

Icelandair Group hf. - Forecast 2025-2034 and valuation as of 1 Jan 2025

Amounts are in USD thousand / % Consolidated basis	Actual 31/12/2020	Actual 31/12/2021	Actual 31/12/2022	Actual 31/12/2023	Actual 31/12/2024	Forecast 31/12/2025	Forecast 31/12/2026	Forecast 31/12/2027	Forecast 31/12/2028	Forecast 31/12/2029	Forecast 31/12/2030	Forecast 31/12/2031	Forecast 31/12/2032	Forecast 31/12/2033	Forecast 31/12/2034
Statement of Comprehensive Income															
Operating revenue	433,591	584,913	1,265,118	1,523,569	1,570,607	1,696,256	1,814,993	1,923,893	2,039,327	2,161,686	2,291,387	2,428,871	2,574,603	2,729,079	2,892,824
Operating expenses	-520,085	-607,716	-1,127,392	-1,367,105	-1,430,751	-1,487,467	-1,563,565	-1,637,276	-1,735,513	-1,839,644	-1,950,022	-2,067,024	-2,191,045	-2,322,508	-2,461,858
Operating profit before D&A (EBITDA)	-86,494	-22,803	137,726	156,464	139,856	208,788	251,428	286,617	303,814	322,042	341,365	361,847	383,558	406,571	430,965
Depreciation and amortisation	-160,343	-113,136	-118,875	-135,477	-154,067	-166,382	-178,828	-190,422	-201,847	-213,958	-226,796	-240,403	-254,827	-270,117	-286,324
Fair value changes of investment properties	-116,158	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating profit (loss) (EBIT)	-362,995	-135,939	18,851	20,987	-14,211	42,406	72,600	96,195	101,966	108,084	114,569	121,444	128,730	136,454	144,641
Finance income	2,735	13,242	8,846	27,308	31,501	14,678	13,334	14,154	14,917	15,733	16,593	17,500	18,492	19,574	20,719
Finance expense	-72,605	-12,597	-33,175	-40,962	-42,770	-46,216	-50,129	-51,694	-52,049	-52,143	-52,050	-53,029	-55,282	-57,701	-60,239
Gain on sale of associate/subsidiary	-4,969	5,235	5,657	456	673	3,809	4,266	4,778	5,351	5,993	6,713	7,518	8,420	9,431	10,562
Profit (loss) before tax and OCI	-437,834	-130,059	179	7,789	-24,807	14,678	40,070	63,433	70,186	77,668	85,825	93,433	100,360	107,758	115,683
Income tax	61,658	25,263	-5,998	3,380	4,638	-2,174	-7,161	-11,731	-12,967	-14,335	-15,823	-17,183	-18,388	-19,665	-21,024
Other comprehensive income (loss)	-32,638	13,371	-14,326	3,478	9	0	0	0	0	0	0	0	0	0	0
Total comprehensive income (loss)	-408,814	-91,425	-20,145	14,647	-20,160	12,504	32,910	51,702	57,219	63,333	70,003	76,250	81,972	88,092	94,659
Operating revenue, chg. in %	-71.2%	34.9%	116.3%	20.4%	3.1%	8.0%	7.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
EBITDA %	-19.9%	-3.9%	10.9%	10.3%	8.9%	12.3%	13.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%	14.9%
Depreciation and amortisation %	22.0%	17.4%	15.8%	15.1%	15.9%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
EBIT %	-83.7%	-23.2%	1.5%	1.4%	-0.9%	2.5%	4.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Interest rate on loans 1)	6.4%	4.3%	5.8%	6.6%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Return on equity (ROE) 2)	-72.7%	-33.5%	-7.8%	5.4%	-7.0%	4.6%	11.7%	16.4%	15.6%	15.0%	14.4%	14.1%	13.8%	13.5%	13.3%
Financial Position															
Non-current assets	752,151	762,927	964,925	1,070,599	1,194,339	1,250,359	1,326,618	1,392,260	1,461,596	1,534,822	1,612,571	1,711,739	1,817,308	1,929,717	2,049,436
Current assets	282,087	408,632	446,248	457,077	443,531	498,181	532,928	562,507	594,342	627,952	663,469	701,014	742,262	785,896	832,139
Total assets	1,034,238	1,171,559	1,411,173	1,527,676	1,637,870	1,748,541	1,859,546	1,954,767	2,055,938	2,162,775	2,276,040	2,412,753	2,559,570	2,715,612	2,881,575
Equity	232,809	222,384	273,386	288,347	269,067	281,571	314,480	366,182	423,401	486,734	556,737	611,579	670,232	733,256	800,975
Non-current liabilities	400,962	457,565	537,903	593,509	663,058	762,636	790,971	794,575	795,011	792,727	787,729	818,701	849,286	881,494	915,300
Current liabilities	400,467	491,610	599,884	645,820	705,745	704,334	754,094	794,010	837,525	883,314	931,574	982,473	1,040,053	1,100,862	1,165,300
Total equity and liabilities	1,034,238	1,171,559	1,411,173	1,527,676	1,637,870	1,748,541	1,859,546	1,954,767	2,055,938	2,162,775	2,276,040	2,412,753	2,559,570	2,715,612	2,881,575
OpRev / OA (incl. ROU; incl. IA; excl. GW)	0.66	0.90	1.48	1.63	1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57
Inv. in OA, ROU & IA (excl. GW), net	13,150	108,522	326,935	214,723	217,370	246,373	254,420	259,750	275,335	291,855	309,367	327,929	347,605	368,461	390,568
Cash & cash equiv. / current liabilities	0.40	0.53	0.44	0.42	0.36	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Interest bearing liabilities (incl. leases)	437,949	521,839	597,872	638,580	670,858	751,165	791,280	799,299	802,204	802,197	799,339	832,322	868,665	906,753	946,770
Dividend / owners' total comp. income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	30.0%	30.0%	30.0%	30.0%
Equity ratio	22.5%	19.0%	19.4%	18.9%	16.4%	16.1%	16.9%	18.7%	20.6%	22.5%	24.5%	25.3%	26.2%	27.0%	27.8%
Valuation - ISK															
Wtd. avg. shares (m)	12,054	31,606	38,807	41,120	41,120	41,120	41,120	41,120	41,120	41,120	41,120	41,120	41,120	41,120	41,120
Total comp. income - owners (thousand USD)	-399,205	-90,928	-23,260	14,204	-20,551	12,746	33,548	52,705	58,329	64,561	71,360	77,729	83,562	89,801	96,945
Owners' equity at year end (thousand USD)	234,550	224,622	272,509	287,070	267,399	280,145	313,693	366,398	424,726	489,288	560,648	616,969	677,212	741,944	811,499
USD / ISK	127	130	142	136	138	138	138	138	138	138	138	138	138	138	138
Total comp. income - owners (million ISK)	-50,783	-11,855	-3,304	1,935	-2,840	1,762	4,636	7,284	8,061	8,922	9,862	10,742	11,548	12,410	13,336
Dividend paid (million ISK)	0	0	0	0	0	0	0	0	0	0	0	2,959	3,223	3,464	3,723
Owners' equity at year end (million ISK)	29,837	29,286	38,707	39,099	36,955	38,716	43,352	50,636	58,697	67,620	77,482	85,265	93,591	102,537	112,149
EPS (including OCI)	-4.21	-0.38	-0.09	0.05	-0.07	0.04	0.11	0.18	0.20	0.22	0.24	0.26	0.28	0.30	0.32
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.08	0.08	0.09
BPS	1.05	0.81	0.94	0.95	0.90	0.94	1.05	1.23	1.43	1.64	1.88	2.07	2.28	2.49	2.73
Sensitivity analysis															
Avg. change in OpRev, 2025-2034		Residual earnings ...		-0.16	-0.05	0.02	0.07	0.07	0.07	0.08	0.07	0.07	0.07	0.07	0.07
4.7%		Discount rate		10.0%	1.10	1.21	1.33	1.46	1.61	1.77	1.95	2.14	2.36	2.59	
3.1%		Present value of RE ..		0.37	-0.04	0.02	0.05	0.05	0.05	0.04	0.04	0.03	0.03	0.03	
4.7%		Total PV of RE		0.30											
6.3%		PV of CV		0.61											
2.84		BV per share 1.1.2025		0.90											
3.25		PV per share		1.80	Value per share on 1.1.2025 in ISK, USD 1 = ISK 138										
3.73		Outstanding shares ..		41,120	million										
		Equity value		74,117	Equity value on 1.1.2025 (ISK million)										
					Continuing value (CV): RE 2034 x (1 + 5%) / (10% - 5%) = 1.57										
					Perpetuity growth rate 5.0%										
Key figures															
2020-2024		2025-2034													
OpRev chg.	0.9%	6.3%													
EBITDA	1.2%	14.5%													
EBIT	-21.0%	4.7%													
Avg. ROE	-23.1%	13.2%													

1) Interest rate on loans = Finance expenses ÷ [(Interest-bearing liabilities 1 Jan + 31 Dec) / 2]
 2) ROE = Total comprehensive income ÷ [Equity at 1 Jan - (9/12 × Dividends) ± (6/12 × Other changes)]