



# ICELANDAIR GROUP HF

PRESENTATION OF Q3 2013 RESULTS | 31 OCTOBER 2013



# FINANCIAL RESULTS

BOGI NILS BOGASON | CFO

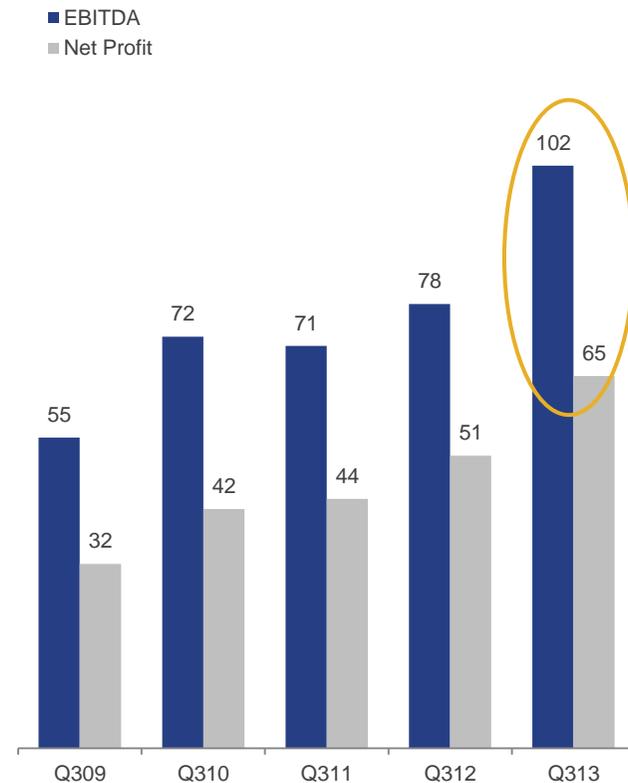
# INCOME STATEMENT Q3

## PROFIT AMOUNTED TO USD 65.3 MILLION

USD million	Q3 2013	Q3 2012	% Chg.
<b>Operating Income</b>	<b>371.7</b>	<b>317.4</b>	<b>17%</b>
Salaries and related expenses	62.0	54.5	14%
Aircraft fuel	80.7	73.6	10%
Aircraft and aircrew lease	11.4	20.2	-43%
Aircraft handling, landing and comm.	25.3	23.6	7%
Aircraft maintenance expenses	24.3	14.8	65%
Other expenses	65.6	52.7	24%
<b>EBITDA</b>	<b>102.2</b>	<b>77.9</b>	-
<b>EBIT</b>	<b>82.2</b>	<b>61.1</b>	-
<b>EBT</b>	<b>81.9</b>	<b>64.8</b>	-
<b>Profit for the period</b>	<b>65.3</b>	<b>51.4</b>	-
<b>EBITDA ratio</b>	<b>27.5%</b>	<b>24.6%</b>	<b>3.0 ppt</b>
<b>EBITDAR</b>	<b>114.3</b>	<b>92.7</b>	-
<b>EBITDAR ratio</b>	<b>30.8%</b>	<b>29.2%</b>	<b>1.6 ppt</b>

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

USD million

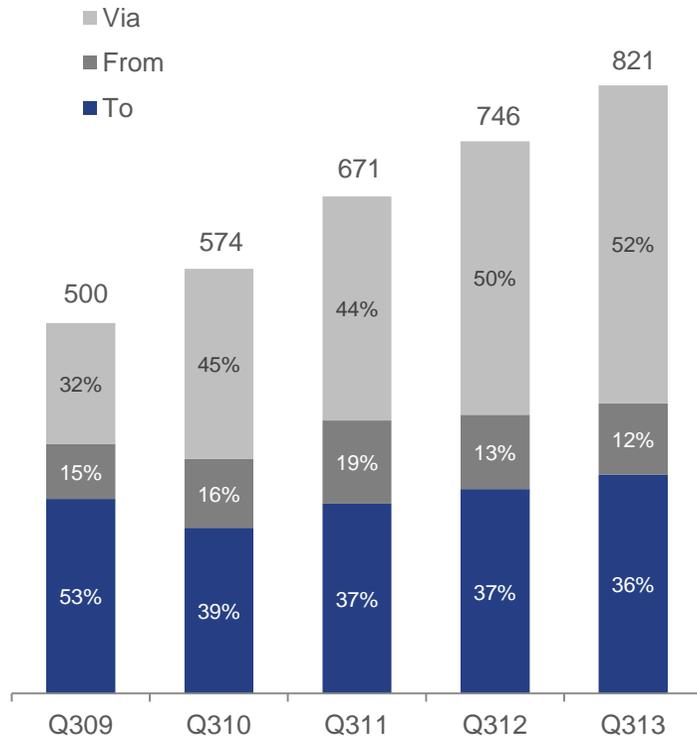


\* not incl. figures for Bluebird in 2009- 2010

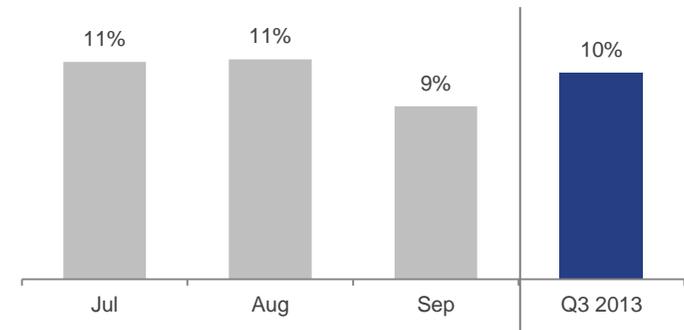
# PASSENGER NUMBERS 10% ABOVE LAST YEAR

## IN THE ROUTE NETWORK

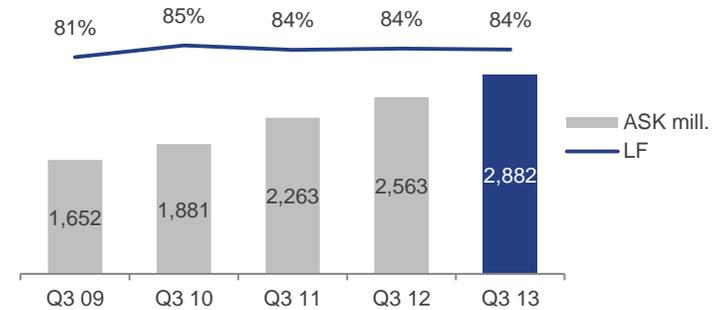
Passenger mix and total passengers in thousands  
2009-2013



Passenger increase in Q3  
2013 vs. 2012



Available seat kilometers (ASK) and load factor  
Development in Q3 2009-2013



# FUEL PRICES LOWER THAN LAST YEAR

## Hedging position

October 2013 – June 2014

Period	Estimated usage (tons)	Hedge and option contracts	Av. Hedge price USD	%hedged
Oct-13	17,776	8,250	984	46%
Nov-13	15,216	7,250	970	48%
Dec-13	13,959	7,250	980	52%
Jan-14	12,350	5,000	971	40%
Feb-14	10,719	5,000	971	47%
Mar-14	13,991	6,000	984	43%
Apr-14	15,001	2,000	982	13%
May-14	18,538	2,000	994	11%
Jun-14	24,396	3,000	976	12%
<b>Total</b>	<b>141,947</b>	<b>45,750</b>	<b>978</b>	<b>32%</b>

| Average jet fuel price in Q3 992 USD/ton in 2013 vs. 1,027 USD/ton in 2012

## Fuel price in USD/ton

2013 vs. 2012

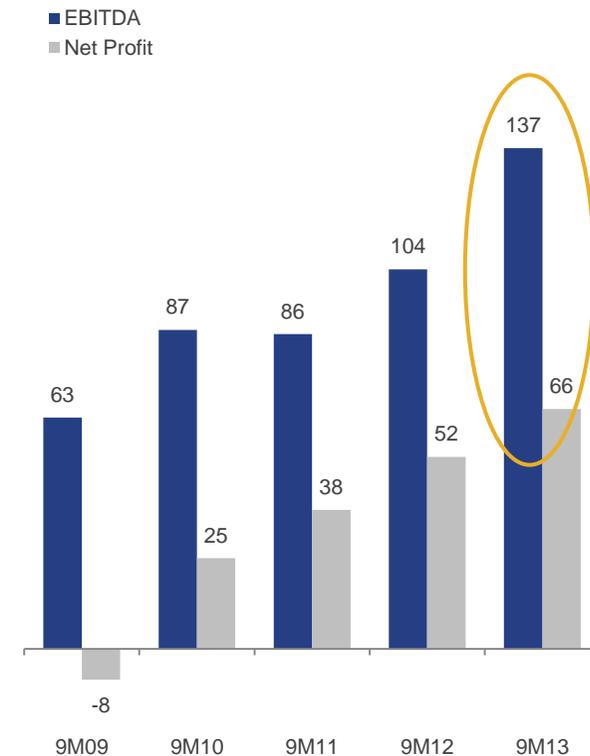


# INCOME STATEMENT

## JANUARY - SEPTEMBER

USD million	9M 2013	9M 2012	% Chg.
<b>Operating Income</b>	<b>810.3</b>	<b>709.4</b>	<b>14%</b>
Salaries and related expenses	177.3	150.4	18%
Aircraft fuel	188.6	170.4	11%
Aircraft and aircrew lease	45.7	58.5	-22%
Aircraft handling, landing and comm.	56.9	51.9	10%
Aircraft maintenance expenses	48.4	39.5	23%
Other expenses	156.5	135.1	16%
<b>EBITDA</b>	<b>136.9</b>	<b>103.7</b>	-
<b>EBIT</b>	<b>83.9</b>	<b>58.9</b>	-
<b>EBT</b>	<b>82.2</b>	<b>65.9</b>	-
<b>Profit for the period</b>	<b>65.5</b>	<b>52.5</b>	-
<b>EBITDA ratio</b>	<b>16.9%</b>	<b>14.6%</b>	<b>2.3 ppt</b>
<b>EBITDAR</b>	<b>173.0</b>	<b>146.7</b>	-
<b>EBITDAR ratio</b>	<b>21.4%</b>	<b>20.7%</b>	<b>0.7 ppt</b>

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



\* not incl. figures for Bluebird in 2009- 2010

# BALANCE SHEET

## EQUITY RATIO 40%

| Cash, cash equivalents and marketable securities USD 218.3 million

| Interest-bearing debt USD 128.5 million

USD million	30.09 2013	31.12 2012
<b>Assets</b>		
Operating Assets	307.5	283.0
Intangible assets	178.1	176.7
Other non-current assets	10.8	14.2
<b>Total non-current assets</b>	<b>496.5</b>	<b>473.9</b>
Other current-assets	162.7	156.2
Markatable securities	2.9	15.7
Cash and cash equivalents	215.5	117.1
<b>Total current assets</b>	<b>381.0</b>	<b>289.0</b>
<b>Total assets</b>	<b>877.5</b>	<b>762.9</b>

USD million	30.09 2013	31.12 2012
<b>Equity and liabilities</b>		
<b>Stockholders equity</b>	<b>352.2</b>	<b>295.9</b>
Loans and borrowings non-current	83.6	119.4
Other non-current liabilities	54.3	41.7
<b>Total non-current liabilities</b>	<b>137.9</b>	<b>161.1</b>
Loans and borrowings current	44.9	31.5
Trade and other payables	202.7	152.2
Deferred income	139.8	122.1
<b>Total current liabilities</b>	<b>387.4</b>	<b>305.9</b>
<b>Total equity and liabilities</b>	<b>877.5</b>	<b>762.9</b>
Equity ratio	40%	39%
Current ratio	0.98	0.94
Net interest bearing debt	-89.9	18.1
Interest bearing debt	128.5	150.9

# CASH GENERATION REMAINS STRONG

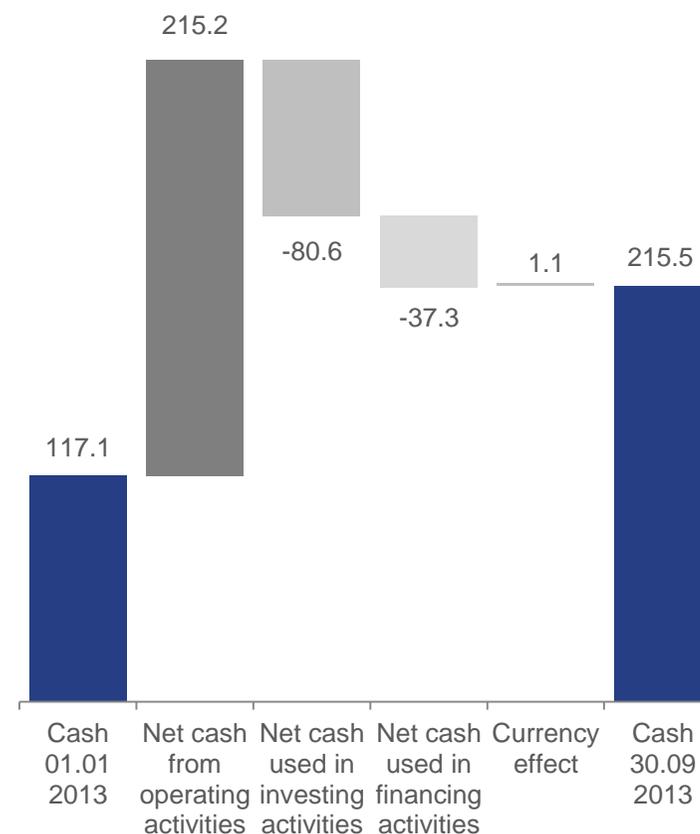
NET CASH FROM OPERATION 30.3 MILLION USD

USD thousand	Q3 2013	Q3 2012
Working capital from operations	111.1	89.8
Net cash from operating activities	30.3	10.1
Net cash used in investing activities	-24.3	-21.5
Net cash used in financing activities	-10.4	-9.4
<b>Decrease in cash and cash equivalents</b>	<b>-4.4</b>	<b>-20.8</b>
Effect of exchange rate fluctuations on cash held	0.5	0.2
Cash and cash equivalents at 1 January	219.3	172.1
<b>Cash and cash equivalents at 30 September</b>	<b>215.5</b>	<b>151.6</b>

## Comments

- Total Capex 23.4 million USD – thereof 10.2 million USD in operating assets
- Repayment of long term borrowings 10.4 million USD

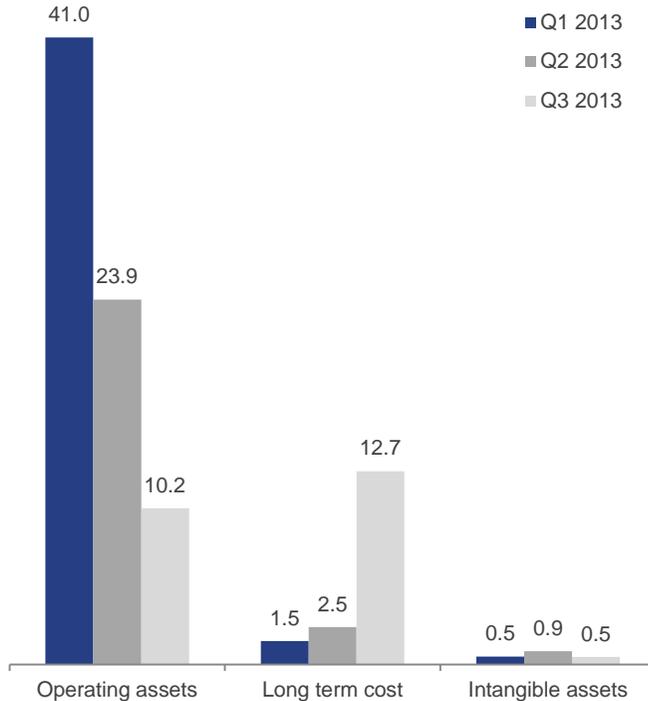
Changes in cash from beginning of the year  
USD million



# CAPEX

## USD 90.7 MILLION IN THE FIRST NINE MONTHS OF THE YEAR

### Capex overview per quarter 2013 in USD million



### Main investments in January - September 2013 in USD million

- Investment in aircraft and aircraft components totalled USD 53.2 million
- Overhaul own aircraft totalled USD 15.0 million and overhaul of leased aircraft amounted to USD 16.7 million
- Expensed long term cost in the first nine months of the year amounted to USD 20.4 million
- Below is an overview over the main investments in the first nine months of the year:

USD thousand	9M 2013
<b>Operating assets</b>	
Aircraft and aircraft components	53,190
Overhaul own aircraft	15,023
Other	6,932
<b>Long term cost</b>	
Overhaul leased aircraft	16,652
Intangible assets	1,910
<b>Total Capex</b>	<b>93,707</b>



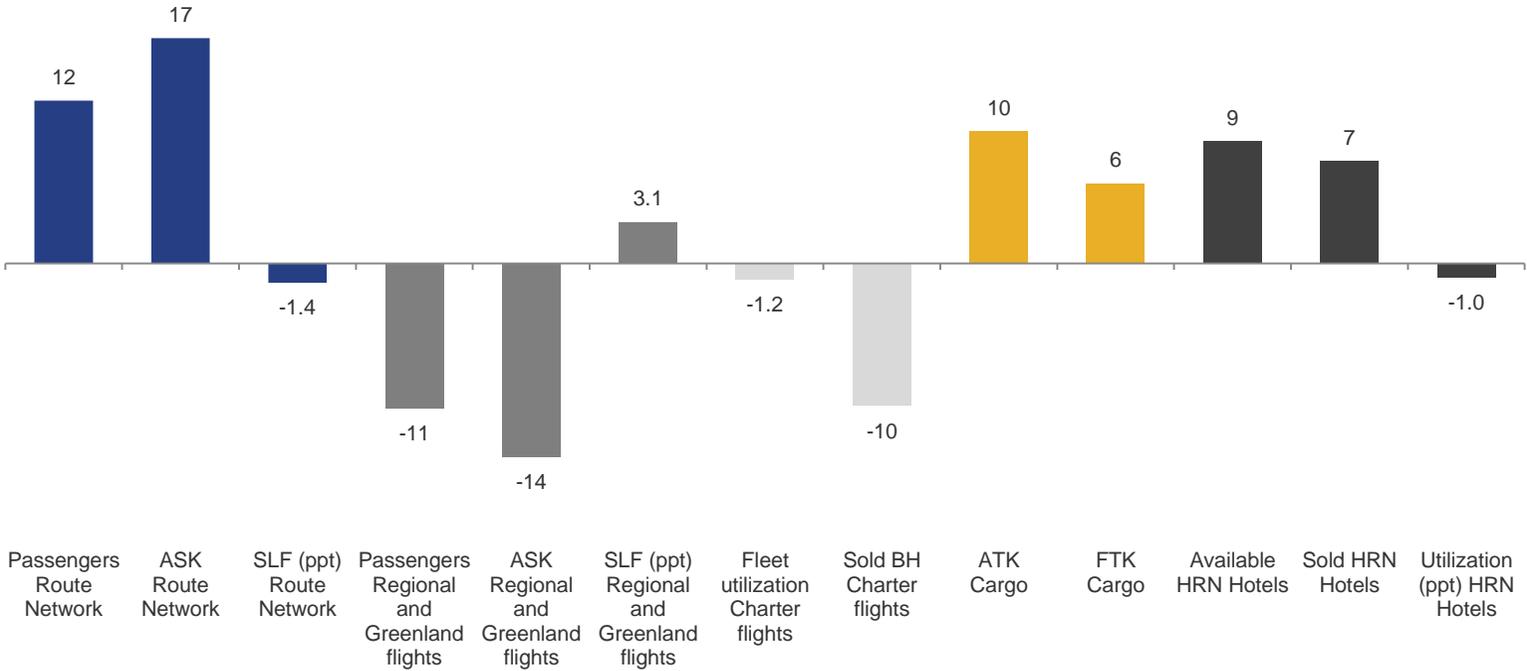
# OUTLOOK

BJÖRGÓLFUR JÓHANSSON | PRESIDENT AND CEO

# TRAFFIC DATA

JANUARY – SEPTEMBER 2013

Year-on-year change in %



Icelandair Hotels



# EXTENSIVE EXPANSION PLANNED 2014

## IN THE ROUTE NETWORK

**16%**  
increase in  
number of flights

**254**  
trips  
per week

**7,200**  
passengers  
per day

**Over 2.6 million**  
passengers  
forecasted

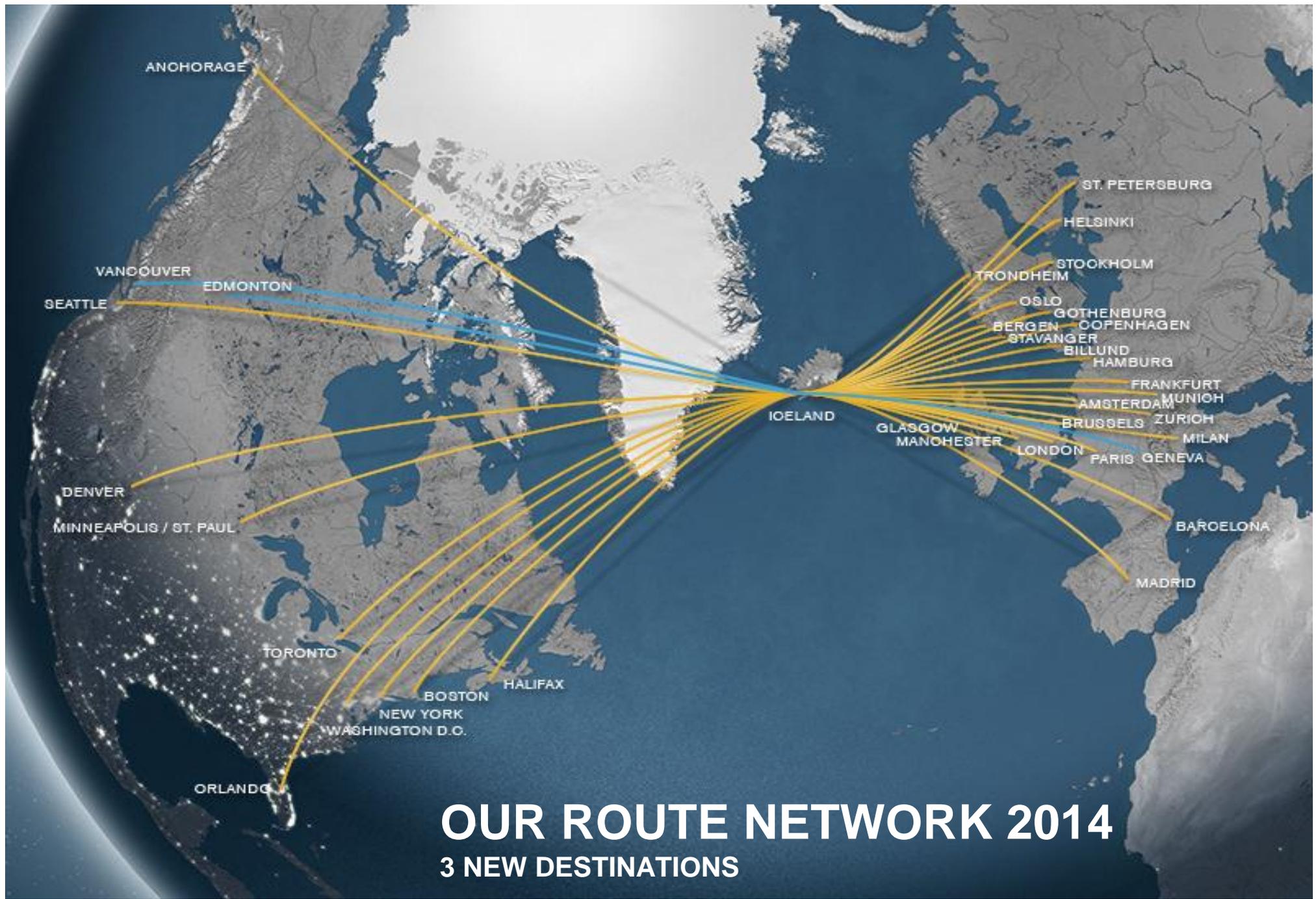
**3**  
new  
destinations

**38**  
destinations  
in total

**21**  
Boeing 757  
aircraft

**350,000**  
increase  
in passengers

**Winter**  
focus on winter tourism  
on TO market



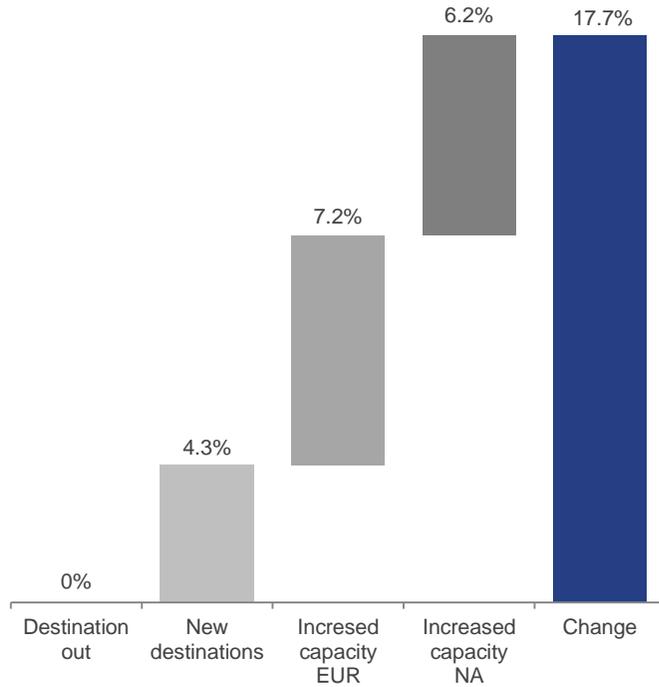
# OUR ROUTE NETWORK 2014

3 NEW DESTINATIONS

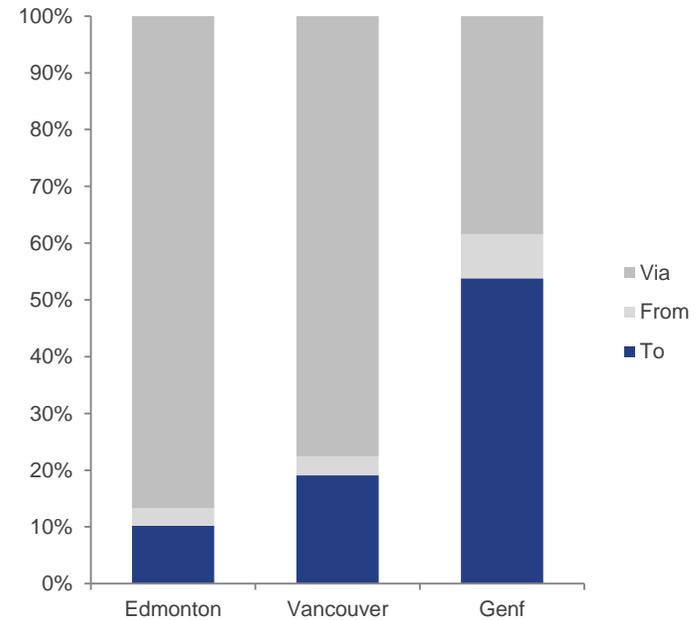
# CAPACITY INCREASE IN 2014 PLANNED 18%

## ROUTE NETWORK

Changes in available seat kilometers (ASK)  
2014 vs. 2013



Passenger mix new destinations  
To-From-Via forecast



# OUTLOOK IN OTHER MAIN BUSINESSES

## Regional & Greenland Charter

Challenging operating environment:

- | large increases in public levies
- | less demand

Opportunities:

- | Increase focus on tourists in Iceland as a market segment for regional flights
- | Greenland operations
- | Further establishment of Iceland as a hub for tourists travelling in the West Nordic region

Eight aircraft assigned in ACMI and AM projects in Asia, the South Pacific and North and South America

One aircraft assigned in whole year VIP-service

One aircraft engaged in freight charter assignments in Europe

## Cargo

General outlook in freight markets improving, but at slower pace than in passenger transport

Two aircraft in freight assignments to and from Iceland to Europe and North America

Additionally the cargo operations has 35 destinations in Europe and N-America through the international passenger network

Improved results in cargo operations expected to continue next year

## Hotels

Continued focus on:

- | innovative trends in service and offerings
- | creating an authentic Icelandic experience for our hotel guests to strengthen the destination Iceland further

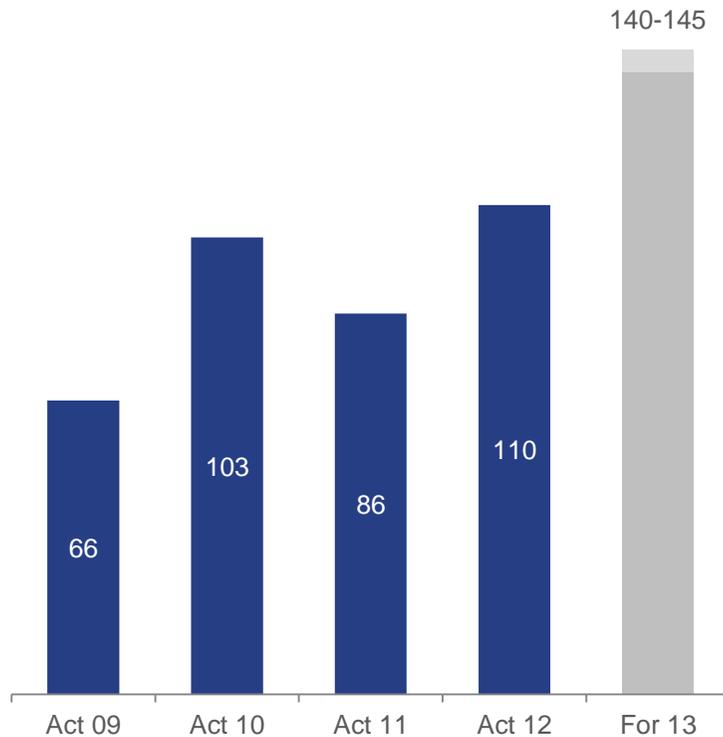
New hotel will be opened downtown Reykjavik in the summer 2015.

# EBITDA FORECAST 2013

USD 140-145 MILLION

## EBITDA development

2009-2013 in USD million



### Main forecast assumptions:

- | Good performance in the first nine months of the year and operating prospects are generally positive
- | EUR/USD exchange rate 1.35
- | Favourable development of fuel price. Current assumptions (excluding hedging):  
1,004 USD/ton for October 2013  
1,000 USD/ton for November-December 2013
- | According to IATA the general outlook in air transport in the world is improving

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