

**Presentation of second quarter 2023**

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24 August 2023

# Highlights



**Operating result (EBIT) NOK 651 million in the quarter**  
– improving yields and reduced fuel cost  
– robust cash position – liquidity increase to NOK 9.3 billion  
– CASK impacted by currency and underlying inflation



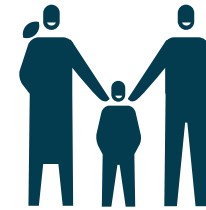
**Preferred travel partner throughout Nordics**  
– close to 300 routes across attractive network  
– serving customers solely with own operation – no wet-lease  
– attracting new corporates – awarded Norwegian Defence contract with considerable volumes of fossil-free aviation fuel (SAF)



**Leading operations vs. peers**  
– regularity close to 100% during peak summer  
– top three on-time European airline in Q2 and July (Cirium)

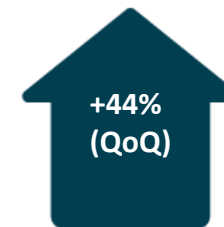


**Capturing opportunities for the future**  
– Widerøe acquisition – sound industry rationale  
– creating loyalty programme ecosystem with Strawberry and Avida  
– unlocking value from venture – appr. NOK 800m gain upon closing  
– streamlining capital structure – enabling potential future dividend



Number of passengers  
this quarter  
**5,602,559**

**Load factor**

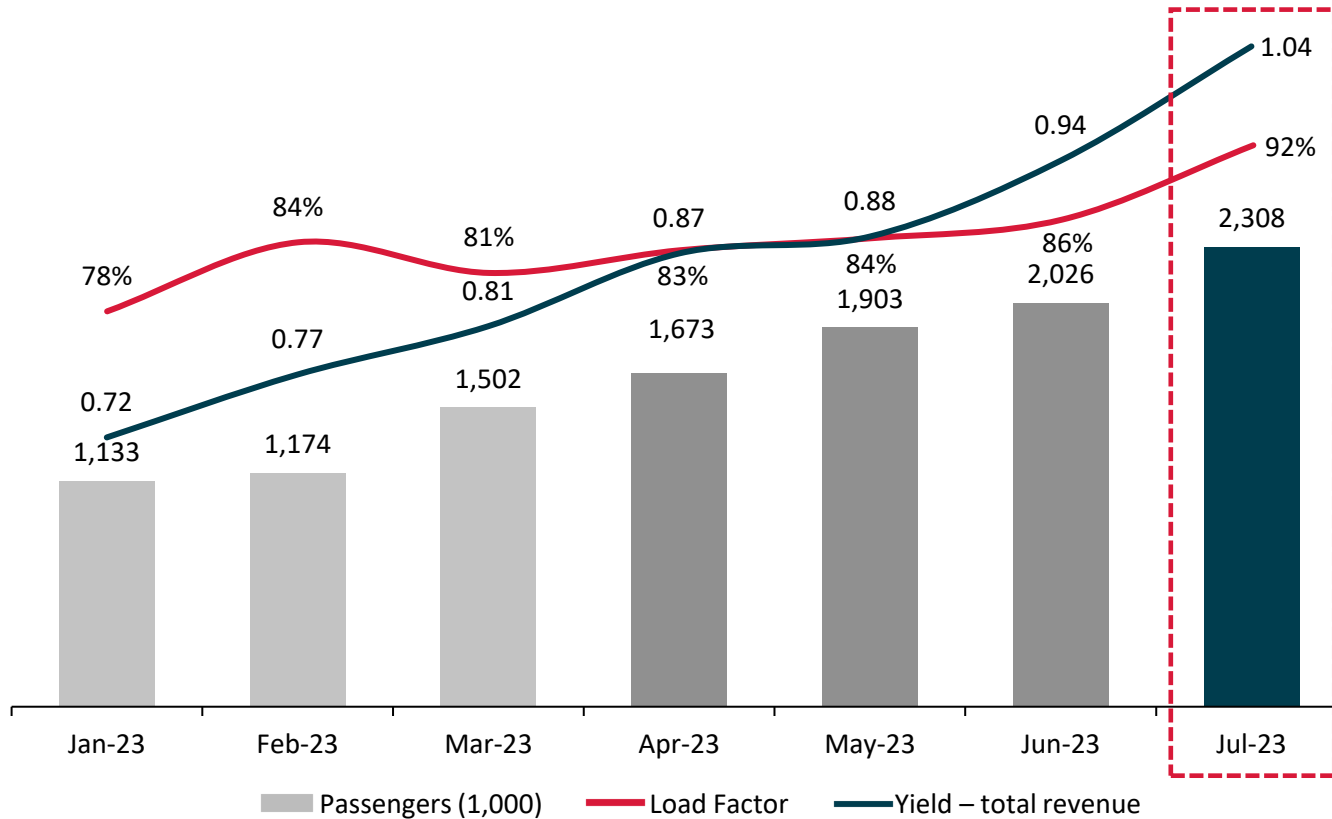


**Capacity (ASK)**

Q1 2023		6,042m
Q2 2023		8,702m

# Delivering on record strong summer

Traffic – PAX per month, load factor and yield



- **Successful ramp-up** into summer  
– avoiding wet-lease to serve customers solely with own operation
- **Getting customers to their destinations**  
– regularity close to 100% despite air-traffic-control (ATC) issues  
– Cirium most on-time European airline
- Strong yields and **record high unit revenue**

# Bookings strong throughout summer



## Booking momentum continues

- **Strong last-minute bookings** for holiday travel in July and August
- **Booking momentum** satisfactory with business travellers returning and autumn holiday planning
- Booked fares significantly above previous years – **avg. Sep-Oct fares +20%** vs. same time last year



## Visibility normalising

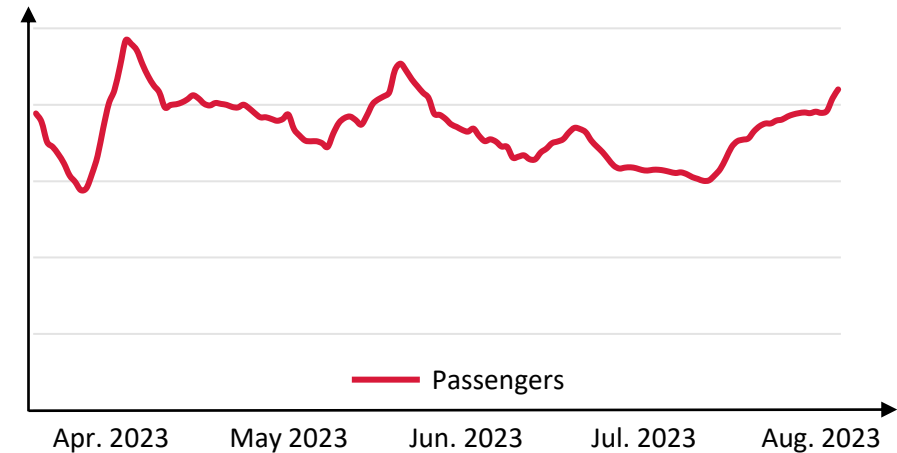
- Good visibility for September and October autumn holidays
- Limited visibility from November onwards – as expected this time of year



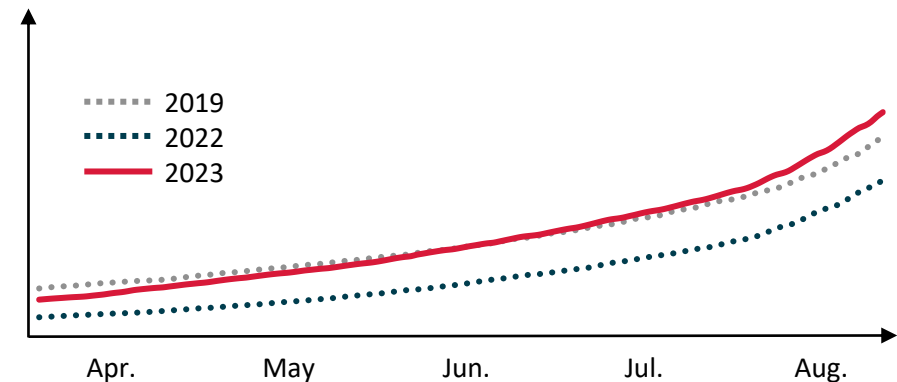
## Preferred travel partner

- **Brand** – most **loved** airline Norway and second in rest of Nordics<sup>1)</sup>
- **Seamless travel across network** with Widerøe
- Market-leading operations – **most punctual Nordic airline**
- **Numerous awards** for service, product and innovations

7-day rolling sales figures (abs) – All markets<sup>2)</sup>



Booked Revenue – Sep. to Dec. travel<sup>3)</sup>



1) Norwegian Brand Tracker Survey managed by Kantar for Q2 2023

2) Travel anytime, anywhere as of 22 August 2023

3) 2019 adjusted for comparable route network

# Financial results for Q2 2023

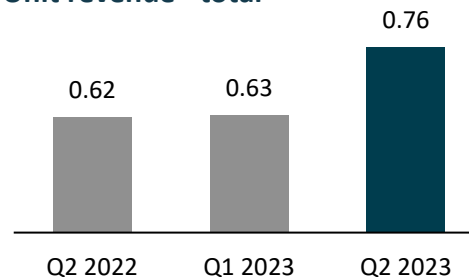
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# Quarterly financial highlights

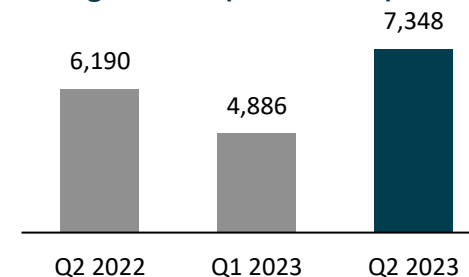
## Revenues

- **Unit revenue** improving into strong summer – up 22% from last year
- Ancillary NOK 178 per pax – up from NOK 158 last year

### Unit revenue - total



### Passenger traffic (million RPK)



## Profits

- **Earnings** – quarterly EBT NOK 538 million – favourable yield and fuel development
- **CASK ex. fuel** NOK 0.48 in quarter – impacted by cost inflation and weak NOK

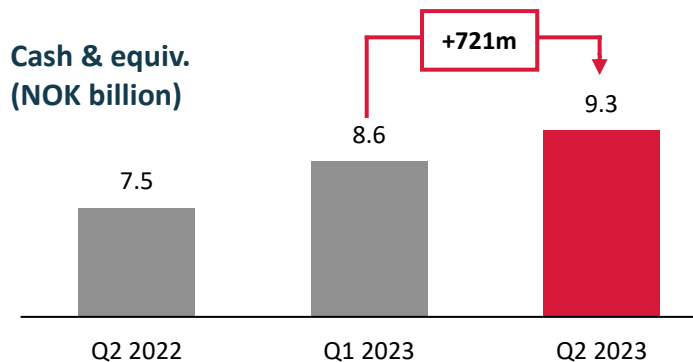
### EBITDAR (NOK million) excl. OGL<sup>1)</sup>



## Balance sheet

- Improving already **strong liquidity position**
- Cash flow NOK 721 million in the quarter
- Equity ratio 12.2%

### Cash & equiv. (NOK billion)



1) Other losses/(gains)

# Q2 earnings

<i>NOK million</i>	Q2 2023	Q2 2022	Chng. (YoY)	
Passenger revenue	5,615	3,970		
Ancillary passenger revenue	994	782		
Other revenue	262	116		
<b>Total operating revenue</b>	<b>6,871</b>	<b>4,868</b>	<b>+41%</b>	→ Unit revenue up 22%, capacity up 14%
Personnel expenses	1,071	782		
Aviation fuel	2,051	2,338	-12%	→ Fuel price coming lower
Airport and ATC charges	778	585		
Handling charges	554	482		
Technical maintenance expenses	192	116		
Other operating expenses	633	476		
<b>EBITDAR excl other losses/(gains)</b>	<b>1,594</b>	<b>89</b>		→ Significant improvement in underlying earnings
Other losses/(gains)	25	-5		
<b>EBITDAR</b>	<b>1,569</b>	<b>93</b>		
Aircraft lease, depreciation and amortization	918	834		
Reversal of impairment loss re. prepayment on aircraft	0	-2,099		
<b>Operating profit (EBIT)</b>	<b>651</b>	<b>1,359</b>		→ Reinstatement of aircraft prepayment last year
Net financial items	-112	-110		
<b>Profit before tax (EBT)</b>	<b>538</b>	<b>1,248</b>		

# Robust balance sheet

<i>NOK million</i>	30 Jun. 2023	31 Mar. 2023	Chng. (QoQ)	
Intangible assets	2,113	2,097		
Tangible assets	13,669	13,207		
<b>Total non-current assets</b>	<b>16,450</b>	<b>15,818</b>	<b>+4%</b>	→ Two new leased aircraft
Receivables	4,294	3,836		→ Holdback down to 29%
Cash and cash equivalents	9,349	8,628	+8%	
<b>Total current assets</b>	<b>13,870</b>	<b>12,572</b>		
<b>Assets</b>	<b>30,320</b>	<b>28,389</b>		
<hr style="border-top: 1px dashed red;"/>				
<b>Equity</b>	<b>3,707</b>	<b>3,168</b>	<b>+17%</b>	
Non-current debt	11,185	10,974		
Other non-current liabilities	2,863	2,411		
<b>Total non-current liabilities</b>	<b>14,048</b>	<b>13,385</b>		
Air traffic settlement liabilities	6,416	6,160	+4%	→ Strong bookings ahead of peak summer season
Current debt	1,832	1,735		
Other current liabilities	4,317	3,942		
<b>Total current liabilities</b>	<b>12,565</b>	<b>11,837</b>		
<b>Liabilities</b>	<b>26,613</b>	<b>25,222</b>		
<b>Equity and liabilities</b>	<b>30,320</b>	<b>28,389</b>		
<b>Equity ratio (%)</b>	<b>12.2</b>	<b>11.2</b>	<b>1 p.p.</b>	→ Quarterly earnings

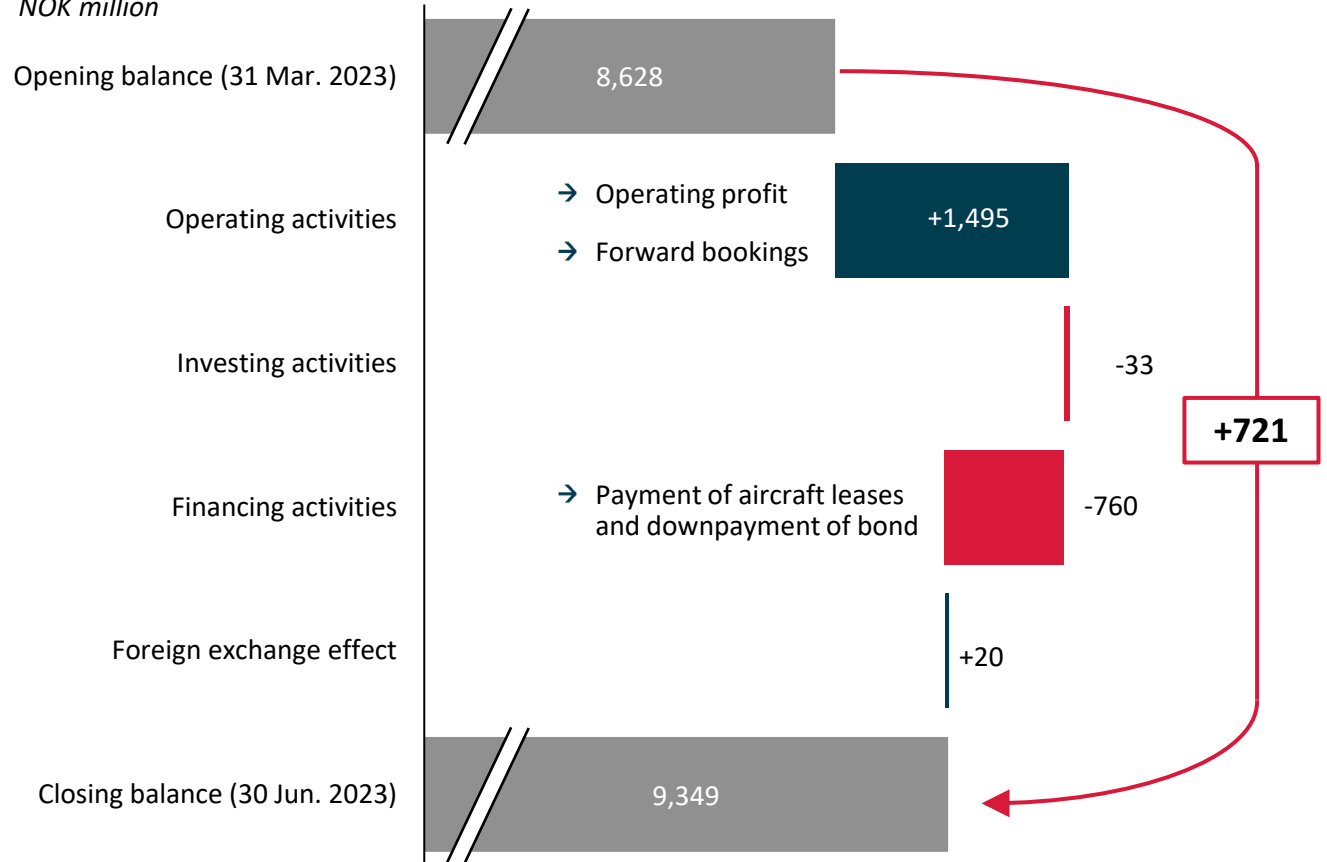
Net interest bearing debt			
<i>NOK million</i>	30 Jun. 2023	31 Mar. 2023	Chng. (QoQ)
Cash & equiv.	9,349	8,628	+721
Aircraft financing	9,954	9,562	+391
NAS13	441	570	
Other IB debt	83	101	
Retained Claims Bonds	2,502	2,437	+65
<b>NIBD</b>	<b>3,668</b>	<b>4,080</b>	<b>-412</b>

- **NIBD reduced** in quarter with strong cash flow and addition of two latest-technology aircraft
- 81 aircraft at quarter-end, up from 79 last quarter
- Considering opportunities to **optimise and simplify capital structure**
  - exercising call for NAS13 bond
  - potentially enabling for dividend distribution



# Improving already strong liquidity position

NOK million



- **Improving strong liquidity position to NOK 9.3bn**  
– cash position projected to increase further in Q3
- **Holdback at 29%**  
– down from 39% at year-end 2022
- **Limited aircraft prepayments to Boeing in 2023 and 2024**  
– prepayment balance NOK 3.2bn

# The way forward

# Securing modern fleet for the long-term



## Securing fleet for 2024

- Fleet increasing to 91 aircraft for next summer – net increase of ten aircraft from 2023
- Phasing in over 15 aircraft this autumn and next spring
- Finalising compensation settlements related to 2023 aircraft delays



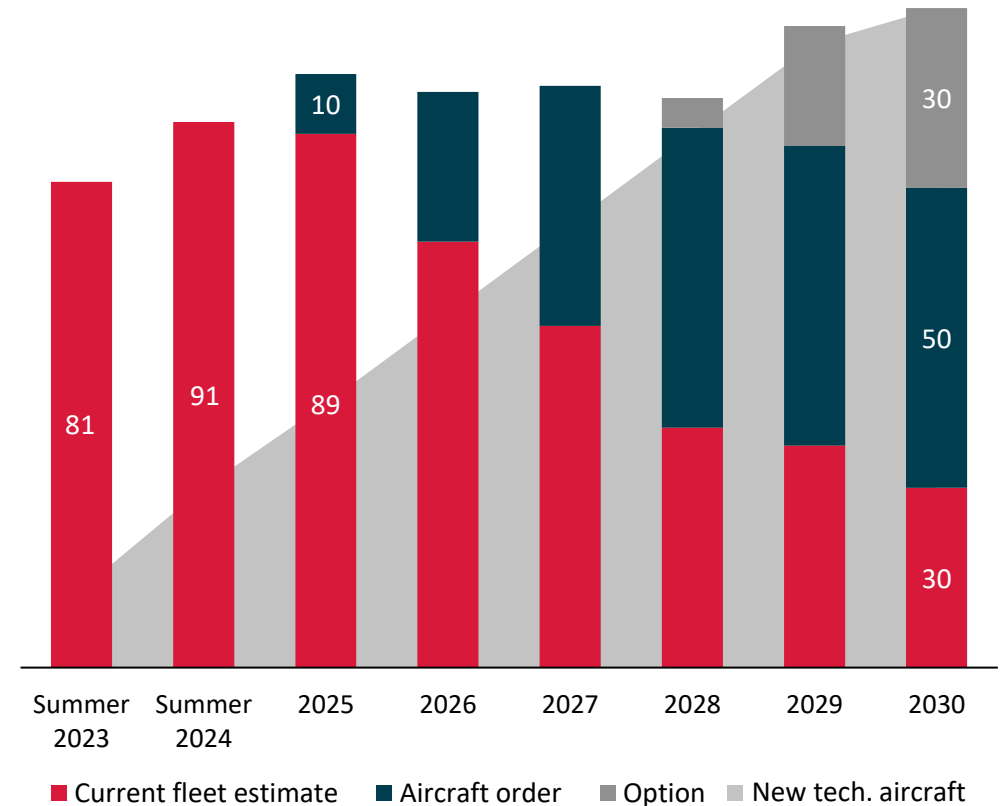
## Replacing older generation aircraft

- Redelivery of leased 737 NGs – 3 aircraft in 2023 and 4 in 2024
- Replaced by fuel-efficient aircraft with significant cost savings – above 14% reduced fuel-burn
- Serving customers latest technology – 40% noise reduction



## Aircraft order delivery from 2025

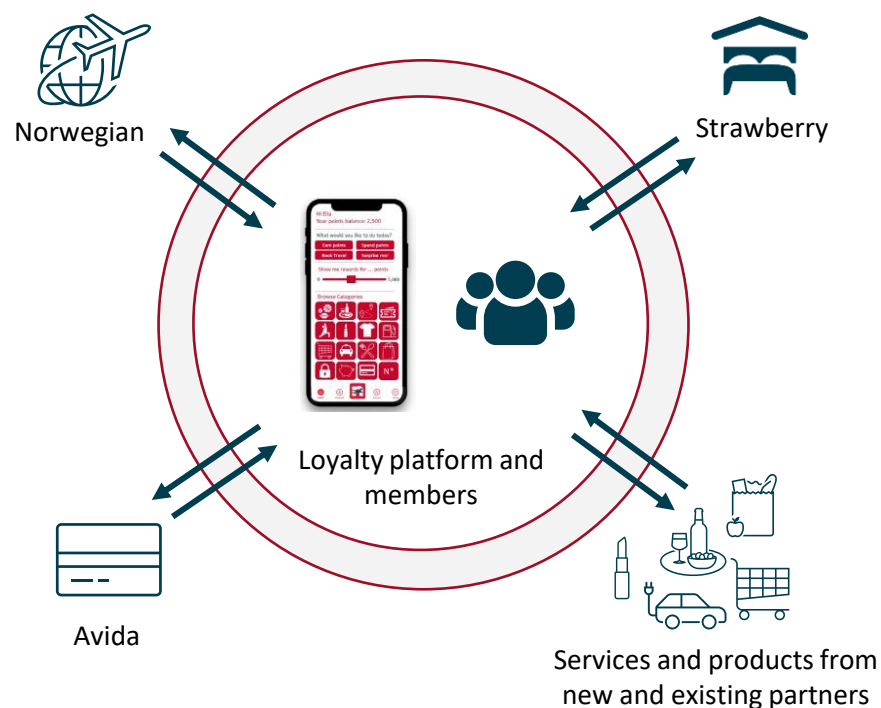
- Order for 50 737 MAX 8 aircraft – delivery 2025-2028
- Option for additional 30 aircraft – delivery 2028-2030
- Attractive pricing and inflation protection
- Aircraft specification optimisation – significant cost improvements
- NOK 3.2bn PDP paid-in
- Significant share to be owned – financing for up to ten aircraft secured



# Creating loyalty programme ecosystem with partners

A game changer – 7+ million member Nordic loyalty ecosystem to be introduced late 2023 with multiple partners and new offerings including next generation financial services

Creating a loyalty programme ecosystem where members can earn and use loyalty points across different programs



## Strawberry and Norwegian creating shared loyalty platform

- Strawberry – portal to a world of hotels, restaurants, spas and more – more than 225 hotels across 100 destinations
- **Establishing joint company** providing a wide offering to both companies' respective members and existing partners
- Major new partners expected to join soon across wide area of products and services
- Deal expected to close in fourth quarter 2023, subject to closing conditions and regulatory approval
- **Unlocking value from new business venture**  
– non-recurring gain of approximately NOK 800 million upon closing

## Avida becoming the preferred financial partner

- Avida Finans AB, majority owned by KKR with Tine Wollebekk as CEO, offering financial solutions and services across the Nordics
- Entrepreneurial niche player creating next generational financial services in collaboration with loyalty company
- Avida becoming close to 2% shareholder in loyalty company  
– loyalty company becoming 11% shareholder in Avida

# Widerøe – combining highly complementary businesses



## Large regional carrier in Norway

- Major operator of **public service operation (PSO)** routes
- **Fleet comprising 48 aircraft**  
– 45 turbo propelled Dash 8 and three E2 jets
- **Ground Handling** with full service offering at over 40 airports



## Beneficial to all stakeholders

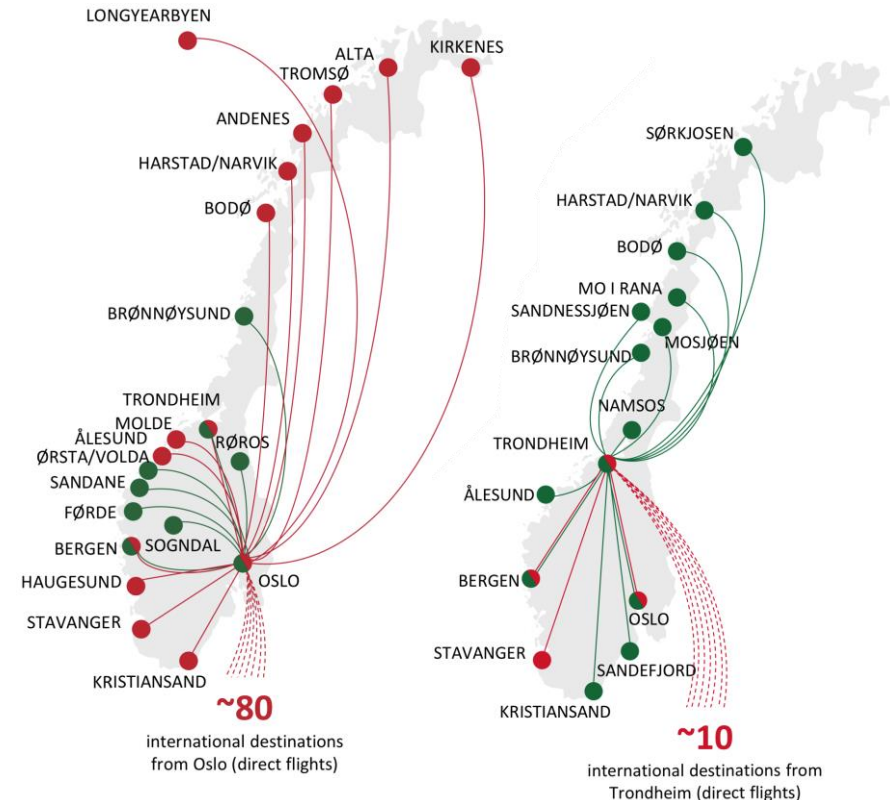
- **Customers** – more destinations and seamless end-to-end connectivity
- **Employees** – becoming part of larger group with more opportunities
- **Shareholders** – highly accretive through complementary networks and significant operational synergies



## Transaction details

- Widerøe to be kept as **separate business unit and brand**  
– airlines focusing on respective core markets
- Cash consideration NOK 1,125 million  
– subject to adjustments, including Widerøe 2023 profitability
- **Annual synergies of NOK 200 to 300 million**
- Closing expected in fourth quarter  
– pending approval – filing to Competition Authority (NCA) sent 11 Aug.

**Offering travellers access to more destinations,  
with better connectivity and seamless end-to-end travel  
at affordable prices**



# Summary

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## Delivering on record summer

- Attractive route network with close to 300 routes
- Record strong unit revenue in peak summer season
- Serving passengers solely with Norwegian aircraft with own crew



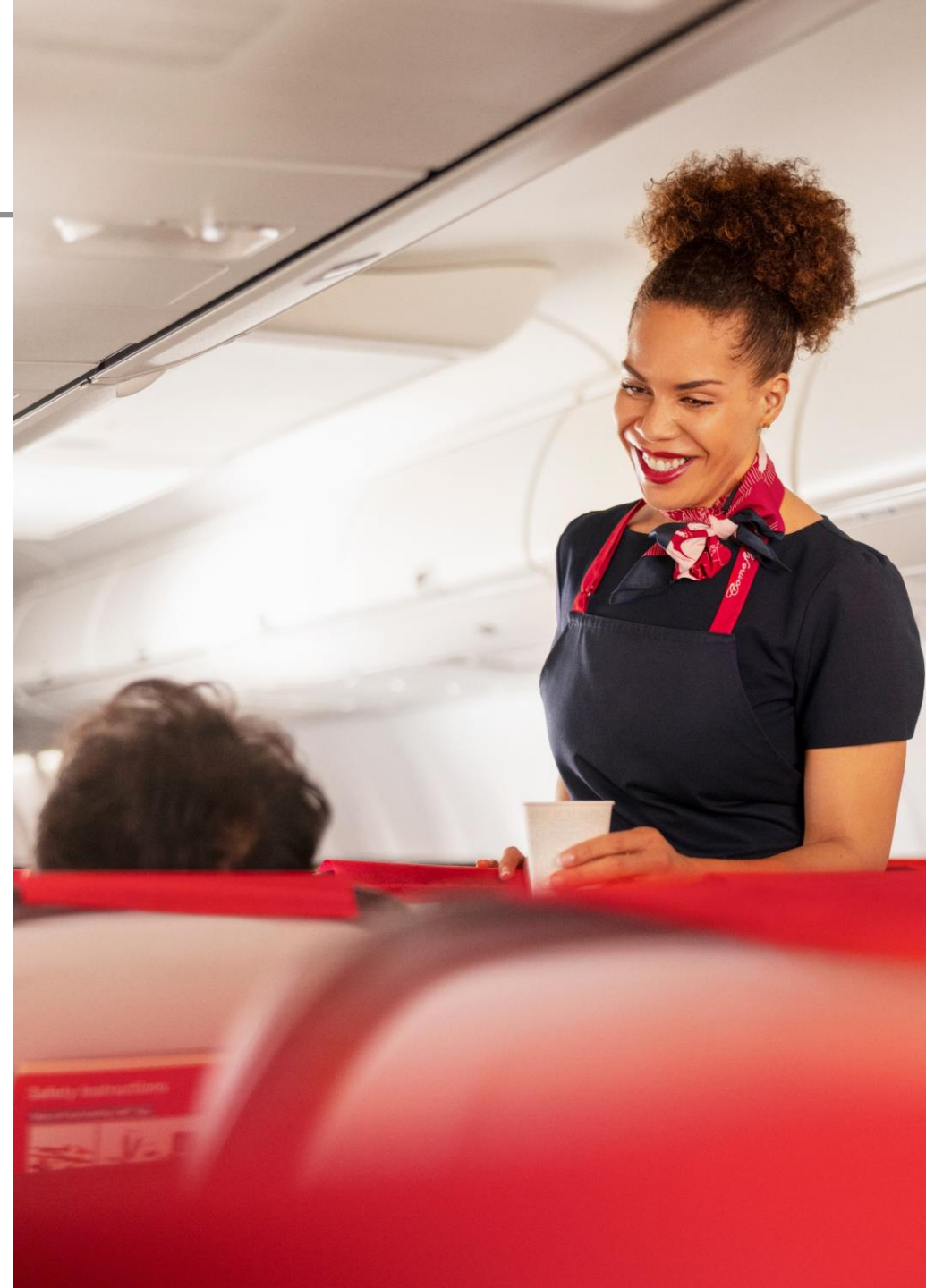
## Strong brand loyalty and robust operations

- Leading operations vs. peers – top on-time European airline
- Attracting new corporate customers and increasing market share
- Award winning ‘Norwegian Reward’ programme



## Positioning for 2024 and beyond

- Norwegian Armed Forces – awarded four-year exclusive contract
- Targeting for 2023 (vs. last year):
  - capacity (ASK) 32,500 million kilometres – up 19%
  - significantly higher unit revenue
  - cost level impacted by FX and industry specific inflation effects
- Hedged above 50% of fuel for remaining part of year and 20% for next year
- Widerøe acquisition and loyalty programme ecosystem with partners
  - realisation from new business venture – appr. NOK 800m Q4 gain
- Capital structure fit-for-purpose – enabling for potential dividend distribution



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# Appendix

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## 20 largest shareholders as of 30 June 2023\*

	<b>Name</b>	<b>Country</b>	<b>Number of shares</b>	<b>Per cent</b>
1	Geveran Trading Company, Ltd.	Cyprus	114,800,512	11.9 %
2	Sundt AS	Norway	94,528,088	9.8 %
3	Folketrygdfondet	Norway	45,793,605	4.8 %
4	Silver Point Capital, L.P.	United States	39,745,000	4.1 %
5	Ballyfin Aviation Limited	Ireland	31,472,703	3.3 %
6	Nordnet Bank AB.	Norway	30,686,184	3.2 %
7	Avanza Bank AB	Sweden	23,398,252	2.4 %
8	Handelsbanken Kapitalförvaltning AB	Sweden	18,632,175	1.9 %
9	Keskinäinen eläkevakuutusyhtiö Varma	Finland	15,500,000	1.6 %
10	Goldman Sachs Asset Management, L.P.	United States	14,109,920	1.5 %
11	DWS Investments UK Limited	United Kingdom	13,182,761	1.4 %
12	KLP Fondsforvaltning AS	Norway	12,361,393	1.3 %
13	Contrarian Capital Management, LLC	United States	12,255,380	1.3 %
14	DNB Asset Management AS	Norway	11,869,324	1.2 %
15	Barclays Capital	United Kingdom	11,350,286	1.2 %
16	BlackRock Institutional Trust Company, N.A.	United States	11,130,733	1.2 %
17	Goldman Sachs International	United Kingdom	9,855,670	1.0 %
18	Svelland Capital (UK) Ltd	United Kingdom	8,581,790	0.9 %
19	Brumm AS	Norway	8,285,480	0.9 %
20	JPMorgan Chase Bank GTS	United Kingdom	8,281,834	0.9 %
	Top 20 shareholders		535,821,090	55.7 %
	Other shareholders		425,697,682	44.3 %
	Total number of shares		961,518,772	100.0 %

*\*) The data is obtained through third-party analysis of beneficial ownership and fund manager information provided in replies to ownership notices issued to custodians. Reasonable efforts have been made to verify the data, however Norwegian Air Shuttle ASA cannot guarantee the accuracy of the analysis.*

# Disclaimer

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