

**Icelandair Group**  
**Presentation of Q3 2017 Results**



## Q3 HIGHLIGHTS

**EBITDA**  
USD 161.1 million  
and net profit  
USD 101.3 million

**Better results  
than anticipated  
mainly due to  
stronger passenger  
revenues**

**Most  
businesses  
performed well**

# Financials

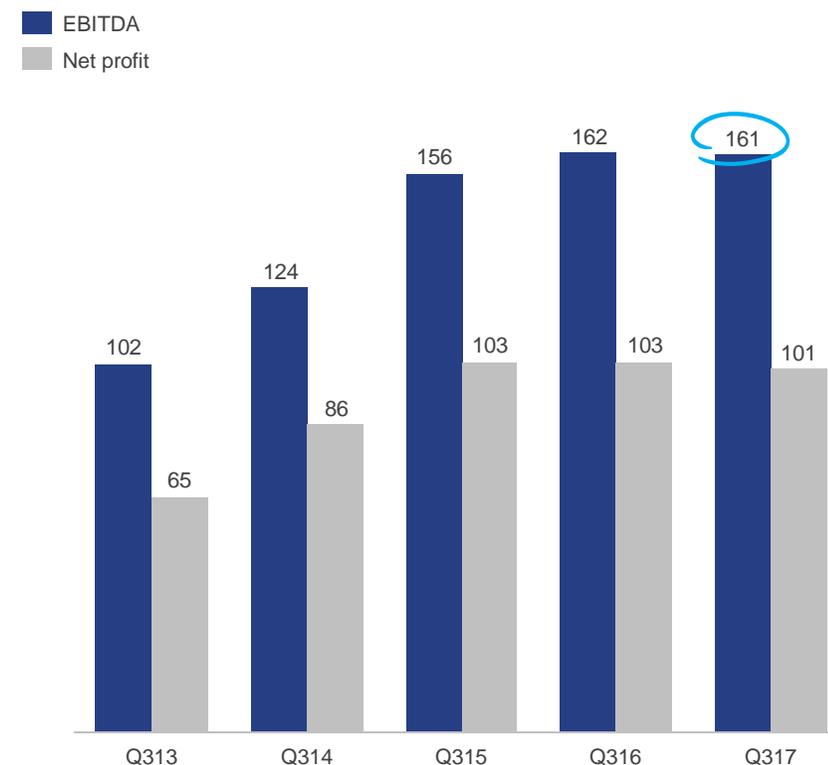
**Bogi Nils Bogason, CFO**



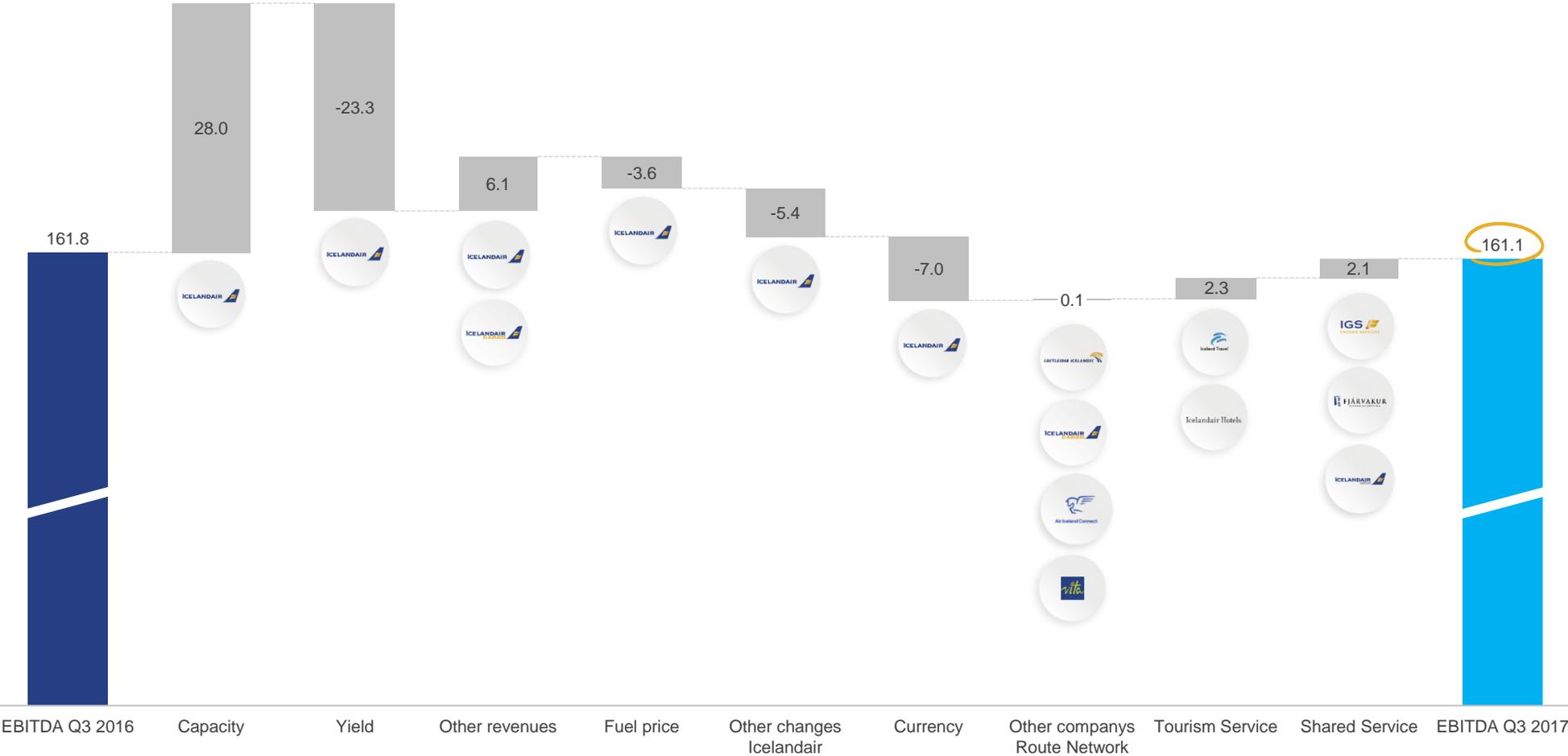
## Strong results – net profit at USD 101.3 million

USD million	Q3 2017	Q3 2016	% Chg.
<b>Operating Income</b>	<b>536.0</b>	<b>485.9</b>	<b>10%</b>
Salaries and related expenses	118.1	94.7	25%
Aircraft fuel	82.4	73.1	13%
Aircraft lease	5.2	4.4	19%
Aircraft handling, landing and communication	41.4	38.9	7%
Aircraft maintenance expenses	19.6	19.2	2%
Other expenses	108.2	94.0	15%
<b>Operating expenses</b>	<b>374.9</b>	<b>324.2</b>	<b>16%</b>
<b>EBITDA</b>	<b>161.1</b>	<b>161.8</b>	<b>0%</b>
<b>EBIT</b>	<b>126.8</b>	<b>132.1</b>	<b>-4%</b>
<b>EBT</b>	<b>127.1</b>	<b>130.8</b>	<b>-3%</b>
<b>Profit for the period</b>	<b>101.3</b>	<b>102.8</b>	<b>-1%</b>
<b>EBITDA ratio</b>	<b>30.1%</b>	<b>33.3%</b>	<b>-3.2 ppt</b>
<b>EBITDAR</b>	<b>171.5</b>	<b>170.4</b>	<b>1%</b>
<b>EBITDAR ratio</b>	<b>32.0%</b>	<b>35.1%</b>	<b>-3.1 ppt</b>

EBITDA and net profit | USD million

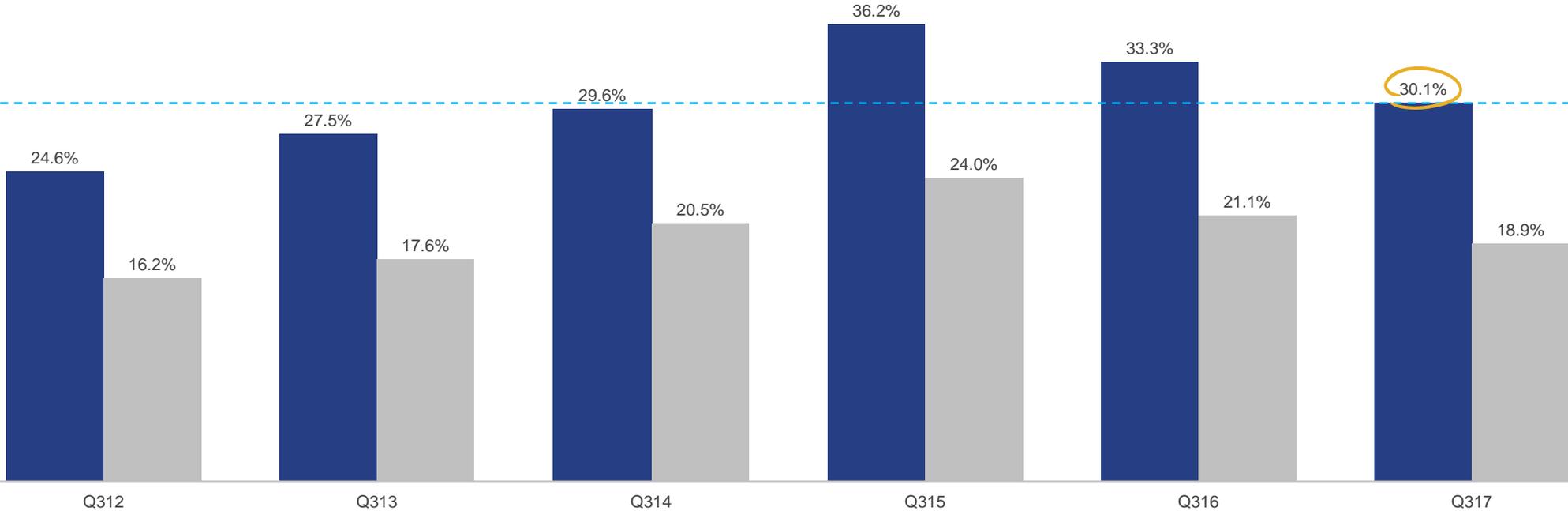


# Lower yields affect the EBITDA negatively by USD 23.3 millions



All figures in USD million.

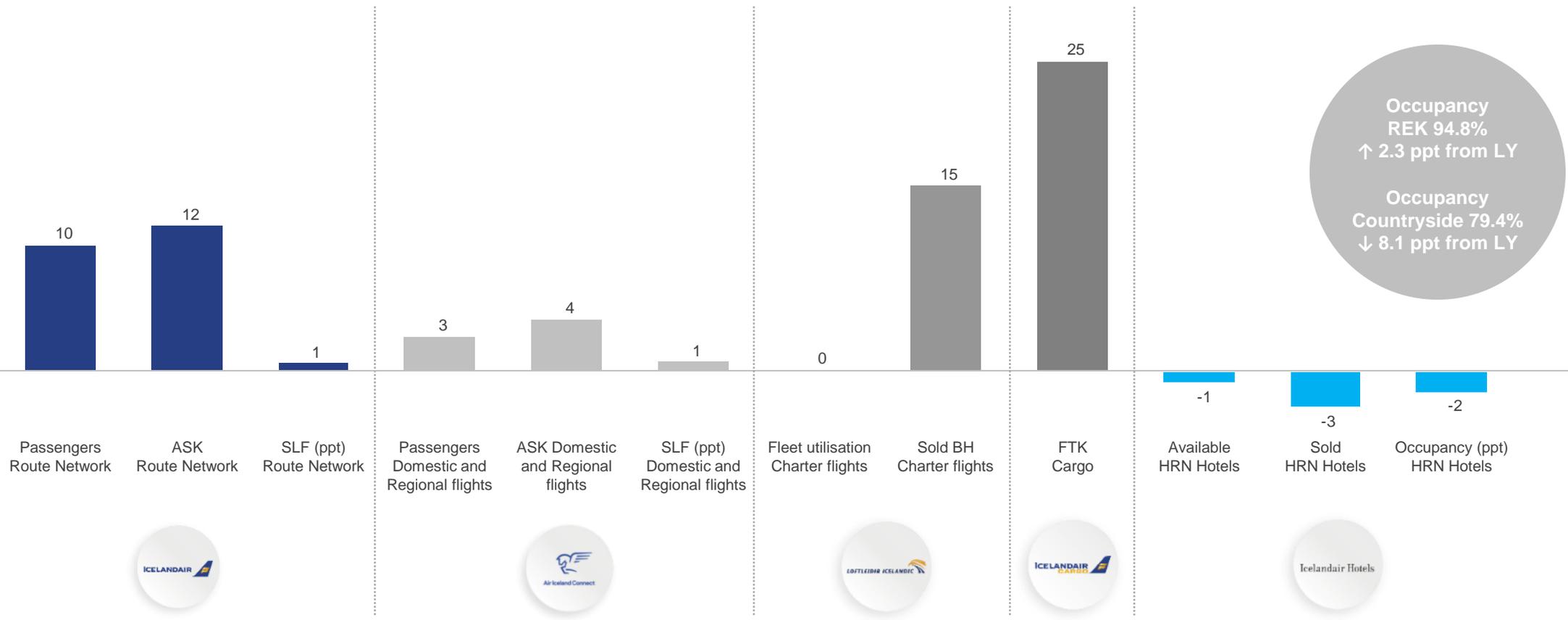
# EBITDA ratio 30.1%



■ EBITDA %  
■ Net earnings %

# Growth in all our businesses - Hotel occupancy declined between years

Q3 year-on-year change in %

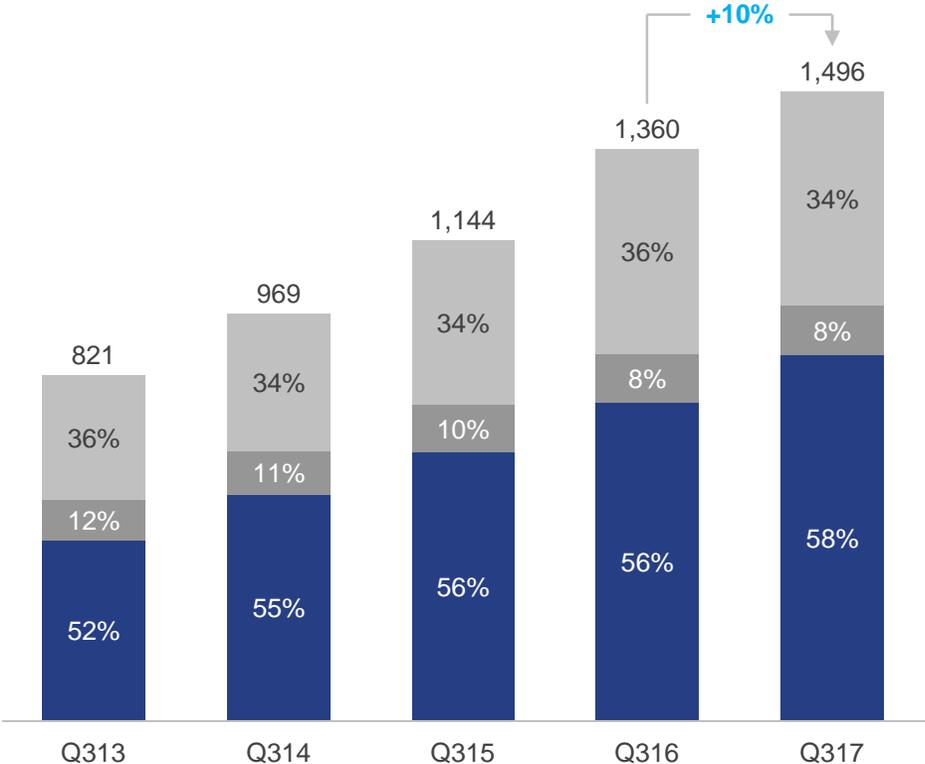


ASK = Available Seat Kilometres, BH = Block Hours, HRN = Hotel Room Nights.

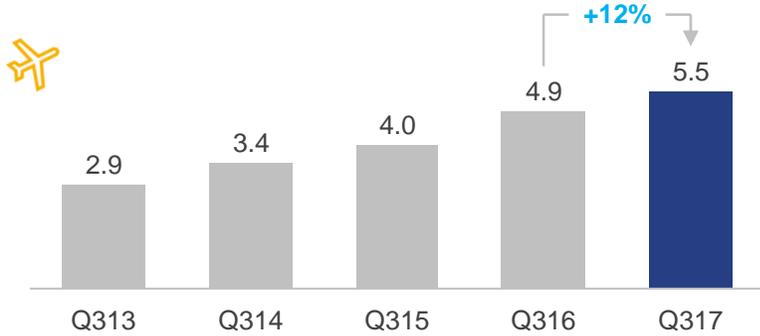
# Good load factor with 10% passenger increase

Passenger mix | number of passengers in thousands

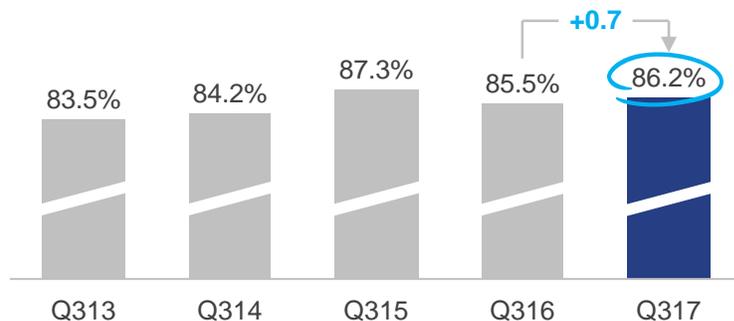
■ To ■ From ■ Via



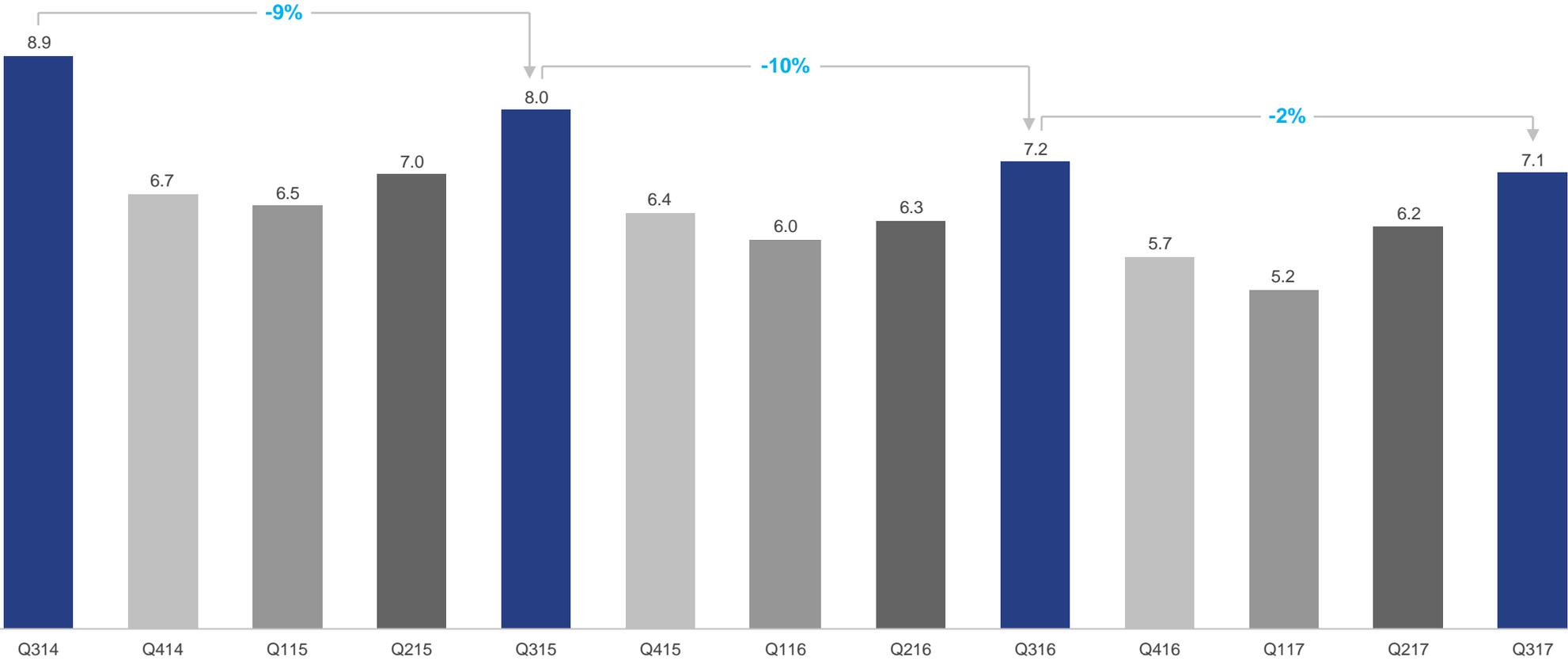
Available seat km (ASK) per quarter | billions



Load factor per quarter | 2013-2017



# Continued pressure on yields but PRASK decrease slowing down

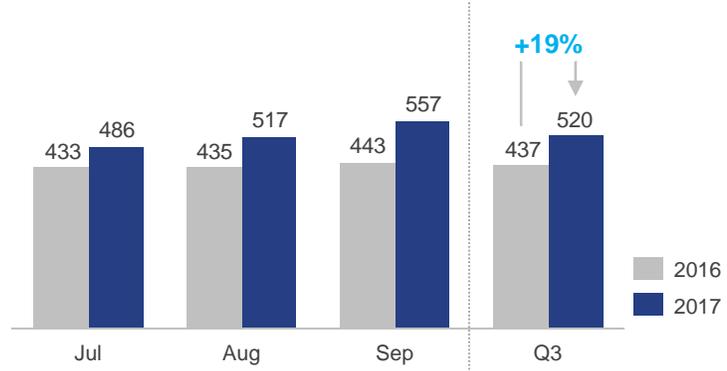
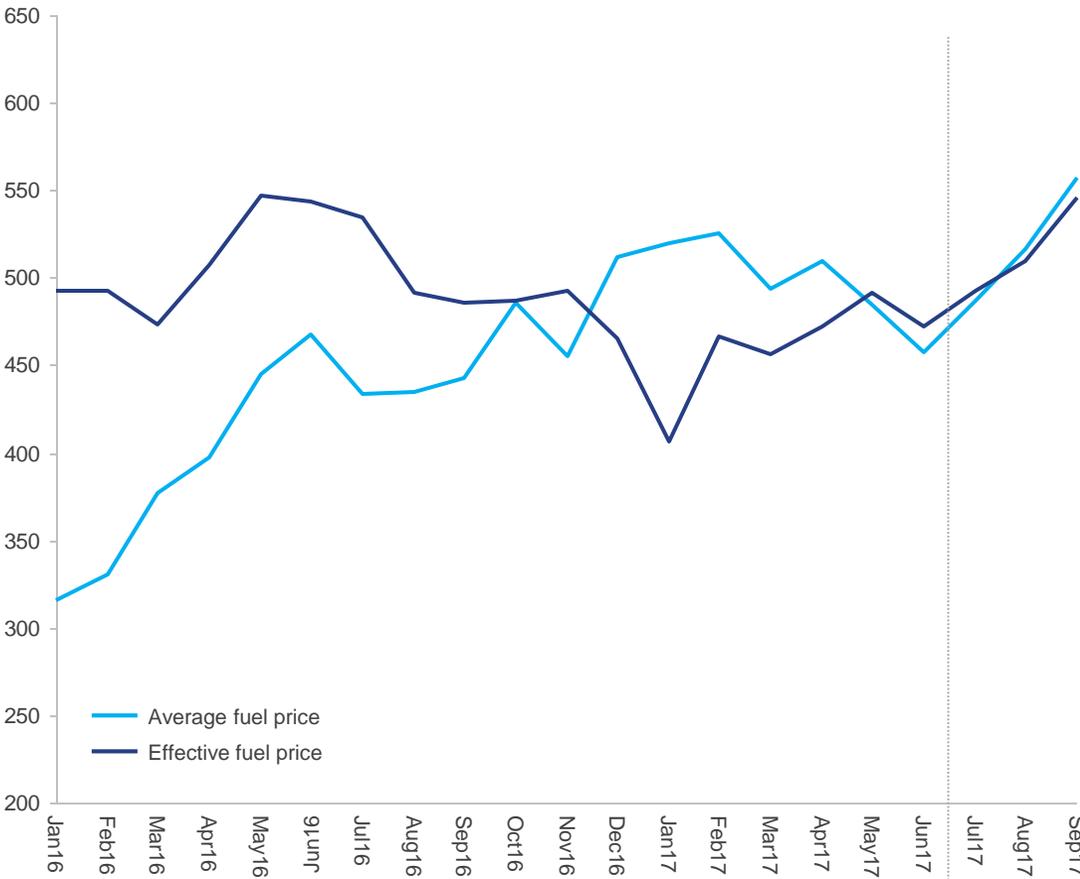


Absolute figures show yield as passenger revenues (PR) / total available seat kilometres (ASK) per US Cent

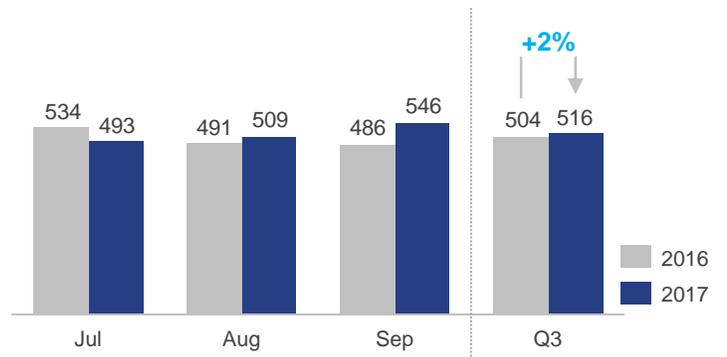
# Fuel hedge strategy mitigates higher fuel prices

Average and effective fuel price per month | USD/ton 2016-2017

Average world fuel price | Q317 vs Q316



Effective fuel price paid by Icelandair Group | Q317 vs Q316



# 48% of estimated usage for the next 12 months has been hedged at weighted average swap price of 532 USD/tonne

Period	Estimated usage (tons)	Swap volume	% hedged	Av. swap price USD
Okt 17	31,418	17,550	56%	516
Nóv 17	26,707	14,550	54%	547
Des 17	25,498	15,550	61%	552
Jan 18	24,969	14,250	57%	558
Feb 18	22,456	12,250	55%	556
Mar 18	27,644	15,250	55%	544
Apr 18	29,268	14,250	49%	542
Mai 18	36,427	18,250	50%	527
Jún 18	49,579	25,250	51%	513
Júl 18	52,163	26,250	50%	507
Ágú 18	51,607	23,250	45%	532
Sep 18	46,011	8,250	18%	534
<b>12 months</b>	<b>423,747</b>	<b>204,900</b>	<b>48%</b>	<b>532*</b>
Okt 18	34,102	7,000	21%	519
Nóv 18	27,960	4,000	14%	515
Des 18	26,620	4,000	15%	559
Jan 17	26,168	0	0%	0
Feb 17	23,725	0	0%	0
Mar 17	23,852	0	0%	-
<b>13-18 months</b>	<b>162,427</b>	<b>15,000</b>	<b>9%</b>	<b>528*</b>

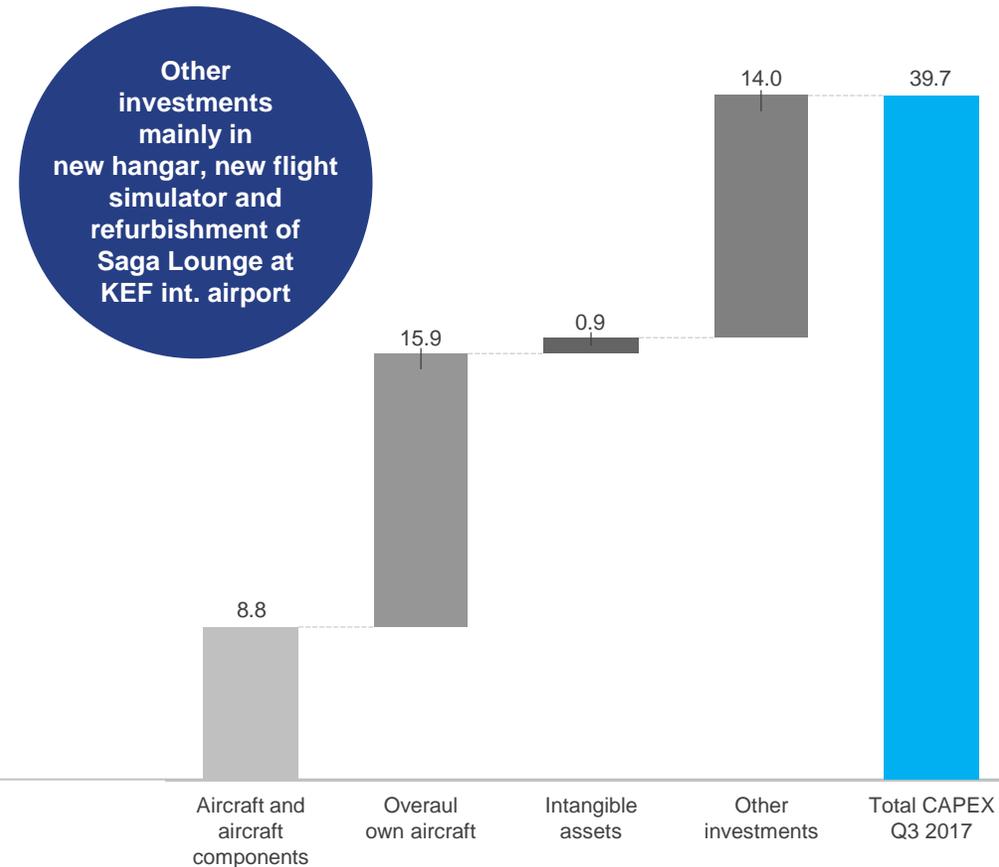
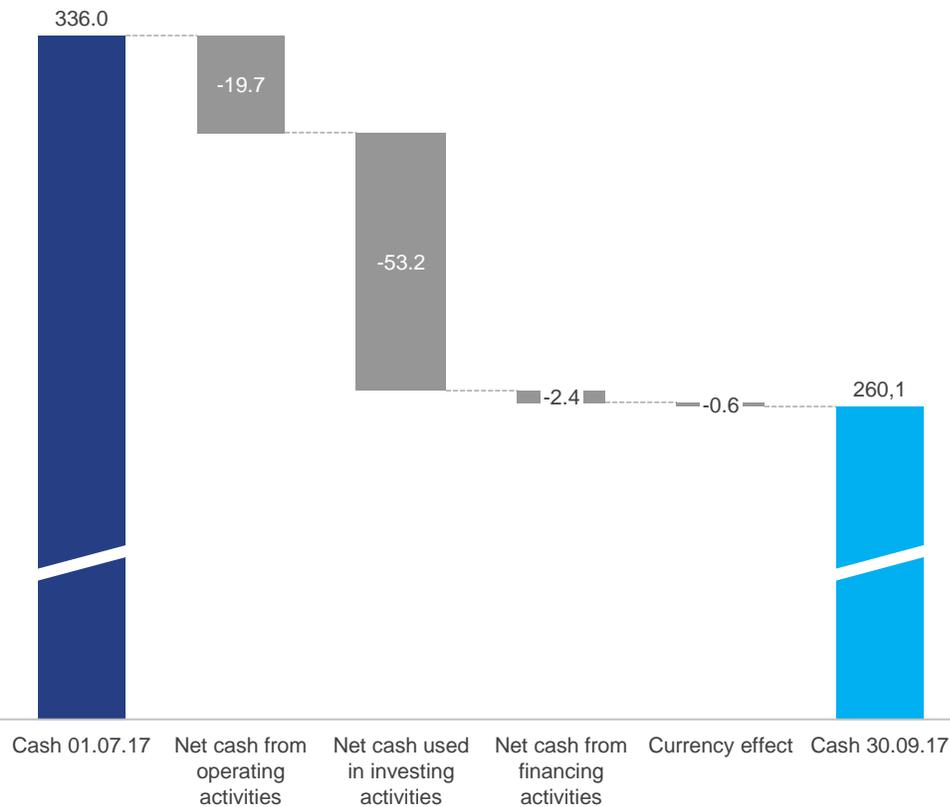
\* weighted average price



# Cash and cash equivalents at USD 260 million

Changes in cash Q3 2017 | USD million

Capex in cash Q3 2017 | USD million



## Equity ratio at 43% and net interest bearing debt USD 19.9 million

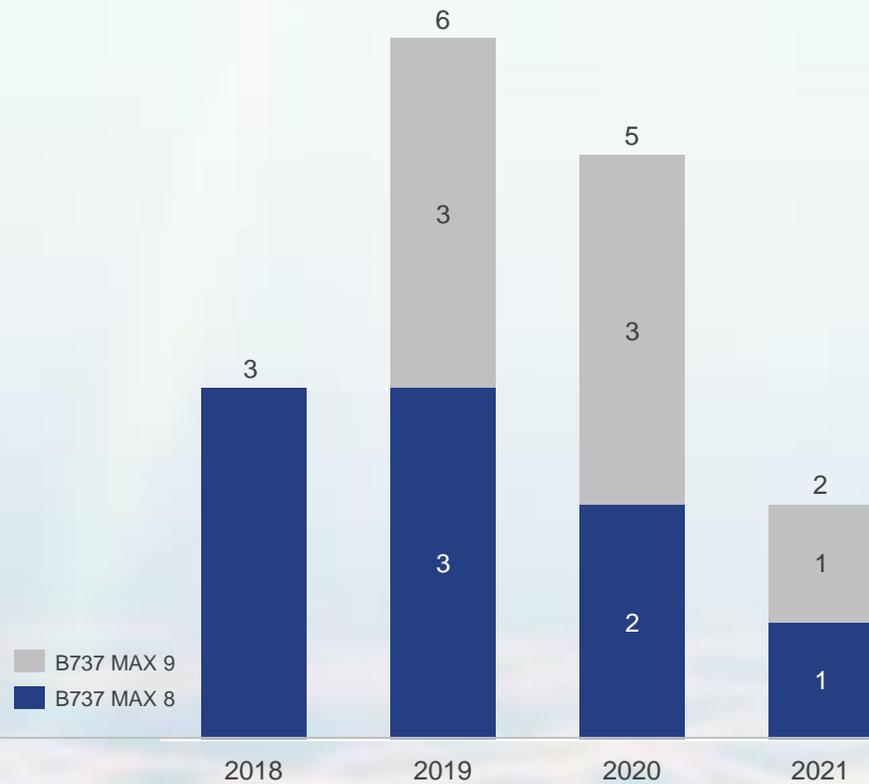
USD million	30.09 2017	31.12 2016	30.09 2016
<b>Assets</b>			
Operating Assets	642.8	602.6	545.2
Intangible assets and goodwill	179.2	174.7	174.5
Other non-current assets	126.8	97.7	91.0
<b>Total non-current assets</b>	<b>948.9</b>	<b>875.0</b>	<b>810.7</b>
Other current-assets	232.1	167.4	178.7
Short term investments	3.9	23.2	3.2
Cash and cash equivalents	260.1	226.9	191.4
<b>Total current assets</b>	<b>496.2</b>	<b>417.5</b>	<b>373.3</b>
<b>Total assets</b>	<b>1,445.0</b>	<b>1,292.5</b>	<b>1,184.0</b>

Interest  
bearing debt  
USD 284.0m

Net debt  
USD  
19.9m

USD million	30.09 2017	31.12 2016	30.09 2016
<b>Equity and liabilities</b>			
<b>Stockholders equity</b>	<b>618.6</b>	<b>568.2</b>	<b>582.9</b>
Loans and borrowings non-current	235.8	196.7	49.6
Other non-current liabilities	91.0	71.5	90.6
<b>Total non-current liabilities</b>	<b>326.8</b>	<b>268.2</b>	<b>140.2</b>
Loans and borrowings current	48.1	45.7	10.8
Trade and other payables	244.6	210.5	257.0
Deferred income	206.9	199.9	193.1
<b>Total current liabilities</b>	<b>499.7</b>	<b>456.1</b>	<b>460.9</b>
<b>Total equity and liabilities</b>	<b>826.5</b>	<b>1,292.5</b>	<b>1,184.0</b>
Equity ratio	43%	44%	49%
Current ratio	0.99	0.92	0.81
Net interest bearing debt	19.9	-7.7	-134.2
Interest bearing debt	284.0	242.4	60.4

# The financing of the new fleet is on schedule



Sale leaseback for 4 aircraft, 1 in 2018 and 3 in 2019

Jolco financing process for the remaining 2 aircraft in 2018 is on good track



## Outlook

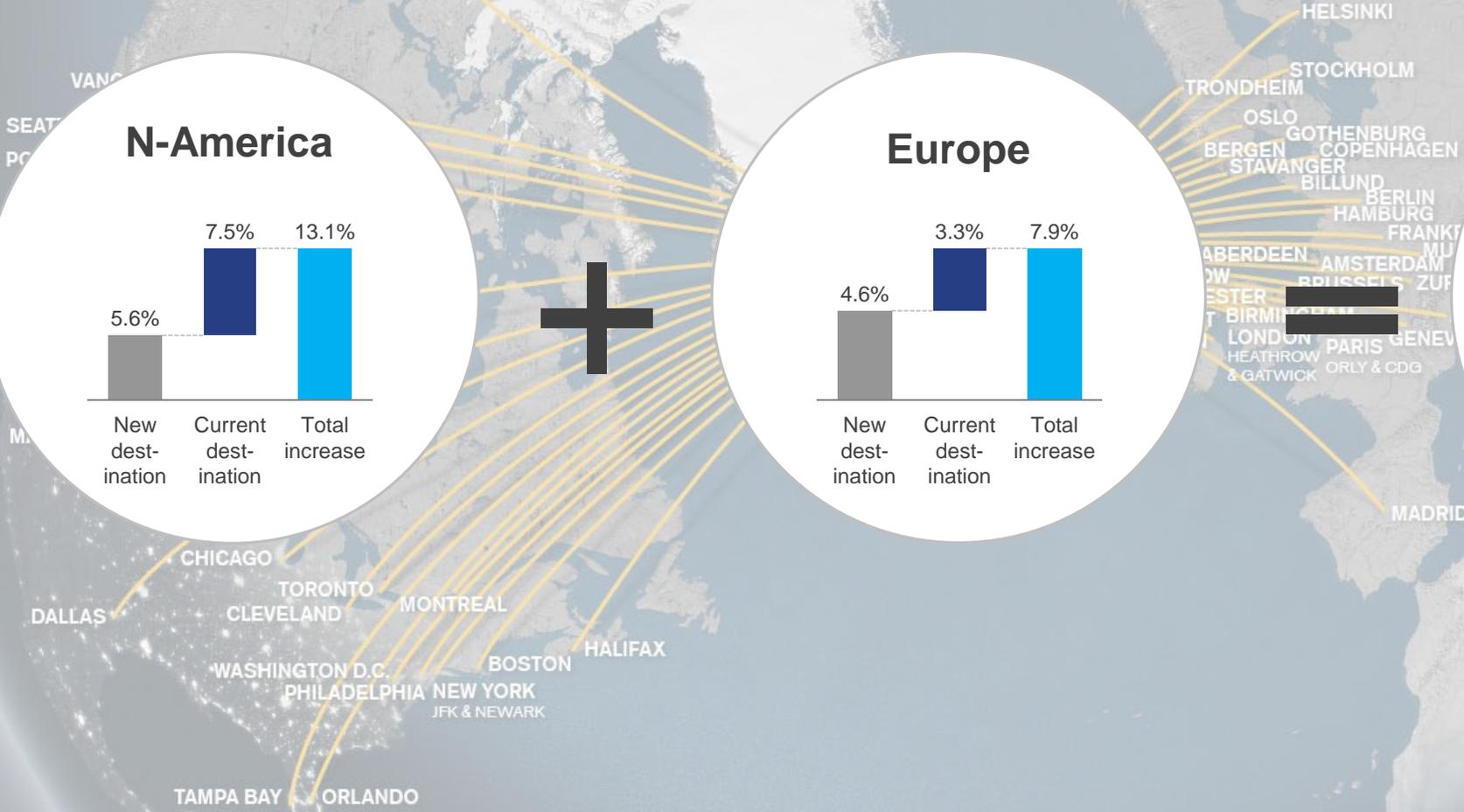
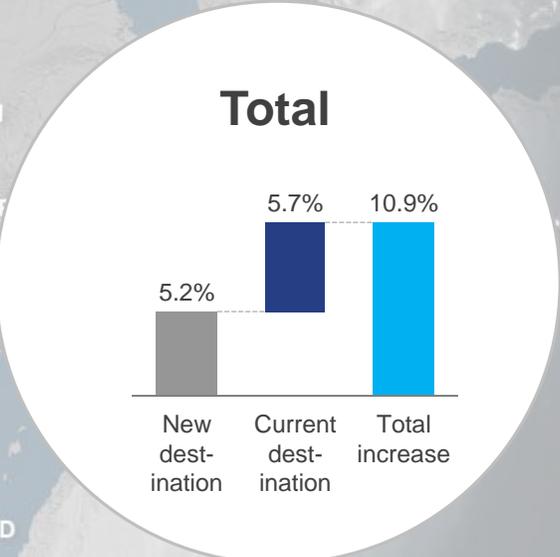
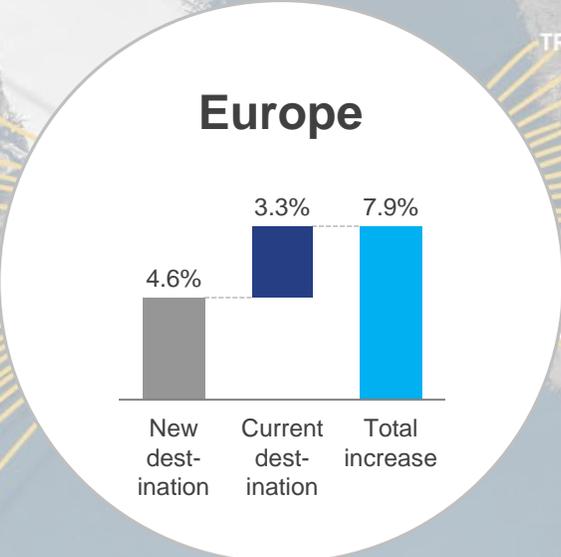
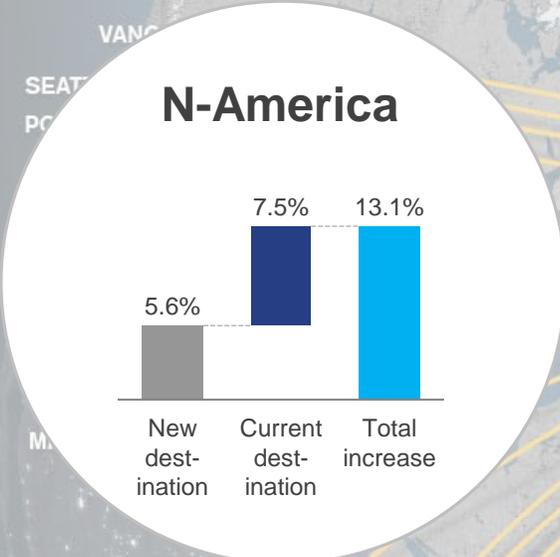
**Björgólfur Jóhannsson, President and CEO**





**Route Network 2018**  
**+ 3 new destinations**  
**+ 10% trips**  
**+ 400,000 passengers**

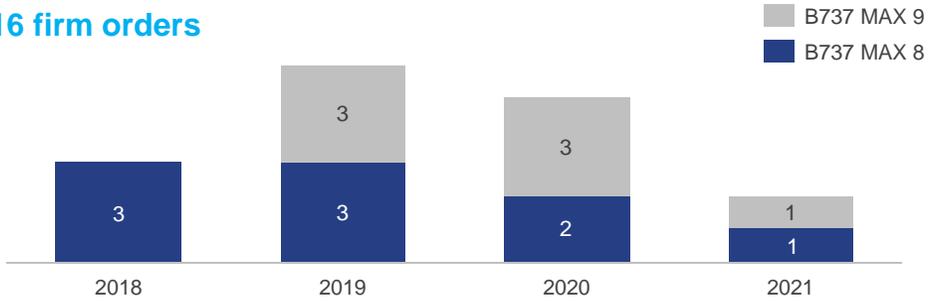
Further growth is planned in 2018 with 11% increase in available seat kilometres and 10% increase in number of trips



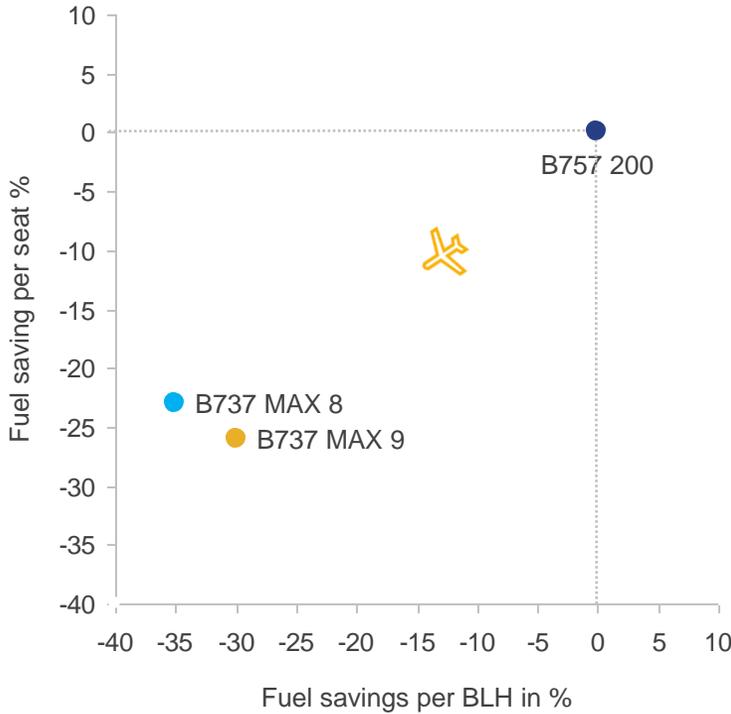
# The first Boeing 737 MAX delivery in Q1 2018



## 16 firm orders



**Fuel savings per seat and per BLH**  
B737 MAX8 & 737 MAX9 in comparison to 757 200 in %



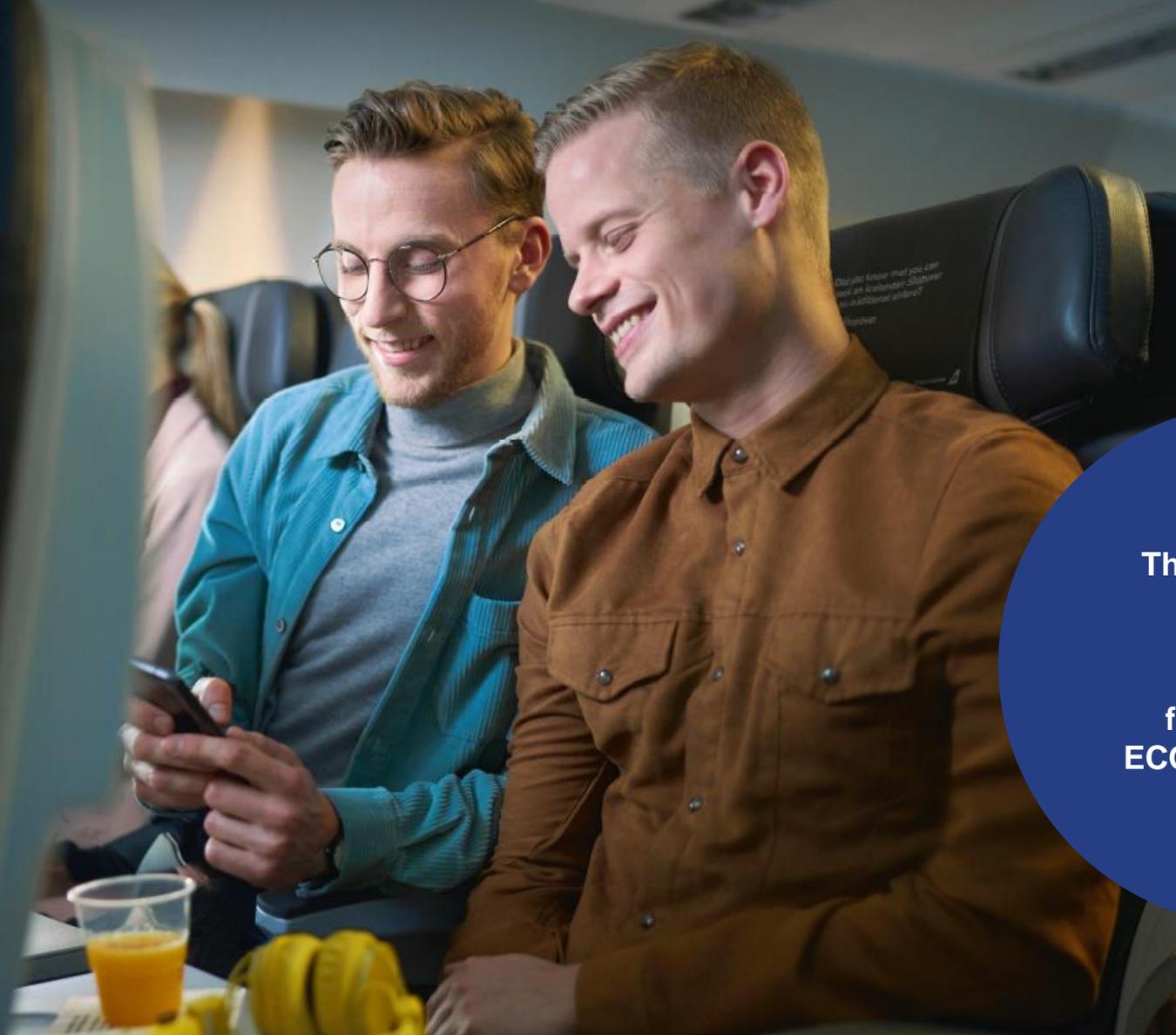
**B737 MAX** will be added to the fleet in 2018 to increase flexibility and support our growth plans

**160** seats MAX 8

**178** seats MAX 9

Introducing a new option:

# ECONOMY LIGHT



The market has responded favourably to our new fare offering **ECONOMY LIGHT**

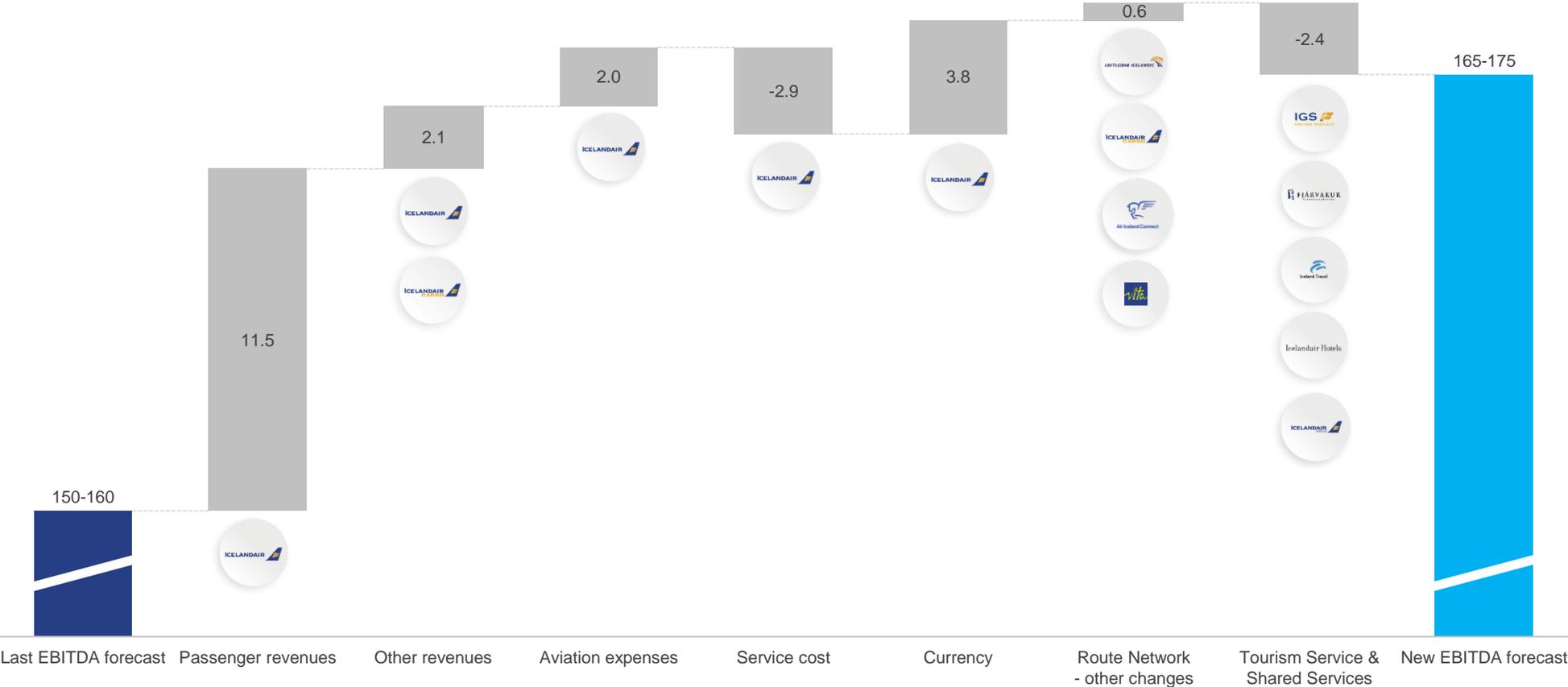
#### **Fly light**

Planning on a short stay? Like to travel light?

On Economy Light you have one carry-on bag included and enjoy all our excellent on-board services and amenities.

Pack less and pay less.

# EBITDA forecast increased to USD 165-175 million



All figures in USD million.

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