

FL GROUP IS AN INVESTMENT COMPANY
PRIMARILY ON TWO FUNCTIONS: INVESTMENT AND ASSET MANAGEMENT

With head office in Reykjavik and offices in
IN VARIOUS SECTORS within the investment groups

FL GROUP



FL Group presents 2006 Financial Results on 2 February 2007

FL Group | Results of Q1 2007

Hannes Smárason, CEO

Investor presentation

April 2007

About FL Group



FL Group is a unique international investment company, focusing its activities on two areas of investments. The company's Private Equity and strategic investments division focuses on investments in public and private companies and has a long term view. The company's Capital Markets division oversees the company's short term trading as well as derivative and security trading related to the company's asset portfolio.

With its head office in Reykjavik and offices in Copenhagen and London, FL Group invests in companies in Northern Europe, focusing primarily on the Nordics and the UK.

Banking and financial services



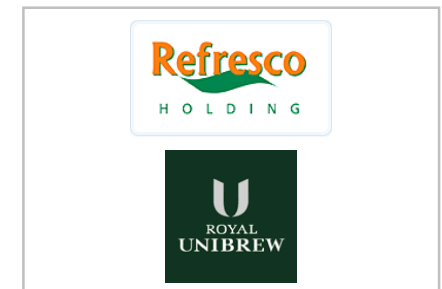
Aviation and tourism



Consumer and retail



Beverages



Energy





- First quarter with FL Group as a pure investment company
 - Sale of last subsidiary concludes a two year transformation

- Exceptional performance
 - Net profit in Q1 2007 amounted to ISK 15.1 bn
 - Total assets increased by ISK 40 billion in the quarter
 - Return on equity 42% on an annualised basis

- New significant stakebuilding
 - Stake in Glitnir and AMR increased
 - New stake in Commerzbank reaches EUR 723 million
 - Other activity includes trading with shares in Inspired Gaming Group and La Tasca among others

- Private equity investments going well
 - Refresco acquires three companies
 - Doubles revenues
 - Doubles run rate EBITDA to EUR 100 million
 - House of Fraser: All initial milestones have been met and debt syndication went very well

Key figures in Q1 2007

ISK million

Net profit	15,084
Total assets	302,758
Total equity	141,802
Equity ratio	47%
Return on equity annualised	42.4%



- In recent months FL Group has built up a stake in Commerzbank AG
 - 2.99% of the share capital
 - Valued at appr. EUR 723 million
- The European banking sector is very appealing
 - Attractive valuation for many banks
 - Predicted consolidation in the industry starting to materialise
- This investment fits well with our investment strategy of investing in companies within the banking and financial services sector
- The company's valuation in the market does not reflect the turnaround of the operations and the operations outside of Germany
- We believe that there are opportunities in the sector and are currently evaluating other investment opportunities in this space





Commerzbank



- Commerzbank is the second largest bank in Germany and one of the leading banks in Europe
- Commerzbank maintains a nationwide network of some 800 branches in Germany. The bank has also offices in more than 40 countries outside of Germany
- Commerzbank results have improved considerably over the past few years, 2006 being a record year when it earned EUR 1,597 millions in profit. Its profitability is still weak compared to most other European banks but the gap is narrowing
- Commerzbank has set itself targets of achieving 15% ROE by 2010 and Cost-Income ratio below 60%. Other targets include being the best retail bank in Germany and best nationwide bank for SME's
- There is strong momentum in the German economy which should benefit Commerzbank as it is by far the most important market for the bank
- Commerzbank has a market capitalization of EUR 24.2 bn. FL Group has a 2.99% stake in the bank and is among its largest shareholders

Commerzbank share price development



Financials (EUR million)	2004	2005	2006
Net interest income	3,013	3,167	3,916
Net operating income	6,340	6,940	8,710
Profit	362	1,187	1,597
Total assets, year-end	424,877	444,893	608,339
Return on equity	4.0%	12.8%	14.1%
CAD ratio	12.6%	12.5%	11.1%



Capital Markets

Short term trading in stocks, bonds and currencies

Stake building and stake disposal of Strategic Investments

Derivative and alternative trading for own account and hedging purposes

Advantages:

Strengthening of the trading operations

Further enhances the link between divisions

Emphasizes the flexibility of the business model

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i. Financials



Income statement, Q1

ISK million	2007	2006	%
Investment income			
Net income, securities and derivatives	12,472	10,537	18%
Interest income	1,498	172	771%
Interest expenses	-3,017	-326	825%
Net foreign exchange gain/loss	4,627	75	6,069%
	15,580	10,458	49%
Operating expenses	-884	-485	82%
Profit before income tax	14,696	9,973	47%
Income tax	388	-1,684	nm
Loss from discontinued operations (net)	0	-2,450	nm
Profit for the year	15,084	5,839	158%

Main items for the first quarter

- Investment income increased by 50% from previous year and was ISK 15.6 billion
- Profit before income tax increased significantly from same quarter in previous year
- Net profit from the quarter amounted to ISK 15.1 billion

A strong balance sheet



Balance sheet, assets

ISK million	31 / 03 / 07	31 / 12 / 06	%
Assets:			
Cash and cash equivalents	30,994	47,022	-34%
Restricted cash	12,575	9,572	31%
Securities	217,602	181,161	20%
Derivatives	20,833	4,309	383%
Loans, trade and other receivables	20,290	19,478	4%
Operating assets	464	425	9%
Assets classified as held for sale	0	904	nm
Total assets	302,758	262,871	15%

Total equity	141,802	142,676	-1%
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Liabilities

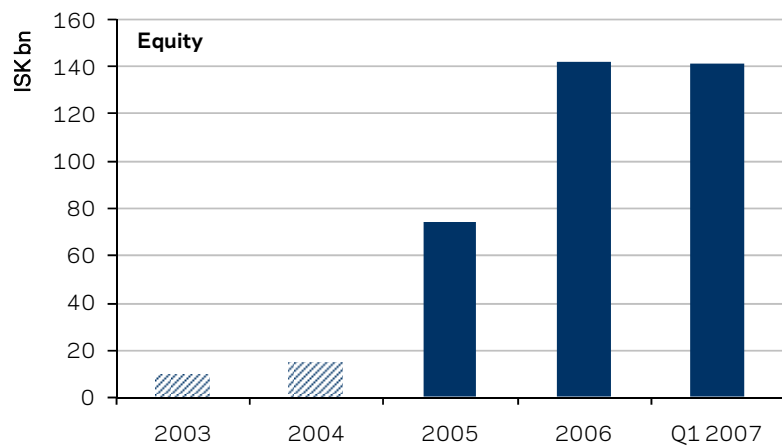
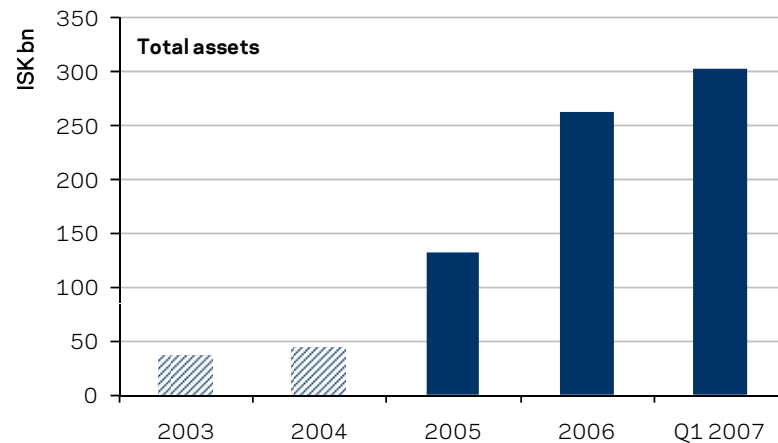
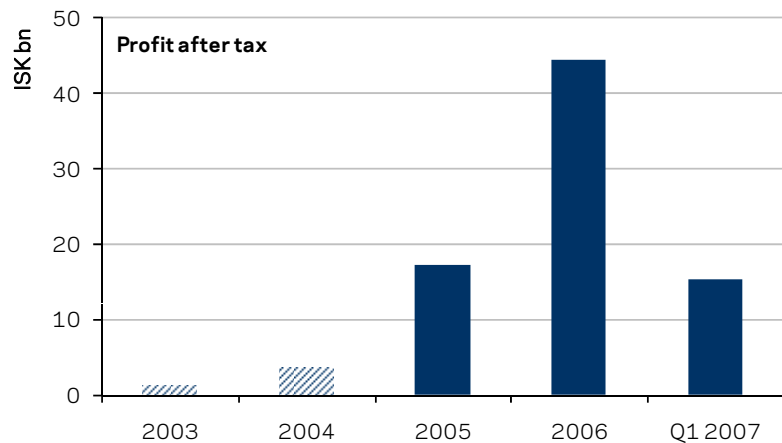
Interest-bearing loans and borrowings	129,423	104,955	23%
Derivatives	11,147	7,021	59%
Deferred income tax liability	510	895	-43%
Loan in rel. with investments for sale	0	634	nm
Current tax liability	782	782	0%
Trade and other payables	4,111	5,908	-30%
Unpaid dividend	14,983	0	nm
Total liabilities	160,956	120,195	34%

Total equity and liabilities	302,758	262,871	15%
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Main items for the first quarter

- Cash position remains strong
- Increase in securities and derivatives due to new investments in Glitnir, AMR and Commerzbank
- Equity maintained despite a large dividend payment
- Equity ratio 47% at the end of the quarter
- Unpaid dividend of ISK 15 billion

Continued good performance



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ii. Investment overview and update






31 / 03 / 2007

Investments	Market value	% holding
Significant holdings		
Glitnir	128,456	32.0%
Commerzbank	46,510	2.4%*
AMR Corporation	41,183	8.5%
Finnair Oyj	23,663	23.3%
Royal Unibrew A/S	12,013	24.4%
Bang & Olufsen A/S	10,607	10.4%
Aktiv Kapital ASA	5,765	13.3%
	268,195	
Trading portfolio	74,116	
Total investment in listed securities	342,311	
Total investment in unlisted securities	14,228	
Total investments	356,539	



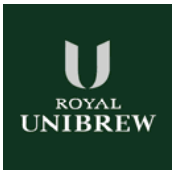

- Significant shareholdings in listed companies amounted to ISK 268 bn at the end of the quarter
- Investment in other marketable securities amounted to ISK 9.1 bn

* Holdings as of 27 April 2.99%



	Investment size (March 07)	Comment
	Holding: 31.97%	<ul style="list-style-type: none"> — Stake in Glitnir increased to 31.97% during the quarter — Three FL Group representatives were elected to the company's Board of Directors at the Annual General Meeting — FL Group has been supportive of the company's strategy and will continue to support the company going forward
	Holding: 2.99%	<ul style="list-style-type: none"> — Stake in Commerzbank has been built up in recent months — Attractive valuation where current market does not reflect the turnaround and the bank's potential — Consolidation in the banking sector in Europe has begun
	Holding: 13.3%	<ul style="list-style-type: none"> — Share price has been under pressure — Company is continuing to build market share in markets with low or no presence — Continued focus on long-term collection efficiency and collections



	Investment size (March 07)	Comment
	Holding: 8.5%	<ul style="list-style-type: none"> — Stake increased in Q1, currently the largest shareholder — Profitable Q1 for the first time since 2000 — Market has been difficult in last few weeks — Long term fundamentals of the business and strong position of the company will be reflected in the market
	Holding: 23.3%	<ul style="list-style-type: none"> — Company continues to expand profitably into Asia — Sigurður Helgason elected to the Board of Directors — Sale of FlyNordic good for the company
	Holding: 24.4%	<ul style="list-style-type: none"> — Royal Unibrew has expanded its bottling-cooperation with Heineken and will now also brew Heineken under licence in DK — Somewhat fluctuating share price during Q1, has stabilised at year-end level as at end of April
	Holding: 10.4%	<ul style="list-style-type: none"> — Company is focusing on growth through product launches and expansion of distribution structure — New business area Automotive - providing audio solutions to the car industry - off to a good start with solutions to several Audi models

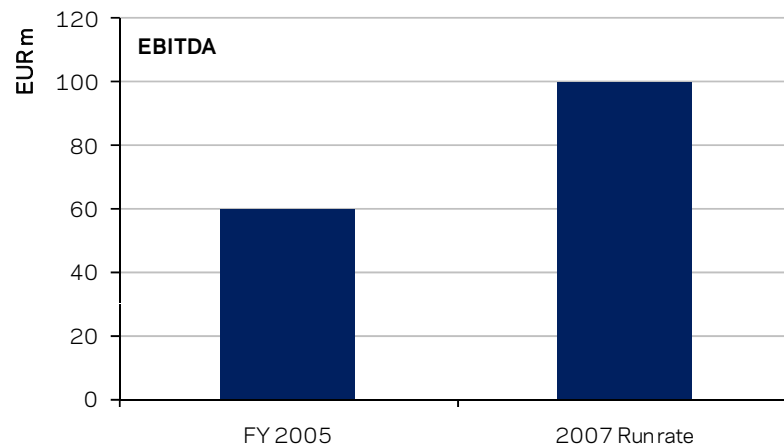
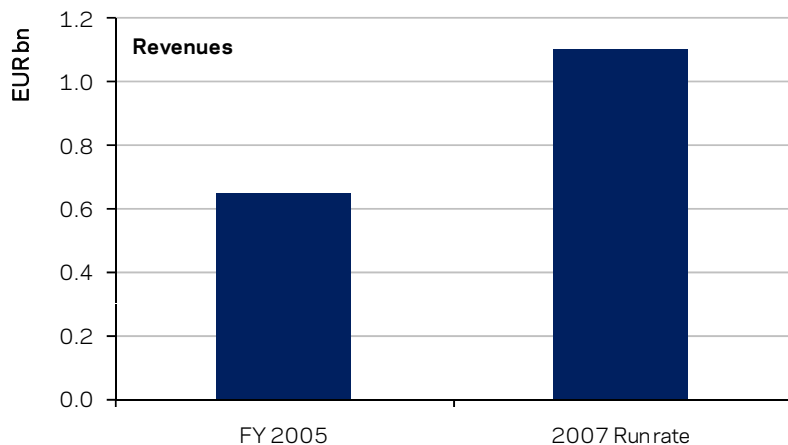
The Refresco buy and build strategy being executed ...



- Refresco has made three acquisitions in the first months of 2007 which have grown the company significantly
 - Sun Beverages Company, a major soft drinks producer based in France, the Netherlands and Belgium
 - Kentpol, giving access to the high growth Polish market
 - Histogram, the first step into the UK

- The consortium led by FL Group will continue to drive this strategy and is working on further acquisitions for Refresco

... with very good results



- Recent acquisitions have added great value to the company
 - Greater penetration into new markets and product segments
- Good market footprint in Europe with a solid product offering

- Both revenues and EBITDA significantly higher
 - Run rate revenues now exceed EUR 1.1 billion
 - Run rate EBITDA exceeds EUR 100 million
- Industry multiples are improving



Comment

Northern Travel Holding

- NTH will further enhance its vision of becoming a leading low cost carrier in Scandinavia by closely linking the group companies together
- Following the bankruptcy of FlyMe in Sweden, Sterling has successfully entered the domestic Swedish market taking over many of the former FlyMe routes
- Ticket has just announced that its EBIT has gone up 40% and revenues up 48% in Q1 compared to last year and expectations for a very good year

HOUSE OF FRASER

- Christmas trading and January sales were good
- At end of March the debt syndication was finalized with oversubscription indicating the positive sentiment in the debt markets towards the future prospects
- All initial milestones have been met
- Changes have been made in concessions and brands which will be seen in the Autumn/Winter season



- Geysir's pipeline of investments is strong and first large investments for the company could materialise in the coming weeks
- The company is actively looking for new opportunities in USA, Europe and Asia
- Actively involved in the privatization of shares in Hitaveita Sudurnesja

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iii. Overview and prospects



- First quarter of 2007 was FL Group's first without any operating assets
 - Sale of last subsidiary concludes a two year transformation

- Exceptional financial performance - best ever Q1
 - Each quarter proves that the change in the business model continues to be successful

- Continued successful activity in financial markets
 - Large stakebuilding
 - Smaller investments

- Private equity investments are performing favourably
 - Shows that the strategy laid out is working

- Development and expansion of the company continues - as evident by new Capital Markets announcement
 - Will continue throughout the year

- 2007 outlook remains strong

