Norwegian Air Shuttle ASA

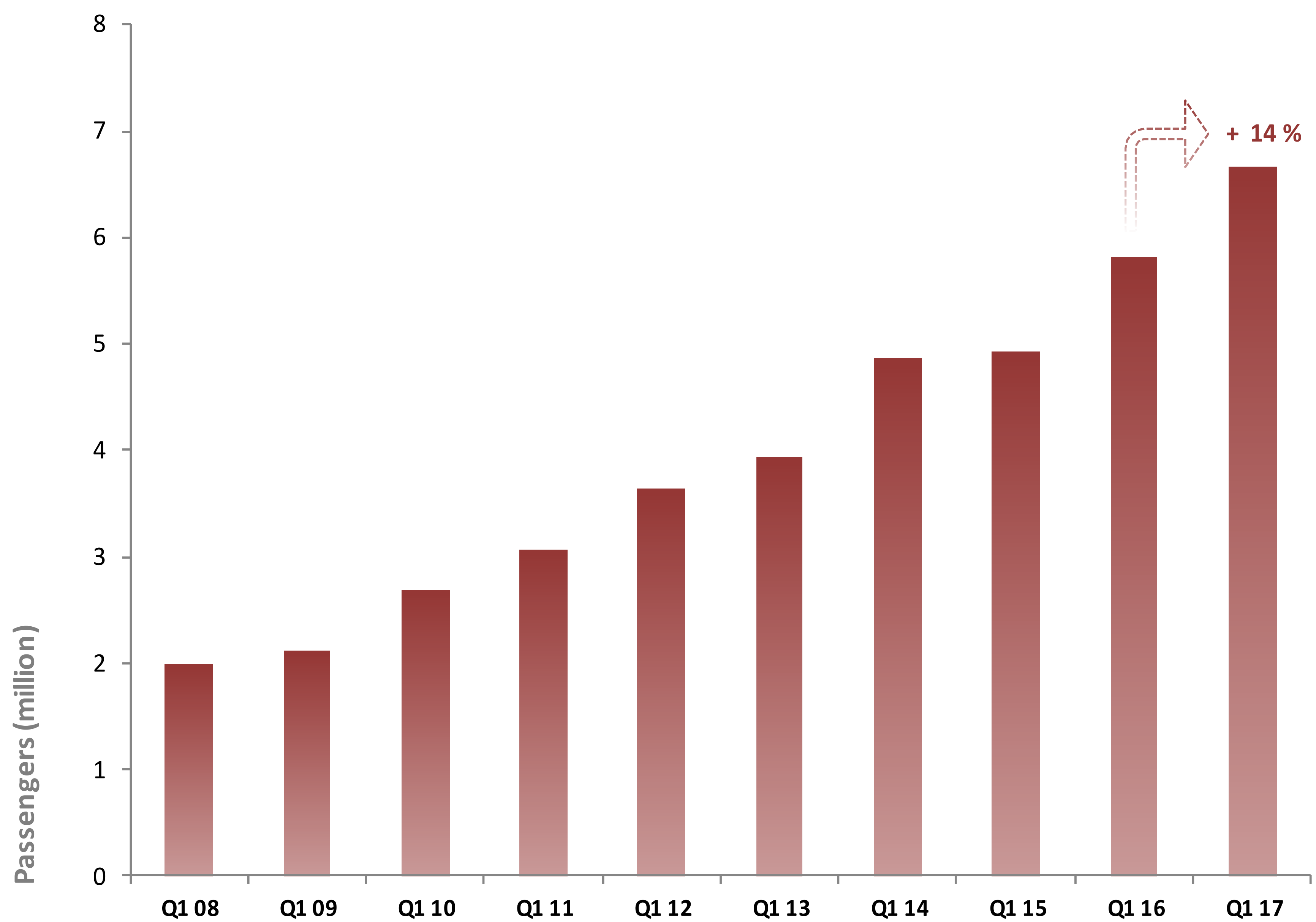
Q1 2017 Presentation

27 April 2017

Highlights Q1 2017

- Launched 39 new routes for spring/summer 2017, including new intercontinental routes with the MAX
- Ranked the 31st most valuable airline brand in the world (up from 44th last year) by Brand Finance
- This year's UNICEF flight went to Mali in Africa, carrying 13 tons of emergency aid and school supplies
- Added seven new Boeing 737-800's and one 787-9 Dreamliner to operations
- Leasing operation received one Airbus 320neo in March (to a total three aircraft)
- 4 % lower unit cost ex. fuel (+4 % incl. fuel)
- A soft first quarter with EBITDA ex. other losses/gains negative by NOK 1.1 bn on higher fuel cost and lower unit revenue due to currency and impact of Easter

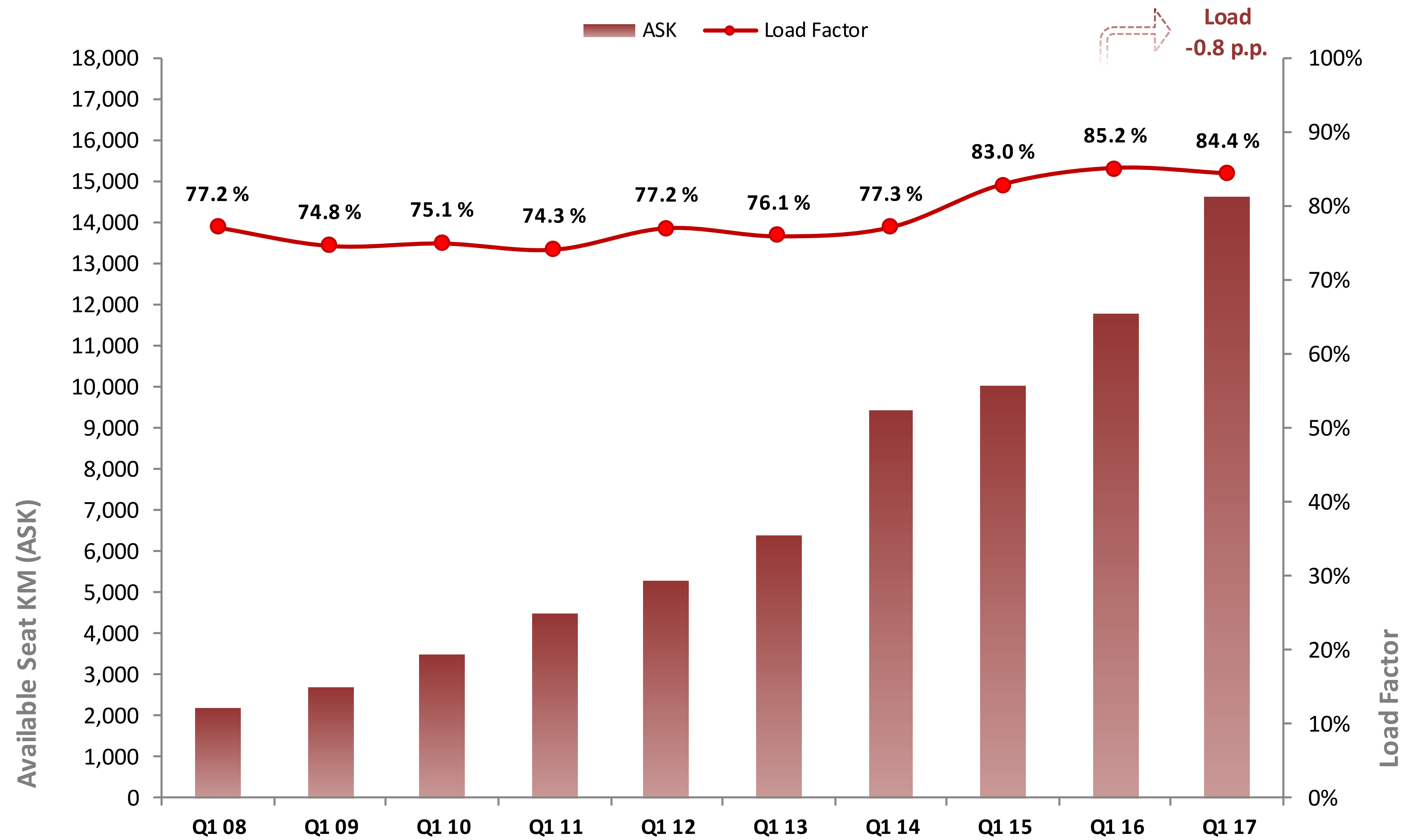
6.7 million passengers in Q1 (+14 %)



Pax (mill)	2.0	2.1	2.7	3.1	3.6	3.9	4.9	4.9	5.8	6.7

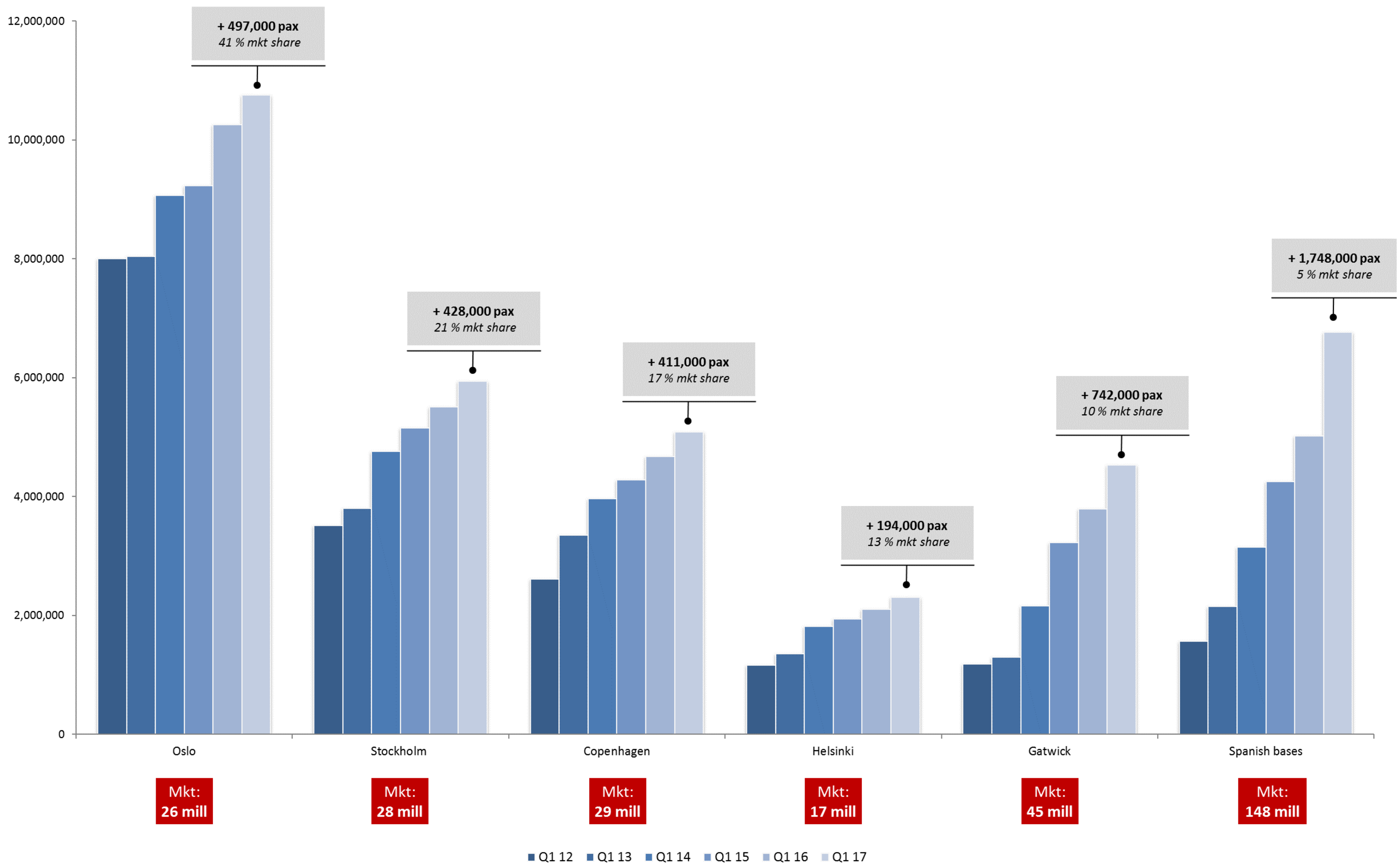
Stable Q1 load factor of 84 % (85 %)

- 24 % growth in capacity (ASK)
- 23 % growth in traffic (RPK)
- Average flying distance increased by 6 %



ASK	**2,183**	**2,674**	**3,507**	**4,498**	**5,266**	**6,378**	**9,421**	**10,056**	**11,803**	**14,649**
Load Factor	77.2 %	74.8 %	75.1 %	74.3 %	77.2 %	76.1 %	77.3 %	83.0 %	85.2 %	84.4 %

Continued growth in all key airports

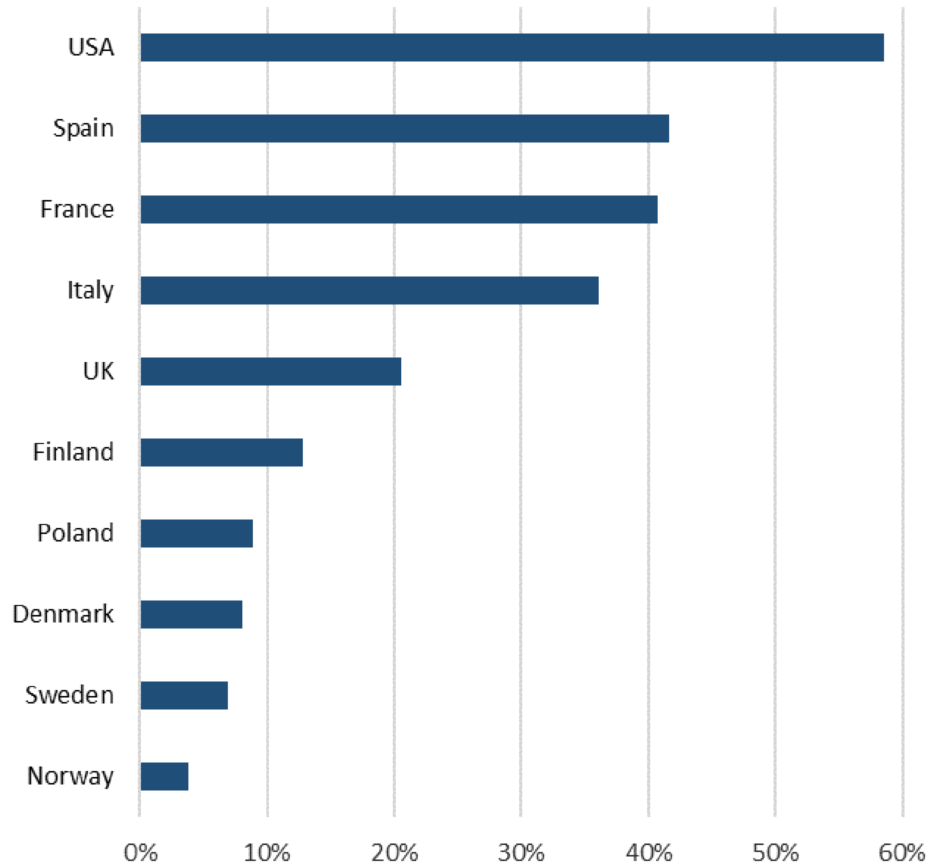


Source: 12 month rolling passengers as reported by Avinor, Swedavia, Copenhagen Airports, Finavia, Gatwick Airport, Aena

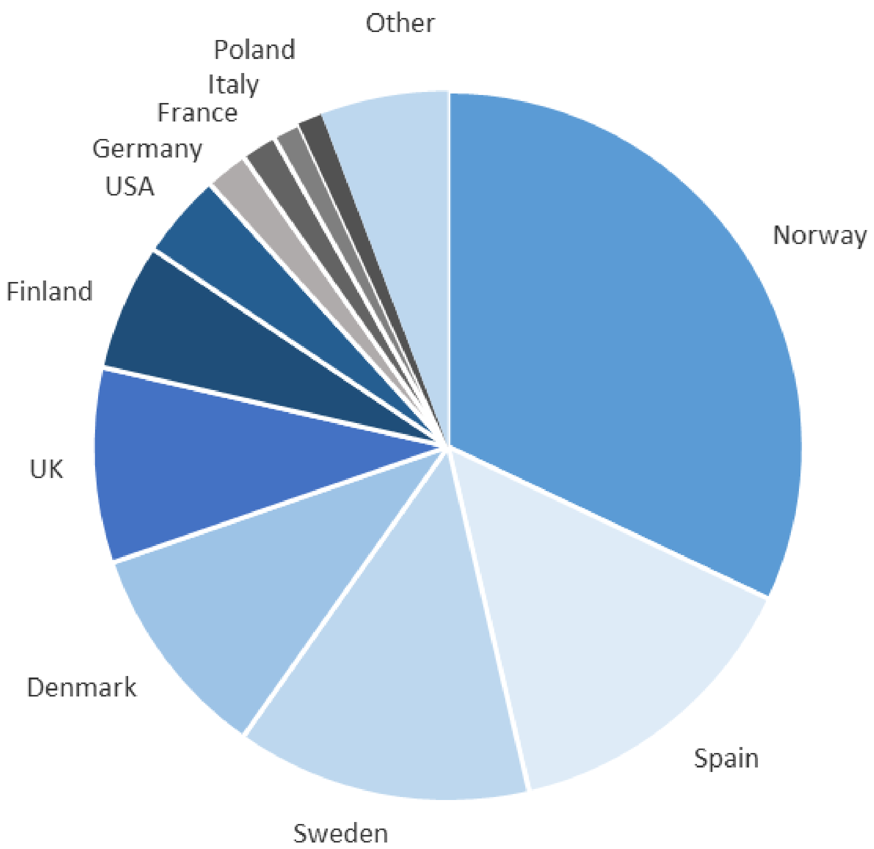
Continued passenger growth in US and Spain

- Strongest growth rate in US, Spain and France
- 6 % passenger growth in the Nordics

Growth in number of passengers in Q1 17 (y/y):

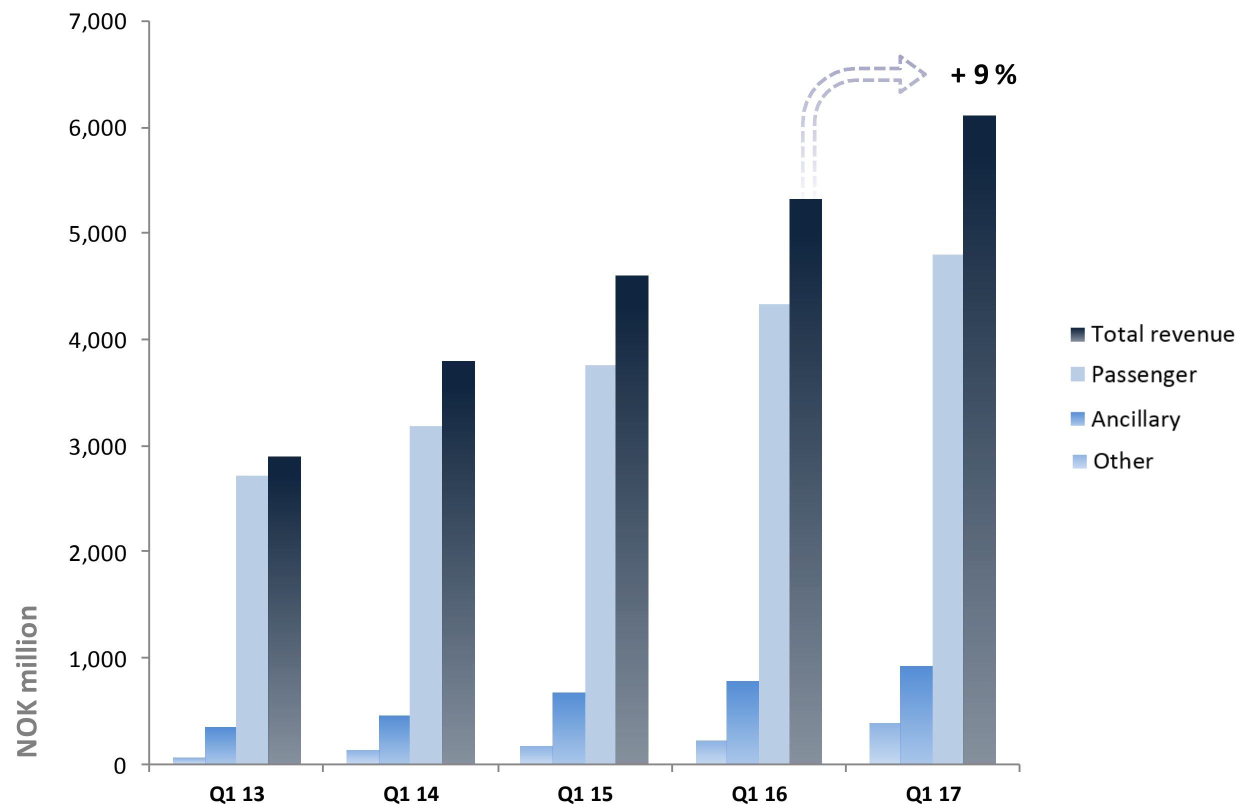


Split passengers by origin in Q1 17:



9 % revenue growth in Q1

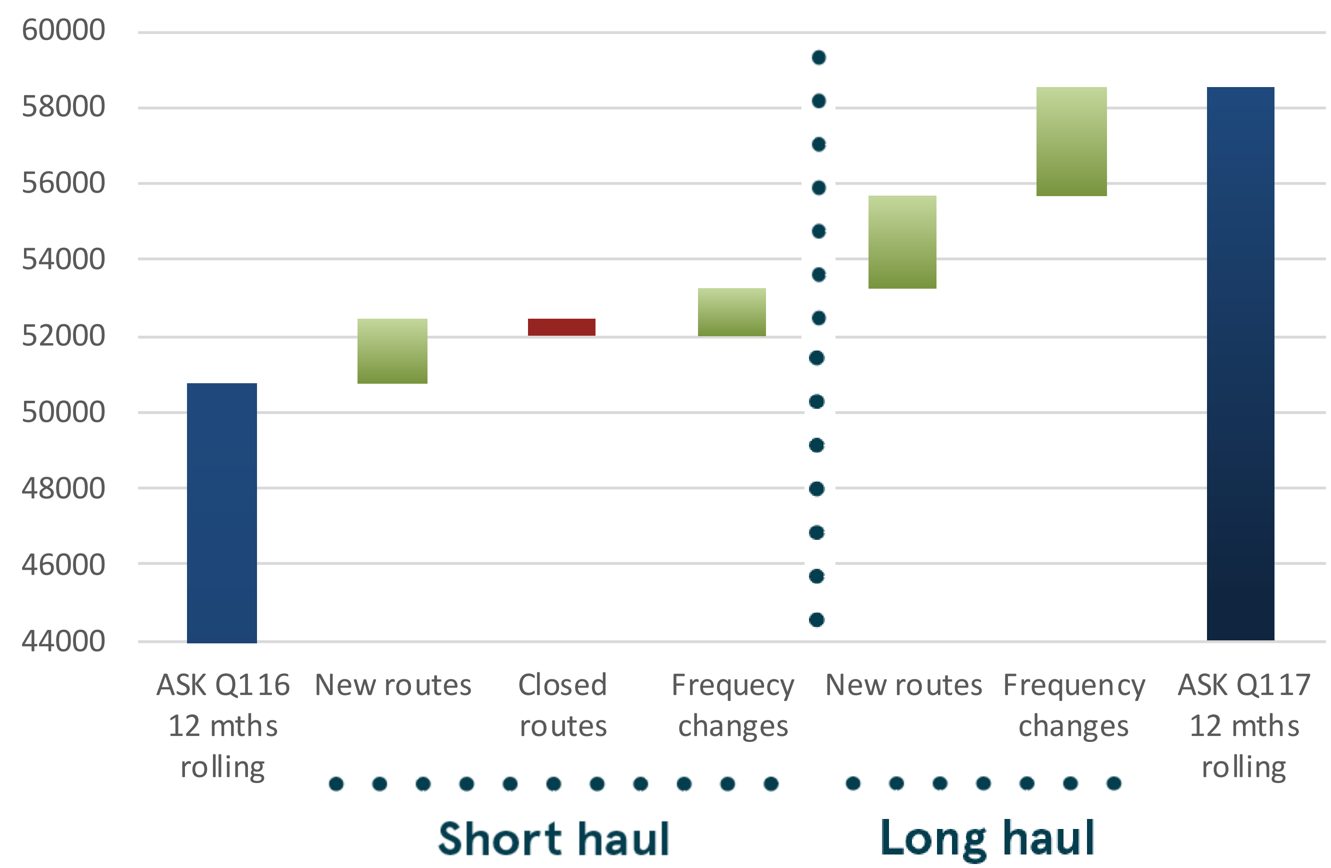
- Q1 unit passenger revenue -17 % to 0.28 (-13 % in constant currency)
- 15 % growth in ancillary revenue (flat NOK 138 per passenger)
- Other revenue driven by Reward, Cargo, external leasing and SLB gains



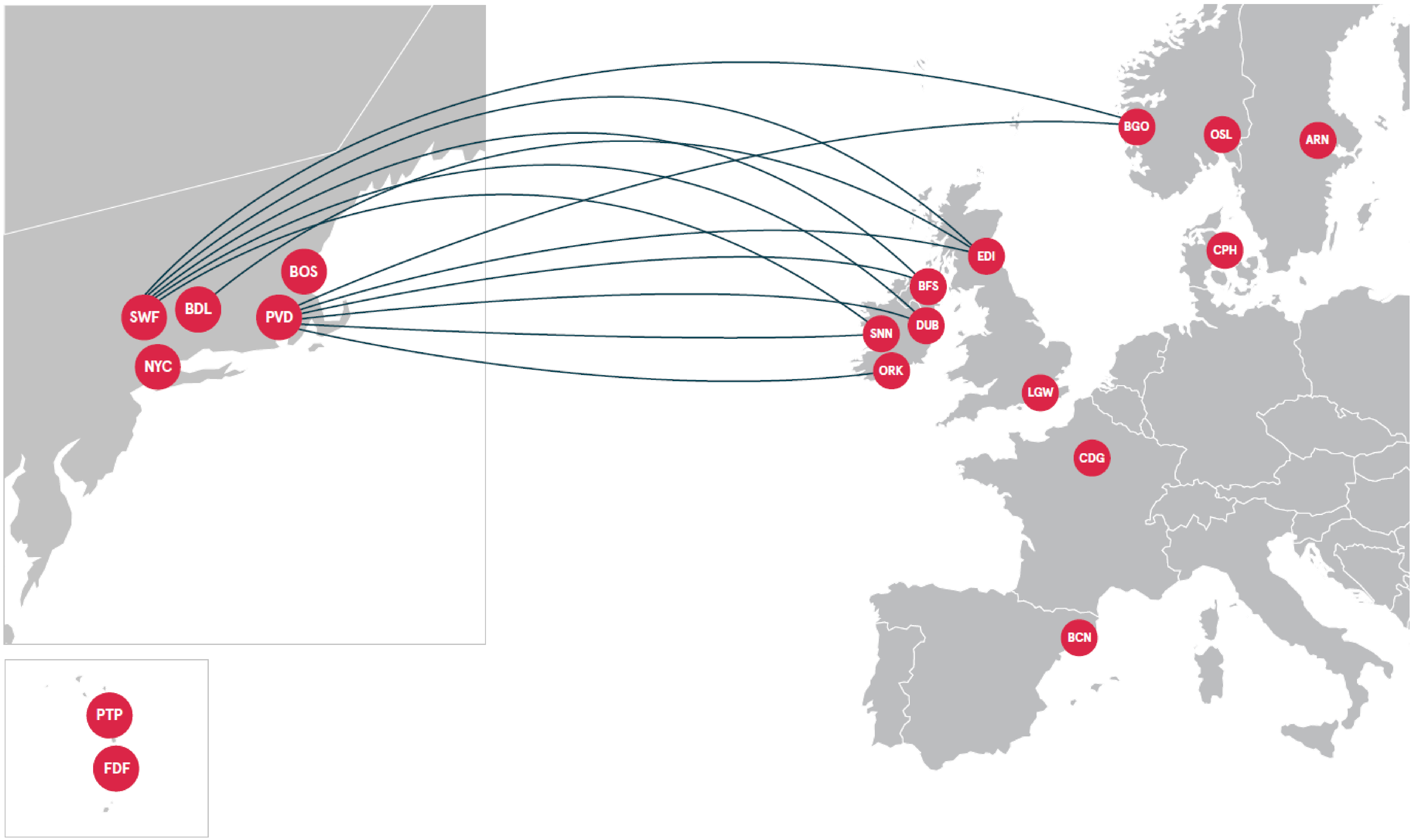
	Q1 13	Q1 14	Q1 15	Q1 16	Q1 17
Total revenue	**2,904**	**3,551**	**4,034**	**4,961**	**5,406**
Passenger	2,473	2,900	3,221	3,971	4,074
% y/y chg	*24 %*	*17 %*	*11 %*	*23 %*	*3 %*
Ancillary	338	523	676	802	919
% y/y chg	*13 %*	*55 %*	*29 %*	*19 %*	*15 %*
Other	93	128	137	188	413
% y/y chg	*52 %*	*38 %*	*7 %*	*37 %*	*120 %*

Growth driven by both new routes and frequency

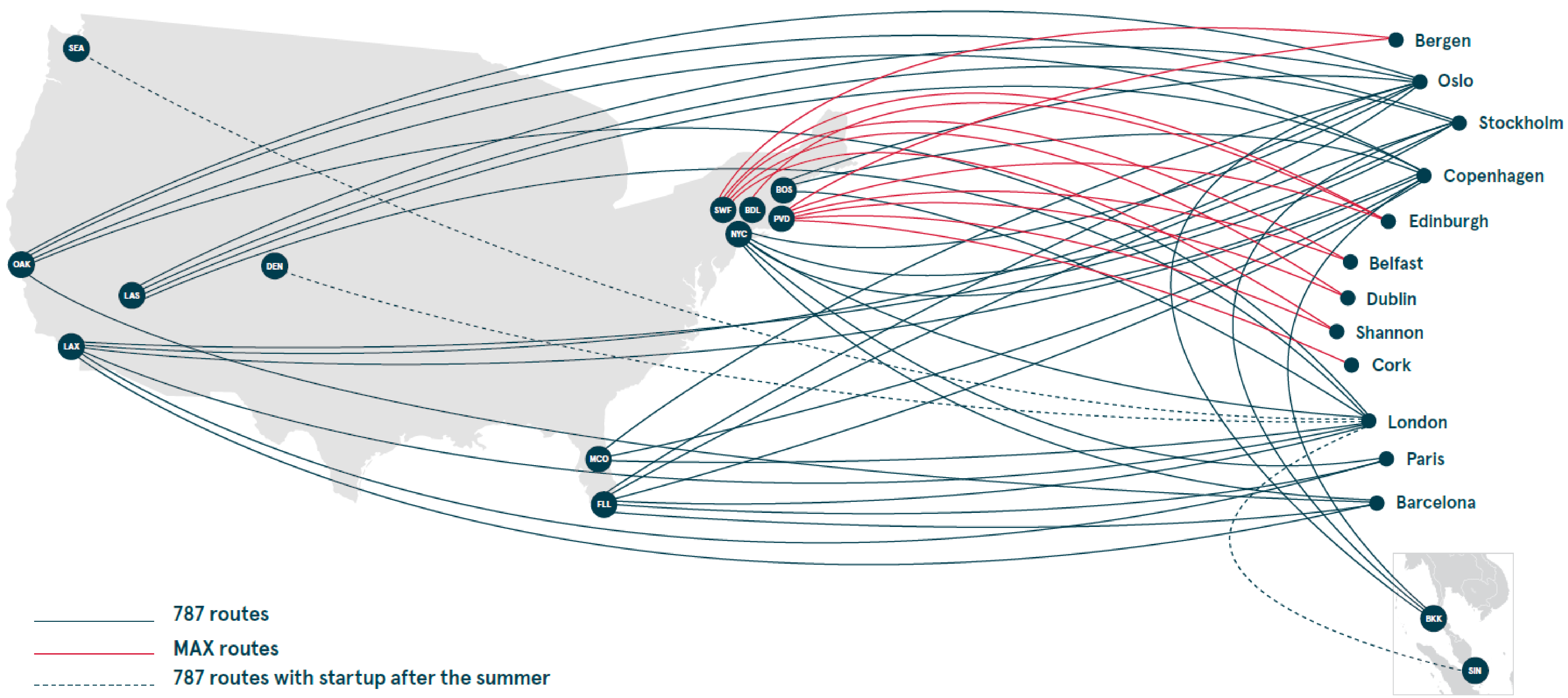
- Total ASK growth of 20 % the last 12 months
- Balanced growth on increased frequency and new routes



Launched 12 new routes with the 737 MAX

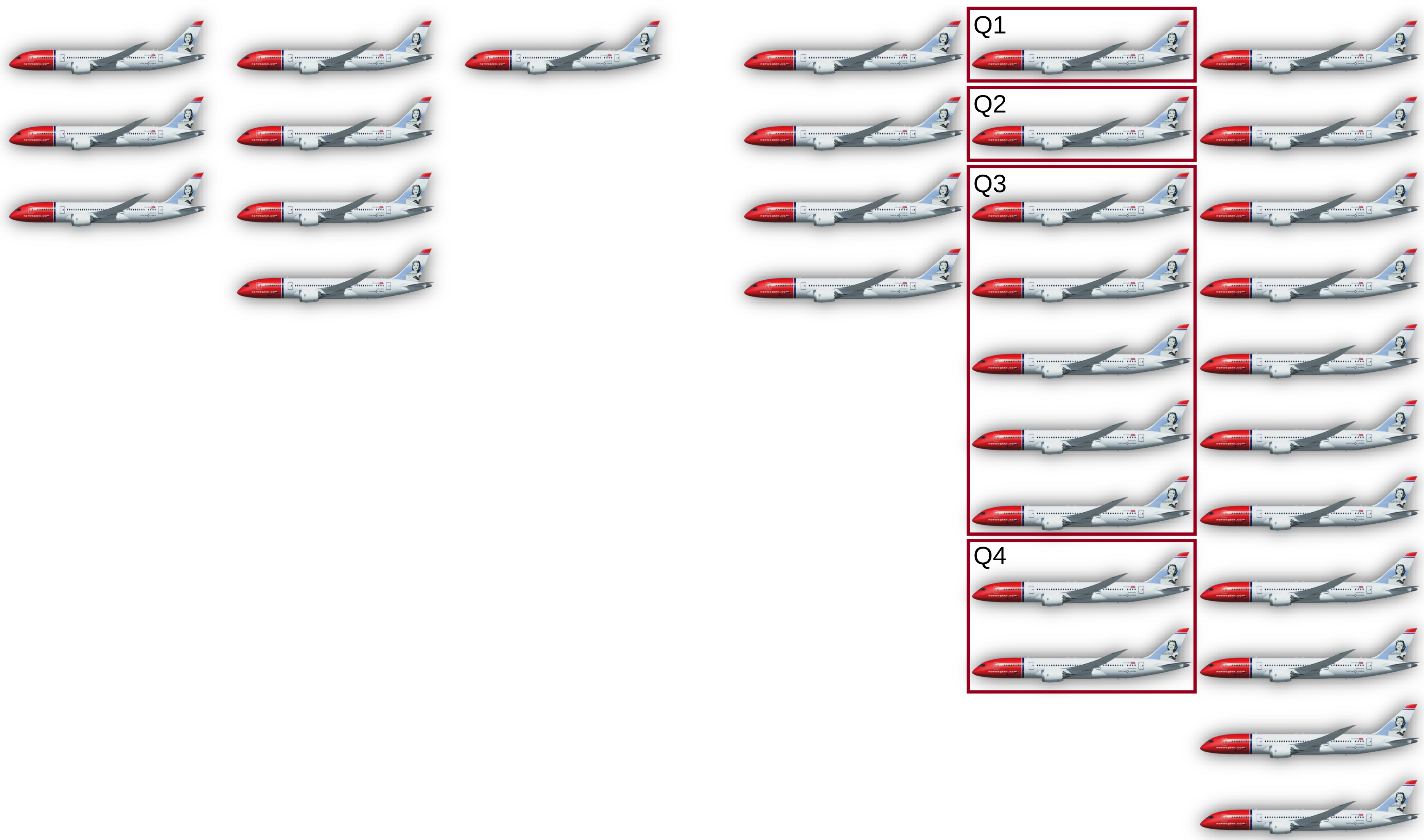


Intercontinental routes for summer 2017



Adding nine 787-9 Dreamliners in 2017

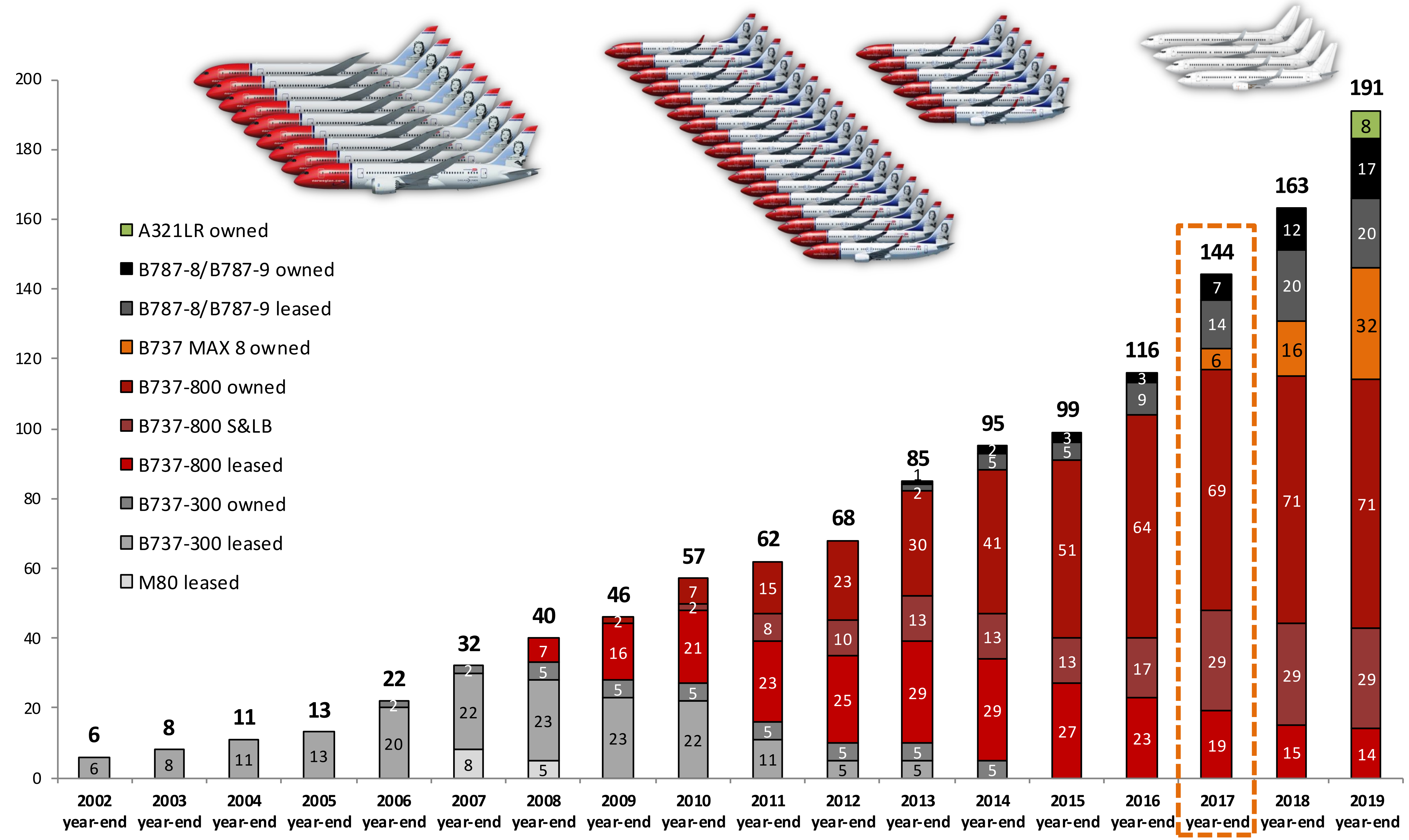
Widebody aircraft (delivered and firm orders)	Deliveries 787-8 (291 seats)			Deliveries 787-9 (344 seats)		
	2013	2014	2015	2016	2017	2018



Aircraft	3	7	8	12	21	32
Seats	873	2 037	2 328	3 704	6 800	10 584

Adding 32 new aircraft in 2017

2017:	Deliveries 787-9 +3,096 seats	Deliveries 737-800 and 737 MAX +4,296 seats	Re-deliveries 737-800 -744 seats

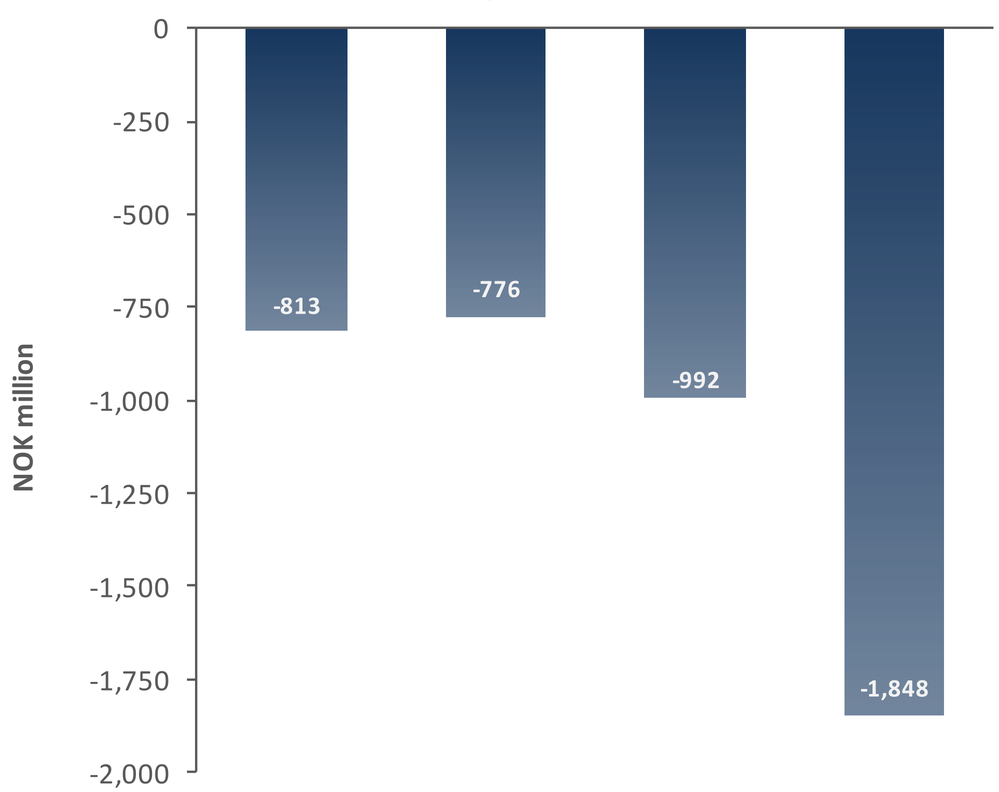


Financials

Q1 impacted by higher fuel cost and lower RASK

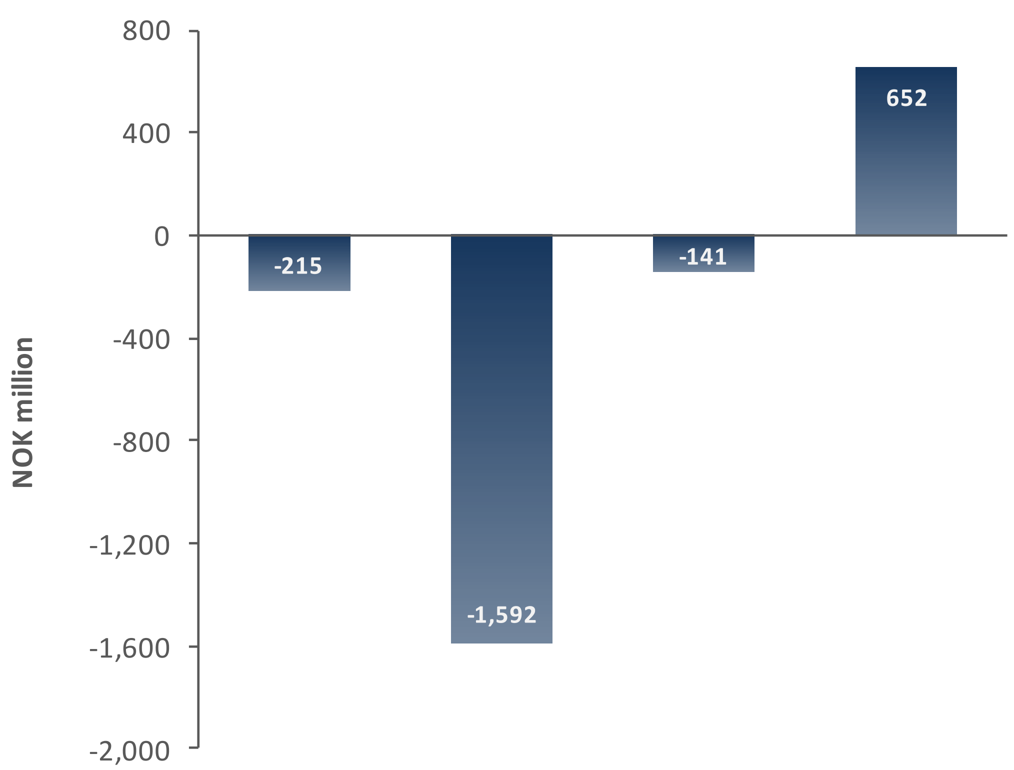
(NOK million)	Q1 17	Q1 16	Chg	12 mths rolling Q1 17	12 mths rolling Q1 16	Chg
Revenue	5,406	4,961	446	26,500	23,417	3,083
EBITDAR	(607)	63	(670)	5,289	3,688	1,600
EBITDA	**(1,338)**	**(606)**	(732)	**2,385**	**1,377**	1,008
Pre-tax profit (EBT)	(1,848)	(992)	(856)	652	(141)	793
Net profit	(1,492)	(800)	(691)	444	(16)	459

EBT development Q1



	Q1 14	Q1 15	Q1 16	Q1 17
EBT margin	-23 %	-19 %	-20 %	-34 %

EBT development Q1 12 mths rolling



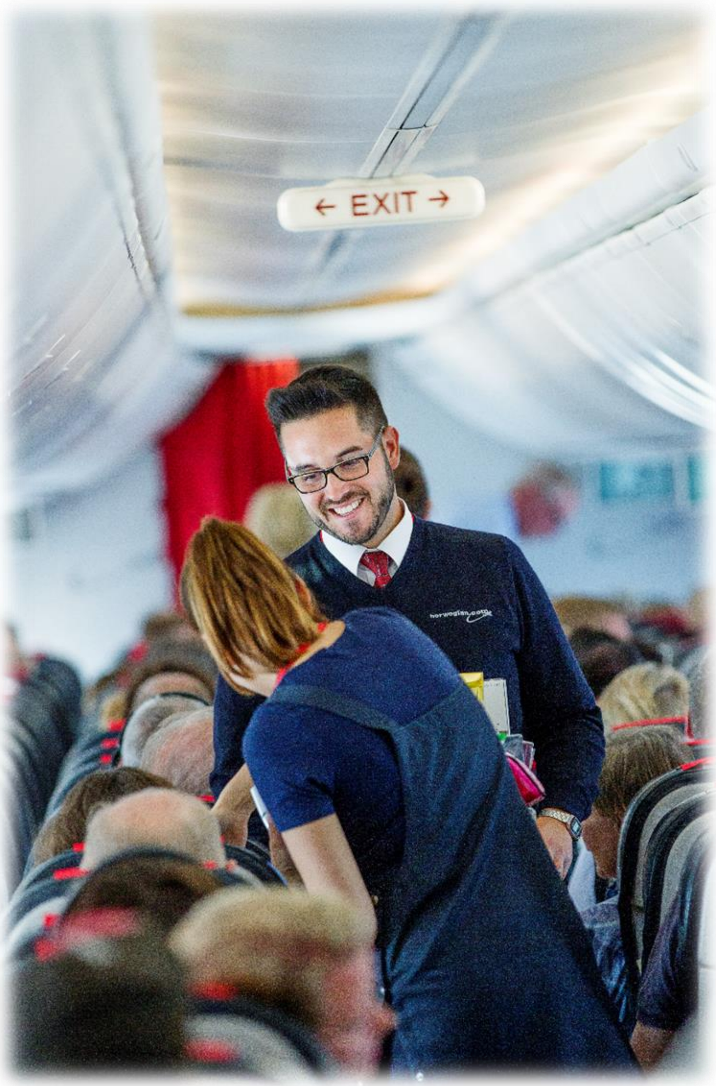
	Q1 14	Q1 15	Q1 16	Q1 17
EBT margin	-1 %	-8 %	-1 %	2 %

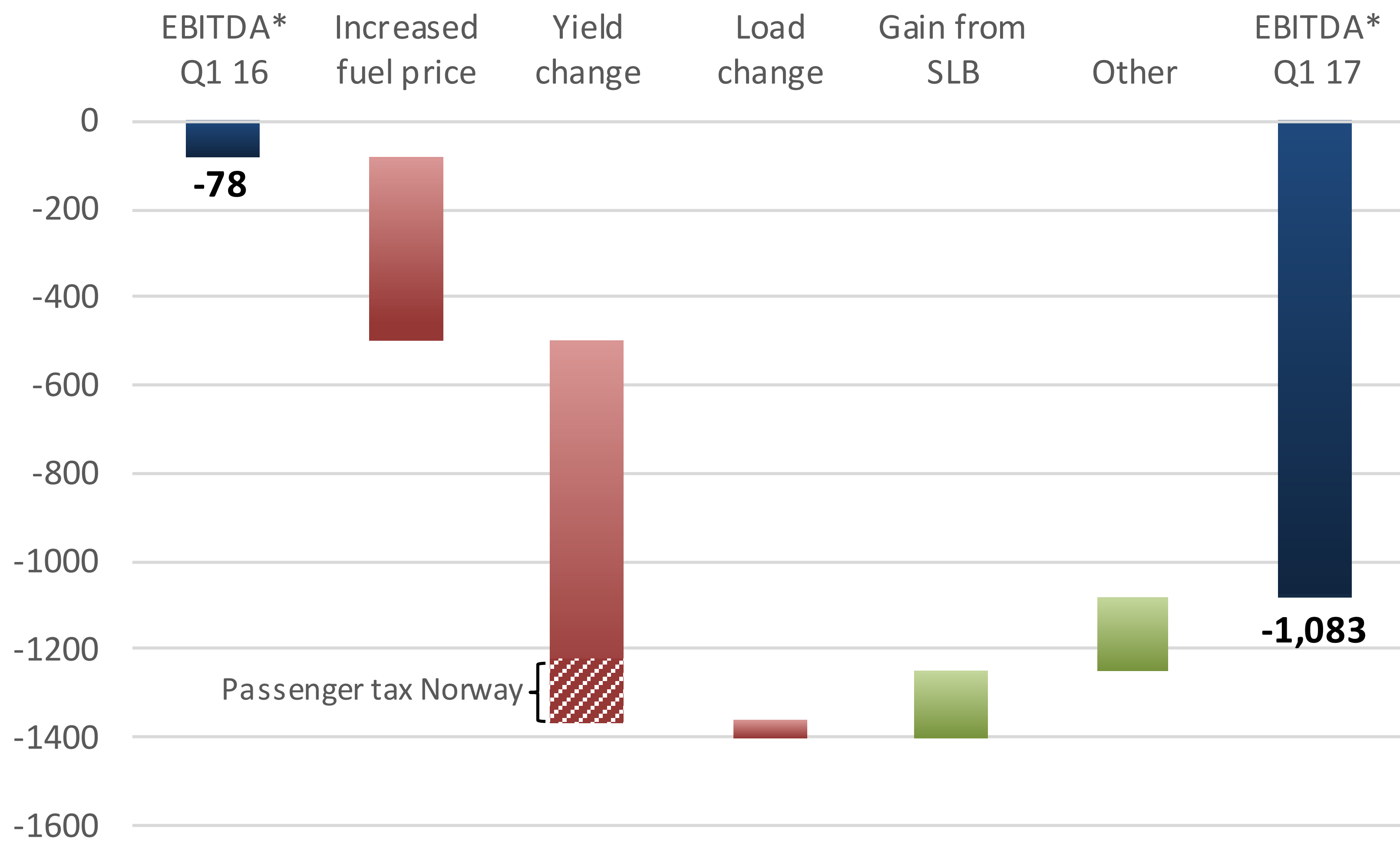
Less impact of wetlease and hedging

NOK million	Q1 17	Q1 16	*Chg*	12 mths rolling Q1 17	12 mths rolling Q1 16	*Chg*
Revenue	5,406	4,961	446	26,500	23,417	3,083
EBITDA as reported	-1,338	-606	-732	2,385	1,377	1,008
Other losses/gains	-255	-528	273	849	-1,005	1,854
EBITDA ex. other losses/gains	**-1,083**	**-78**	-1,004	**1,536**	**2,382**	**-846**
Non-recurring items:						
- industry action					*-110*	
- net of gain SLB and writedown assets for sale	*151*			*255*	*-52*	
- wetlease	*-69*	*-112*		*-486*	*-157*	
Sum non-recurring items	*82*	*-112*		*-231*	*-319*	
Clean EBITDA	**-1,165**	**34**	-1,199	**1,767**	**2,701**	**-934**
Margin clean EBITDA	*-21.5 %*	*0.7 %*		*6.7 %*	*11.5 %*	

** Clean EBITDA: Reported EBITDA adj. for other losses/gains and non-recurring items*

EBITDA bridge Q1 2017 vs last year

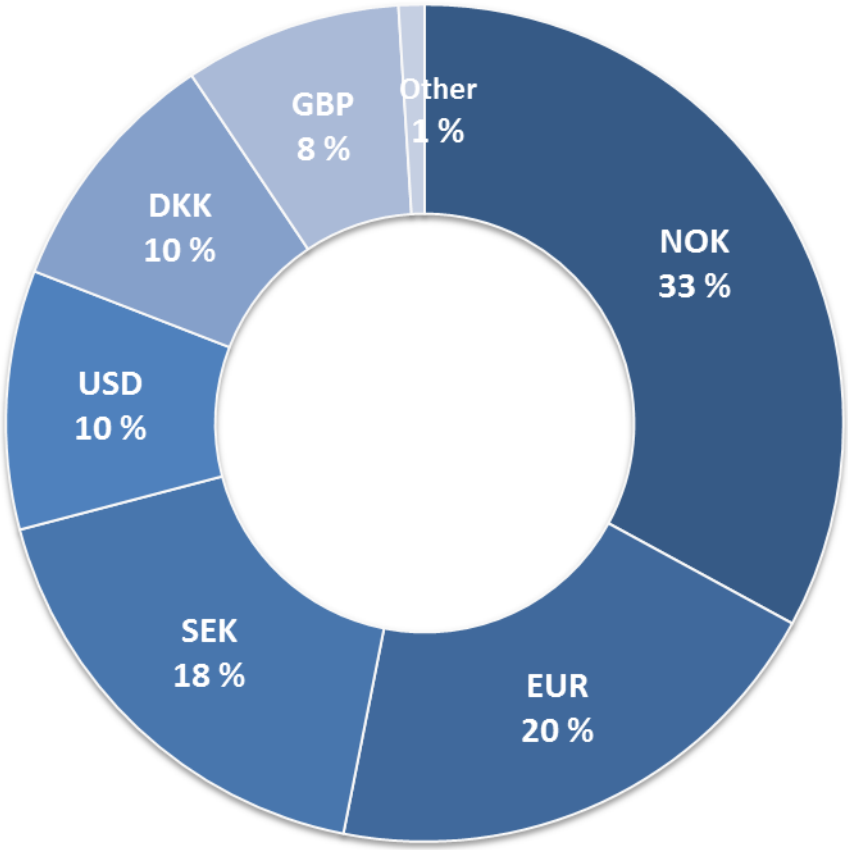




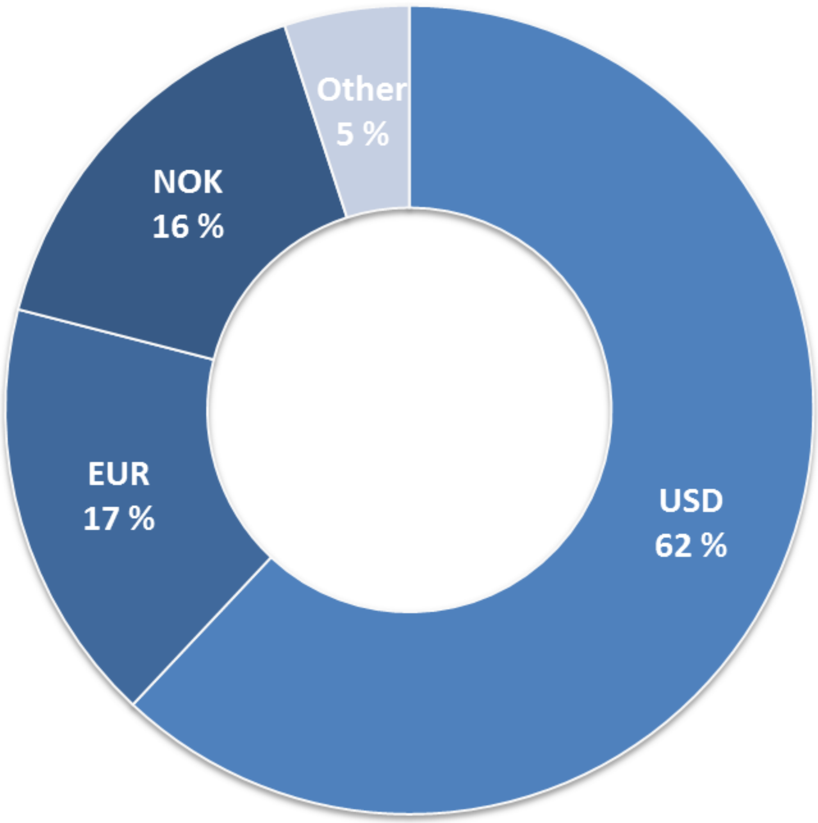
* *Ex. other losses/gains*

Q1 split of unit revenue and cost by currency

Currency split RASK:

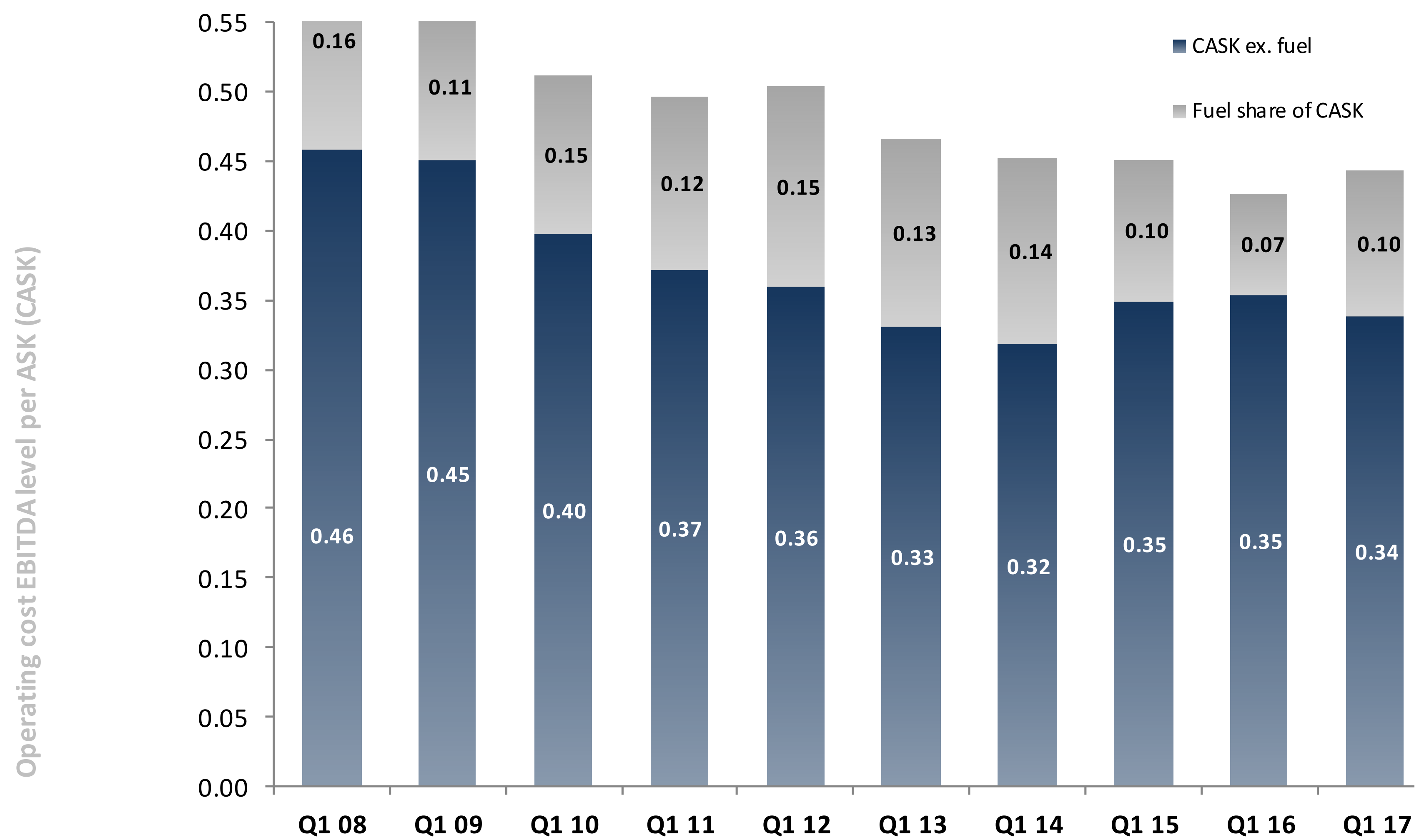


Currency split CASK:



Q1 unit cost ex. fuel decreased by 4 % to NOK 0.34

- → 2 % lower unit cost ex. fuel in constant currency
- → Unit cost increased by 4 % to NOK 0.44 (6 % in constant currency)



	Q1 08	Q1 09	Q1 10	Q1 11	Q1 12	Q1 13	Q1 14	Q1 15	Q1 16	Q1 17
Cost per ASK (CASK) NOK	**0.62**	**0.56**	**0.51**	**0.50**	**0.50**	**0.47**	**0.45**	**0.45**	**0.43**	**0.44**
CASK ex. fuel	0.46	0.45	0.40	0.37	0.36	0.33	0.32	0.35	0.35	0.34

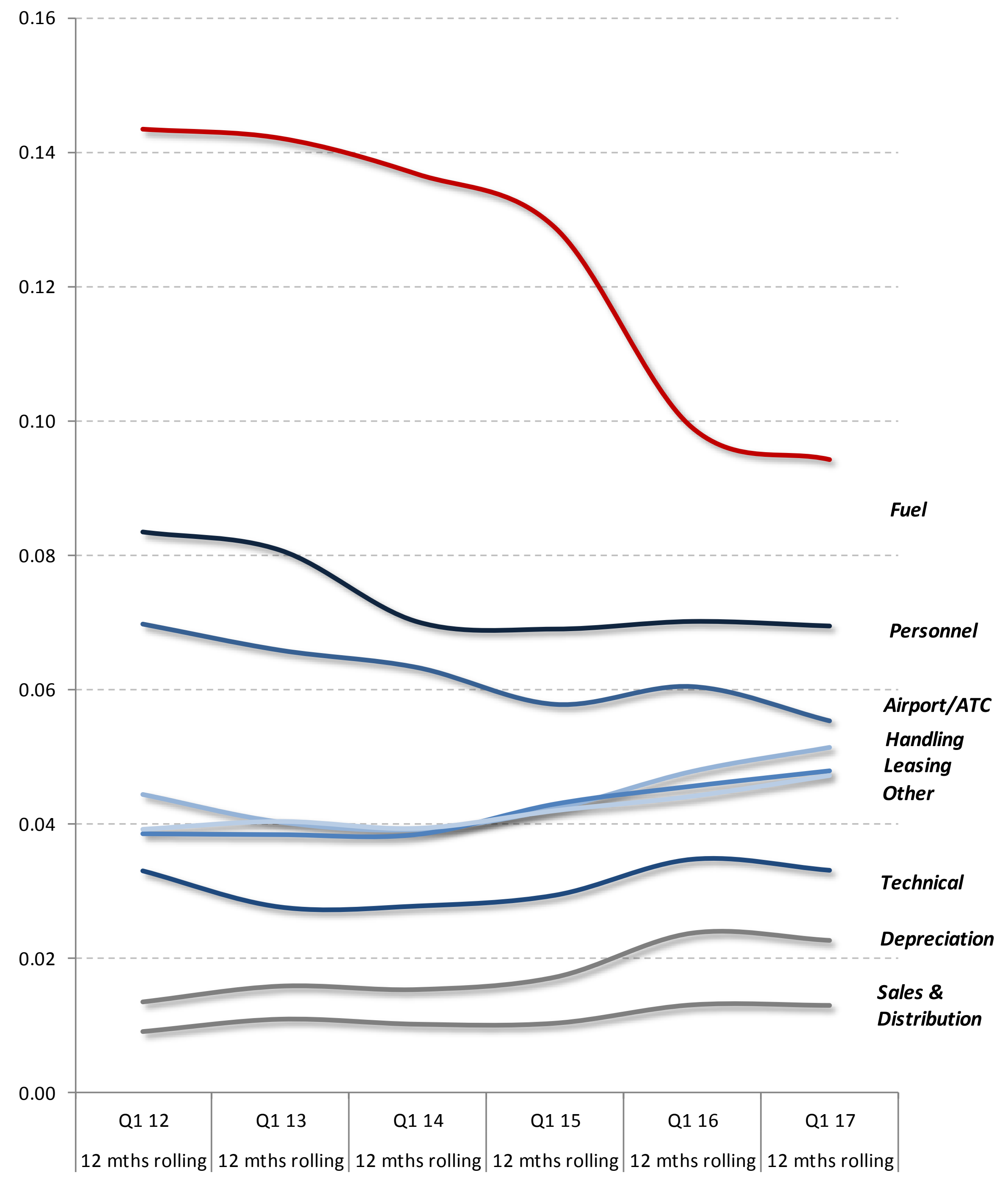
Other losses / (gains) is not included in the CASK concept as it primarily contains hedge gains/losses offset under financial items* as well as other non-operational income and/or cost items such as gains on the sale of spare part inventory and unrealized foreign currency effects on receivables/payables 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.

Full impact of lower fuel cost

- Higher **Fuel cost** (+43 % per ASK) driven by price (+53 %) offset by stronger NOK vs USD (3 %)
- Higher **Personnel cost** (+2 % per ASK) due to ramp-up of intercontinental operations. 32 % increase in FTE's
- Lower **Airport/ATC** (-14 % per ASK), **Handling** (-3 % per ASK) and **Sales and Distribution** (-9 % per ASK) per ASK due to increased sector length and currency
- Lower **Leasing** cost (-12 % per ASK) due to reduced use of wetlease and currency
- Higher **Technical** expenses (+9 % per ASK) on more leased aircraft and price escalation on heavy maintenance

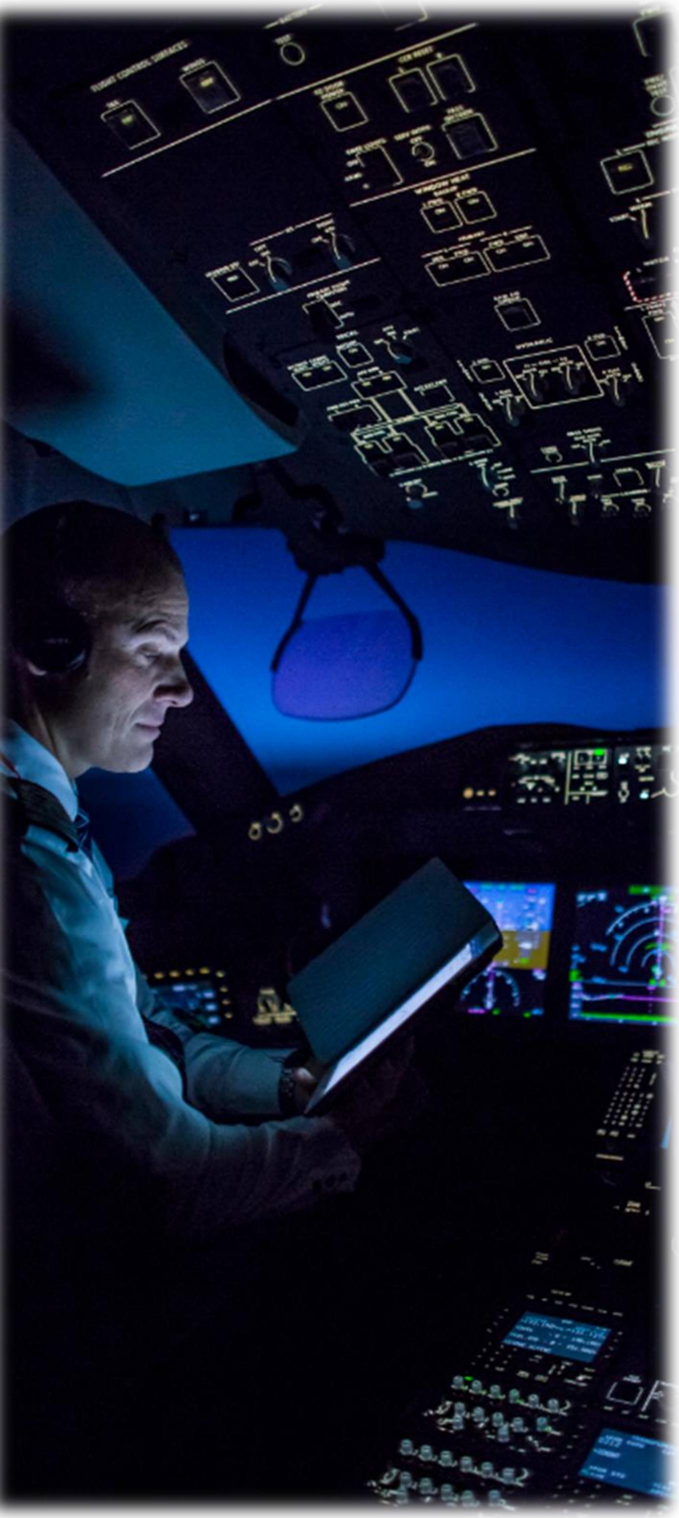


NOK 1.4 bn cash-flow from operations in Q1

- Strong liquidity with NOK 4.8 bn in cash at the end of Q1 (+NOK 0.3 bn in undrawn facility)
- Cash-flow from operations of NOK 2.3 bn the last 12 months
- Invested NOK 5 bn the last 12 months, of which NOK 4.3 bn is financed with external debt

NOK million	Q1 17	Q1 16	*Chg*	12 mths rolling Q1 17	12 mths rolling Q1 16	*Chg*
Profit before tax	-1,848	-992	-856	652	-140	*792*
Paid taxes	40	-	40	12	-44	*56*
Depreciation	364	288	76	1,372	1,201	*170*
Change air traffic settlement liabilities	3,888	2,954	934	1,586	1,506	*80*
Change working capital	-1,045	-243	*-802*	-1,324	913	*-2,237*
Net cash flows from operating activities	**1,399**	**2,007**	*-608*	**2,297**	**3,436**	***-1,139***
Net cash flows from investing activities	-194	-1,666	*1,472*	-5,040	-5,276	*236*
Net cash flows from financial activities	1,226	375	*851*	4,297	3,461	*836*
Net change in cash and cash equivalents	**2,434**	**735**	**1,698**	**1,554**	**1,574**	***-20***
Cash and cash equivalents, end of period	**4,757**	**3,190**	1,568	**4,757**	**3,190**	***1,568***

Financing on track



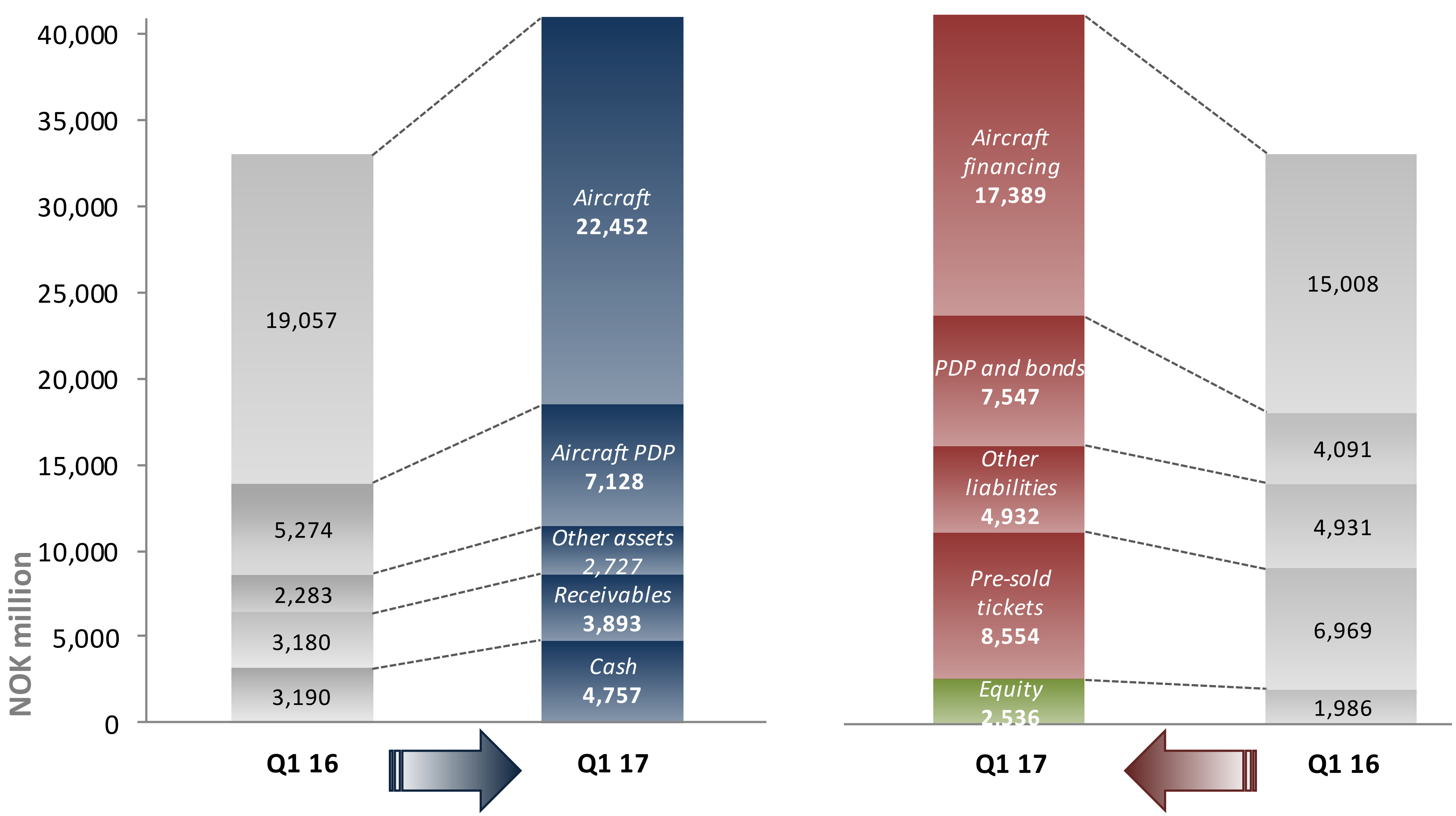
→ Expected capex (all aircraft incl. PDP)
  - → USD 1.3 bn for 2017 (reduced from USD 1.8 bn)
  - → USD 2.1 bn for 2018 (unchanged)

→ PDP financing / liquidity
  - → PDP financing for 50 Airbus 320neo's
  - → Credit facility (NOK 1 bn)
  - → New unsecured bond (SEK 1 bn)

→ Long-term financing
  - → Export credit guaranteed financing (Ex-Im and ECA)
  - → AFIC – guaranteed by a syndicate
  - → Sale leaseback (SLB)
  - → Commercial banks
  - → EETC financing
  - → Private placements

Net debt reduced by NOK 1 bn

- Added eight new 737-800 and three 320neo's on balance the last 12 months
- NOK 20 bn net debt (reduced from 21 bn in Q4 2016)
- 6 % equity ratio (unchanged y/y). 10 % when adding market value of Bank Norwegian (NOFI)



Outlook for 2017

- Markets and business
  - Negative impact from passenger tax in Norway and weaker demand in the UK
  - Negative revenue impact from currency and distance
  - Capacity adjusted booking volumes on par with last year, except some softness in May
- An estimated production growth (ASK) of 30 % (unchanged)
  - 737-800 / 737 MAX +20 %, 787-9 Dreamliners +60 %
  - Increasing distance driven by mix
- Fuel hedging
  - 52 % of 2017 at USD 494 and 12 % of 2018 at USD 500
- Unit cost target of NOK 0.39 to 0.40 (unchanged)
  - Assumptions: Fuel price of USD 500 per metric ton, USD/NOK 8.25, EUR/NOK 9.00
  - Impact of NOK 90 million higher fuel cost in Q1
  - Including impact of additional SLB (leasing is included in CASK) and ramp-up of intercontinental operations
  - Based on the current route portfolio and planned production
- 32 new aircraft entering operations in 2017
  - 17 Boeing 737-800, six 737 MAX and nine 787-9 Dreamliners (incl. five leased)

Going forward

- Focus on global expansion and strong growth in staff, routes and aircraft
- European launch customer of the 737 MAX 8
- The new intercontinental routes with the MAX well received in the market
- Startup of US-Spain with 787's in Q2
- Launched new routes from London to Seattle, Denver and Singapore
- Strong liquidity and reduced capex for 2017

Norwegian operates 482 routes to 133 destinations