



**ICELANDAIR GROUP HF**  
**PRESENTATION OF Q4 2013 RESULTS | 7 FEBRUARY 2013**



# FINANCIAL RESULTS

BOGI NILS BOGASON | CFO



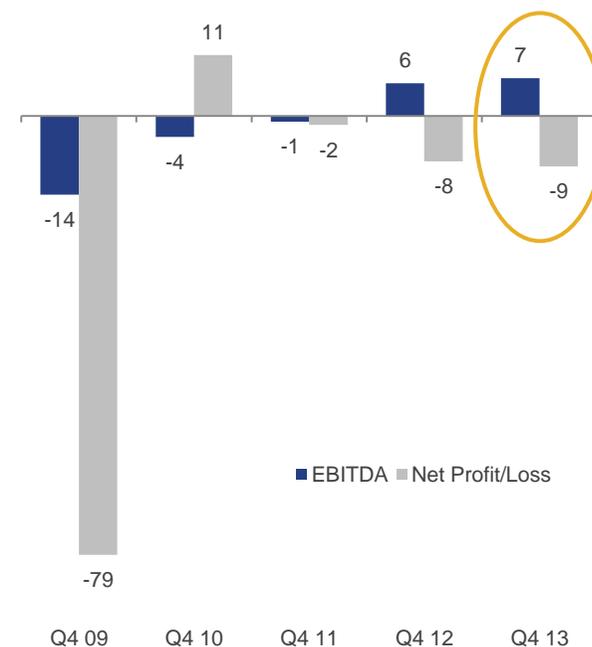
# INCOME STATEMENT Q4

## LOSS AMOUNTED TO USD 9.1 MILLION

USD million	Q4 2013	Q4 2012	% Chg.
<b>Operating Income</b>	<b>212.7</b>	<b>189.4</b>	<b>12%</b>
Salaries and related expenses	62.1	53.4	16%
Aircraft fuel	54.0	49.5	9%
Aircraft and aircrew lease	7.5	11.0	-32%
Aircraft maintenance expenses	17.1	19.1	-11%
Aircraft handling, landing and comm.	16.6	13.9	19%
Other expenses	48.5	36.6	33%
<b>EBITDA</b>	<b>6.8</b>	<b>5.9</b>	-
<b>EBIT</b>	<b>-10.9</b>	<b>-8.2</b>	-
<b>EBT</b>	<b>-11.2</b>	<b>-8.5</b>	-
<b>Loss for the period</b>	<b>-9.1</b>	<b>-8.2</b>	-
<b>EBITDA ratio</b>	<b>3.2%</b>	<b>3.1%</b>	<b>0.1 ppt</b>
<b>EBITDAR</b>	<b>16.8</b>	<b>19.1</b>	-
<b>EBITDAR ratio</b>	<b>7.9%</b>	<b>10.1%</b>	<b>-2.2 ppt</b>

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

USD million



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

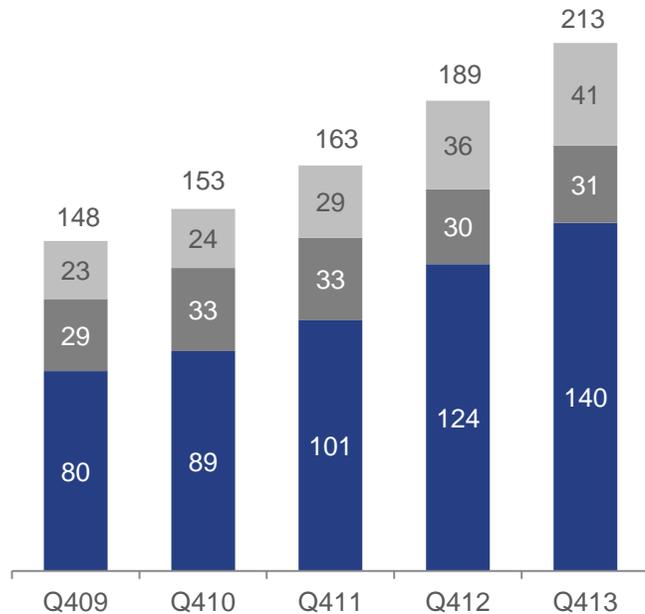
# REVENUE INCREASE IN Q4 12%

INCREASE IN NUMBER OF PASSENGERS FROM Q4 2009 82%

## Operating revenue Q4 (like-for-like\*)

USD million

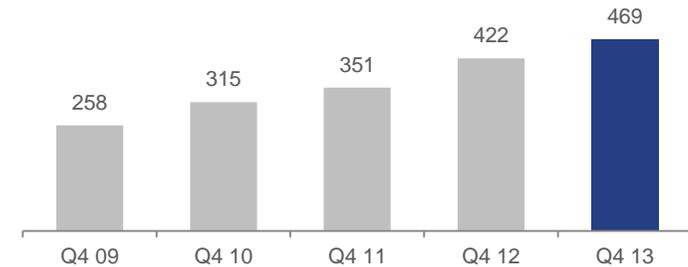
- Other revenues
- Aircraft and aircrew lease
- Transport revenue



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

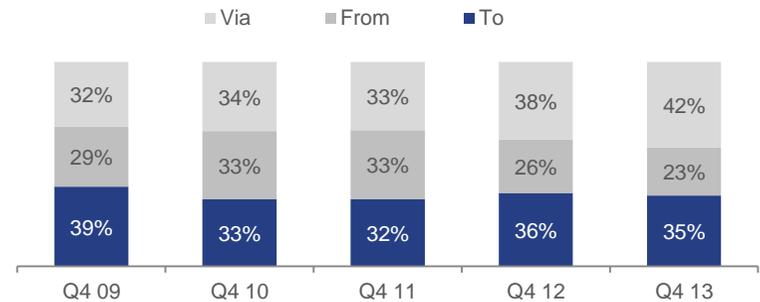
## Passenger development Q4

2009 - 2013



## Passenger mix Q4

2009 - 2013



# CASH FLOW IN Q4 2013

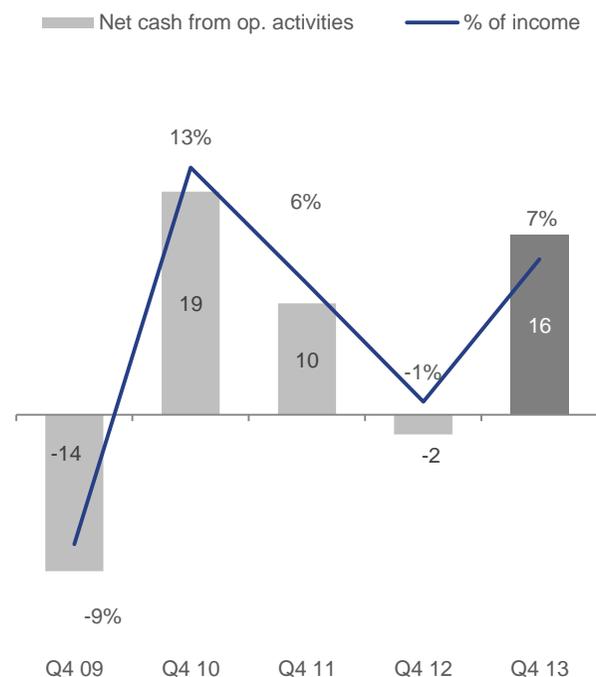
USD million	Q4 2013	Q4 2012
Working capital from operations	4.6	10.8
Net cash from operating activities	15.7	-1.7
Net cash used in investing activities	-32.7	-25.7
Net cash used in financing activities	-7.9	-6.1
<b>Change in cash and cash equivalents</b>	<b>-24.9</b>	<b>-33.5</b>
<b>Cash and cash equivalents end of period</b>	<b>191.5</b>	<b>117.1</b>

## Comments

- Capital expenditures in Q4 2013 amounted to USD 20.5 million
- Repayment of long term borrowings amounted to USD 7.9 USD

## Net cash from operating activities

USD million



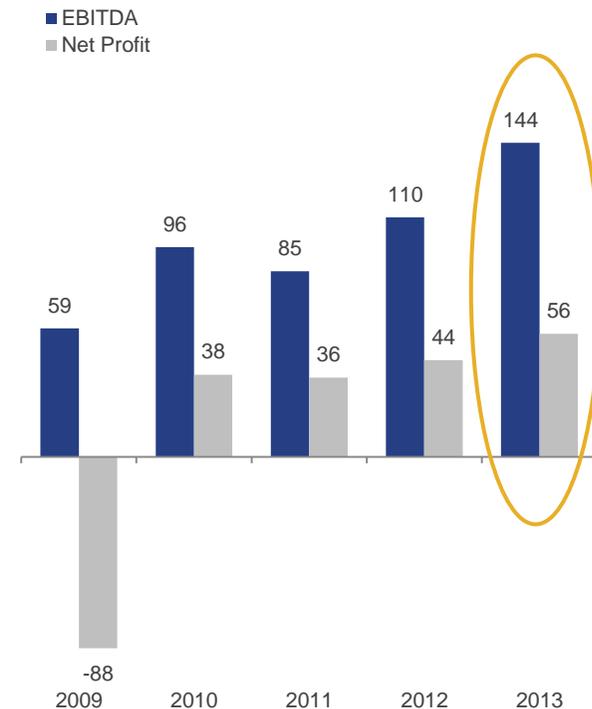
# INCOME STATEMENT

PROFIT FOR THE YEAR AMOUNTED USD 56.4 MILLION

USD million	2013	2012	% Chg.
<b>Operating Income</b>	<b>1,023.0</b>	<b>898.9</b>	<b>14%</b>
Salaries and related expenses	239.4	203.8	17%
Aircraft fuel	242.6	220.1	10%
Aircraft and aircrew lease	34.6	46.7	-26%
Aircraft maintenance expenses	81.5	78.2	4%
Aircraft handling, landing and comm.	74.3	66.5	12%
Other expenses	206.8	173.9	19%
<b>EBITDA</b>	<b>143.7</b>	<b>109.6</b>	-
<b>EBIT</b>	<b>73.0</b>	<b>50.8</b>	-
<b>EBT</b>	<b>71.0</b>	<b>57.4</b>	-
<b>Profit for the period</b>	<b>56.4</b>	<b>44.3</b>	-
<b>EBITDA ratio</b>	<b>14.0%</b>	<b>12.2%</b>	<b>1.9 ppt</b>
<b>EBITDAR</b>	<b>189.9</b>	<b>165.8</b>	-
<b>EBITDAR ratio</b>	<b>18.6%</b>	<b>18.4%</b>	<b>0.1 ppt</b>

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

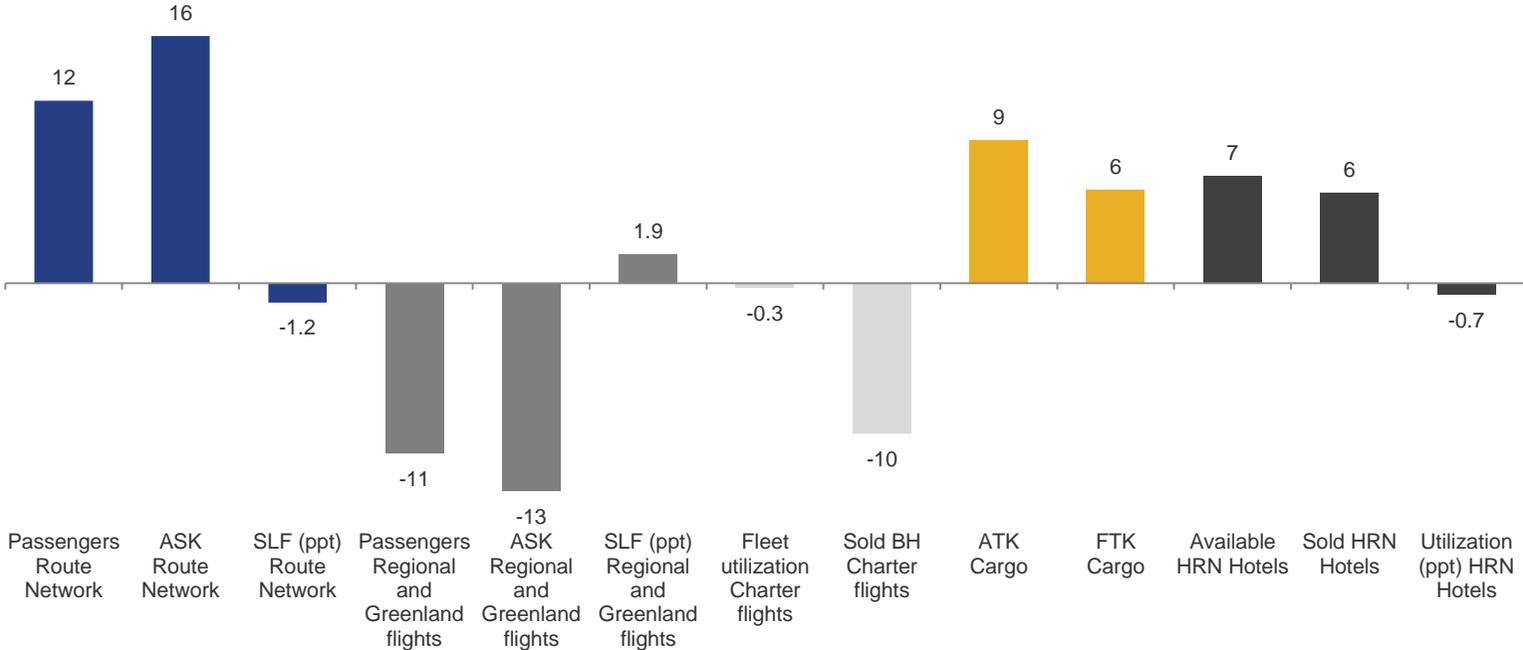
USD million



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

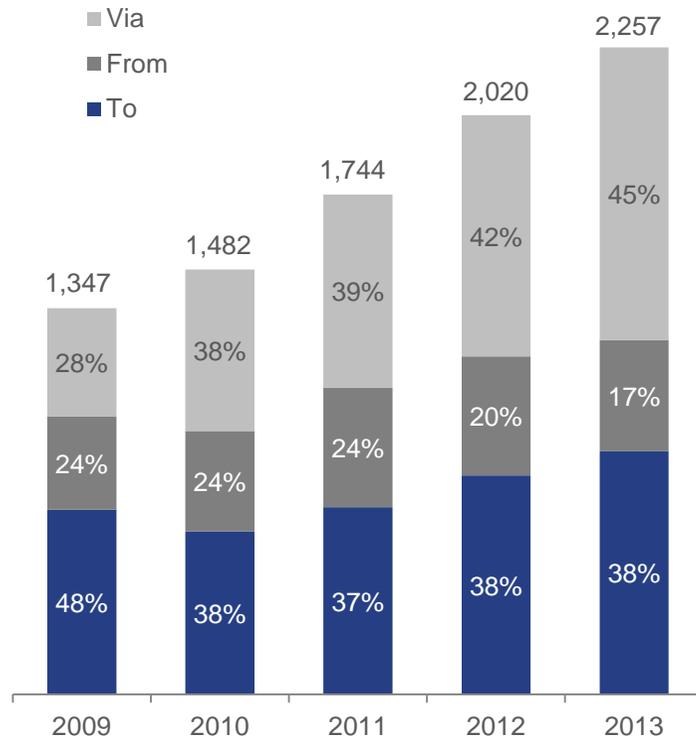
# TRAFFIC DATA 2013

Year-on-year change in %

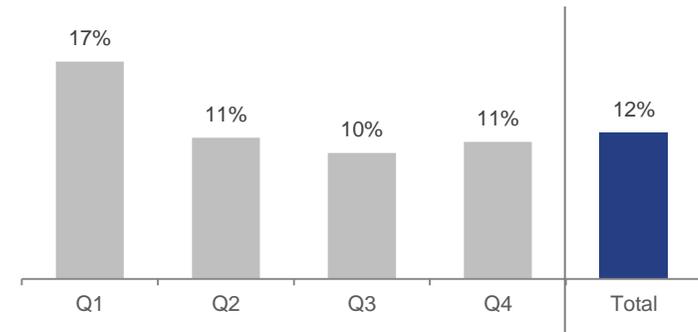


# 2.3 MILLION PASSENGERS IN 2013 IN OUR ROUTE NETWORK

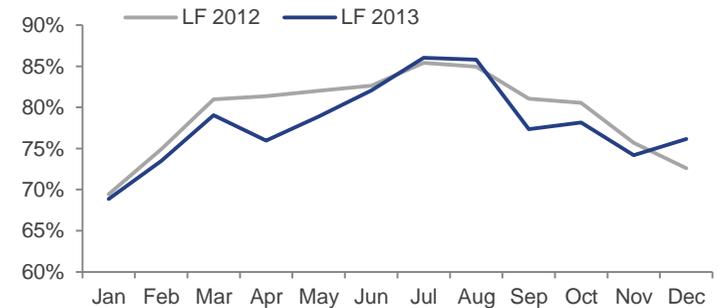
**Passenger mix and total passengers in thousands**  
2009-2013



**Passenger development**  
2013 vs. 2012 per quarter and YoY



**Load factor**  
2013 vs. 2012 per month



# FUEL PRICE DEVELOPMENT

## Hedging position

January - December 2014

2014	Estimated usage (tons)	Hedge and option contracts	Av. Hedge price USD	%hedged
January	14,273	6,200	972	43%
February	12,196	6,200	974	51%
March	16,033	7,200	983	45%
April	17,771	9,200	991	52%
May	23,946	11,200	969	47%
June	29,439	14,300	984	49%
July	31,528	6,400	974	20%
August	31,526	6,400	970	20%
September	26,373	5,200	997	20%
October	21,057	4,200	989	20%
November	17,928	200	968	1%
December	16,560	200	968	1%
<b>Total</b>	<b>258,631</b>	<b>76,900</b>	<b>980</b>	<b>30%</b>

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

## Fuel price in USD per Tonne

2013 vs. 2012



# BALANCE SHEET

EQUITY RATIO 42%

USD million	31.12.. 2013	31.12 2012
<b>Assets</b>		
Operating Assets	299.2	283.0
Intangible assets	179.7	176.7
Other non-current assets	18.1	14.2
<b>Total non-current assets</b>	<b>497.0</b>	<b>473.9</b>
Other current-assets	136.4	156.2
Markatable securities	8.0	15.7
Cash and cash equivalents	191.5	117.1
<b>Total current assets</b>	<b>335.9</b>	<b>289.0</b>
<b>Total assets</b>	<b>832.9</b>	<b>762.9</b>

## Comments

- | Cash, cash equivalents and marketable securities USD 199.5 million
- | Interest-bearing debt USD 122.0 million
- | The effect of reassessed tax calculations for the years 2007-2011 is not included in the financial statements

USD million	31.12. 2013	31.12 2012
<b>Equity and liabilities</b>		
<b>Stockholders equity</b>	<b>346.1</b>	<b>295.9</b>
Loans and borrowings non-current	78.5	119.4
Other non-current liabilities	51.7	41.7
<b>Total non-current liabilities</b>	<b>130.2</b>	<b>161.1</b>
Loans and borrowings current	43.5	31.5
Trade and other payables	159.5	152.2
Deferred income	153.5	122.1
<b>Total current liabilities</b>	<b>356.6</b>	<b>305.9</b>
<b>Total equity and liabilities</b>	<b>832.9</b>	<b>762.9</b>
Equity ratio	42%	39%
Current ratio	0.94	0.94
Net interest bearing debt	-77.5	18.1
Interest bearing debt	122.0	150.9

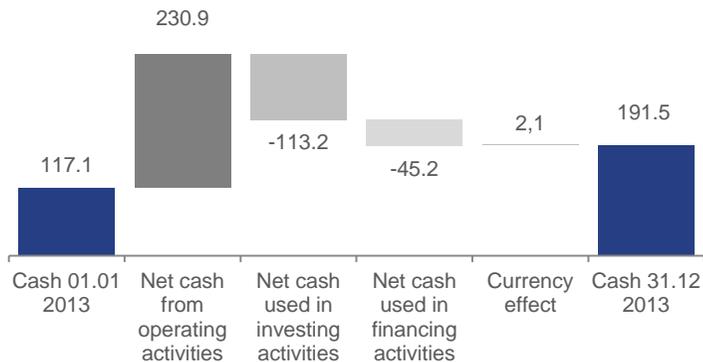
# STRONG CASH FLOW

NET CASH FROM OPERATION 230.9 MILLION USD

USD million	2013	2012
Working capital from operations	162.4	141.5
Net cash from operating activities	230.9	166.7
Net cash used in investing activities	-113.2	-76.5
Net cash used in financing activities	-45.2	-51.5
<b>Increase in cash and cash equivalents</b>	<b>72.4</b>	<b>38.8</b>
<b>Cash and cash equivalents end of period</b>	<b>191.5</b>	<b>117.1</b>

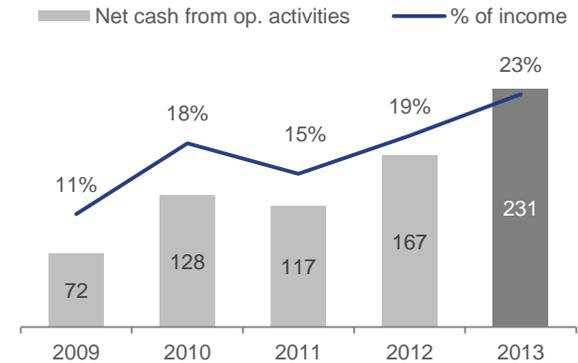
## Changes in Cash in 2013

USD million



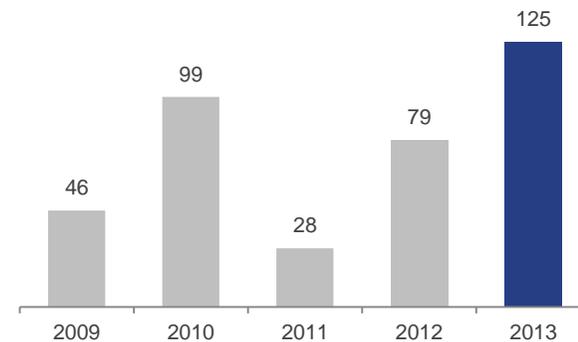
## Net cash from operations and as % of income

USD million



## Free cash flow

USD million

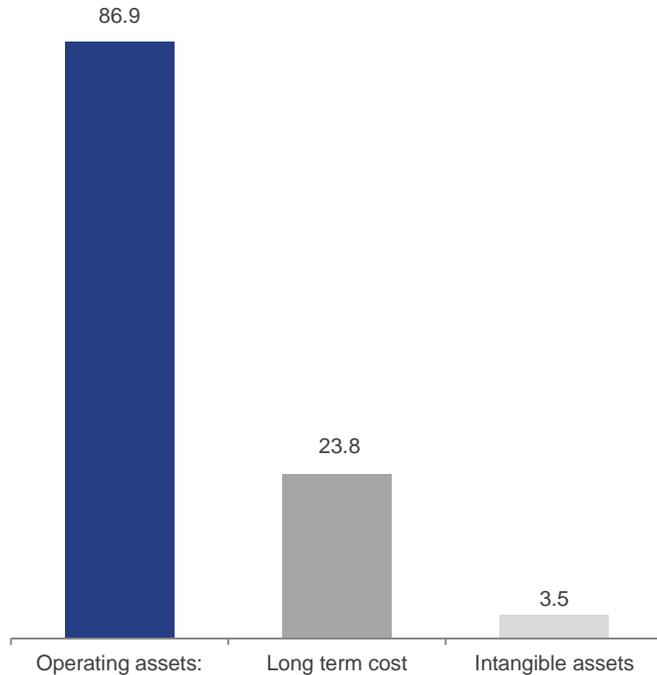


# CAPEX

USD 114.2 MILLION IN 2013

## Investments 2013

in USD millions



### Operating assets:

- | Aircraft and aircraft components  
USD 58.4 million
- | Overhaul own aircraft  
USD 18.5 million
- | Other investments in operating assets  
USD 10.0 million

### Long term cost:

- | Overhaul leased aircraft  
USD 23.8 million
- | Expensed long term cost  
USD 24.9 million



# OUTLOOK

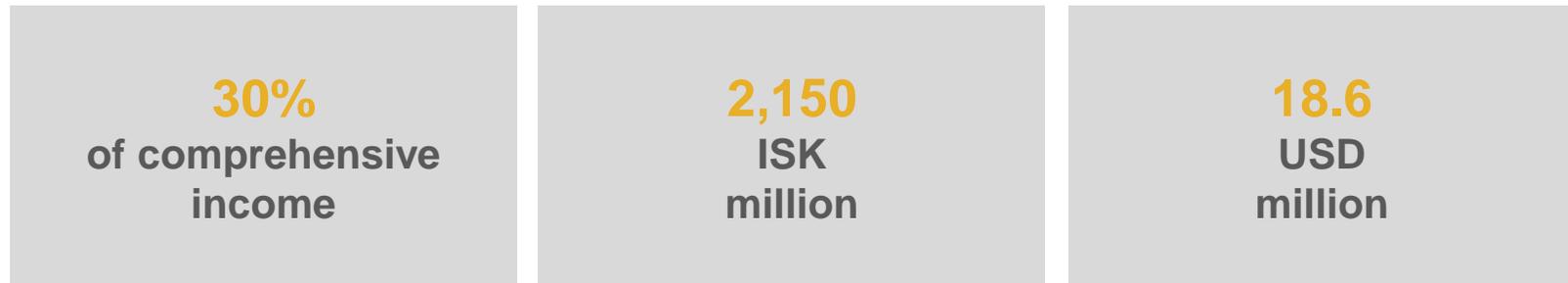
BJÖRGÓLFUR JÓHANSSON | PRESIDENT AND CEO

# DIVIDEND PROPOSAL 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.

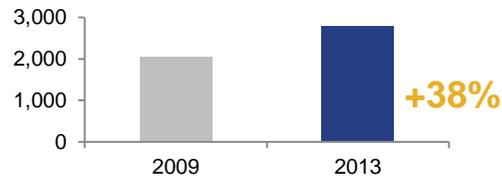
The Board of Directors proposes to pay as a dividend in 2014:



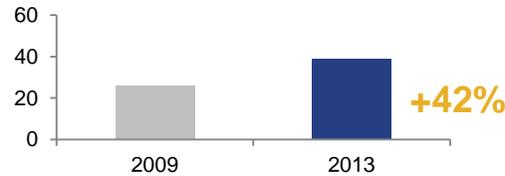
# OUR GROWTH LAST 5 YEARS IN NUMBERS

2009 vs. 2013

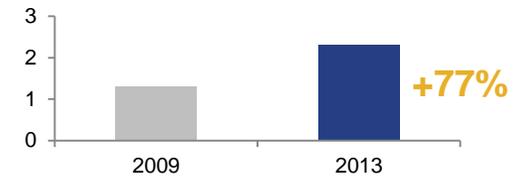
Full time employees



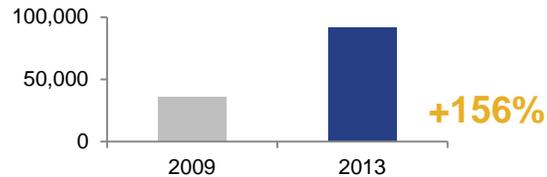
Aircraft



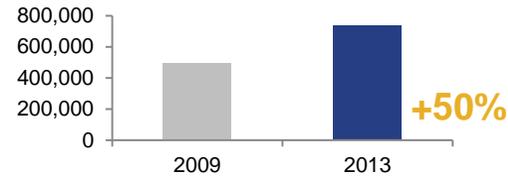
Passenger Route Network (mill.)



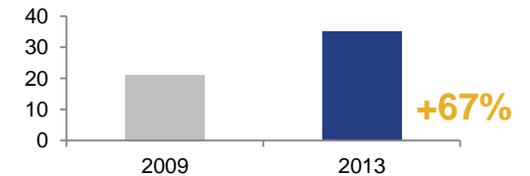
Pax TO Iceland with Iceland Travel



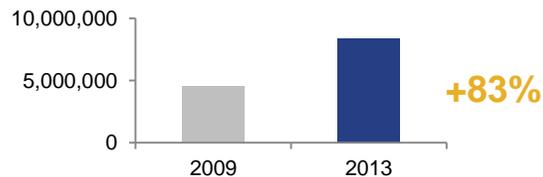
Tourists to Iceland



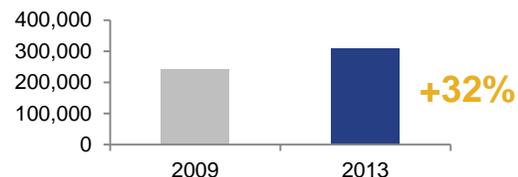
Destinations in Route Network



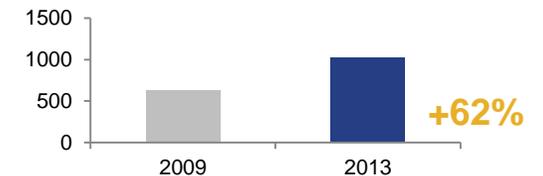
ASK Route Network



Available hotel room nights



Total revenues USD million



# OUR STRATEGY FIRMLY ESTABLISHED IN 2013

**1**

**Focus on the Route Network and Tourism Services**

**2**

**Focus on reducing seasonality in the Group's operations**

**3**

**Focus on organic growth and business development**

**4**

**Focus on achieving greater synergies between Group companies**

**5**

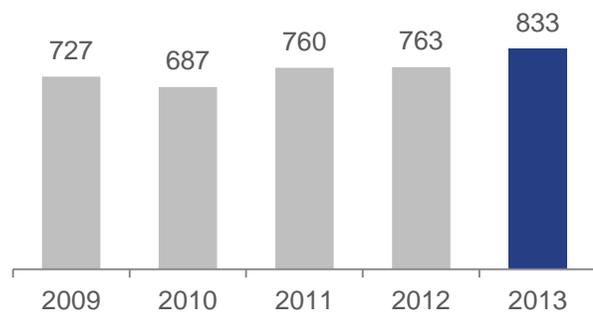
**Focus on improving efficiency with special emphasis on continued cost control**

# SOUND FINANCIAL POSITION

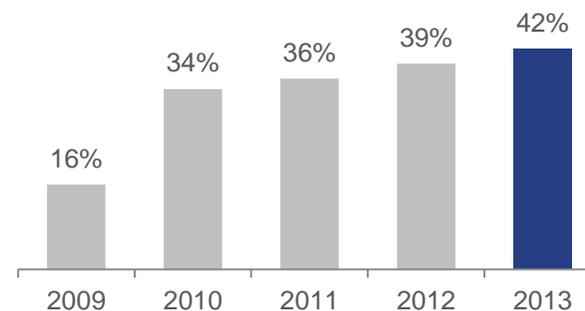
## BASIS FOR FURTHER PROFITABLE GROWTH

### Total Assets

USD million

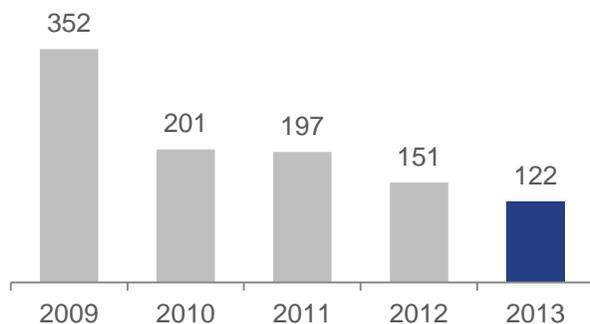


### Equity ratio



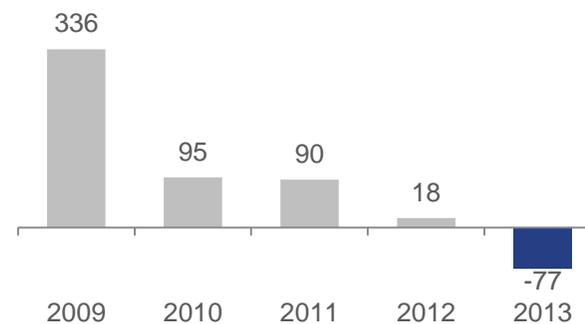
### Interest bearing debt

USD million



### Net interest bearing debt

USD million

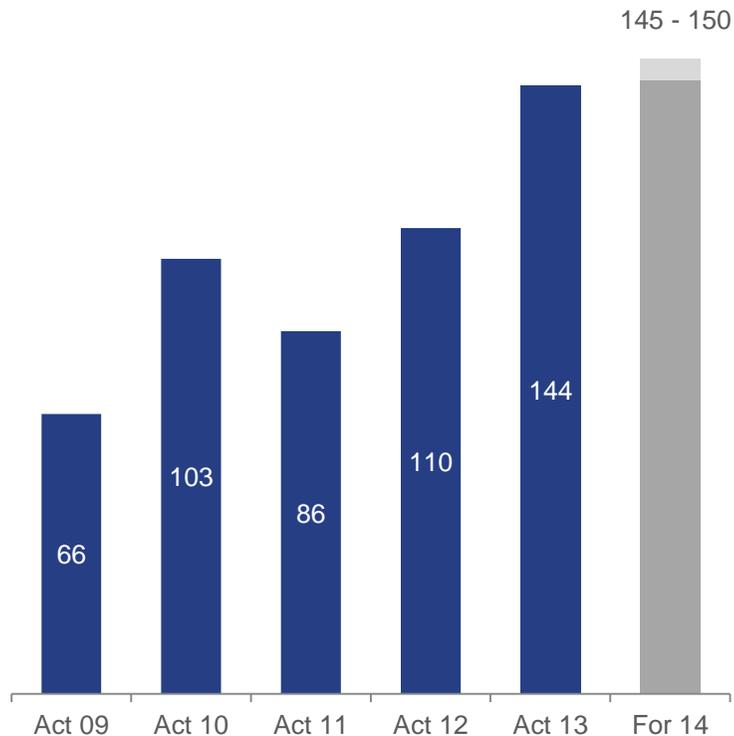


# EBITDA FORECAST 2014

USD 145-150 MILLION

## EBITDA development

2009-2014 in USD million



### Main forecast assumptions:

- | EUR/USD exchange rate  
1.35 January – June  
1.30 July - December
- | Average fuel price (excluding hedging) 1,000 USD/ton
- | EBITDA as percentage of total revenue forecasted 13.0%-13.5% in 2014 compared to 14.0% in 2013. Main reasons for lower EBITDA ratio are increased competition affecting yields, rising fuel prices, expected currency development and general cost increases
- | EBITDA in Q1 2014 projected as negative and short of the figure for the Q1 2013, the reason being that cost relating to the increased scope of operations over the peak period accrues to a large extent during this quarter.
- | With sound business model and solid finance position Icelandair Group is well positioned for further profitable growth

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