



## Acquisition of Widerøe

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6 July 2023

# Transaction highlights

✈ Norwegian to acquire Widerøe for a cash consideration of NOK 1,125 million\* corresponding to an enterprise value of approx. NOK 2 billion\*\*

✈ Strong transaction rationale with significant synergy potential, combining highly complementary businesses to the benefit of travellers, employees and shareholders

✈ Norwegian and Widerøe to be maintained as two separate organisations each focusing on their core business, with selective coordination focused on high-impact synergy areas

✈ Closing is expected by the end of Q4 2023, subject to regulatory approval



\* The purchase price is subject to certain adjustments after closing, including in respect to the profitability of Widerøe in 2023

\*\* Based on Widerøe net debt as of year-end 2022 on NGAAP basis

# Widerøe is the largest regional carrier in Europe, with history dating back to 1934

## Business areas

Public service obligations ("PSO") routes

Commercial routes

Charter

Ground handling services

Technical services

Cargo

## Geographic presence

- HQ in Bodø
- Administrative offices in Oslo
- 5 technical bases: Bodø, Bergen, Tromsø, Florø and Sandefjord
- 5 crew bases: Tromsø, Bodø, Bergen, Oslo and Sandefjord
- Customer support centre in Mosjøen

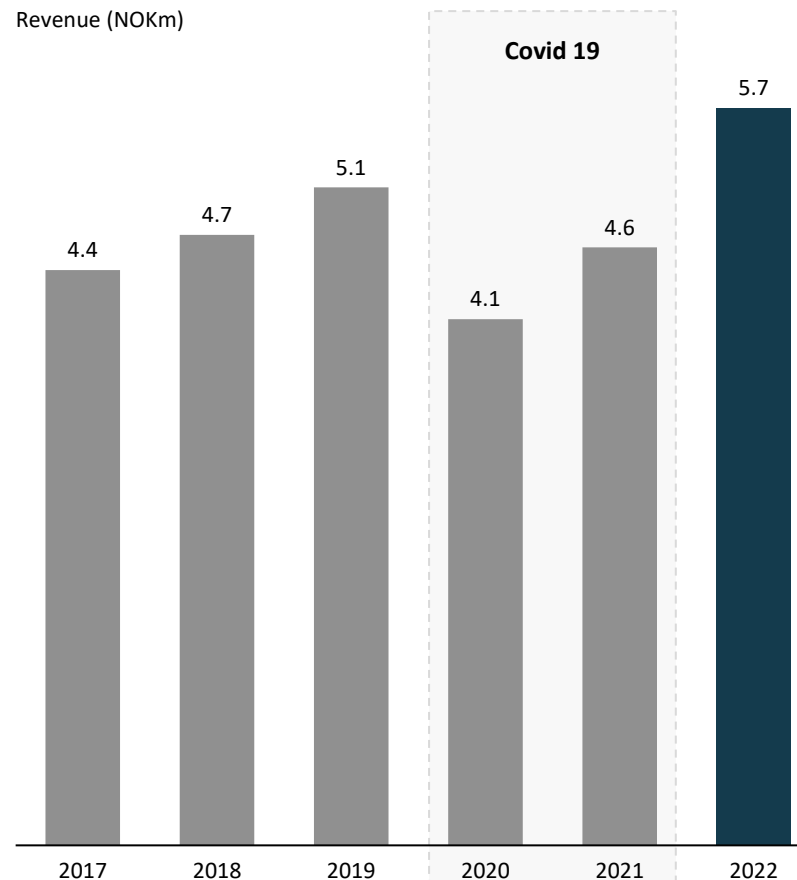
~3,500  
Employees

~2,800  
FTEs



## Financial performance and key metrics\*

Revenue (NOKm)



2,002  
ASK (m),  
2022

3,281  
Passengers  
(k), 2022

62.8%  
Load (%),  
2022

\* Financials based on statutory unadjusted consolidated accounts for Widerøe AS, on NGAAP basis

# Widerøe fleet overview

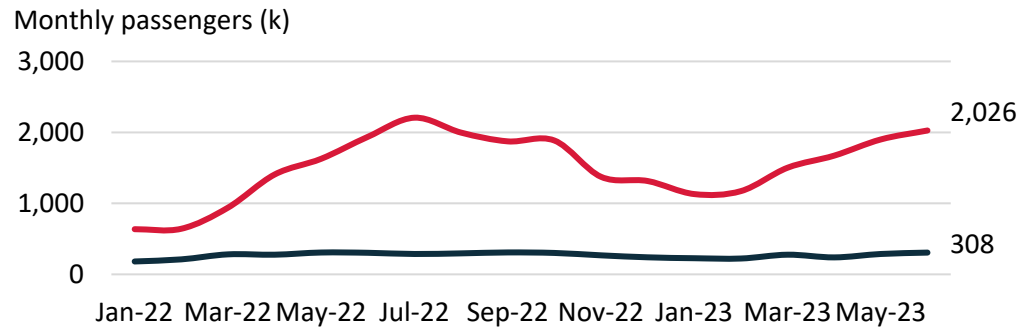
Fleet overview						
Model	No. of aircraft			No. of seats	Comments	
DHC-8 100	23			39	<ul style="list-style-type: none"> <li>Optimal for “special operations” – runways with steep approach and short runway</li> <li>800m contaminated runways</li> <li>No clear alternative available in the market</li> </ul>	
DHC-8 200	3	3		39		
DHC-8 300	2	2	4			50
DHC-8 400	8	7	15			78
Embraer E190 E2	3	3				110

■ Owned    ■ Leased

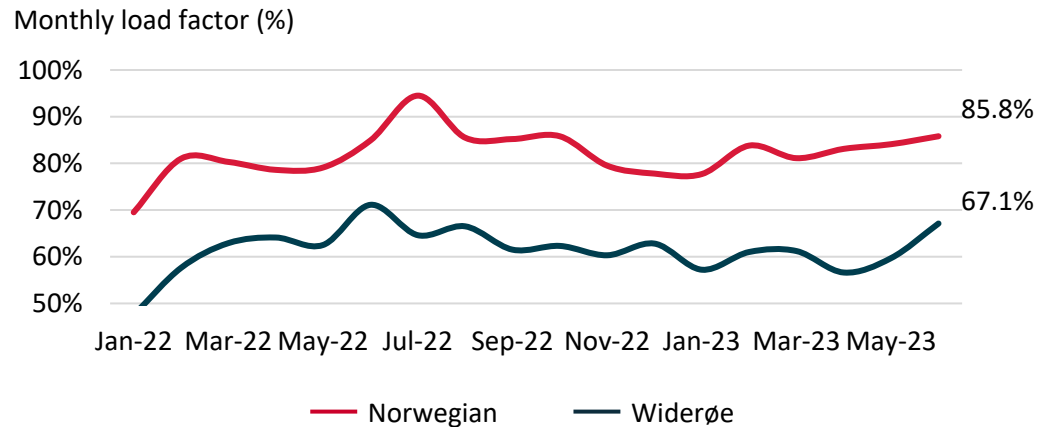
# Combining highly complementary businesses

## Two different but highly complementary businesses...

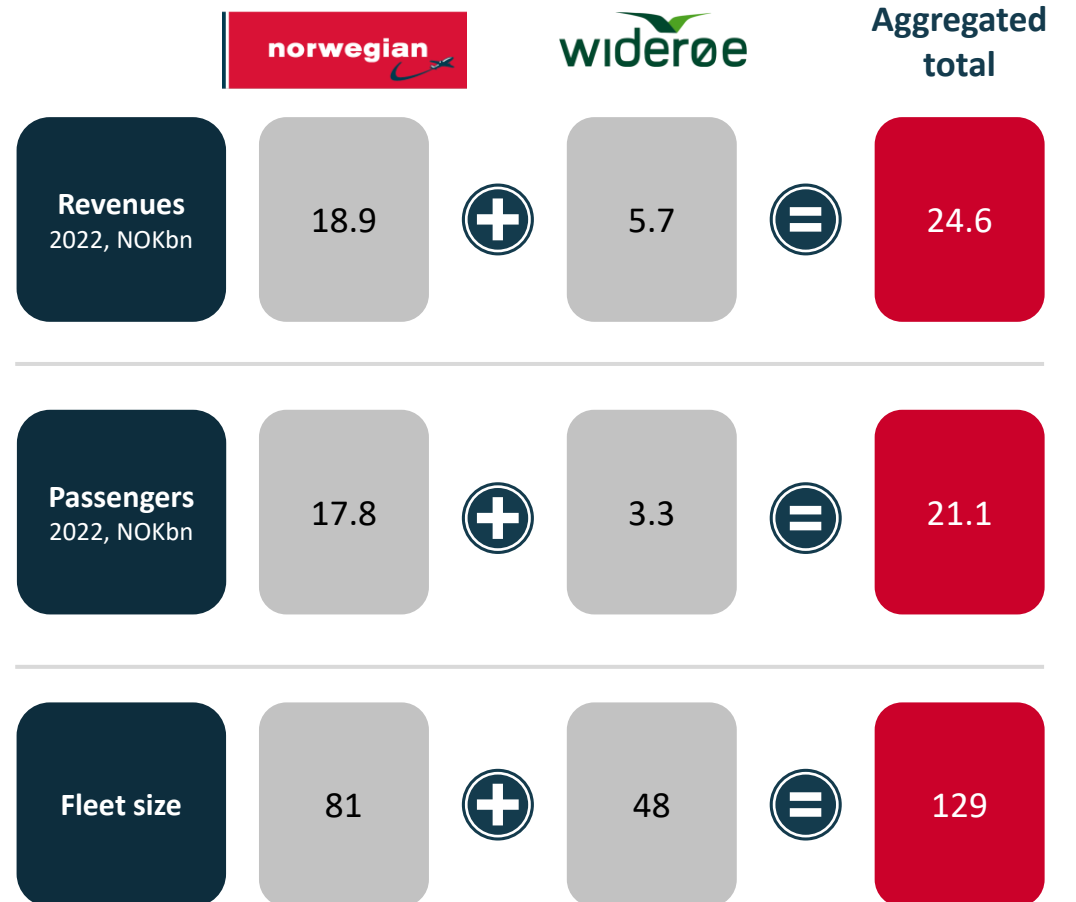
### Scale



### Business model

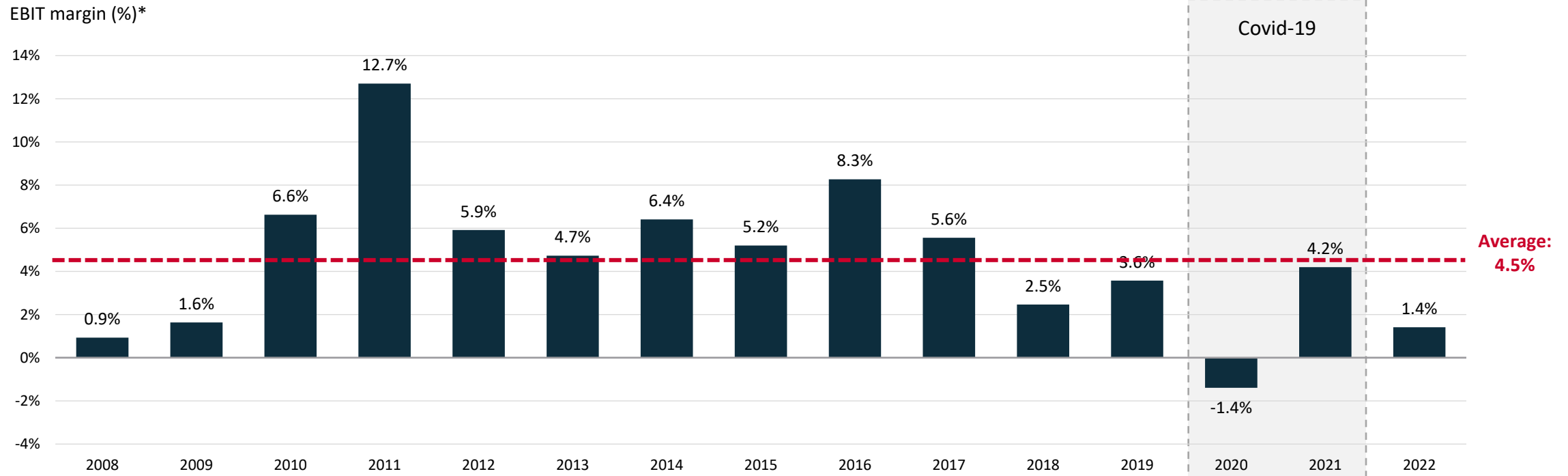


## ...combining to create the leading airline in Norway



# Widerøe has delivered robust profitability over time

## Long-term financial performance of Widerøe



### Comments and events

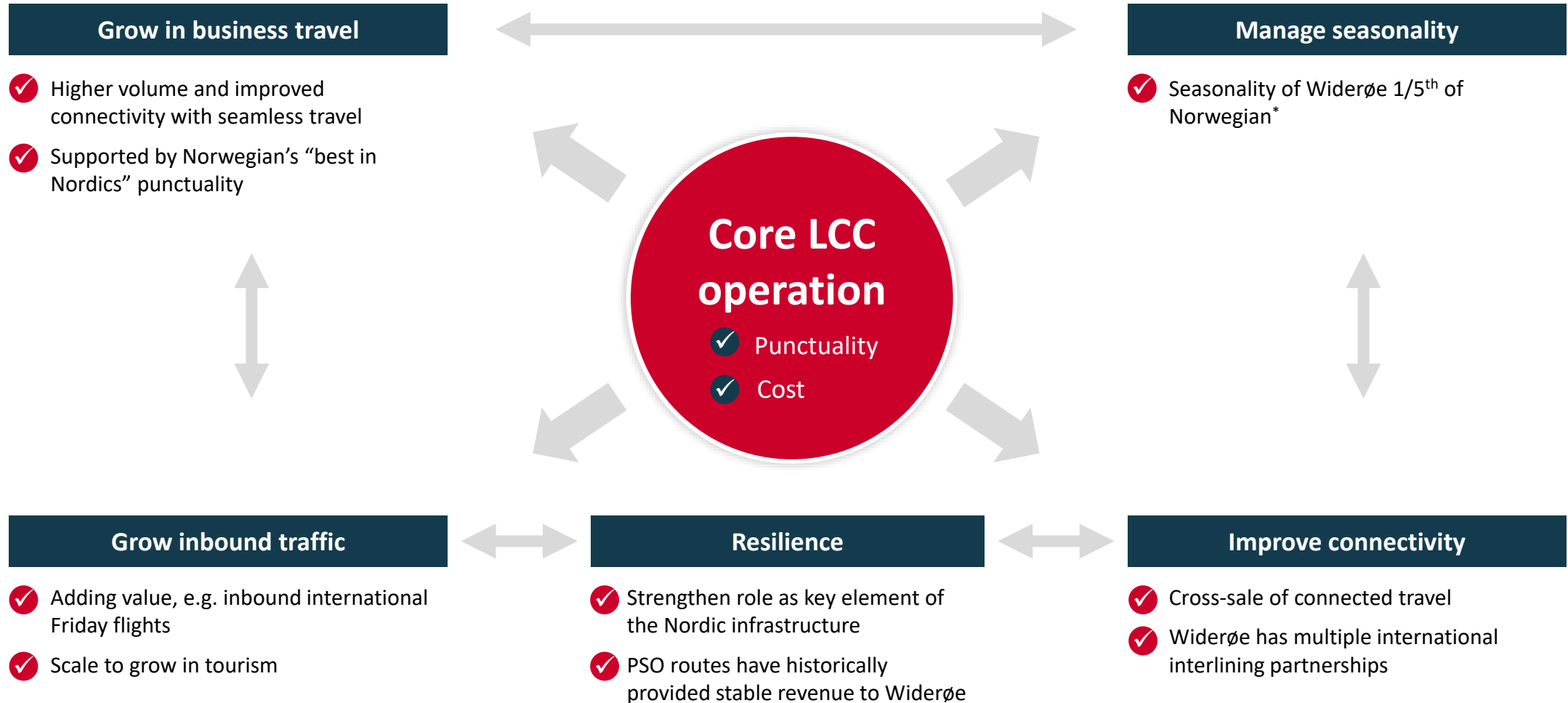
SAS sells Widerøe to Fjord1, Torghatten and Nordland region

Widerøe invested in Embraer E190 E2 jet engine aircraft

PSO contracts ensures maintained activity during Covid-19 (Widerøe with the most departures among passenger airlines in Europe in April 2020)

\* Financials based on statutory unadjusted consolidated accounts for Widerøe AS, on NGAAP basis. Figures prior to 2016 are for Widerøe Flyveselskap AS (reorganised in 2016)

# Widerøe acquisition supports Norwegian's strategic priorities



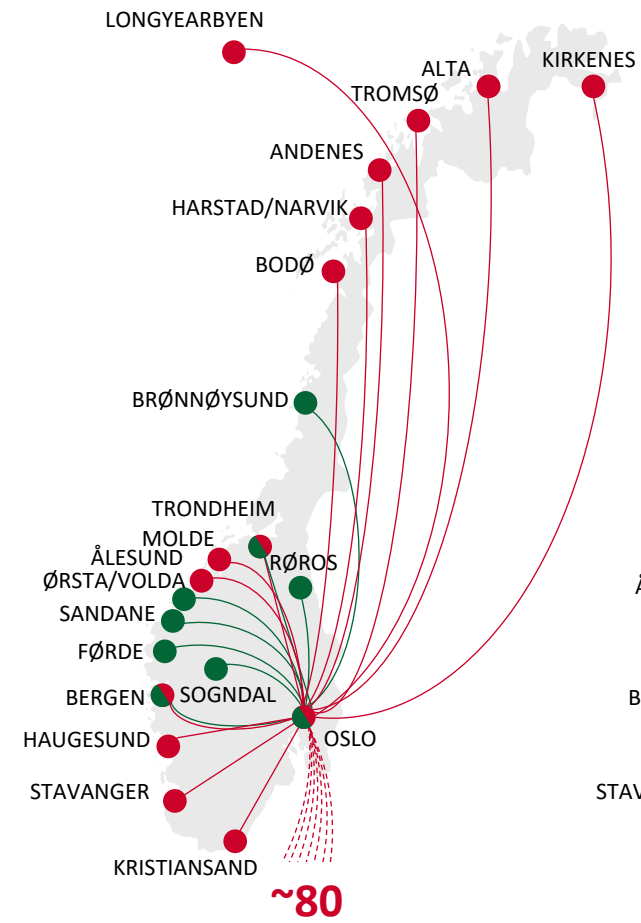
\* Measured as relative max-min deviation from yearly average passenger number

# Complementary, non-overlapping route networks, seamlessly connecting regional Norway with >100 international destinations

**Offering more travellers access to more destinations, with better connectivity and end-to-end travel experience at low prices**

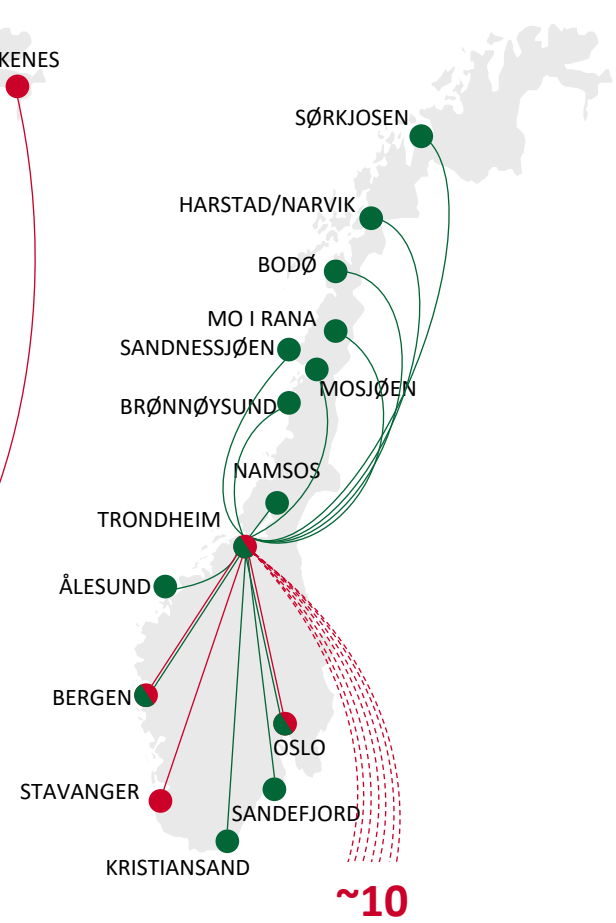
-  Feeding / interlining to drive volumes across both networks, positively impacting load factors
-  Opportunity to further optimise destinations and departure times to enable an enhanced travel experience
-  Improving Norwegian's customer centricity across Norway, expanding Norwegians low-cost offering to regional Norway
-  Very limited overlapping and competing routes

**Example: Oslo, Gardermoen**



**~80**  
international destinations from Oslo (direct flights)

**Example: Trondheim, Værnes**



**~10**  
international destinations from Trondheim (direct flights)

Note: Number of destinations based on Norwegian's summer schedule for 2023



# All stakeholders to benefit from the combination

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## Travellers

- ✈ Better connectivity and end-to-end travel experience, connecting more travellers to more destinations
- ✈ Enhancing the reach of Norwegian's low-cost offering and Norwegian Reward loyalty programme into regional Norway
- ✈ Strengthening the robustness of critical Norwegian infrastructure



## Employees

- ✈ Widerøe employees becoming part of a stronger, combined company with enhanced ability to compete
- ✈ Employees to remain in respective companies, and under existing collective agreements
- ✈ Career opportunities under both brands and across more destinations



## Shareholders

- ✈ Highly complementary route networks offer opportunities to expand revenues
- ✈ Material cost synergies from e.g. procurement scale and transfer of operational best-practice
- ✈ Highly accretive transaction fully financed with available cash, Norwegian maintaining a robust balance sheet

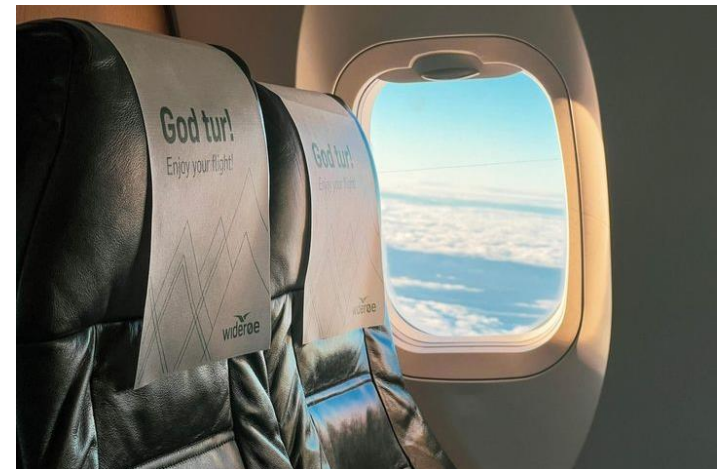
# Financial impact and value creation – significant synergies expected

✈ Acquisition expected to deliver potential annual synergies of NOK 200-300 million

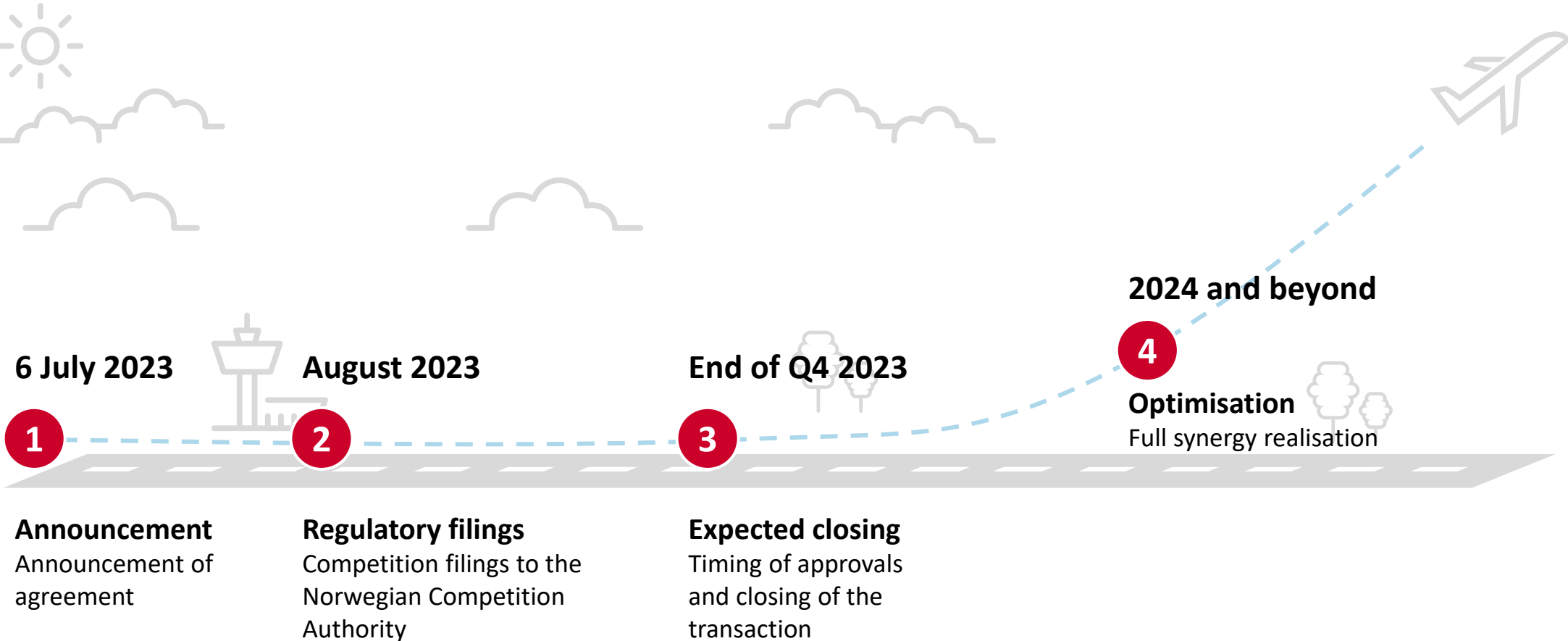
✈ Widerøe expected to return to robust profitability, i.a. following new PSO tender based on significant uplift in capacity and lower maximum prices, expected to materially drive demand

✈ Potential to optimise the asset base of Widerøe, including aircraft and real estate

✈ Although some one-off implementation costs are to be expected, the transaction is expected to be highly accretive to earnings capacity already from 2024



# Timeline and roadmap



# Summary

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Combining highly complementary businesses to the benefit of travellers, employees and shareholders



Strategic acquisition strengthening market position and extending low-cost offering to regional Norway



Widerøe gaining industrial backing unlocking operational scale and improved competitiveness



Attractive synergy potential supporting material value creation for Norwegian's shareholders



Transaction subject to regulatory approval, with closing expected by the end of Q4 2023

# Appendix

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# Widerøe's route network

## PSO routes

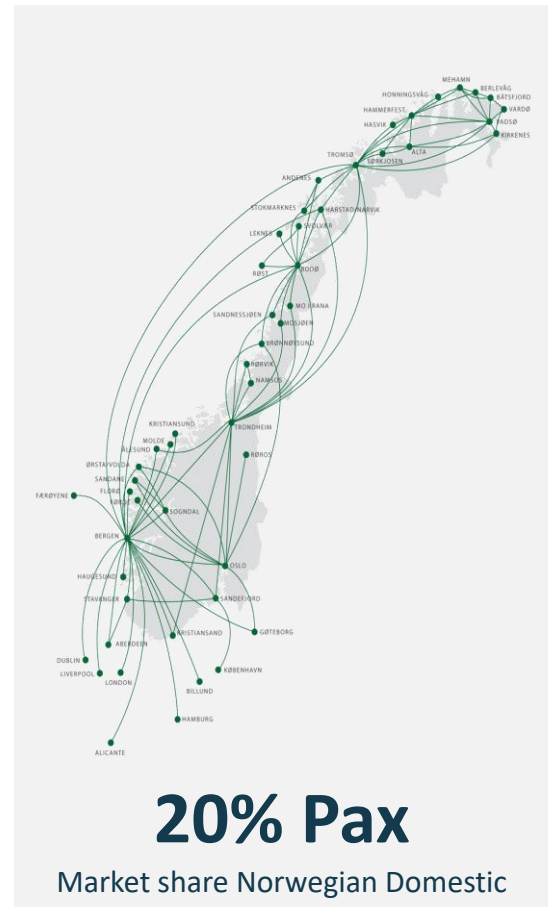


## Commercial short-haul

BGO-FRO  
TOS-HFT  
TOS-ALF  
TOS-VDS  
TOS-KKN  
OSL-BGO, OSL-TRD

Summer season:  
OSL-BNN/SSJ  
OSL-Lofoten

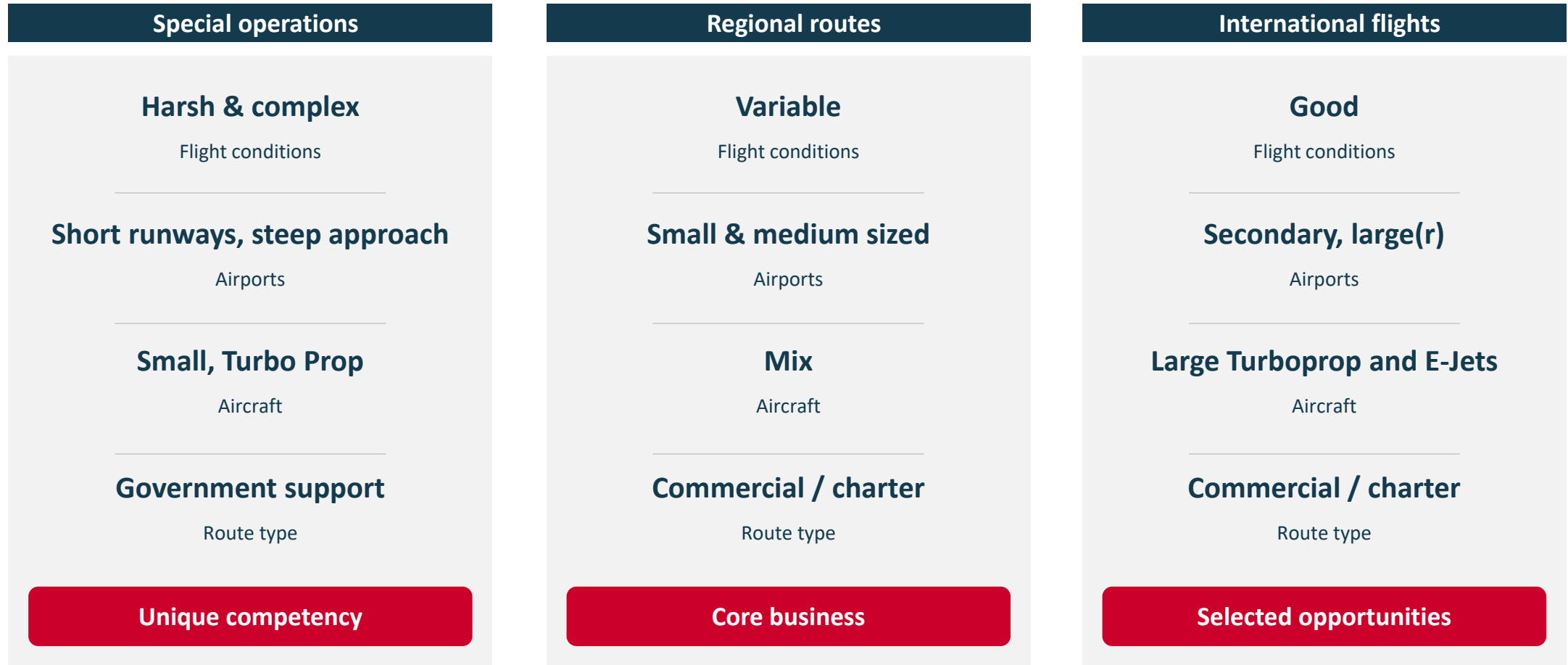
## All routes



## Commentary

- Widerøe operates a variety of routes with different characteristics in terms of flight conditions and airport types
- A large degree of the routes are on government demand. These routes are by nature less efficient as they serve a smaller market/demand with significant time on ground between departures
- On such routes, unit costs are not of primary focus as the company's main task is to fulfill the routes
- Widerøe optimizes the trip cost by having a highly flexible fleet, allowing for "right-sizing" with regards to airplane type

# Widerøe operates three main types of routes



# Description of Widerøe's ground handling operations

## Widerøe Ground Handling in brief

- Widerøe Ground Handling (“WGH”) is Norway's largest provider of ground handling services in Norway located at more than 40 airports, delivering ground services on behalf of more than 100 airlines
- WGH offers a comprehensive range of services to handle passengers, flights, cargo and mail

## Key metrics, 2022\*

**14,659,521**

Passengers handled

**330,287**

Flights handled

**9,634,732**

Luggage handled

## Services



### 1 Ground handling

- WGH is a long-established Norwegian airport ground handler and is the largest player in Norway

### 2 Executive Services

- Privacy, safety, and security with tailor made executive services
- Offering access to lounges through Avinor, immigration services, aircraft cleaning, or any tailored service that the customer requires

### 3 De & anti-icing

- Offer de-icing and anti-icing

### 4 Security Services

- Offering a wide array of security services, including guard patrols, vehicle inspections and comprehensive pre-boarding security

\* Key metrics counting both departing and arriving flights

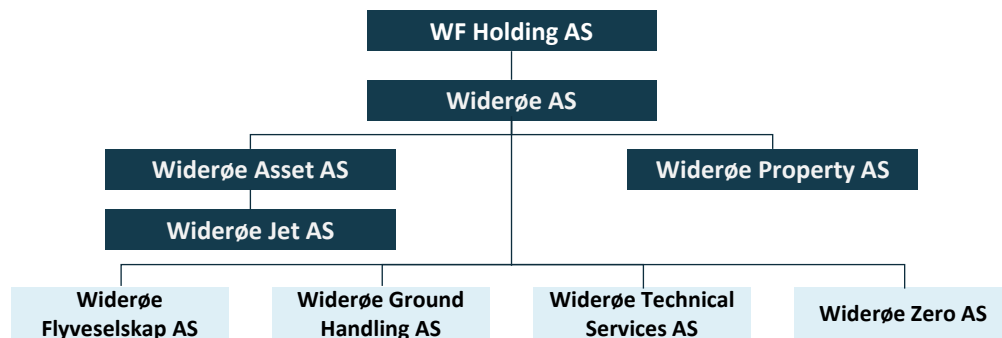


# Widerøe financial information

## Consolidated financials, NOKm\*

Widerøe AS	2018	2019	2020	2021	2022
Revenue	4,721	5,088	4,069	4,624	5,703
EBITDAR	647	752	541	773	798
EBITDAR (%)	13.7%	14.8%	13.3%	16.7%	14.0%
EBIT	116	182	-57	194	80
EBIT (%)	2.5%	3.6%	-1.4%	4.2%	1.4%
EBT	41	120	-112	109	-14
EBT (%)	0.9%	2.4%	-2.8%	2.4%	-0.2%

## Widerøe's current legal structure



## Selected subsidiaries, NOKm\*

Widerøe Flyveselskap AS	2018	2019	2020	2021	2022
Revenue	4,044	4,359	3,613	4,273	5,066
EBT	-71	-11	-186	33	-82
EBT (%)	-1.8%	-0.3%	-5.2%	0.8%	-1.6%

Widerøe Ground Handling AS	2018	2019	2020	2021	2022
Revenue	1,049	1,148	838	858	1,208
EBT	21	35	-13	-3	2
EBT (%)	2.0%	3.0%	-1.5%	-0.3%	0.2%

Widerøe Technical Services AS	2018	2019	2020	2021	2022
Revenue	366	381	363	400	437
EBT	8	8	6	6	10
EBT (%)	2.3%	2.2%	1.6%	1.6%	2.3%

Widerøe Zero AS	2022
Revenue	3
EBT	0
EBT (%)	12.5%

\* Financials based on statutory unadjusted consolidated accounts for Widerøe AS (group level), Widerøe Flyveselskap AS, Widerøe Ground Handling AS, Widerøe Technical Services AS and Widerøe Zero AS (selected subsidiaries), on NGAAP basis. Figures on subsidiary level include group internal revenue

# Disclaimer

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