norwegian

Norwegian Air Shuttle ASA

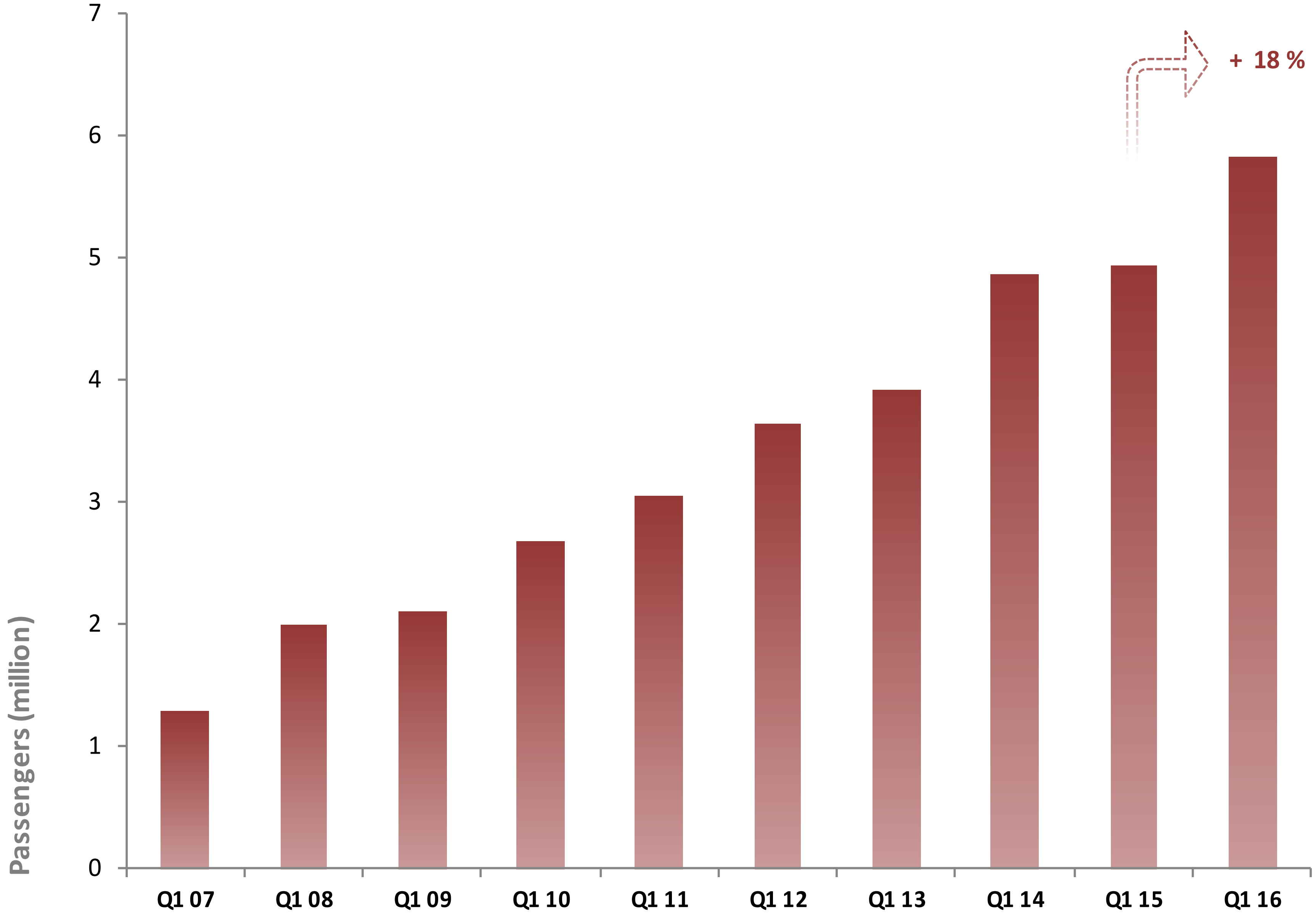
Q1 2016 Presentation

21 April 2016

Highlights Q1 2016

- Launched new routes to/from Paris and the USA (LAX, NYC and FLL) and a short haul base in Rome, Italy
- Norwegian Reward reached 4 million members
- Tentative approval of NAI by the US Department of Transportation (DoT)
- Added five new 737-800 aircraft and one 787-9 Dreamliner to the fleet
- Clean EBITDA improved by NOK 400 million

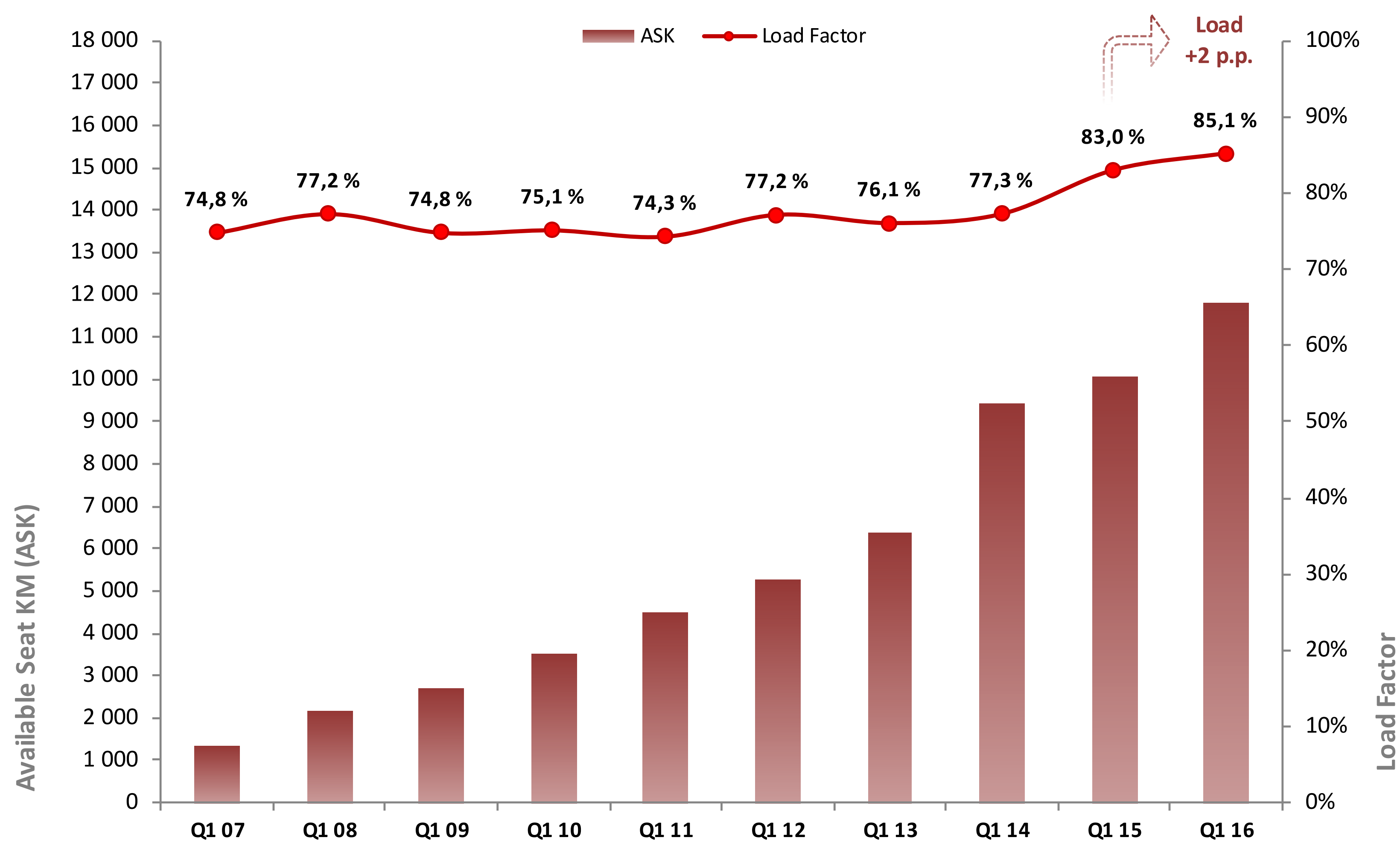
5.8 million passengers in Q1 2016 (+18 %)



Pax (mill)	**1,3**	**2,0**	**2,1**	**2,7**	**3,1**	**3,6**	**3,9**	**4,9**	**4,9**	**5,8**

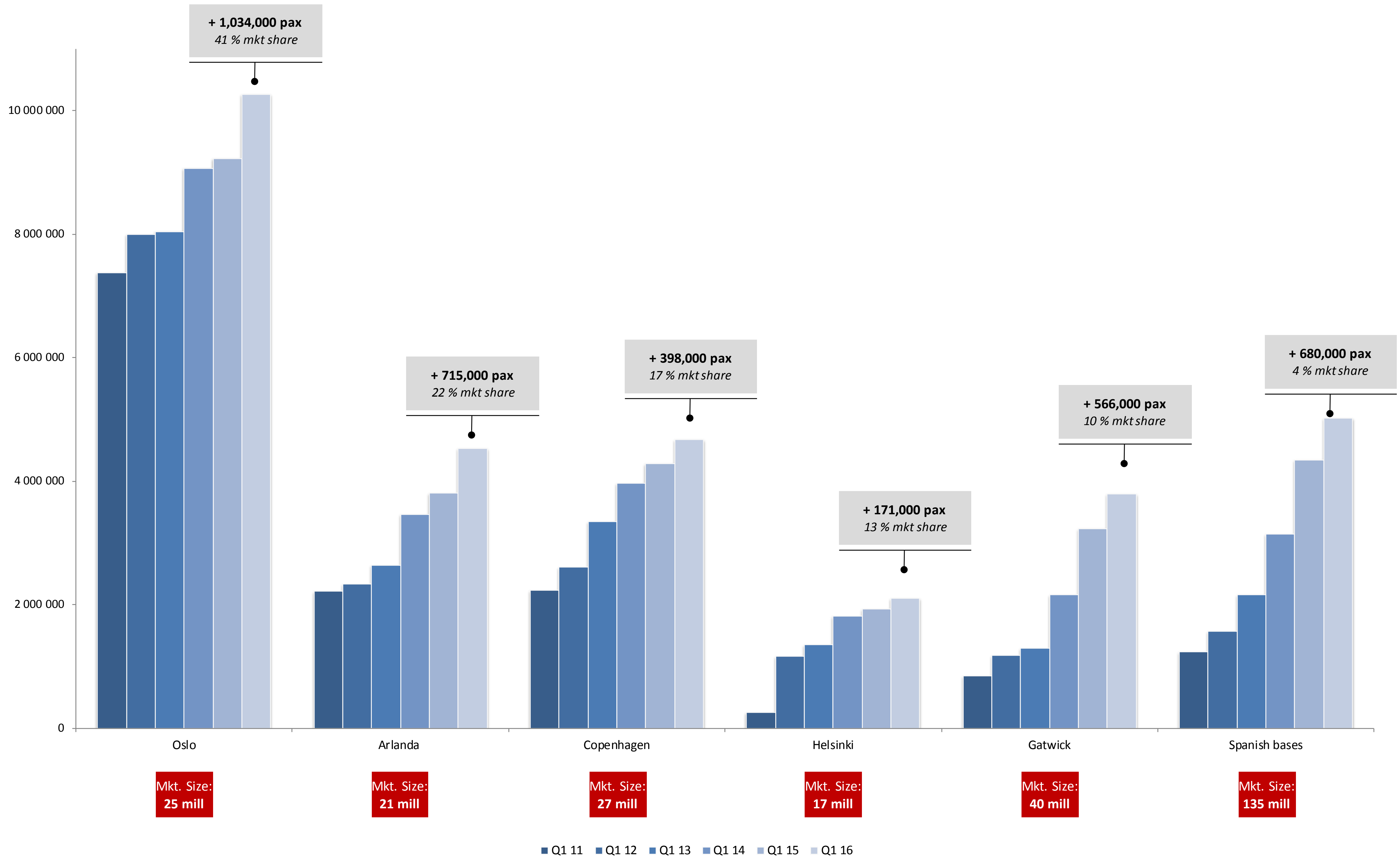
Q1 load factor up to 85 % (+2 p.p.)

- 17 % growth in capacity (ASK)
- 21 % growth in traffic (RPK)
- Average flying distance increased by 4 %



ASK	**1 342**	**2 183**	**2 674**	**3 507**	**4 498**	**5 266**	**6 378**	**9 421**	**10 056**	**11 803**
Load Factor	74,8 %	77,2 %	74,8 %	75,1 %	74,3 %	77,2 %	76,1 %	77,3 %	83,0 %	85,1 %

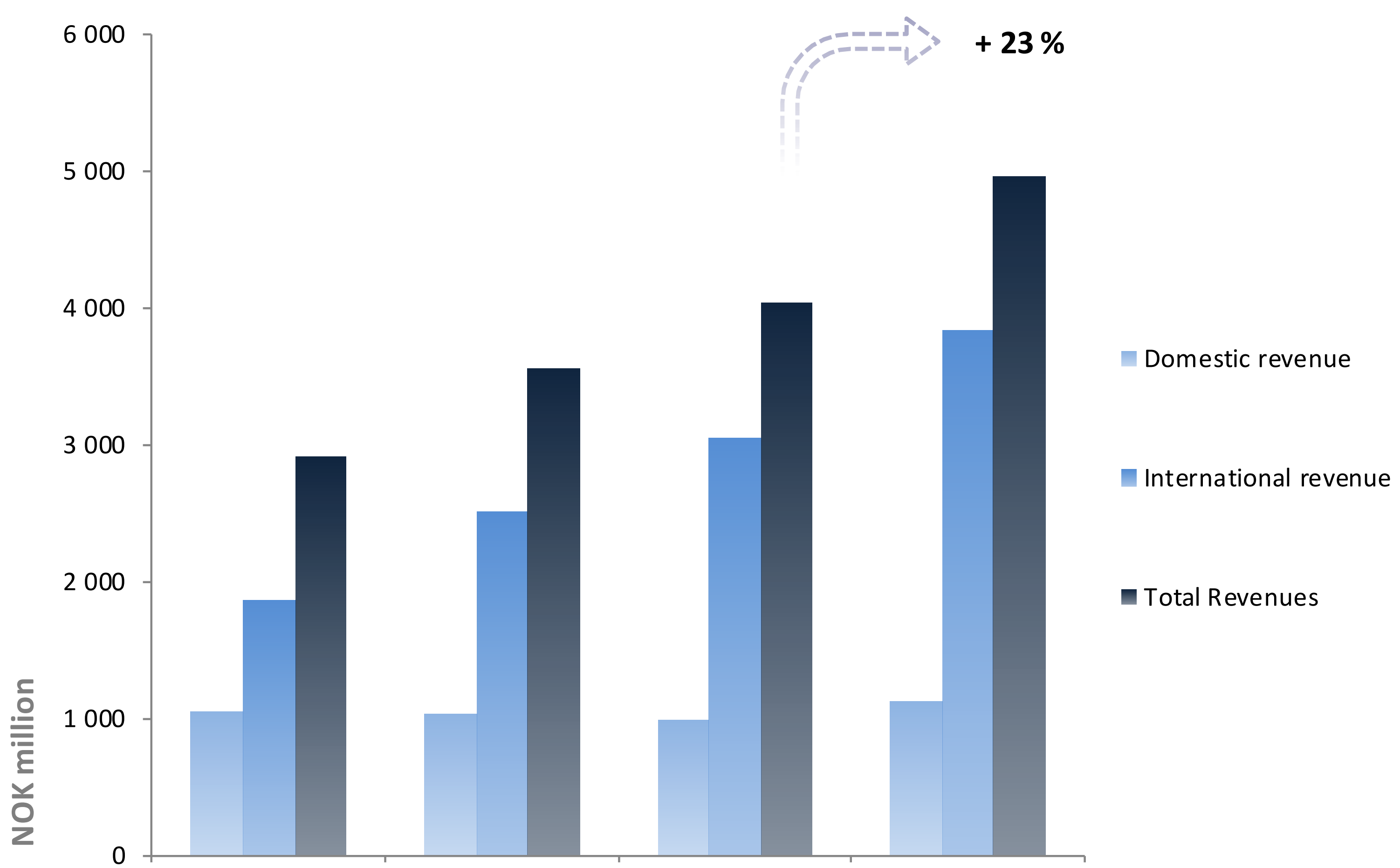
Holding or growing market shares in all key airports (last 12 months)



Sources: Avinor, Swedavia, Copenhagen Airports, Finavia, Gatwick Airport, Aena

23 % revenue growth in Q1

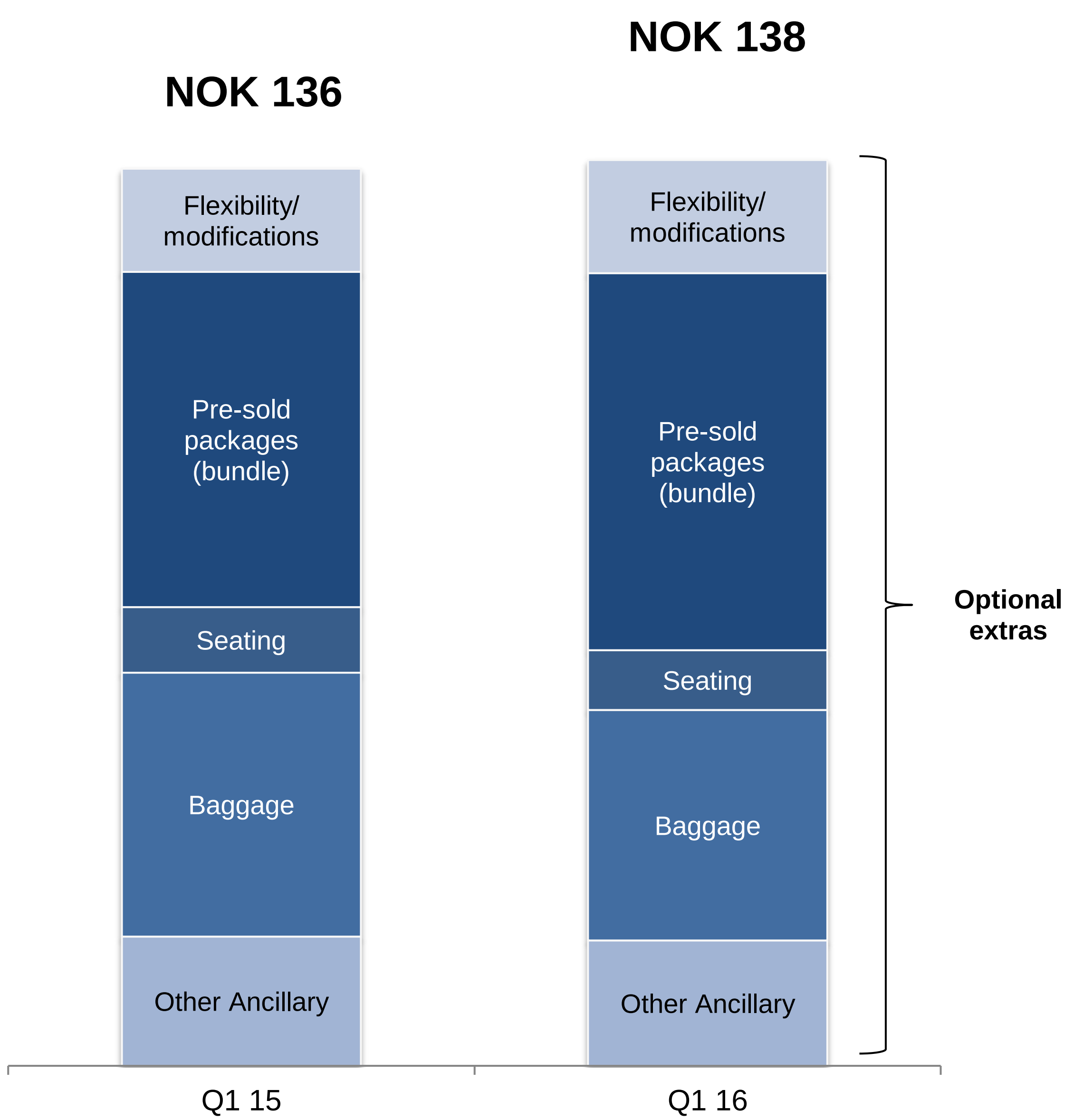
- 25 % growth in international revenue, + 15 % for domestic Scandinavia
- Unit revenue up by 5 % driven by yield (+2 %) and load (+2 p.p) offset by increased stage length



	Q1 13	Q1 14	Q1 15	Q1 16
Revenues	**2 904**	**3 551**	**4 034**	**4 961**
Domestic revenue	1 043	1 032	981	1 130
% y.o.y. chg	*20 %*	*-1 %*	*-5 %*	*15 %*
International revenue	1 861	2 519	3 053	3 831
% y.o.y. chg	*25 %*	*35 %*	*21 %*	*25 %*

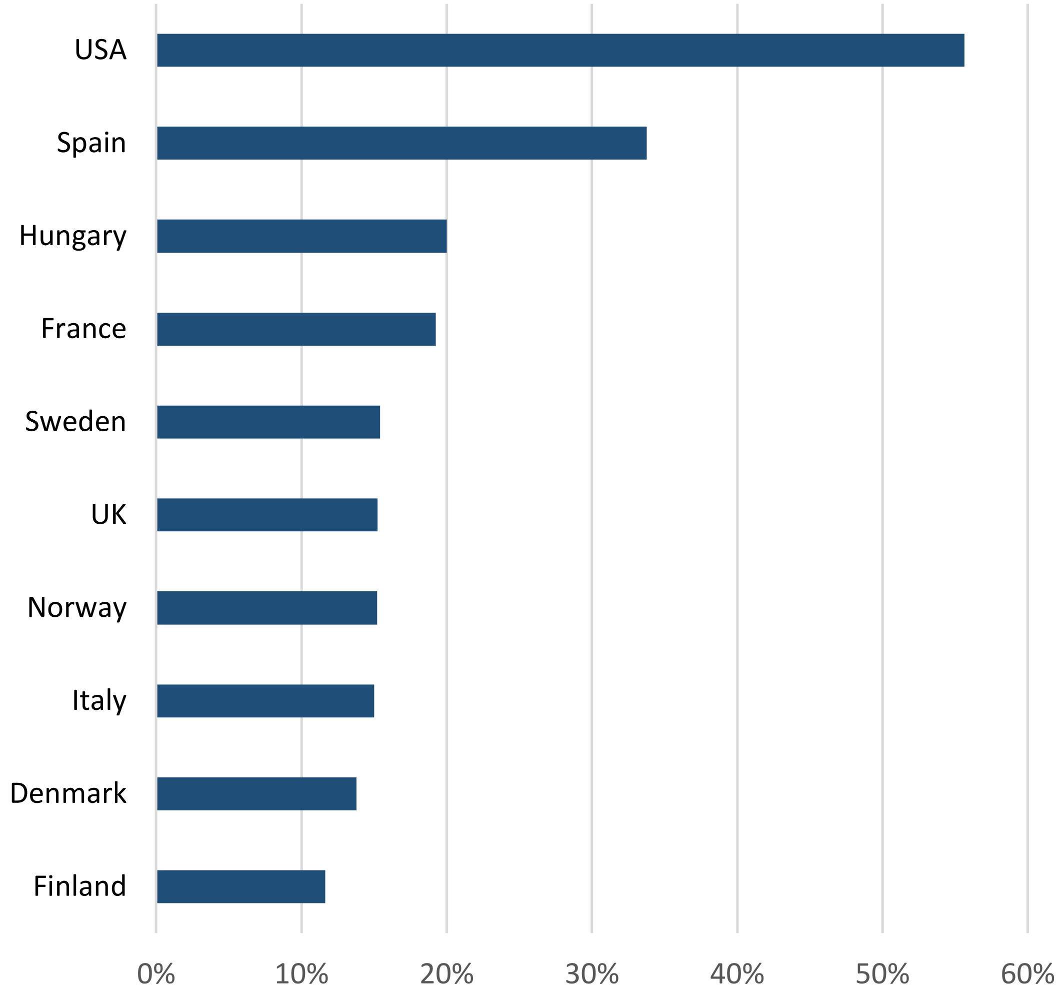
19 % growth in ancillary revenue in Q1

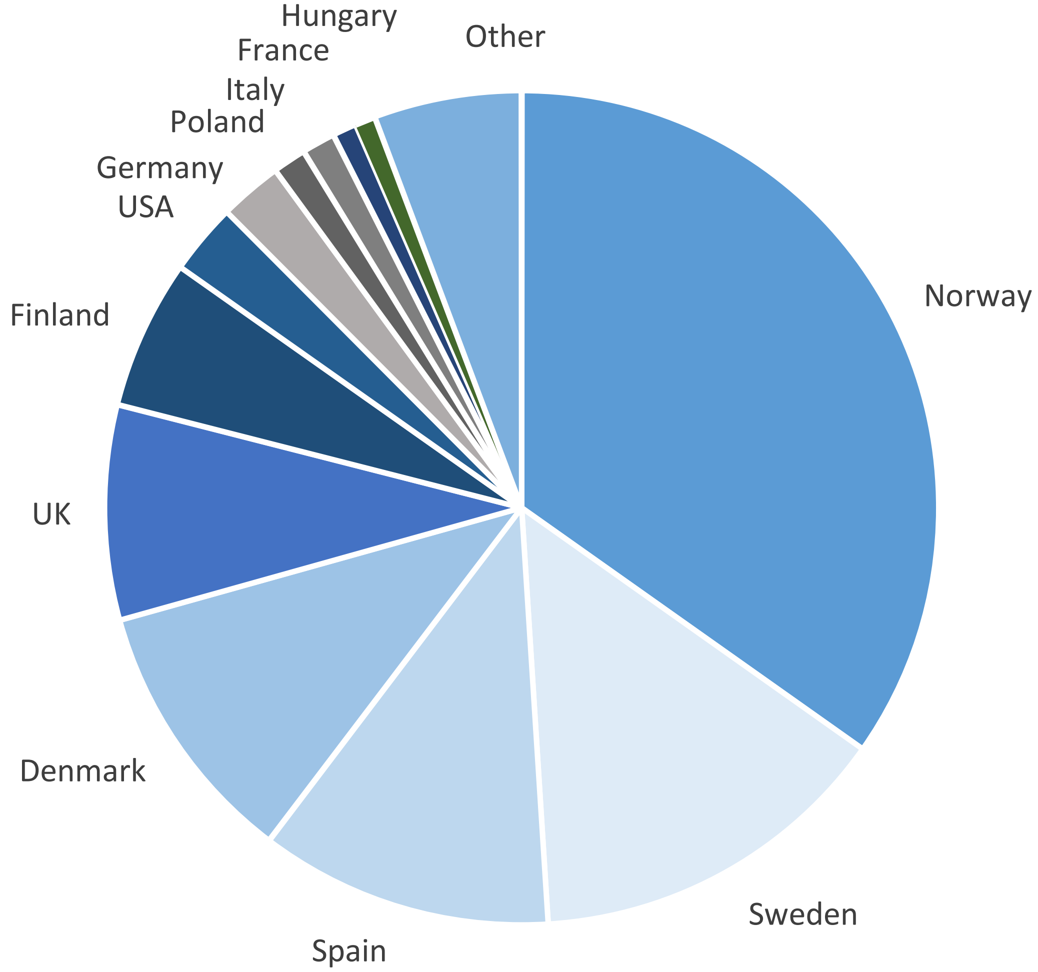
- 16 % share of Group revenue
- 1 % growth per passenger



Strongest growth in USA and Spain

- Growing share of revenue in USD, GBP and Euro
- Norway now reduced to 35 % of group passengers
- Over 40% of passengers booking from outside Scandinavia





New corporate contracts boosting sales

Revenue from corporate agreements Q1:

- Norway up by 22 % y-o-y
- Sweden up by 17 % y-o-y

Corporate contracts signed in Q1 2016:

→ Forsvaret (Norwegian army)

- Four year contract from February for 17,000 employees (Norwegian only)

→ NAV (Norwegian Labour and Welfare Administration)

- Two year contract + option to extend 2 x 1 year, for 19,000 employees (Norwegian only)

→ HINAS (Norwegian health care system)

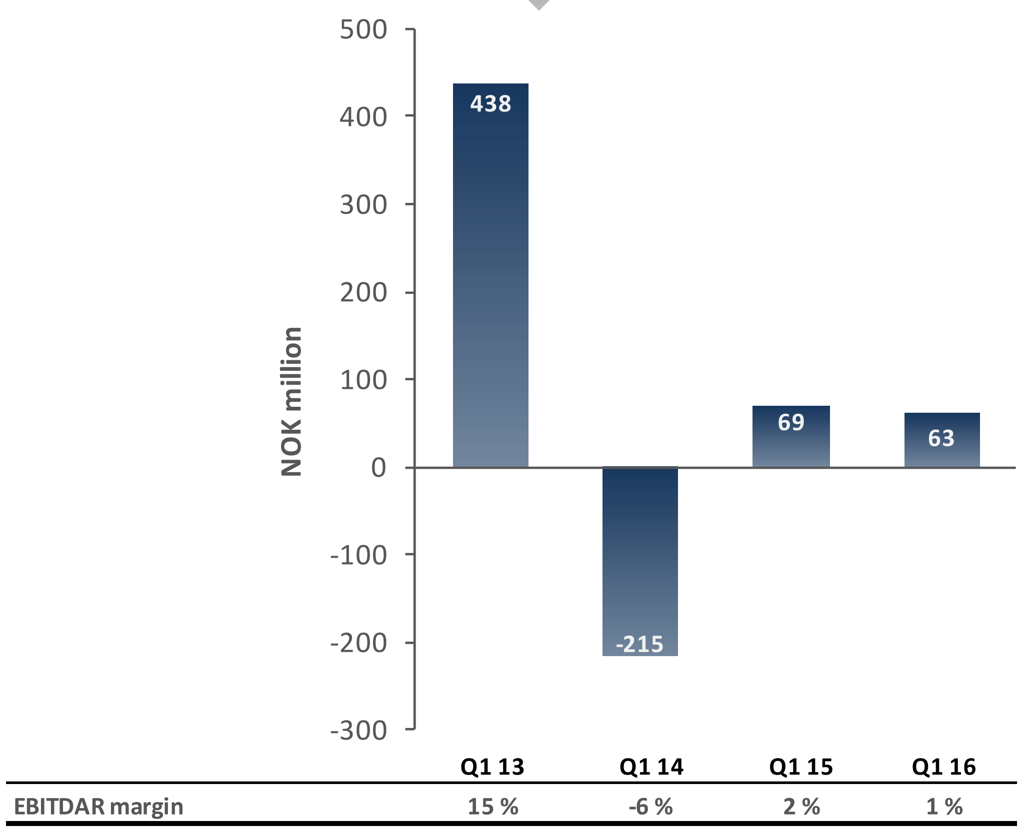
- Three year contract from April, 13 domestic routes for employees and patients

	Change
Retail	65 %
Consultants	38 %
Construction	24 %
Health Care	18 %
IT/Telecom	13 %
Bank/Finace	13 %
Public sector	10 %
Industrials	9 %
Media	-2 %
Oil/Offshore	-4 %

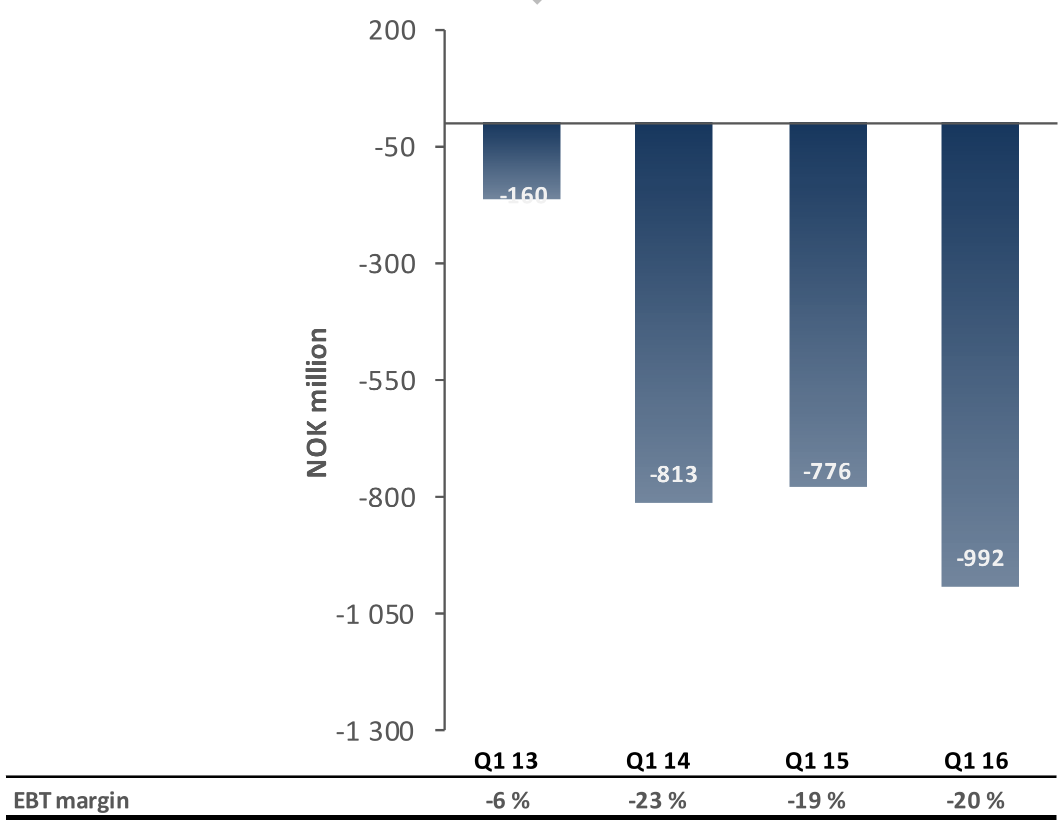
Reported earnings: lower fuel offset by currency

(NOK million)	Q1 15	Q1 16	Change
Revenue	4 034	4 961	
EBITDAR	**69**	**63**	**-6**
EBITDA	-502	-606	-104
Pre-tax profit (EBT)	-776	-992	-216
Net profit	-538	-800	

EBITDAR development Q1



EBT development Q1



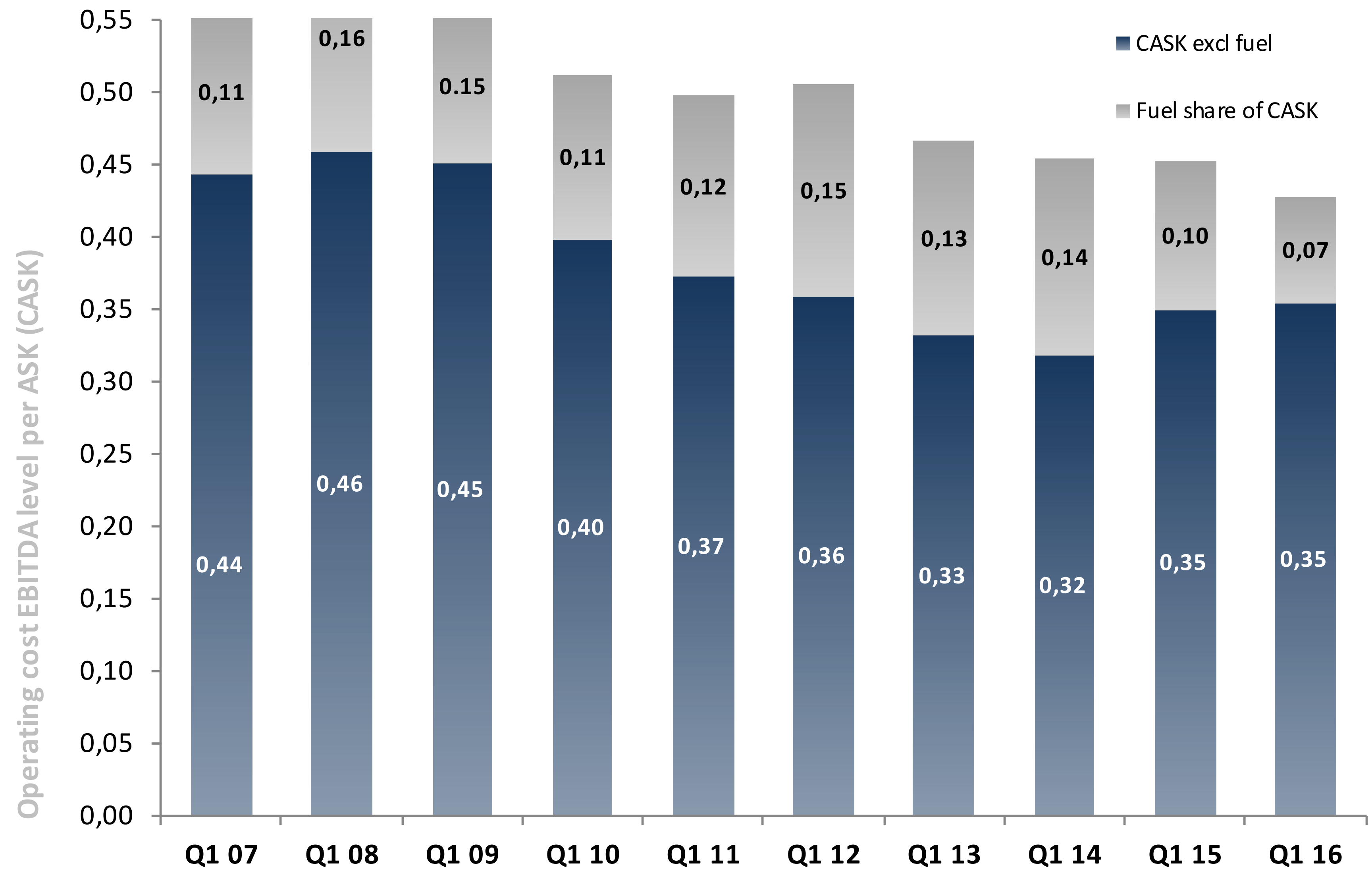
Underlying EBITDA* up by NOK 400 million

NOK million	Q1 2015	Q1 2016	chg
Revenue	4 034	4 961	926
EBITDA as reported	-502	-606	-104
Other losses/gains	3	-528	-531
EBITDA excl other losses/gains	**-505**	**-78**	**426**
Non-recurring items:			
- strike	*-110*	*-*	
- wetlease	*-19*	*-112*	
Sum non-recurring items	*-129*	*-112*	
Clean EBITDA	**-376**	**34**	**409**
Margin clean EBITDA	*-9,3 %*	*0,7 %*	

** Underlying (clean) EBITDA adj for other losses/gains and non-recurring items*

Unit cost cut by 5 %

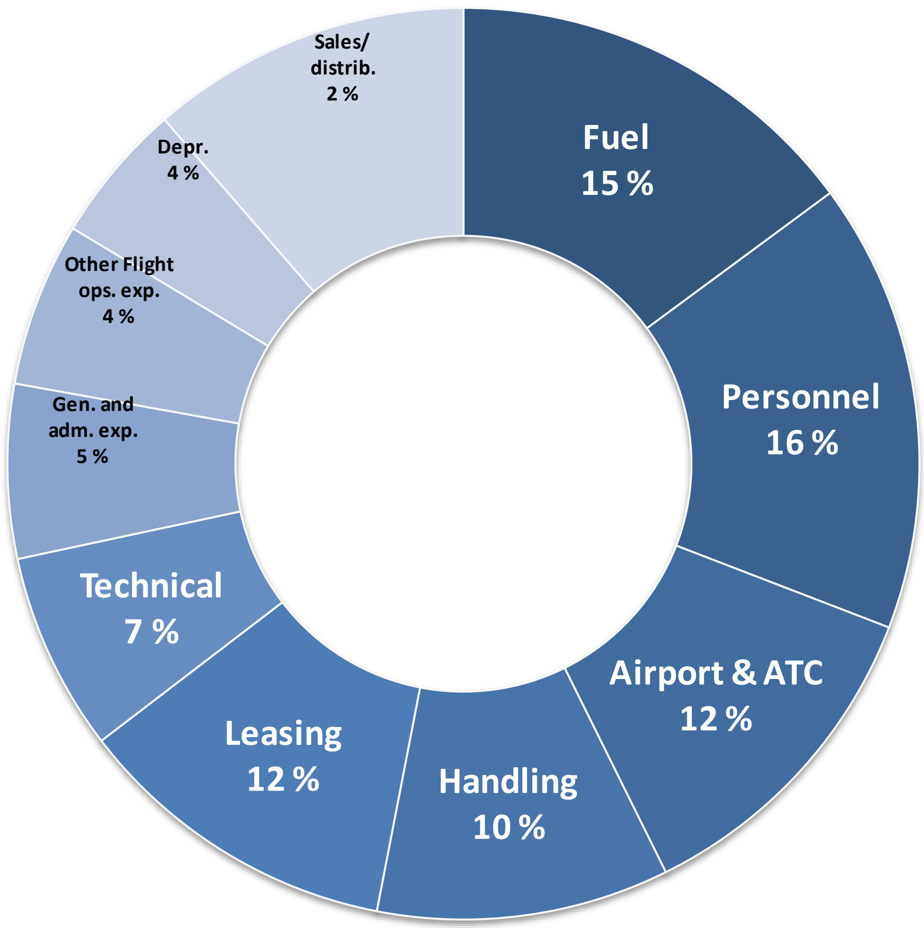
- CASK ex fuel +1 % to NOK 0.35 on currency

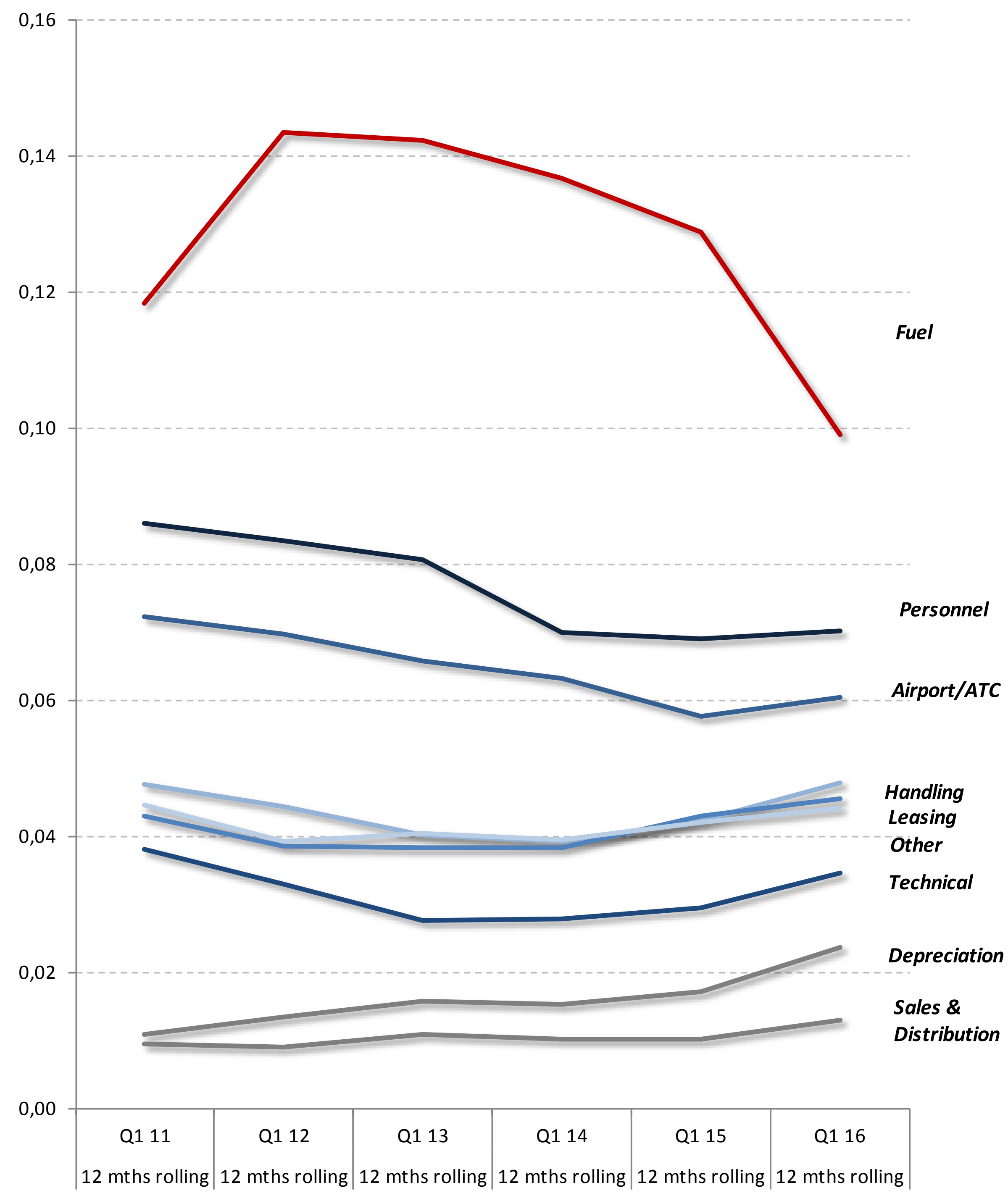


Other losses / (gains) is not included in the CASK concept as it primarily contains hedge gains/losses offset under financial items* as well as other non-operational income and/or cost items such as gains on the sale of spare part inventory and unrealized foreign currency effects on receivables/payables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

Fuel share of opex reduced to 15 % (23% in Q115)





- 7 % negative impact of currency
- Fuel hedging:
  - 50 % of 2016
  - 27 % of 2017

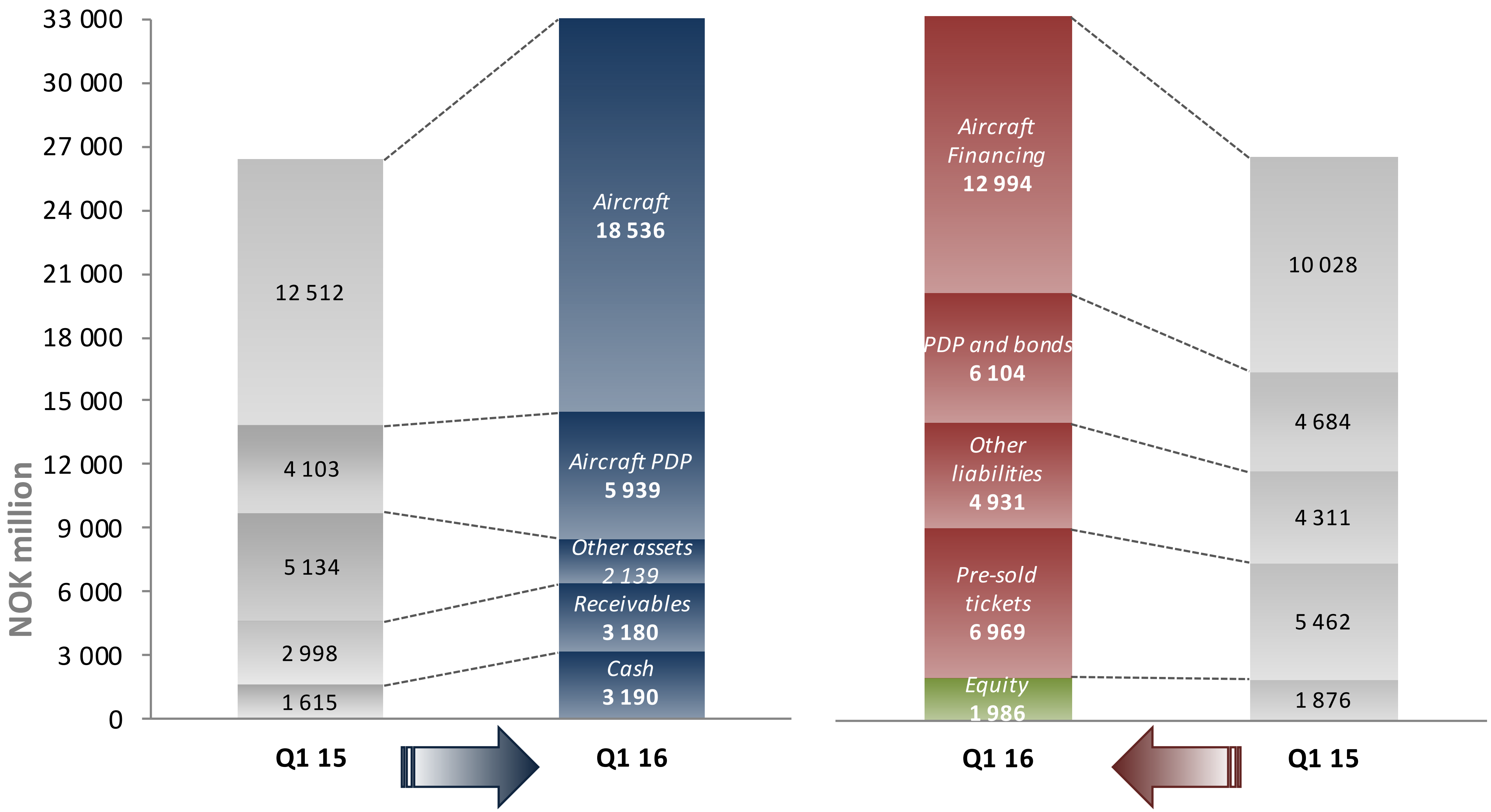
NOK 1 bn higher cash-flow from operations

- Invested NOK 1.7 bn in new B737-800 aircraft
- NOK 3.2 billion in cash at the end of Q1

NOK million	Q1 2015	Q1 2016	Change
Profit before tax	-777	-992	-215
Depreciation	220	288	68
Air traffic settlement liabilities	2 497	2 954	457
Change working capital	-945	-243	702
Net cash flows from operating activities	**996**	**2 007**	**1 012**
Net cash flows from investing activities	-1 597	-1 666	-69
Net cash flows from financial activities	196	375	179
Foreign exchange effect on cash	10	20	10
Net change in cash and cash equivalents	-396	736	1 132
Cash and cash equivalents, end of period	**1 615**	**3 190**	**1 574**

Net debt reduced by NOK 1 bn in the quarter

- Added five new 737-800 on balance + PDP's
- NOK 16 bn net debt (reduced from NOK 17bn at the end of 2015)
- Equity ratio of 6 % (11 % incl. market value of Bank Norwegian)

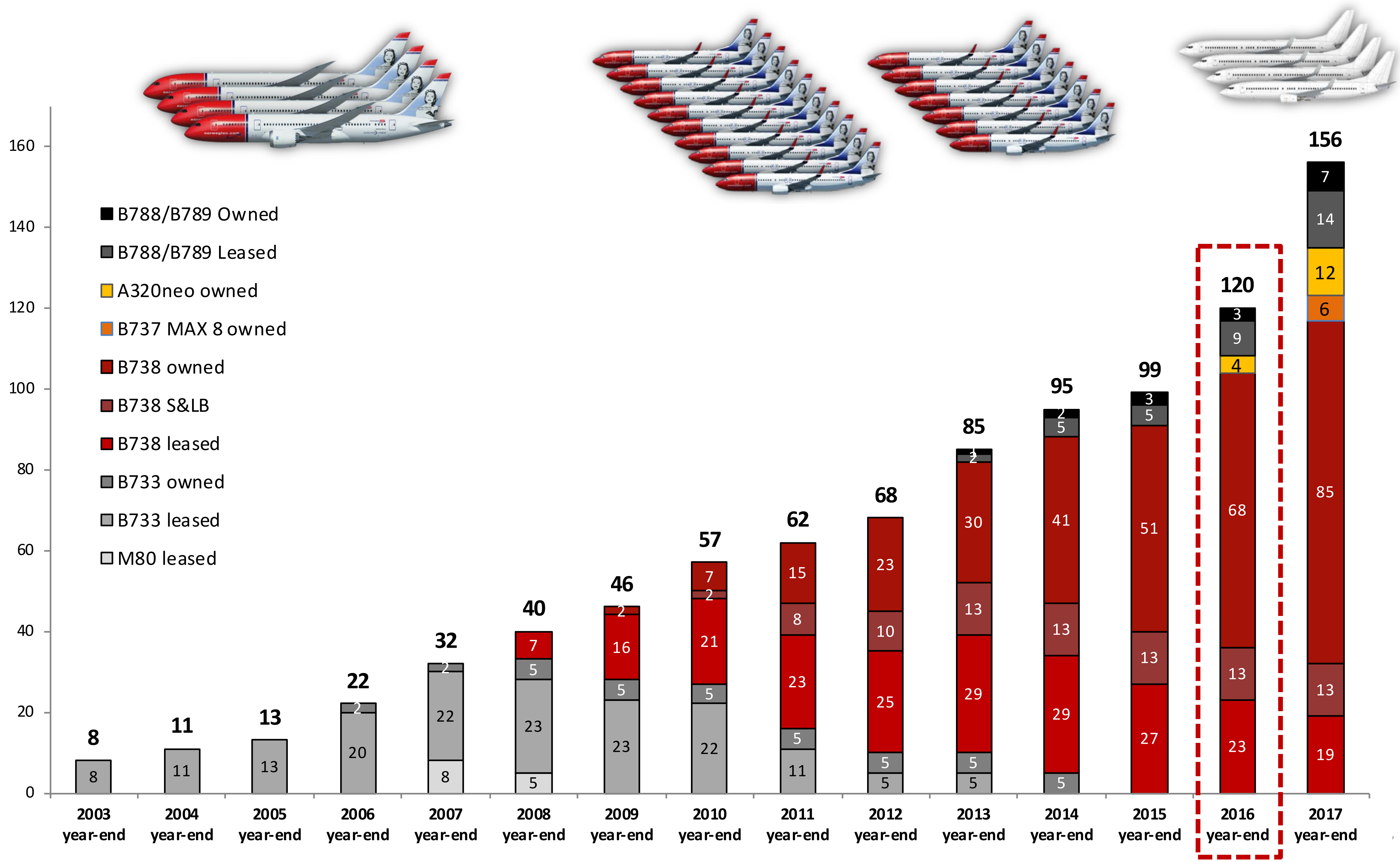


Aircraft financing on track

- Expected capex (all aircraft incl. PDP)
  - USD 1.1 bn for 2016 (unchanged)
  - USD 2 bn for 2017
  - USD 2 bn for 2018
- PDP financing
  - PDP financing with backstop lease B 737 800 (in 1H 2016)
  - PDP Financing for 50 A320 Neo’s in place
  - Negotiating PDP financing for Boeing deliveries
- Long-term financing
  - Commercial financing of 6 B 737 800
  - Ex-Im and ECA
  - EETC

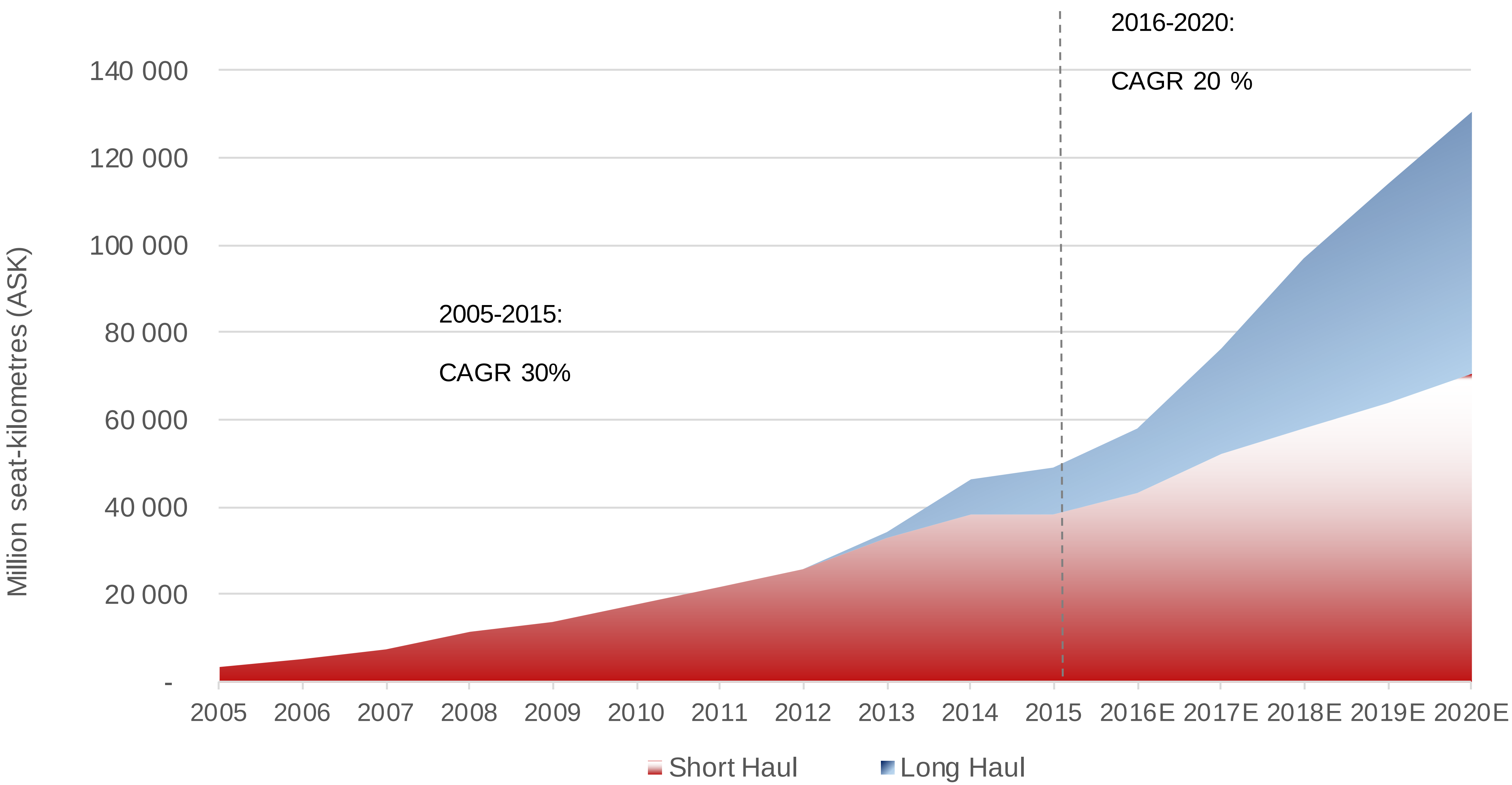
Top modern fleet with an average age of 3.6 years

2016:	Deliveries 787-9 +1376 seats	Deliveries 737-800 +3,162 seats	Re-deliveries 737-800 -744 seats



Norwegian Group 2020:
Long-haul to be more than 1.5x today's short-haul operation

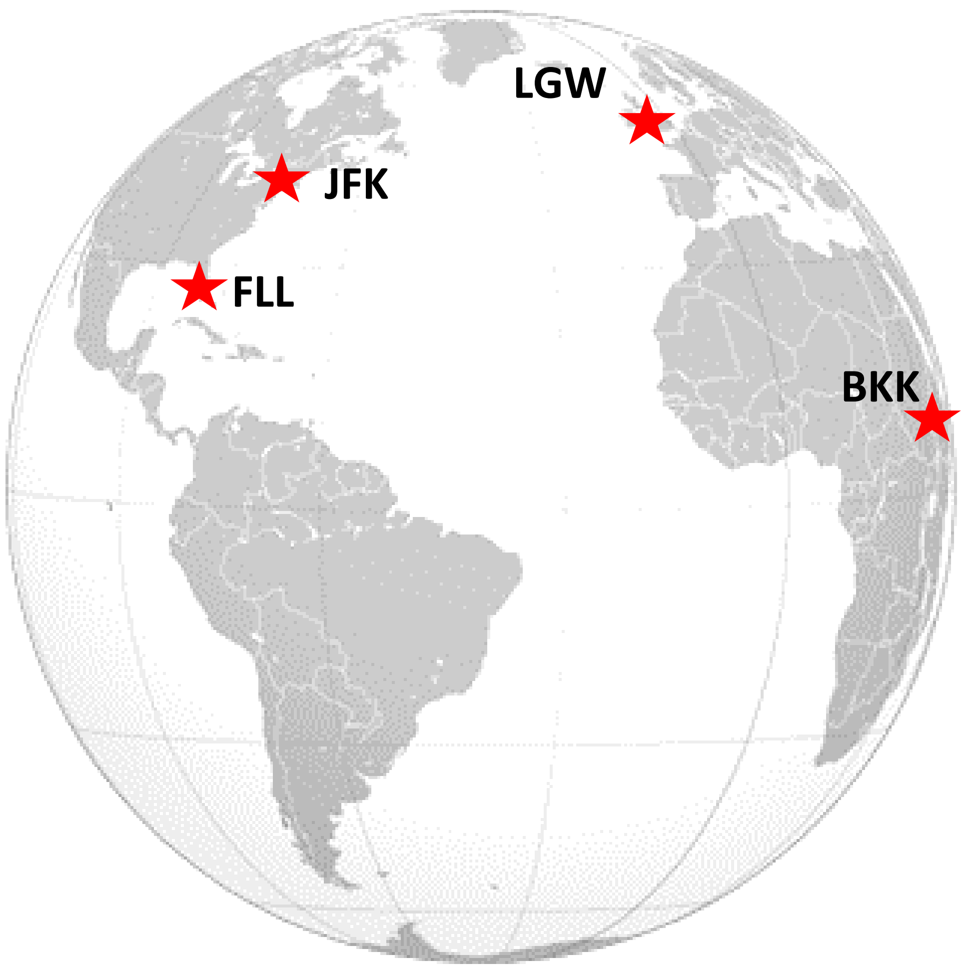
- An average 20 % annual growth for the period (CAGR 10 % for SH, 40 % for LH)
- An estimated 130 billion ASK in 2020

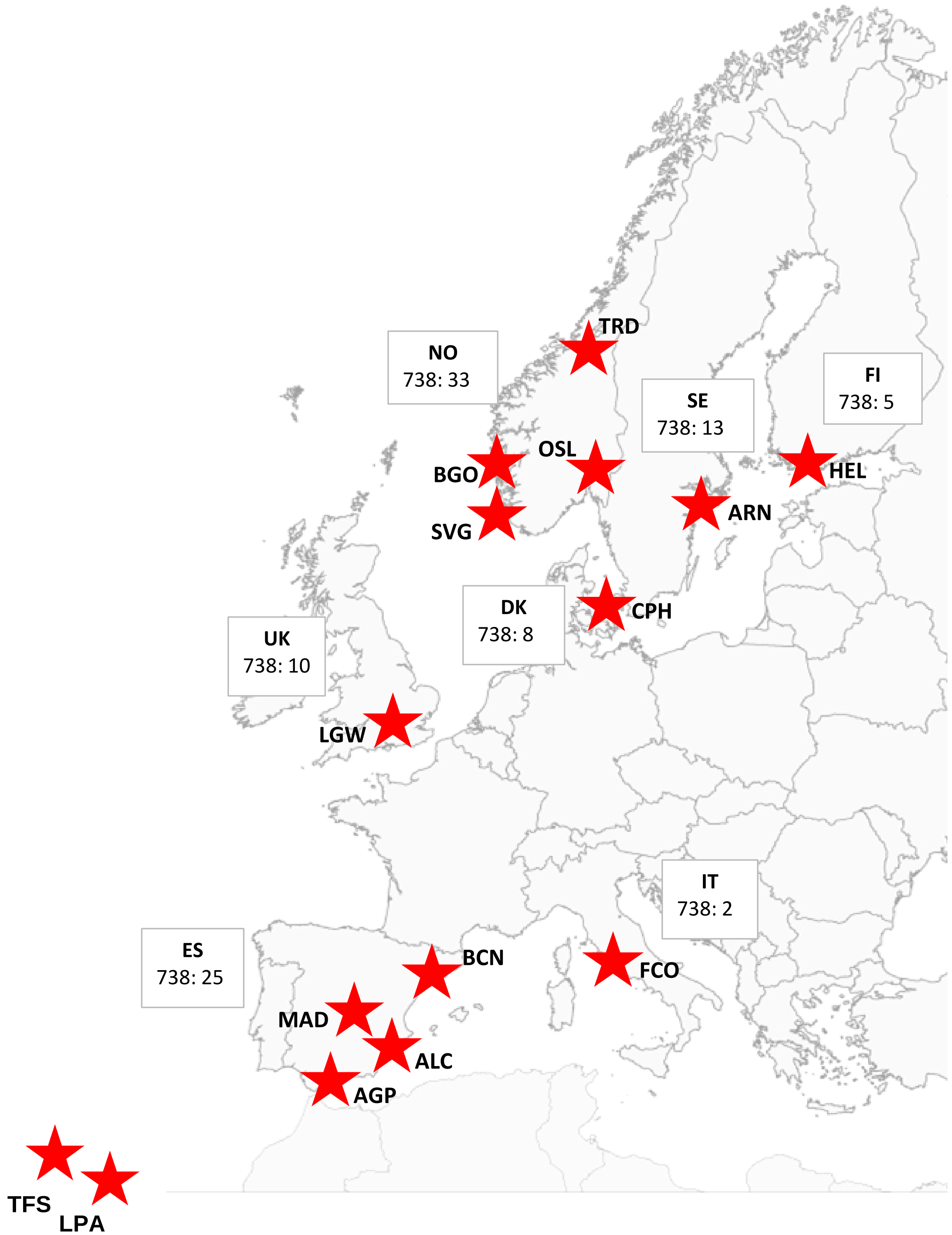


Based on the current fleet plan. Aircraft replaced after 8 years. Excess capacity leased out or sold.

Summer 2016: 18 crew bases and 106 aircraft

- Short haul: 96 aircraft
- Long haul: 10 aircraft





Launched new long haul routes to Paris

Outlook for 2016

- Markets and business
  - Soft macro and passenger tax to be introduced in Norway, strong competition in Denmark
  - Stable in other key markets
  - Positive momentum for long-haul
  - Group bookings ahead of last year, capacity adjusted

- An estimated production growth (ASK) of 18 % (unchanged)
  - Short-haul + 12 %, Long-haul + 40 %
  - Increasing distance driven by mix (long-haul)

- Unit cost in the area of NOK 0.37 (unchanged)
  - Assumptions: Fuel price of USD 350 per metric ton, USD/NOK 8.25, EUR/NOK 9.00
  - Based on the current route portfolio and planned production

- 25 aircraft scheduled for delivery in 2016
  - Seventeen direct buy B737-800 (returning four leased 737-800)
  - Four leased B787-9 Dreamliners
  - Four direct buy A320Neo (to be leased out)

Summary

- Won several corporate agreements as businesses want to reduce travel expenses
- NAI has received tentative approval from DoT
- Bookings ahead of last year
- Financing on-track
- Unchanged guidance for 2016 on production and unit cost
- Bank Norwegian to be listed on OSE

Norwegian operates 447 routes to 138 destinations