

## Norwegian Air Shuttle ASA

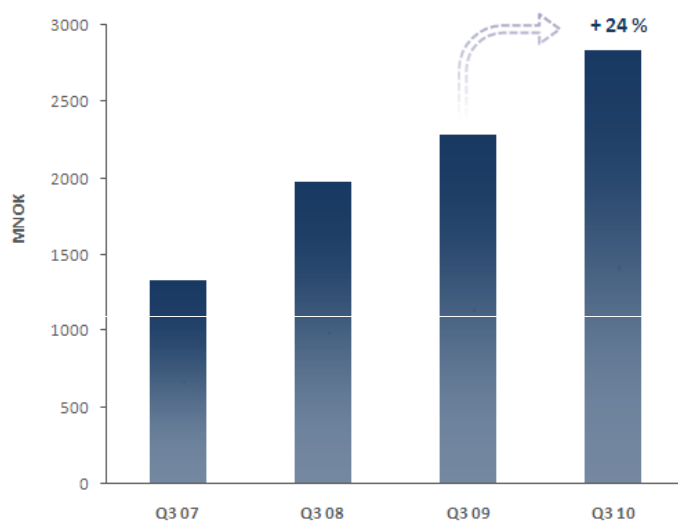
Q3 2010 Presentation

October 21st 2010



### Double digit revenue growth in Q3

- Group revenues of MNOK 2,828 in Q3 2010, 24 % growth since last year
  - Domestic revenue: MNOK 992 (+27 %)
  - International revenue: MNOK 1,836 (+23 %)
- Includes MNOK 175 in compensation from SAS following industrial espionage

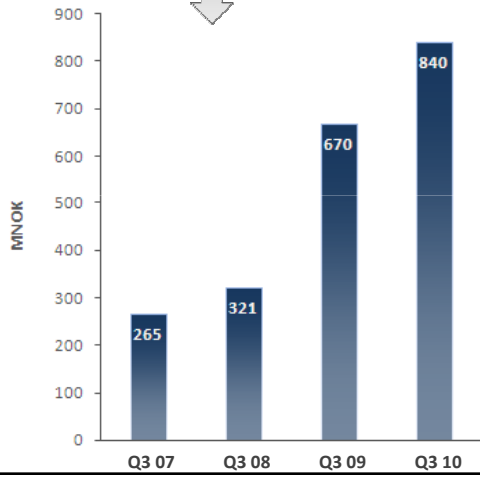


	Q3 07	Q3 08	Q3 09	Q3 10
<b>Revenues</b>	<b>1,323</b>	<b>1,972</b>	<b>2,272</b>	<b>2,828</b>
Domestic revenue	438	614	781	992
% y.o.y. chg		24 %	40 %	27 %
International revenue	885	1,358	1,491	1,836
% y.o.y. chg		69 %	53 %	10 %

# Record high quarterly operating profit

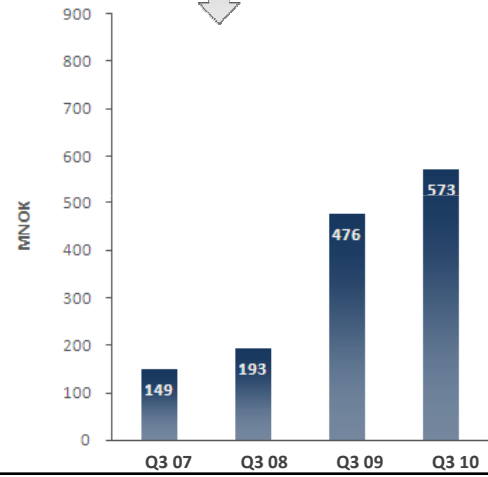
- EBITDAR	MNOK	+ 840	(+670)
- EBITDA	MNOK	+ 624	(+515)
- <b>Operating profit (EBIT)</b>	<b>MNOK</b>	<b>+ 573</b>	<b>(+ 476)</b>
- Pre-tax profit (EBT)	MNOK	+ 733	(+520)
- Net profit	MNOK	+ 528	(+375)

EBITDAR development Q3



EBITDAR margin	20 %	16 %	29 %	30 %
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EBIT development Q3

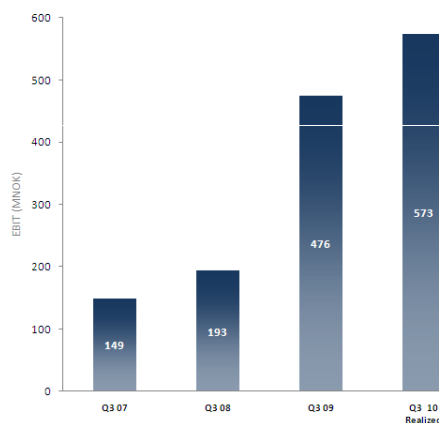


EBIT/ operating margin	11 %	10 %	21 %	20 %
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# Underlying Q3 operating result of MNOK 401

- Ash cloud losses in Q2 30% lower than anticipated, reversion of the Q2 provision adds to the Q3 operating result
- A tight summer schedule called for wet lease of MNOK 21 to cover planned production
- Norwegian awarded MNOK 177 following industrial espionage by Scandinavian Airlines
  - Norwegian compensated for an unlawful negative earnings effect which was not reflected in 2002-2004 accounts
  - The MNOK 177 compensation regarded as timing difference effect and not a one-off/ non-recurring item



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## 1.2 billion in cash and cash equivalents, up MNOK 400 from last year

- Cash flows from operations in Q3 2010 MNOK -48 (+113)
  - Q3 seasonally weaker in terms of operating cash flow
  - Cash flow does not include MNOK 180 compensation from SAS with cash effect in Q4
- Cash flows from investing activities in Q3 2010 MNOK -479 (-416)
  - Aircraft delivery and pre-delivery-payments for future deliveries
- Cash flows from financing activities in Q3 2010 MNOK +127 (+260)
- Cash and cash equivalents at period-end MNOK +1,181 (+ 782)

Condensed consolidated statement of cash flow (unaudited)

(Mill. NOK)	Quarter ended Sept 30		YTD Sept 30		Year ended Dec 31
	2010	2009	2010	2009	2009
Net cash flows from operating activities	-47.5	113.1	661.9	561.1	913.8
Net cash flows from investing activities	-478.9	-415.7	-1,413.5	-927.9	-1,299.9
Net cash flows from financial activities	126.7	260.1	524.5	542.3	1,188.1
Foreign exchange effect on cash	-0.4	3.5	-0.5	-0.9	-1.0
<b>Net change in cash and cash equivalents</b>	<b>-400.0</b>	<b>-39.1</b>	<b>-227.5</b>	<b>174.7</b>	<b>800.9</b>
Cash and cash equivalents in beginning of period	1,581.0	821.4	1,408.5	607.5	607.5
Cash and cash equivalents in end of period	1,181.0	782.3	1,181.0	782.3	1,408.5

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## Group equity improved by NOK 445 million compared to Q3 last year

- Equity increased from NOK 1.3 billion at the beginning of the period to NOK 1.8 billion at the end of the third quarter
- Group equity ratio of 28 % (30 %)

### Consolidated changes in equity

Unaudited

(Mill. NOK)	YTD 30.09.		Year ended Dec 31
	2010	2009	2009
Equity - Beginning of period	1,601.7	897.4	897.4
Total comprehensive income for the period	194.2	449.5	442.9
Share issue	0.0	0.0	253.1
Equity change on employee options	2.7	7.2	8.4
<b>Equity - End of period</b>	<b>1,798.8</b>	<b>1,354.2</b>	<b>1,601.7</b>



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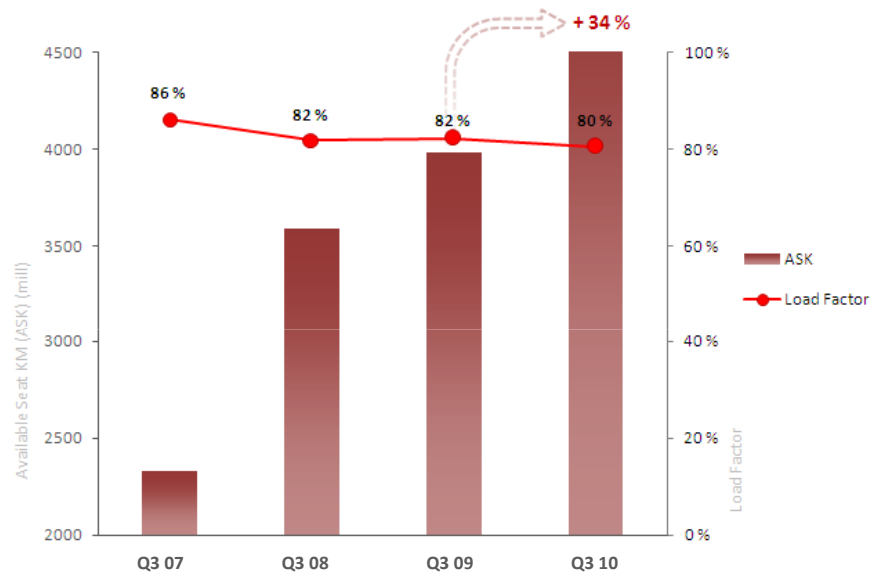


# Achieved 80 % load despite a considerable 34 % production growth

## Introduction of 11 brand new Boeing 737-800s



- Y.o.y. growth of 34 % compared to 11 % last year
- 80 % load factor in Q3 10 – down 2 p.p. from last year
  - Larger aircraft can seat 38 more passengers at no additional cost
  - The number of passengers per flight has increased



ASK	2,333	3,590	3,979	5,331
Load Factor	86 %	82 %	82 %	80 %

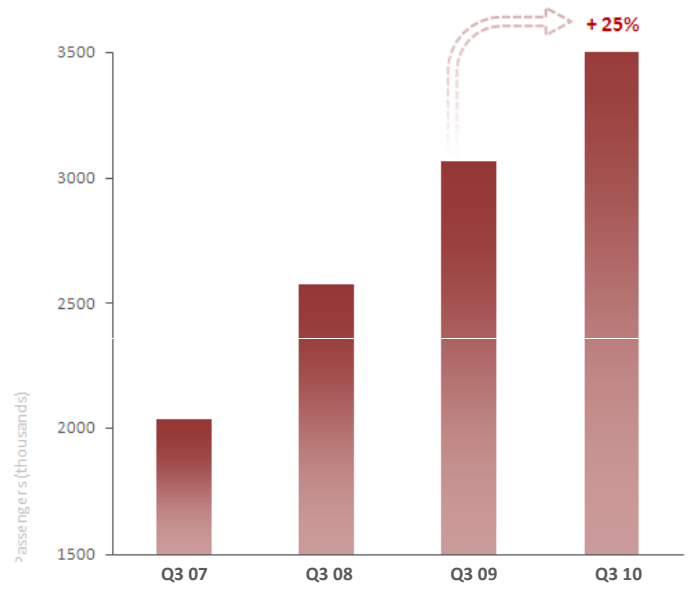
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## 3.8 million passengers in Q3



- An increase of 757,000 passengers (+25 %)



Passengers (million)	2,033	2,574	3,067	3,824
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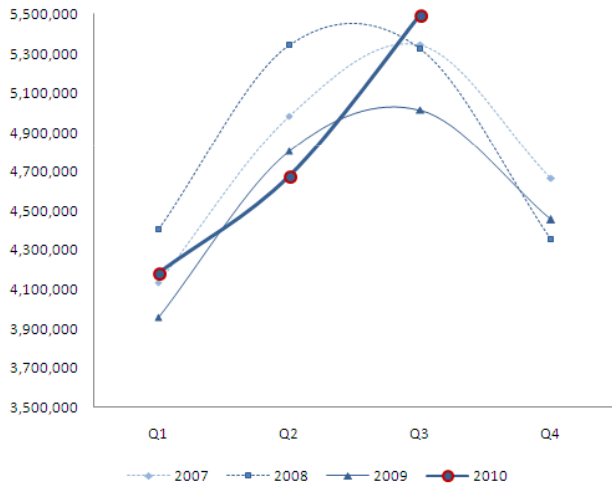


## Norwegian with continued strong growth at Oslo Airport 39 % of all passengers traveled with Norwegian in Q3

- Increase of nearly 480,000 passengers – demand at all time high
- Norwegian contributed with 74% of the growth

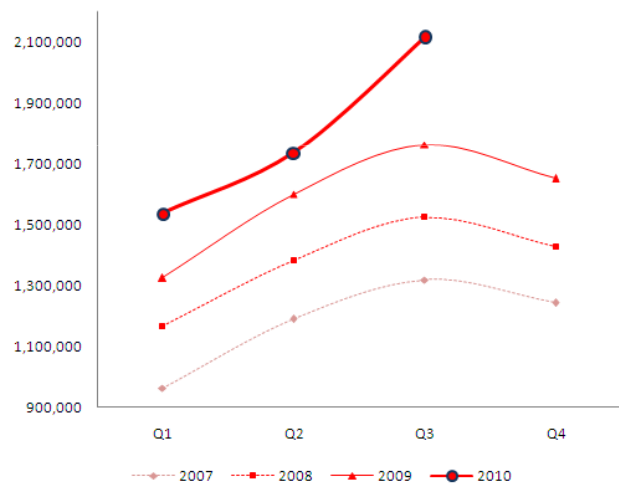
Oslo airport (OSL) – all airlines

- + 10 % compared to Q3 2009
- + 3 % compared to Q3 2008



Oslo airport (OSL) – only Norwegian

- + 20 % compared to Q3 2009
- + 39 % compared to Q3 2008

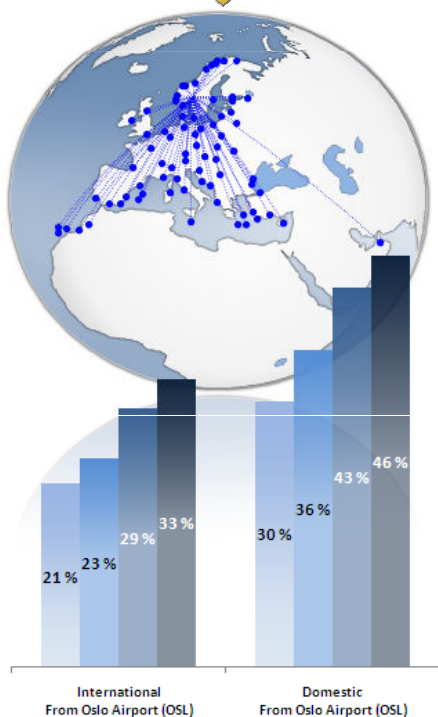


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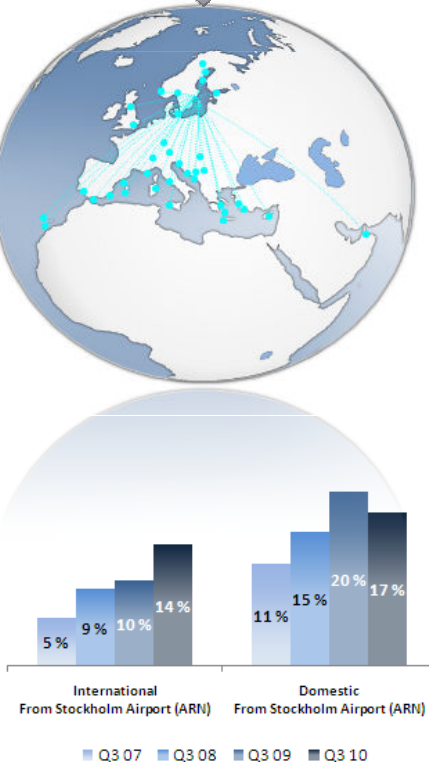


## Stronger foothold in domestic and international markets

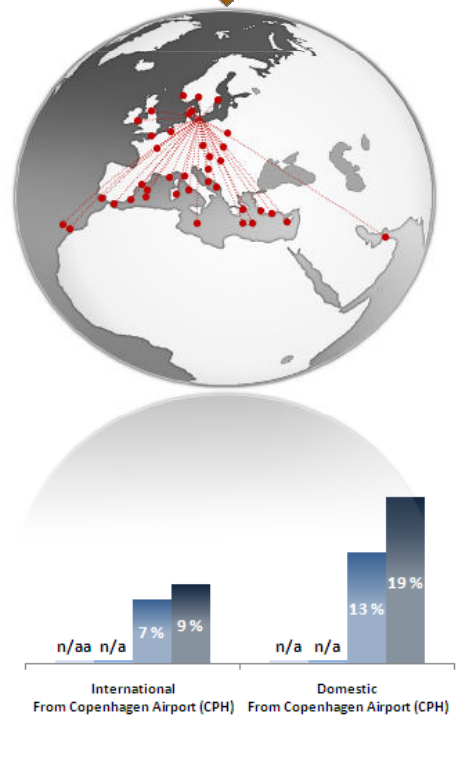
Oslo  
(Home Base)



Stockholm  
(Developing Base)



Copenhagen  
(Developing Base)



■ Q3 07 ■ Q3 08 ■ Q3 09 ■ Q3 10



# Growing in Finland, Sweden and Denmark

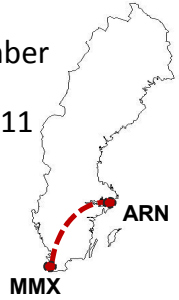
## Launch of Helsinki base

- 3 aircraft based in Helsinki starting March 2011
- 2 domestic destinations
  - Oulu and Rovaniemi
- 11 international destinations
  - Oslo and Stockholm already in operation
  - Copenhagen, London (Gatwick), Rome, Split, Alicante, Barcelona, Malaga, Nice and Crete (Chania)



## Launch of Stockholm – Malmö route

- Second largest Swedish domestic route
- 3 daily rotations from December
- 6 daily rotations from spring 11



## “Inheriting” Transavia’s passengers in Copenhagen

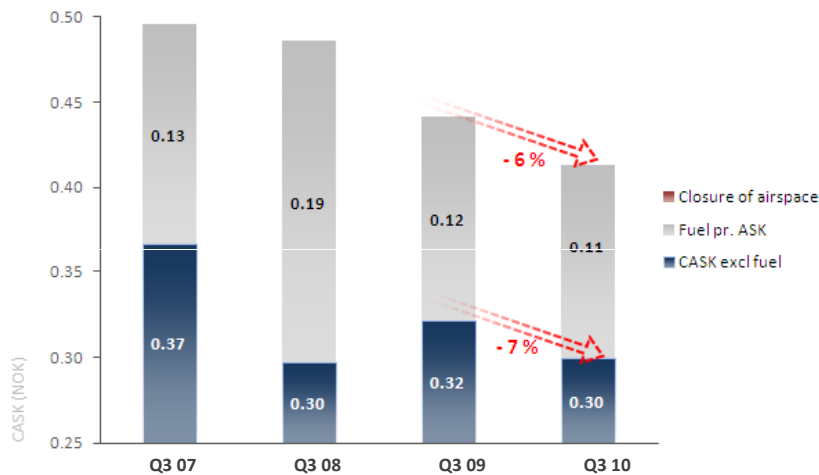
- Transavia with speedy exit from Copenhagen
- Passengers transferred to Norwegian

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# Unit cost reduction of 6 % in Q3

- Unit cost down 6 %
  - More efficient aircraft consumes less fuel
  - Wet lease with a negative MNOK 21 impact
- Unit cost excluding fuel down 7 %



Cost pr ASK (CASK) (NOK)	0.50	0.49	0.44	0.41
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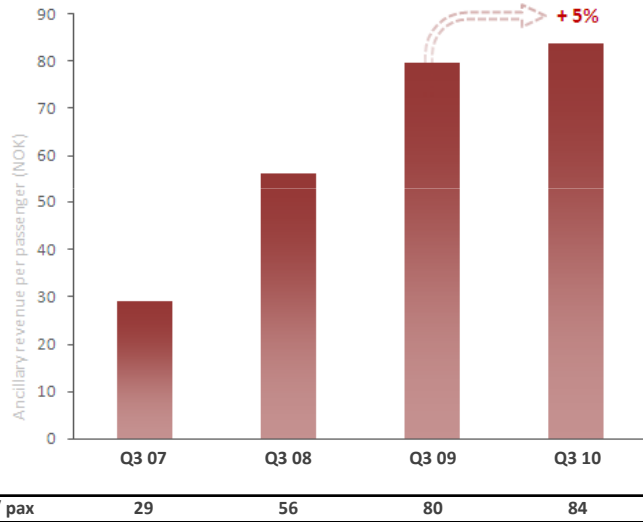
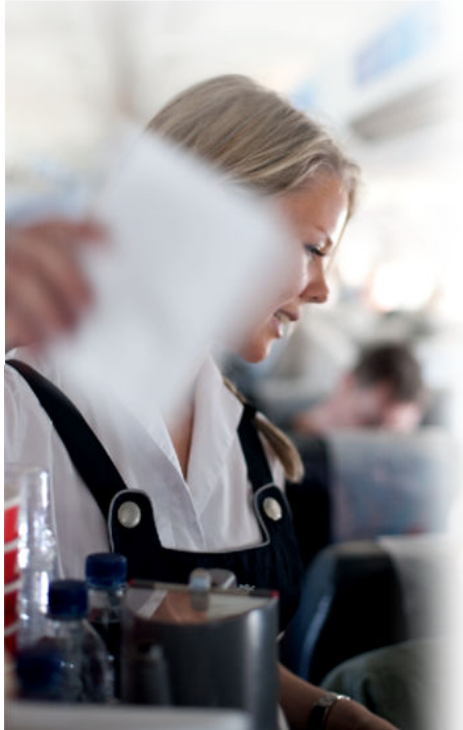
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## Continued growth in ancillary revenue

- Ancillary revenue comprises 11 % of Q3 revenues
- Goal of 15 % of total revenues



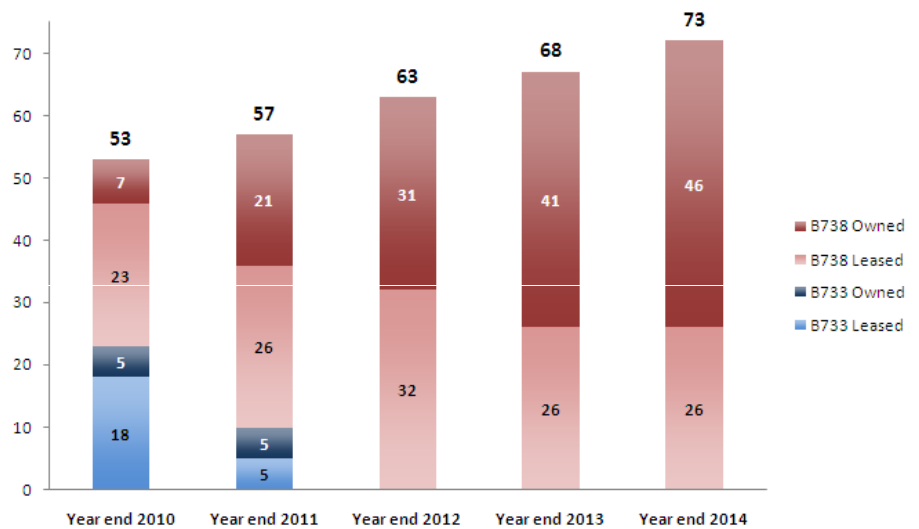
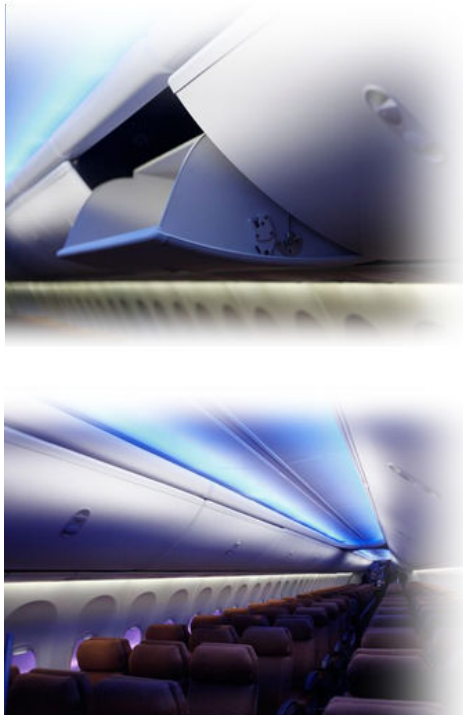
Ancillary revenue/ pax	29	56	80	84
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## Current planned fleet development

- 3 aircraft allocated to Helsinki
- 2 aircraft allocated to Stockholm
- 1 aircraft allocated to new charter production



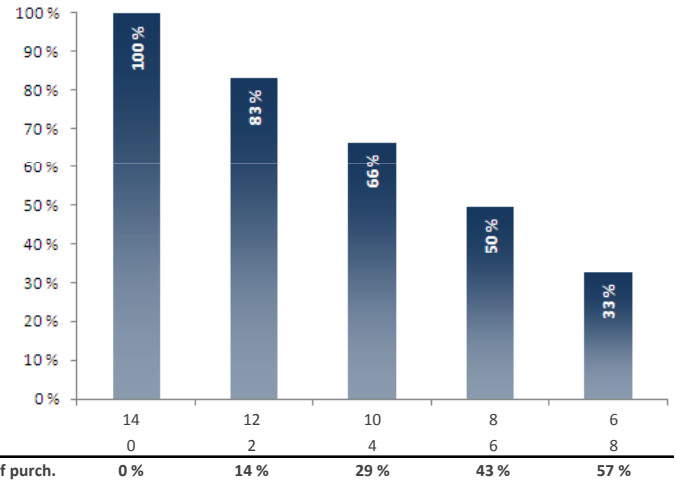
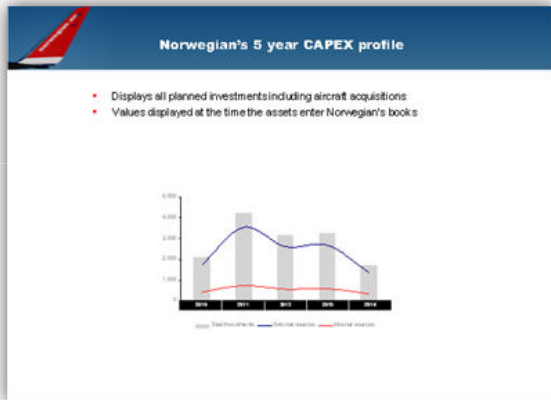
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## First of six October 2009 option aircraft financed by sale & leaseback in September (second in October)

- S&LB offers considerable flexibility in managing the balance sheet and residual risk
- S&LB on i.e. 6 out of 14 aircraft in 2011 reduces required financing by 50 %
  - The release of equity reduces the requirement for external financing on remaining aircraft

CAPEX profile given 48 aircraft on balance sheet as presented at Q4 2009

S&LB reduces requirement for long term financing substantially (2011 financing requirement given S&LB modeled below)



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## Expectations for 2010

- Business environment
  - Uncertain business climate
  - Seasonal fluctuations
  - Strong competition
- Production
  - The company expects a production growth (ASK) of approximately 30%
  - Primarily from increasing the fleet by adding 737-800's
  - Capacity deployment depending on development in the overall economy and marketplace
- Cost development
  - Unit cost expected in the area of 0.46 (including current hedges)
    - Fuel price dependent – USD 737 pr ton for the remainder of the year (excluding hedged volumes)
    - Currency dependent – USD/NOK 5.87 for the remainder of the year (excluding hedged volumes)
    - Based on the current route portfolio
    - Larger share of aircraft with more capacity and lower unit cost

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## Expectations for 2011

- The company expects a production growth (ASK) of 20 %
  - Primarily by replacing Boeing 737-300s with Boeing 737-800s
  - Net aircraft growth entirely allocated to Finland, Sweden and charter production
  - Continuous optimization of the route portfolio
  
- Unit cost expected in the area NOK 0.46 – 0.47
  - Last year's guidance on equivalent assumptions NOK 0.49 – 0.50
  - Fuel price dependent – USD 850 per ton
  - Currency dependent – USD/NOK 6.00
  - Production dependent
  - Based on the current route portfolio

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to 95 destinations



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