

# End of Summer Information Meeting

Reykjavik 28.09.2023



# Agenda

**1**

Introduction

**2**

Daníel Snæbjörnsson, Chief Network Officer

**3**

Birgir Jónsson, Chief Executive Officer

**4**

Einar Örn Ólafsson, Chairman of the Board

**5**

Q&A

# PLAY's timeline



# PLAY at a glance

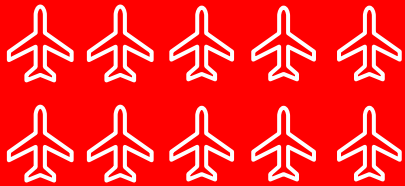
Key performance indicators for Summer 2023 (June-August)



**537k**  
Passengers



**89.1%**  
Load factor



10 aircraft in operation



**33**  
Destinations <sup>1)</sup>



**83.9%**  
On-time performance



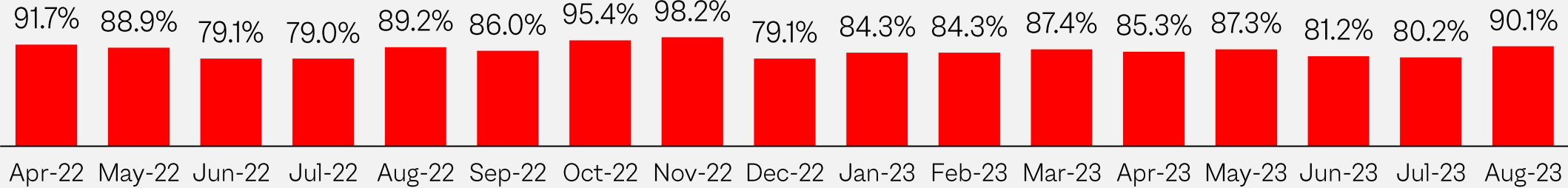
VIA passengers **43%**  
FROM passengers **26%**  
TO passengers **31%**

1) Operated to during Jun-Aug 2023

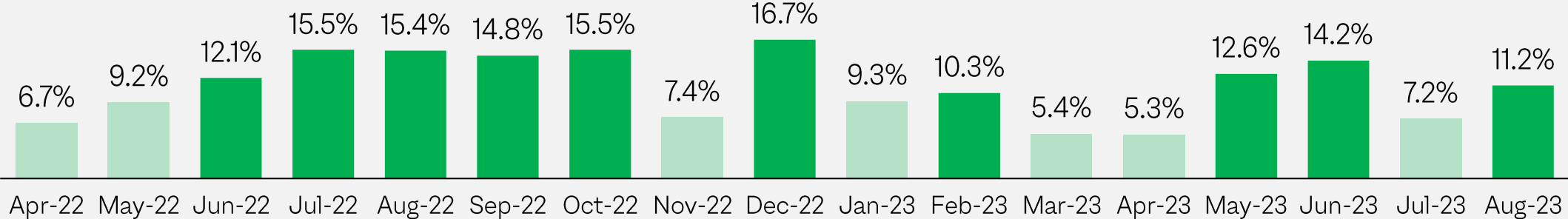
# Despite increased scale in our operations, we have continued to deliver a high OTP

## Monthly on-time performance (OTP)

Arrivals



## Versus main competitor (ppts)<sup>1)</sup>



1) Difference in on-time performance in percentage points compared to main competitor



# **PLAY** has been recognized and awarded by the industry and our customers

**CAPA Best Start-up Airline 2022**



**PLAY received recognition from the Icelandic Satisfaction Scale 2022**



**Best Low-Cost Airline in North Europe – World Airline Awards**



**Our cabin crew nominated as the best cabin crew by USA Today**





# What have we accomplished?

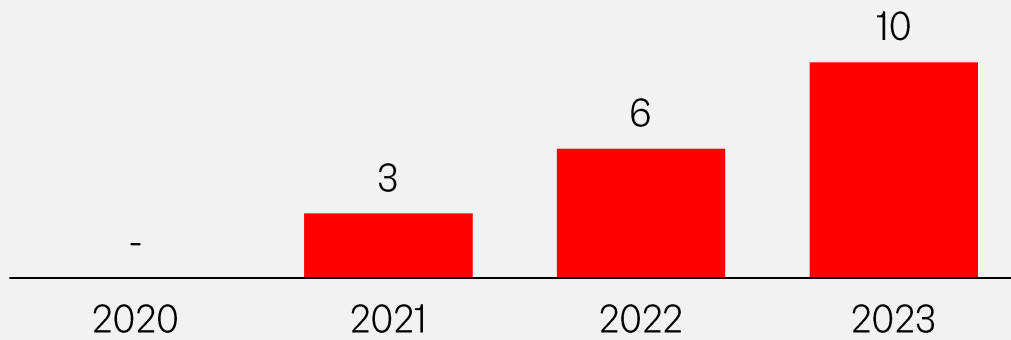
Daníel Snæbjörnsson



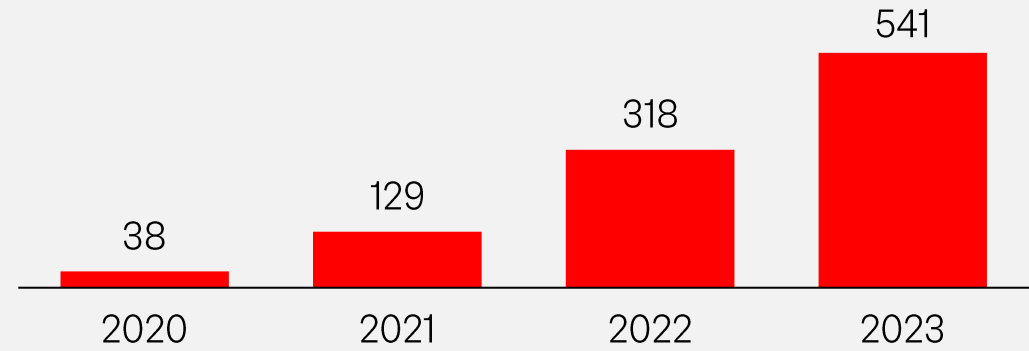


# We have gone from zero to 10 aircraft, over 500 employees and 38 destinations

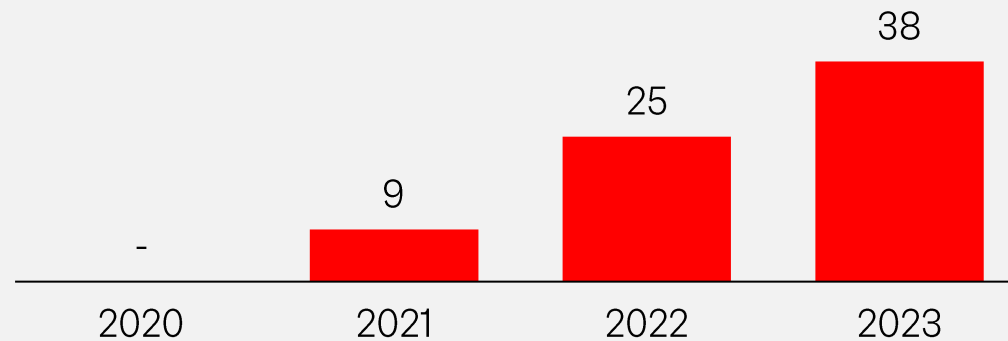
**Number of Aircraft in Fleet<sup>1)</sup>**



**Number of Employees<sup>2)</sup>**



**Number of Destinations<sup>3)</sup>**



1) Number of aircraft at year end

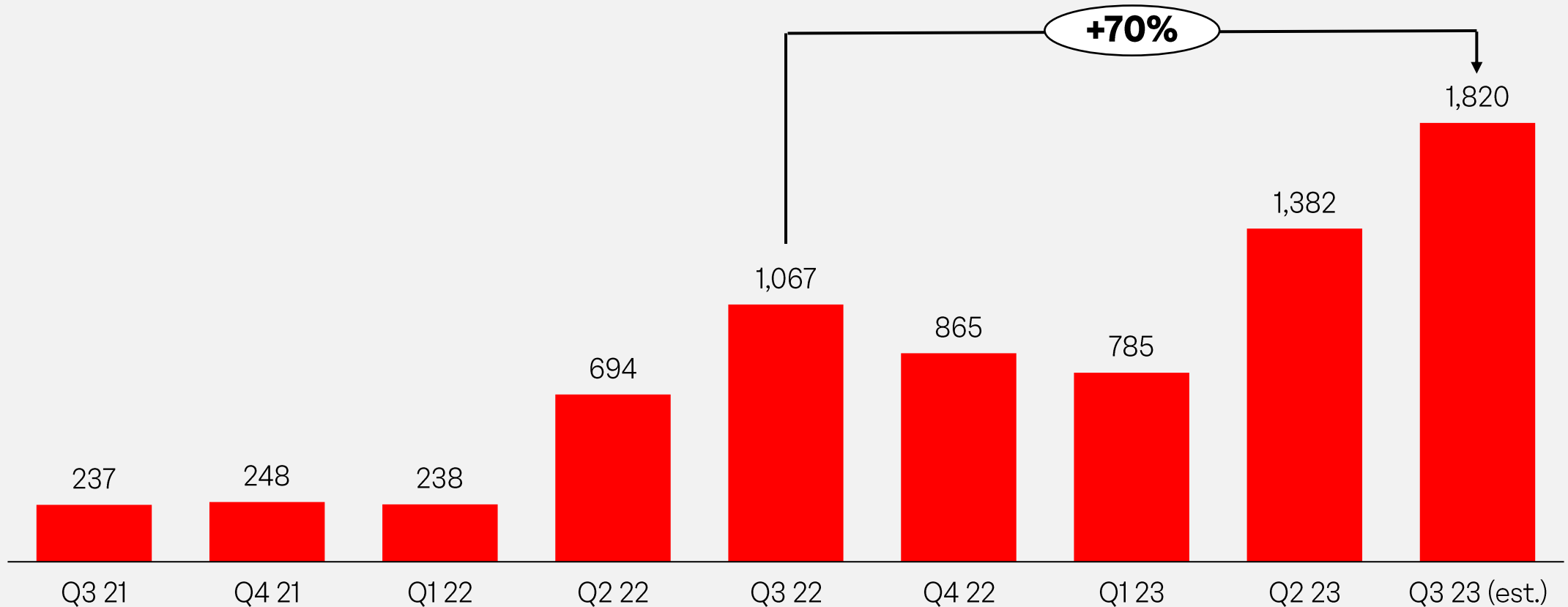
2) 2020 = number of employees at the end of 2020. 2021-22 = number of employees at the end of Q3 each year. 2023 = number of employees as of August 2023

3) Number of seasonal and year-round destinations operated to and on sale



# Our capacity has grown significantly

Year-on-Year Change in Available Seat Kilometers (ASKs)

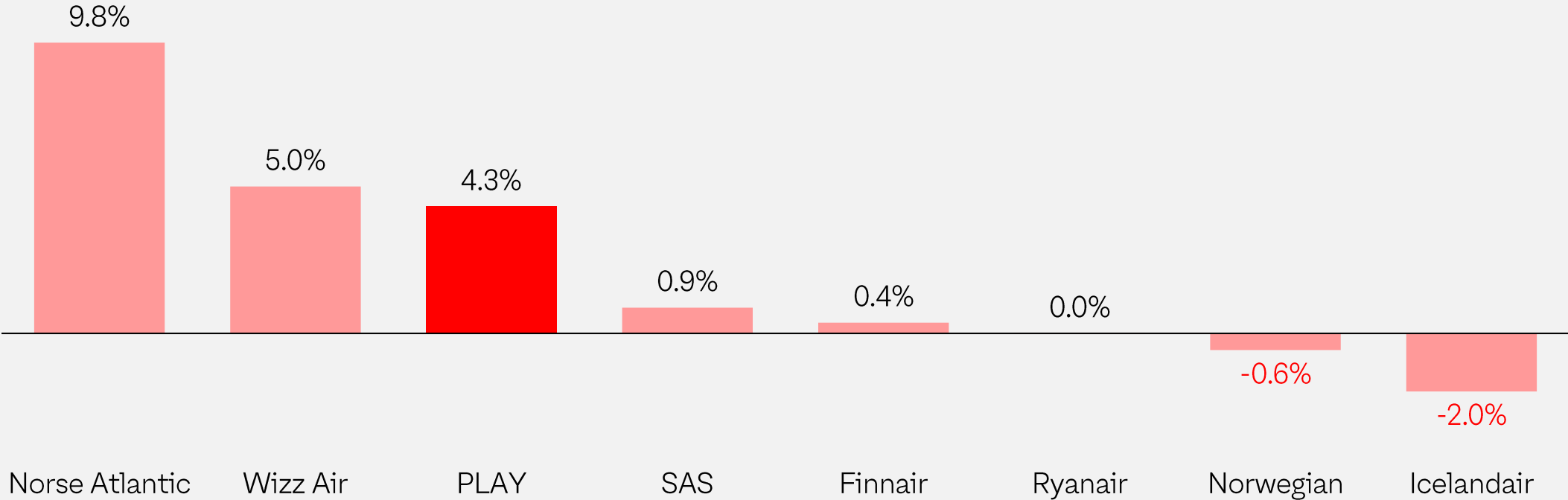


1) Q3 2023 number based on actuals for July and August and forecast for September

# We have managed to increase our load factor..

## Year-on-Year Change in Load Factor for Select European Airlines<sup>1)</sup>

Summer 2023 vs Summer 2022



Note: Summer defined as the period from June to August  
1) Based on monthly traffic reports and managements estimates

# ...and our unit revenue during the summer months



**70% increase  
in ASKs**



**5% Passenger  
RASK  
Improvement<sup>1)</sup>**

Note: Numbers above based on results for the period June to August 2023 compared to June to August 2022. The numbers on slide9 are based on quarterly numbers, e.g., Q3 covers the period July to September

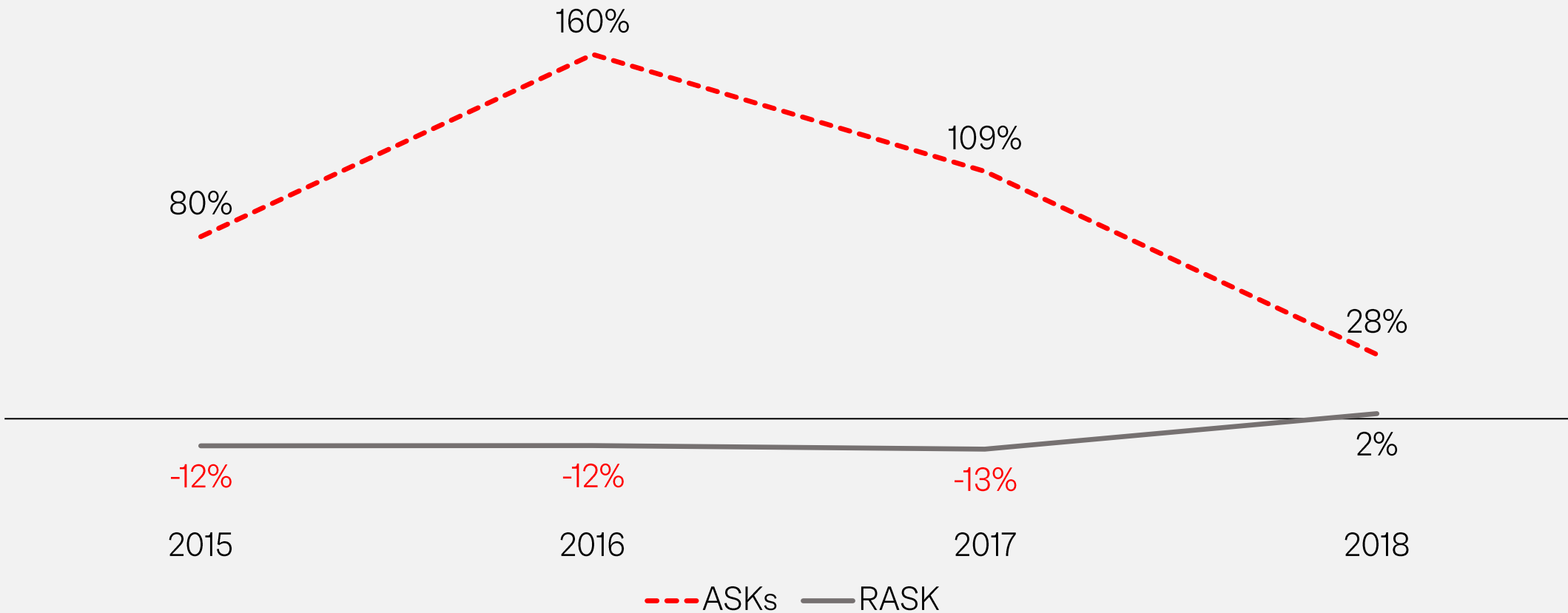
1) RASK = Revenue per available seat kilometer. Includes only air fare and ancillary services sold online. Revenue from onboard sales, sales of third-party products, sales at airports and cargo excluded



**Something that other  
airlines have not always  
managed to do**

# WOW air suffered from a decline in unit revenue at the same time as it was growing

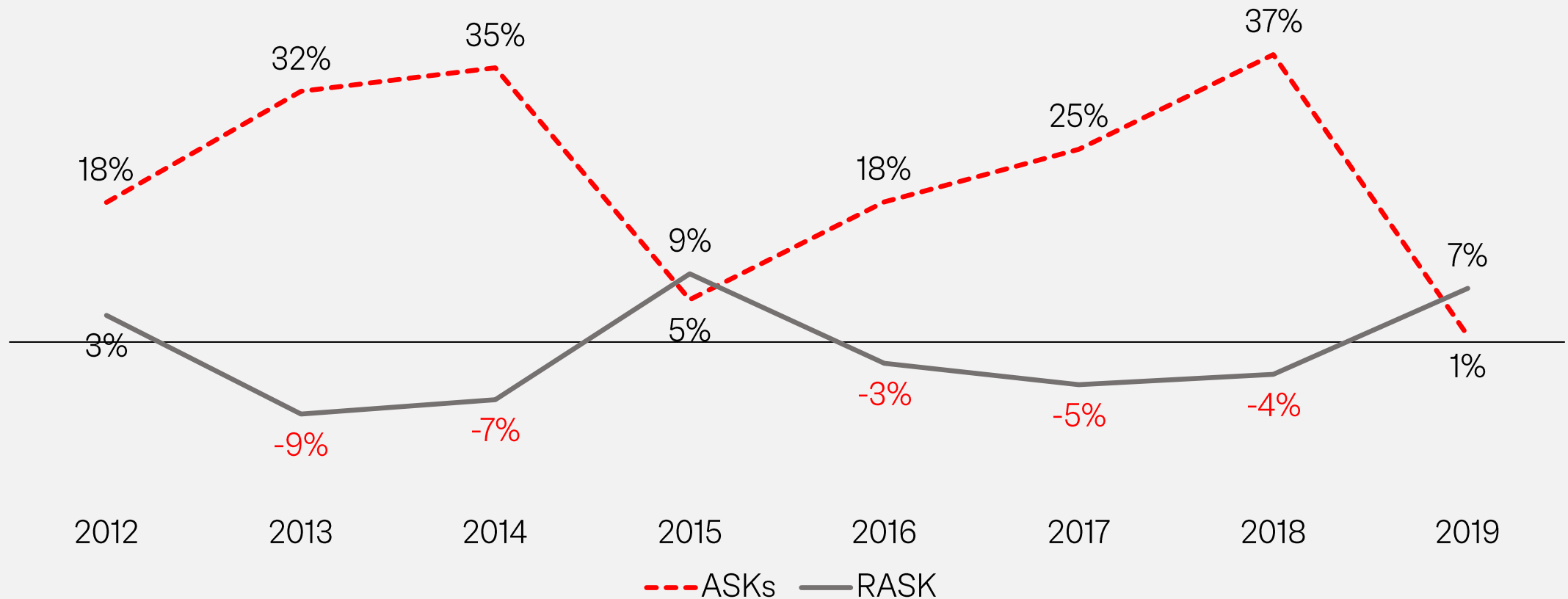
Year-on-Year Change in WOW air's ASKs and RASK<sup>1)</sup>



1) Change in ASKs based on OAG schedule data. Change in RASK based on investor presentation for bond issue in August 2018

# Norwegian experienced decline in unit revenue as it expanded its long-haul capacity pre-COVID

Year-on-Year Change in Norwegian's ASKs and RASK<sup>1)</sup>

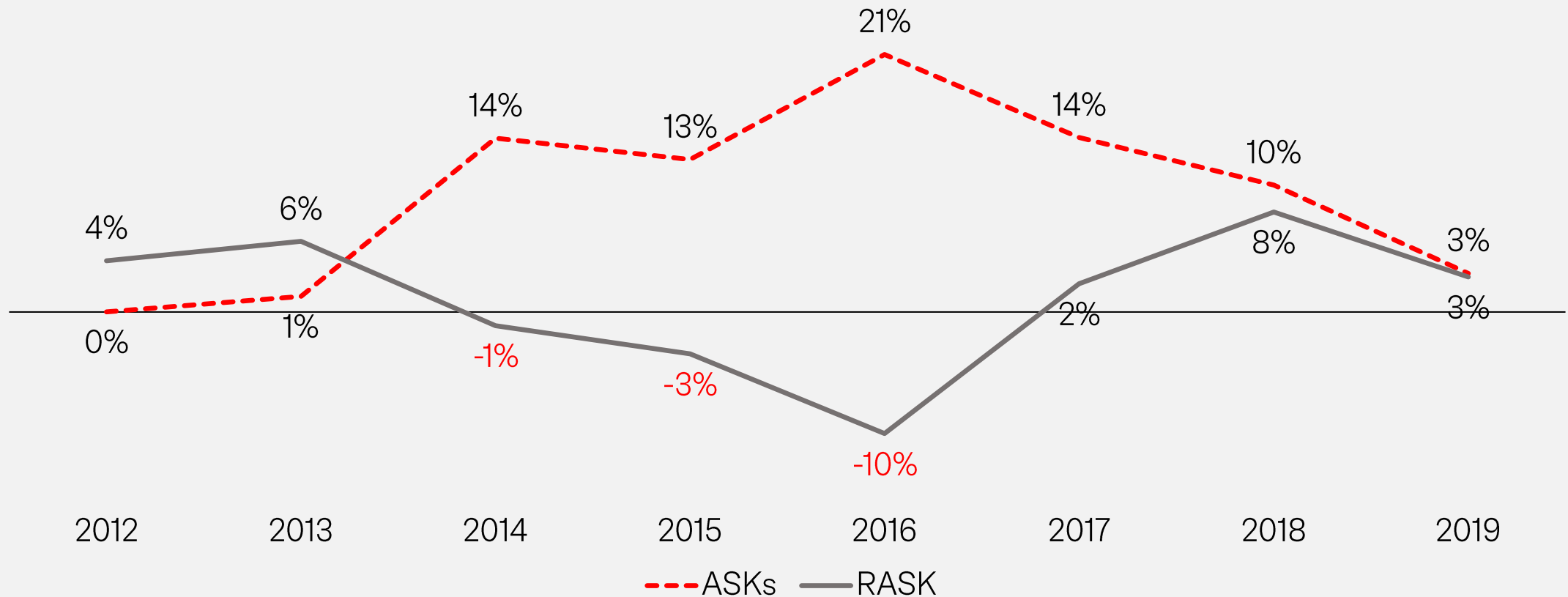


1) Based on annual reports. Includes revenue from passenger transport and ancillary revenue



# Air Canada recorded unit revenue decline as it expanded its transatlantic capacity

Year-on-Year Change in Air Canada's Transatlantic ASKs and RASK<sup>1)</sup>



1) Based on annual reports. Only includes ASKs and RASK on transatlantic services

# What is the conclusion?

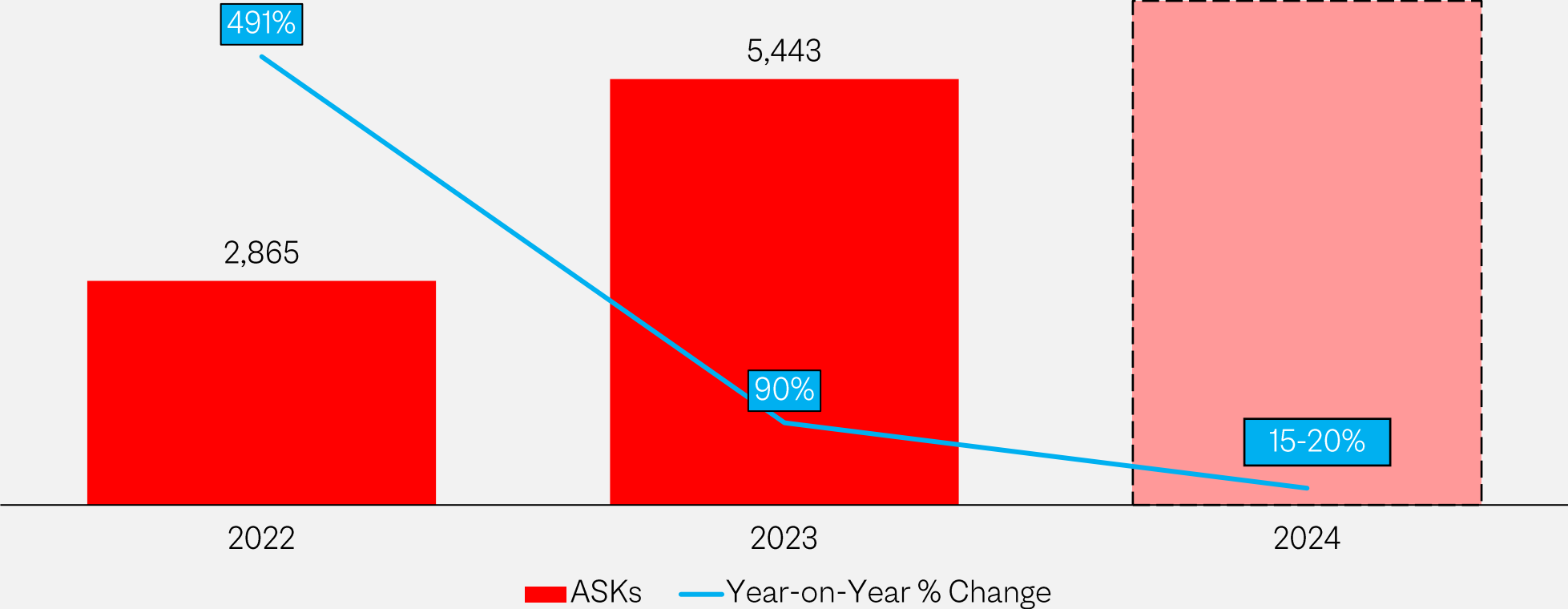
- › Significant capacity growth nearly always leads to a decline in unit revenue
  - › Capacity/seats get added in bulks, i.e., for us, 180-214 seats per aircraft, whereas passengers do not come in bulks
- › Despite significant growth in capacity, PLAY has managed to increase unit revenue

# **Why are we optimistic about 2024 and beyond?**



# Historical data shows that exiting high growth mode leads to unit revenue improvement

**Available Seat Kilometers<sup>1)</sup>**  
Millions

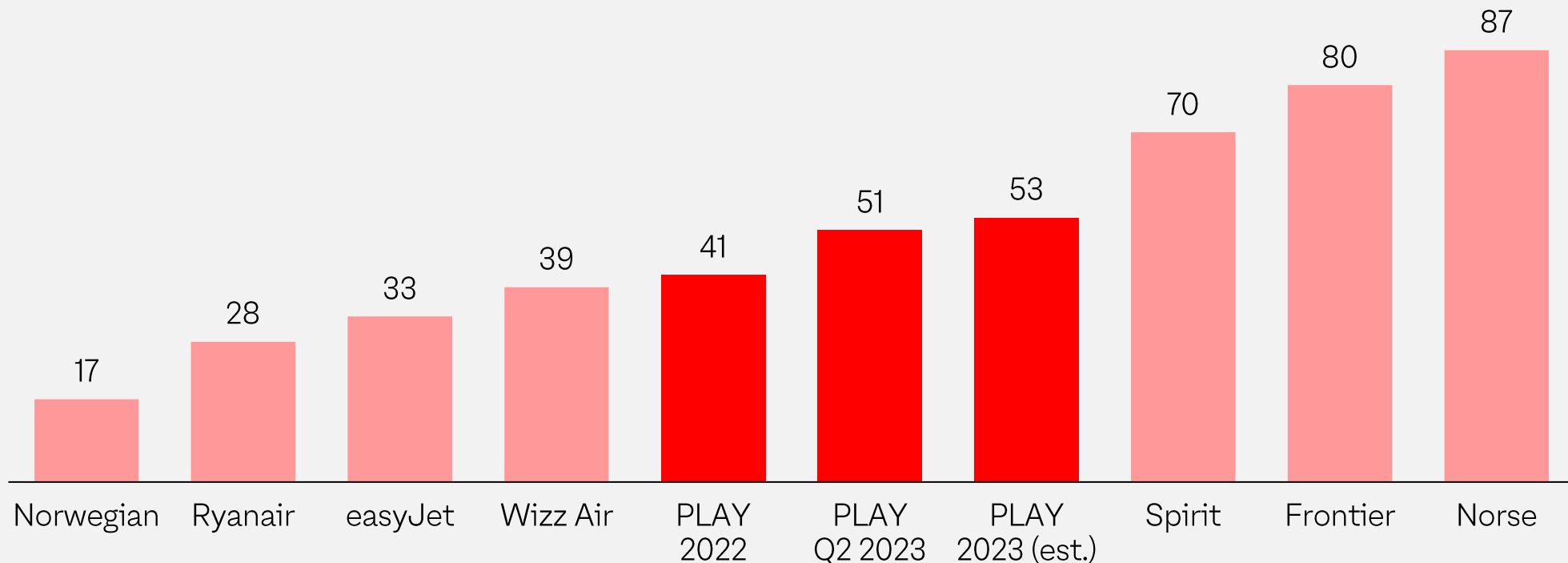


1) 2023 numbers based on actual numbers from January to August and latest plans for the remainder of 2023. 2024 numbers based on latest capacity scenarios for 2024, which can be subject to change

# Our ancillary yield has grown significantly in 2023, but we still have room for improvement

## Ancillary Revenue per Passenger<sup>1)</sup>

USD per passenger



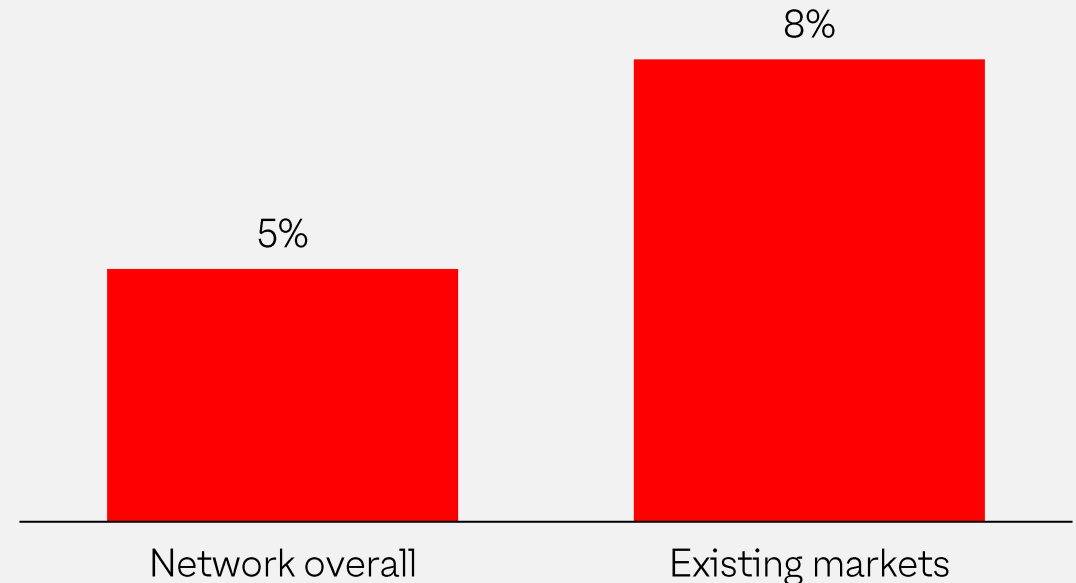
1) 2023 estimated number based on latest forecast for year ending 31 December 2023. Numbers for other airlines based on Q2 2023 actual results

# Markets that we launched last year posted above average unit revenue growth this summer

- › In summer 2023, we are seeing above-average improvement in unit revenue for markets that were launched back in 2022
- › 31% of our capacity in summer 2023, measured in available seat kilometers, was new
  - › Close to half of the new capacity went on sale in Q1 2023, e.g., Amsterdam, Glasgow, Venice, Aalborg, Billund, Dusseldorf and Toronto
  - › Short lead time to sell driven by uncertainty around access to airports, i.e., slots

## Year-on-Year Change in RASK<sup>1)</sup>

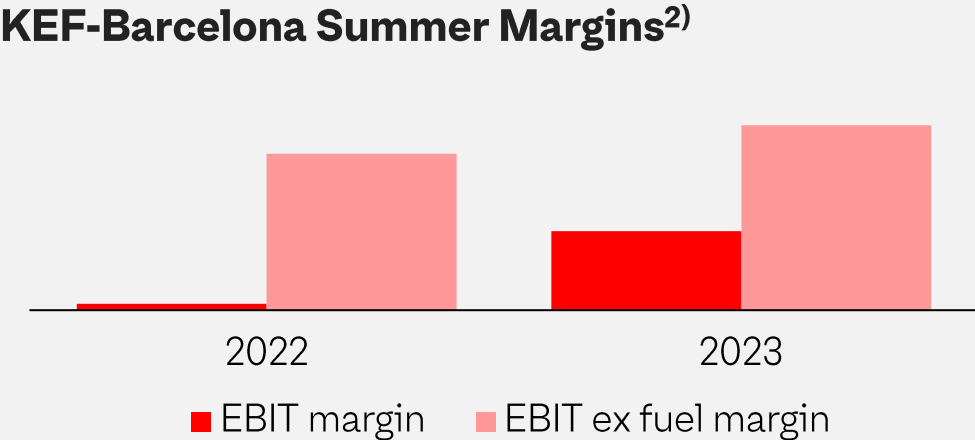
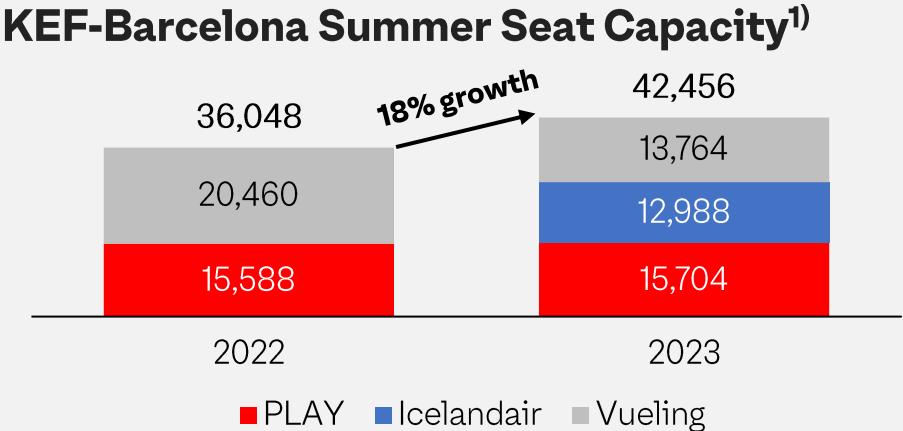
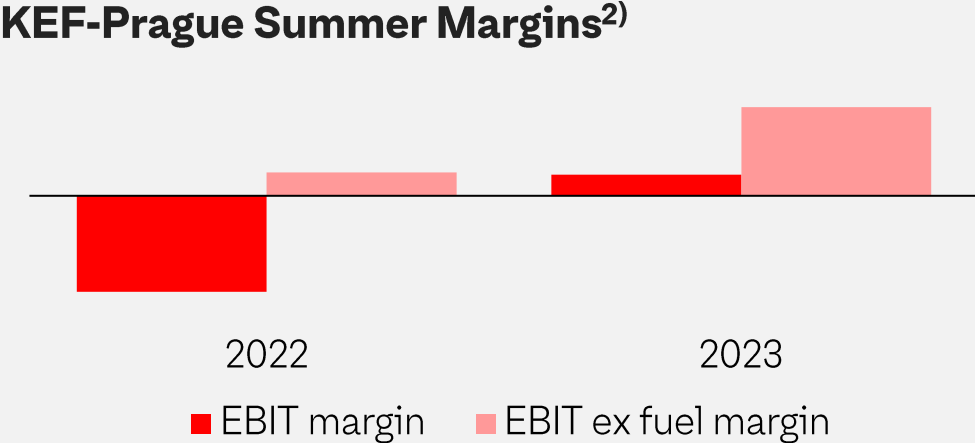
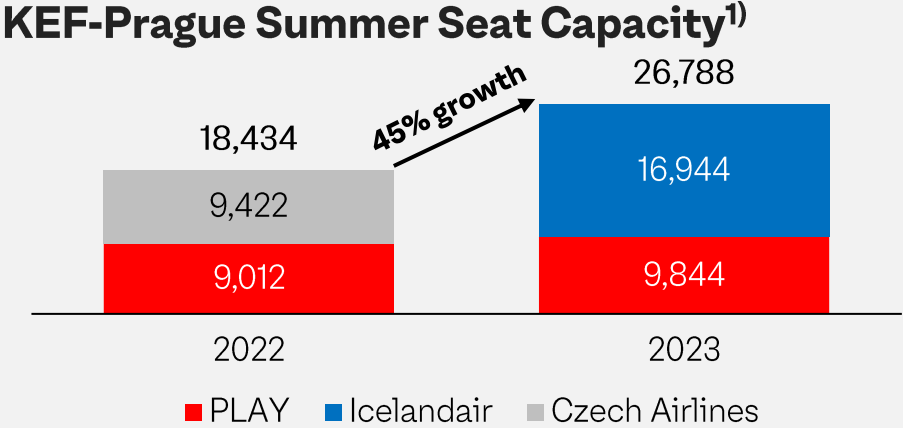
June-August 2023 vs 2022



Note: Summer refers to the period June to August. Existing markets includes markets that were operated in both June-August 2022 and June-August 2023

1) RASK = Revenue per available seat kilometer. Includes only air fare and ancillary services sold online

# Despite increased competition on some routes in summer 2023, our margins improved



Note: Summer refers to the period June - August  
 1) Based on OAG Schedules  
 2) Based on internal route profitability information

# Financial Highlights

Birgir Jónsson

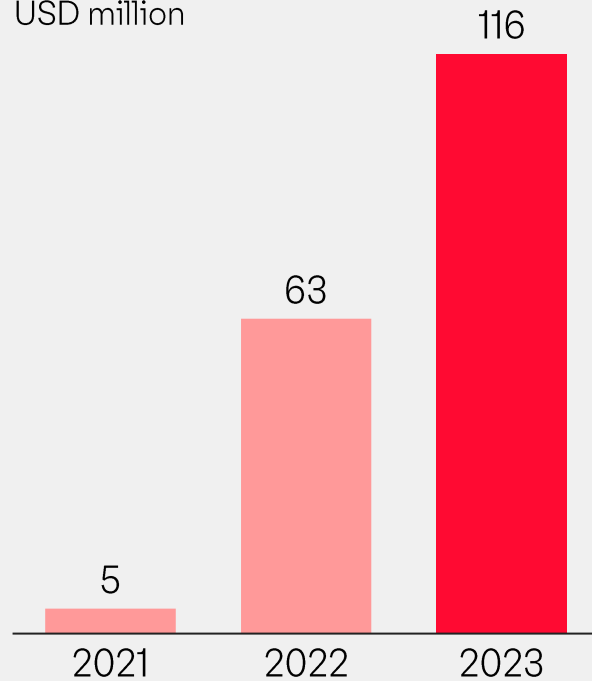


# Strong turnaround to net profit in summer of 2023

Summer 2021, 2022 and 2023 (June – August)

## Revenue

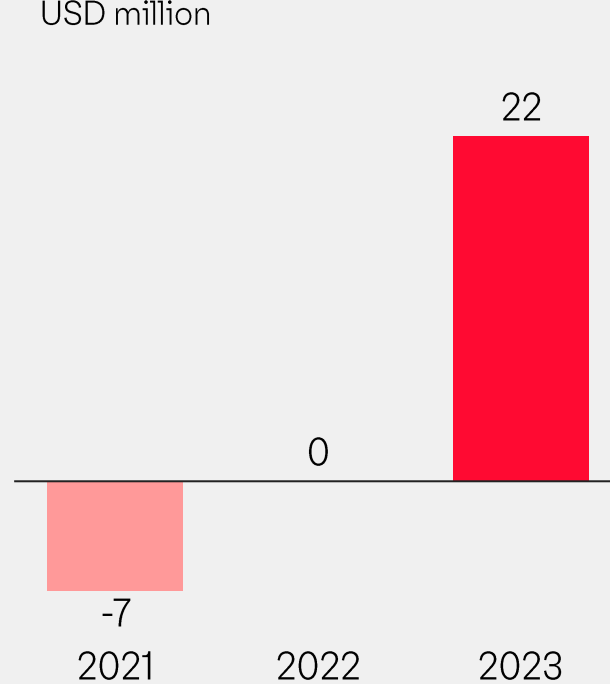
USD million



- › Revenue nearly doubled from last summer

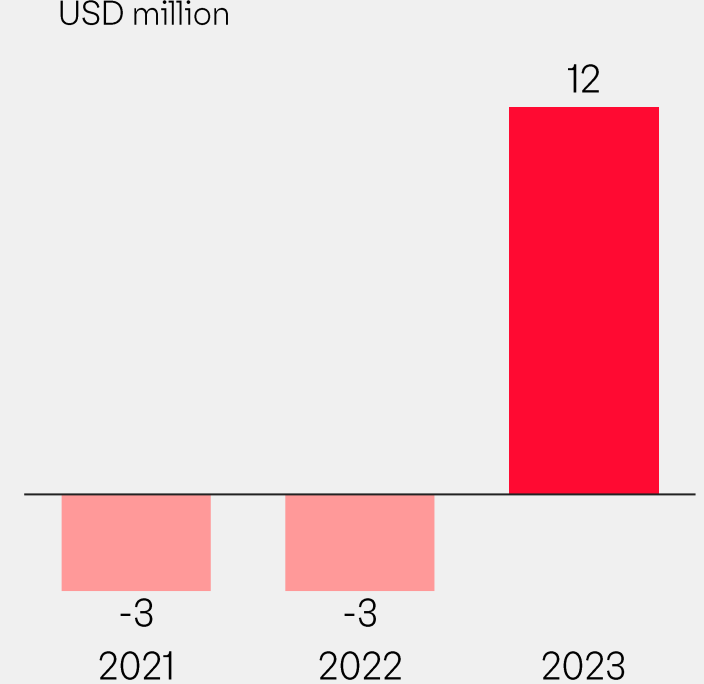
## EBIT

USD million



## Net Income

USD million



- › USD 15 million turnaround from last summer
- › PLAY is profitable during the summer and the business model is working well

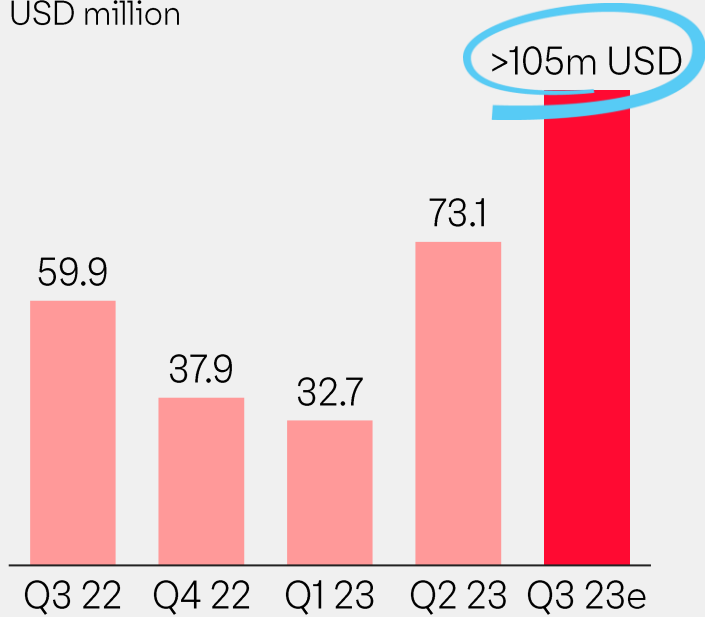


# Q3 estimates

First quarterly net profit

## Revenue

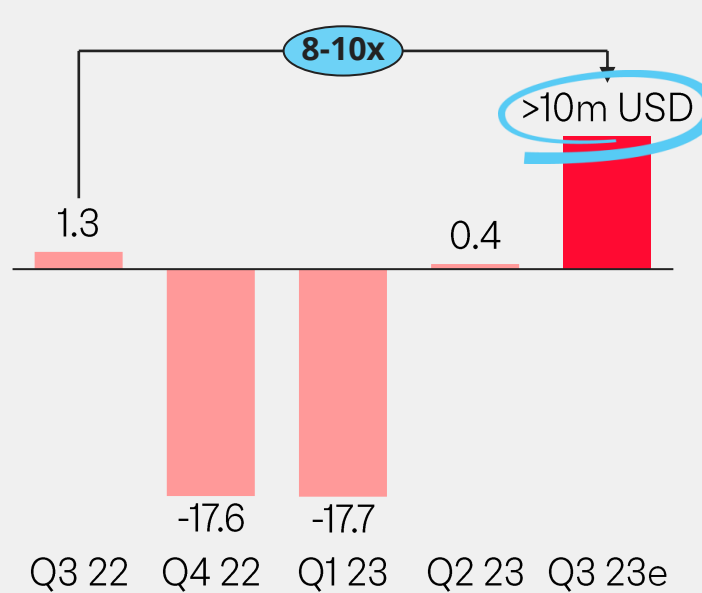
USD million



- › Total expected revenue for Q3 is over USD 105 million almost doubling between quarters

## EBIT

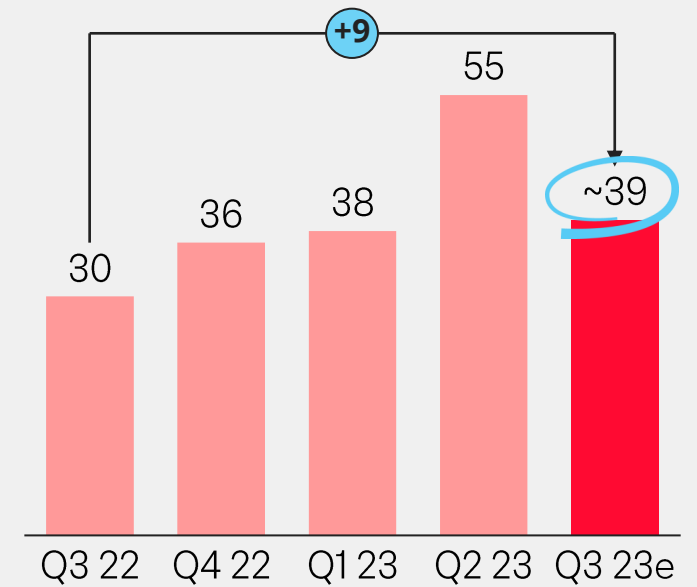
USD million



- › EBIT expected to be over USD 10 million and delivering PLAY's first quarterly net profit of ca. USD 4 million

## Cash position

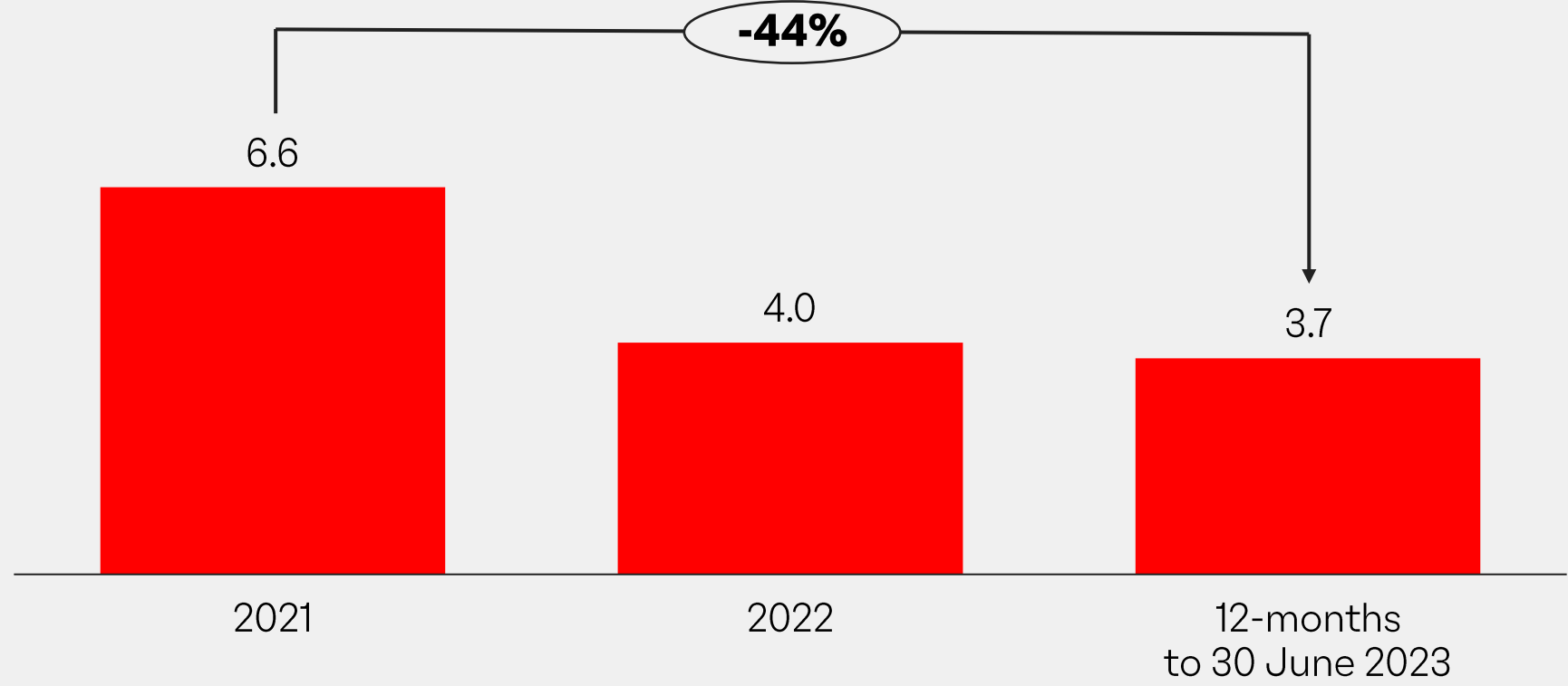
USD million



- › Decreasing cash from peak point end of Q2 due to unwinding of working capital

# Since we started operating, we have managed to **lower our unit cost...**

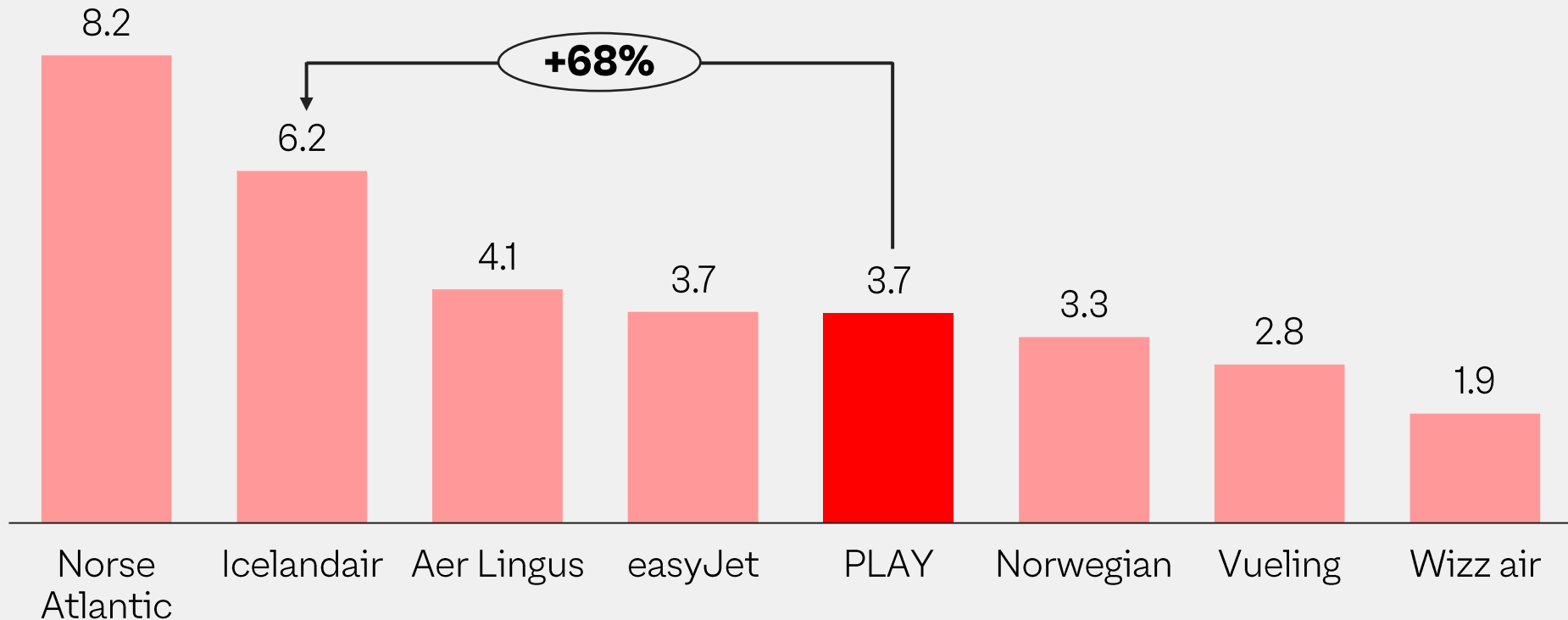
**Cost per Available Seat Kilometer (CASK) excluding Fuel**  
US cents



# ...which is competitive compared to other airlines

## CASK excluding Fuel<sup>1)</sup>

US cents



1) Based on data for twelve months to 30 June 2023 except for easyJet (year ending 31 March 2023). Reported numbers adjusted for differences in stage length

# Why is cost important?

# Price is the dominant consideration **when passengers choose which flight to take...**

**Overall, When Choosing Which Flight to Take, Price Is the Dominant Consideration**  
 Nearly Half of Respondents Ranked Ticket Prices Number One

*In choosing among flights, which of the following criteria are most important to you? Please rank the following criteria, with 1 being the most important to you and 6 being the least most important to you?*

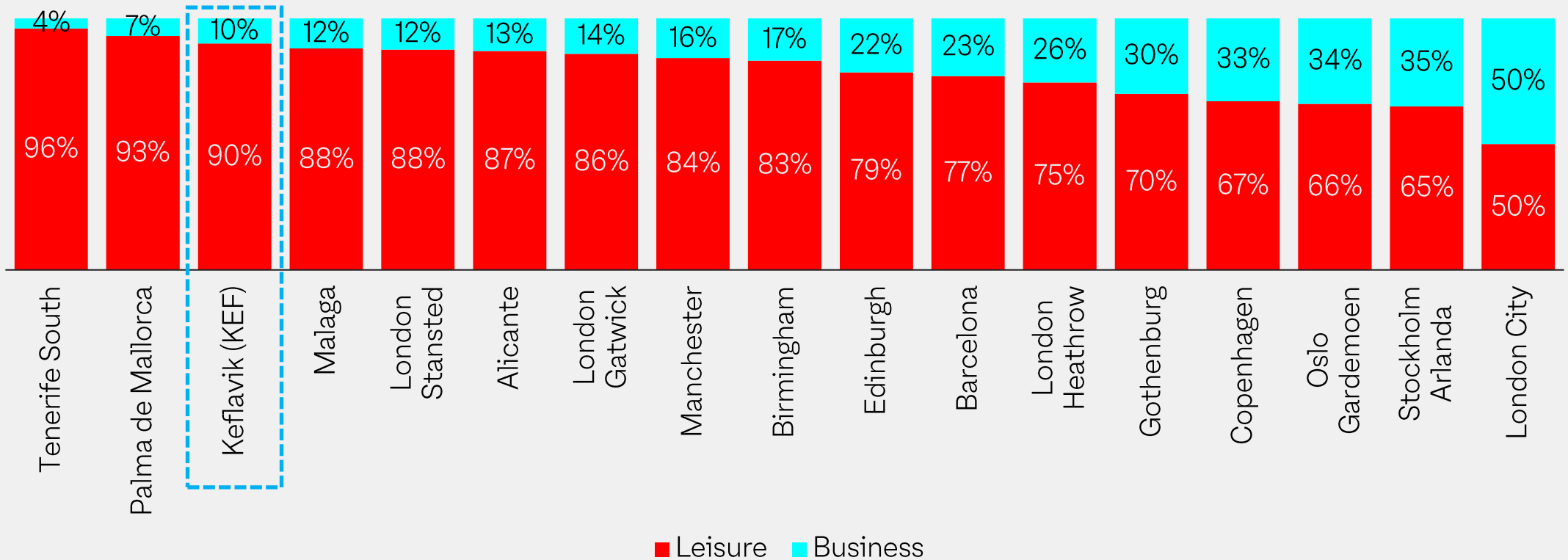
2021 Flyers	Overall Rank	Mean Score	% of Respondents Ranking #1
Ticket price/value	1	2.15	46
Nonstop flight option (vs. connecting)	2	2.60	25
Departure/arrival time	3	2.68	17
Percentage of seats that are occupied	4	4.33	4
Availability/quality of inflight WiFi/entertainment	5	4.57	4
Availability/quality of food/beverage service	6	4.67	4

Source: Ipsos survey of American adults (February 2022)



# ...especially leisure travelers, and most travelers using KEF are leisure travelers...

Journey Purpose of Passengers at Selected European Airports and KEF<sup>1)</sup>

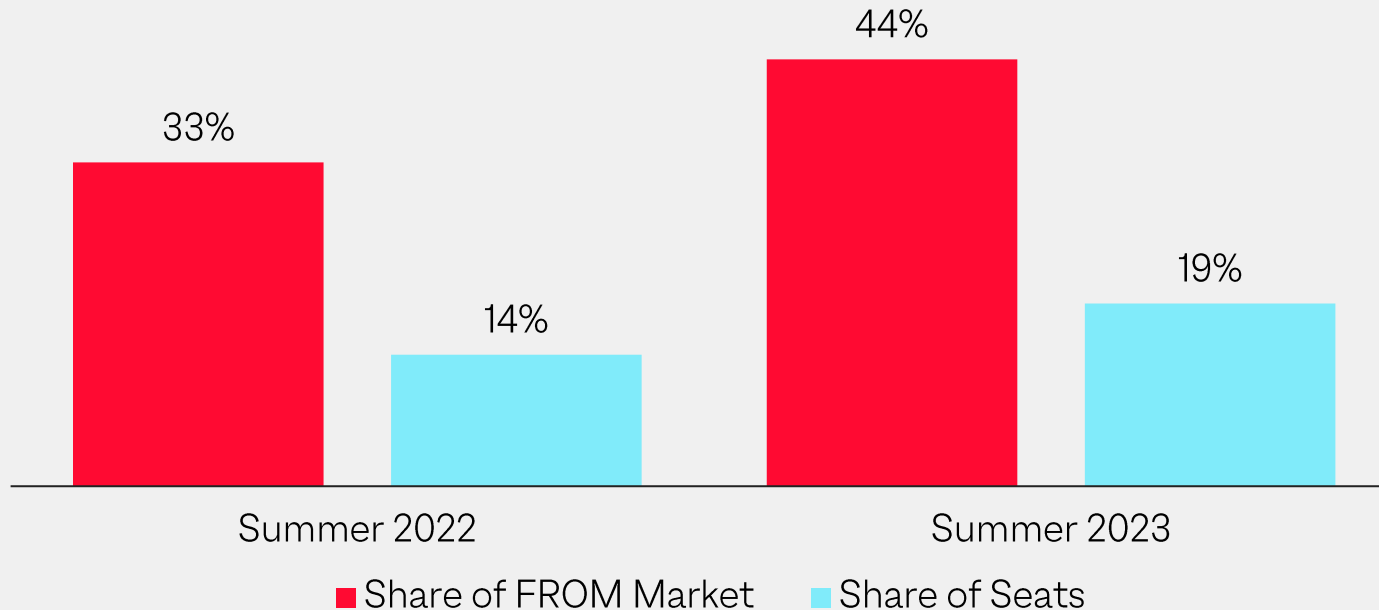


1) Various websites (UK CAA, Airports, ISAVIA)



# ...and they want low fares, which are enabled by low cost, as reflected in our growing share of our home market

**PLAY's Estimated Share of the Outbound Market FROM Iceland and Seat Capacity at KEF airport<sup>1)</sup>**



Note: Summer refers to the period June to August

1) Estimated using Iceland Tourist Board data, IATA DDS data, OAG Schedules and management estimates

# Outlook



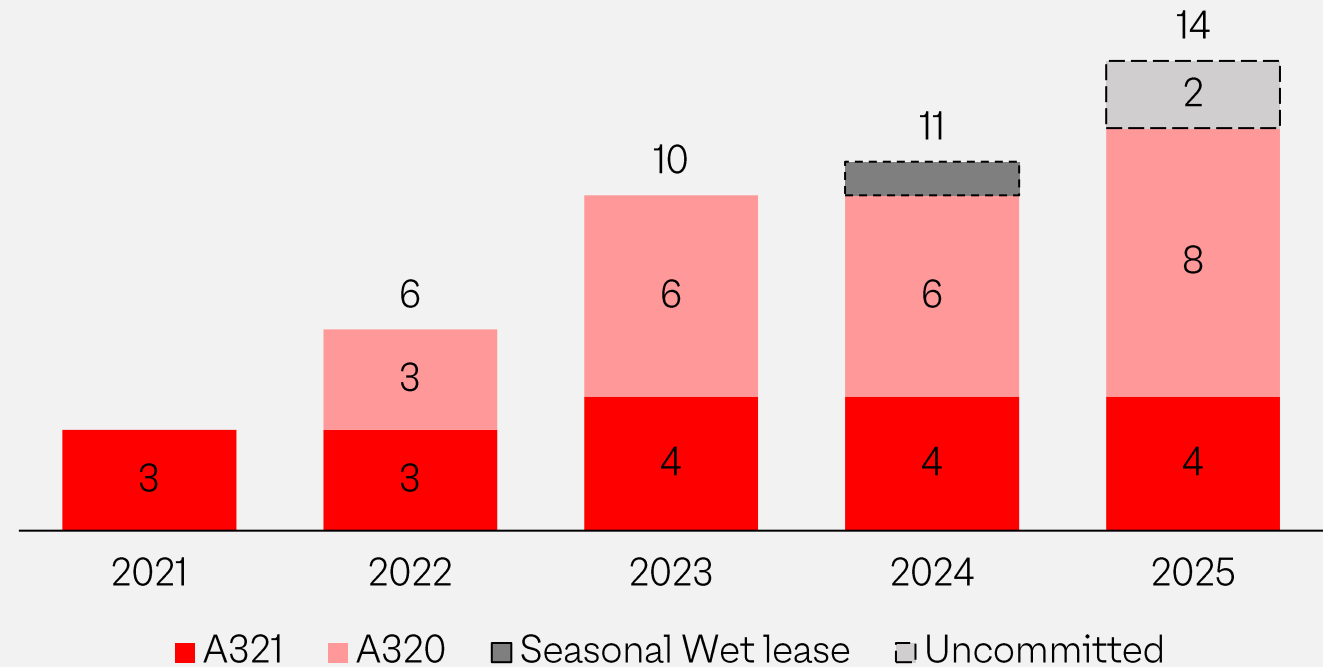
# Pilot Recruiting

- › 18 pilots, out of 125, leaving in the next few weeks/months
  - › We have already hired to fill most of those positions, and they have started training
  - › Capacity during winter 2023/24 is 20% lower than during the peak summer 2023
  - › Upgrade process for next season has already started
  - › We have advertised and already received hundreds of qualified applications
  - › Pilot turnover is therefore not an issue that will impact operations – but it is always sad to see good people leave
- › We made changes to our collective bargaining agreement (CBA) to bring our terms up to market standards
  - › PLAY is now very competitive in the European pilot market
  - › This is on top of a compelling offer for pilots that includes a desirable work-life balance, schedule flexibility and rapid promotion opportunities
  - › Changes to CBA estimated to increase CASK Ex-Fuel by 1% on annual basis in 2024
  - › Current CBA up for renegotiation in 2025

# Fleet plan

- › Currently exploring the option of introducing seasonal wet lease capacity for summer 2024
- › PLAY has signed Letters of Intent for two additional Airbus A320NEOs for 2025
- › Looking to expand the fleet to 14 aircraft in 2025 if aircraft can be secured at the right terms

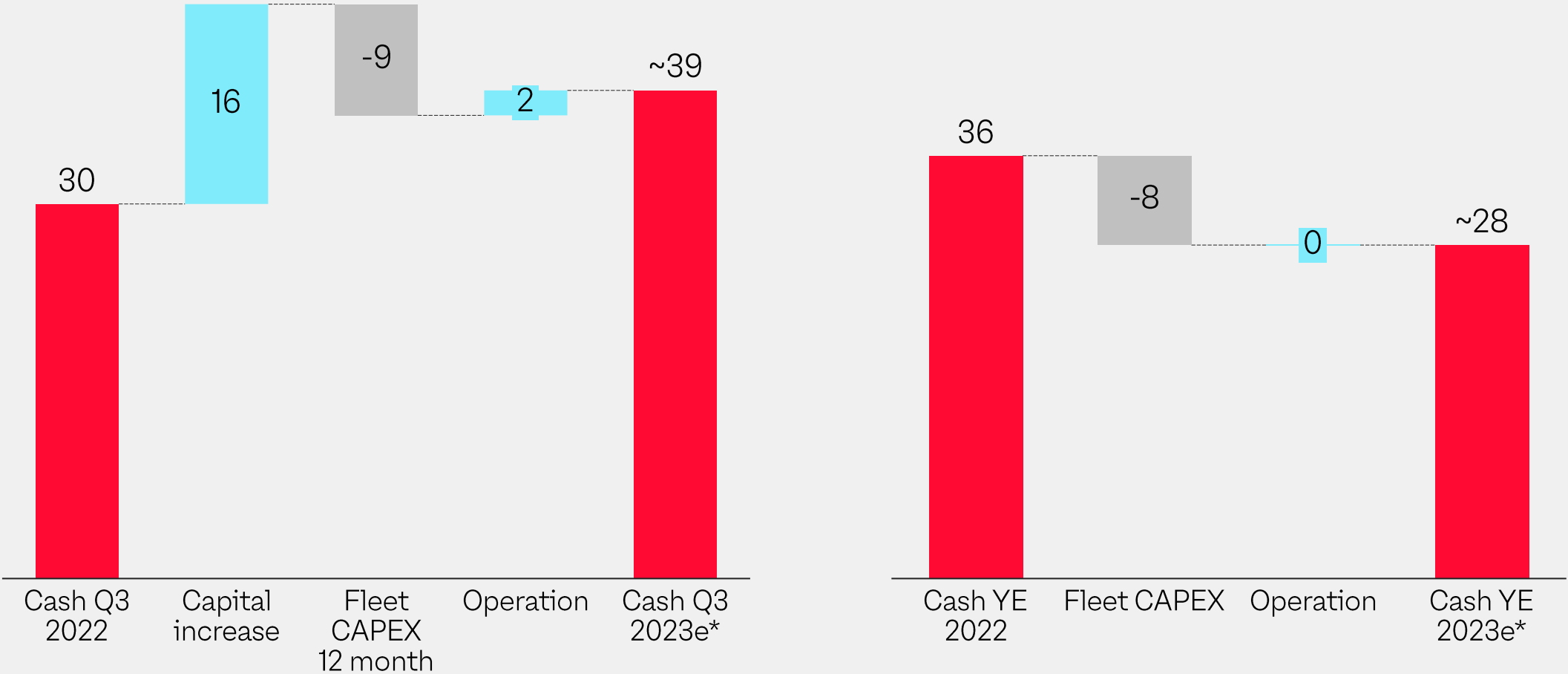
**Total Number of Aircraft<sup>1)</sup>**



<sup>1)</sup> Based on total number of aircraft in operation during the peak summer season. Seasonal wet lease aircraft in operation during the summer season only

# Cash neutral operation

Neutral cash flow in 2023 excluding investments in fleet expansion



Amounts are in USD millions

\*All financial estimates are based on management's analysis at the time of this presentation. Such estimates are subject to various uncertainties, including but not limited to the price of oil, passenger demand, competition, and the global macroeconomic environment.

# Outlook

	2022	2023	2024
 <b>Total Revenue</b>	140m USD	~280m USD	~340m USD
 <b>Cash position at year end</b>	36m USD	~28m USD	Positive cash-flow
 <b>Number of passengers</b>	0.8m	~1.5m	~1.8 m
 <b>EBIT</b>	-44m USD	~ -10m USD	Positive
 <b>CASK Ex-Fuel</b>	4.0	~3.7	In line with inflation



# Key Takeaways

Einar Örn Ólafsson







Despite our young  
age **we have**  
**accomplished a lot**





**We are optimistic  
for 2024 and  
beyond**





**We have delivered  
good results  
in a dynamic  
environment**





**We do not intend to  
raise equity  
in the current  
market environment**





**Q&A**



***PLAY***