

Nasdaq OMX

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Atlantic Airways Stock Exchange Announcement 2/2010

Reduced levels of activity affect Atlantic Airways' result

Atlantic Airways' 2009 result was a loss before tax of DKK 8.1 million and DKK 6.6 million after tax – write down of assets affect the result by DKK 4.2 million. The global economic crisis and a reduced level of activity severely affected the company's profit and loss account. Atlantic Airways is adapting to the circumstances and remains a solid company with equity of DKK 214 million, and an equity ratio of 54%

Atlantic Airways' revenue decreased by 26.5% from DKK 547 million to DKK 402 million in 2009, and block hour production decreased by 40% from 17,350 to 10,433. The decrease was mainly caused by steep decline in demand for charter and ACMI operations outside Faroes as well as helicopter operations.

Charters and ACMI abroad decreased to very low levels in the second half, and off-shore helicopter operations also fell to a much lower level than anticipated. The decline in scheduled services to and from the Faroe was not as severe. Passenger numbers decreased by 9%.

The decline in production also affected the result of core operations. EBITDA reduced by 50% to DKK 44 million.

“The company is continually adapting to changes in the business environment. The company's main focus is to rationalise and achieve a viable core operation comparable to the level of activity in the second half of 2009, and the aim is to achieve a better result this year”, says Mr. Magni Arge, CEO of Atlantic Airways.

The benefit of adjustments to a lower level of activity does not show up as rapidly as the decline in revenue. The company foresees more cost efficient operations this year when all the measures put in place to reduce the fleet, reduce production, and rationalise operations come into full effect. The fleet was reduced by two aircraft last year, and the company has also reduced the number of departures in line with demand. As of March this year the company employed 165 full-time equivalent compared to 255 at the corresponding time last year.

Demand in the tourist segment travelling to Faroe Islands shows an increase so far this year, and passenger development during the first two months of 2010 are in line with our expectations. A reduction in passenger taxes to the Treasury and Airport Authority would be welcomed by the Faroese airline and tourism industries, as a reduction would result in lower ticket prices and stimulate demand. The passenger taxes in Faroe Islands are among the highest in Europe.

Atlantic Airways expects to introduce the new Airbus A319 aircraft into service during first quarter of 2012, when the expected extension of the runway at Vagar is completed. The company embraces the development of the airport and looks forward to an improved environment for a Faroe Islands based airline in the future.

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