Q4 and 12M 2024 results

31 January 2025



Key highlights in 2024

CIRIUM aviation analytics

One of Europe's most punctual airlines

#1 in June

#2 in July

#3 in August



3% CASK decrease

New partnership agreements

Emirates

ITA AIRWAYS

TAP PORTUGAL

ATLANTIC AIRWAYS

air greenland

4.7 million passengers

ÍSLENSKA ÁNÆGJUVOGIN

We are grateful to have the happiest customers among airlines in Iceland



ONE

collective effort – one journey

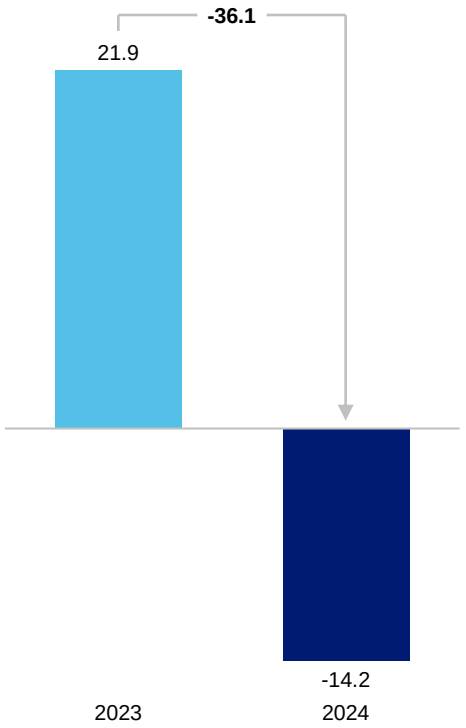


Full year results in line with financial guidance

Significant improvement in Q4 2024

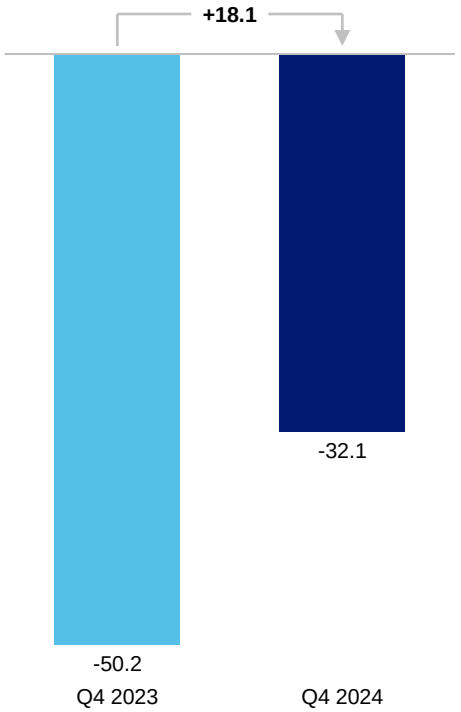
FY 2024 affected by lower than expected passenger revenue

EBIT profit (loss) FY23 vs FY24



Strong turnaround in Q4 2024

EBIT (loss) Q4 2023 vs Q4 2024

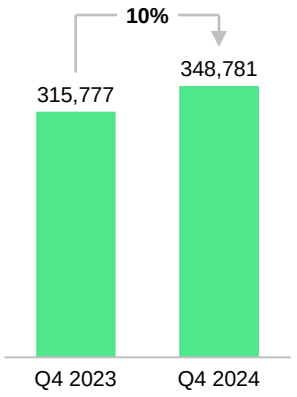


- Revenue generation early 2024 fell short of expectations due to temporary softened demand in travel to Iceland
- Focus on operational efficiency and cost management in 2024 contributing to 3% decrease in CASK, despite high inflation, general cost pressure and contractual salary increases
- Leasing operation with good profitability
- Significant turnaround for Cargo, back to positive EBIT, improving by 18 million compared to last year
- Positive momentum in profitability in Q4 is expected to continue into 2025

Robust demand across all markets results in strong recovery in Q4 2024

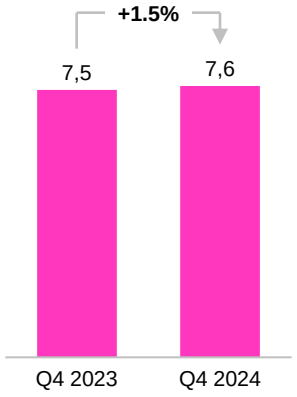
Revenue generation strong in Q4 2024

Total revenue USD million



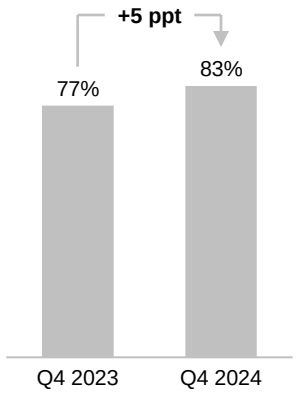
RASK increasing on stronger TO market and higher load factor

RASK[1] US cents



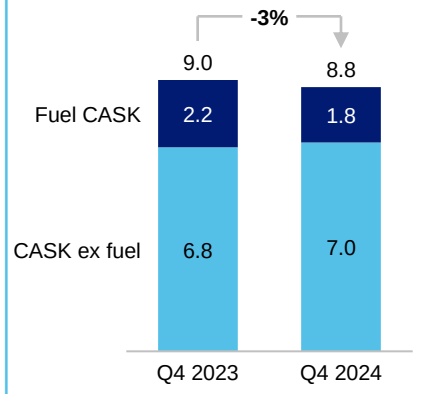
Record load factor in Q4 2024

Load factor



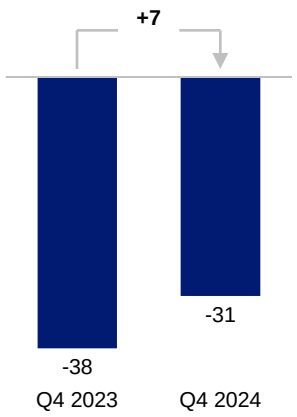
Positive CASK development

CASK[2] US cents



Net loss improvement of USD 7.2 million

Net loss USD million

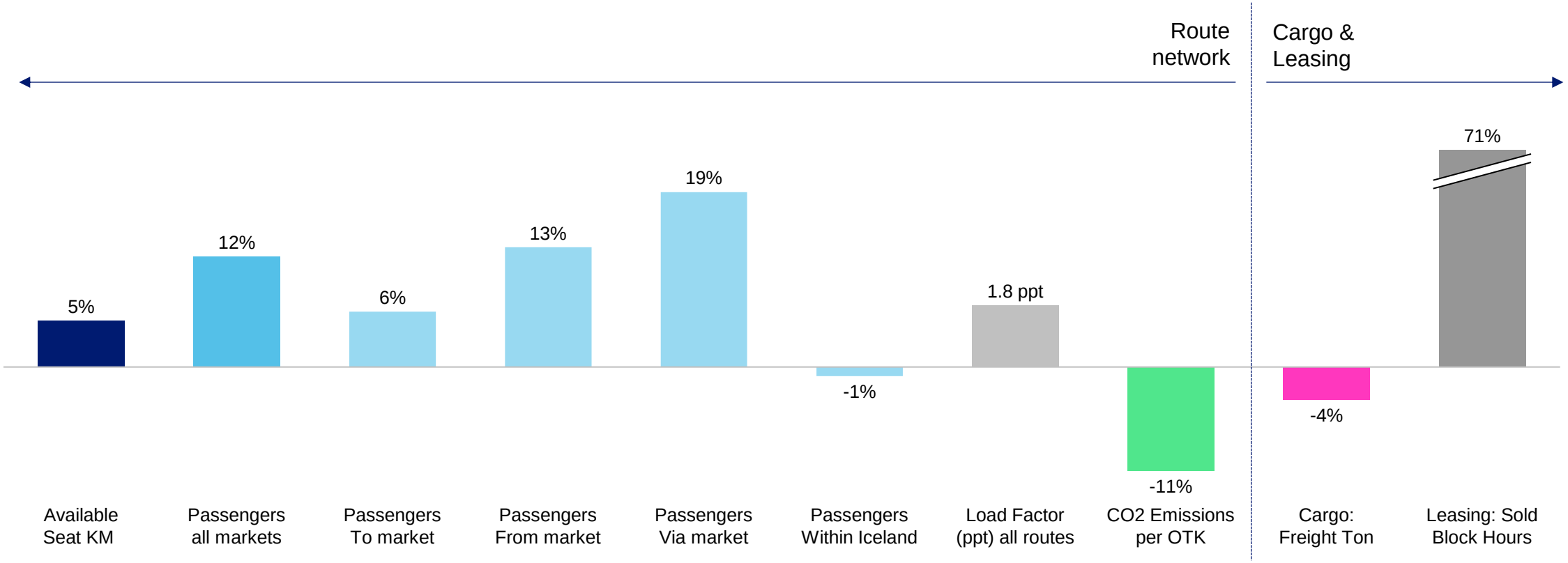


[1] RASK = Revenue per available seat kilometer in route network, [2] CASK = Cost per available seat kilometer in the route network

The market to Iceland grew by 6% in Q4 after a 9% decrease in the first 9 months of the year

Traffic figures – Q4 2024 vs Q4 2023

In percentages



Financials

Ívar S. Kristinsson, CFO

Strong demand across all markets reflected in strong revenue generation and focus on efficiency positively impacts cost development

Profit loss statement Q4 2024

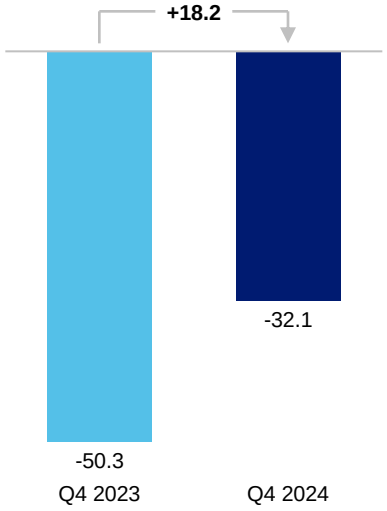
USD million

	Q4 2024	Q4 2023	Change
Passenger revenue	276.6	258.6	18.0
Cargo revenue	22.2	21.6	0.6
Leasing revenue	30.6	19.1	11.5
Other operating revenue	19.4	16.5	2.9
Operating income	**348.8**	**315.8**	**33.0**
Salaries and salary related	102.9	104.8	-1.9
Aircraft fuel	74.6	87.8	-13.2
Other aviation expenses	68.7	59.6	9.1
Other operating expenses	94.1	78.8	15.3
Operating expenses	**340.2**	**330.9**	**9.4**
Depreciation and amortization	40.6	35.2	5.5
EBIT	**-32.1**	**-50.3**	**18.2**
EBIT ratio	**-9.2%**	**-15.9%**	**6.7 ppt**
EBT	**-35.7**	**-48.4**	**12.6**
Net profit	**-30.6**	**-37.8**	**7.2**

- Revenues up by 10% compared to last year
- Operating expenses increasing by only 3% y-o-y on a 5% increase in production
- Strong performance of the Leasing and Cargo operation
- Fuel cost down by 15% year-over-year
- EBIT improving by USD 18.2 million

EBIT

USD million

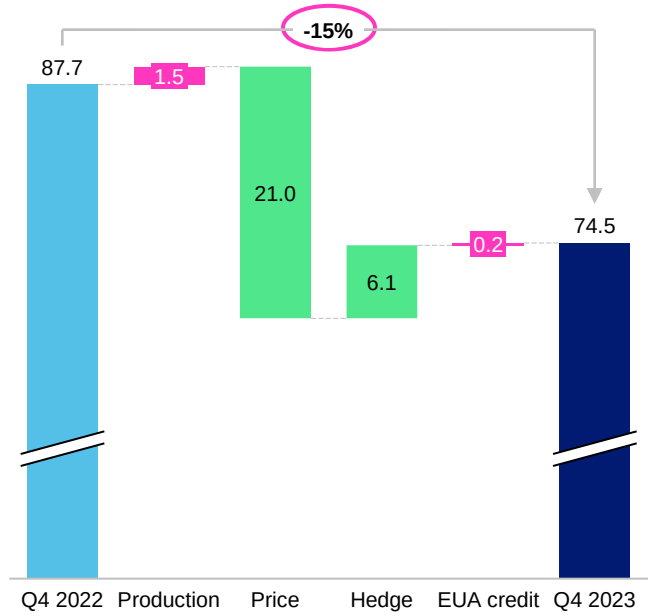


Lower fuel prices and more fuel-efficient fleet offset increased fuel cost associated with more production

- Effective fuel price 18% lower than in Q4 2023

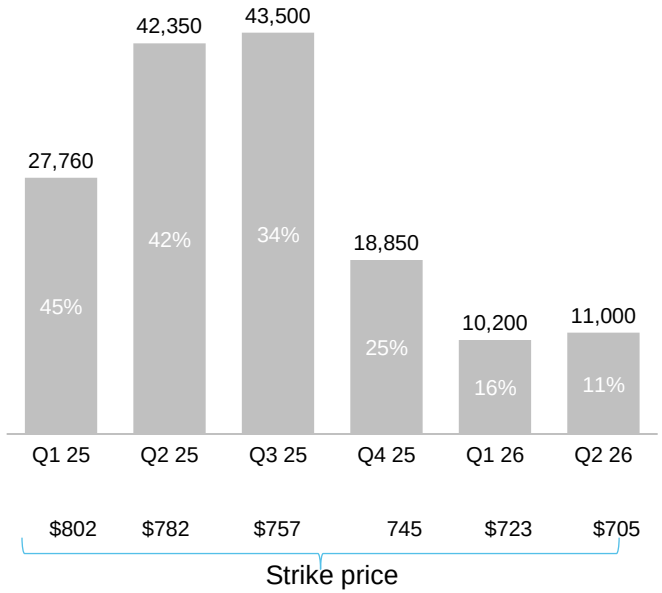
Fuel cost main changes

USD million Q4 2023 vs Q4 2024



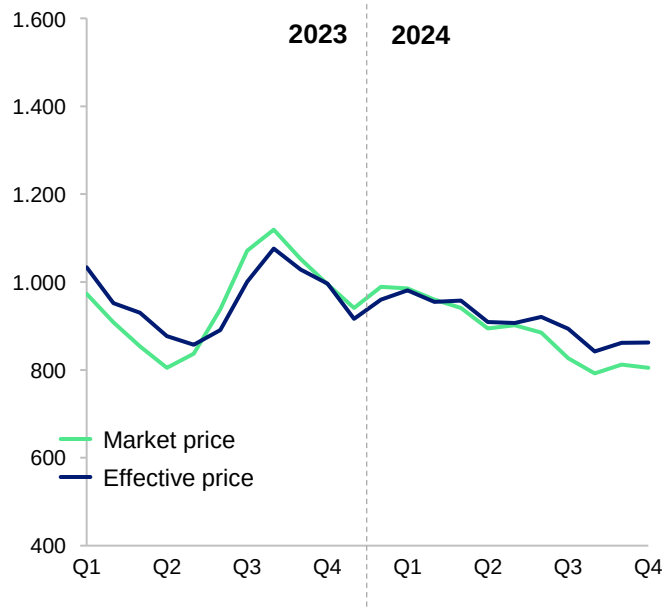
Overview hedge contracts and ratio

(Hedge %, Strike Price $/mt)



Fuel price

USD per m/t

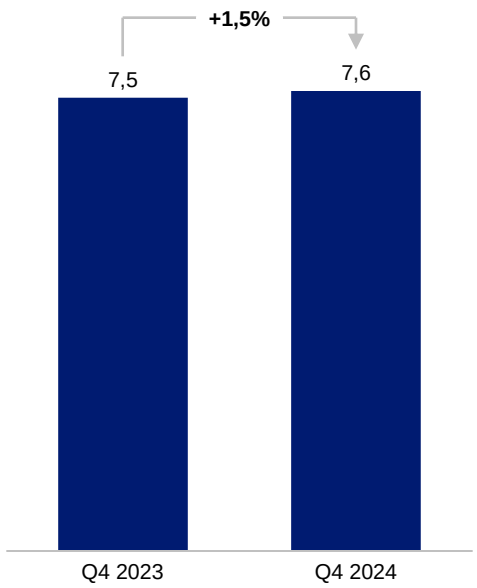


Healthy growth in passenger revenue in Q4, driven by record load factor

- Strong sales across all markets contributed to increased RASK

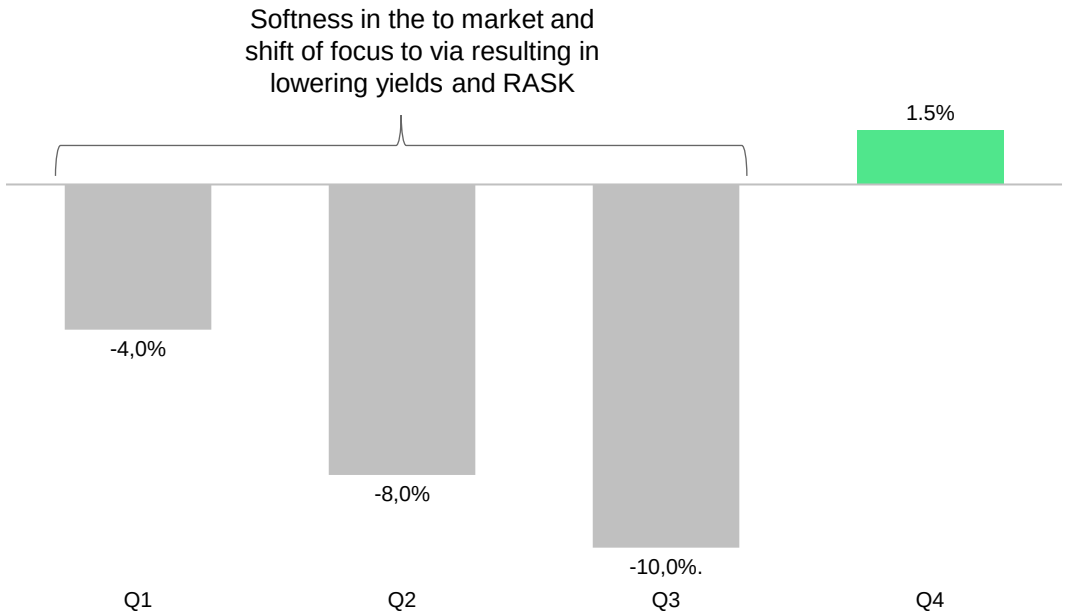
RASK

USD cents



RASK[1] development

Act 24 vs. Act 23

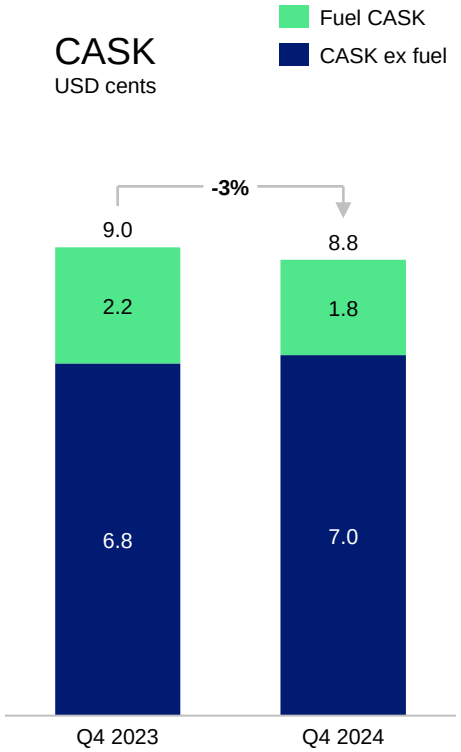


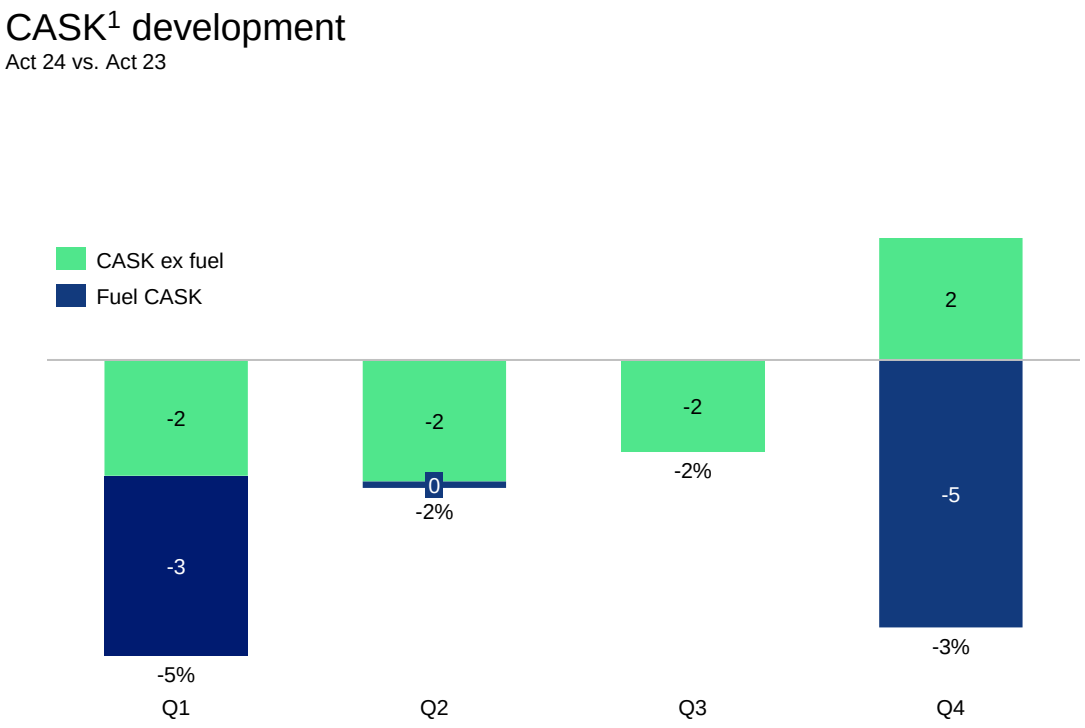
- Q4 RASK driven by record Load Factor of 83%
- Strong sales in all markets and reduced competitive capacity positively impacting development on the To market
- Significant growth in Saga Cabin Unit Revenues
- Last year was negatively affected by seismic activity in Reykjanes which led to cancellations of bookings and negative impact on last minute inflow

[1]RASK = Revenue per available seat kilometer in route network

Strong operational performance and focus on efficiency improvements

- Lower fuel costs driving positive cost development in Q4





- Robust operational performance in 2024 with good OTP having positive impact on operating costs, especially IRROPs
- Successful execution of maintenance program
- ONE transformation initiatives resulting in lowering of costs, mitigating inflationary pressures in some parts of the value chain
- Continued investment in more fuel-efficient aircraft both 737 MAX and 321LR's with positive CASK impact
- Fuel costs down 6% year-on-year

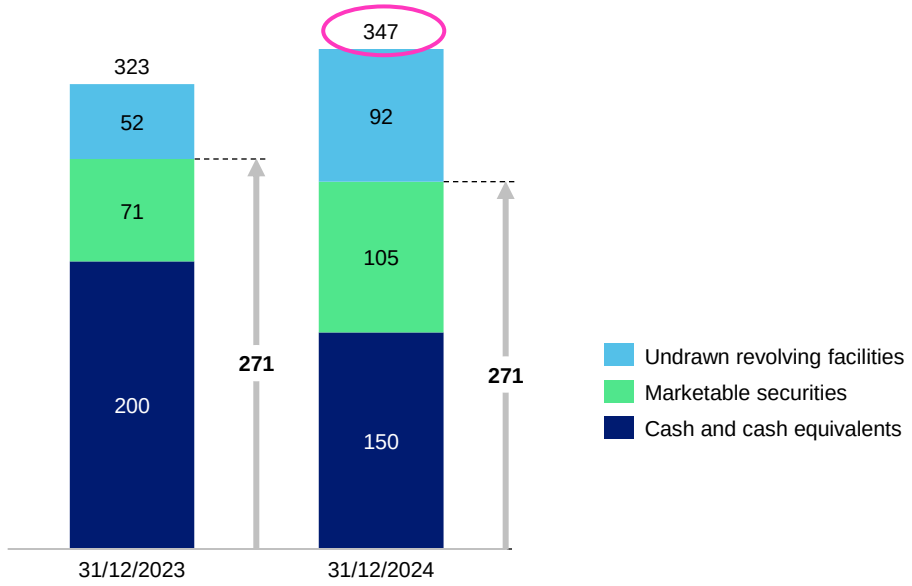
[1]Total operating and depreciation cost per available seat kilometer in the route network.

Strong cash flow from operation of USD 221 million in 2024

Total liquidity at year-end 2024

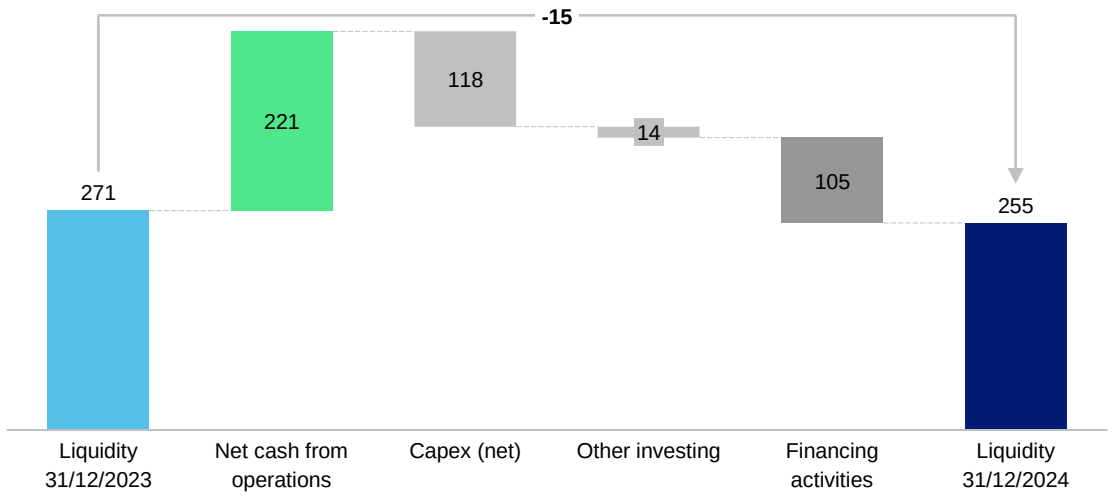
Total liquidity

Breakdown in USD million



Liquidity development

2024 in USD million



Shareholder’s equity USD 269.1 million and equity ratio 16.4%

Assets

USD million	31 Dec 2024	31 Dec 2023	Change
Operating assets	559.9	555.1	4.8
Right-of-use assets	406.0	348.5	57.5
Intangible assets and goodwill	56.4	55.4	1.0
Other non-current assets	172.0	111.6	60.4
Total non-current assets	**1,194.3**	**1,070.6**	**123.7**
Inventories	24.5	23.8	0.6
Derivatives used for hedging	4.4	0.8	3.6
Trade and other receivables	159.8	161.9	-2.1
Marketable securities	104.6	71.0	33.6
Cash and cash equivalents	150.2	199.5	-49.3
Total current assets	**443.5**	**457.1**	**-13.5**
Total assets	**1,637.9**	**1,527.7**	**110.2**

Equity and liabilities

USD million	31 Dec 2024	31 Dec 2023	Change
Shareholders' equity	**269.1**	**288.3**	**-19.3**
Loans and borrowings non-current	164.7	207.4	-42.7
Lease liabilities	398.8	332.2	66.6
Provisions and other liabilities	99.5	54.0	45.6
Total non-current liabilites	**663.1**	**593.5**	**69.5**
Loans and borrowings current	41.0	44.9	-3.9
Lease liabilities	66.3	54.1	12.2
Derivatives used for hedging	5.6	6.6	-1.0
Trade and other payables	241.2	222.4	18.8
Deferred income	351.6	317.8	33.8
Total current liabilites	**705.7**	**645.8**	**59.9**
Total liabilities	**1,368.8**	**1,239.3**	**129.5**
Total equity and liabilities	**1,637.9**	**1,527.7**	**110.2**
Equity ratio	**16.4%**	**18.9%**	**-2.4 ppt**

Business update and outlook

Bogi Nils Bogason, CEO

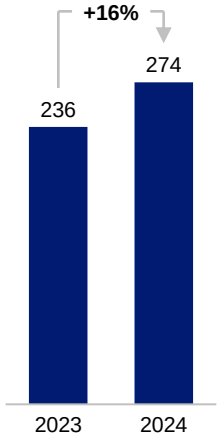
Icelandair continues to drive positive impact on the economy and wider society

Positively contributing to work and economic growth

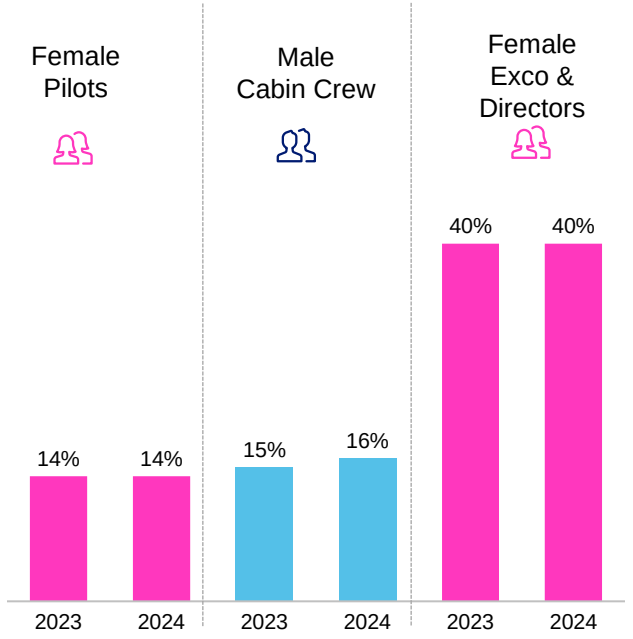
No of FTEs



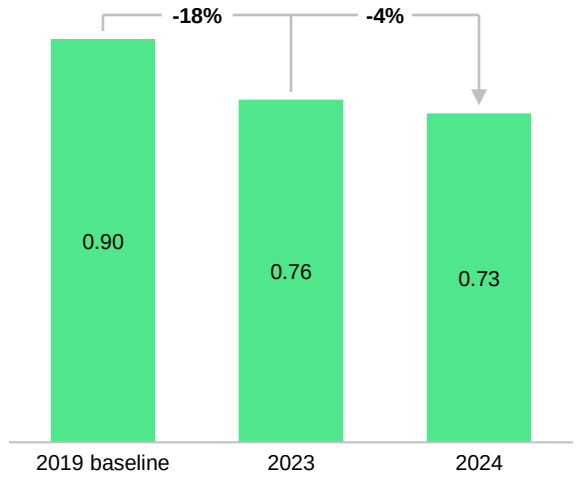
Tax footprint[1] in Iceland



Gender equality improvement pilots, cabin crew, management



Icelandair on track towards 2030 target of CO2/OTK[2]



[1]Tax footprint: USD million , [2]OTK: Operational Ton Kilometer

Moderate growth of ~8% in the route network planned for 2025

Over 60 gateways
N-America, Europe, Greenland and Domestic

3x daily
to seven destinations

2x daily
to 15 destinations

New destinations
Nashville, Miami, Istanbul and Gothenburg

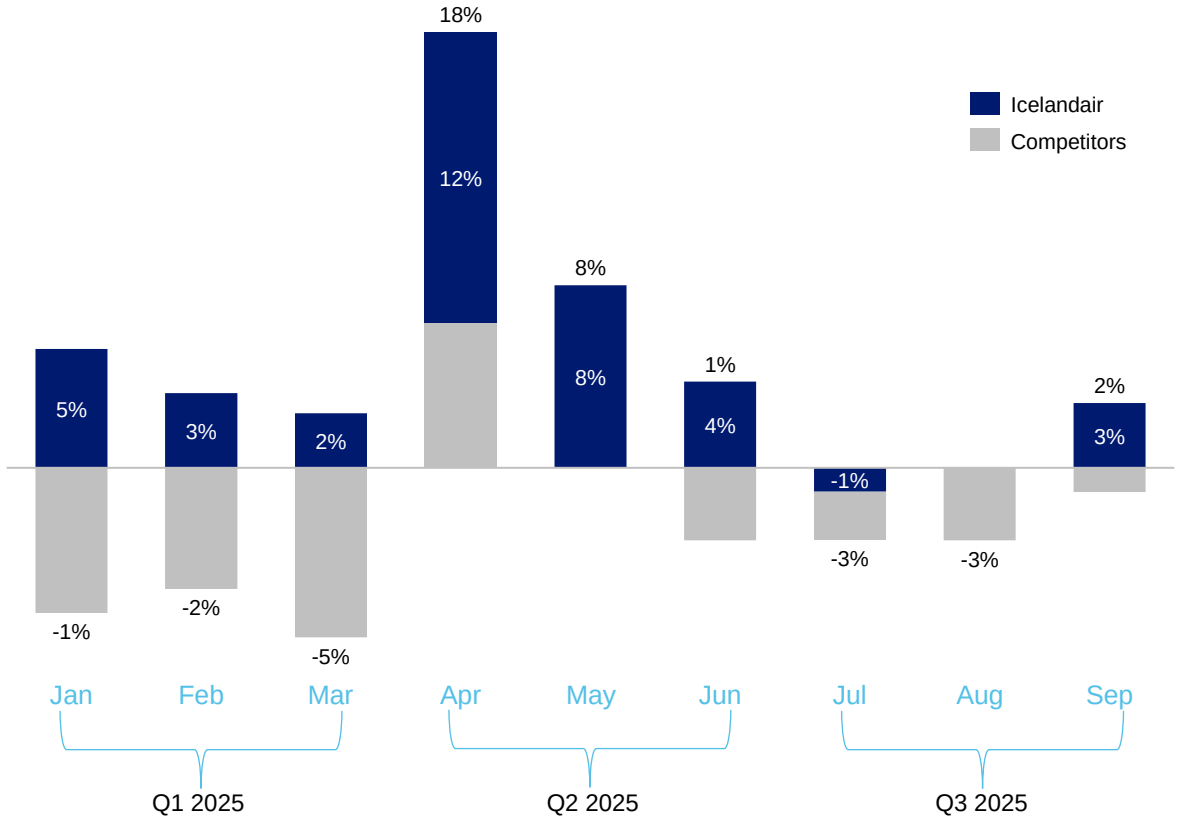
Three connecting banks
More frequency, better products, and increased partner connectivity

Growth focus on spring and fall
2nd bank operated longer – departures spread more evenly across the day and the year



Capacity development to and from Iceland in next months

Total market seat capacity change to and from Iceland
Q1-Q3 2025F vs 2024 (%)



Strategic capacity development in 2025 that strengthens the network and improves profitability

- Icelandairs‘ capacity increase in Q1 is primarily attributed to the reduction in capacity last year due the seismic activity
- In Q2 we will start our 2nd bank earlier than last year. Easter in April this year and we expect increase in demand during the holiday period
- Icelandair is not investing in additional peak capacity, which sets the cost basis for the full year at the airline, but focusing on improved profitability
- Growth in Q4 will be realized through better utilization of the new and more fuel-efficient A321 aircraft that create new opportunities

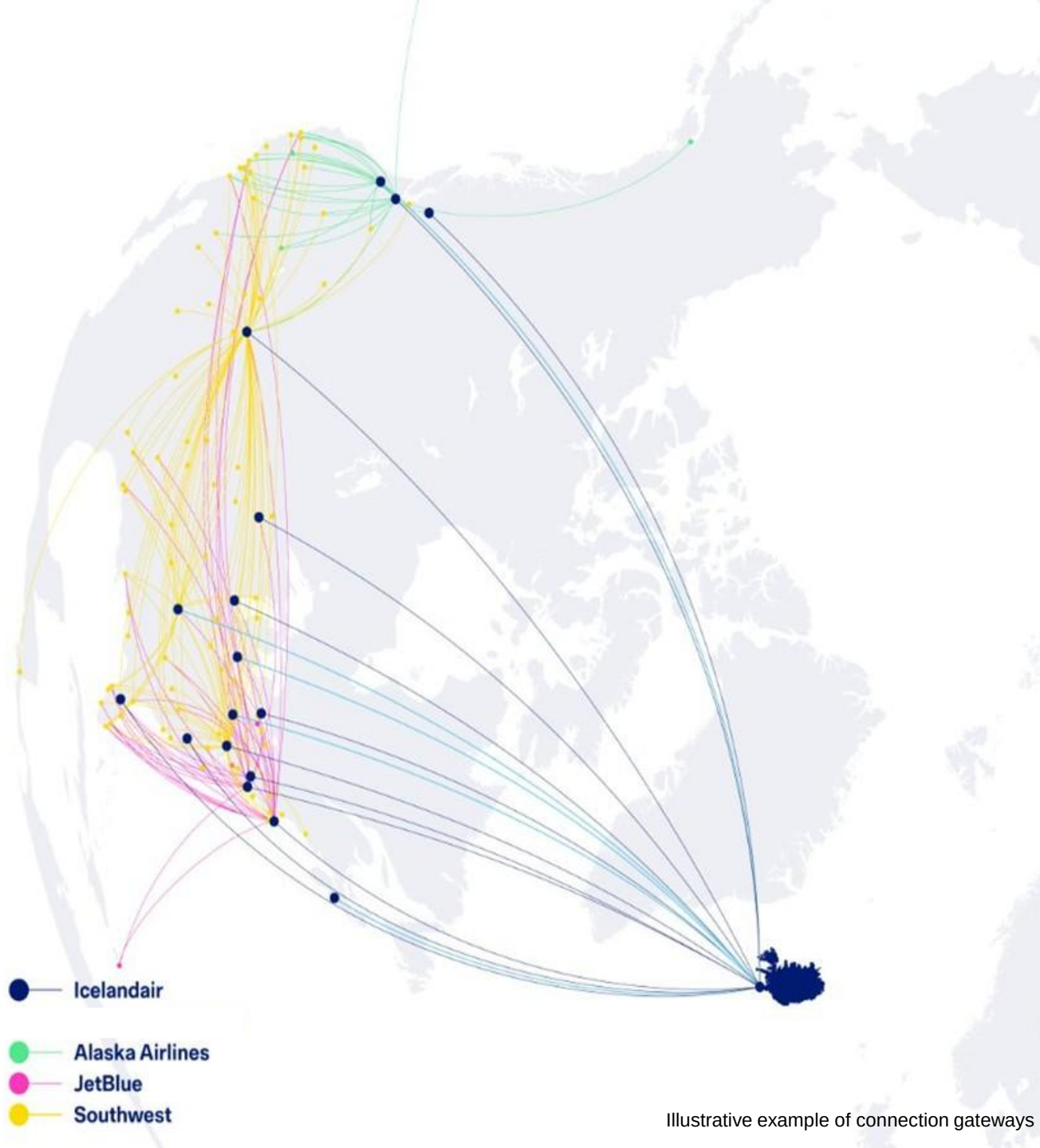
Valuable strategic partnership agreements with other airlines enable passengers to extend their journey



- Icelandair
- North America
  - Alaska Airlines
  - JetBlue
- Europe
  - ITA
  - AirBaltic
  - Emirates
  - Finnair
  - SAS
  - TAP Air Portugal
  - Turkish
- Air Greenland
- Atlantic Airways

Our newest partnership with Southwest

Further enhances our coverage of North America



Illustrative example of connection gateways

Sustainable growth for Cargo operations and continued strong performance in the Leasing business expected



Sustainable growth through increased availability

- Cargo will continue to serve its key markets while actively exploring opportunities for growth through increased availability and expanded destinations
- Focus on core products, driving higher unit revenues
- Anticipate further cost-side improvements to support sustained growth

Continued good performance anticipated in Leasing business

- In 2025, Loftleiðir’s operation will grow moderately through extension of lease partnerships and new customer acquisition
- Three aircraft serving the VIP world tour project

Development of the ONE transformation journey

- Set to increase operational efficiency, mainly by lowering costs but also through revenue generating initiatives.
- Expected to make a significant contribution towards achieving the Company's **8%** EBIT target
- At the end of 2024, the Company has already implemented operational improvements that will deliver over USD 20 million in annual impact when fully materialized
- Initiative pipeline for the ongoing quarter is strong and by the end of 2025, the Company's objective is that the transformation journey will deliver USD **70 million** in run rate on annual basis.
- Will put Icelandair in a prime position to capture emerging opportunities and create long-term value for shareholders and Icelandic society

ONE

collective effort – one journey

Looking ahead to 2025

General

- Global passenger traffic hit an all-time high in 2024, with continued growth expected in 2025[1]
- Continued cost pressure in various parts of the supply chain, will be mitigated by strong focus on costs and operational efficiency
- ONE transformation journey supporting the Company's plan to return to profitability
- Capacity to/from KEF rationalizing in some markets

Route network

- Booking outlook promising, strong demand across all markets
- Capacity growing by ~8% between years

Cargo and Leasing

- Cargo operations will continue to serve its key markets while actively exploring opportunities for sustainable, profitable growth
- Leasing business will build on strong performance in 2024

[1]IATA: Global Outlook for Air Transport

Full-year guidance for 2025

EBIT 40-60 USDm

	Total revenue USDm	~1.700
	EBIT USDm	40 - 60
	Net capex USDm	140 - 150
	Capacity chg. (ASK) route network	~8%
	Av. Fuel m/t USD	760
	Av. EUA per unit EUR	75
	Av. USD/ISK	138

Q&A

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