Norwegian (NAS)

Q3 2005

Bjørn Kjos (CEO)

Oslo, 10. November 2005
Since last time...

Riga-suksess for Norwegian
6000 flybilletter fra Oslo til Riga ble revet bort de to først.

Bli verdens første:
Norwegian og Amadeus utvikler nye IT-løsninger

Norwegian sjeif Bjørn Kjos om Oslo-Madrid:
- Vi ønsker SAS velkommen etter ...
SAS Braathens nye rute kan være et fordel for Norwegian, sier Bjørn Kjos. Vi har de tre siste årene haft anledning til å sjeif SAS velkommen etter nye ruter.

Fra den 29. mars 2006:
Norwegian starter direkterute Oslo-Madrid


SAS Braathens utfordrer Norwegian på Madrid
SAS Braathens starter en ny direkterute fra Oslo til Madrid, samt til fire andre nye europeiske hovedstader.

Les mer...
Another profitable quarter

- 590 MNOK in turnover in Q3 05, compared to 332 MNOK in Q3 04.
- Revenue growth 78 %
- EBITDA margin of + 11 %, - 3 % last year

<table>
<thead>
<tr>
<th></th>
<th>Q3 03</th>
<th>Q3 04</th>
<th>Q3 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA MNOK</td>
<td>-20</td>
<td>-11</td>
<td>64</td>
</tr>
<tr>
<td>EBITDA margin %</td>
<td>-9 %</td>
<td>-3 %</td>
<td>11 %</td>
</tr>
<tr>
<td>Earnings pr share</td>
<td>-2,94</td>
<td>-0,61</td>
<td>2,43</td>
</tr>
</tbody>
</table>
Cabin factor at LCC level

- 51% production increase from Q304 to Q305
- 91% growth in passenger traffic (RPK)
- 86% cabin factor in Q305, up from 69% in Q304

<table>
<thead>
<tr>
<th>PAX (000)*</th>
<th>324</th>
<th>549</th>
<th>947</th>
</tr>
</thead>
</table>

*Tickets sold for travel
One third chose Norwegian in Q3

- Over 30% market share on key domestic routes
- Capacity increased 18% while market share jumped 4-8%-points
Norwegian, guarantist for low fares

- Profitable operation does not mean fares are more expensive
- Norwegian’s domestic fares has on an average been stable over the last year
- Norwegian’s international fares varies due to introduction prices on new routes, and seasonalities

![Norwegian's average ticket price - index](chart.png)

(Q1 03 = 100)

Norway's average ticket price - index

- **Minor price war (PW I)**
- **Major price war (PW II)**
- **Profitable operation**

Domestic - International
Keep it simple!

- Fuel surcharge and fees are just another way to fool passengers into paying too much.
- Average fuel cost per passenger is stable.
- It all comes down to low prices and high volume.
It is a “win-win” situation

- Yield is down and fares are cheaper
- Cheaper fares gives higher volume
- Higher volume gives profitable operation

Yield development Q305 vs. Q304

RASK development Q305 vs. Q304
Cost target Q3 2005 achieved

- Average unit costs of 0.51 NOK in Q305
- Achieved unit costs of 0.49 NOK, when adjusted for fuel price increase Q304 – Q305
- Expected unit cost of 0.55 NOK for 2005

(*) Percentage decrease ex. fuel price increase Q305 – Q304

(**) Target 2006 = Q206-Q306

Fuel price increase Q304 – Q305 = 0.021 NOK / ASK
Increased fleet and crew utilization

- Aircraft utilization of 9.9 block hours per plane per day, up 22% from Q304 (8.1)
- Crew utilization of 715 block hours per crew per year, up 7% from Q304
Lean organisation

- Passengers pr employee approaching 8.000 pr year
- Non core activities outsourced

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Pax pr employee*</th>
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</thead>
<tbody>
<tr>
<td>Q2 02</td>
<td>3 112</td>
</tr>
<tr>
<td>Q3 03</td>
<td>4 319</td>
</tr>
<tr>
<td>Q3 04</td>
<td>5 489</td>
</tr>
<tr>
<td>Q3 05</td>
<td>7 216</td>
</tr>
</tbody>
</table>

(* Q3 level grossed up to one year)
Lower distribution costs

- Distribution costs per sold ticket of NOK 21, down 44% from Q304 (NOK 38)
- Initiative in cooperation with Amadeus is expected to bring costs even further down
New LLC commercial IT platform

- Norwegian and Amadeus are developing a new LCC commercial IT platform
  - Significant lower distribution cost
  - Improved functionality
  - Online link to travel agents global booking systems
  - Increased business development opportunities
  - Maintains availability in all sales channels
Cheapest available fare is always displayed!

- [www.norwegian.no](http://www.norwegian.no), a pioneer in new internet user interface with "low fare calendar" functionality.
- [www.norwegian.no](http://www.norwegian.no) accounts for 77% of ticket sales.
- Scandinavia’s most successful commercial website. Present on the list of the world’s top 10,000 most visited web sites with about 1.3 million monthly unique users.
Positive cash flow

- Cash-balance of 249 MNOK
- Positive net change of 54 MNOK in 2005, 16 MNOK in Q305
- Prepaid tickets of 224 MNOK, receivables of 119 MNOK

<table>
<thead>
<tr>
<th>CASH FLOW (TNOK)</th>
<th>Third quarter</th>
<th>Accumulated</th>
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<tbody>
<tr>
<td>Operation activites</td>
<td>37 524</td>
<td>-79 388</td>
</tr>
<tr>
<td>Investments</td>
<td>-5 636</td>
<td>-6 243</td>
</tr>
<tr>
<td>Financial activities</td>
<td>-15 686</td>
<td>-15 682</td>
</tr>
<tr>
<td>Net change</td>
<td>-16 202</td>
<td>-85 630</td>
</tr>
<tr>
<td>Opening balance</td>
<td>233 431</td>
<td>320 583</td>
</tr>
<tr>
<td>Closing balance</td>
<td>249 633</td>
<td>234 953</td>
</tr>
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</table>
Continued expansion in 2006

- Currently another 2 planes on order (16 total)
- Expected production increase in the magnitude of 50% compared to last year (*)
- Mainly from international expansion

(*) Subject to change
Expectations for remaining 2005

Expected business environment:
- Continued market increase from low prices
- Increased price competition on international routes
- Seasonal fluctuation on yield
- Fuel prices at current levels

Expected results:
- Unit cost of 0.55 NOK for 2005
- Positive operating earnings (EBITDA) for full year 2005
Thank you,
- and fly Norwegian!