Q32018

Interim report

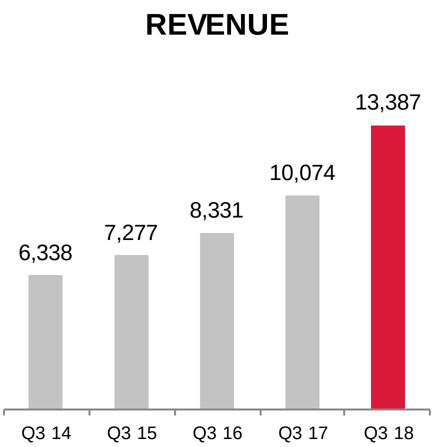
Norwegian Air Shuttle ASA – third quarter 2018

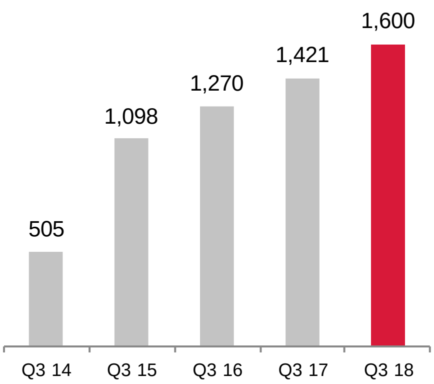
Unit cost

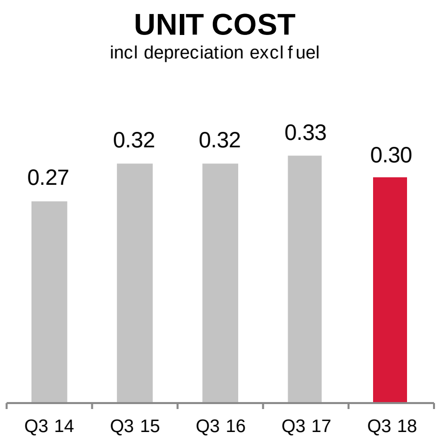
Incl depreciation excl fuel

-10 %

- **EBITDA excl other losses/(gains) of NOK 1,868 million (1,505)**
- **Unit cost incl depreciation excl fuel decreased by 10 %**
- **Continuing process to divest aircraft, in line with the strategy**
- **Entering a phase of moderate growth with a solid business model and sufficient scale**







Norwegian reports a result of NOK 1.6 in the third quarter

Norwegian (NAS) today reported a result (EBT) NOK 1.6 billion for the third quarter 2018. The company continued to reduce its unit costs despite a capacity growth of 33 %. Going forward, the growth will abate, consequently further reducing unit cost.

The net profit for the third quarter was NOK 1.3 billion, an improvement of 18 % compared to the same quarter last year. The company's unit costs excluding fuel have decreased by 10 % this quarter. The total revenue increased by 33 % to NOK 13.4 billion. In total, approximately 11 million passengers chose to travel with Norwegian in the third quarter - an increase of 11 %. The load factor remained high at 90.5 % compared to 91.7 % last year.

Norwegian has made significant investments in recent years, with the establishment of new bases internationally and in new markets; recruitment of several thousand employees - primarily pilots and cabin crew - the launch of many new routes and increase of frequencies on well-established routes. The strong international footprint has for instance contributed to the United States now representing the largest market after Norway in terms of total revenue.

"*I am very pleased to present a solid result this quarter with reduced unit cost despite strong growth. Going forward the growth will slow down, and we will begin to reap the large investments we have made over the years, which will benefit customers, employees and shareholders. However, there is no doubt that tough competition, high oil prices and a strong dollar will affect the entire aviation industry, making it even more important to further streamline our operations and continue to reduce costs,"* said CEO Bjørn Kjos of Norwegian.

A new fleet reduces environmental emissions and costs
Norwegian has one of the world's youngest and most modern aircraft fleets with an average age of 3.7 years. Thanks to the young fleet, the company has reduced its emissions per passenger by 30 % since 2008. It has also been named the most environmentally friendly airline on transatlantic routes by The International Council of Clean Transportation, an international and independent environmental institute.

"*The report by the International Council of Clean Transportation confirms that our investment in the latest technology available on the market is the single most important environmental measure an airline can undertake. New aircraft are win-win for the environment, the passengers and the company's costs*," Kjos continued.

During the third quarter, Norwegian has taken delivery of one brand-new Boeing 787-9 Dreamliners and four Boeing 737 MAX 8 aircraft. In 2018, Norwegian will take delivery of eleven Boeing 787-9 Dreamliners, twelve Boeing 737 MAX 8 and the two Boeing 737- 800 aircraft that have already been delivered.

CONSOLIDATED FINANCIAL KEY FIGURES

Unaudited

(Amounts in NOK million)	**Q3 2018**	Q3 2017	*Change*	**YTD 2018**	YTD 2017	*Change*	Full Year 2017
Operating revenue	**13,387.2**	10,073.7	*33 %*	**30,607.7**	23,103.9	*32 %*	30,948.3
EBITDAR	**3,357.9**	3,179.7	*6 %*	**4,096.3**	3,562.3	*15 %*	3,948.5
EBITDA	**2,265.9**	1,991.0	*14 %*	**913.2**	711.7	*28 %*	58.9
EBITDA excl other losses/(gains)-net	**1,867.6**	1,505.3	*24 %*	**100.6**	527.8	*-81 %*	-373.3
EBIT	**1,815.4**	1,589.7	*14 %*	**-257.5**	-975.3	*-74 %*	-2,002.1
EBIT excl other losses/(gains)-net	**1,417.1**	1,104.0	*28 %*	**-1,070.1**	-1,159.1	*-8 %*	-2,434.3
EBT	**1,600.3**	1,420.8	*13 %*	**1,454.8**	-1,336.5	*NM*	-2,562.2
Net profit/ loss (-)	**1,303.7**	1,101.5	*18 %*	**1,557.8**	-1,080.9	*NM*	-1,793.7
EBITDAR margin	**25.1 %**	31.6 %		**13.4 %**	15.4 %		12.7 %
EBITDA margin	**16.9 %**	19.8 %		**3.0 %**	3.1 %		0.2 %
EBIT margin	**13.6 %**	15.8 %		**-0.8 %**	-4.2 %		-6.5 %
EBT margin	**12.0 %**	14.1 %		**4.8 %**	-5.8 %		-8.3 %
Net profit margin	**9.7 %**	10.9 %		**5.1 %**	-4.7 %		-5.8 %
Book equity per share (NOK)				**116.1**	74.9	*55 %*	58.7
Equity ratio (%)				**9 %**	7 %	*2 pp*	5 %
Net interest bearing debt				**30,146.6**	18,262.3	*65 %*	22,265.0

OPERATIONAL REVIEW

CONSOLIDATED TRAFFIC FIGURES AND RATIOS

Unaudited

(Ratios in NOK)	**Q3 2018**	Q3 2017	*Change*	**YTD 2018**	YTD 2017	*Change*	Full Year 2017
Yield	**0.44**	0.44	*2 %*	**0.39**	0.40	*-3 %*	0.39
Unit Revenue	**0.40**	0.40	*0 %*	**0.34**	0.35	*-4 %*	0.34
Unit Cost incl depreciation	**0.43**	0.43	*1 %*	**0.43**	0.45	*-3 %*	0.45
Unit Cost incl depr excl fuel	**0.30**	0.33	*-10 %*	**0.31**	0.35	*-12 %*	0.35
Ancillary Revenue/PAX	**177**	153	*16 %*	**168**	143	*17 %*	145
Share of sale own channels	**82 %**	80 %	*2 pp*	**79 %**	80 %	*-1 pp*	80 %
ASK (million)	**27,534**	20,658	*33 %*	**73,162**	52,637	*39 %*	72,341
RPK (million)	**24,927**	18,950	*32 %*	**64,056**	46,513	*38 %*	63,320
Passengers (million)	**10.86**	9.80	*11 %*	**28.31**	25.08	*13 %*	33.15
Load Factor	**90.5 %**	91.7 %	*-1.2 pp*	**87.6 %**	88.4 %	*-0.8 pp*	87.5 %
Average sector length (km)	**1,887**	1,669	*13 %*	**1,833**	1,574	*16 %*	1,607
Fuel consumption (tonnes)	**547,843**	420,728	*30 %*	**1,448,765**	1,072,048	*35 %*	1,465,100
CO_2 per RPK	**69**	70	*-1 %*	**71**	73	*-2 %*	73

Traffic Development

10.9 million passengers travelled with Norwegian in the third quarter of 2018, compared to 9.8 million in the third quarter of 2017, an increase of 11 %. Production (ASK) increased by 33 % and passenger traffic (RPK) increased by 32 %. The load factor was 90.5 %, a decrease of 1.2 p.p. compared to third quarter last year.

At the end of the quarter, the total fleet including aircraft on maintenance and excluding wet lease comprised of 158 aircraft, excluding 5 aircraft on external lease. The Group utilized every operational aircraft on average 13.1 block hours per day, compared to 11.7 in the third quarter last year.

Operating performance

Punctuality, share of flights departing on schedule, was 75 % in the third quarter, equal to same quarter last year.

Regularity, share of scheduled flights taking place, was 99.4 % in the third quarter, compared to 99.5 % in the same quarter last year.

FINANCIAL REVIEW

Income statement and financial key figures

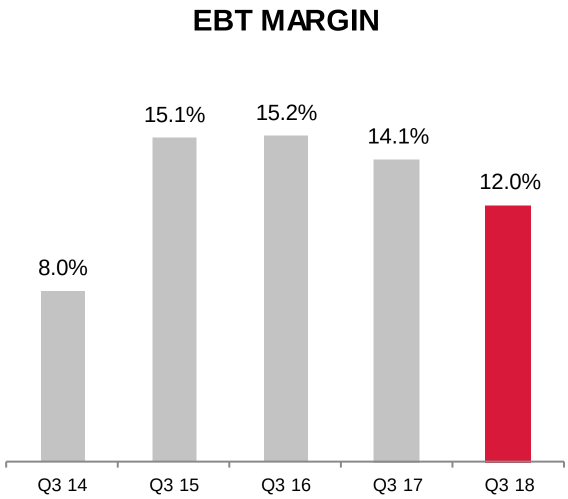
Third quarter underlying earnings were affected by the high production growth of 33 %. The growth is spurred by adding twelve new wide body aircraft in the fleet in the past twelve months. The company had an all time high EBT of NOK 1,600 million despite increasing jet fuel prices. Unit revenue was unchanged compared to last year even though sector length increased by 13 %. Unit cost including depreciation excl fuel decreased by 10 % in the same period, and would be down by 12 % in constant currency.

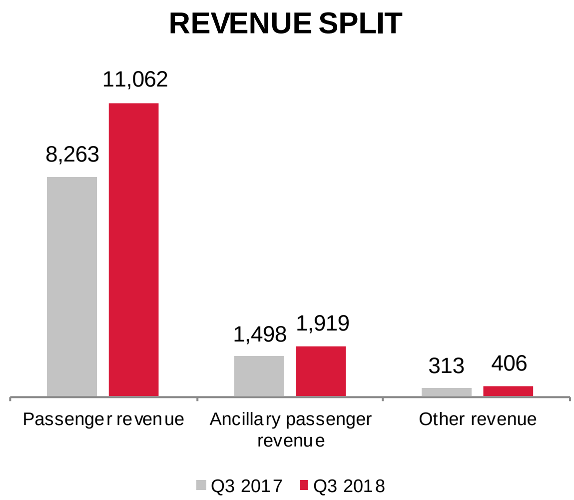
Operating profit before interest (EBIT) excluding other losses/(gains) for the third quarter was NOK 1,417 million (1,104), while profit (loss) before tax (EBT) was an all time high for Norwegian at NOK 1,600 million (1,421). Other losses/(gains) amounted to a net gain of NOK 398 million, compared to a net gain of NOK 486 million last year. Other losses/(gains) include effects from foreign currency contracts, forward fuel contracts, total return swaps, losses or gains on translation of working capital in foreign currency and net losses or gains on sale of fixed assets.

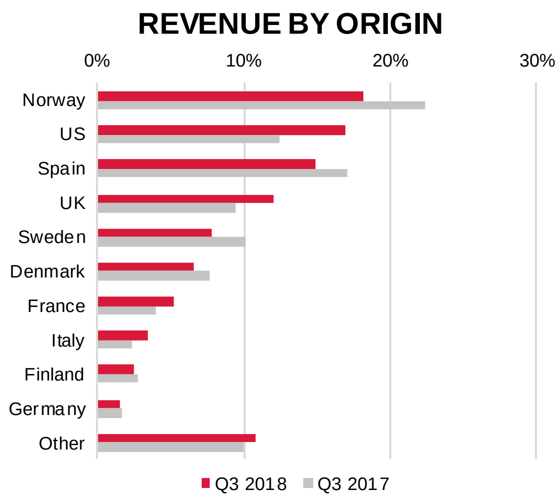
Revenue

Total revenue in the third quarter was another record high for the company at NOK 13,387 million (10,074), an increase of 33 %. Passenger revenue was NOK 11,062 million (8,263). Passenger revenue per unit produced (unit revenue) in the third quarter was NOK 0.40 (NOK 0.40). Increased sector length of 13 % has affected the yield and unit revenue in the quarter. Adjusted for effects from sector length increase, prices have increased from last year. Ancillary revenue was NOK 1,919 million (1,498) in the third quarter, and ancillary revenue per passenger increased by 16 % to NOK 177 (153). Other revenue of NOK 406 million (313) includes cargo revenue of NOK 177 million (90), commissions, third-party products and external aircraft lease. Other revenue in 2017 includes cash points distributed to partners of NOK 109 million, whereas cash point distribution in third quarter 2018 is presented net to costs following the implementation of IFRS 15.

Norwegian has grown rapidly, expanding international traffic and adding new bases, destinations and markets to its portfolio. Consequently, the share of passengers outside Scandinavia has increased significantly compared to last year, with the strongest passenger growth in the US.







Operating expenses

COST BREAKDOWN

(Amounts in NOK million)	Q3 2018	Q3 2017	Change	YTD 2018	YTD 2017	Change	Full Year 2017
Personnel expenses	**1,692.2**	1,399.1	*21 %*	**4,898.5**	3,827.2	*28 %*	5,316.3
Sales/distribution expense	**227.8**	251.4	*-9 %*	**747.8**	713.5	*5 %*	946.1
Aviation fuel	**3,680.7**	1,994.2	*85 %*	**9,141.7**	5,264.4	*74 %*	7,339.2
Airport and ATC charges	**1,266.0**	1,091.2	*16 %*	**3,346.0**	2,806.3	*19 %*	3,760.1
Handling charges	**1,431.8**	1,016.4	*41 %*	**3,703.9**	2,582.4	*43 %*	3,685.2
Technical maintenance expenses	**1,067.7**	729.2	*46 %*	**2,578.1**	1,925.5	*34 %*	2,706.5
Other flight operation expenses	**525.8**	402.4	*31 %*	**1,527.5**	1,152.0	*33 %*	1,694.8
General and adm expenses	**535.5**	495.8	*8 %*	**1,380.6**	1,454.1	*-5 %*	1,983.7
Other losses/(gains) - net	**-398.3**	-485.7	*-18 %*	**-812.7**	-183.9	*342 %*	-432.2
Total operating exp. excl lease, depr. and amort.	**10,029.3**	6,894.0	*45 %*	**26,511.4**	19,541.6	*36 %*	26,999.7
Leasing	**1,092.0**	1,188.7	*-8 %*	**3,183.1**	2,850.6	*12 %*	3,889.7
Total operating expenses excl depr. and amort.	**11,121.3**	8,082.7	*38 %*	**29,694.5**	22,392.1	*33 %*	30,889.4

Total operating expenses excluding leasing and depreciation increased by 45 % to NOK 10,029 million (6,894) this quarter. Operating expenses increased mainly due to a production increase of 33 % and an increase in jet fuel prices.

Unit cost including depreciation excl fuel was NOK 0.30, a decrease of 10 % compared to the same quarter last year. At constant currency, unit cost including depreciation excl fuel decreased by 12 % compared to the same quarter last year.

Personnel expenses increased by 21 % to NOK 1,692 million (1,399) in the third quarter compared to the same quarter last year, while unit cost for personnel expenses decreased by 9 %. Corrected for a strengthened EUR to NOK rate of 2 %, unit cost decreased by 10 % compared to last year. The average number of full time equivalents (FTE) increased by 25 % compared to the same quarter last year.

Sales and distribution expenses decreased by 9 % to NOK 228 million (251) in the third quarter compared to the same quarter last year, while the unit cost decreased by 32 %, due to increased average sector length and an increased share of sales through less costly sales channels.

Aviation fuel expenses increased by 85 % to NOK 3,681 million (1,994) in the third quarter compared to the same quarter last year. Unit cost has increased by 38 %, due to an increase in jet fuel prices in USD of 37 % and depreciation of NOK to USD of 3 %, partially offset by efficiency gains from adding new fuel-efficient aircraft in the fleet and increased sector length.

The Group has forward contracts at the end of the third quarter 2018 to cover approximately 31 % of remaining fuel exposure in 2018 at an average price of USD 555 per ton, and approximately 22 % of fuel exposure in 2019 at an average price of USD 663 per ton.

Airport and air traffic control (ATC) charges increased by 16 % to NOK 1,266 million (1,091) in the third quarter compared to the same quarter last year. Unit cost for airport and ATC charges decreased by 13 %, mainly due to increased average sector length.

Handling charges increased by 41 % to NOK 1,432 million (1,016) in the third quarter compared to the same quarter last year. Unit cost for handling increased by 6 %, due to increased passenger service refund costs, primarily due to wet lease on long haul, increased catering costs due to a larger share of long haul flights and to increased screening and security costs.

Technical maintenance expenses increased by 46 % to NOK 1,068 million (729) in the third quarter compared to the same quarter last year. Unit cost increased by 10 % and currency adjusted unit cost increased by 6 %. A higher share of 737 MAX and 787 aircraft in the fleet leads to increased technical maintenance expense.

Six new leased and six new owned 787 Dreamliners, five new owned and one new leased 737 MAX 8 and three new leased 737-800s have been added to the fleet in the past twelve months, while five leased 737-800s have been redelivered. In addition, sale-leasebacks for eleven 737-800s were completed during the third and fourth quarters of 2017.

Other flight operation expenses increased by 31 % to NOK 526 million (402) in the third quarter compared to the same quarter last year. Other flight operation expenses include costs directly attributable to operation of the aircraft fleet, such as de-icing, insurance and other leases, as well as training, meals and housing for crew. Unit cost decreased by 2 % in the quarter, due to increased sector length.

General and administrative expenses decreased by 8 % to NOK 536 million (496) in the third quarter compared to the same quarter last year. After implementing IFRS 15, distribution of cash points is now presented net, compared to a gross presentation in 2017. These transactions amounted to NOK 111 million in the third quarter of 2018, compared to NOK 109 million in the same period last year. Comparative figures have not been restated. Adjusted for the change in accounting principles, unit cost has decreased by 2 %.

Other losses/(gains)-net include gains and losses from foreign currency contracts, forward fuel contracts, adjustment of market value for total return swaps, translation of working capital in foreign currency and net gain or loss from sale of fixed assets. Net gain in the third quarter was NOK 398 million (gain of NOK 486 million last year), including a gain of NOK 9 million from translation of working capital in foreign currency and a gain of NOK 321 million from forward contracts on currency and fuel.

Leasing costs decreased by 8 % to NOK 1,092 million (1,189) in the third quarter compared to the same quarter last year. Unit cost for leasing decreased by 31 %. The cost increased after adding six new leased Boeing 787 Dreamliners in the past twelve months. In addition, eleven used aircraft were sold and leased back in the second half of 2017. There were no costs for wetlease in this quarter compared to NOK 368 million in the same quarter last year.

Depreciation increased by 36 % to NOK 451 million (332) in the third quarter compared to the same quarter last year. During the third quarter the Group operated 53 (55) owned Boeing 737-800, 11 (5) owned Boeing 787 and 11 (6) owned Boeing 737 MAX 8. Five owned Airbus 320neo were leased to HK Express, compared to three at the end of third quarter 2017.

Profit/loss from associated companies in the third quarter was NOK 18 million (80) and represents 50 % share of estimated net profit in the joint venture OSM Aviation Ltd.

From the first quarter of 2018, following the loss of significant influence in the investment in Norwegian Finans Holding ASA, the Group's investment in Norwegian Finans Holding ASA (NOFI) is measured at fair market value with realized gain from the investment presented under financial items.

Adjustments to fair market value of the Group's investment in NOFI, corresponding to 16.4 % of outstanding shares, are in subsequent periods recognized as part of other comprehensive income. Changes in market value of total return swaps corresponding to 3.6 % of outstanding shares are recognized in operating expenses as other losses /(gains).

Financial items were NOK -233 million (-249) in the third quarter. Interest on prepayments of NOK 105 million (50) was capitalized, reducing interest expenses. Financial items include currency gains of NOK 29 million (-22).

Income taxes amounted to a tax cost of NOK 297 million in the third quarter compared to a tax cost of NOK 319 million last year.

Financial position and liquidity

Aircraft assets are accounted for in USD, creating a natural hedge against USD denominated borrowings when translated into NOK. The company received one new owned Boeing 787-9 Dreamliner and three new owned Boeing 737 MAX 8 in the third quarter. In addition, the company received one Boeing 737 MAX 8 financed through a sale-leaseback arrangement.

Net assets at the end of third quarter is affected by a appreciation of NOK against USD during the period of 0.3 %.

Net interest-bearing debt at the end of third quarter was NOK 30,146 million compared to NOK 22,265 million at the end of last year. At the end of the third quarter, the equity ratio is 9 %, compared to 5 % at the end of 2017.

Total non-current assets amount to NOK 43,064 million at the end of third quarter 2018, compared to NOK 34,328 million at the end of last year. The main investments during the third quarter are deliveries of one new owned 787-9 Dreamliner, three new owned Boeing 737 MAX 8 and predelivery payments. Intangible assets amounted to NOK 1,342 million at the end of the third quarter, compared to NOK 1,220 million at the end of 2017, including deferred tax assets of NOK 1,133 million compared to NOK 1,019 at the end of last year.

Total current assets amount to NOK 13,182 million at the end of the third quarter, compared to NOK 9,195 million at the end of last year. Investments include economic interests in Norwegian Finans Holding as well as unrealized gains on currency and jet fuel hedges and amount to NOK 3,656 million. Receivables have increased by NOK 1,740 million during the year due to increased production. Cash and cash equivalents have decreased by NOK 829 million during the quarter, ending at NOK 3,211 million.

Norwegian owns 16.4 % of the outstanding shares in Norwegian Finans Holding ASA (NOFI), and the investment was presented according to the equity method as an investment in associated companies until March 2018, when the Chair of the Board of Directors resigned from the Board of NOFI and Bank Norwegian. Following the loss of significant influence in NOFI, use of the equity method was discontinued. From March 2018 onwards, the ownership in NOFI is recognized as a financial investment according to IFRS 9 and subsequent changes in fair value are recorded in other comprehensive income. Refer to Note 9 for further information.

Norwegian also holds total return swaps corresponding to 3.6 % of the outstanding shares in NOFI. Net unrealized values of total return swaps are presented as short term financial investments with fair market revaluations recorded in the income statement.

Total non-current liabilities were NOK 27,448 million at the end of third quarter, compared to NOK 25,027 million at the end of last year. Long-term borrowings have increased by NOK 2,041 million during the year due to the financing of four new 787-9 Dreamliners and five new 737 MAX 8 and a tap issue of EUR 65 million completed in January, offset by down-payments on aircraft financing and appreciation of NOK to USD of 0.3 % year to date. Other non-current liabilities increased by NOK 380 million.

Total short-term liabilities amounted to NOK 23,521 million at the end of the third quarter, compared to NOK 16,398 million at the end of 2017. Current liabilities increased by NOK 1,153 million from end of last year. Short-term borrowings increased by NOK 5,012 million during the year due to new PDP financing and financing for six 737-800 aircraft that was re-allocated to short term liabilities due to a decision to sell the aircraft within the next 12 months. Air traffic settlement liabilities increased by NOK 957 million from end of last year due to increased production and seasonal effects.

Equity at the end of the third quarter was an all-time high for Norwegian at NOK 5,277 million compared to NOK 2,098 million at the end of last year. Equity increased due to a net gain year to date of NOK 1,558 million, share capital increase of NOK 1,456 million, fair value adjustments of NOK 225 million mainly attributable to changes in fair market value of NOFI shares and exchange rate losses from subsidiaries of NOK 58 million.

Cash flow

Cash and cash equivalents were NOK 3,211 million at the end of the third quarter compared to NOK 4,040 million at the end of last year.

Cash flow from operating activities in the third quarter amounted to NOK 245 million compared to NOK 958 million in the third quarter last year. Air traffic settlement liability decreased by NOK 3,912 million (2,143) while receivables decreased by NOK 1,740 million (782) during the quarter. Cash from other adjustments amounted to NOK 368 million (505) during the third quarter. Other adjustments mainly consist of finance items, changes in other current assets and other current liabilities in addition to non-cash effects included in profit before tax, such as unrealized currency gains or losses.

Cash flow from investment activities in the third quarter was NOK -3,359 million, compared to NOK -700 million in the same quarter last year. Investments in new aircraft in addition to prepayments to aircraft manufacturers are the main investments. Four new owned aircraft were delivered in the quarter, of which one Boeing 787-9 Dreamliner and three Boeing 737 MAX 8 financed by new loans in the third quarter. In the third quarter last year, capital expenditure from adding six new owned aircraft were offset by proceeds from sale-leaseback transactions.

Cash flow from financing activities in the third quarter was NOK 2,615 million compared to NOK -457 million in the third quarter last year. Proceeds from new aircraft financing and PDP financing outweigh down-payments on aircraft financing in the quarter.

RISK AND UNCERTAINTIES

The airline industry is undergoing a challenging time as a consequence of Brexit and strong competition. The company is working on contingency plans based on the different Brexit scenarios (including a hard Brexit). Future demand is dependent on sustained consumer and business confidence in the Company's key markets.

A market place where capacity growth exceeds market growth will increase the risk of yield pressure. However, low yield stimulates new demand, thus growing the market further. This necessitates a similar reduction in the cost level in order to maintain profitability.

In the event of industrial actions, operations may be disrupted, causing inconvenience for passengers and affect financial performance.

Fuel price and currency fluctuations, as well as hedging of such, are risks that can have a significant impact on Norwegian's business and financial results. Sudden and significant changes in fuel price and foreign exchange rates could significantly affect fuel and other costs, and debt and assets denominated in foreign currency.

OUTLOOK

The demand for travelling with Norwegian and advance bookings have been satisfactory entering the fourth quarter of 2018. Norwegian will continue to take advantage of its increasing competitive power realized through continuous cost efficiency, and from introducing larger aircraft (two new Boeing 737-800s, eleven new Boeing 787-9s and twelve 737 MAX 8s will be delivered in 2018) with a lower operating cost. In addition, three Airbus 320neo aircraft are scheduled to be delivered in 2018, which will be leased to airline HK Express.

Norwegian has twenty-three operational bases globally.

Norwegian guides for a production growth (ASK) of 40 % for 2018. Estimated production increase in the fourth quarter in 2018 is 35 %. The growth in Boeing 737 production comes from adding Boeing 737 MAX 8. The Boeing 787 production will grow in accordance with the phasing in of aircraft and the company will have 32 Boeing 787s by the end of 2018. Norwegian may decide to adjust capacity to optimize the route portfolio depending on the development in the overall economy and in the marketplace.

Based on updated currency rate estimates for 2018*, Norwegian expects the unit cost excluding fuel and depreciation to be in the range of 0.290 to 0.295 for the full year (unchanged from previous guidance). Due to the higher than expected fuel price Norwegian expects the unit cost including depreciation for the full year 2018 to be in the range of NOK 0.435 to 0.440 (changed from previous guidance of NOK 0.425 to 0.430).

*USD/NOK = 8.00; EUR/NOK = 9.55; GPB/NOK = 10.88

Norwegian guides for a production growth (ASK) of 15 – 20 % for 2019. The growth in Boeing 737 production comes from adding Boeing 737 MAX 8. The Boeing 787 production will grow in accordance with the phasing in of aircraft and the company will have thirty-seven Boeing 787s by the end of 2019. Norwegian may decide to adjust capacity in order to optimize the route portfolio depending on the development in the overall economy and in the marketplace.

Expected CAPEX for 2018 (all aircraft including PDP) is USD 1.75 bn (unchanged). Expected CAPEX for 2019 (all aircraft including PDP) is USD 2.2 bn (unchanged).

Norwegian continues to establish and develop an organizational structure that will secure cost efficient, international expansion and necessary traffic rights for the future.

Fornebu, October 24, 2018

CEO, Norwegian Air Shuttle ASA
Bjørn Kjos

CONDENSED CONSOLIDATED INCOME STATEMENT

(Amounts in NOK million)	*Note*	**Q3 2018**	Q3 2017	**YTD 2018**	YTD 2017	Full Year 2017
Operating revenue						
Total operating revenue	*3*	**13,387.2**	10,073.7	**30,607.7**	23,103.9	30,948.3
Total operating revenue		**13,387.2**	10,073.7	**30,607.7**	23,103.9	30,948.3
Operating expenses						
Operational expenses		**8,199.9**	5,484.7	**21,045.0**	14,444.1	20,131.9
Payroll and other personnel expenses		**1,692.2**	1,399.1	**4,898.5**	3,827.2	5,316.3
Other operating expenses		**137.3**	10.2	**567.9**	1,270.3	1,551.6
Total operating expenses excl lease, depr. and amort.		**10,029.3**	6,894.0	**26,511.4**	19,541.6	26,999.7
Operating profit before leasing, depreciation and amortization (EBITDAR)		**3,357.9**	3,179.7	**4,096.3**	3,562.3	3,948.5
Leasing		**1,092.0**	1,188.7	**3,183.1**	2,850.6	3,889.7
Operating profit before depreciation and amortization (EBITDA)		**2,265.9**	1,991.0	**913.2**	711.7	58.9
Depreciation and amortization		**450.5**	331.7	**1,170.7**	1,041.2	1,405.1
Impairment assets held for sale		**0.0**	69.6	**0.0**	645.7	655.9
Operating profit (EBIT)		**1,815.4**	1,589.7	**-257.5**	-975.3	-2,002.1
Financial items						
Interest income		**29.9**	16.0	**79.6**	60.0	71.3
Interest expense		**291.7**	234.1	**805.2**	690.2	958.6
Other financial income (expense)		**29.2**	-31.2	**2,346.4**	58.9	35.3
Net financial items		**-232.6**	-249.2	**1,620.7**	-571.4	-852.0
Profit/loss from associated companies		**17.6**	80.3	**91.5**	210.2	291.9
Profit (loss) before tax (EBT)		**1,600.3**	1,420.8	**1,454.8**	-1,336.5	-2,562.2
Income tax expense (income)		**296.6**	319.3	**-103.0**	-255.6	-768.5
Net profit (loss)		**1,303.7**	1,101.5	**1,557.8**	-1,080.9	-1,793.7
Net profit attributable to:						
Owners of the parent company		**1,301.2**	1,108.0	**1,551.0**	-1,072.9	-1,794.6
Non-controlling interests		**2.6**	-6.6	**6.8**	-8.0	0.8
Earnings per share (NOK) - Basic		**28.6**	31.0	**37.3**	-30.0	-50.2
Earnings per share (NOK) - Diluted		**28.0**	30.5	**33.4**	-30.0	-50.2
No. of shares at the end of the period		**45,437,059**	35,759,639	**45,437,059**	35,759,639	35,759,639
Average no. of shares outstanding		**45,437,059**	35,759,639	**41,603,123**	35,759,639	35,759,639
No. of shares at the end of the period - Diluted		**46,397,059**	36,299,639	**46,397,059**	36,299,639	36,299,639

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK million)	*Note*	**30 Sep 2018**	30 Sep 2017	31 Dec 2017
ASSETS				
Non-current assets				
Intangible assets		**1,342.1**	643.7	1,220.3
Tangible fixed assets		**40,536.4**	28,323.5	31,451.2
Fixed asset investments		**1,185.2**	1,674.6	1,656.2
Total non-current assets		**43,063.6**	30,641.7	34,327.7
Current assets				
Assets held for sale		**0.0**	272.7	0.0
Inventory		**136.2**	100.1	101.9
Investments		**3,656.4**	417.5	615.7
Receivables		**6,177.8**	4,119.7	4,437.6
Cash and cash equivalents		**3,211.2**	5,567.2	4,039.8
Total current assets		**13,181.6**	10,477.1	9,194.9
TOTAL ASSETS		**56,245.3**	41,118.8	43,522.7
EQUITY AND LIABILITIES				
Shareholders equity				
Shareholder's equity	*7*	**5,262.1**	2,660.5	2,086.1
Non-controlling interests		**15.0**	16.5	12.3
Total equity		**5,277.1**	2,676.9	2,098.4
Non-current liabilities				
Other non-current liabilities		**3,346.3**	2,639.7	2,966.2
Long term borrow ings	*6*	**24,101.3**	18,993.8	22,060.3
Total non-current liabilities		**27,447.6**	21,633.4	25,026.5
Short term liabilities				
Current liabilities		**6,813.1**	5,077.4	5,659.7
Short term borrow ings	*6*	**9,256.6**	4,835.7	4,244.5
Air traffic settlement liabilities		**7,450.9**	6,895.4	6,493.6
Total short term liabilities		**23,520.5**	16,808.5	16,397.8
Total liabilities		**50,968.2**	38,441.9	41,424.3
TOTAL EQUITY AND LIABILITIES		**56,245.3**	41,118.8	43,522.7

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(Amounts in NOK million)	**Q3 2018**	Q3 2017	**YTD 2018**	YTD 2017	Full Year 2017
OPERATING ACTIVITIES					
Profit before tax	**1,600.3**	1,420.8	**1,454.8**	-1,336.5	-2,562.2
Paid taxes	**-1.4**	-8.7	**-14.4**	31.5	35.0
Depreciation, amortization and impairment	**450.5**	331.7	**1,170.7**	1,041.2	1,405.1
Impairment assets held for sale	**0.0**	69.6	**0.0**	645.7	655.9
Fair value adjustment of financial assets (PL)	**0.0**	0.0	**-1,939.8**	-260.9	-391.3
Changes in air traffic settlement liabilities	**-3,912.3**	-2,142.7	**957.3**	2,229.2	1,827.4
Changes in receivables	**1,739.6**	782.2	**-1,740.3**	-889.3	-1,016.2
Other adjustments	**367.6**	505.1	**1,468.2**	2,292.8	2,947.7
Net cash flows from operating activities	**244.5**	958.1	**1,356.5**	3,753.8	2,901.3
INVESTING ACTIVITIES					
Purchases, proceeds and prepayment of tangible assets	**-3,376.8**	-700.6	**-9,999.1**	-1,115.8	-3,557.4
Other investing activities	**18.0**	0.7	**-4.4**	-98.8	129.3
Net cash flows from investing activities	**-3,358.9**	-699.9	**-10,003.5**	-1,214.6	-3,428.1
FINANCING ACTIVITIES					
Loan proceeds	**3,380.3**	2,945.7	**10,387.1**	5,861.3	8,209.9
Principal repayments	**-503.7**	-2,948.9	**-2,943.1**	-3,895.3	-4,490.9
Financing costs paid	**-260.3**	-598.5	**-1,065.1**	-1,342.1	-1,427.9
Proceeds from issuing new shares	-1.6	0.0	**1,456.0**	0.0	0.0
Other financing activities	**0.0**	144.3	**0.0**	144.3	0.0
Net cash flows from financing activities	**2,614.7**	-457.4	**7,835.0**	768.1	2,291.1
Foreign exchange effect on cash	**-2.7**	-65.3	**-16.6**	-63.8	-48.2
Net change in cash and cash equivalents	**-502.4**	-264.5	**-828.5**	3,243.5	1,716.1
Cash and cash equivalents at beginning of period	**3,713.6**	5,831.7	**4,039.8**	2,323.6	2,323.6
Cash and cash equivalents at end of period	**3,211.2**	5,567.2	**3,211.2**	5,567.2	4,039.8

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK million)	**Q3 2018**	Q3 2017	**YTD 2018**	YTD 2017	Full Year 2017
Net profit (loss) for the period	**1,303.7**	1,101.5	**1,557.8**	-1,080.9	-1,793.7
Actuarial gains and losses	**0.0**	0.0	**0.0**	0.0	-43.0
Exchange rate differences Group	**20.5**	-200.5	**-57.9**	-305.6	-126.4
Fair value adjustments through OCI	**277.1**	0.0	**225.1**	0.0	0.0
Other OCI items	**0.0**	-2.8	**-1.0**	-3.7	-4.5
Total comprehensive income for the period	**1,601.4**	898.2	**1,724.0**	-1,390.1	-1,967.7
Total comprehensive income attributable to:					
Owners of the company	**1,598.9**	904.8	**1,718.2**	-1,381.6	-1,969.3
Non-controlling interests	**2.6**	-6.6	**5.8**	-8.6	1.5

CONDENSED CONSOLIDATED CHANGES IN EQUITY

(Amounts in NOK million)	**YTD 2018**	YTD 2017	Full Year 2017
Equity - Beginning of period	**2,098.4**	4,049.0	4,049.0
Total comprehensive income for the period	**1,724.0**	-1,390.1	-1,967.7
Share issue	**1,456.0**	0.0	0.0
Dividends to non-controlling interests	**-2.7**	0.0	0.0
Equity change on employee options	**1.4**	18.0	17.1
Equity - End of period	**5,277.1**	2,676.9	2,098.4

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 General and accounting principles

The condensed consolidated interim financial statements comprise Norwegian Air Shuttle ASA and its subsidiaries (the Group). The Company is a limited liability company incorporated in Norway.

The consolidated financial statements of the Group for the year ended December 31, 2017 are available at www.norwegian.com.

These condensed consolidated interim financial statements have been prepared in accordance with the rules and regulations of Oslo Stock Exchange and International Financial Reporting Standards (IAS) 34 Interim Financial Reporting. They do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the Group at December 31, 2017. These condensed consolidated interim financial statements are unaudited.

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended December 31, 2017 except for the specific items described below.

From Q1 2018, Norwegian have adopted new standards as required, IFRS 9 and IFRS 15. The investment in NOFI is accounted for according to IFRS 9 from March 2018 onwards, with subsequent changes to fair value recognized as part of other comprehensive income.

The impact of adopting IFRS 15 is considered low. Most of the Group's revenues have been recognized at the time of travel, which apply also under IFRS 15. There are certain fees previously being recognized at time of sale, whereas these are recognized at the time of travel under IFRS 15. The associated amounts are considered as immaterial.

Following the implementation of IFRS 15, revenue and costs from issuing cash points to external partners in the loyalty program Reward are presented net from January 1, 2018. In the first nine months of 2018, cash point distributions of NOK 374 million are presented net that would be presented gross in 2017. The comparable amount in 2017 was NOK 294 million, presented as other revenue and other operating expense. With a gross presentation, operating revenue for the third quarter of 2018 would be NOK 13,498 million and other operating expense would be NOK 10,140. Comparative figures have not been adjusted. The net impact on operating profit is zero. If such a net presentation was applied for the full year of 2017, both revenue and operating expenses would have been reduced by NOK 435 million. Changes from gross to net presentation is shown in the table below.

IFRS 15 TRANSITION EFFECT

Unaudited *(Amounts in NOK million)*	*IAS 18* Q3 2018	*IFRS 15* Q3 2018	*Change*	*IAS 18* YTD 2018	*IFRS 15* YTD 2018	*Change*
INCOME STATEMENT						
Total operating revenue	13,498.3	13,387.2	-111.1	30,982.0	30,607.7	-374.3
Total operating expenses excl lease, depr. and amort.	10,140.4	10,029.3	-111.1	26,885.7	26,511.4	-374.3
Operating profit (EBIT)	**1,815.4**	**1,815.4**	**0.0**	**-257.5**	**-257.5**	**0.0**

IFRS 16 replaces the current standard IAS 17, Leases and related interpretations, whereas IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to financial leases applying IAS 17. The standard is effective for accounting periods beginning on or after January 1, 2019. The Group will adopt the standard at its mandatory date.

There will be a significant impact on the Group's income statement and statement of financial position from the adoption of IFRS 16. More than 95 % of the total impact is expected arise from changed presentation of operational aircraft leases. In addition to the effects stemming from aircraft leases and aircraft maintenance, there will be effects from the leasing of facilities, ground service equipment and other categories of equipment and machinery.

IFRS 16 allows various adoption approaches, whereas the Group has decided to apply the modified retrospective approach under which all right-of-use assets (ROU assets) are measured at an amount equal to the lease liability as per January 1, 2019. The cumulative effect of initially applying the standard to be recognized as an adjustment to the opening balance of retained earnings is hence expected to be immaterial. Under this transition approach, the 2018 comparable numbers presented in the 2019 reporting will not be restated as if IFRS 16 was applied in 2018. The Group will however in the 2018 Annual Report provide information on the details of the transitional effects of IFRS 16, enabling users of the Group's financial reporting to build bridge between the 2018 and the 2019 financial numbers.

As per now the Group estimates the following impact from IFRS 16 on the Income statement and Statement of financial position based on the estimated lease portfolio as per the transitional date January 1, 2019 and compared to as if the standard was not implemented;

- 2019 Opening balance ROU assets and lease liabilities: Increase of NOK 29,000-32,000 million
- 2019 Lease expenses: Reduction of NOK 4,700-5,000 million
- 2019 Profit before tax (EBT): Reduction of approximately NOK 600 million

One effect of IFRS 16 compared to IAS 17 is that the timing of expenses over the lease term due to the interest element changes so that more expenses are recognized early in the lease term and less expenses are recognized later in the lease term. Norwegian has a growing and young fleet of leased aircraft and will therefore, compared to the effects under IAS 17, experience a net negative effect from IFRS 16 on Profit or loss during the first years of application. Later in the lease terms there will be a corresponding positive effect of applying IFRS 16. Over the lease term the total expenses under IFRS 16 are equal to those of IAS 17.

The above 2019 profit and loss estimates do not include additions to the lease portfolio during 2019. The estimated effects in assets and liabilities are somewhat changed compared to the estimates presented in the Annual Report 2017 and the second quarter report for 2018. The changes are associated with additions to the estimated lease portfolio, changes in foreign exchange rates and changes in the discount rates applied.

There are various factors of uncertainty surrounding the above estimates and hence the presentation of an interval of possible outcomes. The portfolio of leased assets at January 1, 2019 is not yet confirmed. There is some contract analysis yet to be finalized and some interpretations yet to be confirmed. The estimates build on a certain interpretation of how to reflect periodic maintenance of aircraft in the accounting model under IFRS 16. There is still uncertainty about what will be the final interpretation and under some alternative solutions the above estimates may change substantially. Finally, there are several parameters to be used for calculations under IFRS 16 which are pending for their final observations and decisions, such as foreign currency exchange rates and discount rates to be applied. Aircraft leases are all denominated in USD and hence estimates are highly sensitive to changes in the exchange rates between USD and NOK.

Judgments, estimates and assumptions

The preparation of condensed consolidated interim financial statements in accordance with IFRS and applying the chosen accounting policies require management to make judgments, estimates and assumptions which affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the period ended December 31, 2017.

Note 2 Risk

SENSITIVITY ANALYSIS

Unaudited	Effect on income MNOK
1% decrease in jet fuel price	122
1% depreciation of NOK against USD	-164
1% depreciation of NOK against EURO	-7

The sensitivity analysis reflects the effect on operating costs in 2018 by changes in market prices and exchange rates. The effect on operating costs is annualized based on the current level of production, fuel prices and exchange rates. Operational hedges are not included in the calculation of the sensitivity.

Note 3 Revenue

Passenger revenue comprises only ticket revenue, while ancillary passenger revenue is other passenger related revenue such as optional extras. Other revenue consists of revenue not directly related to passengers such as cargo, third-party products, externally leased aircraft and other income.

OPERATING REVENUE BREAKDOWN

Unaudited *(Amounts in NOK millions)*	**Q3 2018**	Q3 2017	*Change*	**YTD 2018**	YTD 2017	*Change*	Full Year 2017
Per activity							
Passenger revenue	**11,061.7**	8,263.0	*34 %*	**24,866.6**	18,604.9	*34 %*	24,719.1
Ancillary passenger revenue	**1,919.3**	1,498.1	*28 %*	**4,743.2**	3,589.7	*32 %*	4,822.5
Other revenue	**406.2**	312.7	*30 %*	**997.9**	909.3	*10 %*	1,406.7
Total	**13,387.2**	10,073.7	*33 %*	**30,607.7**	23,103.9	*32 %*	30,948.3
Per country							
Norway	**2,407.3**	2,261.6	*6 %*	**6,143.3**	5,711.3	*8 %*	7,160.4
US	**2,238.4**	1,252.0	*79 %*	**5,257.3**	2,882.6	*82 %*	4,398.0
Spain	**1,980.4**	1,706.7	*16 %*	**4,286.9**	3,479.4	*23 %*	4,470.5
UK	**1,621.7**	960.7	*69 %*	**3,315.0**	2,015.1	*65 %*	2,711.9
Sweden	**1,052.7**	1,021.1	*3 %*	**2,785.0**	2,611.3	*7 %*	3,345.0
Denmark	**889.3**	781.8	*14 %*	**2,155.5**	1,899.3	*13 %*	2,316.9
France	**713.6**	397.9	*79 %*	**1,343.9**	695.8	*93 %*	955.1
Finland	**322.4**	278.8	*16 %*	**955.5**	824.4	*16 %*	1,133.2
Italy	**461.1**	240.3	*92 %*	**856.7**	411.6	*108 %*	587.7
Germany	**198.5**	167.4	*19 %*	**453.2**	332.5	*36 %*	454.8
Other	**1,501.7**	1,005.4	*49 %*	**3,055.4**	2,240.3	*36 %*	3,414.7
Total	**13,387.2**	10,073.7	*33 %*	**30,607.7**	23,103.9	*32 %*	30,948.3
Total outside of Norway	**10,979.9**	7,812.1	*41 %*	**24,464.4**	17,392.6	*41 %*	23,787.8

Revenue per country is based on starting point of passenger journeys.

Note 4 Segment information

The Executive Management team reviews the Group's internal reporting to assess performance and allocate resources. Management has determined the operating segment on these reports.

Executive Management considers the business as one operational segment, which is low cost air passenger travel. The Group's operating profit arises from airline-related activities and the only revenue generating assets of the Group are its aircraft fleet, which is employed flexibly across the entire operation and irrespective of geographic location. Performance is measured by Executive Management based on the operating segment's earnings before interest, tax, depreciation and amortization (EBITDA). Other information is measured in a manner consistent with that in the financial statements.

Note 5 Information on related parties

During the third quarter and first nine months of 2018, there were no changes in related parties compared to the description in Note 26 in the Annual Report for 2017. There have been no significant transactions with related parties during the third quarter or first nine months of 2018.

Note 6 Borrowings

Unaudited

(Amounts in NOK million)	**30 Sep 2018**	30 Sep 2017	31 Dec 2017
Long term			
Bond issue	**3,416.1**	2,719.2	3,070.8
Aircraft prepayment financing	**1,100.7**	271.2	534.0
Aircraft financing	**19,584.5**	16,003.4	18,455.4
Total long term borrowings	**24,101.3**	18,993.8	22,060.3
Short term			
Bond issue	**0.0**	1,473.6	1,249.1
Credit facility	**675.0**	675.0	675.0
Aircraft prepayment financing	**4,084.3**	915.3	352.3
Aircraft financing	**4,497.2**	1,771.8	1,968.0
Total short term borrowings	**9,256.6**	4,835.7	4,244.5
Total borrowings	**33,357.8**	23,829.4	26,304.8

Note 7 Shareholder information

20 largest shareholders at September 30, 2018:

	Shareholder	Country	Number of shares	Per cent
1	HBK Holding AS*	Norway	11,204,809	24.7 %
2	DNB Asset Management AS	Norway	2,570,021	5.7 %
3	Folketrygdfondet	Norway	2,420,934	5.3 %
4	Danske Capital (Norway)	Norway	2,139,333	4.7 %
5	J.P. Morgan Securities plc	United Kingdom	1,946,707	4.3 %
6	Ferd AS	Norway	1,609,032	3.5 %
7	Pareto Nordic Investments AS	Norway	958,010	2.1 %
8	KLP Forsikring	Norway	715,414	1.6 %
9	Sneisungen AS	Norway	645,161	1.4 %
10	Storebrand Kapitalforvaltning AS	Norway	516,932	1.1 %
11	BlackRock Institutional Trust Company, N.A.	United States	504,535	1.1 %
12	Stenshagen Invest AS	Norway	500,395	1.1 %
13	Danske Bank (Custodian)	Unknown	494,138	1.1 %
14	Equinor Asset Management ASA	Norway	449,419	1.0 %
15	JPMorgan Chase Bank GTS CL A/C Escrow Acc	United Kingdom	426,349	0.9 %
16	Lansdowne Partners (UK) LLP	United Kingdom	380,000	0.8 %
17	The Vanguard Group, Inc.	United States	357,498	0.8 %
18	Catella Bank S.A.	Luxembourg	353,737	0.8 %
19	DNB Markets	Norway	339,298	0.7 %
20	Norda ASA	Norway	316,086	0.7 %
	Top 20 shareholders		**28,847,808**	**63.5 %**
	Other shareholders		16,589,251	36.5 %
	Total number of shares		**45,437,059**	**100.0 %**

***The shareholding of HBK Holding AS reflects the actual shareholding and may deviate from the official shareholder register as HBK Holding AS has signed a securities lending agreement with Nordea and Danske Bank. Under this agreement, these institutions may borrow shares from HBK Holding AS for a limited period to improve the liquidity in the share trading, for example by fulfilling their market maker obligations. HBKs holding was unfortunately incorrectly counted in the Q2 report. The correct number of shares was 11,204,809 (24.7%).*

A private placement in two tranches and a subsequent offering was completed in the first half of 2018, with a total number of 9,677,420 new shares issued and a net transaction size of NOK 1,456 million.

Norwegian Air Shuttle ASA had a total of 45,437,059 shares outstanding at September 30, 2018. There were 15,866 shareholders at the end of the third quarter.

Note 8 Contingencies and legal claims

Note 27 to the Annual Financial Statements for 2017 disclosed information about a claim from the unions organizing pilots and cabin crew. The Court of Appeal ruled in Norwegian's favor in 2017, and the respective unions indicated that they would appeal to the Supreme Court. The case will be treated in the Supreme Court during the end of October 2018. Financial exposure is considered to be limited.

The Norwegian Group disclosed comments in note 27 to the Annual Financial Statements for 2017 relating to reassessments and draft reassessments from the Central Tax Office for Large Enterprises, that the rules on contingent tax-free transfers within a group does not apply to the transfer of business in 2013 and 2014. In June 2018, Norwegian received reassessments from the tax office regarding the other business transfers carried out in 2013 and 2014, in which the tax office upholds its view from the previously received draft reassessment proposals.

Norwegian and its tax advisor are still of the opinion that the reassessments for 2013 and 2014 by the tax office are without merit and has thus not made any provisions for any potential tax claim in its interim financial statements for the third quarter of 2018. The company has concluded that the possibility of any outflow in settlement is remote. The reassessments received in June have been appealed.

There are no other additions or changes to the information regarding contingencies or legal claims presented in note 27 to the Annual Financial Statements for 2017.

Note 9 Other matters

Following a dialogue with Finanstilsynet (Financial Supervisory Authority of Norway) from the end of 2017 up until March 2018, the timing of the Group's loss of significant influence in Norwegian Finans Holding ASA (NOFI) and the discontinuation of the equity method for that investment has been changed from the second quarter of 2017 to the first quarter of 2018. Following this change, the second, third and fourth quarters of 2017 are restated when issuing the corresponding quarterly reports for 2018. Full year figures for 2017 presented in this quarterly report are also restated compared to the preliminary financial statements presented in the fourth quarter report for 2017.

As of December 31, 2017, the recognized value of the investment in NOFI was reduced by NOK 1,993 million with a corresponding decrease in end balance equity. Effects on the 2017 financial statements following the change back to IAS 28 also included reversal of financial gains in net profits of NOK 1,657 million, increased share of profit from associated companies by NOK 163 million and reversal of fair value changes recorded in other comprehensive income of NOK 498 million. These effects were included in the annual consolidated financial statements for 2017. From the first quarter 2018 onwards, the investment is recognized at fair value.

RESTATEMENT EFFECTS PER QUARTER IN 2017

Restatement effects for the second, third and fourth quarter reports issued in 2017 are presented in the table below.

Unaudited	Q1	Q2	Q3	Q4	Full year
(Amounts in NOK million)	2017	2017	2017	2017	2017
Profit (loss) before tax (EBT), previously reported	-1,848.2	861.5	1,351.0	-1,431.4	-1,067.1
Profit (loss) before tax (EBT), restated	-1,848.2	-909.0	1,420.7	-1,225.7	-2,562.2
Change	*0.0*	*-1,770.5*	*69.7*	*205.7*	*-1,495.1*
Total equity, previously reported	2,536.1	3,544.1	4,826.3	4,091.0	4,091.0
Total equity, restated	2,536.1	1,773.6	2,676.9	2,098.4	2,098.4
Change	*0.0*	*-1,770.5*	*-2149.4*	*-1,992.6*	*-1,992.6*
Fair value changes to other comprehensive income, previous	0.0	0.0	448.6	48.9	497.5
Fair value changes to other comprehensive income, restated	0.0	0.0	0.0	0.0	0.0
Change	*0.0*	*0.0*	*-448.6*	*-48.9*	*-497.5*

RESTATEMENT EFFECTS FULL YEAR 2017

An overview of changes from the preliminary 2017 financial statements presented in the fourth quarter report for 2017 to the final 2017 figures in the annual financial statements for 2017 is provided in the table below. Other summations are adjusted accordingly.

Unaudited *(Amounts in NOK million)*	*Preliminary* Full Year 2017	Full Year 2017	*Change*
INCOME STATEMENT			
Other operating expenses	1,550.6	1,551.6	1.0
Operating profit (EBIT)	**-2,001.1**	**-2,002.1**	**-1.0**
Other financial income (expense)	1,692.1	35.3	-1,656.8
Profit/loss from associated companies	129.2	291.9	162.7
Profit (loss) before tax (EBT)	**-1,067.1**	**-2,562.2**	**-1,495.1**
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Fixed asset investments	831.4	1,656.2	824.8
Total non-current assets	**33,502.9**	**34,327.7**	**824.8**
Investments	3,617.1	615.7	-3,001.4
TOTAL ASSETS	**45,699.3**	**43,522.7**	**-2,176.6**
Total equity	**4,091.0**	**2,098.4**	**-1,992.6**
Current liabilities	5,843.7	5,659.7	-184.0
Total liabilities	**41,608.3**	**41,424.3**	**-184.0**
TOTAL EQUITY AND LIABILITIES	**45,699.3**	**43,522.7**	**-2,176.6**
COST BREAKDOWN			
Other losses/(gains) - net	-433.2	-432.2	1.0
STATEMENT OF COMPREHENSIVE INCOME			
Fair value adjustments through OCI	497.5	0.0	-497.5

RESTATEMENT EFFECTS THIRD QUARTER 2017

An overview of changes from the previously reported Q3 2017 figures to the restated figures is provided in the table below. Other summations are adjusted accordingly.

Unaudited *(Amounts in NOK million)*	*Previous* Q3 2017	*Restated* Q3 2017	*Change*	*Previous* YTD 2017	*Restated* YTD 2017	*Change*
INCOME STATEMENT						
Other financial income (expense)	-31.2	-31.2	0.0	1,848.3	58.9	-1,789.5
Profit/loss from associated companies	10.5	80.3	69.8	121.5	210.2	88.7
Profit (loss) before tax (EBT)	**1,351.0**	**1,420.8**	**69.8**	**364.3**	**-1,336.5**	**-1,700.8**
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
Fixed asset investments				871.5	1,674.6	803.1
Total non-current assets				**28,935.8**	**30,641.7**	**1,705.9**
Investments				3,369.9	417.5	-2,952.4
TOTAL ASSETS				**43,268.2**	**41,118.8**	**-2,149.4**
Total equity				**4,826.3**	**2,676.9**	**-2,149.4**
TOTAL EQUITY AND LIABILITIES				**43,268.2**	**41,118.8**	**-2,149.4**

Note 10 Events after the reporting date

Arctic Aviation Assets, a subsidiary of Norwegian Air Shuttle ASA ("the Company"), has on October 24, 2018 signed an agreement for sale of two Boeing 737-800 aircraft. The aircraft are currently operated by the Company, and the delivery will take place in third quarter 2019. The transaction is expected to increase the Company's liquidity by USD 23 million after repayment of debt.

Sale proceeds will be used to repay debt and to increase the Company´s liquidity. The sale is part of the ongoing fleet renewal program and as such in line with the Company´s long term strategy.

There have been no other material events subsequent to the reporting period that might have a significant effect on the consolidated interim financial statements for the third quarter and first nine months of 2018.

DEFINITIONS

Alternative performance measures

Norwegian Air Shuttle's financial information is prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the company presents alternative performance measures (APM). The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the company's performance. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described in the table below.

Measure	Description	Reason for including
EBIT	Earnings before net financial items, income tax expense (income) and share of profit (loss) from associated companies. Equivalent to operating profit in the consolidated income statement in the annual report	Enables comparability of profitability regardless of capital structure or tax situation
EBIT excl other losses/(gains)	Earnings before net financial items, income tax expense (income) and share of profit (loss) from associated companies, adjusted for other losses/(gains)-net	Enables comparability of profitability regardless of capital structure or tax situation, excluding effects for certain volatile operating expenses
EBIT margin	EBIT divided by total operating revenue	Enables comparability of profitability relative to operating revenue
EBITDA	Earnings before net financial items, income tax expense (income), depreciation, amortization, impairment, and share of profit (loss) from associated companies	EBITDA shows the operations' earning power regardless of capital structure and tax situation with the purpose of simplifying comparisons with other companies in the same industry
EBITDA excl other losses/(gains)	Earnings before net financial items, income tax expense (income), depreciation, amortization and share of profit (loss) from associated companies, adjusted for other losses/(gains)-net	EBITDA excl other losses /(gains) shows the operations' earning power regardless of capital structure and tax situation with the purpose of simplifying comparisons with other companies in the same industry, excluding effects for certain volatile operating expenses
EBITDA margin	EBITDA divided by total operating revenue	Enables comparability of profitability relative to operating revenue
EBITDAR	Earnings before net financial items, income tax expense (income), depreciation, amortization and impairment, restructuring, aircraft leasing expense and share of profit (loss) from associated companies	A measure of operating performance that enables comparison between airlines as it is not affected by the method used to finance aircraft
EBITDAR margin	EBITDAR divided by total operating revenue	Enables comparability of profitability relative to operating revenue
EBT	Earnings before income tax expense (income). Equivalent to profit (loss) before income tax expense (income) in the Consolidated Income Statement in the annual report	Enables comparability of profitability regardless of capital structure or tax situation
EBT margin	EBT divided by total operating revenue	Enables comparability of profitability relative to operating revenue
Net interest-bearing debt	Long-term borrowings plus short-term borrowings less cash and cash equivalents	Measurement of the ability to pay all debt with available cash and cash equivalents, if all debt matured on the day of the calculation. It is therefore a measure of the risk related to the company's capital structure
Other losses/(gains)-net	Gains and losses from foreign currency contracts, forward fuel contracts, adjustment of market value for total return swaps, translation of working capital in foreign currency and net gain or loss from sale of fixed assets	Included as a specification to operating expenses to separate certain volatile effects from other operating expenses

Measure	Description	Reason for including
Total operating expenses excl leasing, depreciation and amortization	Total operating expenses not including aircraft lease expenses, depreciation, amortization and impairment	A measure of operating expenses that enables comparison between airlines as it is not affected by the method used to finance aircraft
Total operating expenses excl depreciation and amortization	Total operating expenses not including depreciation, amortization and impairment	A measure of operating expenses that includes leasing but is not affected by depreciation and amortization

Alternative performance measures – reconciliations

Unaudited

(Amounts in NOK million)	**Q3 2018**	Q3 2017	**YTD 2018**	YTD 2017	Full Year 2017
Net profit to EBIT / EBIT excl other gains /(losses)					
EBIT / Operating profit	**1,815.4**	1,589.7	**-257.5**	-975.3	-2,002.1
- Other losses/(gains)*	**-398.3**	-485.7	**-812.7**	-183.9	-432.2
EBIT excl other losses/(gains)	**1,417.1**	1,104.0	**-1,070.1**	**-1,159.1**	-2,434.3
Net profit to EBITDA / EBITDA excl other gains /(losses)					
EBITDA	**2,265.9**	1,991.0	**913.2**	711.7	58.9
- Other losses/(gains)*	**-398.3**	-485.7	**-812.7**	-183.9	-432.2
EBITDA excl other losses/(gains)	**1,867.6**	1,505.3	**100.6**	**527.8**	-373.3

**Other losses /(gains) is defined in table above and is a part of operating expenses, see Cost breakdown on page 6.*

Other definitions

Item	Description
Aircraft lease expense	Lease and rental expenses on aircraft including both dry leases and wet leases
Ancillary revenue / PAX	Ancillary passenger revenue divided by passengers
ASK	Available seat kilometers. Number of available passenger seats multiplied by flight distance
Average sector length	Total flown distance divided by number of flights
Book equity per share	Total equity divided by number of shares outstanding
CO2 per RPK	Amount of CO2 emissions divided by RPK
Constant currency	A currency exchange rate that excludes the impact of exchange rate fluctuations from comparable period, e.g. last year as comparable period
Equity ratio	Book equity divided by total assets
Fixed asset investment	Consists of the following items presented in the statement of financial position in the annual report: Financial assets available for sale, investment in associate and other receivables
Fuel consumption	Aviation fuel consumed, presented in metric tons
Load factor	RPK divided by ASK. Describes the utilization of available seats
Passengers	Number of passengers flown
RPK	Revenue passenger kilometers. Number of sold seats multiplied by flight distance
Sold seats own channels	Sold seats own channels include bookings through internet, apps, direct API, agent portal, corporate portal, allotment and group travels. It does not include bookings through GDS (Global Distribution Channels)
Unit cost	Total operating expenses excl depreciation and amortization, excluding other losses/(gains)-net, divided by ASK
Unit cost excl fuel	Total operating expenses excl depreciation and amortization, excluding other losses/(gains)-net and aviation fuel expense, divided by ASK
Unit cost incl depreciation	Total operating expenses, excluding impairment and other losses/(gains)-net, divided by ASK
Unit cost incl depreciation excl fuel	Total operating expenses, excluding impairment, other losses/(gains)-net and aviation fuel expense, divided by ASK
Unit revenue	Passenger revenue divided by ASK
Yield	Passenger revenue divided by RPK. A measure of average fare per kilometer

Norwegian Air Shuttle ASA

Mailing address	P.O. Box 113 NO–1366 Lysaker
Visiting address	Snarøyveien 36, Fornebu
Telephone	+47 67 59 30 00
Internet	norwegian.com
Organization number	NO 965 920 358 MVA

Board of Directors

Bjørn H. Kise	Chair
Liv Berstad	Deputy Chair
Ada Kjeseth	Director
Christian Fredrik Stray	Director
Sondre Gravir	Director
Geir Olav Øien	Director, employee representative
Linda Olsen	Director, employee representative
Marcus Hall	Director, employee representative

Group Management

Bjørn Kjos	Chief Executive Officer
Geir Karlsen	Chief Financial Officer
Anne-Sissel Skånvik	Chief Communications Officer
Asgeir Nyseth	Chief Operating Officer
Helga Bollmann Leknes	Chief Human Resources Officer
Frode Berg	Chief Legal Officer
Tore Jenssen	Managing Director, Arctic Aviation Assets
Kurt Simonsen	Chief Information Officer
Edward Thorstad	Chief Customer Officer
Bjørn Erik Barman-Jenssen	Managing Director Support Services
Brede Huser	Chief Sales and Marketing Officer

Investor Relations

Stine Klund
investor.relations@norwegian.com
www.norwegian.com/us/about/company/investor-relations/

Financial Calendar

2018

OCTOBER	NOVEMBER	DECEMBER
4 Traffic data (Sep) 25 Q3 results	6 Traffic data (Oct)	6 Traffic data (Nov)

2019

JANUARY	FEBRUARY	MARCH
7 Traffic data (Dec 2018)	6 Traffic data (Jan) 14 Q4 results (2018)	6 Traffic data (Feb)
APRIL	**MAY**	**JUNE**
4 Traffic data (Mar) 25 Q1 results	7 Traffic data (Apr) 7 Annual General Meeting	6 Traffic data (May)
JULY	**AUGUST**	**SEPTEMBER**
4 Traffic data (Jun) 11 Q2 results	6 Traffic data (Jul)	5 Traffic data (Aug)
OCTOBER	**NOVEMBER**	**DECEMBER**
4 Traffic data (Sep) 24 Q3 results	6 Traffic data (Oct)	5 Traffic data (Nov)