



# **Norwegian Air Shuttle ASA 3rd Quarter Presentation**

**October 23rd 2008**

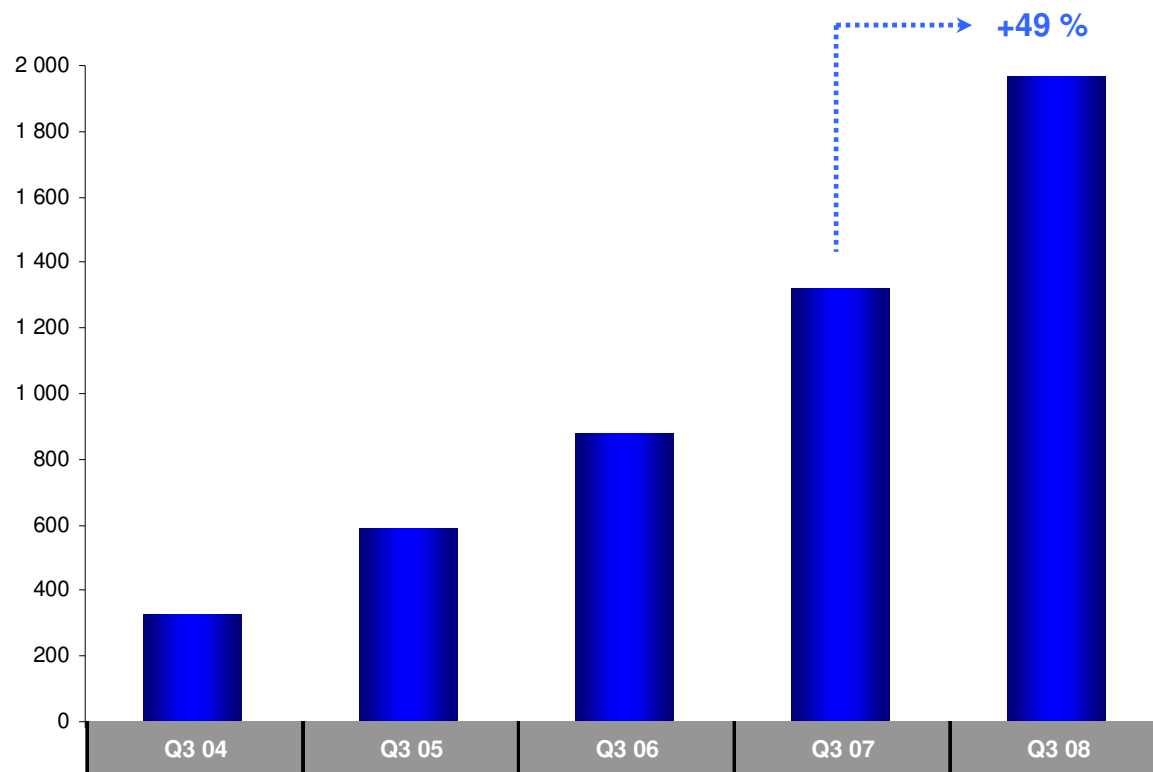
**CEO Bjørn Kjos**





# Double-digit revenue growth continues in Q3 2008

- Group revenues of MNOK 1,972 in Q3 2008, 49 % growth since last year
  - Domestic Revenue: MNOK 614 (+ 40 %)
  - International Revenue: MNOK 1,358 (+ 53 %)



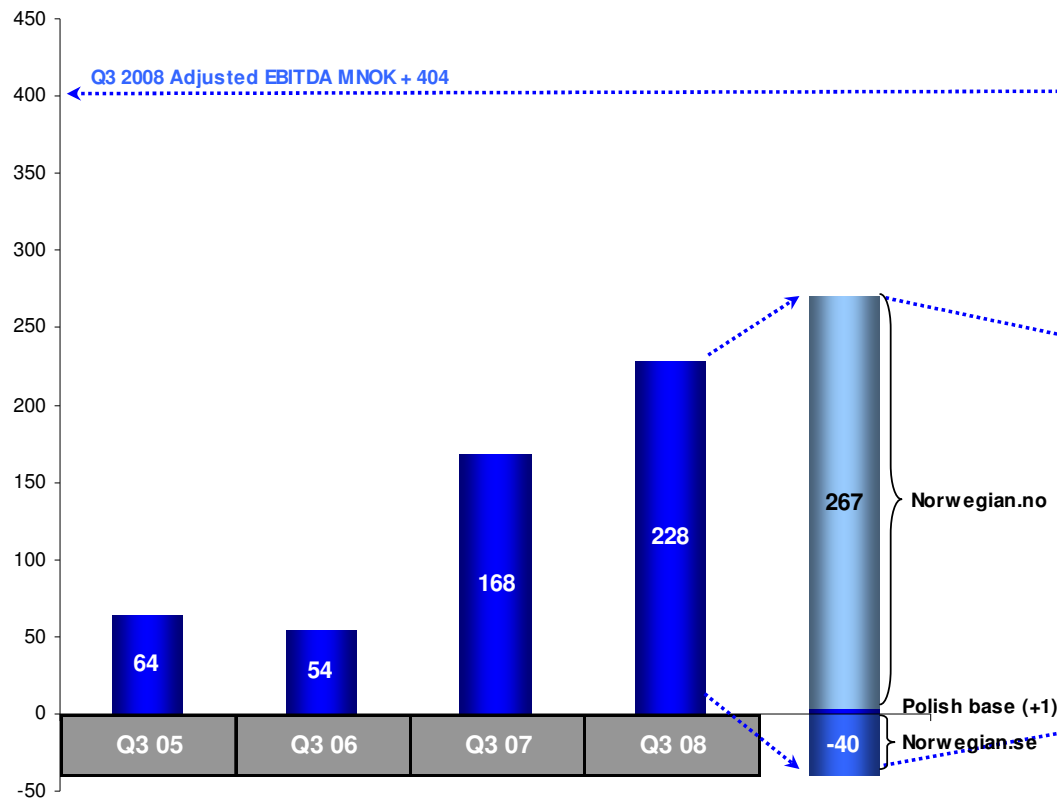
<b>Revenue</b>	<b>332</b>	<b>590</b>	<b>878</b>	<b>1323</b>	<b>1972</b>
Domestic revenue	191	223	353	438	614
International revenue	141	367	525	885	1 358
Domestic revenue growth	-6 %	17 %	58 %	24 %	40 %
International revenue growth	442 %	160 %	43 %	69 %	53 %



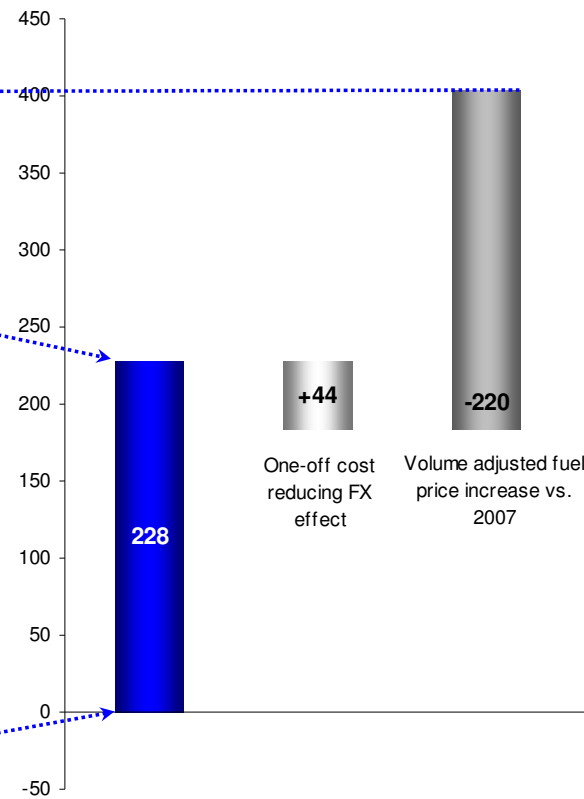
# EBITDA improves 36 %, margins affected by high fuel price

- EBITDA result of MNOK +228 in Q3 08 (MNOK +168)
- Group earnings of MNOK +582 before tax (MNOK +106)
- Group margin (EBITDA) of 11.6% (12.7 %)

EBITDA development Q3



EBITDA Q3 08 breakdown





# Net change in cash of MNOK +45 (-239)

- Cash Flows from operations MNOK -312
  - Reduction in air traffic liabilities (due to seasonality MNOK -410)
    - *Changed prepayment pattern and route portfolio mix*
  - Delayed processing of credit card transactions (MNOK -100)
  - Improvement in EBITDA result (MNOK +228)
  
- Cash Flows from investing activities MNOK -248
  - Acquisition of used Boeing 737-300
  - Prepayment on the Boeing contract
  
- Financing Activities MNOK +605
  - Aircraft financing (Equity MNOK 400, PDP MNOK 235)
  
- Cash and cash equivalents MNOK 478

	(NOK 1 000)		Q3 08	Q3 07	Y.T.D 08	Y.T.D 07	2007
Net cash flows from operating activities			-312 002	-68 136	-198 641	506 928	497 920
Net cash flows from investing activities			-248 134	-159 447	-417 932	-221 838	-532 619
Net cash flows from financial activities			604 806	-7 374	593 052	297 000	306 425
Exchange rate effect on cash			-166	-3 580	584	-3 718	-2 025
<b>Net change in cash and cash equivalents</b>			<b>44 504</b>	<b>-238 536</b>	<b>-22 937</b>	<b>578 372</b>	<b>269 700</b>
Cash and cash equivalents in beginning of period			433 969	1 048 618	501 410	231 710	231 710
Cash and cash equivalents in end of period			478 473	810 082	478 473	810 082	501 410



# Strong balance sheet

- Equity increased from MNOK 508 at the beginning of the year to MNOK 1,038 at the end of the third quarter
- Group equity ratio of 32%.
- Sale of USD hedge instruments\* resulted in net cash flow of MNOK 324 (to be booked in Q4)

## Consolidated changes in equity

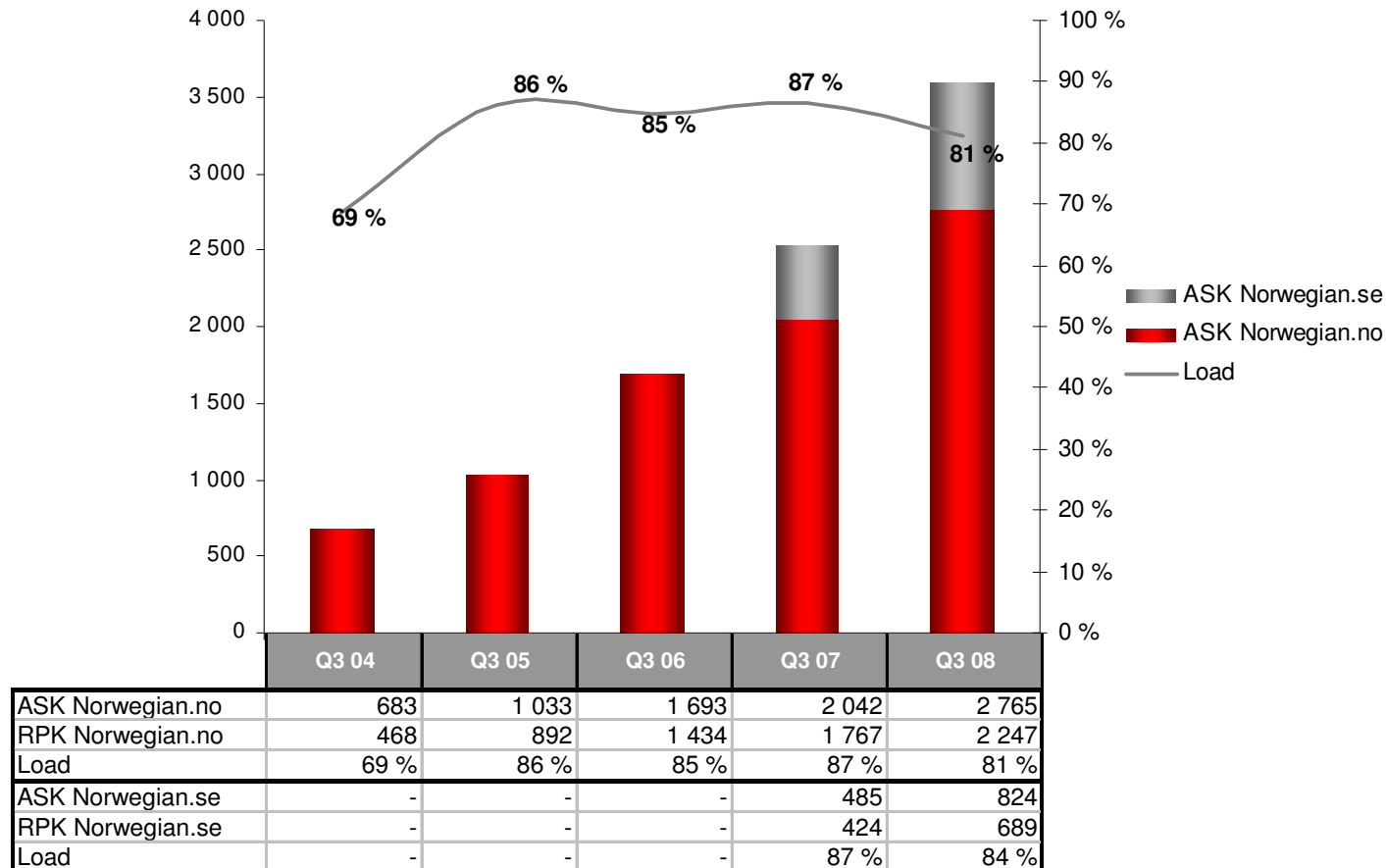
Unaudited

(NOK 1 000)	YTD Sept 30		Year ended
	2008	2007	Dec 31 2007
Equity - Beginning of period	508 273	260 727	260 727
Share issue	382 720	127 002	136 463
Equity change on employee options	3 725	686	1 558
Stock options issued for FlyNordic acquisition		29 485	29 485
Profit/loss	141 494	106 048	84 580
Exchange rate difference group	1 828	-7 556	-4 540
Equity - End of period	1 038 040	516 392	508 273

\* Reference is made to notice to the stock exchange dated October 16

# Considerable production growth in Q3

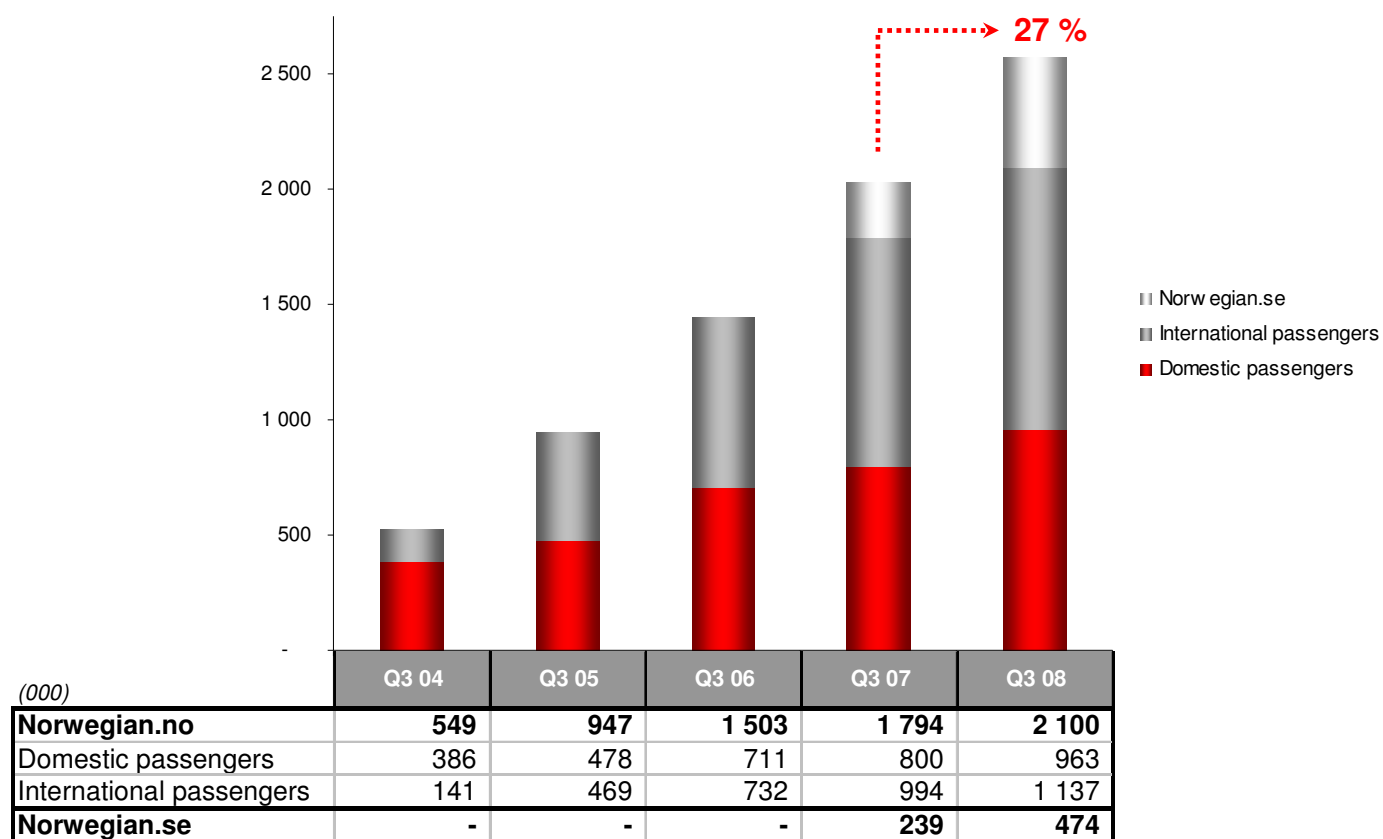
- Norwegian.no: 35 % production growth
- Norwegian.se: 183 % " " \*



\*) Figures for Norwegian.se for Q3 2007 only comprise August & September.

# 2.6 million passengers – up 541,000

- Domestic passenger growth of 17 %
- International passenger growth of 14 %\*
- Norwegian.se passenger growth of 98 %\*\*



\*) Norwegian.no only

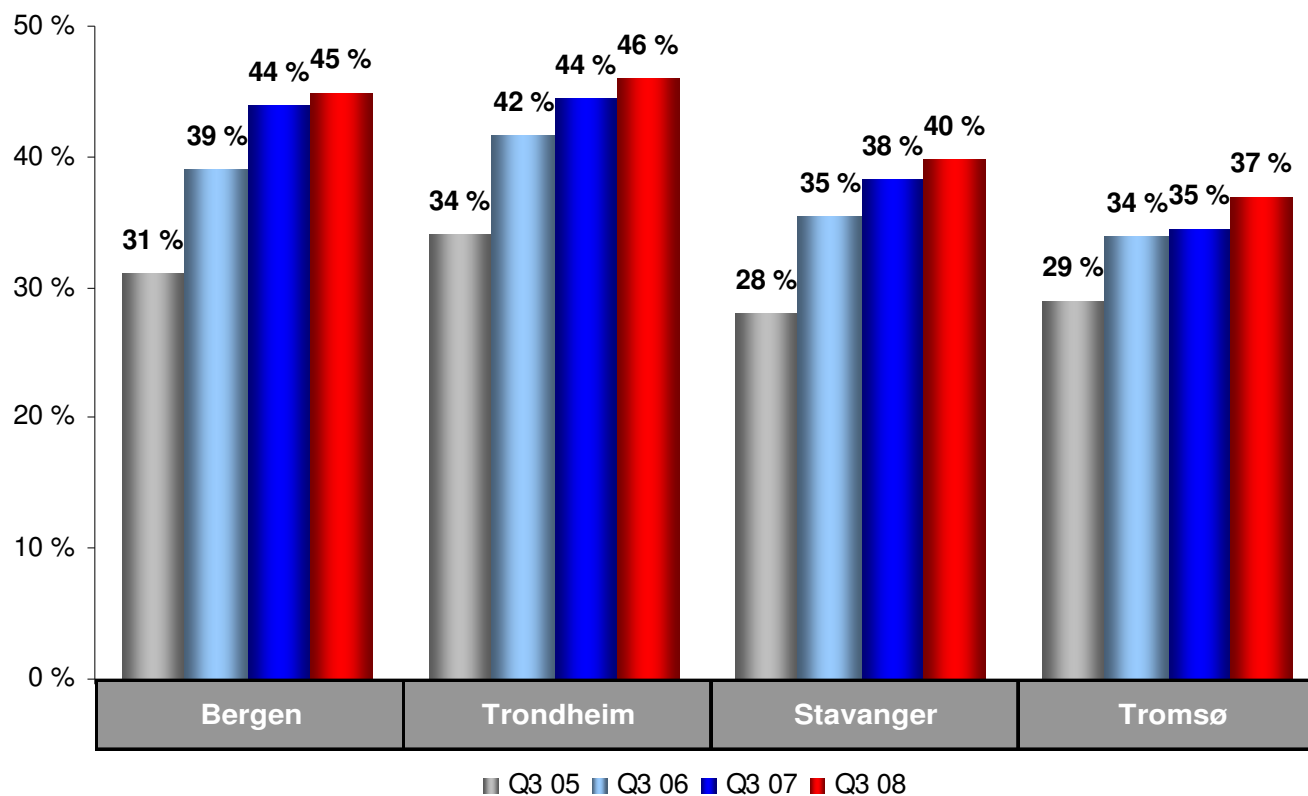
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# 43% market share on key routes in Q3

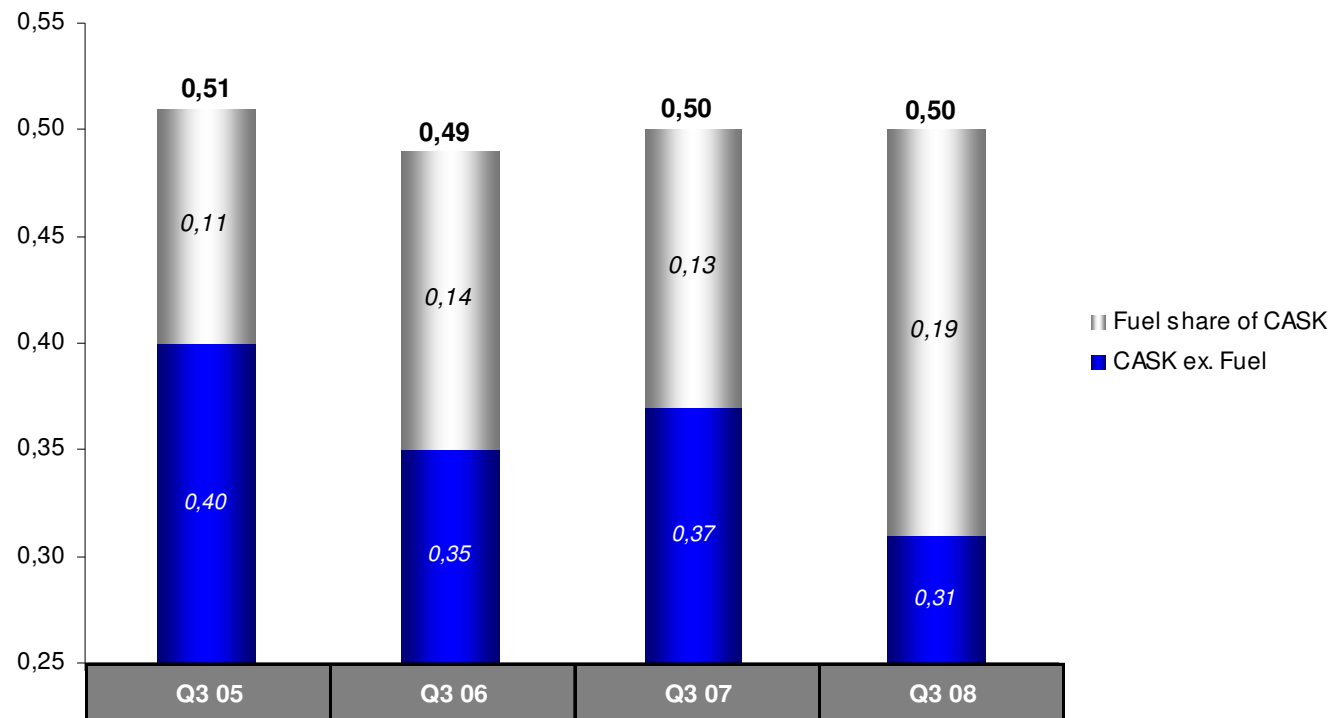
- More frequencies attract business travellers
- Product enhancements
- Norwegian Reward increases domestic transfer





# Unit cost down 16% (Ex. Fuel)

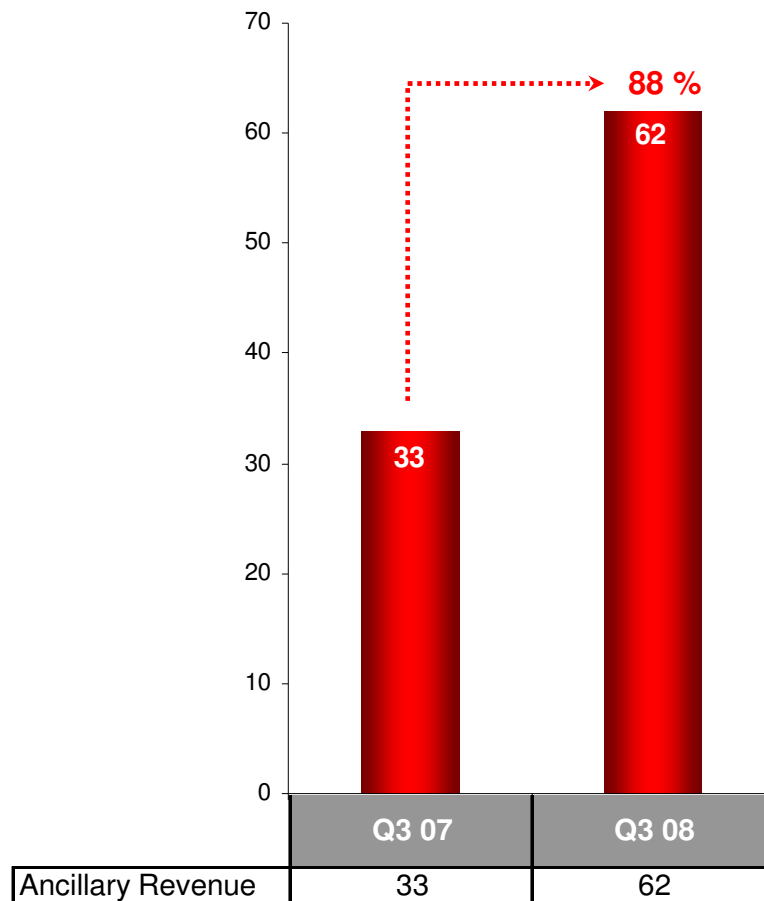
- Unit cost of 0.50 in Q3 2008 - Unchanged from last year
- Unit cost ex. Fuel was 0.31 - Down 16 % since last year
  - FX Effects (leasing, handling charges, airport charges, technical expenses)
  - Increased stage length
  - Ongoing cost cutting program





# Significant growth in ancillary revenue

- Strong focus and improved products
- Increased ancillary revenues expected going forward





# Financing the 10 first aircraft June 2009 – March 2011

- Required equity of 15% in place for delivery of the 10 first 737-800s
- Pre-Delivery Payment (PDP) financing in place for the delivery of the 10 first 737-800s
- Application for Ex-Im guaranteed long term financing
- PDP converted to long term financing at first delivery in June 2009





# Expectations for 2009

- The company expects marginal ASK growth in 2009, but there will be significant adjustments within the route network
  - Decreasing production in Sweden
  - Focus on shorter but higher yield routes resulting in a growing number of legs
  - Reduction of typical weekend leisure destinations
  - ASK expectations depending on aircraft delivery schedule from Boeing and market conditions
- Unit cost is expected in the area of NOK 0,54
  - Shorter flying distance
  - Sensitive to FX rates and fuel prices



# Expectations for remaining 2008

- Business Environment
  - Sustained demand despite turmoil in the financial markets
  - Uncertain macro conditions
  - Seasonal fluctuations
- Cost Development
  - Unit cost in the area of NOK 0,54 for the Group
    - Fuel price dependent
    - FX dependent
  - Down from 0.55 guided in Q2 08 based on an average fuel price of USD 1 400 pr ton
  - Continued focus on the cost reduction program accross the organization
- Subsidiaries/ Bases
  - Expecting satisfactory development in Poland
  - Norwegian.se will continue to focus on the restructuring and optimizing efforts
    - Adjustments of the aircraft fleet
    - Adjustments of the route portfolio
    - Optimization of staff numbers and realizing synergies within the Group

# Norwegian offers 156 routes to 83 destinations

