Norwegian (NAS)

Q4 2005

Bjørn Kjos (CEO)

Oslo, 9. February 2006
Since last time...

Desemberfallene:
Flyrutene Oslo-Riga økte med 395 prosent!

Opprettet base på Bergen-Flesland:
Norwegian bryter flymonopolet på kystrutene!

Fra den 2. mai:
Norwegian starter rute til München
Lavprisselskapet Norwegian starter daglige flyvninger med Gardemoen og München. Første avgang blir den 2. mai, hvilket knytter blitt utnyttet med hoye priser på reiser til München forretningsreiser i så vel som andre reiselyste får nå til i som starter på 295 kroner én vei, sier Daniel Skjeldam i Norwegian.

Avtale med Bavaria International Aircraft:
Norwegian kjøper sitt første fly
17. januar innløkk Norwegian avtale med Bavaria International Aircraft Leasing om kjøp av et fly av type Boeing 737-300. Norwegian har for kun leasede fly, og vil med dette kjøpet få sitt første eie fly.

- Etter flere år med lave leasing kostnader og relativt god bilag på flyindivider ser vi nå at prisforlengende stadig blir høyere og at fly av den type Norwegian benytter er vanskeligere å få tak i.

- Med dette kjøpet får vi ikke bare vårt "første" fly, men også et investeringsobjekt som over tid vil gi bedre økonomi enn leasingalternativen, sier finansdirektør Frode E. Foss i Norwegian i en pressemelding.

Flybilletter ble dydere
Prisene på flybilletter i tre månedene.

Salgssjef Lars Sande hos Norwegian:
- Vi kjenner oss ikke igjen i undersøkelse
Norwegians gjennomsnittlige priser innenlands har i fjerde kvartal 2005 gått ned med nesten fem prosent i forhold til fjerde kvartal 2004. – Vi kjenner oss ikke igjen i BTI Nordics undersøkelse som i dag er gjengitt i ulike medier, sier salgssjef Lars Sande.

Norwegian har gjennom 2005 hatt et høy kabinfaktor og til sammen fløyet 3,3 millioner passasjerer.

Norwegians gjennomsnittlige priser innenlands har i fjerde kvartal 2005 gått ned med nesten fem prosent i forhold til fjerde kvartal 2004. – Vi kjenner oss ikke igjen i BTI Nordics undersøkelse som i dag er gjengitt i ulike medier, sier salgssjef Lars Sande i en pressemelding fra selskapet mandag.

Mot en markedsandel på 35 prosent:
Norwegian tar kunder fra SAS Braathens

(25/01-06 00:07)

Fra 27. mars 2006
Norwegian til Düsseldorf
Fra 27. mars 2006 starter Norwegian med daglige flygninger mellom Oslo og Düsseldorf i Tyskland, og prisen en vei er fra kr 296.
(07/12-05 16:07)
Strong earnings improvement in Q4

- 531 MNOK in turnover in Q405, compared to 331 MNOK in Q404
- Earnings before depreciation (EBITDA) 5 MNOK
- 48 MNOK earnings improvement despite ATC irregularities

<table>
<thead>
<tr>
<th>EBITDA MNO</th>
<th>Q4 03</th>
<th>Q4 04</th>
<th>Q4 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA MNO</td>
<td>-20</td>
<td>-43</td>
<td>5</td>
</tr>
<tr>
<td>EBITDA margin %</td>
<td>-9 %</td>
<td>-13 %</td>
<td>1 %</td>
</tr>
<tr>
<td>Earnings after tax MNO</td>
<td>-12</td>
<td>-31</td>
<td>2</td>
</tr>
<tr>
<td>Earnings pr share</td>
<td>-0,98</td>
<td>-2,36</td>
<td>0,25</td>
</tr>
</tbody>
</table>
Strong revenue growth

- 1.972 MNOK in turnover, compared to 1.210 in 2004
- 63 % increase in revenue
Three years and profitable LCC

- EBITDA of 55 MNOK in 2005
- Positive earnings after tax 27 MNOK in 2005
- 196 MNOK in improved earnings

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>EBITDA MNOK</th>
<th>Earnings after tax MNOK</th>
<th>EBITDA margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>959</td>
<td>-24</td>
<td>-43</td>
<td>-2 %</td>
</tr>
<tr>
<td>2004</td>
<td>1 210</td>
<td>-141</td>
<td>-110</td>
<td>-12 %</td>
</tr>
<tr>
<td>2005</td>
<td>1 972</td>
<td>55</td>
<td>27</td>
<td>3 %</td>
</tr>
</tbody>
</table>
Stronger cash flow

- Positive cash flow of 12 MNOK in Q405
- Positive cash flow of 66 MNOK in 2005
- Cash-balance of 261 MNOK

<table>
<thead>
<tr>
<th>CASH FLOW (TNOK)</th>
<th>Fourth quarter</th>
<th>Accumulated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
<td>2004</td>
</tr>
<tr>
<td>Operation activites</td>
<td>19 140</td>
<td>-24 660</td>
</tr>
<tr>
<td>Investments</td>
<td>-7 733</td>
<td>-16 037</td>
</tr>
<tr>
<td>Financial activities</td>
<td>424</td>
<td>902</td>
</tr>
<tr>
<td>Net change</td>
<td>11 832</td>
<td>-39 796</td>
</tr>
<tr>
<td>Opening balance</td>
<td>249 633</td>
<td>234 953</td>
</tr>
<tr>
<td>Closing balance</td>
<td>261 464</td>
<td>195 157</td>
</tr>
</tbody>
</table>
Continued cabin factor growth

- 52% production increase from Q404 to Q405
- 75% growth in passenger traffic (RPK)
- 75% cabin factor in Q405, up 10%-points

<table>
<thead>
<tr>
<th></th>
<th>PAX (000)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 03</td>
<td>349</td>
</tr>
<tr>
<td>Q4 04</td>
<td>607</td>
</tr>
<tr>
<td>Q4 05</td>
<td>922</td>
</tr>
</tbody>
</table>

*Tickets sold for travel
Continued cabin factor growth

- 50% production increase from 2004 to 2005
- 76% growth in passenger traffic (RPK)
- 78% cabin factor in 2005, up 11%-points

<table>
<thead>
<tr>
<th>Year</th>
<th>Cabin Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>62%</td>
</tr>
<tr>
<td>2004</td>
<td>67%</td>
</tr>
<tr>
<td>2005</td>
<td>78%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>PAX (000)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>1 235</td>
</tr>
<tr>
<td>2004</td>
<td>2 074</td>
</tr>
<tr>
<td>2005</td>
<td>3 290</td>
</tr>
</tbody>
</table>

*Tickets sold for travel
From domestic to international player

- International turnover increased by 143 % since 2004
- Domestic turnover increased by 26 % since 2004

![Bar chart showing revenue from 2003 to 2005 for domestic and international turnover](chart.png)
Strengthen competitive position

- Over 34% market share on key domestic routes
- Capacity increased 21%
Still a guarantist for low fares

- Domestic prices are down 5 % Q405 compared to Q404
- International prices are down 8 % Q405 compared to Q404
- Norwegian’s international fares varies due to introduction prices on new routes, and seasonality
Win-win

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

Yield development Q405 vs, Q404

RASK development Q405 vs, Q404

- Short dom/int
- Long domestic
- Central Europe
- Southern Europe

-2 %
-12 %
-6 %
8 %

9 %
2 %
3 %
16 %
Growth in Corporate Accounts

- Corporate accounts increased 29% in 2005 compared to 2004
- Corporate accounts increased 36% since Q4 2004
- Corporate customers are absorbing our expansion in the domestic market
Cost target 2005 achieved

- Average unit costs of 0.57 NOK in Q405
- Unit cost of 0.55 NOK for 2005
- Total cost level is down 6 % (115 MNOK) compared to 2004

(*) Percentage decrease ex. fuel price increase Q405 – Q404
(**) Target 2006 = Q206-Q306

Fuel price increase Q404 – Q405 = 0.014 NOK / ASK
Increased fleet and crew utilization

- Crew utilization of 694 block hours per crew per year, up 14% from 2004 (609)
- Aircraft utilization of 9.1 block hours per plane per day, up 20% from 2004 (7.6)
Lean organization

- Carrying more than 7000 passengers per employee
- Non core activities outsourced

Passengers pr employee
Lower distribution costs

- Distribution costs per sold ticket of NOK 19.4 down 49% from Q404 (NOK 38)
- Initiative in cooperation with Amadeus is expected to bring costs even further down
Continued expansion in 2006

- Expected production increase in the magnitude of 50% compared to last year (*):
  - Expects another two aircrafts (18 total, 17 operational)
- 30% on domestic operations
  - Stavanger-Bergen, Base Bergen
- 70% international

Capacity increase 2006 vs 2005 (ASK)

(*) Subject to change
Cost reducing initiatives in 2006

- Higher utilization
- Implementation of new distribution systems
- Apprentice program
Norwegian Student Academy

- Two years apprentice program in the tourist industry, supported by the Norwegian government
- Certificate of apprenticeship
Expectations for 2006

Expected business environment:
- Increased competition on international routes
- Strong price competition on northbound routes
- Seasonal fluctuation on yield

Expected results:
- Q1 06 unit cost in the range of Q1 last year
  - Fuel, domestic expansion
- Q1 06 will, as expected, be loss making due to seasonality
- Improved margins for the year
Thank you,
- and fly Norwegian!