

Strong equity position and stable operations

One of Landsnet's busiest construction years

The interim financial statements for Landsnet for the period January- June, 2017 were published today. The Company's performance was as expected.

Last year, changes were made to finance and the loan portfolio was mostly converted from indexed ISK to USD which resulted in better interest rates. This is reflected in the financial statement as there have been significant changes in the currency exchange rate throughout the period, but this has had little impact on the financial statements.

Important milestones have been achieved in refinancing the Company, including improvements in the repayment of loans and long-term loans.

Investment projections have not been realised and certain projects have been delayed. The project connecting the Þeistareykir Power Station and PCC Bakki to the main transmission system is on schedule this year, which is the largest single project the Company is currently involved in.

Main objectives in the near future include ensuring finance for projects and the completion of refinancing for an initial start-up loan.

Main points of the interim financial statement

- Earnings before interest and taxes (EBIT) amounted to 29,1 m. USD (3.010,8 billion ISK) compared with 27,6 m. USD (2.853,2 billion ISK) in the previous year and daily operations of the Company are stable. Landsnets hf profits were 10,5 m. USD (1.089,6 billion ISK) for the first 6 months of the year 2017, according to the income statement, compared with losses of 2,6 m. USD (273,2 billion ISK) during the same period in 2016.
- Total company assets amounted to 833,8 m. USD (86.160,9 billion ISK) at the end of the period compared with 770,8 m. USD (79.656,2 billion ISK) at the end of 2016. Total debts amounted to 514,2 m. USD (53.136,5 billion ISK) at the end of the period compared with 462,4 m. USD (47.785,0 billion ISK) at the end of 2016.
- Equity ratio was 38,3% at the end of the period compared with 40,0% at the end of the year 2016. Net assets were 319,6 m. USD (33.024,4 billion ISK) at the end of the period compared with 308,4 m. USD (31.871,2 billion ISK) at the end of 2016.
- Liquid assets are extensive and net cash amounted to 56,6 m. USD (5.845,9 billion ISK) at the end of June and net cash from operating activities amounted to 37,3 m. USD (3.852,4 billion ISK) during the period.

Guðmundur Ingi Ásmundsson, CEO of Landsnet:

"It is pleasing to see that the interim report shows that Landsnet's operations are stable and the Company's equity position is strong. We are on the right track, following restructuring measures that have delivered us this success. We are doing well and have set ourselves the goal of delivering stable, profitable and efficient operations. We will complete the refinancing of the Company in the near future. This year will be one of the most successful investment years in Company history, despite delays in licensing matters."

You can access the interim financial report here: <https://www.landsnet.is/landsnet/um-okkur/fjarmal/arshlutareikningar/>

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	USD	USD	USD
<i>Amounts are in USD thousand</i>	1.1.-30.6.2017	1.1.-30.6.2016	1.1.-30.6.2015
Income Statement			
Operating revenue	71,504	65,350	60,997
Operating expenses	(42,369)	(37,740)	(32,423)
Operating profit	29,135	27,610	28,574
Net financial expenses	(16,037)	(31,064)	(13,949)
Share in net earnings of associated company	66	119	81
Profit (loss) before income tax	13,164	(3,335)	14,706
Income tax	(2,620)	691	(2,925)
Profit (loss)	10,544	(2,644)	11,781

<i>Amounts are in USD thousand</i>	30.6.2017	31.12.2016	31.12.2015
Balance Sheet			
Fixed assets	757,416	735,376	709,797
Current assets	76,345	35,441	84,813
Total assets	833,761	770,817	794,610
Equity	319,570	308,411	323,756
Long-term liabilities	471,317	425,762	435,873
Short-term liabilities	42,874	36,644	34,981
Total equity and liabilities	833,761	770,817	794,610

<i>Amounts are in USD thousand</i>	1.1.-30.6.2017	1.1.-30.6.2016	1.1.-30.6.2015
Cash Flow			
Net cash from operating activities	37,279	26,917	24,705
Net cash to investment activities	(35,506)	(15,983)	(9,345)
Net cash to financing activities	35,811	(6,877)	(55,320)
Effect of exchange rate changes on cash	733	627	(715)
Cash and cash equivalents at 1 January	18,253	62,290	96,412
Cash and cash equivalents at 30 June	56,570	66,974	55,737

<i>Amounts are in USD thousand</i>	1.1.-30.6.2017	1.1.-30.6.2016	1.1.-30.6.2015
Financial ratios			
EBITDA	42,874	41,654	39,229
	30.6.2017	31.12.2016	31.12.2015
Equity ratio	38.3%	40.0%	40.7%