



Shareholders' Meeting Icelandair Group

9 September 2020



Úlfar Steindórsson
Chairman of the Board



**Election of
chair and the secretary
of the meeting**



Agenda

- 1. A proposal to grant the Board authorization to increase the Company's share capital**
- 2. A proposal to grant the Board authorization to issue warrants**





Bogi Nils Bogason
President and CEO



Participation by key stakeholders has been delivered to secure Icelandair's future

Assumption for the share offering to take place

Unions ✓

New agreement signed with pilots, cabin crew and mechanics which will increase efficiency and afford flexibility to develop route network



Lenders, lessors and other vendors ✓

Agreements signed with creditors and vendors to improve liquidity during minimal operations period



Boeing Company ✓

Agreement resulting in reduction in purchase commitment by 4 aircraft and cash compensation due to the MAX grounding



Icelandic Government ✓

A 90% government guarantee for a credit facility for up to USD 120 million approved by the Icelandic Parliament



The hub-and-spoke network is the heart of Icelandair's business model

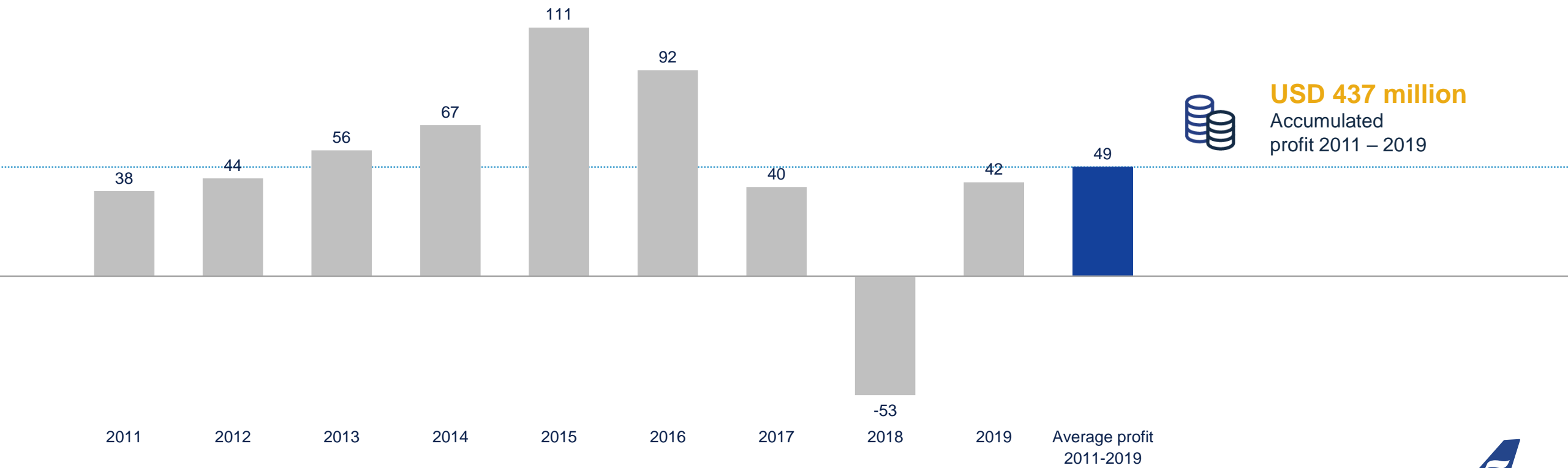
Serves 3 markets

+ TO
+ FROM
+ VIA



Proven and profitable business model

Profit / loss
USD million



Figures are excluding Icelandair Hotels
1 Profit 2019 excludes the estimated net negative EBIT effect of the MAX suspension to date (USD 100 million)

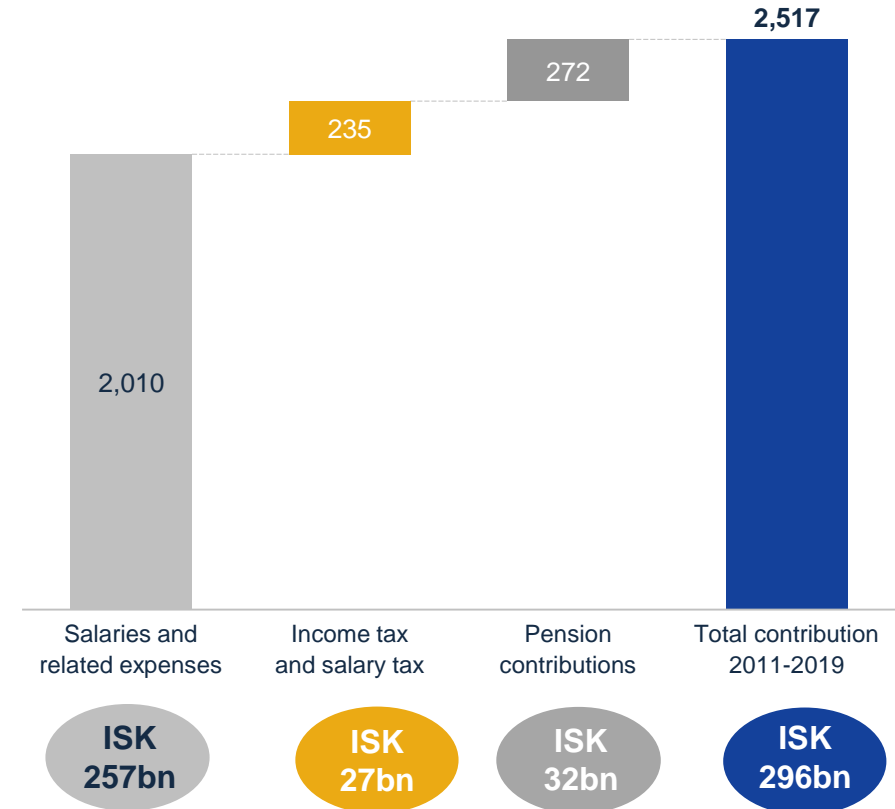


**Significant contribution
to the Icelandic economy**

**Icelandair Group's direct
contribution totalled
ISK 296 billion, USD 2.5
billion, in 2011-2019**

Direct contribution 2011-2019

USD million



Iceland's unique geographical position is the key to Icelandair's business model

This location allows Icelandair to serve three distinct markets



Iceland will
continue to be
**an exciting
tourist
destination**



Icelandair Group has developed valuable strategic infrastructure that supports its business model



**Our
excellent
people**



**Valuable
ecosystem of
businesses**



**Slots at
strategic
airports**



**Strong
international
brand**



**Effective
distribution
channels**



**Beneficial
partnership**

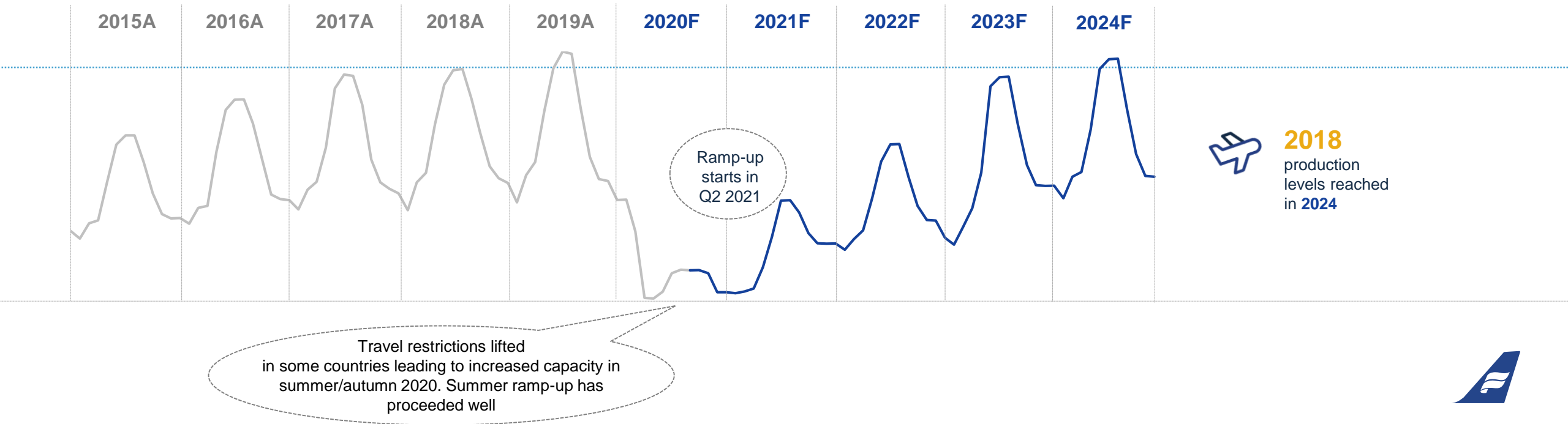


**Flexible
fleet**



Conservative ramp-up approach in place to navigate the years to come

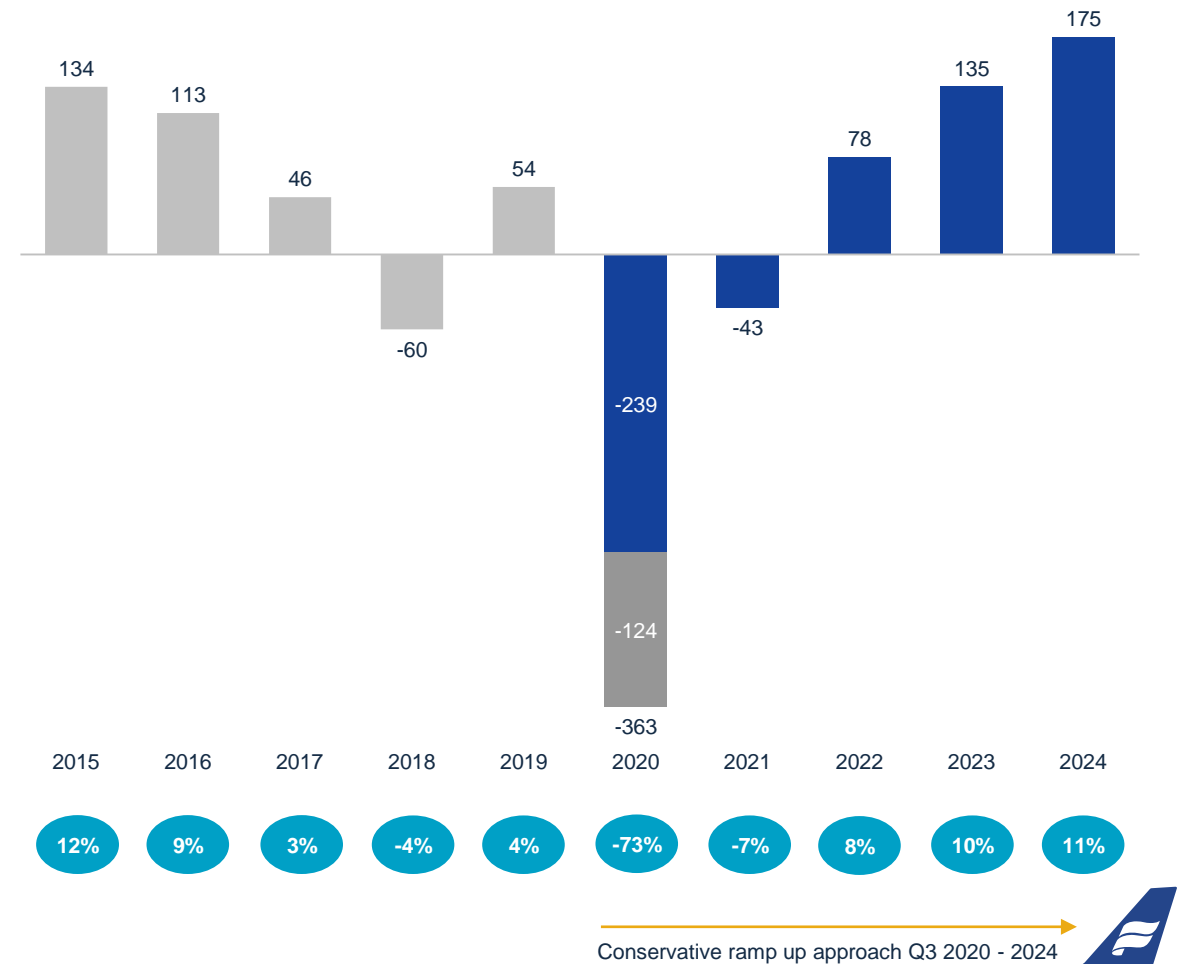
Overview of production in Available Seat Kilometers (ASK) 2015-2024



Conservative
ramp-up assumes
Icelandair Group to
regain previous
profitability in 2024

EBIT and EBIT margin

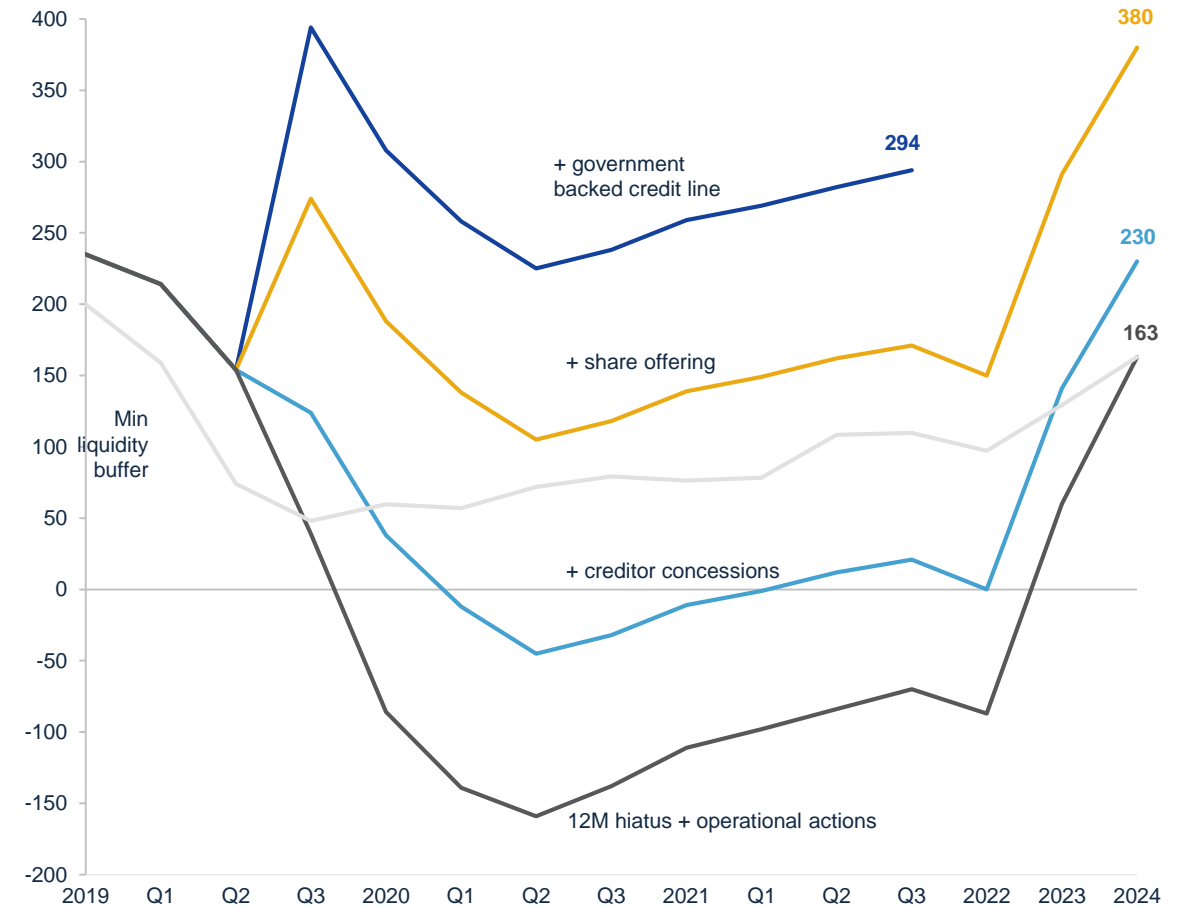
USD million and %



The share offering
will secure a strong
projected liquidity
position...

Liquidity position

USD million



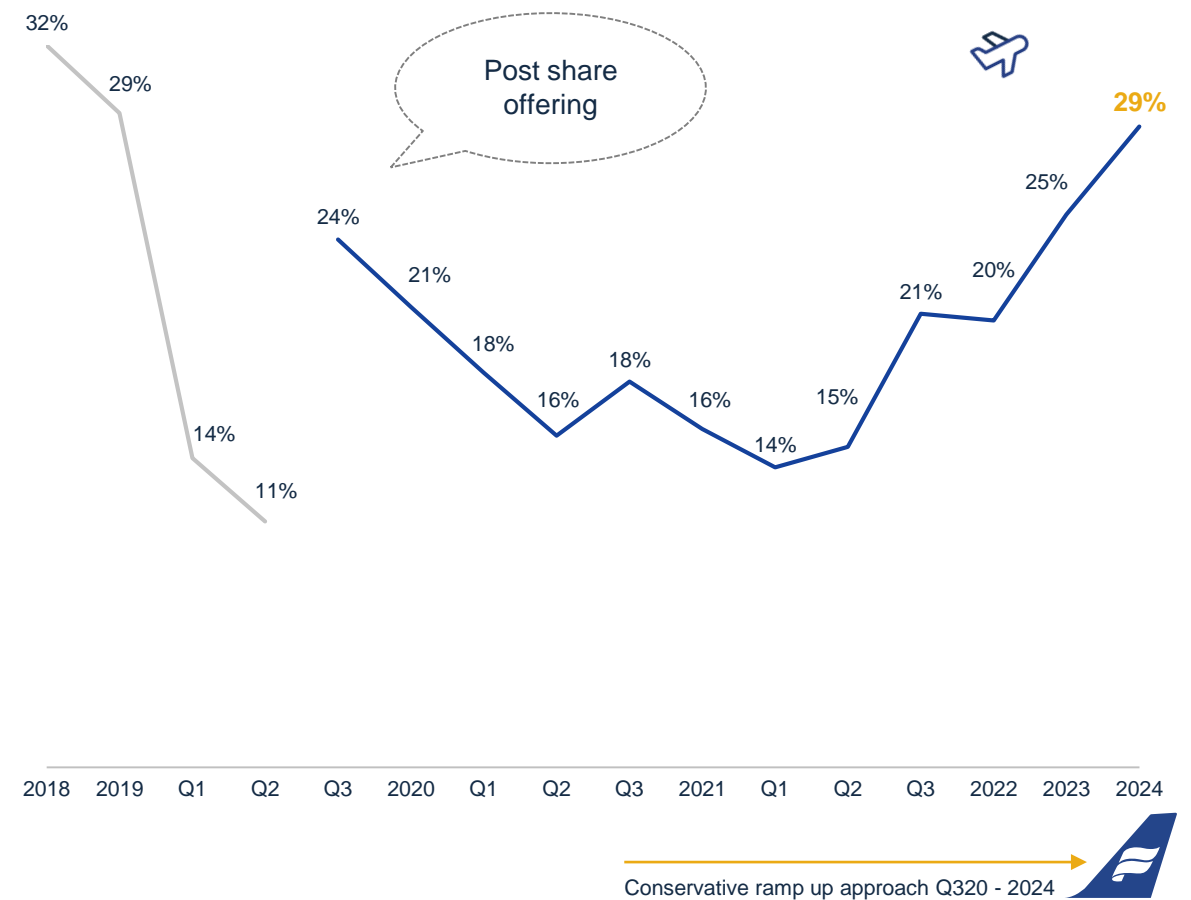
Conservative ramp up approach Q320 - 2024



...and a
healthy
balance
sheet

Equity ratio

End of period



Long term targets aimed at profitability and resilience



Operational profitability

EBIT over 8% through the cycle



Financial strength

Equity ratio between 20-25%

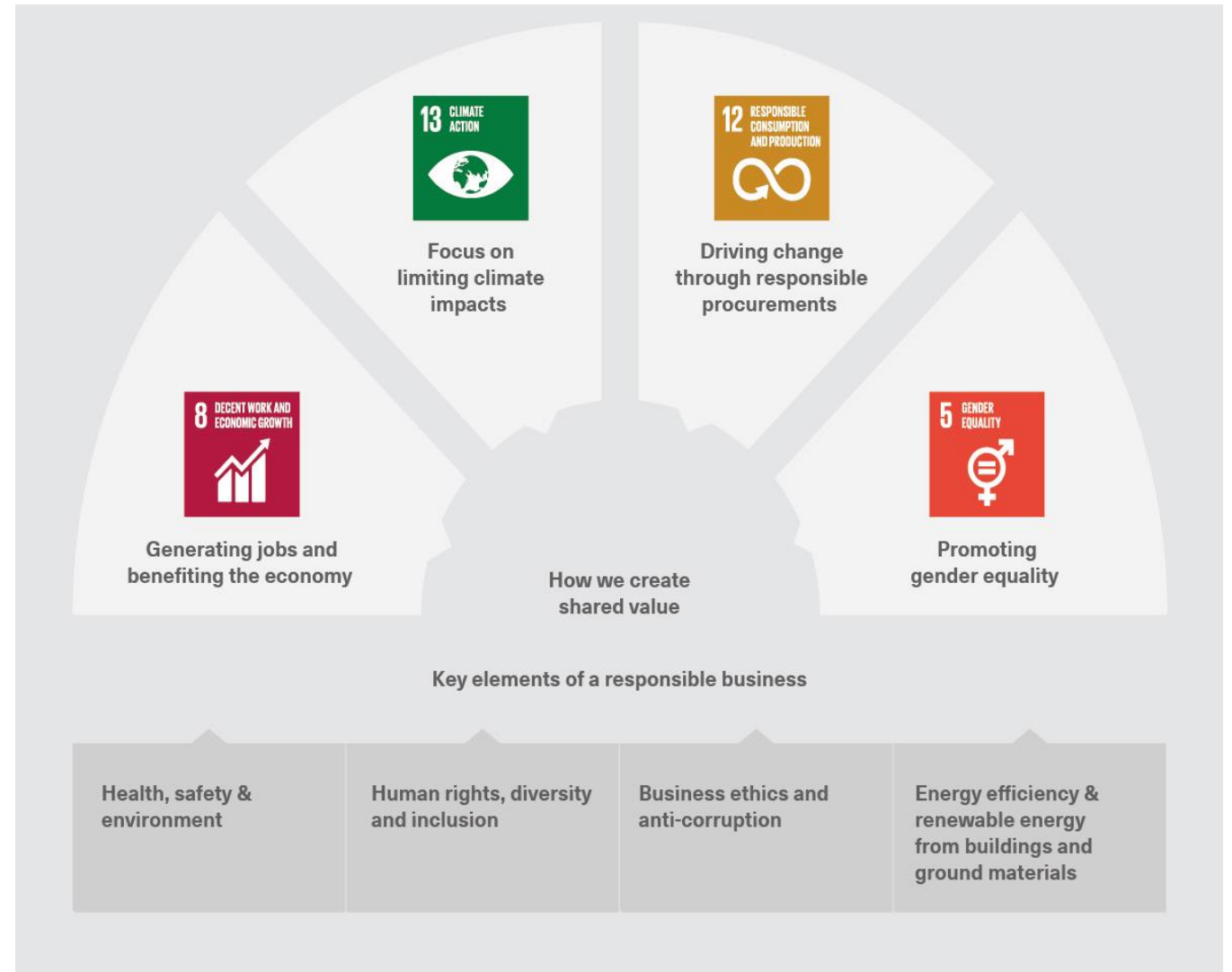


Liquidity buffer

3 months fixed operational cost with USD 60 million minimum



Strategy of profitability and sustainable growth built on responsible foundations



A proven business model, competitiveness and growth opportunities make Icelandair Group an appealing investment



Proven and flexible business model



Improved competitiveness to ensure profitability going forward



Strong position in highly attractive Icelandic tourism market



Opportunities to grow unique transatlantic hub



Investment can provide attractive return for investors





New share offering

A proposal to grant the board authorization to increase the Company's share capital

“The Company’s board of directors is authorized to increase the company’s share capital by up to ISK 23,000,000,000 in nominal terms (ISK twenty-three billion), by issuing shares in relation to a public share offering for a minimum of ISK 20,000,000,000 (ISK twenty billion). The shareholders waive their pre-emptive rights to the new shares. The share price shall be ISK 1.0 per share and further terms, in accordance with the decision of the board of directors, will be included in a prospectus published in advance of the public share offering. Subscriptions shall take place in accordance with the Company’s Articles of Association and Chapter V of Act No 2/1995 respecting Public Limited Companies. The new shares will be of the same share class as other outstanding shares in the Company. The new shares shall provide the associated rights to the Company from the date of registration. This authorization of the board of directors shall be valid until 15 October 2020, to the extent which it has not been utilized.”



A proposal to grant the board authorization to issue warrants

“The Company’s board of directors is authorized to issue warrants which investors will receive along with the new shares issued following the public share offering amounting to 25% of the nominal value of the total new share issued corresponding to up to ISK 5,750,000,000 in nominal terms (ISK five billion seven hundred and fifty million). Subscription rights under the warrants may be exercised all at once or in separate steps for up to two years in accordance with terms decided upon by the board of directors. The exercise price per share will be the same as the share price in the public offering with an addition of 15% annual interest. This authorization of the board of directors shall be valid until 15 October 2020, to the extent which it has not been utilized. The board of directors is furthermore authorized until 30 November 2022 to increase the Company’s share capital in relation to exercise of the warrants. The shareholders waive their pre-emptive rights to the warrants and shares issued in relation to their exercise.”





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