

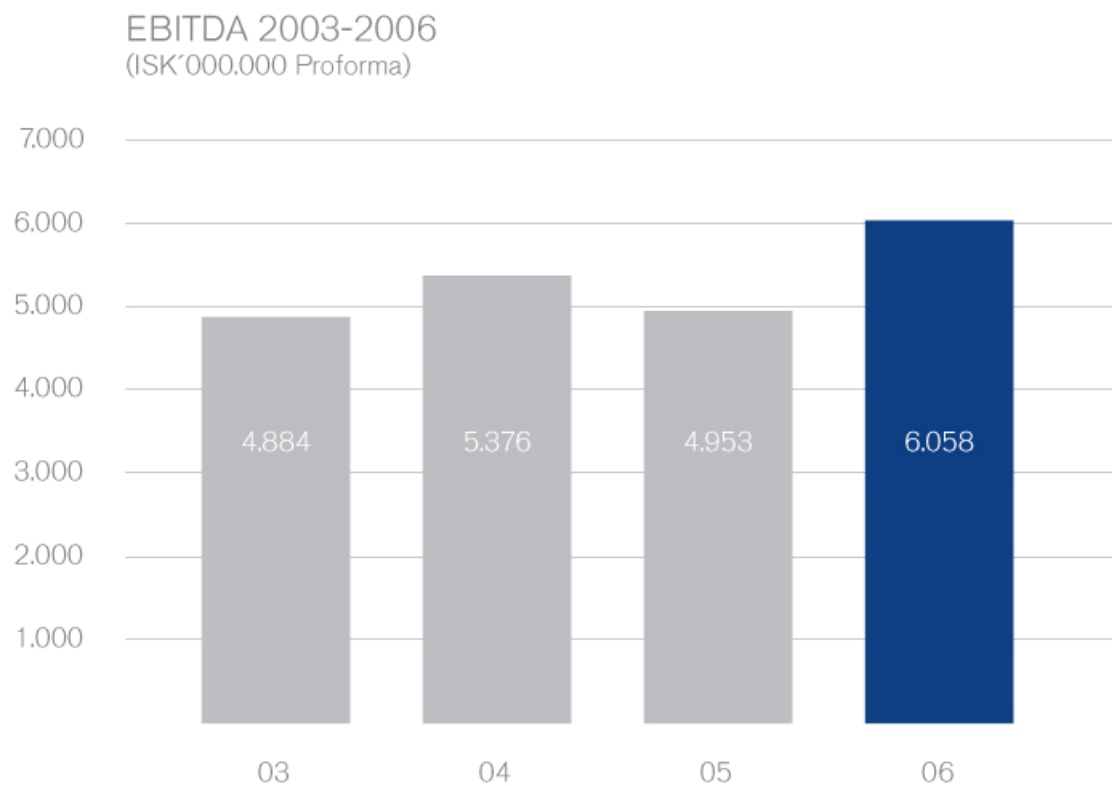
GÓÐ HUGMYND FRÁ ÍSLANDI



2006 RESULTS
Jón Karl Ólafsson, CEO



Sustained profitability Highest EBITDA in the company's 70 year history



Solid performance in 2006



- **Net earnings ISK 2.6 billion**
- **EBITDA ISK 6.1 billion – up 22%**
- **Revenue growth 23%**
- **Total assets ISK 77 billion**
- **Equity ratio 34%**
- **Net operating cash ISK 6.4 billion**
- **All business platforms are performing well**



Agenda



01 Introduction

02 Financial highlights

03 Future prospects

04 Q&A



Icelandair Group listed on Icesx 14. December 2006



Icelandair Group

A holding company of 12 independent subsidiaries

Structured into three main platforms of business plus support services

Employs about 2.700 people

01 Scheduled Airline Operations:



02 Capacity Solutions & Aircraft Trading:



03 Travel & Tourism Infrastructure:



Support area for the Group:

Shared financial & insurance services for the group:



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2006 performance in line with ambitious expectations



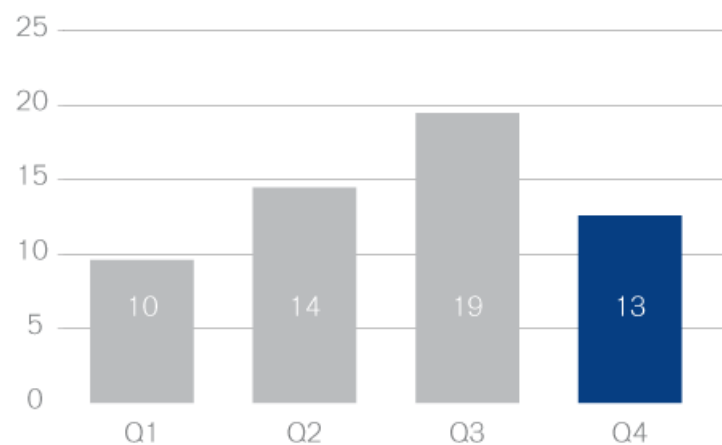
ISK'000.000

	2006	2005	Chg.
Transport revenue	34.954	29.448	19%
Aircraft and aircrew lease	10.675	8.092	32%
Other operating revenue	10.514	8.054	31%
Operating Income	56.143	45.595	23%
Salaries and related expenses	17.761	15.463	15%
Aircraft fuel	9.524	7.315	30%
Other	22.799	17.843	28%
EBITDA	6.058	4.953	22%
EBIT	3.326	2.591	33%
EBT	3.060	N/A	N/A

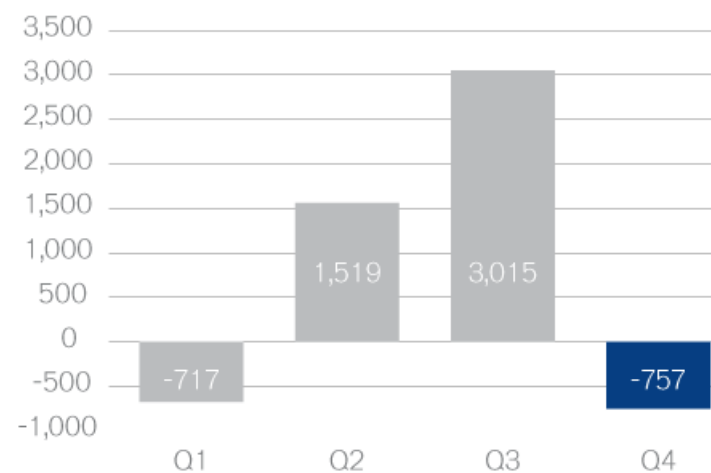
Quarterly results show continued seasonal fluctuations



Total revenues 2006 quarterly comparison
(ISK'000.000.000)



EBT 2006 quarterly comparison
(ISK'000.000)

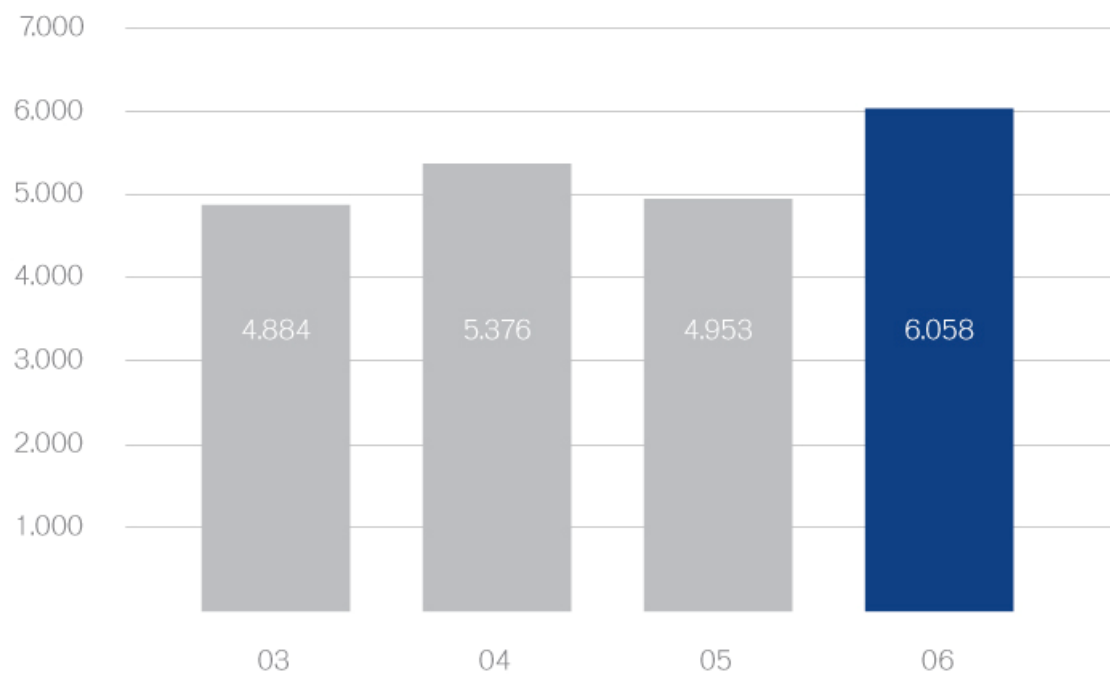


Sustained profitability

EBITDA up 22% from 2005



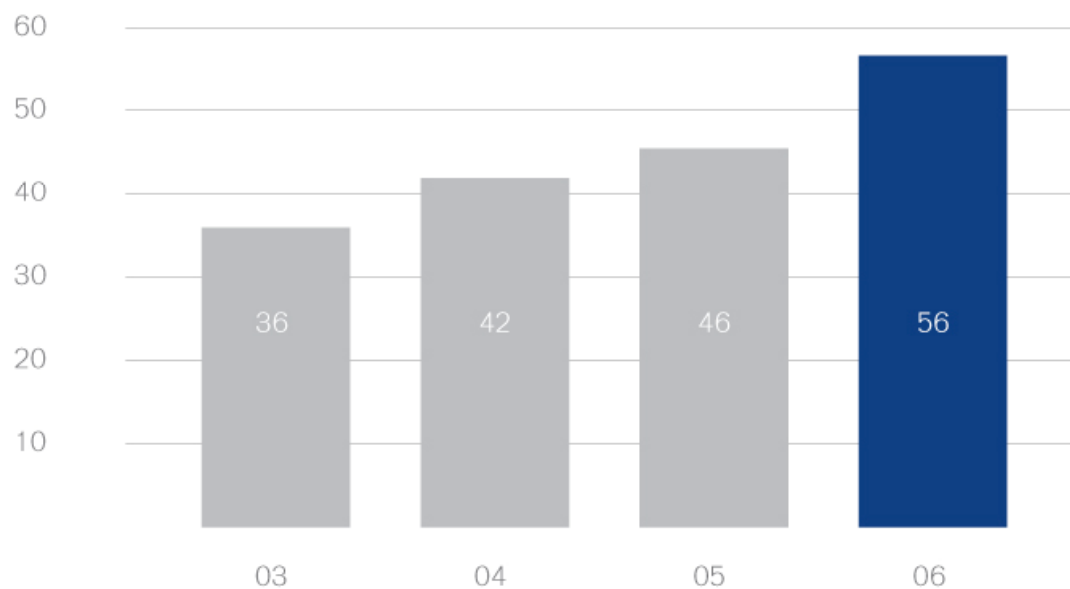
EBITDA 2003-2006
(ISK'000.000 Proforma)



Strong operational growth expected to continue

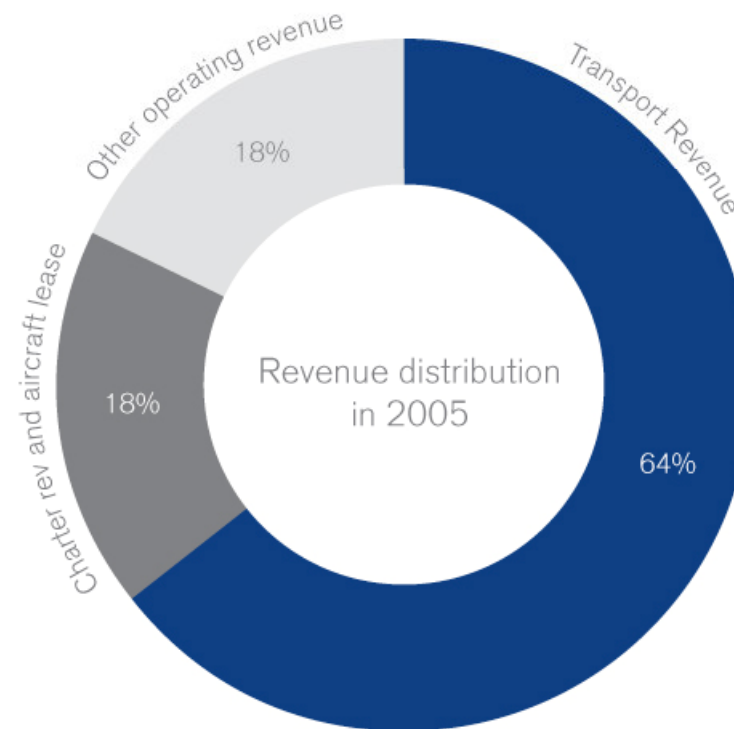
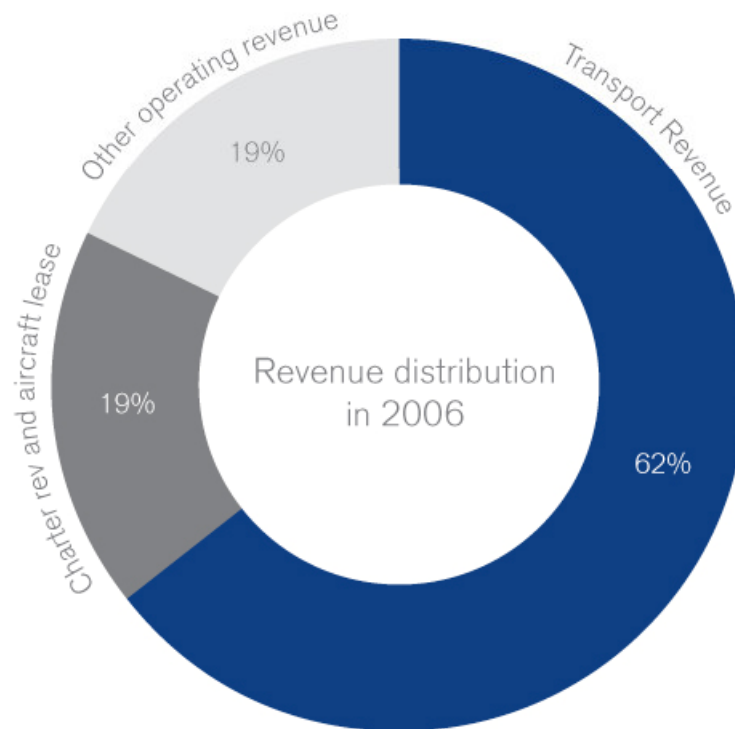


Operating Revenue 2003-2006
(ISK'000.000.000 Profroma)

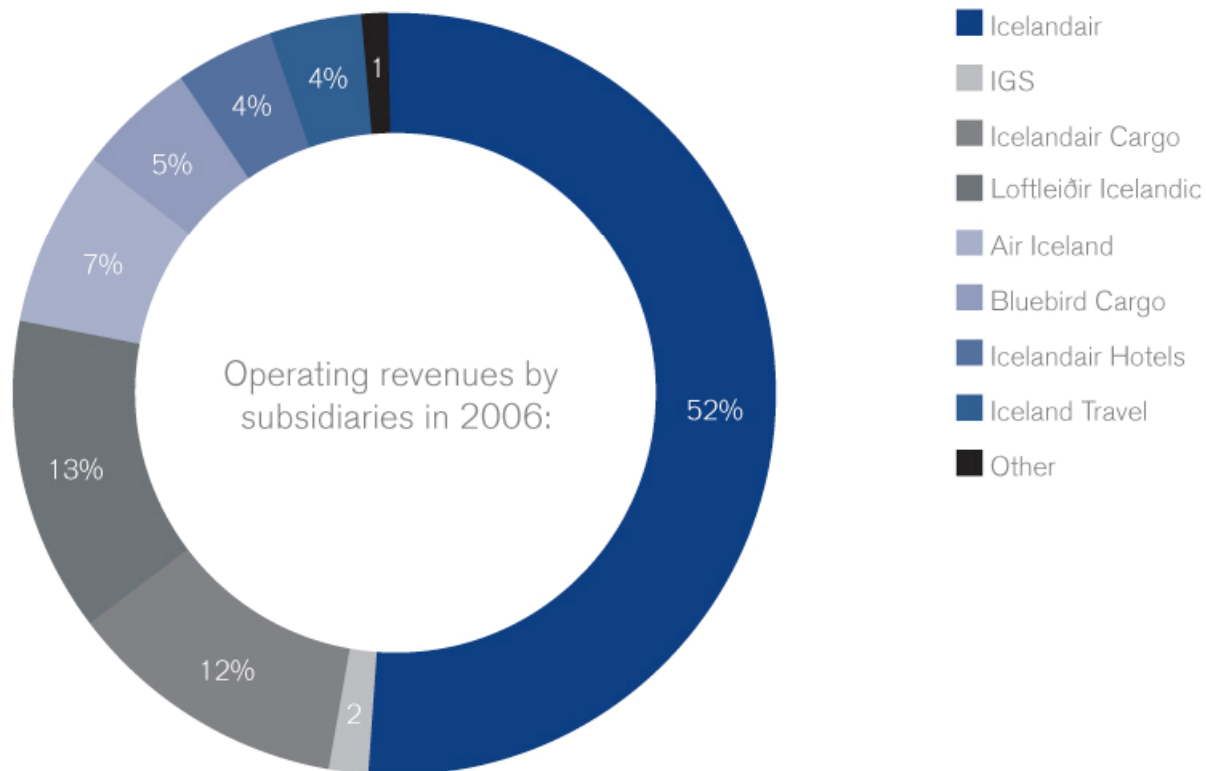


23% revenue increase in 2006

- Solid revenue growth throughout the income statement
- Weight of transport revenue slightly reduces from 2005
- Charter revenue and aircraft lease up 32%
- Favourable exchange rates



Icelandair accounts for 52%
of the Group's revenue



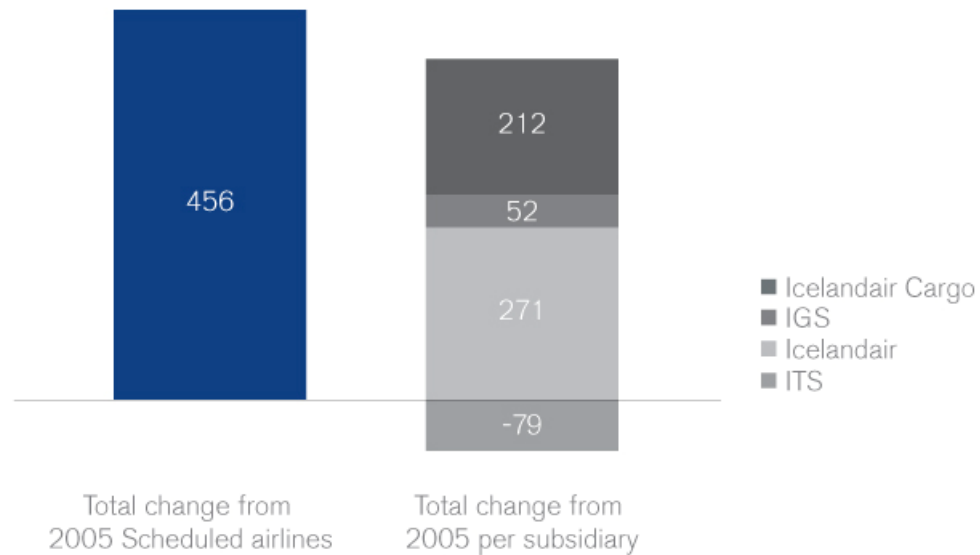
Business platform: Scheduled Airline Operations

EBITDA 3.483 million



Improvement from last year 456 million

- Increased revenue
- Larger fleet
- More cargo activities



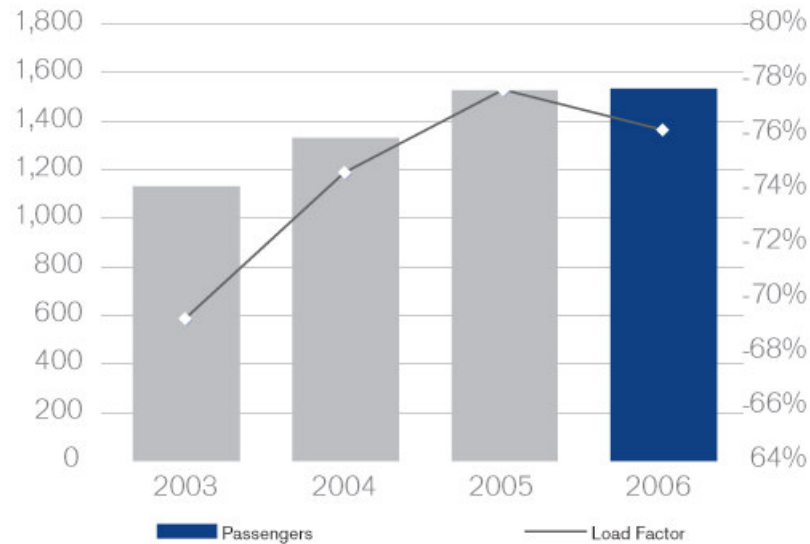
Icelandair

Passenger revenue increases 17% from 2005

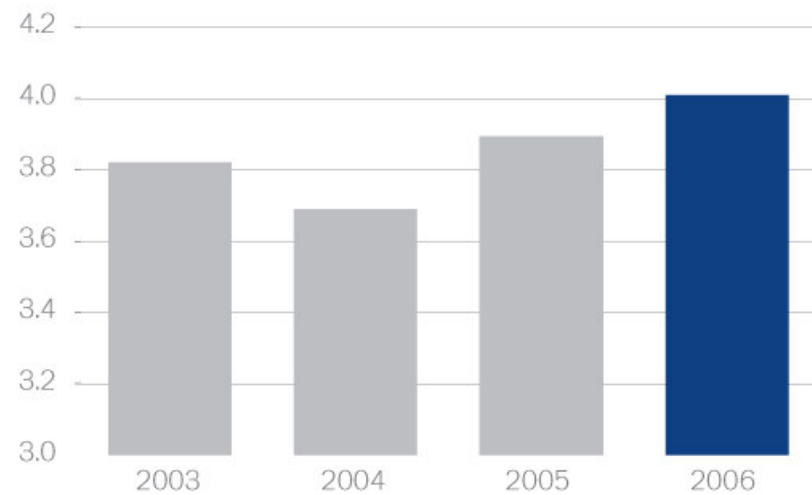


- Passengers up 1%
- Load Factor down 1.5 % points
Decrease in passengers on the N-Atlantic market
- Unit Price up 4% on fixed exchange rates
Better C/M mix
Better To/From/Via Mix
- Favourable exchange rates

Passenger and Load Factor



Unit Revenues
Development on fixed exchange



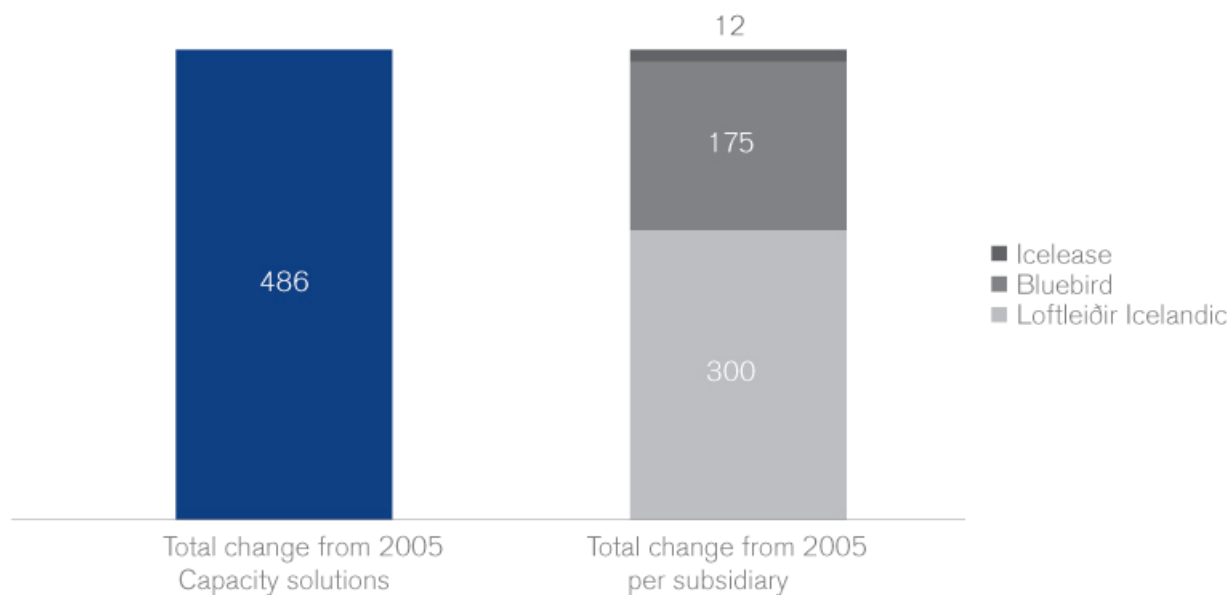
Business platform: Capacity Solutions & Aircraft Trading

EBITDA 1.589 million



Improvement from last year 486 million

- Increased revenue
- Sales Profit
- Future growth potential secured through:
 - acquisition of Latcharter
 - aircraft fleet additions



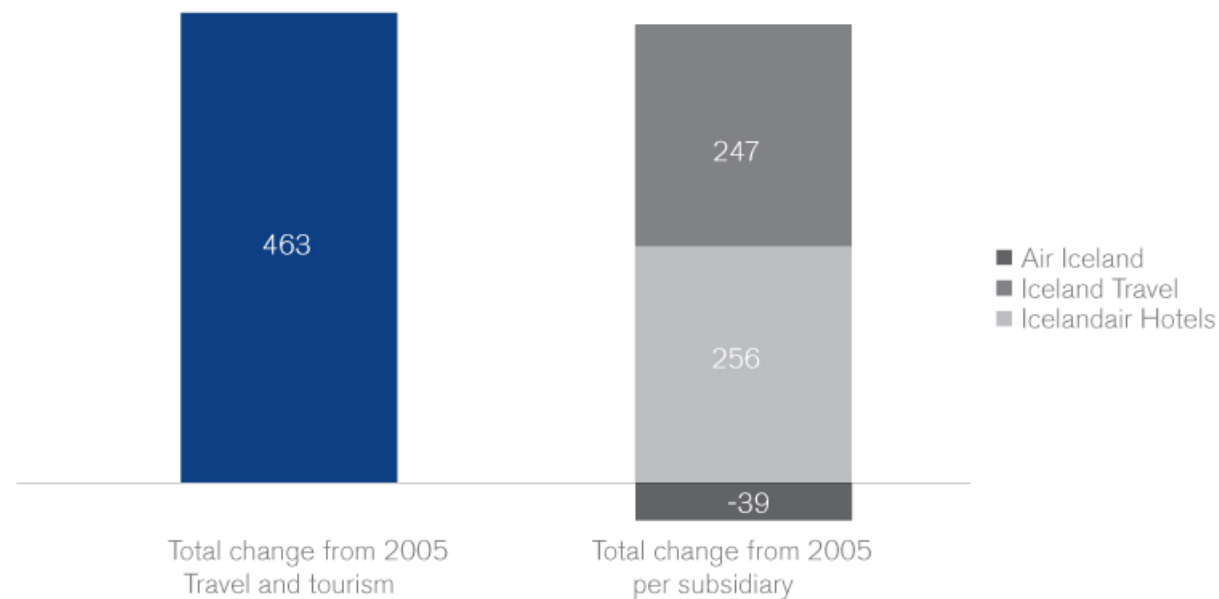
Business platform: Travel and Tourism Infrastructure

EBITDA 1.085 million



Improvement from last year 463 million

- Improved sales focus
- Tight cost control
- New AC type – Air Iceland



Assets 77 billion



Operating Assets

Mainly aircraft and buildings

Five Boeing 757 adjusted in book value total of USD 30 million – increases flexibility in the future

Intangible Assets

Acquisition of companies from FL Group to Icelandair Group hf.

Acquisition of Latcharter and Airline Services Estonia (ASE)

Aircraft purchase prepayments (PDP)

737-800 aircraft, plus the first payment for the four Boeing 787 aircraft

Payments of long term debt and investment in new aircraft affect cash status in the year end

(ISK'000.000)	12/31/06
Operating Assets	22.935
Intangible assets	27.845
Investment in associates	2.058
Aircraft purchase prepayments	9.669
Long-term receivables	2.689
Other current assets	8.645
Cash	2.776
Total Assets	76.617

Stockholders equity 26 billion



Strong Stockholders equity ratio 34%

Transfer of aircraft and loans from FL Group finalized

Restructuring of long term debt will be finalized soon

Working capital ratio 0,4

(ISK'000.000)	12/31/06
Stockholders equity	26.004
Total non-current liabilities	21.967
Total current liabilities	28.646
Total equity and liabilities	76,617

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Looking ahead



Planning for higher profits for 2007 and beyond

Scheduled Airline Operations

- New Revenue Management System
- New In-flight Entertainment System
- New Operations Center
- New Destinations
- New Late Morning Transfer Bank at KEF

Global Capacity Solutions and Aircraft Trading

- Fast organic and acquired growth into Eastern Europe, Southeast Asia, Africa
- Harvest from aircraft investment positions

Travel and Tourism Infrastructure

- Solid and profitable operation

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