

NORWEGIAN AIR SHUTTLE ASA

QUARTERLY REPORT – FOURTH QUARTER 2003

FOURTH QUARTER AND 2003 IN BRIEF

- On 18 December Norwegian's shares was listed on the Oslo Stock Exchange, after acquiring NOK 250 million in a public issue. Great interest was shown in the shares, also from international investors, and the share offer was oversubscribed seven times by NOK 1.75 billion.
- Total operating revenue for the company in the fourth quarter amounted to NOK 277 million compared to NOK 197 million in the same period in 2002, representing a 40% increase. Total operating revenue for the year was NOK 922 million (excluding restructuring compensation), compared to NOK 386 million in 2002 – an increase of 139%.
- The total earnings before depreciation, write-down and leasing cost for aircrafts (EBITDAR) was NOK 11 million compared to a loss of NOK 22 million in the same period in 2002. For the whole year, the company had an EBITDAR of NOK 55 million compared to NOK -34 million in 2002.
- The total earnings before depreciation and write-down (EBITDA) were NOK -10 million compared to NOK -34 million in the same period last year. EBITDA for the full year was NOK -24 million, compared to NOK -68 million in 2002. This includes a loss of NOK 8.5 million on the contract operations in northern Norway in the fourth quarter of 2003, and NOK 17 million for the full year.
- Low-fare operations showed a break-even EBITDA in the fourth quarter compared to NOK -36 million in the same period in 2002.
- Owned aircrafts (Fokker F 50s) have been subject to a further write-down of NOK 5 million in the fourth quarter, and NOK 1.5 million has been charged against restructuring compensation.
- Earning before tax (EBT), including write-down, was NOK -17 million compared to NOK -34 million in the same period in 2002. For the full year EBT was NOK -59 million compared to NOK -72 million in 2002.
- Earning after tax was NOK -12 million compared to NOK -25 million in the same period last year. Earning after tax for the full year was NOK -43 million compared to NOK -52 million in 2002.

Norwegian	Q4 02	Q4 03	Change	2002 ¹	2003	Change
Portion of Internet sales	18%	52%	34 pp	20%	44%	24 pp
ASK (million)	191	349	82 %	248	1 149	363 %
RPK (million)	101	247	145 %	130	718	454 %
Load factor	53%	71%	18 pp	52%	62%	10 pp
No. of passengers	235 022	427 066	82 %	300 901	1 234 547	310 %
Segment						
Domestic						
ASK (million)	191	270	41 %	248	958	286 %
RPK (million)	101	196	94 %	130	583	350 %
Load factor	53%	72%	20 pp	52%	61%	9 pp
No. of passengers	235 022	384 900	64 %	300 901	1 145 353	281 %
Abroad						
ASK (million)	0	78	n/a %	0	191	n/a %
RPK (million)	0	51	n/a %	0	135	n/a %
Load factor	n/a	65%	n/a pp	na	71%	n/a pp
No. of passengers	0	42 166	n/a %	0	89 193	n/a %

(1) 2002, only 3 months of operations

TRAFFIC DEVELOPMENT: LOW-FARE OPERATIONS (BOEING 737)

In the fourth quarter, the low-fare operations flew 427 066 passengers, and the average load factor was 71%. This quarter proved to be stronger than the first three quarters of the year, with a load factor of 44%, 61% and 67% respectively. Traffic development in the company has been extremely good throughout the year, and has increased by more than 450% - mainly due to the company's

growth and expansion into new routes and destinations (increased production 363% measured by ASK, and 82% for the quarter). In addition the company has experienced a considerable increase in the number of passengers on established routes, and the load factor in the fourth quarter has risen by 18 per cent points to 71% compared to the same period last year. The development has continued into 2004 and indicates a large demand for travel with Norwegian.

Sales via the Internet have been 52% on average this quarter. The development of these sales has exceeded the company's expectations since the beginning of the second quarter and has continued into 2004, reaching 60% at the end of January.

COMMENTS TO THE ACCOUNTS AND BALANCE SHEET

In the fourth quarter the company's operating revenue was NOK 277 million compared to NOK 197 million in the same period of 2002. For the year, total operating revenue amounted to NOK 922 million against NOK 386 million for the same period the preceding year. The substantial increase compared to 2002 stems from the company's new operations with Boeing 737s under the "Norwegian" brand name, that started in September 2002. During 2003 these operations have increased to a total of 18 routes.

In the fourth quarter the company had operating expenses of NOK 285 million (including leasing costs), compared to NOK 232 million in the same period in 2002. **EBITDA for the period was NOK -10 million, of which NOK 8.5 million is connected to the termination of the F 50 operations.**

This includes the low-fare operations, the Fokker F 50 operation in northern Norway, and restructuring costs connected to the termination of the Fokker F 50 operations.

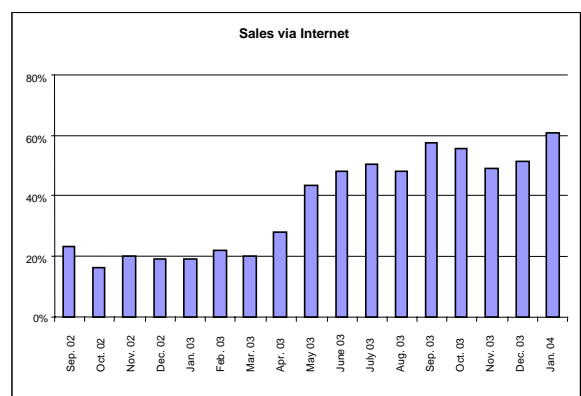
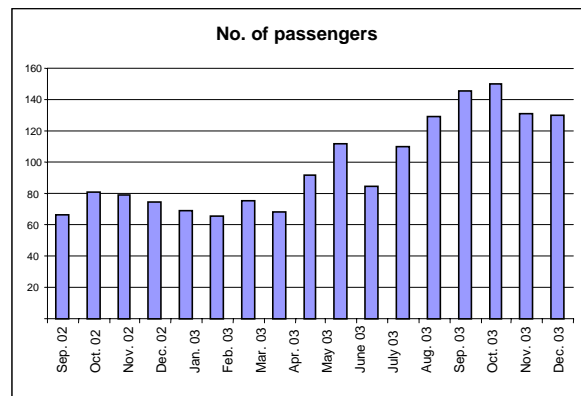
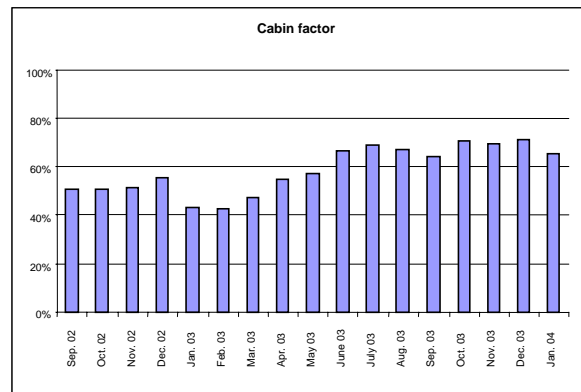
Altogether the low-fare operations showed a break-even result (EBITDA) in the fourth quarter. Traffic development has exceeded expectations, and the many new routes started up during the year have as expected resulted in a low/weak yield. In addition some routes have been subject to increased competition and poor traffic development, which has contributed to the pressure on the yield in the fourth quarter. In connection with celebrating the low-fare operations' first year of activities in September, the company gave away around 30 000 free tickets in Q4 and Q1 (2004). This has contributed somewhat to a lower yield in the period.

During 2003 the company has terminated all operations with Fokker F 50 aircrafts. These operations in northern Norway showed a weak development in the fourth quarter and contributed to the total loss in this period. The EBITDA for the operation in northern Norway was NOK -17 million.

During the fourth quarter restructuring cost of NOK 1.5 million has been charged to restructuring compensation. Provisions of NOK 1.1 million have been made this quarter for losses on receivables related to both Fokker F 50 and low-fare operations.

Earnings before tax (EBT), including depreciation and writedown of aircrafts, was NOK -17 million compared to NOK -34 million in 2002. Owned aircrafts have been written down by NOK 5 million in the fourth quarter as a result of ongoing negotiations on the sale of the aircrafts.

Earnings after tax in the fourth quarter was NOK -12 million compared to NOK -25 million in the same period last year. The increase in other operating expenses is largely connected to the increase in production from the Boeing 737 operations. Other operating expenses increased somewhat this quarter as a result of higher activity and the use of resources connected to the stock listing and system implementation. **Earnings after tax for the full year was NOK -43 million compared to NOK -52 million in 2002.**



As of 31 December, a provision of NOK 26.1 million has been recorded for future maintenance. The provision covers future maintenance for both the Boeing 737s (NOK 21.5 million) and the two remaining Fokker F 50 aircrafts that have been in operation in northern Norway (operational leases) and which will now be returned.

At year end cash holdings amounted to NOK 314 million, including share-issue gains. The company's liquidity situation is satisfactory, with positive working capital, and the company has an equity ratio of 50%. Accounts receivable and the traffic settlement debt have been substantially reduced compared to the third quarter. This is related to the decline in sales the two last weeks of the year and the fact most tickets are sold and paid prior to travel.

As of 31 December, the company's accrued pension commitment (group scheme, the Norwegian AFP scheme for early retirement, and supplementary pensions for top management) amounted to NOK 16.7 million and has been recorded in the accounts.

PROSPECTS FOR 2004

The company has experienced good traffic development throughout the year, and at the beginning of the first quarter this development is still positive. Approximately 130 000 passengers have travelled with the company on the low-fare operations in January 2004 and the load factor has been 66%. Sales via the Internet have reached the highest level so far, reaching 60% at the beginning of February. The company anticipates that the number of passengers will increase in the future, with a loss in the first quarter followed by positive results for the rest of the year.

The company's advertised expansion and the start-up of a total of 13 new routes are scheduled for the end of the first quarter and during the second quarter, including phasing in three new aircrafts. The company will start flights to:

- Oslo – Nice – two departures per week, starting 3 March
- Bergen – Stansted – daily except Saturdays, starting 1 April
- Oslo – Berlin – daily except Saturdays, starting 1 April
- Oslo – Pisa – two departures per week, starting 2 April
- Oslo – Budapest – three departures per week, starting 2 April
- Bergen – Nice – one departure per week, starting 3 April
- Oslo – Dubrovnik – one departure per week, starting 15 May
- Oslo – Sardinia – one departure per week, starting 19 June
- Oslo – Prague – three departures per week, starting 20 April
- Oslo – Kirkenes – four departures per week, starting 19 April
- Tromsø – Longyearbyen – three departures per week, starting 1 April
- Bergen – Murcia (Alicante) – one departure per week, starting 3 April
- Stavanger – Nice – one departure per week, starting 3 April

The new routes are expected to give a production growth of around 1.1 million seat kilometres (ASK) in 2004. This corresponds to an increase in production of about 80% compared to the fourth quarter production. The operations will largely be phased in from the second quarter of 2004 and will be distributed as 13%, 33%, 30%, and 24% in the respective periods. In addition six routes are currently being planned, with expected start-up during the second quarter of 2004.

Fornebu, 23 February 2004

Bjørn Kjos
Managing Director

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

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

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

CABIN FACTOR:

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

General information on Norwegian

Norwegian is a Norwegian-based airline that currently offers low-fare flights for 12 domestic routes and six destinations abroad. The company operates eight Boeing 737-300 aircraft and has approximately 350 employees.

From its start in 1993 and up to 2002 the company operated as a subcontractor of air services to Braathen's domestic activities. In September 2002 the company started its low-fare operations under the brand name Norwegian with six Boeing 737-300 aircraft. Almost one million people have flown with Norwegian in the first year of business.

The company also operated two Fokker F 50 aircraft in the north of Norway until the end of 2003 on tender from the Norwegian Ministry of Transport and Communications.

PROFIT AND LOSS ACCOUNT – FOURTH QUARTER 2003

Norwegian Air Shuttle ASA	PROFIT & LOSS ACCOUNT K NOK			
	4 th Quarter		At 31.12	
	2003	2002	2003	2002
OPERATING REVENUE				
Total operating revenue	276 531	197 342	922 424	386 483
Restructuring compensation	-1 545		36 189	
TOTAL REVENUES	274 986	197 342	958 613	386 483
OPERATING EXPENSES				
Operating expenses	194 963	157 862	666 159	264 454
Personnel expenses	51 150	41 893	180 001	107 853
Other operating expenses	17 777	19 115	57 012	47 874
TOTAL OPERATING EXPENSES	263 889	218 870	903 172	420 181
OPERATING PROFIT/LOSS BEFORE LEASING & DEPR. (EBITDAR)	11 097	-21 528	55 441	-33 698
Leasing	21 199	12 788	79 262	34 282
OP. P/LOSS BEFORE DEPR. (EBITDA)	-10 102	-34 315	-23 822	-67 981
Ordinary depreciation	3 125	1 501	10 098	5 805
Write-downs	4 671		24 271	
OPER. PROFIT/LOSS (EBIT)	-17 898	-35 817	-58 190	-73 786
NET FINANCIAL ITEMS	1 196	2 053	-827	2 037
EARNINGS BEFORE TAX (EBT)	-16 702	-33 764	-59 017	-71 749
TAX	-4 423	-9 253	-16 271	-19 889
P/L FOR YEAR	-12 279	-24 511	-42 746	-51 860

Sales revenue	4 th Quarter		At 31.12	
	2003	2002	2003	2002
Per activity				
Contractual flights		43 024	45 616	176 179
Pssngr conveyance	264 918	153 035	851 260	208 236
Reorganisation revenues	-1 545		36 189	
Other income	11 613	1 283	25 548	2 068
Total	274 986	197 342	958 613	386 483
Per geographical market:				
Norway	247 932	192 641	892 229	363 081
Other EU states	27 054	4 701	66 384	23 402
Total	274 986	197 342	958 613	386 483

BALANCE SHEET AND KEY FIGURES AT FOURTH QUARTER 2003

Norwegian Air Shuttle ASA		BALANCE SHEET	
		At 31.12	
		2003	2002
FIXED ASSETS			
Intangible fixed assets		62 861	32 418
Tangible fixed assets		49 557	56 383
Fixed asset investments		14 038	14 354
TOTAL FIXED ASSETS		126 457	103 155
CURRENT ASSETS			
Consumables		2 435	8 823
Receivables		81 439	45 159
Cash at bank and in hand etc.		314 036	63 237
TOTAL CURRENT ASSETS		397 911	117 219
TOTAL ASSETS		524 367	220 374
EQUITY			
Called-up & fully p'd eq.		306 583	71 157
Retained earnings		-42 746	
TOTAL EQUITY		263 837	71 157
LIABS.			
Provs. for liabilities & charges		42 775	9 729
Other long-term liabilities		20 652	32 050
Current liabilities		197 104	107 438
TOTAL LIABS.		260 531	149 216
TOTAL EQUITY AND LIABILITIES		524 367	220 374
No.		18 085 230	79 021
Face value		0.1	10

Financial key figures	4 th Quarter		At 31.12	
	2003	2002	2003	2002
Operating margin (%)	-7 %	-18 %	-6 %	-19 %
Earnings per share (NOK) (calculated on average no. of shares)	-1.08	-3.10	-4.05	-9.47
Book equity per share (NOK)	15	9	15	9
Equity ratio (%)	50 %	32 %	50 %	32 %
No. of shares at end of period	18 085 230	7 902 100	18 085 230	7 902 100
Average no. of shares in the period	11 376 670	7 902 100	10 550 983	5 473 487
Average no. of shares and options in the period	11 438 603		10 585 684	
Earnings per diluted share	-1.07		-4.04	

*No. of shares for 2002 and 2003 have been adjusted for split on 18.11.03 to obtain comparable figures.

Equity	At 31.12	
	2003	2002
Opening balance	71 157	7 118
Capital increase	235 425	115 899
Prof/loss for year	-42 746	-51 860
Closing balance	263 837	71 157

The quarterly report has been compiled according to the same accounting principles that have been used in the Annual Report, and are in accordance with Norwegian Accounting Standard no. 11.

The accounts are not completely audited, and the figures given are preliminary.