

**ICELANDAIR GROUP HF**  
**PRESENTATION OF Q1 2013 RESULTS | 2 MAY 2013**



# FINANCIAL RESULTS

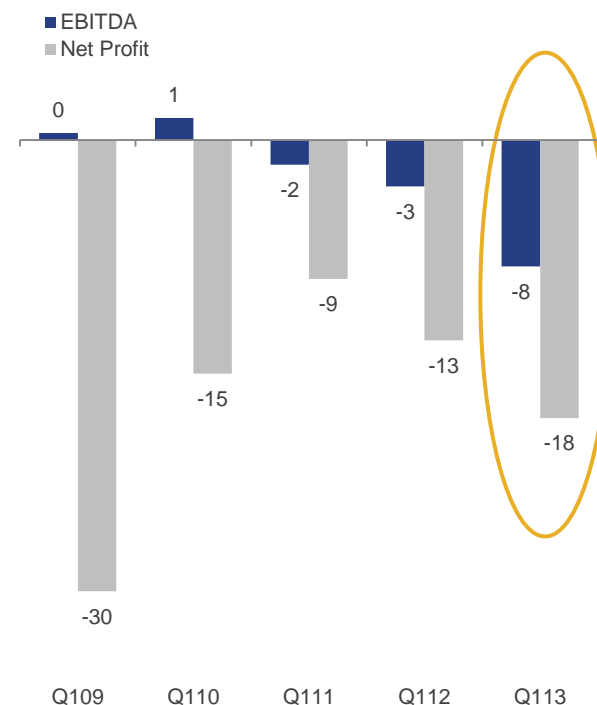
BOGI NILS BOGASON | CFO

# INCOME STATEMENT

USD million	Q1 2013	Q1 2012	% Chg.
<b>Operating Income</b>	<b>173.0</b>	<b>157.7</b>	<b>10%</b>
Salaries and related expenses	52.1	43.1	21%
Aircraft fuel	43.4	38.1	14%
Aircraft and aircrew lease	17.0	18.6	-9%
Aircraft handling, landing and comm.	12.4	10.8	15%
Aircraft maintenance expenses	12.4	12.2	2%
Other expenses	44.1	38.0	16%
<b>EBITDA</b>	<b>-8.3</b>	<b>-3.0</b>	-
<b>EBIT</b>	<b>-23.0</b>	<b>-16.7</b>	-
<b>EBT</b>	<b>-22.9</b>	<b>-16.6</b>	-
<b>Loss for the period</b>	<b>-18.3</b>	<b>-13.2</b>	-
<b>EBITDA ratio</b>	<b>-4.8%</b>	<b>-1.9%</b>	-
<b>EBITDAR</b>	<b>4.1</b>	<b>11.1</b>	-
<b>EBITDAR ratio</b>	<b>2.4%</b>	<b>7.1%</b>	-

## EBITDA and net profit (like-for-like\*)

USD million



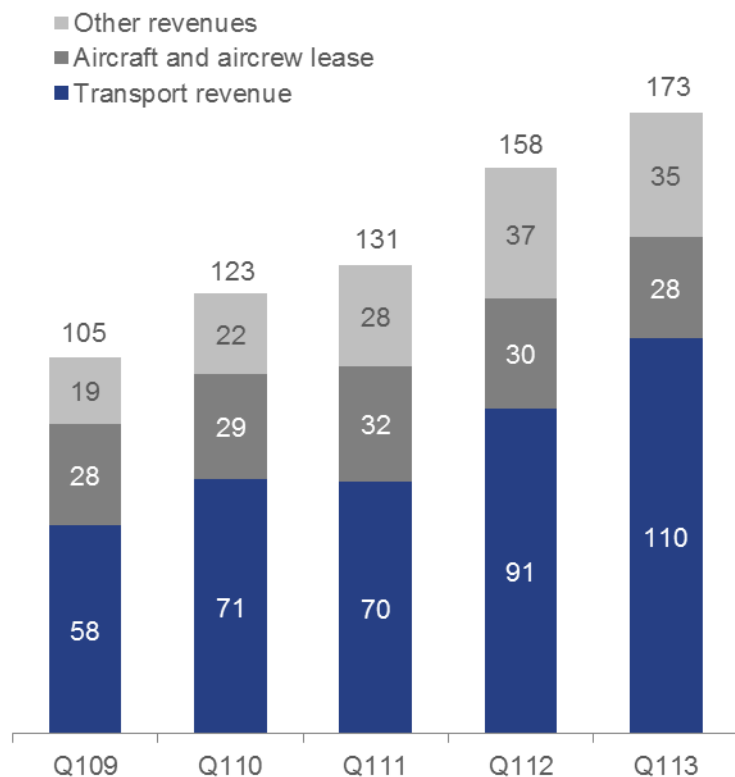
\* not incl. figures for Bluebird in 2009- 2010

# REVENUE INCREASE 10% FROM Q1 2012

## TRANSPORT REVENUE UP 21%

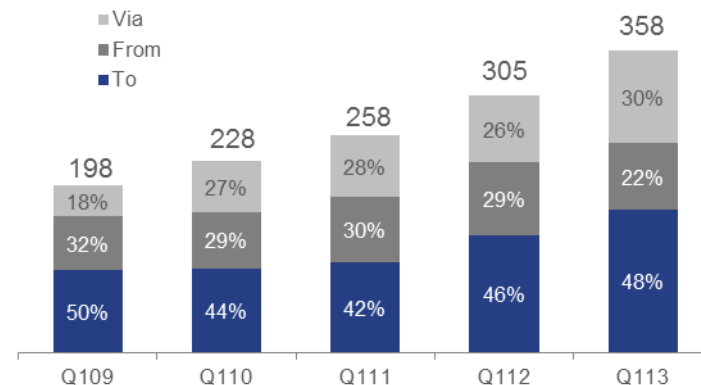
### Operating revenue (like-for-like\*)

in USD million



### Passengers and passenger mix

Route Network in thousands



### Comments

- Passenger increase on international flights 18% from Q1 2012
- Passenger on the tourist market to Iceland 48% of total passengers in Q1 2013
- Biggest increase in passenger numbers year-on-year was on the via market 40%

\* not incl. figures for Bluebird in 2009- 2010

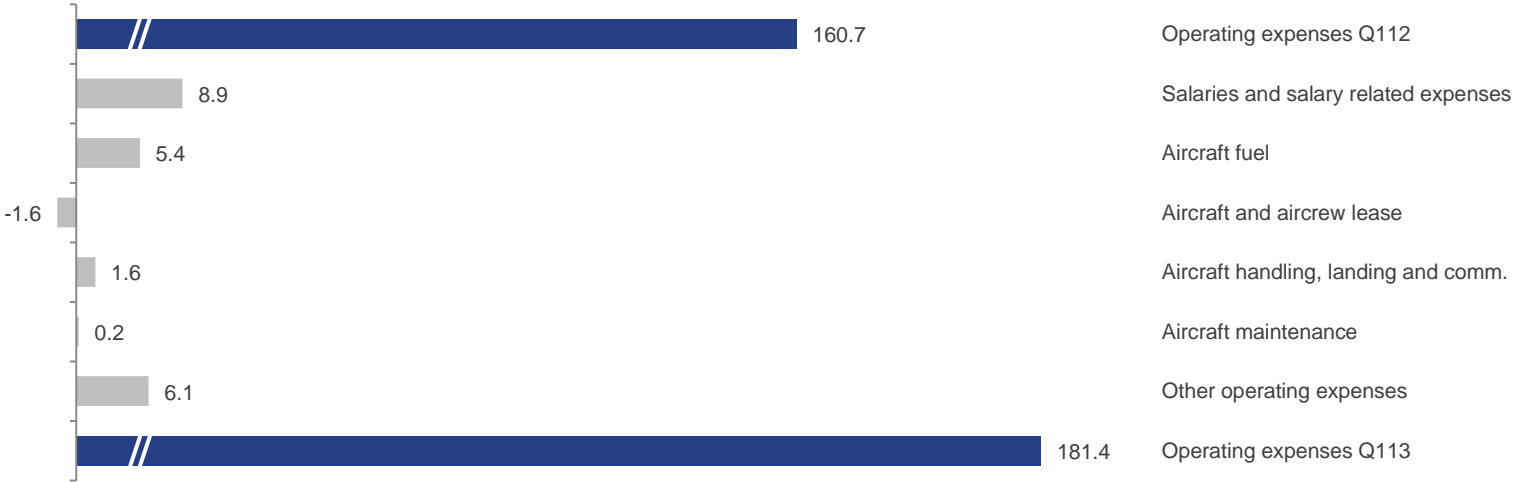
# TOTAL OPERATING EXPENSES

UP 13% IN Q1 2013

- | Cost increases largely a result of the increased capacity on international flights
- | Booking fees and commission expenses along with introduction costs resulting from the increased peak-season capacity was expensed in Q1
- | Growth in the number of tourists to Iceland increased tourism expenses
- | Bonus payments to all employees of Icelandair Group in 2013

## Development - operating expenses

Q1 2013 vs. Q1 2012 in USD million



# FUEL PRICE LOWER THAN IN Q1 2013

Q1 2013 1,038 VS. Q1 2012 1,062

## Hedging position

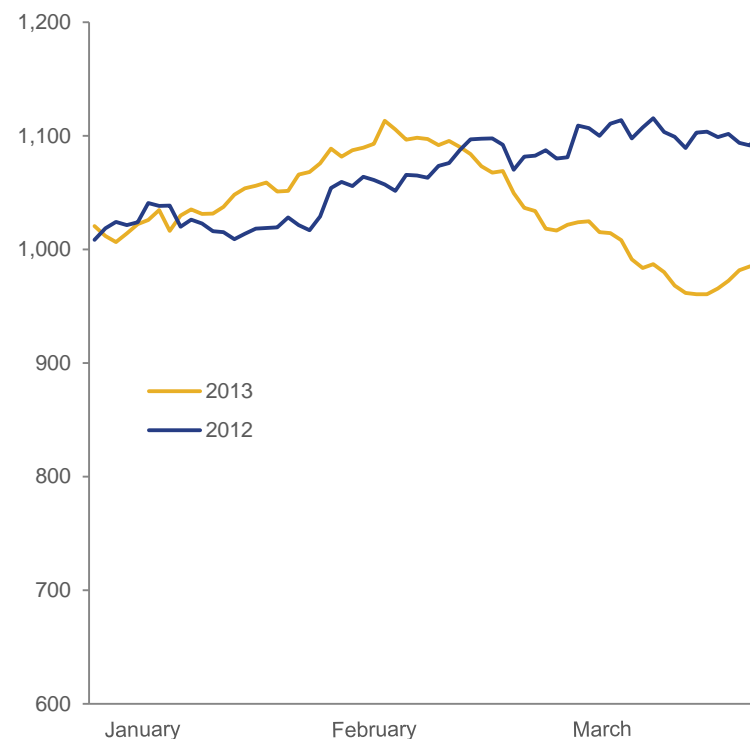
April - December 2013

2013	Estimated usage (tons)	Hedge and option contracts	Av. Hedge price USD	%hedged
April	15,001	7,250	1,027	48%
May	18,538	10,250	1,026	55%
June	24,396	12,300	1,014	50%
July	26,245	12,400	1,030	47%
August	26,191	12,400	1,021	47%
September	21,109	10,250	999	49%
October	17,776	4,000	993	23%
November	15,216	2,000	991	13%
December	13,959	2,000	1,004	14%
<b>Total</b>	<b>178,431</b>	<b>72,850</b>	<b>1,017</b>	<b>41%</b>

In addition to contractual hedging, the Company has defined the interaction of EUR/USD and fuel price as a natural hedge

## Fuel price in USD per Tonne

2013 vs. 2012



# BALANCE SHEET

## CASH, CASH EQUIVALENTS AND MARKETABLE SECURITIES USD 165.3 MILLION

| Equity ratio 32%

| Interest-bearing debt USD 140.5 million

USD million	31.03 2013	31.12 2012
<b>Assets</b>		
Operating Assets	309.4	283.0
Intangible assets	177.5	176.7
Other non-current assets	13.3	14.2
<b>Total non-current assets</b>	<b>500.2</b>	<b>473.9</b>
Other current-assets	169.5	156.2
Marketable securities	21.3	15.7
Cash and cash equivalents	144.0	117.1
<b>Total current assets</b>	<b>334.7</b>	<b>289.0</b>
<b>Total assets</b>	<b>834.9</b>	<b>762.9</b>

USD million	31.03 2013	31.12 2012
<b>Equity and liabilities</b>		
<b>Stockholders equity</b>	<b>267.3</b>	<b>295.9</b>
Loans and borrowings non-current	91.1	119.4
Other non-current liabilities	36.6	41.7
<b>Total non-current liabilities</b>	<b>127.7</b>	<b>161.1</b>
Loans and borrowings current	49.4	31.5
Trade and other payables	174.5	152.2
Deferred income	216.0	122.1
<b>Total current liabilities</b>	<b>439.9</b>	<b>305.9</b>
<b>Total equity and liabilities</b>	<b>834.9</b>	<b>762.9</b>
Equity ratio	32.0%	38.8%
Current ratio	0.76	0.94
Net interest bearing debt	-24.7	18.1
Interest bearing debt	140.5	150.9

# CASH FLOW

## NET CASH FROM OPERATION 78.5 MILLION USD

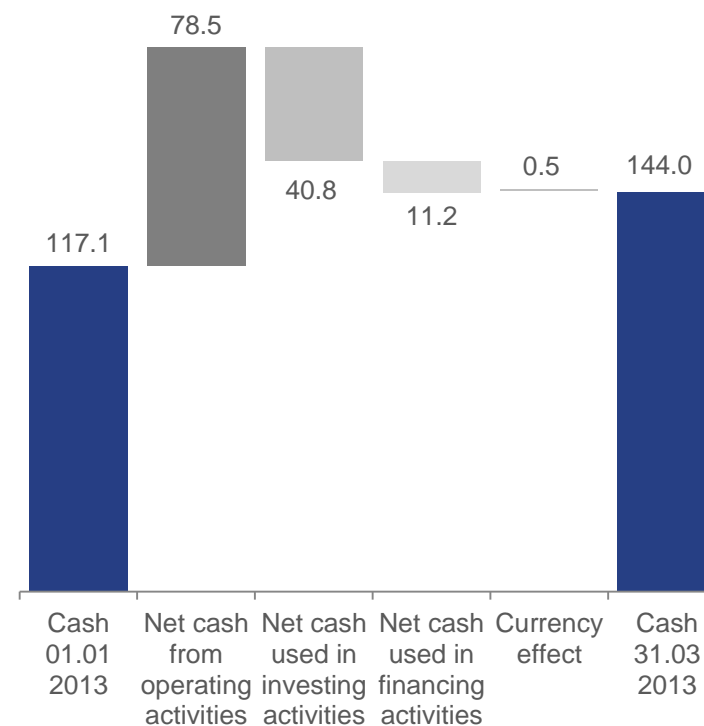
USD thousand	Q1 2013	Q1 2012
Working capital from operations	-1.5	2.5
Net cash from operating activities	78.5	86.1
Net cash used in investing activities	-40.8	-12.5
Net cash used in financing activities	-11.2	-25.7
<b>Increase in cash and cash equivalents</b>	<b>26.4</b>	<b>47.9</b>
Effect of exchange rate fluctuations on cash held	0.5	-0.7
Cash and cash equivalents at 1 January	117.1	79.4
<b>Cash and cash equivalents at 31 March</b>	<b>144.0</b>	<b>126.6</b>

### Comments

- Total Capex 43.1 million USD – thereof 41.0 million USD in operating assets
- Repayment of long term borrowings 11.2 million USD
- Issued dividend without cash flow effect amounted to 11.8 million USD

### Changes in Cash in Q1 2013

USD million





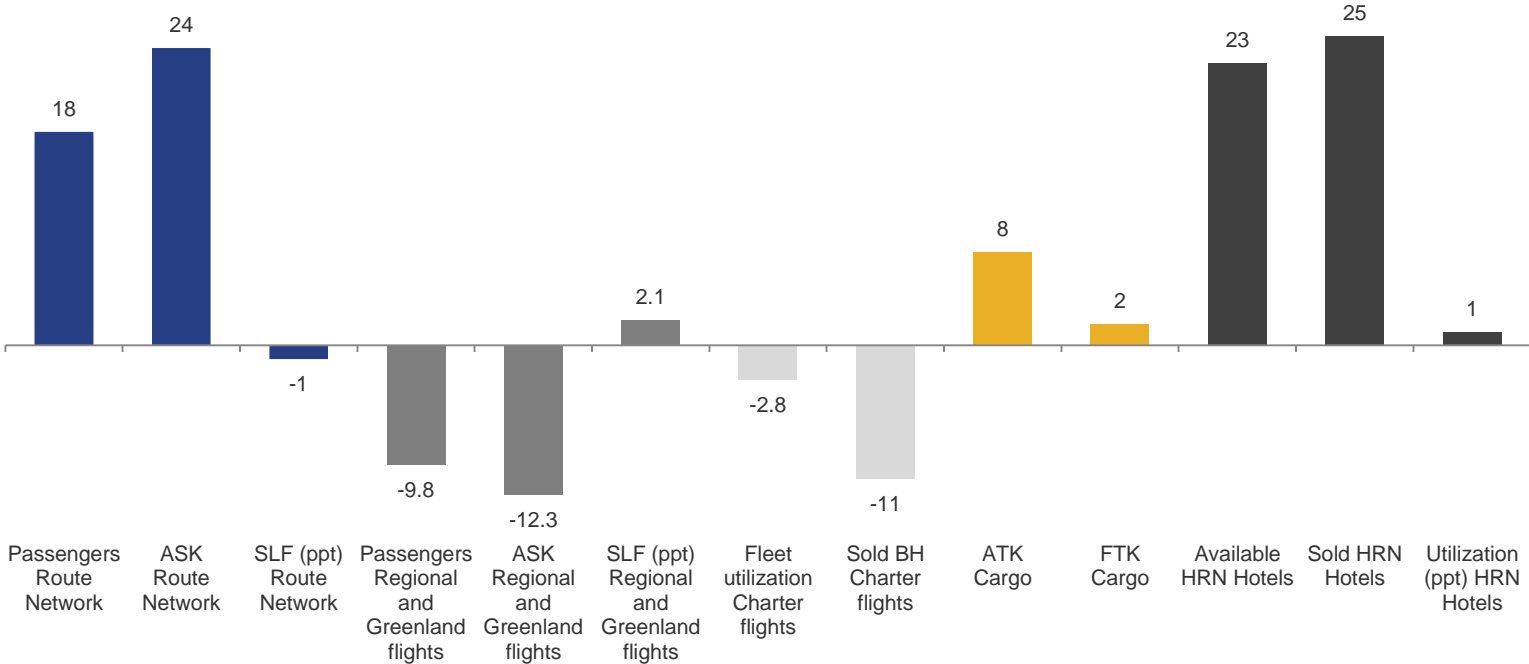
# OUTLOOK

BJÖRGÓLFUR JÓHANSSON | PRESIDENT AND CEO



# TRAFFIC DATA Q1 2013

Year-on-year change in %



Icelandair Hotels  
www.icelandairhotels.com

# OUTLOOK IN MAIN BUSINESSES

## Route Network

15% larger flight schedule than in 2012

Proportionally greater growth in winter than summer

Passenger forecasted around 2.3 million with greatest proportional growth on the North Atlantic market

Significant increase on the tourist market to Iceland expected

Booking status in line with the increase in capacity

## Regional & Greenland

Challenging operating environment

Large increases in public levies in Iceland in recent years

Regional flight schedule reduced by 4% for these reasons

Contract with the Government in Greenland not extended

## Charter

Nine aircraft assigned in ACMI and AM projects in Asia, the South Pacific and North and South America

Objective to offer whole year VIP-service (now only in winter)

Increased focus on Boeing 737 800 aircraft

Freight ACMI activities have been reduced

Two aircraft engaged in fixed freight charter assignments in Europe

## Cargo

Improved results in cargo operations

Increased focus on scheduled air services

Two aircraft in freight assignments to and from Iceland to Europe and North America

Additionally the cargo operations has 35 destinations in Europe and N-America through the international passenger network

## Hotels

Icelandair Group's hotels have undergone extensive renovation in the past two years

Continued renovations planned in 2013

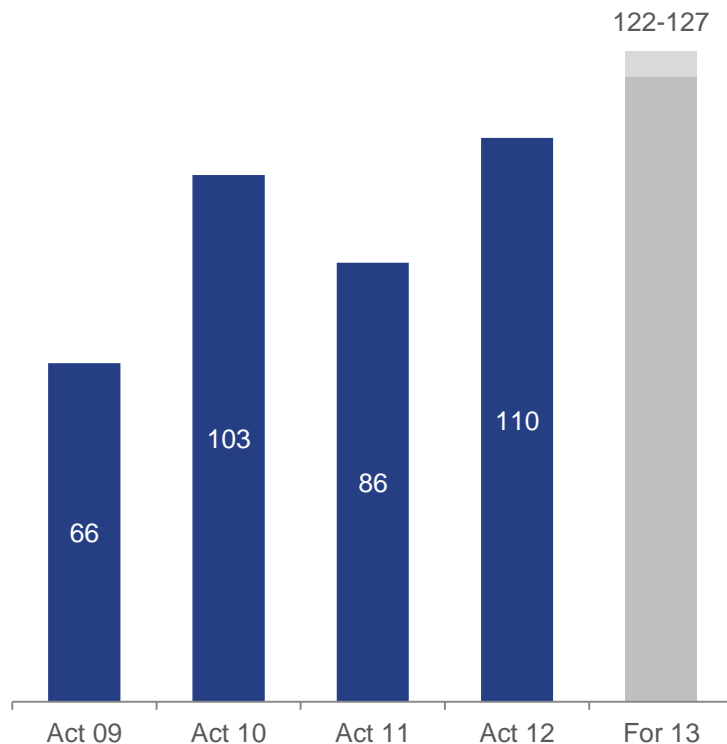
New destinations in the Route Network and marketing of Iceland as a year-round destination have had a positive impact on the utilisation of the hotels

The booking status for the summer is good and similar to that of recent years

# EBITDA FORECAST

## INCREASED TO USD 122-127 MILLION

### EBITDA development 2009-2013 in USD million



#### Main forecast assumptions:

- | The performance in the first quarter in excess of the original forecast
- | Operating prospects generally positive
- | EUR/USD exchange rate 1.30
- | Fuel price (excluding hedging): USD 992/ton in April and 1,050 USD/ton for the period May-December
- | Bookings for the coming months on international flights in line with growth plan
- | Freight activities showing turnaround
- | On going growth planned in all of the Group major businesses
- | Strong financial position basis for further profitable organic growth

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