Norwegian Air Shuttle ASA

Q2 2019 Presentation

11 July 2019

Highlights Q2 2019

Improved results y.o.y.

- EBITDAR excl other losses/gains improved to NOK 2,338 million (NOK 1,164 million) as growth is abating, in line with the company’s strategy
- Improved unit revenue by 13 per cent, primarily driven by long-haul and positive Easter effect
- Result impact of NOK 400 million in Q2 related to the Boeing 737 MAX grounding

Sustained focus on operational improvements

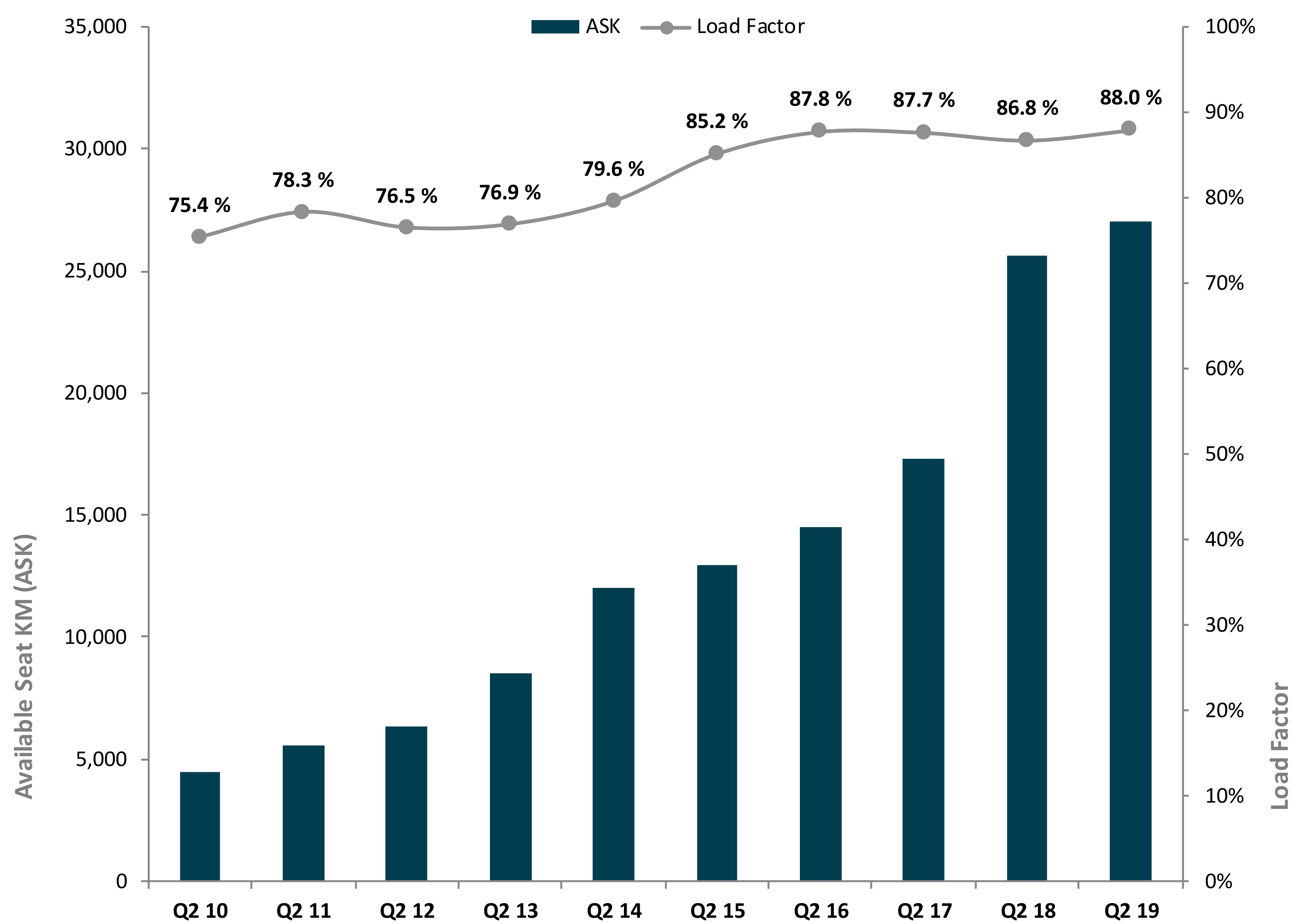
- #Focus2019: On track with NOK 554 million cost reduction in Q2, in aggregate more than NOK 1 billion YTD
- Improved punctuality by 2 p.p. compared to Q2 2018
- Once again recognized as ‘World's Best Low-Cost Long-Haul Airline’ by SkyTrax World Airline Awards and voted ‘Europe’s Leading Low-Cost Airline’ by World Travel Awards

Continued CAPEX reduction

- The grounding of Boeing 737 MAX is expected to reduce the number of deliveries in 2019 from 16 to 6 aircraft
- In Q2, the company signed an agreement for sale of two additional Boeing 737-800 aircraft with a cash effect of USD 21 million in Q3/Q4
- Added two Boeing 787-9s to operations

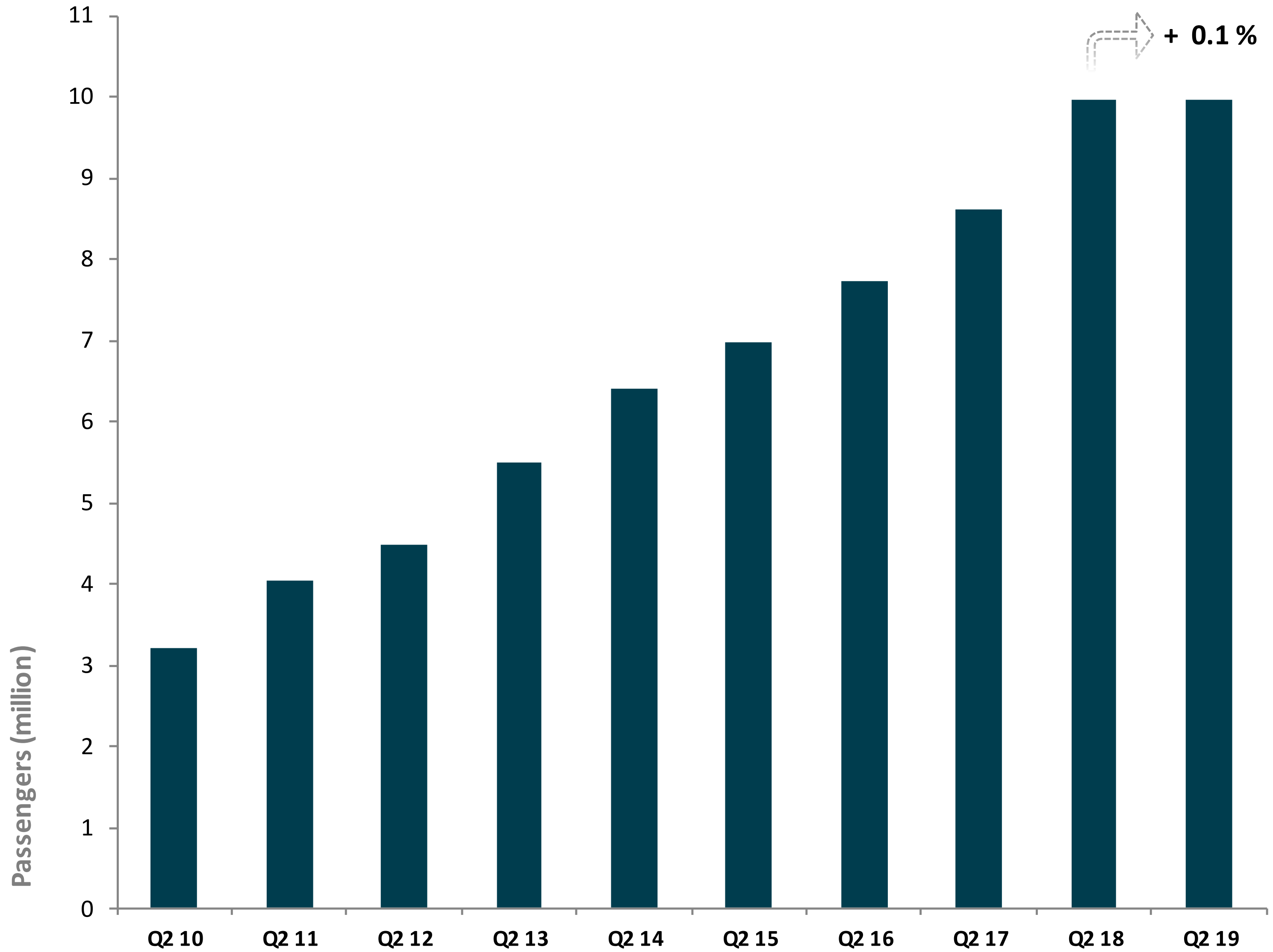
Abating growth and increased load factor

- 6 % growth in production (ASK), compared to 48 % in Q2 2018
- 7 % growth in traffic (RPK), compared to 46 % in Q2 2018



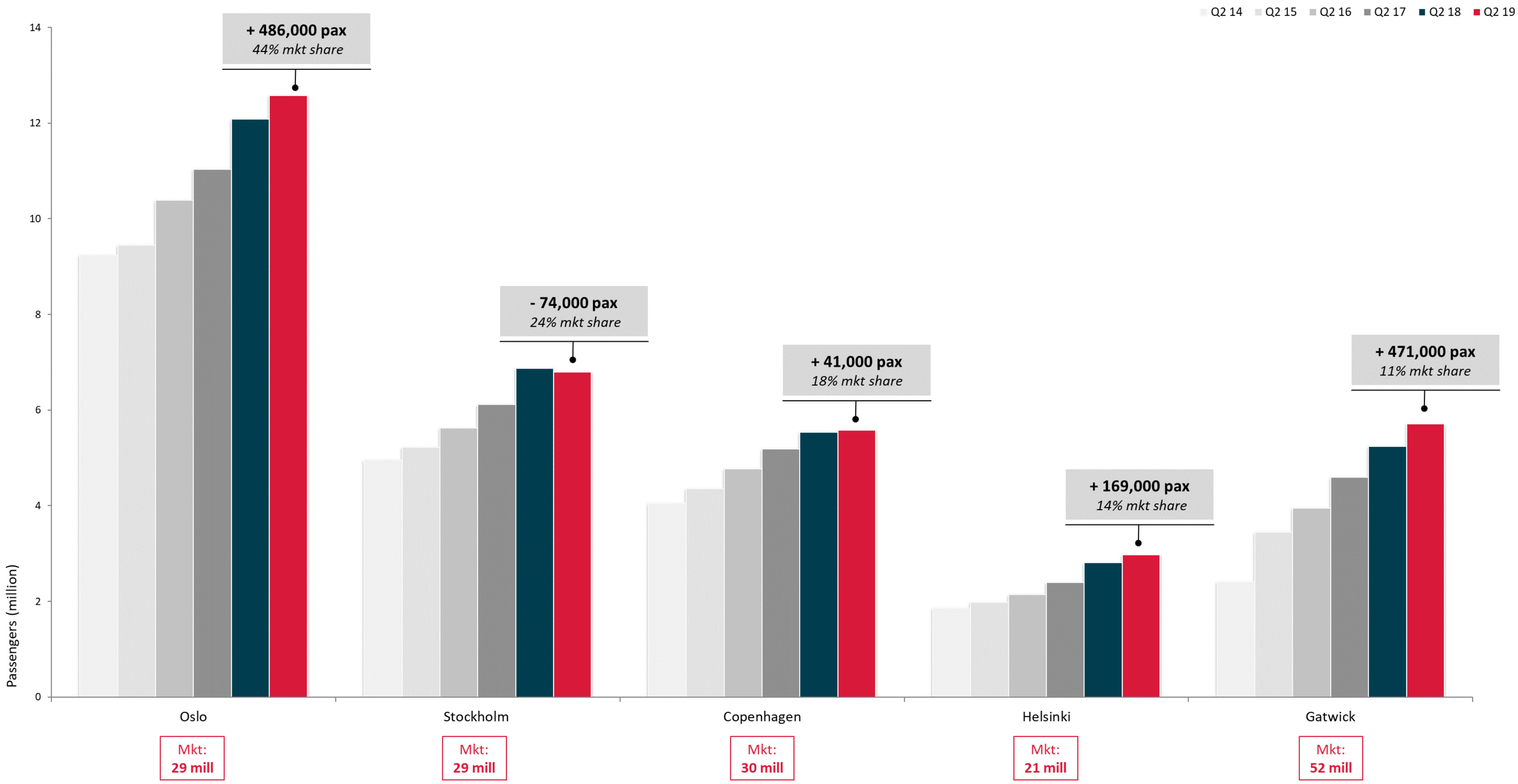
ASK	4,449	5,518	6,357	8,541	12,012	12,919	14,512	17,330	25,633	27,074
Load Factor	75.4 %	78.3 %	76.5 %	76.9 %	79.6 %	85.2 %	87.8 %	87.7 %	86.8 %	88.0 %

19 per cent revenue growth on flat passenger development



	Q2 10	Q2 11	Q2 12	Q2 13	Q2 14	Q2 15	Q2 16	Q2 17	Q2 18	Q2 19
PAX (mill)	3.2	4.0	4.5	5.5	6.4	7.0	7.7	8.6	10.0	10.0
PAX 12 mos. rolling (mill)	11.8	14.2	16.7	19.0	22.5	24.6	27.4	31.0	35.3	38.0

Stable passenger development at key airports

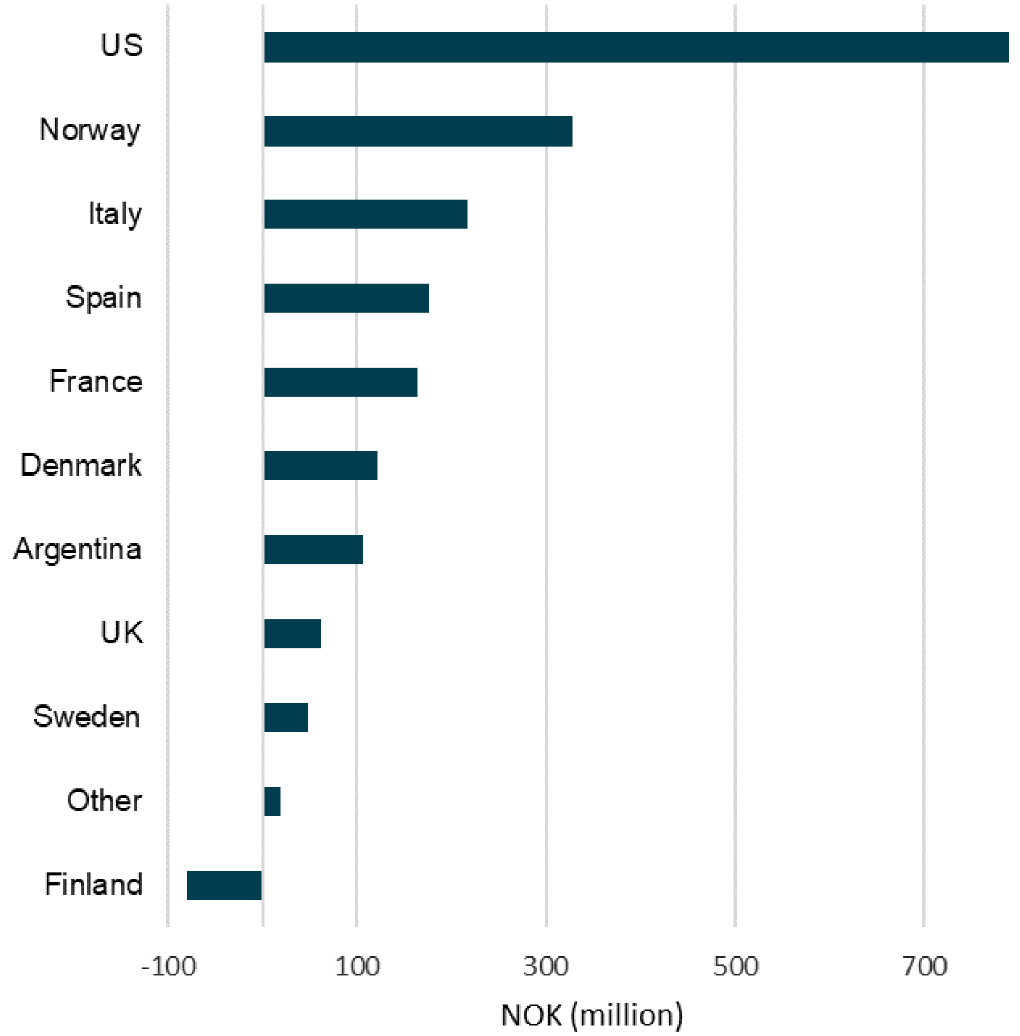


Source: 12 month rolling passengers as reported by Avinor, Swedavia, Copenhagen Airports, Finavia and Gatwick Airport

Transatlantic routes the key revenue driver in Q2

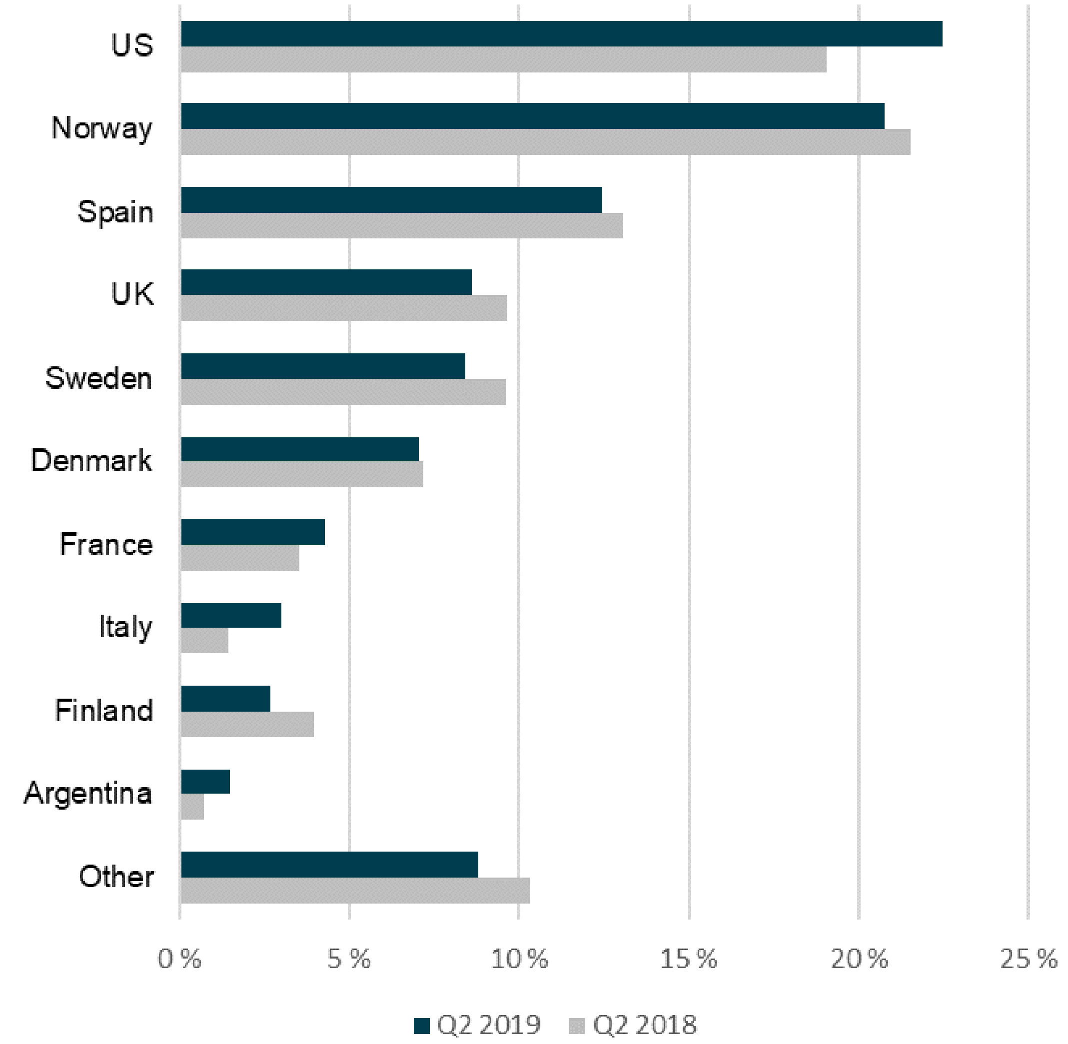
Absolute revenue growth y.o.y. in Q2 19:

- Strongest growth in absolute revenue in the US
- Continued high growth in the key European markets on transatlantic routes

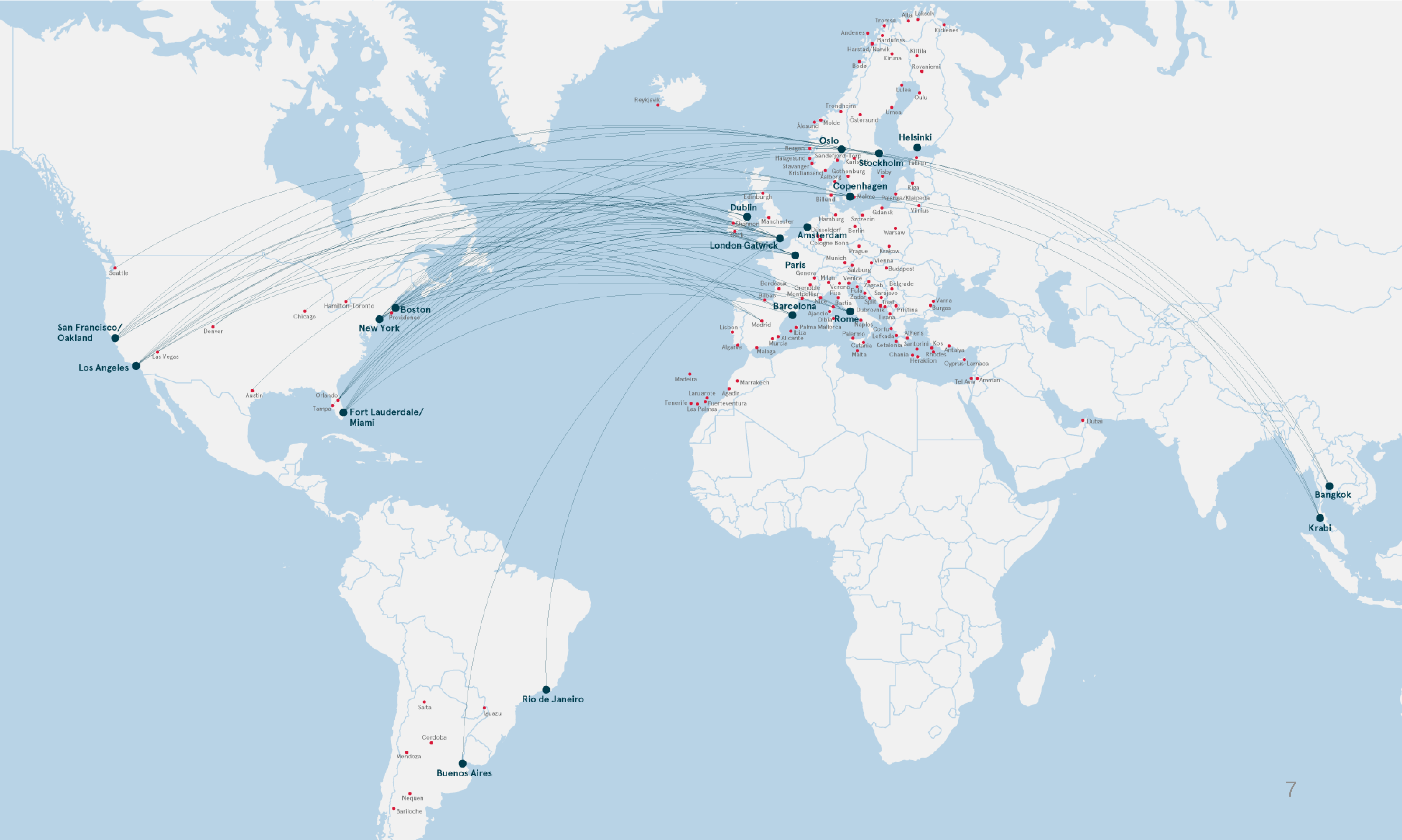


Revenue split by origin in Q2 19:

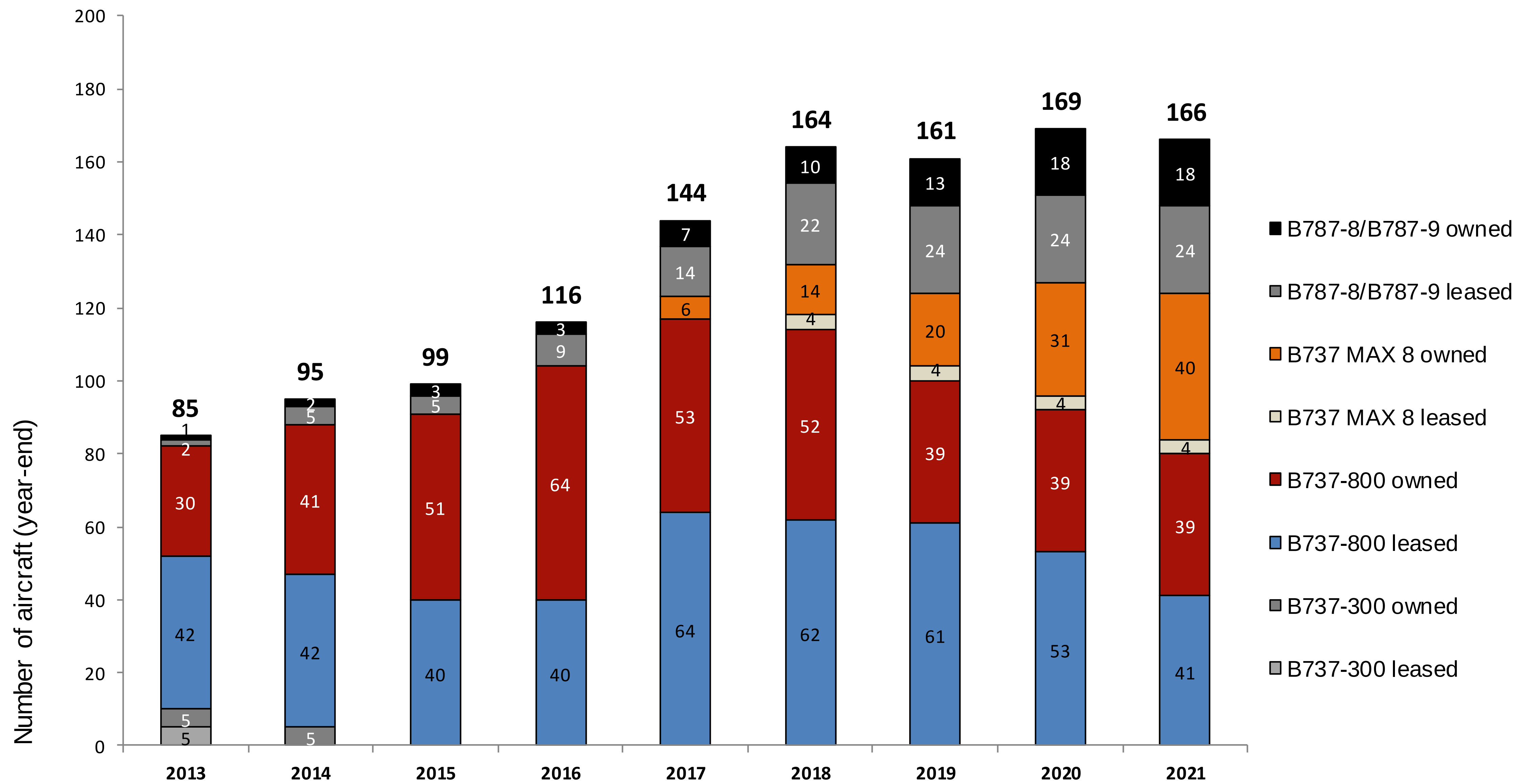
- Revenue from the US now the largest share of the company's revenue



Largest European carrier to New York and Los Angeles



Stable short-haul fleet and six remaining 787 deliveries



Changes since Q1 2019 presentation:	-10 MAXs	-7 MAXs	-16 MAXs

For 2019 to 2021 the delivery schedule for the MAX fleet is uncertain

Norwegian has reduced emissions per passenger kilometer by 30 % since 2008

Avoiding flat beds

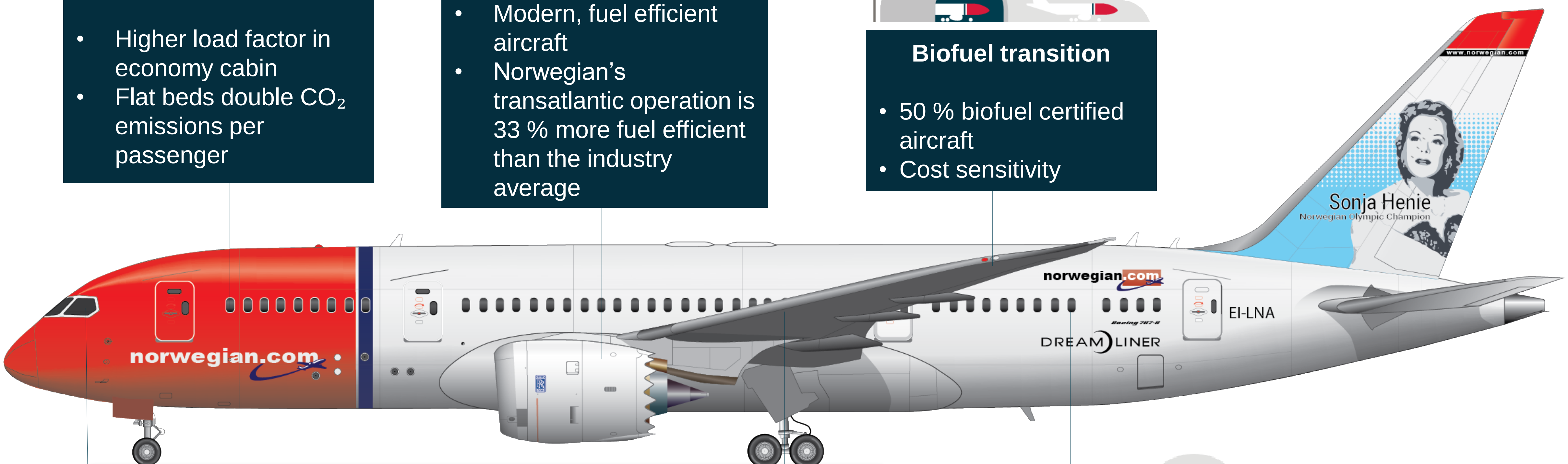
- Higher load factor in economy cabin
- Flat beds double CO_2 emissions per passenger

Fuel savings

- Modern, fuel efficient aircraft
- Norwegian's transatlantic operation is 33 % more fuel efficient than the industry average

Biofuel transition

- 50 % biofuel certified aircraft
- Cost sensitivity



New technology

- The implementation of advanced weather data reduces emissions by tens of thousands of tons

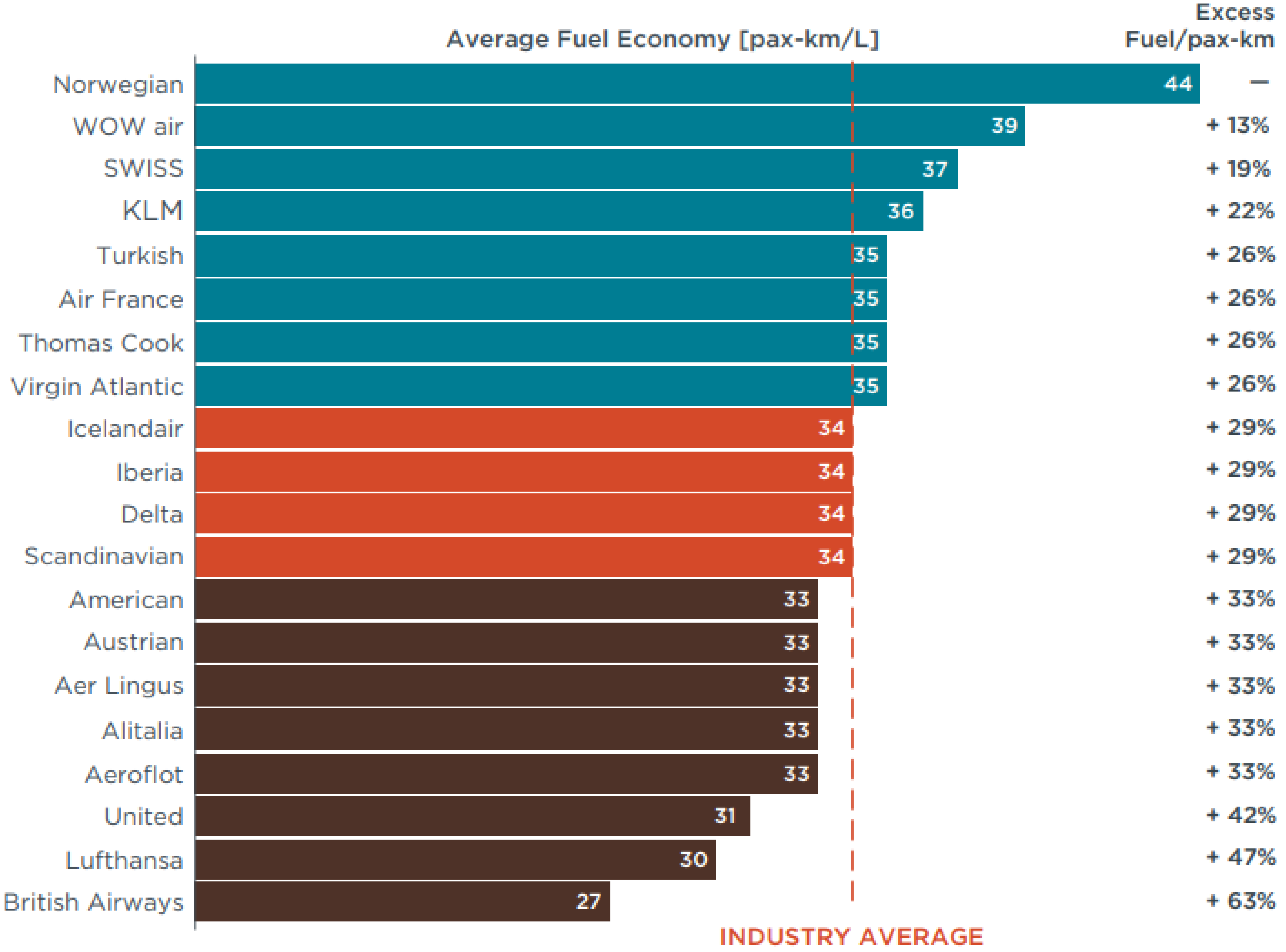
Sustainable flying

- High load factors ensures lower CO_2 emissions per passenger kilometer

Carbon offsetting

- To be launched soon
- Dedicated UN certified projects
- More than NOK 330 million paid to the EU ETS in 2018

Best in class on fuel efficiency



Source: The International Council on Clean Transportation (ICCT), published in September 2018 based on 2017 figures. Only transatlantic routes included.

Financials

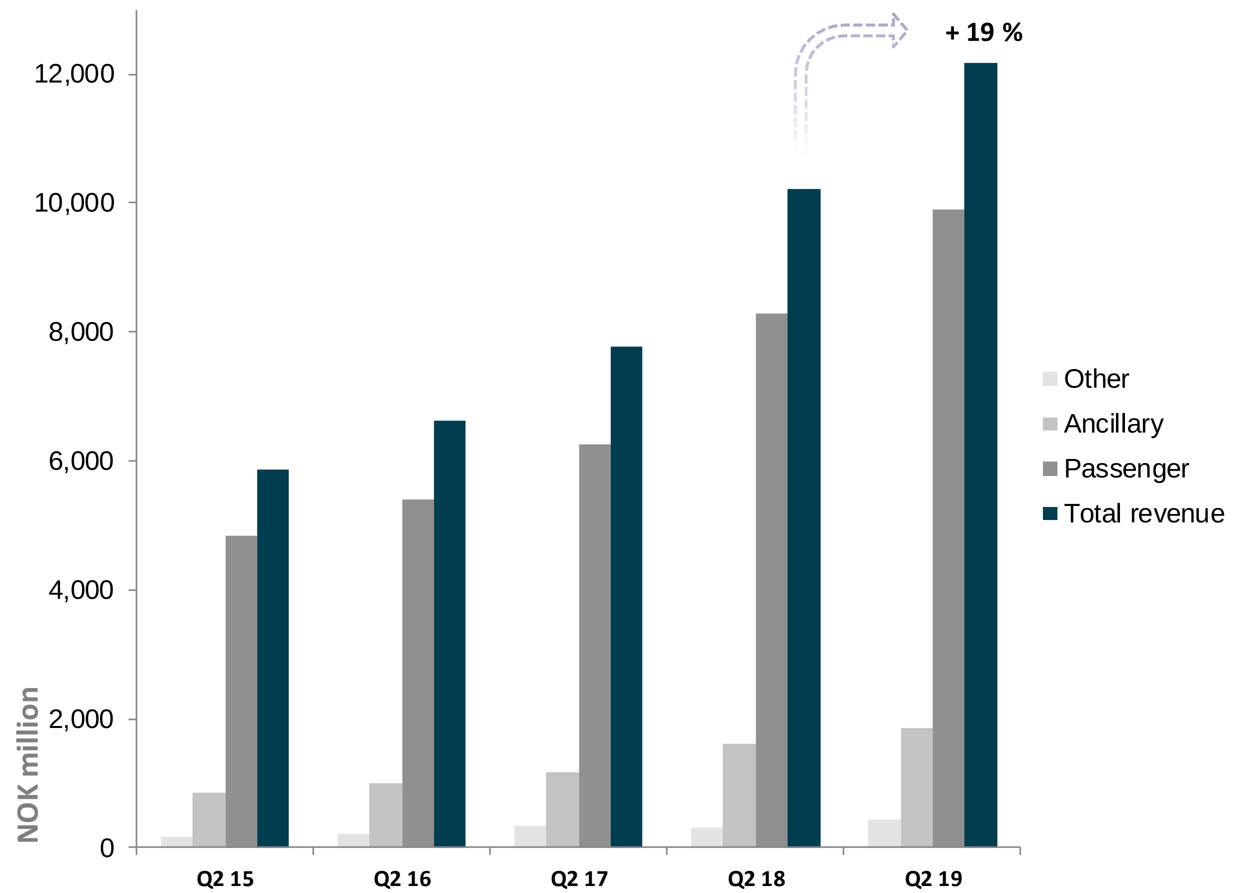
Highest Q2 EBITDAR in the history of the company

NOK million	Q2 2019	Q2 2018
Passenger revenue	9,901	8,294
Ancillary passenger revenue	1,850	1,613
Other revenue	431	321
Total operating revenue	**12,182**	**10,228**
Personnel expenses	1,763	1,656
Aviation fuel	3,507	3,206
Airport and ATC charges	990	1,173
Handling charges	1,399	1,278
Technical maintenance expenses	1,009	651
Other operating expenses	1,175	1,100
Other losses/(gains) - net	128	-455
EBITDAR	**2,209**	**1,619**
Aircraft lease, depreciation and amortization	1,587	1,465
EBIT	**623**	**154**
Net financial items	-547	207
Profit/loss from associated companies	36	9
EBT	**111**	**370**
Income tax expense (income)	29	69
Net profit (loss)	**83**	**300**

- Positive one-off effects of approx. NOK 448 million last year mainly related to renegotiation of technical maintenance contracts
- Currency gain of NOK 448 million last year. Gain of NOK 174 million from sale of shares in Lilienthal this year
- Negative IFRS 16 effect on EBT of NOK 183 million. EBT would be NOK 294 million excl IFRS 16 effects

Positive RASK development driven by long-haul

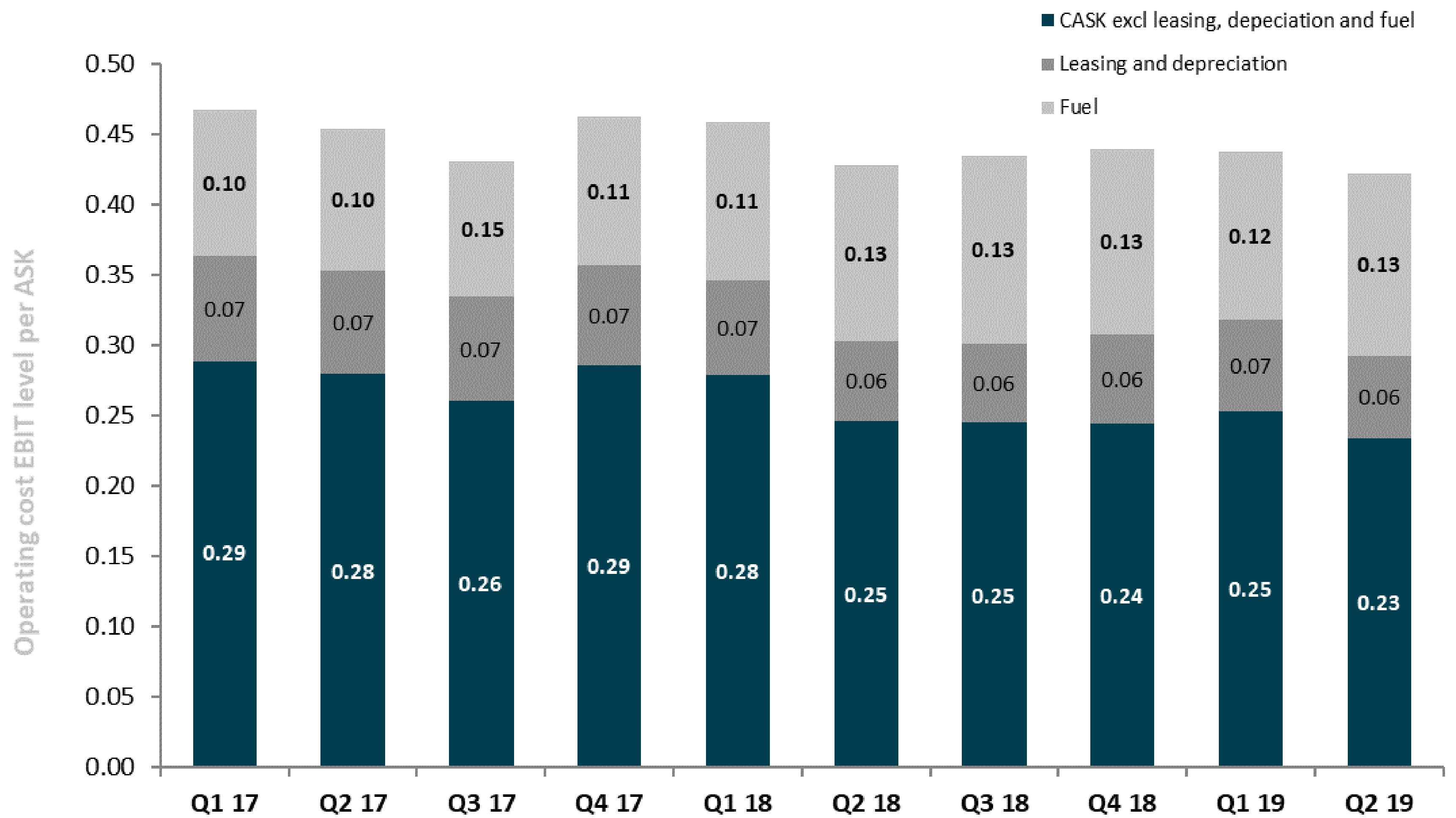
- Q2 unit revenue (RASK) +13 % to 0.37 (+11 % in constant currency), positively impacted by Easter
- Ancillary revenue per passenger increased by 15 % to NOK 185
- Cargo revenue increased by 14 % to NOK 182 million



Total revenue	**5,861**	**6,632**	**7,775**	**10,228**	**12,182**
Passenger	4,831	5,413	6,268	8,293	9,901
% y/y chg	*14 %*	*12 %*	*16 %*	*32 %*	*19 %*
Ancillary	857	1,010	1,173	1,614	1,850
% y/y chg	*25 %*	*18 %*	*16 %*	*38 %*	*15 %*
Other	173	210	334	321	431
% y/y chg	*61 %*	*21 %*	*59 %*	*-4 %*	*34 %*

Currency adjusted unit cost excluding fuel decreased by 1 %

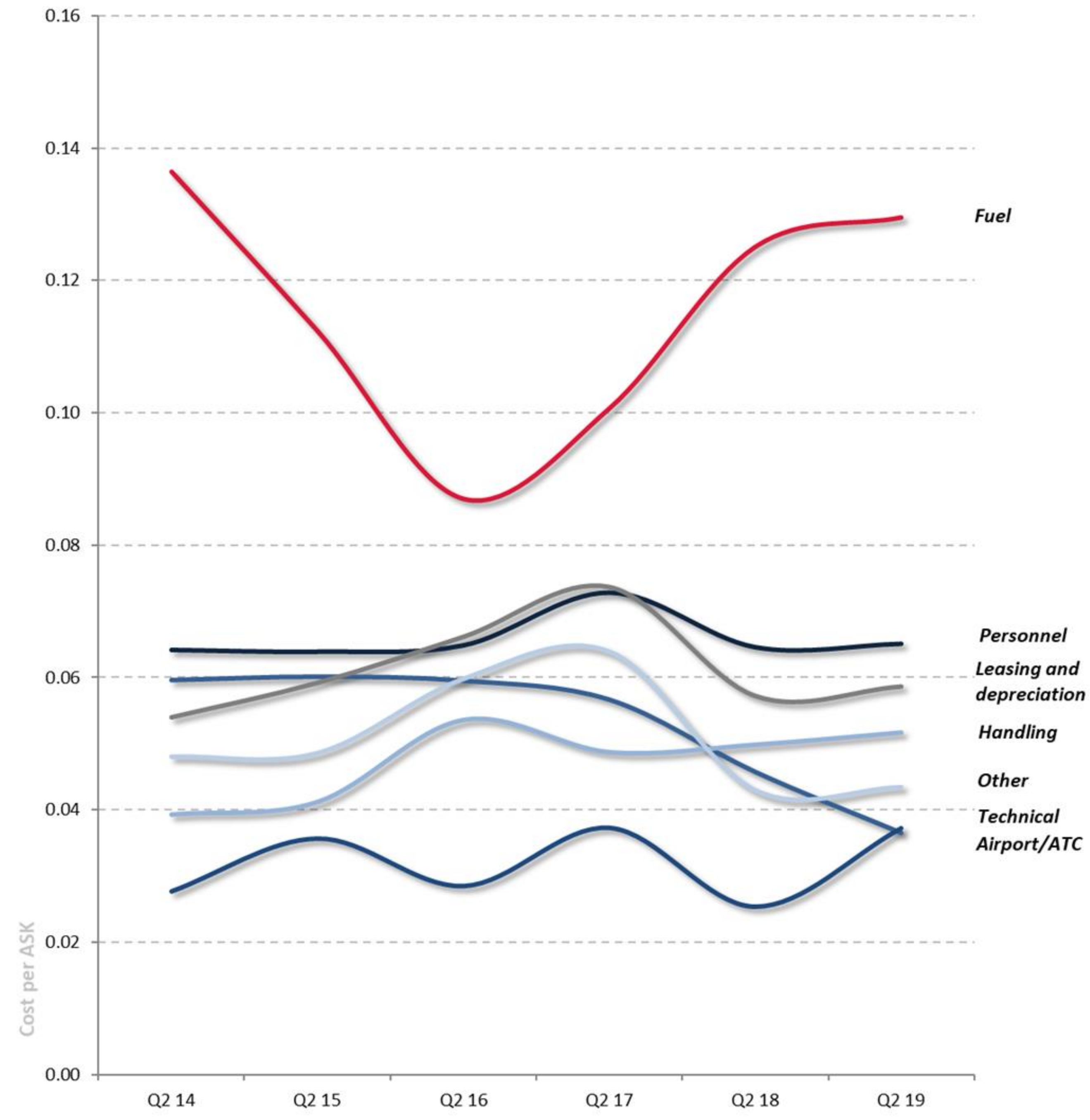
- Unit cost excl fuel increased by 2 % y.o.y. (decreased by 1 % in constant currency)
- Unit cost incl fuel increased by 3 % y.o.y. (decreased by 2 % in constant currency)



Q2 2018 adjusted for settlement regarding engines of NOK 447 million (NOK 0.02 per ASK)

Stable cost development despite currency headwind

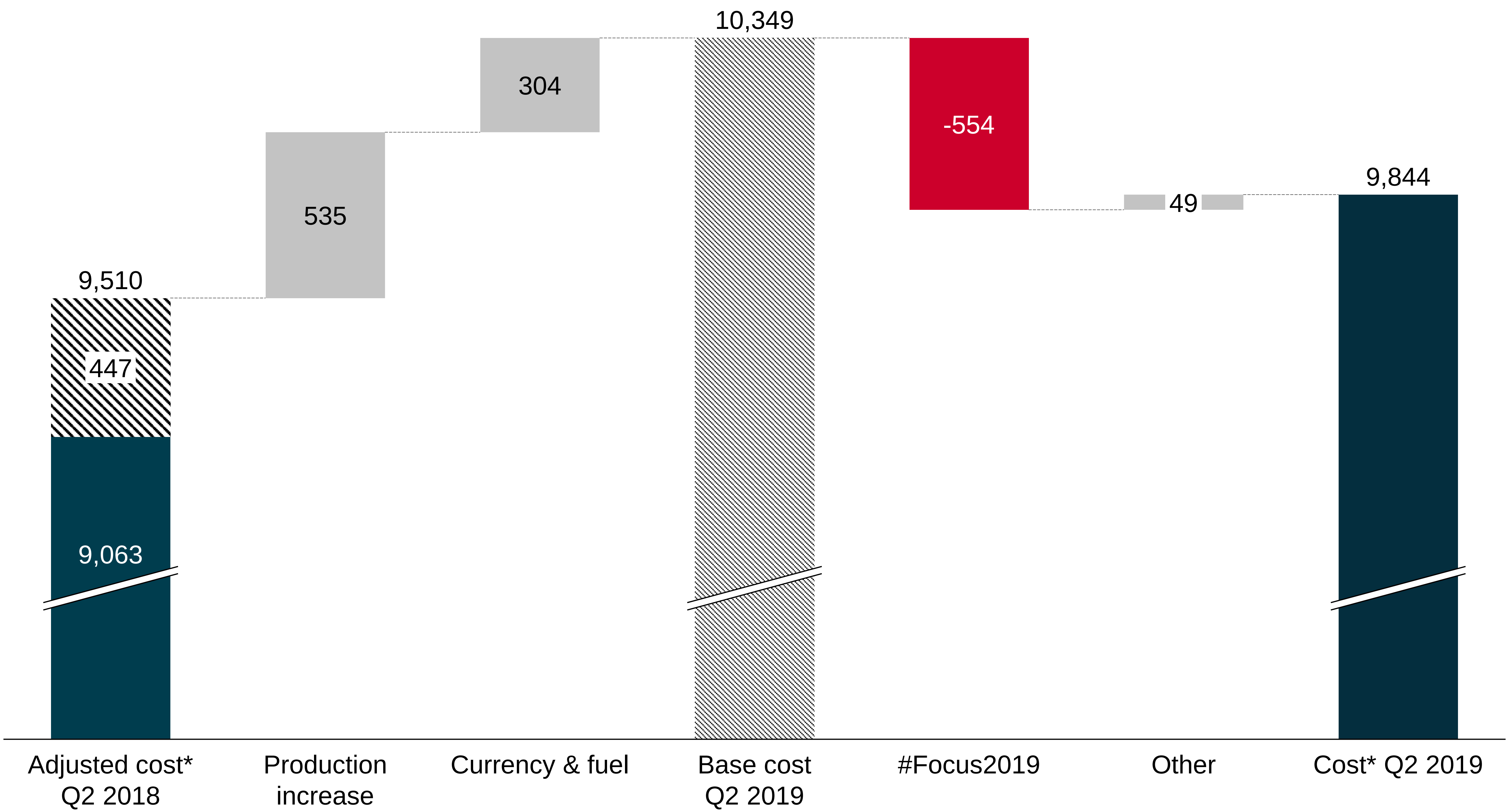
- Higher **fuel cost** (+4 % per ASK) driven by stronger USD vs NOK (+8 %), partly offset by lower fuel spot price (-9 %) and increased fuel consumption on wetlease operation
- Higher **personnel cost** (+1 % per ASK) due to currency headwind and operational inefficiency related to the 737 MAX grounding
- Higher **lease and depreciation** (+3 % per ASK) due to a stronger USD vs NOK and grounding of 787s, partly offset by IFRS 16 effects
- Higher **handling cost** (+4 % per ASK) due to currency headwind and increased catering with increased share of long-haul flights
- Higher **other operational expenses** (+1 % per ASK) due to currency headwind
- Higher **technical cost** (+47 % per ASK) due to one-off effects related to renegotiation of technical maintenance contracts in Q2 2018
- Lower **airport/ATC cost** (-20 % per ASK) due to renegotiations with suppliers



#Focus2019: On track with NOK 554 million cost reduction in Q2

Cost area	Completed cost initiatives	Actual Q2 (MNOK)	Actual YTD Q2 (MNOK)
Airport, handling and technical costs	• Continued lower airport charges in the network • Full rollout of measures to improve efficiency and increase revenue at all stations • Working on operational improvements and contractual alignment with key technical suppliers	**319**	**516**
Operating efficiency	• Maintain strong focus on crewing, but planning disruption had negative impact • Renegotiated agreements with key crew suppliers • Modernizing operational planning systems	**140**	**345**
Procurement, administration and IT	• Continued reduced total spend on external service providers and consultants • Renegotiated global employee insurance plans • Reviewing all vendor relations and building procurement capability • Evaluating administrative setup and efficiency	**59**	**109**
Commercial, marketing and product offering	• Streamlining product offering and communication to customers • Restructuring sales, marketing and IT to draw further synergies	**36**	**51**
Total		**554**	**1,021**

#Focus2019: Cost bridge Q2 2019



*Total operating expenses excl other losses/gains, lease and depreciation.
Q2 2018 adjusted for one-off effects of NOK 447 million mainly related to renegotiation of technical maintenance contracts

Balance sheet

NOK million	30 JUNE 2019	31 MAR 2019
Intangible assets	3,313	3,355
Tangible fixed assets	69,408	71,461
Fixed asset investments	1,303	1,335
Total non-current assets	**74,023**	**76,151**
Inventory	162	182
Investments	2,043	2,099
Receivables	12,683	10,703
Cash and cash equivalents	1,688	3,151
Total current assets	**16,576**	**16,135**
ASSETS	**90,600**	**92,286**
Equity	**2,892**	**3,092**
Non-current debt	51,389	51,755
Other non-current liabilities	4,425	4,303
Total non-current liabilities	**55,814**	**56,058**
Air traffic settlement liabilities	11,373	11,831
Current debt	11,303	13,073
Other current liabilities	9,217	8,233
Total current liabilities	**31,893**	**33,136**
Liabilities	**87,707**	**89,194**
EQUITY AND LIABILITIES	**90,600**	**92,286**

→ NOK 4 billion above normalized level, due to lack of credit card capacity. Key focus area to get back to normal levels

Bond maturity in December 2019

Potential sources to finance the bond maturity:

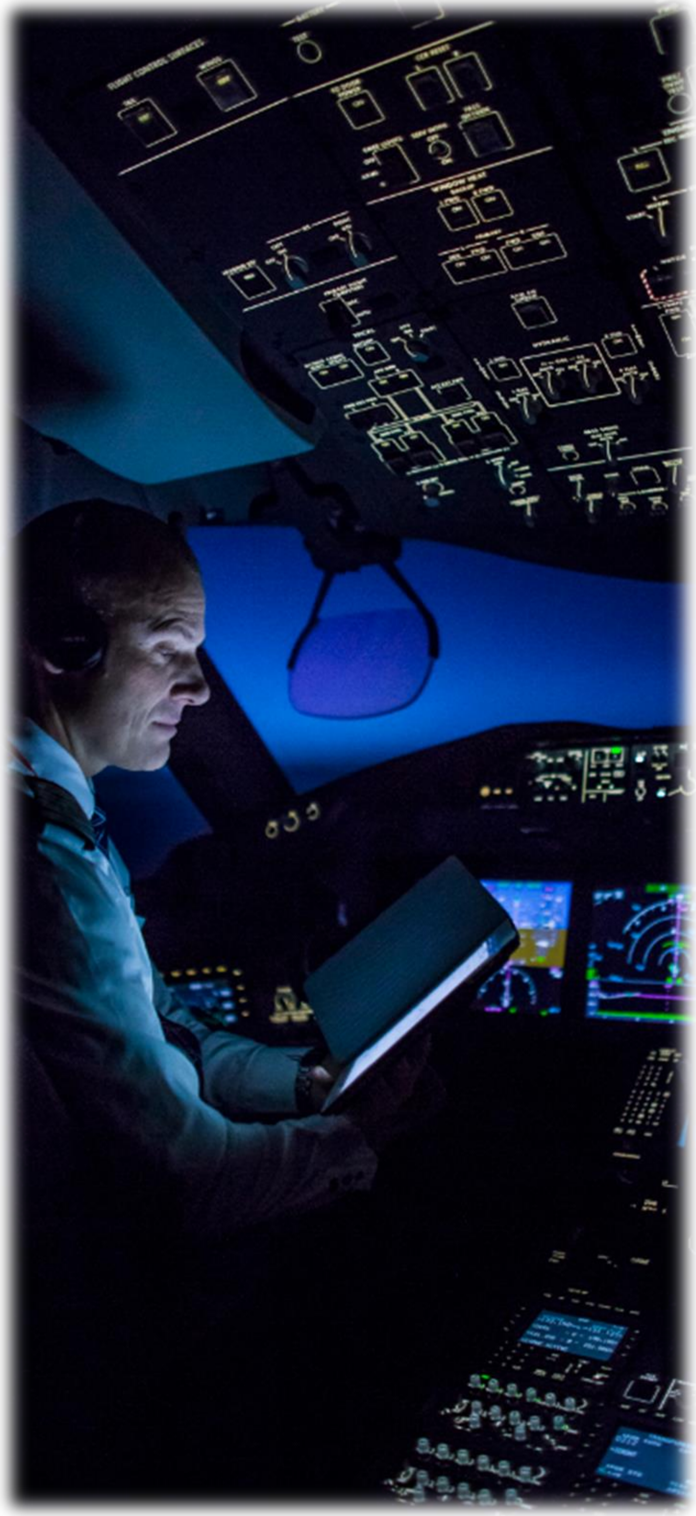
- Improved operational performance
- Increase acquirer capacity
- Shareholding in Bank Norwegian (NOFI)
- Joint venture
- Divestment of aircraft
- Value in slots

Cash flow

NOK million	Q2 2019	Q1 2019
Profit before tax	111	-1,978
Paid taxes	-5	-8
Depreciation, amortization and impairment	1,576	1,546
Changes in air traffic settlement liabilities	-458	4,923
Changes in receivables	-1,979	-3,951
Other adjustments	1,903	-755
Net cash flows from operating activities	**1,149**	**-221**
Purchases, proceeds and prepayment of tangible assets	1,108	2,455
Other investing activities	26	7
Net cash flows from investing activities	**1,134**	**2,462**
Loan proceeds	7	525
Principal repayments	-2,901	-3,714
Financing costs paid	-839	-705
Proceeds from issuing new shares	-	2,907
Net cash flows from financing activities	**-3,733**	**-987**
Foreign exchange effect on cash	-12	-26
Net change in cash and cash equivalents	**-1,463**	**1,229**
Cash and cash equivalents at beginning of period	3,151	1,922
Cash and cash equivalents at end of period	1,688	3,151

→ Q2 investments: One owned 787, one 787 on SLB and four sold 737-800s

Continuing to reduce capital expenditure



- Capital expenditure
  - Expected delays in deliveries of Boeing 737 MAXs reduce the capital expenditure estimate for 2019

Capital commitments (all aircraft incl PDP)		
	2019	**2020**
Total contractual commitments	USD 1.2 billion (previous estimate: USD 1.7 billion)	USD 1.3 billion (previous estimate: USD 1.2 billion)
Boeing 737 MAX	6	11
Boeing 787-9	5	5
Airbus 320/321	1	4

- Long-term financing
  - Financed one 787 with AFIC and one with SLB during Q2
  - Utilizing a mix of long-term financing with focus on export credit supported facilities going forward

Outlook

Update on the grounding of Boeing 737 MAX

- The current working assumption is a further delay in return to service of current fleet of 18 737 MAXs from late August to October
- Working on contracting wetleases and optimizing the fleet to make sure production is covered to October
- The new base case scenario is to take delivery of up to six 737 MAXs in 2019
- Result impact in Q2 2019 of NOK 400 million
- Expected result impact in FY 2019 of approximately NOK 700 million

Further reducing production growth for 2019

- Estimated production growth (ASK)
  - 0-5 % ASK growth in 2019 (previous estimate 5-10 %)
- Unit cost estimates 2019
  - Approximately NOK 0.31 incl depreciation excl fuel (previous estimate: 0.30) on currency headwind and lower production
  - Approximately NOK 0.43 incl depreciation and fuel (previous estimate: 0.42)
  - Assumptions: Fuel price of USD 618/mt (655), USD/NOK 8.58 (8.27), EUR/NOK 9.77 (9.62). Based on the current route portfolio and planned production
- #Focus2019: Still expecting to reduce costs by NOK 2 billion in total in 2019

EBITDAR estimate of NOK 6 – 7 billion for 2019

- Aim to improve transparency in guidance due to the Boeing 737 MAX grounding and the situation surrounding the company
- Joint venture progress ongoing, clarification expected within a matter of weeks
- Expect EBITDAR excl other gains and losses to increase from NOK 3,165 million in 2018 to NOK 6 – 7 billion in 2019
  - Including all known effects
  - Includes effects of approximately NOK 700 million from grounding of Boeing 737 MAX fleet until October
  - Based on described assumptions

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