Norwegian Air Shuttle ASA (NAS)

Two years of strong growth

Q3 2004

November 11, 2004

Oslo
Two years of strong growth

- Q3 results in line with expectations
- Financial position maintained
- Improved earnings capability
- Potential upside ahead
Turnover up 44% from Q3 2003

- 332 Mill NOK in turnover in Q3 2004, compared to 230 (212 from low-fare) in Q3 2003
- Growth driven by increased production and higher passenger volumes
- Rapid expansion accomplished with continuously higher load-factor (67% in Q3 03 to 69% in Q3 04)
Close to Break-Even

- EBITDA result of -11 MNOK in Q3 2004, versus -13 MNOK in Q3 2003 (low-fare)
- July was positive with a strong load-factor of 80%
- Negative impact from external factors
  - fuel prices and flight-control disruptions constituted 11 MNOK in Q3

![EBITDA level B-737 chart]
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Cash follows sales pattern

- Cash-balance down from Q2 2004 to 235 MNOK as of Oct 1. 2004
- A period where people travel what they previously have bought
- Sales has picked up after summer vacation

<table>
<thead>
<tr>
<th>CASH FLOW (MNOK)</th>
<th>2003</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation activities</td>
<td>61,5</td>
<td>12,2</td>
<td>0,7</td>
<td>-79,4</td>
</tr>
<tr>
<td>Investments</td>
<td>-28,6</td>
<td>18,8</td>
<td>-8,2</td>
<td>-6,2</td>
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<tr>
<td>Financial activities</td>
<td>217,9</td>
<td>-20,6</td>
<td>3,6</td>
<td></td>
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<tr>
<td>Net change</td>
<td>250,8</td>
<td>10,4</td>
<td>-3,8</td>
<td>-85,6</td>
</tr>
<tr>
<td>Opening balance</td>
<td>63,2</td>
<td>314,0</td>
<td>324,4</td>
<td>320,6</td>
</tr>
<tr>
<td>Closing balance</td>
<td>314,0</td>
<td>324,4</td>
<td>320,6</td>
<td>234,9</td>
</tr>
</tbody>
</table>
Strong financial position maintained

- Total assets of 513 MNOK
- IPO proceeds of 235 MNOK "still in the bank"
- Equity-share of 36%

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>97,4</td>
<td>52,1</td>
<td>Paid-in equity</td>
<td>267,2</td>
<td>71,2</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>28,6</td>
<td>48,5</td>
<td>Retained earnings</td>
<td>-78,7</td>
<td>-30,5</td>
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<tr>
<td>Financial fixed assets</td>
<td>18,1</td>
<td>14,2</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>TOTAL FIXED ASSETS</strong></td>
<td><strong>144,1</strong></td>
<td><strong>114,8</strong></td>
<td><strong>TOTAL EQUITY</strong></td>
<td><strong>188,5</strong></td>
<td><strong>40,7</strong></td>
</tr>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Material and consumables</td>
<td>10,8</td>
<td>1,0</td>
<td>Provisions</td>
<td>40,4</td>
<td>33,3</td>
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<tr>
<td>Receivables</td>
<td>134,7</td>
<td>143,7</td>
<td>Other long-term liabilities</td>
<td></td>
<td>22,8</td>
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<tr>
<td>Cash and bank deposits</td>
<td>235,0</td>
<td>58,4</td>
<td>Current liabilities</td>
<td>295,6</td>
<td>221,1</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td><strong>380,5</strong></td>
<td><strong>203,1</strong></td>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>336,0</strong></td>
<td><strong>277,2</strong></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>524,6</strong></td>
<td><strong>317,9</strong></td>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td><strong>524,6</strong></td>
<td><strong>317,9</strong></td>
</tr>
<tr>
<td>No of shares</td>
<td>18284575</td>
<td>79021</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nominal share value</td>
<td>0,1</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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## Rapid capacity expansion

<table>
<thead>
<tr>
<th></th>
<th>Sept. 02</th>
<th>Sept. 03</th>
<th>Sept. 04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Man-years</td>
<td>254</td>
<td>300</td>
<td>400</td>
</tr>
<tr>
<td>Fleet</td>
<td>6</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Number of passengers</td>
<td>65,879</td>
<td>129,298</td>
<td>184,043</td>
</tr>
<tr>
<td>Airborne hours (ABH)</td>
<td>769</td>
<td>1,311</td>
<td>2,355</td>
</tr>
<tr>
<td>Avail. Seat Kilom. (mill ASK)</td>
<td>57</td>
<td>119</td>
<td>224</td>
</tr>
<tr>
<td>Passenger traffic (mill RPK)</td>
<td>29</td>
<td>77</td>
<td>141</td>
</tr>
<tr>
<td>Number of routes</td>
<td>4</td>
<td>17</td>
<td>31</td>
</tr>
</tbody>
</table>

### Growth 02-04
- Man-years: 57%
- Fleet: 83%
- Number of passengers: 180%
- Airborne hours (ABH): 205%
- Avail. Seat Kilom. (mill ASK): 300%
- Passenger traffic (mill RPK): 386%
- Number of routes: 675%
Costs are down

- Average unit costs of 0.50 NOK in Q3 2004, down more than 30% from Q3 2003 (0.75 NOK)
- Scale benefits from increased production and longer sector lengths, have been main drivers
- Cost effective distribution solutions, renegotiated supplier agreements and higher fleet and crew utilization, will bring costs even further down

![Graph showing cost reduction from Q3 2003 to Q4 2004 and future targets]

- Q3 03: 0.76 NOK
- Q4 03: 0.69 NOK
- Q1 04: 0.72 NOK
- Q2 04: 0.50 NOK
- Q3 04: 0.45 NOK
- Q4 04: 0.40 NOK
- 2005 Target: < 0.50
- 2006 Target: < 0.45

Target: -33%
Market penetration continued

- 110% production increase from Q303 to Q304
- Load factor increased to 69% in Q304, up 2% points from Q303
- Load factor maintained in the 65-70% range, and steadily increasing
Earnings capability improved

![Graph showing earnings improvement over quarters Q4 02 to Q3 04. The graph illustrates the changes in revenue, EBITDAR Margin, and EBITDA Margin. The revenue trends are depicted with bars, while the margins are shown with lines and markers. The y-axis represents revenue in mill NOK, and the x-axis represents quarters from Q4 02 to Q3 04. The graph highlights the improvement in earnings capability over the specified period.]
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Two years of price war

Consumer price index, domestic air-fares
Yield pressure has softened

- Aggressive price competition had a strong adverse effect on yield levels in Q2. This continued somewhat in the start of Q3.
- As predicted, the yield pressure has eased off in the latter part of Q3.
- Recently realized beginning of year price-levels.
High operational leverage

*) Baseline: Annual Turnover of 1.4 BNOK with 2 Mill passengers
Cost base Q3 2004

Cost / ASK versus average sector length (1)

KLM

British Airways

Iberia

Lufthansa

Air France

SAS

Ryanair (2003)

Norwegian (Q3, 2004)

Braathens (2003*)

Q402

(1) Source: Goodbody Stockbrokers & Annual Reports. 2002 numbers unless specified

*) Source: DNB NOR Markets

**) Norwegian numbers with lease costs included, constitutes ~6 øre/ASK
Top-line growth is key

Ongoing improvement program

MNOK improvement potential*

Revenue Management 5-10% 70 140
Network & Product 5-10% 180
Sales & Marketing 3-6%

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