

First half and second quarter report 2020



Hurtigruten AS Interim Financial Statements

Published 27 August 2020

Key Figures ^{1,2}

<i>EUR 1 000</i>	Q2 2020	Q2 2019	% Change	01.01-30.06 2020	01.01-30.06 2019	% Change	Full year 2019
Operational revenues	2,457	87,329	-97.2 %	77,286	156,091	-50.5 %	344,462
Total revenue	2,457	87,329	-97.2 %	77,286	156,091	-50.5 %	344,462
EBITDA	(3,940)	57	n.m.	16,245	5,353	n.m.	12,150
Other gains/(losses) – net	(5,471)	(43)	n.m.	8,263	(320)	n.m.	(1,082)
EBITDA excl Other gains (losses)	1,532	100	1435.8 %	7,982	5,673	40.7 %	13,232

¹ The figures presented in this report are unaudited.

² On January 1st 2020, the Company changed functional currency to EUR. See note 2 to the Interim Financial Statements.

About Hurtigruten AS

Hurtigruten AS, has become a sales and tour operator after the transfer of cruise business to the wholly owned subsidiary Hurtigruten Cruise in January 2019. Hurtigruten AS specializes in tour-packages using the subsidiaries within Hurtigruten Group to create genuine expedition travels for its travelers. Hurtigruten AS delivers a unique travel experiences together with Hurtigruten Cruises fleet of 16 custom-built expedition cruise vessels and land-based activities with Hurtigruten Svalbard, creating Hurtigruten brand as a world class expedition travel company. The company Hurtigruten AS offers travel and tour-packages with unique expedition experiences in areas of Alaska, South America, Arctic, Antarctica, along the Norwegian coast and to other unique destinations to travelers from all over the world.

Interim financial statements

Statement of profit and loss

Unaudited

<i>(EUR 1 000)</i>	<i>Note</i>	Q2 2020	Q2 2019	01.01-30.06 2020	01.01-30.06 2019	Full year 2019
Operating revenues		2,457	87,329	77,286	156,091	344,462
Total Revenues		2,457	87,329	77,286	156,091	344,462
Payroll costs		(230)	(450)	2,301	(961)	(1,247)
Depreciation, amortisation and impairment		(404)	(402)	(809)	(801)	(1,600)
Operating costs		(695)	(86,779)	(71,605)	(149,458)	(329,982)
Other (losses)/gains – net		(5,471)	(43)	8,263	(320)	(1,082)
Operating profit/(loss)		(4,344)	(345)	15,436	4,552	10,550
Operating profit/(loss) before depreciation, amortisation and impairment losses (EBITDA)		(3,940)	57	16,245	5,353	12,150
Finance income		8,682	2,768	2,011	4,688	20,948
Finance expenses		(1,092)	(374)	(1,499)	(863)	(28,340)
Net financial items	3	7,590	2,394	512	3,825	(7,392)
Profit/(loss) before income tax		3,246	2,049	15,948	8,377	3,160
Income tax expense		-	-	-	(68,126)	(73,643)
Profit/(loss) for the period		3,246	2,049	15,948	(59,748)	(70,483)
Profit/(loss) for the year attribute to Owners of the parent		3,246	2,049	15,948	(59,748)	(70,483)

Statement of financial position

Unaudited

<i>(EUR 1 000)</i>	<i>Note</i>	30.6. 2020	30.6. 2019	31.12. 2019
ASSETS				
Non-current assets				
Property, plant and equipment including right of use asset		3,330	3,290	3,399
Intangible assets		2,678	4,121	3,360
Loans to Group companies		33,684	141,558	159,496
Other non-current assets		535,685	453,590	447,801
Total non-current assets		575,376	602,560	614,056
CURRENT ASSETS				
Inventories		3,958	6,171	4,871
Trade and other receivables		9,518	4,959	7,539
Trade and other receivables Group companies		28,559	32,622	57,393
Cash and cash equivalents		70,871	14,417	4,499
Total current assets		112,907	58,169	74,302
Total assets		688,283	660,728	688,358
EQUITY				
Paid -in capital		453,771	461,729	453,771
Other equity		(109,371)	(113,418)	(125,316)
Total equity	<i>4</i>	344,400	348,311	328,455
LIABILITIES				
Non-current liabilities				
Borrowings from Group companies		117,858	16,229	43,584
Other non-current liabilities		41,877	34,906	44,958
Total non-current liabilities		159,735	51,135	88,542
Current liabilities				
Trade and other liabilities		17,251	33,284	155,423
Trade and other liabilities Group companies		147,013	225,538	111,166
Other current liabilities		19,884	2,461	4,774
Total current liabilities		184,148	261,283	271,363
Total equity and liabilities		688,283	660,728	688,358

Cash flow statement

Unaudited

<i>(in EUR 1 000)</i>	<i>Note</i>	First half year 2020	First half year 2019	Full year 2019
Cash flows from operating activities				
Profit/(loss) before income tax		15,948	8,377	2,704
Adjustments for:				
Depreciation, amortisation and impairment losses		809	801	1,599
Interest expenses and dividends received	3	(4,683)	(4,272)	(12,302)
Other gains and losses		-	-	17,098
Unrealised currency and derivatives gains/losses		(6,436)	4,920	6,667
Change in working capital ²		(56,387)	84,993	13,361
Taxes paid		-	-	(177)
Net cash flows from (used in) operating activities		(50,749)	94,819	28,951
Cash flows from investing activities				
Purchase of property, plant, equipment (PPE)		(59)	(16,203)	2,017
Other adjustments		1,106	2,762	12,703
Net cash flows from (used in) investing activities		1,047	(13,441)	14,720
Cash flows from financing activities				
Payment of interest		-	-	(759)
Proceeds from borrowings		-	-	36,739
Repayment of borrowings from group companies		112,202	(81,349)	(74,885)
Net cash flows from (used in) financing activities		112,202	(81,349)	(38,905)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		62,500	29	4,766
Cash and cash equivalents at the beginning of period		4,499	592	614
Foreign exchange gains/(losses) on cash, cash equivalents and bank overdrafts		-	-	(881)
Cash and cash equivalents at end of period		66,999	621	4,499
Restricted cash		3,872	13,796	-
Cash and cash equivalents at end of period		70,871	14,417	4,499

Notes to the interim financial statements

Note 1 Accounting policies

The interim financial report for the company is prepared in accordance with Norwegian Accounting Act and generally accepted accounting principles. The interim financial report does not include all information which will appear in the annual financial report, which is prepared in accordance with all effective GAAP, and this report should therefore be read in connection with the annual report for Hurtigruten AS for 2019.

The annual report for 2019 for the company can be obtained through a request to the company's main office. The accounting policies applied in the interim financial reporting are described in the note of accounting policies in the annual report for 2019.

In the preparation of the interim financial report, estimates and assumptions have been applied, which has affected assets, liabilities, revenues and costs. Actual figures can deviate from estimates applied.

Note 2 Functional currency

On January 1st 2020, the Company changed functional currency from NOK to EUR. The change was made to reflect that EUR has become the predominant currency in the Company's operations, counting for a significant part of the cash flow and financing. The change is implemented with prospective effects.

Note 3 Net Financial items

Unaudited

<i>(EUR 1000)</i>	Q2	Q2	First half year	First half year
	2020	2019	2020	2019
Interest income on current bank deposits	375	1	696	4
Foreign exchange gains	3,066	1,511	(4,861)	(447)
Return from investments in subsidiaries	4,978	-	4,978	-
Other financial income	264	1,256	1,197	5,132
Finance income	8,682	2,768	2,011	4,688
Interest expense and amortized borrowing fees	110	(97)	431	(287)
Foreign exchange losses	-	-	-	-
Other finance expenses	(1,202)	(277)	(1,929)	(576)
Finance expenses	(1,092)	(374)	(1,499)	(863)
Net Financial items	7,590	2,394	512	3,825

Note 4 Equity

Unaudited

<i>(in EUR 1 000)</i>	01.01-30.06.2020		
	Attributable to shareholders of Hurtigruten Cruise AS		
	Paid -in capital	Other equity	Total Equity
Equity at beginning of the period	453,771	(125,316)	328,455
Profit/loss for the year	-	15,948	15,948
Equity at the close of the period	453,771	-109,369	344,400

<i>(in EUR 1 000)</i>	01.01-30.06.2019		
	Attributable to shareholders of Hurtigruten Cruise AS		
	Paid -in capital	Other equity	Total Equity
Equity at beginning of the period	449,917	(65,116)	384,801
Profit/loss for the year	-	-59,748	-59,748
Cash flow hedge		12,756	12,756
Effects of change of functional currency	11,812	-1,308	10,504
Equity at the close of the period	461,729	-113,417	348,310

Note 5 Financial Risk Management

There are potential risks and uncertainties that can affect the operations of the Company. This may lead to actual results deviating from expected and historical results. Information concerning the most important risks and uncertainties is disclosed in the latest annual report.

Note 6 Events after the balance sheet date

On the 31st of July Hurtigruten had an outbreak of Covid-19 on MS Roald Amundsen. This led to the temporary suspension of the Expedition sailings operated by the subsidiary Hurtigruten Cruise AS, with the Coastal sailings continuing as planned. There have not been any material increase in cancellations of bookings as a result of the outbreak.