

Q2 2024 results

18 July 2024

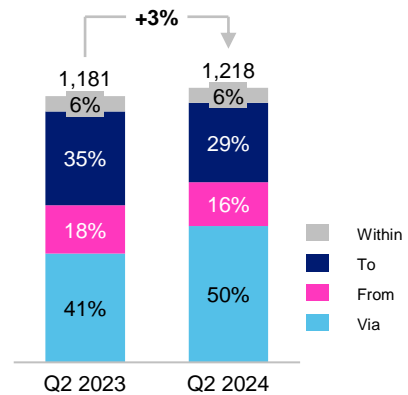


Focus on efficiency is reflected in unit cost reduction

Softer demand on the market TO Iceland however affects passenger revenue and EBIT

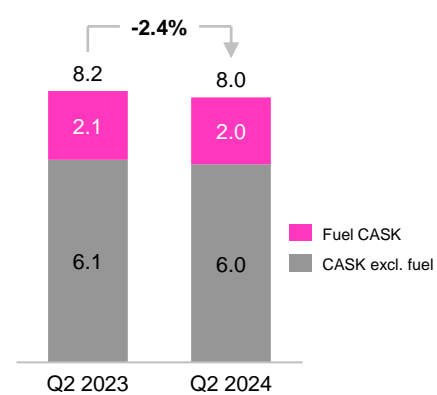
Softer demand on the market TO Iceland

Passenger mix
in thousand



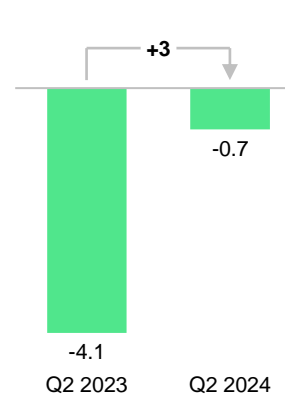
Unit cost
down by 2.4%

CASK¹
US cents



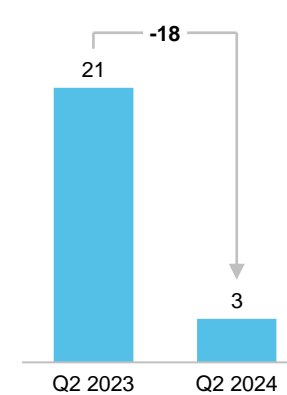
Positive turnaround in
profitability of cargo

EBIT Cargo
USD million



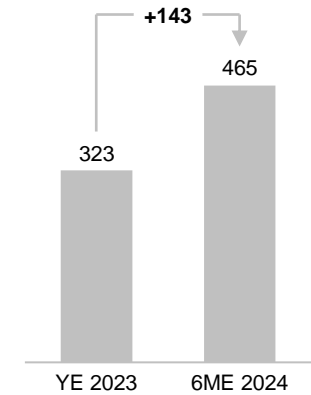
Total EBIT impacted by
passenger mix

EBIT Icelandair
USD million



Strong liquidity
position

Liquid funds²
USD million

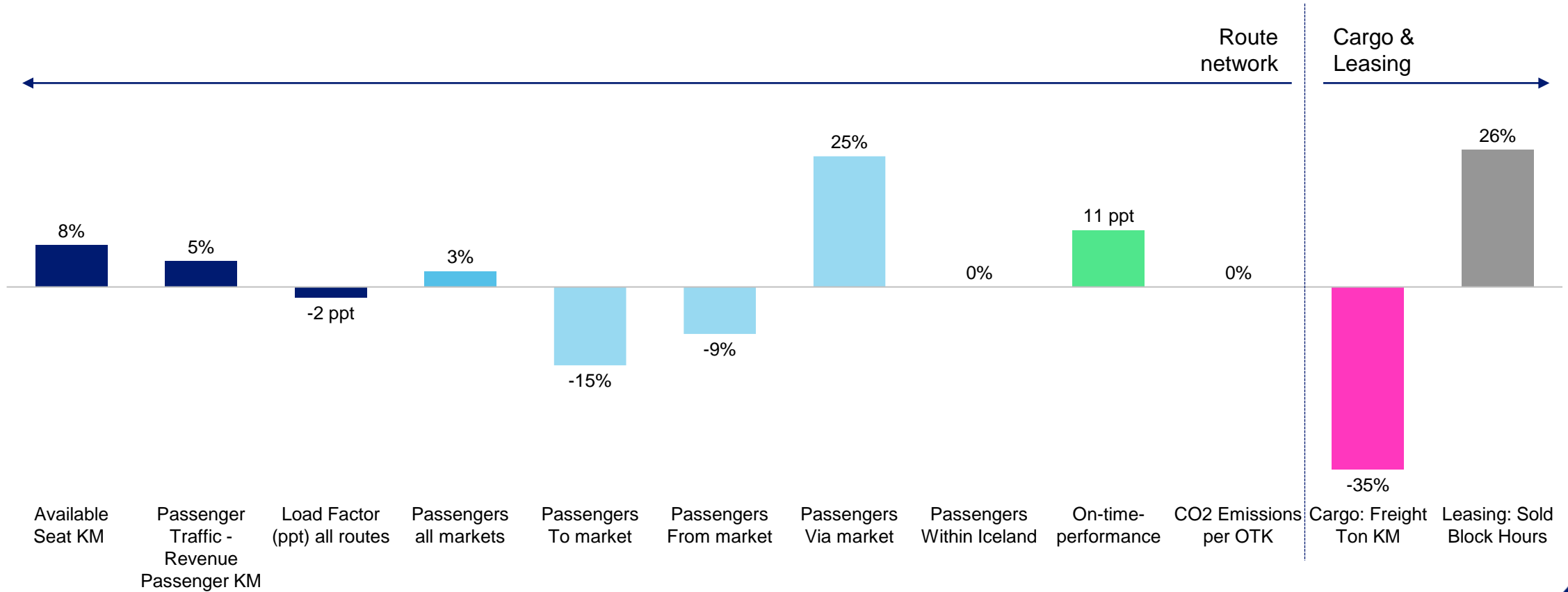


¹ CASK = Costs per available seat kilometer in route network, ² Liquid funds = Cash, marketable securities and undrawn credit facilities



The flexibility of the route network utilized – greater emphasis on the transatlantic market as demand TO Iceland softens

Traffic figures – Q2 2024 vs Q2 2023
In percentages



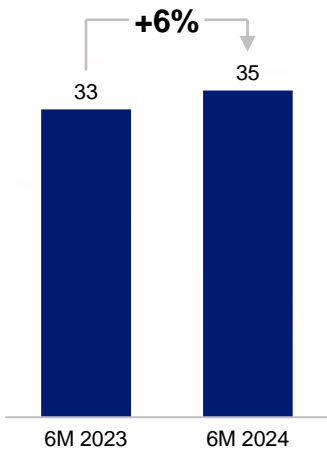
On-Time-Performance 86% in the second quarter, up by 11 percentage points year-on-year

Icelandair named Europe's most punctual airline in June in Cirium ratings¹

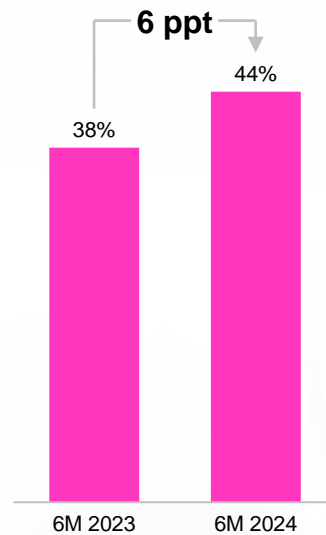


Important indicators trending positively

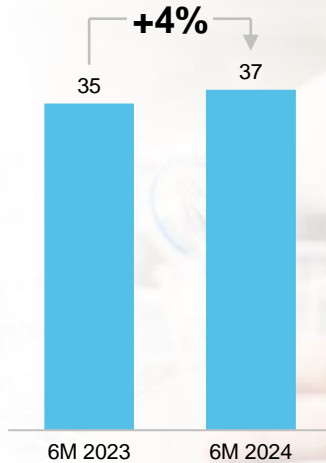
Customer satisfaction
NPS¹ in #



First choice carrier²
in %



Employee satisfaction
ENPS³ in #





Financials

Ívar S. Kristinsson, CFO

Profitability negatively impacted by softer demand to Iceland

Robust operations and improved efficiency contributed favorably to lower unit cost

Profit loss statement

USD million

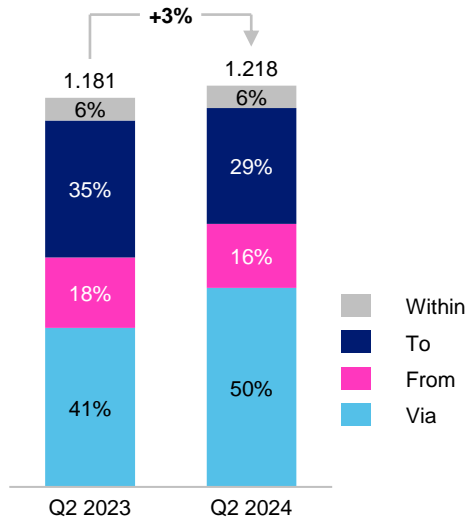
	Q2 2024	Q2 2023	Change
Passenger revenue	353.2	352.7	0.5
Cargo revenue	16.9	22.0	-5.1
Leasing revenue	20.7	19.5	1.2
Other operating revenue	18.7	20.0	-1.3
Operating income	409.4	414.2	-4.8
Salaries and salary related	107.0	105.9	1.0
Aircraft fuel	96.5	95.6	1.0
Other aviation expenses	73.8	71.0	2.8
Other operating expenses	91.5	86.0	5.4
Operating expenses	368.8	358.6	10.2
Depreciation and amortization	-37.3	-34.7	-2.5
EBIT	3.3	20.9	-17.5
EBIT ratio	0.8%	5.0%	-4.2 ppt
EBT	0.5	15.3	-14.8
Net profit	0.6	13.7	-13.0

- Passenger revenue similar as last year. Softness in the TO market leading to shift in the passenger mix towards VIA which negatively impacted yield
- Positive development in operating costs which grew 3% overall, compared with 8% production growth in the Route network
- Irregularity cost (IRROPS) USD 2 million lower than last year due to strong on-time performance and operational robustness
- Additional flights on fuel-efficient MAX aircraft favorably impacting fuel costs
- Continued turnaround in the Cargo operation of USD 3.4 million year-on-year, despite less freighter capacity and revenue
- Leasing operation deliver consistently strong results with EBIT profit of USD 3.2 million and EBIT% of 15%

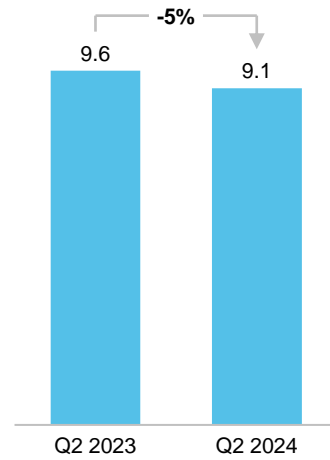


Less demand TO Iceland leading to shift in the passenger mix resulting in increased share of VIA passengers

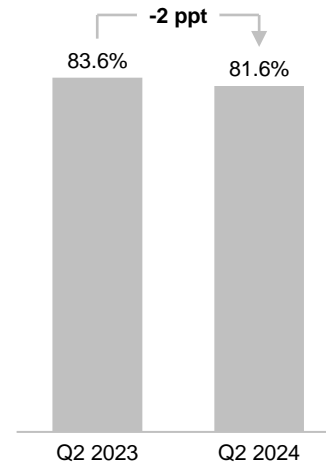
Passenger mix
Absolute figures '000



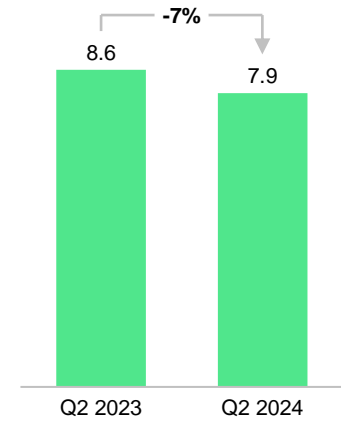
Yield²
US cents



Load factor

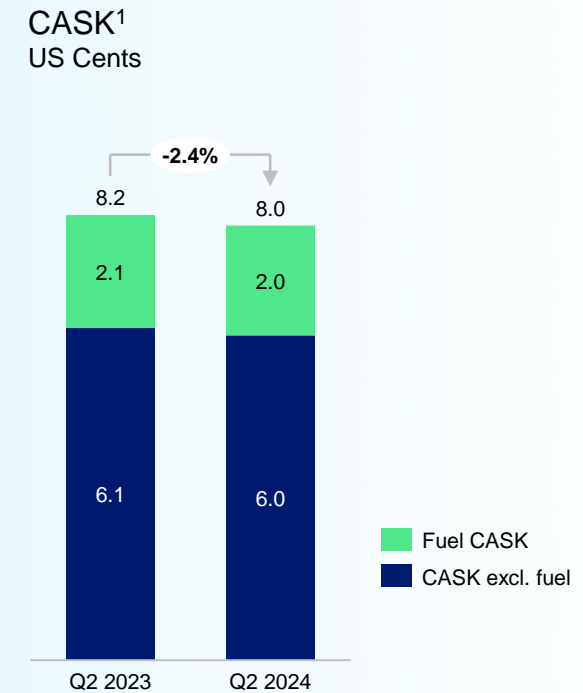


RASK¹
US cents



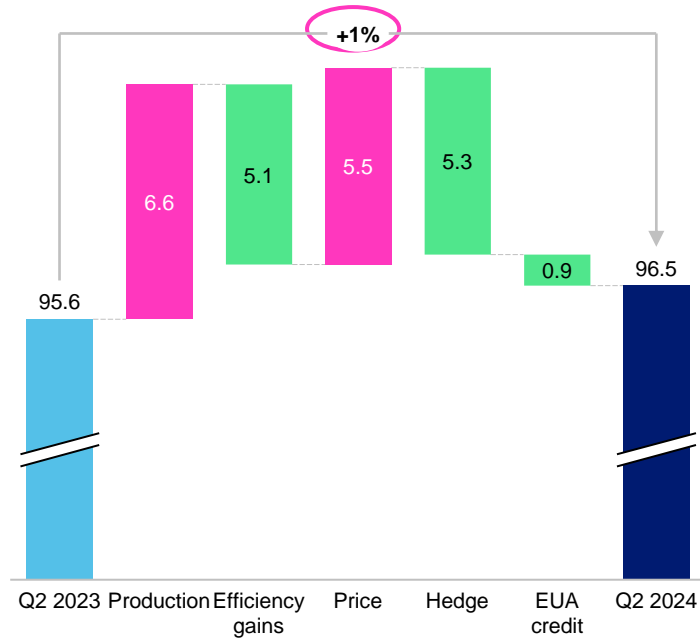
Unit cost down 2.4% despite inflationary pressure

- Robust planning resulted in more efficient operation
- Record on-time performance led to a decrease in IRROPS cost
- Fleet renewal – resulting in lower variable flight costs

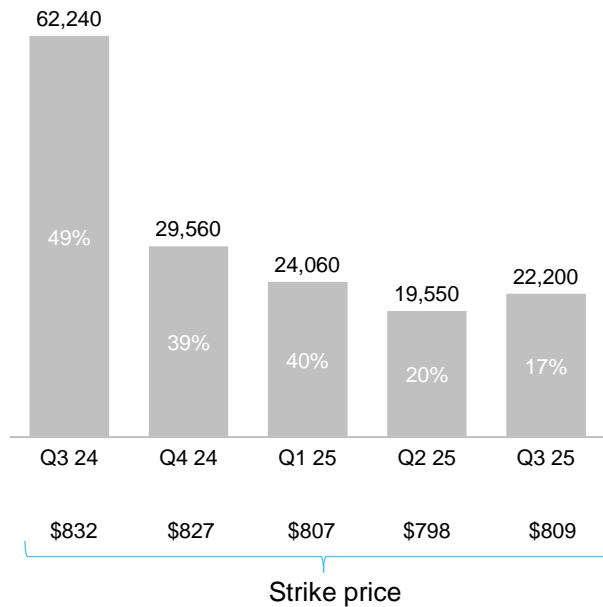


More fuel-efficient fleet, fuel efficiency measures and positive outcome of hedges had a positive effect on fuel cost

Fuel cost main changes
USD million Q2 2023 vs Q2 2024



Overview hedge contracts and ratio
Hedge %, strike price \$/mt

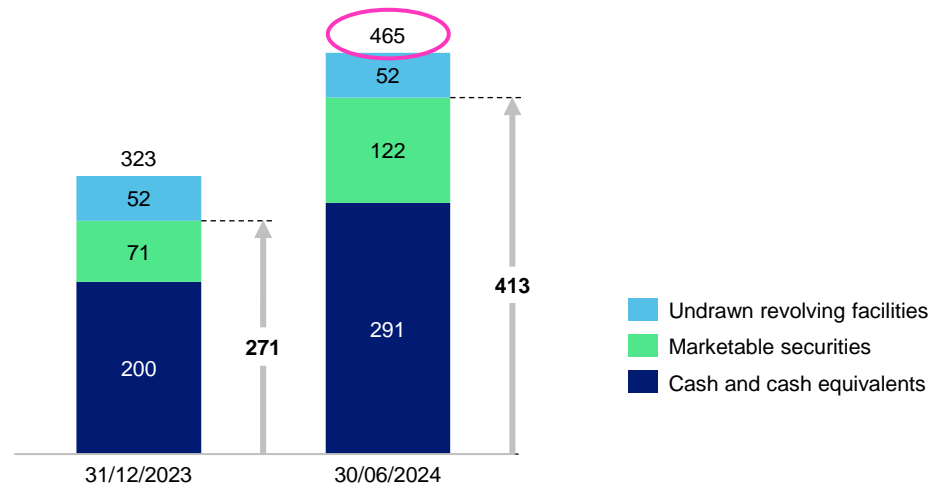


Fuel price
USD per m/t

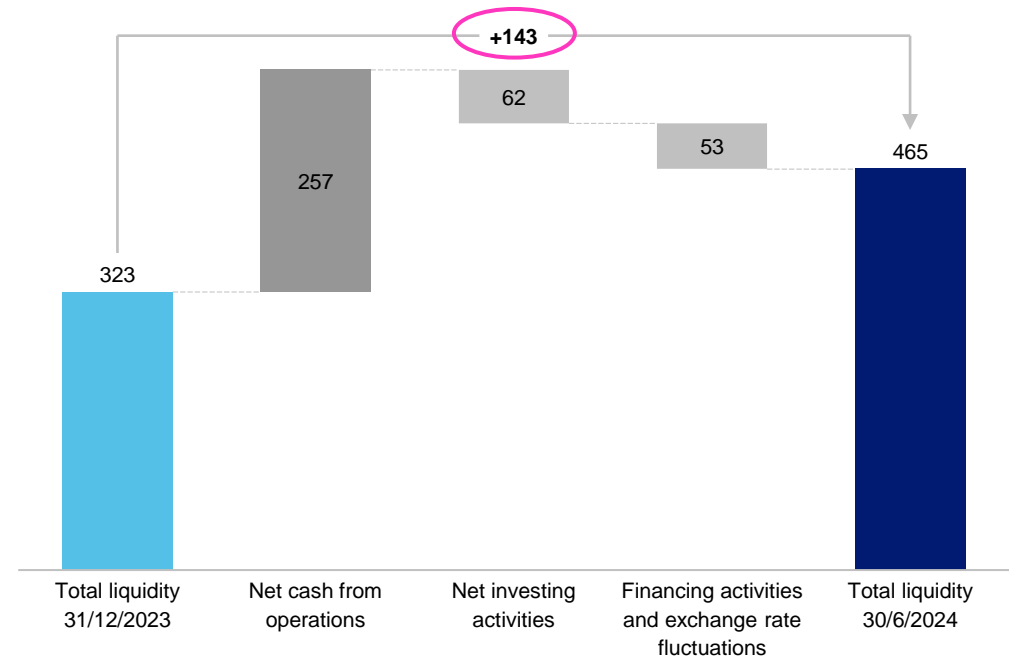


Strong liquidity position of USD 465 million

Total liquidity
Breakdown in USD million



Liquidity development
6M 2024 in USD million



Equity USD 233 million and equity ratio 13%

Assets

USD million	30 Jun 2024	31 Dec 2023	Change
Operating assets	567.8	555.1	12.7
Right-of-use assets	383.4	348.5	34.8
Intangible assets and goodwill	55.8	55.4	0.4
Other non-current assets	172.3	111.6	60.7
Total non-current assets	1,179.3	1,070.6	108.7
Inventories	24.4	23.8	0.6
Derivatives used for hedging	2.8	0.8	2.0
Trade and other receivables	180.0	161.9	18.1
Marketable securities	122.0	71.0	51.0
Cash and cash equivalents	291.2	199.5	91.6
Total current assets	620.4	457.1	163.3
Total assets	1,799.6	1,527.7	271.9

Equity and liabilities

USD million	30 Jun 2024	31 Dec 2023	Change
Shareholders' equity	232.7	288.3	-55.6
Loans and borrowings non-current	185.8	207.4	-21.6
Lease liabilities	381.8	332.2	49.6
Other non-current liabilities	84.8	54.0	30.8
Total non-current liabilities	652.4	593.5	58.9
Loans and borrowings current	41.0	44.9	-3.9
Lease liabilities	62.4	54.1	8.3
Derivatives used for hedging	0.0	6.6	-6.6
Trade and other payables	290.5	222.4	68.1
Deferred income	520.6	317.8	202.8
Total current liabilities	914.5	645.8	268.7
Total liabilities	1,566.9	1,239.3	327.6
Total equity and liabilities	1,799.6	1,527.7	271.9
Equity ratio	13%	19%	-5.9 ppt





Business update and outlook

Bogi Nils Bogason, CEO

Continued strengthening of Icelandair partnership network with the signing of an MoU on increased strategic partnership with TAP

Partnership revenue accounting for ~10% of passenger revenue

8

Codeshare Agreements¹

airBaltic Alaska Emirates FINNAIR jetBlue SAS TAP TAP PORTUGAL TURKISH AIRLINES

47

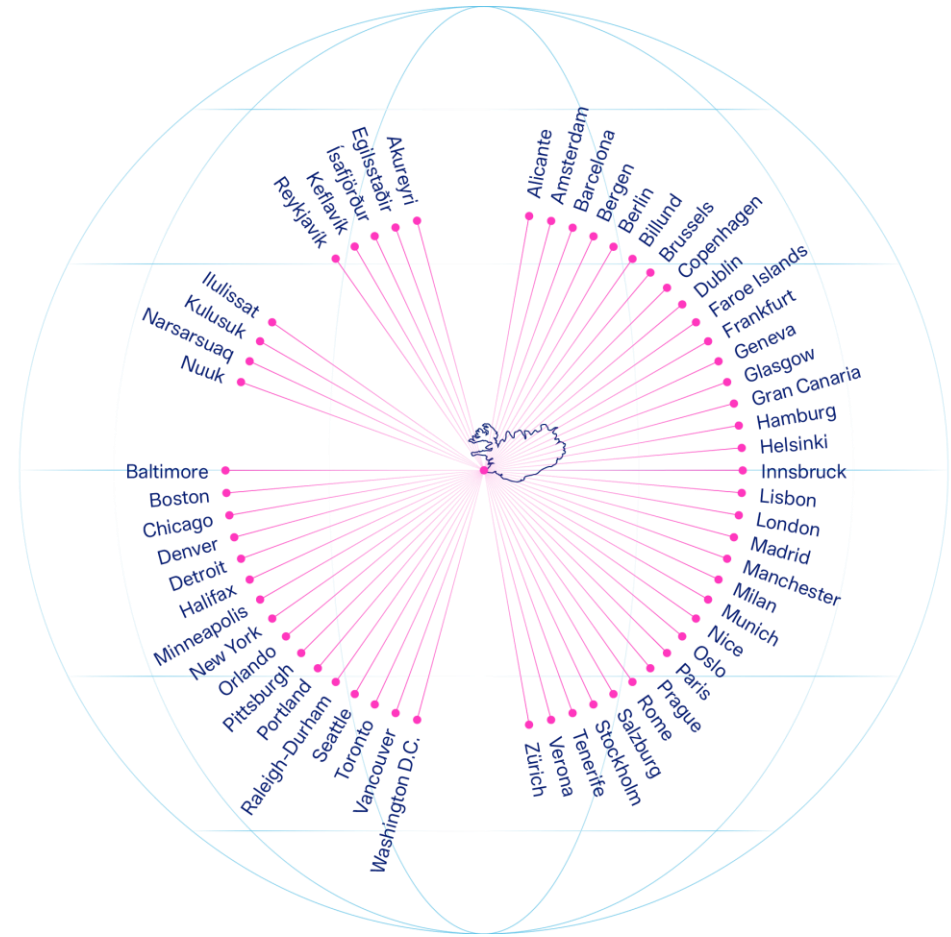
Special Prorate Agreements (SPA)

80

Interline E-Ticketing Agreement (IET)

Capacity growth of 10% in the Route network in 2024

- The capacity in Q3 is expected to grow by 9% and by 7% in Q4
- 57 destinations and over 790 origin and destination markets
- Countless other connection opportunities with partnership airlines
- Passenger numbers expected around 4.7 million for the full year
- Lisbon recently added as a new destination



Continued turnaround in the Cargo operation

- Significant turnaround of USD 3.4 million in the second quarter
- EBIT results are expected to be positive for the full year compared to a USD 17 million EBIT loss last year
- Actions taken to improve profitability include leasing out one freighter, adjusting capacity to market conditions, and simplifying the organization



The Leasing business continues to perform well

- Leasing delivered USD 3.2 million EBIT in the second quarter, with an EBIT ratio of 15% and the outlook for the second half of the year is good
- Five aircraft in full year operation at our largest leasing customer, two more than last year
- The VIP world tours are going well, and a third aircraft was added to that fleet earlier this year
- Preparation started for leasing project on the South Pole next winter, the fourth year in a row
- Strong emphasis on increasing leasing projects in the wintertime to lower the effect of seasonality in the route network



Uncertain how market dynamics will develop and impact revenue generation and profitability

- Unit cost in the second half of the year is expected to be at similar levels or slightly lower than last year
- Demand on the transatlantic market remains robust, however increased competition puts pressure on yields and thus unit revenue
- Signs that capacity TO and FROM Iceland is stabilizing into the winter season, which should positively impact unit revenue
- Positive signs in the market TO Iceland following a decrease in local hotel prices
- Although recent volcanic activity has not impacted Icelandair's flight schedule and Iceland remains safe to visit, further seismic activity in Southwest Iceland might impact demand
- Due to uncertainty financial guidance for the full year is not provided at current

Focus on optimizing the operation following the rapid growth post-Covid

- Comprehensive transformation launched in the first half of 2024 to respond to current market dynamics and ensure profitable growth and long-term success
- The main goal is to increase operational efficiency, mainly by lowering costs, but also by strengthening revenue generation
- This journey is expected to have a significant impact and support the goal of becoming best-in-class in terms of efficiency
- This will put Icelandair in a prime position to capture emerging opportunities and create long-term value for shareholders and Icelandic society

ONE
collective effort – one journey

The first Airbus aircraft expected to be delivered to Icelandair in Q4 2024

- Four new A321LRs will enter service next winter
- The implementation of the Airbus fleet and pilot training is underway
- Purchase agreement for a flight simulator signed in June



Great opportunities ahead

Expansion of the Route network with new, longer-range aircraft, serves as the foundation for further development of Iceland as a tourist destination and a connecting hub between Europe and North America



Q&A

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