



Presentation 365 hf Annual Report 2006





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Media

Entertainment

365

MÍDLAR


BYLGJAN
989

FRÉTTABLAÐIÐ
Fjólvarp
SÝN
besta sætið

vísir

Highlights

- Sales in 4Q was ISK 3.180 million and increased by 55% from last year
 - Sales in media amounted to ISK 2.065 million in 4Q, and decreased by 3% mainly due to cut backs in the sales of DV and magazines
 - EBITDA in 4Q was ISK 1.544 million
 - EBITDA from regular operations (less profits from sales and one-time-only cost) in 4Q was ISK 67 million
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- Sales for the year was ISK 11.096 million
 - EBITDA for the year was ISK 1.552 million
 - Negative EBITDA effect of the parent company was ISK 401 million and one-time-only cost related to the restructuring of the media firm was ISK 110 million
 - Yearly EBITDA from regular operations for media and entertainment (continuing operations) was ISK 470 million

Income Statement

Consolidated Income Statement			
In ISK million	2006	2005	Change
Continuing operation			
Sales	11.096	7.033	4.063
Cost of services and goods sold	(8.249)	(4.641)	(3.608)
Gross Profit	2.847	2.392	455
Other income	1.587	70	1.517
Operating expenses	(3.557)	(2.015)	(1.542)
Results from operating activities (EBIT)	877	447	430
Net finance cost	(1.599)	(270)	(1.329)
Share of loss of associates (net of income tax)	(778)	(77)	(701)
Profit / (loss) before income tax	(1.500)	100	(1.600)
Income tax expense	273	(43)	316
Profit / (loss) from continuing operations	(1.227)	57	(1.284)
Discontinued operations	(5.716)	661	(6.377)
Profit / (loss) for the year	(6.943)	718	(7.661)

Increase in sales

An increase of cs. 58% between years. Sales for media increase by 10,2%

Gross margin

decreases by 8% between years. Loss from NFS, DV and magazines

Interest expense

Foreign exchange loss of ISK 685 million

Affiliates

Share in loss and impairment loss for Hands Holding ISK 377 million and Pósthúsið ISK 375 million

Loss before tax

Negative EBITDA effect due to the parent company ISK 401 million and one time expense due to restructuring of ISK 110 million

Discontinued operations and impairment loss

	2006
Daybreak Holding (Wyndeham Ltd)	(4.414)
Dagsbrún Media fund	(364)
Operations that transferred to Teymi og Hands Holding ^(*)	(114)
Cost due to investement activities	(823)
Total	(5.715)

(*) Hands Holding till 1.10.2006

Balance Sheet

Balance Sheet ISK million	31.12.2006	31.12.2005	Change
Assets			
Non current assets	14.964	18.143	(3.179)
Current assets	3.805	4.667	(862)
Including trade and other receivables	2.015	3.227	(1.212)
Including cash and cash equivalents	944	662	282
Total assets	18.769	22.810	(4.041)
Liabilities and Equity			
Equity	6.137	8.770	(2.633)
Liabilities			
Non current liabilities	6.465	8.802	(2.337)
Current liabilities	6.167	5.238	929
Interest bearing debt	8.702	9.596	(894)
Total liabilities	12.632	14.040	(1.408)
Total Liabilities and Equity	18.769	22.810	(4.041)

Fixed assets

Book value of share in Daybreak and Hands Holding was around ISK 4.200 million

Current ratio 0,62.

This ratio will rise after refinancing in mid year 2007

Cash and cash equivalents

was ISK 944 million and increased by ISK 282 million

Interest bearing debt

in the year end 2006 was ISK 8.702 million

Net interest bearing debt

in the year end 2006 amounted to ISK 7.758 million

The focus will be on reducing debt with sales of shares in affiliates.

Equity ratio 33%

Cash Flow Statement

Consolidated Cash Flow In ISK million	2006	2005
(Loss) / profit for the year	(6.943)	718
Activities not influencing cash flow	6.413	(135)
Cash generated from operating activities	(530)	583
Interest expense paid	417	180
Financial cost paid	(1.453)	(697)
Net cash from operating activities	(1.566)	66
Investments activities	(9.933)	(138)
Financing activities	11.866	323
Net cash at the end of the reporting period	944	662

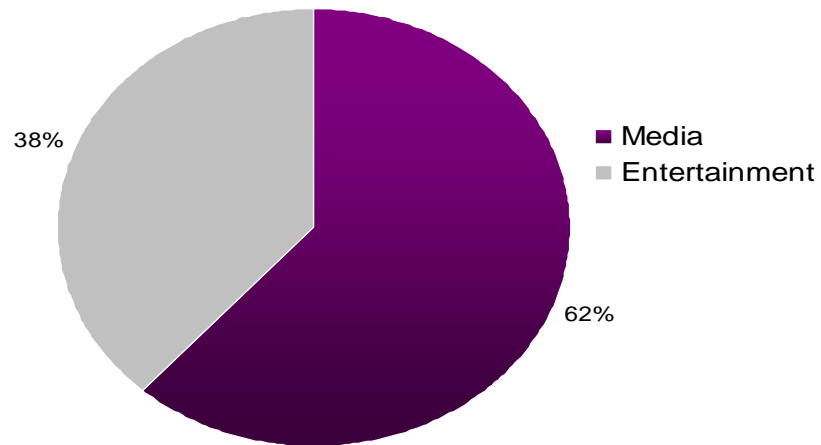
Investments

Investments in operating assets and intangibles was ISK 641 million

Investments in subsidiaries and associates was ISK 9.775 million

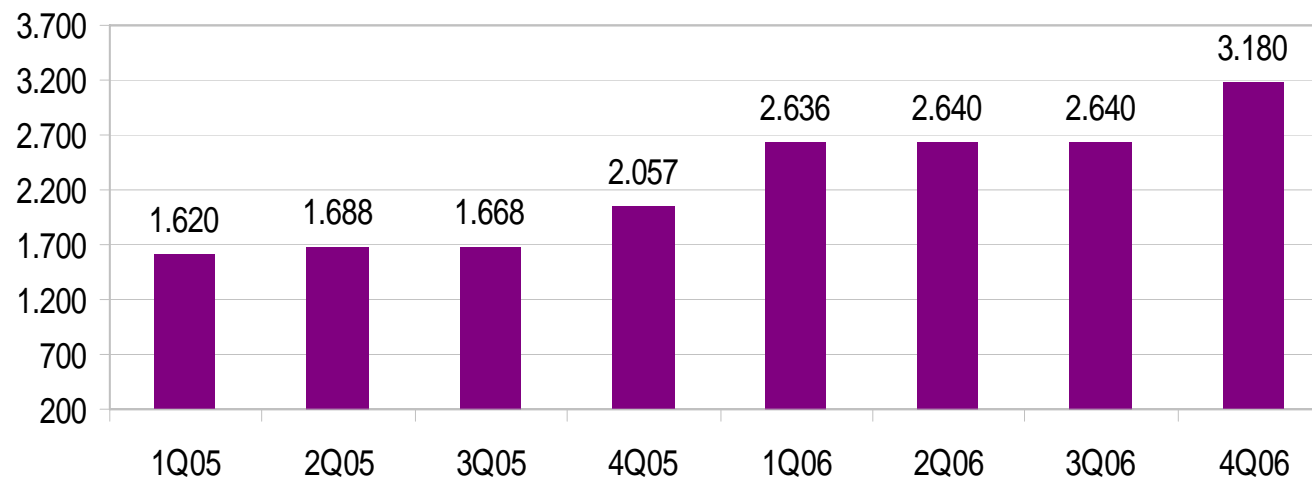
Sale of broadcasting distribution system was ISK 2.050 million

Sales by segments 365 hf 2006



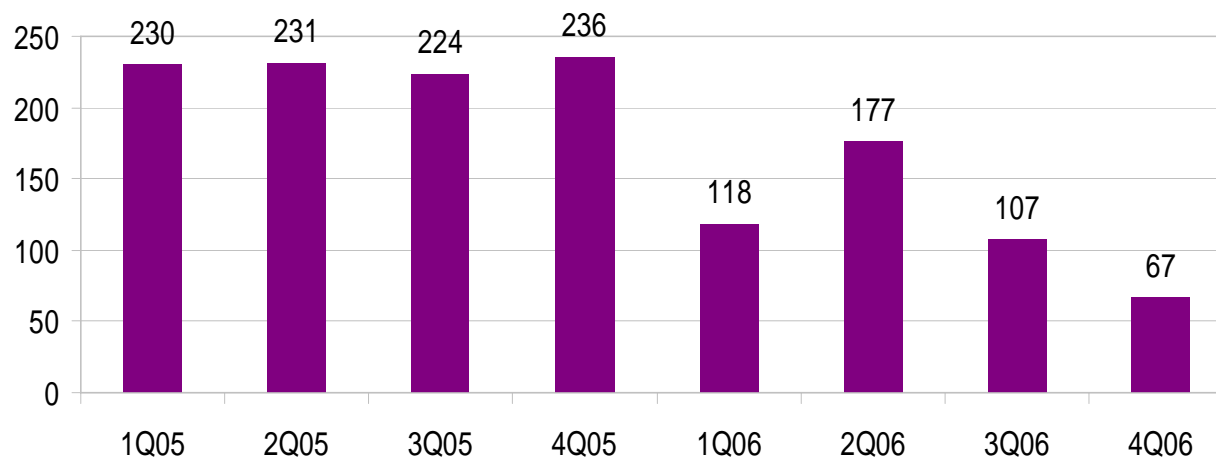
Sales 365 hf

Sales in ISK million



EBITDA – media and entertainment

EBITDA of regular operations in ISK million



Operations of media and entertainment 2006



365 media ehf - operations

Goal

Put emphasis on the core media that maintain a strong market position and increase the margins

Sales of the broadcasting distribution system – the company focuses on being a content provider

Operation of the news station NFS closed

DV Sold

Daily publication becomes a weekly publication in May 2006

Publishing rights of the newspaper DV was sold in December 2006

Magazines sold or discontinued in December 2006

Veggfóður sold

Hér og Nú sold

Reykjavík Mag discontinued

Birta discontinued

Shares in Bistro sold



365 media ehf – operations continued

Operations of Sirkus restructured
Morning show cancelled
New emphasis on web site Vísir.is

Cost control in effect – positions decreased by 85

The broadcasting right of the UK soccer is signed in the fall of 2006 - sponsorship

Renewal of the distribution agreement of Champions League

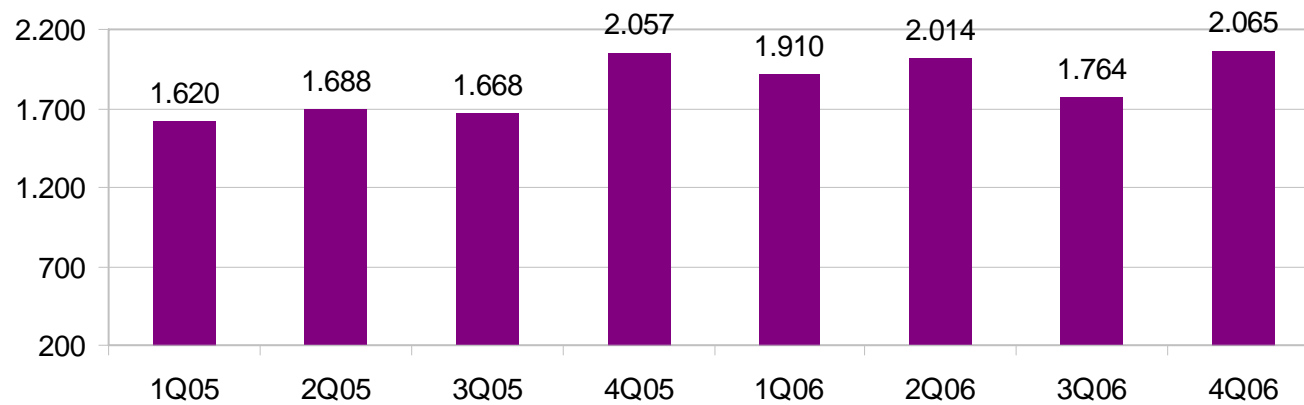
Increased emphasis on the web site – Vísir.is

The aim is to become the leader in the media sector where 365 operates - newspaper, broadcasting and radio and web broadcasting



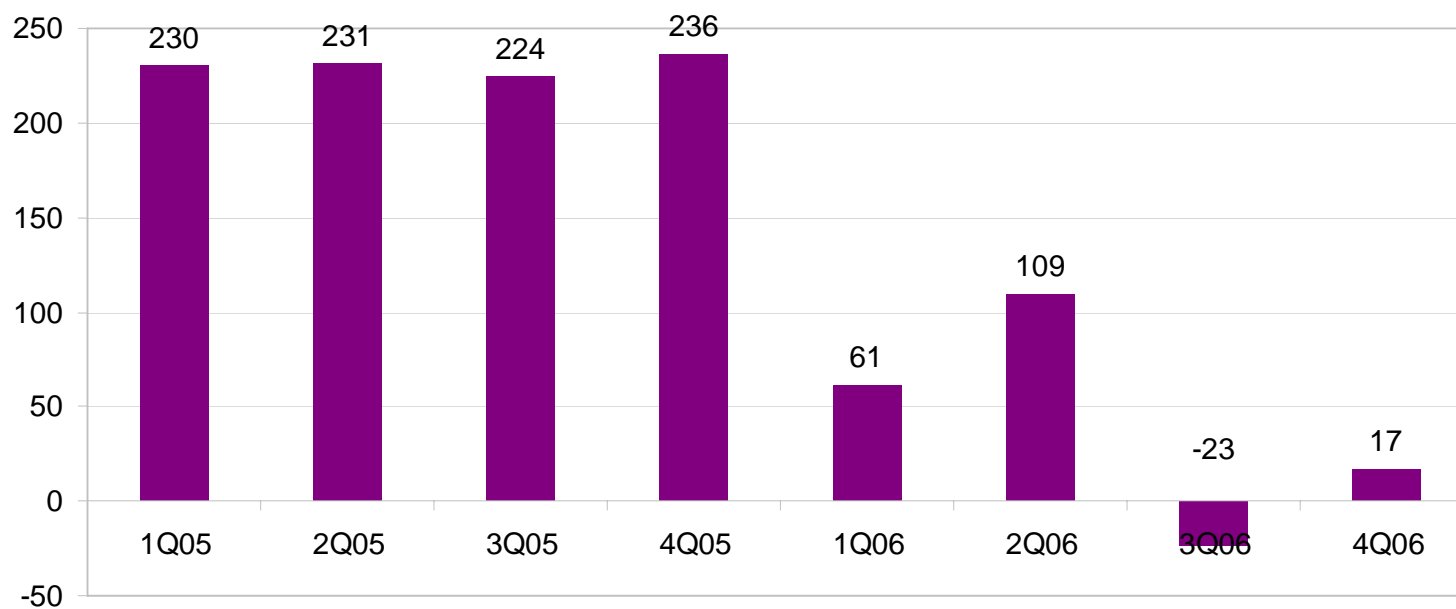
Sales media

Sales in ISK million.



EBITDA media

EBITDA of regular operations in ISK million



Strong market position

Newspapers

Fréttablaðið with a daily reading of 70%

A 52% market share in advertising sales measured in columns centimeters

TV

The TV stations command 48% marketshare in advertising sales measured in seconds

Radio

Strong position of Bylgjan, which competes with Rás 2 for the leadership position in radio

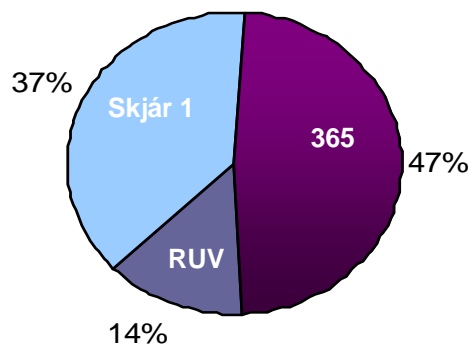
Web broadcasting

Increased focus on Vísir.is

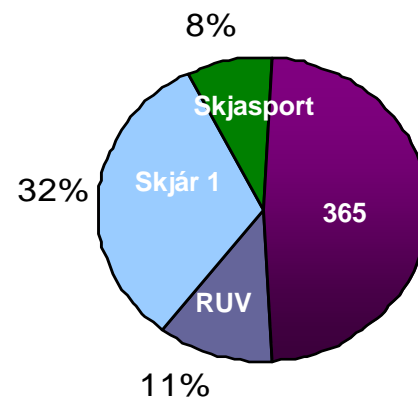


Marketshare in TV

Seconds. jan – 25 feb 2006



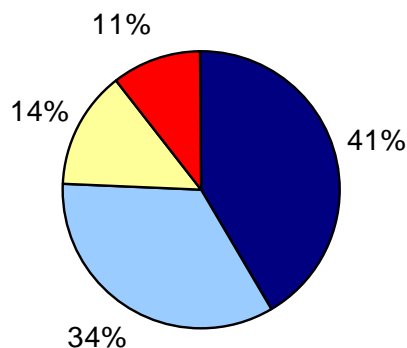
Sesconds. jan – 25 feb 2007



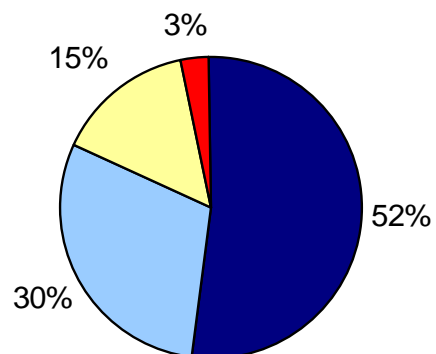
The marketshare in TV has increased by 1% between years.
The market for TV is expanding

Market share for the printing media

Column centimeters. Jan – 26 feb 2006



Column centimeters. Jan – 26 feb 2007



Marketshare in print media has increased by 11% between years.
The printing market is declining.

The operations in the year 2006

Entertainment

Sena

Operates the largest cinema market for the first time. An agreement signed on the operations of Háskólabíó

Græna ljósið, new trademark – targeted at marketing artistic movies

Concerts – partnership with Einar Bárðarson using the trademark Concert. The largest recording agreement made with Bubbi Morthens

Sagafilm

Purchase of 50% share in the UK production firm 2AM

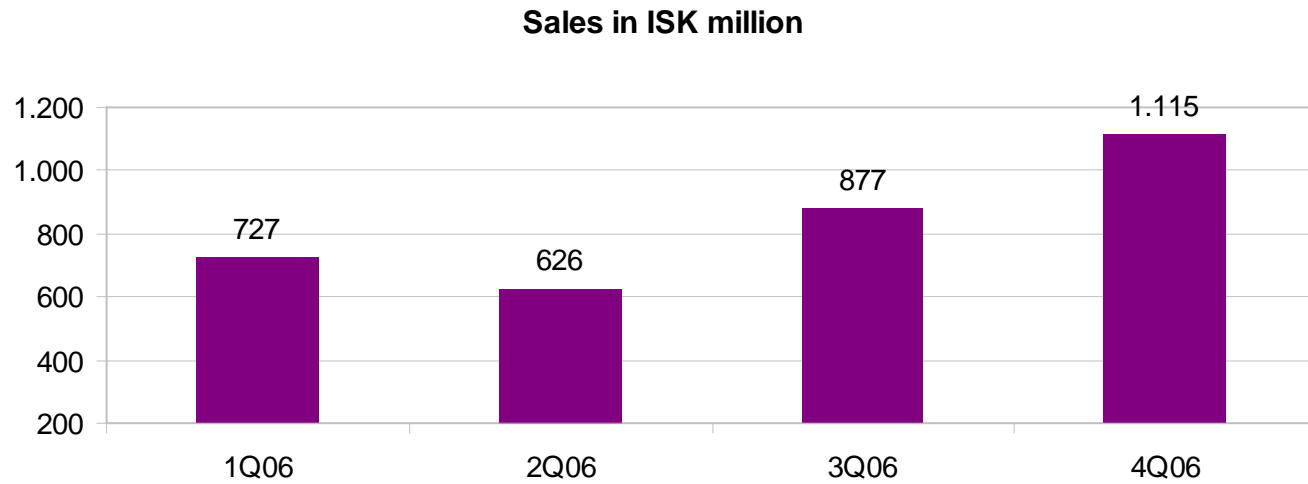
An increasing market for event management

D3

Oversees the operations of the web site Visir.is - a new addition in the year

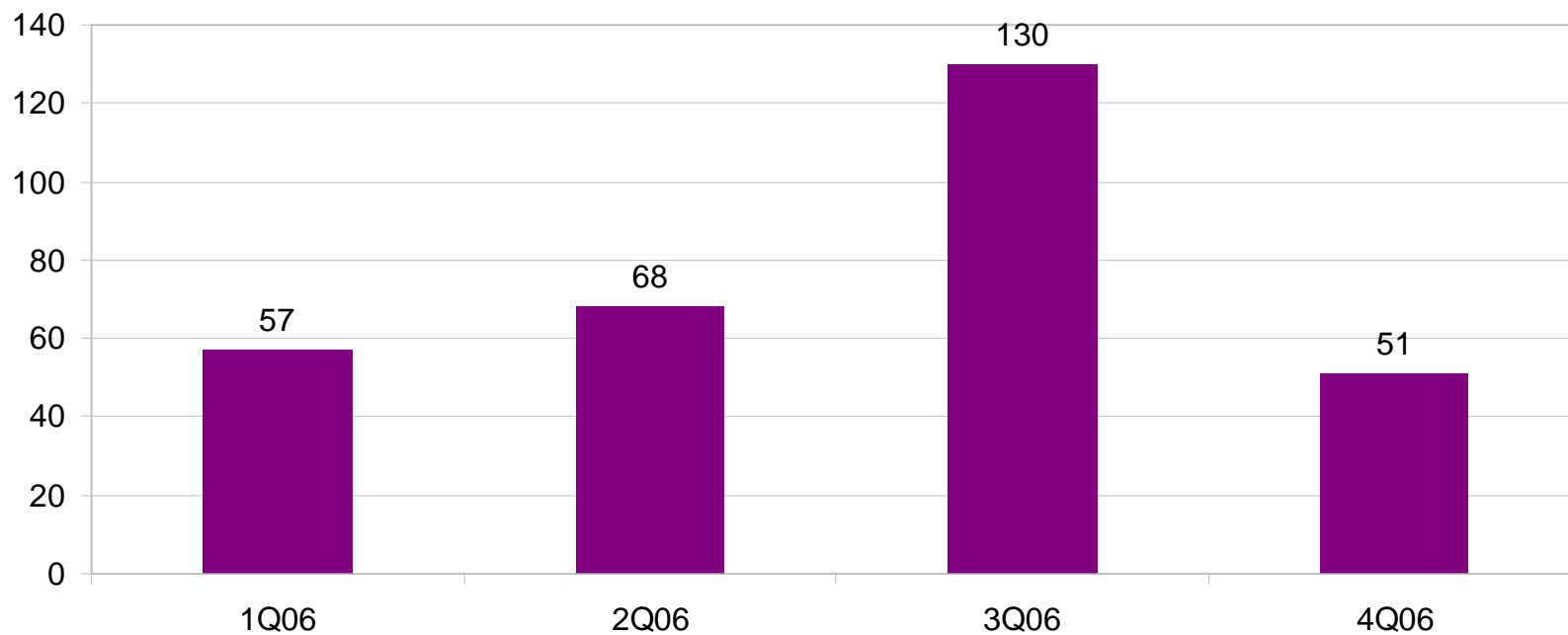
Growth of over 30% for the year

Sales – Entertainment



EBITDA – Entertainment

EBITDA in ISK million



Outlook 2007

Sales budgeted to be between ISK 12 to 13 billion

EBITDA budgeted to be between ISK 1,2 to 1,4 billion

Challenges ahead

The advertising market is ups-and-downs

Increased distribution cost for the daily newspaper Fréttablaðið



Thank you

