Norwegian Air Shuttle ASA

Q1 2014 Presentation

Europe's best
low-cost airline

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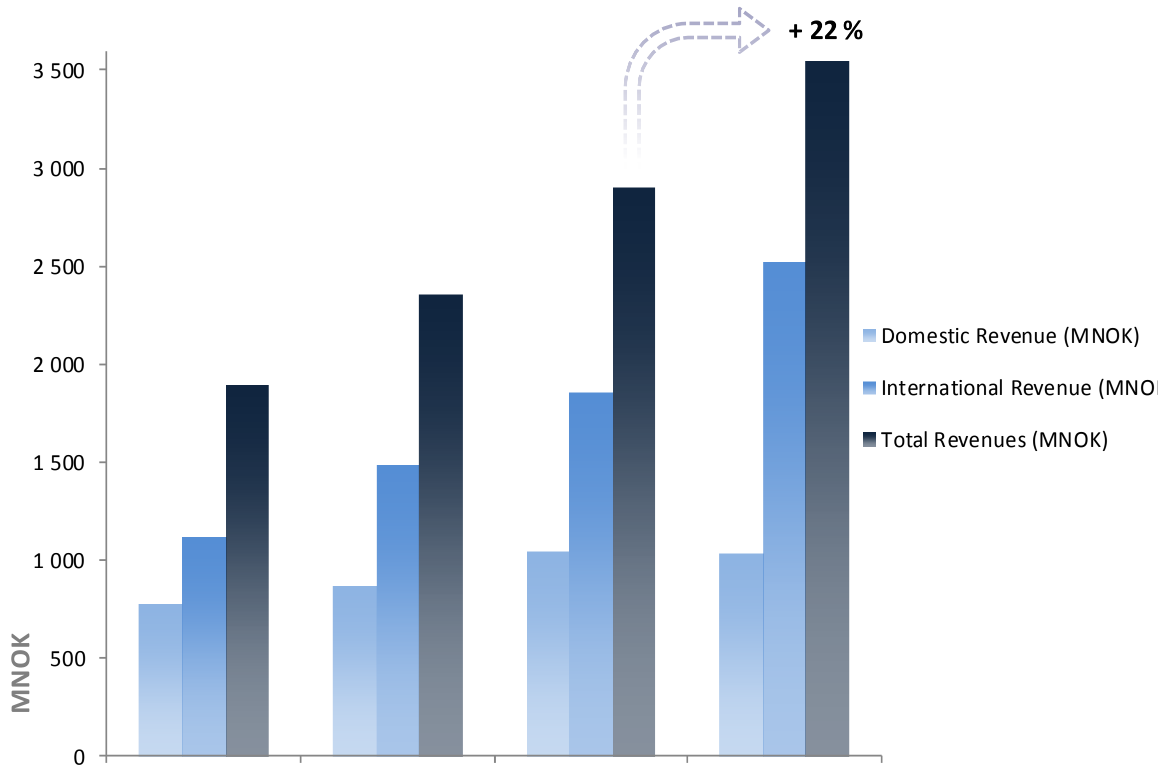
Double digit revenue growth in Q1

- Group revenues of MNOK 3,551 in Q1 2014



	Q1 11	Q1 12	Q1 13	Q1 14
Revenues	**1 895**	**2 360**	**2 904**	**3 551**
Domestic revenue	780	872	1 043	1 032
% y.o.y. chg	*10 %*	*12 %*	*20 %*	*-1 %*
International revenue	1 115	1 488	1 861	2 519
% y.o.y. chg	*26 %*	*33 %*	*25 %*	*35 %*

Seasonally weak Q1 influenced by capacity investment

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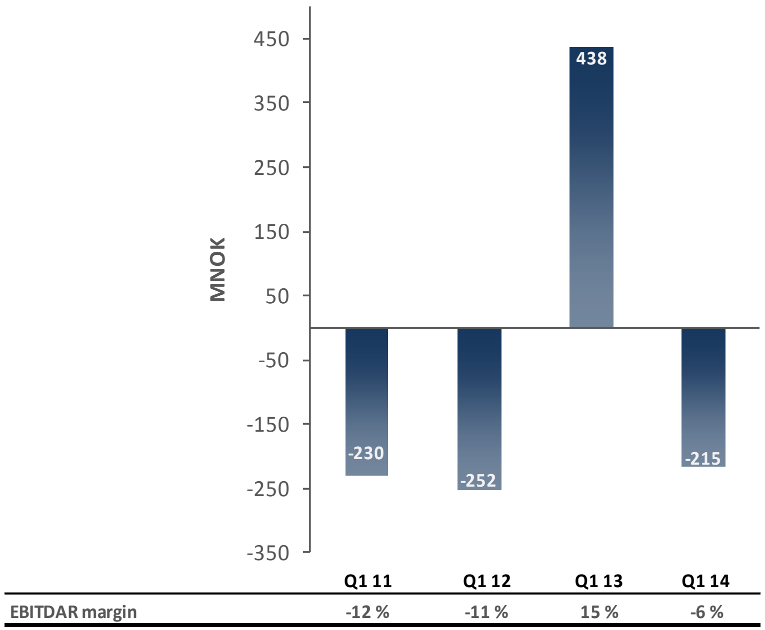
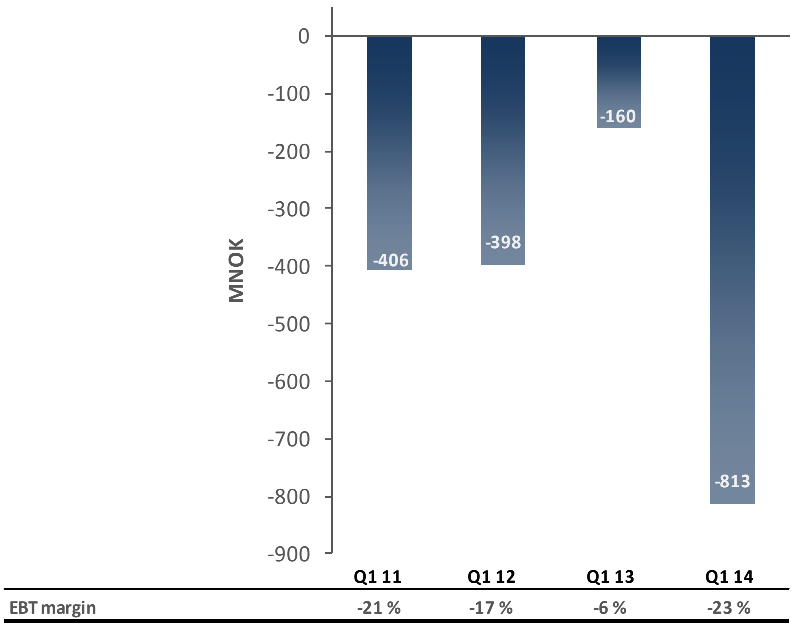
		Q1 14	Q1 13
EBITDAR	**MNOK**	**-215**	**438**
EBITDA	MNOK	-615	189
EBIT	MNOK	-777	69
Pre-tax profit (EBT)	**MNOK**	**-813**	**-160**
Net profit	MNOK	-595	-117

EBITDAR development Q1



EBT development Q1



Operational and currency headwinds in Q1

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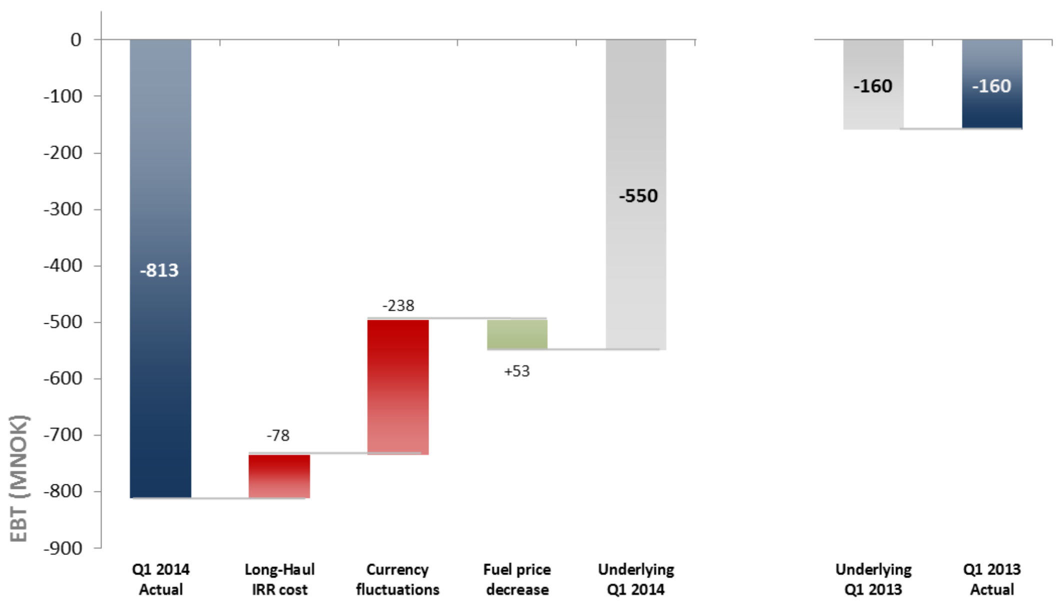
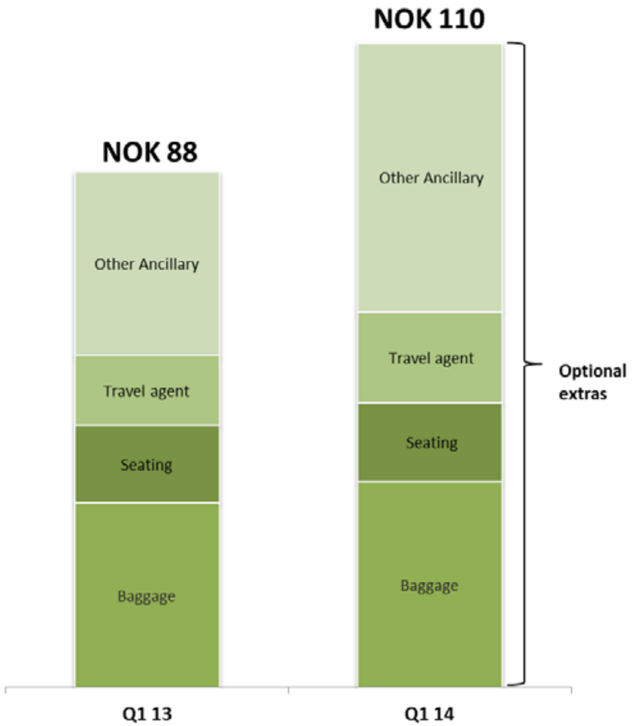
- Wet-lease on long-haul
  - Delayed delivery of Dreamliner #4
  - Slow DOT approval process causes suboptimal scheduling
- Weak NOK vs. USD, EUR, GBP and SEK
- Unit revenue
  - Own capacity investment
  - Competitive pressure to/from/within Norway



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

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• 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 2445)

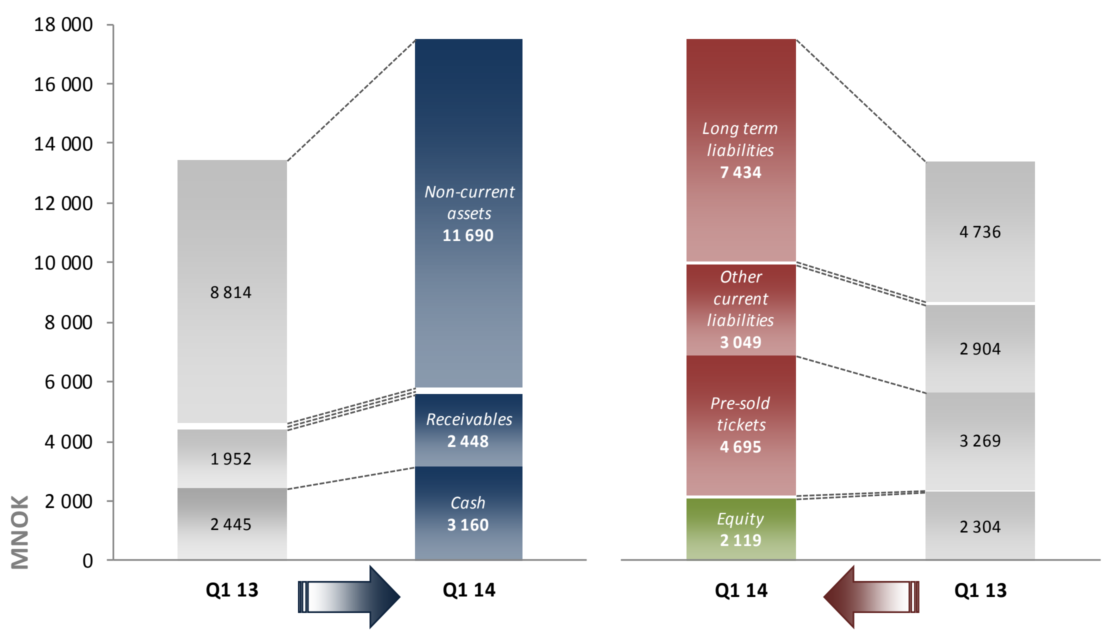
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Unaudited

(Amounts in NOK million)	**Q1 2014**	Q1 2013	**YTD 2014**	YTD 2013	**Full Year 2013**	Full Year 2012
Net cash flows from operating activities	**1 102**	962	**1 102**	962	**2 377**	2 022
Net cash flows from investing activities	**-1 034**	158	**-1 034**	158	**-2 126**	-2 766
Net cash flows from financial activities	**927**	-407	**927**	-407	**184**	1 369
Foreign exchange effect on cash	**-1**	1	**-1**	1	**0**	0
Net change in cash and cash equivalents	**994**	714	**994**	714	**435**	626
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

Five on-B/S aircraft delivered in seasonally weak Q1:
Equity ratio affected by NOK 2.9 billion increase in non-current assets

- 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%)



Higher load in spite of 48% capacity increase

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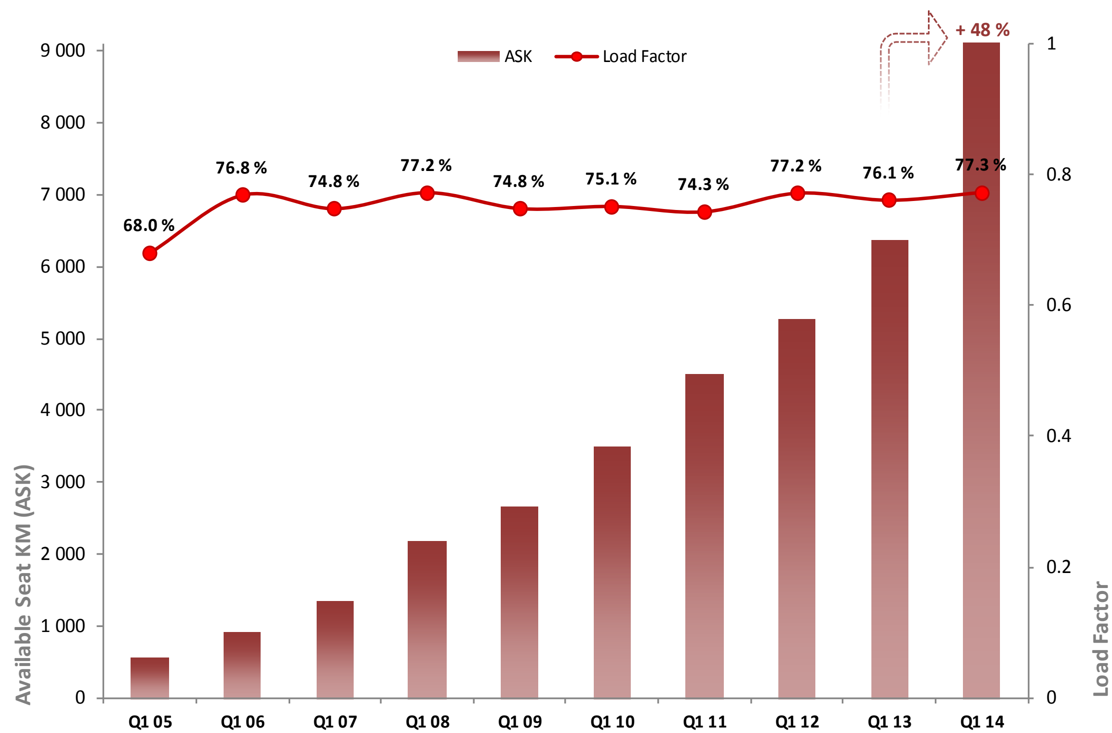
- 50% traffic growth
- Average flying distance up 15%



ASK	**569**	**933**	**1 342**	**2 183**	**2 674**	**3 507**	**4 498**	**5 266**	**6 378**	**9 421**
Load Factor	68.0 %	76.8 %	74.8 %	77.2 %	74.8 %	75.1 %	74.3 %	77.2 %	76.1 %	77.3 %

4.9 million passengers in Q1

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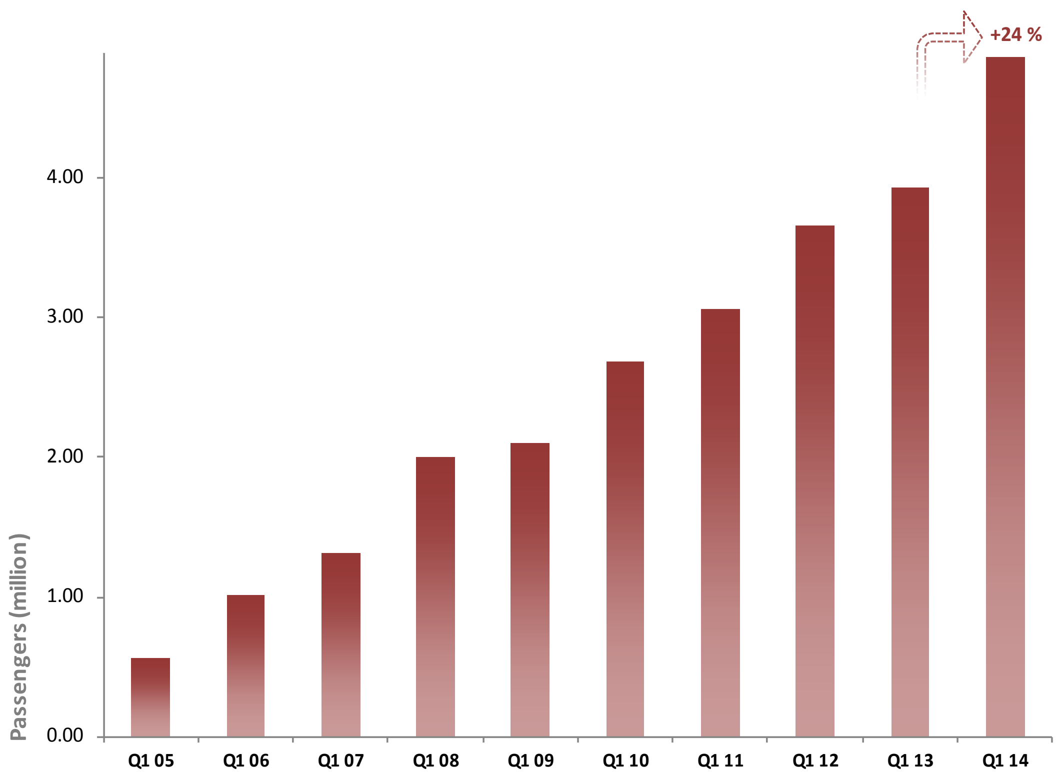
- An increase of 930,000 passengers



Pax (mill)	0.6	1.0	1.3	2.0	2.1	2.7	3.1	3.6	3.9	4.9

Strong demand:
Growing market share in all markets

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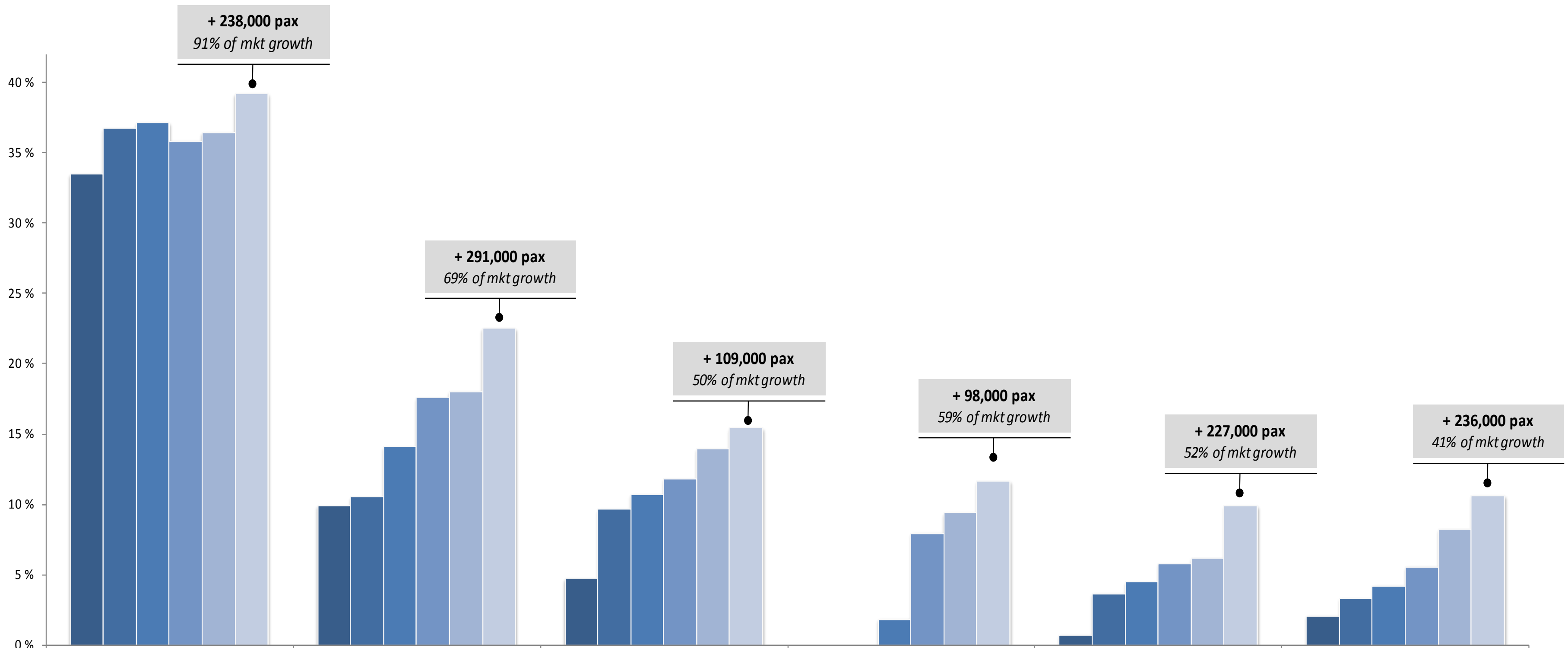
- Business model works – lower costs and prices attract volume



	Marketshare Oslo Airport (OSL)	Marketshare Stockholm Airport (ARN)	Marketshare Copenhagen Airport (CPH)	Marketshare Helsinki Airport (HEL)	Marketshare Int'l Gatwick Airport (LGW)	Marketshare Int'l Spanish bases (AGP, LPA, ALC, TFS)
Q1 09	33 %	10 %	5 %	0 %	1 %	2 %
Q1 10	37 %	11 %	10 %	0 %	4 %	3 %
Q1 11	37 %	14 %	11 %	2 %	5 %	4 %
Q1 12	36 %	18 %	12 %	8 %	6 %	6 %
Q1 13	36 %	18 %	14 %	9 %	6 %	8 %
Q1 14	39 %	23 %	15 %	12 %	10 %	11 %

Norwegian's short-haul seat growth in Scandinavia prudent

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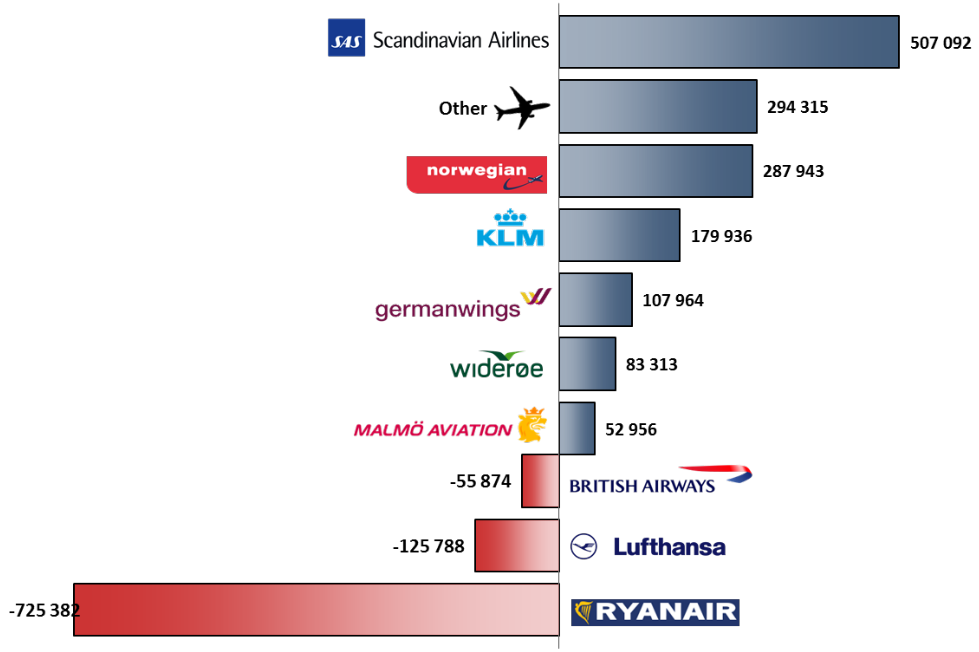
- Summer season 2014 seat growth in line with market
- Superior unit cost at primary airports allows larger than average growth



Norwegian's S14 capacity growth evenly distributed

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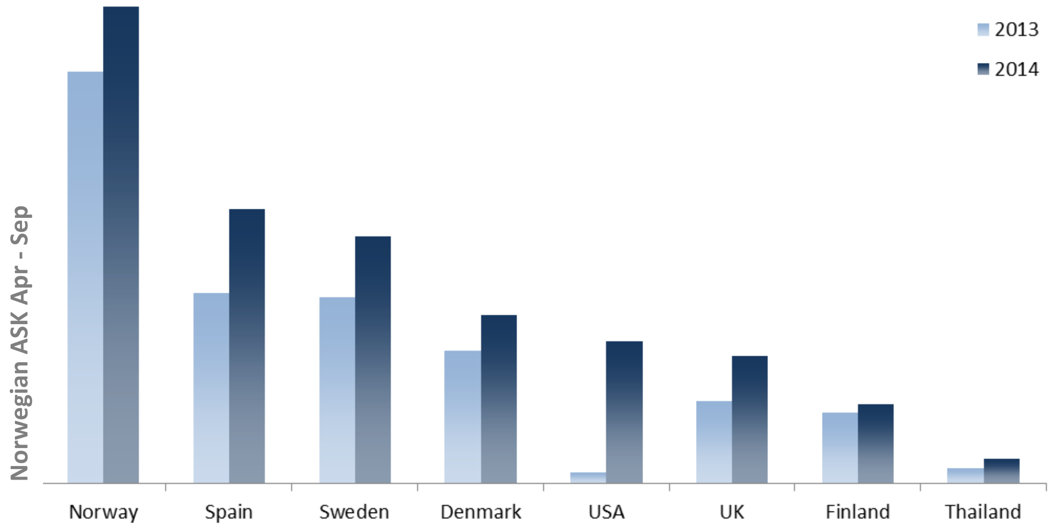
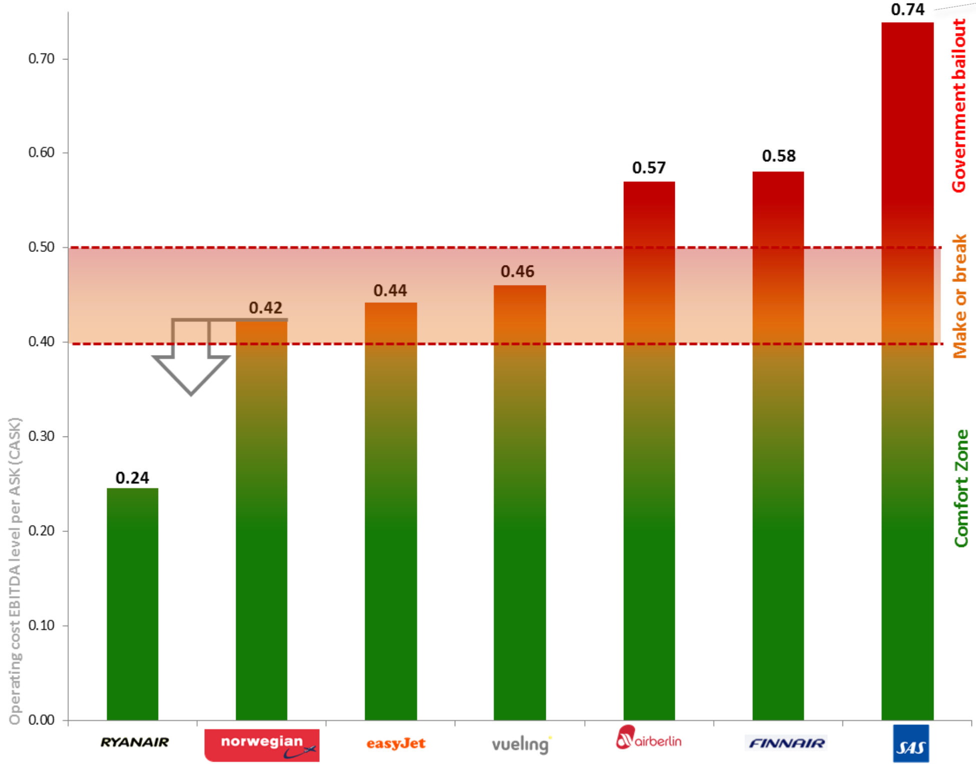
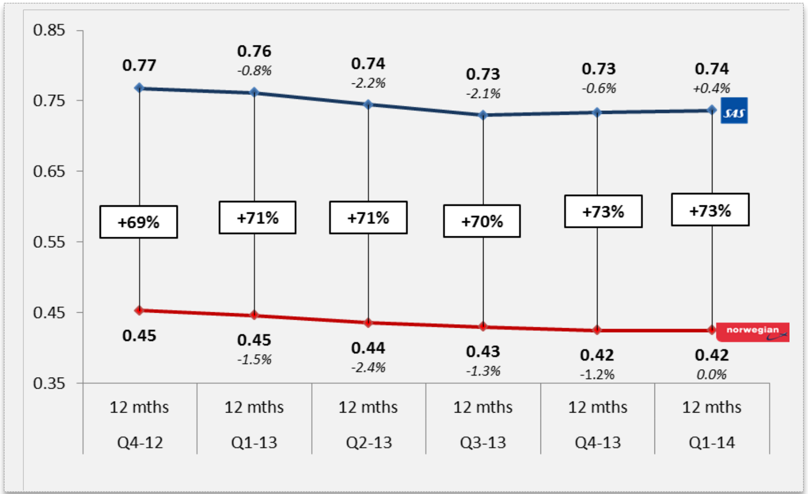
- Highest growth in departing capacity (ASK) from the USA
- Total growth high - but subtle share in all markets



Lowest cost always wins





Sources: Norwegian Q1 2014 report (period displayed April 2013 – March 2014), SAS Interim Report November 2013 – January 2014, Scandinavian Airlines (SK) only from February 2013 – October 2013, SAS Group figures from November 2013 – January 2014 after divestment of Widerøe. Finnair Plc. Annual Report 2012 and Finnair Group Financial Statements Bulletin 2013 (period displayed January 2013 – December 2013), Ryanair Annual Report 2013 (period displayed April 2012 – March 2013), easyJet 2013 full year results statement and Annual Report 2013 (period displayed October 2012 – September 2013), Air Berlin Annual Report 2013, IAG Annual Report 2013 (period displayed for Vueling from April 26th 2013 to through December 2013) and Norwegian's estimations.

- 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.*

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

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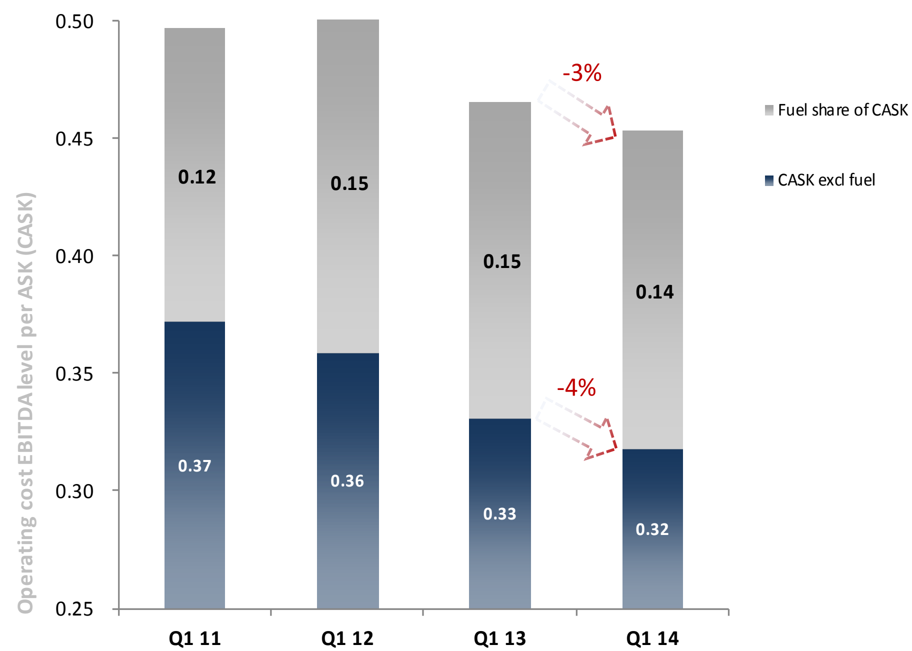
- Unit cost ex fuel down 4% - hampered by weak NOK & Long-Haul wet lease
- Unit cost including fuel down 3% - hampered by weak NOK & Long-Haul we tlease



	Q1 11	Q1 12	Q1 13	Q1 14
Cost per ASK (CASK) (NOK)	**0.50**	**0.50**	**0.47**	**0.45**
CASK ex. fuel	0.37	0.36	0.33	0.32

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 amd unrealized foreign currency effects on receivables/payables and (hedges of operational expenses).
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Aiming for FY CASK NOK 0.25 excluding fuel

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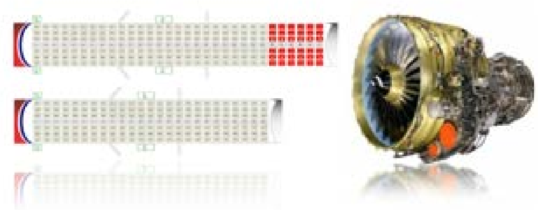
Scale economies

- 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

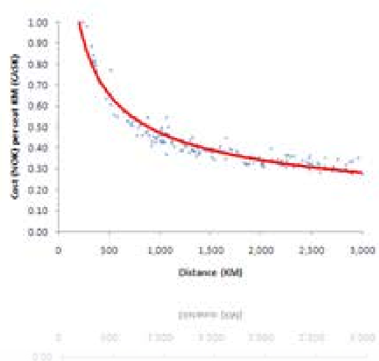
- Cost level adapted to local markets
- Outsourcing/ Off-shoring

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

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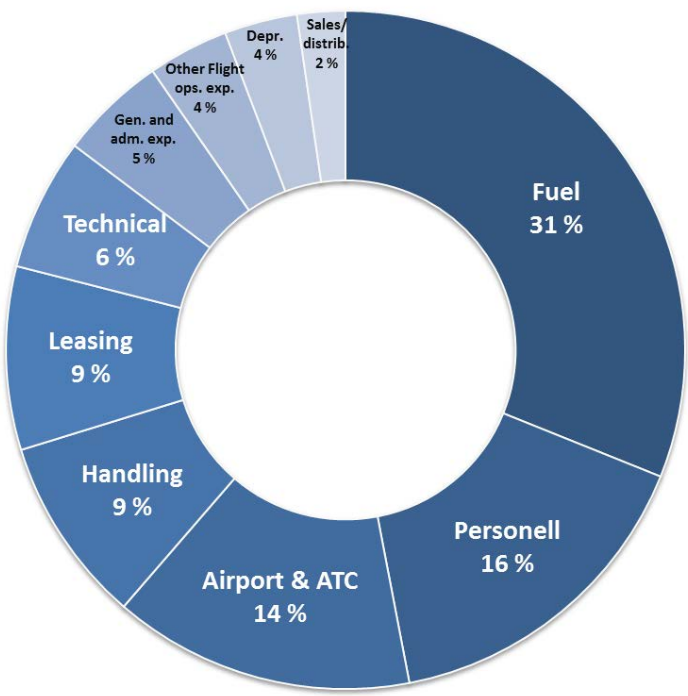
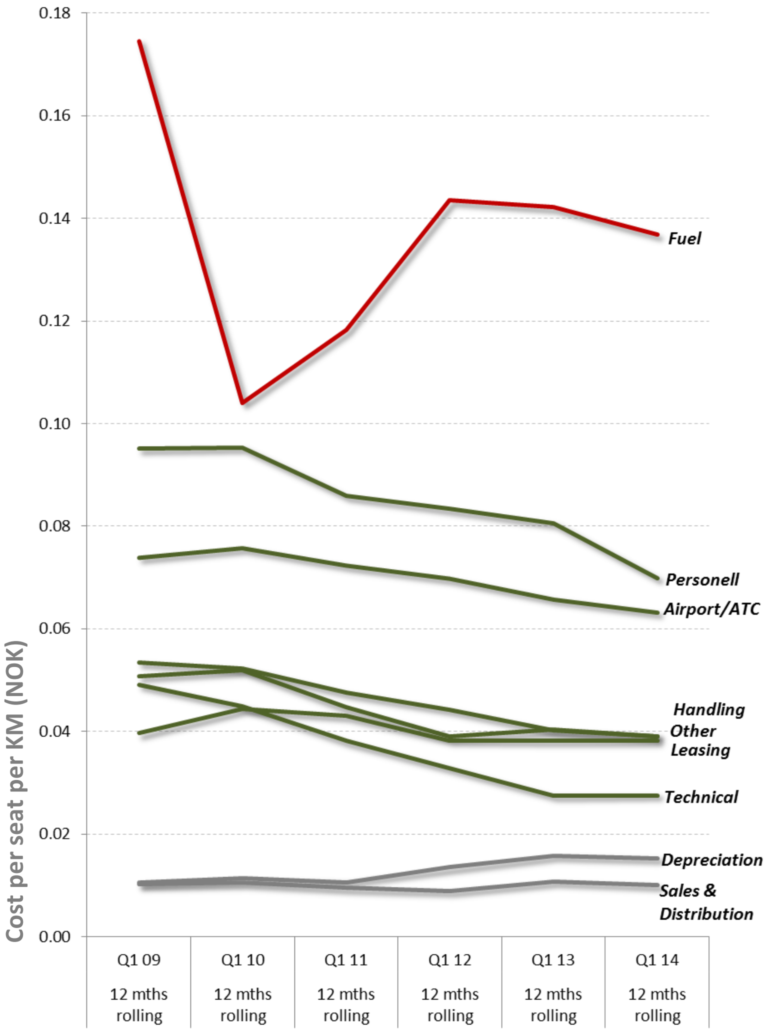
- Phase-out 737-300 *(Fuel, Tech, Handling, Airport/ATC & Personell)*
- Phase-in Max / Neo / Dreamliner *(Fuel & Tech)*
- Larger scale *(Overhead, Sales & distrib., Personell)*
- Further automation *(Overhead, Personell, Handling, Sales & distrib)*
- Higher short-haul utilization *(Leasing, Depreciation)*
- Global operations *(Personell, Handling, Airport, Overhead)*





Three additional aircraft:

A fleet of 17 Dreamliners by 2018

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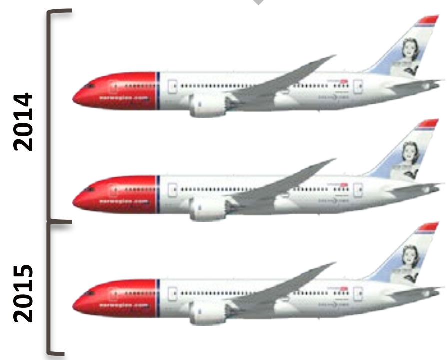
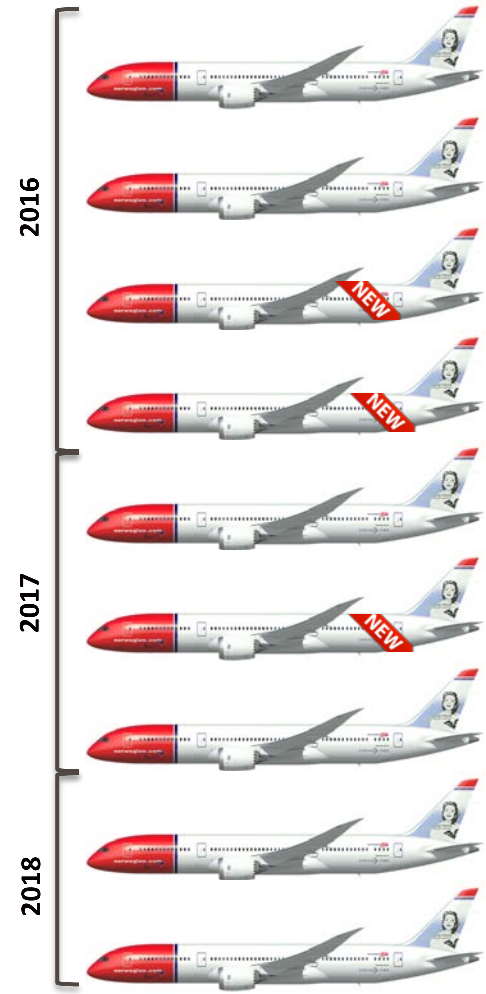
Five 787-8 in operation

Three 787-8 on firm order



Nine 787-9 on firm order



Current committed fleet plan

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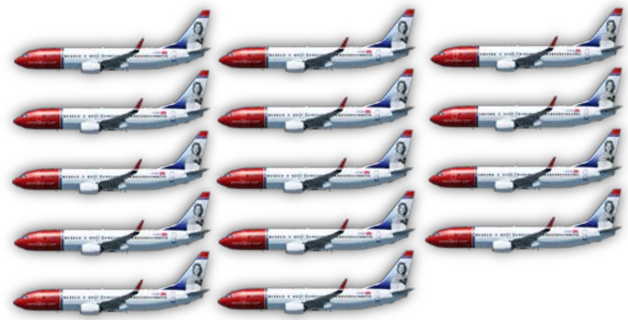
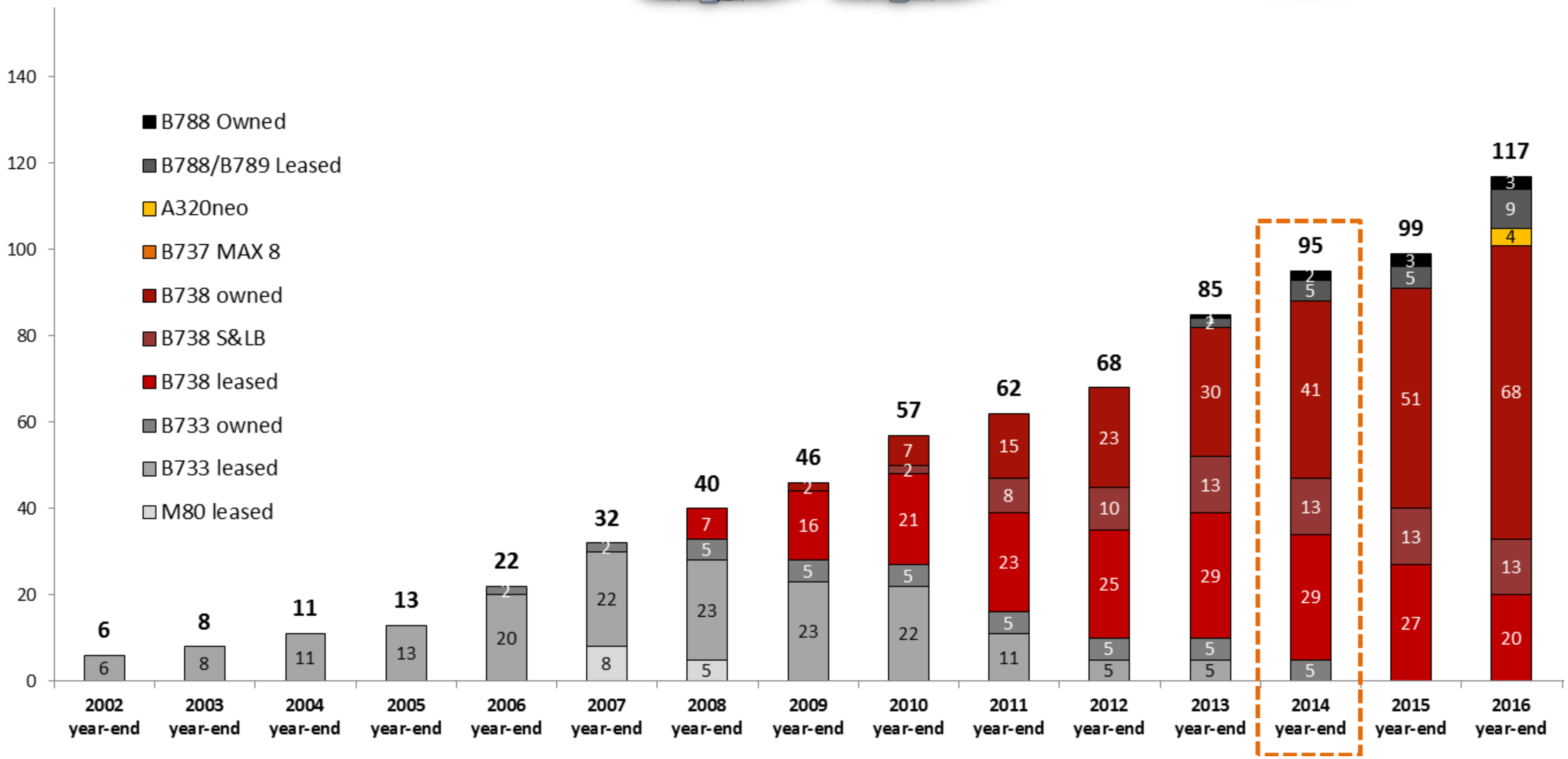
2014:	Deliveries 787-8 +1,164 seats	Deliveries 737-800 +2,604 seats	Re-deliveries 737-300 -740 seats	Re-deliveries 737-800 -558 seats





Expectations for 2014 (Group)

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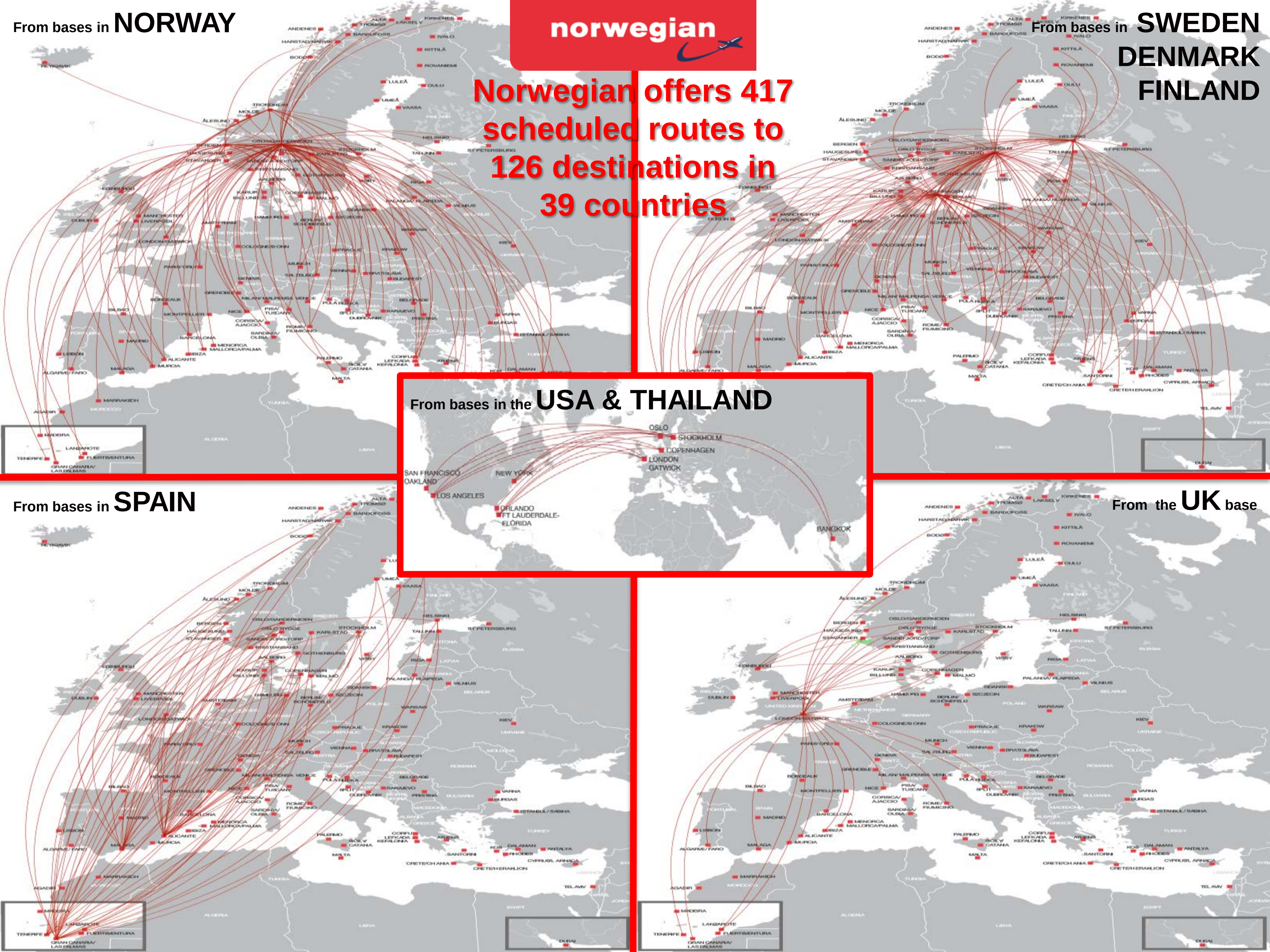
- Business environment
  - Economic uncertainty in parts of Europe
  - Seasonal fluctuations
  - Yield pressure from capacity investment
  - Increased competitive pressure in the Nordic region

- 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
Norwegian offers 417 scheduled routes to 126 destinations in 39 countries
From bases in NORWAY
From bases in SWEDEN DENMARK FINLAND
From bases in the USA & THAILAND
OSLO
STOCKHOLM
COPENHAGEN
LONDON GATWICK
SAN FRANCISCO OAKLAND
NEW YORK
LOS ANGELES
ORLANDO
FT LAUDERDALE-FLORIDA
BANGKOK
From bases in SPAIN
From the UK base