

Landsnet maintains its strong position

Landsnet's interim financial statement for the January-June, 2019 period was published today. The company's performance is in line with expectations.

Guðmundur Ingi Ásmundsson CEO:

"The company's position is strong, its equity position is good and company performance remains solid. Investments are lower than projected in the first half of the year which can mostly be attributed to delays to large projects, due to licensing issues. The efficiency of licensing procedures needs to be reviewed to speed up the process. The subsequent delays have been costly for both Landsnet and energy users. A substantial amount of energy is lost in the system under current conditions, power stations cannot be utilised properly and secure consumer access to energy is not available everywhere in the country. This is detrimental to both societal and environmental conditions. However, Landsnet is in a good position to meet these challenges."

Main points of the financial statement:

Earnings before Interest and Taxes (EBIT) was 29.9 million USD compared with 29.2 million USD in the previous year and the company's daily operations are stable. Profits in the first 6 months of the year 2019 amounted to 19.8 million USD compared with 16.2 million USD during the same period in 2018.

The total assets of the company amounted to 850.5 million USD compared with 846.3 million USD at year end, 2018. Total liabilities amounted to 467.8 million USD compared with 476.0 million USD at year end, 2018. The last payment on the initial parent loan is March 21st, 2020. The loan had a single date of maturity but has been repaid over the last few years.

Equity ratio was 45% at end of June, compared with 43.8% at year-end, 2018. Net assets amounted to 382.8 million USD compared with 370.3 million USD at year end in 2018.

Liquid assets of the company are strong. Net cash availability was 43.5 million USD at end of June and net cash provided by operating activities amounted to 37.5 million USD.

The interim report can be accessed here: www.landsnet.is

More information can be provided by Guðlaug Sigurðardóttir, CFO: Tel: +354 563 9311 or Email: guðlaugs@landsnet.is

**The main results of the financial statement, key figures and balance sheet ratios
(amounts in thousands of USD):**

<i>Amounts are in USD thousand</i>	1.1.-30.6.2019	1.1.-30.6.2018	1.1.-30.6.2017	1.1.-30.6.2016
Income Statement				
Operating revenue	73.367	76.742	71.504	65.350
Operating expenses	(43.479)	(47.513)	(42.369)	(37.740)
Operating profit	29.888	29.229	29.135	27.610
Net financial expenses	(5.315)	(9.104)	(16.037)	(31.064)
Share in net earnings of associated company	98	67	66	119
Profit (loss) before income tax	24.671	20.192	13.164	(3.335)
Income tax	(4.918)	(3.959)	(2.620)	691
Profit (loss)	19.753	16.233	10.544	(2.644)

<i>Amounts are in USD thousand</i>	30.6.2019	31.12.2018	31.12.2017	31.12.2016
Balance Sheet				
Fixed assets	781.193	780.553	777.214	735.376
Current assets	69.356	65.779	74.088	35.441
Total assets	850.549	846.332	851.302	770.817
Equity	382.774	370.303	336.964	308.411
Long-term liabilities	356.176	429.965	472.685	425.762
Short-term liabilities	111.599	46.064	41.653	36.644
Total equity and liabilities	850.549	846.332	851.302	770.817

<i>Amounts are in USD thousand</i>	1.1.-30.6.2019	1.1.-30.6.2018	1.1.-30.6.2017	1.1.-30.6.2016
Cash Flow				
Net cash from operating activities	37.490	36.896	37.279	26.917
Net cash to investment activities	(13.329)	(20.647)	(35.506)	(15.983)
Net cash to financing activities	(18.537)	(16.960)	35.811	(6.877)
Effect of exchange rate changes on cash	(891)	(713)	733	627
Cash and cash equivalents at 1 January	38.779	49.175	18.253	62.290
Cash and cash equivalents at 30 June	43.512	47.751	56.570	66.974

<i>Amounts are in USD thousand</i>	1.1.-30.6.2019	1.1.-30.6.2018	1.1.-30.6.2017	1.1.-30.6.2016
Financial ratios				
EBITDA	44.643	43.777	42.874	41.654
	30.6.2019	31.12.2018	31.12.2017	31.12.2016
Equity ratio	45,0%	43,8%	39,6%	40,0%