



ICELANDAIR GROUP HF
PRESENTATION OF Q1 2014 RESULTS | 2 MAY 2014



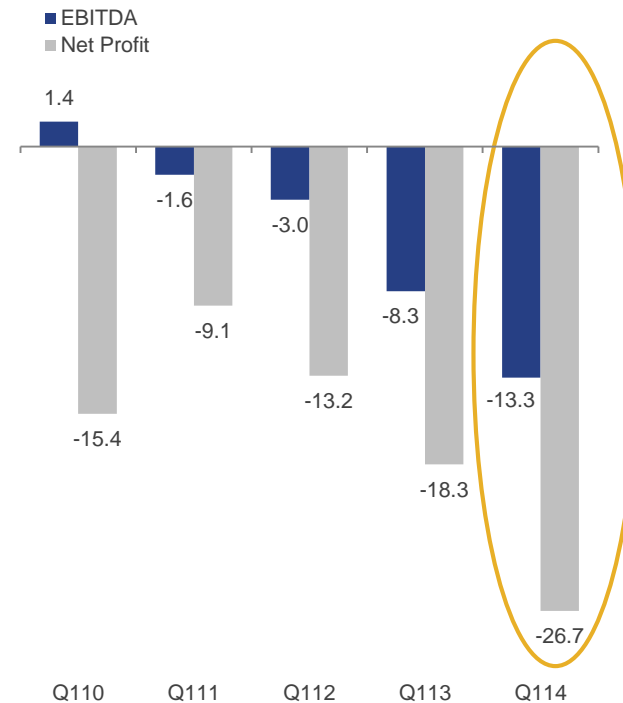
INCOME STATEMENT

11% ORGANIC GROWTH

USD million	Q1 2014	Q1 2013	% Chg.
Operating Income	191.3	173.0	11%
Salaries and related expenses	60.9	52.3	16%
Aircraft fuel	48.0	43.5	10%
Aircraft and aircrew lease	6.0	9.6	-36%
Aircraft handling, landing and comm.	14.3	12.7	13%
Aircraft maintenance expenses	21.1	18.4	14%
Other expenses	54.3	44.8	21%
EBITDA	-13.3	-8.3	-
EBIT	-30.6	-23.0	-
EBT	-33.4	-22.9	-
Loss for the period	-26.7	-18.3	-
EBITDA ratio	-7.0%	-4.8%	-2.2 ppt
EBITDAR	-3.1	4.1	-
EBITDAR ratio	-1.6%	2.4%	-4.0 ppt

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

USD million



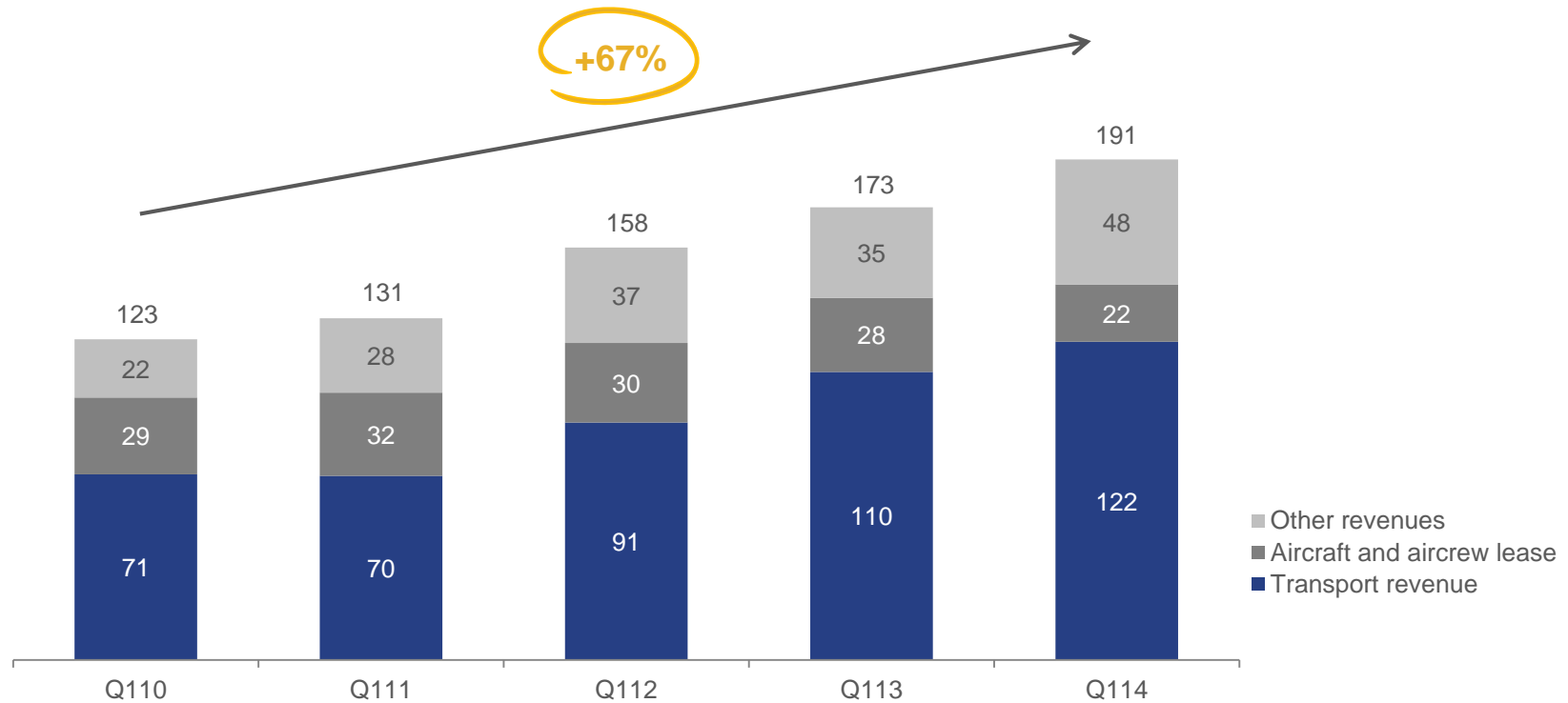
* not incl. figures for Bluebird in 2010

REVENUE BREAKDOWN

TRANSPORT REVENUE UP 10% COMPARED TO Q1 2013

Operating revenue (like-for-like*)

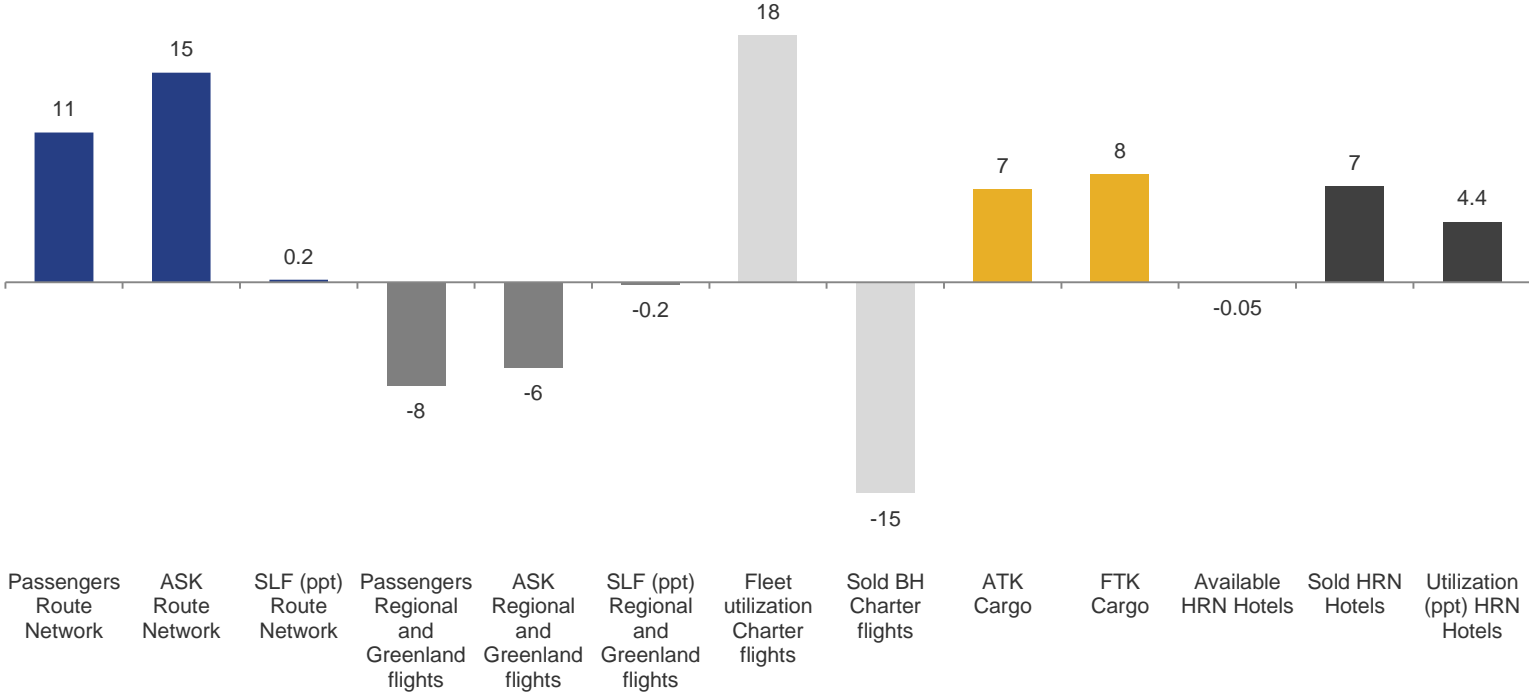
in USD million



* not incl. figures for Bluebird in 2010

TRAFFIC DATA Q1 2014

Year-on-year change in %



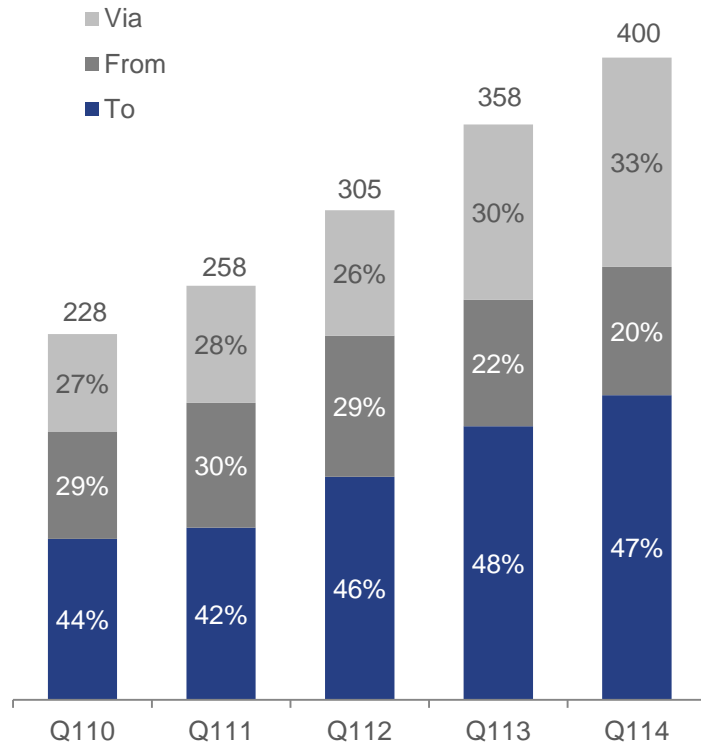
Icelandair Hotels
www.icelandairhotels.com

INTERNATIONAL PASSENGERS 400,000 IN Q1 2014

INCREASE FROM Q1 2010 76%

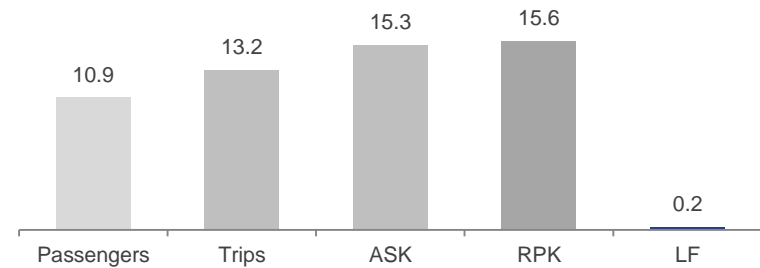
Passengers and passenger mix

Route Network in thousands



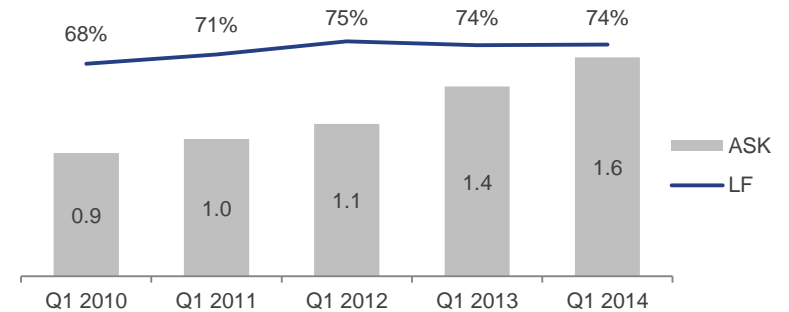
Traffic data

Route Network YoY in %



Available seat kilometers (ASK) and Load factor (LF)

Route Network Q1 2010-Q1 2014



BALANCE SHEET

EQUITY RATIO 32%

| Interest bearing debt USD 93.7 million

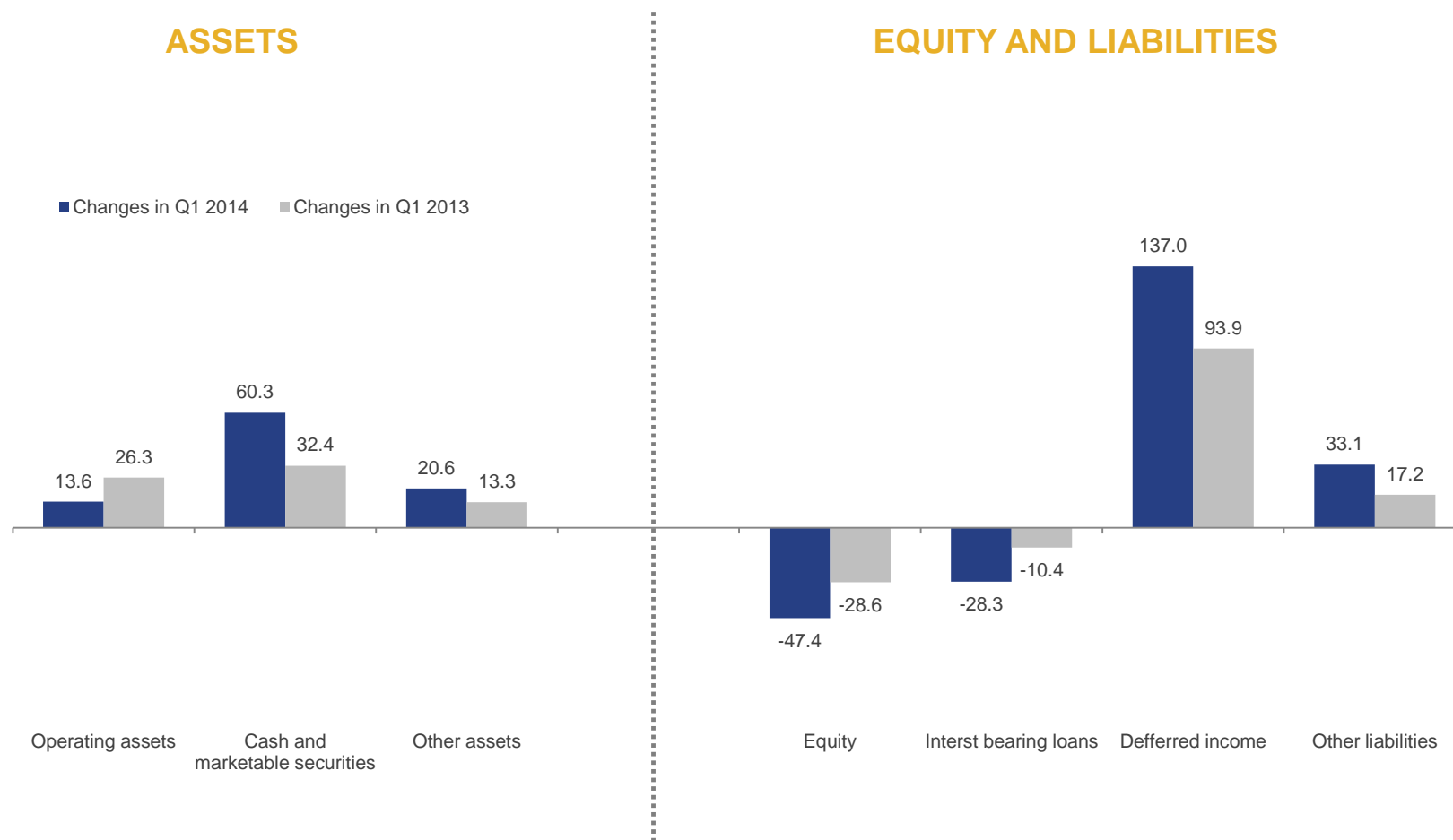
| Dividend payment of USD 19.1 million

USD million	31.03 2014	31.12 2013
Assets		
Operating Assets	310.9	299.2
Intangible assets	179.8	179.7
Other non-current assets	19.9	18.1
Total non-current assets	510.6	497.0
Other current-assets	157.0	136.4
Marketable securities	9.5	8.0
Cash and cash equivalents	250.2	191.5
Total current assets	416.7	335.9
Total assets	927.3	832.9

USD million	31.03 2014	31.12 2013
Equity and liabilities		
Stockholders equity	298.7	346.1
Loans and borrowings non-current	74.6	78.5
Other non-current liabilities	39.4	51.7
Total non-current liabilities	114.0	130.2
Loans and borrowings current	19.1	43.5
Trade and other payables	205.0	159.5
Deferred income	290.5	153.6
Total current liabilities	514.6	356.6
Total equity and liabilities	927.3	832.9
Equity ratio	32%	42%
Current ratio	0.81	0.94
Net interest bearing debt	-166.0	-77.5
Interest bearing debt	93.7	122.0

BALANCE SHEET CHANGES

TOTAL ASSETS UP BY USD 94.4 MILLION FROM YEAR-END 2013

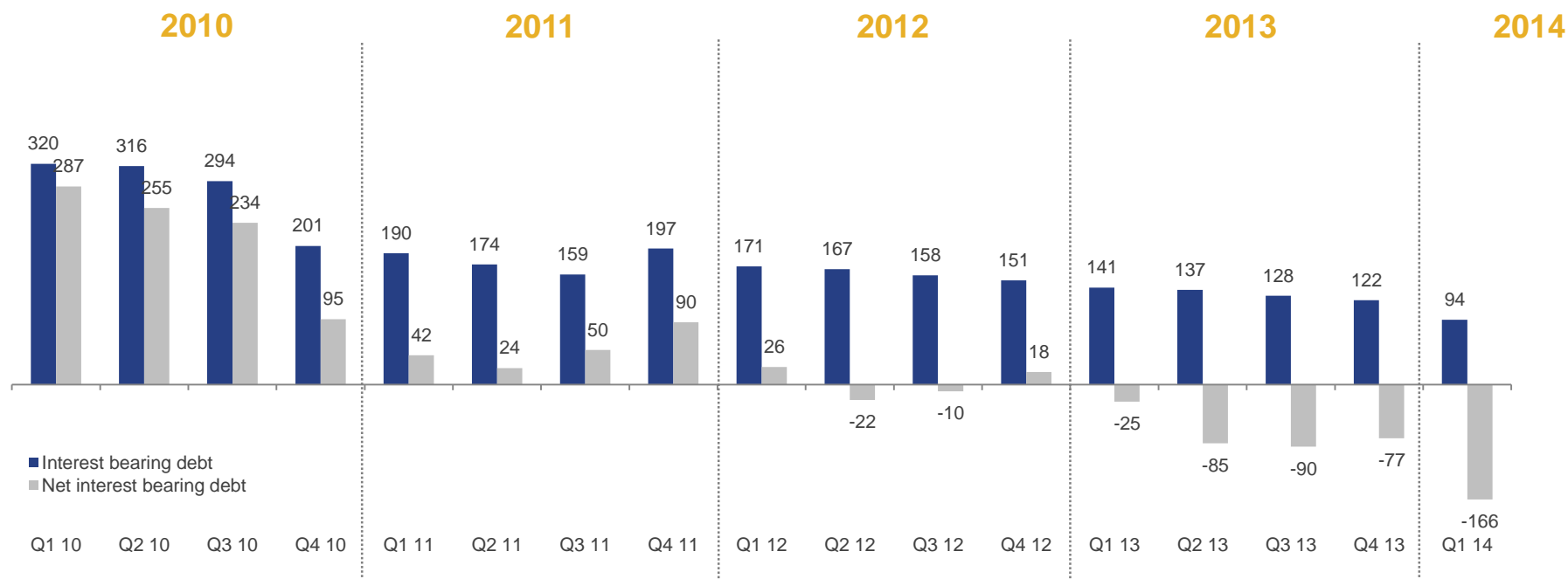


DEBTS CONTINUE TO DECREASE

AMOUNTING TO USD 93.7 MILLION AT END OF Q1 214

Interest bearing debt and net interest bearing debt

in USD million per quarter 2010-2014



CASH FLOW

NET CASH FROM OPERATIONS STRONG

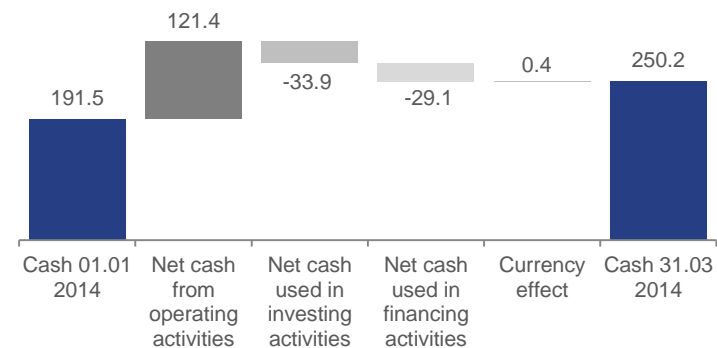
USD million	Q1 2014	Q1 2013
Working capital from operations	-12.5	-1.5
Net cash from operating activities	121.4	78.5
Net cash used in investing activities	-33.9	-40.8
Net cash used in financing activities	-29.1	-11.2
Increase in cash and cash equivalents	58.3	26.4
Effect of exchange rate fluctuations on cash held	0.4	0.5
Cash and cash equivalents at 1 January	191.5	117.1
Cash and cash equivalents at 31 March	250.2	144.0

Comments

- Total Capex in Q1 2014 USD 30.9 million
- Repayment of long term loans USD 29.1 million

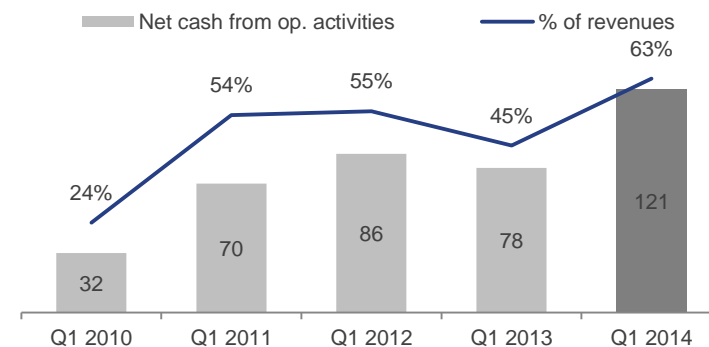
Changes in Cash in Q1 2014

USD million



Net cash from operations and as % of income

USD million



AVERAGE FUEL PRICE AND HEDGING POSITION

Fuel hedge positions end of March
Icelandair Group total

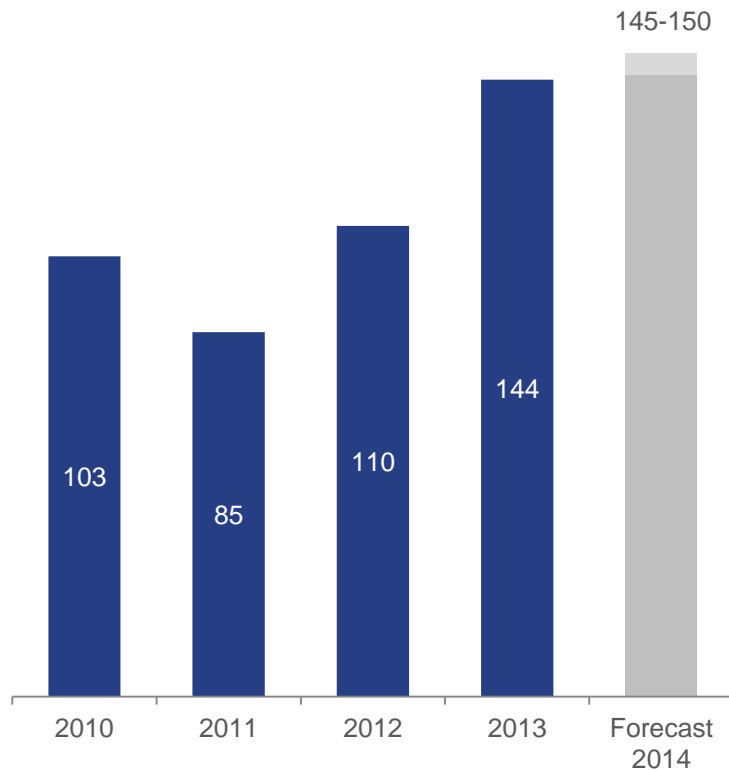
	Estimated usage (tons)	Option volume	Swap volume	Total swap and option contracts	% hedged	Av. Hedge price USD	Bought call strike	Sold put strike
April	15,716	0	9,200	9,200	59%	992		
May	22,106	0	11,200	11,200	51%	969		
June	27,838	0	14,300	14,300	51%	984		
July	29,707	4,000	11,400	15,400	52%	977	1,000	924
August	29,686	9,000	6,400	15,400	52%	970	1,000	928
September	24,486	8,000	5,200	13,200	54%	998	1,000	932
October	19,177	6,000	4,200	10,200	53%	990	1,000	937
November	16,141	0	3,200	3,200	20%	963		
December	15,031	0	3,200	3,200	21%	964		
January	12,393	0	0	0	0%	0		
February	10,610	0	0	0	0%	0		
March	14,643	0	0	0	0%	0		
Total	237,534	27,000	68,300	95,300	40%	-	-	-

EBITDA FORECAST

USD 145-150 MILLION

EBITDA development

2010-2014 in USD million



- | Assumptions:
 - | EUR/USD exchange rate 1.35
 - | Fuel price (excluding hedging): USD 1,000/ton for the period April-December
- | The cargo operation will from July only focus on scheduled flights with freight and withdraw from charter projects
- | The prospects for Icelandair Group subsidiaries for the year 2014 is good, and the company is well positioned to face challenges given its unique business model and strong balance sheet
- | The forecast does not take into account potential impact of the prospective pilots' overtime ban or strike

PILOTS CALL A STRIKE

UNCERTAINTY OF THE IMPACT ON ICELANDAIR GROUP'S OPERATIONS AND PROFITS

The Icelandic Airline Pilots Association (FIA) has decided to ban all pilots overtime at Icelandair ehf. as of 6 am on 9 May 2014. FIA has also called for a strike during the following periods:

From 06:00 AM on 09 May 2014 until 06:00 PM on 09 May 2014
From 06:00 AM on 16 May 2014 until 06:00 PM on 16 May 2014
From 06:00 AM on 20 May 2014 until 06:00 PM on 20 May 2014
From 06:00 AM on 23 May 2014 until 06:00 AM on 25 May 2014
From 06:00 AM on 30 May 2014 until 06:00 AM on 03 Jun 2014

The possible financial effects of the overtime ban and the strike on Icelandair Group are uncertain at this time.

ICELANDAIR GROUP

Reykjavík Airport
101 Reykjavík Iceland
Tel: +354 50 50 300
Fax: +354 50 50 389
info@icelandairgroup.is
Copyright © Icelandair Group.
All rights reserved.

