

Q3 2017

ice group Scandinavia Holdings AS

THIRD 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.

THIRD QUARTER 2017 SUMMARY

- * Service revenue of NOK 335,728 thousand; 45% y-o-y growth
- * EBITDA* of NOK -139,192 thousand
- * Book equity of NOK 782,323 thousand

NOK thousands	Third Quarter		Jan - Sep	
	2017	2016	2017	2016
Service revenue	335,728	230,836	914,676	605,680
EBITDA*	-139,192	-71,120	-351,919	-158,444
CAPEX**	-90,924	-90,316	-501,067	-323,776
Total assets	2,978,524	2,739,039	2,978,524	2,739,039
Operating margin %	nm	nm	nm	nm
Equity/assets ratio %	26%	31%	26%	31%

*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

The third quarter 2017 was yet another growth quarter for ice group's Scandinavian operation. Service revenues grew 45% in the third quarter compared to the same quarter last year, reflecting our significantly increased Norwegian customer base.

Average smartphone on-net data traffic grew from 21% in the second quarter to 24% in the third quarter. We expect this figure to increase further in the coming quarters. Both the blended ARPU (smartphone and mobile broadband services) and smartphone services ARPU saw a small increase in the third quarter, while churn decreased slightly, reflecting an overall solid quarterly performance from our Norwegian operation.

One of the highlights of the quarter was the agreement to acquire a B2C customer base from Norwegian mobile phone operator Hello for approximately NOK 75 million, and by the end of October, the migration process had been successfully concluded. More than 40 thousand customers were moved across from Hello to ice.net, in line with our ambitions for the acquisition. We will see the full effect from this acquisition from 2018 onwards.

In September, ice.net also signed an important deal with the Norwegian police, who will use ice.net as a secondary supplier to deliver mobile broadband to the police for a period of up to 5 years. In October, ice.net also signed a contract with NSB Passenger train to provide mobile broadband services to its 185 trains.

Towards the end of the quarter, ice group Scandinavia further increased its financial flexibility when it successfully placed a new four-year NOK 1,4 billion senior secured bond issue. The bonds will have a coupon of 3 months NIBOR +4.60% and will be listed on the Oslo Stock Exchange. The new bond is a refinancing of the outstanding committed secured facilities of NOK 1,4 billion, where NOK 800 million was outstanding and NOK 600 million undrawn.

A key priority for ice group is to continue to invest in network infrastructure and technology. At the end of September, ice.net and Nokia successfully demonstrated a current hardware solution that provides 3 gigabit download speed (equivalent to 4.9G) at a media event in Norway. Ice.net's network is future-ready for both 4.5G and VoLTE, which is something the Group will aim to capitalise on in the coming decade.

Subsequent to the quarter, on 16 November 2017, ice.net was elected "mobile phone operator of the year" at Inside Telecom's annual conference as a recognition of the company's progress in 2016 and 2017.

Significant events during the period

- * On 11 July 2017, ice group's Norwegian network operator ice.net entered into and closed 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 more than (net) 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.
- * In August and September, more than 27,000 Hello B2C customers were successfully migrated across to ice.net in Norway.
- * On 23 August 2017, the AINMT group changed its name and brand to ice group. Subsequently, the legal entity AINMT Scandinavia Holdings AS was re-named ice group Scandinavia Holdings AS.
- * In September, ice.net signed an important deal with the Norwegian police, which will use ice.net as a secondary supplier to deliver mobile broadband to the police for a period of up to 5 years.
- * On 26 September 2017, ice group Scandinavia Holdings AS successfully placed a new four-year NOK 1,4 billion senior secured bond issue (later issued on 12 October 2017). The bonds will have a coupon of 3 months NIBOR +4.60% and will be listed on the Oslo Stock Exchange. The new bond is a refinancing of the outstanding committed secured facilities of NOK 1,4 billion, where NOK 800 million was currently outstanding and NOK 600 million undrawn.

Significant events after the end of the period

- * By the end of October, all 40,000+ Hello B2C customers had been migrated across to ice.net in Norway.
- * On 3 October 2017, the five-year NOK 800 million senior unsecured bond issued by ice group Scandinavia Holdings AS on 7 April 2017 (ISIN NO0010789035) was admitted to Oslo Stock Exchange (ticker: IGSH01) and had its first day of trading.
- * In October 2017, ice.net signed a 2+2 year deal with NSB Passenger train to deliver mobile broadband services to 185 local and regional trains.
- * On 11 November 2017, the new four-year NOK 1.4 billion senior secured bond issued by ice group Scandinavia Holdings AS, issued on 12 October 2017, with ISIN NO0010807092, was admitted to Oslo Stock Exchange (ticker: IGSH02) and had its first day of trading.
- * On 16 November 2017, leading Norwegian trade journal *Inside Telecom* voted ice.net "mobile phone operator of the year" at the annual Inside Telecom conference.

Personnel and organization

At the end of the period, the number of employees amounted to 186 versus 159 for the equivalent period the previous year. Including external resources, such as dedicated people with contract suppliers and subcontractors, the Group employed 277 (259) people.

Investments

The Group's acquisition of intangible and tangible assets during the third quarter amounted to NOK 90,924 (84,755) thousands, whereof NOK 75 million are related to the acquisition of the B2C customer base from Hello. The corresponding amount for the first nine months was NOK 501,067 (319,819) 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 and radio access network expansion.

Net financial investments for the quarter amounted to NOK -30 (5,561) thousands, and for the first nine months the investments amounted to NOK 3,169 (9,405) thousands.

EBITDA

Non-recurring and other non-operational items identified during the third quarter amounted to NOK 6,826 (29,966) thousands and the corresponding amount for the first nine months amounted to NOK 38,281 (56,049) 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 (smartphone) 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.

30 November 2017

The Board of Directors of ice group Scandinavia Holdings AS

CONDENSED FINANCIAL REPORTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONDENSED)

<i>NOK thousands</i>	Third Quarter		Jan - Sep	
	2017	2016	2017	2016
Service revenue	335,728	230,836	914,676	605,680
Other operating revenue	30,661	40,199	67,463	81,467
Total operating revenue	366,389	271,035	982,139	687,148
Operating expenses	-253,199	-185,136	-712,099	-399,973
Other expenses	-210,329	-143,862	-517,235	-386,146
Employee benefit expenses	-48,880	-43,123	-143,005	-115,522
Depreciation & amortization	-75,663	-57,791	-223,634	-173,989
Total operating expenses	-588,071	-429,912	-1,595,973	-1075,629
Operating result	-221,682	-158,877	-613,834	-388,482
Financial items	-13,567	17,485	-229,644	-7,469
Share of net profit from joint ventures	8	-	-63	-
Result before tax	-235,240	-141,392	-843,541	-395,951
Income taxes	-565	364	-4,368	556
Net result for the period	-235,805	-141,028	-847,909	-395,395
<i>Items that may be subsequently reclassified to profit loss:</i>				
Translation differences on foreign operations	-868	-4,152	1,639	-7,606
Change in market value of derivative instruments	-2,711	-	-2,711	-
Fiscal effect on derivative instruments	651	-	651	-
<i>Items that will not be reclassified to profit or loss</i>	-	-	-	-
Other comprehensive income	-2,928	-4,152	-421	-7,606
Total comprehensive income for the period	-238,734	-145,180	-848,330	-403,002
<i>Net result for the period attributable to:</i>				
Equity holders of the Parent Company	-235,621	-140,761	-847,108	-394,366
Non-controlling interests	-184	-267	-802	-1029
Net result for the period	-235,805	-141,028	-847,909	-395,395
<i>Total comprehensive income attributable to:</i>				
Equity holders of the Parent Company	-238,549	-144,902	-847,530	-402,376
Non-controlling interests	-184	-279	-801	-626
Total comprehensive income for the period	-238,734	-145,180	-848,330	-403,002

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONDENSED)

<i>NOK thousands</i>	30 Sep 2017	30 Sep 2016	31 Dec 2016
ASSETS			
Intangible assets	981,216	805,001	914,428
Tangible assets	1,346,165	1,212,982	1,292,292
Financial assets	14,900	17,783	17,917
Deferred tax assets	808	2,301	2,533
Total non-current assets	2,343,089	2,038,068	2,227,170
Inventory	30,735	53,426	38,310
Trade receivables	67,251	66,573	88,303
Other receivables	87,500	111,344	62,753
Prepaid expenses and accrued income	84,869	67,408	79,739
Cash and cash equivalents	365,080	402,221	362,075
Total current assets	635,435	700,971	631,180
TOTAL ASSETS	2,978,524	2,739,039	2,858,350
EQUITY AND LIABILITIES			
TOTAL EQUITY	782,323	834,118	596,094
Deferred tax liabilities	1,996	-	-
Borrowings	1,645,379	1,439,429	1,668,846
Derivatives	2,711	-	-
Total non-current liabilities	1,650,086	1,439,429	1,668,846
Trade payables	183,573	133,494	212,835
Other current liabilities	86,179	47,742	12,922
Accrued expenses and deferred income	276,362	284,256	367,653
Total current liabilities	546,114	465,492	593,410
TOTAL LIABILITIES	2,196,201	1,904,921	2,262,256
TOTAL EQUITY AND LIABILITIES	2,978,524	2,739,039	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	-847,108	-802	-847,909	-394,366	-1029	-395,395
Other comprehensive income	-422	1	-421	-8,010	404	-7,606
Capital contribution from share-based payments	4,085	-	4,085	5,736	-	5,736
Change in non-controlling interests	8	467	475	-	-	-
Share capital increase	1,030,000	-	1,030,000	450,000	-	450,000
Closing balance	782,167	157	782,323	833,973	146	834,118

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONDENSED)

<i>NOK thousands</i>	Third Quarter		Jan - Sep	
	2017	2016	2017	2016
Cash flows from operating activities	-73,495	-155,495	-279,236	-194,400
Cash flows from investing activities	-87,388	-90,316	-497,531	-323,776
Cash flows from financing activities	-83,497	370,844	777,483	293,577
Net increase/decrease in cash and cash equivalents	-244,380	125,034	716	-224,598
Cash and cash equivalents, opening balance	608,592	287,476	362,075	640,067
Exchange rate differences in cash and cash equivalents	868	-10,290	2,288	-13,248
Cash and cash equivalents, closing balance	365,080	402,221	365,080	402,221

CONSOLIDATED KEY RATIOS

<i>NOK thousands</i>	Third Quarter		Jan - Sep	
	2017	2016	2017	2016
Return on equity				
Return on equity %	nm	nm	nm	nm
Profit				
EBITDA	-139,192	-71,120	-351,919	-158,444
Operating result	-221,682	-158,877	-613,834	-388,482
Operating margin %	nm	nm	nm	nm
Net profit margin %	nm	nm	nm	nm
Key ratios - increase				
Service revenue growth in %	45%	16%	51%	12%
Service revenue growth in absolute numbers	104,892	31,487	308,995	66,309
Key ratios - financial position				
Cash liquidity %	116%	151%	116%	151%
Total assets	2,978,524	2,739,039	2,978,524	2,739,039
Equity/assets ratio %	26%	31%	26%	31%
Equity	782,323	834,118	782,323	834,118
Gross interest bearing debt	1,663,049	1,462,893	1,663,049	1,462,893
Net interest bearing debt	1,298,021	1,060,672	1,298,021	1,060,672

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.

Financial liabilities and assets at fair value - Cash flow hedges

This category comprises of interest rate swap derivative financial instrument. The derivatives are only used for economic hedging purposes as part of the ice group Scandinavia Holdings AS' hedging policy, and not as speculative investments. The interest rate swap derivatives are entered into with the object to substantially mitigate the interest fluctuation risks associated with the long-term financial bonds, and the derivatives are classified as cash flow hedges.

The interest rate swap derivatives are initially recognized at fair value on the transaction date of the derivatives and are subsequently remeasured to their fair value at the end of each reporting period. The effective portion of changes in the fair value of the derivatives designated as cash flow hedges is recognized in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss within other financial income or other financial expense.

When a hedging instrument expires, is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

As the fair value of the interest rate swap derivative financial instruments are not traded in an active market, the measurement is based on valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. All significant inputs required to fair value the interest rate swap derivative instrument are observable, and the derivatives are consequently included in level 2 in the fair value hierarchy.

<i>NOK thousands</i>	2017	2016
Fair value measurement of level 2 financial derivatives	Derivatives used in hedge accounting	Derivatives used in hedge accounting
Level 2, Opening balance fair value	-	-
Changes in fair value	-2,711	-
<i>of which recognized in net income</i>	-	-
<i>of which recognized in other comprehensive income</i>	-2,711	-
Level 2, Closing balance	-2,711	-

Segment information by geographical area

NOK thousands

Jan - Sep 2017	Service revenue	Total revenue	EBITDA	Investments	Non-current assets EoP
Norway	784,892	819,810	-373,303	436,681	1,979,376
Sweden	115,650	146,163	23,462	61,319	315,879
Denmark	14,134	16,166	-2,078	3,068	32,128
Other	-	-	-	-	-
Total	914,676	982,139	-351,919	501,067	2,327,382

Jan - Sep 2016	Service revenue	Total revenue	EBITDA	Investments	Non-current assets EoP
Norway	466,344	520,002	-206,837	298,244	1,620,067
Sweden	123,654	148,405	49,117	15,334	358,544
Denmark	15,682	18,740	-1,010	6,241	39,372
Other	-	-	284	-	-
Total	605,680	687,148	-158,444	319,819	2,017,984

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

NOK thousands	Third Quarter		Jan - Sep	
	2017	2016	2017	2016
Operating result	-221,682	-158,877	-613,834	-388,482
Depreciation & amortization	75,663	57,791	223,634	173,989
Network upgrades & migrations	4,470	23,671	32,620	41,334
Redundancy and other non-recurring costs	995	1,666	1,576	5,326
IFRS 2 costs	1,362	4,629	4,085	9,389
EBITDA	-139,192	-71,120	-351,919	-158,444

CONTACT DETAILS

Address: ice group Scandinavia Holdings AS
Østensjøveien 32
0667 Oslo
Norway

E-mail: info@icegroup.com
Web: www.icegroup.com

All financial information is posted on www.icegroup.com immediately after publication.