

Q4 and 12M 2021 results

4 February 2022



Highlights

Improved operating result in Q4 2021

Load factor 70.3%

EBIT improvement USD 24.5 million between years

Increased demand, improved load factor and strong cargo operation drive results



Liquidity and financial position strong

Total liquidity USD 435.0 million

Equity ratio at 19%



Ambitious plans for 2022

80% of 2019 production

50 destinations

3-5% EBIT

Subject to development of various external factors



Stronger Icelandair ready for the new normal

New organizational structure to execute strategic initiatives

Simplified operations and clearer management focus

Younger and more fuel-efficient fleet

Stronger focus on sustainability

Core international investor with industry experience and knowledge



Financials

Ívar Sigurður Kristinsson, CFO

EBIT improved by USD 24.6 million

Driven by increased demand, improved load factor and strong cargo operation

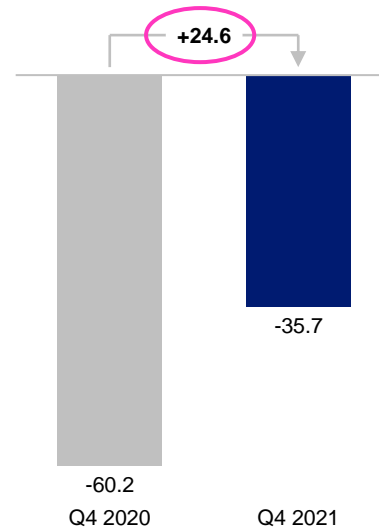
Profit loss statement

USD million

USD million	Q4 2021	Q4 2020	Change
Transport revenue	156.5	37.8	118.6
Aircraft and aircrew lease	14.3	6.7	7.5
Other operating revenue	21.8	15.6	6.2
Operating income	192.5	60.2	132.3
Salaries and other personnel expenses	67.3	46.1	21.2
Aviation expenses	84.9	26.3	58.5
Other operating expenses	48.6	21.1	27.5
Operating expenses	200.8	93.5	107.3
Depreciation and amortization	27.4	26.9	0.5
EBIT	-35.7	-60.2	24.6
EBIT ratio	-18.5%	-100.0%	81.5 ppt
EBT	-43.2	-97.0	53.8
Net loss	-39.4	-83.3	43.9

EBIT

USD million



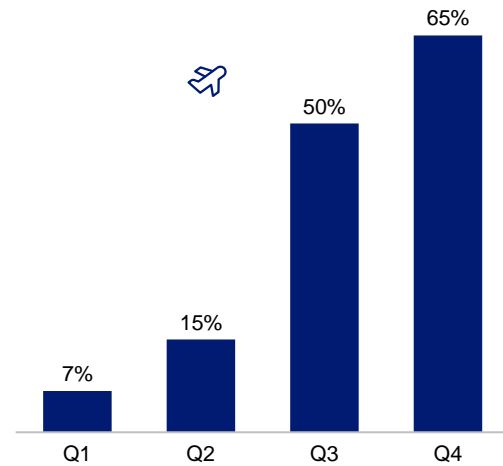
- Operating income more than tripled between years
- Passenger revenue up in all markets
- Strong cargo revenue and leasing business improving
- Cost development reflects increased operation
- Rising fuel price negatively affecting results



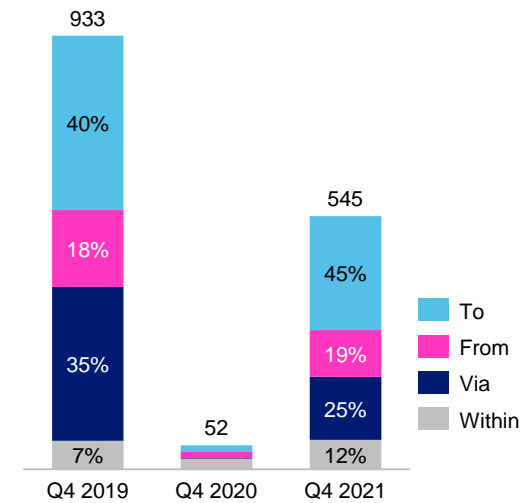
Continued capacity growth

Cargo operation exceeded pre covid levels

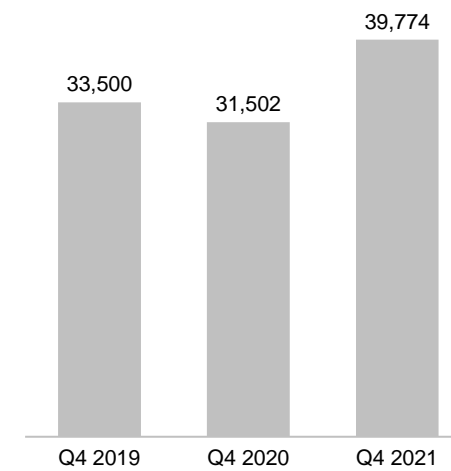
Capacity as % of 2019
Total ASK* per quarter 2021



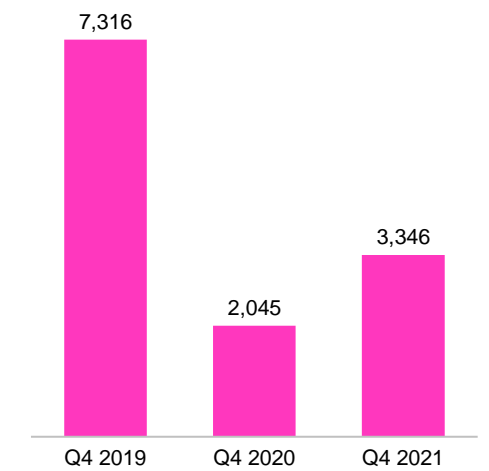
No of passengers and mix
Q4 2020 vs Q4 2021 in thousands



Freight ton kilometers
FTK '000

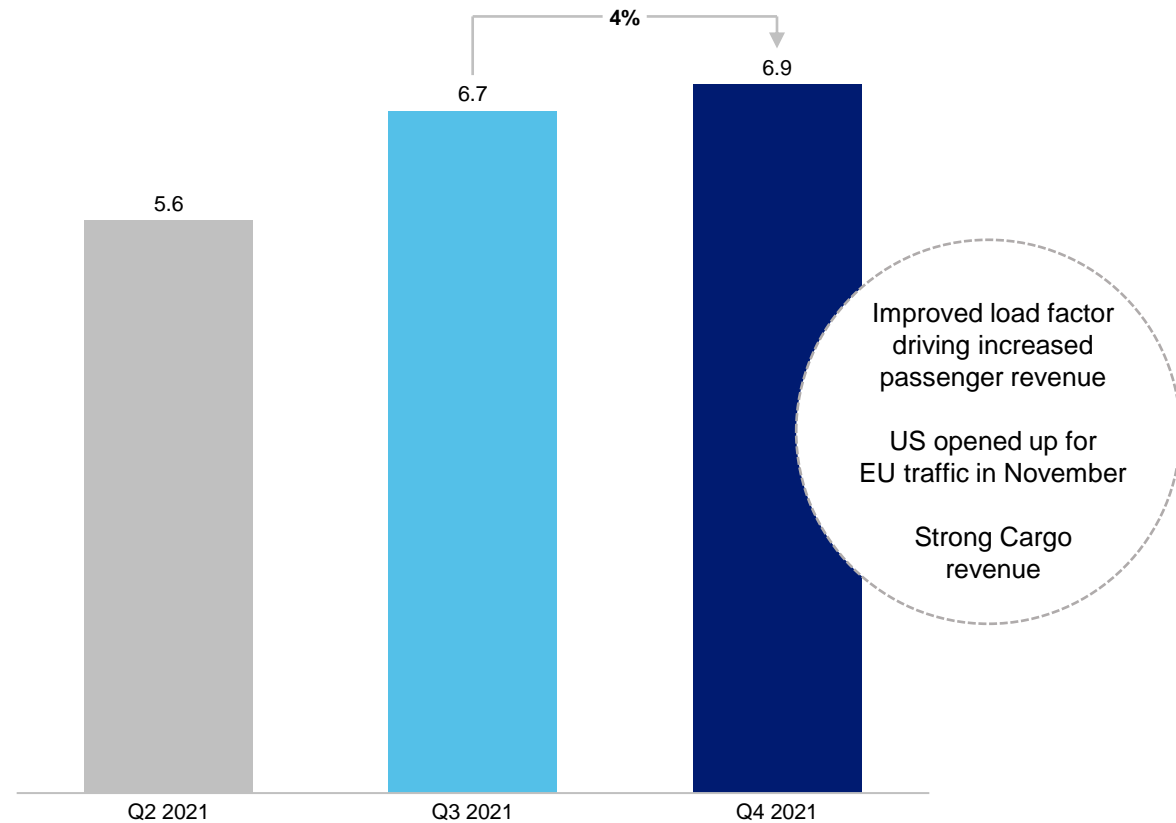


Sold block hours
Leasing operation



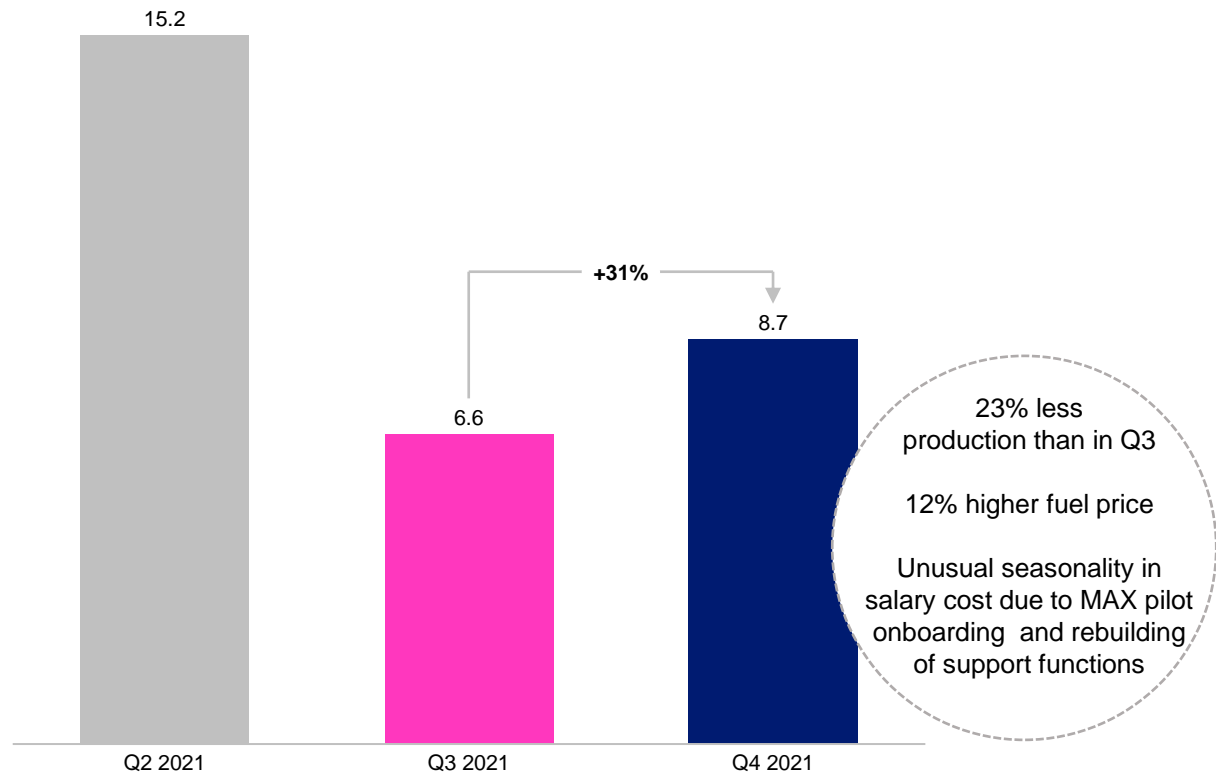
Positive RASK development between quarters despite negative impact of Omicron

RASK
US cent



**CASK increasing
in Q4 due to
seasonal
fluctuations in
production and
preparing for
larger 2022**

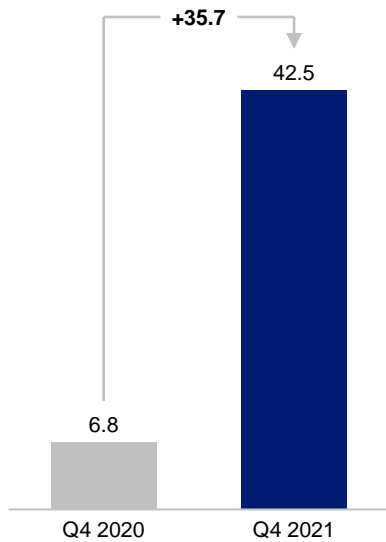
CASK
US cent



91% higher average fuel price and more production driving higher fuel cost

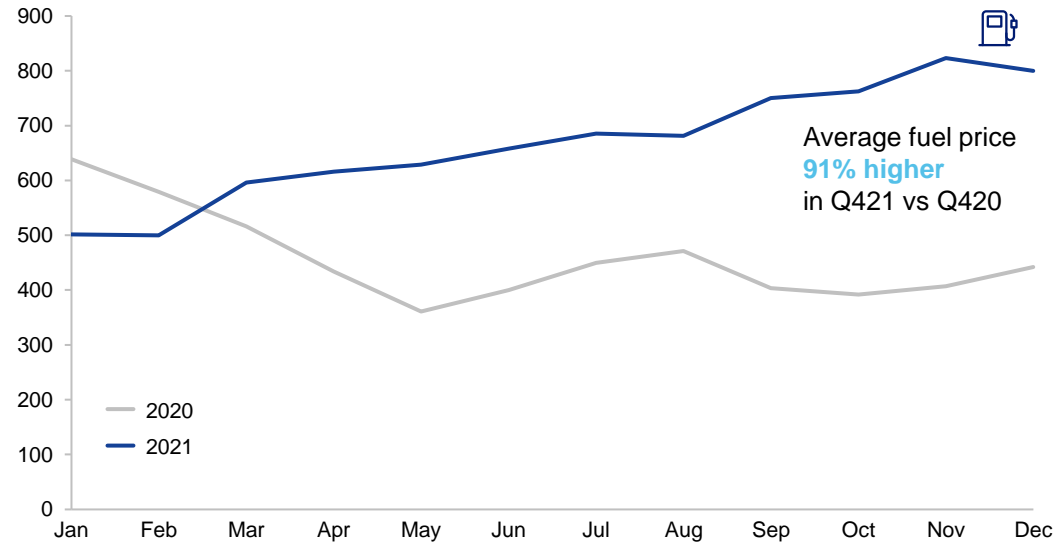
Fuel cost

USD million



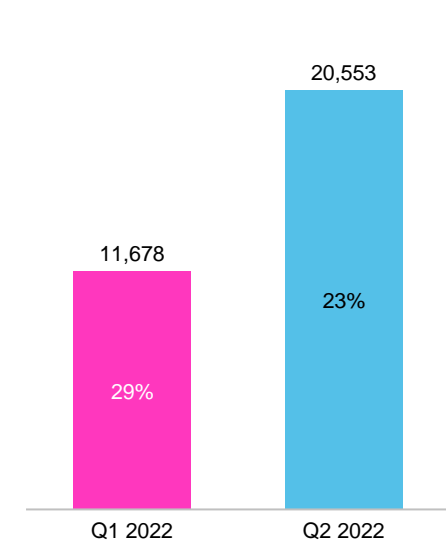
Average fuel price

USD per ton



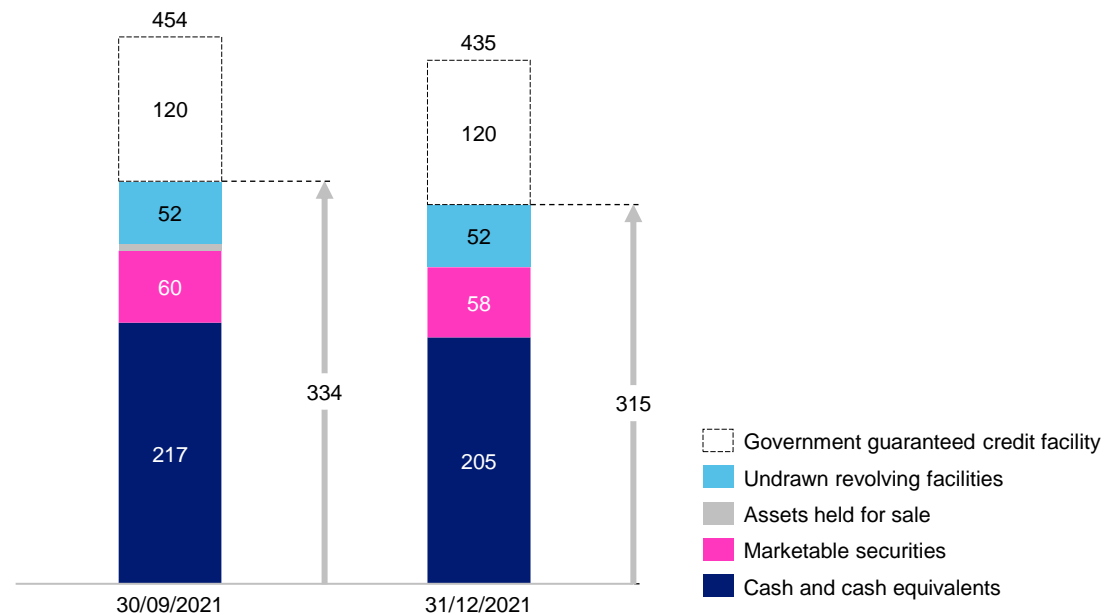
Open hedge contracts

Overview tons (hedge %)

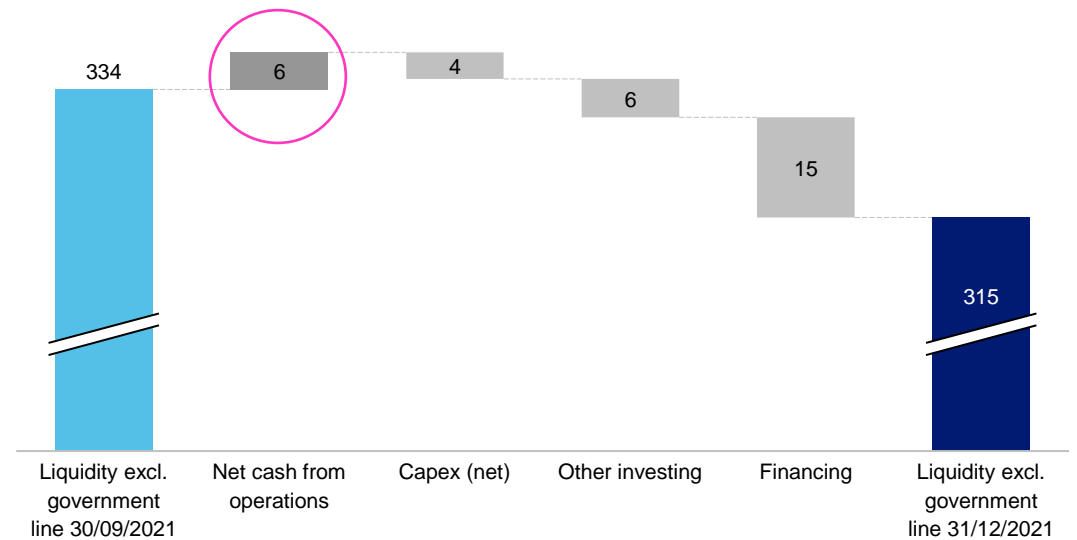


Net cash from operations positive of USD 6 million in Q4 2021

Total liquidity
Breakdown in USD million



Liquidity, less Government facility
Development in Q4 2021 in USD million



Full-year 2021 net loss decreasing by USD 271 million

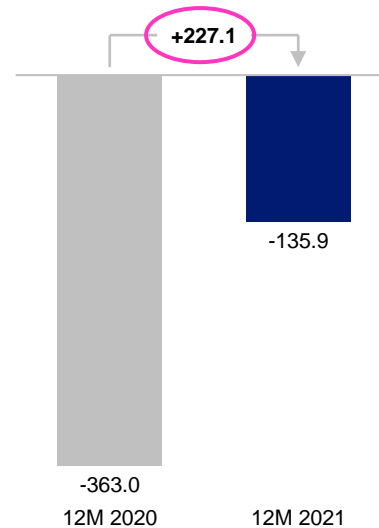
Profit loss statement

USD million

USD million	12M 2021	12M 2020	Change
Transport revenue	453.9	265.5	188.3
Aircraft and aircrew lease	42.7	64.7	-22.1
Other operating revenue	88.4	103.3	-15.0
Operating income	584.9	433.6	151.3
Salaries and other personell expenses	215.5	207.9	7.6
Aviation expenses	235.5	171.5	64.0
Other operating expenses	156.8	140.7	16.0
Operating expenses	607.7	520.1	87.6
Depreciation and impairment	113.1	276.5	-163.4
EBIT	-135.9	-363.0	227.1
EBIT ratio	-23.2%	-83.7%	60.5 ppt
EBT	-130.1	-437.8	307.8
Net loss	-104.8	-376.2	271.4

EBIT

USD million

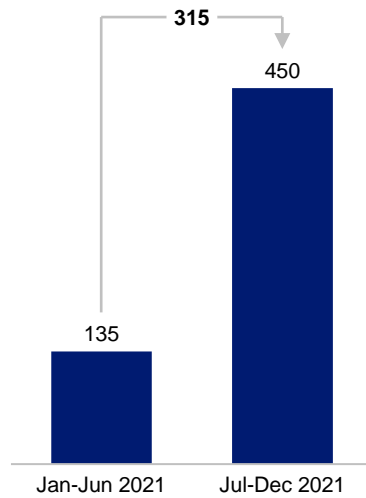


- Travel industry still affected by COVID with varying restrictions in our main markets
- Capacity in 2021 was 87% higher than 2020
- 1.5 million passengers carried; load factor 65.3%
- “To” market accounted for 47% of passengers and “via” market at 23%
- Total revenue increased by 49%
- Cargo revenues increasing by 38% and strong demand in all markets
- Increased production and 46% higher fuel price driving cost increase

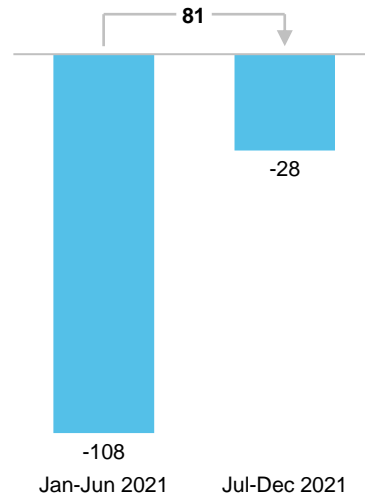


Significant turnaround in the second half of the year

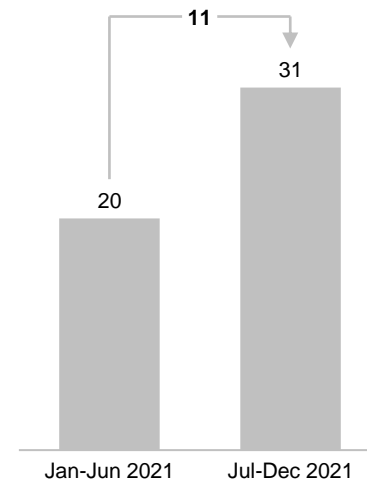
Operating income
USD million



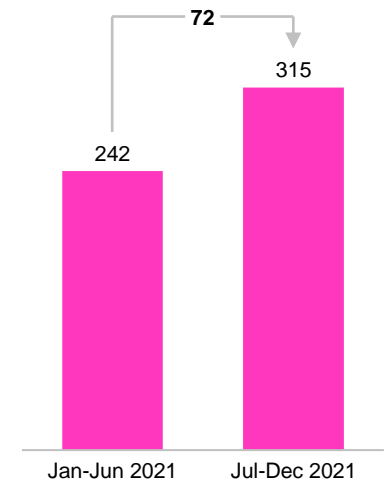
EBIT
USD million



Net cash from operation
USD million



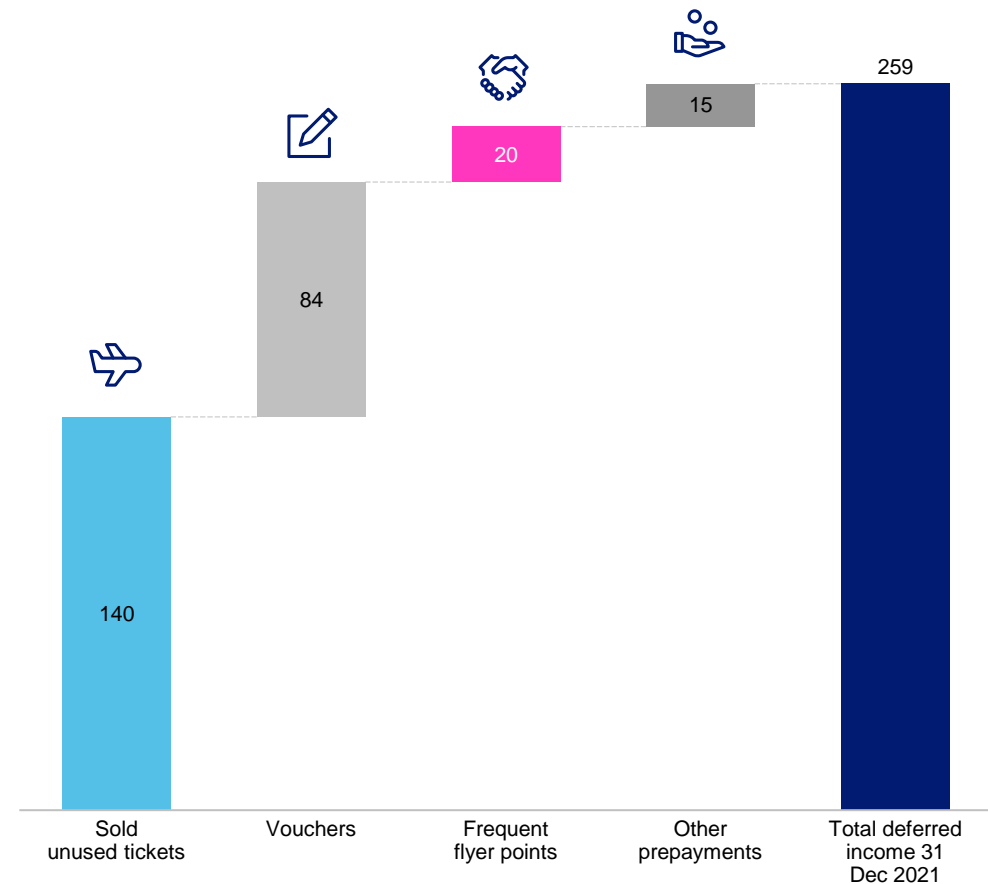
Liquidity
Excl. Government facility in USD million



Deferred income
USD 259.1 million

Increasing by
USD 2.4 million from
last quarter

Deferred income breakdown
USD million

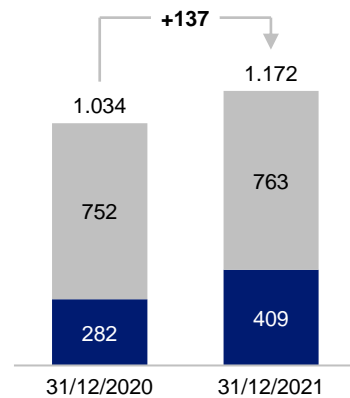


Strong financial position at year-end 2021

Assets

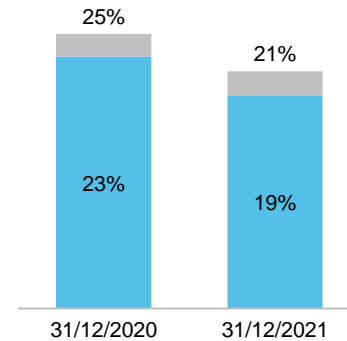
USD million

- Non-current assets
- Current assets



Equity ratio

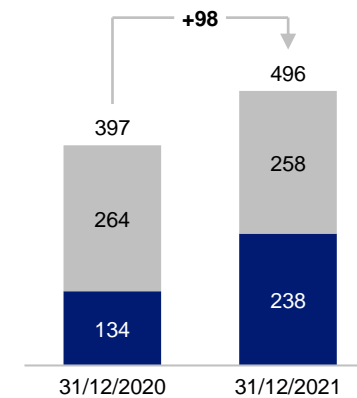
- Equity ratio excl. warrants
- Equity ratio



Financial liabilities

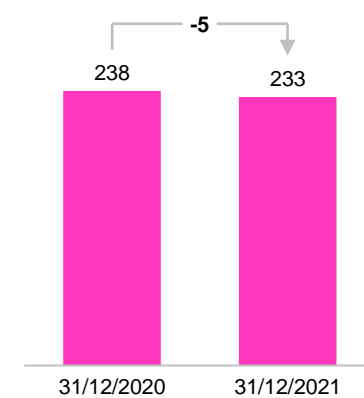
USD million

- Interest bearing debt
- Lease liabilities



Net financial liabilities

USD million



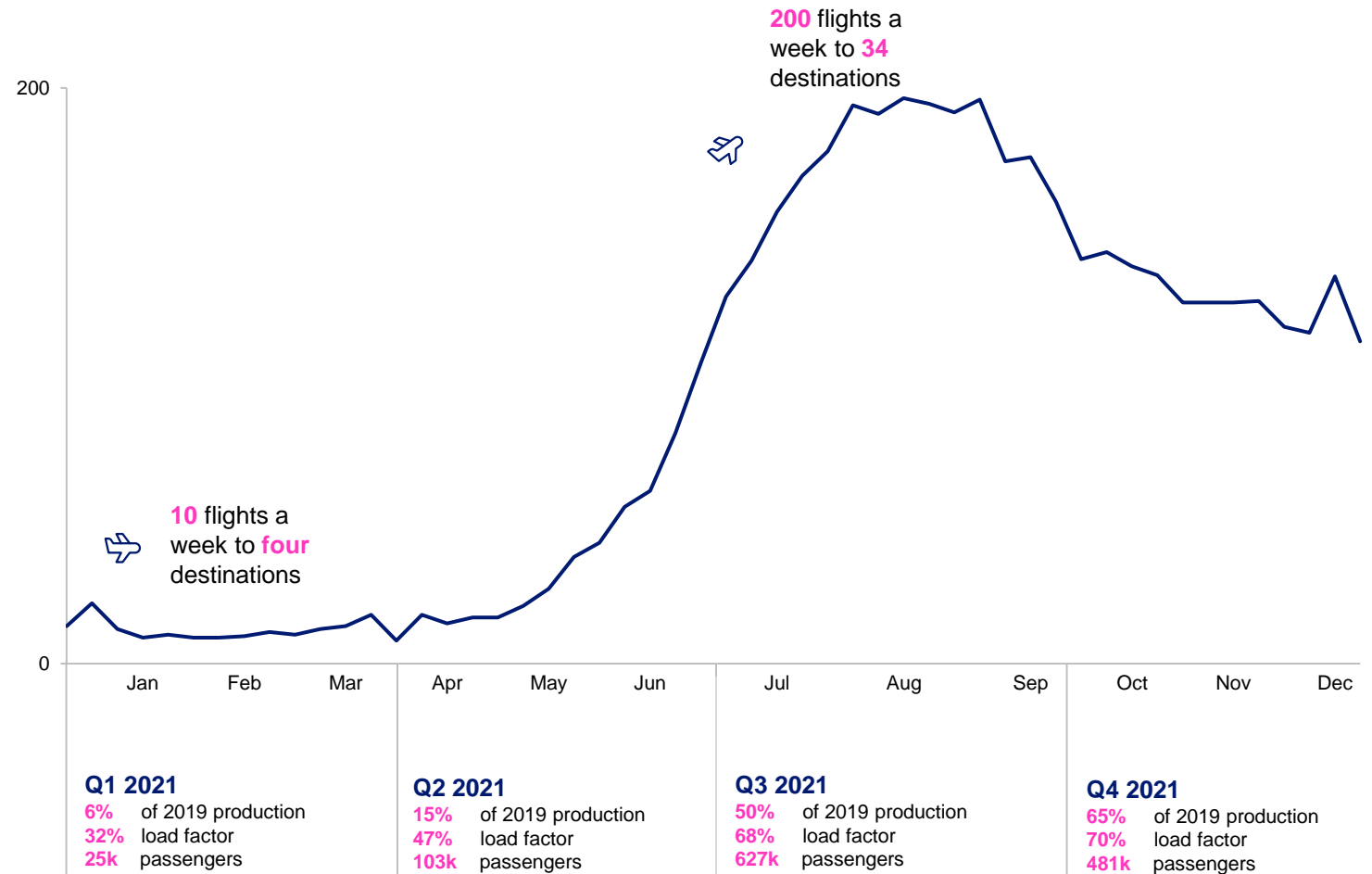
Business update and outlook

Bogi Nils Bogason, CEO

Focus on preserving infrastructure and maintaining financial strength enabled the successful ramp up in 2021

Number of trips in the international route network

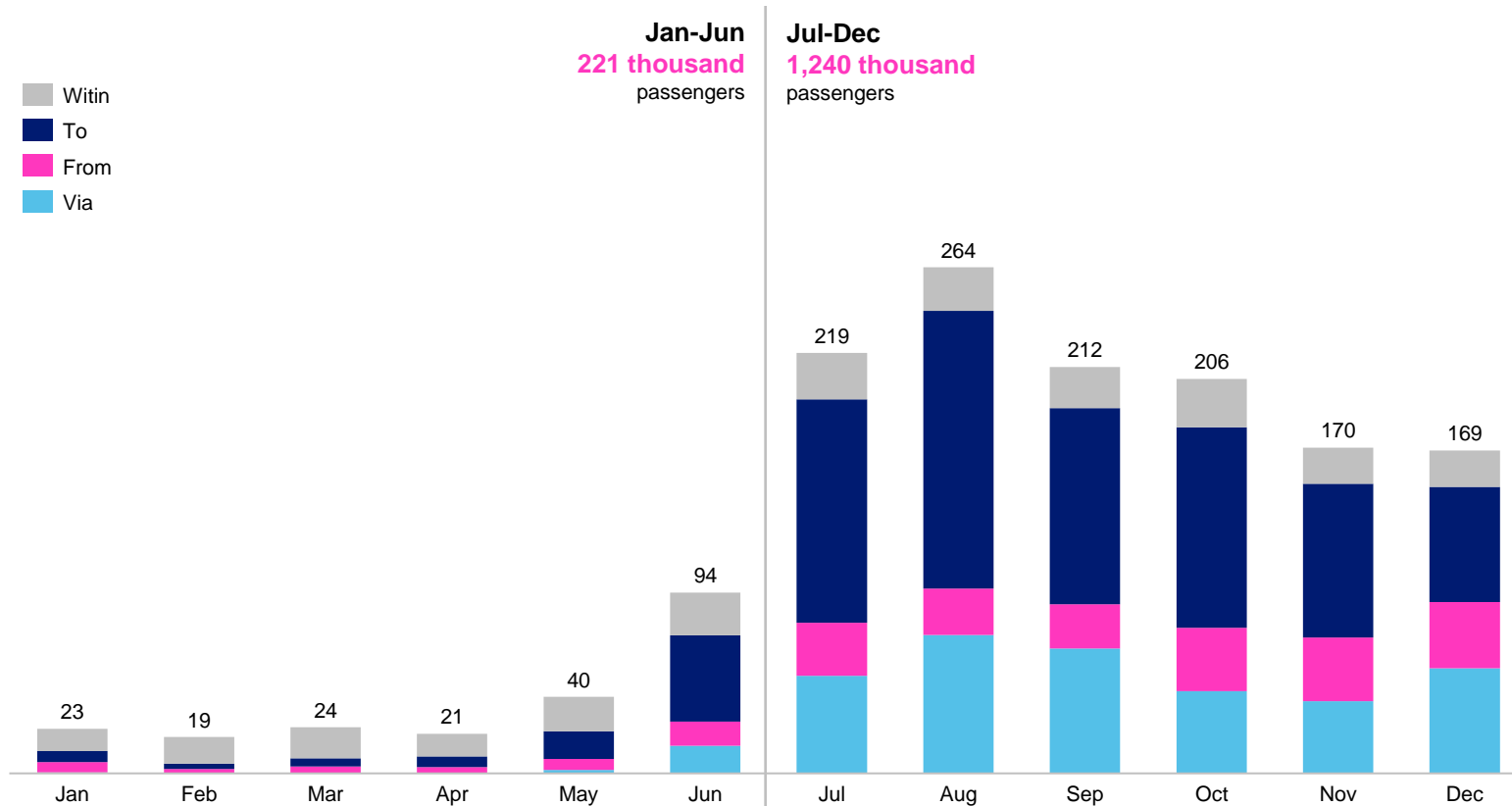
Per month in 2021



It was a year of recovery where we transported 1.5 million passengers thereof 85% in the second half of the year

Number of passengers per market

In thousands per month in 2021



Strategic actions taken to streamline operations



Sale of 25% share in Icelandair Hotels and sale of Iceland Travel



Integration of the domestic airline Air Iceland Connect



Charter destinations moved into the route network – Tenerife, Alicante

Revised organizational structure to drive sustainable growth, digital transformation and to strengthen focus on our customers









Review of Icelandair's long-term fleet strategy

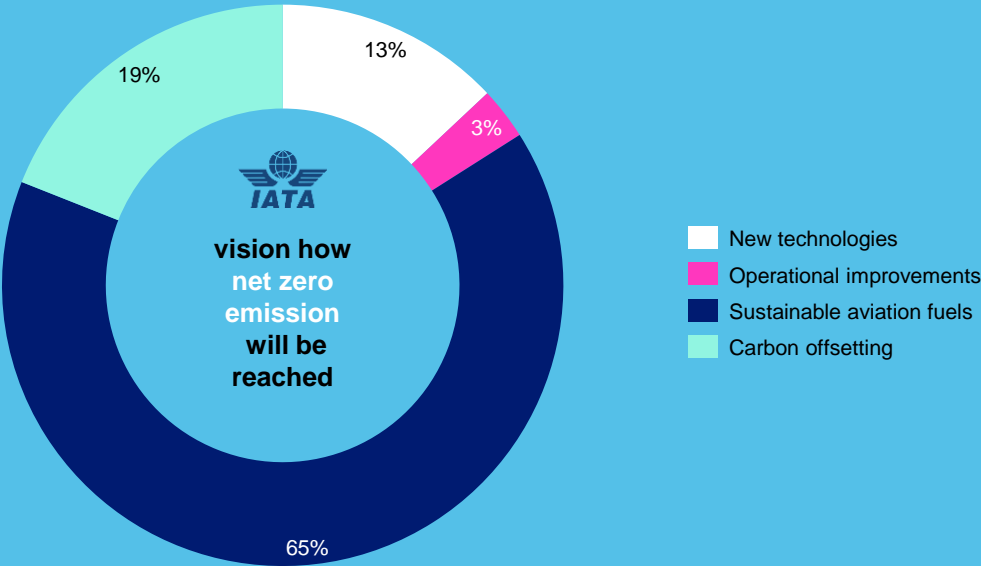
- Current fleet composition is well suited for the route network
- In next few years additions will be with current aircraft types
- In the second half of this decade the 757s will be replaced where several options are available



Icelandair's commitment is to reduce emissions by 50% per OTK by 2030 and achieve net zero by 2050

Combination of measures required

-  Fleet renewal / new technologies
-  Operational improvements
-  Sustainable aviation fuels
-  Carbon offsetting / capture



* Icelandair's target is to reduce carbon emissions by 50% per Operational Ton Kilometer by 2030 compared to 2019

Ambitious flight schedule in 2022

80%
of 2019 capacity

50
Destinations

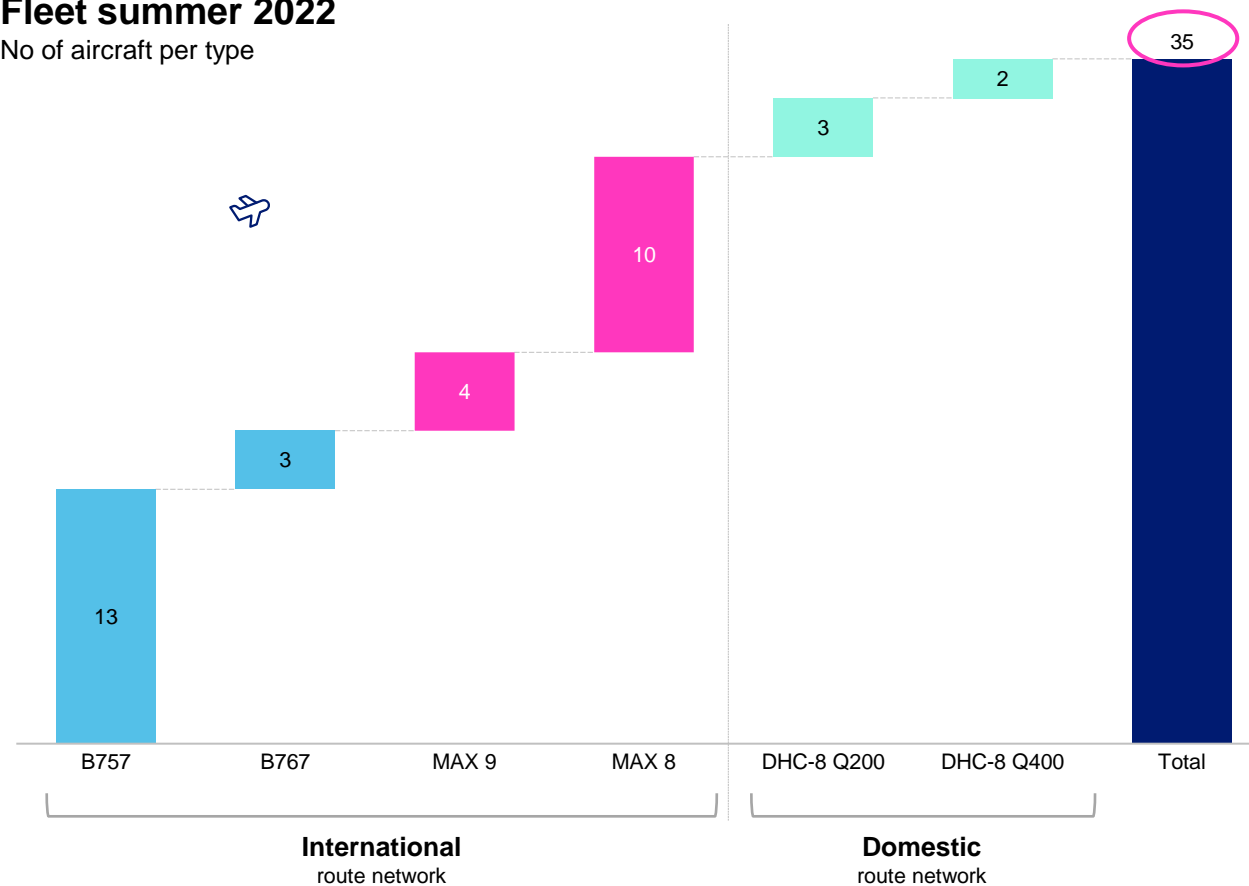
677
Connections

420
Weekly flights



35 aircraft serving
the route network
in summer 2022
thereof 14 MAX

Fleet summer 2022
No of aircraft per type



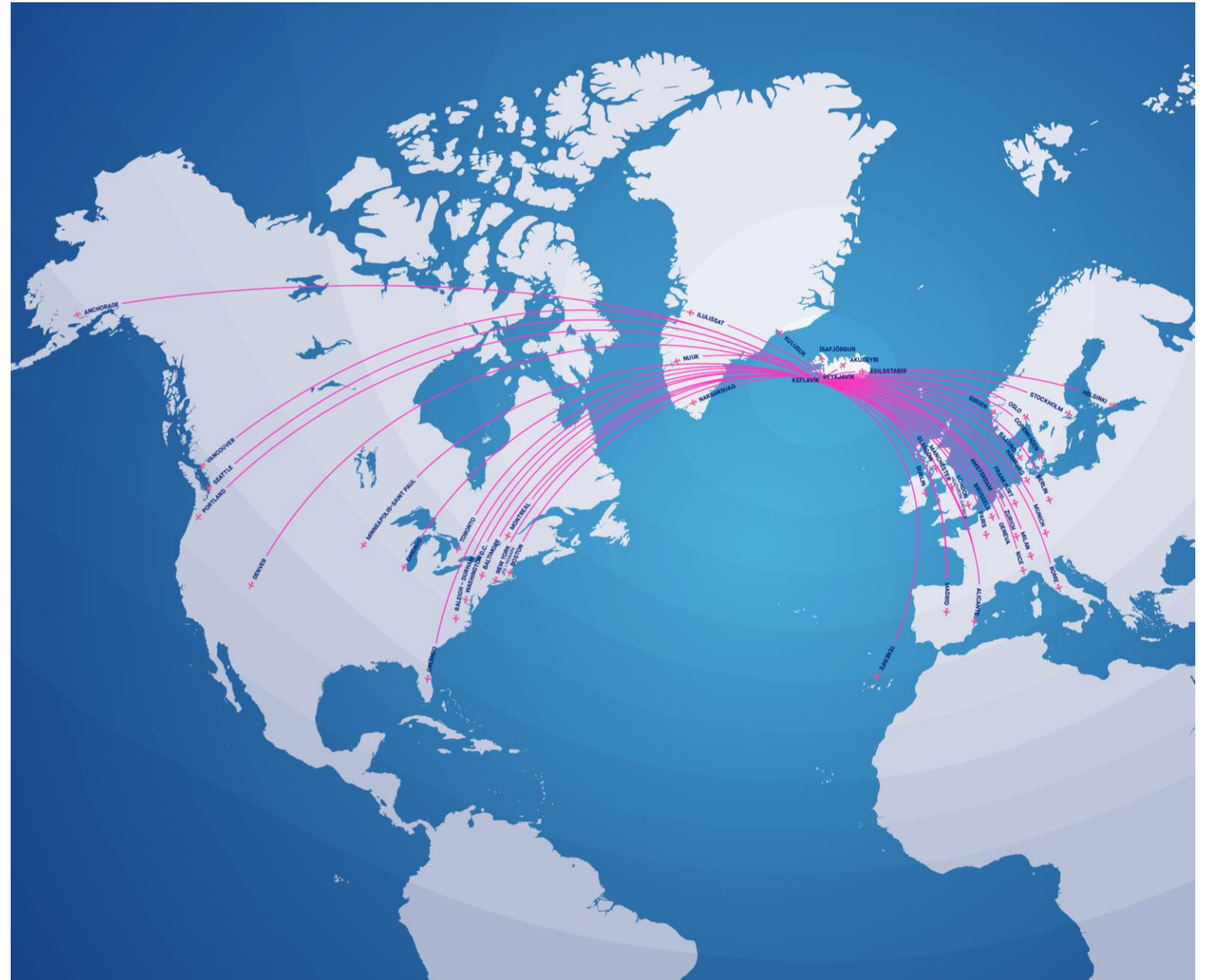
Two connection banks summer '22

Primary connection bank

- Operated throughout the year
- Departures to Europe between 7 and 8 in the morning
- Departures to N-America in the afternoon around 5

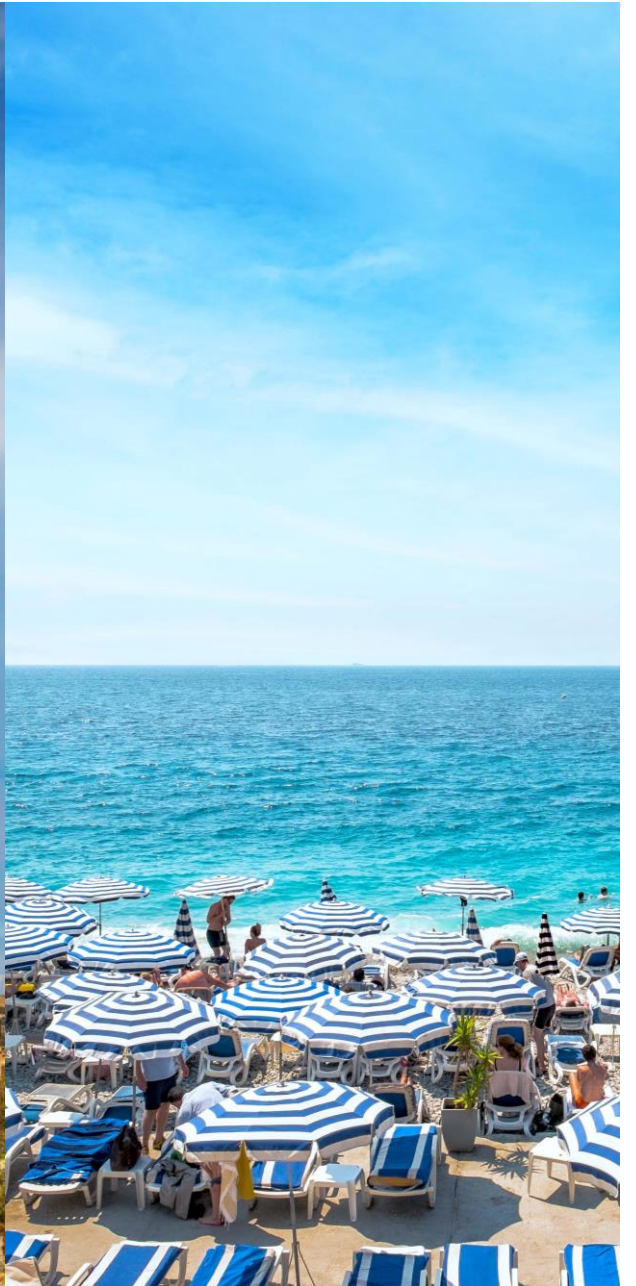
Second connection bank

- Operated May throughout September
- Departures 2 hours later than in the primary bank
- Plan is to strengthen the second bank and extend the operating season



4 new destinations

Raleigh-Durham, Salzburg, Rome, Nice



The booking inflow has rebounded from the negative effect of the Omicron variant on booking inflow in December

Booking development



Continued positive outlook for Cargo and plans for organic growth



**At the same time, our leasing operations
continue to support our return to profitability**



Guidance 2022

Subject to development of various external factors*

 Omicron having a negative impact on Q1 2022

 Full year EBIT of 3%-5%

 Positive net results for the year

Strong platform to reach our primary objective to return to sustainable operating results



Unique and flexible route network



Strong financial position



Clear strategy and management focus



Streamlined and simplified operation



Outstanding team of employees

Q&A

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