



# Síminn hf - Q2 2024 results Investor Presentation

Orri Hauksson and Óskar Hauksson

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# Highlights in Q2 and 1H 2024



	Q2 2024	1H 2024
Revenue	<b>6.871 m.kr.</b> Q2 2023: 6.283 m.kr.	<b>13.446 m.kr.</b> 1H 2023: 12.581 m.kr.
EBITDA*	<b>1.726 m.kr.</b> Q2 2023: 1.410 m.kr.	<b>3.161 m.kr.</b> 1H 2023: 2.725 m.kr.
EBITDA %*	<b>25,1%</b> Q2 2023: 22,4%	<b>23,5%</b> 1H 2023: 21,7%
EBIT*	<b>636 m.kr.</b> Q2 2023: 362 m.kr.	<b>1.067 m.kr.</b> 1H 2023: 680 m.kr.
CAPEX	<b>771 m.kr.</b> Q2 2023: 953 m.kr.	<b>2.063 m.kr.</b> 1H 2023: 2.569 m.kr.

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NIBD / 12M EBITDA*	Cash	Equity Ratio	Cash generated by operation
<b>1,47x</b> Q4 2023: 0,95x	<b>1.634 m.kr.</b> Q4 2023: 1.810 m.kr.	<b>46,3%</b> Q4 2023: 52,1%	<b>2.099 m.kr.</b> Q2 2023: 1.394 m.kr.

\* Net-interest bearing debt includes lease liabilities minus cash and loans at Siminn Pay. 12M EBITDA including Billboard.



**Operation**

# Income Statement

Income statement	Q2			1H		
	2024	2023	%	2024	2023	%
Net sales	6.871	6.283	9,4%	13.446	12.581	6,9%
Cost of sales	( 4.527)	( 4.110)	10,1%	( 8.707)	( 8.265)	5,3%
Operating expenses	( 1.708)	( 1.811)	-5,7%	( 3.672)	( 3.636)	1,0%
EBIT	636	362	75,7%	1.067	680	56,9%
Net financial items	( 320)	( 145)	120,7%	( 515)	( 146)	252,7%
Income tax	( 72)	( 38)	89,5%	( 137)	( 109)	25,7%
Net profit	244	179	36,3%	415	425	-2,4%
EBITDA	1.726	1.410	22,4%	3.161	2.725	16,0%
EPS	0,09	0,06	50,0%	0,16	0,13	23,1%

## Income from core services increased by 5.3% in Q2

- TV revenue increases by over 6%
  - Revenue from Síminn Premium increases by 13%
- Mobile revenues increase by over 6%
  - The number of customers continues to increase
  - Roaming revenue from foreign tourists decreases by almost 20%
- Data revenues increase by almost 4%

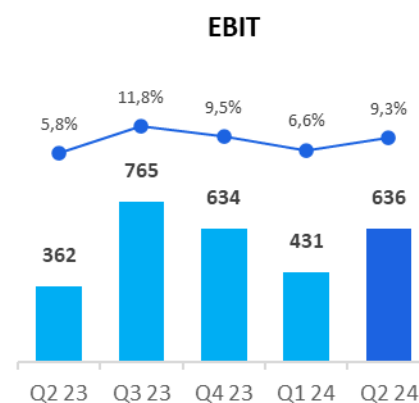
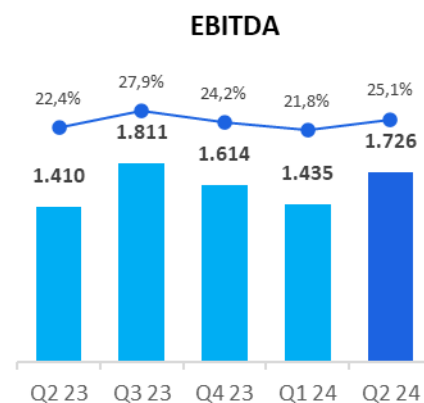
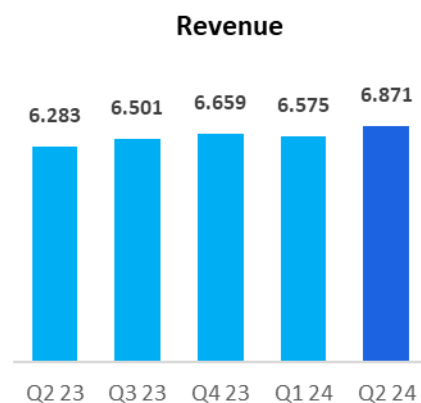
## The operation of companies that Síminn acquired in the advertising market is part of the group in Q2

- Revenues were just under 400 m.kr.

## EBITDA growth in Q2 was just over 22% between years and EBIT growth was just under 76%

Total expenses are largely unchanged between years, with the exception of infrastructure costs, which are rising due to high inflation.

Interest expenses more than double compared to Q2 2023. Investment in companies in Q1 2024 was largely financed by borrowing.





# Revenue by segments

Segments	Q2				1H			
	2024	2023	Change	%	2024	2023	Change	%
Mobile	1.690	1.592	98	6,2%	3.318	3.105	213	6,9%
Internet & network	2.065	1.989	76	3,8%	4.129	3.955	174	4,4%
TV	1.907	1.795	112	6,2%	3.916	3.633	283	7,8%
Equipment sales	399	406	-7	-1,7%	823	878	-55	-6,3%
Other revenue	810	501	309	61,7%	1.260	1.010	250	24,8%
<b>Total revenue</b>	<b>6.871</b>	<b>6.283</b>	<b>588</b>	<b>9,4%</b>	<b>13.446</b>	<b>12.581</b>	<b>865</b>	<b>6,9%</b>

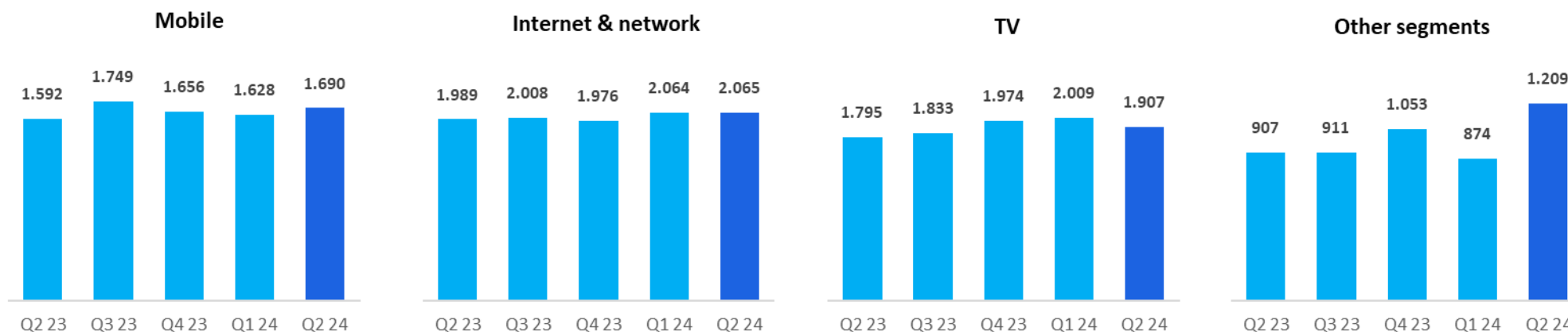
**Mobile:** Revenues from mobile services whether conventional GSM services, satellite services or other mobile services.

**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:** Income related to telecommunications, fixed line services, information technology and finance. Billboard's income is included here.





## Solid revenue growth and cost containment contribute to results in the first half of the year

Sales have been good in the first half of this year, but at the same time, churn is higher than Síminn has seen historically

- Reducing churn is a particular focus point for Síminn and several actions have been taken to achieve that goal
- Continued emphasis on improved service processes and the experience of Síminn's customers

There is a considerable increase in mobile subscriptions so far this year, but a slower increase in other product categories

Costs excluding new subsidiaries increase by almost 2% year-to-date

- Good result since Síminn's largest cost item is partly indexed

The addition of new companies in the advertising market has been successful

- Advertising revenue now accounts for 8% of total consolidated revenue.

Autumn is an important time for sales and is off to a promising start

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





# **Balance Sheet and Cash Flow**

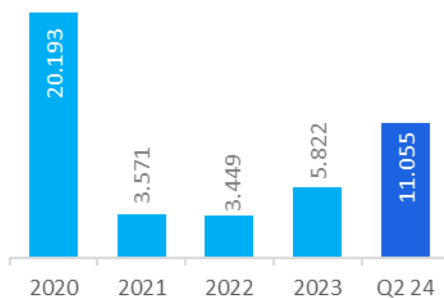


# Balance Sheet

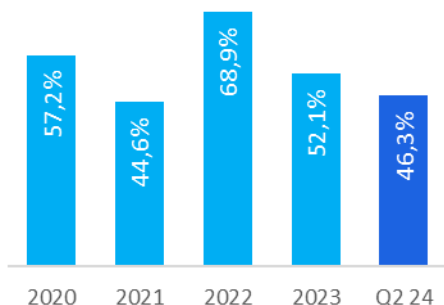
Assets	30.06.2024	31.12.2023
Property, plant and equipment.....	3.495	2.552
Right-of-use assets.....	1.534	732
Intangible assets.....	24.918	21.047
Other non-current assets.....	450	431
<b>Non-current assets</b>	<b>30.397</b>	<b>24.762</b>
Inventories.....	1.115	1.257
Accounts receivables.....	2.280	2.279
Loans (Síminn Pay).....	2.874	2.715
Other current assets.....	1.244	966
Cash and cash equivalents.....	1.634	1.810
<b>Current assets</b>	<b>9.147</b>	<b>9.027</b>
<b>Total assets</b>	<b>39.544</b>	<b>33.789</b>

Equity and liabilities	30.06.2024	31.12.2023
Total equity.....	18.318	17.600
<b>Total equity</b>	<b>18.318</b>	<b>17.600</b>
Borrowings.....	11.441	7.470
Finance lease.....	1.134	503
Deferred tax liabilities.....	276	232
<b>Non-current liabilities</b>	<b>12.851</b>	<b>8.205</b>
Bank loans.....	2.226	2.281
Accounts payables.....	3.517	4.261
Current maturities of borrowings.....	885	276
Other current liabilities.....	1.747	1.166
<b>Current liabilities</b>	<b>8.375</b>	<b>7.984</b>
<b>Total equity and liabilities</b>	<b>39.544</b>	<b>33.789</b>

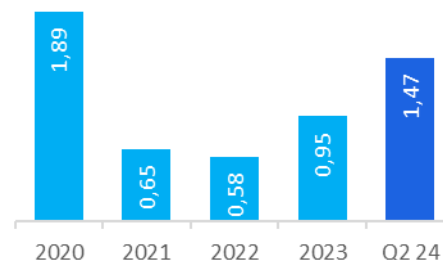
Net interest bearing debt with lease liabilities and Pay



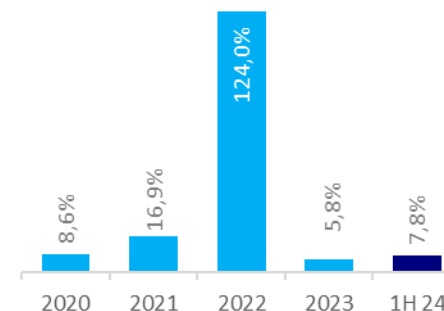
Equity ratio



Net interest bearing debt with lease liabilities to EBITDA\*



Return on Equity\*



Net interest-bearing debt takes into account loans from Síminn Pay. Net interest-bearing debt/EBITDA for Q2 2024 includes Billboard's EBITDA.  
 \*Without competition fine paid in 2020 and refunded in 2022.



# Cash Flow

Cash Flow	1H 2024	1H 2023
<b>Cash flow from operating activities</b>		
Operating profit .....	1.067	680
Operational items not affecting cash flow:		
Depreciation.....	2.094	2.045
Items not affecting cash flow.....	37	1
	<u>3.198</u>	<u>2.726</u>
Changes in current assets and liabilities.....	180	( 162)
Cash generated by operation	<u>3.378</u>	<u>2.564</u>
Net interest expenses paid during the period.....	( 407)	( 6)
Payments of taxes during the period.....	( 233)	( 394)
Net cash from operating activities	<u>2.738</u>	<u>2.164</u>
<b>Investing activities</b>		
Net investment in property, plant and equipments.....	( 2.063)	( 2.569)
Consumer Loans Síminn Pay.....	( 207)	( 554)
Acquisition of subsidiary, net of cash acquired.....	( 3.732)	0
Sale of bond.....	0	15.685
Investing activities	<u>( 6.002)</u>	<u>12.562</u>
<b>Financing activities</b>		
Dividend paid.....	( 499)	( 499)
Purchase of own shares.....	( 234)	( 1.452)
Share capital reduction.....	0	( 15.580)
Payment of long term lease.....	( 168)	( 129)
Net Financing activities.....	<u>3.992</u>	<u>( 21)</u>
Financing activities	<u>3.091</u>	<u>( 17.681)</u>
<b>Changes in cash and cash equivalents .....</b>	<b>( 173)</b>	<b>( 2.955)</b>
<b>Translation effects on cash.....</b>	<b>( 3)</b>	<b>( 39)</b>
<b>Cash and cash equivalents at the beginning of the year.....</b>	<b>1.810</b>	<b>3.721</b>
<b>Cash and cash equivalents at the end of the period.....</b>	<b><u>1.634</u></b>	<b><u>727</u></b>

**Síminn's acquisitions of three companies in the advertising market have a considerable impact on the balance sheet:**

- Assets increased by 6.450 m.kr. of which goodwill amounted 4.400 m.kr. Debt increases by 1.565 m.kr.

**To finance the acquisitions, Síminn drew 3 ma.kr. on a credit line that the company has had unused since 2021. In addition, Síminn's own shares were delivered for 1 ma.kr. and the remainder was paid for in cash.**

**During Q1 an increase in Síminn's bond issue, maturing on 30 June 2026, was finalized**

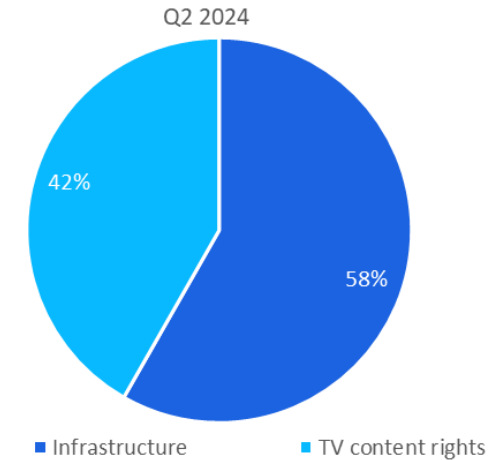
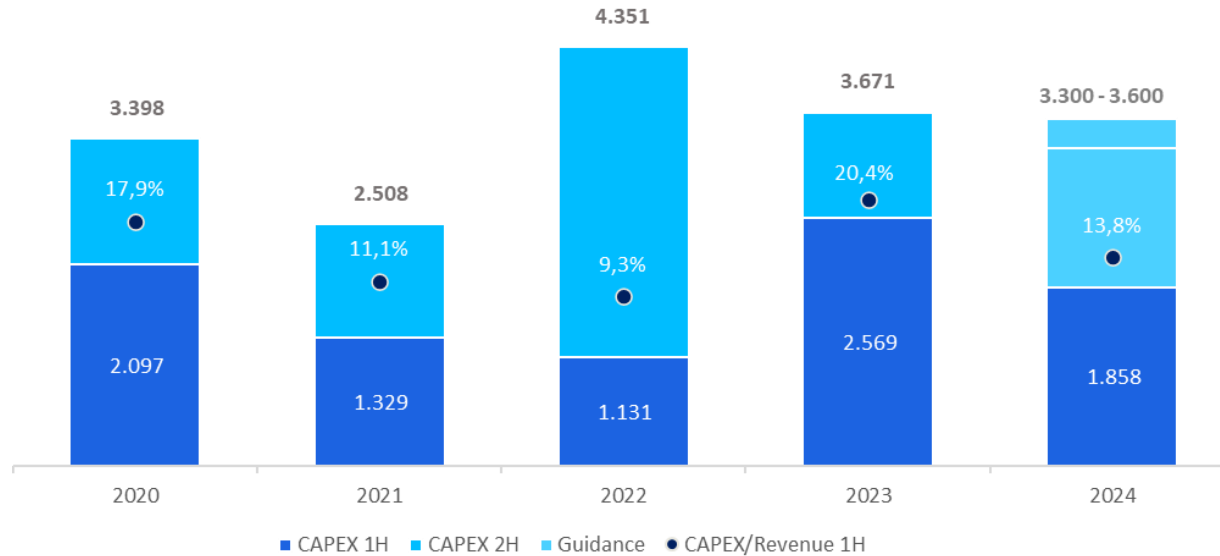
- The interest rate of the issue is 1M REIBOR + 1.3% margin and interest is paid monthly
- The increase of the issue amounted to 1,5 ma.kr. and the total size is now 3 ma.kr.

**Síminn's issue framework on the stock exchange is 6 ma.kr. and total issue based on the issue framework is now 5,4 ma.kr.**



**CAPEX**

# CAPEX



**Investment in content and broadcasting rights represents approximately 40% of total investment in Q2 2024 and over 50% in 2H of the year**

- 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

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



# Highlights





## New CEO

- On June 21, it was announced that there will be a change of CEO at Síminn
- Orri Hauksson, who has been the CEO since 2013, has resigned and will leave the company at the end of August
- María Björk Einarsdóttir will be the next CEO of Síminn
  - She previously worked for three year as Eimskip's CFO and before that she worked for seven years as the CEO of Alma housing association.
  - María Björk has a B.Sc. in operational engineering with a focus on finance from the University of Reykjavík and a degree in securities trading
  - María Björk will start in the beginning of September.





## Major upgrades in TV platform

- Major upgrades have been made to Síminn's TV platform in recent months
  - Recently, a new and more modern interface in set-top boxes and app went live, the changes were largely based on suggestions from Síminn's customers
  - At the same time, changes were made to the app's backend systems, which will greatly improve the user experience
  - Síminn Sport is now included in the Premium subscription and at the same time wholesale agreements are being made with Nova and Sýn for the sale of subscriptions to Síminn's Premium TV





## Exciting autumn ahead in TV

### Síminn premieres three new drama series

- Dimma is a new series based on Ragnar Jónasson's book and is produced in collaboration with CBS and Paramount. It is a huge international project that takes place in Iceland, directed by Lasse Hallström, and the Swedish actress Lena Olin plays the main role. A number of Icelandic actors participate, as well as a number of Icelandic professionals involved in the production of the shows.
- Útilega, comedy series that makes fun of the typical Icelander. The series is directed by Fannar Sveinsson and features star studded cast.
- The second season of IceGuys will premiere on Premium. The first series broke the viewership record last year, and there is great anticipation for the sequel.
- Lubbi finnur málbein, a series for children will premiere on August 29. The series is an important contribution to promoting the Icelandic language among the youngest viewers who know Lubba most, since the book is available in the majority of kindergartens in the country.





## English Premier League

In June, it was announced that Síminn's competitor had secured the right to broadcast the English Premier League starting from the 2025-2026 season. The right extends to the 2027-2028 season.

Síminn received the broadcasting right in 2018 and renewed it in 2021

Síminn's direct income from the license came from individual subscriptions to Síminn's customers, wholesale to other telecommunications companies and advertising revenue

The Premier League has also been part of the Premium TV service and packages

Síminn expects to receive wholesale access to the English Premier League despite not holding the rights, and therefore Síminn's customers will continue to be able to watch the English Premier League despite the transfer of the broadcasting rights

It is difficult to predict exactly what the effect of these changes will be on Síminn, until it is known what the final wholesale agreement will be

However, it is clear that income will decrease, but the effect on earnings will become clear later, but will probably not be large. It is also clear that the company's CAPEX will decrease significantly in the coming years.







## Aquisition of Noona

On June 8 this year, Síminn signed a purchase agreement for the purchase of all shares in Noona Iceland ehf., which manages the domestic operations of Noona Labs ehf. Síminn's subsidiary, Síminn Pay, will manage the joint operations of the companies as well as develop new solutions for Síminn Pay within the Noona ecosystem, for the benefit of customers.

Síminn's goal with the purchase is to further strengthen Síminn group as one of the most powerful service companies in the country.

Noona was chosen as the most popular website in the country in Maskina's annual measurement and was selected as the app of the year 2023. Noona and SalesCloud solutions were recently integrated and now offer a booking system for service providers and restaurants, a sales system, gift certificate solutions, self-service solutions, online sales solutions, websites, inventory systems, customer systems, marketing systems and more.

Noona Iceland provides services to around 1,300 companies in Iceland today and the number is growing rapidly. SalesCloud's customers numbered around 300 when the company merged with Noona earlier this year. Over 120,000 Icelanders have downloaded the Noona app and over 200,000 bookings take place every month through Noona's system in Iceland. Combined, Noona and SalesCloud had more than 300 million ISK in annual revenue in 2023 in Iceland.

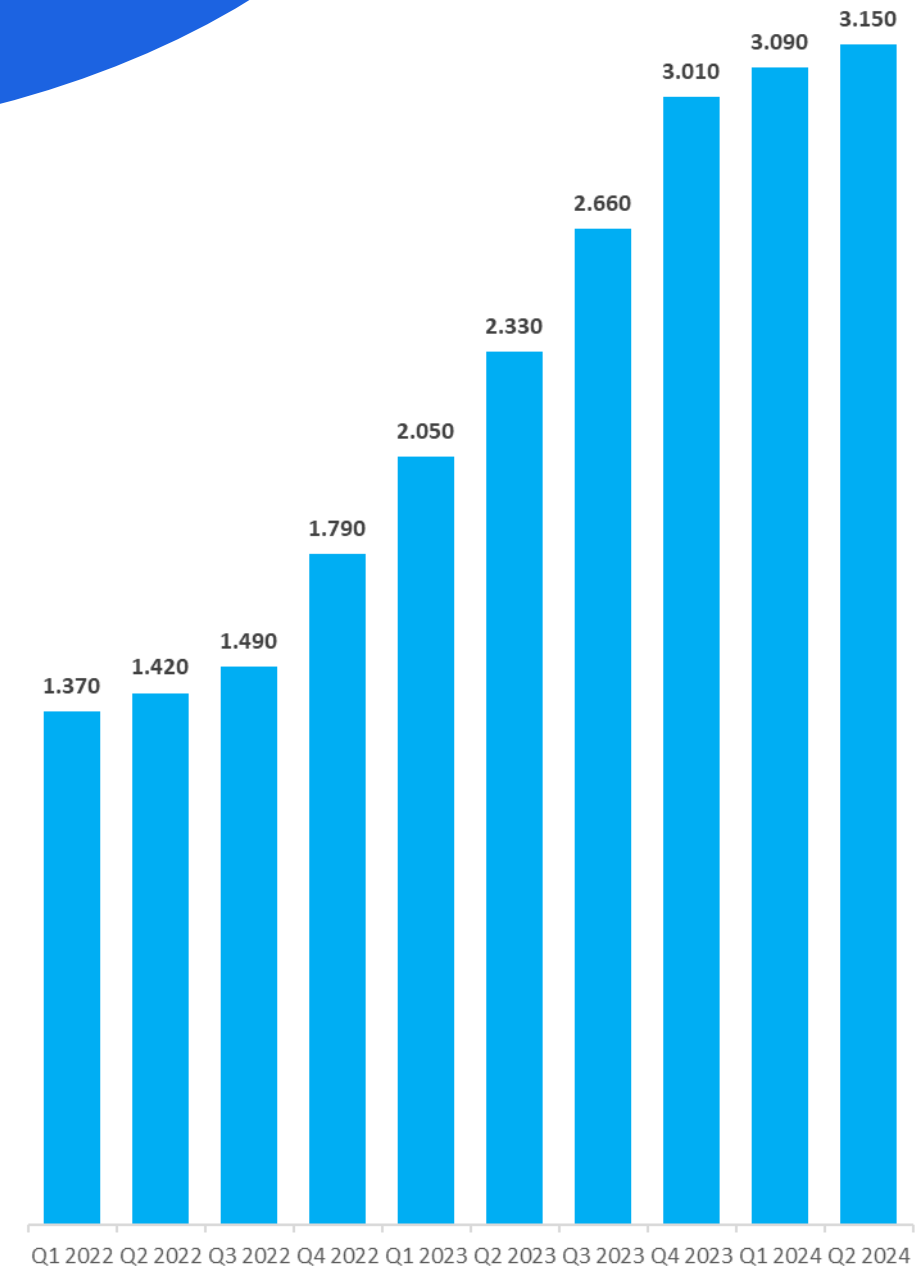
The Competition Authority is considering the purchase, and it is expected to be completed before the end of the year.





## Síminn Pay acquires a loan portfolio

- Síminn Pay signed an agreement with Rapyd Europe hf. that Síminn Pay will take over credit card loan portfolio and payment processing for VISA and MasterCard cardholders that were set up and operated by Valitor.
- With this transaction, about eleven thousand card loans for about 1.8 billion ISK will be transferred to Síminn Pay, Síminn's subsidiary.
- Subsequently, Síminn Pay will focus on servicing retailers, introducing innovations and simplifying customers' distribution of payments.
- With the transaction, Síminn Pay will be better equipped to further increase loans and develop innovations in the market.
- A positive impact on the operation of Síminn Pay is expected as early as the first full year after the transaction goes through.
- The transaction is subject to the usual caveat regarding the approval of the Competition Authority.



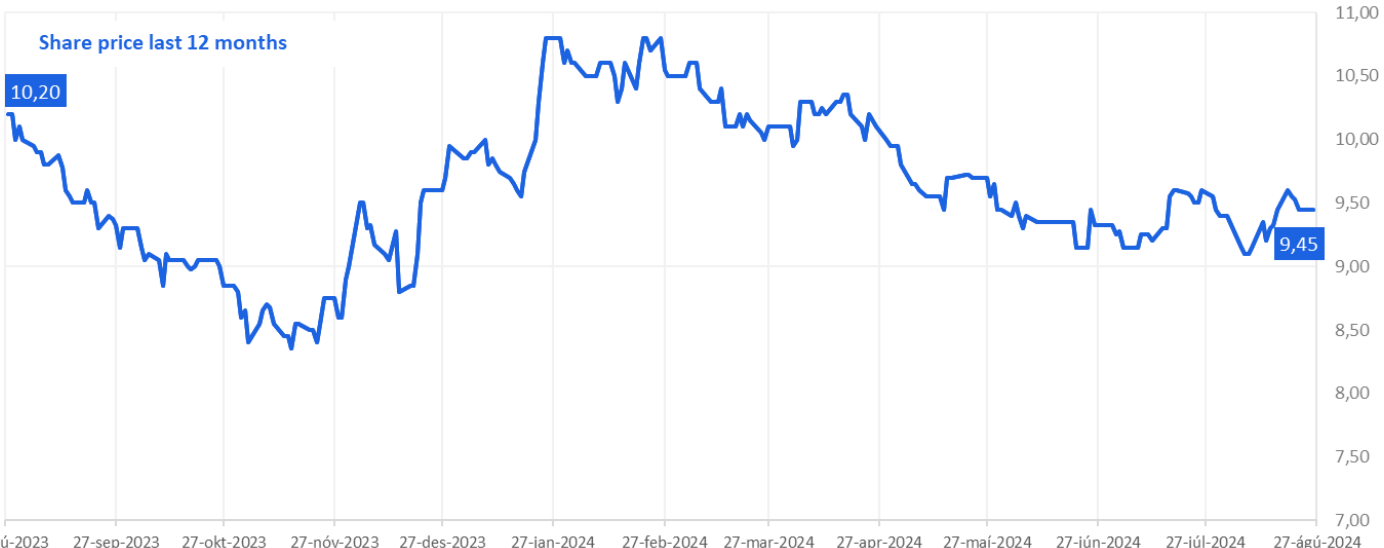
Síminn Pay - Total loans in end of quarters (M.ISK)



# Shareholders



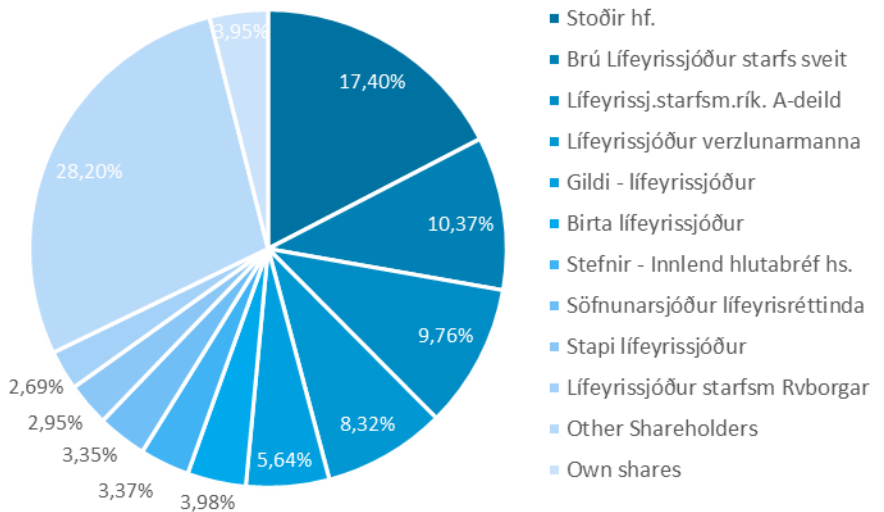
# Shareholders



## Shareholders

- Number of shareholders at the end of Q2 2024 was 969
- ISK 500 million 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.
- Share buybacks in 1H totaled ISK 233 million
- Own shares are 104,778,744, which is 3,95% of issued share capital.
- Síminn's shares have fallen by 5,0% since the beginning of the year

Shareholders 26.8.2024	Position	% O/S
Stoðir hf.	461.194.170	17,40%
Brú Lífeyrissjóður starfs sveit	274.877.095	10,37%
Lífeyrissj.starfsm.rík. A-deild	258.771.439	9,76%
Lífeyrissjóður verzlunarmanna	220.422.187	8,32%
Gildi - lífeyrissjóður	149.446.085	5,64%
Birta lífeyrissjóður	105.467.528	3,98%
Stefnir - Innlend hlutabréf hs.	89.375.521	3,37%
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>1.797.943.185</b>	<b>67,85%</b>
Other Shareholders	747.278.071	28,20%
<b>Shares outstanding</b>	<b>2.545.221.256</b>	<b>96,05%</b>
Own shares	104.778.744	3,95%
<b>Total number of shares</b>	<b>2.650.000.000</b>	<b>100,00%</b>





# Outlook for 2024



# Outlook for 2024

- The guidance for the group is unchanged from what was published following the Q1 2024 financial results
- The revenue for the year is mostly in line with the plan, and sales are going well at the beginning of autumn, which is an important time for the company's sales activities
- The introduction of new companies has been successful, and their results are in line with expectations
- Inflation is significant, but costs have been managed successfully
- It is not expected that Noona Iceland and the purchase of a loan portfolio will be part of operation this year

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

\* Excluding licenses and spectrum



# Appendix

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