

# Norwegian Air Shuttle ASA

Q3 2015 Presentation



Best low-cost airline in Europe 2013-2015  
World's best Long Haul low-cost airline 2015

**norwegian** 

*Photo: David Charles Peacock*

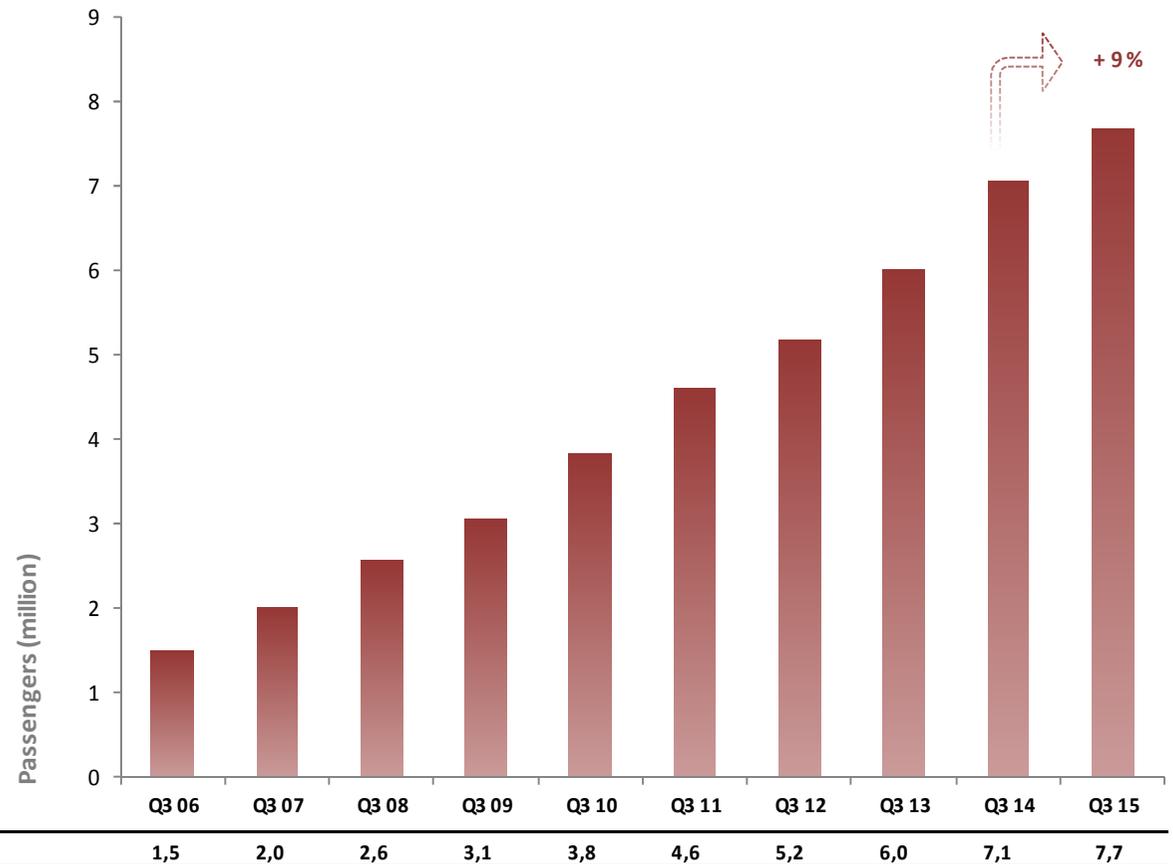


- Launched domestic Spain and winter routes in the Caribbean
- Five new aircraft delivered in Q3
  - Added ten new aircraft the first nine months
- LOI for lease agreement
  - 12 aircraft for 12 year contracts from delivery
- EBT improved to NOK 1.1 billion from NOK 505 million last year

# 7.7 million passengers in Q3 2015 (+9 %)

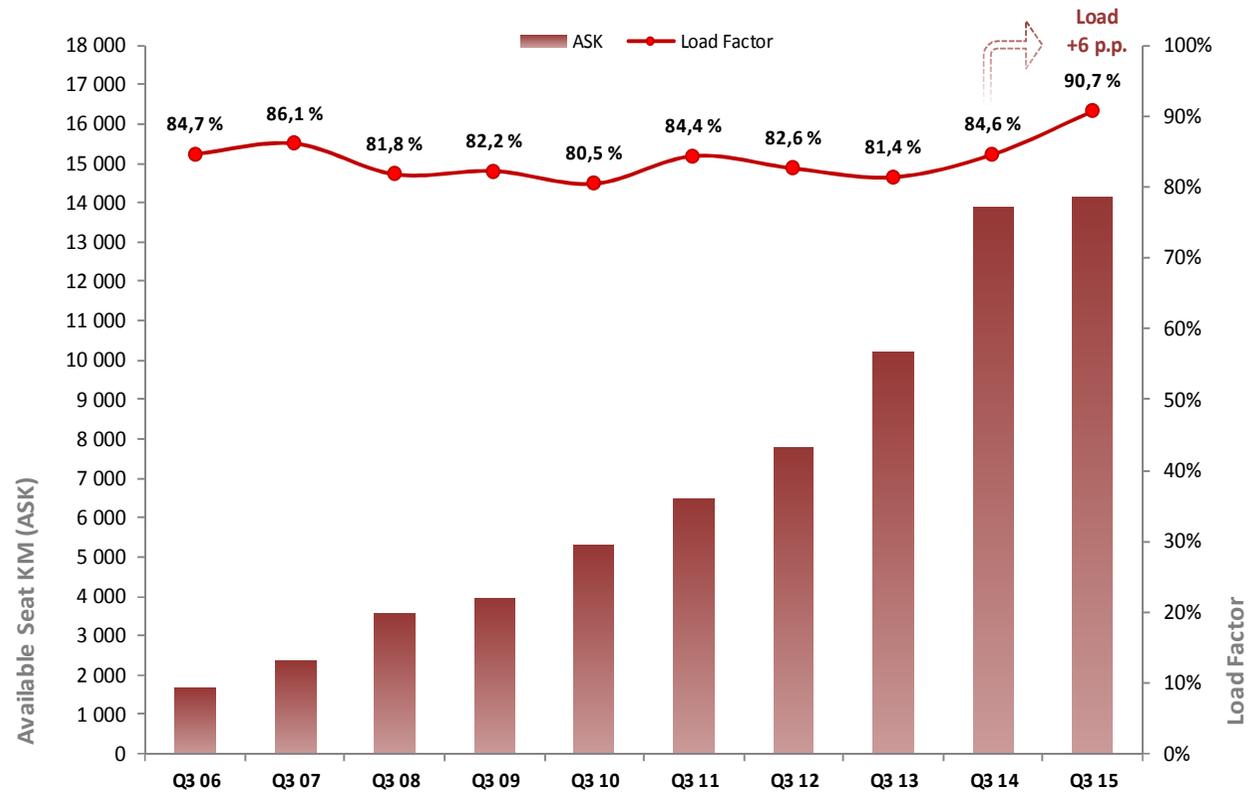


15 % growth in number of passengers for long-haul in Q3



# Load factor increased to 91 % (+6 p.p.)

- 2 % growth in capacity (ASK)
- 9 % growth in traffic (RPK)
- Average flying distance increased by 2 %

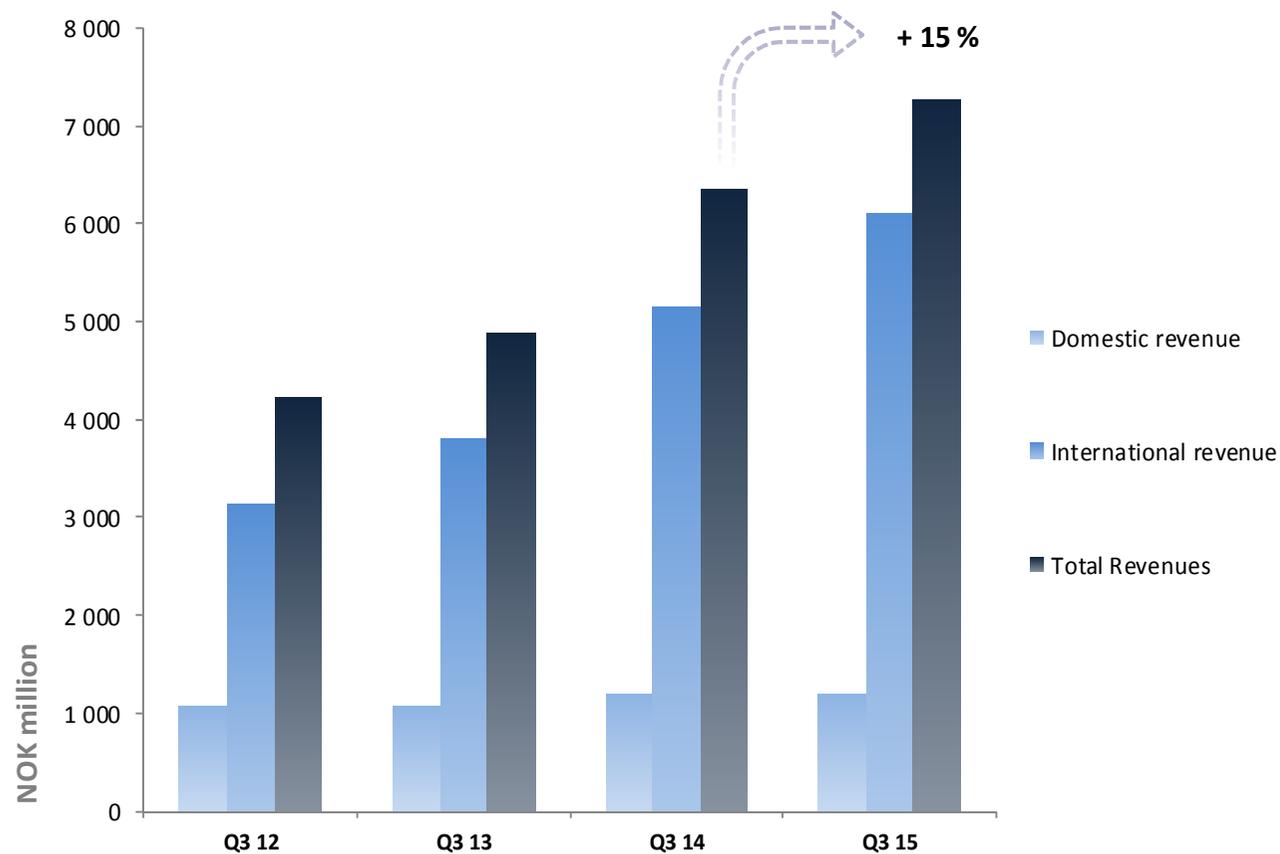


ASK	1 694	2 333	3 590	3 979	5 331	6 480	7 780	10 223	13 905	14 143
Load Factor	84,7 %	86,1 %	81,8 %	82,2 %	80,5 %	84,4 %	82,6 %	81,4 %	84,6 %	90,7 %

# Q3 revenue increased by 15 %



- 18 % growth for international, flat domestic revenue



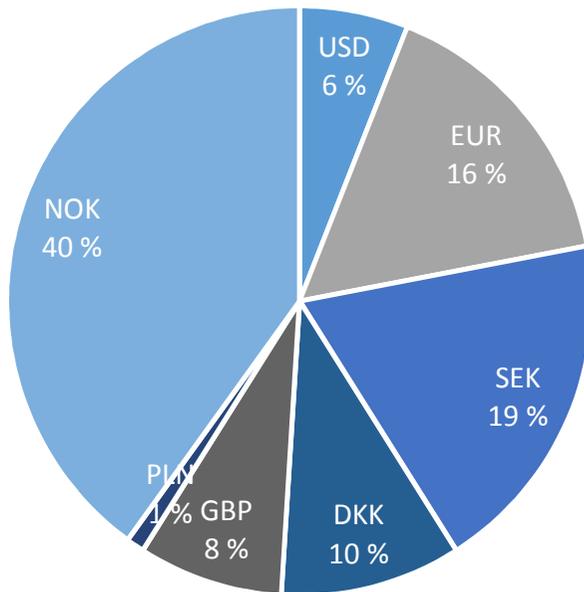
	Q3 12	Q3 13	Q3 14	Q3 15
<b>Revenues</b>	<b>4 224</b>	<b>4 878</b>	<b>6 338</b>	<b>7 277</b>
Domestic revenue	1 071	1 072	1 186	1 187
% y.o.y. chg	12 %	0 %	11 %	0 %
International revenue	3 153	3 806	5 152	6 090
% y.o.y. chg	30 %	21 %	35 %	18 %

# Unit revenue up on higher load and currency

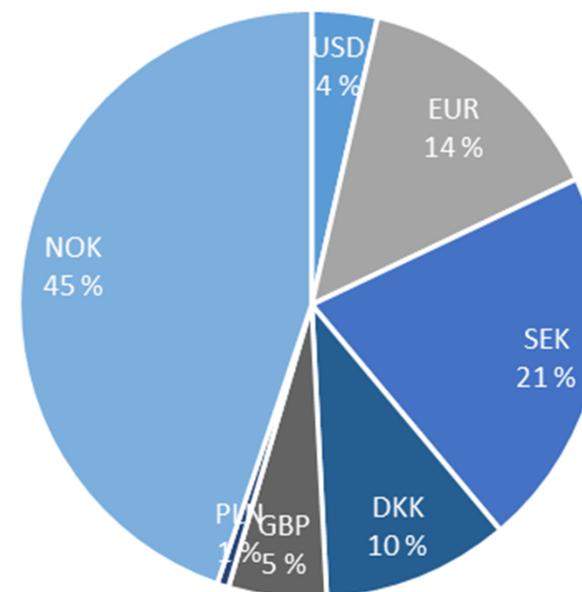
- Unit Revenue (RASK) +13 %
- RASK adjusted for currency + 5%

Split revenue by currency:

Q3 2015



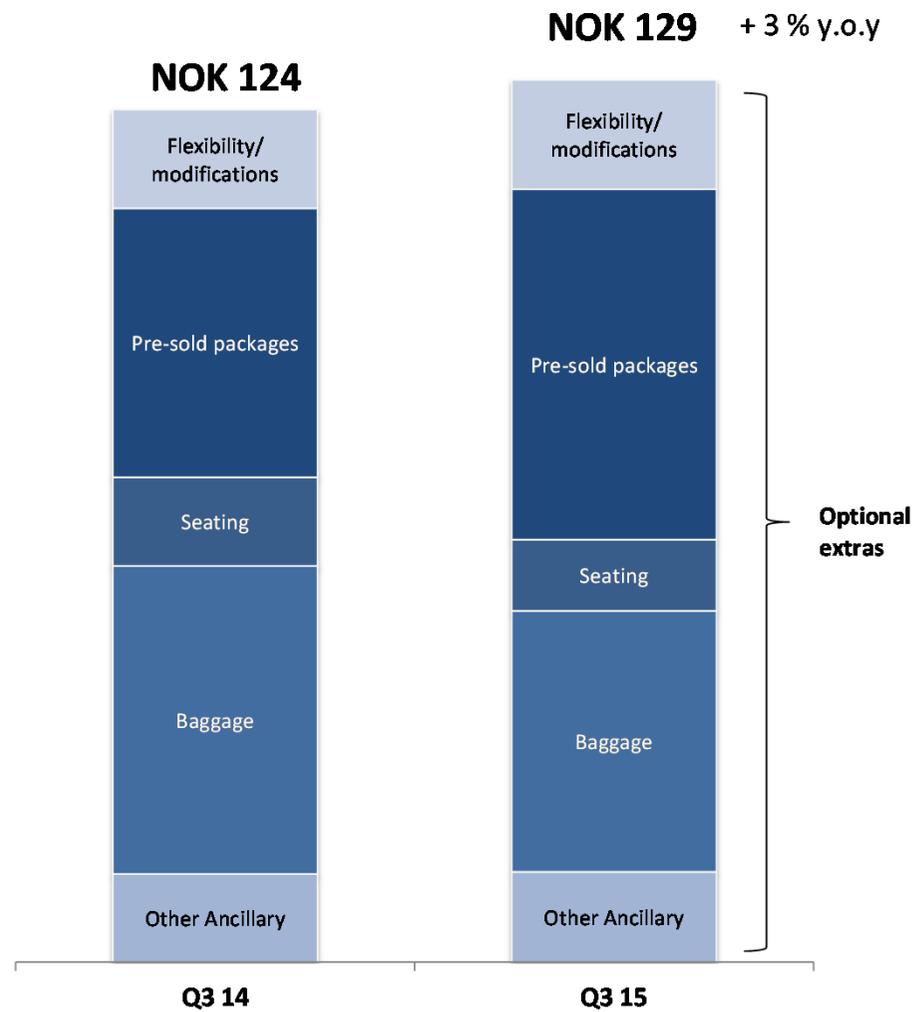
Q3 2014



# 13 % growth in ancillary revenue (+3 % per passenger)



- Group ancillary per customer
  - Growth driven by bundle and freedom to choose

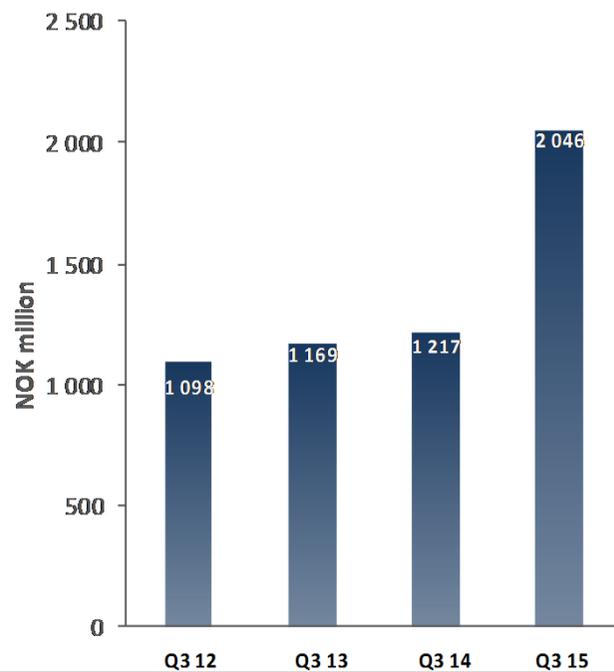


# EBT doubled to NOK 1.1 billion



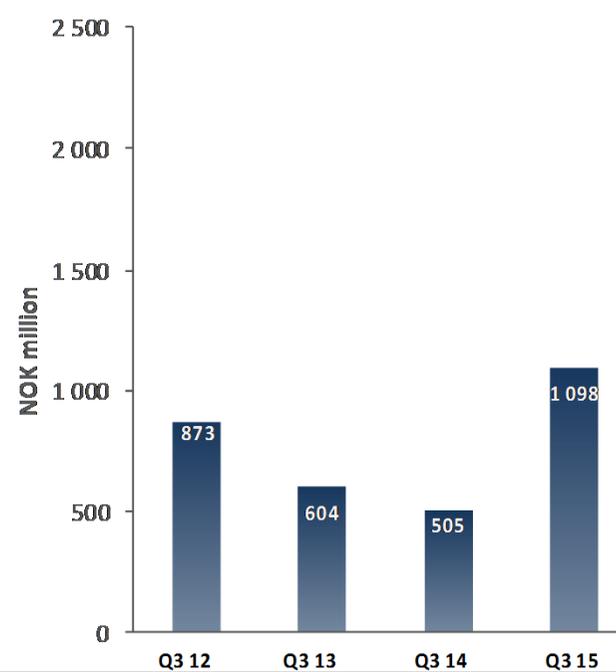
(NOK million)	Q3 15	Q3 14	Change
<b>EBITDAR</b>	<b>2 046</b>	<b>1 217</b>	828
EBITDA	1 484	726	
EBIT	1 182	532	
<b>Pre-tax profit (EBT)</b>	<b>1 098</b>	<b>505</b>	593
Net profit	833	374	

EBITDAR development Q3



EBITDAR margin	Q3 12	Q3 13	Q3 14	Q3 15
	26 %	24 %	19 %	28 %

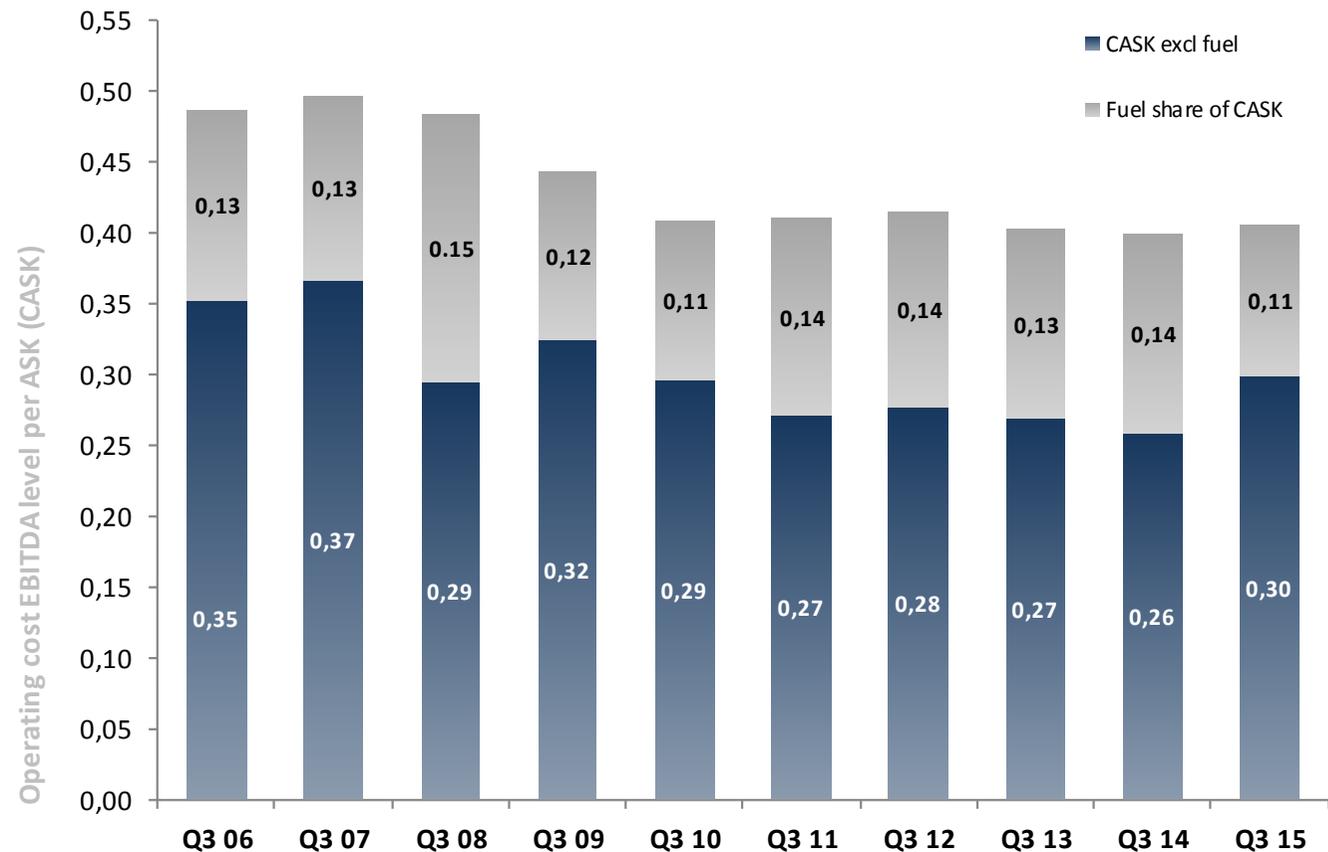
EBT development Q3



EBT margin	Q3 12	Q3 13	Q3 14	Q3 15
	21 %	12 %	8 %	15 %

# Unit cost driven by load factor

- CASK +2 % to NOK 0.41 driven by 6 p.p. higher load factor
- Unit cost per passenger fell by 5 % (-2 % in constant currency ex fuel)



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.

# Improved cash-flow from operations



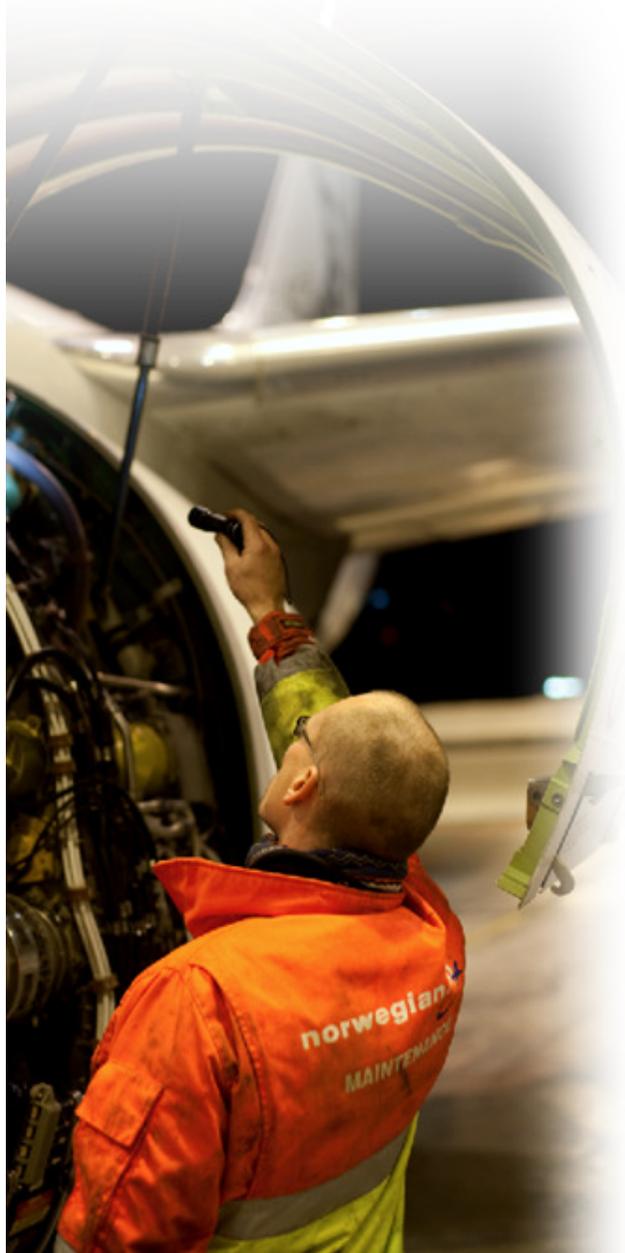
- Q3 affected by a seasonal reduction in prepaid tickets (NOK -1.4 bn)
  - NOK 2.3 billion in cash at 30 September
- 2015: Invested NOK 4.5 bn in new aircraft
  - NOK 2.6 bn cash-flow from operations and NOK 2.2bn external financing

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

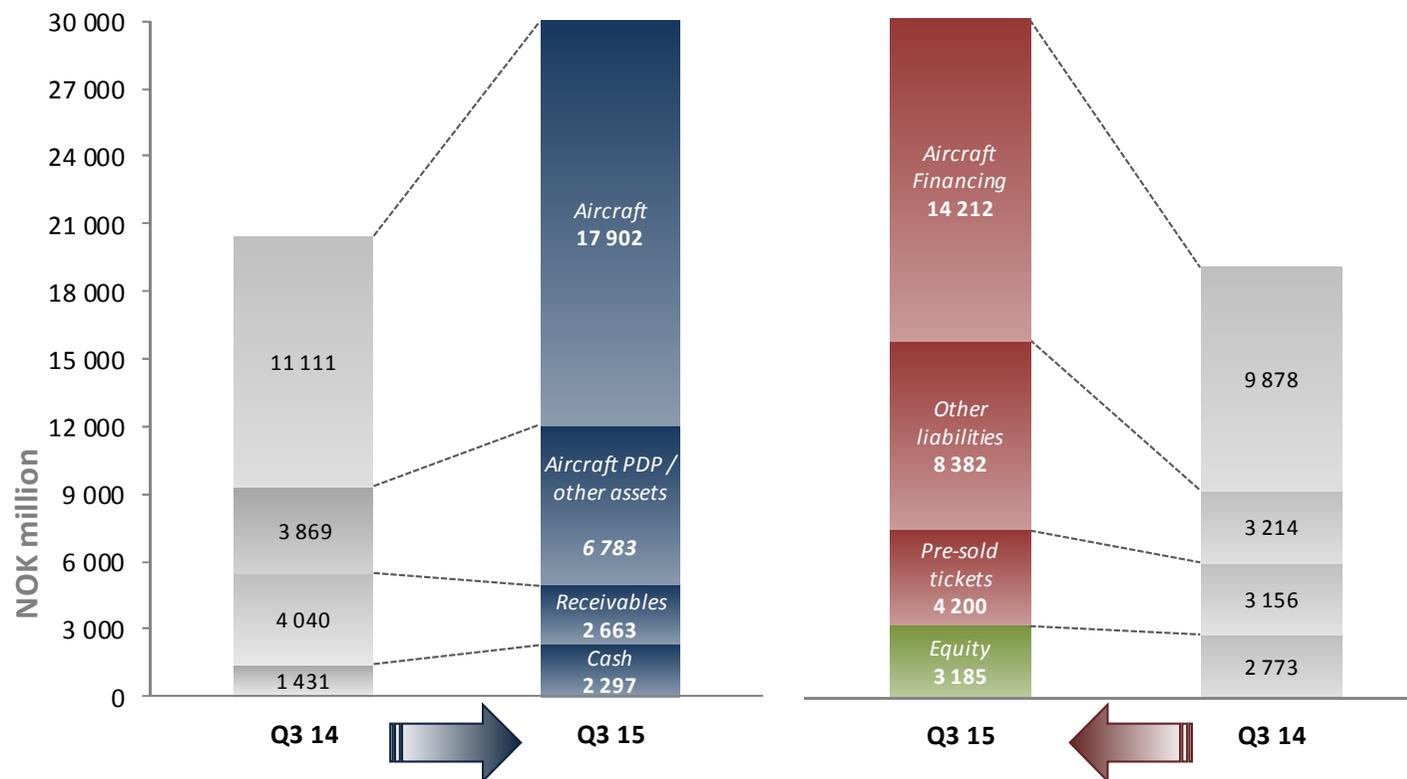
Unaudited

<i>(Amounts in NOK million )</i>	Q3 2015	Q3 2014	YTD 2015	YTD 2014	Full Year 2014	Full Year 2013
<b>Net cash flows from operating activities</b>	<b>324</b>	-280	<b>2 634</b>	1 238	<b>287</b>	2 377
<b>Net cash flows from investing activities</b>	<b>-1 844</b>	-747	<b>-4 532</b>	-3 684	<b>-4 931</b>	-2 126
<b>Net cash flows from financial activities</b>	<b>781</b>	118	<b>2 201</b>	1 706	<b>4 479</b>	184
<b>Foreign exchange effect on cash</b>	<b>-11</b>	2	<b>-18</b>	6	<b>11</b>	0
<b>Net change in cash and cash equivalents</b>	<b>-749</b>	-907	<b>286</b>	-735	<b>-155</b>	435
Cash and cash equivalents in beginning of period	<b>3 045</b>	2 339	<b>2 011</b>	2 166	<b>2 166</b>	1 731
Cash and cash equivalents in end of period	<b>2 297</b>	1 431	<b>2 297</b>	1 431	<b>2 011</b>	2 166

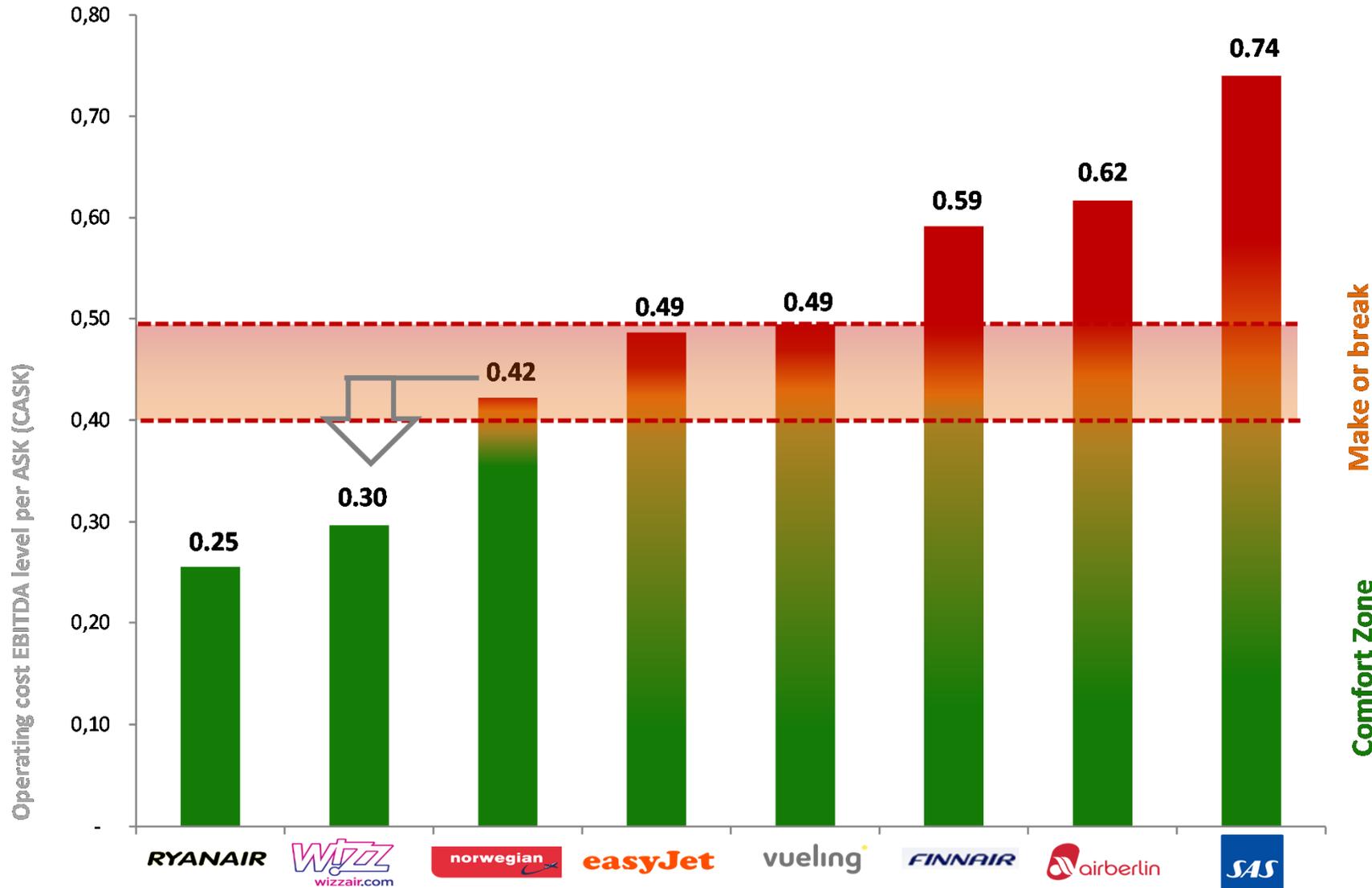
# Equity ratio strengthened to 11 %



- Invested NOK 6 billion the last 12 months
- Ten new 737-800 and one 787 on balance since Q314
- NOK 15.5 billion net debt
- 14 % equity ratio adj for Bank Norwegian



# Aiming for NOK 0.25 per ASK (ex fuel)



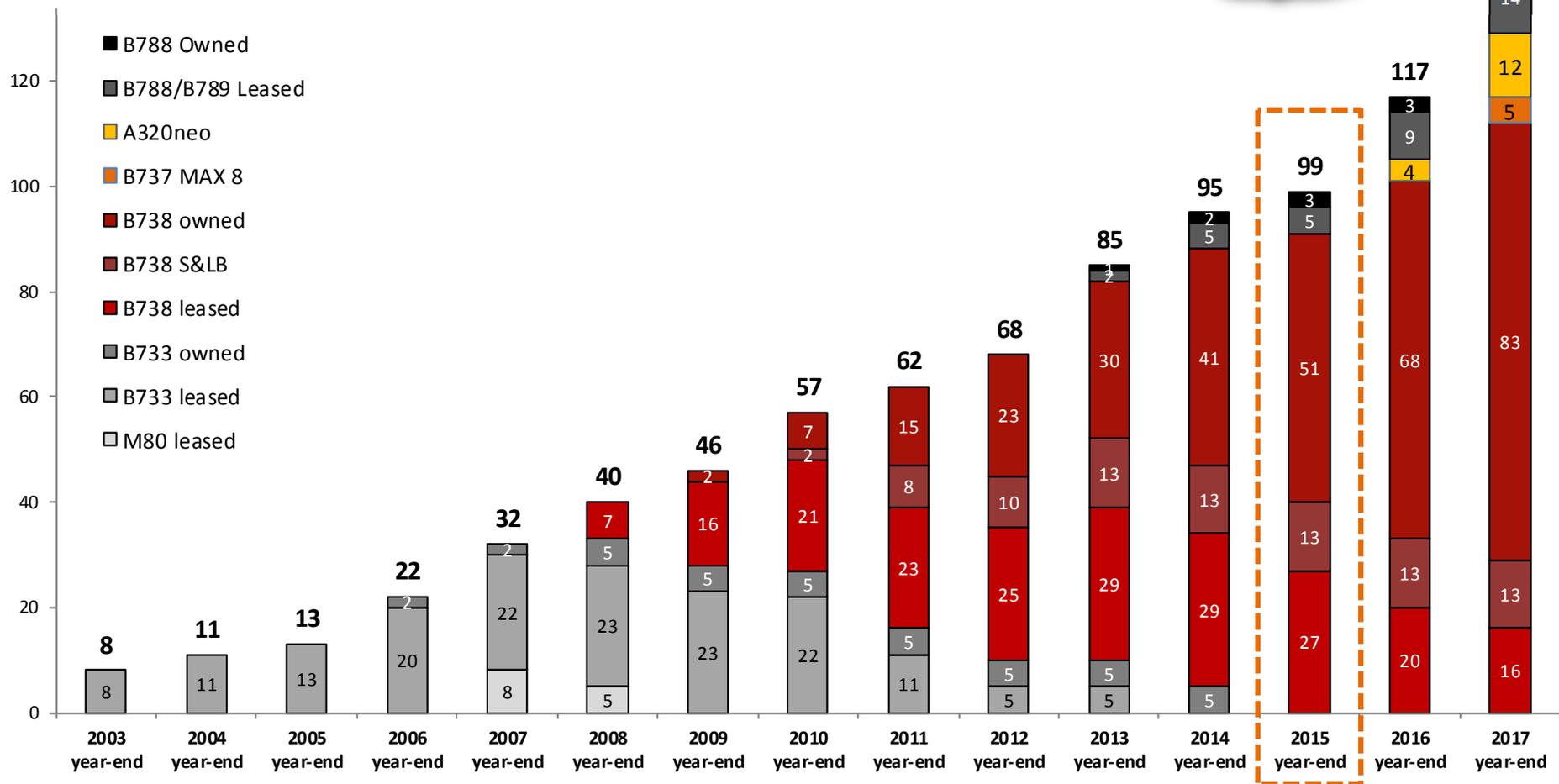
Sources: Based on official full-year 2014 annual report for Norwegian Air Shuttle, Finnair, Air Berlin, Vueling, SAS Group (31.10.2014), Easyjet (30.09.2014), and full-year 2015 report for Ryanair and WizzAir (31.03.2015).

- Cost per available seat kilometer is an industry-wide cost level indicator often referred to as "CASK". Usually represented as operating expenses before depreciation and amortization (EBITDA level) over produced seat kilometers (ASK).
- Foreign exchange rates used are equivalent to the daily average rates corresponding to the reporting periods and as stated by the Central Bank of Norway
- Note: For some carriers the available financial data represents Group level data which may include cost items from activities that are unrelated to airline operations.
- Other losses / (gains) is not included in the CASK concept as it primarily contains hedge gains/losses offset under financial items\* as well as other non-operational income and/or cost items such as gains on the sale of spare part inventory and unrealized foreign currency effects on receivables/payables and (hedges of operational expenses).

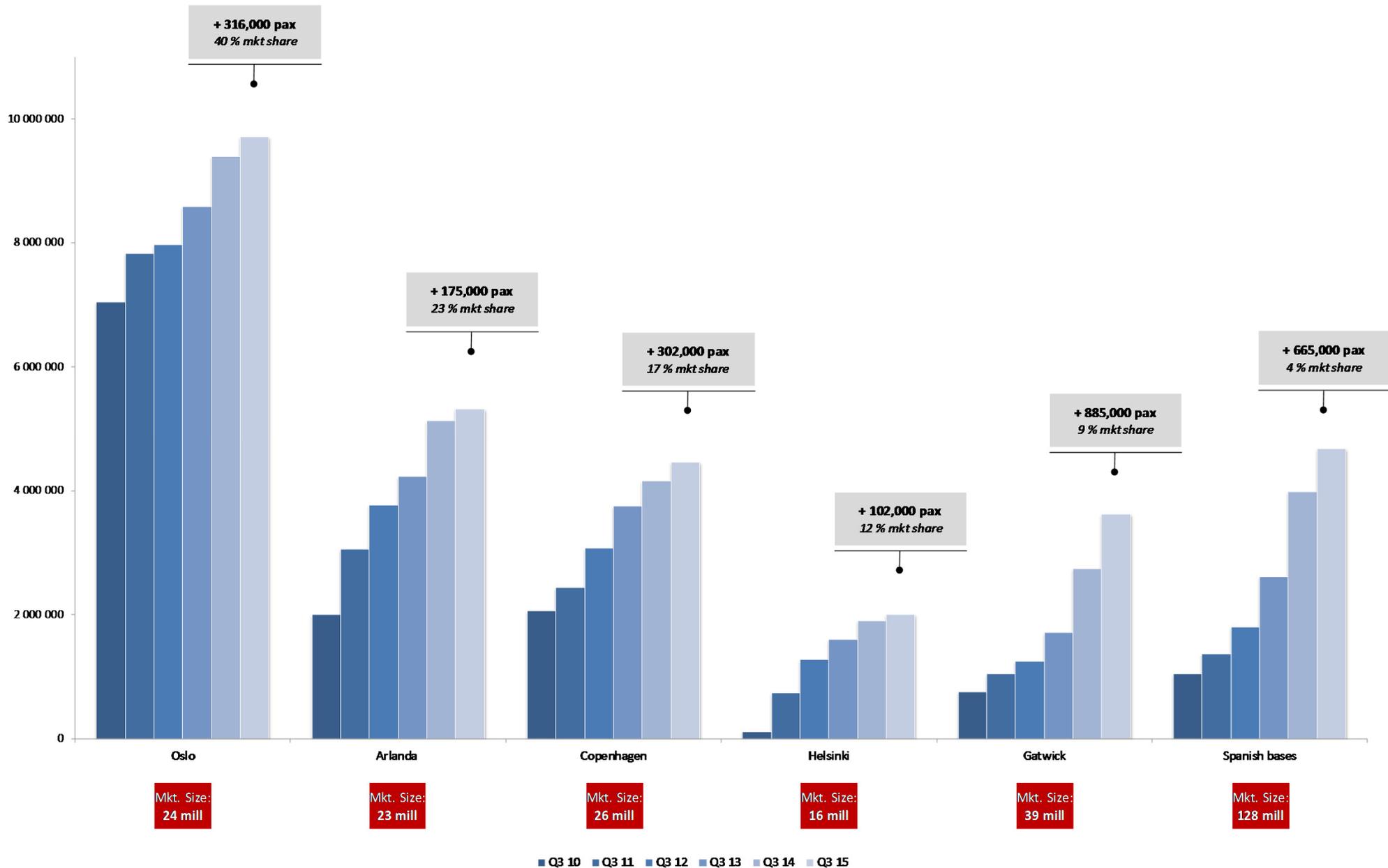
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# Top modern fleet with an average age of 4 years

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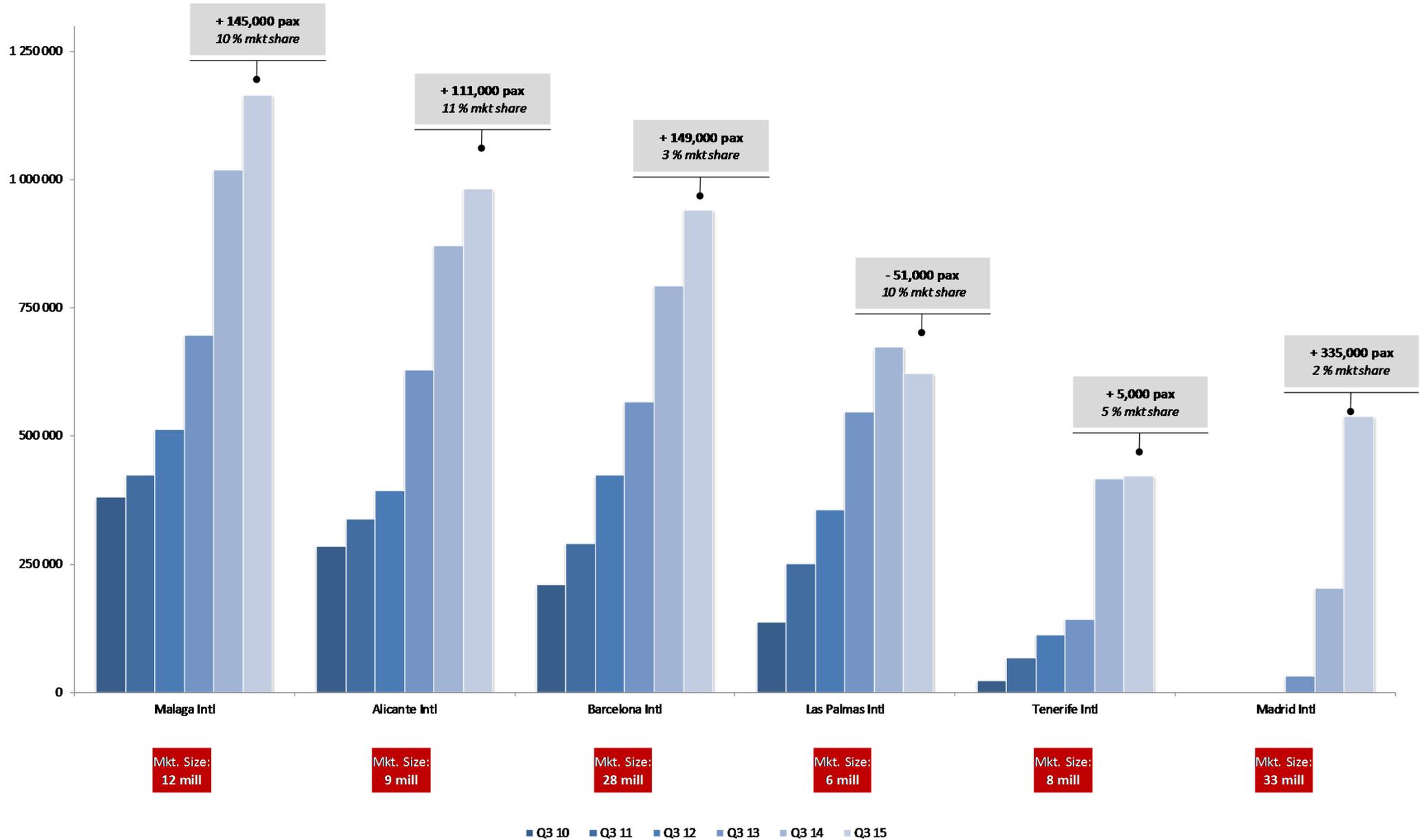


# Market shares in key airports (last 12 months)



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

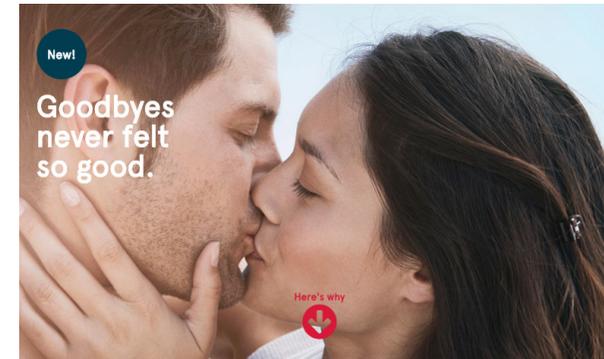
# Market shares Spain – international flights (last 12 months)



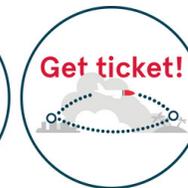
# Norwegian Reward: 3.5 million members and increasing growth



- Strong membership growth in new markets
  - An estimated 750,000 new members in 2015
- Increasing share of CashPoints financed by external partners
  - approx 50% of all CashPoints are financed by external partners



1:  
Fly 12 round trips  
between 1 July and 31 December 2015.



2:  
Get a long-haul  
ticket!

We reward you with one round trip to a long-haul destination of your choice.



3:  
Sounds exciting?  
Great! Log into [norwegian.com](http://norwegian.com) and book to start your journey towards a long-haul ticket. Remember to provide your Reward number if you are booking with a travel agent.



- **Business environment**
  - Stable market in the Nordic region
  - Positive momentum in UK, Spain and for long-haul
  - Bookings for Q4 2015 ahead of last year (capacity adjusted)
- **The company expects a production growth (ASK) of 5 %**
  - Increasing utilization and distance driven by long-haul
  - Based on the current planned route portfolio and mix
- **Unit cost expected to be NOK 0.40**
  - Fuel price assumption: USD 575 per MT
  - Currency assumptions: USD/NOK 7.5 and EUR/NOK 8,5
  - Including impact of pilot-strike and one-off costs
- **Investments and capex**
  - 11 aircraft deliveries: Ten B737-800 and one B787-8 (returning seven old leases)
  - Capex for FY 2015 of USD 0.7 billion related to PDP and aircraft deliveries



- The company expects a production growth (ASK) of 18 %
  - Short-haul + 12 %
  - Long-haul + 40 %
  - Distance increase driven by long-haul
- Unit cost target of NOK 0.39
  - Fuel price assumption • USD 550 per ton
  - Currency assumption • USD/NOK 8.0 • EUR/NOK 9.00
  - Production dependent
  - Based on the current route portfolio
- Investments and capex
  - 25 aircraft scheduled for delivery in 2016
    - Seventeen direct buy B737-800 (returning six leased 737-800)
    - Four direct buy A320Neo (to be leased out)
    - Four leased B787-9
  - Capex for FY 2016 of USD 1.1 billion related to PDP and aircraft deliveries



- Strong impact from currency
- Bookings for Q4 2015 ahead of last year
- Long-haul ahead of schedule, we expect a positive net contribution for 2015
- Hedging up to 50% of fuel for FY 2016
- Aiming for further unit cost reductions

From bases in **NORWAY**

**norwegian**

From bases in **SWEDEN**  
**DENMARK**  
**FINLAND**

**Norwegian offers 434  
scheduled routes to  
130 destinations in  
39 countries**

From bases in the **USA & THAILAND**

From bases in **SPAIN**

From the **UK** base

