



CLEAR STRATEGY DELIVERING RESULTS

BJÖRGÓLFUR JÓHANNSSON PRESIDENT AND CEO ICELANDAIR GROUP



ICELANDAIR GROUP

THE COMPANY

The business concept of Icelandair Group is based on the **hub-and-spoke** between Europe and across the N-Atlantic

Our companies are well positioned to benefit from and contribute to the support of **the international route network** that lies at the heart of the Group's operations.

The Group subsidiaries are **inter-related** and support each other, both through revenue generation and in cost-sharing



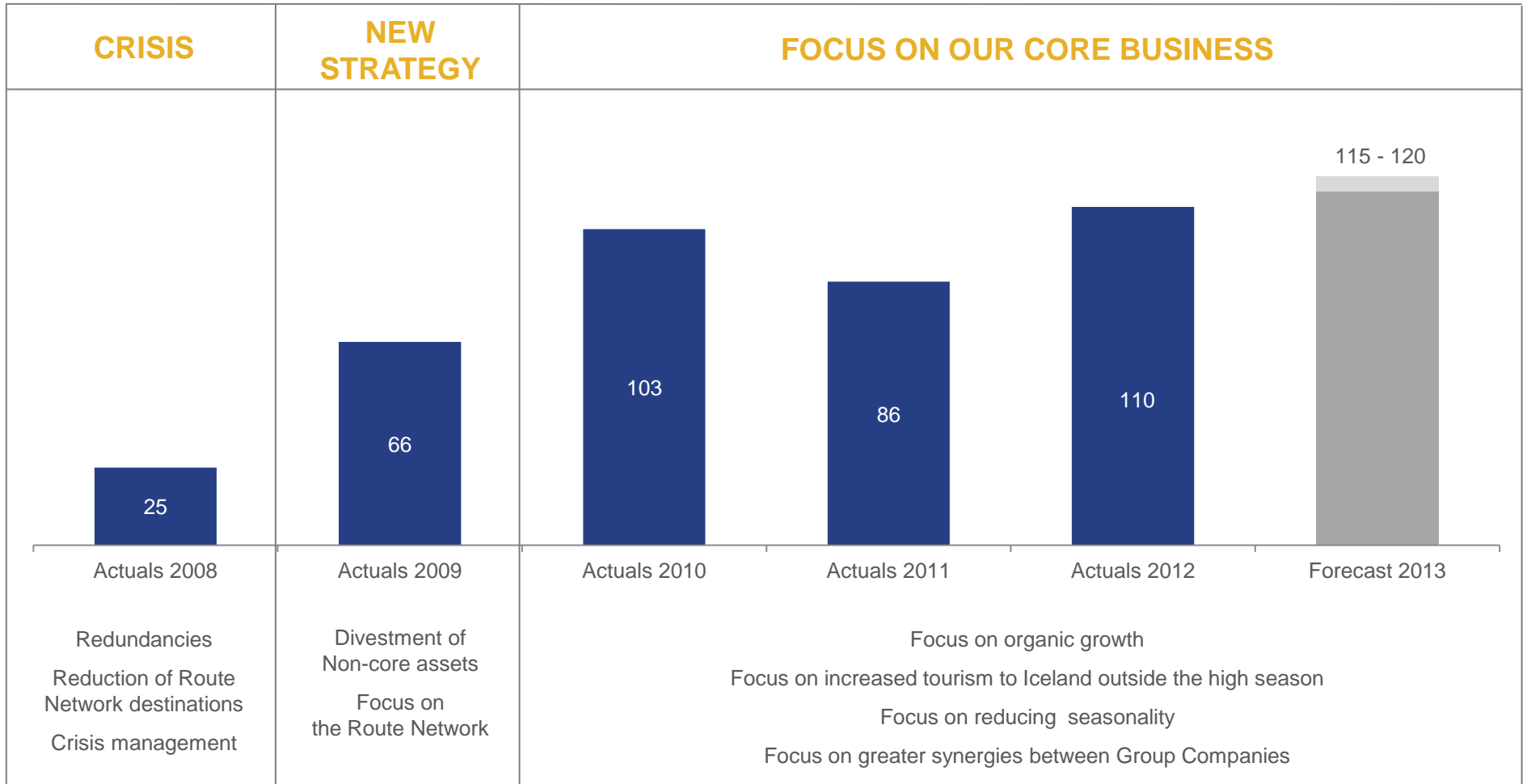
CLEAR STRATEGY SINCE 2009

Icelandair Group is an **operating company** with subsidiaries focused on the **international airline** and **tourism sectors**

- 1 Focus on the route network and tourism services
- 2 Reduce seasonality in the Groups' operations by actively expanding the shoulder season into both spring and autumn
- 3 Focus on organic growth and business development by seizing opportunities within our core business
- 4 Improve efficiency by achieving greater synergies between Group companies

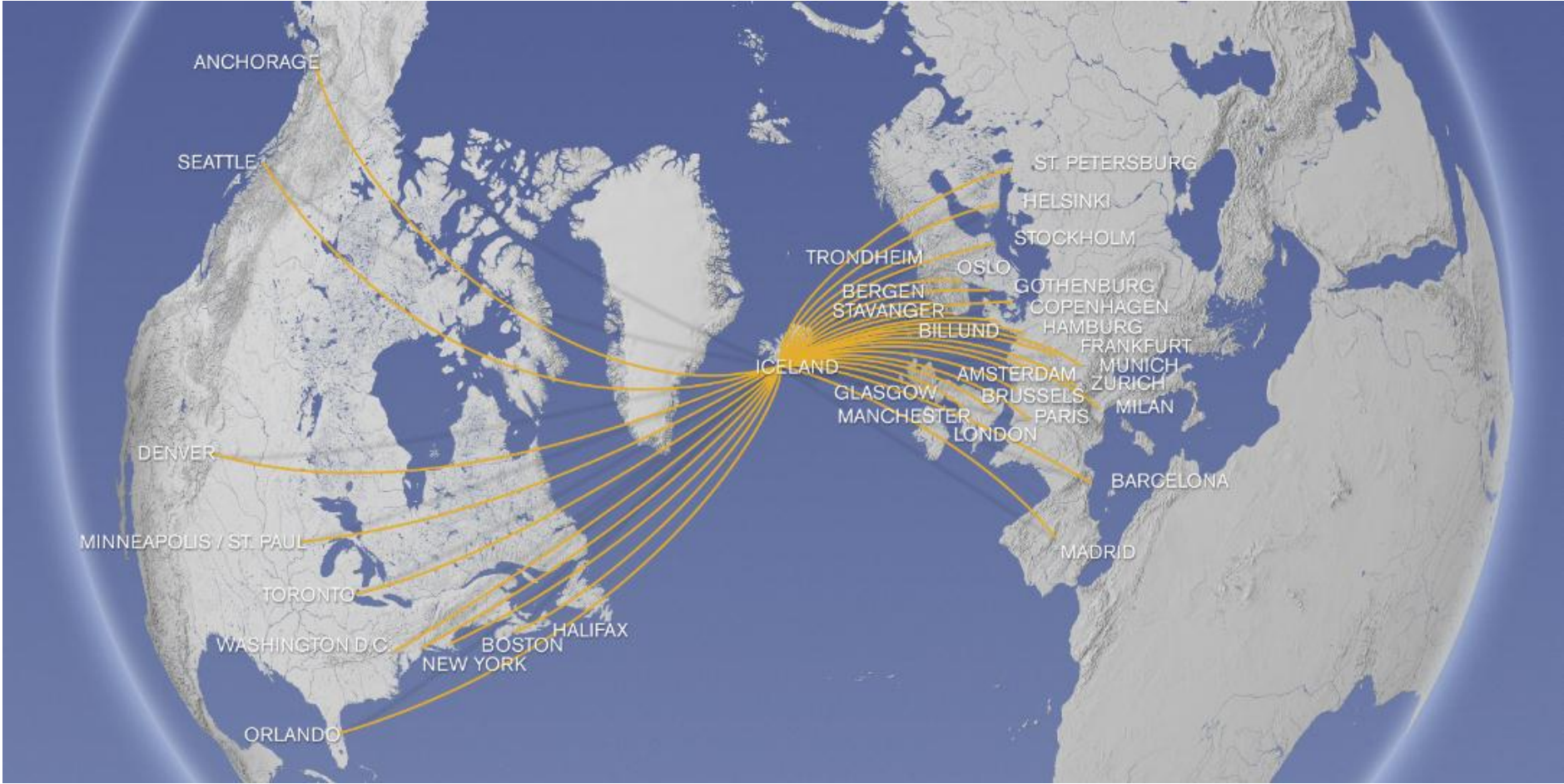
OUR STRATEGY DELIVERING RESULTS

■ EBITDA USD million Actuals
 ■ EBITDA USD million Forecast



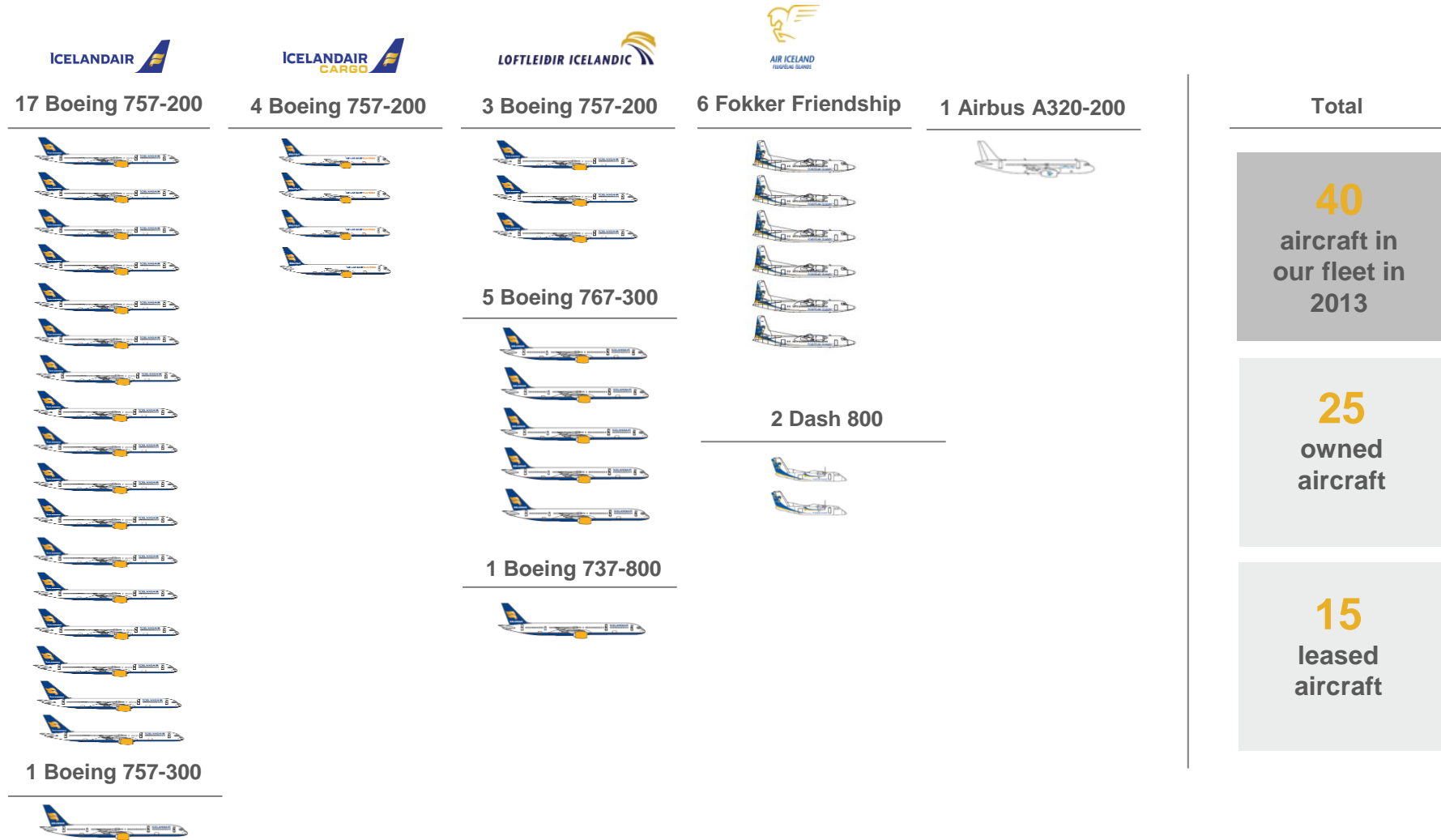
THE ROUTE NETWORK

OUR KEY SUCCESS FACTOR



OUR FLEET COMPRISES 40 AIRCRAFT

THE LARGEST ASSET AND A CORE OPERATING RESOURCE OF ICELANDAIR GROUP



737 MAX OUR FUTURE FLEET WITH 757 200

FIRST DELIVERIES 2018

FIRM ORDERS

9 737 MAX 8

7 737 MAX 9

PURCHASE RIGHTS

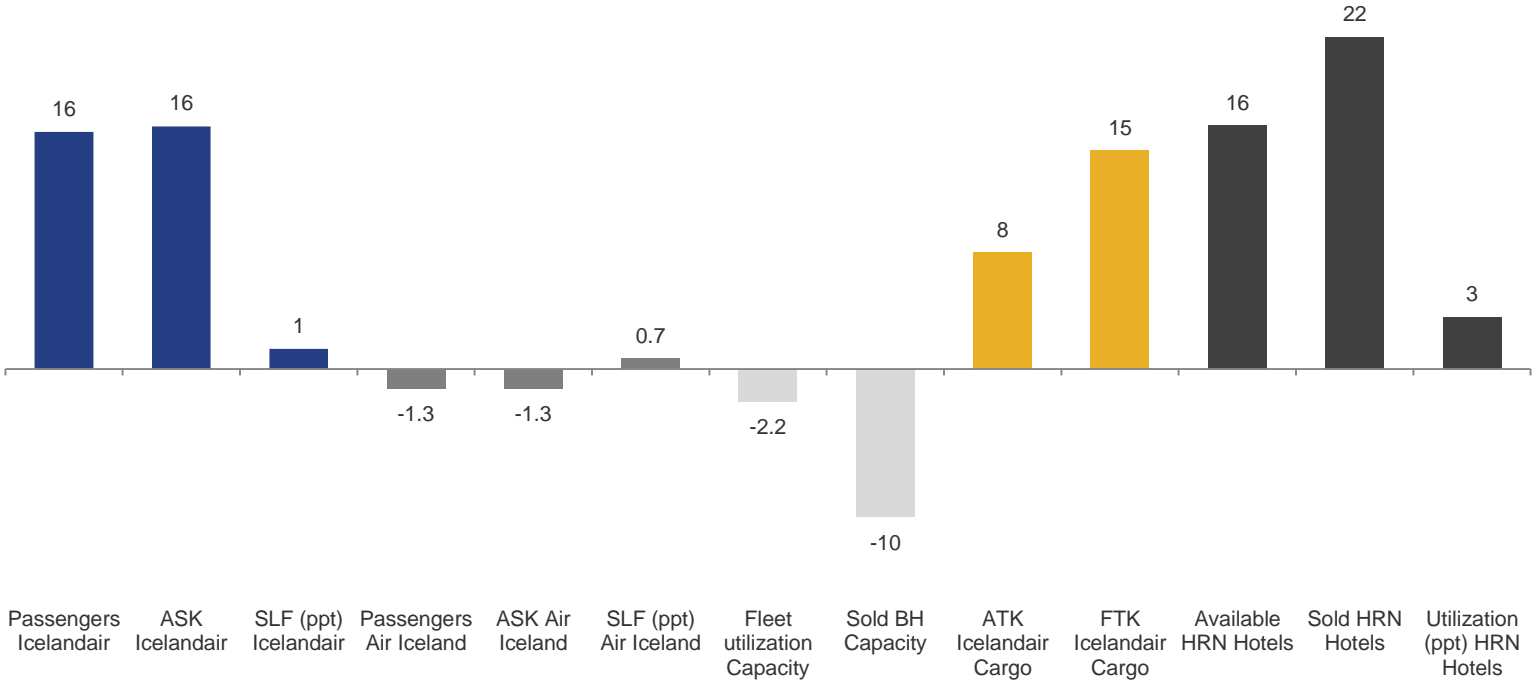
8 737 MAX



- | The new aircraft will have substantial fuel efficiency gains for the Company
- | The Boeing 757 will still be an integral part of our future
- | The new aircraft will increase flexibility and capability for growth, with opportunities to
 - | increase frequency on existing routes
 - | fly to new destinations which are unprofitable with larger aircraft
 - | increase frequency in winter season

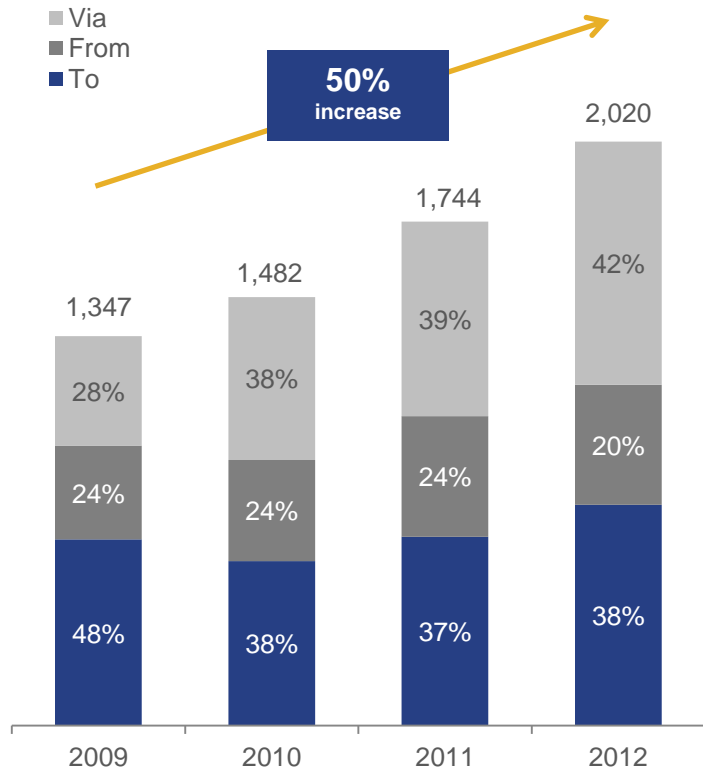
2012 CHARACTERIZED BY PROFITABLE GROWTH

Traffic data
Year-on-Year change in %

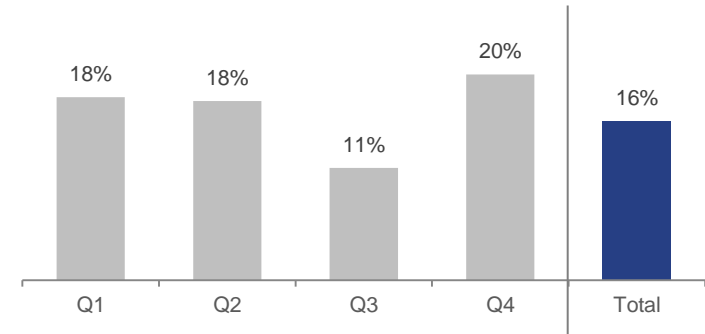


2 MILLION PASSENGERS IN OUR ROUTE NETWORK 2012

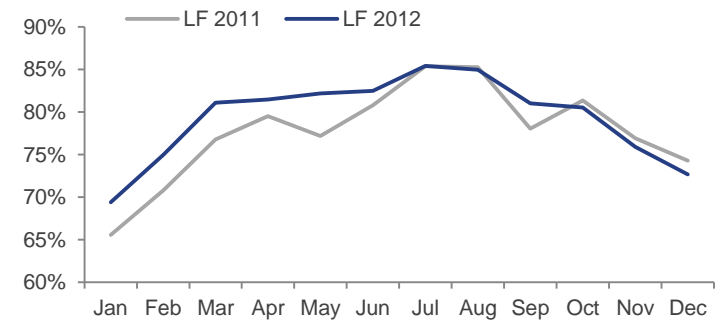
Passenger mix and total passengers in thousands
2009-2012



Passenger development
2012 vs. 2011 per quarter and YoY



Load factor
2012 vs. 2011 per month

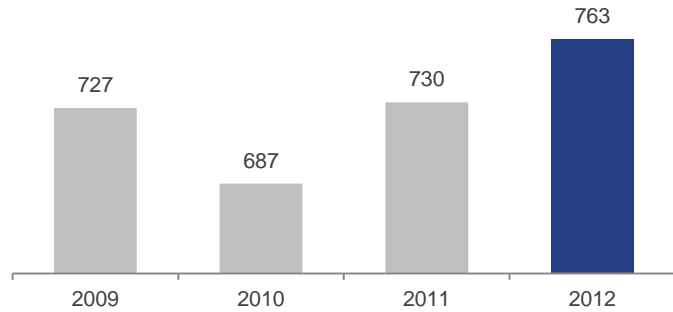


OUR FINANCIAL POSITION IS STRONG

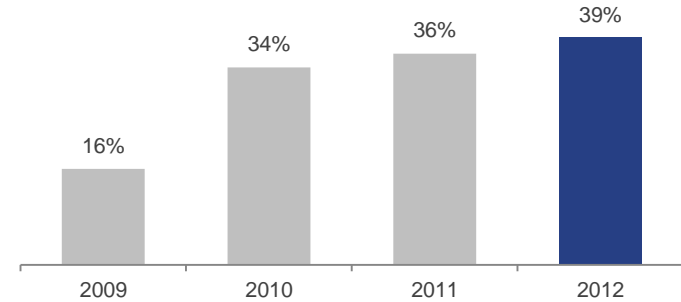
BASIS FOR FURTHER GROWTH

Total Assets

USD million

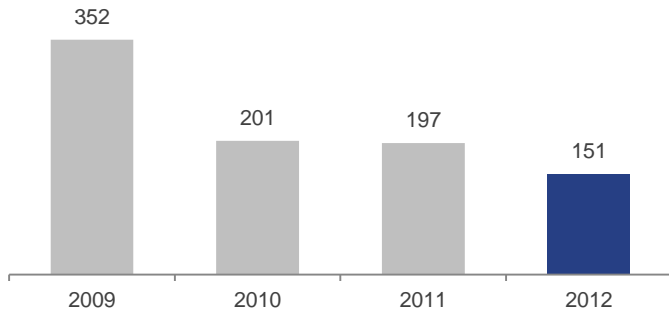


Equity ratio

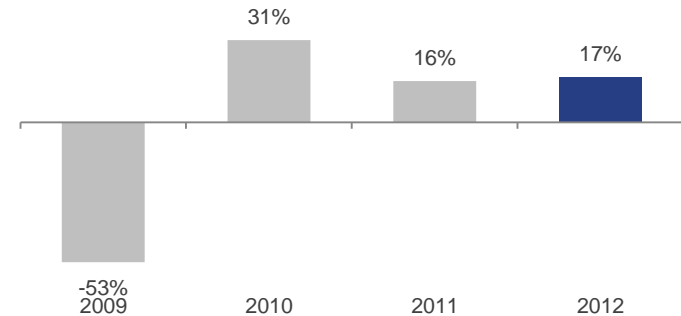


Interest bearing debt

USD million



ROE



EVENTFUL YEAR AHEAD IN 2013

15%

increase in number
of international flights

12%

decrease in regional flights
due to less demand

40

aircraft in the
Group fleet

Further increase
in tourists to Iceland
expected

2.3 million

passenger forecasted
in our route network

5%

increase in available
hotel room nights

**Continued
renovation**
of our hotels

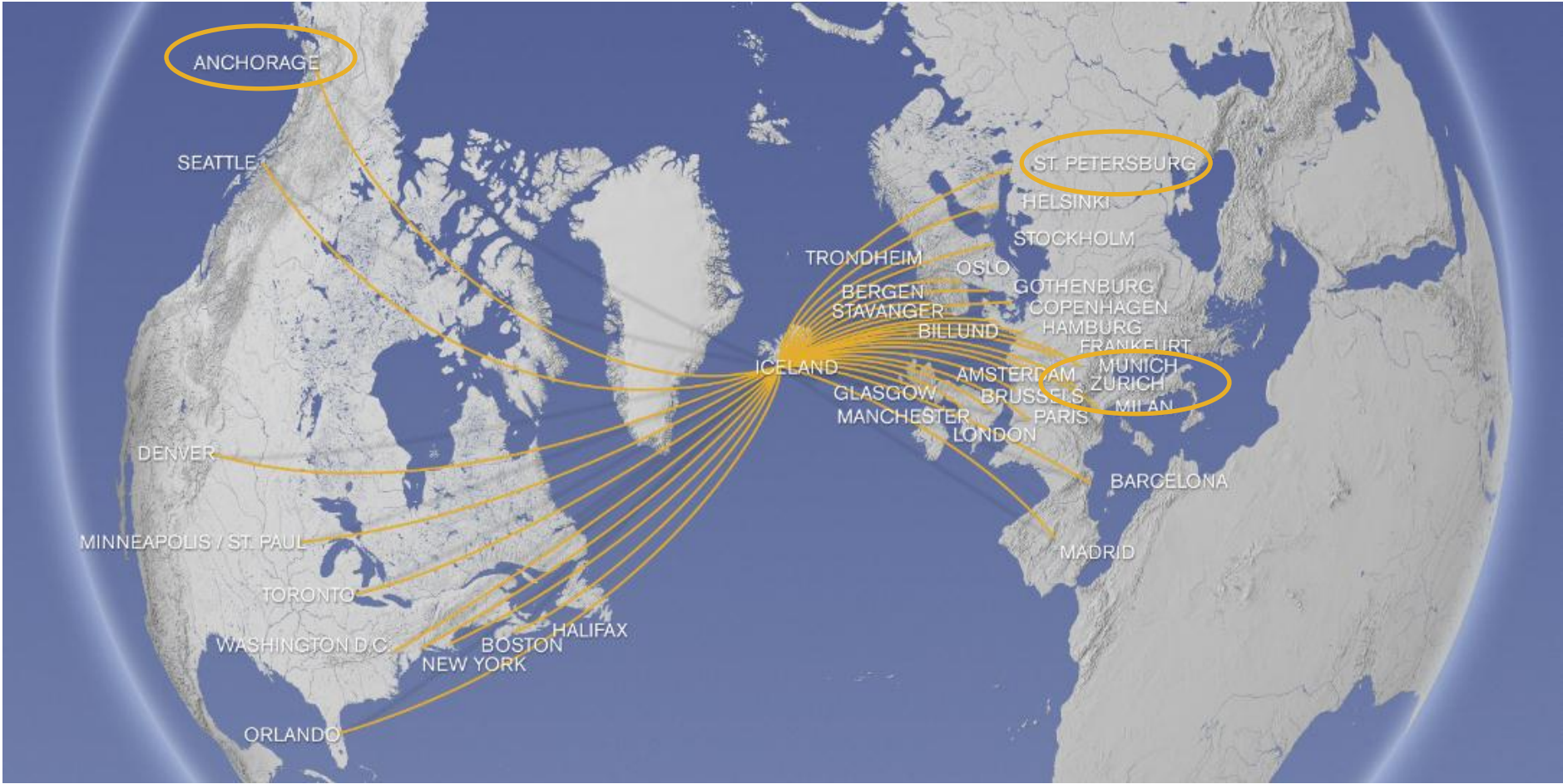
WiFi

installation in our
route network aircraft

3 new

destinations in
our route network

THREE NEW DESTINATIONS

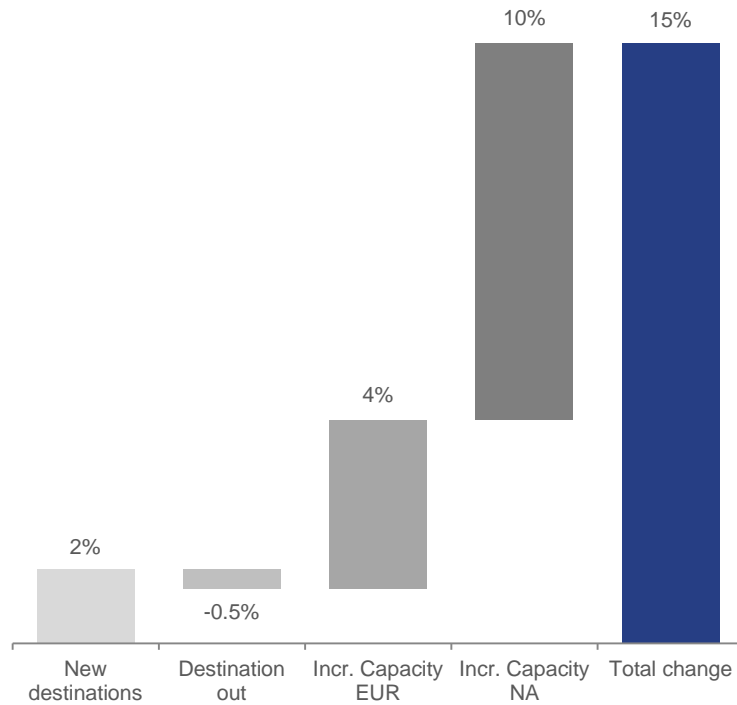


MORE FREQUENCY TO CURRENT DESTINATIONS

DRIVE FOR GROWTH 2013

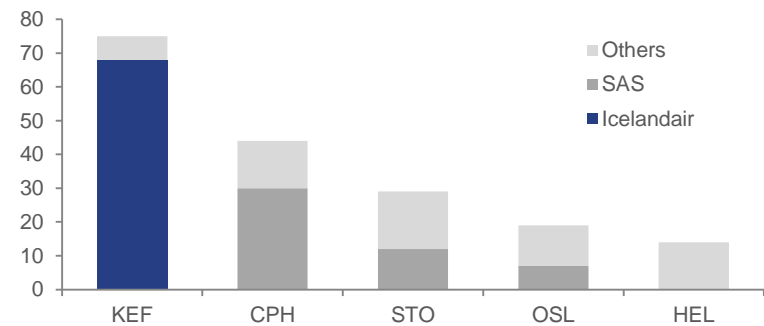
ASK change

Breakdown 2013 vs. 2012



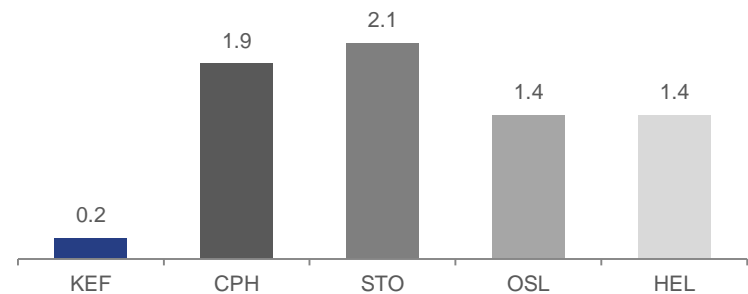
No. of flights from USA and Canada to Nordic Countries

Summer 2013



Catchment area population

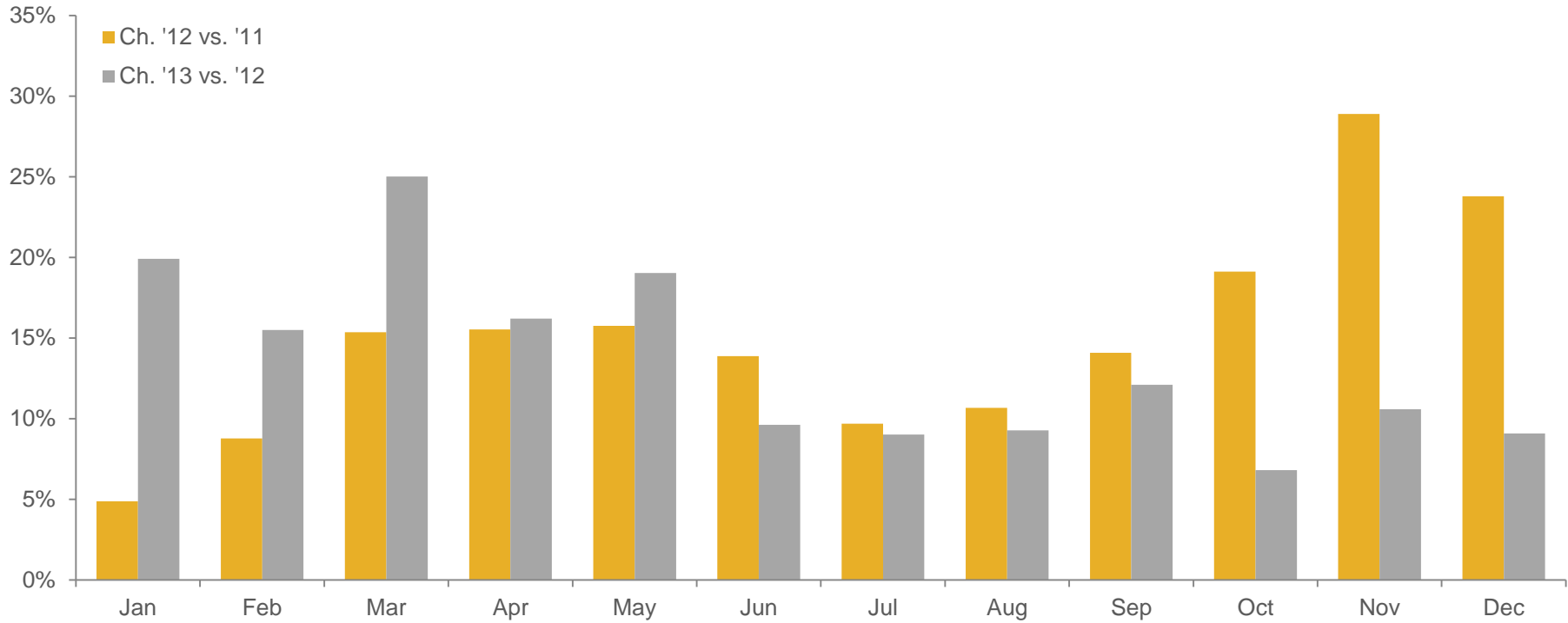
In millions



INCREASED FOCUS ON WINTER TRAFFIC

IN ACCORDANCE WITH OUR STRATEGY

Available seats
Year-on-year change in % per month

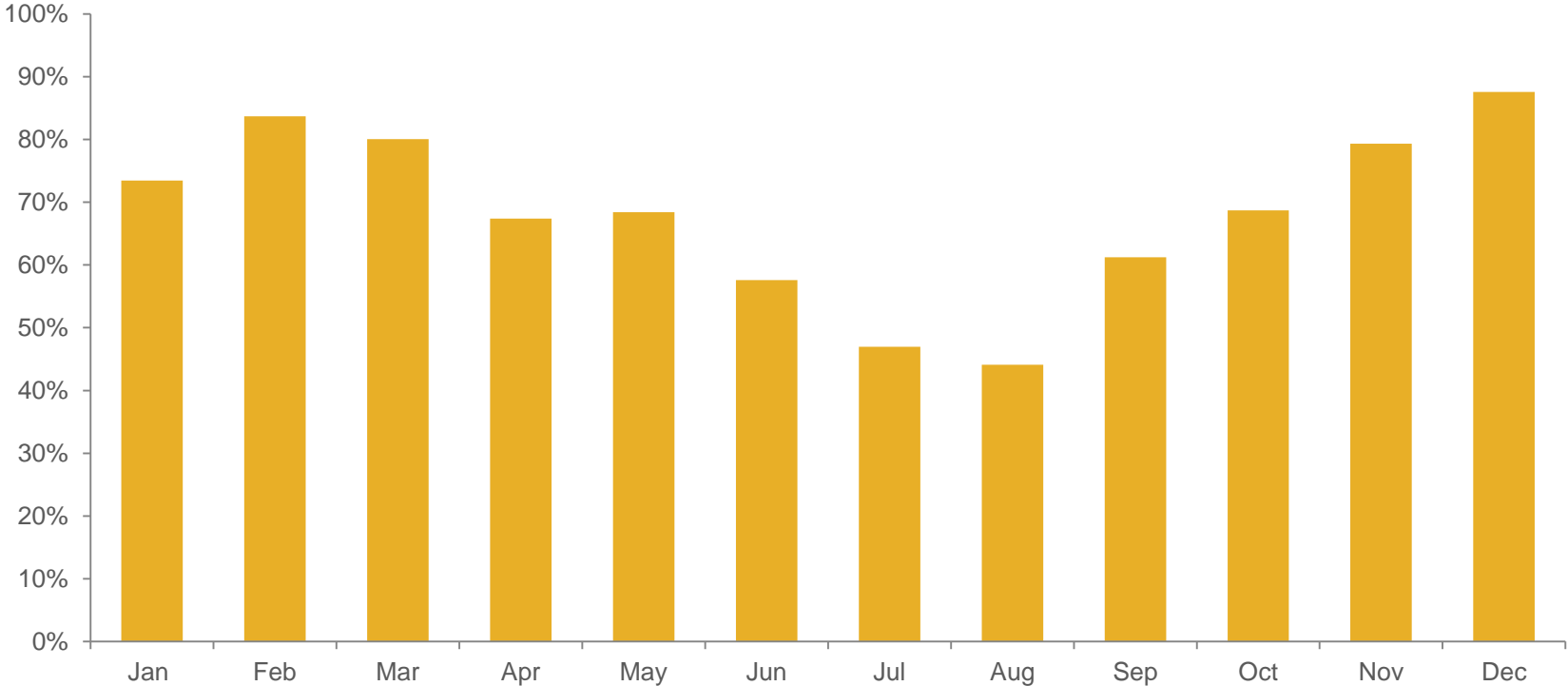


ICELAND – A YEAR-ROUND DESTINATION

ICELANDAIR GROUP A LEADER IN THE BUILD-UP

Icelandair marketshare at Keflavik Airport

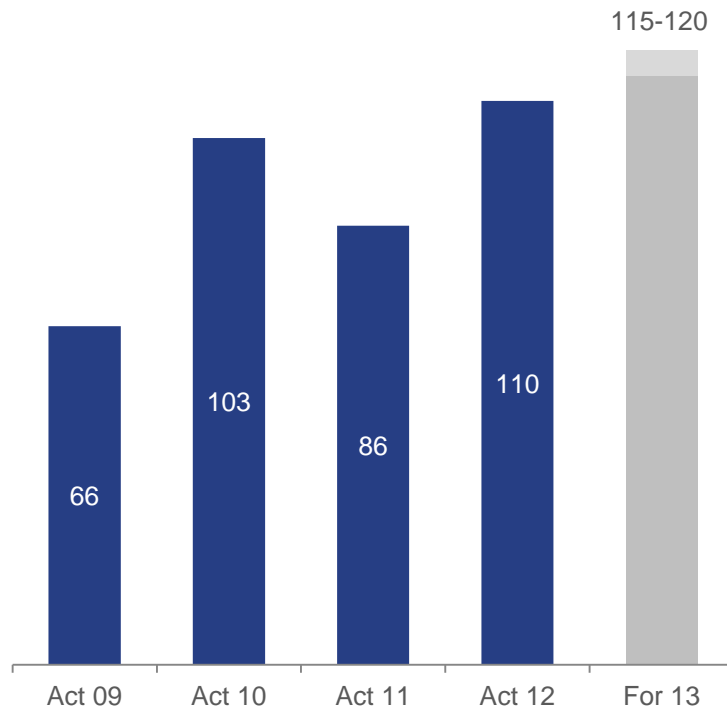
In % per month



OUTLOOK FOR 2013

EBITDA FORECAST USD 115-120 MILLION

EBITDA development 2008-2013 in USD million



Main forecast assumptions:

- | EUR/USD exchange rate 1.30
- | Fuel price (excluding hedging): 1,050
- | Cost per available seat kilometre (CASK) less fuel cost in our route network is expected to decrease by 1.4% for the full year and revenue per available seat kilometre (RASK) to increase for the same period by 1.1%
- | Bookings for the coming months on international flights in line with growth plan
- | On going growth planned in all of the Group major businesses
- | EBITDA Q1 2013 expected to decrease compared to EBITDA Q1 2012. Cost related to increased peak-season capacity expensed in the quarter (advertising, booking fees, credit card commissions, introduction cost of new aircraft)
- | Strong financial position basis for further profitable organic growth

OUR SHAREPRICE DEVELOPMENT

SINCE THE SHARE CAPITAL INCREASE LATE 2010



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