

Icelandair Group sells 20% of its share in the Czech airline Travel Service.

Yesterday Icelandair Group signed an agreement regarding the sale of 20% of its share in the Czech airline, Travel Service. After the transaction Icelandair Group holds a 30% share in Travel Service. The acquirer is Canaria Travel, which is under the same ownership as Icelandair Group's co-owners in Travel Service.

After the sale Travel Service becomes an affiliated company instead of being a subsidiary. The effects of the sale on the income statement are negative by ISK 0.9 billion and equity decreases by ISK 1.5 billion. The Group's total assets decrease by ISK 12 billion. With this sale Icelandair Group will not participate in the financing of Travel Service's expansion.

Björgólfur Jóhannsson, CEO of Icelandair Group:

"As an Icelandic company with balance sheet that is being restructured, it is difficult to support the financing of our foreign subsidiaries. Effectively, our majority holding has affected the company's bank relations in the Czech Republic. Travel Service is a solid company and has returned good operating results, however it is foreseen that its operating environment in the near future will be challenging. It is considered beneficial for both companies to sell our co-owners in the Czech Republic 20% of the shares, thus they become a majority shareholder in Travel Service".

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