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Icelandair Group – Valuation Update

CONFIDENTIAL

ICEAIR – Valuation Update

TP - ISK 1,67

108% vs Last Price (0,804 on 26/06/2026)

DCF
ISK 1,50

Rating: BUY (Speculative)

Normalized EBIT Multiple
ISK 1,85

Key Valuation Metrics (2028E) - Current Valuation

EV/EBITDA	2,2x
EV/EBIT	19,0x
EV/OCF	2,2x
P/E	43,4x
WACC	8,55%
Implied WACC	11,6%
Implied Cost of Equity	28,0%

Financial Outlook (2028E)

Revenue	USD 1.968m
EBITDA	USD 235m
EBITDA margin	12,0%
EBIT	USD 27m
EBIT margin	1,4%
ROIC	1,8%
NIBD/EBITDA	1,6x

Investment Highlights

- **Valuation Disconnect:** Trading at an implied cost of equity of 28% and implied WACC of 11,6% that is hard to justify for a de-levered carrier with record load factors and strengthening yields.
- **Cash Generation vs. Market Value:** Cumulative 2026E–2028E operating cash flow exceeds the current enterprise value; the market ascribes little value to the business as a going concern.
- **Post-PLAY Capacity Discipline:** A major competitor's exit lifted Icelandair to ~69% of KEF capacity; yields are up 6,3% YTD and load factor improved to 81,4%.
- **Fleet Renewal Optionality:** Retirement of the 757/767 fleet by 2027 simplifies the operation and supports ~USD 25–40m/yr of net cost savings, building toward management's 8% EBIT target.
- **Break-Up Value Above Price:** Orderly liquidation value of ~ISK 2 per share - net cash, the owned 737 MAX fleet, Loftleiðir and monetizable slots - provides asset-backed downside support.
- **Margin Recovery Drives Upside:** At an 8% EBIT margin the normalized multiple implies ISK 3–4 per share; the DCF is conservative by construction and never reaches that level.

Investment Merits

- Deep cash generation - three-year cumulative OCF exceeds current enterprise value.
- Post-PLAY pricing power - record load factors and yields up 6,3% YTD.
- Fleet renewal removes the oldest, most maintenance-heavy aircraft by 2027.
- Asset-backed downside - orderly break-up value above the current share price.
- De-levered balance sheet, NIBD/EBITDA ~1,6x, with strong liquidity.

Key Risks

- ISK-denominated cost base compresses margins as the USD weakens.
- Labor - pilots under truce to 15 Sept; mechanics' talks collapsed with strike authorised.
- Carbon-cost step-up if Iceland's EU ETS exemption is not renewed beyond 2026.
- Fuel-price volatility - jet fuel at its highest since Q2 2022.
- Thin EBIT margin (~1–2%) leaves little buffer; softer KEF demand is a downside risk.

Discussion

Improving Fundamentals Set Against Labor and Currency Risks

Revenue & Fuel

Revenue Trends Continue to Strengthen

- Yields up **6,3%** YTD, reflecting firmer pricing and route mix.
- Revenue estimated **+15% YoY**, supported by both higher fares and increased passenger traffic.
- Load factor improved to **81,4%**, from 80,2% a year earlier, pointing to healthier demand and disciplined capacity management.
- Revenue passenger kilometres (RPK) up **8,4% YoY**.

Fuel Costs Easing After a Sharp Spike

- Average jet-fuel price in Q2 was the highest since Q2 2022.
- Icelandair had already hedged **41%** of Q2 usage at lower prices, cushioning the impact.
- AKKUR estimates a realised Q2 price of **USD 975/t** versus a **USD 1.184/t** average spot price.
- YoY comparison remains favourable, as falling prices in Q2 2025 left higher realised costs a year earlier.

Labor & FX

Labor: Pilot Truce, Mechanics at Impass

- Pilots (FÍA) signed a peace obligation in early June - no industrial action while talks continue, targeting a deal by 15 September.
- Mechanics are not covered: talks broke down in late June and members have authorised strike action (seven days' notice required).
- A mechanics stoppage grounds aircraft directly and is the main near-term risk; base case still assumes settlement without a prolonged strike.

Currency (USDISK)

- USD **8,4%** weaker against ISK YTD.
- Weaker ISK would support operations, lowering ISK-denominated costs relative to foreign-currency revenue.

Valuation

- Liquidation analysis shows a significant valuation buffer.
- Orderly break-up value (~ISK 2) sits above both the share price and the weighted DCF (ISK 1,50) - the market is pricing the equity below conservative asset backing.

Free Cash Flow Model

DCF Results and Implied Returns

- The Free Cash Flow model looks at 4 different scenarios;
  1. A "Base case" where labor cost per FTE and carbon credit costs increase modestly – i.e. no major changes from current operations.
  2. The labor cost per FTE increases by 10pp more than in scenario 1.
  3. Iceland fails to secure a continued exemption from the EU ETS framework and carbon costs rise significantly, roughly doubling compared to scenario 1 by 2030.
  4. Scenarios 2 and 3 are both realized.
- The results are weighted based on AKKUR estimate
- The **implied WACC is 11,6%**, i.e. the WACC required for the model to return the market price per share of the base case.
  - WACC of 11,6% implies a 28% cost of equity.
- Significant CAPEX in the years 2029-2030 as the company takes hold of their A321XLR orders.
- Model is calculated at year-end 2026 which is in turn discounted to June 26 at the cost of equity.
- The model for scenario 1 can be seen on next slide.

Valuation Summary - Scenario 1	USDm	ISK Per share
Present Value of Free Cash Flow	534	1,64
Terminal Value	719	2,21
Enterprise Value	**1.253**	**3,85**
Net Interest Bearing Debt	-506	-1,55
Non-Operating Assets	108	0,33
Equity Value	**855**	**2,63**
Present Value	794	2,44

Valuation Summary - Scenario 2	USDm	ISK Per share
Present Value of Free Cash Flow	355	1,09
Terminal Value	471	1,45
Enterprise Value	**826**	**2,54**
Net Interest Bearing Debt	-506	-1,55
Non-Operating Assets	108	0,33
Equity Value	**428**	**1,31**
Present Value	397	1,22

Valuation Summary - Scenario 3	USDm	ISK Per share
Present Value of Free Cash Flow	342	1,05
Terminal Value	362	1,11
Enterprise Value	**704**	**2,16**
Net Interest Bearing Debt	-506	-1,55
Non-Operating Assets	108	0,33
Equity Value	**306**	**0,94**
Present Value	284	0,87

Valuation Summary - Scenario 4	USDm	ISK Per share
Present Value of Free Cash Flow	163	0,50
Terminal Value	114	0,35
Enterprise Value	**277**	**0,85**
Net Interest Bearing Debt	-506	-1,55
Non-Operating Assets	108	0,33
Equity Value	**-121**	**-0,37**
Present Value	-113	-0,35

Negative equity value floored at ISK 0 per share

Scenario	TP (ISK)	Weight
Scenario 1	2,44	40%
Scenario 2	1,22	25%
Scenario 3	0,87	25%
Scenario 4	0,00	10%
Weighted TP	**1,50**	

		WACC						
		7,05%	7,55%	8,05%	8,55%	9,05%	9,55%	10,05%
g	1,0%	1,78	1,60	1,45	1,32	1,20	1,10	1,00
	1,5%	1,87	1,68	1,51	1,37	1,24	1,13	1,03
	2,0%	1,99	1,77	**1,59**	**1,43**	**1,29**	1,17	1,07
	2,5%	2,13	1,88	**1,68**	**1,50**	**1,35**	1,22	1,10
	3,0%	2,31	2,02	**1,78**	**1,58**	**1,42**	1,27	1,15
	3,5%	2,54	2,18	1,91	1,68	1,49	1,33	1,20
	4,0%	2,85	2,40	2,06	1,80	1,59	1,41	1,26

Sensitivity analysis showing the effect of change in the WACC and the terminal growth rate on the weighted TP.

Free Cash Flow Model

Summary – Scenario 1

Discounted Cash Flow Model																			
														AKKUR estimates					
												0,5	1,5	2,5	3,5	4,5	5,5	6,5	7,5
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenue	1.285.574	1.417.987	1.510.518	1.504.495	433.591	584.913	1.265.118	1.523.569	1.570.607	1.740.886	1.869.205	1.908.437	1.968.089	2.029.817	2.174.771	2.379.980	2.552.958	2.635.157	2.720.222
Salaries and related expenses	-295.001	-381.970	-446.078	-429.308	-207.892	-215.485	-308.591	-391.564	-406.030	-455.399	-489.906	-492.111	-504.413	-522.194	-540.601	-559.657	-579.385	-599.809	-620.952
Aviation expenses	-420.250	-456.012	-552.669	-568.455	-171.451	-235.453	-570.630	-635.868	-652.340	-701.651	-761.184	-736.421	-766.095	-790.959	-852.312	-939.790	-1.012.700	-1.045.593	-1.079.561
Other operating expenses	-350.478	-409.929	-435.292	-368.756	-140.742	-156.779	-248.171	-339.673	-372.381	-427.262	-431.464	-445.812	-462.141	-479.071	-512.372	-557.592	-596.773	-618.554	-641.133
EBITDA	**219.845**	**170.076**	**76.479**	**137.976**	**-86.494**	**-22.804**	**137.726**	**156.464**	**139.856**	**156.574**	**186.652**	**234.094**	**235.440**	**237.593**	**269.485**	**322.942**	**364.099**	**371.201**	**378.576**
EBITDA %	*17,1%*	*12,0%*	*5,1%*	*9,2%*	*-19,9%*	*-3,9%*	*10,9%*	*10,3%*	*8,9%*	*9,0%*	*10,0%*	*12,3%*	*12,0%*	*11,7%*	*12,4%*	*13,6%*	*14,3%*	*14,1%*	*13,9%*
Depreciation and amortization	-101.408	-120.431	-133.447	-177.273	-276.502	-113.136	-118.875	-135.477	-154.067	-173.813	-185.760	-199.642	-207.954	-199.097	-215.018	-230.946	-268.679	-272.340	-278.663
EBIT	**118.437**	**49.645**	**-56.968**	**-39.297**	**-362.996**	**-135.940**	**18.851**	**20.987**	**-14.211**	**-17.239**	**892**	**34.452**	**27.486**	**38.496**	**54.467**	**91.996**	**95.420**	**98.861**	**99.913**
EBIT %	*9,2%*	*3,5%*	*-3,8%*	*-2,6%*	*-83,7%*	*-23,2%*	*1,5%*	*1,4%*	*-0,9%*	*-1,0%*	*0,0%*	*1,8%*	*1,4%*	*1,9%*	*2,5%*	*3,9%*	*3,7%*	*3,8%*	*3,7%*
Taxes	-23.687	-9.929	11.394	7.859	72.599	27.188	-3.770	-4.197	2.842	3.448	-178	-6.890	-5.497	-7.699	-10.893	-18.399	-19.084	-19.772	-19.983
NOPLAT	**94.750**	**39.716**	**-45.574**	**-31.438**	**-290.397**	**-108.752**	**15.081**	**16.790**	**-11.369**	**-13.791**	**714**	**27.562**	**21.989**	**30.797**	**43.574**	**73.597**	**76.336**	**79.088**	**79.931**
CAPEX	-231.560	-153.459	-213.930	-104.033	-16.795	26.642	-199.760	-133.516	-107.491	-89.859	-93.464	-104.988	-106.041	-235.468	-303.790	-394.905	-218.862	-237.580	-260.964
Change in NWC	5.729	48.454	10.139	4.143	-94.769	83.238	56.315	52.965	30.836	108.512	49.799	28.716	19.390	20.063	47.034	66.560	56.116	26.700	27.629
Free Cash Flow	**-29.673**	**55.142**	**-115.918**	**45.945**	**-125.459**	**114.264**	**-9.489**	**71.716**	**66.043**	**178.675**	**142.807**	**150.932**	**143.291**	**14.489**	**1.836**	**-23.802**	**182.269**	**140.549**	**125.259**
PV of Free Cash Flow												144.864	126.695	11.801	1.377	-16.453	116.062	82.445	67.688
CAPEX %% Revenue	18,0%	10,8%	14,2%	6,9%	3,9%	-4,6%	15,8%	8,8%	6,8%	5,2%	5,0%	5,5%	5,4%	11,6%	14,0%	16,6%	8,6%	9,0%	9,6%

EBIT Multiple Valuation

Valuation Based on Normalized EBIT

- Second method of valuation is a normalized EV/EBIT multiple.
- Table assumes revenues of USD 2bn.
- Assuming a 5% EBIT margin the TP is around ISK 1,5-2,2 per share.
  - Management has a 8% EBIT target through-the-cycle.
  - Assuming an 8% EBIT the TP is closer to ISK 3-4 per share.
  - DCF model never reaches target so if management reaches target the DCF is way too conservative.
- Peer group median EV/EBIT of 12,5x across 15 listed network and low-cost carriers; the average (33,0x) is distorted by near-breakeven peers (Alaska, easyJet, American) and is not meaningful.
- The normalized EBIT multiple is averaged with the DCF to set the target price, providing an upside counterweight to a DCF that does not capture the margin-recovery management is targeting.

Peer Group	EBIT %	EV/EBIT
IAG	15,4%	7,1x
Ryanair Holdings	15,3%	12,1x
Delta Air Lines	8,9%	13,7x
Norwegian Air Shuttle	8,8%	7,1x
United Airlines Holdings	8,6%	12,7x
easyJet	7,0%	26,8x
Air France - KLM	6,3%	9,2x
Air Canada	4,2%	12,5x
Alaska Air	3,9%	265,0x
Deutsche Lufthansa	3,5%	8,8x
American Airlines	3,1%	27,4x
Southwest Airlines	1,7%	16,2x
Finnair	1,6%	10,5x
Wizz Air Holdings	-2,0%	N/A
JetBlue	-3,7%	N/A
Average	**5,5%**	**33,0x**
Median	**4,2%**	**12,5x**

EBIT %	Normalized EV/EBIT						
	7,0x	8,0x	9,0x	10,0x	11,0x	12,0x	13,0x
2,0%	-0,36	-0,24	-0,12	0,01	0,13	0,25	0,38
3,0%	0,07	0,25	0,44	0,62	0,81	0,99	1,17
4,0%	0,50	0,74	**0,99**	**1,24**	**1,48**	1,73	1,97
5,0%	0,93	1,24	**1,54**	**1,85**	**2,16**	2,46	2,77
6,0%	1,36	1,73	**2,10**	**2,46**	**2,83**	3,20	3,57
7,0%	1,79	2,22	2,65	3,08	3,51	3,94	4,37
8,0%	2,22	2,71	3,20	3,69	4,18	4,68	5,17

Liquidation Analysis

Theoretical Liquidation Value

- AKKUR estimates a theoretical liquidation value to frame downside risk — group assets realised at recovery haircuts, less all claims ranking ahead of equity.
- The estimate brackets two outcomes:
  1. an orderly run-off (~ISK 2,00 per share)
  2. an immediate, forced cessation (~ISK 0,00)
  - The difference is driven almost entirely by the treatment of deferred income, the large balance of sold-but-unflown tickets and loyalty points.
  - In an orderly wind-down flies out at modest cash cost, but a sudden stop converts into refunds and card chargebacks.
- Net cash and marketable securities cover the majority of prior claims on their own, with the owned 737 MAX fleet, buildings and monetizable landing slots providing further asset backing. On this basis the market currently ascribes little value to Icelandair as a going concern.
- Liquidation value is a downside anchor, not a base case — a solvent, cash-generative airline is unlikely to be wound up. AKKUR views the analysis as a measure of asset backing and margin of safety rather than a target price.

Owned fleet — market value & recovery	Count	Unit value	Market value	Orderly %	Forced %
Boeing 737 MAX 8/9	6	50	300	90%	72%
Boeing 757-200/300	11	4	39	70%	50%
Boeing 767-300ER	5	6	30	70%	50%
DHC-8 Q200/Q400	6	4	24	65%	45%
Fleet market value / recovery			**393**	**334**	**261**

Landing slots - monetizable value	Pairs (est.)	Unit value	Market value	Orderly %	Forced %
London Heathrow	2,0	22	44	100%	50%
New York JFK	2,0	5	10	90%	50%
London Gatwick	1,5	5	8	100%	50%
Others			5	30%	15%
Total monetizable slot value			**67**	**62**	**32**

Asset recovery	Carrying/Basis	Orderly %	Forced %	Orderly	Forced
Cash & cash equivalents	524	100%	100%	524	524
Marketable securities	157	99%	97%	156	153
Trade & other receivables	272	75%	62%	204	169
Non-current receivables & lessor deposits	71	55%	40%	39	28
Inventories	31	50%	32%	15	10
Derivatives (asset)	72	85%	60%	61	43
Owned fleet (from table above)	*see table*			334	261
Buildings & land (official assessment)	139	90%	65%	125	90
Other equipment	55	40%	25%	22	14
Investments in associates	37	90%	72%	34	27
Right-of-use assets (returned to lessors)	561	0%	0%	-	-
Goodwill	22	0%	0%	-	-
Other intangibles (software)	3	30%	10%	1	0
Deferred tax assets	70	0%	0%	-	-
Landing slots (from table above)	*see table*			62	32
Brand / trademark (Icelandair)	12	100%	33%	12	4
A321XLR order book				50	40
TOTAL ASSET RECOVERY				**1.639**	**1.395**

Claims	Basis	Orderly %	Forced %	Orderly	Forced
Loans and borrowings	167	100%	100%	167	167
Lease liabilities	617	10%	30%	62	185
Provisions & maintenance reserves	156	100%	100%	156	156
Trade & other payables	395	90%	100%	355	395
Derivatives (liability)	-	100%	100%	-	-
Deferred income (unflown tickets & loyalty)	616	40%	80%	246	493
TOTAL CLAIMS				**986**	**1.396**

Residual to equity	Orderly	Forced
Residual equity value	**652**	**(1)**
Per share (ISK)	**2,00**	**0,00**

Estimates

Estimate Changes Since Initiation Report

Key Figures																		
	Current AKKUR Estimates (Scenario 1)						AKKUR Initiation Report Estimates						Change					
Figures in USDm	2026E	2027E	2028E	2029E	2030E	2031E	2026E	2027E	2028E	2029E	2030E	2031E	2026E	2027E	2028E	2029E	2030E	2031E
Transport revenue	1.652	1.698	1.755	1.815	1.955	2.153	1.564	1.679	1.778	1.925	2.131	2.360	89	19	-22	-110	-176	-207
Lease income	114	114	114	114	114	114	121	125	129	133	137	141	-8	-11	-15	-19	-23	-27
Other operating income	103	97	99	101	106	114	84	89	93	99	108	117	19	8	6	2	-1	-3
Total revenue	**1.869**	**1.908**	**1.968**	**2.030**	**2.175**	**2.380**	**1.769**	**1.893**	**2.000**	**2.157**	**2.375**	**2.617**	**101**	**16**	**-32**	**-127**	**-201**	**-237**
Salaries and related expenses	-490	-492	-504	-522	-541	-560	-460	-479	-518	-560	-635	-674	-30	-13	13	38	94	114
Aviation expenses	-761	-736	-766	-791	-852	-940	-676	-718	-757	-816	-902	-996	-85	-19	-9	26	49	56
Other operating expenses	-431	-446	-462	-479	-512	-558	-421	-447	-470	-502	-546	-595	-11	1	7	23	34	37
EBITDA	**187**	**234**	**235**	**238**	**269**	**323**	**212**	**249**	**256**	**279**	**293**	**353**	**-25**	**-15**	**-21**	**-41**	**-23**	**-30**
EBITDA%	*10,0%*	*12,3%*	*12,0%*	*11,7%*	*12,4%*	*13,6%*	*12,0%*	*13,2%*	*12,8%*	*12,9%*	*12,3%*	*13,5%*	*-2,0 pp*	*-0,9 pp*	*-0,8 pp*	*-1,2 pp*	*+0,1 pp*	*+0,1 pp*
Depreciation and amortization	-186	-200	-208	-199	-215	-231	-164	-172	-174	-175	-199	-217	-22	-28	-34	-24	-16	-14
EBIT	**1**	**34**	**27**	**38**	**54**	**92**	**48**	**77**	**82**	**103**	**94**	**136**	**-47**	**-43**	**-55**	**-65**	**-40**	**-44**
EBIT%	*0,0%*	*1,8%*	*1,4%*	*1,9%*	*2,5%*	*3,9%*	*2,7%*	*4,1%*	*4,1%*	*4,8%*	*4,0%*	*5,2%*	*-2,7 pp*	*-2,3 pp*	*-2,7 pp*	*-2,9 pp*	*-1,5 pp*	*-1,3 pp*
Net finance items	-20	-23	-20	-19	-20	-22	-19	-19	-18	-21	-30	-31	-1	-5	-2	2	9	10
Earnings before taxes	**-19**	**11**	**8**	**19**	**34**	**70**	**29**	**59**	**65**	**82**	**64**	**105**	**-48**	**-47**	**-57**	**-63**	**-30**	**-35**
Income tax	4	-2	-2	-4	-7	-14	-6	-12	-13	-16	-13	-21	10	9	11	13	6	7
Net income	**-15**	**9**	**6**	**15**	**27**	**56**	**23**	**47**	**52**	**66**	**52**	**84**	**-38**	**-38**	**-46**	**-50**	**-24**	**-28**
Net margin	*-0,8%*	*0,5%*	*0,3%*	*0,8%*	*1,3%*	*2,4%*	*1,3%*	*2,5%*	*2,6%*	*3,0%*	*2,2%*	*3,2%*	*-2,1 pp*	*-2,0 pp*	*-2,3 pp*	*-2,3 pp*	*-0,9 pp*	*-0,8 pp*

Assumptions and KPIs

Scenario 1

Assumptions and KPIs															AKKUR estimates				
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenue Growth																			
Passenger revenue	11,0%	11,0%	4,1%	6,4%	-81,9%	84,1%	185,8%	23,1%	2,7%	9,7%	8,1%	2,8%	3,5%	3,5%	8,0%	10,6%	8,0%	3,5%	3,5%
Cargo and mail revenues	23,4%	7,9%	3,6%	0,1%	13,8%	31,4%	4,0%	-2,9%	-13,1%	3,9%	3,2%	2,4%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%
Lease income	1,5%	3,7%	37,0%	-23,7%	-29,4%	-34,1%	37,1%	21,9%	31,4%	18,7%	2,1%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Other operating income	22,0%	10,7%	6,0%	-14,7%	-59,2%	-14,5%	-22,8%	8,6%	1,3%	28,9%	6,5%	-5,9%	2,2%	2,2%	5,1%	6,8%	5,4%	2,4%	2,4%
Total revenue	**12,8%**	**10,3%**	**6,5%**	**-0,4%**	**-71,2%**	**34,9%**	**116,3%**	**20,4%**	**3,1%**	**10,8%**	**7,4%**	**2,1%**	**3,1%**	**3,1%**	**7,1%**	**9,4%**	**7,3%**	**3,2%**	**3,2%**
Revenue Growth - CAGR																			
Passenger revenue CAGR (l. axis)	13,7%	13,3%	11,9%	11,2%	-9,1%	-2,5%	7,5%	8,8%	8,3%	8,4%	8,4%	8,0%	7,7%	7,5%	7,5%	7,7%	7,7%	7,5%	7,3%
Cargo and mail revenues	7,3%	7,4%	6,9%	6,0%	6,8%	9,1%	8,6%	7,6%	5,8%	5,7%	5,5%	5,3%	5,1%	4,8%	4,6%	4,5%	4,3%	4,1%	4,0%
Lease income	-9,1%	-7,1%	-1,8%	-4,9%	-8,0%	-11,0%	-7,4%	-5,3%	-2,9%	-1,5%	-1,2%	-1,1%	-1,1%	-1,0%	-1,0%	-0,9%	-0,9%	-0,8%	-0,8%
Other operating income	11,6%	11,4%	10,6%	7,1%	-3,8%	-4,9%	-6,7%	-5,5%	-5,0%	-2,9%	-2,3%	-2,5%	-2,3%	-2,0%	-1,7%	-1,3%	-1,0%	-0,8%	-0,7%
Total revenue	**10,2%**	**10,2%**	**9,7%**	**8,4%**	**-6,5%**	**-3,0%**	**4,4%**	**5,6%**	**5,4%**	**5,8%**	**5,9%**	**5,7%**	**5,5%**	**5,4%**	**5,5%**	**5,7%**	**5,7%**	**5,6%**	**5,5%**
Expenses																			
Labor Cost %% Passenger Revenue	22,9%	26,9%	29,5%	28,5%	47,9%	36,8%	24,4%	25,7%	25,9%	26,2%	26,2%	25,8%	25,6%	25,7%	24,9%	23,5%	22,7%	22,8%	22,8%
Labour Cost per ASK (USD '000)	21,6	25,1	27,5	25,7	65,2	36,1	23,3	25,0	23,7	24,6	25,6	25,1	25,0	25,1	24,2	22,7	21,9	22,0	22,1
Fuel Expenses %% Transport Revenue	22,5%	22,4%	27,3%	27,9%	28,8%	26,4%	32,9%	26,9%	25,7%	23,5%	23,2%	22,4%	22,8%	22,8%	22,7%	22,7%	22,6%	22,5%	22,4%
Total Aviation Expenses %% Passenger Revenue	23,1%	22,2%	24,5%	22,2%	47,7%	31,5%	18,7%	20,5%	22,0%	23,5%	24,1%	22,0%	21,9%	21,9%	21,9%	21,9%	21,9%	21,9%	21,9%
Total Other Operating Expenses %% Passenger Revenue	39,1%	41,3%	42,1%	33,5%	70,7%	42,8%	23,7%	26,3%	28,1%	29,4%	27,5%	27,6%	27,7%	27,7%	27,4%	27,0%	26,7%	26,8%	26,8%
Total Operating Expenses %% Revenues	82,9%	88,0%	94,9%	90,8%	119,9%	103,9%	89,1%	89,7%	91,1%	91,0%	90,0%	87,7%	88,0%	88,3%	87,6%	86,4%	85,7%	85,9%	86,1%

Assumptions and KPIs

Scenario 1

Assumptions and KPIs											AKKUR estimates								
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Capital Structure																			
Interest Bearing Debt	242.382	289.541	415.801	321.286	263.588	257.785	255.717	252.330	205.754	177.366	167.048	167.048	167.048	167.048	167.048	167.048	167.048	167.048	167.048
Lease Liabilities	0	0	0	158.453	146.596	245.658	342.154	386.249	465.103	539.556	741.674	712.701	684.917	658.273	632.722	608.219	584.722	562.189	540.580
Total Debt	242.382	289.541	415.801	479.739	410.184	503.443	597.871	638.579	670.857	716.922	908.722	879.749	851.965	825.321	799.770	775.267	751.770	729.237	707.628
Cash, Cash Equivalents and Marketable Securities	250.125	225.278	299.460	235.073	159.370	262.964	266.411	270.522	254.797	365.835	403.212	436.028	467.864	375.460	273.260	147.743	232.934	266.386	282.886
NIBD	-7.743	64.263	116.341	244.666	250.814	240.479	331.460	368.057	416.060	351.087	505.510	443.721	384.101	449.861	526.510	627.525	518.836	462.851	424.743
NIBD/EBITDA	0,0x	0,4x	1,5x	1,8x	-2,9x	-10,5x	2,4x	2,4x	3,0x	2,2x	2,7x	1,9x	1,6x	1,9x	2,0x	1,9x	1,4x	1,2x	1,1x
NIBD/EBIT	-0,1x	1,3x	-2,0x	-6,2x	-0,7x	-1,8x	17,6x	17,5x	-29,3x	-20,4x	566,7x	12,9x	14,0x	11,7x	9,7x	6,8x	5,4x	4,7x	4,3x
Equity Ratio	44,0%	41,8%	32,2%	28,8%	22,5%	19,0%	19,4%	18,9%	16,4%	15,4%	16,8%	17,7%	18,6%	19,9%	21,3%	23,5%	25,9%	28,3%	30,4%
Invested Capital	810.595	881.076	887.180	962.217	642.993	725.827	871.257	926.926	939.923	1.003.344	1.242.632	1.222.693	1.200.943	1.189.786	1.191.598	1.223.199	1.259.727	1.286.637	1.310.474
Profitability																			
Return on Equity	17,4%	6,5%	-10,5%	-12,1%	-105,2%	-46,0%	-2,3%	4,0%	-7,2%	-3,4%	-4,8%	2,7%	1,7%	4,3%	7,2%	13,4%	12,6%	9,3%	7,8%
Return on Invested Capital	14,2%	4,7%	-5,2%	-3,4%	-36,2%	-15,9%	1,9%	1,9%	-1,2%	-1,4%	0,1%	2,2%	1,8%	2,6%	3,7%	6,1%	6,1%	6,2%	6,2%
Capital Expenditures																			
Aircraft CAPEX %% Revenues	14,0%	6,4%	18,0%	15,5%	8,7%	28,9%	23,3%	7,4%	4,7%	4,5%	4,3%	3,7%	3,3%	9,2%	11,2%	13,5%	5,1%	4,9%	4,7%
Other CAPEX %% Revenues	4,1%	5,0%	3,9%	1,8%	1,1%	0,2%	1,4%	1,5%	2,4%	1,5%	1,7%	1,9%	2,2%	2,6%	2,9%	3,2%	3,6%	4,3%	5,0%
Total CAPEX %% Revenues	18,1%	11,4%	21,9%	17,3%	9,8%	29,1%	24,7%	8,8%	7,1%	6,1%	6,0%	5,6%	5,5%	11,7%	14,1%	16,7%	8,7%	9,1%	9,7%
Lease Liabilities																			
Lease Liabilities				158.453	146.596	245.658	342.154	386.249	465.103	539.556	741.674	712.701	684.917	658.273	632.722	608.219	584.722	562.189	540.580
Lease Payments				43.253	30.906	37.554	50.533	68.574	82.941	102.683	107.911	141.229	135.434	129.877	124.549	119.438	114.538	109.838	105.332
Lease Payments %% Revenues				2,9%	7,1%	6,4%	4,0%	4,5%	5,3%	5,9%	5,8%	7,4%	6,9%	6,4%	5,7%	5,0%	4,5%	4,2%	3,9%
Right-of-Use Depreceation				28.932	20.556	22.477	37.930	50.353	56.970	71.456	85.459	96.083	107.357	100.365	94.123	88.517	83.452	78.851	74.648

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