

SYSTRABÖND



First quarter 2021

Orri Hauksson og Óskar Hauksson

27 April 2021





Highlights in Q1

	Q1 2021 (excl. Sensa)	Q1 2021 (incl. Sensa)
Revenue	6.408m.kr. Q1 2020: 6.309 m.kr.	7.285 m.kr. Q1 2020: 7.246 m.kr.
EBITDA *	2.540 m.kr. Q1 2020: 2.638 m.kr.	2.674 m.kr. Q1 2020: 2.735 m.kr.
EBITDA % *	39,6% Q1 2020: 41,8%	36,7% Q1 2020: 37,7%
EBIT *	1.122 m.kr. Q1 2020: 1.191 m.kr.	1.210 m.kr. Q1 2010: 1.230 m.kr.
CAPEX	1.285 m.kr. Q1 2020: 1.791 m.kr.	1.288 m.kr. Q1 2020: 1.824 m.kr.

NIBD / 12M EBITDA *	Cash	Equity Ratio	Cash generated by operation
1,44 Q4 2020: 1,42	697 m.kr. Q4 2020: 735 m.kr.	59,8% Q4 2020: 57,2%	3.010 m.kr. Q1 2020: 3.380 m.kr.

Operation Q1 2021

- Refinancing of the parent company was completed in March
 - Refinancing of Míla not completed at the end of Q1 - 10 billion ISK bride financing at parent level until Míla has refinanced.
- Míla and Íslandsbanki signed a term loan facility on 29 March.
 - The facility was paid to Míla on 6 April
- ISK 8,5 billion paid to shareholders on 8 April
- Cash is around ISK 4,5 billion following re-financing and distribution to shareholders
 - Equity ratio is around 46% post distributions to shareholders and refinancing
 - NIBD / 12 M EBITDA is 2,14
- Share buyback begins in May

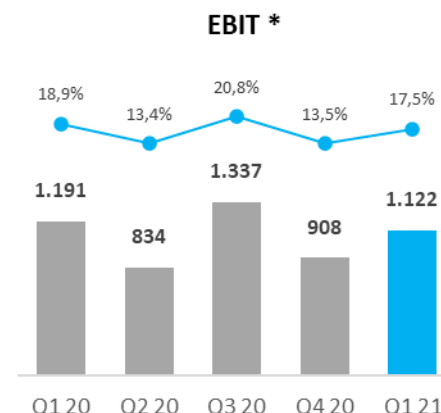
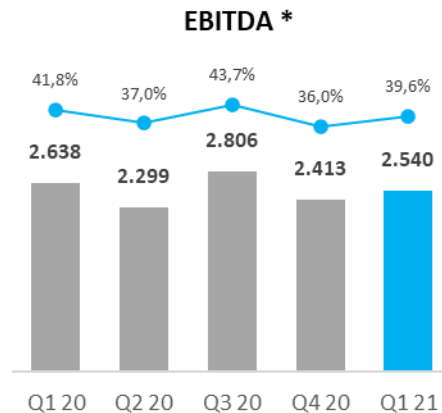
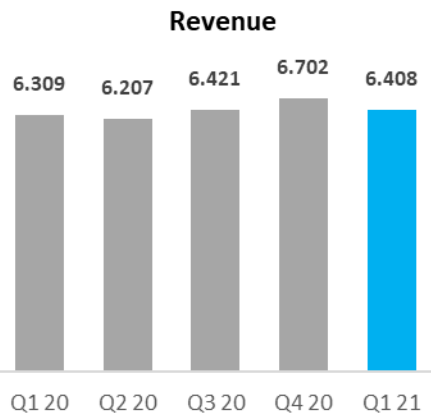


Operation



Income statement

Income statement	Q1 excl. Sensa			Q1 incl. Sensa		
	2021	2020	%	2021	2020	%
Net sales	6.408	6.309	1,6%	7.285	7.246	0,5%
Cost of sales	(3.215)	(2.964)	8,5%	(3.942)	(3.802)	3,7%
Operating expenses	(2.071)	(2.154)	-3,9%	(2.135)	(2.214)	-3,6%
EBIT	1.122	1.191	-5,8%	1.208	1.230	-1,8%
Net financial items	(187)	(233)	-19,7%	(189)	(270)	-30,0%
Income tax	(191)	(196)	-2,6%	(208)	(196)	6,1%
Net profit from continuing operation	744	762	-2,4%	811	764	6,2%
Discontinued operation	2.140	2		2.073	0	
Net profit	2.884	764	277,5%	2.884	764	277,5%
EBITDA	2.540	2.638	-3,7%	2.674	2.735	-2,2%
EPS	0,34	0,09	277,8%	0,34	0,09	277,8%



Operation Q1 2021

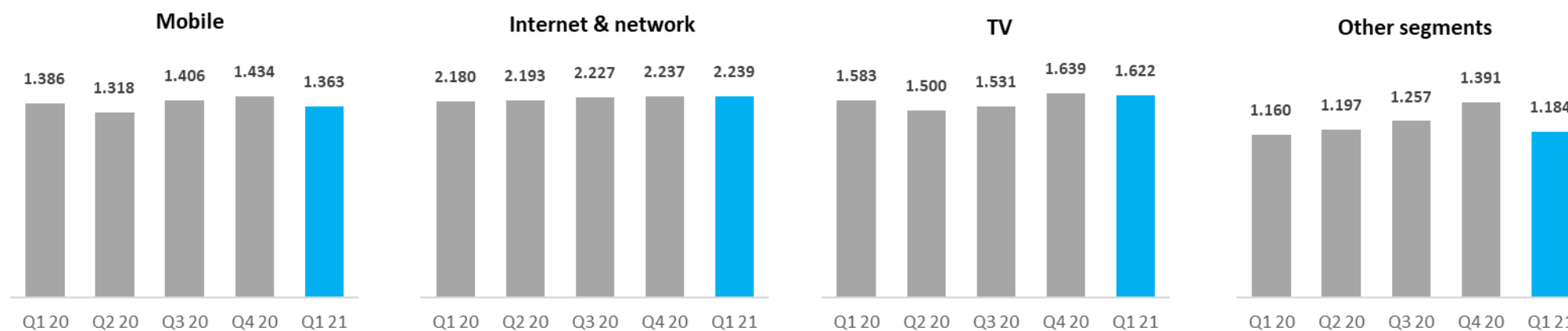
- The sale of Sensa was completed at the end of Q1. Sensa now categorized as discontinued operation in financial statements
 - Sales gain just over ISK 2 billion
- Revenue growth is 1,6% YoY
 - Strong growth in equipment sales, data and TV services
 - Mobile excluding roaming is growing
 - Around 55 m.kr. decline in roaming revenue
- Cost is under control
 - De-valuation of the ISK against the EUR is the main reason why there is a small decline in EBITDA
 - Domestic TV production cost is increasing
 - Wage cost is lower YoY

* Excl. fine from the Comp. Authority in Q2/Q4 2020



Revenue by segments

Segments	Q1 excl. Sensa				Q1 incl. Sensa			
	2021	2020	Change	%	2021	2020	Change	%
Mobile	1.363	1.386	-23	-1,7%	1.363	1.386	-23	-1,7%
Fixed voice	403	445	-42	-9,4%	403	445	-42	-9,4%
Internet & network	2.239	2.180	59	2,7%	2.221	2.166	55	2,5%
TV	1.622	1.583	39	2,5%	1.622	1.583	39	2,4%
Equipment sales	517	419	98	23,4%	517	418	99	23,6%
Other revenue	264	296	-32	-10,8%	1.160	1.248	-88	-7,0%
Total revenue	6.408	6.309	99	1,6%	7.285	7.246	39	0,5%





Balance sheet and Cash flow

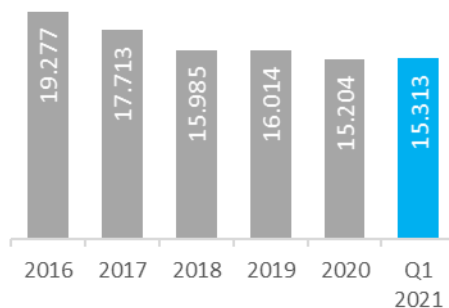


Balance sheet

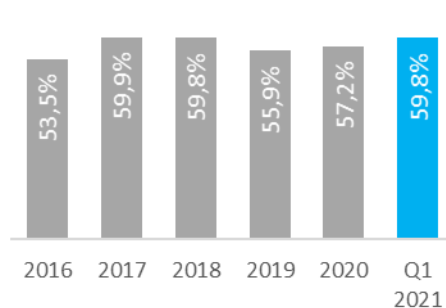
Assets	31.3.2021	31.12.2020
Non-current assets		
Property, plant and equipment.....	19.067	18.991
Right-of-use assets.....	5.179	5.378
Intangible assets.....	32.122	32.544
Other non-current assets.....	520	544
Non-current assets	56.888	57.457
Current assets		
Inventories.....	1.399	1.127
Accounts receivables.....	2.166	3.147
Other current assets.....	4.818	834
Cash and cash equivalents.....	697	735
Assets held for sale.....	0	1.906
Current assets	9.080	7.749
Total assets	65.968	65.206

Equity and liabilities	31.3.2021	31.12.2020
Equity		
Total equity.....	39.434	37.298
Non-current liabilities		
Borrowings.....	6.010	14.289
Finance lease.....	4.880	5.066
Deferred tax liabilities.....	558	670
Non-current liabilities	11.448	20.025
Current liabilities		
Bank loans.....	10.000	500
Accounts payables.....	2.000	2.554
Current maturities of borrowings.....	476	1.663
Other current liabilities.....	2.610	2.390
Liabilities held for sale.....	0	776
Current liabilities	15.086	7.883
Total equity and liabilities	65.968	65.206

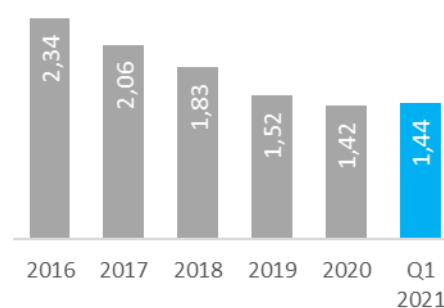
Net interest bearing debt



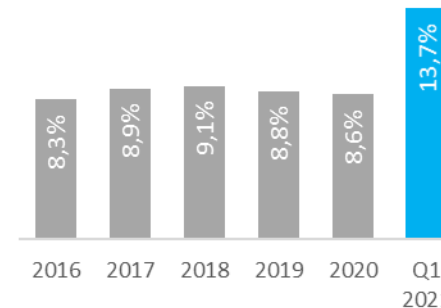
Equity ratio



Net debt to EBITDA*



Return on Equity

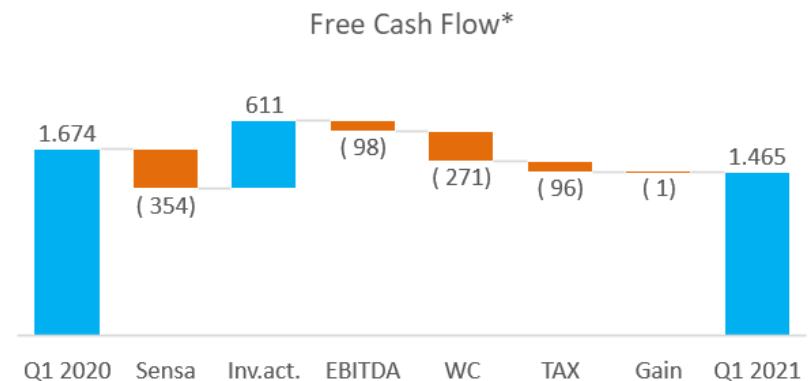
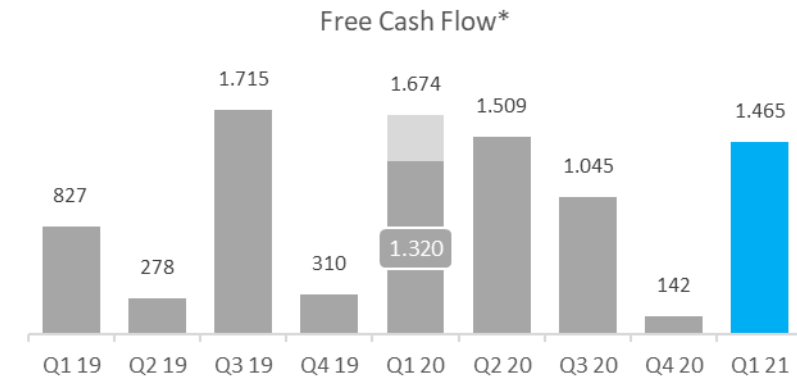


* Without government fine in Q2/Q4 2020



Cash flow

Cash Flow	Q1 2021	Q1 2020
Cash flow from operating activities		
Operating profit	1.122	1.191
Operational items not affecting cash flow:		
Depreciation and amortisation.....	1.418	1.447
Other items not affecting cash flow.....	(1)	0
	2.539	2.638
Changes in current assets and liabilities.....	471	742
Cash generated by operation	3.010	3.380
Net interest expenses paid during the period.....	(215)	(210)
Payments of taxes during the period.....	(221)	(125)
Net cash from operating activities	2.574	3.045
Investing activities		
Net investment in property, plant and equipments.....	(1.285)	(1.791)
Other investment.....	(90)	(60)
Discontinued operation.....	(434)	277
Investing activities	(1.809)	(1.574)
Financing activities		
Purchase of own shares.....	(749)	0
Payment of long term lease.....	(118)	(138)
Net Financing activities.....	71	(392)
Financing activities	(796)	(530)
Increase (decrease) in cash and cash equivalents	(31)	941
Translation effects on cash.....	(7)	6
Cash and cash equivalents at the beginning of the year.....	735	217
Cash and cash equivalents at the end of the year.....	697	1.164



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



Refinancing



Refinancing

- Interest-bearing debt at Síminn was 15,4 at the end of Q4
- Síminn completed refinancing at the end of Q1
- Arion was the lender:
 - 6 billion in long-term facility
 - 2 billion in credit lines
 - 8 billion in bridge financing
- Míla completed 20 billion financing on 6 April
 - 1 billion in credit lines
 - Míla refinanced all inter-company loans from Síminn
- Síminn repaid the bridge loan and credit lines
- Consolidated funding currently ISK 26 billion
 - Corporate notes for ISK 2 billion are still not issued
 - Undrawn long-term loan is ISK 3 billion
 - Undrawn credit lines are ISK 3 billion



Closing of the sale of Sensa

The closing price increases

- Enterprise value (EV) of Sensa 3.250 m.kr. when the SPA was signed on 2 December 2020
 - 2/3 paid in cash
 - 1/3 paid with shares in Crayon Group A.S.
- Adjusted EV is 3.726 m.kr.
 - 2.333 m.kr. paid in cash
 - Síminn received 699.935 shares in Crayon (share price in Crayon was 134,4 and NOK/ISK was 14,8)
- Sales gain was estimated to be 1.700 m.kr. in December
- Sales gain in final closing was 2.073 m.kr.
 - The increase is due to positive development in Crayon share price and Sensa's net working capital
- Co-operation with Crayon in product development for the corporate market has started



Pro Forma Balance sheet

Post closing of Sensa, refinancing and distribution to shareholders

Síminn parent	31.12.2020	31.3.2021	Δ	PF
Assets.....	63.747	62.089	-18.849	43.240
- thereof Cash.....	708	659	3.174	3.833
Equity.....	37.448	39.299	-8.500	30.799
Liabilities.....	26.299	22.790	-10.349	12.441
- thereof interest-bearing debt.....	15.929	16.000	-10.000	6.000
Equity and liabilities.....	63.747	62.089	-18.849	43.240
Equity ratio.....	58,7%	63,3%		71,2%

Míla	31.12.2020	31.3.2021	Δ	PF
Assets.....	26.155	35.862	242	36.104
- thereof Cash.....	653	358	242	600
Equity.....	13.465	13.834	-4.000	9.834
Liabilities.....	12.690	22.028	4.242	26.270
- thereof interest-bearing debt.....	8.000	15.700	4.320	20.010
Equity and liabilities.....	26.155	35.862	242	36.104
Equity ratio.....	51,5%	38,6%		27,2%

Síminn Group	31.12.2020	31.3.2021	Δ	PF
Assets.....	65.206	65.938	1.500	67.438
- thereof Cash.....	735	697	3.833	4.530
Equity.....	37.298	39.434	-8.500	30.934
Liabilities.....	27.908	26.534	10.000	36.534
- thereof interest-bearing debt.....	15.939	16.010	10.000	26.010
Equity and liabilities.....	65.206	65.968	1.500	67.468
Equity ratio.....	57,2%	59,8%		45,8%

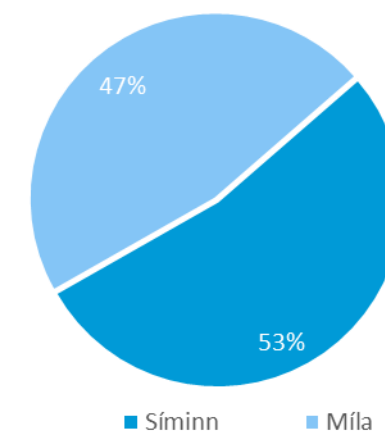
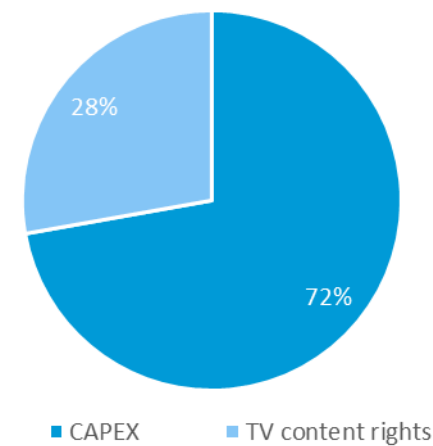
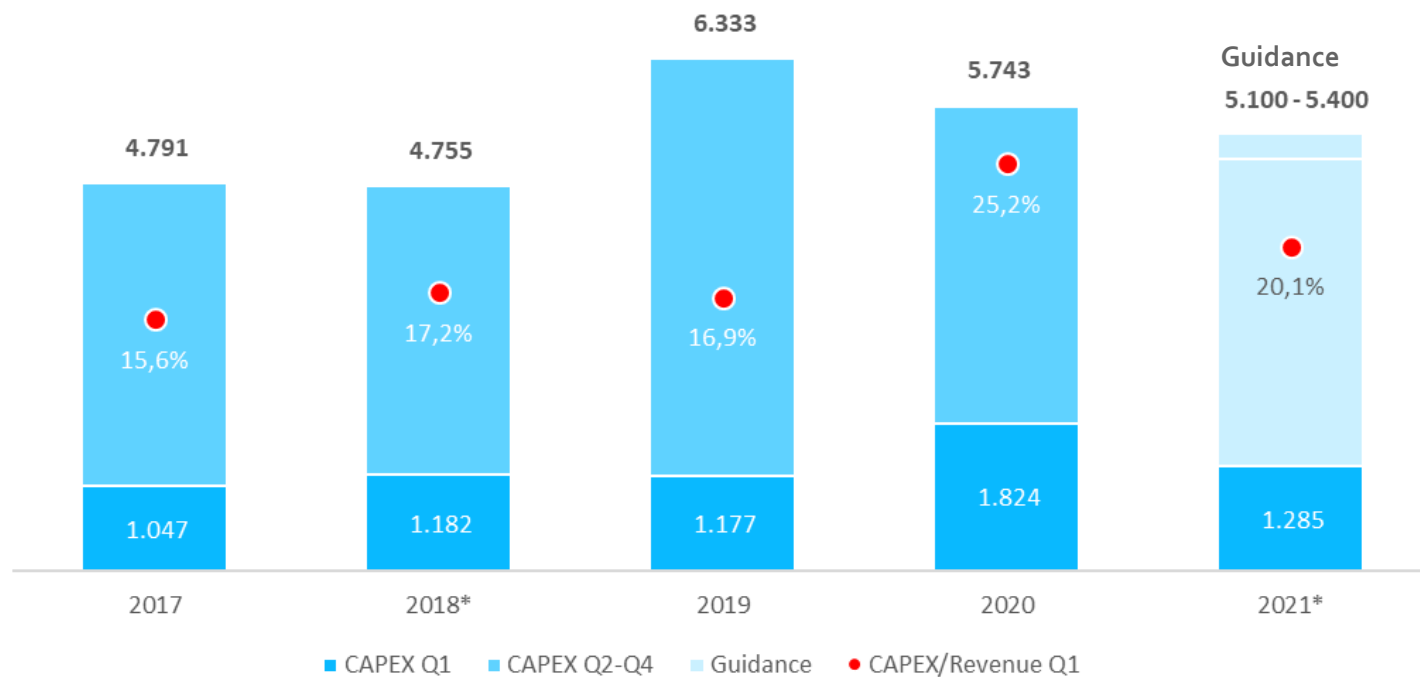
- The statements show the effect of closing of Sensa, distributions to shareholders and refinancing of Síminn and Míla.
 - The cash portion of the sale was paid on 8 April and the shares in Crayon are still owned by Síminn.
- The refinancing of Síminn was completed on 24 March and Míla on 8 April
- The 500 m.kr. dividend payment and the 8 billion equity write-down was completed on 8 April
- A 4 billion decrease of Míla's equity will be done on 30 April



CAPEX



Síminn Group CAPEX



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



Highlights

Síminn

- Positive development in ad sales and YoY growth
 - Changed business model
 - The Saturday show with Helgi Björns is popular
- Implementation of new customers has been successful despite of COVID-19
- Changes in TV service
 - Síminn's TV service will now be accessible for everyone everywhere based on the needs of the customer
 - The service will be accessible in smart devices and TV with or without the set-top box
 - No maximum on connected devices but there will be limits on simultaneous streams / screens based on the subscription



Míla

- The main emphasis continues to be the countrywide fiber layout project
 - Connections for homes both in the capital area and in urban areas
 - Emphasis on cost efficiency in the project and co-operation with other fiber companies
 - Corporate connections available countrywide
- Míla buys IP/MPLS and Mobile distribution system assets from Síminn
 - Effective from 1 January
 - FTE's increased by 20 and annual revenue by 2,2 billion
 - New products in introduction phase for market participants
 - Emphasis on cost-efficient development of the mobile network
- Refinancing of Míla completed
- Volcanic eruption in Reykjanes peninsula
 - The stability of electricity in the area secured
 - New sites prepared in the vicinity of the eruption
 - Fiber connections in the area secured





Míla

Strategy for the future

- Míla was created as a result of a de-merger of Síminn in 2007
- The copper replacement project started in 2016
- The project has been a success and at present close to 100.000 homes out of around 140.000 in Iceland have the option to connect to Míla's fiber
- The market position of Míla in this important infrastructure market is strong
- At the beginning of 2021 Míla made an important strategical step when the company invested in IP/MPLS system and mobile RAN from Síminn
- Míla now has bank financing that is independent from the parent company Síminn
- The changes give Míla great opportunity to play a key role in the development of the Icelandic telco market
- The role of infrastructure companies such as Míla is changing
- The investment bank Lazard and Íslandsbanki have been hired to assist with deciding future options and strategy for Míla based on global development in the structure of telecoms
 - Options regarding future ownership will be considered as a part of the project
 - The goal will be to maximize the value for shareholders and to ensure that future development of the group's infrastructure will serve Icelanders well in the future
 - It is not clear at this moment what result this project will lead to, but more information will be provided on its progress as soon as there is reason to do so



Outlook 2021



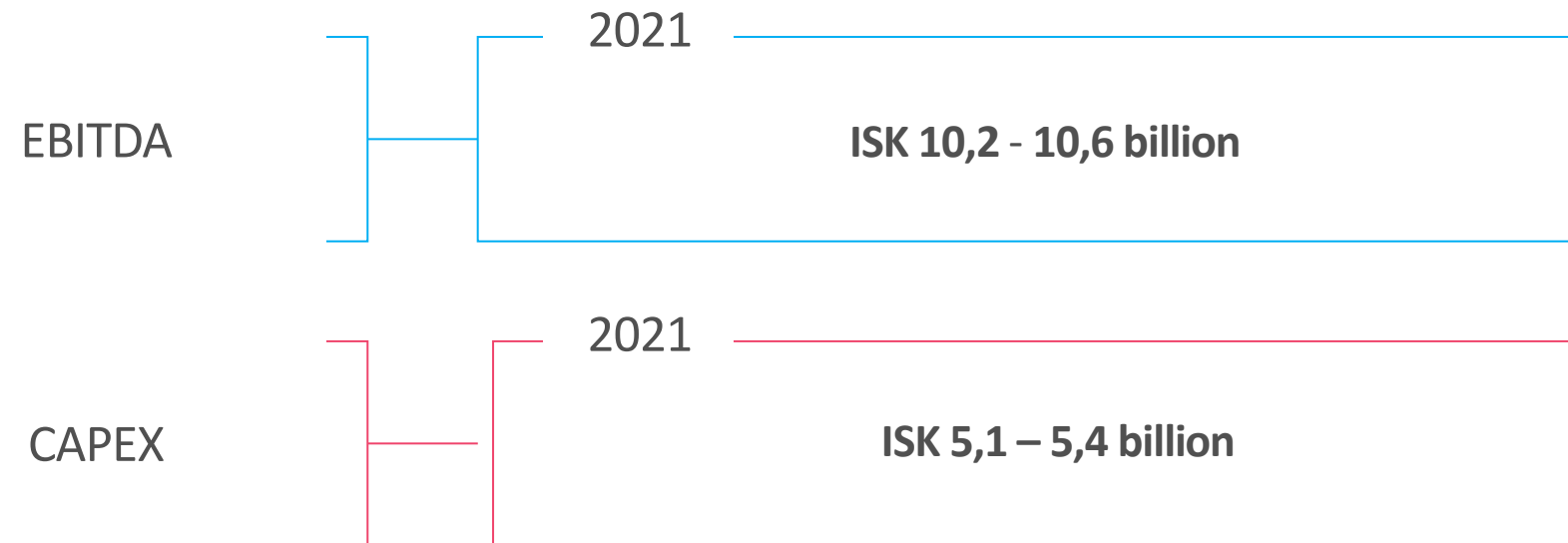
Outlook 2021

Outlook unchanged

- Operation in Q1 2021 was as expected
- Key products are performing well, and modest revenue growth is expected in 2021
- Changes underway in TV services
- Cost is under control
- Refinancing results in strong cash position and better capital structure



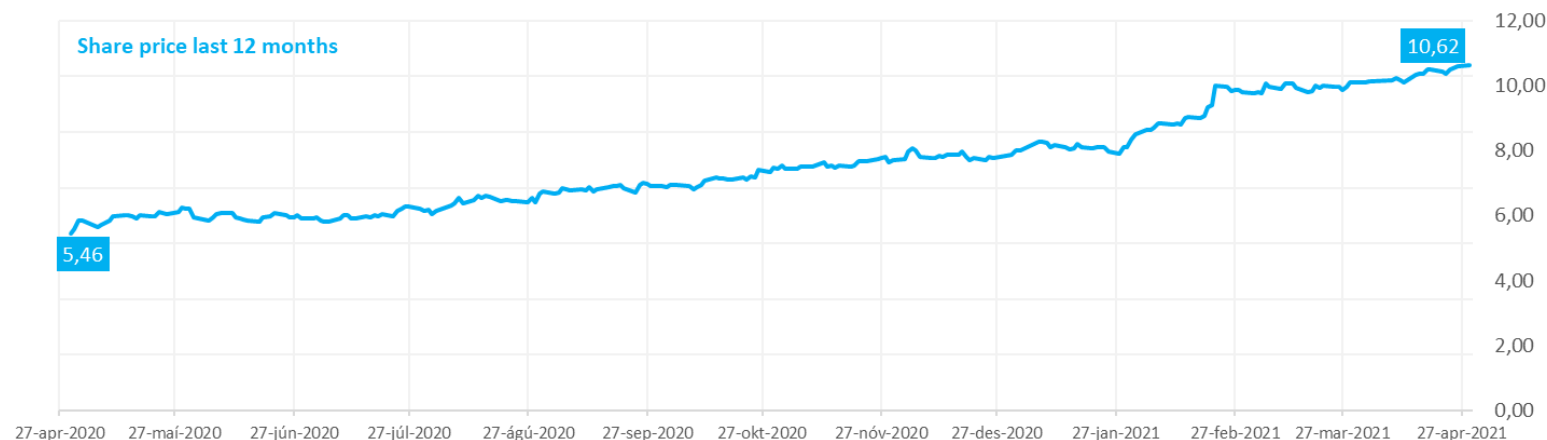
Outlook for 2021



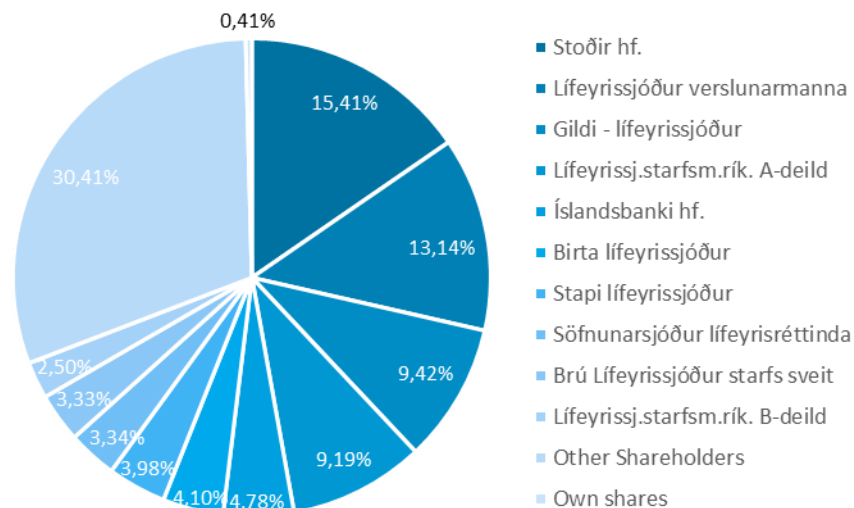
Consolidated EBITDA excl. Sensa and 200 m.kr. fine was 10.156 m.kr. in 2020
Consolidated CAPEX excl. Sensa was 5.643 m.kr. in 2020



Shareholders



Shareholders 26.4.2021	Position	% O/S
Stoðir hf.	1.162.220.631	15,41%
Lífeyrissjóður verslunarmanna	991.007.927	13,14%
Gildi - lífeyrissjóður	710.042.195	9,42%
Lífeyrissj.starfsm.rik. A-deild	692.862.299	9,19%
Íslandsbanki hf.	360.123.917	4,78%
Birta lífeyrissjóður	309.047.263	4,10%
Stapi lífeyrissjóður	300.051.432	3,98%
Söfnunarsjóður lífeyrisréttinda	251.575.320	3,34%
Brú lífeyrissjóður starfs sveit	251.046.469	3,33%
Lífeyrissj.starfsm.rik. B-deild	188.547.947	2,50%
Top 10 shareholders	5.216.525.400	69,18%
Other Shareholders	2.292.614.633	30,41%
Shares outstanding	7.509.140.033	99,59%
Own shares	30.859.967	0,41%
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 ISK 8 billion payment to shareholders
- AGM in March approved share buyback for up to 10% of issued shares
- A buyback program for ISK 1 billion has been approved by the Board – Will commence in May
- The share price in Síminn has increased by 32% in 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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