

FIRST-QUARTER RESULTS SURPASSED PROJECTIONS

- | EBITDA negative by USD 2.3 million, as compared to negative USD 13.3 million in the first quarter of 2014
- | Improvement between years largely a result of a substantial increase in passenger numbers, a favourable passenger load factor and lower fuel prices
- | Transport revenue increased by 6%, but total revenue fell by 3%
- | Equity ratio was 34% at the end of March
- | Net cash from operating activities was USD 117.7 million, as compared to USD 121.4 million in the preceding year

USD thousand	Q1 2015	Q1 2014	Change	% Change	12M 2014
Operating results					
Total income	186,075	191,277	-5,202	-3%	1,113,297
EBITDAR	6,204	-3,137	9,341	-	193,410
EBITDA	-2,268	-13,304	11,036	83%	154,338
EBIT	-19,279	-30,600	11,321	37%	79,009
EBT	-18,304	-33,362	15,058	45%	79,908
Profit / loss for the period	-14,552	-26,721	12,169	46%	66,499
Balance sheet					
Total assets	992,963	927,291	65,672	7%	849,220
Total equity	335,616	298,722	36,894	12%	365,055
Interest bearing debt	80,787	93,727	-12,940	-14%	61,934
Cash and marketable securities	321,943	259,754	62,189	24%	215,641
Net interest bearing debt	-241,156	-166,027	-75,129	45%	-153,707
Cash flow					
Working capital from / used in operations	1,164	-12,549	13,713	-	162,807
Net cash from operating activities	117,687	121,371	-3,684	-3%	215,315
Net cash used in investing activities	-37,611	-33,946	-3,665	11%	-130,156
Net cash used in / from financing activities	19,880	-29,138	49,018	-	-88,684
Cash and cash equivalents end of period	282,655	250,213	32,442	13%	184,762
Key Ratios					
Profit / loss per share expressed in US Cent	-0.29	-0.54	0.25	46%	1.34
Intrinsic value	8.27	7.36	0.91	12%	9.00
Equity ratio	34%	32%	1.6 ppt	-	43%
Current ratio	0.84	0.81	0.03	4%	0.83
CAPEX USD thousand	26,347	30,938	-4,591	-15%	109,293
Transport revenue as % of total revenues	69%	64%	5.4 ppt	-	73%
EBITDAR ratio	3.3%	-1.6%	5.0 ppt	-	17.4%
EBITDA ratio	-1.2%	-7.0%	5.7 ppt	-	13.9%
Share information ISK					
Highest price in period	23.20	19.95	3.25	16%	21.40
Lowest price in period	20.95	17.25	3.70	21%	16.45
Price at period end	21.10	17.90	3.20	18%	21.40
Market Cap at period end (millions)	105,500	89,500	16,000	18%	107,000

BJÖRGÓLFUR JÓHANNSSON, PRESIDENT AND CEO

"Our performance in the first quarter surpassed our projections and significantly exceeded the results of the first quarter of 2014. The principal explanation lies in the substantial increase in the number of passengers on our international flight routes and efficient utilisation of both the seating capacity of our aircraft and our hotel rooms; the lower fuel price also has a significant impact on the comparison between years. The capacity increase in the quarter was 12%, but at the same time the number of passengers increased by 19% and the load factor was 79.2%, a first-quarter record. The utilisation of our hotel rooms was also very good, at 75.2%, as compared to 67.3% in the first quarter of last year. Icelandair Group has been at the forefront in developing tourist services in Iceland outside the tourist season and these occupancy figures from the hotels are evidence of the success of our work. Operation of other business activities of the Group was also successful in the quarter.

The Company's business operations are extremely dependent on external circumstances, such as fluctuations in currency exchange rates and fuel prices. The strengthening of the US dollar against European currencies has a negative impact on the Company's results, particularly during the peak season. At the beginning of the year we issued an EBITDA forecast in the range of USD 160-165 million. The forecast was based on an average EUR/USD cross rate of 1.15 over the year, but updated projections assume an average cross rate of 1.07 in the last nine months of the year. We also assume that fuel prices, net of hedges, will fall from the original projection to 600 USD/ton in the last three quarters of the year. Taking this into account, the EBITDA forecast for the year as a whole remains unchanged despite results exceeding anticipations in the first quarter."

TRANSPORT FIGURES

- | Passengers on international flights were 477 thousand, increasing in number by 19%
- | The load factor on international flights was 79.2%, a first-quarter record
- | The hotel room occupancy was good, at 75.2%, up by 7.8 percentage points between years

	Q1 2015	Q1 2014	Change
INTERNATIONAL FLIGHTS			
Number of passengers ('000)	477.4	400.0	19%
Load factor (%)	79.2	74.3	4.9 ppt
Available seat kilometers (ASK'000.000)	1,775.8	1,578.5	12%
REGIONAL- AND GREENLAND FLIGHTS			
Number of passengers ('000)	63.1	65.1	-3%
Load factor (%)	71.4	70.5	0.8 ppt
Available seat kilometers (ASK'000.000)	28.4	29.5	-4%
CHARTER FLIGHTS			
Fleet Utilisation (%)	1.0	0.9	3.6 ppt
Sold Block Hours	5,217	6,113	-15%
CARGO			
Available Tonne Kilometers (ATK'000)	46,641	41,297	13%
Freight Tonne Kilometers (FTK'000)	24,127	24,285	-1%
HOTELS			
Available Hotel Room Nights	66,510	66,569	0%
Sold Hotel Room Nights	49,989	44,812	12%
Utilisation of Hotel Rooms (%)	75.2	67.3	7.8 ppt

In the first three months of the year the capacity on international flights increased by 12%. The capacity was increased by 15% on routes to North America and 9% on routes to Europe. Most of the increase to North America was the result of the increased frequency of flights to Washington and Edmonton.

Passengers on international flights were approximately 477 thousand in the first quarter, up by 19% from the first quarter of last year. Passenger numbers increased in all markets, with the largest proportional increase in the North Atlantic market, at just short of 23%. The increase in the tourist market to Iceland was also substantial, at 19%; this market is largest of our three markets in the first quarter, representing 47% of the total number of passengers. The passenger load factor was favourable, at 79.2%, as compared to 74.3% in the same period last year; this is the Company's highest first-quarter passenger load factor ever.

Passengers on regional and Greenland flights were just over 63 thousand over the quarter, down by 3% from last year. Capacity was 4% below last year's levels. The passenger load factor was 71.4%, increasing by 0.8 percentage points between years. The weather conditions in Iceland were extremely unfavourable in the first quarter of the year and a far greater number of flights had to be cancelled than in recent years. Sold block hours on charter flights were down by 15% between years. Freight on passenger routes fell by 1% from the preceding year. The number of sold hotel room nights increased substantially between years over the quarter, by 12%. The occupancy rate of hotel rooms was 75.2%, as compared to 67.3% at the same time last year.

CURRENCY TRENDS AND IMPACT ON OPERATIONS

Icelandair Group's functional currency is the US dollar; however, since the Company operates and sells its services around the world the exchange rate trends of other currencies against the dollar can have a significant impact on the Company's results, particularly if the fluctuations are severe, as they have been over the past year. Historically, the majority of the Company's revenues has been in European currencies while a majority of its expenses are in US dollars. The table below shows the division of revenues and expenses between currencies in the first quarter of this year, as compared to 2014.

Revenues	Q1 2015	Q1 2014	12M 2014	Expenses	Q1 2015	Q1 2014	12M 2014
USD	41%	42%	41%	USD	51%	52%	53%
ISK	31%	31%	24%	ISK	34%	33%	30%
EUR	12%	12%	17%	EUR	10%	9%	11%
GBP	8%	7%	4%	GBP	2%	3%	3%
CAD	3%	0%	5%	CAD	1%	0%	1%
Other*	6%	8%	8%	Other*	2%	3%	2%
Total	100%	100%	100%	Total	100%	100%	100%

*Primarily Scandinavian currencies

The US dollar has strengthened against most other currencies in recent months. The EUR, for example, lost 18% against the US dollar in the first quarter in comparison with the corresponding quarter of last year, and the ISK lost 14%. Total revenue in Q1 2015 decreased by 3% compared to Q1 2014. The increase is around 6,5% on a fixed exchange rates.

Currency	Average rate Q1 2015	Changes from Q1 2014	Closing rate 31.03 2015	Changes from 31.03 2014
ISK	0.007	-14%	0.007	-18%
EUR	1.127	-18%	1.074	-22%
GBP	1.515	-8%	1.485	-11%
CAD	0.807	-10%	0.789	-13%
DKK	0.151	-18%	0.144	-22%
NOK	0.129	-21%	0.124	-26%
SEK	0.120	-22%	0.116	-25%

FIRST-QUARTER OPERATIONS

USD thousand	Q1 2015	Q1 2014	Change
EBITDAR	6,204	-3,137	9,341
EBITDA	-2,268	-13,304	11,036
EBIT	-19,279	-30,600	11,321
EBT	-18,304	-33,362	15,058
Loss for the period	-14,552	-26,721	12,169
EBITDAR %	3.3%	-1.6%	5.0 ppt
EBITDA %	-1.2%	-7.0%	5.7 ppt

EBITDA was negative by USD 2.3 million, up by USD 11.0 million between years. The EBITDA ratio was -1.2% in the first quarter, as compared to -7.0% over the same period in 2014. The principal reasons for the improved results between years are the increased number of passengers on international flights and favourable utilisation ratio of both aircraft and hotels, in addition to lower fuel prices. EBIT was USD -19.3 million, as compared to USD -30.6 million at the same time in 2014. Loss after taxes came to USD 14.6 million, as compared to a loss of USD 26.7 in the corresponding quarter

of 2014. EBITDAR was positive by USD 6.2 million, as compared to a negative outcome of USD 3.1 million over the same period last year.

INCOME

- | **Total revenue was 3% below the first quarter of 2014**
- | **Passenger revenue increased by 7% between years**
- | **Currency trends and lower fuel prices curtailed the growth in income between years**

USD thousand	Q1 2015	Q1 2014	Change	% Change	% of rev. '15
Transport revenue:	128,339	121,580	6,759	6%	69%
Passengers	118,157	110,392	7,765	7%	63%
Cargo and mail	10,182	11,188	-1,006	-9%	5%
Aircraft and aircrew lease	20,179	21,961	-1,782	-8%	11%
Other operating revenue	37,557	47,736	-10,179	-21%	20%
Total	186,075	191,277	-5,202	-3%	100%

Total revenue decreased between years in the first quarter despite of increased scope of the business. The reason is the weakening of the main European currencies against the US dollar. On fixed rates the revenue increase is 6.5%. Transport revenue increased by USD 6.8 million, or 6%, between years. Income from aircraft and aircrew lease fell by USD 1.8 million, or 8%, as a result of the reduced number of charter projects. Other operating revenues amounted to USD 37.6 million, down by USD 10.2 million, or 21%, as compared to the first quarter of 2014. The reason is primarily income from sold maintenance services, which amounted to USD 9.1 last year, as compared to USD 0.5 million this year. This income was offset last year by increased maintenance cost, which has also been reduced, as explained in the section on maintenance cost in the discussion of expenses below.

USD thousand	Q1 2015	Q1 2014	Change	% Change
Sale at airports and hotels	12,503	13,558	-1,055	-8%
Revenue from tourism	14,201	13,303	898	7%
Aircraft and cargo handling services	6,535	8,132	-1,597	-20%
Maintenance revenue	516	9,141	-8,625	-94%
Gain on sale of operating assets	103	69	34	49%
Other operating revenue	3,699	3,533	166	5%
Total	37,557	47,736	-10,179	-21%

EXPENSES

- | **Total expenses amounted to USD 188.3 million, down by USD 16.2 million between years**
- | **Expenses were reduced despite the increased capacity in the Route Network as a result of lower fuel prices, positive exchange rate trends and lower allowance for bad debt than last year.**

USD thousand	Q1 2015	Q1 2014	Change	% Change	% of exp. '15
Salaries and other personnel expenses	57,087	60,889	-3,802	-6%	30%
Aviation expenses	81,903	89,417	-7,514	-8%	43%
Other operating expenses	49,353	54,275	-4,922	-9%	26%
Total	188,343	204,581	-16,238	-8%	100%

Salaries and other personnel expenses amounted to USD 57.1 million, down by USD 3.8 million, or 6%, between years, despite the increased scope of business and contractual wage increases. The reason is the positive impact of exchange rate trends, as a large part of the Company's wage costs are in ISK, which has weakened against the US dollar.

Aviation expenses amounted to USD 81.9 million, down by USD 7.5 million, or 8%. The reduction resulted from the strengthening of the US dollar against European currencies, low fuel prices and reduced maintenance expenses.

USD thousand	Q1 2015	Q1 2014	Change	% Change
Aircraft fuel	43,610	47,971	-4,361	-9%
Aircraft and aircrew lease	5,688	6,007	-319	-5%
Aircraft handling, landing and communication	14,882	14,372	510	4%
Aircraft maintenance expenses	17,723	21,067	-3,344	-16%
Total	81,903	89,417	-7,514	-8%

Fuel expenses amounted in total to USD 43.6 million, down by USD 4.4 million, or 9%, from the corresponding time of last year. The world market price of fuel was 41% lower in the first quarter of 2015, as compared to the same quarter of 2014. Because of the Company's fuel hedging, the benefit of the falling world market price is not fully reflected in the present financial statement. The Company's effective price in the quarter, taking hedging into account, was on average USD 739/ton, which is 28% above the world market price. The section on the "Outlook for Icelandair Group hf." below provides an overview of the position of the Company's fuel hedging position. Aircraft lease decreased in comparison with the first quarter of 2014 by USD 0.3 million, or 5%. The reason is fewer aircraft on lease, as around mid-year last year one cargo aircraft was returned which had been employed in charter flight operations. Aircraft handling, landing and communication expenses increased by USD 0.5 million between years, or 4%. Maintenance expenses amounted to USD 17.7 million, down by USD 3.3 million between years. This is explained in part by the expense relating to maintenance work for customers last year, which returned income to the Company in that year, which is not the case now.

Other operating expenses amounted to USD 49.4 million, down by USD 4.9 million between years. The table below shows a breakdown of principal items and trends between years.

USD thousand	Q1 2015	Q1 2014	Change	% Change
Operating cost of real estate and fixtures	5,058	5,569	-511	-9%
Communication	4,363	4,422	-59	-1%
Advertising	5,963	5,812	151	3%
Booking fees and commission expenses	12,377	12,256	121	1%
Cost of goods sold	4,213	4,427	-214	-5%
Customer services	3,997	3,574	423	12%
Tourism expenses	6,989	7,151	-162	-2%
Allowance for bad debt	-182	3,834	-4,016	-
Other operating expenses	6,575	7,230	-655	-9%
Total	49,353	54,275	-4,922	-9%

FINANCIALS

Positive currency effect over the period

USD thousand	Q1 2015	Q1 2014	Change	% Change
Interest income	575	460	115	25%
Interest expenses	-1,542	-1,898	356	-19%
Currency effect	1,852	-1,249	3,101	-
Net finance income	885	-2,687	3,572	-

Financial expenses in the first quarter amounted to USD 1.5 million, as compared to USD 1.9 million in the first quarter of last year. The currency effect in the quarter was positive by USD 1.9 million, as compared to a negative amount of USD 1.2 million in the corresponding quarter of 2014. Owing to liabilities in excess of assets in ISK in the balance sheet, the weakening of the Icelandic krona against the dollar resulted in an exchange rate gain over the quarter.

BALANCE SHEET AND FINANCIAL POSITION

Total assets amounted to USD 993.0 million at the end of the first quarter

Equity ratio was 34%

Interest-bearing debt amounted to USD 80.8 million, increasing from the level of the beginning of the year as a result of a bond issue

USD thousand	31.03.2015	31.12.2014	Change	31.03.2014
Total assets	992,963	849,220	143,743	927,291
Total equity	335,616	365,055	-29,439	298,722
Interest bearing debt	80,787	61,934	18,853	93,727
Net interest bearing debt	-241,156	-153,707	-87,449	-166,027
Cash and marketable securities	321,943	215,641	106,302	259,754
Equity ratio	34%	43%	-9 ppt	32%
Current ratio	0.84	0.83	1%	0.81

Operating assets amounted to USD 325.8 million, increasing by USD 6.5 million from the beginning of the year. For a further discussion of investments in operating assets see the section on cash flow and investments. The Company's largest asset is its fleet of aircraft. At the end of the quarter, the fleet comprised 38 aircraft, of which 29 are owned by the Company. The table below shows an overview of the Company's fleet at the end of the first quarter.

Type	Icelandair	Cargo	Loftleiðir	Air Iceland	Group fleet 31.03.15	Group fleet 31.12.14	Of which own	Of which leased	Ch. as of 31.12.14
B757 200	20	2	3		25	24	21	4	1
B757 300	1				1	1	1		0
B767 300			2		2	2		2	0
B737 700			1		1	1		1	0
B737 800			2		2	2		2	0
Fokker F-50				5	5	5	5		0
Dash 8-200				2	2	2	2		0
Samtals	21	2	8	7	38	37	29	9	1

Equity amounted to USD 335.6 million at the end of the first quarter, and the equity ratio was 34%. A dividend approved at the annual general meeting was entered under liabilities and as a reduction in

equity. The dividend was paid out on 9 April. The dividend amounted to USD 0.50 per share, for a total of USD 17.9 million. The equity ratio at the end of 2014 was 43%.

On 15 April 2015 the State Internal Revenue Board rejected requests made by Icelandair Group to overturn a decision by the Directorate of Internal Revenue of 18 December 2013 declaring that interest costs on loans taken over by the Company as a result of a reverse takeover in 2006 were non-deductible expenses. Icelandair Group hf.'s management does not agree with the ruling and an appeal to the District Court of Reykjavik will be made. If proceedings before the courts of law prove fruitless the Company's equity could be reduced by up to USD 9.6 million. The Company's interim financial statement does not take account of the decision of the Directorate of Internal Revenue.

Interest-bearing liabilities amounted to USD 80.8 million, as compared to USD 61.9 million at the beginning of the year. The reason for the increase is a bond issued at the beginning of the year in the amount of USD 23.7 million. Payments on long-term liabilities in the first quarter amounted to USD 3.8 million. Cash and marketable securities totalled USD 321.9 million at the end of the first quarter of 2015, as compared to USD 259.8 million at the same time last year. Net interest-bearing debt was therefore negative in the amount of USD 241.2 million at the end of the quarter.

USD thousand	31.03.2015	31.12.2014	Change	31.03.2014
Loans and borrowings non-current	68,557	49,671	18,886	74,600
Loans and borrowings current	12,230	12,263	-33	19,127
Marketable securities	39,288	30,879	8,409	9,541
Cash and cash equivalents	282,655	184,762	97,893	250,213
Net interest bearing debt	-241,156	-153,707	-87,449	-166,027

CASH FLOW AND INVESTMENTS

- | **Cash and cash equivalents at the end of March amounted to USD 282.7 million**
- | **Investments amounted to a total of USD 26.3 million**
- | **A bond was issued in the amount of USD 23.7 million**

USD thousand	Q1 2015	Q1 2014	Change
Working capital used in (from) operations	1,164	-12,549	13,713
Net cash from operating activities	117,687	121,371	-3,684
Net cash used in investing activities	-37,611	-33,946	-3,665
Net cash used from (in) financing activities	19,880	-29,138	49,018
Increase in cash and cash equivalents	99,956	58,287	41,669
Cash and cash equivalents, end of period	282,655	250,213	32,442

Net cash from operating activities in the first quarter amounted to USD 117.7 million, down by USD 3.7 million from the first quarter of 2014. Investments in operating assets amounted to USD 25.9 million. Of this figure, the largest share resulted from investments in aircraft and related equipment; one Boeing 757 was capitalised in the period. Investments in long-term expense and intangible assets amounted to a total of USD 0.5 million.

USD thousand	Q1 2015
Operating assets:	
Aircraft and aircraft components	15,522
Overhaul own aircraft	4,074
Other	6,283
Total operating assets	25,879
Long term cost	
Overhaul leased aircraft	211
Intangible assets	257
Total Capex	26,347

Payments on long-term liabilities amounted to USD 3.8 million in the quarter. Cash increased by 100.0 million over the quarter. The increase over the same period last year was USD 58.7 million. The negative currency effect on cash amounted to USD 2.1 million.

OUTLOOK FOR ICELANDAIR GROUP HF.

- | **Profitable organic growth projected in 2015**
- | **Changed focus in the fleet with new aircraft types**
- | **Extensive development of the Company's hotel operations**

Prospects in Icelandair Group's Route Network operations are favourable. The year is off to a good start with a large increase in passenger numbers between years and a record passenger load factor. The booking status for the coming months is favourable, with bookings for the summer in line with the Company's projections. The Company recently announced a change in focus regarding its fleet of aircraft. In the autumn of 2015 two B757-200 charter aircraft seating 183 passengers will be returned, to be replaced by two B767-300 aircraft seating 260 passengers. The high passenger load factor on many of the Company's routes year-round, in addition to limits on slot availability at some airports, makes the introduction of larger aircraft a feasible option. The new aircraft will begin flying in the Route Network in the spring of 2016. The new aircraft have a far greater range than the B757-200 aircraft and their introduction will create new opportunities for expanding into new markets.

The prospects in the Group's hotel operations are favourable following substantial development work in recent years. In 2015 the Company will operate 22 hotels throughout the country, of which 10 will be year-round units. Further development is in full swing and a new annex to Icelandair Hotel Reykjavik Marina is scheduled for opening soon. The annex will add 47 rooms and strengthen the Company's current position in the harbour area of Reykjavik. In 2016 the Company will open two new hotels, both in Central Reykjavik: one on Smiðjustíg, with 115 rooms, and another on Hafnarstræti, with 53 rooms. The central location and proximity to the Harpa Concert Hall and the principal sites of events in the city are the outstanding attractions of these hotels. In addition, the Company recently acquired a hotel by Lake Mývatn in north-eastern Iceland which will undergo a process of enlargement and improvement. The acquisition is a part of the Company's strategy of strengthening the tourist industry in rural Iceland and promoting Iceland as a year-round destination.

A milestone is about to be reached in the Company's regional flight operations, as a decision has been made to replace the Company's entire fleet of five Fokker 50 aircraft with three Q400 aircraft. Following the change, regional flight operations will have five aircraft in service, three Q400s and two Q200s. The Q400 aircraft will seat 70 passengers, as compared to the 50-seat capacity of the Fokker 50 aircraft. The change simplify and streamline the Company's regional operations, as the number of aircraft will be reduced and synergy achieved, since all the aircraft will be from the same manufacturer. With the change in the composition of the fleet the Company sees opportunities for expanding into

new markets and providing improved services to the current domestic market, as the new aircraft are larger and their flight times will be shorter. The Company has plans to increase the number of foreign passengers aboard its aircraft still further.

Cargo operations are showing success. The Company has withdrawn entirely from charter cargo operations and now concentrates its efforts on freight using its scheduled air services with the operation of two cargo aircraft and use of the holds of passenger aircraft on international flights. Operations of other subsidiaries of the Group are also showing success, and the current assumption is that their operations in 2015 will be in line with the budget.

The Company's fuel hedging situation is highlighted in the table below. In addition to contractual hedges, the Company defines the interaction of the USD/EUR and fuel prices as an internal hedge.

Month	Estimated usage (tons)	Option volume	Swap volume	Total swap and option contracts	%hedged	Av. swap price USD	Bought call strike	Sold put strike
Apr '15	18,480	3,000	7,200	10,200	55%	841	1,000	892
May '15	26,891	4,000	12,200	16,200	60%	834	1,000	932
Jun '15	34,695	6,000	14,200	20,200	58%	828	987	883
Jul '15	36,777	6,000	14,300	20,300	55%	804	987	871
Aug '15	36,679	8,000	12,300	20,300	55%	781	965	854
Sep '15	30,956	6,000	10,200	16,200	52%	793	929	859
Oct '15	24,181	4,000	9,200	13,200	55%	662	900	831
Nov '15	20,109	0	10,200	10,200	51%	660	0	0
Dec '15	19,092	0	11,200	11,200	59%	595	0	0
Jan '16	19,188	0	10,000	10,000	52%	607	0	0
Feb '16	17,446	0	10,000	10,000	57%	642	0	0
Mar '16	19,791	0	10,000	10,000	51%	614	0	0
Total	304,285	37,000	131,000	168,000	55%	-	-	-

EBITDA FORECAST FOR 2015

The EBITDA forecast for 2015 remains unchanged from the beginning of February, in the range of USD 160-165 million. The average exchange rate of the EUR against the USD is projected at 1.07 in the period from April to December, while the February forecast assumed an average cross rate of 1.15 over the year. It is assumed that the jet fuel price (net of hedges) will be USD 600/ton in the last three quarters, down from the earlier forecast. The strengthening of the US dollar has a negative impact on the Company's results, particularly over the peak season, as the majority of the Company's revenues is in European currencies. As a result of the favourable outcome in the first quarter and the reduction in fuel prices, the EBITDA forecast remains unchanged in spite of the negative currency effect. The preparation of the forecast does not take into account the uncertainty in the Icelandic labour market, which could significantly impact the Company's results.

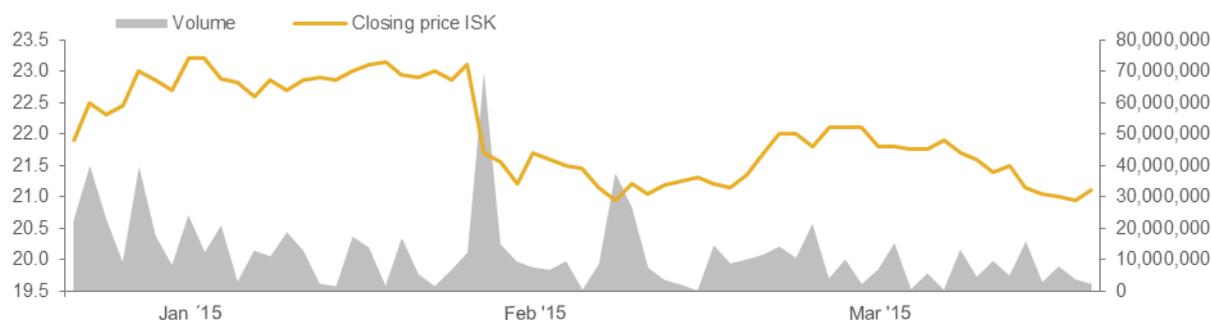
SHAREHOLDERS

- | **Icelandair Group's share price was ISK 21.1 at the end of the first quarter**
- | **The market value at the end of March was ISK 105.5 billion**

The highest closing price per share of the first quarter was ISK 23.20, the lowest closing price was ISK 20.95 per share, and the average price over the period was ISK 22.02 per share. Trades in Icelandair Group shares were 1,001 in the quarter and the volume of trading was ISK 16.7 billion. The average

size of individual trades was ISK 16.7 million. The price of shares in the Company fell by 1.4% over the quarter and the number of shareholders was 2,146, increasing by 46 from the beginning of the year. The number of issued shares on 31 March 2015 was 5,000,000,000, and the number of outstanding shares at the same time was 4,974,540,000.

Share prices and volume – trend in the first quarter of 2015:



PRESENTATION MEETING 30 APRIL 2015

An open presentation for stakeholders will be held on Thursday 30 April 2015 at the Icelandair Hotel Reykjavik Natura. Björgólfur Jóhannsson, President and CEO of Icelandair Group, and Bogi Nils Bogason, CFO, will present the Company's results and respond to questions, together with other senior management. The presentation will be held in Room 3, starting at 16:30. The presentation material will be available after the meeting on the Icelandair Group website, www.icelandairgroup.is, and on the Nasdaq OMX Iceland hf. news system.

The meeting can be followed in Icelandic in real time on the website <http://www.icelandairgroup.is/investors/reports-and-presentations/>

APPROVAL OF QUARTERLY STATEMENT

The consolidated accounts of Icelandair Group for the first quarter report of 2015 were approved at a meeting of the Board of Directors on 29 April 2015.

FINANCIAL CALENDAR

- | Financial statement for the second quarter – week 31, 2015
- | Financial statement for the third quarter – week 44, 2015
- | Financial statement for the fourth quarter – week 06, 2016
- | Annual General Meeting – week 11 2016

FOR FURTHER INFORMATION PLEASE CONTACT:

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