Norwegian Air Shuttle ASA

Q4 2014 Presentation

Europe's best
low-cost airline
2013 & 2014

norwegian

Q4 2014 Highlights

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- 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

Q4 revenue growth driven by International expansion

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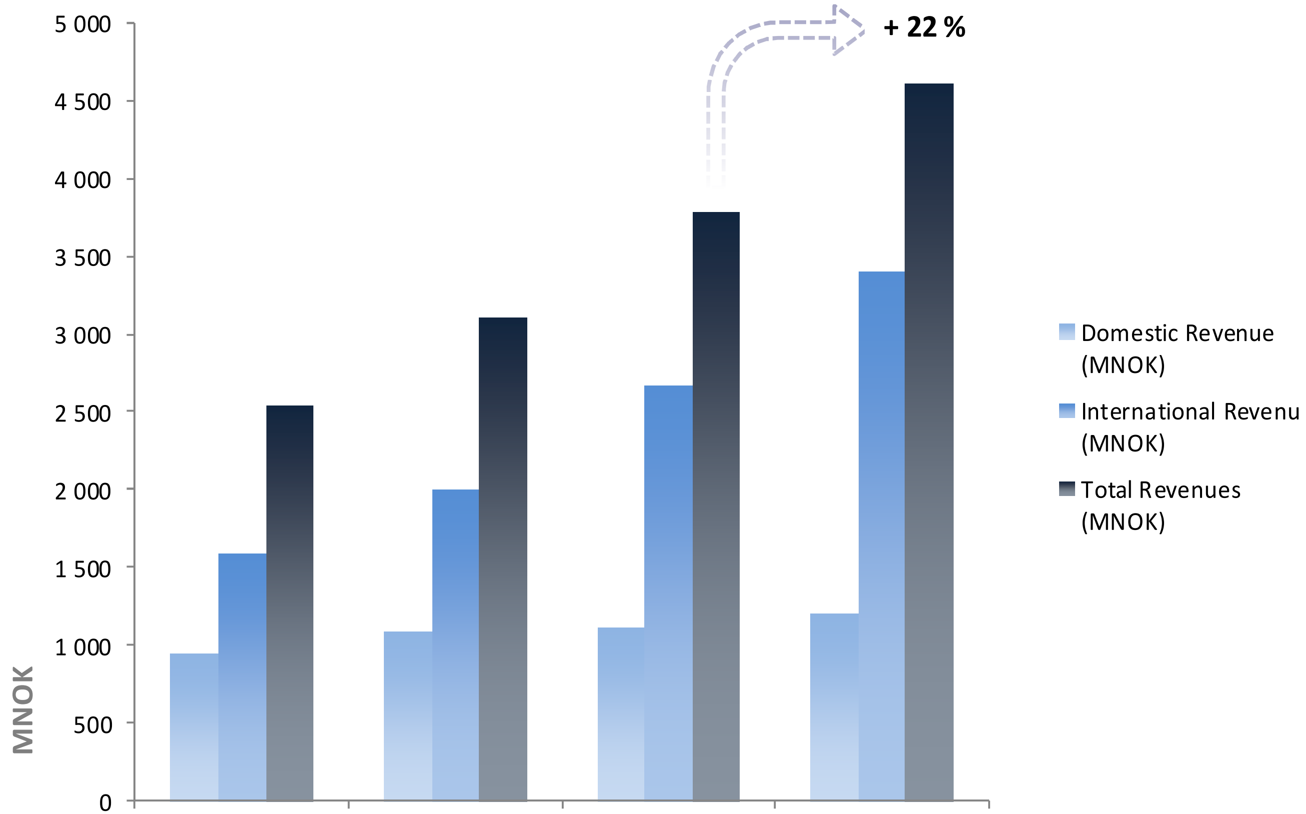
- 22% revenue growth y.o.y



	Q4 11	Q4 12	Q4 13	Q4 14
Revenues	**2 536**	**3 106**	**3 786**	**4 602**
Domestic revenue	947	1 097	1 116	1 201
% y.o.y. chg	*12 %*	*16 %*	*2 %*	*8 %*
International revenue	1 589	2 008	2 670	3 401
% y.o.y. chg	*22 %*	*26 %*	*33 %*	*27 %*

45% growth in ancillary revenue driven by bundling and LH

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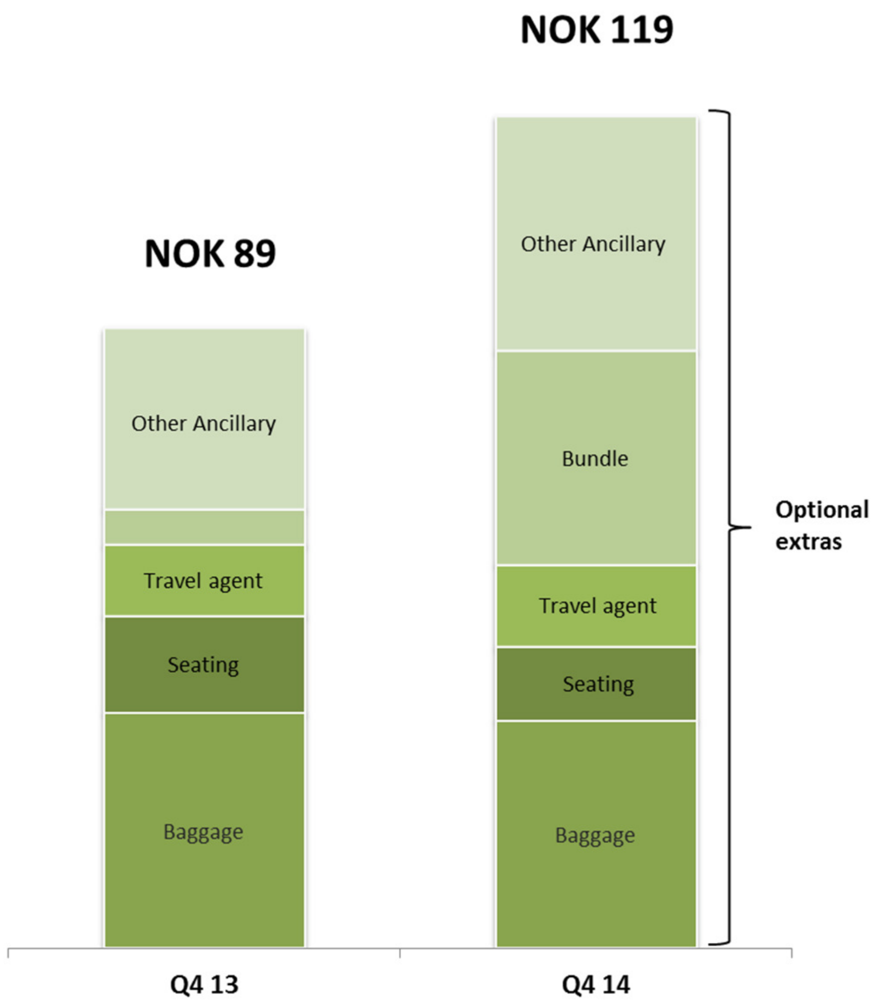
- 14 % share of Group revenues in Q4 2014
- NOK 119 per passenger (+34% y.o.y)



Q4 hit by MNOK 705 costs related to currency and MTM hedges

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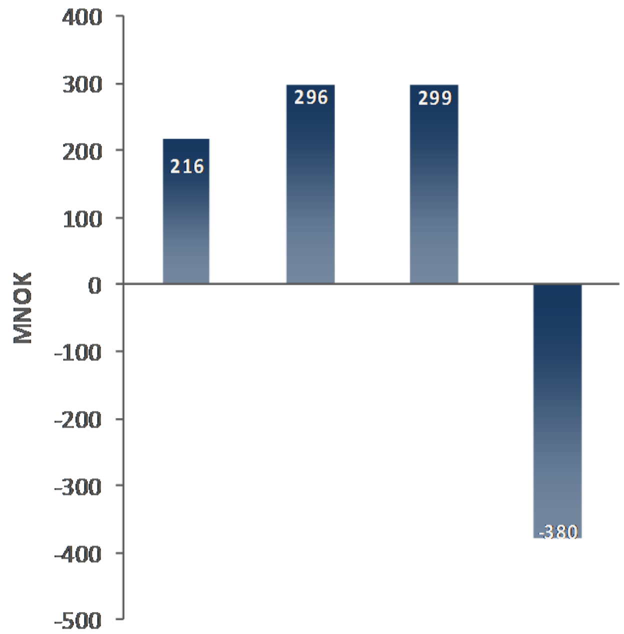
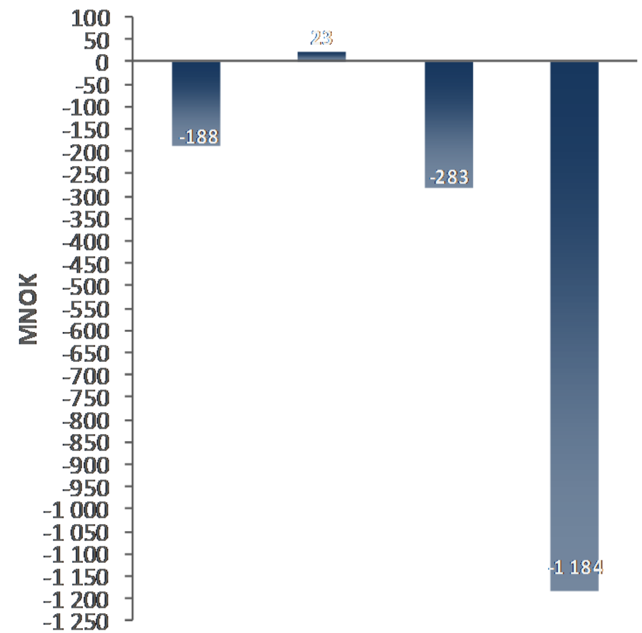
		Q4 14	Q4 13
EBITDAR	**MNOK**	**-380**	**299**
EBITDA	MNOK	-870	-41
EBIT	MNOK	-1 082	-183
Pre-tax profit (EBT)	**MNOK**	**-1 184**	**-283**
Net profit	MNOK	-958	-197

EBITDAR development Q4



	Q4 11	Q4 12	Q4 13	Q4 14
EBITDAR margin	9 %	10 %	8 %	-8 %

EBT development Q4



	Q4 11	Q4 12	Q4 13	Q4 14
EBT margin	-7 %	1 %	-7 %	-26 %

Q4 underlying EBT was MNOK 55m lower than last year

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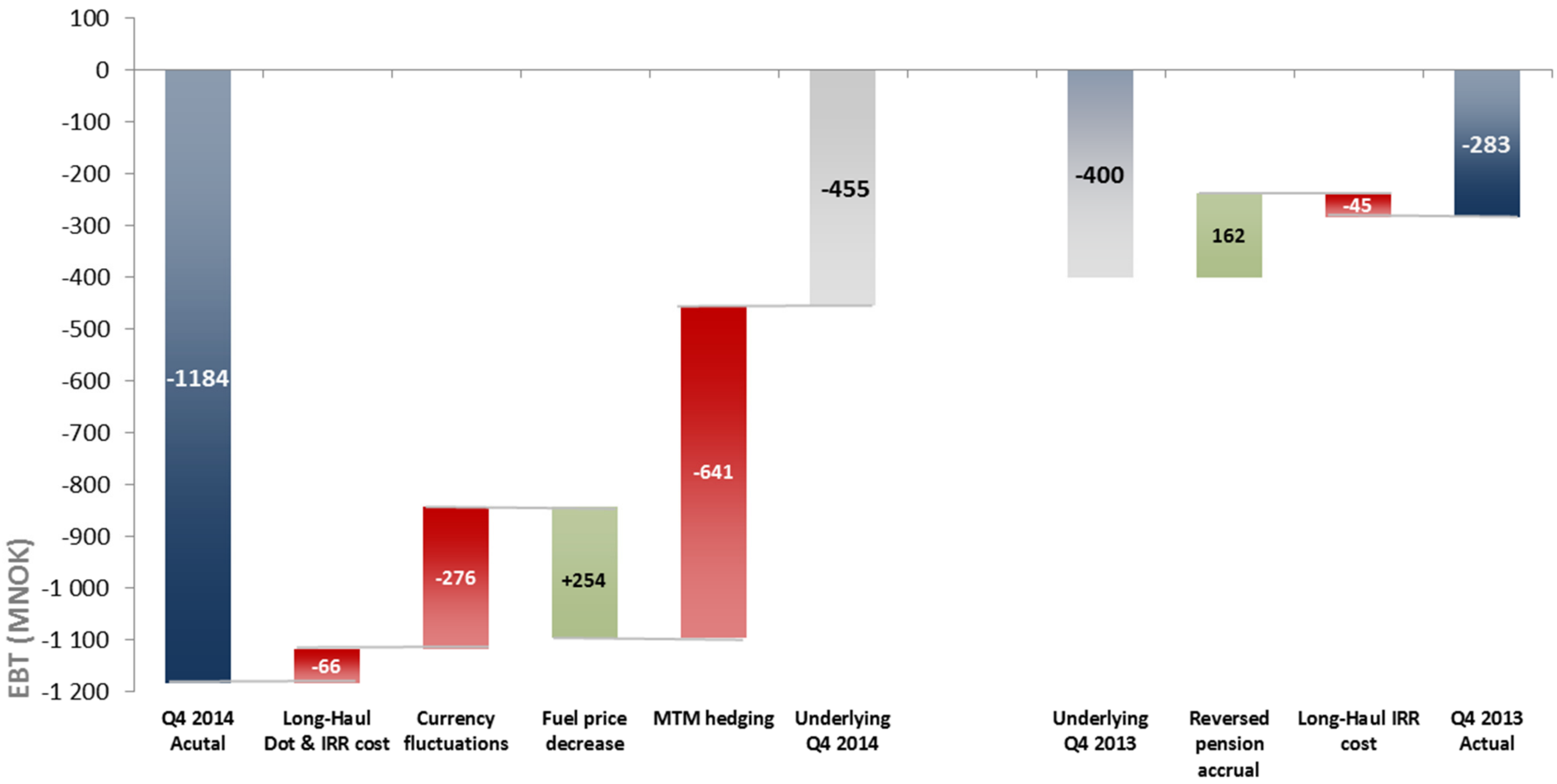
- Limited impact of lower fuel price in Q4
- Currency related to assets (AAAL) booked direct to equity



Equity - limited net impact from currency in Q4 2014

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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*

MNOK 580 change in cash in Q4 from external PDP funding

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- 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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Unaudited

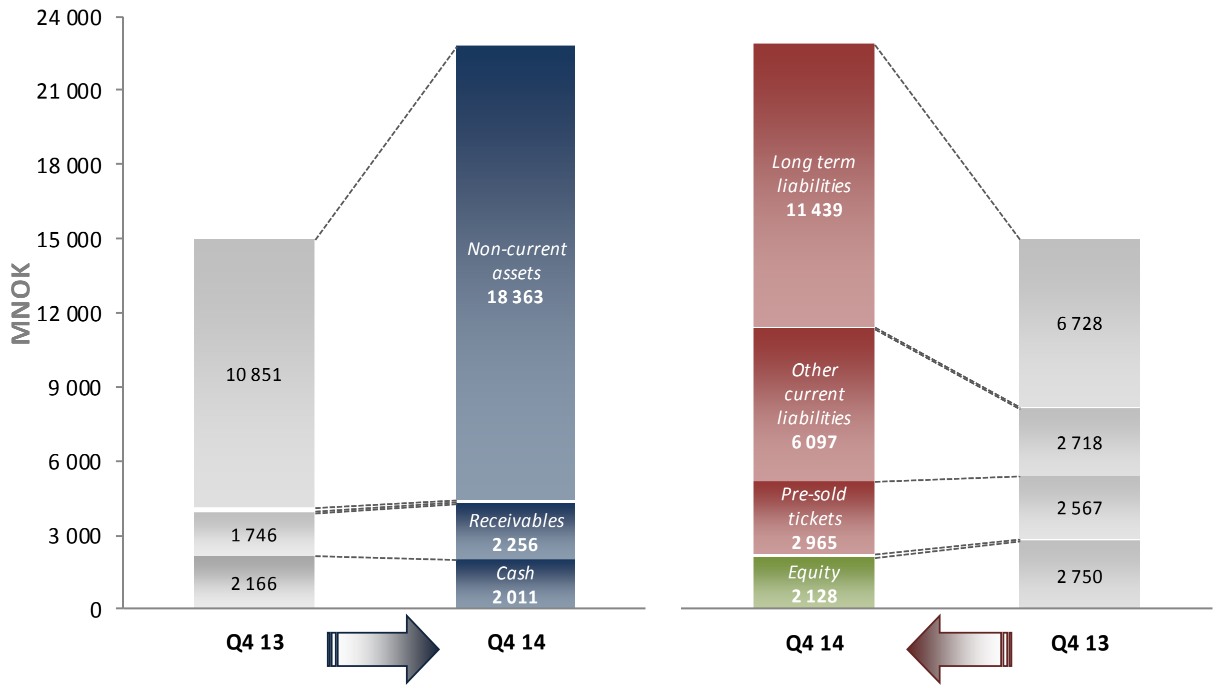
(Amounts in NOK million)	**Q4 2014**	Q4 2013	**YTD 2014**	YTD 2013	**Full Year 2013**	Full Year 2012
Net cash flows from operating activities	**-892**	264	**346**	2 377	**2 377**	2 022
Net cash flows from investing activities	**-1 306**	-965	**-4 990**	-2 126	**-2 126**	-2 766
Net cash flows from financial activities	**2 773**	562	**4 479**	184	**184**	1 369
Foreign exchange effect on cash	**5**	2	**11**	0	**0**	0
Net change in cash and cash equivalents	**580**	-137	**-155**	435	**435**	626
Cash and cash equivalents in beginning of period	**1 431**	2 303	**2 166**	1 731	**1 731**	1 105
Cash and cash equivalents in end of period	**2 011**	2 166	**2 011**	2 166	**2 166**	1 731

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)

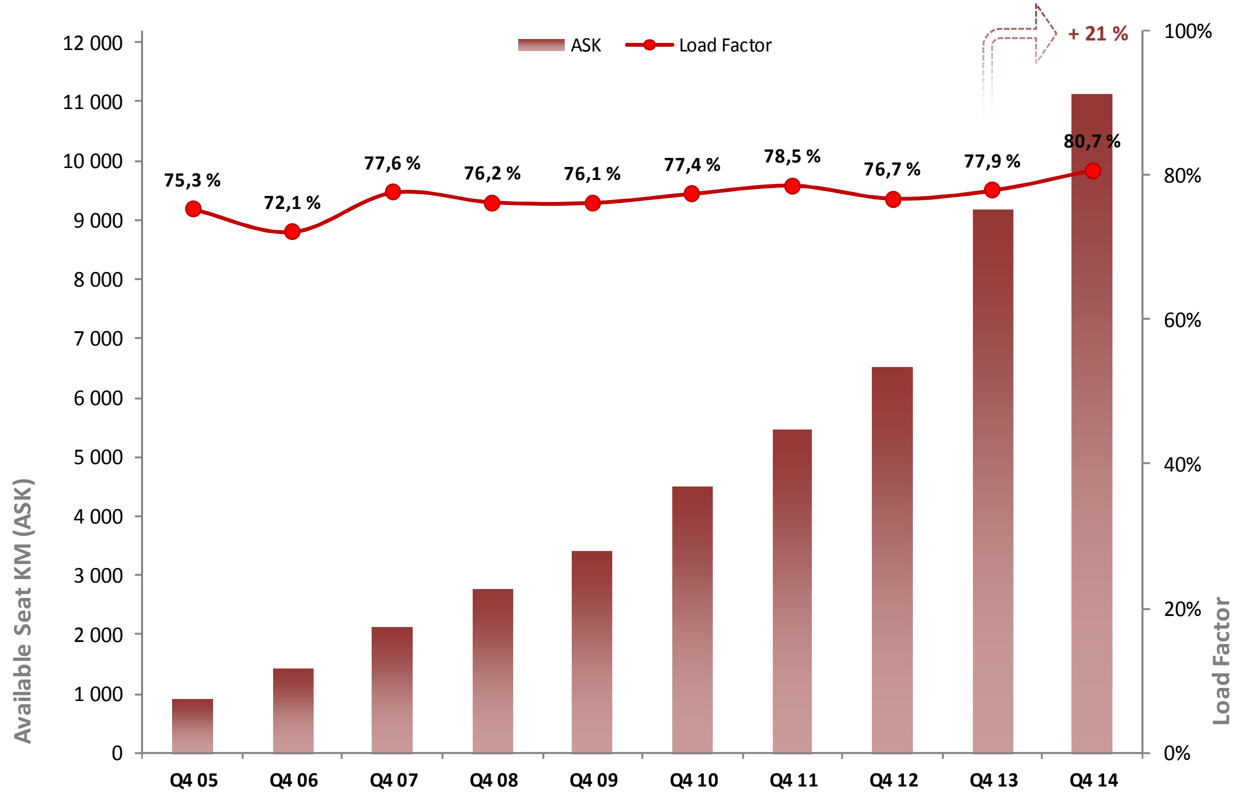
NOK 5 bn capex in 2014 - 12 new on-balance sheet aircraft

- 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.



	Q4 05	Q4 06	Q4 07	Q4 08	Q4 09	Q4 10	Q4 11	Q4 12	Q4 13	Q4 14
ASK	922	1 420	2 122	2 783	3 432	4 516	5 461	6 517	9 176	11 142
Load Factor	75,3 %	72,1 %	77,6 %	76,2 %	76,1 %	77,4 %	78,5 %	76,7 %	77,9 %	80,7 %

24 million passengers in 2014

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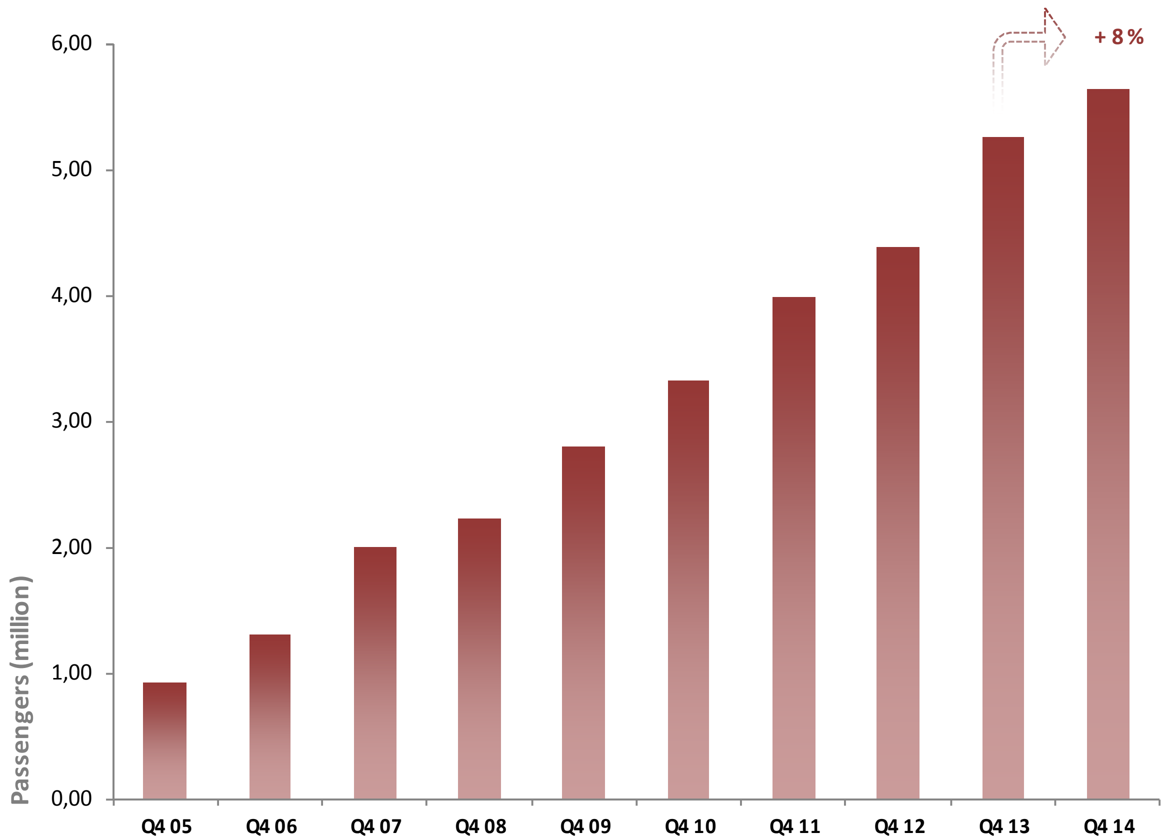
- 5% of pax from long-haul in 2014
- 130 million passengers since the start



Pax (mill)	0,9	1,3	2,0	2,2	2,8	3,3	4,0	4,4	5,2	5,6

Reduced capacity in Norway to expand in new markets

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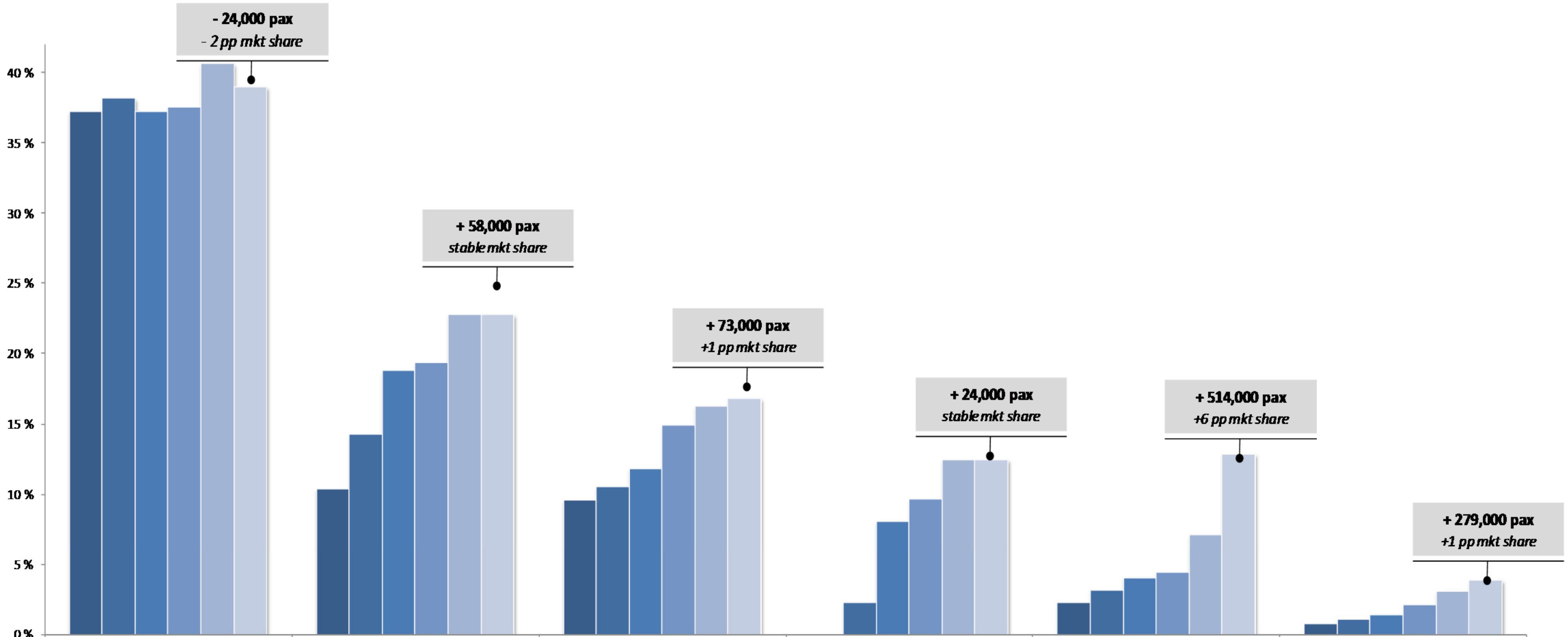
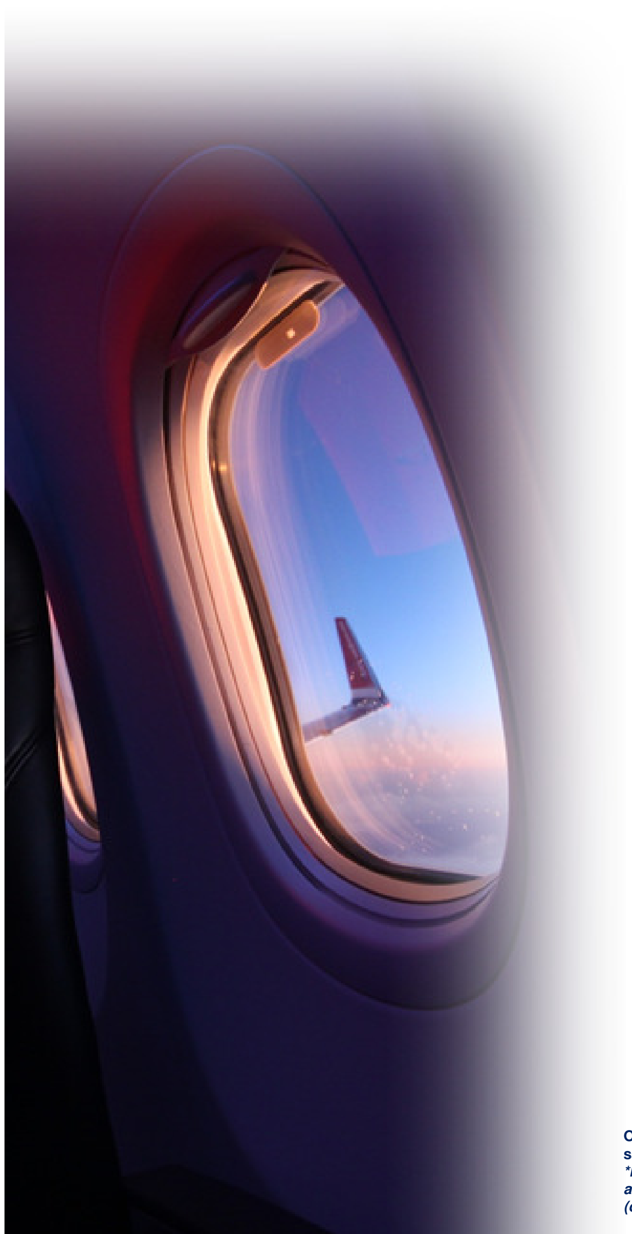
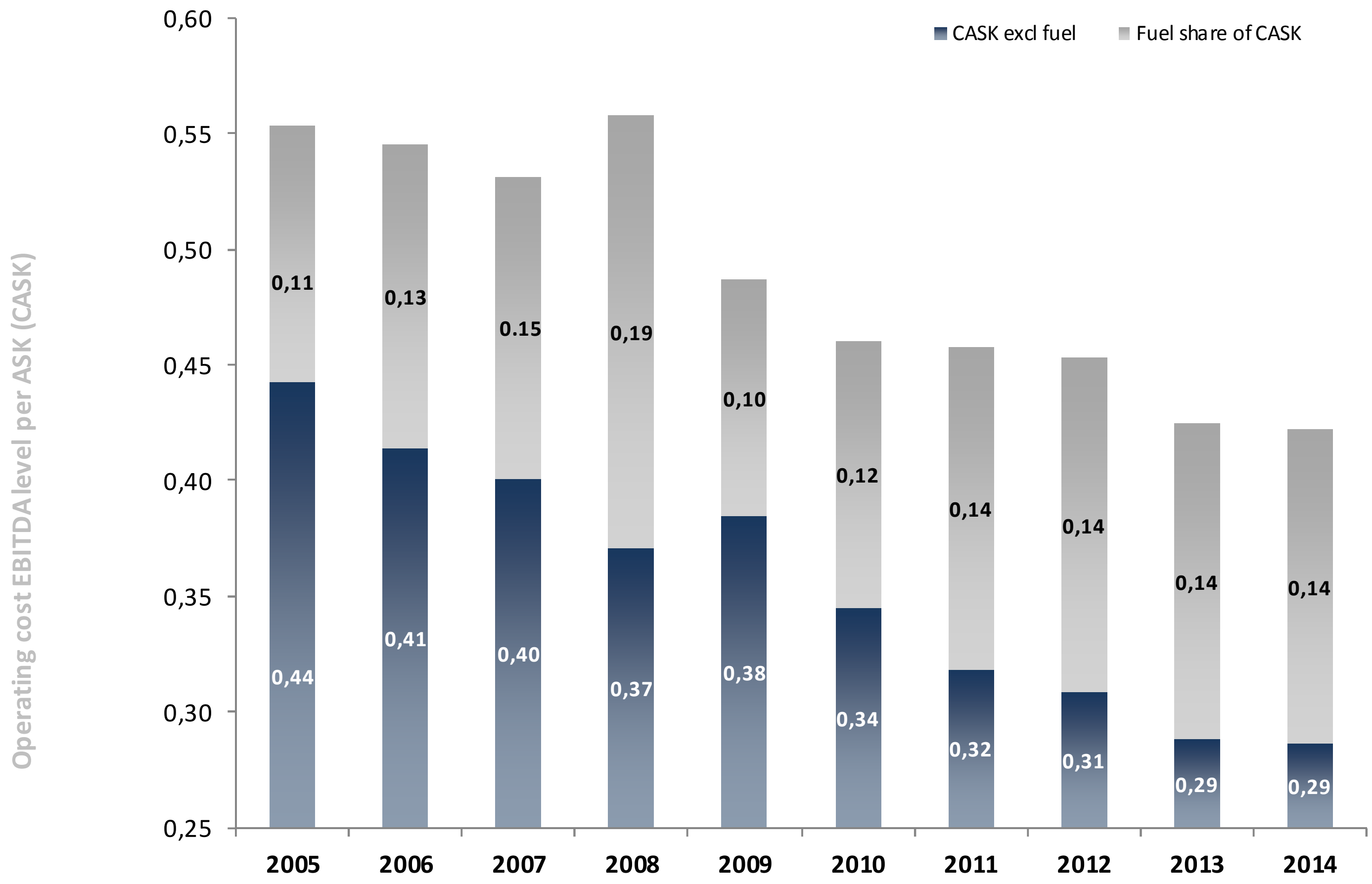


	Marketshare Oslo Airport (OSL)	Marketshare Stockholm Airport (ARN)	Marketshare Copenhagen Airport (CPH)	Marketshare Helsinki Airport (HEL)	Marketshare London Gatwick (LGW)	Marketshare Spanish bases (AGP, ALC, BCN, LPA, MAD, TFS)
Q4 09	37 %	10 %	10 %	0 %	2 %	1 %
Q4 10	38 %	14 %	11 %	2 %	3 %	1 %
Q4 11	37 %	19 %	12 %	8 %	4 %	1 %
Q4 12	38 %	19 %	15 %	10 %	4 %	2 %
Q4 13	41 %	23 %	16 %	12 %	7 %	3 %
Q4 14	39 %	23 %	17 %	12 %	13 %	4 %
Mkt. Size:	5.7 mill	5.4 mill	5.9 mill	3.8 mill	8.3 mill	28.7 mill

Unit cost cut by 1% in 2014





Cost per ASK (CASK) (NOK)	**0,55**	**0,55**	**0,53**	**0,56**	**0,49**	**0,46**	**0,46**	**0,45**	**0,42**	**0,42**
CASK ex. fuel	0,44	0,41	0,40	0,37	0,38	0,34	0,32	0,31	0,29	0,29

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 amd 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

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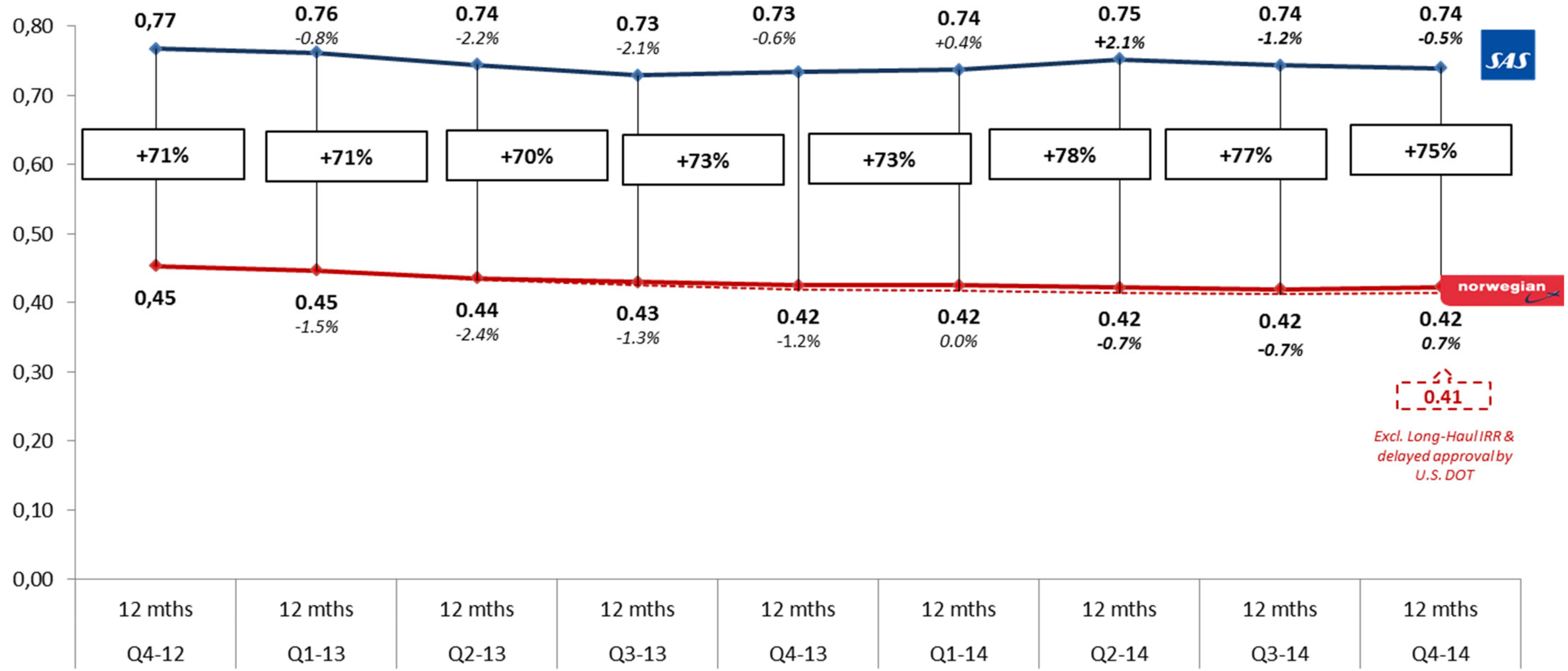

Sources: Norwegian Q4 2014 report (period displayed January - December 2014), SAS Interim Reports (including latest August 2014 – December 2014). Figures as reported in respective quarters and not restated - Scandinavian Airlines (SK) only from February 2013 – October 2014, SAS Group figures from November 2013 – October 2014 after the divestment of Widerøe.

- 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).

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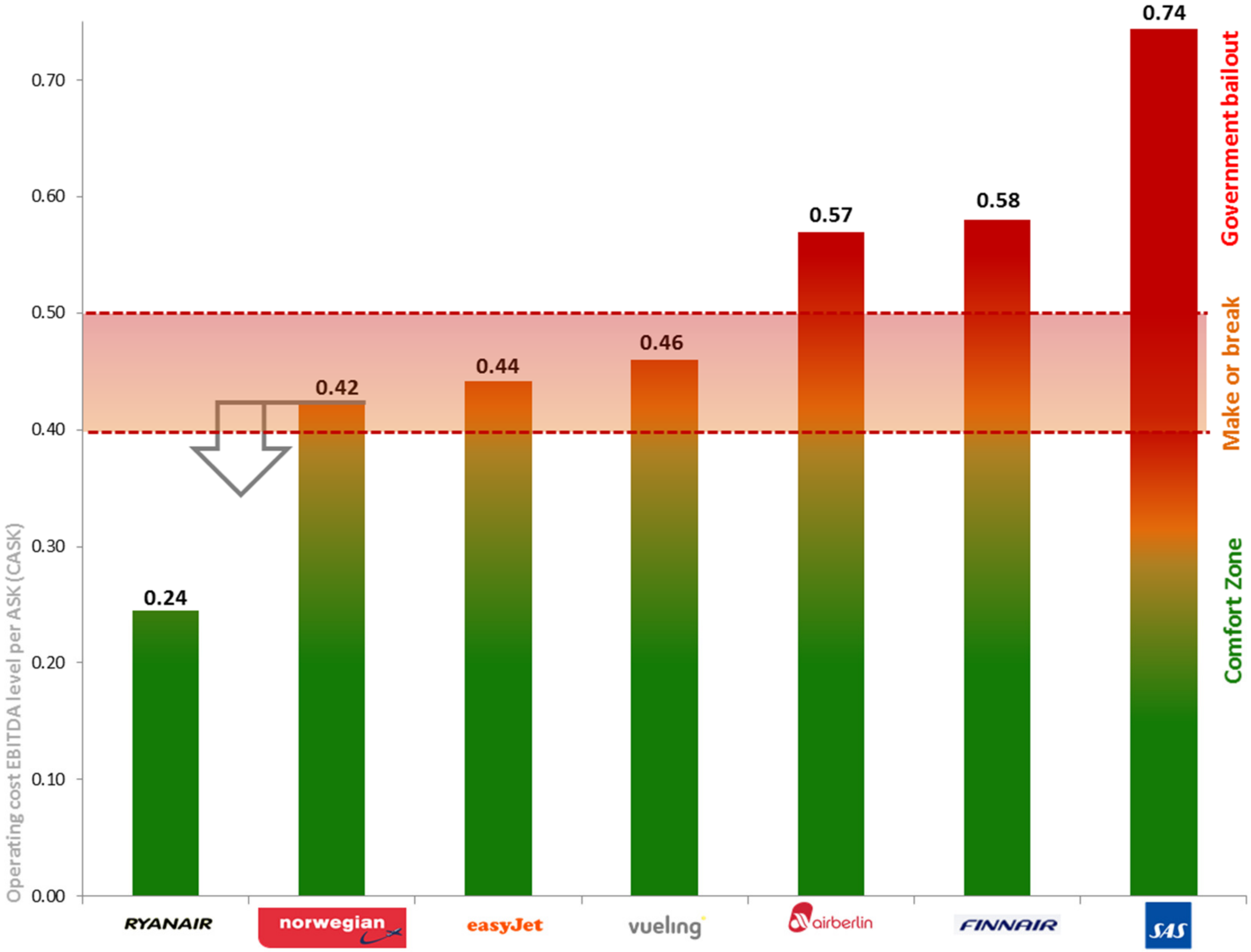
Lowest cost always wins



Sources: Norwegian Q3 2014 report (period displayed October 2013 – September 2014), SAS Interim Reports (including latest May 2014 – July 2014). Figures as reported in respective quarters and not restated - Scandinavian Airlines (SK) only from February 2013 – October 2014, SAS Group figures from November 2013 – April 2014 after divestment of Widerøe. Finnair Plc. Annual Report 2013 and Finnair Group Financial Statements Bulletin 2013 (period displayed January 2013 – December 2013), Ryanair Annual Report 2014 (period displayed April 2013 – March 2014), easyJet 2013 full year results statement and Annual Report 2013 (period displayed October 2012 – September 2013), Air Berlin Annual Report 2013, IAG Annual Report 2013 (period displayed for Vueling from April 26th 2013 to through December 2013) and Norwegian's estimations.

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Aiming for FY CASK NOK 0.25 excluding fuel

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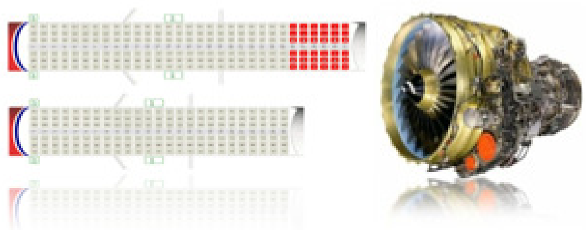
Scale economies

- 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

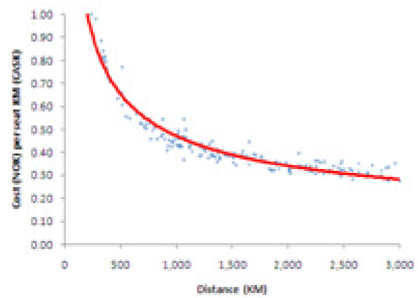
- Cost level adapted to local markets
- Outsourcing/ Off-shoring

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

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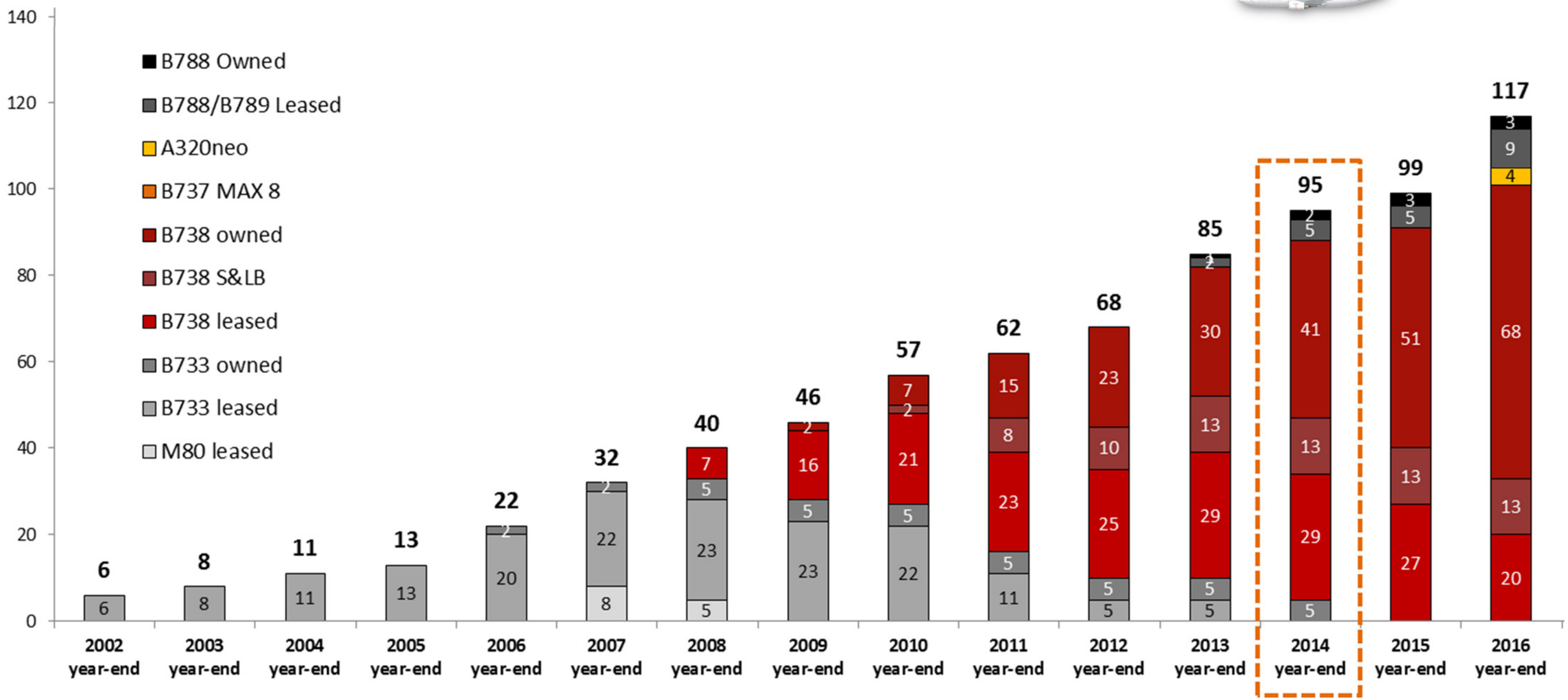
2015:	Deliveries 787-8 +291 seats	Deliveries 737-800 +1,860 seats	Sale of 737-300 -740 seats	Re-deliveries 737-800 -372 seats



Limited impact of lower fuel cost in 2014

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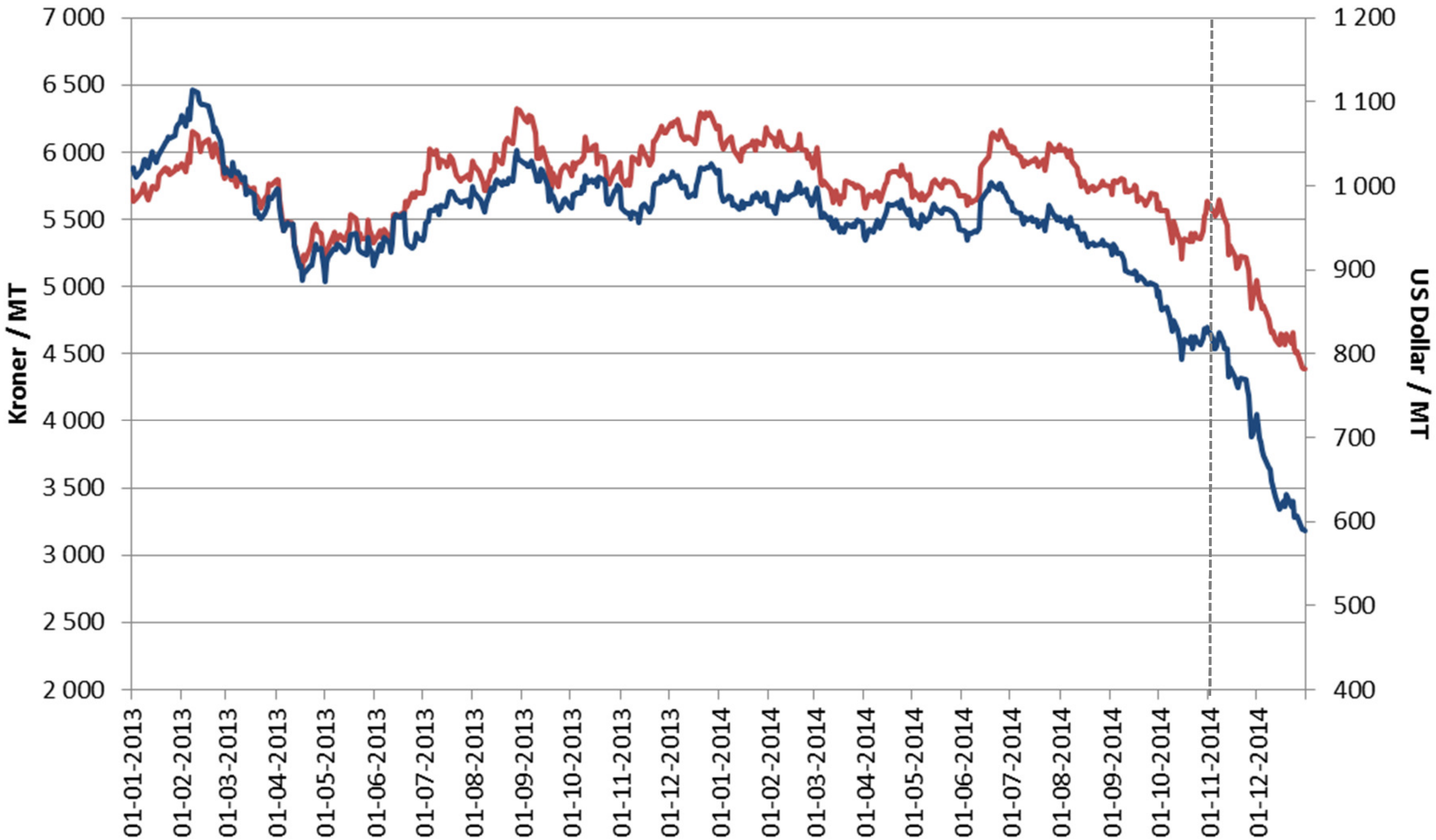
- Jet fuel price down by 42% in USD (-29% in NOK)
- Hedged 30% of expected fuel consumption for 2015



Source: Nordea Markets

Full effect of lower fuel price from Q1 2015

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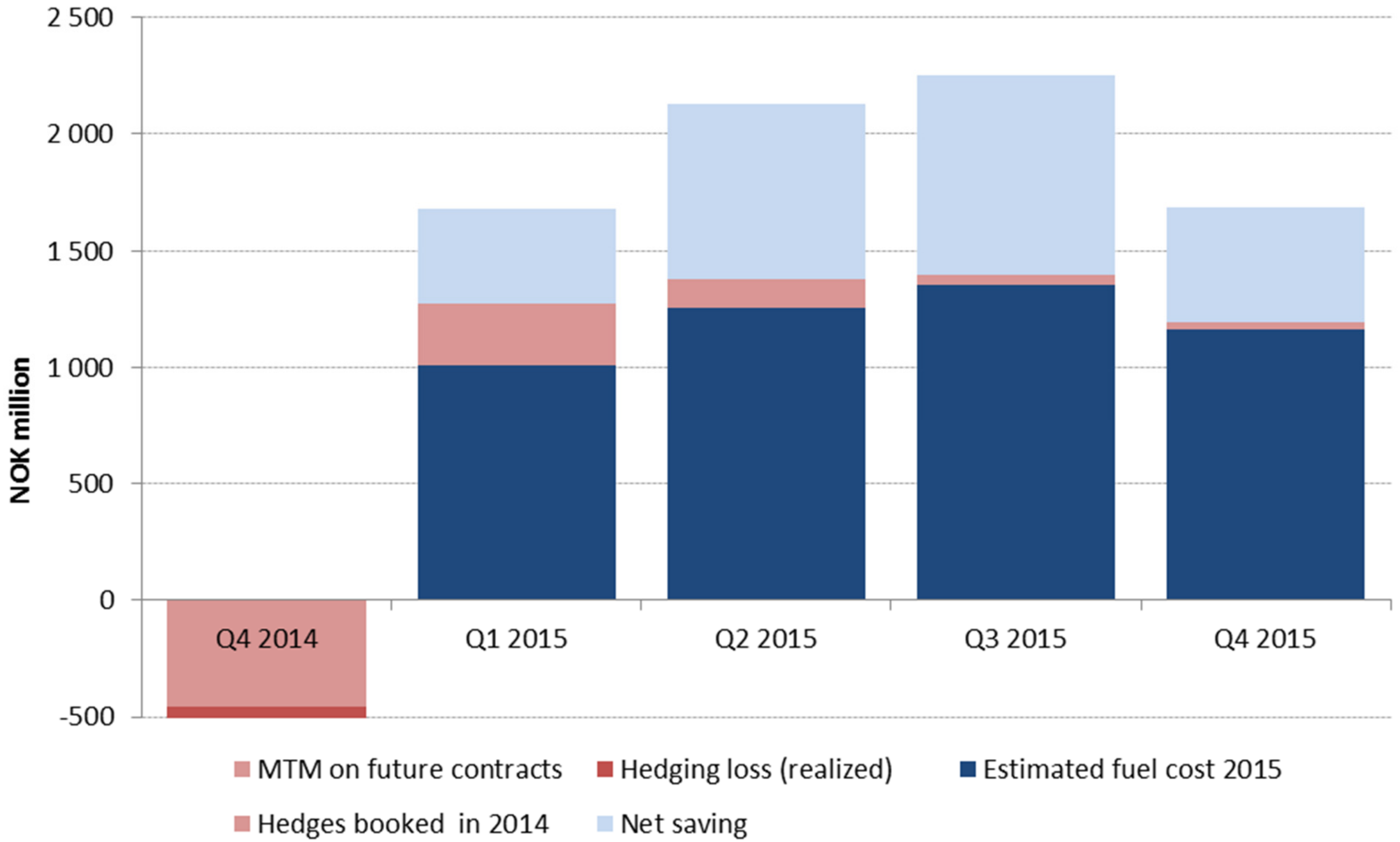
- NOK 2 billion lower fuel cost vs 2014 (incl. currency)
- In addition: NOK 0.5 billion loss (MTM) booked in 2014 related to 2015
  - Differ from hedge accounting which have a gradual impact



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)

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- 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

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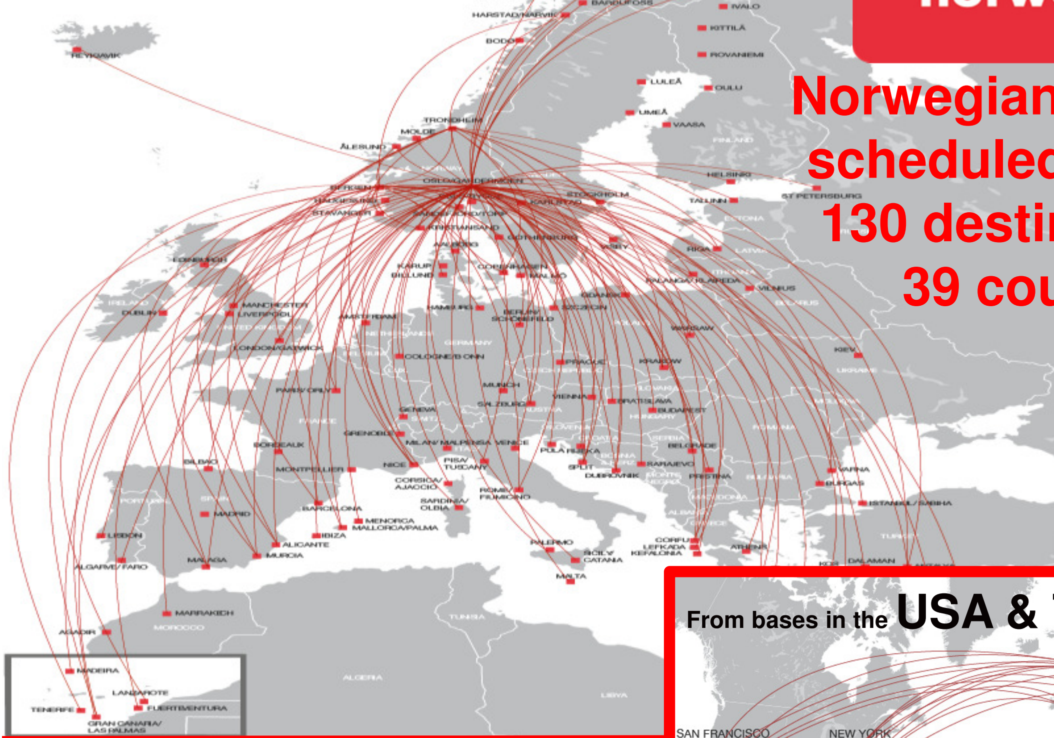
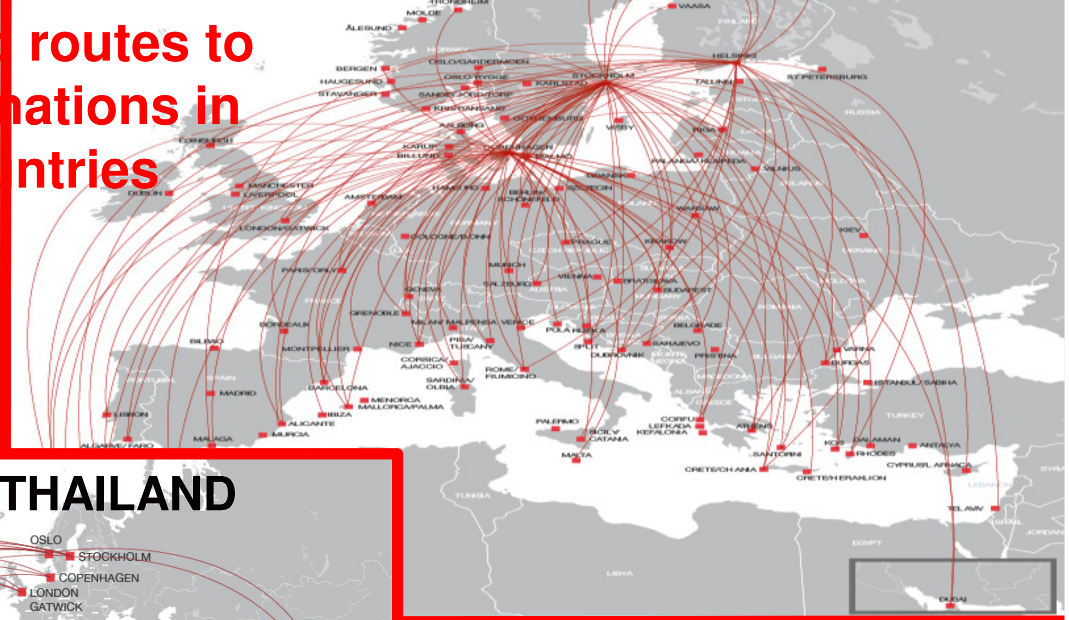
Norwegian offers 425 scheduled routes to 130 destinations in 39 countries

From bases in **NORWAY**

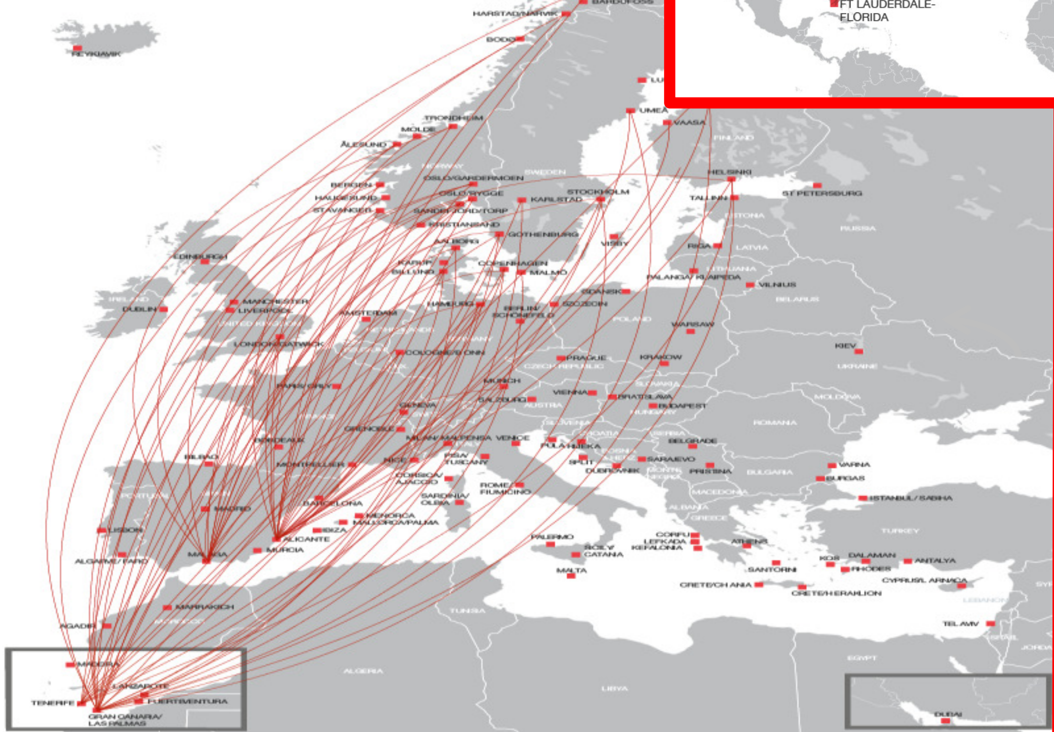


From bases in **SWEDEN DENMARK FINLAND**

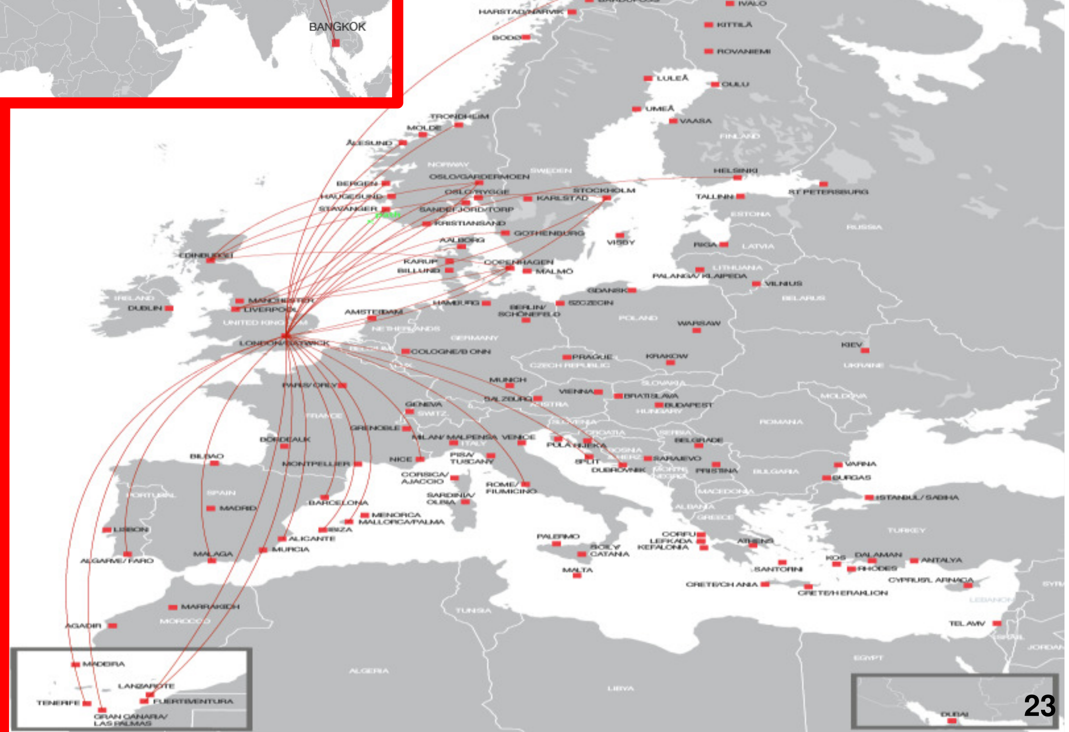


From bases in the **USA & THAILAND**

From bases in **SPAIN**



From the **UK** base



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