



# **Norwegian (NAS) Q3 2007**

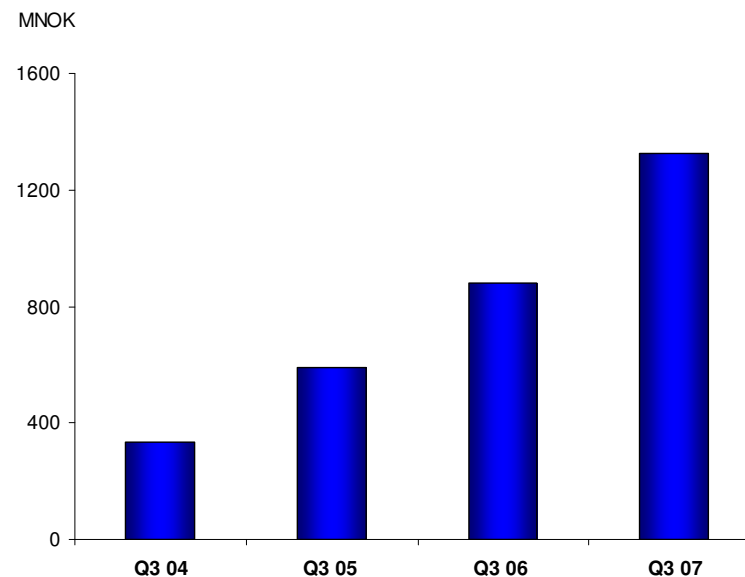
**Bjørn Kjos (CEO)**

**Oslo, 24. October 2007**



# Strong revenue growth continues in Q3 07

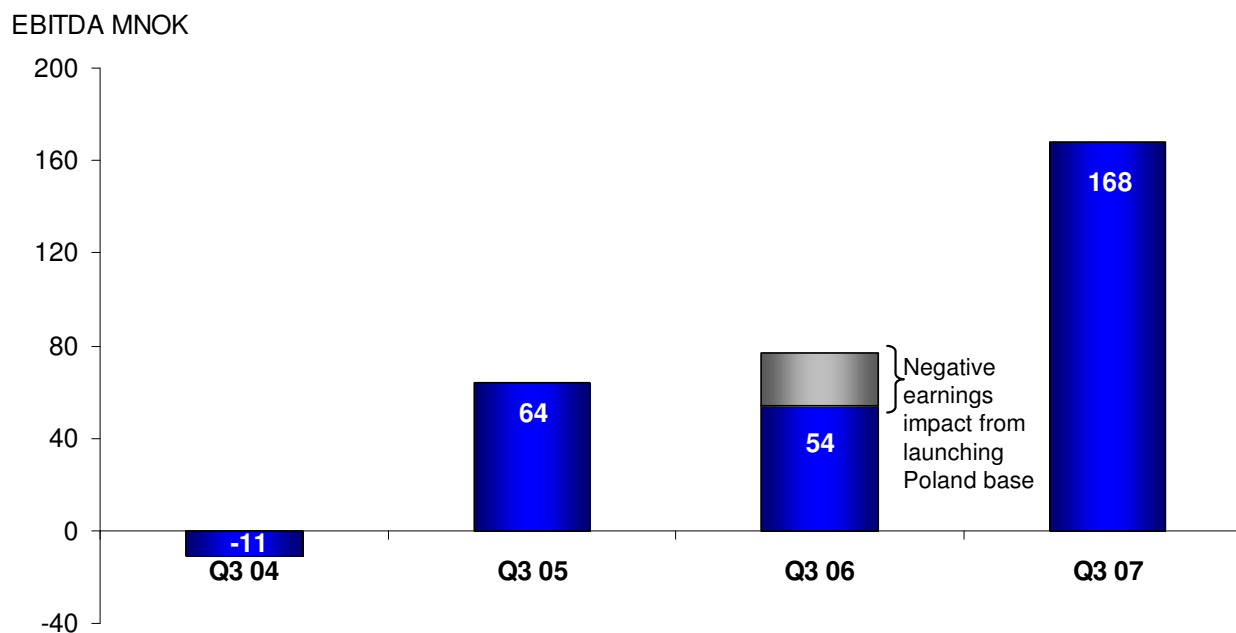
- The Group had total revenues of MNOK 1,324 which is a 51% increase since last year
- Acquisition of FlyNordic contributes MNOK 153 to top line growth in Q307



	Q3 04	Q3 05	Q3 06	Q3 07
<b>Revenue</b>	<b>332</b>	<b>590</b>	<b>878</b>	<b>1323</b>
Domestic Revenue	191	223	353	505
International Revenue	141	367	525	819
Domestic Revenue Growth	-6 %	17 %	58 %	43 %
International Revenue Growth	442 %	160 %	43 %	56 %

## Q3 07 margin improves on growing international traffic and ancillary revenue

- Group earnings (EBITDA) of 168 MNOK in Q3 07 (54 MNOK)
- Group earnings 76 MNOK after tax (28 MNOK)
- Group margin (EBITDA) of 14 % (6 % in Q3 06)

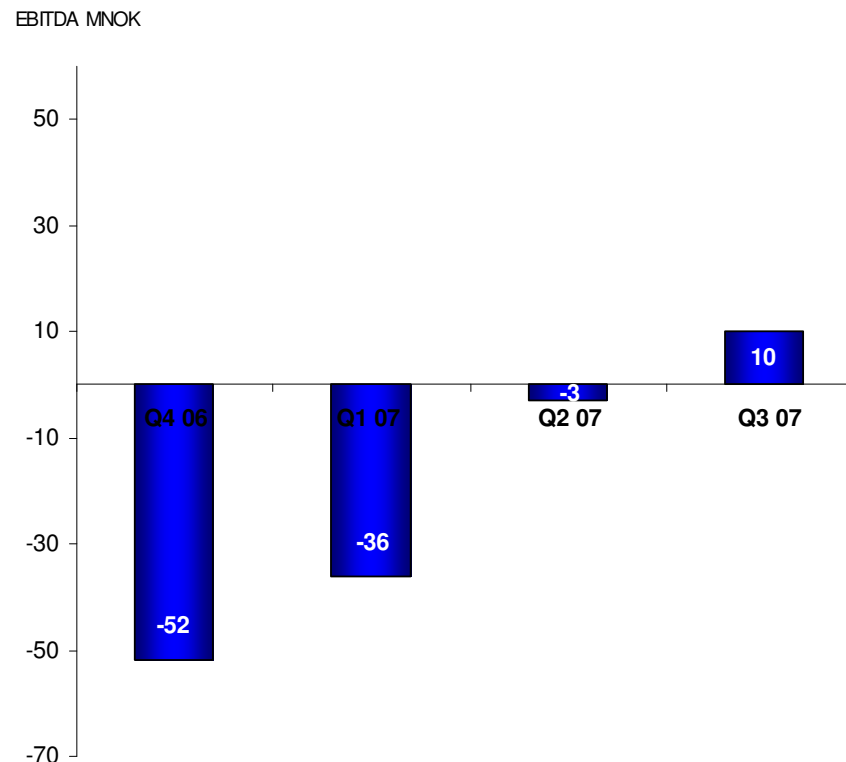


	Q3 04	Q3 05	Q3 06	Q3 07
EBITDA MNOK	-11	64	54	168
EBTIDA margin %	-3 %	11 %	6 %	14 %
Earnings after tax MNOK	-11	44	28	76
Earnings Per Share	0.6	2.4	1.4	3.7

## The Polish operation shows positive results (EBITDA) in Q3 07

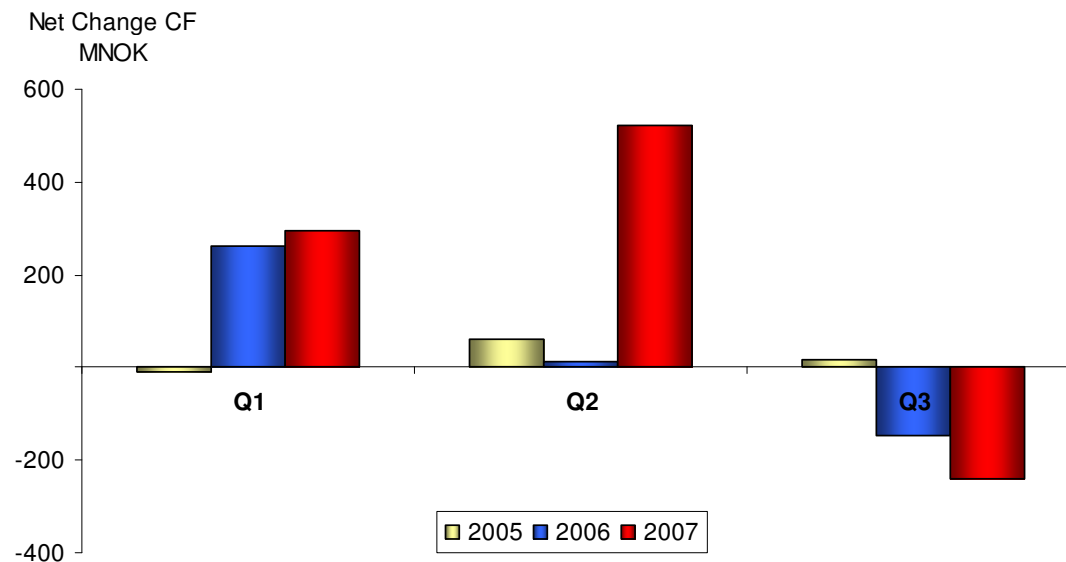
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- Polish operations EBITDA 10 MNOK
- 13 MNOK earnings improvement since Q2 2007
- The Warsaw base continues to improve, but is influenced by seasonality



# Cash Flow fluctuation due to seasonality

- Cash flow from operations of MNOK -68 (-137)
  - Decrease in air traffic settlement liabilities
- Cash Flow from investments affected by:
  - Deposit for 42 new aircraft: MNOK -266
  - Acquisition of FlyNordic: MNOK +126
- Cash and equivalents MNOK 810 (387)



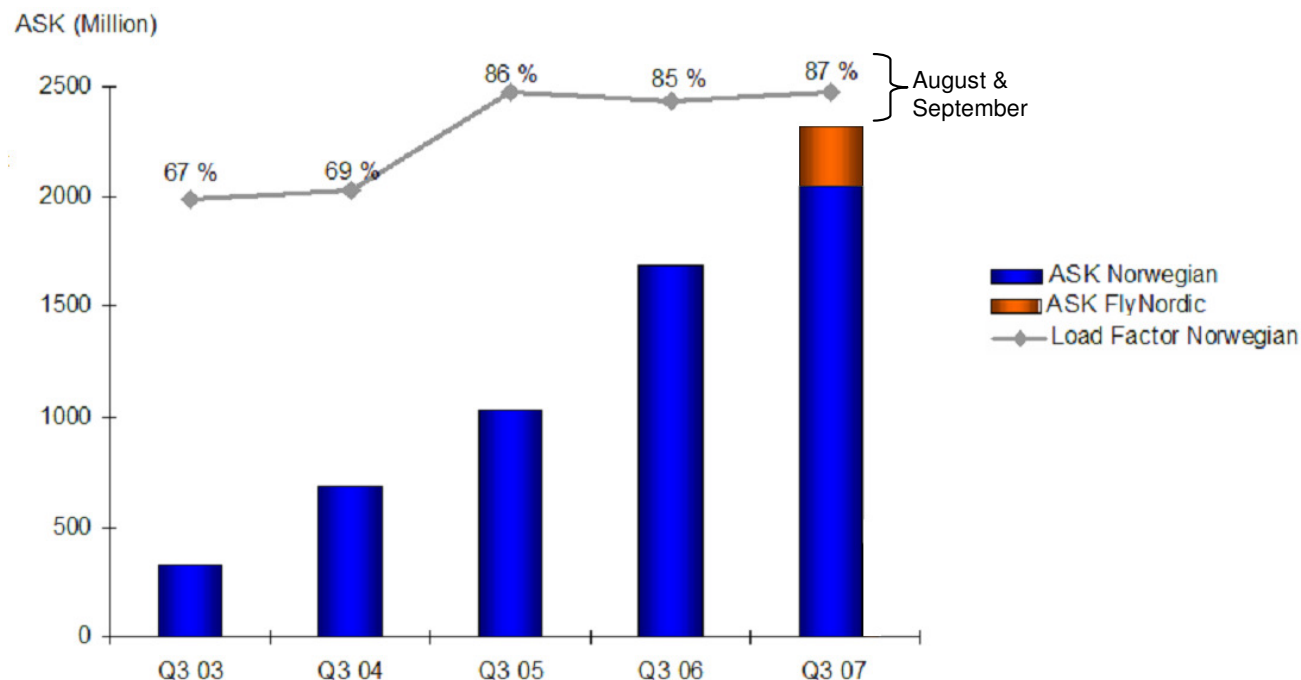
## **39 % of Boeing 737-800 purchase has been hedged**

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- Instruments used are knock-in forwards
- Accounting standard IAS 39 – hedge accounting
- Inefficiency in hedge compared to cash flow on hedge object results in loss in Q3 of MNOK 31 charged to financial items

# Production growth of 21 % absorbed by 23 % traffic growth

- 21 % production growth since last year, international growth of 24 %
- Load factor at 86 %, international load factor is leveling out at 87 %

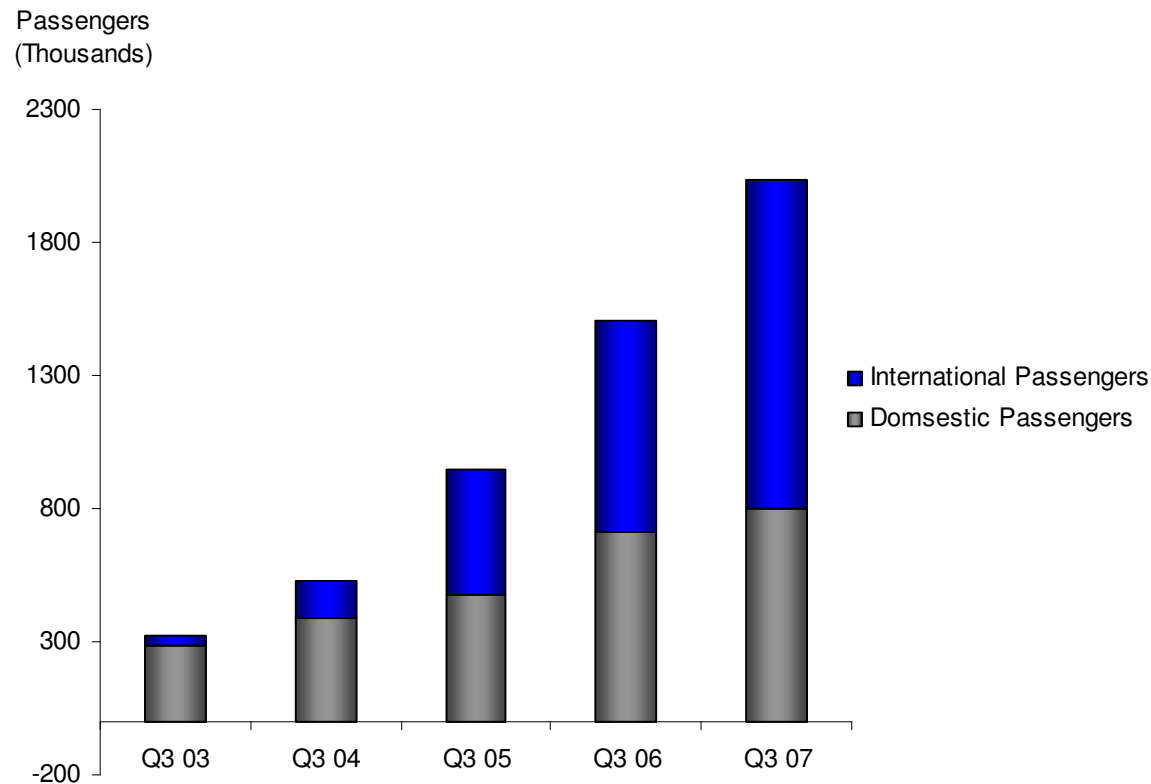


Norwegian (million)	Q3 03	Q3 04	Q3 05	Q3 06	Q3 07
ASK	331	683	1033	1693	2042
RPK	221	468	892	1434	1767
Load Factor	67 %	69 %	86 %	85 %	87 %
FlyNordic (million)	Q3 03	Q3 04	Q3 05	Q3 06	Q3 07
ASK					291
RPK					242
Load Factor					83 %

## 2 million passengers were carried through Norwegian's network last three months

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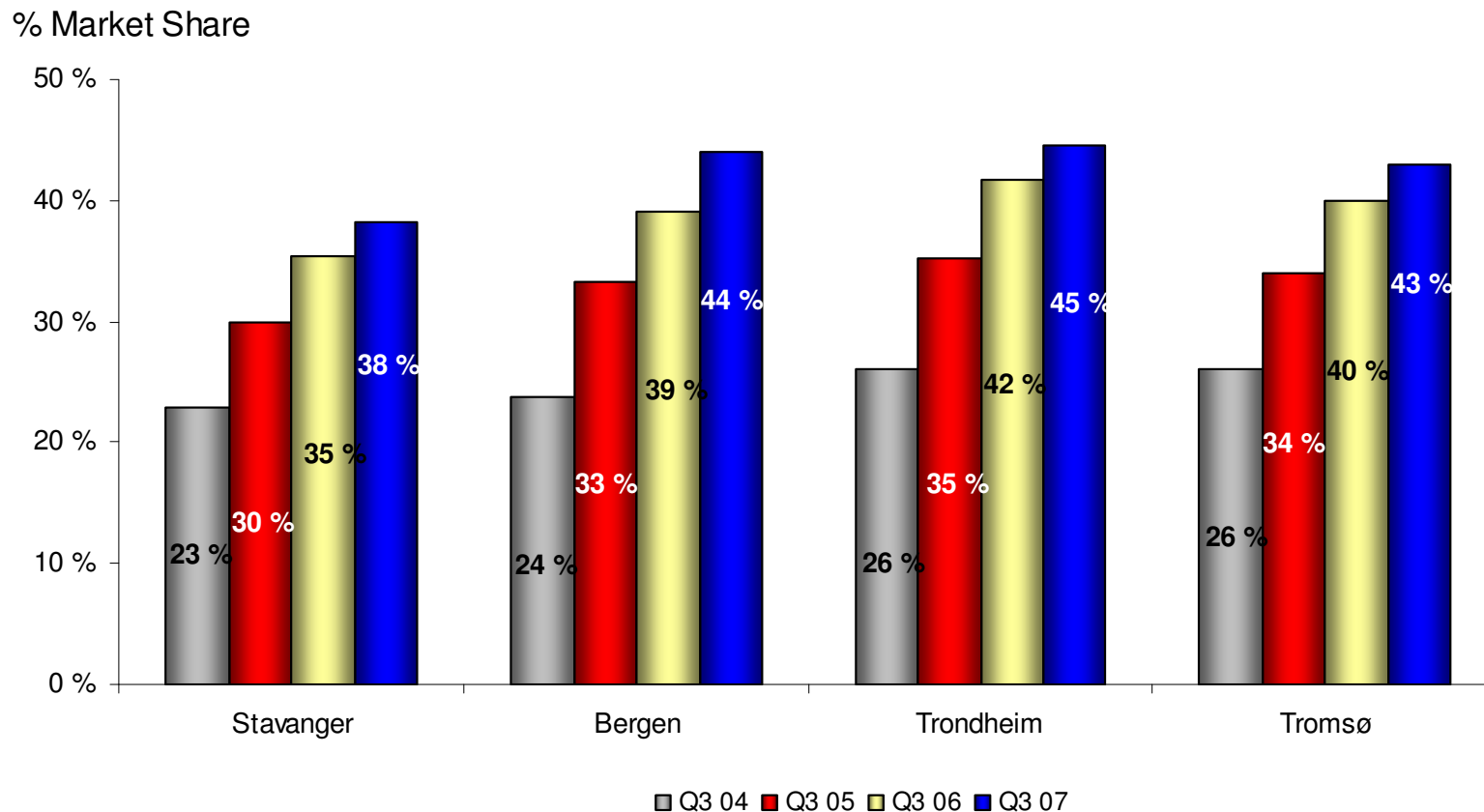
- Number of domestic passengers is growing at approx 13 %
- Number of international passengers is growing at approx 56 %





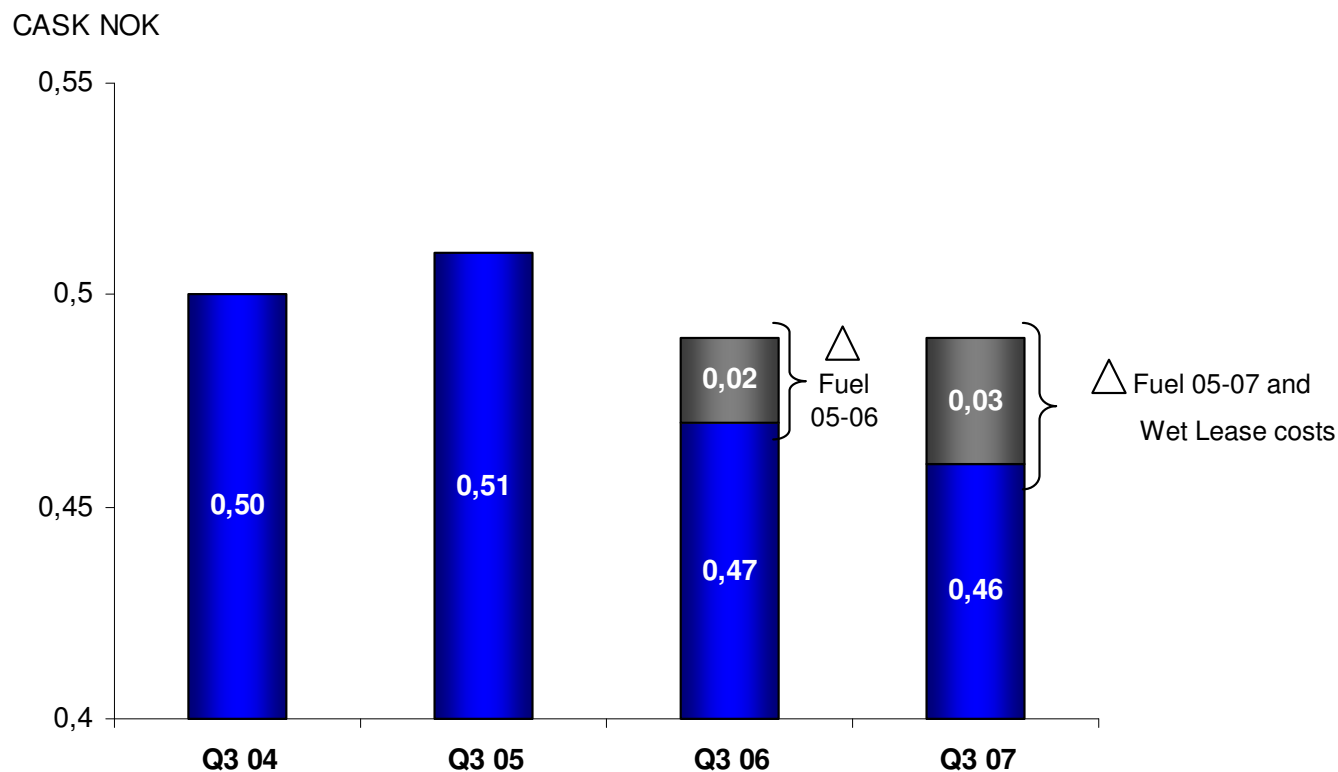
# Domestic market share approaching 45 % on key routes as low fares stimulates and increase the total market

- Price and product enhancements stimulates business and leisure travel and increase the total market
- Increased production on Bergen and Trondheim attracts business travelers



# Cost development

- Unit cost of 0.50 in Q3 2007
  - Added cost of 0.01 from wet lease of two aircraft

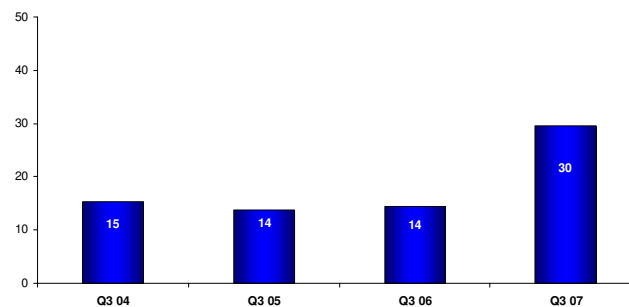


# Ancillary revenue grows as new products are introduced to the market – still upside potential

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- Q3 07 ancillary revenue 30 NOK per passenger (114 % growth)
- Driven by new and improved products maturing;
  - seating, baggage/carry on, commission from hotel and rental car bookings
- Major LCC's ancillary revenue ranging from 50-70 NOK per passenger

Ancillary revenue per passenger



- The credit card "Norwegian Reward" was made publicly available on 17 October
- The card is not only a credit card issued by Bank Norwegian, but also an integrated part of Norwegian Air Shuttle's frequent flyer benefit program
- More than 15,000 cards were ordered within the first week.
- Conditional upon
  - Norwegian Air Shuttle ASA to hold max 20 %
  - Minimum share capital of 270 MNOK
- Project on track – Equity issue will be carried out in November and the bank will be fully operational in the middle of November
- The roadshow for the coming equity issue will start this week



# New, environmentally friendly fleet of Boeing 737-800s

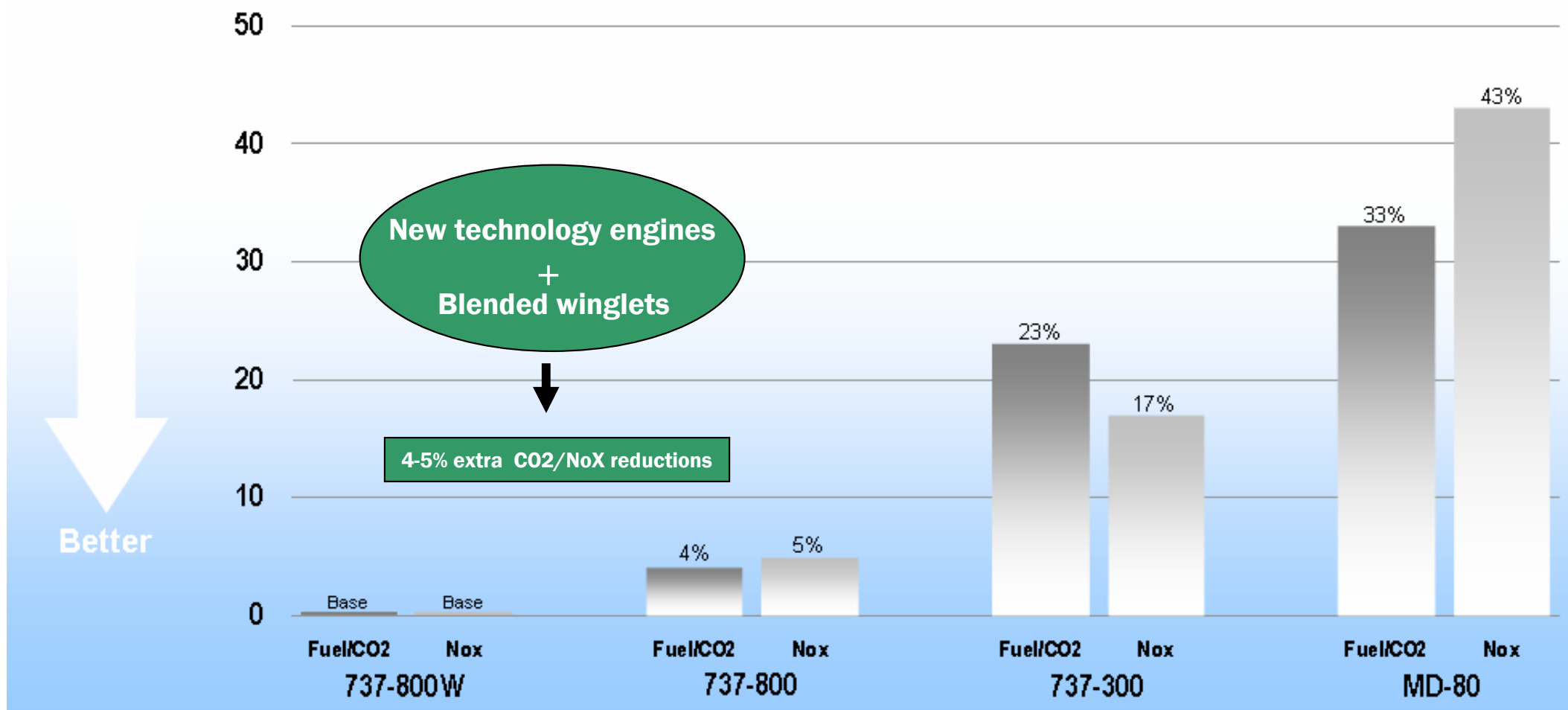
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# The most environment-friendly airplane in production

Up to 43% reductions on a flight from Oslo to Alicante

Relative % per passenger



# Expectations for remaining 2007

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Expected business environment:

- Increased competition on international routes
- Stable competition in Sweden and Poland

Expected results (ex FlyNordic):

- Unit cost for 2007 in the area of NOK 0.53
  - May be negatively influenced if the fuel price remains at the current high levels or the US dollar strengthens
  - USD hedged 65 % H2 07 and 20-25 % H1 08
- Increased revenue from third party sales

Expected results Poland start up:

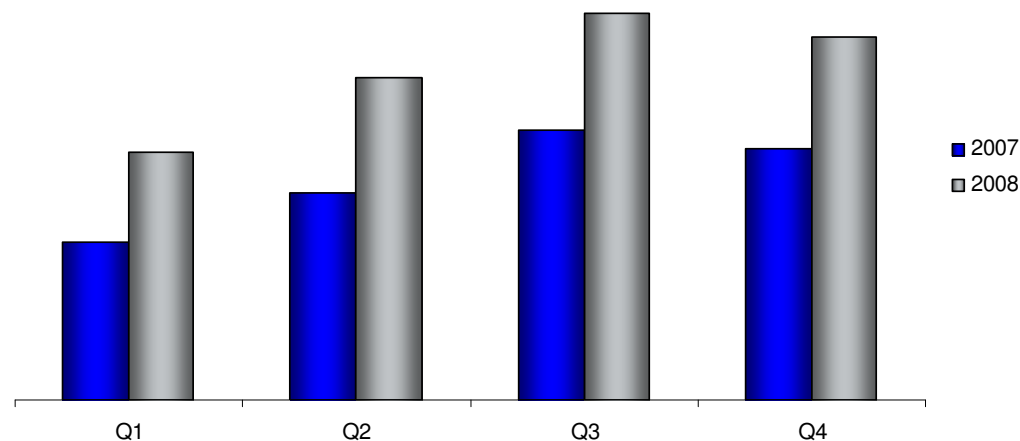
- The Warsaw base continues to improve. We expect negative results for the Warsaw base in Q4 2007 and Q1 2008 due to seasonality.

# Expectations for 2008

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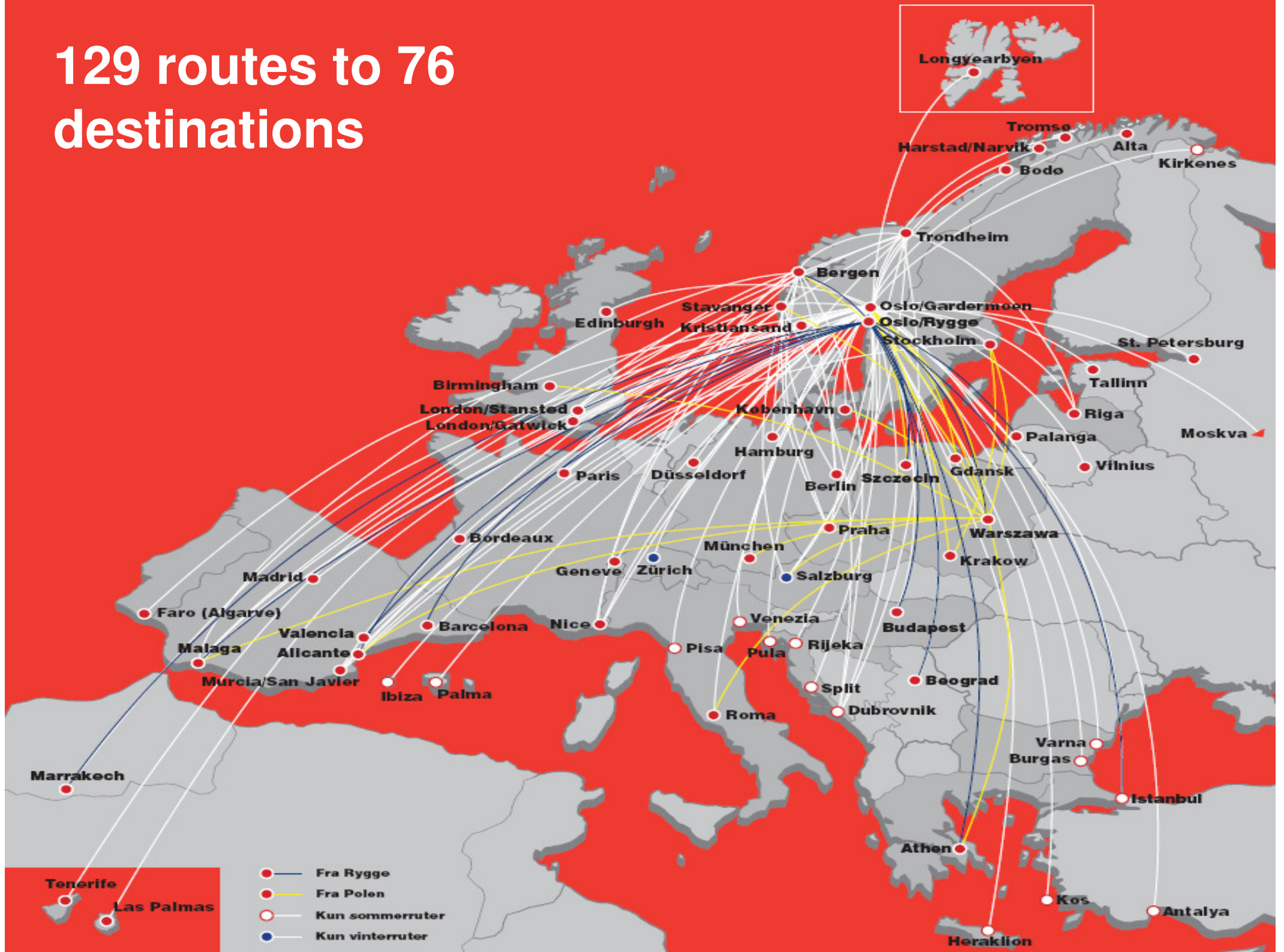
- The growth in ASK for 2008 is expected to be in the area of 50 %.
- Growth target depends on the final delivery schedule of new 737-800 and finalization of route program
- Unit cost to come down to NOK 0,51- 0,52 due to changes to route portfolio mix

Growth target ASK for 2008





# 129 routes to 76 destinations



**Thank you!**

