



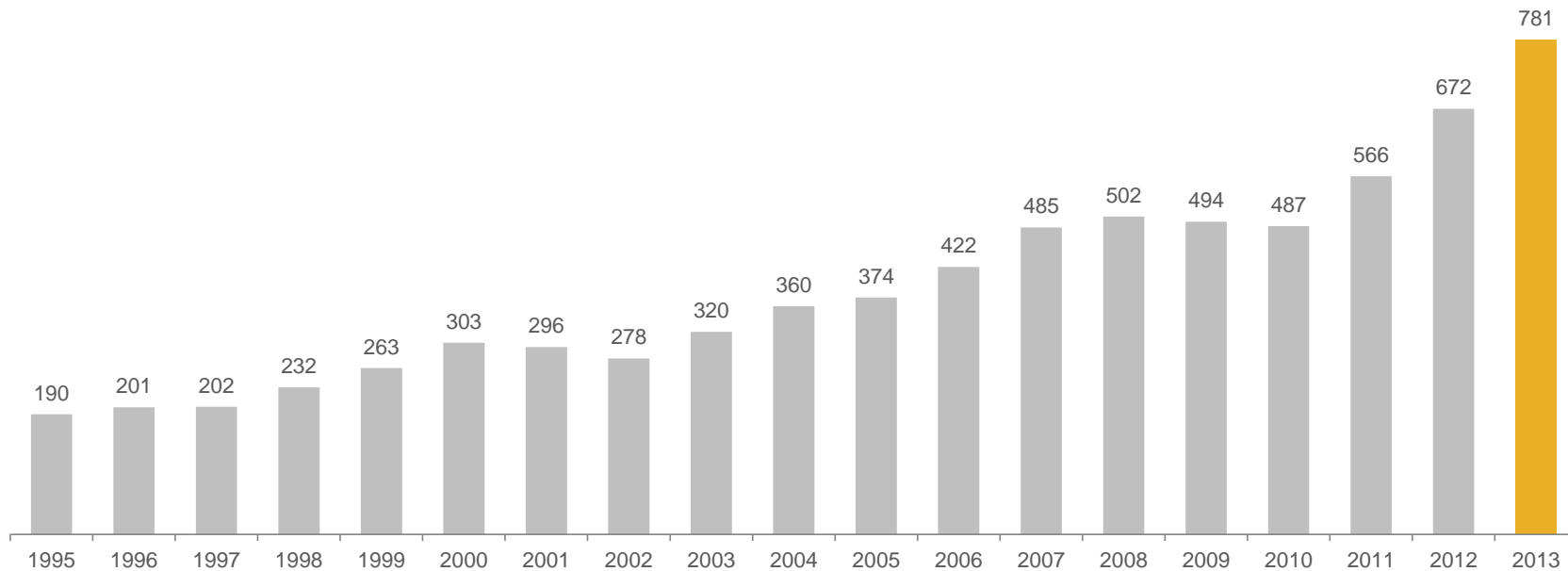
CAPITAL MARKETS DAY

HALLDÓR BENJAMÍN ÞORBERGSSON | SENIOR VICE PRESIDENT | ICELANDAIR GROUP



NUMBER OF TOURISTS ~ 800 K

I Is there a call for concerns regarding number of tourists in Iceland?




NUMBER OF TOURISTS PER YEAR

| Around 800 thousand total tourists arrivals last year.



800,000
PER YEAR


 = 1,000 visitors

TOURISTS IN ICELAND PER SUMMER DAY

| On average there were around 45K tourists in Iceland on any given summer day 2013.



45,000
EACH
SUMMER
DAY


 = 1,000 visitors

TOURISTS IN ICELAND PER WINTER DAY

I On average there were around 10K tourists in Iceland on any given winter day in 2013.

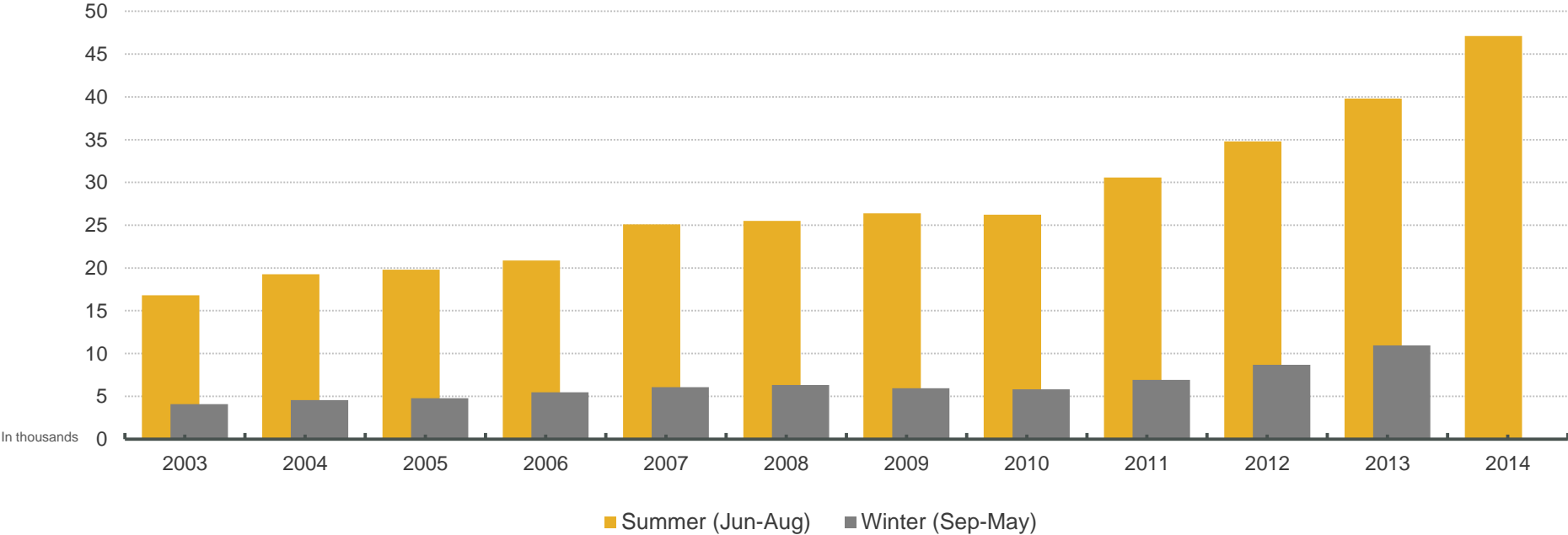


10,000
EACH WINTER DAY

 = 1,000 visitors

THE BIGGER PICTURE

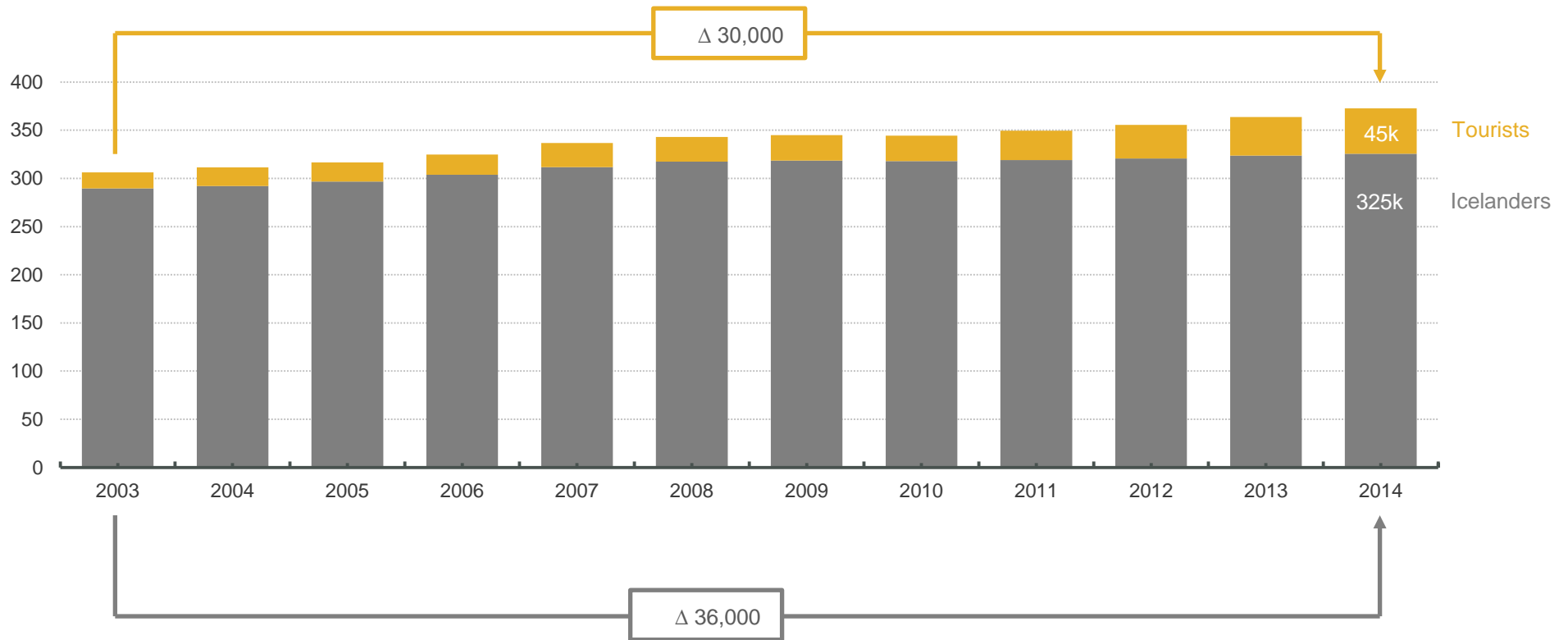
| Average number of tourists on any given day in Iceland



Our own calculations

HEAD COUNT IN ICELAND IN THE SUMMER TIME

Average number of persons in Iceland in the summer time



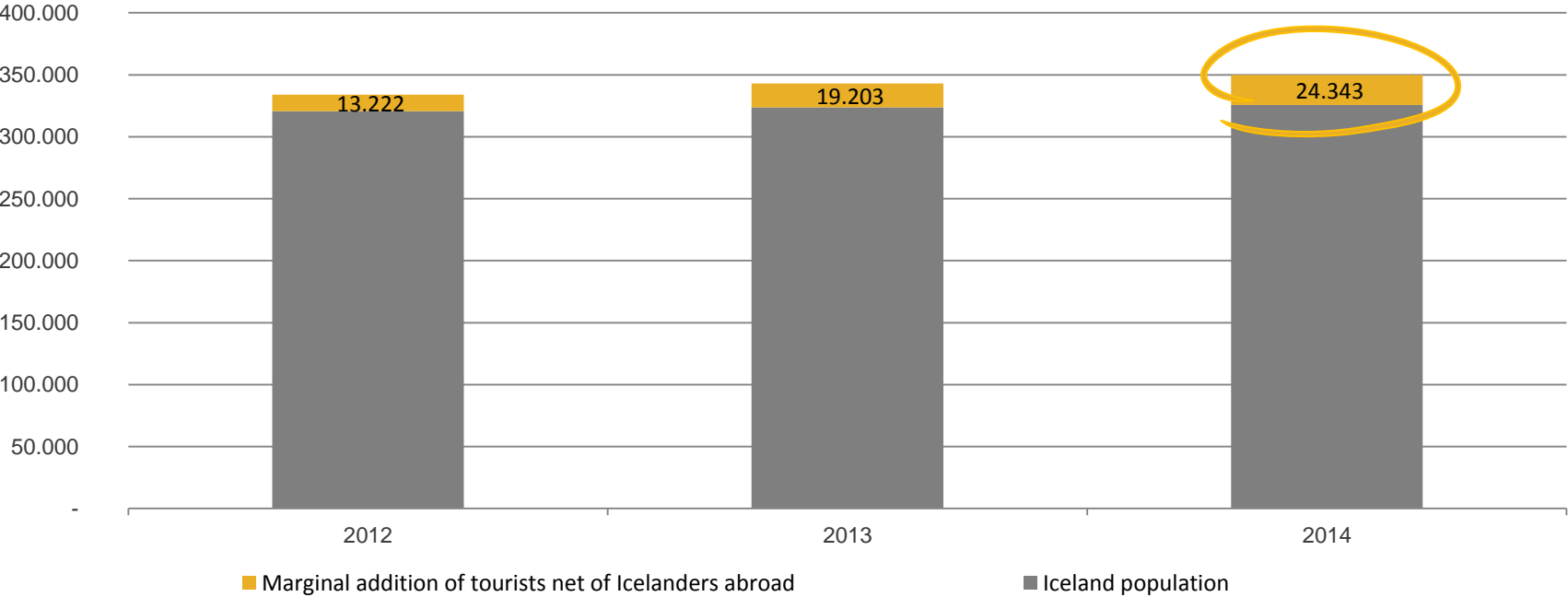
THE NET EFFECT IS EVEN SMALLER

- | Luckily, Icelanders travel abroad in the summer time.
- | On average, there are ~20 thousand Icelanders abroad on any given day in the summer.
- | Therefore, the net effect is much smaller
- | Best estimate

+25K to total population

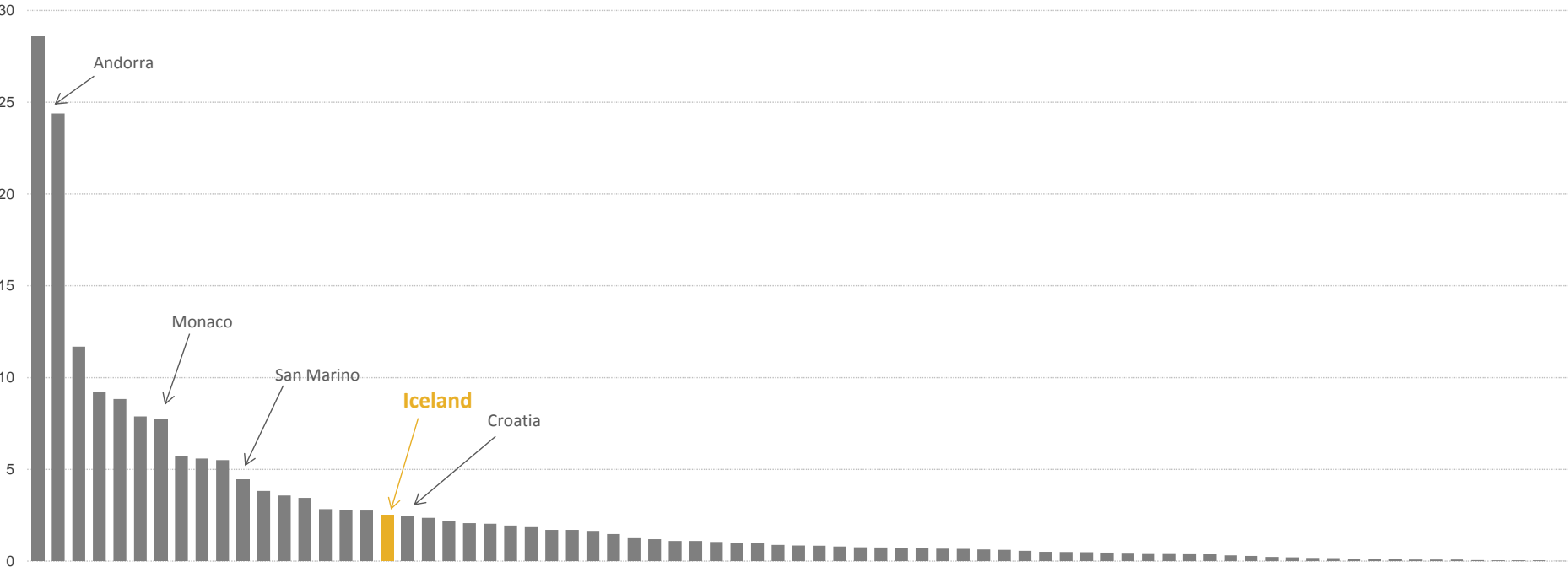
- | $325 + 25 = 350$ K as total headcount

7% EFFECT ON DOMESTIC HEADCOUNT AT PEAK

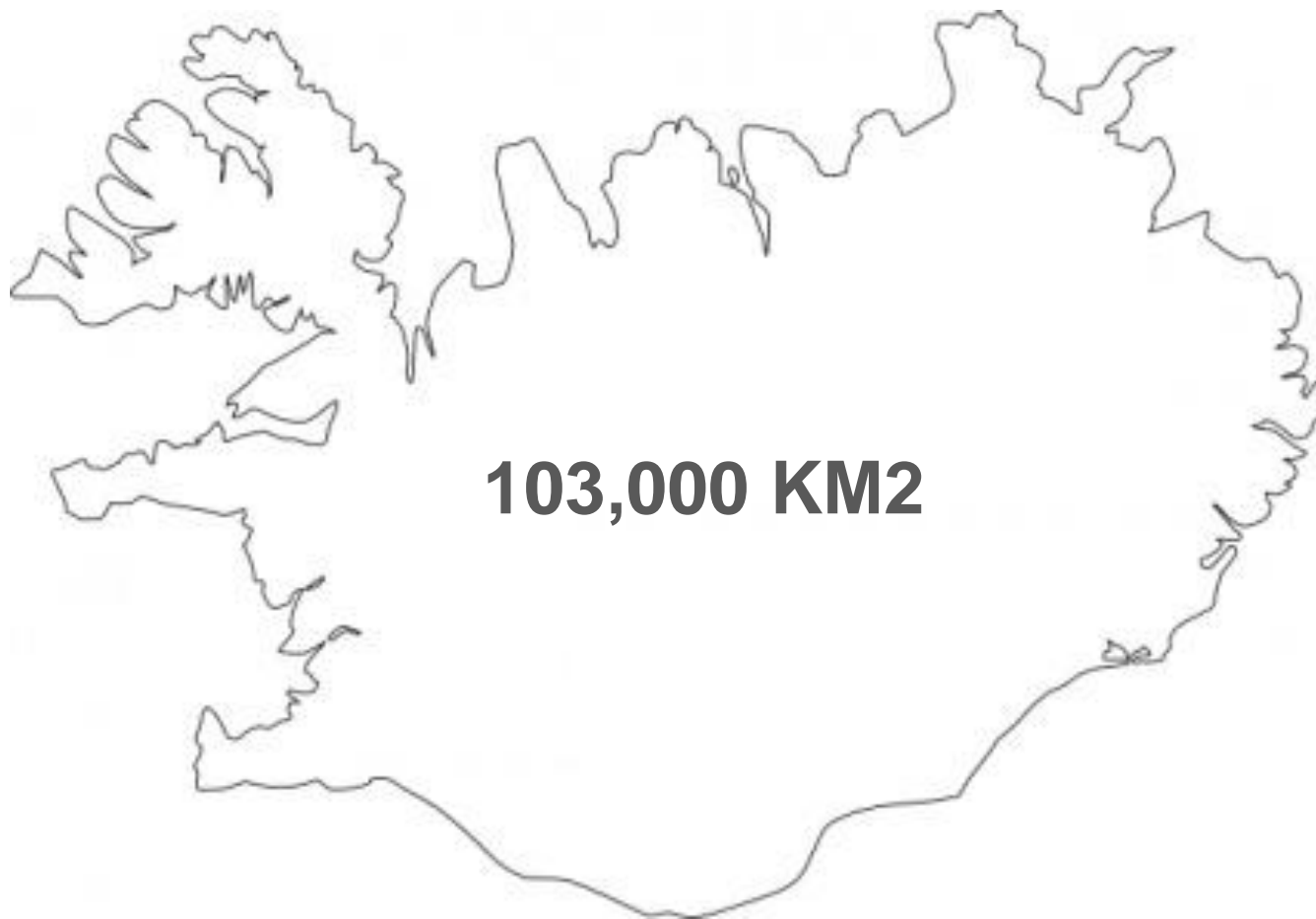


TOURISTS PER NATIVE?

- | Is that a helpful measure?
- | At best Iceland is placed at the middle of the league of nations with population < 5 million.

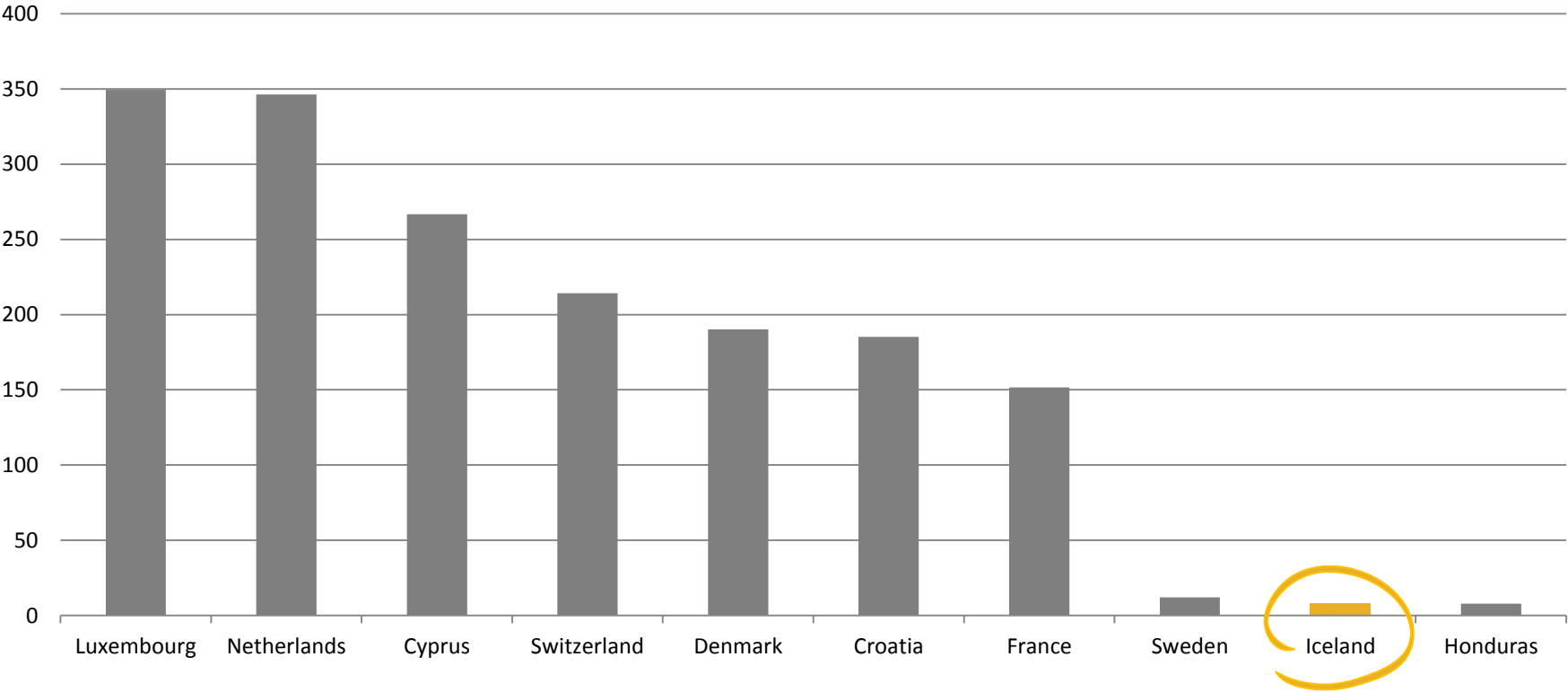


Source: World Bank



103,000 KM2

TOURISTS PER SQUARE KILOMETRE



Source: World Bank

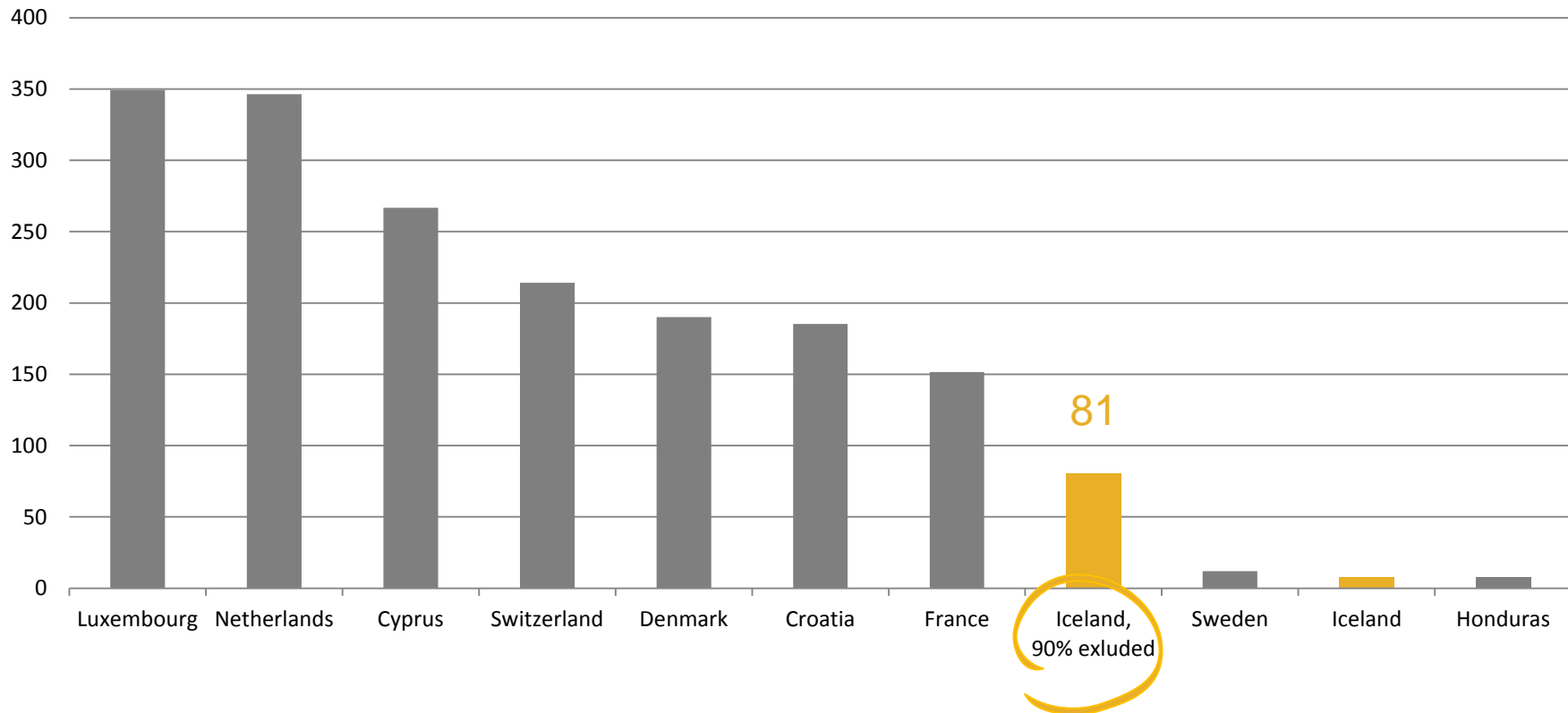
LET'S BE MORE FAIR IN OUR APPROACH



| Let's exclude 90% of the land mass due to dense population and rough terrain

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| Let's exclude 90% of the land mass due to dense population and rough terrain



Source: World Bank

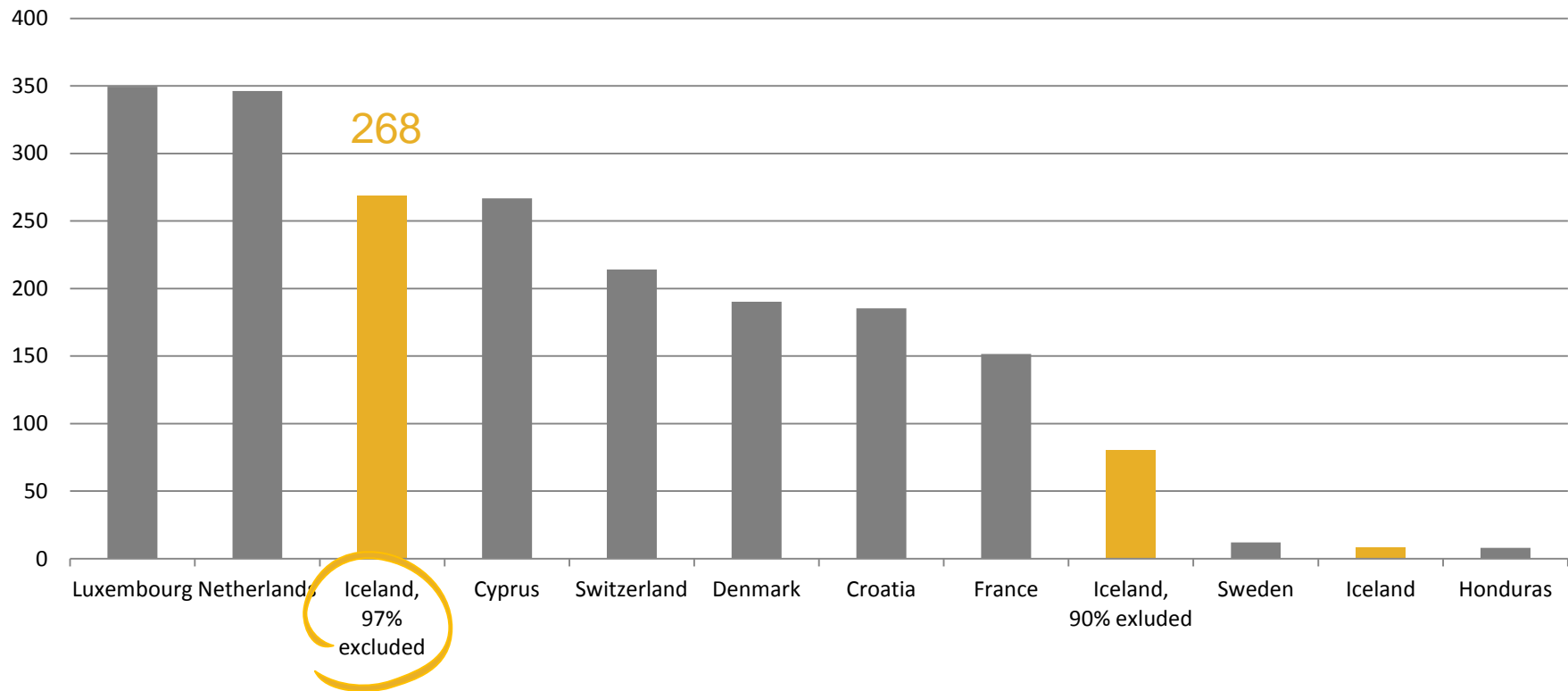
... OR TAKE IT TO THE EXTREMES



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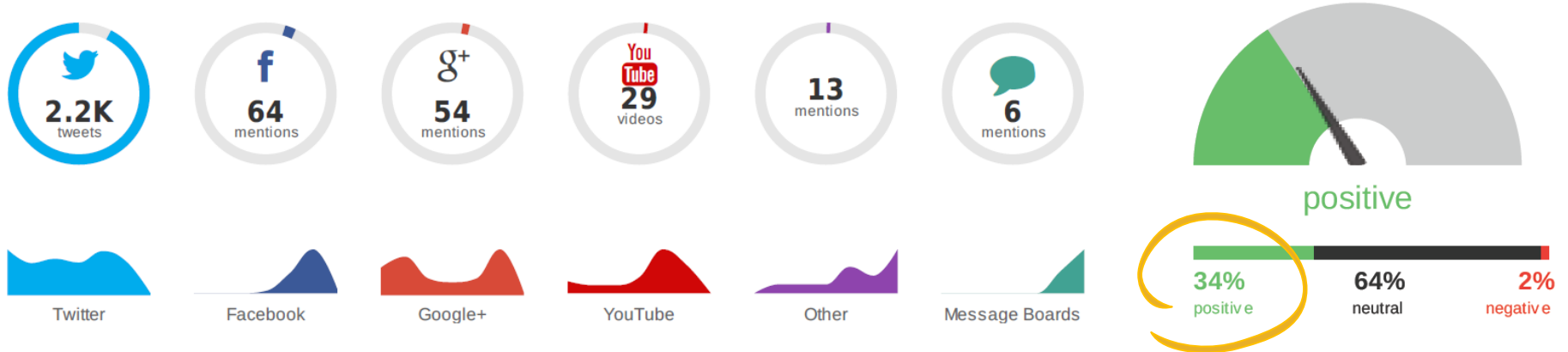
| Let's exclude 97% of the land mass due to dense population and rough terrain



Source: World Bank

PREVALENT WORDS ABOUT ICELAND ARE POSITIVE

- | The overall conversation is positive. We do not see terms like sold out, congestion, spoiled, or expensive.
- | Iceland has mainly positive mentions



- | Tourists are simply not talking about congestion in Iceland or at Iceland's top tourist sites

Source: Ubervu

WE CAN ALWAYS DO BETTER

- | **Golden Circle with thousands of guests per day.**
- | Need to manage traffic better at top sites – number of tourists is not the problem – lack of management and infrastructure
- | Urge use of market mechanisms with price as the incentive for changed behaviour key to success.
- | Number of tourists should ideally continue to increase.

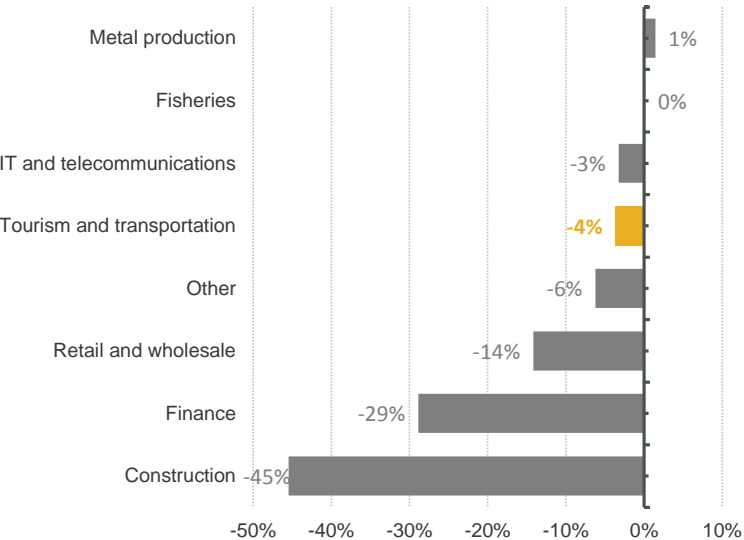
WELCOME MORE GUESTS: ECONOMICALLY BENEFICIAL FOR US ALL

HE PROFITS FROM IT ...

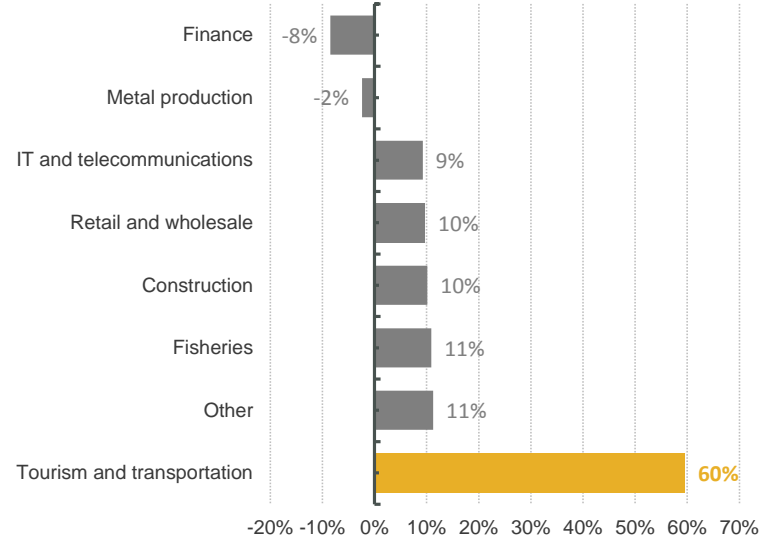
... SO DOES SHE

TOURISM & AVIATION LOCOMOTIVE OF GROWTH

Contribution to economic downturn 2008-2010

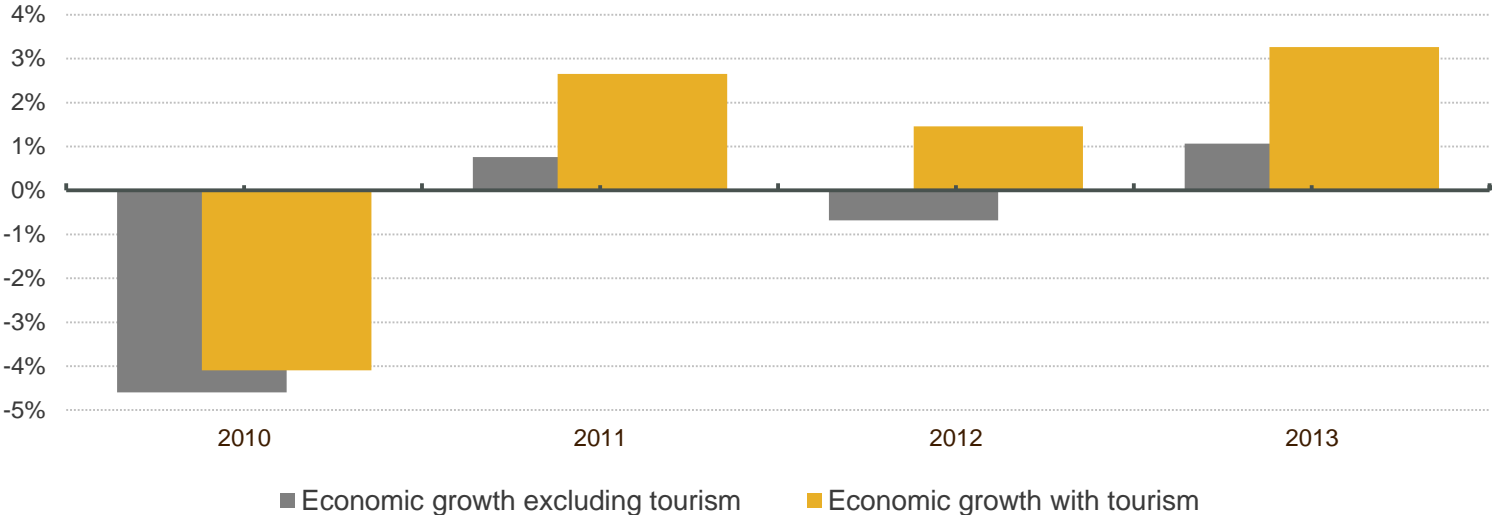


Contribution to economic growth 2010-2013

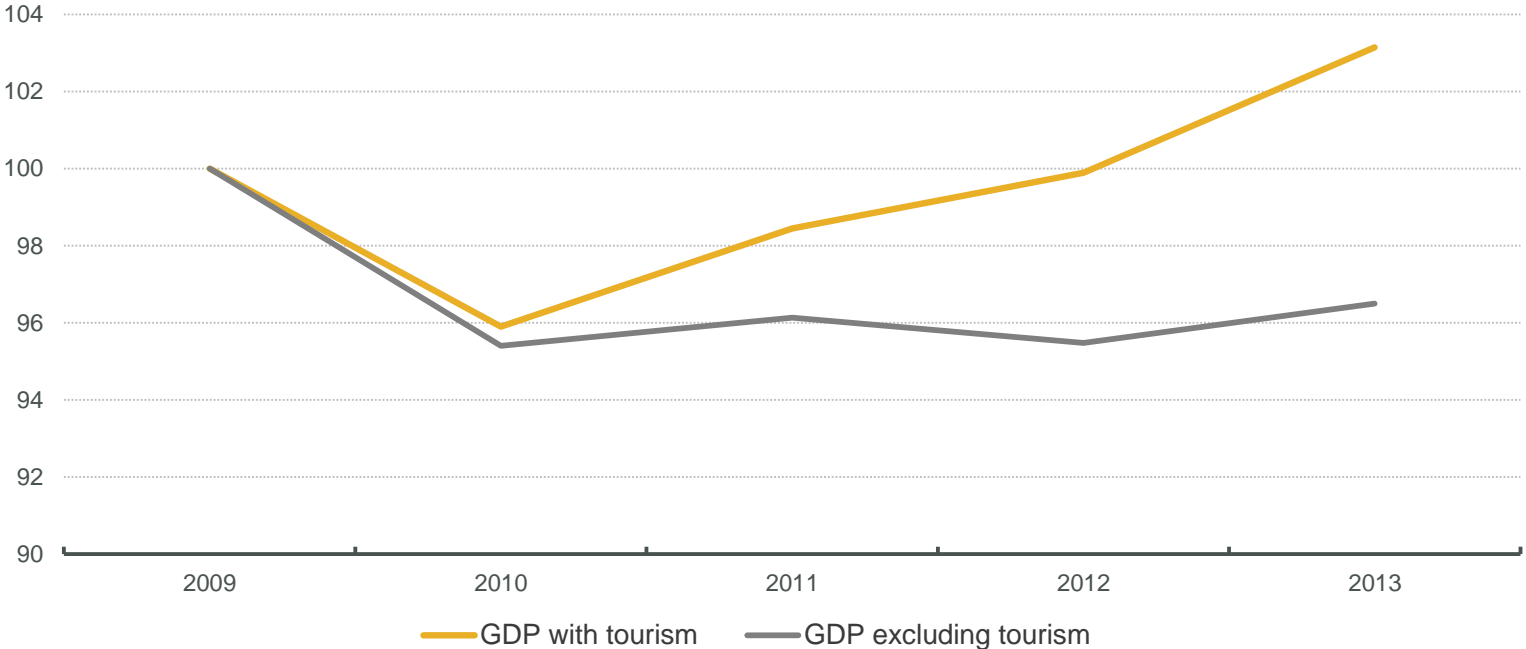


TOURISM IS THE SOURCE OF GROWTH

| Limited economic recovery if we exclude tourism



7% GDP ADDITION SINCE 2010



WHAT DOES THIS ALL MEAN?

- | Iceland is not sold out – we are far from reaching our upper limit
- | The upper limit is not static – it is dynamic and evolves and expands over time
- | However, we can smooth the transition by focusing on managing peak sites better
- | Tourism is the locomotive of the Icelandic economy

