

Interim report

Norwegian Air Shuttle ASA – fourth quarter and full year 2018

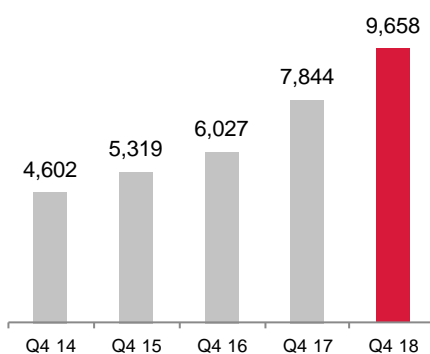


Unit cost
Incl depreciation excl fuel

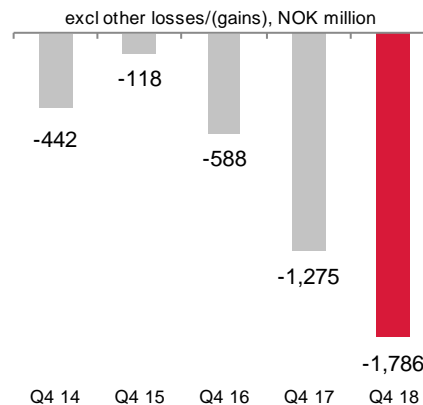
-14 %

- EBITDA excl other losses/(gains) of NOK -1,290 million (-901)
- Unit cost incl depreciation excl fuel decreased by 14 %
- Reached agreement with Rolls-Royce regarding settlement of compensation
- Secured stand-by underwriting commitment for rights issue of up to NOK 3 billion
- Shifting strategic focus from growth towards profitability and capitalizing on previous years' investments

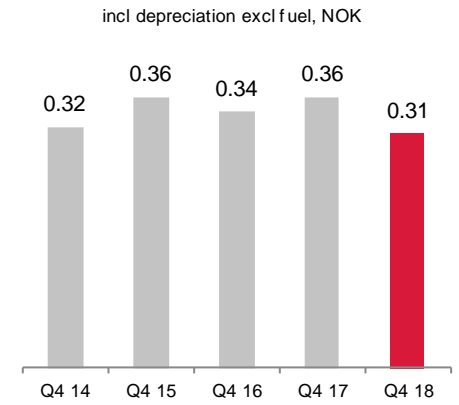
REVENUE
NOK million



EBIT



UNIT COST



Norwegian presents 2018 full year results and the strategy for returning to profitability

Norwegian today reported its full year and fourth quarter 2018 results, figures strongly affected by engine issues, fuel hedge losses and tough competition in a period of strong growth. The net loss was NOK 1,454 million in 2018, while the company's unit costs excluding fuel have decreased by 12 % during the same period.

The key priority going forward is returning to profitability through a series of measures, including an extensive cost reduction program, an optimized route portfolio and sale of aircraft. The company is also strengthening its balance sheet through a fully underwritten rights issue of NOK 3 billion in order to increase its financial position.

The company was hit by several unforeseen challenges during 2018. Continued tough competition and high jet fuel prices affected the results, in addition to significant costs related to Rolls Royce engine issues on the Dreamliners. Norwegian was forced to wet lease aircraft to avoid delays and cancellations on intercontinental flights. Norwegian has now reached an agreement with the engine manufacturer, which will have a positive effect in 2019. The Dreamliner operation is now running smoothly, and we don't foresee that engine issues will affect our service going forward. Going into 2019, Norwegian's growth and investments will decrease considerably, and a series of initiatives have been undertaken to return to profitability this year.

The company's total revenue was more than NOK 40 billion, an increase of 30 % compared to 2017. A total of 25 brand new aircraft entered the fleet, contributing to a production growth (ASK) of 37 %. The load factor was 85.8 % and more than 37 million passengers chose to travel with Norwegian, an increase of 13 % compared to the previous year.

Fourth quarter results

For the fourth quarter, the total revenue was NOK 9.7 billion, an increase of 23 % from the same period last year, primarily driven by international growth as well as increased traffic in the Nordics. More than nine million passengers flew with Norwegian this quarter, a growth of 12 %. The load factor was 80.9 %. The company incurred losses of NOK 1.8 billion on its current hedge positions in Q4. Some of the loss has since reversed due to the latest increase in the jet fuel price. The company's unit costs excluding fuel decreased by 14 % compared to the fourth quarter in 2017.

"We have taken a series of initiatives to improve profitability by reducing cost and increasing revenue going forward. We have optimized our base and route structure to streamline the operation as well as divested aircraft, postponed aircraft deliveries and not least started an internal cost reduction program, which will boost our financials and bring us back to profitability. Going into 2019, we will enter a period of slower growth and fewer investments, while constantly looking for new and smarter ways to improve our efficiency and offer new products and services to attract new customers," Kjos added.

CONSOLIDATED FINANCIAL KEY FIGURES

Unaudited

(Amounts in NOK million)	Q4 2018	Q4 2017	Change	Full year 2018	Full year 2017	Change
Operating revenue	9,657.8	7,844.4	23 %	40,265.5	30,948.3	30 %
EBITDAR	-1,925.2	386.2	NM	2,171.1	3,948.5	-45 %
EBITDA	-3,096.3	-652.9	374 %	-2,183.1	58.9	NM
EBITDA excl other losses/(gains)-net	-1,289.5	-901.2	43 %	-1,189.0	-373.3	218 %
EBIT	-3,593.2	-1,026.8	250 %	-3,850.6	-2,002.1	92 %
EBIT excl other losses/(gains)-net	-1,786.4	-1,275.2	40 %	-2,856.5	-2,434.3	17 %
EBT	-3,944.9	-1,225.7	222 %	-2,490.1	-2,562.2	-3 %
Net profit/ loss (-)	-3,011.9	-712.8	323 %	-1,454.1	-1,793.7	-19 %
EBITDAR margin	-19.9 %	4.9 %		5.4 %	12.8 %	
EBITDA margin	-32.1 %	-8.3 %		-5.4 %	0.2 %	
EBIT margin	-37.2 %	-13.1 %		-9.6 %	-6.5 %	
EBT margin	-40.8 %	-15.6 %		-6.2 %	-8.3 %	
Net profit margin	-31.2 %	-9.1 %		-3.6 %	-5.8 %	
Book equity per share (NOK)				37.5	58.7	-36 %
Equity ratio (%)				3 %	5 %	-2 pp
Net interest bearing debt				31,917.5	22,265.0	43 %

OPERATIONAL REVIEW

CONSOLIDATED TRAFFIC FIGURES AND RATIOS

Unaudited

(Ratios in NOK)	Q4 2018	Q4 2017	Change	Full year 2018	Full year 2017	Change
Yield	0.37	0.36	0 %	0.38	0.39	-2 %
Unit Revenue	0.30	0.31	-5 %	0.33	0.34	-4 %
Unit Cost incl depreciation	0.44	0.46	-5 %	0.43	0.45	-4 %
Unit Cost incl depr excl fuel	0.31	0.36	-14 %	0.31	0.35	-12 %
Ancillary Revenue/PAX	169	153	10 %	168	145	15 %
Share of sale own n channels	78 %	80 %	-2 pp	79 %	80 %	-1 pp
ASK (million)	26,058	19,704	32 %	99,220	72,341	37 %
RPK (million)	21,068	16,807	25 %	85,124	63,320	34 %
Passengers (million)	9.04	8.07	12 %	37.34	33.15	13 %
Load Factor	80.9 %	85.3 %	-4.4 pp	85.8 %	87.5 %	-1.7 pp
Average sector length (km)	1,872	1,708	10 %	1,843	1,607	15 %
Fuel consumption (tonnes)	507,409	393,052	29 %	1,956,174	1,465,100	34 %
CO ₂ per RPK	76	74	3 %	72	73	-1 %

Traffic Development

9.0 million passengers travelled with Norwegian in the fourth quarter of 2018, compared to 8.1 million in the fourth quarter of 2017, an increase of 12 %. Production (ASK) increased by 32 % and passenger traffic (RPK) increased by 25 %. The load factor was 80.9 %, a decrease of 4.4 p.p. compared to fourth quarter last year.

At the end of 2018, the total fleet including aircraft on maintenance and excluding wet lease comprised of 164 aircraft, excluding 2 aircraft on external lease. The company utilized every operational aircraft on average 12.5 block hours per day, compared to 11.4 in the fourth quarter last year.

Operating performance

Punctuality, share of flights departing on schedule, was 80 % in the fourth quarter, compared to 76 % in the same quarter last year.

Regularity, share of scheduled flights taking place, was 99.2 % in the fourth quarter, compared to 99.3 % in the same quarter last year.

FINANCIAL REVIEW

Income statement and financial key figures

Fourth quarter underlying earnings were affected by the high production growth of 32 %. The growth is spurred by adding eleven new wide body aircraft in the fleet in the past twelve months and increased utilization on narrow body aircraft during the start of the current winter season. Unit revenue was expectedly lower by 5 % compared to last year, with a sector length increase of 10 %. Yield showed an increase to 0.37. Unit cost including depreciation excl fuel decreased by 14 % in the same period, and would be down by 16 % in constant currency. EBT of NOK -3,945 million was heavily influenced by losses from jet fuel contracts of NOK 1,841 million and losses of NOK 194 million from total return swaps.

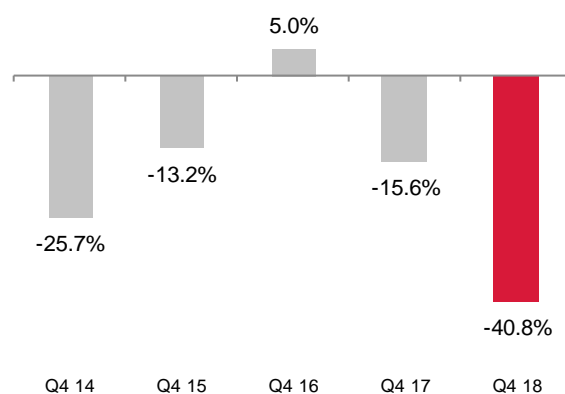
Operating profit before interest (EBIT) excluding other losses/(gains) for the fourth quarter was NOK -1,786 million (-1,275), while profit (loss) before tax (EBT) was NOK -3,945 million (-1,226). Other losses/(gains) amounted to a net loss of NOK 1,807 million, compared to a net gain of NOK 248 million last year. Other losses/(gains) include effects from foreign currency contracts, forward fuel contracts, total return swaps, losses or gains on translation of working capital in foreign currency and net losses or gains on sale of fixed assets.

Revenue

Total revenue in the fourth quarter was NOK 9,658 million (7,844), an increase of 23 %. Passenger revenue was NOK 7,693 million (6,114). Passenger revenue per unit produced (unit revenue) in the fourth quarter was NOK 0.30 (NOK 0.31). Increased sector length of 10 % and increased utilization on aircraft compared to last year have affected the yield and unit revenue in the quarter. Ticket fares have increased from last year despite a greater share of long haul flights. Ancillary revenue was NOK 1,523 million (1,233) in the fourth quarter, and ancillary revenue per passenger increased by 10 % to NOK 169 (153). Other revenue of NOK 441 million (497) includes cargo revenue of NOK 244 million (180), commissions, third-party products and external aircraft lease. Other revenue in 2017 includes cash points distributed to partners of NOK 141 million, whereas cash point distribution in fourth quarter 2018 is presented net to costs following the implementation of IFRS 15.

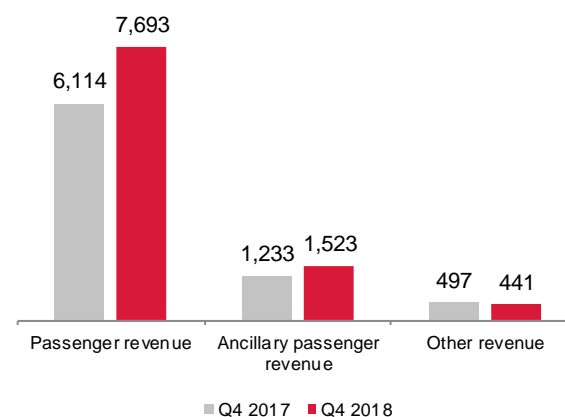
Norwegian has grown rapidly, expanding international traffic and adding new bases, destinations and markets to its portfolio. Consequently, the share of passengers outside Scandinavia has increased significantly compared to last year, with the strongest passenger growth in the US.

EBT MARGIN

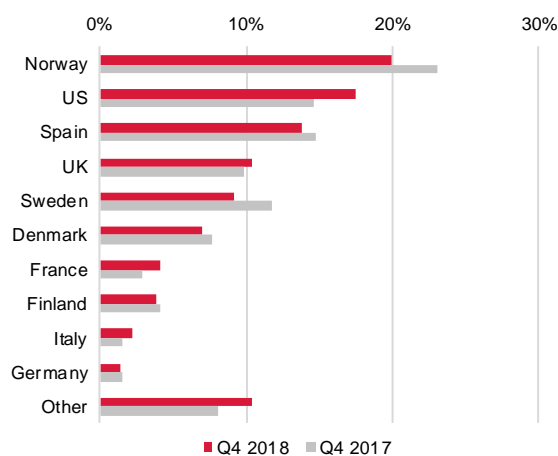


REVENUE SPLIT

NOK million



REVENUE BY ORIGIN



Operating expenses

COST BREAKDOWN

Unaudited

(Amounts in NOK million)	Q4 2018	Q4 2017	Change	Full year 2018	Full year 2017	Change
Personnel expenses	1,766.1	1,489.0	19 %	6,664.6	5,316.3	25 %
Sales/distribution expense	130.7	232.6	-44 %	878.5	946.1	-7 %
Aviation fuel	3,420.5	2,074.7	65 %	12,562.2	7,339.2	71 %
Airport and ATC charges	1,027.1	953.8	8 %	4,373.0	3,760.1	16 %
Handling charges	1,496.5	1,102.9	36 %	5,200.5	3,685.2	41 %
Technical maintenance expenses	915.6	781.0	17 %	3,493.7	2,706.5	29 %
Other flight operation expenses	574.6	542.8	6 %	2,102.1	1,694.8	24 %
General and adm expenses	445.3	529.6	-16 %	1,825.9	1,983.7	-8 %
Other losses/(gains) - net	1,806.8	-248.3	NM	994.1	-432.2	NM
Total operating exp. excl lease, depr. and amort.	11,583.0	7,458.2	55 %	38,094.5	26,999.7	41 %
Leasing	1,171.1	1,039.1	13 %	4,354.1	3,889.7	12 %
Total operating expenses excl depr. and amort.	12,754.1	8,497.2	50 %	42,448.6	30,889.4	37 %

Total operating expenses excluding depreciation increased by 50 % to NOK 12,754 million (8,497) this quarter. Operating expenses increased mainly due to a production increase of 32 %, net losses from jet fuel hedges of NOK 1,841 million and an increase in jet fuel prices.

Unit cost including depreciation excl fuel was NOK 0.31, a decrease of 14 % compared to the same quarter last year. At constant currency, unit cost including depreciation excl fuel decreased by 15 % compared to the same quarter last year.

Personnel expenses increased by 19 % to NOK 1,766 million (1,489) in the fourth quarter compared to the same quarter last year, while unit cost for personnel expenses decreased by 10 %. The reason for the decrease in unit cost is higher utilization of crew and benefit of scale, following abating growth.

Sales and distribution expenses decreased by 44 % to NOK 131 million (233) in the fourth quarter compared to the same quarter last year, while the unit cost decreased by 58 %. This is due to an increased share of sales through less costly sales channels, increased sector length, a late start to the new year's sale and changes in estimated capitalized sales/distribution costs to be expensed at the time of travel.

Aviation fuel expenses increased by 65 % to NOK 3,420 million (2,075) in the fourth quarter compared to the same quarter last year. Unit cost has increased by 25 %, due to an increase in jet fuel prices in USD of 20 %, increase in ETS costs and depreciation of NOK to USD of 3 %, partially offset by efficiency gains from adding new fuel-efficient aircraft in the fleet and increased sector length. Efficiency gains are negatively affected by the use of wet lease.

The company has forward contracts at the end of the fourth quarter 2018 to cover approximately 35 % of fuel exposure in 2019 at an average price of USD 681 per ton.

Airport and air traffic control (ATC) charges increased by 8 % to NOK 1,027 million (954) in the fourth quarter compared to the same quarter last year. Unit cost for airport and ATC charges decreased by 19 %, mainly due to increased average sector length and change in route portfolio.

Handling charges increased by 36 % to NOK 1,497 million (1,103) in the fourth quarter compared to the same quarter last year. Unit cost for handling increased by 3 %, due to increased passenger service refund costs, primarily due to wet lease on long haul, increased catering costs due to a larger share of long haul flights and to increased screening and security costs. The cost includes increased accruals due to a larger share of passengers claiming compensation.

Technical maintenance expenses increased by 17 % to NOK 916 million (781) in the fourth quarter compared to the same quarter last year. Unit cost decreased by 11 % and currency adjusted unit cost decreased by 14 %. Heavy maintenance cost decreased due to new engine maintenance contract with Rolls Royce and reduction in maintenance costs on 787 due to less flown hours than planned.

Seven new leased and four new owned 787 Dreamliners, seven new owned and five new leased 737 MAX 8 and two new leased 737-800s have been added to the fleet in the past twelve months, while four leased 737-800s have been redelivered and one 737-800 was sold.

Other flight operation expenses increased by 6 % to NOK 575 million (543) in the fourth quarter compared to the same quarter last year. Other flight operation expenses include costs directly attributable to operation of the aircraft fleet, such as de-icing, insurance and other leases, as well as training, meals and housing for crew. Unit cost decreased by 20 % in the quarter, due to increased sector length and economies of scale.

General and administrative expenses decreased by 16 % to NOK 445 million (530) in the fourth 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 108 million in the fourth quarter of 2018, compared to NOK 141 million in the same period last year. Comparative figures have not been restated.

Other losses/(gains)-net include gains and losses from foreign currency contracts, forward fuel contracts, net loss from total return swaps, translation of working capital in foreign currency and net gain or loss from sale of fixed assets. Net loss in the fourth quarter was NOK 1,807 million (gain of NOK 248 million last year), including a loss of NOK 1,841 from forward contracts on fuel and a gain of NOK 104 million from translation of working capital in foreign currency.

Leasing costs increased by 13 % to NOK 1,171 million (1,039) in the fourth quarter compared to the same quarter last year. Unit cost for leasing decreased by 15 %. The cost increased after adding seven new leased Boeing 787 Dreamliners and five 737 MAX 8, while redelivering four leased 737-800s in the past twelve months.

Depreciation increased by 37 % to NOK 497 million (364) in the fourth quarter compared to the same quarter last year. During the fourth quarter the company operated 52 (53) owned Boeing 737-800, 11 (7) owned Boeing 787 and 13 (6) owned Boeing 737 MAX 8.

Profit/loss from associated companies in the fourth quarter was NOK 37 million (82) and represents 50 % share of estimated net profit in the joint venture OSM Aviation Ltd.

From the first quarter of 2018, following the loss of significant influence in the investment in Norwegian Finans Holding ASA, the company'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 company's investment in NOFI, corresponding to 16.4 % of outstanding shares, are in subsequent periods recognized as part of other comprehensive income. Changes in market value of total return swaps corresponding to 3.6 % of outstanding shares were recognized in operating expenses as other losses/(gains) until realized in the fourth quarter.

Financial items were NOK -389 million (-281) in the fourth quarter. Interest on prepayments of NOK 102 million (42) was

capitalized, reducing interest expenses. Financial items include currency losses of NOK 68 million compared to a gain of NOK 91 million in 2017.

Income taxes amounted to a tax income of NOK 933 million in the fourth quarter compared to a tax income of NOK 513 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 new owned Boeing 737 MAX 8 and two new owned Airbus A320neos in the fourth quarter. In addition, the company received one 787-9 Dreamliner and four Boeing 737 MAX 8 financed through sale-leaseback arrangements. During the quarter, the company also sold one 737-800 and five Airbus A320neos and signed one sale-leaseback for a 787-9 Dreamliner that was delivered in the third quarter.

Net assets at the end of the fourth quarter are affected by a year to date appreciation of USD against NOK of 5.9 %.

Net interest-bearing debt at the end of fourth quarter was NOK 31,917 million compared to NOK 22,265 million at the end of last year. At the end of 2018, the equity ratio is 3 %, compared to 5 % at the end of 2017.

Total non-current assets amount to NOK 44,209 million at the end of 2018, compared to NOK 34,328 million at the end of last year. The main investments during the fourth quarter are deliveries of two new owned Boeing 737 MAX 8 in addition to predelivery payments. Intangible assets amounted to NOK 2,886 million at the end of 2018, compared to NOK 1,220 million at the end of 2017, including deferred tax assets of NOK 2,674 million compared to NOK 1,019 at the end of last year. Deferred tax assets are affected by a gross presentation of deferred tax in certain regions compared to a net presentation in 2017. Net deferred tax assets at year-end 2018 amount to NOK 2,059 million.

Total current assets amount to NOK 11,777 million at the end of 2018, compared to NOK 9,195 million at the end of last year. Assets held for sale of NOK 851 million consist of two Airbus A320neos on external lease that were sold in the first quarter in 2019. Investments include economic interests in Norwegian Finans Holding as well as unrealized gains on currency and jet fuel hedges amount to NOK 2,084 million. Receivables have increased by NOK 2,315 million during the year due to increased production and increased hold-backs from credit card acquirers. Cash and cash equivalents have decreased by NOK 2,118 million during the year, ending at NOK 1,922 million.

Norwegian owns 16.4 % of the outstanding shares in Norwegian Finans Holding ASA (NOFI), and the investment was presented according to the equity method as an investment in associated companies until March 2018, when the Chair of the Board of Directors resigned from the Board of NOFI and Bank Norwegian. Following the loss of significant influence in NOFI, use of the equity method was discontinued. From March 2018 onwards, the ownership in

NOFI is recognized as a financial investment according to IFRS 9 and subsequent changes in fair value are recorded in other comprehensive income. Refer to Note 9 for further information.

Norwegian held total return swaps corresponding to 3.6 % of the outstanding shares in NOFI until they expired in December 2018. Net loss from total return swaps amounted to NOK 194 million during the quarter.

Total non-current liabilities were NOK 26,412 million at the end of 2018, compared to NOK 25,027 million at the end of last year. Long-term borrowings have increased by NOK 220 million during the year due to the financing of four new 787-9 Dreamliners, seven new 737 MAX 8 and three new Airbus A320neos and appreciation of USD to NOK of 5.9 % year to date, offset by euro bond NAS07 and aircraft financing on sold aircraft reclassified to short-term borrowings or repaid, as well as down-payments on aircraft financing. Other non-current liabilities increased by NOK 1,166 million, mainly due to gross presentation of deferred tax (NOK 615 million) and increased accruals for periodic maintenance on leased aircraft.

Total short-term liabilities amounted to NOK 27,869 million at the end of 2018, compared to NOK 16,398 million at the end of 2017. Current liabilities increased by NOK 3,743 million from end of last year. Short-term borrowings increased by NOK 7,315 million during the year due to new PDP financing and financing for seven 737-800 aircraft that was re-allocated to short term liabilities due to a decision to sell the aircraft within the next 12 months, as well as euro bond NAS07 being reclassified to short-term. Air traffic settlement liabilities increased by NOK 414 million from end of last year due to increased production.

Equity at the end of 2018 was NOK 1,704 million compared to NOK 2,098 million at the end of last year. Equity decreased due to a net loss year to date of NOK 1,454 million and fair value losses of NOK 772 million mainly attributable to changes in fair market value of NOFI shares, partially offset by share capital increase of NOK 1,456 million, exchange rate gains from subsidiaries of NOK 348 million and other effects amounting to NOK 28 million.

Cash flow

Cash and cash equivalents were NOK 1,922 million at the end of 2018 compared to NOK 4,040 million at the end of last year.

Cash flow from operating activities in the fourth quarter amounted to NOK -894 million compared to NOK -853 million in the fourth quarter last year. Air traffic settlement liabilities increased by NOK 544 million (402) while receivables increased by NOK 808 million (127) during the quarter. Cash from other adjustments amounted to NOK 3,914 million (655) during the fourth 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 gains or losses on hedge and currency.

Cash flow from investment activities in the fourth quarter was NOK 1,440 million, compared to NOK -2,213 million in the same quarter last year. Investments in new aircraft and sales of owned aircraft in addition to prepayments to aircraft manufacturers are the main investments. Four new owned aircraft were delivered in the quarter, of which two Boeing 737 MAX 8 and two new Airbus A320neos financed by new loans in the fourth quarter. During the fourth quarter, the company sold one 737-800 and five A320neos in addition to sale-leaseback of two 787-9 Dreamliners.

Cash flow from financing activities in the fourth quarter was NOK -1,851 million compared to NOK 1,523 million in the fourth quarter last year. Proceeds from new aircraft financing and PDP financing are outweighed by repayment of loans on sold aircraft and down-payments on aircraft financing in the quarter.

RISK AND UNCERTAINTIES

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

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

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

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

OUTLOOK

The demand for travelling with Norwegian has been satisfactory and advance bookings have been acceptable entering the first quarter of 2019. Norwegian will continue to take advantage of its increasing competitive power realized through continuous cost efficiency. Norwegian will receive five new Boeing 787-9s and sixteen 737 MAXs in 2019 with a lower operating cost. Norwegian will continue to divest 737-800 in 2019.

Norwegian guides for a production growth (ASK) of 9 % for 2019. Estimated production increase per quarter in 2019 is 18 %, 12 %, 10 % and -1 % respectively. Norwegian's long-haul growth rate will significantly drop in 2019 with only five new deliveries entering the fleet and total fleet at year end 2019 is expected to be 37. We will use these deliveries to further cultivate key markets as well as ensure operational resilience. While long-haul continues to grow in 2019, we will reduce Norwegian's short-haul operations and close four bases in the Mediterranean, reallocating some of the aircraft to strengthen the core Nordic markets.

Norwegian may decide to adjust capacity to optimize the route portfolio depending on the development in the overall economy and in the marketplace. Assuming a fuel price of USD 613 per ton and USD/NOK 8.18 (excluding hedged volumes) and with the currently planned route portfolio, the company is targeting a unit cost including ownership cost in the range of NOK 0.4075 – 0.4125 and a unit cost excluding fuel including ownership cost in the range of NOK 0.295 – 0.300 for 2019.

Norwegian has a long-term target for ancillary revenue share at 20 % of total revenue. The increased share of ancillary revenue will be driven by third party revenue streams and the introduction of new products and services. Going forward, Norwegian will continue its fleet renewal program and reduce ownership in non-core assets. Norwegian continues to establish and develop an organizational structure that will secure cost efficiency, international expansion and necessary traffic rights for the future.

Fornebu, February 6, 2019

CEO, Norwegian Air Shuttle ASA
Bjørn Kjos

CONDENSED CONSOLIDATED INCOME STATEMENT

Unaudited					
<i>(Amounts in NOK million)</i>					
	Note	Q4 2018	Q4 2017	Full year 2018	Full Year 2017
Operating revenue					
Total operating revenue	3	9,657.8	7,844.4	40,265.5	30,948.3
Total operating revenue		9,657.8	7,844.4	40,265.5	30,948.3
Operating expenses					
Operational expenses		7,564.9	5,687.8	28,609.9	20,131.9
Payroll and other personnel expenses		1,766.1	1,489.0	6,664.6	5,316.3
Other operating expenses		2,252.0	281.3	2,820.0	1,551.6
Total operating expenses excl lease, depr. and amort.		11,583.0	7,458.2	38,094.5	26,999.7
Operating profit before leasing, depreciation and amortization (EBITDAR)					
		-1,925.2	386.2	2,171.1	3,948.5
Leasing		1,171.1	1,039.1	4,354.1	3,889.7
Operating profit before depreciation and amortization (EBITDA)		-3,096.3	-652.9	-2,183.1	58.9
Depreciation and amortization		496.9	363.8	1,667.6	1,405.1
Impairment assets held for sale		0.0	10.2	0.0	655.9
Operating profit (EBIT)		-3,593.2	-1,026.8	-3,850.6	-2,002.1
Financial items					
Interest income		37.9	11.3	117.5	71.3
Interest expense		354.3	268.4	1,159.5	958.6
Other financial income (expense)		-72.4	-23.6	2,273.9	35.3
Net financial items		-388.8	-280.6	1,232.0	-852.0
Profit/loss from associated companies		37.1	81.8	128.5	291.9
Profit (loss) before tax (EBT)		-3,944.9	-1,225.7	-2,490.1	-2,562.2
Income tax expense (income)		-933.0	-512.9	-1,036.0	-768.5
Net profit (loss)		-3,011.9	-712.8	-1,454.1	-1,793.7
Net profit attributable to:					
Owners of the parent company		-3,012.2	-721.7	-1,461.1	-1,794.6
Non-controlling interests		0.2	8.9	7.0	0.8
Earnings per share (NOK) - Basic		-66.3	-20.2	-34.4	-50.2
Earnings per share (NOK) - Diluted		-66.3	-20.2	-34.4	-50.2
No. of shares at the end of the period		45,437,059	35,759,639	45,437,059	35,759,639
Average no. of shares outstanding		45,437,059	35,759,639	42,487,877	35,759,639
No. of shares at the end of the period - Diluted		46,397,059	36,299,639	46,397,059	36,299,639

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited

<i>(Amounts in NOK million)</i>	<i>Note</i>	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
Intangible assets		2,886.1	1,220.3
Tangible fixed assets		40,106.4	31,451.2
Fixed asset investments		1,216.2	1,656.2
Total non-current assets		44,208.6	34,327.7
Current assets			
Assets held for sale		850.6	0.0
Inventory		167.3	101.9
Investments		2,084.4	615.7
Receivables		6,752.6	4,437.6
Cash and cash equivalents		1,921.7	4,039.8
Total current assets		11,776.7	9,194.9
TOTAL ASSETS		55,985.3	43,522.7
EQUITY AND LIABILITIES			
Shareholders equity			
Shareholder's equity	7	1,687.2	2,086.1
Non-controlling interests		17.3	12.3
Total equity		1,704.4	2,098.4
Non-current liabilities			
Other non-current liabilities		4,131.8	2,966.2
Long term borrowings	6	22,280.0	22,060.3
Total non-current liabilities		26,411.8	25,026.5
Short term liabilities			
Current liabilities		9,402.6	5,659.7
Short term borrowings	6	11,559.1	4,244.5
Air traffic settlement liabilities		6,907.3	6,493.6
Total short term liabilities		27,869.0	16,397.8
Total liabilities		54,280.8	41,424.3
TOTAL EQUITY AND LIABILITIES		55,985.3	43,522.7

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Unaudited

(Amounts in NOK million)	Q4 2018	Q4 2017	Full year 2018	Full Year 2017
OPERATING ACTIVITIES				
Profit before tax	-3,944.9	-1,225.7	-2,490.1	-2,562.2
Paid taxes	-8.3	3.6	-22.7	35.0
Depreciation, amortization and impairment	496.9	363.8	1,667.6	1,405.1
Impairment assets held for sale	0.0	10.2	0.0	655.9
Fair value adjustment of financial assets (PL)	0.0	-130.4	-1,939.8	-391.3
Changes in air traffic settlement liabilities	-543.6	-401.8	413.7	1,827.4
Changes in receivables	-808.0	-126.9	-2,548.3	-1,016.2
Other adjustments	3,914.0	654.8	5,381.9	2,947.7
Net cash flows from operating activities	-893.9	-852.5	462.7	2,901.3
INVESTING ACTIVITIES				
Purchases, proceeds and prepayment of tangible assets	1,217.3	-2,441.6	-8,781.8	-3,557.4
Other investing activities	223.0	228.2	218.6	129.3
Net cash flows from investing activities	1,440.3	-2,213.4	-8,563.2	-3,428.1
FINANCING ACTIVITIES				
Loan proceeds	2,159.5	2,348.6	12,546.6	8,209.9
Principal repayments	-3,575.7	-595.6	-6,518.8	-4,490.9
Financing costs paid	-434.6	-85.8	-1,499.8	-1,427.9
Proceeds from issuing new shares	0.0	0.0	1,456.0	0.0
Other financing activities	0.0	-144.3	0.0	0.0
Net cash flows from financing activities	-1,850.9	1,523.0	5,984.1	2,291.1
Foreign exchange effect on cash	14.9	15.6	-1.7	-48.2
Net change in cash and cash equivalents	-1,289.5	-1,527.4	-2,118.1	1,716.1
Cash and cash equivalents at beginning of period	3,211.2	5,567.2	4,039.8	2,323.6
Cash and cash equivalents at end of period	1,921.7	4,039.8	1,921.7	4,039.8

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unaudited

(Amounts in NOK million)	Q4 2018	Q4 2017	Full year 2018	Full Year 2017
Net profit (loss) for the period	-3,011.9	-712.8	-1,454.1	-1,793.7
Actuarial gains and losses	2.7	-43.0	2.7	-43.0
Exchange rate differences Group	407.3	174.7	347.9	-127.0
Fair value adjustments through OCI	-996.8	0.0	-771.7	0.0
Other	22.3	-1.6	22.9	-4.0
Total comprehensive income for the period	-3,576.4	-582.7	-1,852.4	-1,967.7
Total comprehensive income attributable to:				
Owners of the company	-3,576.6	-591.6	-1,859.9	-1,969.3
Non-controlling interests	0.2	8.9	7.6	1.5

CONDENSED CONSOLIDATED CHANGES IN EQUITY

Unaudited

(Amounts in NOK million)	Full year 2018	Full Year 2017
Equity - Beginning of period	2,098.4	4,049.0
Total comprehensive income for the period	-1,852.4	-1,967.7
Share issue	1,456.0	0.0
Transactions with non-controlling interests	-2.7	0.0
Equity change on employee options	5.1	17.1
Equity - End of period	1,704.4	2,098.4

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 General and accounting principles

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

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

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

The accounting policies applied by the company in these condensed consolidated financial statements are the same as those applied by the company 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 accounting 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 company's revenues have been recognized at the time of travel, which apply also under IFRS 15. There are certain fees previously being recognized at time of sale, whereas these are recognized at the time of travel under IFRS 15. The associated amounts are considered as immaterial.

Following the implementation of IFRS 15, revenue and costs from issuing cash points to external partners in the loyalty program Reward are presented net from January 1, 2018. In 2018, cash point distributions of NOK 482 million are presented net that would be presented gross in 2017. The comparable amount in 2017 was NOK 435 million, presented as other revenue and other operating expense. With a gross presentation, operating revenue for the fourth quarter of 2018 would be NOK 9,766 million and other operating expense would be NOK 11,691 million. Comparative figures have not been adjusted. The net impact on operating profit is zero. If such a net presentation was applied for the full year of 2017, both revenue and operating expenses would have been reduced by NOK 435 million. Changes from gross to net presentation are shown in the table below.

IFRS 15 TRANSITION EFFECT

Unaudited	IAS 18	IFRS 15	Change	IAS 18	IFRS 15	Change
	Q4	Q4		YTD	YTD	
(Amounts in NOK million)	2018	2018		2018	2018	
INCOME STATEMENT						
Total operating revenue	9,765.7	9,657.8	-107.9	40,747.8	40,265.5	-482.2
Total operating expenses excl lease, depr. and amort.	11,691.0	11,583.0	-107.9	38,576.7	38,094.5	-482.2
Operating profit (EBIT)	-3,593.2	-3,593.2	0.0	-3,850.6	-3,850.6	0.0

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

There will be a significant impact on the company's income statement and statement of financial position from the adoption of IFRS 16. More than 95 % of the total impact is arising from changed presentation of operational aircraft leases. In addition to the effects from aircraft leases, there will be effects from leasing of aircraft spare parts, facilities and other equipment.

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

The company has calculated that ROU assets and lease liabilities of approximately NOK 33 billion will be added to the 2019 opening balance of the statement of financial position. The amount is calculated based on judgements and interpretations at the release of this report. IFRS 16 is a new standard under which interpretations are evolving and the final transitional effect could change correspondingly. The calculated effects in assets and liabilities are somewhat changed compared to the estimates presented in the third quarter report of 2018. The changes are associated with additions to the aircraft lease portfolio in Q4 2018 and changes in foreign exchange rates NOK-USD.

Based on the lease portfolio at the transitional date January 1, 2019 and compared to as if the standard was not implemented, the company expects that in the 2019 Income Statement the lease expenses will be reduced with an amount of NOK 5,200-5,400, the profit before tax (EBT) will be reduced with an amount of NOK 650-725 million and the net profit will be reduced with an amount of NOK 520-580 million. Aircraft leases are all denominated in USD and hence estimates of changes to the 2019 Income Statement are sensitive to changes in the exchange rates between USD and NOK. Any change to the portfolio of leased assets after January 1, 2019 will also have an impact on the size of the effects to the 2019 Income Statement.

One effect of IFRS 16 compared to IAS 17 is that the timing of expenses over the lease term due to the interest element changes so that more expenses are recognized early in the lease term and less expenses are recognized later in the lease term. Norwegian has a growing and young fleet of

leased aircraft and will therefore, compared to the effects under IAS 17, experience a net negative effect from IFRS 16 on Profit or loss during the first years of application. Later in the lease terms there will be a corresponding positive effect of applying IFRS 16. Over the lease term the total expenses under IFRS 16 are equal to those of IAS 17.

Judgments, estimates and assumptions

The preparation of condensed consolidated interim financial statements in accordance with IFRS and applying the chosen accounting policies require management to make judgments, estimates and assumptions which affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical figures 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 company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the period ended December 31, 2017.

Note 2 Risk**SENSITIVITY ANALYSIS**

Unaudited

	Effect on income MNOK
1% decrease in jet fuel price	95
1% depreciation of NOK against USD	-174
1% depreciation of NOK against EURO	-7

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

Note 3 Revenue

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

OPERATING REVENUE BREAKDOWN

Unaudited (Amounts in NOK millions)	Q4 2018	Q4 2017	Change	Full year 2018	Full year 2017	Change
Per activity						
Passenger revenue	7,693.4	6,114.2	26 %	32,560.1	24,719.1	32 %
Ancillary passenger revenue	1,523.4	1,232.9	24 %	6,266.6	4,822.5	30 %
Other revenue	440.9	497.3	-11 %	1,438.9	1,406.7	2 %
Total	9,657.8	7,844.4	23 %	40,265.5	30,948.3	30 %
Per country						
Norway	1,927.4	1,782.3	8 %	8,070.7	7,160.4	13 %
US	1,689.3	1,209.8	40 %	6,946.7	4,398.0	58 %
Spain	1,333.8	1,117.6	19 %	5,620.6	4,470.5	26 %
UK	1,008.4	731.7	38 %	4,323.4	2,711.9	59 %
Sweden	881.5	881.9	0 %	3,666.4	3,345.0	10 %
Denmark	681.9	571.0	19 %	2,837.4	2,316.9	22 %
France	401.4	217.6	84 %	1,745.3	955.1	83 %
Finland	371.1	331.2	12 %	1,326.6	1,133.2	17 %
Italy	216.3	115.1	88 %	1,073.0	587.7	83 %
Germany	137.9	121.2	14 %	591.1	454.8	30 %
Other	1,008.8	764.9	32 %	4,064.2	3,414.8	19 %
Total	9,657.8	7,844.4	23 %	40,265.5	30,948.3	30 %
Total outside of Norway	7,730.4	6,062.1	28 %	32,194.8	23,787.9	35 %

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

Note 4 Segment information

The Executive Management team reviews the company'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 company's operating profit arises from airline-related activities and the only revenue generating asset of the company is 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

From the first quarter of 2018 onwards, the company no longer has significant influence over Norwegian Finans Holding ASA nor its subsidiary Bank Norwegian AS, and these companies are no longer considered a related party. There were no other changes during 2018 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 fourth quarter or full year 2018.

Note 6 Borrowings

Unaudited	31 Dec 2018	31 Dec 2017
<i>(Amounts in NOK million)</i>		
Long term		
Bond issue	1,181.9	3,070.8
Aircraft prepayment financing	1,175.5	534.0
Aircraft financing	19,922.6	18,455.4
Total long term borrowings	22,280.0	22,060.3
Short term		
Bond issue	2,400.8	1,249.1
Credit facility	1,125.0	675.0
Aircraft prepayment financing	3,861.0	352.3
Aircraft financing	4,172.4	1,968.0
Total short term borrowings	11,559.1	4,244.5
Total borrowings	33,839.1	26,304.8

Note 7 Shareholder information

20 largest shareholders at December 31, 2018:

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

**The shareholding of HBK Holding AS reflects the actual shareholding and may deviate from the official shareholder register as HBK Holding AS has signed a securities lending agreement with Nordea and Danske Bank. Under this agreement, these institutions may borrow shares from HBK Holding AS for a limited period to improve the liquidity in the share trading, for example by fulfilling their market maker obligations.

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

Norwegian Air Shuttle ASA had a total of 45,437,059 shares outstanding at December 31, 2018. There were 16,486 shareholders at the end of 2018.

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 appealed to the Supreme Court. The Supreme Court tried the case in the fourth quarter and ruled in favour of the company.

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

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

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

Note 9 Other matters

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

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

RESTATEMENT EFFECTS PER QUARTER IN 2017

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

Unaudited (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	1,773.6	2,676.9	2,098.4	2,098.4
<i>Change</i>	<i>0.0</i>	<i>-1,770.5</i>	<i>-2149.4</i>	<i>-1,992.6</i>	<i>-1,992.6</i>
Fair value changes to other comprehensive income, previous	0.0	0.0	448.6	48.9	497.5
Fair value changes to other comprehensive income, restated	0.0	0.0	0.0	0.0	0.0
<i>Change</i>	<i>0.0</i>	<i>0.0</i>	<i>-448.6</i>	<i>-48.9</i>	<i>-497.5</i>

RESTATEMENT EFFECTS FULL YEAR 2017

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

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

RESTATEMENT EFFECTS FOURTH QUARTER 2017

An overview of changes from the previously reported Q4 2017 figures to the restated figures is provided in the table below. Other summations are adjusted accordingly.

Unaudited	Previous Q4 2017	Restated Q4 2017	
(Amounts in NOK million)			Change
INCOME STATEMENT			
Other operating expenses	280.3	281.3	1.0
Operating profit (EBIT)	-1,025.8	-1,026.8	-1.0
Other financial income (expense)	-156.2	-23.6	132.6
Profit/loss from associated companies	7.7	81.8	74.1
Profit (loss) before tax (EBT)	-1,431.4	-1,225.7	205.7

Note 10 Events after the reporting date

On January 29, 2019 Norwegian announced that it is strengthening its balance sheet through a fully underwritten rights issue of NOK 3 billion in order to increase its financial flexibility and create headroom to the covenants of its outstanding bonds compared with the company's business plan.

The company is changing its strategic focus from growth to profitability. The company intends to capitalize on the market position and scale built up over the last years. As a consequence of the changed focus, the capital expenditures will be reduced, which is expected to be achieved by a combination of (i) aircraft divestment, including JV, and (ii) postponement of aircraft deliveries. Further, the company is working on several operational improvements, including (i) the extensive cost reduction program, #Focus2019, which will contribute to an estimated cost reduction of minimum NOK 2 billion in 2019, (ii) optimization of the base structure and the route network and (iii) the agreement with Rolls-Royce related to compensation for the operational disruptions on its long-haul operations which was entered into in December 2018. The fully underwritten rights issue in combination with these improvement initiatives will significantly improve the financial position of the company during 2019.

On February 5, 2019 Norwegian announced that Arctic Aviation Assets, a subsidiary of Norwegian, has signed an agreement for sale of two Airbus 320neo aircraft. The aircraft were leased out and thus not operated by the Company, and

classified as Assets Held for Sale in the balance sheet at 31 December 2018. Delivery will take place during February 2019. The transaction is expected to increase the Company's liquidity by USD 26 million after repayment of debt and have a positive equity effect. Sale proceeds will be used to repay debt and to increase the Company's liquidity. The sale is in line with the Company's strategy of capitalizing on the scale built up over the last few years and the changed focus from growth to profitability.

On February 6, 2019 Norwegian announced that Arctic Aviation Assets, a subsidiary of Norwegian, has signed an agreement with Boeing Commercial Airplanes for postponement of twelve Boeing 737 MAX 8 aircraft from 2020 to 2023 and 2024. The postponement is expected to reduce the Company's capital expenditure commitments related to pre-delivery payments in 2019. Additionally, capital expenditures for 2020 will be significantly reduced.

Arctic Aviation Assets has further signed an agreement with Airbus S.A.S. for postponement of four Airbus 321LR aircraft from 2019 to 2020. The postponement is expected to reduce the Company's capital expenditure commitments in 2019.

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 fourth quarter and full year 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 and 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	Q4	Q4	Full year	Full Year
(Amounts in NOK million)	2018	2017	2018	2017
Net profit to EBIT / EBIT excl other gains /(losses)				
EBIT / Operating profit	-3,593.2	-1,026.8	-3,850.6	-2,002.1
- Other losses/(gains)*	1,806.8	-248.3	994.1	-432.2
EBIT excl other losses/(gains)	-1,786.4	-1,275.2	-2,856.5	-2,434.3
Net profit to EBITDA / EBITDA excl other gains /(losses)				
EBITDA	-3,096.3	-652.9	-2,183.1	58.9
- Other losses/(gains)*	1,806.8	-248.3	994.1	-432.2
EBITDA excl other losses/(gains)	-1,289.5	-901.2	-1,189.0	-373.3

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

Other definitions

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

Norwegian Air Shuttle ASA

Mailing address P.O. Box 113
NO-1366 Lysaker
Visiting address Oksenøyvn 3, Fornebu
Telephone +47 67 59 30 00
Internet norwegian.com
Organization number NO 965 920 358 MVA

Board of Directors

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

Group Management

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

Investor Relations

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

Financial Calendar

2019

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