



# Presentation of Q4 2018 result

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28 February 2019

## CONSOLIDATED HIGHLIGHTS

ISK 1,630 m  
EBITDA\* Q4 2018

33.4%  
Equity ratio

11.0%  
Return on equity

ISK 1,529 m  
EBITDA Q4 2018

36.2%  
EBITDA\*/Gross profit

47.7%  
Salaries/Gross profit

\*EBITDA, excluding the cost related to the acquisition of Hlekkur ehf.



Financials

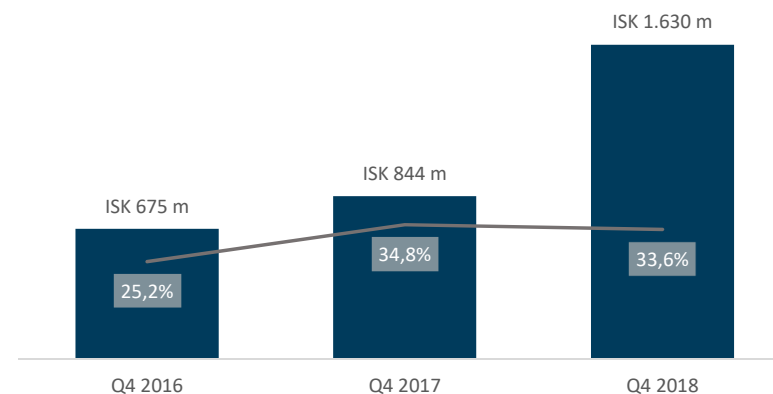


# CONSOLIDATED OPERATIONS IN Q4 2018

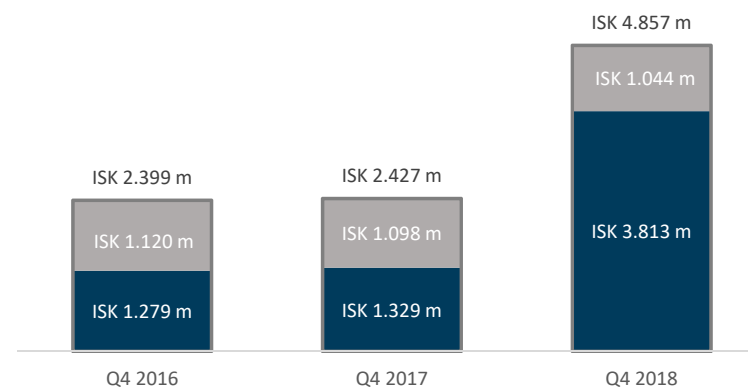
Income statement				
Amounts are in ISK million	Q4 2018	Q4 2017	Change	% Chg.
Gross profit	4.858	2.427	2.431	100,2%
Lease revenue and operating income	370	148	223	150,6%
Salaries and personnel expenses	-2.607	-1.201	1.406	117,0%
Sales expenses	-243	-176	67	38,1%
Other operating expenses	-849	-361	488	135,4%
The cost of aquisition of Festi	101	7	-94	1288,3%
EBITDA*	1.630	844	786	93,1%
<b>Key Figures</b>				
EBITDA*/Gross profit	33,6%	34,8%	-1,2%	-3,5%
Salaries/Gross profit	53,7%	49,5%	4,2%	8,4%
Earnings per share	1,00	1,77	-0,77	-43,5%

\*EBITDA, excluding the cost related to the acquisition of Hlekkur ehf.

■ EBITDA\* — EBITDA\*/Gross profit



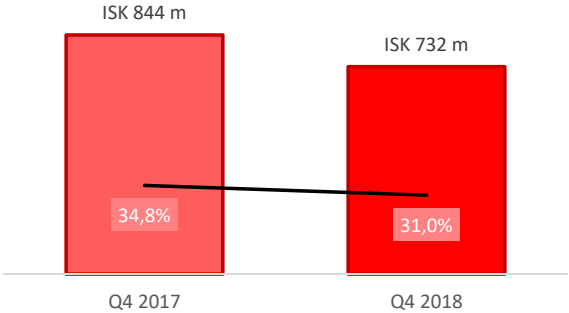
■ Gross profit from other goods ■ Gross profit from fuel



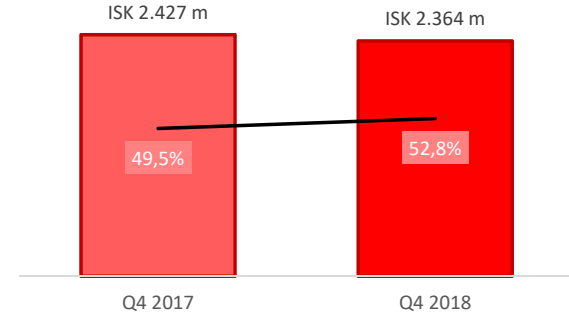
# HIGHLIGHTS



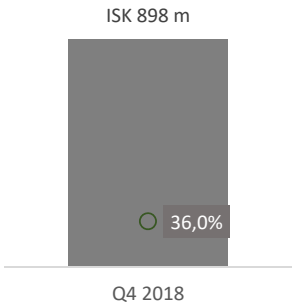
EBITDA\* EBITDA\*/Gross profit



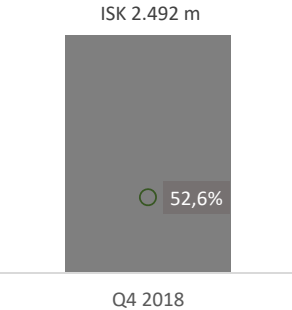
Framlegð Salaries/Gross profit



EBITDA EBITDA\*/Gross profit



Gross profit Salaries/Gross profit



\*EBITDA, excluding the cost related to the acquisition of Hlekkur ehf.

# HIGHLIGHTS



- 
- Increase of jet fuel inventories in Q4 due to less business in airline operations
  - A substantial decrease in oil price in December had unfavourable effect on gross margin in Q4 2018 and Q1 2019
  - Sale of gasoline and diesel fuel decreased by 0.1% as compared to Q4 2017
  - Increased operations in the fishing industry in Q4 2018

## HLEKKUR

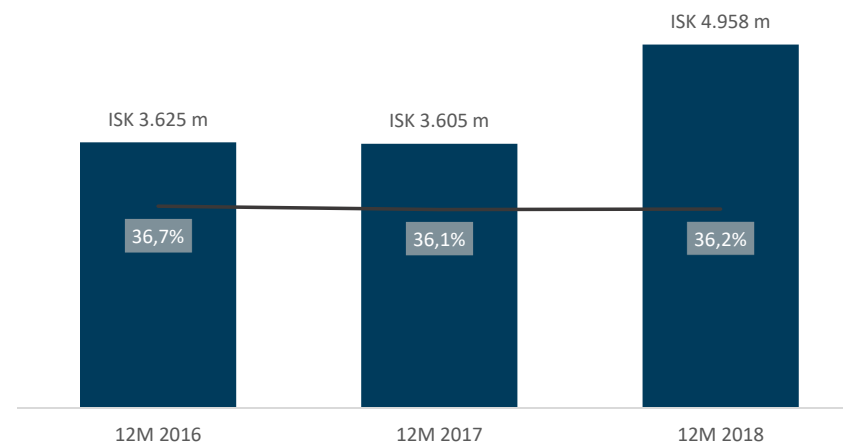
- 
- Hlekkur group became a part of Festi's group on 1 September 2018
  - Turnover of companies in Hlekkur's group in the amount of ISK 11,840 million, gross profit ISK 2,492 million and EBITDA ISK 898 million in Q4 2018
  - Operations due to a new Krónan store at Skeifan, which was opened in Q1 2019

# CONSOLIDATED OPERATIONS IN 2018

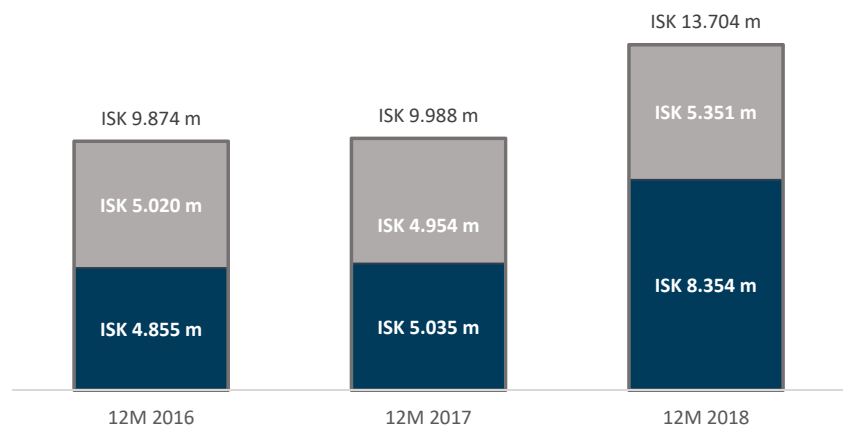
Income statement				
Amounts are in ISK million	12M 2018	12M 2017	Change	% Chg.
Gross profit	13.704	9.988	3.716	37,2%
Lease revenue and operating income	776	442	334	75,6%
Salaries and personnel expenses	-6.532	-4.554	1.978	43,4%
Sales expenses	-958	-895	63	7,1%
Other operating expenses	-2.363	-1.445	917	63,5%
EBITDA*	4.958	3.605	1.352	37,5%
<b>Key Figures</b>				
EBITDA*/Gross profit	36,2%	36,1%	0,1%	0,2%
Salaries/Gross profit	47,7%	45,6%	2,1%	4,5%
Earnings per share	7,44	8,28	-0,84	-10,1%

\*EBITDA, excluding the cost related to the acquisition of Hlekkur ehf.

■ EBITDA\* — EBITDA/Gross profit



■ Gross profit from other goods ■ Gross profit from fuel

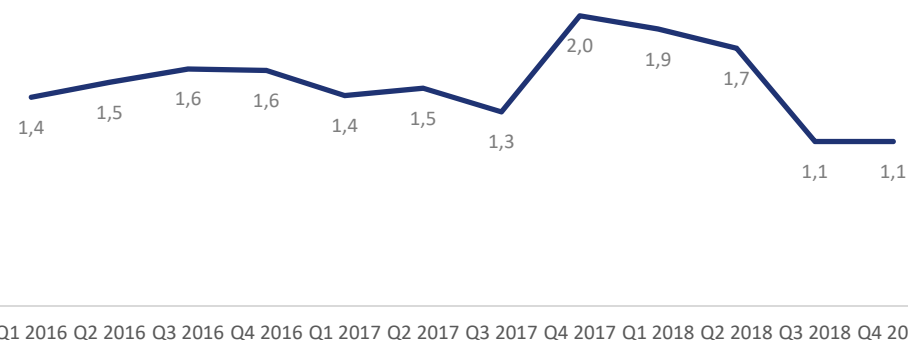


# STATEMENT OF FINANCIAL POSITION

## Assets at the end of the year

Statement of Financial Position (Assets)				
Amounts are in ISK million	2018	2017	Change	% Chg.
Goodwill	14.070	0	14.070	0,0%
Other Intangible assets	4.504	215	4.289	1995,0%
Property and equipment	32.419	16.940	15.479	91,4%
Investment properties	8.752	0	8.752	0,0%
Shares in associates	2.080	1.840	240	13,0%
Securities	67	137	-70	-51,1%
<b>Non-current assets</b>	<b>61.892</b>	<b>19.132</b>	<b>42.760</b>	<b>223,5%</b>
Inventories	7.616	2.840	4.776	168,1%
Trade receivables	3.718	2.747	971	35,3%
Other short-term receivables	306	137	169	123,4%
Cash and cash equivalents	4.267	2.800	1.467	52,4%
<b>Current assets</b>	<b>15.907</b>	<b>8.525</b>	<b>7.383</b>	<b>86,6%</b>
<b>Total assets</b>	<b>77.799</b>	<b>27.656</b>	<b>50.143</b>	<b>181,3%</b>

## Current ratio



## Inventory turnover



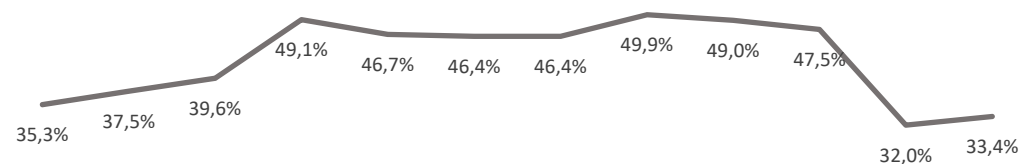
# STATEMENT OF FINANCIAL POSITION

Equity and liabilities at the end of the year

Statement of Financial position (equity and liabilities)

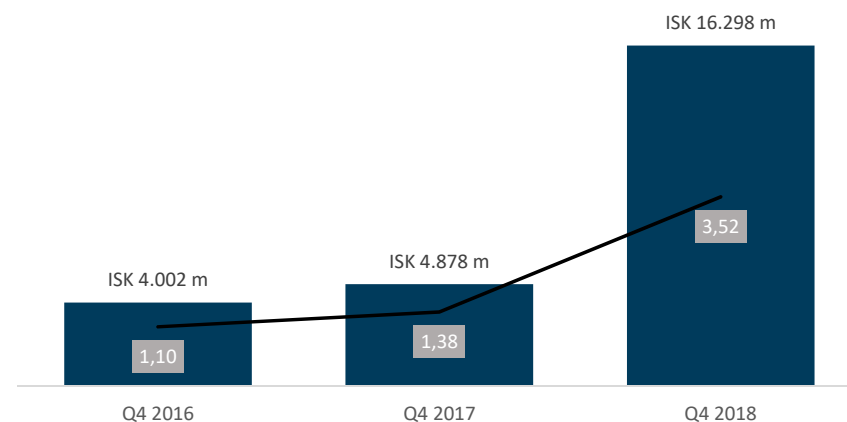
Amounts are in ISK million	2018	2017	Change	% Chg.
<b>Equity</b>	25.970	13.812	12.158	88,0%
Payable to credit institutions	33.593	8.000	25.593	319,9%
Deferred tax liabilities	3.939	1.485	2.454	165,3%
<b>Non-current liabilities</b>	37.532	9.485	28.047	295,7%
Current tax	596	444	151	34,1%
Payable to the Icelandic State	2.307	2.058	248	12,1%
Payable to credit institutions	3.721	0	3.721	-
Trade payables	5.654	1.180	4.474	379,1%
Other short-term liabilities	2.020	677	1.343	198,2%
<b>Current liabilities</b>	14.297	4.360	9.937	227,9%
<b>Total equity and liabilities</b>	77.799	27.656	50.143	181,3%

Equity ratio



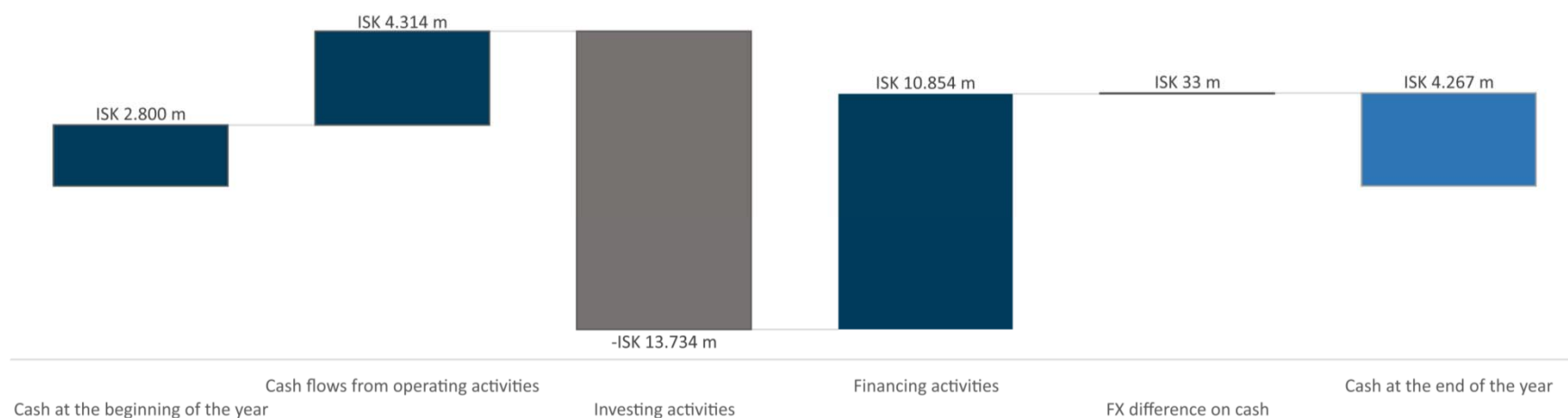
Q1 2016 Q2 2016 Q3 2016 Q4 2016 Q1 2017 Q2 2017 Q3 2017 Q4 2017 Q1 2018 Q2 2018 Q3 2018 Q4 2018

■ Average net interest bearing liabilities — Average net interest bearing liabilities / EBITDA



# CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts are in ISK million	2018	2017	Change	% Chg.
Cash at the beginning of the year	2.800	2.266	534	23,5%
Cash flows from operating activities	4.314	2.376	1.938	81,6%
Investing activities	-13.734	-2.268	-11.466	505,5%
Financing activities	10.854	393	10.462	2664,7%
FX difference on cash	33	33	0	-1,4%
Cash at the end of the year	4.267	2.800	1.467	52,4%

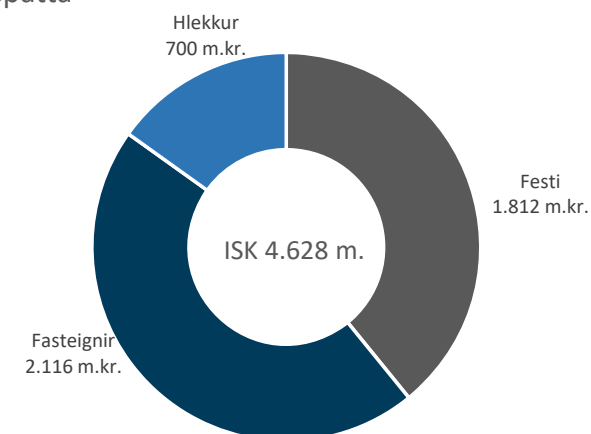


# CONSOLIDATED OPERATING SEGMENTS

## The year 2018

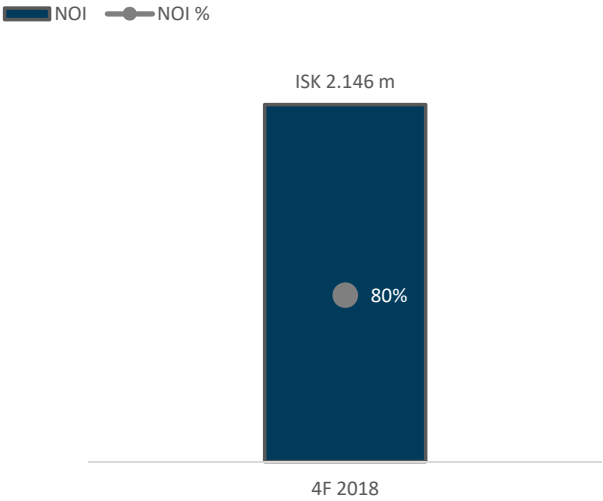
Amounts are in ISK million	Festi	Hlekkur	Real estate	Inter-segment revenue	Total
Operating revenue	43.513	15.422	0	-4	58.932
Other revenue	403	105	2.687	-2.418	776
Total segment revenue	43.915	15.527	2.687	-2.422	59.708
Total operating expenses of segments	-42.104	-14.828	-570	2.422	-55.080
Segment EBITDA	1.812	700	2.116	0	4.628
Segment depreciation and amortisation	-468	-304	-627	0	-1.399
Fair value changes of investment properties	0	0	-10	0	-10
Share of profit	205	0	0	0	205
Operating result of segments	1.548	396	1.479	0	3.424
Segment assets	11.600	27.217	36.739	0	75.556
Unallocated assets	0	0	0	0	2.243
Total assets					77.799

## EBITDA starfspáttá



# CONSOLIDATED REAL ESTATE

Properties, key figures	Q4 2018
NOI*	ISK 2.146 m
NOI ratio	80%
Utization ratio	97%
LTV**	50%
Number of Festi's properties	90
Total square meters	112 thousand m <sup>2</sup>
Own use	90%
Leased to third parties	10%

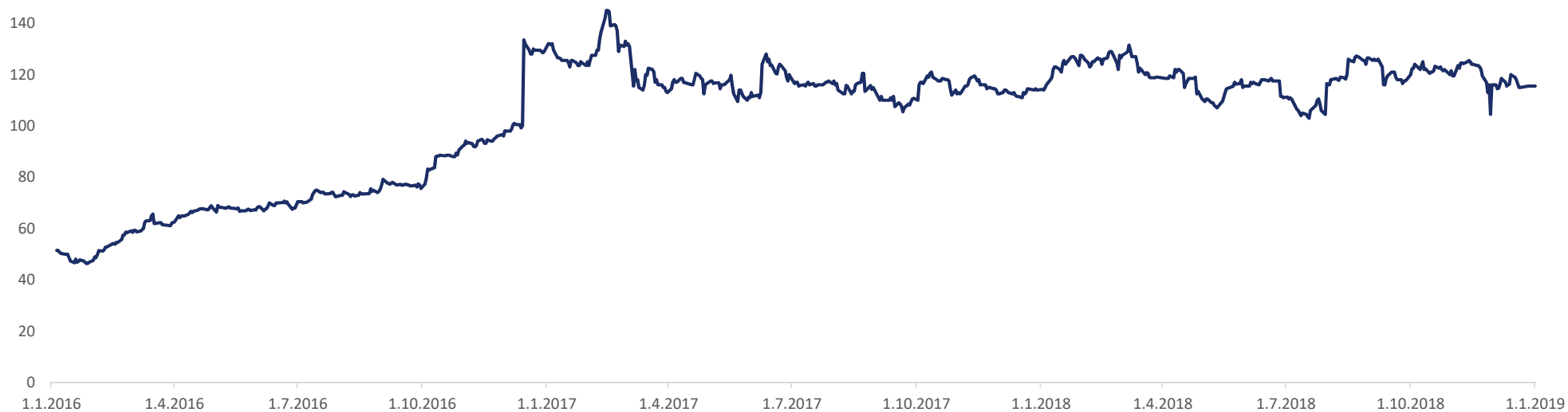


\* Net operating income

\*\* Loan-to-Value



# SHARE PRICE DEVELOPMENT



## Shareholders (10 largest)

Stefnir	11,2%
Lífeyrissjóður verslunarmanna	10,1%
Gildi - lífeyrissjóður	8,9%
Lífeyrissjóður starfsmanna ríkisins A-division, B-division & S-division	7,9%
Lansdowne Ícav Lansdowne Euro	6,1%
Birta lífeyrissjóður	5,1%
Almennir lífeyrissjóðurrinn	4,8%
Wellington	3,7%
Stapi lífeyrissjóður	3,6%
Landsbréf	3,5%

## Market information

Issued shares	330 M
Market cap at the end of the year 2018	ISK 38.066 M
Market cap at the end of the year 2017	ISK 28.500 M
Number of shareholders	915
Annual return from the beginning of the year	29,3%
Annual return from 2015	33,4%

# POSITION AND OUTLOOK

## Financial forecast for the year 2018

- Festi estimates EBITDA to be in the range of ISK 7,400 to 7,700 million in 2019, excluding expenses related to the acquisition of Hlekkur, which has for the most part already been realised
- The adoption of IFRS 16 is estimated to increase EBITDA by ISK 500 million

## Assumptions:

- Operations related to tourism expected to be similar to 2018
- Uncertainty regarding the impact of wage agreement on the Group's operations, it being clear that a strike would have an unfavourable effect
- Recent weakening of ISK has an impact on expected EBITDA for the year 2019, it being difficult to increase prices due to suppliers' price increase
- Less capelin fishing than assumed in the Group's budget
- Turmoil in the oil market and ISK exchange rate can lead to fluctuations of gross margin and working capital

## Intergration:

- Operations of N1 to be transferred to an operating company on 1.1.2019
- N1 warehouse operations to be transferred to Bakkinn on 1.1.2019
- Work currently under way regarding synergy and integration
- Realisation of synergy well underway

## Investments:

- Annual consolidated investments of approximately ISK 1.900 million
- Estimated sales of assets ISK 2.700 million on the first half of the year 2019

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