



Norwegian Air Shuttle ASA

Q3 2018 Presentation

25 October 2018

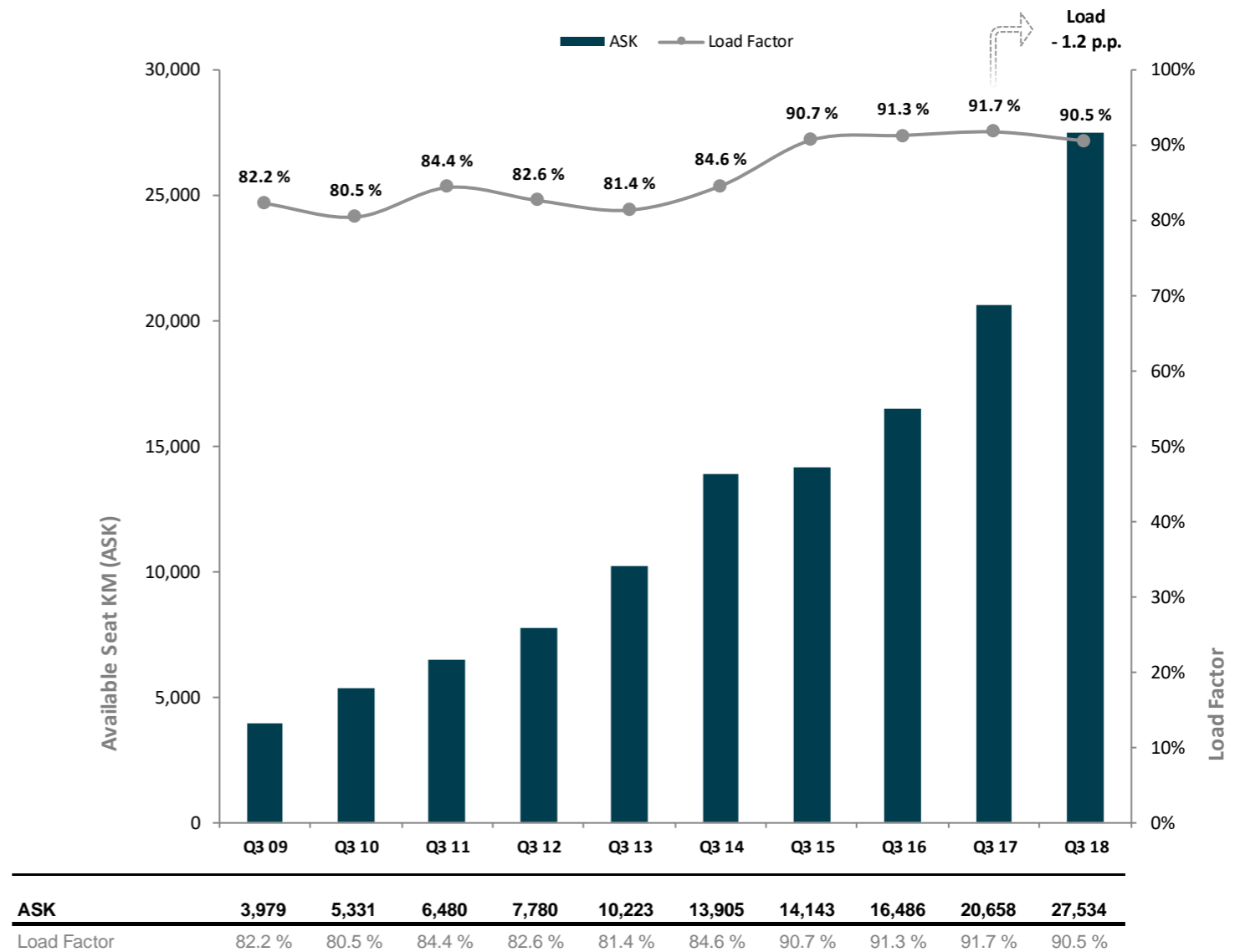
Highlights Q3 2018



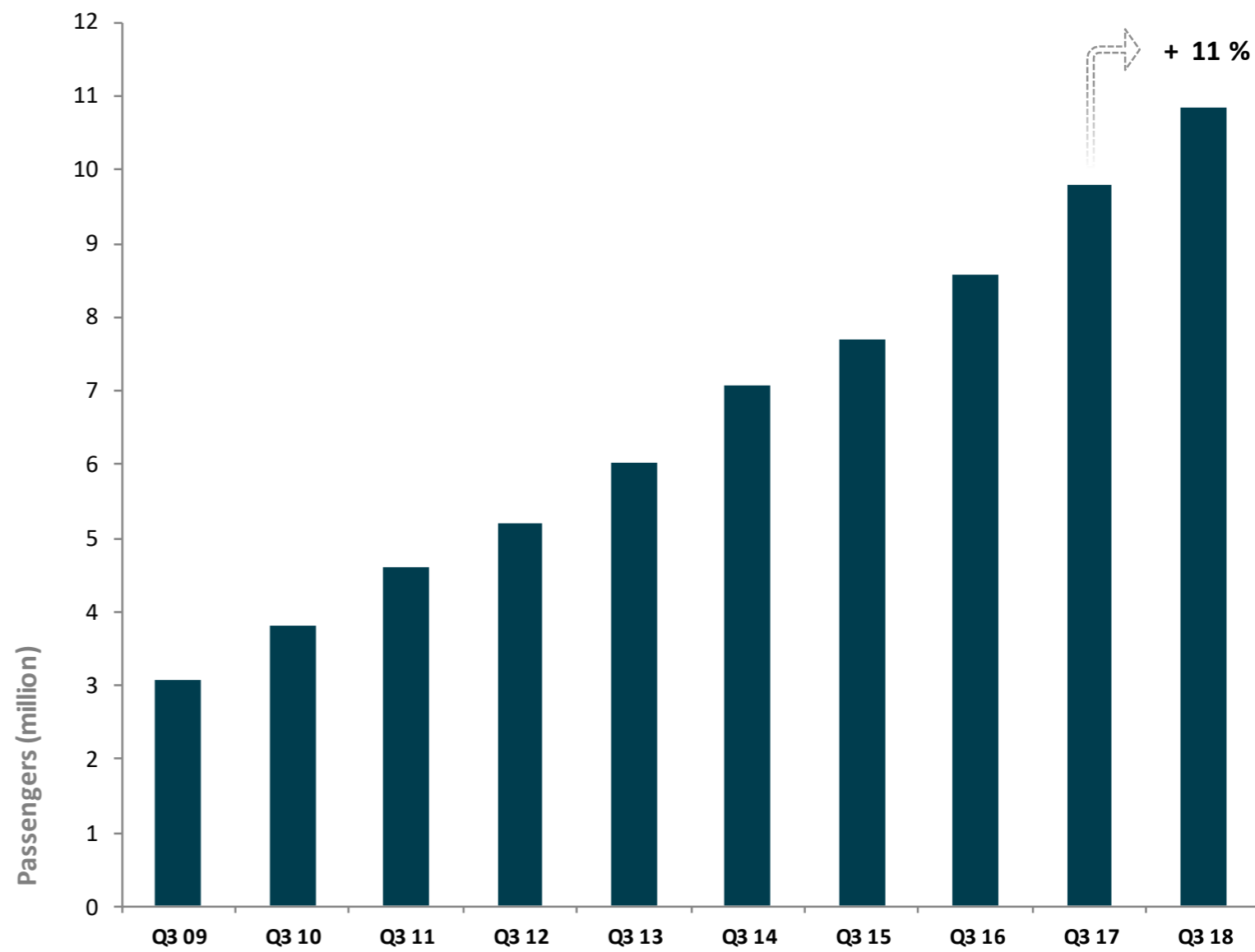
- Added four 737 MAX 8s and one 787-9 to operations
- Sold eight 737-800s with delivery in 2018 and 2019
- EBITDA of NOK 2,266 million (1,991)
- Carried out the 5th UNICEF flight, this time to Chad together with Norway's Minister of International Development
- Took the position as the largest non-US airline serving New York
- Named the most fuel-efficient airline on transatlantic routes in a new report from International Council on Clean Transportation
- Norwegian's product again recognized through several awards
 - Once again recognized as 'World's Best Low-Cost Long-Haul Airline' and 'Best Low-Cost Airline in Europe' by SkyTrax World Airline Awards
 - Awarded "Favourite Budget Airline" by Global Travel Magazine
 - Named Four-Star Low-Cost Airline by APEX, the highest honor for LCCs

Load factor of 90.5 % in Q3

- 33 % growth in capacity (ASK)
- 32 % growth in traffic (RPK)

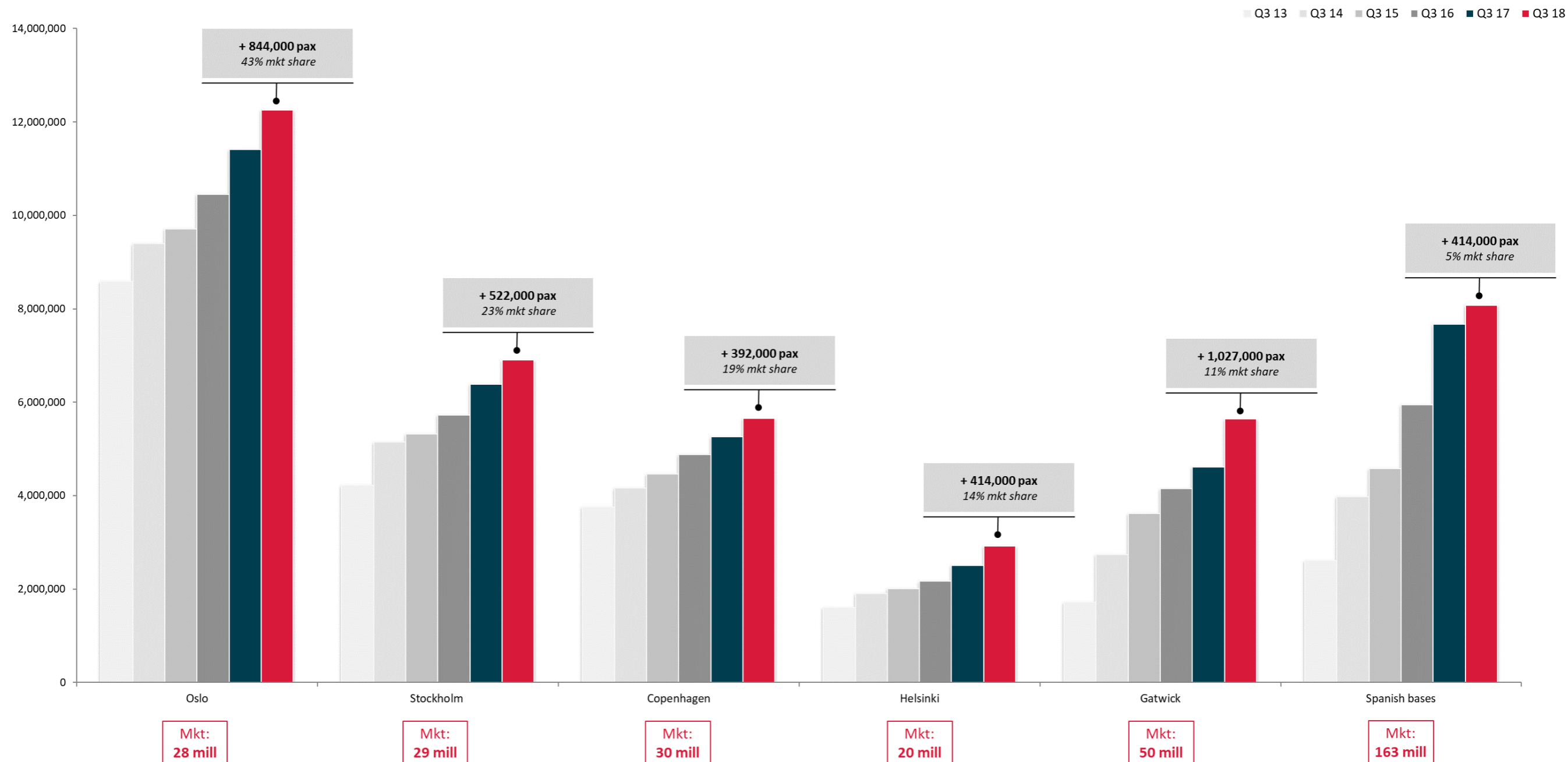


10.9 million passengers in Q3 (+11 %)



PAX (mill)	3.1	3.8	4.6	5.2	6.0	7.1	7.7	8.6	9.8	10.9
PAX 12 mos. rolling (mill)	10.2	12.5	15.0	17.3	19.8	23.6	25.2	28.3	32.3	36.4

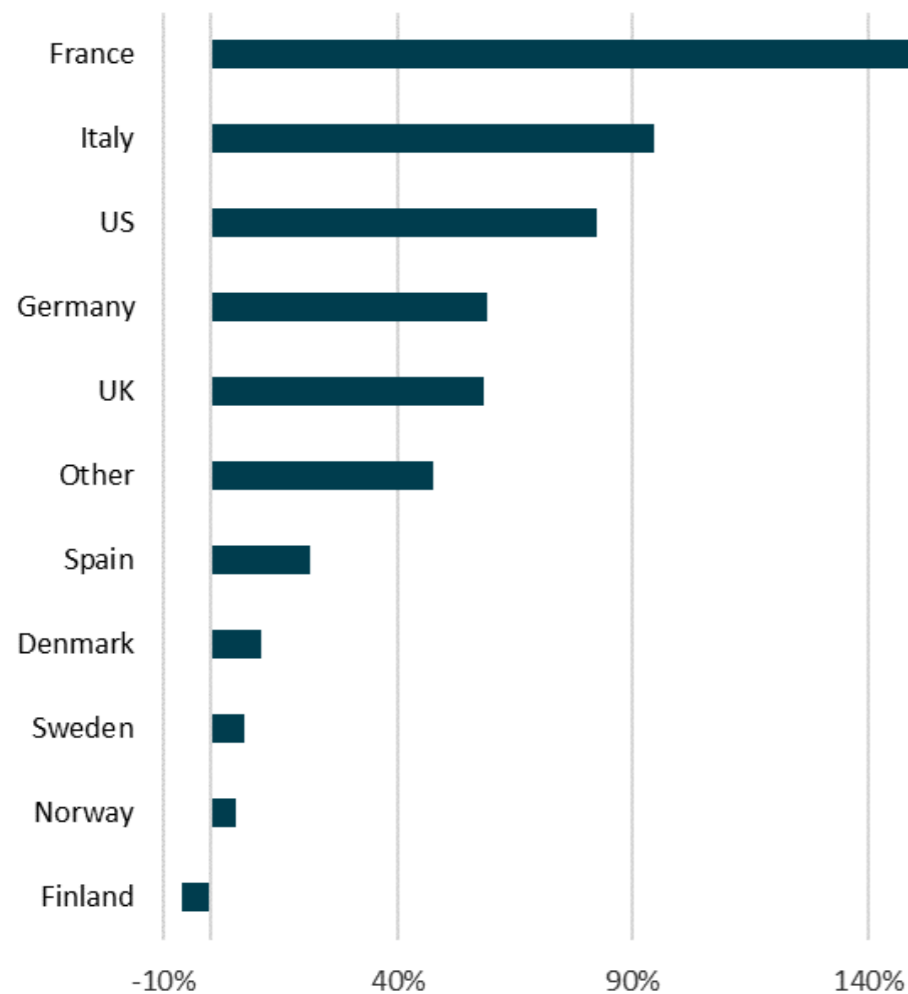
Continued growth at all key airports



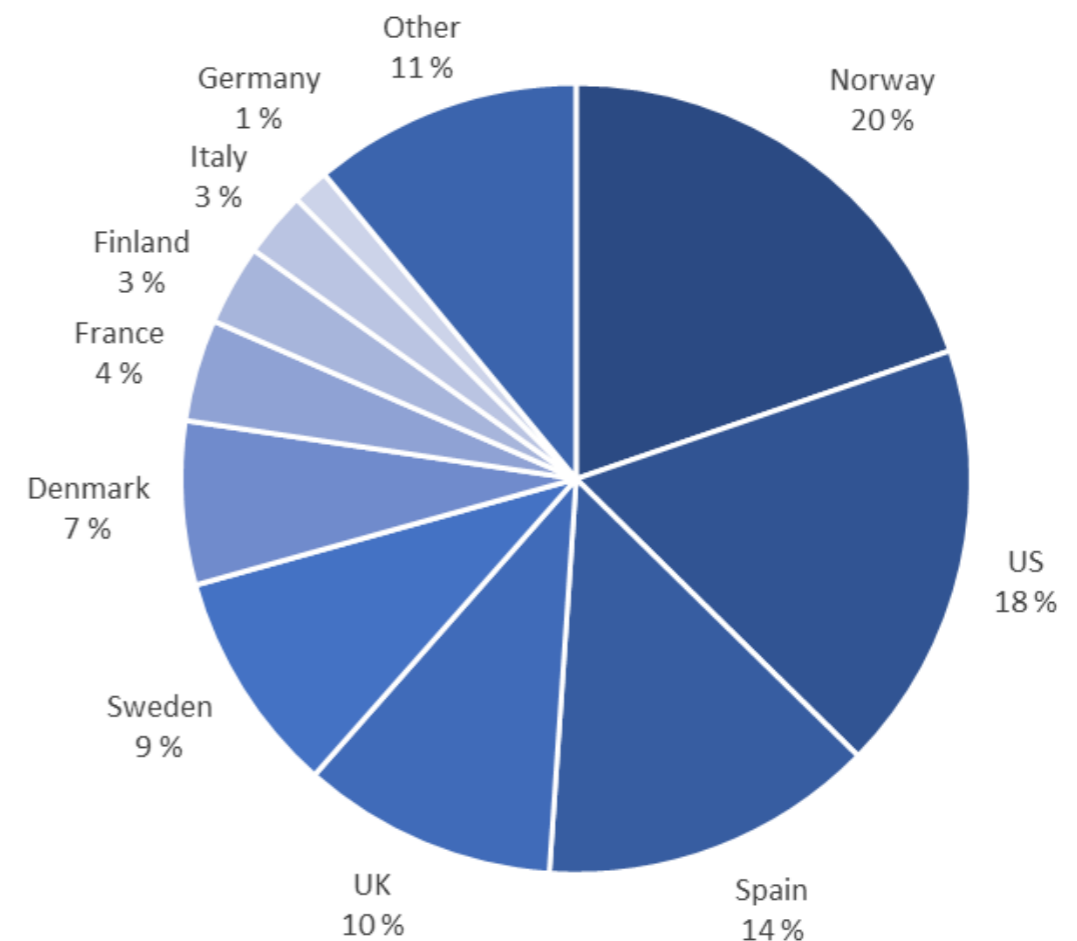
Revenue per country

- 6 % revenue growth in the Nordics on a 12 months rolling basis
- Most significant absolute growth in the US, both in Q3 and 12 months rolling

Growth in revenue by origin in Q3 18* (y/y):

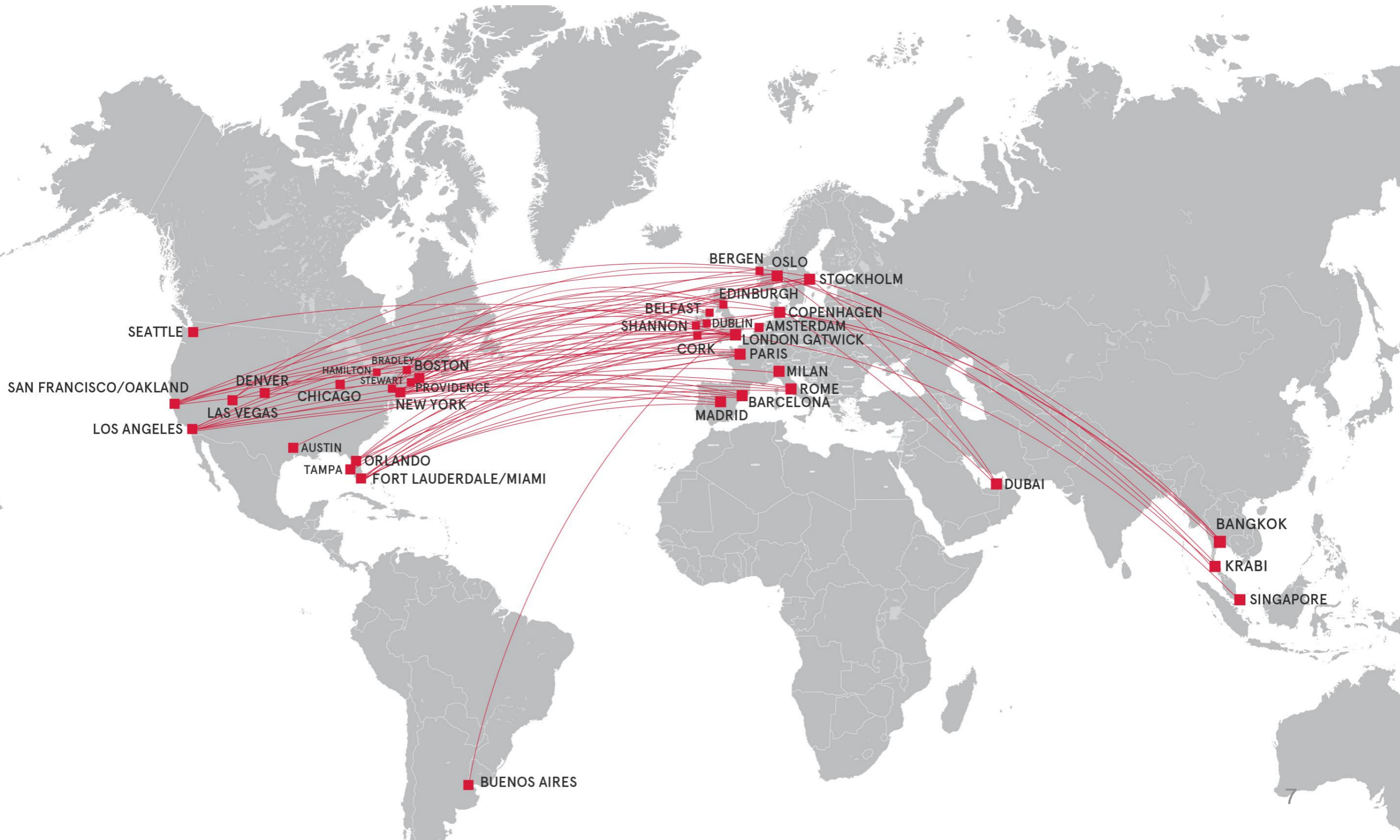


Revenue split by origin in Q3 18*:



* 12 months rolling (estimated)

A network of more than 60 intercontinental routes



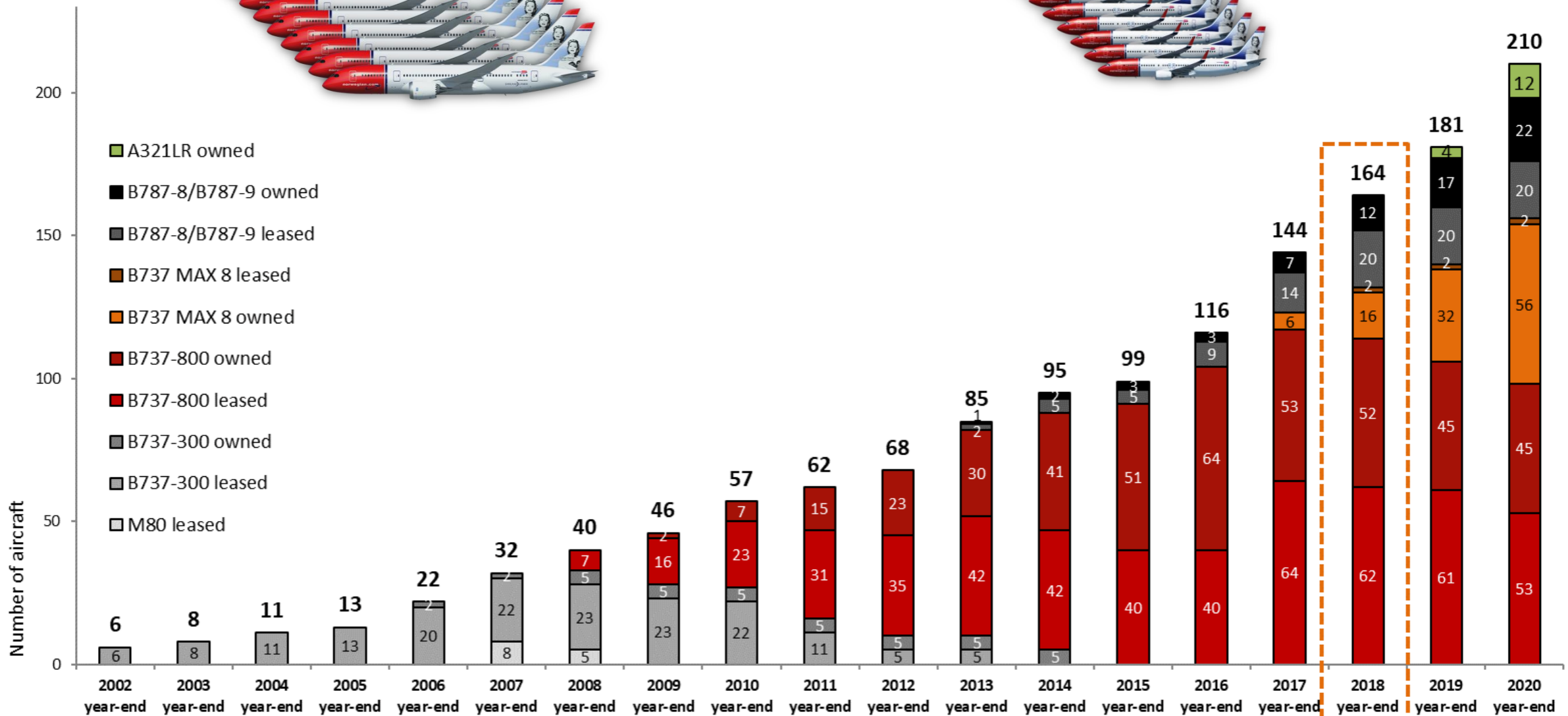
Adding 25 new aircraft to own operations in 2018

2018:

Deliveries 787-9
+3,724 seats

Deliveries 737-800 and 737 MAX
+2,640 seats

Re-deliveries 737-800
-744 seats



Financials

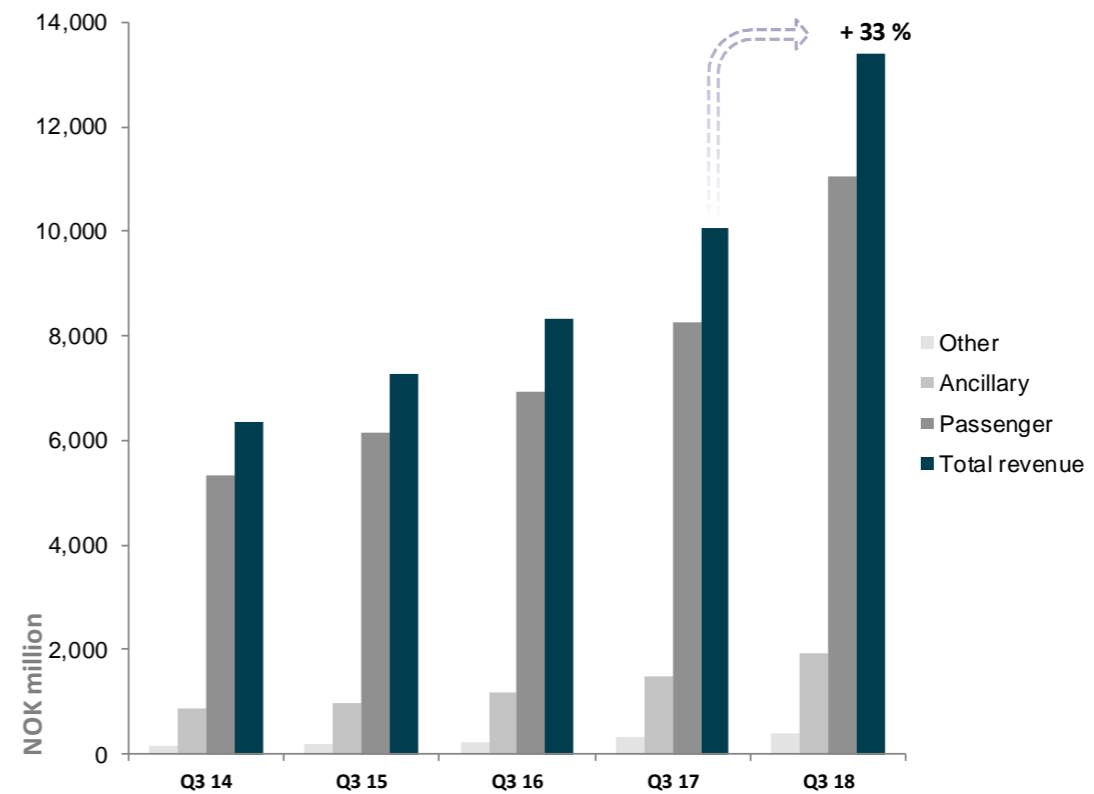
Profit and loss

<i>NOK million</i>	Q3 2018	Q3 2017
Passenger revenue	11,062	8,263
Ancillary passenger revenue	1,919	1,498
Other revenue	406	313
Total operating revenue	13,387	10,074
Personnel expenses	1,692	1,399
Aviation fuel	3,681	1,994
Airport and ATC charges	1,266	1,091
Handling charges	1,432	1,016
Technical maintenance expenses	1,068	729
Leasing	1,092	1,189
Other operating expenses	1,289	1,150
Other losses/(gains) - net	-398	-486
EBITDA	2,266	1,991
Depreciation & amortization	451	401
EBIT	1,815	1,590
Net financial items	-233	-249
Profit / loss from associated companies	18	80
EBT	1,600	1,421
Income tax expense	297	319
Net profit	1,304	1,101

Slight increase in unit revenue



- Total revenue increased by 33 % y/y
- Q3 unit passenger revenue (RASK) +0.4 % to 0.40 (-0.5 % in constant currency) despite increased average flying distance of 13 %
- Ancillary revenue per passenger increased by 16 % to NOK 177
- Cargo revenue increased by 97 % to NOK 177 million

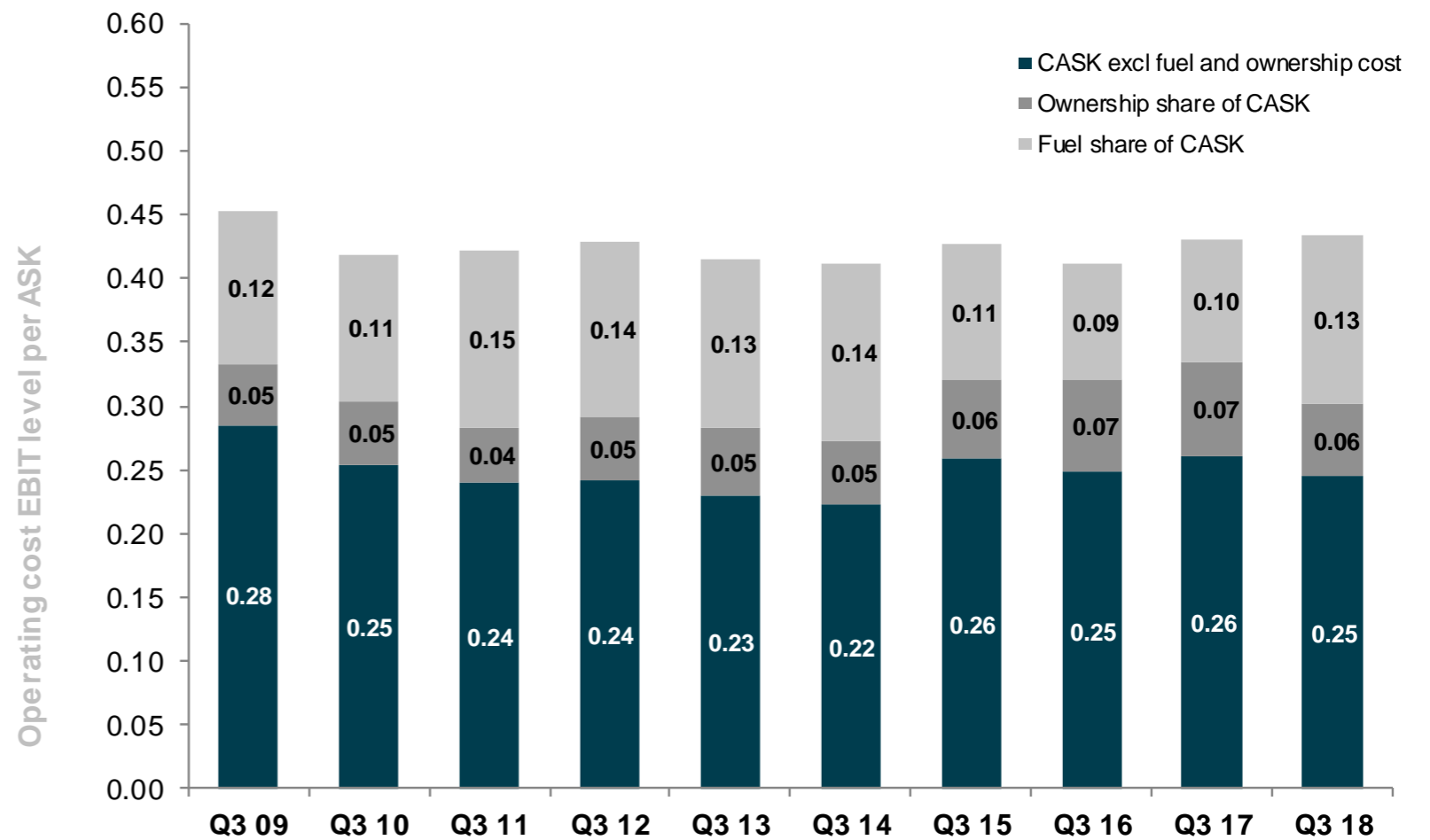


Total revenue	6,338	7,277	8,331	10,074	13,387
Passenger	5,334	6,130	6,916	8,263	11,062
% y/y chg	26 %	15 %	13 %	19 %	34 %
Ancillary	854	967	1,191	1,498	1,919
% y/y chg	60 %	13 %	23 %	26 %	28 %
Other	150	179	224	313	406
% y/y chg	21 %	19 %	25 %	39 %	30 %

Unit cost excl fuel decreased by 10 %



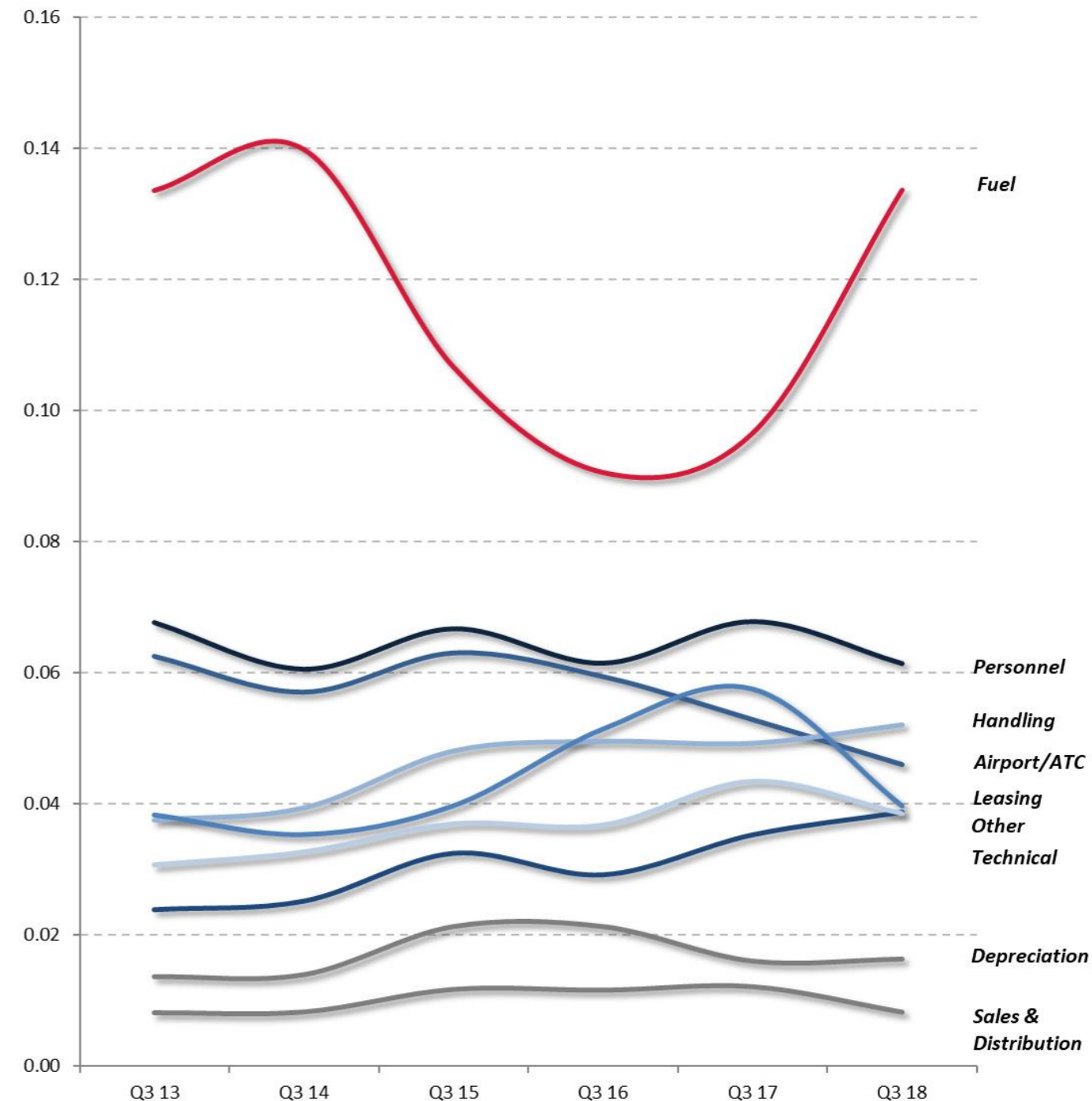
- Unit cost excl fuel decreased by 10 % (decreased by 12 % in constant currency)
- Unit cost incl fuel increased by 1 % (decreased by 2 % in constant currency)



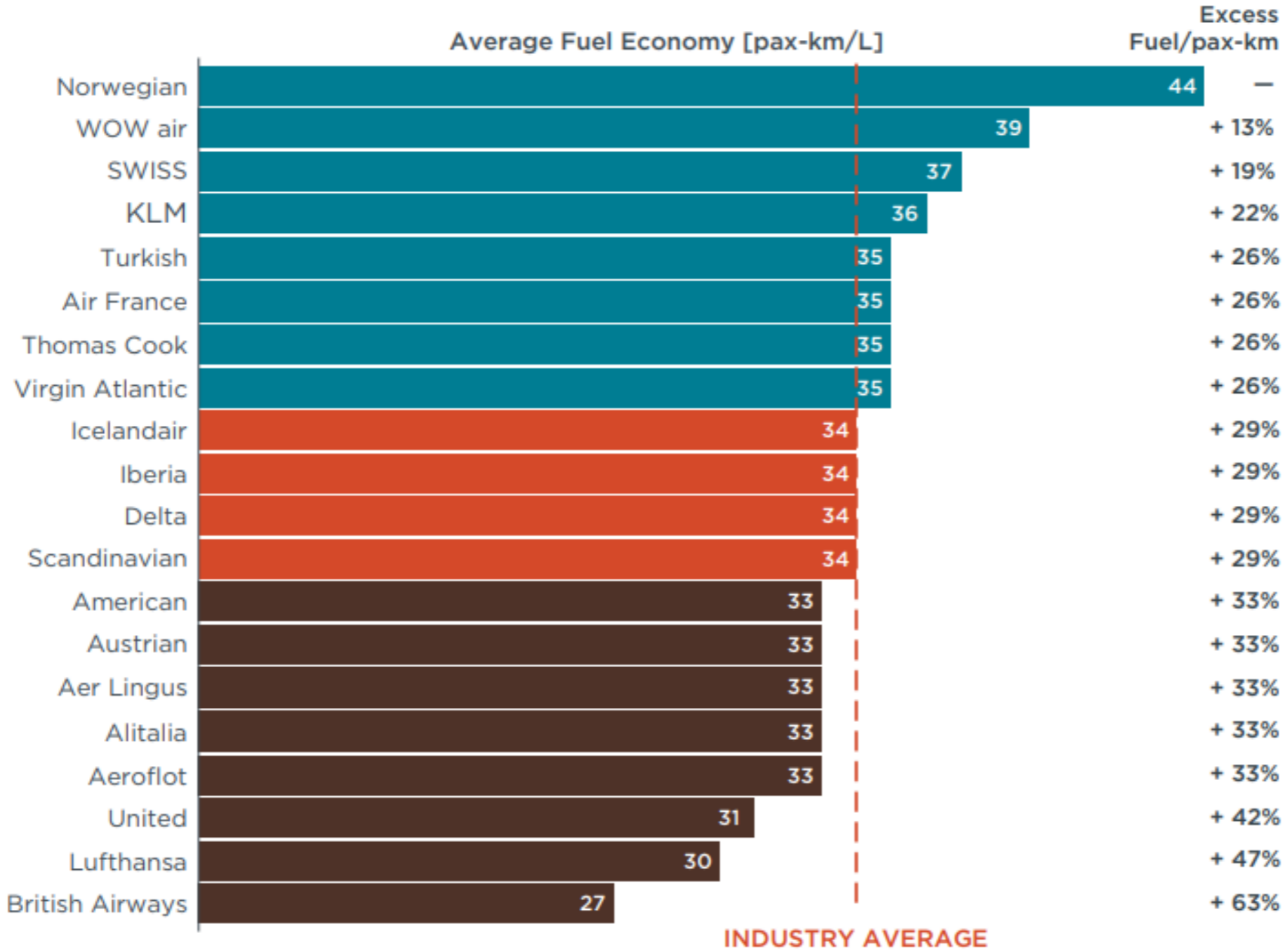
Unit cost	0.45	0.42	0.42	0.43	0.42	0.41	0.43	0.41	0.43	0.43
Unit cost excl fuel and ownership	0.28	0.25	0.24	0.24	0.23	0.22	0.26	0.25	0.26	0.25

Cost dominated by spike in fuel price

- Higher **fuel cost** (+38 % per ASK) driven by spot price (+37 %) and a stronger USD vs NOK (+3 %), partly offset by efficiency gains
- Lower **personnel cost** (-9 % per ASK) due to increased utilization of crew as growth moderates
- Higher **handling cost** (+6 % per ASK) due to additional security measures to the US, compensations related to wetlease operation and increased catering due to higher ancillary
- Lower **airport/ATC cost** (-13 % per ASK) due to increased sector length
- Lower **leasing cost** (-31 % per ASK) due to significant reduction in expensed wetlease
- Higher **technical cost** (+10 % per ASK) due to higher share of 787s/MAXs with total maintenance deals, as well as price escalation on engine maintenance
- Higher **depreciation** (+2 % per ASK) due to a stronger USD vs NOK



Best in class on fuel efficiency



Source: The International Council on Clean Transportation (ICCT), published in September 2018 based on 2017 figures. Only transatlantic routes included.

Balance sheet

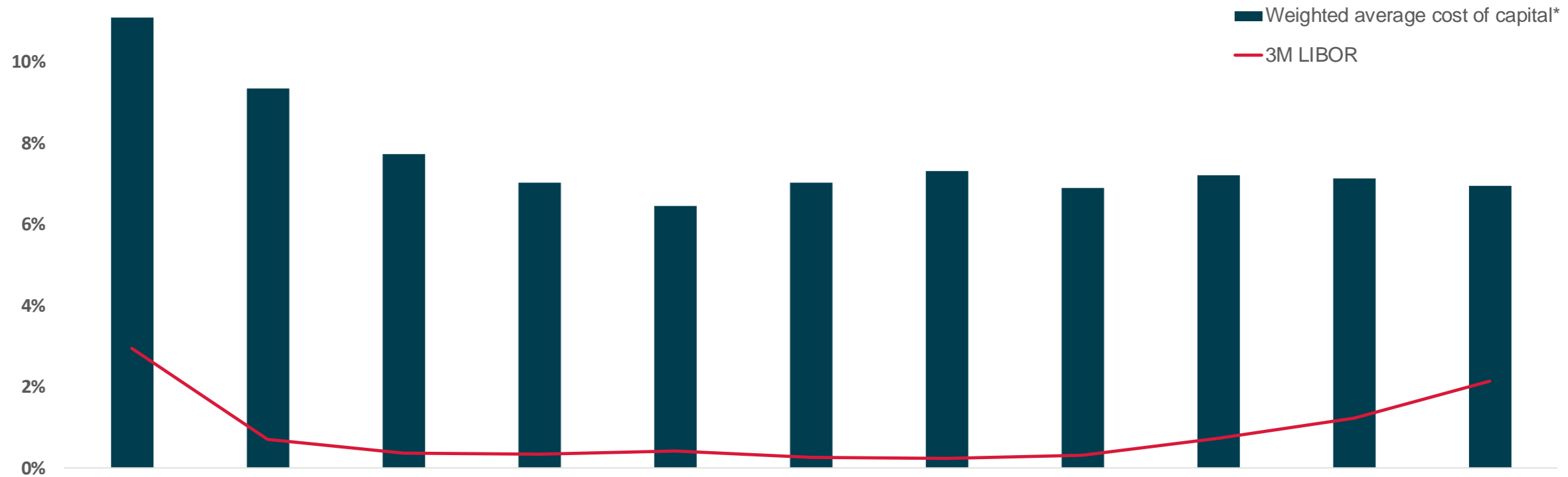
<i>NOK million</i>	Q3 2018	Q3 2017
Intangible assets	1,342	644
Prepayment on aircraft	8,346	5,313
Aircraft and aircraft parts	31,759	22,649
Other fixed assets	431	362
Tangible fixed assets	40,536	28,323
Fixed asset investments	1,185	1,675
Total non-current assets	43,064	30,642
Assets held for sale	-	273
Inventory	136	100
Investments	3,656	417
Receivables	6,178	4,120
Cash and cash equivalents	3,211	5,567
Total current assets	13,182	10,477
ASSETS	56,245	41,119
Equity	5,277	2,677
Pension obligation	150	111
Provision for periodic maintenance	2,962	2,399
Other non-current liabilities	235	129
Long term borrowings	24,101	18,994
Total non-current liabilities	27,448	21,633
Current liabilities	6,813	5,077
Short term borrowings	9,257	4,836
Air traffic settlement liabilities	7,451	6,895
Total short term liabilities	23,521	16,808
Liabilities	50,968	38,442
EQUITY AND LIABILITIES	56,245	41,119

Cash flow

<i>NOK million</i>	Q3 2018	Q3 2017
Profit before tax	1,600	1,421
Paid taxes	-1	-9
Depreciation, amortization and impairment	451	401
Changes in air traffic settlement liabilities	-3,912	-2,143
Changes in receivables	1,740	782
Other adjustments	368	505
Net cash flows from operating activities	245	958
Purchases, proceeds and prepayment of tangible assets	-3,377	-701
Other investing activities	18	1
Net cash flows from investing activities	-3,359	-700
Loan proceeds	3,380	2,946
Principal repayments	-504	-2,949
Financing costs paid	-260	-598
Other financing activities	-2	144
Net cash flows from financing activities	2,615	-457
Foreign exchange effect on cash	-3	-65
Net change in cash and cash equivalents	-502	-265
Cash and cash equivalents at beginning of period	3,714	5,832
Cash and cash equivalents at end of period	3,211	5,567

Proven ability to finance the growth

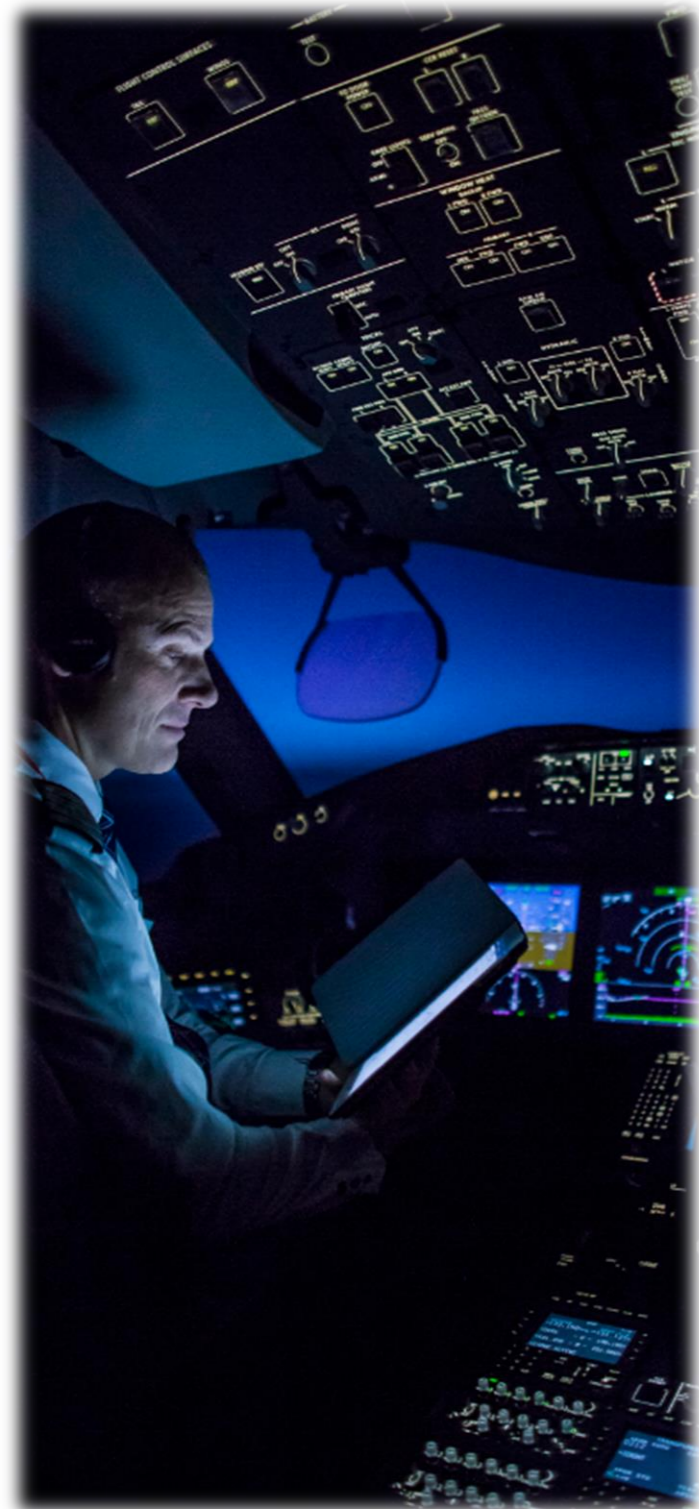
- Strong financial flexibility through a wide debt product portfolio
- Focus on reducing cost of capital going forward



Deliveries per year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	YTD 2018
Operating lease	7	9	6	2	3	6	6		4	5	6
SLB			2	6	2	3			4	17	4
Export credits		2	5	8	8	7	1	6		4	2
AFIC										6	6
EETC									10		
Private placements/banks						1	11	5	5	3	

* Data is reflective of aircraft with 2008 year build onwards and covers the aircraft types in Norwegian's current fleet

Capital expenditure and financing



→ Capex commitment (all aircraft incl PDP)

- USD 1.75 billion for 2018
- USD 2.2 billion for 2019
- Focus on reducing capex commitment

→ Liquidity

- Undrawn credit facility of NOK 300 million

→ Long-term financing

- Financed deliveries in Q3 18 with AFIC and SLB
- Secured financing for the remaining deliveries in 2018
- Utilizing a mix of long-term financing for the deliveries in 2018 to 2020 with focus on AFIC and export credits

Outlook

Outlook



→ Markets and business

- Current booked volumes indicate a slight positive yield trend, but load may be affected during winter season
- Expect tough competition and high oil prices

→ Estimated production growth (ASK)

- 38 % in 2018 (previous estimate: 40 %)
- 15-20 % in 2019

→ Fuel hedging

- 31 % of Q4 2018 at USD 555
- 22 % of FY 2019 at USD 663

Unit cost estimates for 2018 and target for 2019



→ Unit cost estimates 2018

- NOK 0.290-0.295 excl fuel and depreciation (unchanged)
- NOK 0.435-0.440 incl fuel and depreciation (previous estimate: 0.425-0.430)
- Assumptions: Fuel price of USD 701/mt (681), USD/NOK 8.00 (7.88), EUR/NOK 9.55 (9.42). Based on the current route portfolio and planned production.

→ Unit cost target 2019

- Target minimum NOK 2 billion capacity adjusted cost reduction excl fuel and IFRS 16 effects

Going forward



- Fully committed to delivering on long-term strategy
- Entering a more moderate growth phase
- Focus on cost reduction initiatives
- Secured financing for the remaining deliveries in 2018
- Continuing the fleet renewal program
- CAGR of 5-10 % (ASK) for the next four years
 - 3-5 % on narrow body operation
 - 5-10 % on wide body operation

Norwegian offers more than 500 routes to over 150 destinations

