Norwegian Air Shuttle ASA

Q1 2014 Presentation
Double digit revenue growth in Q1

- Group revenues of MNOK 3,551 in Q1 2014

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Q1 11</th>
<th>Q1 12</th>
<th>Q1 13</th>
<th>Q1 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic revenue</td>
<td>780</td>
<td>872</td>
<td>1,043</td>
<td>1,032</td>
</tr>
<tr>
<td>% y.o.y. chg</td>
<td>10%</td>
<td>12%</td>
<td>20%</td>
<td>-1%</td>
</tr>
<tr>
<td>International revenue</td>
<td>1,115</td>
<td>1,488</td>
<td>1,861</td>
<td>2,519</td>
</tr>
<tr>
<td>% y.o.y. chg</td>
<td>26%</td>
<td>33%</td>
<td>25%</td>
<td>35%</td>
</tr>
</tbody>
</table>

[Bar chart showing revenue growth from Q1 2011 to Q1 2014, with Domestic Revenue, International Revenue, and Total Revenues compared.]
Seasonally weak Q1 influenced by capacity investment

<table>
<thead>
<tr>
<th></th>
<th>Q1 14</th>
<th>Q1 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDAR MNOΚ</td>
<td>-215</td>
<td>438</td>
</tr>
<tr>
<td>EBITDA MNOΚ</td>
<td>-615</td>
<td>189</td>
</tr>
<tr>
<td>EBIT MNOΚ</td>
<td>-777</td>
<td>69</td>
</tr>
<tr>
<td>Pre-tax profit (EBT)  MNOΚ</td>
<td>-813</td>
<td>-160</td>
</tr>
<tr>
<td>Net profit MNOΚ</td>
<td>-595</td>
<td>-117</td>
</tr>
</tbody>
</table>

### EBITDAR development Q1

<table>
<thead>
<tr>
<th>Q1 11</th>
<th>Q1 12</th>
<th>Q1 13</th>
<th>Q1 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDAR margin</td>
<td>-12 %</td>
<td>-11 %</td>
<td>15 %</td>
</tr>
</tbody>
</table>

### EBT development Q1

<table>
<thead>
<tr>
<th>Q1 11</th>
<th>Q1 12</th>
<th>Q1 13</th>
<th>Q1 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBT margin</td>
<td>-21 %</td>
<td>-17 %</td>
<td>-6 %</td>
</tr>
</tbody>
</table>
Operational and currency headwinds in Q1

- Wet-lease on long-haul
  - Delayed delivery of Dreamliner #4
  - Slow DOT approval process causes suboptimal scheduling

- Weak NOK vs. USD, EUR, GBP and SEK

- Unit revenue
  - Own capacity investment
  - Competitive pressure to/from/within Norway
Ancillary revenue remains a significant contributor

- Ancillary revenue comprises 15% of Q1 revenues
- NOK 110 per scheduled passenger (an increase of 25% from last year)
Net positive cash flow of one billion in Q1

- Cash flows from operations in Q1 14: MNOK 1 102 (MNOK 962)
- Cash flows from investing activities in Q1 14: MNOK -1 034 (MNOK 158)
- Cash flows from financing activities in Q1 14: MNOK 927 (MNOK -407)
- Cash and cash equivalents at period-end: MNOK 3 160 (MNOK 2 445)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

Unaudited

<table>
<thead>
<tr>
<th></th>
<th>Q1 2014</th>
<th>Q1 2013</th>
<th>YTD 2014</th>
<th>YTD 2013</th>
<th>Full Year 2013</th>
<th>Full Year 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash flows from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 102</td>
<td>962</td>
<td>1 102</td>
<td>962</td>
<td>2 377</td>
<td>2 022</td>
</tr>
<tr>
<td><strong>Net cash flows from investing activities</strong></td>
<td>-1 034</td>
<td>158</td>
<td>-1 034</td>
<td>158</td>
<td>-2 126</td>
<td>-2 766</td>
</tr>
<tr>
<td><strong>Net cash flows from financial activities</strong></td>
<td>927</td>
<td>-407</td>
<td>927</td>
<td>-407</td>
<td>184</td>
<td>1 569</td>
</tr>
<tr>
<td><strong>Foreign exchange effect on cash</strong></td>
<td>-1</td>
<td>1</td>
<td>-1</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net change in cash and cash equivalents</strong></td>
<td>994</td>
<td>714</td>
<td>994</td>
<td>714</td>
<td>435</td>
<td>626</td>
</tr>
</tbody>
</table>

Cash and cash equivalents in beginning of period: 2 166 1 731 2 166 1 731 1 731 1 105
Cash and cash equivalents in end of period: 3 160 2 445 3 160 2 445 2 166 1 731
Total balance of NOK 17.3 billion

Net interest bearing debt NOK 4.2 billion

Equity of NOK 2.1 billion at the end of Q1 14

Group equity ratio of 12% (17%)

Five on-B/S aircraft delivered in seasonally weak Q1: Equity ratio affected by NOK 2.9 billion increase in non-current assets
Higher load in spite of 48% capacity increase

- 50% traffic growth
- Average flying distance up 15%

<table>
<thead>
<tr>
<th>ASK</th>
<th>Q1 05</th>
<th>Q1 06</th>
<th>Q1 07</th>
<th>Q1 08</th>
<th>Q1 09</th>
<th>Q1 10</th>
<th>Q1 11</th>
<th>Q1 12</th>
<th>Q1 13</th>
<th>Q1 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Load Factor</td>
<td>68.0 %</td>
<td>76.8 %</td>
<td>74.8 %</td>
<td>77.2 %</td>
<td>74.8 %</td>
<td>75.1 %</td>
<td>74.3 %</td>
<td>77.2 %</td>
<td>76.1 %</td>
<td>77.3 %</td>
</tr>
<tr>
<td>Available Seat KM (ASK)</td>
<td>569</td>
<td>933</td>
<td>1,342</td>
<td>2,183</td>
<td>2,674</td>
<td>3,507</td>
<td>4,498</td>
<td>5,266</td>
<td>6,378</td>
<td>9,421</td>
</tr>
</tbody>
</table>
4.9 million passengers in Q1

- An increase of 930,000 passengers
- **Strong demand:** Growing market share in all markets

- **Business model works** – lower costs and prices attract volume

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Oslo Airport</th>
<th>Stockholm Airport</th>
<th>Copenhagen Airport</th>
<th>Helsinki Airport</th>
<th>Gatwick Airport</th>
<th>Spanish bases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 09</td>
<td>33%</td>
<td>10%</td>
<td>5%</td>
<td>0%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>Q1 10</td>
<td>37%</td>
<td>11%</td>
<td>10%</td>
<td>0%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Q1 11</td>
<td>37%</td>
<td>14%</td>
<td>11%</td>
<td>2%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Q1 12</td>
<td>36%</td>
<td>18%</td>
<td>12%</td>
<td>8%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Q1 13</td>
<td>36%</td>
<td>18%</td>
<td>14%</td>
<td>9%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>Q1 14</td>
<td>39%</td>
<td>23%</td>
<td>15%</td>
<td>12%</td>
<td>10%</td>
<td>11%</td>
</tr>
</tbody>
</table>
Norwegian’s short-haul seat growth in Scandinavia prudent

- Summer season 2014 seat growth in line with market
- Superior unit cost at primary airports allows larger than average growth

Source: OAG Aviation Worldwide Schedules Analyser. The graph depicts change in departing intra-Europe seat capacity from Scandinavian airports April 2014 – September 2014 as per April 30 2014.
- Highest growth in departing capacity (ASK) from the USA
- Total growth high - but subtle share in all markets
Lowest cost always wins

- Cost per available seat kilometer is an industry-wide cost level indicator often referred to as “CASK”. Usually represented as operating expenses before depreciation and amortization (EBITDA level) over produced seat kilometers (ASK).
- Foreign exchange rates used are equivalent to the daily average rates corresponding to the reporting periods and as stated by the Central Bank of Norway.
- Note: For some carriers the available financial data represents Group level data which may include cost items from activities that are unrelated to airline operations.
- Other losses / (gains) is not included in the CASK concept as it primarily contains hedge gains/losses offset under financial items* as well as other non-operational income and/or cost items such as gains on the sale of spare part inventory and unrealized foreign currency effects on receivables/payables and (hedges of operational expenses).
- Norwegian hedges USD/NOK to counter foreign currency risk exposure on USD denominated borrowings translated to the prevailing currency rate at each balance sheet date. Hedge gains and losses are according to IFRS recognized under operating expenses (other losses/ (gains) while foreign currency gains and losses from translation of USD denominated borrowings are recognized under financial items.


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Unit cost at constant ccy and excl one-off down 9%

- Unit cost ex fuel down 4% - hampered by weak NOK & Long-Haul wet lease
- Unit cost including fuel down 3% - hampered by weak NOK & Long-Haul we tlease
Aiming for FY CASK NOK 0.25 excluding fuel

- **Scale economies**
  - Uniform fleet of Boeing 737-800s
  - Overheads
  - 5 new 737-800 delivered in Q1 (13 y.o.y.)

- **New more efficient aircraft**
  - Flying cost of 737-800 lower than 737-300
  - 737-800 has 38 “free” seats
  - 0.3% lower unit fuel consumption in Q4

- **Growth adapted to int’l markets**
  - Cost level adapted to local markets
  - Outsourcing/ Off-shoring

- **Crew and aircraft utilization**
  - Rostering and aircraft slings optimized
  - Q4 utilization of 10.9 BLH pr a/c (+0.4 BLH)

- **Optimized average stage length**
  - Fixed costs divided by more ASKs
  - Frequency based costs divided by more ASKs
  - Q1 sector length up by 15 %

- **Automation**
  - Self check-in/ bag drop
  - Automated charter & group bookings
  - Streamlined operative systems & processes
Unit cost under control – further upside

- Phase-out 737-300 (Fuel, Tech, Handling, Air/ATC & Personell)
- Phase-in Max / Neo / Dreamliner (Fuel & Tech)
- Larger scale (Overhead, Sales & distrib., Personell)
- Further automation (Overhead, Personell, Handling, Sales & distrib)
- Higher short-haul utilization (Leasing, Depreciation)
- Global operations (Personell, Handling, Air/ATC, Overhead)
Three additional aircraft:
A fleet of 17 Dreamliners by 2018

Five 787-8 in operation

Three 787-8 on firm order

Nine 787-9 on firm order

2014

2015

2016

2017

2018
Current committed fleet plan

2014:

Deliveries 787-8
+1,164 seats

Deliveries 737-800
+2,604 seats

Re-deliveries 737-300
-740 seats

Re-deliveries 737-800
-558 seats

- B788 Owned
- B788/B789 Leased
- A320neo
- B737 MAX 8
- B738 owned
- B738 S&L
- B738 leased
- B733 owned
- B733 leased
- M80 leased

Deliveries 787-8
117

Deliveries 737-800
18
Expectations for 2014 (Group)

- **Business environment**
  - Economic uncertainty in parts of Europe
  - Seasonal fluctuations
  - Yield pressure from capacity investment
  - Increased competitive pressure in the Nordic region

- **Production**
  - The company expects a production growth (ASK) of 40% (unchanged)
    - Increasing the fleet by adding 737-800’s and 787-8’s
    - Utilization and distance increase short-haul driven by UK and Spanish bases
    - Expanding long-haul operations
  - Capacity deployment depending on development in the overall economy and marketplace

- **Cost development**
  - Unit cost expected in the area of 0.40 (unchanged)
    - Excluding hedged volumes
    - Fuel price dependent – USD 950 pr. ton
    - Currency dependent • USD/NOK 6.00 • EUR/NOK 7.75 •
    - Production dependent
    - Based on the currently planned route portfolio
Norwegian offers 417 scheduled routes to 126 destinations in 39 countries.