



Importance of air cargo in a connected world
Gunnar Már Sigurfinnsson | Managing Director Icelandair Cargo



- Passenger Flights
- Freighters
- Air Iceland / Domestic



An independent subsidiary of Icelandair Group since 2000

- The corporate history of Icelandair Cargo is intertwined with Icelandair's history
- With offices in Reykjavík, Keflavík, New York and Liege Belgium the company employs 53 professionals with touch points from check-in to home-delivery.
- Icelandair Cargo has operated a warehouse in Keflavik International Airport since 2001 and has invested significantly in new processes to safeguard freshness of produce over the last decade.
- All cargo operations – both domestic and international – were consolidated within Icelandair Cargo in 2015, when the company took over the cargo operations of Air Iceland.

An efficient protein delivery route around the world catering to growing demand for fresh produce

It is estimated that air freight represents 1% of total freight transport – but it accounts for around 35% of its overall value – and the number is rising

Fresh fish is the predominant export produce on board outward bound Icelandair Cargo aircraft.

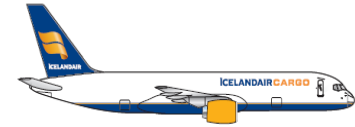
On the way back to Iceland, the cargo hold is dominated by perishable fruit and vegetable, pharmaceutical products, computers and cell phones in addition to a variety of high value produce.

The third element of transport is a the transit freight that we bring from US to Europe or vice versa where life lobster has the biggest volume

Our fleet mix of belly space on board Air Iceland and Icelandair in addition to our dedicated cargo aircraft provide ample opportunities

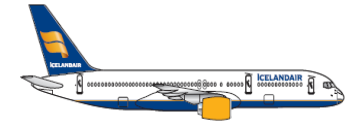
38
tons

- | **Operating 2 Boeing 757-200 Freighter Aircraft**
- | Capacity up to 38 tons per trip



9
tons

- | **Belly Holds in Icelandair Passenger Aircraft**
- | Capacity up to 9 tons per trip

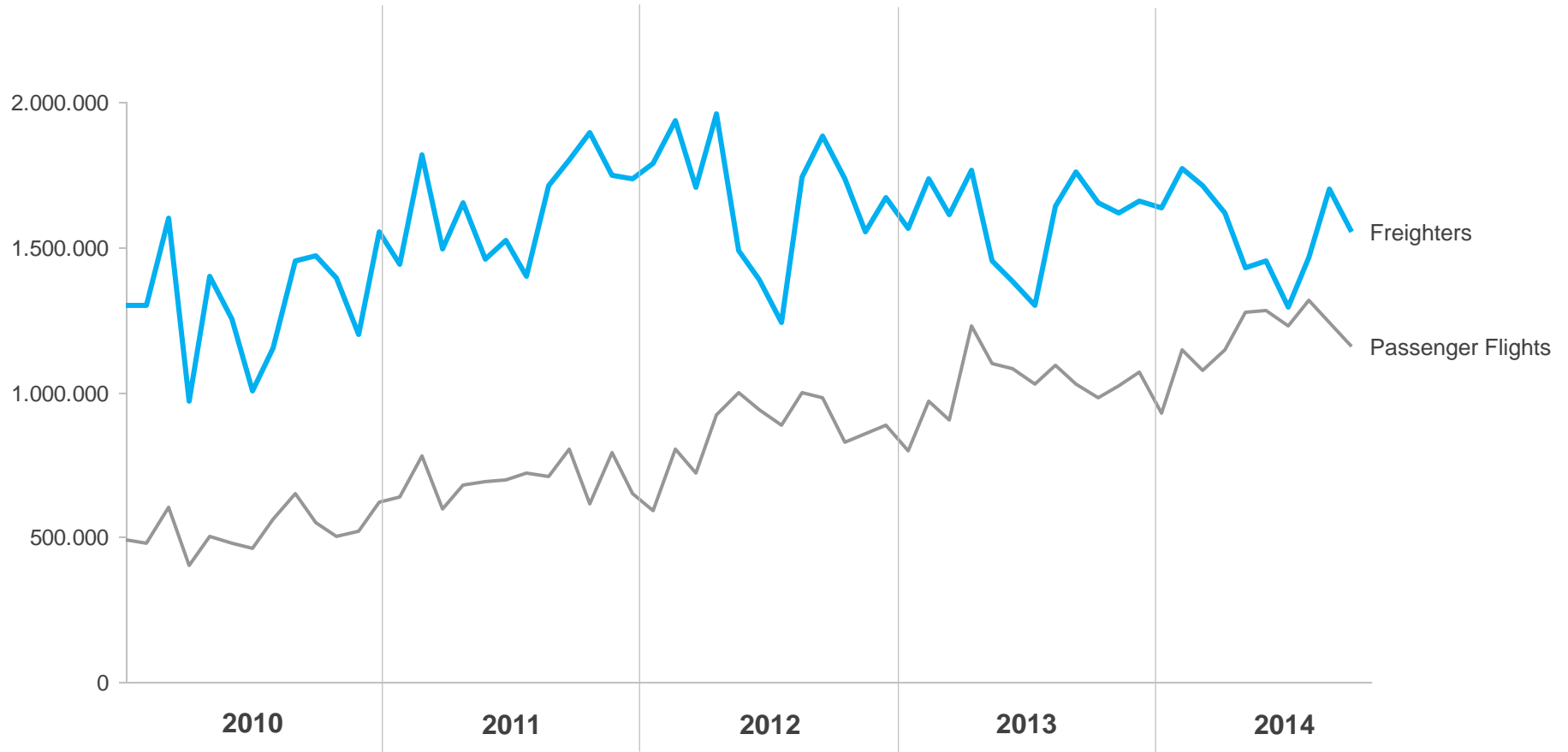


4
tons

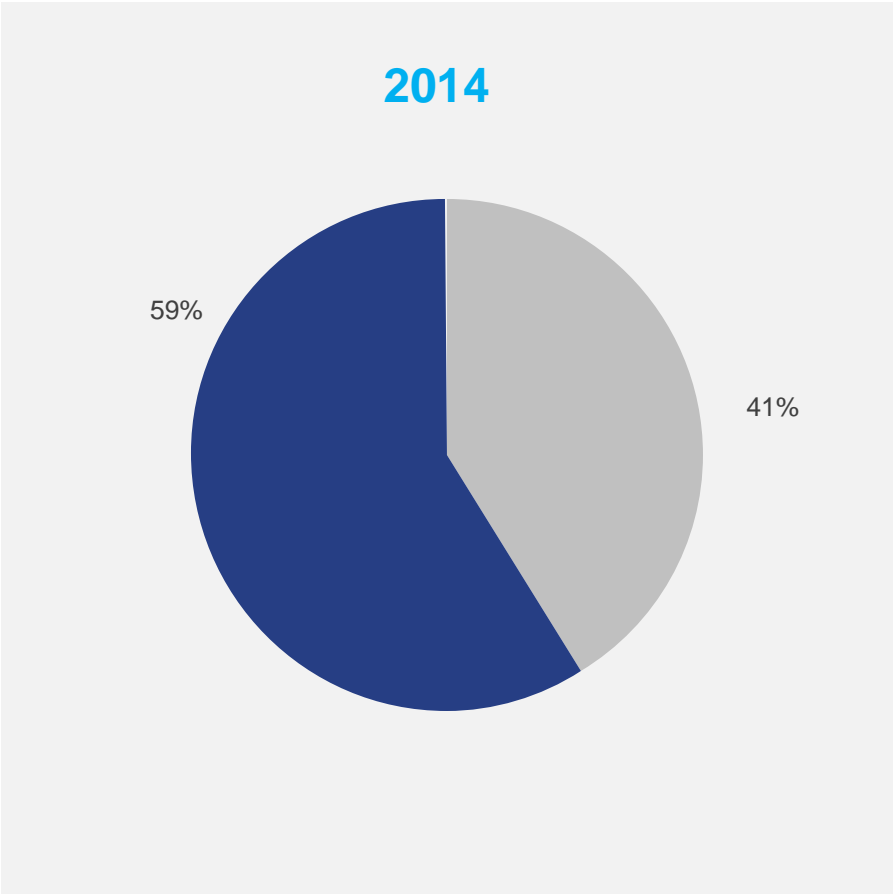
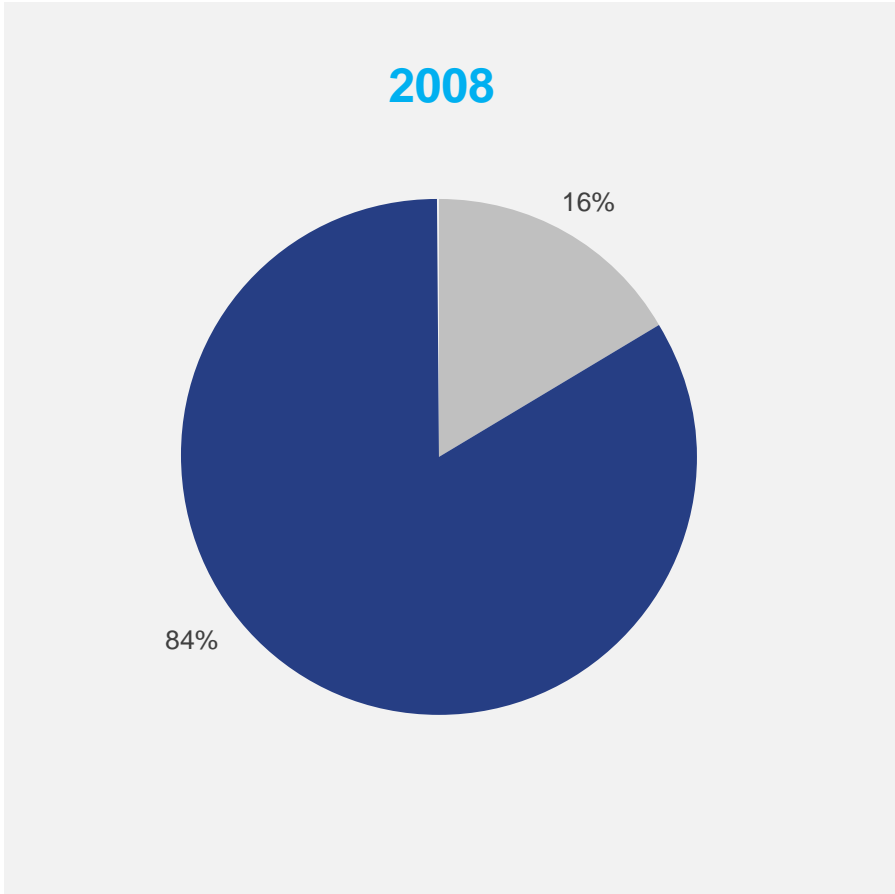
- | **Belly Holds in Air Iceland Aircraft**
- | Capacity up to 4 tons per trip



Icelandair Cargo supports the growth of Icelandair by utilising belly space and lowering fixed costs with topline growth



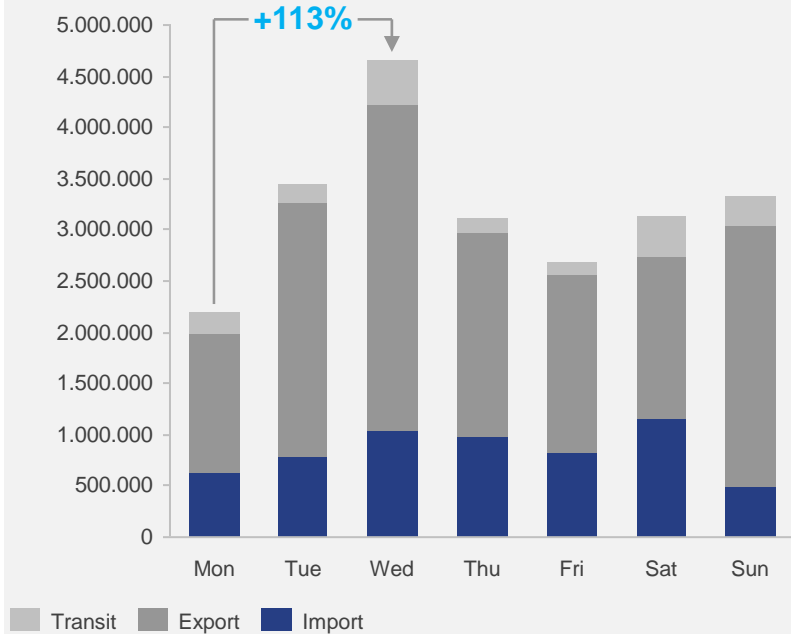
The cargo strategy stipulates focus on growing the belly space in freight transport to release synergies across the Group



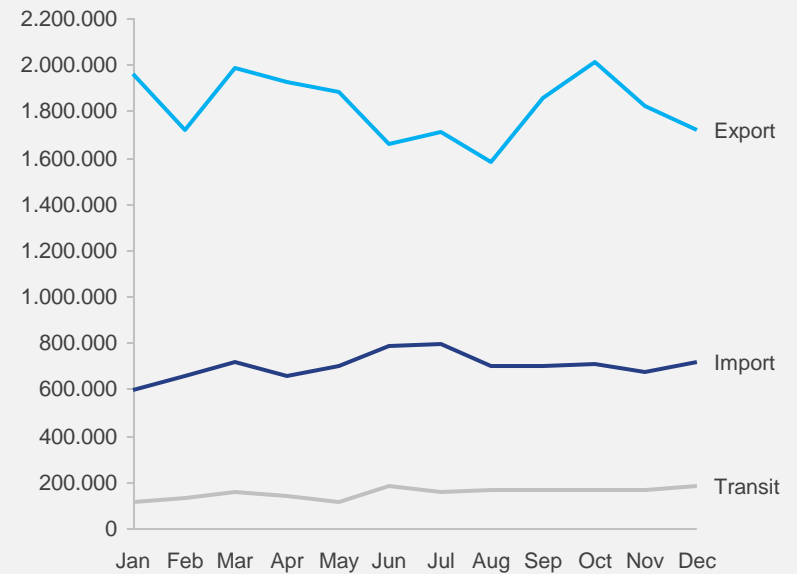
■ Passenger aircraft ■ Freighter aircraft

Demand fluctuations for air freight cargo calls for systematic supply engineering to maximize utilisation

High demand mid week and weekends but low demand on Mondays and Fridays

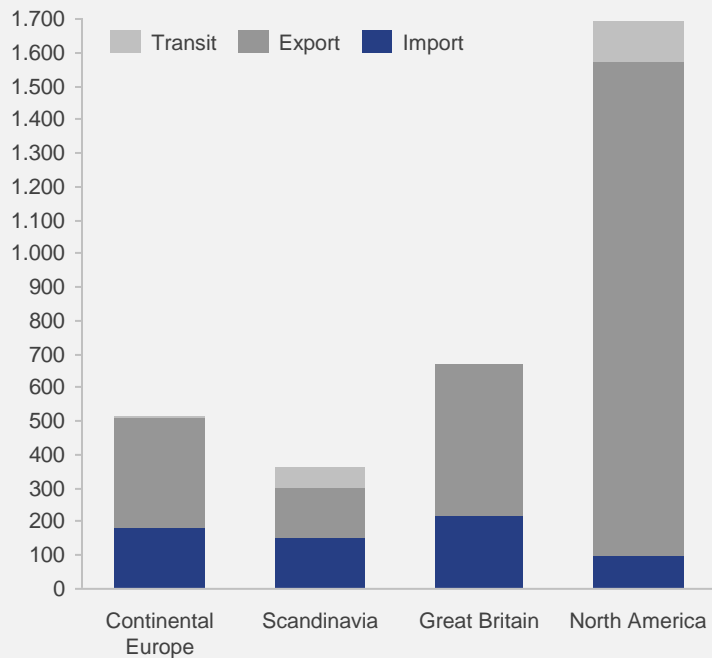


More demand over the winter months with downtrend over the summer

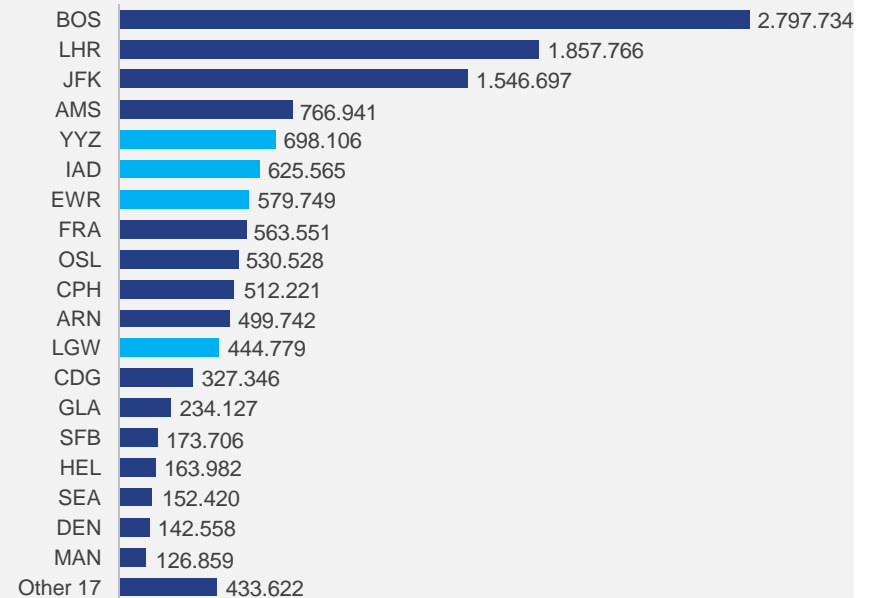


Fresh fish to North America is the largest segment and Boston is the single largest export market within the Network

Revenues
in ISK millions

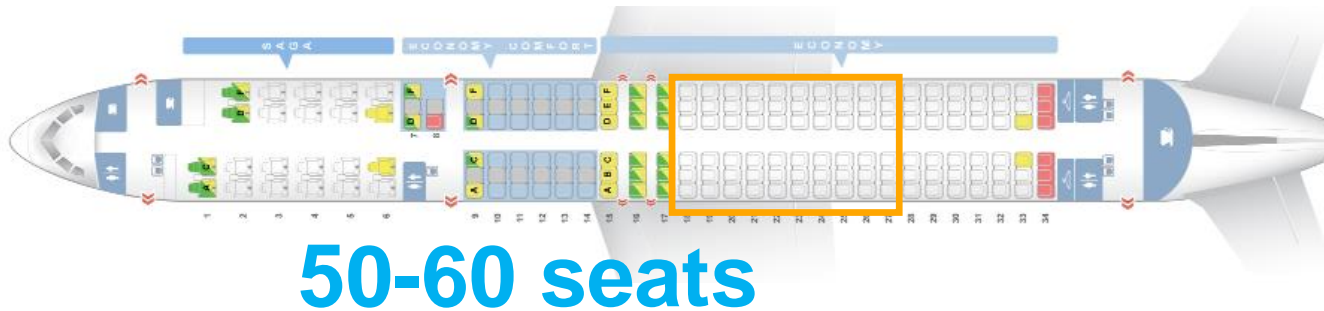


Belly volumes
2014, KG



The value of belly cargo on **B757** to Boston can be up to **USD 20.000** for each one way trip from KEF to BOS

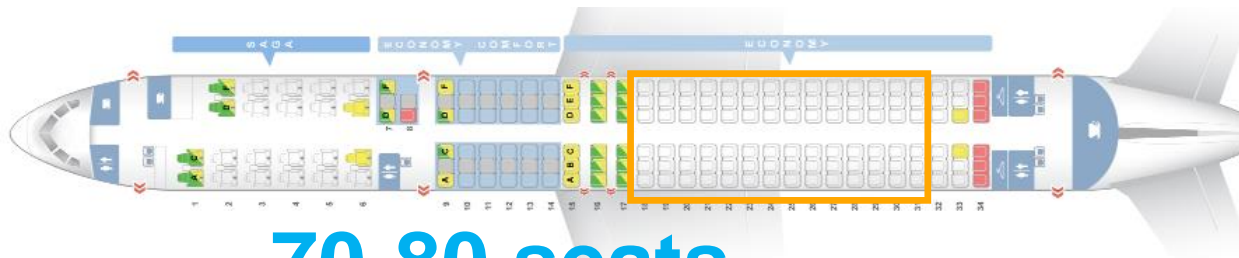
- | Ability to carry up to 9,000 kg of fresh fish in one trip to BOS
- | The value of this shipment is 20,000 USD for Icelandair Group
- | Suppose that every passenger in the same trip will pay an average of 3-400 USD per one-way KEF-BOS



- | The value of the shipment is the equivalent up to 50-60 passenger seats per flight to BOS

The value of belly cargo on **B767** to Boston can be up to **USD 31.000** for each one way trip from KEF to BOS

- | Ability to carry **at least** 14,000 kg of fresh fish in one trip to BOS with B767
- | The value of this shipment is 31,000 USD for Icelandair Group
- | Suppose that every passenger in the same trip will pay an average of 3-400 USD per one-way KEF-BOS



70-80 seats

- | This shipment is equivalent up to 70-80 passenger seats per flight to BOS

Our competitors have increased their focus on cargo and belly utilisation and are nurturing their cargo operations

Airline companies that put significant emphasis on their cargo operations

norwegian

jetBlue

SOUTHWEST

WESTJET
CARGO

airberlin

Air Asia

Airlines that don't have cargo is declining

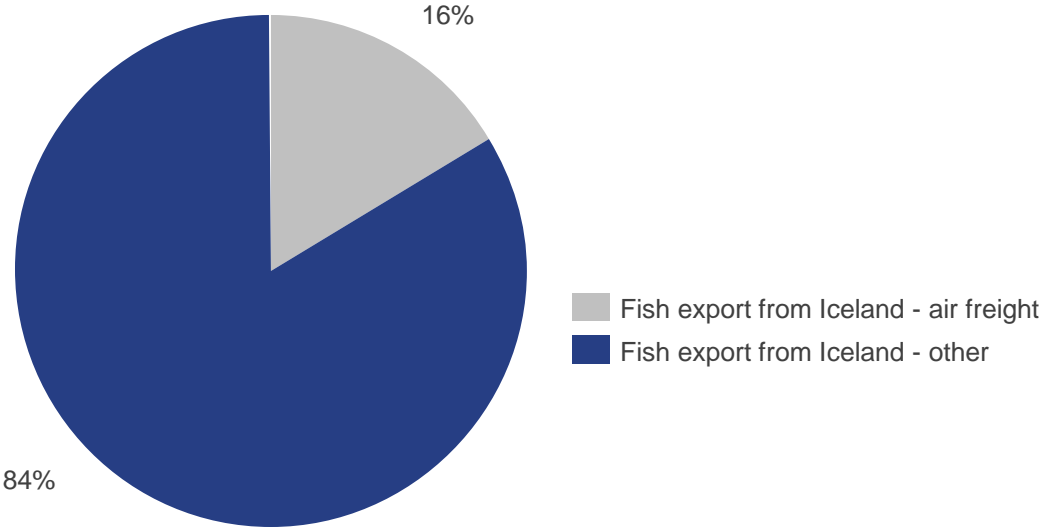
RYANAIR

easyJet

FRONTIER

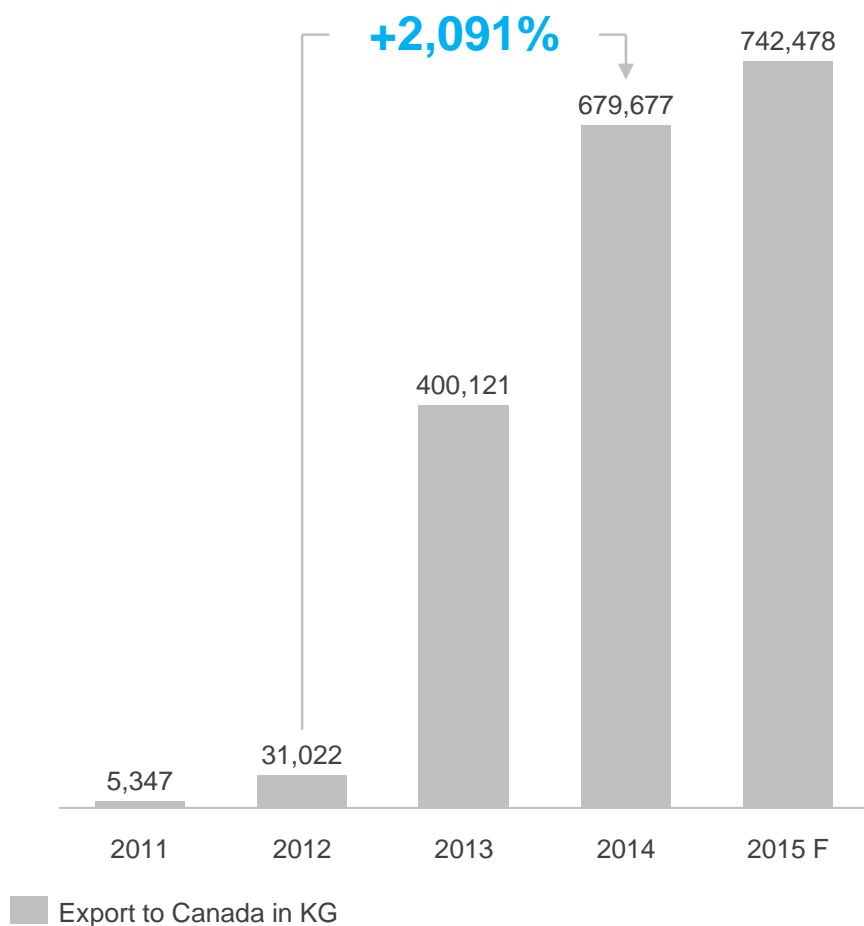


Value of air freight exported fish amounts to ISK 38 billion* annually and will continue to grow with increased demand



* Source Marco Partners

With new markets new opportunities arise



| New markets continue to open up

| Exponential growth in fresh fish exports to Canada since introduction of new destination in the Network

| Around 750 tonnes onboard Icelandair Cargo to Canada in 2015, up from 5 tonnes in 2011