



# ICELANDAIR GROUP

PRESENTATION OF Q4 AND 12M 2015 RESULTS | 9 FEBRUARY 2016



# Highlights

1

**Full year  
profit  
increased  
by 67%**

2

**Net profit  
in Q4  
for the  
first time**

3

**EBITDA  
guidance for  
2016  
245-250  
USD million**

# FINANCIAL RESULTS

BOGI NILS BOGASON | CFO



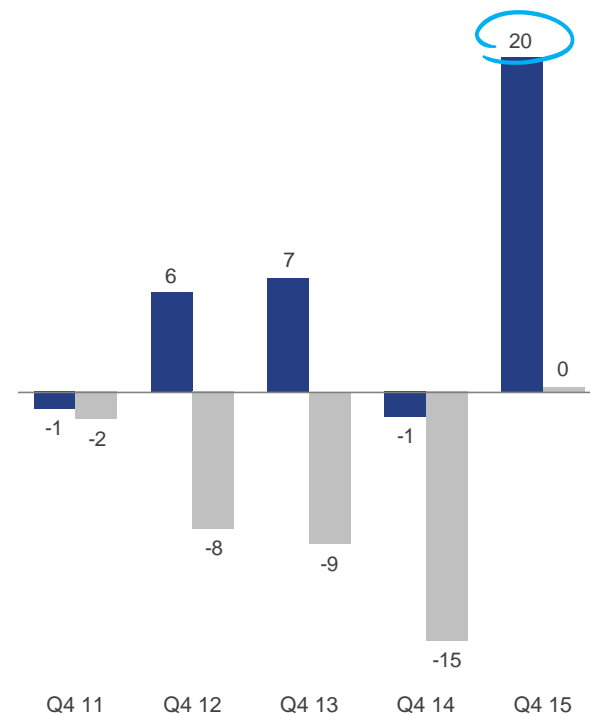
# EBITDA ratio up by 9.5 percentage points in Q4

USD million	Q4 2015	Q4 2014	% Chg.
<b>Operating Income</b>	<b>230.0</b>	<b>205.5</b>	<b>12%</b>
Salaries and related expenses	77.2	65.1	19%
Aircraft fuel	41.7	53.5	-22%
Aircraft and aircrew lease	4.9	7.9	-38%
Aircraft handling, landing and comm.	17.2	16.9	2%
Aircraft maintenance expenses	17.2	16.4	5%
Other expenses	51.6	47.1	9%
<b>EBITDA</b>	<b>20.1</b>	<b>-1.5</b>	-
<b>EBIT</b>	<b>-1.0</b>	<b>-18.8</b>	-
<b>EBT</b>	<b>-0.2</b>	<b>-17.7</b>	-
<b>Profit / loss for the period</b>	<b>0.3</b>	<b>-15.0</b>	-
<b>EBITDA ratio</b>	<b>8.7%</b>	<b>-0.7%</b>	<b>9.5 ppt</b>
<b>EBITDAR</b>	<b>28.8</b>	<b>7.1</b>	-
<b>EBITDAR ratio</b>	<b>12.5%</b>	<b>3.4%</b>	<b>9.1 ppt</b>

## EBITDA and net profit

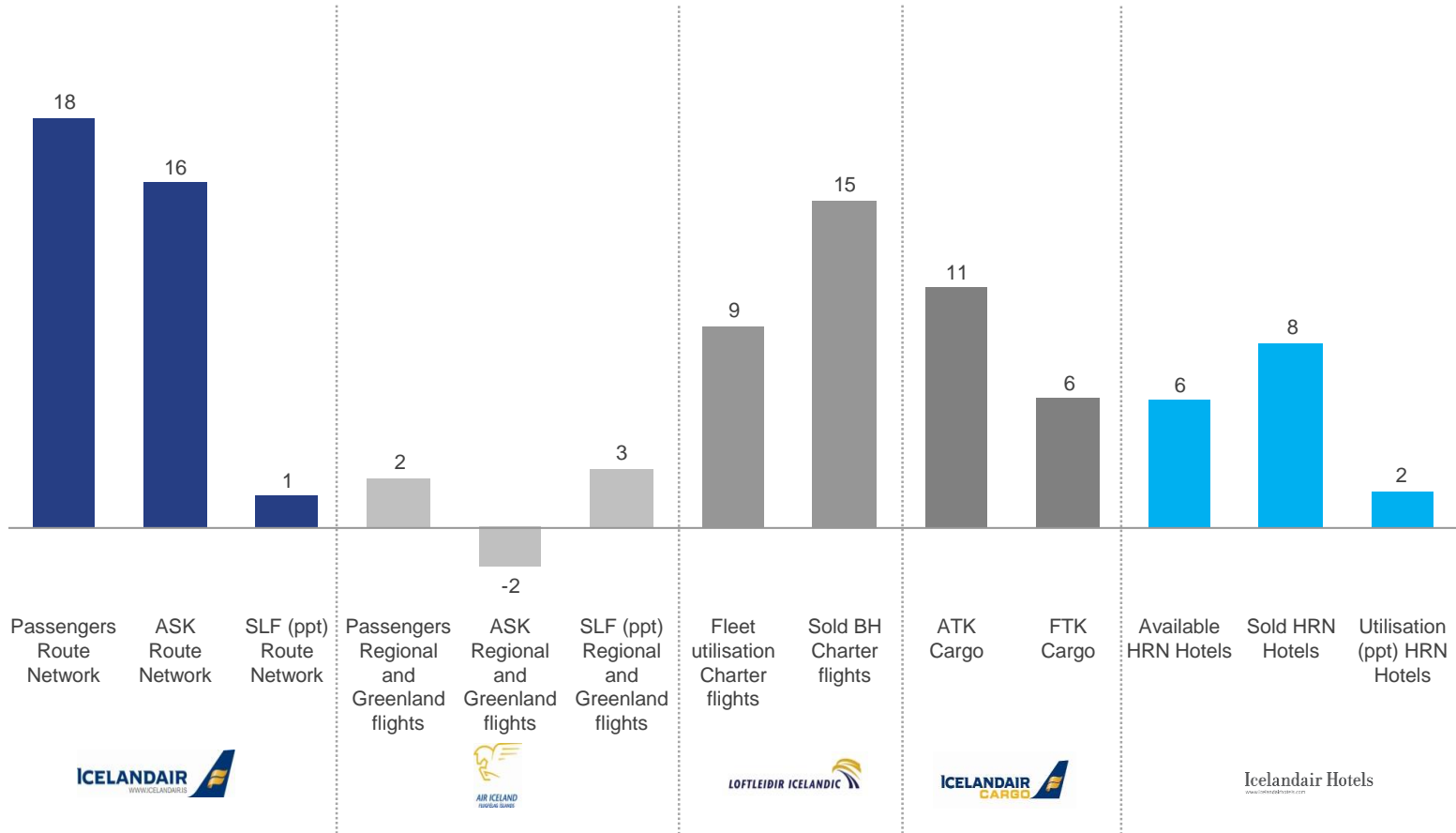
USD million

■ EBITDA  
■ Net Profit



# Growth in all our businesses in Q4 2015

Year-on-year change in %



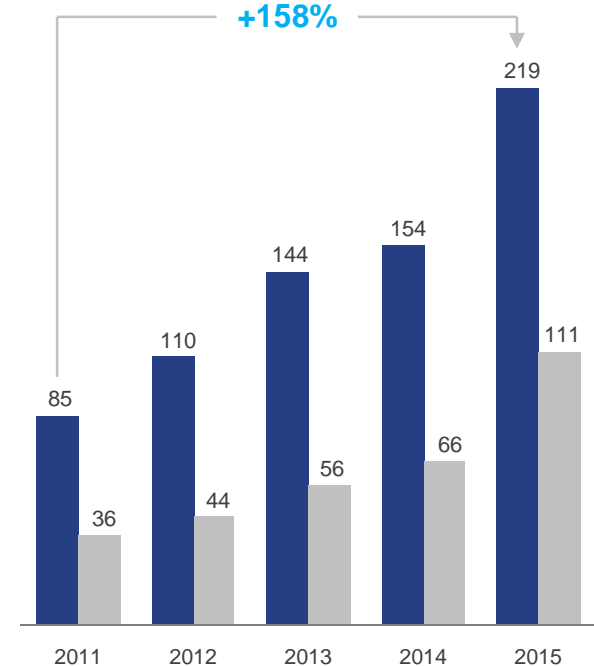
# Full year profit increased by 67%

USD million	2015	2014	% Chg.
<b>Operating Income</b>	<b>1,139.7</b>	<b>1,113.3</b>	<b>2%</b>
Salaries and related expenses	280.2	273.2	3%
Aircraft fuel	229.3	271.9	-16%
Aircraft lease	22.9	26.7	-14%
Aircraft handling, landing and comm.	85.8	82.9	3%
Aircraft maintenance	68.8	75.9	-9%
Other expenses	233.8	228.5	2%
<b>EBITDA</b>	<b>219.0</b>	<b>154.3</b>	-
<b>EBIT</b>	<b>135.2</b>	<b>79.0</b>	-
<b>EBT</b>	<b>140.2</b>	<b>79.9</b>	-
<b>Net Profit</b>	<b>111.2</b>	<b>66.5</b>	-
<b>EBITDA ratio</b>	<b>19.2%</b>	<b>13.9%</b>	<b>5.4 ppt</b>
<b>EBITDAR</b>	<b>254.0</b>	<b>193.4</b>	-
<b>EBITDAR ratio</b>	<b>22.3%</b>	<b>17.4%</b>	<b>4.9 ppt</b>

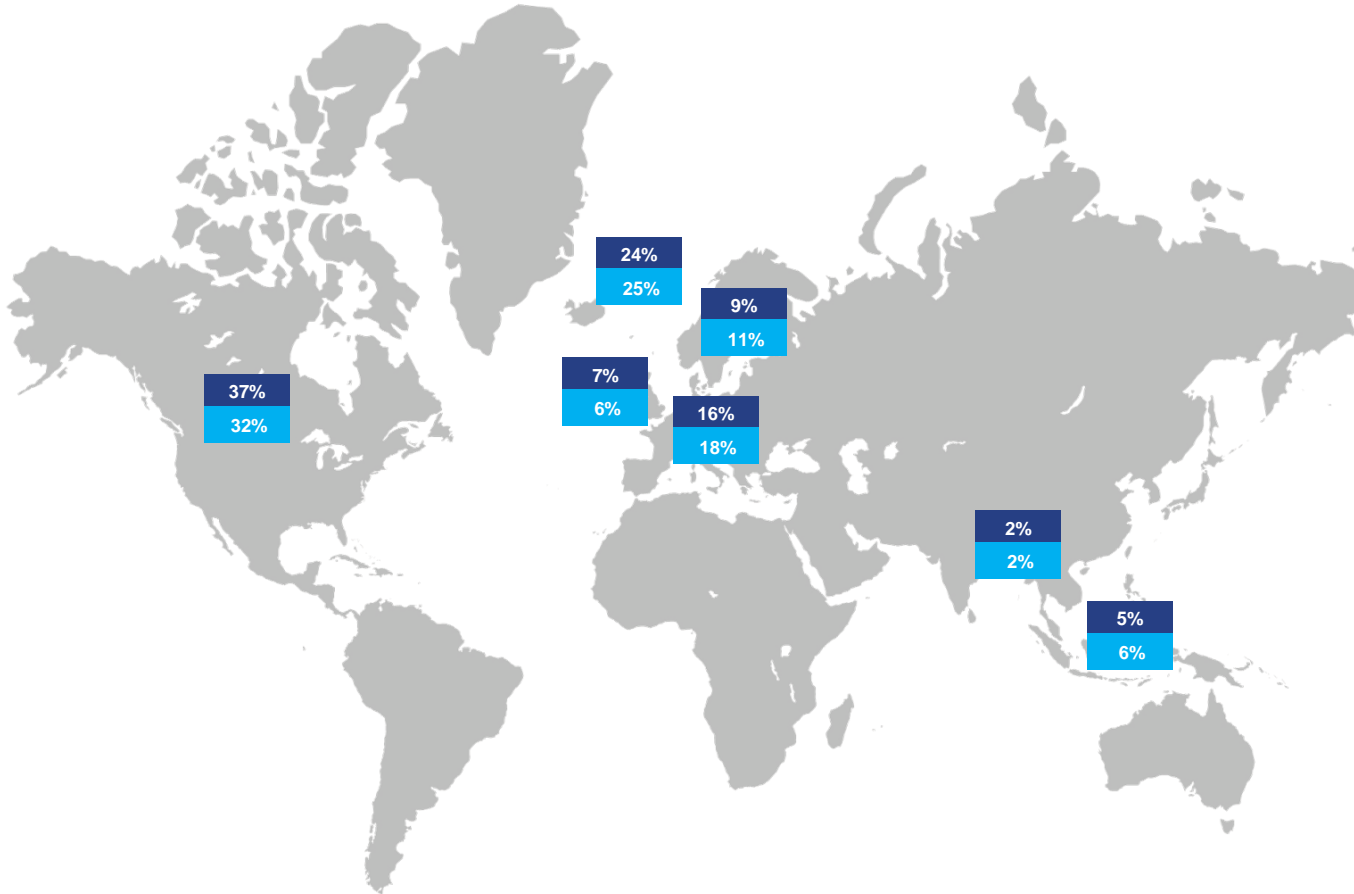
## EBITDA and net profit

USD million

■ EBITDA ■ Net Profit



# Increasing revenues originating in N-America

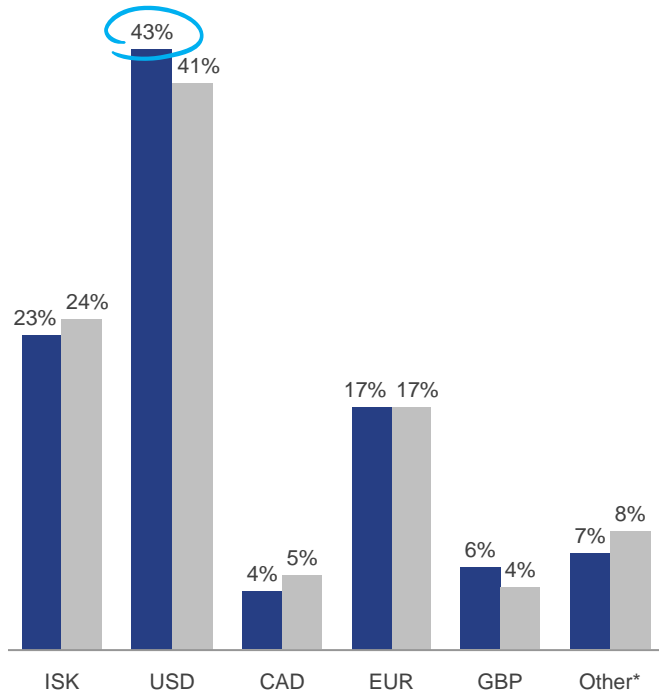


2015  
2014

# USD revenues increases

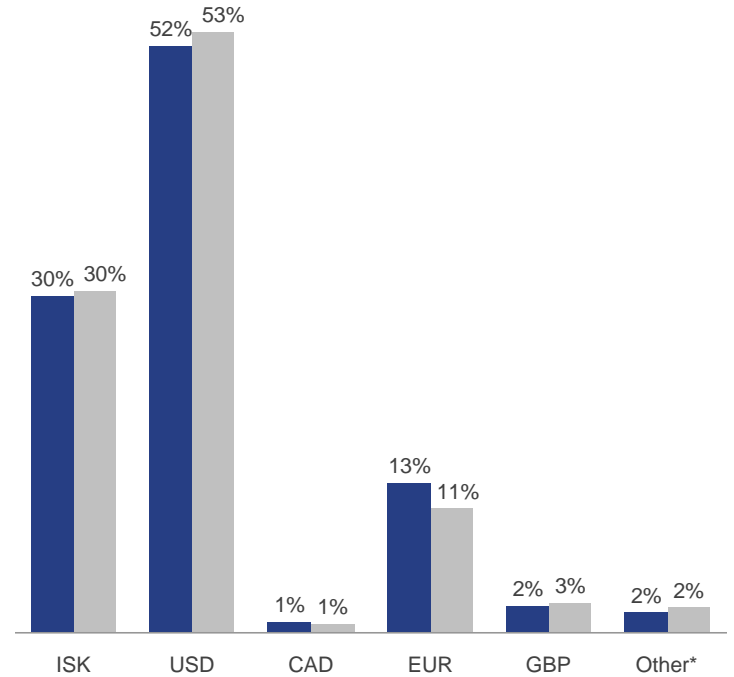
## Operating income

■ 2015 ■ 2014



## Operating expenses

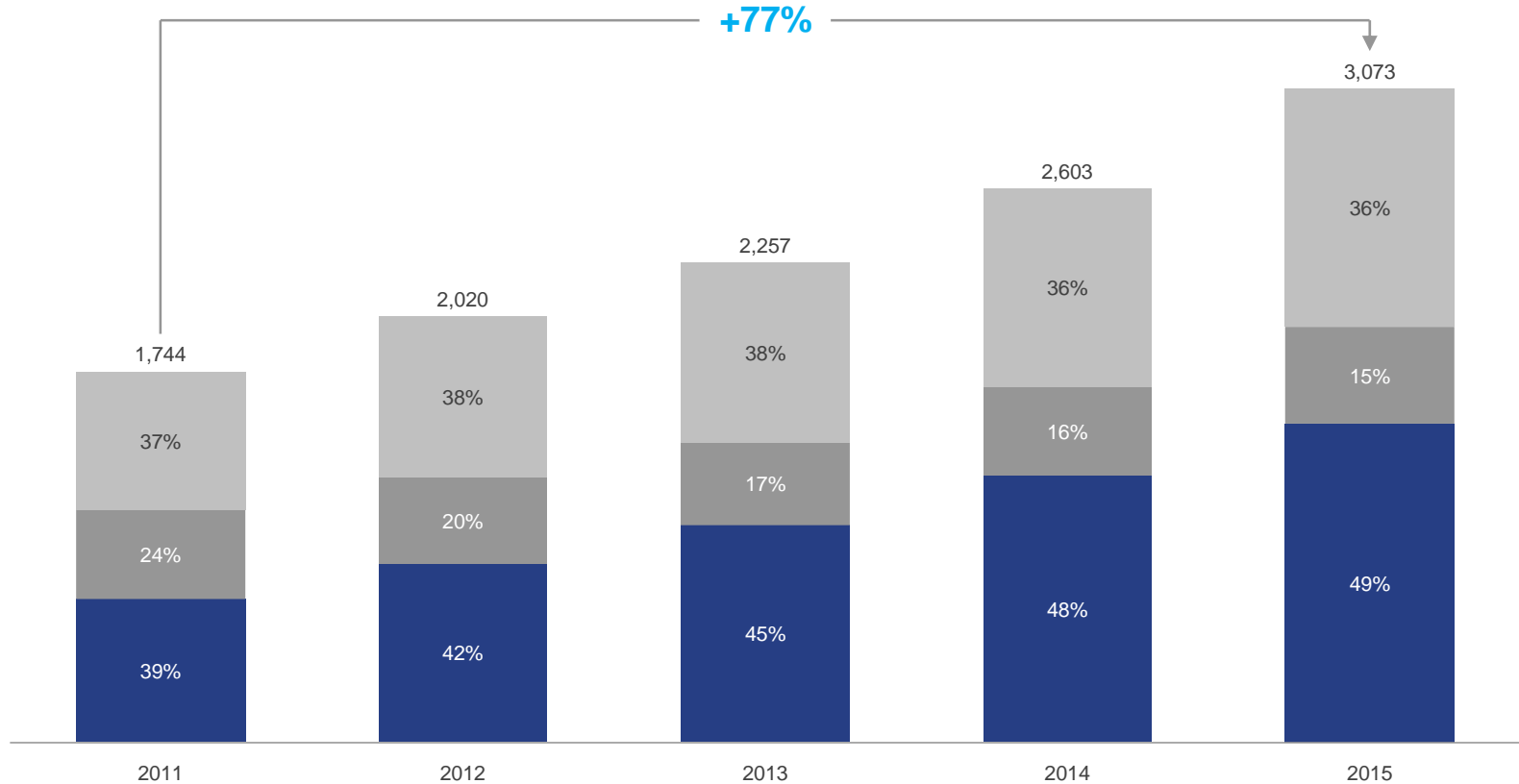
■ 2015 ■ 2014



Other\* mainly the Scandinavian currencies



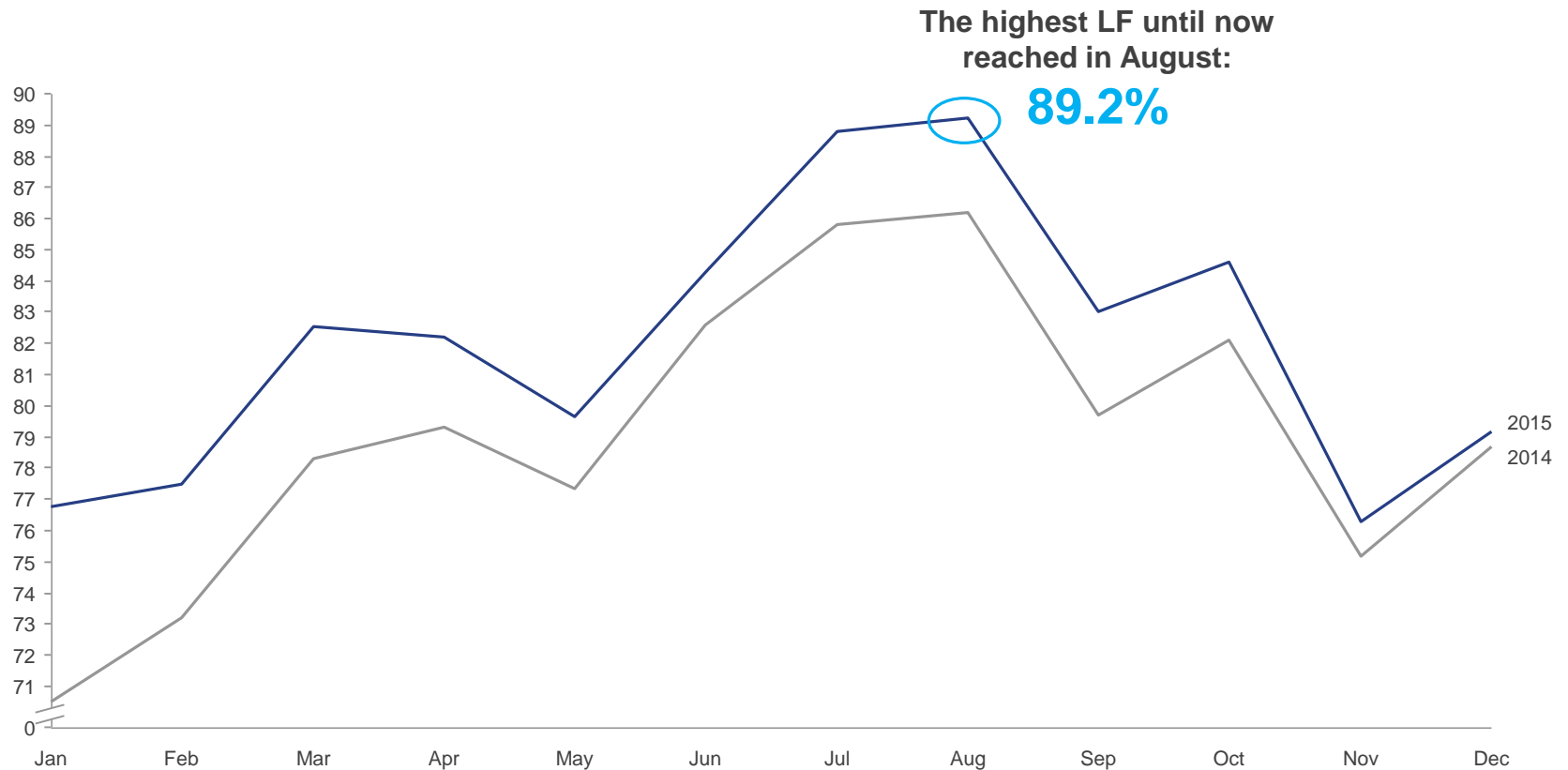
# The growth is driven by the VIA market



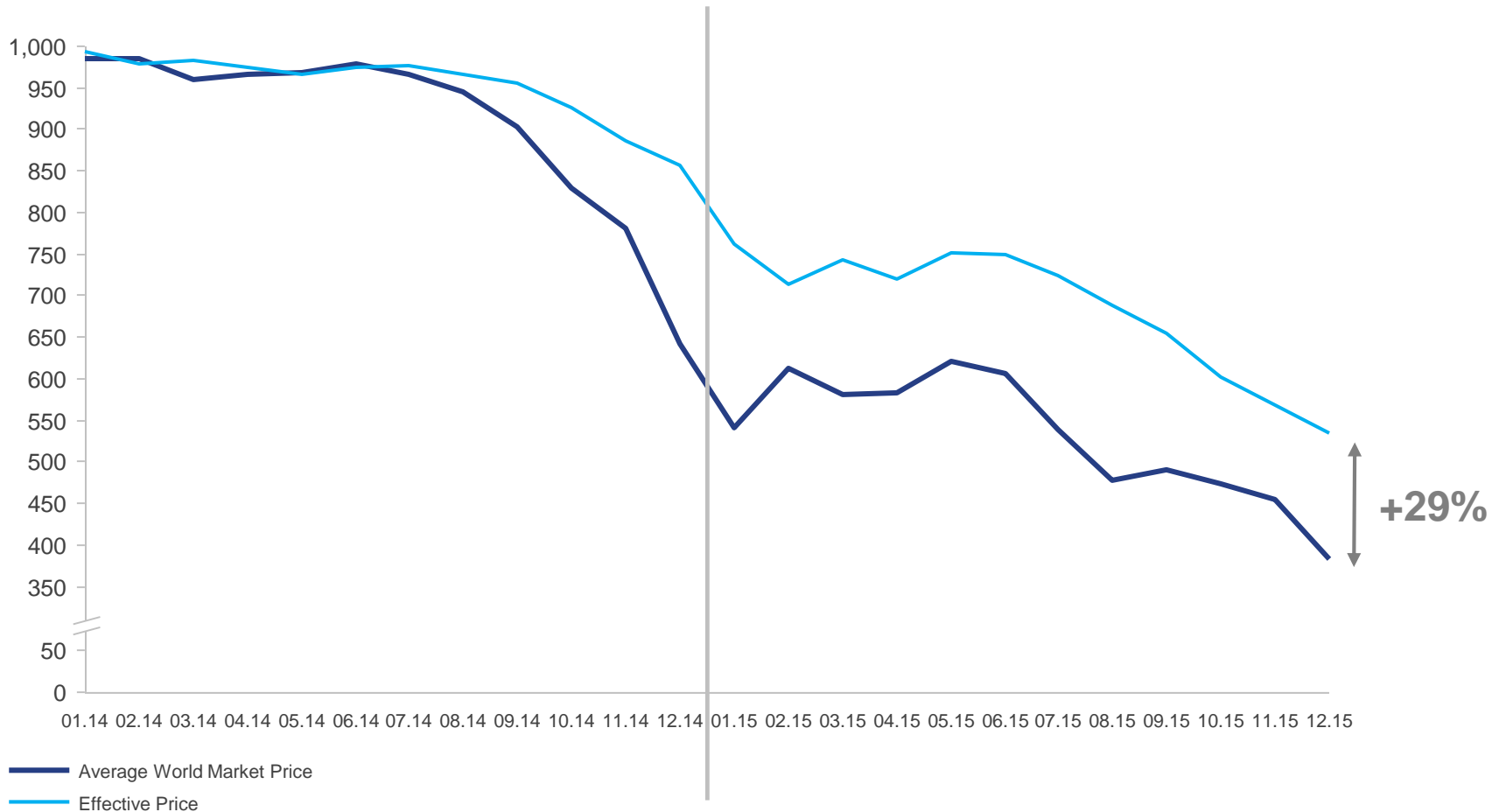
■ To ■ From ■ Via

Absolute figures in thousands.

# A record load factor was reached in all months 2015

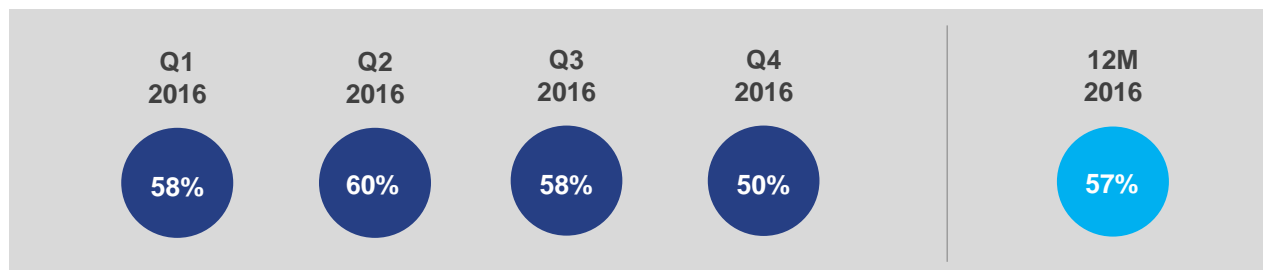


# Effective fuel price paid in 2015 was 29% higher than the average world fuel price



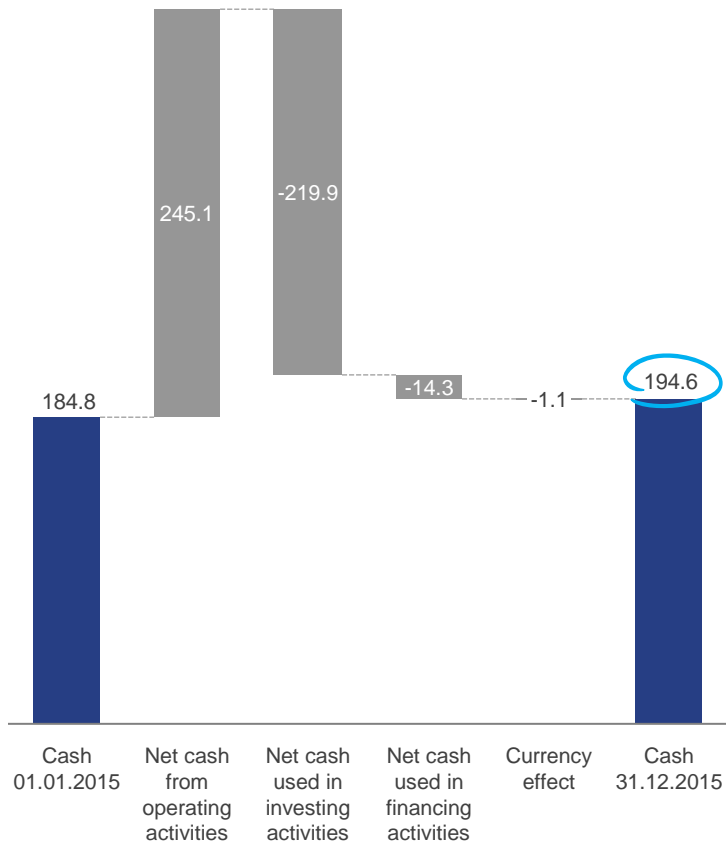
## 57% of estimated fuel usage in 2016 has been hedged

Period	Estimated usage (tons)	Swap volume	% hedged	Average swap price USD
January 2016	19.571	10.660	54%	606
February 2016	17.805	10.610	60%	639
March 2016	20.997	12.590	60%	588
April 2016	21.928	12.630	58%	616
May 2016	32.333	19.720	61%	643
June 2016	39.299	23.700	60%	637
July 2016	41.444	23.800	57%	591
August 2016	41.443	24.700	60%	536
September 16	35.951	20.600	57%	531
October 2016	28.352	16.500	58%	524
November 2016	22.443	10.500	47%	517
December 2016	21.630	9.500	44%	498
<b>Total</b>	<b>343.196</b>	<b>195.510</b>	<b>57%</b>	<b>579</b>

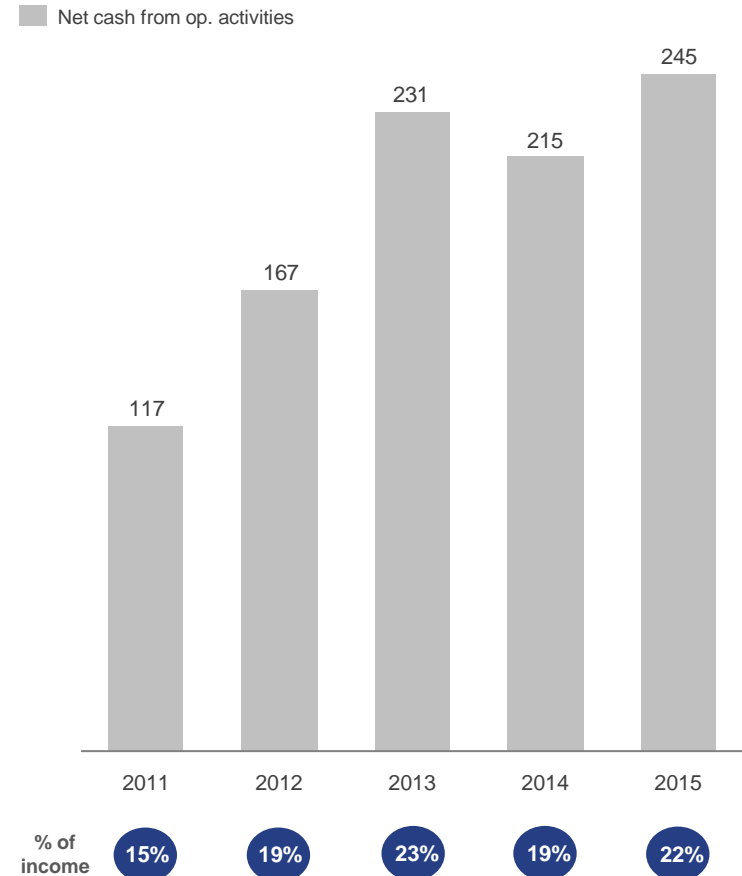


# Strong underlying cash flow

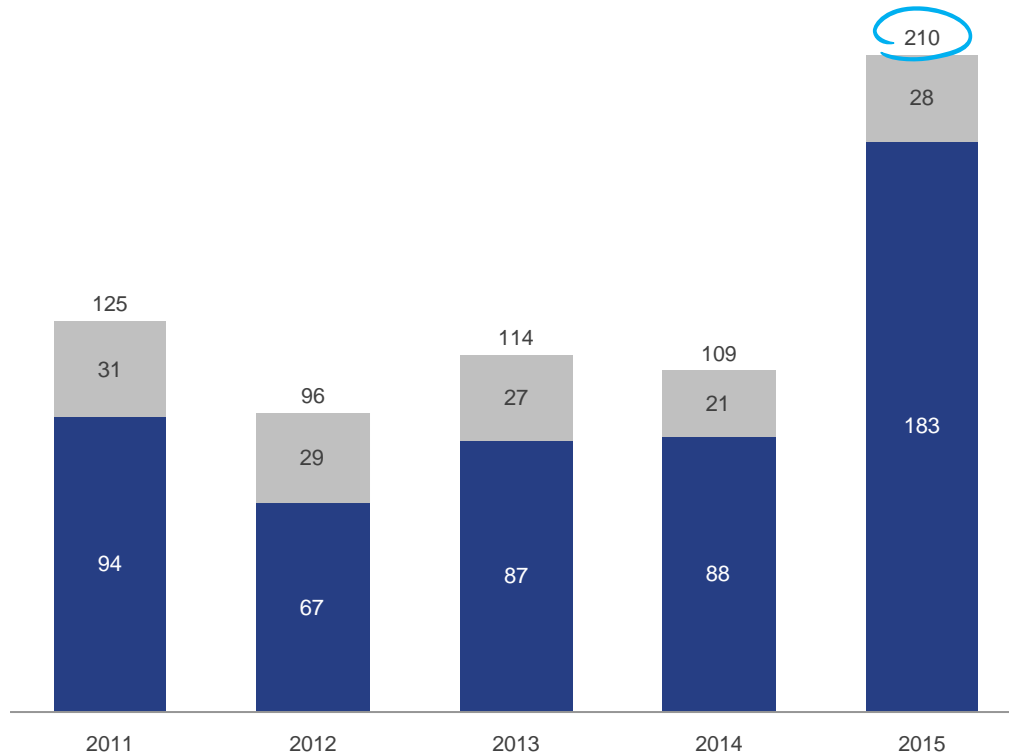
**Changes in Cash in 2015**  
USD million



**Net cash from operations and as % of income**  
USD million



# Total investment amounted to USD 210 million in 2015



Investment in aircraft and aircraft components totalled USD 115 million in 2015

■ Other investment ■ Investment in operating assets

All figures in USD million.

# Equity ratio 47%

USD million	31.12 2015	31.12 2014
<b>Assets</b>		
Operating Assets	419.1	319.3
Intangible assets	172.7	176.0
Other non-current assets	45.8	18.9
<b>Total non-current assets</b>	<b>637.6</b>	<b>514.2</b>
Other current-assets	120.3	119.4
Marketable securities	19.5	30.9
Cash and cash equivalents	194.6	184.8
<b>Total current assets</b>	<b>334.4</b>	<b>335.0</b>
<b>Total assets</b>	<b>972.0</b>	<b>849.2</b>

USD million	31.12 2015	31.12 2014
<b>Equity and liabilities</b>		
<b>Stockholders equity</b>	<b>456.5</b>	<b>365.1</b>
Loans and borrowings non-current	55.4	49.7
Other non-current liabilities	44.1	33.0
<b>Total non-current liabilities</b>	<b>99.5</b>	<b>82.6</b>
Loans and borrowings current	10.1	12.3
Trade and other payables	219.7	214.3
Deferred income	186.1	174.9
<b>Total current liabilities</b>	<b>415.9</b>	<b>401.5</b>
<b>Total equity and liabilities</b>	<b>972.0</b>	<b>849.2</b>
Equity ratio	47%	43%
Current ratio	0.80	0.83
Net interest bearing debt	-148.6	-153.7
Interest bearing debt	65.5	61.9

# OUTLOOK

BJÖRGÓLFUR JÓHANSSON | PRESIDENT AND CEO



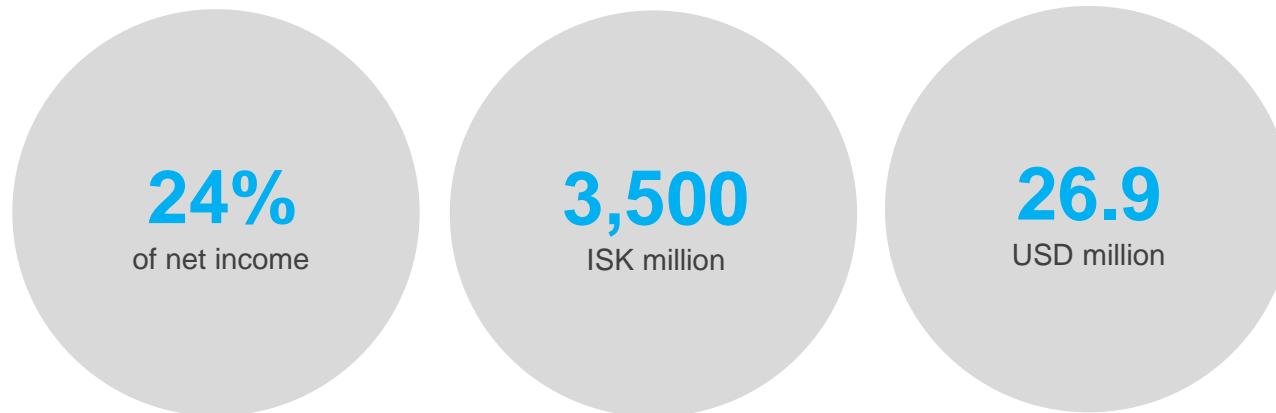


# Dividend proposal in the amount of ISK 3,500 million to shareholders

## Our Dividend Policy:

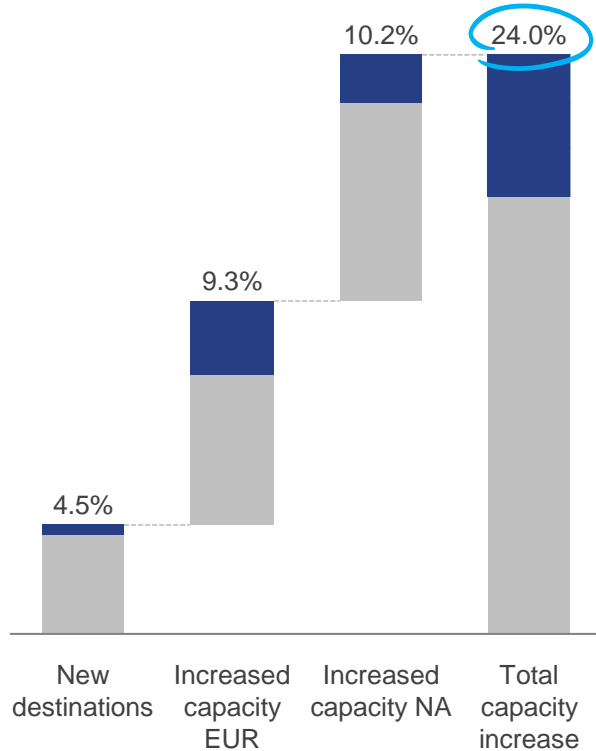
The goal is to pay 20-40% of each year's net profit as dividend. Final annual dividend payments will be based on the financial position of the Company, operating capital requirements and market conditions.

The Board of Directors proposes to pay as a dividend in 2016:



# 24% capacity increase in the Route Network in 2016

Change in capacity\* 2016 vs 2015



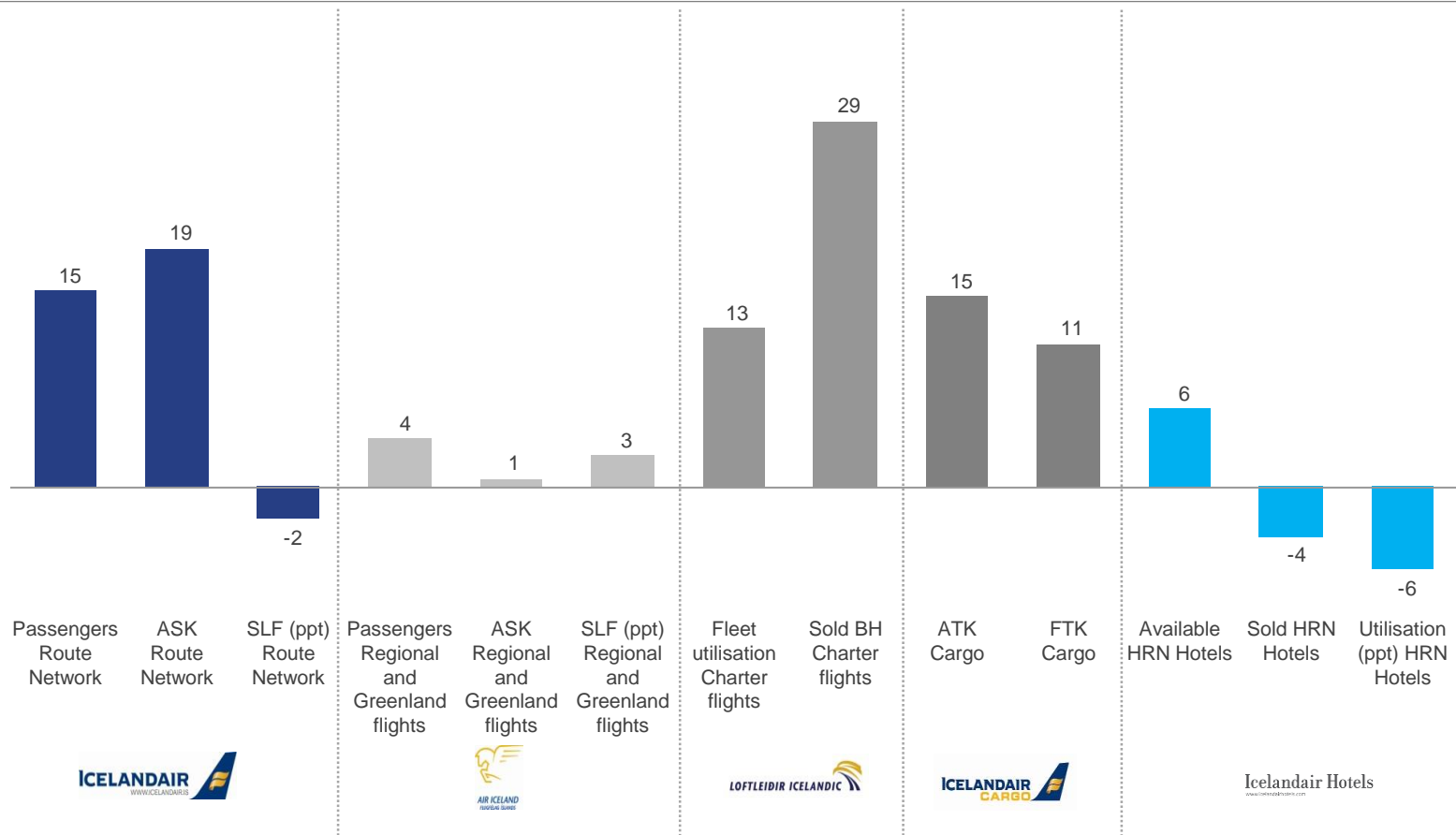
One extra B-757 aircraft added to the fleet and Orly added as new airport in France

■ Announced YoY increase in flight schedule for 2016 in September 2015  
■ Additional capacity since September 2015

\* Capacity = Available Seat Kilometers (ASK)

# 15% increase in passenger numbers in the Route Network in January 2016

Year-on-year change in %



# Continued focus on utilising the belly space

**4-14**

tons capacity  
per trip

## Icelandair Passenger Aircraft

25 B 757 aircraft

2 B 767 aircraft – opening new opportunities

**34-38**

tons capacity  
per trip

## Freighter Aircraft

2 B757 aircraft

**1-3.5**

tons capacity  
per trip

## Air Iceland Passenger Aircraft

2 Bombardier Q200

3 Bombardier Q400

## Our regional operation developing further in 2016

Three Bombardier  
Q400 aircraft  
to replace  
five Fokker-50  
aircraft

Kangerlussuaq  
in Greenland  
a new destination  
summer  
2016

Bombardier Q400  
aircraft used  
in the international  
Route Network to  
serve Aberdeen

# Good prospects in our aircraft leasing business in 2016



2

B 737-800

1

B 737-700

2

B 767-300

2

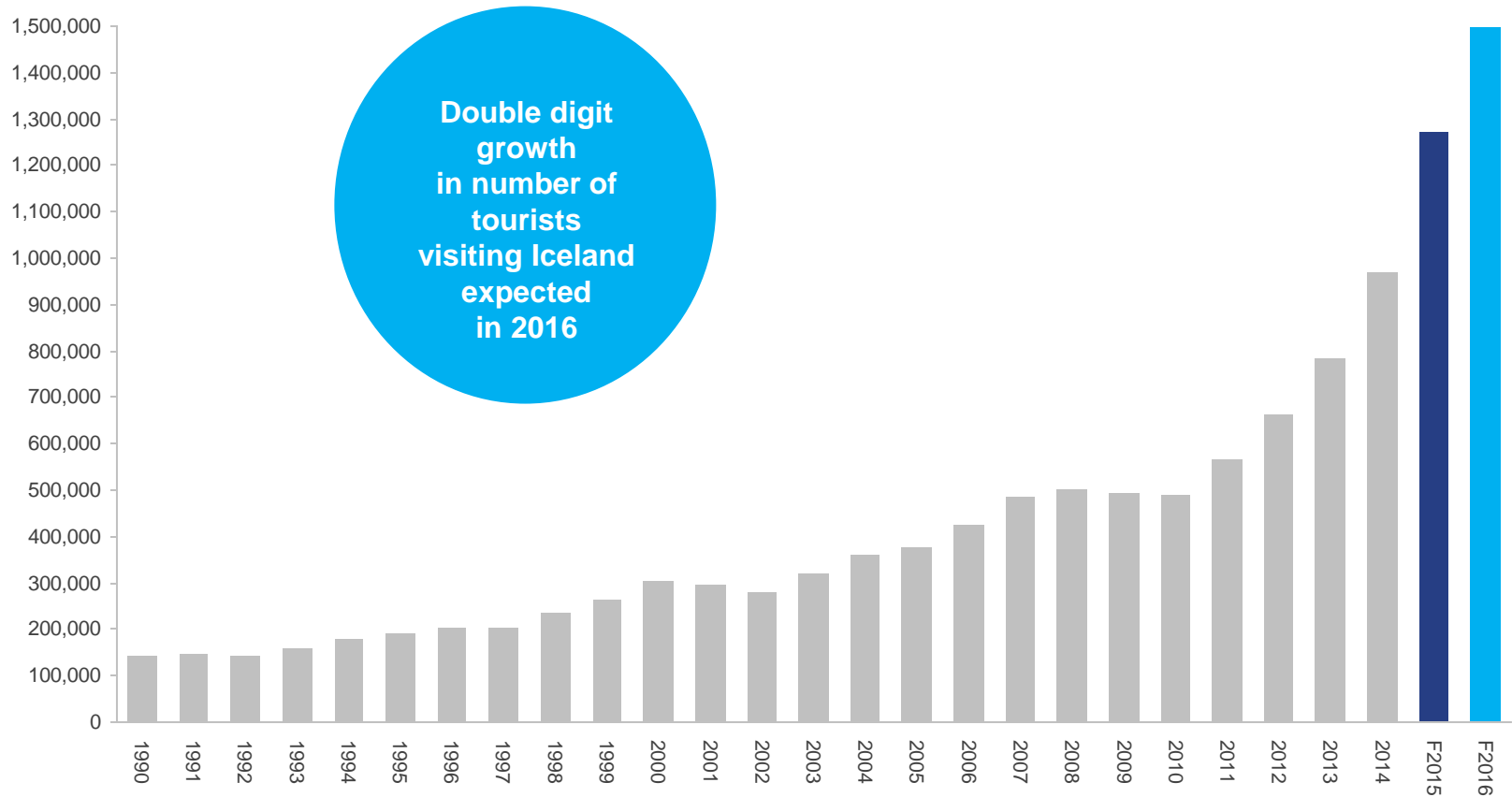
B 757-200

+

Leasing of excess capacity in the Route Network in off-season

# Good opportunities in tourist related services in Iceland

Number of tourists  
visiting Iceland



\* Source = Icelandic Travel Bureau

## Continued growth in our hotel operation

**2016**



Opening in cooperation with Hilton Worldwide  
115 rooms

**2017**

Opening of a luxury hotel downtown Reykjavik  
50 rooms

**2017**

Opening of a luxury hotel downtown Reykjavik  
160 rooms

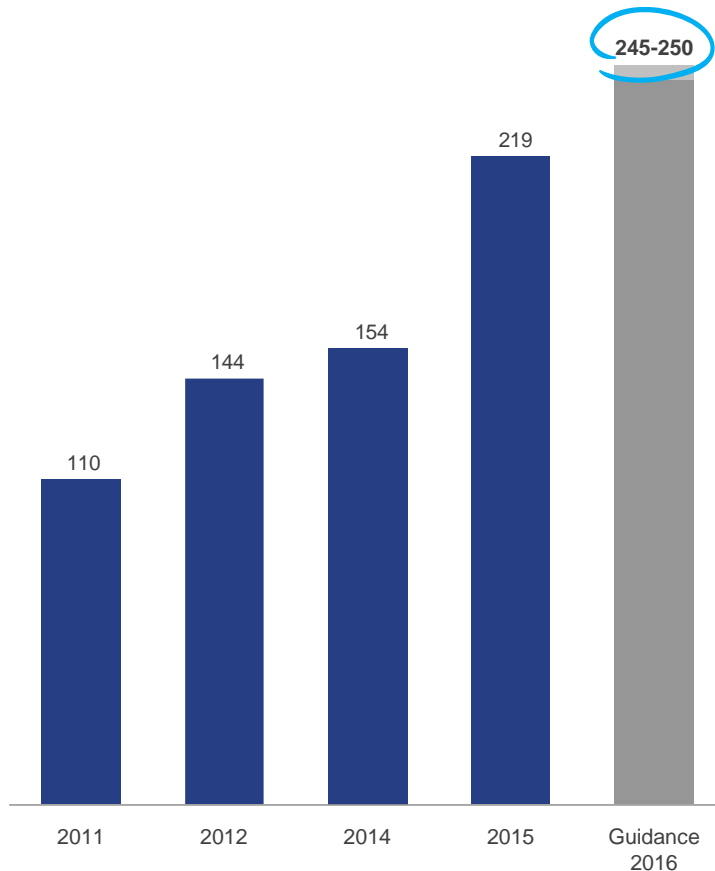
**2015-2017**

Build-up of a Hotel at Mývatn in the North of Iceland



# EBITDA guidance for 2016 USD 245-250 million

## EBITDA development 2011-2016 in USD million



### Main assumptions:

- | Continued focus on profitable organic growth
- | Capacity increase in the Route Network 24% and booking situation is favourable
- | Good outlook for cargo and charter operations
- | Favourable prospects in the tourist services in Iceland
- | Expansion in the hotel operation with the opening of a new Canopy hotel (115 rooms) downtown Reykjavik in summer 2016 in co-operation with Hilton Worldwide
- | EUR/USD rate assumed 1.08
- | Average fuel price (excluding hedging) 385 USD/ton in January, 314 USD/ton in February and 350 USD/ton in March - December

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