



Norwegian Air Shuttle ASA

Q1 2018 Presentation

26 April 2018

Highlights Q1 2018



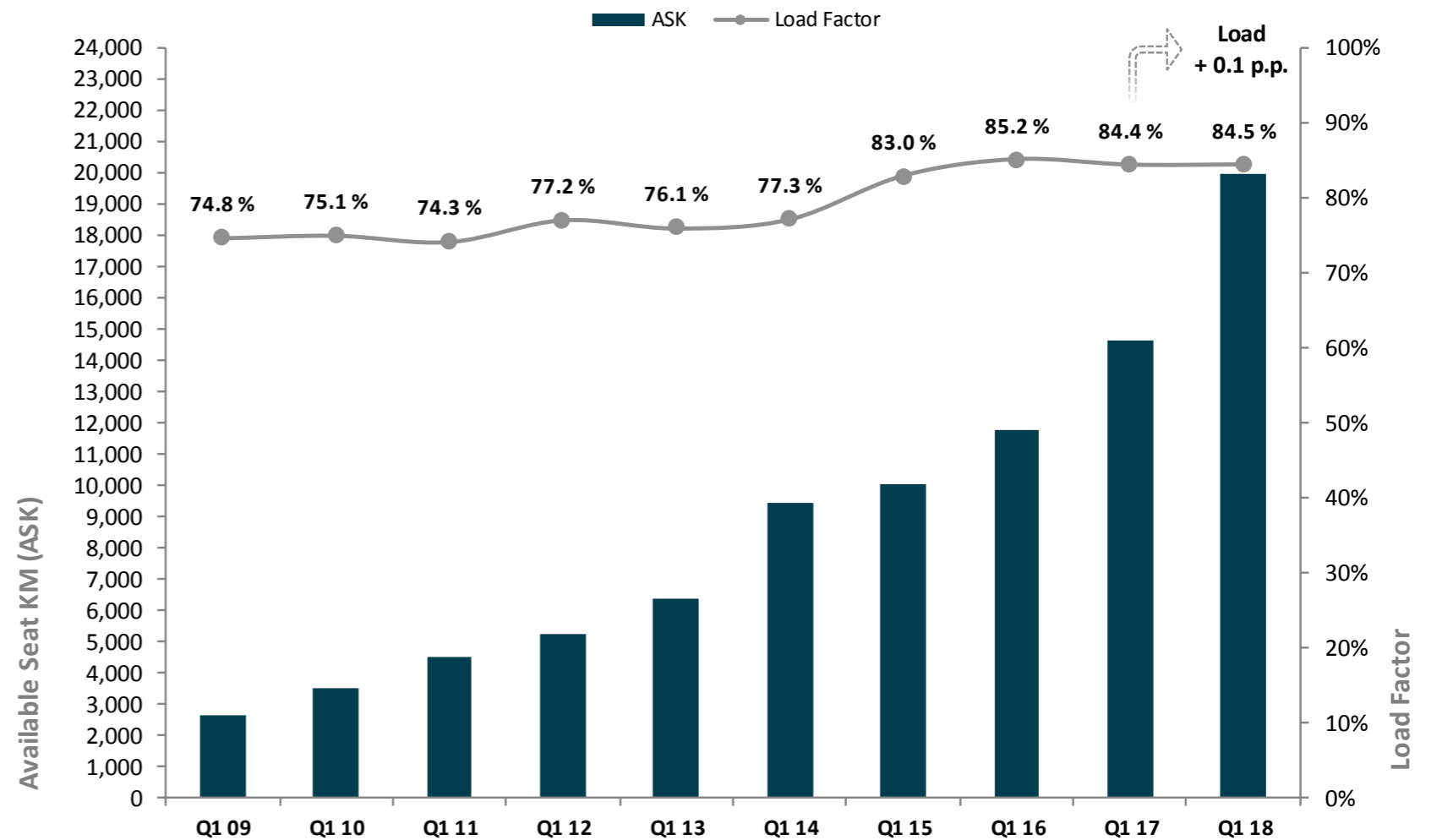
- Successfully completed private placement of NOK 1.3 billion
- Added two 737-800s and six 787-9s to operations
- Launched interline agreement with Widerøe
- Norwegian Air Argentina received an operating license
- EBITDA excl other losses/gains negative by NOK 1,850 million (-1,233)

Stable load despite high ASK growth



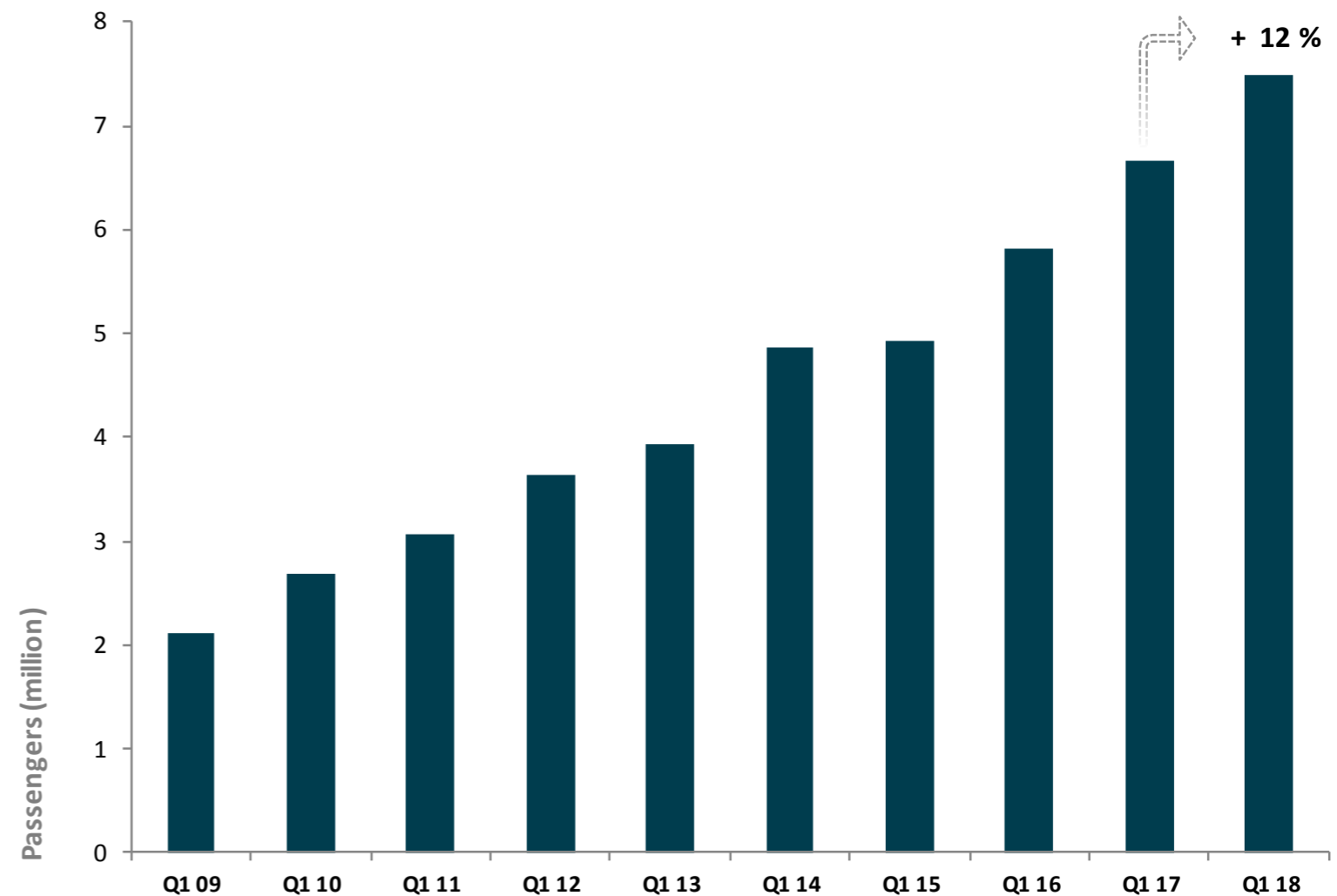
→ 36% growth in capacity (ASK)

→ 37% growth in traffic (RPK)



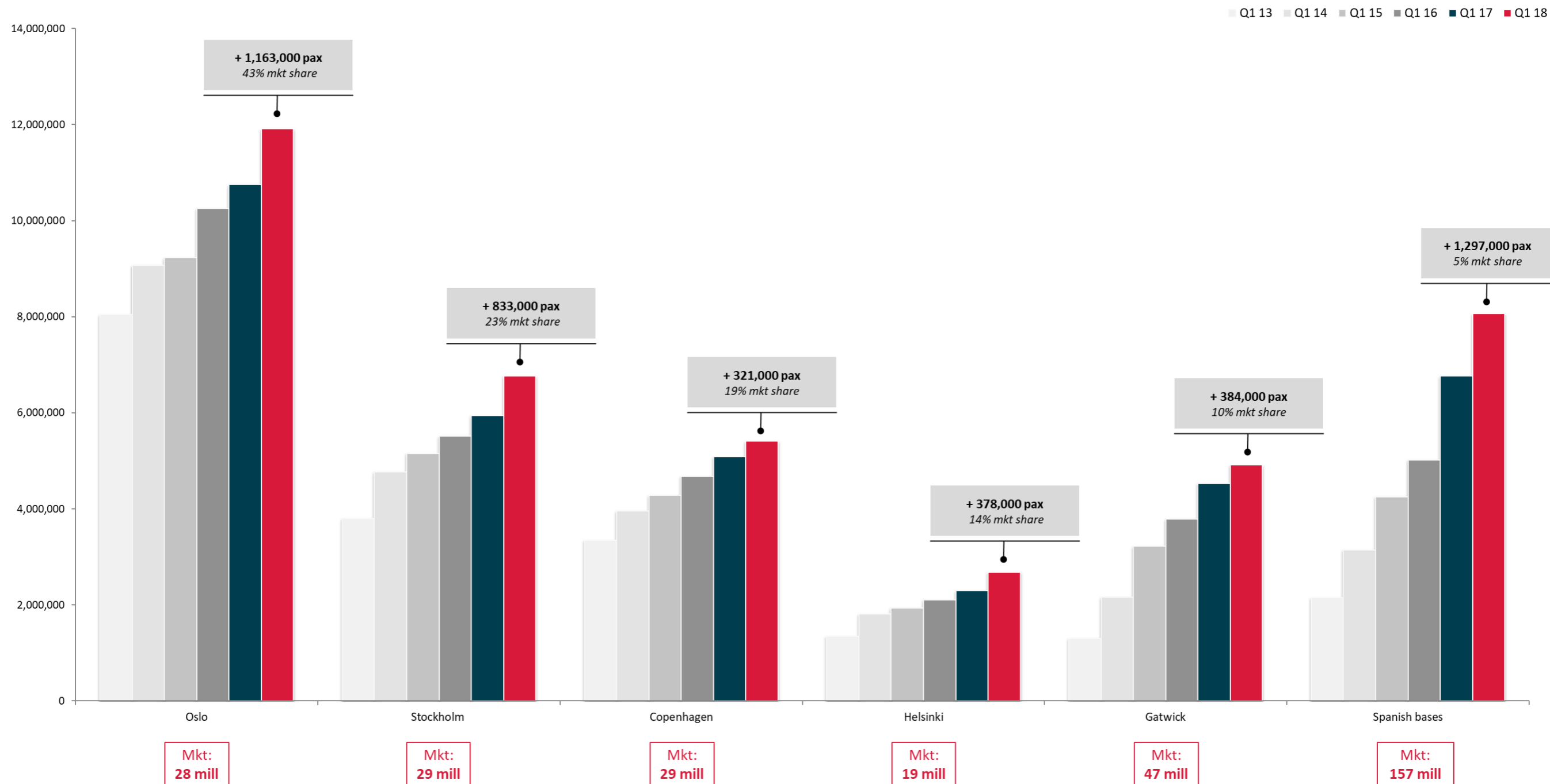
ASK	2,674	3,507	4,498	5,266	6,378	9,421	10,056	11,803	14,649	19,995
Load Factor	74.8 %	75.1 %	74.3 %	77.2 %	76.1 %	77.3 %	83.0 %	85.2 %	84.4 %	84.5 %

7.5 million passengers in Q1 (+12%)



Pax (mill)	2.1	2.7	3.1	3.6	3.9	4.9	4.9	5.8	6.7	7.5
Pax 12 mths rolling (mill)	9.2	11.3	13.4	16.3	18.0	21.6	24.0	26.6	30.1	34.0

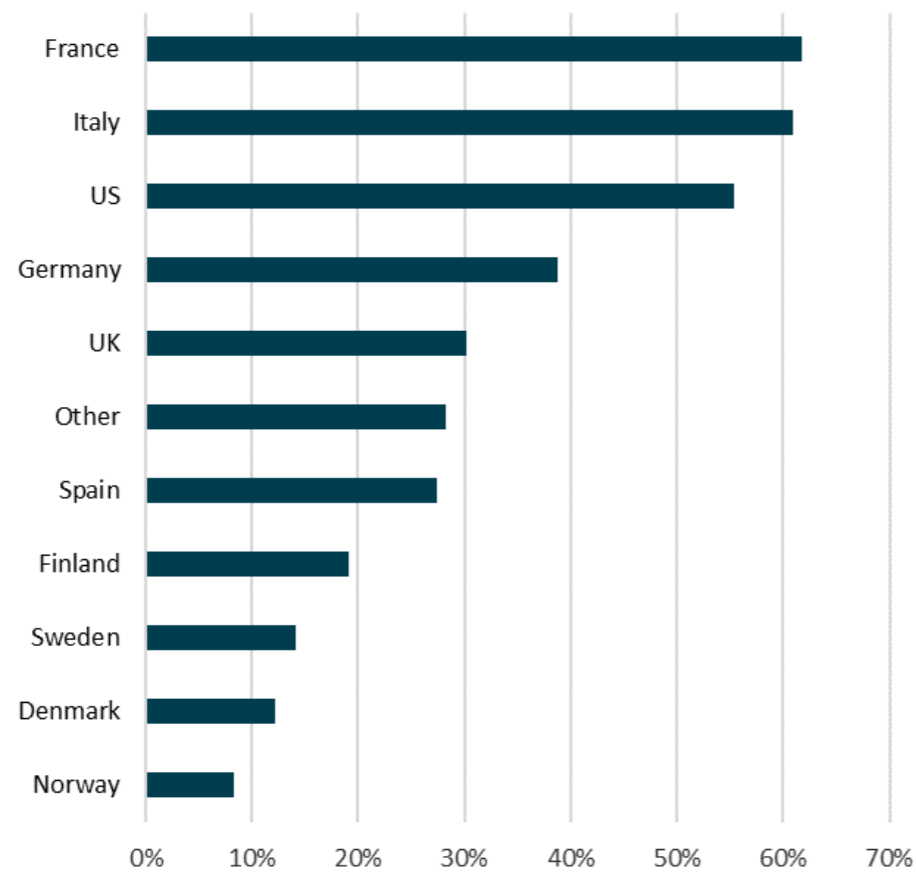
Continued growth at all key airports



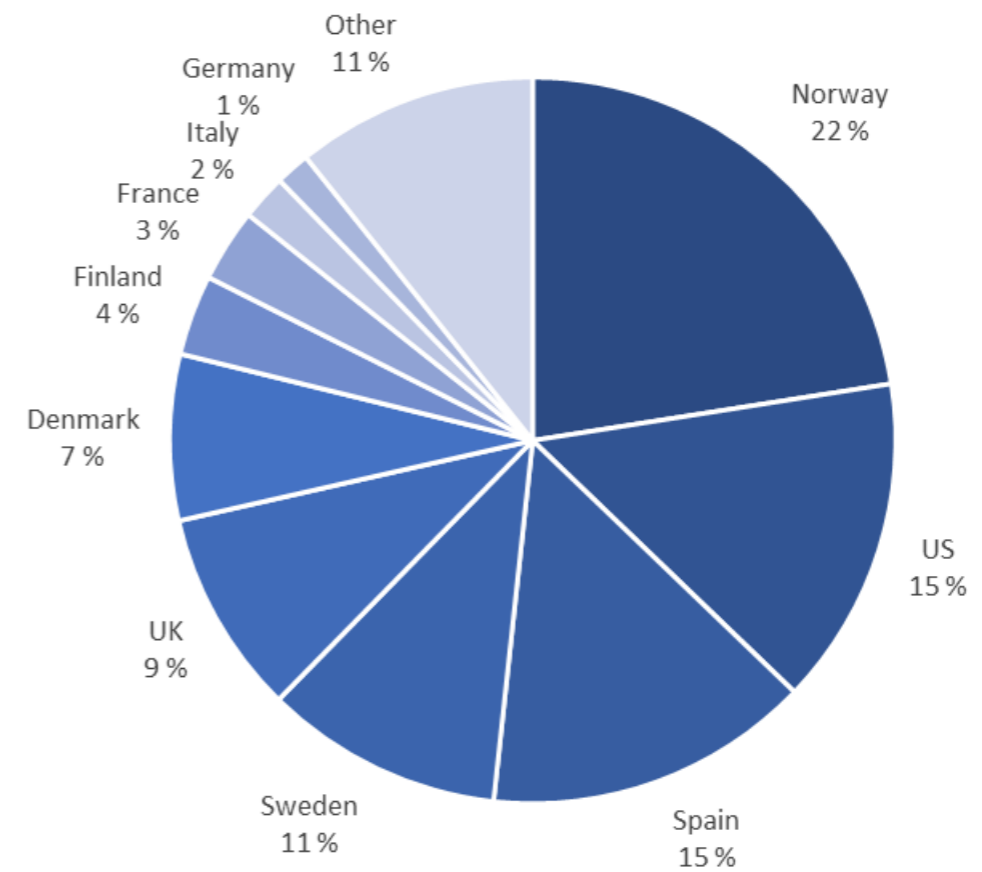
56% of revenue generated outside the Nordics

- 14% revenue growth in the Nordics
- Most significant absolute growth in the US

Growth in revenue by origin in Q1 18* (y/y):



Split revenue by origin in Q1 18*:



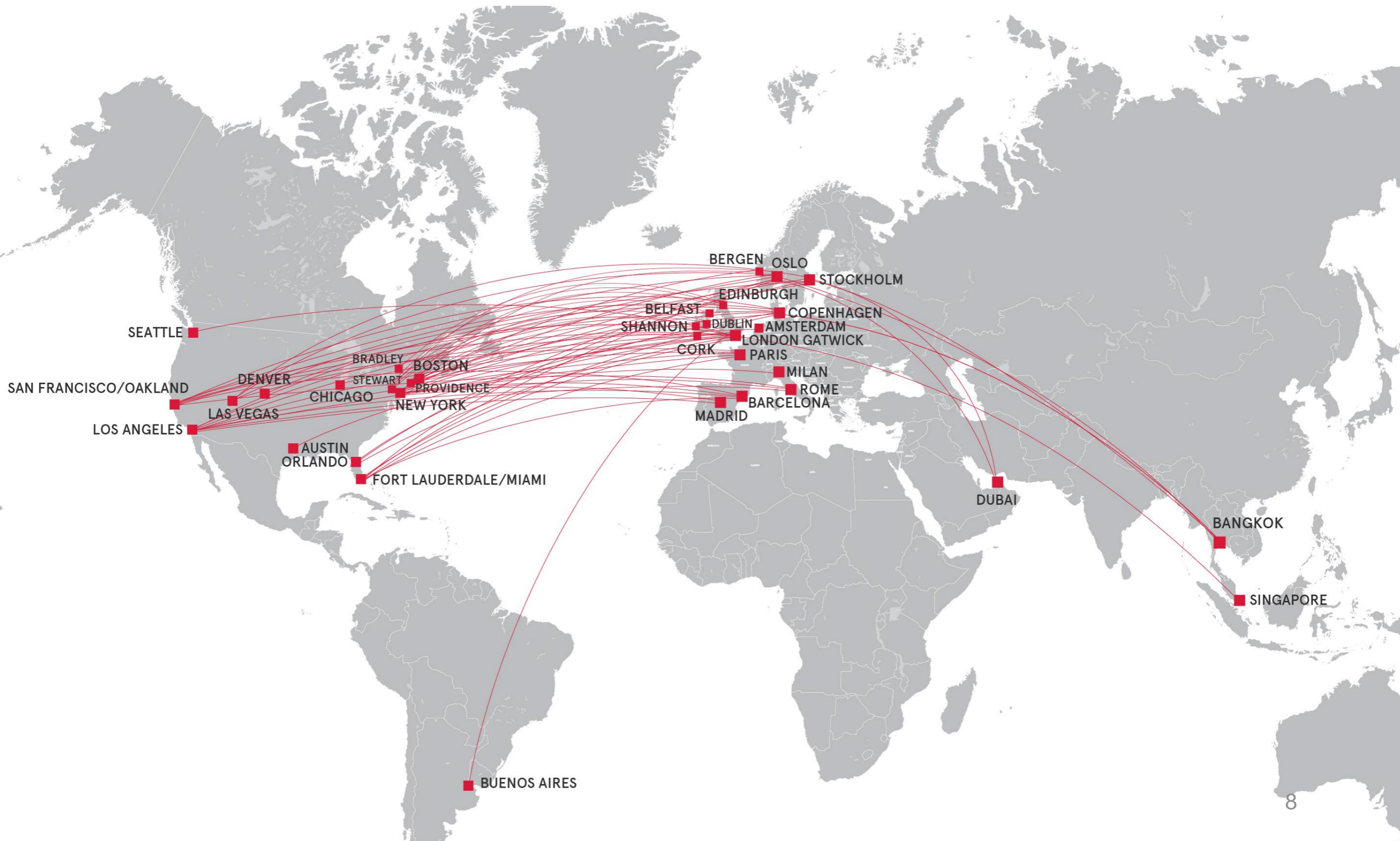
Norwegian's passengers contribute to creating 40,000 new jobs

A new report by Menon Economics shows the positive effects of international passengers flying to Scandinavia with Norwegian:

- 40,000 new jobs have been created in Scandinavia
- Passengers flying to Sweden, Norway and Denmark with Norwegian in 2017 contributed to an increased economic growth of USD 3.5 billion (NOK 26.9 billion)



A network of more than 60 intercontinental routes



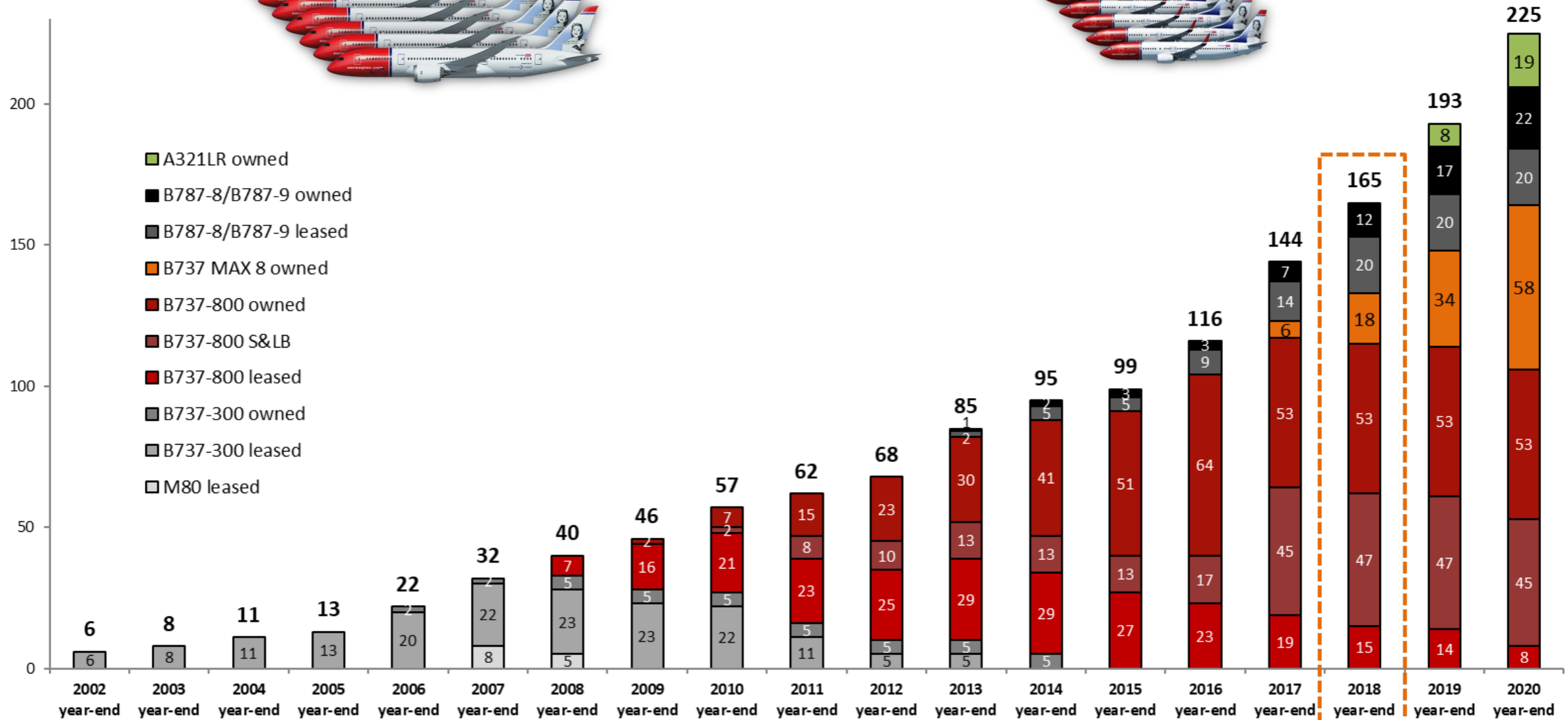
Adding 25 new aircraft to own operations in 2018

2018:

Deliveries 787-9
+3,724 seats

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

Re-deliveries 737-800
-744 seats



Financials

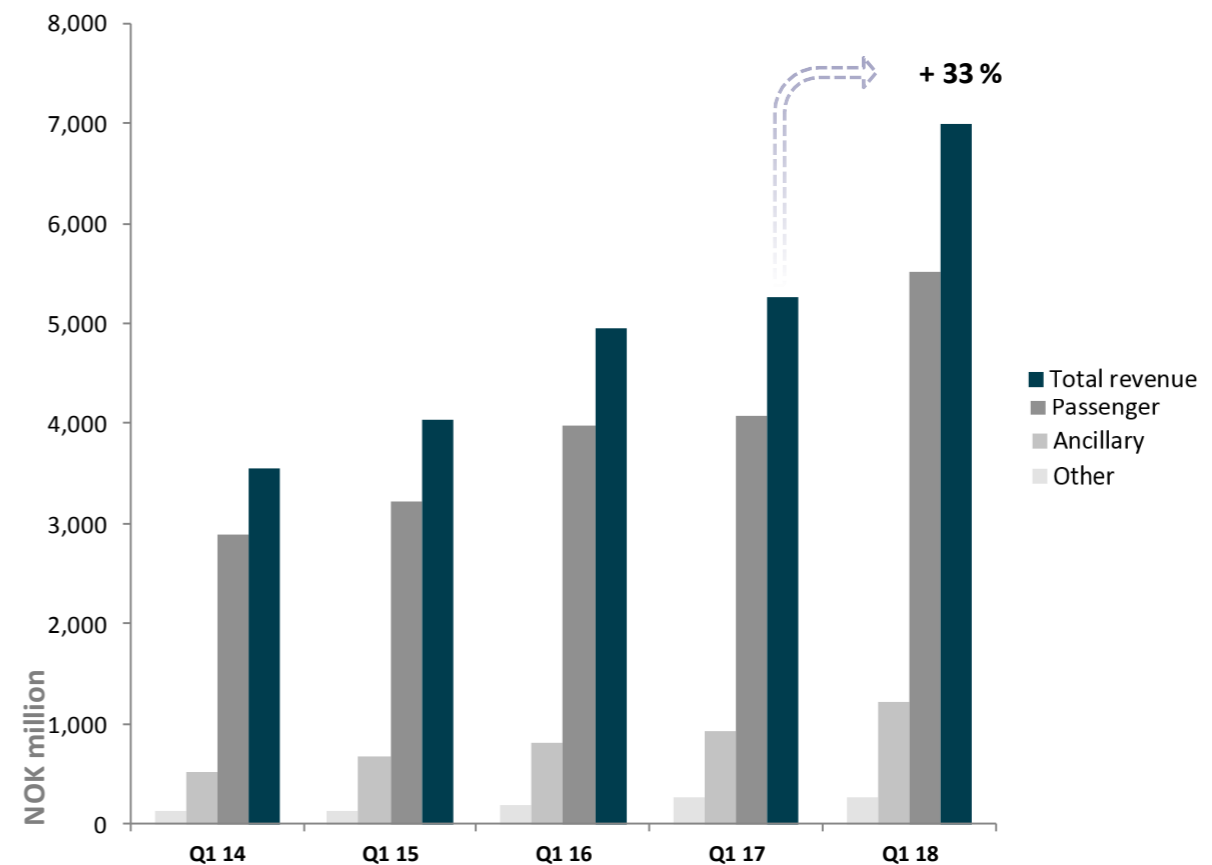
Profit and loss

	Q1 2018	Q1 2017
Passenger revenue	5,511	4,074
Ancillary revenue	1,211	919
Other revenue	271	263
Total operating revenue	6,993	5,256
Personnel expenses	(1,550)	(1,166)
Fuel expenses	(2,255)	(1,526)
Handling expenses	(994)	(722)
Airport/ATC expenses	(907)	(733)
Technical expenses	(860)	(549)
Leasing expenses	(1,010)	(731)
Other operating expenses	(1,267)	(1,062)
Other gains/losses	(40)	(105)
EBITDA	(1,891)	(1,338)
Depreciation	(336)	(364)
EBIT	(2,226)	(1,702)
Net financial items	1,646	(207)
Profit/loss from associated companies	65	61
EBT	(515)	(1,848)
Income tax	469	357
Net profit	(46)	(1,492)

Underlying RASK unchanged



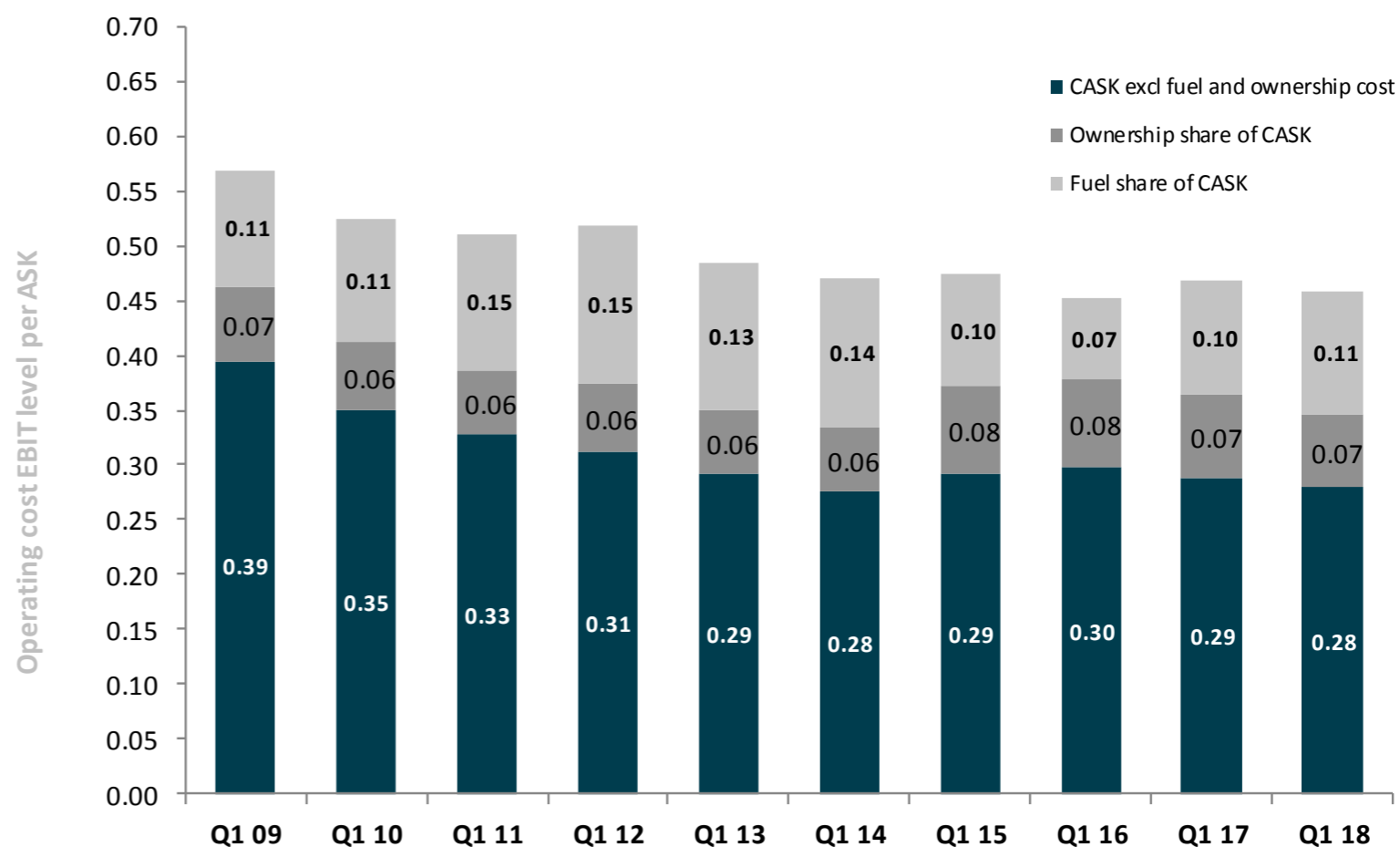
- Q1 unit passenger revenue (RASK) -1% to 0.28 (unchanged currency adj.)
- Average flying distance increased by 17%
- Ancillary revenue per passenger increased by 17%
- Cargo revenue increased by 97% to NOK 162 million



	Q1 14	Q1 15	Q1 16	Q1 17	Q1 18
Total revenue	3,551	4,034	4,961	5,256	6,993
Passenger	2,900	3,221	3,971	4,074	5,511
% y/y chg	17 %	11 %	23 %	3 %	35 %
Ancillary	523	676	802	919	1,211
% y/y chg	55 %	29 %	19 %	15 %	32 %
Other	128	137	188	263	271
% y/y chg	38 %	7 %	37 %	40 %	3 %

Unit cost excl fuel decreased by 5%

- Unit cost excl fuel decreased by 5% (decreased by 3% in constant currency)
- Unit cost incl fuel decreased by 2% (increased by 2% in constant currency)

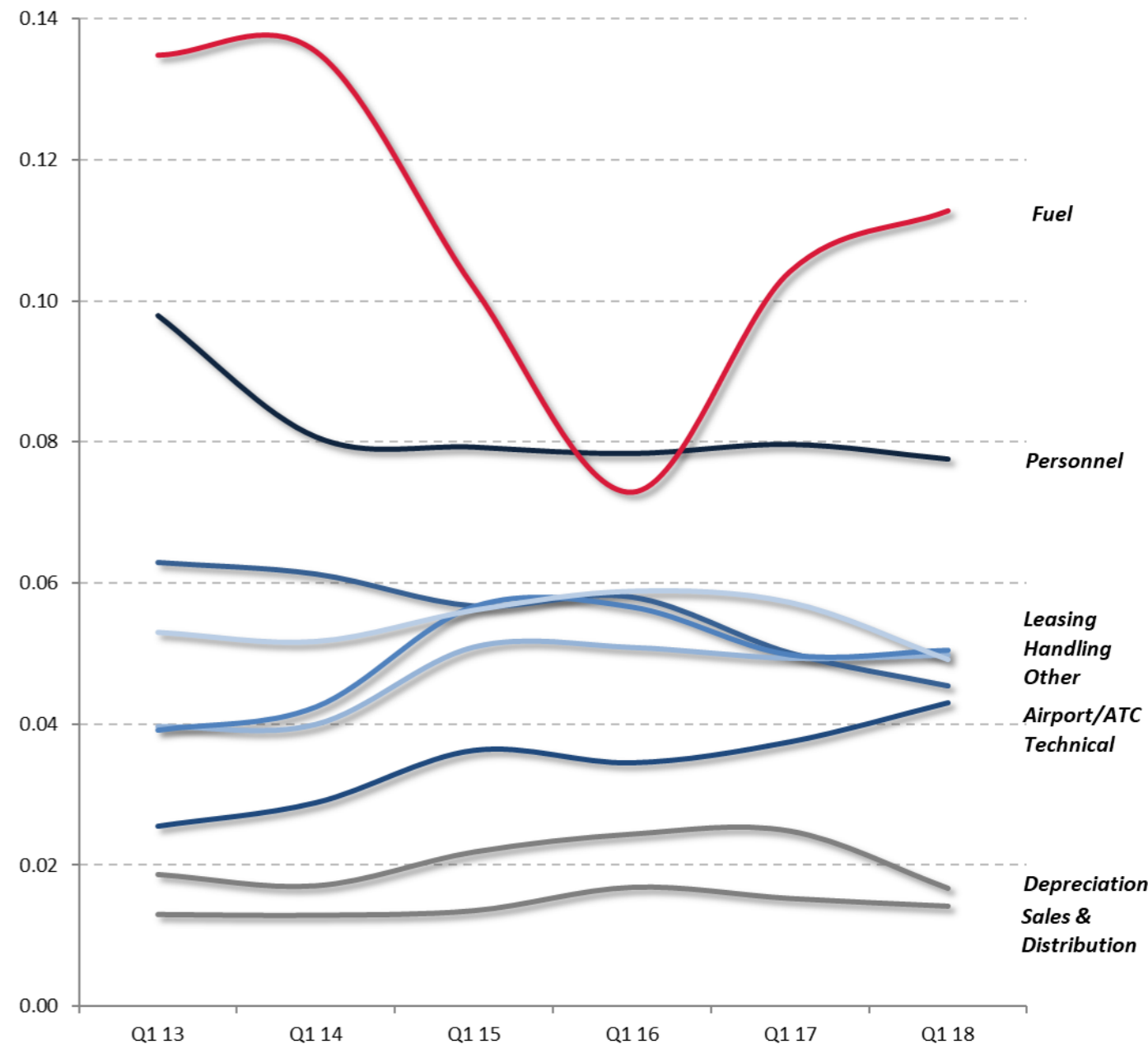


Unit cost	Q1 09	Q1 10	Q1 11	Q1 12	Q1 13	Q1 14	Q1 15	Q1 16	Q1 17	Q1 18
Unit cost excl fuel and ownership	0.39	0.35	0.33	0.31	0.29	0.28	0.29	0.30	0.29	0.28

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** (+8% per ASK) driven by spot price (+26%), partly offset by a weaker USD vs NOK (-7%)
- Lower **personnel cost** (-3% per ASK) due to abating growth and recruitment
- Higher **leasing cost** (+1% per ASK) due to a higher share of leased aircraft
- Higher **handling cost** (+1% per ASK) due to additional security measures for travels to the US of NOK 144 million and compensation cost due to weather
- Lower **airport/ATC** (-9% per ASK) due to increased sector length
- Higher **technical cost** (+15% per ASK) due to higher share of both leased aircraft and 787s/MAXs with total maintenance deals, as well as price escalation on engine maintenance
- Lower **depreciation** (-32% per ASK) due to lower proportion of owned aircraft



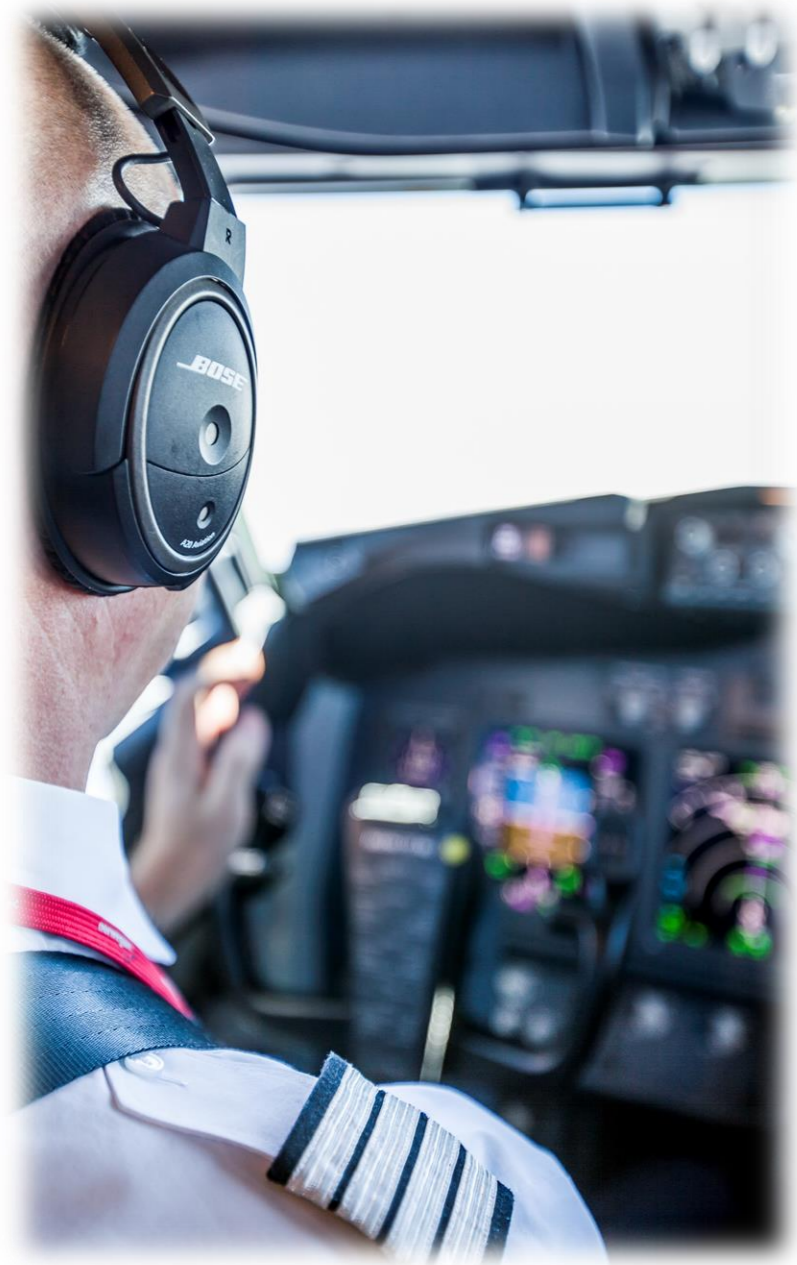
Balance sheet

	Q1 2018	Q1 2017
Intangible assets	1,689	749
Prepayment on aircraft	6,213	7,128
Aircraft and aircraft parts	26,244	22,452
Other fixed assets	376	372
Tangible fixed assets	32,833	29,953
Fixed asset investments	922	1,606
Non-current assets	35,444	32,308
Inventory	114	88
Trade and other receivables	7,677	3,584
Investments	3,228	221
Cash and cash equivalents	3,204	4,757
Current assets	14,223	8,651
Assets	49,667	40,958
Pension obligation	150	108
Other non-current liabilities	127	88
Provision for periodic maintenance	2,669	1,447
Long term borrowings	23,195	19,714
Non current liabilities	26,141	21,357
Current liabilities	5,737	3,247
Short term borrowings	4,734	5,222
Air traffic settlement liabilities	10,985	8,554
Short term liabilities	21,456	17,023
Liabilities	47,597	38,380
Equity	2,069	2,536
Equity and liabilities	49,667	40,916

Cash flow

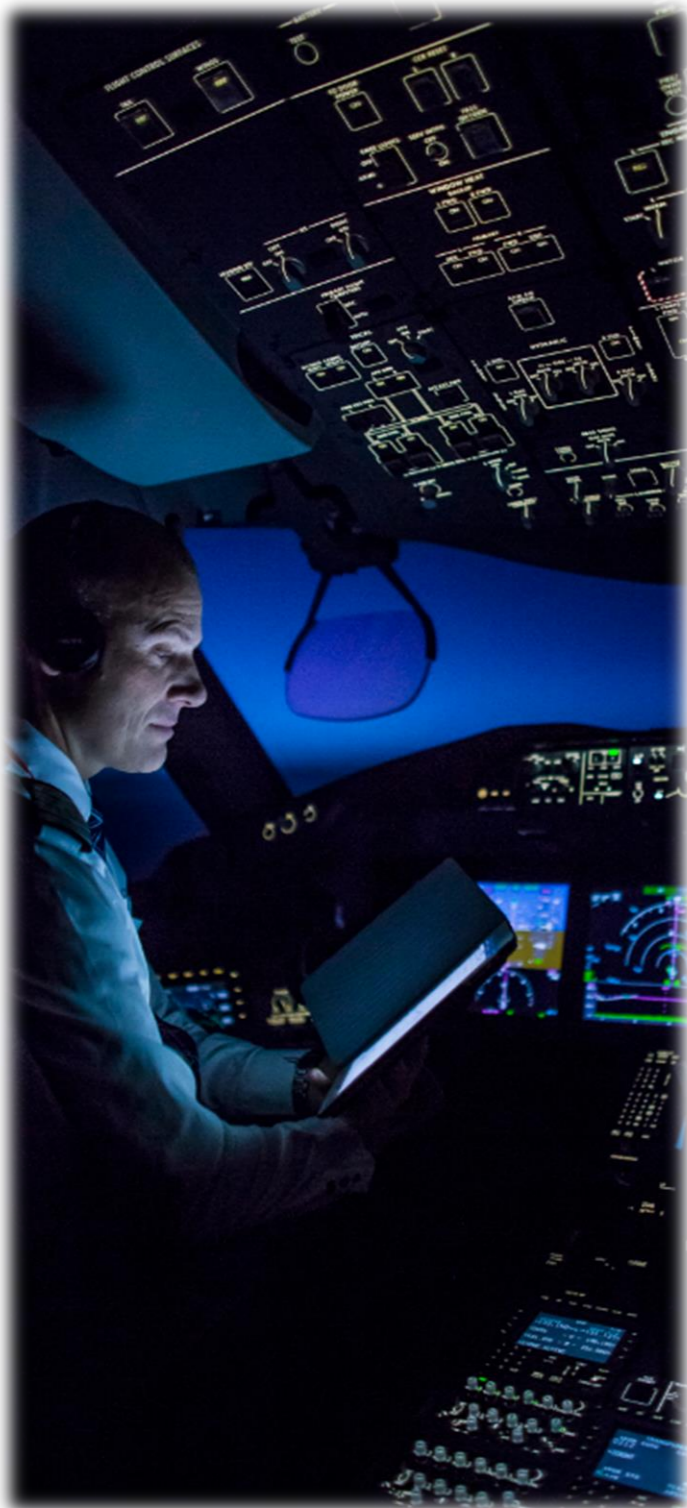
	Q1 2018	Q1 2017
Profit before tax	(515)	(1,848)
Paid taxes	(53)	40
Depreciation, amortization and impairment	336	364
Fair value adjustment of financial assets	(1,940)	-
Changes in air traffic settlement liabilities	4,492	3,888
Changes in accounts receivable	(3,240)	(570)
Other adjustments	785	(475)
Net cash flow from operating activities	(135)	1,399
Purchases, proceeds and prepayment of tangible assets	(3,628)	(95)
Other investing activities	9	(100)
Net cash flow from investing activities	(3,619)	(194)
Loan proceeds	3,607	1,961
Principal repayments	(748)	(444)
Financing costs paid	(400)	(292)
Proceeds from issuing new shares	450	-
Net cash flow from investing activities	2,910	1,226
Foreign exchange effect on cash	8	3
Net change in cash and cash equivalents	(836)	2,434
Cash and cash equivalents at beginning of period	4,040	2,324
Cash and cash equivalents at end of period	3,204	4,757

Equity raise to get through the last phase of extensive growth



- Raised NOK 1.3 billion in a private placement in March-April
- The price was set at NOK 155 per share through a bookbuilding
- Tranche 1 of the private placement registered in March and tranche 2 registered in April
- Subsequent offering to existing shareholders of NOK 200 million in May-June 2018

Financing on track



→ Capex commitment (all aircraft incl PDP)

- USD 1.9 billion for 2018
- USD 2.6 billion for 2019
- Fleet renewal – initiated process to sell older aircraft and reduce capex commitment

→ PDP financing / liquidity

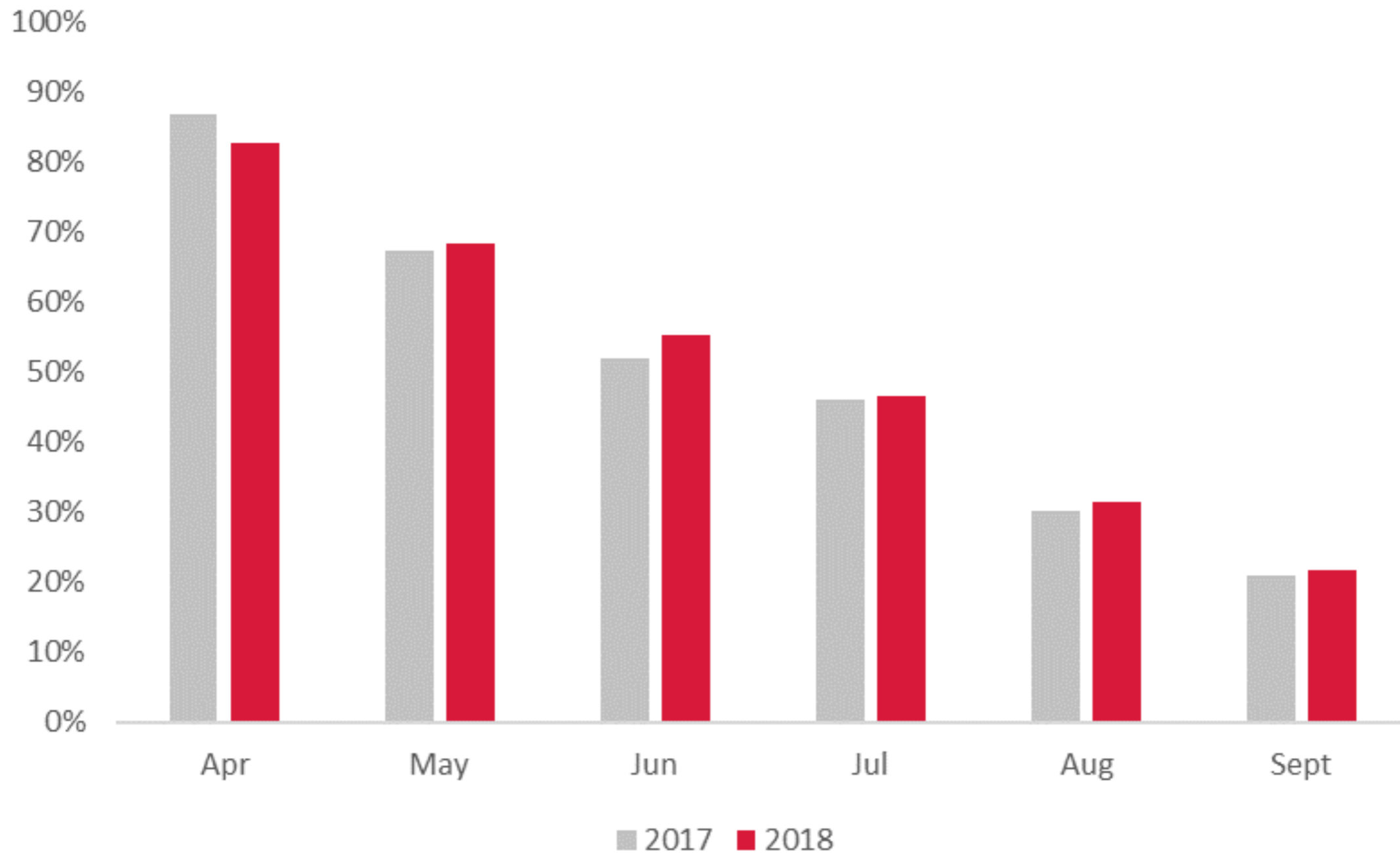
- PDP financing for six 787s
- Tap of unsecured bond in January (EUR 65 million)
- Undrawn credit facility of NOK 311 million (of NOK 1 bn)

→ Long-term financing

- Completed UKEF and JOLCO financing for two 787s in Q1 2018
- Closed SLB of two 737-800 in Q1
- Utilizing a mix of long-term financing for the deliveries in 2018 to 2020 with focus on AFIC and export credits

Outlook

Overall bookings ahead of last year



Outlook for 2018



→ Markets and business

- Capacity adjusted booking volumes ahead of last year
- Favorable trading environment in European short haul market

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

- Q2: +48%, Q3: + 37% Q4: +41%

→ Fuel hedging

- 27% of 2018 at USD 500
- 37% of H1 2018 at USD 499
- 19% of H2 2018 at USD 501
- 3% of 2019 at USD 590

Expect to reduce unit cost excl fuel by 12%



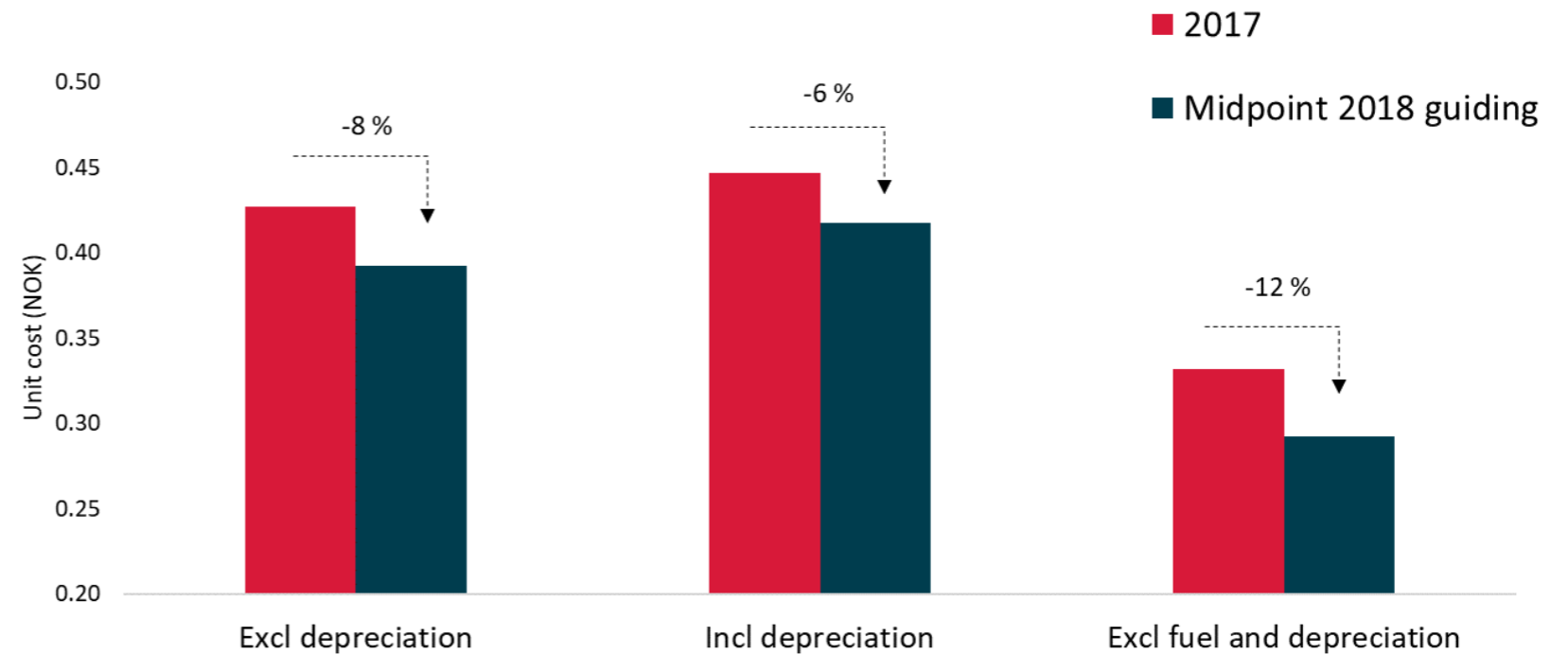
→ Unit cost estimates (unchanged since market update 20 March)

→ NOK 0.290-0.295 excl fuel and depreciation

→ NOK 0.390-0.395 excl depreciation

→ NOK 0.415-0.420 incl depreciation

→ Assumptions: Fuel price of USD 644/mt, USD/NOK 7.61, EUR/NOK 9.50. Based on the current route portfolio and planned production.



Going forward



- Subsequent offering to existing shareholders of NOK 200 million in May-June 2018
- Focus on cost initiatives
- Reviewing strategic opportunities for Norwegian Reward
- In process of divesting up to 140 aircraft
 - Replacement of older aircraft
 - Sell or spin-off excess aircraft into leasing structure
- Update on IAG's acquisition of Norwegian shares
 - Norwegian has received several inquiries following IAG's acquisition
 - The Board of Directors has established a steering committee and hired financial and legal advisers to review the situation, handle relevant inquiries and safeguard the interests of all shareholders

Norwegian offers more than 500 routes to over 150 destinations

