

# Q2 2023 results

21 July 2023



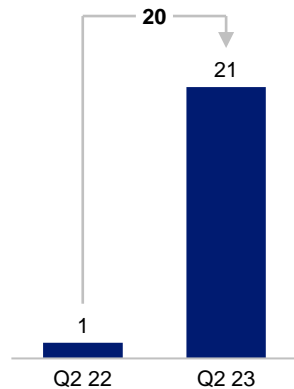
Bogi Nils Bogason, CEO

Ívar S. Kristinsson, CFO

# Best Q2 financial results since 2016

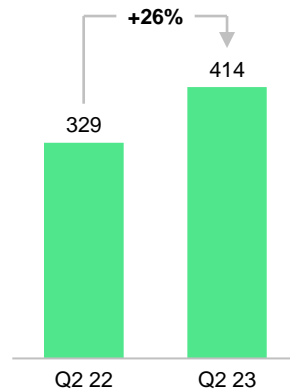
## EBIT improving by USD 20 million

EBIT USD million



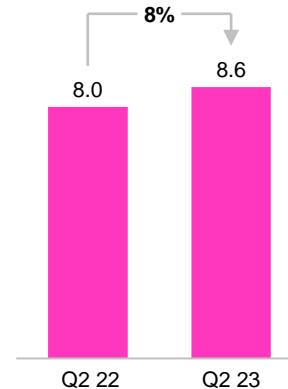
## Strong revenue generation

Total revenue USD million



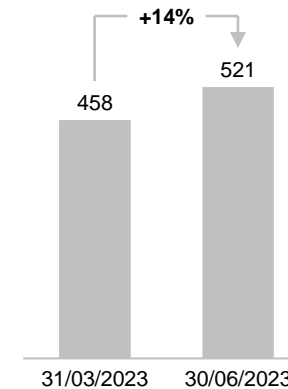
## Record unit revenues

RASK<sup>1</sup> US cents



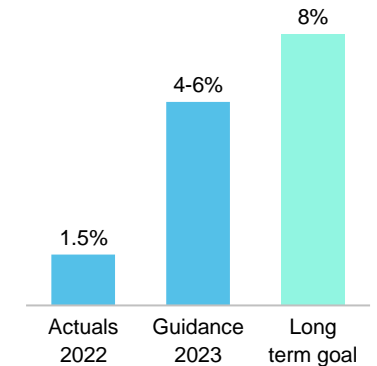
## Highest liquidity position ever

Liquid funds<sup>2</sup> USD million



## On right track to reach long-term EBIT margin

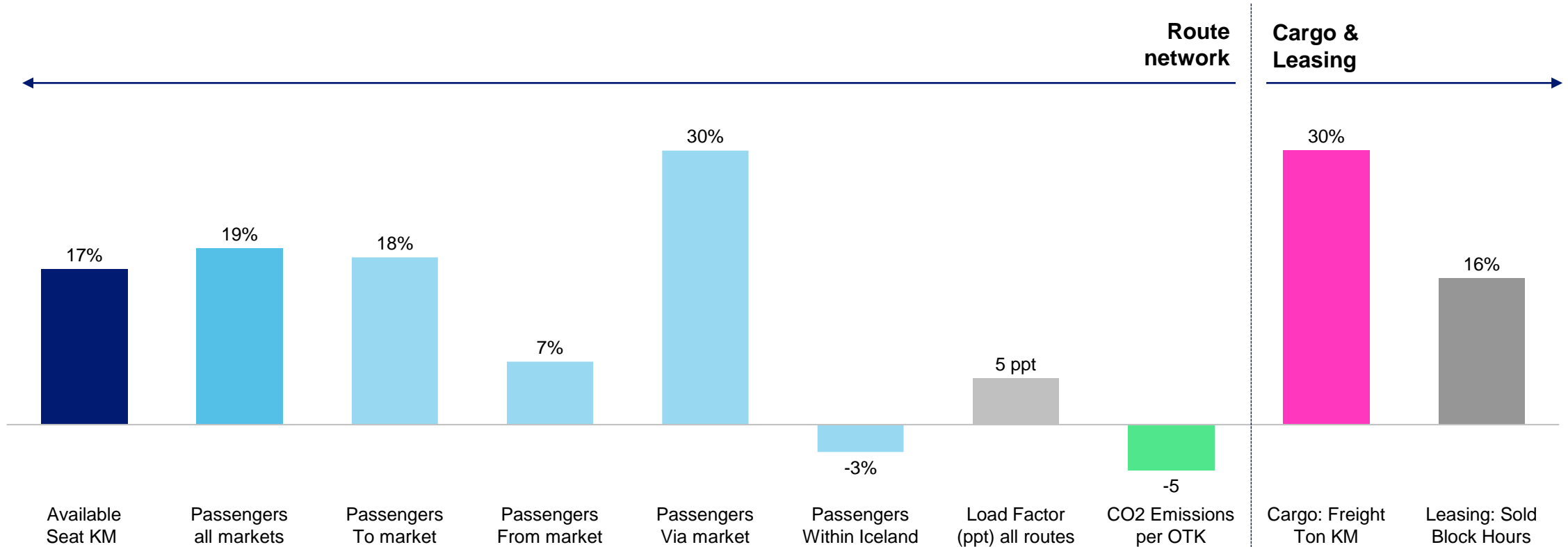
EBIT/total revenues



# Significant organic growth

## Traffic figures - changes year-on-year in Q2

In percentage



# Financials

Ívar S. Kristinsson, CFO

# Profit improvement in the second quarter driven by more production, strong revenue generation and lower fuel cost

Record second quarter unit revenue

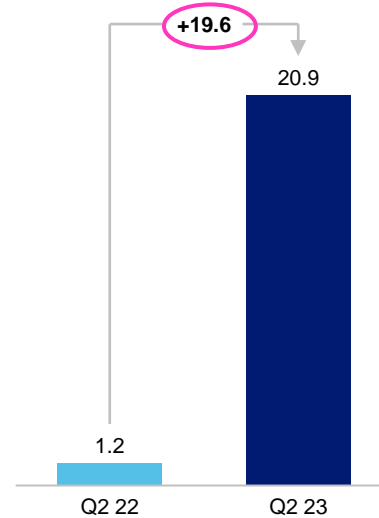
## Profit loss statement

USD million

USD million	Q2 2023	Q2 2022	Change
Passenger revenue	352.7	276.1	76.6
Cargo revenue	22.0	24.2	-2.2
Leasing revenue	19.5	13.8	5.7
Other operating revenue	20.0	14.9	5.1
<b>Operating income</b>	<b>414.2</b>	<b>328.9</b>	<b>85.2</b>
Salaries and salary related	105.9	83.9	22.1
Aircraft fuel	95.6	106.0	-10.4
Other aviation expenses	71.0	50.9	20.2
Other operating expenses	86.0	60.6	25.4
<b>Operating expenses</b>	<b>358.6</b>	<b>301.3</b>	<b>57.2</b>
Depreciation and amortization	-34.7	-26.4	-8.3
<b>EBIT</b>	<b>20.9</b>	<b>1.2</b>	<b>19.6</b>
<b>EBIT ratio</b>	<b>5.0%</b>	<b>0.4%</b>	<b>4.7 ppt</b>
EBT	15.3	2.1	13.2
<b>Net profit</b>	<b>13.7</b>	<b>3.8</b>	<b>9.9</b>

## EBIT

USD million

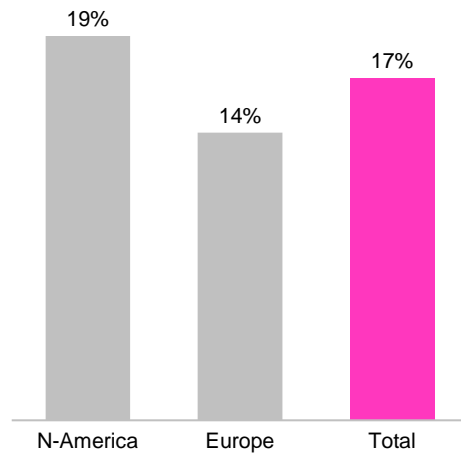


- Record unit revenue within the passenger network
- High load factor and improved yields, especially on N-American routes and in Saga Premium, our front cabin
- Salaries and related expenses up y-o-y due to more production and wage increases; 1,000 employees recruited in Q2 in preparation for the high season
- One-off costs due to delay in maintenance projects and implementation of aircraft USD 8 million
- Lower fuel prices and more flights on fuel-efficient MAX aircraft reduce fuel costs
- Weak conditions in freight markets negatively impacting results
- Leasing operation at Loftleidir was profitable with revenue up by 41%

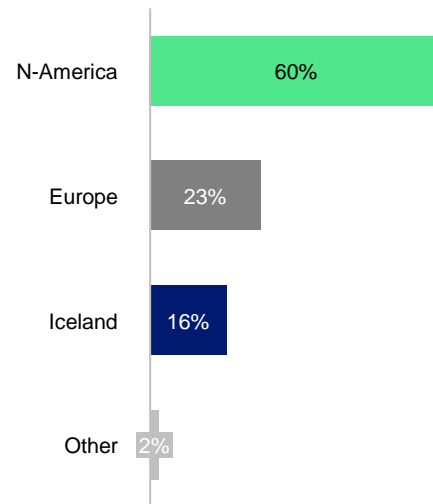


# Robust demand particularly from North-America

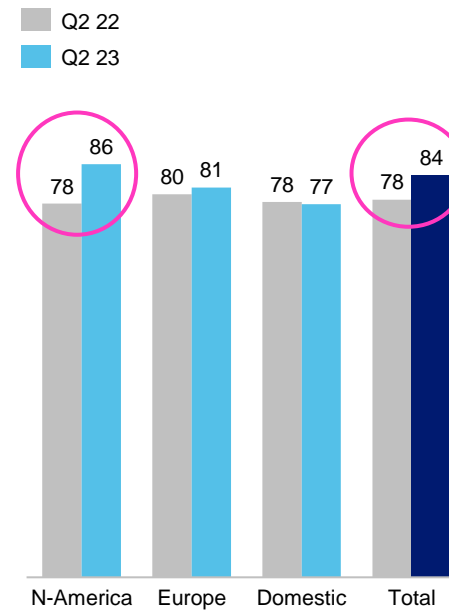
## Capacity change\* Year-on-year Q2



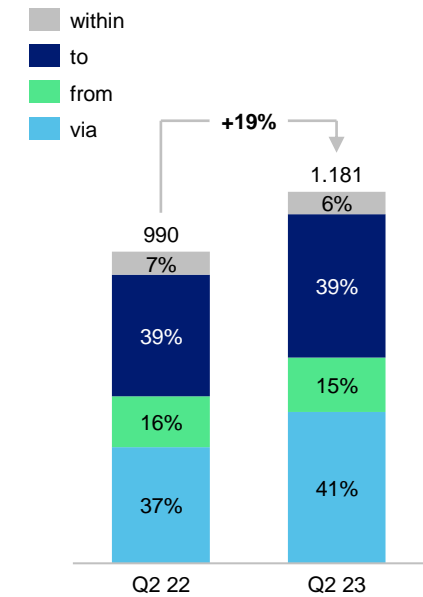
## Passenger revenue Geographic segments Q2



## Load factor main markets Year-on-year Q2

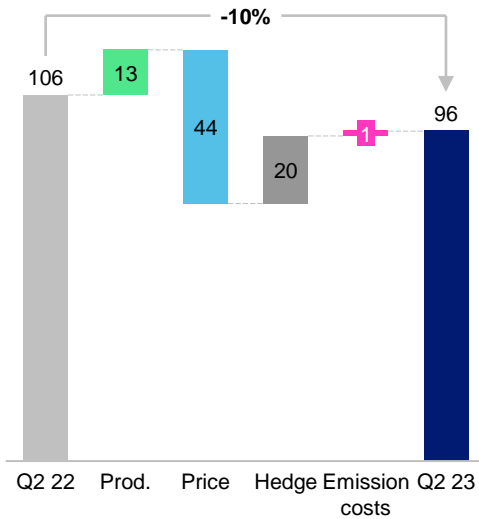


## Passenger mix Year-on-year Q2

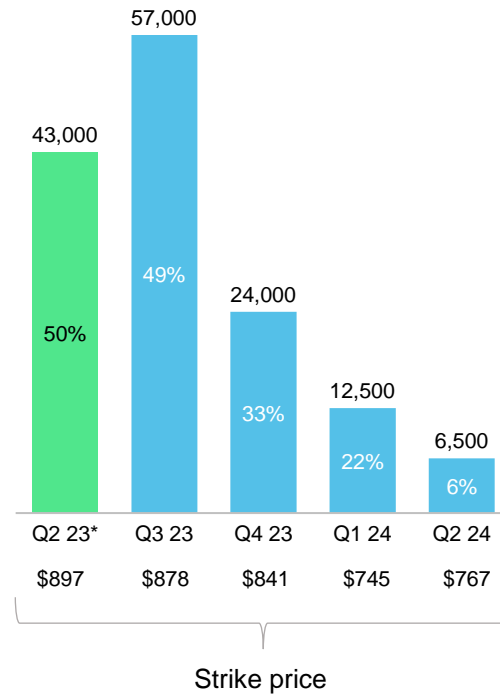


# Fuel cost down 10% year-on-year due to more flights on fuel-efficient MAX aircraft and lower fuel prices

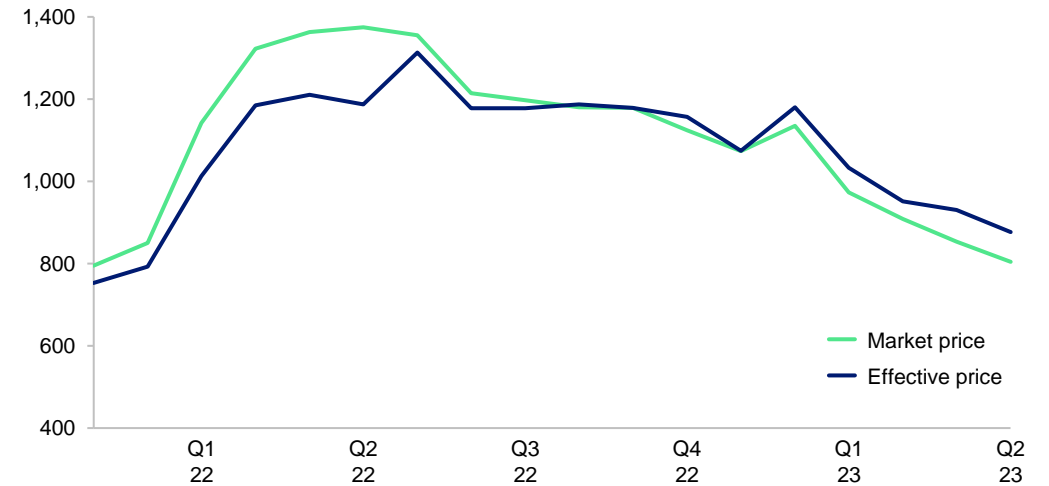
**Fuel cost main changes**  
USD million



**Hedge contracts and ratios**  
Overview ton (Hedge %, Strike Price \$/mt)



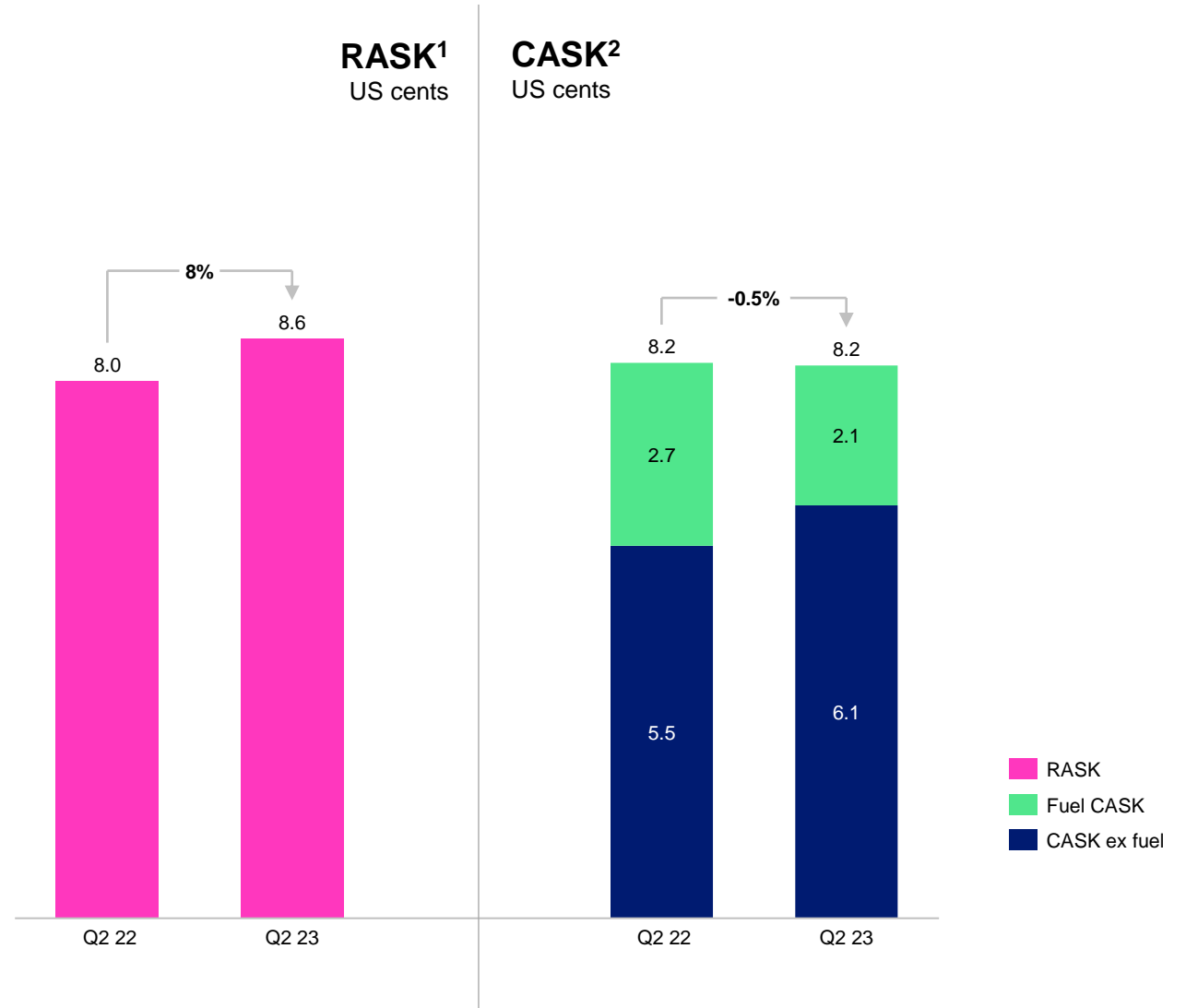
**Fuel price**  
USD per metric ton



Record second quarter unit revenue driven by historically high load factor and yield improvements in all markets

CASK decreasing by 0.5% driven by lower fuel cost

Salaries, inflation and one-off costs impacting non-fuel CASK



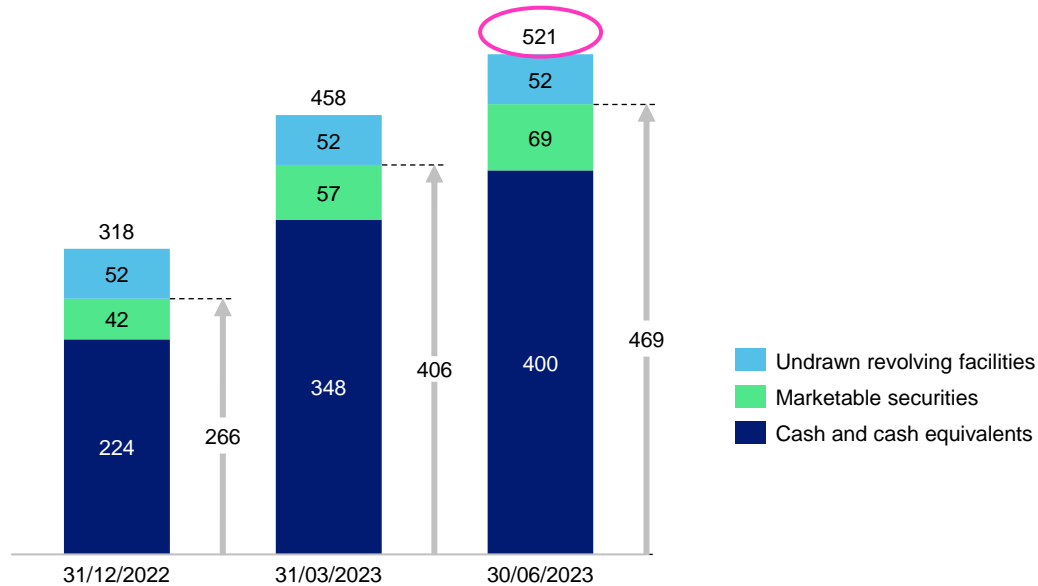


# Record liquidity of USD 521 million

Cash and marketable securities increased by USD 63 million during the quarter

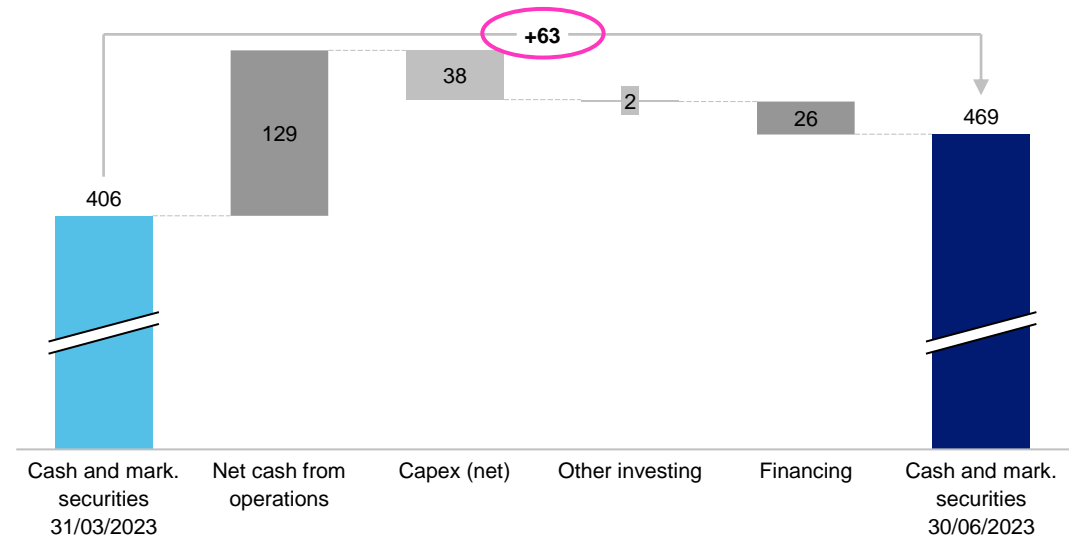
## Total liquidity

Breakdown in USD million



## Cash and marketable securities

Chg. in Q2 2023 in USD million



# Assets USD 1.8 billion and equity ratio of 14%

## Assets

USD million	30 Jun 2023	31 Dec 2022	Change
Operating assets	546.5	505.6	40.9
Right-of-use assets	374.2	319.0	55.3
Intangible assets and goodwill	55.2	55.2	0.0
Other non-current assets	101.4	85.2	16.3
<b>Total non-current assets</b>	<b>1,077.4</b>	<b>964.9</b>	<b>112.4</b>
Other current assets	23.6	22.5	1.1
Trade and other receivables	188.4	155.3	33.1
Derivatives used for hedging	5.1	2.0	3.1
Marketable securities	68.8	42.2	26.7
Cash and cash equivalents	400.4	224.3	176.1
<b>Total current assets</b>	<b>686.3</b>	<b>446.2</b>	<b>240.1</b>
<b>Total assets</b>	<b>1,763.7</b>	<b>1,411.2</b>	<b>352.5</b>

## Equity and liabilities

USD million	30 Jun 2023	31 Dec 2022	Change
<b>Shareholders' equity</b>	<b>241.0</b>	<b>273.4</b>	<b>-32.3</b>
Loans and borrowings non-current	240.3	207.3	33.0
Lease liabilities	345.5	296.7	48.8
Other non-current liabilities	44.3	33.9	10.4
<b>Total non-current liabilities</b>	<b>630.2</b>	<b>537.9</b>	<b>92.3</b>
Loans and borrowings current	53.8	48.5	5.3
Lease liabilities	52.8	45.5	7.3
Derivatives used for hedging	0.0	0.8	-0.8
Trade and other payables	252.8	201.8	51.0
Deferred income	533.2	303.4	229.9
<b>Total current liabilities</b>	<b>892.5</b>	<b>599.9</b>	<b>292.6</b>
<b>Total liabilities</b>	<b>1,522.7</b>	<b>1,137.8</b>	<b>384.9</b>
<b>Total equity and liabilities</b>	<b>1,763.7</b>	<b>1,411.2</b>	<b>352.5</b>
<b>Equity ratio</b>	<b>14%</b>	<b>19%</b>	<b>-5.7 ppt</b>



# Outlook

Bogi Nils Bogason, CEO

# The first six months of 2023 have been eventful!



**1,154 employees onboarded**

Thereof 1,000 in Q2



**6 aircraft added to the fleet**

Four 737 MAX, one B767 freighter and one Dash Q400



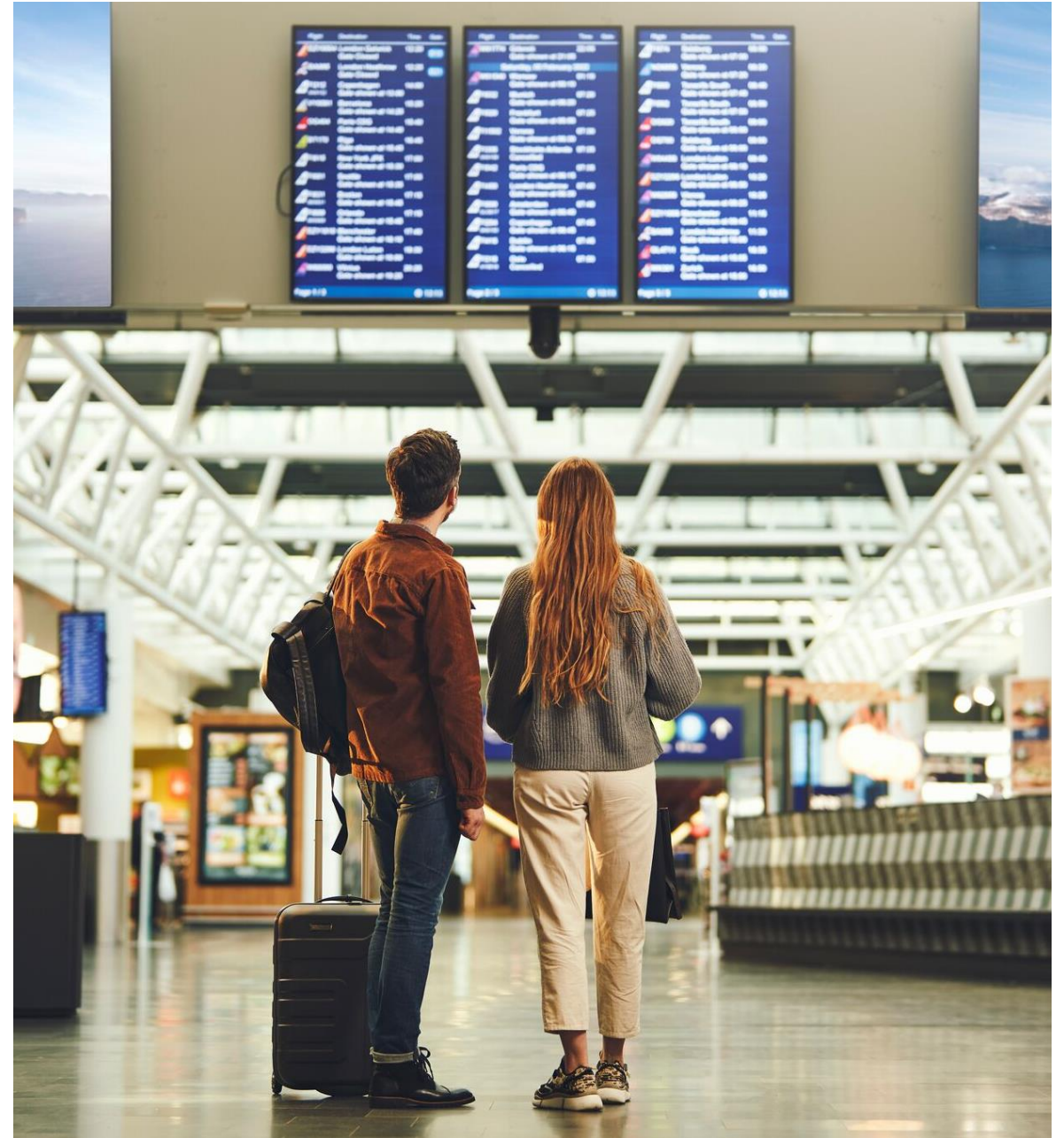
**5 new passenger destinations**

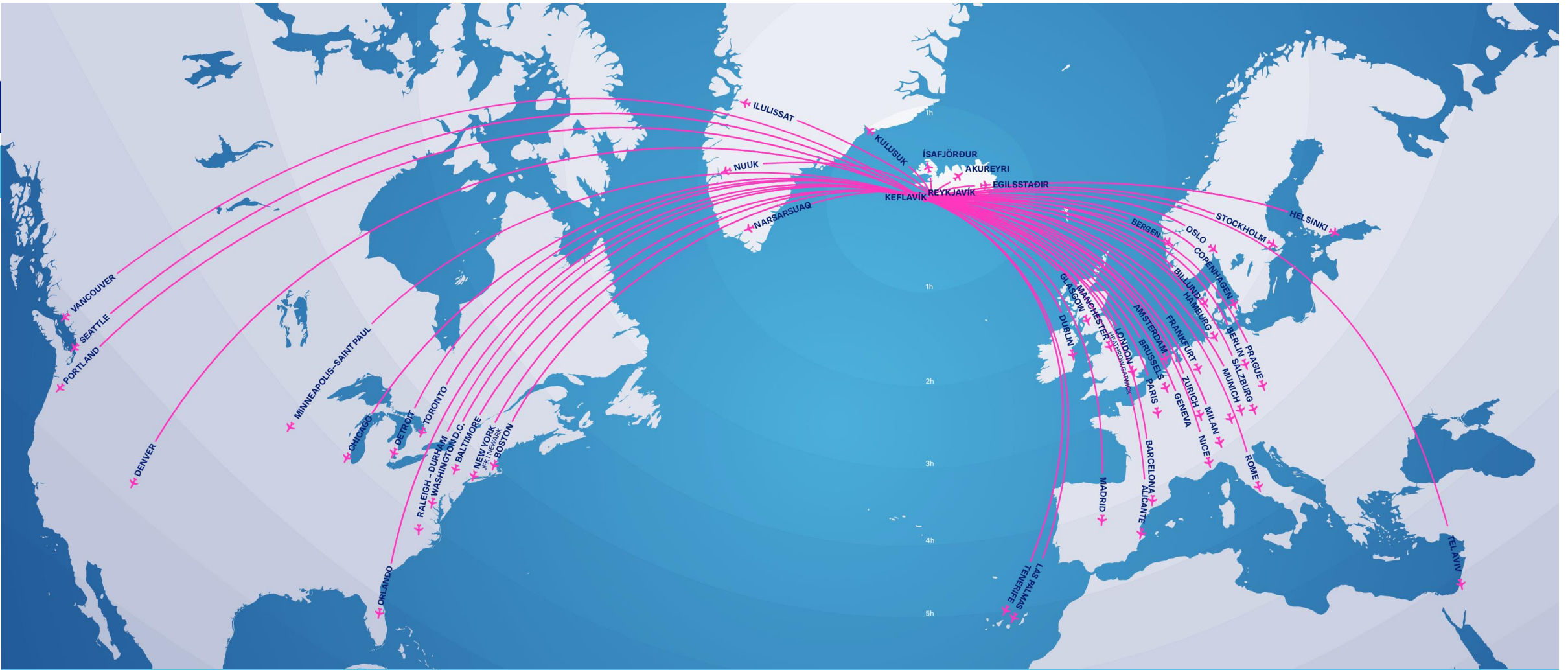
Detroit, Prague, Barcelona, Tel Aviv and Crete



**1.8 million passenger carried**

Over 430 thousand more than last year



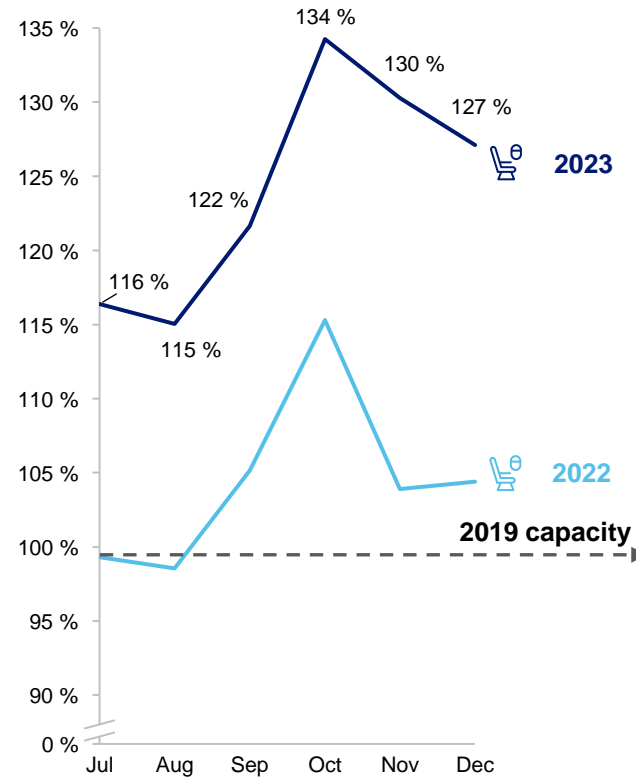


## Booking flow strong for the largest flight schedule<sup>1</sup> in the history of Icelandair

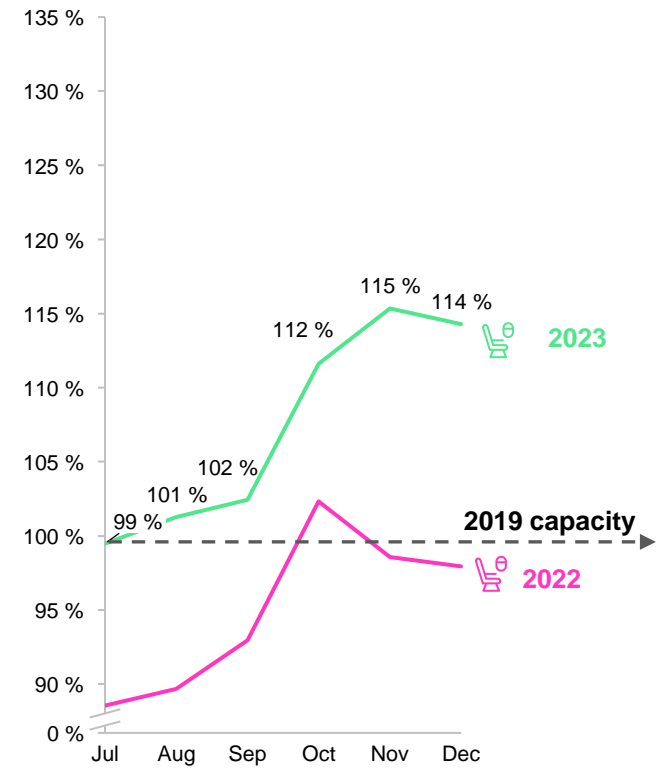
<sup>1</sup>In terms of frequency and destinations

Capacity growth to and from Iceland is outpacing the growth in most other markets

**Seat capacity To and From Iceland<sup>1</sup>**  
as % of 2019



**Seat capacity on the Transatlantic**  
as % of 2019



# Cargo operation challenging but Leasing expected to deliver strong results in 2023

## Cargo

- Significant capacity increase this year with the addition of two B767 widebody cargo aircraft to support Icelandair's plans to develop KEF airport as an airfreight hub
- Freight markets have been challenging, negatively affecting profits
- Actions are currently being taken to improve profitability



## Leasing

- Leasing delivered profit in the first 6 months of the year, with revenue increasing by 41% year-on-year
- The outlook for the second half of the year is good
- The number of block hours flown under AM projects (Aircraft and Maintenance) has been progressing
- Letter of Intent signed for one B737 800, which will be sub-leased to a long-term lease customer
- Good prospects on the VIP charter market post-COVID

## 2023 Outlook

- Outlook in the route network good, with bookings currently well above last year
- Leasing operation expected to continue to deliver strong results
- Cargo operation remains challenging and focus on restoring profitability
- The guidance below is subject to change in case of unforeseen events and economic development

## 2023 guidance

 EBIT margin	Full year	~4% - 6%
 Net capex USDm	Full year	~135 -145
 Capacity chg. in ASK	Full year	~20%
 Av. fuel m/t USD	Jul-Dec	785
 Av. EUA per unit EUR	Jul-Dec	95
 Av. USD/ISK	Jul-Dec	132

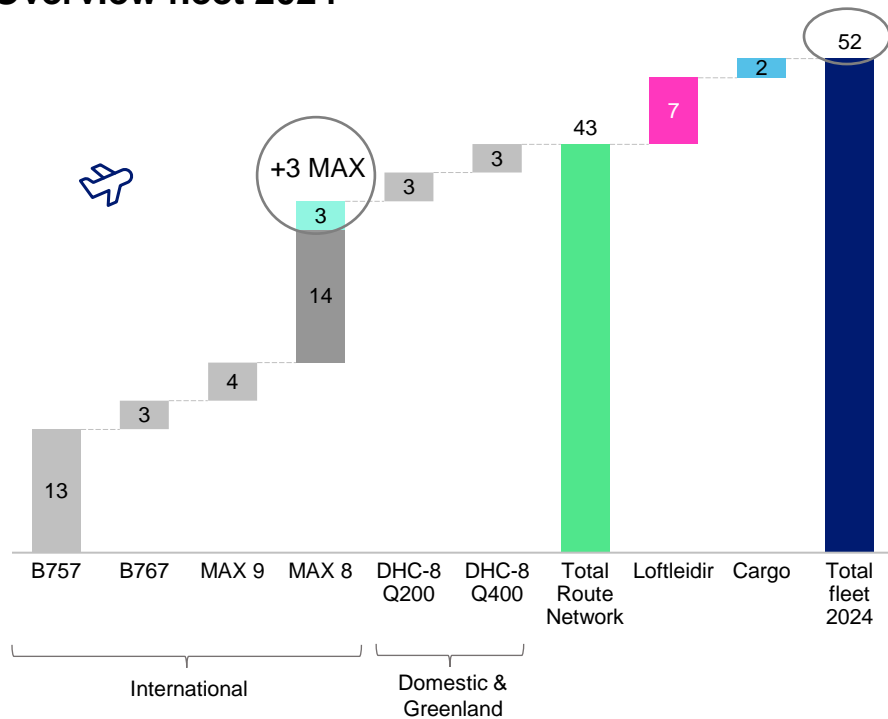




# Growth plans for 2024 – three new Boeing 737 MAX

Three new destinations already announced:  
Innsbruck, Verona and the Faroe islands

## Overview fleet 2024



# Firm commitments made for A321LR and A321XLR aircraft

## Airbus A321XLR

- Icelandair and Airbus finalized at the beginning of July order for 13 Airbus 321XLR aircraft and purchase rights for 12 additional aircraft
- A321XLR will replace all B757-200 in the Icelandair fleet
- Deliveries will commence in 2029

## Airbus A321LR

- Icelandair and SMBC Aviation Capital Limited signed a long-term lease agreement for four new A321LR aircraft
- Deliveries expected in Q4 2024 and Q1 2025



A photograph of the Aurora Borealis (Northern Lights) over a snowy, mountainous landscape. The sky is dark with stars, and the aurora displays vibrant green and red colors. The foreground shows a snow-covered field with a fence line. The text "We bring the spirit of Iceland to the world" is centered in white.

**We bring the spirit  
of Iceland to the  
world**

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