



ICELANDAIR GROUP HF
PRESENTATION OF Q4 2014 RESULTS | 6 FEBRUARY 2015



HIGHLIGHTS 2014

1

Net profit
of USD
66 million

2

Equity
ratio
43%

3

Proposed
dividend ISK
2.5 billion

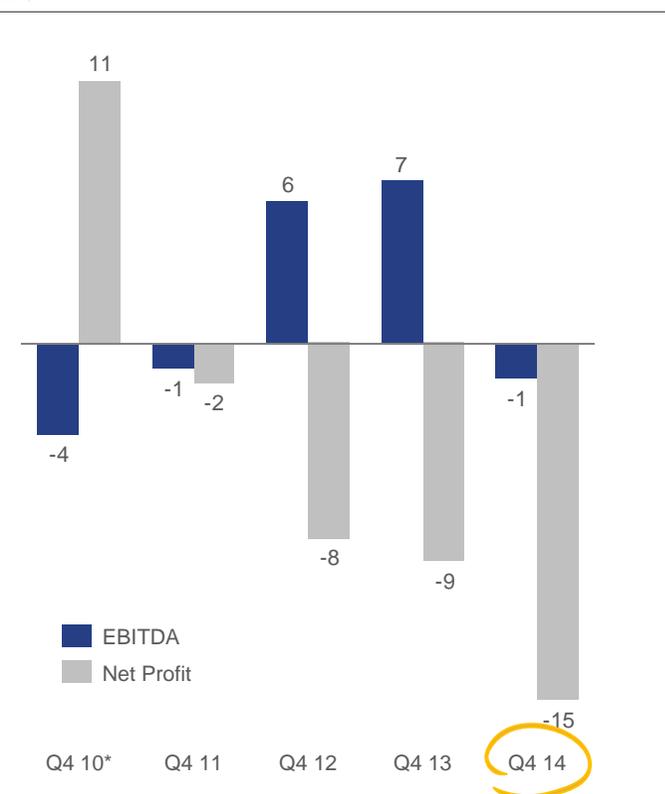
FINANCIAL RESULTS

BOGI NILS BOGASON | CFO

EBITDA NEGATIVE OF USD 1.5 MILLION IN Q4

USD million	Q4 2014	Q4 2013	% Chg.
Operating Income	205.5	212.7	-3%
Salaries and related expenses	65.1	62.1	5%
Aircraft fuel	53.5	54.0	-1%
Aircraft and aircrew lease	7.9	7.5	5%
Aircraft maintenance expenses	16.4	17.1	-4%
Aircraft handling, landing and comm.	16.9	16.6	2%
Other expenses	47.1	48.5	-3%
EBITDA	-1.5	6.8	-
EBIT	-18.8	-10.9	-
EBT	-17.7	-11.2	-
Loss for the period	-15.0	-9.1	-
EBITDA ratio	-0.7%	3.2%	-3.9 ppt
EBITDAR	7.1	16.8	-
EBITDAR ratio	3.4%	7.9%	-4.5 ppt

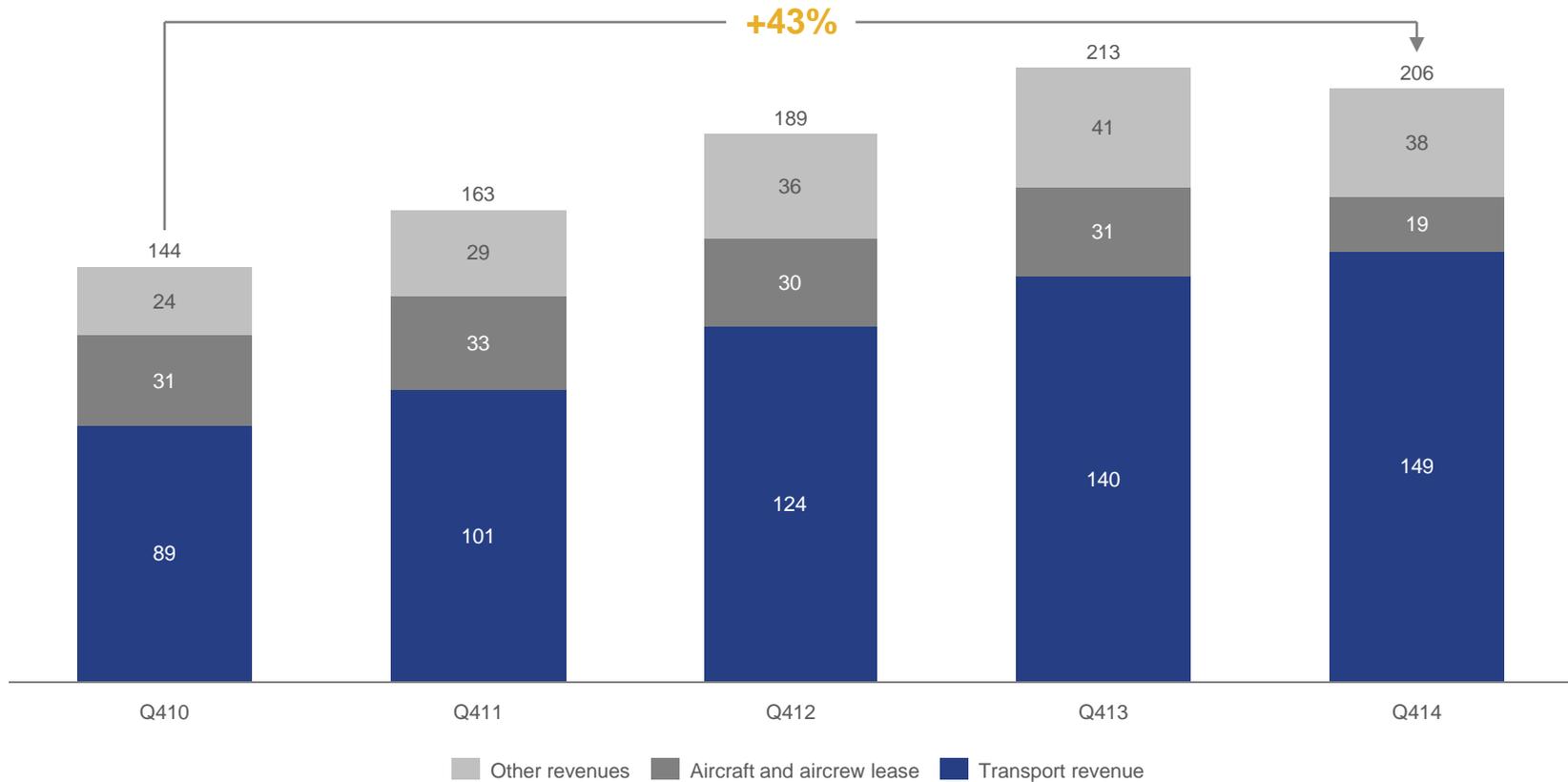
EBITDA and net profit (like-for-like*)
USD million



* not incl. figures for Bluebird in 2010

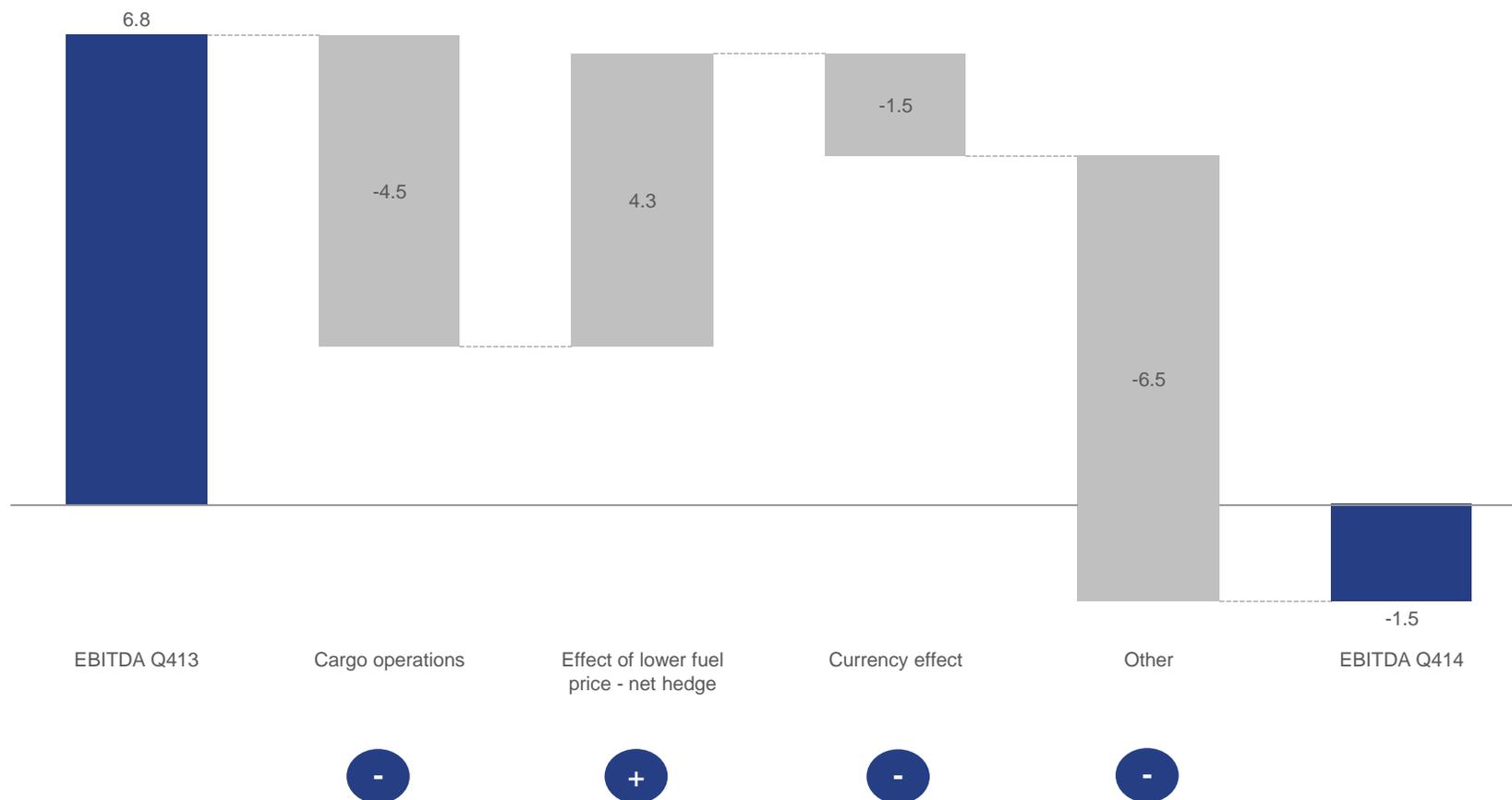
PASSENGER REVENUES UP BY 7%

REVENUES FROM CHARTER OPERATIONS DECREASE FROM LAST YEAR



* All figures in USD million. Figures for 2010 do not include figures for Bluebird

NUMBER OF FACTORS LEADING TO LOWER EBITDA THAN IN Q4 2013

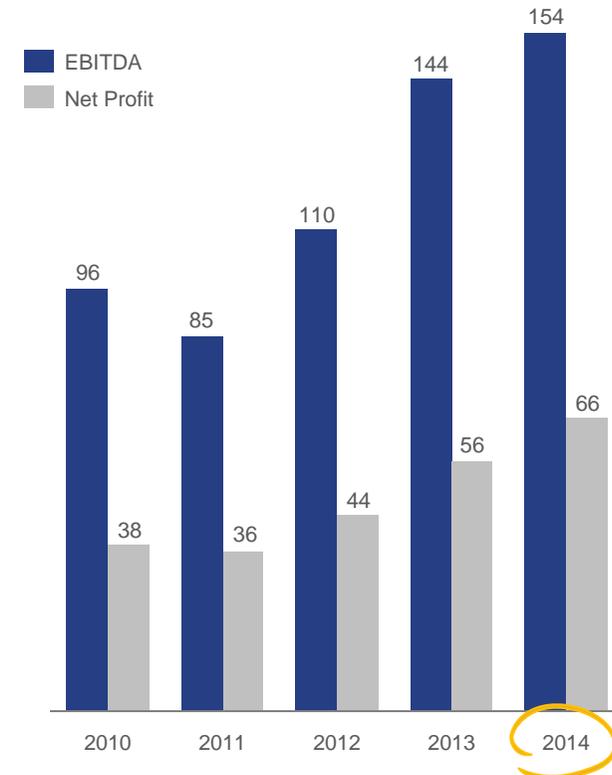


STRONG RESULTS IN 2014

USD million	2014	2013	% Chg.
Operating Income	1,113.3	1,023.0	9%
Salaries and related expenses	273.2	239.4	14%
Aircraft fuel	271.9	242.6	12%
Aircraft and aircrew lease	26.7	34.6	-23%
Aircraft maintenance expenses	75.9	81.5	-7%
Aircraft handling, landing and comm.	82.9	74.3	12%
Other expenses	228.5	206.8	10%
EBITDA	154.3	143.7	-
EBIT	79.0	73.0	-
EBT	79.9	71.0	-
Profit for the period	66.5	56.4	-
EBITDA ratio	13.9%	14.0%	-0.2 ppt
EBITDAR	193.4	189.9	-
EBITDAR ratio	17.4%	18.6%	-1.2 ppt

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

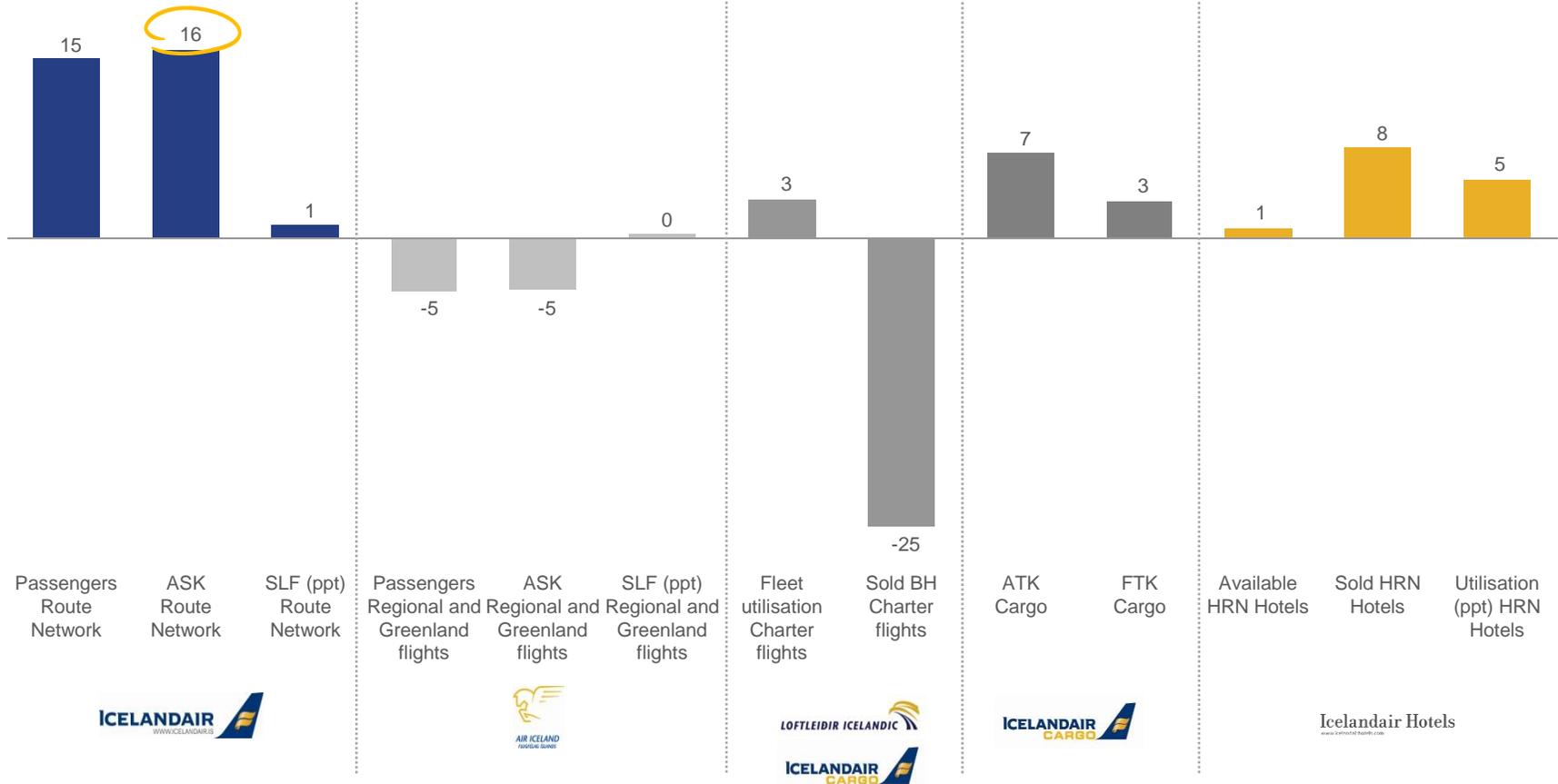
USD million



* not incl. figures for Bluebird in 2009- 2010

16% GROWTH IN THE ROUTE NETWORK IN 2014

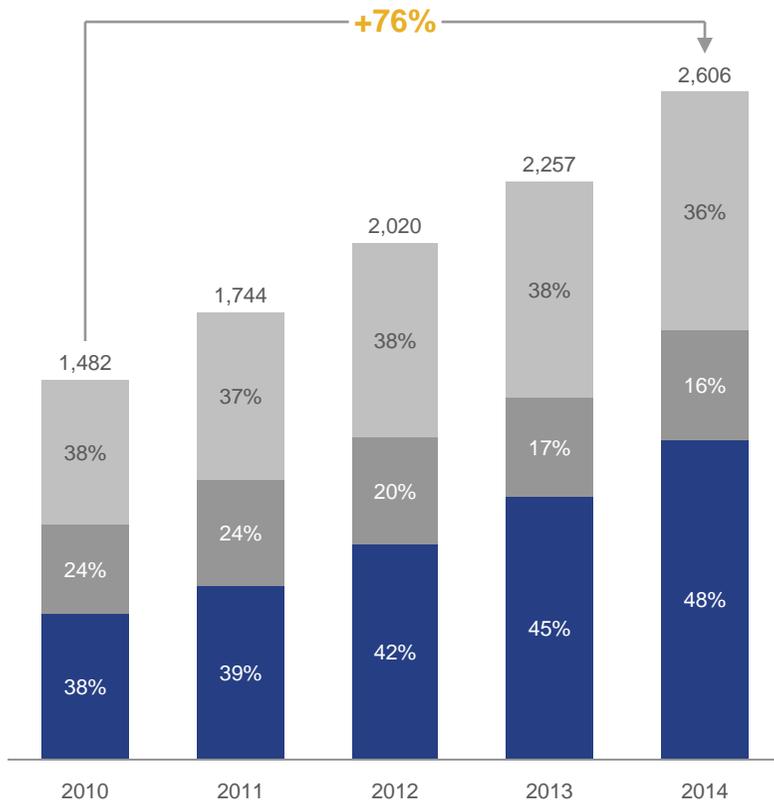
Year-on-year change in %



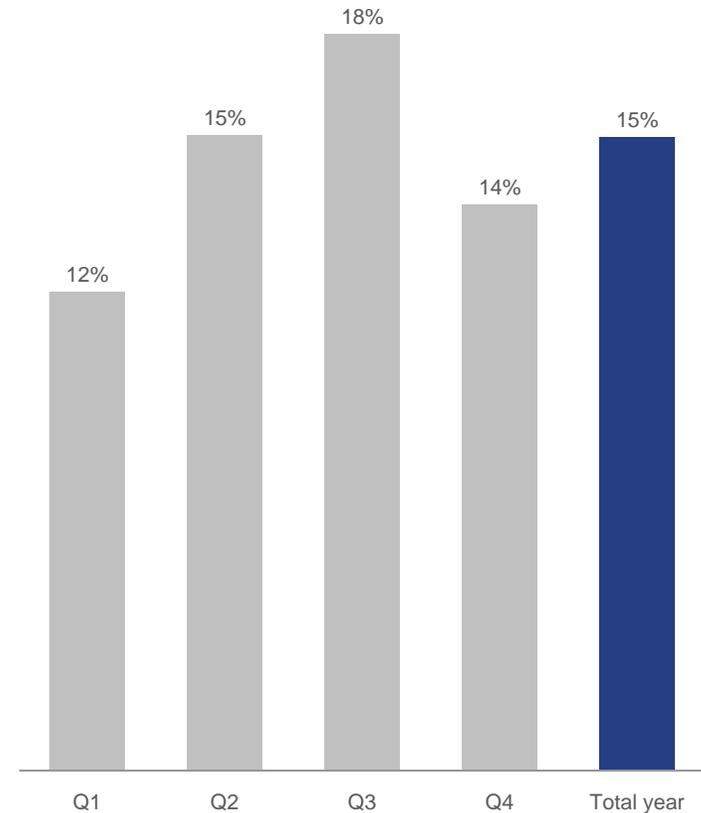
RECORD PASSENGER NUMBERS IN THE ROUTE NETWORK

Passenger mix and total passengers in thousands
2009-2014

■ To ■ From ■ Via



Passenger number development
2014 vs 2013 per quarter and YoY



STEP-DROP IN WORLD FUEL PRICES

IN THE LATTER HALF OF 2014

Fuel price in USD per Tonne

2013 and 2014



47% OF ESTIMATED USAGE HEDGED

Period	Estimated usage (tons)	Option volume	Swap volume	Total swap and option contracts	%hedged	Av. Hedge price USD	Bought call strike	Sold put strike
Feb '15	14,095	4,000	3,200	7,200	51%	905	1,000	936
Mar '15	17,363	3,000	7,200	10,200	59%	851	990	933
Apr '15	18,305	3,000	7,200	10,200	56%	841	1,000	892
May '15	28,119	4,000	12,200	16,200	58%	834	1,000	932
Jun '15	34,056	6,000	11,200	17,200	51%	895	987	883
Jul '15	34,918	6,000	11,300	17,300	50%	864	987	871
Aug '15	34,861	8,000	9,300	17,300	50%	848	965	854
Sep '15	29,630	6,000	8,200	14,200	48%	850	929	859
Oct '15	22,616	4,000	6,200	10,200	45%	683	900	831
Nov '15	18,789	0	6,200	6,200	33%	686	0	0
Dec '15	17,269	0	5,200	5,200	30%	570	0	0
Jan '16	16,149	0	4,000	4,000	25%	574	0	0
Total	286,170	44,000	91,400	135,400	47%			

EQUITY RATIO 43% AT YEAR END

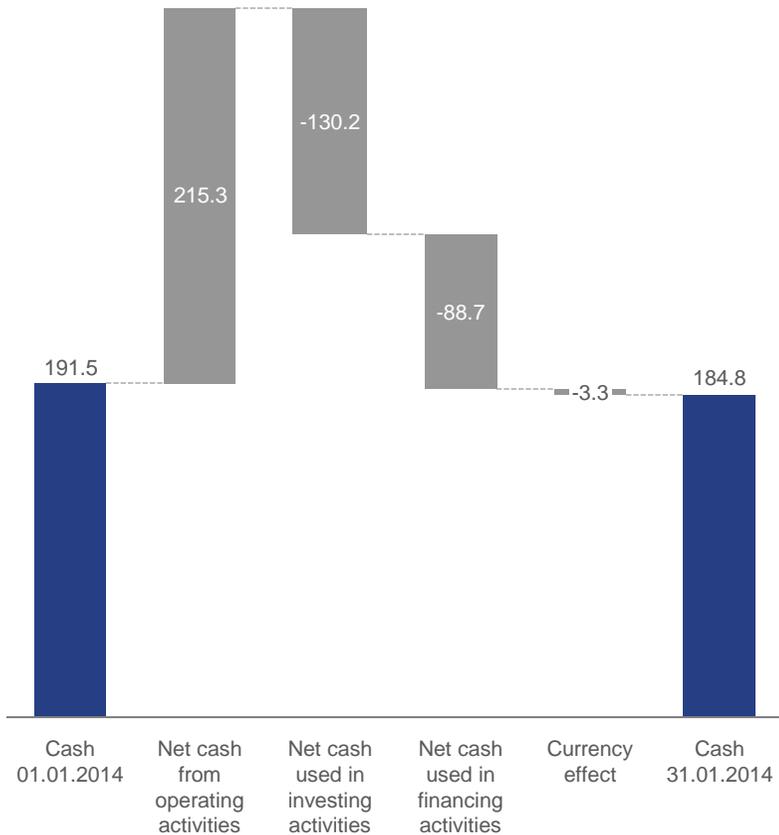
USD million	31.12 2014	31.12 2013
Assets		
Operating Assets	319.3	299.2
Intangible assets	176.0	179.7
Other non-current assets	18.9	18.1
Total non-current assets	514.2	497.0
Other current-assets	119.4	136.4
Marketable securities	30.9	8.0
Cash and cash equivalents	184.8	191.5
Total current assets	335.0	335.9
Total assets	849.2	832.9

USD million	31.12 2014	31.12 2013
Equity and liabilities		
Stockholders equity	365.1	346.1
Loans and borrowings non-current	49.7	78.5
Other non-current liabilities	33.0	51.7
Total non-current liabilities	82.6	130.2
Loans and borrowings current	12.3	43.5
Trade and other payables	214.3	159.5
Deferred income	174.9	153.5
Total current liabilities	401.5	356.6
Total equity and liabilities	849.2	832.9
Equity ratio	43%	42%
Current ratio	0.83	0.94
Net interest bearing debt	-153.7	-77.5
Interest bearing debt	61.9	122.0

STRONG CASH FLOW FROM OPERATIONS

Changes in Cash in 2014

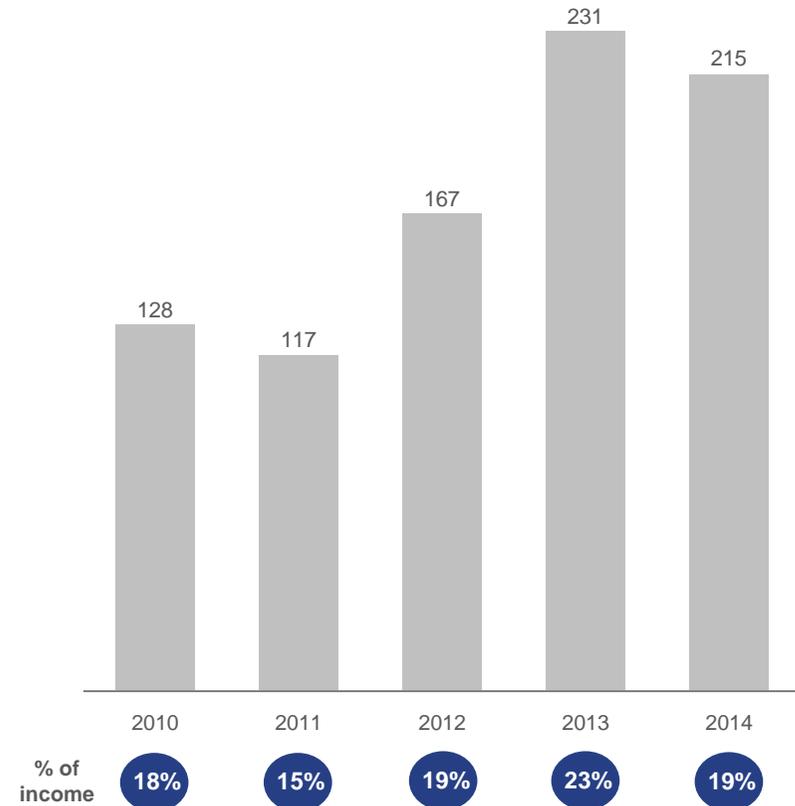
USD million



Net cash from operations and as % of income

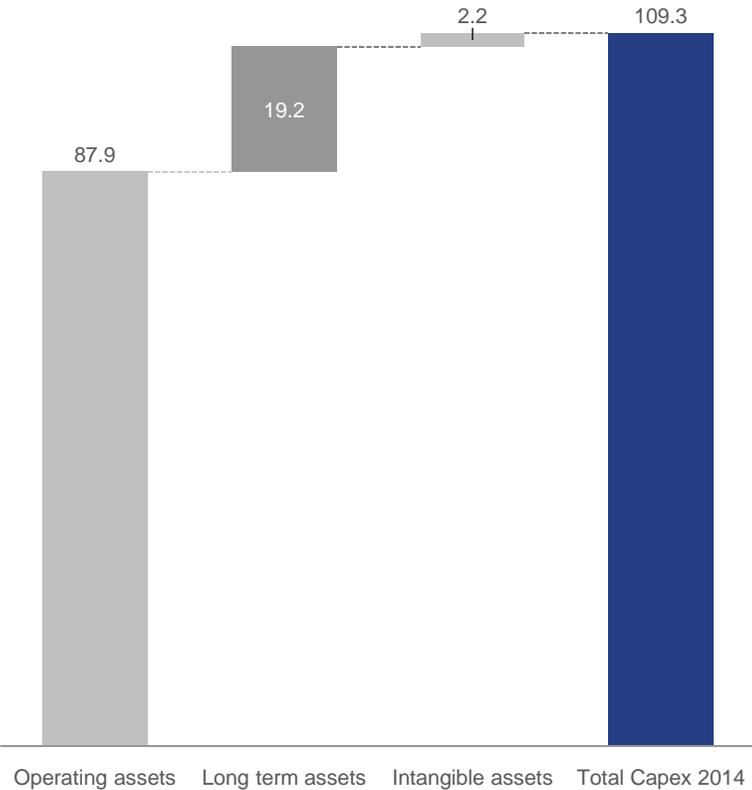
USD million

■ Net cash from op. activities



TOTAL CAPEX IN 2014 USD 109 MILLION

Investments 2014 in USD millions



Operating assets:

- | Aircraft and aircraft components
USD 40.5 million
- | Overhaul own aircraft
USD 29.6 million
- | Other investments in operating assets
USD 17.8 million

Long term cost:

- | Overhaul leased aircraft
USD 19.2 million
- | Expensed long term cost
USD 20.6 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 2015:

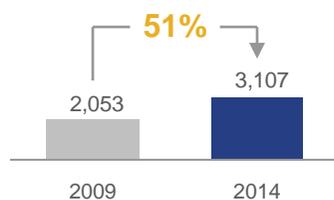
30%
of net
income

2,500
ISK
million

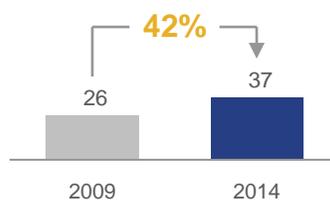
19.8
USD
million

OUR 6 YEAR AGGREGATE GROWTH

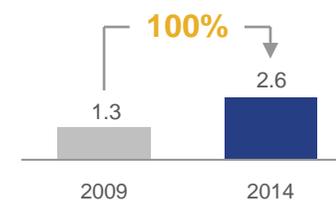
Full time employees



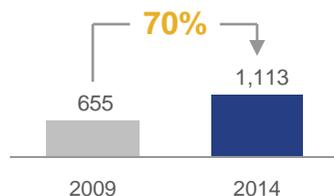
Aircraft



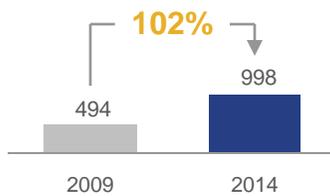
Passenger Route Network (millions)



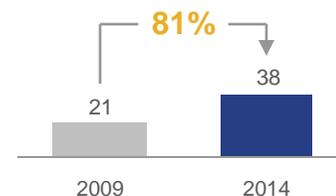
Total revenues USD million



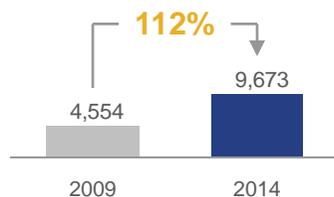
Tourists to Iceland (thousands)



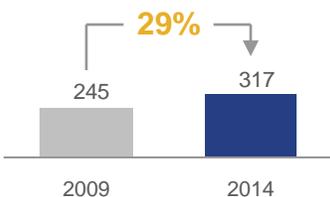
Destinations in Route Network



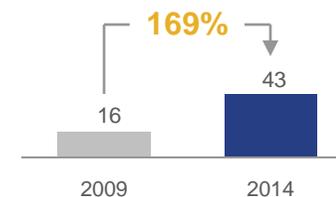
ASK Route Network (millions)



Available hotel room nights (thousands)

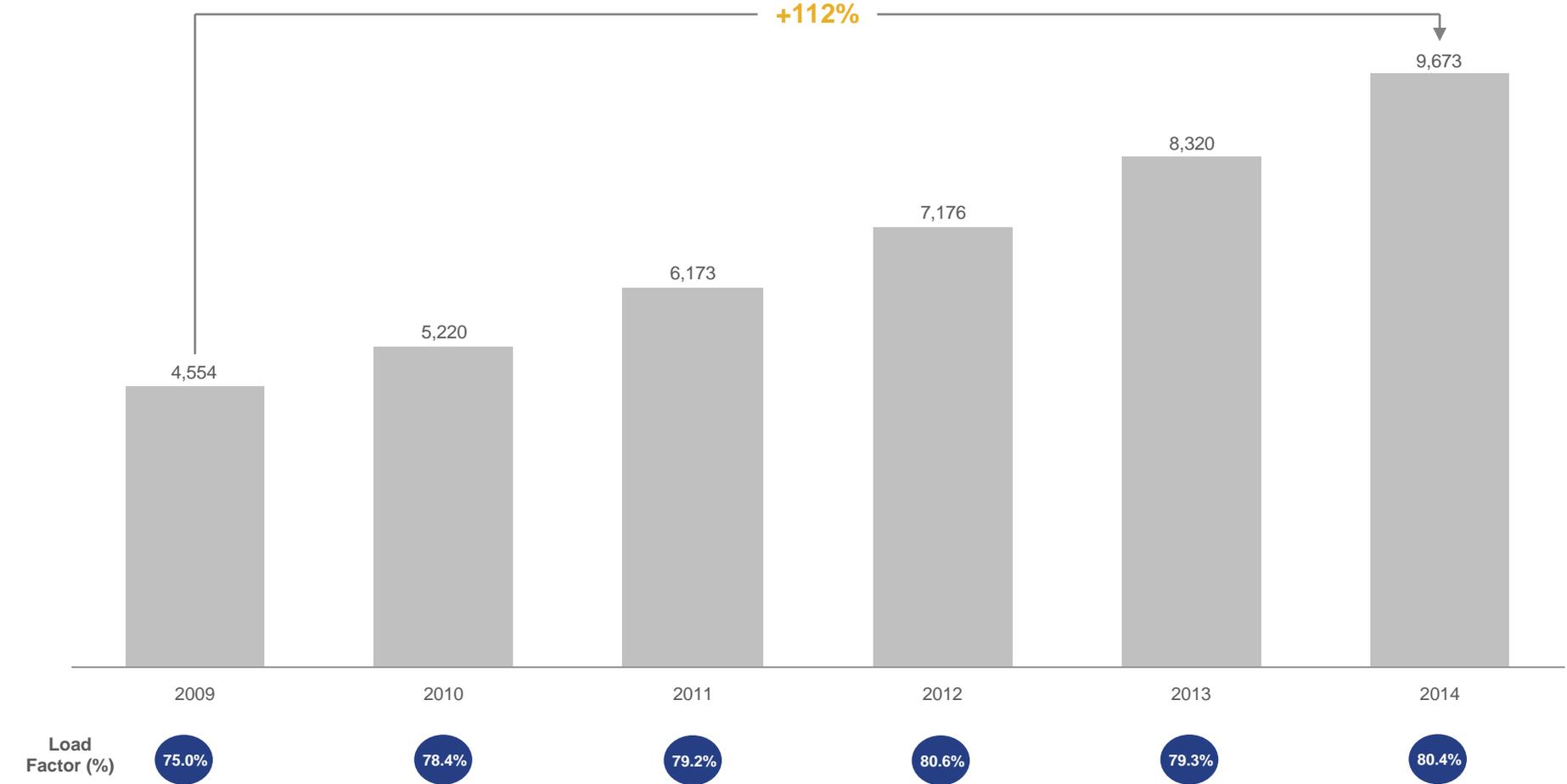


EQUITY ratio



HIGH LOAD FACTOR WITH INCREASED CAPACITY IN THE ROUTE NETWORK

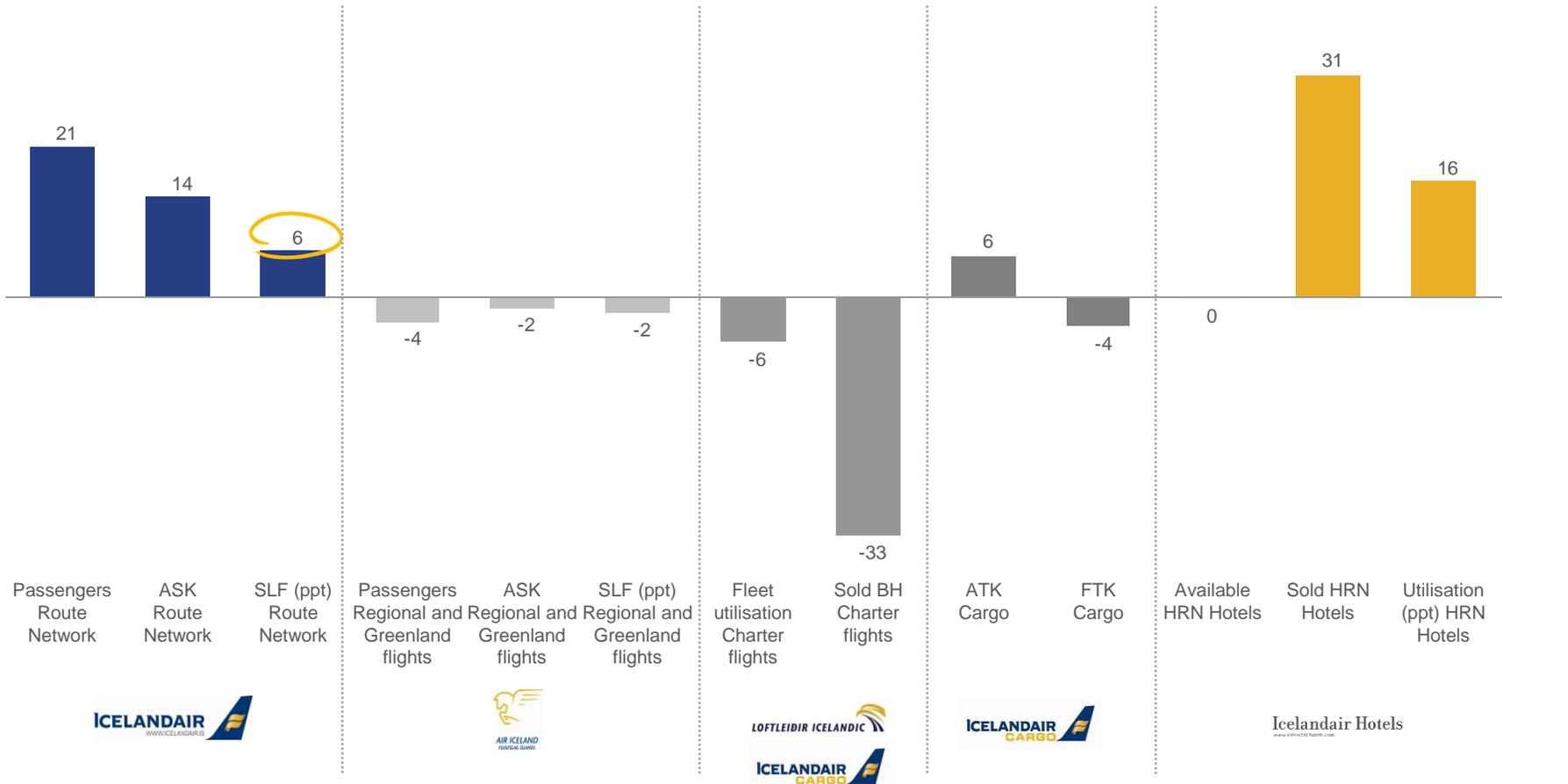
■ Available Seat Kilometers (ASK millions)



RECORD LOAD FACTOR OF 76.7% IN JANUARY

INCREASING BY 6.2 PPT FROM 2014

Year-on-year change in %

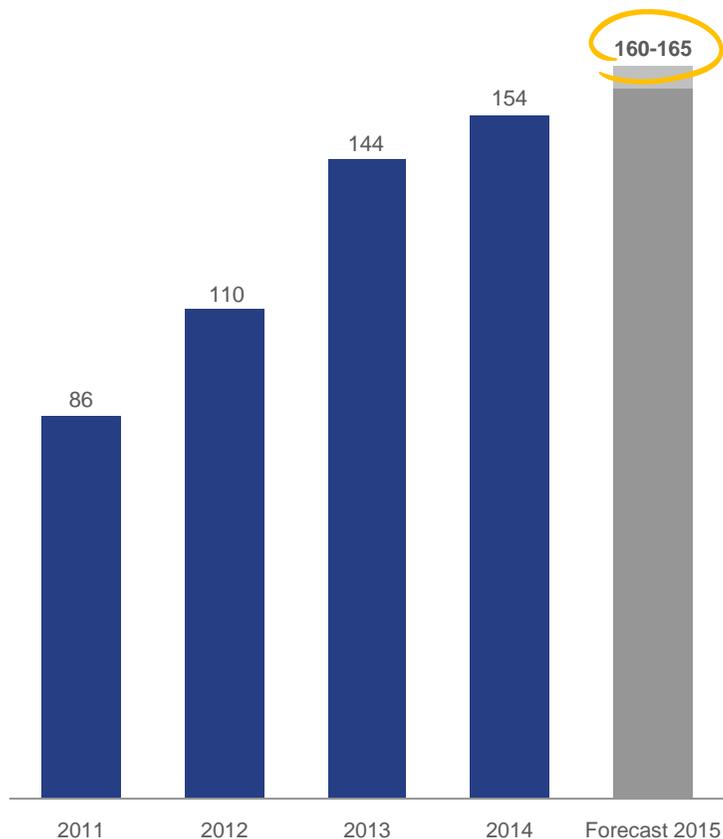


EBITDA FORECAST 2015

USD 160-165 MILLION

EBITDA development

2011-2015 in USD million



Main forecast assumptions:

- | EUR/USD exchange rate 1.15
- | Average fuel price (excluding hedging):
 - | January 640 USD/ton
 - | February 530 USD/ton
 - | March - June 575 USD/ton
 - | July – December 625 USD/ton
- | EBITDA as percentage of total revenue forecasted 15.0%-15.5% in 2015 compared to 13.9% in 2014.
- | Main reasons for higher EBITDA ratio are lower fuel prices
- | EBITDA in Q1 2015 projected as negative and short of the figure for the Q1 2014, 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 financial position Icelandair Group is well positioned for further profitable growth.

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