

Interim report

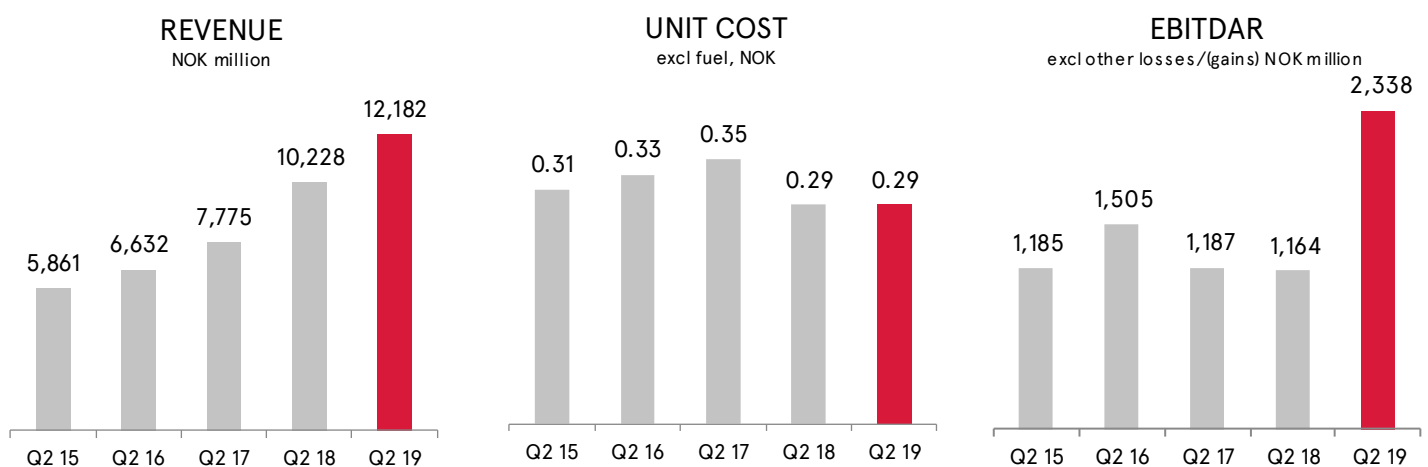
Norwegian Air Shuttle ASA – second quarter and first half 2019



Unit revenue

+13 %

- EBITDAR excl other losses/(gains) of NOK 2,338 million (1,164), the highest ever in a second quarter
- Unit revenue increased by 13 per cent driven by improvements on long-haul and positive Easter effect
- #Focus2019 program on track with a cost reduction of NOK 554 million in Q2 and NOK 1 billion in first half
- The grounding of Boeing 737 MAX aircraft impacts Q2 profit negatively by approximately NOK 400 million
- The company is guiding on EBITDAR excl other losses/(gains) of NOK 6 – 7 billion in 2019



Norwegian's financial turnaround moves in the right direction: Increased revenue and reduced cost

Norwegian's second quarter results are characterized by reduced growth and improved profitability, in line with the company's strategy. Despite the reduced production growth and grounding of the Boeing 737 MAX aircraft, the underlying operating result before ownership costs more than doubled from the same quarter in 2018.

The underlying operating result before ownership costs (EBITDAR excl other losses/gains) was more than NOK 2.3 billion, the highest ever in a second quarter and NOK 1.2 billion higher than last year. The unit revenue (RASK) increased by 13 per cent. For the second quarter, the total revenue was more than NOK 12 billion, an increase of 19 per cent from the same period last year, primarily driven by intercontinental growth. Almost 10 million passengers flew with Norwegian this quarter, on par with the same quarter in 2018. The load factor was 88 per cent, up 1.2 percentage points from last year.

Norwegian's key priority is returning to profitability through a series of measures, including an optimized route portfolio and an extensive cost-reduction program. The production growth (ASK) in the second quarter was six percent, down from the peak growth of 48 percent in the second quarter of 2018. The company's internal cost reduction program #Focus2019 continues with full effect, and achieved cost reductions this quarter were NOK 554 million, consequently reaching the goal of NOK 1 billion so far in 2019.

"Norwegian's Q2 results show that we are delivering on our strategy of moving from growth to profitability. Despite operational issues outside of our control, like the grounding of our 737 MAX fleet, we are delivering the highest second quarter operating revenue in the history of Norwegian. I am

also pleased to see that bookings have peaked this summer and overall demand for the coming months look promising," said CEO of Norwegian, Bjørn Kjos.

During the second quarter, Norwegian has introduced four Boeing 787-9 Dreamliners to its fleet. With an average age of only 3.8 years, Norwegian's fleet is one of the most fuel efficient and most modern in the world.

This quarter Norwegian received numerous awards and recognitions:

- "World's Best Low-Cost Long-Haul Airline" for the fifth consecutive year at the Skytrax World Airline Awards.
- "Europe's Leading Low-Cost Airline" for the fifth consecutive year at the World Travel Awards.
- Norwegian Reward was named "Program of the Year Europe & Africa" for the third consecutive year at the Freddie Awards.
- "Best Low-Cost Carrier in Europe" at the 2019 Passenger Choice Awards™.

MAX update

In March, Norwegian temporarily suspended operation of 18 Boeing MAX 8 aircraft. The company has combined flights, booked customers to other departures within Norwegian's own network, consequently reducing the impact on passengers. The company will continue to limit passenger disruptions by also offering flights with wet lease companies whenever necessary. The 737 MAX grounding has affected both demand, operating expenses and production negatively. Norwegian expects the negative impact of the 2019 results to be approximately NOK 700 million.

CONSOLIDATED FINANCIAL KEY FIGURES

<i>(unaudited in NOK million)</i>	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	Full Year 2018
Operating revenue	12,181.8	10,227.9	19 %	20,173.4	17,220.5	17 %	40,265.5
EBITDAR	2,209.5	1,618.9	36 %	2,297.2	738.4	211 %	2,171.1
EBITDAR excl other losses/(gains)-net	2,337.8	1,164.2	101 %	1,621.6	324.0	400 %	3,165.2
EBIT	622.8	153.6	306 %	-835.8	-2,072.8	-60 %	-3,850.6
EBIT excl other losses/(gains)-net	751.2	-301.2	NM	-1,511.4	-2,487.2	-39 %	-2,856.5
EBT	111.4	369.6	-70 %	-1,866.1	-145.6	1182 %	-2,490.1
Net profit/ loss (-)	82.8	300.3	-72 %	-1,406.6	254.0	NM	-1,454.1
EBITDAR margin	18.1 %	15.8 %		11.4 %	4.3 %		5.4 %
EBIT margin	5.1 %	1.5 %		-4.1 %	-12.0 %		-9.6 %
EBT margin	0.9 %	3.6 %		-9.3 %	-0.8 %		-6.2 %
Net profit margin	0.7 %	2.9 %		-7.0 %	1.5 %		-3.6 %
Book equity per share (NOK)				21.2	80.9	-74 %	37.5
Equity ratio (%)				3.2 %	6.6 %	-3.4 pp	3.0 %
Net interest-bearing debt				61,004.0	26,717.7	128 %	31,917.5

OPERATIONAL REVIEW

CONSOLIDATED TRAFFIC FIGURES AND RATIOS

<i>(unaudited ratios in NOK)</i>	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	Full Year 2018
Yield	0.42	0.37	11 %	0.38	0.35	7 %	0.38
Unit Revenue	0.37	0.32	13 %	0.32	0.30	6 %	0.33
Unit Cost	0.42	0.41	3 %	0.43	0.43	-1 %	0.43
Unit Cost excl fuel	0.29	0.29	2 %	0.30	0.31	-2 %	0.31
Ancillary Revenue/PAX	185	162	15 %	177	162	10 %	168
Share of sale own channels	81 %	78 %	3 pp	81 %	78 %	3 pp	79 %
ASK (million)	27,074	25,633	6 %	50,531	45,628	11 %	99,220
RPK (million)	23,819	22,242	7 %	42,813	39,129	9 %	85,124
Passengers (million)	9.98	9.97	0 %	18.09	17.45	4 %	37.34
Load Factor	88.0 %	86.8 %	1.2 pp	84.7 %	85.8 %	-1.1 pp	85.8 %
Average sector length (km)	1,909	1,815	5 %	1,867	1,802	4 %	1,843
Fuel consumption (1000 tonnes)	504	507	-1 %	948	901	5 %	1,956
CO ₂ per RPK	67	72	-7 %	70	73	-4 %	72

TRAFFIC DEVELOPMENT

9.98 million passengers travelled with Norwegian in the second quarter of 2019, compared to 9.97 million in the second quarter of 2018. Production (ASK) increased by 6 per cent and passenger traffic (RPK) increased by 7 per cent. The load factor was 88.0 per cent, an increase of 1.2 p.p. compared to second quarter last year.

At the end of the second quarter 2019, the total fleet including aircraft on maintenance and excluding wet lease comprised 162 aircraft. There were no aircraft on external lease. The company utilized every operational aircraft on average 12.8 block hours per day, compared to 12.7 in the second quarter last year.

OPERATING PERFORMANCE

Punctuality, share of flights departing on schedule, was 78.5 per cent in the second quarter, increased by 2 percentage points compared to 76.5 per cent in the same quarter last year. Punctuality has increased in four consecutive quarters.

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

FINANCIAL REVIEW

FINANCIAL KEY FIGURES

Norwegian has shifted its strategy from growth to profitability, and is returning to profitability through a series of measures, including an optimized route portfolio and the extensive cost reduction program #Focus2019.

EBITDAR excl other losses/(gains) was the highest for the company ever in a second quarter at NOK 2,338 million, increased by NOK 1,174 million from last year despite the grounding of Boeing 737 MAX aircraft. The disruptions to the fleet of aircraft has resulted in additional costs of approximately NOK 400 million in the quarter.

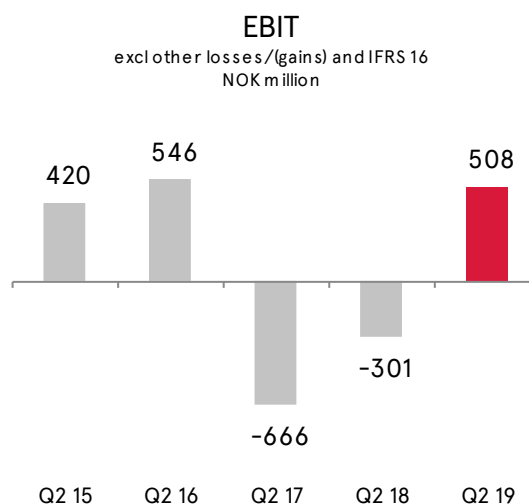
The company is successfully reducing growth and focusing on profitability. Year on year production growth in the second quarter was 6 per cent, down from the peak growth of 48 per cent as reported in the second quarter of 2018.

The company's extensive cost reduction program #Focus2019 continues with full effect, achieving improvements to the income statement of NOK 554 million in the second quarter and past the target of NOK 1 billion year to date.

Unit cost excluding fuel in constant currency decreased by 1 per cent. The reduction in constant currency would have been 7 per cent adjusted for one-off cost reductions recorded in the second quarter of 2018 by approximately NOK 450 million, of which approximately NOK 400 million related to technical maintenance expense.

Other losses/(gains) amounted to a net loss of NOK 128 million in the second quarter, compared to a net gain of NOK 455 million last year. Operating profit before interest (EBIT) excluding other losses/(gains) for the second quarter improved by more than NOK 1 billion to NOK 751 million (-301), including favourable effects from implementing IFRS 16 of NOK 243 million.

Profit (loss) before tax (EBT) was NOK 111 million (370). EBT in the second quarter 2019 includes negative effects following the implementation of IFRS 16 of NOK 183 million. EBT in the second quarter would be NOK 294 million excluding IFRS 16 effects.



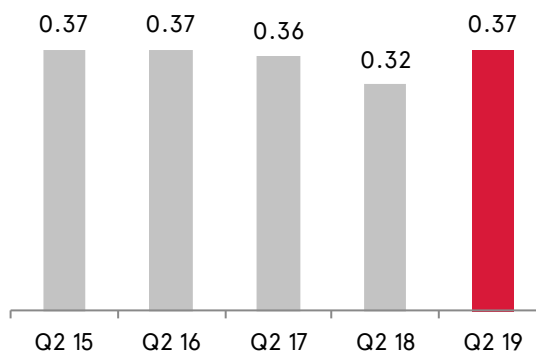
REVENUE

Total revenue in the second quarter was NOK 12,182 million (10,228), an increase of 19 per cent. Norwegian enjoyed an increase in unit revenue by 13 per cent following a yield increase of 11 per cent and an increased load factor by 1.2 percentage points. Yield increased despite a greater share of long-haul flights and an increased average sector length of 5 per cent. Unit revenue increased by 11 per cent in constant currency.

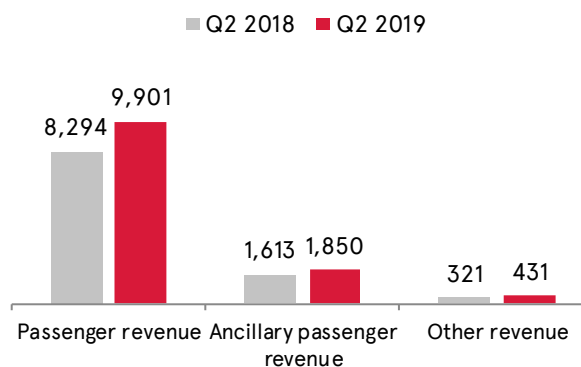
Passenger revenue was NOK 9,901 million (8,294). Unit revenue in the second quarter increased by 13 per cent to NOK 0.37 (NOK 0.32). Ancillary revenue was NOK 1,850 million (1,613) in the second quarter, and ancillary revenue per passenger increased by 15 per cent to NOK 185 (162). Other revenue of NOK 431 million (321) includes cargo revenue of NOK 182 million (160), commissions and third-party products.

Norwegian has grown rapidly over the past years, 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 and Italy. Measured by revenue at point of origin, the US was Norwegian's largest market in the second quarter.

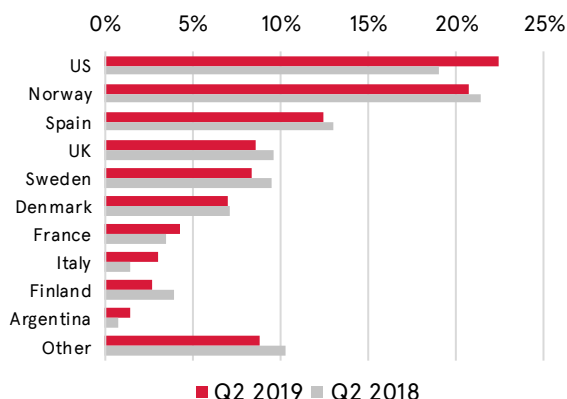
UNIT REVENUE
NOK



REVENUE
NOK million



REVENUE BY ORIGIN



UNIT COST BREAKDOWN

<i>(unaudited in NOK per ASK)</i>	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	Full Year 2018
Personnel expenses	0.07	0.06	1 %	0.07	0.07	-4 %	0.07
Airport and ATC charges	0.04	0.05	-20 %	0.04	0.05	-13 %	0.04
Handling charges	0.05	0.05	4 %	0.05	0.05	2 %	0.05
Technical maintenance expenses	0.04	0.03	47 %	0.04	0.03	9 %	0.04
Other operating expenses	0.04	0.04	1 %	0.05	0.05	-6 %	0.05
Aircraft lease and depreciation	0.06	0.06	3 %	0.06	0.06	1 %	0.06
Unit cost excl fuel	0.29	0.29	2 %	0.30	0.31	-2 %	0.31
Aviation fuel	0.13	0.13	4 %	0.12	0.12	4 %	0.13
Unit cost	0.42	0.41	3 %	0.43	0.43	-1 %	0.43

OPERATING EXPENSES

The company's extensive cost reduction program #Focus2019 continues with full effect, achieving improvements to the income statement of NOK 554 million in the second quarter and past the target of NOK 1 billion year to date.

Unit cost excl fuel was NOK 0.29, an increase of 2 per cent compared to the same quarter last year. At constant currency, unit cost excluding fuel decreased by 1 per cent compared to the same quarter last year. The reduction in constant currency would have been 7 per cent adjusted for one-off cost reductions recorded in the second quarter of 2018 by approximately NOK 450 million. There were no significant effects on unit cost following the implementation of IFRS 16.

Total operating expenses excluding depreciation and aircraft lease increased by 15.8 per cent to NOK 9,972 million (8,609) this quarter. Adjusted for other losses /(gains) the increase was 9 per cent from last year.

Operating expenses increased mainly due to a production increase of 6 per cent and unfavorable changes to currency rates.

Personnel expenses increased by 6 per cent to NOK 1,763 million (1,656) in the second quarter compared to the same quarter last year. Unit cost increased by 1 per cent, but was reduced by 1 per cent in constant currency, despite lower utilization following the grounded 737 MAX aircraft.

Aviation fuel expenses increased by 9 per cent to NOK 3,507 million (3,206) in the second quarter compared to the same quarter last year. Unit cost has increased by 4 per cent, due to an appreciation of USD to NOK of 8 per cent, increased ETS fees and differentials as well as

changes in the airport mix, partially offset by a decrease in jet fuel spot prices in USD of 9 per cent, efficiency gains from adding new fuel-efficient aircraft to the fleet, increased sector length and several #Focus2019 initiatives to reduce fuel consumption. Fuel consumption is negatively impacted by the use of wet lease during the quarter.

The company has forward contracts at the end of the second quarter 2019 to cover approximately 27 per cent of remaining fuel exposure in 2019 at an average price of USD 680 per ton.

Airport and air traffic control (ATC) charges decreased by 16 per cent to NOK 990 million (1,173) in the second quarter compared to the same quarter last year. Unit cost decreased by 20 per cent, due to #Focus2019 cost reduction initiatives including renegotiating agreements with vendors, in addition to increased average sector length.

Handling charges increased by 10 per cent to NOK 1,399 million (1,278) in the second quarter compared to the same quarter last year. Unit cost increased by 4 per cent, driven by currency effects. At constant currency, unit cost for handling charge increased by 1 per cent. The increase is mainly due to increased catering costs as share of long-haul flights increase.

Technical maintenance expenses increased by 55 per cent to NOK 1,009 million (651) in the second quarter compared to the same quarter last year. One-off cost reductions related to renegotiation of technical maintenance contracts of approximately NOK 400 million were recorded in the second quarter in 2018.

Other operating expenses consist of sales and distribution expenses, general and administrative expenses and other flight operation expenses. Other operating expenses increased by 7 per cent, and unit cost increased by 1 per cent due to adverse effects from currency rates. At constant currency, unit cost was reduced by 1 per cent.

Other losses/(gains) include effects from foreign currency contracts, forward fuel contracts, losses or gains on translation of working capital in foreign currency and net losses or gains on sale of fixed assets. Current quarter net losses of NOK 128 million include losses from jet fuel hedges of NOK 74 million and negative foreign currency effects of NOK 50 million.

Aircraft lease and depreciation increased by 8 per cent to NOK 1,587 million (1,465) in the second quarter compared to the same quarter last year. Unit cost for leasing and depreciation increased by 3 per cent, but was reduced by 5 per cent at constant currency. The adoption of IFRS 16 led to a net cost reduction on depreciation and aircraft lease of NOK 177 million in the quarter.

Profit/loss from associated companies in the second quarter was NOK 36 million (9) and represents the company's share of estimated net profit in the joint venture OSM Aviation Ltd.

Net financial items were negative by NOK 547 million (positive by 207) in the second quarter. Additional interest expenses of NOK 426 million have been recognized following the adoption of IFRS 16. Interest on prepayments of NOK 68 million (110) was capitalized during the second quarter, reducing interest expense. Financial items include a gain of NOK 174 million following the sales of Norwegian's shares in Lilienthal Finance Limited and currency gains of NOK 11 million compared to a currency gain of NOK 448 million in 2018.

Income taxes amounted to a tax cost of NOK 29 million in the second quarter compared to a tax cost of NOK 69 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 787-9 Dreamliners in the second quarter, one owned and one financed through a sale-leaseback. During the quarter, the company also sold four 737-800 aircraft.

Total assets and liabilities are significantly affected by the implementation of IFRS 16, leading to substantially increased lease liabilities and right of use assets compared

to the financial position as reported prior to 2019. Net assets are also affected by a year to date depreciation of USD against NOK of 2.0 per cent.

Net interest-bearing debt at the end of the second quarter was NOK 61,004 million compared to NOK 31,917 million at the end of last year. Included in current year net interest-bearing debt are lease liabilities of NOK 33,835 million following the adoption of IFRS 16. At the end of June 2019, the equity ratio was 3.2 per cent, compared to 3.0 per cent at the end of 2018. If the second quarter did not include IFRS 16 effects, net interest-bearing debt would have been NOK 27,169 million at quarter end and the equity ratio would have been 6.0 per cent.

Total non-current assets amount to NOK 74,023 million at the end of the first half, compared to NOK 44,209 million at the end of last year. Transition effects following the adoption of IFRS 16 were NOK 32,797 million. The main investments during the first half are deliveries of four new 787-9 Dreamliners. Intangible assets amounted to NOK 3,313 million at the end of the first half, compared to NOK 2,886 million at the end of 2018, including deferred tax assets of NOK 3,106 million compared to NOK 2,674 million at the end of last year.

Total current assets amount to NOK 16,576 million at the end of the first half, compared to NOK 11,777 million at the end of last year. Investments include economic interests in Norwegian Finans Holding as well as unrealized gains on jet fuel hedges and amount to NOK 2,043 million. Receivables have increased by NOK 5,930 million during the first half due to increased production, changed capacity with acquirers and seasonality. Cash and cash equivalents have decreased by NOK 233 million during the first half, ending at NOK 1,688 million.

Total non-current liabilities were NOK 55,814 million at the end of the first half, compared to NOK 26,662 million at the end of last year. Non-current debt has increased by NOK 28,859 million and includes lease liabilities of NOK 29,987 million at the end of the first half. Other non-current liabilities increased by NOK 293 million, mainly due to increased accruals for periodic maintenance on leased aircraft.

Total current liabilities amounted to NOK 31,893 million at the end of the first half, compared to NOK 27,619 million at the end of 2018. Air traffic settlement liabilities increased by NOK 4,465 million from end of last year due to seasonality and increased production. Current debt decreased by NOK 6 million during the first half, and includes lease liabilities amounting to 3,848 million at the end of the first half. Short-term aircraft and prepayment financing are reduced due to the sale-leaseback of three 787-9 Dreamliners during the first half, in addition to the sales of two A320neos and five 737-800 with settlement of

the corresponding debt. Other current liabilities decreased by NOK 185 million from end of last year, mainly due to reductions in unrealized losses on jet fuel hedges.

Equity at the end of the first half was NOK 2,892 million compared to NOK 1,704 million at the end of last year. Equity increased due to the rights issue raising a net equity increase of NOK 2,927 million, offset by a net loss year to date of NOK 1,407 million, exchange rate losses from subsidiaries of NOK 137 million and fair value adjustments of the investment in NOFI shares of NOK 179 million. Other effects amounted to negative NOK 17 million.

CASH FLOW

Cash and cash equivalents were NOK 1,688 million at the end of the first half 2019 compared to NOK 1,922 million at the end of last year.

Cash flow from operating activities in the second quarter amounted to NOK 1,149 million compared to NOK 1,247 million in the second quarter last year. Air traffic settlement liabilities decreased by NOK 458 million (increased by 378) while receivables increased by NOK 1,979 million (240) during the quarter. Cash from other adjustments amounted to NOK 1,903 million (315) during the second quarter. Other adjustments mainly consist of finance items, changes in other assets and other 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 investing activities in the second quarter was NOK 1,134 million, compared to negative NOK 3,025 million in the same quarter last year. Cash from investing activities during the quarter consists mainly of proceeds from sale of four Boeing 737-800 aircraft in addition to effects from prepayment financing on one 787-9 Dreamliner financed through sale-leaseback, partially offset by investment in one 787-9 Dreamliner.

Cash flow from financing activities in the second quarter was negative by NOK 3,733 million compared to a positive cash flow of NOK 2,311 million in the second quarter last year. Principal repayments relate to settlement of financing on sold aircraft, settlement of pre-delivery financing on sale-leaseback transactions as well as scheduled repayments and debt servicing on lease liabilities following the adoption of IFRS 16.

RISK AND UNCERTAINTIES

Norwegian is exposed to a number of risk factors such as market risk, operational risk, financial risk and liquidity risk. The airline industry is undergoing a challenging time due to 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. Demand for airline travel and the company's business are subject to strong seasonal variations.

The final outcome of Brexit is still uncertain. The company has contingency plans in place based on the different Brexit scenarios (including a hard Brexit).

The company is currently assessing the financial impact of the grounding of Boeing 737 MAX worldwide. The company has 18 737 MAX in the current fleet and further deliveries are put on hold. Plans are in place to uphold the scheduled production and minimize effects on passengers.

The company is exposed to liquidity risk, including commitments for future aircraft deliveries and lease commitments. Following the strategic change from growth to profitability, the company is reducing liquidity risk exposure by divesting aircraft, postponing aircraft deliveries and managing credit lines with credit card acquirers.

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 as well as debt and assets denominated in foreign currency.

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

Norwegian has a substantial investment in Norwegian Finans Holding ASA, and changes to the valuation of the shares might have a substantial positive or negative effect on the company's equity.

Further information on the risks associated with the company and its business is provided in the company's Annual Report for 2018.

OUTLOOK

Given the Boeing 737 MAX grounding and the general situation surrounding the company, we aim to improve transparency and have updated our guidance for 2019 based on information available to us at this point in time.

Going into the third quarter, long-haul bookings are solid. Short-haul bookings have been a bit behind expectations with shorter booking curves and lower visibility on future bookings, however picking up closer to time of travel.

The 737 MAX grounding has affected both demand, operating expenses and production. With an expected return to service in October 2019, the company expects a negative impact on the 2019 results of approximately NOK 700 million. Negative impacts include reduced revenue from cancellations and other disruptions as well as increased expenses from crew inefficiencies, increased fuel consumption and passenger compensation.

Norwegian will receive one new Boeing 787-9 in the second half of 2019. Given the ongoing 737 MAX situation, the company only expects to take delivery of up to six 737 MAX aircraft this year.

Norwegian guides for a production growth (ASK) of 0 - 5 per cent (previous guiding 5 - 10 per cent) for 2019.

Assuming a fuel price of USD 618 per ton (previous assumption 655) and USD/NOK 8.58 (previous assumption 8.27) excluding hedged volumes and with the currently planned route portfolio, the company is targeting a unit cost of approximately NOK 0.43 (previous guiding NOK 0.42) and a unit cost excluding fuel of approximately NOK 0.31 (previous guiding NOK 0.30) for 2019.

The company continues to aim for a NOK 2 billion cost reduction with the #Focus2019 program.

All the above taken into consideration, the company guides for an EBITDAR excluding other losses/(gains) in the range of NOK 6 - 7 billion.

Expected delays in deliveries of Boeing 737 MAXs reduce the capital expenditures estimate for 2019. The company guides on contractually committed capital expenditures of NOK 1.2 billion in 2019 and NOK 1.3 billion in 2020 (down from previous guiding of NOK 1.7 billion / NOK 1.2 billion).

Fornebu, 10 July 2019

Board of Directors, Norwegian Air Shuttle ASA

CONDENSED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

<i>(unaudited in NOK million)</i>	Note	Q2 2019	Q2 2018	H1 2019	H1 2018	Full Year 2018
Passenger revenue		9,901.1	8,293.6	16,199.7	13,804.9	32,560.1
Ancillary passenger revenue		1,850.2	1,613.4	3,208.7	2,823.9	6,266.6
Other revenue		430.5	320.9	765.0	591.7	1,438.9
Total operating revenue	3	12,181.8	10,227.9	20,173.4	17,220.5	40,265.5
Personnel expenses		1,763.4	1,656.2	3,422.5	3,206.3	6,664.6
Aviation fuel		3,506.6	3,206.0	6,284.7	5,460.9	12,562.2
Airport and ATC charges		990.0	1,172.8	2,001.9	2,080.0	4,373.0
Handling charges		1,399.2	1,277.8	2,562.3	2,272.1	5,200.5
Technical maintenance expenses		1,009.4	650.6	1,822.8	1,510.4	3,493.7
Other operating expenses		1,175.5	1,100.3	2,457.6	2,366.8	4,806.4
Other losses/(gains) - net		128.4	-454.8	-675.6	-414.4	994.1
Total operating expenses excl lease, depr. and amort.		9,972.4	8,609.0	17,876.2	16,482.1	38,094.5
Operating profit excl lease, depr and amort. (EBITDAR)		2,209.5	1,618.9	2,297.2	738.4	2,171.1
Aircraft lease, depreciation and amortization		1,586.7	1,465.3	3,133.0	2,811.3	6,021.7
Operating profit (EBIT)		622.8	153.6	-835.8	-2,072.8	-3,850.6
Interest income		68.5	33.3	84.7	49.7	117.5
Interest expense		789.3	270.8	1,494.8	513.5	1,159.5
Other financial income (expense)		173.3	444.8	340.7	2,317.3	2,273.9
Net financial items		-547.4	207.3	-1,069.4	1,853.3	1,232.0
Profit/loss from associated companies		36.1	8.7	39.1	73.9	128.5
Profit (loss) before tax (EBT)		111.4	369.6	-1,866.1	-145.6	-2,490.1
Income tax expense (income)		28.6	69.3	-459.6	-399.6	-1,036.0
Net profit (loss)		82.8	300.3	-1,406.6	254.0	-1,454.1
Net profit attributable to:						
Owners of the parent company		73.2	295.9	-1,411.6	249.8	-1,461.1
Non-controlling interests		9.6	4.4	5.1	4.2	7.0
Earnings per share (NOK) - Basic*		0.5	7.4	-12.4	3.6	-19.5
Earnings per share (NOK) - Diluted*		0.5	6.4	-12.4	3.1	-19.5
No. of shares at the end of the period		136,308,377	45,437,059	136,308,377	45,437,059	45,437,059
Average no. of shares outstanding		136,308,377	39,960,007	113,853,757	39,960,007	42,487,877
No. of shares at the end of the period - Diluted		137,838,377	46,052,059	137,838,377	46,052,059	46,397,059

* Earnings per share for comparative figures have been adjusted with a factor of 1.76 due to effects of the rights issue completed in March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(unaudited in NOK million)</i>	Q2 2019	Q2 2018	H1 2019	H1 2018	Full Year 2018
Net profit (loss) for the period	82.8	300.3	-1,406.6	254.0	-1,454.1
Actuarial gains and losses	0.0	0.0	0.0	0.0	2.7
Exchange rate differences Group	-83.1	229.7	-136.6	-78.4	347.9
Fair value adjustments through OCI	-179.1	76.6	-179.1	-52.1	-771.7
Other	-23.1	0.0	-23.5	-0.8	22.9
Total comprehensive income for the period	-202.5	606.6	-1,745.8	122.7	-1,852.4
Total comprehensive income attributable to:					
Owners of the company	-212.1	602.2	-1,750.5	119.4	-1,859.9
Non-controlling interests	9.6	4.4	4.6	3.4	7.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(unaudited in NOK million)</i>	Note	30 JUNE 2019	30 JUNE 2018	31 DEC 2018
ASSETS				
Intangible assets		3,312.5	1,657.7	2,886.1
Tangible fixed assets	6	69,407.9	38,324.9	40,106.4
Fixed asset investments		1,303.0	978.3	1,216.2
Total non-current assets		74,023.4	40,960.9	44,208.6
Assets held for sale		0.0	0.0	850.6
Inventory		162.4	140.1	167.3
Investments		2,043.0	3,264.7	2,084.4
Receivables		12,682.6	7,917.5	6,752.6
Cash and cash equivalents		1,688.3	3,713.6	1,921.7
Total current assets		16,576.2	15,035.8	11,776.7
TOTAL ASSETS		90,599.6	55,996.7	55,985.3
EQUITY AND LIABILITIES				
Shareholder's equity	8	2,870.4	3,661.4	1,687.2
Non-controlling interests		21.9	15.3	17.3
Total equity		2,892.3	3,676.7	1,704.4
Non-current debt	7	51,389.2	23,841.7	22,530.0
Other non-current liabilities		4,425.1	3,148.5	4,131.8
Total non-current liabilities		55,814.3	26,990.2	26,661.8
Air traffic settlement liabilities		11,372.6	11,363.1	6,907.3
Current debt	7	11,303.1	6,589.6	11,309.1
Other current liabilities		9,217.3	7,377.1	9,402.6
Total current liabilities		31,892.9	25,329.8	27,619.0
Total liabilities		87,707.2	52,320.1	54,280.8
TOTAL EQUITY AND LIABILITIES		90,599.6	55,996.7	55,985.3

CONSOLIDATED STATEMENT OF CASH FLOW

<i>(unaudited in NOK million)</i>	Q2 2019	Q2 2018	H1 2019	H1 2018	Full Year 2018
Profit before tax	111.4	369.6	-1,866.1	-145.6	-2,490.1
Paid taxes	-4.5	39.8	-12.0	-13.1	-22.7
Depreciation, amortization and impairment	1,575.8	384.3	3,122.2	720.2	1,667.6
Fair value adjustment of financial assets (PL)	0.0	0.0	0.0	-1,939.8	-1,939.8
Changes in air traffic settlement liabilities	-458.1	377.8	4,465.3	4,869.5	413.7
Changes in receivables	-1,979.3	-240.0	-5,930.0	-3,479.9	-2,548.3
Other adjustments	1,903.3	315.3	1,148.7	1,100.6	5,381.9
Net cash flows from operating activities	1,148.7	1,246.7	928.1	1,112.0	462.7
Purchases, proceeds and prepayment of tangible assets	1,108.3	-3,025.4	3,563.6	-6,653.5	-8,781.8
Other investing activities	25.7	0.0	32.7	9.0	218.6
Net cash flows from investing activities	1,134.0	-3,025.4	3,596.3	-6,644.6	-8,563.2
Loan proceeds	7.0	3,399.4	532.0	7,006.8	12,546.6
Principal repayments	-2,900.8	-1,691.4	-6,614.9	-2,439.4	-6,518.8
Financing costs paid	-839.1	-405.0	-1,544.1	-804.8	-1,499.8
Proceeds from issuing new shares	0.0	1,007.7	2,907.2	1,457.6	1,456.0
Net cash flows from financing activities	-3,732.9	2,310.7	-4,719.9	5,220.3	5,984.1
Foreign exchange effect on cash	-12.3	-22.2	-37.9	-13.9	-1.7
Net change in cash and cash equivalents	-1,462.5	509.9	-233.4	-326.3	-2,118.1
Cash and cash equivalents at beginning of period	3,150.8	3,203.7	1,921.7	4,039.8	4,039.8
Cash and cash equivalents at end of period	1,688.3	3,713.6	1,688.3	3,713.6	1,921.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(unaudited in NOK million)</i>	H1 2019	H1 2018	Full Year 2018
Equity - Beginning of period	1,704.4	2,098.4	2,098.4
Total comprehensive income for the period	-1,745.8	122.7	-1,852.4
Share issue	2,927.4	1,457.6	1,456.0
Transactions with non-controlling interests	0.0	0.0	-2.7
Equity change on employee options	6.3	-2.0	5.1
Equity - End of period	2,892.3	3,676.6	1,704.4

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING PRINCIPLES

The condensed consolidated interim financial statements comprise Norwegian Air Shuttle ASA and its subsidiaries (the company). Norwegian Air Shuttle ASA is a limited liability company incorporated in Norway. The consolidated financial statements of the company for the year ended 31 December 2018 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 31 December 2018. 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 31 December 2018 except for the specific items described below.

From 1 January 2019, Norwegian has adopted the new accounting standard IFRS 16 Leases. IFRS 16 replaces IAS 17, Leases and related interpretations. IFRS 16 from a lessee viewpoint eliminates the classification of leases as either operating leases or finance leases. Instead, all leases are treated in a similar way to finance leases under IAS 17. The standard is effective for accounting periods beginning on or after 1 January 2019 and adopted by the company from the same date.

IFRS 16 allows various adoption approaches. The company applies the modified retrospective approach under which all right-of-use assets (ROU assets) are measured at an amount equal to the lease liability at 1 January 2019. The lease liability in turn is calculated as the present value of remaining lease payments under the leases discounted by incremental borrowing rates as per time of transition. The cumulative effect of initially applying the standard as an adjustment to the opening balance on retained earnings is zero. Under this transition approach, the 2018 comparable numbers presented in this 2019 second quarter and first half reporting are not restated as if IFRS 16 was applied in 2018. The presented amounts are calculated based on judgements and interpretations at the time of adopting the new standard.

There is a significant impact on the company's income statement and statement of financial position from the adoption of IFRS 16. More than 95 per cent of the total impact stems from changed presentation of operational aircraft leases. Such aircraft leases are all contracts with a fixed term and with fixed lease payments. Under aircraft leases, the company will as part of right of use assets include an estimate of costs to be incurred in restoring the aircraft asset to the condition required by the terms and conditions of the lease. Other maintenance obligations will be recognized in accordance with IAS 37 and built up over the lease term as time elapses and the aircraft is utilized, up until the relevant maintenance activities are carried out and the obligation is settled. For aircraft sale and leaseback transactions entered into after the transition date the ROU asset is measured at the portion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Gain or loss is recognized for the amount that relates to the rights transferred to the buyer-lessor.

In addition to the effects from aircraft leases, there are effects from leasing of aircraft spare parts, facilities and other equipment. Facility leases often contain options to extend or terminate the contract. Lease terms of such contracts hence might be subject to application of judgement.

The company has elected to apply the recognition exemption to leases for which underlying assets are of low value. For leases other than aircraft leases the company has also elected to apply the recognition exemption to short-term leases.

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. During the first years of application of IFRS 16 under the modified retrospective transition approach, one will experience a net negative effect on profit or loss compared to the effects under IAS 17. 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.

Transition effects of adopting the new standard and effects on the income statement for the second quarter and first half of 2019 are shown in the tables below.

IFRS 16 TRANSITION EFFECTS ON STATEMENT OF FINANCIAL POSITION

<i>(unaudited in NOK million)</i>	31 DEC 2018	IFRS 16 effects	1 JAN 2019
Total non-current assets	44,208.6	32,797.3	77,006.0
Total current assets	11,776.7	0.0	11,776.7
TOTAL ASSETS	55,985.3	32,797.3	88,782.6
EQUITY	1,704.4	0.0	1,704.4
Total non-current liabilities	26,661.8	29,129.1	55,790.9
Total short term liabilities	27,619.0	3,668.3	31,287.3
Total liabilities	54,280.8	32,797.3	87,078.2
TOTAL EQUITY AND LIABILITIES	55,985.3	32,797.3	88,782.6

At 1 January 2019, following the adoption of IFRS 16, the company recognized right of use assets corresponding to the discounted value of lease liabilities within the scope of IFRS 16 at the time of adoption. NOK 32,797 million was recognized as right of use assets. The incremental borrowing rates applied to lease liabilities at the date of initial recognition are in the interval 5.1–5.4 per cent for aircraft leases and in the interval 4.8–7.7 per cent for leases other than aircraft leases. Aircraft leases are

denominated in USD, whereas other leases are denominated in a mix of the currencies USD, EUR, GBP, NOK and SEK.

The equity effect of the adoption of IFRS 16 was zero. The above presented effects in assets and liabilities are unchanged compared to the estimates presented in the fourth quarter report and financial statements of 2018.

IFRS 16 EFFECTS ON INCOME STATEMENT

<i>(unaudited in NOK million)</i>	Excl IFRS 16* Q2 2019	IFRS 16 effects	Q2 2019	Excl IFRS 16* H1 2019	IFRS 16 effects	H1 2019
Total operating revenue	12,181.8	0.0	12,181.8	20,173.4	0.0	20,173.4
Total operating expenses excl lease, depr. and amort.	10,039.4	-67.0	9,972.4	18,002.3	-126.1	17,876.2
EBITDAR	2,142.5	67.0	2,209.5	2,171.1	126.1	2,297.2
Aircraft lease	1,313.4	-1,302.6	10.8	2,577.3	-2,566.5	10.8
Depreciation and amortization	449.7	1,126.1	1,575.8	910.1	2,212.1	3,122.2
Operating profit (EBIT)	379.3	243.5	622.8	-1,316.4	480.5	-835.8
Net financial items	-121.3	-426.1	-547.4	-231.1	-838.3	-1,069.4
Profit/loss from associated companies	36.1	0.0	36.1	39.1	0.0	39.1
Profit (loss) before tax (EBT)	294.1	-182.7	111.4	-1,508.3	-357.8	-1,866.1

* Income statement effects are shown as if IAS 17 still applied, without the adoption of the new standard IFRS 16.

Under the accounting standards effective prior to the adoption of IFRS 16, lease expenses would be higher, some of these included in operating expenses and EBITDAR, and the majority would be included as aircraft leases. Under IFRS 16, lease expenses within the scope of IFRS 16 are removed and replaced by depreciation of right of use assets and interest costs. Gains and losses from sale-leaseback transactions are also affected, as such items are partially deferred during the lease period. IFRS 16 has a net

negative effect on EBT in the second quarter and first half of 2019 due to higher interest expenses being recognized early in the lease term and lower interest expenses to be recognized later in the lease term. The net negative effect on EBT for the company was NOK 183 million in the second quarter and NOK 358 million in the first half of 2019.

IFRS 16 EFFECTS ON STATEMENT OF CASH FLOW

(unaudited in NOK million)	Excl IFRS 16* Q2 2019	IFRS 16 effects	Q2 2019	Excl IFRS 16* H1 2019	IFRS 16 effects	H1 2019
Net cash flows from operating activities	-220.8	1,369.6	1,148.7	-1,764.5	2,692.6	928.1
Net cash flows from investing activities	1,134.0	0.0	1,134.0	3,596.3	0.0	3,596.3
Net cash flows from financing activities	-2,363.4	-1,369.6	-3,732.9	-2,027.3	-2,692.6	-4,719.9
Foreign exchange effect on cash	-12.3	0.0	-12.3	-37.9	0.0	-37.9
Net change in cash and cash equivalents	-1,462.5	0.0	-1,462.5	-233.4	0.0	-233.4

* Effect on cash flow statements effects are shown as if IAS 17 still applied, without the adoption of the new standard IFRS 16.

Under the accounting standards effective prior to the adoption of IFRS 16, cash flow from operating activities would be lower, mainly due to operational lease payments being included as a negative effect. Under IFRS 16, operational lease payments within the scope of IFRS 16 are reclassified to principal repayments of borrowings and payment of interest included as financing costs paid, both included in cash flows from financing activities. Net effect on change in cash and cash equivalents is zero.

The net amount reclassified from operating activities to financing activities was NOK 1,370 million in the second quarter and NOK 2,693 million in the first half of 2019.

Additions of new right of use assets following new or extended operational leases do not have an effect on the cash flow statement.

IFRS 16 EFFECTS ON KEY FIGURES

(unaudited ratios in NOK)	Excl IFRS 16* Q2 2019	IFRS 16 effects	Q2 2019	Excl IFRS 16* H1 2019	IFRS 16 effects	H1 2019
Unit Cost	0.43	-0.01	0.42	0.44	-0.01	0.43
Unit Cost excl fuel	0.30	-0.01	0.29	0.31	-0.01	0.30
Book equity per share (NOK)				23.8	-2.6	21.2
Equity ratio (%)				6.0 %	-2.8 %	3.2 %
Net interest-bearing debt				27,169.2	33,834.8	61,004.0

* Effect on key figures are shown as if IAS 17 still applied, without the adoption of the new standard IFRS 16.

Unit cost includes operating expenses and depreciation but excludes interest costs. Since a portion of lease costs under IFRS 16 is reclassified to interest expense, there is a favourable effect on unit costs following the adoption of IFRS 16.

Book equity per share is negatively affected following the adoption of IFRS 16 since there is a front-loading effect on interest expenses in the beginning of a lease contract.

Equity ratio is affected negatively by both the significantly increased total assets and the front-loading effect on interest costs.

Net interest-bearing debt is significantly increased by the recognition of lease liabilities in the balance sheet.

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 which 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, except for those introduced by adopting IFRS 16 as described above, were the same as those that applied to the consolidated financial statements for the period ended 31 December 2018.

NOTE 2 RISK

SENSITIVITY ANALYSIS

<i>(unaudited in NOK million)</i>	<i>Effect on income</i>
1% decrease in jet fuel price	110
1% depreciation of NOK against USD	-162
1% depreciation of NOK against EURO	-7

The sensitivity analysis reflects the effect on operating costs in 2019 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. Passenger related revenue per country is based on the starting point of passenger journeys. Freight related revenue is based on the starting point of freight services.

OPERATING REVENUE BY COUNTRY

<i>(unaudited in NOK million)</i>	Q2 2019	Q2 2018	Change	H1 2019	H1 2018	Change	Full Year 2018
Norway	2,526.3	2,198.1	15 %	4,220.9	3,758.1	12 %	8,070.7
US	2,738.2	1,947.8	41 %	4,088.1	3,040.9	34 %	6,946.7
Spain	1,514.7	1,338.6	13 %	2,630.8	2,322.3	13 %	5,620.6
UK	1,047.9	985.6	6 %	1,822.6	1,674.6	9 %	4,323.4
Sweden	1,028.1	979.9	5 %	1,675.0	1,724.8	-3 %	3,666.4
Denmark	857.2	735.9	16 %	1,391.9	1,262.5	10 %	2,837.4
France	524.6	360.1	46 %	823.9	572.7	44 %	1,745.3
Italy	366.8	149.3	146 %	486.6	264.6	84 %	1,073.0
Finland	324.4	404.7	-20 %	604.0	684.6	-12 %	1,326.6
Argentina	181.4	74.9	142 %	394.3	106.0	272 %	276.4
Other	1,072.3	1,052.9	2 %	2,035.3	1,809.5	12 %	4,378.9
Total operating revenue	12,181.8	10,227.9	19 %	20,173.4	17,220.5	17 %	40,265.5
Total outside of Norway	9,655.5	8,029.8	20 %	15,952.5	13,462.4	18 %	32,194.8

NOTE 4 SEGMENT INFORMATION

The Executive Management team reviews the company's internal reporting to assess performance and allocate resources. Executive 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, aircraft lease, depreciation and amortization (EBITDAR). Other information is measured in a manner consistent with that in the financial statements.

NOTE 5 INFORMATION ON RELATED PARTIES

There have been no changes during the second quarter or first half of 2019 in related parties compared to the description in Note 26 in the Annual Report for 2018. There have been no significant transactions with related parties during the second quarter or first half in 2019.

NOTE 6 TANGIBLE FIXED ASSETS

<i>(unaudited in NOK million)</i>	30 JUNE 2019	30 JUNE 2018	31 DEC 2018
Prepayment on aircraft	5,572.8	8,226.5	8,561.3
Owned aircraft, parts and installations on leased aircraft	30,047.6	29,686.9	31,064.2
Right of use assets aircraft and parts	32,952.0	0.0	0.0
Aircraft, parts and installations	62,999.6	29,686.9	31,064.2
Other fixed assets owned	474.2	411.5	480.8
Right of use assets other	361.3	0.0	0.0
Other fixed assets	835.5	411.5	480.8
Total tangible fixed assets	69,407.9	38,324.9	40,106.4
Total right of use assets	33,313.3	0.0	0.0

NOTE 7 BORROWINGS

<i>(unaudited in NOK million)</i>	30 JUNE 2019	30 JUNE 2018	31 DEC 2018
Bond issue	1,132.3	3,418.5	1,182.2
Aircraft prepayment financing	276.1	264.4	280.5
Aircraft financing	19,994.1	20,158.8	21,067.4
Lease liabilities	29,986.7	0.0	0.0
Non-current debt	51,389.2	23,841.7	22,530.0
Bond issue	2,339.4	0.0	2,400.8
Credit facility	1,236.0	675.0	1,125.0
Aircraft prepayment financing	832.4	3,639.7	3,861.0
Aircraft financing	3,047.2	2,274.8	3,922.4
Lease liabilities	3,848.1	0.0	0.0
Current debt	11,303.1	6,589.6	11,309.1
Total borrowings	62,692.3	30,431.2	33,839.1

Short-term aircraft financing includes financing on aircraft to be sold during the next twelve months of NOK 684 million. This amount will be covered by proceeds from aircraft sales.

NOTE 8 SHAREHOLDER INFORMATION

20 largest shareholders at 30 June 2019:

Shareholder	Country	Number of shares	Per cent
1 HBK Holding AS*	Norway	23,200,578	17.0 %
2 Folketrygdfondet	Norway	6,783,471	5.0 %
3 Danske Capital (Norway)	Norway	6,206,781	4.6 %
4 Pareto Asset Management AS	Norway	3,729,000	2.7 %
5 DNB Asset Management AS	Norway	3,717,513	2.7 %
6 Carnegie ASA	Norway	3,410,804	2.5 %
7 City Finansiering AS	Norway	3,196,041	2.3 %
8 Nye Sneisungen AS	Norway	1,935,483	1.4 %
9 Kite Lake Capital Management (UK) LLP	United Kingdom	1,594,774	1.2 %
10 Stenshagen Invest AS	Norway	1,501,185	1.1 %
11 Sissener AS	Norway	1,500,000	1.1 %
12 Nordnet Bank AB.	Norway	1,308,581	1.0 %
13 Dimensional Fund Advisors, L.P.	United States	1,157,634	0.8 %
14 Bank of America Merrill Lynch (UK)	United Kingdom	1,107,423	0.8 %
15 Seb Luxembourg - Custodian	Luxembourg	996,746	0.7 %
16 Nordnet Livsforsikring AS	Norway	967,334	0.7 %
17 Equinor Asset Management ASA	Norway	932,323	0.7 %
18 Stavanger Forvaltning AS	Norway	808,502	0.6 %
19 O.N. Sunde A/S	Norway	761,505	0.6 %
20 VP Bank (Schweiz) AG	Switzerland	752,000	0.6 %
Top 20 shareholders		65,567,678	48.1 %
Other shareholders		70,740,699	51.9 %
Total number of shares		136,308,377	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.

The company issued 90,871,318 new shares through a fully underwritten rights issue in March 2019 in order to increase its financial flexibility and create headroom to the covenants of its outstanding bonds. The net cash proceeds from the share issue was NOK 2,907 million, and the net equity increase was NOK 2,927 million including tax effects from costs directly related to the rights issue.

Norwegian Air Shuttle ASA had a total of 136,308,377 shares outstanding at 30 June 2019. There were 29,893 shareholders at the end of the second quarter.

NOTE 9 CONTINGENCIES AND LEGAL CLAIMS

Norwegian disclosed comments in Note 27 to the Annual Financial Statements for 2018 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.

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 second quarter and first half of 2019. The company has concluded that the possibility of any outflow in settlement is remote.

There are no significant additions or changes to the information regarding contingencies or legal claims presented in Note 27 to the Annual Financial Statements for 2018.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period from January 1 to June 30, 2019 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the company's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the

NOTE 10 EVENTS AFTER THE REPORTING DATE

There have been no material events subsequent to the reporting period that might have a significant effect on the consolidated interim financial statements for the second quarter or first half of 2019.

interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major transactions with related parties.

Fornebu, 10 July 2019
The Board of Directors of Norwegian Air Shuttle ASA

Niels Smedegaard
Chair

Liv Berstad
Deputy Chair

Christian Fredrik Stray
Director

Ingrid Elvira Leisner
Director

Sondre Gravir
Director

Geir Olav Øien
Director, employee representative

Eric Holm
Director, employee representative

Katrine Gundersen
Director, employee representative

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.

The company has updated its definitions considering the adoption of IFRS 16. EBITDA (Earnings before net financial items, income tax expense (income), depreciation,

amortization and impairment, restructuring, and share of profit (loss) from associated companies) is no longer presented as it is not comparable to previous periods and in essence very similar to EBITDAR (see definition below). EBITDAR excludes both depreciation and aircraft lease expenses and is hence a more consistent measure for operational performance over time, excluding ownership costs and the most significant changes arising from adoption of IFRS 16.

Prior to 2018, the company presented unit cost primarily excluding depreciation. Since 2018, the company has included depreciation in unit cost.

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
EBITDAR	Earnings before net financial items, income tax expense (income), depreciation, amortization and impairment, restructuring, aircraft leasing expenses 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 excl other losses/(gains) / Underlying operating result before ownership costs	Earnings before net financial items, income tax expense (income), depreciation, amortization and impairment, restructuring, aircraft leasing expenses and share of profit (loss) from associated companies, adjusted for other losses/(gains)-net	A measure of operating performance that enables comparison between airlines as it is not affected by the method used to finance aircraft, excluding effects for certain volatile operating expenses
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	Non-current debt plus current debt 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
Operating expenses excl leasing, depreciation and amortization	Total operating expenses not including aircraft lease expense, 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
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

<i>(unaudited in NOK million)</i>	Q2 2019	Q2 2018	H1 2019	H1 2018	Full Year 2018
<u>Net profit to EBIT / EBIT excl other gains /(losses)</u>					
EBIT / Operating profit	622.8	153.6	-835.8	-2,072.8	-3,850.6
- Other losses/(gains)*	128.4	-454.8	-675.6	-414.4	994.1
EBIT excl other losses/(gains)	751.2	-301.2	-1,511.4	-2,487.2	-2,856.5
<u>Net profit to EBITDAR / EBITDAR excl other gains /(losses)</u>					
EBITDAR	2,209.5	1,618.9	2,297.2	738.4	2,171.1
- Other losses/(gains)*	128.4	-454.8	-675.6	-414.4	994.1
EBITDAR excl other losses/(gains)	2,337.8	1,164.2	1,621.6	324.0	3,165.2

*Other losses /(gains) is defined in table above and is a part of operating expenses, see consolidated income statement.

OTHER DEFINITIONS

ITEM	DESCRIPTION
Aircraft lease expenses	Lease and rental expenses on aircraft including both dry leases and wet leases
Ancillary revenue / PAX	Ancillary passenger revenue divided by number of 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 non-current assets presented in the statement of financial position in the annual report: Investments in financial assets, 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, excluding impairment and other losses/(gains)-net, divided by ASK <i>Note that Norwegian changed its unit cost definition to include depreciation from 2018. Presented as "unit cost including depreciation" throughout 2018.</i>
Unit cost excl fuel	Total operating expenses, excluding impairment, other losses/(gains)-net and aviation fuel expenses, divided by ASK <i>Note that Norwegian changed its unit cost definition to include depreciation from 2018. Presented as "unit cost including depreciation excl fuel" throughout 2018.</i>
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

Niels Smedegaard	Chair
Liv Berstad	Deputy Chair
Christian Fredrik Stray	Director
Ingrid Elvira Leisner	Director
Sondre Gravir	Director
Geir Olav Øien	Director, employee representative
Eric Holm	Director, employee representative
Katrine Gundersen	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 Customer and Digital Officer
Bjørn Erik Barman-Jenssen	Managing Director Support Services

INVESTOR RELATIONS

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

FINANCIAL CALENDAR 2019

JULY	AUGUST	SEPTEMBER
4 Traffic data (Jun)	6 Traffic data (Jul)	5 Traffic data (Aug)
11 Q2 results		
OCTOBER	NOVEMBER	DECEMBER
4 Traffic data (Sep)	6 Traffic data (Oct)	5 Traffic data (Nov)
24 Q3 results		