

# Q1 2022 results

29 April 2022



# Highlights

## Significant revenue and load factor improvement

EBIT negative of USD 58 million

Revenue almost tripled

Load factor 67%

Higher fuel price

Investments in preparation for the peak season impacted expenses

Cargo and leasing business returned profit



## Liquidity and financial position strong

Total liquidity USD 383.0 million

Equity ratio at 15%

USD 120 million undrawn government guaranteed credit facility terminated



## Clear signs of pent-up demand

Load factor continues to improve in April

Bookings continue to materialize later than pre-Covid

To and from markets showing clear signs of pent-up demand

Via bookings expected to strengthen when Covid-testing on the US border are eased



# Financials

Ívar Sigurður Kristinsson, CFO

# EBIT negative USD 58 million

Operating income increasing by USD 101 million. Cargo and Leasing both profitable during the quarter

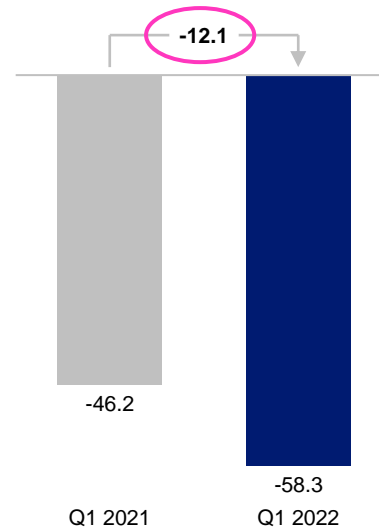
## Profit loss statement

USD million

USD million	Q1 2022	Q1 2021	Change
Transport revenue	125.2	36.8	88.4
Aircraft and aircrew lease	13.7	11.0	2.7
Other operating revenue	19.8	9.5	10.3
<b>Operating income</b>	<b>158.7</b>	<b>57.3</b>	<b>101.3</b>
Salaries and other personnel expenses	66.2	35.3	30.9
Aviation expenses	79.0	21.4	57.6
Other operating expenses	45.3	18.7	26.6
<b>Operating expenses</b>	<b>190.4</b>	<b>75.4</b>	<b>115.0</b>
Depreciation and amortization	26.6	28.2	-1.5
<b>EBIT</b>	<b>-58.3</b>	<b>-46.2</b>	<b>-12.1</b>
<b>EBIT ratio</b>	<b>-36.8%</b>	<b>-80.6%</b>	<b>43.8 ppt</b>
<b>EBT</b>	<b>-62.5</b>	<b>-40.2</b>	<b>-22.3</b>
<b>Net loss</b>	<b>-49.7</b>	<b>-30.1</b>	<b>-19.6</b>

## EBIT

USD million



- Operating income almost tripled between years
- The impact of Covid-19 reduced between years despite Omicron negatively affecting passenger revenue in January and February
- Passenger revenue up in all markets
- Cargo and Leasing both profitable during the quarter
- Cost development reflects increased operation and investment in preparation for the peak season
- High fuel price negatively affecting results

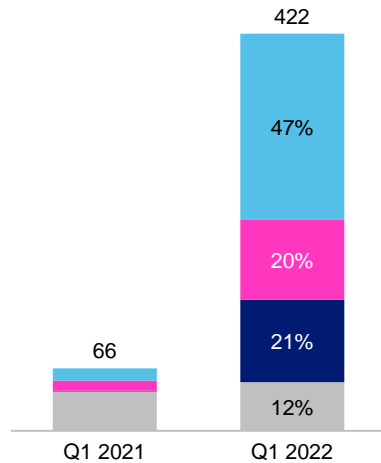


# Capacity in the route network increased ninefold between years and reached 58% of 2019 levels

## Passenger mix

Thousands

- To
- From
- Via
- Within



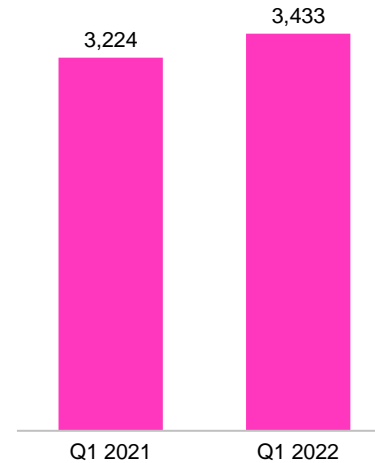
## Freight ton kilometers

FTK '000



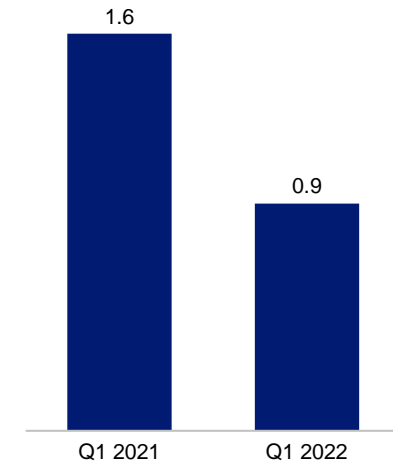
## Sold block hours

Leasing operation



## CO2 emissions

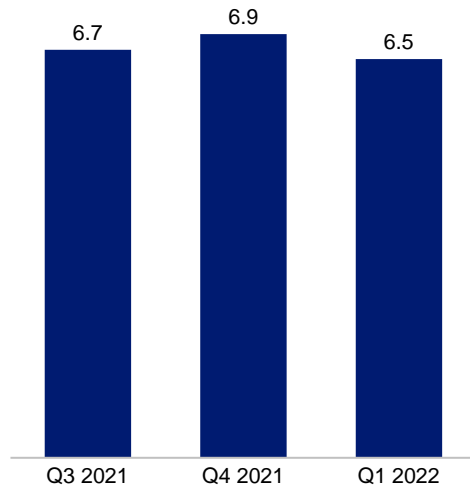
Per OTK\*



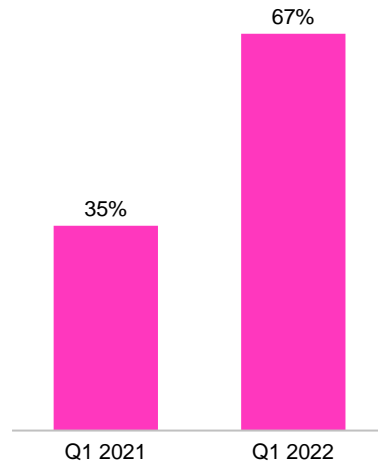
# Positive RASK development in the low-season first quarter

Yield and load factor improves within the quarter

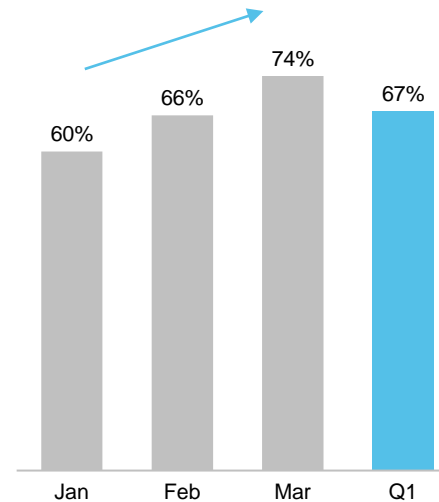
**RASK\***  
US cent



**Load factor**  
% Q1 2021 vs Q1 2022



**Load factor 2022**  
% per month and Q1



## Positive RASK development during the quarter

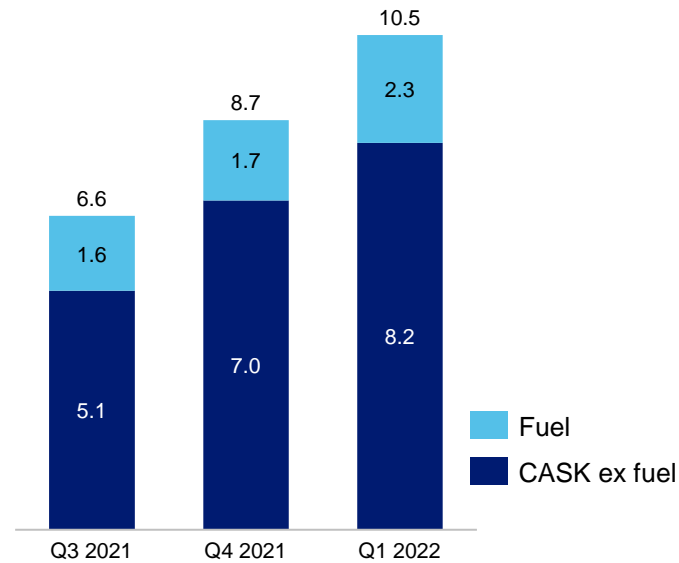
- Strong revenue management with the load factor steadily rising within the quarter and improved yields vs. Q4
- Higher load factor in Saga Premium
- Disciplined capacity management
- Clear signs of pent-up demand especially on point-to-point markets



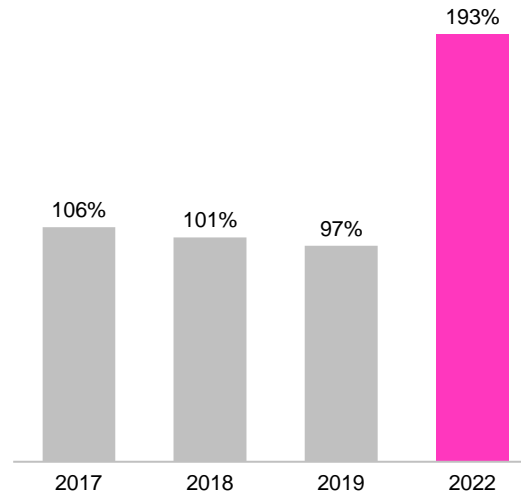
# CASK development impacted by high fuel price, seasonal capacity fluctuations and investment in peak season

Q3 capacity in relation to Q1 capacity significantly larger in 2022 than in “usual” year

**CASK\***  
US cent



**Planned Q3 capacity growth as % of Q1**  
2017-2022



## Main changes in CASK

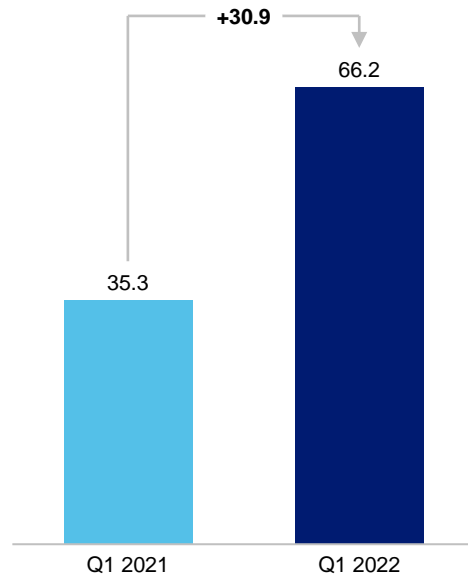
- 19% less production than in Q4
- Fuel CASK 34% higher in Q1 2022 vs Q4 2021
- Higher % of B737 MAX flights positively impacting fuel costs and countering increase in fuel prices
- Contractual salary increase
- Focus on cost management
- Investment for summer i.a.:
  - hiring and training of new employees
  - induction of three new 737 MAX aircraft



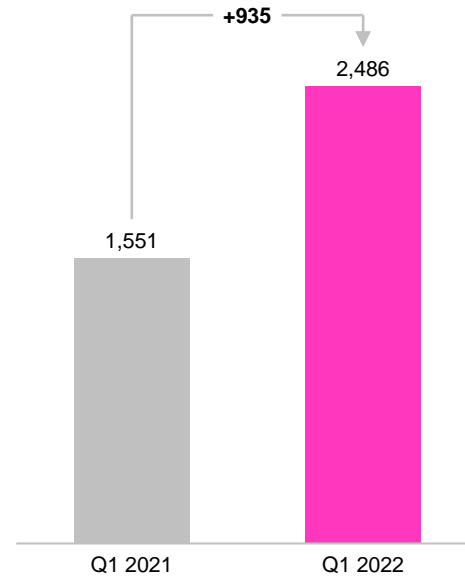
# Salaries and salary related expenses USD 66.2 million

Number of employees increased by 183 during the quarter

**Salaries and related**  
USD million



**Average # of full-time employees**



## Continued ramp up of capacity capabilities and infrastructure

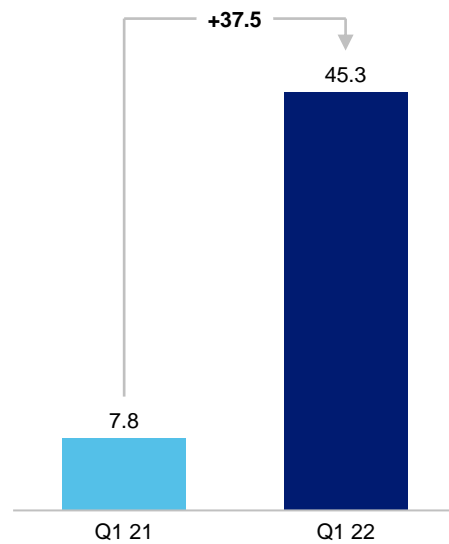
- The average number of full-time employees increased by 935 in the last 12 months
- The number of employees increased by 183 during the quarter, including pilots, cabin crew and ground handling staff who all underwent training during the quarter





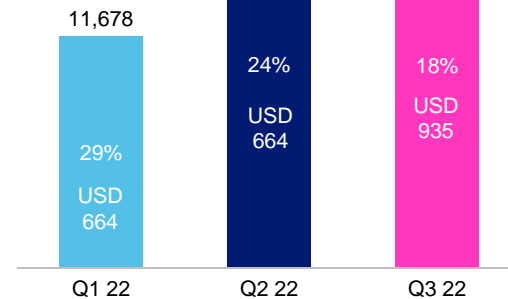
# High fuel price and more production driving higher fuel cost

**Fuel cost**  
USD million



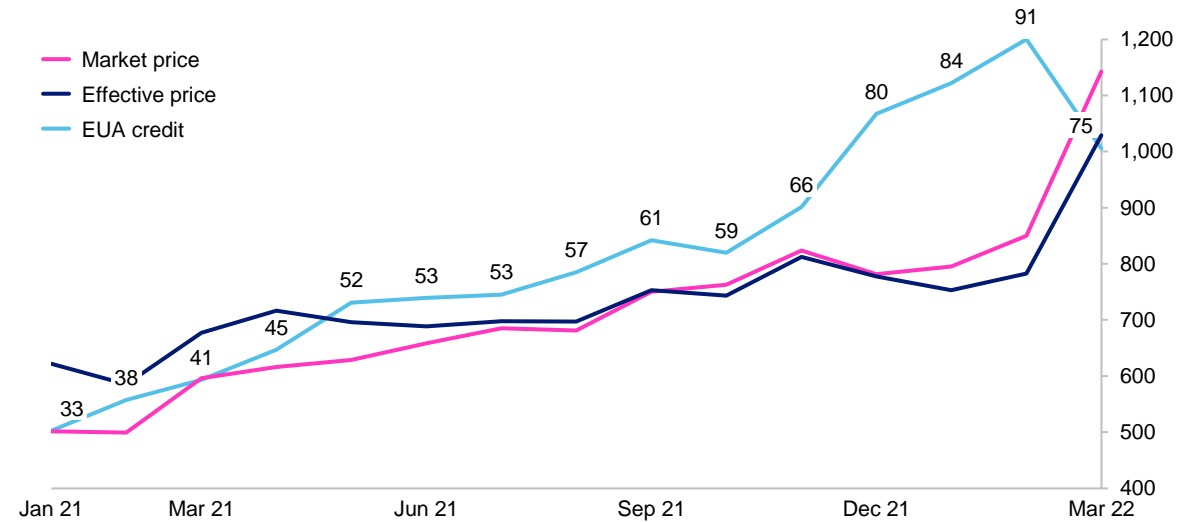
**Hedge position**

Overview ton, hedge %, strike price \$/mt



**Average fuel and EUA credit prices**

Market and effective: USD / mt  
EUA: EUR / credit

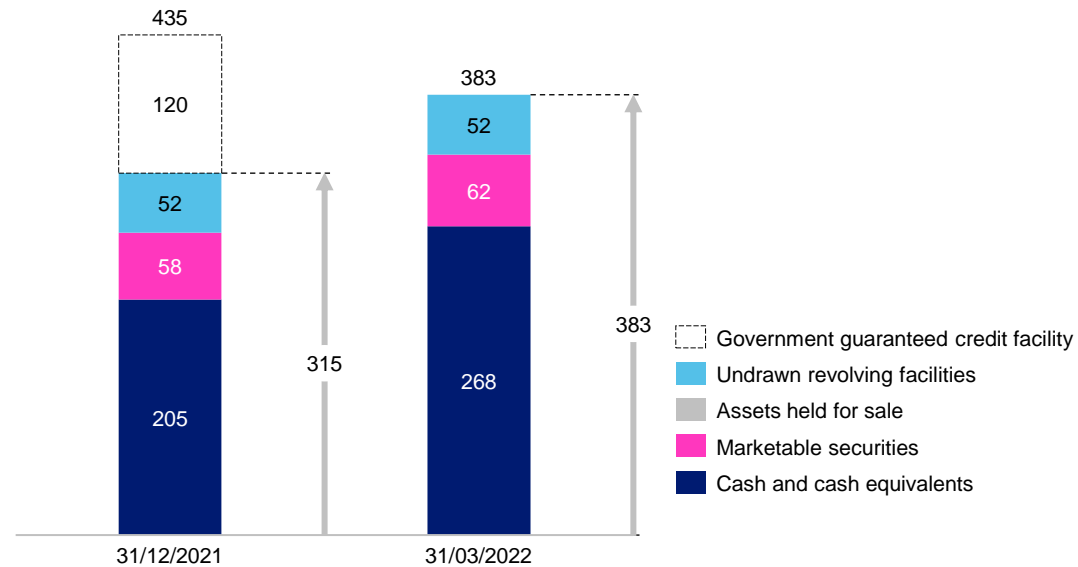


# Total liquidity USD 383 million at the end of Q1 2022

Government guaranteed credit facility terminated in the quarter

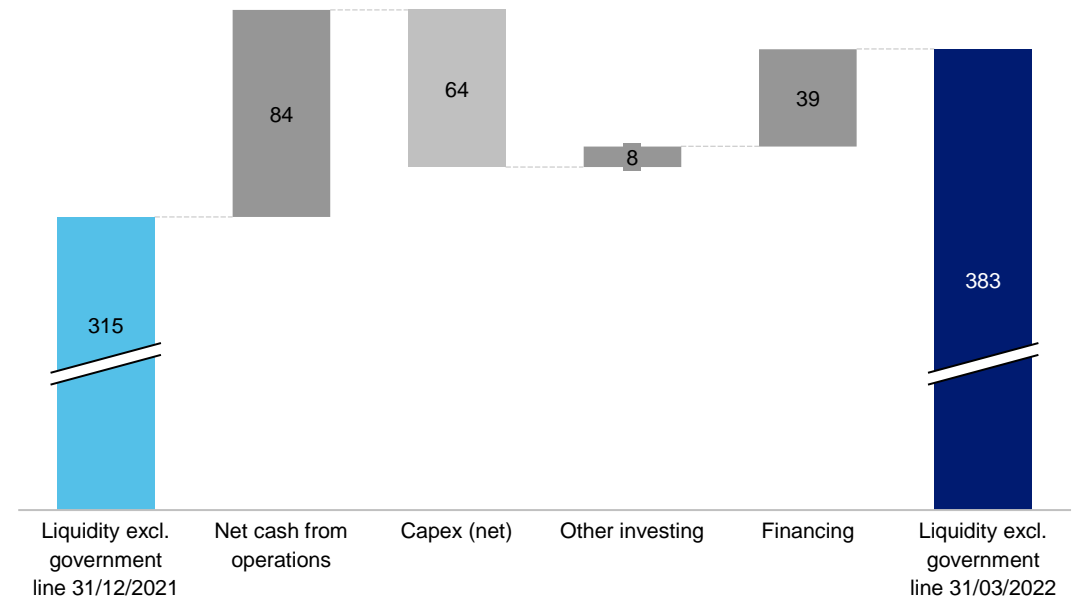
## Total liquidity

Breakdown in USD million



## Liquidity development

Development in Q1 2022 in USD million

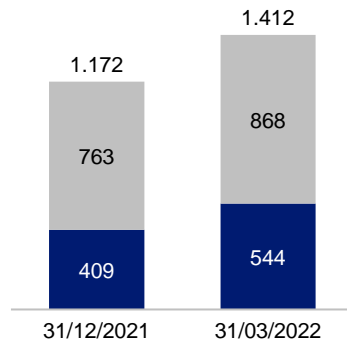


# Seasonality (build up of forward bookings) and aircraft acquisition drive larger balance sheet

## Assets

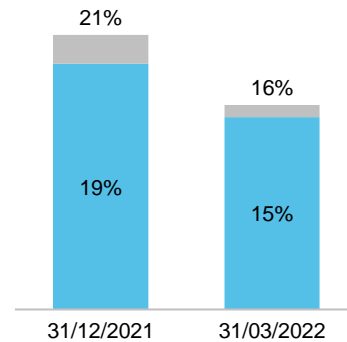
USD million

■ Non-current assets  
■ Current assets



## Equity ratio

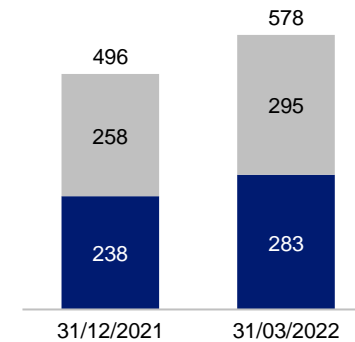
■ Equity ratio excl. warrants  
■ Equity ratio



## Financial liabilities

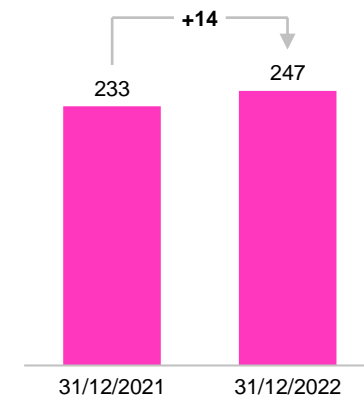
USD million

■ Interest bearing debt  
■ Lease liabilities



## Net financial liabilities

USD million



# Business update and outlook

Bogi Nils Bogason, CEO

# Moving towards “normal” operations



**~2,500**

Full time  
employees



**45**

Aircraft



**49**

Destinations



**644**

Network  
connections

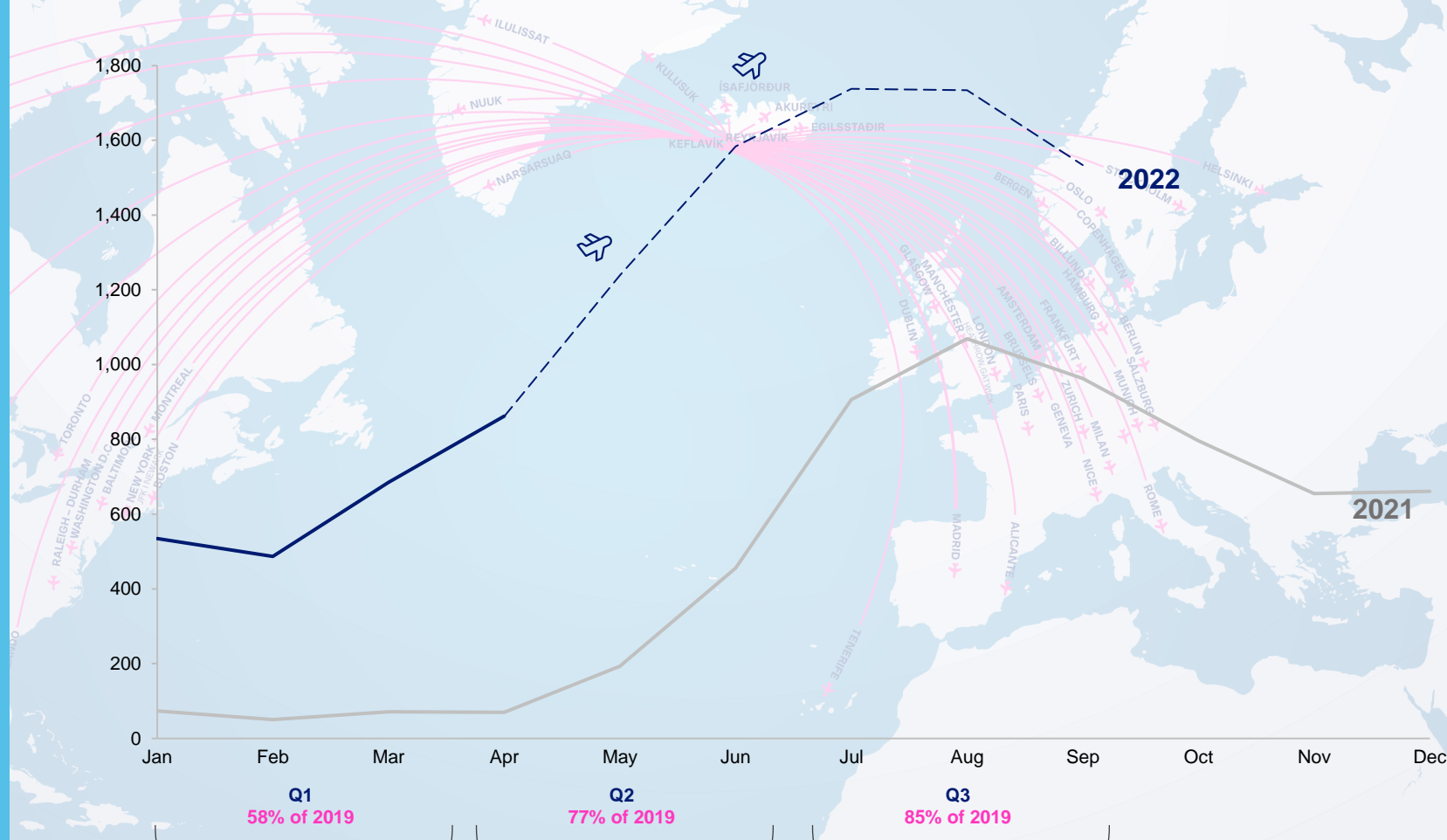


**412**

Weekly departures  
peak season

# Ambitious summer schedule 2022

**Capacity total route network**  
In available seat kilometers (ASK'000) per month



# Clear signs of pent-up demand for travel



Load factor continues to improve in April compared to previous months



Bookings continue to materialize later than pre-Covid



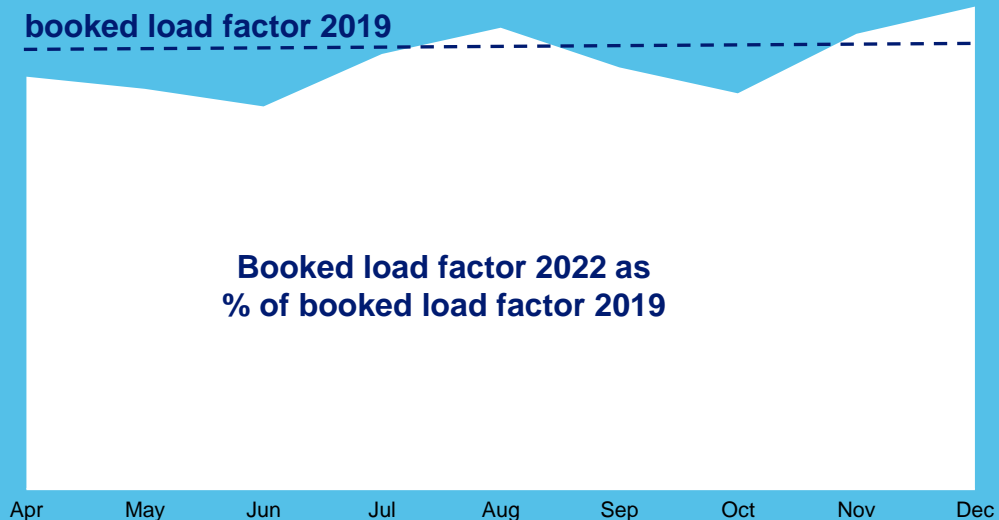
Clear signs of pent-up demand particularly in the markets “to” and “from” Iceland



“Via” bookings expected to strengthen when Covid-test requirements are eased at the US border



Booking status for Q3 is healthy and resembles pre-pandemic booking behavior



# Positive outlook in Cargo and leasing

## Cargo operation

- Favorable outlook for 2022
- Demand expected to be strong in all markets
- Capacity will be increased in Q4 with the addition of two B767-300 freighters

## Leasing operation

- Outlook improving in the global market for ad-hoc and long-term charters have improved although it has not reached pre-Covid levels





# Outlook



Accumulated net profit in Q2 and Q3, the latter one significantly stronger



Geopolitical unrest in Europe causing considerable uncertainty post high season



A full year guidance therefore not published

# Q&A

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