



Annual Report 2008

19 February 2009

Agenda

- 1** Annual Report 2008
- 2** Company Presentation
- 3** Summary Investment opportunity

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1

Annual Report 2008

Strong Performance

- **Pre-tax profit DKK 18,6 million**
- **Net profit DKK 15,3 million**
- **Proposed DKK 5 million dividend for the year 2008**
- **Equity increased from DKK 213 to 226 million vs. market cap 175 million**
- **Turnover increased to DKK 547 million from 539 million**
- **EBITDA increase 33% to 85 MDKK**
- **Strong cash flow and rich on cash**
- **Modest increase on scheduled flights**
- **Strong growth in charter/ACMI operations related to SAS contract**
- **Stable level of helicopter operation**
- **Fuel cost increased significantly**
- **Result for 2009 is expected to be in line with the result for 2008**

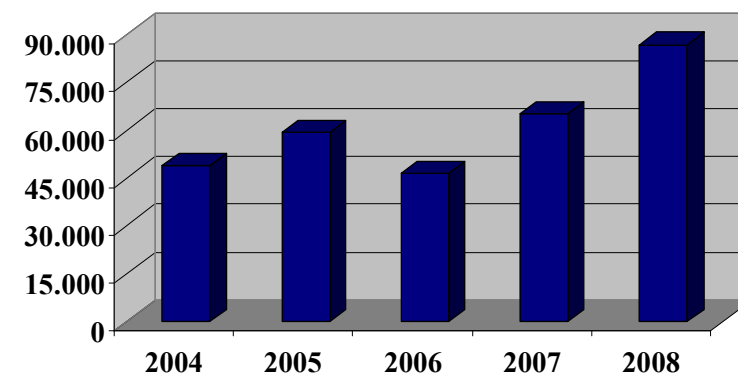
Income Statement

DKK 1.000

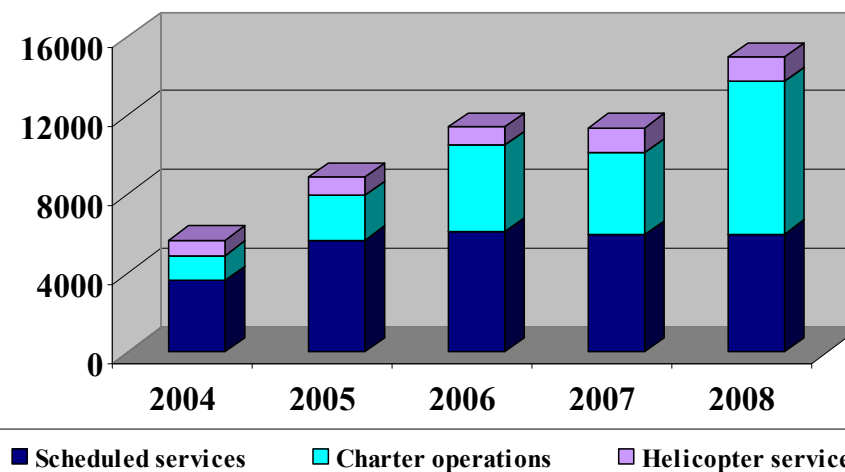
Income statement	2008	2007	2006	2005
Net sales	546.836	538.797	518.990	379.586
Flight expenses	-348.092	-381.826	-392.750	-262.840
Employee expenditures	-111.775	-91.894	-79.711	-57.539
Deprecations	-60.513	-45.248	-39.586	-34.159
Result before financial items	26.456	19.829	6.944	25.048
Financial income	8.495	15.181	2.581	1.082
Financial expenses	-16.301	-5.994	-4.455	-2.508
Result before tax	18.650	29.016	5.070	23.622
Tax	-3.336	-5.235	-913	-2.888
Profit	15.314	23.780	4.157	20.734
EBITDA	86.969	65.077	46.530	59.207
EBITDA margin	16%	12%	9%	16%
Total Equity	221.324	213.677	195.868	136.880
ROE¹	8%	14%	3%	17%

¹ Result before tax/Equity

EBITDA
Úrslit áðrenn kapitalkostnað



Total Airborne hours

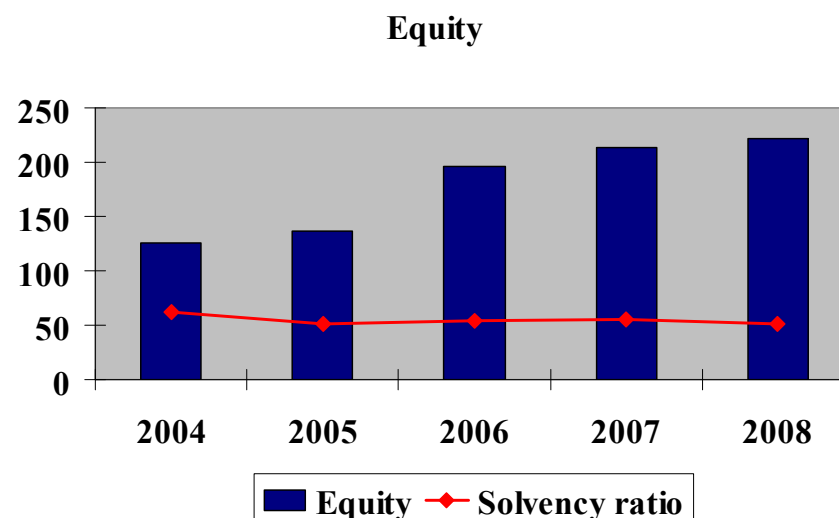


 **ATLANTIC AIRWAYS**

Strong Balance Sheet

Assets (DKK 1.000)	2008	2007	2006	2005
Fixed Assets	299.172	290.493	237.388	176.334
Financial Assets	4.651	14.052	7.506	1.863
Total Current Assets	134.342	84.945	118.759	86.305
Total Assets	438.165	389.489	363.653	264.502

Liabilities (DKK 1.000)	2008	2007	2006	2005
Equity	221.324	213.677	195.868	136.880
Provisions	26.585	23.250	18.059	16.525
Short- and Long-term debt	190.256	152.563	149.725	111.098
Total liabilities	438.165	389.489	363.653	264.502



2

Company Presentation

The Company

- Established in 1987 and first flight on 28 March 1988
- Floated on Nasdaq OMX in Iceland December 2007 and on Nasdaq OMX Copenhagen in November 2008. 33% held by private investors and 67% by the Faroese Government
- International company based in Sørvágur, Faroe Islands
 - Operational bases in Faroes, Copenhagen and Stavanger
- Operating 7 jet aircraft and 3 helicopters
- Scheduled flights with Faroe Islands as cornerstone
- Charter operations in Europe
- Helicopter operations in Faroese and Dutch sector in 2008
- Transported more than half a million passengers in 2008
- Maintenance base with excellent facilities at Vágur Airport

Main Goals

- We strive to provide The Faroe Islands with an airline service which is reliable, economically sustainable, diversified and internationally competitive
- We focus on providing our business segment a reliable on-time service to a variety of destinations with convenient frequencies, and to provide the Faroese people affordable fares to enable them to travel frequently abroad
- By helicopter we provide the Faroe Islands and the Faroese people with a reliable, high quality search and rescue (SAR) service, a reliable island hopping service, and the offshore industry with an internationally competitive service
- Our competence and competitive edge is strong enough to gain a foothold outside Faroes. By 2010 more than half of our income will derive from activity outside Faroe Islands. This is the way we spread our risk and build a stable foundation for the company and its international team of staff

Company Culture

Our company culture focuses on:

Safety

It is fundamental to aviation

Punctuality

Because all airlines are compared on regularity

Customer

Customers pick the winners between competitors

Profitability

There will be no development without profit

The Fleet

- Started in 2005 to renew fleet from BAe 146 to Avro RJ aircraft
- Helicopters are combined Bell B412 and AW 139
- Extended runway in Vágur opens possibilities for operating newer and larger aircrafts
 - Signed contract with Airbus on firm delivery of one A 319, and one optional
 - Bigger aircraft opens new possibilities
- Seven aircraft and helicopters are in ownership
 - Book value DKK 221 million

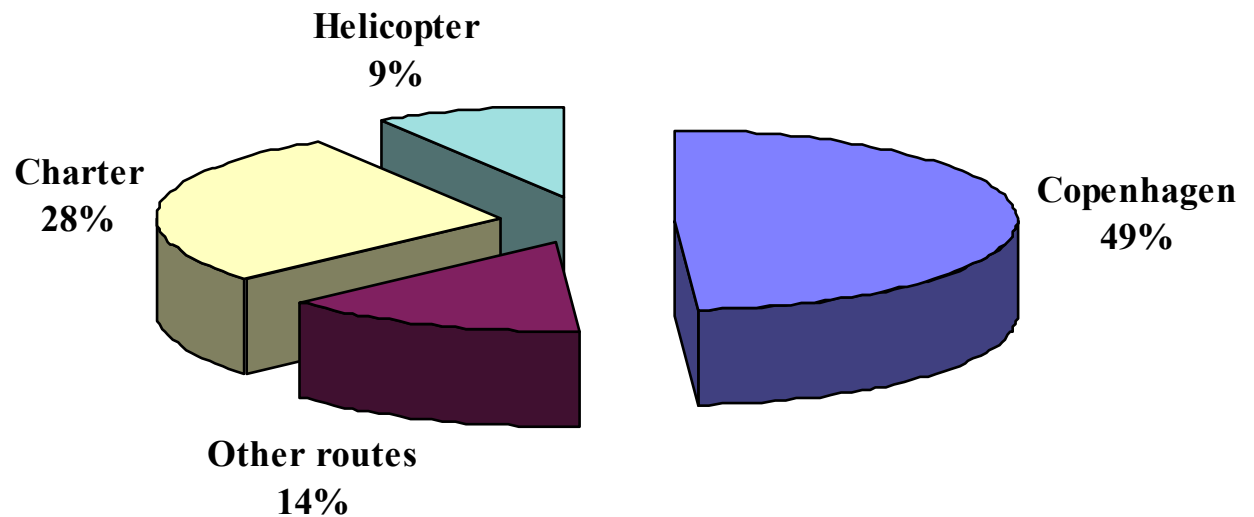
Fleet today	No.	Own	Manufact.
Avro RJ 100/85	4	2	1993-1999
BAe 146-200	3	2	1985-1988
Bell 412	2	2	1993-1997
AW 139	1	1	2008

Expected delivery	
1 A319	2011

Expected sales or returns
Depending on activity, 1-2 Bae/Avro

Diversified Income

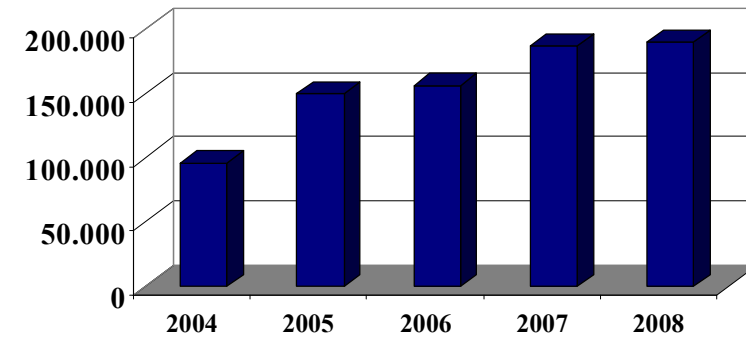
- Originally all income originated from Copenhagen route
- In 2008 the income was diversified between Scheduled services 63%, Charter 28% and Helicopter operations 9%
- Diversification stabilises foundation
- Helps meeting challenges from competitors, seasonality and economic cycles



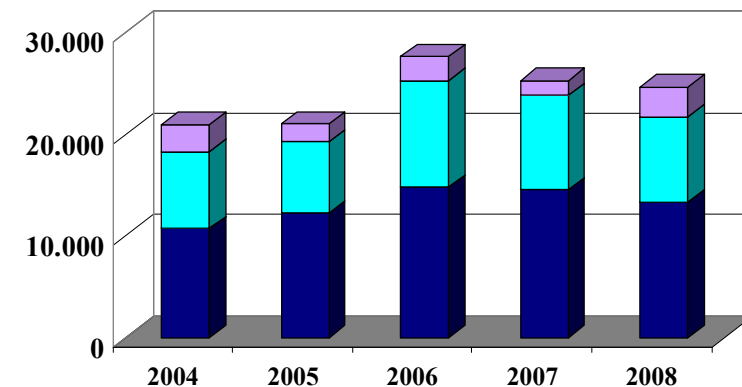
Scheduled Services – Connecting the Western Scandinavian Area

Weekly Departures expected	High Season	Low season
Copenhagen	31	18
Reykjavík	2	2
Billund	8	2
Aalborg	3	0
Stavanger	2	0
Stockholm	2	0
London	2	0
London - Sumburgh	2	0
Reykjavík-Narsarsuaq	2	0
	54	22

Scheduled flight Denmark
Number of passengers

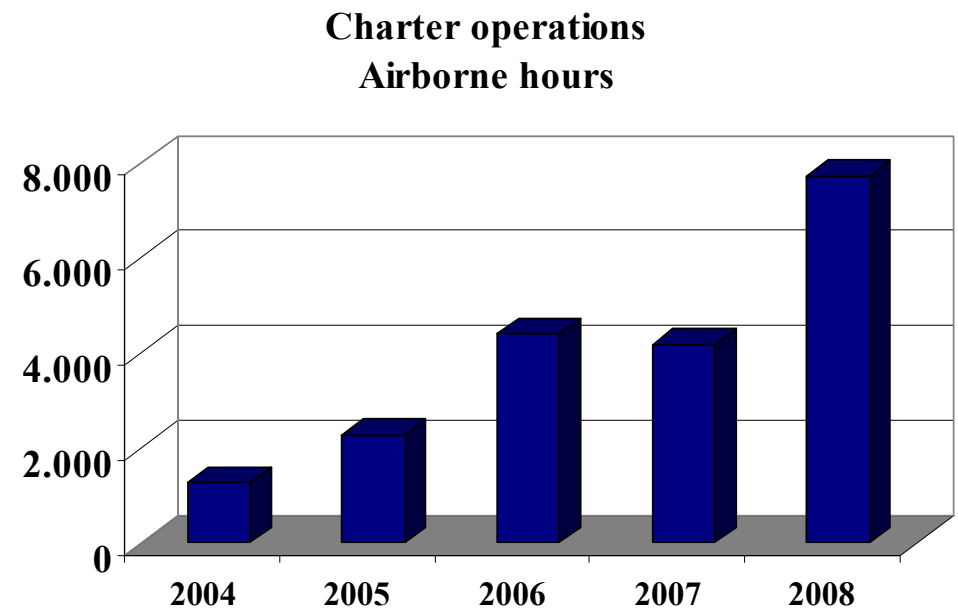


Scheduled flight - Other destinations
Number of passengers



Charter Production

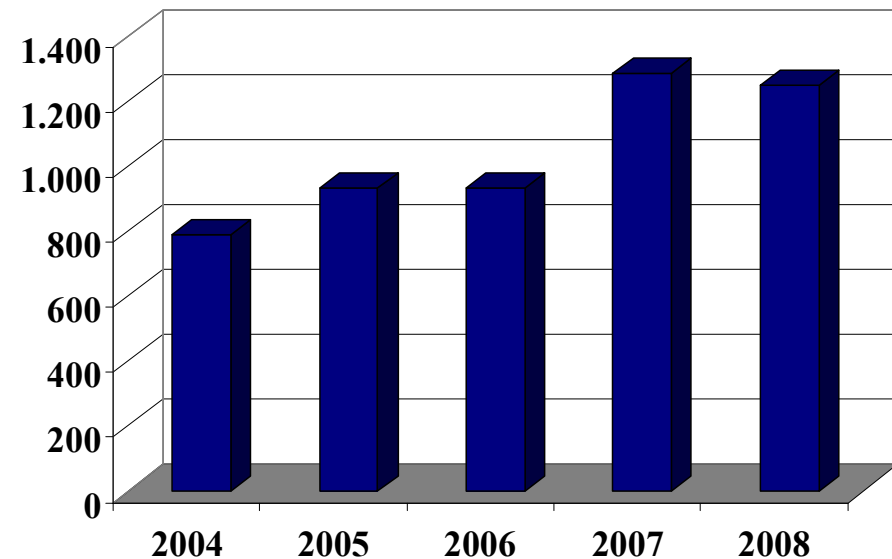
- Our niches correspond to our core competence
- Short runways, demanding operational area, need for flexibility and loads up to a 100 pax
 - Corporate Charter – like the transportation of construction workers for Aker Stord
 - Capacity provisions/ACMI (Aircraft, Crew, Maintenance & Insurance) – an example is the route between Copenhagen and London City on behalf of SAS.
 - Servicing tour operators with charter series – skicharters during winter and special destinations during summer from Denmark.
 - Ad hoc charters – transporting Bill Clinton between european destinations is an example
- Competitive market with growth potential but much affected by economic cycles
- Our opportunity to growth and gaining volume in our production



Helicopter Operation

- Domestic island hopping service since 1994
 - Scheduled service to remote islands
 - 515 hours per annum until 2009
- SAR contract covering 2000 - 2010
 - Invested in dedicated SAR helicopter and very demanding training to gain competence lift.
- Offshore and charter services
 - See growth potential in offshore business both domestic and outside Faroes
 - Invested in a modern AW 139 for this segment in 2008

Flight hour - Helicopter services



Summary - Investment opportunity

Investment Opportunity - Summary

- Healthy result in difficult 2008 posting DKK 18,6 million pre-tax profit
- Atlantic Airways has delivered profit during last 14 consecutive years
- Strong cash position
- Paying shareholders DKK 5 million in dividend in 2008
- Best performing airline share in Scandinavia and Nordic Countries
- Responsive to changes and opportunities
- Strong market position in Faroe Islands and strong loyalty among Faroese
- Instrumental in promoting tourism to Faroes
- Recognised for its capability in niche and charter markets in Europe with growth potential
- Wet-leasing 3 aircraft to SAS from March 2008 until early summer 2009
- Signed with Airbus on firm delivery of one A319 in 2011
- Establishing a foothold in the offshore market for helicopter services
- Ongoing diversification - established Tax Free stores at Vagar Airport in 2009

