ICEAIR – Icelandair Group hf.

Q2 2026 Result Note – Mixed-Negative

Analyst: Alexander Jensen Hjálmarsson
Price data as of market close 21/07/2026
Report completed 21/07/2026 at 23:00 GMT
First disseminated 21/07/2026 at 23:30 GMT

AKKUR
WWW.AKKUR.NET

Note date	Assessment	Rating	Target price	Target price date	Last close	Difference
21/07/2026	Mixed-Negative	BUY (Speculative)	ISK 1,67	29/06/2026	ISK 0,736	+127%

Bottom Line

Icelandair Q2 2026 EBITDA of USDm 15,4 came 59,2% below AKKUR (USDm 37,7), with the miss concentrated in fuel: effective fuel of USD 1.224/t vs ~975 modeled - most likely the one-month cost-recognition lag coupled with extreme intra-quarter volatility. The commercial engine delivered - record revenue USDm 496,2 (+2,1% vs AKKUR), RASK +8%, load factor 84,0% - confirming post-PLAY pricing power. Q3 guidance is strong (record unit revenue on -5% ASK, EBIT up YoY); B757 exit accelerated to January 2027; 47% of H2 locked at USD 684/t is an H2 tailwind (hedge book USDm +28,0 ITM). **Thesis intact; FY 2026 estimates raised (EBITDA 202,7, EBIT 19,9). Rating and target price unchanged**

Q2 2026 Results — Actual vs. AKKUR Estimate

Key Figures USDm	Actual Q2 26	AKKUR Q2 26	Variance USDm	Variance %	Actual Q2 25	YoY %
Total Revenue	**496,2**	**486,2**	**+10,0**	**+2,0%**	**462,7**	**+7,2%**
ASK (million)	5.105	5.103	+1,6	**+0,0%**	5.171	**-1,3%**
Load Factor	84,0%	84,0%		+2 bps	82,2%	+186 bps
*Yield (USD cents)**	9,8	9,7	+0,1	+1,3%	9,3	+6,2%
*CASKx (USD cents)**	6,7	6,6	+0,1	+1,7%	6,2	+8,0%
EBITDA	**15,4**	**37,7**	-22,3	**-59,2%**	**44,2**	**-65,2%**
EBITDA Margin %	*3,1%*	*7,8%*		*-465 bps*	*9,6%*	*-645 bps*
EBIT	**-29,6**	**-10,3**	**-19,3**	**n.m.**	**0,8**	**n.m.**
EBIT Margin %	*-6,0%*	*-2,1%*		*-386 bps*	*0,2%*	*-614 bps*
Net Income	**-32,3**	**-11,2**	**-21,1**	**n.m.**	**12,9**	**n.m.**

AKKUR is the only publicly distributed estimate. Private forecasts may exist.
Yield, RASK, CASK and CASKx are AKKUR calculations and do not fully reconcile with Icelandair's stated figures.

Valuation Read

Directional implication: Negative but contained: the miss is fuel-led (USDm -24,8 of -22,3) with commercial KPIs at or above estimate. H2 upgrades - record-RASK Q3 guidance, favourable fuel mechanics, the ITM hedge book - more than offset the Q2 roll-through, lifting FY26E EBIT to 19,9 from 11,0. Fair-value read-through modestly positive.
Trigger for TP update: Q3 delivery on unit-revenue guidance, labor resolution, formal adoption of the EU's proposed renewal of Iceland's ETS exemption (raises base-case likelihood; no change until certain). Fuel path and the hedge book remain the dominant swings.

Positives

- Record revenue USDm 496,2 (+7,2% YoY, +2,1% vs AKKUR); RASK +8% YoY
- Q3 guided to record unit revenue (+11-15%) on -5% ASK; KEF capacity -10%
- B757 exit pulled forward to January 2027; four A320neo arrive H1 2027
- Deferred income +USDm 201 YTD (vs +181 LY) - Q3 revenue risk skews above AKKUR

Negatives

- EBITDA -59,2% vs AKKUR on effective fuel of USD 1.224/t (+52% YoY)
- CASKx +8,0% YoY: maintenance +14%, disruption USDm 4,9, FX drag USDm 9,6
- Equity ratio 10,5% (15,4% YE) on USDm -73,6 comprehensive loss (hedge unwind)
- Technician talks unsuccessful; OTP 82,8% (-4,4pp); OCF USDm 42,4 (-75,6 YoY)

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

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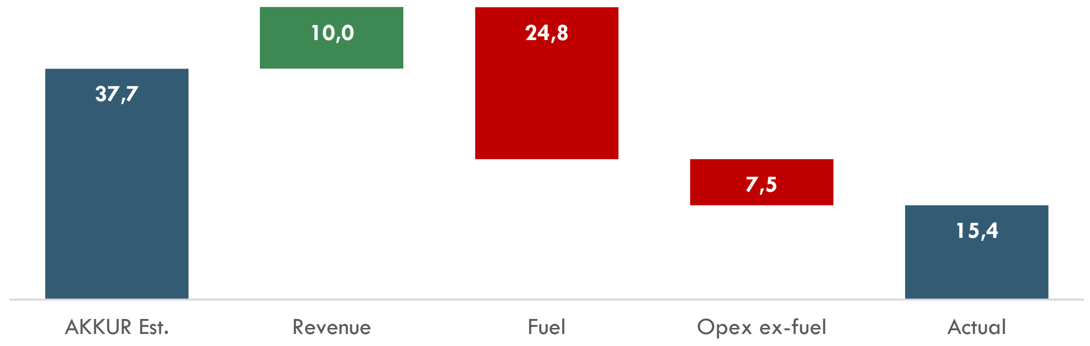
Unit Economics – Q2 2026

Metric	Actual Q2 26	Actual Q2 25	YoY %	AKKUR FY 2026
ASK (millions)	5.105	5.171	-1,3%	18.741,8
RPK (millions)	4.289	4.248	+1,0%	15.745,2
Load Factor	84,0%	82,2%	*+186 bps*	84,0%
RASK (USD cents)	8,3	7,6	+8,6%	8,3
CASK (USD cents)	9,4	8,1	+16,4%	9,0
CASKx (USD cents)	6,7	6,2	+8,0%	7,0
Yield (USD cents)	9,8	9,3	+6,2%	9,9

Yield, RASK, CASK and CASKx are AKKUR calculations and do not fully reconcile with Icelandair's stated figures.

EBITDA Variance – AKKUR Estimates to Actual (USDm)



Estimates Changes Post Earnings – Preliminary

Key Figures USDm	AKKUR FY 2026E Prior	AKKUR FY 2026E New	Change %
Total Revenue	**1.871,2**	**1.891,9**	**+1,1%**
ASK (million)	19.046	18.742	**-1,6%**
Load Factor	84,0%	84,0%	-3 bps
*Yield (USD cents)**	9,7	9,9	+2,3%
*CASKx (USD cents)**	6,8	7,0	+2,0%
EBITDA	**196,7**	**202,7**	**+3,0%**
EBITDA Margin %	*10,5%*	*10,7%*	+20 bps
EBIT	**11,0**	**19,9**	**+81,0%**
EBIT Margin %	*0,6%*	*1,1%*	+46 bps
Net Income	**-6,5**	**-3,4**	**n.m.**

Yield, RASK, CASK and CASKx are AKKUR calculations and do not fully reconcile with Icelandair's stated figures.

To Watch on the Call

1. **Fuel-cost recognition** — Confirm the previous-month price-recognition basis and exact lag length
2. **Q4 capacity** — PLAY-replacement supply wave vs later bookings at higher yields
3. **CASKx normalization** — Underlying unit-cost trajectory: one-off vs structural drivers into H2
4. **Labor** — Technician escalation path; 15 Sep pilot framework as template
5. **B757 January exit** — H2 one-offs from the accelerated exit; savings quantum and 2027 phasing

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