

# Presentation of Q3 2017 results

Eggert Kristófersson, CEO



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# HIGHLIGHTS

Q3 2017

1.409.305

EBITDA

40,3%

EBITDA/Gross profit

3.083.269

Cash and cash equivalents

17,2%

Return on equity

46,4%

Equity ratio

1.650.000

N1 purchased Klettagarðar 13





BOLLI AF KAFFI YLJAR ÐÉR  
AÐ INNAN EINS OG GÓÐUR VINUR

- |                       |                       |
|-----------------------|-----------------------|
| ESPRESSO<br>245 Is.   | MACCHIATO<br>445 Is.  |
| CAPPUCCINO<br>445 Is. | CAFÉ LATTE<br>445 Is. |

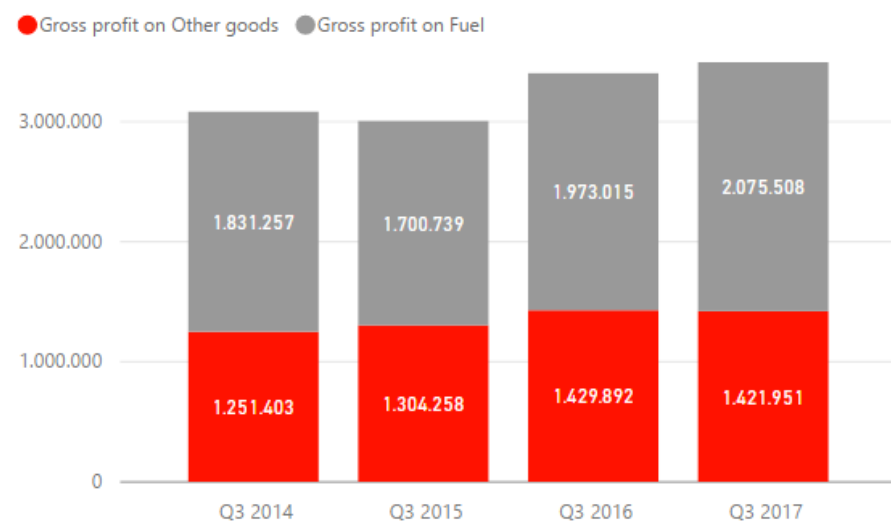
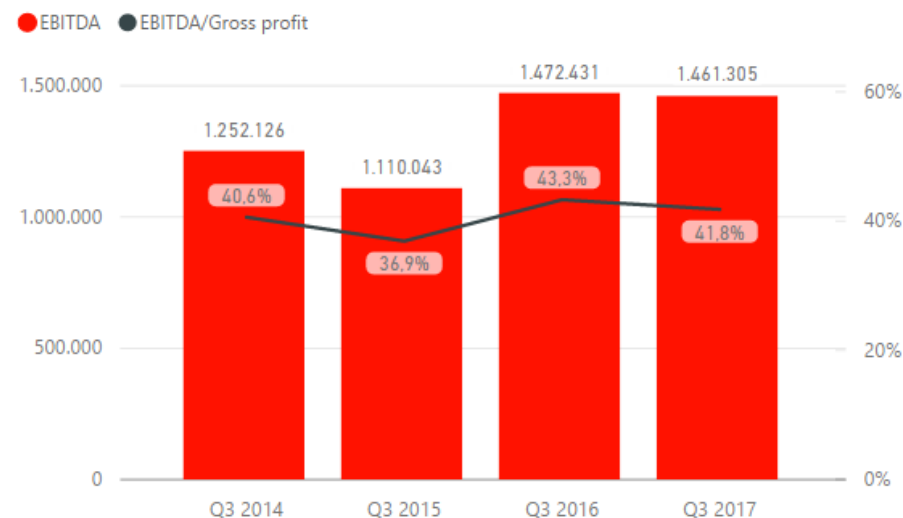
Financials

# OPERATIONS IN Q3 2017

## Income statement Q3 2017

| Income statement                      |            |            |         |        |
|---------------------------------------|------------|------------|---------|--------|
| Amounts are in ISK thousand           | Q3 2017    | Q3 2016    | Change  | % Chg. |
| Gross profit                          | 3.497.459  | 3.402.907  | 94.552  | 2,8%   |
| Other operating income                | 92.546     | 91.344     | 1.202   | 1,3%   |
| Salaries and other personnel expenses | -1.109.297 | -1.032.601 | 76.696  | 7,4%   |
| Sales and distribution expenses       | -620.178   | -593.785   | 26.393  | 4,4%   |
| Other operating expenses              | -451.225   | -395.433   | 55.792  | 14,1%  |
| The cost of aquisition of Festi       | 52.000     | 0          | -52.000 |        |
| EBITDA*                               | 1.461.305  | 1.472.432  | -11.127 | -0,8%  |
| <b>Key Figures</b>                    |            |            |         |        |
| EBITDA*/Gross profit                  | 41,8%      | 43,3%      | -1,5%   | -3,5%  |
| Salaries/Gross profit                 | 31,7%      | 30,3%      | 1,4%    | 4,5%   |
| Earnings per share                    | 3,85       | 3,06       | 0,79    | 25,7%  |

\*EBITDA, excluding the cost related to the aquisition of Festi hf.



# OPERATIONS IN 9M 2017

## Income statement 9M 2017

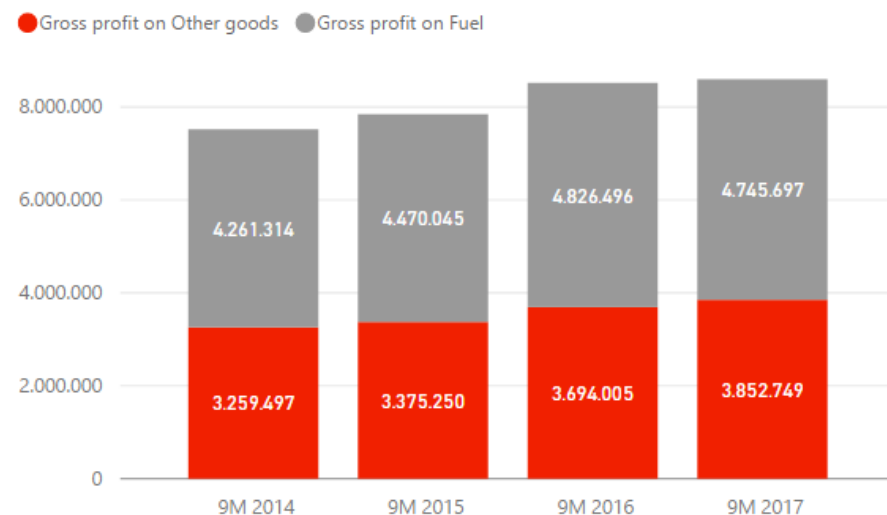
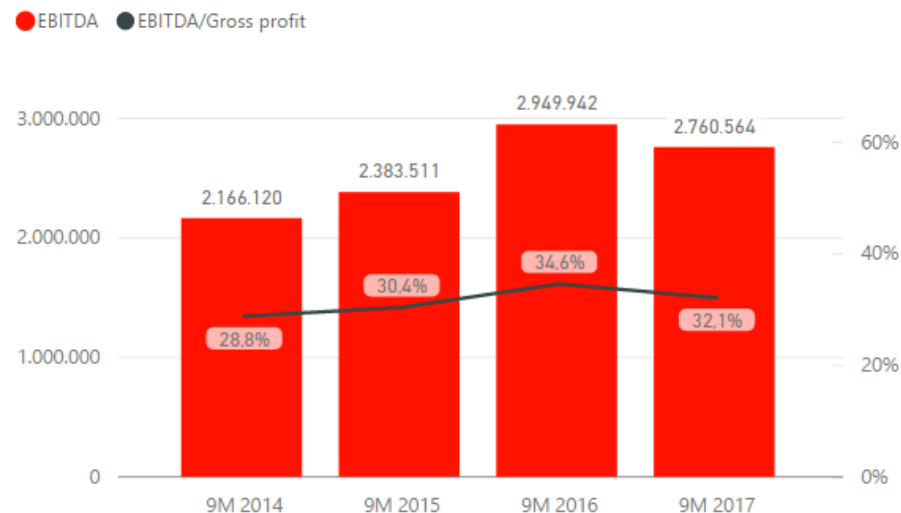
### Income statement

| Amounts are in ISK thousand           | 9M 2017    | 9M 2016    | Change   | % Chg. |
|---------------------------------------|------------|------------|----------|--------|
| Gross profit                          | 8.598.446  | 8.520.502  | 77.944   | 0,9%   |
| Other operating income                | 294.035    | 279.238    | 14.797   | 5,3%   |
| Salaries and other personnel expenses | -3.352.918 | -3.090.346 | 262.572  | 8,5%   |
| Sales and distribution expenses       | -1.610.079 | -1.576.566 | 33.513   | 2,1%   |
| Other operating expenses              | -1.230.920 | -1.182.885 | 48.035   | 4,1%   |
| The cost of aquisition of Festi       | 62.000     | 0          | -62.000  |        |
| EBITDA*                               | 2.760.564  | 2.949.943  | -189.379 | -6,4%  |

### Key Figures

|                       |       |       |       |       |
|-----------------------|-------|-------|-------|-------|
| EBITDA*/Gross profit  | 32,1% | 34,6% | -2,5% | -7,3% |
| Salaries/Gross profit | 39,0% | 36,3% | 2,7%  | 7,5%  |
| Earnings per share    | 6,52  | 5,44  | 1,08  | 19,9% |

\*EBITDA, excluding the cost related to the aquisition of Festi hf.

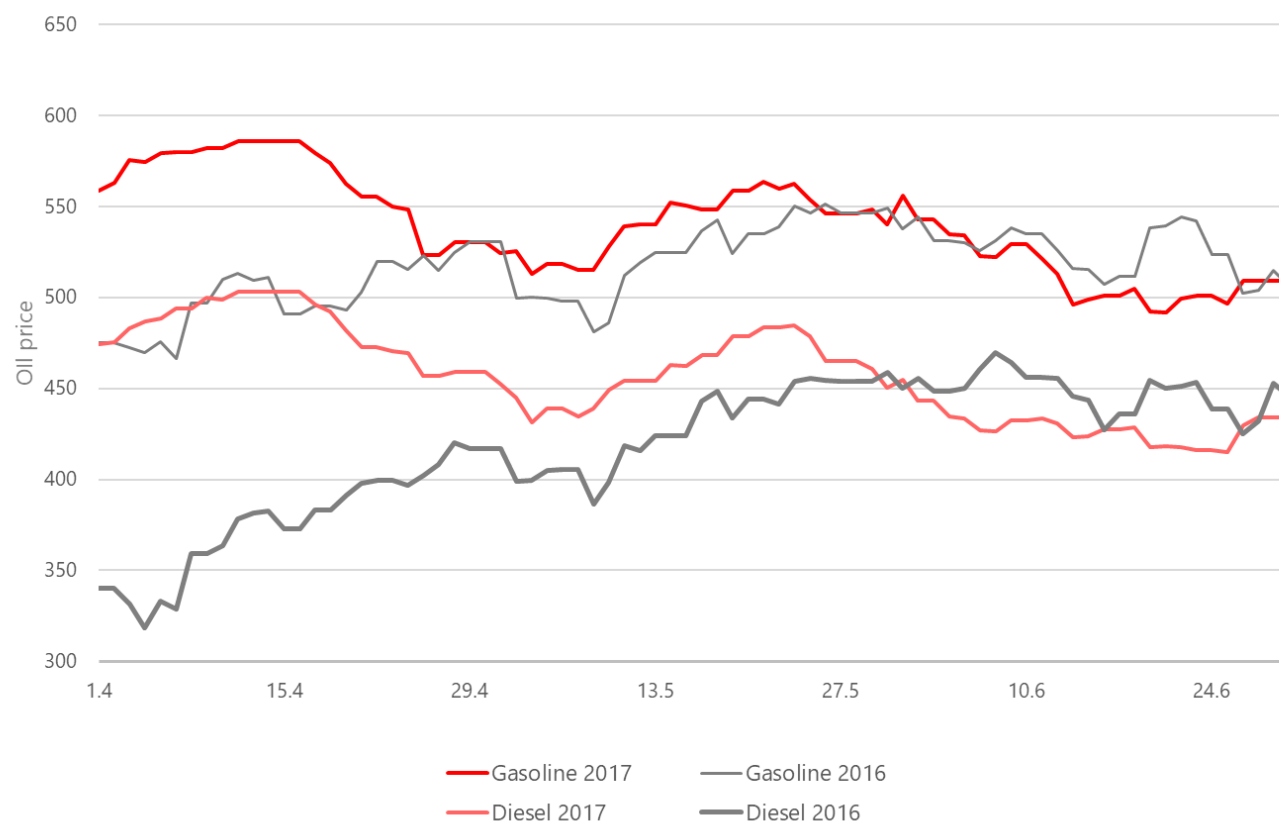


# FUEL PRICE AND USD/ISK EXCHANGE RATE DEVELOPMENT YTD 2017



Source:: Central Bank of Iceland and Platt's

# FUEL PRICE DEVELOPMENT Q3 2016 / Q3 2017



## Development in Q3 2017:

- Gasoline price increases by 5,8%. Difference of lowest and highest price 28,5%.
- Diesel price decreases by 21,1%. Difference between lowest and highest price 27,2%.
- USD strengthen by 3,7% against ISK. Difference between highest and lowest exchange rate 7,0%

## Development in Q3 2016:

- Gasoline price increases by 3,2%. Difference of lowest and highest price 20,6%
- Diesel price decreases by 2,9%. Difference between lowest and highest price 24,0%
- USD strengthen by 7,0% against ISK. Difference between highest and lowest exchange rate 7,5%

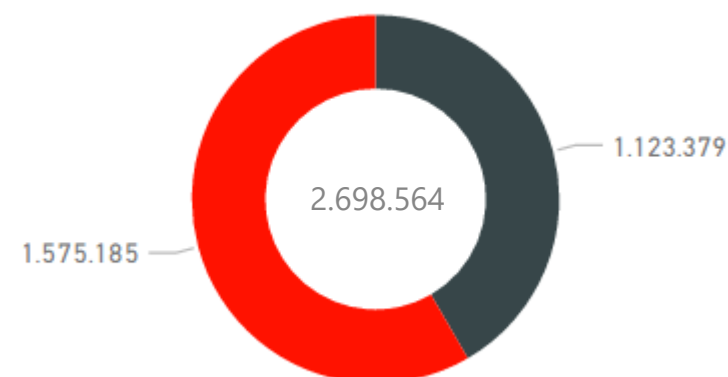
# OPERATING SEGMENTS

## First nine months

| Amounts are in ISK thousand           | Real estate | Operations  | Inter-segment revenue | Total       |
|---------------------------------------|-------------|-------------|-----------------------|-------------|
| Operating revenue                     | 0           | 26.467.147  | 0                     | 26.467.147  |
| Other revenue                         | 1.396.334   | 294.035     | -1.396.334            | 294.035     |
| Total segment revenue                 | 1.396.334   | 26.761.182  | -1.396.334            | 26.761.182  |
| Total operating expenses              | -272.955    | -25.185.997 | 1.396.334             | -24.062.618 |
| Segment EBITDA                        | 1.123.379   | 1.575.185   | 0                     | 2.698.564   |
| Segment depreciation and amortisation | -412.869    | -320.557    | 0                     | -733.426    |
| Effect of associates                  |             | 237.483     |                       | 237.483     |
| Operating result of segments          | 710.510     | 1.492.111   | 0                     | 2.202.621   |
| Segment assets                        | 15.114.146  | 10.825.697  |                       | 25.939.843  |
| Unallocated assets                    |             |             |                       | 3.083.269   |
| Total assets                          |             |             |                       | 29.023.112  |

## EBITDA by Segment

● Real estate ● Operations





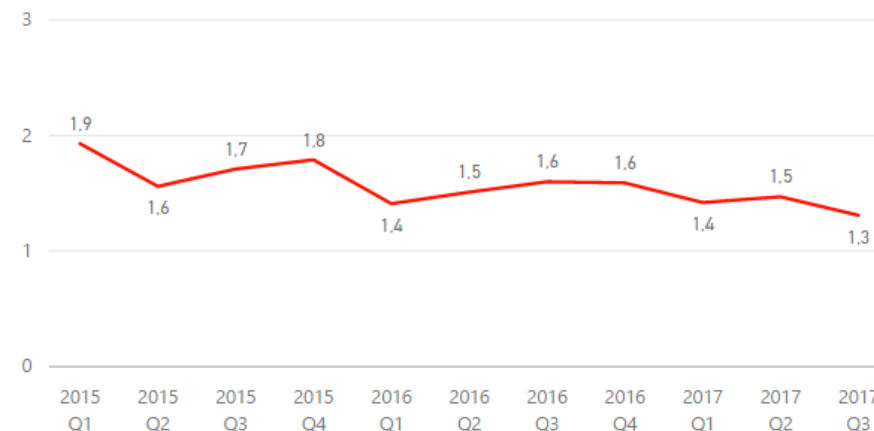
# STATEMENT OF FINANCIAL POSITION

Assets at the end of the period

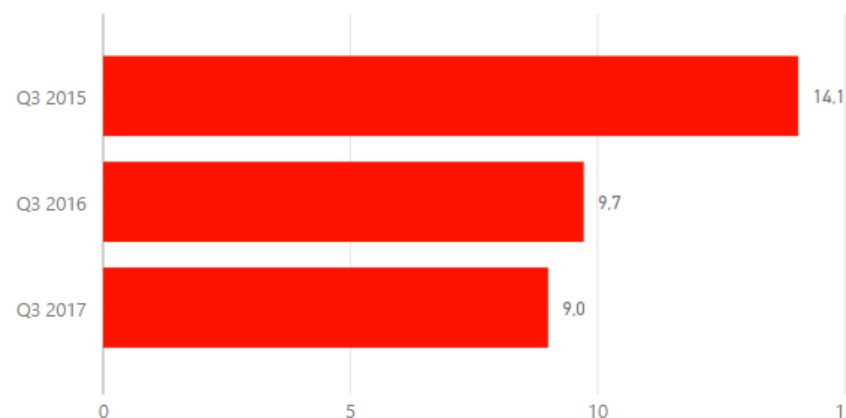
## Statement of Financial Position (Assets)

| Amounts are in ISK thousand              | 9M 2017           | 9M 2016           | Change           | % Chg.       |
|--|-------------------|-------------------|------------------|--------------|
| Intangible assets                        | 221.816           | 305.662           | -83.846          | -27,4%       |
| Property and equipment                   | 17.069.817        | 9.520.911         | 7.548.906        | 67,5%        |
| Shares in associates and other companies | 1.819.714         | 1.697.615         | 122.099          | 5,5%         |
| Other assets                             | 31.578            | 62.391            | -30.813          | -50,4%       |
| <b>Non-current assets</b>                | <b>19.142.925</b> | <b>11.586.580</b> | <b>7.556.345</b> | <b>65,2%</b> |
| Inventories                              | 3.145.858         | 2.731.101         | 414.757          | 15,2%        |
| Trade receivables                        | 3.261.162         | 3.106.694         | 154.468          | 5,0%         |
| Receivables from related parties         | 110.111           | 47.099            | 63.012           | 133,8%       |
| Other short-term receivables             | 279.787           | 208.679           | 71.108           | 34,1%        |
| Cash and cash equivalents                | 3.083.269         | 3.867.222         | -783.953         | -20,3%       |
| <b>Current assets</b>                    | <b>9.880.188</b>  | <b>9.960.795</b>  | <b>-80.607</b>   | <b>-0,8%</b> |
| <b>Total assets</b>                      | <b>29.023.112</b> | <b>21.547.375</b> | <b>7.475.737</b> | <b>34,7%</b> |

Current ratio



Inventory turnover



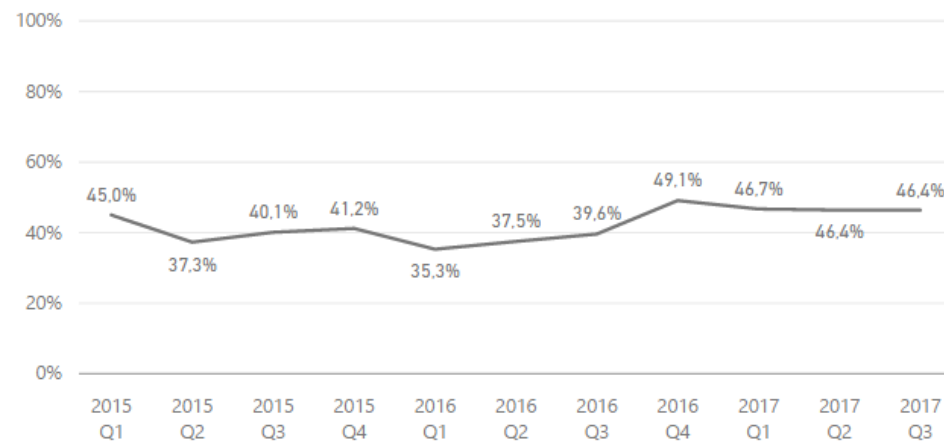
\*Inventory turnover is calculated as cost of goods sold divided by the average carrying amount of inventory as disclosed in published financial statements:  $\text{COGS} / (\text{Inventory as at 1 July 2017} + \text{Inventory as at 30 September 2017})/2$

# STATEMENT OF FINANCIAL POSITION

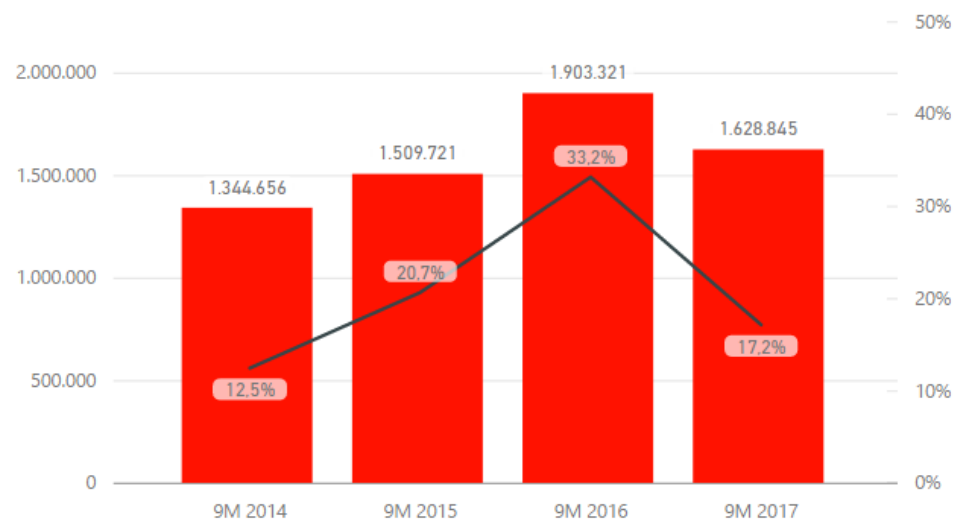
Equity and liabilities at the end of the period

| Statement of Financial position (equity and liabilities) |            |            |           |         |
|--|------------|------------|-----------|---------|
| Amounts are in ISK thousand                              | 9M 2017    | 9M 2016    | Change    | % Chg.  |
| <b>Equity</b>  | 13.461.312 | 8.538.202  | 4.923.110 | 57,7%   |
| Payable to credit institutions                           | 6.500.000  | 6.370.000  | 130.000   | 2,0%    |
| Deferred tax liabilities                                 | 1.510.668  | 264.810    | 1.245.858 | 470,5%  |
| Deferred income  | 0          | 158.609    | -158.609  | -100,0% |
| <b>Non-current liabilities</b>                           | 8.010.668  | 6.793.419  | 1.217.249 | 17,9%   |
| Current tax  | 560.544    | 757.326    | -196.782  | -14,8%  |
| Payable to the Icelandic State                           | 3.460.019  | 3.439.260  | 20.759    | 10,1%   |
| Payable to credit institutions                           | 1.500.000  | 0          | 1.500.000 |         |
| Trade payables   | 1.240.256  | 1.099.885  | 140.371   | -20,1%  |
| Payable to related parties                               | 95.285     | 199.970    | -104.685  | 4,3%    |
| Deferred income  | 192.239    | 237.207    | -44.968   | -3,9%   |
| Other short-term liabilities                             | 502.788    | 482.107    | 20.681    | 12,9%   |
| <b>Current liabilities</b>                               | 7.551.132  | 6.215.755  | 1.335.377 | 21,5%   |
| <b>Total equity and liabilities</b>                      | 29.023.113 | 21.547.376 | 7.475.737 | 34,7%   |

Equity ratio

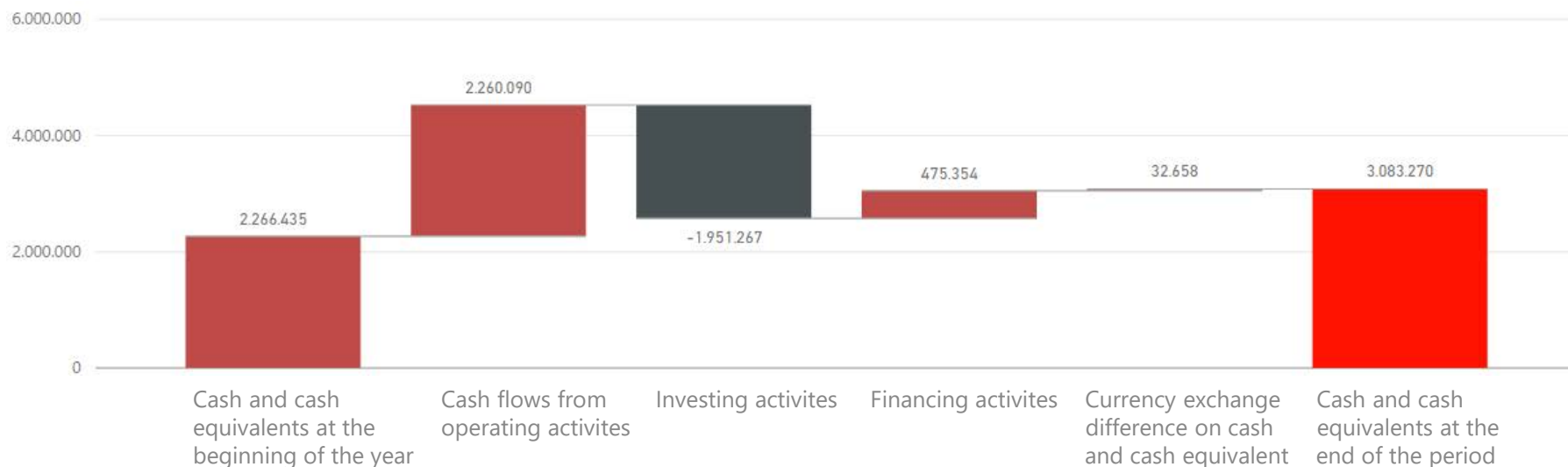


Profit Return on equity

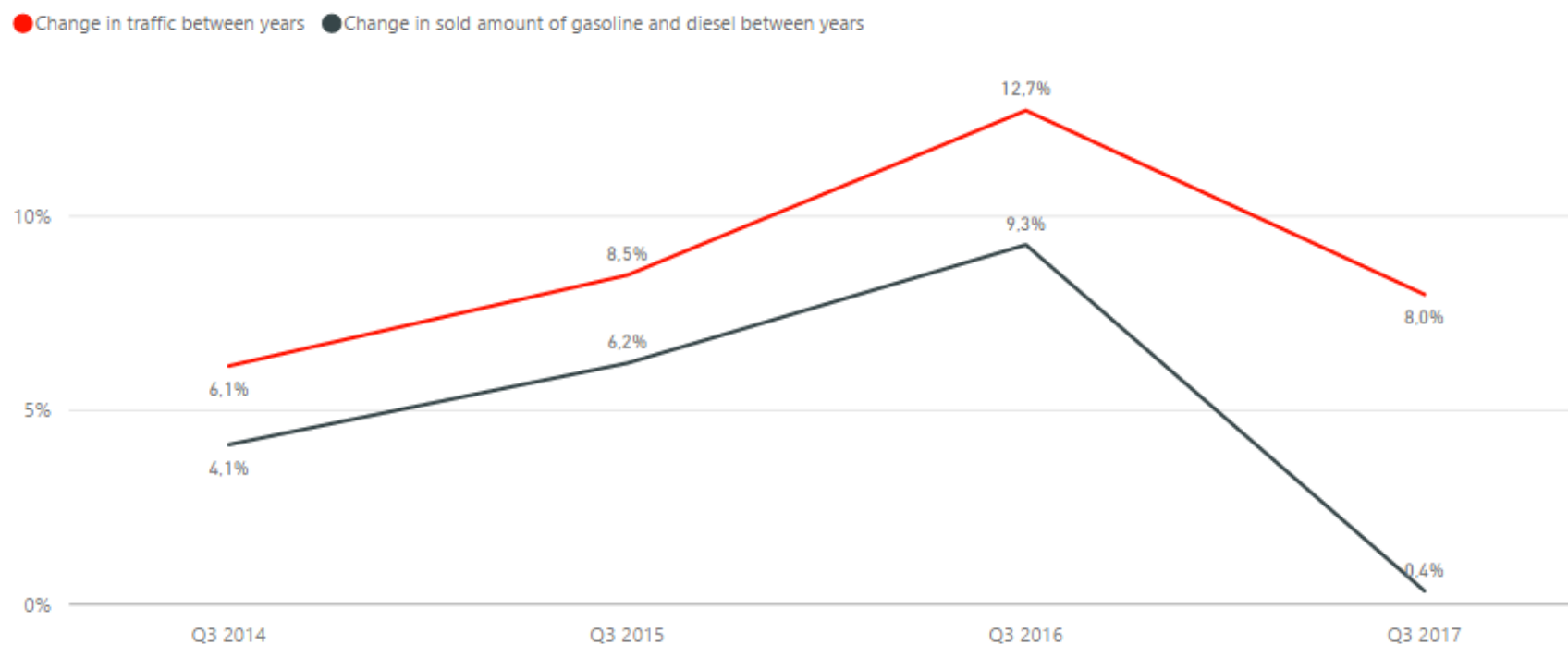


# STATEMENT OF CASH FLOWS

| Amounts are in ISK thousand                               | 9M 2017    | 9M 2016    | Change     | % Chg.  |
|---|------------|------------|------------|---------|
| Cash and cash equivalents at the beginning of the year    | 2.266.435  | 2.472.372  | -205.937   | -8,3%   |
| Cash flows from operating activities                      | 2.260.090  | 3.540.108  | -1.280.018 | -36,2%  |
| Investing activities                                      | -1.951.267 | -713.480   | -1.237.787 | 173,5%  |
| Financing activities                                      | 475.354    | -1.435.385 | 1.910.739  | -133,1% |
| Currency exchange difference on cash and cash equivalents | 32.658     | 3.607      | 29.051     | 805,4%  |
| Cash and cash equivalents at the end of the period        | 3.083.269  | 3.867.222  | -783.953   | -20,3%  |



# TRAFFIC DEVELOPMENT AND SALE OF GASOLINE



# SHARE PRICE DEVELOPMENT



## Shareholders (10 largest)

|   |       |
|---|-------|
| Lífeyrissjóður verslunarmanna                               | 13,3% |
| Lífeyrissjóður starfsmanna ríkisins A-division & B-division | 11,1% |
| Gildi - lífeyrissjóður                                      | 9,2%  |
| Landsbréf - Úrvalsbréf                                      | 7,2%  |
| Birta lífeyrissjóður  | 6,8%  |
| Almenni lífeyrissjóðurinn                                   | 5,0%  |
| The Wellington Trust Company                                | 4,6%  |
| Stapi lífeyrissjóður  | 4,6%  |
| Kvika banki hf.   | 3,6%  |
| Helgafell ehf.  | 2,8%  |

## Market information

|   |              |
|---|--------------|
| Issued shares                           | 250 M        |
| Market cap at the end of September 2017 | ISK 27.688 M |
| Market cap at the end of September 2016 | ISK 26.460 M |
| Number of shareholders                  | 1.495        |
| Annual return from registration         | 32,7%        |





Position and outlook

# Position and outlook

## Financial forecast for the year 2017

- Unchanged estimation of EBITDA for the year 2017, estimated to be in the range of ISK 3,500 to 3,600 million, excluding expenses related to the planned acquisition of Festi hf.

## Assumptions:

- Increase in domestic operating expenses, even if inflation rate is moderate, will have an impact on operations in competitive market such as the one in which the Company operates.
- Turmoil in oil markets will cause fluctuations in gross profit and working capital position

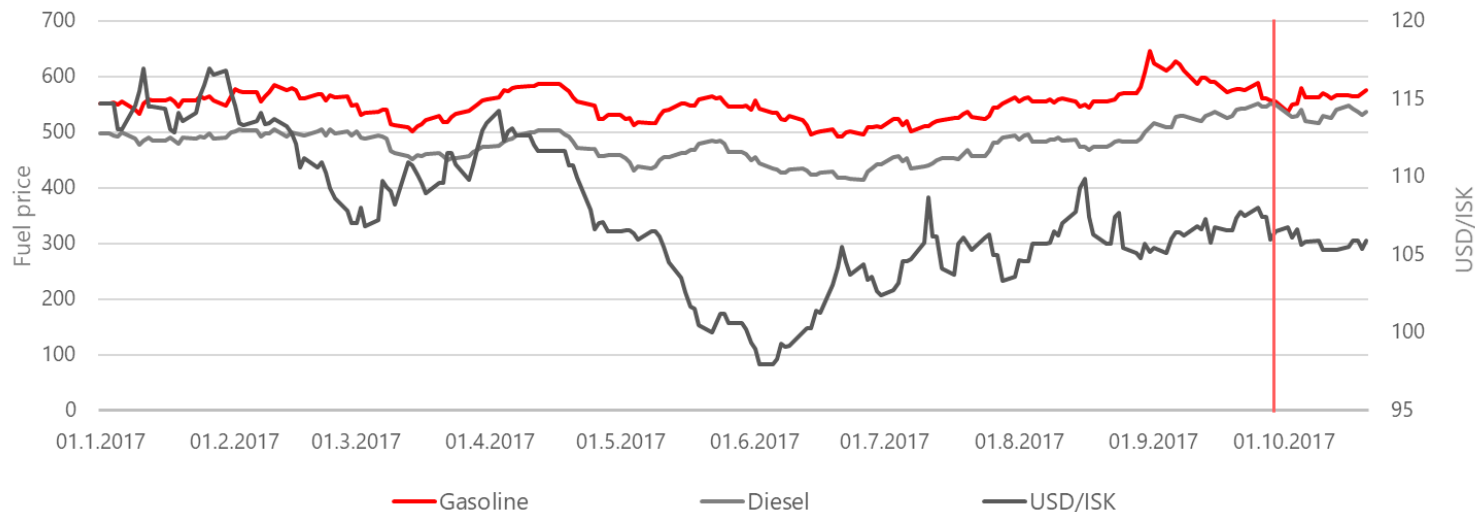
## Investments

- Annual investments of approximately ISK 800 million
- Investments in service stations to continue
- Investments in tanks and gas pumps
- Investments related to cas service operations

## Festi hf.

- Purchase agreement signed on 3 October
- A merger notification has been sent to the Icelandic Competition Authority
- It is expected to be finalised in the second quarter of 2018

## Fuel price development 2017







Thank you





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