Norwegian Air Shuttle ASA – investor presentation

26 May 2021

Norwegian – a simpler, lighter and more flexible airline

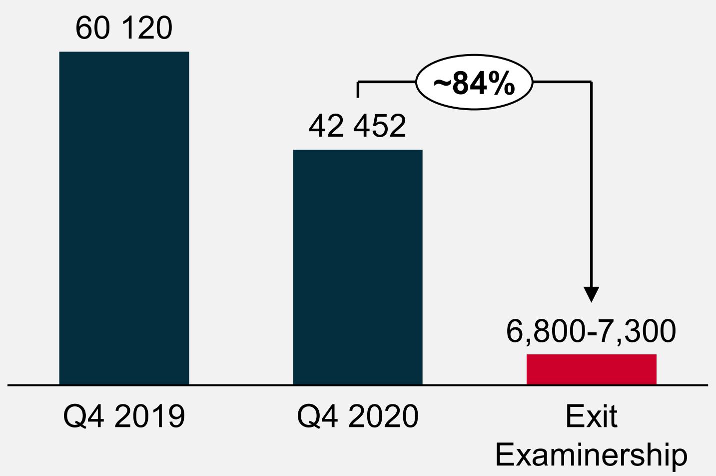
	NAS pre-reconstruction	NAS today
1	**Long Haul operation**: 37 787 aircraft from 5 European bases	**Long Haul operation:** discontinued
2	**Short haul operations:** ~110 aircraft (737NG & Max) over 20 different markets	**Simplified short haul operations:** ~51 737NG with full flexibility due to PBH, 30 to 50 in operation over the summer 2021 over 4 Nordic markets
3	**Capex commitments :** 185 Boeing and Airbus aircraft on order worth NOK85 B of future investments	**Capex commitments :** no outstanding order, full flexibility to determine future fleet strategy and take advantage of a market favourable to fleet acquirer
4	**Work force:** 9,300 employees / 7,100 crew / 2,200 other staff	**Work force:** 4,100 employees of which 3,000 on furlough) / 2,600 crew / 1,500 other staff
	TEV as of 31 Dec 2019: total TEV of NOK64.5B NOK 58B of net debt and 6.5B market cap	**TEV as of 26 May 2021**: total TEV of ~NOK25B ~NOK3.7B of net debt and 21.4B fully diluted market cap

Norwegian – a totally different company with 2/3 of aircraft cut, debt cut by 90%+, cut all new aircraft orders - but with **NOK 7 bn in Cash**

1 Reduction of secured debt

- **Long-haul operations abandoned and fleet reduced to 51 aircraft and optimised**
- Total aircraft debt reduced by ~90 %
- Negotiated new lease terms including lower rates, shorter duration and PBH[2] agreement until March 2022 creating significant flexibility
- NAS07 and NAS08 bonds refinanced into new NOK 750 million bond

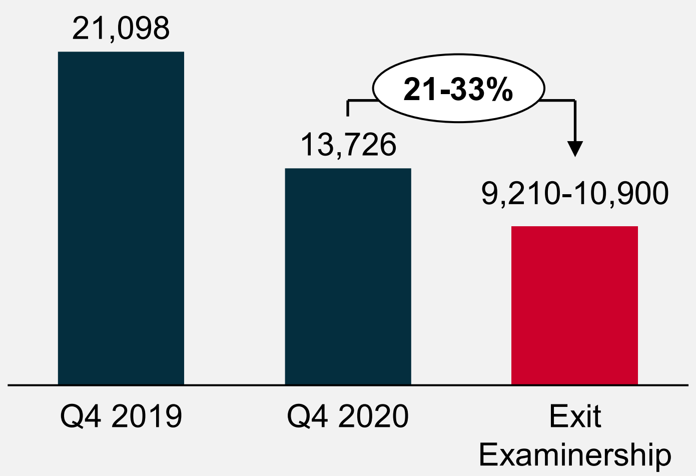
Secured debt (NOK million)



2 Reduction of unsecured debt

- Unsecured debt (including secured debt in excess of Secured Amount) significantly crammed down and converted into Dividend Amount
- Retained Claim Bonds resulting from eligible creditors subscribing for shares in Private Placement and New Capital Perpetual Bonds

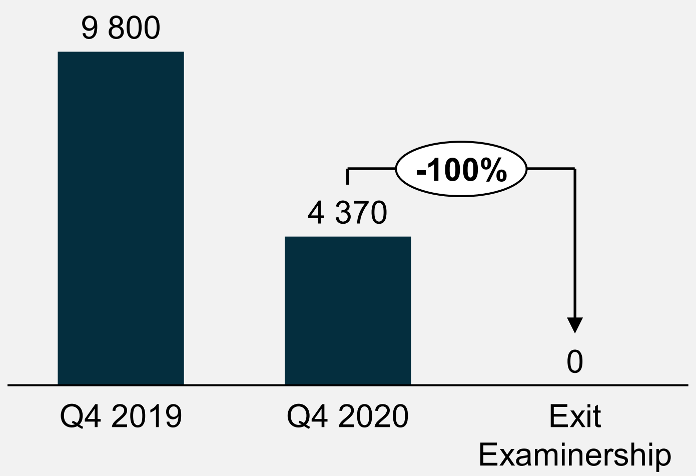
Unsecured debt (NOK million)



3 Reduction of capex commitments

- Long-haul operations abandoned and fleet reduced to 51 aircraft and optimised
- Cancelled two aircraft orders (185 units) with Boeing and Airbus, equivalent to future debt of NOK 85 bn

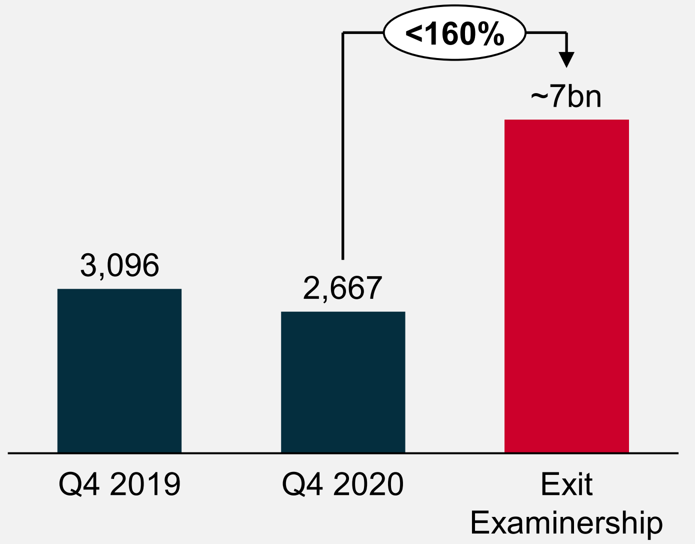
Aircraft capex commitments (USD million)



4 Capital raise[1)]

- Capital raise of up to NOK 6,000 million comprising;
  - New Capital Perpetual Bonds Offering of up to NOK 1,875 million
  - Rights issue of up to NOK 395 million
  - Remainder through a private placement

Cash balance (NOK million)

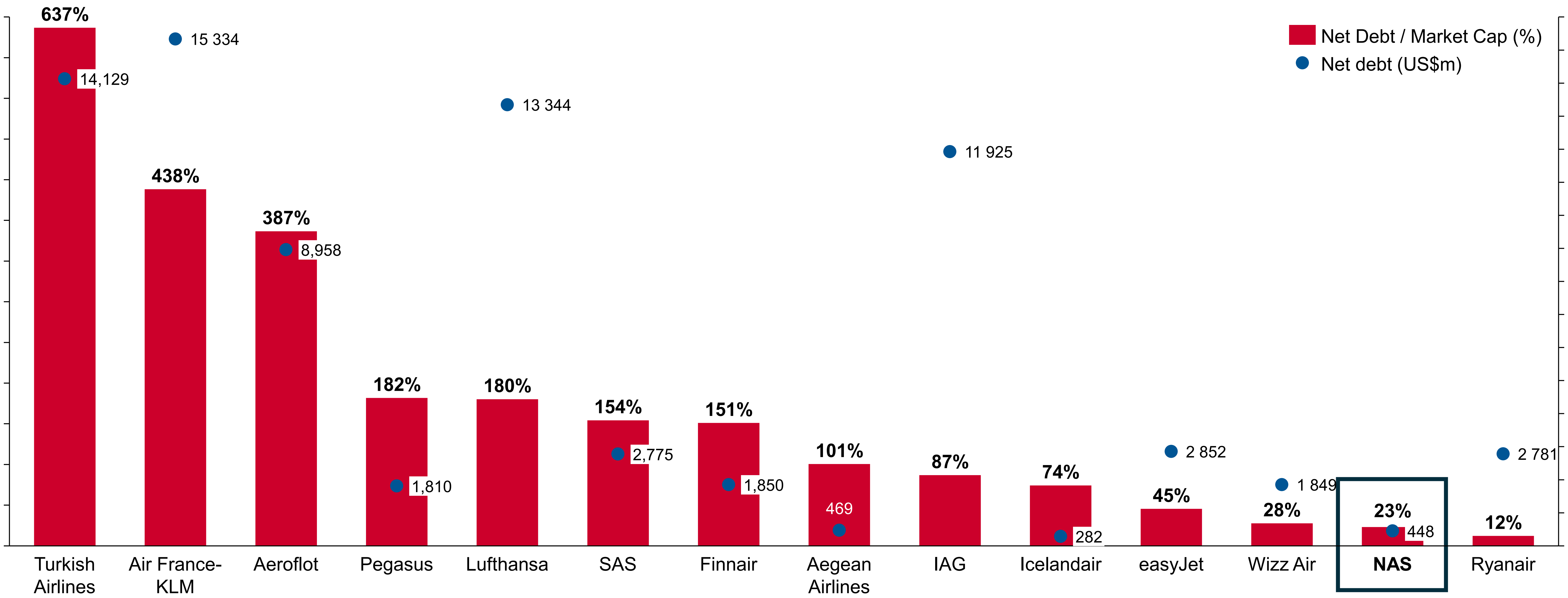


[1)] *Please see page 11 for further details on the capital raise*

[2)] *Full PBH for production exceeding approximately ten aircraft*

Norwegian now has the second strongest balance sheets in Europe

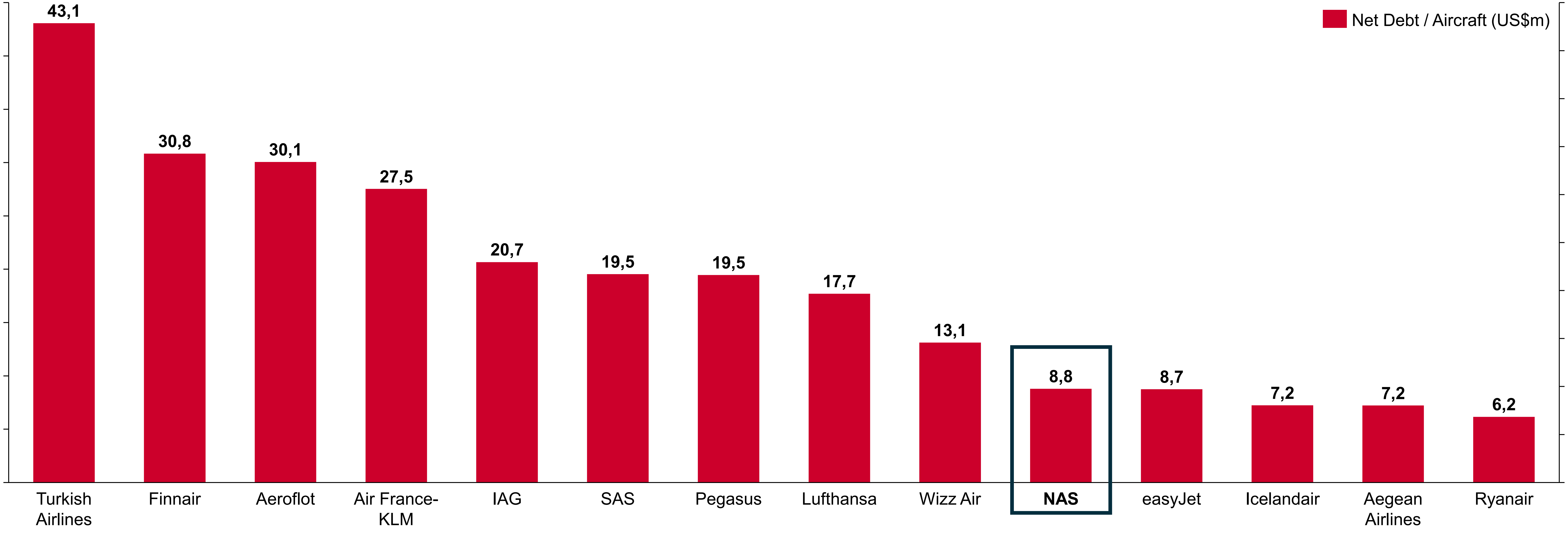
European airlines adjusted gearing ratios[2] and net debt[1]



Note 1: While for a majority of airlines, Net Debts have been calculated as of 31/03/2021, there can be some timing differences due to availability of data. Wizz Air Net Debt forecasted for 31/12/2021 (source: MarketScreener). NAS Cash and Net Debt based on estimates as of end of May 2021.
Note 2: Proxy of Market Cap (instead of accounting equity) as of 24/03/2021 used for all airlines. NAS Market Cap based on 24/05 closing share price, and shares registered as of 26/05.
Source: Airlines annual and financial reports, Yahoo Finance and CiQ

Norwegian has one of the lowest debt levels per aircraft in Europe

European airlines net debt[1] per aircraft[2]



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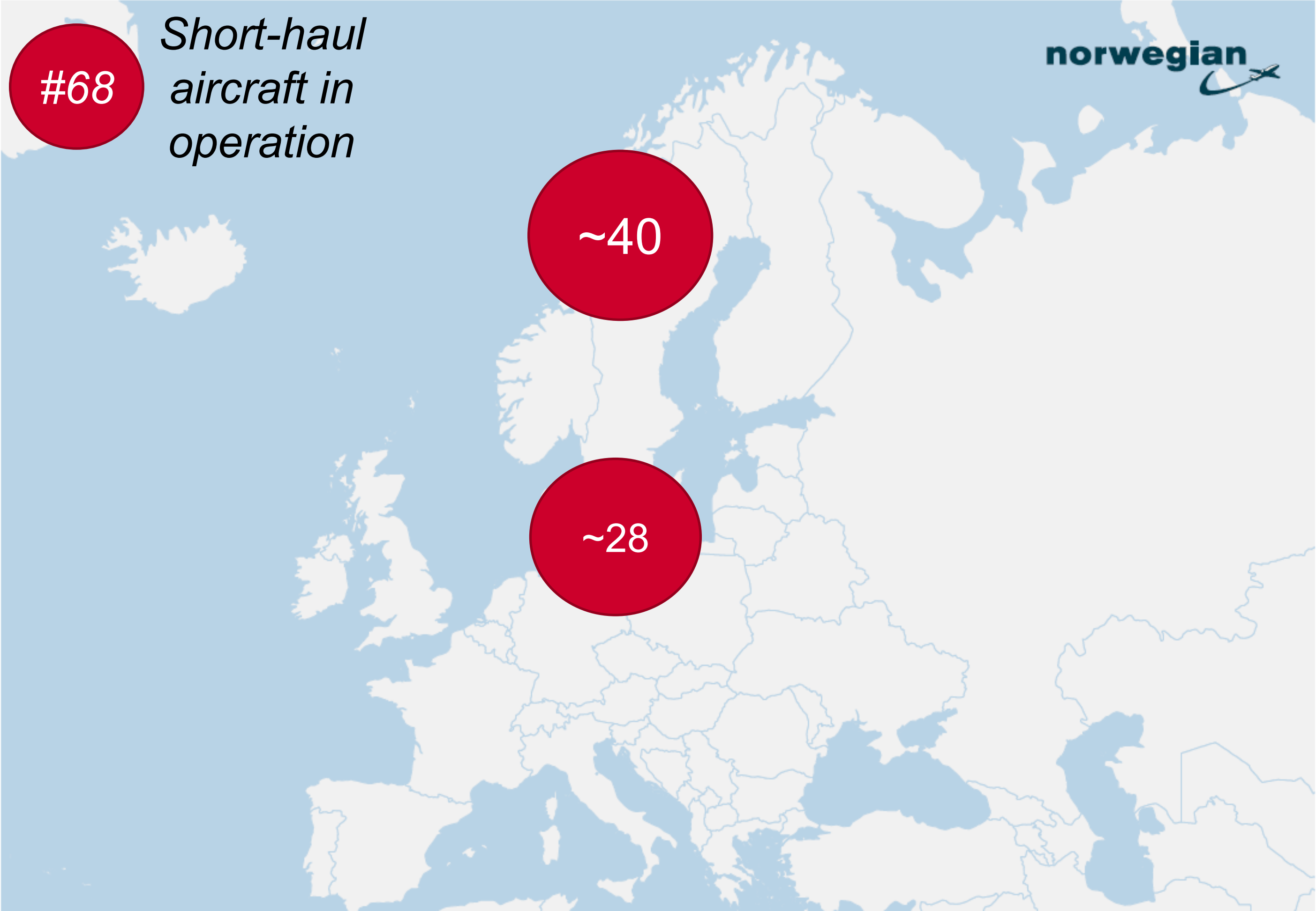
Note 2: Fleets calculated at group level for airlines as of 24/05/2021. NAS fleet estimated at 65 aircraft.
Source: Cirium

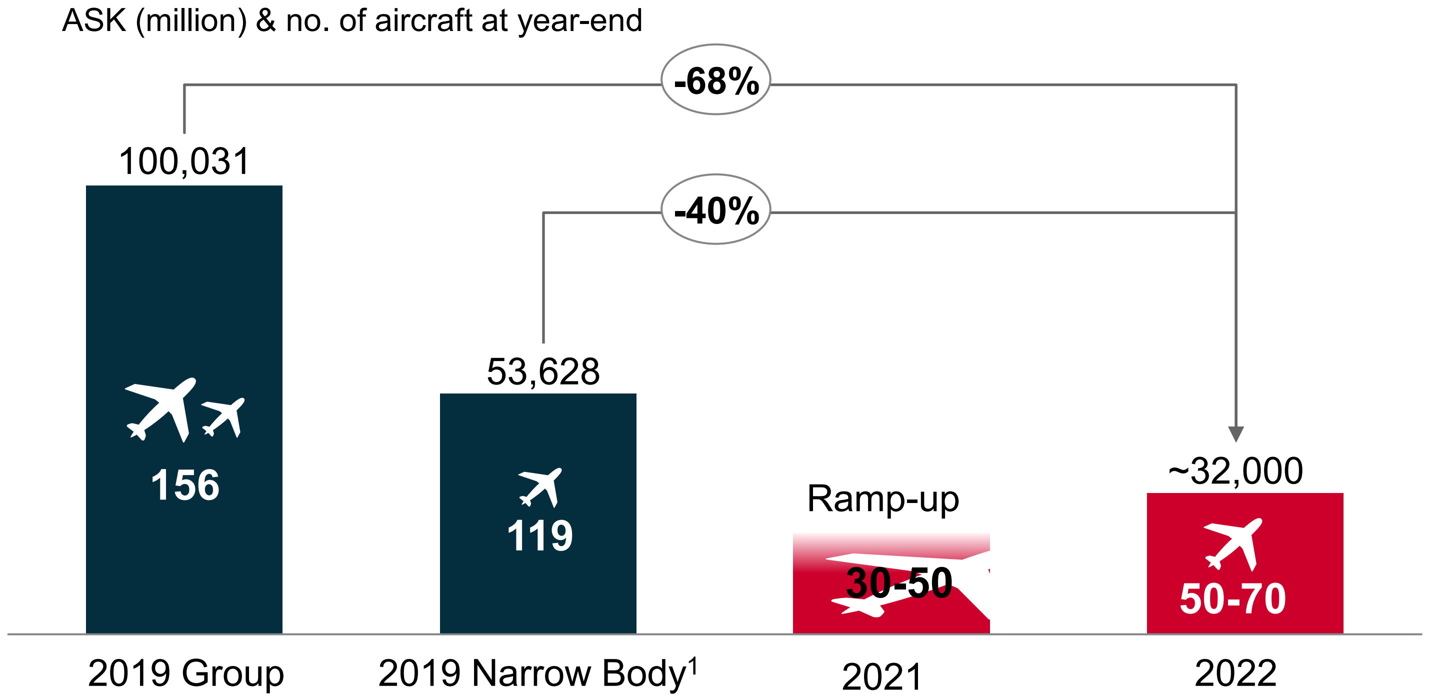
Norwegian will focus 100% on historically profitable short-haul routes

Short-haul route network 2022



Key items	
Aircraft (Norway)	~40
Aircraft (Europe)	~28
Spare aircraft	~2

Consolidated to Nordics with scale to defend cost position



- **Truly Nordic:** All routes are Nordic-touching
- **Profitable core:** The routes and markets of the business that historically have had strong performance
- **Retain needed scale:** A fleet size that retains sufficient market presence and scale economies in core markets, with growth opportunities post-Covid
- **With PBH to 1. April 2022** – low financial risk in Covid environment and ramp up

[1] *Unless otherwise specified, narrow body figures include all operation covered by the Boeing 737-800 NG and Boeing 737-800 MAX in 2019, including non-European routes such as Argentina domestic, US Caribbean & Transatlantic routes flown by narrow-bodies*

With Power by the Hour agreements until 1 April 2022 Norwegian can finetune a ramp-up with limited financial risk

Win back & retain the Nordic customer

Customer needs

Attractive prices ✓	The cost position & network strength to offer highly competitive prices on core routes
The right destinations ✓	Serve the destinations that Nordic customers demand post-Covid – with the right timing & frequency
Familiar experience ✓	Recognized brand with a local, familiar experience and a loyal customer base
Reliable & trustworthy ✓	Emerge as financially robust airline with the scale & connectivity to have operational resilience

A profitable, yet competitive ramp-up is key to long-term success

Cash-accretive operation

Operational requirements

Retain aircraft on Power-by-the-Hour[1)] (PBH) terms; if lack of demand, we do not fly	**Aircraft flexibility** ✓
Rightsized labor force, union Covid protocol & use of furlough measures	**Crew flexibility** ✓
Controlled, iterative ramp-up through diligent monitoring of demand & quick operational execution	**Intelligent planning** ✓
Commission aircraft when demand is clear, use tactical marketing & cautious overhead ramp-up	**Minimize fixed costs** ✓

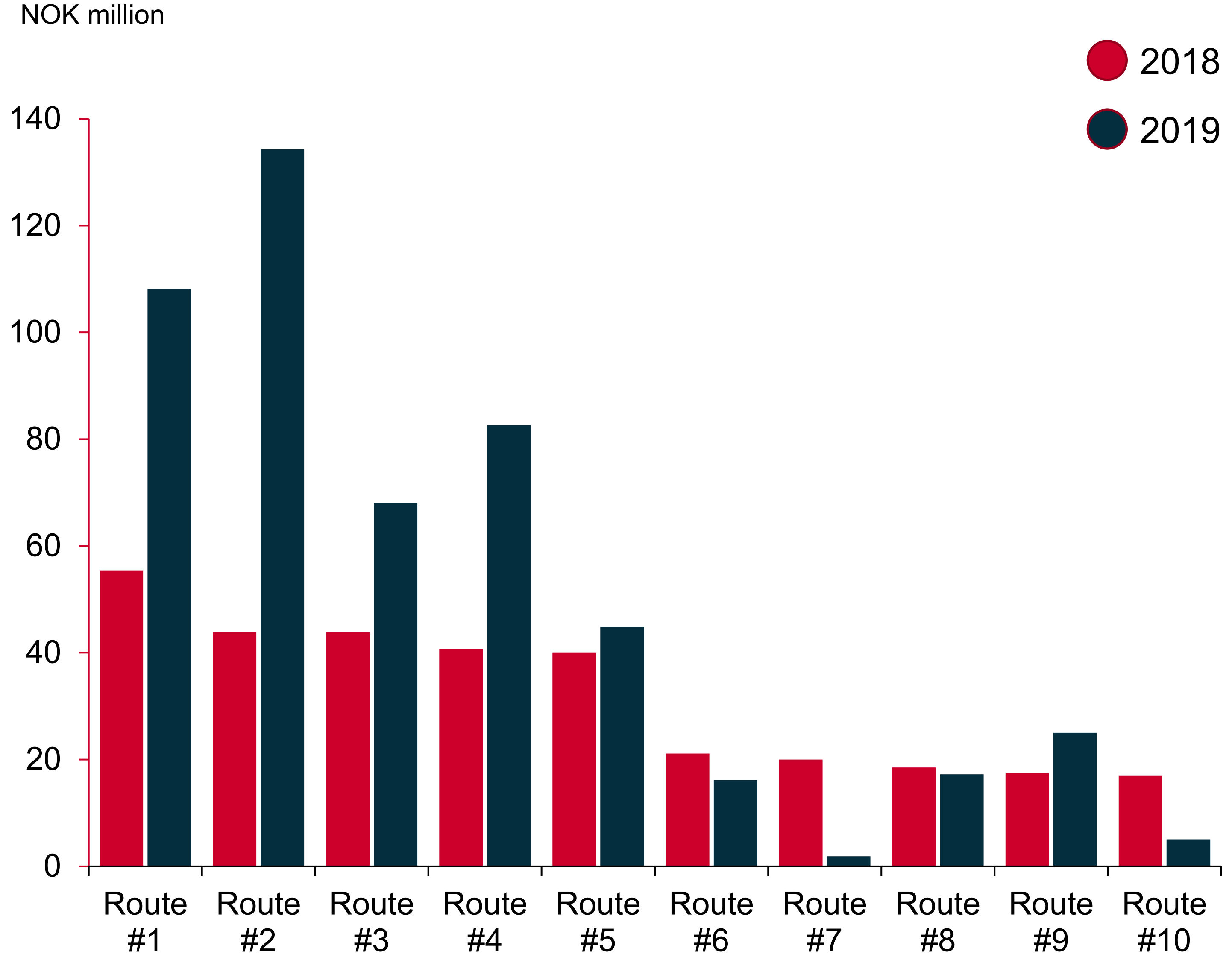
Contained downside risk in 2021

In the event of much lower demand than planned or unexpected market closure, NAS estimates it will potentially have a monthly cash burn ranging from NOK150M to NOK300M depending on competition and production level

[1)] *Full PBH for production exceeding approximately ten aircraft*

2022 - Focus on Nordic routes with proven historical profitability

Profitability on selected routes - EBT



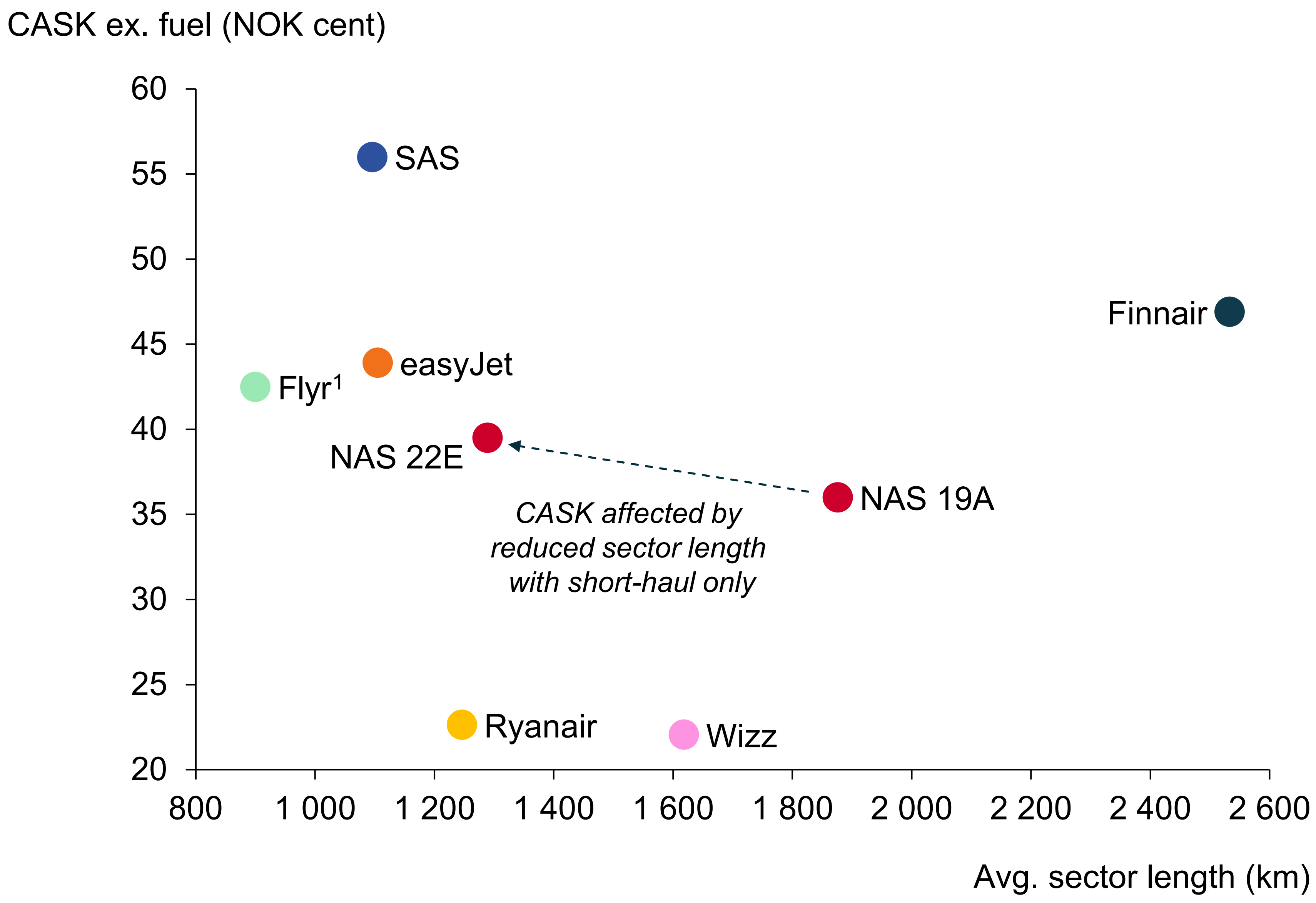
Key drivers for improved profitability in 2022

- **Route mix:** The main effect (over 50 %) derives from network changes by rationalizing underperforming routes, both non-Nordic and intra-Nordic, and optimizing the highest-margin routes on timing and frequency.
- **Underlying RASK improvement** mainly from increased ancillary revenue from already-implemented initiatives, while largely stable ticket revenue with projected demand/supply mostly in balance.
- **Underlying CASK improvement:** Overall unit cost projected to be higher than in 2019 from loss of scale, but on a comparable route-by-route basis the new operation is more competitive with underlying cost reductions on the fleet, personnel, and in the supply chain.
- **Rationalization may lead to a lower market share** depending on competition post-Covid – but the footprint ensures that Norwegian retains a strong presence on all key routes in order to defend our position and deter incursion into the Nordic arena.

Proven profitability for several years in a mature market with limited competition

A near 20 year history and high brand loyalty to a Scandinavian low-cost operations supports the profitability of Norwegian success

Competitive cost position already in 2022



Comments

- **A leading cost position** has been Norwegians historical competitive advantage in its core markets, in combination with a strong Nordic network.
- **A turnaround from growth to profitability** was initiated in 2018 – with NOK 2.3 bn in cost reductions realized in 2019. Further initiatives were halted due to the pandemic.
- **Significant cost reductions realized in restructuring** on the aircraft, vendor and employee side, in addition to being relieved of commitments.
- **Smaller operation and shorter sector length** outweighs cost gains measured on a per ASK basis, but increased underlying competitiveness on route-for-route basis
- **Cost-efficiency part of our DNA** – also going forward with clear areas of priority to further strengthen cost position

Source: Figures based on company FY19 annual reports and Company estimate for 2022. Note that select companies apply deviating accounting year.

1) Flyr is yet to operate but have indicated a CASK-target level (unspecified time) in their investor presentation released March 2021.

Fly Norwegian

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