



# Annual Report 2007

20 February 2008

# Agenda

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## Important notice

- This presentation includes statements regarding future results, which are subject to risks and uncertainties. Consequently, actual results may differ significantly from the results indicated or implied in these statements
- No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly, none of the Company, or any of its principal shareholders or subsidiary undertakings or any of such person's officers or employees or advisors accept any liability whatsoever arising directly or indirectly from the use of this document





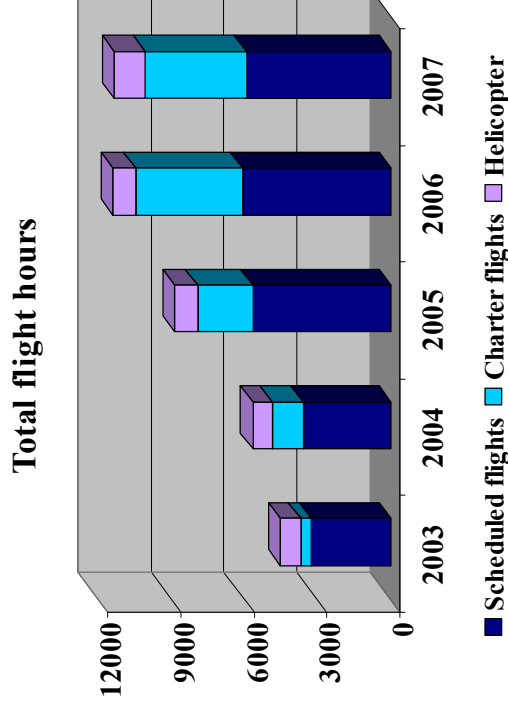
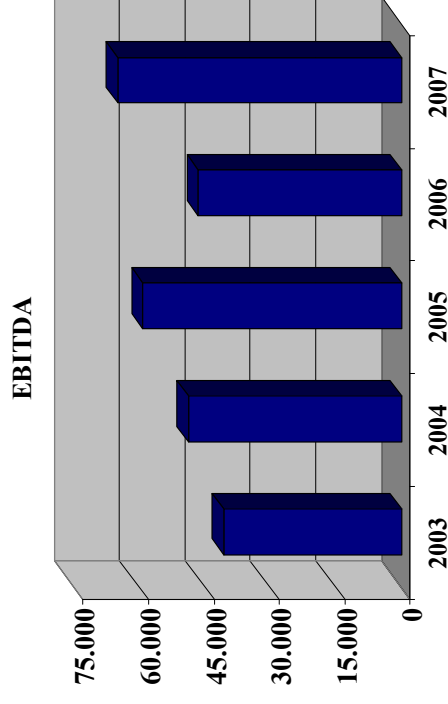
## Strong Performance

- **Pre-tax profit DKK 29 million**
- **Net profit DKK 23,8 million**
- **Proposed DKK 6 million dividend for the year 2007**
- **Equity increased from DKK 196 to 214 million vs. market cap 195 million**
- **Turnover increased to DKK 539 million from 519 million**
- **Strong operational performance and strong financial growth**
- **Increased load factor to 77% on scheduled flights, up by 10%-points**
- **Charter flight hours stable**
- **Robust growth in helicopter operation**
- **Irregularity due to weather increased cost significantly**
- **Significant contract with SAS regarding wet-lease 2008-09**
- **Estimated net profit range for 2008 DKK 20–25 million**

# Income Statement

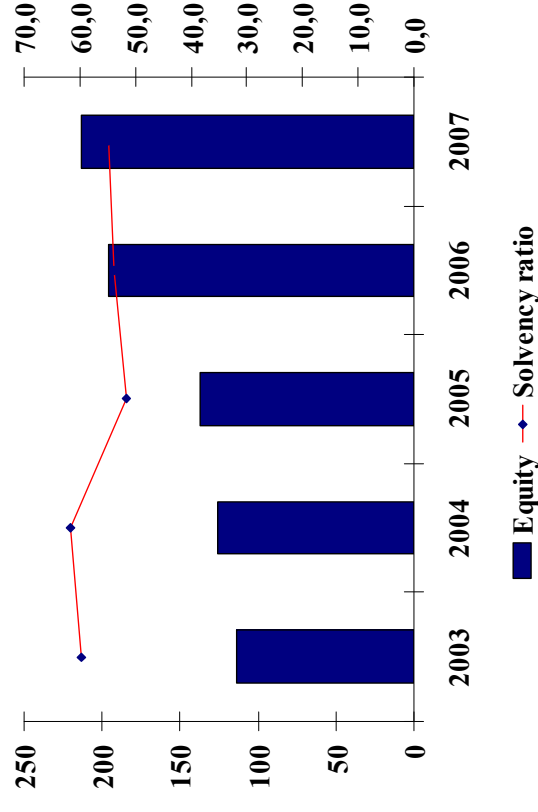
<b>DKK 1.000</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Income statement</b>				
Net sales	234.365	379.586	518.990	538.797
Flight expences	-143.908	-262.840	-392.750	-381.826
Employee expenditures	-41.551	-57.539	-79.711	-91.894
Deprecations	-28.201	-34.159	-39.586	-45.248
<b>Result before financial items</b>	<b>20.705</b>	<b>25.048</b>	<b>6.944</b>	<b>19.829</b>
Financial income	753	1.082	2.581	15.181
Financial expences	-3.743	-2.508	-4.455	-5.994
<b>Result before tax</b>	<b>17.714</b>	<b>23.622</b>	<b>5.070</b>	<b>29.016</b>
Tax	-3.543	-2.888	-913	-5.235
<b>Profit</b>	<b>14.171</b>	<b>20.734</b>	<b>4.157</b>	<b>23.780</b>
<b>EBITDA</b>	<b>48.906</b>	<b>59.207</b>	<b>46.530</b>	<b>65.077</b>
<b>EBITDA margin</b>	<b>21%</b>	<b>16%</b>	<b>9%</b>	<b>12%</b>
<b>Total Equity</b>	<b>126.146</b>	<b>136.880</b>	<b>195.868</b>	<b>213.677</b>
<b>ROE<sup>1</sup></b>	<b>14%</b>	<b>17%</b>	<b>3%</b>	<b>14%</b>

<sup>1</sup> Result before tax/Equity



# Strong Balance Sheet

<b>Assets (DKK 1.000)</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Fixed Assets	132.820	176.334	237.388	290.493
Financial Assets	1.642	1.863	7.506	14.052
Total Current Assets	70.141	86.305	118.759	84.945
<b>Total Assets</b>	<b>204.603</b>	<b>264.502</b>	<b>363.653</b>	<b>389.489</b>
<b>Liabilities (DKK 1.000)</b>				
Equity	126.146	136.880	195.868	213.677
Provisions	13.637	16.525	18.059	23.250
Short- and Long-term debt	64.820	111.098	149.725	152.563
<b>Total Liabilities</b>	<b>204.603</b>	<b>264.502</b>	<b>363.653</b>	<b>389.489</b>







# The Company

- Established in 1987 and first flight on 28 March 1988
- Floated on OMX 10 December 2007. 33% held by private and institutional 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 UK sector in 2007
- Transported more than 358.000 passengers in 2007
- 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 moving from combined B212/B412 to single B412, but we see AW 139 as the future helicopter
- 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
- Eight aircraft and helicopters are in ownership
  - Book value DKK 221 million

Fleet today	No.	Own	Manufact.
Avro RJ 100/85	4	3	1993-1999
BAe 146-200	3	2	1985-1988
Bell 412	2	2	1993-1997
Bell 212	1	1	1975

## Expected delivery

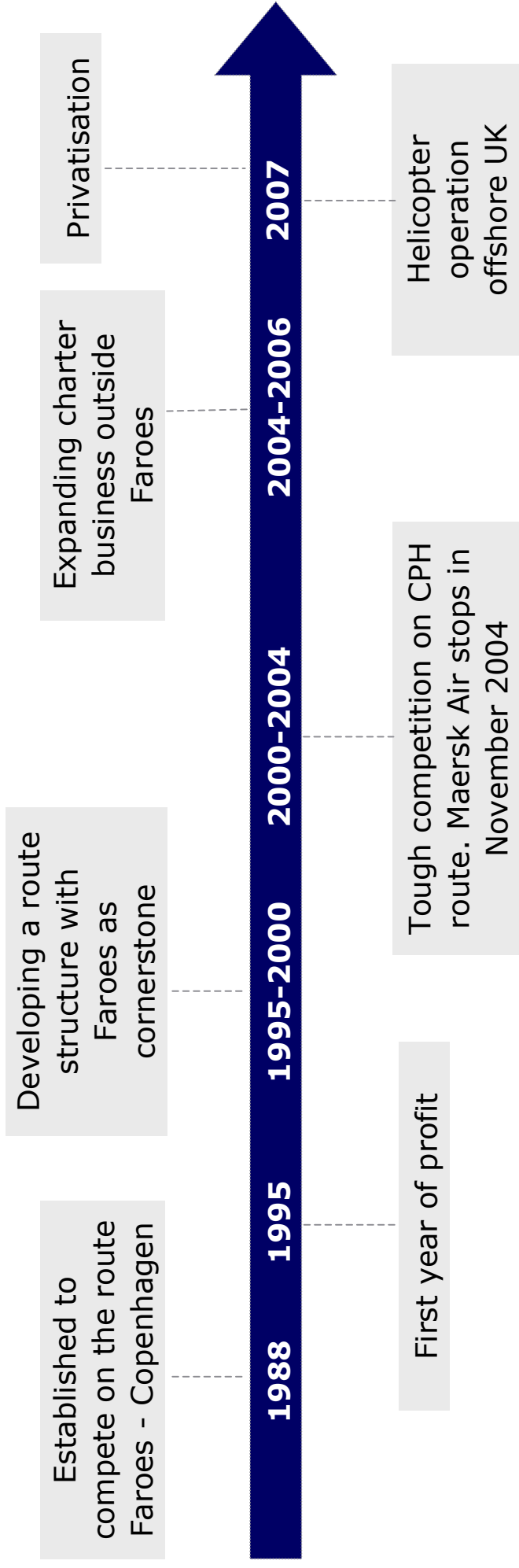
1 AW 139	March 2008
1 A319	2011

## Expected sales or returns

Depending on activity, 1-3 BAe 146
Depending on activity, 1 Bell 212

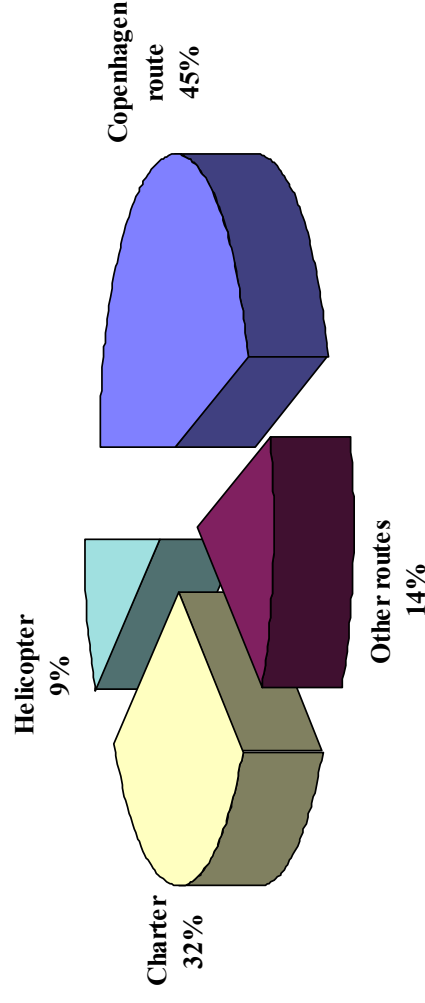


# Milestones



# Diversified Income

- Originally all income originated from Copenhagen route
- In 2007 the income was diversified between Scheduled services 59%, Charter 32% and Helicopter operations 9%
- Diversification stabilises foundation
- Helps meeting challenges from competitors, seasonality and economic cycles

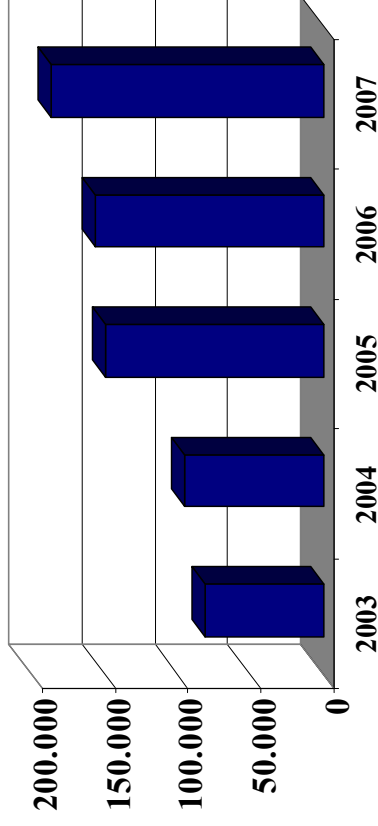




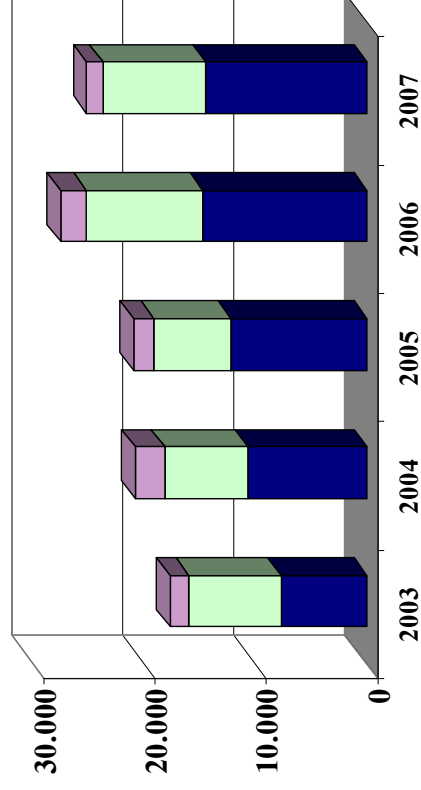
# Scheduled Services – Connecting the West Nordic Area

Weekly Departures	High Season	Low season
Copenhagen	31	18
Reykjavík	4	3
Billund	8	3
Aalborg	3	0
Oslo	2	0
Stockholm	2	0
Stavanger	2	0
London	2	0
Aberdeen	2	0
London-Shetland	2	0
Reykjavík-Narsarsuaq	2	0
	<b>60</b>	<b>24</b>

Scheduled flight Denmark  
Number of passengers



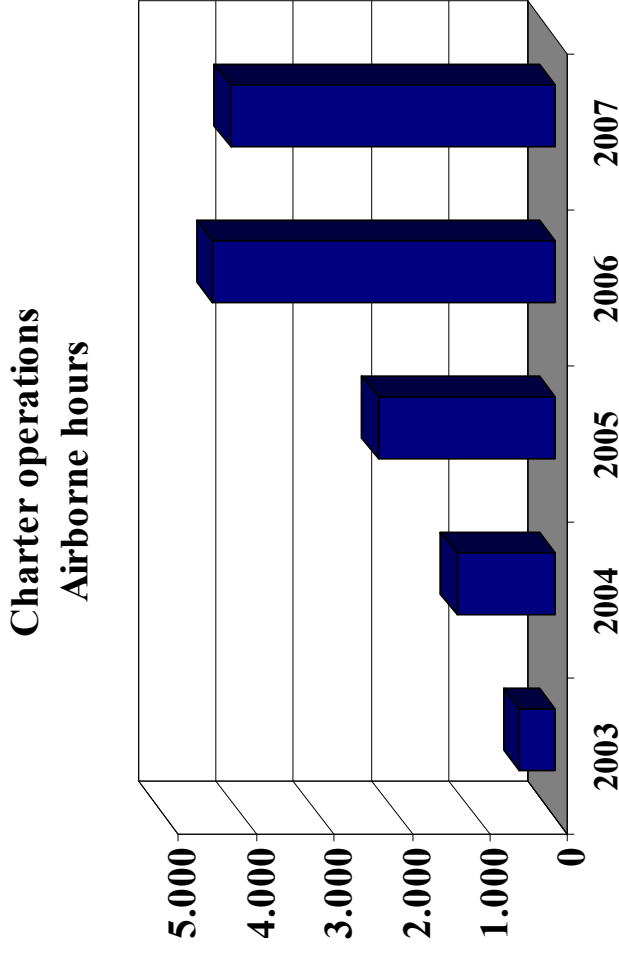
Scheduled flight - Other destinations  
Number of passengers



**ATLANTIC AIRWAYS**

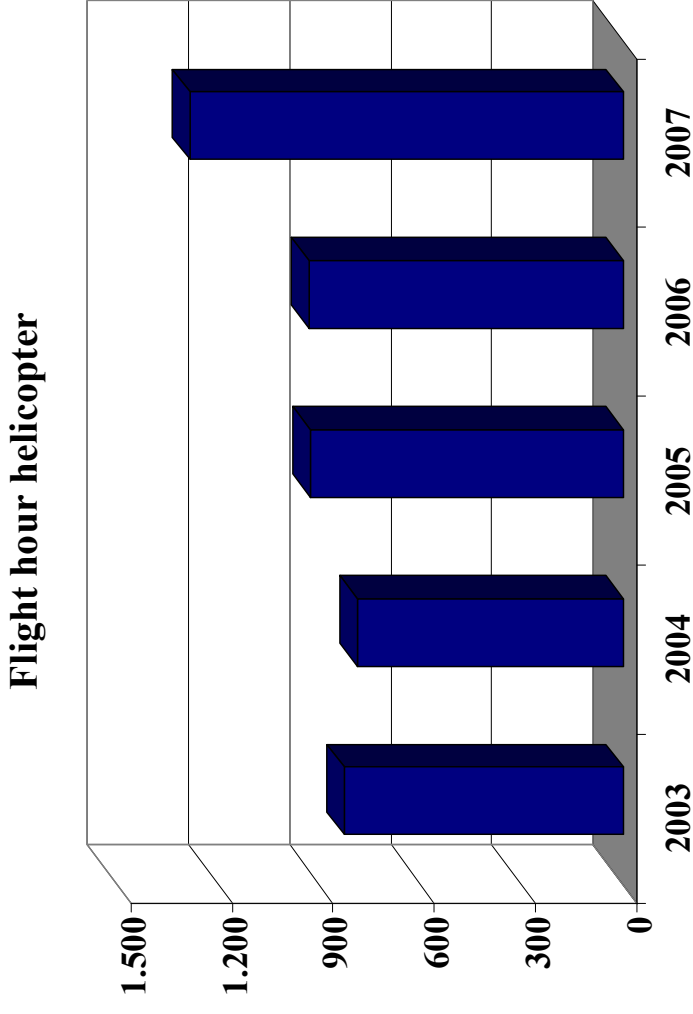
# Charter Production

- 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
  - Third helicopter acquired to develop this segment 2007
  - See growth potential in offshore business both domestic and outside Faroes





## Investment Opportunity - Summary

- Atlantic Airways has delivered profit for the last 13 consecutive years
- Best result ever in 2007 with DKK 29 million pre-tax profit
- Strong market position in Faroe Islands and strong loyalty among Faroese
- Growing number of travellers on the scheduled network
- 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 a contract with Airbus on firm delivery of one A319 in 2011 and one optional
- Larger aircraft open up for further rationalisation and new niches in charter production
- Establishing a foothold in the offshore market for helicopter services
- Ongoing diversification of income stream