

# Investor Presentation

## Q4 2023

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20 February 2024



# Highlights in Q4 and 2023

	Q4 2023	12M 2023
Revenue	<b>6.659 m.kr.</b> Q4 2022: 6.233 m.kr.	<b>25.741 m.kr.</b> 12M 2022: 24.572 m.kr.
EBITDA*	<b>1.614 m.kr.</b> Q4 2022: 1.433 m.kr.	<b>6.150 m.kr.</b> 12M 2022: 5.949 m.kr.
EBITDA %*	<b>24,2%</b> Q4 2022: 23,0%	<b>23,9%</b> 12M 2022: 24,2%
EBIT*	<b>634 m.kr.</b> Q4 2022: 503 m.kr.	<b>2.079 m.kr.</b> 12M 2022: 2.745 m.kr.
CAPEX	<b>760 m.kr.</b> Q4 2022: 1.269 m.kr.	<b>3.671 m.kr.</b> 12M 2022: 4.352 m.kr.
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NIBD / 12M EBITDA*	<b>0,95x</b> Q4 2022: 0,58x	
Cash	<b>1.810 m.kr.</b> Q4 2022: 3.721 m.kr.	
Equity Ratio	<b>52,1%</b> Q4 2022: 68,9%	
Cash generated by operation	<b>1.469 m.kr.</b> Q4 2022: 2.015 m.kr.	

\* Without 200 m.kr. Cancellation of a competition fine in Q4 2022.  
Net-interest bearing debt includes lease liabilities minus cash and loans at Síminn Pay.



**Operation**

# Income Statement

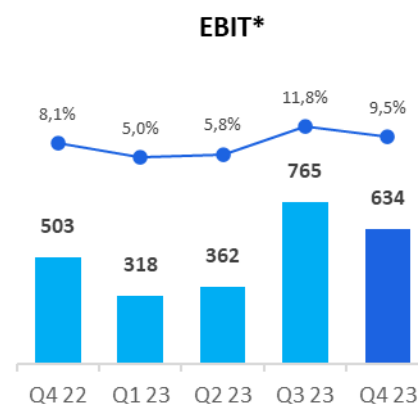
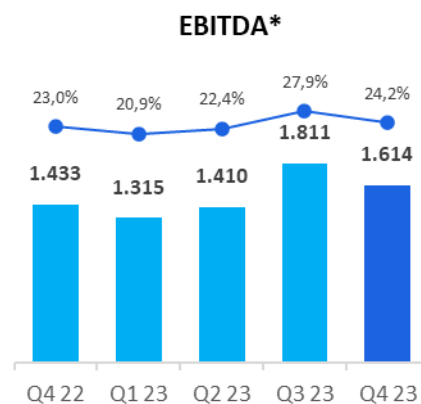
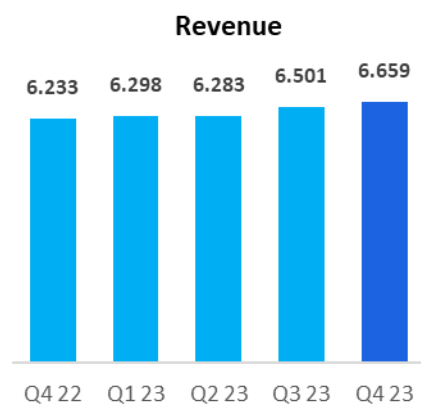
Income statement	Q4			12M		
	2023	2022	%	2023	2022	%
Net sales	6.659	6.233	6,8%	25.741	24.572	4,8%
Cost of sales	( 4.119)	( 3.874)	6,3%	( 16.497)	( 14.914)	10,6%
Operating expenses	( 1.906)	( 1.656)	15,1%	( 7.165)	( 6.713)	6,7%
EBIT	634	703	-9,8%	2.079	2.945	-29,4%
Net financial items	( 120)	( 389)	-69,2%	( 392)	( 546)	-28,2%
Income tax	( 100)	67	-249,3%	( 341)	( 337)	1,2%
Net profit from continuing operation	414	381	8,7%	1.346	2.062	-34,7%
Discontinued operation	0	289	-100,0%	0	36.205	-100,0%
Net profit	414	670	-38,2%	1.346	38.267	-96,5%
EBITDA	1.614	1.633	-1,2%	6.150	6.149	0,0%
EPS from continuing operation	0,15	0,08	87,5%	0,46	0,31	48,4%

## Positive earnings trend in last quarter of year

- TV revenue increases by more than 11%
- Revenue from Síminn Premium increases by over 20%
- Advertising revenue increases by almost 28%
- Mobile revenues increase by almost 8%
  - Roaming revenues increase by almost 30%
  - About 2/3 of the increase in revenue is due to increase in subscription revenue

## The increase in costs is largely linked to increased costs from main suppliers and an increase in depreciation

- EBITDA without repayment of competition fine up by almost 13% from Q4 2022 and EBIT up by 26%
- Profit from continuing operations rises significantly
- Fair value loss on a bond related to the sale of Míla was nearly ISK 400 million in Q4 2022

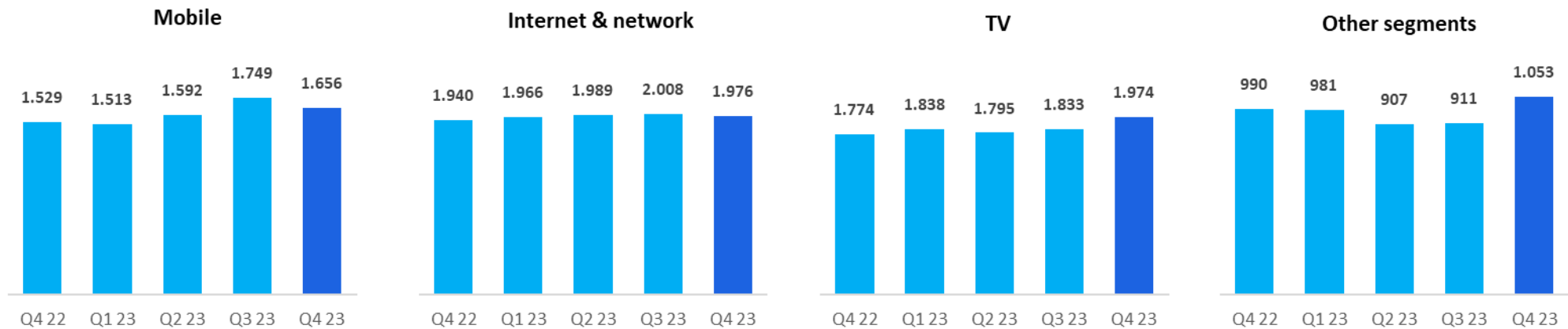


\* EBITDA and EBIT in the graphs are without 200 m.kr. repayment of competition fine in Q4 2022.

# Revenue by segment



Segments	Q4				12M			
	2023	2022	Change	%	2023	2022	Change	%
Mobile	1.656	1.535	121	7,9%	6.510	6.035	475	7,9%
Fixed voice	265	279	-14	-5,0%	1.100	1.342	-242	-18,0%
Internet & network	1.976	1.940	36	1,9%	7.939	7.591	348	4,6%
TV	1.974	1.774	200	11,3%	7.440	6.722	718	10,7%
Equipment sales	523	479	44	9,2%	1.784	1.838	-54	-2,9%
Other revenue	265	226	39	17,3%	968	1.044	-76	-7,3%
<b>Total revenue</b>	<b>6.659</b>	<b>6.233</b>	<b>426</b>	<b>6,8%</b>	<b>25.741</b>	<b>24.572</b>	<b>1.169</b>	<b>4,8%</b>



# Revenue increase between years is 4.8%

Excluding non-margin sale of telecommunications equipment to Mila in Q1 2022, Síminn's revenue increased by ISK 1,260 million (5.1%) between years

The largest revenue growth continues to be in TV, with Premium revenue increasing by 20% and advertising revenue by 16% year-on-year

- On the other hand, there is a revenue decline in foreign channels and VOD services

Mobile subscriptions increased by 5,000 in 2023

- Mobile subscriptions for the first time included in bundles in 2023 which had positive impact
- Almost half of the increase in mobile revenue is due to roaming revenues

Revenue from data transmission remains Síminn's largest revenue segment, growing by almost 5% between years

- There was a slight increase in number of subscribers during the year

Fixed line down by 18% but this first product of Síminn will not be a separate revenue segment in 2024

The cost of services sold increases by around ISK 900 million

- Increased costs from telecommunications suppliers, as inflation is high, and the cost is partially indexed

Depreciation increases by ISK 868 million between years, or more than 27% due to investments in tech equipment with a short depreciation period and TV programs with short useful lifetime as well

Labor costs increased by 3.7% between years

Sales and marketing costs increased by approximately 9% between years, mainly due to selling costs

Interest expenses are close to doubling between years, while interest income increases by 17%

- Net debt / EBITDA was 0.95x at end of 2023 compared to 0.58x at end of 2022



# Fixed telephone a part of history

This company's first product will not be a revenue segment this year. The fixed line telephone has been part of the company's core business for 118 years.

Fixed line telephone over the old circuit-switching system will disappear altogether on 1 March 2024, but the last fixed line station will be discontinued, and all calls over voice telephone will therefore pass through the latest generation of voice telephone systems based on VOIP technology.





# **Balance sheet and cash flow statement**

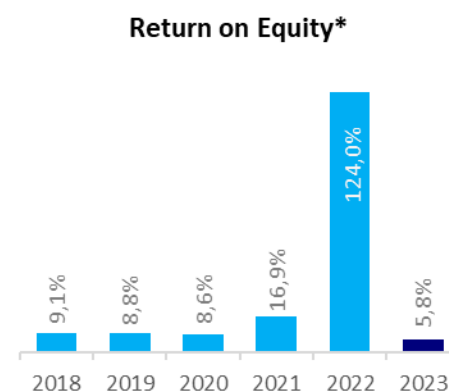
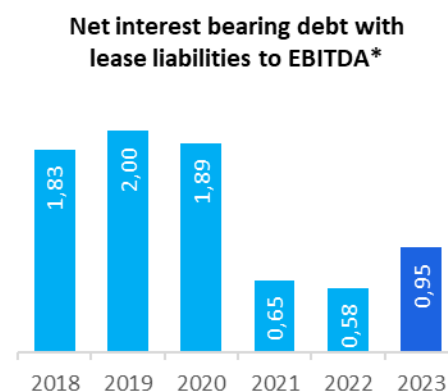
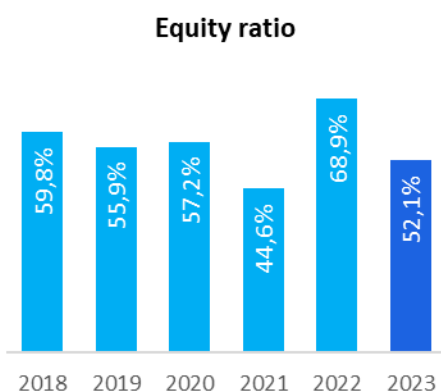
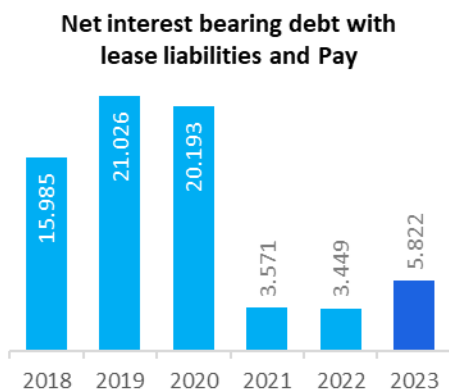




# Balance sheet

Assets	31.12.2023	31.12.2022
Property, plant and equipment.....	2.552	2.466
Right-of-use assets.....	732	941
Intangible assets.....	21.047	22.122
Other non-current assets.....	431	580
<b>Non-current assets</b>	<b>24.762</b>	<b>26.109</b>
Inventories.....	1.257	1.212
Accounts receivables.....	2.279	2.045
Loans (Síminn Pay).....	2.715	1.359
Other current assets.....	966	1.048
Corporate bond.....	0	15.687
Cash and cash equivalents.....	1.810	3.721
<b>Current assets</b>	<b>9.027</b>	<b>25.072</b>
<b>Total assets</b>	<b>33.789</b>	<b>51.181</b>

Equity and liabilities	31.12.2023	31.12.2022
Total equity.....	17.600	35.261
<b>Total equity</b>	<b>17.600</b>	<b>35.261</b>
Borrowings.....	7.470	5.956
Finance lease.....	503	731
Accounts payables.....	0	639
Deferred tax liabilities.....	232	89
<b>Non-current liabilities</b>	<b>8.205</b>	<b>7.415</b>
Bank loans.....	2.281	1.929
Accounts payables.....	4.261	4.788
Current maturities of borrowings.....	276	251
Other current liabilities.....	1.166	1.537
<b>Current liabilities</b>	<b>7.984</b>	<b>8.505</b>
<b>Total equity and liabilities</b>	<b>33.789</b>	<b>51.181</b>



Net interest-bearing debt takes into account loans from Síminn Pay. Lease commitments included since 2019.

\*Without competition fine paid in 2020 and refunded in 2022.

# Cash flow

Cash Flow	Q4 2023	Q4 2022	2023	2022
<b>Cash flow from operating activities</b>				
Operating profit .....	634	703	2.079	2.945
Operational items not affecting cash flow:				
Depreciation.....	980	930	4.071	3.204
Items not affecting cash flow.....	18	( 1)	30	( 57)
	1.632	1.632	6.180	6.092
Changes in current assets and liabilities.....	( 163)	383	( 568)	2.042
Cash generated by operation	1.469	2.015	5.612	8.134
Net interest expenses paid during the period.....	( 89)	196	( 189)	( 12)
Payments of taxes during the period.....	60	( 325)	( 570)	( 882)
Net cash from operating activities	1.440	1.886	4.853	7.240
<b>Investing activities</b>				
Net investment in property, plant and equipments.....	( 760)	( 1.269)	( 3.671)	( 4.352)
Consumer Loans Síminn Pay.....	( 367)	( 328)	( 1.272)	( 576)
Sale of stocks.....	0	( 1.076)	15.685	31.789
Investing activities	( 1.127)	( 2.673)	10.742	26.861
<b>Financing activities</b>				
Dividend paid.....	0	0	( 499)	( 500)
Purchase of own shares.....	( 789)	( 347)	( 2.976)	( 3.043)
Share capital reduction.....	0	( 30.542)	( 15.580)	( 30.542)
Payment of long term lease.....	( 67)	( 61)	( 265)	( 216)
Net Financing activities.....	373	1.598	1.852	412
Financing activities	( 483)	( 29.352)	( 17.468)	( 33.889)
Changes in cash and cash equivalents .....	( 170)	( 30.139)	( 1.873)	212
Translation effects on cash.....	1	8	( 38)	0
Cash and cash equivalents at the beginning of the year.....	1.979	33.852	3.721	3.509
Cash and cash equivalents at the end of the period.....	1.810	3.721	1.810	3.721

**Apart from sale of bond and a reduction in capital, there were little changes in the balance sheet in 2023**

**The large movement of current assets in cash flow is mainly related to the sale of Míla**

**Síminn expanded its base prospectus last year**

- Previously, corporate notes allowed to be issued for up to ISK 2 billion, but the extended prospectus is ISK 6 billion for both notes and bonds

**Síminn issued notes four times last year**

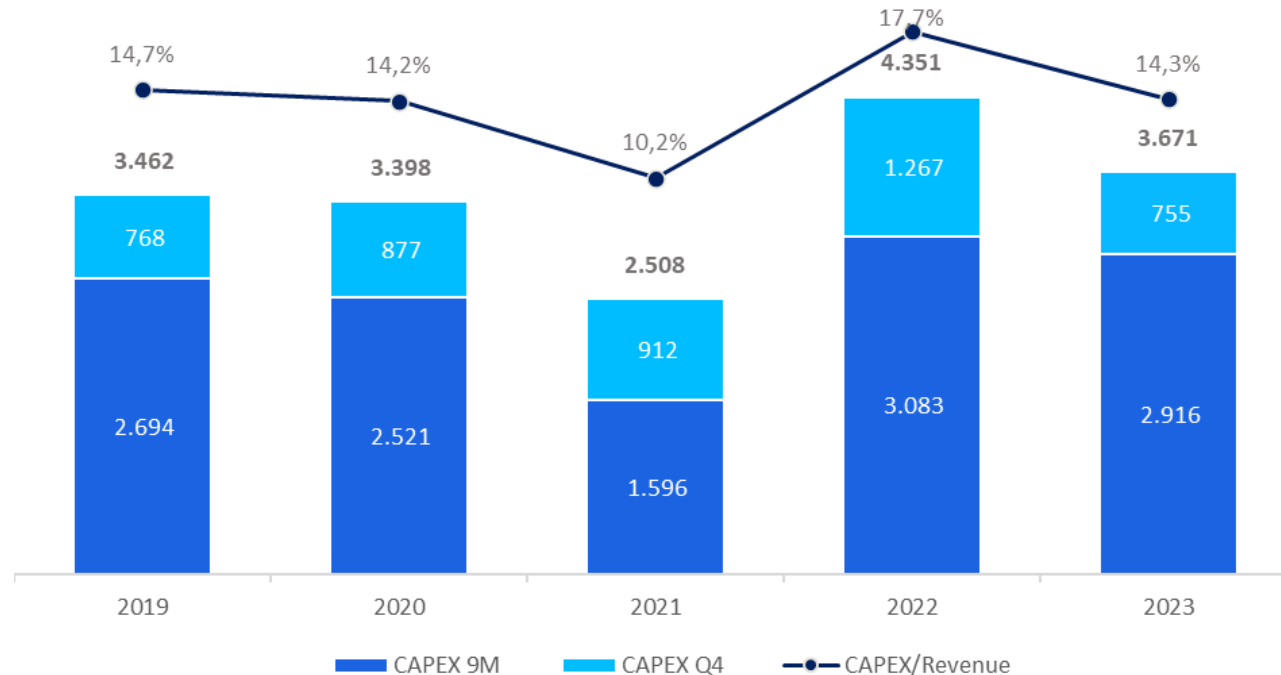
- 18 April ISK 1,100 million 8.87% flat rates - 0.48% margin
- 24 May ISK 900 million 9.80% flat rates – 0.29% margin
- 17 October ISK 1,400 million 10.31% flat rates – 0.32% margin
- 29 November ISK 1,000 million 10.29% flat rates – 0.31% margin

**In addition, Síminn issued bonds amounting to ISK 1.5 billion with three-year duration at 1M REIBOR plus a 1.3% premium**



**CAPEX**

# CAPEX



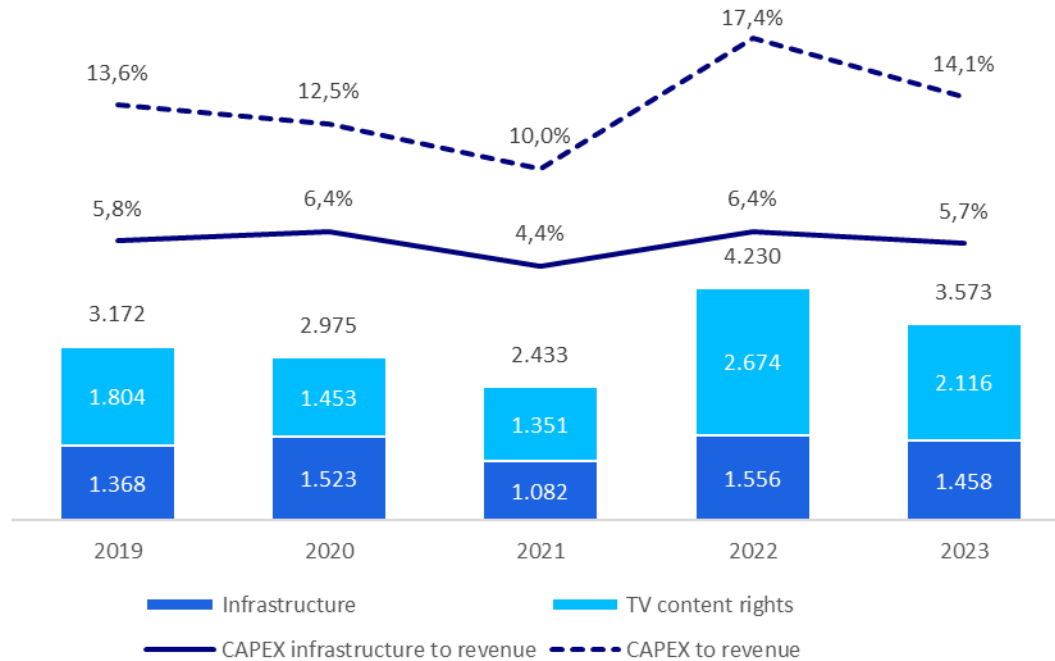
**CAPEX decreased by ISK 680 million between years and is at the lower end of the published guidance for the year**

- Investment in TV rights decreased by ISK 560 million year-on-year which is mainly due to how investment in the English Premier League distributes over the period of the contract, which began in 2022
- Investments in technical infrastructure including routers and STBs decreased by ISK 122 million or 7%
- Síminn Pay invested in fintech innovation for ISK 98 million which is a decrease of ISK 24 million between years

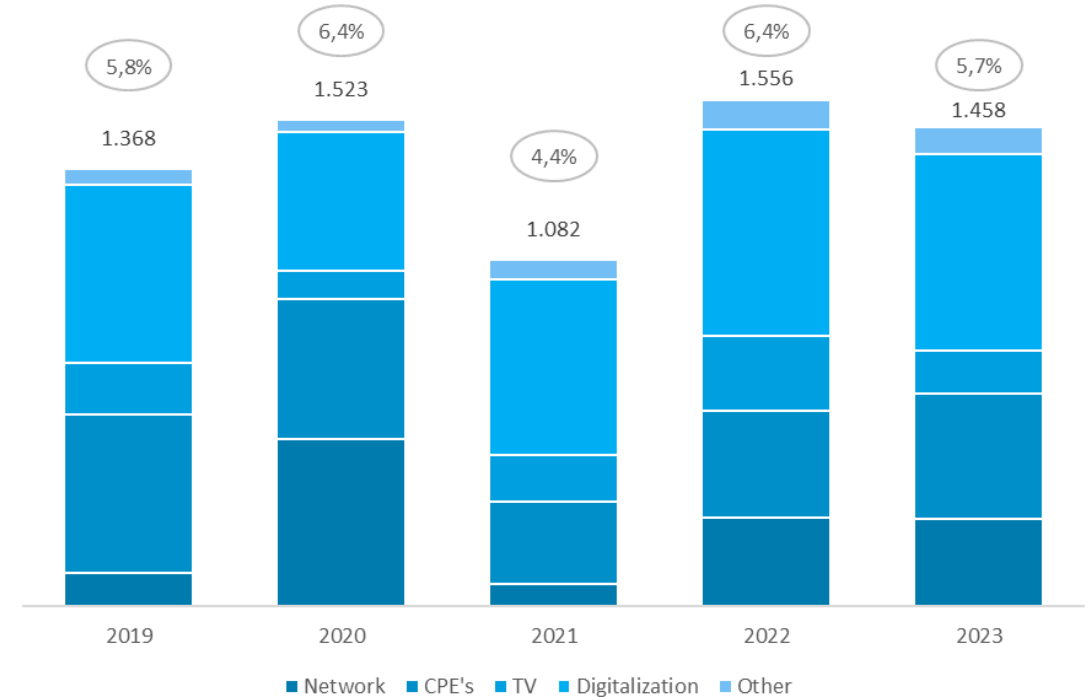
**The guidance for 2024 assumes a further decrease in CAPEX, in the range of ISK 100-500 million, mainly due to reduced investment in TV rights**

# CAPEX – Parent company

## Development 2019 - 2023



## Infrastructure investments





# Highlights





# Síminn acquire companies in the advertising market

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

Síminn has been developing a TV advertising system that allows customers to target advertisements to specific audiences and areas, which means that the advertisements are more targeted for Síminn's customers

The acquisition will further strengthen Síminn's service offering in the advertising market and Síminn will have more opportunities to develop and expand its advertising services

The total value of the companies amounts to ISK 5,150 million and will be financed by equity in Síminn worth ISK 1,000 million and cash

Síminn's annual turnover is estimated to increase by ISK 1,450 million and EBITDA by ISK 800 million on an annualized basis without the effect of IFRS 16

The transaction is subject to usual conditions such as approval of the Competition Authority, but a merger plan has been sent to the Authority





**The best mobile  
network in Iceland**





# The best user experience is on Síminn's mobile network

The development of a robust mobile network in collaboration with Míla and Ericsson continues

- 670 mobile sites nationwide
- At the end of last year, 135 5G sites were in use, increasing the number by more than 50 in 2023.
- Capacity and range of 4G increased in almost 80 locations
- Substantial increase in data transmission through Síminn's mobile network during the year, with an increase of 50%
- Síminn recently acquired 4G and 5G frequencies for 20 years

Síminn reacted quickly when eruption turmoil began in Reykjanes

- Mobile sites in the vicinity of Grindavík and Svartsengi were dually connected to the mobile core, both with fiber optic and microwave, to ensure optimal communication in case of connections to the sites being disrupted
- Close collaboration with HS Orka and measures undertaken to ensure secure remote control of energy infrastructure
- Back-up power units were also installed in the areas to ensure a quicker response in the event of power shortage in the area, which was then realized during eruptions
- In good cooperation with Míla, Emergency service and other telco companies to ensure optimal communications in these conditions





## Great year in TV

Never more subscribers in Síminn TV Premium service and it is now the largest national subscription provider

Record views last year

- Up by 15% year-on-year
- Over a million orders every week during the year

IceGuys was the most popular series of the year, but all the episodes set ratings records and the collaboration with HBO has been very successful

Síminn premiered four domestic series out of the six produced nationwide

- This year, six series out of eleven will be produced by Síminn

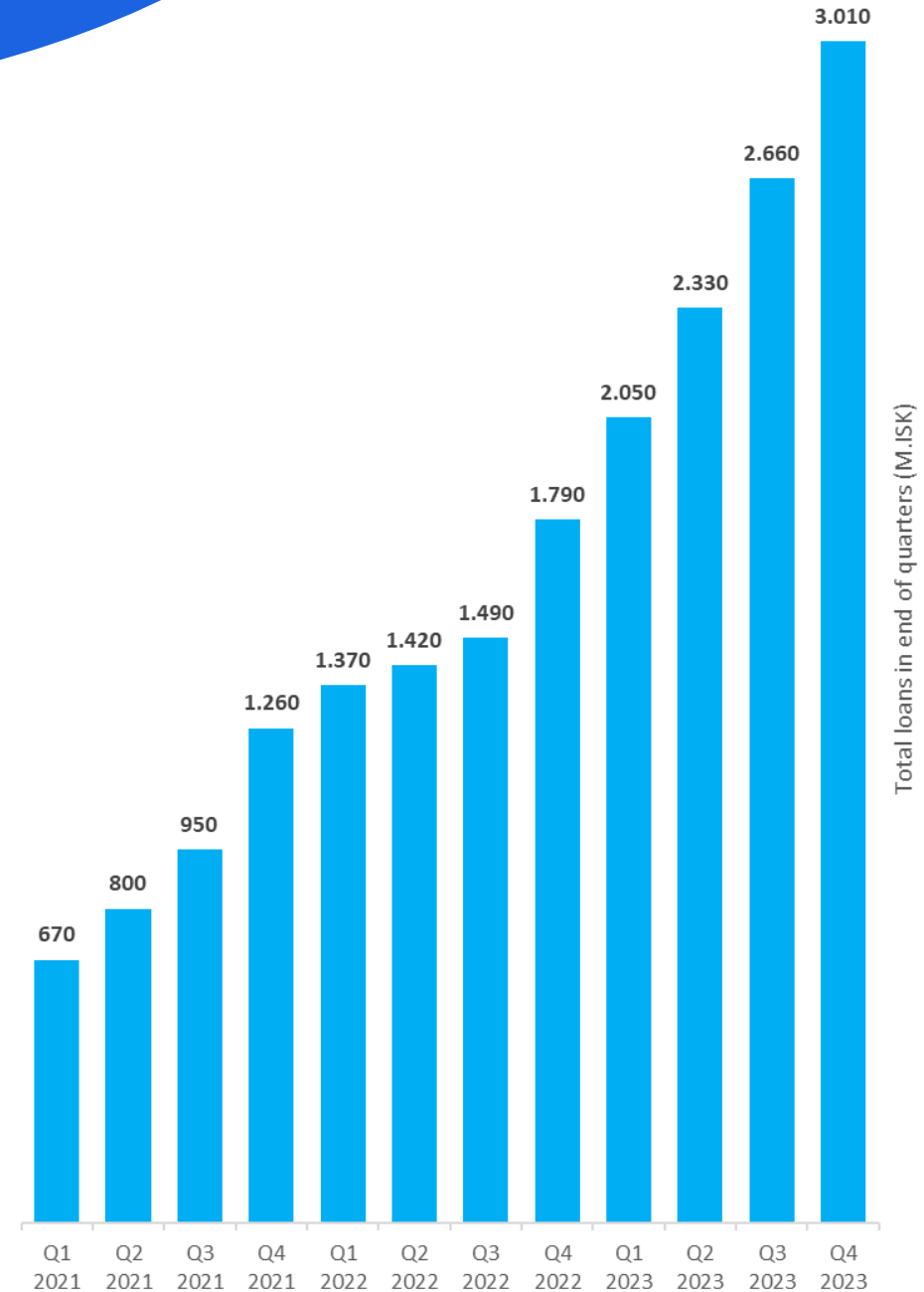




# Síminn Pay's lending increases significantly

Síminn Pay's loans amounted to ISK 3 billion at the end of the year

- The net increase in lending for the year amounts to ISK 1.2 billion – just under 70%
- The Léttkaup product decreased, accounting for a third of loans at the end of last year





# Síminn Pay's corporate card to be launched soon

New corporate credit card launched in the coming weeks

- The corporate card is only electronic and thus activated immediately after the application has been approved
- Complete control over the management of all the company's cards and real-time overview of usage where all transactions will be visible on the service website
- Cardholders are identified by means of electronic identification which ensures that the card is used only by the correct parties
- The time spent sorting and posting transactions decreases by 95%, because all transactions are posted automatically as they are performed





# Shareholders

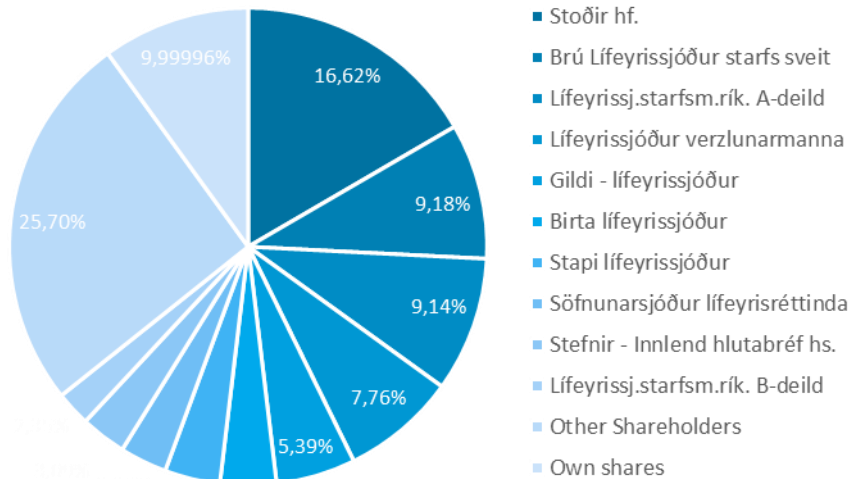
# Shareholders



## Dividends, repurchases and reduction of share capital

- Nearly ISK 500 million dividend was paid on 31 March 2023
- On the same day, the company's share capital was reduced by ISK 1,440 million with ISK 15.6 billion payment to shareholders
- On 21 March, a buy-back program of ISK 1 billion was announced which ended on 17 July
- On 18 July, a new program of ISK 1 billion was announced which ended on 19 January 2024
- Buybacks for 2023 totaled ISK 2,976 million

Shareholders 13.2.2024	Position	% O/S
Stoðir hf.	461.194.170	16,62%
Brú Lífeyrissjóður starfs sveit	254.877.095	9,18%
Lífeyrissj. starfsm. rík. A-deild	253.771.439	9,14%
Lífeyrissjóður verzlunarmanna	215.422.187	7,76%
Gildi - lífeyrissjóður	149.446.085	5,39%
Birta lífeyrissjóður	105.467.528	3,80%
Stapi lífeyrissjóður	104.151.623	3,75%
Söfnunarsjóður lífeyrisréttinda	88.830.504	3,20%
Stefnir - Innlend hlutabréf hs.	85.825.521	3,09%
Lífeyrissj. starfsm. rík. B-deild	65.306.152	2,35%
<b>Top 10 shareholders</b>	<b>1.784.292.304</b>	<b>64,30%</b>
Other Shareholders	713.208.696	25,70%
<b>Shares outstanding</b>	<b>2.497.501.000</b>	<b>90,00%</b>
Own shares	277.499.000	9,99996%
<b>Total number of shares</b>	<b>2.775.000.000</b>	<b>100,00%</b>



**There were 1,027 shareholders at the end of 2023, a decrease of 175 during the year**

**Síminn's shares declined 7% in 2023, but since the beginning of the year the share price has risen 4.5%**



# Outlook for 2024



# Outlook for 2024

Considerable profit growth expected this year

- Revenue growth is expected in all core products
- Fixed line will drop significantly
  - Will no longer be shown separately as a segment in this year's results
- Infrastructure costs will continue to rise, as they are partially indexed, and the increase in Síminn's customer base will require increased purchases from major suppliers
- Other cost is expected to change little from last year

CAPEX forecast for the year is ISK 3.2 – 3.5 billion which is a significant decrease from 2023

- Reduction mainly due to declining investment in TV rights
- Investments in telco infrastructure increase between years
- Depreciation will be relatively high in 2024 due to high investments in TV rights in 2022 and 2023 but declining from 2023 when they peaked

EBITDA	ISK 6.4 – 6.7 billion
EBIT	ISK 2.5 – 2.8 billion
CAPEX	ISK 3.2 – 3.5 billion*

\* Excluding licences and spectrum





# Appendix

# Business segments

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

**Fixed voice:** Revenue from fixed voice services for (fees and traffic).

**Internet & network:** Revenue from data service, 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.

**Other revenue:** Revenues related to telecommunications, information technology and finance.

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