

NORWEGIAN AIR SHUTTLE ASA QUARTERLY REPORT – FIRST QUARTER 2007

FIRST QUARTER IN BRIEF

- Norwegian Air Shuttle ASA had earnings before tax (EBT) of MNOK -20.8 (-59.6) in the first quarter.
- The first quarter operating revenue increased by 37 %, compared to last year, to MNOK 738.1 (539.1).
- The total quarterly earnings before depreciation and leasing costs (EBITDAR) was MNOK 44.2 (-11.4).
- The total quarterly earnings before depreciation (EBITDA) was MNOK -8.9 (-51.6).
- The quarterly earnings after tax was MNOK -14.9 (-42.9).
- The total number of passengers transported in the first quarter was 1,303,211, which is an increase in passenger traffic (RPK) by 40 %.
- The passenger load factor was 75 % (77 %) in the first quarter.
- The total production (ASK) increased by 44 % to 1,342 million this quarter.
- The company had a cash reserve of MNOK 528.2 at the end of the first quarter, and an equity ratio of 17.0 %.
- The total quarterly unit cost was NOK 0.56 (0.63).

TRAFFIC STATISTICS				
	1. quarter			Accumulated
Norwegian	2007	2006	Change	2006
Internet bookings	87 %	82 %	5 pp	84 %
ASK (mill)	1 342	933	44 %	5 371
RPK (mill)	1 004	718	40 %	4 223
Cabin factor	75 %	77 %	(2) pp	79 %
Passengers	1 303 211	1 014 081	29 %	5 104 814
Segment				
Domestic				
ASK (mill)	448	411	9 %	1 771
RPK (mill)	338	309	9 %	1 381
Cabin factor	75 %	75 %	0 pp	78 %
Passengers	696 254	604 106	15 %	2 701 619
International				
ASK (mill)	894	522	71 %	3 600
RPK (mill)	666	409	63 %	2 842
Cabin factor	74 %	78 %	(4) pp	79 %
Passengers	606 967	409 975	48 %	2 403 195

TRAFFIC DEVELOPMENT

A total of 1,303,211 passengers travelled with Norwegian Air Shuttle in the first quarter of 2007, compared to 1,014,081 in first quarter of 2006. This equals an increase of 29 % in the number of passengers. The company had a passenger load factor of 75 % this quarter, compared to 77 % in 2006. The production (ASK) has increased by a total of 44 % since the same period last year, and the passenger traffic (RPK) has increased by 40 %.

The growth is related to the company's expansion throughout the year. At the end of the first quarter of 2007, the company operated 20 aircraft, compared to 14 in the same period last year. The utilization of the aircraft has improved as a consequence of the expansion, and in the fourth quarter every aircraft were utilized 9,7 block hours pr day, compared to 9,6 block hours in the same period last year.

The share of Internet sale has increased to 87 %, compared to 82 % in the same period last year.

COMMENTS TO THE ACCOUNTS

PROFIT AND LOSS STATEMENT

The company's total turnover in the fourth quarter was MNOK 738.1 (539.1), an increase of 37 %. MNOK 714.1 (526.1) of the revenues in the first quarter are related to ticket revenues, while the remaining 24.0 (13.0) are related to other freight, fees, and third-party products. The increase in ticket revenues is related to an increase in passenger traffic by 40 %, but negatively affected by a 3 % decrease in the yield.

The operating costs (including leasing and excluding depreciation and write-downs) were MNOK 747.0 (590.7) this quarter. The cost increase is mainly related to the increase in production (ASK) by 44 % compared to last year. In addition, the company has utilized in average 21 aircraft this quarter compared to 14 the same quarter last year. The average operating cost per ASK (unit cost) has decreased to NOK 0.56 (0.63) this quarter. The quarterly cost of jet fuel has increased from MNOK 121.7 last year to MNOK 153.1 this year. Included in fuel costs is a cost reduction due to the change in fair value of the Groups fuel derivative per March 31st 2007, of MNOK 12.1. The company has in the first quarter of 2007 hedged 50 % of the expected fuel consumption through September 2007. The company has term contracts on 20 % of expected exposure in USD from August 2006 through February 2007. There is a relative reduction in costs due to better utilization of material and personnel, more advantageous agreements, more efficient sale- and distribution channels, in addition to other cost reducing measurements.

The increase in depreciation is caused by the purchase of own airplanes in 2006.

Earnings before depreciation and write-down (EBITDA) in the first quarter were MNOK -8.9 (-51.6), and the earnings before tax (EBT) was MNOK -20.8 (-59.6).

BALANCE SHEET

Intangible assets include a deferred tax asset of MNOK 102.6 and capitalised expenses related to the development of IT-systems and brand name of MNOK 33.6. Purchased aircrafts are valued at MNOK 159.7 in the balance sheet. Total investments in intangibles and fixed assets were MNOK 18.5 this quarter, mainly related to IT systems and upgrades on aircraft and spare parts.

The stock of consumable goods decreased by 12.3 MNOK compared to the first quarter last year. The value of consumable goods was MNOK 26.5 by the end of the quarter, including MNOK 9.4 for parts to be used in engine overhaul in the future. Short term receivables are MNOK 542.9 at the end of the quarter, compared to MNOK 264.6 at the end of the first quarter of 2006. The increase is mainly related to reimbursement claims in connection with heavy maintenance and to the general increase in activity and sales leading to higher receivables on travel agents and credit card companies. In addition, receivables are affected by reimbursements of VAT.

Accruals for future maintenance liabilities are 77.7 MNOK compared to 31.9 MNOK in the first quarter last year. The increase is due to a reclassification of accrued maintenance costs to accounts receivables, which previously was defined as a reduction of accrued maintenance costs.

The company's pension liabilities were at the end of the quarter MNOK 31.1 compared to MNOK 25.0 in 2006. The traffic settlement debt related to tickets sold, but not used, was MNOK 638.1 (469.2) by March 31st 2007, which is an increase of MNOK 346.3 in the quarter. This is due to higher sales activity than travel activity during the quarter.

On March 31st 2007, the company's cash balance was MNOK 528.2, an increase of MNOK 296.5 during the quarter and an increase of MNOK 5.7 compared to the first quarter of 2006. Operating activities this year has given a positive cash flow of MNOK 238.5, while investments in the period have reduced the cash flow by MNOK 18.5. Utilization of the Groups loan facility increased the total cash flow with MNOK 76.5.

The group had book equity of MNOK 246.0 by the end of the quarter, equivalent to an equity ratio of 17.0 %.

At the end of first quarter 2006, the Group had an equity of MNOK 239.0 including IFRS transitional effects. The IFRS transition document published earlier showed in the Balance sheet reconciliation between NGAAP and IFRS per first quarter 2006, a book equity of MNOK 266.2. This amount was, due to an error, not adjusted for pension liability under IFRS 19. The balance sheet presented in this report is correctly restated according to IFRS principles.

ACCOUNTING PRINCIPLES

The quarterly report has been compiled according to IFRS accounting principles, which is the same accounting principles that were used in preparing the Annual Report for 2006. The quarterly financial statements for comparable periods are restated to IFRS accounting principles. The quarterly financial report is prepared in accordance with IAS 34 for interim reporting. The quarterly accounts are not audited.

Earlier, the company entered into a code share agreement with Sterling and Fly Nordic, and in 2006 the company entered into a co-operation with Polkovo Airlines on the Oslo-St.Petersburg route. This agreement gives Norwegian the right to sell an agreed upon number of seats on flights that Norwegian operate, and correspondingly buy a fixed number of seats on flights the partner operates. In accordance with current accounting principles the sold capacity on Norwegian flights is recorded as gross revenue, and bought capacity is recorded at gross cost. Accordingly, all operational key figures (ASK, RPK and load factor) are reported using the gross principle.

FUTURE PROSPECT

The demand for travelling with Norwegian and advanced bookings has been good entering the second quarter of 2007. Norwegian has successfully executed several sales and marketing campaigns that have been well received by the market. In April Norwegian also introduced seating on most international flights giving our passengers the opportunity to choose their own seat for a small fee or a randomly selected seat free of charge at check-in. Seating will be introduced on the entire network during the second quarter.

Norwegian will in the first half of 2007 also introduce check-in kiosks at all the major airports in Scandinavia. These product enhancements will contribute to improve the travel experience for the customers by speeding up the check-in process and through the fact that the customer can choose his/her own seat. The product improvements will also contribute to keeping the costs down and thereby making Norwegian capable of offering low fares.

The Warsaw base continues to show progression and will be closely be monitored throughout second quarter.

The company had at the end of first quarter 2007 22 aircrafts of which 20 were operational. The company is preparing for further two aircraft to be delivered in order to handle planned growth target

of 30-40%. The production growth may be handled by resources from the announced acquisition of FlyNordic. The transaction on acquisition and strategic co-operation with Finnair on traffic to and from Asia is expected to be closed within second quarter of 2007 and will be pending on approval from relevant authorities.

Fornebu, 25. April 2007

Bjørn Kjos
CEO



PROFIT AND LOSS ACCOUNT (KNOK)	1. Quarter		31. December 2006
	2007	2006	
OPERATING REVENUE			
Total operating revenue	738 059	539 111	2 941 400
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OPERATING EXPENSES			
Operating expenses	532 399	424 641	2 188 359
Personell expenses	121 535	91 074	412 940
Other operating expenses	39 949	34 795	139 264
TOTAL OPERATING EXPENSES	693 883	550 510	2 740 563
OPERATING PROFIT / LOSS BEFORE LEASING & DEPR (EBITAR)	44 176	-11 399	200 837
Leasing	53 106	40 182	180 277
OPERATING PROFIT / LOSS BEFORE DEPR (EBITDA)	-8 930	-51 581	20 560
Depreciation	15 520	8 155	51 070
Write-down			
OPERATING PROFIT / LOSS (EBIT)	-24 450	-59 736	-30 510
NET FINANCIAL ITEMS	3 632	100	-1 196
PROFIT / LOSS BEFORE TAX (EBT)	-20 818	-59 636	-31 706
TAX	-5 876	-16 697	-9 709
PROFIT / LOSS FOR THE PERIOD	-14 942	-42 939	-21 997

BALANCE SHEET (KNOK)	1. Quarter		31. December 2006
	2007	2006	
FIXED ASSETS			
Intangible assets	136 163	134 247	129 840
Tangible fixed assets	231 067	101 283	228 444
Fixed assets investment	9 319	8 084	8 819
TOTAL FIXED ASSETS	376 549	243 614	367 103
CURRENT ASSETS			
Consumable goods	26 445	38 711	19 341
Investments	11 046	2 101	298
Receivables	542 865	264 561	443 492
Cash in bank and in hand etc.	528 213	522 538	231 710
TOTAL CURRENT ASSETS	1 108 570	827 911	694 841
TOTAL ASSETS	1 485 119	1 071 525	1 061 944
EQUITY			
Called-up and fully paid equity	275 610	275 480	275 610
Retained earnings	-29 597	-36 456	-14 883
TOTAL EQUITY	246 013	239 023	260 727
LIABILITIES			
Provisions for liabilities and charges	108 812	56 888	112 528
Other long term liabilities	76 500		
Current liabilities	1 053 794	775 614	688 689
TOTAL LIABILITIES	1 239 107	832 502	801 217
TOTAL EQUITY AND LIABILITIES	1 485 119	1 071 525	1 061 944
No. Of shares	19 669 196	18 369 196	19 669 196
Face value	0,1	0,1	0,1

CASH FLOW STATEMENT (KNOK)

	1. Quarter		31. December
	2007	2006	2006
Net cash flows from operation activities	238 498	192 732	75 647
Net cash flows from investments	-18 453	-71 523	-245 257
Net cash flows from financial activities	76 500	139 864	139 864
Exchange rate effect on cash	-42		-8
Net change in cash and cash equivalents	296 503	261 074	-29 754
Cash and cash equivalents in beginning of period	231 710	261 464	261 464
Cash and cash equivalents in end of period	528 213	522 538	231 710

FINANCIAL KEY FIGURES

	1. Quarter		31. December
	2007	2006	2006
Operating margin (%)	-3 %	-11 %	-1 %
Earnings per share (NOK) (calculated on average no. Of shares)	-0,8	-2,2	-1,1
Book equity per share (NOK)	12,5	13,0	13,3
Equity ratio (%)	17 %	22 %	25 %
No. Of shares at the end of the period	19 669 196	18 369 196	19 669 196
Average no. of shares in the period	19 669 196	19 309 358	19 312 719
Average no. of shares and options in the period	19 797 946	19 449 358	19 454 958

Equity (KNOK)

	1. Quarter		31. December
	2007	2006	2006
Equity - Beginning of period	260 727	141 585	141 585
Share issue		114 965	114 965
Equity change on employee options	269	514	1 285
Sale of own shares		24 898	24 898
Profit/loss	-14 942	-42 939	-21 997
Exchange rate difference group	-41		-9
Equity - End of period	246 013	239 023	260 727

SALES REVENUE (KNOK)

<u>Per activity</u>	1. Quarter		31. December
	2007	2006	2006
Passenger revenue	714 053	526 068	2 879 431
Other revenue	24 006	13 042	61 969
Total	738 059	539 111	2 941 400
Per geographical market			
Norway	401 394	334 661	1 471 852
Other EU states	336 665	204 450	1 469 548
Total	738 059	539 111	2 941 400

COST BREAKDOWN (KNOK)

	1. Quarter		31. December
	2007	2006	2006
Personell costs	121 816	91 074	412 940
Sales/ distribution costs	22 556	30 196	92 889
Aviation fuel	153 057	121 704	703 872
Aircraft leases	53 106	40 182	180 277
Aiport charges	107 577	81 226	417 942
De-icing	13 036	13 677	26 661
Handling charges	75 089	59 228	306 825
Technical maintenance costs	64 890	64 569	306 333
Depr. / write-down	15 520	8 155	51 991
Other costs	135 862	88 838	472 179
Total operating costs	762 509	598 847	2 971 910

SENSITIVITY ANALYSIS

	Effect on profit and loss
	MNOK
1 % increase in jet fuel price	-7,8
1 % weakening of NOK against USD	-12,9
1 % weakening of NOK against EUR	-2,7

The sensitivity analysis reflects the effect on P/L by substantial changes in market prices and exchange rates. The effect on P/L is annualized based on today's level of production, fuelprices and exchange rates

Definitions

ASK: Available Seat Kilometres. Number of available passenger seats multiplied by the flight distance.

RPK: Revenue Passenger Kilometres. Number of paying passengers multiplied by the flight distance.

CABIN FACTOR: Relationship between RPK and ASK as a percentage. Describes the rate of utilisation of available seats.

EBITDA: Operating profit/loss before financial items, taxes and depreciation

EBITDAR: Operating profit/loss before financial items, taxes, depreciation and leasing costs for aircraft