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Norwegian announces terms of the contemplated capital raise of up to NOK 6,000 million

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Reference is made to the stock exchange announcements of Norwegian Air Shuttle ASA (the “Company” or “NAS”) dated 26 March 2021 and 12 April 2021 regarding the approval of the proposals for a scheme of arrangement for an exit of the examinership process and the reconstruction process as further described in the stock exchange announcement dated 11 March 2021 (the “Restructuring Proposal”) by the High Court of Ireland and Oslo Byfogdembete respectively.

On 28 April 2021 the United States Bankruptcy Court of the Southern District of New York has granted the recognition motion of Norwegian Air Shuttle ASA and Arctic Aviation Assets DAC pursuant to chapter 15 of the US Bankruptcy Code.

Subject to completion of the Restructuring Proposal and based on the voluntary restructuring in May 2020, the Company has since the end of 2019 reduced total debt by approximately NOK 63 - 65 billion and terminated aircraft orders of approximately NOK 85 billion in aggregated value.

The Company has negotiated and signed agreements for 4 owned and 44 leased aircraft and intends to operate the fleet on a short-haul network primarily in Norway and the Nordics or from Norway/the Nordics to

Continental Europe. An additional 3 aircraft are under documentation to be retained and leased. All 51 aircraft will be operated based on “Power by the Hour” agreements through Q1 2022 which significantly increase the Company’s flexibility and limit lease payments in the event of a prolonged period with challenging markets due to the COVID-19 pandemic.

The Company's total liabilities upon completion of the Restructuring Proposal will be approximately NOK 16 - 18 billion, of which NOK 5.8 – 6.3 billion is aircraft related debt. The Company’s cash balance (including restricted cash) upon completion of the Restructuring Proposal is estimated to be approximately NOK 7 billion. These estimates are based on the assumption that the maximum proceeds are raised in the Capital Raise (as defined below).

As part of the Restructuring Proposal the Company contemplates a capital raise of up to NOK 6,000 million (the “Capital Raise”), comprising of:

- i) an offering of new capital perpetual bonds raising gross proceeds of up to NOK 1,875 million (the “New Capital Perpetual Bonds Offering”),
- ii) a rights issue raising gross proceeds of up to NOK 395 million (the “Rights Issue”), and
- iii) a private placement of new shares (the “Private Placement”) limited to an amount so that the total gross proceeds from the Capital Raise will not exceed NOK 6,000 million.

The Board of Directors of the Company has today resolved the terms of the Capital Raise as follows:

The New Capital Perpetual Bonds Offering

The New Capital Perpetual Bonds Offering will raise gross proceeds to the Company of up to NOK 1,875 million and will be directed towards Eligible New Capital Perpetual Bonds Creditors as defined in the Restructuring Proposal.

The Company has received subscriptions from certain Eligible New Capital Perpetual Bonds Creditors for an amount exceeding NOK 1,875 million.

The terms and conditions for the New Capital Perpetual Bonds Offering are included in the Restructuring Proposal and in the announcement made by the Company on 11 March 2021, and will be further detailed in a bond agreement based on the standard Nordic Bond Terms for corporate high yield bonds.

The Rights Issue

As resolved by the extraordinary general meeting of the Company held on 17 December 2020, and on terms further resolved by the Board of Directors of the Company, the Rights Issue will comprise an offering of up to 63,076,638 new shares (the “Rights Issue Offer Shares”) at a subscription price of NOK 6.26 per Rights Issue Offer Share. The Rights Issue will, if it is fully subscribed, raise gross proceeds to the Company of approximately NOK 395 million.

Each existing shareholder will be granted 3 subscription rights for every 2 existing shares registered as held by the shareholder as of the expiry of 4 May 2021 (as registered in the VPS on 6 May 2021 (the “Record Date”). The number of subscription rights granted to each existing shareholder will be rounded down to the nearest whole subscription right. The first day of trading without the right to receive subscription rights will be 5 May 2021. Each subscription right will, subject to applicable securities laws, give the right to subscribe for and be allocated one Rights Issue Offer Share in the Rights Issue. The Subscription Rights are expected to be listed and tradable on the Oslo Stock Exchange under the ticker code “NAST” from 09:00 hours (CEST) 7 May 2021 to 16:30 hours (CEST) on 19 May 2021. Oversubscription and subscription without Subscription Rights will be permitted; however, there can be no assurance that Rights Issue Shares will be allocated for such subscriptions.

The full terms and conditions for the Rights Issue will be included in a prospectus prepared by the Company which will be published prior to the commencement of the subscription period for the Rights Issue, expected to take place from 7 May 2021 to 21 May 2021 at 16:30 CEST, subject to approval of the prospectus by the Norwegian Financial Supervisory Authority.

The Private Placement

The Private Placement will comprise an offering of up to 958,466,453 new shares (the “Private Placement Offer Shares”) at a subscription price of NOK 6.26 per Private Placement Offer Share. The gross proceeds [raised in the Private Placement will be limited to an amount securing that the total gross proceeds from the Capital Raise will not exceed NOK 6,000 million.](#)

The Private Placement will comprise:

(i)an institutional offering (the “Institutional Offering”), in which Private Placement Offer Shares will be offered to (a) institutional and professional investors in Norway, (b) investors outside Norway and the United States, subject to applicable exemptions from any prospectus and registration requirements, and (c) investors in the United States who are QIBs (as defined in Rule 144A under the U.S Securities Act) in transactions exempt from registration requirements under the US Securities Act. The Institutional Offering is subject to a lower limit per application of NOK 2,500,000, and

(ii)an offering directed towards Eligible Private Placement Creditors (as defined in the Restructuring Proposal) of the Company (the “Eligible Private Placement Creditor Offering”) subject to an upper limit per application of 50% of the relevant Eligible Private Placement Creditor’s Relevant Portion (as defined in the Restructuring Proposal) (i.e. maximum NOK 1,250,000 for creditors with a Claim of NOK 2,500,000).

Each Eligible Private Placement Creditor shall be given a preferential allocation in the Private Placement up to the amount of their respective Investment Allowances (as defined in the Restructuring Proposal). Allocations in the Institutional Offering will be made at the sole discretion of the Board of Directors of the Company in consultation with the managers.

Certain cornerstone investors having provided long term support to the restructuring and the Capital Raise in times of significant uncertainty have undertaken to subscribe for and will be allocated shares for a total amount of NOK 2,855 million in the Private Placement. The cornerstone investors are as follows:

Geveran Trading

Sundt AS

Ludvig Lorentzen and associates

DNB Asset Management

Folketrygdfondet

Nordea Investment Management

The Company will, in consultation with DNB Markets (a part of DNB), as global coordinator, determine the allocation of Shares in the Private Placement. The allocation principles may, in accordance with customary practice for institutional placements, include factors such as perceived investor quality, investment horizon and history, sector knowledge, size and timeliness of the application, contribution to the Restructuring through personal involvement or otherwise, including through employment or other engagement in the Company, each of which the Company may in its discretion consider and the Company will reserve the right to reduce or reject any application for shares in the Private Placement and also to set a maximum allocation per applicant, a maximum number of applicants or decide to make no allocation to any applicant (the "Allocation Principles"), provided that the Allocation Principles shall not be used to reduce or reject any application from an Eligible Private Placement Creditor in respect of its entitlement pursuant to the Restructuring Proposal.

The full terms and conditions for the Private Placement will be included in a prospectus prepared by the Company which will be published prior to the commencement of the subscription period for the Private Placement, expected to take place from 7 May 2021 to 21 May 2021 at 16:30 CEST, subject to approval of the prospectus by the Norwegian Financial Supervisory Authority.

Dividend Claims

Dividend Claim Creditors (as defined in the Restructuring Proposal) will receive a dividend equal to 5% of their relevant unsecured debt which shall be satisfied by i) a cash dividend from a fixed pot of NOK 500 million and ii) conversion of the balance into a Dividend Claim (as defined in the Restructuring Proposal).

Subject to the option of the Dividend Claim Creditors to opt out of the conversion to shares and/or the Structured Sales Process (as defined and determined in the Restructuring Proposal), the Dividend Claims will be converted into up to 233,548,229 shares 60 days after the Effective Time and shall subsequently be sold in the market by the managers by way of a structured sales process, the structure of which shall be determined by the managers in their discretion with the aim to maximizing the average sales price of the conversion shares within a reasonable time period, based on liquidity and other market factors.

Conditions for completion

Completion of the Capital Raise is subject to the Effective Time (as defined in the Restructuring Proposal), and thereby the effectiveness of the Restructuring Proposal, occurring upon registration of the share capital increase pertaining to the Rights Issue and the Private Placement and the issuance of convertible loans pertaining to the New Capital Perpetual Bonds with the Norwegian Register of Business Enterprises, which is, *inter alia*, conditional upon the Company raising minimum NOK 4,500 million through the Capital Raise.

Subject to fulfilment of the terms and conditions for completion of the Capital Raise, Rights Issue Offer Shares and the Private Placement Offer Shares are expected to be issued on or about 26 May 2021, which accordingly and subject to completion of the Capital Raise will be the effective date of the Restructuring Proposal.

[After completion of the Capital Raise, and assuming that it is fully subscribed at the maximum transaction size of NOK 6,000 million and that NOK 1,875 million is raised in the New Capital Perpetual Bonds Offering, the estimated pro-forma ownership of the Company's share capital on a fully diluted basis will be as follows; i\) investors in the Capital Raise will own approximately 75.7%, ii\) unsecured creditors will own approximately 20.6% through conversion of Dividend Claims, and ii\) existing shareholders will own approximately 3.7%.](#)

The Board has considered the structure of the contemplated offering of new shares in light of the equal treatment obligations under the Norwegian Public Limited Companies Act, the Norwegian Securities Trading Act and the rules on equal treatment under Oslo Rule Book II for companies listed on the Oslo

Stock Exchange and the Oslo Stock Exchange's Guidelines on the rule of equal treatment, and is of the opinion that the proposed capital raise is in compliance with these requirements in light of the current situation of the Company and the Restructuring Proposal. The Company considers it to be in the best interest of its shareholders that the Capital Raise is partly structured as a private placement in order to reduce the risk of not being able to satisfy the conditions for effectiveness of the Restructuring Proposal. Accordingly, the existing shareholders preferential rights to subscribe for new shares in the Private Placement will be deviated from. Existing shareholders in the Company as registered in the VPS on the Record Date will however receive subscription rights to participate in the Rights Issue.

DNB Markets, a part of DNB Bank ASA, is acting as Sole Global Coordinator and Joint Bookrunner for the Capital Raise and ABG Sundal Collier ASA is acting as Joint Bookrunner. Seabury Securities Ltd serves as financial advisor for the Capital Raise. Advokatfirmaet BÅHR AS is acting as legal counsel to the Company. Advokatfirmaet Thommessen AS is acting as legal counsel to the managers.

For more information, please contact:

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This release is an announcement issued pursuant to legal information obligations and is subject of the disclosure requirements pursuant to the Market Abuse Regulation (MAR) Article 17 no. 1, and was prepared by Tore Østby, Investor Relations at Norwegian Air Shuttle ASA, tel +47 995 46 400.

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1933, as amended (the "US Securities Act"). The securities may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the US Securities Act.

The Company does not intend to register any portion of the offering of the securities in the United States or to conduct a public offering of the securities in the United States. Copies of this announcement are not being made and may not be distributed or sent into Australia, Canada, Japan or the United States.

In any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any member State, the "Prospectus Directive"), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive.

This announcement is only directed at (a) persons who are outside the United Kingdom; or (b) investment professionals within the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (c) persons falling within Article 49(2)(a) to (d) of the Order; or (d) persons to whom any invitation or inducement to engage in investment activity can be communicated in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 does not apply.

Any offering of the securities referred to in this announcement will be made by means of a prospectus. This announcement is an advertisement and is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (as amended) as implemented in any Member State. Investors should not subscribe for any securities referred to in this announcement except on the basis of information contained in the aforementioned prospectus, if a prospectus is published. Copies of any such prospectus will, following publication, be available from the Company's registered office and, subject to certain exceptions, on the websites of the Managers.

The issue, subscription or purchase of shares in the Company is subject to specific legal or regulatory restrictions in certain jurisdictions. Neither the Company nor the Managers assume any responsibility in the event there is a

violation by any person of such restrictions. The distribution of this release may in certain jurisdictions be restricted by law. Persons into whose possession this release comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Managers are acting for the Company and no one else in connection with the offering and will not be responsible to anyone other than the Company providing the protections afforded to their respective clients or for providing advice in relation to the offering and/or any other matter referred to in this release.

Forward-looking statements: This release and any materials distributed in connection with this release may contain certain forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect the Company's current expectations and assumptions as to future events and circumstances that may not prove accurate. A number of material factors could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. No assurance can be given that such expectations will prove to have been correct. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

About Norwegian

Norwegian was founded in 1993 but began operating as a low-cost carrier with Boeing 737 aircraft in 2002. Since then, our mission has been to offer affordable fares for all and to allow customers to travel the smart way by offering value and choice throughout their journey.

Norwegian has been voted Europe's Best Low-Cost airline by Skytrax for six consecutive years and won Airline Program of the Year Europe & Africa at the Freddie Awards for four consecutive years. Since 2012, Norwegian has won over 55 awards for our service, product, and innovation in the industry.

We were the first airline in the world to join the UN Climate Secretariat's climate action-initiative in 2019, pledging to work systematically to become carbon

neutral by 2050.

Norwegian operates a short haul network across the Nordics and to key European destinations providing customers with excellent quality at affordable fares.

Contacts



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