

We bring the spirit  
of Iceland to the world



**Q2 2025 Financial Results | 18 July 2025**

Bogi Nils Bogason, President and CEO  
Ívar S. Kristinsson, CFO

Record passenger revenue

**USD 393m**

up by 11% from  
last year

Strong cash from operations

**USD 118m**

up by 7% from  
last year

Net profit

**USD 13m**

improving by USD  
12m year-on-year

Negative currency effect on EBIT

**USD 13m**

currency gain of USD 3m  
on net profit

Yield decreasing by

**2%**

due to soft demand and yield  
pressure on the via market

Total EBIT

**USD 775k**

affected by strong ISK and  
soft demand on the via market

EBIT cargo and leasing

**7.5m**

improvement year-  
on-year USD 4.9m

On time performance

**87.2%**

Icelandair the most punctual airline among  
larger airlines in Europe in April and June<sup>1</sup>

Record liquidity

**USD 572m**

including undrawn credit  
lines of USD 92m

<sup>1</sup>Cirium Analytics report ranking list



# Financial results

Ívar S. Kristinsson, CFO

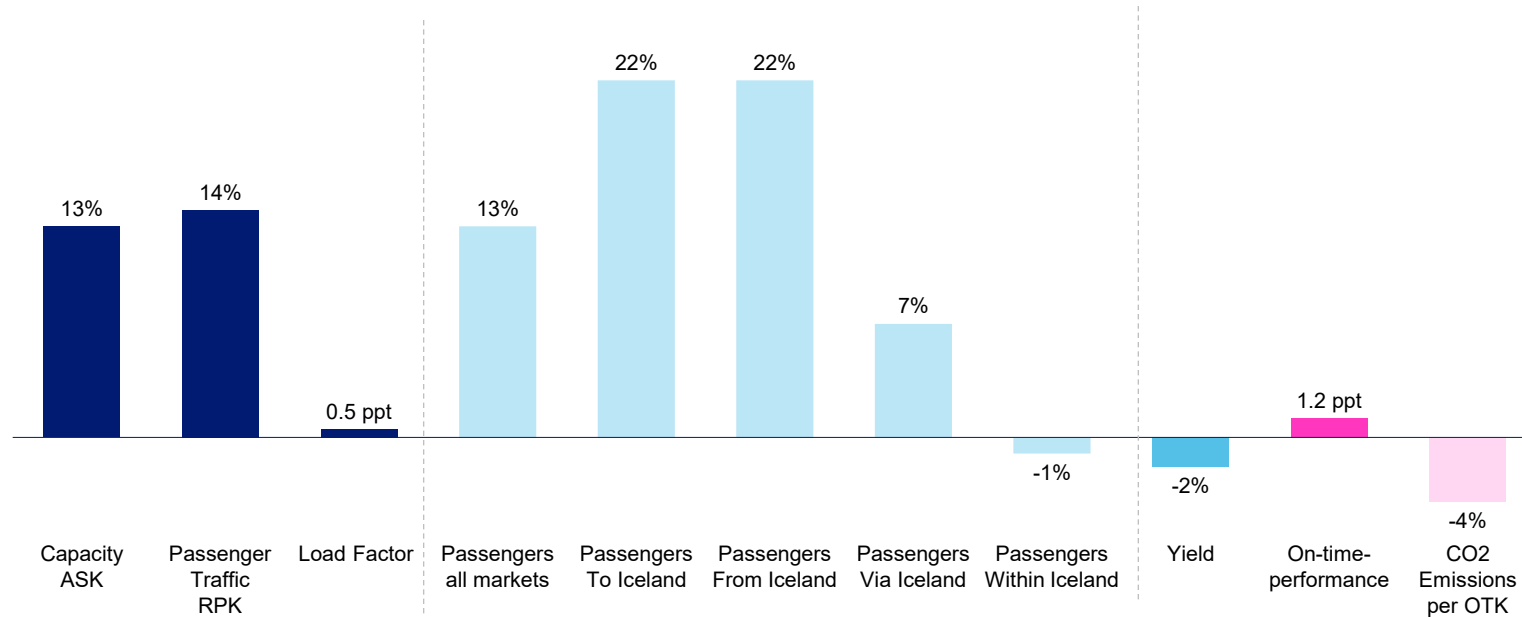


# We carried 1.4 million passengers to 56 destinations in Q2 2025

The second connection bank started early April, compared to mid-May last year, as part of Icelandair's strategy to grow outside the peak season, balance seasonality, and better utilize the Company's infrastructure year-round

## Traffic data passenger network

Change vs Q224



Icelandair's  
on-time performance of

**87.2%**

ranked it as the most  
punctual airline among  
larger airlines in Europe in  
April and June<sup>1</sup>

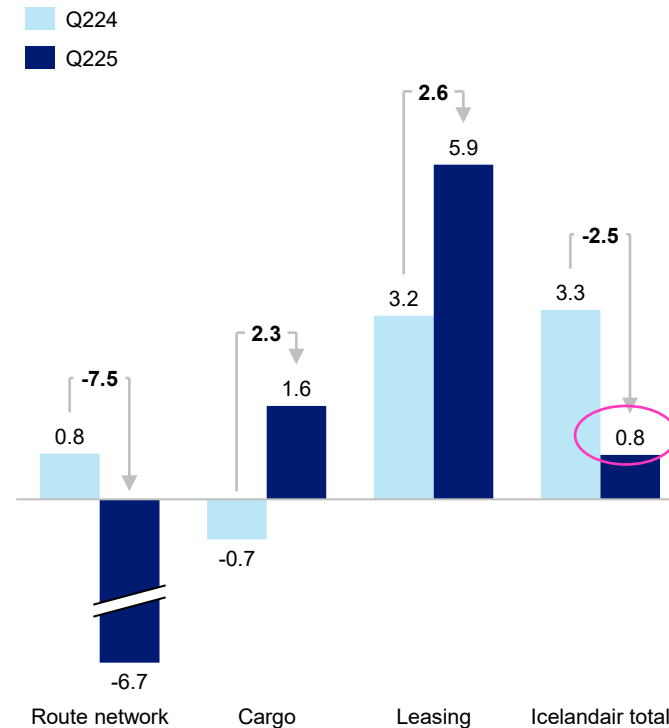


# Net profit stronger than last year, but EBIT negatively impacted by the strengthening of the ISK and softer via demand due to geopolitical uncertainty

## Profit loss statement USD million

USD million	Q2 2025	Q2 2024	Change
Passenger revenue	393.0	353.2	11%
Cargo revenue	19.1	16.9	13%
Leasing revenue	30.3	20.7	46%
Other operating revenue	20.3	18.7	9%
<b>Operating income</b>	<b>462.7</b>	<b>409.4</b>	<b>13%</b>
Salaries and salary related	124.1	107.0	16%
Aircraft fuel	95.5	96.5	-1%
Other aviation expenses	94.3	73.8	28%
Other operating expenses	104.6	91.5	14%
<b>Operating expenses</b>	<b>418.5</b>	<b>368.8</b>	<b>13%</b>
Depreciation and amortization	-43.4	-37.3	-17%
<b>EBIT</b>	<b>0.8</b>	<b>3.3</b>	<b>-</b>
<b>EBIT ratio</b>	<b>0.2%</b>	<b>0.8%</b>	<b>-0.6 ppt</b>
EBT	7.0	0.5	-
<b>Net profit</b>	<b>12.9</b>	<b>0.6</b>	<b>-</b>

## EBIT per segment USD million



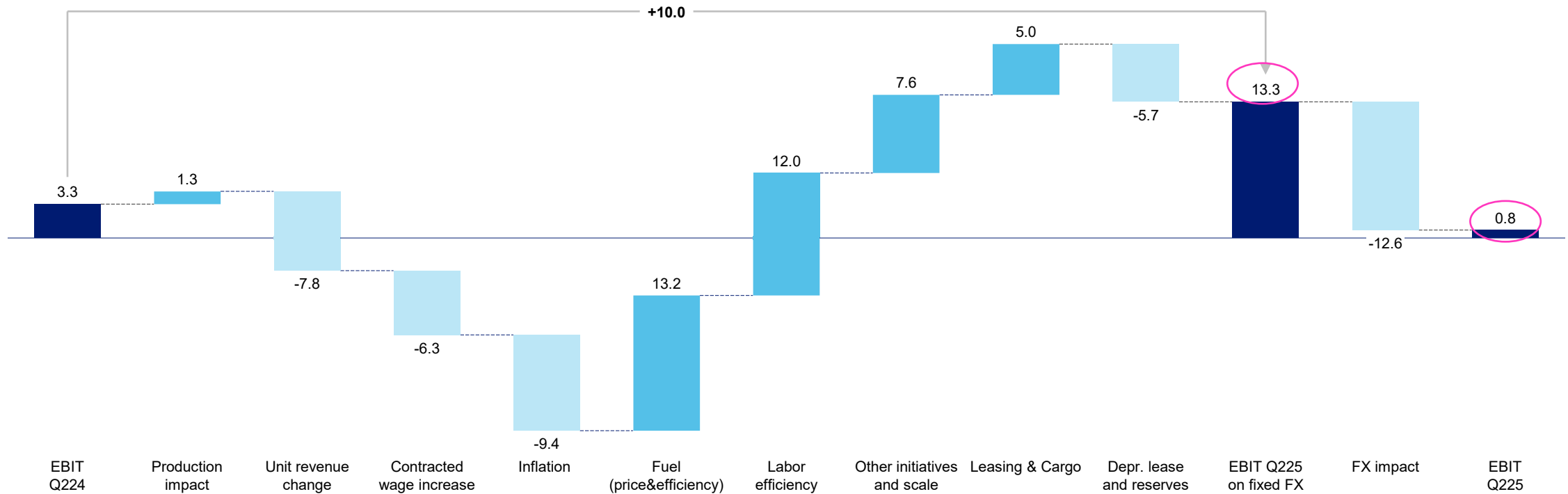
## Commentary

- Net negative impact of currency fluctuation estimated at USD 13 million
- Aggressive price competition on the Transatlantic economy segment resulting in weaker than expected yields.
- Strong ISK affected the competitiveness of Iceland's export industries
- More cost-efficient fleet, lower fuel prices, and emission charges had a positive impact on results
- Continued strong turnaround in the Cargo operation with EBIT of USD 1.6 million
- Leasing operation continues to deliver strong results with EBIT profit of USD 5.9 million



# Strong operating results in areas within our control

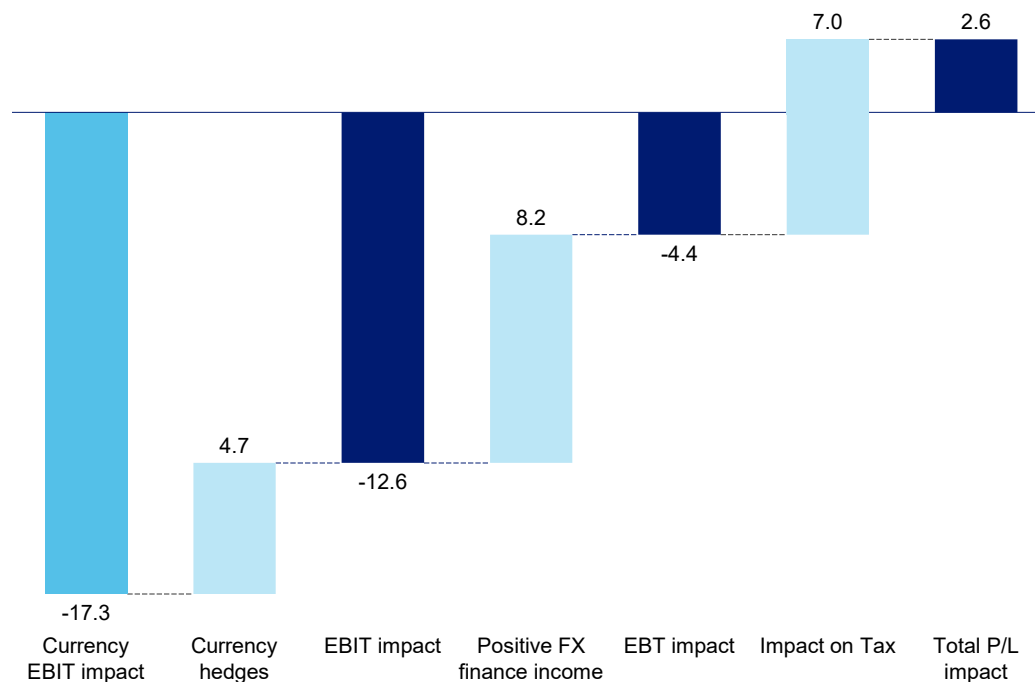
## Main changes in EBIT In USD million Q225 vs Q224



# The strengthening of the Icelandic krona negatively impacted EBIT but partly offset through positive impact on finance income

## Currency fluctuation – effect on EBIT and net earnings

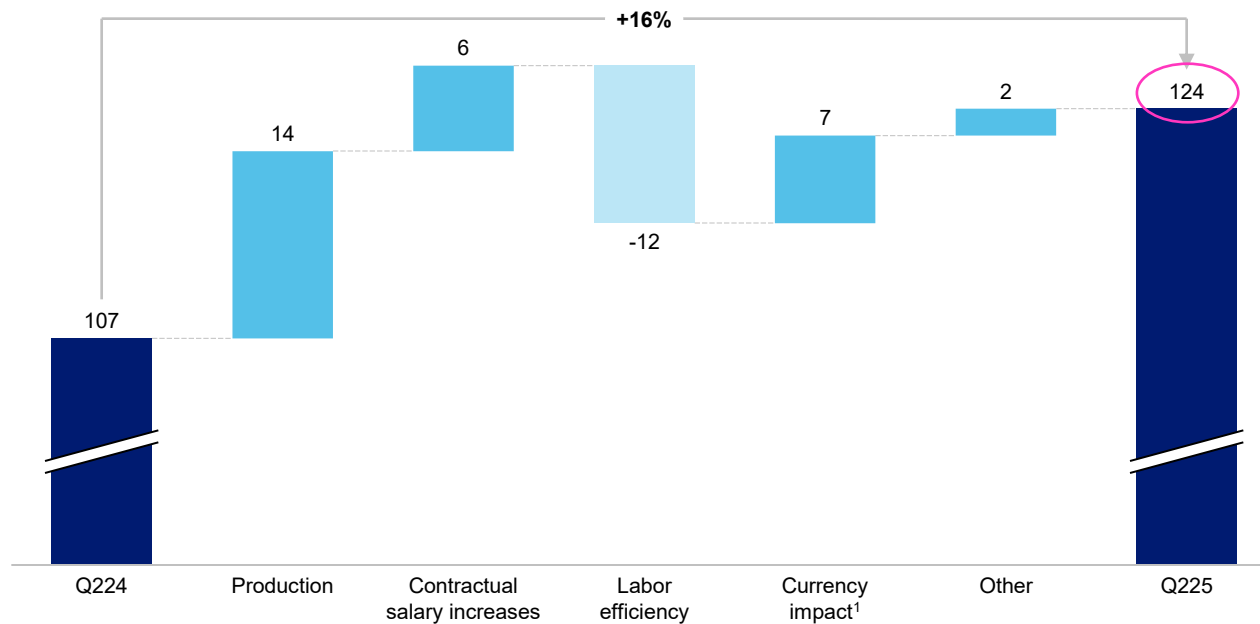
USD million Q225 vs. Q224



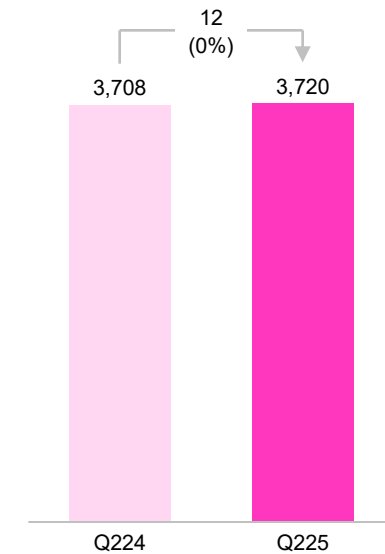
- The negative currency effect on EBIT due to strengthening of the ISK is estimated at USD 12.6 million, while the impact on net earnings is positive of USD 2.6 million
- The FX impact on EBIT is partly offset by a positive impact on finance income as the company has significant ISK cash balances
- Impact on tax liability is due to deferred tax assets being held in ISK

# Number of FTEs at the same level as last year despite 13% production increase

Overview of main changes in salary and salary-related costs  
USD million



Average number of FTEs  
Change year-on-year



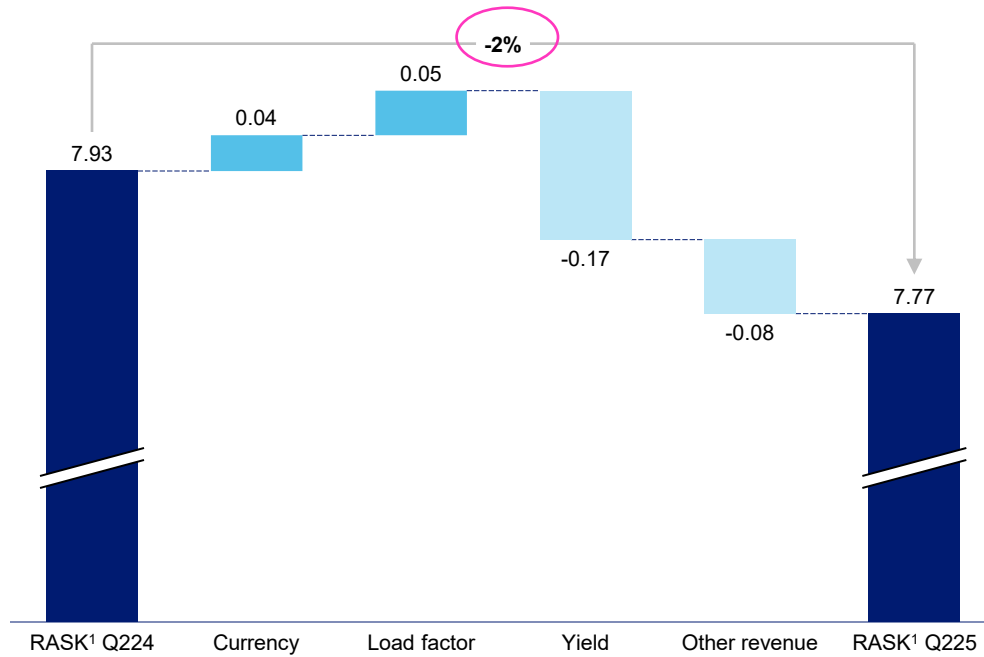
<sup>1</sup> Currency impact is net of change in currency hedges between years in the amount of USD 4.7 million





# Unit revenue in the route network decreased by 2% driven by lower yields in the via market

## Main changes in unit revenue In US Cents Q224 vs. Q225



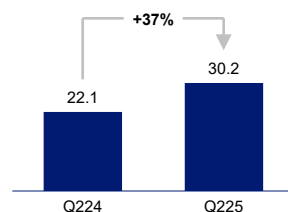
- Load factor 82.1% improving by 1.1 ppt despite 13% capacity increase
- Total yield decrease in all markets 1.7% vs. 7% on the Transatlantic market
- Weakness in the Transatlantic market countered by increased focus on To and From markets
- Premium revenue grew by 15%, outperforming the Economy revenue, which grew by 10%
- ~20% of connection passengers took advantage of Icelandair's stopover<sup>2</sup> offer, staying one or more nights in Iceland on their way between North America and Europe



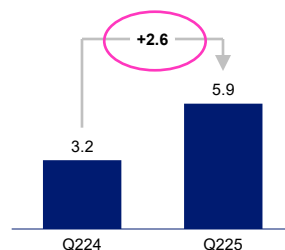
# Cargo and Leasing operations performed well



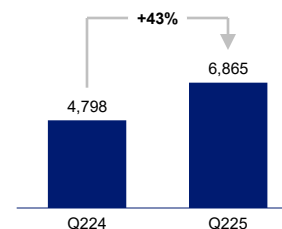
Revenue<sup>1</sup> USD million



EBIT USD million



Sold BH<sup>2</sup>

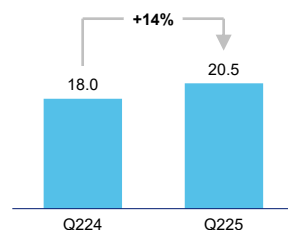


Comments

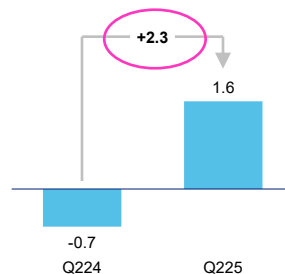
- Leasing continues to deliver strong results with an EBIT margin of over 18%
- EBIT USD 5.9 million up by USD 2.6 million
- Revenue growth 37% with 43% more sold block hours



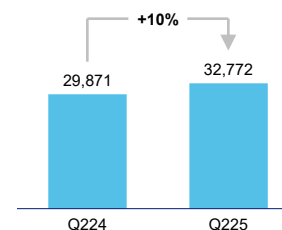
Revenue<sup>1</sup> USD million



EBIT USD million



FTK<sup>3</sup>



Comments

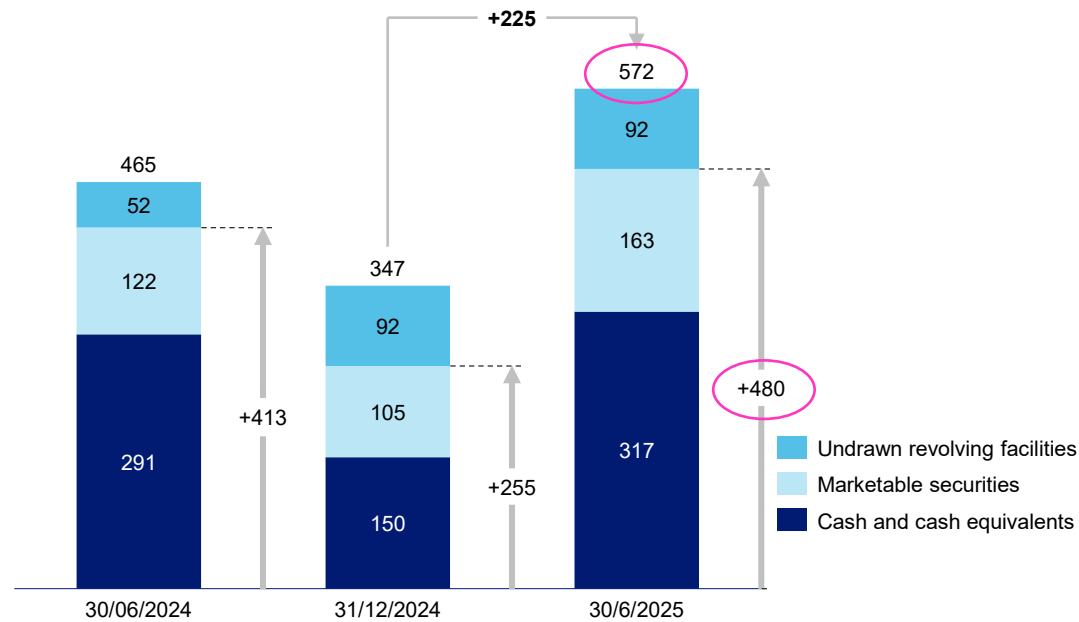
- Cargo operation with USD 1.6 million EBIT and 8% EBIT ratio
- EBIT improvement of USD 2.3 million year-on-year
- Revenue growth 14%
- Freight carried increased by 10%

<sup>1</sup> Revenue includes intra revenue <sup>2</sup> BH: Block Hours <sup>3</sup> FTK: Freight Tonn Kilometers

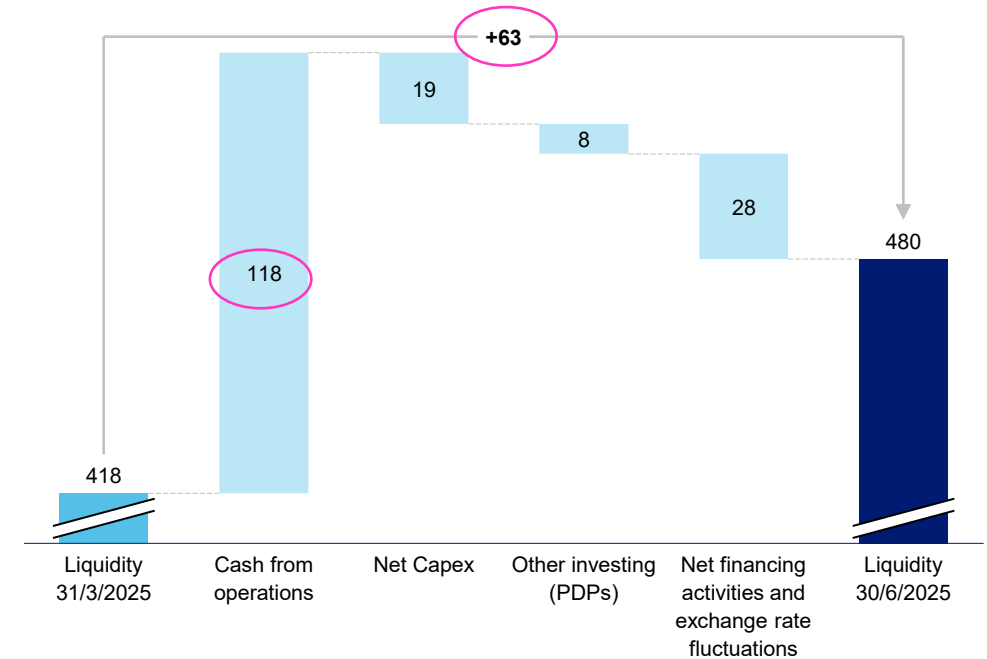


# Strong cash from operation and record total liquidity position of USD 572 million at the end of the second quarter

**Total liquidity<sup>1</sup>**  
Breakdown in USD million



**Liquidity<sup>2</sup> development**  
In USD million



<sup>1</sup> Total Liquidity = Cash, cash equivalents, marketable securities, and undrawn revolving facilities. <sup>2</sup> Liquidity = Cash and cash equivalents and marketable securities



# Shareholders equity totaling USD 283 million and an equity ratio of 14%

## Assets

USD million

USD Thousand	30 Jun 2025	31 Dec 2024	% chg.	30 Jun 2024
Operating assets	558	560	0%	568
Right-of-use assets	510	406	26%	383
Intangible assets and goodwill	58	56	3%	56
Other non-current assets	199	172	16%	172
<b>Total non-current assets</b>	<b>1,324</b>	<b>1,194</b>	<b>11%</b>	<b>1,179</b>
Inventories	27	24	8%	24
Derivatives used for hedging	17	4	290%	3
Trade and other receivables	209	160	31%	180
Marketable securities	163	105	56%	122
Cash and cash equivalents	317	150	111%	291
<b>Total current assets</b>	<b>733</b>	<b>444</b>	<b>65%</b>	<b>620</b>
<b>Total assets</b>	<b>2,057</b>	<b>1,638</b>	<b>26%</b>	<b>1,800</b>

## Equity and liabilities

USD million

	30 Jun 2025	31 Dec 2024	% chg.	30 Jun 2024
<b>Shareholders' equity</b>	<b>283</b>	<b>269</b>	<b>5%</b>	<b>233</b>
Loans and borrowings non-current	147	165	-11%	186
Lease liabilities	493	399	24%	382
Other non-current liabilities	125	100	26%	85
<b>Total non-current liabilities</b>	<b>766</b>	<b>663</b>	<b>15%</b>	<b>652</b>
Loans and borrowings current	43	41	4%	41
Lease liabilities	74	66	11%	62
Derivatives used for hedging	3	6	-38%	0
Trade and other payables	355	241	47%	290
Deferred income	533	352	52%	521
<b>Total current liabilities</b>	<b>1,008</b>	<b>706</b>	<b>43%</b>	<b>915</b>
<b>Total liabilities</b>	<b>1,774</b>	<b>1,369</b>	<b>30%</b>	<b>1,567</b>
<b>Total equity and liabilities</b>	<b>2,057</b>	<b>1,638</b>	<b>26%</b>	<b>1,800</b>
<b>Equity ratio</b>	<b>14%</b>	<b>16%</b>		<b>13%</b>

# Business update

Bogi Nils Bogason, President and CEO



# Dynamic market developments

## To Iceland

We see favorable developments in the markets To and From Iceland, as a result of our strong focus on these markets. The market To Iceland is robust and growing despite the strong real exchange rate of the Icelandic Krona.

## From Iceland

The market From Iceland has never been stronger with Icelandair consistently being ranked as the first-choice carrier among Icelanders.

## Via Iceland

The geopolitical environment, tariff negotiations, and macroeconomic softness have led to yield pressure, especially on economy fares in this market.

## Within Iceland

Generally, demand has remained balanced on the domestic market.

1.4m  
passengers  
carried

To Iceland, **31%** of total passengers  
passengers visiting Iceland

From Iceland, **17%** of total passengers  
passengers originating in Iceland  
visiting destinations outside of Iceland

Via Iceland, **47%** of total passengers  
Passengers traveling across the Atlantic connecting  
in Iceland

Within Iceland, **5%** of total passengers  
Passengers traveling solely within Iceland

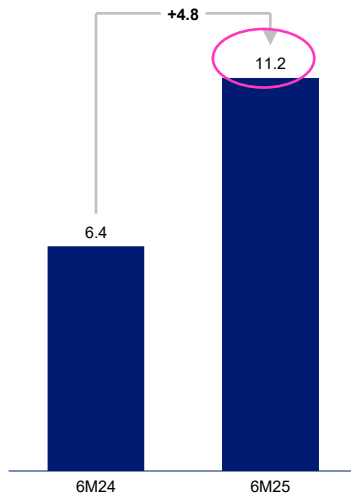
6M 2025



# Favorable prospects in the cargo and leasing segments



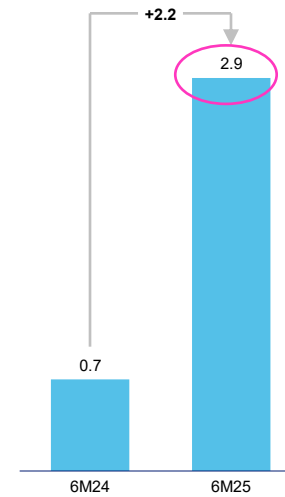
EBIT January-June USD million



- EBIT margin of ~19%
- All main projects are returning good results
- The leasing business is expected to maintain its solid performance for the rest of the year



EBIT January-June USD million



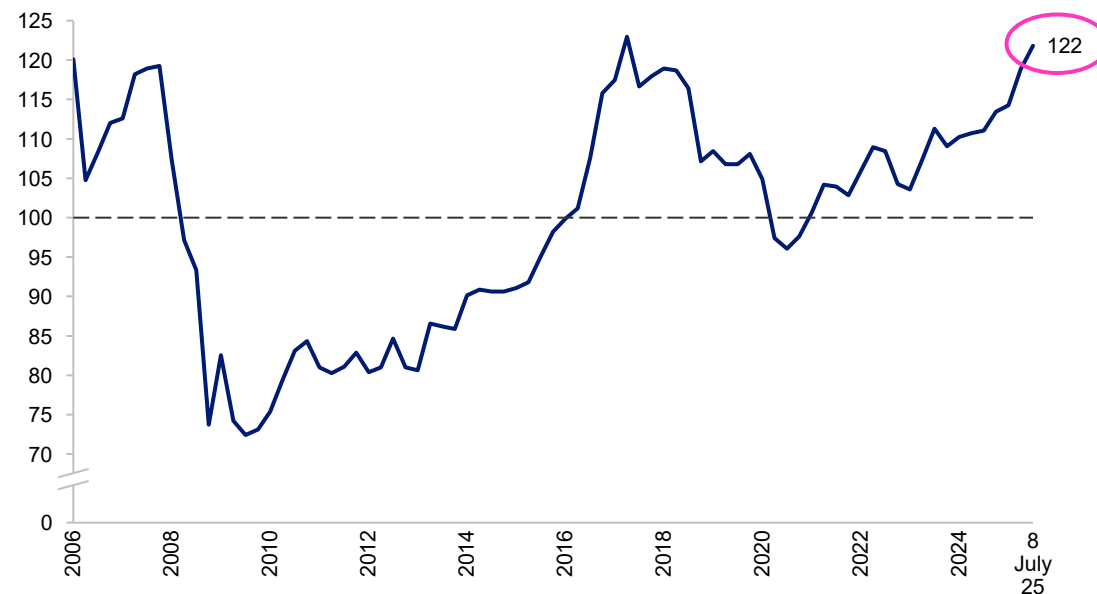
- EBIT margin of ~7%
- Building on the strong turnaround in 2024 the performance continues to improve
- Positive outlook for the remainder of the year, with strong imports and exports



# Strong ISK is challenging for the competitiveness of Icelandic export industries

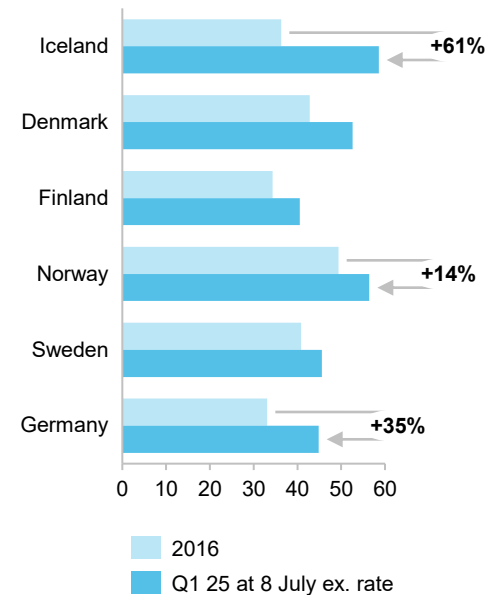
## Real effective FX rate of ISK

Based on consumer prices, index<sup>1</sup>



## Labor costs per hour worked

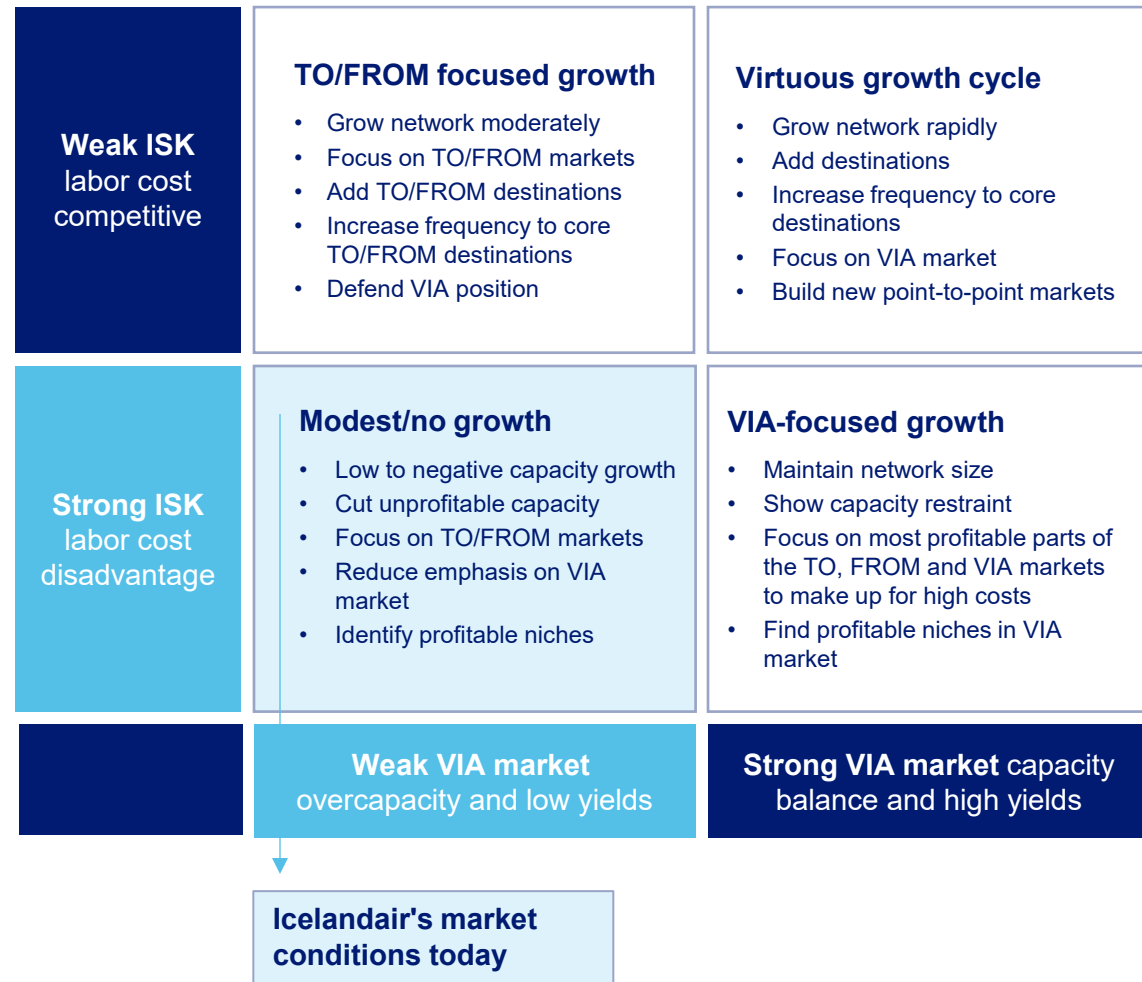
EUR, Q125 at 8 July FX rate



- From Q4 2021 to Q2 2025 the real exchange rate (based on prices) appreciated by 16%, of which 5% is explained by the nominal exchange and 11% by higher inflation in Iceland than in trading countries
- On both measures, the exchange rate has only been stronger on two occasions this century
- This can have a negative impact on demand for Iceland, as well as reducing cost competitiveness. However, it supports strong demand in the From market segment.



Our network planning is adapted to market conditions with a focus on ensuring long-term profitability



# Strategic network planning in line with market developments

## Market position today:

**Strong ISK**  
labor cost  
disadvantage

### **Modest / no growth**

- Low to negative capacity growth
- Cut unprofitable capacity
- Focus on TO/FROM markets
- Reduce emphasis on Via market
- Identify profitable niches

**Icelandair**  
market position

**Weak VIA market**  
overcapacity and low yields

## Our actions:

### **Modest growth**

Capacity growth in 2025 is focused on the shoulder seasons, to balance seasonality and utilize infrastructure better

### **Focus on To and From markets**

Notable passenger growth of 22% in those markets in Q225

### **New destinations**

Introduction of new destinations in 2025: Nashville, Miami, Istanbul, Gothenburg, Malaga, Edinburgh, Höfn in Iceland

### **Flexibility for 2026**

Flexibility to reduce capacity with retirement of more B757 that have low balance sheet value



# Transforming for the future



## Fleet renewal

In 2019 we introduced the cost-efficient Boeing MAX aircraft and in late 2024, we welcomed the first Airbus A321LR to the fleet

Over the next few years, our B757 and B767 aircraft will be phased out

This unlocks great opportunities for the route network development



## Efficiency focus

Increased efficiencies have resulted in outstanding on-time performance

This has been supported by improved maintenance planning

We are improving our crew planning, driving productivity and work balance, in addition to digital development for optimal decision-making



## Commercial infrastructure

We continue to build on our strong commercial infrastructure

Key differentiating factors include: the robust Icelandair brand, the Saga Premium product, the Saga Club – Iceland's largest loyalty program, and strong airline partnerships



## ONE transformation

Focus on driving efficiencies, reducing costs, and unlocking new revenue opportunities

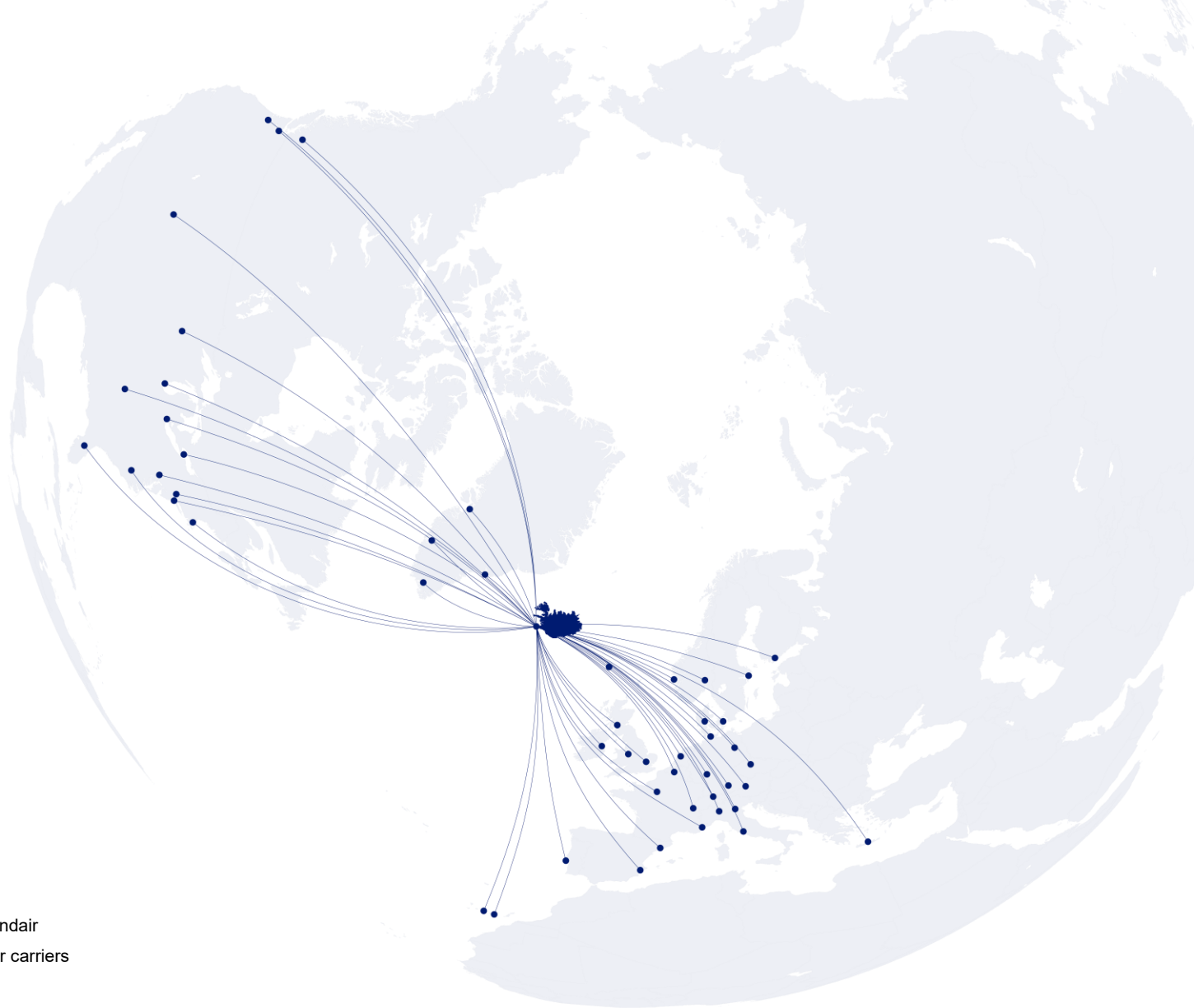
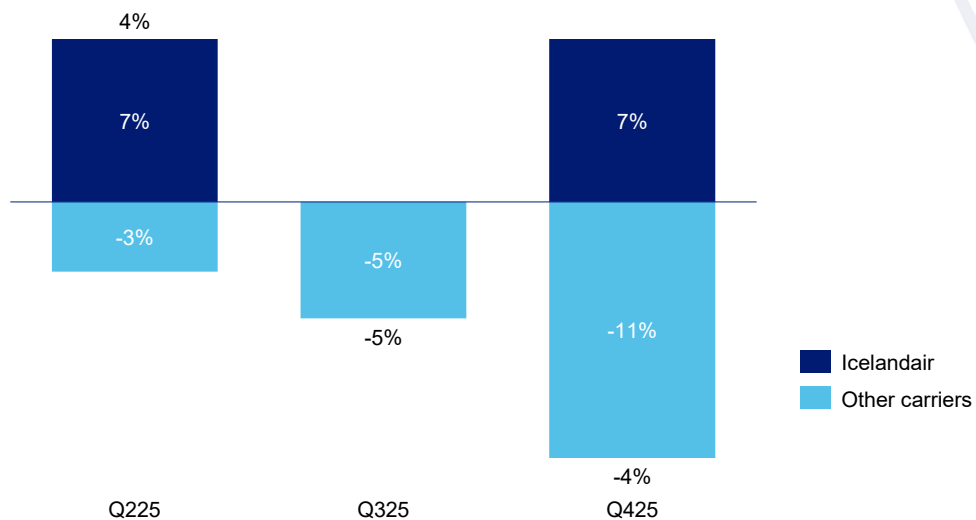
To date, +400 initiatives identified thereof 170 implemented

Estimated annualized impact at year-end USD 90m, with further gains expected in the following years



# Change in the capacity to and from Iceland strengthens our leading hub position

Change in capacity to and from Iceland  
2025 vs 2024 Q2-Q4





## Financial guidance: EBIT for the full year expected to be at break even

### Q3 2025

- Bookings for the peak summer period are ahead of last year
- Yield pressure continues on economy fares in the via market
- EBIT (profitability) expected to improve year-on-year

### Q4 2025

- Bookings into fall and winter currently slow
- Yields expected to improve in the to and via markets
- EBIT (profitability) forecasted at similar level to last year

### Assumptions

- Average market price of jet fuel USD 720 per m/t
- USD/ISK exchange rate at 123
- This guidance is subject to change due to various risks and uncertainties in the environment

### FX impact

- With USD/ISK at the same level as last year:
- EBIT in Q2 would have been USD 13 million higher
- The EBIT forecast for the full year would be ~50 million higher.
- Assuming all other factors remain unchanged



# Key takeaways



## Net profit of USD 13 million

EBIT impacted by strong ISK and soft demand on the Transatlantic market

## Strong leading hub carrier position

Changes in the capacity to and from Iceland are strengthening the leading hub carrier position of Icelandair

## Transforming the future

Icelandair is transforming for the future with a clear focus on efficiency, cost reduction and unlocking revenue opportunities



Thank you







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