 m.kr. 6M 2020: 3.106 m.kr.

NIBD / 12M EBITDA *	Cash	Equity Ratio	Cash generated by operation
2,51 Q4 2020: 1,94	6.964 m.kr. Q4 2020: 735 m.kr.	44,7% Q4 2020: 57,2%	2.717 m.kr. Q2 2020: 2.905 m.kr.

Events in Q2 2021

- Refinancing of the group finished in Q2
 - Síminn borrowed 6 ma.kr. from Arion banki
 - Síminn issued commercial notes for 1,54 ma.kr.
 - Míla borrowed 20 ma.kr. from Íslandsbanki
 - Long-term debt was 15,4 ma.kr. prior to refinancing
- In total 8,5 ma.kr. payments to shareholders in April
- Cash and cash equivalents is 7 ma.kr. post refinancing and payments to shareholders
 - Equity ratio is 44,7% after changed in capital structure
 - Net debt / 12 M EBITDA is 2,51
- Sales proceeds of Sensa fully paid in Q2
- Broadcasting right for the English Premier League renewed for the next 3 years

* Without government fine in Q2 2020

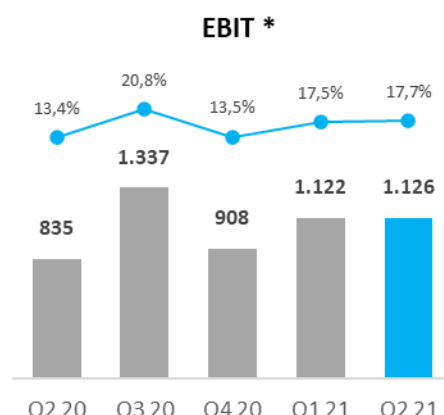
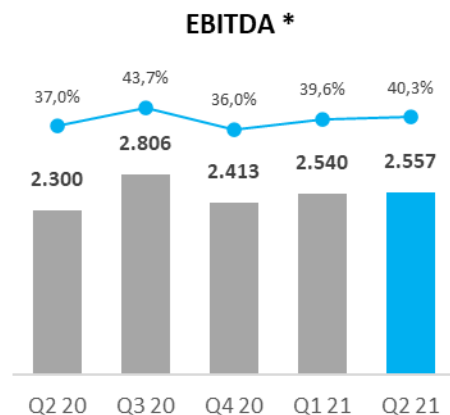
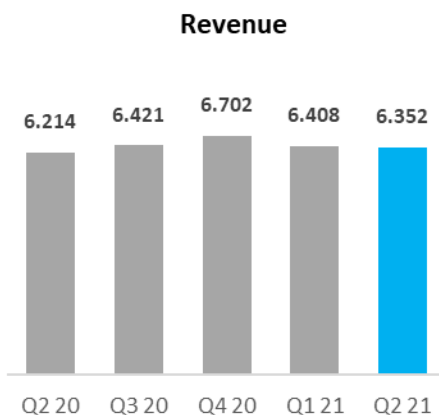


Operation



Income Statement

Income statement	Q2			6M		
	2021	2020	%	2021	2020	%
Net sales	6.352	6.214	2,2%	12.760	12.523	1,9%
Cost of sales	(3.152)	(3.188)	-1,1%	(6.367)	(6.152)	3,5%
Operating expenses	(2.074)	(2.691)	-22,9%	(4.145)	(4.845)	-14,4%
EBIT	1.126	335	236,1%	2.248	1.526	47,3%
Net financial items	(315)	(185)	70,3%	(502)	(418)	20,1%
Income tax	(177)	(136)	30,1%	(368)	(332)	10,8%
Net profit from continuing operation	634	14	4428,6%	1.378	776	77,6%
Discontinued operation	(16)	69		2.124	71	
Net profit	618	83	644,6%	3.502	847	313,5%
EBITDA	2.557	1.800	42,1%	5.097	4.438	14,8%
EPS	0,10	0,01	900,0%	0,44	0,10	340,0%



Operation Q2 2021

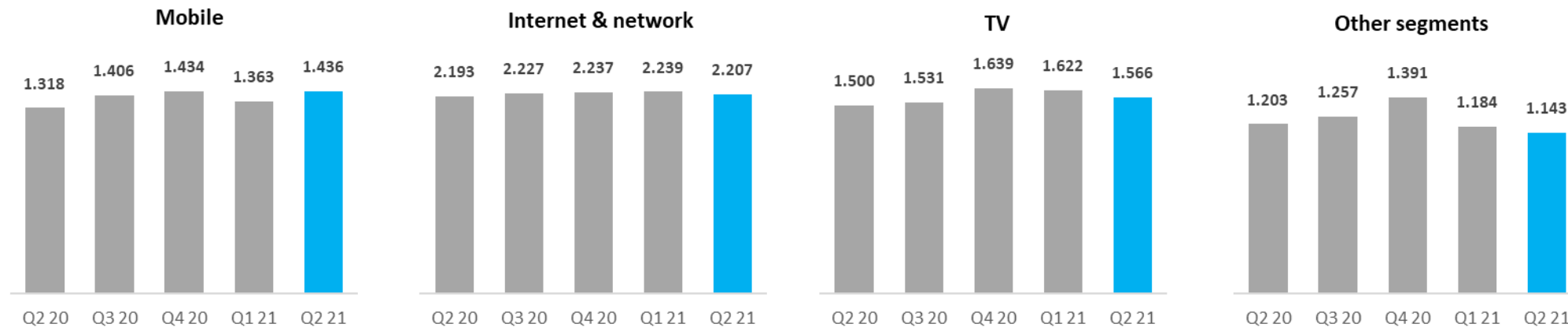
- Performance improves from Q2 2020
- Revenue growth is 2,2% from Q2 2020
 - Strong growth in mobile revenue driven by the continued success of Prenna, increase in revenue from value added services and SMS bulk
 - Revenue growth in TV service mainly related to Premium service
 - Increase in internet revenue but local loop revenue declines
- The results in Q2 2020 were affected by competition fine of 500 m.kr. and 125 m.kr. layoff cost.
 - The fine was reduced by 300 m.kr. In Q4 2020
- Míla with similar results as in Q2 2020

* Without government fine in Q2 2020



Revenue by segments

Segments	Q2				6M			
	2021	2020	Change	%	2021	2020	Change	%
Mobile	1.436	1.318	118	9,0%	2.799	2.704	95	3,5%
Fixed voice	396	431	-35	-8,1%	799	876	-77	-8,8%
Internet & network	2.207	2.193	14	0,6%	4.446	4.373	73	1,7%
TV	1.566	1.500	66	4,4%	3.188	3.083	105	3,4%
Equipment sales	514	496	18	3,6%	1.031	915	116	12,7%
Other revenue	233	276	-43	-15,6%	497	572	-75	-13,1%
Total revenue	6.352	6.214	138	2,2%	12.760	12.523	237	1,9%





Operation in 1H 2021

Performance improves YoY

- Revenue growth in key segments
 - Mobile revenue grow despite contraction in roaming revenue
 - The roaming revenue decline was 43 m.kr. compared to H1 2020
 - TV revenue with steady growth
 - Growth for the most parts related to the Premium service
 - Low churn in TV subscriptions despite shortage in TV content due to COVID and changed policy from many content providers (e. DTC, direct-to-consumer)
- Expenses are similar YoY despite high inflation and upward pressure on wages in certain areas of the business
 - Increased cost in domestic content production
 - Marketing expenses increase – Timing matter rather than sign of real increase
 - Payroll expenses decrease – Decrease of 43 FTE's YoY which is equally splitted between layoffs and outsourcing of software development
 - IT expenses increase as a result of outsourcing
- Exchange rate loss is related to final payment of broadcasting right and exchange rate loss of foreign equity holding



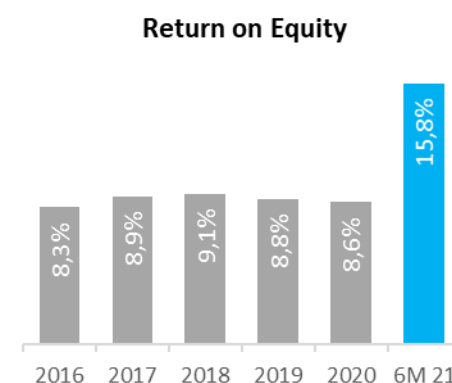
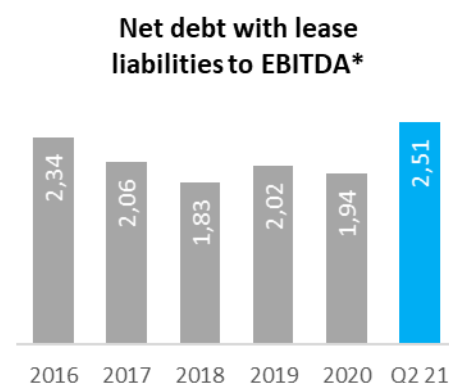
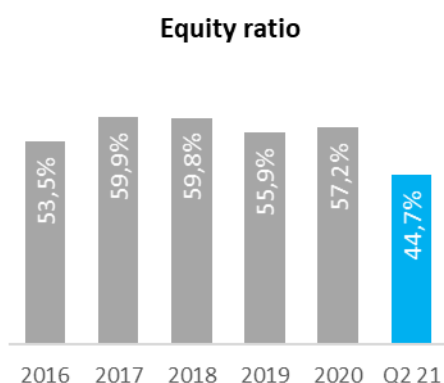
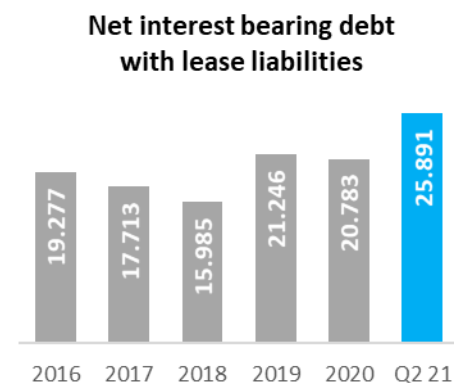
Balance Sheet and Cash Flow



Balance Sheet

Assets	30.06.2021	31.12.2020
Non-current assets		
Property, plant and equipment.....	19.125	18.991
Right-of-use assets.....	5.130	5.378
Intangible assets.....	32.080	32.544
Other non-current assets.....	527	544
Non-current assets	56.862	57.457
Current assets		
Inventories.....	1.316	1.127
Accounts receivables.....	2.396	3.147
Other current assets.....	2.077	834
Cash and cash equivalents.....	6.964	735
Assets held for sale.....	0	1.906
Current assets	12.753	7.749
Total assets	69.615	65.206

Equity and liabilities	30.06.2021	31.12.2020
Equity		
Total equity.....	31.138	37.298
Non-current liabilities		
Borrowings.....	25.210	14.289
Finance lease.....	4.851	5.066
Deferred tax liabilities.....	279	670
Non-current liabilities	30.340	20.025
Current liabilities		
Bank loans.....	1.518	500
Accounts payables.....	2.311	2.554
Current maturities of borrowings.....	1.276	1.663
Other current liabilities.....	3.032	2.390
Liabilities held for sale.....	0	776
Current liabilities	8.137	7.883
Total equity and liabilities	69.615	65.206

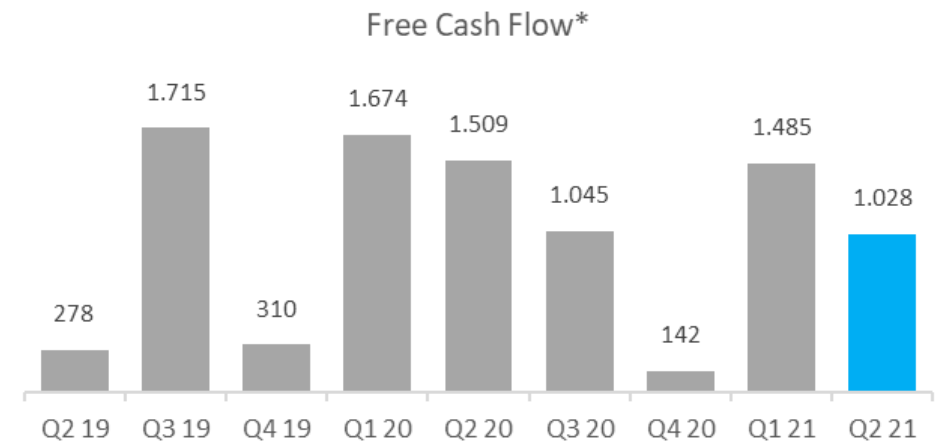


* Without government fine in Q2 2020
Lease liabilities included from 2019



Cash Flow

Cash Flow	6M 2021	6M 2020
Cash flow from operating activities		
Operating profit	2.248	1.526
Operational items not affecting cash flow:		
Depreciation and amortisation.....	2.849	2.912
Other items not affecting cash flow.....	(1)	(4)
	5.096	4.434
Changes in current assets and liabilities.....	631	1.843
Cash generated by operation	5.727	6.277
Net interest expenses paid during the period.....	(287)	(383)
Payments of taxes during the period.....	(442)	(375)
Net cash from operating activities	4.998	5.519
Investing activities		
Net investment in property, plant and equipments.....	(2.591)	(3.106)
Other investment.....	(251)	(62)
Sale of subsidiary and discontinued operation.....	2.400	429
Investing activities	(442)	(2.739)
Financing activities		
Dividend paid.....	(500)	(500)
Purchase of own shares.....	(1.196)	(450)
Share capital reduction.....	(7.968)	0
Payment of long term lease.....	(239)	(277)
Net Financing activities.....	11.589	(792)
Financing activities	1.686	(2.019)
Increase (decrease) in cash and cash equivalents	6.242	761
Translation effects on cash.....	(13)	(2)
Cash and cash equivalents at the beginning of the year.....	735	217
Cash and cash equivalents at the end of the period.....	6.964	976



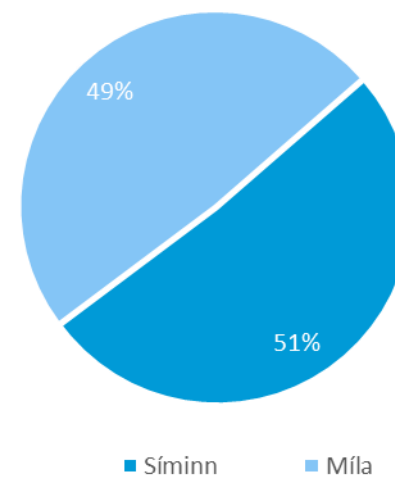
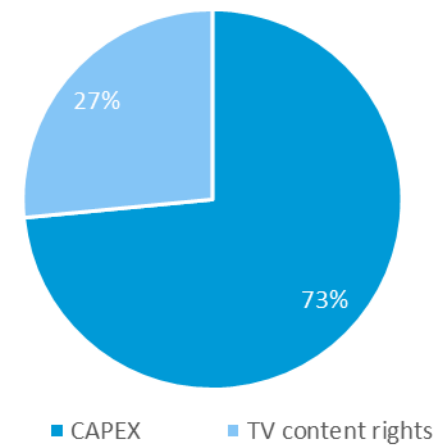
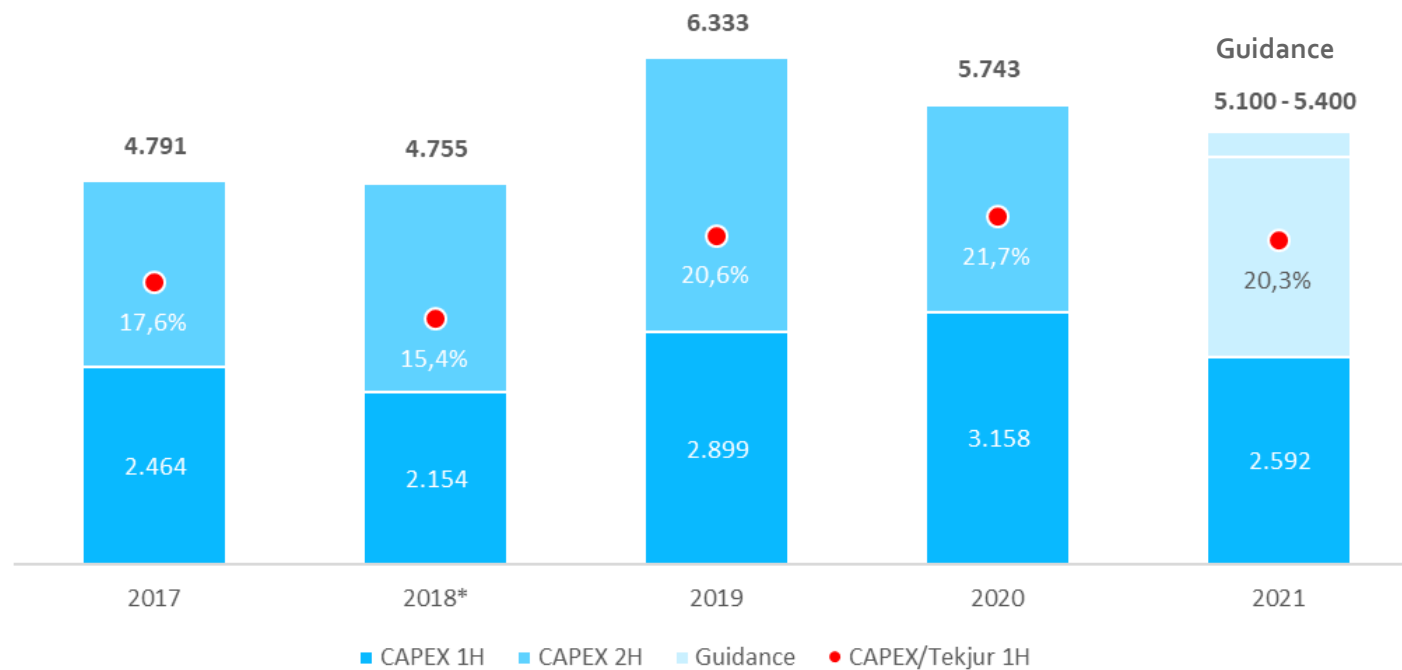
* Free cash flow consists of cash from operations before interest less investing activities



CAPEX



CAPEX



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



Highlights

Síminn

- English Premier League is on Síminn Sport until the year 2025
 - This summer, Síminn reached an agreement with the Premier League on the right to show the English Premier League for three more years.
 - One year is left of the current contract and therefore the English Premier League will be on Síminn Sport at least for the next four seasons or until the spring of 2025.
 - The service has changed permanently so that now all 380 games of each season will be shown live.



Premier League will be on Síminn Sport for the next four years.

Síminn



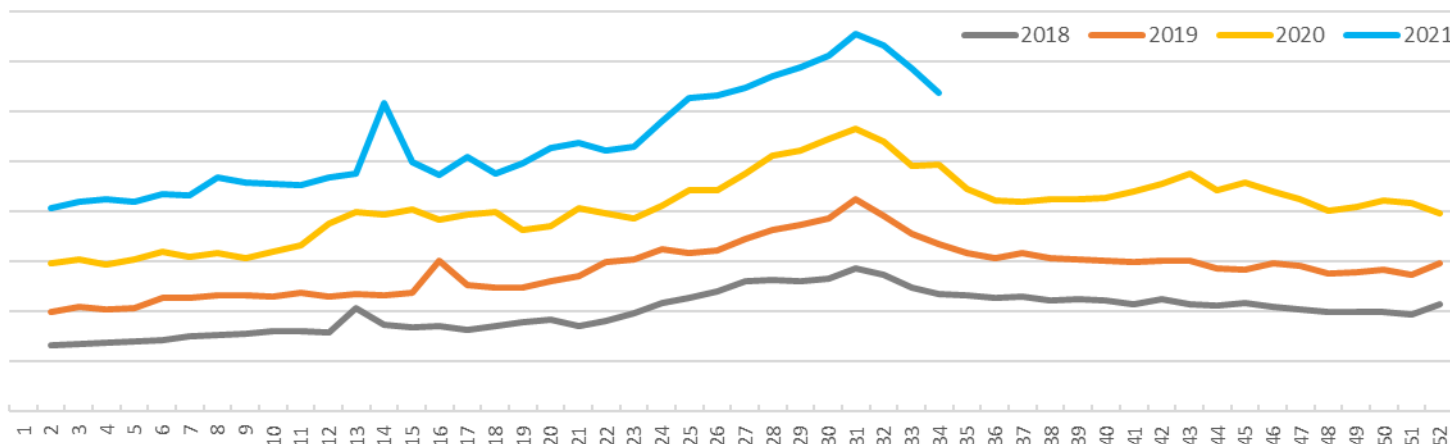
- Agreement with Almannarómur
 - Almannarómur, the language technology center in Iceland, is responsible for the government's language technology program.
 - The aim of the program is to protect the Icelandic language, by ensuring that we can and will use Icelandic in communication with and through digital devices and computers.
 - Síminn intends to provide support to the Icelandic language and strengthen it so that it will not be left behind in digital development.
- Síminn creates opportunities for its employees
 - Employees are invited to undergo a real skills assessment where work experience is assessed for credits in upper secondary school.
 - 50 employees have passed the assessment and 25 are completing their formal education. One employee has already completed a matriculation examination.



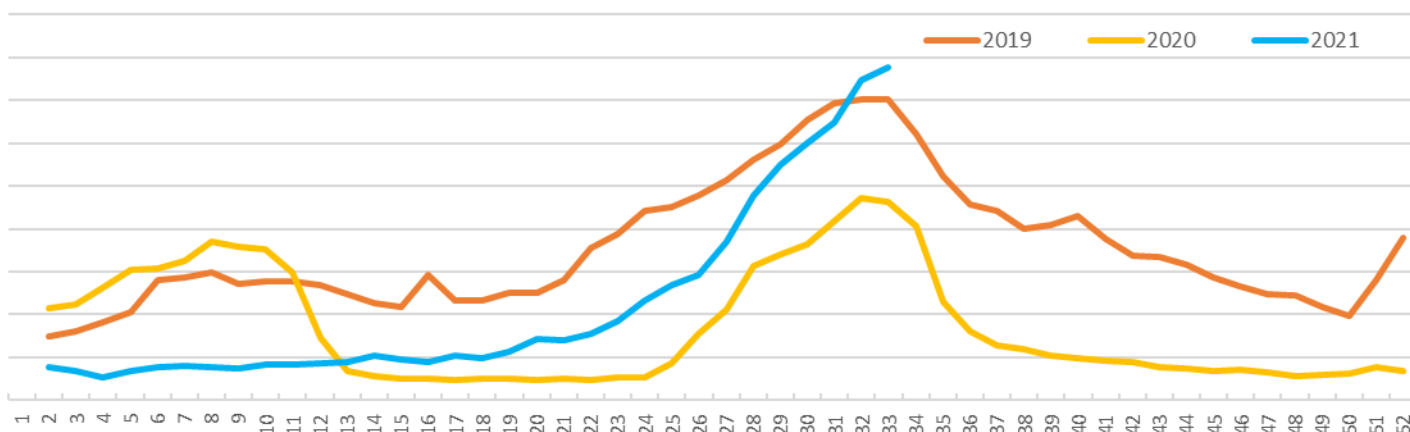


Data traffic on the mobile network continues to increase

Data traffic on the mobile network



Data traffic - Foreign roaming users

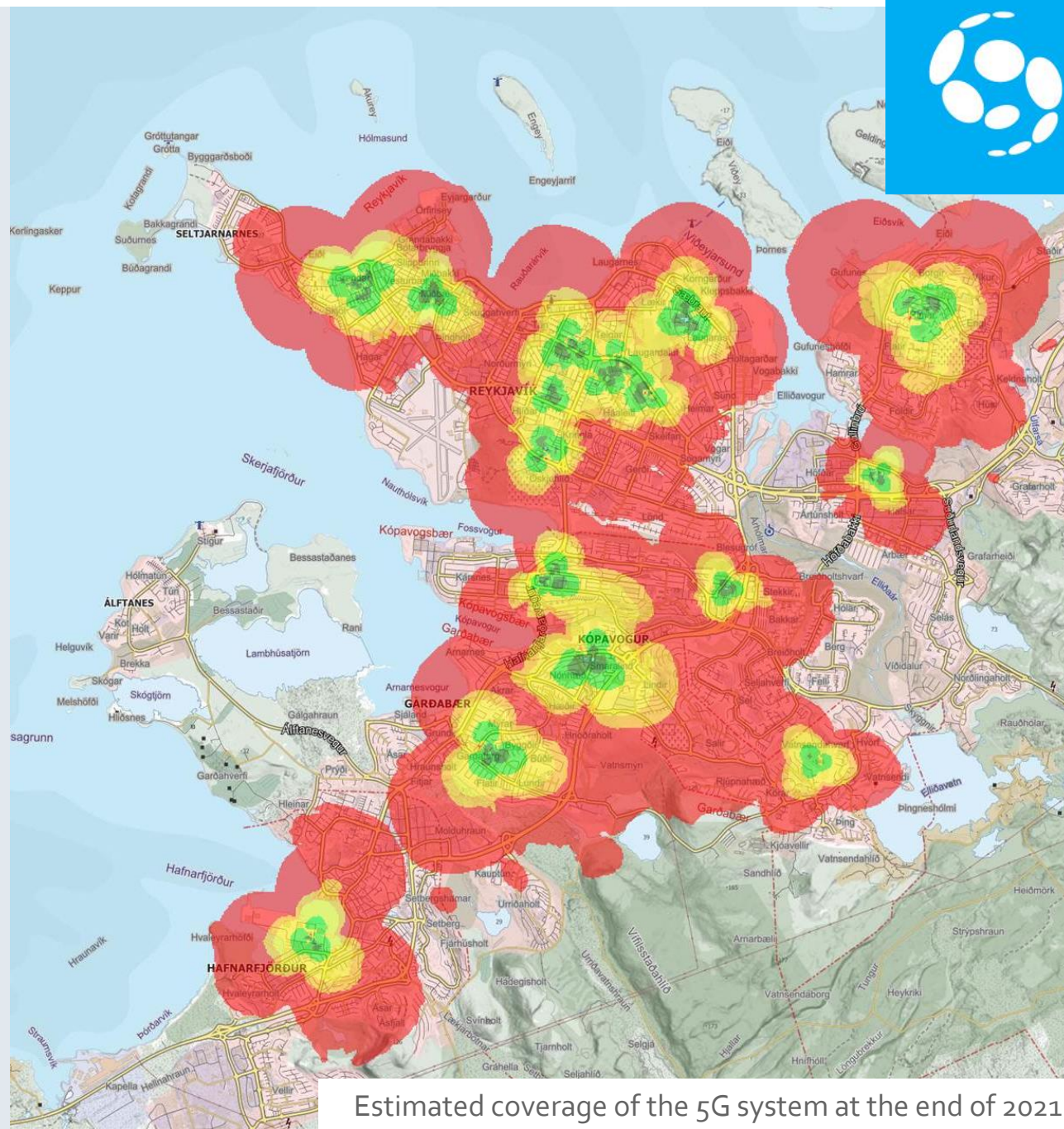


Data traffic increases

- Mobile data traffic continues to increase
 - 35% growth in data usage from last year
 - With 5G, data traffic is expected to increase even faster.
 - Today, Síminn has over 550 4G transmitters that reach 99,9% of the population.
 - Transmitter capacity has been increased across the country to meet increased usage.
- Finally, growth in the roaming of foreign tourists at Síminn
 - Síminn's roaming of foreign tourists has picked up after a sharp slump since March 2020.
 - Data traffic over the past month is close to doubling compared to the same period last year and on a par with traffic in 2019. Roaming prices continue to decrease, i.e., increased use does not fully translate into increased revenue.
 - The traffic of foreign tourists was at an all-time low when the country was almost closed.

Míla

- The operation of mobile RAN and IP network has been transferred to Míla
 - Míla acquired the mobile RAN and IP network from Síminn at the beginning of the year.
 - The operation has been successful and according to plans.
- Development of the 5G system is proceeding according to plan
 - Already 12 transmitters have been installed in the capital area.
 - At the end of the year, at least 25% of Icelanders will be able to connect to Síminn's 5G system.
- Míla continues to install fiber optics
 - In May, 100,000 homes had access to Míla's fiber optics.
 - An innovation was launched in several selected urban areas, where the construction of fiber-optic cables for homes has begun with a payment of an initial fee.
 - More places will be added this autumn, and this will speed up the installation of fiber-optic cables in urban areas.
 - Míla completed the fiber-optic installation in rural Reykjavík, according to a tender.



Estimated coverage of the 5G system at the end of 2021

Míla

- New DWDM system
 - One of the most important pillars of the telecommunication in the country.
 - Current system has served the country for over 10 years.
 - Half of the system will be renewed this year and the other half next year.
 - Following the upgrade, domestic transmission capacity and flexibility will increase significantly. Among other things it will support the installation of fiber-optic cables in rural areas and the development of 5G all around the country.
 - Also in the quarter, a new 200Gb/s trunk connection was set up through the highlands on a new highland route. This increases the operational security of telecommunications nationwide.
- Eruption in Reykjanes
 - Míla has closely followed the development of the eruption in Reykjanes.
 - Lava flowed over the main fiber-optic cable at Náttagi and all telecommunications were connected to a new cable that lies along Suðurstrandarvegur without any abnormal disruption to telecommunications.
 - It is clear from experience that the infrastructure underground is destroyed if lava flows over it.
 - A response and plan for further changes due to lava flow in the area is available and will be activated if necessary.





Míla

Strategy for the future

- Míla's future possibilities as an independent company are still being examined, under the guidance of Lazard and Íslandsbanki.
- As announced last April, changes in ownership of the company are possible, but nothing has been decided yet.
- Foreign and domestic investment funds have shown interest in the company. Next steps are discussions with some of them.
- The winter will be used to complete the strategy for the company.



Outlook for 2021



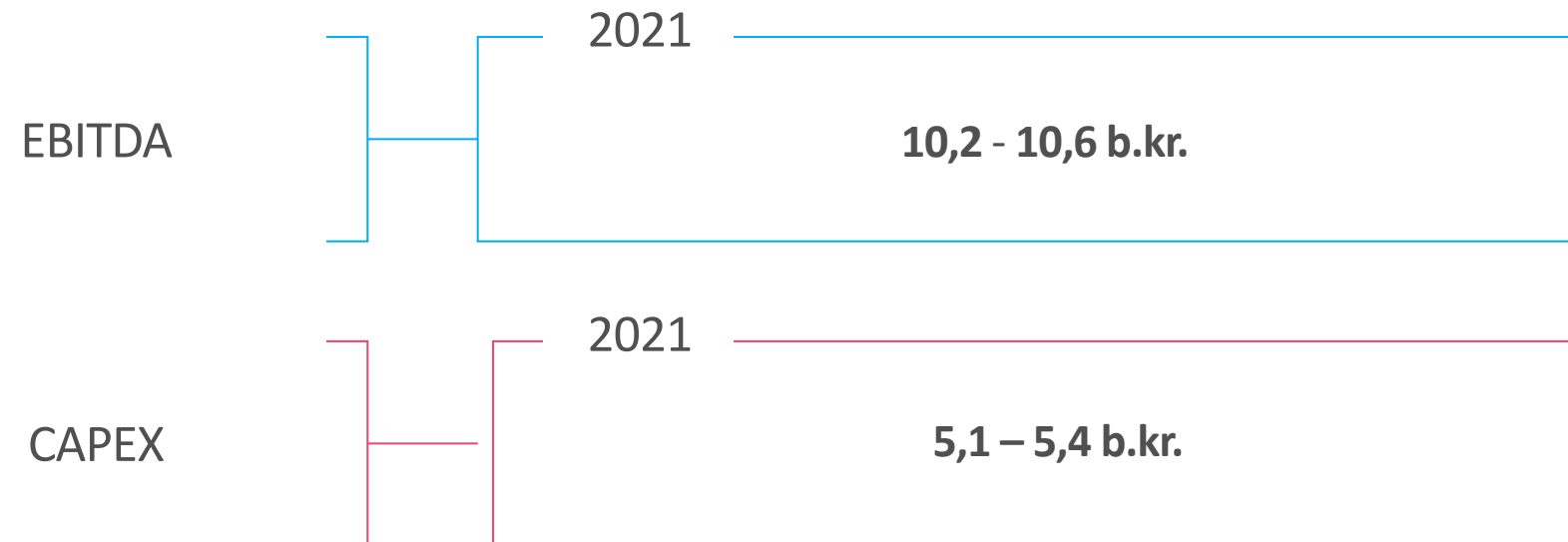
Outlook 2021

Outlook in line with previous expectations

- Operations for the first 6M 2021 are in line with expectations and the outlook is for EBITDA to be within the forecast range announced in February.
- Síminn's core products are doing well, and the outlook is good going forward.
- The autumn is the time of year when the market is most receptive to Síminn's products. The intention is to make good use of this time to generate new income.
- Innovations in television services, sale of services over GR's networks and three more years with the English Premier League form a good basis for the autumn's sales activities.
- Cost is well managed – Exchange rate stability is important.
- Refinancing strengthens the liquidity position and improves the capital structure of the group and subsidiaries.
- Profitable new investment projects in internal systems are under consideration, which could in some cases be implemented this year.



Guidance for 2021



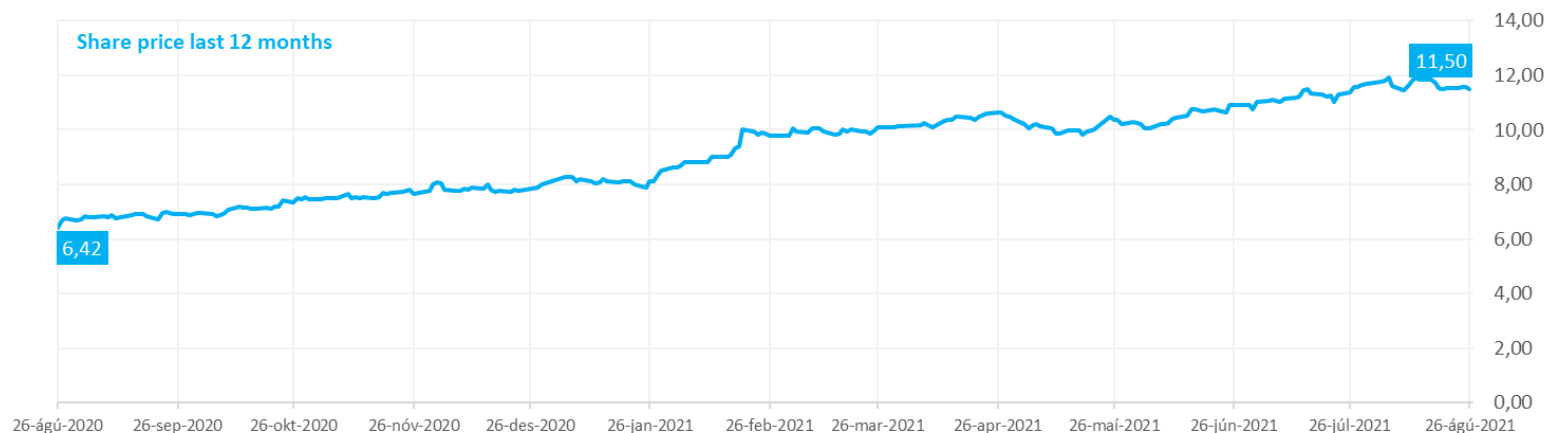
Consolidated EBITDA excl. Sensa and 200 m.kr. fine was 10.156 m.kr. in 2020
Consolidated CAPEX excl. Sensa was 5.643 m.kr. in 2020



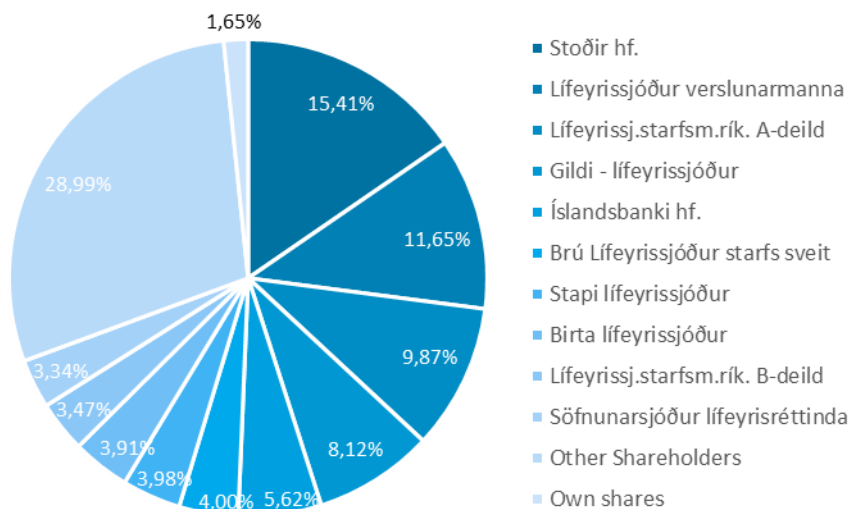
Shareholders



Shareholders



Shareholders 26.8.2021	Position	% O/S
Stoðir hf.	1.162.220.631	15,41%
Lífeyrissjóður verslunarmanna	878.257.927	11,65%
Lífeyrissj.starfsm.rík. A-deild	744.000.000	9,87%
Gildi - lífeyrissjóður	612.192.195	8,12%
Íslandsbanki hf.	423.698.947	5,62%
Brú Lífeyrissjóður starfs sveit	301.648.466	4,00%
Stapi lífeyrissjóður	300.051.432	3,98%
Birta lífeyrissjóður	294.547.263	3,91%
Lífeyrissj.starfsm.rík. B-deild	261.618.000	3,47%
Söfnunarsjóður lífeyrisréttinda	251.575.320	3,34%
Top 10 shareholders	5.229.810.181	69,36%
Other Shareholders	2.186.087.889	28,99%
Shares outstanding	7.415.898.070	98,35%
Own shares	124.101.930	1,65%
Total number of shares	7.540.000.000	100%



Shareholders

- Dividend amounting to 500 m.kr. paid in April based on the approval of the AGM
- Share capital was reduced by 316 m.kr. nominal
- Share capital was reduced by 894 m.kr. nominal with an 8 b.kr. payment to shareholders.
- AGM in March approved share buyback for up to 10% of issued shares, up to 754 m.kr. nominal
 - The Board has agreed to purchase up to 2 b.kr. with share buyback.
 - The buyback program began at the beginning of May and just over 1 b.kr. has already been purchased.
- Síminn's share price has increased by 43% since the beginning of 2021.



Appendix



Business segments

- **Mobile:** Revenue from mobile services in Iceland and abroad, whether traditional GSM service, satellite service or other mobile service.
- **Fixed voice:** Revenue from fixed voice service (fees and traffic).
- **Internet & network:** Revenue from data service, incl. xDSL service, GPON, Internet, IP net, core network, local loop and access network.
- **TV:** Revenue from TV broadcast and distribution and Síminn TV (fees, traffic and advertisement).
- **Equipment sales:** Revenue from sale of telco equipment.
- **Other revenue:** Revenue from i.e. sold telco service, IT and hosting.



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