Norwegian Air Shuttle
SEB Nordic Seminar, 8th January 2019

CFO Geir Karlsen
Corporate strategy overview
Norwegian Air Shuttle is the leading European low-cost airline founded by Bjørn Kjos in 1993. Norwegian has a leading position in the European short-haul point-to-point market, with a particularly strong position in the Nordics. In addition, Norwegian has developed a strong and differentiated position on flying long-haul transatlantic.

Since its inception, the company has rapidly expanded its network and fleet, currently serving 36m passengers.

Awarded “The World’s Best Low-Cost Long Haul Airline” (4 consecutive years) and “Europe’s Best Low-Cost Airline” (6 consecutive years) by Skytrax.

<table>
<thead>
<tr>
<th>PASSENGERS</th>
<th>In million</th>
<th>12.6% CAGR¹</th>
<th>36.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>20.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>24.0</td>
<td></td>
<td></td>
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<tr>
<td>2015</td>
<td>25.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>29.3</td>
<td></td>
<td></td>
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<tr>
<td>2017</td>
<td>33.1</td>
<td></td>
<td></td>
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<tr>
<td>Q3 2018 LTM</td>
<td></td>
<td></td>
<td>36.4</td>
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<table>
<thead>
<tr>
<th>REVENUE</th>
<th>In NOK billion</th>
<th>20.9% CAGR¹</th>
<th>38.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>15.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>19.5</td>
<td></td>
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<tr>
<td>2015</td>
<td>22.5</td>
<td></td>
<td></td>
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<tr>
<td>2016</td>
<td>26.0</td>
<td></td>
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<tr>
<td>2017</td>
<td>30.9</td>
<td></td>
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<tr>
<td>Q3 2018 LTM</td>
<td></td>
<td></td>
<td>38.5</td>
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¹ 2013 to Q3-2018 LTM CAGR.

REVENUE BREAKDOWN
By region – Q3 2018 LTM
- Norway 21%
- US 17%
- Spain 14%
- Others 18%
- Finland 4%
- Denmark 7%
- UK 9%
- Sweden 10%
# Investment highlights

<table>
<thead>
<tr>
<th>1</th>
<th>Leadership in Nordic Low Cost Short Haul</th>
<th>Leading low cost operator in the Nordics with c.28%¹ share of short haul market</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Highly Differentiated Long Haul Proposition</td>
<td>Has disrupted the market and pioneered a new business model using modern aircraft technology</td>
</tr>
<tr>
<td>3</td>
<td>Disciplined Low Cost Operating Model</td>
<td>Relentless focus on low cost operating discipline across network; unit costs in line with &quot;best-in-breed&quot; peers</td>
</tr>
<tr>
<td>4</td>
<td>Innovative Operating Structure</td>
<td>Unique operating structure that allows to scale business organically and maintain efficiency</td>
</tr>
<tr>
<td>5</td>
<td>Value for Money Customer Product Proposition</td>
<td>Deployment of latest technologies to unbundle fares and offer travelers more choice and customization options (e.g. IFE and inflight catering)</td>
</tr>
<tr>
<td>6</td>
<td>Modern, Greener More Fuel Efficient Fleet</td>
<td>Wide body aircraft 10-20% more fuel efficient and offering 40% noise reduction – flying the most modern transatlantic fleet with an average fleet age of 3.8 years</td>
</tr>
<tr>
<td>7</td>
<td>Significant Financial Upside</td>
<td>Significant forward earnings potential as long haul low cost business matures and profitability improves; track record of growing revenues and EBITDAR at CAGR of 20.1% and 18.9% respectively²</td>
</tr>
</tbody>
</table>

¹ CAPA report 2016. ² FY 2010-2017A.
Key pillars of our corporate strategy 2018-2022

"We shall be the leading long haul low-cost airline in Europe operating as the engine of global low-cost growth, with a very strong position in the Nordic short haul market”

LONG TERM VISION

Return to sustainable profitability in 2019
Build global low-cost alliance with our long haul operation as the backbone
Fortify position as the leading short haul carrier in the Nordics
Be the preferred airline for customers seeking value for money

STRATEGIC OBJECTIVES 2022

Competitive cost base
- Reduce cost base
- Sustainable unit cost position
- Cost control and automation

Profitable operations and global alliance
- Focus is to capitalize on long haul
- Fortify position in the Nordics
- Improve connectivity and feed

Operational resilience
- Improve operational simplicity
- Develop resilient program
- Optimize technical & crew

Optimized asset management
- Commercially-driven fleet plan
- Fleet renewal program
- Maximize return on assets

Shared customer focus
- Deliver on the basics
- One customer journey
- Personalization and Reward

Improve digital and analytics capabilities
- Standardize and reduce complexity
- Strategic sourcing
- Agile development processes

CORE VALUES

IT’S

Innovation
Teamwork
Simplicity
Competitive landscape
Competing for customer attention and market share on three fronts

Main competition

Key threats

European short haul
- Less rivalry in Nordics, but potential for full entry from ULCCs
- Intense rivalry rest of Europe from various carriers pressuring yield
- Convergence: Both traditional LCCs and legacy moving in each others direction

Thinner medium haul routes
- New aircraft types with increased range open up new markets
- Young market and will see increased testing of routes and offerings

Long haul trunk routes
- Subsidized economy seats from legacy carriers
- Low-cost long haul maturing and competition copying our model
- Potential entrants from Asia in long-term perspective

B787
Long haul from primary cities in Europe to U.S. & South America

B737-8/MAX
Short haul in Nordics & selected European markets

A321LR / B737-MAX
Medium / Long haul, opportunistic between primary-secondary cities in Europe, U.S. & Asia

132 aircraft

32 aircraft

8
Financials
## Disciplined low cost operating model

### Relentless focus on low cost operating discipline across our network

| **Our Cost Philosophy** | ➢ Low cost carrier state-of-mind  
➢ Cost conscious culture  
➢ Nimble organisation  
➢ Constant strive for improvements |
|-------------------------|--------------------------------------------------------------------------------|
| **Our Achievements To Date** | ➢ Unit costs excl. fuel in line with “best-in-breed” peers  
➢ Best in class on fuel efficiency |
| **Ongoing Focus** | ➢ Fuel price volatility and planned capacity growth will likely lead to high costs  
➢ Focused on implementing initiatives to maintain cost position |

Targeting minimum NOK 2 billion capacity adjusted cost reduction excl. fuel and IFRS 16 effects for FY2019
Comparison of unit cost incl. depreciation

- 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.

Sources: Based on official full-year 2017 annual reports
Sustainability as a business opportunity
Youngest fleet among peers

**Average fleet age**

Source: Planespotters.net, January 2019
Adding 21 new aircraft to own operations in 2019:

- Deliveries 787-9: +1,690 seats
- Deliveries 737 MAX: +3,024 seats
- Re-delivery 737-800: -186 seats
By investing in new aircraft, Norwegian reduces fuel burn and hence emissions considerably.

With an average age of 3.8 years, Norwegian has one of the youngest, greenest and most fuel-efficient fleets in the world.

Norwegians new aircraft reduce CO2 emissions up to 30% and generate up to 60% smaller noise footprint than comparable older versions.

Target further fuel reductions by optimizing flights with advanced weather data.
A report by Menon Economics shows the positive effects of international passengers flying to Scandinavia with Norwegian:

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

For more information, listen to Norwegian’s own podcast series Norwegian – On Air:
Summary

- Financing for all aircraft deliveries in H1 2019 secured
- Reached an agreement with Rolls-Royce with a positive effect from Q1 2019
- Changes to route portfolio with effect from Q1 2019
- #Focus2019: Launched cost savings program, contributing to estimated savings of minimum NOK 2 billion in 2019
- Increased punctuality in four consecutive months
- Fleet renewal continuing and discussions on forming a joint venture for aircraft ownership progressing

Hedging position:

- 52% at USD 681 per MT for H1 2019
- 22% at USD 680 per MT for H2 2019
Norwegian offers more than 500 routes to over 150 destinations