Norwegian Air Shuttle ASA

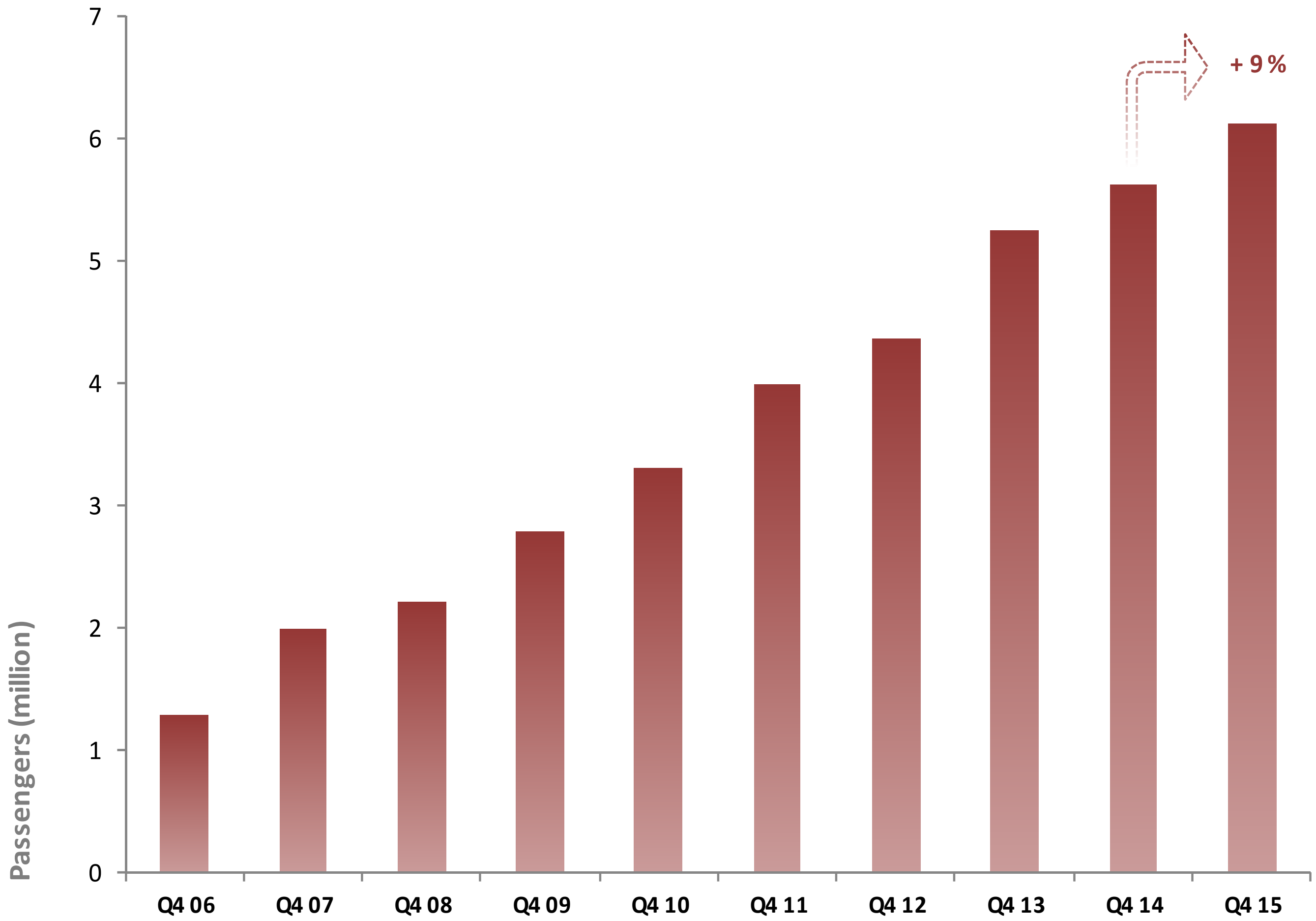
Q4 2015 Presentation

11 February 2016

Highlights

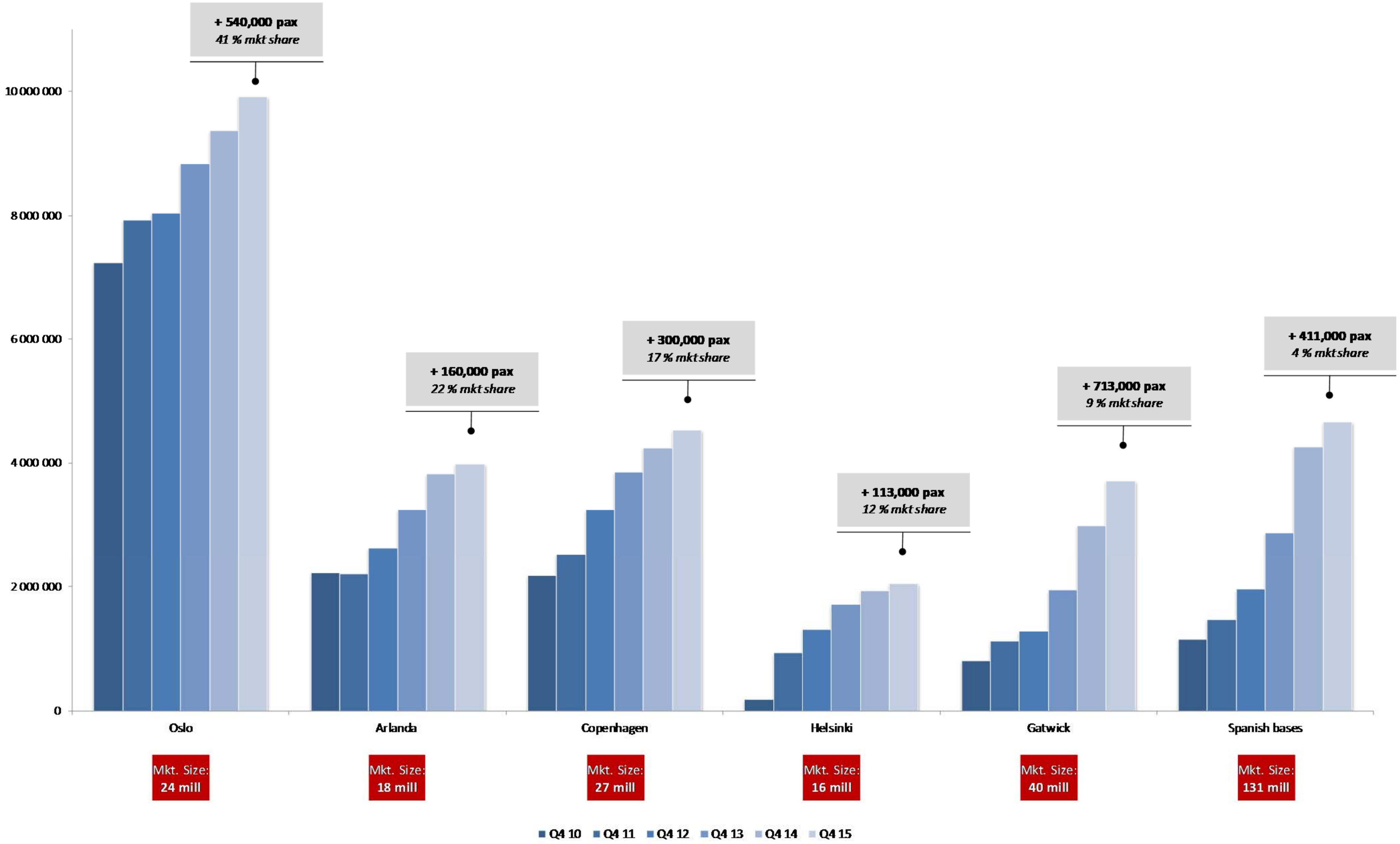
- → Launched routes in Q4 to the Caribbean (Puerto Rico, St Croix, Martinique, Guadeloupe) and domestic Spain. New base in Italy in 2016
- → Added 10 new 737-800 aircraft and one 787-8 Dreamliner in 2015
- → Reached agreement with unions for pilots and cabin crew
- → EBITDA ex other gains/losses improved to NOK 2 billion from a loss of NOK 79 million in 2014

6.1 million passengers in Q4 2015 (+9 %)



Pax (mill)	1,3	2,0	2,2	2,8	3,3	4,0	4,4	5,2	5,6	6,1

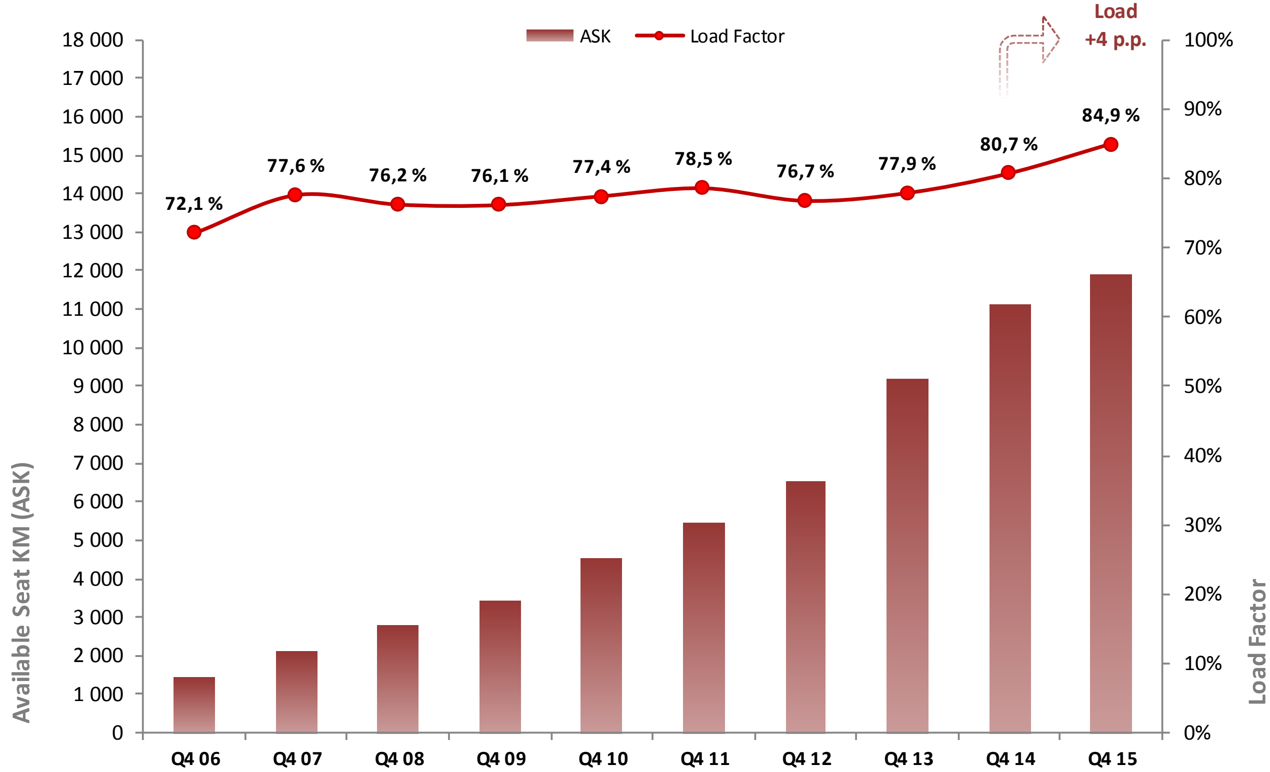
Market shares in key airports (last 12 months)



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

Q4 load factor increased to 85 % (+4 p.p.)

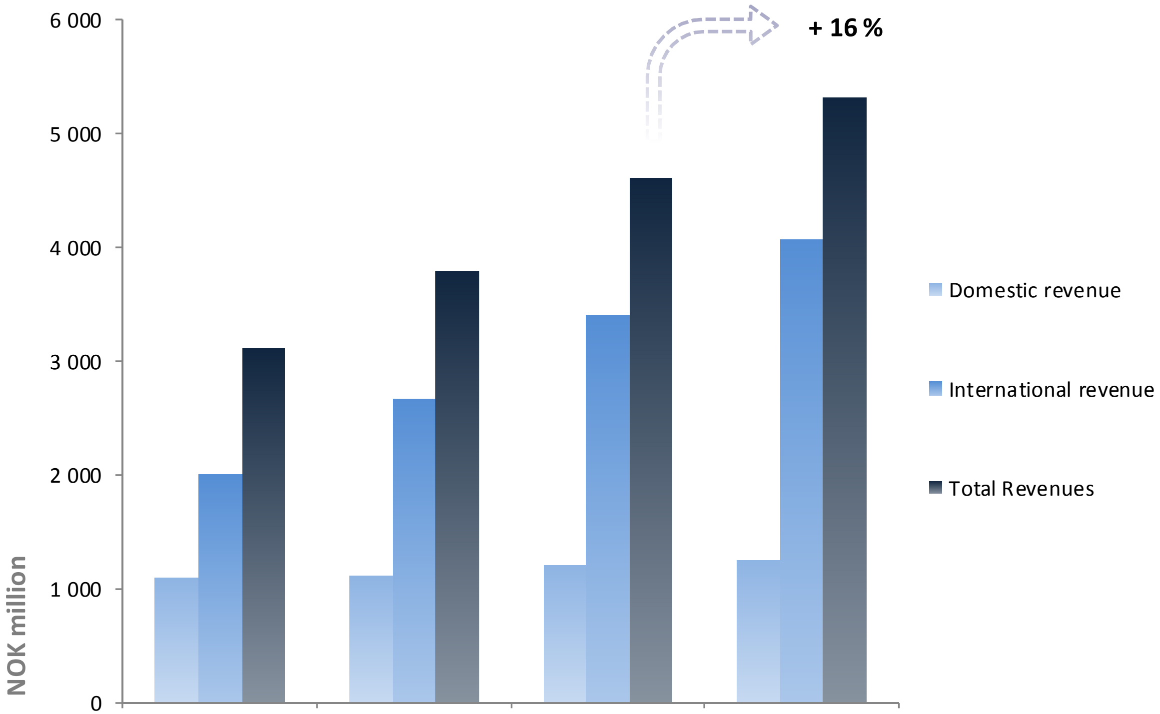
- 7 % growth in capacity (ASK)
- 12 % growth in traffic (RPK)
- Average flying distance increased by 4 %



ASK	1 420	2 122	2 783	3 432	4 516	5 461	6 517	9 176	11 142	11 909
Load Factor	72,1 %	77,6 %	76,2 %	76,1 %	77,4 %	78,5 %	76,7 %	77,9 %	80,7 %	84,9 %

Q4 revenue increased by 16 %

→ 19 % growth in international revenue, + 5 % for domestic Scandinavia

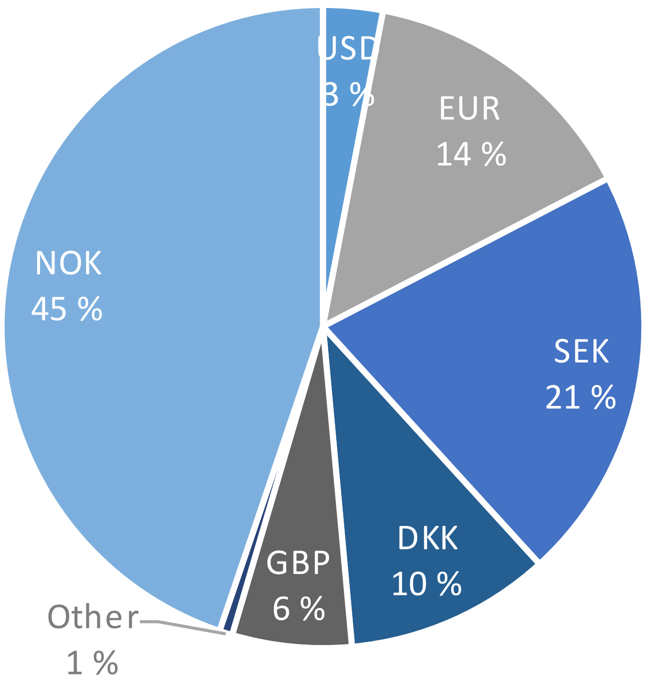


	Q4 12	Q4 13	Q4 14	Q4 15
Revenues	**3 106**	**3 786**	**4 602**	**5 319**
Domestic revenue	1 097	1 116	1 201	1 256
% y.o.y. chg	*16 %*	*2 %*	*8 %*	*5 %*
International revenue	2 008	2 670	3 401	4 063
% y.o.y. chg	*26 %*	*33 %*	*27 %*	*19 %*

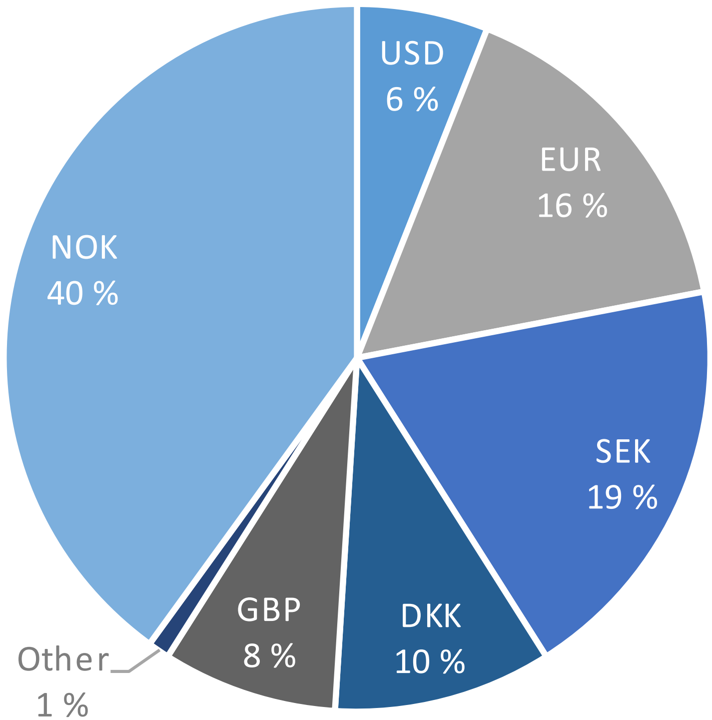
Q4 unit revenue up by 7 % +1 % in local currency

- Unit Revenue (RASK) improvement driven by higher load factor and currency
- Growing share of revenue in USD, GBP and Euro
- Less exposure to Norwegian krone

Q4 2014 (NOK 3.8 bn)

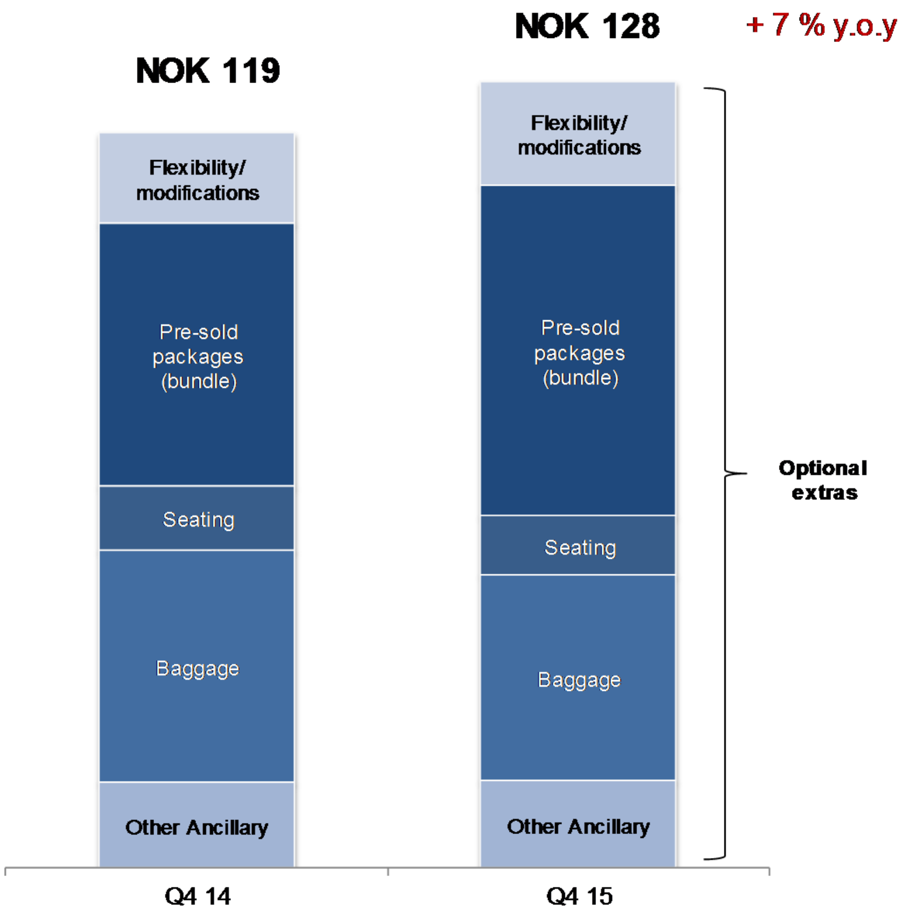


Q4 2015 (NOK 4.3 bn)



Q4: 17 % growth in ancillary revenue

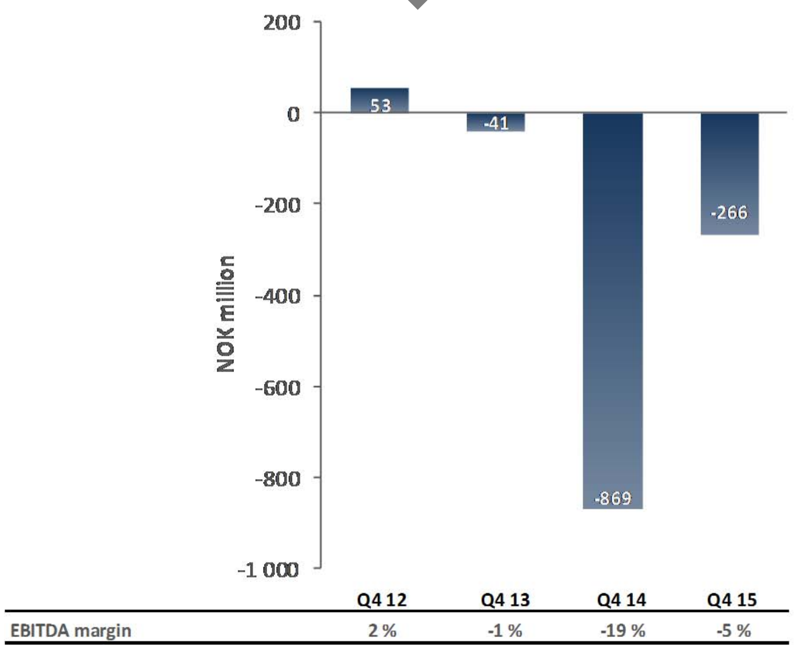
- → 15 % share of Group revenue
- → Per passenger: 14 % growth for LH and 2 % for SH driven by bundle and freedom to choose



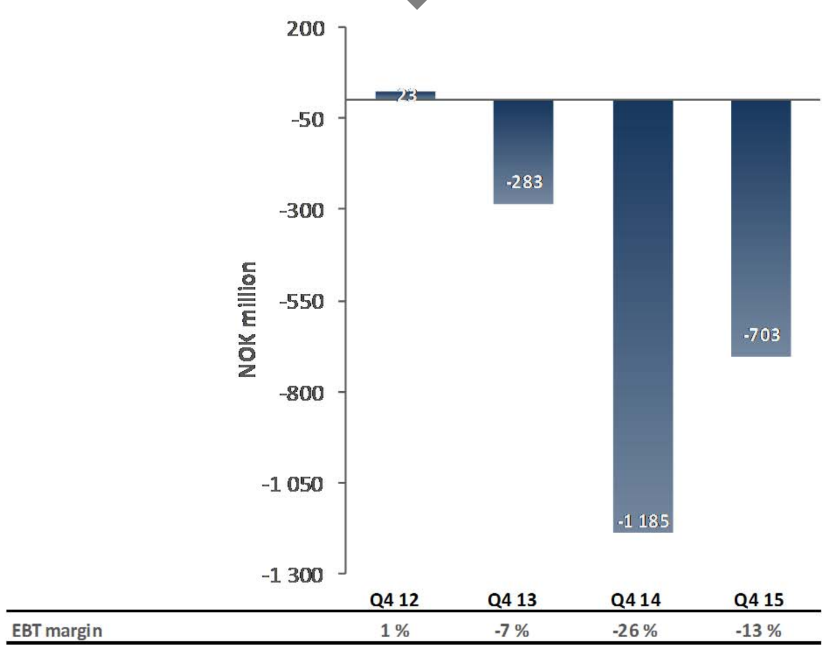
Q4 EBITDA improved by NOK 603 million

(NOK million)	Q4 14	Q4 15	Change
Revenue	4 602	5 319	
EBITDA	**-869**	**-266**	**603**
EBIT	-1 083	-633	
Pre-tax profit (EBT)	**-1 184**	**-703**	481
Net profit	-978	-373	

EBITDA development Q4

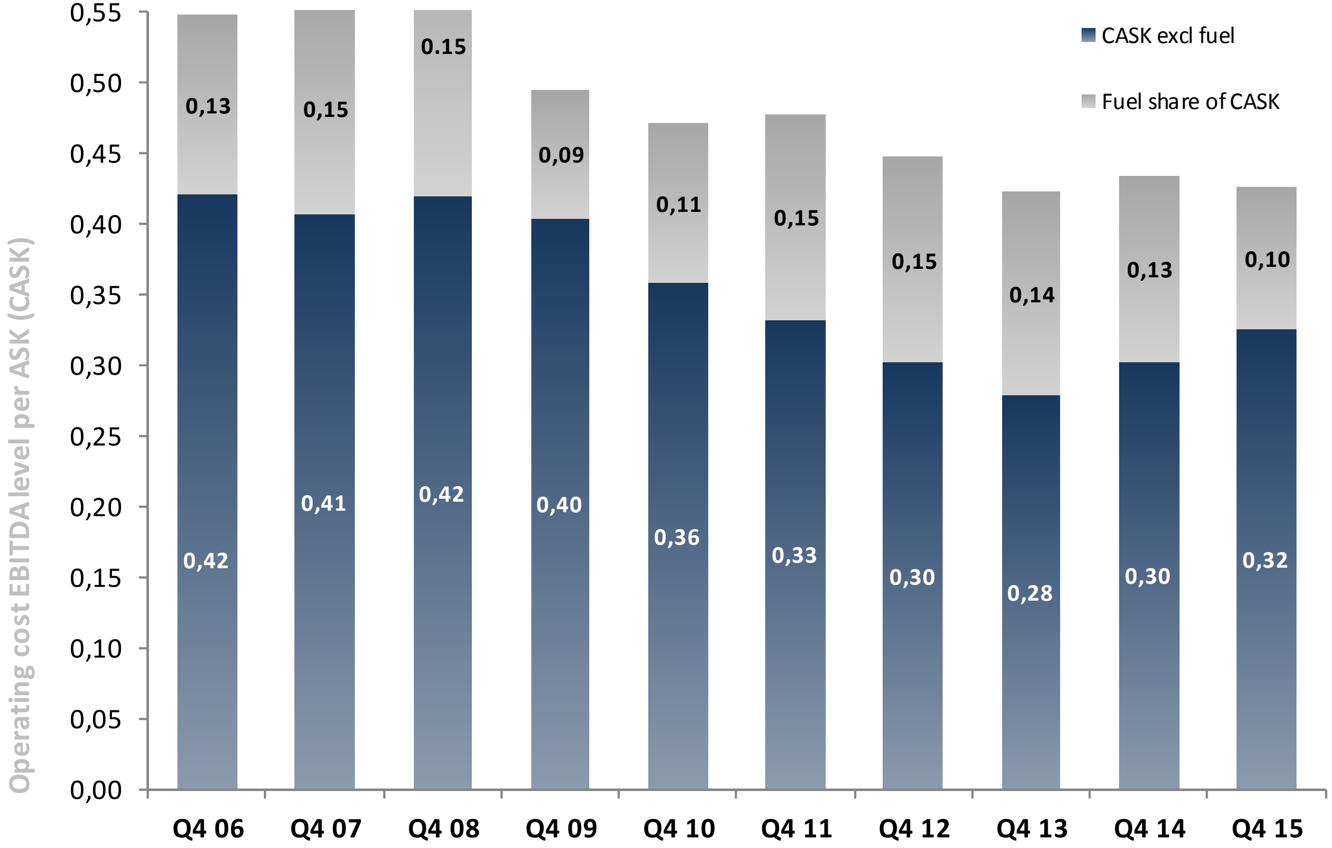


EBT development Q4



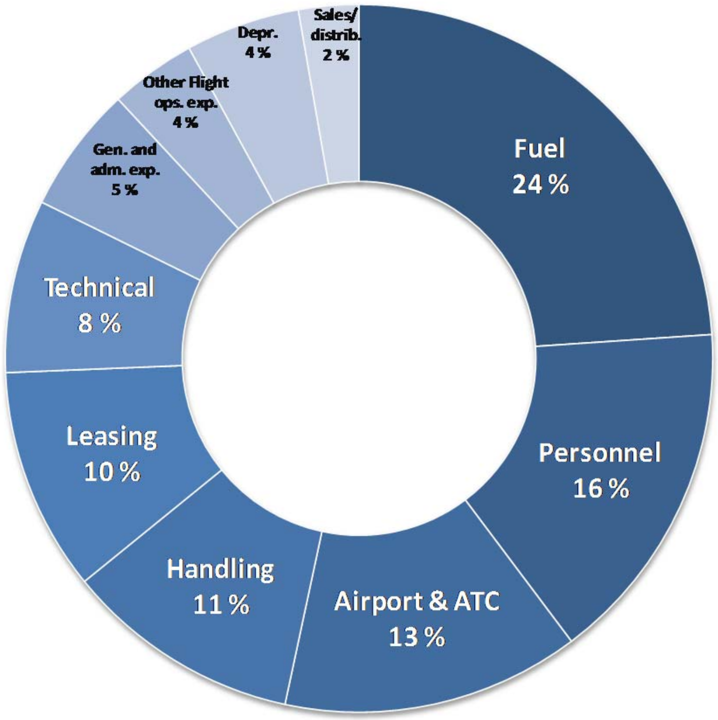
Unit cost cut by 2 % in Q4, -1% for the full year

→ CASK -2 % to NOK 0.43 on lower fuel cost offset by currency

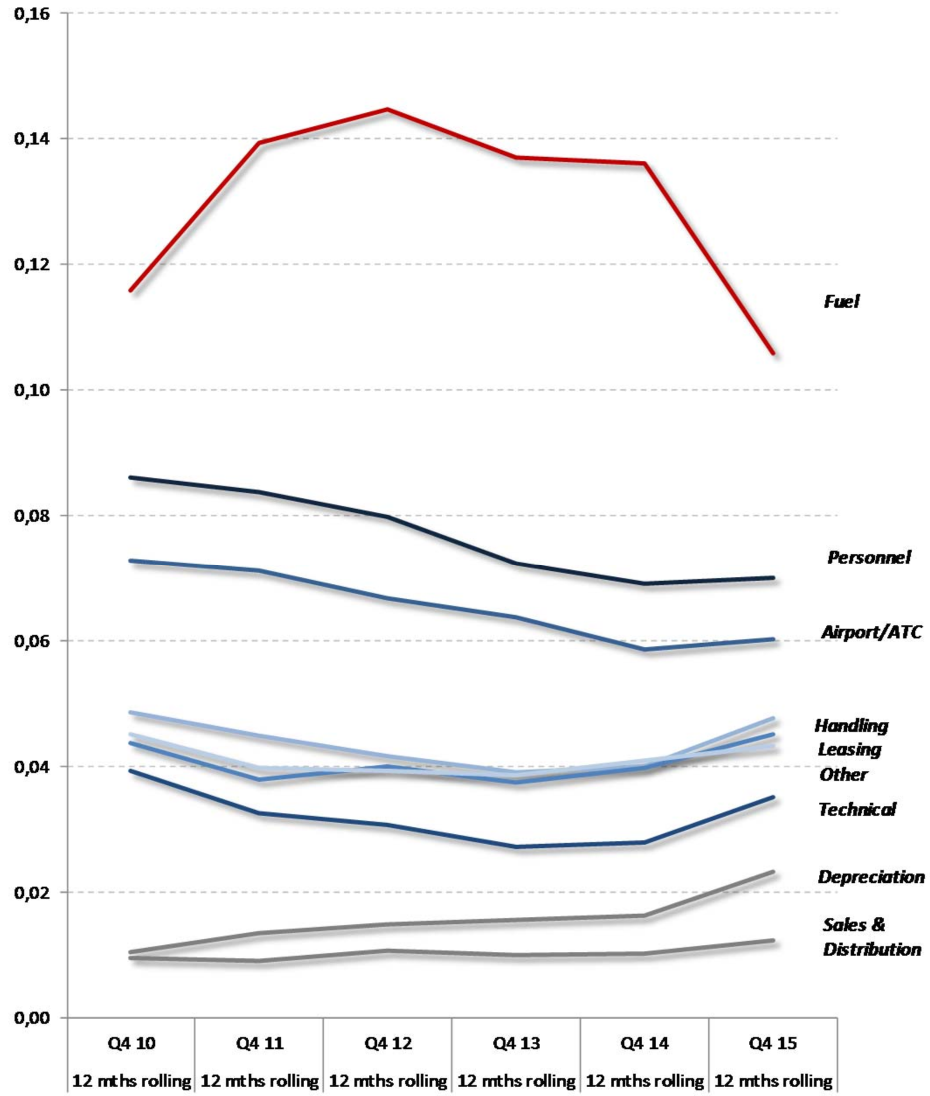


Other losses / (gains) is not included in the CASK concept as it primarily contains hedge gains/losses offset under financial items* as well as other non-operational income and/or cost items such as gains on the sale of spare part inventory and unrealized foreign currency effects on receivables/payables 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.

2% reduction in unit cost ex fuel adj. for currency



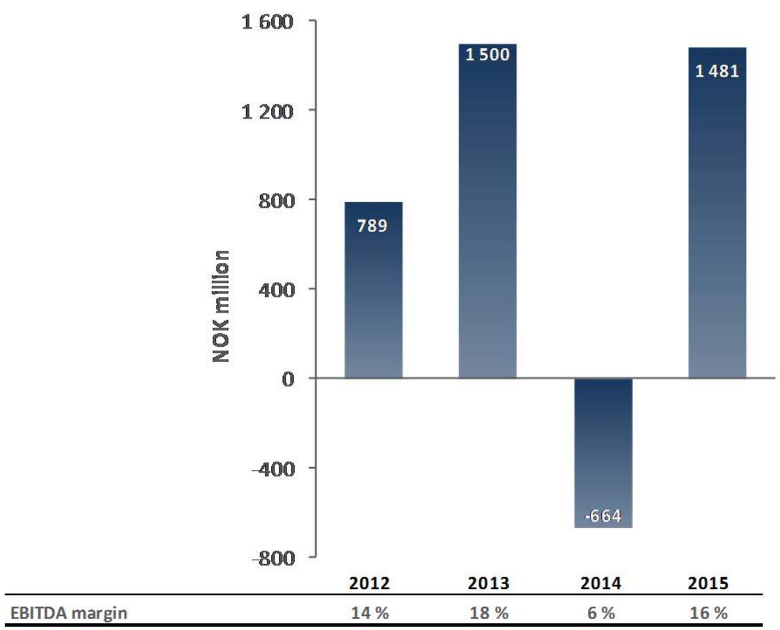
- 8 % negative impact of currency
- Fuel share of opex reduced to 24 %



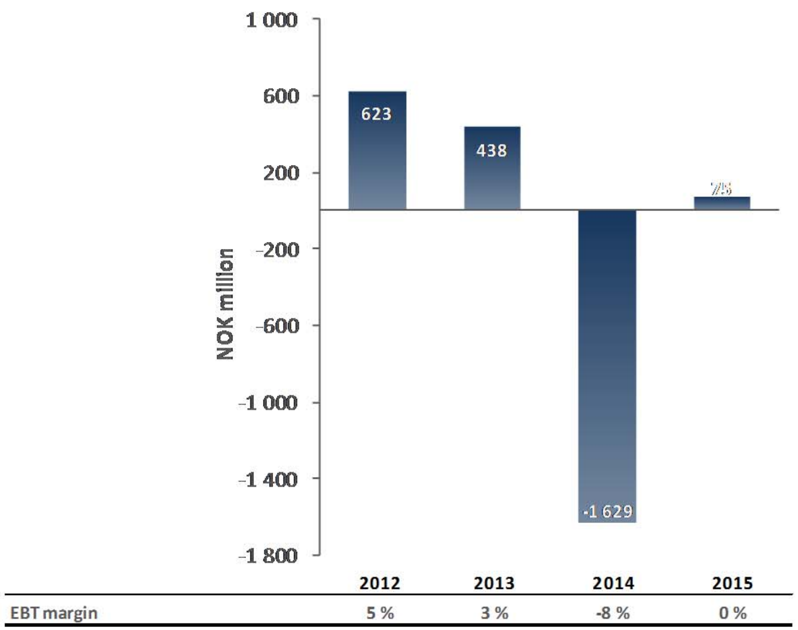
FY 2015 EBITDA improved by NOK 2.1 bn

(NOK million)	2014	2015	Change
Revenue	19 534	22 491	
EBITDA	**-662**	**1 481**	**2 143**
EBIT	-1 411	348	
Pre-tax profit (EBT)	**-1 627**	**75**	**1 702**
Net profit	-1 070	246	

EBITDA development (full-year)



EBT development (full-year)



EBITDA excl. unrealized hedging and one-offs

NOK million	**2014**	**2015**	**chg**
Revenue	19 540	22 491	2 951
EBITDA as reported	-662	1 481	2 144
Unrealized fuel hedges marked to market	-459	-800	-341
EBITDA excl unrealized hedges	**-203**	**2 281**	**2 485**
Non-recurring items:			
- strike	*-101*	*-110*	
- LH start-up IRR, wetlease	*-381*	*-29*	
- Extra engine overhaul and maintenance	-	*-118*	
- Writedown old aircraft for sale	-	*-60*	
Sum non-recurring items	*-482*	*-317*	
Clean EBITDA	**279**	**2 598**	**2 320**
Margin clean EBITDA	*1,4 %*	*11,6 %*	

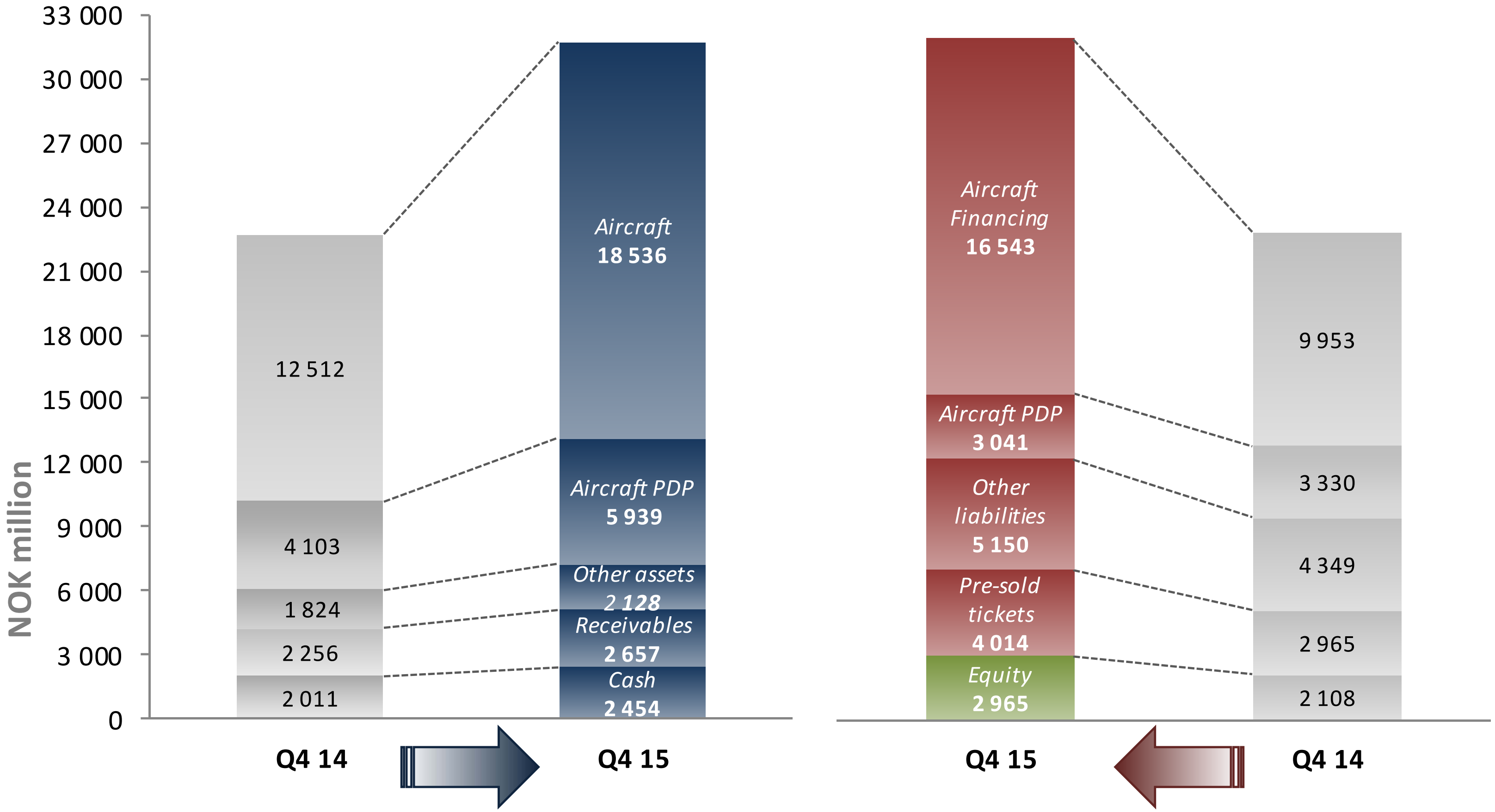
NOK 2.1 bn higher CF from operations in 2015

- Invested NOK 5.2 bn in new aircraft
- EUR 125 million bond issue in Q4
- NOK 2.5 billion in cash at the end of the year

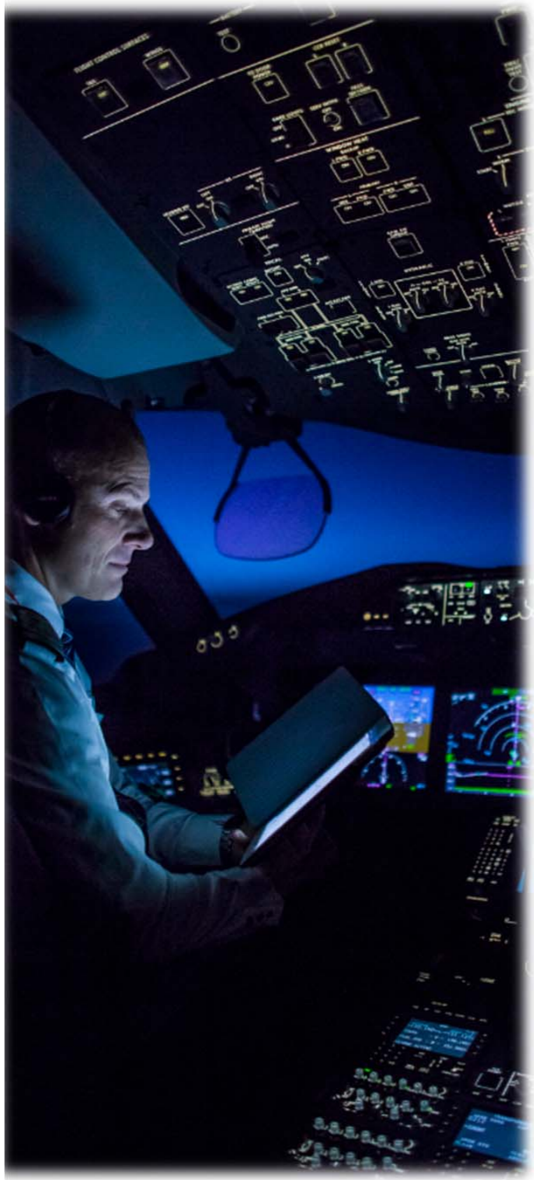
NOK million	Q4 2014	Q4 2015	2014	2015
Profit before tax	-1 184	-703	-1 627	75
Paid taxes	-203	0	-203	-44
Depreciation	212	367	748	1 133
Change working capital	282	59	1 369	1 193
Net cash flows from operating activities	**-892**	**-278**	**287**	**2 357**
Net cash flows from investing activities	-1 306	-657	-4 931	-5 189
Net cash flows from financing activities	2 773	1 081	4 478	3 282
Net change in cash and cash equivalents	580	157	-155	443
Cash and cash equivalents, end of period	**2 011**	**2 454**	**2 011**	**2 454**

Balance-Sheet expanded by currency (NOK 4bn) and new aircraft (NOK 5bn)

- Added ten new 737-800 and one 787 on balance + PDP's
- NOK 17 billion net debt and unchanged equity ratio of 9 %

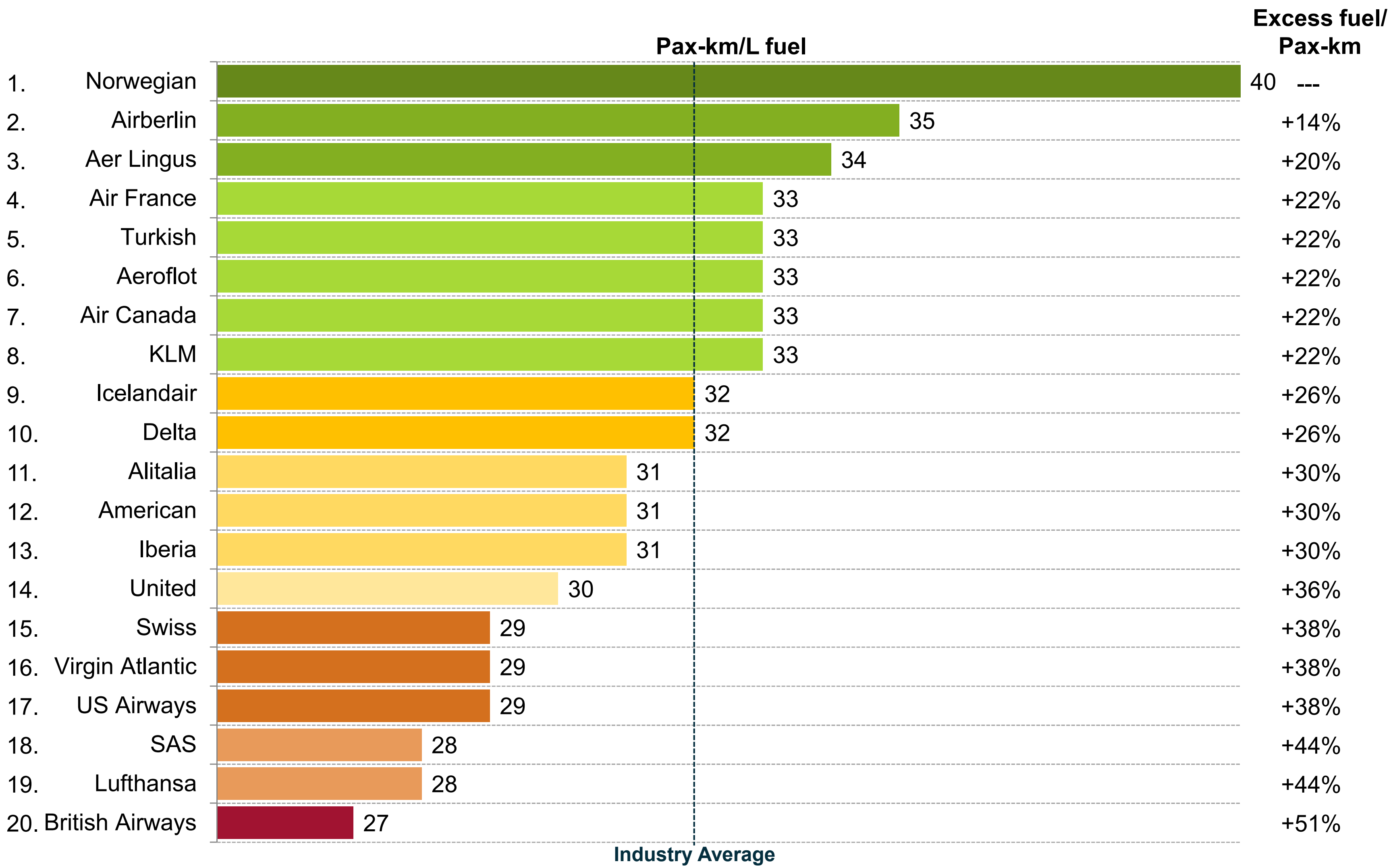


Aircraft financing on track



- Expected capex (all aircraft incl. PDP)
  - USD 1.1 bn for 2016 (unchanged)
  - USD 2 bn for 2017
  - USD 2 bn for 2018
- PDP financing
  - PDP financing with backstop lease B 737 800 (in 1H 2016)
  - PDP Financing for 50 A320 Neo’s in place
  - Negotiating PDP financing for Boeing deliveries
- Long-term financing
  - Commercial financing of 6 B 737 800
  - Ex-Im and ECA
  - EETC to be considered

Fuel efficiency of the top 20 airlines on transatlantic routes

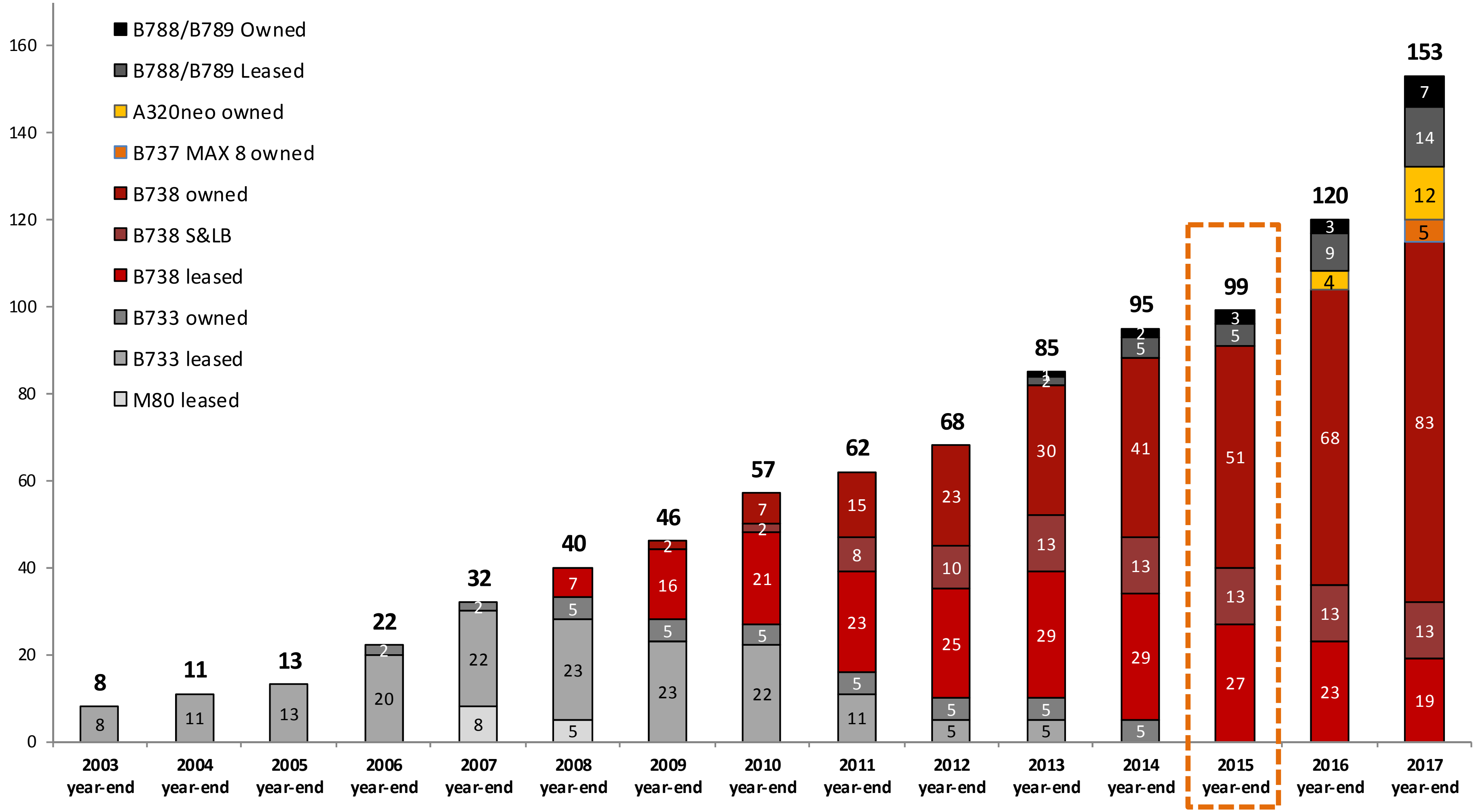


Source: "Transatlantic Airline Fuel Efficiency Rankin, 2014", ICCT (The International Council on Clean Transportation) published November 2015

New routes to the US and the Caribbean

Top modern fleet with an average age below 4 yr

Extended lease agreements for three 737-800 (4 years)



Outlook for 2016

- Markets and business
  - Soft macro and passenger tax to be introduced in Norway, stronger competition in Denmark
  - Stable in other key markets
  - Positive momentum for long-haul
  - Group bookings on par with last year, capacity adjusted

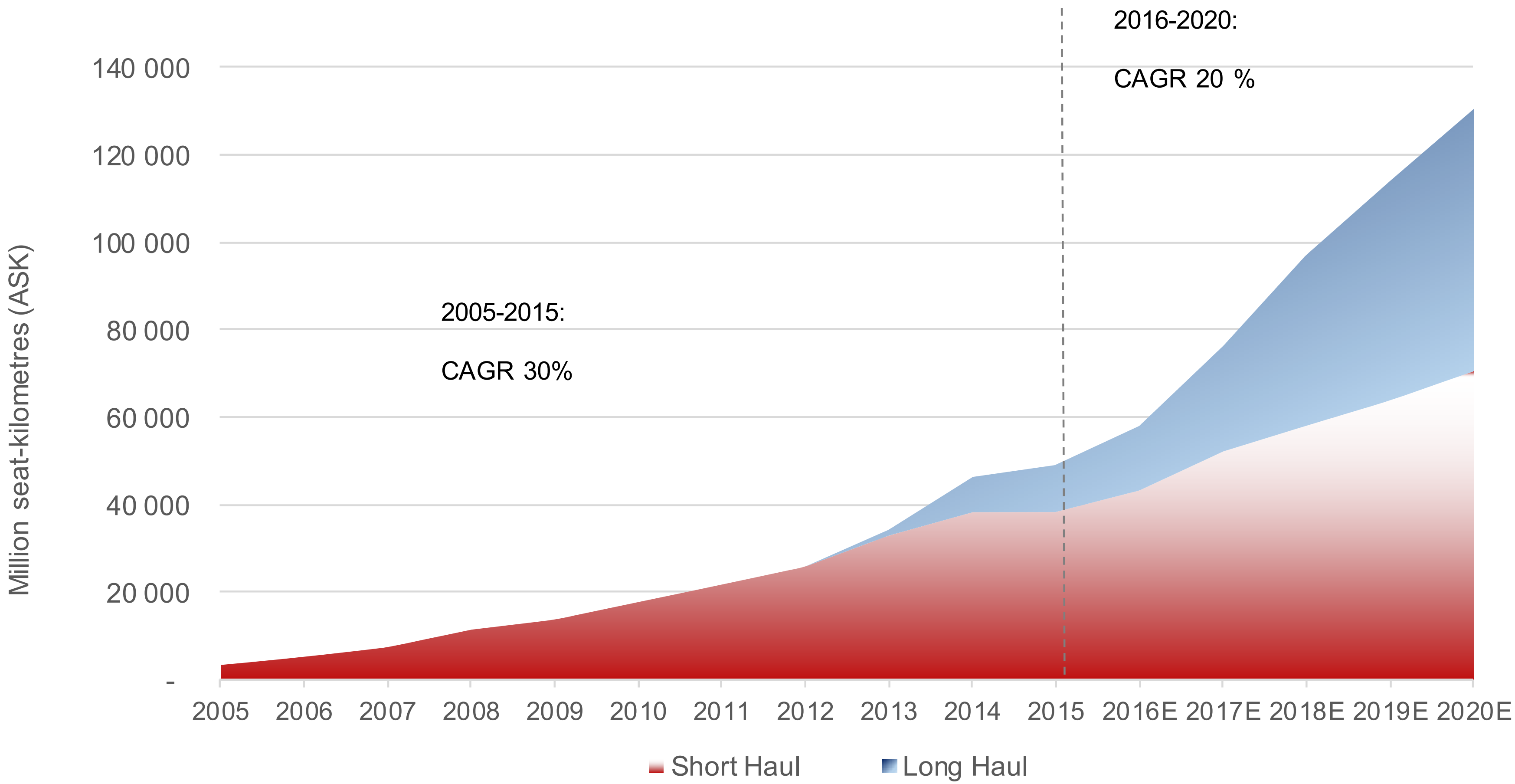
- The company expect a production growth (ASK) of 18 %
  - Short-haul + 12 %, Long-haul + 40 %
  - Increasing distance driven by mix (long-haul)

- Unit cost in the area of NOK 0.37
  - 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

- 25 aircraft scheduled for delivery in 2016
  - Seventeen direct buy B737-800 (returning five leased 737-800)
  - Four leased B787-9 Dreamliners
  - Four direct buy A320Neo (to be leased out)

Norwegian Group 2020:
Long-haul to be more than 1.5x today's short-haul operation

- An average 20 % annual growth for the period (CAGR 10 % for SH, 40 % for LH)
- An estimated 130 billion ASK in 2020



Based on the current fleet plan. Aircraft replaced after 8 years. Excess capacity leased out or sold.

Summary

- Launching new bases and routes, starting with Rome
- Pending DoT approval for NAI and NUK
- Positive impact from historic low fuel cost
- Aiming for further unit cost reductions

Norwegian operates 439 routes to 132 destinations