

# SKEL fjárfestingafélag hf. (SKEL)

Interim financial report for Q2 2022

**Profit after taxes ISK 1,597 million in Q2 2022** – profit from sales of real estate ISK 1.392 million

**Profit after taxes ISK 4,939 million in H1 2022** – profit from sales of real estate ISK 5.609 million

**Strong real estate development company, Reir Development, launched** - Total assets ISK 4,800 million and properties owned estimated over 46 thousand square metres

**Focus on growth in the operation of Skeljungur and Orkan**

## KEY INDICATORS AND RESULTS OF Q2 2022

- Investment income amounted to ISK 2,316 million
- Operating expenses amounted to ISK 381 million
- Pre-tax profits amounted to ISK 1,935 million
- Profit after taxes amounted to ISK 1,597 million
- The contribution margin of operating companies amounted to ISK 1,978 million, as compared to ISK 1,537 m in Q2 2021
- EBITDA for SKEL and its operating companies was ISK 731 million in Q2 2022, net of profit from sales of real estate in the amount of ISK 1,392 million, compared to ISK 471 million in Q2 2021.
- A dividend of ISK 500 million was paid on 13 April 2022
- The equity ratio was 87.3%
- Earnings per share were 0,82

The object of the Company was changed to investment company operations at a shareholders' meeting held on 7 October 2021. As a result of the change the assets of the Company will reflect fair value at any time. This adjustment is in progress and the full effect will be disclosed in the annual financial statement for 2022.

## PROSPECTS FOR 2022

The Company anticipates that its performance will be positive by approximately ISK 7.6-8.3 billion, in line with a previously published EBITDA guidance.

## **ÁSGEIR HELGI REYKGFJÖRÐ GYLFASON, SKEL CEO:**

“Work on the transformation of SKEL from an operating company to an investment company continued over the quarter, with the transformation slated for completion at the turn of the year. SKEL has become a strong investment company with a diversified asset portfolio which, together with the company’s financial strength, will enable further distribution of income and generation of value from investment assets. SKEL has decided to modify the operations of Orkan and Skeljungur so as to render the companies fit for listing in the coming three years.

Operations were satisfactory over the quarter, although fluctuations in the property markets, rising oil prices, disruptions in the supply chain and higher prices of supplies brought challenges. Fuel inventories are largely hedged. The company's policy has been that the profit and margin from fuel sales is largely protected against short-term fluctuations in commodity prices, to limit fluctuations in the operating companies' profits.

REIR Development, a company in the equal ownership of SKEL and Fasti, a family-owned company operating in the construction market, commenced operations during the quarter. SKEL elected to work with the owners of Fasti, as that company possesses significant knowledge and experience of the development and construction of real estate. The total assets of the Development Company are valued at 4,800 million ISK, and the estimated volume of real estate at approximately 46 thousand square metres, corresponding to at least 410 residential units, based on the company’s estimates. There is an ongoing acute shortage of residential properties in Iceland, and the company’s arrangement with Fasti will enable REIR Development to address that shortage. The projects managed by the company are spread across the metropolitan area of the capital. Its first project is in progress in Garðabaer, where there are plans to construct 220 residential properties in stages. Other assets are income-generating retail outlets operated by Orkan. Those properties are located at Kleppsvegur, Birkimelur, Skógarhlíð in Reykjavík and on Reykjavíkurvegur in Hafnarfjörður. These properties are in a phase of further development in line with an agreement with the City of Reykjavík with the three existing oil companies in Iceland providing for a reduction in the number of petrol stations in the City.

SKEL took delivery of share certificates in Kaldalón on 3 May and is now that company’s largest shareholder. We have great faith in Kaldalón and that company’s value proposition. We have perceived an interest among operators in the Icelandic commercial sector in working with the company, and it is our belief that other investors will see the company as an increasingly attractive option with each step forward that the company takes. The company’s growth has been rapid, and its investment portfolio is well suited to accommodate sound and profitable commercial operations in the long term. We also anticipate that the company’s continued growth will enable it to take advantage of the opportunities arising in the Icelandic bond market in the long term.

The operation of the energy company Magn in the Faroe Islands is showing success, with construction work on an 18 MW windmill farm scheduled for completion in this year. We see Magn as an example of a traditional oil company that has taken large and decisive steps in the direction of participating in the production of clean energy in its region. We hope to be able to take advantage of the company’s knowledge and experience in Iceland in the future.

The market value of VÍS insurance company was somewhat volatile over the quarter, but the share price was similar at the close of the quarter as at the beginning. Short-term fluctuations in the company’s share price have no impact on SKEL’s view that the company’s deeply rooted brand and large customer base will prove valuable during the foreseeable changes in the financial and insurance business in the coming years.

## **PRESENTATION MEETING**

An open presentation of the Company's interim financial report will be held on 12 August at the Reykjavik Edition Hotel on 2 Austurbakki, 101 Reykjavík. The meeting will begin at 08:30 a.m., with refreshments served from 08:15 a.m. At the meeting, Ásgeir Helgi Reyk fjörð Gylfason, CEO, and Magnús Ingi Einarsson, CFO, will present the results and highlights of the Company's operations.

The presentation material from the meeting will be made accessible on SKEL's website, <https://skel.is/fjarfestar>.

## **INTERIM FINANCIAL STATEMENT FOR THE FIRST HALF OF 2022**

The principal points of this report derive from the Company's interim financial statement, which was approved by the Board of Directors at a meeting of the Board on 11 August 2022. The interim financial statement has been prepared in compliance with International Financial Reporting Standards (IFRS) and has not been audited or reviewed by the Company's auditors.

For further information reference is made to the financial statement attached to this report.

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