Norwegian Air Shuttle ASA

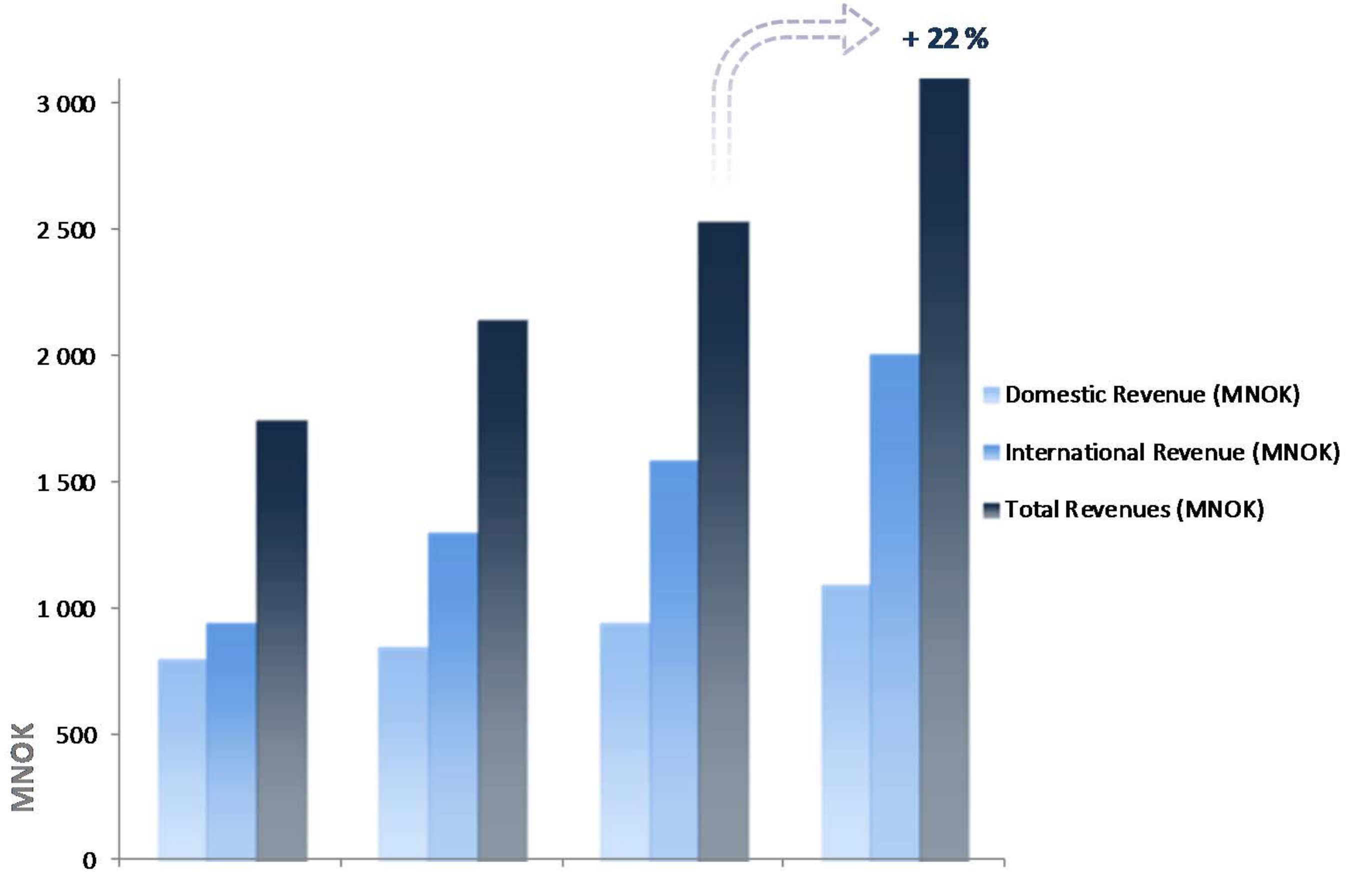
Q4 2012 Presentation
February 15th 2013

CEO Bjørn Kjos

norwegian

Double digit revenue growth in Q4

- Group revenues of MNOK 3,106 in Q4 2012

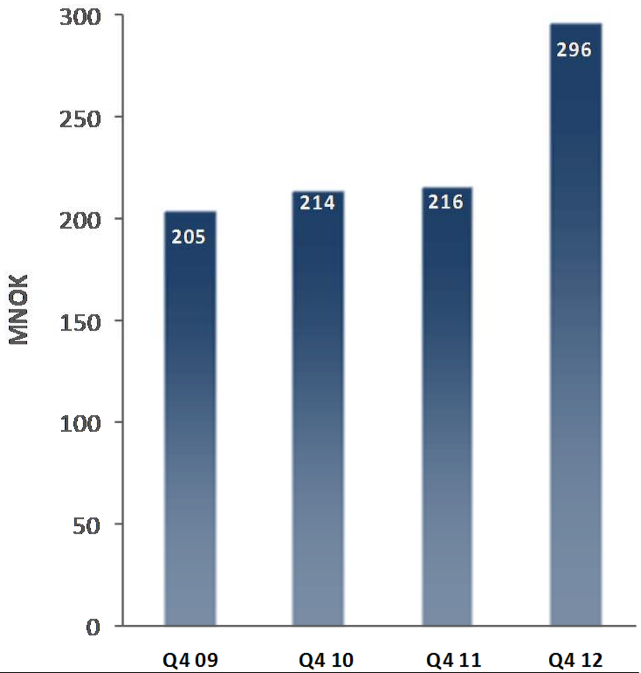


	Q4 09	Q4 10	Q4 11	Q4 12
Revenues	1 750	2 146	2 536	3 106
Domestic revenue	804	848	947	1 097
% y.o.y. chg	*18 %*	*5 %*	*12 %*	*16 %*
International revenue	946	1 297	1 589	2 008
% y.o.y. chg	*2 %*	*37 %*	*22 %*	*26 %*

Pre-tax profit improved by 211 million in Q4

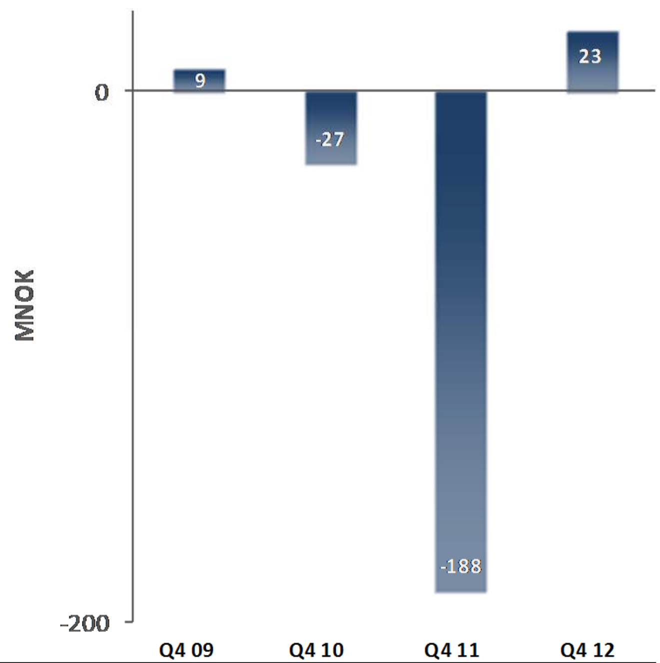
EBITDAR	**MNOK**	**296**	**216**
EBITDA	MNOK	53	2
EBIT	MNOK	-52	-85
Pre-tax profit (EBT)	**MNOK**	**23**	**-188**
Net profit	MNOK	24	-133

EBITDAR development Q4



EBITDAR margin	12 %	10 %	9 %	10 %

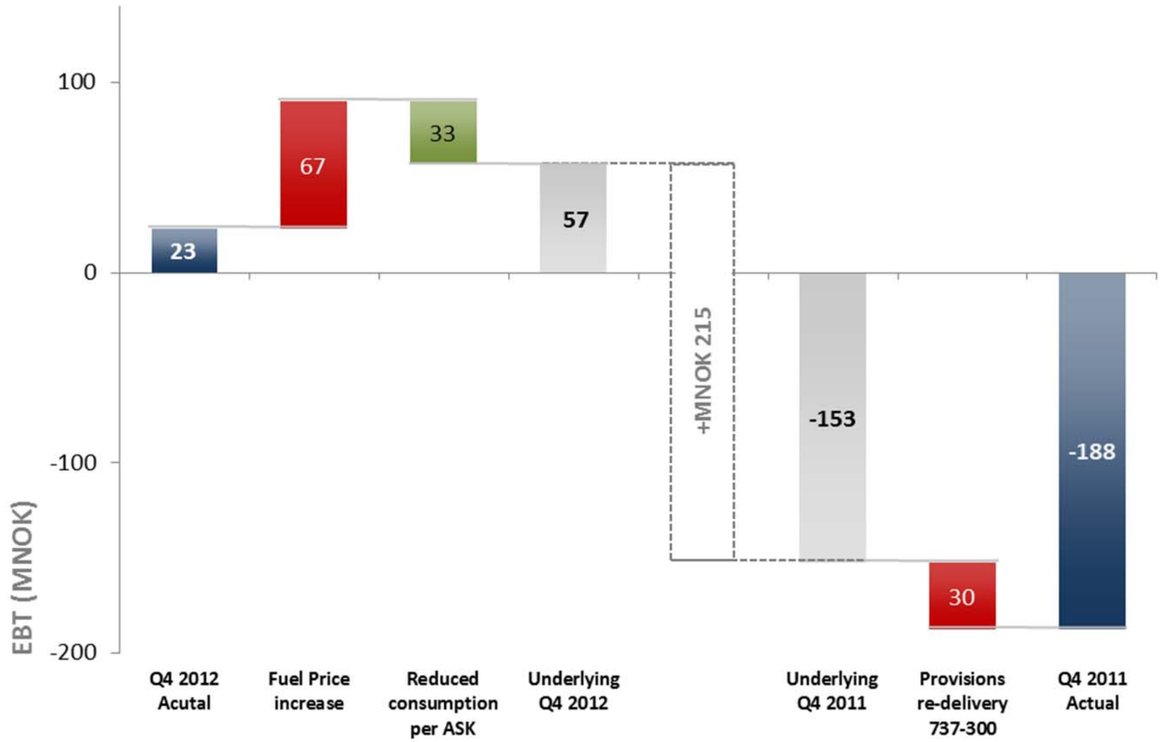
EBT development Q4



EBT margin	0 %	-1 %	-7 %	1 %

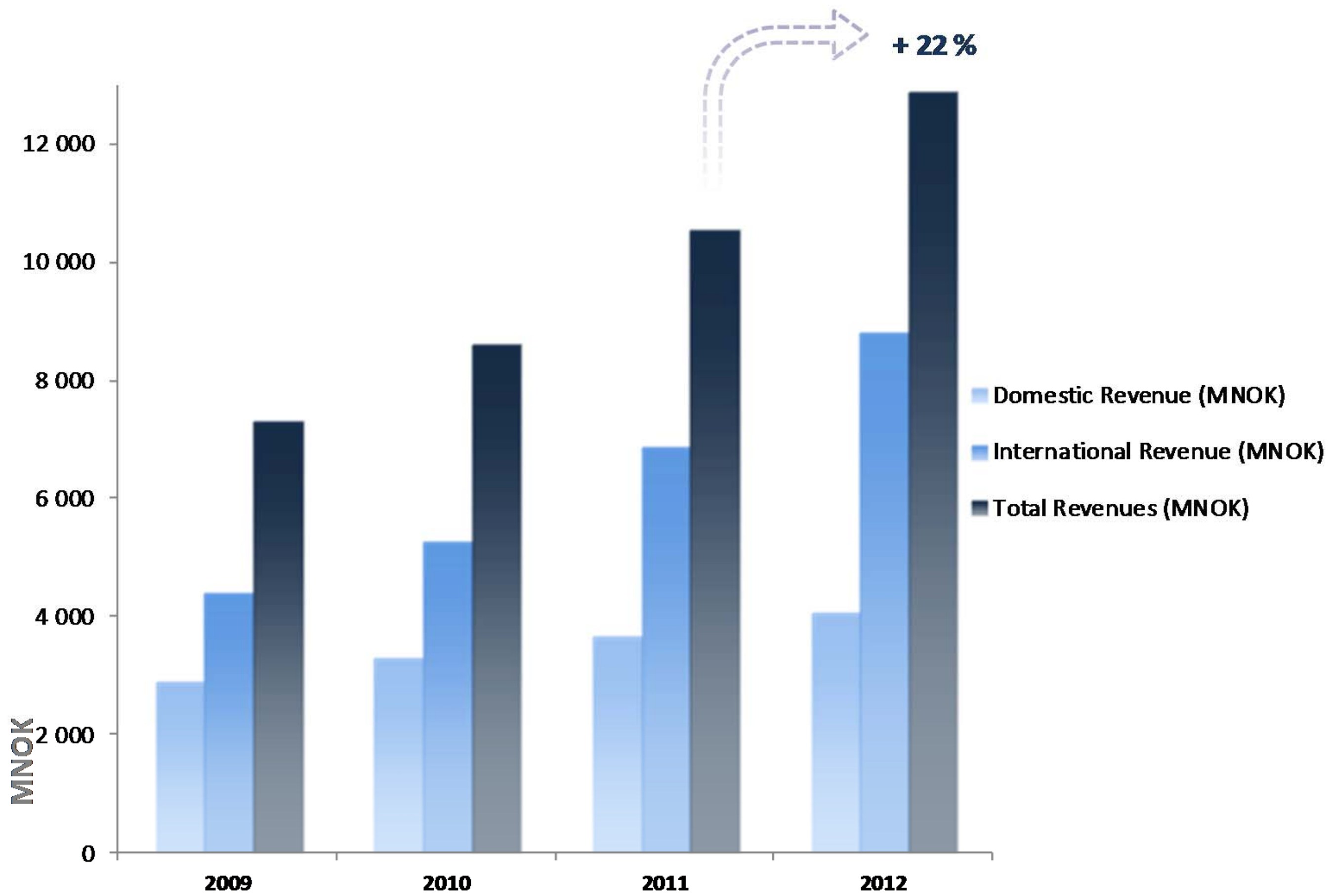
Underlying EBT improvement of MNOK 215 in Q4

- Realized fuel price up 3 % since last year – equivalent to MNOK 67



Revenue growth of 2.3 billion in 2012

- Annual turnover MNOK 12,859

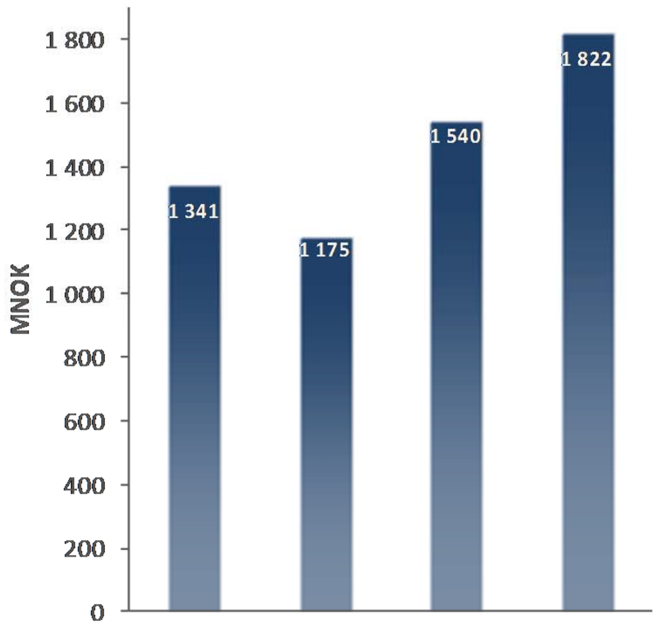


Revenues	7 309	8 598	10 532	12 859
Domestic revenue	2 900	3 316	3 667	4 057
% y.o.y. chg	*26 %*	*14 %*	*11 %*	*11 %*
International revenue	4 410	5 282	6 865	8 802
% y.o.y. chg	*12 %*	*20 %*	*30 %*	*28 %*

2012 pre-tax profit improvement of 457 million

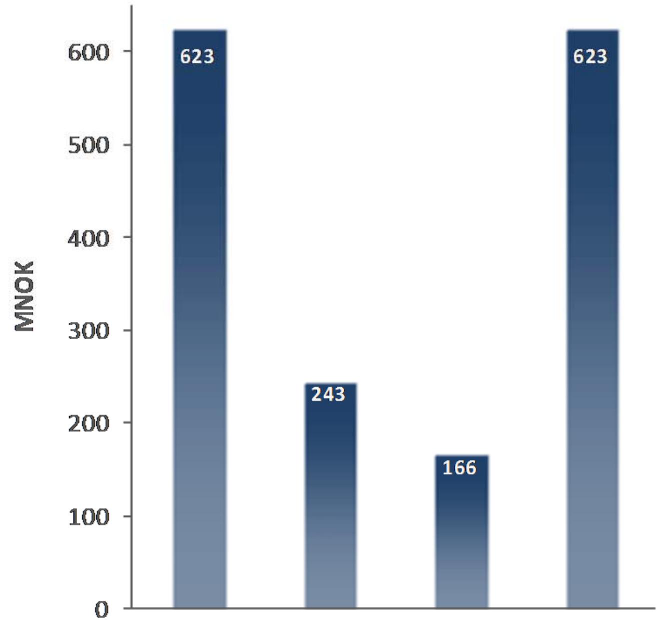
EBITDAR	**MNOK**	**1 822**	**1 540**
EBITDA	MNOK	789	710
EBIT	MNOK	403	416
Pre-tax profit (EBT)	**MNOK**	**623**	**166**
Net profit	MNOK	457	122

EBITDAR development (full year)



	2009	2010	2011	2012
EBITDAR margin	18 %	14 %	15 %	14 %

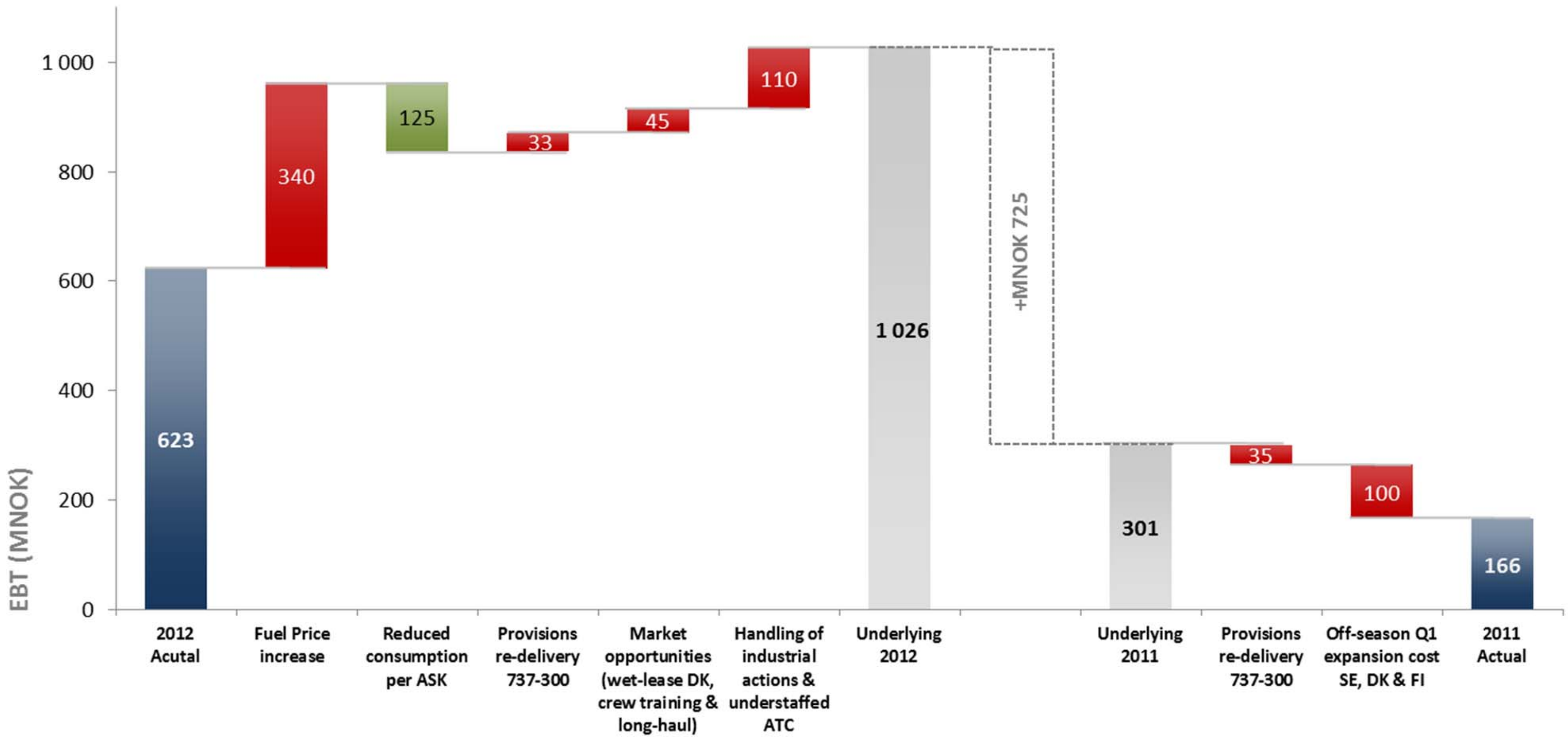
EBT development (full year)



	2009	2010	2011	2012
EBT margin	9 %	3 %	2 %	5 %

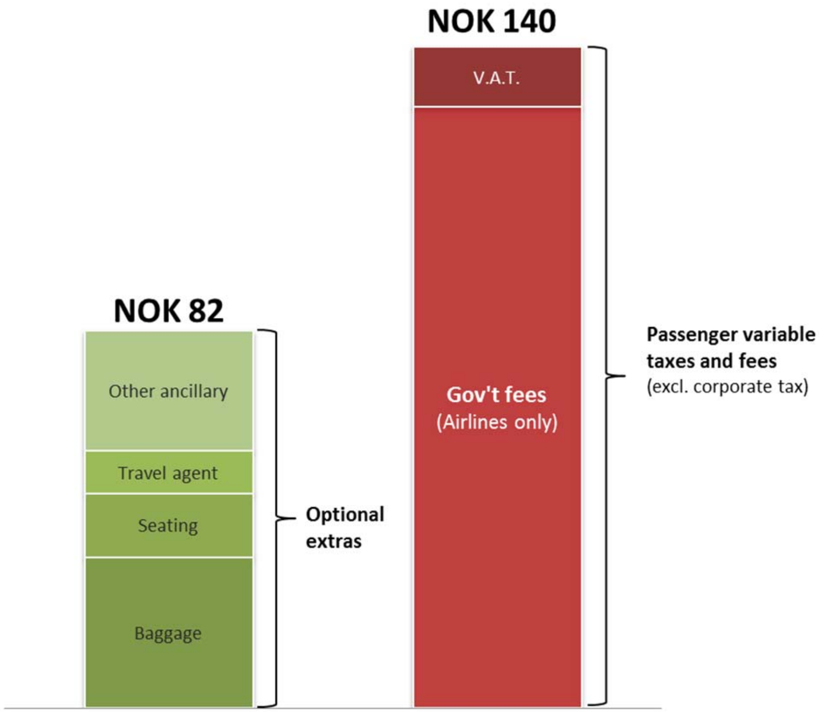
2012 underlying pre-tax profit improvement of MNOK 725

- Realized fuel price up 7 % since last year – equivalent to MNOK 330



Ancillary revenue remains a significant contributor

- Ancillary revenue comprises 11 % of 2012 revenues
- NOK 82 per scheduled passenger (an increase of 2 % from last year)



Cash & cash equivalents of NOK 1.7 billion

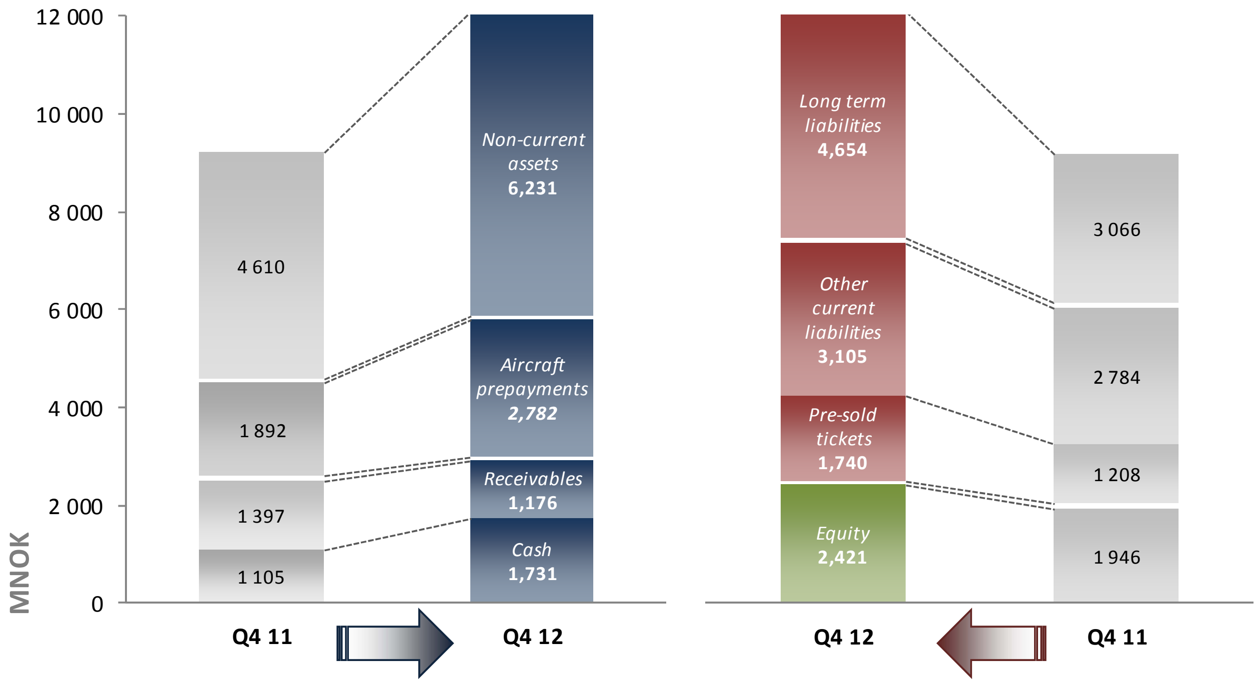
Cash flows from operations in Q4 12	MNOK 447	(MNOK -73)
Cash flows from investing activities in Q4 12	MNOK -1 545	(MNOK -483)
Cash flows from financing activities in Q4 12	MNOK 1 093	(MNOK 232)
Cash and cash equivalents at period-end	MNOK 1 731	(MNOK 1105)

Condensed Consolidated Statement of Cash Flow

Unaudited	Quarterly (end of Q4 12)		YTD (end of Q4 12)		Year End
(Mill. NOK)	Q4 12	Q4 11	Q4 12	Q4 11	2011
Net cash flows from operating activities	446.5	-73.3	2 021.6	673.7	673.7
Net cash flows from investing activities	-1 545.4	-482.8	-2 765.5	-2 189.4	-2 189.4
Net cash flows from financial activities	1 093.3	232.1	1 369.4	1 442.3	1 442.3
Foreign exchange effect on cash	1.6	-0.6	0.3	0.1	0.1
Net change in cash and cash equivalents	-4.0	-324.6	625.8	-73.3	-73.3
Cash and cash equivalents in beginning of period	1 734.8	1 429.6	1 730.9	1 104.9	1 104.9
Cash and cash equivalents in end of period	1 730.9	1 104.9	1 730.9	1 104.9	1 104.9

Equity improved by MNOK 475 compared to last year

- Total balance of NOK 11.9 billion
- Net interest bearing debt NOK 3.8 billion
- Equity of NOK 2.4 billion at the end of the fourth quarter
- Group equity ratio of 20 % (22 %)



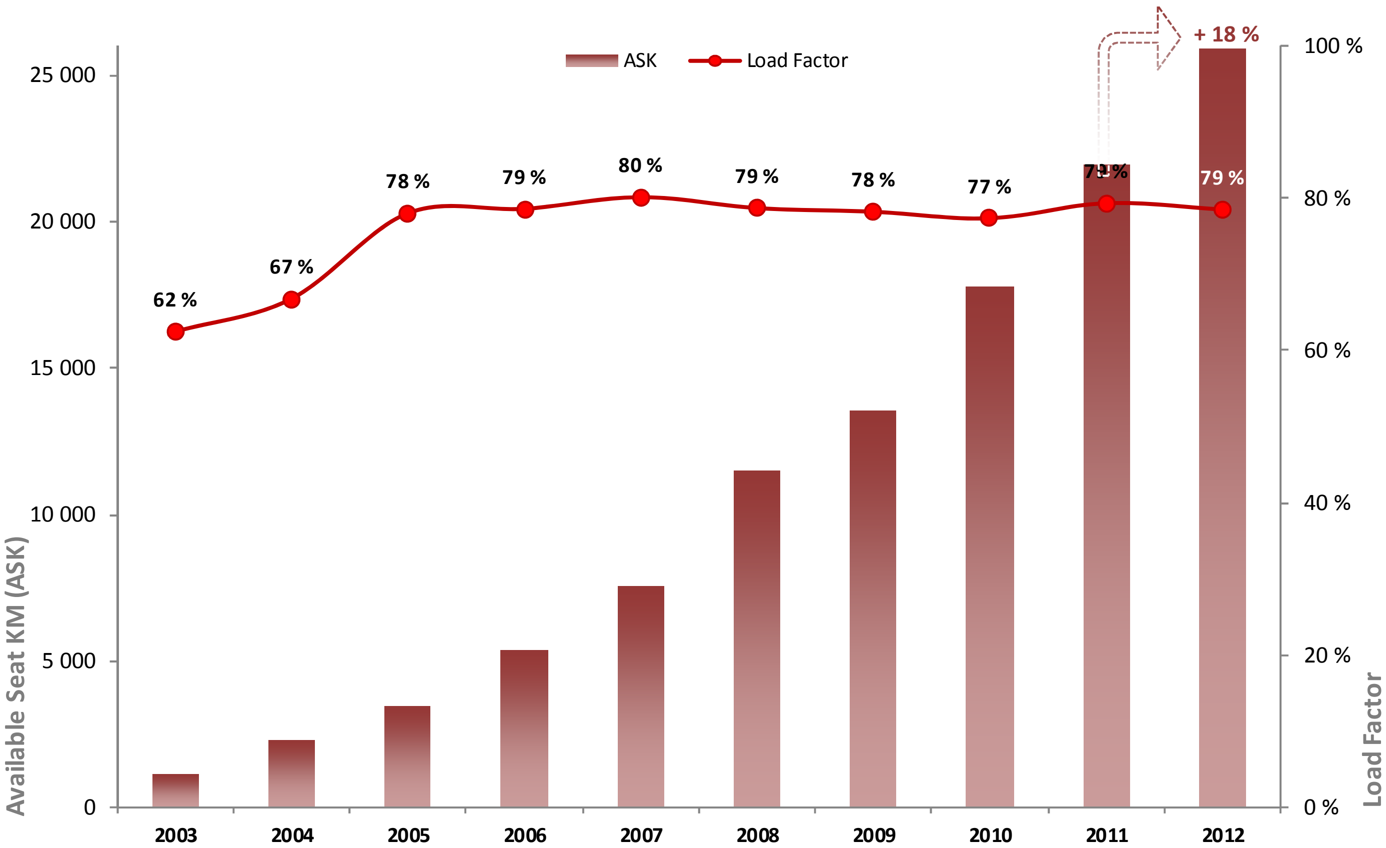
Long-term financing 2013 on track

- Planned external financing 2013: MNOK +/- 2,200
  - Committed / arranged financing: MNOK 1,500

- Year-end 2013 net debt increase (long-term) MNOK +/- 1,100
  - Repayment of debt
  - Off-balance sheet sale & leaseback

Traffic growth of 17 % in 2012

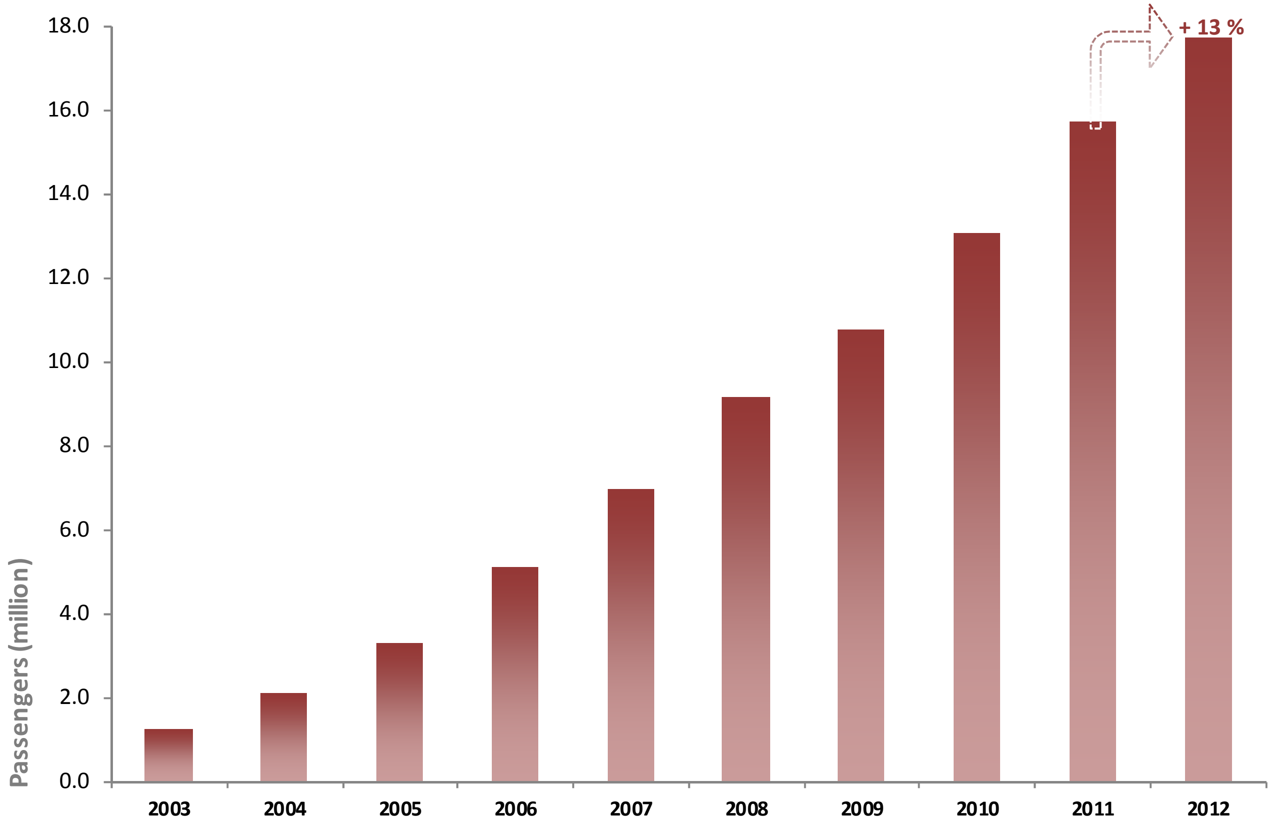
- Unit revenue (RASK) up 4 %
- Average flying distance up 5 %



ASK	1 149	2 302	3 464	5 370	7 560	11 530	13 555	17 804	21 957	25 920
Load Factor	62 %	67 %	78 %	79 %	80 %	79 %	78 %	77 %	79 %	79 %

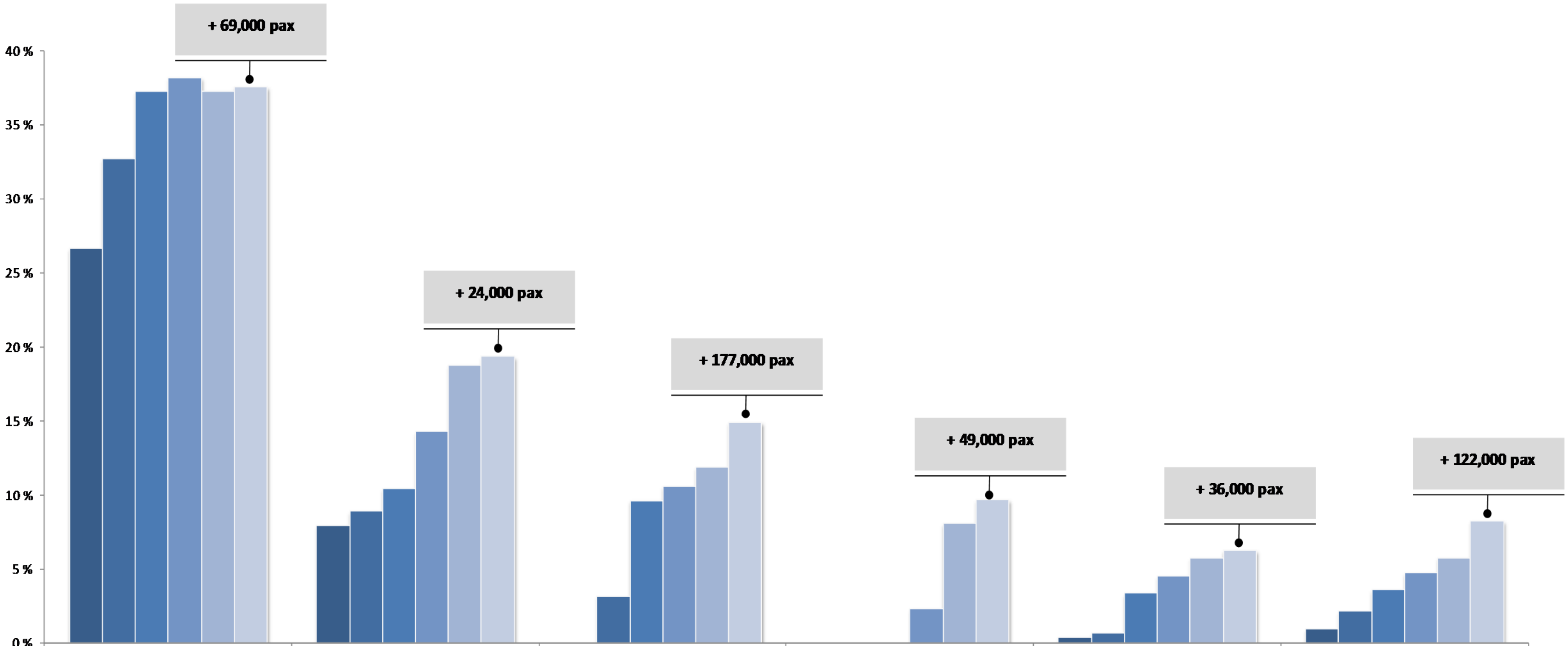
17.7 million passengers in 2012

- An increase of 2.0 million passengers



Pax (mill)	**1.2**	**2.1**	**3.3**	**5.1**	**6.9**	**9.1**	**10.8**	**13.0**	**15.7**	**17.7**

Continued strong international growth in Q4

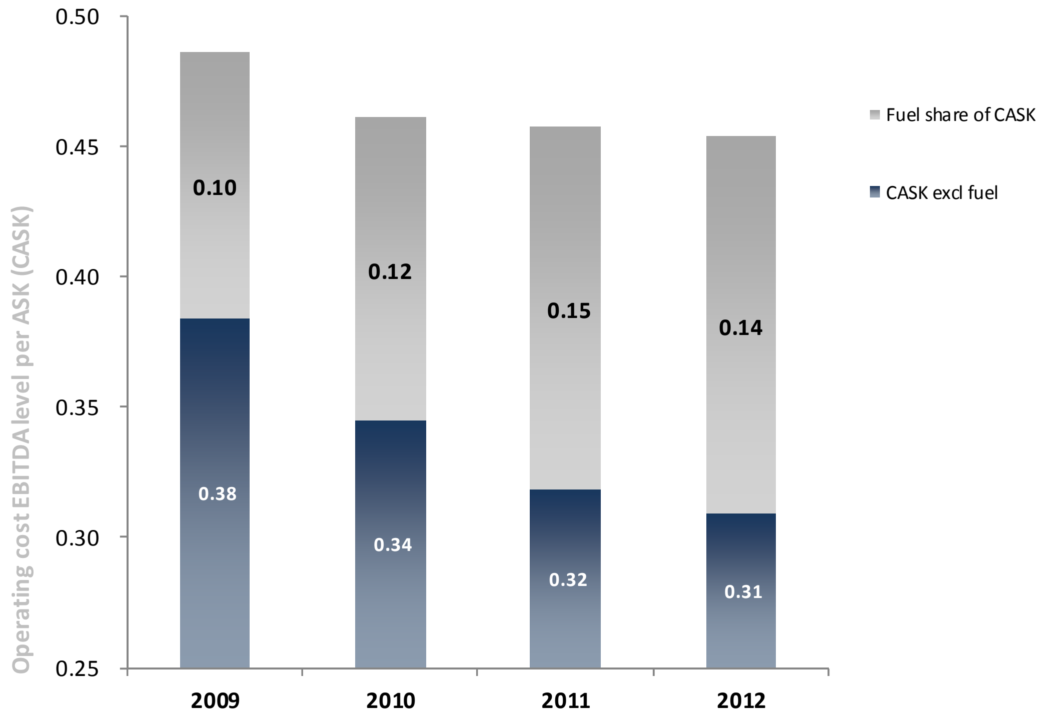


	Marketshare Oslo Airport (OSL)	Marketshare Stockholm Airport (ARN)	Marketshare Copenhagen Airport (CPH)	Marketshare Helsinki Airport (HEL)	Marketshare Int'l Gatwick Airport (LGW)	Marketshare Int'l Spanish bases (AGP, LPA, ALC)
Q4 07	27 %	8 %	0 %	0 %	0 %	1 %
Q4 08	33 %	9 %	3 %	0 %	1 %	2 %
Q4 09	37 %	10 %	10 %	0 %	3 %	4 %
Q4 10	38 %	14 %	11 %	2 %	5 %	5 %
Q4 11	37 %	19 %	12 %	8 %	6 %	6 %
Q4 12	38 %	19 %	15 %	10 %	6 %	8 %

Sources: Avinor, Swedavia, Copenhagen Airports, Finavia, Gatwick Airport, Aena

Unit cost ex fuel down 3 % in 2012

- Unit cost including fuel down 1 %
  - 7 % higher NOK denominated fuel price
  - USD/NOK up 4 % y.o.y. (maintenance, fuel & leasing)

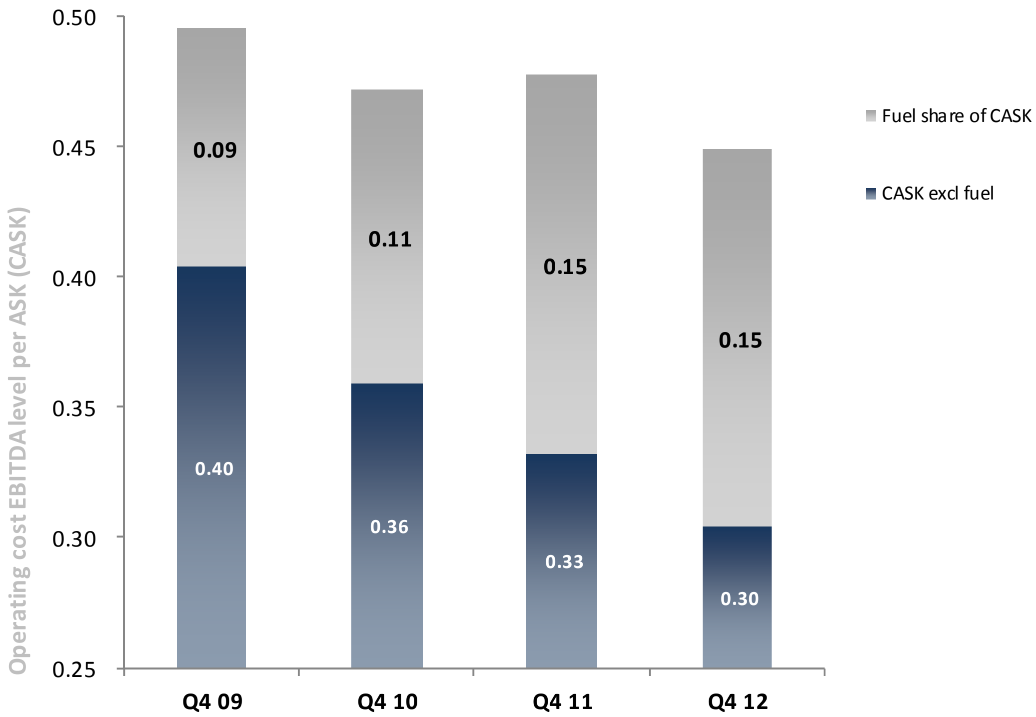


	2009	2010	2011	2012
Cost per ASK (CASK) (NOK)	**0.49**	**0.46**	**0.46**	**0.45**
CASK ex. fuel	0.38	0.34	0.32	0.31

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 while foreign currency gains and losses from translation of USD denominated borrowings are recognized under financial items and is thus not included in the CASK concept. Hedge effects offset under financial items have not been included in this graph.

Unit cost ex fuel down 8 % in Q4

- Unit cost including fuel down 6 %
  - 4 % higher NOK denominated fuel price



Cost per ASK (CASK) (NOK)	**0.50**	**0.47**	**0.48**	**0.45**
CASK ex. fuel	0.40	0.36	0.33	0.30

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Cost control is a prerequisite for survival

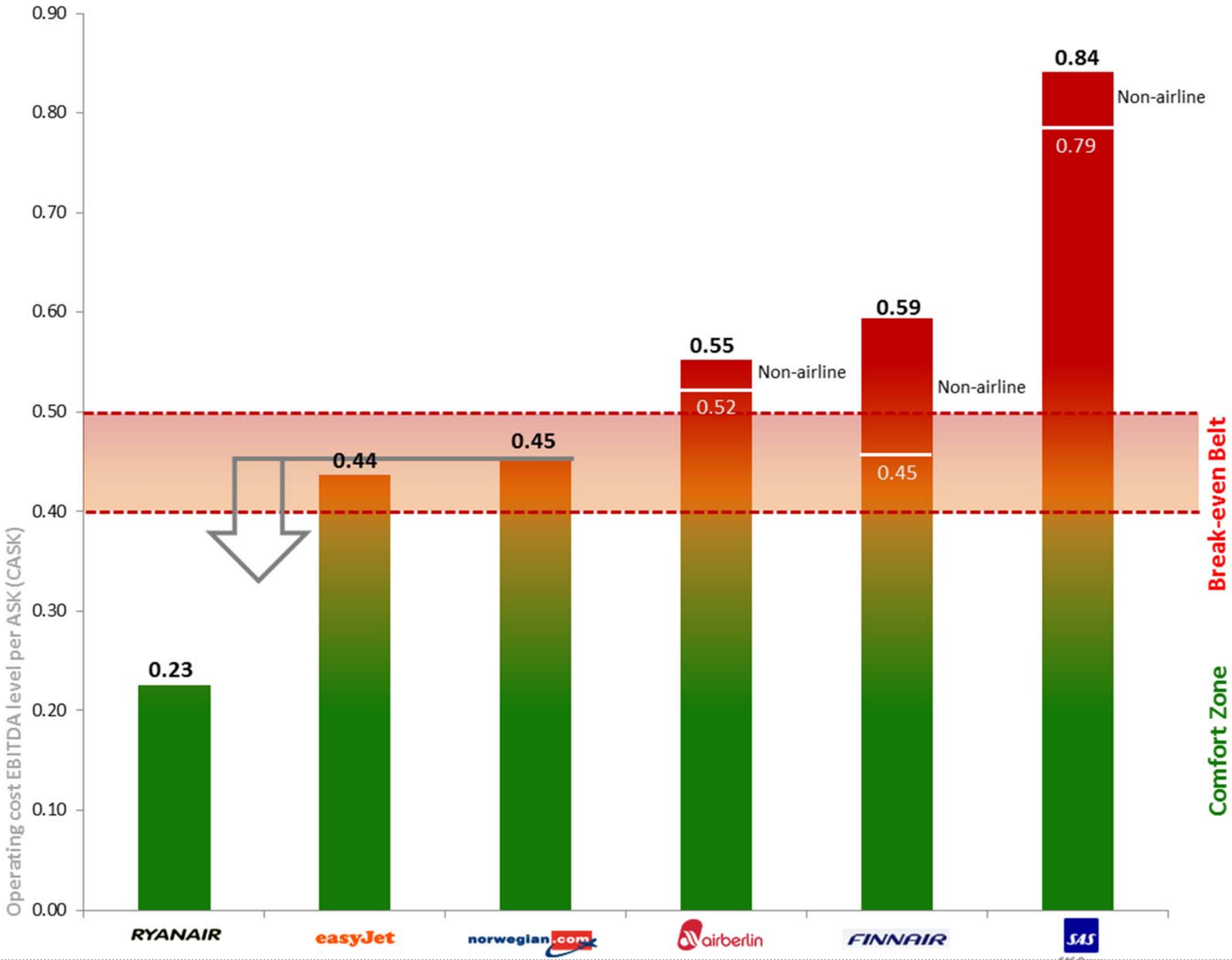
2012 Bankruptcies

On the verge… Government bailouts

?

Norwegian positioned in the cost "Break-even Belt" – a prerequisite for self sustainability

Aiming for the "Comfort Zone"



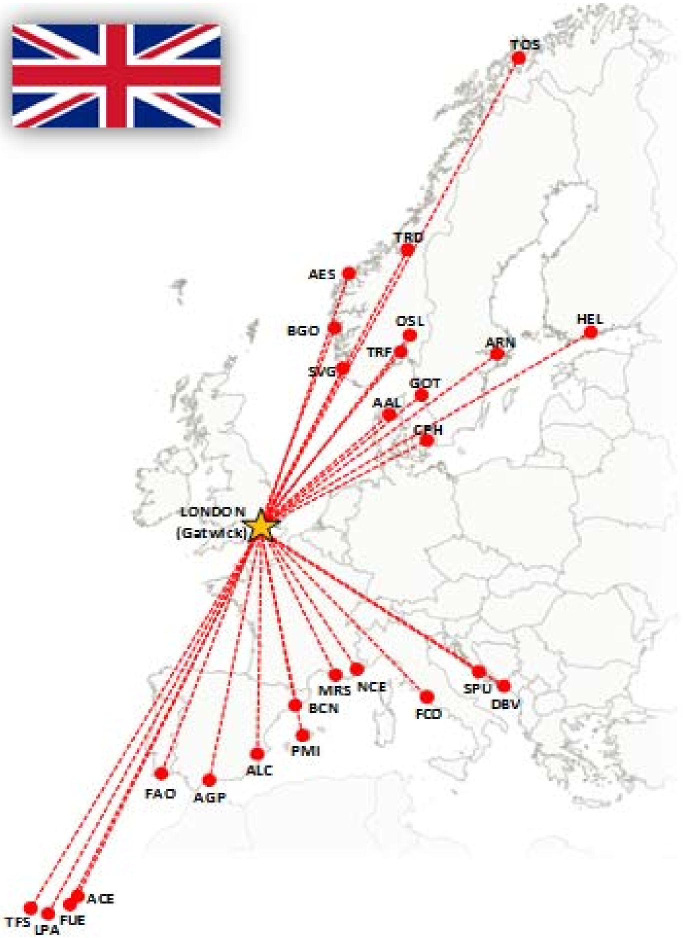
Sources: SAS Group Q3-2012 report & Annual Report 2011 (cost displayed October 2011 – September 2012), Finnair Plc. Annual Report 2011, Ryanair Annual Report 2012, easyJet year-end report 2012, Air Berlin Annual Report 2011 and Norwegian's estimations

• 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).
•Finnair: Non-airline operating expenses calculated by deducting "Airline Business" expenses as presented in the "Business segment data" from total operating expenses.
•SAS Group: Revenues from mail & freight, ground handling services, technical maintenance and terminal & forwarding services as presented in the 2011 annual report are classified as "non-airline" and are deducted from airline operating expenses.
•SAS Group's figures are unadjusted for "restructuring" costs it has been a constant fixture in most financial statements the last decade.
• 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
•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 while foreign currency gains and losses from translation of USD denominated borrowings are recognized under financial items and is thus not included in the CASK concept. Hedge effects offset under financial items have not been included in this graph.

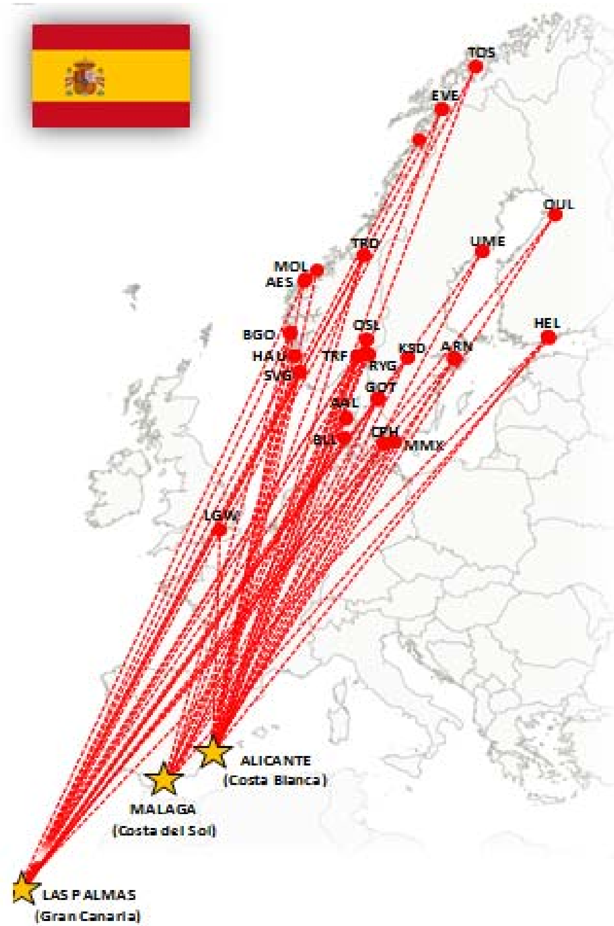
Creating and securing jobs - both in established and new markets

Thai base

UK base



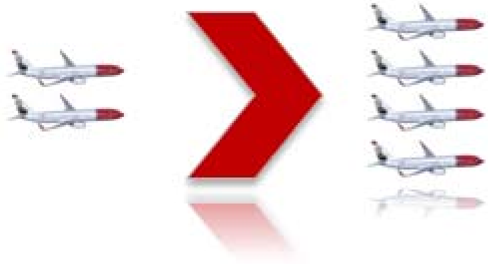
Spanish bases



Reaching the aim of FY CASK NOK 0.30 excluding fuel

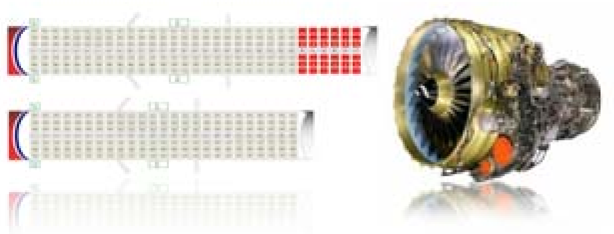
Scale economies

- Uniform fleet of Boeing 737-800s
- Overheads



New more efficient aircraft

- Flying cost of 737-800 lower than 737-300
- 737-800 has 38 “free” seats
- 3 % lower unit fuel consumption in Q4



Growth adapted to int’l markets

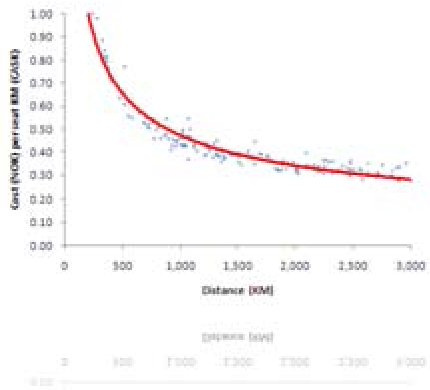
- Cost level adapted to local markets
- Outsourcing/ Off-shoring

Crew and aircraft utilization

- Rostering and aircraft slings optimized
- Q4 utilization of 10.8 BLH pr a/c (+0.2 BLH)

Optimized average stage length

- Fixed costs divided by more ASKs
- Frequency based costs divided by more ASKs
- Q4 stage length up by 8 %



Automation

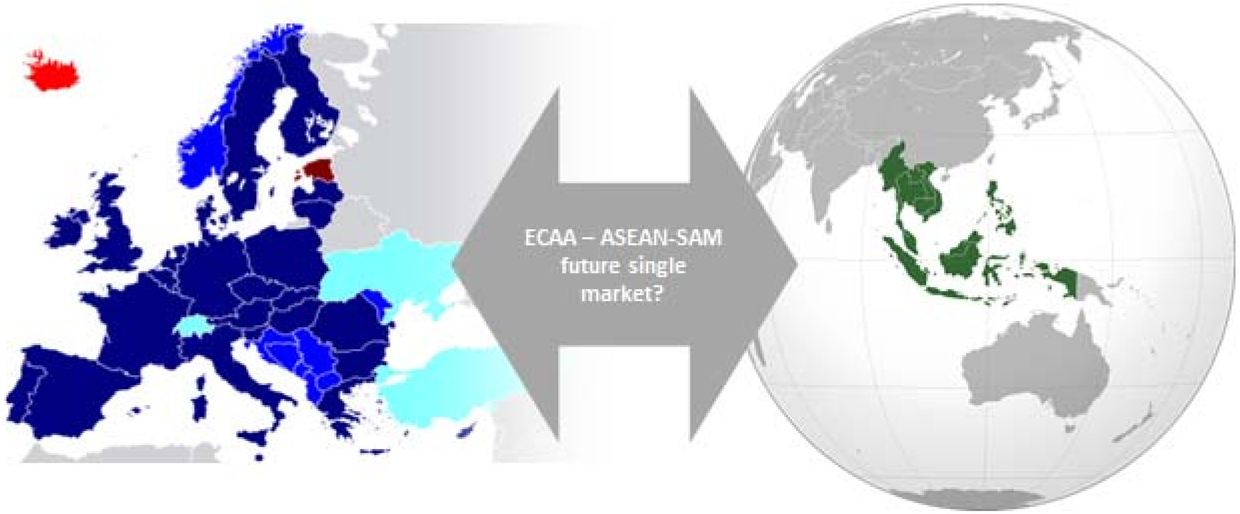
- Self check-in/ bag drop
- Automated charter & group bookings
- Streamlined operative systems & processes

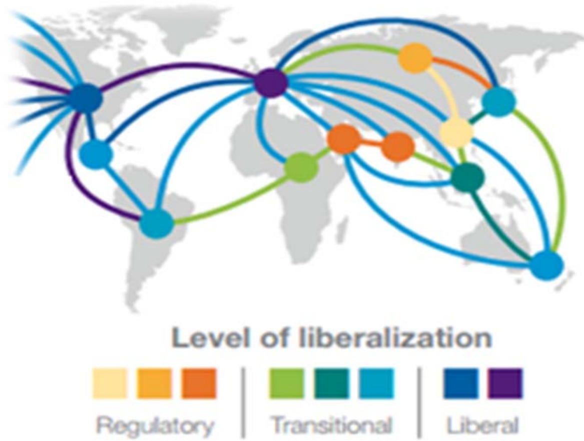
Moving towards a global free market

European Common Aviation Area (ECAA)
(full open skies within Europe)

ASEAN Single Aviation Market (ASEAN-SAM)
(full open skies within ASEAN) (2015)

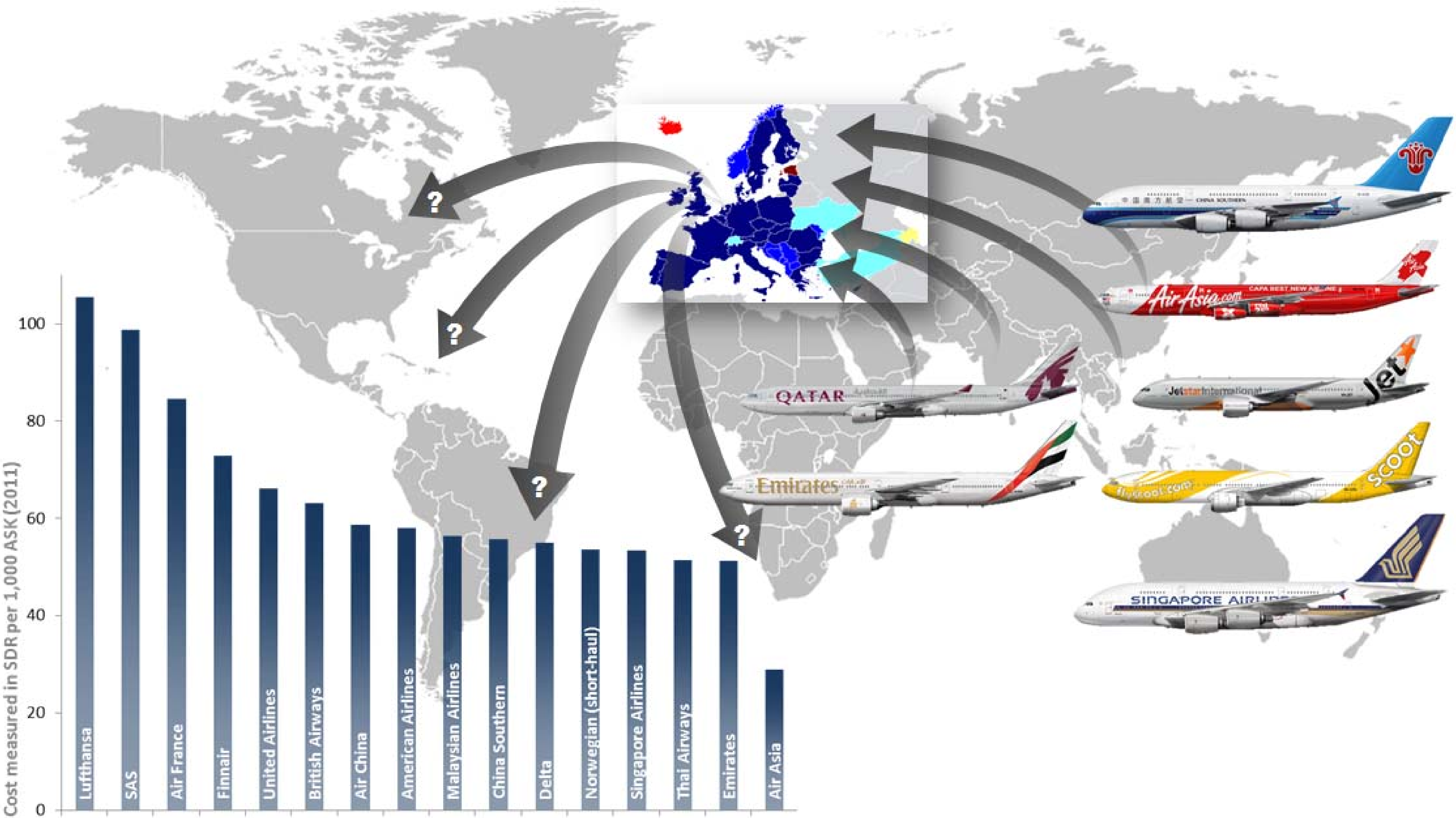
Level of Liberalization





A free market means anyone can fly anywhere

Influx of efficient carriers



Source: 2012 Airline Performance Indicators. The Special Drawing Right (SDR) is a unit based on the trade-weighted values of a group of major currencies from the G8 nations. This unit allows comparisons to be made over extended periods of time which smooth out some of the larger fluctuations in currency value which can occur in relation to a single currency such as the US dollar. The SDR rates which we have used are those which were published on the website of the International Monetary Fund (IMF) for 3 July 2010 and 3 July 20[illegible].

Norwegian's future competitors

- Long-haul low cost will revolutionize the long-haul market – as it did short-haul
- Cannot compete on a global field when restricted to local conditions


	AirAsia X	Scoot	Jetstar	Cebu Pacific
Country:	Malaysia	Singapore	Australia * Hong Kong * Japan * Singapore * Vietnam	Philippines
Type:	Low Cost	Low Cost subsidiary of Singapore Airlines	Low Cost subsidiary of Qantas Airways	Low Cost
Aircraft in operation: *(long-haul)*	**11** *9 Airbus A330-300* *2 Airbus A340-300*	**4** *4 Boeing 777-200 ER*	**11** *11 Airbus A330-200*	**0** *Long-haul launch Q3 2013*
Aircraft on order: *(long-haul)*	**28** *18 Airbus A330-300* *10 Airbus A350-900*	**20** *20 Boeing 787-9 Dreamliner*	**14** *14 Boeing 787-8 Dreamliner*	**8** *8 Airbus A330-300*

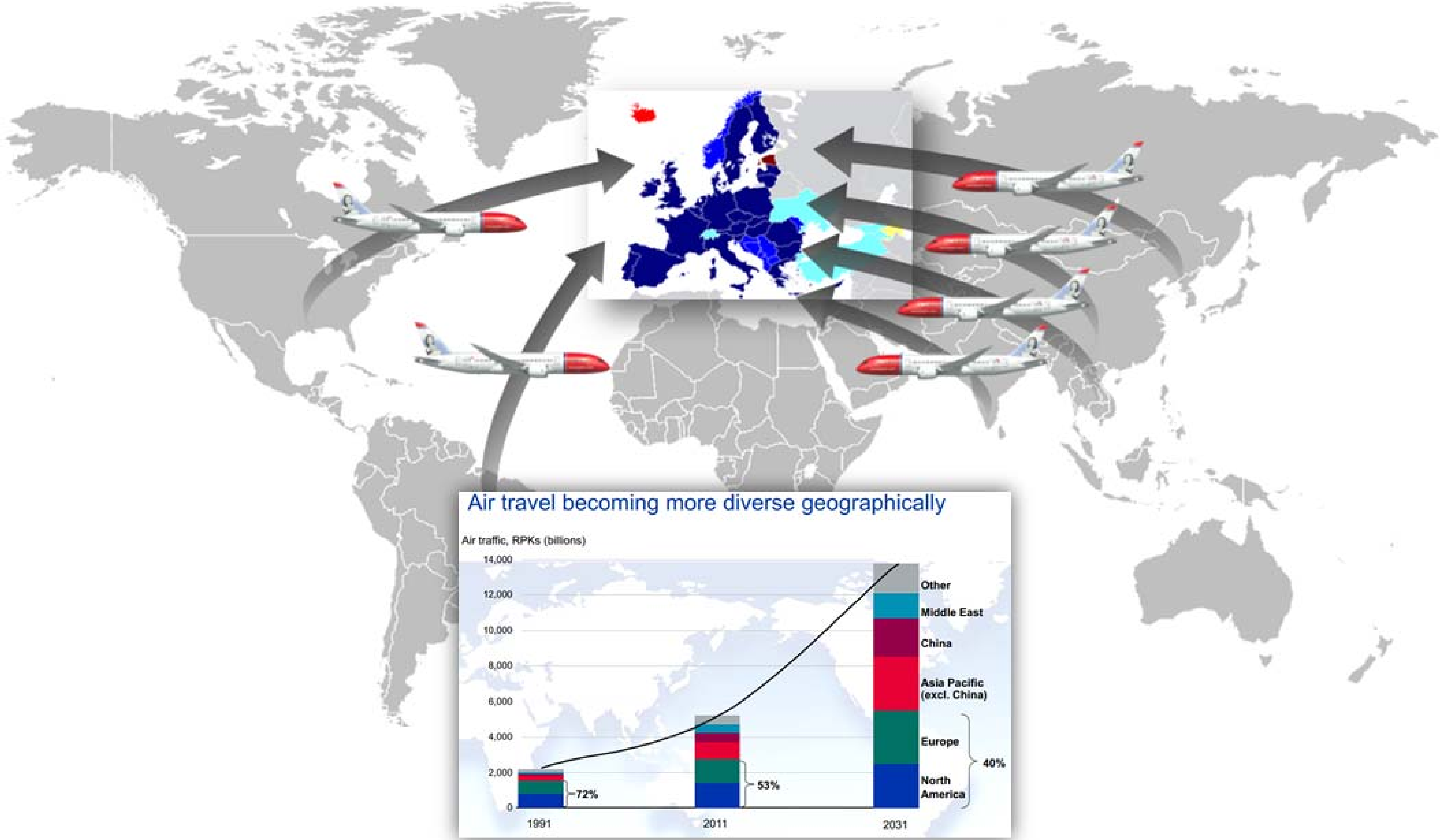
Salary cost is the largest cost item second to jet-fuel:

Competitors must be met on a level playing field

Source: International Labour Organization (ILO) (ILO Global Wage Database 2012)

Open Skies is a great opportunity – not threat

- Traffic flows *from* Asia will become more important than *to*



276 undelivered aircraft on order

- The most efficient and environmentally friendly fleet available
- Securing cost efficiency for the future

68 Boeing 737-800 (65 direct buy + 3 leases)

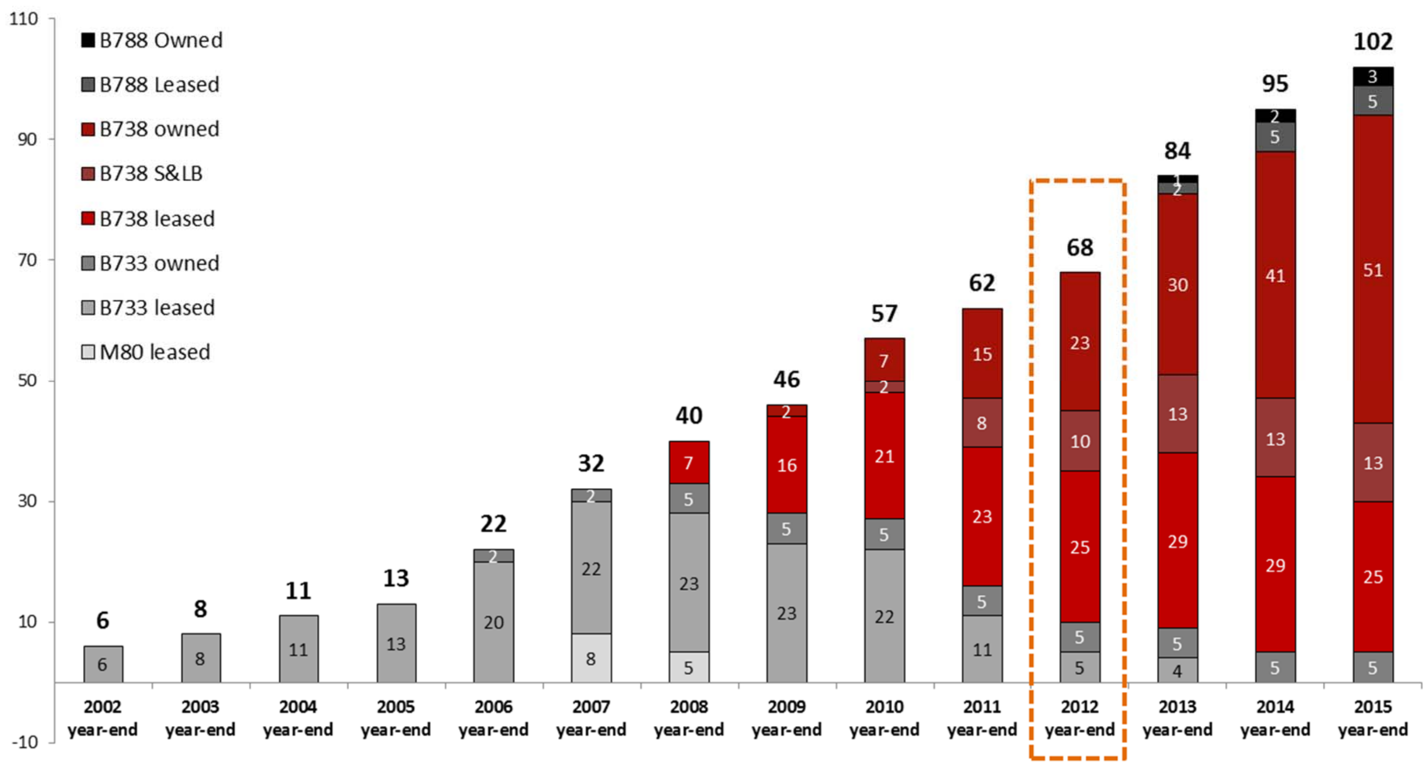
8 Boeing 787-8 Dreamliner

100 Boeing 737 MAX8

100 Airbus A320neo

Current committed fleet plan

- 14 new 737-800 deliveries in 2013
- Short term shortage of 800’s
  - Temporarily covered by existing 300’s
- 3 new 787-8 Dreamliner expected in 2013



Expectations for 2013 (Group)

- **Business environment**
  - Increased economic uncertainty in parts of Europe
  - Seasonal fluctuations
  - Continued but eased yield pressure

- **Production**
  - The company expects a production growth (ASK) in excess of 25 %
    - Increasing the fleet by adding 737-800's
    - Utilization and distance increase short-haul driven by UK and Spanish bases
    - Launch of long-haul operations
  - Capacity deployment depending on development in the overall economy and marketplace

- **Cost development**
  - Unit cost expected in the area of 0.42 – 0.43 (excluding hedged volumes)
    - Fuel price dependent – USD 950 pr. ton
    - Currency dependent – USD/NOK 5.75
    - Production dependent
    - Based on the currently planned route portfolio

norwegian.com

Norwegian offers 359 scheduled routes to 121 destinations in 37 countries.

Norwegian Air Shuttle ASA

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