

norwegian

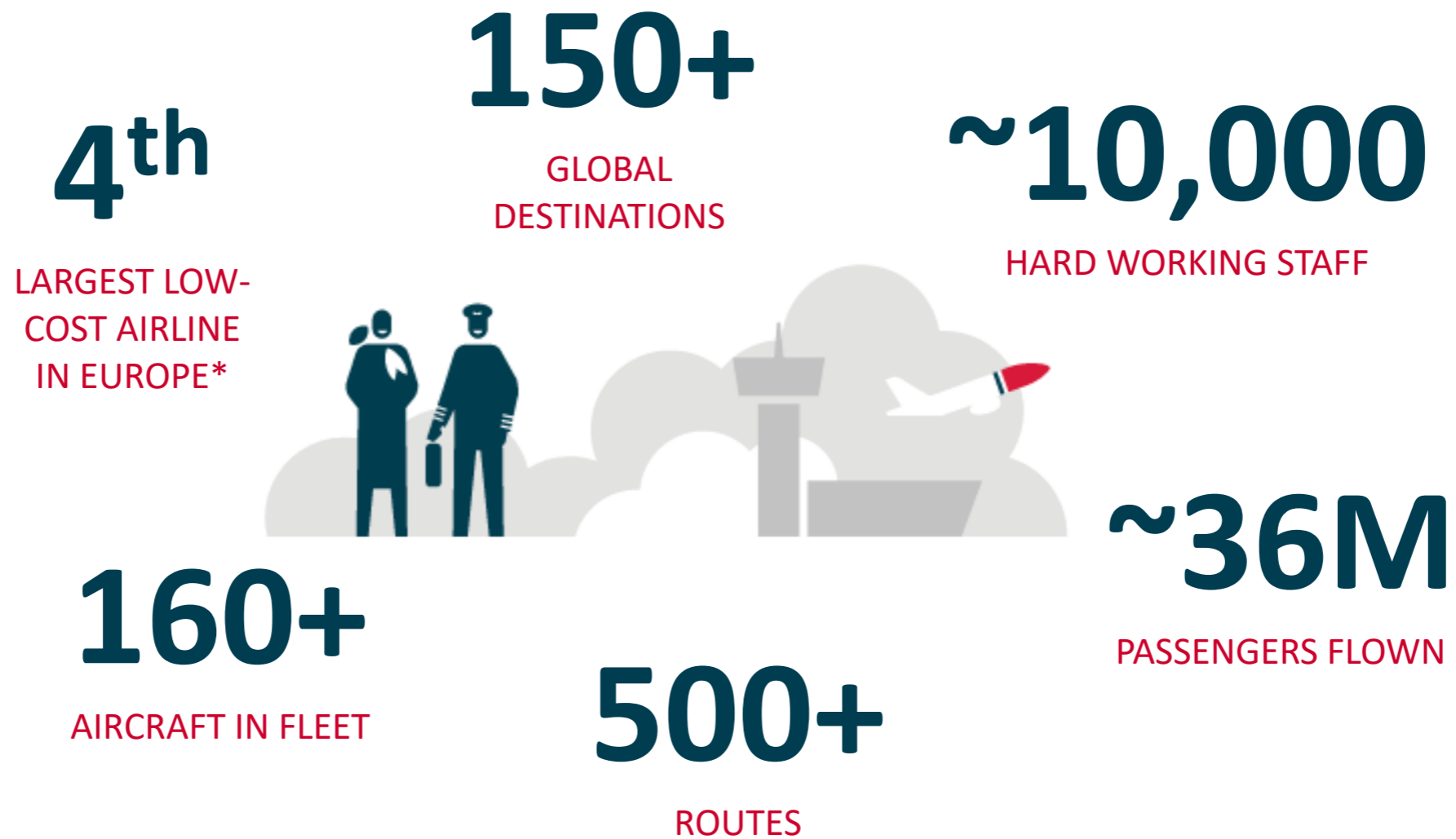


Norwegian Air Shuttle ASA

Investor Presentation

January 2020

Norwegian at a glance



* Based on passengers in 2019, based on company traffic reports.

Set to leverage on scale

Local short-haul focus

Global growth phase, long-haul focus

Focus on profitability

Aircraft orders

42

6

15

15+3

222

19+8

30

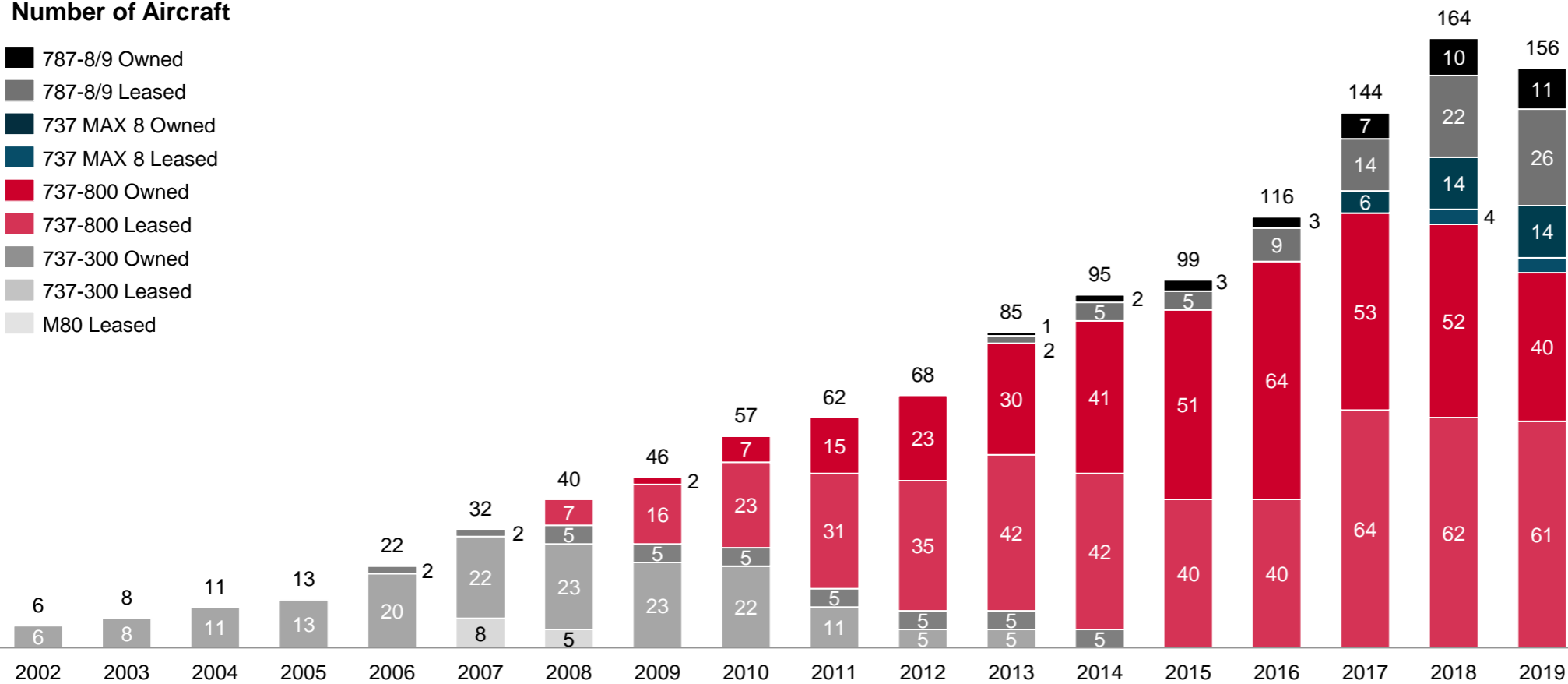
2

New markets and other key milestones



Number of Aircraft

- 787-8/9 Owned
- 787-8/9 Leased
- 737 MAX 8 Owned
- 737 MAX 8 Leased
- 737-800 Owned
- 737-800 Leased
- 737-300 Owned
- 737-300 Leased
- M80 Leased



Leading position on Nordic short haul

Maturing long-haul offering with improving margins

Solid platform and sufficient scale to achieve profitability

Top ranked by both short-haul and long-haul passengers

Europe's Best Low-Cost Airline

World's Best Low-Cost Long Haul Airline



Key pillars of our corporate strategy 2018-2022

LONG TERM VISION

“We shall be the leading long-haul low-cost airline in Europe operating as the engine of global low-cost alliance and dominating the Nordic short-haul market”

STRATEGIC OBJECTIVES 2022

Return to sustainable profitability

Be the preferred airline for customers seeking value for money

Fortify position as the leading short-haul carrier in the Nordics

Build global low-cost alliance with our long-haul operation as the backbone

KEY FOCUS AREAS



Competitive cost base

- Reduce cost base
- Sustainable unit cost position
- Cost control and automation



Profitable operations and global alliance

- Focus is to capitalize on long haul
- Fortify position in the Nordics
- Improve connectivity and feed



Operational resilience

- Improve operational simplicity
- Develop resilient program
- Optimize technical & crew



Optimized asset management

- Commercially-driven fleet plan
- Fleet renewal program
- Maximize return on assets



Shared customer focus

- Deliver on the basics
- One customer journey
- Personalization and Reward



Improve digital and analytics capabilities

- Standardize and reduce complexity
- Strategic sourcing
- Agile development processes

CORE VALUES



norwegian

 Innovation

 Teamwork

 Simplicity

Changing strategic focus from growth to profitability

2013 - 2018

Focus on growth

Built up market position and scale

Captured slots at constrained airports

Onboarded new aircraft and
launched new routes

2019 -

Focus on profitability and cash flow

Continuous efforts to reduce costs

Optimization of the base structure
and route network based on 12-month
profitability criteria

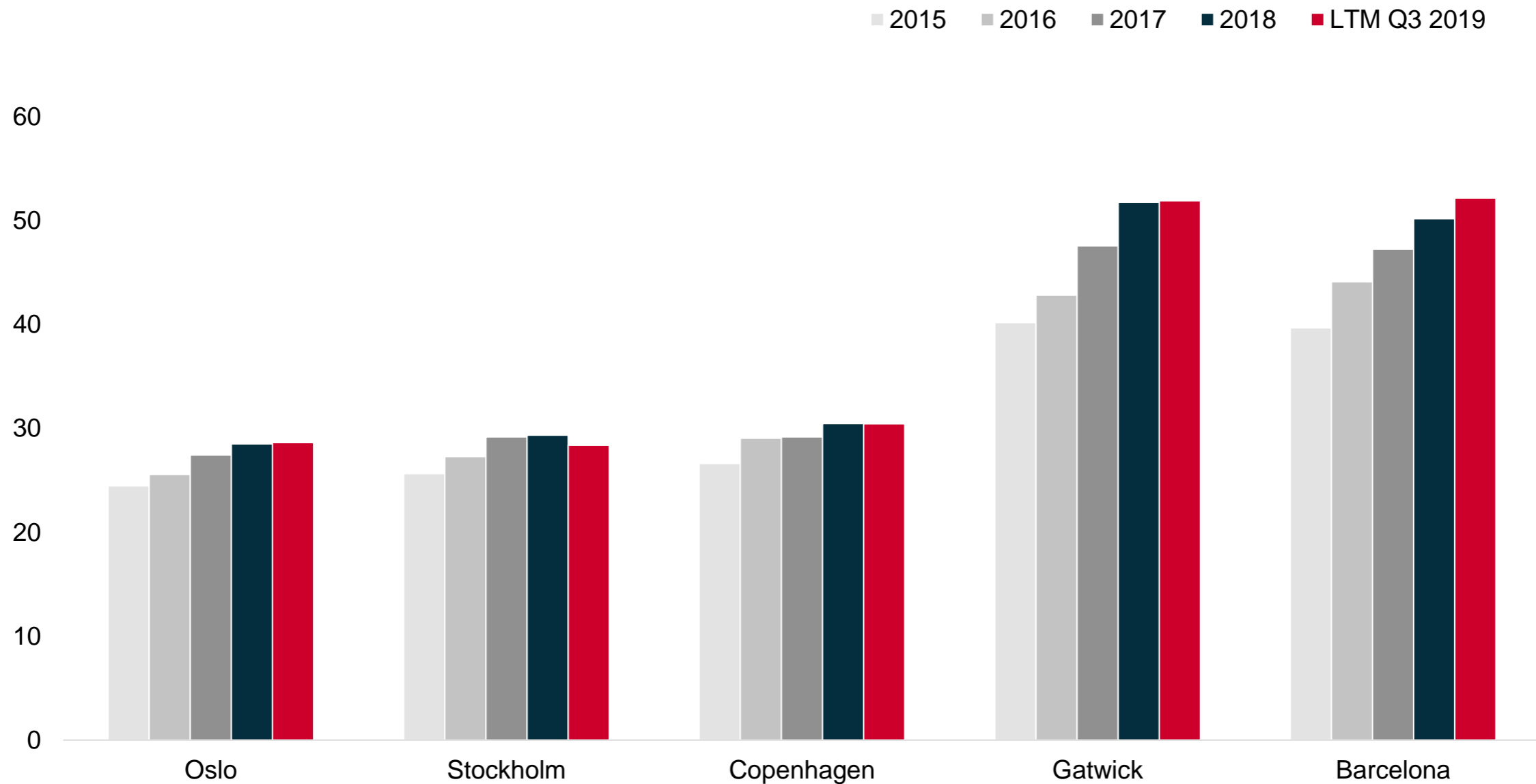
Divest aircraft not required for the
company's commercial needs

Changes to network and operations

Stable demand at key airports

TOTAL PASSENGERS

In million

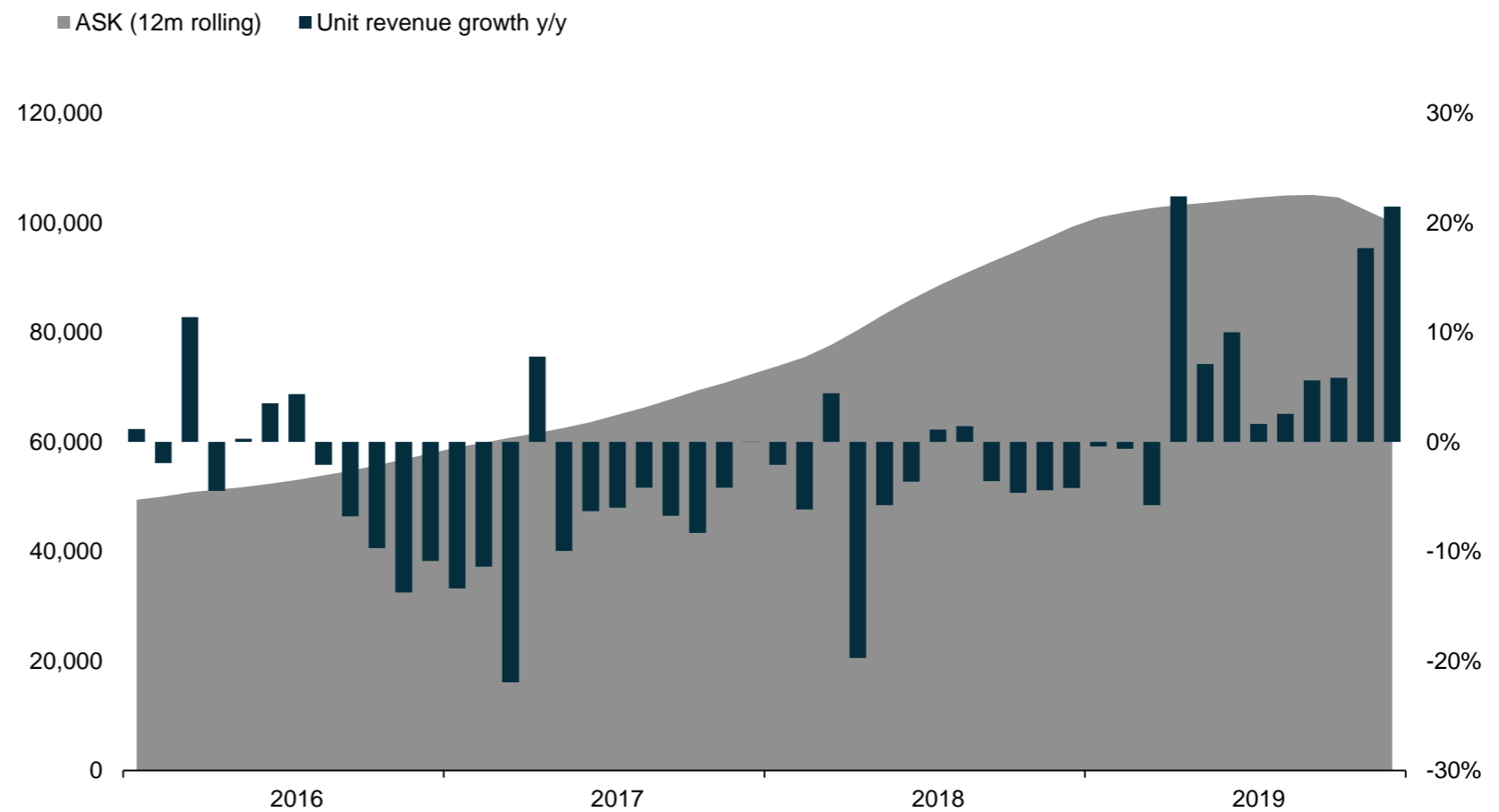


New strategy starting to show results



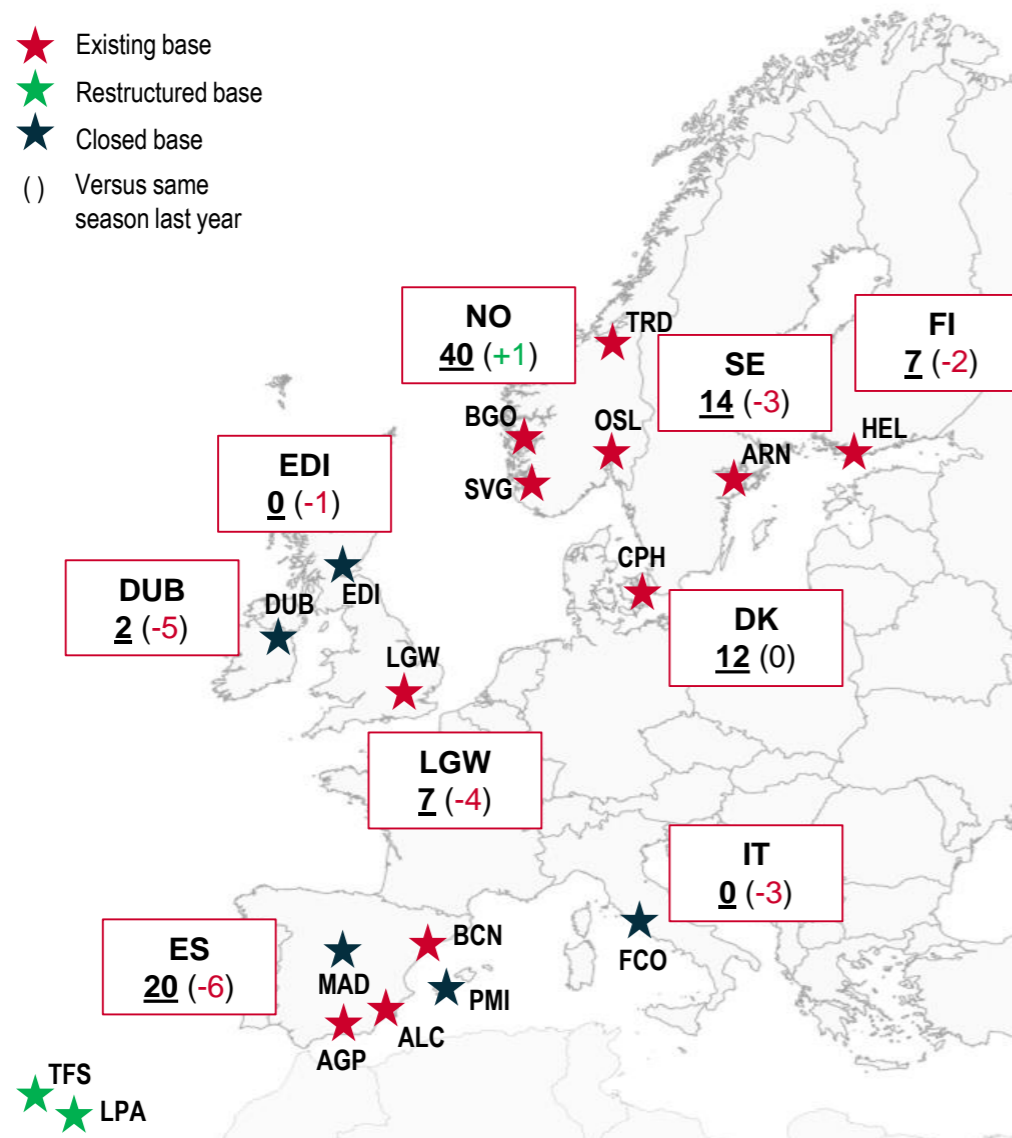
- Profits in Q3 was the highest in the Company's history
- The planned capacity reduction supports higher unit revenue, better load factor and increased punctuality

MONTHLY TRAFFIC DEVELOPMENT



Exhaustive review of the short-haul operation

SUMMER 2020 AIRCRAFT ALLOCATION



Focus on Nordic core

Short-haul network connectivity and density

Support long-haul feed, where appropriate

Closed down more than 70 routes, of which more than 50 on short haul

Reduce complexity

Handle fleet deficit from MAX grounding

Our long-haul business in context

Business model



→ Long haul, low cost mainly focused on connecting primary airport / city points

Product focus



→ Value for money fares with quality inflight services, leveraging our award-winning brand

Fleet



→ A fleet of 37 Boeing 787 Dreamliners
→ Two-class configuration and high-density cabin

Geographic focus



→ Connecting large catchment areas
→ Seek connectivity with the rest of the network where necessary

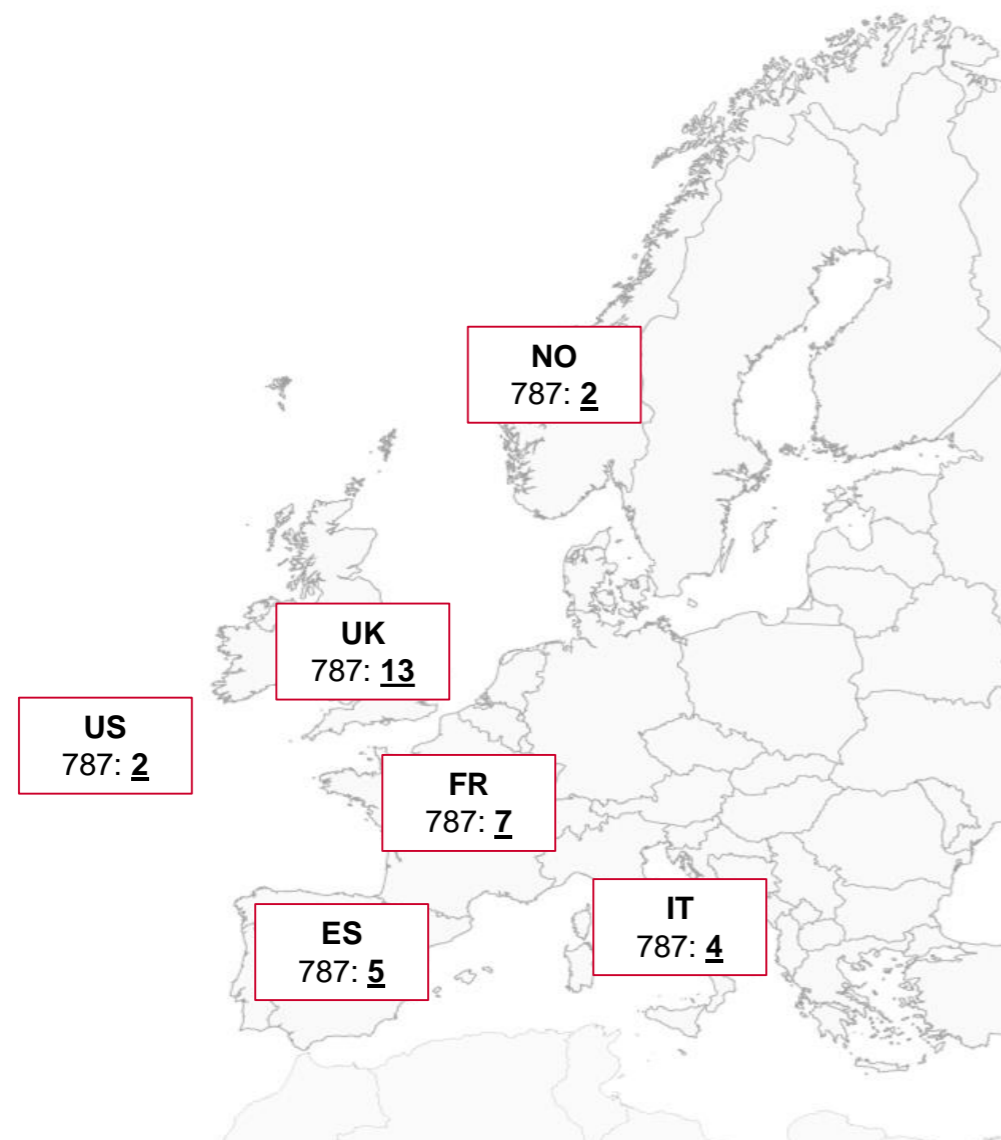
Profitability



→ Finetuning network to improve operational resilience
→ Focus on core EU and US markets

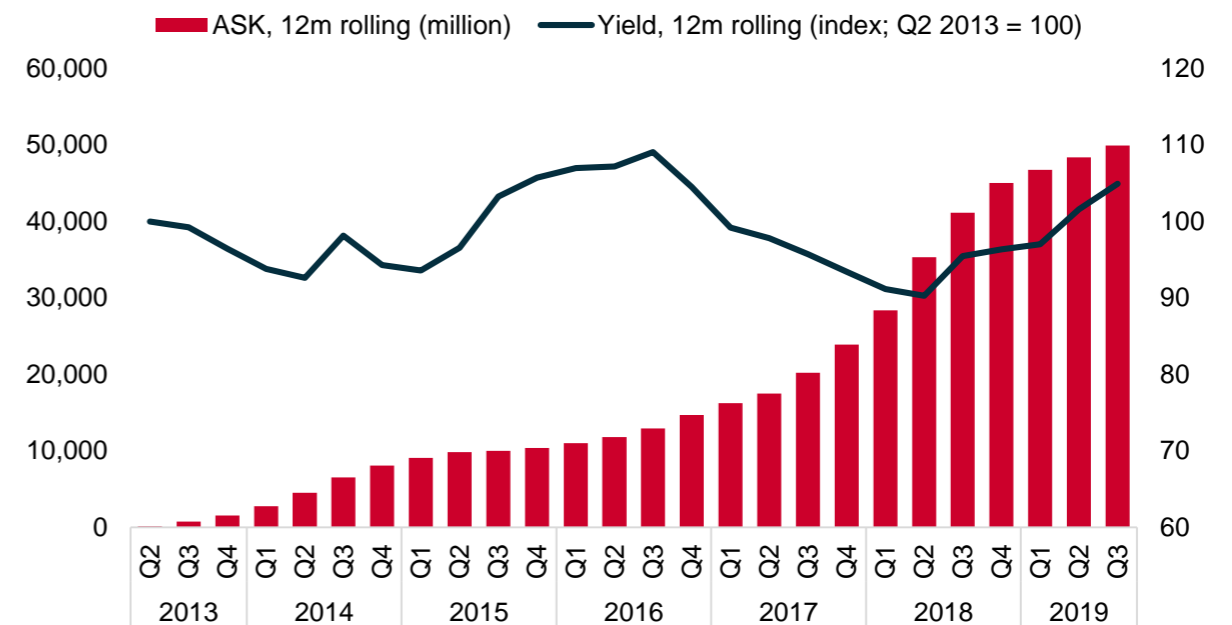
Long haul developing according to strategy

SUMMER 2020 AIRCRAFT ALLOCATION



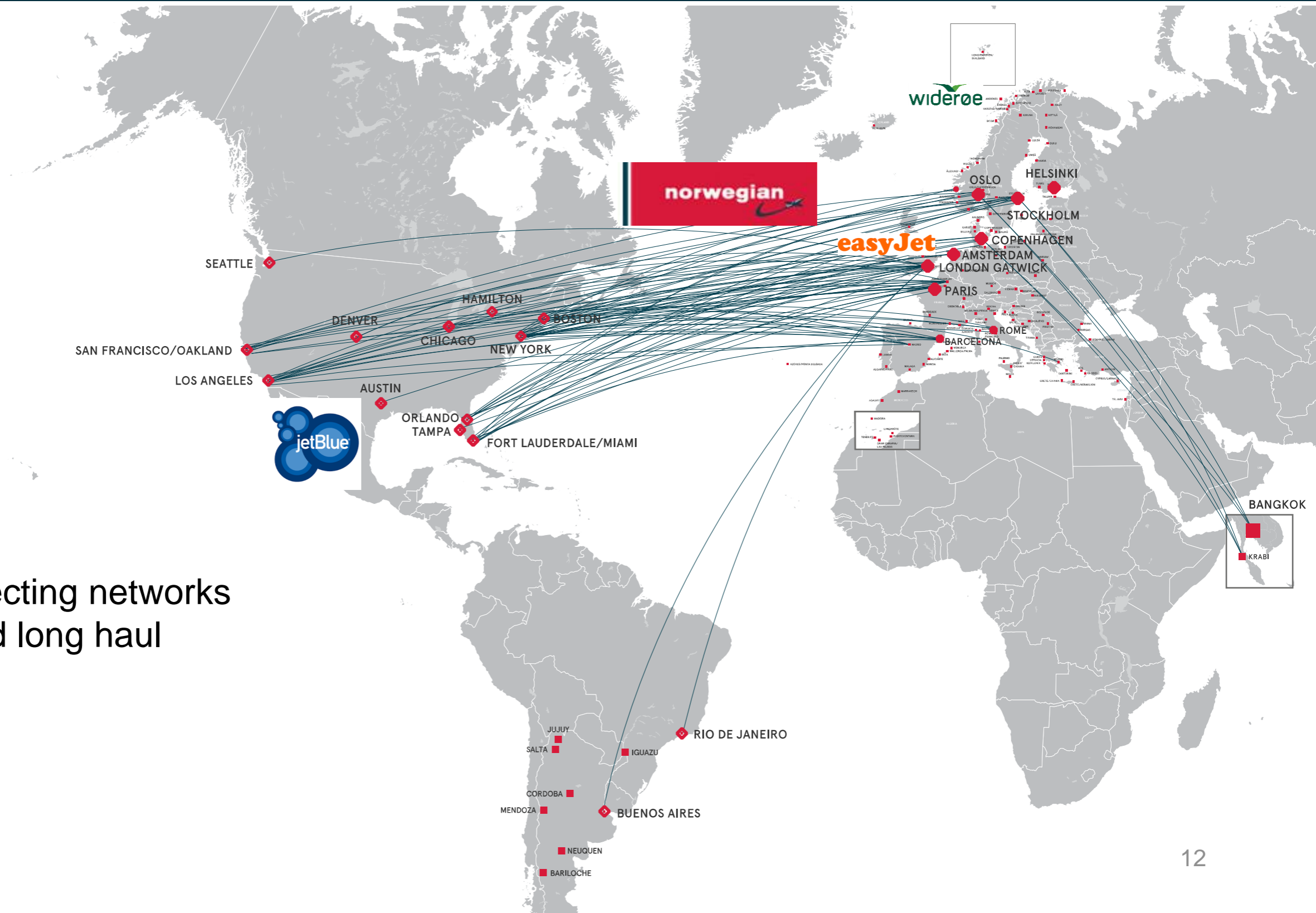
33 aircraft deployed on long-haul network

TRAFFIC AND YIELD DEVELOPMENT



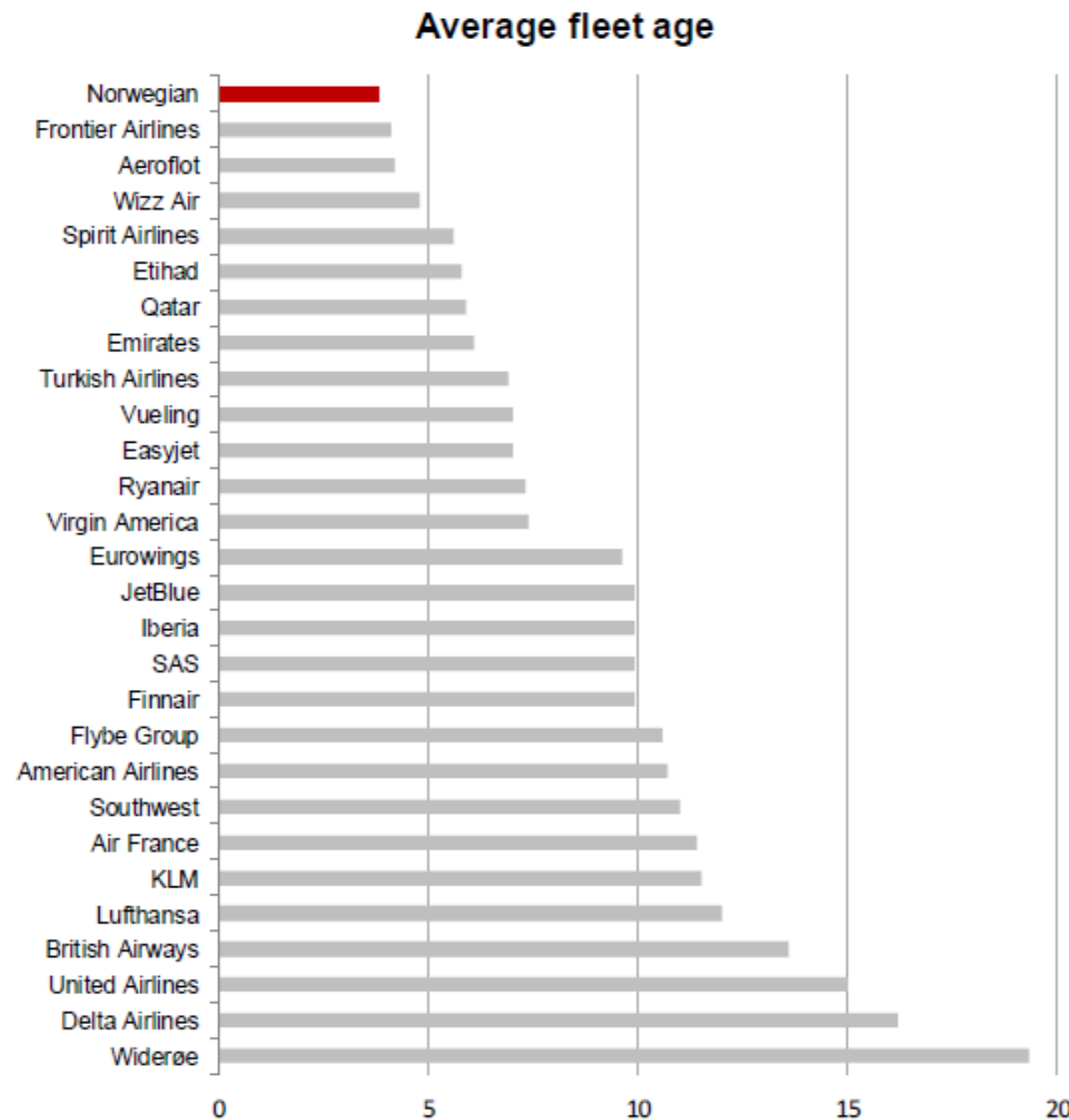
	2017	2018	LTM Q3 2019
Passengers (million)	3.0	5.4	6.0
ASK (billion)	23.9	45.0	49.9
Legs	11,500	20,600	21,600
Load factor	90%	87%	87%

Largest foreign carrier in New York and largest European carrier in Los Angeles



Connecting networks to feed long haul

Our young fleet is a key sustainability, commercial and financial advantage



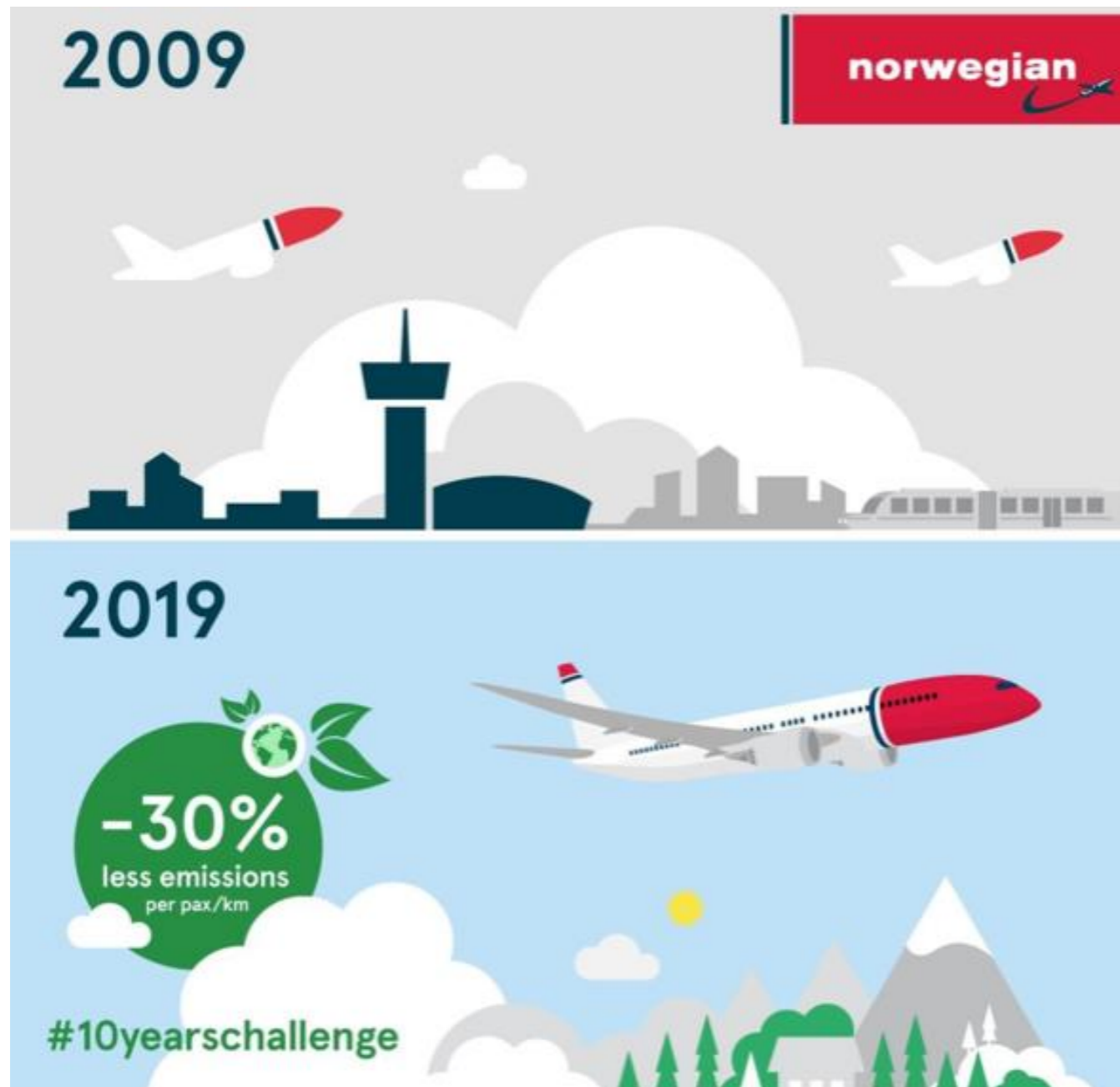
~20% more fuel efficient than world average for airline

Lower fuel costs

Significantly improved environmental friendliness

Newer and more sustainable aircraft are preferred by travellers globally

Our low-cost business model is one of the most carbon efficient in the world



ONGOING INITIATIVES

Fleet renewal program

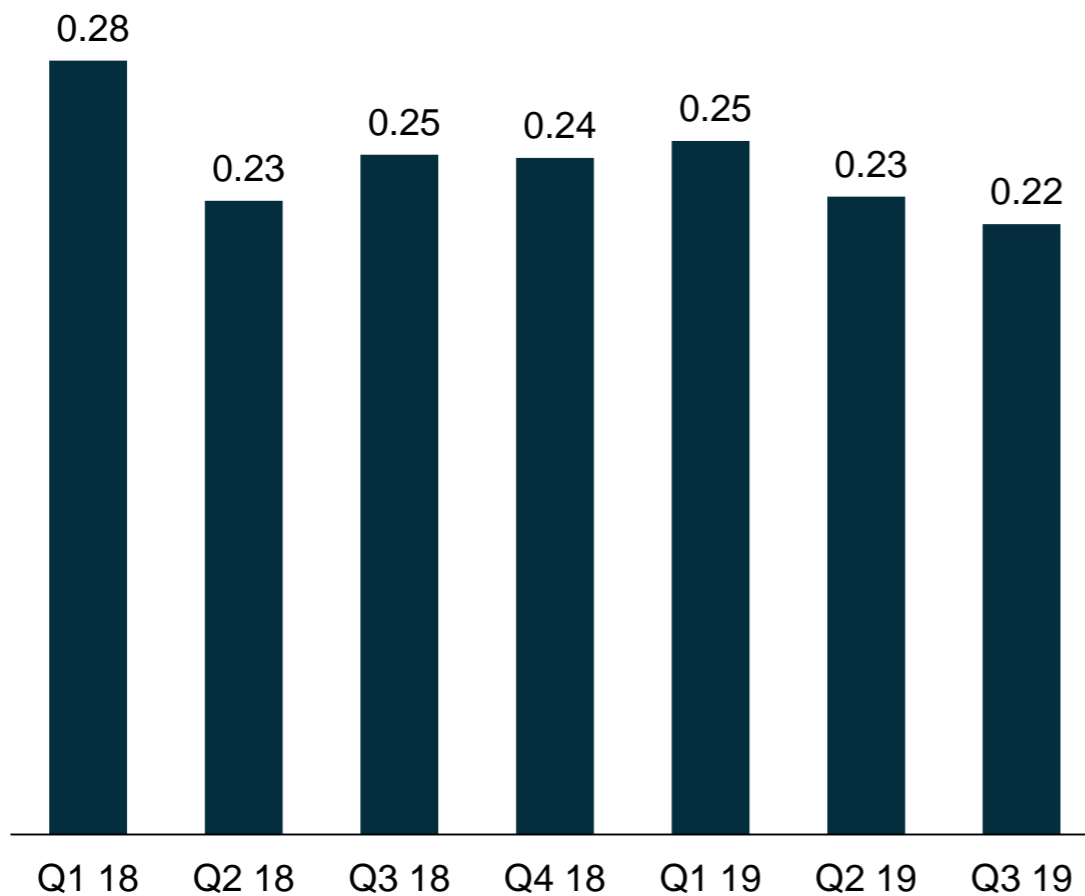
Advanced weather data from Avtech

SkyBreathe app for pilots

Disciplined low cost operating model

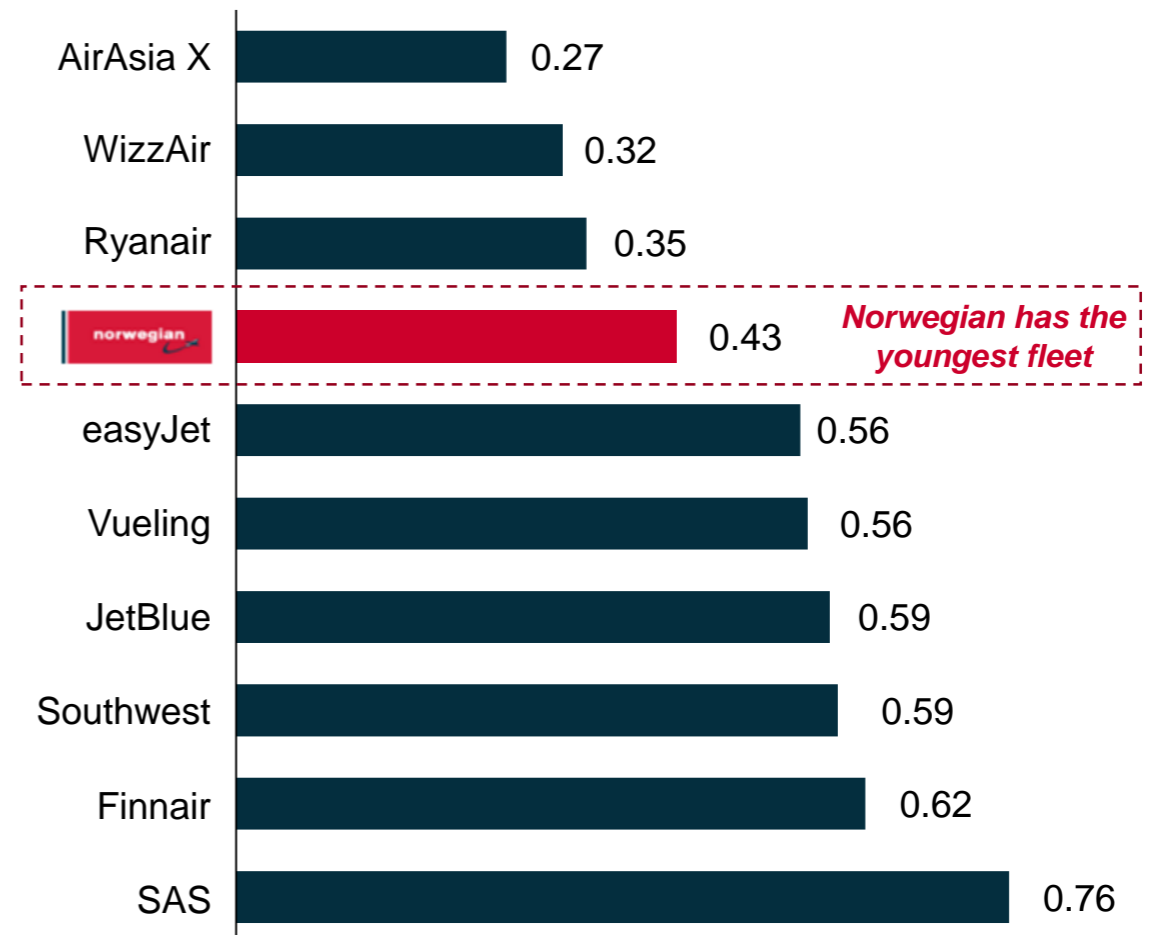
Cost development in 2018 and 2019

Operating costs excl. fuel and ownership costs per ASK (NOK)



Cost level compares well to peers

Operating costs (EBIT level) per ASK (NOK)¹



¹ Based on 2018 annual reports or corresponding fiscal year.

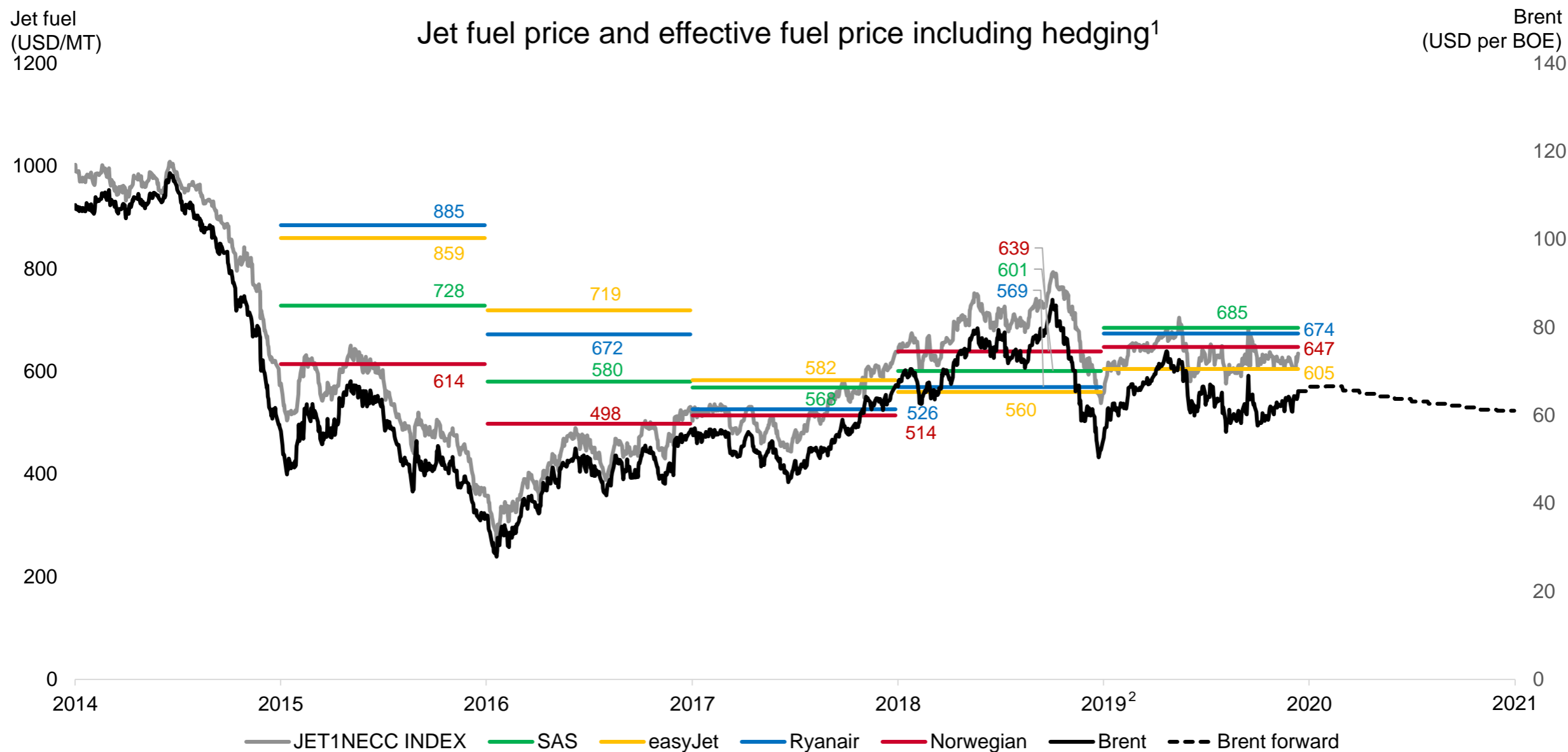
• Foreign exchange rates used are equivalent to the daily average rates corresponding to the reporting periods and as stated by the Central Bank of Norway
 • Other losses/(gains) are not included in the unit cost measure as it primarily contains hedge gains/losses offset under financial items, as well 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).

#FOCUS2019: Raising full-year target to NOK 2.3 billion

Cost area	Completed cost initiatives	Actual Q3 (NOK m)	Actual YTD Q3 (NOK m)
Airport, handling and technical costs	<ul style="list-style-type: none"> • High effect of airport- and handling-related cost initiatives during peak season • Progressing on several items with key technical suppliers 	408	924
Operating efficiency	<ul style="list-style-type: none"> • Lower personnel costs due to improved planning and efficiency measures • Standardizing operational tools and consumables • Improving disruption handling • Processes to close operational bases announced 	237	582
Procurement, administration and IT	<ul style="list-style-type: none"> • Stronger effects from renegotiated volume-driven agreements • Consolidating office locations in Norway and Spain • Implemented new flight planning system 	68	177
Commercial, marketing and product offering	<ul style="list-style-type: none"> • Product offering optimization • Working with partners to release synergies 	114	165
Total		827	1,848

**Continuing to deliver on
strategic changes**

Fuel is the largest variable expense and accounted for 30 percent of costs in 2018



Hedging ratio 12m fwd at FY reporting

SAS	80 %	45 %	43 %	52 %	62 %	n.a.
easyJet	83 %	81 %	75 %	65 %	68 %	n.a.
Ryanair	90 %	95 %	90 %	90 %	90 %	n.a.
Norwegian	50 %	52 %	25 %	35 %	0 %	n.a.

1) Numbers presented are annualised numbers on a December year-end basis due to the different reporting standards of the peer companies

2) 2019 full year estimated with a forward fuel cost at 626 USD/MT as per 12.12.2019

Impact of MAX grounding and engine issues

→ Status and impact from MAX grounding

- 18 aircraft grounded 12 March 2019
- 16 new deliveries deferred
- Estimated negative impact on P&L of NOK 1 billion for 2019
- Discussions on compensation and new delivery schedule

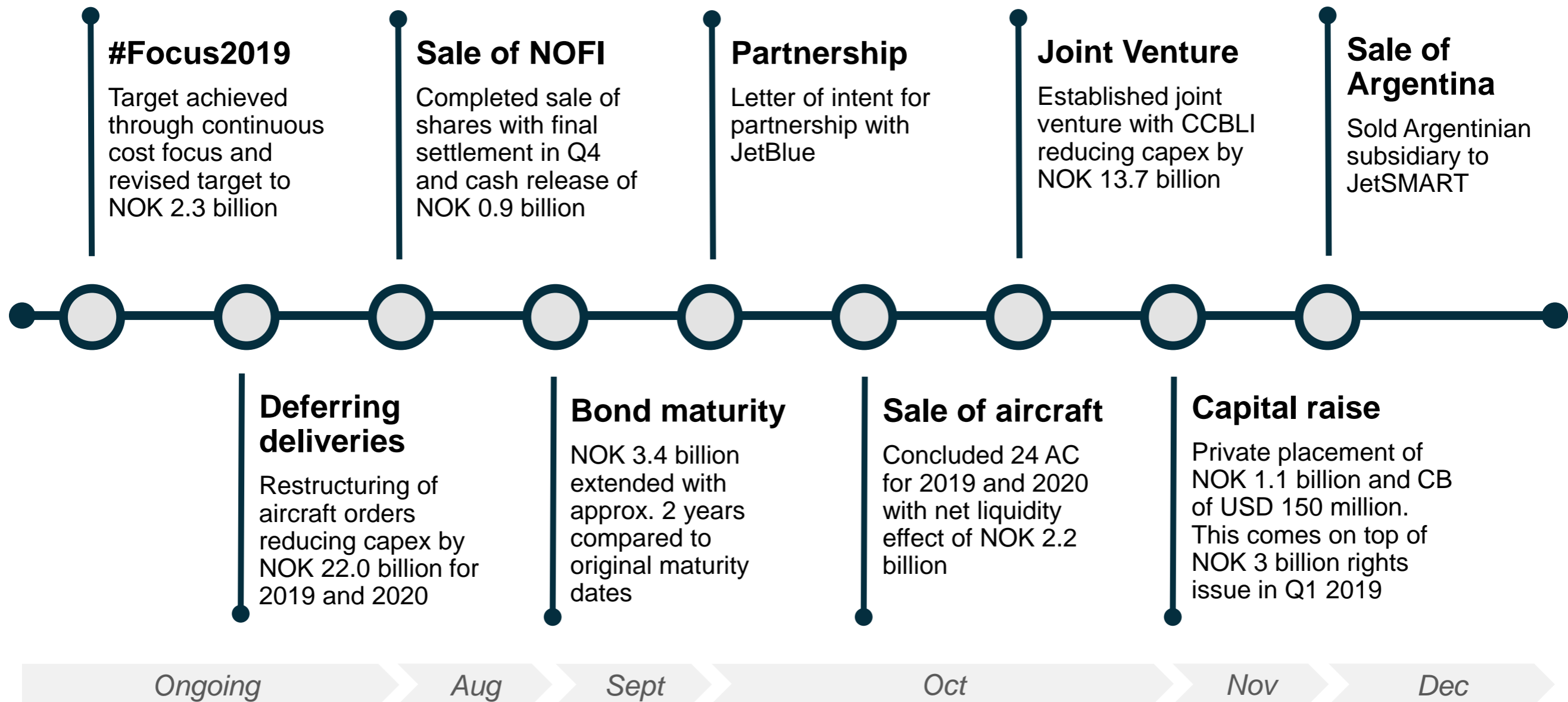
→ Engine issues Dreamliners

- Estimated negative impact on P&L of NOK 300 million for 2019

→ Credit card acquirers

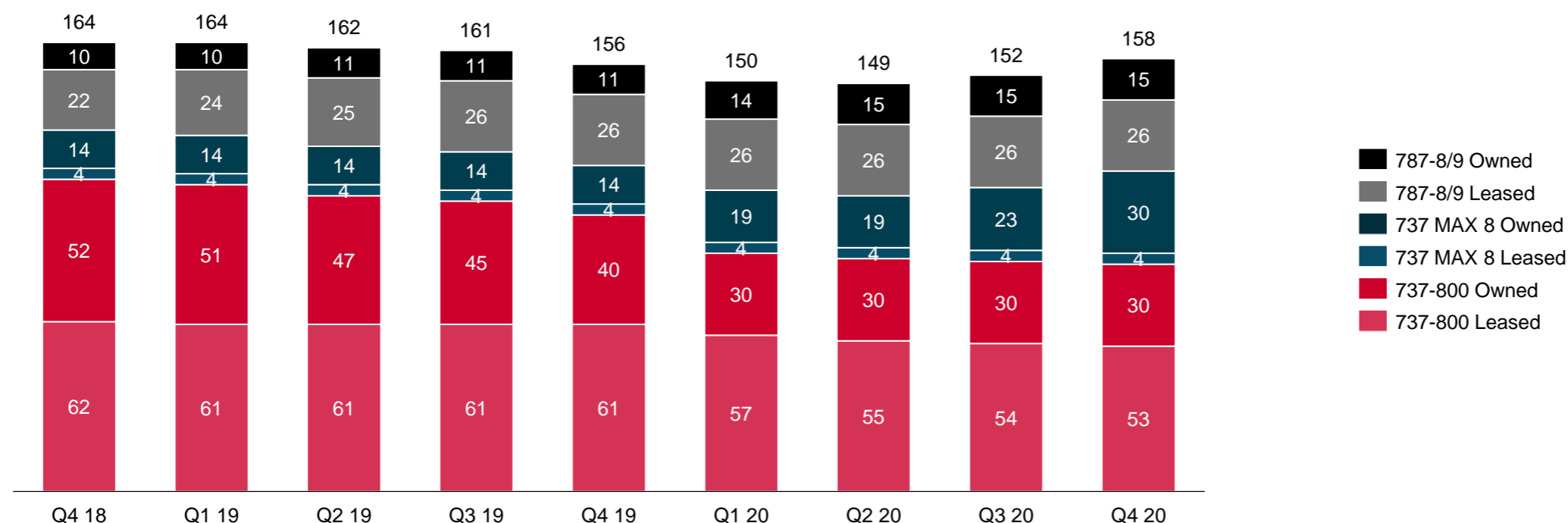
- Onboarded two new acquirers in Q4 plus a new account-to-account solution
- In discussions with existing acquirers

Significant actions to increase financial headroom while transforming the business



Sold a total 24 aircraft with net proceeds of NOK 2.2 billion in 2019 and 2020

NUMBER OF AIRCRAFT BASED ON ANNOUNCED SALES



Fleet (2020 vs. 2018)	Aircraft sales*	Aircraft re-deliveries	Aircraft deliveries	Net development
Short haul	22	9	16	-15
Long haul	0	0	9	9
Total	22	9	25	-6

* In addition, the company sold two Airbus A320neo in Q1 2019 that were on external lease.

NEXT steps

NEXT

Norwegian
Excelling
Together




OUR 2-3 YEAR TRANSFORMATION PLAN

6 Workstreams

1. Network
2. People
3. Product, pricing and revenue management
4. Operational performance
5. Cost reduction/procurement
6. Value proposition

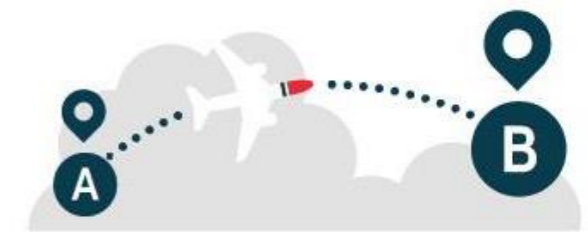
The target is

4 billion
NOK 

EBITDAR run rate
improvement
by **2021**

One (PMO)

Program Management Office set up to oversee and support the delivery of the NEXT Program 



The Management Team and Board are responsible for the overall delivery and governance

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