

# Norwegian Air Shuttle ASA

Q1 2015 Presentation



Photo: Bo Mathiesen



Europe's best  
low-cost airline

**norwegian** 

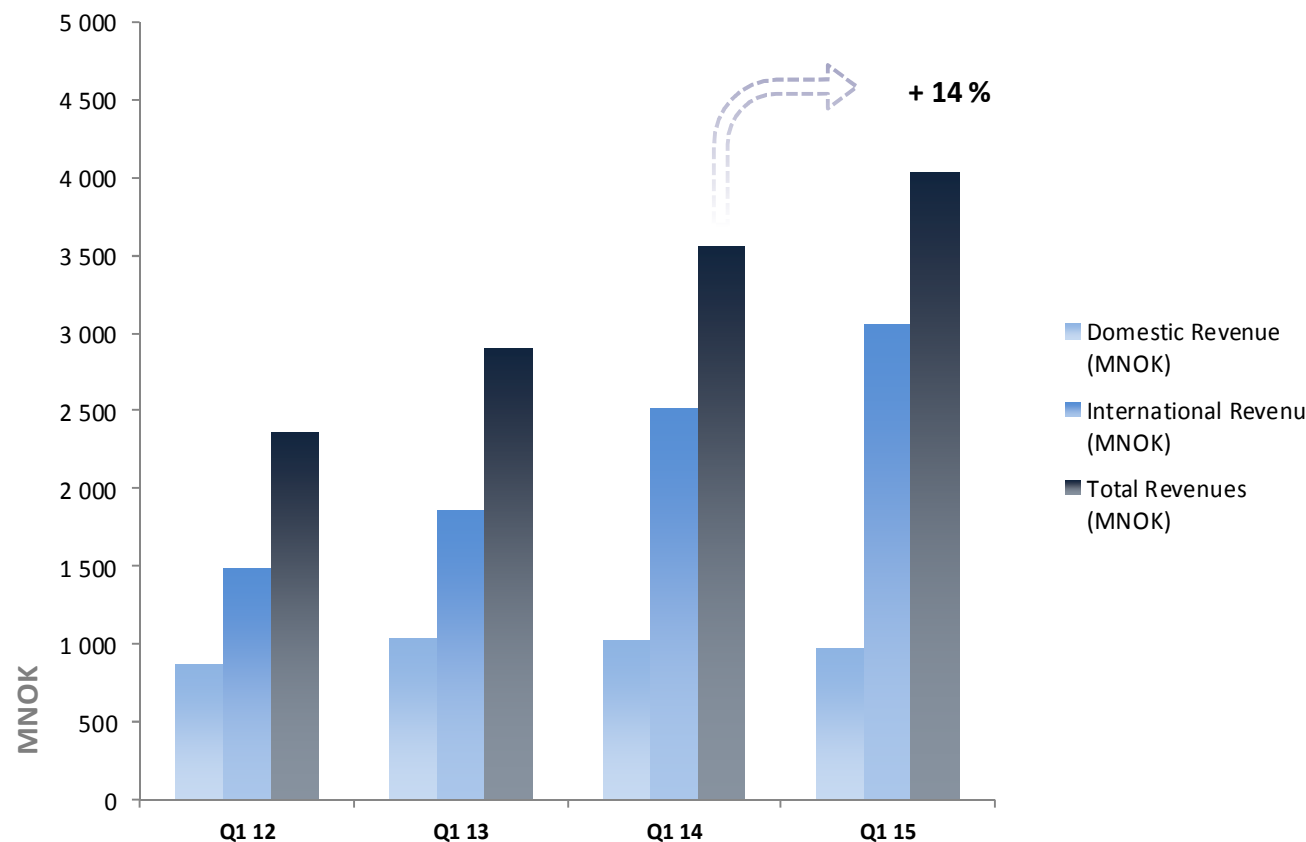


- New aircraft
  - Two new 737-800
  - One new Dreamliner (April)
- Progress for long-haul
- Launched new routes to the Caribbean and USA
- Pilot strike
- Net profit improved to MNOK -538 (MNOK +57)

# Q1 revenue increased by 14 %



- 21 % revenue growth for international flights
- Domestic reduced due to strike and reduced winter program

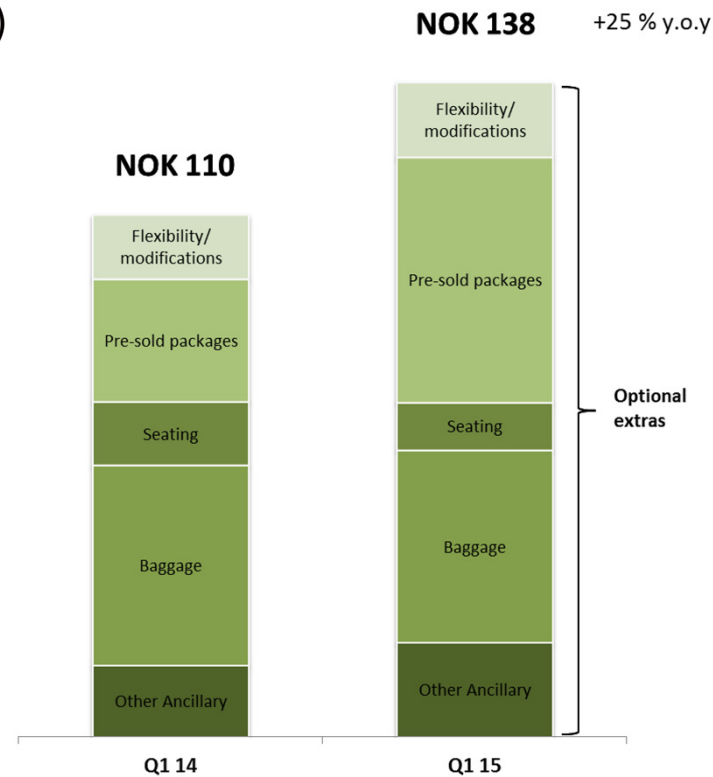


Revenues	Q1 12	Q1 13	Q1 14	Q1 15
Revenues	2 360	2 904	3 551	4 034
Domestic revenue	872	1 043	1 032	981
% y.o.y. chg	12 %	20 %	-1 %	-5 %
International revenue	1 488	1 861	2 519	3 053
% y.o.y. chg	33 %	25 %	35 %	21 %

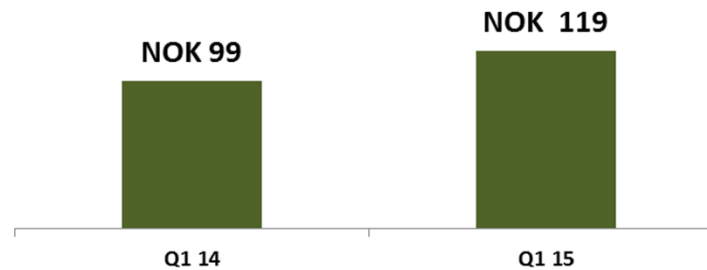
# 29 % growth in ancillary, now at 17% of group revenue



- Category (per pax)



- Short Haul + 21% y.o.y

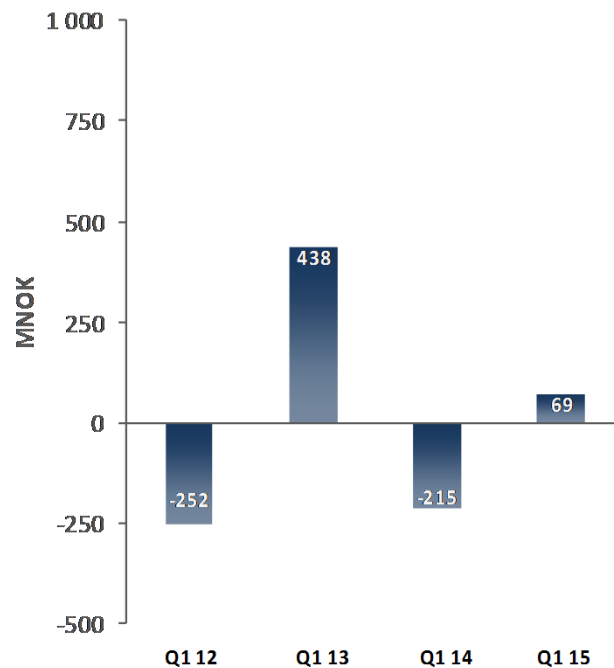


# EBITDAR improved by MNOK 284 on higher load and Easter



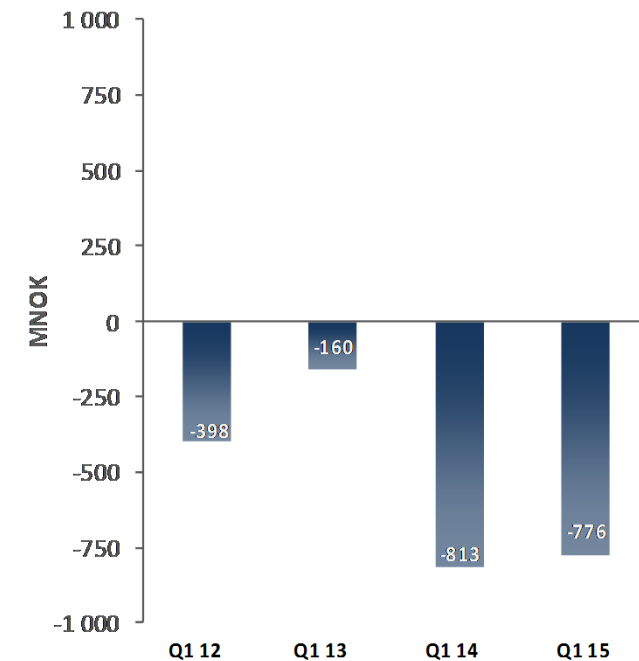
		Q1 15	Q1 14
<b>EBITDAR</b>	<b>MNOK</b>	<b>69</b>	<b>-215</b>
EBITDA	MNOK	-502	-615
EBIT	MNOK	-722	-777
<b>Pre-tax profit (EBT)</b>	<b>MNOK</b>	<b>-776</b>	<b>-813</b>
Net profit	MNOK	-538	-595

## EBITDAR development Q1



	Q1 12	Q1 13	Q1 14	Q1 15
EBITDAR margin	-11 %	15 %	-6 %	2 %

## EBT development Q1

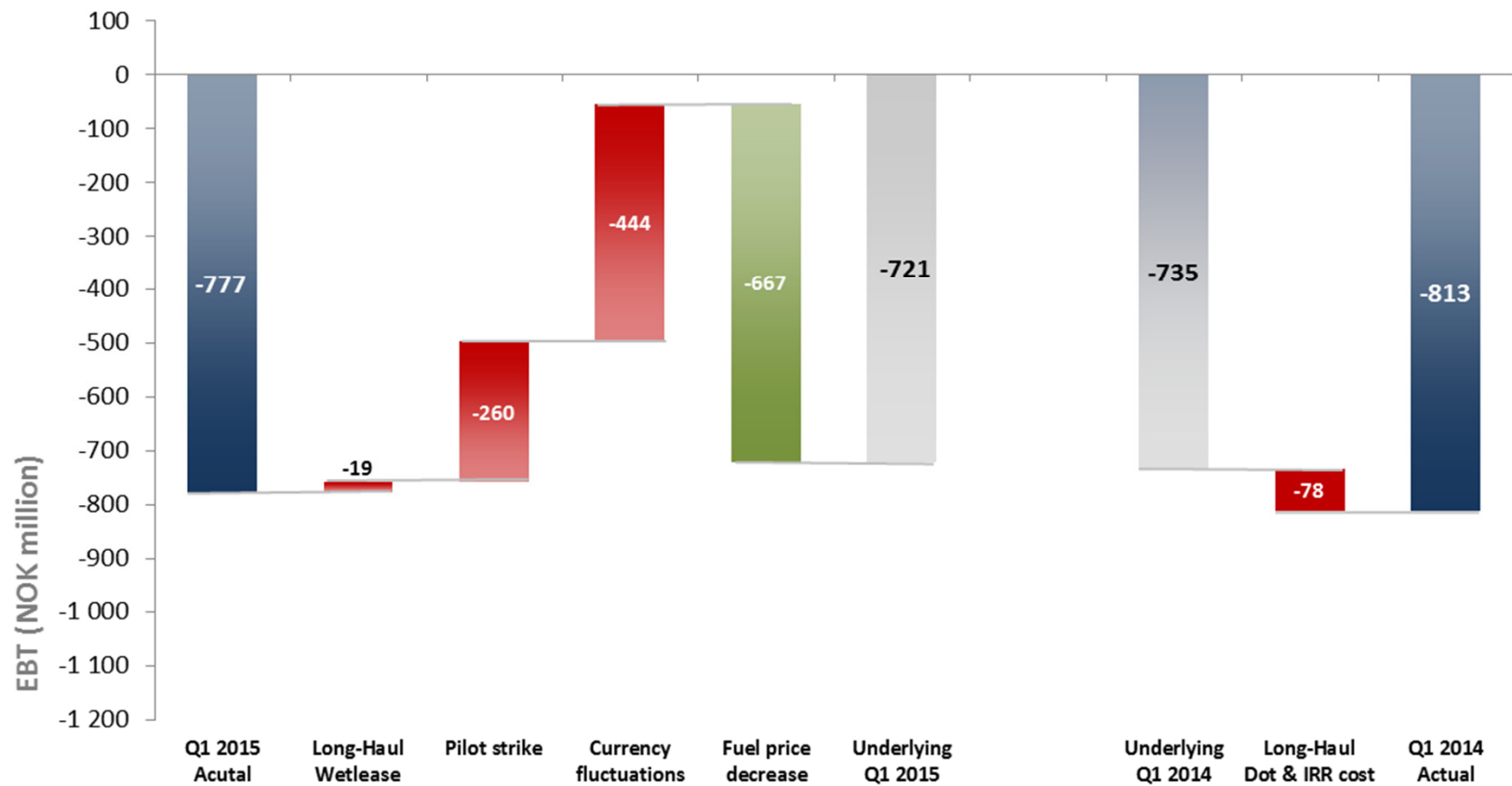


	Q1 12	Q1 13	Q1 14	Q1 15
EBT margin	-17 %	-6 %	-23 %	-19 %

# Contribution from lower fuel cost offset by currency



- Deviation explained by lost revenue due to strike
- Long-haul regularity improved
- Not included: currency gain on assets of MNOK 284 booked to equity



# Weaker cash-flow explained by strike



- NOK 1 billion cash-flow from operations – seasonal increase in pre-sold tickets
- Added two brand new Boeing 737-800 aircraft in Q1
- NOK 1.6 billion available cash at 31 March

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

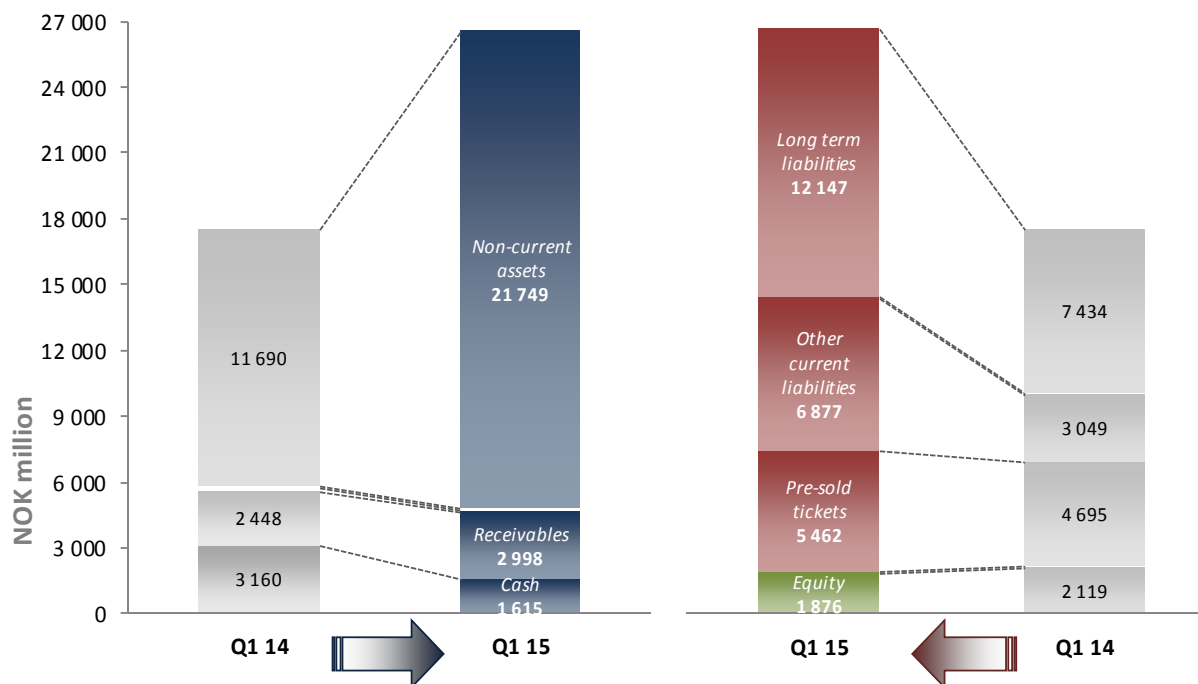
Unaudited

<i>(Amounts in NOK million )</i>	Q1 2015	Q1 2014	YTD 2015	YTD 2014	Full Year 2014	Full Year 2013
<b>Net cash flows from operating activities</b>	<b>996</b>	1 102	<b>996</b>	1 102	<b>287</b>	2 377
<b>Net cash flows from investing activities</b>	<b>-1 597</b>	-1 034	<b>-1 597</b>	-1 034	<b>-4 931</b>	-2 126
<b>Net cash flows from financial activities</b>	<b>196</b>	927	<b>196</b>	927	<b>4 479</b>	184
<b>Foreign exchange effect on cash</b>	<b>10</b>	-1	<b>10</b>	-1	<b>11</b>	0
<b>Net change in cash and cash equivalents</b>	<b>-396</b>	994	<b>-396</b>	994	<b>-155</b>	435
Cash and cash equivalents in beginning of period	<b>2 011</b>	2 166	<b>2 011</b>	2 166	<b>2 166</b>	1 731
Cash and cash equivalents in end of period	<b>1 615</b>	3 160	<b>1 615</b>	3 160	<b>2 011</b>	2 166

# Balance sheet boost by currency and new aircraft



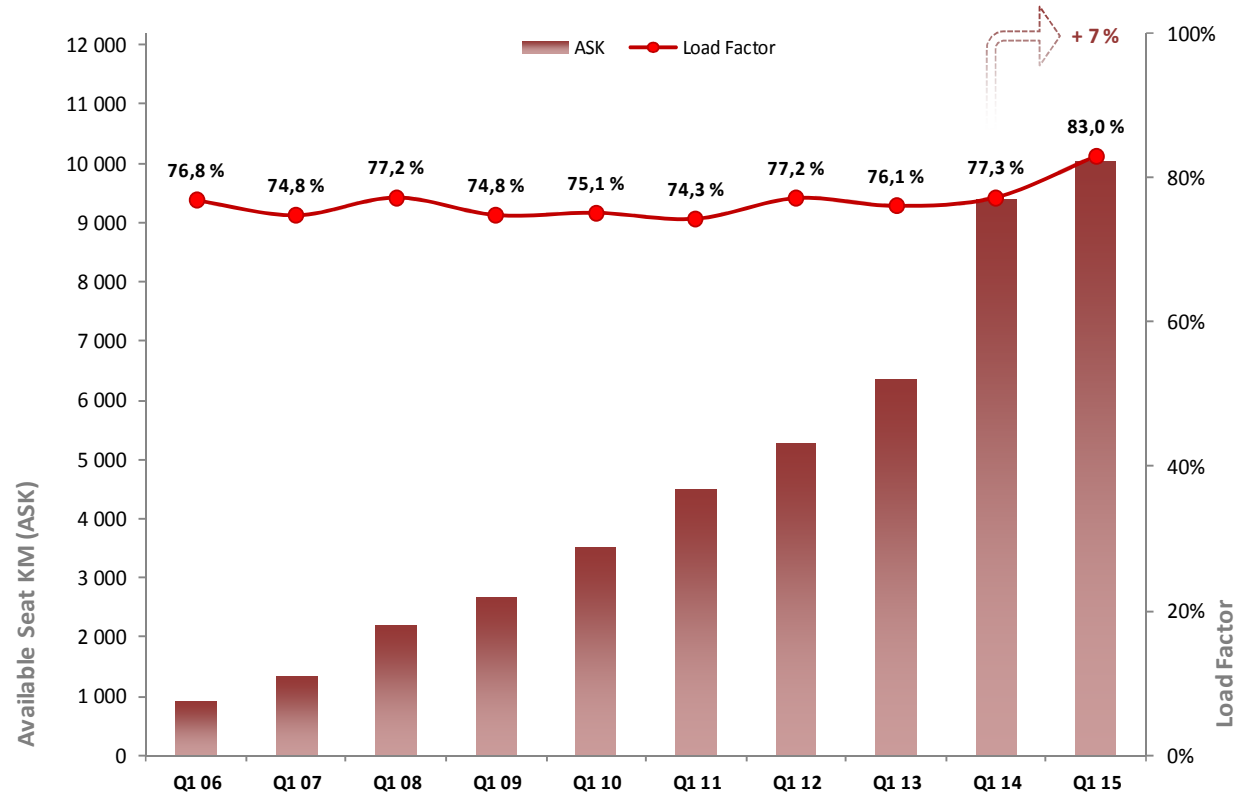
- NOK 5.5 bn capex the last 12 months
- Added eight new 737-800 and one 787 on balance
- Assets up by NOK 4 billion on FX from Q1 last year
- Bank Norwegian - BV: MNOK 246, MV: MNOK 1,020





# Strong Q1 load factor

- Load factor increased to 83 % (+ 6 p.p.)
- 15 % traffic growth (RPK)
- Average flying distance up by 10 %

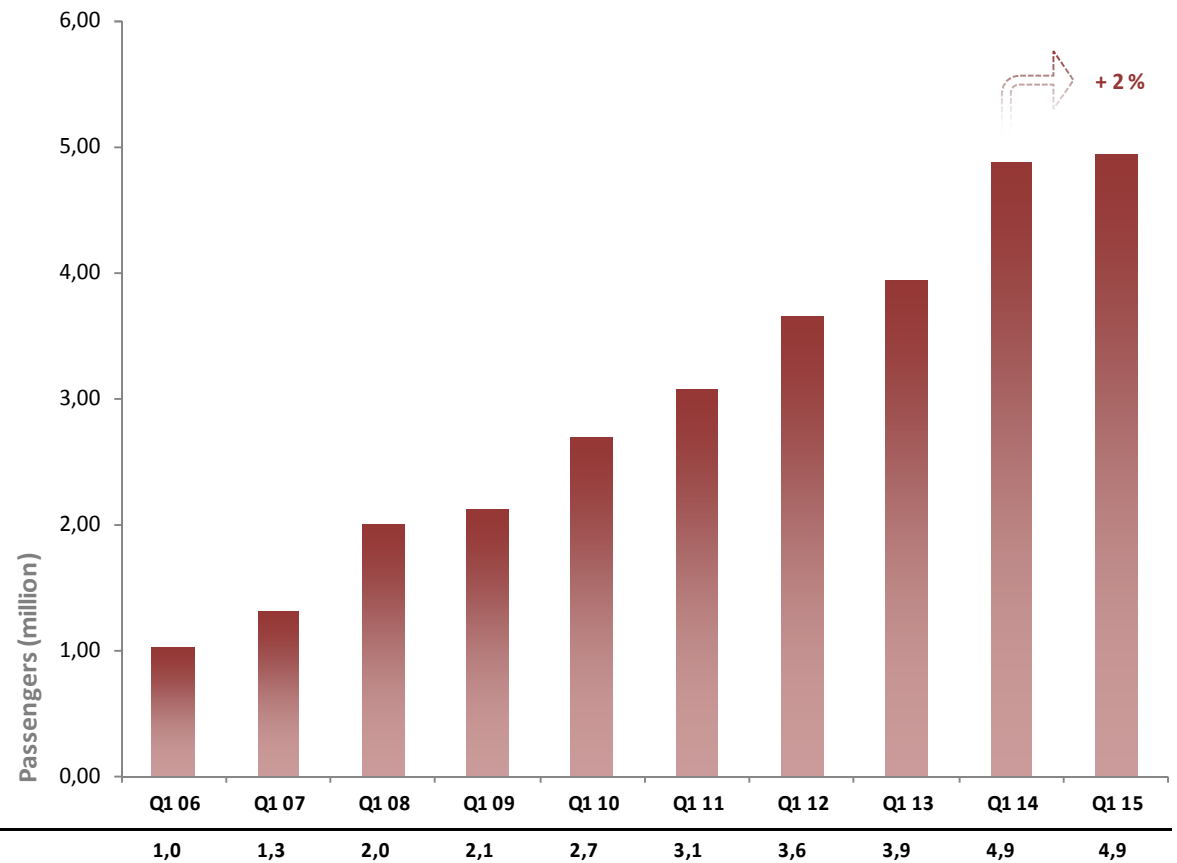
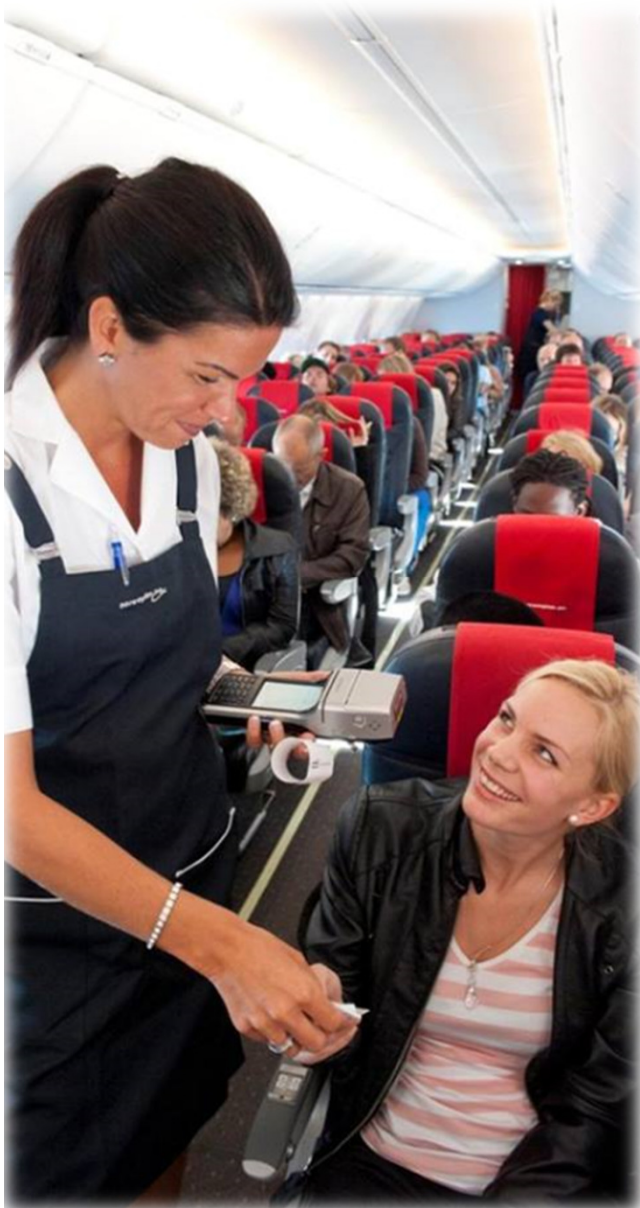


ASK	933	1 342	2 183	2 674	3 507	4 498	5 266	6 378	9 421	10 056
Load Factor	76,8%	74,8%	77,2%	74,8%	75,1%	74,3%	77,2%	76,1%	77,3%	83,0%

# 5 million passengers in Q1 2015



270,000 long-haul passengers in the first quarter

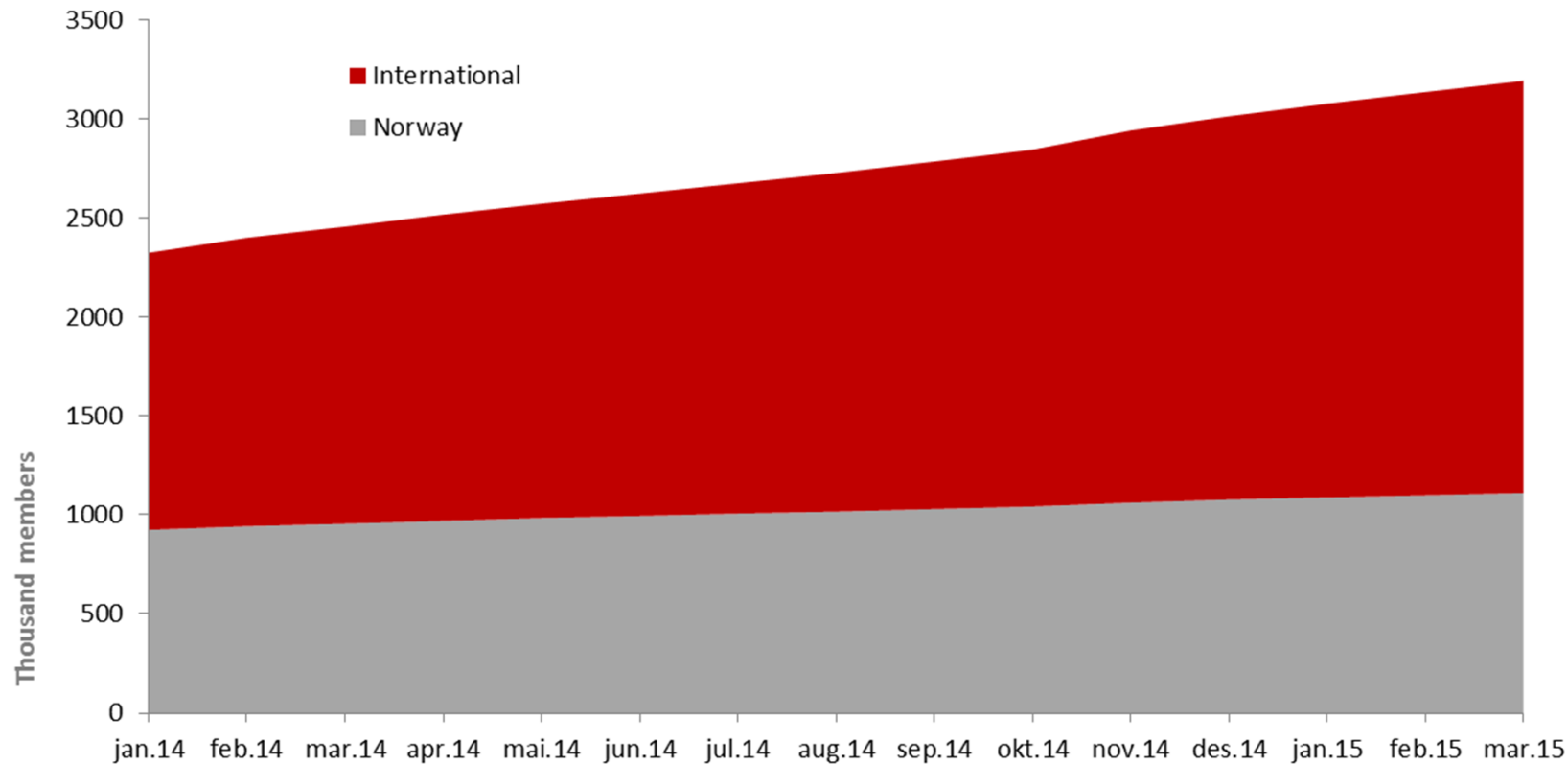


Pax (mill)

# Norwegian Reward at 3.2 million members

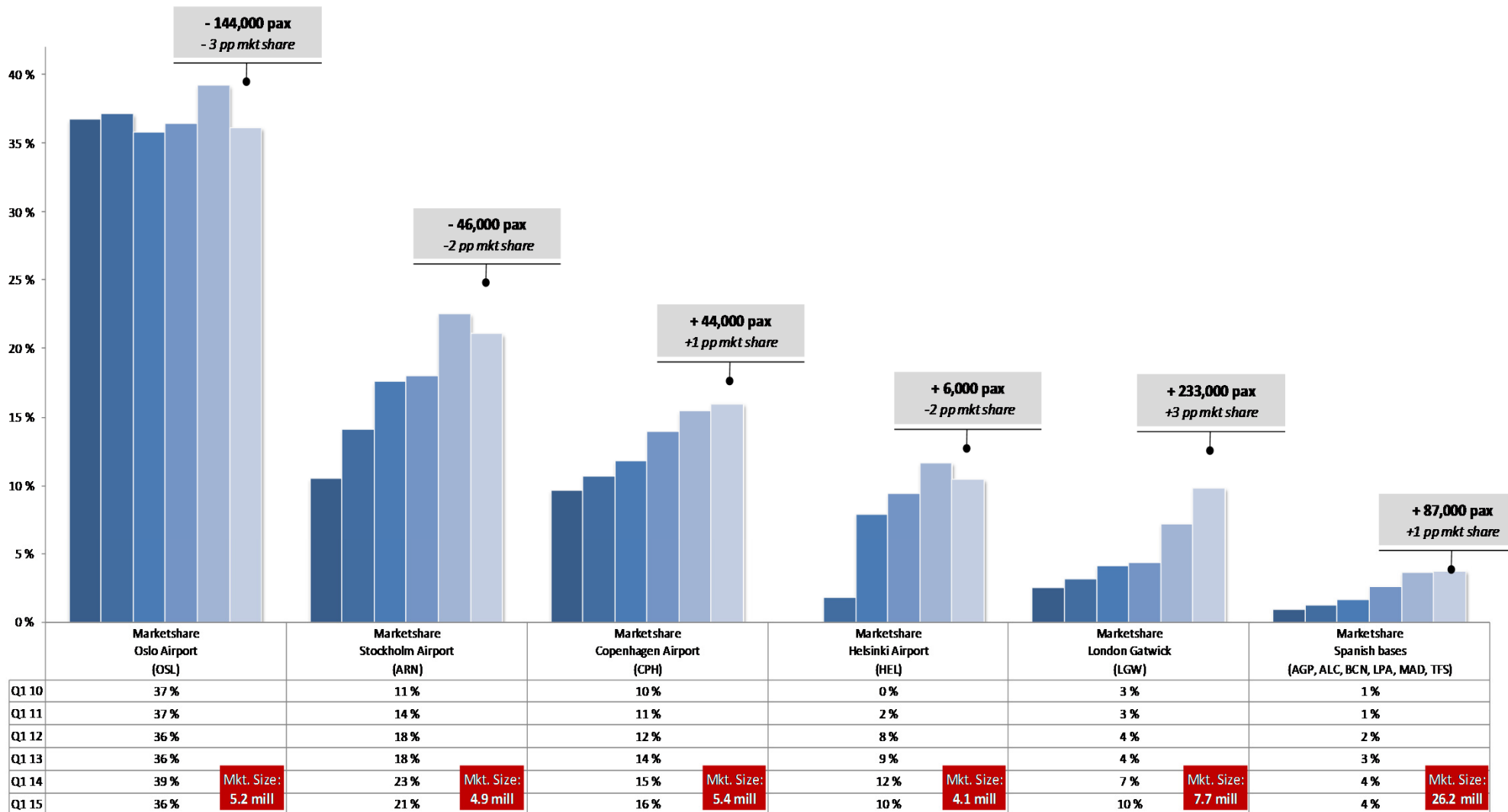


- Over 1 million members in Norway
- Roll-out in new markets: added 800,000 new Reward members since Q1 14
- CashPoints: Strong growth from external partners

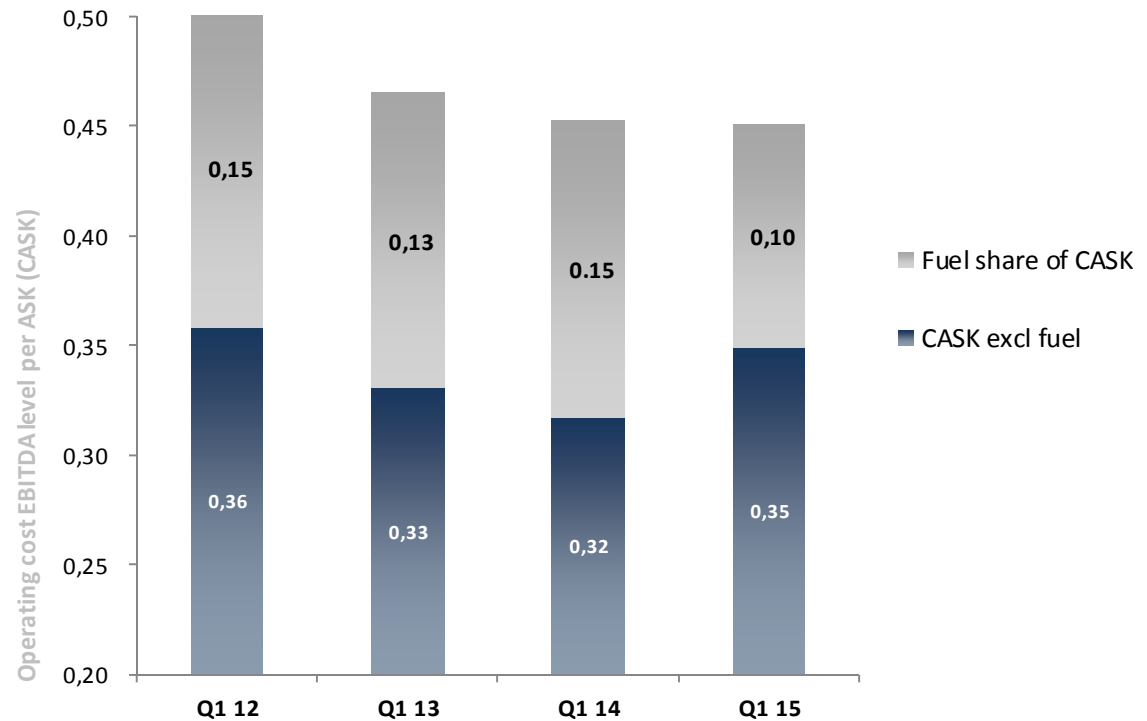


# Growth in UK and Spain (+320,000 pax)

- Norway and Sweden hit by strike (-190,000 pax)



# Flat unit cost y.o.y

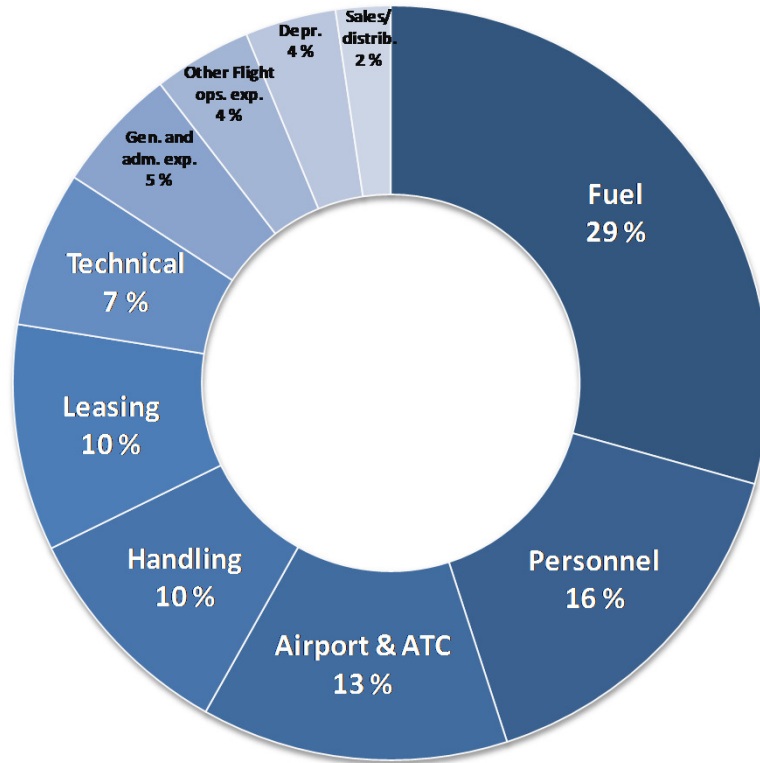


Cost per ASK (CASK) (NOK)	Q1 12	Q1 13	Q1 14	Q1 15
CASK ex. fuel	0,36	0,33	0,32	0,35

Other losses / (gains) is not included in the CASK concept as it primarily contains hedge gains/losses offset under financial items\* as well as other non-operational income and/or cost items such as gains on the sale of spare part inventory and unrealized foreign currency effects on receivables/payables and (hedges of operational expenses).

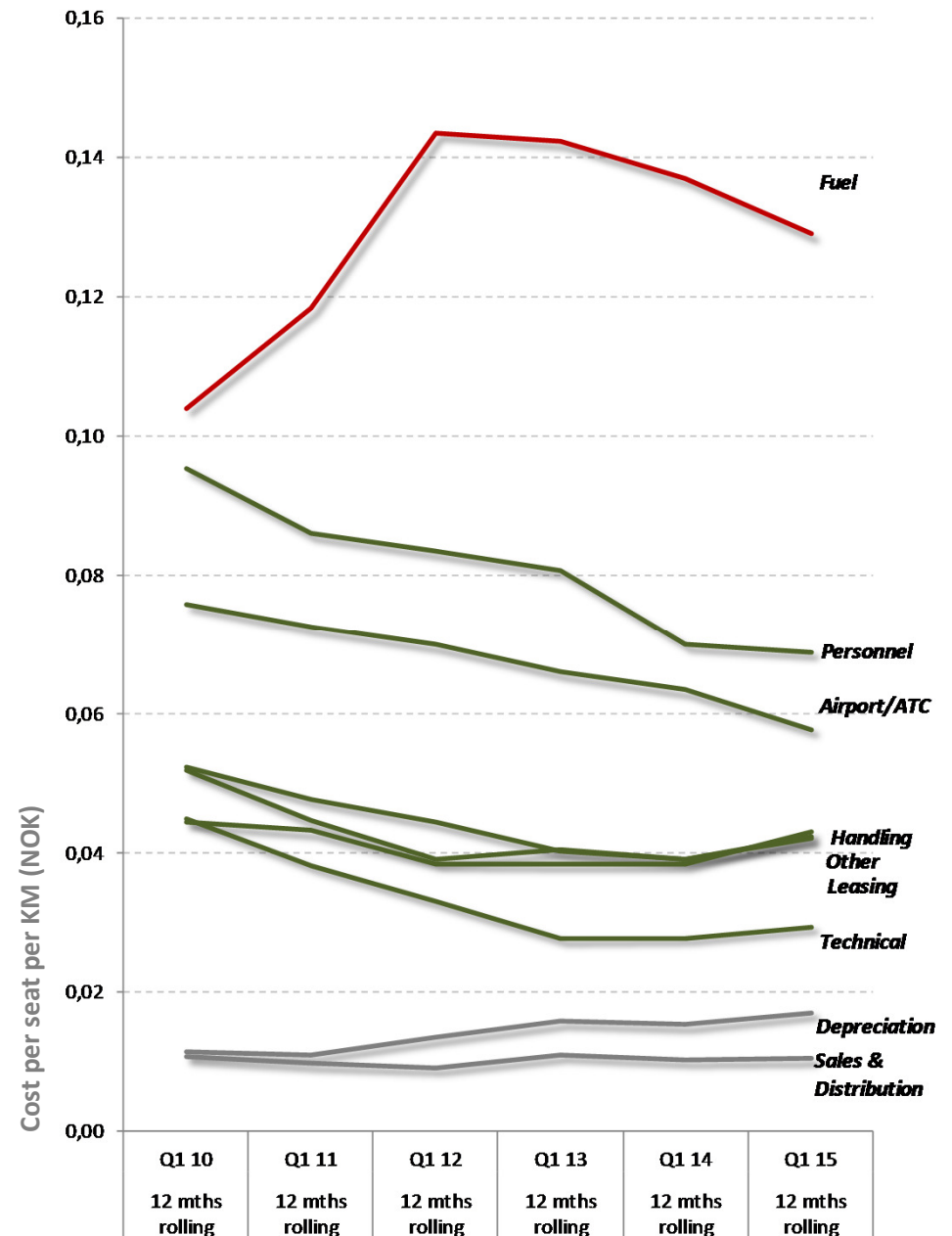
\*Norwegian hedges USD/NOK to counter foreign currency risk exposure on USD denominated borrowings translated to the prevailing currency rate at each balance sheet date. Hedge gains and losses are according to IFRS recognized under operating expenses (other losses/ (gains) while foreign currency gains and losses from translation of USD denominated borrowings are recognized under financial items.

# Operating expenses - potential to cut unit cost further

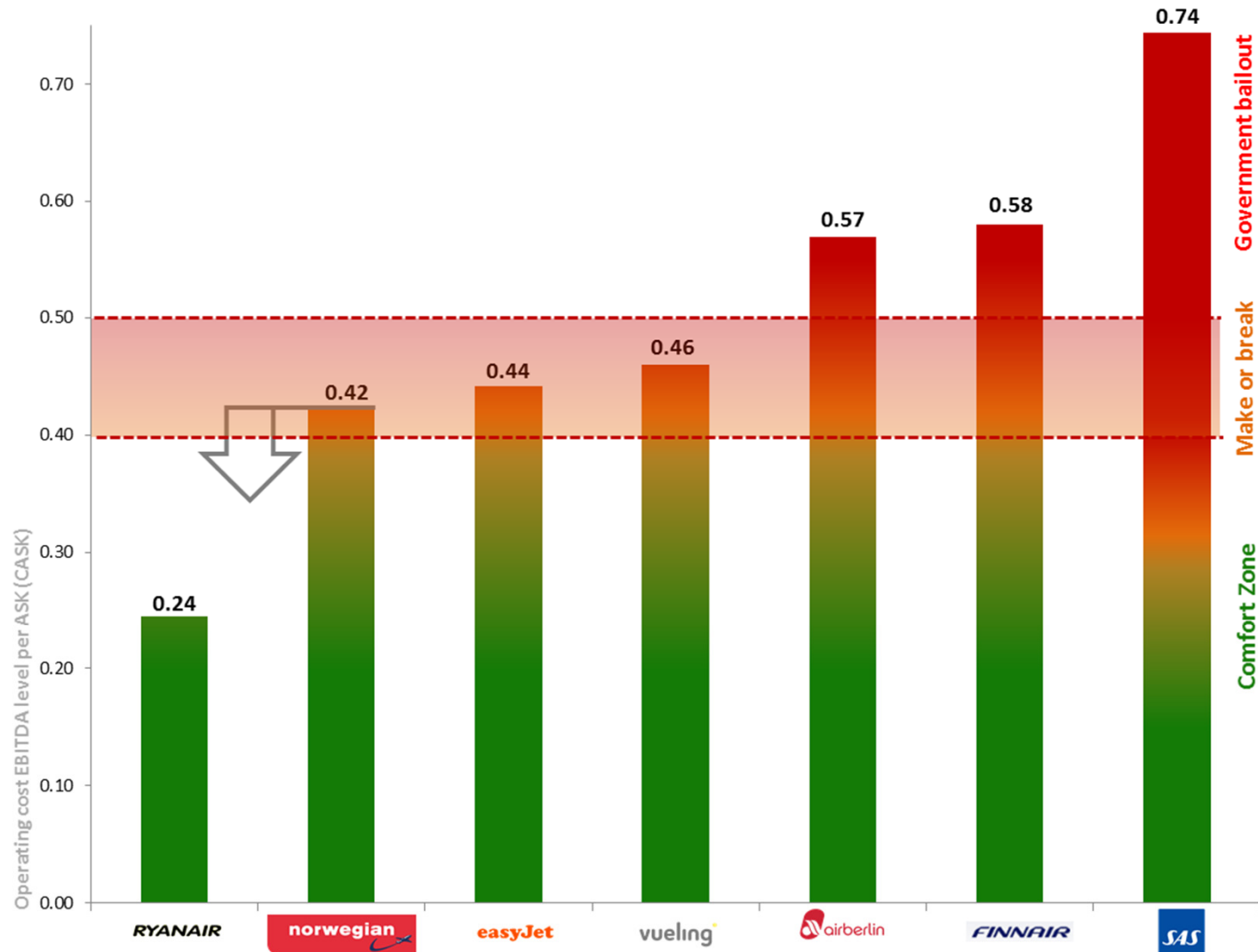


- Key drivers to reduce unit costs:

- Replace older leased aircraft (*Fuel, Tech, Handling, Airport/ATC & Personnel*)
- Larger scale (*Overhead, Sales & distr., Personnel*)
- Further automation (*Overhead, Personnel, Handling, Sales & distr.*)
- Higher utilization (*Leasing, Depreciation*)
- Global operations (*Personnel, Handling, Airport, Overhead*)



# Lowest cost always wins



Sources: Norwegian Q3 2014 report (period displayed October 2013 – September 2014), SAS Interim Reports (including latest May 2014 – July 2014). Figures as reported in respective quarters and not restated - Scandinavian Airlines (SK) only from February 2013 – October 2014, SAS Group figures from November 2013 – April 2014 after divestment of Widerøe. Finnair Plc. Annual Report 2013 and Finnair Group Financial Statements Bulletin 2013 (period displayed January 2013 – December 2013), Ryanair Annual Report 2014 (period displayed April 2013 – March 2014), easyJet 2013 full year results statement and Annual Report 2013 (period displayed October 2012 – September 2013), Air Berlin Annual Report 2013, IAG Annual Report 2013 (period displayed for Vueling from April 26th 2013 to through December 2013) and Norwegian's estimations.

- Cost per available seat kilometer is an industry-wide cost level indicator often referred to as "CASK". Usually represented as operating expenses before depreciation and amortization (EBITDA level) over produced seat kilometers (ASK).
- Foreign exchange rates used are equivalent to the daily average rates corresponding to the reporting periods and as stated by the Central Bank of Norway
- Note: For some carriers the available financial data represents Group level data which may include cost items from activities that are unrelated to airline operations.
- Other losses / (gains) is not included in the CASK concept as it primarily contains hedge gains/losses offset under financial items\* as well as other non-operational income and/or cost items such as gains on the sale of spare part inventory and unrealized foreign currency effects on receivables/payables and (hedges of operational expenses).

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# Youngest fleet in Europe with an average age of 4 years



2015:

Deliveries 787-8  
+291 seats



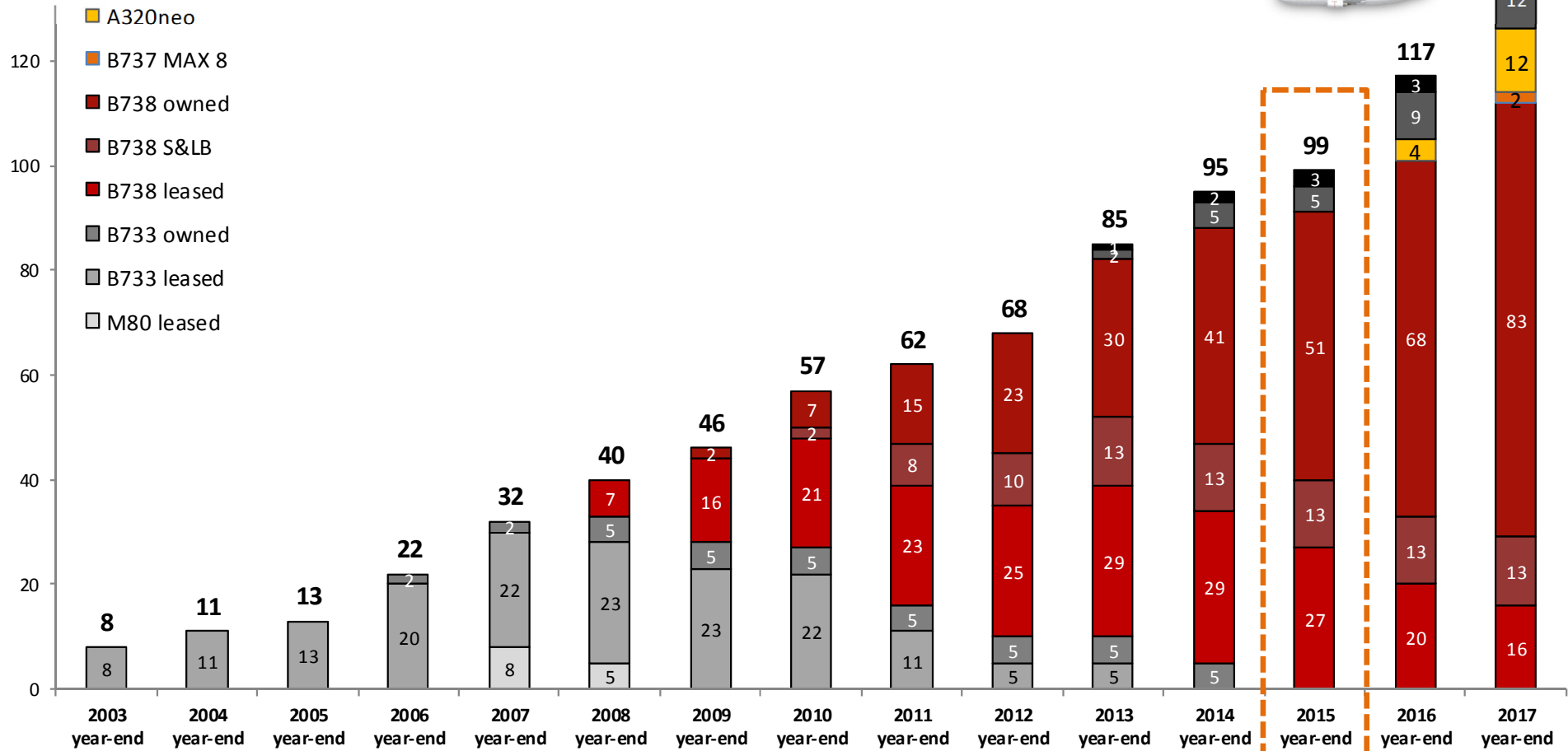
Deliveries 737-800  
+1,860 seats



Sale of 737-300  
-740 seats



Re-deliveries 737-800  
-372 seats

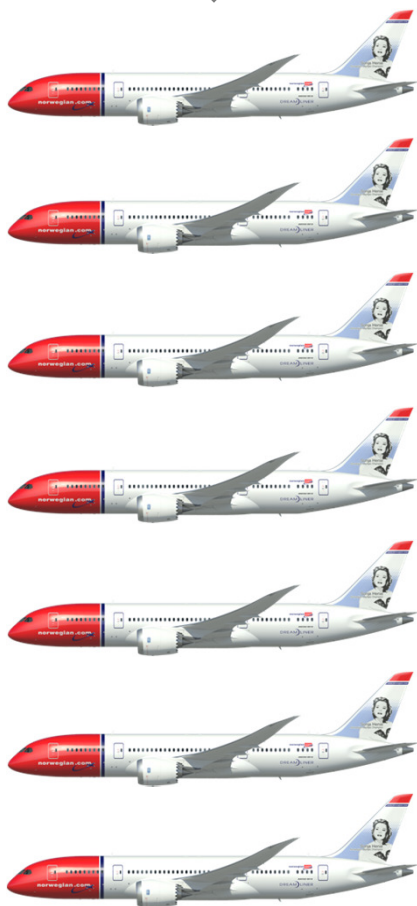




# Building a fleet of seventeen Dreamliners by 2018



Seven 787-8 in operation



One 787-8 delivered in April

2015



Nine 787-9 on firm order

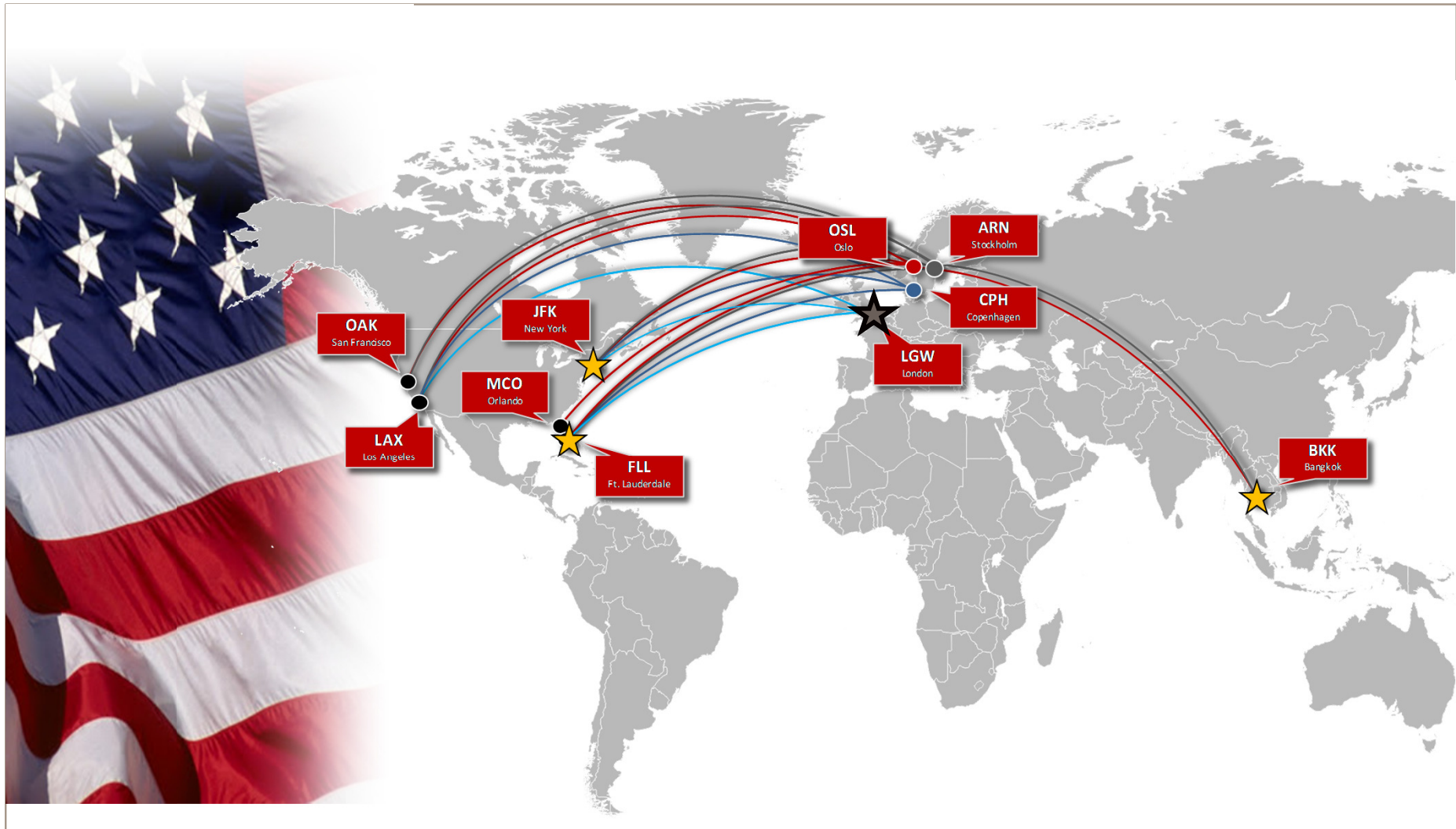
2016

2017

2018



# Long haul



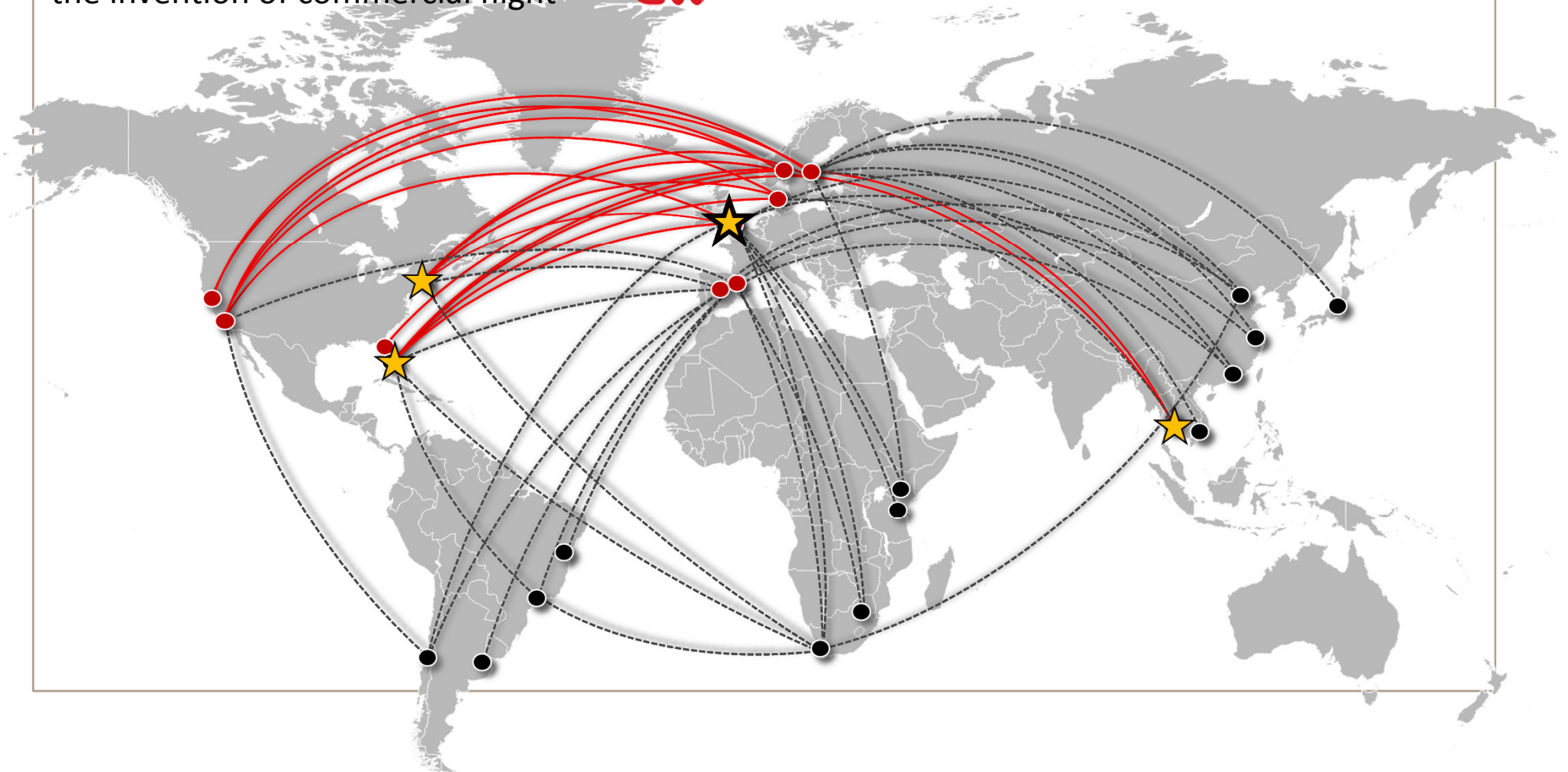
# To the US and Caribbean from London and Scandinavia



# Competition becomes Global



“It (Chinese tourism) might be the biggest phenomenon to hit the global travel industry since the invention of commercial flight” – **CNN**



- Business environment
  - Bookings for 2015 are ahead of last year (capacity adjusted)
  - Stable market in the Nordic region
  - Tough competition in continental Europe on short haul driven by new capacity
  - Good progress for long-haul
- The company expects a production growth (ASK) of 5 % (unchanged)
  - Increasing utilization and distance driven by long-haul
  - Continuous optimization of the route portfolio
- Unit cost target in the range of NOK 0.39 to 0.40 (unchanged)
  - Fuel price assumption: USD 575 per MT
  - Currency assumptions: USD/NOK 7.5 and EUR/NOK 8.5
  - Including impact of pilot-strike
  - Based on the current planned route portfolio and mix



- Bookings for 2015 ahead of last year
- An estimated NOK 2 billion lower fuel cost for 2015
- Start-up of long haul on-track, improving regularity for the Dreamliner
- Aiming for further unit cost reductions
- Bond issue NOK 750 - 1,250 million mandated

From bases in **NORWAY**

**norwegian**

From bases in **SWEDEN**  
**DENMARK**  
**FINLAND**

**Norwegian offers 425  
scheduled routes to  
130 destinations in  
39 countries**

From bases in the **USA & THAILAND**

From bases in **SPAIN**

From the **UK** base

