

# Interim report

Norwegian Air Shuttle ASA – second quarter and first half 2015

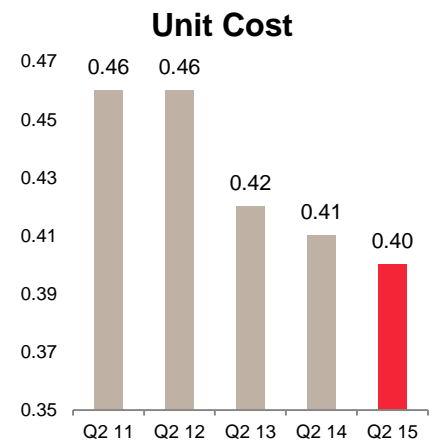
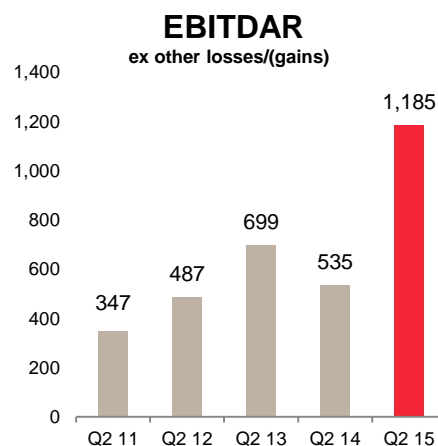
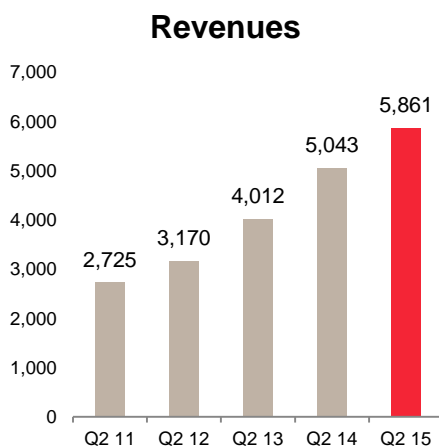


Unit cost:

**-3%**

Unit cost NOK 0.40

- Second quarter EBT of MNOK 456 (-137)
- Load factor up 5 p.p (85%) in second quarter
- Cash and cash equivalents MNOK 3,045 at 30 June
- SkyTrax Awards for best long haul and short haul operation



## Norwegian reports strong improvement in earnings and record high load factor

Norwegian today reported its second quarter results for 2015. The pre-tax result (EBT) was 456 MNOK, an improvement of 593 MNOK from the previous year. The load factor for this period was 85 percent with strong progress in all of Norwegian's markets. This also applies to the long-haul operation, where the load factor was over 90 percent and the passenger number has more than doubled since the same period last year.

The load factor for the second quarter was 85 percent, up five percentage points from the same quarter last year. Norwegian's long-haul operation had an even higher load factor of 91 percent. During the second quarter, Norwegian's total revenue was almost 5.9 BNOK, up 16 percent from the same quarter last year. Norwegian's production growth (ASK) for this quarter was 8 percent, while the company's traffic growth (RPK) was 15 percent, which reflects that each of Norwegian's passengers on average flies significantly longer than they did before. In addition, more and more passengers are purchasing optional extras on board.

Seven million passengers chose to travel with Norwegian in the second quarter – an increase of nine percent. Norwegian's strongest growth in terms of passenger numbers was at London Gatwick, with Oslo Airport as a close runner up. The Spanish airports are also experiencing a solid rise in number of Norwegian-passengers.

During this quarter, Norwegian has launched domestic routes in Spain, new routes to the Caribbean, as well as new routes between the Caribbean and the cities of Boston, New York and Washington DC.

Despite a weak Norwegian krone, the unit costs are down, ensuring the company's competitiveness in the future. The fuel prices have decreased, which more than outweighs the effects of a weak Norwegian krone. New aircraft consume considerably less fuel than older aircraft, which gives Norwegian a significant competitive advantage.

"It has been a good quarter for Norwegian with a positive growth throughout our route network, particularly on our long-haul network. We fill the seats on our aircraft, we continue to launch new and exciting destinations and, not least, we have received fantastic feedback from our customers in the form of two SkyTrax awards," said Norwegian's CEO Bjørn Kjos.

### CONSOLIDATED FINANCIAL KEY FIGURES

#### Unaudited

(Amounts in NOK million)	Q2 2015	Q2 2014	Change	YTD 2015	YTD 2014	Change	Full Year 2014
Operating revenue	5,860.6	5,043.4	16%	9,895.4	8,600.1	15%	19,540.0
EBITDAR	1,284.9	562.8	128%	1,353.3	346.0	291%	1,183.5
EBITDAR excl other losses/(gains)	1,184.7	534.6	122%	1,250.6	214.9	482%	1,767.3
EBITDA	765.2	93.7	717%	263.2	-519.0	151%	-662.4
EBITDA excl other losses/(gains)	665.0	65.5	915%	160.5	-650.1	125%	-78.6
EBIT	520.5	-85.1	-712%	-201.9	-860.5	77%	-1,410.5
EBT	456.4	-137.0	-433%	-320.1	-948.5	66%	-1,627.0
Net profit/ loss (-)	325.0	128.3	153%	-213.3	-465.2	54%	-1,069.8
EBITDAR margin	21.9 %	11.2 %		13.7 %	4.0 %		6.1 %
EBITDA margin	13.1 %	1.9 %		2.7 %	-6.0 %		-3.4 %
EBIT margin	8.9 %	-1.7 %		-2.0 %	-10.0 %		-7.2 %
EBT margin	7.8 %	-2.7 %		-3.2 %	-11.0 %		-8.3 %
Net profit margin	5.5 %	2.5 %		-2.2 %	-5.4 %		-5.5 %
Book equity per share (NOK)				61.1	65.4	-7%	60.0
Equity ratio (%)				8%	12%	-33%	9%
Net interest bearing debt				12,629.0	5,974.0	111%	11,272.8

## OPERATIONAL REVIEW

### CONSOLIDATED TRAFFIC FIGURES AND RATIOS

Unaudited

(Ratios in NOK)	Q2 2015	Q2 2014	Change	YTD 2015	YTD 2014	Change	Full Year 2014
Yield	<b>0.44</b>	0.44	-1%	<b>0.42</b>	0.42	-2%	0.43
Unit Revenue	<b>0.37</b>	0.35	6%	<b>0.35</b>	0.33	5%	0.35
Unit Cost	<b>0.40</b>	0.41	-3%	<b>0.42</b>	0.43	-2%	0.42
Unit Cost ex fuel	<b>0.29</b>	0.28	4%	<b>0.32</b>	0.30	7%	0.29
Ancillary Revenue/Sched. PAX	<b>125</b>	110	14%	<b>130</b>	110	18%	116
Internet bookings	<b>76%</b>	79%	-3 pp	<b>78%</b>	81%	-3 pp	82%
ASK (million)	<b>12,919</b>	12,012	8%	<b>22,975</b>	21,432	7%	46,479
RPK (million)	<b>11,008</b>	9,585	15%	<b>19,352</b>	16,865	15%	37,615
Passengers (million)	<b>6.97</b>	6.40	9%	<b>11.94</b>	11.27	6%	23.98
Load Factor	<b>85%</b>	80%	5 pp	<b>84%</b>	79%	6 pp	81%
Average sector length (km)	<b>1,378</b>	1,296	6%	<b>1,383</b>	1,280	8%	1,338
Fuel consumption (metric tonnes)	<b>266,640</b>	255,150	5%	<b>476,024</b>	454,653	5%	965,575
CO <sub>2</sub> per RPK	<b>76</b>	84	-9%	<b>77</b>	85	-9%	81

#### Traffic Development

A total of 6.97 million passengers travelled with Norwegian in the second quarter of 2015, compared to 6.40 million in the second quarter of 2014, an increase of 9%. Production (ASK) increased by 8% and passenger traffic (RPK) increased by 15%. The load factor was 85% in the second quarter, an increase of 5 percentage points compared to the same period last year.

At the end of the second quarter the total fleet including aircraft on maintenance and excluding wetlease comprised 100 aircraft. The Group utilized every operational aircraft on average 11.9 block hours per day in the second quarter compared to 11.8 last year.

The share of Internet sales was 76% which is a decrease of 3 percentage point from last year.

#### Operating performance

Punctuality, the percentage of flights departing on schedule, was 83% in the second quarter 2015, a decrease of 5 percentage points from the same quarter last year.

Regularity, the percentage of scheduled flights actually taking place, was 99.5% in the second quarter, compared to 99.4% in the same quarter last year.

The operating performance for the quarter is influenced by new handling agents into service, which affected the on-time performance.

## FINANCIAL REVIEW

### Profit and loss statement

Second quarter earnings were affected by 8% production growth and load factor of 85%, driven by increased sector length of 6%, increased capacity in international leisure markets and overall increased load factor. Depreciation of NOK against foreign currencies and reduced fuel spot prices significantly affected the unit cost in second quarter. Ticket revenue per unit produced increased by 6% and the unit cost decreased by 3% from same quarter last year, resulting in an EBT margin of 7.8% compared to -2.7% last year.

Earnings before interest, depreciation, amortization, restructuring and rent (EBITDAR) excluding other losses/(gains) for the first half year was MNOK 1,251 (215) and MNOK 1,185 (535) in second quarter.

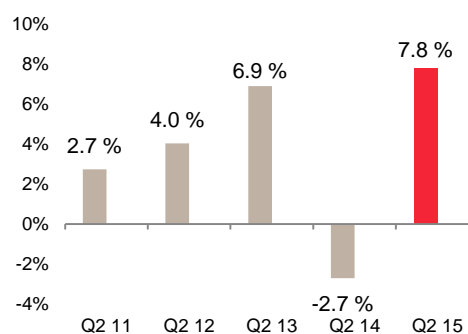
Earnings before tax (EBT) was MNOK -320 (-949) in first half year, and MNOK 456 (-137) in second quarter.

### Revenues

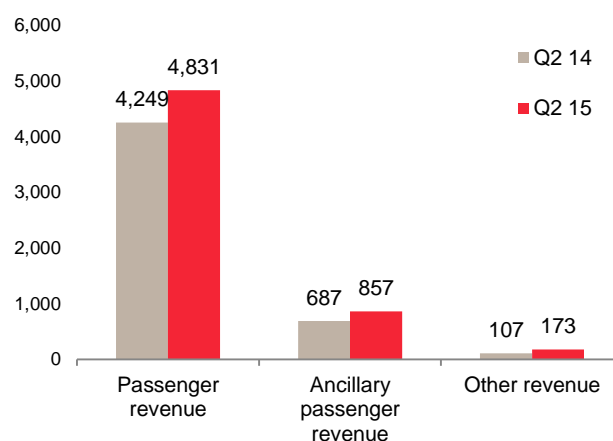
Total revenues in the second quarter were MNOK 5,861 (5,043), an increase of 16%. MNOK 4,831 (4,249) of the revenues in the second quarter was related to ticket revenues. The ticket revenue per unit produced (RASK) in the second quarter was NOK 0.37 compared to NOK 0.35 for the same period last year. The RASK development compared to last year reflects lower yield and significantly increased load factor in all markets. Ancillary revenue was MNOK 857 (687), while the remaining MNOK 173 (107) was related to freight, third-party products, gain from sale of assets and other income. Ancillary passenger revenue was NOK 125 per scheduled passenger (NOK 110) in the second quarter, an increase of 14%, mainly due to increased ancillary revenue from long haul operations and increased sale of pre-sold packages.

Revenue from international traffic increased by 16% to MNOK 4,498 in second quarter 2015, and revenue from domestic traffic increased by 16% to MNOK 1,362 compared to last year. Increased capacity has mainly been added to international routes while domestic routes in the Nordic countries have experienced minor increases through the last years. Norwegian has grown rapidly expanding international traffic and adding new bases, destinations and markets to its portfolio. The expansion enables continued cost efficiency and continuously improves competitive power.

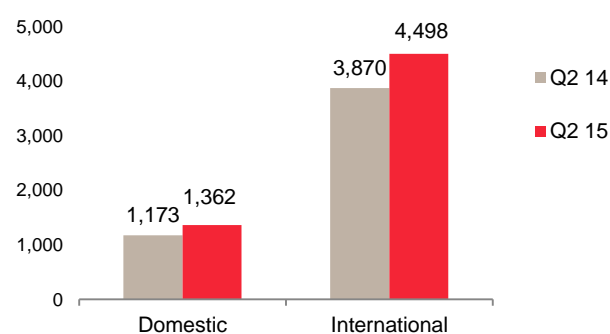
### EBT margin



### Revenue split (MNOK)



### Revenue by geography (MNOK)



## Operating expenses

### COST BREAKDOWN

#### Unaudited

(Amounts in NOK million)	Q2 2015	Q2 2014	Change	YTD 2015	YTD 2014	Change	Full Year 2014
Personell expenses	826.1	771.2	7%	1,623.1	1,531.0	6%	3,209.0
Sales/ distribution expenses	141.7	107.1	32%	277.7	228.6	21%	469.1
Aviation fuel	1,451.6	1,638.8	-11%	2,476.1	2,916.1	-15%	6,321.1
Airport and ATC charges	776.7	716.1	8%	1,347.3	1,293.9	4%	2,723.9
Handling charges	532.6	472.5	13%	1,044.1	849.3	23%	1,854.8
Technical maintenance expenses	461.4	332.8	39%	826.3	605.3	37%	1,290.0
Other flight operation expenses	161.8	218.9	-26%	394.7	439.8	-10%	855.2
General and administrative expenses	324.1	251.1	29%	655.6	521.2	26%	1,049.6
Other losses/(gains) - net	-100.2	-28.2	255%	-102.7	-131.1	-22%	583.8
<b>Total operating expenses</b>	<b>4,575.7</b>	<b>4,480.6</b>	<b>2%</b>	<b>8,542.1</b>	<b>8,254.1</b>	<b>3%</b>	<b>18,356.5</b>
Leasing	519.7	469.1	11%	1,090.1	865.1	26%	1,845.9
<b>Total operating expenses incl lease</b>	<b>5,095.4</b>	<b>4,949.6</b>	<b>3%</b>	<b>9,632.2</b>	<b>9,119.2</b>	<b>6%</b>	<b>20,202.4</b>

**Operating expenses** excluding leasing and depreciation increased by 2 % to MNOK 4,576 (4,481) this quarter. The increase is mainly due to a production increase (ASK) of 8% and depreciation of NOK against USD and EUR, offset by reductions in fuel spot prices and irregularity.

The unit cost was NOK 0.40, a decrease of 3% compared to the second quarter last year. Unit cost ex fuel was MNOK 0.29, an increase of 4%. Depreciation of NOK against USD and EUR affects the unit cost by an estimated 10% increase. Increased production from international expansion of new bases, destinations and markets affect the sector length and cost levels, reducing underlying unit cost in the second quarter.

**Personnel expenses** increased by 7% to MNOK 826 (771) in the second quarter compared to the same quarter last year. Unit cost for personnel expenses at the same level as last year. Depreciation of NOK against EUR and increased expenses to employees and hired personnel are offset by the productivity increase (8%) and increased sector length.

The average number of man-labor year increased by 3% compared to same quarter last year.

**Sales and distribution expenses** increased by 32% to MNOK 142 (107) in the second quarter compared to the same quarter last year. Unit cost for sales and distribution expenses increased by 23%. Increased credit card commissions from sales in international markets and increased sales through travel agents more than offset unit cost reductions from increased sector length.

**Aviation fuel expenses** decreased by 11% to MNOK 1,452 (1,639) in the second quarter compared to the same quarter last year. Production increase of 8% and depreciation of NOK against USD are offset by the reduction in fuel spot prices

during the quarter, resulting in a decrease in unit cost of 18% for the quarter.

The Group has at the end of the second quarter 2015 forward contracts to cover approximately 28% of fuel exposure at an average price of USD 683 per ton for the remaining of 2015, and approximately 15% of fuel exposure for the first three quarters in 2016 at an average price of USD 633 per ton.

**Airport and air traffic control (ATC) charges** increased by 8% to MNOK 777 (716) in the second quarter compared to the same quarter last year. Unit cost for airport and ATC charges increased by 1%. Increased prices and depreciation of NOK against EUR are partially offset by reduced cost due to an increased sector length and increased capacity.

**Handling charges** increased by 13%, to MNOK 533 (473) in the second quarter compared to the same quarter last year. Unit cost for handling charges increased by 5% from last year due to increased prices from introducing larger aircraft and depreciation of NOK against EUR.

**Technical maintenance costs** increased by 39%, to MNOK 461 (333) in the second quarter compared to the same quarter last year. Unit cost for technical maintenance increased by 29%. The increase in unit costs is related to additional maintenance expenses for engine overhaul of MNOK 84 and depreciation of NOK against USD. The increased technical expenses are partially offset by an increased share of owned aircraft in the fleet. Planned maintenance cost on owned aircraft is capitalized and reduces maintenance cost per unit produced.

**Other flight operation expenses** decreased by 26% to MNOK 162 (219) in the second quarter compared to the same quarter last year. Other flight operation expenses include costs directly attributable to operation of the aircraft

fleet, such as de-icing, insurance and meals and housing for crew. Unit cost decreased by 31% in the quarter due to decreased expenses for meals and housing for crew, increased sector length and increased capacity.

**General and administrative** expenses increased by 29% to MNOK 324 (251) in the second quarter compared to the same quarter last year due to the introduction of new markets, products and international bases. Expenses to enhance Norwegian Reward customer loyalty programme increased in second quarter compared to last year. Unit cost for general and administrative expenses increased by 20%.

**Other losses/(gains)-net;** a gain of MNOK 100 was recognized in the second quarter compared to a gain of MNOK 28 in the second quarter last year. Included in other losses/(gains)-net are gains/losses from foreign currency contracts and forward fuel contracts and gains/losses on working capital in foreign currency.

**Leasing costs** increased by 11% to MNOK 520 (469) in the second quarter compared to the same quarter last year. Unit cost for leasing increased by 3% mainly due to depreciation of NOK against USD partially offset by a reduction from the use of wetlease aircraft in international operation last year.

During the second quarter the Group operated 44 (38) owned Boeing 737-800Ws, 3 (2) owned Boeing 787-8 Dreamliner and 5 (5) Boeing 737-300s.

**Profit/Loss from Associated Company** in the second quarter was estimated to MNOK 28 (11) which represents the 20 % share of Bank Norwegian's first quarter results.

**Financial Items** were MNOK -92 (-63) in the second quarter. Interest on prepayments of MNOK 50 (24) was capitalized, reducing interest expenses.

**Income taxes** amounted to a tax expense of MNOK 131 (-265) in the second quarter. The income tax benefit in second quarter last year included an adjustment of tax payable and deferred tax from 2013.

### Financial position and liquidity

The significant transactions contemplating the financial aspect of the restructuring took effect as of 31.12.2013. After the restructuring, the aircraft assets are accounted for in USD, creating a natural hedge against USD denominated borrowings.

Net interest bearing debt at the end of the second quarter was MNOK 12,629 compared to MNOK 11,273 at the end of last year. The financial position is highly affected by increased production and asset acquisitions. At the end of second quarter, the financial position continues to be solid with an equity ratio of 8%, a decrease of 1 percentage point from 9 % at year-end 2014.

Net change in cash and cash equivalents in second quarter was MNOK 1,430. Investments in new aircraft and equipment were MNOK -1,092 in the second quarter, with net cash from

financing activities of MNOK 1,224 and cash flow from operations of MNOK 1,315.

**Total non-current assets** amount to MNOK 21,923 at the end of the second quarter, compared to MNOK 18,439 at the end of last year. The main investments during the year are related to prepayments to aircraft manufacturers for aircraft on order and delivery of four new owned Boeing 737-800Ws and one new Boeing 787-8.

**Total current assets** amount to MNOK 5,847 at the end of the second quarter, compared to MNOK 4,268 at the end of last year. Receivables have increased by MNOK 533 during the year due to increased production and seasonality. Cash and cash equivalents have increased by MNOK 1,034 during the year.

**Total non-current liabilities** at the end of the second quarter were MNOK 13,560, compared to MNOK 11,068 at the end of last year. Long-term borrowings increased by MNOK 2,251 during the year due to new bond issue listed on Oslo Stock Exchange with principal amount of MNOK 1,000 and increased external borrowings on four Boeing 737-800Ws and one Boeing 787-8. Additionally, drawdown of pre-delivery payment financing and mark-to-market adjustment of USD denominated borrowings increased the value of borrowings in the period. Down-payments on aircraft financing partially offsets the increase. Other non-current liabilities increase by MNOK 148 due to increased accruals for heavy maintenance, but is partially offset by a decrease in pension liability.

**Total short-term liabilities** at the end of the second quarter were MNOK 12,047, compared to MNOK 9,530 at the end of last year. Current liabilities decreased by MNOK 168 during the year due to an increase in mark-to-market value of derivative financial instruments. The decrease is partially offset by increased trade liabilities from seasonal changes and increased production. Short-term borrowings increased by MNOK 139 during the year due to increased portion of borrowings falling due within next twelve months and mark-to-market adjustment of USD denominated borrowings. Air traffic liability increased by MNOK 2,639 from end of last year due to increased production and seasonality.

**Equity** at the end of the second quarter was MNOK 2,163 compared to MNOK 2,108 at the end of last year. Equity increased due to share issue of MNOK 58 from exercise of employee share options, exchange rate gain from Group holdings in subsidiaries of MNOK 185 and reversal of actuarial losses. The increase is offset by net loss for the period of MNOK 213.

### Cash flow

Cash and cash equivalents were MNOK 3,045 at the end of the second quarter compared to MNOK 2,011 at the end of last year.

**Cash flow from operating activities** in the second quarter amounted to MNOK 1,315 compared to MNOK 416 in the second quarter last year. Air traffic settlement liability

increased by MNOK 142 during the second quarter compared to a decrease of MNOK 116 during the same quarter last year. Cash from other adjustments amounted to MNOK 468 during second quarter compared to MNOK 487 in the same quarter last year. Other adjustments mainly consist of changes in accounts receivable, current liabilities and currency gain/loss with no cash effects.

**Cash flow from investment activities** in the second quarter was MNOK -1,092, compared to MNOK -1,902 in the second quarter last year. Prepayments to aircraft manufacturers and investments in new aircraft are the main investments. Three new aircraft were received in second quarter 2015, while four aircraft were received during second quarter last year.

**Cash flow from financing activities** in the second quarter was MNOK 1,224 compared to MNOK 660 in the second quarter last year. Proceeds from bond issue and financing of new aircraft are partially offset by down-payment on borrowings, and financing costs in the quarter.

## RISK AND UNCERTAINTIES

The airline industry is undergoing a challenging time as a consequence of the financial crisis and global downturn. Future demand is dependent on sustained consumer and business confidence in the Company's key markets.

A market place where capacity growth exceeds market growth will increase the risk of yield pressure. However, low yield stimulates new demand, thus growing the market further. This necessitates a similar reduction in the cost level in order to maintain profitability.

In the event of industrial actions, operations may be disrupted, causing inconvenience for passengers and impacting financial performance.

Fuel price and currency fluctuations are risks which can have a significant impact on Norwegian's business and financial results. Sudden and significant changes in fuel price and foreign exchange rates could significantly impact fuel and other costs, and debt denominated in foreign currency.

## OUTLOOK

The demand for travelling with Norwegian and advance bookings have been satisfactory entering the third quarter of 2015. Norwegian will continue to take advantage of its increasing competitive power realized through continuous cost efficiency, and from introducing larger aircraft (10 new 737-800Ws and 1 new 787-8 will be delivered in 2015) with a lower operating cost.

Norwegians short haul operations have, in addition to the Nordic countries, at the present six bases operational in Spain (Malaga, Alicante, Las Palmas, Tenerife, Madrid and Barcelona) and one base in London.

Norwegian guides for a production growth (ASK) of 5 % for 2015, including the long haul production. The long haul production will grow in accordance with the phasing in of

aircraft and the company have eight Boeing 787 by the end of the first half year of 2015. Norwegian may decide to adjust capacity in order to optimize the route portfolio depending on the development in the overall economy and in the marketplace.

Assuming a fuel price of USD 575 per ton and USD/NOK 7,5 for the year 2015 (excluding hedged volumes) and with the currently planned route portfolio, the Company is targeting a unit cost (CASK) in the range of NOK 0.39 - 0.40 for 2015. The CASK target for 2015 includes impact of strike.

Norwegian is establishing and preparing for an organizational structure that will secure cost efficient international expansion and necessary traffic rights for the future.

Fornebu, 15 July 2015

CEO  
Bjørn Kjos

**CONDENSED CONSOLIDATED INCOME STATEMENT****Unaudited**

<i>(Amounts in NOK million)</i>	<i>Note</i>	<b>Q2 2015</b>	<b>Q2 2014</b>	<b>YTD 2015</b>	<b>YTD 2014</b>	<b>Full Year 2014</b>
<b>Operating revenue</b>						
Total operating revenue	3	5,860.6	5,043.4	9,895.4	8,600.1	19,540.0
<b>Total operating revenue</b>		<b>5,860.6</b>	<b>5,043.4</b>	<b>9,895.4</b>	<b>8,600.1</b>	<b>19,540.0</b>
<b>Operating expenses</b>						
Operational expenses		3,520.9	3,484.0	6,352.5	6,325.1	13,504.4
Payroll and other personnel expenses		826.1	773.1	1,623.1	1,531.0	3,209.0
Other operating expenses		228.7	223.5	566.4	398.0	1,643.1
<b>Total operating expenses</b>		<b>4,575.7</b>	<b>4,480.6</b>	<b>8,542.1</b>	<b>8,254.1</b>	<b>18,356.5</b>
<b>Operating profit/loss before leasing &amp; depr (EBITDAR)</b>						
		1,284.9	562.8	1,353.3	346.0	1,183.5
Leasing		519.7	469.1	1,090.1	865.1	1,845.9
<b>Operating profit/loss before depr (EBITDA)</b>						
		765.2	93.7	263.2	-519.0	-662.4
Depreciation and amortization		244.7	178.8	465.1	341.5	748.1
<b>Operating profit/loss (EBIT)</b>		<b>520.5</b>	<b>-85.1</b>	<b>-201.9</b>	<b>-860.5</b>	<b>-1,410.5</b>
<b>Financial items</b>						
Interest income		14.3	15.0	28.2	28.8	52.9
Interest expense		81.0	55.3	159.2	101.4	221.4
Other financial income (expense)		-25.4	-22.4	-37.3	-40.1	-105.6
<b>Net financial items</b>		<b>-92.2</b>	<b>-62.7</b>	<b>-168.3</b>	<b>-112.7</b>	<b>-274.1</b>
Profit/Loss from associated company		28.0	10.9	50.1	24.8	57.6
<b>Net result before tax (EBT)</b>		<b>456.4</b>	<b>-137.0</b>	<b>-320.1</b>	<b>-948.5</b>	<b>-1,627.0</b>
Income tax expense (benefit)		131.4	-265.3	-106.8	-483.3	-557.3
<b>Net profit/loss</b>		<b>325.0</b>	<b>128.3</b>	<b>-213.3</b>	<b>-465.2</b>	<b>-1,069.8</b>
<b>Net profit attributable to:</b>						
Owners of the parent company		325.0	128.3	-213.3	-465.2	-1,069.8
<b>Earnings per share (NOK) - Basic</b>						
		9.2	3.7	-6.0	-13.2	-30.4
<b>Earnings per share (NOK) - Diluted</b>						
		9.1	3.6	-6.0	-13.0	-30.0
No. of shares at the end of the period		35,414,639	35,162,139	35,414,639	35,162,139	35,162,139
Average no. of shares outstanding		35,288,389	35,162,139	35,224,915	35,162,139	35,162,139
Average no. of shares outstanding - diluted		35,787,139	35,787,139	35,787,139	35,787,139	35,651,865



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## Unaudited

<i>(Amounts in NOK million)</i>	Note	At 30 June 2015	At 30 June 2014	At 31 Dec 2014
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		824.3	489.5	725.7
Tangible fixed assets		20,295.0	12,915.8	16,985.8
Fixed asset investments		803.8	594.3	727.3
<b>Total non-current assets</b>		<b>21,923.1</b>	<b>13,999.6</b>	<b>18,438.8</b>
<b>Current assets</b>				
Inventory		95.1	75.5	82.9
Investments		0.0	69.2	0.0
Receivables		2,706.0	2,440.5	2,173.5
Cash and cash equivalents		3,045.4	2,338.8	2,011.1
<b>Total current assets</b>		<b>5,846.5</b>	<b>4,924.1</b>	<b>4,267.5</b>
<b>TOTAL ASSETS</b>		<b>27,769.6</b>	<b>18,923.7</b>	<b>22,706.3</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders equity</b>				
Paid-in capital	7	1,246.5	1,174.3	1,185.2
Other equity		916.0	1,124.6	923.1
<b>Total equity</b>		<b>2,162.5</b>	<b>2,298.9</b>	<b>2,108.3</b>
<b>Non-current liabilities</b>				
Other non-current liabilities		1,355.1	766.7	1,114.5
Long term borrowings	6	12,204.7	7,554.0	9,953.5
<b>Total non-current liabilities</b>		<b>13,559.7</b>	<b>8,320.7</b>	<b>11,068.0</b>
<b>Short term liabilities</b>				
Current liabilities		2,973.2	2,966.3	3,234.3
Short term borrowings	6	3,469.7	758.8	3,330.4
Air traffic settlement liabilities		5,604.5	4,579.0	2,965.4
<b>Total short term liabilities</b>		<b>12,047.4</b>	<b>8,304.1</b>	<b>9,530.1</b>
<b>Total liabilities</b>		<b>25,607.2</b>	<b>16,624.8</b>	<b>20,598.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,769.6</b>	<b>18,923.7</b>	<b>22,706.3</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

Unaudited

<i>(Amounts in NOK million)</i>	Q2 2015	Q2 2014	YTD 2015	YTD 2014	Full Year 2014
<b>OPERATING ACTIVITIES</b>					
Profit before tax	456.4	-135.7	-320.1	-948.5	-1,627.0
Paid taxes	3.6	0.0	3.6	0.0	-202.8
Depreciation, amortization and impairment	244.7	179.9	465.1	341.5	748.1
Changes in air traffic settlement liabilities	142.1	-115.6	2,639.0	2,012.5	398.9
Other adjustments	467.8	487.3	-477.6	112.6	969.9
<b>Net cash flows from operating activities</b>	<b>1,314.5</b>	<b>415.9</b>	<b>2,310.0</b>	<b>1,518.1</b>	<b>287.1</b>
<b>INVESTMENT ACTIVITIES</b>					
Purchases, proceeds and prepayment of tangible assets	-1,091.5	-1,901.9	-2,688.5	-2,936.3	-4,930.0
Purchases of other long-term investments	0.0	0.0	0.0	0.0	-1.4
<b>Net cash flows from investing activities</b>	<b>-1,091.5</b>	<b>-1,901.9</b>	<b>-2,688.5</b>	<b>-2,936.3</b>	<b>-4,931.4</b>
<b>FINANCING ACTIVITIES</b>					
Loan proceeds	2,049.3	1,143.3	2,626.2	2,229.5	6,132.0
Principal repayments	-576.6	-366.1	-835.7	-455.4	-1,259.3
Financing costs paid	-307.5	-116.8	-429.2	-186.6	-394.3
Proceeds from issuing new shares	58.4	0.0	58.4	0.0	0.0
<b>Net cash flows from financial activities</b>	<b>1,223.6</b>	<b>660.4</b>	<b>1,419.7</b>	<b>1,587.5</b>	<b>4,478.4</b>
<b>Foreign exchange effect on cash</b>	<b>-16.6</b>	<b>4.7</b>	<b>-6.9</b>	<b>3.4</b>	<b>10.9</b>
<b>Net change in cash and cash equivalents</b>	<b>1,430.0</b>	<b>-820.9</b>	<b>1,034.2</b>	<b>172.7</b>	<b>-155.0</b>
Cash and cash equivalents in beginning of period	1,615.4	3,159.9	2,011.1	2,166.1	2,166.1
Cash and cash equivalents in end of period	3,045.4	2,338.8	3,045.4	2,338.8	2,011.1

**STATEMENT OF COMPREHENSIVE INCOME**

Unaudited

<i>(Amounts in NOK million)</i>	YTD 2015	YTD 2014	Full Year 2014
<b>Net profit for the period</b>	<b>-213.3</b>	<b>-465.2</b>	<b>-1,069.8</b>
Available-for-sale financial assets	0.0	-0.9	-0.2
Actuarial gains and losses	21.0	0.0	-52.5
Exchange rate differences Group	185.2	11.3	467.4
<b>Total comprehensive income for the period</b>	<b>-7.1</b>	<b>-454.8</b>	<b>-655.1</b>
<b>Profit attributable to:</b>			
Owners of the company	-7.1	-455.8	-656.1
Non-controlling interests	0.0	1.0	1.0

**CONDENSED CONSOLIDATED CHANGES IN EQUITY**

Unaudited

<i>(Amounts in NOK million)</i>	YTD 2015	YTD 2014	Full Year 2014
<b>Equity - Beginning of period</b>	<b>2,108.3</b>	<b>2,749.8</b>	<b>2,749.8</b>
Total comprehensive income for the period	-7.1	-454.8	-655.1
Share issue	58.4	0.0	0.0
Equity change on employee options	3.0	3.9	14.5
<b>Equity - End of period</b>	<b>2,162.5</b>	<b>2,298.9</b>	<b>2,108.3</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### Note 1 General and accounting principles

Norwegian Air Shuttle ASA (the Group) consists of Norwegian Air Shuttle ASA and its subsidiaries. The Company is a limited liability company incorporated in Norway. The condensed consolidated interim financial statements comprise the Group.

The consolidated financial statements of the Group for the year ended 31 December 2014 is available upon request from the company's registered office at Oksenøyveien 3, 1330 Fornebu, Norway, or at [www.norwegian.com](http://www.norwegian.com).

These condensed consolidated interim financial statements have been prepared in accordance with rules and regulations of Oslo Stock Exchange and International Financial Reporting Standard (IAS) 34 Interim Financial Reporting. They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with consolidated financial statements for the Group at 31 December 2014. These condensed interim financial statements are unaudited.

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2014.

### Judgments, estimates and assumptions

The preparation of condensed consolidated interim financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the period ended 31 December 2014

### Note 2 Risk

#### SENSITIVITY ANALYSIS

##### Unaudited

	Effect on income MNOK
1% decrease in jet fuel price	47
1% depreciation of NOK against USD	-106
1% depreciation of NOK against EURO	-9

The sensitivity analysis reflects the effect on operating costs in 2015 by changes in market prices and exchange rates. The effect on operating costs is annualized based on current level of production, fuel prices and exchange rates. Operational hedges are not included in the calculation of the sensitivity

**Note 3 Revenue**

Passenger revenue comprise only ticket revenue, while ancillary passenger revenue is other passenger related revenue such as optional extras. Other revenue consist of revenue not directly related to passengers such as cargo, third-party products, gain from sale of assets and other income.

**SALES REVENUE BREAKDOWN**

Unaudited (Amounts in NOK million)	Q2 2015	Q2 2014	Change	YTD 2015	YTD 2014	Change	Full Year 2014
<b>Per activity</b>							
Passenger revenue	4,830.5	4,249.0	13.7 %	8,051.2	7,153.3	12.6 %	16,254.6
Ancillary passenger revenue	857.0	687.1	24.7 %	1,533.5	1,210.9	26.6 %	2,727.4
Other revenue	173.0	107.3	61.2 %	310.7	236.0	31.7 %	558.0
<b>Total</b>	<b>5,860.6</b>	<b>5,043.4</b>	<b>16.2 %</b>	<b>9,895.4</b>	<b>8,600.1</b>	<b>15.1 %</b>	<b>19,540.0</b>
<b>Per geographical market</b>							
Domestic	1,362.2	1,172.9	16.1 %	2,343.6	2,205.1	6.3 %	4,591.9
International	4,498.4	3,870.4	16.2 %	7,551.8	6,395.1	18.1 %	14,948.1
<b>Total</b>	<b>5,860.6</b>	<b>5,043.4</b>	<b>16.2 %</b>	<b>9,895.4</b>	<b>8,600.1</b>	<b>15.1 %</b>	<b>19,540.0</b>

**Note 4 Segment information**

The Executive Management team reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segment on these reports.

Executive Management considers the business as one operational segment, which is low cost air passenger travel. The Group's operating profit arises from airline-related activities and the only revenue generating assets of the Group are its aircraft fleet, which is employed flexibly across the entire operation and irrespective of geographic location.

Performance is measured by Executive management based on the operating segment earnings before interest, tax, depreciation and amortization (EBITDA). Other information is measured in a manner consistent with that in the financial statements.

**Note 5 Information on related parties**

During the second quarter 2015 there are no changes in related parties compared to the description in Note 27 in the Annual Report for 2014. There have been no significant transactions with related parties during the second quarter 2015.

**Note 6 Borrowings****Unaudited**

(Amounts in NOK million)	At 30 June 2015		At 30 June 2014		At 31 Dec 2014	
	Long term	Short term	Long term	Short term	Long term	Short term
Bond issue	-1,610.9	0.0	-596.3	0.0	-543.1	-287.5
Revolving credit facility	-0.1	-1,971.3	0.0	0.0	-526.6	-2,045.1
Aircraft financing	-10,593.6	-1,498.5	-6,950.3	-755.2	-8,880.5	-997.8
Financial lease liability	0.0	0.0	-7.5	-3.6	-3.2	0.0
<b>Total</b>	<b>-12,204.7</b>	<b>-3,469.7</b>	<b>-7,554.0</b>	<b>-758.8</b>	<b>-9,953.4</b>	<b>-3,330.4</b>
<b>Total Borrowings</b>	<b>-15,674.4</b>		<b>-8,312.8</b>		<b>-13,283.8</b>	

**Note 7 Shareholder information**

20 Largest shareholders at 30 June 2015

Shareholder	Country	Number of shares	Percent
1 HBK INVEST AS	NOR	8,795,873	24.8 %
2 FOLKETRYGDFONDET	NOR	2,629,072	7.4 %
3 SKAGEN VEKST	NOR	1,561,410	4.4 %
4 VERDIPAPIRFONDET DNB NORGE (IV)	NOR	1,443,525	4.1 %
5 SKAGEN KON-TIKI	NOR	900,000	2.5 %
6 DANSKE INVEST NORSKE INSTT. II.	NOR	864,717	2.4 %
7 CLEARSTREAM BANKING S.A.	LUX	742,224	2.1 %
8 VERDIPAPIRFONDET DNB NORGE SELEKTI	NOR	656,232	1.9 %
9 FERD AS	NOR	587,500	1.7 %
10 KLP AKSJE NORGE VPF	NOR	530,395	1.5 %
11 DANSKE INVEST NORSKE AKSJER INST	NOR	517,197	1.5 %
12 VERDIPAPIRFONDET DELPHI NORDEN	GBR	509,961	1.4 %
13 STATOIL PENSJON	NOR	496,669	1.4 %
14 DNB NOR MARKETS, AKSJEHAND/ANALYSE	NOR	495,495	1.4 %
15 JP MORGAN CHASE BANK, NA	NOR	464,462	1.3 %
16 DNB LIVSFORSIKRING ASA	NOR	448,642	1.3 %
17 VERDIPAPIRFONDET HANDELSBANKEN	NOR	420,000	1.2 %
18 DATUM AS	NOR	375,000	1.1 %
19 KOMMUNAL LANDSPENSJONSKASSE	NOR	322,780	0.9 %
20 SKANDINAVISKA ENSKILDA BANKEN AB	SVE	297,168	0.8 %
<b>Top 20 shareholders</b>		<b>23,058,322</b>	<b>65.1 %</b>
Other shareholders		12,356,317	34.9 %
<b>Total number of shares</b>		<b>35,414,639</b>	<b>100.0 %</b>

The parent company Norwegian Air Shuttle ASA had a total of 35,414,639 shares outstanding at 30 June 2015, an increase of 252,500 shares from 31 December 2014. There were a total of 7925 shareholders at the end of the quarter.

The shareholding of HBK Invest reflects the actual shareholding and may deviate from the official shareholder register as HBK Invest has signed a securities lending agreement with Nordea and Danske Bank. Under this agreement these institutions may borrow shares from HBK Invest for a limited period of time to improve the liquidity in the share trading, for example by fulfilling their market maker obligations.

**Note 8 Contingencies and legal claims**

There are no other contingencies or legal claims other than stated in note 28 to the Annual Financial Statements for 2014.

**Note 9 Events after the reporting date**

There are no events after the reporting date.

## Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2015 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Fornebu, 15 July 2015

The Board of Directors of Norwegian Air Shuttle ASA

Bjørn H Kise  
(Chairman of the board)

Liv Berstad  
(Deputy Chairman)

Ada Kjeseth

Christian Fredrik Stray

Thor Espen Bråten  
(Employee Representative)

Linda Olsen  
(Employee Representative)

Kenneth Utsikt  
(Employee Representative)

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## Definitions

ASK:	Available Seat Kilometers. Number of available passenger seats multiplied by flight distance.
RPK:	Revenue Passenger Kilometers. Number of sold seats multiplied by flight distance.
Unit revenue:	Passenger Revenue divided by Available Seat Kilometers.
Unit cost:	Total operating expenses plus leasing, excluding other losses/(gains)-net, divided by Available Seat Kilometers.
Load factor:	Relationship between RPK and ASK (percentage). Describes the rate of utilization of available seats.
EBITDAR:	Earnings before interest, tax, depreciation, amortization and restructuring or rent.
EBITDA:	Earnings before interest, tax, depreciation and amortization.
EBIT:	Earnings before interest and tax.
EBT:	Earnings before tax.

## Information about the Norwegian Group

### Head office Norwegian Air Shuttle ASA

Mailing address P.O. Box 113  
NO-1366 Lysaker

Visiting address Oksenøyveien 3, Fornebu

Telephone +47 67 59 30 00  
Telefax +47 67 59 30 01  
Internet [www.norwegian.com](http://www.norwegian.com)

Organization Number NO 965 920 358 MVA

### Board of Directors Norwegian Air Shuttle ASA

Bjørn H. Kise, Chairman  
Liv Berstad, Deputy Chairman  
Ada Kjeseth  
Christian Fredrik Stray  
Thor Espen Bråten  
Linda Olsen  
Kenneth Utsikt

### Group Management

Bjørn Kjos, Chief Executive Officer  
Asgeir Nyseth, CEO, Norwegian Air International Ltd  
Frode E. Foss, Chief Financial Officer  
Geir Steiro, Chief Operating Officer  
Dag Skage, Chief Information Officer  
Frode Berg, Chief Legal Officer  
Thomas A. Ramdahl, Chief Commercial Officer  
Gunnar Martinsen, SVP Human Resources  
Anne-Sissel Skånvik, SVP Corporate Communications

### Investor Relations

Tore Østby  
[investor.relations@norwegian.com](mailto:investor.relations@norwegian.com)

### Other sources of information

#### Annual reports

Annual reports for Norwegian Group are available on [www.norwegian.com](http://www.norwegian.com)

#### Quarterly publications

Quarterly reports and presentations are available on <http://www.norwegian.no/om-norwegian/investor-relations/>

## Financial calendar 2015

5	March	Monthly traffic data February
10	April	Monthly traffic data March
29	April	First Quarter results (Q1)
7	May	Monthly traffic data April
12	May	General Shareholder Meeting
4	June	Monthly traffic data May
6	July	Monthly traffic data June
16	July	Second Quarter Results (Q2)
6	Aug	Monthly traffic data July
4	Sept	Monthly traffic data August
6	Oct	Monthly traffic data September
22	Oct	Third Quarter Results (Q3)
5	Nov	Monthly traffic data October
4	Dec	Monthly traffic data November



