

Q3 2024 results

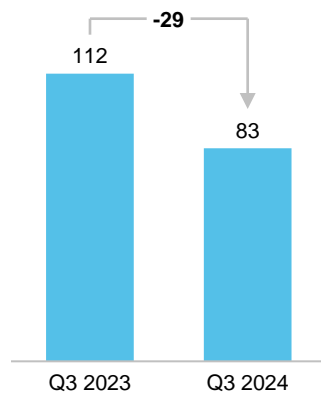
23 October 2024



Highlights

EBIT impacted by soft TO market

EBIT Icelandair
USD million



Resilient operations

Record OTP in Q3 2024, reduces cost related to irregularities

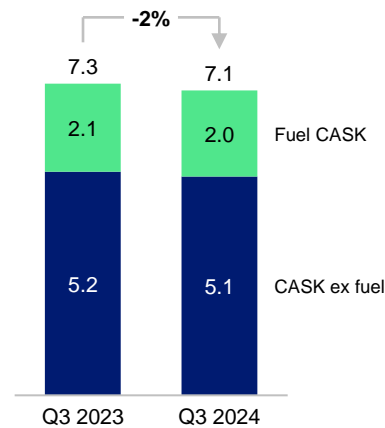
Robust execution of maintenance programs

OTP in Cirium ratings¹

- ✈️ #1 in June
- ✈️ #2 in July
- ✈️ #3 in August

Focus on cost optimization already materializing

Positive cost development reflected in lower unit cost despite inflationary pressure



Expanding our global partnership network

Significant milestone reached by becoming Southwest Airline's first airline partner

Four new codeshare agreements signed this year

Improved profitability expected

Market to Iceland starting to regain its strength

Significant performance improvements expected in Q4 and next year

Next year, capacity in the passenger network up ~9% year-on-year

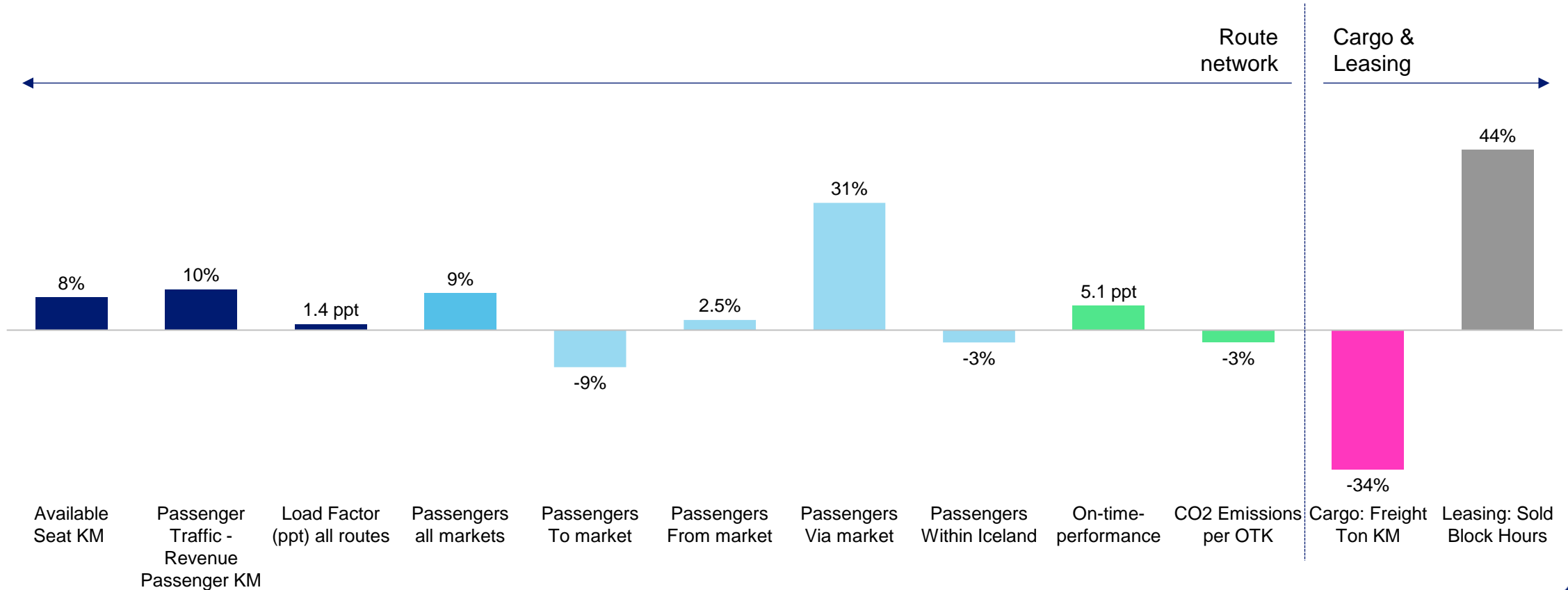
Production growth on similar resources and mostly in the shoulder seasons



¹Cirium Aviation Analytics: On-time-performance report: <https://www.cirium.com/resources/on-time-performance/>

As demand TO Iceland softened, the flexibility of the route network was utilized with greater emphasis on the transatlantic market

Traffic figures – Q3 2024 vs Q3 2023
In percentages





Financials

Ívar S. Kristinsson, CFO

Profitability negatively impacted by softer demand to Iceland

Profit loss statement

USD million

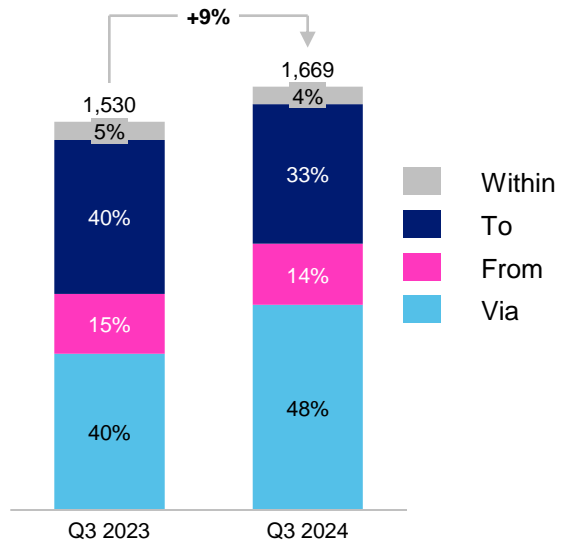
	Q3 2024	Q3 2023	Change
Passenger revenue	496.5	508.0	-11.6
Cargo revenue	16.9	21.0	-4.0
Leasing revenue	23.2	13.7	9.5
Other operating revenue	16.9	17.7	-0.8
Operating income	553.5	560.4	-6.9
Salaries and salary related	101.7	102.2	-0.5
Aircraft fuel	125.0	121.4	3.7
Other aviation expenses	95.0	85.1	9.9
Other operating expenses	105.7	103.6	2.1
Operating expenses	427.4	412.3	15.1
Depreciation and amortization	-42.6	-36.0	-6.6
EBIT	83.5	112.0	-28.5
EBIT ratio	15.1%	20.0%	-4.9 ppt
EBT	83.1	106.2	-23.1
Net profit	69.2	84.5	-15.3

- Passenger revenue lower than last year. Softness in the to market leading to shift in the passenger mix towards via which negatively impacted yields
- Positive development on operating costs growing 4% overall, while the production in the Route network grew 8%
- Additional flights on fuel efficient MAX aircraft favorably reducing fuel costs
- Continued turnaround in the Cargo operation of USD 5.7 million year-on-year, despite less freighter capacity and revenue
- Leasing operation continues to deliver strong results with EBIT profit of USD 4.9 million

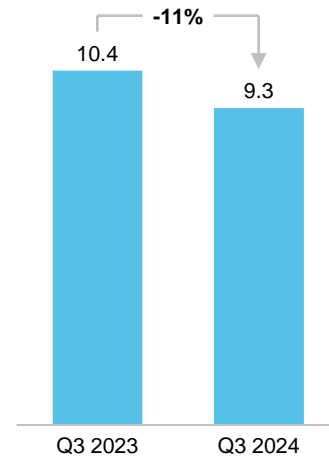


Softening demand in travel TO Iceland affecting revenue generation in Q3

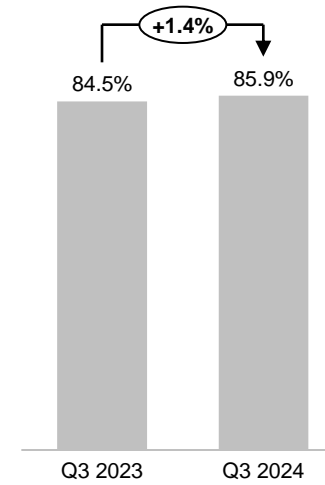
Passenger mix
in thousand



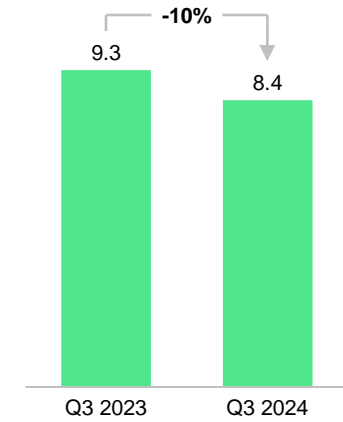
Yield²
US cents



Load factor
Up 1,4% year-on-year



RASK¹
US cents



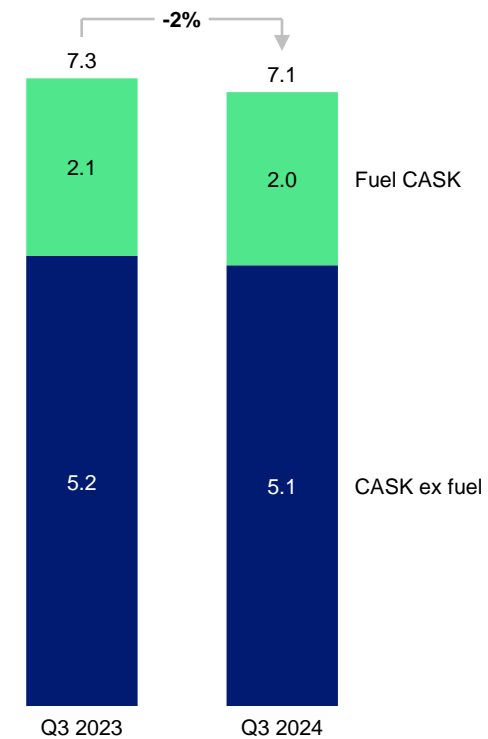
CASK decreasing by 2% year-on-year

Record on-time performance has positive impact on all operational aspects

Robust maintenance planning resulted in more efficient operation

Cost control measures are already yielding positive results

CASK¹
US cents



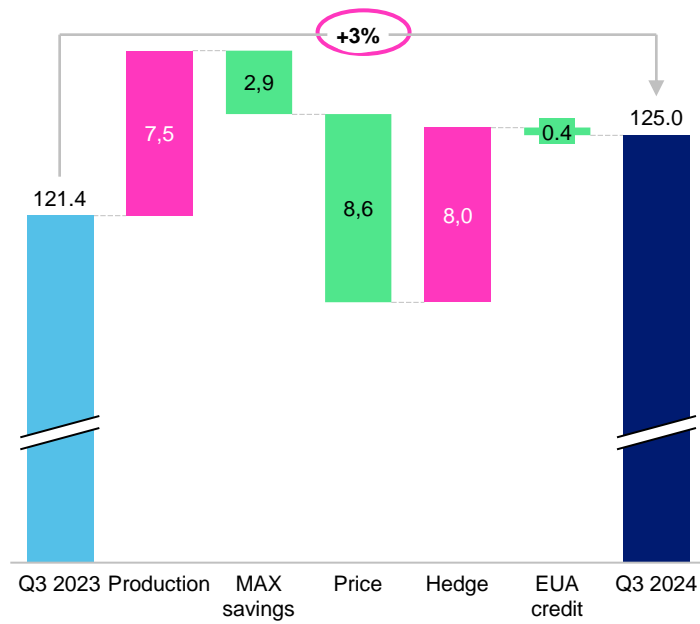
¹CASK: Cost per Available Seat Kilometer, Fuel CASK: Fuel cost per ASK



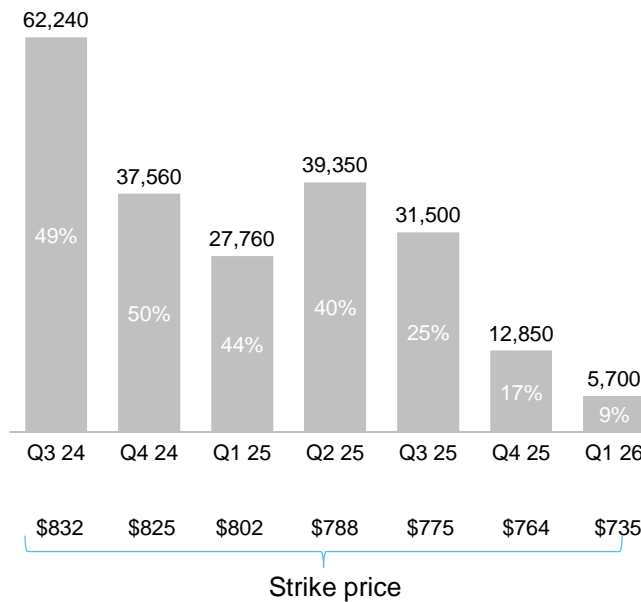
More cost-efficient fleet positively impacting cost

Higher fuel cost driven by 8% YoY growth in production

Fuel cost main changes
USD million Q3 2023 vs Q3 2024



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



Fuel price
USD per m/t



Strong results in leasing with focus on winter projects to lower the effect of seasonality in the route network

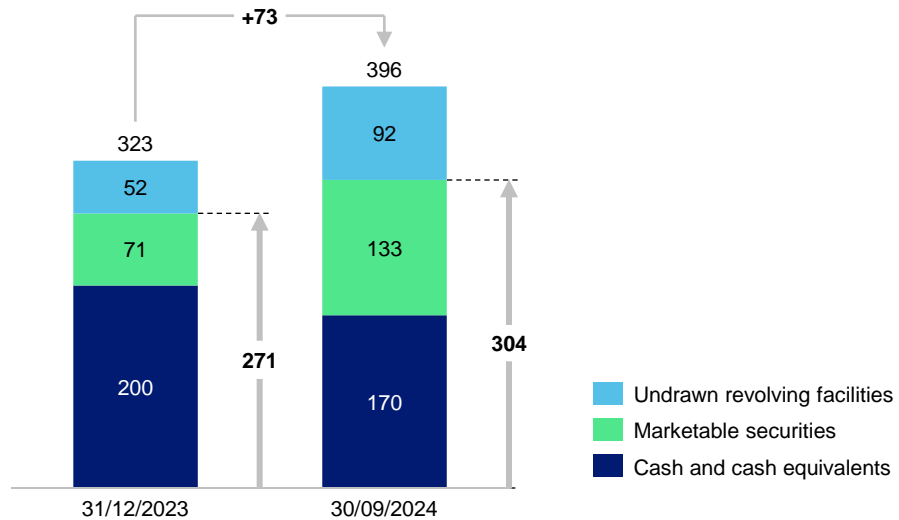


Continued turnaround in cargo with positive EBIT results expected for the full year

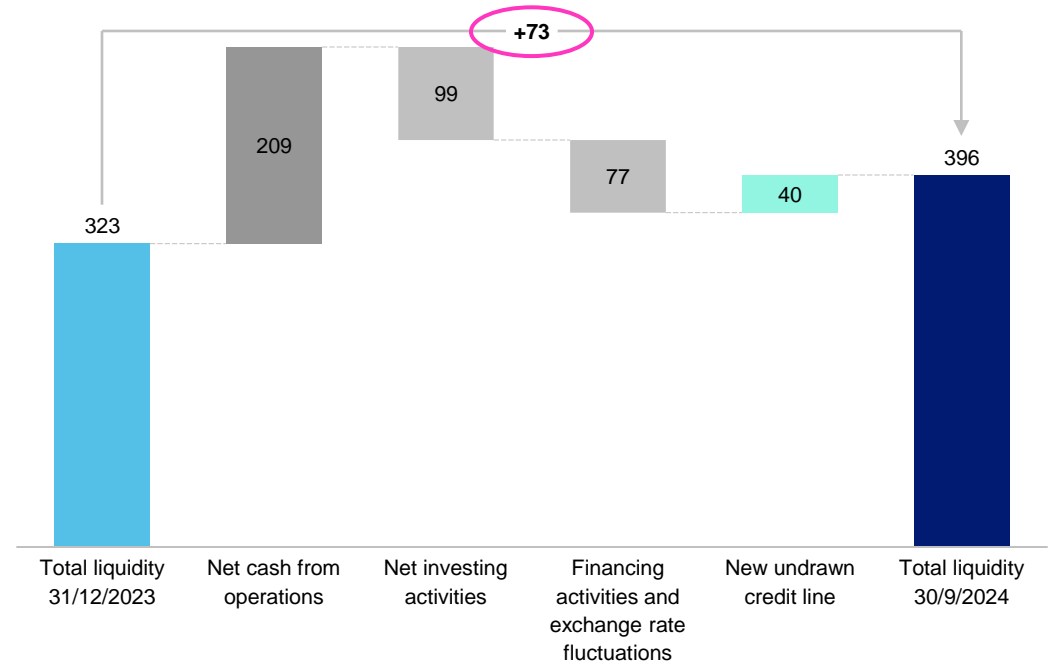


Strong liquidity position of USD 396 million

Total liquidity
Breakdown in USD million



Liquidity development
9M 2024 in USD million



Equity USD 297 million and equity ratio 18%

Assets

USD million	30 Sept 2024	31 Dec 2023	Change
Operating assets	556.9	555.1	1.8
Right-of-use assets	368.3	348.5	19.8
Intangible assets and goodwill	56.0	55.4	0.6
Other non-current assets	170.7	111.6	59.1
Total non-current assets	1,151.9	1,070.6	81.3
Inventories	23.1	23.8	-0.7
Derivatives used for hedging	3.2	0.8	2.4
Trade and other receivables	177.4	161.9	15.5
Marketable securities	133.4	71.0	62.3
Cash and cash equivalents	170.3	199.5	-29.2
Total current assets	507.4	457.1	50.4
Total assets	1,659.3	1,527.7	131.7

Equity and liabilities

USD million	30 Sept 2024	31 Dec 2023	Change
Shareholders' equity	297.1	288.3	8.8
Loans and borrowings non-current	177.9	207.4	-29.5
Lease liabilities	366.1	332.2	33.9
Other non-current liabilities	100.0	54.0	46.1
Total non-current liabilities	644.0	593.5	50.5
Loans and borrowings current	41.5	44.9	-3.4
Lease liabilities	62.3	54.1	8.2
Derivatives used for hedging	13.0	6.6	6.4
Trade and other payables	262.6	222.4	40.2
Deferred income	338.8	317.8	21.0
Total current liabilities	718.2	645.8	72.4
Total liabilities	1,362.2	1,239.3	122.9
Total equity and liabilities	1,659.3	1,527.7	131.7
Equity ratio	18%	19%	-1.0 ppt





Business update and outlook

Bogi Nils Bogason, CEO

Preparing for the arrival of the first Airbus aircraft

- The first Airbus aircraft is scheduled for delivery in Q4 2024
- Additional 3 Airbus aircraft to be delivered in the first half of 2025
- The preparation for implementation of the Airbus fleet is underway
- Brings significant benefits in operational efficiency and sustainability



The heart of Icelandair's business model is the unique route network



Leading carrier in Iceland
– our hub and home

Unique route network with great growth opportunities

Operational excellence and cost optimization

Strong **commercial infrastructure** and **diverse revenue streams**

Experienced team of employees through decades of operation

Guided by sustainability

Creating long term value

Enhancing revenue generation through diverse streams

Continuing to strengthen partnership network

11

Codeshare Agreements

47

Special Prorate Agreements (SPA)

80

Interline E-Ticketing Agreement (IET)

- Partnerships are an **important part of Icelandair's commercial infrastructure** and drive ~10% of our passenger revenue
- 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
- Airline partnerships have and **may also unlock new routes** that are infeasible on a standalone basis



Four new strategic partnership agreements signed this year



Icelandair is the first airline partner of Southwest Airlines

- Icelandair and Southwest Airlines have signed a Memorandum of Understanding (MOU) to initiate a bilateral partnership in 2025
- Southwest Airlines ranks as one of the largest airlines in the U.S, known for its extensive network and customer-friendly policies
- Through this partnership, Icelandair's customers will gain access to Southwest's extensive network, of nearly 120 destinations across North America



Outlook for Q4 2024

- Outlook for the passenger network is promising, booking status is stronger now for the fourth quarter than same time last year
- Signs of unprofitable capacity leaving the market
- Continued turnaround of Icelandair Cargo
- The profitability of Loflteidir, stays strong
- Year-on-year improvement in EBIT in the fourth quarter expected
- EBIT for the full year 2024 is expected to be negative of USD 10-20 million

Growth of ~9% planned in the route network for 2025

55 destinations

N-America, Europe, Greenland and Iceland

New routes in 2025

Nashville and Gothenburg

3 connection banks

Diverse departure times

888 connections

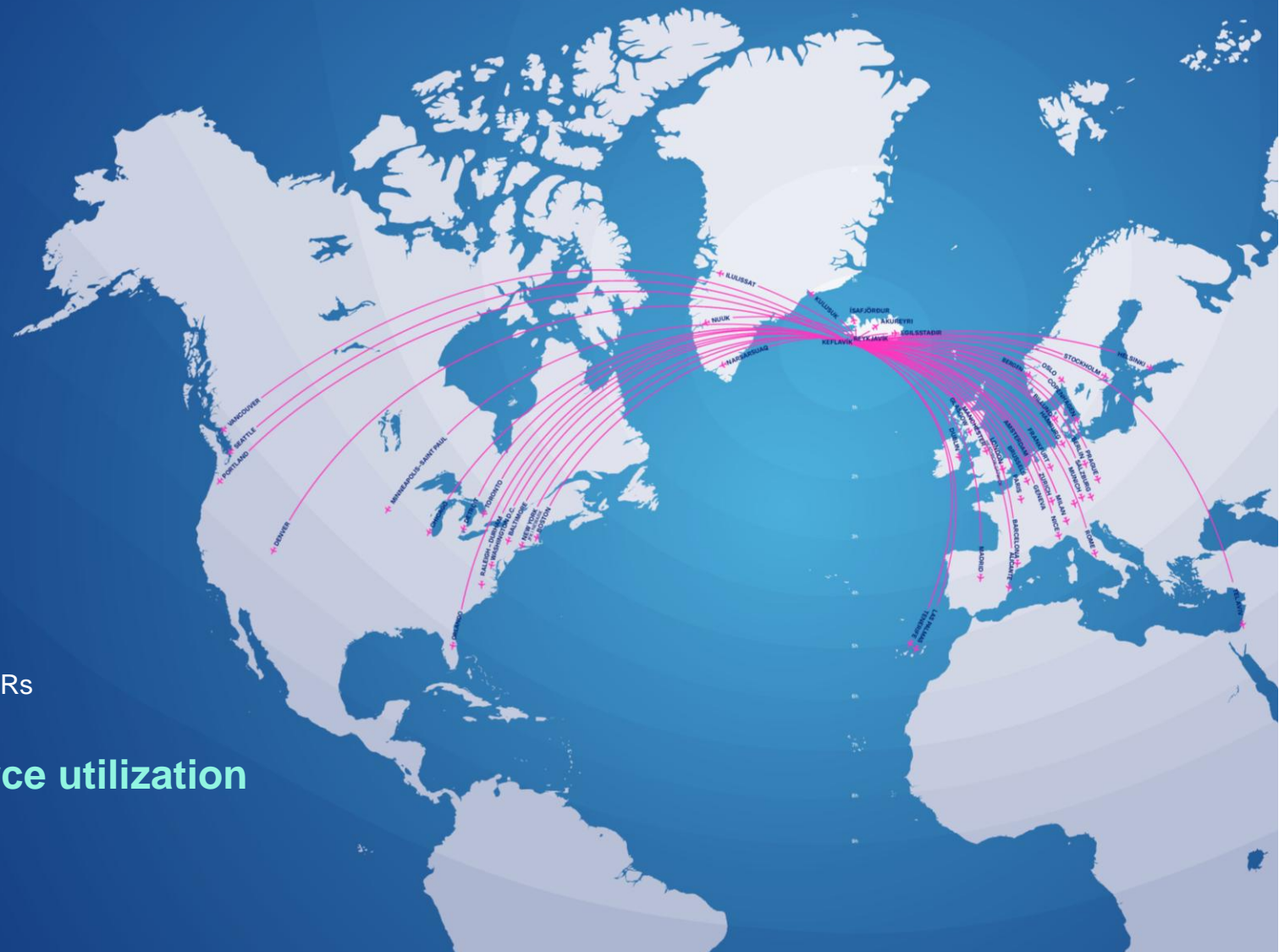
Within the network

Same number of aircraft as in 2024

Including 21 B737 MAX aircraft and 4 new Airbus A321LRs

Growth driven by increased resource utilization

Production growth mostly in the shoulder seasons



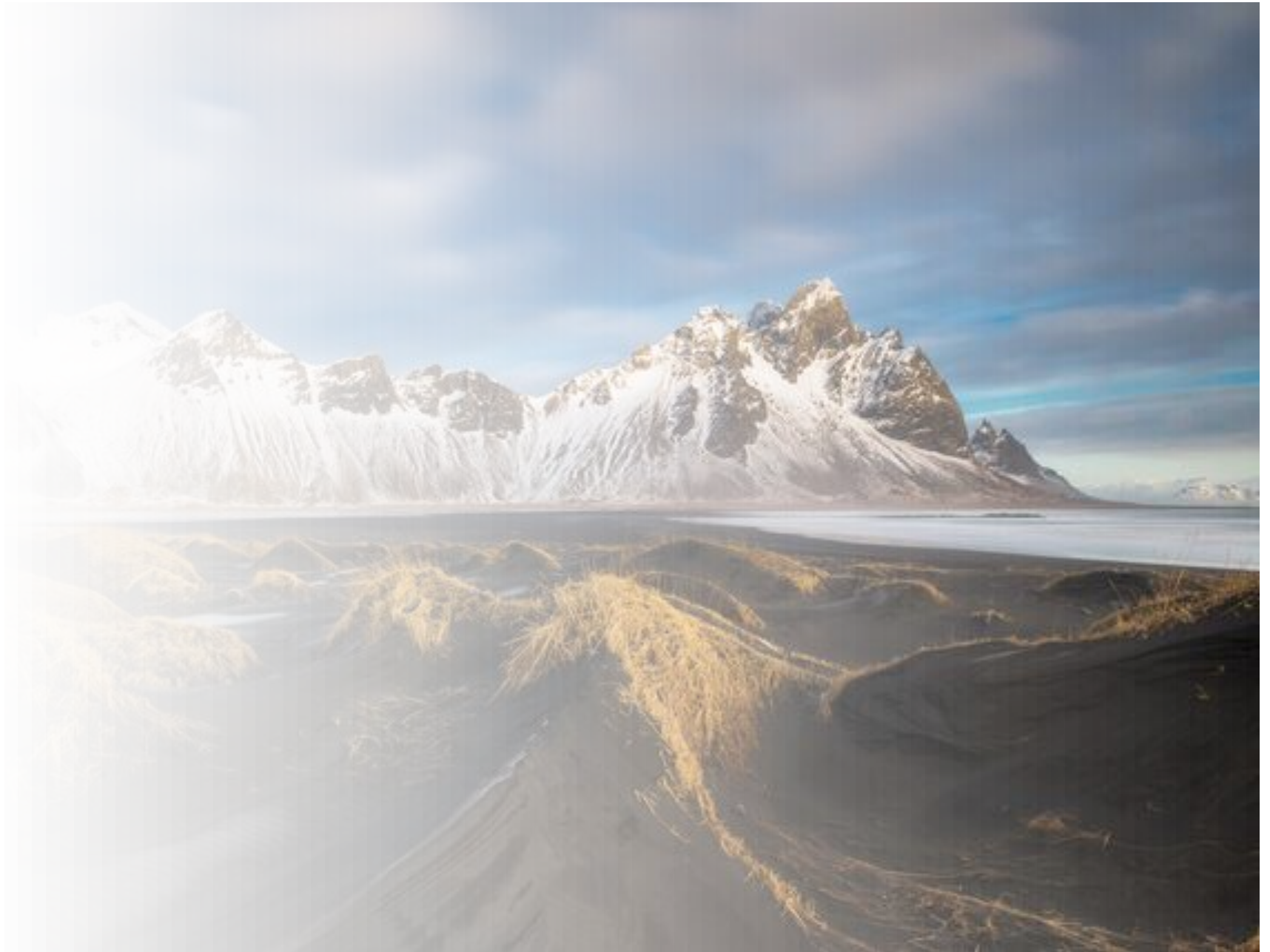
The ONE transformation journey

The path towards achieving financial targets

- Launched in the first half of 2024 to ensure profitable growth and long-term success
- Set to increase operational efficiency, mainly by lowering costs but also through revenue generating initiatives.
- Expected to make a significant contribution towards achieving the Company's 8% EBIT target
- By the end of next year, our objective is that the transformation journey will deliver USD 70 million at an annual run rate with further impact in following years
- 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

We bring
the spirit
of Iceland
to the world



Q&A

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