ICELANDAIR GROUP: REDUCTION IN THE NUMBER OF EMPLOYEES AND RESTRUCTURING

News / Airlines

The COVID-19 pandemic is having a severe impact on the aviation and travel industries with continued uncertainty for the unforeseeable future. To respond to the situation, Icelandair Group is taking extensive measures to get the Company through an extended period of minimum operations, including a considerable reduction in the number of employees and changes to its organizational structure. At the same time, necessary core operations are being secured to maintain the flexibility needed for a quick scale-up of the Company when markets begin to recover.

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Over the course of the past weeks, Icelandair Group has taken decisive measures to diminish cash outflow across all operations, including renegotiations with suppliers and financial institutions. With salary cost being the single largest cost item, the Company is taking the following steps:

- The employment of around two thousand employees will be terminated. This affects all divisions within the Company, although roles directly linked to production, such as crew, maintenance and ground operations, are affected the most.
- The majority of the remaining employees continue in part-time roles and those in full-time roles are affected by a salary reduction.

Furthermore, the Company has implemented changes to its organizational structure. The Company's operations will consist of seven divisions: Sales & Customer Experience, Air Freight & Logistics (Icelandair Cargo), Aircraft Leasing & Consulting (Loftleidir Icelandic), Flight Operations, Finance, People & Culture and a new division Business Development & Digital. Following the changes, the Executive Committee will consist of eight members, including the CEO, instead of nine before. Tomas Ingason, who has served as Chief Information Officer since the beginning of March 2019, will head up the new division. Ivar S. Kristinsson, who has served as Managing Director of Fleet & Network will leave the Executive Committee but continue leading the Company's fleet management and development. In addition, organizational changes have also been made within each of the divisions and their departments, reducing the number of next level Directors by 19.

Bogi Nils Bogason, President and CEO Icelandair Group
„These measures are very painful yet necessary. We are facing considerable uncertainty for the unforeseeable future and preparing the Company for an uncertain period of limited operations. We hope to be able to scale up quickly as soon as markets start to recover and offer those affected employment again. Despite the significant reduction in our workforce, we are safeguarding necessary core operations and maintaining the flexibility and agility to respond quickly when demand starts to increase."

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