



Reykjavík, December 4th 2018.

SÝN –Lowering of EBITDA guidance for 2018 and 2019

After receiving the results for October 2018 and advertising and content sales for November 2018 it is the conclusion of the management that a further decrease in the guidance for 2018 and 2019 is needed.

2018

The guidance for 2018 is lowered by 150 m kr. both due to prospects of higher costs and lower revenues than expected. The guidance is thereby 3.450m kr. of regular operations instead of 3.600m kr., that was announced on November 1st.

Higher costs than anticipated are affecting the result. The reason being costs in relation to telecommunication system and content costs that was above budget. Numerous cost initiatives are ongoing within the company and it clearly one of the main tasks of the company is to get full control of the cost and lowering it.

The assumption is also that revenues will be lower than anticipated. Advertising revenue and the sale of content subscriptions were lower than anticipated in November. It is worth pointing out that November and December are the biggest months of the year when it comes to Media revenues. The reason for lower revenues is linked to a mix of uncertainty in the economy and tough competition, where churn and sales costs have been higher than planned for the telco part in September and October which also has a negative effect on the quarter.

2019

Given the change in guidance for 2018 the forecast for 2019 has been updated and lowered to 3,9-4.4bn from 4.6 to 5.0bn. The reasons for the lower forecast is the anticipation that tough competition will continue into 2019 with pressure on prices and increased sales costs. Delay in cost synergies contribute to around 200m, that was planned in 2019, but will not materialize until 2020. It is worth recalling that the effect of the weakening of the ISK was around 350m on the operations that effects costs for 2019.

It is disappointing that plans have not materialized as forecasted but in general it can be said that the merger project has had more effect on the company than planned. On top of that the ISK has weakened and created uncertainty in the Icelandic economy, that effects consumer and corporate behaviour mixed with a very tough competition on the sector during the last few months. The project continues to be to utilize the strength of the company, to grow the business and reach the milestones of the merger although it will be more time consuming.

Summary on the new outlook for the current consolidated operations*

EBITDA 2018. Approximately ISK 3,450m. of regular operations (162m of specified one off items)

CAPEX ratio 2018 Approximately 11%

EBITDA 2019** ISK 3,900m – 4,400m

CAPEX ratio 2019 8-9%

EBITDA 2020** Above ISK 4.400m

CAPEX ratio 2020 Approximately 8%





*The current level of foreign exchange is used as the basis for the company's guidance for 2018 and 2019. Sýn hf. • Suðurlandsbraut 8 • 108 Reykjavík • Kt. 4709051740 • syn.is

**The current guidance is including the continued consolidation of the Icelandic operations and Hey in the Faroes. It has been announced that an agreement has been made on heads of terms in a merger of Hey a subsidiary of SYN and the Faroese IT company Nema. The transaction results in SYN owning 49.9% in the merged company thereby removing Faroese options from SYN's consolidated account. SYN stake in the company will be accounted for using the equity method. The transaction is subject to regular prerequisites but if transaction will materialize and the Faroese business subsequently not consolidated it would thus mean a change to the guidance of SYN. The part of the EBITDA of Hey in the published outlook is approximately DKK 14m or ISK 258m on today's exchange rate. The effect on the CAPEX ratio guidance would however be none and the effect on free cash flow immaterial.

Further information and assistance:

- Mr. Guðfinnur Sigurvinsson, Sýn's communications director, can be contacted via email, fjarfestatengsl@syn.is or by telephone +354-669-9330.