

sýn



vísir



SPORT

BYLGJAN
989





Key Financial Results Q3 2019

Revenue

4,878 m IKR

EBITDA

1,623 m IKR

Earnings

71 m IKR loss

Equity Ratio

36.3%

Key factors affecting Q3 & 9M 2019



- The merger of P/F Hey, Sýn's subsidiary in the Faroe Islands and Nema, a subsidiary of Tjaldur, was finalized in Q1 2019. After the merger, Sýn owns 49,9% of the merged company which will be accounted for under the equity method from January 1st 2019.
- Broadcasting license rights are now accounted for as intangible assets instead of inventories, comparative figures 2018 have been restated accordingly.
- New accounting standard IFRS 16 was implemented on January 1, 2019. Comparative figures for 2018 are not restated.
- Favourable exchange rate developments in Q3 2019 amounted to ISK 66 million compared to the same period last year.
- Estimated effects of collective agreements amount to ISK 115 million in 2019.
- The impact of one-off items on the first 9 months amounted to ISK 358 million.

Income Statement Q3 Highlights



ISK m	Q3 2019	Q3 2018	Change	% change
Revenue	4,878	5,143	-265	-5%
Cost of Sales	-3,133	-3,112	-21	1%
Gross Profit	1,745	2,031	-286	-14%
Operating expense	-1,559	-1,557	-2	0%
EBITDA*	1,623	1,785	-162	-9%
EBIT	186	474	-288	-61%
Net financial expense	-295	-210	-85	40%
Effect of associates	16	-2	18	
Income tax	22	-55	77	
Profit (Loss)**	-71	207	-278	-134%

<i>Gross Margin (%)</i>	<i>35.8%</i>	<i>39.5%</i>
<i>EBITDA %</i>	<i>33.3%</i>	<i>34.7%</i>
<i>EBIT %</i>	<i>3.8%</i>	<i>9.2%</i>

Impact of IFRS 16 on P/L	Q3 2019
Cost of sales	80
Operating expense	79
EBITDA	159
Net financial expense	-48
Depreciation	-118
IFRS 16 impact on earnings	-7

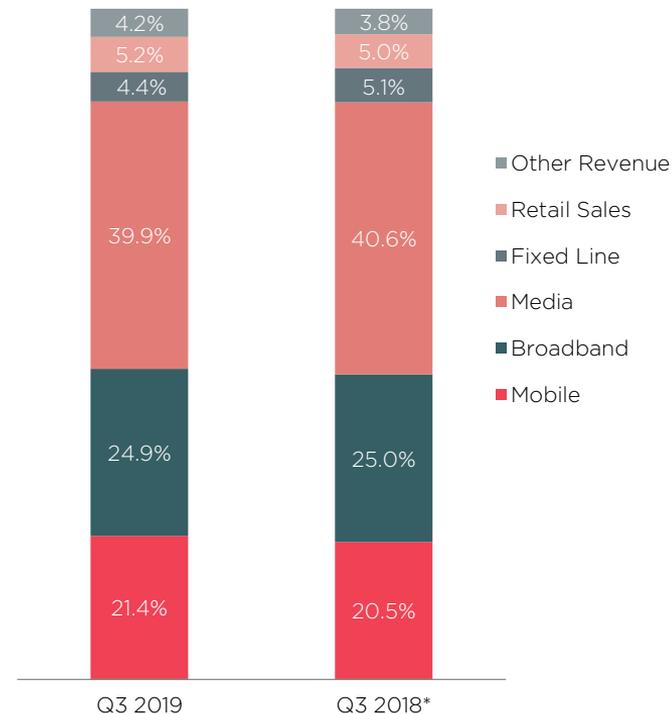
*EBITDA 2018 restated in relation to changes in the accounting treatment of broadcasting license rights.

** Profit 2018 for the period from continuing operations.

Revenue Q3



ISK m	Q3 2019	Q3 2018*	Chg.	% Chg.
Media	1,946	2,090	-144	-7%
Broadband	1,216	1,286	-70	-5%
Mobile	1,041	1,056	-15	-1%
Fixed Line	217	263	-46	-18%
Retail Sales	255	257	-2	-1%
Other Revenue	203	191	12	6%
Total Revenue	4,878	5,143	-265	-5%



*Updated comparative figures in relation to the sale of P/F Hey. Rental of internet routers has been moved from other revenue to broadband.

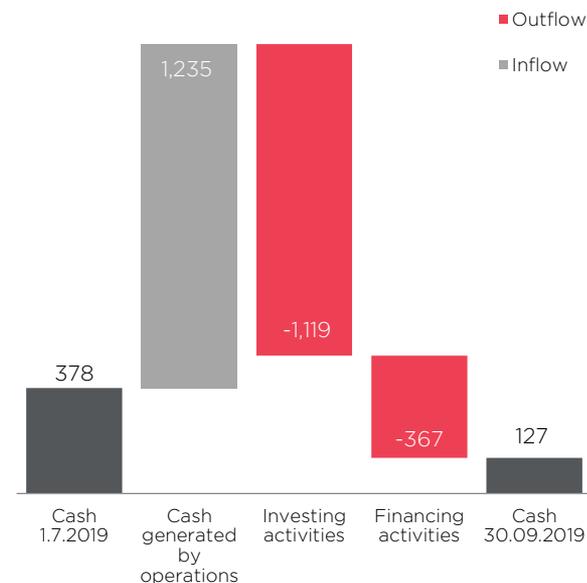
Cash Flow Q3 2019



ISK m	Q3 2019	Q3 2018	Change	% chg.
Cash generated by operations	1,235	1,185	50	4%
Investing activities	-1,119	-1,184	65	-5%
Financing activities	-367	-45	-322	716%
Change in cash	-251	-44	-207	470%
Effect of exchange rate	0	-1	1	-
Cash at beginning of period	378	351	27	8%
Cash classified as held for sale	0	-35	35	-
Cash at the end of period	127	271	-144	-53%
Cash generated by operations before interest and tax	1,544	1,335	209	16%
Investment activities*	-1,109	-1,176	67	-6%
Free Cash Flow	435	159	276	174%

* Excluding net investment in share in other companies

Q3 2019 Cash Flow





Key Financial Results 9M 2019

Revenue

14,876 m IKR

EBITDA

4,100 m IKR

Profit

384 m IKR

Equity Ratio

36.3%

Income Statement 9M Highlights



ISK m	9M 2019	9M 2018	Change	% change
Revenue	14,876	15,330	-454	-3%
Cost of Sales	-9,491	-9,275	-216	2%
Gross Profit	5,385	6,055	-670	-11%
Operating expense	-5,150	-5,188	38	-1%
EBITDA*	4,100	4,253	-153	-4%
EBIT	235	867	-632	-73%
Net financial expense	-810	-535	-275	51%
Effect of associates	844	-14	858	
Income tax	115	-69	184	
Profit**	384	249	135	54%

<i>Gross Margin (%)</i>	<i>36.2%</i>	<i>39.5%</i>
<i>EBITDA %</i>	<i>27.6%</i>	<i>27.7%</i>
<i>EBIT %</i>	<i>1.6%</i>	<i>5.7%</i>

Impact of IFRS 16 on P/L	9M 2019
Cost of sales	244
Operating expense	227
EBITDA	471
Net financial expense	-141
Depreciation	-360
IFRS 16 impact on earnings	-30

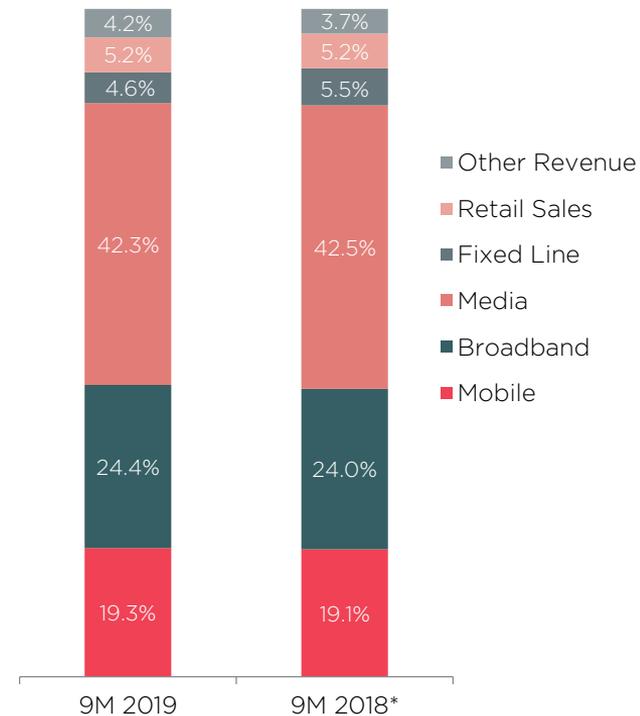
*EBITDA 2018 adjusted to changed classification of broadcasting rights

** Profit 2018 for the period from continuing operations

Revenue 9M



ISK m	9M 2019	9M 2018*	Chg.	% Chg.
Media	6,288	6,518	-230	-4%
Broadband	3,629	3,666	-37	-1%
GSM	2,877	2,935	-58	-2%
Fixed Line	687	850	-163	-19%
Retail Sales	780	796	-16	-2%
Other Revenue	615	565	50	9%
Total Revenue	14,876	15,330	-454	-3%



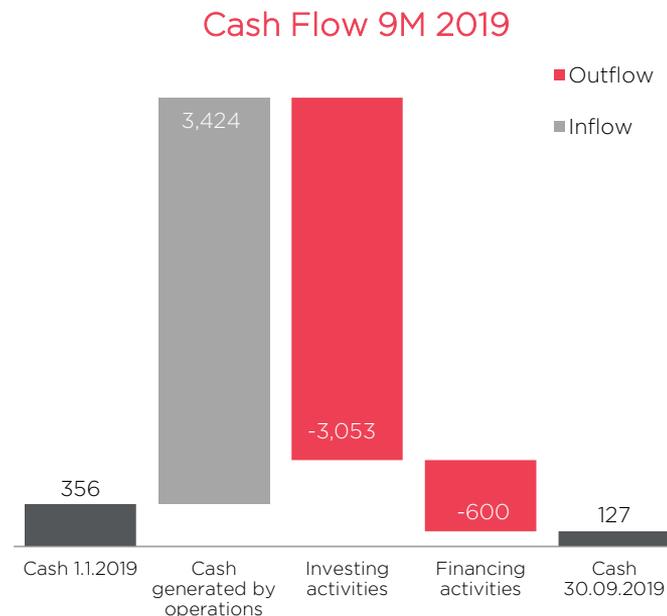
*Updated comparative figures for the sale of P/F Hey. Rental of internet routers has been moved from other revenue to broadband.

Cash Flow 9M 2019



ISK m	9M 2019	9M 2018	Change	% chg.
Cash generated by operations	3,424	3,331	93	3%
Investing activities	-3,053	-3,879	826	-21%
Financing activities	-600	526	-1,126	-214%
Change in cash	-229	-22	-207	941%
Effect of exchange rate	0	-1	1	-
Cash at beginning of period	356	329	27	8%
Cash classified as held for sale	0	-35	35	-
Cash at the end of period	127	271	-144	-53%
Cash generated by operations before interest and tax	4,163	3,823	340	9%
Investment activities*	-3,050	-3,846	796	-21%
Free Cash Flow	1,113	-23	1,136	-

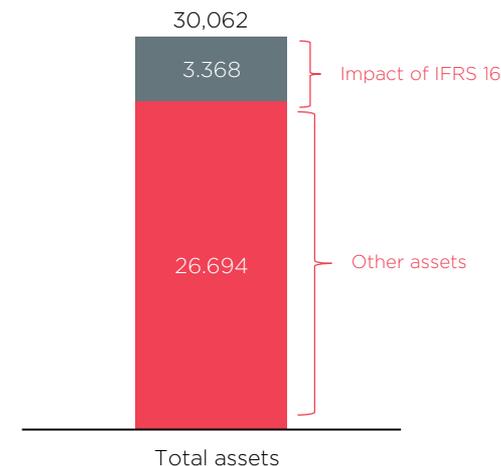
* Excluding net investment in share in other companies



Statement of Financial Position September 30th 2019

	30.09.19	31.12.18	Change	%
Property, plant and equipment	4,928	4,785	143	3%
Righ-of-use assets	3,296	0	3,296	-
Intangible assets	15,344	15,454	-110	-1%
Shares in other companies	1,269	48	1,221	2544%
Fixed assets	24,837	20,287	4,550	22%
Other current assets	5,098	5,312	-214	-4%
Cash and cash equivalents	127	356	-229	-64%
Assets classified as held for sale	0	1,056	-1,056	-
Current assets	5,225	6,724	-1,499	-22%
Total assets	30,062	27,011	3,051	11%

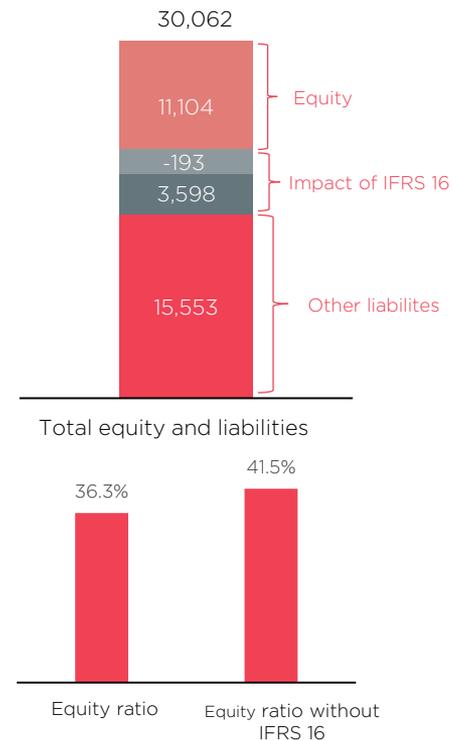
Impact of IFRS 16 on assets 30.09.19



Statement of Financial Position September 30th 2019

	30.09.19	31.12.18	Change	%
Equity	10,911	10,707	204	2%
Interest bearing debt	10,600	10,874	-274	-3%
Lease liabilities	3,168	0	3,168	-
Deferred tax liabilities	25	138	-113	-82%
Non-current liabilities	13,793	11,012	2,781	25%
Interest bearing debt	689	687	2	0%
Lease liabilities	430	0	430	-
Other current liabilities	4,239	4,167	72	2%
Liabilities related to assets classified held for sale	0	438	-438	-
Current liabilities	5,358	5,292	66	1%
Total equity and liabilities	30,062	27,011	3,051	11%
<i>Interest bearing debt</i>	<i>14,887</i>	<i>11,561</i>		
<i>Net interest bearing debt</i>	<i>14,760</i>	<i>11,205</i>		
<i>Equity ratio</i>	<i>36.3%</i>	<i>39.6%</i>		

Impact of IFRS 16 on equity and liabilities 30.09.19

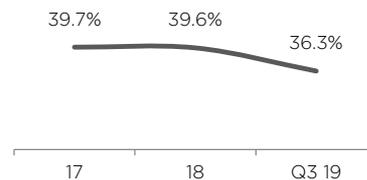


Figures are in ISK million

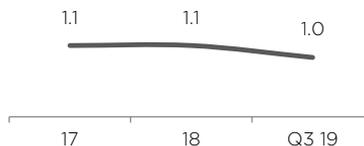
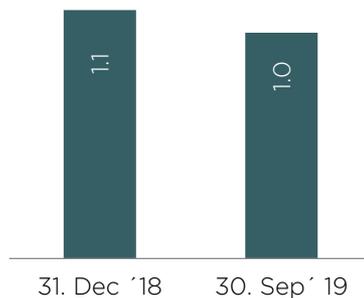
Statement of Financial Position - Key ratios



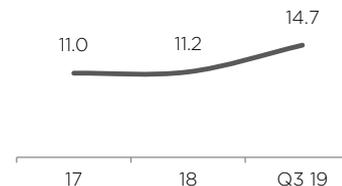
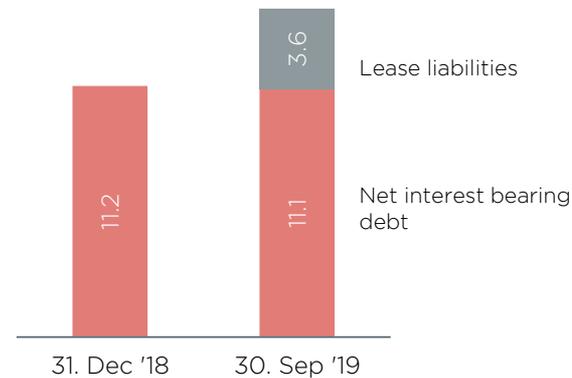
Equity Ratio



Current Ratio*

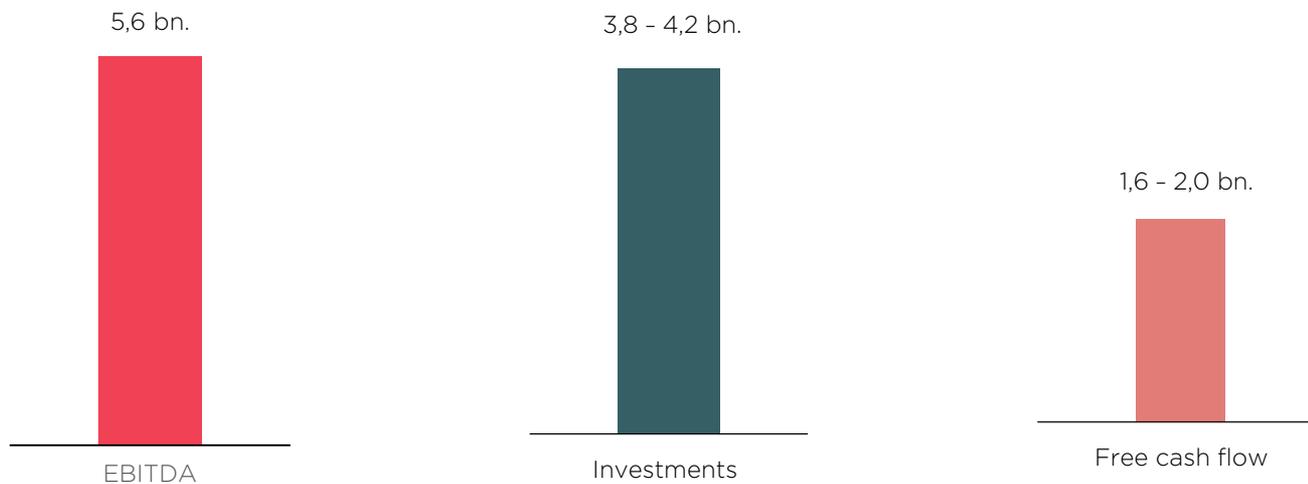


Net interest bearing debt



Updated comparative figures for the sale of P/F Hey

*Current ratio = current assets / current liabilities



A person is seen from behind, sitting at a desk in a control room. The desk is equipped with several computer monitors, a keyboard, and a telephone. The background wall is covered with a large array of smaller monitors, each displaying different types of media content, including news reports, sports, and social media feeds. The entire scene is overlaid with a semi-transparent red filter.

Media Statistics

SUNNUDAGA

LEITIN
AÐ UPPRUNANUM

Viewing statistics



Television – Stöð 2 statistics



Topplisti sjónvarps | V38-41 2019 | 12-54 ára áskrift ST2

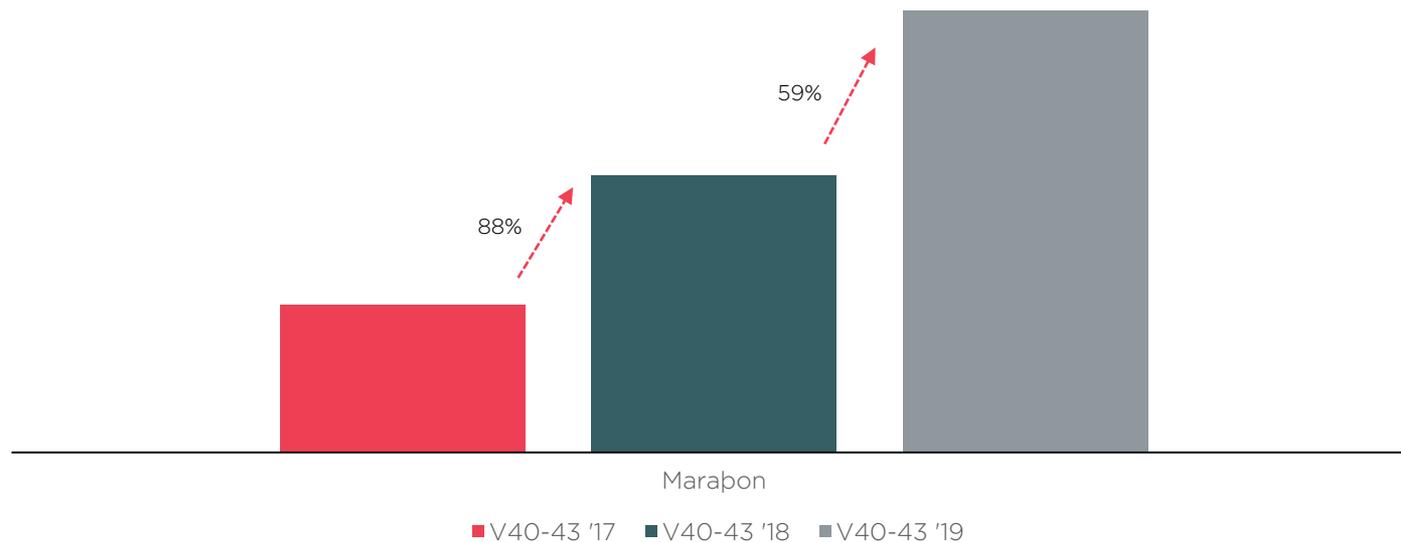
#	Stöð	Þáttur	Dags.	Rtg%
1	ST2	Gulli byggir	mán 23.9.2019	49,8
2	RÚV	Pabbahelgar	sun 13.10.2019	47,6
3	ST2	Leitin að upprunanum	sun 13.10.2019	38,6
4	ST2	Gulli byggir	mán 7.10.2019	36,2
5	ST2	Gulli byggir	mán 16.9.2019	35,8
6	ST2	Leitin að upprunanum	sun 6.10.2019	33,0
7	RÚV	Undankeppni EM karla: Ísland - Frakk	fös 11.10.2019	32,2
8	RÚV	Kveikur	þri 8.10.2019	31,6
9	ST2	Ísskápastríð	mið 9.10.2019	30,4
10	ST2	Föstudagskvöld með Gumma Ben	fös 4.10.2019	29,8
11	ST2	Gulli byggir	mán 30.9.2019	29,0
12	RÚV	Sporið	lau 5.10.2019	28,0
13	ST2	Ísskápastríð	mið 2.10.2019	27,0
14	ST2	Leitin að upprunanum	sun 29.9.2019	27,0
15	ST2	Grey's Anatomy	mið 9.10.2019	26,3
16	ST2	Ísskápastríð	mið 18.9.2019	25,8
17	RÚV	Landinn	sun 22.9.2019	25,3
18	ST2	Leitin að upprunanum	sun 22.9.2019	24,5
19	ST2	Framkoma	sun 22.9.2019	24,2
20	RÚV	Veröld sem var	sun 22.9.2019	24,0



Television – Rent per week in Marabon



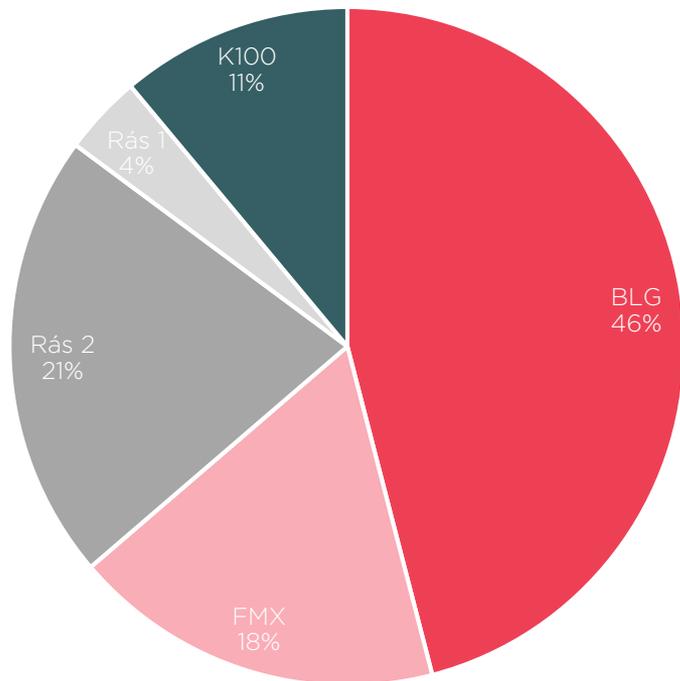
Rent in Marabon | Weeks 40-43 2017-2019



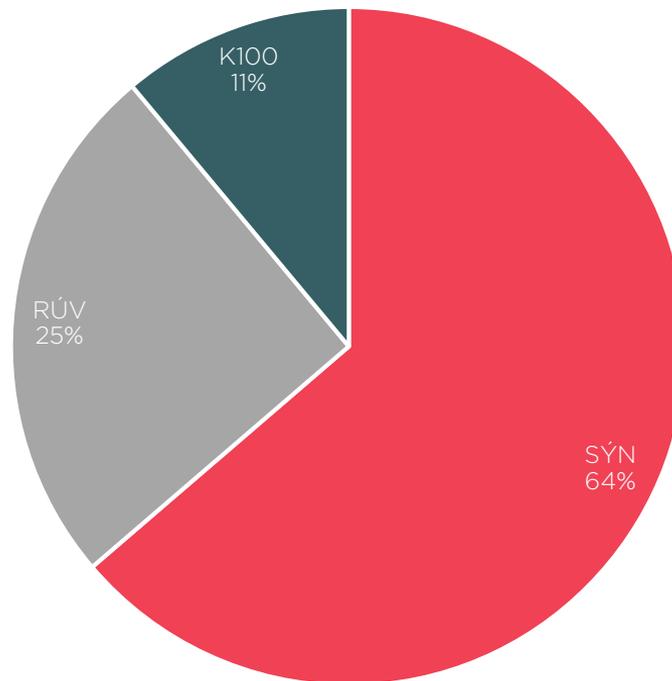
Radio – Share of radio listening



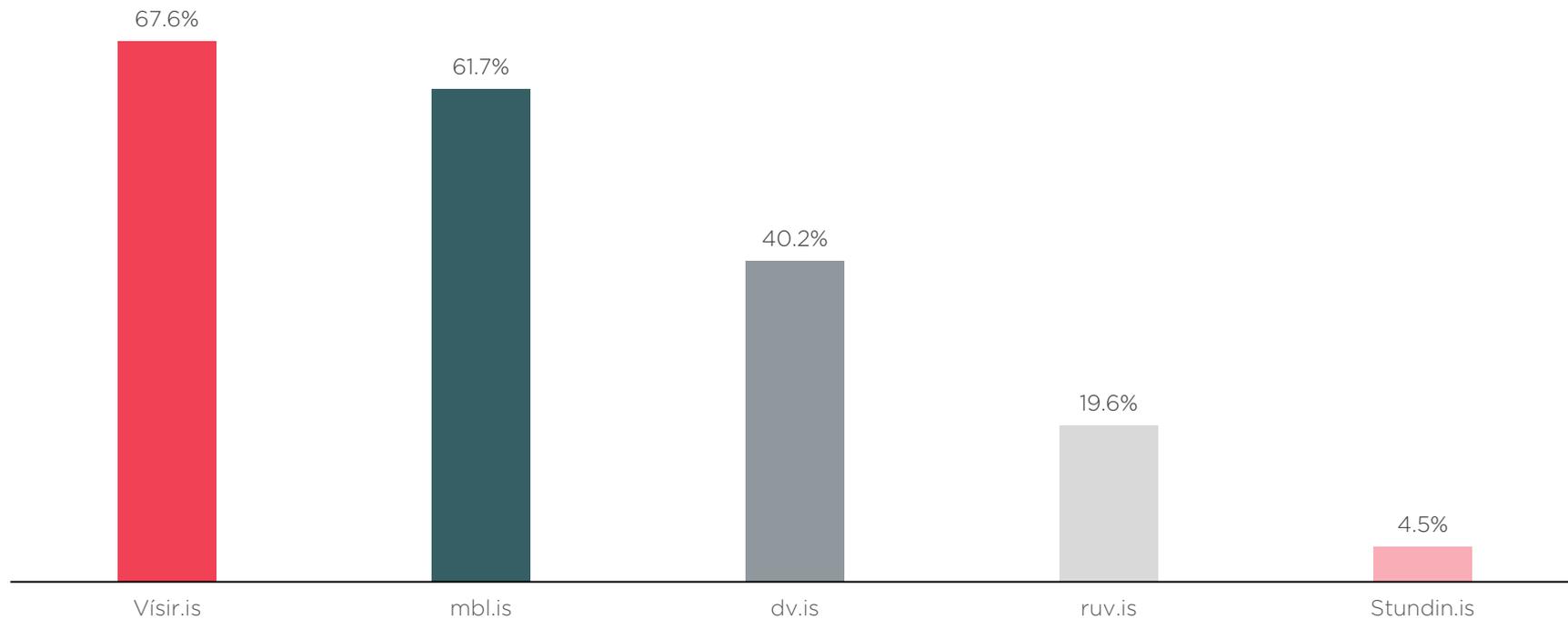
Individual radio stations

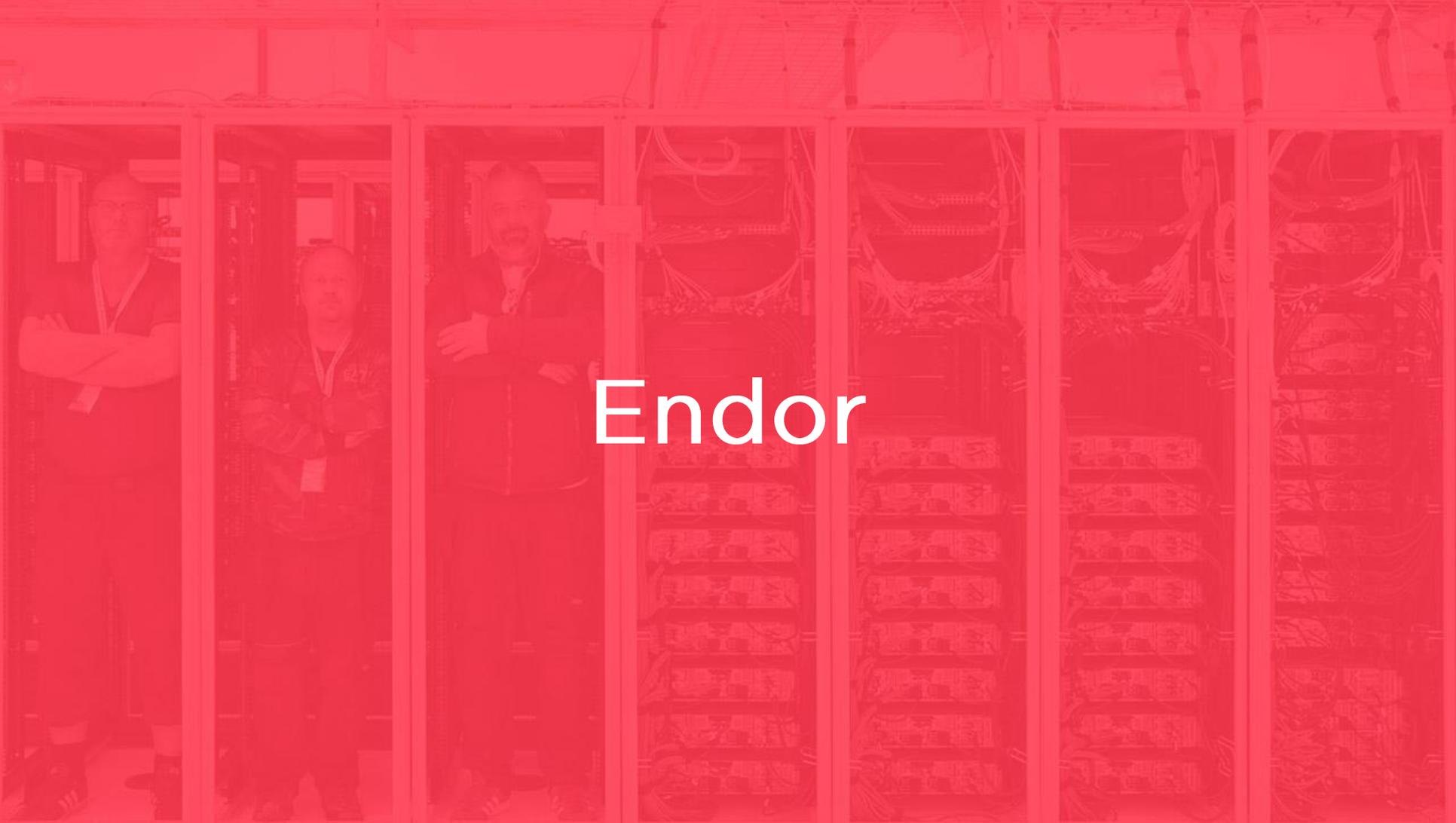


Media companies



News website– Daily coverage





Endor

Acquisition of Endor*



- Endor mixes traditional system operations and cloud services (HybridUT) and has created and advantage and specialized position in the ICT market for the past three years.
- The company 's strength lies in its experience and knowledge of the operation of high-performance computing (HPC) in international data centers.
- The company's provides strategic consulting and services on everything IT related, from tailored cloud solutions to infrastructure investments.
- Hewlet Packard Enterprise's Growth partner of the year 2017.
- Lenovo's partner of the year 2018.
- Certificate as on of Europe's 25 most promising cloud companies of 2018.



CIOApplications ^{EUROPE} TOP 25
CLOUD
SOLUTION PROVIDERS - 2018



Acquisition of Endor



- In 2018, Endor's total turnover amounted to ISK 1,482 million and EBITDA was ISK 57.3 million.
- The company's revenue has grown significantly in 2019.
- A strong 11-person team with a deep understanding and excellent technical knowledge of the market.
- Major contract with Atos a French multinational information technology company, which is valid until 2022.



Vision – Main focus on increasing international revenue



- Endor has built up reputation both domestically and abroad in the field of cloud and hosting solutions.
- Sýn under the Vodafone brand will immediately start selling and servicing Endor's standard solutions.
- Main focus on increasing international revenue.
- Vodafone strength will be used to support further growth of the company.



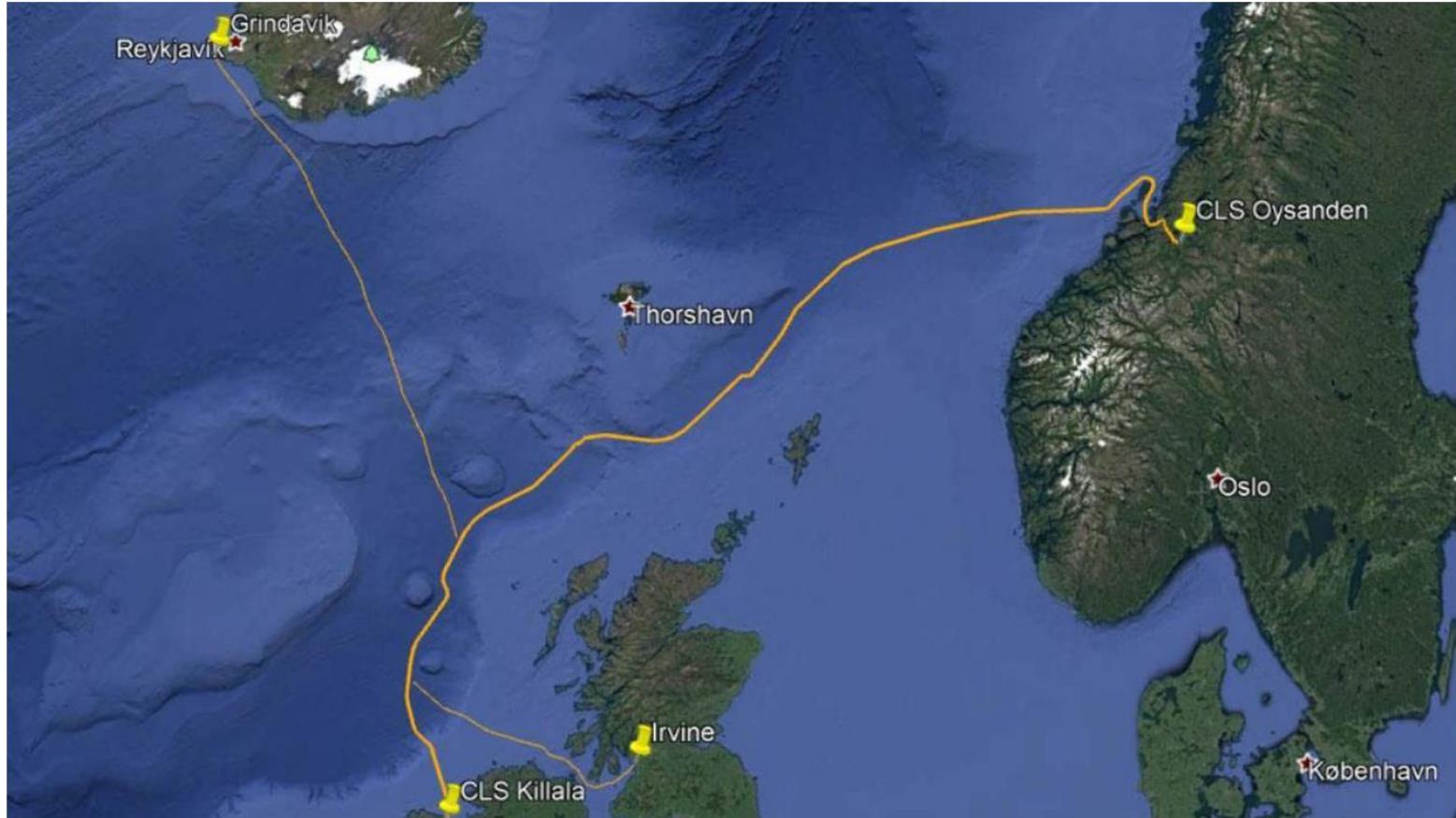


Celtic Norse



- Connects Norway, Iceland and even Scotland:
 - Strengthens significantly Iceland's connection to Europe, Norway and USA through Aqua comms.
 - Two fibre pairs from Iceland to Ireland and two pairs to Norway.
- Cooperation within Celtic Norse could lead to 25-30% decrease in the investment in a fibre sea cable to Iceland as well as sharing of backhaul connection in Ireland.
- Project timeline:
 - RFP this winter
 - Ocean floor survey.
 - Construction summer 2021.
 - Opening fall 2021.
- Affiliates:
 - **Norway:** Nordavind DC Sites Two, NTE and TronderEnergi. Energy producers, distributors and fibre optic cable owners.
 - **Scottish Futures Trust:** Infrastructure centre of expertise owned by the Scottish Government
 - **Aqua Comms.** Owner and operator of fibre-optic cable in the Atlantic i.a. between Ireland and USA.

Celtic Norse



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Revenue Sources



- **Media** – Revenue from the operation of broadcast media, TV subscriptions, advertisement, distribution systems, set-top boxes, TVOD, SVOD and PPV.
- **Broadband** – Revenue from internet service in fixed-line networks, including fiber optic cables, xDSL service and other data connections.
- **Mobile** – Revenue for use of cell phones, including data transfer with in the mobile network, subscription revenue from individuals, prepaid sim cards, roaming revenue from travelers, interconnection revenues etc.
- **Fixed line** – Revenue from home phone usage and corporate fixed line usage, interconnection revenue from fixed line.
- **Retail sale** – Revenue from sale of telecommunications equipment and accessories.
- **Other revenue** – Service revenues and rental of terminal equipment.

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