

Landsnet maintains its strong position

Landsnet's interim financial statement for the January-June, 2018 period was published today. The company's performance is in line with expectations.

Guðlaug Sigurðardóttir CFO:

"It is satisfying to see that the interim financial statement shows positive results in operations and a strong equity ratio. The refinancing of the company, which began two years ago, is amongst other things, delivering these results. Construction costs will be somewhat lower than expected this year as delays in licensing will affect large-scale projects."

The refinancing of the company in the last few years has created a balanced operating environment and the currency risk has fallen considerably. This is a positive development as currency fluctuations have affected operations in recent years. An agreement was reached with the Nordic Investment Bank (NIB) who have now provided Landsnet with a long-term loan to finance construction, for various projects including the connection of a new power station to the industrial area Bakki, in the northeast of Iceland. Construction costs will be lower than expected this year and delays in the allocation of licences will subsequently affect large-scale projects. **Main points of the financial statement:**

- Earnings before Interest and Taxes (EBIT) was 29.2 million USD compared with 29.1 million USD in the previous year and the company's daily operations are stable. Profits in the first 6 months of the year 2018 amounted to 16.2 million USD compared with 10.5 million USD during the same period in 2017.
- The total assets of the company amounted to 853.3 million USD compared with 851.3 million USD at year end, 2017. Total liabilities amounted to 503.3 million USD compared with 514.3 million USD at year end, 2017.
- Equity ratio was 41% at end of June, compared with 39.6% at year-end, 2017. Net assets amounted to 350 million USD compared with 337 million USD at year end in 2017.
- Liquid assets of the company are strong. Net cash availability was 47.8 million USD at year end and net cash provided by operating activities amounted to 36.9 million USD.

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

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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.-30.6.2018	1.1.-30.6.2017	1.1.-30.6.2016	1.1.-30.6.2015
Income Statement				
Operating revenue	76,742	71,504	65,350	60,997
Operating expenses	(47,513)	(42,369)	(37,740)	(32,423)
Operating profit	29,229	29,135	27,610	28,574
Net financial expenses	(9,104)	(16,037)	(31,064)	(13,949)
Share in net earnings of associated company	67	66	119	81
Profit (loss) before income tax	20,192	13,164	(3,335)	14,706
Income tax	(3,959)	(2,620)	691	(2,925)
Profit (loss)	16,233	10,544	(2,644)	11,781

<i>Amounts are in USD thousand</i>	30.6.2018	31.12.2017	31.12.2016	31.12.2015
Balance Sheet				
Fixed assets	781,865	777,214	735,376	709,797
Current assets	71,444	74,088	35,441	84,813
Total assets	853,309	851,302	770,817	794,610
Equity	350,032	336,964	308,411	323,756
Long-term liabilities	458,779	472,685	425,762	435,873
Short-term liabilities	44,498	41,653	36,644	34,981
Total equity and liabilities	853,309	851,302	770,817	794,610

<i>Amounts are in USD thousand</i>	1.1.-30.6.2018	1.1.-30.6.2017	1.1.-30.6.2016	1.1.-30.6.2015
Cash Flow				
Net cash from operating activities	36,896	37,279	26,917	24,705
Net cash to investment activities	(20,647)	(35,506)	(15,983)	(9,345)
Net cash to financing activities	(16,960)	35,811	(6,877)	(55,320)
Effect of exchange rate changes on cash	(713)	733	627	(715)
Cash and cash equivalents at 1 January	49,175	18,253	62,290	96,412
Cash and cash equivalents at 30 June	47,751	56,570	66,974	55,737

<i>Amounts are in USD thousand</i>	1.1.-30.6.2018	1.1.-30.6.2017	1.1.-30.6.2016	1.1.-30.6.2015
Financial ratios				
EBITDA	43,777	42,874	41,654	39,229
	30.6.2018	31.12.2017	31.12.2016	31.12.2015
Equity ratio	41.0%	39.6%	40.0%	40.7%