Norwegian Air Shuttle ASA

Q1 2011 presentation
April 28th 2011

Double digit revenue growth in Q1

- Group revenues of MNOK 1,895 in Q1 2011, 19 % growth since last year
  - Domestic revenue: MNOK 780 (+10 %)
  - International revenue: MNOK 1,115 (+26 %)
Q1 operating result affected by seasonality, currency losses and soaring oil price

- EBITDAR MNOK - 230 (-23)
- EBITDA MNOK - 430 (-192)
- EBIT MNOK - 495 (-239)
- Pre-tax profit (EBT) MNOK - 406 (-275)
- Net profit MNOK - 293 (-200)

One-offs and commodity fluctuations of MNOK 286

- Fuel price up 34 % since last year – equivalent to MNOK 141
- Expansion costs of approximately MNOK 100
Cash and cash equivalents of 1.2 billion

- **Cash flows from operations in Q1 2011**
  - MNOK 867 increase in air traffic settlement liabilities (MNOK 690 last year)
  - Seasonally weak Q1 was amplified by hedge effects and high fuel price

- **Cash flows from investing activities in Q1 2011**
  - Aircraft deliveries and pre-delivery-payments for future deliveries
  - Sale of aircraft (Sale & Leaseback)

- **Cash flows from financing activities in Q1 2011**
  - PECO aircraft long term financing
  - Prepayment financing
  - Principal repayments, primarily for PDP financing S&LB aircraft

- **Cash and cash equivalents at period-end**
  - MNOK 1,229 (+1,628)

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Group equity improved by MNOK 103 compared to last year

- **Total balance of NOK 7.1 billion**
  - Non-current assets NOK 4.6 billion (3.1 billion)
  - Non-current liabilities NOK 2.4 billion (1.2 billion)
  - Long term interest bearing liabilities NOK 2.2 billion (1.0 billion)

- **Equity of NOK 1.5 billion at the end of the first quarter**

- **Group equity ratio of 21 % (24 %)**
Production growth of 28% in Q1

- 74% load factor in Q1 – down one percentage point from last year
  - 14 brand new Boeing 737-800s which can seat 38 more passengers at no additional cost
  - The number of passengers per flight has increased

Substantial passenger growth
3.1 million passengers in Q1

- An increase of more than 370,000 passengers (+14%)
Norwegian with continued strong growth at Oslo Airport

37% of all passengers traveled with Norwegian in Q1 2011

- Increase of 365,000 passengers at Oslo Airport in Q1 2011
- Norwegian contributed with 42% of the growth

Oslo airport (OSL) – all airlines

- + 9% compared to Q1 2010
- + 3% compared to Q1 2008

Oslo airport (OSL) – only Norwegian

- + 10% compared to Q1 2010
- + 45% compared to Q1 2008

Growth focus on Sweden in Q1

- Oslo + 153,000 pax
  - Marginal increase in domestic frequencies
  - Growth due to larger aircraft and charter

- Stockholm + 208,000 pax
  - New dom. routes to Malmö & Gothenburg
  - Substantial international production growth

- Copenhagen + 71,000 pax
  - Domestic winter capacity adjustment
  - International production growth

Market Share Norwegian

- International from Oslo Airport (OSL)
  - +78,000
  - 52% to 55%

- Domestic from Oslo Airport (OSL)
  - +74,000
  - 32% to 33%

- International from Stockholm Airport (ARN)
  - +155,000
  - 10% to 11%

- Domestic from Stockholm Airport (ARN)
  - +59,000
  - 7% to 10%

- International from Copenhagen Airport (CPH)
  - +73,000
  - 5% to 9%

- Domestic from Copenhagen Airport (CPH)
  - -2,000
  - 13% to 12%
Successful opening of Helsinki base and business routes in Sweden

- New domestic routes
  - 6 daily rotations to Malmö (opened Dec.)
  - 3 daily rotations to Gothenburg (opened Feb.)
  - Summer route to Visby (Gotland)

- Int’l launch from Gothenburg
  - Malaga, Palma, Pristina, Crete (Chania)
  - Nice, Barcelona and Rome.

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)

Cost focus and fleet renewal enhances competitiveness further:
Underlying unit cost down 6%

- Unit cost 0.52 in Q1 – up 2% from last year
- Unit cost excl. fuel & currency 0.37 – down 6% from last year
Fuel efficient aircraft provide relative advantage

- Fuel consumption: Down 6% per seat per KM vs. Q1 last year
- Consumption advantage: 25 - 30% lower per passenger per KM vs. competitor

Fuel price

- Q1-11 realized price: NOK 4,763/MT (+23%)
- Q1-11 spot price: NOK 5,202/MT (+34%)

Current price expectations (Forward curve)

Future Hedges

Options with strike price USD 1,100/MT

Forward curve July 2008 vs. actual

Improving the cost advantage further

- Scale economies
- New more efficient aircraft
- Growth adapted to local markets

- Crew and aircraft utilization
- Optimized average stage length
- Automation
Other revenues remains a significant contributor

- Ancillary revenue comprises 14% of Q1 revenues (target 15%)

Ancillary revenue per passenger (NOK)

Q1 08 | Q1 09 | Q1 10 | Q1 11
---|---|---|---
42 | 70 | 80 | 84

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Overwhelming Wi-Fi Launch

Used by more than half of the passengers on most popular flights

- 40 - 50% of passengers online on the most popular flights
  - Oslo – Dubai (51%)
  - Stockholm - Malaga (49%)
  - Oslo - Geneva (48%)
  - Oslo – Malaga (48%)
  - Stockholm – Salzburg (42%)
  - Oslo – Alicante (42%)
  - Oslo – London (40%)
  - Oslo – Las Palmas (40%)

- All flights between Stockholm and Oslo with Wi-Fi from May
  - Number of daily round-trips OSL – ARN increases to 9 from May

- 11 aircraft with Wi-Fi from summer 2011
- 21 aircraft with Wi-Fi by year-end 2011
- Fleet wide Wi-Fi service by the end of 2012
Current planned fleet development

- 57 aircraft in the fleet at end of Q1
  - 737-800: 37 (increase of 14 since last year)
  - 737-300: 20 (decrease of 8 since last year)

- 5 new 737-800 deliveries in Q2 (May 2, June 3)

Expectations for 2011

- Business environment
  - Uncertain business climate
  - Seasonal fluctuations
  - Strong competition

- Production
  - The company expects a production growth (ASK) of approximately 25%
  - 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 850 pr. ton (excluding hedged volumes)
    - Currency dependent – USD/NOK 6.00 (excluding hedged volumes)
    - Based on the current route portfolio
    - Larger share of aircraft with more capacity and lower unit cost
Norwegian offers 241 scheduled routes to 95 destinations