

# Fordringshavermøte

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Norwegian Air Shuttle ASA

January 27, 2021

# Three stages of our journey

**LICENSE to operate**

*Until summer 2021*

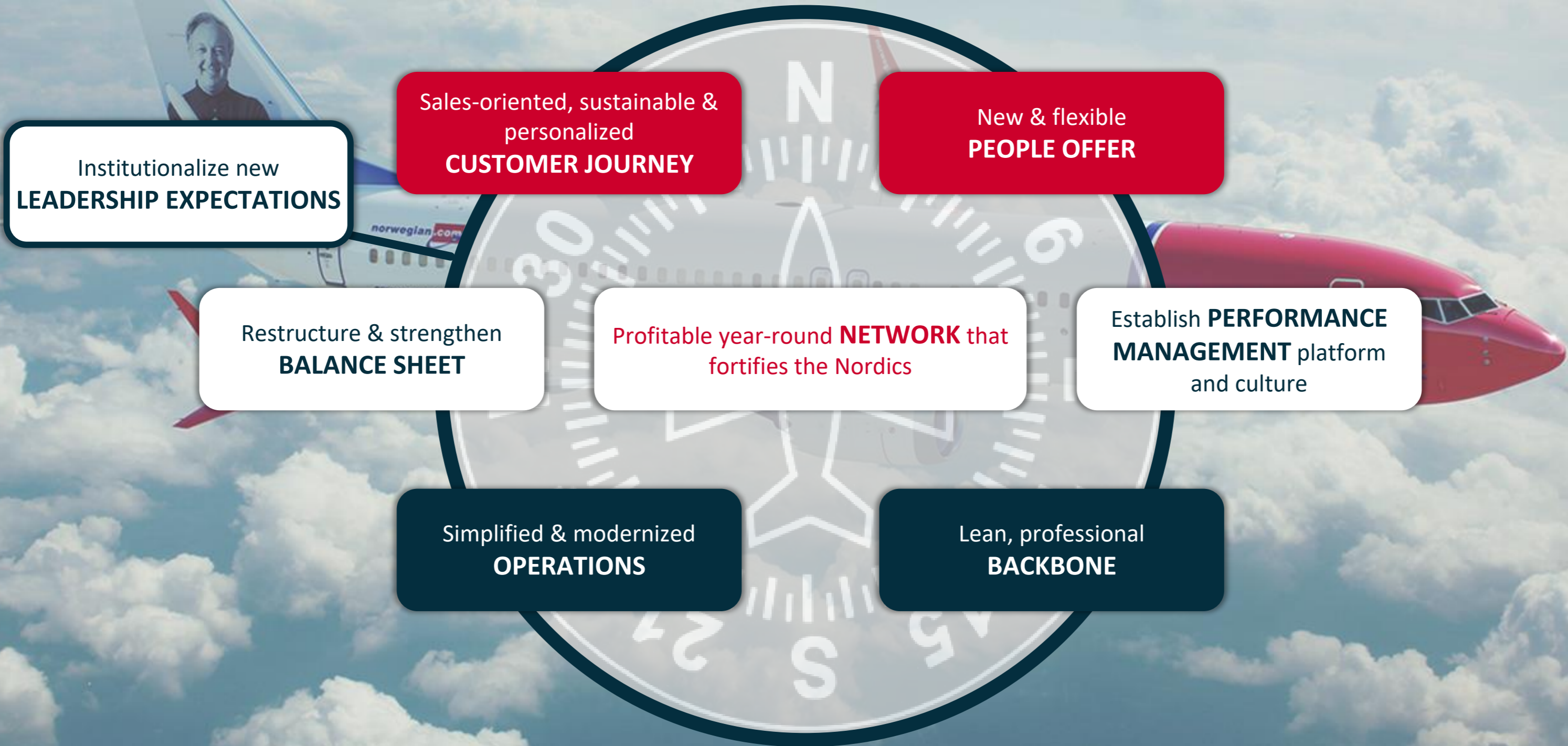
**GOOD & PROFITABLE organisation  
within the aviation industry**

*From fall and until 2025*

**GREAT enterprise within  
future mobility**

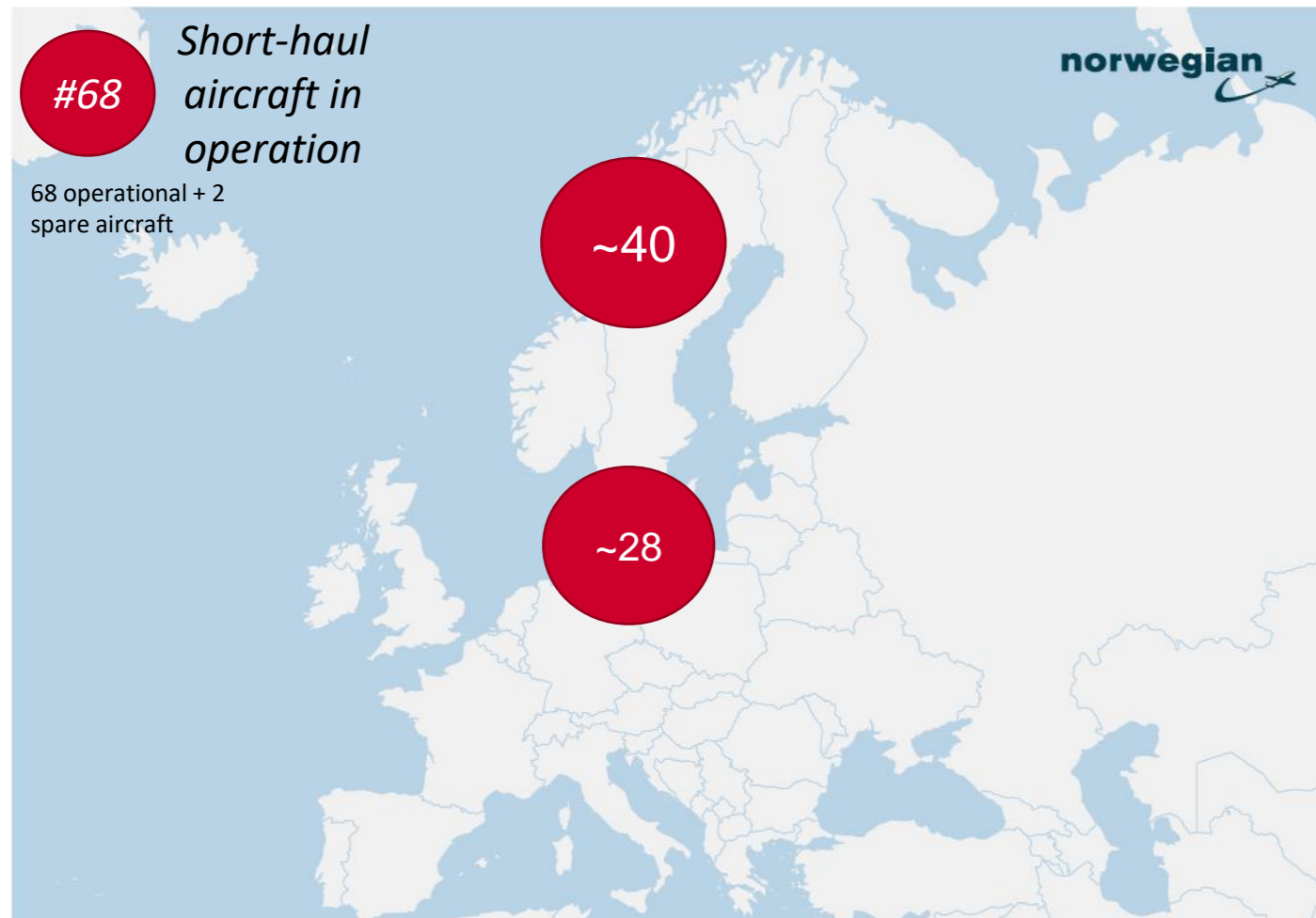
*From 2025 to 2030*

# Adjusting the course – but NAS' strategic compass remains true!



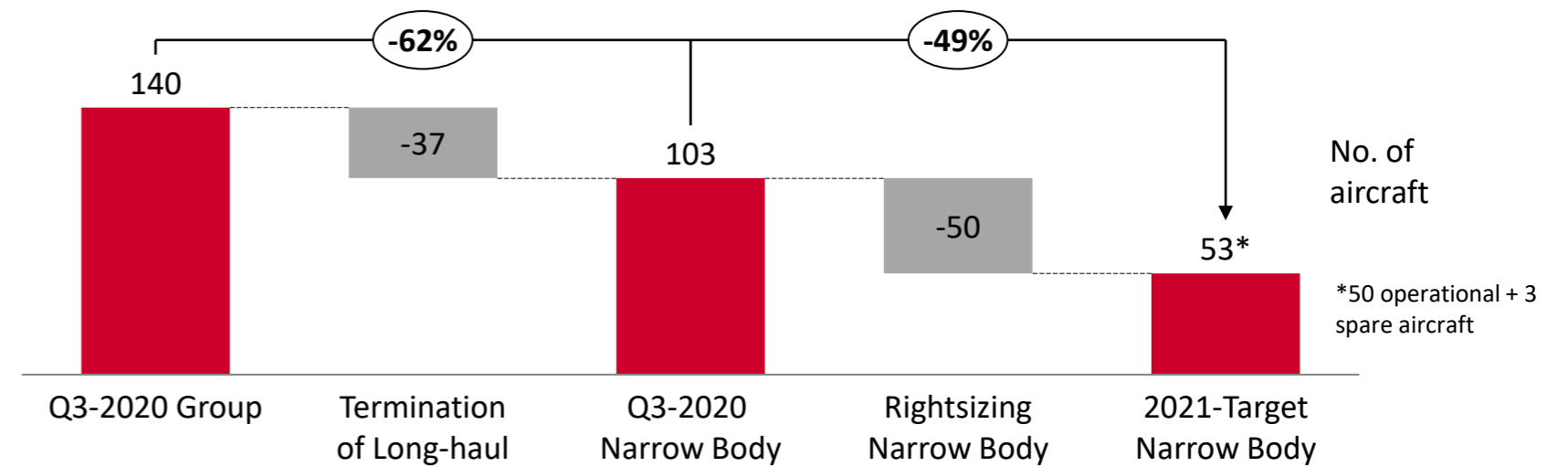
# A de-risked airline focused on a strengthened short-haul network in Europe

## Short-haul route network for Norwegian in 2022



Key items	
Aircraft (Norway)	~40
Aircraft (Europe)	~28

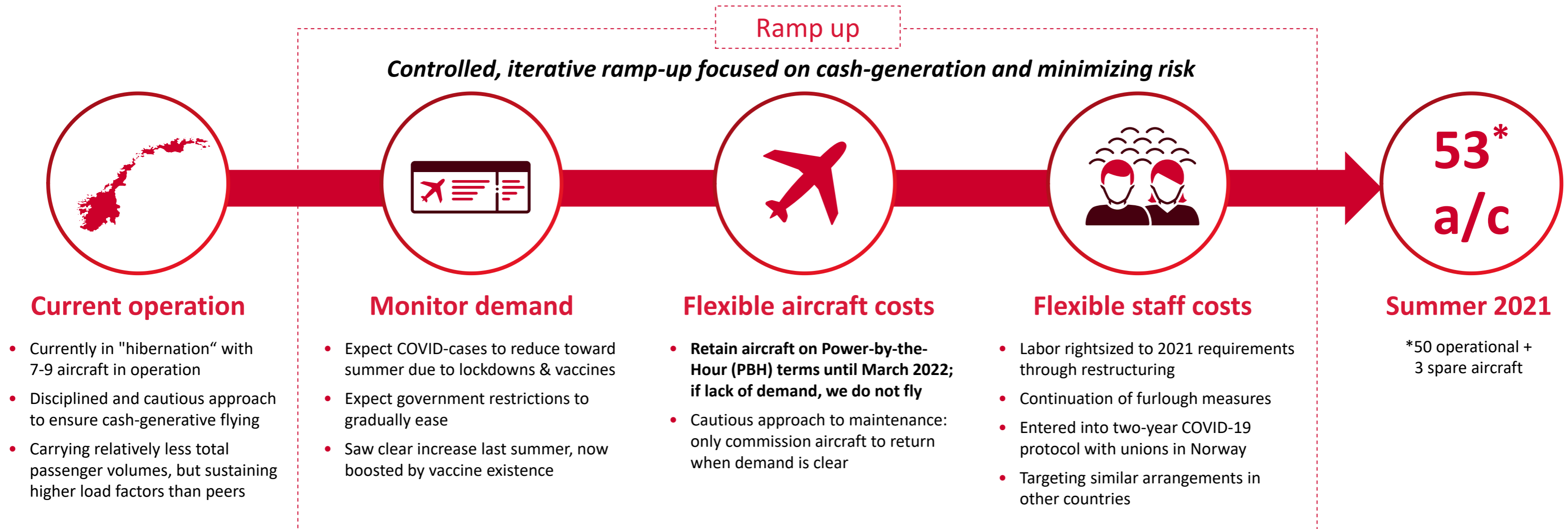
## Fleet reduction plan for summer 2021



### Short-haul business consolidated into Nordic strongholds with sufficient scale to defend & improve on cost position

- **Truly Nordic:** Majority of routes are Nordic-touching with 15-20 % domestic and 80-85 % international flying measured in ASKs
- **Profitable core:** The routes and markets of the business that historically have had the strongest performance
- **Retain needed scale:** A fleet size that retains sufficient market presence and scale economies in core markets, with growth opportunities post-Covid

# Flexible & cash focused approach to ramp-up in 2021



***PBH agreement gives the company a great financial flexibility by only paying for active flights***

# NAS is targeting a lean and simplified narrow-body operation

## Focused network



- Short-haul only and focused on **core Nordic markets**
- **Selected established, proven routes** in the portfolio
- **Simpler flying patterns** allow for increased utilization
- **Long-term, predictable planning** of both network & operations

## Stable fleet



- **Stable baseline fleet**, adding aircraft only if positive on full-year basis
- **Technical reliability** through in-house P145 organization
- **MAX re-certified with future use** to be clarified in restructuring

## Simpler operations



- Simpler **crew base structure & in-house employment model**
- **Fewer AOCs** operating effectively as one with full crew interoperability
- **Lean philosophy** to reduce “waste” and simplify processes



# Rightsized organization with an attractive employer brand

## Red Nose Warriors-culture



Red nose Warrior 🇳🇴✈️ WE WILL BE BACK VERY SOON! Take care during this time #StayAtHome. Love you all! Xx

- **'Tribe' culture** built through crisis
- **Dedicated** staff willing to go the extra mile
- **Competent** and highly experienced

## Lean, effective organization



- **Rightsizing** organization through restructuring
- **Structures** with less layers and complexity
- **Processes** streamlined and data-driven

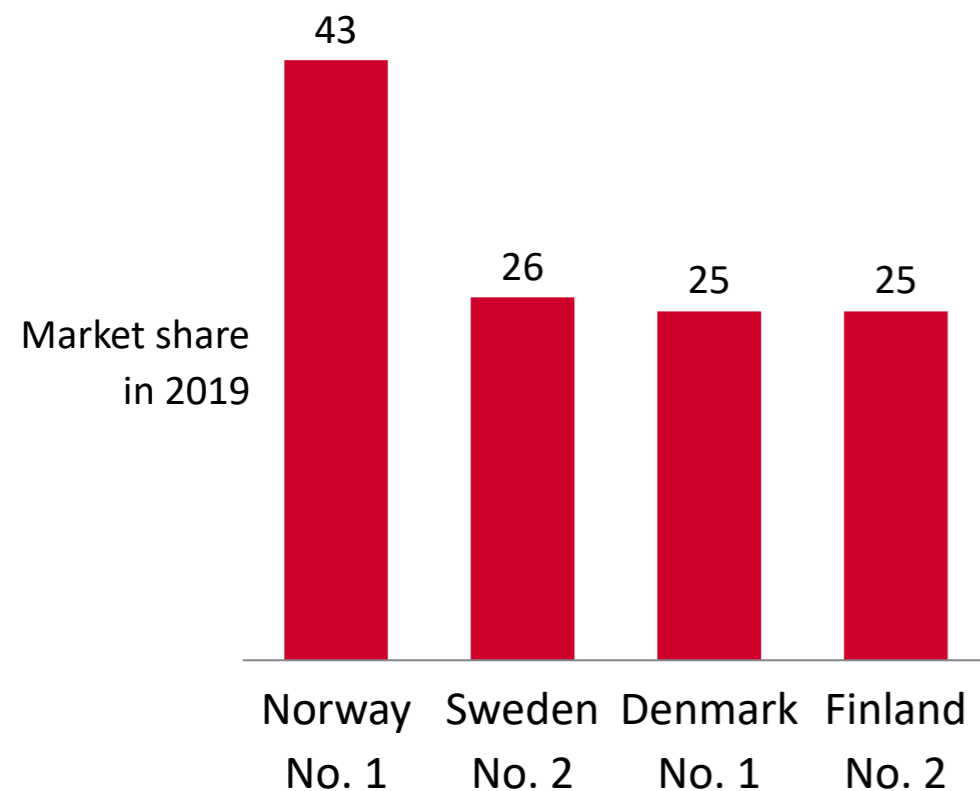
## People development



- **Leadership training** for all Top 150 leaders
- **RedNose Academy** one-stop for all training

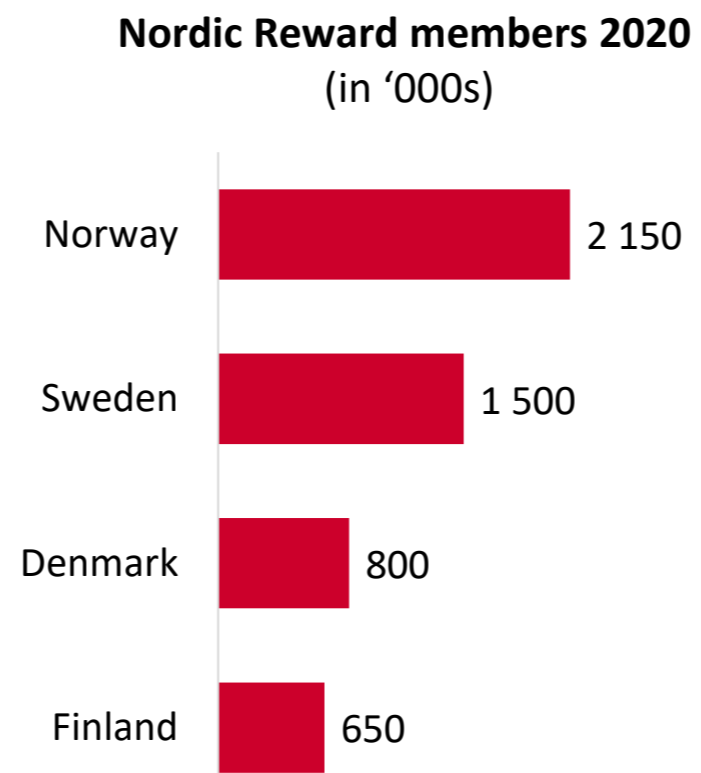
# An established customer brand with a unique market & customer position

From 2002, Norwegian has grown to become the leading LCC in the Nordics by offering quality at an affordable price

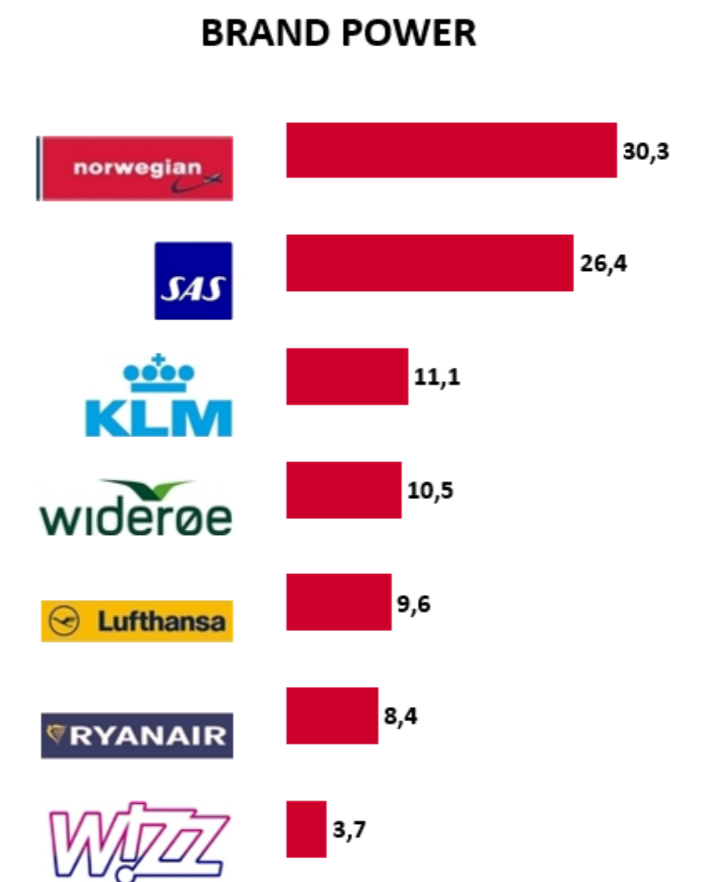


Source: Market Share 2019, Sabre; Number of passengers aggregated to country level  
 Note: SABRE data is indicative, but the source most widely used globally

We have created an industry-leading loyalty program with a very strong and valuable customer base in the Nordics



Norwegian has built a special connection with the Nordic customers who have learned to know and love the brand

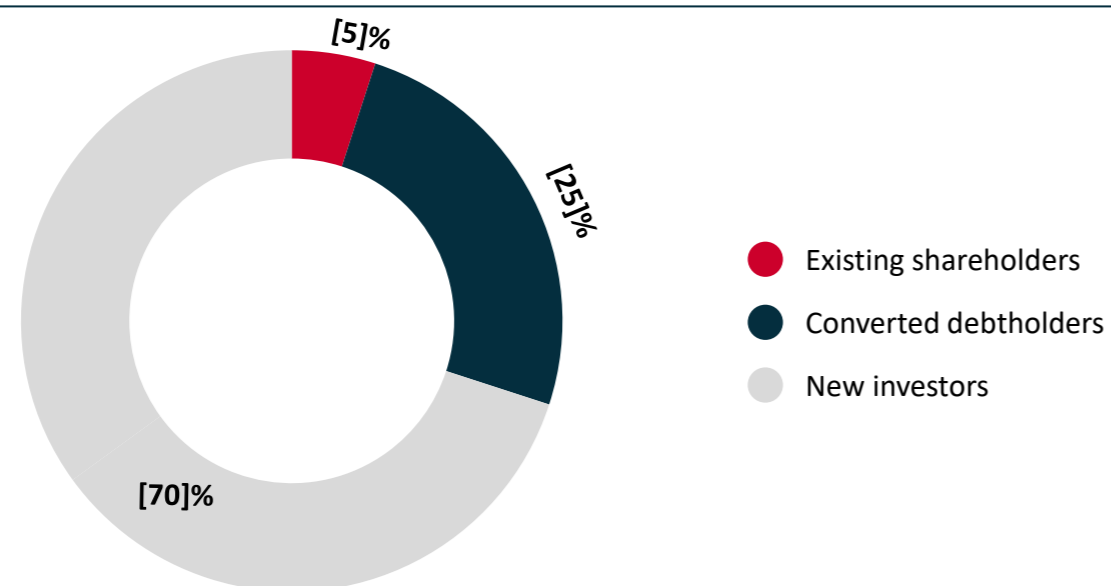


Source: Norwegian brand tracker 1st half 2019 Norway.; Kantar Country Deep dive  
 Note: Brand power definition: the ability of a brand to attract a share of its particular market; 100 points means total market



# Post restructuring ownership and plan

## Ownership distribution post restructuring



Investors	Ownership (%)	Amount (NOKm)
Current shareholders	5.0%	284.6
Converted debtholders	25.0%	1,428.6
<b>New investors</b>	<b>70.0%</b>	<b>4,500.0</b>
<i>Equity issue</i>		<i>NOK 2.0 - 4.0bn</i>
<i>Hybrid instrument</i>		<i>NOK 1.5 - 2.5bn</i>

## Restructuring plan

- 1) Cut aircraft debt with approximately NOK 39bn with dividend into 25% of post restructured company
- 2) Convert unsecured creditors into a 2026 bond or receive dividends as above
- 3) Raise new equity of NOK 4-5bn, whereof NOK 400 to existing shareholders, NOK 2.0-4.0bn to new shareholders through a private placement and 1.5-2.5bn to existing creditors through a hybrid instrument
- 4) Unsecured creditors who contributes in the abovementioned equity raise will achieve a debt continuation of [150%]
- 5) The hybrid instrument will be structured as a perpetual convertible bond which can be converted into shares

# Indicative proposal – subject to final terms

- Unsecured creditors will receive [5 %] dividend equaling approximately [25 %] of the shares:
  - 50 % will be convertible 60 days following after NAS' expected emergence from the Examinership and Reconstruction until the 30 August 2021
  - 50 % will be convertible 74 days following after NAS' expected emergence from the Examinership and Reconstruction until the 30 August 2021
  - Non-converted debt to translate in a 10-year loan in NOK with 6-month NIBOR interest
  
- Unsecured creditors can additionally either subscribe for shares or hybrid bonds (“**New Capital Perpetual Bonds**”). For each NOK 1 subscribed, creditors can recover [1,5] times of such amounts in unsecured claims (“**Retained Claim Bond**”)
  - New Capital Perpetual Bonds to be on market terms but qualify as equity pursuant to IFRS
  - Retained Claim Bond to have a 6-year maturity
  
- The Company will reserve a fund to handle smaller amounts such as refund claims up to certain thresholds to be determined

# Post Examinership operations

## Fleet

- Fleet plan aligned with estimated production plan and with flexibility on ramp-up
- Leased aircraft lease rates significantly reduced compared to pre-Covid period with PBH until March 2022 (no equity conversion for non-paid amount above PBH)
  - Remaining financed aircraft to include interest and principal deferrals until March 2022

## Post-Examinership

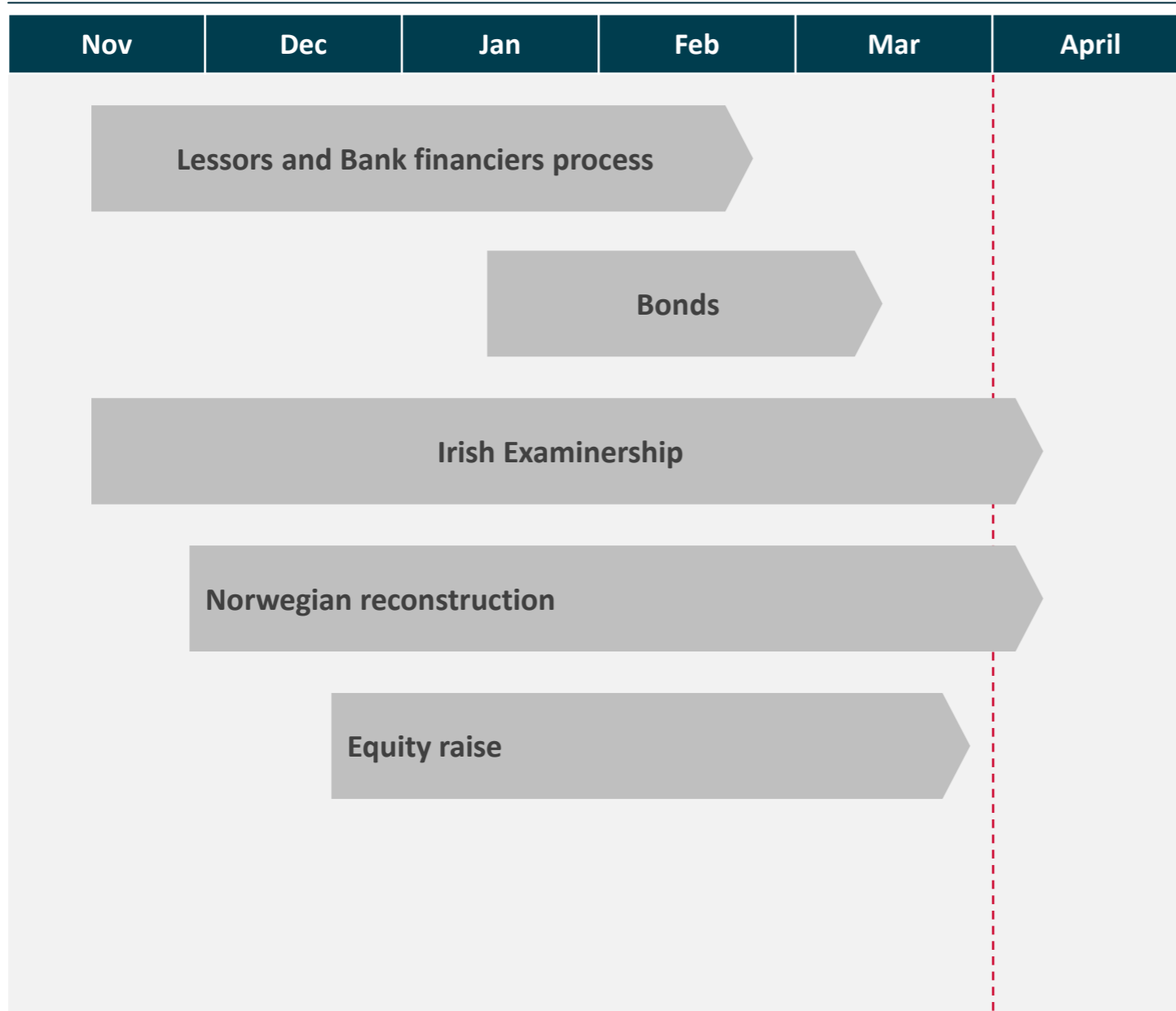
- Capital raise of NOK 4-5bn in Q1 2021, out of which up to NOK 1.5 – 2.5bn from existing creditors through a hybrid instrument
- Utilizing the Examinership process, all large creditors are assumed to be impaired or part of a Scheme of arrangement – dividend for unsecured claims assumed at approximately NOK 1.6bn in total. The majority to be converted into equity while a cash element will be considered.
- Part of the process will include an accrual write-down in the area of NOK 2.5bn based on the Q3 2020 balance. A reduction of vendor debt of approximately NOK 1.9bn will also improve the equity.
- Write down of leased and financed aircraft assets expected to cause a reduction in the equity of approximately NOK 10bn prior to exiting the restructuring

# A robust financial platform to prepare for a successful new Norwegian

- ✓ Clear, de-risked business plan based on core markets and flexible ramp-up
- ✓ Government of Norway to support and contribute to airline's funding of new capital, pending certain conditions
- ✓ Fleet will be rightsized through Examinership emerging with lower costs of ownership and PBH into 2022
- ✓ Strong interest and positive response from potential investors, targeting NOK 4-5bn in new capital
- ✓ Reducing debt to NOK ~20bn, whereof aircraft debt significantly less

# Targeting exit of Examinership in April

## Timing



## Additional comments

- 1) The restructuring process will be presented to the Irish Examiner in the start of February
- 2) The following processes will go on through February:
  - 1) A legal process
  - 2) Work with creditors
  - 3) Secure equity investors
- 3) The equity issue will be prepared at the end of February / start of March
- 4) The Irish Examinership will make a decision in the beginning of March
- 5) The equity issue will close in the end of March
- 6) April – Exit from Examinership

# New Norwegian in summary

## Network

- Select routes that have proven historical profitability
- Network designed to retain position as leading LCC-carrier in the Nordics

## Operations

- Removing complexity and streamlining operations across the business
- Exiting long-haul operations

## Customer Journey

- Loyal customer base, established market position and unique brand
- Smart, digital experience to make the journey easy and friction-free

## People Offer

- Rightsized, lean organization with a strong employer brand
- Dedicated & experienced staff – the “Red Nose Warriors”

## Balance Sheet

- Reducing total debt to NOK ~20bn<sup>1</sup>, aircraft-related debt significantly lower
- Strong investor interest, targeting NOK 4-5bn in new capital

