

Norwegian Air Shuttle ASA

Q2 2015 Presentation




Best low-cost airline in Europe 2013-2015
World's best Long Haul low-cost airline 2015

norwegian

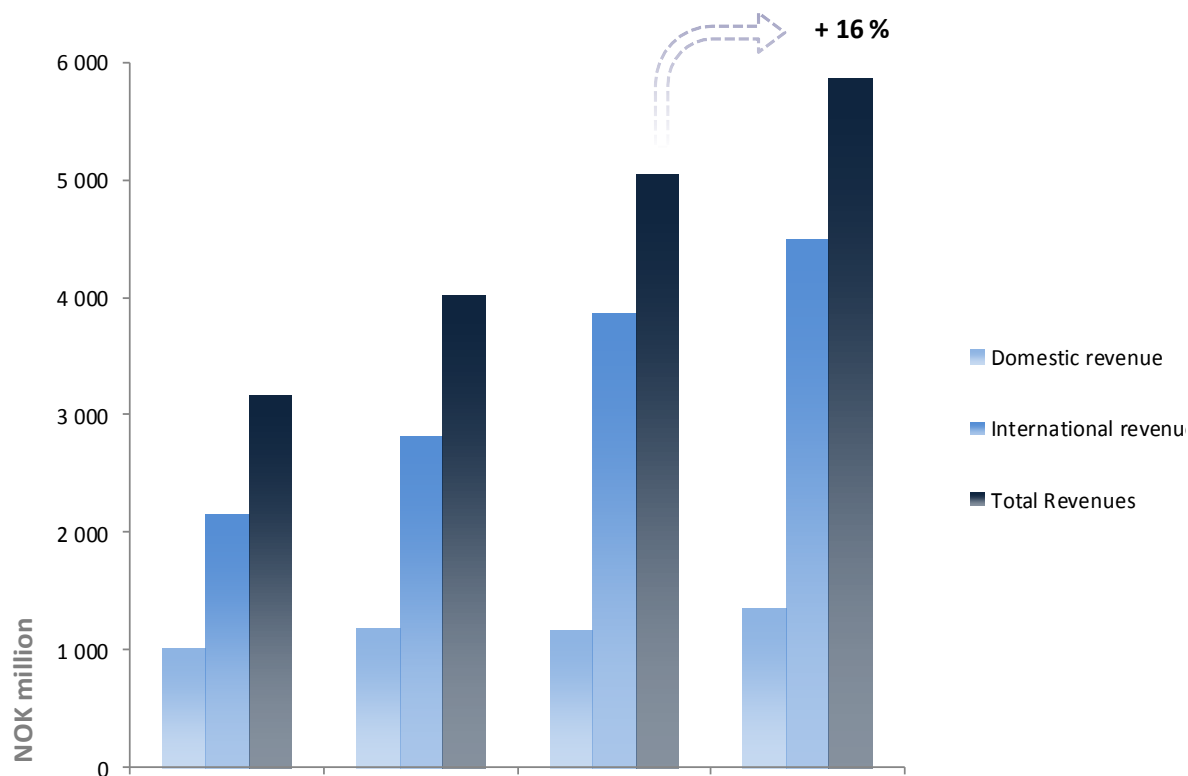
Photo: Bo Mathiesen



- New routes launched
 - domestic Spain
 - London-Boston
 - Caribbean (Puerto Rico + winter routes)
- SkyTrax awards 2015 
 - Best Low-Cost airline in Europe (3 years in a row)
 - World's best Long Haul Low-Cost airline
- Three new aircraft to the fleet in Q2
 - 2 new 737-800's (four new in first half)
 - 1 new 787-8 Dreamliner (to a fleet of eight)
- Strong progress for long-haul
- EBT improved to NOK 456 million from a loss of NOK 137 million last year

Q2 revenue increased by 16 %

- Group revenues almost doubled in three years
- A strong 60% revenue growth for long-haul

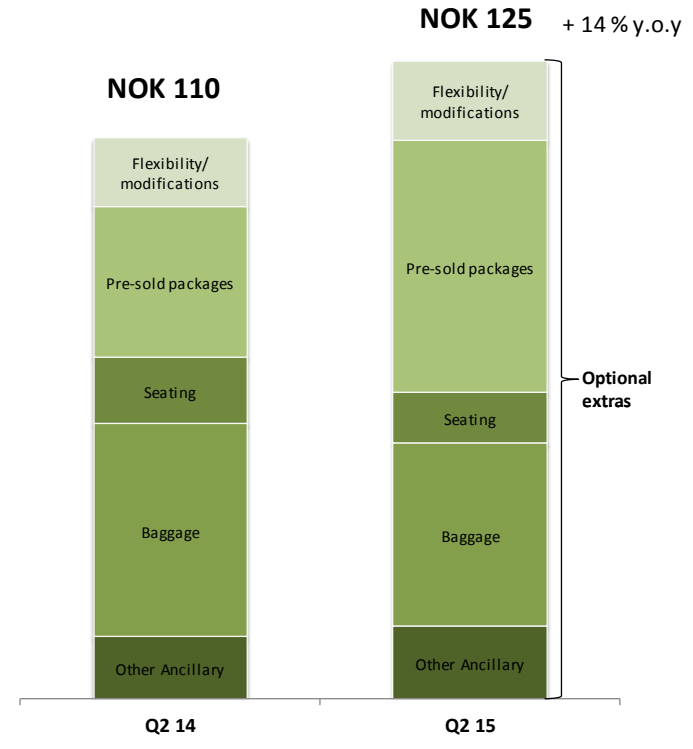


	Q2 12	Q2 13	Q2 14	Q2 15
Revenues	3 170	4 012	5 043	5 861
Domestic revenue	1 017	1 192	1 173	1 362
% y.o.y. chg	4 %	17 %	-2 %	16 %
International revenue	2 153	2 820	3 871	4 498
% y.o.y. chg	24 %	31 %	37 %	16 %

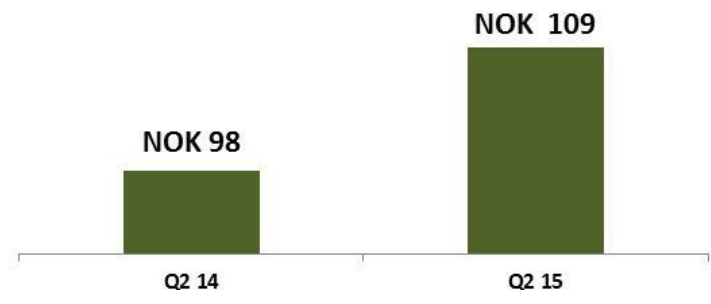
25 % growth in ancillary to 15 % share of group revenue



- Split: Group ancillary per customer
 - Growth driven by bundle and freedom to choose



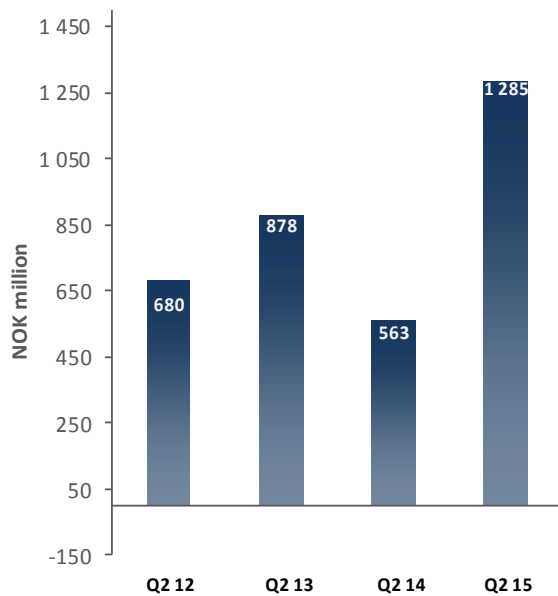
- Short Haul: 12 % growth for ancillary per customer



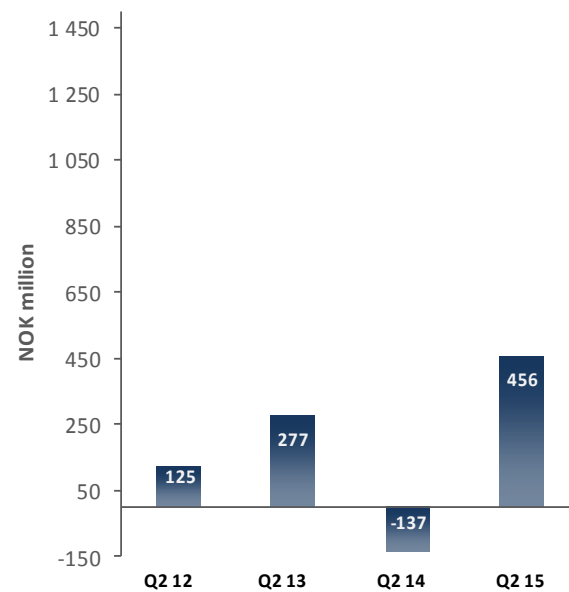
EBT improved by NOK 593 million on higher load

(NOK million)	Q2 15	Q2 14	Change
EBITDAR	1 285	563	722
EBITDA	765	94	
EBIT	520	-85	
Pre-tax profit (EBT)	456	-137	593
Net profit	325	129	

EBITDAR development Q2



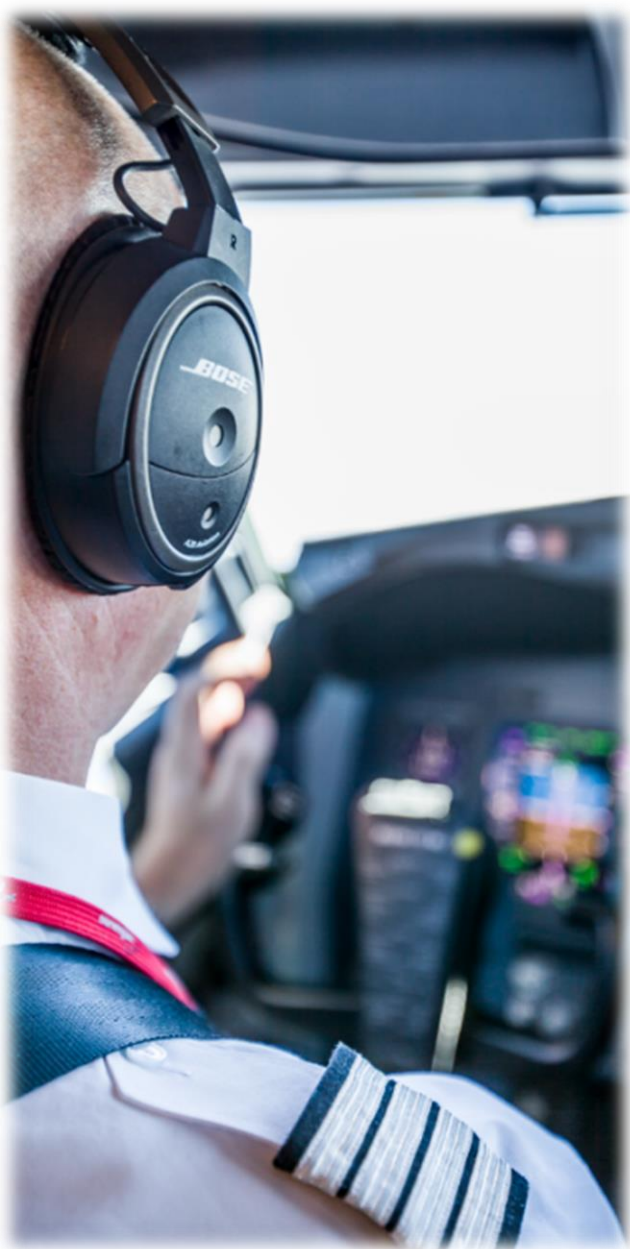
EBT development Q2



EBITDAR margin	Q2 12	Q2 13	Q2 14	Q2 15
	21 %	22 %	11 %	22 %

EBT margin	Q2 12	Q2 13	Q2 14	Q2 15
	4 %	7 %	-3 %	8 %

Tailwind from fuel offset by currency



- USD/NOK has strengthened by 29 % y.o.y
- Spot fuel price down by 39 % (-20 % in NOK)
- Saved NOK 572 million on lower fuel cost (-18 % per ASK)
 - NOK 826 million reduction due to lower spot price
 - NOK 42 million saved on lower fuel consumption due to new aircraft
 - NOK 296 million negative impact of currency (USD/NOK)
- Other opex: NOK 311 million negative impact from currency
 - Related to leasing, maintenance, airport charges, handling, etc.
- One-offs included in EBT
 - NOK 84 million extra cost related to engine maintenance
 - NOK 10 million Wettlease
 - NOK 100 million gain on hedging

NOK 1.3 billion cash-flow from operations

- Invested NOK 1.1 billion in new aircraft in Q2 (one 787 and two 737's)
- Financing: NOK 1 billion bond issue in May
- NOK 3 billion in cash at 30 June

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

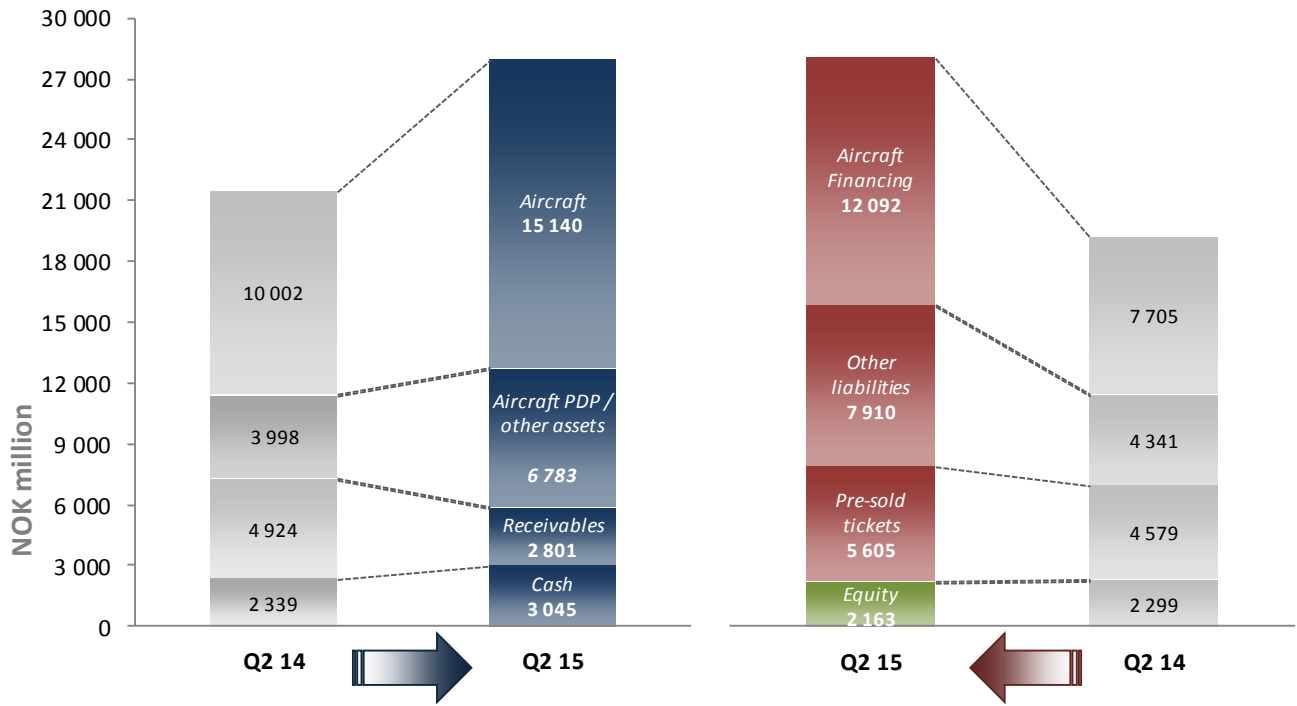
Unaudited

<i>(Amounts in NOK million)</i>	Q2 2015	Q2 2014	YTD 2015	YTD 2014	Full Year 2014	Full Year 2013
Net cash flows from operating activities	1 315	416	2 310	1 518	287	2 377
Net cash flows from investing activities	-1 092	-1 902	-2 689	-2 936	-4 931	-2 126
Net cash flows from financial activities	1 224	660	1 420	1 588	4 479	184
Foreign exchange effect on cash	-17	5	-7	3	11	0
Net change in cash and cash equivalents	1 430	-821	1 034	173	-155	435
Cash and cash equivalents in beginning of period	1 615	3 160	2 011	2 166	2 166	1 731
Cash and cash equivalents in end of period	3 045	2 339	3 045	2 339	2 011	2 166

Balance sheet boost by currency and new aircraft

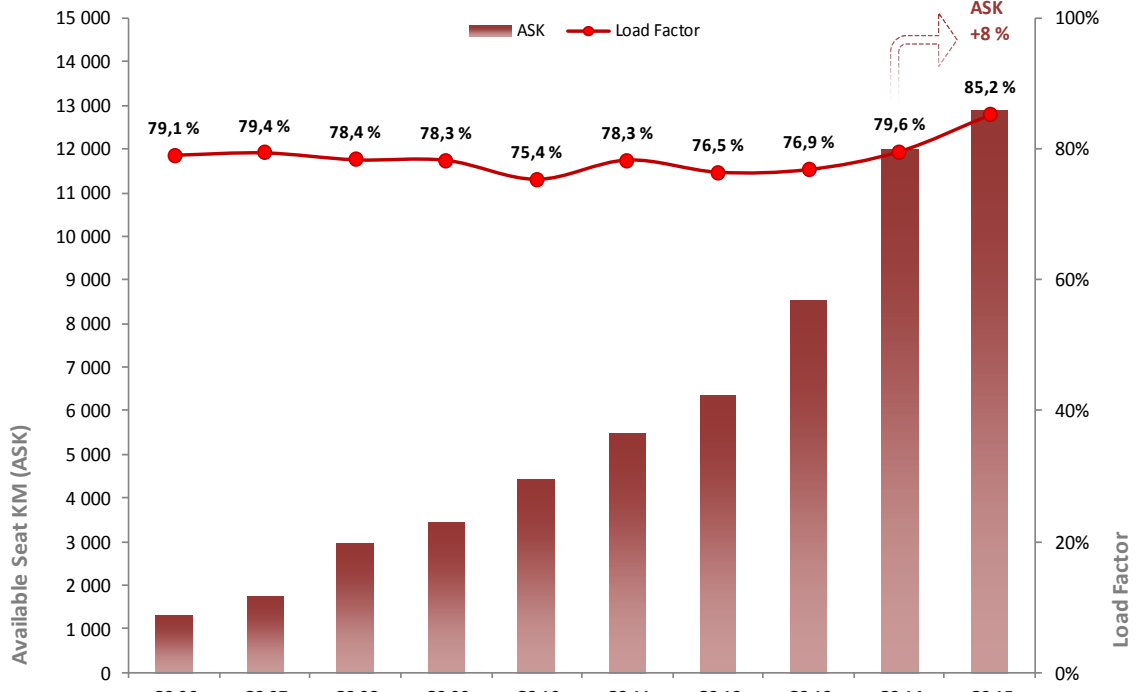


- Invested NOK 4.7 billion the last 12 months
- Seven new 737-800 and one 787 on balance since Q214
- NOK 12.6 billion net debt



Load factor increased to 85 % (+5 p.p.)

- 8 % growth in capacity (ASK)
- 15 % growth in traffic (RPK)
- Average flying distance increased by 6 %

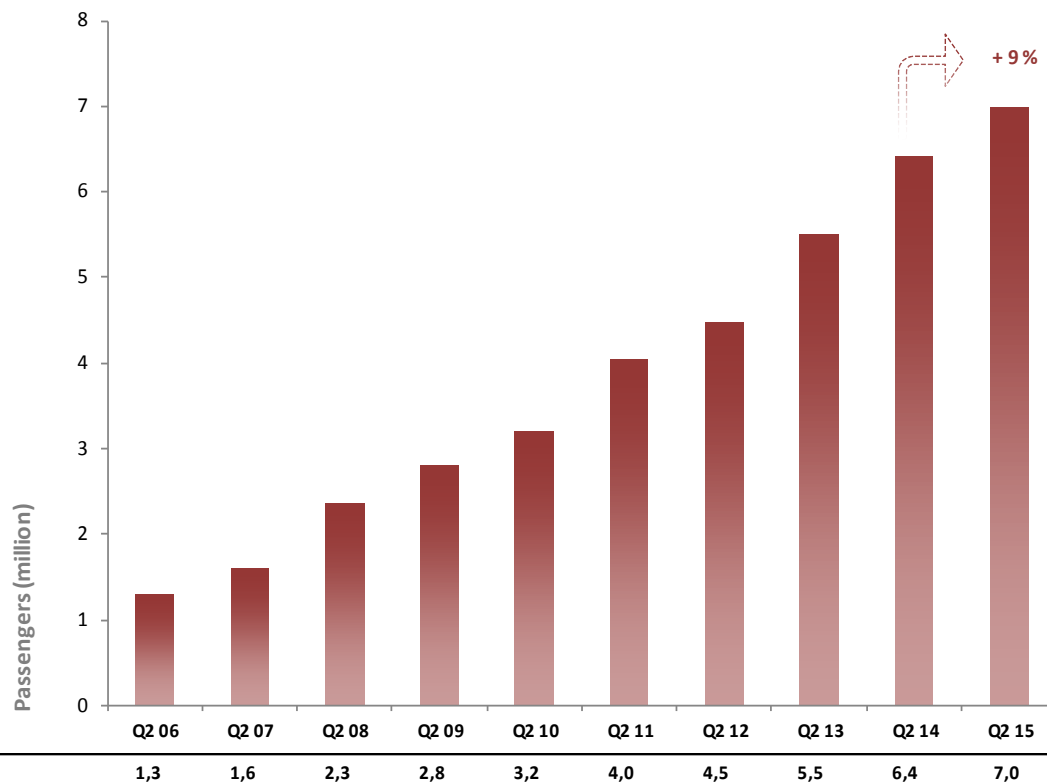


ASK	1 323	1 763	2 974	3 469	4 449	5 518	6 357	8 541	12 012	12 919
Load Factor	79,1 %	79,4 %	78,4 %	78,3 %	75,4 %	78,3 %	76,5 %	76,9 %	79,6 %	85,2 %

7 million passengers in Q2 2015 (+9 %)



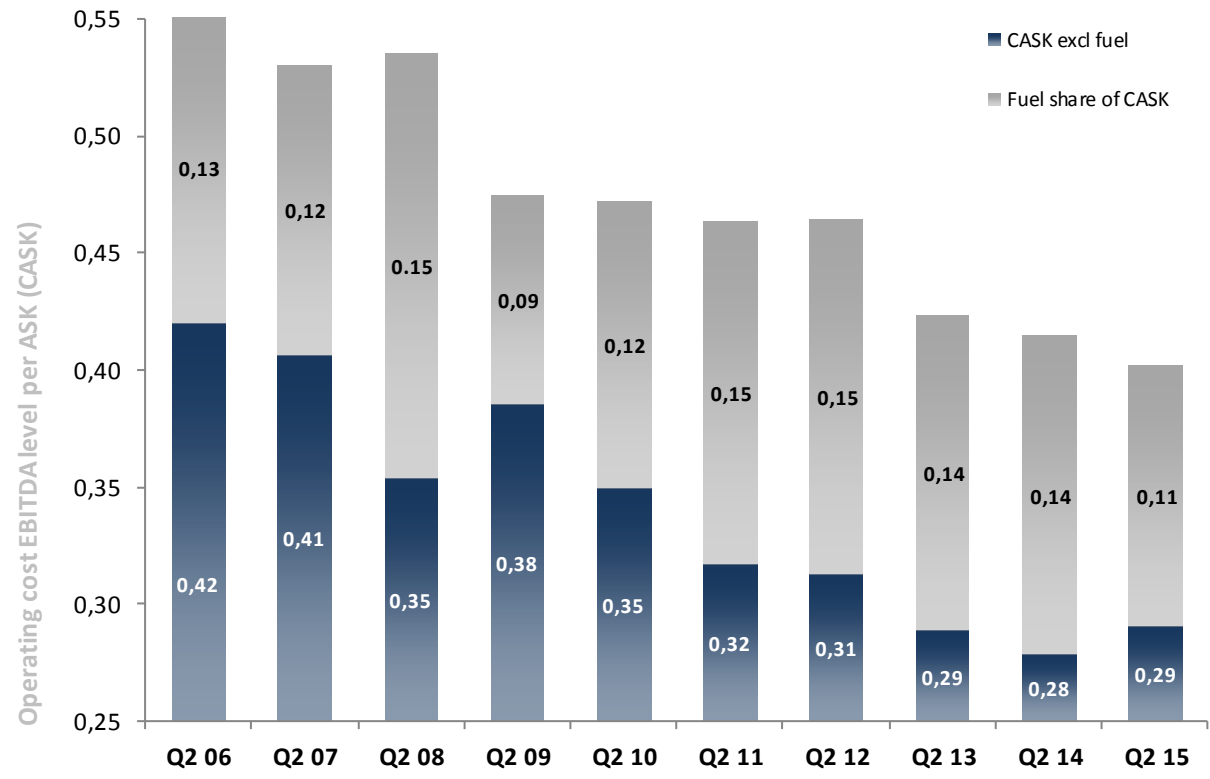
324,000 passengers on Long-Haul in the second quarter
vs 139,000 in Q2 last year



Pax (mill)

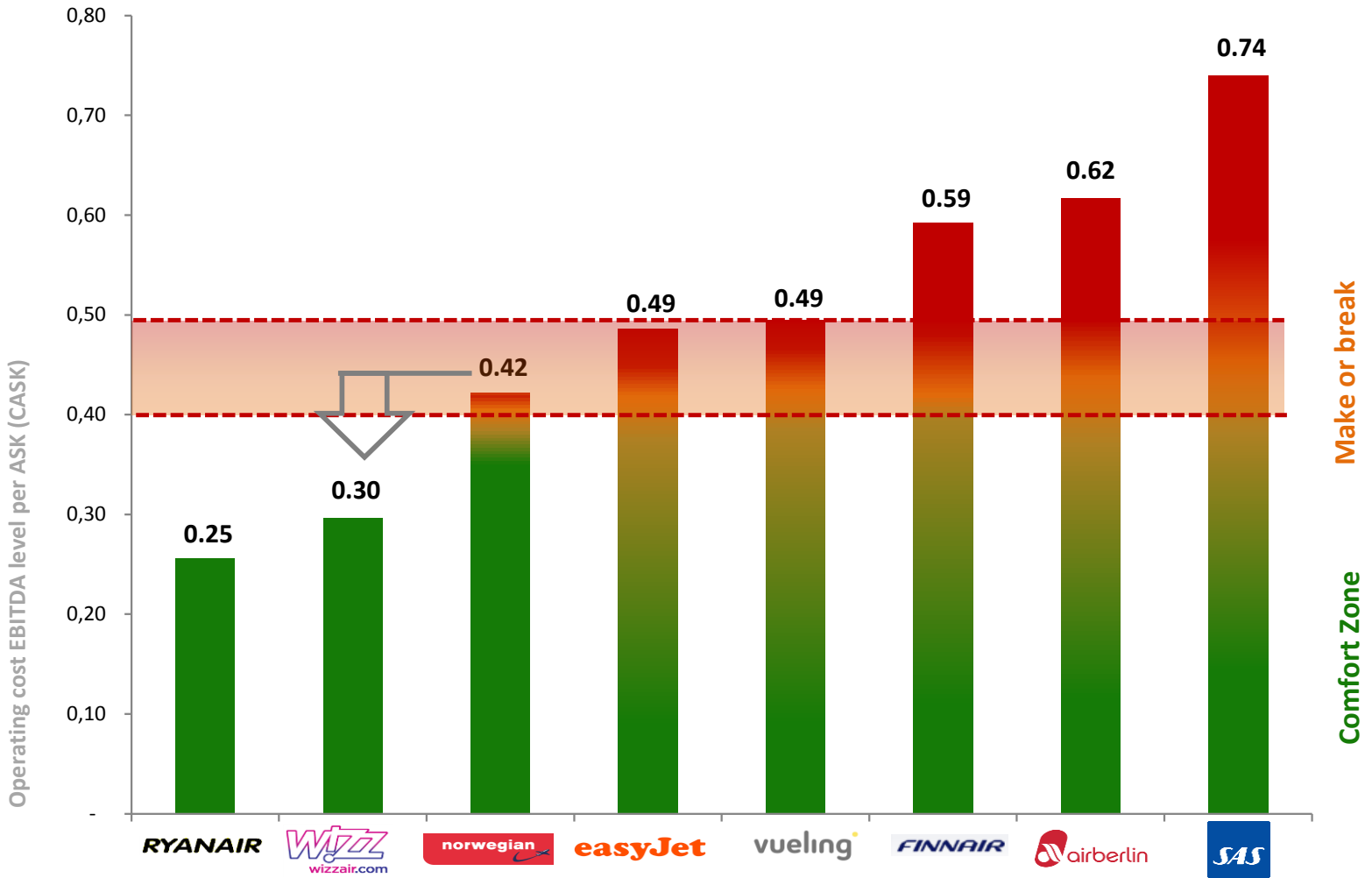
1,3 1,6 2,3 2,8 3,2 4,0 4,5 5,5 6,4 7,0

Unit cost cut by 3 % to NOK 0.40



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.

Aiming for NOK 0.25 per ASK (ex fuel)



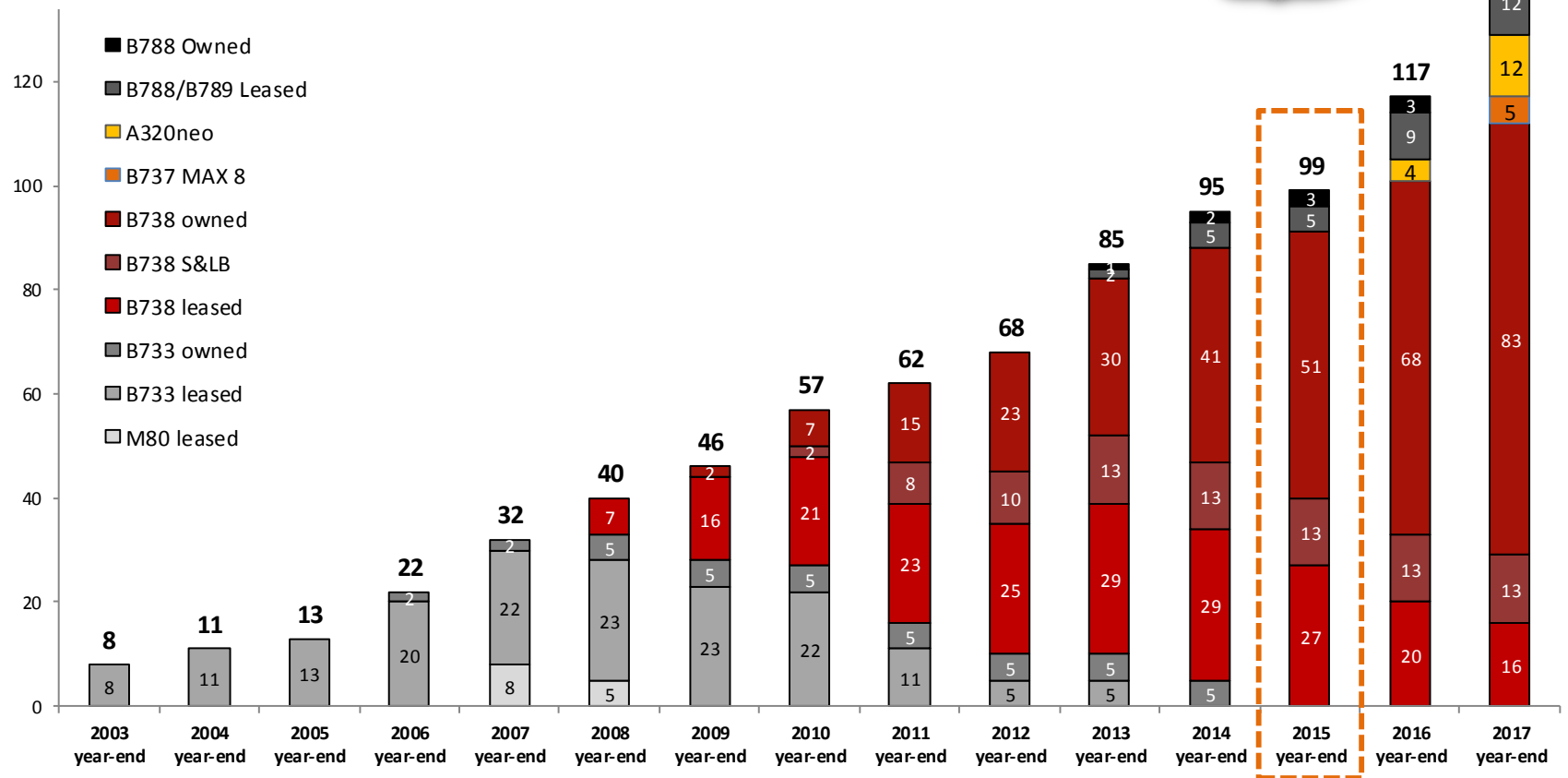
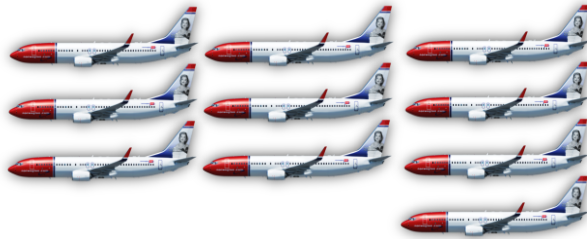
Sources: Based on official full-year 2014 annual report for Norwegian Air Shuttle, Finnair, Air Berlin, Vueling, SAS Group (31.10.2014), Easyjet (30.09.2014), and full-year 2015 report for Ryanair and WizzAir (31.03.2015).

- 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).

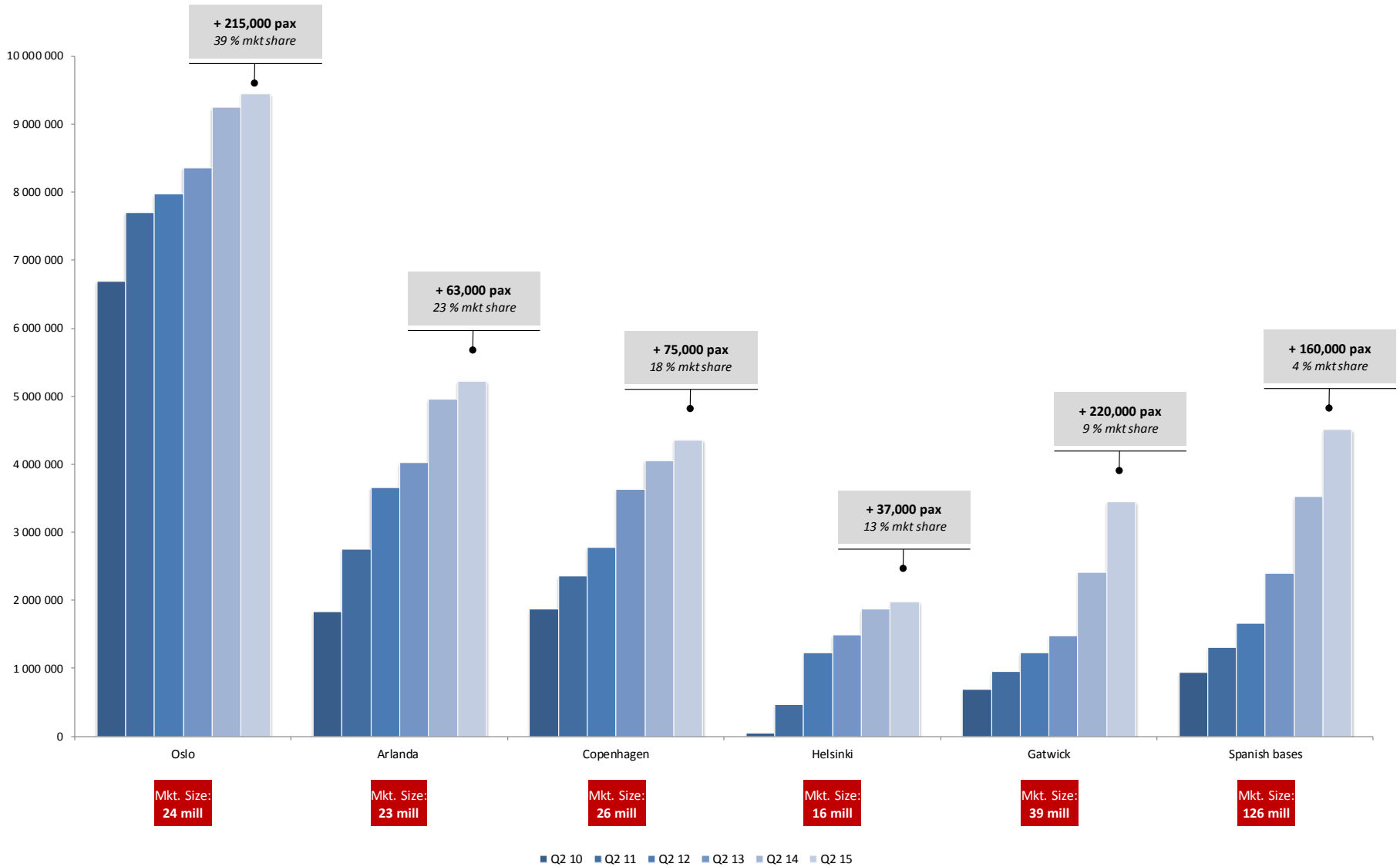
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Top modern fleet with an average age of 4 years

2015: Deliveries 787-8 +291 seats | Deliveries 737-800 +1,860 seats | Sale of 737-300 -740 seats | Re-deliveries 737-800 -372 seats

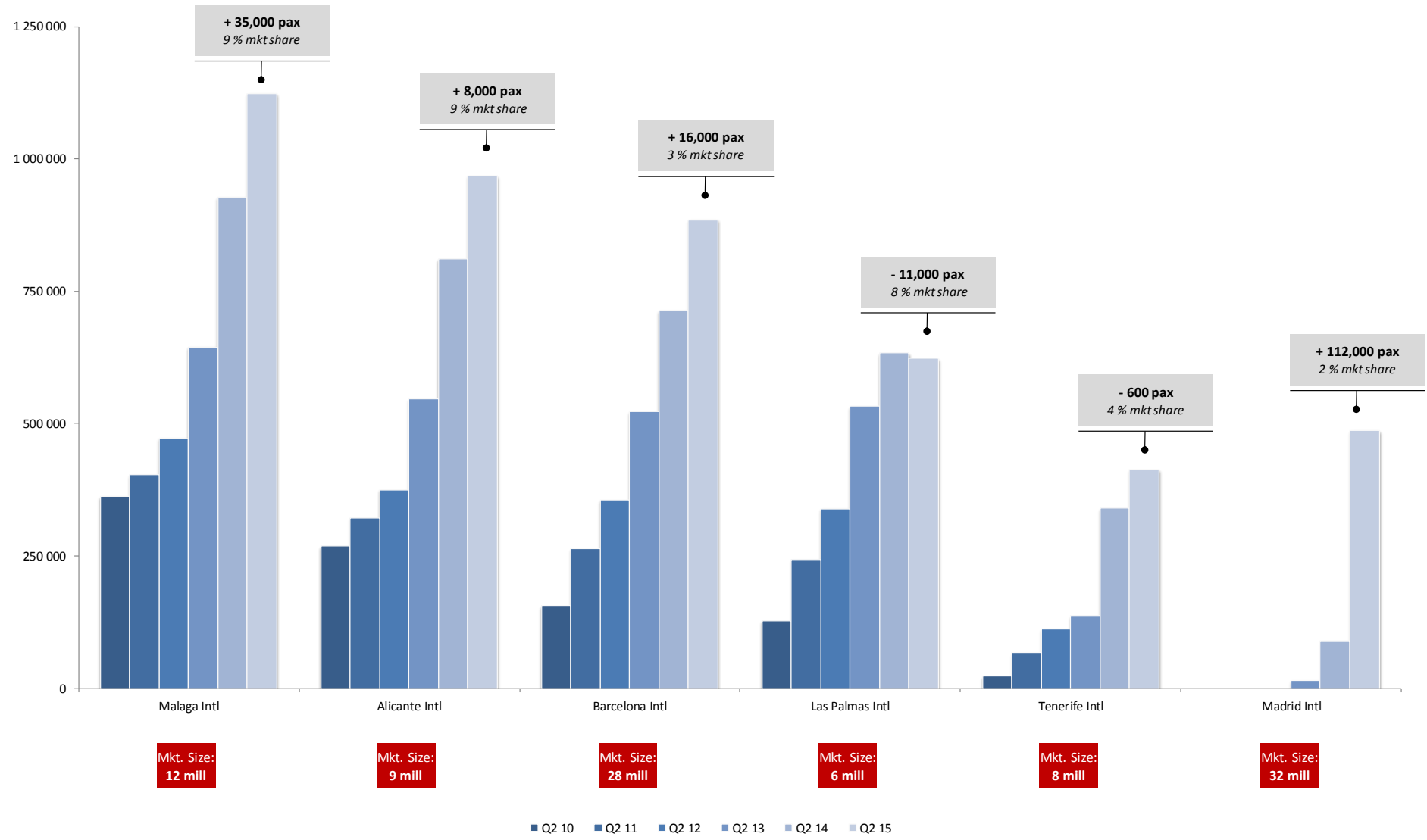


Market shares in key airports (last 12 months)



Sources: Avinor, Swedavia, Copenhagen Airports, Finavia, Gatwick Airport, Aena

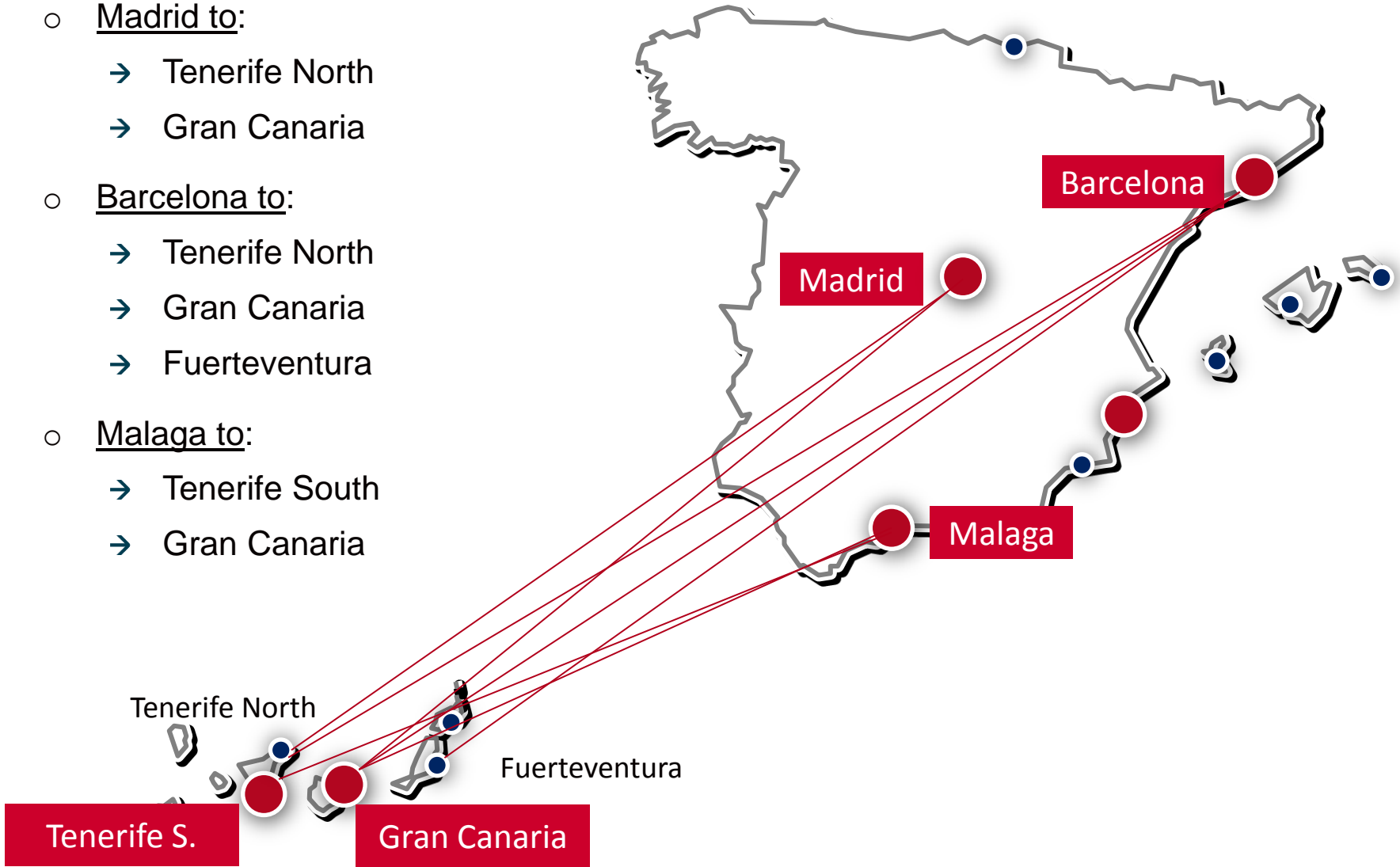
Market shares Spanish airports (last 12 months)



Source: Aena

Launched domestic routes in Spain

- Madrid to:
 - Tenerife North
 - Gran Canaria
- Barcelona to:
 - Tenerife North
 - Gran Canaria
 - Fuerteventura
- Malaga to:
 - Tenerife South
 - Gran Canaria



New routes to North America and the Caribbean

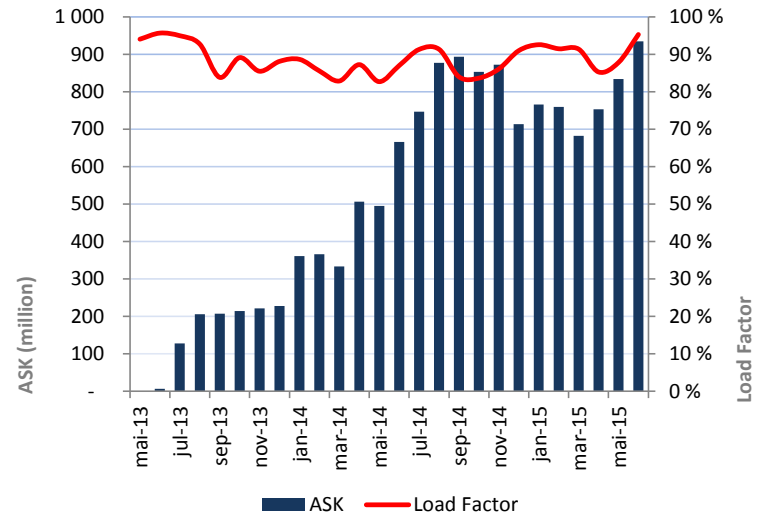
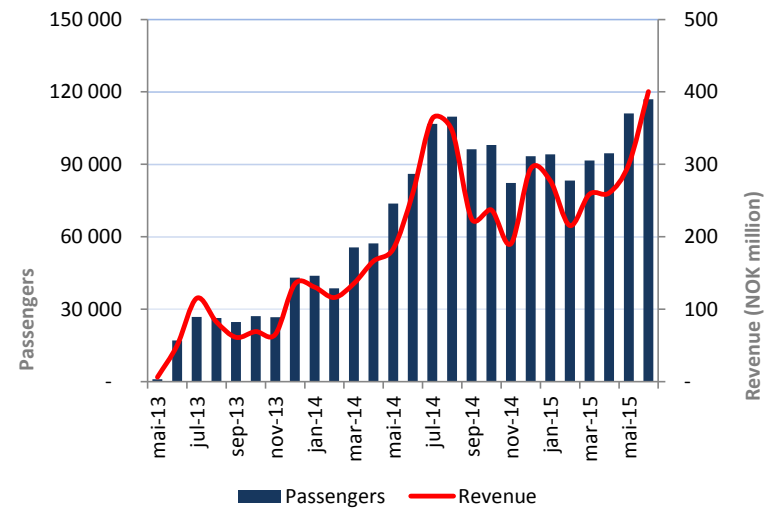


Long-haul status after two years of operation

- Eight aircraft in operation (from May 2015)
- Launched 29 routes
- Built up four bases (NY, FL, UK and Thailand)
- Over 1.7 million passengers
- Positive momentum and through start-up phase

Key figures long-Haul

	2013	2014	1H 2015
ASK (million)	1 571	8 087	4 873
Load Factor	89 %	87 %	91 %
Passengers	192 579	941 265	591 577
Legs	769	3 683	2 235

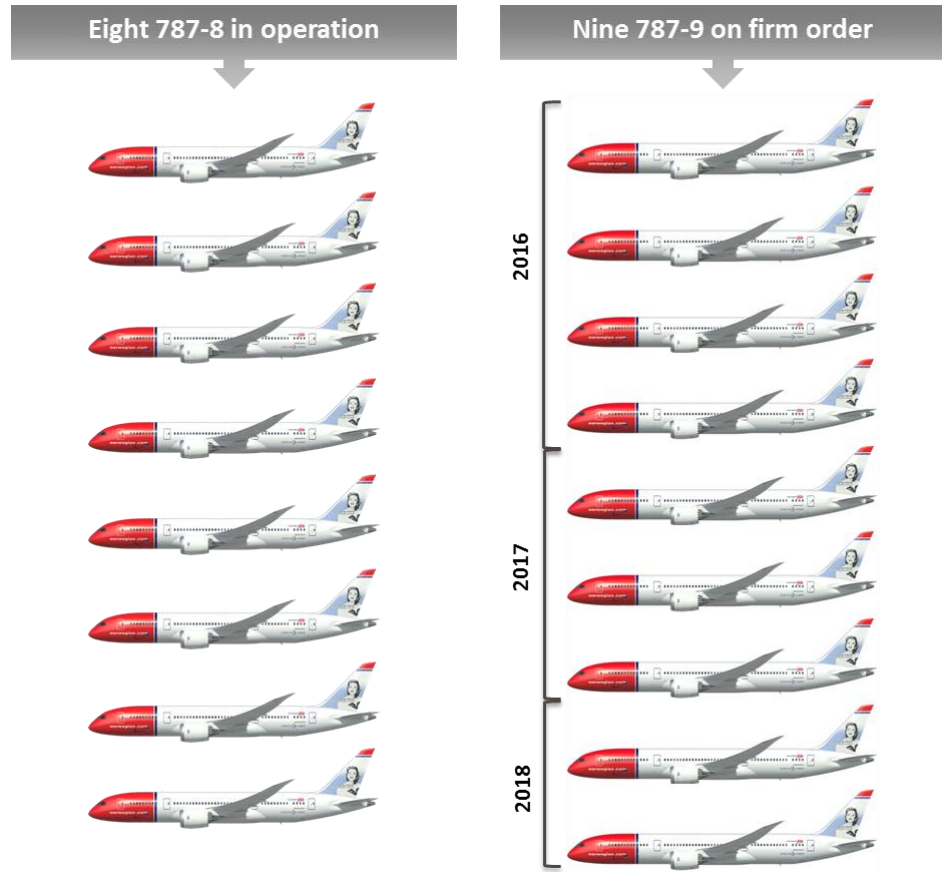


Expanding Long-haul operations

- Expanding fleet with 4 Boeing 787-9 in 2016
 - 344 seat configuration (291 for the 787-8)
 - two in Q2 2016, and two in Q4
- An estimated 30 % ASK growth in 2015 and 38 % in 2016
- Reached critical mass and built market presence
- Expect positive contribution going forward

Forecast Long-Haul


	2014	2015P	2016P
ASK	8 087	10 500	14 500
growth	415 %	30 %	38 %
Legs	3 683	4 800	6 450
	379 %	30 %	34 %





- Business environment
 - Bookings for Q3 2015 ahead of last year (capacity adjusted)
 - Stable market in the Nordic region
 - Good load and improving yield 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
- Investments and capex
 - Aircraft deliveries:
 - 2015: 11 new aircraft; 10 B737 and one B787-8 (returning 7 older aircraft)
 - 2016: 25 aircraft; 17 B737, 4 A320Neo, 4 leased B787-9 (returning 7 leased 737, lease out 4 Neo's)
 - Expected capex mainly related to PDP and aircraft deliveries for FY 2015 and 2016 of NOK 5.5bn and 8.4bn, respectively



- Awarded Europe's Best Low-Cost Carrier 2015 and Global Best Low-Cost Long-Haul Carrier 2015 by SkyTrax 
- Bookings for Q3 2015 ahead of last year
- An estimated NOK 2 billion lower fuel cost for 2015
- Expect positive contribution from Long-Haul going forward
- Aiming for further unit cost reductions
- Successful placing of NOK 1 billion bond

From bases in **NORWAY**



From bases in **SWEDEN**
DENMARK
FINLAND

**Norwegian offers 434
scheduled routes to
130 destinations in
39 countries**



From bases in **SPAIN**

From the **UK** base

