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

Norwegian's second quarter results are characterised 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 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 percent, and the revenue per passenger per kilometer (yield) increased by 11 percent. For the second quarter, the total revenue was more than NOK 12 billion, an increase of 19 percent 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 percent, up 1.2 percentage points from last year.

Norwegian's key priority is returning to profitability through a series of measures, including an optimised 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 with the booking figures for the coming months, especially on long-haul," 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.

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 wetlease companies whenever necessary.

The 737 MAX grounding has affected both demand, operating expenses and production negatively. Norwegian expects the negative impact on the 2019

results to be approximately NOK 700 million.

New awards in Q2

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 in June.

“Europe’s Leading Low-Cost Airline” for the fifth consecutive year at the World Travel Awards in June.

Norwegian Reward, the award-winning loyalty program of Norwegian, was named “Program of the Year Europe & Africa” for the third consecutive year at the Freddie Awards in April.

«Best Low-Cost Carrier in Europe” at the Passenger Choice Awards™ in April.

For more information, please see attached pdf.

Norwegian in the UK and Ireland:

- Norwegian carries almost **6 million UK passengers each year** from London Gatwick, Edinburgh and Manchester Airports to **30 destinations worldwide**
- Norwegian is the **third largest airline at London Gatwick**, with 4.6 million yearly passengers, and with more than 1,500 UK-based pilots and cabin crew
- In 2014, Norwegian introduced the **UK’s first low-cost, long haul flights to the U.S.** - the airline now flies to 12 U.S destinations, Buenos Aires and Rio de Janeiro from London Gatwick
- In 2017, Norwegian also launched **affordable transatlantic flights from Dublin, Cork and Shannon** to the US East Coast.

- Norwegian is the only airline to offer **free inflight WiFi** on UK flights to more than 30 European destinations and 14 long-haul destinations.
- The airline has one of the **youngest aircraft fleets in the world** with an average age of 3.8 years, including next-generation Boeing 787 Dreamliner, Boeing 737 MAX and Boeing 737-800s
- Norwegian has been **voted 'Europe's best low-cost carrier' by passengers** for six consecutive years at SkyTrax World Airline Awards from 2013-2018, along with being awarded the **'World's best low-cost long-haul airline'** in 2015, 2016, 2017, 2018 and 2019
- Norwegian Reward is the airline's free to join **award-winning loyalty programme** offering members CashPoints and Rewards that reduce the cost of Norwegian flights

Contacts



For journalists only

Press Contact
Norwegian Press Office
press@norwegian.com
+47 815 11 816



Marketing/sponsorship requests: marketing@norwegian.com

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