Flash Note – Icelandair

Mechanics Strike Called for 23 September; Jet Fuel Back Above USD 1.400/t

Analyst: Alexander Jensen Hjálmarsson
Price data as of market close 14/09/2026
Report completed 14/09/2026 at 16:30 GMT
First disseminated 14/09/2026 at 17:00 GMT

AKKUR
WWW.AKKUR.NET

Note date	Last price	Strike from	Jet fuel, Europe	EBITDA at risk, 1 week	Target price	Rating
14/09/2026	**ISK 0,642**	**23/09/2026, 00:01**	**USD ~1.420/t**	**USDm 22-44**	**ISK 1,67**	**BUY (Speculative)**

Bottom Line

The Icelandic Aircraft Mechanics Association has called an indefinite strike of Icelandair's aircraft mechanics from 00:01 on 23 September, while European jet fuel is back at USD ~1.420/t (w/e 4 Sept) with Brent up a further ~10% since. AKKUR estimates a full grounding costs USDm ~6 per day of EBITDA including EU261 compensation, which own-staff strikes do not escape: one week would consume ~22% of FY 2026E EBITDA (USDm 202,7) and take FY EBIT negative (USDm 19,9 at the Q2 note, an estimate pending the Q3 update). The 2017 mechanics' strike ran three days at about half the schedule. Fuel is the larger valuation risk: 47% of H2 is hedged at USD 684/t but only 11% of 2027, where each USD 100/t moves EBITDA by USDm ~30. **Thesis intact; FY 2026 estimates under review pending a settlement or the first day of stoppage. Rating and target price unchanged.**

Strike Scenarios and Fuel Sensitivity — FY 2026E and 2027E

Strike scenario	Schedule cancelled	EBITDA hit, USDm	% of FY 2026E EBITDA	ISK per share
3 days, partial (2017 pattern)	~50%	~9	5%	0,03
7 days, partial	~50%	~22	11%	0,07
7 days, full grounding	100%	~44	22%	0,13
14 days, full grounding	100%	~87	43%	0,26
Memo: daily hit, USDm		**3,1 / 6,2**		

AKKUR estimates. ~15.000 passengers/day in September at USD ~330 per passenger (Q3 2025: USD 308) gives USDm ~5,0 of daily passenger revenue; 37,5% of revenue is avoided on cancellation. EU261 compensation of EUR 400-600 applies to own-staff strikes (CJEU C-28/20); the 14-day-notice exemption is unavailable before 28 September and thereafter only if flights are pre-cancelled; 40% claim rate assumed. USD/ISK 124; 41.120m shares.

Spot jet fuel, USD/t	Q4 2026 effective, USD/t	Q4 2026 fuel cost, USDm	Q1 2027 effective, USD/t	FY 2027E EBITDA vs jet fuel of 1.200 USD/t, USDm
1.200	987	75	1.122	-
1.350	1.070	82	1.245	(44)
1.500	1.154	88	1.369	(89)
1.650	1.237	94	1.492	(133)
Memo: per USD 100/t, USDm		**Q4 26: 4,2**		**FY 27: 29,6**

AKKUR calculations on Icelandair's end-Q2 hedge table: Q4 2026 usage 76.364 t, 45% hedged at USD 722/t; Q1 2027 67.558 t, 18% hedged at USD 760/t; 2027 unhedged 295.574 t of 331.574 t. Effective price before into-plane add-ons. European jet kerosene USD 180,22/bbl in the week to 4 September (IATA/Platts), converted at 7,88 bbl/t. Latest FY EBITDA 2027E was USDm 234.

What to watch

Settlement before 23 September. The next State Mediator meeting and whether SA/Icelandair table a revised offer. AKKUR estimates the mechanics' wage bill at USDm ~30-45 a year (200-300 FTE, not disclosed), so a 10pp gap between the parties is worth roughly half a day of full stoppage; the economics favour settlement early, as in 2017.

Pilots, 15 September. The peace-obligation work plan targets a renewed pilot agreement by tomorrow.

Schedule management. Whether Icelandair pre-cancels flights from 28 September (14 days from today) to cap EU261 exposure at the cost of forfeiting the schedule.

Fuel recognition. Fuel cost is largely recognised at the previous month's price, so September's spike lands in October. The Q3 report on 22 October will show new hedge cover; Q3 itself is largely set at an effective ~USD 930-960/t (July-August recognised, 49% hedged at 660).

Valuation Read

Directional implication: Negative near term, thesis-neutral. A 2017-pattern three-day stoppage is worth ISK ~0,03 per share against a target price of ISK 1,67; two weeks of full grounding ISK ~0,26 (16%), a one-off. The recurring item is fuel: each USD 100/t above the curve embedded in the estimates costs USDm ~30 of FY 2027E EBITDA (13% of 234), and both the DCF (ISK 1,50) and the normalised EBIT multiple (ISK 1,85) rest on 2027-28 margins. The Speculative threshold is not approached at current prices.

Trigger for TP update: a settlement, or the first day of stoppage with the operated share of the schedule; the pilots' 15 September deadline; new hedge cover disclosed with Q3 results on 22 October; a fuel curve sustained materially away from the level in the estimates. Otherwise at the next scheduled review.

All data from company annual/interim reports, Kodiak Excel and AKKUR estimates unless otherwise stated.