Norwegian Air Shuttle ASA

Q2 2013 Presentation

July 11th 2013

CEO Bjørn Kjos

CFO Frode Foss

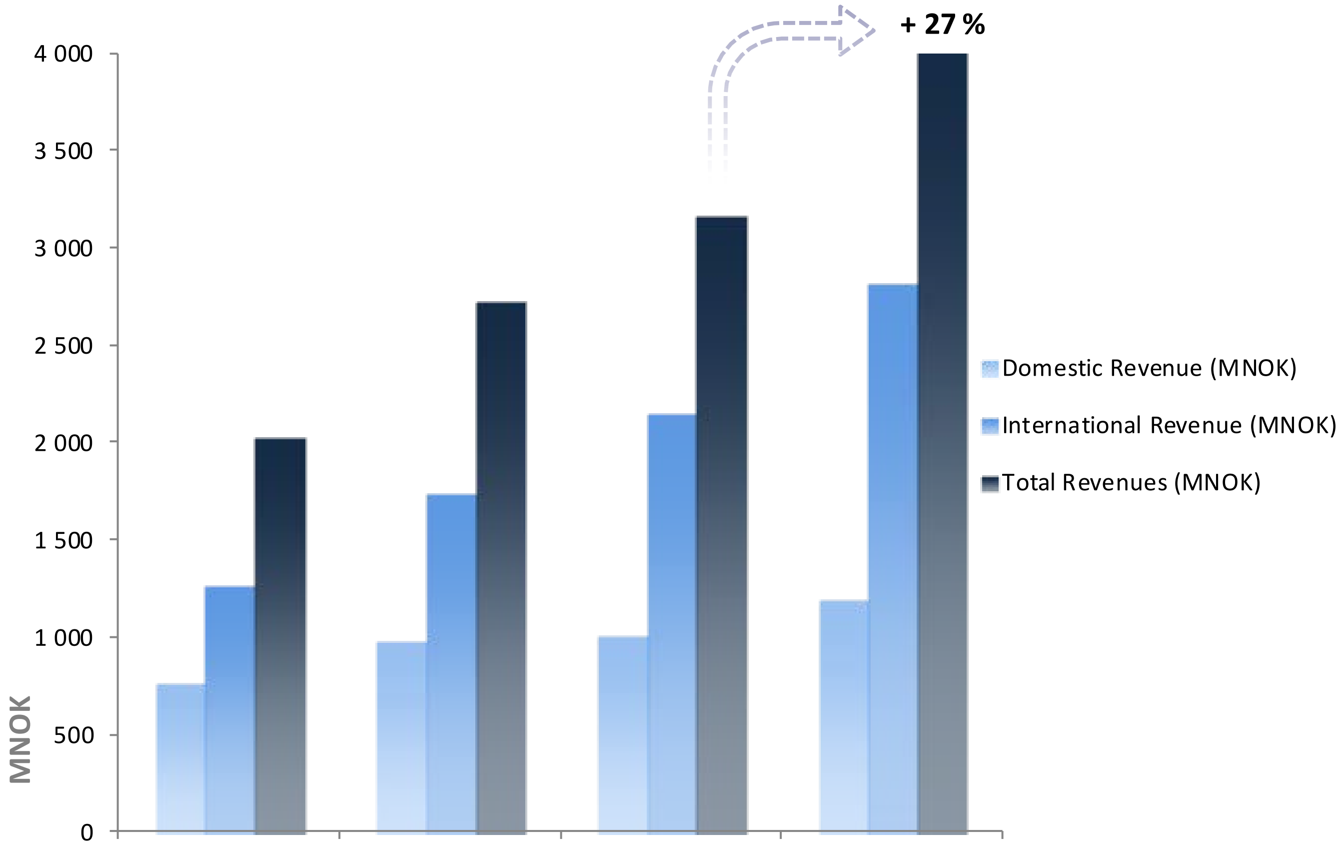
Photo: Chris Raezer

WORLD AIRLINE WINNER SKYTRAX AWARDS 2013

Best low-cost airline in Europe

Double digit revenue growth in Q2

- Group revenues of MNOK 4,012 in Q2 2013

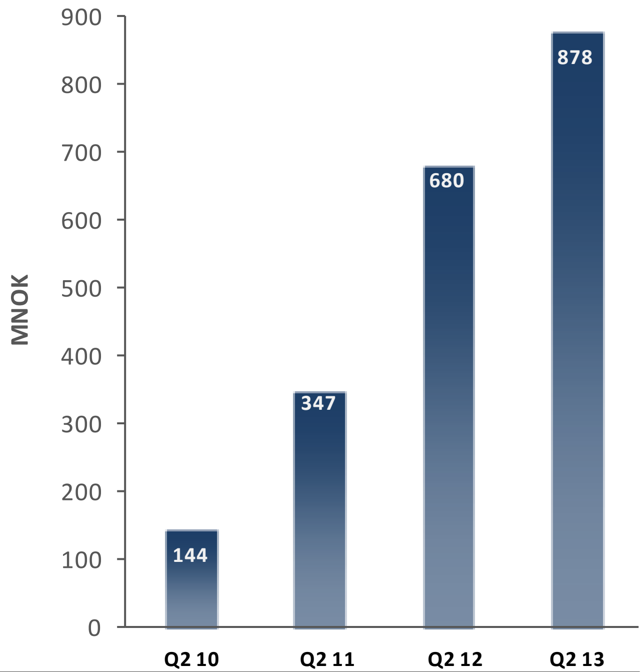


	Q2 10	Q2 11	Q2 12	Q2 13
Revenues	**2 032**	**2 725**	**3 170**	**4 012**
Domestic revenue	766	982	1 017	1 192
% y.o.y. chg	*8 %*	*28 %*	*4 %*	*17 %*
International revenue	1 266	1 743	2 153	2 820
% y.o.y. chg	*6 %*	*38 %*	*24 %*	*31 %*

Pre-tax profit improved by 152 million in Q2

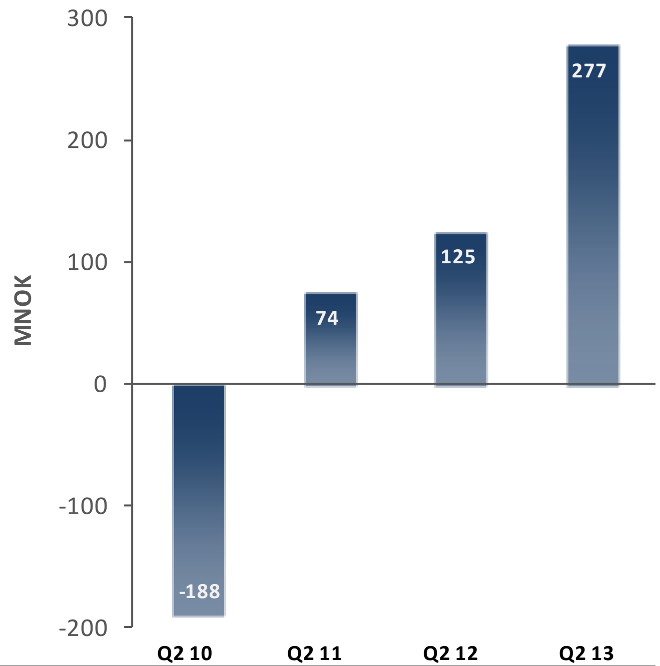
EBITDAR	**MNOK**	**878**	**680**
EBITDA	MNOK	574	410
EBIT	MNOK	446	322
Pre-tax profit (EBT)	**MNOK**	**277**	**125**
Net profit	MNOK	197	91

EBITDAR development Q2



EBITDAR margin	7 %	13 %	21 %	22 %

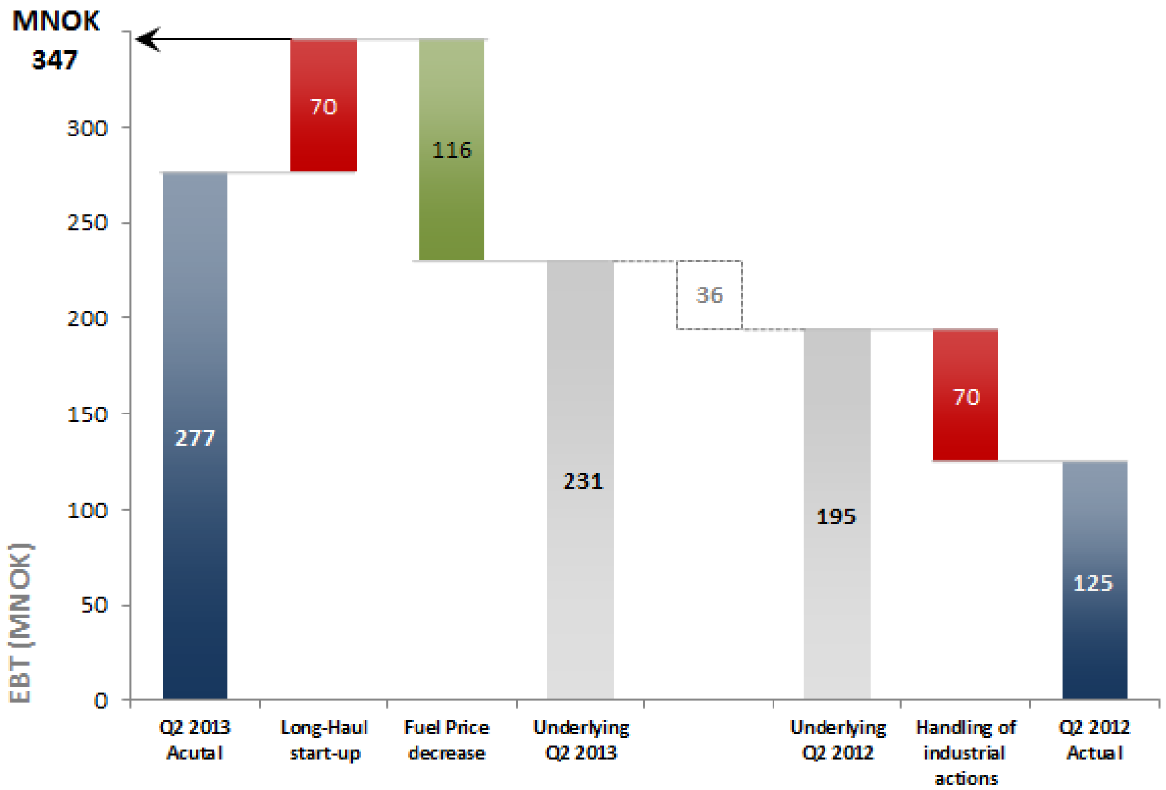
EBT development Q2



EBT margin	-9 %	3 %	4 %	7 %

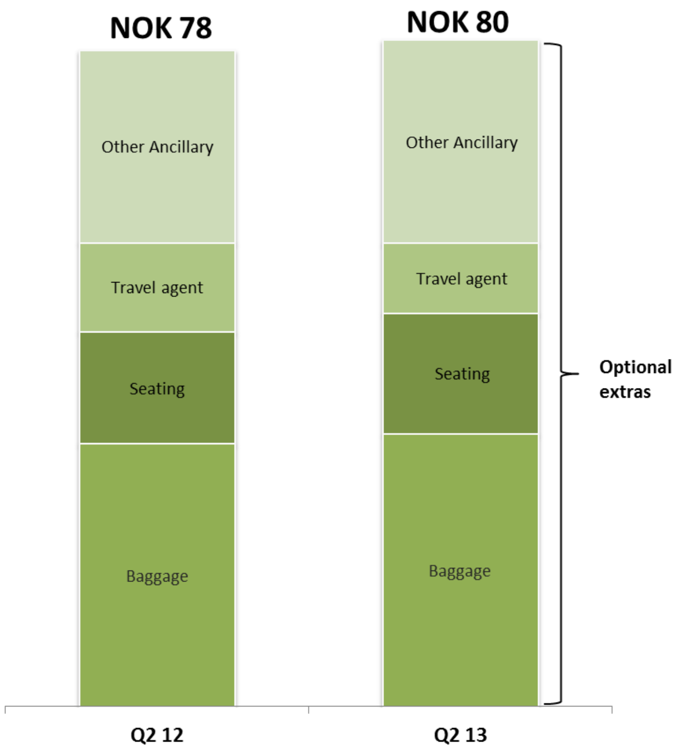
EBT result from normal operations MNOK 347

- Estimated long-haul start-up earnings effect MNOK 70
  - Extra cost due to wet-lease (A340), low utilization & staff training MNOK 60
  - Lower revenue due to smaller aircraft (A340) & price stimulation MNOK 10
- Earnings effect start-up LGW & ALC not included (business as usual)



Ancillary revenue remains a significant contributor

- Ancillary revenue comprises 11 % of Q2 revenues (target 15%)
- NOK 80 per scheduled passenger (an increase of 2 % from last year)



Cash & cash equivalents of NOK 2.9 billion

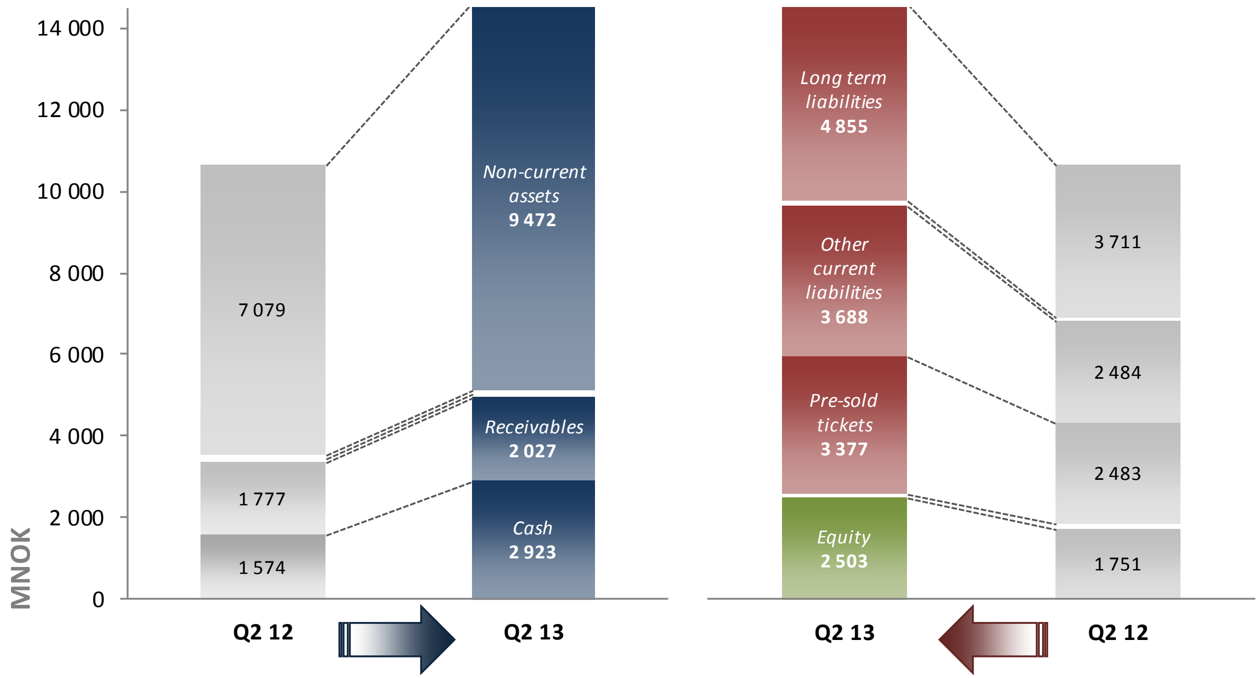
- Cash flows from operations in Q2 13 — MNOK 1 084 (MNOK 571)
- Cash flows from investing activities in Q2 13 — MNOK -702 (MNOK -478)
- Cash flows from financing activities in Q2 13 — MNOK 96 (MNOK -6)
- Cash and cash equivalents at period-end — MNOK 2 923 (MNOK 1574)

Condensed Consolidated Statement of Cash Flow

Unaudited	Quarterly (end of Q2 13)		YTD (end of Q2 13)		Year End
(Mill. NOK)	Q2 13	Q2 12	Q2 13	Q2 12	2012
Net cash flows from operating activities	1 084.4	571.4	2 046.0	1 115.4	2 021.6
Net cash flows from investing activities	-701.7	-477.6	-543.5	-655.2	-2 765.5
Net cash flows from financial activities	96.3	-6.2	-310.3	8.7	1 369.4
Foreign exchange effect on cash	-1.0	0.2	-0.2	0.5	0.3
Net change in cash and cash equivalents	**478.0**	**87.8**	**1 192.0**	**469.4**	**625.8**
Cash and cash equivalents in beginning of period	2 444.9	1 486.6	1 730.9	1 104.9	1 104.9
Cash and cash equivalents in end of period	2 922.9	1 574.4	2 922.9	1 574.4	1 730.9

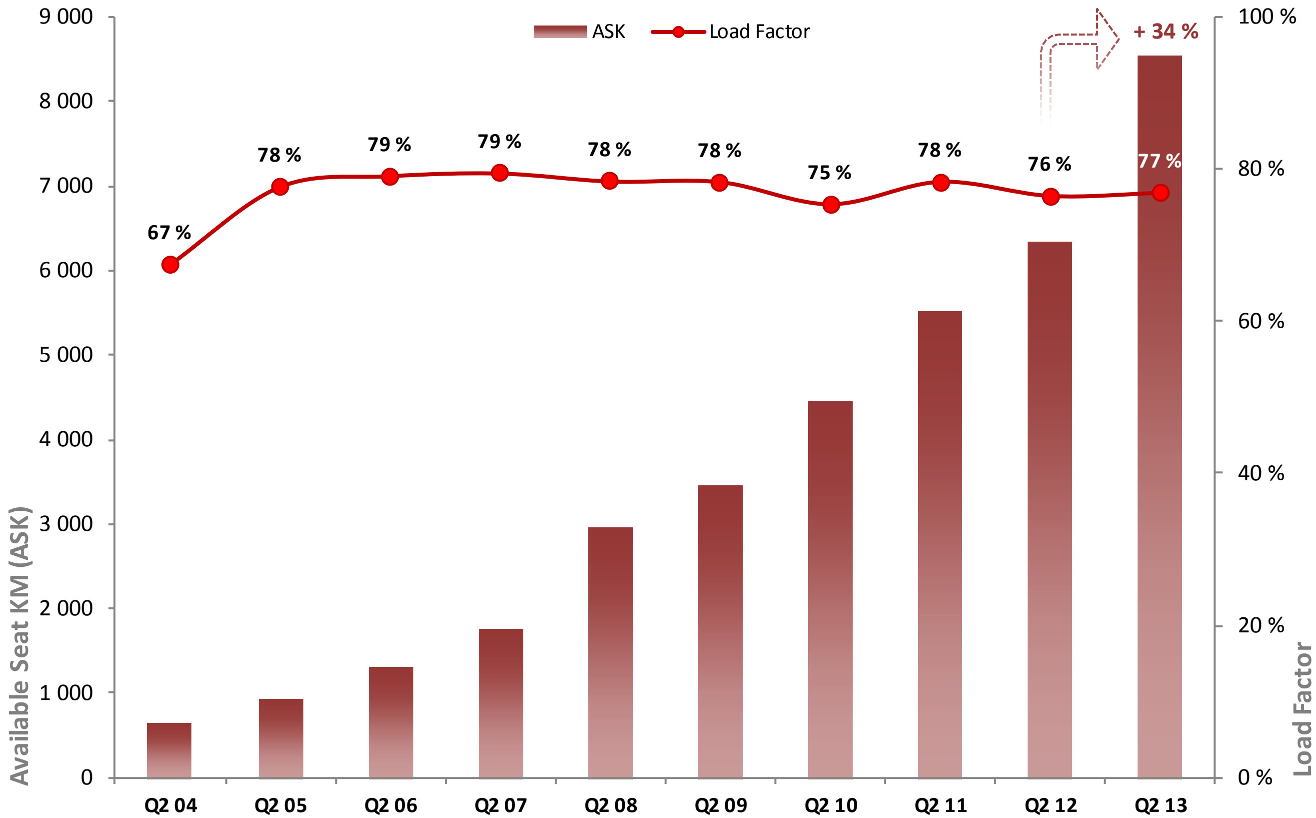
Equity improved by MNOK 752 compared to last year

- Total balance of NOK 14.4 billion
- Net interest bearing debt NOK 2.8 billion (2.8)
- Equity of NOK 2.5 billion at the end of the second quarter
- Group equity ratio of 17 % (17 %)



Traffic growth of 35% surpasses capacity increase – load up 1 p.p.

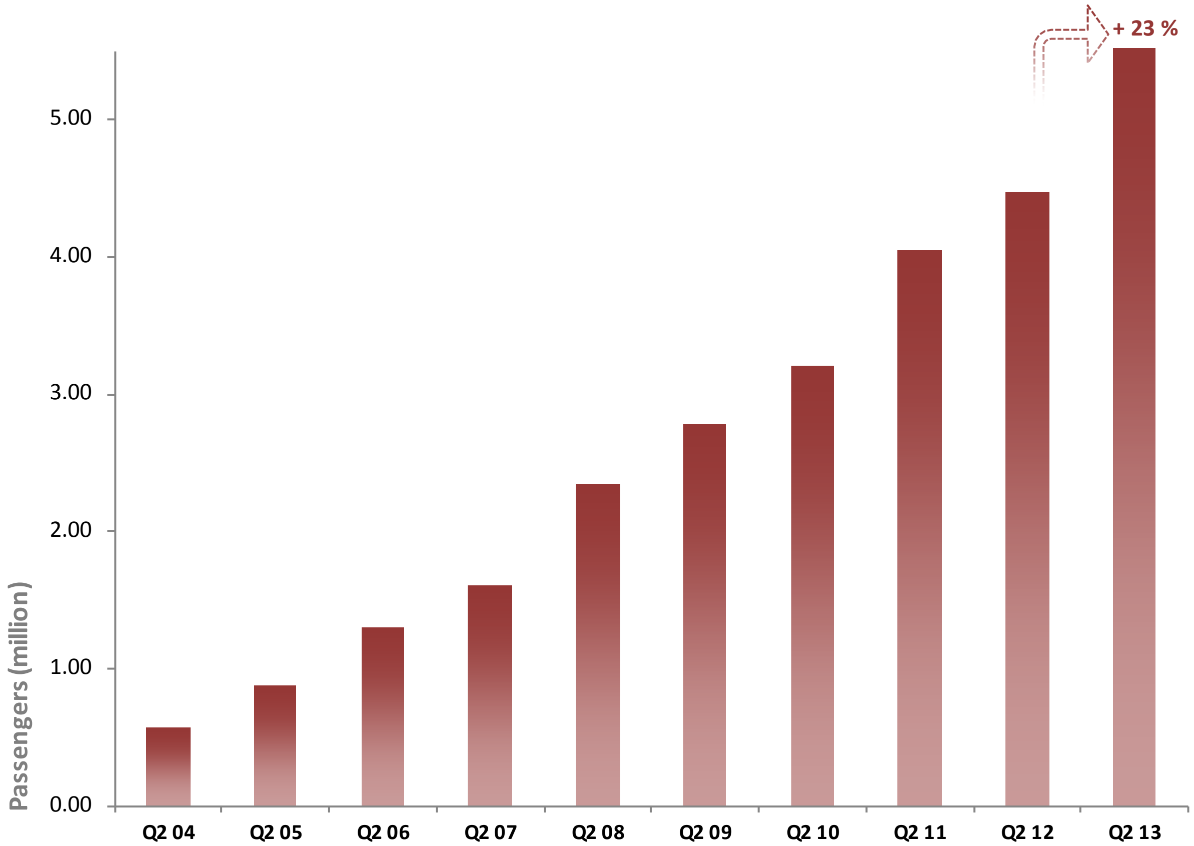
- Unit revenue (RASK) down 6 %
- Average flying distance up 9 %



ASK	642	940	1 323	1 763	2 974	3 469	4 449	5 518	6 357	8 541
Load Factor	67 %	78 %	79 %	79 %	78 %	78 %	75 %	78 %	76 %	77 %

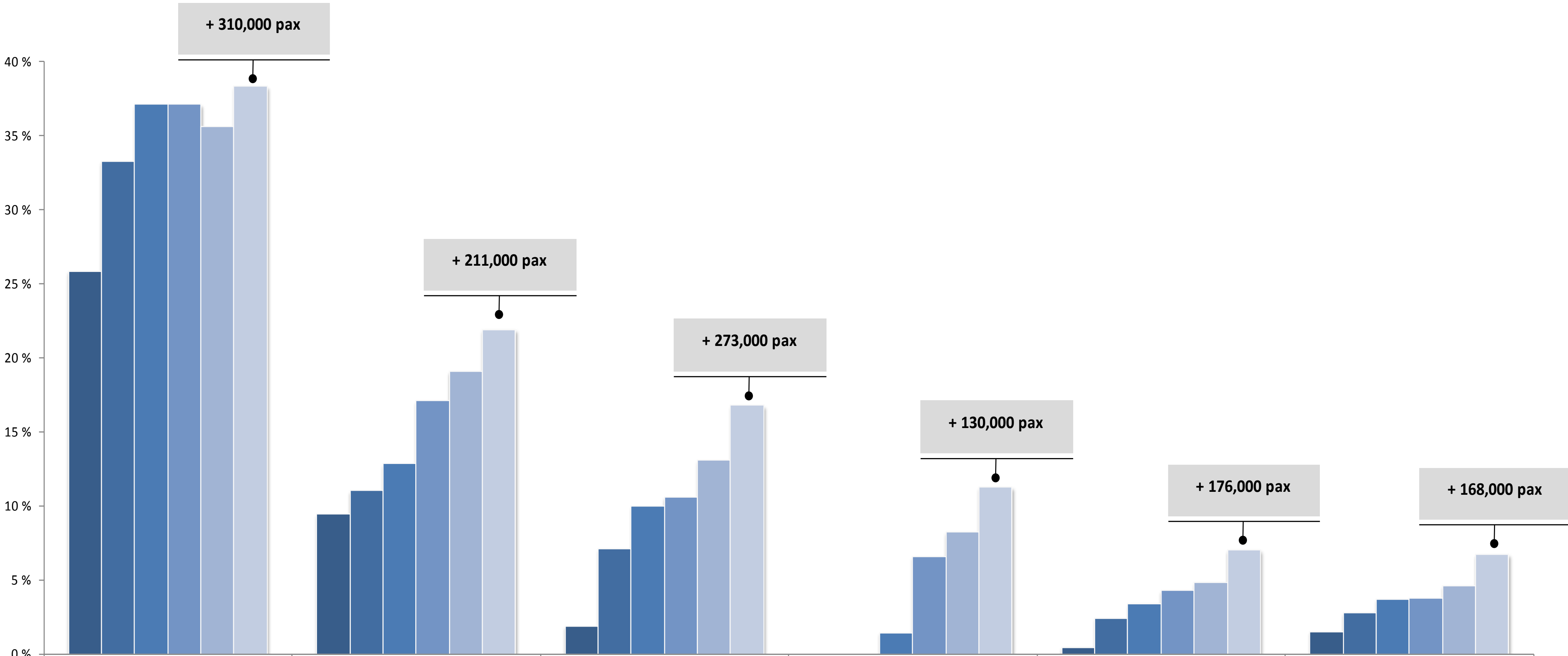
An increase of more than 1 million passengers in Q2

- 5.5 million passengers



Pax (mill)	**0.6**	**0.9**	**1.3**	**1.6**	**2.3**	**2.8**	**3.2**	**4.0**	**4.5**	**5.5**

Continued strong international growth in Q2

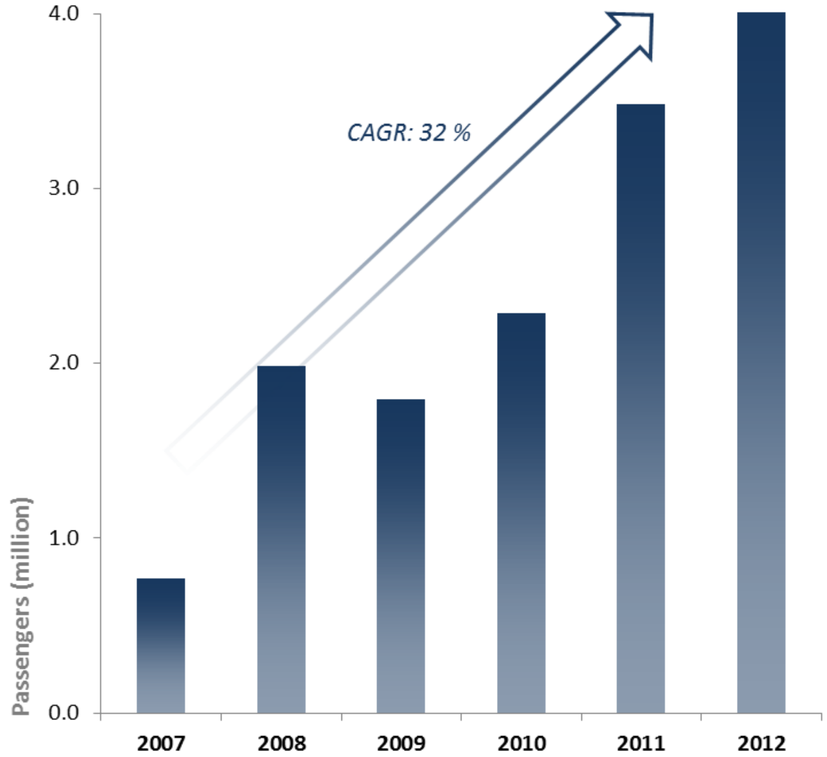


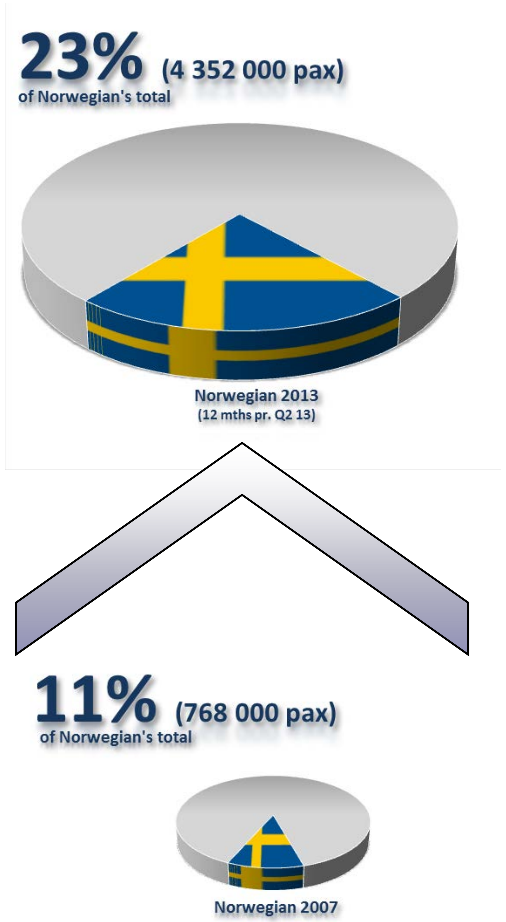
	Marketshare Oslo Airport (OSL)	Marketshare Stockholm Airport (ARN)	Marketshare Copenhagen Airport (CPH)	Marketshare Helsinki Airport (HEL)	Marketshare Int'l Gatwick Airport (LGW)	Marketshare Int'l Spanish bases (AGP, LPA, ALC)
Q2 08	26 %	9 %	2 %	0 %	0 %	2 %
Q2 09	33 %	11 %	7 %	0 %	2 %	3 %
Q2 10	37 %	13 %	10 %	1 %	3 %	4 %
Q2 11	37 %	17 %	11 %	7 %	4 %	4 %
Q2 12	36 %	19 %	13 %	8 %	5 %	5 %
Q2 13	38 %	22 %	17 %	11 %	7 %	7 %

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

Sweden an increasingly important market

- 76 routes to 60 destinations
- 22% market share at Stockholm Arlanda





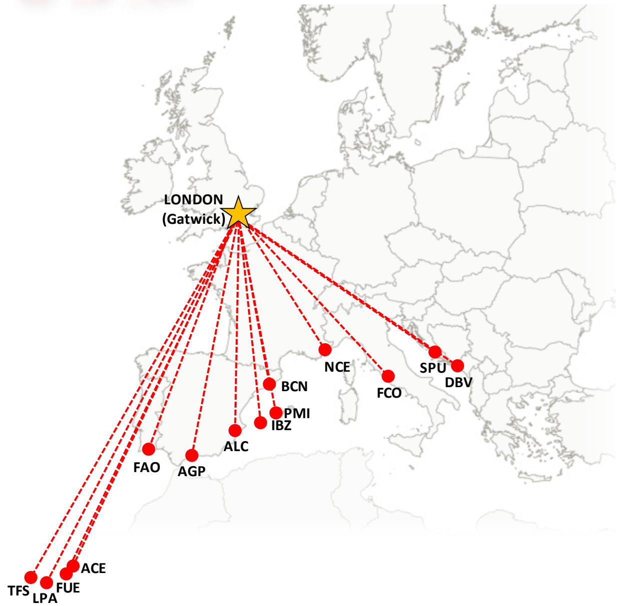
Q2 launch bases performing beyond expectations

Long-Haul Q2 Load

96%

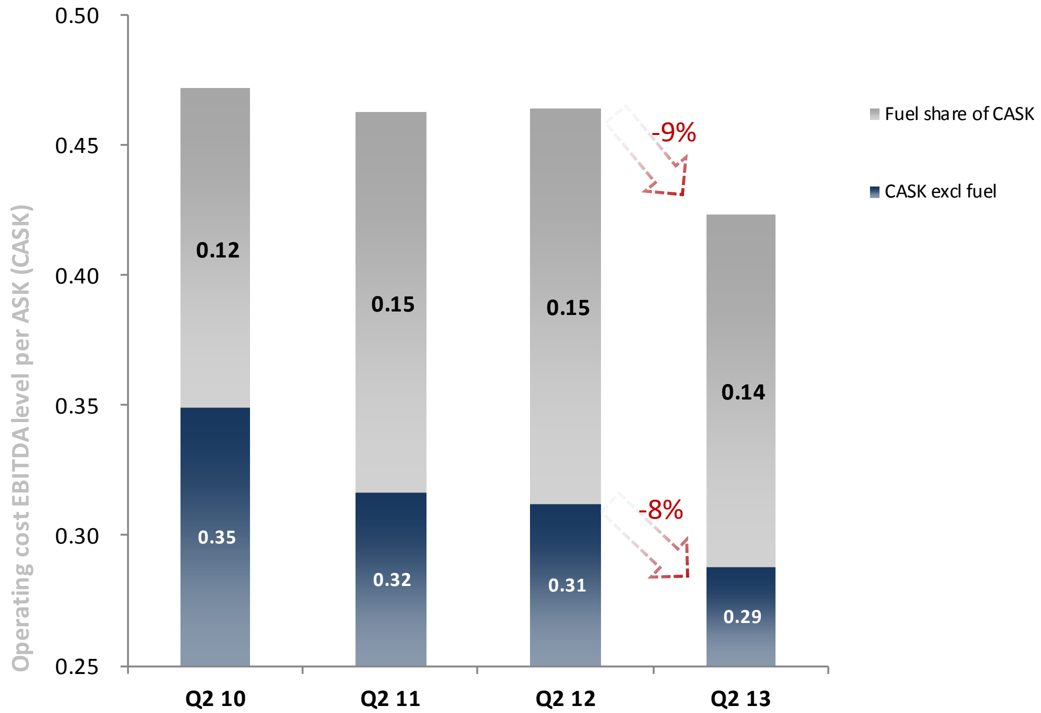
London – Med Q2 Load

85%



Unit cost down 9 % in Q2

- Unit cost excluding fuel down 8 %

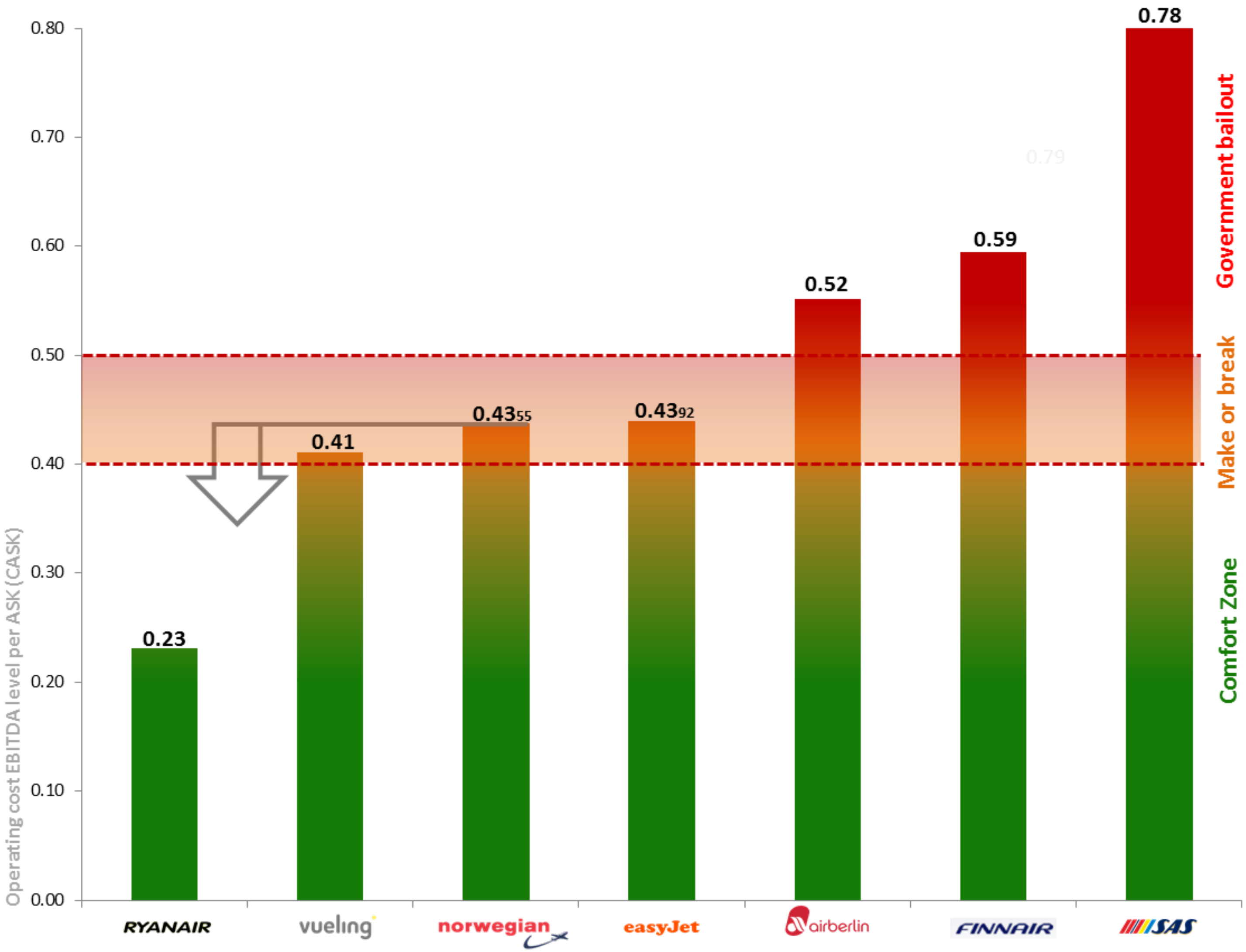


	Q2 10	Q2 11	Q2 12	Q2 13
Cost per ASK (CASK) (NOK)	**0.47**	**0.46**	**0.46**	**0.42**
CASK ex. fuel	0.35	0.32	0.31	0.29

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).
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.

European competitor benchmark:

Norwegian overtook easyJet on unit cost in Q2



Sources: Norwegian Q2 2013 report (period displayed July 2012 – June 2013), SAS Group Interim Report November 2012-April 2013 (period displayed May 2012 – April 2013, Scandinavian Airlines (SK) only), Finnair Plc. Annual Report 2012, Ryanair Annual Report 2012, easyJet 2013 half year results statement and Annual Report 2012 (period displayed April 2012 – March 2013), Air Berlin Annual Report 2012, Vueling Results Presentation FY'12 and Q4'12 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).

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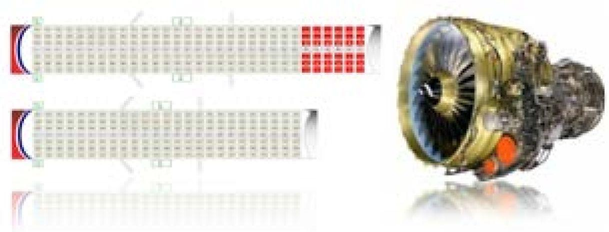
Aiming for new and reduced FY CASK NOK 0.25 excluding fuel

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
- 2 % lower unit fuel consumption in Q2



Growth adapted to int’l markets

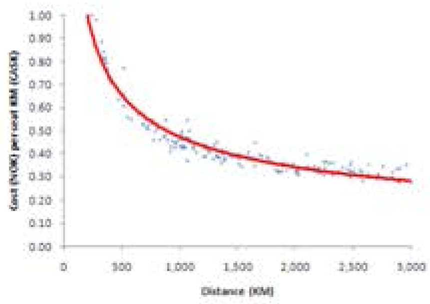
- Cost level adapted to local markets
- Outsourcing/ Off-shoring

Crew and aircraft utilization

- Rostering and aircraft slings optimized
- Q2 utilization of 11.6 BLH pr a/c (+0.9 BLH)

Optimized average stage length

- Fixed costs divided by more ASKs
- Frequency based costs divided by more ASKs
- Q2 sector length up by 9 %



Automation

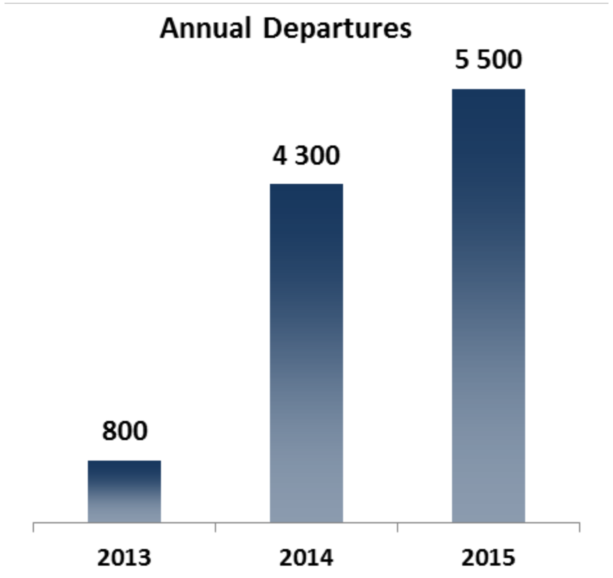
- Self check-in/ bag drop
- Automated charter & group bookings
- Streamlined operative systems & processes

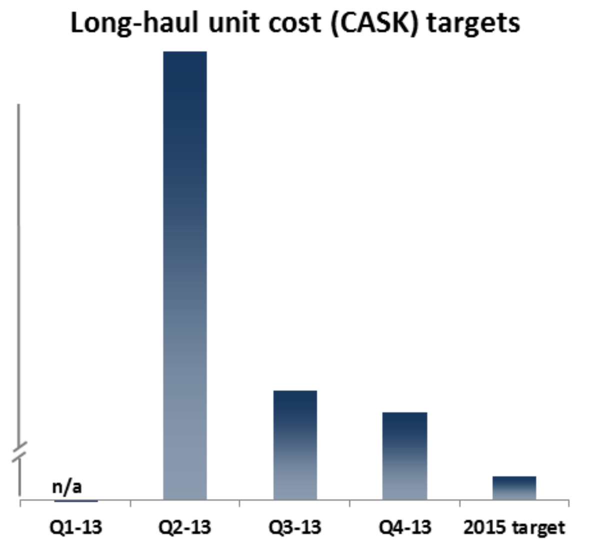
Long-haul operational / financial targets

- Start-up costs incurred ahead of operations
- Efficient scale of the operation from 2014
- CASK target NOK 0.35 – 0.30 by 2015/16
- Cash-positive case from 2013
- Dreamliner on long-haul soon
  - 787 #1 on long-haul from mid-August
  - 787 #2 on long-haul from September 1st

LH % of 2012 Group-production (estimate)	2013	2014	2015
Legs (# of departures)	1 %	3 %	4 %
Seat Kilometers (ASK)	7 %	35 %	46 %
Passengers	1 %	6 %	8 %
Passengers - absolute given 85 % LF	190 000	1 070 000	1 380 000

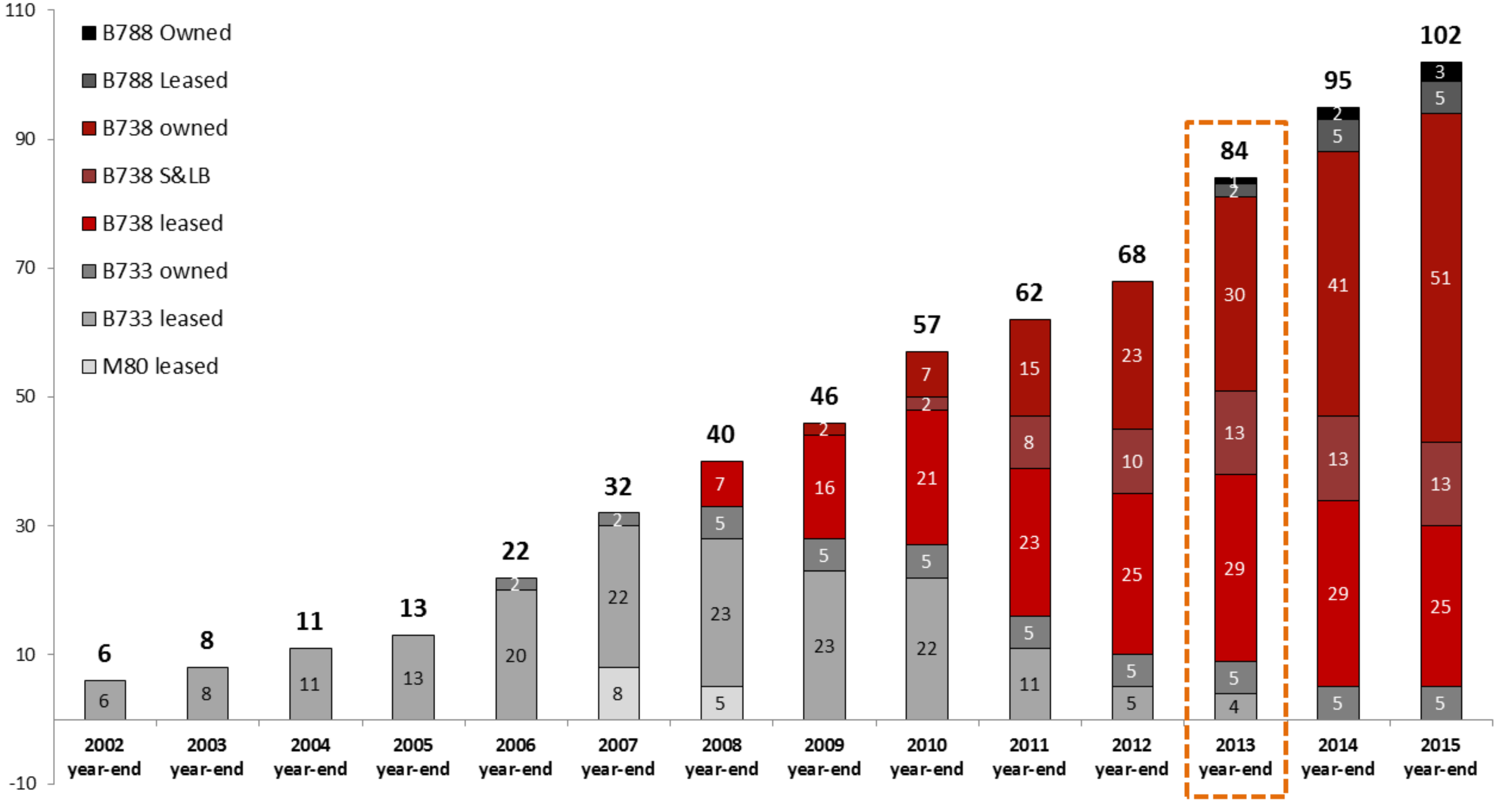
Operational facts (estimate)	2013	2014	2015
# of aircraft at year-end	3	7	8
# of operational aircraft (annual avg.)	1.3	5.8	7.7
Cabin-crew per aircraft	70	70	70
Pilots per aircraft	23	23	23





Current committed fleet plan

- 14 new 737-800 deliveries in 2013
  - 7 delivered by end of Q2
- 3 new 787-8 Dreamliner expected in 2013
  - 1 delivered by end of Q2



Expectations for 2013 (Group)

- **Business environment**
  - Economic uncertainty in parts of Europe
  - Seasonal fluctuations
  - Yield pressure from capacity investment
- **Production**
  - The company expects a production growth (ASK) in excess of 30% (previously “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 (Previously 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 383 scheduled routes to 122 destinations in 38 countries.

Norwegian Air Shuttle ASA

Organization number NO 965 920 358 MVA

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