

FL GROUP IS AN INVESTMENT COMPANY
PRIMARYLY ON TWO OTHER COMPANIES

With head office in Reykjavik and branches in
London, Stockholm and Copenhagen

FL GROUP



FL Group | 2006 results

Hannes Smárason, CEO

Investor presentation

February 2006



- FL Group is a unique international investment company, focusing primarily on private equity and strategic investments. FL Group's business also includes proprietary trading, with a particular emphasis on active participation in markets with listed securities.
- FL Group differs from traditional private equity in its approach to investments:
 - Use of own balance sheet when investing
 - Not managing funds
 - Flexibility in view of investments
 - No maturity date as in normal funds
- 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.
- Listed on the OMX Nordic Exchange in Reykjavik

Banking and financial services



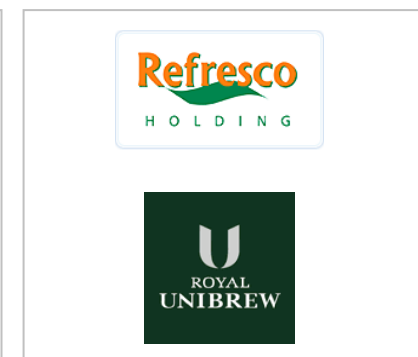
Aviation and tourism



Consumer and retail



Beverages



Energy





- The first whole year of investment operations have been quite eventful for the company
 - A number of investment and divestments
 - Increase in share capital
- A comparison from the start of 2006 shows how radical the transformation has been:

2005

FL Group operates a number of subsidiaries involved in aviation and tourism as well as conducting investment operations

Equity of ISK 74 bn

Total assets of ISK 133 bn



2006

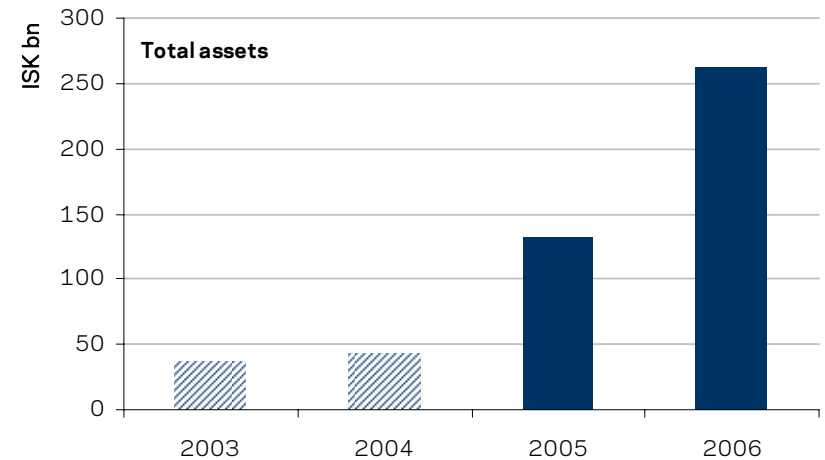
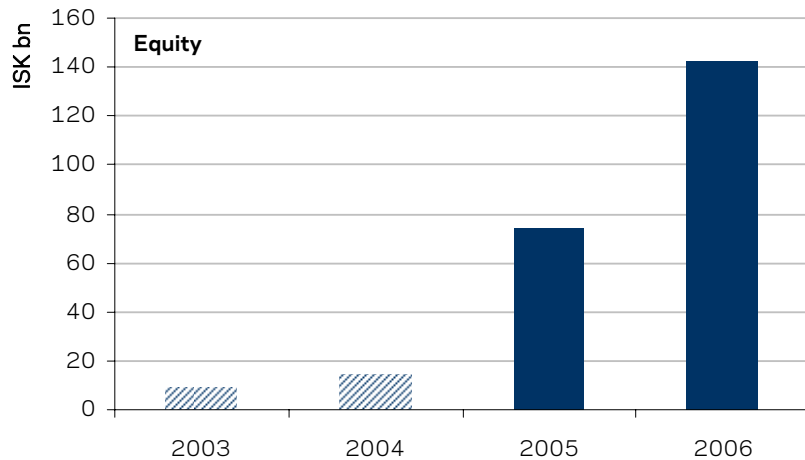
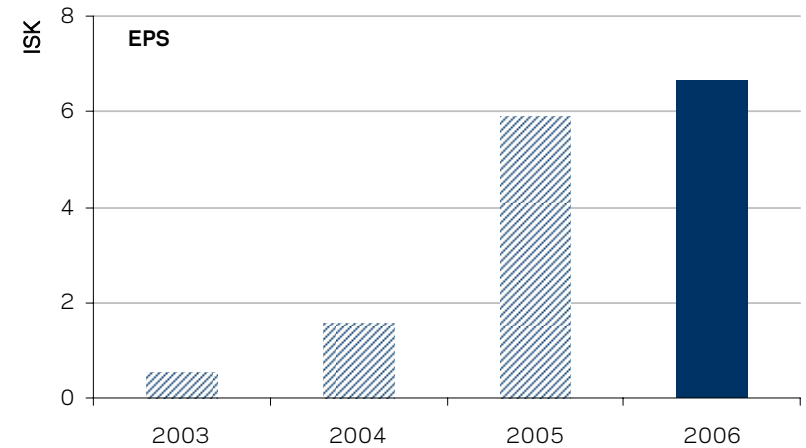
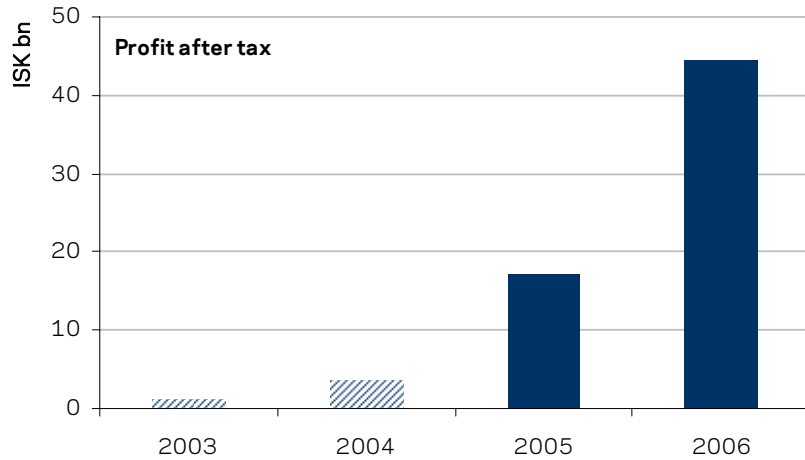
FL Group is a pure investment company focusing on private equity, strategic investments and proprietary trading

Equity of ISK 143 bn

Total assets of ISK 263 bn

The change to the company's business model has been successful
with increased profits and increased shareholder value

Great changes on all fronts

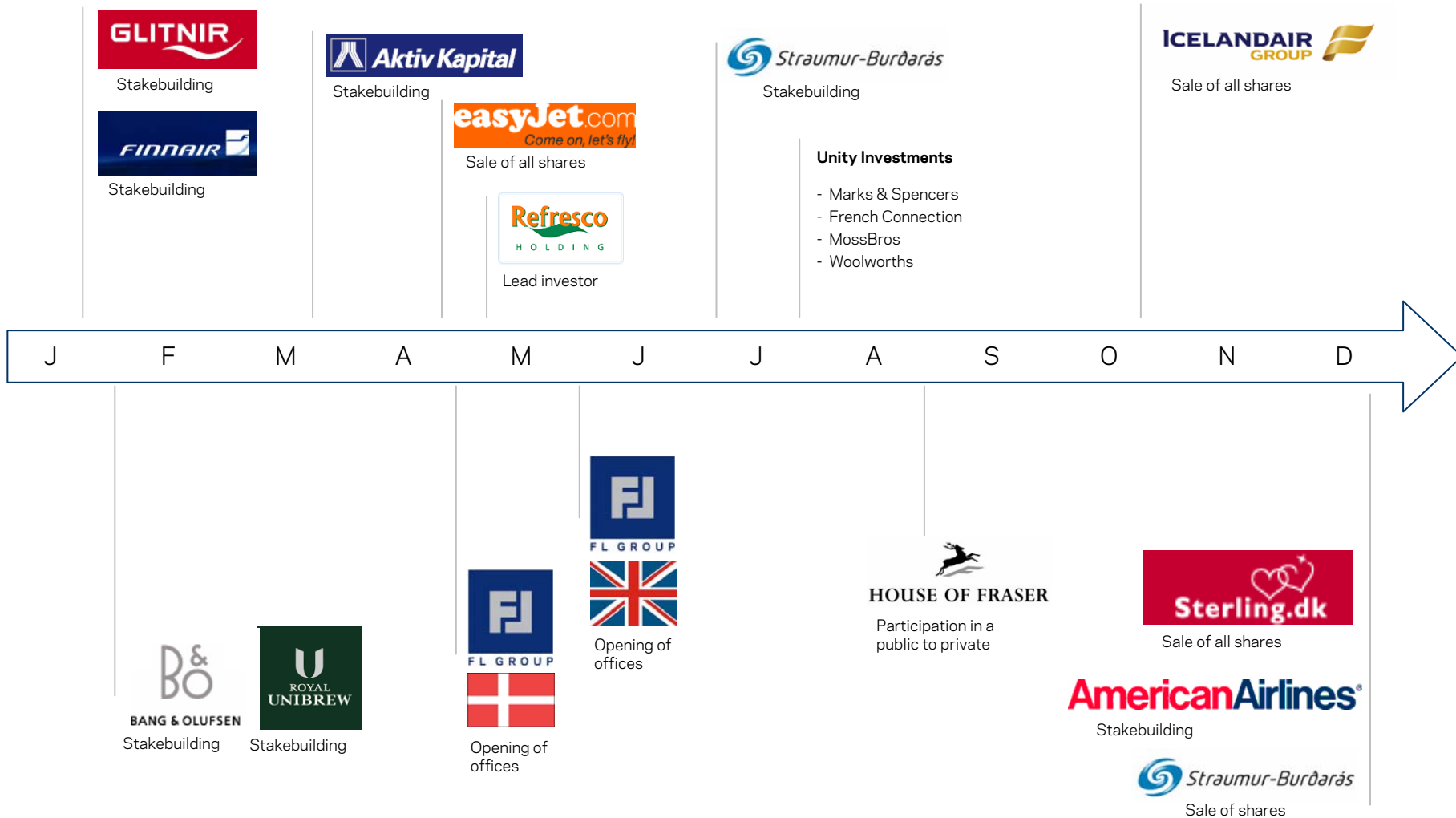


Shareholder value increased significantly



Current share price:	29.5
Current market cap:	ISK 234 bn
% change in 2006:	39% incl. dividend
Volume in 2006	ISK 192 bn
Total transactions:	11,042

Increased investment activity in 2006



FL GROUP IS AN INVESTMENT
PRIMARILY ON TWO CRITICAL

With limited operating assets and
FL GROUP'S WEBSITE: www.flgroup.com

FL GROUP



i. Financials



- Net profit in 2006 more than doubled from 2005 and amounted to ISK 44.6 bn
- Increased assets and equity base
 - Continued investment activity
 - New share issue
 - Sale of subsidiaries
- A very strong financial position
 - Current equity of ISK 143 bn
 - Cash and equivalents of ISK 47 bn

Key figures in 2006

million ISK

Net profit	44,559
Total assets	262,872
Total equity	142,676
Equity ratio	54.3%
Return on equity	42.9%



Income statement			
million ISK	2006	2005	%
Investment income			
Net income, securities and derivatives	23,956	21,958	9%
Interest income	854	1,270	-33%
Interest expenses	-4,948	-2,258	119%
Net foreign exchange loss	-2,371	-621	282%
Gain from sale of subsidiaries	25,677	0	nm
	43,168	20,349	112%
Operating expenses	-2,771	-1,652	68%
Profit before income tax	40,397	18,697	116%
Income tax	2,631	-3,292	nm
Profit from discontinued operations (net)	1,531	1,846	-17%
Profit for the year	44,559	17,251	158%

Main items for the full year

- Net profits in 2006 more than doubled from the previous year and amounted ISK 44.6 bn
- Solid income from investment operations
- Profit from sale of subsidiaries
- Positive income tax

Main items in Q4

- Net profits in Q4 amounted to ISK 33.6 bn
 - Sale of shares in Icelandair Group
 - Continued profits from listed investments

Significant changes to the balance sheet



Balance sheet

million ISK	2006	2005
Assets:		
Cash and cash equivalents	47,022	10,350
Restricted cash	9,572	0
Securities	181,161	69,138
Derivatives	4,309	6,341
Assets classified as held for sale	904	0
Loans, trade and other receivables	19,478	7,222
Operating assets	425	20,731
Inventories	0	876
Prepaid aircraft acquisitions	0	14,490
Intangible assets	0	3,470
Total assets	262,871	132,618
Total equity		
	142,676	74,443
Liabilities		
Interest-bearing loans and borrowings	104,955	39,668
Derivatives	7,021	277
Deferred income tax liability	895	4,694
Loan in rel. with investments for sale	634	0
Trade and other payables	5,908	10,550
Current tax liability	782	0
Pension liability	0	345
Prepaid income	0	2,641
Total liabilities	120,195	58,175
Total equity and liabilities	262,871	132,618

Main changes for the full year

- Total assets increased by ISK 130 bn
- Equity increased by ISK 68 bn
- Liabilities increased by ISK 62 bn
- Increase primarily caused by
 - Investment activities
 - New share issue
 - Sale of subsidiaries
- Current financial position is very strong
 - Equity of ISK 142.7 bn
 - Equity ratio of 54.3%
 - Cash and cash equivalents of ISK 47 bn



- In 2006 the company completed large financing transactions
 - Long term financing of EUR 250 m against shares in Glitnir
 - A three year EUR 400 m equity finance facility signed with Barclays
 - Securities financing of EUR 380 m from several international banks

- Interest bearing loans amounted to ISK 105 bn at the end of 2006

- In addition to the domestic banks, FL Group currently works with close to 20 international banks in a number of projects
 - Corporate lending
 - Financing of specific project
 - Forward contracts

- Financing goals for 2007 include:
 - Increase duration of current loan portfolio
 - Continue to build up relationship with international banks and introduce FL Group internationally

Interest-bearing loans and borrowings

million ISK	31 / 12
Bond issues	25,948
Note issues	3,882
Bank loans	75,125
	104,955

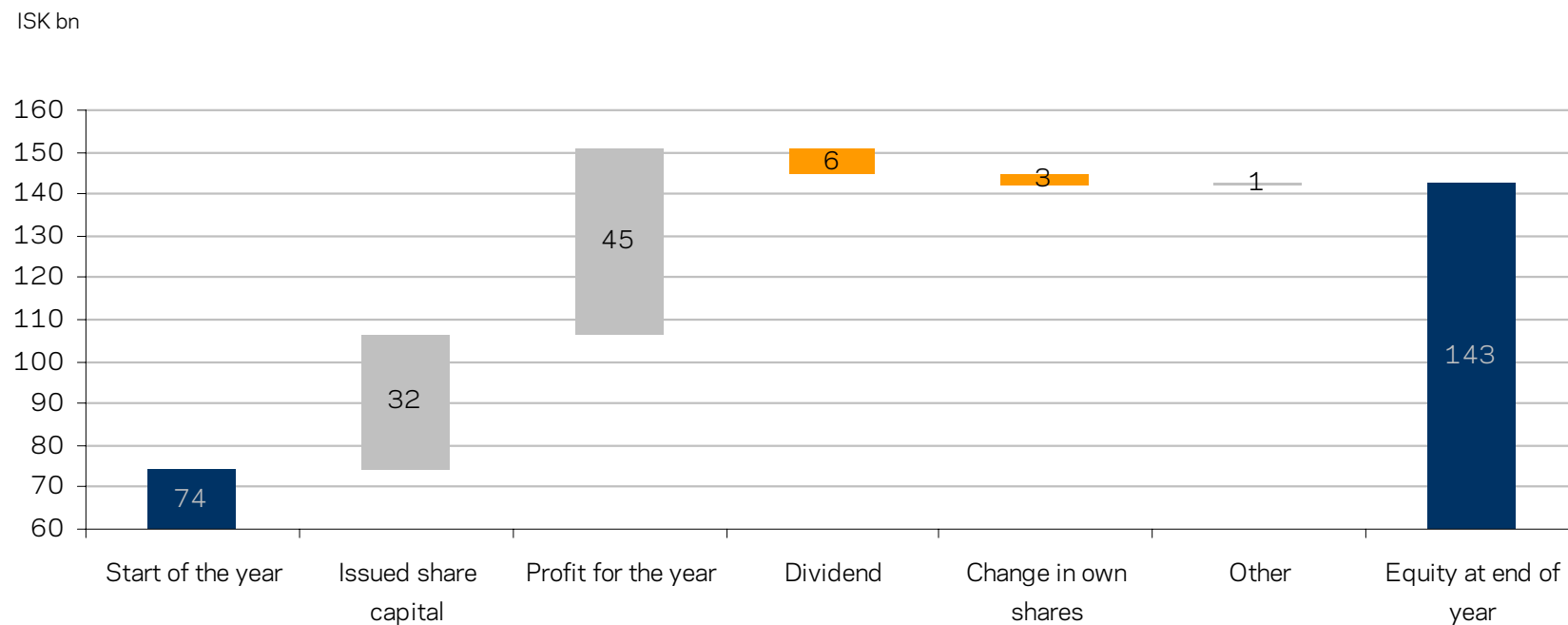
Split by maturity

Repayments in 2007	43,838
Repayments in 2009	50,144
Repayments after 2011	10,973
	104,955

Split by geography

Iceland (38%)	39,987
Denmark (8%)	8,656
EU (16%)	16,625
Asia (2%)	1,853
UK (36%)	37,833
	104,955

Equity increased by ISK 68 bn during 2006



FL GROUP IS AN INVESTMENT GROUP
PRIMARYLY ON TWO STRATEGIC AREAS

With a focus on infrastructure and real estate
FL GROUP'S WEBSITE: www.flgroup.com

FL GROUP



ii. Investment overview and update

Overview of FL Group's investments



- At the end of 2006 FL Group's investments amounted to ISK 268 billion
 - Investments in listed companies ISK 244 bn
 - Investments in unlisted companies ISK 15 bn
 - Investments in bonds ISK 9 bn

- Investment split between sectors
 - Banks / financial services 52.9%
 - Aviation 21.5%
 - Consumer and retail 9.3%
 - Beverages 7.4%
 - Other 8.9%

Banking and financial services



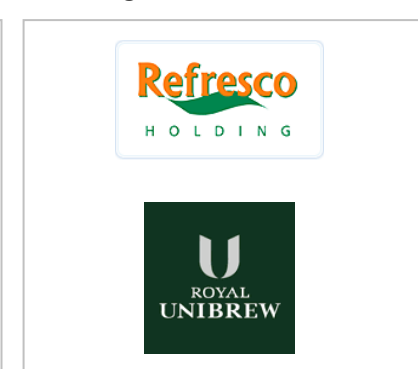
Aviation and tourism



Consumer and retail



Beverages





31 / 12 / 2006

Investments	Market value	% holding
Significant holdings		
Glitnir	100,892	30.4%
AMR Corporation	27,626	6.0%
Finnair Oyj	23,126	22.4%
Royal Unibrew A/S	14,013	24.4%
Bang & Olufsen A/S	11,834	10.4%
Aktiv Kapital ASA	6,671	13.3%
	184,161	
Trading portfolio	68,987	
Total investment in listed securities	253,149	
Total investment in unlisted securities	14,819	
Total investments	267,968	
Financed with forward contracts	86,807	
Investments recognised on balance sheet	181,161	

- Shareholdings in listed companies amounted to ISK 244 bn at the end of the year
- Investment in other marketable securities amounted to ISK 8.7 bn
- Shareholdings financed through forward contracts amounted to ISK 86.8 bn at 31 December



Glitnir



- FL Group is currently the largest shareholder of Glitnir with a 30.4% shareholding
- FL Group has two representatives on the board of directors and was recently approved by the Icelandic FSA as a qualified shareholder in the bank
- The bank profited well in 2006, with a profit after tax of ISK 38.2 bn and is well positioned for 2007
- FL Group has been supportive of the company's strategy and will continue to support the company going forward

Key facts

Market cap	ISK 362,326 m	% chg 06	34.7%
	EUR 4,072 m	% chg 07 YTD	9.0%
Stake value at end of 2006	ISK 100,892 m		
	EUR 1,077 m		

AMR



- FL Group announced in December 2006 that the company had accumulated 6.0% of shares in AMR Corp and was the third largest shareholders
- AMR Corporation is the parent company of American Airlines, the largest airline in the world, and several local airlines within the US
- FL Group believes that AMR has good potential to expand its operations in a profitable manner

Key facts

Market cap	USD 8,787 m	% chg 06	36.0%
	EUR 6,746 m	% chg 07 YTD	22.6%
Stake value at end of 2006	ISK 27,626 m		
	EUR 295 m		



Finnair



- FL Group first invested in Finnair in 2006 and during the year accumulated 22.4% of shares in the company
- FL Group is the second largest shareholder in Finnair with the government holding c 56%
- Finnair has in recent year grown quite fast, increasing Europe-Asia traffic where the company has competitive advantage
- The company has invested in its fleet and operates a modern and young fleet of aircraft

Key facts

Market cap	EUR 1,230 m	% chg 06	3.6%
		% chg 07 YTD	11.7%

Stake value at end of 2006	ISK 23,126 m
	EUR 247 m

Royal Unibrew



- FL Group first invested in Royal Unibrew in the start of 2006 and had 24.4% of the shares at the end of the year
- FL Group believes that Royal Unibrew is well positioned to take advantage of consolidation in the beverage industry
- Royal Unibrew is aiming to reach DKK 4.5 bn in revenues in 2007 according to its Mach II program

Key facts

Market cap	DKK 4,944 m	% chg 06	39.1%
	EUR 663 m	% chg 07 YTD	8.1%

Stake value at end of 2006	ISK 14,013 m
	EUR 150 m



Bang & Olufsen



- FL Group build up its stake in Bang & Olufsen in 2006 and had 10.4% of the company's shares at the end of the year
- Bang & Olufsen is a well known brand all over the world and have significant opportunities to leverage upon that position
- The company has in recent years been quite overcapitalised but is currently working on increasing its debt

Key facts

Market cap	DKK 9.214 m	% chg 06	12.3%
	EUR 1.236 m	% chg 07 YTD	1.6%
Stake value at end of 2006	ISK 11.834 m		
	EUR 126 m		

Aktiv Kapital



- FL Group announced in beginning of March that it had acquired 9% of Aktiv Kapital. FL Group is currently second largest shareholder with 13.3% shareholding
- The shareholder structure is tight as the three largest shareholders own approximately 65% of the total shares. Gevevan Trading, owned by John Frederiksen, is the largest shareholder with 40% stake
- IFRS has had negative effect on Aktiv Kapital's results as the company is only allowed to make negative adjustments to the fair value of its loan portfolios

Key facts

Market cap	NOK 4.295 m	% chg 06	-9.2%
	EUR 528 m	% chg 07 YTD	-2.7%
Stake value at end of 2006	ISK 6.671 m		
	EUR 71 m		



Refresco (49%)



- Since the acquisition of Refresco the company has performed strongly. In recent years the company has outperformed the market, growing by 10% a year between 2000-2004
- Over the next few years it is estimated that the market for Refresco's main sectors will grow by 6-8% and FL Group believes that Refresco will do even better
- Further enlargement of the company is on the agenda but no acquisitions have been finalised

Northern Travel Holding (34%)

Northern Travel Holding

- FL Group believes that significant synergies are to be derived from closer cooperation within NTH
- The company has strong financial backup through its shareholder base and aims to take a part in the consolidation and reorganisation in the Scandinavian travel industry.
- The new company will be market leading, combining Scandinavia's largest low cost carrier with Scandinavia's largest travel industry retailer
- The formation of NTH has been well received among customers



HoF (13.9%)

HOUSE OF FRASER

- FL Group participated in the public-to-private acquisition of House of Fraser.
- The department store sector is expected to show growth of 3.3%-4.5% per annum in the markets addressed by House of Fraser, in particular in health and beauty products
- The consortium aims to speed the process of focusing on being a house of brands at the middle to top end of the market
- A new CEO has been brought in to drive forward the strategy of: concentrating the brands it operates under; investing in the stores; move more into concessions; and improve operating efficiencies

FL GROUP IS AN INVESTMENT HOLDING COMPANY
PRIMARYLY ON TWO OTHER COMPANIES

With head office in London and offices in
various other parts of the world

FL GROUP



iii. Overview and prospects



- A record year for FL Group
 - Net profit of 2006 amounted to ISK 44.6 bn
 - Continued testament of the successful change to the company's business model
- The company has a strong balance sheet and a very good cash position
 - The company's current equity is ISK 143 bn
 - At the end of the year FL Group had ISK 47 bn in cash and cash equivalents
 - Equity ratio at the end of 2006 was 54.3%
- Current investment offer good potential for the company. Pipeline of new investments looks promising.
 - New companies and new sectors
 - Support to existing companies
- FL Group expanded its operations into London and Copenhagen in 2006 and will continue to expand its team in these offices

