Q3 2019

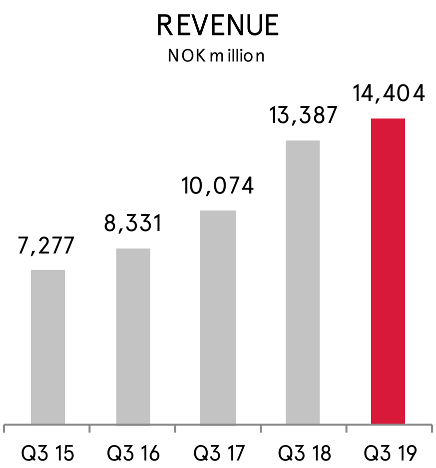
Interim report

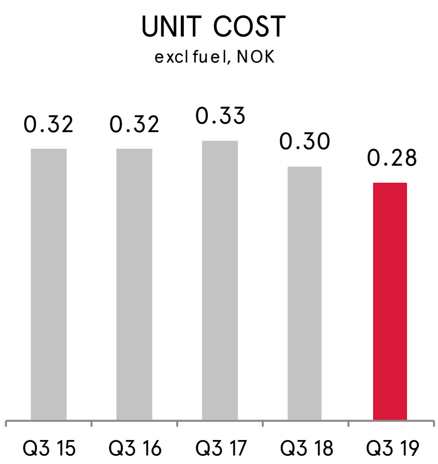
Norwegian Air Shuttle ASA – third quarter 2019

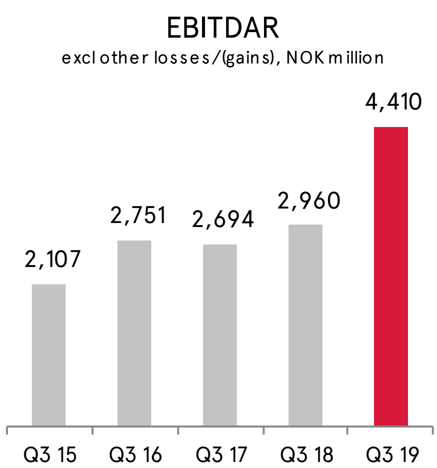
Unit cost excl fuel

-6 %

- EBITDAR excl other losses/(gains) of NOK 4,410 million (2,960), the highest ever in a quarter
- Unit revenue increased by 3 per cent driven by improvements on long-haul and currency effects
- #Focus2019 program on track with effects of NOK 827 million in Q3 and NOK 1,848 million year to date
- Successfully amended and extended NAS07 and NAS08 bonds for two years
- The company is guiding on EBITDAR excl other losses/(gains) of NOK 6.1 to 6.5 billion in 2019







Norwegian reports its best ever quarterly result with a profit before tax of NOK 2.2 billion

Norwegian's third quarter results are characterized by improved profitability, higher unit revenue, lower unit cost and reduced growth, in line with the strategy. Profit before tax improved by 38 per cent compared to the same quarter last year to NOK 2.2 billion.

Unit revenue and revenue per passenger kilometer (yield) both increased by 3 per cent this quarter. Total revenue was NOK 14.4 billion, an increase of 8 per cent from the same period last year, primarily driven by intercontinental growth. Norwegian carried approximately 10.5 million passengers; a reduction of 3 per cent due to lower capacity. The load factor was 91.2 per cent, up by 0.7 percentage points.

Norwegian's key priority is returning to profitability through a series of measures, including an optimized route and base portfolio and an extensive cost reduction program. The production growth (ASK) in the third quarter was 3 per cent, down from the peak growth of 48 per cent in the second quarter of 2018. The company's internal cost reduction program, #Focus2019, continues with full force with an achieved cost reduction this quarter of NOK 827 million. The company expects to achieve a cost-reduction of NOK 2.3 billion for the year through #Focus2019.

"Norwegian's third quarter results show that we are delivering on our strategy of moving from growth to profitability. We are delivering record-high earnings, record-high operating revenue and reduced unit cost, even when hit by operational issues outside of our control," said Acting CEO and CFO of Norwegian, Geir Karlsen. *"I would also like to commend everyone at Norwegian for contributing to delivering on our cost reductions,"* he added.

As Norwegian's international foothold has continued to grow, the United States is now the largest market in terms of revenue, followed by Norway, Spain and the UK.

Since 2008, Norwegian has reduced the per passenger CO_2 emissions by 30 per cent. During the third quarter, Norwegian's CO_2 emissions per passenger kilometer were 69 grams - unchanged from the same period previous year, due to the use of older wet-leased aircraft caused by the grounding of the 737 MAX 8 fleet. The passenger climate impact will be reduced going forward as more new aircraft enter the fleet. With an average age of only 3.8 years, Norwegian's fleet is one of the most fuel efficient and modern in the world.

CONSOLIDATED FINANCIAL KEY FIGURES

(unaudited in NOK million)	Q3 2019	Q3 2018	*Change*	YTD 2019	YTD 2018	*Change*	Full Year 2018
Operating revenue	14,404.1	13,387.2	*8 %*	34,577.5	30,607.7	*13 %*	40,265.5
EBITDAR	4,659.5	3,357.9	*39 %*	6,956.7	4,096.3	*70 %*	2,171.1
EBITDAR excl other losses/(gains)	4,409.7	2,959.6	*49 %*	6,031.3	3,283.6	*84 %*	3,165.2
Operating profit (EBIT)	2,969.8	1,815.4	*64 %*	2,134.0	-257.5	*NM*	-3,850.6
EBIT excl other losses/(gains)	2,720.0	1,417.1	*92 %*	1,208.5	-1,070.1	*NM*	-2,856.5
Profit (loss) before tax (EBT)	2,202.7	1,600.3	*38 %*	336.6	1,454.8	*-77 %*	-2,490.1
Net profit (loss)	1,670.3	1,303.7	*28 %*	263.7	1,557.8	*-83 %*	-1,454.1
EBITDAR margin	32.3 %	25.1 %		20.1 %	13.4 %		5.4 %
EBIT margin	20.6 %	13.6 %		6.2 %	-0.8 %		-9.6 %
EBT margin	15.3 %	12.0 %		1.0 %	4.8 %		-6.2 %
Net profit margin	11.6 %	9.7 %		0.8 %	5.1 %		-3.6 %
Book equity per share (NOK)				38.5	116.1	*-67 %*	37.5
Equity ratio (%)				5.7 %	9.4 %	*-3.7 pp*	3.0 %
Net interest-bearing debt				61,716.2	30,146.6	*105 %*	31,917.5

OPERATIONAL REVIEW

CONSOLIDATED TRAFFIC FIGURES AND RATIOS

(unaudited ratios in NOK)	Q3 2019	Q3 2018	*Change*	YTD 2019	YTD 2018	*Change*	Full Year 2018
Yield	0.46	0.44	*3 %*	0.41	0.39	*5 %*	0.38
Unit Revenue	0.42	0.40	*3 %*	0.35	0.34	*4 %*	0.33
Unit Cost	0.41	0.43	*-6 %*	0.42	0.43	*-2 %*	0.43
Unit Cost excl fuel	0.28	0.30	*-6 %*	0.30	0.31	*-4 %*	0.31
Ancillary Revenue/PAX	196	177	*11 %*	184	168	*10 %*	168
Share of sale own channels	80 %	82 %	*-2 pp*	81 %	79 %	*2 pp*	79 %
ASK (million)	28,482	27,534	*3 %*	79,013	73,162	*8 %*	99,220
RPK (million)	25,968	24,927	*4 %*	68,781	64,056	*7 %*	85,124
Passengers (million)	10.53	10.86	*-3 %*	28.62	28.31	*1 %*	37.34
Load Factor	91.2 %	90.5 %	*0.7 pp*	87.1 %	87.6 %	*-0.5 pp*	85.8 %
Average sector length (km)	1,950	1,887	*3 %*	1,896	1,833	*3 %*	1,843
Fuel consumption (1000 tonnes)	570	548	*4 %*	1,518	1,449	*5 %*	1,956
CO_2 per RPK	69	69	*0 %*	70	71	*-2 %*	72

TRAFFIC DEVELOPMENT

10.53 million passengers travelled with Norwegian in the third quarter of 2019, compared to 10.86 million in the third quarter of 2018. Production (ASK) increased by 3 per cent and passenger traffic (RPK) increased by 4 per cent. The load factor was 91.2 per cent, an increase of 0.7 p.p. compared to the third quarter last year.

At the end of the third quarter 2019, the total fleet including aircraft on maintenance and excluding wet lease comprised 161 aircraft. There were no aircraft on external lease. The company utilized every operational aircraft on average 13.2 block hours per day, compared to 13.1 in the third quarter last year.

OPERATING PERFORMANCE

Punctuality, share of flights departing on schedule, was 74.7 per cent in the third quarter, increased by 0.1 percentage points compared to 74.6 per cent in the same quarter last year. Punctuality has increased in five consecutive quarters.

Regularity, share of scheduled flights taking place, was 99.3 per cent in the third quarter, compared to 99.4 per cent in the same quarter last year.

FINANCIAL REVIEW

FINANCIAL KEY FIGURES

Norwegian has shifted its strategy from growth to profitability. The company is returning to profitability through a series of measures, including an optimized route portfolio and the extensive cost reduction program #Focus2019.

EBITDAR excl other losses/(gains) was the highest for the company ever in a quarter at NOK 4,410 million, increased by NOK 1,450 million from last year despite the grounding of Boeing 737 MAX aircraft. The disruptions to the fleet of aircraft has resulted in additional costs of approximately NOK 300 million in the quarter.

The company is successfully reducing growth and focusing on profitability. Year on year production growth in the third quarter was 3 per cent, down from the peak growth of 48 per cent as reported in the second quarter of 2018.

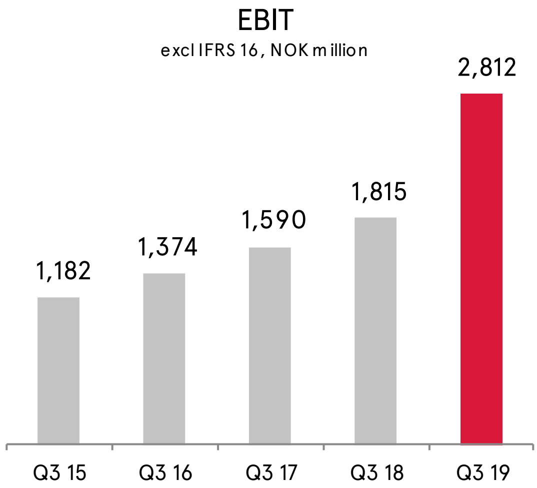
#Focus2019 continues with full effect, achieving improvements to the income statement of NOK 827 million in the third quarter and NOK 1,848 million year to date.

Unit cost excluding fuel in constant currency decreased by 9 per cent.

Other losses/(gains) amounted to a net gain of NOK 250 million in the third quarter, compared to a net gain of NOK 398 million last year.

Operating profit (EBIT) for the third quarter improved by NOK 1.2 billion to NOK 2,970 million (1,815), including favorable effects from implementing IFRS 16 of NOK 158 million. Excluding IFRS 16 effects, EBIT would have been NOK 2,812 million.

Profit (loss) before tax (EBT) was NOK 2,203 million (1,600). EBT in the third quarter 2019 includes negative effects following the implementation of IFRS 16 of NOK 285 million. EBT in the third quarter would be NOK 2,487 million excluding IFRS 16 effects.

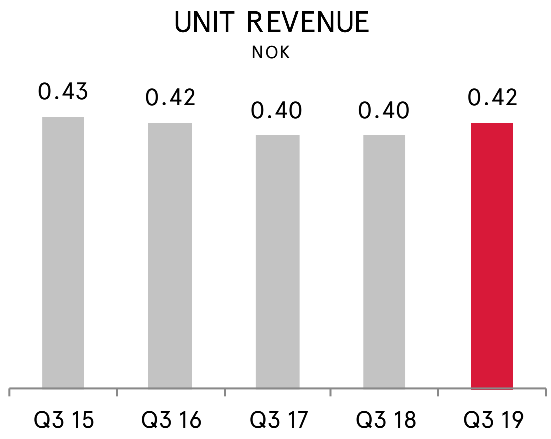


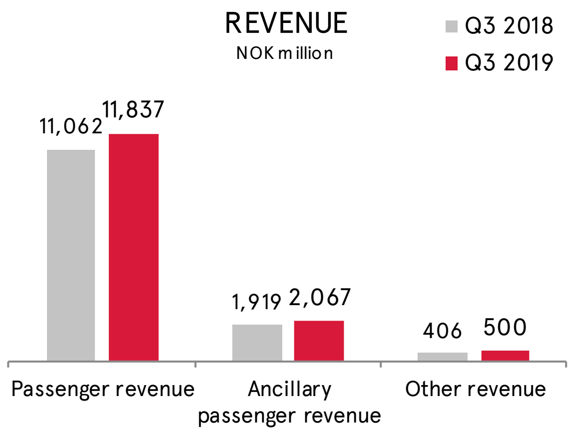
REVENUE

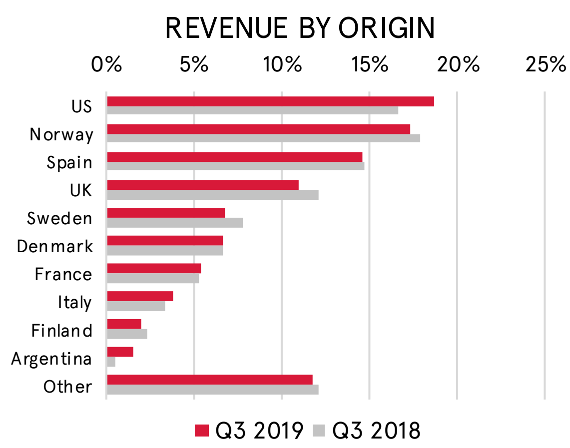
Total revenue in the third quarter was NOK 14,404 million (13,387), an increase of 8 per cent. Norwegian enjoyed an increase in unit revenue by 3 per cent following a yield increase of 3 per cent and an increased load factor by 0.7 percentage points. Yield increased despite a greater share of long-haul flights and an increased average sector length of 3 per cent. Unit revenue increased by 1 per cent in constant currency.

Passenger revenue was NOK 11,837 million (11,062). Unit revenue in the third quarter increased by 3 per cent to NOK 0.42 (NOK 0.40). Ancillary revenue was NOK 2,067 million (1,919) in the third quarter, and ancillary revenue per passenger increased by 11 per cent to NOK 196 (177). Other revenue of NOK 500 million (406) includes cargo revenue of NOK 172 million (177), commissions and third-party products as well as revenue from the loyalty program Norwegian Reward.

Norwegian has grown rapidly over the past years, expanding international traffic and adding new bases, destinations and markets to its portfolio. Consequently, the share of passengers outside Scandinavia has increased significantly compared to last year, with the strongest passenger growth in the US and Italy. Measured by revenue at point of origin, the US is now Norwegian's largest market.







UNIT COST BREAKDOWN

(unaudited in NOK per ASK)	Q3 2019	Q3 2018	Change	YTD 2019	YTD 2018	Change	Full Year 2018
Personnel expenses	0.06	0.06	*-3 %*	0.06	0.07	*-3 %*	0.07
Airport and ATC charges	0.04	0.05	*-9 %*	0.04	0.05	*-11 %*	0.04
Handling charges	0.06	0.05	*7 %*	0.05	0.05	*4 %*	0.05
Technical maintenance expenses	0.03	0.04	*-32 %*	0.03	0.04	*-8 %*	0.04
Other operating expenses	0.04	0.05	*-12 %*	0.05	0.05	*-8 %*	0.05
Aircraft lease and depreciation	0.06	0.06	*6 %*	0.06	0.06	*3 %*	0.06
Unit cost excl fuel	0.28	0.30	*-6 %*	0.30	0.31	*-4 %*	0.31
Aviation fuel	0.13	0.13	*-5 %*	0.13	0.13	*0 %*	0.13
Unit cost	0.41	0.43	*-6 %*	0.42	0.43	*-2 %*	0.43

OPERATING EXPENSES

The company's extensive cost reduction program #Focus2019 continues with full effect, achieving improvements to the income statement of NOK 827 million in the third quarter and NOK 1,848 million year to date.

Unit cost excluding fuel was NOK 0.28, a decrease of 6 per cent compared to the same quarter last year. At constant currency, unit cost excluding fuel decreased by 9 per cent compared to the same quarter last year. There were no significant effects on unit cost following the implementation of IFRS 16.

Total operating expenses excluding depreciation and aircraft lease decreased by 3 per cent to NOK 9,745 million (10,029) this quarter. Adjusted for other losses /(gains) the decrease was 4 per cent from last year.

Operating expenses decreased mainly due to cost reductions related to renegotiated contracts, and #Focus2019 cost reductions offsetting a production increase of 3 per cent and unfavorable changes to currency rates.

Personnel expenses were on the same level as last year at NOK 1,700 million (1,692) in the third quarter, despite production increase and unfavorable currency effects. Unit cost decreased by 3 per cent, and by 5 per cent in constant currency, despite lower utilization following the grounded 737 MAX aircraft.

Aviation fuel expenses decreased by 2 per cent to NOK 3,601 million (3,681) in the third quarter compared to the same quarter last year. Unit cost decreased by 5 per cent, due to a decrease in jet fuel spot prices in USD of 11 per cent and reductions in ETS costs of 1 per cent, partially offset by an appreciation of USD to NOK of 8 per cent. Efficiency gains from adding new fuel-efficient aircraft to the fleet, increased sector length and several #Focus2019 initiatives to reduce fuel consumption, are offset by negative impacts using wet lease during the quarter.

The company has forward contracts at the end of the third quarter 2019 to cover approximately 30 per cent of remaining fuel exposure in 2019 at an average price of USD 682 per ton.

Airport and air traffic control (ATC) charges decreased by 5 per cent to NOK 1,197 million (1,266) in the third quarter compared to the same quarter last year. Unit cost decreased by 9 per cent, due to #Focus2019 cost reduction initiatives including renegotiating agreements with vendors, in addition to increased average sector length.

Handling charges increased by 10 per cent to NOK 1,580 million (1,432) in the third quarter compared to the same quarter last year. Unit cost increased by 7 per cent, driven by currency effects. At constant currency, unit cost for handling charges increased by 3 per cent. The increase is mainly due to increased catering costs as share of long-haul flights increase, as well as increased care and compensation costs to passenger in connection with wet-lease operations.

Technical maintenance expenses decreased by 30 per cent to NOK 748 million (1,068) in the third quarter compared to the same quarter last year, due to cost reductions related to renegotiated contracts. Unit cost decreased by 32 per cent compared to the third quarter last year.

Other operating expenses consist of sales and distribution expenses, general and administrative expenses and other flight operation expenses. Other operating expenses decreased by 9 per cent to NOK 1,170 million (1,289), and unit cost decreased by 11 per cent despite adverse effects from currency rates. At constant currency, unit cost was reduced by 13 per cent.

Other losses/(gains) include effects from foreign currency contracts, forward fuel contracts, losses or gains on translation of working capital in foreign currency and net losses or gains on sale of fixed assets. Current quarter net gains of NOK 250 million include gains from jet fuel hedges of NOK 23 million and positive foreign currency effects of NOK 238 million.

Aircraft lease and depreciation increased by 10 per cent to NOK 1,690 million (1,543) in the third quarter compared to the same quarter last year. Unit cost for leasing and depreciation increased by 6 per cent but was reduced by 2 per cent at constant currency. The adoption of IFRS 16 lead to a net cost reduction on depreciation and aircraft lease of NOK 158 million in the quarter.

Profit/loss from associated companies in the third quarter was NOK 33 million (18) and represents the company's share of estimated net profit in the joint venture OSM Aviation Ltd.

Net financial items were negative by NOK 800 million (negative by 233) in the third quarter. Additional interest expenses of NOK 443 million have been recognized following the adoption of IFRS 16. Interest on prepayments of NOK 46 million (105) was capitalized during the third quarter, reducing interest expense. Other financial expenses include transaction costs of NOK 70 million following the refinancing of bonds NAS07 and NAS08 and currency gains of NOK 46 million in the third quarter, compared to currency gains of NOK 29 million in third quarter 2018.

Income taxes amounted to a tax cost of NOK 532 million in the third quarter compared to a tax cost of NOK 297 million last year.

FINANCIAL POSITION AND LIQUIDITY

Aircraft assets are accounted for in USD, creating a natural hedge against USD denominated borrowings when translated into NOK. The company received one new 787-9 Dreamliner in the third quarter, financed through a sale-leaseback. During the quarter, the company also sold two 737-800 aircraft.

Total assets and liabilities are significantly affected by the implementation of IFRS 16, leading to substantially increased lease liabilities and right of use assets compared to the financial position as reported prior to 2019. Net assets are also affected by a year to date appreciation of USD against NOK of 4.6 per cent.

Net interest-bearing debt at the end of the third quarter was NOK 61,716 million compared to NOK 31,917 million at the end of last year. Included in current year net interest-bearing debt are lease liabilities of NOK 36,429 million following the adoption of IFRS 16. At the end of September 2019, the equity ratio was 5.7 per cent, compared to 3.0 per cent at the end of 2018. If the September 2019 financial position did not include IFRS 16 effects, net interest-bearing debt would have been NOK 25,228 million at quarter end and the equity ratio would have been 11.2 per cent.

Total non-current assets amount to NOK 76,168 million at the end of the third quarter, compared to NOK 44,209 million at the end of last year. Transition effects following the adoption of IFRS 16 were NOK 32,797 million. The main investments during the first nine months are deliveries of five new 787-9 Dreamliners. Intangible assets amounted to NOK 2,821 million at the end of September, compared to NOK 2,886 million at the end of 2018, including deferred tax assets of NOK 2,618 million compared to NOK 2,674 million at the end of last year.

Total current assets amount to NOK 15,377 million at the end of September, compared to NOK 11,777 million at the end of last year. Investments include economic interests in Norwegian Finans Holding and unrealized gains on jet fuel hedges. The company entered into an agreement in August to sell its entire shareholding in NOFI, of which 18.6 million shares were transferred to new owners during the third quarter. The remaining shareholding of 14.0 million shares is valued at the agreed selling price at NOK 68 per share and a total of NOK 952 million. The remaining NOFI shareholding will be sold in December 2019, pending regulatory approval. Receivables have increased by NOK 4,544 million during the first nine months due to increased production, changed capacity with acquirers and seasonality. Cash and cash equivalents have increased by NOK 1,012 million during the first nine months, ending at NOK 2,934 million.

Total non-current liabilities were NOK 61,226 million at the end of September, compared to NOK 26,662 million at the end of last year. Non-current debt has increased by NOK 33,955 million and includes lease liabilities of NOK 32,217 million at the end of September. NAS07 and NAS08 are presented as non-current debt following the refinancing of the bonds approved by bondholders in September. Other non-current liabilities increased by NOK 610 million, mainly due to increased accruals for periodic maintenance on leased aircraft.

Total current liabilities amounted to NOK 25,070 million at the end of September, compared to NOK 27,619 million at the end of 2018. Air traffic settlement liabilities decreased by NOK 148 million from end of last year due to seasonality and reduced production during the winter schedule for 2019 / 2020. Current debt decreased by NOK 3,144 million during the first nine months and includes lease liabilities amounting to NOK 4,212 million at the end of September. Current aircraft and prepayment financing are reduced due to refinancing of bonds NAS07 and NAS08, the sale-leaseback of four 787-9 Dreamliners during the first nine months, in addition to the sales of two A320neos and seven 737-800 with settlement of the corresponding debt. Other current liabilities increased by NOK 743 million from end of last year.

Equity at the end of September was NOK 5,249 million compared to NOK 1,704 million at the end of last year. Equity increased due to the rights issue raising a net equity increase of NOK 2,927 million, a net gain year to date of NOK 264 million, exchange rate gains from subsidiaries of NOK 361 million and fair value adjustments of the investment in NOFI shares of NOK 3 million. Other effects amounted to negative NOK 22 million.

CASH FLOW

Cash and cash equivalents were NOK 2,934 million at the end of September 2019 compared to NOK 1,922 million at the end of 2018.

Cash flow from operating activities in the third quarter amounted to NOK 2,139 million compared to NOK 245 million in the third quarter last year. Air traffic settlement liabilities decreased by NOK 4,613 million (3,912) while receivables decreased by NOK 1,386 million (1,740) during the quarter. Other adjustments amounted to NOK 1,512 million (368) during the third quarter. Other adjustments mainly consist of finance items, changes in other assets and other liabilities in addition to non-cash effects included in profit before tax, such as unrealized gains or losses on derivatives.

Cash flow from investing activities in the third quarter was NOK 2,776 million, compared to negative NOK 3,359 million in the same quarter last year. Cash from investing activities during the quarter consists mainly of proceeds from sale of shares in Norwegian Finans Holding ASA, two Boeing 737-800 aircraft in addition to effects from prepayment financing on one 787-9 Dreamliner financed through sale-leaseback.

Cash flow from financing activities in the third quarter was negative by NOK 3,682 million compared to a positive cash flow of NOK 2,615 million in the third quarter last year. Principal repayments relate to settlement of financing on sold aircraft, settlement of pre-delivery financing on sale-leaseback transactions as well as scheduled repayments and debt servicing on lease liabilities following the adoption of IFRS 16.

RISK AND UNCERTAINTIES

Norwegian is exposed to several risk factors such as market risk, operational risk, financial risk and liquidity risk. The airline industry is undergoing a challenging time due to strong competition. Future demand is dependent on sustained consumer and business confidence in the company's key markets. A marketplace where capacity growth exceeds market growth will increase the risk of yield pressure. Demand for airline travel and the company's business are subject to strong seasonal variations.

The outcome of Brexit is still uncertain. The company has contingency plans in place based on different Brexit scenarios (including a hard Brexit).

The company is currently assessing the financial impact of the grounding of Boeing 737 MAX worldwide. The company has 18 737 MAX in the current fleet and further deliveries are put on hold. Plans are in place to uphold the scheduled production and minimize effects on passengers.

The company is exposed to liquidity risk, including commitments for future aircraft deliveries and lease commitments. Following the strategic change from growth to profitability, the company is reducing liquidity risk exposure by divesting aircraft, postponing aircraft deliveries and managing credit lines with credit card acquirers.

Fuel price and currency fluctuations, as well as hedging of such, are risks that 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 affect fuel and other costs as well as debt and assets denominated in foreign currency.

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

Further information on the risks associated with the company and its business is provided in the company's Annual Report for 2018.

OUTLOOK

In line with the strategy to move from growth to profitability, fourth quarter production (ASK) will decrease versus last year. Capacity adjusted bookings are ahead of last year on both short-haul and long-haul.

The company does not expect to take delivery of any 737 MAX aircraft this year. The 737 MAX grounding has affected both demand, operating expenses and production. With an expected return to service in 2020, the company expects a negative impact on the 2019 profit before tax of approximately NOK 1 billion (previous guiding NOK 700 million with return to service in October). Negative impacts include reduced revenue from cancellations and other disruptions as well as increased expenses from crew inefficiencies, increased fuel consumption and passenger compensation.

Norwegian guides for a production (ASK) in 2019 on the same level as in 2018 (previous guiding a growth of 0 - 5 per cent).

Assuming a fuel price of USD 629 per ton (previous assumption 618) and USD/NOK 8.80 (previous assumption 8.58) excluding hedged volumes and with the currently planned route portfolio, the company is targeting a unit cost of approximately NOK 0.435 (previous guiding NOK 0.43) and a unit cost excluding fuel of approximately NOK 0.310 (same as previous guiding) for 2019.

The company aims for a NOK 2.3 billion cost reduction in 2019 with the #Focus2019 program, of which NOK 2.0 billion is recurring.

All the above taken into consideration, the company guides for an EBITDAR excluding other losses/(gains) of approximately NOK 6.1 – 6.5 billion in 2019 (previous guiding NOK 6 – 7 billion).

The company guides on contractually committed capital expenditures of USD 1.0 billion in 2019 and USD 1.4 billion in 2020 (previous guiding of USD 1.2 billion in 2019 and USD 1.3 billion in 2020).

Norwegian will continue to re-assess, optimize and fortify the network and expects reduced production (ASK) of approximately 10 per cent in 2020 compared to 2019.

Fornebu, 23 October 2019

Board of Directors
Norwegian Air Shuttle ASA

CONDENSED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(unaudited in NOK million)	Note	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Full Year 2018
Passenger revenue		11,837.2	11,061.7	28,036.9	24,866.6	32,560.1
Ancillary passenger revenue		2,067.4	1,919.3	5,276.1	4,743.2	6,266.6
Other revenue		499.5	406.2	1,264.5	997.9	1,438.9
Total operating revenue	3	14,404.1	13,387.2	34,577.5	30,607.7	40,265.5
Personnel expenses		1,700.0	1,692.2	5,122.5	4,898.5	6,664.6
Aviation fuel		3,600.6	3,680.7	9,885.3	9,141.7	12,562.2
Airport and ATC charges		1,197.0	1,266.0	3,198.9	3,346.0	4,373.0
Handling charges		1,579.7	1,431.8	4,142.0	3,703.9	5,200.5
Technical maintenance expenses		747.6	1,067.7	2,570.4	2,578.1	3,493.7
Other operating expenses		1,169.6	1,289.1	3,627.2	3,655.9	4,806.4
Other losses/(gains)		-249.9	-398.3	-925.5	-812.7	994.1
Total operating expenses excl lease, depr. and amort.		9,744.6	10,029.3	27,620.8	26,511.4	38,094.5
Operating profit excl lease, depr. and amort. (EBITDAR)		4,659.5	3,357.9	6,956.7	4,096.3	2,171.1
Aircraft lease, depreciation and amortization		1,689.7	1,542.5	4,822.7	4,353.8	6,021.7
Operating profit (EBIT)		2,969.8	1,815.4	2,134.0	-257.5	-3,850.6
Interest income		77.2	29.9	161.9	79.6	117.5
Interest expense		801.6	291.7	2,296.3	805.2	1,159.5
Other financial income (expense)		-75.7	29.2	265.0	2,346.5	2,273.9
Net financial items		-800.1	-232.6	-1,869.5	1,620.7	1,232.0
Profit (loss) from associated companies		32.9	17.6	72.1	91.5	128.5
Profit (loss) before tax (EBT)		2,202.7	1,600.3	336.6	1,454.8	-2,490.1
Income tax expense (income)		532.4	296.6	72.8	-103.0	-1,036.0
Net profit (loss)		1,670.3	1,303.7	263.7	1,557.8	-1,454.1
Net profit attributable to:						
Owners of the parent company		1,671.3	1,301.2	259.7	1,551.0	-1,461.1
Non-controlling interests		-1.0	2.6	4.0	6.8	7.0
Earnings per share (NOK) - Basic*		12.3	28.6	2.1	21.2	-19.5
Earnings per share (NOK) - Diluted*		12.1	28.0	1.9	19.0	-19.5
No. of shares at the end of the period		136,308,377	45,437,059	136,308,377	45,437,059	45,437,059
Average no. of shares outstanding		136,308,377	45,437,059	121,504,961	41,603,123	42,487,877
No. of shares at the end of the period - Diluted		137,838,377	46,397,059	137,838,377	46,397,059	46,397,059

** Earnings per share for comparative figures have been adjusted with a factor of 1.76 due to effects of the rights issue completed in March 2019*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited in NOK million)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Full Year 2018
Net profit (loss) for the period	1,670.3	1,303.7	263.7	1,557.8	-1,454.1
Actuarial gains and losses	0.0	0.0	0.0	0.0	2.7
Exchange rate differences Group	498.0	20.5	361.4	-57.9	347.9
Fair value adjustments through OCI	181.8	277.1	2.7	225.1	-771.7
Other	0.6	0.0	-22.0	-1.0	22.9
Total comprehensive income for the period	2,350.7	1,601.4	605.8	1,724.0	-1,852.4
Total comprehensive income attributable to:					
Owners of the company	2,351.7	1,598.9	601.3	1,718.2	-1,859.9
Non-controlling interests	-1.0	2.6	4.5	5.8	7.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited in NOK million)	*Note*	30 SEP 2019	30 SEP 2018	31 DEC 2018
ASSETS				
Intangible assets		2,821.3	1,342.1	2,886.1
Tangible fixed assets	*6*	71,936.9	40,536.4	40,106.4
Fixed asset investments		1,410.2	1,185.2	1,216.2
Total non-current assets		76,168.4	43,063.6	44,208.6
Assets held for sale		0.0	0.0	850.6
Inventory		188.6	136.2	167.3
Investments		957.5	3,656.4	2,084.4
Receivables		11,296.6	6,177.8	6,752.6
Cash and cash equivalents		2,933.9	3,211.2	1,921.7
Total current assets		15,376.6	13,181.6	11,776.7
TOTAL ASSETS		91,545.1	56,245.3	55,985.3
EQUITY AND LIABILITIES				
Shareholder's equity	*8*	5,226.8	5,262.1	1,687.2
Non-controlling interests		21.8	15.0	17.3
Total equity		5,248.6	5,277.1	1,704.4
Non-current debt	*7*	56,485.0	24,101.3	22,530.0
Other non-current liabilities		4,741.5	3,346.3	4,131.8
Total non-current liabilities		61,226.5	27,447.6	26,661.8
Air traffic settlement liabilities		6,759.2	7,450.9	6,907.3
Current debt	*7*	8,165.1	9,256.6	11,309.1
Other current liabilities		10,145.7	6,813.1	9,402.6
Total current liabilities		25,070.0	23,520.5	27,619.0
Total liabilities		86,296.5	50,968.2	54,280.8
TOTAL EQUITY AND LIABILITIES		91,545.1	56,245.3	55,985.3

CONSOLIDATED STATEMENT OF CASH FLOW

(unaudited in NOK million)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Full Year 2018
Profit before tax	2,202.7	1,600.3	336.6	1,454.8	-2,490.1
Paid taxes	-8.5	-1.4	-20.5	-14.4	-22.7
Depreciation, amortization and impairment	1,660.4	450.5	4,782.6	1,170.7	1,667.6
Fair value adjustment of financial assets (PL)	0.0	0.0	0.0	-1,939.8	-1,939.8
Changes in air traffic settlement liabilities	-4,613.4	-3,912.3	-148.1	957.3	413.7
Changes in receivables	1,386.0	1,739.6	-4,544.0	-1,740.3	-2,548.3
Other adjustments	1,511.9	367.6	2,660.7	1,468.2	5,381.9
Net cash flows from operating activities	2,139.2	244.5	3,067.3	1,356.5	462.7
Purchases, proceeds and prepayment of tangible assets	1,016.9	-3,376.8	4,580.4	-9,999.1	-8,781.8
Other investing activities	1,759.5	18.0	1,792.3	-4.4	218.6
Net cash flows from investing activities	2,776.4	-3,358.9	6,372.7	-10,003.5	-8,563.2
Loan proceeds	0.1	3,380.3	532.0	10,387.1	12,546.6
Principal repayments	-2,788.0	-503.7	-9,402.9	-2,943.1	-6,518.8
Financing costs paid	-894.0	-260.3	-2,438.1	-1,065.1	-1,499.8
Proceeds from issuing new shares	0.0	-1.6	2,907.2	1,456.0	1,456.0
Net cash flows from financing activities	-3,681.9	2,614.7	-8,401.8	7,835.0	5,984.1
Foreign exchange effect on cash	12.0	-2.7	-25.9	-16.6	-1.7
Net change in cash and cash equivalents	1,245.7	-502.4	1,012.2	-828.5	-2,118.1
Cash and cash equivalents at beginning of period	1,688.3	3,713.6	1,921.7	4,039.8	4,039.8
Cash and cash equivalents at end of period	2,933.9	3,211.2	2,933.9	3,211.2	1,921.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited in NOK million)	YTD 2019	YTD 2018	Full Year 2018
Equity - Beginning of period	1,704.4	2,098.4	2,098.4
Total comprehensive income for the period	605.8	1,724.0	-1,852.4
Share issue	2,927.4	1,456.0	1,456.0
Transactions with non-controlling interests	0.0	-2.7	-2.7
Equity change on employee options	10.9	1.4	5.1
Equity - End of period	5,248.6	5,277.1	1,704.4

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING PRINCIPLES

The condensed consolidated interim financial statements comprise Norwegian Air Shuttle ASA and its subsidiaries (the company). Norwegian Air Shuttle ASA is a limited liability company incorporated in Norway. The consolidated financial statements of the company for the year ended 31 December 2018 are available at www.norwegian.com.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the rules and regulations of Oslo Stock Exchange and International Accounting Standard (IAS) 34 Interim Financial Reporting. They do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the company for the year ended 31 December 2018.

The accounting policies applied by the company in these condensed consolidated financial statements are the same as those applied by the company in its consolidated financial statements for the year ended 31 December 2018 except for the specific items described below.

From 1 January 2019, Norwegian has adopted the new accounting standard IFRS 16 Leases. IFRS 16 replaces IAS 17, Leases and related interpretations. IFRS 16 from a lessee viewpoint eliminates the classification of leases as either operating leases or finance leases. Instead, all leases are treated in a similar way to finance leases under IAS 17. The standard is effective for accounting periods beginning on or after 1 January 2019 and adopted by the company from the same date.

IFRS 16 allows various adoption approaches. The company applied the modified retrospective approach under which all right of use assets (ROU assets) are measured at an amount equal to the lease liability at 1 January 2019. The lease liability in turn is calculated as the present value of remaining lease payments under the leases discounted by incremental borrowing rates as per time of transition. The cumulative effect of initially applying the standard as an adjustment to the opening balance on retained earnings is zero. Under this transition approach, the 2018 comparable numbers presented in this report for the 2019 third quarter and first nine month are not restated as if IFRS 16 was applied in 2018. The presented amounts are calculated based on judgements and interpretations at the time of adopting the new standard.

There is a significant impact on the company's income statement and statement of financial position from the adoption of IFRS 16. More than 95 per cent of the total impact stems from changed presentation of operational aircraft leases. Such aircraft leases are all contracts with a fixed term and with fixed lease payments. Under aircraft leases, the company will, as part of right of use assets, include an estimate of costs to be incurred in restoring the aircraft asset to the condition required by the terms and conditions of the lease. Other maintenance obligations will be recognized in accordance with IAS 37 and built up over the lease term as time elapses and the aircraft is utilized, up until the relevant maintenance activities are carried out and the obligation is settled. For aircraft sale-leaseback transactions after the transition date, the ROU asset is measured at the portion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Gain or loss is recognized for the amount that relates to the rights transferred to the buyer-lessor.

In addition to the effects from aircraft leases, there are effects from leasing of aircraft spare parts, facilities and other equipment. Facility leases often contain options to extend or terminate the contract. Lease terms of such contracts hence might be subject to application of judgement.

The company has elected to apply the recognition exemption to leases for which underlying assets are of low value. For leases other than aircraft leases the company has also elected to apply the recognition exemption to short-term leases.

One effect of IFRS 16 compared to IAS 17 is that the timing of expenses over the lease term due to the interest element changes so that more expenses are recognized early in the lease term and less expenses are recognized later in the lease term. During the first years of application of IFRS 16 under the modified retrospective transition approach, one will experience a net negative effect on profit or loss compared to the effects under IAS 17. Later in the lease terms there will be a corresponding positive effect of applying IFRS 16. Over the lease term the total expenses under IFRS 16 are equal to those of IAS 17.

Transition effects of adopting the new standard and effects on the income statement for the third quarter and first nine months of 2019 are shown in the tables below.

IFRS 16 TRANSITION EFFECTS ON STATEMENT OF FINANCIAL POSITION

(unaudited in NOK million)	31 DEC 2018	IFRS 16 effects	1 JAN 2019
Total non-current assets	44,208.6	32,797.3	77,006.0
Total current assets	11,776.7	0.0	11,776.7
TOTAL ASSETS	55,985.3	32,797.3	88,782.6
EQUITY	1,704.4	0.0	1,704.4
Total non-current liabilities	26,661.8	29,129.1	55,790.9
Total current liabilities	27,619.0	3,668.3	31,287.3
Total liabilities	54,280.8	32,797.3	87,078.2
TOTAL EQUITY AND LIABILITIES	55,985.3	32,797.3	88,782.6

At 1 January 2019, following the adoption of IFRS 16, the company recognized right of use assets corresponding to the discounted value of lease liabilities within the scope of IFRS 16 at the time of adoption. NOK 32,797 million was recognized as right of use assets. The incremental borrowing rates applied to lease liabilities at the date of initial recognition are in the interval 5.1-5.4 per cent for aircraft leases and in the interval 4.8-7.7 per cent for leases other than aircraft leases. Aircraft leases are denominated in USD, whereas other leases are denominated in a mix of the currencies USD, EUR, GBP, NOK and SEK.

The equity effect of the adoption of IFRS 16 was zero. The above presented effects in assets and liabilities are unchanged compared to the estimates presented in the fourth quarter report and financial statements of 2018.

IFRS 16 EFFECTS ON INCOME STATEMENT

(unaudited in NOK million)	Excl IFRS 16* Q3 2019	IFRS 16 effects	Q3 2019	Excl IFRS 16* YTD 2019	IFRS 16 effects	YTD 2019
Total operating revenue	14,404.1	0.0	14,404.1	34,577.5	0.0	34,577.5
Total operating expenses excl lease, depr. and amort.	9,752.2	-7.6	9,744.6	27,754.5	-133.7	27,620.8
EBITDAR	4,651.9	7.6	4,659.5	6,823.0	133.7	6,956.7
Aircraft lease	1,379.9	-1,350.6	29.3	3,957.2	-3,917.1	40.2
Depreciation and amortization	460.5	1,199.9	1,660.4	1,370.7	3,411.9	4,782.6
Operating profit (EBIT)	2,811.5	158.3	2,969.8	1,495.1	638.9	2,134.0
Net financial items	-357.1	-443.0	-800.1	-588.2	-1,281.3	-1,869.5
Profit (loss) from associated companies	32.9	0.0	32.9	72.1	0.0	72.1
Profit (loss) before tax (EBT)	2,487.4	-284.6	2,202.7	979.0	-642.5	336.6

** Income statement effects are shown as if IAS 17 still applied, without the adoption of the new standard IFRS 16.*

Under the accounting standards effective prior to the adoption of IFRS 16, lease expenses would be higher, some of these included in operating expenses and EBITDAR, and the majority would be included as aircraft leases. Under IFRS 16, lease expenses within the scope of IFRS 16 are removed and replaced by depreciation of right of use assets and interest costs. Gains and losses from sale-leaseback transactions are also affected, as such items are partially deferred during the lease period. IFRS 16 has a net negative effect on EBT in the third quarter and first nine months of 2019 due to higher interest expenses being recognized early in the lease term and lower interest expenses to be recognized later in the lease term. The net negative effect on EBT for the company was NOK 285 million in the third quarter and NOK 643 million in the first nine months of 2019.

IFRS 16 EFFECTS ON STATEMENT OF CASH FLOW

(unaudited in NOK million)	Excl IFRS 16* Q3 2019	IFRS 16 effects	Q3 2019	Excl IFRS 16* YTD 2019	IFRS 16 effects	YTD 2019
Net cash flows from operating activities	734.5	1,404.7	2,139.2	-1,003.9	4,071.2	3,067.3
Net cash flows from investing activities	2,776.4	0.0	2,776.4	6,372.7	0.0	6,372.7
Net cash flows from financing activities	-2,277.3	-1,404.7	-3,681.9	-4,330.6	-4,071.2	-8,401.8
Foreign exchange effect on cash	12.0	0.0	12.0	-25.9	0.0	-25.9
Net change in cash and cash equivalents	1,245.7	0.0	1,245.7	1,012.2	0.0	1,012.2

** Cash flow statement effects are shown as if IAS 17 still applied, without the adoption of the new standard IFRS 16.*

Under the accounting standards effective prior to the adoption of IFRS 16, cash flow from operating activities would be lower, mainly due to operational lease payments being included as a negative effect. Under IFRS 16, operational lease payments within the scope of IFRS 16 are reclassified to principal repayments of borrowings and payment of interest included as financing costs paid, both included in cash flows from financing activities. Net effect on change in cash and cash equivalents is zero.

The net amount reclassified from operating activities to financing activities was NOK 1,405 million in the third quarter and NOK 4,071 million in the first nine months of 2019.

Additions of new right of use assets following new or extended operational leases do not have an effect on the cash flow statement.

IFRS 16 EFFECTS ON KEY FIGURES

(unaudited ratios in NOK)	Excl IFRS 16* Q3 2019	IFRS 16 effects	Q3 2019	Excl IFRS 16* YTD 2019	IFRS 16 effects	YTD 2019
Unit Cost	0.42	-0.01	0.41	0.43	-0.01	0.42
Unit Cost excl fuel	0.29	-0.01	0.28	0.31	-0.01	0.30
Book equity per share (NOK)				43.2	-4.7	38.5
Equity ratio (%)				11.2 %	-5.5 %	5.7 %
Net interest-bearing debt				25,287.5	36,428.7	61,716.2

** Effects on key figures are shown as if IAS 17 still applied, without the adoption of the new standard IFRS 16.*

Unit cost includes operating expenses and depreciation but excludes interest costs. Since a portion of lease costs under IFRS 16 is reclassified to interest expense, there is a favorable effect on unit costs following the adoption of IFRS 16.

Book equity per share is negatively affected following the adoption of IFRS 16 since there is a front-loading effect on interest expenses in the beginning of a lease contract.

Equity ratio is affected negatively by both the significantly increased total assets and the front-loading effect on interest costs.

Net interest-bearing debt is significantly increased by the recognition of lease liabilities in the statement of financial position.

JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of condensed consolidated interim financial statements in accordance with IFRS and applying the chosen accounting policies require management to make judgments, estimates and assumptions which affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical figures and various other factors which 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 company's accounting policies and the key sources of estimation uncertainty, except for those introduced by adopting IFRS 16 as described above, were the same as those that applied to the consolidated financial statements for the period ended 31 December 2018.

NOTE 2 RISK

SENSITIVITY ANALYSIS

(unaudited in NOK million)	*Effect on income*
1% decrease in jet fuel price	116
1% depreciation of NOK against USD	-173
1% depreciation of NOK against EURO	-7

The sensitivity analysis reflects the effect on operating costs in 2019 by changes in market prices and exchange rates. The effect on operating costs is annualized based on the 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 comprises only ticket revenue, while ancillary passenger revenue is other passenger related revenue such as optional extras. Other revenue consists of revenue not directly related to passengers such as cargo, third-party products, externally leased aircraft and other income. Passenger related revenue per country is based on the starting point of passenger journeys. Freight related revenue is based on the starting point of freight services.

OPERATING REVENUE BY COUNTRY

(unaudited in NOK million)	Q3 2019	Q3 2018	*Change*	YTD 2019	YTD 2018	*Change*	Full Year 2018
US	2,704.3	2,238.4	*21 %*	6,792.4	5,279.2	*29 %*	6,946.7
Norway	2,501.5	2,407.3	*4 %*	6,722.4	6,165.5	*9 %*	8,070.7
Spain	2,116.7	1,980.4	*7 %*	4,747.5	4,302.7	*10 %*	5,620.6
UK	1,583.4	1,621.7	*-2 %*	3,406.1	3,296.3	*3 %*	4,323.4
Sweden	983.0	1,052.7	*-7 %*	2,658.0	2,777.6	*-4 %*	3,666.4
Denmark	955.3	889.3	*7 %*	2,347.2	2,151.8	*9 %*	2,837.4
France	778.8	713.6	*9 %*	1,602.7	1,286.3	*25 %*	1,745.3
Italy	557.1	461.1	*21 %*	1,043.7	725.7	*44 %*	1,073.0
Finland	292.9	322.4	*-9 %*	896.8	1,007.1	*-11 %*	1,326.6
Argentina	229.0	68.1	*236 %*	623.3	174.0	*258 %*	276.4
Other	1,702.1	1,632.2	*4 %*	3,737.4	3,441.7	*9 %*	4,378.9
Total operating revenue	14,404.1	13,387.2	*8 %*	34,577.5	30,607.7	*13 %*	40,265.5
Total outside of Norway	11,902.6	10,979.9	*8 %*	27,855.1	24,442.3	*14 %*	32,194.8

NOTE 4 SEGMENT INFORMATION

The Executive Management team reviews the company's internal reporting to assess performance and allocate resources. Executive 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 company's operating profit arises from airline-related activities and the only revenue generating asset of the company is 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's earnings before interest, tax, aircraft lease, depreciation and amortization (EBITDAR). Other information is measured in a manner consistent with that in the financial statements.

NOTE 5 INFORMATION ON RELATED PARTIES

For detailed information on related party transactions, please refer to Note 26 in the Annual Report for 2018. There have been no significant transactions with related parties during the third quarter or first nine months of 2019 apart from recurring agreements such as described in the 2018 Annual Report. All transactions with related parties are considered priced on an arm's-length basis.

NOTE 6 TANGIBLE FIXED ASSETS

(unaudited in NOK million)	30 SEP 2019	30 SEP 2018	31 DEC 2018
Prepayment on aircraft	4,667.9	8,345.8	8,561.3
Owned aircraft, parts and installations on leased aircraft	31,264.5	31,759.2	31,064.2
Right of use assets aircraft and parts	35,180.0	0.0	0.0
Aircraft, parts and installations	66,444.6	31,759.2	31,064.2
Other fixed assets owned	475.1	431.3	480.8
Right of use assets other	349.3	0.0	0.0
Other fixed assets	824.4	431.3	480.8
Total tangible fixed assets	71,936.9	40,536.4	40,106.4
Total right of use assets	35,529.3	0.0	0.0

NOTE 7 BORROWINGS

(unaudited in NOK million)	30 SEP 2019	30 SEP 2018	31 DEC 2018
Bond issue	3,480.7	3,416.1	1,182.2
Aircraft prepayment financing	294.5	265.0	280.5
Aircraft financing	20,492.6	20,420.2	21,067.4
Lease liabilities	32,217.2	0.0	0.0
Non-current debt	56,485.0	24,101.3	22,530.0
Bond issue	0.0	0.0	2,400.8
Credit facility	950.0	675.0	1,125.0
Aircraft prepayment financing	98.5	4,084.3	3,861.0
Aircraft financing	2,905.1	4,497.2	3,922.4
Lease liabilities	4,211.5	0.0	0.0
Current debt	8,165.1	9,256.6	11,309.1
Total borrowings	64,650.1	33,357.8	33,839.1

Current aircraft financing includes financing on aircraft to be sold during the next twelve months of NOK 338 million. This amount will be covered by proceeds from aircraft sales.

NOTE 8 SHAREHOLDER INFORMATION

20 largest shareholders at 30 September 2019:

	Shareholder	Country	Number of shares	Per cent
1	HBK Holding AS	Norway	17,909,040	13.1 %
2	Folketrygdfondet	Norway	6,783,471	5.0 %
3	Danske Capital (Norway)	Norway	6,175,781	4.5 %
4	DNB Asset Management AS	Norway	3,903,896	2.9 %
5	Pareto Asset Management AS	Norway	3,563,500	2.6 %
6	Carnegie ASA	Norway	3,406,538	2.5 %
7	City Finansiering AS	Norway	3,196,041	2.3 %
8	Kite Lake Capital Management (UK) LLP	United Kingdom	2,196,926	1.6 %
9	Nye Sneisungen AS	Norway	1,935,483	1.4 %
10	Stenshagen Invest AS	Norway	1,501,185	1.1 %
11	Nordnet Bank AB.	Norway	1,454,383	1.1 %
12	Bank of America Merrill Lynch (UK)	United Kingdom	1,386,209	1.0 %
13	Seb Luxembourg - Custodian	Luxembourg	1,136,658	0.8 %
14	UBS Zuerich	Switzerland	1,095,667	0.8 %
15	Avanza Bank AB	Sweden	901,262	0.7 %
16	Hands-On Property AS	Norway	897,090	0.7 %
17	Stavanger Forvaltning AS	Norway	840,502	0.6 %
18	O.N. Sunde A/S	Norway	761,505	0.6 %
19	Nordea Funds Oy	Denmark	724,604	0.5 %
20	Saxo Bank A/S	Denmark	708,960	0.5 %
	Top 20 shareholders		60,478,701	44.4 %
	Other shareholders		75,829,676	55.6 %
	Total number of shares		136,308,377	100.0 %

The company issued 90,871,318 new shares through a fully underwritten rights issue in March 2019 in order to increase its financial flexibility and create headroom to the covenants of its outstanding bonds. The net cash proceeds from the share issue were NOK 2,907 million, and the net equity increase was NOK 2,927 million including tax effects from costs directly related to the rights issue.

Norwegian Air Shuttle ASA had a total of 136,308,377 shares outstanding at 30 September 2019. There were 30,831 shareholders at the end of the third quarter.

NOTE 9 CONTINGENCIES AND LEGAL CLAIMS

Norwegian disclosed comments in Note 27 to the Annual Financial Statements for 2018 relating to reassessments and draft reassessments from the Central Tax Office for Large Enterprises, that the rules on contingent tax-free transfers within a group do not apply to the transfer of business in 2013 and 2014.

Norwegian and its tax advisor are still of the opinion that the reassessments for 2013 and 2014 by the tax office are without merit and has thus not made any provisions for any potential tax claim in its Interim Financial Statements for the third quarter and first nine months of 2019. The company has concluded that the possibility of any outflow in settlement is remote.

There are no significant additions or changes to the information regarding contingencies or legal claims presented in Note 27 to the Annual Financial Statements for 2018.

NOTE 10 EVENTS AFTER THE REPORTING DATE

On October 17, Norwegian and JetBlue announced the intent for a partnership. The companies have signed a Letter of Intent for an interline agreement. The partnership will allow customers to combine low fares in a convenient single booking for connecting flights between the Americas and Europe. Customers will have the possibility to book connecting flights on both airlines' websites by combining the best of our complementary and expansive networks. The partnership is planned to launch in early Summer 2020.

On October 18, Norwegian announced an agreement for the sale of five Boeing 737-800 aircraft with Aircraft Recycling International Limited ("ARI"), a commonly held entity of China Aircraft Leasing Group Holdings Limited ("CALC"). The aircraft are currently operated by the company, and the deliveries will take place late in Q4 2019 and Q1 2020. Sale proceeds will be used to repay debt and to increase the company´s liquidity. The transaction is expected to increase the company's liquidity by approximately USD 50 million after repayment of debt and have a positive equity effect. The sale is in line with the company's continued strategy of capitalizing on the scale built up over the last few years and the changed focus from growth to profitability.

There have been no other material events subsequent to the reporting period that might have a significant effect on the consolidated interim financial statements for the third quarter or first nine months of 2019.

DEFINITIONS

ALTERNATIVE PERFORMANCE MEASURES

Norwegian Air Shuttle's financial information is prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the company presents alternative performance measures (APM). The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the company's performance. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described in the table below.

The company has updated its definitions considering the adoption of IFRS 16. EBITDA (Earnings before net financial items, income tax expense (income), depreciation, amortization and impairment, restructuring, and share of profit (loss) from associated companies) is no longer presented as it is not comparable to previous periods and in essence very similar to EBITDAR (see definition below). EBITDAR excludes both depreciation and aircraft lease expenses and is hence a more consistent measure for operational performance over time, excluding ownership costs and the most significant changes arising from the adoption of IFRS 16.

Prior to 2018, the company presented unit cost primarily excluding depreciation. Since 2018, the company has included depreciation in unit cost.

MEASURE	DESCRIPTION	REASON FOR INCLUDING
Operating profit (EBIT)	Earnings before net financial items, income tax expense (income) and share of profit (loss) from associated companies. Equivalent to operating profit in the consolidated income statement in the annual report	Enables comparability of profitability regardless of capital structure or tax situation
EBIT excl other losses/(gains)	Earnings before net financial items, income tax expense (income) and share of profit (loss) from associated companies, adjusted for other losses/(gains)-net	Enables comparability of profitability regardless of capital structure or tax situation, excluding effects for certain volatile operating expenses
EBIT margin	EBIT divided by total operating revenue	Enables comparability of profitability relative to operating revenue
EBITDAR	Earnings before net financial items, income tax expense (income), depreciation, amortization and impairment, restructuring, aircraft leasing expenses and share of profit (loss) from associated companies	A measure of operating performance that enables comparison between airlines as it is not affected by the method used to finance aircraft
EBITDAR excl other losses/(gains)	Earnings before net financial items, income tax expense (income), depreciation, amortization and impairment, restructuring, aircraft leasing expenses and share of profit (loss) from associated companies, adjusted for other losses/(gains)-net	A measure of operating performance that enables comparison between airlines as it is not affected by the method used to finance aircraft, excluding effects for certain volatile operating expenses
EBITDAR margin	EBITDAR divided by total operating revenue	Enables comparability of profitability relative to operating revenue
Profit (loss) before tax (EBT)	Earnings before income tax expense (income). Equivalent to profit (loss) before income tax expense (income) in the Consolidated Income Statement in the annual report	Enables comparability of profitability regardless of capital structure or tax situation
EBT margin	EBT divided by total operating revenue	Enables comparability of profitability relative to operating revenue
Net interest-bearing debt	Non-current debt plus current debt less cash and cash equivalents	Measurement of the ability to pay all debt with available cash and cash equivalents, if all debt matured on the day of the calculation. It is therefore a measure of the risk related to the company's capital structure
Other losses/(gains)	Gains and losses from foreign currency contracts, forward fuel contracts, adjustment of market value for total return swaps, translation of working capital in foreign currency and net gain or loss from sale of fixed assets	Included as a specification to operating expenses to separate certain volatile effects from other operating expenses
Operating expenses excl leasing, depreciation and amortization	Total operating expenses not including aircraft lease expense, depreciation, amortization and impairment	A measure of operating expenses that enables comparison between airlines as it is not affected by the method used to finance aircraft
Operating expenses excl depreciation and amortization	Total operating expenses not including depreciation, amortization and impairment	A measure of operating expenses that includes leasing but is not affected by depreciation and amortization

ALTERNATIVE PERFORMANCE MEASURES – RECONCILIATIONS

(unaudited in NOK million)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	Full Year 2018
Operating profit (EBIT) to EBIT excl other gains /(losses)					
Operating profit (EBIT)	2,969.8	1,815.4	2,134.0	-257.5	-3,850.6
- Other losses/(gains)*	-249.9	-398.3	-925.5	-812.7	994.1
EBIT excl other losses/(gains)	2,720.0	1,417.1	1,208.5	-1,070.1	-2,856.5
EBITDAR to EBITDAR excl other gains /(losses)					
EBITDAR	4,659.5	3,357.9	6,956.7	4,096.3	2,171.1
- Other losses/(gains)*	-249.9	-398.3	-925.5	-812.7	994.1
EBITDAR excl other losses/(gains)	4,409.7	2,959.6	6,031.3	3,283.6	3,165.2

**Other losses /(gains) is defined in table above and is a part of operating expenses, see consolidated income statement.*

OTHER DEFINITIONS

ITEM	DESCRIPTION
Aircraft lease expenses	Lease and rental expenses on aircraft including both dry leases and wet leases
Ancillary revenue / PAX	Ancillary passenger revenue divided by number of passengers
ASK	Available seat kilometers. Number of available passenger seats multiplied by flight distance
Average sector length	Total flown distance divided by number of flights
Book equity per share	Total equity divided by number of shares outstanding
CO_2 per RPK	Amount of CO_2 emissions divided by RPK
Constant currency	A currency exchange rate that excludes the impact of exchange rate fluctuations from comparable period, e.g. last year as comparable period
Equity ratio	Book equity divided by total assets
Fixed asset investment	Consists of the following non-current assets presented in the statement of financial position in the annual report: Investments in financial assets, investment in associate and other receivables
Fuel consumption	Aviation fuel consumed, presented in metric tons
Load factor	RPK divided by ASK. Describes the utilization of available seats
Passengers	Number of passengers flown
RPK	Revenue passenger kilometers. Number of sold seats multiplied by flight distance
Sold seats own channels	Sold seats own channels include bookings through internet, apps, direct API, agent portal, corporate portal, allotment and group travels. It does not include bookings through GDS (Global Distribution Channels)
Unit cost	Total operating expenses, excluding impairment and other losses/(gains)-net, divided by ASK *Note that Norwegian changed its unit cost definition to include depreciation from 2018.* *Presented as "unit cost including depreciation" throughout 2018.*
Unit cost excl fuel	Total operating expenses, excluding impairment, other losses/(gains)-net and aviation fuel expenses, divided by ASK *Note that Norwegian changed its unit cost definition to include depreciation from 2018.* *Presented as "unit cost including depreciation excl fuel" throughout 2018.*
Unit revenue	Passenger revenue divided by ASK
Yield	Passenger revenue divided by RPK. A measure of average fare per kilometer

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BOARD OF DIRECTORS

Niels Smedegaard	Chair
Liv Berstad	Deputy Chair
Christian Fredrik Stray	Director
Ingrid Elvira Leisner	Director
Sondre Gravir	Director
Geir Olav Øien	Director, employee representative
Eric Holm	Director, employee representative
Katrine Gundersen	Director, employee representative

GROUP MANAGEMENT

Geir Karlsen	Acting Chief Executive Officer and Chief Financial Officer
Asgeir Nyseth	Chief Operating Officer
Anne-Sissel Skånvik	Chief Communications Officer
Tore Jenssen	Managing Director Arctic Aviation Assets
Helga Bollmann Leknes	Chief Commercial Officer
Frode Berg	Chief Legal Officer
Kurt Simonsen	Chief Customer and Digital Officer
Bjørn Erik Barman-Jenssen	Managing Director Support Services

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FINANCIAL CALENDAR 2019

OCTOBER	NOVEMBER	DECEMBER
4 Traffic data (Sep) 24 Q3 results	6 Traffic data (Oct)	5 Traffic data (Nov)

FINANCIAL CALENDAR 2020

JANUARY	FEBRUARY	MARCH
7 Traffic data (Dec 2019)	6 Traffic data (Jan) 13 Q4 results (2019)	5 Traffic data (Feb)
APRIL	**MAY**	**JUNE**
6 Traffic data (Mar) 30 Q1 results	5 Annual General Meeting 7 Traffic data (Apr)	5 Traffic data (May)
JULY	**AUGUST**	**SEPTEMBER**
6 Traffic data (Jun) 16 Q2 results	6 Traffic data (Jul)	4 Traffic data (Aug)
OCTOBER	**NOVEMBER**	**DECEMBER**
6 Traffic data (Sep) 29 Q3 results	5 Traffic data (Oct)	4 Traffic data (Nov)