

norwegian 



Norwegian Air Shuttle ASA

Q2 2016 Presentation

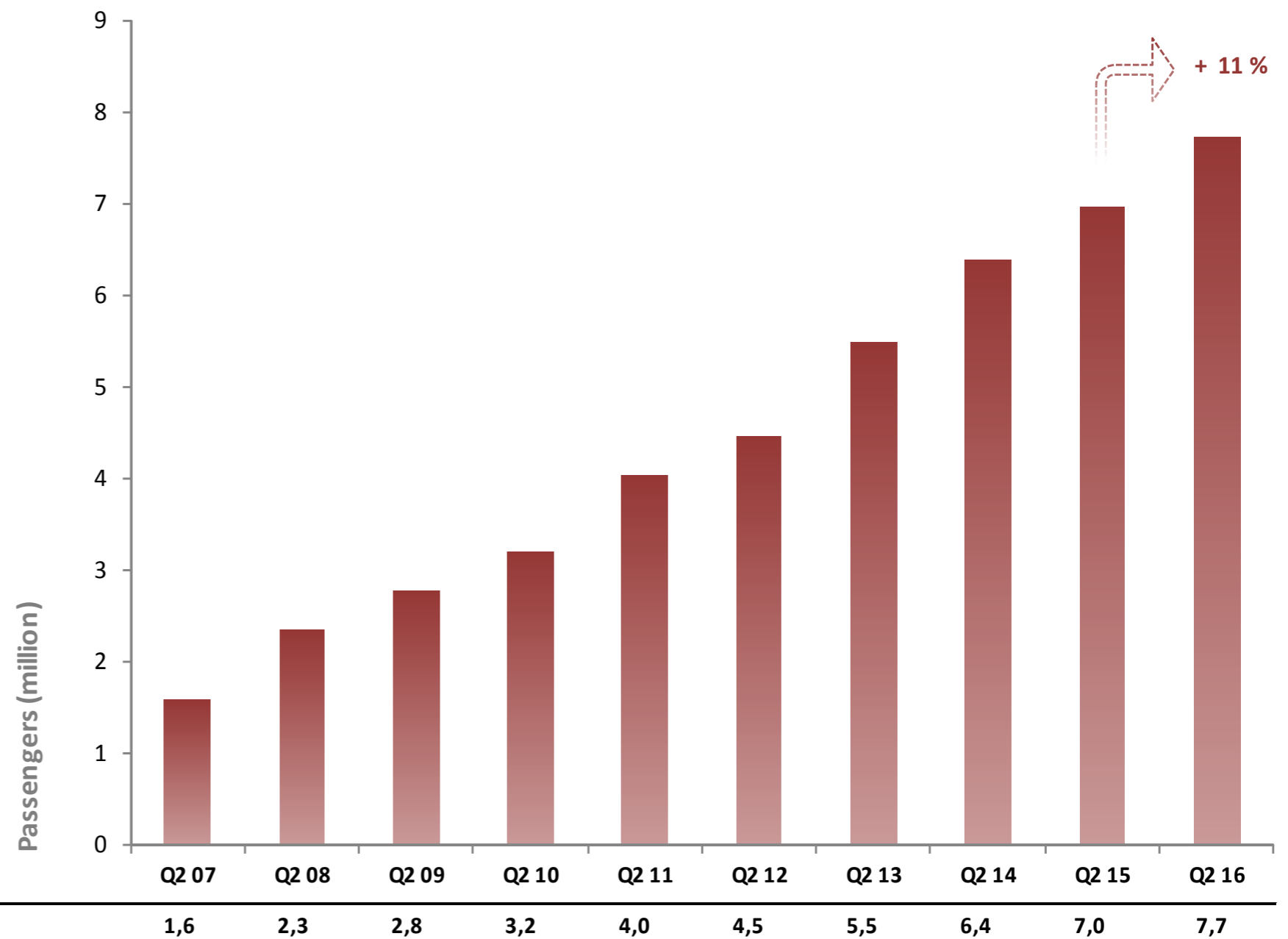
14 July 2016

Highlights Q2 2016



- SkyTrax awards 2016 for:
 - World's Best Low-Cost Long Haul Airline** (2nd time) and **Europe's Best Low-Cost Airline** (4th in a row)
- New base at Palma de Mallorca, the 16th in Europe and 20th overall
- Added ten new 737-800 aircraft and two 787-9 Dreamliners in first half 2016 (five 737 and one 787 in Q2)
- Clean EBITDA of NOK 1 billion (up from 0.8 million)

7.7 million passengers in Q2 2016 (+11 %)

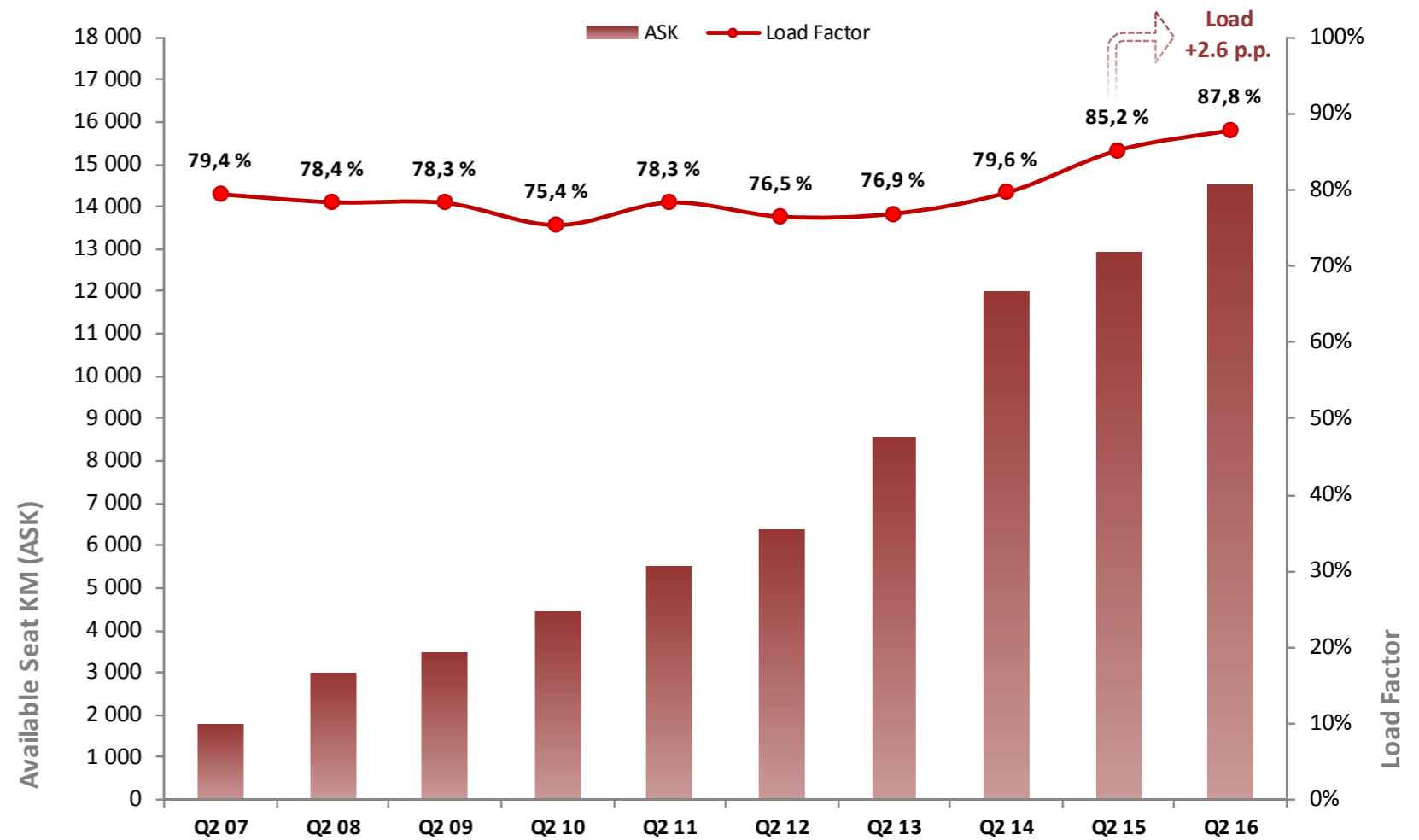


Pax (mill)

Q2 load factor up to 88 % (+3 pp.)

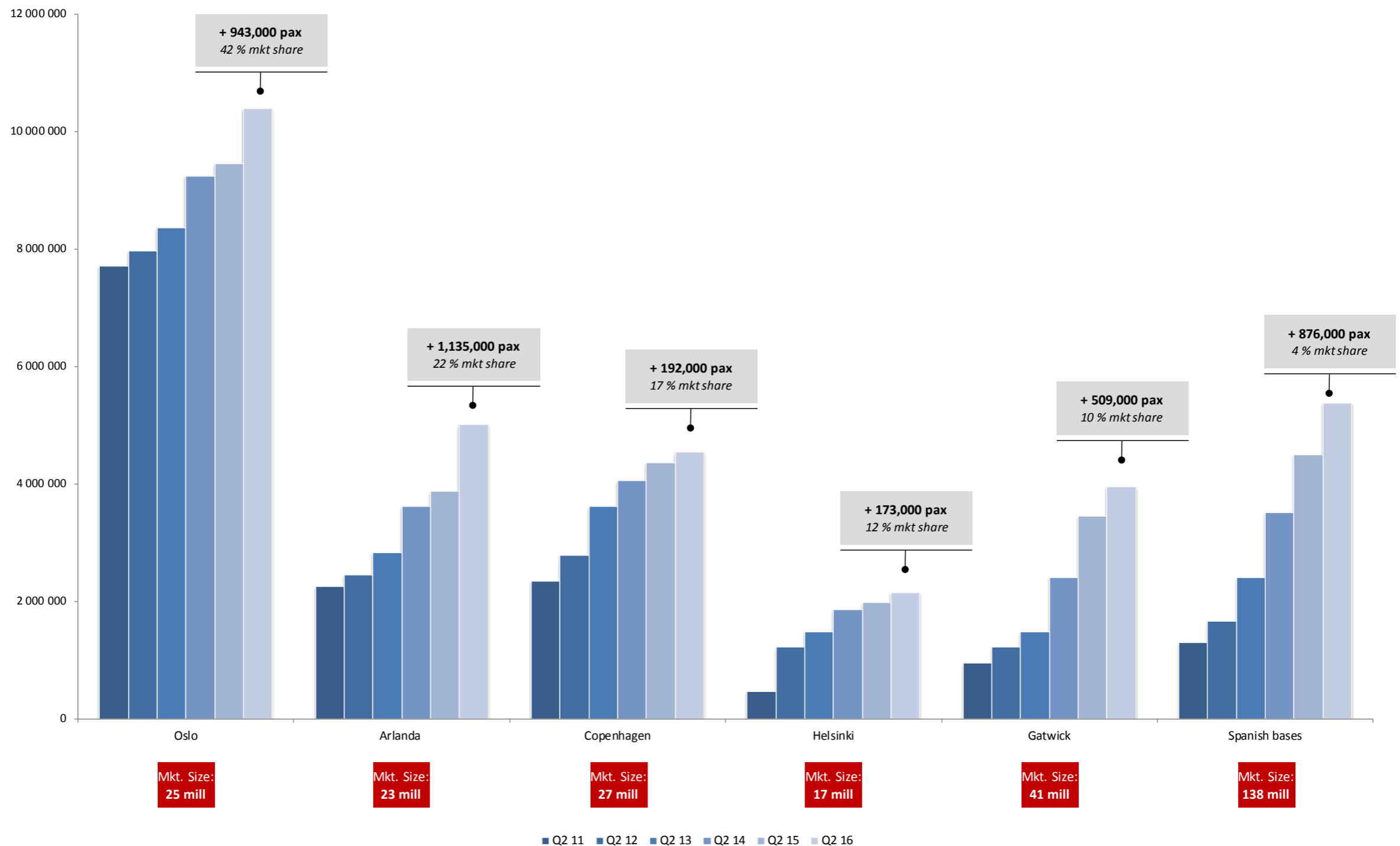


- 12 % growth in capacity (ASK)
- 16 % growth in traffic (RPK)
- Average flying distance increased by 3 %



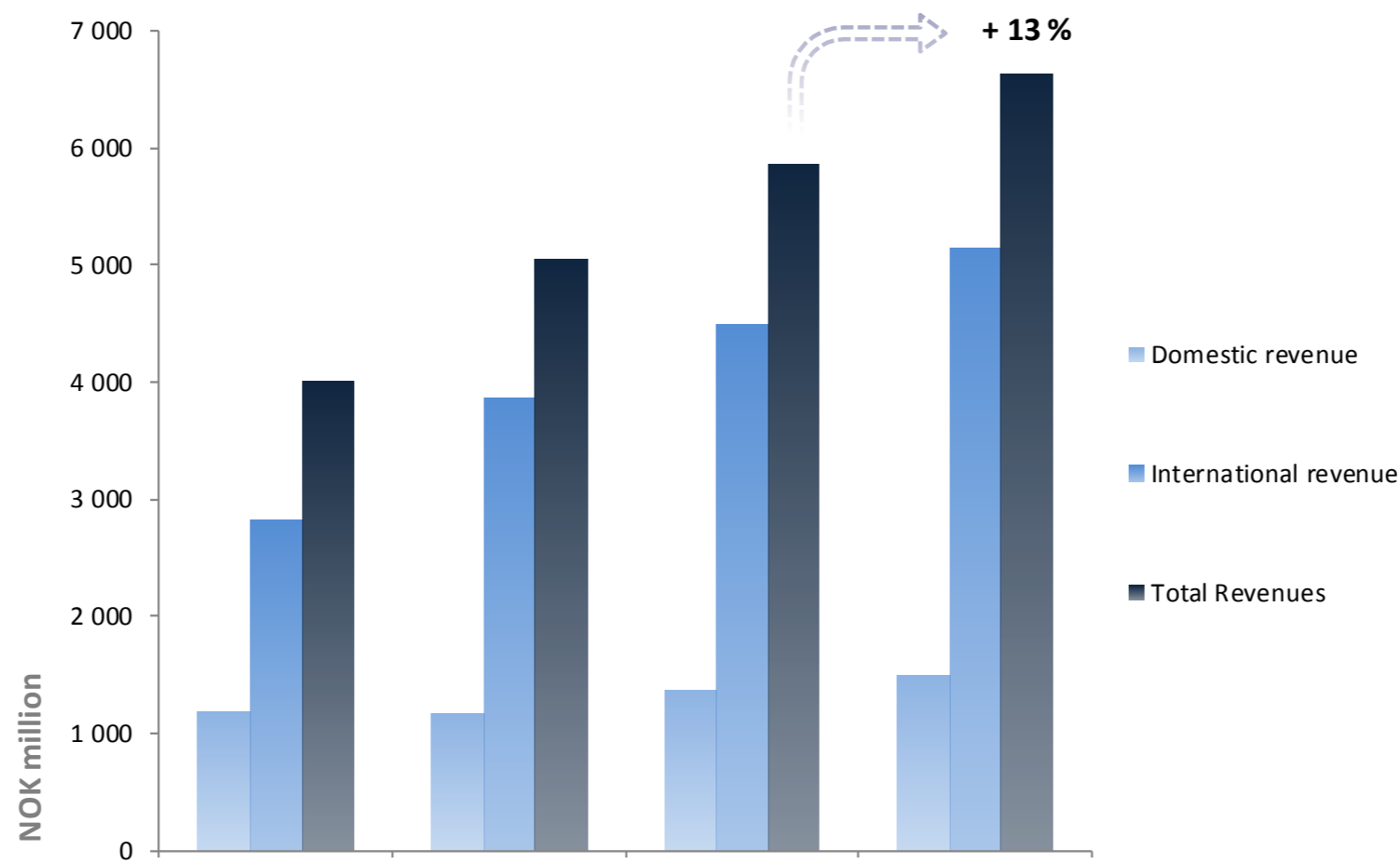
ASK	1 763	2 974	3 469	4 449	5 518	6 357	8 541	12 012	12 919	14 512
Load Factor	79,4 %	78,4 %	78,3 %	75,4 %	78,3 %	76,5 %	76,9 %	79,6 %	85,2 %	87,8 %

Stable market shares in all key airports (12m rolling)



13 % revenue growth in Q2

- 14 % growth in international revenue, + 9 % for domestic Scandinavia
- Flat unit revenue (RASK). RASK in constant currency fell 4 %
- 3 p.p. higher load offset by 3 % lower yield and 3 % increased stage length

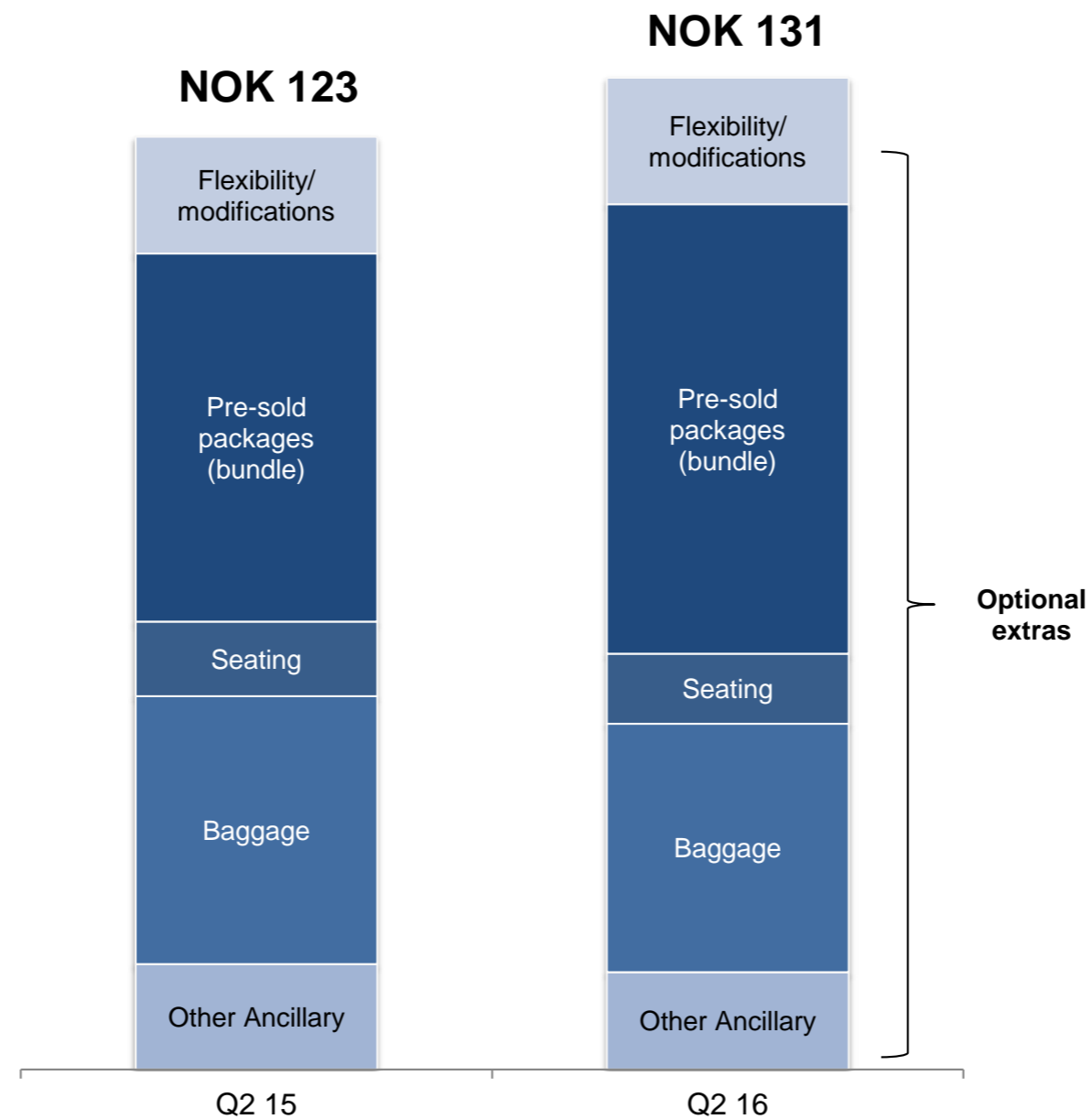


	Q2 13	Q2 14	Q2 15	Q2 16
Revenues	4 012	5 043	5 861	6 632
Domestic revenue	1 192	1 173	1 362	1 490
% y.o.y. chg	17 %	-2 %	16 %	9 %
International revenue	2 820	3 871	4 498	5 142
% y.o.y. chg	31 %	37 %	16 %	14 %

18 % growth in total ancillary revenue in Q2



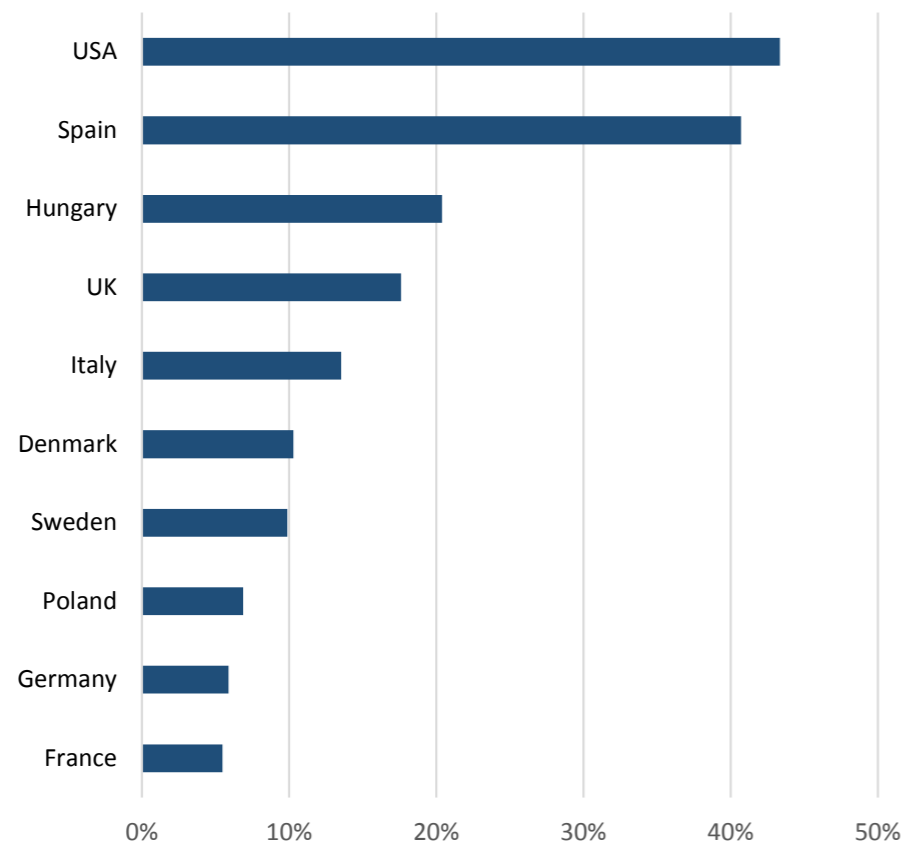
- 15 % share of Group revenue
- Per passenger sales increased by 6 % to NOK 131



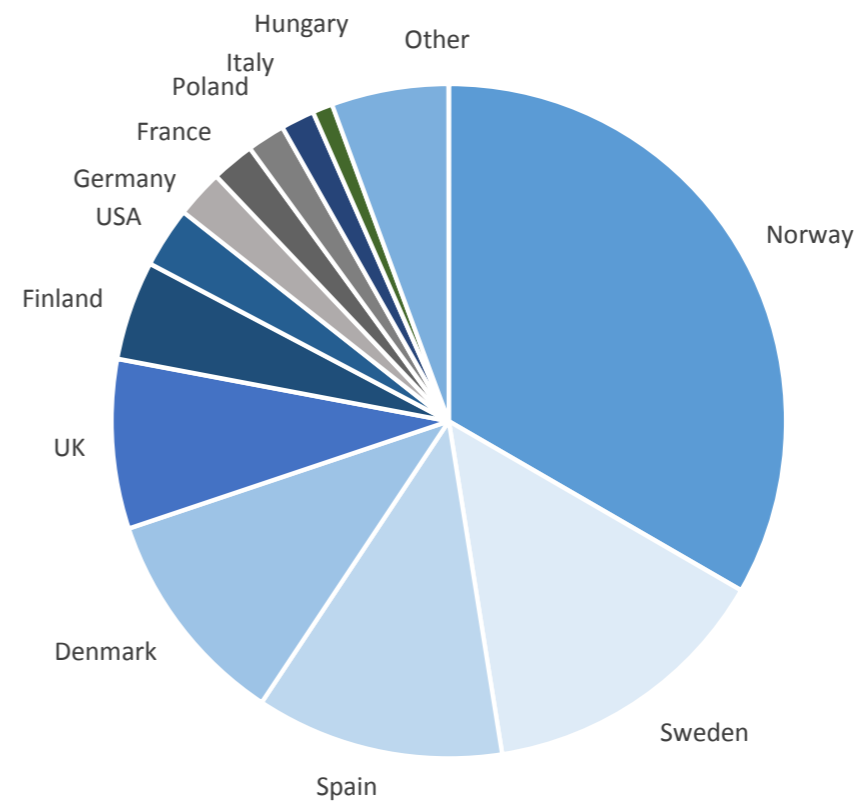
Continued strong growth in the US and Spain

- 6 % growth in Scandinavia, stronger in Sweden and Denmark
- Norway: 33 % of passengers (down from 35 % in Q1 2016)
- Over 40 % of passengers booking from outside Scandinavia

Growth in number of passengers:



Passengers by origin:

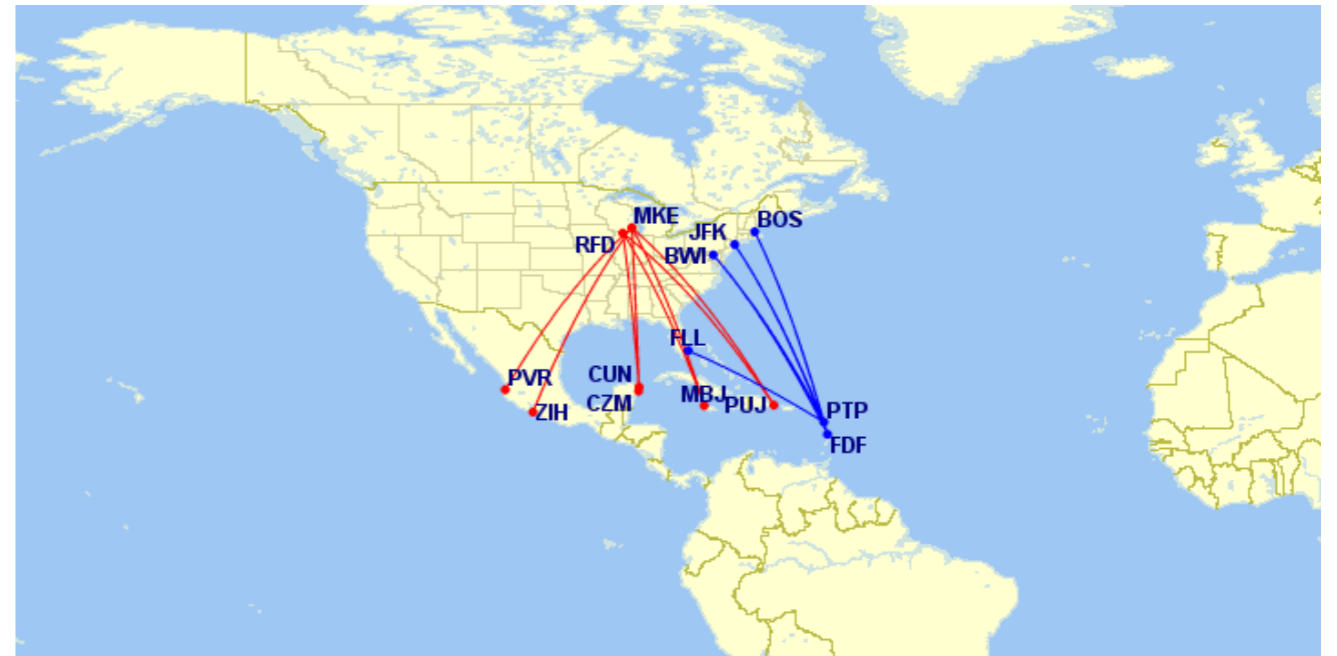


New base in Palma: a total seven bases in Spain



New charter agreement for the US market

- Utilize capacity better in the European low season
- Three aircraft for winter 2016/17
- Agreement with Apple Vacations and Funjet, two leading US tour operators
- Flights from Chicago/Rockford and Milwaukee
- More than 600 flights to multiple destinations in Mexico, Jamaica and the Dominican Republic



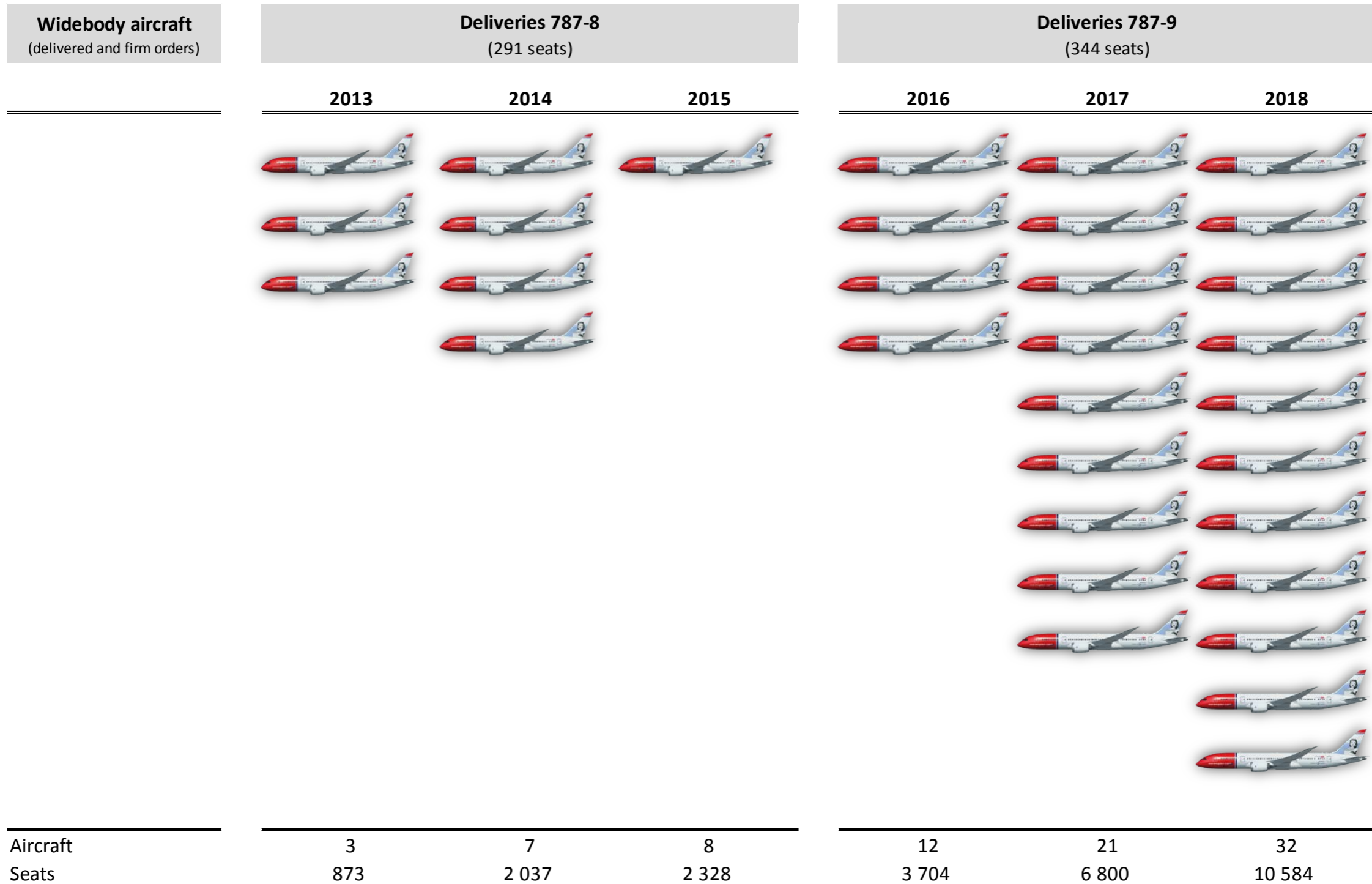
Winter operations with seven aircraft

- Expanding Caribbean winter program with FLL-Guadeloupe
- Over-night connection from Europe to French Caribbean through FLL, BOS and JFK
- Added frequency to JFK-Guadeloupe to 4 weekly

Growing long-haul in Europe and to/from USA



Scaling up the widebody fleet to 32 by 2018



Convert part of Airbus order to A321neo LR

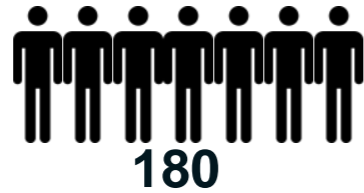
- Original order of 100 Airbus 320neo's for delivery in 2016-2021
- 30 of these orders will be converted to the bigger A321neo LR
- The A321neo LR will be operated by Norwegian
- Delivery schedule:
 - 2019: 8 aircraft
 - 2020: 11 aircraft
 - 2021: 11 aircraft



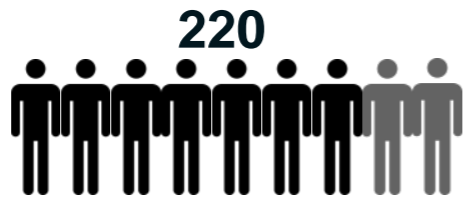
Advantage of the A321neo LR vs. A320neo

**+40
pax**

40 more seats compared to an A320neo



A320neo



A321LR

3000 nm

**+500
nm**

A321LR extended range with ACTs

3500 nm

- 40%

Cost trip savings compared to a widebody aircraft



COST PER TRIP



A321LR

Vs Widebody Vs A320neo



COST PER SEAT



- 15 %

Cost per seat savings compared to a widebody aircraft

«Short long-haul» 500 nm wider range than A320neo (+17 %)



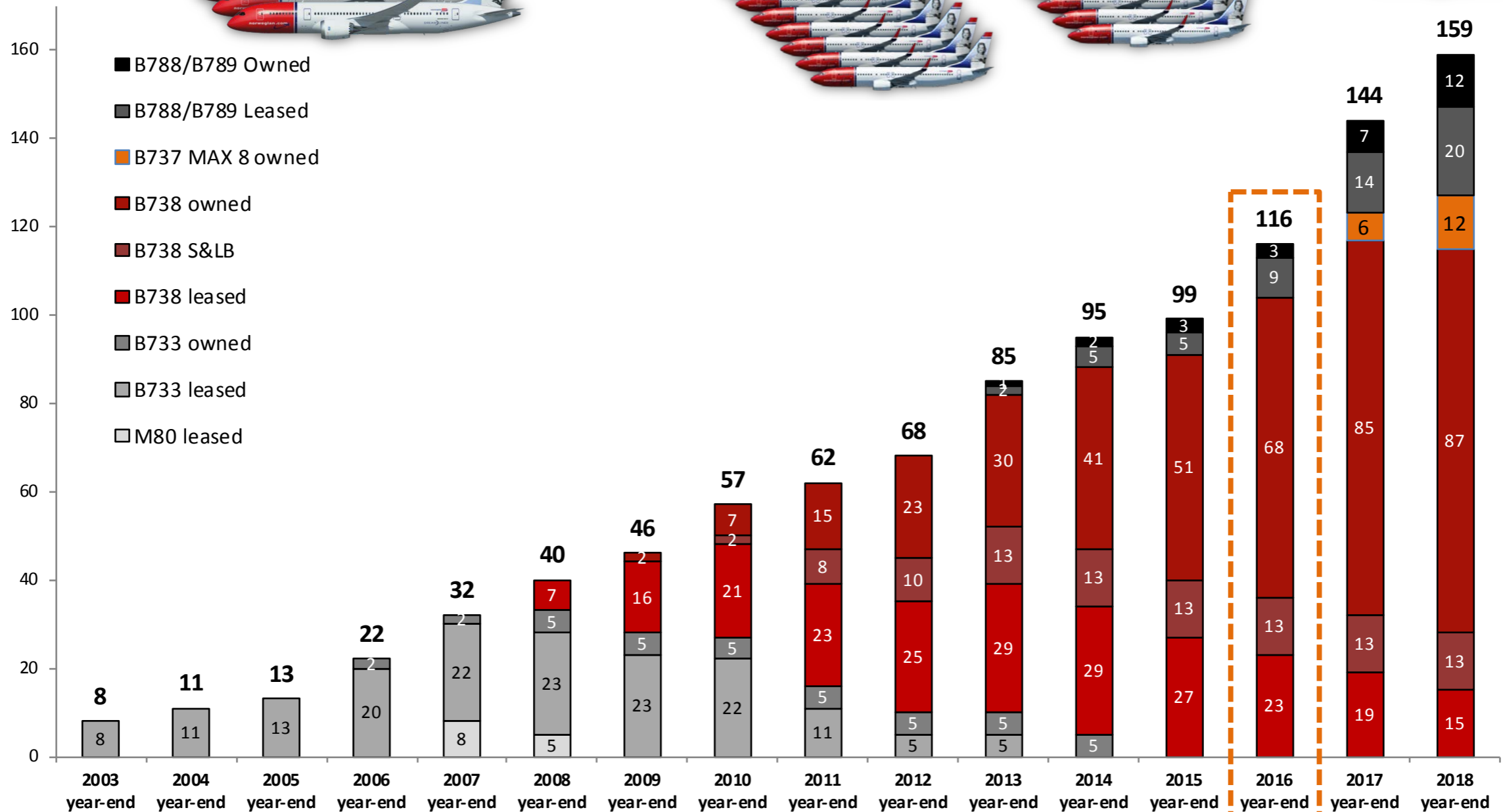
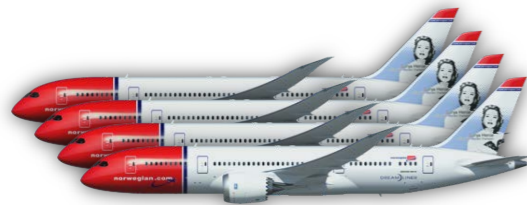
Top modern fleet with an average age of 3.6 years

2016:

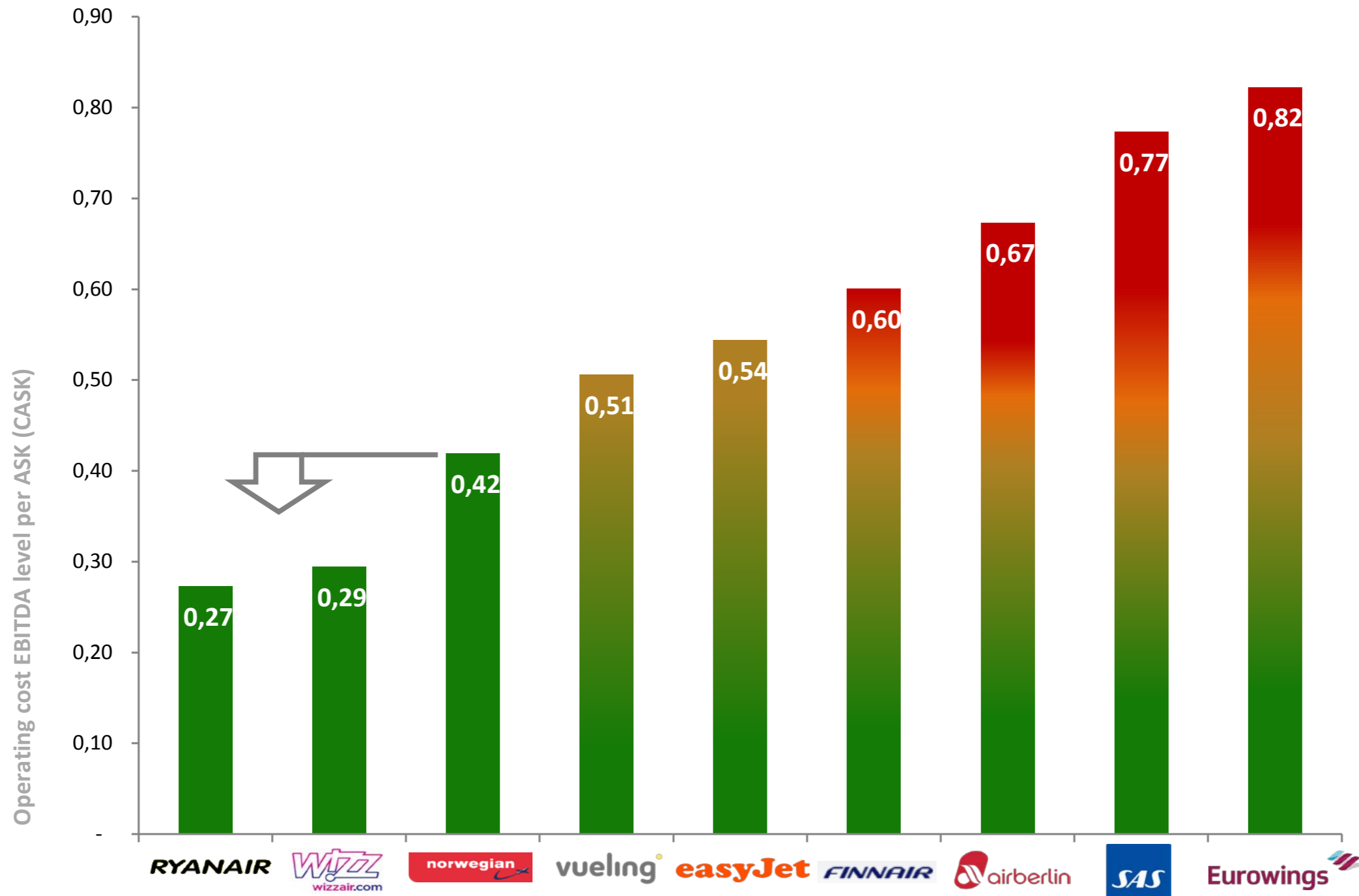
Deliveries 787-9
+1376 seats

Deliveries 737-800
+3,162 seats

Re-deliveries 737-800
-744 seats



Unit cost comparison based on the latest full-year results (in NOK)



Sources: Based on official full-year 2015 annual report for Norwegian Air Shuttle, Finnair, Vueling, SAS Group (31.10.2015), Easyjet (30.09.2015), and full-year 2015 report for Ryanair and WizzAir (31.03.2016). Eurowings figures are from the "Eurowings Management Presentation" 10.06.2016.

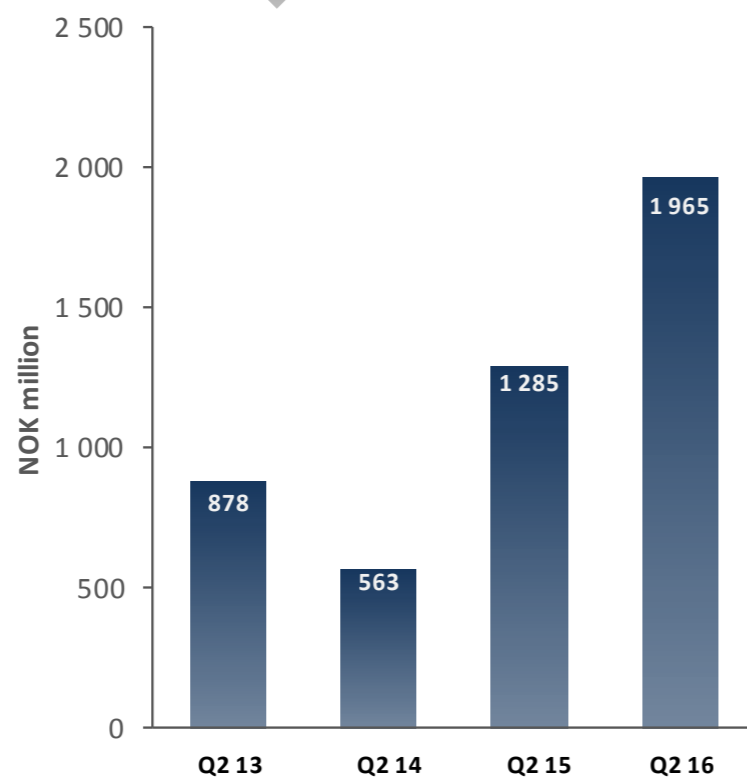
- Cost per available seat kilometer is an industry-wide cost level indicator often referred to as "CASK". Usually represented as operating expenses before depreciation and amortization (EBITDA level) over produced seat kilometers (ASK).
- Foreign exchange rates used are equivalent to the daily average 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).
- *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.

Financials

EBT improved to NOK 0.9 billion in Q2

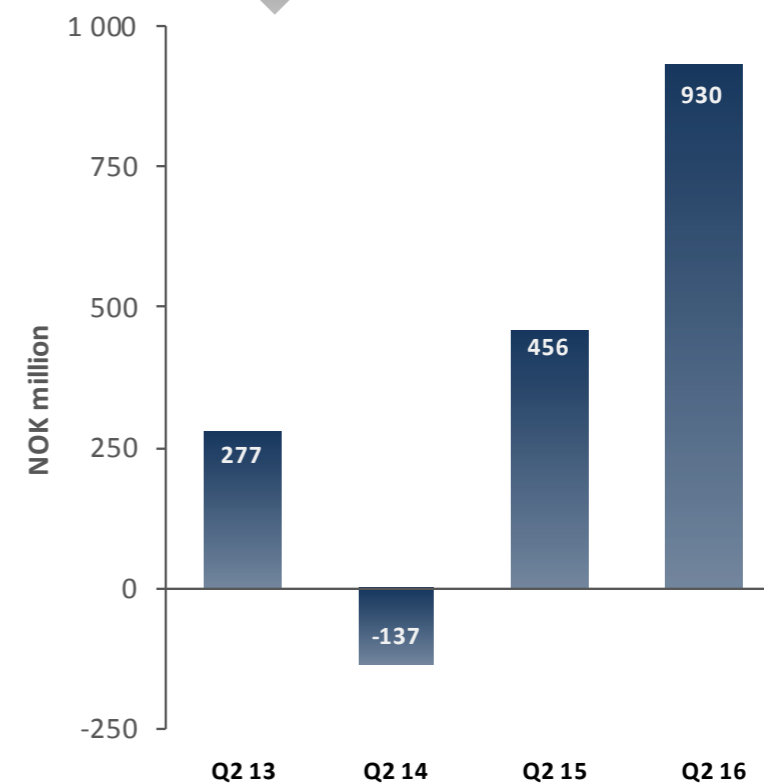
(NOK million)	Q2 15	Q2 16	Change
Revenue	5 861	6 632	
EBITDAR	1 285	1 965	681
EBITDA	765	1 324	559
Pre-tax profit (EBT)	456	930	474
Net profit	325	745	

EBITDAR development Q2



EBITDAR margin	Q2 13	Q2 14	Q2 15	Q2 16
	22 %	11 %	22 %	30 %

EBT development Q2



EBT margin	Q2 13	Q2 14	Q2 15	Q2 16
	7 %	-3 %	8 %	14 %

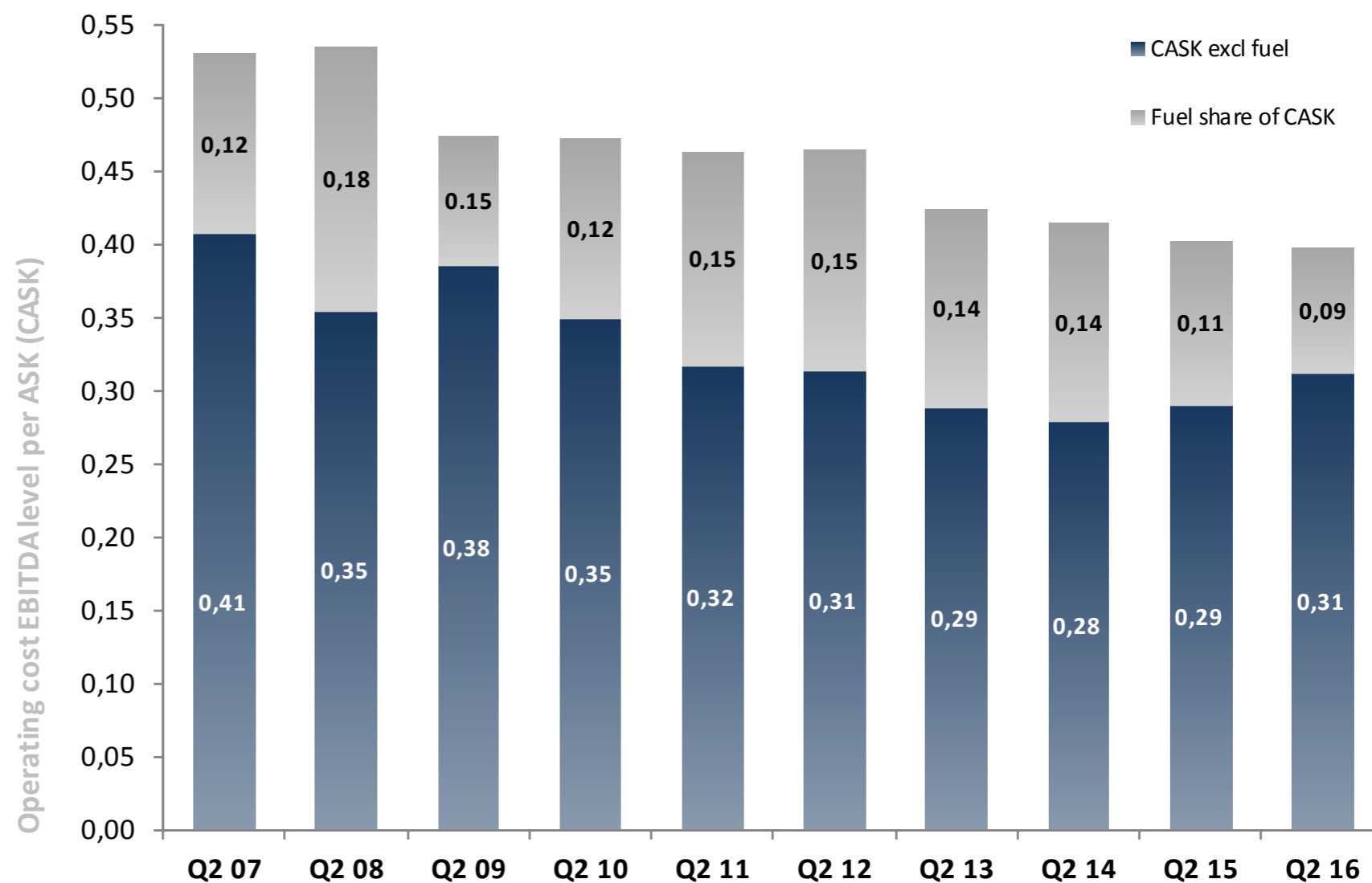
Underlying EBITDA* increased to NOK 1 billion

NOK million	Q2 2015	Q2 2016	chg
Revenue	5 861	6 632	771
EBITDA as reported	765	1 324	559
Other losses/gains	100	460	360
EBITDA excl other losses/gains	665	864	199
Non-recurring items:			
- Additional mainenance exp. engine overhaul	-84	-	
- passenger compensation according to EU reg.	-34	-81	
- wetlease	-11	-82	
<i>Sum non-recurring items</i>	-129	-163	
Clean EBITDA	794	1 027	233
<i>Margin clean EBITDA</i>	13,5 %	15,5 %	

* Underlying (clean) EBITDA adj for other losses/gains and non-recurring items

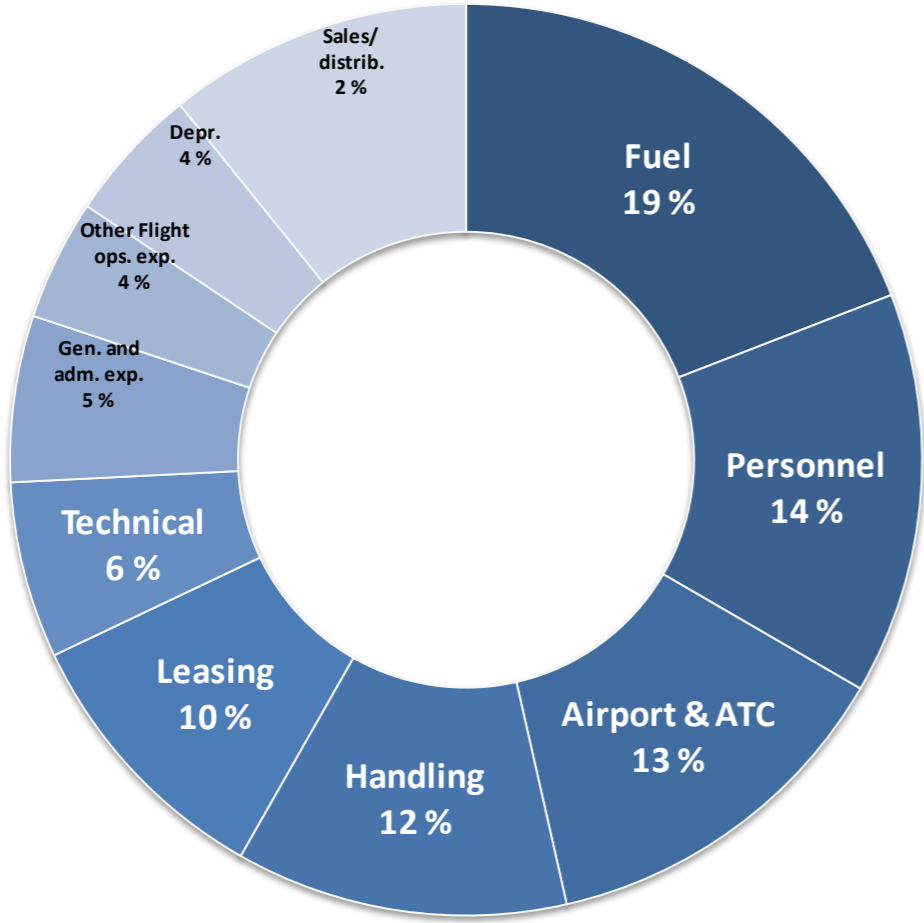
Unit cost cut by 1 % to NOK 0.40

- CASK ex fuel +7 % to NOK 0.31 (fuel cost per ASK -23 %)
- 4 % negative impact of currency

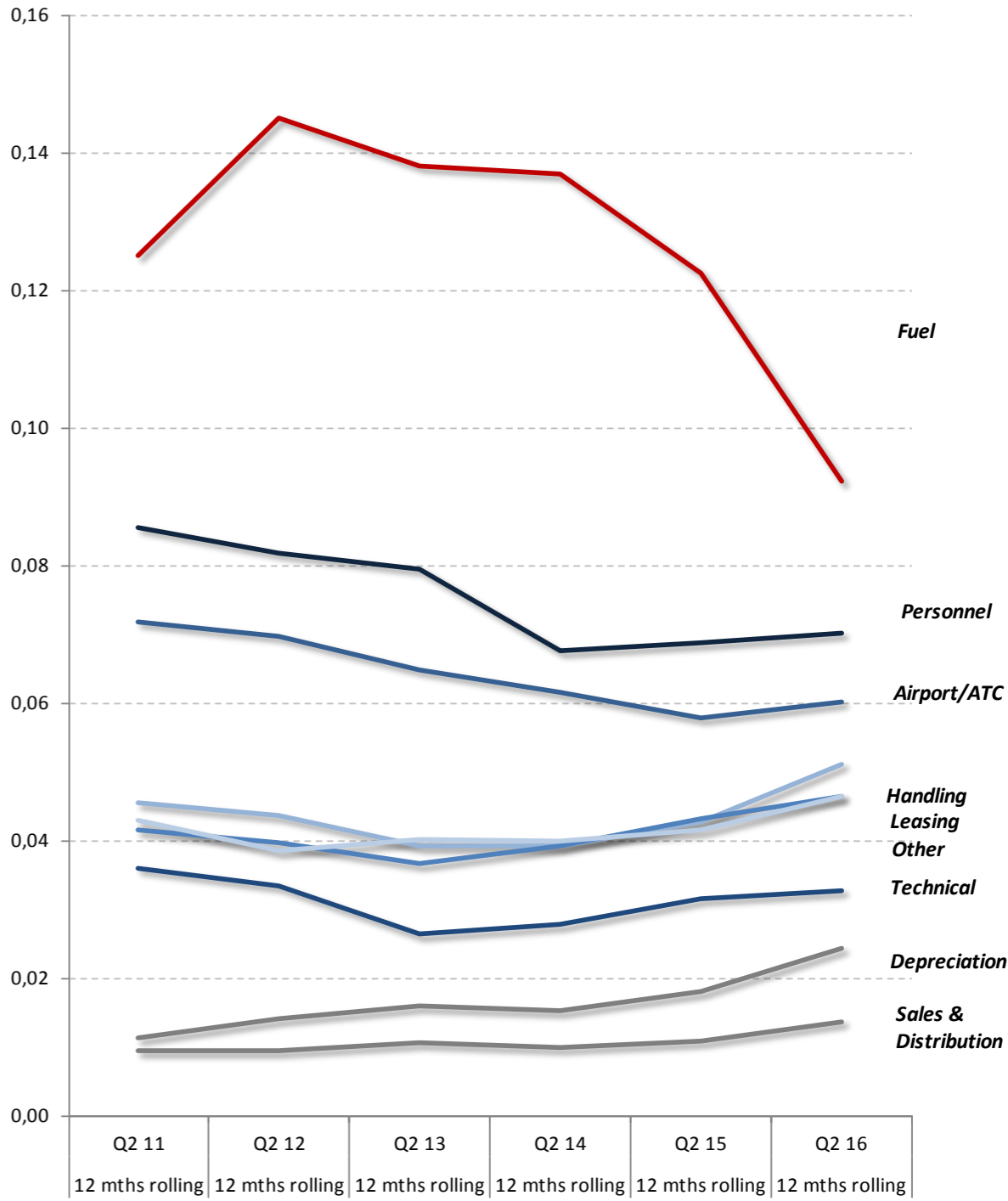


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Full impact of lower fuel cost, fuel unit cost -23%



- Stable share of personnel cost at 14 %
- Lower share of fuel cost - reduced to 19 %
- Fuel hedging:
 - 50 % of 2016 and 27 % of 2017



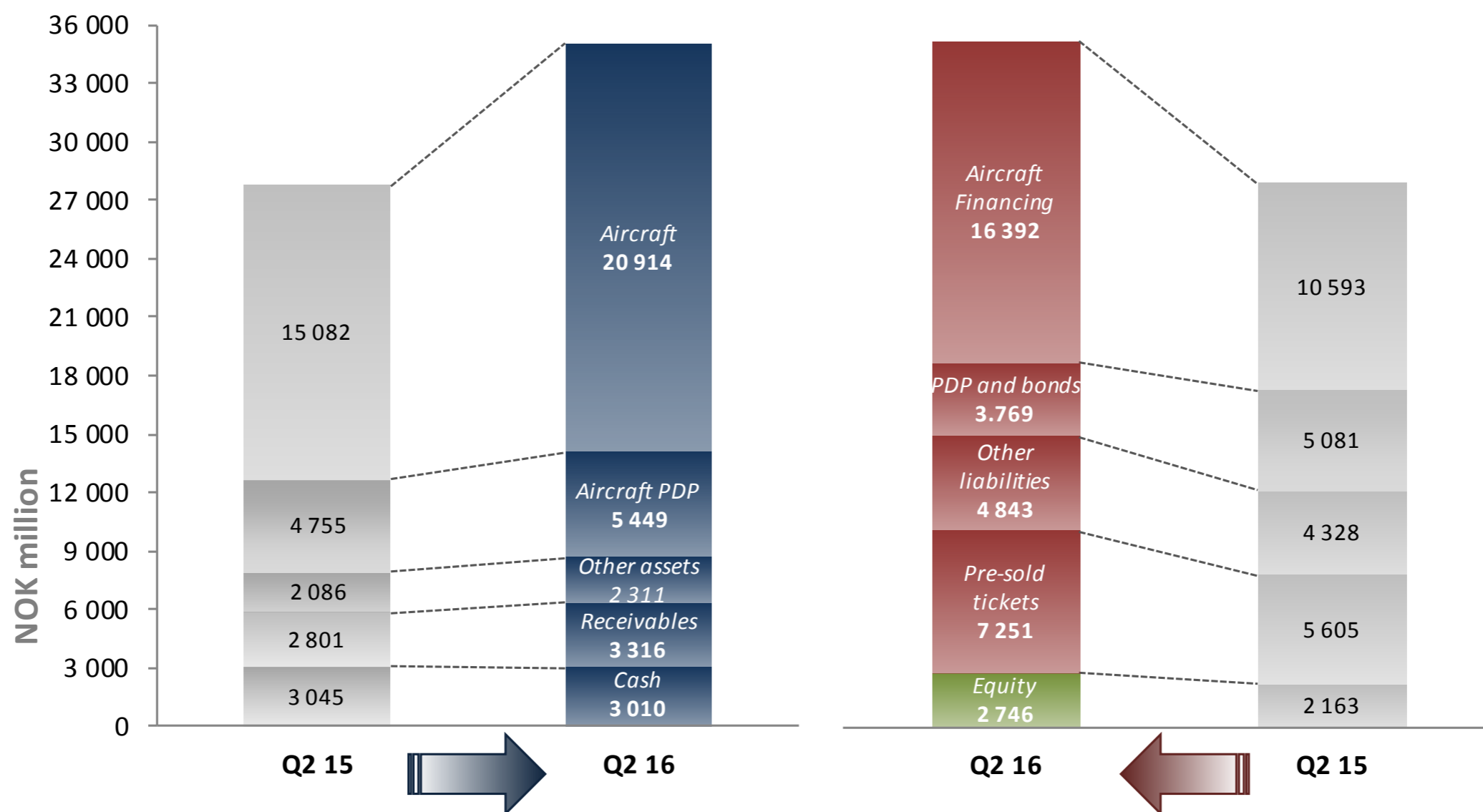
NOK 3.2bn cash-flow from operations in first half

- Invested a net NOK 2 bn in new aircraft of which NOK 1.2 financed by own cash
- A strong NOK 600m increase in pre-sold tickets in first half compared to 2015
- NOK 3 billion in cash at the end of Q2

NOK million	Q2 2015	Q2 2016	Chg	H1 2015	H1 2016	Chg
Profit before tax	456	930	474	-321	-62	259
Depreciation	245	318	73	465	607	142
Change air traffic settlement liabilities	142	283	141	2 639	3 237	598
Change working capital	472	-308	-780	-473	-551	-78
Net cash flows from operating activities	1 315	1 223	-92	2 310	3 231	921
Net cash flows from investing activities	-1 092	-1 986	-894	-2 689	-3 652	-963
Net cash flows from financial activities	1 224	625	-599	1 420	999	-421
Foreign exchange effect on cash	-17	-41	-24	-7	-22	-15
Net change in cash and cash equivalents	1 430	-179	-1 609	1 034	556	-478
Cash and cash equivalents, end of period	3 045	3 010	-35	3 045	3 010	-35

Improving equity ratio in spite of adding 16 on-balance aircraft

- Added sixteen new 737-800 on balance the last 12 months + PDP's
- NOK 17 bn net debt (NOK 16 bn in Q1)
- Equity increased by NOK 580m (8 % equity ratio, 13 % incl. mv of Bank Norwegian)



Outlook for 2016

→ Markets and business

- Soft macro and passenger tax introduced in Norway
- Monitoring demand in the UK post Brexit, limited changes to bookings
- Bookings on par with last year, capacity adjusted

→ An estimated production growth (ASK) of 18 % (unchanged)

- Short-haul + 12 %, Long-haul + 40 %
- Increasing distance driven by mix (long-haul)

→ Unit cost in the area of NOK 0.38 (up from 0.37)

- Impact of wetlease and cancellations
- Assumptions: Fuel price of USD 350 per metric ton, USD/NOK 8.25, EUR/NOK 9.00
- Based on the current route portfolio and planned production

→ 21 new aircraft in 2016 (unchanged)

- Seventeen direct buy 737-800
- Four leased 787-9 Dreamliners

Summary



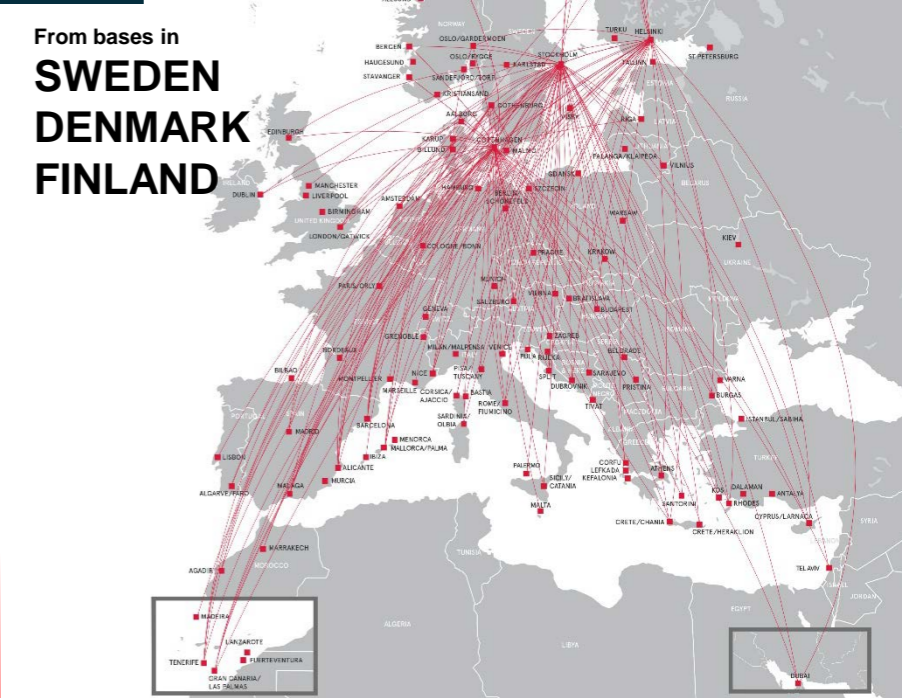
- Stable markets and good momentum on bookings
- US Charter contracts and launched winter routes to the French Caribbean, Mexico, Jamaica and Dominican Republic
- Converted 30 Airbus Neo orders to A321's
- Passengers voted Norwegian best in SkyTrax awards for 2016
- Financing on-track
- Limited immediate direct impact of Brexit
- Successful listing of Bank Norwegian on OSE (ticker NOFI)

Norwegian operates 450 routes to 140 destinations

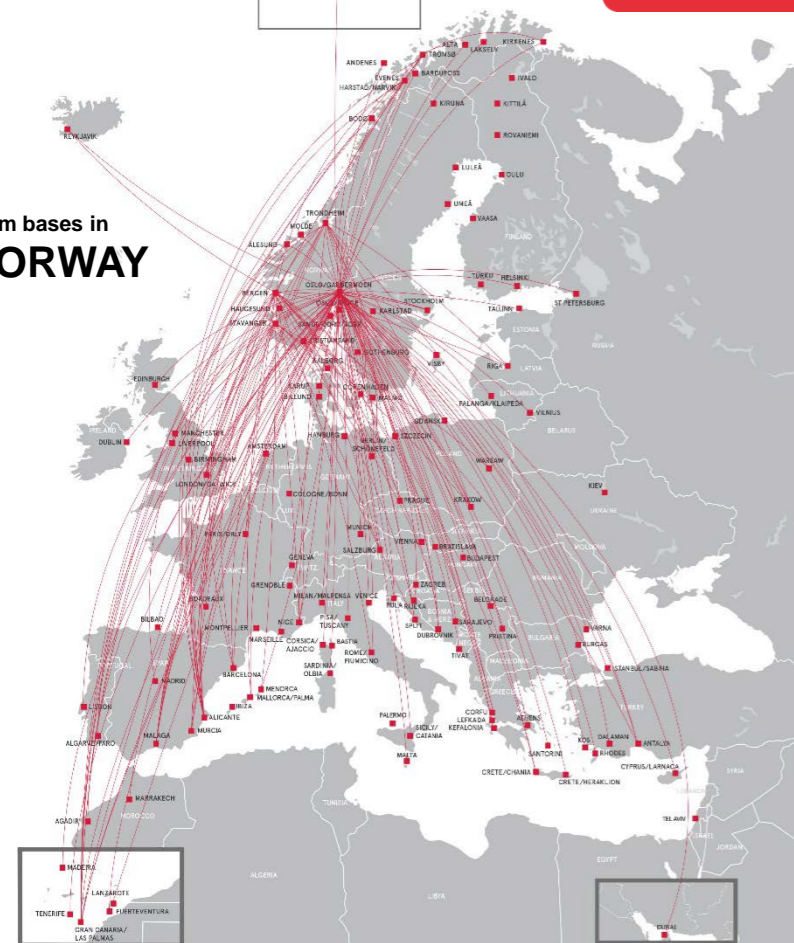
From bases in the
**USA &
THAILAND**



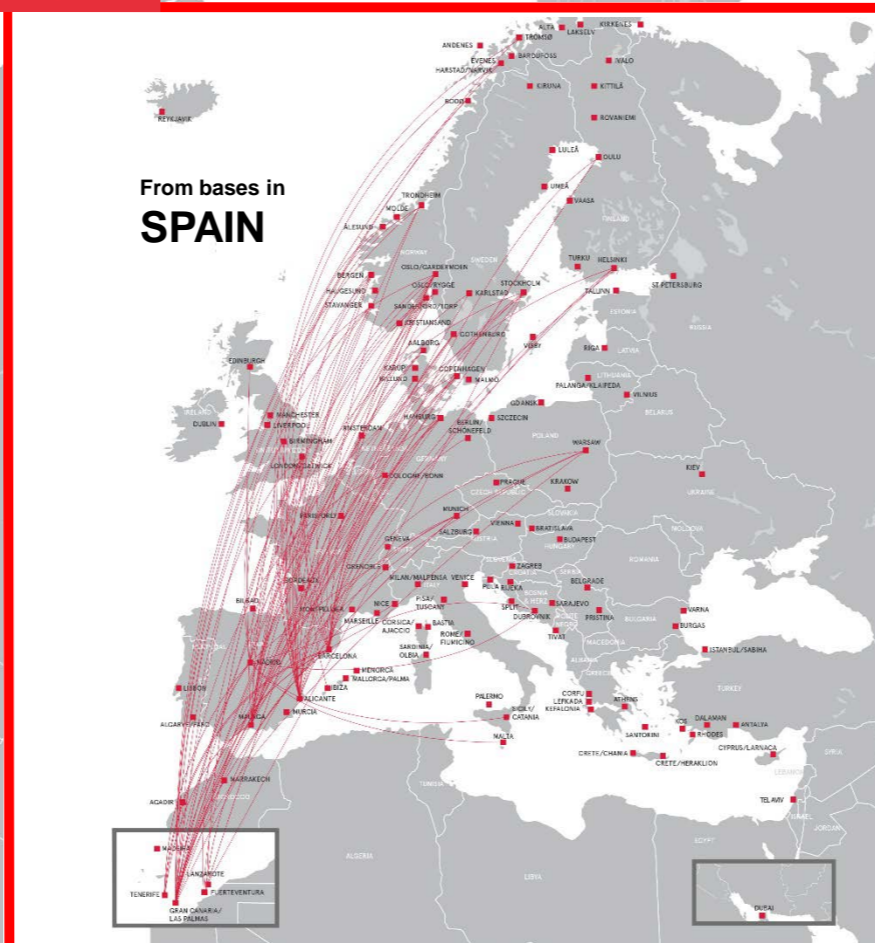
From bases in
**SWEDEN
DENMARK
FINLAND**



From bases in
NORWAY



From bases in
SPAIN



From the
UK base

