

Q3 RESULTS 2007
Jón Karl Ólafsson, CEO



Highlights in Q3

Revenue growth 3%

EBITDAR ISK 5.3 billion

Net Profit ISK 2.1 billion

Equity ratio 37%

A strong ISK had negative effect on results

Revenue below expectations at:

Icelandair, Icelandair Cargo, Bluebird Cargo

Higher maintenance cost

Growth in Global Capacity Solutions

Acquisition of Travel Service and Latcharter Completed

Agenda

01 Income Statement

02 Business Units

03 Balance Sheet

04 Forecast 2007 and Summary

05 Q&A

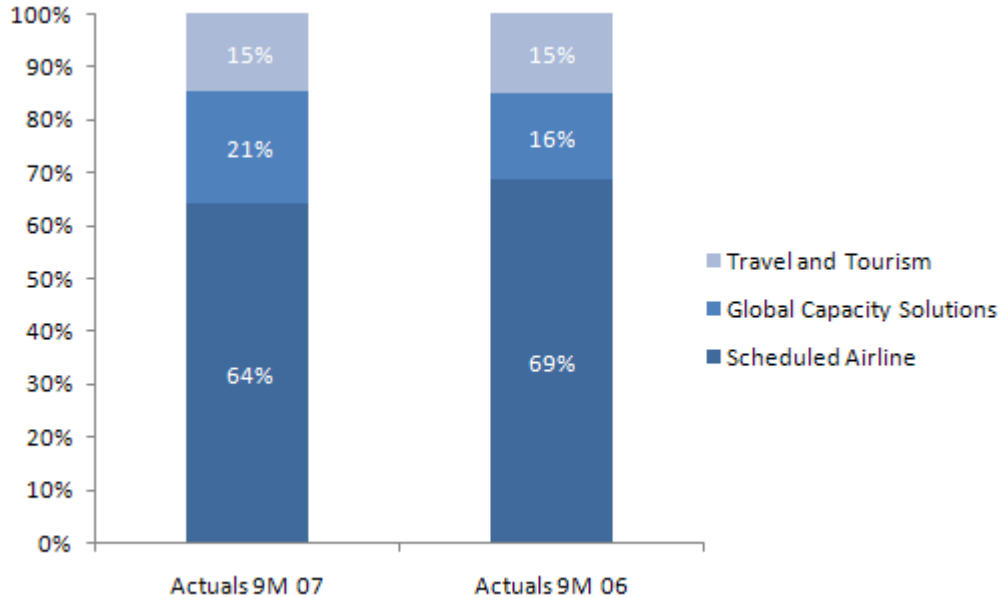
Q3 2007 compared with Q3 2006

ISK'000.000			
	Actuals	Proforma	Chg.
	Q3 07	Q3 06	
Transport revenue	11.994	12.480	-4%
Charter revenue	4.615	3.290	40%
Other	3.429	3.707	-7%
Operating Income	20.038	19.477	3%
Salaries and related expenses	4.672	4.721	-1%
Aircraft fuel	2.856	3.160	-10%
Aircraft and aircrew lease	2.832	1.460	94%
Aircraft servicing, handling and communication	1.187	1.290	-8%
Aircraft maintenance	1.239	862	44%
Other	3.531	3.563	-1%
EBITDA	3.721	4.421	-16%
EBIT	2.843	3.737	-24%
EBT	2.519	3.014	-16%
Net Profit/Loss	2.061	2.507	-18%
EBITDAR	5.288	5.512	-4%

9M 2007 compared with 9M 2006

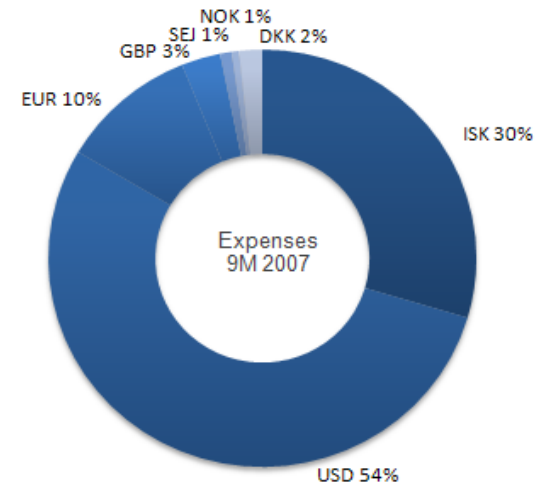
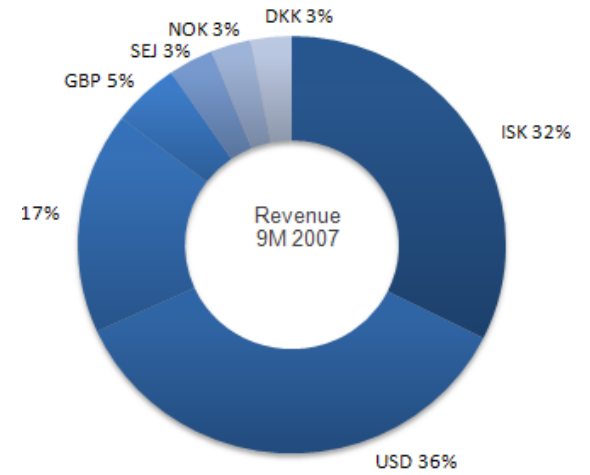
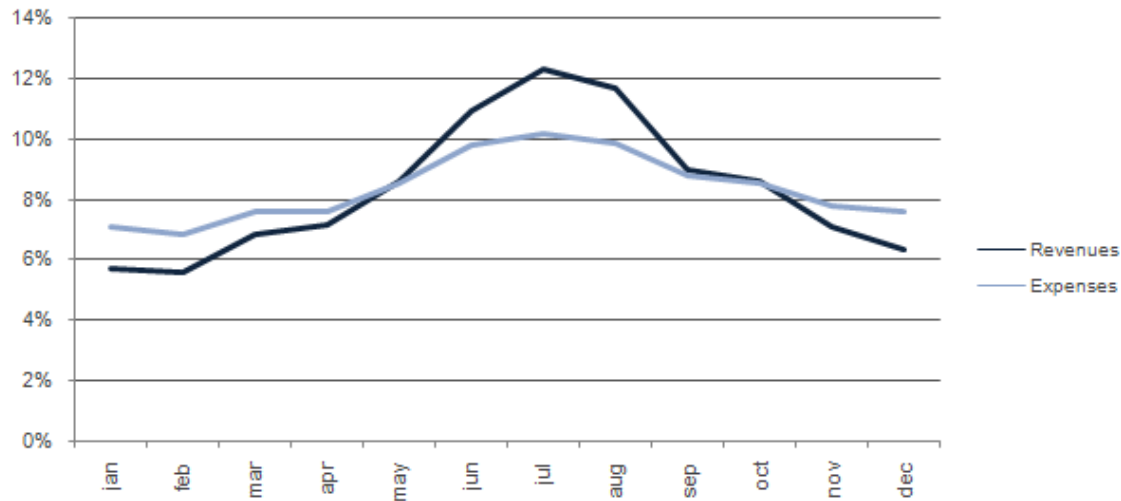
ISK'000.000			
	Actuals	Proforma	Chg.
	9M 07	9M 06	
Transport revenue	27.995	27.648	1%
Charter revenue	10.978	7.775	41%
Other	9.161	8.130	13%
Operating Income	48.134	43.553	11%
Salaries and related expenses	14.603	13.008	12%
Aircraft fuel	6.869	7.389	-7%
Aircraft and aircrew lease	6.684	3.588	86%
Aircraft servicing, handling and communication	2.910	2.947	-1%
Aircraft maintenance	3.102	2.365	31%
Other	9.004	8.536	5%
EBITDA	4.962	5.720	-13%
EBIT	2.646	3.720	-29%
EBT	1.248	3.817	-67%
Net Profit/Loss	1.037	3.165	-67%
EBITDAR	8.939	8.465	6%

Operating Income by Business Units



Annual currency distribution

Overview Revenues and Expenses



Agenda

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Scheduled Airline Operations

EBITDA ISK 2.5 billion

EBITDA down ISK 773 from last year

Revenues from increased capacity did not meet expectations

Higher maintenance cost

Less export due to strong ISK led to lower freight revenue

Capacity adjustment to profitable demand

New Service Concept – seats, entertainment system, pricing, ancillary revenues etc.

Cost programs in action – set for next 18 months

ISK'000.000					
	Q307	Q207	Q107	Q406	Q306
Segment revenue	13.450	9.411	10.228	9.294	14.155
Segment cost	-10.983	-8.347	-11.040	-9.510	-10.917
EBITDA	2.467	1.064	-812	-216	3.238
EBIT	1.953	639	-1.213	-625	2.872
Net finance cost	85	-201	-199	109	-530
EBT	2.038	438	-1.412	-516	2.342
Income tax	-350	-79	253	126	-425
Net Profit	1.688	359	-1.159	-390	1.917
EBITDAR	3.333	1.841	-69	583	4.005

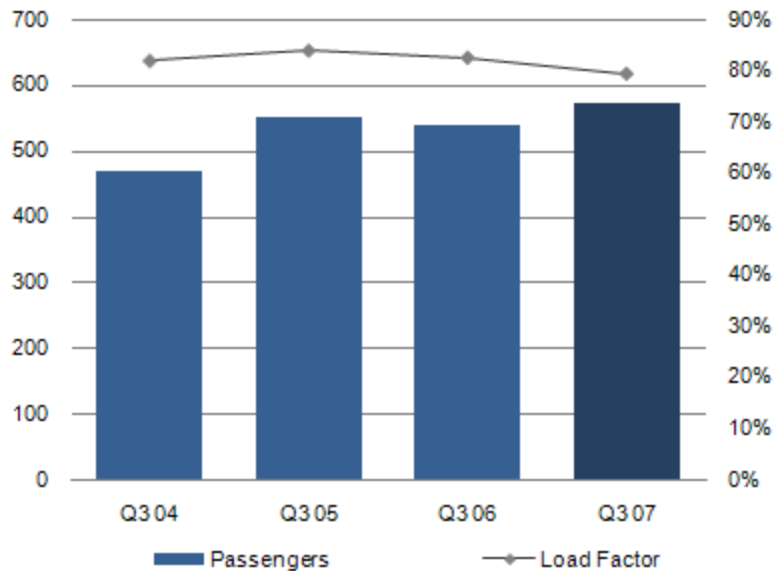
Scheduled Airline Operations

Passenger revenue Icelandair

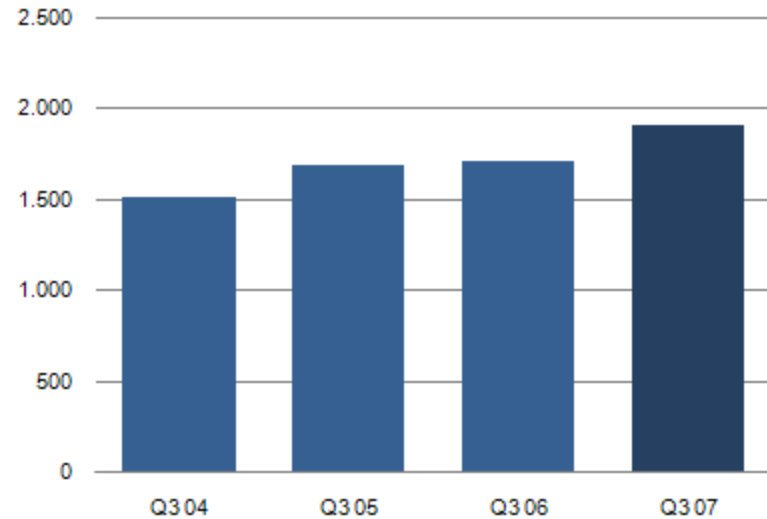


Increase in number of trips 12% from last year
Passenger increase from last year 6%
Seat load factor lower than expected
Pressure on yields

Passenger and Load Factor

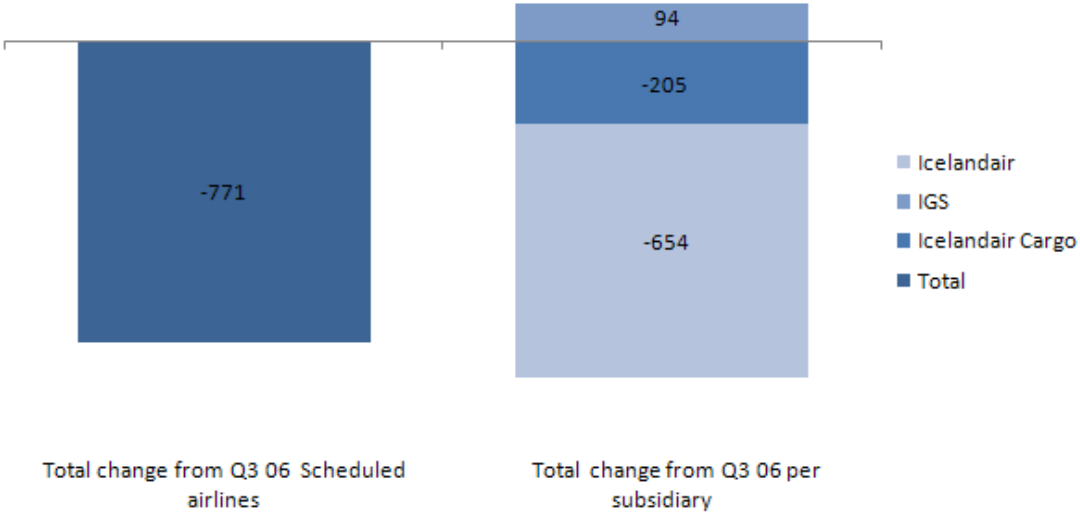
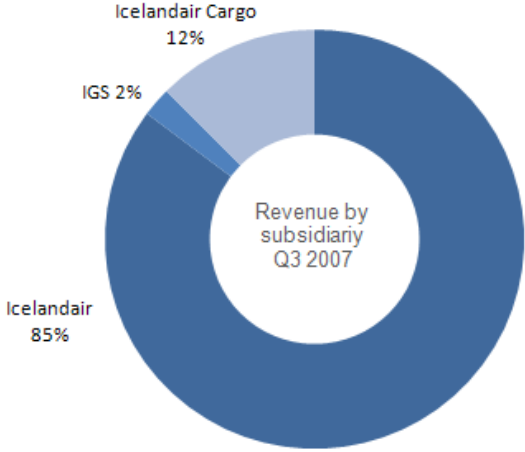


Number of trips



Scheduled Airline Operations

EBITDA



* Inter business segment revenues are not included

Global Capacity Solutions and Aircraft Trading

EBITDA ISK 404 million

EBITDA um ISK 31 million from last year

Ongoing positive development of Loftleidir results (9M EBITDA +160%)

Latcharter profits on track

Project status good

Bluebird Cargo results lower than last year

Low project status during summer – future outlook strong

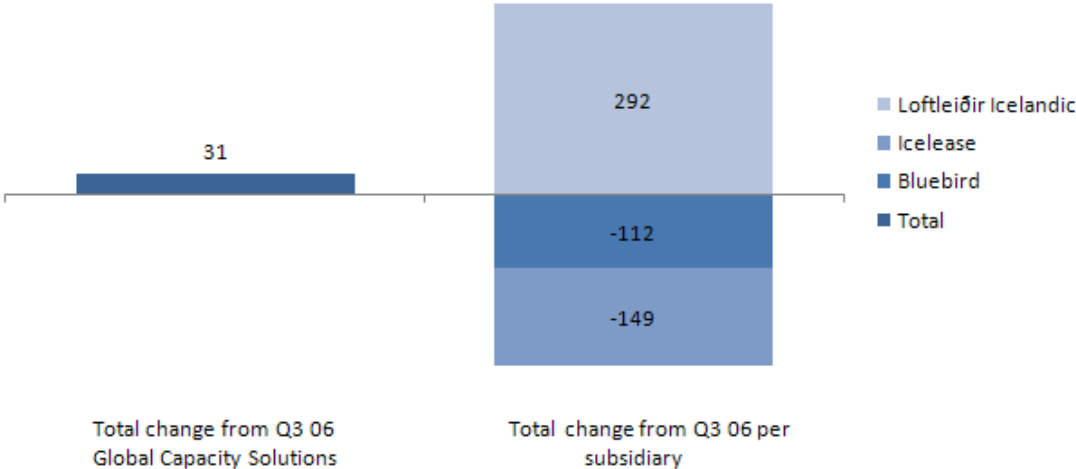
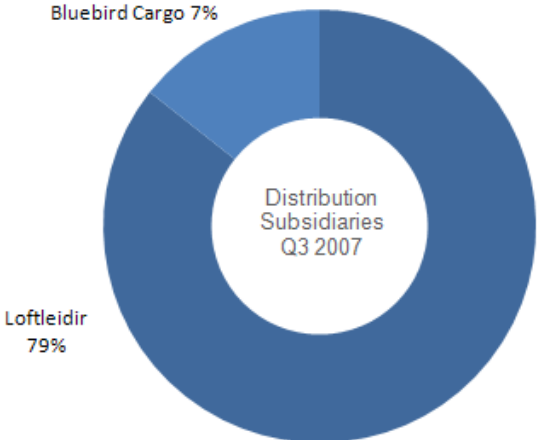
Travel Services part of operation as of October 1st, 2007

Good profit in 2007 – Q4 on break-even

ISK'000.000					
	Q307	Q207	Q107	Q406	Q306
Segment revenue	4.234	3.465	3.198	3.033	2.859
Segment cost	-3.830	-3.349	-2.289	-2.358	-2.486
EBITDA	404	116	909	675	373
EBIT	293	58	814	589	297
Net finance cost	-60	-95	-95	-113	-98
Share of profit of associates	48	66	61	67	26
EBT	281	29	780	543	225
Income tax	-92	-28	-117	-52	-24
Net Profit	189	1	663	491	201
EBITDAR	968	524	1.151	872	570

Global Capacity Solutions and Aircraft Trading

EBITDA



* Inter business segment revenues are not included

Travel and Tourism

EBITDA ISK 931 million

EBITDA up ISK 55 million from last year

Better hotel utilization and tight cost control

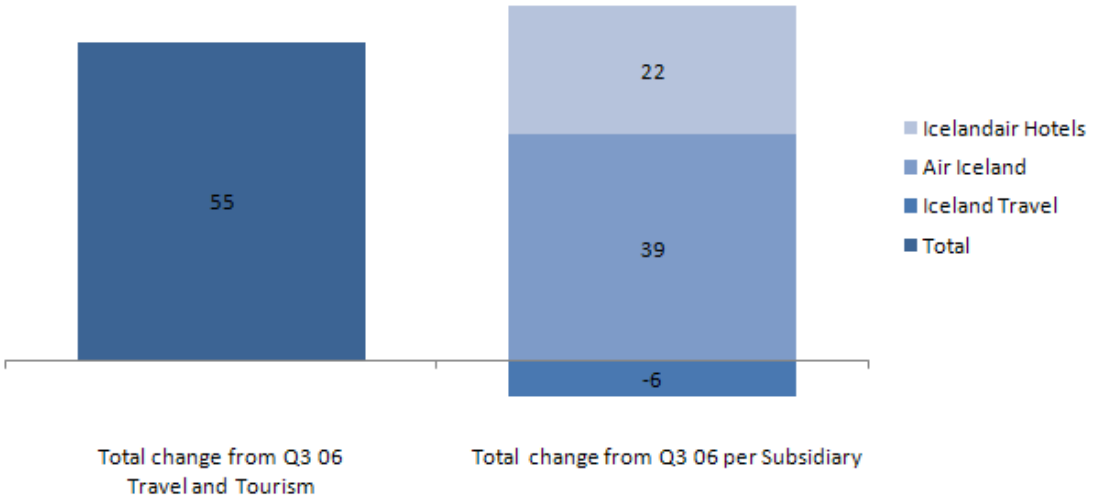
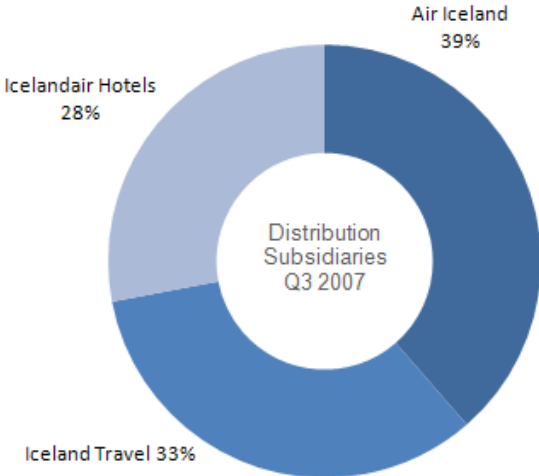
Higher passenger revenue at Air Iceland – more demand

Iceland Travel Results similar as last year

ISK'000.000					
	Q307	Q207	Q107	Q406	Q306
Segment revenue	3.657	2.416	1.521	1.481	3.768
Segment cost	-2.726	-2.199	-1.519	-1.526	-2.891
EBITDA	931	217	2	-45	877
EBIT	795	94	-120	-169	766
Net finance cost	-68	34	-12	-74	-126
Share of profit of associates	0	0	0	2	-2
EBT	727	128	-132	-241	638
Income tax	-131	-24	24	46	-116
Net Profit	596	104	-108	-195	522
EBITDAR	1.069	334	125	155	1.003

Travel and Tourism

EBITDA



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Assets ISK 70 billion

ISK'000.000	30/09/07	31/12/06	Diff.
Operating Assets	22.353	22.935	-3%
Intangible assets	27.171	27.845	-2%
Investment in associates	1.933	2.058	-6%
Aircraft purchase prepayments	243	9.669	-97%
Long-term receivables	2.590	2.689	-4%
Cash and cash equivalents	3.762	2.776	36%
Other current assets	11.808	8.645	37%
Total assets	69.860	76.617	-9%
Stockholders equity	25.662	26.004	-1%
Total non-current liabilities	15.448	21.967	-30%
Total current liabilities	28.750	28.646	0%
Total equity and liabilities	69.860	76.617	-9%

Aircraft purchase prepayments (PDP)

5 Boeing 737-800 aircraft sold in Q1

Stockholders equity ratio 37%

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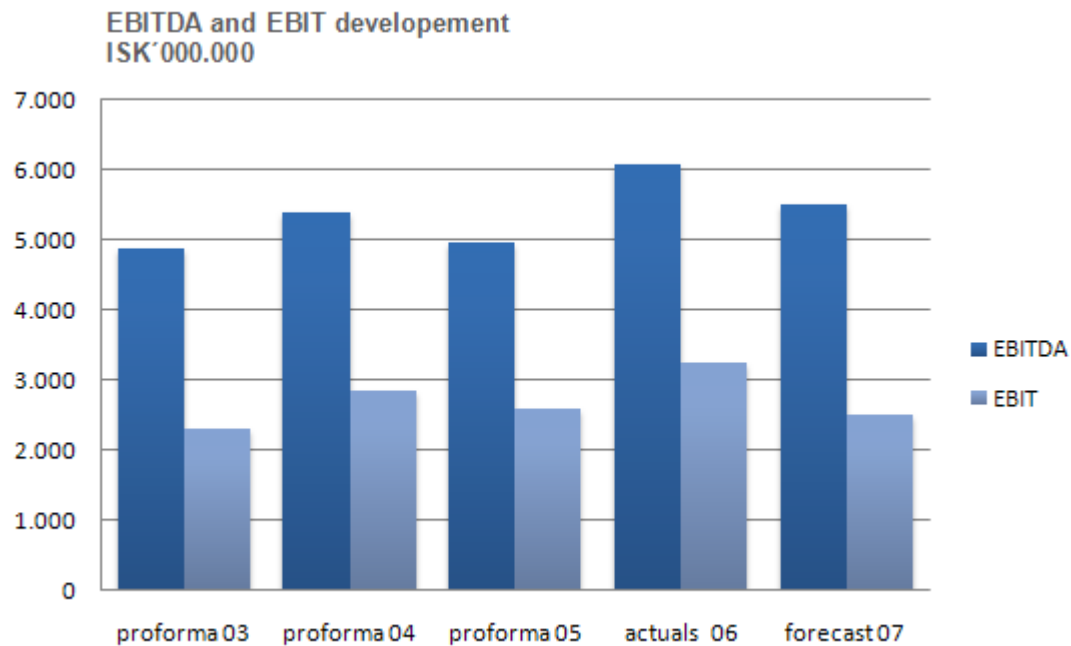
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Forecast for 2007

Q4 - ISK 250 million improvement from last year



Summary Q3

Q3 profitable operation, but not good enough !
Q4 outlook better than last year
Strong ISK has negative effects
EBITDA 2007 will be one of the best in our history
Revenue and Capacity management stronger
Project Status good – Capacity Solutions still growing
Acquisition of Travel Service and Latcharter finalized
Exciting times ahead !




Have a seat . . .

Flight: FI615 KEF - JFK / Time to Destination: 4:32

 Movies	 Music	 Games	 TV
 Shopping	 Surveys	 This Flight	 About Iceland

HELP ISLENSKA SLEEP / OFF CONTROLS



. . . and have a look !

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