

who we are

National carrier of the Faroe Islands

- Founded in 1987
- Listed on OMX NASDAQ, in CPH and REK since 2007
 - Currently two thirds state owned, one third private capital
- Scheduled services to and from the Faroe Islands
 - Main route to Denmark plus connections to neighbouring countries of Iceland, Norway and UK
- ACMI and charter in niche markets
 - Airlines, tour operators, corporate and ad hoc in Europe
- Providing helicopter services in Faroe Islands
 - SAR service, domestic flights, offshore, aerial work

where we are



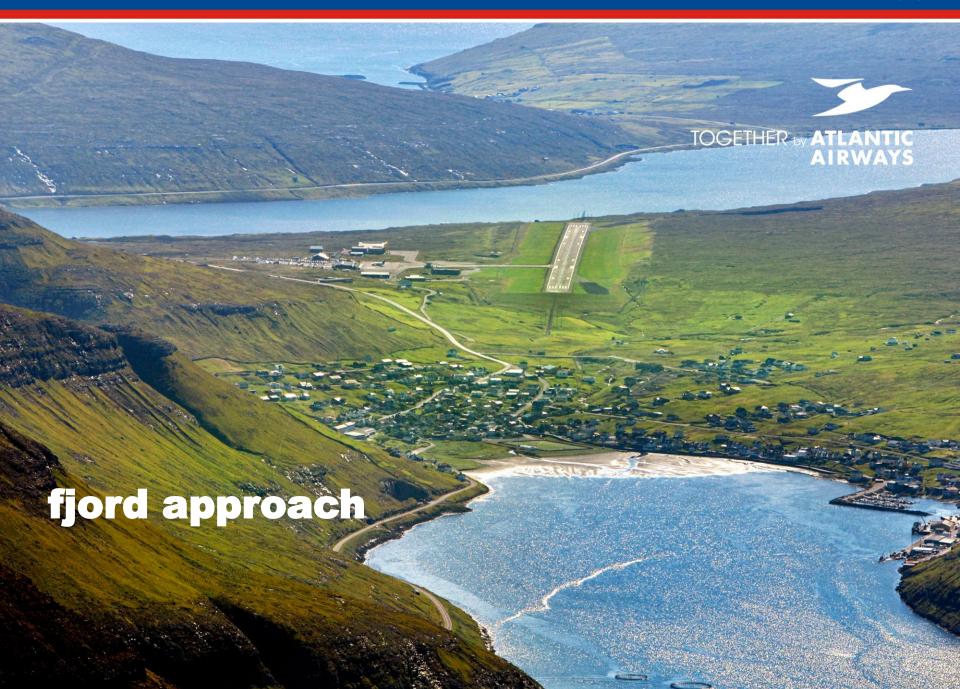
The Faroe Islands

- 18 spectacular islands rising sheer from the Atlantic Ocean
- Home to millions of birds and nearly 50,000 people with their own language and distinctive culture, and...
- Named world's favourite unspoiled island destination in National Geographic Traveler Magazine
- A truly great football team!
 - Strongest at home, recently shaking Italy
 - Above Wales and Iceland in UEFA rankings!



operational challenges

- Small home market 50,000 people
- Short runway 1,250 metres
- Long distance to alternates one hour flight time
 - In different countries: Norway, Iceland, Scotland
- Challenging mountain topography
 - Terrain induced turbulence in crosswinds
- Challenging weather system
 - Low cloud ceiling and frequent fog in summer
 - Island climate exposed to storm, snow and "slush" in winter
- Airport was, until recently, remote from main population
- Avro RJ type has been well suited





recent and ongoing developments

Subsea tunnel

Day-long operations possible since 2002

Runway extension

To 1,799 metres, available by end 2011

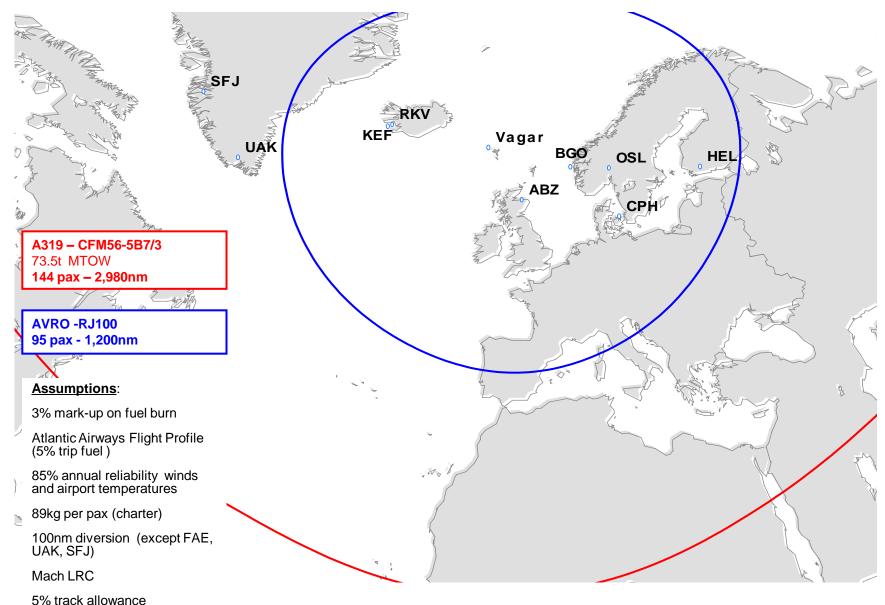
New A319 aircraft

- First aircraft delivered March 2012
- Standard aircraft, but customised for challenging environment
- High powered engines CFM 27,000 pound
- Multiple MTOW variant

We wanted more out of new aircraft and longer runway

 First airline in Europe to introduce RNP AR 0.1 concept, now in development

Comparative range RJ and A319



new concept based on new technology

RNP AR 0.1

- Required Navigation Performance, Authorisation Required
- PBN technique enables the optimisation of instrument procedures through the aircraft navigation performance, without the need for ground aids
- Designing narrow corridors (digital air 'tunnels') to enable approaches and departures in IMC conditions, as if in VMC – positional accuracy to 0.1 nm

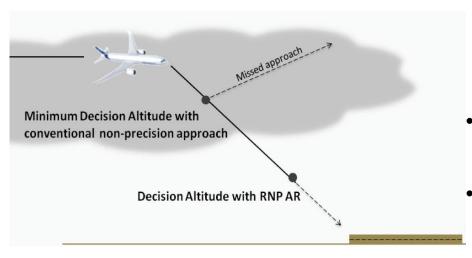


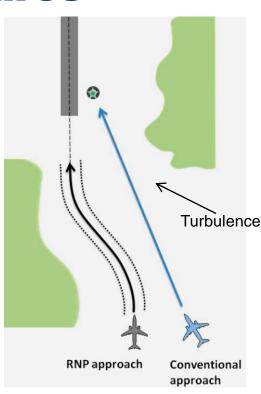
RNP objective for Faroe Islands

- Improve airport access and reliability
- Current situation
 - Non-precision approach on both runways
 - High minima required
 - High rate of diversion
 - Approach trajectory offset on both runways, by up to 14° on one
 - Visual manoeuvre has to be performed at low altitude
 - Strong turbulence from wind over terrain
 - Pilots have to avoid flying into some areas

benefits of RNP AR procedures

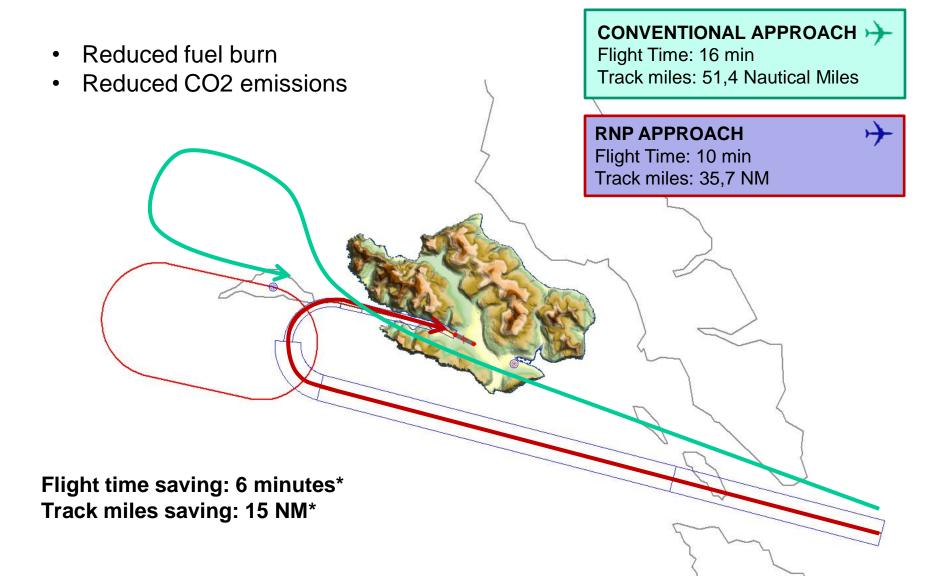
- Operators can obtain lower minima and fly curved paths, compared with conventional approaches
- Reduce number of diversions due to low ceiling and visibility
- Reduce minima in FAE by 100-250 feet
- Reduce diversion rate by 50%





- Reduce of offset from runway from 14° to 3°
- Reduce impact from terraininduced turbulence

RNP benefits



RNP benefits

- RNP procedures enhance operational safety
 - Fully managed (stabilised) approaches down to lower minima
 - Fully tailored procedures based on operator's knowledge
 - RNP approaches aligned with both runways
 - Visual segment easier to fly
 - Reduced pilot workload
 - Removal of offset procedures
 - Reduction of minima in challenging environments

implementation

- Close cooperation with Quovadis an Airbus subsidiary
 - Procedure, design, testing, training, safety analysis, implementation
- Close cooperation with transport authorities
- Key input based on accumulated local experience
 - 24 years of experience and an average of 1,500 landings a year
- Support from Air New Zealand
 - Line training key people for both A 319 and RNP AR in New Zealand

the future

New aircraft, RNP AR concept and runway extension together enable us to:

- Reduce seat costs and CO2 emissions
- Extend our range
- Enhance safety -- tailored procedures and fully managed approaches
- Improve regularity and operational reliability
- Reduce minima and diversion (and related cost, by 50%)
- Reduce uncomfortable turbulence
- Save flight time and fuel burn
- Offer a highly competitive product also in niche markets

Increased airport access a benefit to Faroe Islands

in summary....

- Atlantic Airways is the classic regional airline
 - We ARE the Faroe Islands and a lifeline for their people
 - We have a responsibility towards our publics and must do everything possible to improve regularity and reliability
 - RNP AR shows how our investment will bring wider community and economic benefits

