

Looking back on a good year

- | Profit at USD 111.2 million, up by USD 44.7 million, or 67%
- | EBITDA in 2015 at USD 219.0 million, as compared to USD 154.3 million in 2014
- | Operating revenue increased by 2% between years. Calculated at a fixed exchange rate the increase in revenue was 12%
- | EBITDA in Q4 positive by USD 20.1 million, as compared to a negative outcome of USD 1.5 million over the corresponding quarter of last year
- | Equity ratio at year-end 2015 47%, as compared to 43% at year-end 2014
- | Cash and cash equivalents in excess of interest-bearing debts at year-end 2015 amounted to USD 148.6 million
- | The Board of Directors proposes a dividend payment of ISK 3,500 million to shareholders in 2016, corresponding to ISK 0.70 per share

USD thousands	Q4 2015	Q4 2014	Change	% Change	12M 2015	12M 2014	Change	% Change
Operating results								
Total income	229,966	205,481	24,485	12%	1,139,699	1,113,297	26,402	2%
EBITDAR	28,755	7,088	21,667	306%	254,026	193,410	60,616	31%
EBITDA	20,110	-1,481	21,591	-	218,982	154,338	64,644	42%
EBIT	-964	-18,756	17,792	95%	135,156	79,009	56,147	71%
EBT	-150	-17,695	17,545	99%	140,223	79,908	60,315	75%
Profit / loss for the period	267	-14,974	15,241	-	111,223	66,499	44,724	67%
Balance sheet								
Total assets	-	-	-	-	971,979	849,220	122,759	14%
Total equity	-	-	-	-	456,531	365,055	91,476	25%
Interest bearing debt	-	-	-	-	65,530	61,934	3,596	6%
Cash and marketable securities	-	-	-	-	214,119	215,641	-1,522	-1%
Net interest bearing debt	-	-	-	-	-148,589	-153,707	5,118	3%
Cash flow								
Working capital from / to operations	3,079	-10,125	13,204	-	211,260	162,807	48,453	30%
Net cash from operating activities	36,640	4,552	32,088	705%	245,136	215,315	29,821	14%
Net cash used in investing activities	-87,507	-43,818	-43,689	100%	-219,942	-130,156	-89,786	69%
Net cash used in financing activities	-10,616	-3,008	-7,608	253%	-14,320	-88,684	74,364	-84%
Cash and cash equivalents end of period	194,586	184,762	9,824	5%	194,586	184,762	9,824	5%
Key Ratios								
Earnings per share expressed in USD Cent	0.01	-0.30	0.31	-	2.24	1.34	0.90	67%
Intrinsic value	-	-	-	-	11.24	8.99	2.25	25%
Equity ratio	-	-	-	-	47%	43%	4.0 ppt	-
Current ratio	-	-	-	-	0.80	0.83	-0.03	-4%
CAPEX USD thousand	100,784	39,417	61,367	156%	210,400	109,293	101,107	93%
Transport revenue as % of total revenues	71%	72%	-1.4 ppt	-	74%	73%	1.6 ppt	-
EBITDAR ratio	12.5%	3.4%	9.1 ppt	-	22.3%	17.4%	4.9 ppt	-
EBITDA ratio	8.7%	-0.7%	9.5 ppt	-	19.2%	13.9%	5.4 ppt	-
Share information ISK								
Highest price in period	35.40	21.40	14.00	65%	35.40	21.40	14.00	65%
Lowest price in period	30.35	17.40	12.95	74%	20.95	16.45	4.50	27%
Price at period end	-	-	-	-	35.40	21.40	14.00	65%
Market Cap at period end (millions)	-	-	-	-	177,000	107,000	70,000	65%

BJÖRGÓLFUR JÓHANSSON, PRESIDENT AND CEO

"The Group performed well in 2015, with results exceeding management projections from the beginning of the year and EBITDA at the upper limits of the Company's most recent earnings guidance. A number of interacting factors contributed to the strong performance, including falling fuel prices, increased demand in the North Atlantic market – which was met by increased capacity – and good results from charter and cargo operations. Also, hotel room occupancy has increased between years.

In recent years we have followed a clear strategy designed to ensure the Group's long-term growth. We want the Group's organic growth to be sustainable and geared to prevailing circumstances at any time. In recent years we have also focused on strengthening the Company's operations outside the peak season and the substantial improvement in fourth quarter operations is therefore a matter of great satisfaction. A strong equity position and underlying cash flow will underpin our ability to undertake profitable investments and improve our competitiveness for the long term. Since 2010 Icelandair Group's operations have shown a positive momentum, with income growing by USD 422 million, from USD 718 million in 2010 to USD 1,140 million in 2015.

The prospects for Icelandair Group's operations in 2016 are also favourable. Last year the Group presented its international flight schedule for 2016, which assumes an increase in seat kilometres of 18% between years. Sales have been strong since that time, and in fact the inflow of bookings has been so strong that we have decided to add an additional Boeing 757 to our fleet, bringing the total increase in seating capacity to 24%. The EBITDA guidance for 2016 projects EBITDA in the range of USD 245-250 million. Further growth is expected in the market to Iceland. Growth is also expected in the via market between Europe and N-America. The Group will continue the ongoing vigorous expansion of its hotel business in downtown Reykjavik. Prospects in the Icelandic tourist industry are excellent, and we also believe that the outlook for cargo and charter operations in 2016 is encouraging. It is important to bear in mind that external factors, such as fluctuations in fuel prices and the currency markets, can significantly impact the Group's performance.

Our staff has in recent years done outstanding work on taking the Group forward and the results achieved in our operations last year is the outcome of that work. We are all grateful for this effort."

TRANSPORT FIGURES

- | **Record numbers: 3.1 million passengers on international flights in 2015**
- | **Passengers on international flights in the fourth quarter were 629 thousand, increasing in number by 18%**
- | **Passenger load factor was 80.4% over the quarter, up by 1.5 percentage points between years**

	Q4 2015	Q4 2014	Change	12M 2015	12M 2014	Change
INTERNATIONAL FLIGHTS						
Number of passengers ('000)	628.7	530.6	18%	3,072.5	2,602.9	18%
Load factor (%)	80.4	78.9	1.5 ppt	83.1	80.4	2.8 ppt
Available seat kilometres (ASK'000,000)	2,339.8	2,023.4	16%	11,083.7	9,673.3	15%
REGIONAL- AND GREENLAND FLIGHTS						
Number of passengers ('000)	64.8	63.4	2%	296.2	292.7	1%
Load factor (%)	73.7	71.1	2.6 ppt	74.4	71.8	2.6 ppt
Available seat kilometres (ASK'000,000)	27.6	28.1	-2%	145.0	146.9	-1%
CHARTER FLIGHTS						
Fleet Utilization (%)	100.0	90.9	9.1 ppt	99.0	87.5	11.5 ppt
Sold Block Hours	5,829	5,081	15%	23,263	21,044	11%
CARGO						
Available Tonne Kilometres (ATK'000)	54,408	49,089	11%	242,252	215,012	13%
Freight Tonne Kilometres (FTK'000)	26,520	25,042	6%	100,497	97,935	3%
HOTELS						
Available Hotel Room Nights	71,926	67,988	6%	325,941	316,773	3%
Sold Hotel Room Nights	48,804	45,046	8%	254,842	239,522	6%
Utilization of Hotel Rooms (%)	67.9	66.3	1.6 ppt	78.2	75.6	2.6 ppt

Passengers on international flights were 629 thousand in the fourth quarter, up by 18% from the fourth quarter of 2014. Capacity over the same period increased by 16%, and the passenger load factor was 80.4%, as compared to 78.9% last year.

Passenger numbers over the year totalled 3.1 million, a record number for the Company on international flights. The passenger load factor over the year was good, amounting to 83.1% and up by 2.8 percentage points between years. The increase in passenger numbers was greatest in the market between Europe and North America via Iceland, at 20%. That market is also the Company's largest, accounting for 49% of the total number of passengers in 2015.

Passengers on domestic flights and flights to Greenland were approximately 65 thousand in the fourth quarter of 2015, 2% above the figure for same period last year. The total number of passengers over the year was 296 thousand, as compared to 293 thousand in 2014. Sold block hours on charter flights in the fourth quarter increased by 15% between 2014 and 2015. Freight increased by 6% in the fourth quarter and by 3% in the year 2015 compared to 2014. Hotel room occupancy was 67.9% over the quarter, up by 1.6 percentage points from last year. The number of offered hotel nights increased by 3% in 2015, and sold hotel nights increased by 6% over the same period. The hotel room occupancy for the year as a whole was 78.2%, as compared to 75.6% in 2014.

CURRENCY TRENDS AND IMPACT ON OPERATIONS

Icelandair Group's reporting currency is the USD, which means that the trends of other currencies have a significant impact on the Company's performance. Historically, the majority of the Company's revenues has been in European currencies while more than half of its expenses are in US dollars. The table below shows how the distribution of currencies is changing and the weight of the dollar increasing. The reason is that the growth between years in international flight operations has been greater in North America than in Europe. The table also shows the distribution by currency of revenues and expenses in 2015, as compared to 2014, together with a comparison of the fourth quarter between years.

Revenues	Q4 2015	Q4 2014	12M 2015	12M 2014	Expenses	Q3 2015	Q3 2014	12M 2015	12M 2014
USD	42%	37%	43%	41%	USD	50%	53%	52%	53%
ISK	29%	32%	23%	24%	ISK	33%	31%	30%	30%
EUR	13%	13%	17%	17%	EUR	12%	10%	13%	11%
GBP	7%	6%	6%	4%	GBP	2%	3%	2%	3%
CAD	3%	3%	4%	5%	CAD	1%	1%	1%	1%
Other*	7%	8%	7%	8%	Other*	1%	2%	2%	2%
Total	100%	100%	100%	100%	Total	100%	100%	100%	100%

*Primarily Scandinavian currencies

The price of the US dollar has been stronger against most currencies than it was in 2014. In the fourth quarter the EUR was 12% weaker against the USD on average than in the corresponding period of last year, and the ISK was weaker by 5%. Revenue in Q4 of 2015 was 12% above the corresponding quarter of 2014. At a fixed exchange rate revenue grew by 18% between years.

Currency	Average rate Q4 2015	Chg. from Q4 2014	Closing rate 31.12 2015	Chg. from 31.12 2014
ISK	0,008	-5%	0,008	-4%
EUR	1,094	-12%	1,086	-12%
GBP	1,518	-4%	1,500	-4%
CAD	0,750	-15%	0,731	-16%
DKK	0,147	-13%	0,146	-12%
NOK	0,117	-19%	0,115	-16%
SEK	0,118	-13%	0,118	-11%

FOURTH-QUARTER OPERATIONS

USD thousand	Q4 2015	Q4 2014	Change	% Change
EBITDAR	28,755	7,088	21,667	306%
EBITDA	20,110	-1,481	21,591	-%
EBIT	-964	-18,756	17,792	95%
EBT	-150	-17,695	17,545	99%
Profit / loss for the period	267	-14,974	15,241	-
EBITDAR %	12.5%	3.4%	9.1 ppt	-
EBITDA %	8.7%	-0.7%	9.5 ppt	-

EBITDA was positive by USD 20.1 million, as compared to a negative result of USD 1.5 million over the corresponding quarter of the preceding year. The improved results derive from most of the Group's operating segments, but most prominent was the profitable increase in capacity on international flights in the quarter.

FOURTH QUARTER INCOME

Total revenue was 12% in excess of the fourth quarter of 2014

The increase in revenue at a fixed exchange rate was 18%

USD thousand	Q4 2015	Q4 2014	Change	% Change	% of rev. '15
Transport revenue:	163,182	148,729	14,453	10%	71%
Passengers	152,313	137,860	14,453	10%	66%
Cargo and mail	10,869	10,869	0	0%	5%
Aircraft and aircrew lease	25,113	19,194	5,919	31%	11%
Other operating revenue	41,671	37,558	4,113	11%	18%
Total	229,966	205,481	24,485	12%	100%

Total revenue added to USD 230.0 million and increased by 12%. Calculated at a fixed exchange rate the increase in revenue was 18%. Transport revenue increased by USD 14.5 million between years, or 10%. Charter revenue amounted to USD 25.1 million, up by 31% year on year. Other operating revenues increased by USD 4.1 million, or 11%, as compared to the fourth quarter of 2014. The principal factor was the increase in revenue from tourist services resulting from the increase in the number of tourists visiting Iceland. Sales of merchandise in hotels, airports and aircraft fell as the Company discontinued its restaurant services in Keflavik International Airport in early 2015. The table below shows a more detailed itemisation of other operating revenue.

USD thousand	Q4 2015	Q4 2014	Change	% Change
Sale at airports and hotels	13,918	15,937	-2,019	-13%
Revenue from tourism	14,447	10,134	4,313	43%
Aircraft and cargo handling services	6,234	7,553	-1,319	-17%
Maintenance revenue	706	1,313	-607	-
Gain on sale of operating assets	704	-10	714	-
Other operating revenue	5,662	2,631	3,031	115%
Total	41,671	37,558	4,113	11%

FOURTH QUARTER EXPENSES

Total expenses amounted to USD 209.9 million in the fourth quarter

Total expenses increased by 1%

USD thousand	Q4 2015	Q4 2014	Change	% Change	% of exp. '15
Salaries and other personnel expenses	77,171	65,114	12,057	19%	37%
Aviation expenses	81,098	94,724	-13,626	-14%	39%
Other operating expenses	51,587	47,124	4,463	9%	25%
Total	209,856	206,962	2,894	1%	100%

Salaries and personnel expenses increased by USD 12.1 million, or 19%, in comparison with the fourth quarter of 2014. The expanded scope of operation and the impact of contractual wage hikes account for the increase, but in addition the Board of Directors of the Company decided that bonus payments should be made to all permanent employees at the end of the year in recognition of the Company's performance.

USD thousand	Q4 2015	Q4 2014	Change	% Change	% of exp. '15
Aircraft fuel	41,725	53,486	-11,761	-22%	52%
Aircraft lease	4,878	7,882	-3,004	-38%	6%
Aircraft handling, landing and communication	17,249	16,927	322	2%	21%
Aircraft maintenance expenses	17,246	16,429	817	5%	21%
Total	81,098	94,724	-13,626	-14%	100%

Fuel costs fell over the quarter by 22% between years, amounting to a total of USD 41.7 million. The deviation was the result of the fall in world market price of fuel. The average world price of fuel in the fourth quarter of 2015 was USD 437 per ton, as compared to USD 751 per ton over the corresponding period of 2014. Because of the Company's fuel hedging measures, the benefit of the falling world market price is not fully reflected in the present financial statement. The Company's reporting price in the quarter, taking hedging into account, was on average USD 569/ton, 30% above the world market price. Aircraft lease returned a total of USD 4.9 million over the quarter, down by USD 3.0 million, in comparison with the 4th quarter of 2014. Maintenance expenses amounted to USD 17.2 million, up by USD 0.8 million between years. Aircraft handling, landing and navigation expenses amounted to USD 17.2 million, increasing by 2%, or USD 0.3 million, between years as a result of increased production and general price hikes.

Other operating expenses amounted to USD 51.6 million in the fourth quarter of 2015, up by USD 4.5 million from the corresponding quarter of 2014. Purchased tourist services increased significantly between years in tandem with increased revenues. The following is an overview of the principal other expenses:

USD thousand	Q4 2015	Q4 2014	Change	% Change
Operating cost of real estate and fixtures	5,369	5,351	18	0%
Communication	5,051	3,737	1,314	35%
Advertising	7,581	7,803	-222	-3%
Booking fees and commission expenses	10,684	9,737	947	10%
Cost of goods sold	4,555	5,480	-925	-17%
Customer services	3,798	3,892	-94	-2%
Tourism expenses	7,042	3,221	3,821	119%
Other operating expenses	7,507	7,903	-396	-5%
Total other operating expenses	51,587	47,124	4,463	9%

FINANCIALS

| **Financial items were positive by USD 0.8 million**

| **Currency effect was positive by USD 3.1 million**

USD thousand	Q4 2015	Q4 2014	Change	% Change
Interest income	951	932	19	2%
Interest expenses	-3,256	-1,041	-2,215	-213%
Currency effect	3,131	1,341	1,790	133%
Net finance income	826	1,232	-406	-33%

Financial income amounted to USD 0.9 million, 2% million above the level of the fourth quarter of 2014. Financial expenses in the fourth quarter amounted USD 3.3 million, down by USD 2.2 million between years. The currency effect in the quarter was positive, at USD 3.1 million.

BALANCE SHEET AND FINANCIAL POSITION

Total assets amounted to USD 972.0 million at the end of 2015

Equity ratio was 47%

USD thousand	31.12.2015	31.12.2014	Change
Total assets	971,979	849,220	122,759
Total equity	456,531	365,055	91,476
Interest bearing debt	65,530	61,934	3,596
Net interest bearing debt	-148,589	-153,707	5,118
Cash and marketable securities	214,119	215,641	-1,522
Equity ratio	47%	43%	4 ppt
Current ratio	0.80	0.83	-4%

Operating assets amounted to USD 419.1 million, up by USD 99.7 from the beginning of the year. The Company's largest asset is its fleet of aircraft, which comprised 43 aircraft at the end of 2015. Of these aircraft 35 were owned by the Company and 8 were leased.

Aircraft type	Icelandair	Cargo	Loftleiðir	Air Íceland	Fleet 31.12.15	Fleet 31.12.14	Of which own	Of which leased	Chg. vs 31.12.14
B757 200	20	2	4		26	24	24	2	2
B757 300	1				1	1	1		0
B767 300	2		2		4	2	1	3	2
B737 700			1		1	1		1	0
B737 800			2		2	2		2	0
Fokker F-50				4	4	5	4		-1
Bombardier									
Q-200				2	2	2	2		0
Q-400				3	3	0	3		3
Total	23	2	9	9	43	37	35	8	6

Equity amounted to USD 456.5 at the end of 2015, and the equity ratio was 47%, as compared to 43% at the beginning of the year. The table below shows the changes in equity over the year.

USD thousand	
Balance at 1.1. 2015	365,055
Total comprehensive income	109,419
Dividend (0,36 USD cent per share)	-17,943
Balance at 31.12.2015	456,531

Interest-bearing debt amounted to USD 65.5 million, as compared to USD 61.9 million at year-end 2014. New long-term debts in 2015 totalled USD 23.7 million. Payments on long-term debts amounted to USD 20.0 million over the year. Payments on long-term debts in the fourth quarter amounted to USD 10.6 million.

Cash and marketable securities amounted to a total of USD 214.1 million at the end of 2015, as compared to USD 215.6 at the end of 2014. Net interest-bearing debts were therefore negative at year-end 2015 by USD 148.6 million.

USD thousand	31.12.2015	31.12.2014	Change
Loans and borrowings non-current	55,387	49,671	5,716
Loans and borrowings current	10,143	12,263	-2,120
Marketable securities	19,533	30,879	-11,346
Cash and cash equivalents	194,586	184,762	9,824
Net interest bearing debt	-148,589	-153,707	5,118

CASH FLOW AND INVESTMENTS

- | **Net cash from operations in 2015 amounted to USD 245.1 million**
- | **Investments in 2015 amounted to USD 210.4 million**
- | **Cash and cash equivalents at year-end 2015 amounted to USD 194.6 million**

USD thousand	Q4 2015	Q4 2014	Change
Working capital from / to operations	3,079	-10,125	13,204
Net cash from operating activities	36,640	4,552	32,088
Net cash used in investing activities	-87,507	-43,818	-43,689
Net cash used in financing activities	-10,616	-3,008	-7,608
Cash and cash equivalents change	-61,483	-42,274	-19,209
Cash and cash equivalents, end of period	194,586	184,762	9,824

Net cash provided operating activities in the fourth quarter amounted to USD 36.6 million. Net cash provided by operating activities in all of 2015 amounted to USD 245.1 million, as compared to USD 215.3 million in 2014. The cash position for the year increased by USD 9.8 million, and net cash at year-end stood at USD 194.6 million.

Investments in the fourth quarter of 2015 amounted to USD 100.8 million, and total investments over the year amounted to USD 210.4 million. The table below shows the Company's principal investments in the fourth quarter and over the year as a whole.

USD thousand	Q4 2015	12M 2015
Operating assets:		
Aircraft and aircraft components	60,072	114,971
Overhaul own aircraft	18,703	39,589
Other	9,039	28,014
Total operating assets	87,814	182,574
Long term cost		
Overhaul leased aircraft	12,740	26,753
Intangible assets	230	1,073
Total Capex	100,784	210,400

OUTLOOK FOR ICELANDAIR GROUP HF.

- | **Continued focus on profitable organic growth**
- | **Capacity in the Company's Route Network increased by 24% and the booking situation for 2016 is favourable**
- | **Favourable prospects for tourist services in Iceland**
- | **Good outlook for cargo and charter operations**

The prospects for Icelandair Group's operations in 2016 are favourable. Last year the Group presented its international flight schedule for 2016, which includes two new destinations and projects an increase in seat kilometres of 18% between years. Two new 767-300 wide-body aircraft will be added to the Company's fleet. The new aircraft will seat 262 passengers, while the Company's current Boeing 757 aircraft carry 183 passengers. Since that time the strong inflow of bookings has led to a decision to add an additional Boeing 757 to the fleet. The Company's Route Network is based on two connection banks in Iceland. The main bank features departures from Keflavik International Airport to Europe in the morning and to North America in the afternoon. The additional capacity will be mostly within the second bank and support still further its development, with the result that the load at Keflavik Airport will be better distributed over the day. The total increase in available seat kilometres between years will be 24%.

The passenger load factor in the international Route Network was very good in 2015, with a new record set in every month of the year. A favourable passenger load factor is anticipated in 2016, even though it cannot be expected to increase in every month as it did between 2014 and 2015. In fact, the passenger load factor this January decreased year-on-year. The Company's budget anticipates a decrease in average airfares over the year as a result of increased market capacity and lower fuel prices.

Work is in progress on changing the fleet in the Company's regional airline operations, and in the first half of 2016 three Bombardier Q400 aircraft will be introduced, which marks the end of the Company's 50-year history of Fokker aircraft. To mark the occasion, the fleet will be given a new appearance. The five Fokker 50 aircraft that the Company has operated in recent years will be sold, with the sale of one aircraft already finalised. Next summer there are plans to introduce scheduled air services to a new destination, Kangerlussuaq, the Company's fifth destination in Greenland. The introduction of the Bombardier Q400 aircraft will open new opportunities for growth, as concurrently with the domestic flights in Iceland the aircraft will be used for international flights to Aberdeen in cooperation with Icelandair.

Plans for the Company's cargo operations assume increased imports and exports over the year. Two cargo aircraft will carry freight on scheduled routes, while the holds of passenger aircraft on international routes will continue to be used for freight. Increased emphasis has been placed on freight in passenger aircraft holds, which contributes to the Group's efficiency and profitability. The introduction of two Boeing 767-300 wide-body aircraft in the Company's fleet will support this trend and at the same time open new opportunities. Prospects in the Company's charter operations are also positive.

Icelandair Group's hotel operations have expanded greatly in recent years, and further large hotel projects are in progress. A Canopy Hotel of 115 rooms will be opened in Reykjavik City Centre in the early summer of 2016 in co-operation with the Hilton Hotel chain. There are also plans to open two high-quality hotels in the heart of Reykjavik in 2017. One hotel will have 50 rooms and the other 160 rooms. No decisions have been made regarding the branding of these two hotels, but their opening is part of the Company's strategy of increasing its offering of high quality accommodation in Reykjavik. Work is also in progress on developing a hotel at Lake Mývatn in northern Iceland. The plan is to open a hotel with 40-50 rooms within two years, which represents a part of the Company's strategy of strengthening winter tourism and spreading the flow of tourists to new areas of the country.

For years the increase in numbers of tourists to Iceland has exceeded world averages. This trend is expected to continue in 2016. There are still extensive opportunities for the Company's expansion in tourism-related services, and work remains in progress on increasing the proportion of tourists outside the peak season, in addition to increasing their distribution throughout the country in order to reduce the pressure on overloaded tourist spots.

The Company's fuel hedging situation at the beginning of 2016 is highlighted in the table below. The table shows that 57% of the projected use over the next twelve months has been hedged through contracts.

Period	Estimated usage (tons)	Swap volume	% hedged	Av. Hedge price USD
Jan'16	19,571	10,660	54%	606
Feb'16	17,805	10,610	60%	639
Mar'16	20,997	12,590	60%	588
Apr'16	21,928	12,630	58%	616
May'16	32,333	19,720	61%	643
Jun'16	39,299	23,700	60%	637
Jul'16	41,444	23,800	57%	591
Aug'16	41,443	24,700	60%	536
Sep'16	35,951	20,600	57%	531
Oct'16	28,352	16,500	58%	524
Nov'16	22,443	10,500	47%	517
Dec'16	21,630	9,500	44%	498
Total	343,196	195,510	57%	579

The fuel risk policy of Icelandair Group in the recent years has been to hedge 40-60% of estimated fuel usage for the next 12 months. The policy was recently extended so the risk committee is also authorised to hedge up to 20% of estimated usage 12-18 months ahead.

EBITDA GUIDANCE FOR 2016

The EBITDA guidance for 2016 assumes an increase from 2015 up to a range of approximately 245-250 million USD. Currency exchange rates and fuel price trends have a significant impact on the Company's performance. The forecast for the year assumes a 1.08 average exchange rate of the EUR against the USD. The nature of the Company's fuel purchase contracts is that the purchase price of each month, irrespective of hedges, is determined mostly by the world market price of fuel in the preceding month. The world market price of fuel in December was approximately USD 385/ton, which becomes the Company's purchase price for January, and approximately USD 314/ton in January, which will then be the purchase price for February. The Company is assuming that the average purchase price will be USD 350 per ton in March - December.

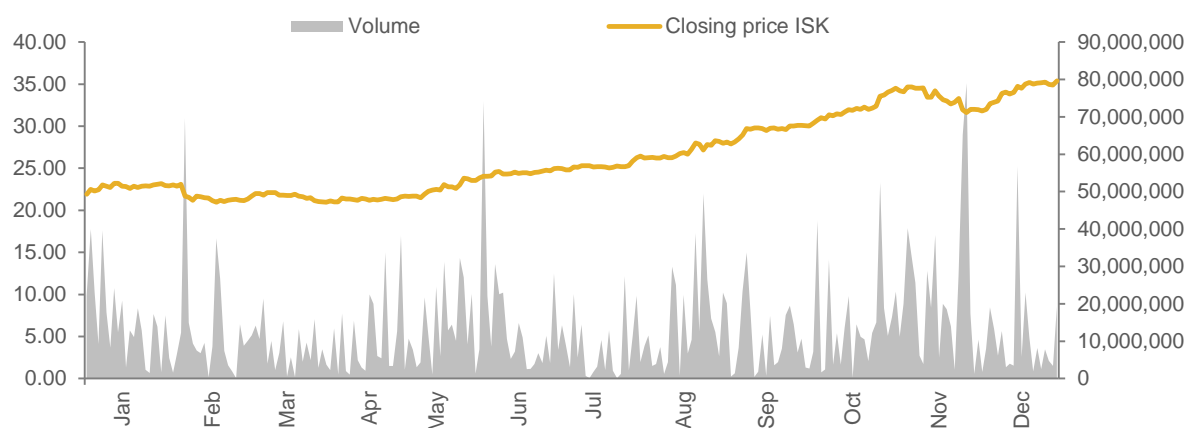
SHAREHOLDERS

- | **The Company's market value at the end of 2015 was ISK 177.0 billion**
- | **The rise in the Company's share price was 18.0% over the fourth quarter**
- | **The total rise in share price from the end of 2014 was 65.6%**

Icelandair Group's market value was ISK 177.0 billion at year-end 2015. The closing price of the year was ISK 35.4 per share, which was also the highest close-of-day price per share of the fourth quarter. The lowest close-of-day price per share in the quarter was ISK 30.4, and the average close-of-trading price over the period was ISK 33.2 per share. Trades in Icelandair Group shares were 1,252 over the quarter and the volume of trading was ISK 33.6 billion. The average size of individual trades was ISK 26.8 million. The number of issued shares on 31 December 2015 was 5,000,000,000, and the number of outstanding shares at the same time was 4,974,540,000. The Company's share price rose by 65.6% in 2015, and the number of shareholders was 2,387 at the end of December.

The Board of Directors of Icelandair Group proposes a payment of 3,500 million ISK in dividends to shareholders in 2016. This corresponds to ISK 0.70 per share.

Share prices and volume – trend in 2015:



KEY FIGURES BY QUARTER

USD thousand	Q1 15	Q2 15	Q3 15	Q4 15	2015
Operating Results					
Total income	186,075	294,212	429,446	229,966	1,139,699
EBITDAR	6,204	59,140	159,927	28,755	254,026
EBITDA	-2,268	50,265	150,875	20,110	218,982
EBIT	-19,279	28,393	127,006	-964	135,156
EBT	-18,304	27,923	130,754	-150	140,223
Profit / loss for the period	-14,552	22,365	103,143	267	111,223
EBITDAR %	3.3%	20.1%	37.2%	12.5%	22.3%
EBITDA %	-1.2%	17.1%	35.1%	8.7%	19.2%
Balance Sheet					
Total assets	992,963	1,038,402	1,015,460	-	971,979
Total equity	335,616	373,186	471,634	-	456,531
Interest bearing debt	80,787	78,499	76,208	-	65,530
Net interest bearing debt	-241,156	-272,709	-208,817	-	-148,589
Cash and marketable securities end of period	321,943	351,208	285,025	-	214,119
Cash flow					
Working capital from operating activities	1,164	49,611	157,406	3,079	211,260
Net cash from operating activities	117,687	86,724	4,085	36,640	245,136
Net cash used in investing activities	-37,611	-34,559	-60,265	-87,507	-219,942
Net cash from / used in financing activities	19,880	-20,716	-2,868	-10,616	-14,320
Cash and cash equivalents end of period	282,655	314,903	256,553	-	194,586

PRESENTATION MEETING ON TUESDAY 9 FEBRUARY 2016

An open presentation for stakeholders will be held on 9 February 2016, at the Icelandair Hotel Reykjavik Natura. Björgólfur Jóhannsson, President and CEO of Icelandair Group, and Bogi Nils Bogason, CFO, will present the Company's results and respond to questions, together with other senior management. The presentation will be held in Room 3, starting at 8:30 a.m. The presentation material will be available after the meeting on the Icelandair Group website, www.icelandairgroup.is, and on the Nasdaq OMX Iceland hf. news system. The meeting can be followed in real time in Icelandic on the website:

<http://www.icelandairgroup.is/investors/reports-and-presentations/webcast-2015/>

APPROVAL OF ANNUAL FINANCIAL STATEMENT

The consolidated accounts of Icelandair Group for the fourth quarter of 2015 were approved at a meeting of the Board of Directors on 8 February 2016. The annual accounts were audited by KPMG Endurskodun hf.

FINANCIAL CALENDAR

- | Annual General Meeting, 10 March 2016
- | Financial statement for the first quarter – 28.04.2016
- | Financial statement for the second quarter – 28.07.2016
- | Financial statement for the third quarter – 28.10.2016
- | Financial statement for the fourth quarter – week 06, 2017
- | Annual General Meeting – Week 10, 2017

FOR FURTHER INFORMATION PLEASE CONTACT:

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