

Q2 2017

ice group Scandinavia Holdings AS

SECOND QUARTER RESULTS

The logo for ice group, featuring a small yellow asterisk-like symbol above the word "ice" in a white, lowercase, sans-serif font, followed by the word "group" in the same font.

SECOND QUARTER 2017 SUMMARY

- * Service revenue of NOK 298,896 thousand; 54% y-o-y growth
- * EBITDA* of NOK -114,263 thousand
- * Book equity of NOK 1,019,702 thousand

NOK thousands	Second Quarter		Half Year	
	2017	2016	2017	2016
Service revenue	298,896	194,257	578,948	374,844
EBITDA*	-114,263	-76,232	-212,727	-87,324
CAPEX**	-176,747	-126,870	-413,342	-223,460
Total assets	3,160,411	2,606,549	3,160,411	2,606,549
Operating margin %	nm	nm	nm	nm
Equity/assets ratio %	32%	20%	32%	20%

*ice group defines EBITDA as operating profit after adjustment of operating expenses for depreciation, amortization and impairment losses, foreign exchange differences recognized in income pertaining to revaluation of items in the balance sheet and non-recurring items. Any effects from business combinations are not included. For details, see below.

**CAPEX is defined as investments in non-current assets as reported in the statement of cash flows.

CEO's statement

Ice group's Scandinavian operation continues on its growth path. Service revenues grew 54% in the second quarter, compared with the corresponding quarter last year. For the first half of 2017, service revenues increased 54.5% compared to the first half of 2016. Our average smartphone on-net traffic continues to grow at a steady pace, reaching 21% in the second quarter, compared to 13% in the first quarter. Increasing this figure represents an opportunity to reduce network costs further. The company retains its target of 80% population coverage by Q4 2017/Q2 2018.

The mobile ARPU for ice.net decreased slightly in Q2 2017, related to NOK 7 million in deferred revenues as a consequence of the introduction of data rollover from March 2017 onwards. As a result of ice.net's customer centric approach, we do not expect to see an uplift in ARPU until next year.

The EU roaming packages, with adjusted prices for the large majority of ice.net customers, were implemented throughout the second quarter. As ice.net pre-warned customer a long time in advance, communicated the change openly and honestly, and gave customers the opportunity to opt out of EU roaming included in the subscription, churn was satisfactory throughout this period. However, sales of new subscriptions decreased from the previous period. Sales have since risen after all operators included EU roaming in their subscriptions, enabling consumers to evaluate different mobile phone subscriptions like-for-like again.

On 7 April, our new NOK 1.4 billion secured bank facilities underwritten by DNB Bank ASA and NOK 800 million senior unsecured bond were signed and allocated, resulting in significantly reduced interest costs for the company. In addition, the parent company injected NOK 200 million of equity into ice group Scandinavia Holdings AS on 28 June 2017, with the purpose of funding further growth ambitions in Norway, both in terms of customer acquisition and network and IT infrastructure build-out.

The above-mentioned capital injection came into use when ice.net, subsequent to the quarter on 11 July 2017, entered into an agreement to acquire a B2C customer base from Norwegian mobile phone operator Hello. Following the forthcoming migration process, ice.net will expect to have acquired a net amount of 40,000 B2C customers. Ice.net paid approximately NOK 75 million for the customer base, plus a potential bonus payment dependent on number of subscribers successfully migrated to Ice. The migration process is expected to take place between August and October 2017. The acquisition underlines ice.net's position as the fastest growing mobile network operator in Norway, and we look forward to reaping the full benefits from 2018 onwards.

Significant events during the period

- * On 7 April 2017, ice group Scandinavia Holdings AS announced the successful signing and completion of both the NOK 1.4 billion secured bank facilities and the five-year NOK 800 million senior unsecured bond issue. The debt facility consists of a NOK 200 million four-year term loan A, NOK 600 million five-year term loan B and a NOK 600 million five-year term loan C (growth) facility, paying N+425bps, N+475bps and N+450bps, respectively with a ratchet that leads to lower interest margin once certain milestones have been passed. The debt package also includes a five-year NOK 800 million unsecured bond paying N+525bps, which closes simultaneously with the debt facility. The proceeds of the refinancing will be used to part-finance the full redemption of the existing SEK 1.5 billion bond and for general corporate purposes.
- * On 21 April 2017, the company issued the call notice and redemption of the SEK 1.5 billion bond with ticker AINMT01. The call was settled on 25 April 2017, which was also the last day of trading for the bond.
- * On 24 April 2017, ice group's Norwegian operation was awarded SeeYou's customer service award "Best in test" in 2017 for both mobile phone and broadband, significantly outperforming its competitors in both categories.
- * On 28 June, the parent company injected NOK 200 million of equity into ice group Scandinavia Holdings AS. The purpose is to fund further growth ambitions in Norway, both in terms of customer acquisition and network and IT infrastructure build-out.

Significant events after the end of the period

- * On 11 July 2017, ice group's Norwegian network operator ice.net entered into an agreement to acquire a B2C customer base from Norwegian mobile phone operator Hello. Following the forthcoming migration process, ice.net will expect to have acquired a net amount of minimum 40,000 B2C customers. Ice.net will pay approximately NOK 75 million for the customer base, plus a potential bonus payment dependent on number of subscribers successfully migrated to Ice.
- * On 23 August 2017, the AINMT group changed its name and brand to ice group. Subsequently, the legal entity AINMT Scandinavia Holdings AS has been re-named ice group Scandinavia Holdings AS.

Personnel and organization

At the end of the period, the number of employees amounted to 173 versus 157 for the equivalent period the previous year. Including external resources, such as dedicated people with contract suppliers and subcontractors, the Group employed 265 (266) people.

Investments

The Group's acquisition of intangible assets during the second quarter amounted to NOK 134,795 (5,781) thousands. The corresponding amount for the first six months was NOK 154,406 (8,814) thousands.

Investments in tangible assets during the second quarter amounted to NOK 41,952 (123,813) thousands and the corresponding amount for the first six months was NOK 258,936 (226,250) thousands.

The investments are mainly related to the network smartphone migration project in Norway, both on existing and new sites as well as on backbone systems.

Net financial investments for the quarter amounted to NOK -293 (2,724) thousands.

EBITDA

Non-recurring and other non-operational items identified during the second quarter amounted to NOK 18,627 (15,136) thousands and the corresponding amount for the first half year amounted to NOK 31,036 (26,083) thousands. Non-recurring items are mainly related to extraordinary costs related to the network technology upgrade and Smartphone migration.

Please also refer to the section on Alternative Performance Measures on page 9.

Risks and factors of uncertainty

Ice group Scandinavia's operations are exposed to certain risks that could have a varying impact on earnings or its financial position. These can be divided into industry, operational and financial risks; including regulatory and competitive risks.

A material part of the Group's revenues and profits is derived from operations outside Norway. Currency fluctuations may influence the reported figures in Norwegian Kroner to an increasing extent. Please refer to the annual report of 2016 for a detailed walk-through of the risks identified.

Related party transactions

During the quarter ice group Scandinavia Holdings AS entered into a subordinated loan agreement with its parent company. Please see above for details. For other items, see further details under the section on critical accounting estimates and judgements in the annual report of 2016.

Outlook 2017

The company expects to increase its mobile phone market share in Norway.

Legal disclaimer

Certain statements in this report are forward-looking and the actual outcomes may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, fluctuations in exchange rates and interest rates and political risks.

31 August 2017

The Board of Directors of ice group Scandinavia Holdings AS

CONDENSED FINANCIAL REPORTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONDENSED)

<i>NOK thousands</i>	Second Quarter		Half Year	
	2017	2016	2017	2016
Service revenue	298,896	194,257	578,948	374,844
Other operating revenue	15,889	31,324	36,802	41,268
Total operating revenue	314,785	225,582	615,750	416,113
Operating expenses	-251,472	-141,921	-458,900	-214,837
Other expenses	-156,315	-140,738	-306,907	-242,284
Employee benefit expenses	-39,307	-34,291	-94,125	-72,399
Depreciation & amortization	-75,841	-56,627	-147,971	-116,198
Total operating expenses	-522,935	-373,576	-1,007,903	-645,717
Operating result	-208,150	-147,995	-392,153	-229,605
Financial items	-161,809	-10,135	-216,077	-24,954
Share of net profit from joint ventures	-95	-	-71	-
Result before tax	-370,054	-158,130	-608,301	-254,559
Income taxes	-544	233	-3,803	192
Net result for the period	-370,598	-157,897	-612,104	-254,367
<i>Items that may be subsequently reclassified to profit loss:</i>				
Translation differences on foreign operations	2,221	3,113	2,507	1,757
<i>Items that will not be reclassified to profit or loss</i>				
	-	-	-	-
Other comprehensive income	2,221	3,113	2,507	1,757
Total comprehensive income for the period	-368,377	-154,784	-609,597	-252,610
<i>Net result for the period attributable to:</i>				
Equity holders of the Parent Company	-370,364	-157,607	-611,486	-253,609
Non-controlling interests	-234	-290	-617	-758
Net result for the period	-370,598	-157,897	-612,104	-254,367
<i>Total comprehensive income attributable to:</i>				
Equity holders of the Parent Company	-368,141	-154,915	-608,980	-252,266
Non-controlling interests	-236	131	-616	-344
Total comprehensive income for the period	-368,377	-154,784	-609,597	-252,610

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONDENSED)

<i>NOK thousands</i>	30 Jun 2017	30 Jun 2016	31 Dec 2016
ASSETS			
Intangible assets	912,802	835,792	914,428
Tangible assets	1,310,400	1,179,165	1,292,292
Financial assets	14,922	12,344	17,917
Deferred tax assets	-	1,926	2,533
Total non-current assets	2,238,124	2,029,227	2,227,170
Inventory	44,537	61,276	38,310
Trade receivables	59,708	62,896	88,303
Other receivables	29,104	91,206	62,753
Prepaid expenses and accrued income	180,346	74,468	79,739
Cash and cash equivalents	608,592	287,476	362,075
Total current assets	922,287	577,322	631,180
TOTAL ASSETS	3,160,411	2,606,549	2,858,350
EQUITY AND LIABILITIES			
TOTAL EQUITY	1,019,702	528,321	596,094
Deferred tax liabilities	1	-	-
Borrowings	1,663,519	1,511,967	1,668,846
Total non-current liabilities	1,663,519	1,511,967	1,668,846
Trade payables	175,234	231,210	212,835
Other current liabilities	17,274	12,882	12,922
Accrued expenses and deferred income	283,403	322,169	367,653
Total current liabilities	475,912	566,260	593,410
TOTAL LIABILITIES	2,139,430	2,078,227	2,262,256
TOTAL EQUITY AND LIABILITIES	3,160,411	2,606,549	2,858,350

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONDENSED)

<i>NOK thousands</i>	2017			2016		
	Parent Company Shareholders	Non- controlling interests	Total equity	Parent Company Shareholders	Non- controlling interests	Total equity
<i>Attributable to</i>						
Opening balance	595,604	490	596,094	780,613	771	781,384
Net result for the period	-611,486	-617	-612,104	-253,609	-758	-254,367
Other comprehensive income	2,506	1	2,507	-3,870	414	-3,456
Capital contribution from share-based payments	2,723	-	2,723	4,760	-	4,760
Change in non-controlling interests	1	480	482	-	-	-
Share capital increase	1,030,000	-	1,030,000	-	-	-
Closing balance	1,019,348	354	1,019,702	527,894	427	528,321

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONDENSED)

<i>NOK thousands</i>	Second Quarter		Half Year	
	2017	2016	2017	2016
Cash flows from operating activities	-92,354	-13,416	-205,741	-38,905
Cash flows from investing activities	-176,454	-126,870	-410,143	-233,460
Cash flows from financing activities	300,514	-1,203	860,980	-77,267
Net increase/decrease in cash and cash equivalents	31,706	-141,489	245,096	-349,633
Cash and cash equivalents, opening balance	575,565	428,878	362,075	642,645
Exchange rate differences in cash and cash equivalents	1,321	87	1,421	-5,537
Cash and cash equivalents, closing balance	608,592	287,476	608,592	287,476

CONSOLIDATED KEY RATIOS

<i>NOK thousands</i>	Second Quarter		Half Year	
	2017	2016	2017	2016
Return on equity				
Return on equity %	nm	nm	nm	nm
Profit				
EBITDA	-114,263	-76,232	-212,727	-87,324
Operating result	-208,150	-147,995	-392,153	-229,605
Operating margin %	nm	nm	nm	nm
Net profit margin %	nm	nm	nm	nm
Key ratios - increase				
Service revenue growth in %	54%	19%	54%	10%
Service revenue growth in absolute numbers	104,639	31,573	204,104	34,823
Key ratios - financial position				
Cash liquidity %	194%	102%	194%	102%
Total assets	3,160,411	2,606,549	3,160,411	2,606,549
Equity/assets ratio %	32%	20%	32%	20%
Equity	1,019,702	528,321	1,019,702	528,321
Gross interest bearing debt	1,663,049	1,537,948	1,663,049	1,537,948
Net interest bearing debt	1,058,500	1,250,471	1,058,500	1,250,471

Definitions of Key Ratios

EBITDA	ice group defines EBITDA as operating income after adjustment of expenses for depreciation, amortization and impairment losses, foreign exchange differences recognized in income pertaining to revaluation of items in the balance sheet and non-recurring items. Any effects from business combinations are not included in EBITDA.
Cash liquidity in %	Current assets divided by current liabilities
Equity/assets ratio %	Equity divided by total capital
Net result margin in %	Profit after financial items divided by total operating revenue
Operating result	Profit before financial items and tax
Operating margin in %	Operating profit divided by total operating revenue
Return on Equity in %	Profit/loss before tax divided by equity
Net debt	Gross interest-bearing debts less cash and cash equivalents
Service revenue growth in %	Growth in comparison with the same period previous year in %
Service revenue growth	Growth in comparison with the same period previous year in absolute numbers

NOTES TO THE FINANCIAL REPORTS

Basis of preparation

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting principles are the same as those applied in the latest annual report unless otherwise stated below. The report has not been subject to review by the auditors of ice group Scandinavia Holdings AS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to make certain judgments in applying the Group's accounting policies.

New and changed accounting standards in 2017

None of the standards and statements that have been published by the IASB and are effective for annual periods beginning on or after January 1, 2017, have had any material impact on the financial statements of the Group.

Segment information by geographical area

NOK thousands

Jan - Jun 2017	Service revenue	Total revenue	EBITDA	Investments	Non-current assets EoP
Norway	492,779	515,801	-225,245	354,250	1,853,835
Sweden	77,000	89,103	14,489	59,494	333,953
Denmark	9,170	10,846	-1,971	-402	35,414
Other	-	-	-	-	-
Total	578,948	615,750	-212,727	413,342	2,223,202

Jan - Jun 2016	Service revenue	Total revenue	EBITDA	Investments	Non-current assets EoP
Norway	280,140	308,507	-115,231	213,628	1,578,946
Sweden	84,377	95,761	29,755	15,255	392,621
Denmark	10,327	11,845	-1,176	6,181	43,390
Other	-	-	-672	-	-
Total	374,844	416,113	-87,324	235,064	2,014,957

Note: Revenue from intercompany transactions is not included in the segment information. Investments and non-current assets excludes financial assets and deferred tax assets.

Alternative Performance Measures – EBITDA

EBITDA is a financial parameter that the ice group considers to be relevant to an investor who wants to understand the generation of earnings before investment in fixed assets. Ice group defines EBITDA as operating profit after adjustment of expenses for depreciation, amortization and impairment losses, foreign exchange differences recognized in income pertaining to revaluation of items in the balance sheet and non-recurring items. Any effects from business combinations are not included. See also definitions on page 7.

EBITDA reconciliation

<i>NOK thousands</i>	Second Quarter		Half Year	
	2017	2016	2017	2016
Operating result	-208,150	-147,995	-392,153	-229,605
Depreciation & amortization	75,841	56,627	147,971	116,198
Network upgrades & migrations	16,684	10,467	28,732	17,663
Redundancy and other non-recurring costs	581	1,549	581	3,660
IFRS 2 costs	1,362	3,120	2,723	4,760
EBITDA	-114,263	-76,232	-212,727	-87,324

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