



Skeljungur

SKELJUNGUR HF.

2018 Q1

Investor Presentation 09.05.2018



Operations - first 3 months

Good financial and operational results



Finance

- ✓ EBITDA 815 m (+30%)
- ✓ Profit 416 m (+63%)
- ✓ Return on equity 22,6%
- ✓ One-off profit of 103m due to increased asset price
- ✓ Revised guidance upwards

Operations

- ✓ Good results in core operations and international sales
- ✓ Volume increase in fuel sales (excl. jet)
- ✓ Demich purchase
- ✓ Substantial increase in oil prices
- ✓ Dynamic market





Fuel sales



Iceland

Faroe Island



Diesel & Gasoline

35 m ltr

↑ 24%

6 m ltr

↑ 6%



Jet

10 m ltr

↓ 86%

0 m ltr



Marine

22 m ltr

↑ 24%

29 m ltr

↑ 24%



Housing

0 m ltr

11 m ltr

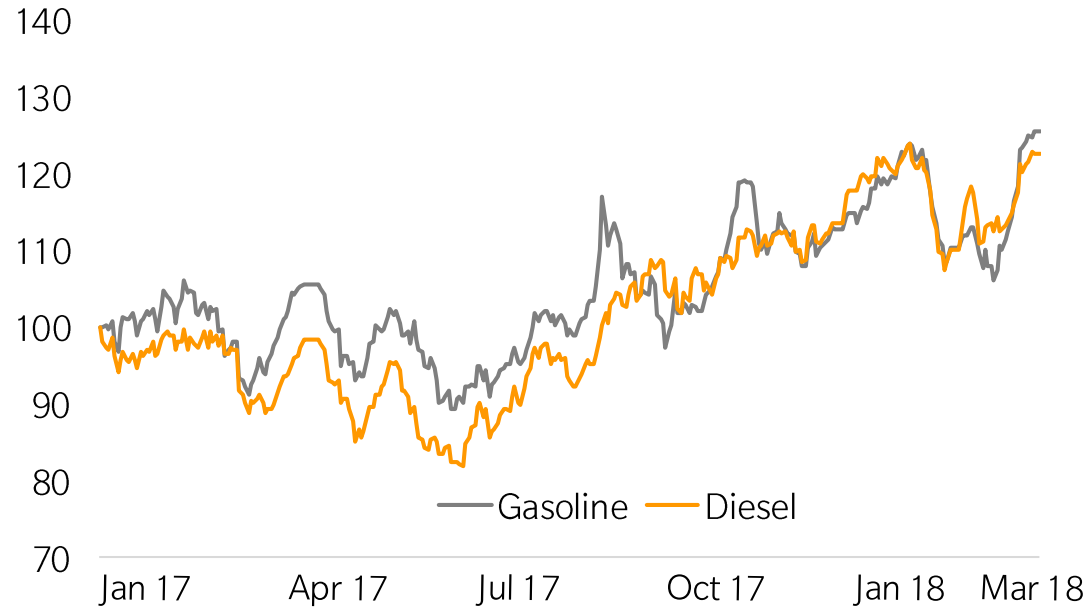
↑ 13%

External factors

Substantial increase in oil prices partly offset by weaker USD

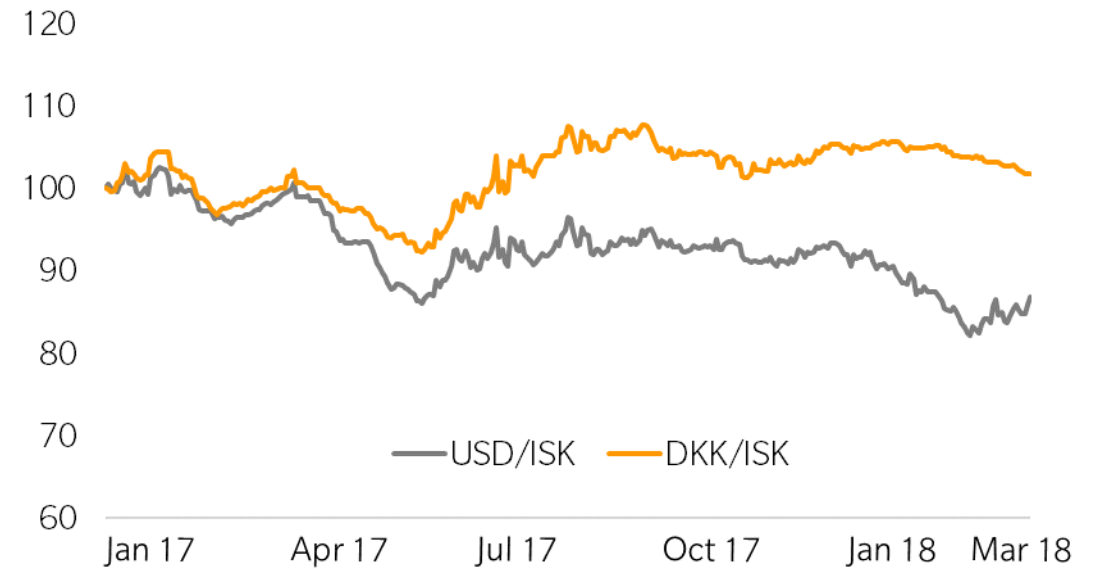


Oil price



	2018 Jan/Mar	Var %	Avg Q1 17/18	Var %
Gasoline	633/692	9%	550/641	17%
Diesel	599/623	4%	486/594	23%

Key exchange rates



	2018 Jan/Mar	Var %	Avg Q1 17/18	Var %
USD/ISK	104,4/98	-6%	112/101,1	-10%
DKK/ISK	16,8/16,3	-3%	16,0/16,7	4%

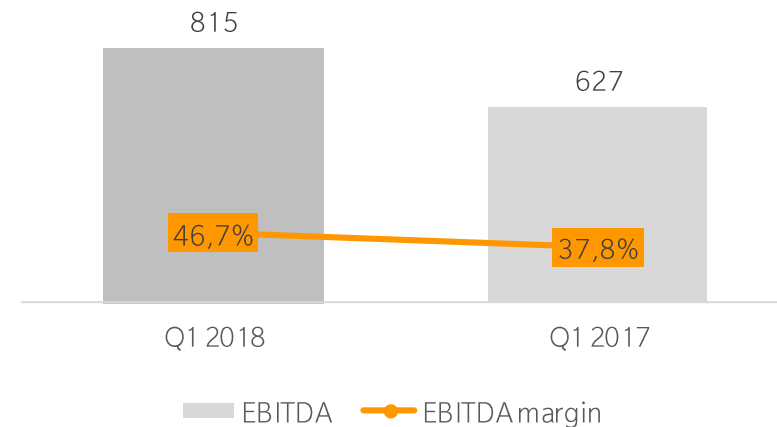
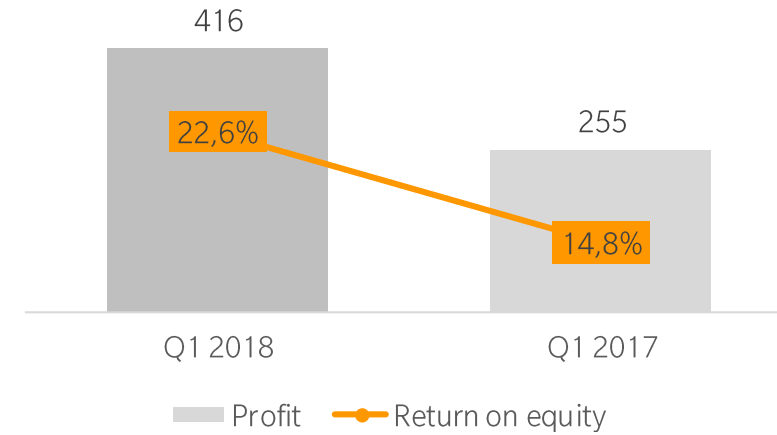
Q1 results

Increased gross profit and good OPEX control



Key figures

<i>In millions</i>	2018 3m	2017 3m	Var	Var%
Gross profit	1.746	1.660	86	5,2%
Other income	151	26	125	476,5%
Salaries and related	-459	-477	18	-3,9%
Sales and distribution	-499	-437	-62	14,2%
Other expenses	-124	-144	21	-14,2%
EBITDA	815	627	188	30,0%
EBIT	617	437	180	41,1%
Profit	416	255	160	62,8%
<i>EBITDA margin</i>	<i>46,7%</i>	<i>37,8%</i>	<i>8,9%</i>	
<i>EBIT margin</i>	<i>35,3%</i>	<i>26,3%</i>	<i>9,0%</i>	
<i>Salaries/gross profit</i>	<i>26,3%</i>	<i>28,8%</i>	<i>-2,5%</i>	
<i>Sales and distr./gross profit</i>	<i>28,6%</i>	<i>26,3%</i>	<i>2,2%</i>	
<i>OPEX/gross profit</i>	<i>62,0%</i>	<i>63,8%</i>	<i>-1,8%</i>	
<i>Return on equity</i>	<i>22,6%</i>	<i>14,8%</i>	<i>7,8%</i>	



Geographical information

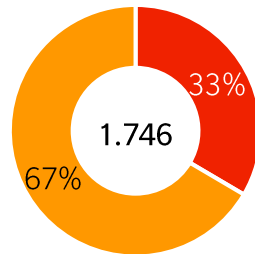
In millions

2018 Q1

Iceland

Faroe Island

Gross Profit



1.162

1.187

550¹⁾

584

473

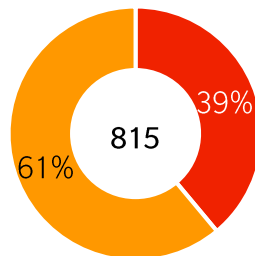
Q1 2018

Q1 2017

Q1 2018

Q1 2017

EBITDA



498

384

304¹⁾

317

243

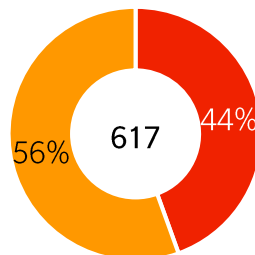
Q1 2018

Q1 2017

Q1 2018

Q1 2017

EBIT



342

234

263¹⁾

275

204

Q1 2018

Q1 2017

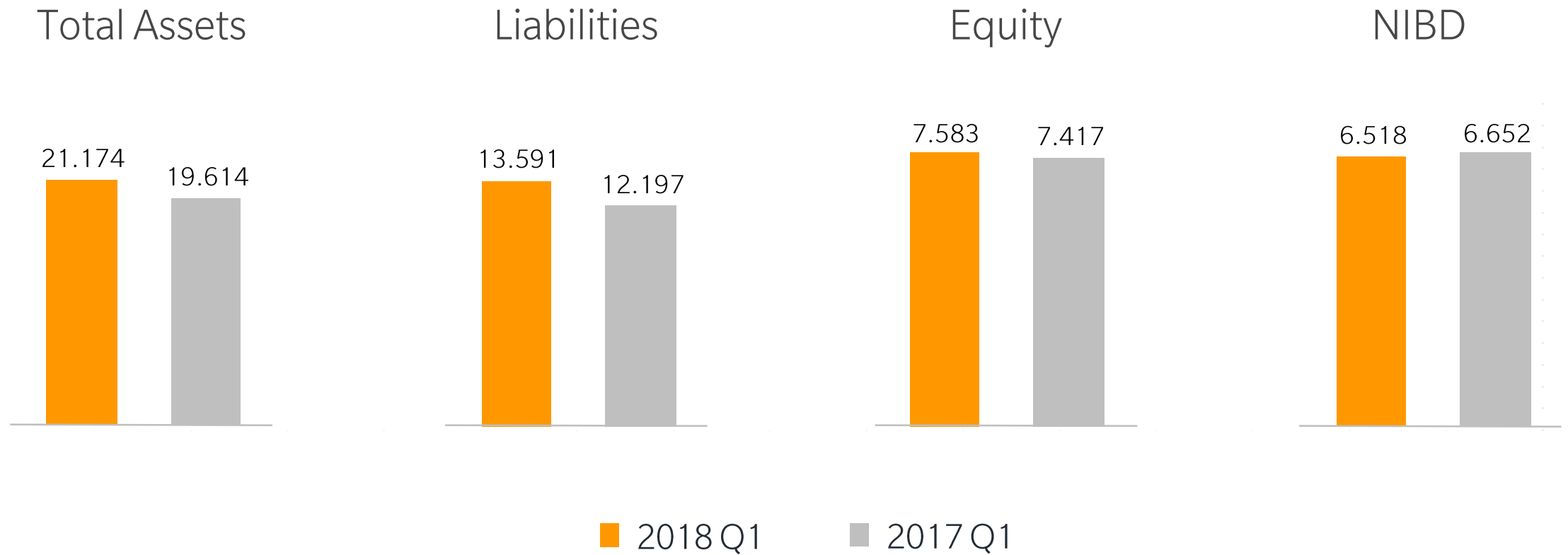
Q1 2018

Q1 2017

¹⁾ Assuming the same DKK/ISK rate as for the same period last year



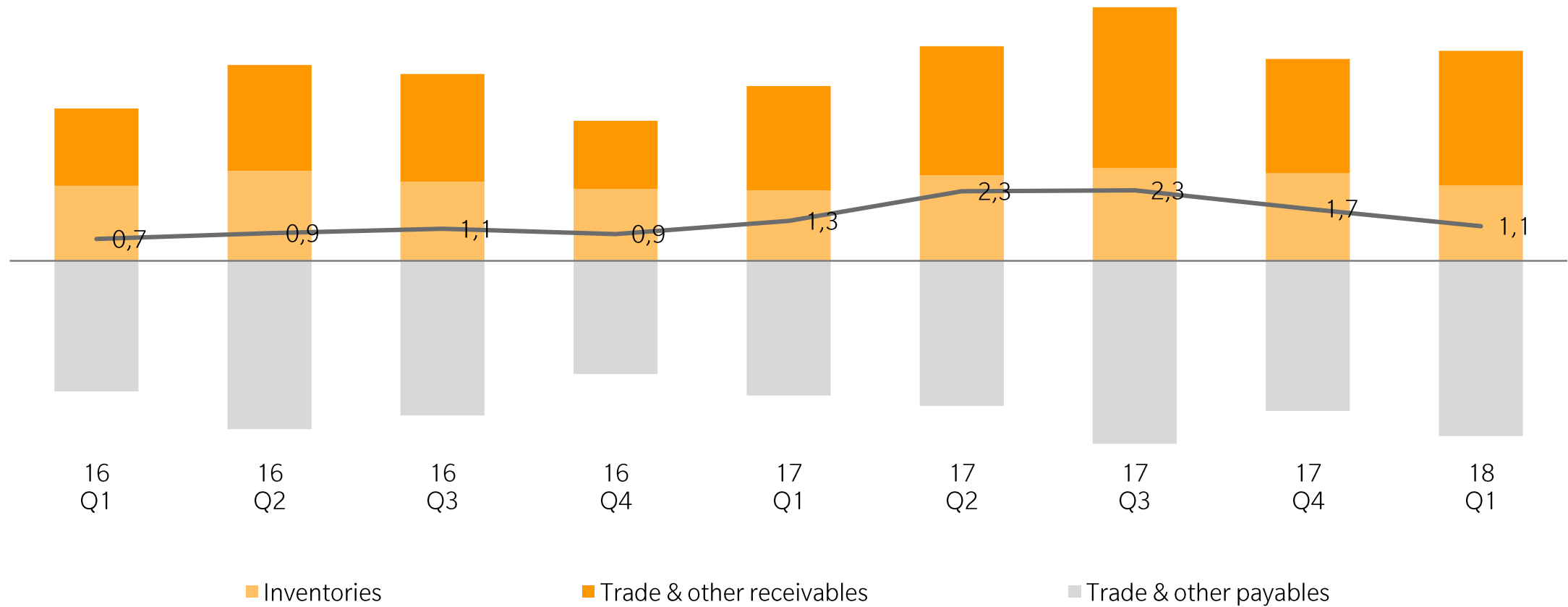
Balance sheet



Working capital

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In billion ISK



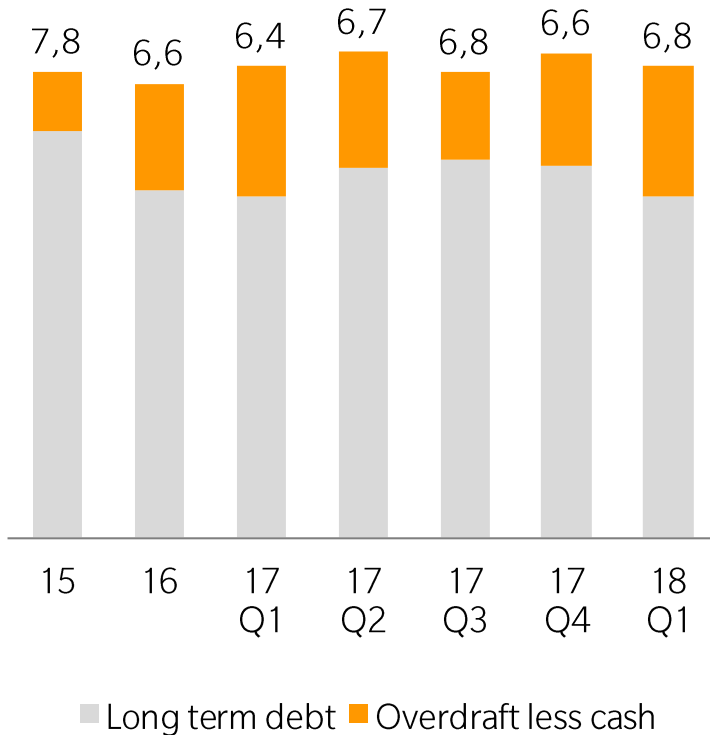
Interest bearing debt

Average weighted interest rates around 3,7%



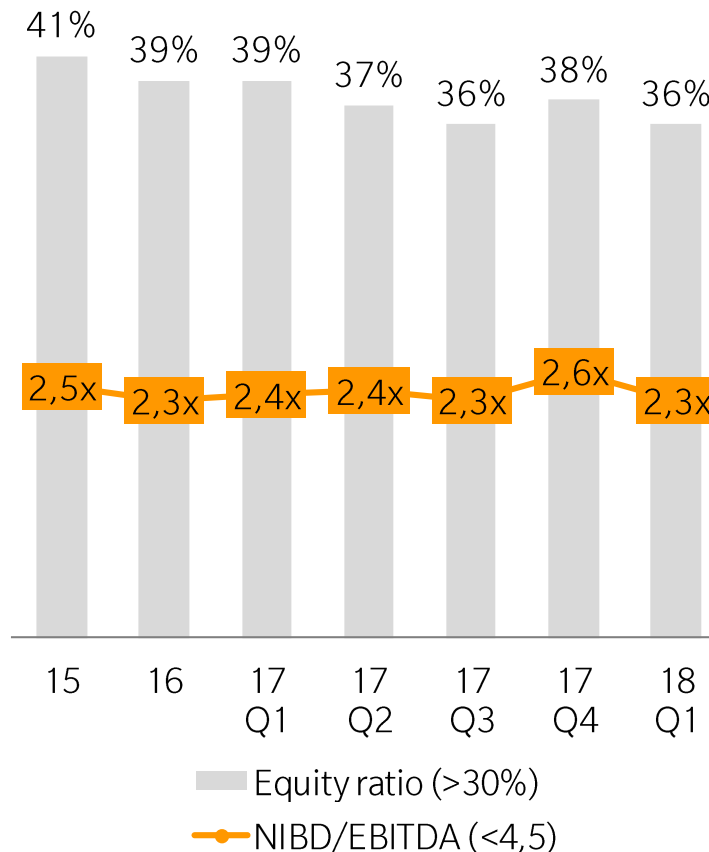
Interest Bearing Debt

Billion ISK



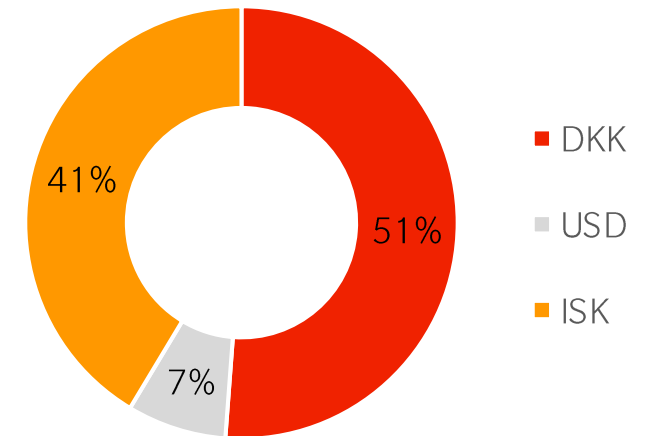
Financial Conditions

Well within limits

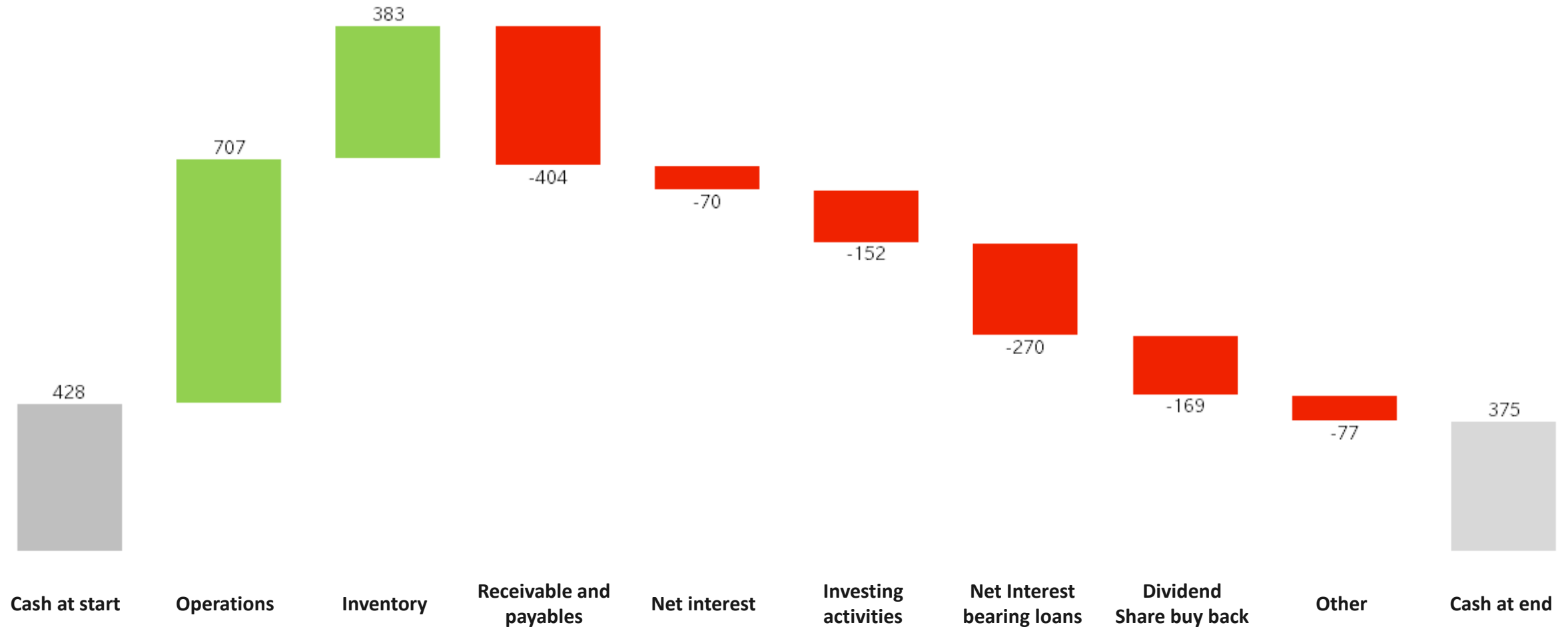


Currency Mix

Majority of loans in foreign currency



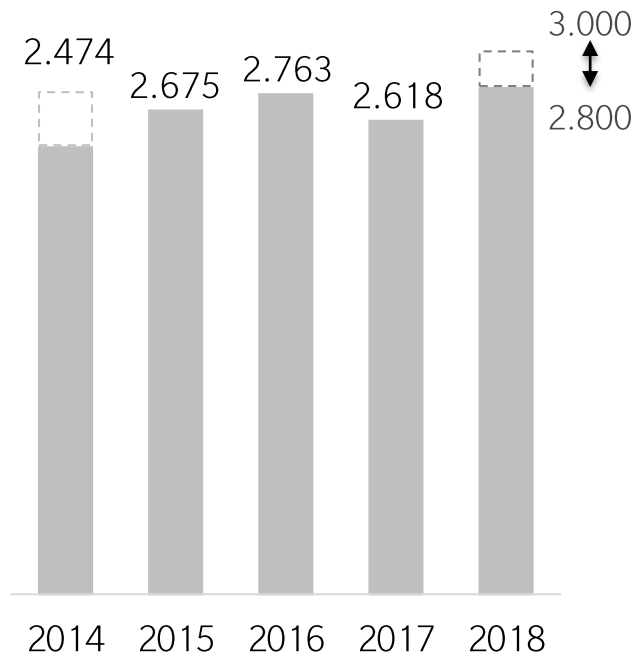
Cash flow



Revised 2018 Guidance

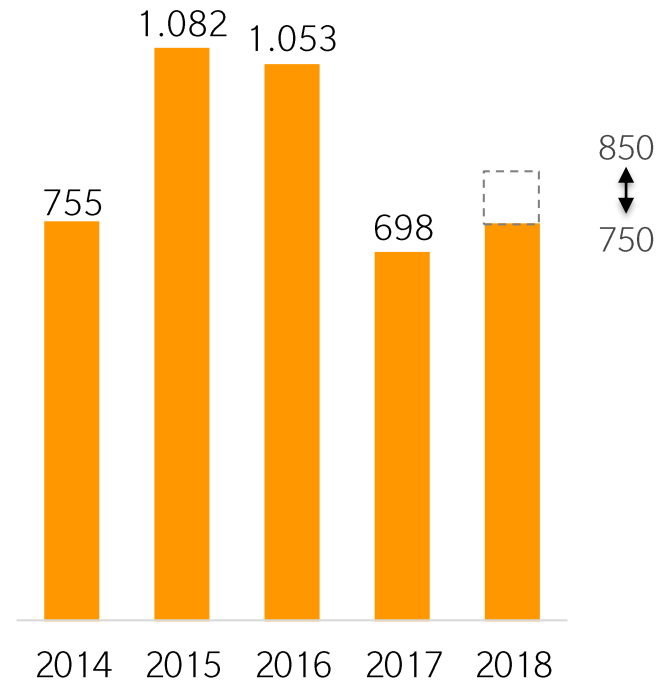
EBITDA

In million ISK



CAPEX

In million ISK



KEY assumptions

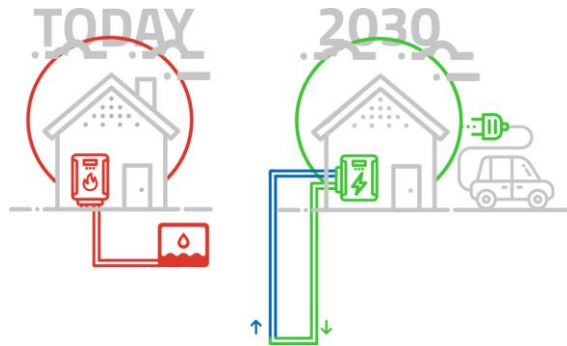
- Fixed oil price and Fx (ISK/DKK 16,45)
- Decrease in cost due to operational changes
- General cost increases and contracted salary changes
- Loss of contracts with Icelandair and Wow
- Key risk factors
 - FX and oil price
 - Change in competition
 - Fuel margins
 - Loosing big contracts

Faroes energy market

One stop shop

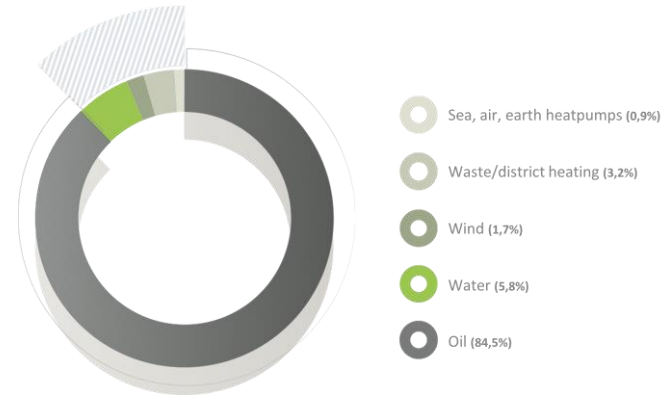


Vision 2030



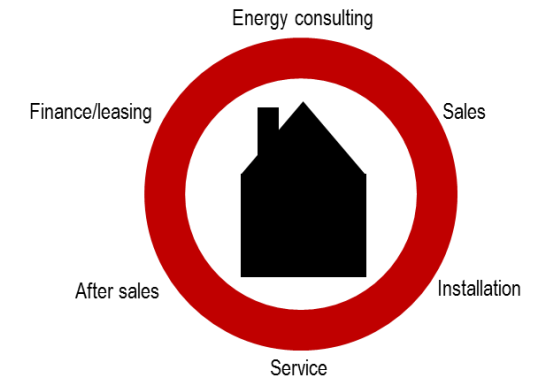
- Government efforts will affect the market landscape going forward
- Difficult goal to reach
- Government aiming for 600 GWh production
- Approx. 450 GWh extra green energy needed
- Current legal structure restricting for newcomers into the market

Market



- Oil still dominates the market with 84% of all energy consumed
- 18.000 households and corporates
- Magn already a preferred energy provider of ca. 50% of all households
- Unique position to grasp future opportunities

One stop shop



- Regardless of energy choice
- Acquisition of Demich is a step in this direction
- Generating new value streams for the company and improving value proposition towards our customers

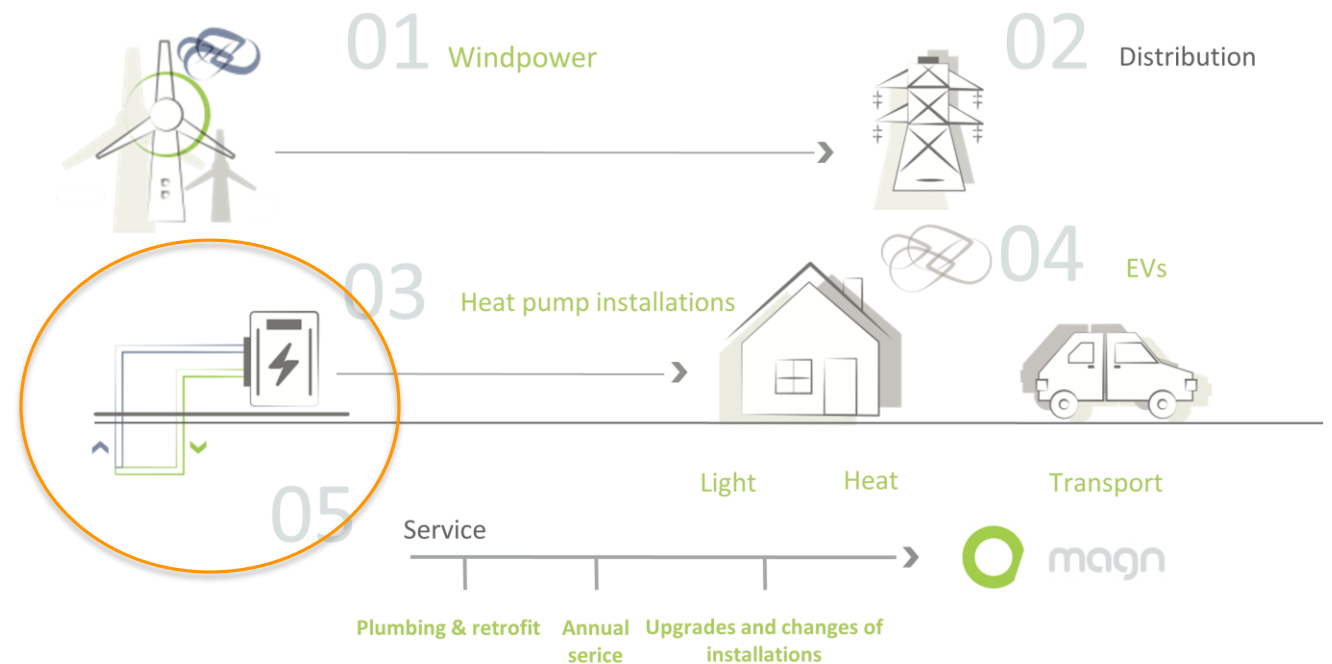


Demich

Purchase of 70% shares



- Part of Skeljungur's "One stop shop" strategy in Faroe Island
- Leading HVAC company in green energy on the Faroes heating market
- Key provider of products and services in private house heating and heat pump segment
- Increasing the public credibility of Magn as an important player in the energy change ahead
- Waiting for approval from competition authorities
- Turnover in 2017 ca. ISK 665m
- EBITDA in 2017 ca. 65m





Looking ahead

Gas stations and retail offering further developed

Start closing down 10/11 on our stations and introduce a private label
Cooperation with Heimkaup & Baskó on retail and distribution

Hydrogen stations

Skeljungur will build two hydrogen stations in 2018
Part of a EU project of 50 new hydrogen stations

Other strategic initiatives

Plot development
International sales





Skeljungur

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