



Norwegian Air Shuttle ASA

Q2 2018 Presentation

12 July 2018

Highlights Q2 2018

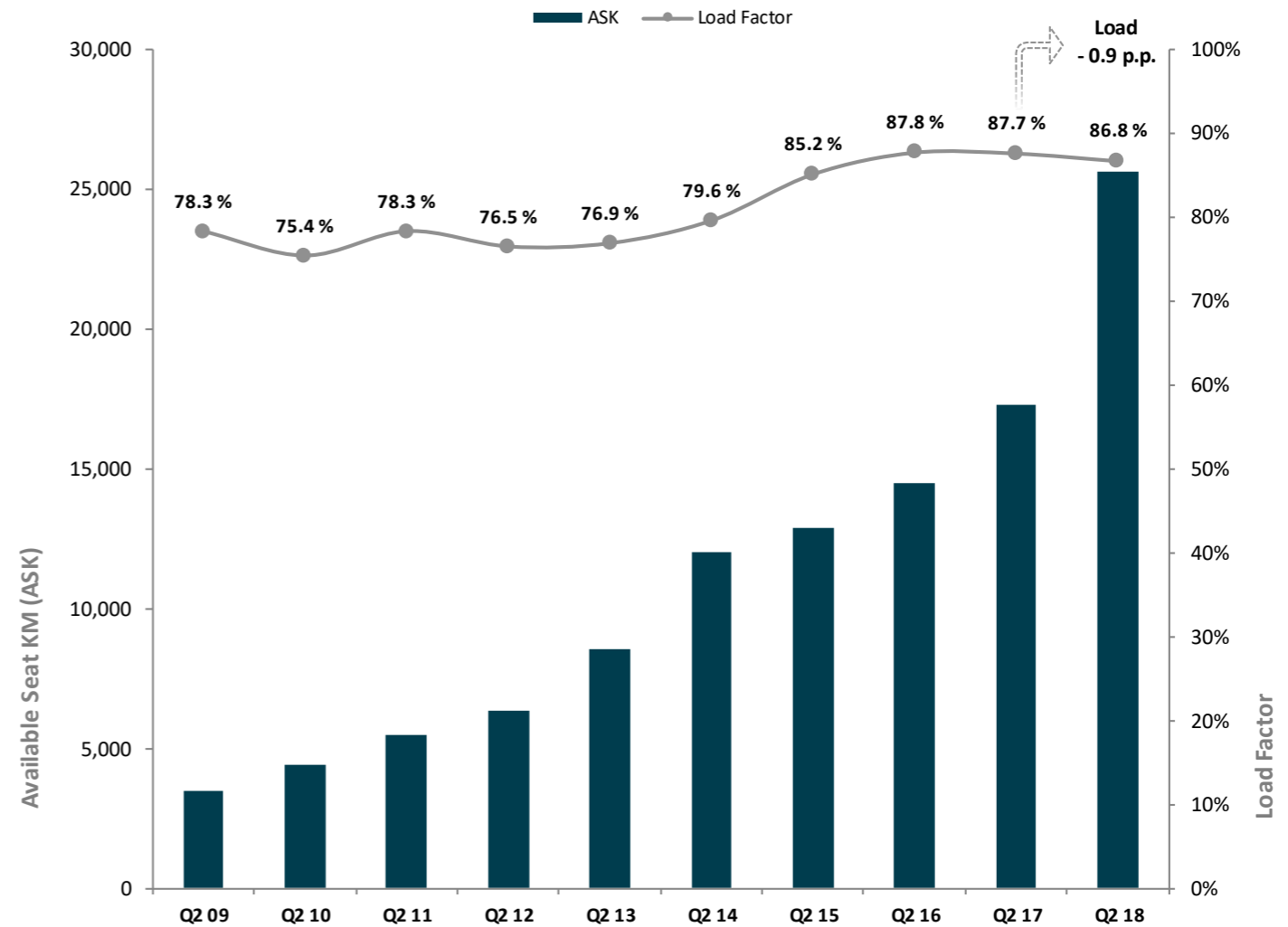


- Successfully completed subsequent offering of NOK 200 million
- Added two 737 MAXs and three 787-9s to operations
- EBITDA of NOK 538 million (59)
- Every operational aircraft was utilized on average 12.7 hours per day compared to 11.5 last year (block hours)
- Norwegian's product recognized through multiple awards
 - World Travel Awards: «Europe's best low cost carrier»
 - US Ambassador's Award for strengthening bilateral relations between Norway and the US
 - Received three recognitions under the prestigious Passenger Choice Awards, including the award «Best Low Cost Carrier in Europe»
 - Norwegian Reward won «Program of the Year Europe & Africa» for the second consecutive year
 - Innovasjonsmagasinet: Norway's most innovative company

Stable load in the quarter with highest absolute growth in the history of Norwegian

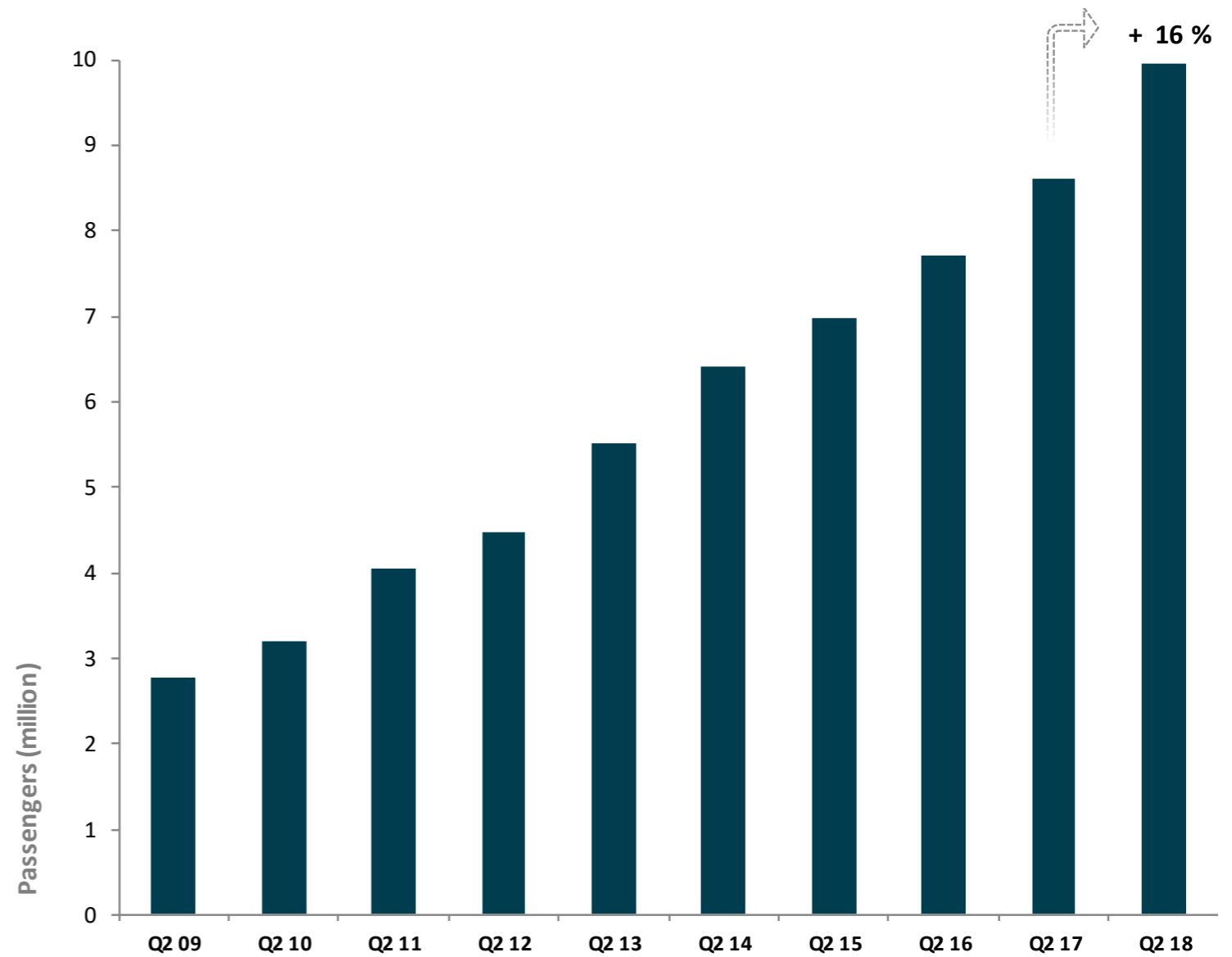


- 48% growth in capacity (ASK)
- 46% growth in traffic (RPK)



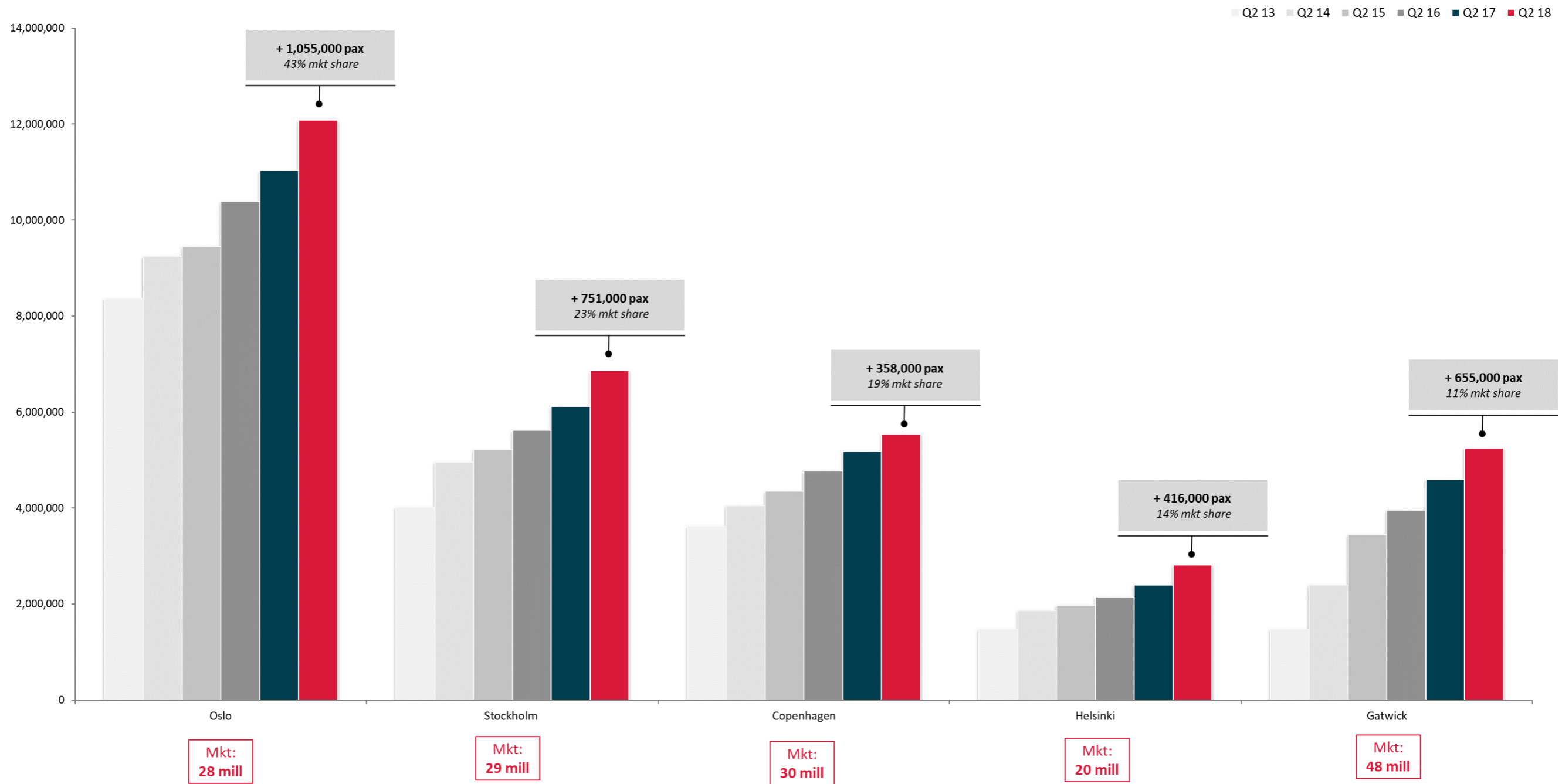
| | | | | | | | | | | |
|-------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| ASK | 3,469 | 4,449 | 5,518 | 6,357 | 8,541 | 12,012 | 12,919 | 14,512 | 17,330 | 25,633 |
| Load Factor | 78.3 % | 75.4 % | 78.3 % | 76.5 % | 76.9 % | 79.6 % | 85.2 % | 87.8 % | 87.7 % | 86.8 % |

10 million passengers in Q2 (+16%)



| | | | | | | | | | | |
|-----------------------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| PAX (mill) | 2.8 | 3.2 | 4.0 | 4.5 | 5.5 | 6.4 | 7.0 | 7.7 | 8.6 | 10.0 |
| PAX 12 mos. rolling (mill) | 9.7 | 11.8 | 14.2 | 16.7 | 19.0 | 22.5 | 24.6 | 27.4 | 31.0 | 35.3 |

Continued growth at all key airports

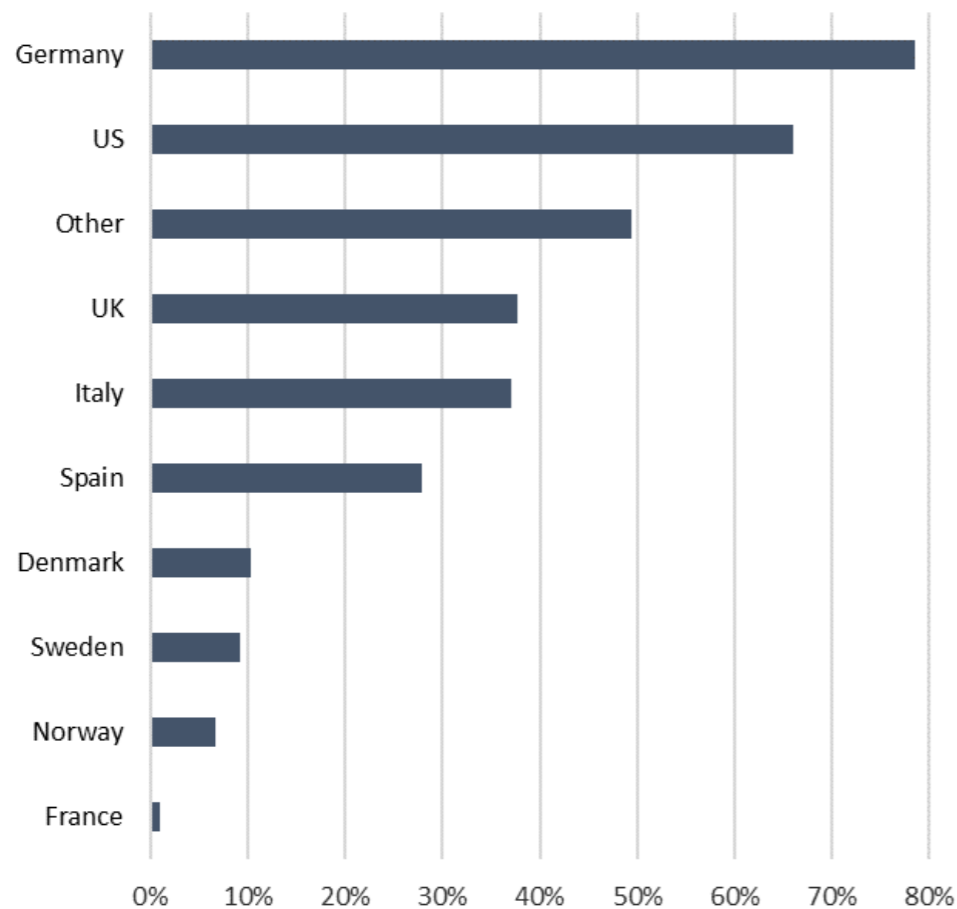


Source: 12 month rolling passengers as reported by Avinor , Swedavia, Copenhagen Airports, Finavia and Gatwick Airport

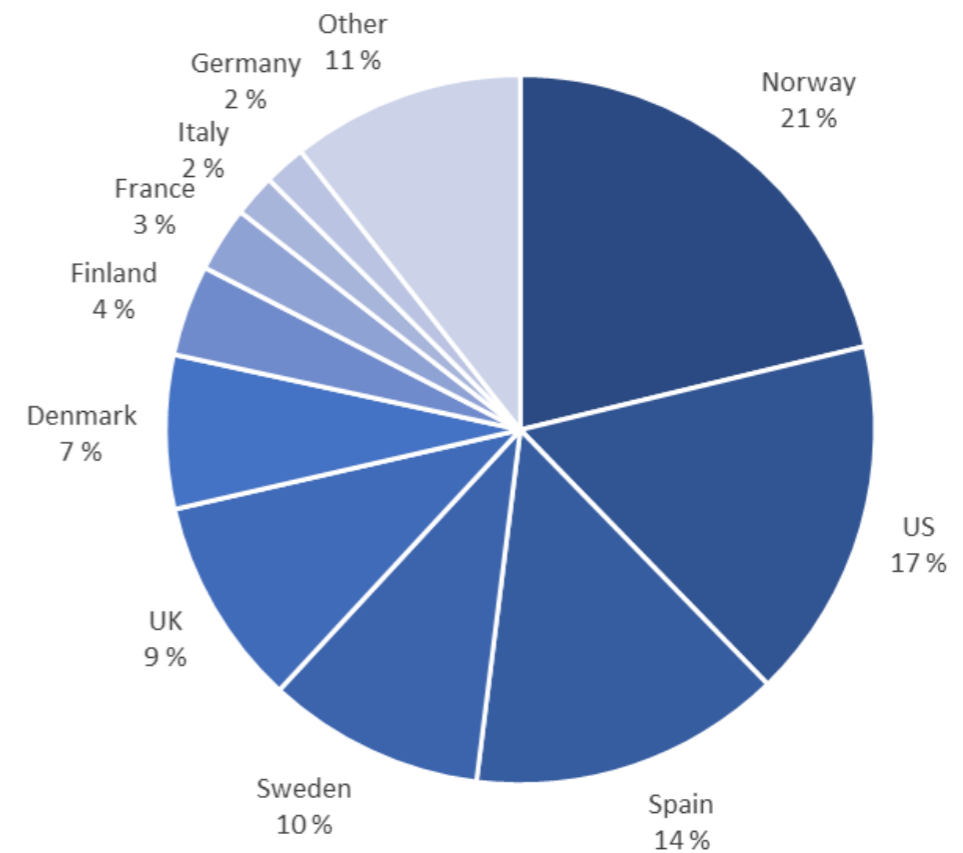
58% of revenue generated outside the Nordics

- 13% revenue growth in the Nordics
- Most significant absolute growth in the US

Growth in revenue by origin in Q2 18* (y/y):

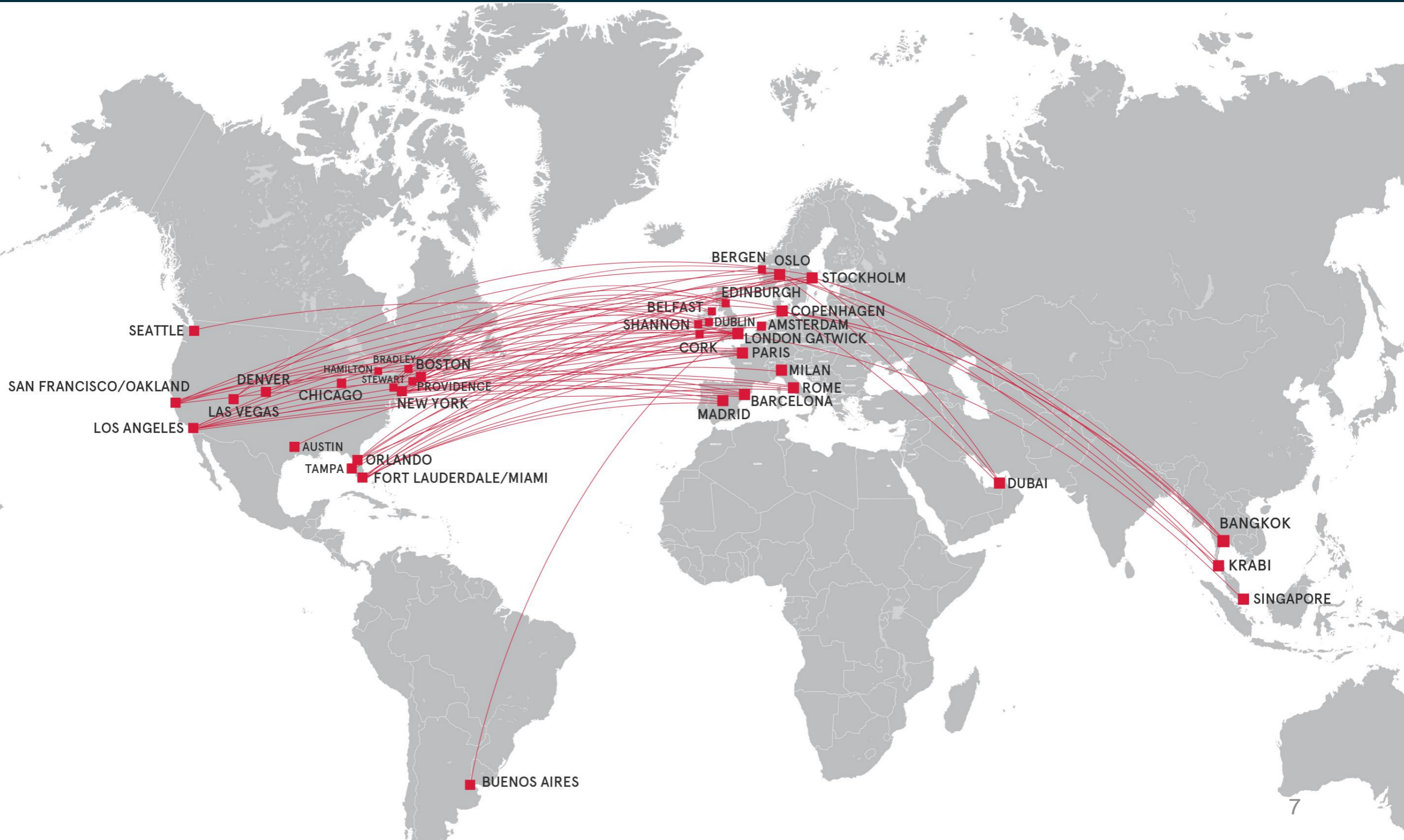


Revenue split by origin in Q2 18*:



* 12 months rolling (estimated)

A network of more than 60 intercontinental routes



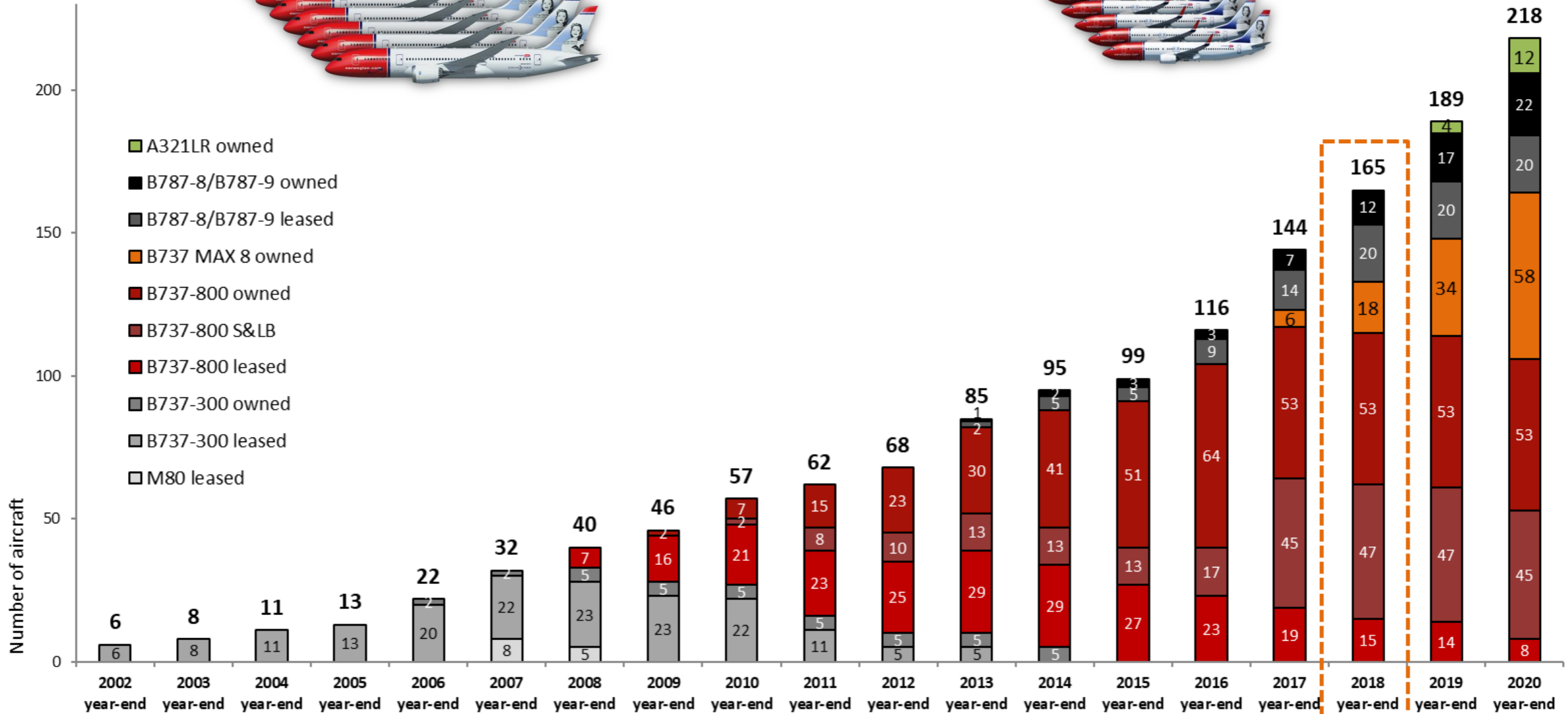
Adding 25 new aircraft to own operations in 2018

2018:

Deliveries 787-9
+3,724 seats

Deliveries 737-800 and 737 MAX
+2,640 seats

Re-deliveries 737-800
-744 seats



Financials

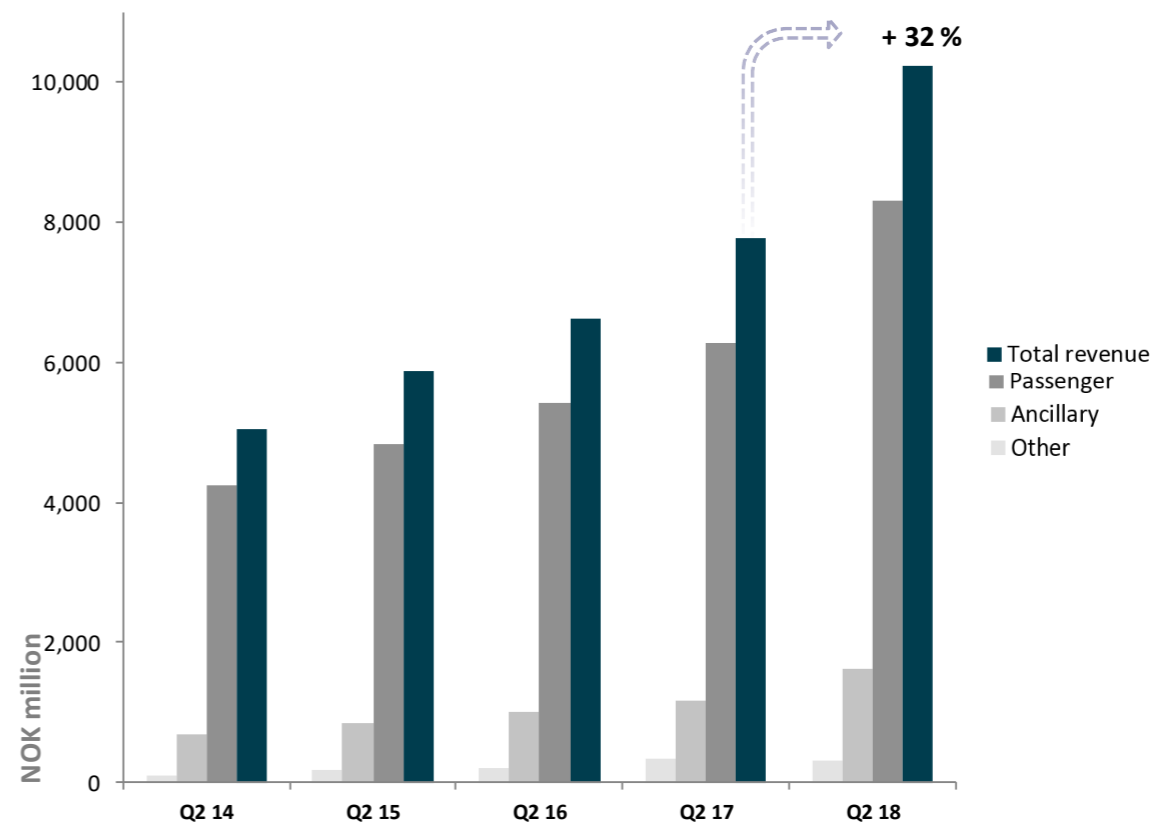
Profit and loss

| <i>NOK million</i> | Q2 2018 | Q2 2017 |
|---|----------------|----------------|
| Passenger revenue | 8,294 | 6,268 |
| Ancillary passenger revenue | 1,613 | 1,173 |
| Other revenue | 321 | 334 |
| Total operating revenue | 10,228 | 7,775 |
| Personnel expenses | 1,656 | 1,262 |
| Aviation fuel | 3,206 | 1,744 |
| Airport and ATC charges | 1,173 | 982 |
| Handling charges | 1,278 | 844 |
| Technical maintenance expenses | 651 | 647 |
| Leasing | 1,081 | 931 |
| Other operating expenses | 1,100 | 1,108 |
| Other losses/(gains) - net | -455 | 197 |
| EBITDA | 538 | 59 |
| Depreciation & amortization | 384 | 921 |
| EBIT | 154 | -863 |
| Net financial items | 207 | -115 |
| Profit / loss from associated companies | 9 | 69 |
| EBT | 370 | -909 |
| Income tax expense | 69 | -218 |
| Net profit | 300 | -691 |

Record high total revenue of NOK 10.2 billion



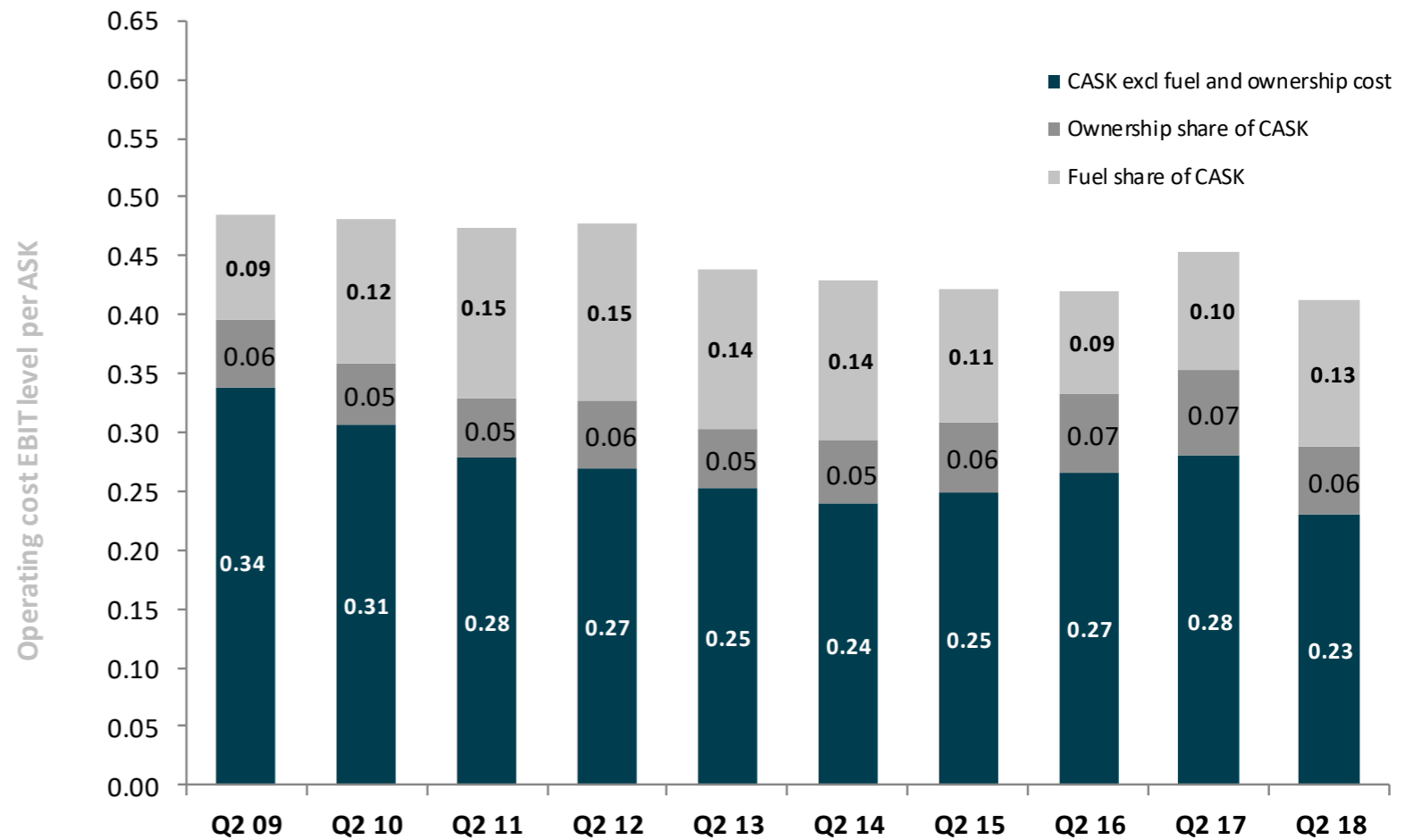
- Total revenue increased by 32% y/y
- Q2 unit passenger revenue (RASK) -11% to 0.32 (-9% in constant currency) due to increased average flying distance of 20% and reverse Easter effect
- Ancillary revenue per passenger increased by 19%
- Cargo revenue increased by 107% to NOK 160 million



| | Q2 14 | Q2 15 | Q2 16 | Q2 17 | Q2 18 |
|----------------------|--------------|--------------|--------------|--------------|---------------|
| Total revenue | 5,043 | 5,861 | 6,632 | 7,775 | 10,228 |
| Passenger | 4,249 | 4,831 | 5,413 | 6,268 | 8,293 |
| % y/y chg | 21 % | 14 % | 12 % | 16 % | 32 % |
| Ancillary | 687 | 857 | 1,010 | 1,173 | 1,614 |
| % y/y chg | 60 % | 25 % | 18 % | 16 % | 38 % |
| Other | 107 | 173 | 210 | 334 | 321 |
| % y/y chg | 29 % | 61 % | 21 % | 59 % | -4 % |

Unit cost excl fuel decreased by 19%

- Unit cost excl fuel decreased by 19% (decreased by 17% in constant currency)
- Unit cost incl fuel decreased by 9% (decreased by 6% in constant currency)

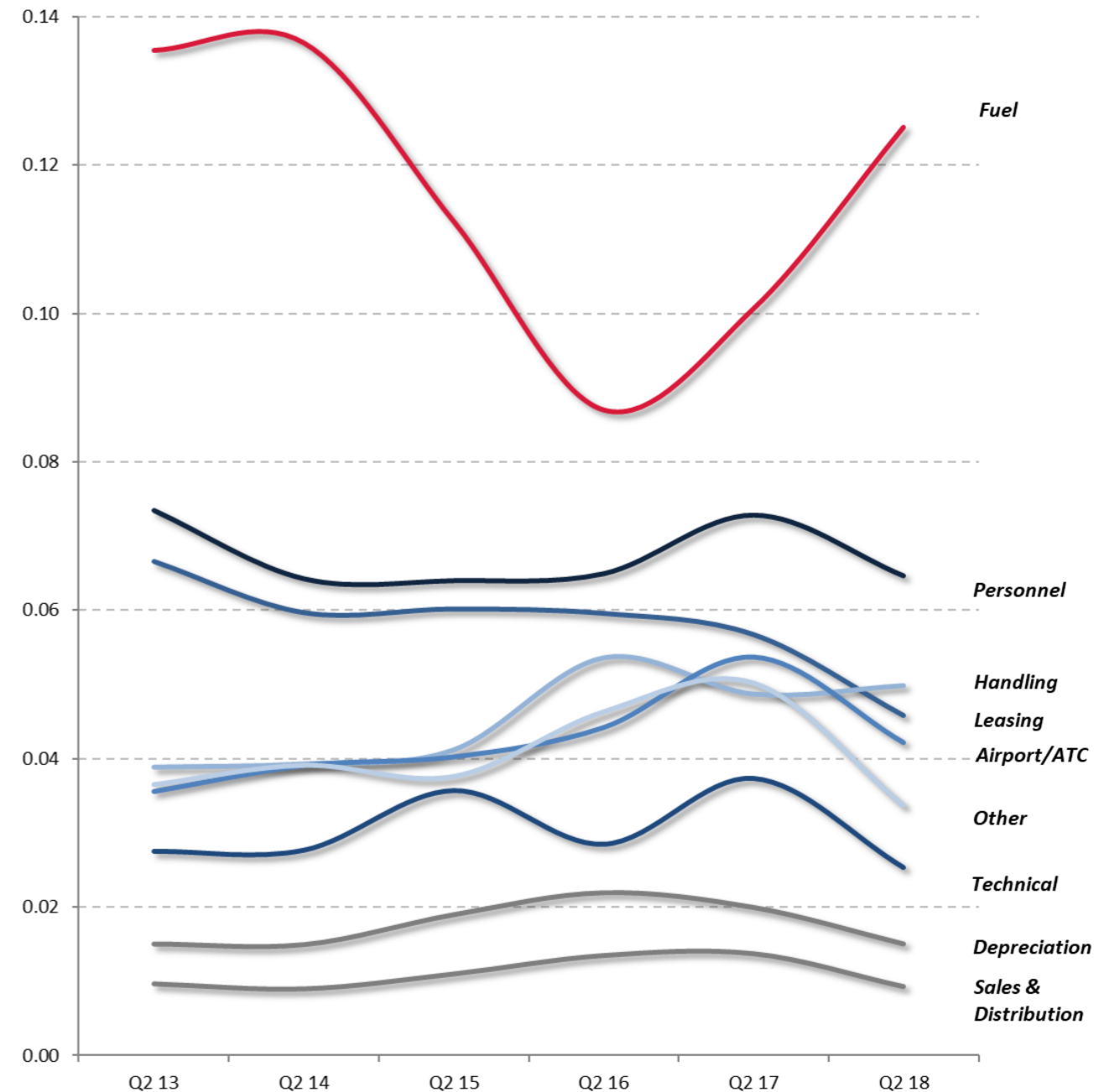


| Unit cost | Q2 09 | Q2 10 | Q2 11 | Q2 12 | Q2 13 | Q2 14 | Q2 15 | Q2 16 | Q2 17 | Q2 18 |
|-----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Unit cost excl fuel and ownership | 0.34 | 0.31 | 0.28 | 0.27 | 0.25 | 0.24 | 0.25 | 0.27 | 0.28 | 0.23 |

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.

Unit cost down despite spike in fuel price

- Higher **fuel cost** (+24% per ASK) driven by spot price (+46%), partly offset by a weaker USD vs NOK (-6%) and efficiency gains
- Lower **personnel cost** (-11% per ASK) due to reduced recruitment before growth moderates
- Higher **handling cost** (+2% per ASK) due to additional security measures for travels to the US of NOK 167 million and compensation cost
- Lower **leasing cost** (-22% per ASK) due to less wetlease, partly offset by a higher share of leased aircraft
- Lower **airport/ATC cost** (-19% per ASK) due to increased sector length
- Lower **technical cost** (-32% per ASK) due to one-off effects related to renegotiation of technical maintenance contracts
- Lower **depreciation** (-25% per ASK) due to lower proportion of owned aircraft



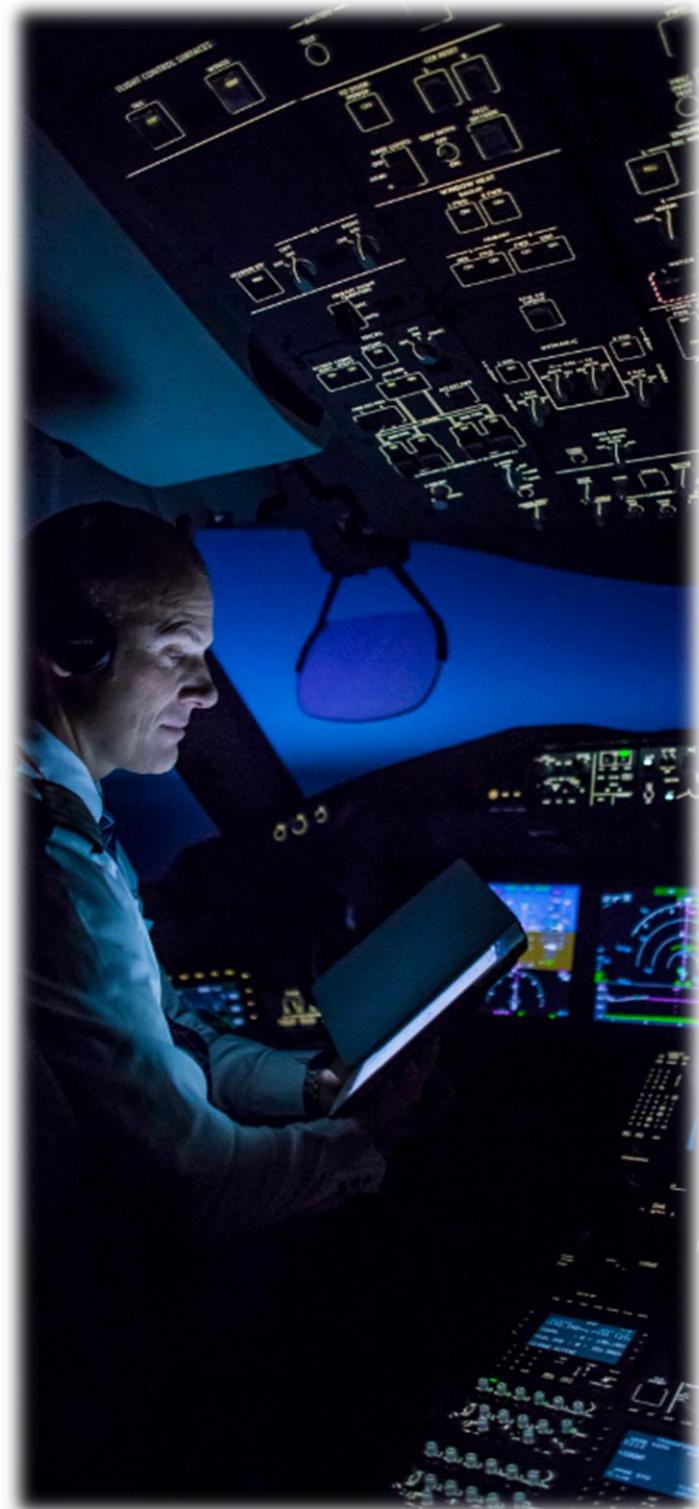
Balance sheet

| <i>NOK million</i> | Q2 2018 | Q2 2017 |
|--------------------------------------|----------------|----------------|
| Intangible assets | 1,658 | 967 |
| <i>Prepayment on aircraft</i> | 8,226 | 6,705 |
| <i>Aircraft and aircraft parts</i> | 29,687 | 20,040 |
| <i>Other fixed assets</i> | 411 | 366 |
| Tangible fixed assets | 38,325 | 27,111 |
| Fixed asset investments | 978 | 1,592 |
| Total non-current assets | 40,961 | 29,669 |
| Assets held for sale | - | 1,900 |
| Inventory | 140 | 101 |
| Investments | 3,265 | 105 |
| Receivables | 7,917 | 4,685 |
| Cash and cash equivalents | 3,714 | 5,832 |
| Total current assets | 15,036 | 12,624 |
| ASSETS | 55,997 | 42,293 |
| Equity | 3,633 | 1,774 |
| Pension obligation | 150 | 103 |
| Provision for periodic maintenance | 2,823 | 1,560 |
| Other non-current liabilities | 161 | 164 |
| Long term borrowings | 23,842 | 17,284 |
| Total non-current liabilities | 26,990 | 19,111 |
| Current liabilities | 7,377 | 4,543 |
| Short term borrowings | 6,590 | 7,827 |
| Air traffic settlement liabilities | 11,363 | 9,038 |
| Total short term liabilities | 25,330 | 21,408 |
| Liabilities | 52,320 | 40,519 |
| EQUITY AND LIABILITIES | 55,997 | 42,293 |

Cash flow

| <i>NOK million</i> | Q2 2018 | Q2 2017 |
|---|----------------|----------------|
| Profit before tax | 329 | -909 |
| Paid taxes | 40 | - |
| Depreciation, amortization and impairment | 384 | 921 |
| Changes in air traffic settlement liabilities | 378 | 484 |
| Changes in receivables | -199 | -1,102 |
| Other adjustments | 315 | 2,002 |
| Net cash flows from operating activities | 1,247 | 1,397 |
| Purchases, proceeds and prepayment of tangible assets | -3,025 | -321 |
| Other investing activities | -0 | -0 |
| Net cash flows from investing activities | -3,025 | -321 |
| Loan proceeds | 3,399 | 954 |
| Principal repayments | -1,691 | -502 |
| Financing costs paid | -405 | -452 |
| Proceeds from issuing new shares | 1,008 | - |
| Net cash flows from financing activities | 2,311 | -0 |
| Foreign exchange effect on cash | -22 | -2 |
| Net change in cash and cash equivalents | 510 | 1,074 |
| Cash and cash equivalents at beginning of period | 3,204 | 4,757 |
| Cash and cash equivalents at end of period | 3,714 | 5,832 |

Financing on track



→ Capex commitment (all aircraft incl PDP)

- USD 1.75 billion for 2018 (previous estimate: USD 1.9 bn)
- USD 2.2 billion for 2019 (previous estimate: USD 2.6 bn)
- Fleet renewal – initiated process to sell older aircraft and reduce capex commitment

→ PDP financing / liquidity

- Repayment of bond in May (NOK 1.1 bn)
- Tranche 2 of private placement and subsequent offering completed (NOK 1 bn)
- Undrawn credit facility of NOK 296 million (of NOK 1 bn)

→ Long-term financing

- Completed financing for two 737 MAXs and one 787-9 in Q2
- In process of finalizing AFIC and ECA financings for the remaining deliveries in 2018
- Utilizing a mix of long-term financing for the deliveries in 2018 to 2020 with focus on AFIC and export credits

Outlook

Outlook for 2018



→ Markets and business

→ Current booked volumes show that the load is marginally down and the yield is marginally up for the coming months

→ An estimated production growth (ASK) of 40% (unchanged)

→ Q3: + 34% Q4: +38% (previous estimate: 37% and 41% respectively)

→ Fuel hedging

→ 22% of H2 2018 at USD 525

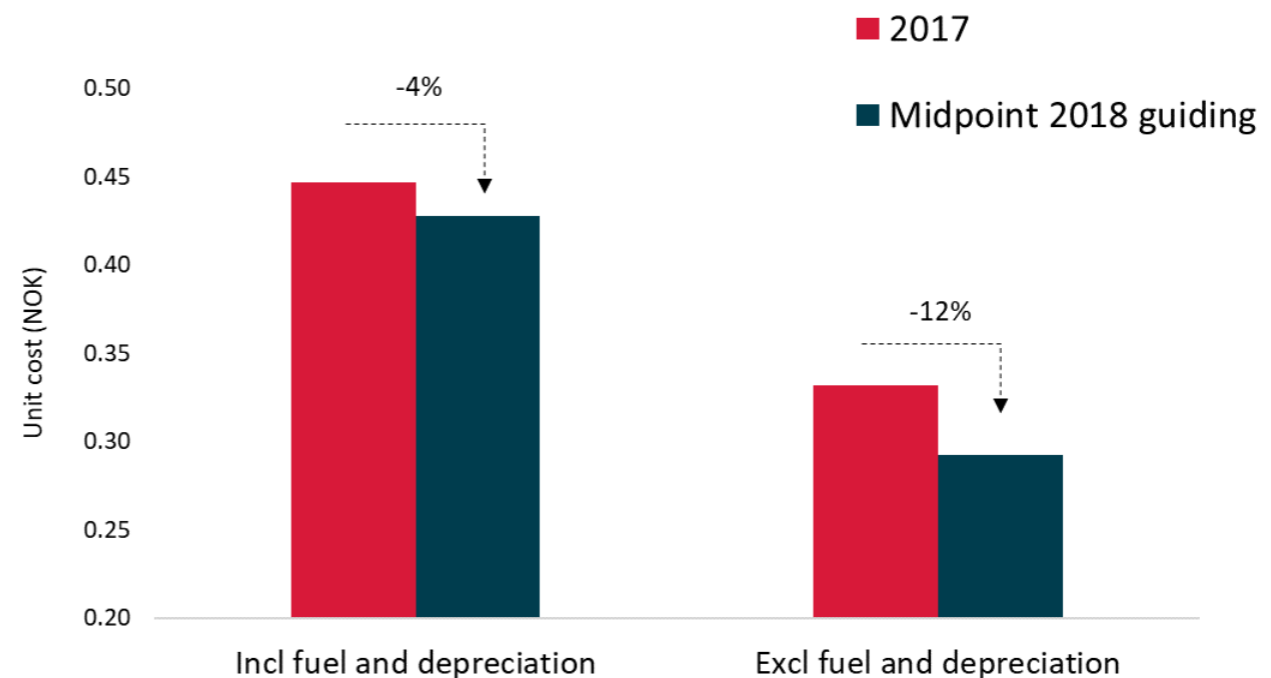
→ 7% of 2019 at USD 648

Expect to reduce unit cost excl fuel by 12%



→ Unit cost estimates

- NOK 0.290-0.295 excl fuel and depreciation
- NOK 0.425-0.430 incl fuel and depreciation (previous estimate: 0.415-0.420)
- Assumptions: Fuel price of USD 681/mt (644), USD/NOK 7.88 (7.61), EUR/NOK 9.42 (9.50). Based on the current route portfolio and planned production.



Going forward



- Fully committed to delivering on our long-term strategy
- Entering a more moderate growth phase
- Focus on cost reduction initiatives
- Expect to reach a conclusion on divestment of aircraft in Q3 2018
- Growth will be skewed towards increased frequency on existing routes
- Preparing to start flying in Argentina in Q4 2018
- Establishing new long haul base in Copenhagen

Norwegian offers more than 500 routes to over 150 destinations

