

Presentation of Q4 2017 results

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22 February 2017

HIGHLIGHTS

Q4 2017 and the year 2017

3.604.807

EBITDA* 2017

3.535.365

EBITDA 2017

2.800.082

Cash and cash equivalents

844.087

EBITDA* Q4 2017

31,2%

EBITDA/Gross profit

49,9%

Equity ratio

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

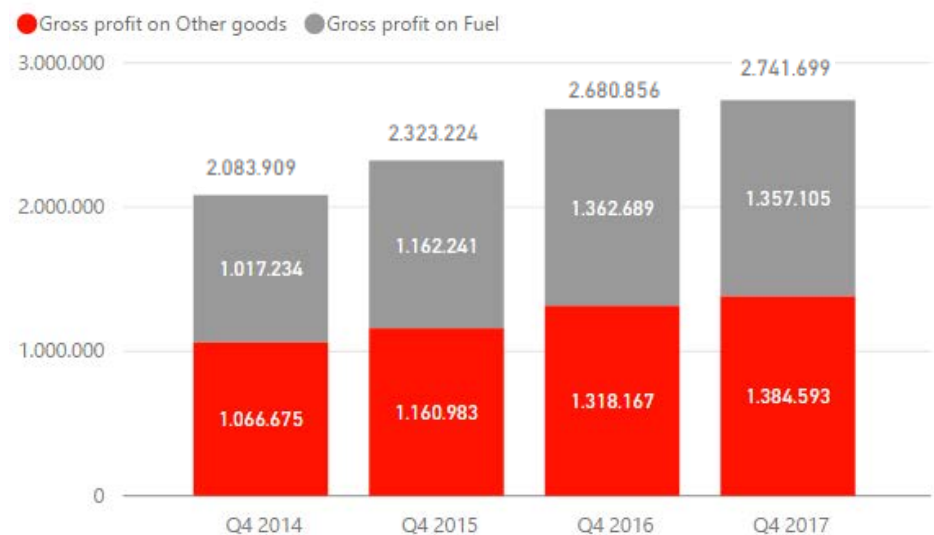


Financials

OPERATIONS IN Q4 2017

Income statement Q4 2017

Income statement				
Amounts are in ISK thousand	Q4 2017	Q4 2016	Change	% Chg.
Gross profit	2.741.699	2.680.856	60.843	2,3%
Other operating income	147.819	91.495	56.324	61,6%
Salaries and other personnel expenses	-1.201.185	-1.143.373	57.812	5,1%
Sales and distribution expenses	-448.529	-502.028	-53.499	-10,7%
Other operating expenses	-395.717	-452.048	-56.331	-12,5%
EBITDA*	844.087	674.902	169.185	25,1%
Key Figures				
EBITDA*/Gross profit	30,8%	25,2%	5,6%	22,3%
Salaries/Gross profit	43,8%	42,6%	1,2%	2,7%
Earnings per share	1,77	4,33	-2,56	-59,1%



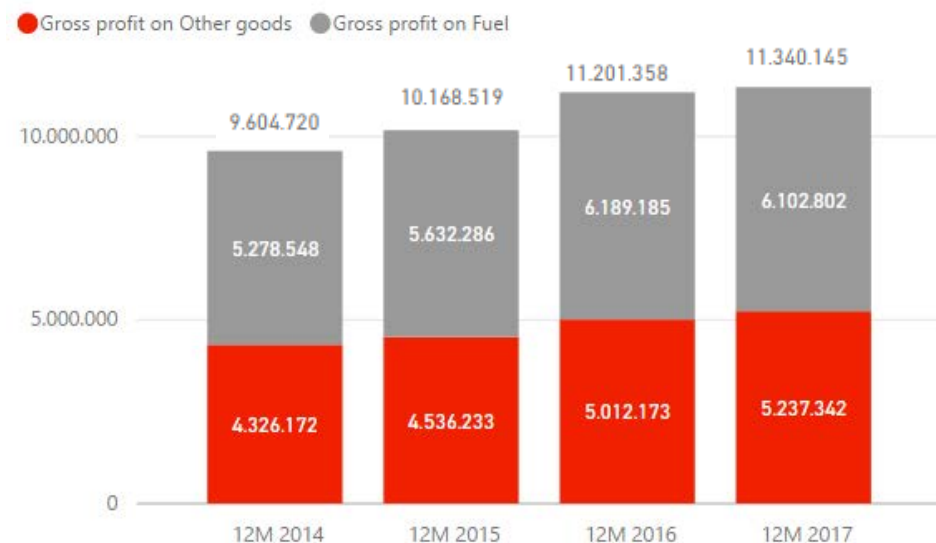
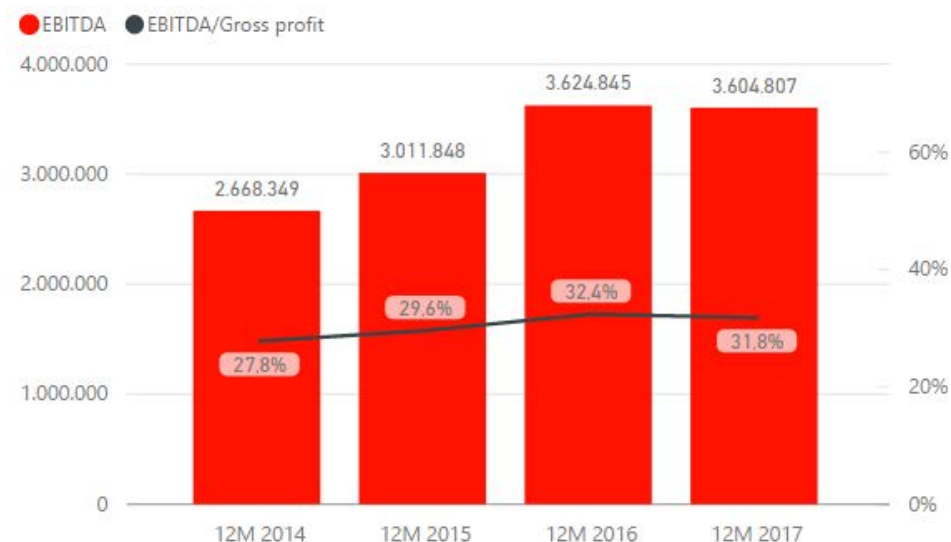
*EBITDA, excluding the cost related to the acquisition of Festi hf.

OPERATIONS IN 12M 2017

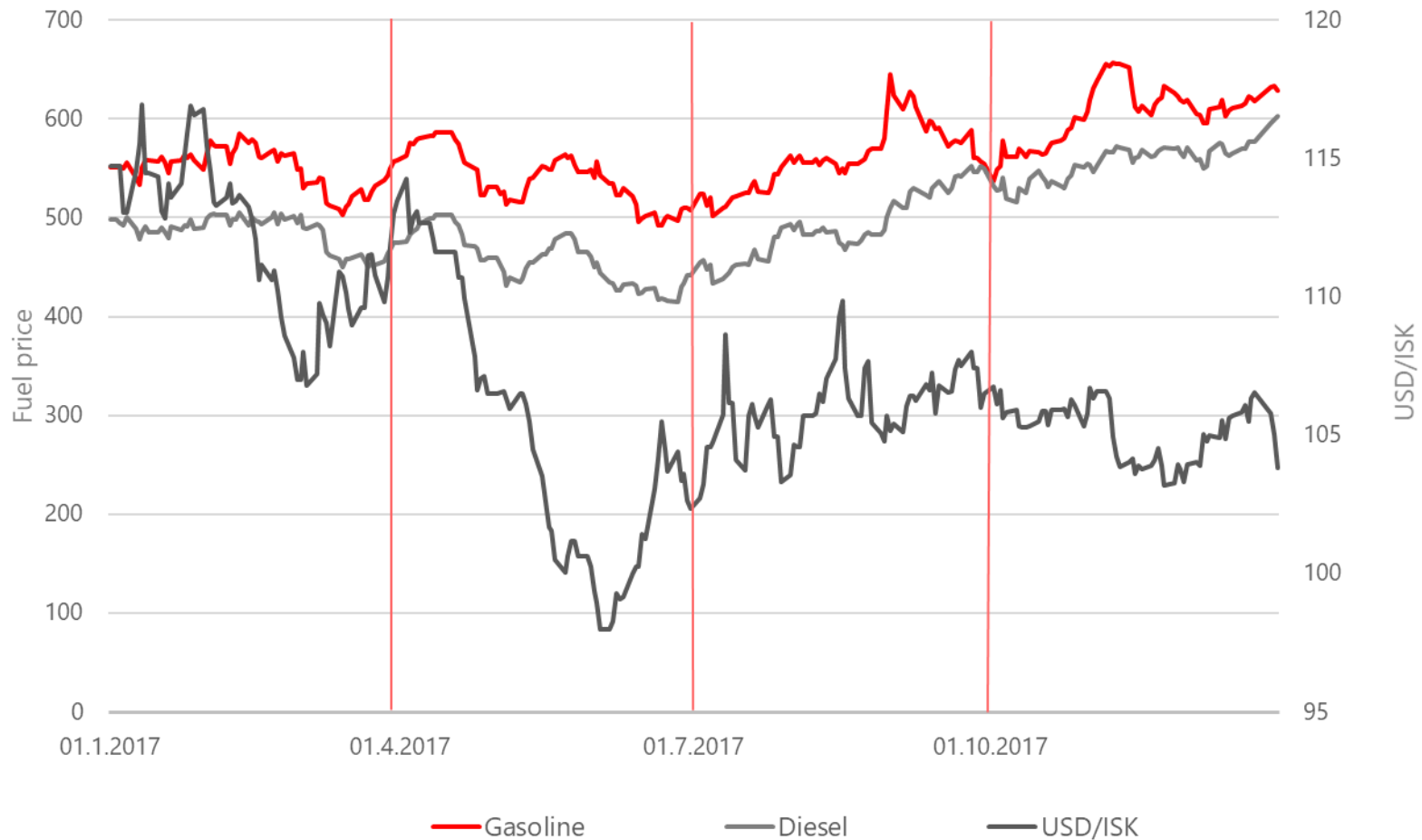
Income statement 12M 2017

Income statement				
Amounts are in ISK thousand	2017	2016	Change	% Chg.
Gross profit	11.340.145	11.201.358	138.787	1,2%
Other operating income	441.854	370.733	71.121	19,2%
Salaries and other personnel expenses	-4.554.103	-4.233.719	320.384	7,6%
Sales and distribution expenses	-2.058.608	-2.078.594	-19.986	-1,0%
Other operating expenses	-1.564.480	-1.634.933	-70.453	-4,3%
EBITDA*	3.604.807	3.624.845	-20.038	-0,6%
Key Figures				
EBITDA*/Gross profit	31,8%	32,4%	-0,6%	-1,8%
Salaries/Gross profit	40,2%	37,8%	2,4%	6,3%
Earnings per share	8,28	9,74	-1,46	-15,0%

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

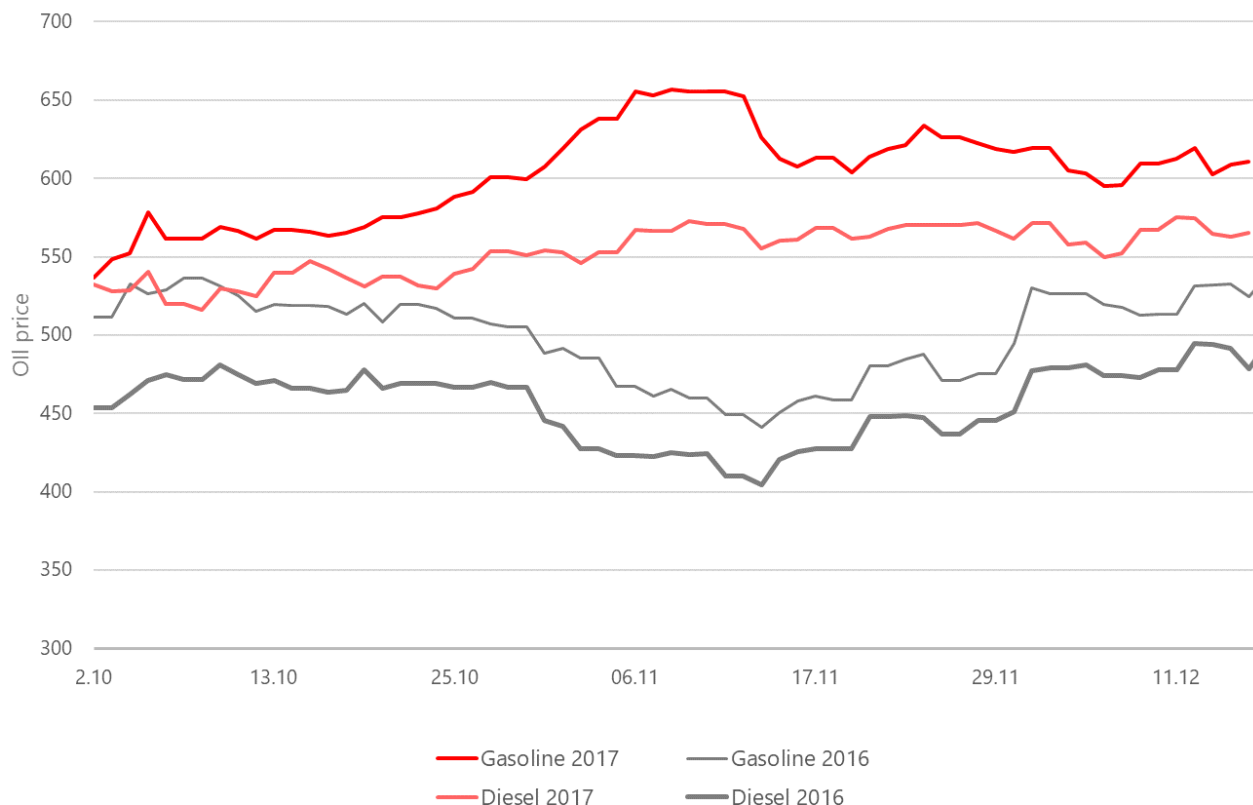


FUEL PRICE AND USD/ISK EXCHANGE RATE DEVELOPMENT 2017



Source:: Central Bank of Iceland and Platt's

FUEL PRICE DEVELOPMENT Q4 2016 / Q4 2017



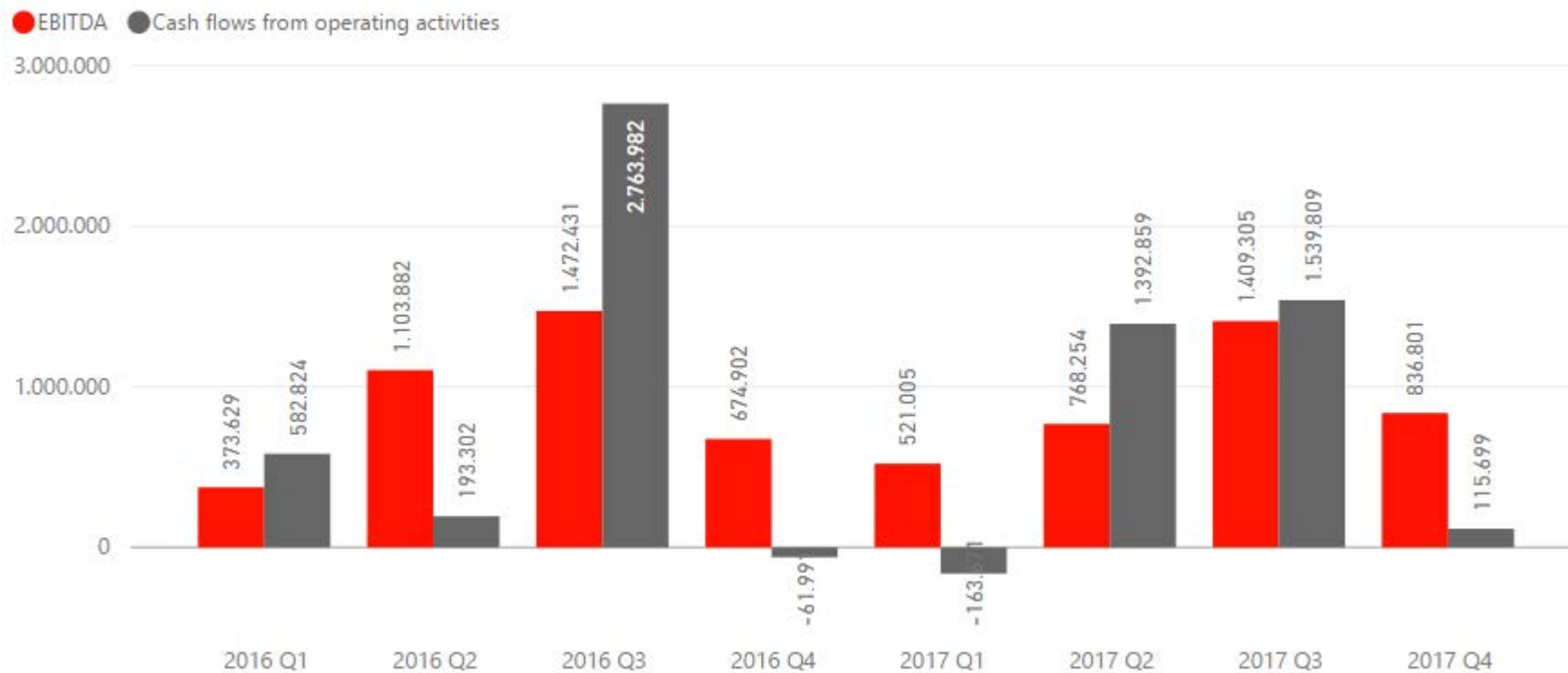
Development in Q4 2017:

- Gasoline price increases by 17,1%. Difference of lowest and highest price 22,4%.
- Diesel price increases by 13,1%. Difference between lowest and highest price 16,6%.
- USD weakens by 2,7% against ISK. Difference between lowest and highest exchange rate 3,5%

Development in Q4 2016:

- Gasoline price increases by 4,6%. Difference of lowest and highest price 26,5%
- Diesel price increases by 7,5%. Difference between lowest and highest price 23,7%
- USD strengthened by 0,1% against ISK. Difference between highest and lowest exchange rate 5,8%

SEASONAL FLUCTUATIONS AND STRONG CASH FLOWS



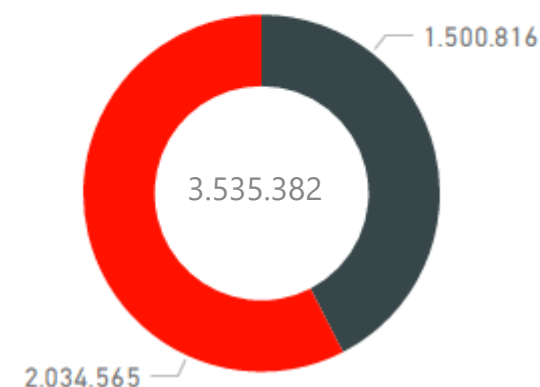
OPERATING SEGMENTS

The year 2017

Amounts are in ISK thousand	Inter-segment			
	Real estate	Operations	revenue	Total
Operating revenue		34.608.441		34.608.441
Other revenue	1.866.691	441.854	-1.866.691	441.854
Total segment revenue	1.866.691	35.050.294	-1.866.691	35.050.294
Total operating expenses	-365.875	-33.015.729	1.866.691	-31.514.913
Segment EBITDA	1.500.816	2.034.565	0	3.535.382
Segment depreciation and amortisation	-561.909	-444.979	0	-1.006.889
Effect of associates		274.905		274.905
Operating result of segments	938.907	1.864.492	0	2.803.398
Segment assets	15.008.637	9.832.500		24.841.137
Unallocated assets				2.800.082
Total assets				27.641.219

EBITDA by Segment

● Real estate ● Operations



N1 own 72 real estates and total square meters of 40.207 m2

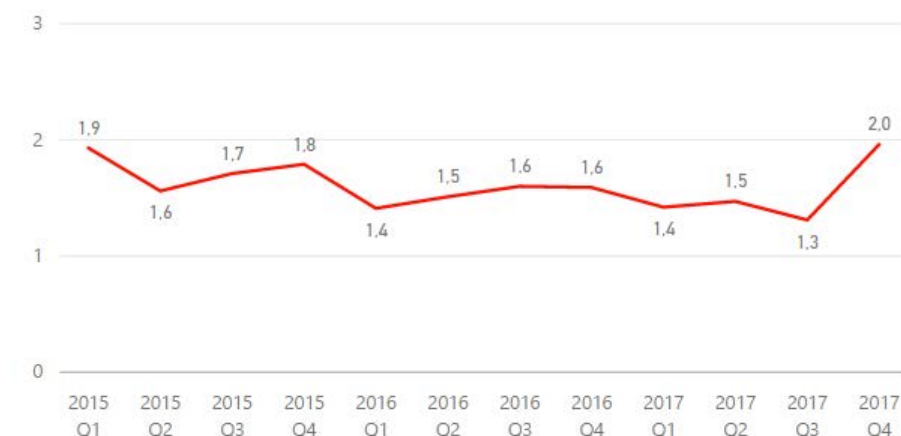
STATEMENT OF FINANCIAL POSITION

Assets at the end of the period

Statement of Financial Position (Assets)

Amounts are in ISK thousand	2017	2016	Change	% Chg.
Intangible assets	214.987	258.165	-43.178	-16,7%
Property and equipment	16.940.226	15.773.467	1.166.759	67,5%
Shares in associates and other companies	1.855.576	1.764.450	91.126	5,5%
Other assets	120.914	58.151	62.763	-50,4%
Non-current assets	19.131.703	17.854.233	1.277.470	7,2%
Inventories	2.840.403	3.026.753	-186.350	-6,2%
Trade receivables	2.595.230	2.303.272	291.958	12,7%
Receivables from related parties	152.147	14.843	137.304	925,0%
Other short-term receivables	136.852	156.725	-19.873	-12,7%
Cash and cash equivalents	2.800.082	2.266.435	533.647	23,5%
Current assets	8.524.714	7.768.028	756.686	9,7%
Total assets	27.656.418	25.622.261	2.034.157	7,9%

Current ratio



Inventory turnover

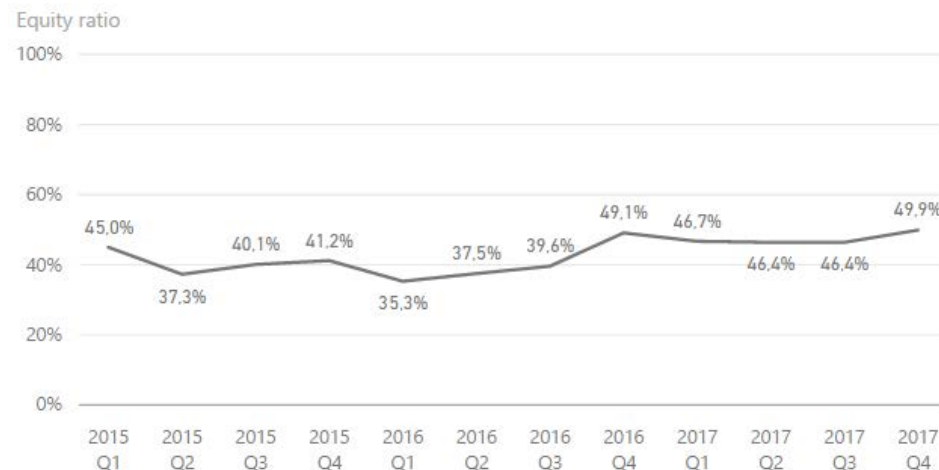


*Inventory turnover is calculated as cost of goods sold divided by the average carrying amount of inventory as disclosed in published financial statements:
 $\text{COGS} / (\text{Inventory as at 1 October} + \text{Inventory as at 31 December}) / 2$

STATEMENT OF FINANCIAL POSITION

Equity and liabilities at the end of the period

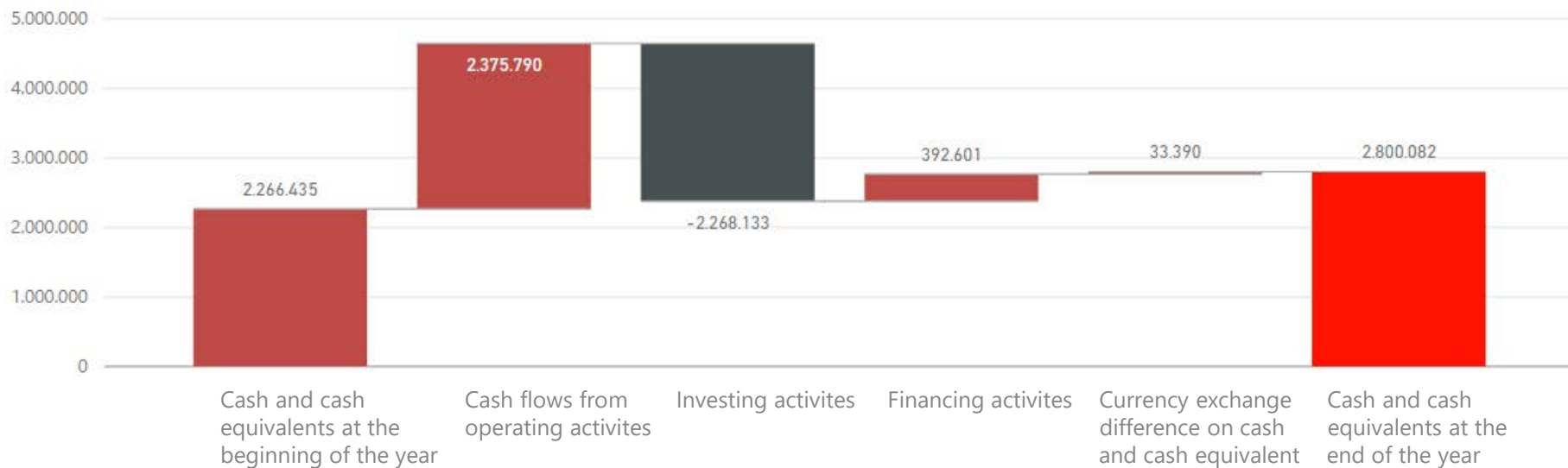
Statement of Financial position (equity and liabilities)				
Amounts are in ISK thousand	2017	2016	Change	% Chg.
Equity	13.811.779	12.571.949	1.239.830	9,9%
Payable to credit institutions	8.000.000	6.500.000	1.500.000	23,1%
Deferred tax liabilities	1.484.715	1.499.323	-14.608	-1,0%
Deferred income	0	151.056	-151.056	-100,0%
Non-current liabilities	9.484.715	8.150.379	1.334.336	16,4%
Current tax	444.276	512.383	-68.107	-14,8%
Payable to the Icelandic State	2.058.077	2.046.570	11.507	10,1%
Payable to credit institutions	0	508.905	-508.905	
Trade payables	1.066.927	895.995	170.932	-20,1%
Payable to related parties	113.198	201.623	-88.425	4,3%
Deferred income	182.958	237.425	-54.467	-3,9%
Other short-term liabilities	494.488	497.032	-2.544	12,9%
Current liabilities	4.359.923	4.899.933	-540.010	-11,0%
Total equity and liabilities	27.656.418	25.622.261	2.034.157	7,9%



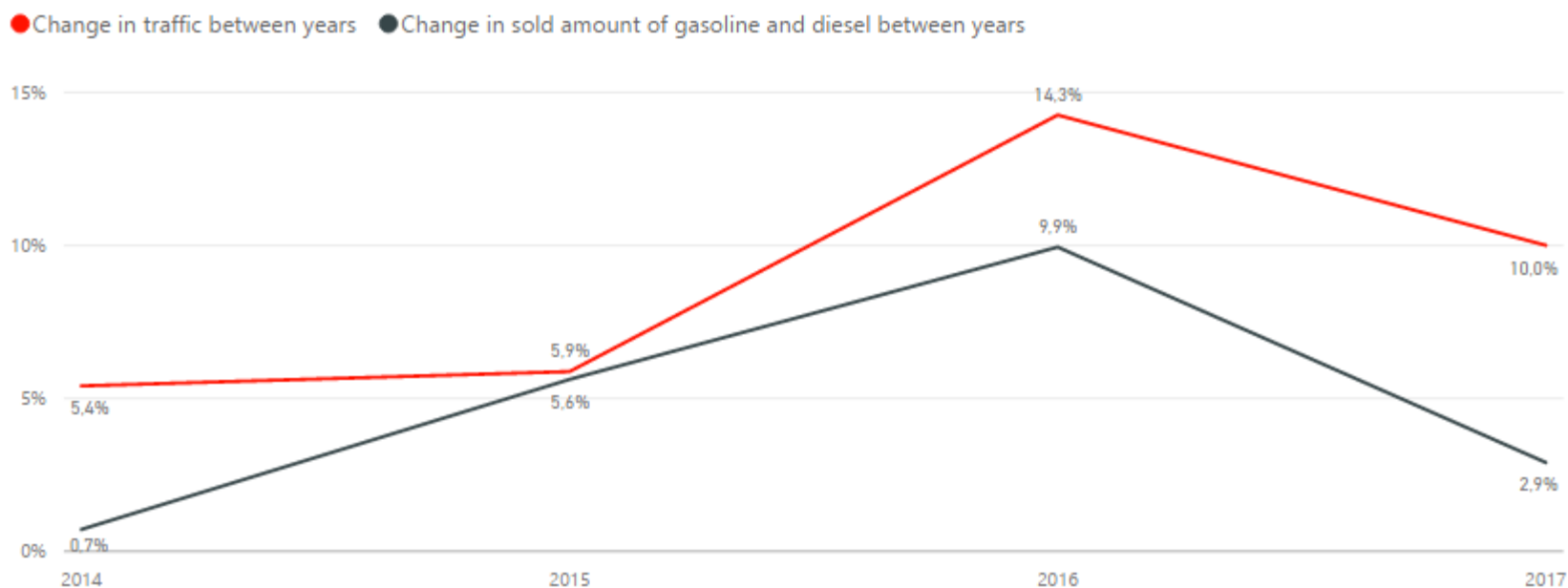
STATEMENT OF CASH FLOWS

Amounts are in ISK thousand

	12M 2017	12M 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	2.375.790	3.478.115	-1.102.325	-31,7%
Investing activities	-2.268.133	-991.741	-1.276.392	128,7%
Financing activities	392.601	-2.697.916	3.090.517	-114,6%
Currency exchange difference on cash and cash equivalents	33.390	5.605	27.785	495,8%
Cash and cash equivalents at the end of the period	2.800.082	2.266.435	533.647	23,5%



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	9,3%
Lansdowne Ícav Lansdowne Euro	8,1%
Landsbréf	6,8%
Wellington Trust Company	6,6%
Birta lífeyrissjóður	6,3%
Almenni lífeyrissjóðurinn	5,0%
Stapi lífeyrissjóður	3,9%
Kvika banki hf.	2,8%

Market information

Issued shares	250 M
Market cap at the end of December 2017	ISK 28.500 M
Market cap at the end of December 2016	ISK 32.250 M
Number of shareholders	1.158
Annual return from registration	31,7%
Annual return from 2015	41,3%



N1 Social responsibility

Position and outlook

Position and outlook

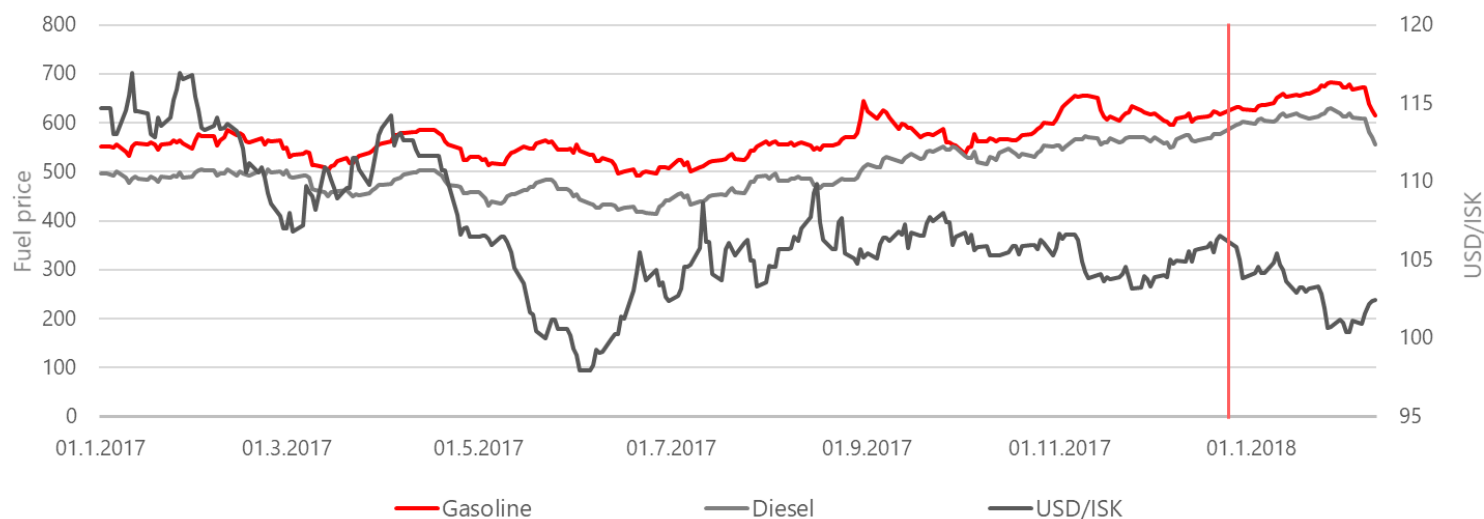
Financial forecast for the year 2018

- Unchanged estimation of EBITDA for the year 2018, estimated to be in the range of ISK 3,500 to 3,700 million, excluding expenses related to the planned acquisition of Festi hf.

Assumptions:

- Slower increase in number of foreign tourists
- Increase in domestic operating expenses will have an impact on operations
- Unchanged collective wage agreements
- Turmoil in oil markets will cause fluctuations in gross profit and working capital position

Fuel price development 2017 - 2018



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
- The Icelandic Competition Authority's conclusions expected 16 March – 18 April
- It is expected to be finalised in the second quarter of 2018



Thank you



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