Norwegian Air Shuttle ASA
Q4 2014 Presentation
• 22% revenue growth y.o.y
  – Driven by long-haul expansion
  – Received three new 737-800’s in Q4 replacing older aircraft
  – 45% growth in ancillary revenue

• Unit cost (CASK) increased by 3% y.o.y to NOK 0.43
  – Underlying CASK reduced by 7% y.o.y
  – Explained by currency (6 p.p.) and one-offs (4 p.p.)

• NOK 0.5 bn loss related to hedges for 2015

• Balance-sheet protected
  – Assets transferred to Ireland to reduce impact of currency on debt and assets
Europe’s best low-cost airline 2013 & 2014

- 22% revenue growth y.o.y

Q4 revenue growth driven by International expansion

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic revenue</td>
<td>947</td>
<td>1,097</td>
<td>1,116</td>
<td>1,201</td>
</tr>
<tr>
<td>% y.o.y. chg</td>
<td>12%</td>
<td>16%</td>
<td>2%</td>
<td>8%</td>
</tr>
<tr>
<td>International revenue</td>
<td>1,589</td>
<td>2,008</td>
<td>2,670</td>
<td>3,401</td>
</tr>
<tr>
<td>% y.o.y. chg</td>
<td>22%</td>
<td>26%</td>
<td>33%</td>
<td>27%</td>
</tr>
</tbody>
</table>
45% growth in ancillary revenue driven by bundling and LH

- 14% share of Group revenues in Q4 2014
- NOK 119 per passenger (+34% y.o.y)
Q4 hit by MNOK 705 costs related to currency and MTM hedges

Europe’s best low-cost airline 2013 & 2014

<table>
<thead>
<tr>
<th></th>
<th>Q4 14</th>
<th>Q4 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDAR (MNOK)</td>
<td>-380</td>
<td>299</td>
</tr>
<tr>
<td>EBITDA (MNOK)</td>
<td>-870</td>
<td>-41</td>
</tr>
<tr>
<td>EBIT (MNOK)</td>
<td>-1,082</td>
<td>-183</td>
</tr>
<tr>
<td>Pre-tax profit (EBT) (MNOK)</td>
<td>-1,184</td>
<td>-283</td>
</tr>
<tr>
<td>Net profit (MNOK)</td>
<td>-958</td>
<td>-197</td>
</tr>
</tbody>
</table>

**EBITDAR development Q4**

![EBITDAR development Q4 chart]

**EBT development Q4**

![EBT development Q4 chart]
Q4 underlying EBT was MNOK 55m lower than last year

- Limited impact of lower fuel price in Q4
- Currency related to assets (AAAL) booked direct to equity
Equity - limited net impact from currency in Q4 2014

Booked direct to equity:
- Net positive impact on equity AAAL (BV) MNOK 361

Booked through the P&L:
- Reduced EBITDA rel. to currency MNOK 276 *
- Loss on hedging (incl in EBITDA) MNOK 136
- Disagio (other financial expense) MNOK 64
- Reduced tax (20% **) MNOK -90
- Currency effect on income statement MNOK 386

Net impact on equity MNOK 25

* Impact on unit cost from currency: NOK 0.025 per ASK = 6%
** Based on average calculated tax rate for Q4 2014
• Full-year 2014: MNOK 346 in positive cash-flow from operations
• External PDP funding of NOK 2.8 bn
• NOK 2 billion available cash at year-end
Long-term financing through 2015/2016 on track

• Year-end 2014 closing PDP facility: MUSD 366 (NOK 2.8 bn)
  – Covers all PDP payments for 2015 and first half of 2016 deliveries, with backstop lease for 14 aircraft

• Committed external financing 2015: MUSD 500 (NOK 4 bn)
  – 100% committed / arranged financing
  – EETC, JOLCO & guaranteed export financing
  – Backstop lease arrangement

• Year-end 2015 debt increase: MUSD 345
  (long-term debt, net of amortization)
NOK 5 bn capex in 2014 - 12 new on-balance sheet aircraft

- Total balance of NOK 22.6 billion
- Net interest bearing debt NOK 11.3 billion
- Equity of NOK 2.1 billion at the end of Q4 14
- Group equity ratio of 9% (19%)
Strong Q4 load in spite of 21% capacity increase

- Load factor increased to 80.7% (+2.8 p.p.)
- 26% traffic growth (RPK)
- Average flying distance up 12%
- Short-haul load up 2.7 p.p.
24 million passengers in 2014

- 5% of pax from long-haul in 2014
- 130 million passengers since the start

<table>
<thead>
<tr>
<th>Pax (mill)</th>
<th>Q4 05</th>
<th>Q4 06</th>
<th>Q4 07</th>
<th>Q4 08</th>
<th>Q4 09</th>
<th>Q4 10</th>
<th>Q4 11</th>
<th>Q4 12</th>
<th>Q4 13</th>
<th>Q4 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>0,9</td>
<td>1,3</td>
<td>2,0</td>
<td>2,2</td>
<td>2,8</td>
<td>3,3</td>
<td>4,0</td>
<td>4,4</td>
<td>5,2</td>
<td>5,6</td>
<td></td>
</tr>
</tbody>
</table>
Reduced capacity in Norway to expand in new markets

<table>
<thead>
<tr>
<th>Market Share</th>
<th>Market Share</th>
<th>Market Share</th>
<th>Market Share</th>
<th>Market Share</th>
<th>Market Share</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oslo Airport (OSL)</td>
<td>Stockholm Airport (ARN)</td>
<td>Copenhagen Airport (CPH)</td>
<td>Helsinki Airport (HEL)</td>
<td>London Gatwick (LGW)</td>
<td>Spanish Bases (AGP, ALC, BCN, LPA, MAD, TFS)</td>
<td></td>
</tr>
<tr>
<td>Q4 09</td>
<td>37%</td>
<td>10%</td>
<td>10%</td>
<td>0%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Q4 10</td>
<td>38%</td>
<td>14%</td>
<td>11%</td>
<td>2%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Q4 13</td>
<td>37%</td>
<td>19%</td>
<td>12%</td>
<td>8%</td>
<td>4%</td>
<td>1%</td>
</tr>
<tr>
<td>Q4 12</td>
<td>38%</td>
<td>19%</td>
<td>15%</td>
<td>10%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Q4 13</td>
<td>41%</td>
<td>Mkt. Size: 2.3 mill</td>
<td>Mkt. Size: 2.6 mill</td>
<td>Mkt. Size: 3.2 mill</td>
<td>Mkt. Size: 1.8 mill</td>
<td>Mkt. Size: 1.8 mill</td>
</tr>
<tr>
<td>Q4 14</td>
<td>39%</td>
<td>23%</td>
<td>17%</td>
<td>12%</td>
<td>13%</td>
<td>4%</td>
</tr>
</tbody>
</table>
Europe’s best low-cost airline 2013 & 2014

Unit cost cut by 1% in 2014

Cost per ASK (CASK) (NOK)

<table>
<thead>
<tr>
<th>Year</th>
<th>CASK ex. fuel</th>
<th>Fuel share of CASK</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>0.42</td>
<td>0.29</td>
</tr>
<tr>
<td>2013</td>
<td>0.45</td>
<td>0.31</td>
</tr>
<tr>
<td>2012</td>
<td>0.46</td>
<td>0.32</td>
</tr>
<tr>
<td>2011</td>
<td>0.46</td>
<td>0.34</td>
</tr>
<tr>
<td>2010</td>
<td>0.46</td>
<td>0.38</td>
</tr>
<tr>
<td>2009</td>
<td>0.49</td>
<td>0.38</td>
</tr>
<tr>
<td>2008</td>
<td>0.56</td>
<td>0.37</td>
</tr>
<tr>
<td>2007</td>
<td>0.53</td>
<td>0.40</td>
</tr>
<tr>
<td>2006</td>
<td>0.55</td>
<td>0.41</td>
</tr>
<tr>
<td>2005</td>
<td>0.55</td>
<td>0.44</td>
</tr>
</tbody>
</table>

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

*Norwegian hedges USD/NOK to counter foreign currency risk exposure on USD denominated borrowings translated to the prevailing currency rate at each balance sheet date. Hedge gains and losses are according to IFRS recognized under operating expenses (other losses / (gains) while foreign currency gains and losses from translation of USD denominated borrowings are recognized under financial items.)
Stable gap vs local competition

Europe’s best low-cost airline 2013 & 2014

- Cost per available seat kilometer is an industry-wide cost level indicator often referred to as “CASK”. Usually represented as operating expenses before depreciation and amortization (EBITDA level) over produced seat kilometers (ASK).
- Foreign exchange rates used are equivalent to the daily average rates corresponding to the reporting periods and as stated by the Central Bank of Norway.
- Note: Group level data may include cost items from activities that are unrelated to airline operations. SAS CASK is excluding both positive and negative ‘one-off’ items as reported by the company.
- Other losses / (gains) is not included in the CASK concept as it primarily contains hedge gains/losses offset under financial items* as well as other non-operational income and/or cost items such as gains on the sale of spare part inventory and unrealized foreign currency effects on receivables/payables and (hedges of operational expenses).
- Norwegian hedges USD/NOK to counter foreign currency risk exposure on USD denominated borrowings translated to the prevailing currency rate at each balance sheet date. Hedge gains and losses are according to IFRS recognized under operating expenses (other losses/ gains) while foreign currency gains and losses from translation of USD denominated borrowings are recognized under financial items.


*Norwegian hedges USD/NOK to counter foreign currency risk exposure on USD denominated borrowings translated to the prevailing currency rate at each balance sheet date. Hedge gains and losses are according to IFRS recognized under operating expenses (other losses/ gains) while foreign currency gains and losses from translation of USD denominated borrowings are recognized under financial items.
Lowest cost always wins

- Cost per available seat kilometer is an industry-wide cost level indicator often referred to as "CASK." Usually represented as operating expenses before depreciation and amortization (EBITDA level) over produced seat kilometers (ASK).
- Foreign exchange rates used are equivalent to the daily average rates corresponding to the reporting periods and as stated by the Central Bank of Norway.
- Note: For some carriers, the available financial data represents Group level data which may include cost items from activities that are unrelated to airline operations.
- Other losses/(gains) is not included in the CASK concept as it primarily contains hedge gains/losses offset under financial items, as well as other non-operational income and/or cost items such as gains on the sale of spare part inventory and unrealized foreign currency effects on receivables/payables and hedges of operational expenses.
- Norwegian hedges USD/NOK to counter foreign currency risk exposure on USD denominated borrowings translated to the prevailing currency rate at each balance sheet date. Hedge gains and losses are according to IFRS recognized under operating expenses (other losses/(gains)) while foreign currency gains and losses from translation of USD denominated borrowings are recognized under financial items.


The diagram shows the operating cost EBITDA per ASK (CASK) for various airlines, with the lowest cost being 0.24 for easyJet and the highest being 0.74 for government bailout.

16
Aiming for FY CASK NOK 0.25 excluding fuel

**Scale economies**
- Uniform fleet of Boeing 737-800s
- Lower overhead per passenger
- 4 new 737-800 delivered in Q4 (11 y.o.y.)

**New more efficient aircraft**
- Flying cost of 737-800 lower than 737-300
- 737-800 has 38 “free” seats
- 6 % lower unit fuel consumption in Q4

**Growth adapted to int’l markets**
- Cost level adapted to local markets
- Outsourcing/Off-shoring

**Crew and aircraft utilization**
- Rostering and aircraft slings optimized
- Q4 utilization of 11.1 BLH pr a/c (-0.3 BLH)

**Optimized average stage length**
- Fixed costs divided by more ASKs
- Frequency based costs divided by more ASKs
- Q4 sector length up by 12 % (short-haul +4%)

**Automation**
- Self check-in/bag drop
- Automated charter & group bookings
- Streamlined operative systems & processes
Average age cut to 4.2 years - further reduction to 3.8 in 2015

- Deliveries 787-8
  +291 seats

- Deliveries 737-800
  +1,860 seats

- Sale of 737-300
  -740 seats

- Re-deliveries 737-800
  -372 seats

Graph showing the average age of aircraft deliveries and sales from 2002 to 2016.
Limited impact of lower fuel cost in 2014

- Jet fuel price down by 42% in USD (-29% in NOK)
- Hedged 30% of expected fuel consumption for 2015

Source: Nordea Markets
Full effect of lower fuel price from Q1 2015

- NOK 2 billion lower fuel cost vs 2014 (incl. currency)
- In addition: NOK 0.5 billion loss (MTM) booked in 2014 related to 2015
  - Differ from hedge accounting which have a gradual impact

Assumptions: Compared with actual fuel price for 2014. Norwegians estimated fuel volume, fuel price for 2015 based on the current rate incl transportation, exchange rate USD/NOK 7.5 for FY 2015
Expectations for 2015 (Group)

- **Business environment**
  - Bookings for 2015 are ahead of last year (capacity adjusted)
  - Stable market in the Nordic region
  - Tough competition in continental Europe related to new capacity on short-haul
  - Positive momentum for long-haul in UK

- **The company expects a production growth (ASK) of 5 %**
  - Utilization and distance increase driven by long-haul
  - Continuous optimization of the route portfolio

- **Unit cost target in the range of NOK 0.39 to 0.40 (unchanged)**
  - Fuel price assumption: USD 575 per MT
  - Currency assumptions: USD/NOK 7.5 and EUR/NOK 8.5
  - Based on the current planned route portfolio and mix
Summary

• Bookings for 2015 ahead of last year (capacity adjusted)
• An estimated NOK 2 billion lower fuel cost for 2015
• Start-up of long haul on-track, improving regularity for 787
• Fully financed for 2015 with backstop lease arrangement
• Aiming for further unit cost reductions
Norwegian offers 425 scheduled routes to 130 destinations in 39 countries.
Thank you!