

Norwegian Air Shuttle ASA  
(NAS)

Two years of strong growth



**Q3 2004**

**November 11, 2004**

**Oslo**

# Two years of strong growth

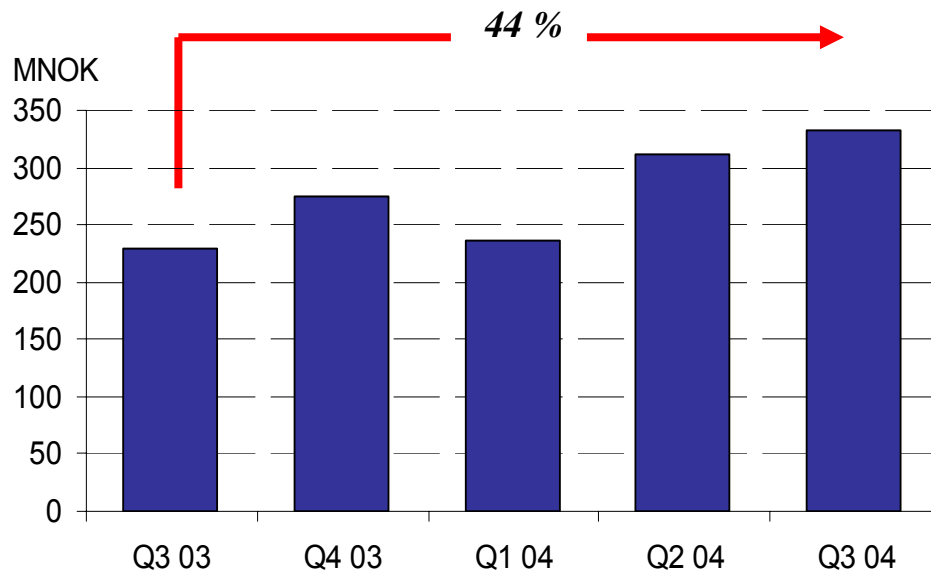
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- Q3 results in line with expectations
- Financial position maintained
- Improved earnings capability
- Potential upside ahead



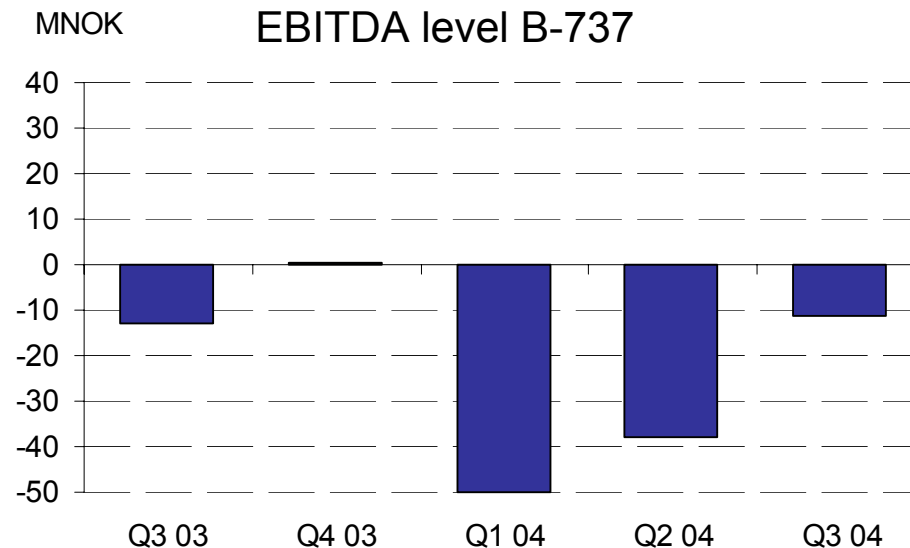
# Turnover up 44% from Q3 2003

- 332 Mill NOK in turnover in Q3 2004, compared to 230 (212 from low-fare) in Q3 2003
- Growth driven by increased production and higher passenger volumes
- Rapid expansion accomplished with continuously higher load-factor (67% in Q3 03 to 69% in Q3 04)



# Close to Break-Even

- EBITDA result of -11 MNOK in Q3 2004, versus -13 MNOK in Q3 2003 (low-fare)
- July was positive with a strong load-factor of 80 %
- Negative impact from external factors
  - fuel prices and flight-control disruptions constituted 11 MNOK in Q3



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# Cash follows sales pattern

- Cash-balance down from Q2 2004 to 235 MNOK as of Oct 1. 2004
- A period where people travel what they previously have bought
- Sales has picked up after summer vacation

CASH FLOW (MNOK)	2003	2004		
		Q1	Q2	Q3
<b>From:</b>				
Operation activities	61,5	12,2	0,7	-79,4
Investments	-28,6	18,8	-8,2	-6,2
Financial activities	217,9	-20,6	3,6	
<b>Net change</b>	<b>250,8</b>	<b>10,4</b>	<b>-3,8</b>	<b>-85,6</b>
Opening balance	63,2	314,0	324,4	320,6
Closing balance	314,0	324,4	320,6	234,9

# Strong financial position maintained

- Total assets of 513 MNOK
- IPO proceeds of 235 MNOK "still in the bank"
- Equity-share of 36%

## Third Quarter

<b>FIXED ASSETS</b>	<b>2004</b>	<b>2003</b>	<b>EQUITY</b>	<b>2004</b>	<b>2003</b>
Intangible assets	97,4	52,1			
Tangible fixed assets	28,6	48,5	Paid-in equity	267,2	71,2
Financial fixed assets	18,1	14,2	Retained earnings	-78,7	-30,5
<b>TOTAL FIXED ASSETS</b>	<b>144,1</b>	<b>114,8</b>	<b>TOTAL EQUITY</b>	<b>188,5</b>	<b>40,7</b>
<b>CURRENT ASSETS</b>			<b>LIABILITIES</b>		
Material and consumables	10,8	1,0	Provisions	40,4	33,3
Receivables	134,7	143,7	Other long-term liabilities		22,8
Cash and bank deposits	235,0	58,4	Current liabilities	295,6	221,1
<b>TOTAL CURRENT ASSETS</b>	<b>380,5</b>	<b>203,1</b>	<b>TOTAL LIABILITIES</b>	<b>336,0</b>	<b>277,2</b>
<b>TOTAL ASSETS</b>	<b>524,6</b>	<b>317,9</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>524,6</b>	<b>317,9</b>
			No of shares	18284575	79021
			Nominal share value	0,1	13



# Two years of strong growth

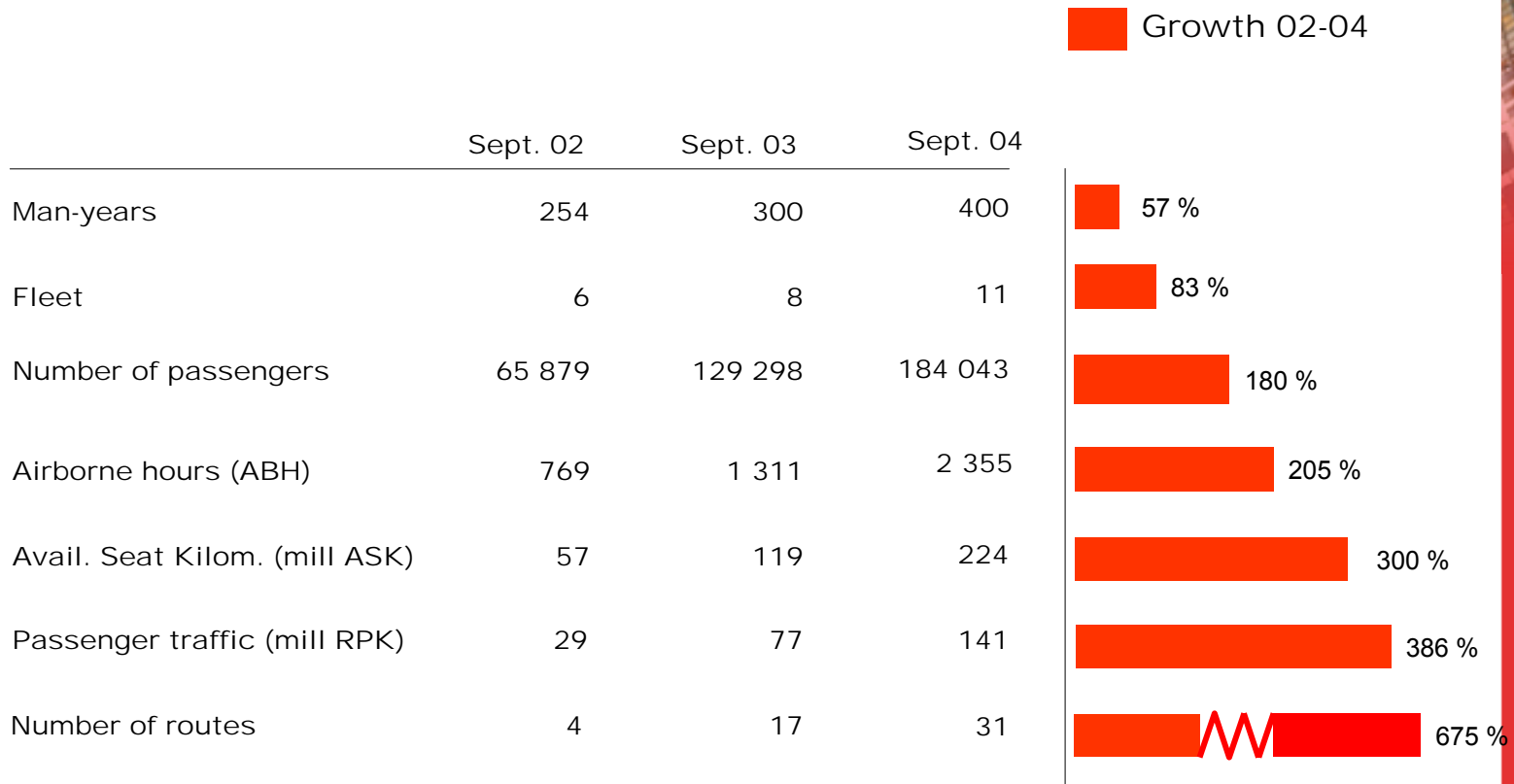
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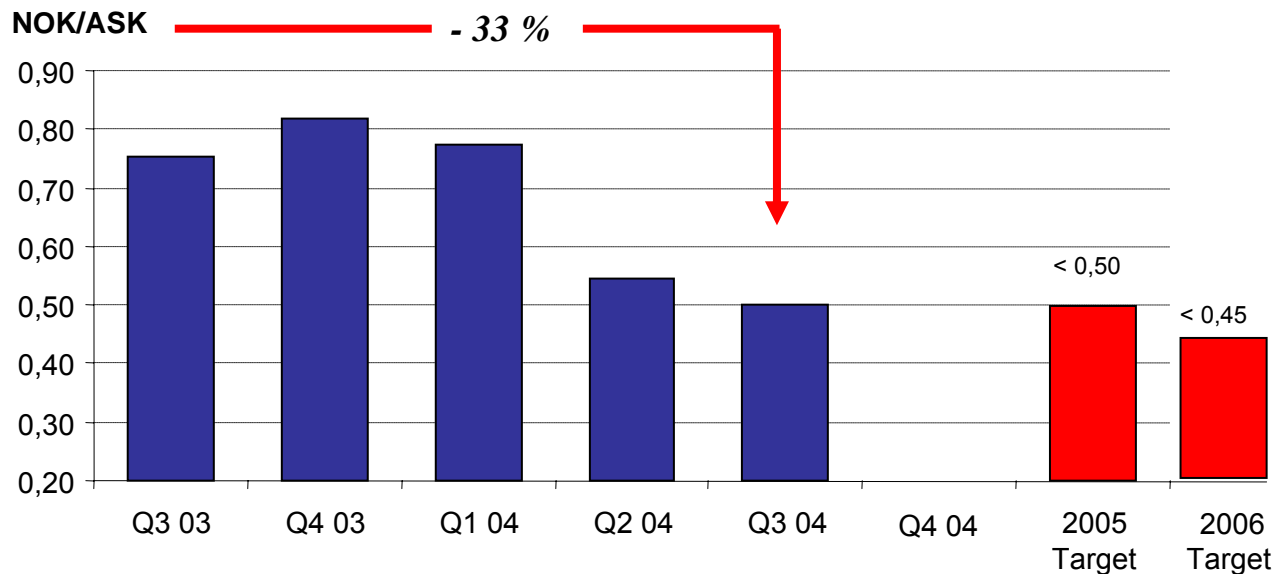


# Rapid capacity expansion



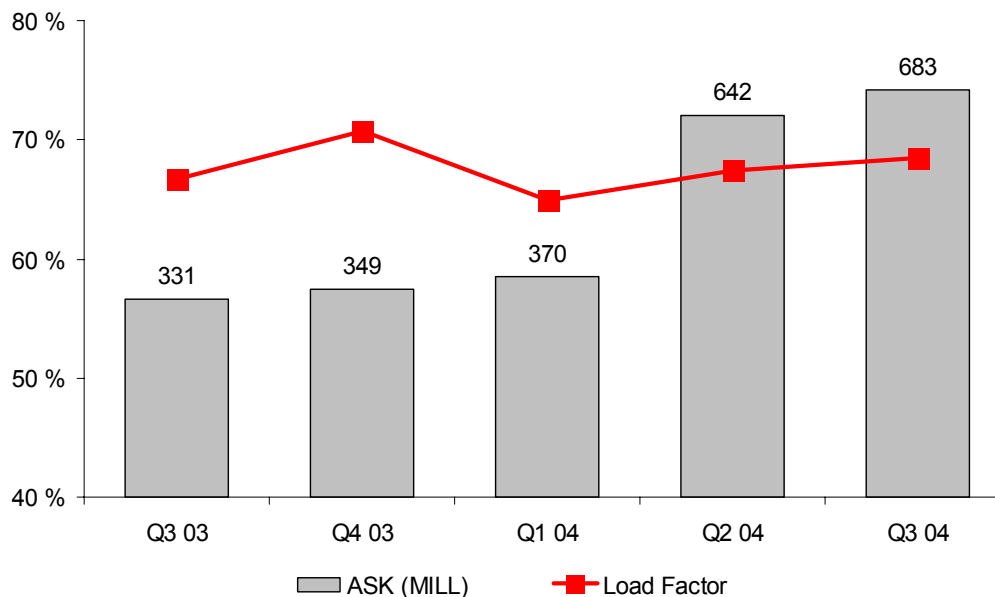
# Costs are down

- Average unit costs of 0.50 NOK in Q3 2004, down more than 30 % from Q3 2003 (0.75 NOK)
- Scale benefits from increased production and longer sector lengths, have been main drivers
- Cost effective distribution solutions, renegotiated supplier agreements and higher fleet and crew utilization, will bring costs even further down

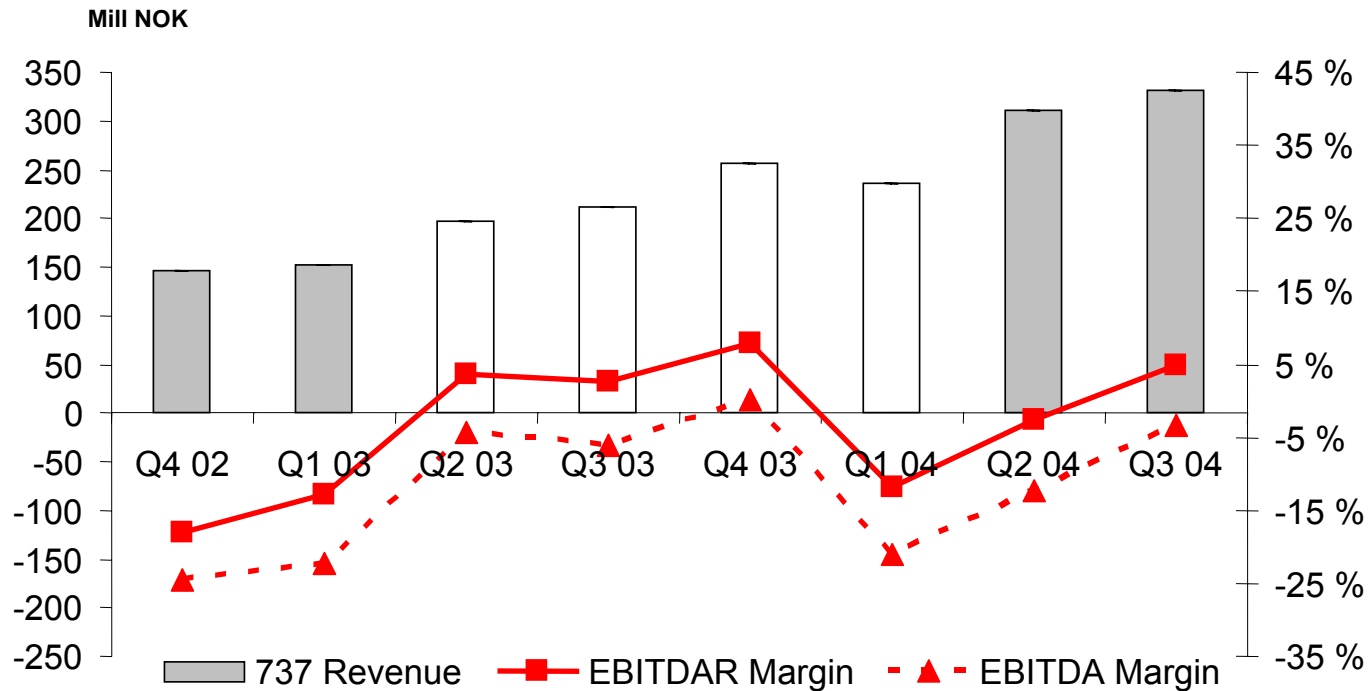


# Market penetration continued

- 110 % production increase from Q303 to Q304
- Load factor increased to 69 % in Q304, up 2 %-points from Q303
- Load factor maintained in the 65-70 % range, and steadily increasing



# Earnings capability improved



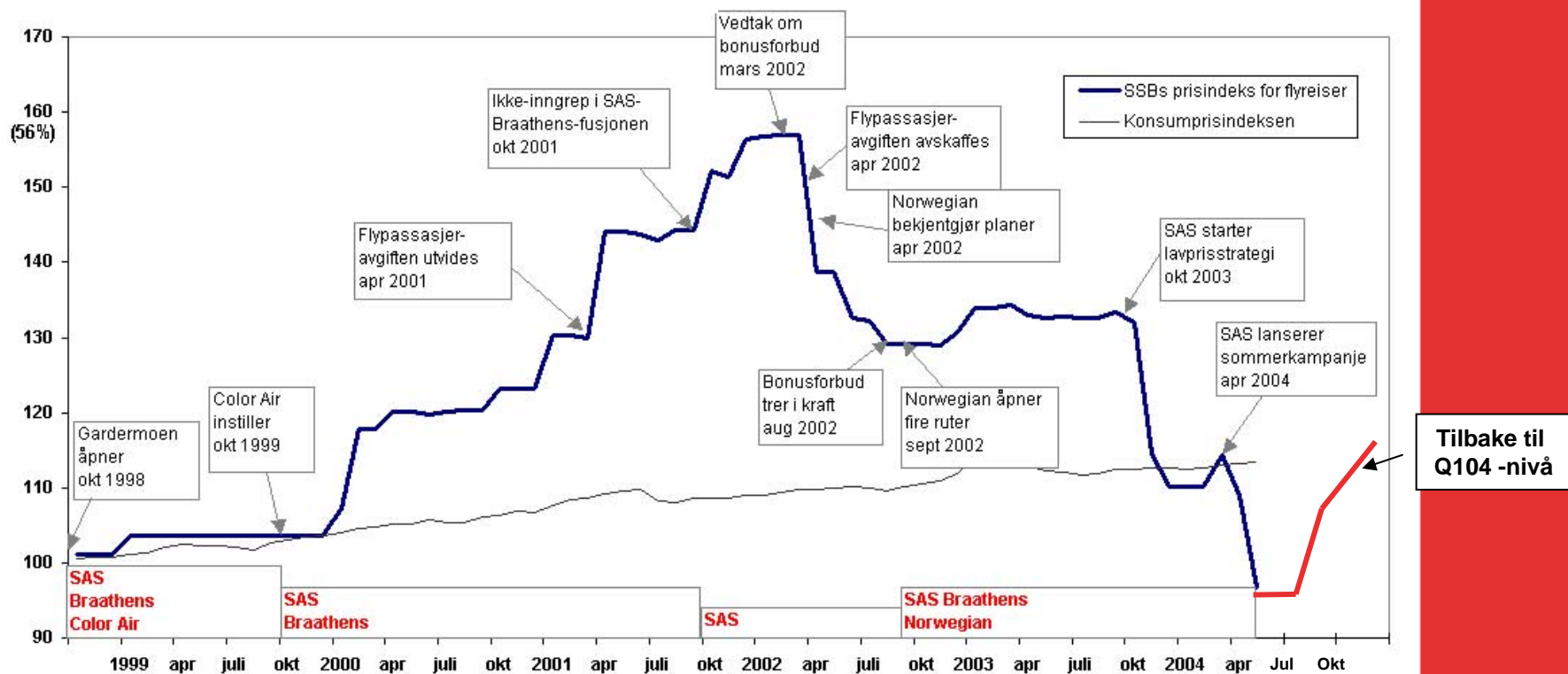
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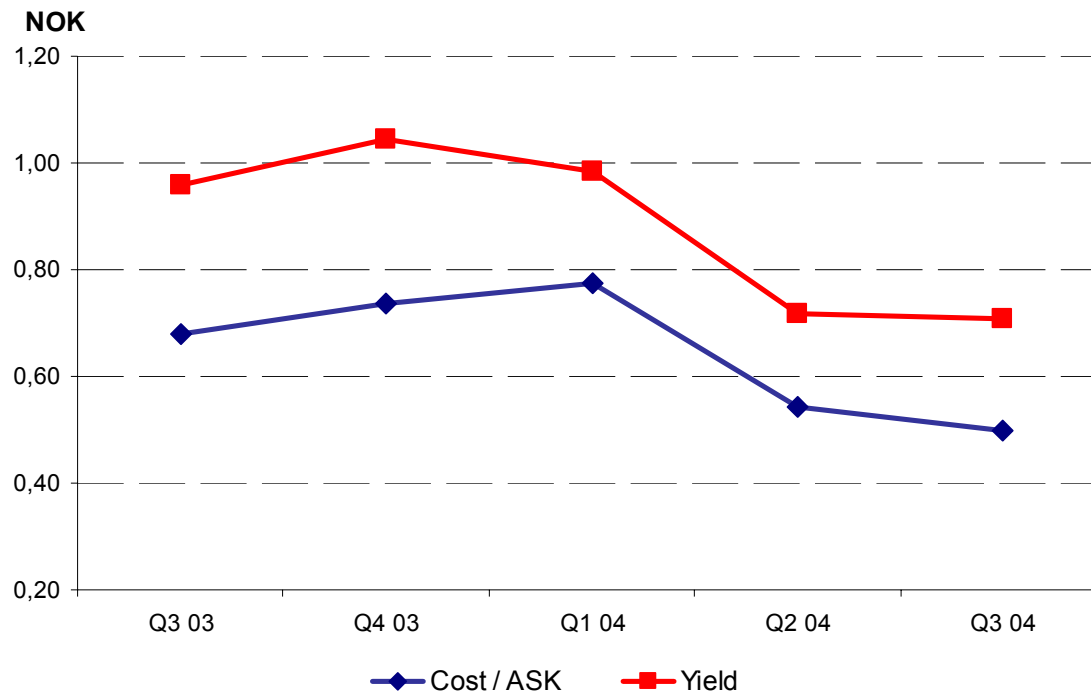
# Two years of price war



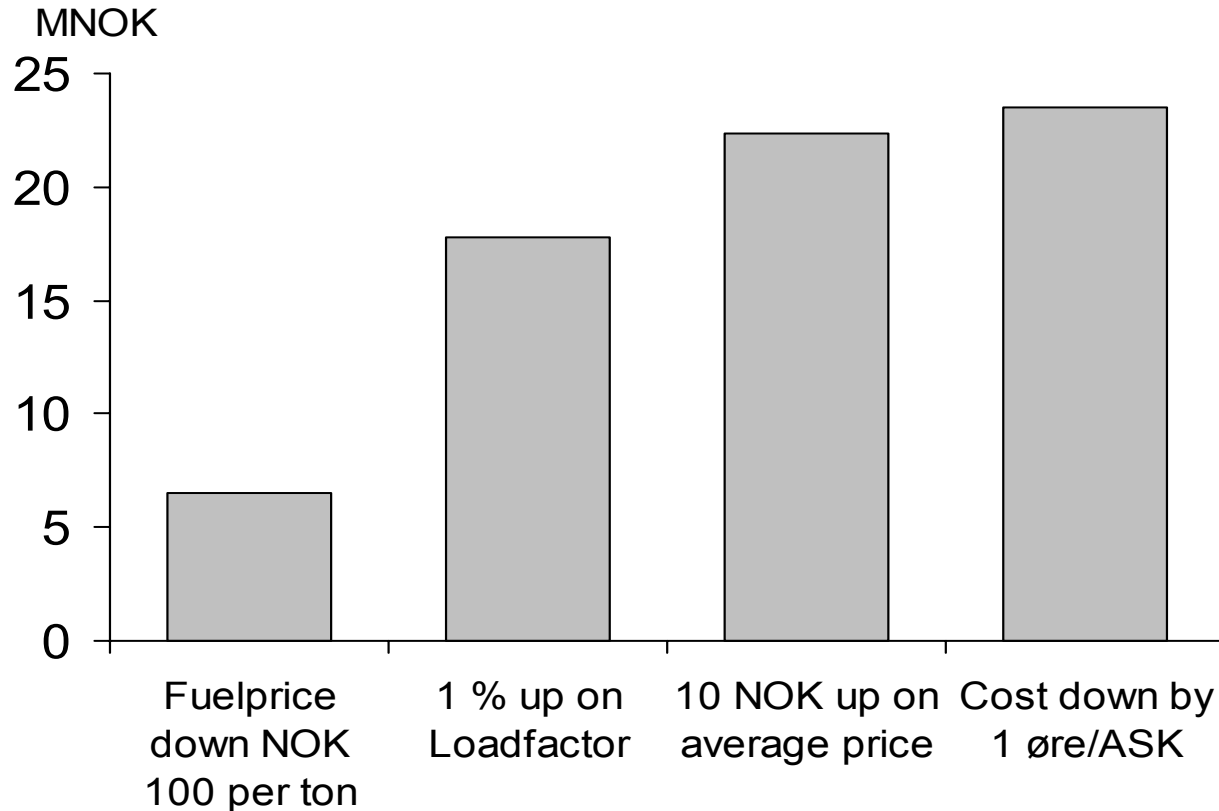
Consumer price index, domestic air-fares

# Yield pressure has softened

- Aggressive price competition had a strong adverse effect on yield levels in Q2. This continued somewhat in the start of Q3
- As predicted, the yield pressure has eased off in the latter part of Q3
- Recently realized beginning of year price-levels



# High operational leverage

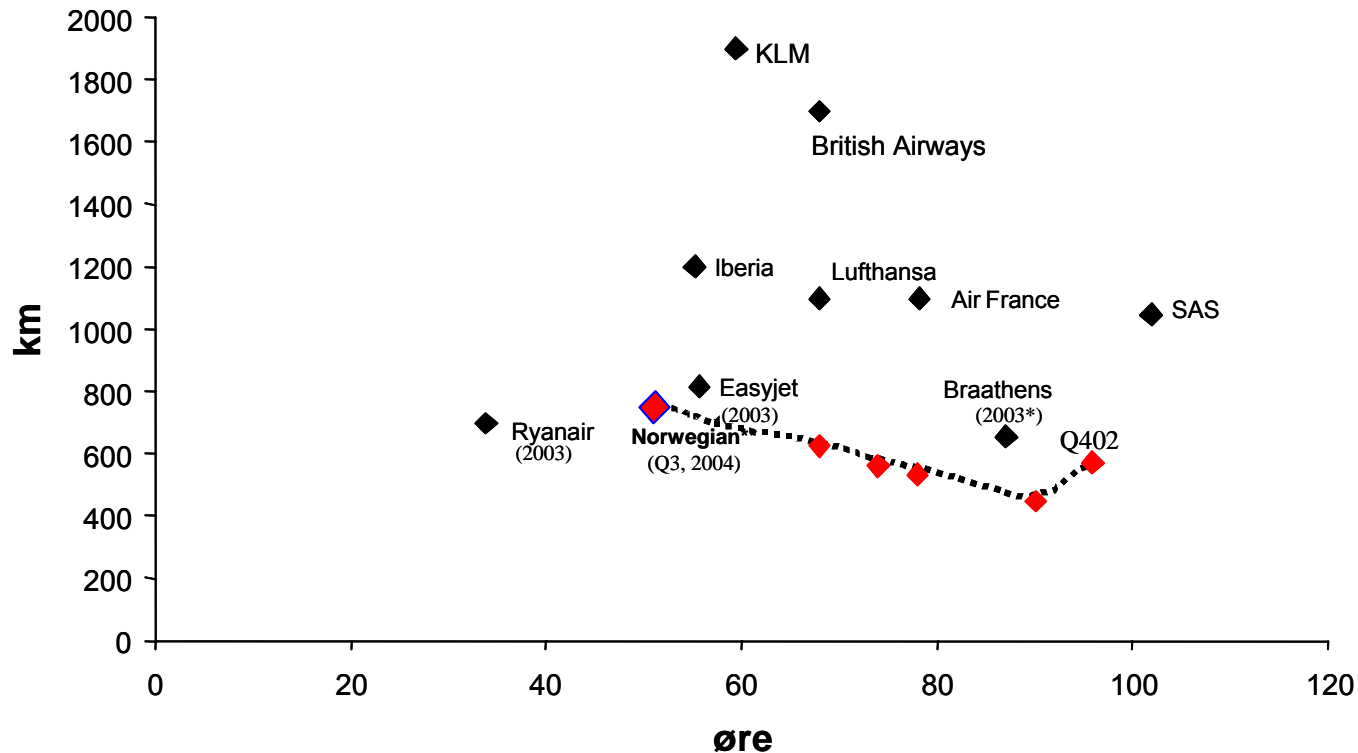


\*) Baseline: Annual Turnover of 1.4 BNOK with 2 Mill passengers



# Cost base Q3 2004

Cost / ASK versus average sector length (1)



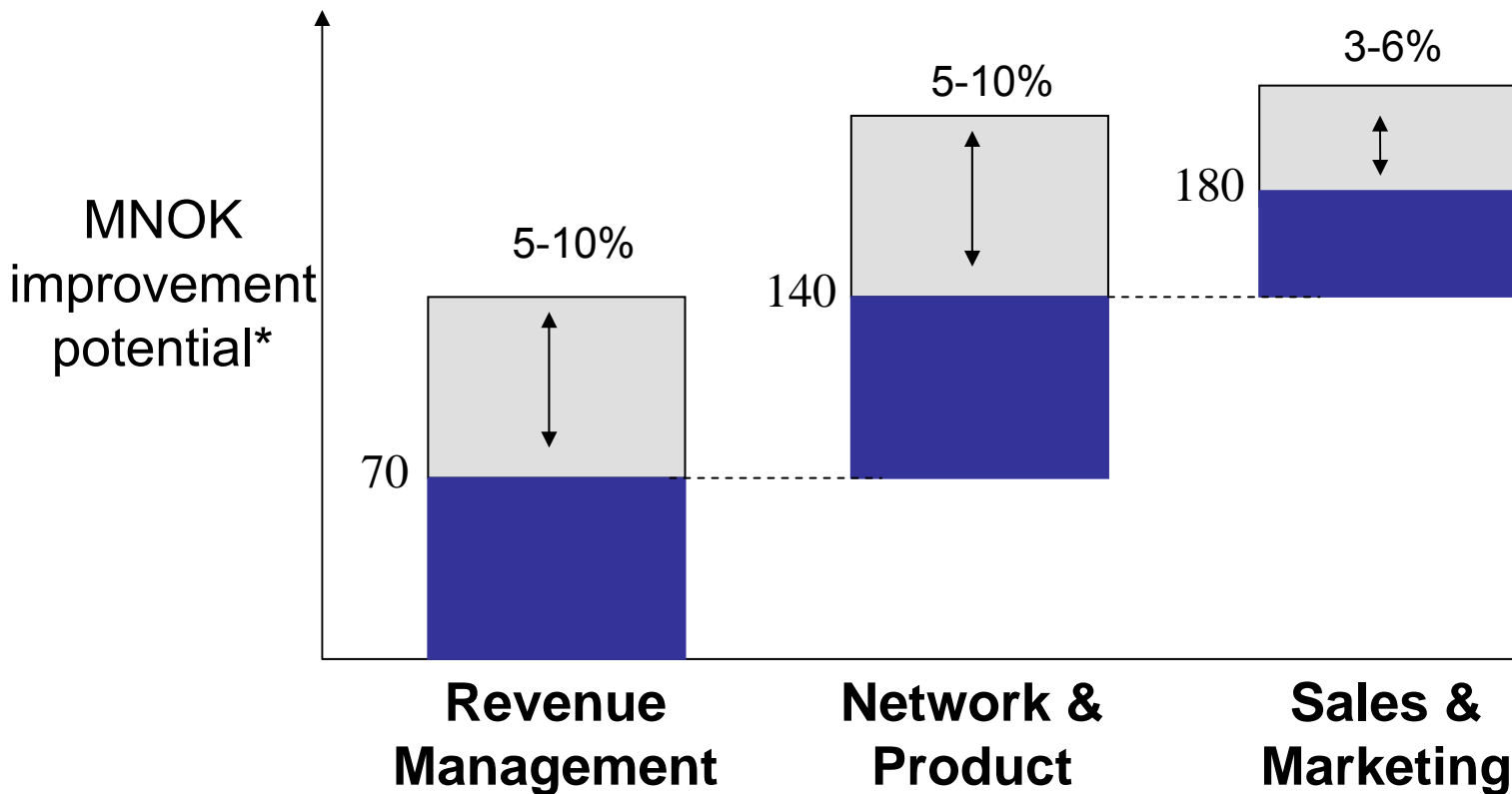
(1) Source: Goodbody Stockbrokers & Annual Reports. 2002 numbers unless specified

17 \*)Source: DNB NOR Markets

\*\*\*) Norwegian numbers with lease costs included, constitutes ~6 øre/ASK

# Top-line growth is key

Ongoing improvement program



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