



# Investor Presentation Q1 2024

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23 April 2024



**Operation**

# Income statement

Income statement	Q1			
	2024	2023	Change	%
Net sales	6.575	6.298	277	4,4%
Cost of sales	( 4.180)	( 4.155)	( 25)	0,6%
Operating expenses	( 1.964)	( 1.825)	( 139)	7,6%
EBIT	431	318	113	35,5%
Net financial items	( 195)	( 1)	( 194)	-
Income tax	( 65)	( 71)	6	-8,5%
Net profit	171	246	( 75)	-30,5%
EBITDA	1.435	1.315	120	9,1%
EPS	0,07	0,07	-	0,0%

## EBITDA increase of just over 9% between years and EBIT increase of just under 36%

- TV revenue increases by more than 9%
  - Revenue from Síminn Premium increased by 13%
  - Advertising revenue increases by more than 7%
- Mobile revenues increase by almost 8%
  - Roaming revenue up by almost 8%
  - Significant increase in the number of mobile customers
- Internet and network revenue increases by 5%

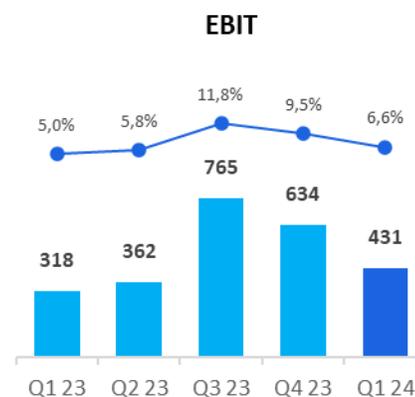
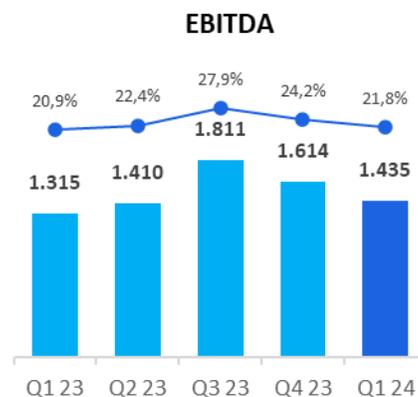
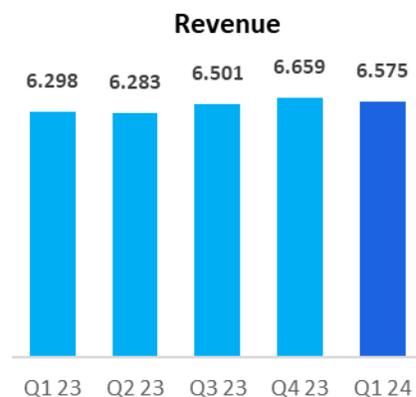
## Total costs increase by almost 3%, mainly due to an increase in cost from infrastructure suppliers and an increase in salaries

## Profit decreased by ISK 75 million between years

- Síminn had almost ISK 100 million in interest income in Q1 2023 from the proceeds of the sale of a bond related to the sale of Míla

## The Completion date for the acquisition of three companies in the advertising market (Billboard) was 27 March

- The acquisition affects the balance sheet but not operations in Q1 2024



# Revenue by segment

Segments	Q1			
	2024	2023	Change	%
Mobile	1.628	1.513	115	7,6%
Internet & network	2.064	1.966	98	5,0%
TV	2.009	1.838	171	9,3%
Equipment sales	424	472	-48	-10,2%
Other revenue	450	509	-59	-11,6%
<b>Total revenue</b>	<b>6.575</b>	<b>6.298</b>	<b>277</b>	<b>4,4%</b>

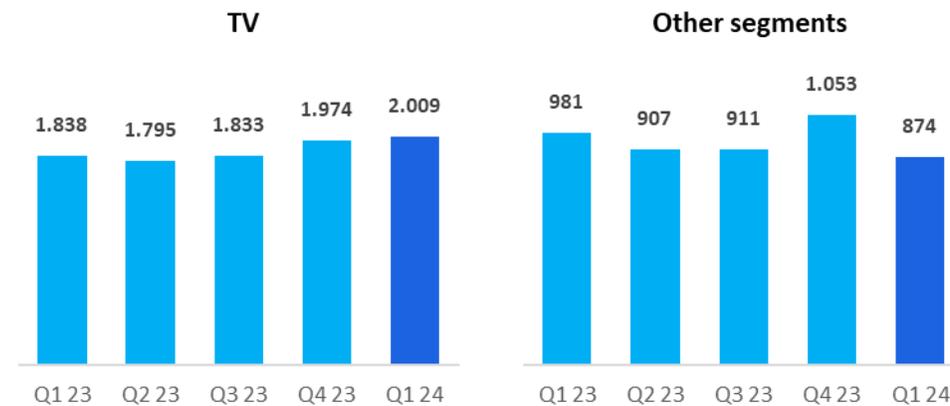
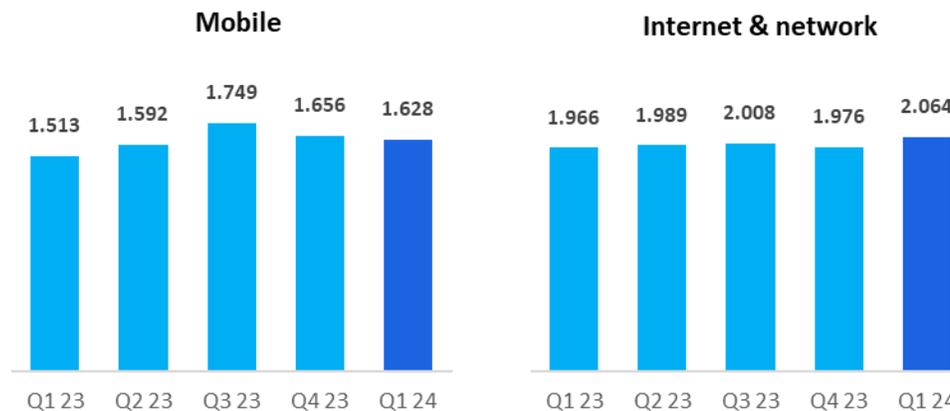
**Mobile:** Revenues from mobile services in Iceland and abroad, whether conventional GSM services, satellite services or other mobile services.

**Internet & network:** Revenue from data services, including xDSL services, GPON, Internet, IP networks, local loops and access networks.

**TV:** Distribution of TV, subscriptions, fees and advertising on Síminn TV.

**Equipment sales:** Revenue from sale of telco equipment and accessories.

**Other:** Revenue related to telecommunications, information technology and finance. From 2024, fixed line services for businesses and individuals are also included, and comparative figures are updated accordingly.





## Strong start to the year

The sales side of the business is performing well at the beginning of the year, but at the same time churn rates are higher than usual

- The reason for this is, among other things, that there were lot of entry offers in the market

In total there isn't much of a change in the number of customers in Q1, but that quarter is historically the weakest

Síminn significantly changed the composition of products in the residential market last year

Severance agreements in Q1 2024 have effect on increase in labor costs during the quarter

The outcome of the collective bargaining agreement was in line with assumptions Síminn budgeted for this year

Other costs items are expected to be in line with budget for the year

Much work has been done on improving service processes and the customer experience at Síminn

As usually, quality content will be offered on Síminn TV

Síminn is therefore optimistic that revenue development for the year will be favorable and expectations for earnings growth for the year will be met





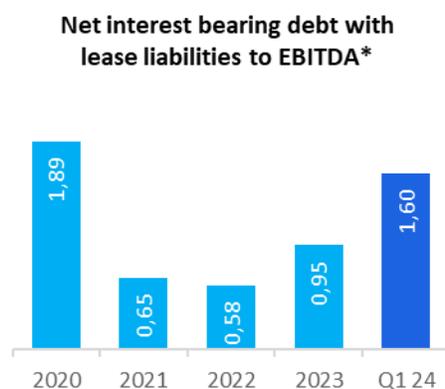
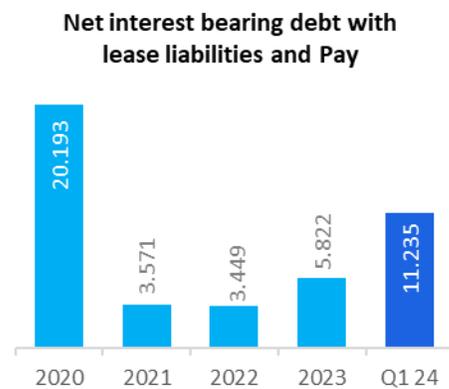
# **Balance sheet and cash flows**



# Balance sheet

Assets	31.03.2024	31.12.2023
Property, plant and equipment.....	3.444	2.552
Right-of-use assets.....	1.563	732
Intangible assets.....	25.180	21.047
Other non-current assets.....	407	431
<b>Non-current assets</b>	<b>30.594</b>	<b>24.762</b>
Inventories.....	1.304	1.257
Accounts receivables.....	2.509	2.279
Loans (Síminn Pay).....	2.801	2.715
Other current assets.....	1.489	966
Cash and cash equivalents.....	2.026	1.810
<b>Current assets</b>	<b>10.129</b>	<b>9.027</b>
<b>Total assets</b>	<b>40.723</b>	<b>33.789</b>

Equity and liabilities	31.03.2024	31.12.2023
Total equity.....	18.101	17.600
<b>Total equity</b>	<b>18.101</b>	<b>17.600</b>
Borrowings.....	11.650	7.470
Finance lease.....	1.163	503
Deferred tax liabilities.....	292	232
<b>Non-current liabilities</b>	<b>13.105</b>	<b>8.205</b>
Bank loans.....	2.488	2.281
Accounts payables.....	3.829	4.261
Current maturities of borrowings.....	909	276
Other current liabilities.....	2.291	1.166
<b>Current liabilities</b>	<b>9.517</b>	<b>7.984</b>
<b>Total equity and liabilities</b>	<b>40.723</b>	<b>33.789</b>



Net interest-bearing debt takes into account loans from Síminn Pay. Net interest-bearing debt/EBITDA for Q1 2024 includes Billboard's EBITDA.  
 \*Without competition fine paid in 2020 and refunded in 2022.

# Cash flow

Cash Flow	Q1 2024	Q1 2023
<b>Cash flow from operating activities</b>		
Operating profit .....	431	318
Operational items not affecting cash flow:		
Depreciation.....	1.004	997
Items not affecting cash flow.....	21	0
	<u>1.456</u>	<u>1.315</u>
Changes in current assets and liabilities.....	( 177)	( 145)
Cash generated by operation	1.279	1.170
Net interest expenses paid during the period.....	( 68)	118
Payments of taxes during the period.....	( 90)	( 158)
Net cash from operating activities	<u>1.121</u>	<u>1.130</u>
<b>Investing activities</b>		
Net investment in property, plant and equipments.....	( 1.292)	( 1.616)
Consumer Loans Síminn Pay.....	( 119)	( 266)
Acquisition of subsidiary, net of cash acquired.....	( 3.732)	0
Sale of bond.....	0	15.685
Investing activities	<u>( 5.143)</u>	<u>13.803</u>
<b>Financing activities</b>		
Dividend paid.....	0	( 499)
Purchase of own shares.....	( 191)	( 643)
Share capital reduction.....	0	( 15.580)
Payment of long term lease.....	( 69)	( 63)
Net Financing activities.....	<u>4.500</u>	<u>0</u>
Financing activities	4.240	( 16.785)
Changes in cash and cash equivalents .....	218	( 1.852)
Translation effects on cash.....	( 2)	( 37)
Cash and cash equivalents at the beginning of the year.....	1.810	3.721
Cash and cash equivalents at the end of the period.....	<u>2.026</u>	<u>1.832</u>

**Síminn's acquisition of 3 companies in the advertising market has a significant impact on the Balance sheet:**

- Fixed assets increase by ISK 848 million
- Lease assets increase by ISK 887 million
- Current assets increase by ISK 309 million
- Goodwill increase by ISK 4,406 million
- Total liabilities increase by ISK 1,565 million

**To finance the acquisition, Síminn drew ISK 3 billion on a credit line of company has had undrawn since 2021. In addition, own shares for ISK 1 billion and the remainder was paid in cash**

**An expansion of Síminn's bond issue was done in Q1. The bond is due on June 30, 2026**

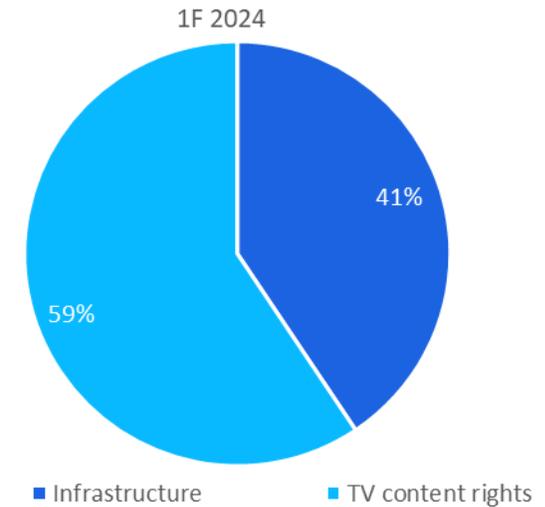
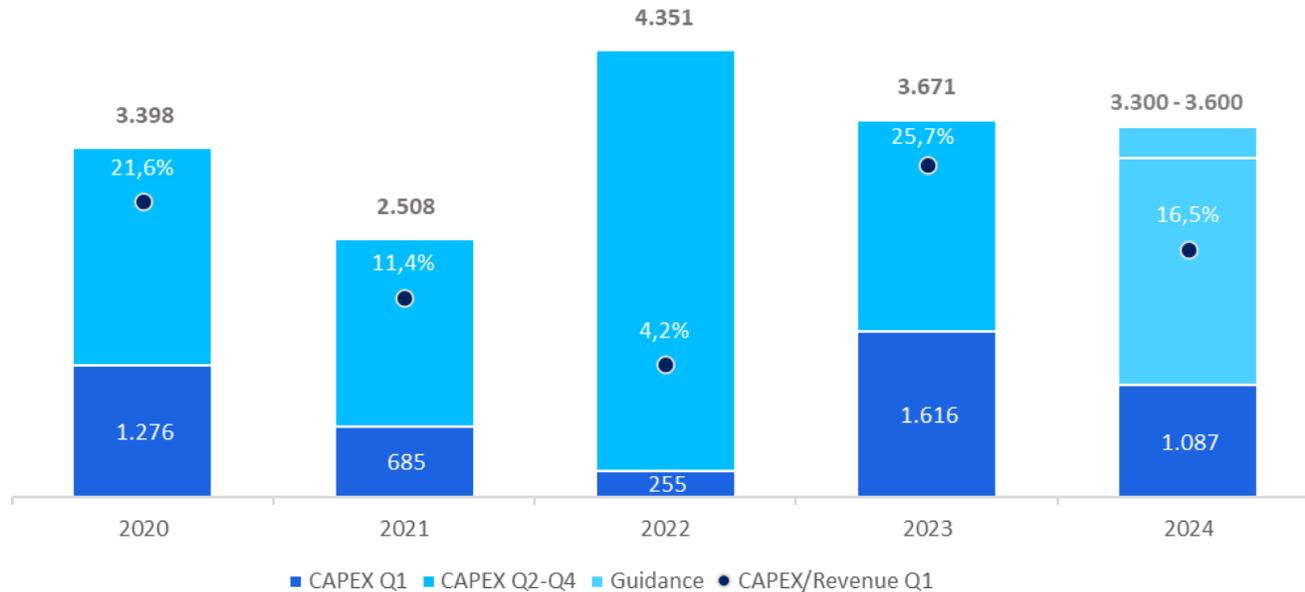
- **The interest rate of the bond is 1M REIBOR + 1.3% margin and is paid monthly**
- **The increase of the issue amounted to ISK 1.5 billion and the total size is now ISK 3 billion**

**Síminn's stock exchange issuance frame is in total ISK 6 billion of which ISK 5.4 billion have been utilized**



**CAPEX**

# CAPEX



## Investment in content and broadcasting rights represents approximately 60% of total investment in Q1 2024

- The last payment for broadcasting rights to English the Premier League, for the contract period that began in 2022, was in the first quarter of the year
- Investment in content was according to a contract with HBO

The development and maintenance of technical infrastructure consists of upgrading digital service infrastructure, upgrading mobile core applications and strengthening of TV infrastructure



# Highlights





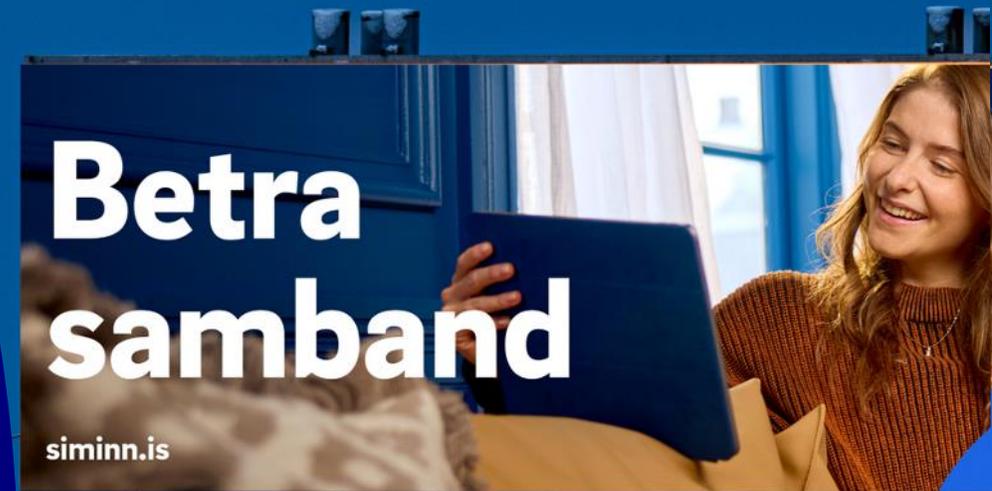
## Billboard a part of the group

In January, Síminn signed a purchase agreement to acquire all shares in three companies in the advertising market

On 15 March, the Competition Authority informed Síminn that the agency had concluded an investigation into the acquisition and did not consider that further investigation or intervention in the case was warranted

On the completion date, 27 March, Síminn received the share capital of the companies and paid the largest part of the purchase price, ISK 3,714 billion in cash and 101.153.146 shares in Síminn

Final settlement shall take place no later than 6 months from the date of completion when a final adjustment of the purchase price taking into account the balance of net interest-bearing liabilities and current assets as of the completion date has taken place





# Billboard

Billboard started in July 2016

There are currently 27 employees

The company Dengsi ehf. was acquired in 2017

An agreement with the City of Reykjavík on the operation of bus stops was done in 2018

Billboard is largely two types of media:

- A total of 41 large landscape screens
- A total of 540 screens in 270 bus stops

The company has a total of 300 locations



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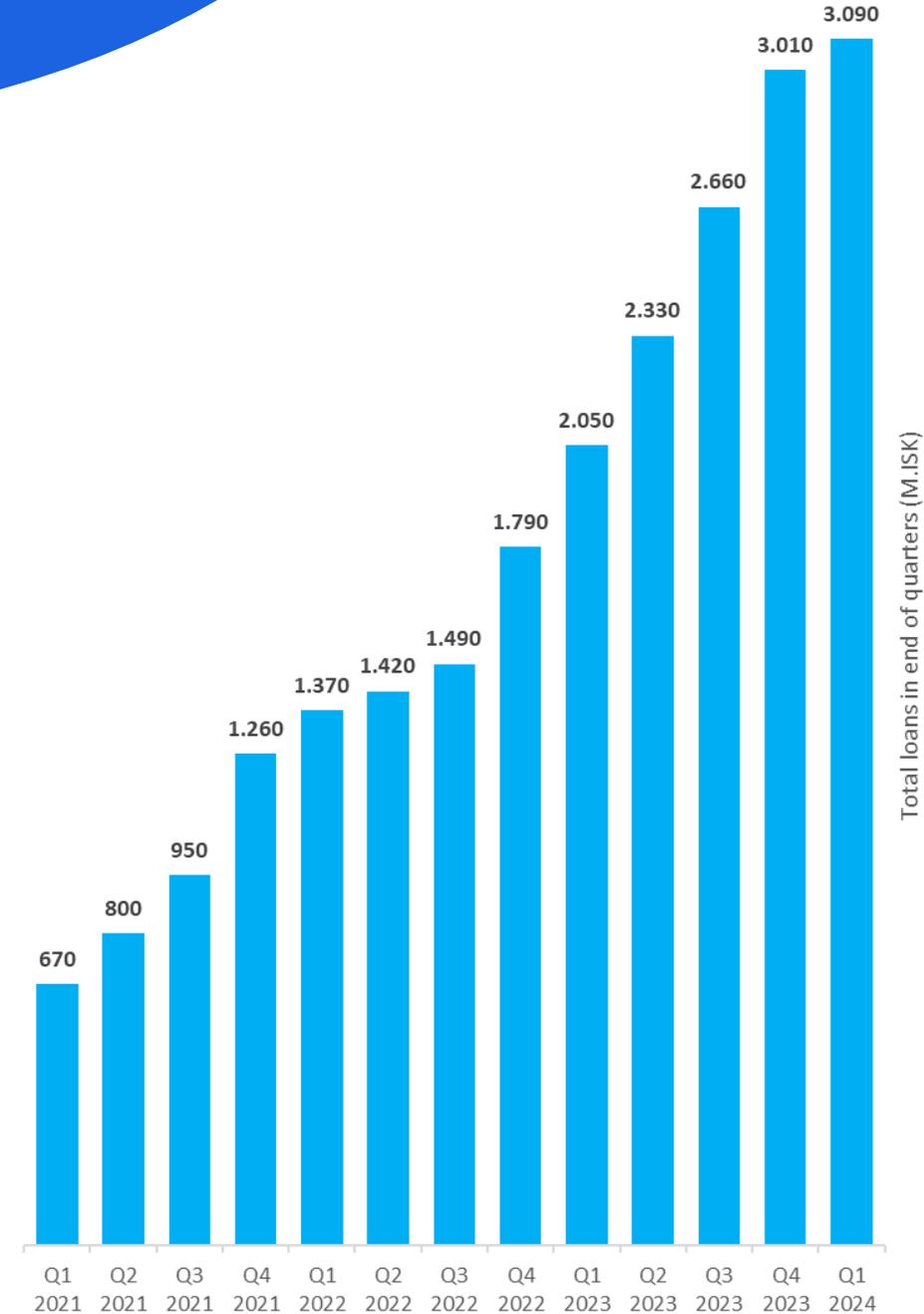


# Síminn Pay's lending slows down in first quarter

Lending increase in Q1 2024 amounts to ISK 85 million.

- Léttkaup (consumer loans) continue to contract, declining by 14% since the beginning of the year
- Léttkort (credit card) lending increased by 11% since the beginning of the year

Total number of Léttkort cards is currently 8,500

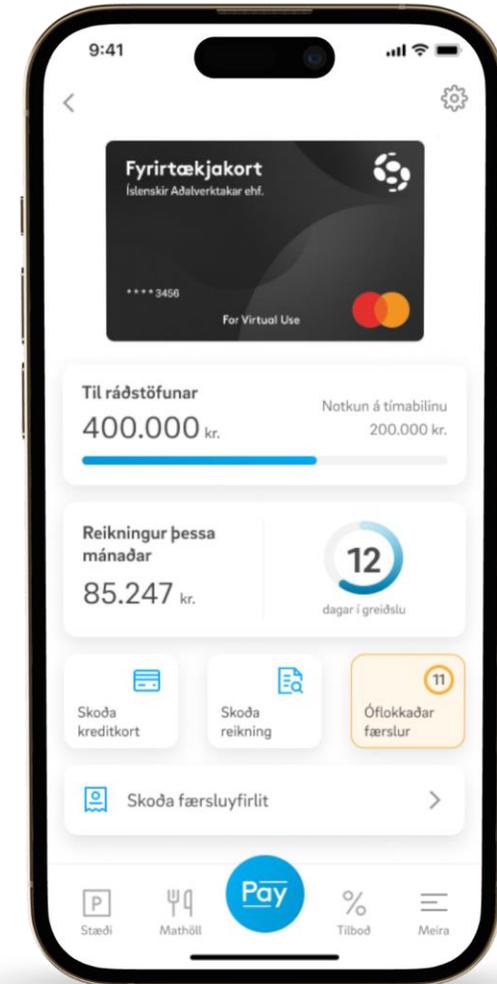




# Development of Fin-tech solutions continues

Great opportunities for growth in the corporate market, as the development of Fin-tech solutions in Iceland so far has mainly focused on the residential market

- More than 40 companies and organizations have adopted **Electronic orders**, and have more than ISK 3 billion passed through the system in the last 12 months
- Síminn Pay's **Corporate card** is being tested with selected parties, and reception of the system has exceeded our expectations.
  - It will be open for public use in the next few weeks.
- Both **Electronic Orders** and the **Corporate Card** involve a revolution in the way companies manage employee withdrawals, e.g. such as overview, security and control





# Síminn TV, 5G rollout and WiFi 7

Three domestic series premiered in the quarter

- Síminn will show six of the eleven domestic series that will be shown during the year

Live broadcasts from matches between the under 19, under 20 and under 21 national teams in collaboration with The Icelandic Football Association, as well as live broadcasts from the junior cup finals and friendly matches between the men's national team in collaboration with the Icelandic Handball Association

Continued upgrade of 4G sites across the country that will increase performance and coverage, along with a number of new 5G sites in urban areas

Síminn is the first Icelandic telecom operator to offer WiFi 7 routers that ensure increased speeds, lower response times and support an increased number of devices

Barnaheill and Síminn launched a campaign that encourages responsible mobile phone use and phone-free family time together





# Shareholders



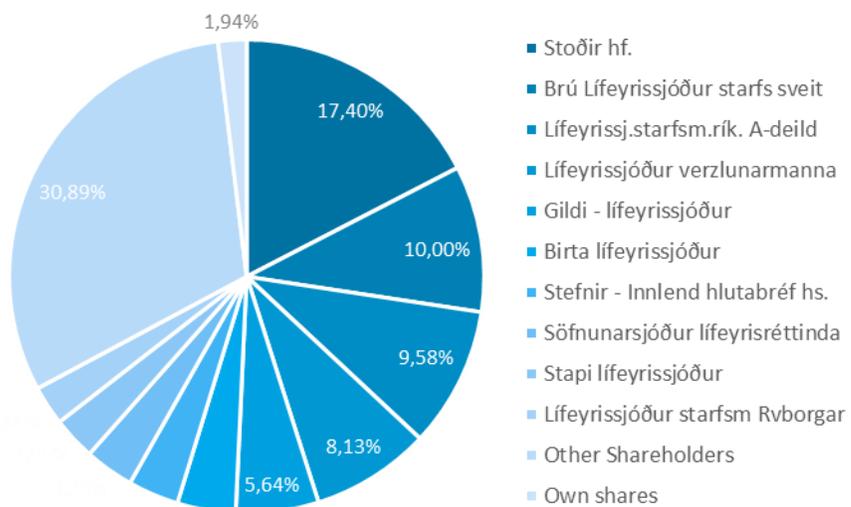
# Shareholders



## Shareholders

- 500 m.kr was paid in dividend on 5 April 2024
- Share capital was reduced on 27 March 2024 by 125.000.000. own shares, with a share capital of 2.650.000.000
- Síminn paid part of Billboard's purchase price with own shares in Síminn, or a total of 101.153.146 shares.
- Own shares are 51.345.854 shares, which is just under 2% of issued share capital.
- There were 1.000 shareholders at the end of Q1 2024
- Síminn's shares have risen by 1,5% since the beginning of the year

Shareholders 17.4.2024	Position	% O/S
Stoðir hf.	461.194.170	17,40%
Brú Lífeyrissjóður starfs sveit	264.877.095	10,00%
Lífeyrissj.starfsm.rík. A-deild	253.771.439	9,58%
Lífeyrissjóður verzlunarmanna	215.422.187	8,13%
Gildi - lífeyrissjóður	149.446.085	5,64%
Birta lífeyrissjóður	105.467.528	3,98%
Stefnir - Innland hlutabréf hs.	91.625.521	3,46%
Söfnunarsjóður lífeyrisréttinda	88.830.504	3,35%
Stapi lífeyrissjóður	78.151.623	2,95%
Lífeyrissjóður starfsm Rvborgar	71.407.033	2,69%
<b>Top 10 shareholders</b>	<b>1.780.193.185</b>	<b>67,18%</b>
Other Shareholders	818.460.961	30,89%
<b>Shares outstanding</b>	<b>2.598.654.146</b>	<b>98,06%</b>
Own shares	51.345.854	1,94%
<b>Total number of shares</b>	<b>2.650.000.000</b>	<b>100,00%</b>





# Outlook for 2024

# Outlook for 2024

The earnings forecast is updated and now takes into account that Billboard is part of the Síminn group from of 31 March

- Billboard's revenue is around ISK 1,400 million on an annual basis and EBITDA around ISK 800 million

The EBITDA forecast for the year is increased by ISK 600 million related to the acquisition of Billboard

CAPEX is raised by ISK 100 million related to the acquisition of Billboard

EBITDA	ISK 7.0 – 7.3 billion
EBIT	ISK 2.7 – 3.0 billion
CAPEX	ISK 3.3 – 3.6 billion*



# Appendix

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