Q42019

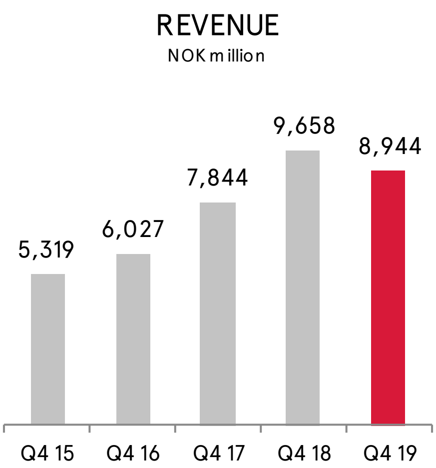
Interim report

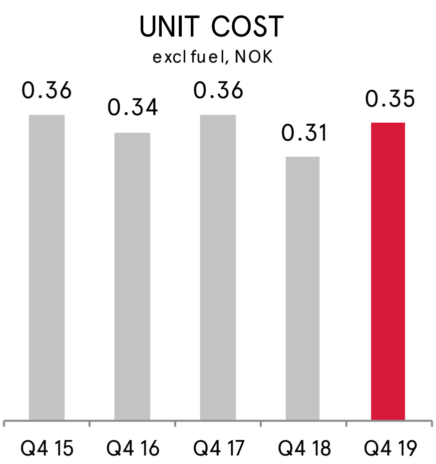
Norwegian Air Shuttle ASA – fourth quarter and full year 2019

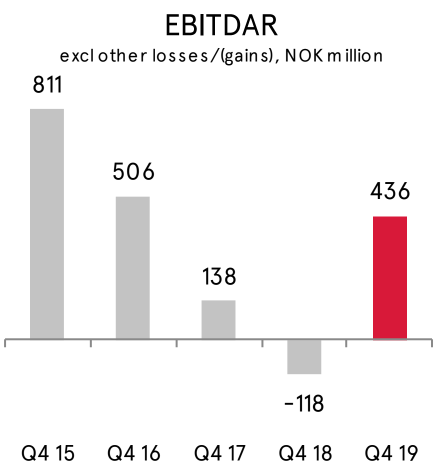
Unit revenue

+16 %

- EBITDAR excl other losses/(gains) of NOK 436 million (-118) in Q4 and NOK 6,468 million (3,165) in 2019
- Unit revenue increased by 16 % driven by maturing routes and optimization of network
- Punctuality has improved in six consecutive quarters
- #Focus2019 delivered cost reductions of NOK 444 million in Q4 and NOK 2.3 billion in 2019
- Successfully completed private placement and convertible bond securing gross proceeds of NOK 2.5 billion







Norwegian doubles 2019 underlying operating result before ownership costs and achieves cost-reduction target

Norwegian today reported its full year and fourth quarter 2019 results. Year on year, unit revenue increased in nine consecutive months, driven by maturing routes and the optimization of Norwegian's global route network. The punctuality has improved considerably during the past six quarters, and in the fourth quarter 2019 it was up 3.1 percentage points to 82.6 percent.

Figures were negatively impacted by the global grounding of the Boeing 737 MAX aircraft and ongoing Rolls Royce engine issues. The net loss was NOK 1,609 million in 2019, while the underlying operating result before ownership costs doubled to NOK 6.5 billion.

In 2019, Norwegian secured significant financial milestones that further strengthened the airline's move to profitability. The cost-reduction program #Focus2019 delivered on target with cost reductions of NOK 2.3 billion for the full year and NOK 444 million in the fourth quarter. In addition, the company has postponed aircraft deliveries, sold aircraft, sold its shares in Norwegian Finance Holding and sold its domestic operation in Argentina as well as raised new capital to strengthen the liquidity.

At the same time, 2019 was a challenging year for the industry marked by a tough trading environment. Significant costs caused by the global grounding of the Boeing 737 MAX and the ongoing Rolls Royce engine issues on the Dreamliner fleet meant the company was forced to wetlease additional aircraft to avoid cancellations and delays throughout the network.

The company's total revenue in 2019 was NOK 43.5 billion, an increase of 8 percent compared to 2018, driven by improved unit revenue and increased ancillary revenue per passenger. Norwegian's shift in strategic focus from growth to profitability resulted in a production growth (ASK) of 1 percent while unit revenue increased 7 percent. The load factor was 86.6 percent and more than 36 million customers chose to travel with Norwegian.

Fourth quarter results

For the fourth quarter, underlying operating result before ownership costs (EBITDAR excluding other losses/gains) improved to NOK 436 million compared to a loss of NOK 118 million in Q4 2018. Total revenue was NOK 8.9 billion, representing a 7 percent reduction in revenue driven by capacity reductions and route optimization across the network. However, the revenue reduction was more than offset by lower operating expenses. In Q4, production (ASK) decreased by 19 percent, while a 16 percent improvement in unit revenue and 8 percent higher ancillary revenue per passenger countered much of the capacity reduction. More than 7.5 million customers chose to travel with Norwegian this quarter.

"2019 marked a new flight path for Norwegian as the company changed its strategic focus from growth to profitability. We have achieved our initial goal to save NOK 2.3 billion as part of #Focus2019 and concluded several positive financial milestones. The focus of returning to profitability will continue as we focus on Program NEXT to build a strong, sustainable and profitable business to benefit our customers, employees and shareholders," said Chief Financial Officer of Norwegian Geir Karlsen.

"Throughout 2020, we will turn challenges into opportunities as we remain committed to offering greater choice to customers, contributing to a sustainable aviation industry and refining our products and services. Norwegian has changed the landscape of low-cost travel and as a company we will continue to change and adapt to continue attracting both business and leisure customers," said CEO of Norwegian Jacob Schram.

1.7 million tons of CO2 saved

Thanks to Norwegian's young and more fuel-efficient fleet, 1.7 million metric tons of CO_2 were saved in 2019 compared to the industry average. At the same time, 40 percent of the total CO_2 emissions were offset through EU's emissions trading system. Since its launch in December, 123,000 customers compensated their carbon footprint using the partnership between Norwegian and the climate-tech company CHOOOSE during the booking process.

CONSOLIDATED FINANCIAL KEY FIGURES

(unaudited in NOK million)	Q4 2019	Q4 2018	*Change*	Full year 2019	Full year 2018	*Change*
Operating revenue	8,944.4	9,657.8	*-7 %*	43,521.9	40,265.5	*8 %*
EBITDAR	356.7	-1,925.2	*NM*	7,313.5	2,171.1	*237 %*
EBITDAR excl other losses/(gains)	436.4	-118.5	*NM*	6,467.7	3,165.2	*104 %*
Operating profit (EBIT)	-1,278.0	-3,593.2	*-64 %*	856.0	-3,850.6	*NM*
EBIT excl other losses/(gains)	-1,198.3	-1,786.4	*-33 %*	10.2	-2,856.5	*NM*
Profit (loss) before tax (EBT)	-2,024.2	-3,944.9	*-49 %*	-1,687.6	-2,490.1	*-32 %*
Net profit (loss)	-1,872.9	-3,011.9	*-38 %*	-1,609.1	-1,454.1	*11 %*
EBITDAR margin	4.0 %	-19.9 %		16.8 %	5.4 %	
EBIT margin	-14.3 %	-37.2 %		2.0 %	-9.6 %	
EBT margin	-22.6 %	-40.8 %		-3.9 %	-6.2 %	
Net profit margin	-20.9 %	-31.2 %		-3.7 %	-3.6 %	
Book equity per share (NOK)				25.2	37.5	*-33 %*
Equity ratio (%)				4.8 %	3.0 %	*1.8 pp*
Net interest-bearing debt				58,282.0	31,917.5	*83 %*

OPERATIONAL REVIEW

CONSOLIDATED TRAFFIC FIGURES AND RATIOS

(unaudited ratios in NOK)	Q4 2019	Q4 2018	*Change*	Full year 2019	Full year 2018	*Change*
Yield	0.40	0.37	*10 %*	0.41	0.38	*6 %*
Unit revenue	0.34	0.30	*16 %*	0.35	0.33	*7 %*
Unit cost	0.48	0.44	*10 %*	0.44	0.43	*0 %*
Unit cost excl fuel	0.35	0.31	*15 %*	0.31	0.31	*0 %*
Ancillary revenue per passenger	182	169	*8 %*	184	168	*10 %*
Share of sale own channels	81 %	78 %	*3 pp*	81 %	79 %	*2 pp*
ASK (million)	21,018	26,058	*-19 %*	100,031	99,220	*1 %*
RPK (million)	17,835	21,068	*-15 %*	86,616	85,124	*2 %*
Passengers (million)	7.57	9.04	*-16 %*	36.20	37.34	*-3 %*
Load factor	84.9 %	80.9 %	*4.0 pp*	86.6 %	85.8 %	*0.8 pp*
Average sector length (km)	1,805	1,872	*-4 %*	1,876	1,843	*2 %*
Fuel consumption (1,000 mt)	400	507	*-21 %*	1,918	1,956	*-2 %*
CO_2 per RPK	71	76	*-7 %*	70	72	*-4 %*

TRAFFIC DEVELOPMENT

7.57 million passengers traveled with Norwegian in the fourth quarter of 2019, compared to 9.04 million in the fourth quarter of 2018. Production (ASK) decreased by 19 percent and passenger traffic (RPK) decreased by 15 percent. The load factor was 84.9 percent, an increase of 4.0 p.p. compared to the fourth quarter 2018.

At the end of 2019, the total fleet including aircraft on maintenance and excluding wet lease comprised 156 aircraft. Included are 18 Boeing 737 MAX aircraft that were grounded throughout the quarter and 3 aircraft on short-term external lease. The company utilized every operational aircraft on average 11.7 block hours per day, compared to 12.5 in the fourth quarter 2018.

OPERATING PERFORMANCE

Punctuality, share of flights departing on schedule, was 82.6 percent in the fourth quarter, increased by 3.1 percentage points compared to 79.5 percent in the same quarter 2018. Punctuality has increased in six consecutive quarters.

Regularity, share of scheduled flights taking place, was 99.6 percent in the fourth quarter, compared to 99.2 percent in the same quarter 2018.

FINANCIAL REVIEW

FINANCIAL KEY FIGURES

Norwegian has shifted its strategic focus from growth to profitability. The company 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 NOK 436 million in the fourth quarter (negative 118), and NOK 6,468 million for 2019 (3,165), increased by NOK 3,303 million from 2018 despite the grounding of Boeing 737 MAX aircraft and ongoing engine issues on the Boeing 787 Dreamliners. The MAX grounding has resulted in additional costs of approximately NOK 300 million in the quarter and NOK 1.0 billion for 2019.

The company is successfully reducing growth and focusing on profitability. Year on year, production was reduced by 19 percent in the fourth quarter and increased by 1 percent for the year in accordance with previous guiding.

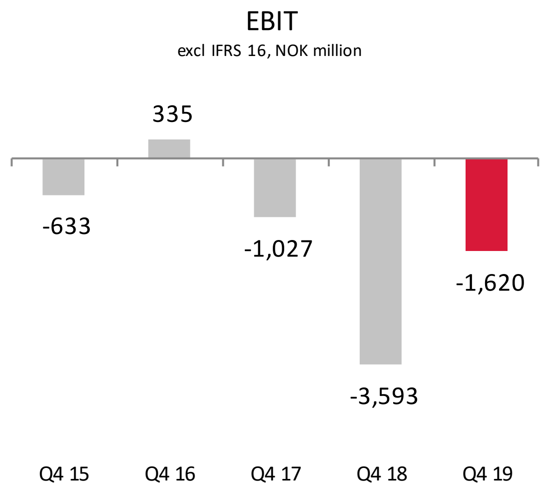
#Focus2019 continued with full effect, achieving improvements to the income statement of NOK 444 million in the fourth quarter and NOK 2.3 billion for the full year.

Unit cost excluding fuel in constant currency increased by 10 percent during the quarter, as production decreased by 19 percent and average sector length decreased by 4 percent. The unit cost increase in the fourth quarter was more than offset by an increased unit revenue of 11 percent in constant currency. For the year, currency adjusted unit cost excluding fuel decreased by 3 percent and currency adjusted unit revenue increased by 5 percent.

Other losses/(gains) amounted to a net loss of NOK 80 million in the fourth quarter, compared to a net loss of NOK 1,807 million 2018.

Operating profit (EBIT) for the fourth quarter improved by NOK 2,315 million to negative NOK 1,278 million (negative 3,593), including favorable effects from implementing IFRS 16 of NOK 342 million. Excluding IFRS 16 effects, EBIT would have been negative NOK 1,620 million. For the full year, EBIT increased by NOK 4,707 million from negative NOK 3,851 million in 2018 to positive NOK 856 million in 2019. Positive effects following IFRS 16 adoption in 2019 were NOK 981 million.

Profit (loss) before tax (EBT) was negative NOK 2,024 million (negative 3,945) in the quarter and negative NOK 1,688 million (negative 2,490) for the year. EBT includes negative effects following the implementation of IFRS 16 of NOK 114 million in the fourth quarter and NOK 756 million in 2019. EBT would be negative NOK 1,910 million for the quarter and negative NOK 931 million for 2019 excluding IFRS 16 effects.

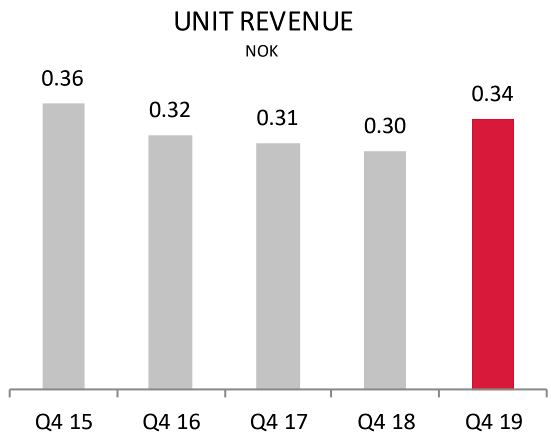


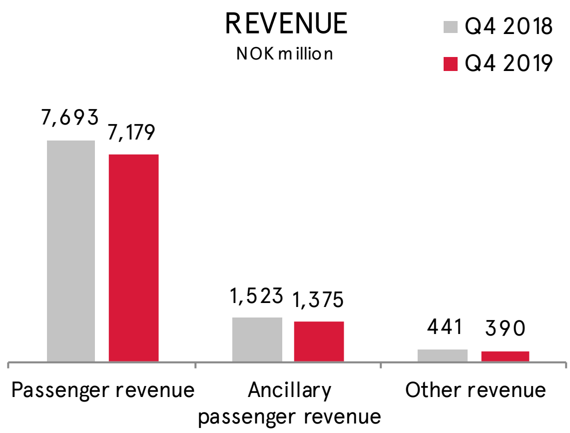
REVENUE

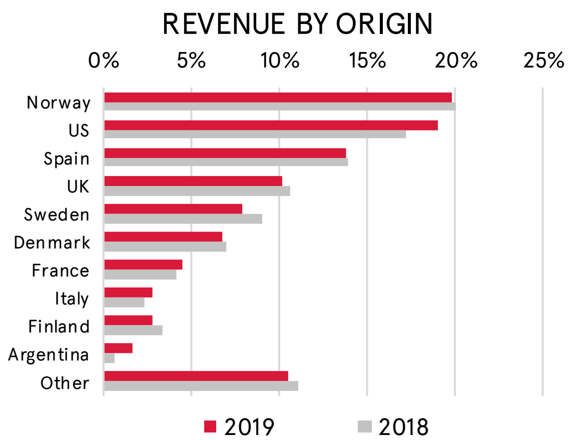
Total revenue in the fourth quarter was NOK 8,944 million (9,658), a decrease of 7 percent. Norwegian achieved an increase in unit revenue by 16 percent following a yield increase of 10 percent and an increased load factor by 4.0 percentage points. Average sector length decreased by 4 percent. Unit revenue increased by 11 percent in constant currency.

Passenger revenue was NOK 7,179 million (7,693). Unit revenue in the fourth quarter increased by 16 percent to NOK 0.34 (NOK 0.30). Ancillary revenue was NOK 1,375 million (1,523) in the fourth quarter, and ancillary revenue per passenger increased by 8 percent to NOK 180 (169). Other revenue of NOK 390 million (441) includes cargo revenue of NOK 184 million (244), commissions and third-party products as well as revenue from the loyalty program Norwegian Reward.

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 customers outside Scandinavia has increased significantly in 2019 compared to 2018, with the strongest customer growth in the US.







UNIT COST BREAKDOWN

(unaudited in NOK per ASK)	Q4 2019	Q4 2018	Change	Full year 2019	Full year 2018	Change
Personnel expenses	0.08	0.07	*19 %*	0.07	0.07	*2 %*
Airport and ATC charges	0.04	0.04	*14 %*	0.04	0.04	*-6 %*
Handling charges	0.05	0.06	*-7 %*	0.05	0.05	*0 %*
Technical maintenance expenses	0.04	0.04	*10 %*	0.03	0.04	*-4 %*
Other operating expenses	0.06	0.04	*32 %*	0.05	0.05	*0 %*
Aircraft lease and depreciation	0.08	0.06	*22 %*	0.06	0.06	*6 %*
Unit cost excl fuel	0.35	0.31	*15 %*	0.31	0.31	*0 %*
Aviation fuel	0.13	0.13	*-1 %*	0.13	0.13	*-1 %*
Unit cost	0.48	0.44	*10 %*	0.44	0.43	*0 %*

OPERATING EXPENSES

The company's extensive cost reduction program #Focus2019 continued with full effect, achieving improvements to the income statement of NOK 444 million in the fourth quarter and NOK 2,292 million for the full year.

Unit cost excluding fuel was NOK 0.35, an increase of 15 percent compared to the same quarter 2018. At constant currency, unit cost excluding fuel increased by 10 percent compared to the same quarter 2018. There were no significant effects on unit cost following the implementation of IFRS 16.

Total operating expenses excluding depreciation and aircraft lease decreased by 26 percent to NOK 8,588 million (11,583) this quarter. Adjusted for other losses /(gains) the decrease was 13 percent from 2018.

Operating expenses decreased mainly due to the 19 percent reduction in production, cost reductions related to renegotiated contracts and other #Focus2019 cost reduction initiatives.

Personnel expenses decreased by 4 percent to NOK 1,695 million (1,766) in the fourth quarter, following grounded aircraft and decreased production. Unit cost increased by 19 percent, and by 16 percent in constant currency. Personnel expenses will reduce in accordance with reduced production; however, it takes some time to achieve the full cost reduction when scaling down operations.

Aviation fuel expenses decreased by 20 percent to NOK 2,722 million (3,421) in the fourth quarter compared to the same quarter 2018. Unit cost decreased by 1 percent, due to a decrease in jet fuel spot prices in USD of 7 percent, decrease in other fuel costs of 3 percent and production efficiency gains of 2 percent. These effects are partially offset by an appreciation of USD to NOK of 8 percent and increased ETS costs of 2 percent.

The company had no forward contracts on jet fuel at the end of 2019.

Airport and air traffic control (ATC) charges decreased by 8 percent to NOK 941 million (1,027) in the fourth quarter compared to the same quarter 2018. Unit cost increased by 14 percent, due to reduced production and average sector length as well as unfavorable currency effects, partially offset by #Focus2019 cost reduction initiatives including renegotiated agreements with vendors.

Handling charges decreased by 25 percent to NOK 1,118 million (1,497) in the fourth quarter compared to the same quarter 2018. Unit cost decreased by 7 percent, driven by improved punctuality, leading to significant reductions in care and compensation costs to customers during the quarter. At constant currency, unit cost for handling charges decreased by 11 percent.

Technical maintenance expenses decreased by 12 percent to NOK 809 million (916) in the fourth quarter compared to the same quarter 2018, due to reduced production. Unit cost increased by 10 percent compared to the fourth quarter 2018 due to a larger share of leased aircraft in the fleet compared to the same quarter last year.

Other operating expenses consist of sales and distribution expenses, general and administrative expenses and other flight operation expenses. Other operating expenses increased by 6 percent to NOK 1,223 million (1,151), and unit cost increased by 32 percent. Sales and distribution expenses in the fourth quarter last year were lower than usual due to one-off cost reductions recognized in that quarter.

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 80 million include losses from jet fuel hedges of NOK 4 million, negative foreign currency effects of NOK 224 million and gains from sale of assets.

Aircraft lease and depreciation decreased by 2 percent to NOK 1,635 million (1,668) in the fourth quarter compared to the same quarter 2018. Unit cost for leasing and depreciation increased by 22 percent and 13 percent at constant currency. Depreciation on grounded aircraft led to a higher unit cost. The adoption of IFRS 16 led to a net cost reduction on depreciation and aircraft lease of NOK 255 million in the quarter.

Profit/loss from associated companies in the fourth quarter was negative NOK 86 million (positive 37) and represents the company's share of estimated net profit in associates and joint ventures.

Net financial items were negative by NOK 661 million (negative by 389) in the fourth quarter. Additional financial expenses of NOK 456 million have been recognized following the adoption of IFRS 16. Interest on prepayments of NOK 72 million (102) was capitalized during the fourth quarter. Other financial expenses include gains from the sale of subsidiary in Argentina and net currency losses of NOK 9 million in the fourth quarter, compared to net currency losses of NOK 68 million in the fourth quarter 2018.

Income taxes amounted to a tax income of NOK 151 million in the fourth quarter compared to a tax income of NOK 933 million in the same quarter in 2018. The company has approximately NOK 750 million in deferred tax assets that are not recognized at year end.

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 five new Boeing 787-9 Dreamliners during 2019, of which four financed through sale-leaseback. The company sold twelve Boeing 737-800 aircraft and two Airbus A320 during the year and redelivered one Boeing 737-800 on operational lease.

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 an appreciation of USD to NOK of 1.1 percent in 2019.

Net interest-bearing debt at the end of 2019 was NOK 58,282 million compared to NOK 31,917 million at the end of 2018. Included in current year net interest-bearing debt are lease liabilities of NOK 34,274 million following the adoption of IFRS 16. At the end of 2019, the equity ratio was 4.8 percent, compared to 3.0 percent at the end of 2018. If the financial position did not include IFRS 16 effects, net interest-bearing debt would have been NOK 24,008 million at year end 2019 and the equity ratio would have been 9.1 percent.

Norwegian successfully completed a private placement with gross proceeds of NOK 1.1 billion and a convertible bond with gross proceeds of NOK 1.4 billion in the fourth quarter.

Total non-current assets amount to NOK 70,734 million at the end of 2019, compared to NOK 44,209 million at the end of 2018. Transition effects following the adoption of IFRS 16 were NOK 32,797 million. The main investments during the year were deliveries of five new 787-9 Dreamliners, while twelve 737-800s were sold and five were classified as held-for-sale assets at the end of 2019. Intangible assets amounted to NOK 2,871 million at the end of 2019, compared to NOK 2,886 million at the end of 2018, including deferred tax assets of NOK 2,672 million compared to NOK 2,674 million at the end of 2018. The company has NOK 750 million in unrecognized deferred tax assets at the end of 2019 related to carry-forward tax losses.

Total current assets amount to NOK 14,609 million at the end of 2019, compared to NOK 11,777 million at the end of 2018. Current assets include assets held for sale of NOK 1,205 million (851) related to five 737-800s that were immediately available for sale at the end of 2019. Investments amount to zero at year end following the sale of the company's shares in Norwegian Finans Holding. The company entered into an agreement in August to sell its entire shareholding in NOFI, of which 18.6 million shares were transferred to new owners during the third quarter. The remaining 14.0 million shares was sold in the fourth quarter in 2019. Receivables have increased by NOK 4,438 million during the year, driven by changed capacity with acquirers and increase in prepaid expenses. Cash and cash equivalents have increased by NOK 1,174 million during the year, ending at NOK 3,096 million.

Total non-current liabilities were NOK 57,192 million at the end of 2019, compared to NOK 26,662 million at the end of 2018. Non-current debt has increased by NOK 30,063 million and includes lease liabilities of NOK 30,080 million at the end of 2019. NAS07 and NAS08 are presented as non-current debt following the refinancing of the bonds approved by bondholders in 2019. During the fourth quarter, the company issued a convertible bond providing NOK 1.4 billion in gross proceeds. Other non-current liabilities increased by NOK 467 million, mainly due to increased accruals for periodic maintenance on leased aircraft.

Total current liabilities amounted to NOK 24,026 million at the end of 2019, compared to NOK 27,619 million at the end of 2018. Air traffic settlement liabilities decreased by NOK 801 million from end of 2018 due to reduced production during the winter schedule for 2019 / 2020. Current debt decreased by NOK 2,525 million during the year and includes lease liabilities amounting to NOK 4,195 million at the end of 2019. Current debt reduced due to refinancing of bonds NAS07 and NAS08, repayment of credit facilities linked to the former NOFI shareholding, the sale-leaseback of four 787-9 Dreamliners during the year and the sales of two A320neos and twelve 737-800 with settlement of the corresponding debt. Included in current aircraft financing is financing on ten aircraft agreed to be sold during the next twelve months of NOK 1,796 million. Other current liabilities decreased by NOK 267 million from the end of 2018.

Equity at the end of 2019 was NOK 4,125 million compared to NOK 1,704 million at the end of 2018. Equity increased due to a rights issue and a private placement raising a net equity increase of NOK 3,981 million, a net loss of NOK 1,609 million for 2019, exchange rate gains from subsidiaries of NOK 95 million and actuarial losses of NOK 42 million. Other effects amounted to negative NOK 12 million.

CASH FLOW

Cash and cash equivalents were NOK 3,096 million at the end of 2019 compared to NOK 1,922 million at the end of 2018.

Cash flow from operating activities in the fourth quarter amounted to negative NOK 30 million compared to negative NOK 894 million in the fourth quarter 2018. Air traffic settlement liabilities decreased by NOK 653 million (544) while receivables decreased by NOK 1,164 million (increased by 808) during the quarter. Other adjustments amounted to negative NOK 173 million (positive 3,914) during the fourth 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 derivatives.

Cash flow from investing activities in the fourth quarter was NOK 1,960 million, compared to NOK 1,440 million in the same quarter in 2018. Cash from investing activities during the quarter consists mainly of proceeds from sale of five Boeing 737-800 aircraft and the shares in Norwegian Finans Holding ASA.

Cash flow from financing activities in the fourth quarter was negative by NOK 1,791 million compared to negative NOK 1,851 million in the fourth quarter in 2018. Principal repayments relate to settlement of financing on sold aircraft, settlement of a credit facility, scheduled repayments and debt servicing on lease liabilities following the adoption of IFRS 16.

RISK AND UNCERTAINTIES

Norwegian is exposed to several 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 marketplace 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 UK formally left the EU on 31 January 2020 with a business-as-usual transition period running until 31 December 2020. Negotiations are now in progress to agree on a trade deal, to take effect from 1 January 2021. The company has in place a full range of contingency measures to cover all potential scenarios.

The company continues to be affected by the grounding of Boeing 737 MAX worldwide. The company has 18 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 customers.

The company is exposed to liquidity risk, including commitments for future aircraft deliveries and lease commitments. Following the shift in strategic focus from growth to profitability, the company is reducing liquidity risk exposure by divesting aircraft, postponing aircraft deliveries and managing capacity 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 customers and affect financial performance.

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

OUTLOOK

The company is guiding on decreased production (ASK) of 13–15 percent in 2020 versus 2019 (previous guiding: decrease of 10 percent). The reduction is in line with the changed strategic focus from growth to profitability and is affected by the disruptions to the fleet due to the global grounding of the Boeing 737 MAX aircraft and ongoing Rolls Royce engine issues.

The company is targeting a unit cost of approximately NOK 0.44–0.45 and a unit cost excluding fuel of approximately NOK 0.33–0.34 for 2020. The guiding assumes a fuel price of USD 552 per metric ton excluding hedged volumes, USD/NOK of 9.01 and EUR/NOK of 10.02.

The Company has entered into fuel term contracts during the first quarter of 2020, covering approximately 35 percent of estimated fuel consumption in the first half of 2020 at an average price of USD 578 per metric ton and approximately 25 percent at USD 571 per metric ton for the full year.

The guiding is based on return to service for the MAX in September 2020. The MAX grounding continues to affect both demand, operating expenses and production. The company continues to optimize the network to make sure the core production is covered for Summer 2020 without the MAX. The guiding also assumes reaching agreements on fleet disruptions.

All the above taken into consideration, the company targets a net profit in 2020.

The company guides on contractually committed capital expenditures of USD 1.5 billion in 2020 (previous guiding: USD 1.4 billion) and USD 0.6 billion in 2021. The guiding includes an assumption of 16 Boeing 737 MAX deliveries in 2020 and 10 in 2021. The deliveries of MAX aircraft are currently on hold, and the delivery schedule for these aircraft is subject to change.

The company is continuing its financing activities directed towards releasing liquidity from credit card acquirers, including guarantee schemes and developing a broader set of sources of finance.

Fornebu, 12 February 2020

Board of Directors
Norwegian Air Shuttle ASA

CONDENSED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(unaudited in NOK million)	*Note*	Q4 2019	Q4 2018	Full year 2019	Full Year 2018
Passenger revenue		7,179.4	7,693.4	35,216.3	32,560.1
Ancillary passenger revenue		1,375.4	1,523.4	6,651.5	6,266.6
Other revenue		389.6	440.9	1,654.1	1,438.9
Total operating revenue	*3*	8,944.4	9,657.8	43,521.9	40,265.5
Personnel expenses		1,695.0	1,766.1	6,817.5	6,664.6
Aviation fuel		2,721.8	3,420.5	12,607.1	12,562.2
Airport and ATC charges		941.4	1,027.1	4,140.3	4,373.0
Handling charges		1,118.3	1,496.5	5,260.2	5,200.5
Technical maintenance expenses		808.8	915.6	3,379.2	3,493.7
Other operating expenses		1,222.7	1,150.6	4,849.9	4,806.4
Other losses/(gains)		79.7	1,806.8	-845.8	994.1
Total operating expenses excl lease, depr. and amort.		8,587.7	11,583.0	36,208.5	38,094.5
Operating profit excl lease, depr. and amort. (EBITDAR)		356.7	-1,925.2	7,313.5	2,171.1
Aircraft lease, depreciation and amortization		1,634.7	1,667.9	6,457.5	6,021.7
Operating profit (EBIT)		-1,278.0	-3,593.2	856.0	-3,850.6
Interest income		42.7	37.9	204.5	117.5
Interest expense		778.5	354.3	3,074.8	1,159.5
Other financial income (expense)		75.3	-72.4	340.3	2,273.9
Net financial items		-660.5	-388.8	-2,530.0	1,232.0
Profit (loss) from associated companies		-85.6	37.1	-13.6	128.5
Profit (loss) before tax (EBT)		-2,024.2	-3,944.9	-1,687.6	-2,490.1
Income tax expense (income)		-151.3	-933.0	-78.5	-1,036.0
Net profit (loss)		-1,872.9	-3,011.9	-1,609.1	-1,454.1
Net profit attributable to:					
Owners of the parent company		-1,875.1	-3,012.2	-1,615.4	-1,461.1
Non-controlling interests		2.2	0.2	6.2	7.0
Basic earnings per share (NOK)		-12.8	-66.3	-12.6	-19.5
Diluted earnings per share (NOK)		-12.8	-66.3	-12.6	-19.5
Number of shares at the end of the period		163,558,377	45,437,059	163,558,377	45,437,059
Average number of shares outstanding		146,675,225	45,437,059	127,901,823	42,487,877
Number of diluted shares at the end of the period		193,240,377	46,397,059	193,240,377	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

(unaudited in NOK million)	Q4 2019	Q4 2018	Full year 2019	Full Year 2018
Net profit (loss) for the period	-1,872.9	-3,011.9	-1,609.1	-1,454.1
Actuarial gains and losses	-42.3	2.7	-42.3	2.7
Exchange rate differences	-266.7	407.3	94.6	347.9
Fair value adjustments through OCI	-10.5	-996.8	-7.8	-771.7
Other	1.7	22.3	-20.5	22.9
Total comprehensive income for the period	-2,190.6	-3,576.4	-1,585.0	-1,852.4
Total comprehensive income attributable to:				
Owners of the company	-2,192.8	-3,576.6	-1,591.5	-1,859.9
Non-controlling interests	2.2	0.2	6.5	7.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited in NOK million)	*Note*	31 DEC 2019	31 DEC 2018
ASSETS			
Intangible assets		2,870.6	2,886.1
Tangible fixed assets	*6*	66,378.5	40,106.4
Fixed asset investments		1,485.0	1,216.2
Total non-current assets		70,734.2	44,208.6
Assets held for sale		1,204.5	850.6
Inventory		175.7	167.3
Investments		0.0	2,084.4
Receivables		10,132.9	6,752.6
Cash and cash equivalents		3,095.6	1,921.7
Total current assets		14,608.7	11,776.7
TOTAL ASSETS		85,342.9	55,985.3
EQUITY AND LIABILITIES			
Shareholder's equity	*8*	4,101.1	1,687.2
Non-controlling interests		23.8	17.3
Total equity		4,124.9	1,704.4
Non-current debt	*7*	52,593.5	22,530.0
Other non-current liabilities		4,598.3	4,131.8
Total non-current liabilities		57,191.7	26,661.8
Air traffic settlement liabilities		6,106.5	6,907.3
Current debt	*7*	8,784.1	11,309.1
Other current liabilities		9,135.6	9,402.6
Total current liabilities		24,026.2	27,619.0
Total liabilities		81,217.9	54,280.8
TOTAL EQUITY AND LIABILITIES		85,342.9	55,985.3

CONSOLIDATED STATEMENT OF CASH FLOW

(unaudited in NOK million)	Q4 2019	Q4 2018	Full year 2019	Full Year 2018
Profit before tax	-2,024.2	-3,944.9	-1,687.6	-2,490.1
Paid taxes	-17.8	-8.3	-38.3	-22.7
Depreciation, amortization and impairment	1,674.9	496.9	6,457.5	1,667.6
Fair value adjustment of financial assets (PL)	0.0	0.0	0.0	-1,939.8
Changes in air traffic settlement liabilities	-652.7	-543.6	-800.8	413.7
Changes in receivables	1,163.7	-808.0	-3,380.3	-2,548.3
Other adjustments	-173.4	3,914.0	2,487.3	5,381.9
Net cash flows from operating activities	-29.5	-893.9	3,037.8	462.7
Purchases, proceeds and prepayment of tangible assets	1,458.7	1,217.3	6,039.1	-8,781.8
Other investing activities	501.1	223.0	2,293.3	218.6
Net cash flows from investing activities	1,959.7	1,440.3	8,332.4	-8,563.2
Loan proceeds	1,876.2	2,159.5	2,408.2	12,546.6
Principal repayments	-3,814.8	-3,575.7	-13,217.7	-6,518.8
Financing costs paid	-906.5	-434.6	-3,344.6	-1,499.8
Proceeds from issuing new shares	1,053.9	0.0	3,961.0	1,456.0
Net cash flows from financing activities	-1,791.2	-1,850.9	-10,193.0	5,984.1
Foreign exchange effect on cash	22.7	14.9	-3.3	-1.7
Net change in cash and cash equivalents	161.7	-1,289.5	1,173.9	-2,118.1
Cash and cash equivalents at beginning of period	2,933.9	3,211.2	1,921.7	4,039.8
Cash and cash equivalents at end of period	3,095.6	1,921.7	3,095.6	1,921.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited in NOK million)	Full year 2019	Full Year 2018
Equity - Beginning of period	1,704.4	2,098.4
Total comprehensive income for the period	-1,585.0	-1,852.4
Share issue	3,989.1	1,456.0
Transactions with non-controlling interests	0.0	-2.7
Equity change on employee options	16.4	5.1
Equity - End of period	4,124.9	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 unaudited condensed consolidated interim financial statements have been prepared in accordance with the rules and regulations of Oslo Stock Exchange and International Accounting Standard (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 for the year ended 31 December 2018.

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 applied 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 report for the 2019 fourth quarter and preliminary full year 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 percent 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-leaseback transactions 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 fourth quarter and full year 2019 are shown in the tables below.

IFRS 16 TRANSITION EFFECTS ON STATEMENT OF FINANCIAL POSITION

(unaudited in NOK million)	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 current 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 percent for aircraft leases and in the interval 4.8-7.7 percent 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

(unaudited in NOK million)	Excl IFRS 16* Q4 2019	IFRS 16 effects	Q4 2019	Excl IFRS 16* Full year 2019	IFRS 16 effects	Full year 2019
Total operating revenue	8,944.4	0.0	8,944.4	43,521.9	0.0	43,521.9
Total operating expenses excl lease, depr. and amort.	8,674.7	-87.0	8,587.7	36,429.2	-220.7	36,208.5
EBITDAR	269.7	87.0	356.7	7,092.8	220.7	7,313.5
Aircraft lease	1,486.0	-1,526.1	-40.2	5,443.2	-5,443.2	0.0
Depreciation and amortization	403.7	1,271.2	1,674.9	1,774.4	4,683.1	6,457.5
Aircraft lease, depreciation and amortization	1,889.7	-255.0	1,634.7	7,217.6	-760.1	6,457.5
Operating profit (EBIT)	-1,620.0	342.0	-1,278.0	-124.9	980.8	856.0
Net financial items	-204.6	-455.9	-660.5	-792.8	-1,737.2	-2,530.0
Profit (loss) from associated companies	-85.6	0.0	-85.6	-13.6	0.0	-13.6
Profit (loss) before tax (EBT)	-1,910.3	-113.9	-2,024.2	-931.2	-756.4	-1,687.6
Income tax expense (income)	-137.0	-14.2	-151.3	16.1	-94.5	-78.5
Net profit (loss)	-1,773.2	-99.7	-1,872.9	-947.3	-661.8	-1,609.1

** 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 fourth quarter and full year

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 114 million in the fourth quarter and NOK 756 million in 2019.

IFRS 16 EFFECTS ON STATEMENT OF CASH FLOW

(unaudited in NOK million)	Excl IFRS 16* Q4 2019	IFRS 16 effects	Q4 2019	Excl IFRS 16* Full year 2019	IFRS 16 effects	Full year 2019
Net cash flows from operating activities	-1,613.4	1,583.9	-29.5	-2,617.3	5,655.1	3,037.8
Net cash flows from investing activities	1,959.7	0.0	1,959.7	8,332.4	0.0	8,332.4
Net cash flows from financing activities	-207.3	-1,583.9	-1,791.2	-4,537.9	-5,655.1	-10,193.0
Foreign exchange effect on cash	22.7	0.0	22.7	-3.3	0.0	-3.3
Net change in cash and cash equivalents	161.7	0.0	161.7	1,173.9	0.0	1,173.9

** Cash flow 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, 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 1,584 million in the fourth quarter and NOK 5,655 million in 2019.

Additions of new right of use assets following new or extended operational leases do not impact the cash flow statement.

IFRS 16 EFFECTS ON KEY FIGURES

(unaudited ratios in NOK)	Excl IFRS 16* Q4 2019	IFRS 16 effects	Q4 2019	Excl IFRS 16* Full year 2019	IFRS 16 effects	Full year 2019
Unit cost	0.50	-0.01	0.48	0.44	-0.01	0.44
Unit cost excl fuel	0.37	-0.01	0.35	0.32	-0.01	0.31
Basic earnings per share	-12.1	-0.7	-12.8	-7.5	-5.2	-12.6
Diluted earnings per share	-12.1	-0.7	-12.8	-7.5	-5.2	-12.6
Book equity per share				28.9	-3.7	25.2
Equity ratio (%)				9.1 %	-4.3 %	4.8 %
Net interest-bearing debt (NOK million)				24,007.6	34,274.3	58,282.0

** Effects 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 favorable 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 statement of financial position.

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

(unaudited in NOK million)	*Effect on income*
1% decrease in jet fuel price	117
1% depreciation of NOK against USD	-167
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 customer journeys. Freight related revenue is based on the starting point of freight services.

OPERATING REVENUE BY COUNTRY

(unaudited in NOK million)	Q4 2019	Q4 2018	*Change*	Full year 2019	Full year 2018	*Change*
Norway	1,921.5	1,927.4	*0 %*	8,643.8	8,092.8	*7 %*
US	1,521.1	1,689.3	*-10 %*	8,313.4	6,968.5	*19 %*
Spain	1,257.4	1,333.8	*-6 %*	6,005.0	5,636.5	*7 %*
UK	1,052.0	1,008.4	*4 %*	4,458.1	4,304.6	*4 %*
Sweden	772.4	881.5	*-12 %*	3,430.4	3,659.0	*-6 %*
Denmark	629.4	681.9	*-8 %*	2,976.6	2,833.7	*5 %*
France	346.6	401.4	*-14 %*	1,949.3	1,687.7	*16 %*
Italy	169.9	216.3	*-21 %*	1,213.6	942.0	*29 %*
Finland	309.1	371.1	*-17 %*	1,206.0	1,378.2	*-12 %*
Argentina	117.2	102.4	*14 %*	740.5	276.4	*168 %*
Other	847.9	1,044.3	*-19 %*	4,585.2	4,486.0	*2 %*
Total operating revenue	8,944.4	9,657.8	*-7 %*	43,521.9	40,265.5	*8 %*
Total outside of Norway	7,423.4	7,968.5	*-7 %*	35,208.5	33,297.0	*6 %*

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

For detailed information on related party transactions, please refer to Note 26 in the Annual Report for 2018. There have been no significant transactions with related parties during the fourth quarter or full year 2019 apart from recurring agreements such as described in the 2018 Annual Report. All transactions with related parties are considered priced on an arm's-length basis.

NOTE 6 TANGIBLE FIXED ASSETS

(unaudited in NOK million)	31 DEC 2019	31 DEC 2018
Prepayment on aircraft	4,946.6	8,561.3
Owned aircraft, parts and installations on leased aircraft	27,392.0	31,064.2
Right of use assets aircraft and parts	33,245.4	0.0
Aircraft, parts and installations	60,637.4	31,064.2
Other fixed assets owned	461.6	480.8
Right of use assets other	333.0	0.0
Other fixed assets	794.5	480.8
Total tangible fixed assets	66,378.5	40,106.4
Total right of use assets	33,578.4	0.0

NOTE 7 BORROWINGS

(unaudited in NOK million)	31 DEC 2019	31 DEC 2018
Bond issue	4,547.2	1,181.9
Aircraft prepayment financing	284.6	281.6
Aircraft financing	17,681.8	21,066.5
Lease liabilities	30,079.8	0.0
Non-current debt	52,593.5	22,530.0
Bond issue	249.6	2,400.8
Credit facility	0.0	1,125.0
Aircraft prepayment financing	95.2	3,611.0
Aircraft financing	4,244.8	4,172.4
Lease liabilities	4,194.5	0.0
Current debt	8,784.1	11,309.1
Total borrowings	61,377.6	33,839.1

Current aircraft financing includes financing NOK 1,796 million on ten aircraft agreed to be sold during the next twelve months of. This amount will be covered by proceeds from aircraft sales, expected to generate a net positive cash flow of NOK 900 million. Five of these aircraft were immediately ready for sale and presented as assets held for sale at the end of 2019, while the other five aircraft are still operating as part of the fleet into 2020 and are presented as fixed assets in the statement of financial position.

NOTE 8 SHAREHOLDER INFORMATION

20 largest shareholders at 31 December 2019:

	Shareholder	Country	Number of shares	Per cent
1	HBK Holding AS	Norway	14,229,015	8.7 %
2	Folketrygdfondet	Norway	10,884,688	6.7 %
3	Keskinäinen eläkevakuutusyhtiö Varma	Finland	7,600,000	4.6 %
4	Danske Capital (Norway)	Norway	6,381,845	3.9 %
5	Pareto Asset Management AS	Norway	4,052,733	2.5 %
6	City Finansiering AS	Norway	3,946,041	2.4 %
7	DNB Asset Management AS	Norway	3,678,057	2.2 %
8	Kite Lake Capital Management (UK) LLP	United Kingdom	2,906,986	1.8 %
9	Sneisungen AS	Norway	2,322,414	1.4 %
10	J.P. Morgan Securities plc	United Kingdom	2,233,055	1.4 %
11	Bank of America Merrill Lynch (UK)	United Kingdom	1,842,739	1.1 %
12	Nordnet Bank AB.	Norway	1,608,859	1.0 %
13	Stenshagen Invest AS	Norway	1,523,476	0.9 %
14	Delphi Fondene	Norway	1,472,682	0.9 %
15	SEB Luxembourg - Custodian	Luxembourg	1,386,658	0.8 %
16	Storebrand Kapitalforvaltning AS	Norway	1,307,945	0.8 %
17	Hands-On Property AS	Norway	1,143,753	0.7 %
18	Credit Suisse Securities (Europe) Limited	United Kingdom	1,044,351	0.6 %
19	DNB Bank ASA	Sweden	1,032,554	0.6 %
20	KLP Forsikring	Norway	1,032,260	0.6 %
	Top 20 shareholders		71,630,111	43.8 %
	Other shareholders		91,928,266	56.2 %
	Total number of shares		163,558,377	100.0 %

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. Further, a private placement was successfully completed in November 2019, with 27,250,000 new shares issued. The net cash proceeds from the share issues were NOK 3,961 million, and the net equity increase was NOK 3,989 million including tax effects from costs directly related to the rights issue.

Norwegian Air Shuttle ASA had a total of 163,558,377 shares outstanding at 31 December 2019. There were 31,260 shareholders at the end of 2019.

NOTE 9 CONTINGENCIES AND LEGAL CLAIMS

Norwegian disclosed comments in Note 27 to the Annual Financial Statements for 2018 concerning a reassessment from the Norwegian Tax Authorities pertaining to an EEC cross-border restructuring that took place in 2013 and 2014. The restructuring was carried out under the rules of contingent tax-free group reorganizations. The assessment was appealed, and in January 2020 the Tax Appeals Board ruled in line with the tax authorities' assessment. The ruling indicates increased tax payable for the years in question with up to NOK 571 million, a reduction in prepaid taxes of NOK 166 million and interests estimated to a maximum of NOK 119 million up to 31 December 2019. The maximum total potential cost increase would be NOK 856 million, with a corresponding reduction in equity. The Tax Appeal Board ruled that part of the payment should be deferred, and the timing of the tax collection is not finally determined. Further, a negative outcome of the case could lead to a reduction in not recognized deferred tax assets of NOK 376 million with no immediate change to tax cost or equity. The disputed question is if the rules on contingent tax-free group reorganization as they applied in 2013 and 2014 is contrary to EU law.

Norwegian and its tax advisor are of the opinion that the ruling is without merit and that it is probable that the ruling will be reversed in court. For that reason, Norwegian has decided to try the case in court. The opinion of the company and its advisors is supported by a previous ruling in a similar case made by the tax appeals board and EU jurisprudence. Thus, Norwegian has not made any provisions for the reassessed taxes in its Interim Financial Statements for the fourth quarter and full year 2019.

In December 2019, Irish Revenue made an assessment for the period 2014 – 2018 to the company of EUR 18.5 million pertaining to withholding income tax (PAYE) on non-resident crew exercising their employment on an aircraft in international traffic where the enterprise has its place of effective management in Ireland. The crew in scope are non-Irish residents and their employment are not exercised in Ireland. The company, supported by its tax advisors, are of the opinion that Irish Revenue's application of the provision is overly broad and is contrary to the EU law and have concluded that it is more likely than not that the assessment will be reversed. Accordingly, the company has appealed the assessment and not made a provision for the claim in the Interim Financial Statements for the fourth quarter and full year 2019.

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

NOTE 10 EVENTS AFTER THE REPORTING DATE

On 4 February, Norwegian announced that the Board of Directors in the company decided not to use the board authorization granted by the Company's extraordinary general meeting today to carry out a subsequent repair offering. Since the announcement of the private placement, the Company's shares have traded similar to or below the subscription price in the private placement of NOK 40. Consequently, existing shareholders wishing to avoid or reduce the dilutive effect of the private placement have had the opportunity to purchase shares in the open market during an extended period, at prices below the subscription price of the private placement.

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 or full year 2019.

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 the 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
Operating profit (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
Profit (loss) before tax (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)	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

(unaudited in NOK million)	Q4 2019	Q4 2018	Full year 2019	Full Year 2018
Operating profit (EBIT) to EBIT excl other gains /(losses)				
Operating profit (EBIT)	-1,278.0	-3,593.2	856.0	-3,850.6
- Other losses/(gains)*	79.7	1,806.8	-845.8	994.1
EBIT excl other losses/(gains)	-1,198.3	-1,786.4	10.2	-2,856.5
EBITDAR to EBITDAR excl other gains /(losses)				
EBITDAR	356.7	-1,925.2	7,313.5	2,171.1
- Other losses/(gains)*	79.7	1,806.8	-845.8	994.1
EBITDAR excl other losses/(gains)	436.4	-118.5	6,467.7	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 per passenger	Ancillary passenger revenue divided by number of passengers
ASK / Production	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
CO_2 per RPK	Amount of CO_2 emissions divided by RPK
Constant currency	A currency exchange rate that excludes the impact of exchange rate fluctuations from comparable period, e.g. 2018 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, including no-show
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 *Note that Norwegian changed its unit cost definition to include depreciation from 2018.* *Presented as "unit cost including depreciation" throughout 2018.*
Unit cost excl fuel	Total operating expenses, excluding impairment, other losses/(gains)-net and aviation fuel expenses, divided by ASK *Note that Norwegian changed its unit cost definition to include depreciation from 2018.* *Presented as "unit cost including depreciation excl fuel" throughout 2018.*
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	Oksenøyveien 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

Jacob Schram	Chief Executive Officer
Geir Karlsen	Chief Financial Officer
Tore Jenssen	Chief Operating Officer
Anne-Sissel Skånvik	Chief Communications Officer
Marty St. George	Interim Chief Commercial Officer
Brede Huser	EVP Loyalty & Managing Director Norwegian Reward
Kei Grieg Toyomasu	SVP Marketing
Knut Olav Irgens Høeg	SVP Procurement / IT / Customer care
Guro H. Poulsen	SVP Crew Management
Sarah Louise Goldsbrough	EVP Human Resources

INVESTOR RELATIONS

Tore Østby	investor.relations@norwegian.com
Martine Bekkelund	norwegian.com/us/about/company/investor-relations/

FINANCIAL CALENDAR 2020

JANUARY 7 Traffic data (Dec 2019)	FEBRUARY 6 Traffic data (Jan) 13 Q4 results (2019)	MARCH 5 Traffic data (Feb)
APRIL 6 Traffic data (Mar) 30 Q1 results	MAY 5 Annual General Meeting 7 Traffic data (Apr)	JUNE 5 Traffic data (May)
JULY 6 Traffic data (Jun) 16 Q2 results	AUGUST 6 Traffic data (Jul)	SEPTEMBER 4 Traffic data (Aug)
OCTOBER 6 Traffic data (Sep) 29 Q3 results	NOVEMBER 5 Traffic data (Oct)	DECEMBER 4 Traffic data (Nov)