



# Q2 2021 results

Investor meeting 23 July 2021



# Highlights

## Extensive growth of our flight schedule

15 destinations re-introduced

Weekly flights in June 160 vs 28 in April

Number of full-time employees up by 600 in the quarter

8 aircraft reintroduced from storage and 3 Boeing MAX added

Considerable EBIT impact



## Positive cashflow from operations

Strong booking inflow for the second half of the year

Net cash from operations positive of USD 65 million increasing by USD 96.8 million compared to Q2 2020

Liquidity position USD 362 million on 30 June 2021



## Capacity gradually moving closer to 2019 level

Bookings in the international route network steadily increasing

Cargo outlook good

Still facing considerable uncertainty because of COVID impact on demand



## Bain Capital – shareholders' meeting today

Further strengthens liquidity and equity

Deep industry knowledge

See opportunities in Icelandair Group's winning business model



# Financials

Ívar Sigurður Kristinsson  
CFO Icelandair Group



# Net loss USD 54.9 million

An improvement of USD 35.9 million

- Results for the quarter impacted by the ramp-up of the international route network and investment in an ambitious flight schedule for the second half of the year
- Passenger volumes steadily rising, although the development was hampered by travel restrictions in key markets
- Total revenue increased by 27%
  - Transport revenue doubled year-on-year
  - Cargo operation strong with revenues 35% above last year
- Operating expenses growing with increase in production and preparation for continued ramp-up
- Continued focus on disciplined and tactical flight decision making resulting in cancellation of flights with negative contribution

USD million	Q2 2021	Q2 2020	Change
Transport revenue	55.0	27.6	27.4
Aircraft and aircrew lease	7.8	26.9	-19.1
Other operating revenue	14.7	6.3	8.4
<b>Operating Income</b>	<b>77.5</b>	<b>60.8</b>	<b>16.7</b>
Salaries and other personnel expenses	52.5	52.2	0.3
Aviation expenses	39.0	31.6	7.4
Other operating expenses	22.9	14.5	8.4
<b>Operating Expenses</b>	<b>114.5</b>	<b>98.3</b>	<b>16.1</b>
Depreciation and amortization	25.3	60.2	-34.9
<b>EBIT</b>	<b>-62.2</b>	<b>-97.8</b>	<b>35.5</b>
<b>EBIT ratio</b>	<b>-80.3%</b>	<b>-160.8%</b>	<b>80.5 ppt</b>
<b>EBT</b>	<b>-67.9</b>	<b>-91.9</b>	<b>23.9</b>
<b>Net loss</b>	<b>-54.9</b>	<b>-90.8</b>	<b>35.9</b>

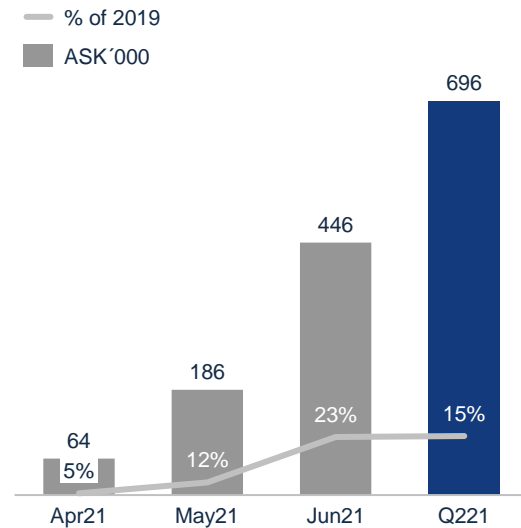


# Ramp-up started in the international route network

Destinations added and capacity increased on existing routes

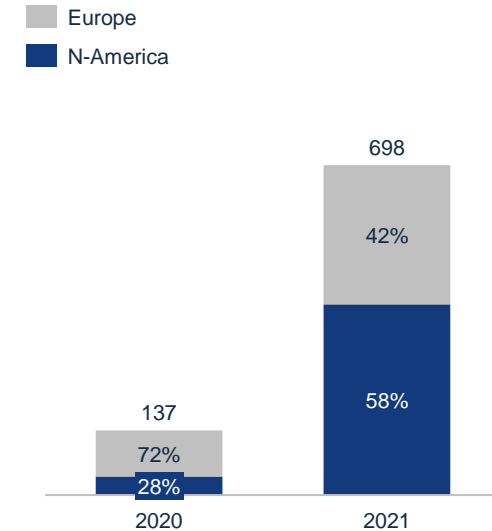
## Total ASK'000

per month Q221 and as % of Q219



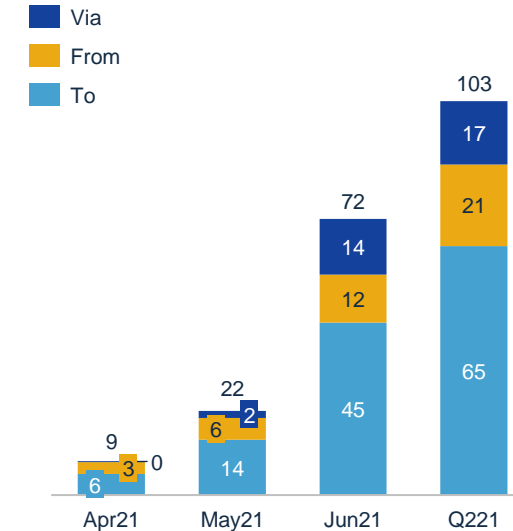
## Total ASK'000

Q221 vs Q220



## Passengers per market

per month Q221 in '000



## Destinations added

in Q221

### North America +7

New York, Minneapolis, Seattle, Washington, Denver, Portland, Chicago

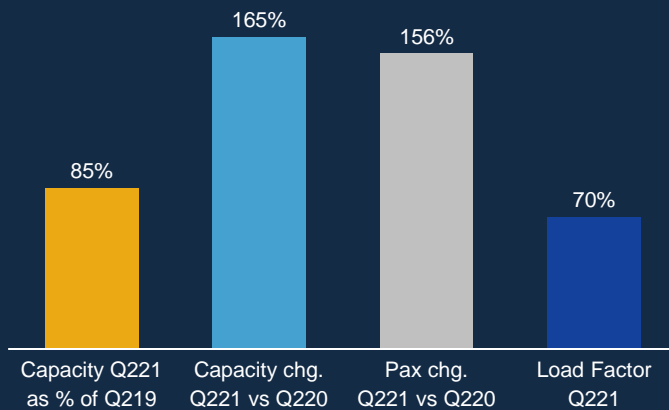
### Europe +8

Helsinki, Billund, Zurich, Brussels, Geneva, Tenerife, Berlin, Munchen,



# Domestic operation continues to show recovery and cargo operation remains strong in Q221

## Icelandair domestic passenger service shows consistent recovery



## Icelandair Cargo

- Freight Ton-Kilometers (FTK) increased by 26% year-on-year
- Increase in FTK driven by more export and transit gaining momentum
- FTK back to pre-COVID levels
- Share of transit freight increasing; 13% in Q221 vs 5% in Q220

## Loftleidir Icelandic

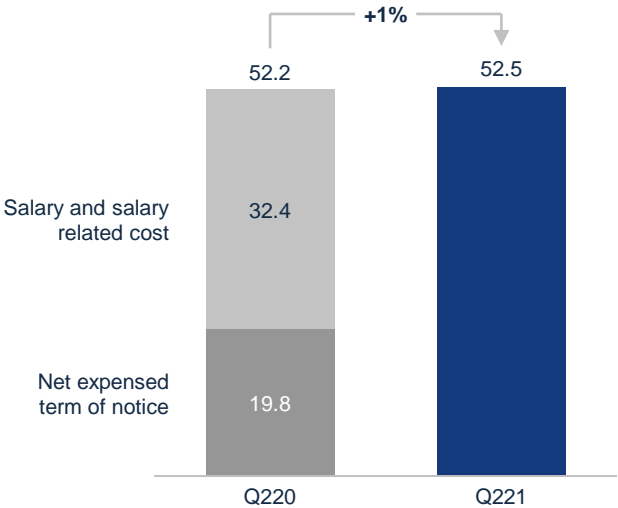
- Operation still at minimum level due to negative COVID effect on demand
- Number of sold block hours remained the same year-on-year in Q2



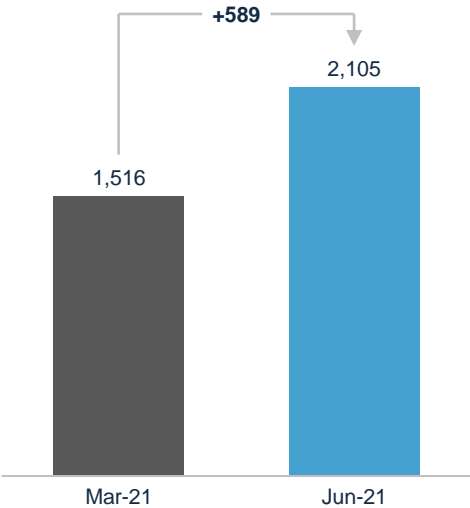
# Salaries and salary related cost USD 52.5 million in Q221

Average number of full-time employees 1,783

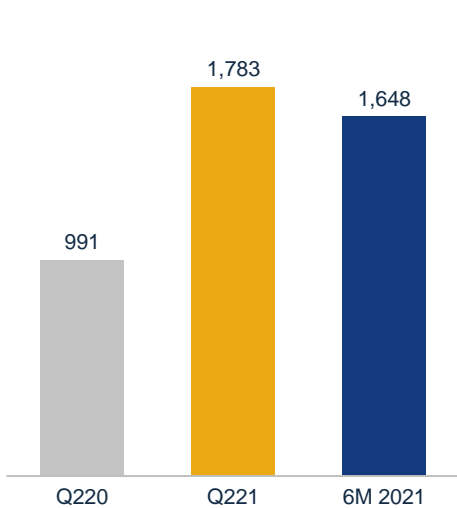
Salaries and salary related cost USD million



The number of full-time employees added in Q221

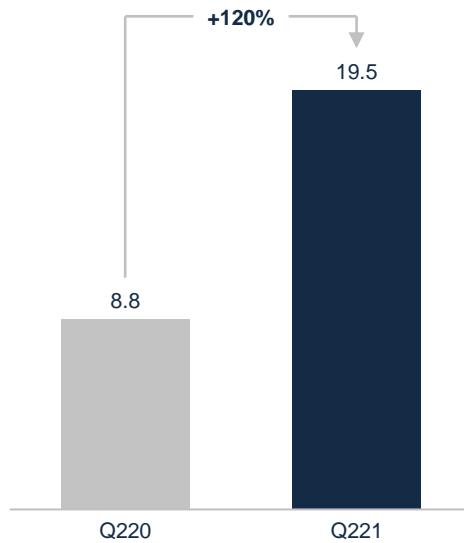


Average no of full-time employees excluding lay-offs in Q220

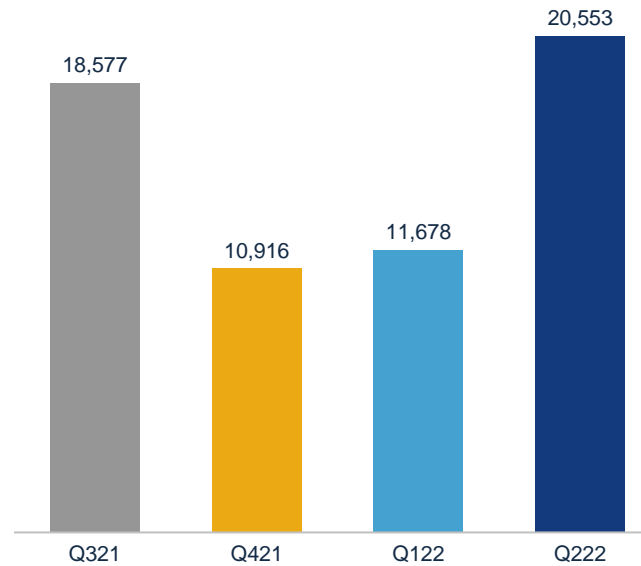


# Fuel cost USD 19.5 million

Fuel cost  
USD million



Open hedge contracts  
Overview tons in thousands

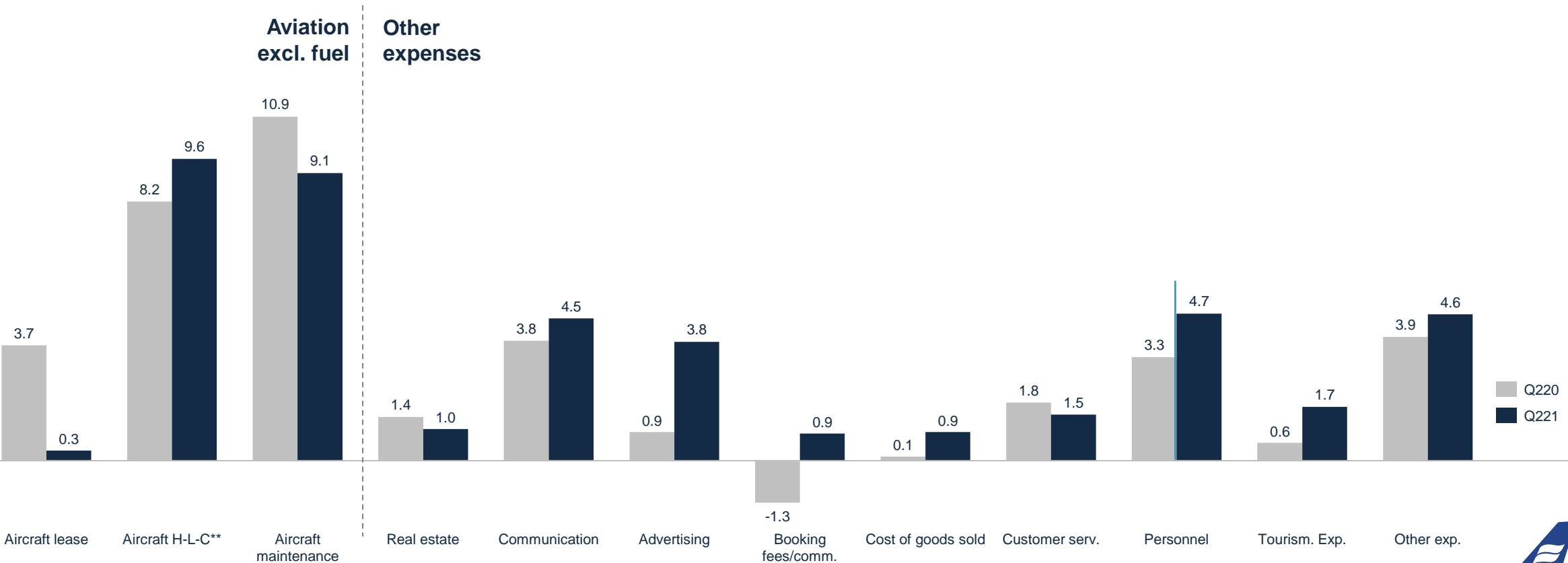


- Increased production in passenger network drives higher fuel cost
- Fuel market prices increased by 59% year-on-year
- Effective fuel price \$700 per ton in Q2 21
- Mark to market of open contracts at end of Q2 are -2.4 m USD with the average swap price of 663 USD per ton
- Total volume of open contracts amounts to 61.7 thousand ton





# Operating expenses growing with increase in production and preparation for continued ramp-up



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



# Balance sheet

## Assets

USD million	30 Jun 2021	31 Dec 2020	Change
Operating assets	440.7	498.4	-57.7
Right-of-use assets	235.6	119.8	115.9
Intangible assets and goodwill	56.5	60.3	-3.8
Other non-current assets	91.8	73.7	18.1
<b>Total non-current assets</b>	<b>824.6</b>	<b>752.2</b>	<b>72.4</b>
Other current assets	22.6	23.4	-0.8
Trade and other receivables	142.7	99.3	43.4
Assets classified as held for sale	7.8	0.0	7.8
Marketable securities	32.4	41.7	-9.3
Cash and cash equivalents	155.5	117.7	37.8
<b>Total current assets</b>	<b>361.0</b>	<b>282.1</b>	<b>79.0</b>
<b>Total assets</b>	<b>1,185.6</b>	<b>1,034.2</b>	<b>151.4</b>

## Equity and liabilities

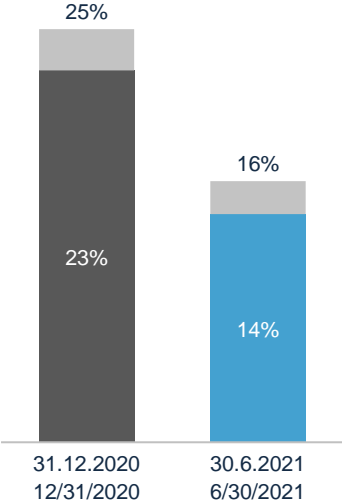
USD million	30 Jun 2021	31 Dec 2020	Change
<b>Shareholders' equity</b>	<b>163.8</b>	<b>232.8</b>	<b>-69.0</b>
Loans and borrowings non-current	248.0	239.6	8.4
Lease liabilities	228.7	119.7	109.0
Derivatives for hedging	0.0	6.0	-6.0
Warrants	9.0	18.6	-9.6
Other non-current liabilities	19.1	17.1	2.0
<b>Total non-current liabilities</b>	<b>504.8</b>	<b>401.0</b>	<b>103.9</b>
Loans and borrowings current	23.0	24.0	-1.0
Lease liabilities	35.5	26.9	8.6
Warrants	15.2	9.1	6.1
Derivatives used for hedging	1.9	11.3	-9.5
Liabilities classified as held for sale	7.3	0.0	7.3
Trade and other payables	132.8	141.7	-8.9
Deferred income	301.2	187.4	113.8
<b>Total current liabilities</b>	<b>517.0</b>	<b>400.5</b>	<b>116.5</b>
<b>Total liabilities</b>	<b>1,021.8</b>	<b>801.4</b>	<b>220.4</b>
<b>Total equity and liabilities</b>	<b>1,185.6</b>	<b>1,034.2</b>	<b>151.4</b>



# Net interest-bearing debt excluding lease liabilities USD 147 million

Equity ratio

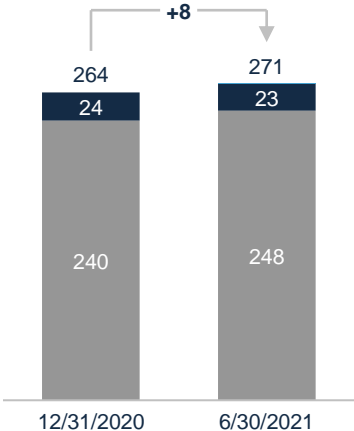
■ Excluding warrants



Interest-bearing debt

USD million

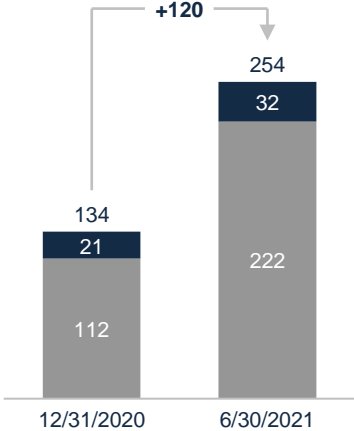
■ Current ■ Non-current



Net lease liabilities

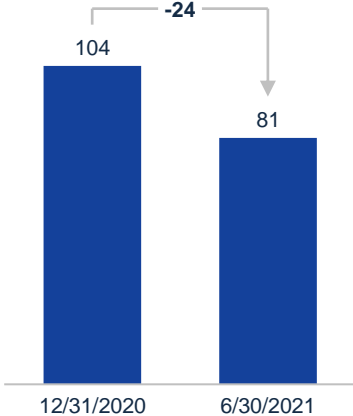
USD million

■ Current ■ Non-current



NIBD excl. lease liabilities

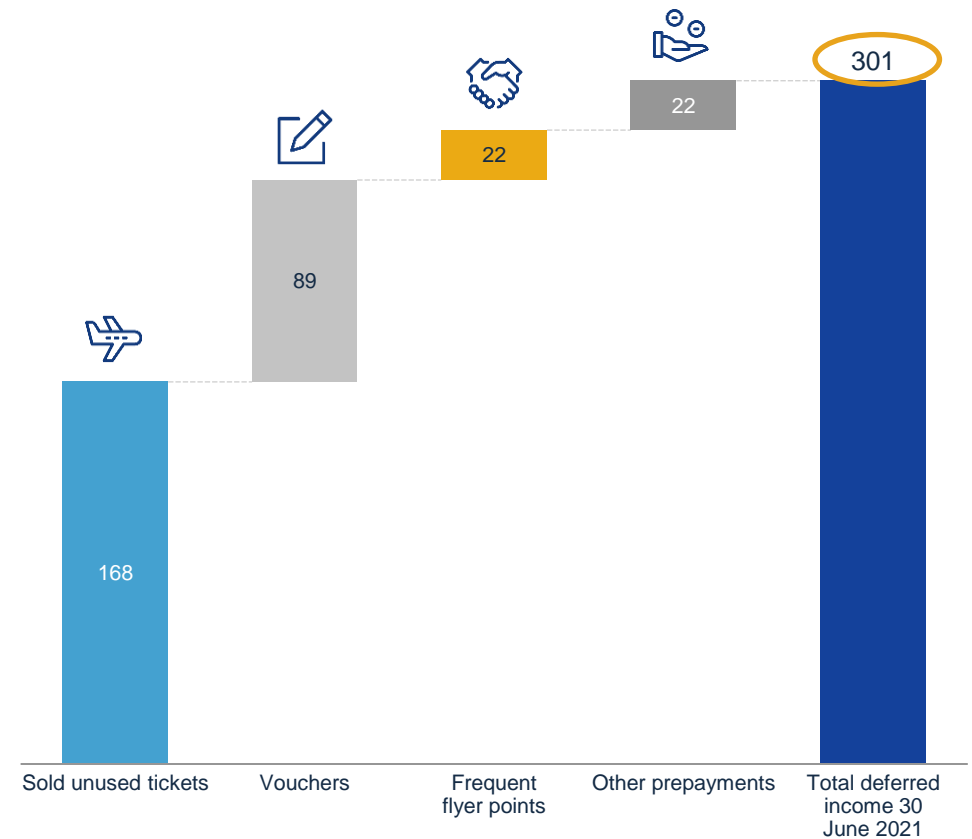
USD million



**Deferred income  
USD 301.2 million**

**Thereof vouchers  
USD 89.0 million**

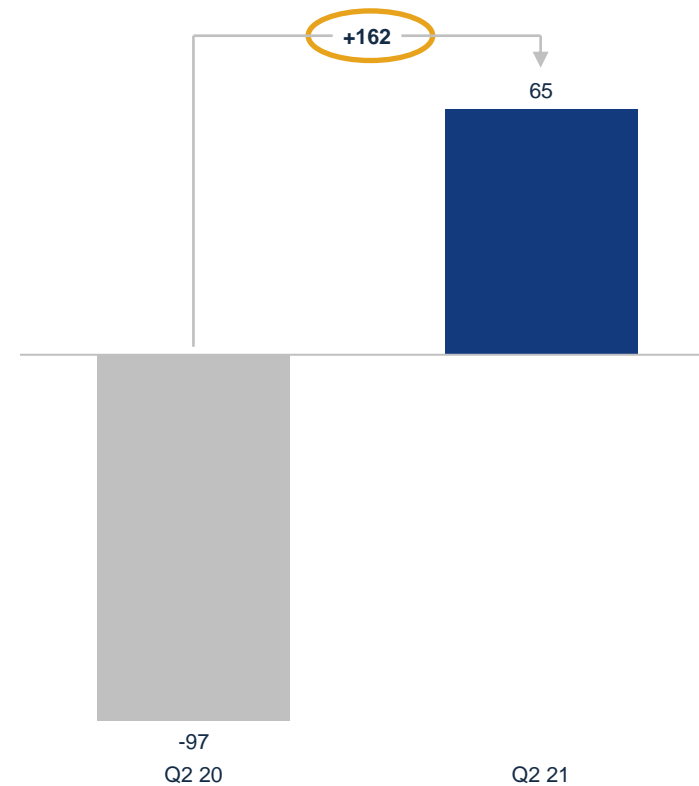
**Deferred income 30 June 2021**  
USD million



**Positive net cash  
flow from operations  
of USD 65 million in  
Q221**

**Significant increase  
from last year**

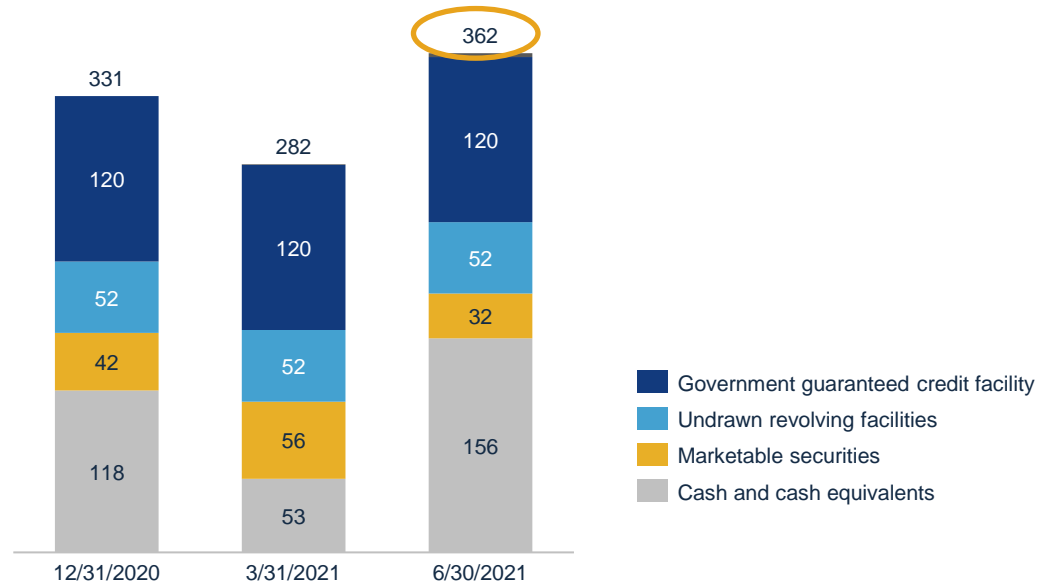
**Net cash from operations Q221**  
USD million



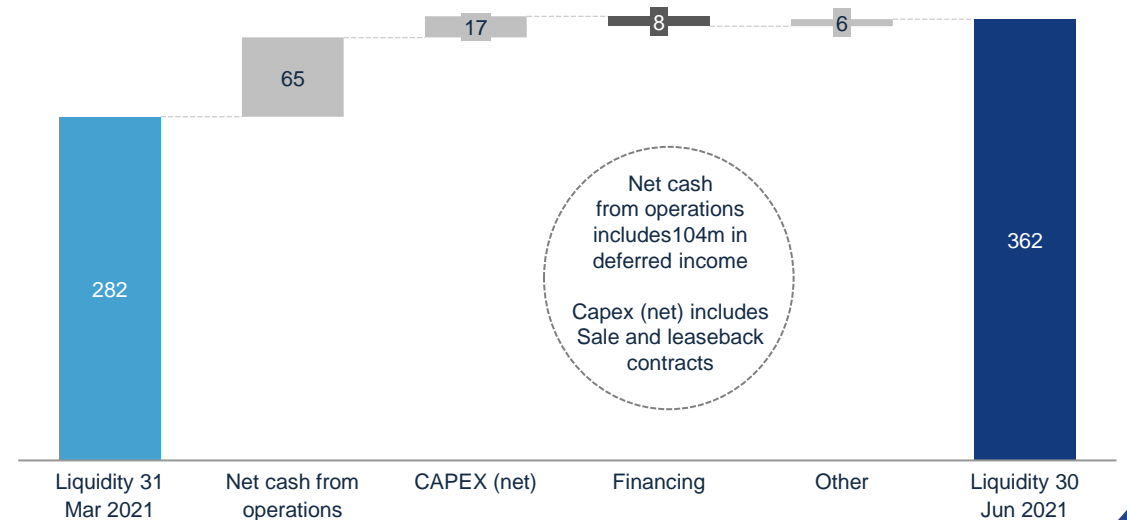
# Strong bookings boost liquidity

Total liquidity USD 362 million on 30 June

Liquidity breakdown  
USD million



Liquidity developments in Q221  
USD million



# Warrants can be exercised in August

Warrant class ICEAIRW130821

## Exercise period and payment date

Last day of trading is 30 July 2021

The exercise period starts on 4 August and the final payment date is 19 August 2021

Warrants not exercised before or on the final payment date will lapse and become void



## Payment instructions

Exercise price is fixed at ISK 1.13 pr. share

Electronic invoices accessible in investors' online banks

Payment signifies investors' intent to exercise the warrants – no further action is needed

All payments are final and irrevocable



## Tax considerations

The difference between the exercise price and the respective market price constitutes taxable income

Subject to capital gains tax for individuals and income tax for legal entities

Investors should seek appropriate tax advice suitable for their personal situation



# Business update and outlook

Bogi Nils Bogason

President and CEO Icelandair Group





No of take-offs



**16 months of minimal operations behind us were we kept the infrastructure in place to be able to ramp-up quickly when markets re-opened**



# Important role in Icelandic society

## Direct contribution in 2021

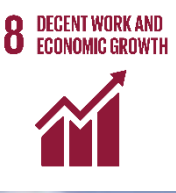
Estimated USD 210 million (ISK 26bn)  
by employing around 2,100 full time employees  
over the year

## Export contribution in 2021

Estimated over USD 646 million (ISK 80bn)  
by transporting 400,000 tourists to Iceland

## Other indirect contribution in 2021

The indirect contribution is significant, driving economic benefits not only to the local tourism industry but the Icelandic economy as a whole.





**We have focused on simplifying and streamlining the business and at the same time strengthening the balance sheet**

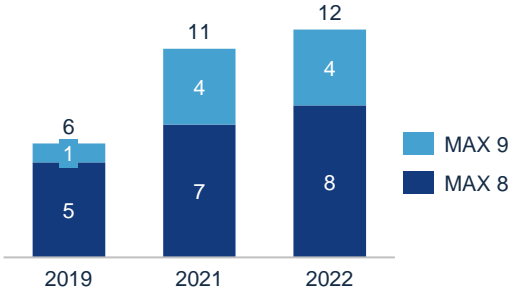


# Great capabilities of the Boeing MAX aircraft creating new opportunities

## Renewal transition of the fleet in place

The MAX added and B757 slowly faded out

Estimated no. of AC at year-end:



## Great capabilities

Better technical reliability, fuel efficiency and payload range than initially assumed creates new opportunities within the Icelandair route network

36% less CO2 emission than Boeing 757

## Financing in final stages

The financing of three MAX to be delivered 21/22 is in final stages

With favorable market conditions additions to the fleet for summer 2022 are being explored

## Long term strategy reviewed

Strategic initiative to review Icelandair's long-term fleet strategy will be started at the end of this summer

Aim to finish that work before year-end



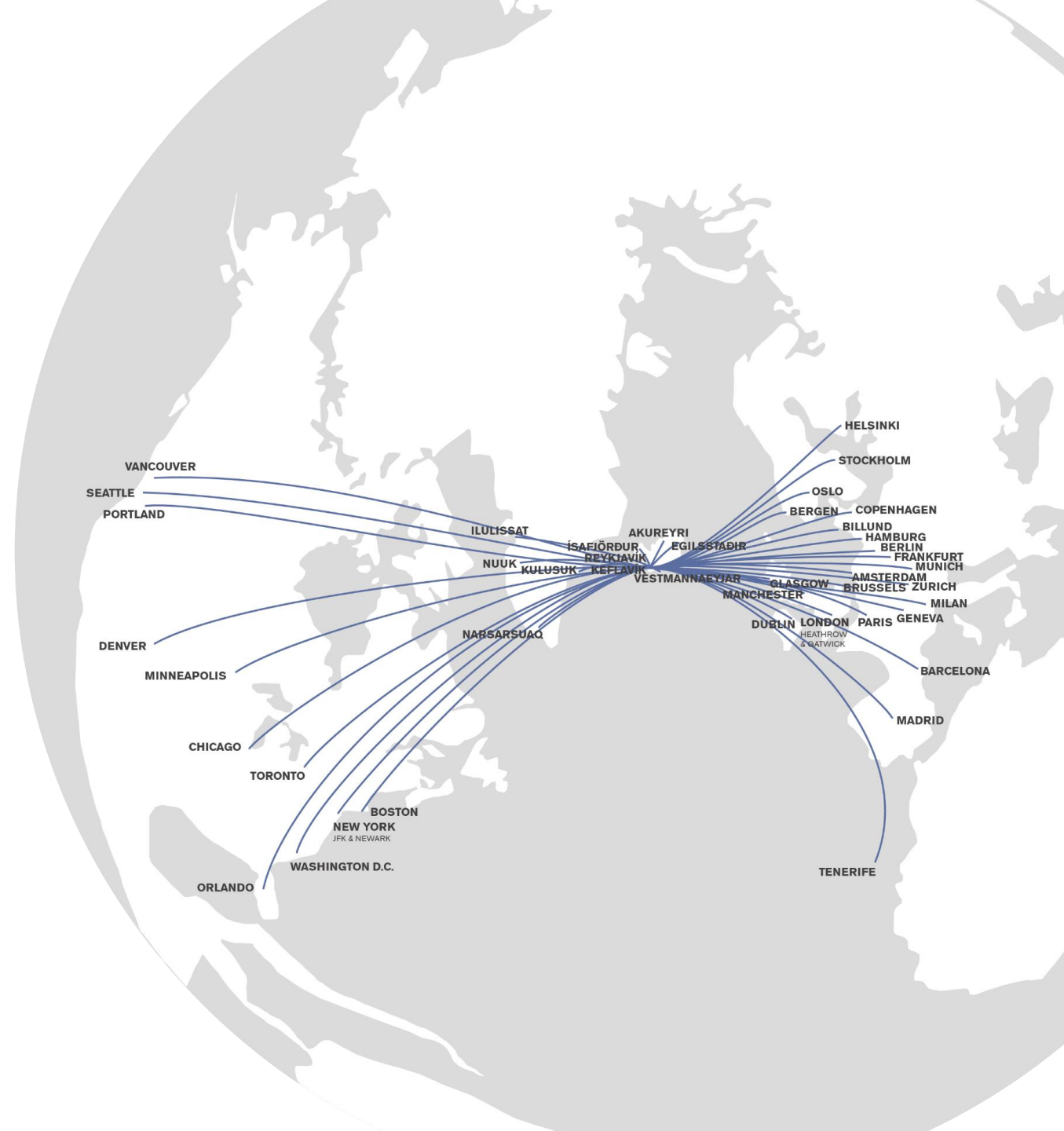
# Strong booking inflow in recent weeks

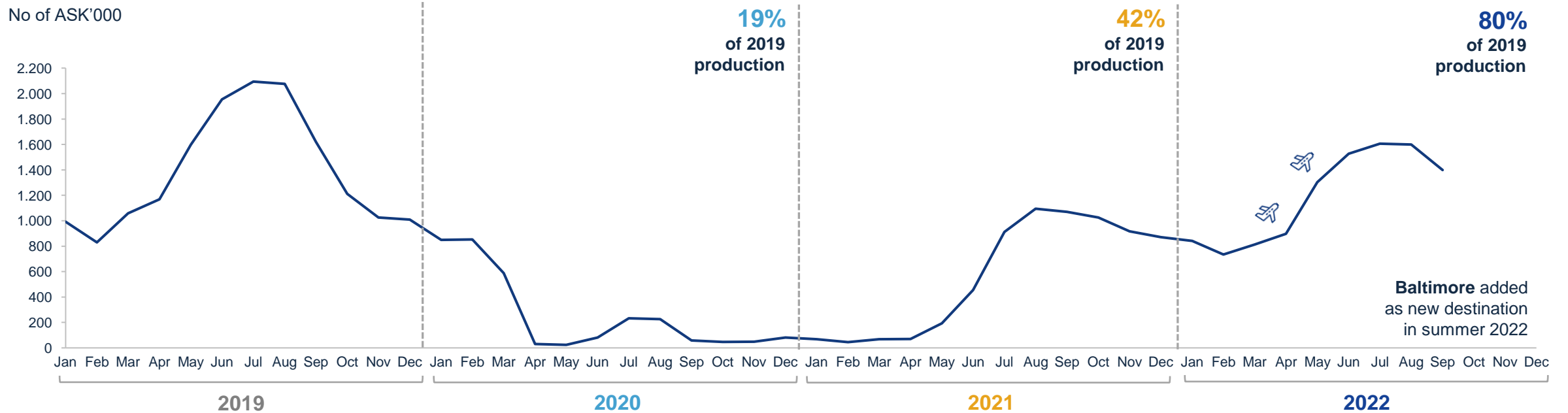
Booking flow has been good for the summer and fall 2021

- Continued strong inflow from North-America
- The opening of Europe to vaccinated US travelers has positive effect on the N-Atlantic market
- Increased booking inflow from Scandinavia and Central Europe
- The start of additional UK routes has been postponed until September 2021 due to slow booking flow
- Icelandair capacity in July expected to be 43% of 2019 level and the load factor around 70% compared to 47% in Q2.
- Further increased capacity expected in August and improved load factor.

Uncertainty due to Covid 19 development and impact demand and bookings

Strong outlook for Icelandair Cargo





**Current flight schedule for 2022 amounts to 80% of 2019 capacity**



# Key takeaways



**Positive cash flow from operations in Q2 2021**



**Healthy financial position enabling the Company to seize opportunities and address challenges**



**Strong booking flow in recent weeks, especially from North America**



**Still a significant uncertainty because of COVID-19**



# Q&A





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