Norwegian Air Shuttle ASA

Second quarter presentation

Bjørn Kjos - CEO

July 13th 2010
Continued revenue growth in Q2

- Group revenues of MNOK 2,032 in Q2 2010, 7 % growth since last year
  - Domestic revenue: MNOK 766 (+8 %)
  - International revenue: MNOK 1,266 (+6 %)
Operating margin influenced by authorities’ closure of European airspace

- EBITDAR MNOK + 144 (+418)
- EBITDA MNOK - 49 (+258)
- Operating profit (EBIT) MNOK - 93 (+223)
- Pre-tax profit (EBT) MNOK - 188 (+245)
- Net profit MNOK - 134 (+180)

<table>
<thead>
<tr>
<th>EBITDAR development Q2</th>
<th>Q2 07</th>
<th>Q2 08</th>
<th>Q2 09</th>
<th>Q2 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDAR margin</td>
<td>8 %</td>
<td>3 %</td>
<td>21 %</td>
<td>7 %</td>
</tr>
</tbody>
</table>

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<tr>
<th>EBIT development Q2</th>
<th>Q2 07</th>
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<th>Q2 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT/ operating margin</td>
<td>4 %</td>
<td>-4 %</td>
<td>11 %</td>
<td>-5 %</td>
</tr>
</tbody>
</table>
Underlying positive operating margin

- The closure of European airspace had an immediate earnings effect of MNOK -100
- Market stimulation necessitated by the closure of the airspace reduced revenue by an estimated MNOK 90 in May and June
- The realized fuel price per ton was up 44% in Q2
Cash up MNOK 760 compared to Q2 last year
1.6 billion in cash and cash equivalents

- Cash flows from operations in Q2 2010
  - Positively affected by changes in ticket liabilities, receivables and payables
  - Negatively affected by the seasonal operating result

- Cash flows from investing activities in Q2 2010
  - Aircraft delivery and pre-delivery-payments for future deliveries

- Cash flows from financing activities in Q2 2010
  - Principal repayments bond issue
  - Aircraft financing

- Cash and cash equivalents at period-end

Condensed consolidated statement of cash flow (unaudited)

<table>
<thead>
<tr>
<th>(BILL. NOK)</th>
<th>Quarter ended June 30</th>
<th>YTD June 30</th>
<th>Year ended Dec 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash flows from operating activities</td>
<td>311.1</td>
<td>322.7</td>
<td>709.4</td>
</tr>
<tr>
<td>Net cash flows from investing activities</td>
<td>-558.2</td>
<td>-430.3</td>
<td>-534.6</td>
</tr>
<tr>
<td>Net cash flows from financial activities</td>
<td>206.6</td>
<td>286.2</td>
<td>397.8</td>
</tr>
<tr>
<td>Foreign exchange effect on cash</td>
<td>-0.2</td>
<td>-6.1</td>
<td>-0.1</td>
</tr>
<tr>
<td>Total net change in cash and cash equivalents</td>
<td>-46.0</td>
<td>172.5</td>
<td>172.5</td>
</tr>
<tr>
<td>Cash and cash equivalents in beginning of period</td>
<td>1,627.6</td>
<td>648.9</td>
<td>1,408.5</td>
</tr>
<tr>
<td>Cash and cash equivalents in end of period</td>
<td>1,581.6</td>
<td>821.4</td>
<td>1,581.6</td>
</tr>
</tbody>
</table>
Group equity of 1.3 billion compared to 1.0 billion in Q2 last year

- Equity decreased from MNOK 1,402 at the beginning of the period to MNOK 1,268 at the end of the second quarter
- Primarily due to the Q2 operating loss from closure of airspace and unrealized currency effects
- Group equity ratio of 20% (23%)

### Consolidated changes in equity

<table>
<thead>
<tr>
<th>(Mill. NOK)</th>
<th>YTD 30.06.</th>
<th>Year ended Dec 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Equity - Beginning of period</td>
<td>1,601.7</td>
<td>897.4</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>-335.8</td>
<td>75.1</td>
</tr>
<tr>
<td>Share issue</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Equity change on employee options</td>
<td>2.2</td>
<td>4.2</td>
</tr>
<tr>
<td><strong>Equity - End of period</strong></td>
<td><strong>1,268.1</strong></td>
<td><strong>976.7</strong></td>
</tr>
</tbody>
</table>
Production growth of 28 % compared to targeted 38 %

- 75% load factor in Q2 10 – down 3 p.p. from last year
- Load and ASK affected by the closure of European airspace
3.2 million passengers in Q2 (+15%) (+417 000 passengers)

- Approximately 300 000 less than planned due to the closure of European airspace
Passenger volumes at Oslo Airport affected by the closure of European airspace

Norwegian with continued strong growth

- 3 % compared to Q2 2009
- 13 % compared to Q2 2008

+ 8 % compared to Q2 2009
+ 25 % compared to Q2 2008
Stronger foothold in domestic and international markets

*Only April and May for CPH
Underlying cost reduction of 15 %

- Unit cost down 1 % despite higher fuel price and closure of airspace
  - Unit cost higher due to closure of European airspace
  - More efficient aircraft consumes less fuel

- Unit cost excluding fuel and effects from closure of airspace down 15 %
  - New, more efficient Boeing 737-800 aircraft
  - Favorable currency effects (-0.01 pr. ASK; -0.02 including fuel)
Continued growth in ancillary revenue

- Ancillary revenue comprises 12% of Q2 revenues
- Ancillary revenue per passenger higher on longer flights

![Graph showing ancillary revenue per passenger (NOK) for Q2 2007, Q2 2008, Q2 2009, and Q2 2010. The revenue for each quarter is 26, 42, 68, and 76 respectively.](image-url)
Revised fleet plan 2010 – 2014
Unitary fleet of efficient Boeing 737-800 already in 2012

- Phase out of 737-300 accelerated by 2 years
- Three more aircraft than previously indicated in 2014
Accelerated fleet renewal will reduce unit cost further

- Cost leader announced additional 19% cost reduction since the Q4 presentation
- Norwegian aims to accelerate fleet renewal by phasing out B737-300 faster

Sources: The above graph as presented at the Q4 2009 presentation
Fleet renewal enhances competitive edge and reduces emissions
Head-on competition with 23% more emissions pr pax pr KM in 2009

• Competitor emitted 127g CO₂/RPK in 2009 which is 42% more than Norwegian’s 737-800s

• Competitor would have saved **430 million liters** of fuel in 2009 if they flew the same number of passengers kilometers, but with Norwegian’s Boeing 737-800 rather than their own fleet.
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 0.47 (including current hedges)
    - Fuel price dependent – USD 730 pr ton for the remainder of the year (excluding hedged volumes)
    - Currency dependent – USD/NOK 6.30 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
Norwegian offers 239 routes to 94 destinations
Norwegian Air Shuttle ASA

Mailing address  P.O. Box 113
No – 1330 Fornebu

Visiting address  Oksenøyveien 3

Telephone        +47 67 59 30 00
Telefax         +47 67 59 30 01
Internet        www.norwegian.com

Organization number  NO 965 920 358 MVA