

# Interim report

Norwegian Air Shuttle ASA – first quarter 2018

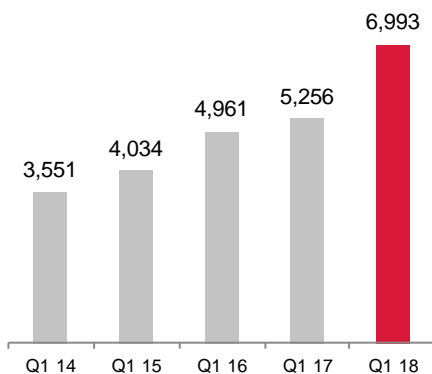


Unit cost  
Incl depreciation excl fuel

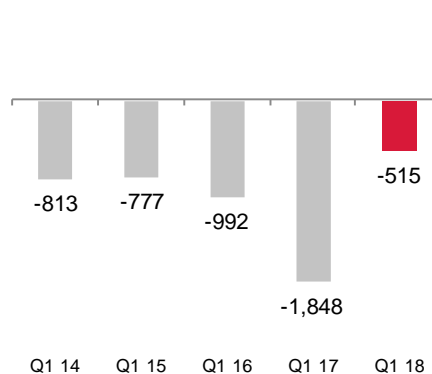
**-5%**

- EBITDA excl other losses/(gains) of NOK -1,850 million (-1,233)
- Unit cost incl depreciation excl fuel decreased by 5 %
- More than doubled the wide body fleet since Q1 2017
- Successfully completed tranche 1 of private placement

REVENUE

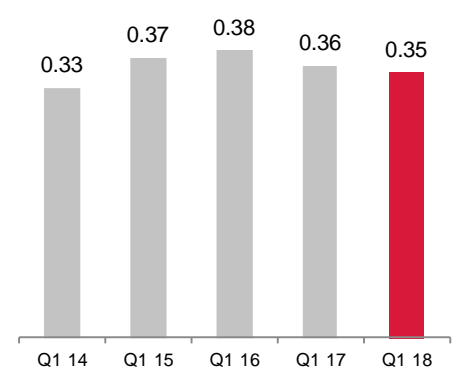


EBT



UNIT COST

incl depreciation excl fuel



## Norwegian reports strong growth in a seasonally weak first quarter

**Norwegian today reported its first quarter earnings for 2018 with a result of NOK -46.2 million. The quarter was characterized by international expansion, strong passenger growth and higher fuel cost. A successful private placement of shares was completed this quarter.**

The net result was NOK -46.2 million, compared to NOK -1,491.5 million the same quarter previous year. The net result this quarter is positively affected by a financial gain from reclassification of the investment in Norwegian Finans Holding of NOK 1,940 million.

The airline carried 7.5 million passengers in the first quarter, an increase of 12 %. The capacity growth was 36 % and the load factor was 84.5 %.

Norwegian has grown rapidly during the past years, expanding international traffic and adding new bases, destinations and markets to its portfolio. Consequently, making the U.S. the market with the strongest growth.

*“In this quarter, we particularly see the effects of higher fuel costs. At the same time, we double our fleet of Dreamliners and still manage to fill the aircraft, attracting more customers both in new and more established markets. Our long-haul operation is now well established, proving that customers want affordable fares on intercontinental routes,”* said CEO Bjørn Kjos.

Norwegian’s global growth strategy will provide economies of scale and lower unit costs. During the first quarter, unit cost including depreciation and excluding fuel fell by 5 %.

### **Successful private placement of shares**

The company successfully completed a private placement of NOK 450 million in the first quarter.

*“Norwegian has been through a long period of strong growth which will reach its peak by the second quarter this year.*

*Going forward, additional capital will boost competitiveness and protect existing and future investments in a market characterized by higher oil prices and fluctuating currencies,”* Kjos said.

Norwegian took delivery of six Boeing 787-9 Dreamliners and two Boeing 737-800 aircraft this quarter. The company started operating flights from Paris to Denver, San Francisco and Boston, as well as from London to Chicago and Austin. The company also entered into an interline agreement with Widerøe, a regional carrier in Norway, this quarter.

*“The cooperation with Widerøe has been well received in the market and the number of bookings continue to increase,”* said Kjos.

Going forward, the company will review strategic opportunities for the loyalty program Norwegian Reward. The company is also in the process of divesting up to 140 aircraft, including future deliveries, through replacement of older planes and possible sales or transfers into a leasing structure.

### **Several inquiries following IAG’s acquisition of Norwegian shares**

Norwegian has received several inquiries following IAG Group’s announcement of its acquisition of 4.6 % of the shares in the company. The Norwegian Board of Directors has established a steering committee and engaged financial and judicial advisors to review the situation, handle relevant inquiries and to safeguard the interests of all shareholders.

## CONSOLIDATED FINANCIAL KEY FIGURES

### Unaudited

(Amounts in NOK million)	Q1 2018	Q1 2017	Change	Full Year 2017
Operating revenue	6,992.7	5,255.5	33 %	30,948.3
EBITDAR	-880.5	-607.2	45 %	3,948.5
EBITDA	-1,890.6	-1,337.8	41 %	58.9
EBITDA excl other losses/(gains)-net	-1,850.2	-1,233.2	50 %	-373.3
EBIT	-2,226.4	-1,702.0	31 %	-2,002.1
EBIT excl other losses/(gains)-net	-2,186.1	-1,597.5	37 %	-2,434.3
EBT	-515.1	-1,848.2	-72 %	-2,562.2
Net profit/ loss (-)	-46.2	-1,491.5	-97 %	-1,793.7
EBITDAR margin	-12.6 %	-11.6 %		12.7 %
EBITDA margin	-27.0 %	-25.5 %		0.2 %
EBIT margin	-31.8 %	-32.4 %		-6.5 %
EBT margin	-7.4 %	-35.2 %		-8.3 %
Net profit margin	-0.7 %	-28.4 %		-5.8 %
Book equity per share (NOK)	53.5	70.9	-25 %	58.7
Equity ratio (%)	4 %	6 %	-2 pp	5 %
Net interest bearing debt	24,725.2	20,178.1	23 %	22,265.0

## OPERATIONAL REVIEW

### CONSOLIDATED TRAFFIC FIGURES AND RATIOS

#### Unaudited

(Ratios in NOK)	Q1 2018	Q1 2017	Change	Full Year 2017
Yield	0.33	0.33	-1 %	0.39
Unit Revenue	0.28	0.28	-1 %	0.34
Unit Cost incl depreciation	0.46	0.47	-2 %	0.45
Unit Cost incl depr excl fuel	0.35	0.36	-5 %	0.35
Ancillary Revenue/PAX	162	138	17 %	145
Internet bookings	74 %	76 %	-2 pp	75 %
ASK (million)	19,995	14,649	36 %	72,341
RPK (million)	16,887	12,368	37 %	63,320
Passengers (million)	7.48	6.65	12 %	33.15
Load Factor	84.5 %	84.4 %	0.1 pp	87.5 %
Average sector length (km)	1,786	1,531	17 %	1,607
Fuel consumption (metric tonnes)	394,171	299,201	32 %	1,465,100
CO <sub>2</sub> per RPK	74	76	-4 %	73

#### Traffic Development

7.5 million passengers travelled with Norwegian in the first quarter of 2018, compared to 6.7 million in the first quarter of 2017, an increase of 12 %. Production (ASK) increased by 36 % and passenger traffic (RPK) increased by 37 %. The load factor was 84.5 %, an increase of 0.1 p.p. compared to first quarter last year.

At the end of the quarter, the total fleet including aircraft on maintenance and excluding wetlease comprised 151 aircraft, excluding 4 aircraft on external lease. The Group utilized every operational aircraft on average 11.5 block hours per day, compared to 10.9 in the first quarter last year.

#### Operating performance

Punctuality, share of flights departing on schedule, was 73 % in the first quarter, compared to 75 % in the same quarter last year.

Regularity, share of scheduled flights actually taking place, was 98.7 % in the first quarter, compared to 99.5 % in the same quarter last year.

## FINANCIAL REVIEW

### Income statement and financial key figures

First quarter underlying earnings were affected by a total production growth of 36 % including a more than doubled wide body fleet since Q1 2017, introduction to new markets and increasing jet fuel prices. Unit revenue decreased by 1 %, influenced by increased average sector length. Unit cost incl depreciation excl fuel decreased by 5 % in the same period. The load factor had a positive effect from the Easter holidays taking place in March this year.

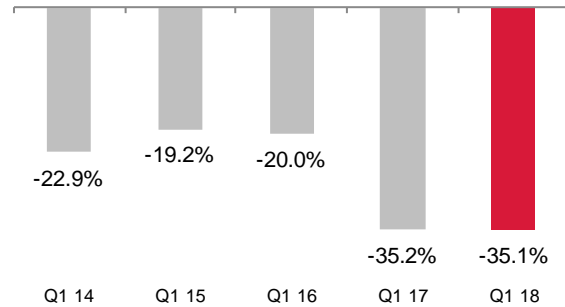
Operating profit before interest (EBIT) excluding other losses/(gains) for the first quarter was NOK -2,186 million (-1,598), while profit (loss) before tax (EBT) was NOK -515 million (-1,848). Included in first quarter EBT is a financial gain related to the investment in NOFI of NOK 1,940 million. Further description of this transaction is provided in Note 9. Other losses/(gains) amounted to a net loss of NOK 40 million, compared to a net loss of NOK 105 million last year. Other losses/(gains) includes 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 first quarter was NOK 6,993 million (5,256), an increase of 33 %. Passenger revenue was NOK 5,511 million (4,074) in the first quarter. Passenger revenue per unit produced (unit revenue) in the first quarter was NOK 0.28, at the same level as last year (NOK 0.28). Increased sector length and lower prices have affected the yield and unit revenue in the quarter. Unit revenue in constant currency was 4 % lower than last year. Ancillary revenue was NOK 1,211 million (919) in the first quarter, and ancillary revenue per passenger was NOK 162 (138). Other revenue of NOK 271 million (263) includes cargo revenue of NOK 169 million (82), commissions, third-party products and external aircraft lease.

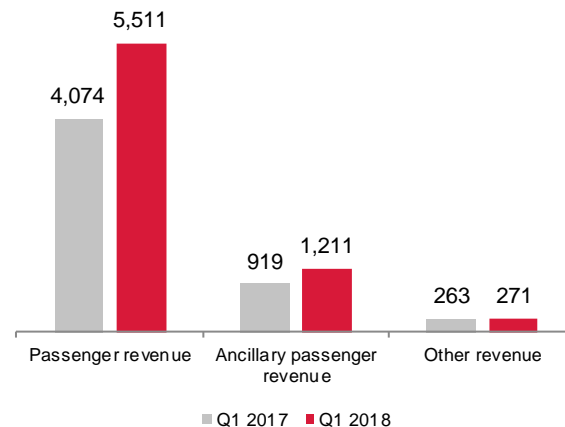
Norwegian has grown rapidly, expanding international traffic and adding new bases, destinations and markets to its portfolio. Consequently, the share of passengers outside Scandinavia has increased significantly compared to last year, with the strongest passenger growth in the US.

### EBT MARGIN\*

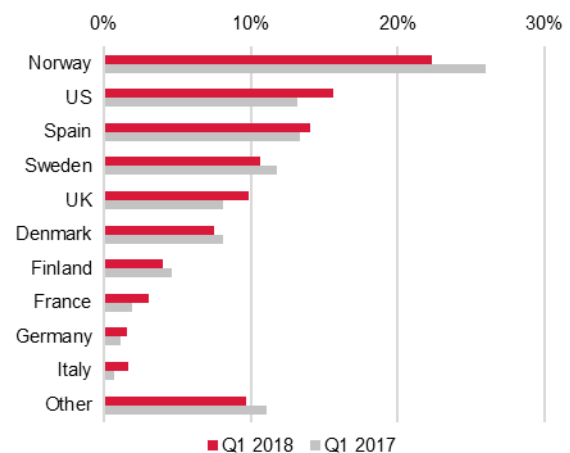


\*EBT margin in Q1 18 excl gain from investment in NOFI

### REVENUE SPLIT



### REVENUE BY ORIGIN



## Operating expenses

## COST BREAKDOWN

## Unaudited

(Amounts in NOK million)	Q1 2018	Q1 2017	Change	Full Year 2017
Personnel expenses	1,550.1	1,166.2	33 %	5,316.3
Sales/distribution expense	283.3	224.0	26 %	946.1
Aviation fuel	2,254.9	1,526.1	48 %	7,339.2
Airport and ATC charges	907.2	733.2	24 %	3,760.1
Handling charges	994.3	721.8	38 %	3,685.2
Technical maintenance expenses	859.8	549.2	57 %	2,706.5
Other flight operation expenses	537.4	382.3	41 %	1,694.8
General and adm expenses	445.8	455.4	-2 %	1,983.7
Other losses/(gains) - net	40.3	104.6	-61 %	-432.2
Total operating expenses excl leasing, depreciation and amort.	7,873.1	5,862.7	34 %	26,999.7
Leasing	1,010.1	730.6	38 %	3,889.7
Total operating expenses excl depr. and amort.	8,883.2	6,593.3	35 %	30,889.4

**Total operating expenses** excluding leasing and depreciation increased by 34 % to NOK 7,873 million (5,863) this quarter. Operating expenses increased mainly due to a production increase of 36 % and an increase in jet fuel prices.

Unit cost incl depreciation excl fuel was NOK 0.35, a decrease of 5 % compared to the same quarter last year. At constant currency, unit cost incl depreciation excl fuel decreased by 3 % compared to the same quarter last year.

**Personnel expenses** increased by 33 % to NOK 1,550 million (1,166) in the first quarter compared to the same quarter last year. Unit cost for personnel expenses decreased by 3 % compared to same quarter last year. Corrected for the strengthened EUR to NOK rate of 7 %, unit cost decreased by 5 % compared to last year. The average number of full time equivalents (FTE) increased by 42 % compared to the same quarter last year.

**Sales and distribution expenses** increased by 26 % to NOK 283 million (224) in the first quarter compared to the same quarter last year, while the unit cost decreased by 7 %, due to increased average sector length.

**Aviation fuel expenses** increased by 48 % to NOK 2,255 million (1,526) in the first quarter compared to the same quarter last year. Unit cost has increased by 8 %, due to an increase in jet fuel prices in USD of 26 %, partially offset by depreciation of USD to NOK of 7 %, efficiency gains from adding new fuel-efficient aircraft in the fleet and increased sector length.

The Group has at the end of the first quarter 2018 forward contracts to cover approximately 27 % of remaining fuel exposure in 2018 at an average price of USD 500 per ton, and approximately 3 % of fuel exposure in 2019 at an average price of USD 590 per ton.

**Airport and air traffic control (ATC) charges** increased by 24 % to NOK 907 million (733) in the first quarter compared to the same quarter last year. Unit cost for airport and ATC charges decreased by 9 %, mainly due to increased average sector length.

**Handling charges** increased by 38 %, to NOK 994 million (722) in the first quarter compared to the same quarter last year. Unit cost for handling increased by 1 %, where efficiency benefits of increased average sector length is more than offset by increased passenger service refund costs due to extreme weather conditions in Europe and the US in January and increased screening and security costs due to increased security measures in the US.

**Technical maintenance expenses** increased by 57 % to NOK 860 million (549) in the first quarter compared to the same quarter last year. Eight new leased and six new owned 787 Dreamliners, twelve new leased 737-800s and six new owned 737 MAX have been added to the fleet in the past twelve months, while five leased 737-800s have been redelivered. Further, eleven used 737-800 were sold and leased back from the third quarter of 2017.

Unit cost for technical maintenance increased by 15 %, due to changes in the aircraft portfolio and price escalation on engine service costs, partially offset by appreciation of NOK against USD. A larger share of leased aircraft in the fleet, a larger share of 787 aircraft and introduction of 737 MAX lead to increased unit costs.

Estimated maintenance costs on owned aircraft are capitalized and depreciated over the estimated useful life of the maintenance and overhaul components or until next planned maintenance. Estimated maintenance on leased aircraft are accrued based on aircraft utilization and

recognized in the income statement in advance of maintenance checks.

**Other flight operation expenses** increased by 41 % to NOK 537 million (382) in the first 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 increased by 3 % in the quarter, mainly due to increased cost of de-icing due to cold weather in 2018, increased cost of accommodation for pilots and crew due to expansion of the 787 operation and external training to prepare for further expansion.

**General and administrative** expenses decreased by 2 % to NOK 446 million (455) in the first 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 129 million in the first quarter of 2018, compared to NOK 85 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 7 %, due to benefits of scale.

**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 loss in the first quarter was NOK 40 million (loss of NOK 105 million last year), including a loss of NOK 114 million from translation of working capital in foreign currency and a gain of NOK 103 million from forward contracts on currency and fuel.

**Leasing costs** increased by 38 % to NOK 1,010 million (731) in the first quarter compared to the same quarter last year. Unit cost for leasing increased by 1 %. The cost increases from adding eight new leased Boeing 787 Dreamliners and seven leased 737-800s, net of redeliveries the last year. In addition, eleven used aircraft were sold and leased back from the third quarter of 2017. Use of wetlease has been reduced, NOK 26 million in cost this quarter compared to NOK 69 million in the same quarter last year.

**Depreciation** decreased by 8 % to NOK 336 million (364) in the first quarter compared to the same quarter last year. During the first quarter the Group operated 53 (64) owned Boeing 737-800s, 9 (3) owned Boeing 787 and 6 (0) owned Boeing 737 MAX. Four owned Airbus 320neo were leased to HK Express, compared to three at the end of first quarter 2017.

**Profit/loss from associated companies** in the first quarter was NOK 65 million (61) and represents 16,4 % share of estimated net profit in Norwegian Finans Holding ASA until the loss of significant influence and 50 % share of estimated net profit in joint venture OSM Aviation Ltd.

From the first quarter of 2018, following the loss of significant influence in the investment in Norwegian Finans Holding, 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 the shares sold in 2017 are recognized in operating expenses as other losses /(gains).

**Financial Items** were NOK 1.646 million (-207) in the first quarter, including a gain from fair value measurement of NOFI shares by NOK 1,940 million following the loss of significant influence in the investment in March 2018. Interest on prepayments of NOK 51 million (102) was capitalized, reducing interest expenses.

**Income taxes** amounted to a tax income of NOK 469 million in the first quarter compared to an income of NOK 357 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 two Boeing 787-9 Dreamliners in the first quarter. In addition, the company received its final two 737-800 aircraft on order, financed through a sale-leaseback arrangement.

Net assets at the end of first quarter is affected by an appreciation of NOK against USD during the period of 5 %.

Net interest-bearing debt at the end of first quarter was NOK 24,752 million compared to NOK 22,265 million at the end of last year. At the end of the first quarter, the equity ratio is 4 %, compared to 5 % at the end of 2017.

**Total non-current assets** amount to NOK 35,444 million at the end of first quarter 2018, compared to NOK 34,328 million at the end of last year. The main investments during the first quarter are deliveries of two new owned 787-9 Dreamliners and payments on predelivery payments, offset by net proceeds from the sale of fixed assets. Intangible assets amounted to NOK 1,689 million at the end of the first quarter, compared to NOK 1,220 million at the end of 2017, including deferred tax assets of NOK 1,477 million compared to NOK 1,019 at the end of last year.

**Total current assets** amount to NOK 14,223 million at the end of the first 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 3,228 million. Receivables have increased by NOK 3,240 million during the year due to increased production. Cash and cash equivalents have decreased by NOK 836 million during the quarter, ending at NOK 3,204 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, 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. The net unrealized value of TRS' are presented as short term financial investments with fair market revaluations recorded in the income statement.

**Total non-current liabilities** were NOK 26,141 million at the end of first quarter, compared to NOK 25,027 million at the end of last year. Long-term borrowings have increased by NOK 1,134 million during the year due to financing of two new 787-9 Dreamliners and the tap issue of EUR 65 million completed in January, offset by down-payments on aircraft financing and an appreciation of NOK to USD of 5 % YTD. Other non-current liabilities decreased by NOK 20 million.

**Total short-term liabilities** amounted to NOK 21,456 million at the end of the first quarter, compared to NOK 16,398 million at the end of 2017. Current liabilities increased by NOK 77 million from end of last year. Short-term borrowings increased by NOK 490 million during the year due to new PDP financing. Air traffic settlement liabilities increased by NOK 4,492 million from end of last year due to increased production and increased ticket sales.

**Equity** at the end of the first quarter was NOK 2,070 million compared to NOK 2,098 million at the end of last year. Equity decreased slightly due to net loss in the period of NOK 46 million, exchange rate losses from subsidiaries of NOK 309 million, fair value adjustments of NOK -129 million, mainly attributable to changes in fair market value of NOFI shares, and partly offset by a share capital increase of NOK 450 million.

### Cash flow

Cash and cash equivalents were NOK 3,204 million at the end of the first quarter compared to NOK 4,040 million at the end of last year.

**Cash flow from operating activities** in the first quarter amounted to NOK -135 million compared to NOK 1,399 million in the first quarter last year. Air traffic settlement liability increased by NOK 4,492 million (3,888) while receivables increased by NOK 3,240 million (increased by 570) during the quarter. Fair value adjustment of the investment in NOFI recognized in the income statement amounted to 1,940 and did not have a cash effect in the current quarter. Cash from other adjustments amounted to NOK 785 million (-475) during the first 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 first quarter was NOK -3,619 million, compared to NOK -194 million in the same quarter last year. Investments in new aircraft in addition to prepayments to aircraft manufacturers are the main investments. Two new owned Boeing 787-9 Dreamliners were delivered in the quarter. One new owned aircraft was delivered in the first quarter last year.

**Cash flow from financing activities** in the first quarter was NOK 2,910 million compared to NOK 1,226 million in the first quarter last year. Proceeds from new aircraft financing outweigh down payments on aircraft financing and pre-delivery payment financing in the quarter.

## RISK AND UNCERTAINTIES

The airline industry is undergoing a challenging time as a consequence of Brexit and strong competition. 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 second 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 737-800Ws, eleven new Boeing 787-9s and twelve 737-MAX will be delivered in 2018) with a lower operating cost. In addition, five 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 per quarter in 2018 is respectively 36 %, 48 %, 37 % and 41 %. The growth in Boeing 737 production comes from adding Boeing 737-MAX. The Boeing 787 production will grow in accordance with the phasing in of aircraft and the company will have thirty-two 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.

The expected production growth of ASK for 2018 is unchanged at 40 %. 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 guiding). 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 0.415 to 0.420 (changed from previous guidance of NOK 0.405 to 0.410).

\*USD/NOK = 7.71; EUR/NOK = 9.65; GBP/NOK = 10.74

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

Fornebu, April 25, 2018

CEO  
Bjørn Kjos

## CONDENSED CONSOLIDATED INCOME STATEMENT

## Unaudited

<i>(Amounts in NOK million)</i>	Note	Q1 2018	Q1 2017	Full Year 2017
<b>Operating revenue</b>				
Total operating revenue	3	6,992.7	5,255.5	30,948.3
<b>Total operating revenue</b>		<b>6,992.7</b>	<b>5,255.5</b>	<b>30,948.3</b>
<b>Operating expenses</b>				
Operational expenses		5,836.8	4,136.5	20,131.9
Payroll and other personnel expenses		1,550.1	1,166.2	5,316.3
Other operating expenses		486.2	560.6	1,551.6
<b>Total operating expenses excl leasing, depreciation and amort.</b>		<b>7,873.1</b>	<b>5,863.0</b>	<b>26,999.7</b>
<b>Operating profit before leasing, depreciation and amortization (EBITDAR)</b>				
		<b>-880.5</b>	<b>-607.2</b>	<b>3,948.5</b>
Leasing		1,010.1	730.6	3,889.7
<b>Operating profit before depreciation and amortization (EBITDA)</b>				
		<b>-1,890.6</b>	<b>-1,337.8</b>	<b>58.9</b>
Depreciation and amortization		335.8	364.2	1,405.1
<b>Operating profit (EBIT)</b>				
		<b>-2,226.4</b>	<b>-1,702.0</b>	<b>-2,002.1</b>
<b>Financial items</b>				
Interest income		16.4	11.3	71.3
Interest expense		242.7	185.3	958.6
Other financial income (expense)		1,872.3	-32.9	35.3
<b>Net financial items</b>		<b>1,646.0</b>	<b>-206.9</b>	<b>-852.0</b>
Profit/loss from associated companies		65.2	60.7	291.9
<b>Profit (loss) before tax (EBT)</b>				
		<b>-515.1</b>	<b>-1,848.2</b>	<b>-2,562.2</b>
Income tax expense (income)		-468.9	-356.7	-768.5
<b>Net profit (loss)</b>				
		<b>-46.2</b>	<b>-1,491.5</b>	<b>-1,793.7</b>
<b>Net profit attributable to:</b>				
Owners of the parent company		-46.0	-1,483.1	-1,794.6
Non-controlling interests		-0.2	-8.4	0.8
<b>Earnings per share (NOK) - Basic</b>				
		<b>-1.3</b>	<b>-41.5</b>	<b>-50.2</b>
<b>Earnings per share (NOK) - Diluted</b>				
		<b>-1.3</b>	<b>-41.5</b>	<b>-50.2</b>
No. of shares at the end of the period		38,710,602	35,759,639	35,759,639
Average no. of shares outstanding		36,743,293	35,759,639	35,759,639
Average no. of shares outstanding - diluted		37,308,293	36,384,639	36,343,101

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## Unaudited

<i>(Amounts in NOK million )</i>	31 Mar 2018	31 Mar 2017	31 Dec 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	1,689.0	749.2	1,220.3
Tangible fixed assets	32,832.7	29,952.6	31,451.2
Fixed asset investments	921.9	1,605.8	1,656.2
<b>Total non-current assets</b>	<b>35,443.6</b>	<b>32,307.7</b>	<b>34,327.7</b>
<b>Current assets</b>			
Inventory	114.0	88.3	101.9
Investments	3,228.0	221.0	615.7
Receivables	7,677.5	3,583.9	4,437.6
Cash and cash equivalents	3,203.7	4,757.4	4,039.8
<b>Total current assets</b>	<b>14,223.2</b>	<b>8,650.6</b>	<b>9,194.9</b>
<b>TOTAL ASSETS</b>	<b>49,666.7</b>	<b>40,958.3</b>	<b>43,522.7</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders equity</b>			
Shareholder's equity	2,058.5	2,520.2	2,086.1
Non-controlling interests	11.0	15.8	12.3
<b>Total equity</b>	<b>2,069.5</b>	<b>2,536.1</b>	<b>2,098.4</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	2,946.1	1,685.2	2,966.2
Long term borrow ings	23,194.7	19,714.0	22,060.3
<b>Total non-current liabilities</b>	<b>26,140.8</b>	<b>21,399.2</b>	<b>25,026.5</b>
<b>Short term liabilities</b>			
Current liabilities	5,736.9	3,247.2	5,659.7
Short term borrow ings	4,734.2	5,221.5	4,244.5
Air traffic settlement liabilities	10,985.4	8,554.3	6,493.6
<b>Total short term liabilities</b>	<b>21,456.4</b>	<b>17,023.0</b>	<b>16,397.8</b>
<b>Total liabilities</b>	<b>47,597.2</b>	<b>38,422.2</b>	<b>41,424.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>49,666.7</b>	<b>40,958.3</b>	<b>43,522.7</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Unaudited	Q1	Q1	Full Year
(Amounts in NOK million)	2018	2017	2017
<b>OPERATING ACTIVITIES</b>			
Profit before tax	-515.1	-1,848.2	-2,562.2
Paid taxes	-52.8	40.2	35.0
Depreciation, amortization and impairment	335.8	364.2	2,061.0
Fair value adjustment of financial assets (PL)	-1,939.8	0.0	-391.3
Changes in air traffic settlement liabilities	4,491.8	3,888.1	1,827.4
Changes in accounts receivable	-3,239.9	-569.9	-1,016.2
Other adjustments	785.4	-475.4	2,165.0
<b>Net cash flows from operating activities</b>	<b>-134.7</b>	<b>1,399.0</b>	<b>2,901.3</b>
<b>INVESTING ACTIVITIES</b>			
Purchases, proceeds and prepayment of tangible assets	-3,628.2	-94.6	-3,557.4
Other investing activities	9.0	-99.5	129.3
<b>Net cash flows from investing activities</b>	<b>-3,619.2</b>	<b>-194.1</b>	<b>-3,428.1</b>
<b>FINANCING ACTIVITIES</b>			
Loan proceeds	3,607.4	1,961.3	8,209.9
Principal repayments	-747.9	-444.1	-4,490.9
Financing costs paid	-399.8	-291.5	-1,427.9
Proceeds from issuing new shares	449.9	0.0	0.0
<b>Net cash flows from financing activities</b>	<b>2,909.5</b>	<b>1,225.8</b>	<b>2,291.1</b>
<b>Foreign exchange effect on cash</b>	<b>8.3</b>	<b>3.1</b>	<b>-48.2</b>
<b>Net change in cash and cash equivalents</b>	<b>-836.1</b>	<b>2,433.7</b>	<b>1,716.1</b>
Cash and cash equivalents at beginning of period	4,039.8	2,323.6	2,323.6
Cash and cash equivalents at end of period	3,203.7	4,757.4	4,039.8

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unaudited	Q1	Q1	Full Year
(Amounts in NOK million)	2018	2017	2017
<b>Net profit (loss) for the period</b>	<b>-46.2</b>	<b>-1,491.5</b>	<b>-1,793.7</b>
Actuarial gains and losses	0.0	0.0	-43.0
Exchange rate differences Group	-308.7	-27.0	-126.4
Fair value adjustments through OCI	-128.6	0.0	0.0
Other OCI items	-0.5	0.3	-4.5
<b>Total comprehensive income for the period</b>	<b>-484.0</b>	<b>-1,518.2</b>	<b>-1,967.7</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the company	-483.3	-1,509.8	-1,969.3
Non-controlling interests	-0.7	-8.4	1.5

## CONDENSED CONSOLIDATED CHANGES IN EQUITY

Unaudited	Q1	Q1	Full Year
(Amounts in NOK million)	2018	2017	2017
<b>Equity - Beginning of period</b>	<b>2,098.4</b>	<b>4,049.0</b>	<b>4,049.0</b>
Total comprehensive income for the period	-484.0	-1,518.2	-1,967.7
Share issue	449.9	0.0	0.0
Equity change on employee options	5.2	5.3	17.1
<b>Equity - End of period</b>	<b>2,069.5</b>	<b>2,536.1</b>	<b>2,098.4</b>

## 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 is available at [www.norwegian.com](http://www.norwegian.com).

These condensed consolidated interim financial statements have been prepared in accordance with 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 consolidated financial statements for the Group at December 31, 2017. These condensed 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 under IFRS 15 are recognized at the time of travel. 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 this quarter, cash point distributions of NOK 129 million is presented net that would be presented gross in 2017. The comparable amount in the first quarter of 2017 was NOK 85 million, presented as other revenue and other operating expense. With a gross presentation, operating revenue for the first quarter of 2018 would be NOK 7,122 million and other operating expense would be NOK 5,966. 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.

IFRS 16 is expected to be effective for accounting periods starting on or after January 1, 2019. There will be a material impact on the Group's income statement and statement of financial position from the adoption of IFRS 16. More than

80 % of the total impact is expected to arise from changed presentation of operational aircraft leases. IFRS 16 allows for various adoption approaches, whereas the Group has not yet decided which approach to apply. The choice of adoption approach will have implications for the size of transitional effects recognized both in the income statement, the statement of financial position and equity.

The Group estimates that total assets and total equity and liabilities at January 1, 2019 will increase with an amount in the range between NOK 25 billion and NOK 28 billion. The Group also estimates that compared to the current presentation in the income statement, in 2019 an amount of at least NOK 4 billion will be re-classified from lease expenses into depreciation and interest expense. The net impact on the income statement and the equity, if any, cannot yet be reliably estimated.

There are several factors of uncertainty surrounding the above estimates. The portfolio of leased assets at January 1, 2019 is not yet confirmed as new contracts will be entered into in the remainder of 2018 and there could also be made changes to the existing contract portfolio. 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 will increase substantially. The various financial effects will also be impacted by the choice made among the allowed adoption approaches. Finally, there are several parameters to be used for calculations under IFRS 16 that are pending final observations and decisions, such as foreign exchange rates and discount rates.

### Judgments, estimates and assumptions

The preparation of condensed consolidated interim financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that 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**

	<b>Effect on income MNOK</b>
1% decrease in jet fuel price	101
1% depreciation of NOK against USD	-156
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 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**

<b>Unaudited</b> (Amounts in NOK millions)	<b>Q1 2018</b>	Q1 2017	Change	Full Year 2017
<b>Per activity</b>				
Passenger revenue	5,511.3	4,073.9	35 %	24,719.1
Ancillary passenger revenue	1,210.6	919.0	32 %	4,822.5
Other revenue	270.8	262.6	3 %	1,406.7
<b>Total</b>	<b>6,992.7</b>	5,255.5	33 %	30,948.3
<b>Per country</b>				
Norway	1,560.0	1,365.8	14 %	7,160.4
US	1,093.1	692.7	58 %	4,398.0
Spain	983.7	701.8	40 %	4,470.5
Sweden	744.9	618.0	21 %	3,345.0
UK	689.0	425.8	62 %	2,711.9
Denmark	526.6	427.4	23 %	2,316.9
Finland	279.9	241.8	16 %	1,133.2
France	212.6	103.0	106 %	955.1
Germany	107.8	60.2	79 %	454.8
Italy	115.3	37.1	211 %	587.7
Other	679.8	582.0	17 %	3,414.7
<b>Total</b>	<b>6,992.7</b>	5,255.5	33 %	30,948.3
Total outside of Norway	5,432.7	3,889.7	40 %	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 first quarter of 2018, there are 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 first quarter of 2018.

## Note 6 Borrowings

### Unaudited

(Amounts in NOK million)

	31 Mar 2018	31 Mar 2017	31 Dec 2017
<b>Long term</b>			
Bond issue	3,511.0	3,909.0	3,070.8
Aircraft prepayment financing	1,031.7	290.5	534.0
Aircraft financing	18,652.0	15,514.4	18,455.4
<b>Total long term borrowings</b>	<b>23,194.7</b>	<b>19,714.0</b>	<b>22,060.3</b>
<b>Short term</b>			
Bond issue	1,078.1	1,221.1	1,249.1
Credit facility	675.0	700.0	675.0
Aircraft prepayment financing	860.5	1,426.4	352.3
Aircraft financing	2,120.6	1,874.1	1,968.0
<b>Total short term borrowings</b>	<b>4,734.2</b>	<b>5,221.5</b>	<b>4,244.5</b>
<b>Total borrowings</b>	<b>27,928.9</b>	<b>24,935.5</b>	<b>26,304.8</b>

## Note 7 Shareholder information

20 Largest shareholders at March 31, 2018:

Shareholder	Country	Number of shares	Per cent
HBK Holding AS*	Norway	10,423,253	26.9 %
DNB Asset Management AS	Norway	2,366,437	6.1 %
Danske Capital (Norway)	Norway	1,925,533	5.0 %
Folketrygdfondet	Norway	1,846,958	4.8 %
Danske Bank (Custodian)	Unknown	1,631,745	4.2 %
J.P. Morgan Securities plc	United Kingdom	1,611,388	4.2 %
Ferd AS	Norway	1,400,000	3.6 %
Pareto Nordic Investments AS	Norway	771,386	2.0 %
KLP Forsikring	Norway	652,595	1.7 %
Stenshagen Invest AS	Norway	428,839	1.1 %
Catella Bank S.A.	Luxembourg	337,000	0.9 %
Nordnet Bank AB.	Norway	319,109	0.8 %
Handelsbanken Asset Management	Sweden	304,780	0.8 %
Handelsbanken Kapitalforvaltning AS	Norway	300,000	0.8 %
Handelsbanken Asset Management (Finland)	Finland	286,000	0.7 %
Nordnet Livsforsikring AS	Norway	260,497	0.7 %
SAFE Investment Company Limited	Hong Kong	258,580	0.7 %
Saxo Bank A/S	Denmark	255,571	0.7 %
Storebrand Kapitalforvaltning AS	Norway	255,064	0.7 %
Nordea Funds Oy	Denmark	224,213	0.6 %
<b>Top 20 shareholders</b>		<b>25,858,948</b>	<b>66.8 %</b>
Other shareholders		12,851,654	33.2 %
<b>Total number of shares</b>		<b>38,710,602</b>	<b>100.0 %</b>

\*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.

Norwegian has announced a private placement (the "Private Placement") in two tranches, comprising one tranche of up to 2,950,963 new shares ("Tranche 1") and one tranche of up to 5,436,134 new shares ("Tranche 2"), with a total transaction size of NOK 1,300 million. Tranche 1 was completed in the first quarter, while Tranche 2 was completed in the second quarter of 2018. Further, a subsequent offering of up to 1,290,323 new shares and NOK 200 million was approved by the extraordinary general meeting in April 2018 and expected to be completed by the end of the second quarter.

Norwegian Air Shuttle ASA had a total of 38,710,602 shares outstanding at March 31, 2018. There were 17,432 shareholders at the end of the first 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. On April 25, 2018, it was announced that the case will go to the Supreme Court. Financial exposure is considered to be limited.

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 from the end of 2017 up until March 2018, the timing of the Group's loss of significant influence and the discontinuation of the equity method 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 will be restated when issuing the remaining quarterly reports for 2018, and the full year figures for 2017 presented in this quarterly report are restated compared to the preliminary financial statements presented in the fourth quarter report for 2017. From the first quarter 2018 onwards, the investment is again recognized at fair value and the equity at March 31, 2018 is not affected by the changes.

Compared to the second, third and fourth quarterly reports issued in 2017, restatement effects will be as presented in the table below.

<b>Unaudited</b> (Amounts in NOK million)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Full year 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
<i>Change</i>	<i>0.0</i>	<i>-1,770.5</i>	<i>69.7</i>	<i>205.7</i>	<i>-1,495.1</i>
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	1,765.4	2,676.9	2,098.4	2,098.4
<i>Change</i>	<i>0.0</i>	<i>-1,778.7</i>	<i>-2,149.4</i>	<i>-1,992.6</i>	<i>-1,992.6</i>
Fair value changes to other comprehensive income, previous	0.0	8.2	440.4	48.9	497.5
Fair value changes to other comprehensive income, restated	0.0	0.0	0.0	0.0	0.0
<i>Change</i>	<i>0.0</i>	<i>-8.2</i>	<i>-440.4</i>	<i>-48.9</i>	<i>-497.5</i>

As of December 31, 2017, the recognized value of the investment 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, increase 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 financial statements for 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.

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

## Note 10 Events after the reporting date

On April 12, Norwegian was made aware that the International Airline Group (IAG) had acquired 4.6 percent of the shares in Norwegian Air Shuttle ASA. The Norwegian Board of Directors has established a steering committee and engaged financial and judicial advisors to review the situation, handle relevant inquiries and to safeguard the interests of all shareholders.

On April 13, the company held an extraordinary general meeting, where Tranche 2 of the Private Placement was approved and subsequently completed, raising an additional NOK 824 million in equity from new shares.

On April 13, Rolls Royce announced that additional engine inspections are necessary for certain Trent 1000 engines. Norwegian and several airlines worldwide have unfortunately been forced to conduct extraordinary inspections on a number of Boeing 787 Dreamliner aircraft due to issues with the specified type of Rolls Royce engines. This will affect our operations going forward, but it is too early to predict the scale of the issue.

On April 23, Finanstilsynet published their conclusion on their review of certain matters in the financial reporting of Norwegian. The primary focus of the review has been the accounting treatment of the investment in Norwegian Finans Holding ASA ("NOFI"). As Norwegian recorded the investment using the equity method in the financial statements for the year ended 31 December 2017 in line with Finanstilsynet's view, this matter is now closed. Norwegian will also make necessary corrections of comparative figures for previous accounting periods in the interim financial statements for 2018, see Note 9 for further details. The review also identified some areas of improvement in note disclosures regarding contractual commitments, revenues from different geographic areas and missing information related to the alternative performance measures used. Finanstilsynet acknowledges that matters raised have been improved in Norwegian's annual report for 2017.

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. On April 25, it was announced that the case will go to the Supreme Court. Financial exposure is considered to be limited.

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 first quarter 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
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

<i>(Amounts in NOK million)</i>	Q1 2018	Q1 2017	Full Year 2017
<b>Net profit to EBIT / EBIT excl other gains /(losses)</b>			
EBIT / Operating profit	-2,226.4	-1,702.0	-2,002.1
- Other losses/(gains)*	40.3	104.6	-432.2
<b>EBIT excl other losses/(gains)</b>	<b>-2,186.1</b>	<b>-1,597.5</b>	<b>-2,434.3</b>
<b>Net profit to EBITDA / EBITDA excl other gains /(losses)</b>			
EBITDA	-1,890.6	-1,337.8	58.9
- Other losses/(gains)*	40.3	104.6	-432.2
<b>EBITDA excl other losses/(gains)</b>	<b>-1,850.2</b>	<b>-1,233.2</b>	<b>-373.3</b>

\*Other losses /(gains) is defined in table above and is a part of operating expenses, see Cost breakdown on page 5.

## 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
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

## Information about the Norwegian Group

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### Board of Directors Norwegian Air Shuttle ASA

Bjørn H. Kise Chair  
Liv Berstad Deputy Chair  
Ada Kjeseth Director  
Christian Fredrik Stray 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  
Tore Østby Executive Vice President  
Strategic Development  
Chief Operating Officer  
Asgeir Nyseth Chief Communications Officer  
Anne-Sissel Skånvik Chief Commercial Officer  
Thomas A. Ramdahl Chief Human Resources Officer  
Helga Bollmann Leknes Chief Legal Officer  
Frode Berg Chief Customer Officer  
Edward Thorstad Chief Information Officer  
Kurt Simonsen CEO, Arctic Aviation Assets and  
Tore K. Jenssen CEO, Norwegian Air  
International  
Ole Christian Melhus CEO, Norwegian Air Argentina  
Bjørn Erik Barman-Jensen Managing Director Support  
Services, Norwegian Air  
Resources  
Lennart Ceder CEO, Norwegian Air UK  
Brede Huser Managing Director of Norwegian  
Reward

### Investor Relations

Stine Klund [investor.relations@norwegian.com](mailto:investor.relations@norwegian.com)

### Other sources of Information

Annual reports [www.norwegian.no/om-oss/selskapet/investor-relations/reports-and-presentations/annual-reports/](http://www.norwegian.no/om-oss/selskapet/investor-relations/reports-and-presentations/annual-reports/)  
Quarterly publications [www.norwegian.no/om-oss/selskapet/investor-relations/reports-and-presentations/interim-reports-and-presentations/](http://www.norwegian.no/om-oss/selskapet/investor-relations/reports-and-presentations/interim-reports-and-presentations/)

### Financial Calendar 2018

26	April	Quarterly report - Q1 2018
8	May	Annual General Meeting
12	July	Half-yearly and Q2 report 2018
25	October	Quarterly report - Q3 2018