



ICELANDAIR GROUP HF

PRESENTATION OF Q3 2014 RESULTS | 31 OCTOBER 2014



HIGHLIGHTS Q3 2014

1

Revenues up 13%
with record high
passenger numbers

2

Net profit
of USD
85 million

3

Strong financial
position with 46%
equity ratio

FINANCIAL RESULTS

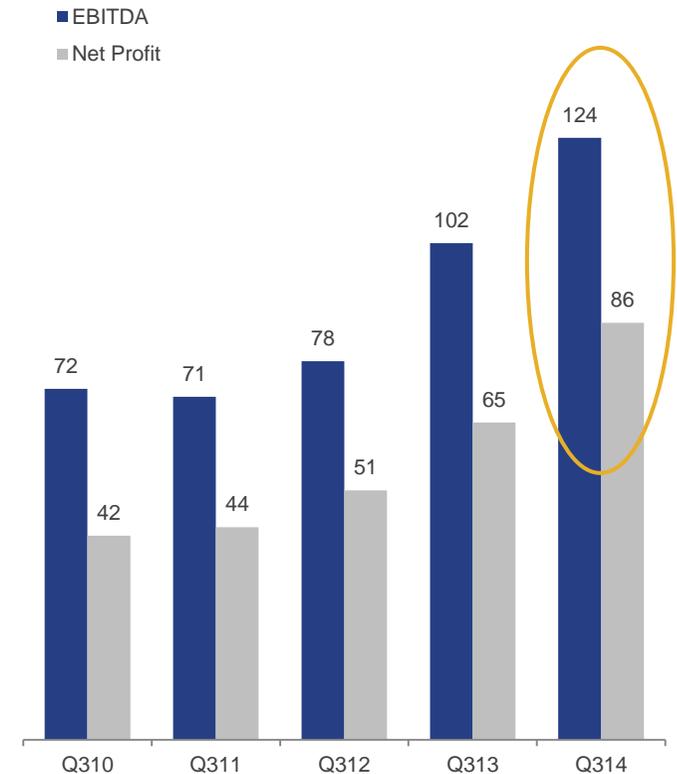
BOGI NILS BOGASON | CFO

STRONG RESULTS IN Q3

USD million	Q3 2014	Q3 2013	% Chg.
Operating Income	418.7	371.7	13%
Salaries and related expenses	69.8	61.5	13%
Aircraft fuel	95.8	80.6	19%
Aircraft lease	5.7	8.9	-36%
Aircraft handling, landing and communication	29.4	25.5	15%
Aircraft maintenance expenses	21.6	26.7	-19%
Other expenses	72.6	66.1	10%
EBITDA	123.9	102.2	-
EBIT	102.5	82.2	-
EBT	106.2	81.9	-
Profit for the period	85.8	65.3	-
EBITDA ratio	29.6%	27.5%	2.1 ppt
EBITDAR	134.5	114.3	-
EBITDAR ratio	32.1%	30.8%	1.4 ppt

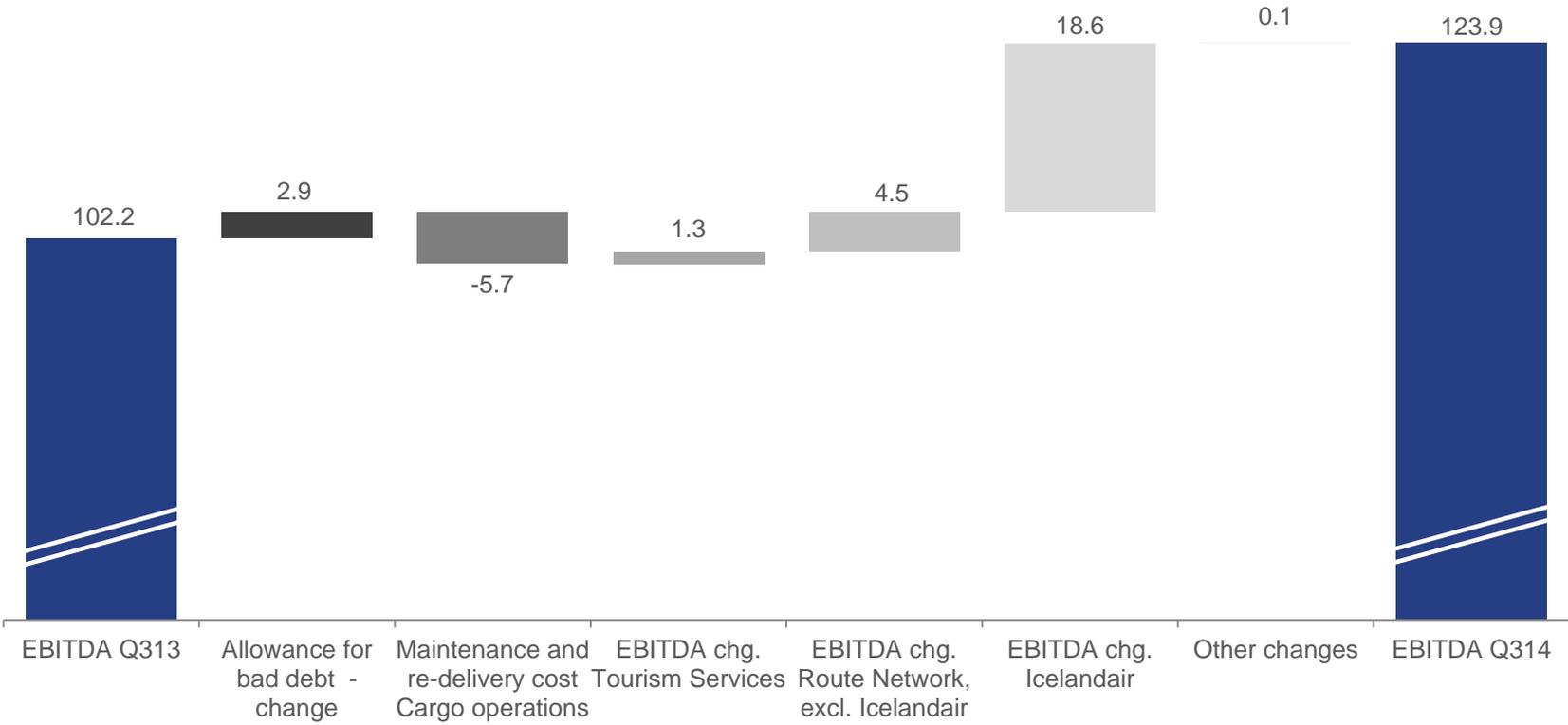
EBITDA and net profit (like-for-like*)

USD million



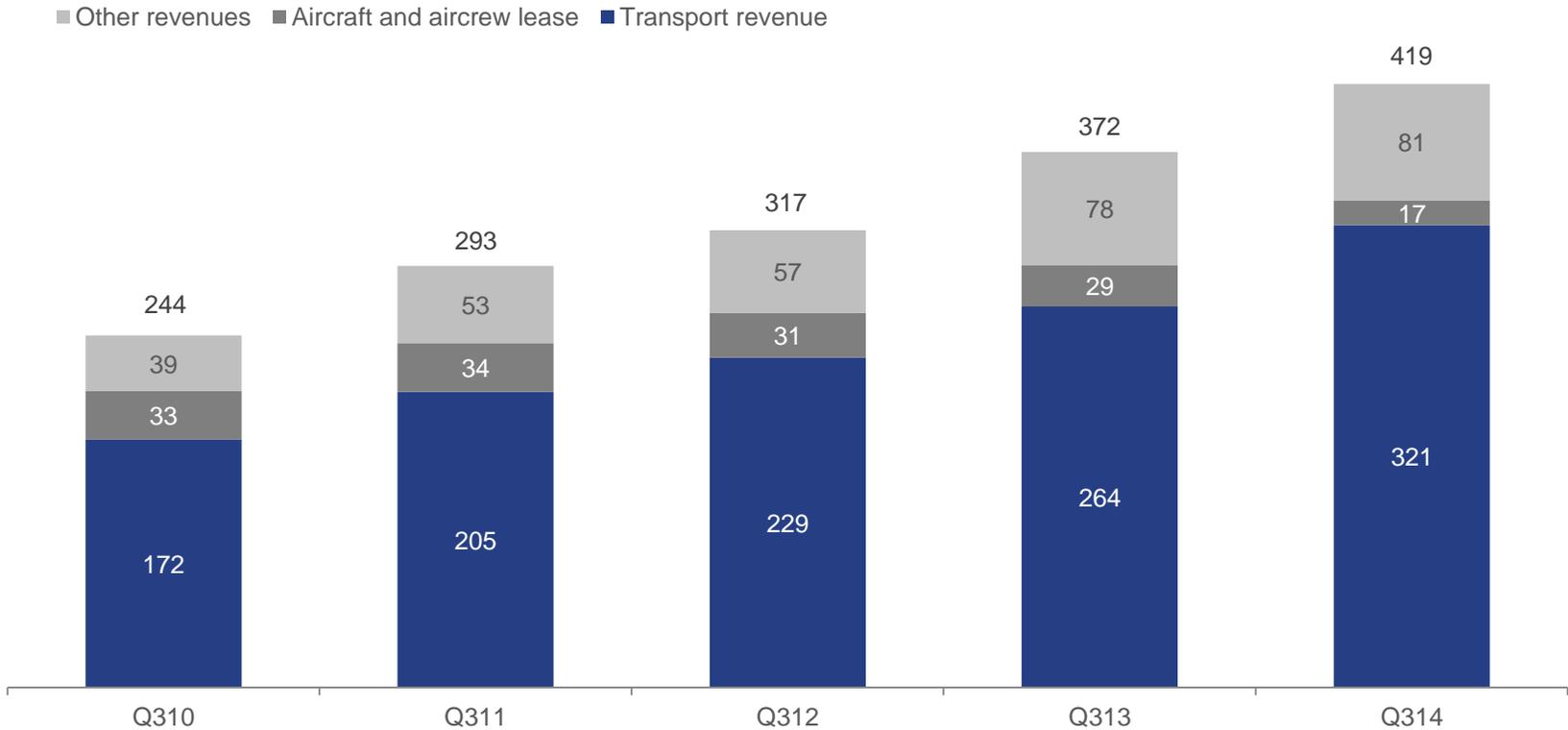
* not incl. figures for Bluebird in 2010

THE NETWORK DRIVING GOOD RESULTS



TRANSPORT REVENUES UP 22% FROM LY

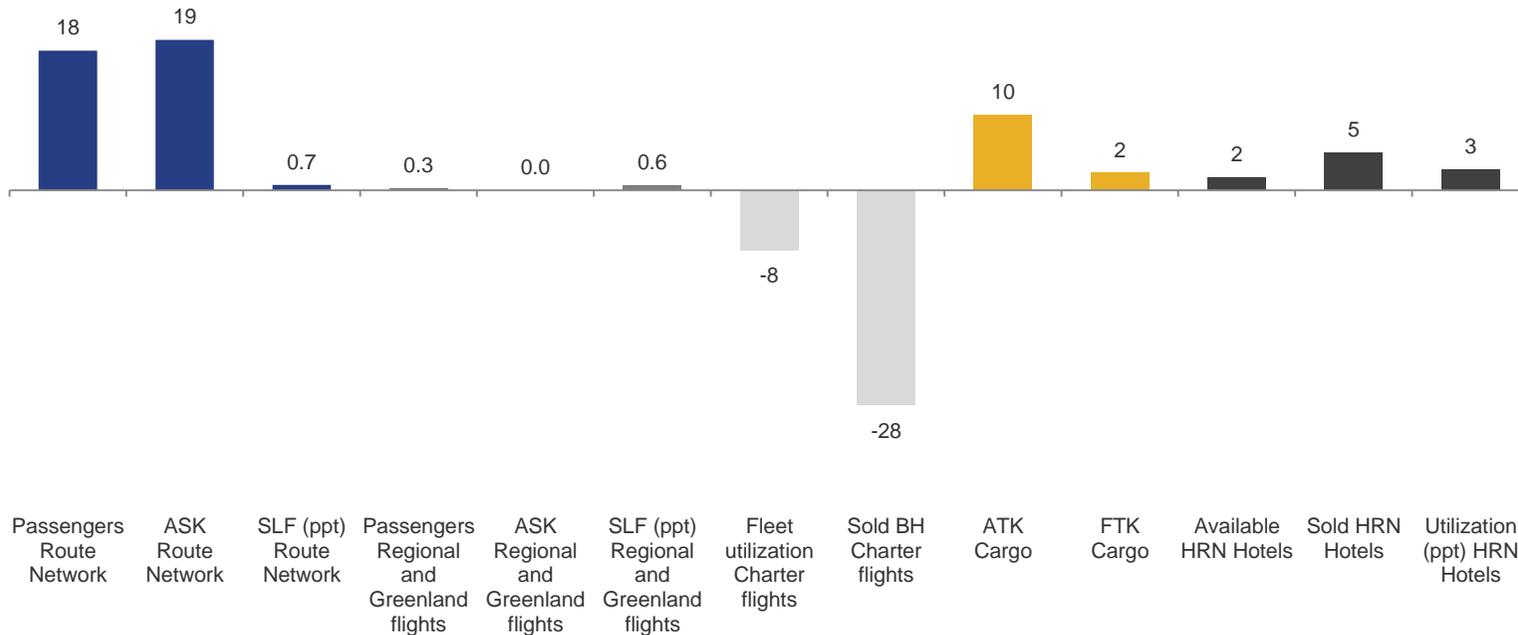
Operating revenue (like-for-like)*
in USD million



* not incl. figures for Bluebird in 2010

GROWTH IN ALL BUSINESSES EXCEPT IN CHARTER OPERATIONS

Year-on-year change in % in Q3

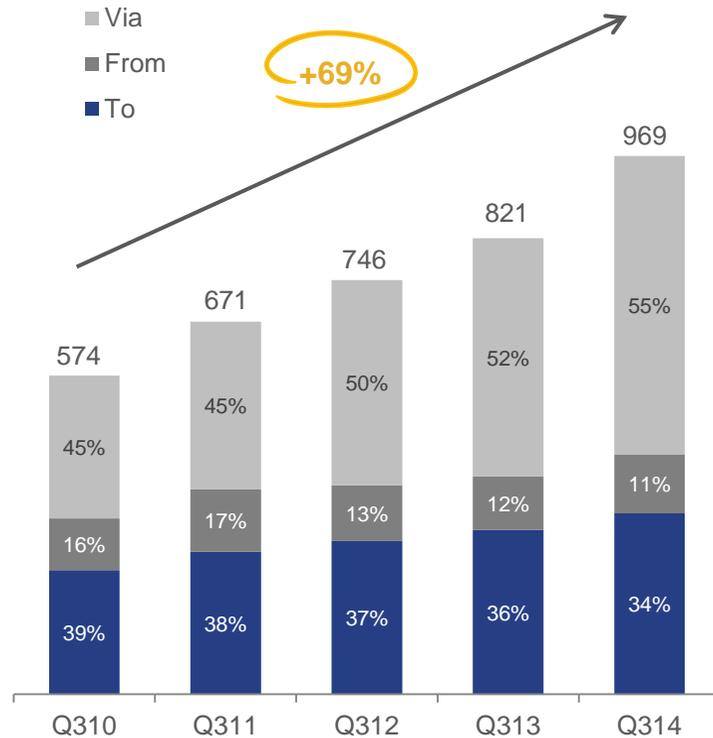


970 THOUSAND PASSENGERS IN Q3 2014

A RECORD HIGH

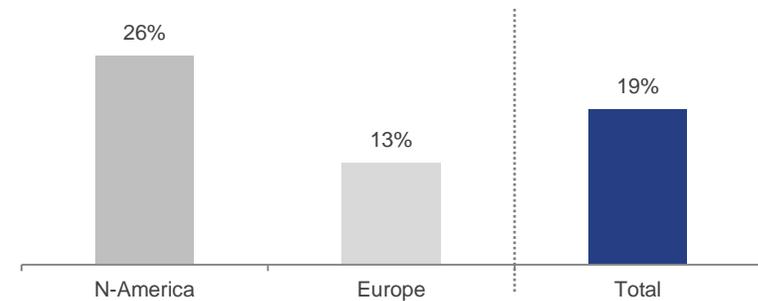
Passengers and passenger mix

Route Network in thousands



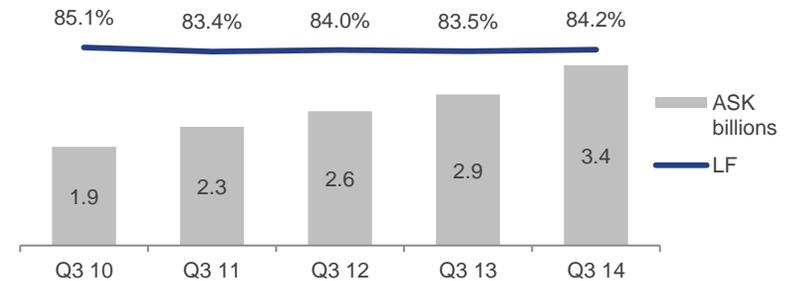
Changes in Available Seat Kilometers (ASK)

Route Network YoY in %



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

Route Network Q3 2010-Q3 2014

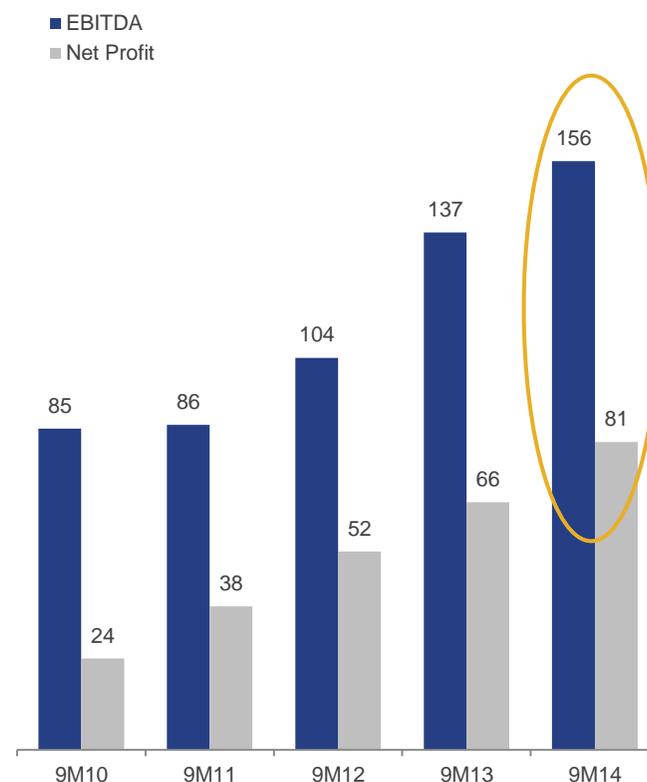


* not incl. figures for Bluebird in 2010

GOOD RESULTS IN THE FIRST NINE MONTHS

USD million	9M 2014	9M 2013	% Chg.
Operating Income	907.8	810.3	12%
Salaries and related expenses	208.0	177.3	17%
Aircraft fuel	218.4	188.6	16%
Aircraft lease	18.8	27.1	-31%
Aircraft handling, landing and comm.	66.0	57.7	14%
Aircraft maintenance expenses	59.5	64.4	-8%
Other expenses	181.4	158.3	15%
EBITDA	155.8	136.9	-
EBIT	97.8	83.9	-
EBT	97.6	82.2	-
Profit for the period	81.5	65.5	-
EBITDA ratio	17.2%	16.9%	0.3 ppt
EBITDAR	186.3	173.0	-
EBITDAR ratio	20.5%	21.4%	-0.8 ppt

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



* not incl. figures for Bluebird in 2010

TOTAL ASSETS USD 877 MILLION

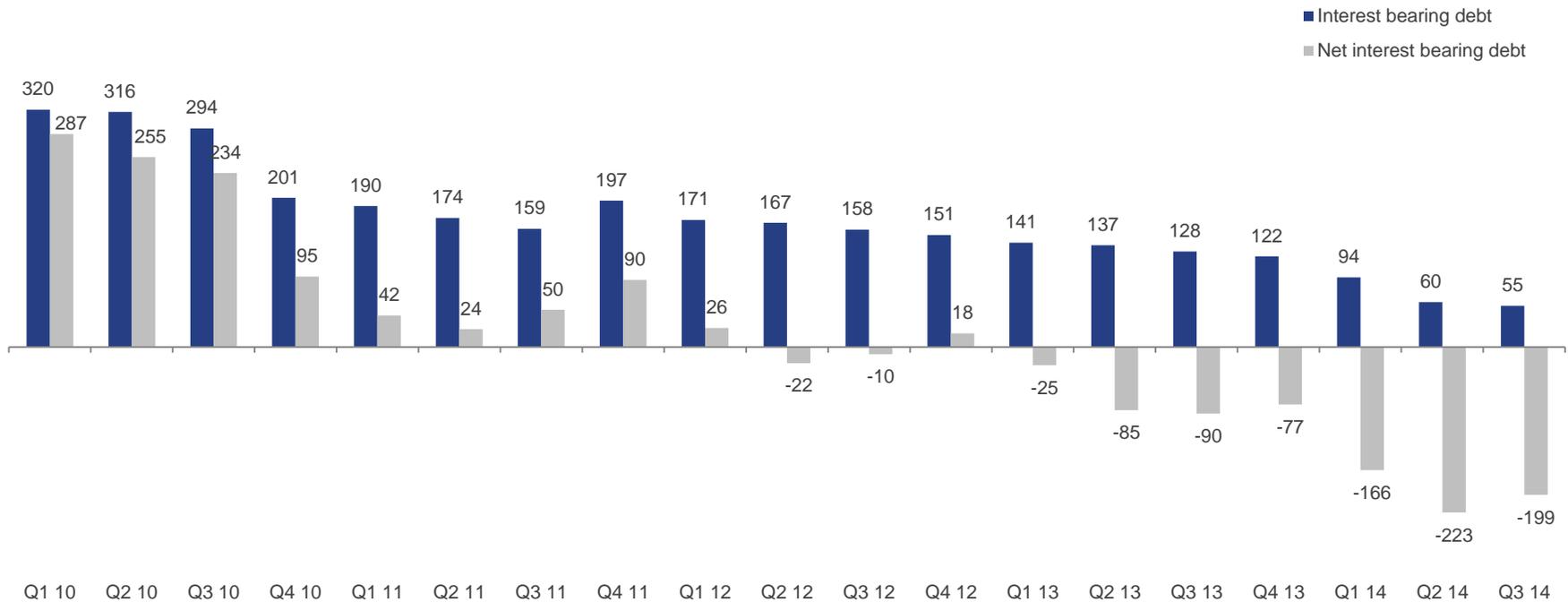
EQUITY RATIO AT END OF SEPTEMBER 46%

USD million	30.09 2014	31.12 2013
Assets		
Operating Assets	297.6	299.2
Intangible assets	176.9	179.7
Other non-current assets	19.1	18.1
Total non-current assets	493.7	497.0
Other current-assets	128.9	136.4
Marketable securities	27.1	8.0
Cash and cash equivalents	227.6	191.5
Total current assets	383.6	335.9
Total assets	877.2	832.9

USD million	30.09 2014	31.12 2013
Equity and liabilities		
Stockholders equity	403.6	346.1
Loans and borrowings non-current	43.0	78.5
Other non-current liabilities	59.0	51.7
Total non-current liabilities	102.0	130.2
Loans and borrowings current	12.5	43.5
Trade and other payables	202.5	159.5
Deferred income	156.7	153.5
Total current liabilities	371.6	356.6
Total equity and liabilities	877.2	832.9
Equity ratio	46%	42%
Current ratio	1.03	0.94
Net interest bearing debt	-199.2	-77.5
Interest bearing debt	55.5	122.0

LIABILITIES CONTINUE TO DECREASE IN 2014

Interest bearing and net interest bearing debt
in USD millions 2010-2014



STRONG CASH FLOW

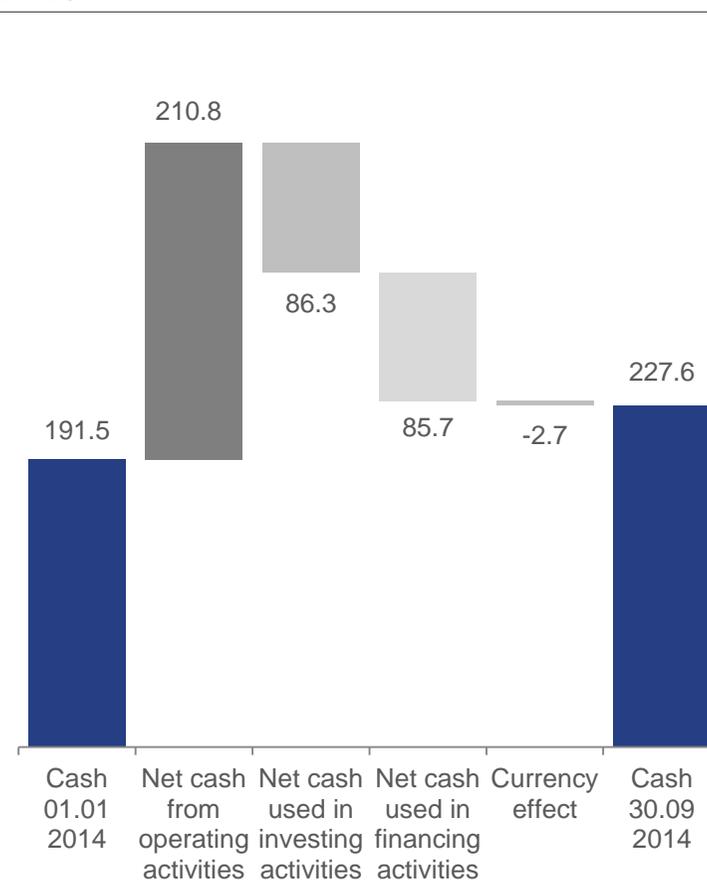
USD thousand	Q3 2014	Q3 2013
Working capital from operations	135.2	111.1
Net cash from operating activities	5.8	30.3
Net cash used in investing activities	-38.4	-24.3
Net cash used in financing activities	-3.6	-10.4
Decrease in cash and cash equivalents	-36.2	-4.4
Effect of exchange rate fluctuations on cash held	-3.2	0.5
Cash and cash equivalents at 1 January	267.0	219.3
Cash and cash equivalents at 30 September	227.6	215.5

Comments

- | Total Capex in Q3 2014 USD 28.3 million
- | Repayment of long term loans USD 3.6 million

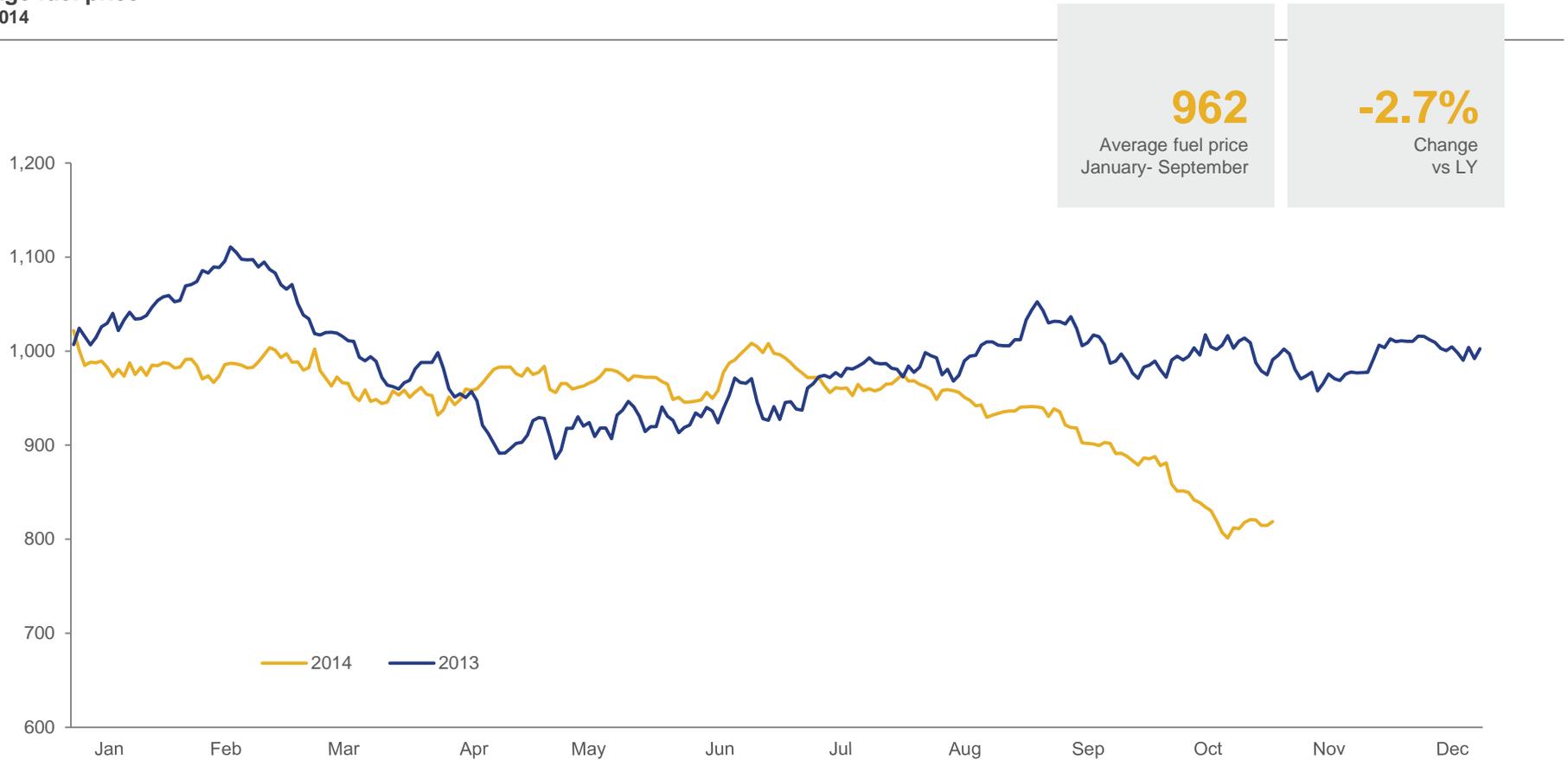
Changes in Cash in January - September 2014

USD million



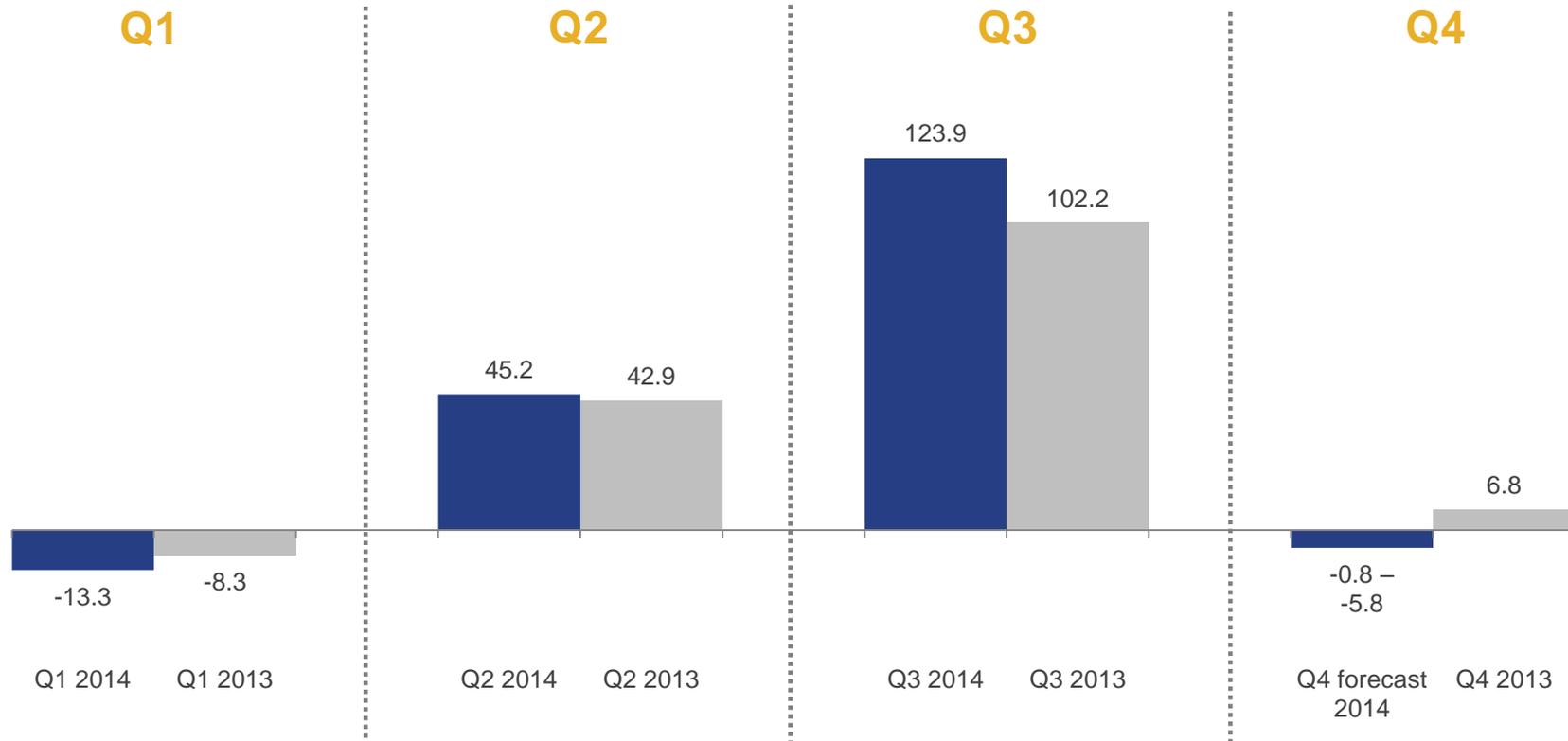
FUEL PRICE DEVELOPED DOWNWARDS IN 2014

Average fuel price
2013-2014



HIGH SEASONALITY

EBITDA per quarter
in USD million



OUTLOOK

BJÖRGÓLFUR JÓHANSSON | PRESIDENT AND CEO



ANCHORAGE

VANCOUVER

EDMONTON

SEATTLE

PORTLAND

DENVER

MINNEAPOLIS / ST. PAUL

TORONTO

WASHINGTON D.C.

ORLANDO

BOSTON

NEW YORK
JFK & NEWARK

HALIFAX

ICELAND

HELSINKI

STOCKHOLM

TRONDHEIM

OSLO

GOTHENBURG

COPENHAGEN

BERGEN

STAVANGER

BILLUND

HAMBURG

FRANKFURT

MUNICH

AMSTERDAM

BRUSSELS

ZURICH

GLASGOW

MANCHESTER

BIRMINGHAM

LONDON

HEATHROW
& GATWICK

PARIS

GENEVA

BARCELONA

MADRID

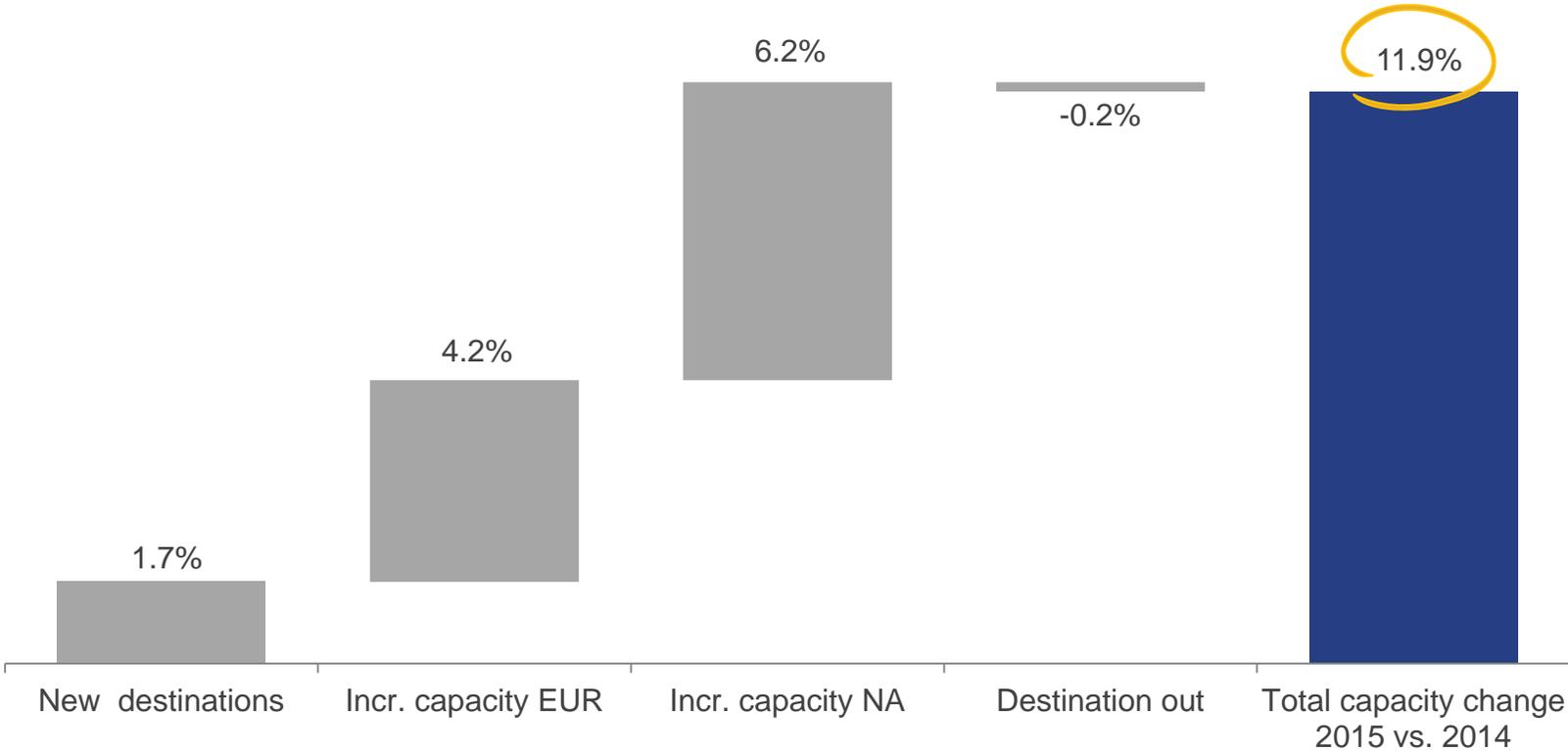
2015

39 DESTINATIONS

23 AIRCRAFT

2.9 MILLION PASSENGERS

THE GROWTH IS BOTH IN DEPTH AND BREADTH



Capacity = Available Seat Kilometers (ASK)

NEW HOTEL OPENED IN 2016

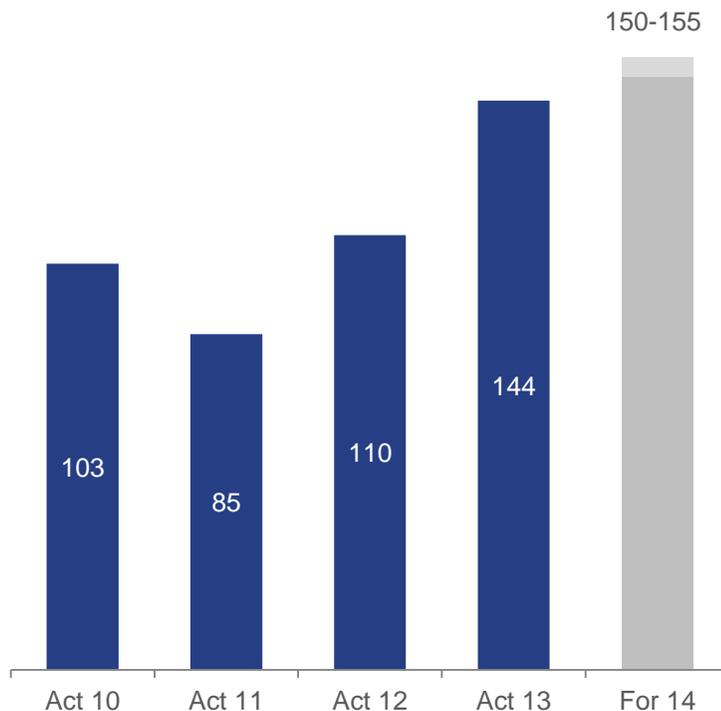


EBITDA FORECAST INCREASED

USD 150-155 MILLION

EBITDA development

2010-2014 in USD million



Assumptions:

- | EUR/USD exchange rate 1.25

- | Fuel price (excluding hedging): USD 903/ton in October and 900/ton for November and December

- | Q4 results will be lower than in Q4 LY, main reasons being increased capacity on UK and Scandinavia, cost increases and the investment in the growth

- | The results in our charter- and freight operations are not expected as good as last year

- | Outlook for the year 2015 is good, with ongoing organic growth

- | The Company is financially strong and well prepared to take on future challenges

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