



ICELANDAIR GROUP HF
PRESENTATION OF Q2 2013 RESULTS | 1 AUGUST 2013



FINANCIAL RESULTS

BOGI NILS BOGASON | CFO

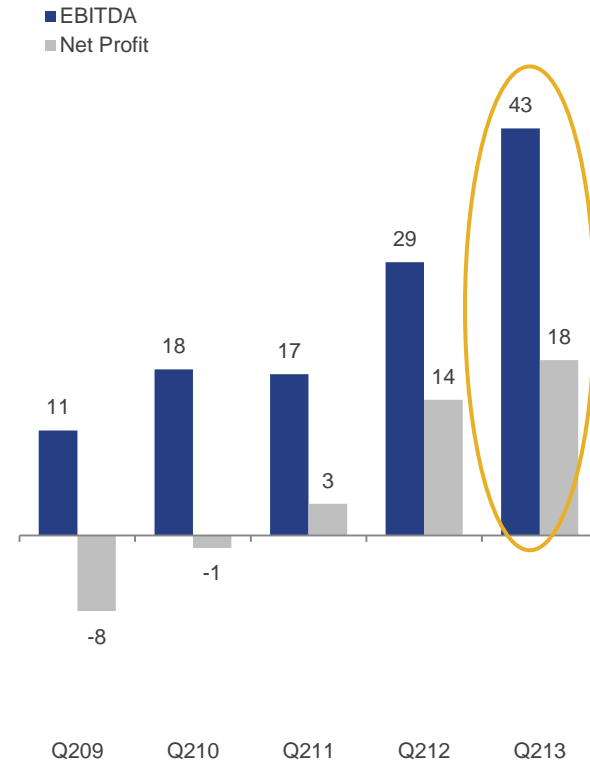
INCOME STATEMENT Q2

PRE-TAX IMPROVEMENT USD 4.2 MILLION

USD million	Q2 2013	Q2 2012	% Chg.
Operating Income	265.6	234.4	13%
Salaries and related expenses	63.2	52.8	20%
Aircraft fuel	64.5	58.7	10%
Aircraft and aircrew lease	17.3	19.7	-12%
Aircraft handling, landing and comm.	19.2	17.5	10%
Aircraft maintenance expenses	11.7	12.5	-7%
Other expenses	46.8	44.4	5%
EBITDA	42.9	28.8	-
EBIT	24.8	14.5	-
EBT	23.3	17.8	-
Profit for the period	18.5	14.3	-
EBITDA ratio	16.2%	12.3%	3.9 ppt
EBITDAR	54.6	42.9	-
EBITDAR ratio	20.6%	18.3%	2.3 ppt

EBITDA and net profit (like-for-like*)

USD million

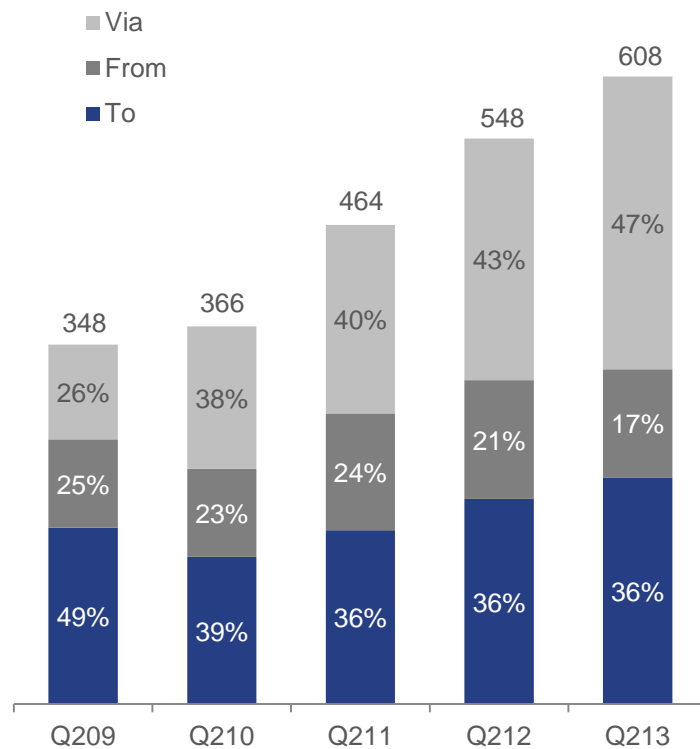


* not incl. figures for Bluebird in 2009- 2010

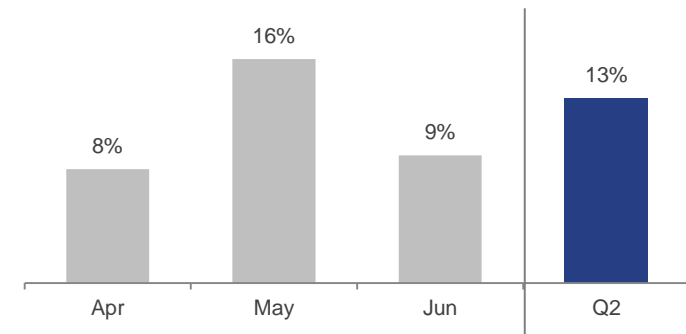
PASSENGER NUMBERS 13% ABOVE LAST YEAR

IN THE ROUTE NETWORK

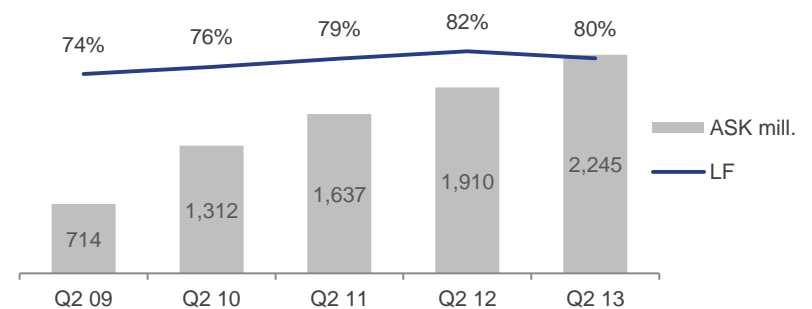
Passenger mix and total passengers in thousands
2009-2012



Passenger increase in Q2
2013 vs. 2012



Available seat kilometers (ASK) and load factor
Development in Q2 2009-2013



FUEL PRICES LOWER THAN LAST YEAR

Hedging position

July - December 2013

2013	Estimated usage (tons)	Hedge and option contracts	Av. Hedge price USD	%hedged
July	26,245	12,400	1,030	47%
August	26,191	12,400	1,021	47%
September	21,109	10,250	999	49%
October	17,776	8,250	984	46%
November	15,216	6,250	965	41%
December	13,959	6,250	976	45%
Total	120,496	55,800	1,002	46%

Average jet fuel prices in Q2 averaged USD 931 per Tonne in 2013 vs. USD 995 per Tonne in 2012

Fuel price in USD per Tonne

2013 vs. 2012

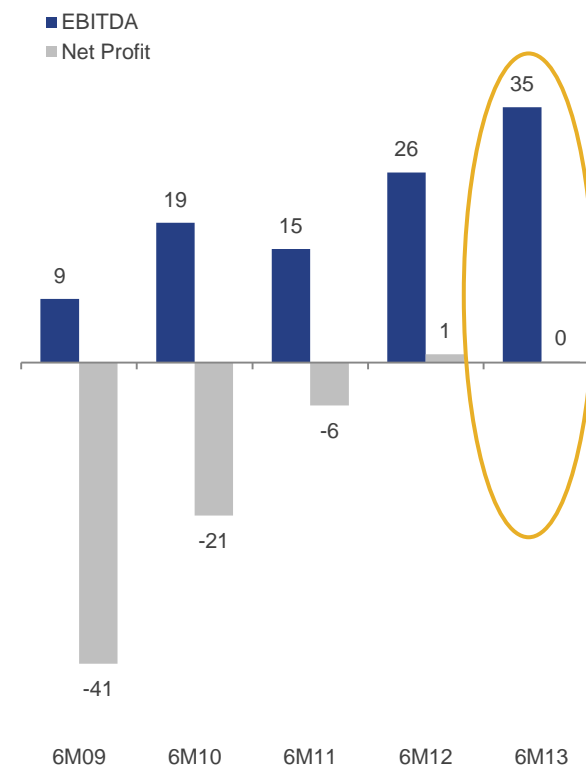


INCOME STATEMENT JANUARY - JUNE

USD million	6M 2013	6M 2012	% Chg.
Operating Income	438.6	392.1	12%
Salaries and related expenses	115.3	95.9	20%
Aircraft fuel	107.9	96.8	12%
Aircraft and aircrew lease	34.2	38.3	-11%
Aircraft handling, landing and comm.	31.6	28.3	12%
Aircraft maintenance expenses	24.1	24.7	-3%
Other expenses	90.9	82.4	10%
EBITDA	34.6	25.8	-
EBIT	1.8	-2.2	-
EBT	0.4	1.2	-
Profit for the period	0.2	1.1	-
EBITDA ratio	7.9%	6.6%	1.3 ppt
EBITDAR	58.7	54.0	-
EBITDAR ratio	13.4%	13.8%	-0.4 ppt

EBITDA and net profit (like-for-like*)

USD million



* not incl. figures for Bluebird in 2009- 2010

BALANCE SHEET

EQUITY RATIO 32%

| Cash, cash equivalents and marketable securities USD 222.1 million

| Interest-bearing debt USD 137.1 million

USD million	30.06 2013	31.12 2012
Assets		
Operating Assets	315.6	283.0
Intangible assets	177.8	176.7
Other non-current assets	11.2	14.2
Total non-current assets	504.6	473.9
Other current-assets	174.6	156.2
Marketable securities	2.7	15.7
Cash and cash equivalents	219.3	117.1
Total current assets	396.7	289.0
Total assets	901.3	762.9

USD million	30.06 2013	31.12 2012
Equity and liabilities		
Stockholders equity	285.1	295.9
Loans and borrowings non-current	87.4	119.4
Other non-current liabilities	43.1	41.7
Total non-current liabilities	130.5	161.1
Loans and borrowings current	49.6	31.5
Trade and other payables	206.0	152.2
Deferred income	230.0	122.1
Total current liabilities	485.6	305.9
Total equity and liabilities	901.3	762.9
Equity ratio	32%	39%
Current ratio	0.82	0.94
Net interest bearing debt	-85.0	18.1
Interest bearing debt	137.1	150.9

CASH GENERATION REMAINS STRONG

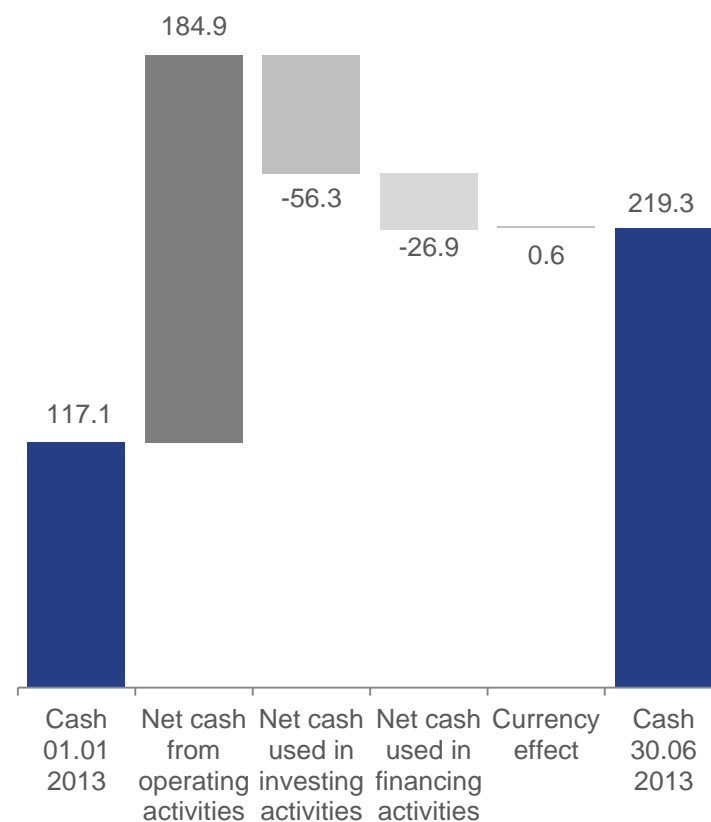
NET CASH FROM OPERATION 106.4 MILLION USD

USD thousand	Q2 2013	Q2 2012
Working capital from operations	48.2	38.4
Net cash from operating activities	106.4	72.2
Net cash used in investing activities	-15.5	-16.8
Net cash used in financing activities	-15.7	-10.2
Increase in cash and cash equivalents	75.3	45.2
Effect of exchange rate fluctuations on cash held	0.1	0.4
Cash and cash equivalents at 1 January	117.1	79.4
Cash and cash equivalents at 30 June	219.3	172.1

Comments

- Total Capex 27.2 million USD – thereof 23.9 million USD in operating assets
- Dividend payment amounted to 11.8 million USD
- Repayment of long term borrowings 3.9 million USD

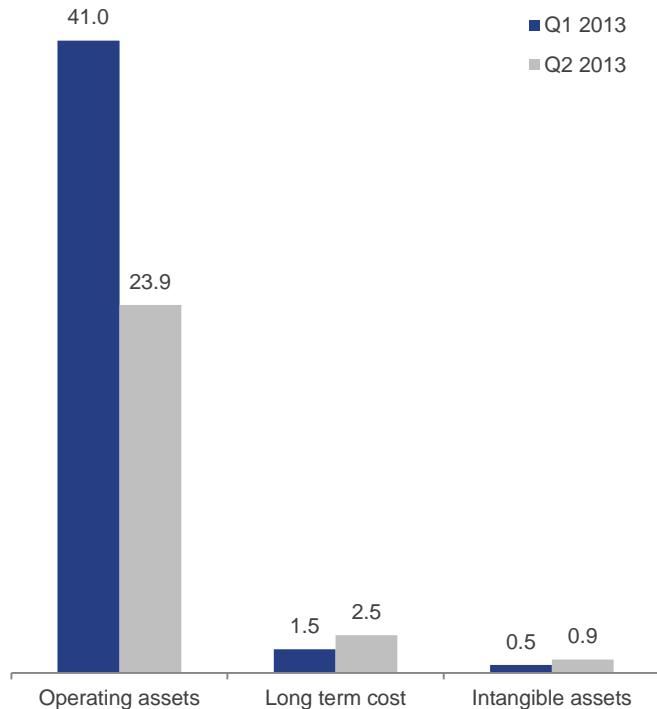
Changes in Cash from beginning of the year
USD million



CAPEX

USD 70.3 MILLION IN THE FIRST HALF OF THE YEAR

Capex overview per quarter 2013 in USD million



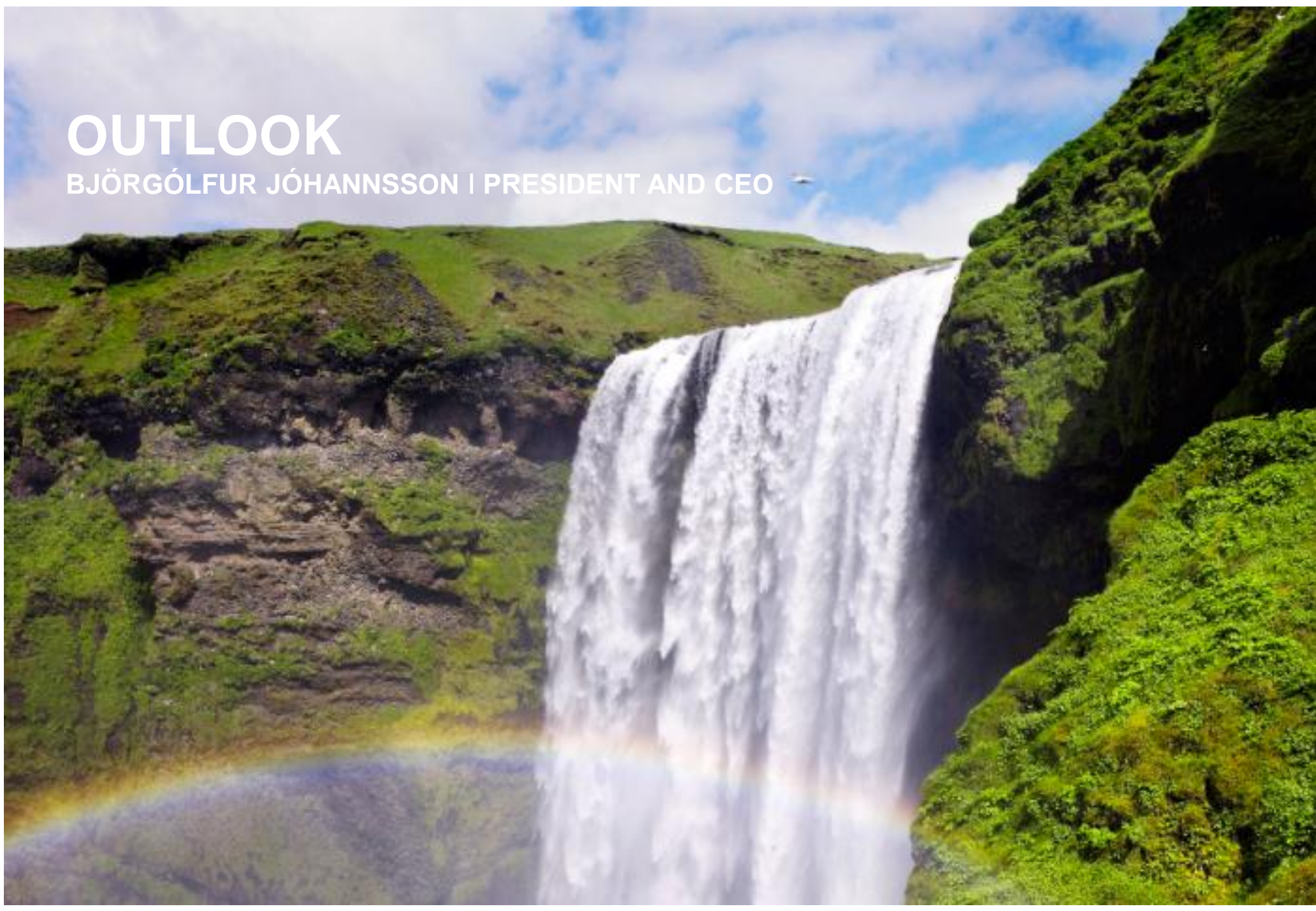
Main investments in January - June 2013 in USD million

- Investment in aircraft and aircraft components totalled USD 50.9 million
- Overhaul own aircraft totalled USD 9.2 million and overhaul of leased aircraft amounted to USD 4.0 million
- Expensed long term cost in the first six months of the year amounted to USD 12.4 million
- Below is an overview over the main investments in the first half of the year:

USD thousand	6M 2013
Operating assets	
Aircraft and aircraft components	50,906
Overhaul own aircraft	9,173
Other	4,838
Long term cost	
Overhaul leased aircraft	4,000
Intangible assets	1,414
Total Capex	70,331

OUTLOOK

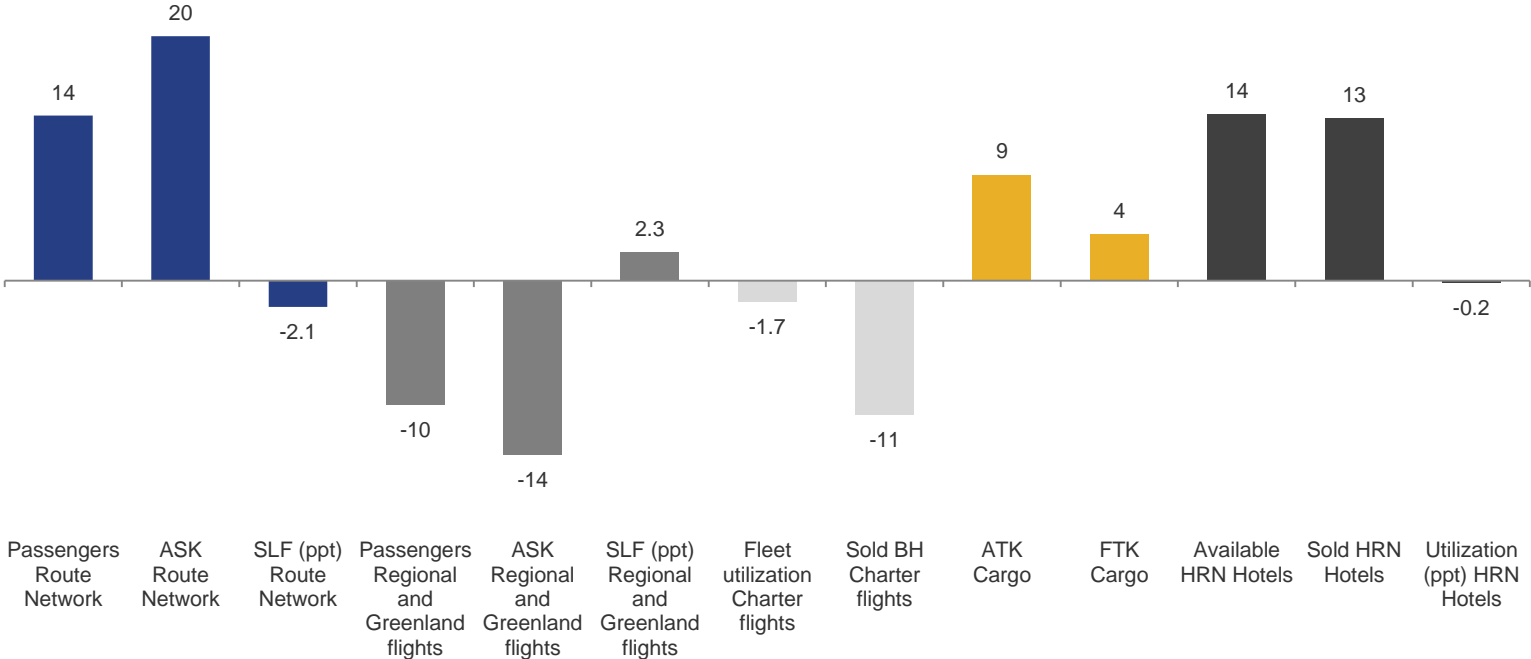
BJÖRGÓLFUR JÓHANSSON | PRESIDENT AND CEO



TRAFFIC DATA

JANUARY – JUNE 2013

Year-on-year change in %



Passengers Route Network ASK Route Network SLF (ppt) Route Network Passengers Regional and Greenland flights ASK Regional and Greenland flights SLF (ppt) Regional and Greenland flights Fleet utilization Charter flights Sold BH Charter flights ATK Cargo FTK Cargo Available HRN Hotels Sold HRN Hotels Utilization (ppt) HRN Hotels



Icelandair Hotels
www.icelandairhotels.com

OUTLOOK IN MAIN BUSINESSES

Route Network

Passenger forecasted around 2.3 million with greatest proportional growth on the North Atlantic market

Passenger record of 300k in July

Bookings outlook for the period August-December in line with capacity increase

Regional & Greenland

Regional flight schedule reduced by 4% due to less demand

Still opportunities in Greenland operations

Charter

Eight aircraft assigned in ACMI and AM projects in Asia, the South Pacific and North and South America

Objective to offer whole year VIP-service (now only in winter)

Two aircraft engaged in freight charter assignments in Europe

Cargo

Improved results in cargo operations

Two aircraft in freight assignments to and from Iceland to Europe and North America

Additionally the cargo operations has 35 destinations in Europe and N-America through the international passenger network

Increased export from Iceland but import slow

Hotels

Continued renovations of the Group hotels in 2013

The booking status for the summer is good, but bookings are arriving with shorter notice than in recent years

New hotel opened downtown Reykjavik in the summer 2015

ICELANDAIR HOTEL REYKJAVIK CULTURA

NEW ADDITION TO THE ICELANDAIR HOTELS

Location downtown
central Reykjavik in the
“Hljomalind spot”

Number of
rooms 142

Opening planned
summer 2015

The hotel will contain
indoor and outdoor
restaurants

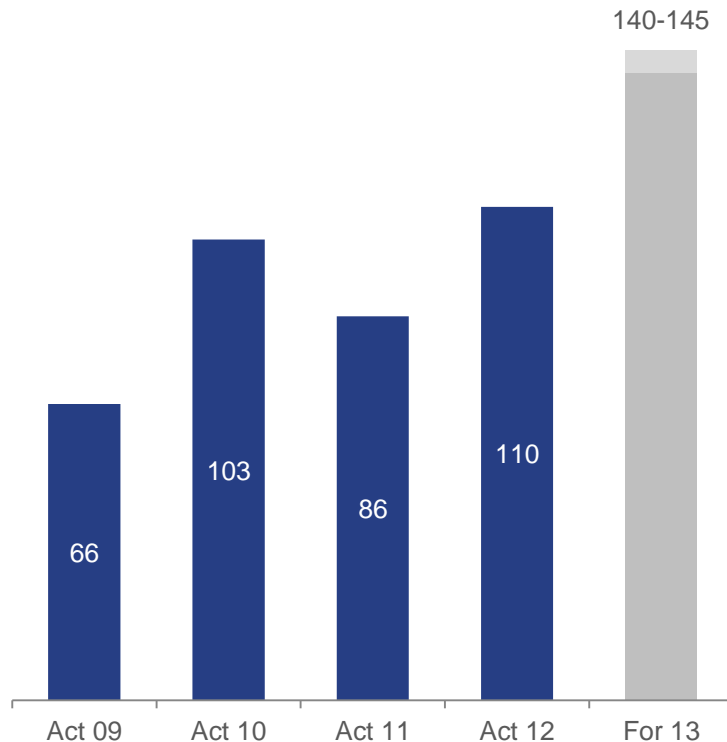
25 year
lease agreement
on the hotel facility

The project operated with
Þingvangur owner of the
site and constructor

EBITDA FORECAST

INCREASED TO USD 140-145 MILLION

EBITDA development 2009-2013 in USD million



Main forecast assumptions:

- | Good performance in the first half of the year and operating prospects are generally positive
- | EUR/USD exchange rate 1.30
- | Favourable development of fuel price. Current assumptions (excluding hedging): USD 941/ton in July, 1,000 USD/ton for the period August-September and 1,030 USD/ton for Q4
- | Bookings for the latter half of the year are good
- | Improved operation result in Cargo
- | Ongoing growth planned in all of the Group major businesses
- | Strong financial position basis for further profitable organic growth

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