



Q1 2021 results

Investor meeting 30 April 2021



Highlights

Results Q1 2021

Strong cargo performance,
disciplined network
management and cost control

Revenues down by 73%, EBIT
negative of USD 46.2 million
and net loss USD 30.1 million



Strong financial position

Liquidity position USD 282
million on 31 March 2021

Equity ratio excluding
warrants 23%



Infrastructure in place

Operational flexibility in place
for a quick and efficient ramp-
up

Vaccinations and lifting of
travel restrictions key for
recovery



Outlook

Moderate ramp-up will start in
Q2 with further capacity
increases in Q3 2021

Booking outlook for Q4 2021
positive

Cargo outlook good and
charter interest increasing

A financial guidance will not be
provided due to continued
uncertainty



Financials

Eva Sóley Guðbjörnsdóttir
CFO Icelandair Group



Net loss USD 30.1 million

Improvement by USD 210.1 million

- Strong cargo performance, disciplined network management and cost control
- Total revenue decreasing by 73%
- Capacity of Icelandair decreased by 92% and number of passengers by 89% between years
- Cargo operation strong with revenues 64% above last year and over pre-COVID levels
- 737 MAX reintroduced to service
- Integration of Air Iceland Connect completed in Q1

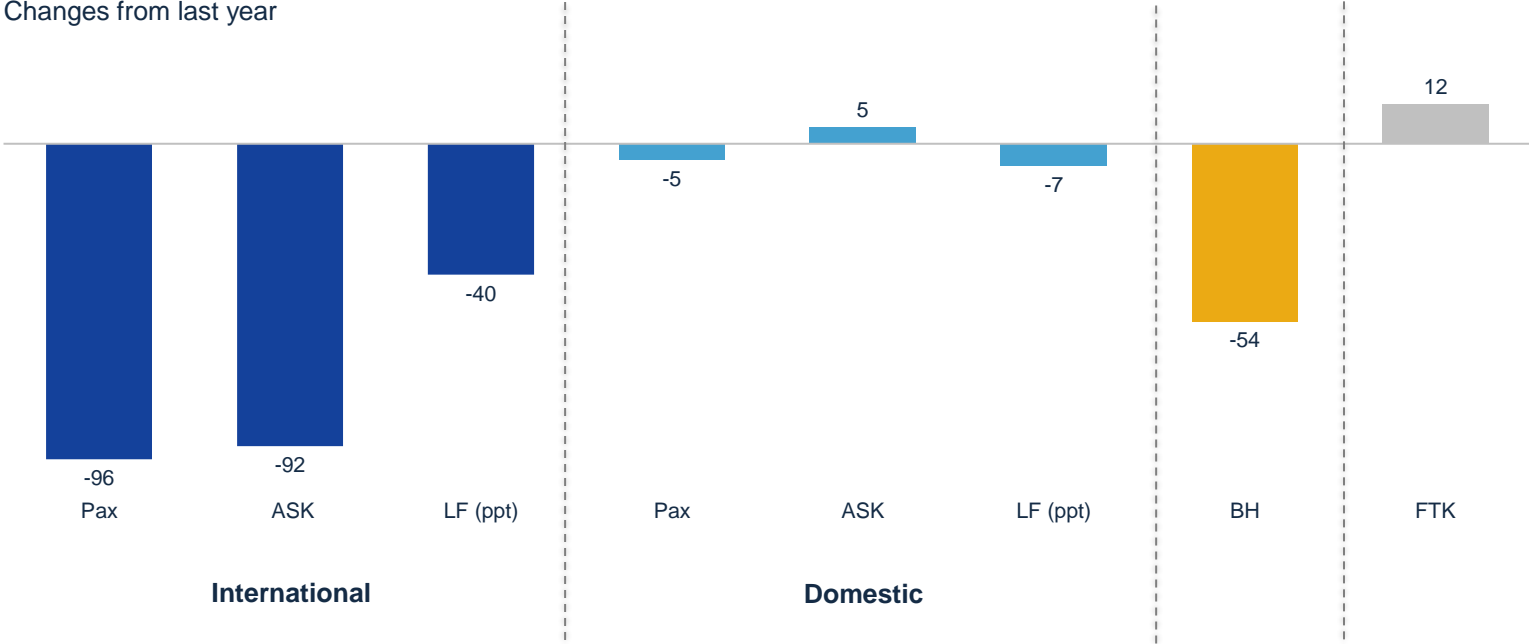
USD million	Q1 2021	Q1 2020	Change
Transport revenue	35.6	144.0	-108.5
Aircraft and aircrew lease	11.0	26.7	-15.7
Other operating revenue	10.8	38.3	-27.5
Operating Income	57.3	209.0	-151.7
Salaries and other personnel expenses	35.3	80.5	-45.2
Aviation expenses	21.4	90.6	-69.2
Other operating expenses	18.7	86.5	-67.8
Operating Expenses	75.4	257.6	-182.2
Depreciation and amortization	-28.2	-43.7	15.6
Impairment	0.0	-116.2	116.2
EBIT	-46.2	-208.5	162.3
EBIT ratio	-80.6%	-99.8%	19.2 ppt
EBT	-40.2	-264.4	224.2
Net loss	-30.1	-240.2	210.1



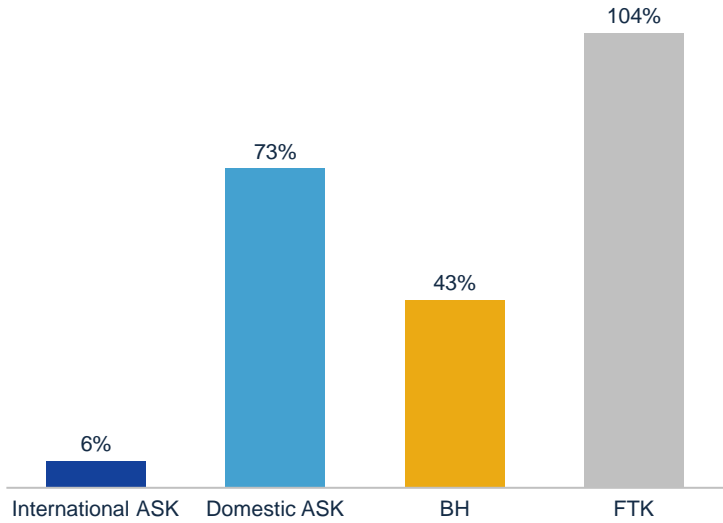
Traffic Data

Extended travel restrictions continue to lead to limited travel demand

Q1 2021
Changes from last year

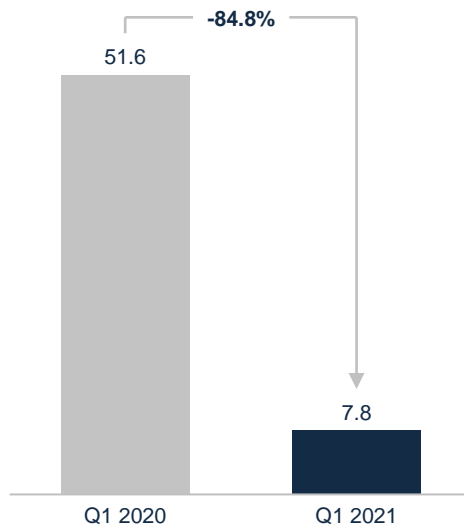


KPIs as % of Q1 2019



Fuel cost USD 7.8 million

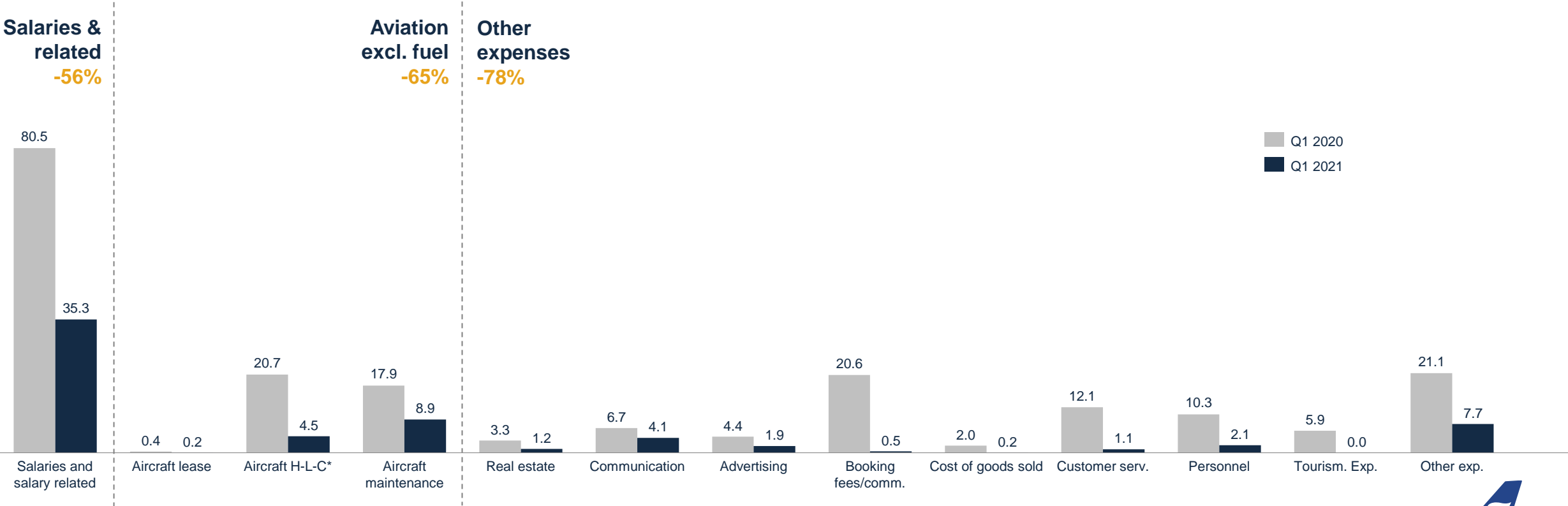
Fuel cost
USD million



- + Restructuring in July 2020 resulted in considerable reduction in hedged volume and a longer horizon
- + The Company monitors the market closely but has not yet resumed any hedging activities since early 2020
- + Negative mark-to-market of open hedge positions at Q1 2021 end amounted to USD 10.3 million (USD 7.0m net of collateral) with a strike price of 664 USD/tonne
- + Hedging policy under review



All main deviations in expenses between years are directly related to the adverse effects of the pandemic



7 All figures are in USD millions; * H-L-C = Handling, Landing, Communication



Balance sheet

Assets

	31 Mar 2021	31 Dec 2020
Operating assets	472.4	498.4
Right-of-use assets	107.3	119.8
Intangible assets and goodwill	56.7	60.3
Other non-current assets	77.2	73.7
Total non-current assets	713.6	752.2
Other current assets	22.4	23.4
Derivatives used for hedging	0.0	0.0
Trade and other receivables	121.1	99.3
Assets classified as held for sale	5.1	0.0
Marketable securities	56.0	41.7
Cash and cash equivalents	53.5	117.7
Total current assets	258.0	282.1
Total assets	971.6	1,034.2

Equity and liabilities

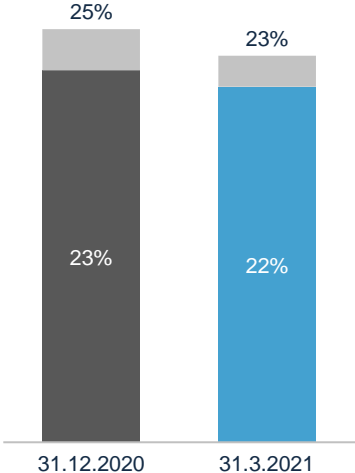
	31 Mar 2021	31 Dec 2020
Shareholders' equity	209.1	232.8
Loans and borrowings non-current	236.1	239.6
Lease liabilities	107.7	119.7
Derivatives for hedging	2.5	6.0
Warrants	6.8	18.6
Other non-current liabilities	18.1	17.1
Total non-current liabilities	371.2	401.0
Loans and borrowings current	21.0	24.0
Lease liabilities	26.8	26.9
Warrants	11.4	9.1
Derivatives used for hedging	7.6	11.3
Liabilities classified as held for sale	4.0	0.0
Trade and other payables	119.7	141.7
Deferred income	200.9	187.4
Total current liabilities	391.4	400.5
Total liabilities	762.5	801.4
Total equity and liabilities	971.6	1,034.2



Net interest-bearing debt excluding lease liabilities USD 147 million

Equity ratio

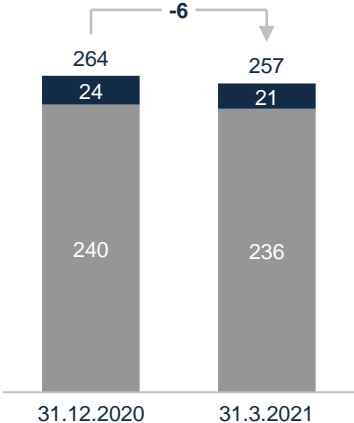
■ Excluding warrants



Interest-bearing debt

USD million

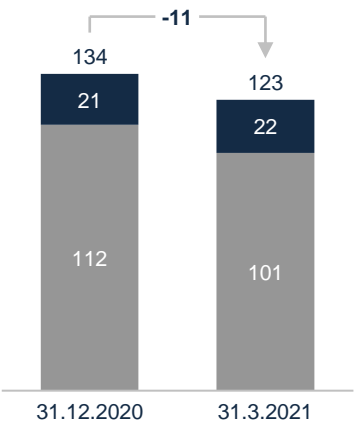
■ Current ■ Non-current



Net lease liabilities

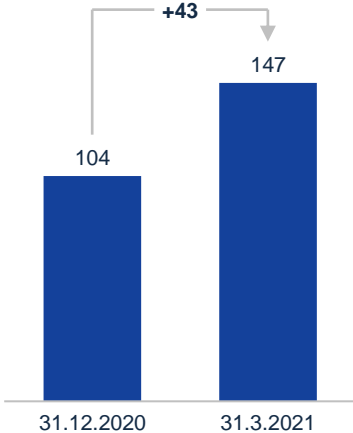
USD million

■ Current ■ Non-current



NIBD excl. lease liabilities

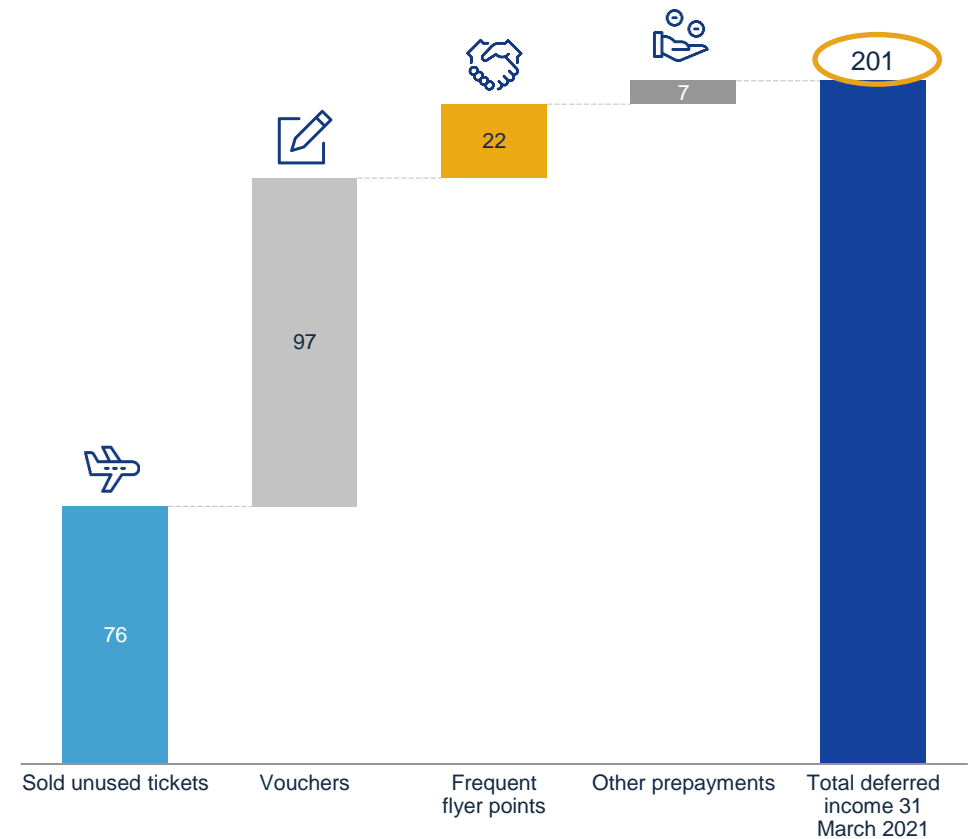
USD million



Deferred income
USD 200.8 million

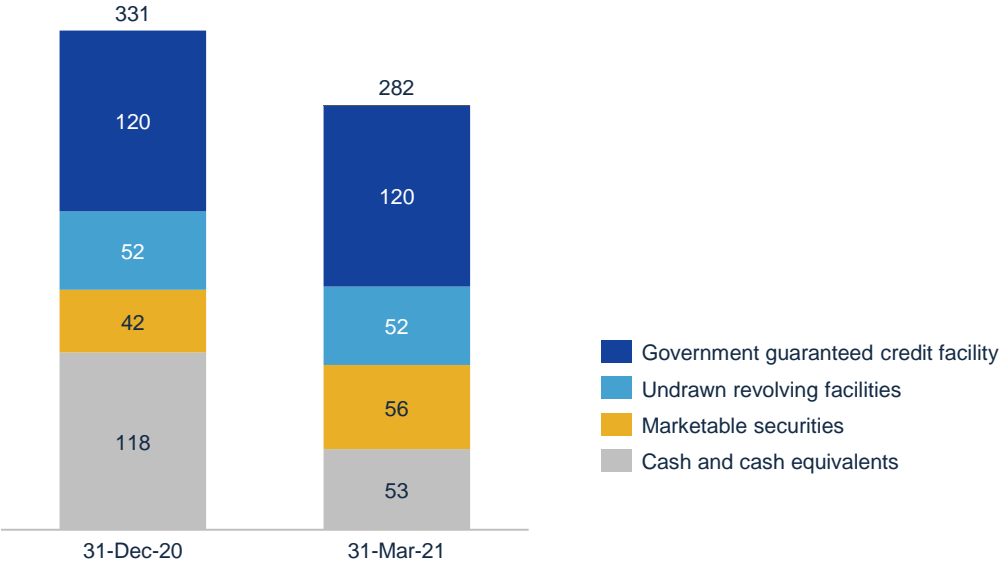
Vouchers
representing USD
96.6 million thereof

Deferred income 31 March 2021
USD million

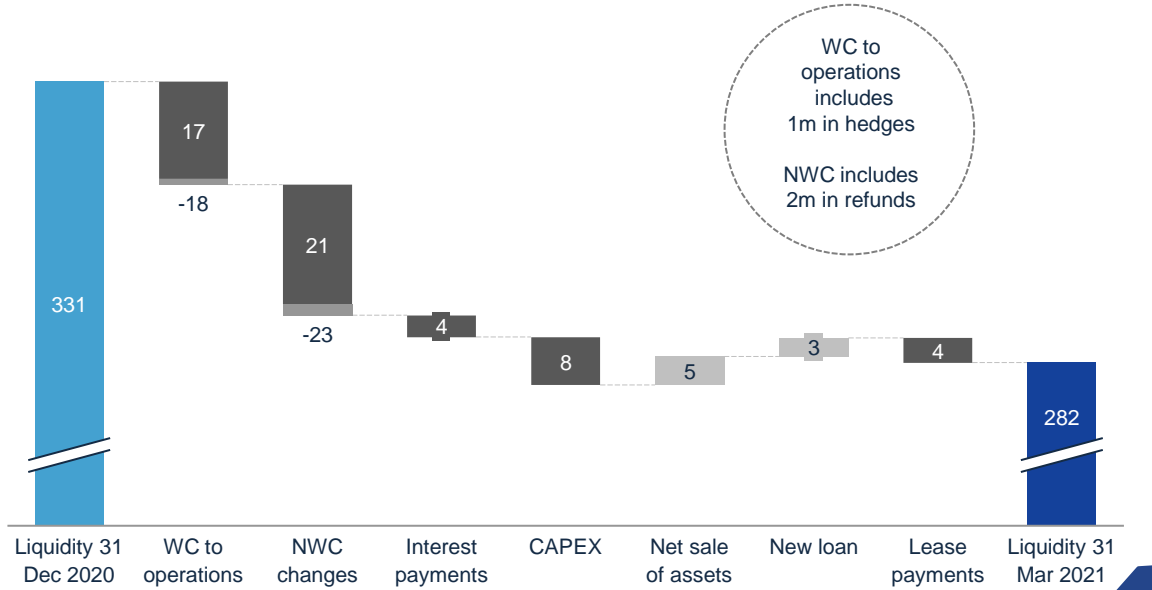


Liquidity position USD 282 million at 31 March

Liquidity breakdown
USD million



Liquidity developments in Q1 2021
USD million



Business update and outlook

Bogi Nils Bogason

President and CEO Icelandair Group



Divestments and simplification

In line with our strategy to focus on streamlining our core business

Sale of 25% stake in Icelandair Hotels

The shares are expected to be delivered in Q2 2021 following fulfillment of all conditions



Sale of Iceland Travel

Sales process initiated in February

The sales process is currently ongoing and the Company expects to reach an agreement with a potential buyer in Q2 2021



Integration of Air Iceland Connect

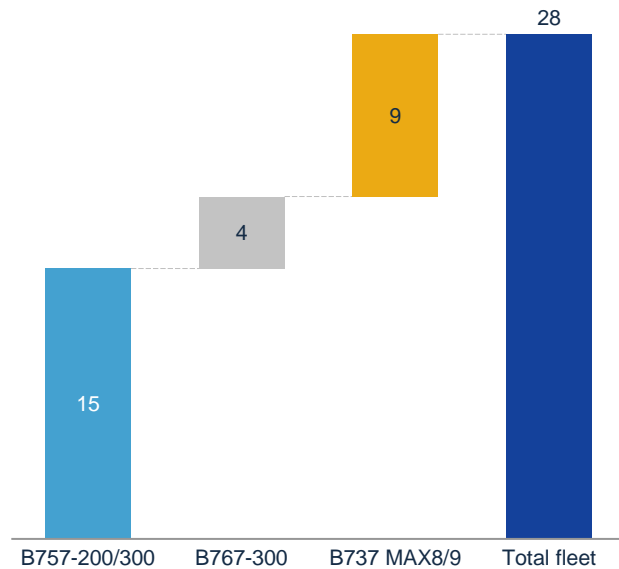
Completed in March with estimated annual cost synergies of about USD 3 million

Increased revenues expected from integration of brands, distribution systems and networks

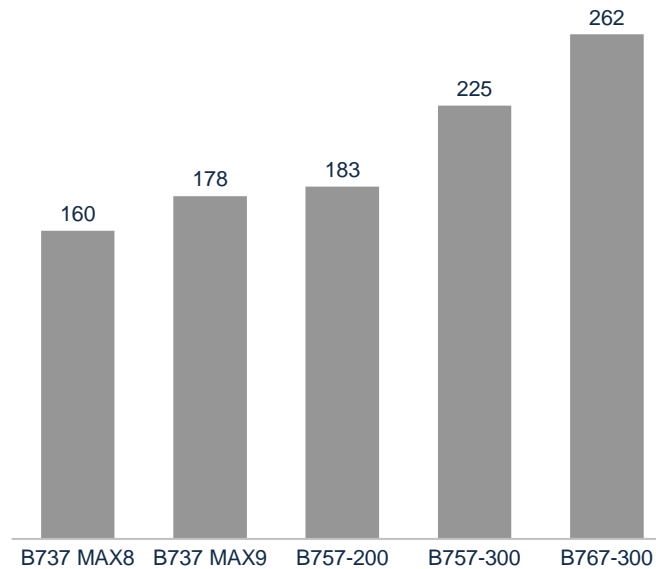


Fleet available for international passenger network of summer 2021

Available fleet



Seat range in fleet

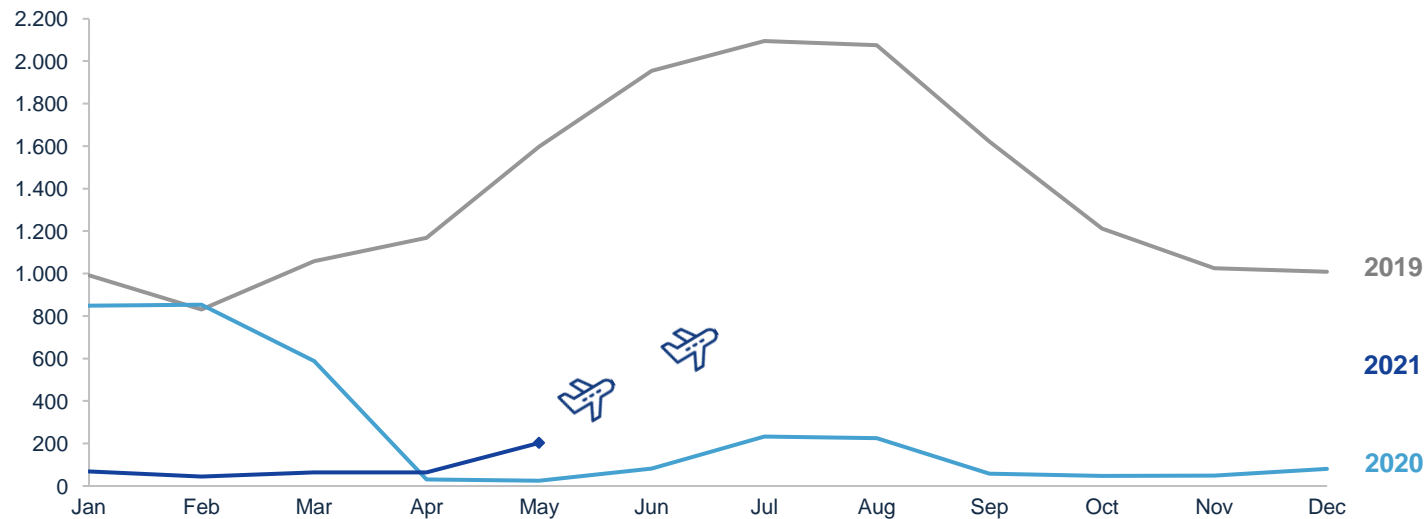


- Three new MAX aircraft expected to be delivered in the spring of 2021 in addition to the six Boeing 737 MAX aircraft already in Icelandair's fleet
- New calculations based on operational experience underscore the capabilities of the aircraft in the route network of Icelandair, both regarding fuel efficiency and payload-range capabilities, creating new opportunities in Icelandair's network



Operational flexibility to rapidly increase the frequency and destinations to match demand

Available seat kilometers (ASK) in millions



- During the last four weeks, the bookings have more than doubled compared to the previous four weeks
- Icelandair will start a moderate ramp-up in the second quarter with further increase in production in the third quarter 2021
- In May, Icelandair adds Tenerife to its network and resumes service to Munich, New York, Seattle, Chicago, Denver and Washington
- Outlook for bookings in Q4 2021 is positive



Passenger route network outlook

N-America

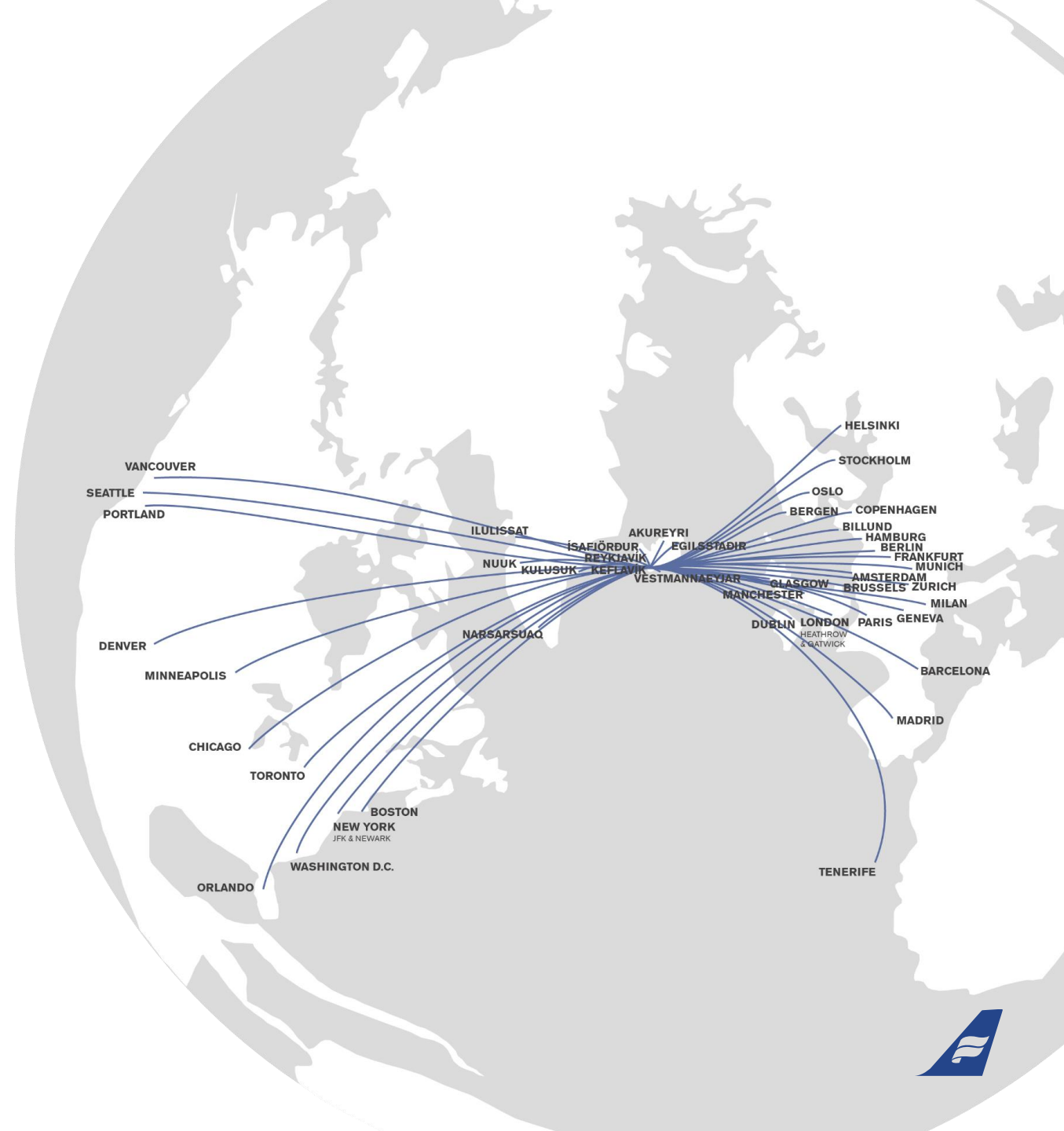
- Strong interest from the United States for visiting Iceland
- Bookings from our destinations in the US have increased in the last few weeks

Europe

- Bookings currently slower but expected to increase when travel restrictions will be eased
- The expected opening of Europe to vaccinated US travelers is a positive sign for the VIA market

Domestic

- Positive outlook for Icelandair's domestic operations and capacity is expected to reach 2019 levels in June



Acceleration of vaccinations and lifting of travel restrictions will fuel recovery

Overview of vaccination status and travel restrictions on 30 April 2021

31%

Canada: Borders closed to most foreign visitors, with exemptions. Airline passengers are permitted to transit through Canadian airports

43%

US: Schengen travelers, having stayed in Schengen membership countries within 14 days of arrival, denied entry



26%

Iceland: Passengers with proof of vaccination exempt from quarantine

23%

Sweden: Ban for travelers outside EU & Schengen until 31 May

23%

Norway: Foreign travellers not residents of Norway banned

22%

Denmark: Entry requirements based on a color-coded system

50%

UK: Essentially no restriction for NA or EU

24%

Germany: Entry banned from most countries outside EU & Schengen

21%

France: EU & selected countries open

24%

Spain: Non-essential travel for most countries outside the EU and Schengen banned until 30/4

22%

Italy: EU, Schengen & selected countries open

28%

Finland: Inbound travel from Schengen banned excl. Iceland until 25/5

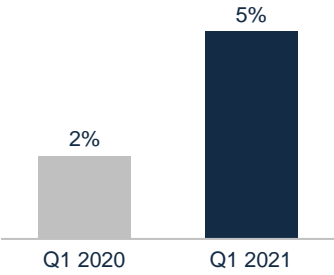


Favourable outlook for Icelandair Cargo

Freight volumes regained pre-COVID levels

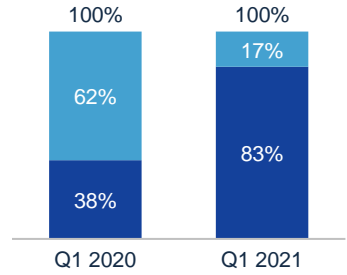
Transit freight gaining momentum

Transit freight as % of total freight:



Most of the freight will continue to be transported with freighters until the capacity in the Icelandair route network has recovered

■ Passenger holds ■ Freighters



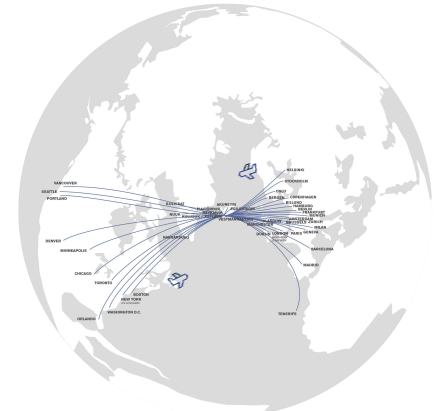
Investment in conversion of two B767-300ER aircraft into freighters

The new freighters carry around 50% more freight than the current two B757-200 freighters in the fleet

The aircraft to be introduced in fall 2022



The strategy is to increase cargo capacity in main markets and strengthen Iceland as a cargo hub





Increased interest from charter and leasing markets and improved demand expected for the second half of the year

**Weak demand for travel
in Q2 2021 for VITA but
outlook is good for the
second half of the year,
especially from
September and
onwards**

vita



Key takeaways



Acceptable results in Q1 during extraordinary circumstances



Strong financial position and operational flexibility in place for an efficient ramp-up



Leveraging the interest in Iceland with targeted campaigns



Increased bookings and progress of vaccinations platform for takeoff from hiatus mode in the coming weeks



Q&A



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