

Q1 2024 results

24 April 2024

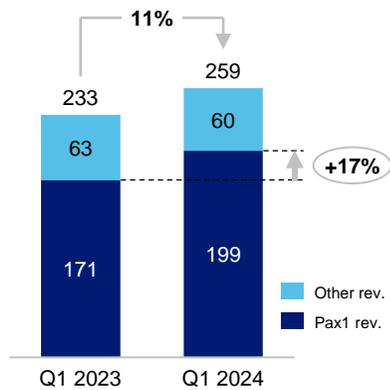


Record passenger revenue and positive unit cost development

Cargo turnaround well under way

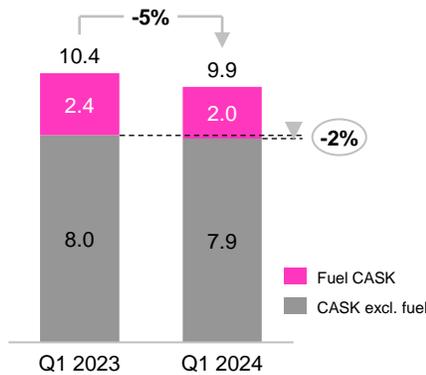
Record passenger revenue, up 17%

Total revenue USD million



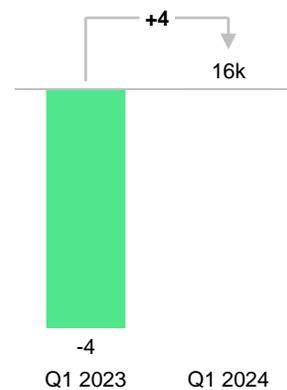
Unit cost down by 5%

CASK¹ US cents



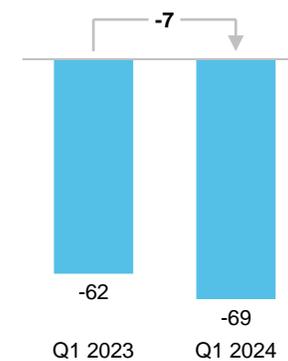
Positive turnaround in profitability of cargo

EBIT USD million



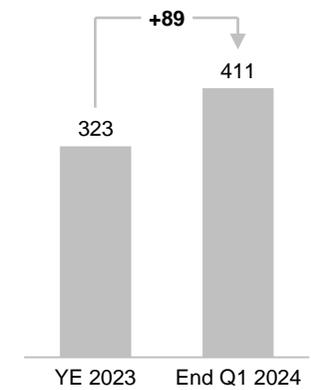
EBIT development impacted by seismic activity

EBIT USD million



Strong liquidity position

Liquid funds² USD million

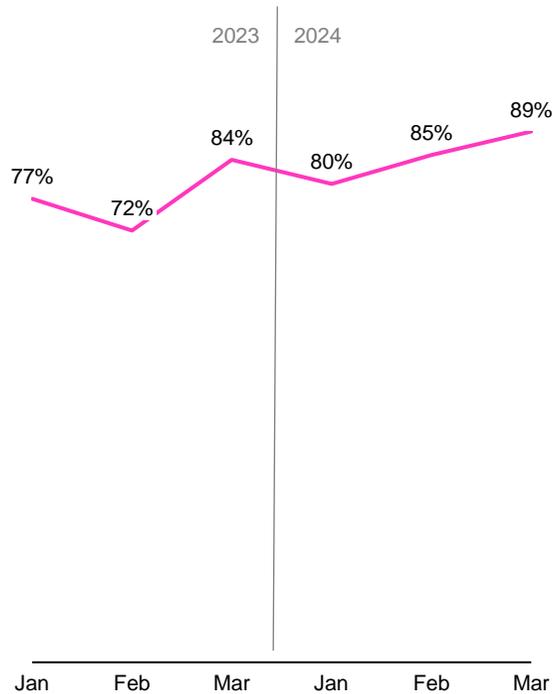


¹ CASK = Costs per available seat kilometer in route network, ² Liquid funds = Cash, marketable securities and undrawn credit facilities

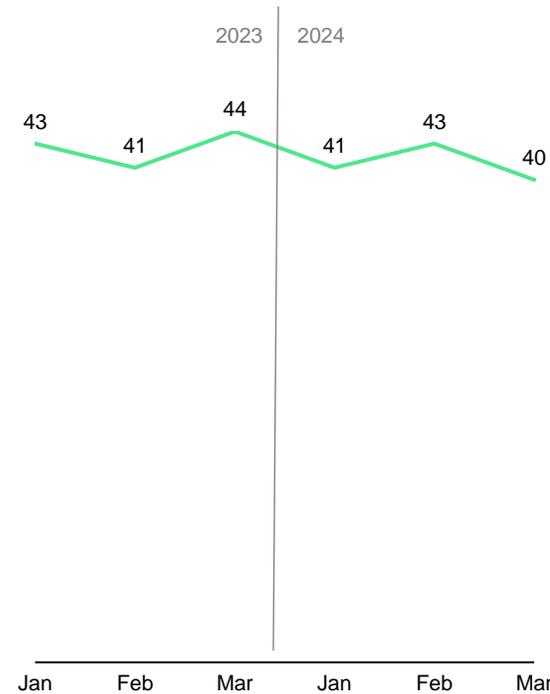


Positive trend in important metrics positioning the Company well for strong performance going forward

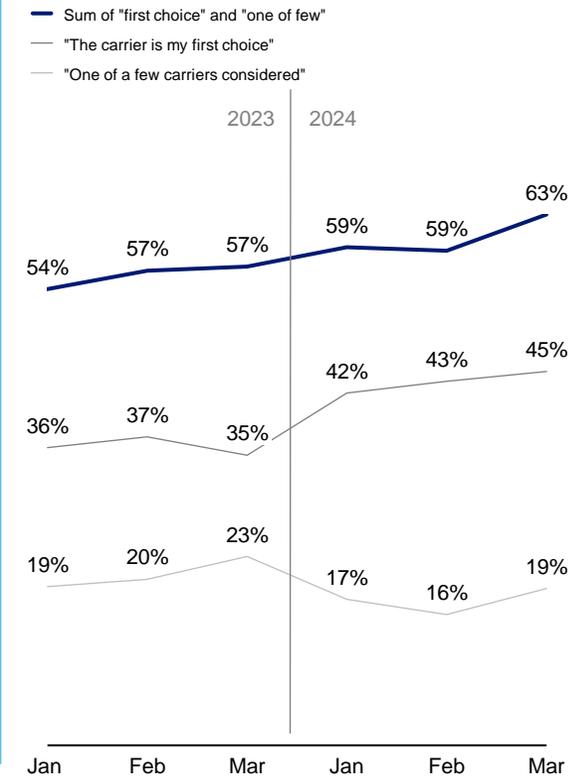
On-time performance
%



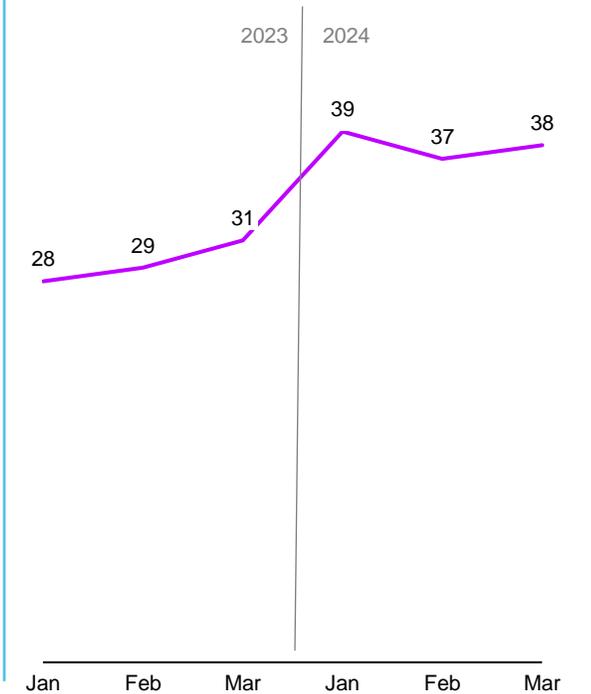
Customer satisfaction
NPS



First choice carrier score¹



Employee satisfaction
ENPS – 3 month rolling average



¹ Share of FROM market, measured by EMC



Financials

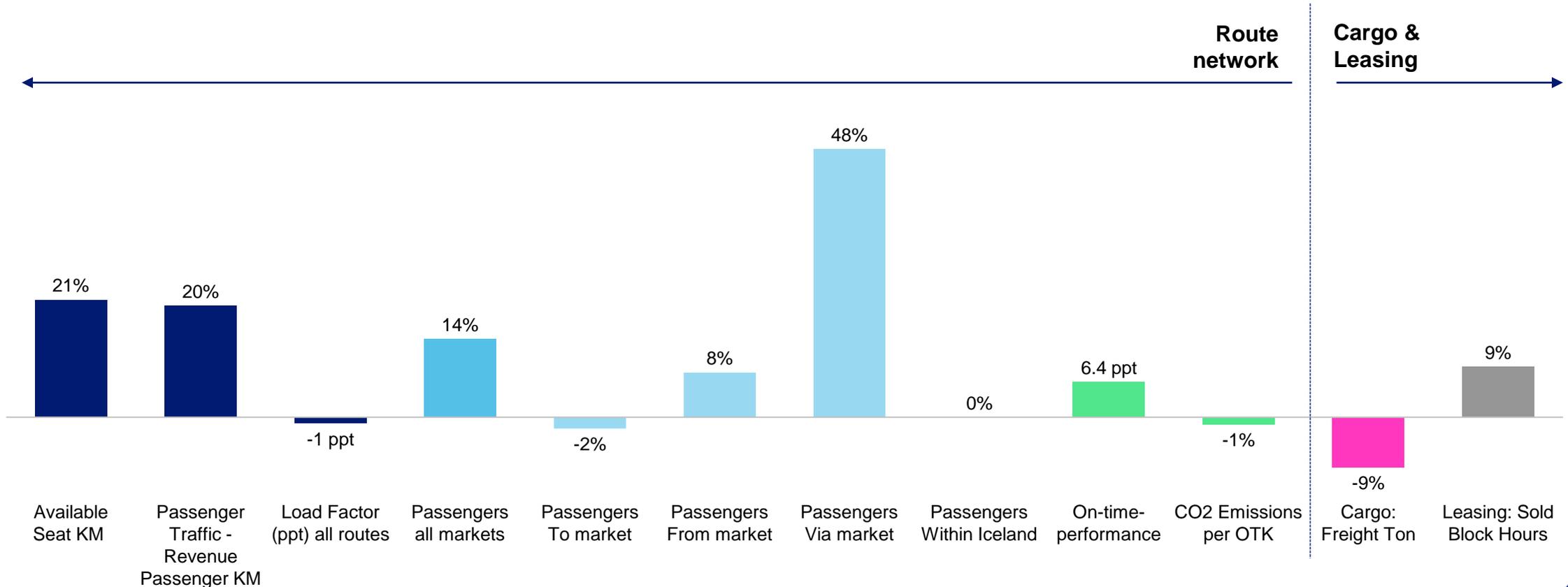
Ívar S. Kristinsson, CFO

Strong via market with 48% passenger increase year-on-year

Global media coverage of the seismic activity impacted demand To Iceland

Traffic figures – Q1 2024 vs Q1 2023

In percentages



EBIT slightly worse than last year, main reason being effect of seismic activities especially in January

Turnaround in the cargo operation with EBIT improving by USD 3.8 million

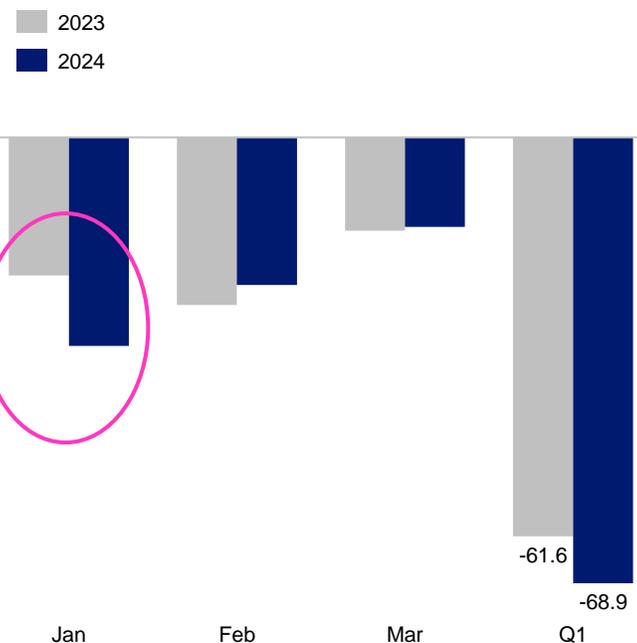
Profit loss statement

USD million

USD million	Q1 2024	Q1 2023	Change
Passenger revenue	198.9	170.5	28.3
Cargo revenue	20.7	23.7	-3.0
Leasing revenue	19.3	19.1	0.2
Other operating revenue	20.1	19.9	0.1
Operating income	259.0	233.3	25.7
Salaries and salary related	94.5	78.7	15.8
Aircraft fuel	64.1	66.6	-2.5
Other aviation expenses	54.6	48.8	5.8
Other operating expenses	81.1	71.3	9.9
Operating expenses	294.3	265.3	29.0
Depreciation and amortization	-33.6	-29.5	-4.0
EBIT	-68.9	-61.6	-7.3
EBIT ratio	-26.6%	-26.4%	-0.2 ppt
EBT	-72.7	-65.1	-7.6
Net loss	-59.4	-49.1	-10.3

EBIT

USD million



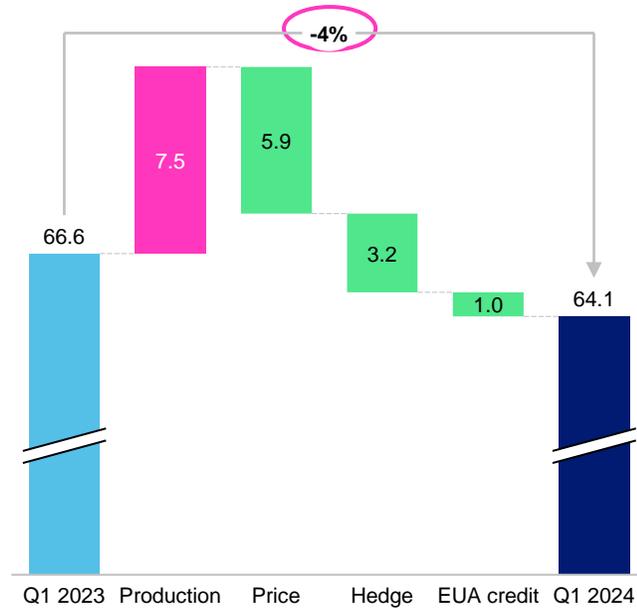
- Revenue increase driven by a 21% increase in the passenger network capacity; strong Saga Premium revenue development
- Revenue generation negatively affected by global media coverage of the seismic activity in Southwest Iceland especially in January
- Salaries increasing y-o-y due to increased production, contractual salary increases, and strengthening of the ISK
- Cost-efficient B737 MAX aircraft, lower fuel prices and emission charges had a positive impact on results
- Significant turnaround in the Cargo operation; EBIT positive; up by USD 3.8 million year-on-year
- Leasing operation continues to deliver strong results with EBIT profit of USD 3.2 million



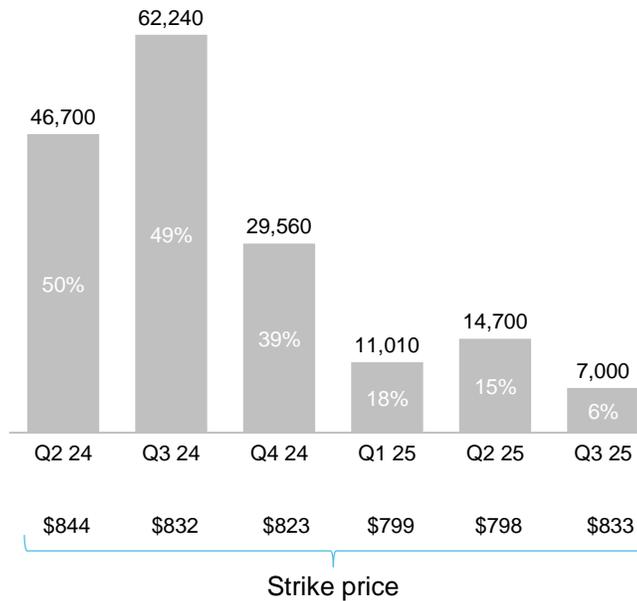
Lower fuel prices and positive hedges driving fuel costs down despite more production

Effective fuel price 13% lower than in Q1 2023

Fuel cost main changes
USD million Q1 2023 vs Q1 2024



Overview hedge contracts and ratio
(Hedge %, Strike Price \$/mt)



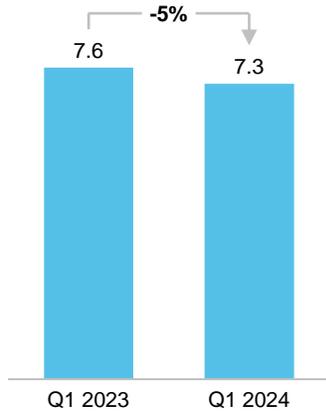
Fuel price
USD per m/t



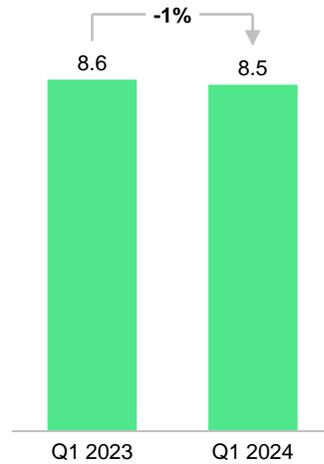
Unit revenue impacted by seismic activity in Southwest Iceland

Average yield decreased 1% year-on-year

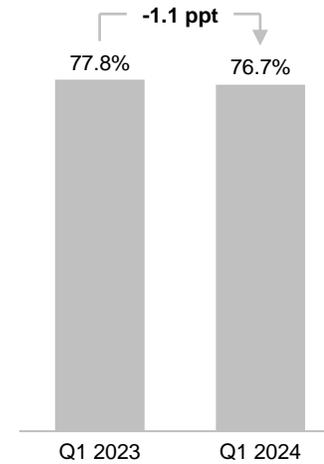
RASK¹
US Cents



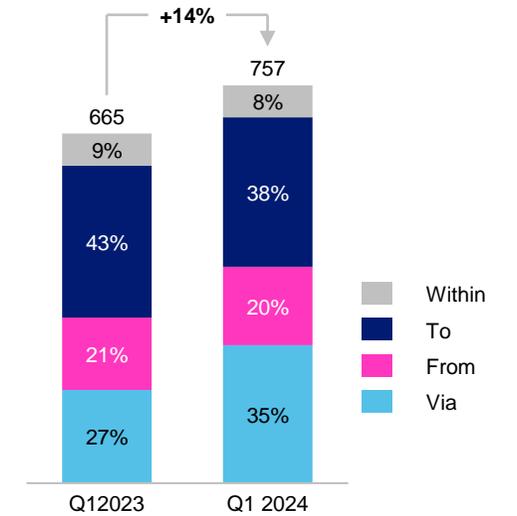
Yield²
US Cents



Load factor



Passenger mix
Absolute figures '000



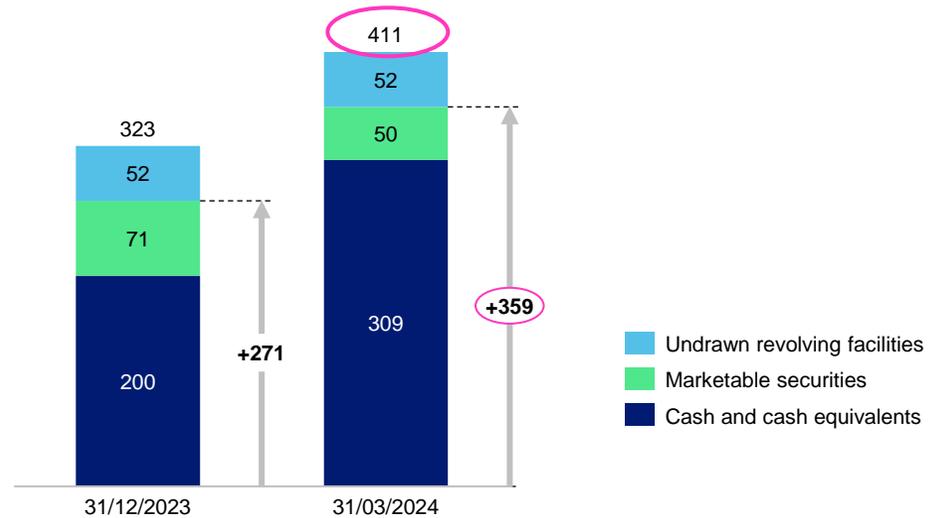
¹RASK: Revenue per Available Seat Kilometer, ²Yield: average airfare, excess baggage, cabin upgrade and seat selection revenue per Revenue Passenger Kilometer

Total liquidity USD 411 million at end of Q1 2024

Cash and marketable securities increased by USD 89 million during the first quarter

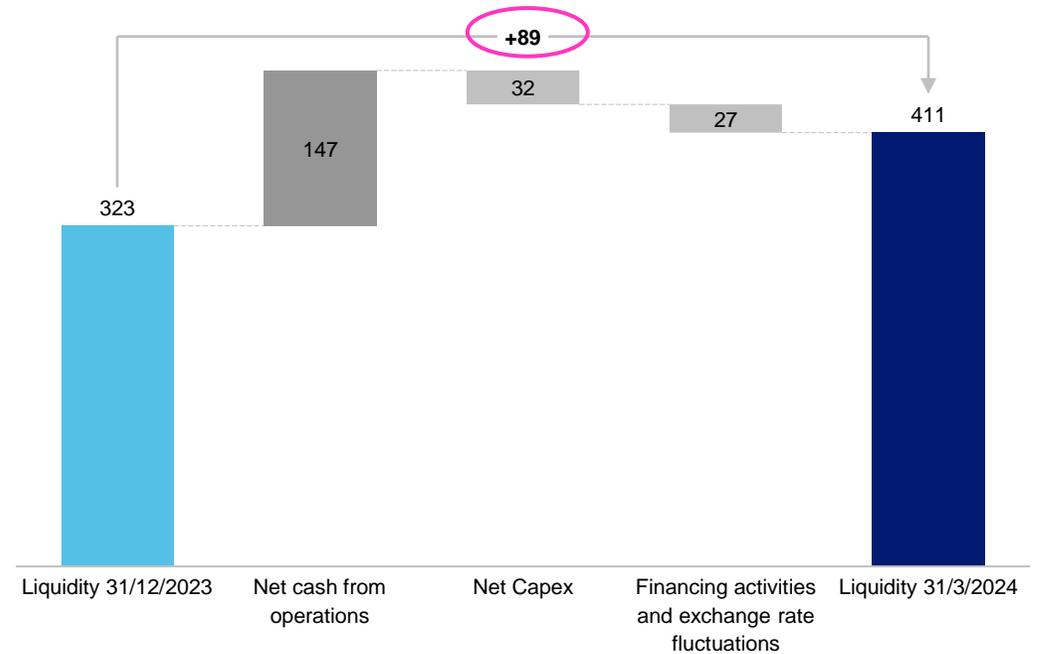
Total liquidity

Breakdown in USD million



Liquidity development

Q1 2024 in USD million



Assets USD 1.7 billion and equity ratio of 14%

Assets

USD million	31 Mar 2024	31 Dec 2023	Change
Operating assets	562.6	555.1	7.5
Right-of-use assets	345.0	348.5	-3.6
Intangible assets and goodwill	55.8	55.4	0.4
Other non-current assets	141.9	111.6	30.3
Total non-current assets	1,105.2	1,070.6	34.6
Other current assets	23.2	23.8	-0.7
Trade and other receivables	211.0	161.9	49.1
Derivatives used for hedging	4.6	0.8	3.8
Marketable securities	50.0	71.0	-21.0
Cash and cash equivalents	309.3	199.5	109.8
Total current assets	598.1	457.1	141.0
Total assets	1,703.3	1,527.7	175.6

Equity and liabilities

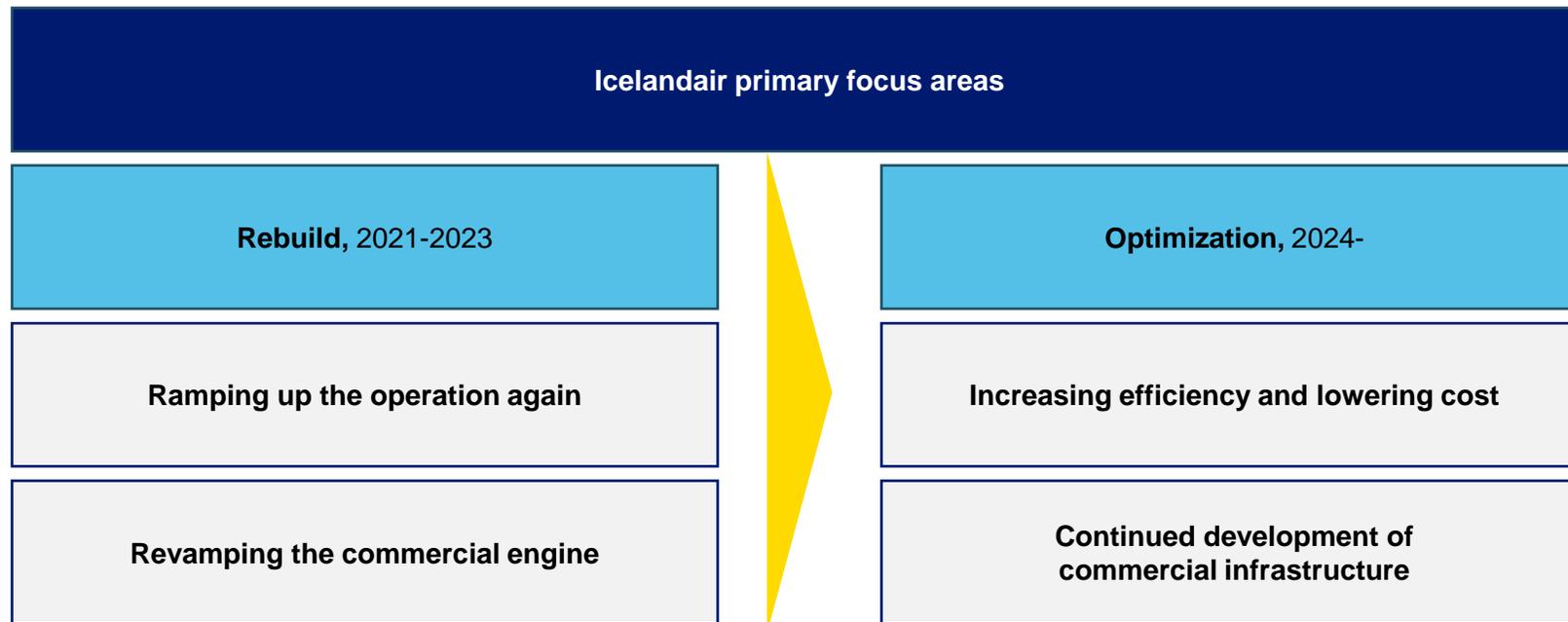
USD million	31 Mar 2024	31 Dec 2023	Change
Shareholders' equity	233.3	288.3	-55.0
Loans and borrowings non-current	196.5	207.4	-10.9
Lease liabilities	349.7	332.2	17.5
Other non-current liabilities	73.1	54.0	19.2
Total non-current liabilities	619.3	593.5	25.8
Loans and borrowings current	41.9	44.9	-3.1
Lease liabilities	57.6	54.1	3.5
Derivatives used for hedging	0.0	6.6	-6.6
Trade and other payables	238.0	222.4	15.6
Deferred income	513.1	317.8	195.3
Total current liabilities	850.6	645.8	204.8
Total liabilities	1,469.9	1,239.3	230.6
Total equity and liabilities	1,703.3	1,527.7	175.6
Equity ratio	14%	19%	-5.2 ppt



Business update and outlook

Bogi Nils Bogason, CEO

Firm focus on increasing efficiency in 2024 after completion of the post-pandemic rebuild



Icelandair is working systematically on increasing efficiency and lowering cost

Over the past months, Icelandair has implemented several initiatives in line with this focus

Simplifying the organization resulting in fewer management positions

Growing capacity 10% between years on the same overhead, thus demonstrating our scalability

Executing a turnaround project within the cargo operation

Concluding an outsourcing agreement for the flight kitchen which will result in more efficiency and a stronger operation

Maintenance unit cost developing positively in Q1 due to, among other things, revised strategy



Icelandair will continue the same path

Various cost-focused initiatives currently in the works

Reducing seasonality in the business through increased leasing of route network aircraft in the low season

Lowering sales and distribution costs as a share of revenues through various means

Reducing IRROPS costs through better planning

Decreasing fuel costs through optimization of operational processes affecting fuel burn

Renegotiating supplier agreements to drive cost savings

Aiming for Increased flexibility in Icelandair's Collective Bargaining Agreements



**At the same time,
Icelandair aims to
further develop its
strong commercial
infrastructure**

Continuing to develop the route network, both with new destinations and increased connections through additional frequencies and bank structure development

Further strengthening Icelandair's position in the Arctic, such as with flights to Greenland and the Faroe Islands

Growing package sales, including by extracting synergies following the integration of VITA with Icelandair, completed last year

Growing ancillary sales through digital channel development and optimization of sales efforts through the customer journey

Working to strengthen Icelandair's airline partnership network



Icelandair continues to strengthen its partnership network and has recently entered into agreements with Emirates and Turkish Airlines



- Airline partnerships are an **important part of Icelandair's commercial infrastructure** and drive ~10% of our passenger revenue
- The partnerships are **enabled by effective distribution systems** and unique route network
- As part of its strategy, Icelandair aims to strengthen its network and revenues **by developing current and introducing new win-win strategic partnerships** through bilateral agreements
- Airline partnerships provide Icelandair with:
 - **Passenger feed** and incremental revenues for the network
 - Extended **market reach**
 - **Increased connectivity** for Icelandair's and partners' passengers
 - **A stronger loyalty proposition** for specific markets
- New strategic airline partnerships – like the ones with Emirates and Turkish Airlines – typically start out as interline/SPA partnerships and may then **develop to become closer codeshare partnerships**
- Airline partnerships have and **may also unlock new routes** that are infeasible on a standalone basis



Icelandair expects to return an EBIT-margin of 2-4% in 2024



Booking outlook for Q2 and Q3 mostly in line with last year although mix is shifting

- Booking inflow in the TO market has been slower than last year due to continued volcanic activity on top of inflation and increased competition from other destinations
- Demand in the VIA market remains strong resulting in a significant growth in VIA bookings between years
- The changed mix is putting some pressure on total yields
- The FROM market is also showing signs of strength and remains steady from last year
- The domestic market is performing well and demand for Icelandair's Saga Premium product continues to be strong



Positive turnaround taking place in cargo operations

- Cargo is seeing a significant turnaround in its financial results with the business returning to operating profit (EBIT) in Q1 2024
- Icelandair Cargo is on track to deliver operating profit for the year



Leasing operation performing well

- The outlook for 2024 remains promising as the segment continues a gradual expansion of its profitable operations
- In Q2, an additional aircraft will be added to the fleet



EBIT ratio of 2-4% expected in 2024

- Icelandair has issued a financial guidance for 2024. The Company expects an operating income of USD 1.6bn, an EBIT-margin of 2-4% and increased net profit between years

**Icelandair is firmly
on the right track**

The future is bright



Q&A

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