



ORKAN

SKELJUNGUR HF.

# 2018 Results

Investor Presentation 27.2.2019

# Recording

Note that the meeting will be recorded, in audio and video, and streamed online. The recording, along with the presentation material, will be posted on Skeljungur's website.

# Upptaka

Vakin er athygli á því að fundurinn er tekinn upp, í hljóði og mynd, og streymt á netinu. Upptakan, ásamt kynningarefni fundarins, verður síðan sett á vefsíðu Skeljungs.



# Operations in 2018

Record year



## Finance



- ✓ Record profits in 2019
- ✓ Gross profit 7.809 (+9%)
- ✓ EBITDA 3.261m (+25%)
- ✓ Profit 1.573 (+38%)
- ✓ 11% decrease in salaries\*
- ✓ Return on equity 19%

\*w/o Demich

## Operations



- ✓ Best operational year in Iceland, Faroe Island and in International Sales
- ✓ Words turned into action in a successful restructuring of the company
- ✓ Introduction of Hydrogen
- ✓ Introducing green heating solutions in Faroe Islands with the acquisition of Demich
- ✓ Kvikk-transition, short-term fixing a brand clash that was not optimal for Orkan

## Community



- ✓ One of the founders of the Wetlands Fund, which was established in 2018.
- ✓ Participant in ESB project of “Hydrogen Mobility Europe” introducing new clean alternative to Icelanders
- ✓ Sports activities of children
- ✓ Close cooperation with charity organisations and other well-doers





# Fuel sales



Diesel & Gasoline

Iceland

156 m Itr

↑ 4%

Faroe Island

23 m Itr

↑ 5%



Jet

60 m Itr

↓ 85%

0 m Itr



Marine

126 m Itr

↑ 14%

128 m Itr

↑ 32%



Housing

0 m Itr

34 m Itr

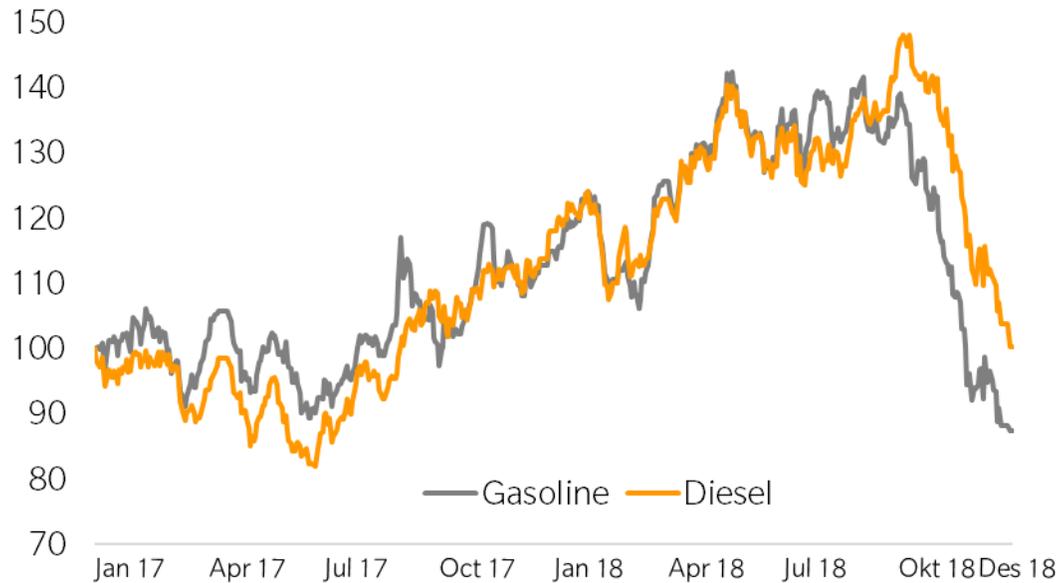
↑ 1%

# External factors

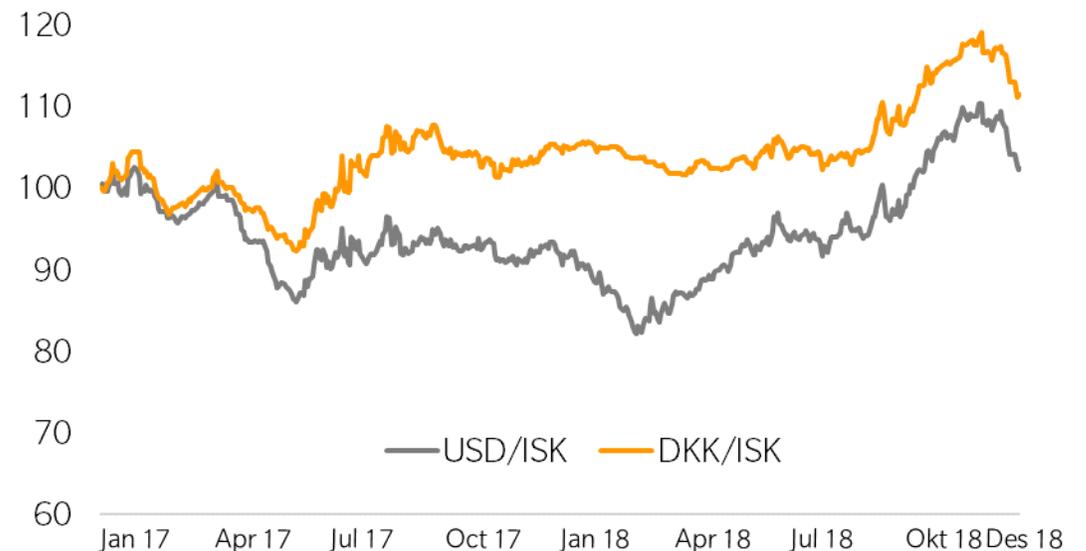
Extreme fluctuations



## Oil price



## Key exchange rates



	End of year 17/18	Var %	Average 17/18	Var %
Gasoline	633/482	-24%	563/678	20%
Diesel	599/508	-15%	498/642	29%

	End of year 17/18	Var %	Average 17/18	Var %
USD/ISK	104,4/116,3	11,4%	106,8/108,4	1,5%
DKK/ISK	16,8/17,8	6,2%	16,2/17,1	5,8%

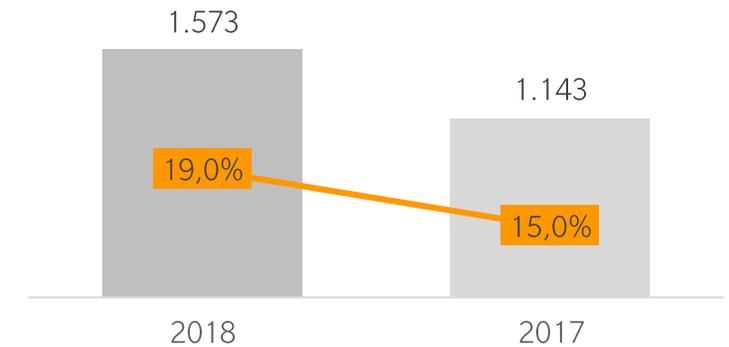
# 2018 results

Successful restructuring

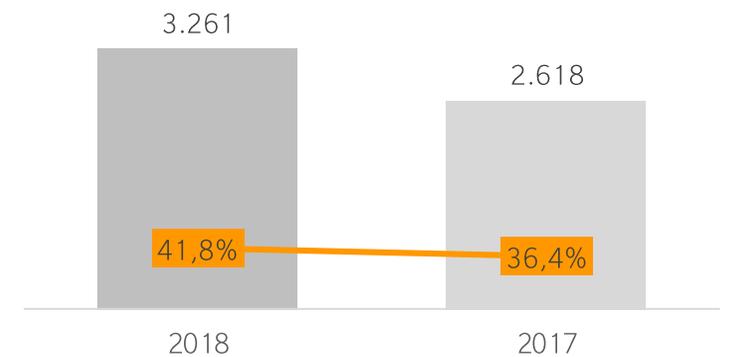


## Key figures

<i>In millions</i>	2018	2017			2018	2017		
			Var	Var%	Q4	Q4	Var	Var%
Gross profit	7.809	7.183	626	8,7%	1.844	1.613	230	14,3%
Other income	328	128	200	155,7%	76	33	43	130,2%
Salaries and related	-2.122	-2.252	131	-5,8%	-655	-675	21	-3,1%
Sales and distribution	-2.180	-1.865	-315	16,9%	-673	-549	-124	22,7%
Other expenses	-575	-577	2	-0,3%	-232	-162	-70	43,6%
<b>EBITDA</b>	<b>3.261</b>	<b>2.618</b>	<b>643</b>	<b>24,6%</b>	<b>360</b>	<b>261</b>	<b>99</b>	<b>38,1%</b>
<b>EBIT</b>	<b>2.373</b>	<b>1.786</b>	<b>587</b>	<b>32,9%</b>	<b>89</b>	<b>0</b>	<b>89</b>	<b>nm</b>
<b>Profit</b>	<b>1.573</b>	<b>1.143</b>	<b>430</b>	<b>37,6%</b>	<b>-1</b>	<b>-29</b>	<b>27</b>	<b>-95,2%</b>
<i>EBITDA margin</i>	<i>41,8%</i>	<i>36,4%</i>	<i>5,3%</i>		<i>19,5%</i>	<i>16,2%</i>	<i>3,4%</i>	
<i>EBIT margin</i>	<i>30,4%</i>	<i>24,9%</i>	<i>5,5%</i>		<i>4,8%</i>	<i>0,0%</i>	<i>4,8%</i>	
<i>Salaries/gross profit</i>	<i>-27,2%</i>	<i>-31,4%</i>	<i>4,2%</i>		<i>-35,5%</i>	<i>-41,9%</i>	<i>6,4%</i>	
<i>Sales and distr./gross profit</i>	<i>-27,9%</i>	<i>-26,0%</i>	<i>-2,0%</i>		<i>-36,5%</i>	<i>-34,0%</i>	<i>-2,5%</i>	
<i>OPEX/gross profit</i>	<i>-62,4%</i>	<i>-65,3%</i>	<i>2,9%</i>		<i>-84,6%</i>	<i>-85,9%</i>	<i>1,3%</i>	
<i>Return on equity</i>	<i>19,0%</i>	<i>15,0%</i>	<i>4,0%</i>					



Profit — Return on equity



EBITDA — EBITDA margin

# Geographical information

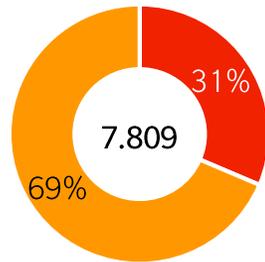
In millions

2018

Iceland

Faroe Islands

Gross Profit



5.356

5.227

2,320<sup>1)</sup>

2.453

1.956

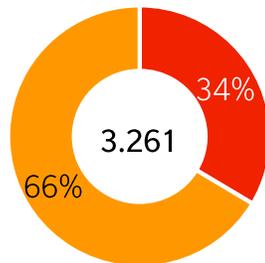
2018

2017

2018

2017

EBITDA



2.166

1.744

1035<sup>1)</sup>

1.095

873

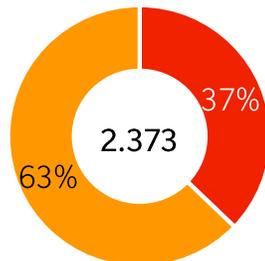
2018

2017

2018

2017

EBIT



1.491

1.064

834<sup>1)</sup>

882

723

2018

2017

2018

2017

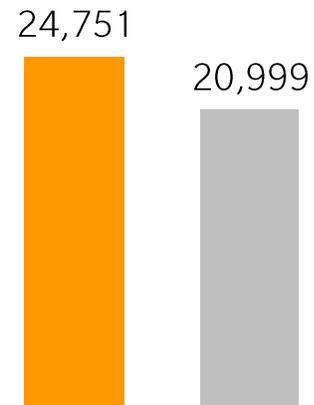
<sup>1)</sup> Assuming the same DKK/ISK rate as for the same period last year



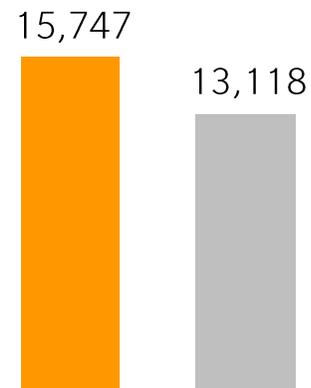
# Balance sheet



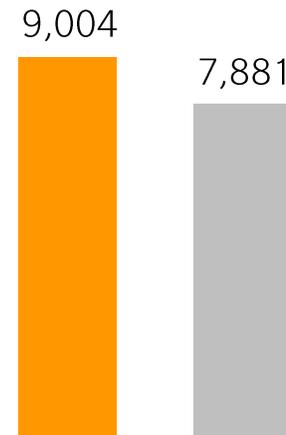
## Total Assets



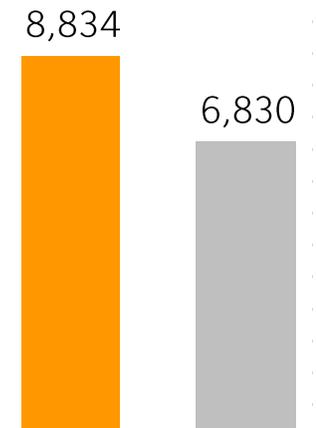
## Liabilities



## Equity



## NIBD



■ 2018

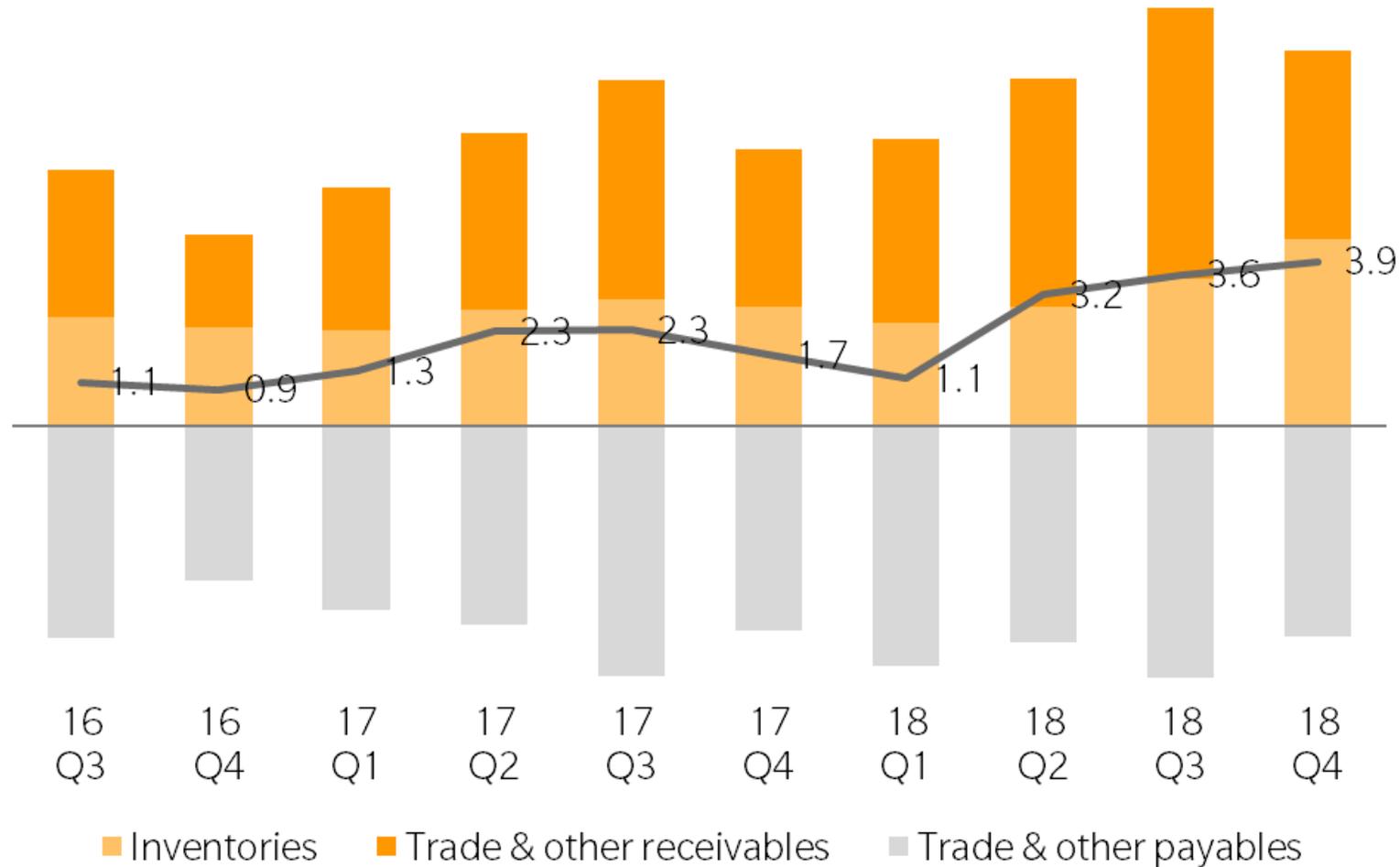
■ 2017



# Working capital



In billion ISK



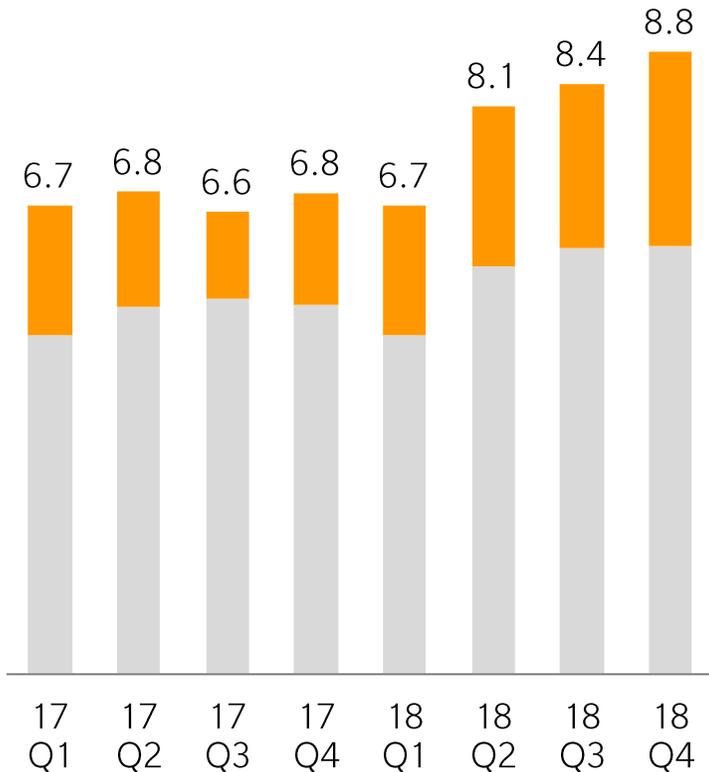
# Interest bearing debt

Average weighted interest rates around 4,1%



## Interest Bearing Debt

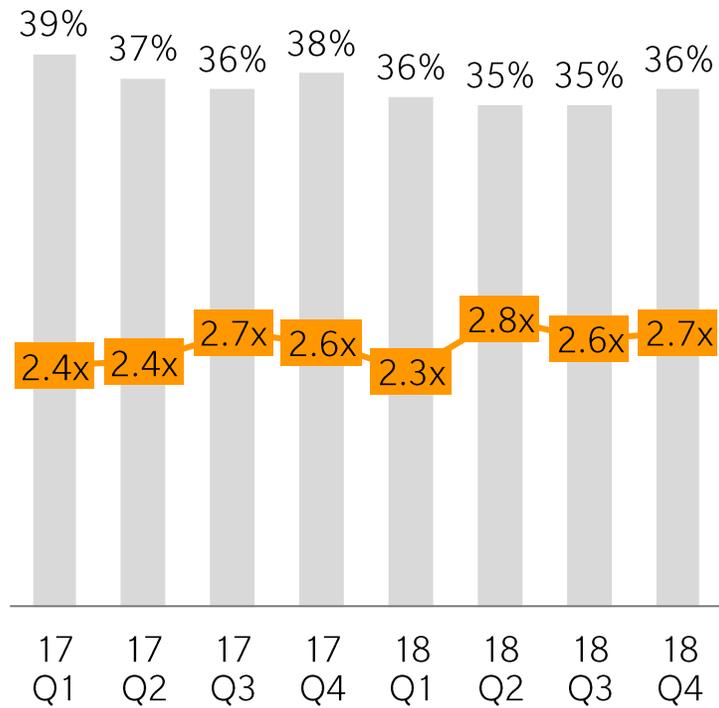
Billion ISK



■ Long term debt ■ Overdraft less cash

## Financial Conditions

Well within limits

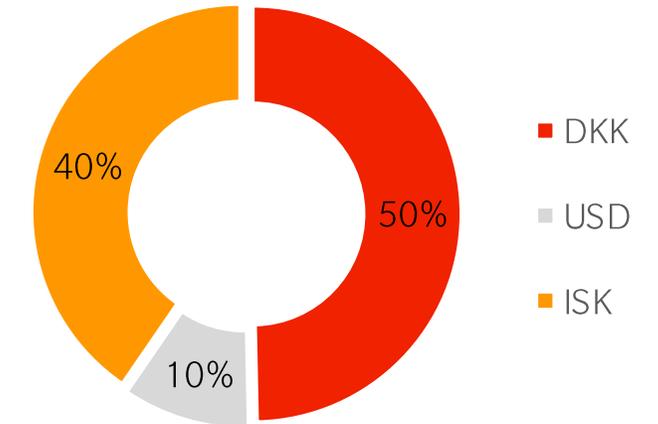


■ Equity ratio (>30%)

■ NIBD/EBITDA (<4,5)

## Currency Mix

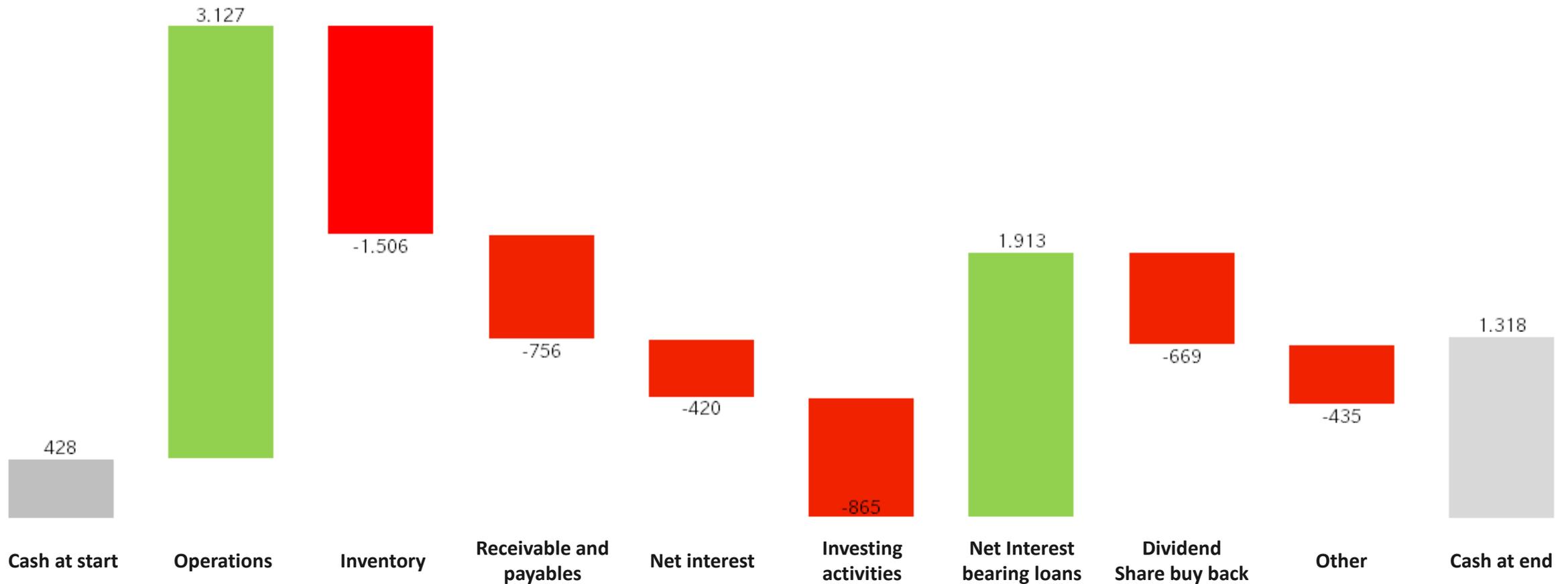
Majority of loans in foreign currency



■ DKK  
■ USD  
■ ISK



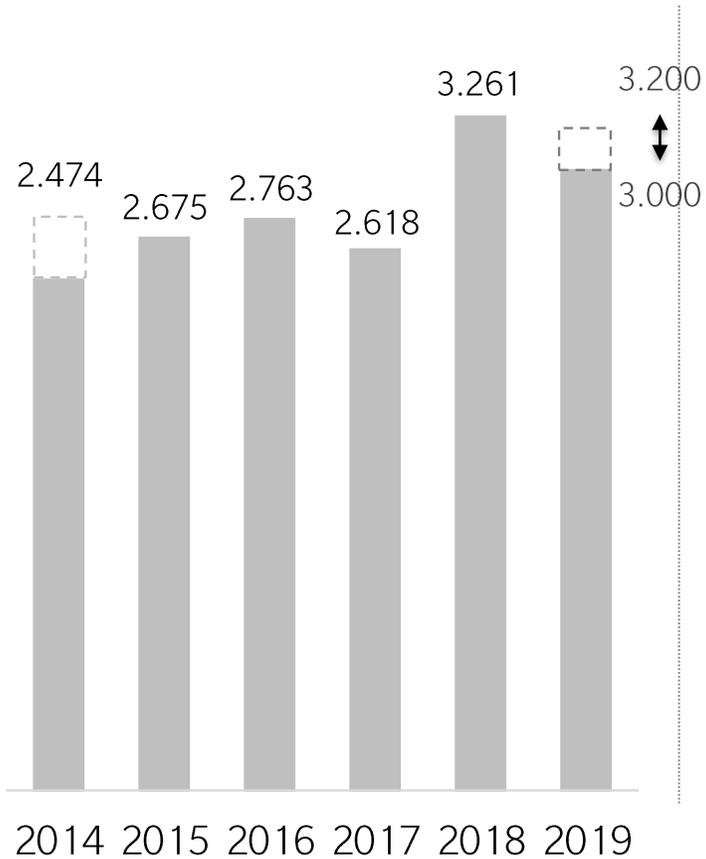
# Cash flow



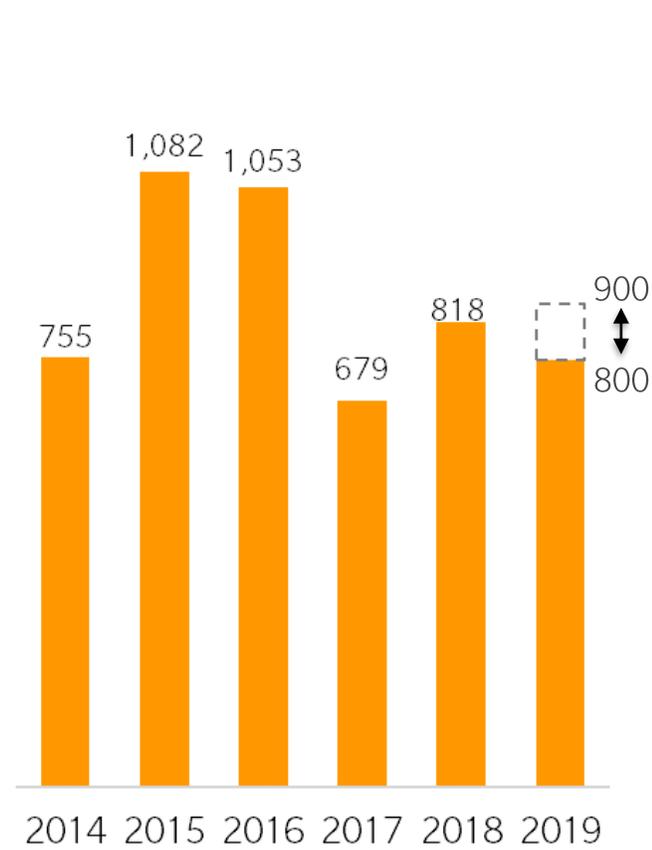
# 2019 Guidance



EBITDA  
In million ISK



CAPEX  
In million ISK



## KEY assumptions

- Fixed oil price and Fx (ISK/DKK 18,1)
- General cost increases
- Key risk factors
  - FX and oil price
  - Change in competition
  - Fuel margins
  - Loosing big contracts

# Focus going forward

Use our core competencies to develop new revenue streams



## RETAIL

Renewal of our retail approach ongoing



## NEW ENERGY

We will further develop alternative energy solutions for companies and households



## INT SALES

Becoming a leading physical supplier of marine fuels in the North Atlantic region



## LEAN

Ongoing focus on cost efficiency and operational excellence and to maximize the value of our assets



# Leading in new energy solutions

“Þáttur Orkunnar í Orkuskiptum”





**Skeljungur**

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