

# Q1 2021 Earnings Presentation

May 31<sup>th</sup>, 2021

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# Business Update



# Hurtigruten Group is well positioned for a rebound coming out of the Covid-19 pandemic

## *Q1 2021 Summary*

- Operations were stable in the quarter with 5 of 7 ships operating in Hurtigruten Norway while the Hurtigruten Expeditions fleet was in warm lay-up along the coast in Norway
- Hurtigruten Group's brand awareness is increasing across the large cruise markets such as US, Germany, UK and Australia and booking momentum for 2022 is increasing and is now well above historical levels
- In March, Hurtigruten Group signed an agreement with Store Norske to sell the real-estate portfolio on Svalbard. Store Norske will be a great partner for us to further develop the Hurtigruten Svalbard product

## *Hurtigruten Group has a sound financial position*

- Hurtigruten Group secured a new EUR 46.5 million term loan facility which increased the available liquidity resources for the Group
- The sale of the real estate portfolio on Svalbard will generate EUR 47 million at closing in June 2021 and gives Hurtigruten Group a solid liquidity position as we move closer to resuming operations in Q3 2021
- As of end of Q1 Hurtigruten Group had approx. EUR 122 million in available liquidity resources including expected government grants and the proceeds from the Svalbard sale

## *Hurtigruten Group is in a very good position coming out of the pandemic*

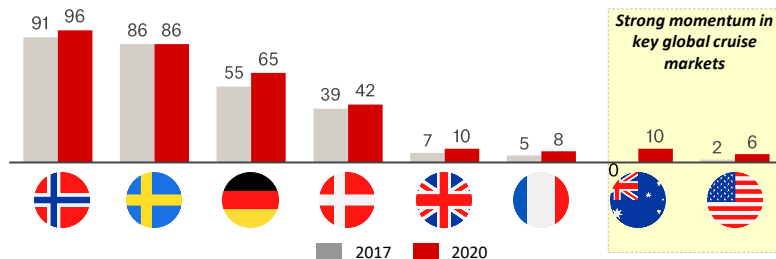
- We see very good responsiveness on the different campaigns that we are running for especially 2022. There is clearly a desire to travel when travel restrictions are lifted
- As of 25<sup>th</sup> of May 2021, 2022, bookings are 45 % above 2020 bookings at the same time two years ago and the booking momentum has increased gradually over the last 45 days
- The booking growth is coming from all the major cruise markets driven by the successful transition of capacity from the Hurtigruten Norway segment to Hurtigruten Expeditions segment

# Hurtigruten Group is solidifying its brand position and has taken steps to further strengthen the brands position

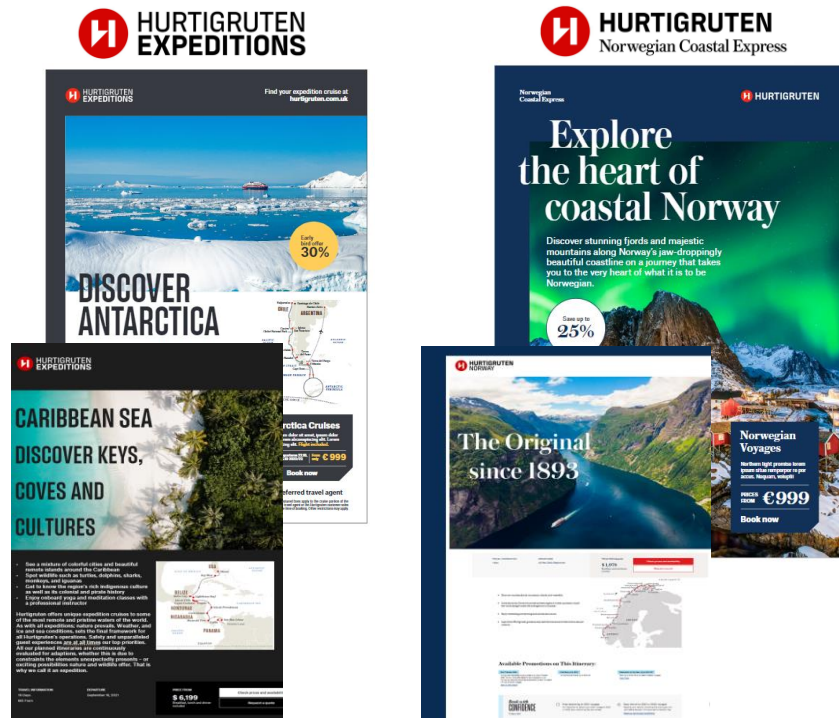
## Increasing level of brand awareness across key markets<sup>1</sup>



## Hurtigruten Group brand awareness in key source markets (% of respondents)<sup>2</sup>



## ..further developing the Hurtigruten Group brands in two distinct directions



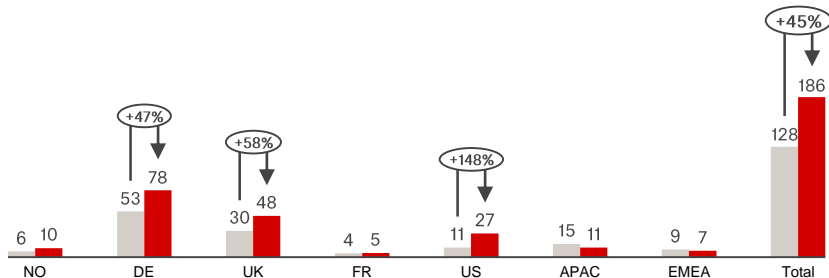
1) Handelsblatt brand award added new category, "Cruise", from 2019. Before that, Hurtigruten Group won the brand award for the category tour operator/Booking pages. N  
2) Brand awareness surveyed by asking "Which of the following exploration/adventure/expedition cruise companies are you aware of? ", N = ~4 000 for 2020

# We see a strong growth for 2022 bookings in all markets with especially strong growth in the US which is the world's largest cruise market

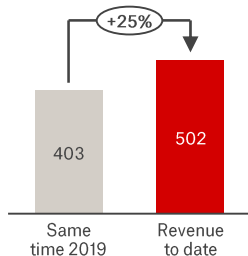
Strong growth in 2022 compared to same time two years ago

'22 Revenue sold, compared to same time 2019 (EUR M)

Same time 2019 Revenue to date



'22 Yield, compared to same time 2019 (EUR)



- Hurtigruten Group has an increasing footprint in US, UK and APAC, large global cruise markets with high willingness to spend
- Targeted efforts in these markets have driven significant growth in Hurtigruten Group's global distribution over the past 2 years
- Strong yield growth compared to same time 2019

We are experiencing that the Covid-19 pandemic is changing customer behavior with more sales through the B2C channel and increased use of digital booking tools



Digital channels support storytelling and the building of a global brand



Increased ability to react to customer needs from pre-selling activities to booking changes



Digital channels will be used to create even better guest experiences throughout the customer journey



Significant improvements into understanding customer behavior and requirements

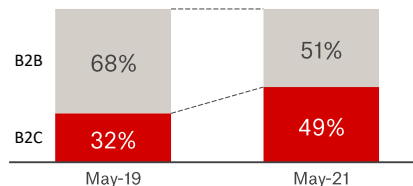


Introduced industry-leading agent portal will increase our TAM by reaching new agents and customers in the B2B market



Flexible and scalable digital solutions to drive more cost-efficient sales processes

Channel breakdown on revenue sold, May '19 vs '21 (% of revenue)



**B2C drives lower distribution cost and increases the customer ownership**



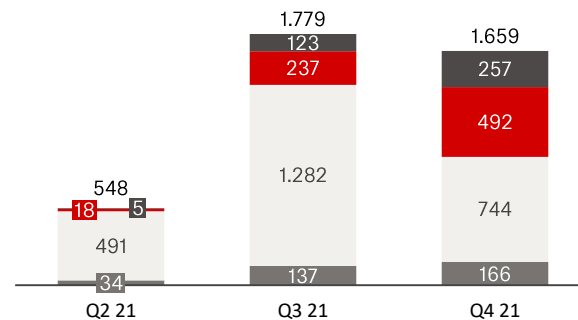
# Hurtigruten Norway will be fully operational in July 2020 and the Hurtigruten Expeditions fleet will gradually ramp up the sailing program in Q3 2021 with our booked guest being sources from markets close to the North Atlantic

## Ramp-up of operations starting Q3 2021

Ship / Start up	July	August	September	October
MS Fram				
MS Maud				
MS Otto Sverdrup				
Ms Spitsbergen				
MS Fridtjof Nansen				
MS Roald Amundsen				
Hurtigruten Norway- 7 ships				

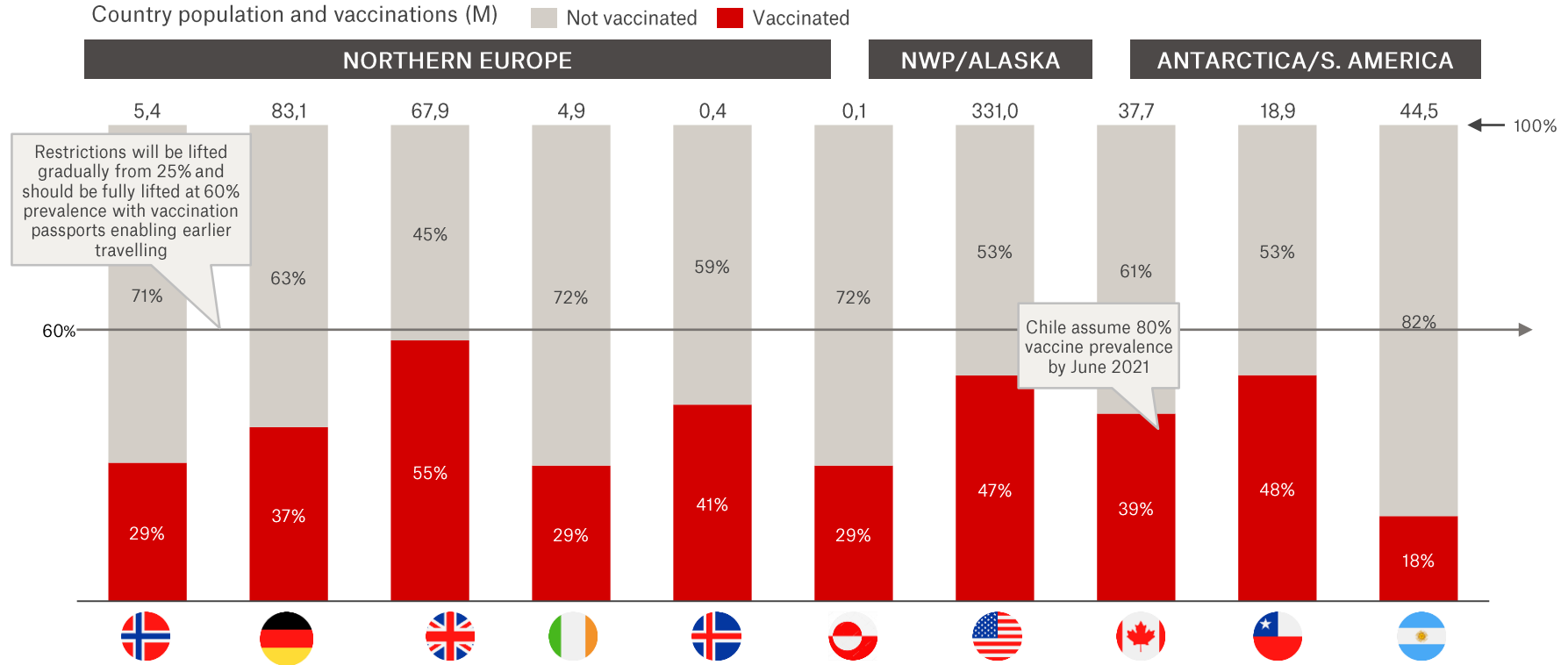
## 90 % of booked guests are from western markets close to our itineraries

Passenger Cruise nights ('k guests) ■ US ■ UK ■ EU/EEA ■ Other



- The boomer generation, aged 55-75, is **Hurtigruten Group's main target demographic**
- A high share of population in this age group are already partly or fully vaccinated in EU, UK and the US
- Statements from EU that vaccination passports to be introduced in the EU/EEA from 1<sup>st</sup> of July
- Hurtigruten Norway's fleet will be fully back in operations from 1<sup>st</sup> of July
- With the revenues we currently have on our books for 2H 2021 all sailings will have a positive cash flow effect compared to a warm lay-up scenario with currently average occupancy at **42 %** for 2H 2021

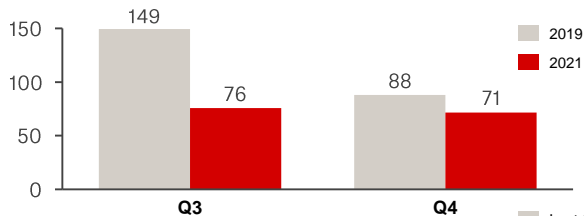
# Vaccination roll out is picking up in all source markets and destinations with Hurtigruten Group target demographic getting vaccines early in the roll out



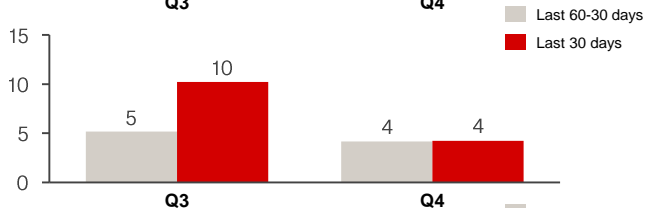


# Good booking trends from 2022 continues with a high interest to travel when restrictions are lifted

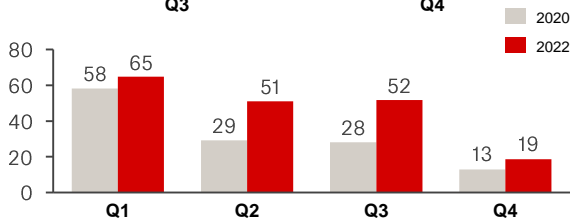
## Bookings for 2H 2021 (EURm)



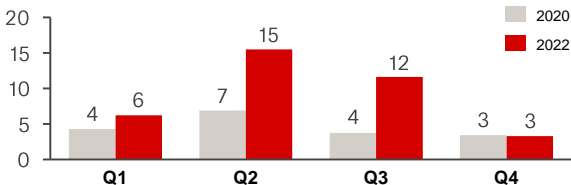
## Booking momentum over the last 60 days 2021 (EURm)



## Bookings for 2022 vs. 2020 (pre-covid) (EURm)



## Booking inflow last 30 days 2022 vs. 2020 (pre-covid) (EURm)

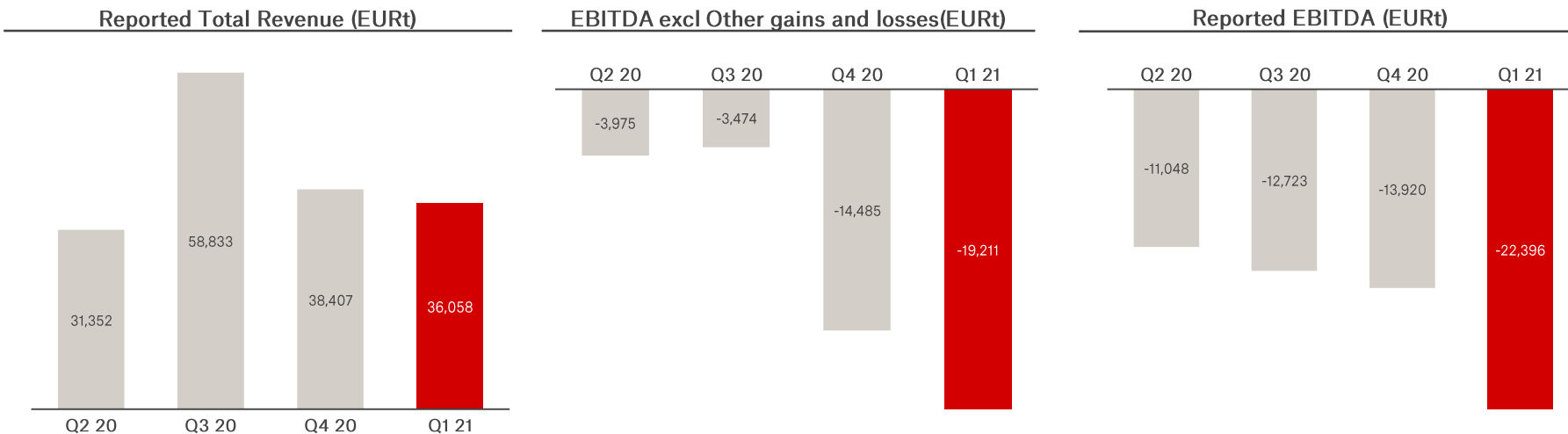


- The graph compare bookings for the respective year 2019/2021 as of 25th of May 2019/2021
- Good interest to travel for 2H of 2021, but uncertainty on when travel restrictions will be lifted is keeping guests from booking
- Current bookings for 2H of 2021 corresponds to an average group occupancy of 42 % which is above cash break even
- The graph shows the booking inflow of the period of the last 30 days compared to the 30-day period prior (excluding cancellation) for 2H of 2021 as of 25th of May 2021
- There is an underlying increase in booking inflow momentum for 2H of 2021 and we expect further positive development when there is a firm timetable for the lifting of the EU travel restrictions
- Approx. 80% of the bookings the last 30 days are new bookings which show that people want to travel as soon as travel restrictions are lifted
- The figure compare bookings for the respective year 2020/2022 as of 25th of May 2019/2021
- 2022 bookings is 45 % above 2020 bookings same time two years ago
- Strong momentum for 2022, especially good momentum in our 3 largest source markets Germany, UK and the US
- The graph compare last 30 days booking inflow for the respective year 2020/2022 as of 25th of May 2019/2021.
- We are seeing an increased booking inflow for 2022 especially in Q2 and Q3.
- Over the last 30 days approx. there is 34% growth in new bookings (Adjusted for re-bookings) compared to the same period 2 years ago for 2020

# Financial update



# Q1 2021 numbers reflects the covid-19 operating environment with extensive travel restrictions

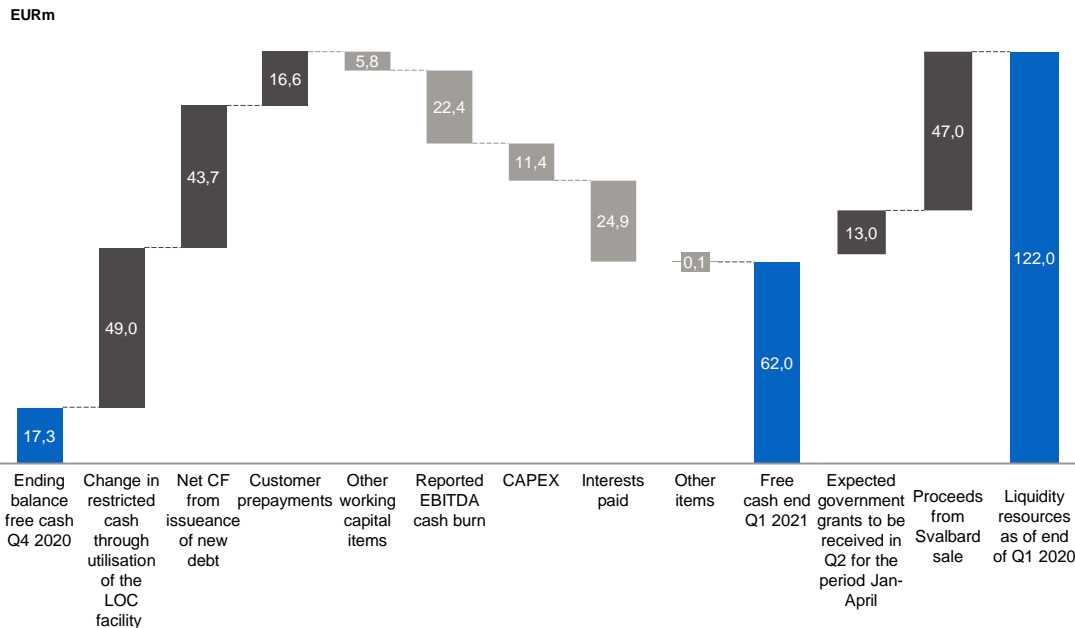


- Revenue first quarter 2021 was down 74.3 % to EUR 36.1 million (same period in 2020: EUR 140.2 million), but in line with Q4 2020 which also had limited levels of operations
- First quarter 2021 EBITDA before other gains and losses of negative EUR 19.2 million (same period in 2020; positive EUR 19.2 million) compared to an average of EUR 7.3 million in the previous quarters
  - The increase in negative EBITDA is driven by increase in fuel costs, the decision to increase SG&A and increase in R&M cost due to timing of dockings which often comes in Q4 and Q1

# Available liquidity development

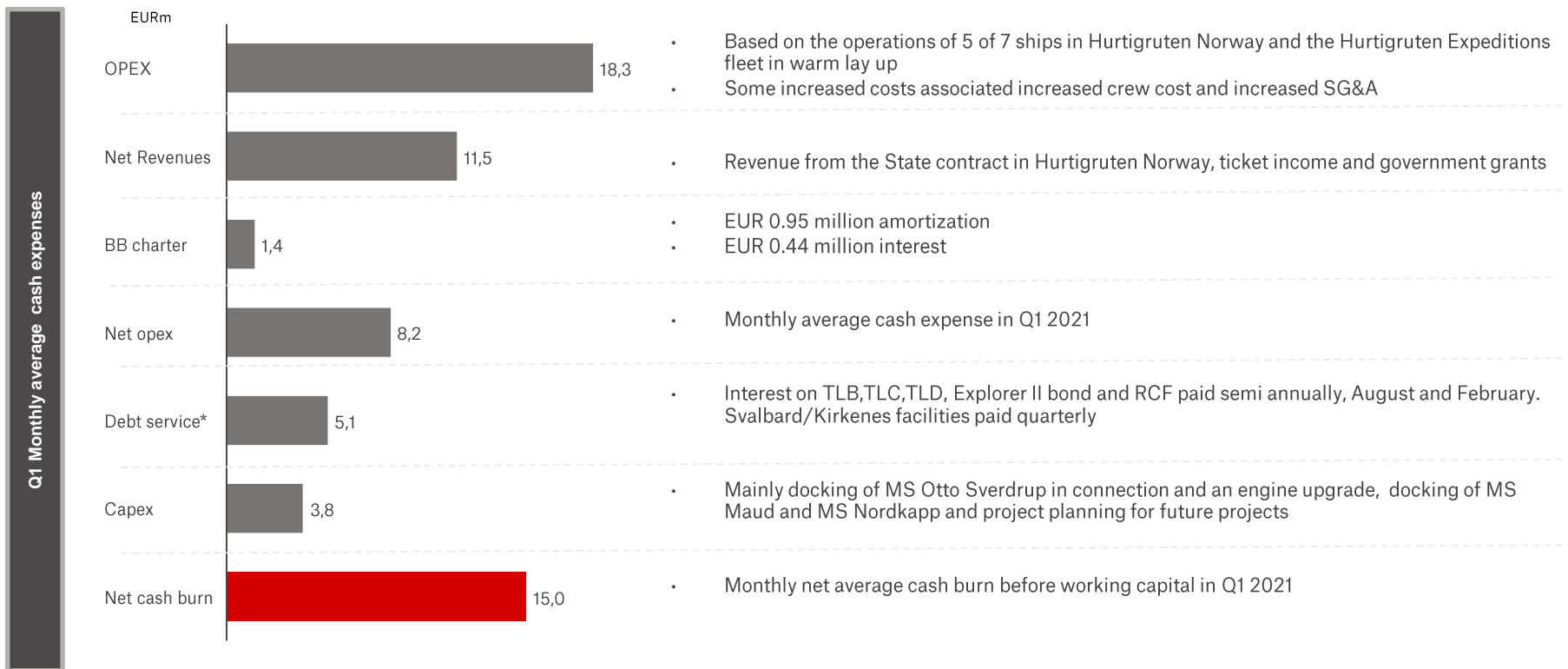
## Change in cash (excl. restricted cash) – YE 2020 to end Q1-21

## Commentary



- As of end of Q1 2021 Hurtigruten Group has EUR 62m in free cash
- Prepayments from customers increased by EUR 16.6 million in the quarter
- Interest payments made in February 2021 of approx. EUR 25 million
- In February Hurtigruten Group signed an additional liquidity facility of EUR 46.5 m with similar terms as the TLC
- The sale of the real-estate portfolio on Svalbard is expected to be closed in June 2021 and will generate EUR 47m in liquidity
- As of end of Q1 2021 the company had EUR 6m in restricted cash and EUR 15m of liquidity tied up in connection with travel bonding which is in the balance sheet classified as other non-current asset
- On the 27<sup>th</sup> of May, Hurtigruten Group announced that the available liquidity covenant threshold under the Senior Facility and Revolving facility agreement has been reduced to EUR 15m for the waiver period which runs to 31<sup>st</sup> of December 2022
- The ultimate shareholders of the Company are supportive of the Company and have indicated that they would be willing to consider providing additional liquidity if necessary

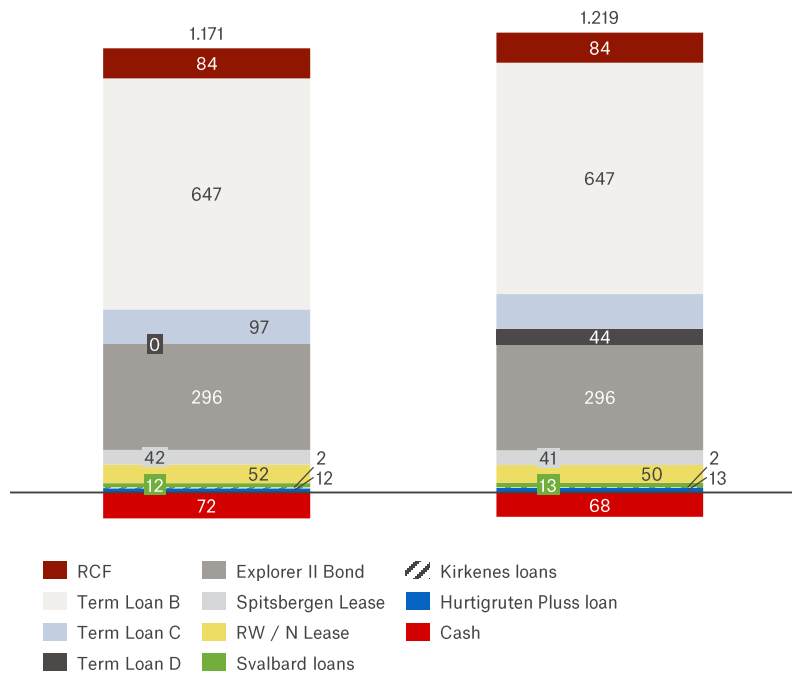
# Net cash burn rate of ~EUR 15 million per month in Q1 2021 before working capital



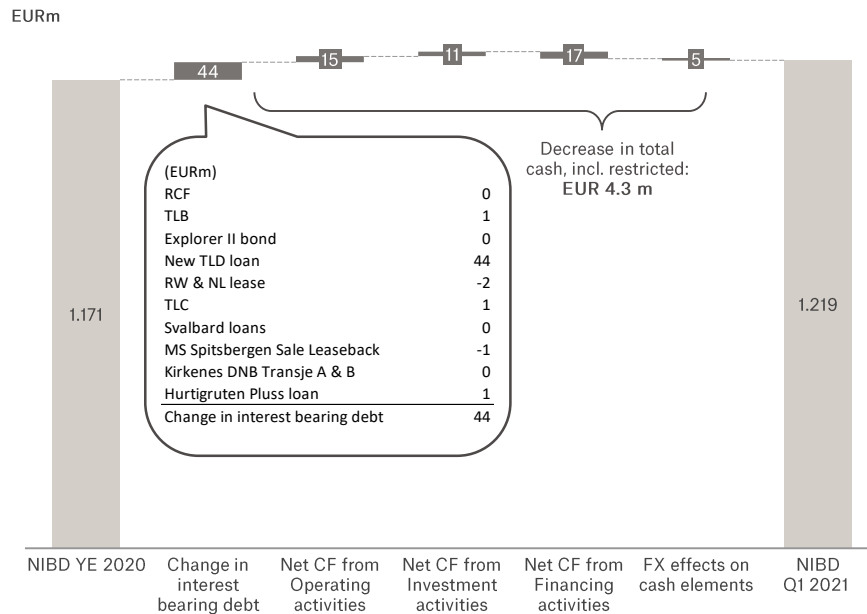
\* Debt service is the average monthly interest expense for Hurtigruten Group and not paid interest in the period

# Net debt as of Q1 2021

NIBD (EURm)<sup>1</sup>



Change in net interest bearing debt – YE 2020 to end Q1-2021



Note: All numbers presented are book value and based on Hurtigruten Group AS on a consolidated basis. 1) Excluding IFRS 16 debt of EUR 18.8 m at year-end 2020 and EUR 16.7 m at end of Q1 2021.

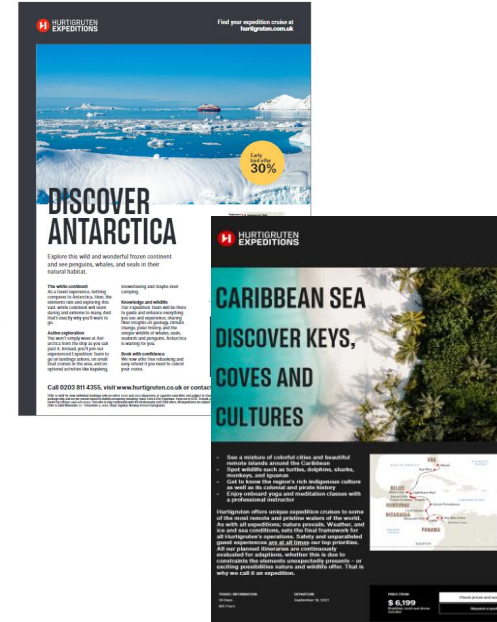
# Summary





# Summary

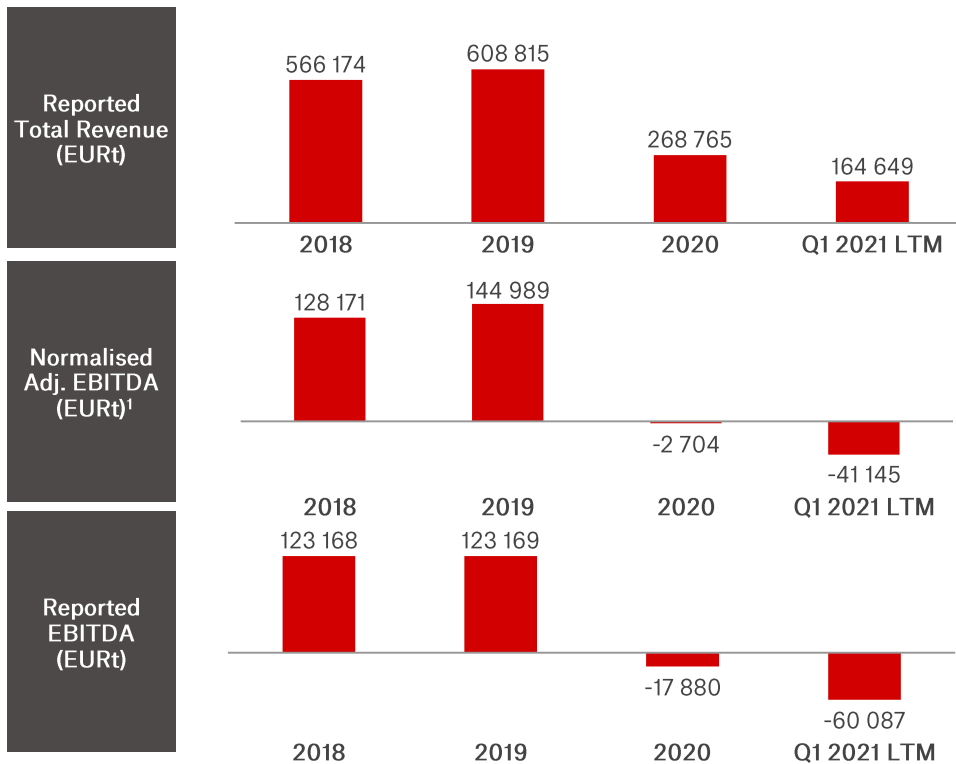
- 1) Hurtigruten Group is well positioned for when the travel restrictions are most likely lifted for vaccinated travellers in July 2021
- 2) There is statements from the EUR indicating that vaccination passports will be available for EU travel in July
- 3) The boomer generation, aged 55-75, is Hurtigruten Group's main target demographic with a high share of population in this age group are already partly or fully vaccinated in EU and UK
- 4) We are experiencing an increase in booking momentum from the larger markets like Germany, US and the UK with 2022 bookings currently 45% ahead of 2020 bookings two years ago
- 5) Over the last 30 days approx. there is 35% growth in new bookings compared to the same period 2 years ago for 2020
- 6) As of end of Q1 Hurtigruten Group had approx. EUR 122m in available liquidity resources which gives us a solid financial position heading into the recovery period



# Appendix



# Suspended operations due to COVID-19 affects 2020 and Q1 2021 numbers



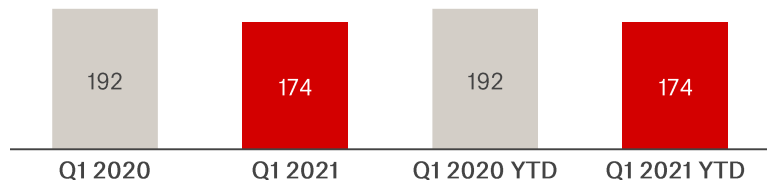
## Commentary

- Hurtigruten Norway and Hurtigruten Expeditions segment heavily impacted by Covid-19 and affects numbers for 2020 and Q1 2021 significantly.
- From January 2021 Hurtigruten Group has been operating 5 ships along the Norwegian coast. In Hurtigruten Expeditions all 7 ships have been temporarily laid up.
- Last twelve months numbers are significantly affected by strict travel restrictions and limited operations the last twelve months.

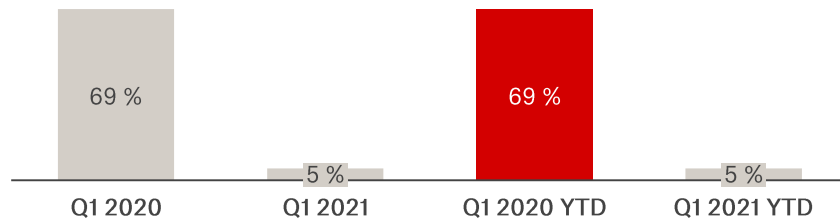
<sup>1</sup>Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. Due to the Covid-19 pandemic we have decided not to do any normalizations for Q1 2021.

# Q1 2021 segment overview - Hurtigruten Norway

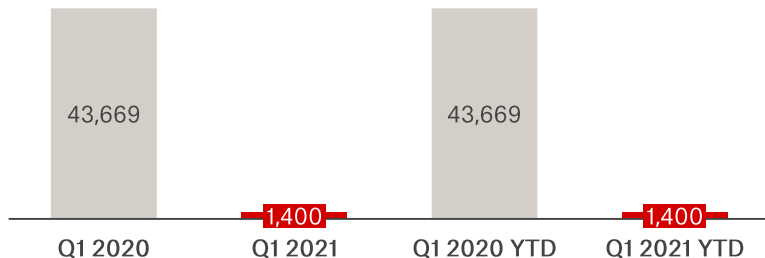
Net Ticket Yield<sup>1</sup> (EUR)



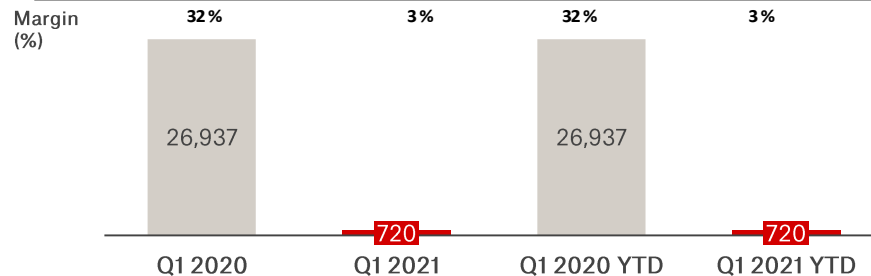
Occupancy Rate<sup>4</sup> (%)



Net Ticket Revenue (EURt)



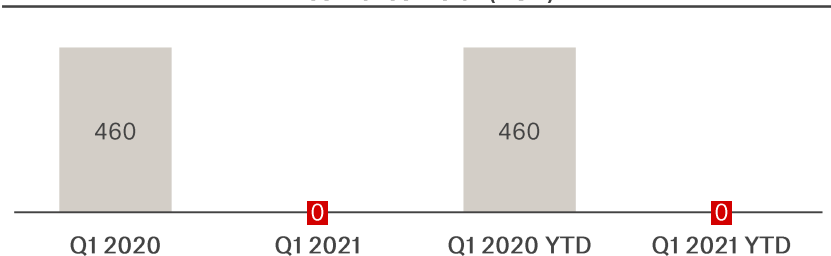
Normalised adjusted EBITDA<sup>2,3</sup> (EURt)



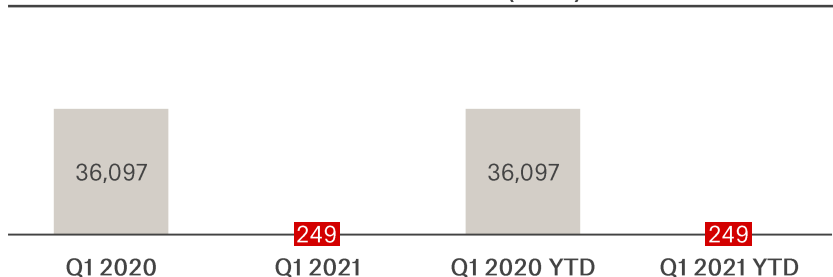
- Hurtigruten Norway entered into the new State agreement valid from 2021-2030 in January and now have a contract to operate 7 ships
- Occupancy driven by the extensive travel restrictions preventing foreign guests from travelling into Norway

# Q1 2021 segment overview - Hurtigruten Expeditions

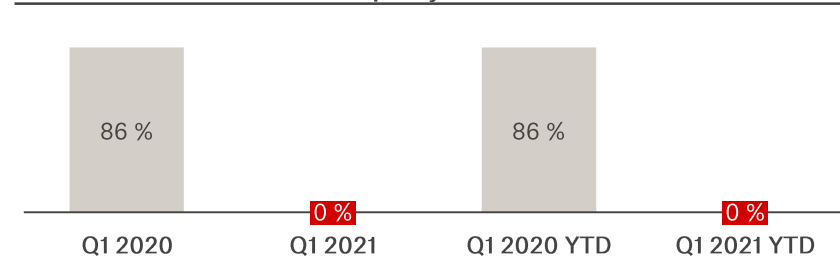
Net Ticket Yield<sup>1</sup> (EUR)



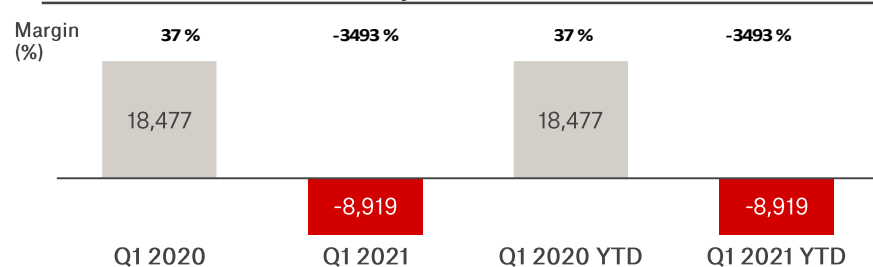
Net Ticket Revenue (EURt)



Occupancy Rate<sup>4</sup> (%)



Normalised adjusted EBITDA<sup>2,3</sup> (EURt)



- All seven expeditions ships have been temporarily laid up since August 2020. Hurtigruten Expeditions expects a gradual ramp up of operations in Q3 2021 with the expectations to be back in normal operations with 6 ships in Q4 2021.
- Ship operating costs of EUR 8.9 million for Q1 2021 (EUR 33.9 million in Q1 2020) are predominantly costs for maintaining the ships in warm stack in the period.

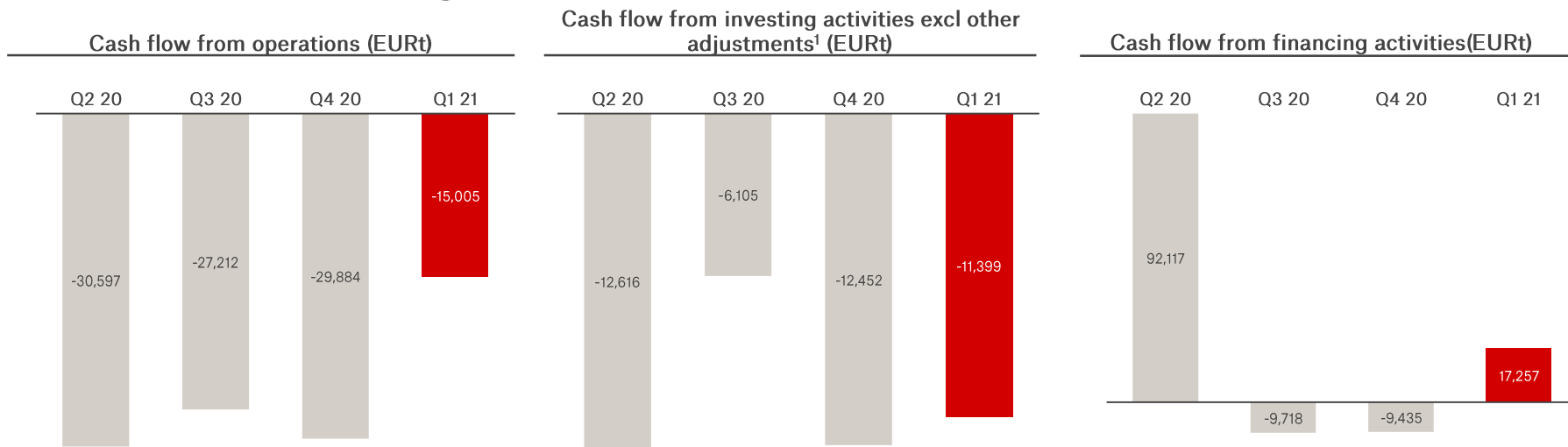
# Cashflow Q1 2021

EURt	2018	2019	2020	Q1 2020	Q1 2021
<b>Operating Cash flow</b>	<b>105 196</b>	<b>141 425</b>	<b>(58 387)</b>	<b>38 910</b>	<b>(15 005)</b>
Of which change in working capital	(16 779)	13 147	(32 395)	15 442	(10 617)
<b>Cash flow from investments</b>	<b>(136 775)</b>	<b>(396 575)</b>	<b>(148 460)</b>	<b>(71 245)</b>	<b>37 677</b>
Of which CAPEX	(59 118)	(405 380)	(105 032)	(74 175)	(11 399)
<b>Cash flow from Financing</b>	<b>38 122</b>	<b>251 933</b>	<b>195 454</b>	<b>122 490</b>	<b>17 257</b>
Of which change in debt	98 651	290 091	(11 393)	147 664	43 458
Of which paid interest and transaction costs	(62 017)	(32 487)	(58 007)	(23 579)	(24 938)

## Commentary

- Negative operating cash flow in Q1 2021 of EUR 15 million mainly driven by negative EBITDA
- Investments in assets Q1 2021 decreased with EUR 62.8 million compared to last year, as first quarter in 2020 included the performed upgrade and refurbishment of MS Kong Harald and MS Otto Sverdrup (formerly MS Finnmarken) in the period in addition .
- Changes in restricted cash of EUR 49 million is included in "Cash flow from investments". At the end of December 2020, Hurtigruten Group AS secured EUR 60m in letter of credit capacity which enabled Hurtigruten Group to release restricted cash in the first quarter of 2021.
- In March 2021, the Group secured a new EUR 46.5 million term loan facility.

# Cash flow from operations improving due to increased inflow of bookings for future travels



- Cash flow from operations first quarter 2021 amounted to negative EUR 15 million (same period in 2020; positive EUR 38.9 million). Reduced cash outflow compared to previous quarters mainly driven by increased customer prepayments
- First quarter 2021 CAPEX of EUR 11.4 million (same period in 2020; EUR 74.2 million) compared to an average of EUR 10.4 million in the previous quarters. Main part of CAPEX for Q1 2021 is driven by period maintenance of ships.
- Positive EUR 17.3 million cash flow from financing activities (same period 2020: positive EUR 122.5 million) driven by the new EUR 46.5 million term loan facility secured in March 2021, the positive effect from the new debt is offset by the payment of interest in February of EUR 25m

1) Other adjustments includes change in restricted cash and settlement of financial instruments



# Hurtigruten Expeditions - Key financials

EURm	2018	2019	2020	LTM Q1 2021
PCNs - 000	167	222	90	12
APCNs - 000	231	288	527	636
Occupancy - % <sup>1</sup>	72,1 %	77,0 %	17,1 %	1,9 %
Total Revenues reported	97	135	53	3
Direct Costs	34	43	16	2
Cruise Operating Costs	34	45	49	38
of which: Fuel costs	8	11	8	4
Reported Vessel Contribution <sup>2</sup>	30	48	-11	-36
Vessel contribution margin	30,4 %	35,3 %	-20,6 %	-1143,2 %
Norm. Vessel contribution <sup>3</sup>	35	56	-9	-36

<sup>1</sup>Occupancy rate is calculated based on APCN (available capacity) including any laid-up period.

<sup>2</sup>Vessel contribution is defined as EBITDA contribution before SG&A, specifically calculated as revenue – total direct costs – total cruise operating expenses.

<sup>3</sup>Due to the Covid-19 pandemic we have decided not to do any normalizations for Q1 2021.



# Hurtigruten Norway – Key financials

EURm	2018	2019	2020	LTM Q1 2021
PCNs - 000	1 353	1 314	368	149
APCNs - 000	1 614	1 619	1 625	1 481
Occupancy - % <sup>1</sup>	83,8 %	81,2 %	22,6 %	10,0 %
Total Revenues reported	439	444	172	109
Of which: Contractual Revenue	73	73	79	77
Direct Costs	109	105	22	4
Cruise Operating Costs	166	164	95	76
of which: Fuel costs	50	50	22	17
Reported Vessel Contribution <sup>2</sup>	164	175	54	28
Vessel contribution margin	37,3 %	39,4 %	31,7 %	26,1 %
Norm. Vessel contribution <sup>3</sup>	164	177	55	28

<sup>1</sup>Occupancy rate is calculated based on APCN (available capacity) including any laid-up period.

<sup>2</sup>Vessel contribution is defined as EBITDA contribution before SG&A, specifically calculated as revenue – total direct costs – total cruise operating expenses.

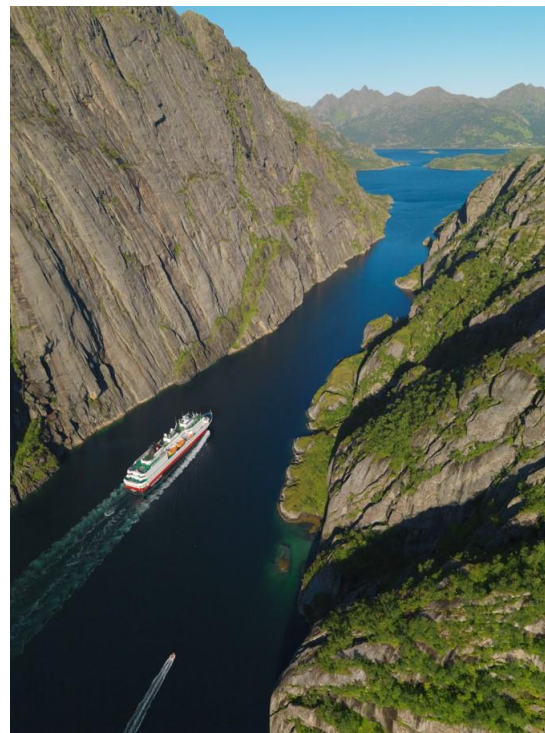
<sup>3</sup>Due to the Covid-19 pandemic we have decided not to do any normalizations for Q1 2021.



# Historical key financials

EURt

P&L items	2018	2019	2020	Q1 2021 LTM
Revenue	566 174	608 815	268 765	164 649
Growth	11,9 %	7,5 %	-55,9 %	-38,7 %
Contribution <sup>1</sup>	204 427	234 987	79 829	37 911
Contribution %	36,1 %	38,6 %	29,7 %	23,0 %
EBITDA	123 168	123 169 -	17 880	(60 087)
EBITDA margin	21,8 %	20,2 %	-6,7 %	-36,5 %
Normalised adj. EBITDA <sup>2</sup>	128 171	144 989 -	2 704	(41 145)
Normalised adj. EBITDA margin	23 %	24 %	0 %	0 %
EBIT	72 538	67 582 -	94 831	(138 811)
EBIT margin	12,8 %	11,1 %	-35,3 %	-84,3 %
Net interest and other financial costs	(52 929)	(28 239)	(63 790)	(61 196)
Net currency gains / losses	(13 511)	9 793	(4 995)	10 523
Net income	46 845	(17 821)	(160 544)	(186 040)
Net income margin	8,3 %	-2,9 %	-59,7 %	-113,0 %
<b>BS items</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.03.2021</b>
Cash <sup>3</sup>	56 449	47 028	72 037	67 708
Total current assets	118 143	112 878	118 754	119 589
Total assets	1 011 173	1 393 674	1 362 597	1 364 103
Total equity	68 981	62 739	(102 172)	(157 068)
Equity ratio	6,8 %	4,5 %	-7,5 %	-11,5 %
Total current liabilities	188 591	333 475	208 346	211 608
NIBD <sup>4</sup>	785 948	939 715	1 170 839	1 218 898
<b>CF items</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Q1 2021</b>
Change in NWC	(16 779)	13 147	(32 395)	(9 011)
Operating cash flow	105 196	141 388	(58 387)	(15 005)
Capex	(59 118)	(405 380)	(105 032)	(11 399)



Note: All numbers presented are based on Hurtigruten Group AS on a consolidated basis. All numbers are reported numbers unless stated.

1) Vessel contribution is defined as EBITDA contribution before SG&A, specifically calculated as revenue – total direct costs – total cruise operating expenses; 2) Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring. Due to the Covid-19 pandemic we have decided not to do any normalizations for Q1 2021. 3) Total cash including restricted cash; 4) Excluding IFRS 16 debt of EUR 18.8 m at year-end 2020 and EUR 16,7 m at end of Q1 2021.

# Definitions

- **Passenger cruise nights ("PCNs")**, measurement of guest volume, representing the number of guests onboard the ships and the length of their stay.
- **Available passenger cruise nights ("APCNs")**, which is a measurement of capacity and represents the aggregate number of available berths on each of the ships (assuming double occupancy per cabin), multiplied by the number of operating days for sale for the relevant ship for the period.
- **Occupancy rate**, PCNs for the relevant period as a percentage of APCNs for the period.
- **Gross revenues**, ticket revenues, revenues from flights, hotels, transportation, food, beverage, shop and excursions as well as other passenger revenues, including car transportation, travel insurance and retained deposits in cases of cancellations.
- **Net revenues**, Gross ticket revenues less commissions and costs of goods for flights, hotels, transportation, food, beverage, shop and excursions as well as other passenger services, including travel insurance.
- **Gross revenues per PCN**, Gross ticket revenues divided by PCNs.
- **Net revenues per PCN**, which represents Net ticket revenues divided by PCNs.

