

# GET READY TO EXPLORE



**Q2 2020 Earnings Presentation**  
**August 28, 2020**

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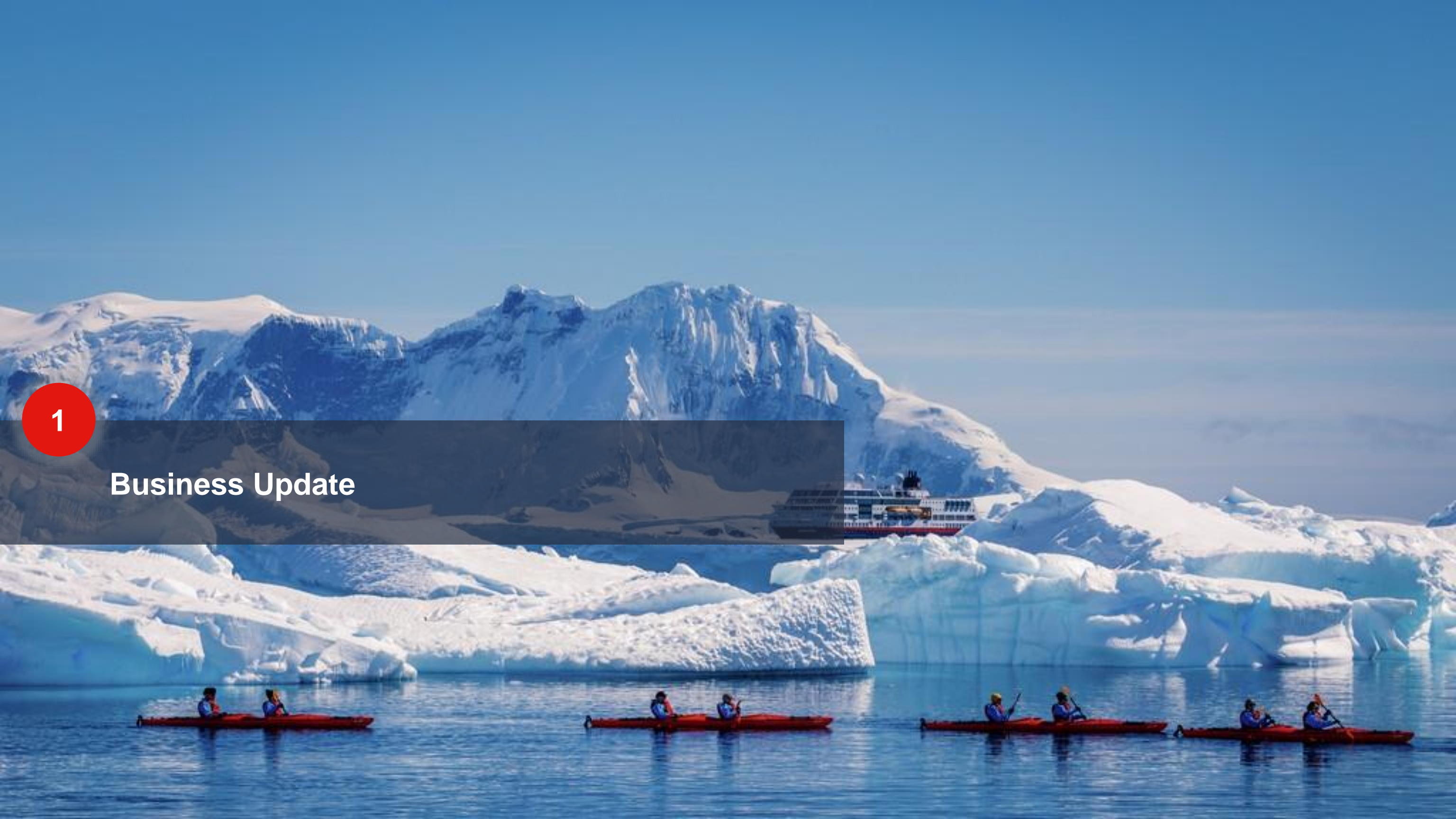
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## Business Update



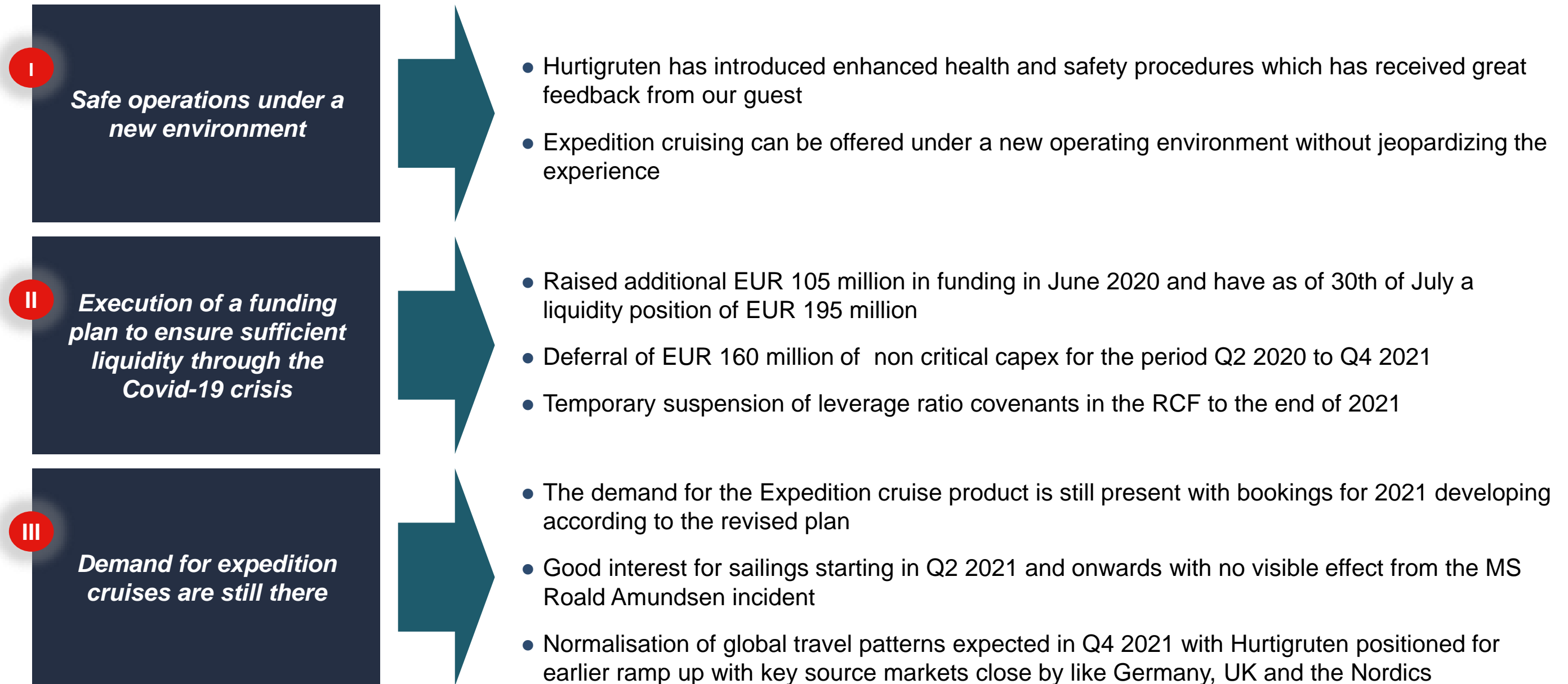
# 1H 2020 Update

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-  The Covid-19 pandemic has temporarily decreased the level of travel and the cruise-based travel industry has more or less laid up their fleet until Q4 2020
-  Hurtigruten started operating the Coastal segment on the 16th of June and is now currently operating 6 ships in the Bergen to Kirkenes service. Hurtigruten initiated Expedition sailings with the first cruise starting out of Hamburg on the 24th of June cruising along the Norwegian coast before returning to Hamburg
-  Hurtigruten has temporarily paused all expedition cruises until the start of the 2020 Antarctica season due to the increased level of Covid-19 infections in Europe and the Covid-19 case on MS Roald Amundsen in the beginning of August
-  The Antarctica season for Q4 2020 and Q1 2021 is currently under review in light of the recent surges in infection levels of Covid-19 in Europe and the operating environment in South America. The safety of our crew and guests will always be our top priority
-  The liquidity situation of Hurtigruten is good, as of 30th of June Hurtigruten had a liquidity position of EUR 174 million of cash and cash equivalents and another EUR 32 million in expected and committed Covid-19 government backed loans and grants
-  Pre-booking levels for 2021 are developing according to planned booking curves with demand coming from Q2 2021 and onwards. There is no sign of increased level of cancellations after the MS Roald Amundsen incident

# Key operational and financial considerations under Covid-19

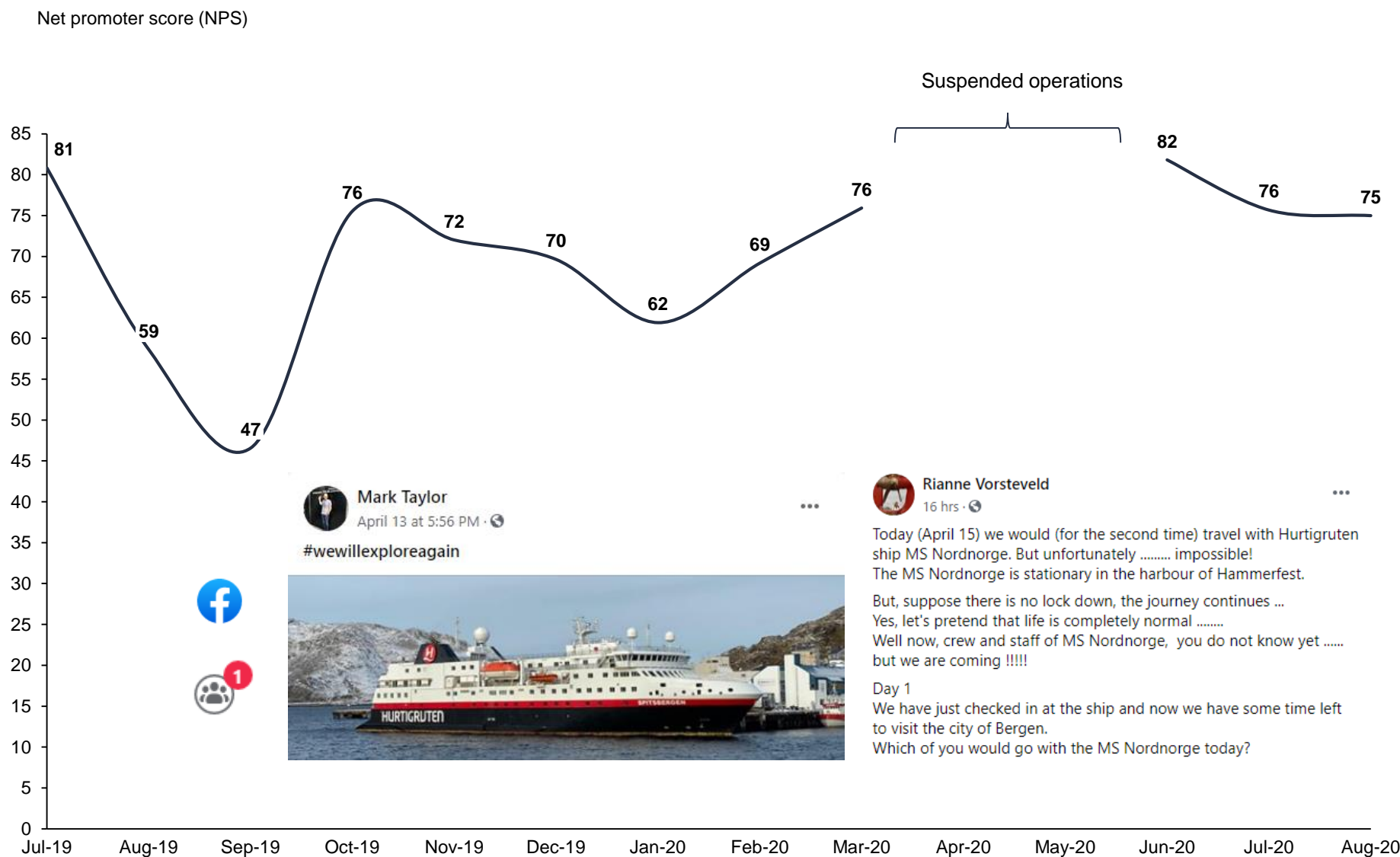
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# Strong customer satisfaction after start-up of operations shows the appreciation from our guests with regards to the product

Monthly NPS Score<sup>1</sup>



1) Net Promoter Score calculated by scores from customers travelling on an expedition cruise or on coastal voyage (coastal voyage = 6 or more cruise nights). NPS score includes the MS Roald Amundsen sailings in July 2020  
Source: Hurtigruten, Facebook

# Majority of customer base in Northern Europe provides a good foundation for a swift rebound post Covid – 19

Northern Europeans have multiple options when planning a voyage with Hurtigruten due to favourable location and communication

## Hurtigruten is well positioned to bounce back quickly post Covid-19 with its customer base and key itineraries centered around Northern Europe

- With Covid-19 guidelines still restricting international travel in most Northern European countries, non-diversified cruise lines dependent on passengers from all corners of the world are experiencing extraordinary hardship
- Hurtigruten is relatively well-positioned in the cruise segment, with a majority of the customer base located in Northern Europe – in close proximity to the itineraries
- When restrictions are gradually lifted all over Europe, domestic travel within the European Union and Norway is expected to surge
- Direct flights from large European cities to Bergen greatly enhances the attractiveness of Hurtigruten as a travel destination
- Starting sailing with Dover and Hamburg as turnaround ports to cater for close proximity for these markets to embark the ship.
- Hurtigruten is monitoring the development of the Covid-19 pandemic continuously and evaluate whether or not we are of the opinion that it is safe to sail.

## Direct flights and other transportation alternatives

### Direct flights from large cities in Europe to Bergen

London - Bergen

Hamburg - Bergen

+ 40 other cities

### European cities where Hurtigruten has turn around

London/Dover

Hamburg

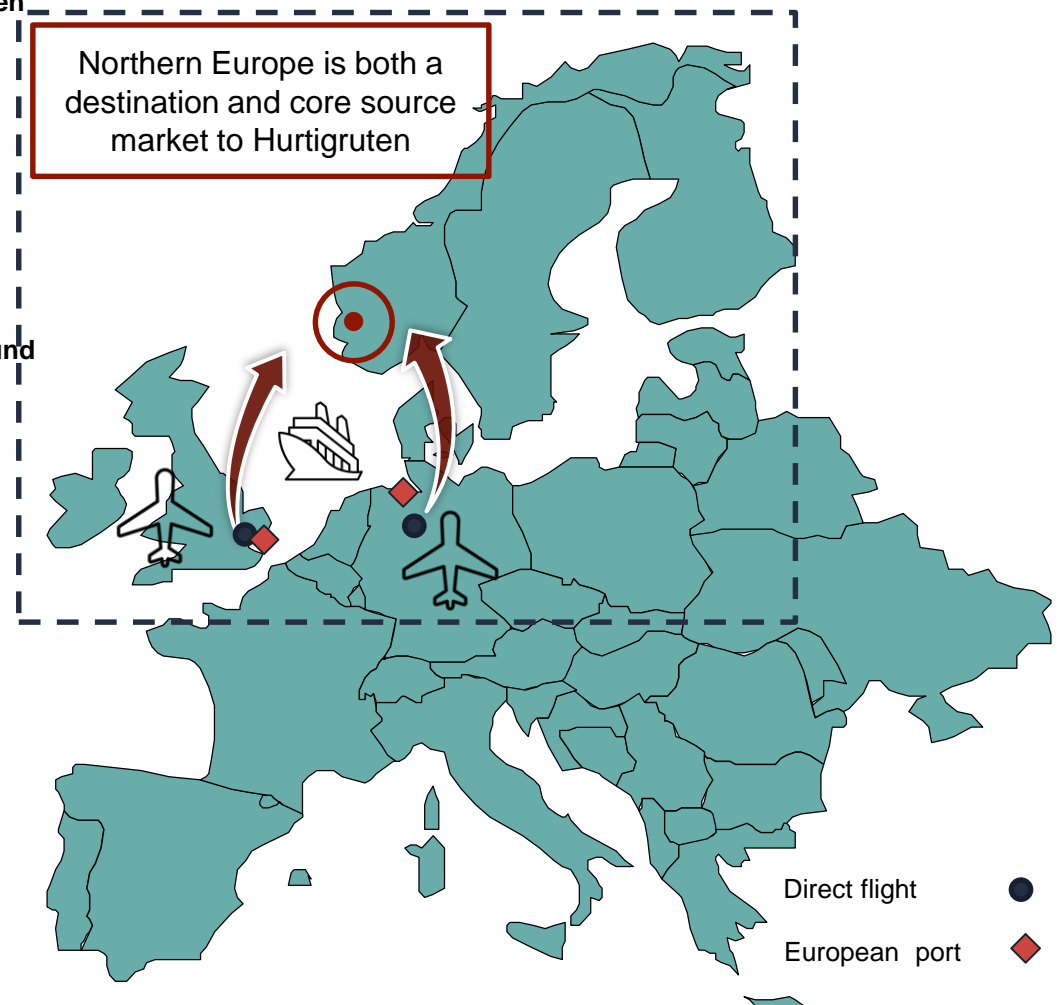
### Share of European guest in pre Covid 19 2020 bookings

Germany – 41%

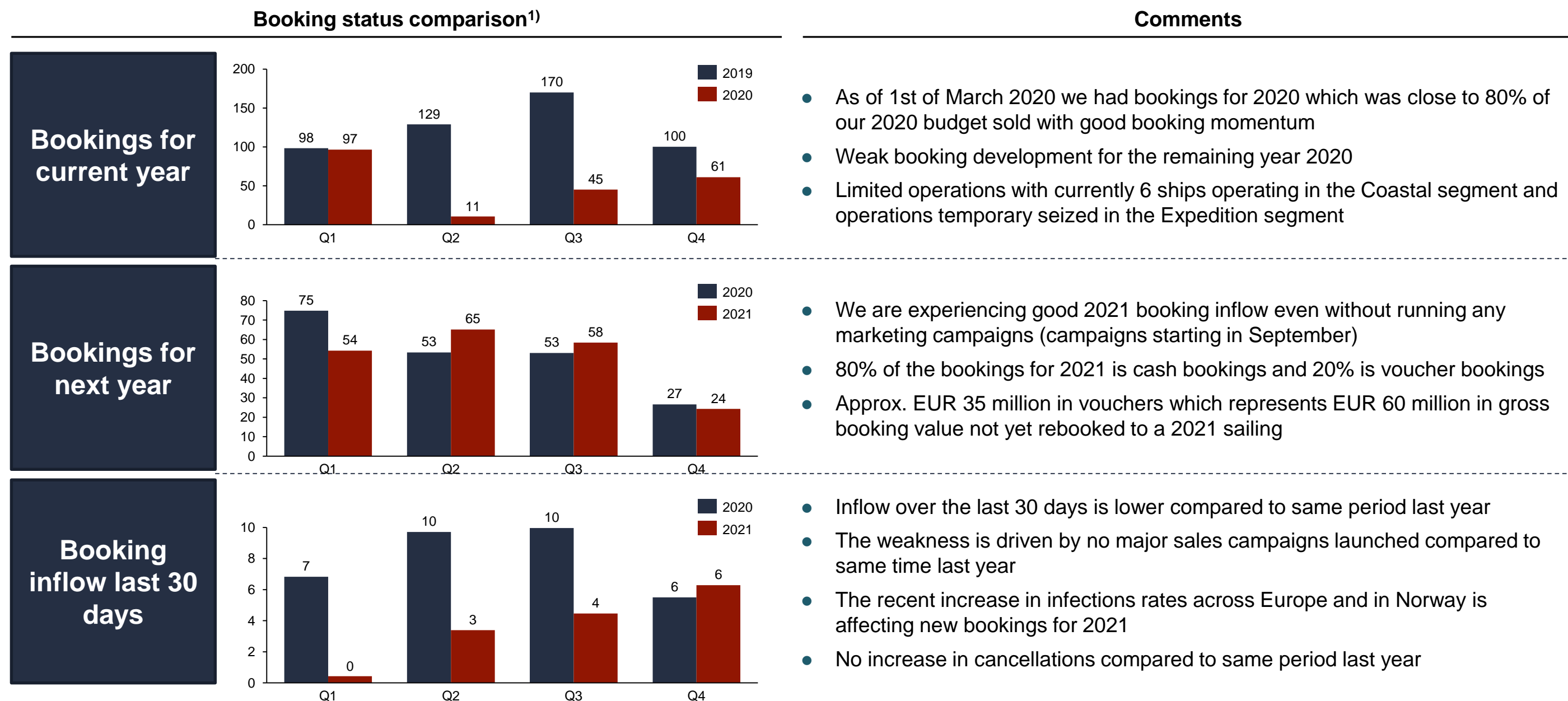
UK – 17%

Nordics – 20%

Rest of Europe – 12%



# Booking trend update as of 24<sup>th</sup> of August



1) EUR booking revenue in constant currency

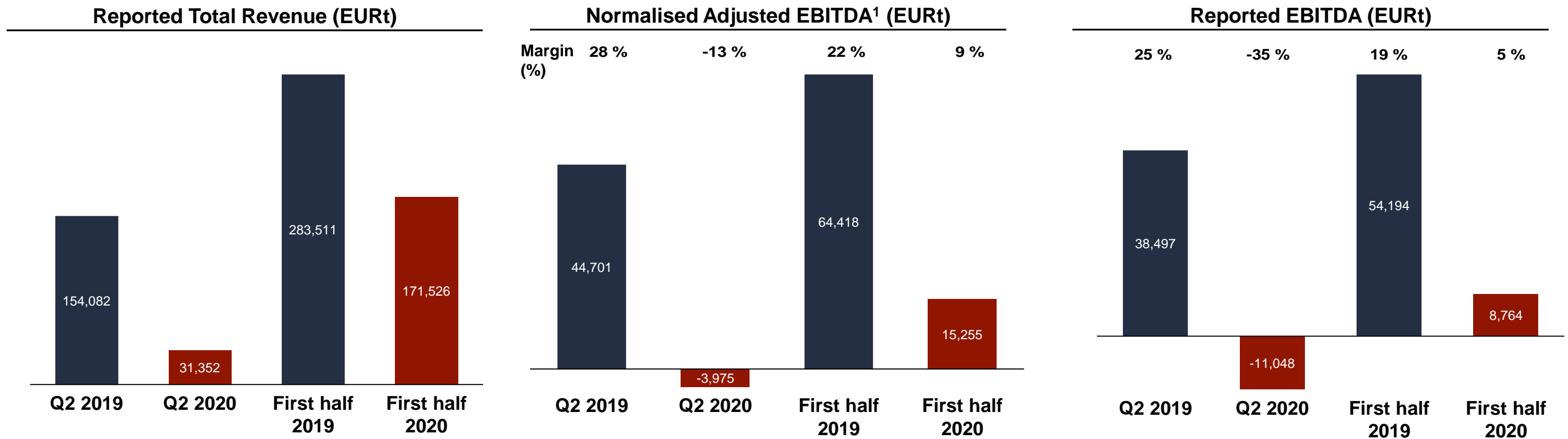




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## Key Financials

# 1H and Q2 numbers significantly impacted by Covid-19



- Revenue in the first half of 2020 down 39.5% to EUR 171.5 million. Total reported EBITDA in first half of 2020 decreased with EUR 45.4 million (83.8%) to EUR 8,8 million compared to same period last year.
  - Main revenue items in Q2 2020 are revenue generated from sailings in June 2020 and contractual revenues from the Norwegian state agreement.
- Group revenue decrease by EUR 79.7% to EUR 31.3 million in the second quarter of 2020 compared to Q2 2019

1) 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 Q2 2020.

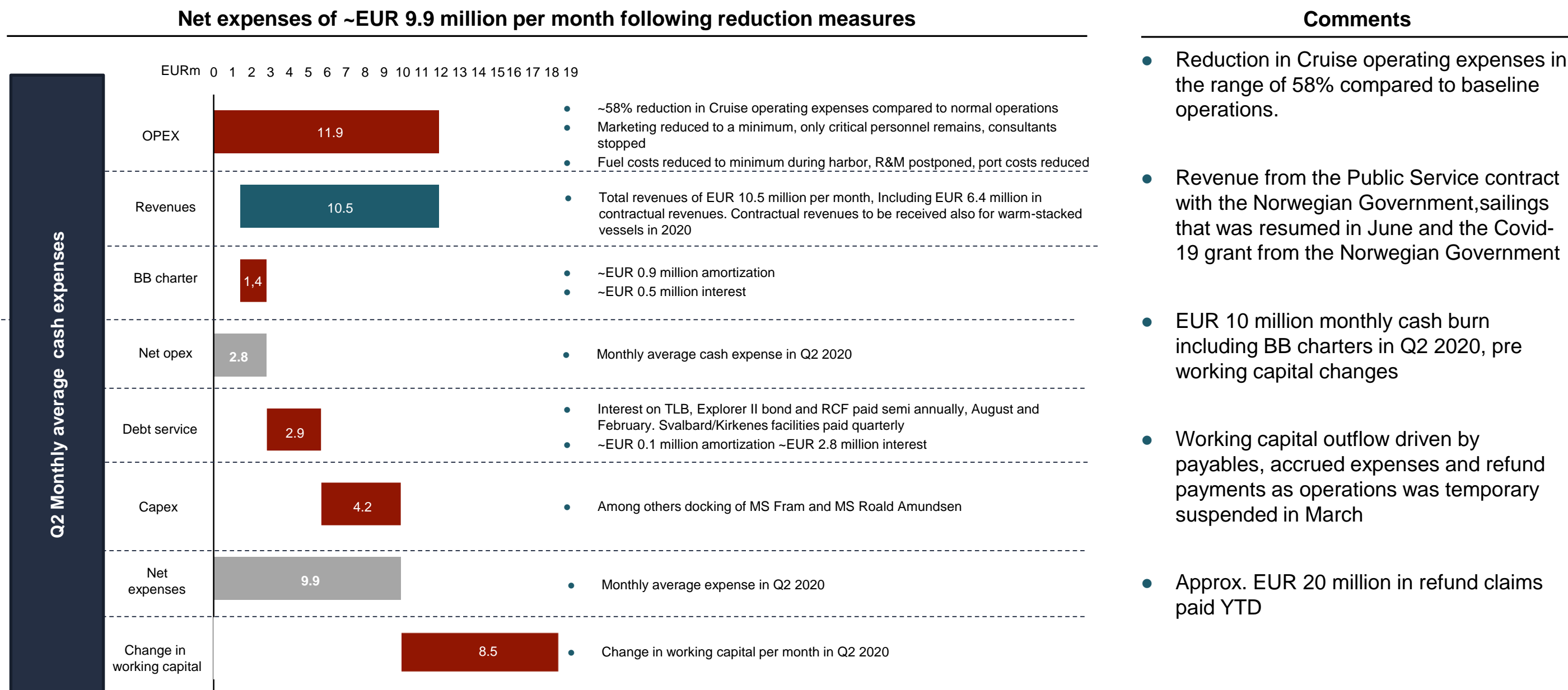
# Solid cash position at the end of June 2020

EURt	2018	2019	First half 2020	Q2 2020	Commentary
<b>Operating Cash flow</b>	<b>105 196</b>	<b>141 425</b>	<b>9 559</b>	<b>(30 597)</b>	<ul style="list-style-type: none"> <li>Negative cash flow in Q2 of EUR 30.5m mainly driven by working capital items</li> </ul>
Of which change in working capital <sup>1</sup>	(16 779)	13 147	(15 966)	(31 408)	<ul style="list-style-type: none"> <li>Levels of prepayments for future travel was kept stable due to a combination of inflow of new cash bookings and relative low level of refund claims</li> </ul>
<b>Cash flow from investments</b>	<b>(136 775)</b>	<b>(396 575)</b>	<b>(92 593)</b>	<b>(20 102)</b>	<ul style="list-style-type: none"> <li>Change in working capital mainly driven by chew up of payables and accrued expenses as operations was temporary seized in March</li> </ul>
Of which CAPEX	(34 305)	(405 380)	(86 632)	(12 616)	<ul style="list-style-type: none"> <li>Decrease in investment level in current half year is due to the construction of both MS Roald Amundsen MS Fridtjof Nansen in 2019, with no similar event in second quarter 2020.</li> </ul>
<b>Cash flow from Financing</b>	<b>38 122</b>	<b>251 933</b>	<b>214 607</b>	<b>92 117</b>	<ul style="list-style-type: none"> <li>In June Hurtigruten raised an additional TLB of EUR 105 million to improve the liquidity position of the company.</li> </ul>
Of which change in debt	98 651	290 091	250 257	102 593	
Of which paid interest and transaction costs	(59 662)	(32 487)	(33 331)	(9 753)	

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

1) Change in working capital calculated as Inventories + Receivables – Pre bookings and Payables.

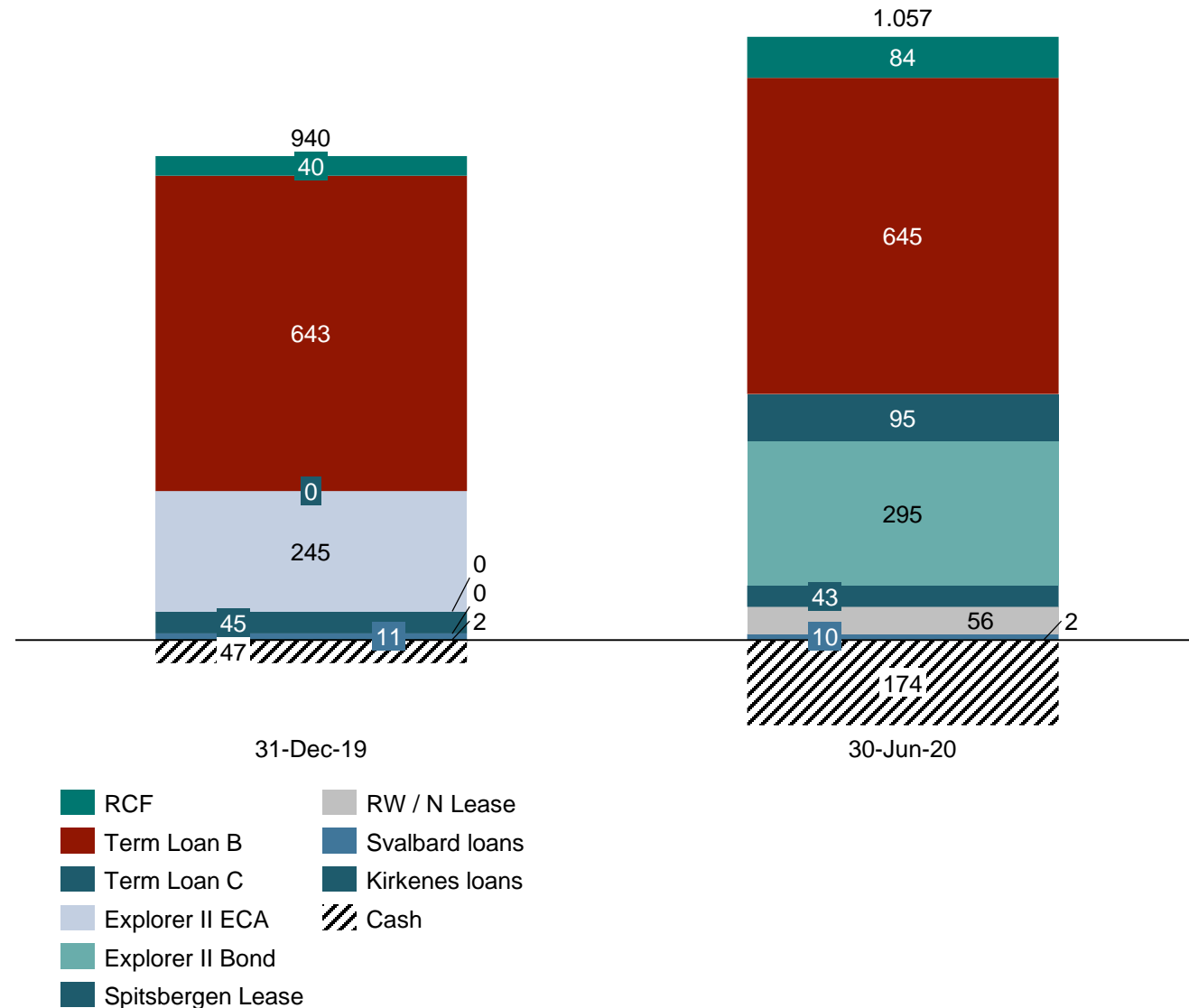
# Net cash burn rate of EUR 10 million per month in Q2 2020 before working capital



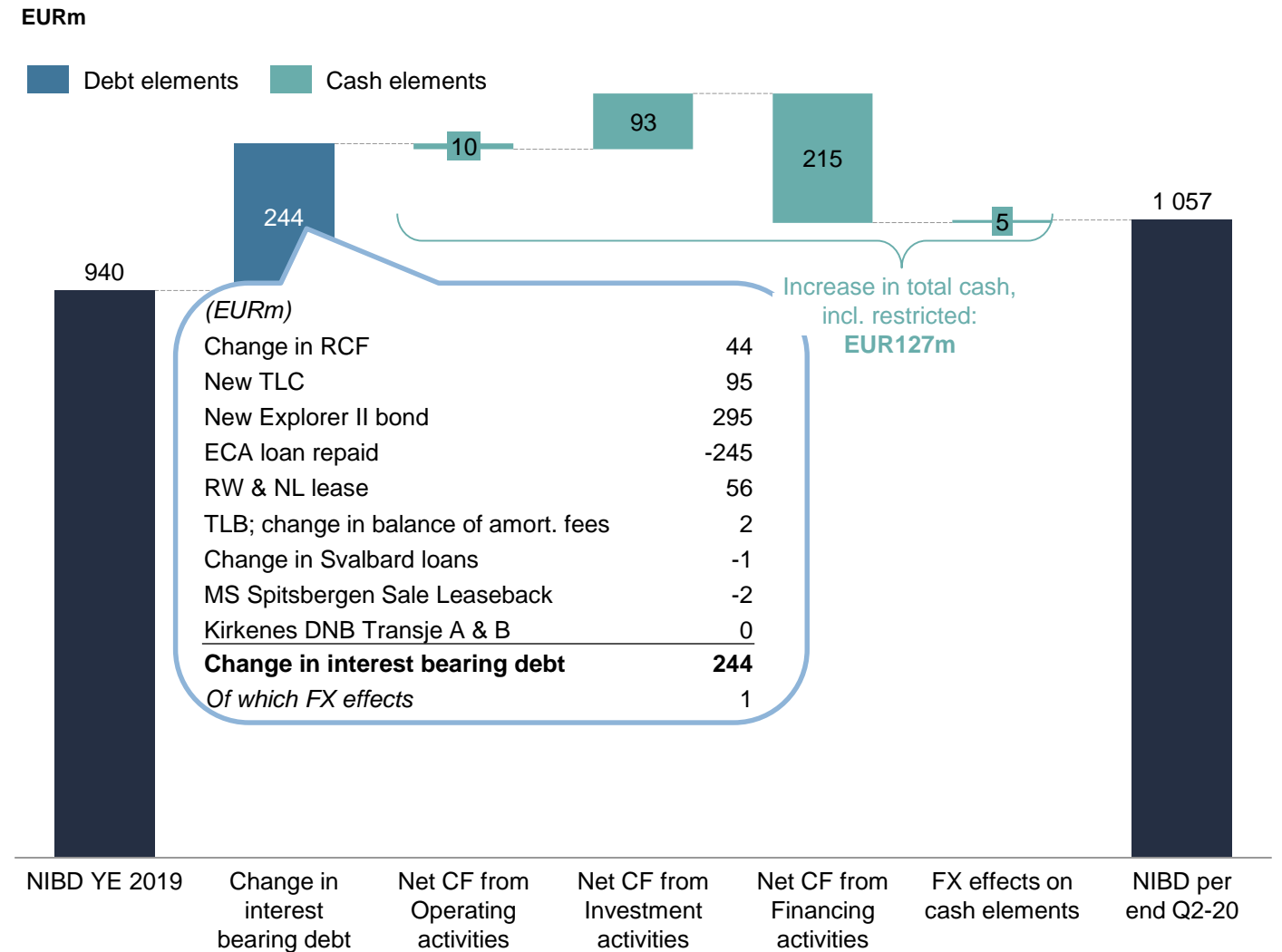


# Net debt as of Q2 2020

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



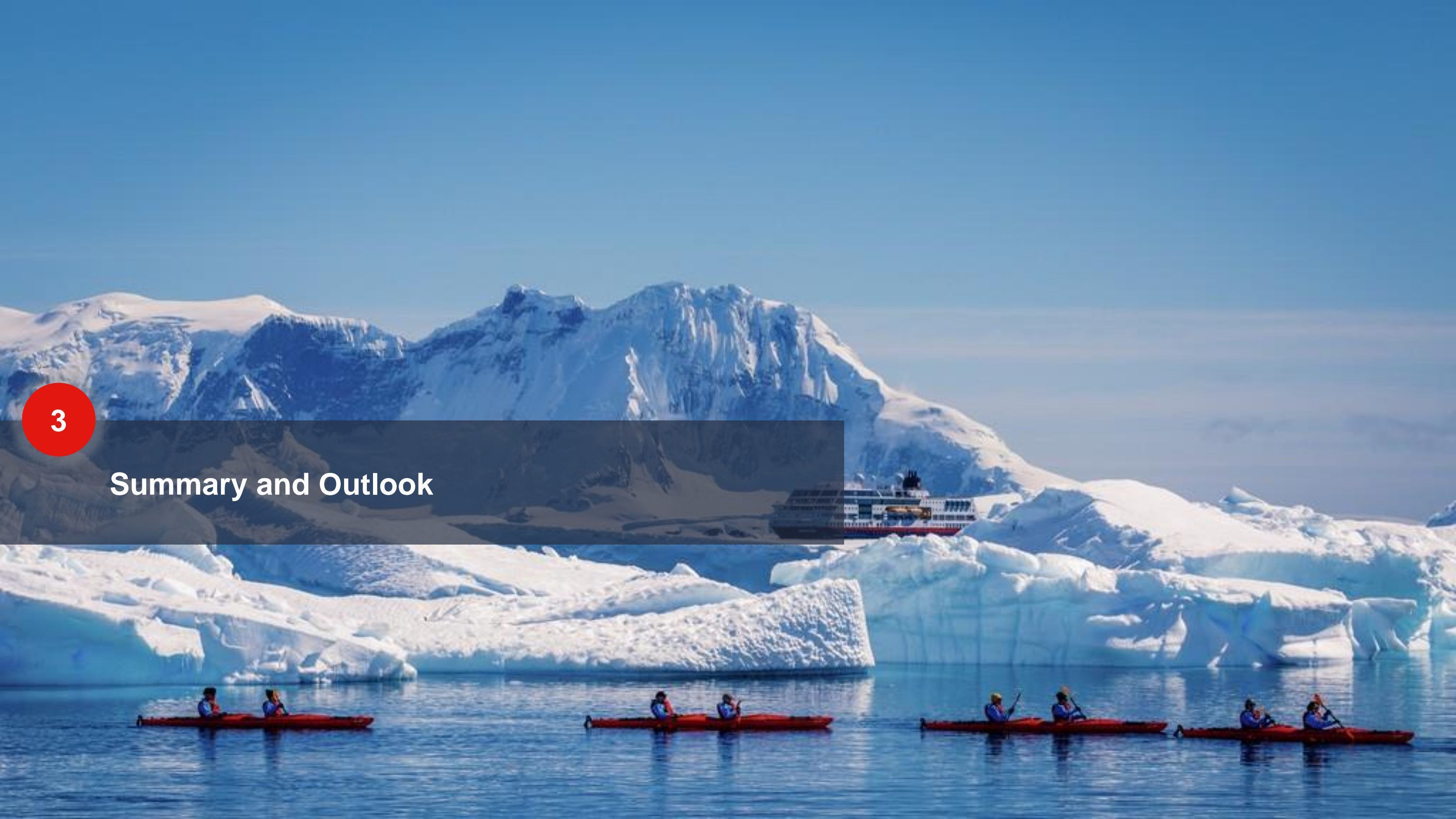
Change in net interest bearing debt – YE 2019 to end Q2-20



Note: All numbers presented are book value and based on Hurtigruten Group AS on a consolidated basis.  
1) Excluding IFRS 16 debt of EUR 17m at year-end 2019 and EUR 14m at end of Q2 2020.

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## Summary and Outlook



# Summary

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I

*Hurtigruten will have a good position coming out of the crisis*



- Hurtigruten's differentiated destinations in regions with low level of infections and small ship focus position us well as the cruise industry emerges from Covid-19
- Key source markets in Northern Europe are close to the key destinations we are sailing to
- Hurtigruten has operated 6 ships over the last 3 months in the Coastal segment with the ability to test post Covid-19 operating procedures

II

*Hurtigruten has a solid liquidity position*



- Swift execution of firm wide cost cutting program and postponement of non critical capex
- Raised additional EUR 105m in funding in June 2020 and have as of 30<sup>th</sup> of July a liquidity position of EUR 195 million
- Lower level of refund claims in % of prepayments of cancelled sailings compared to industry average
- Average monthly cash burn (before customer refunds and working capital) in current environment of EUR in the range of EUR 12-15 before working capital items

III

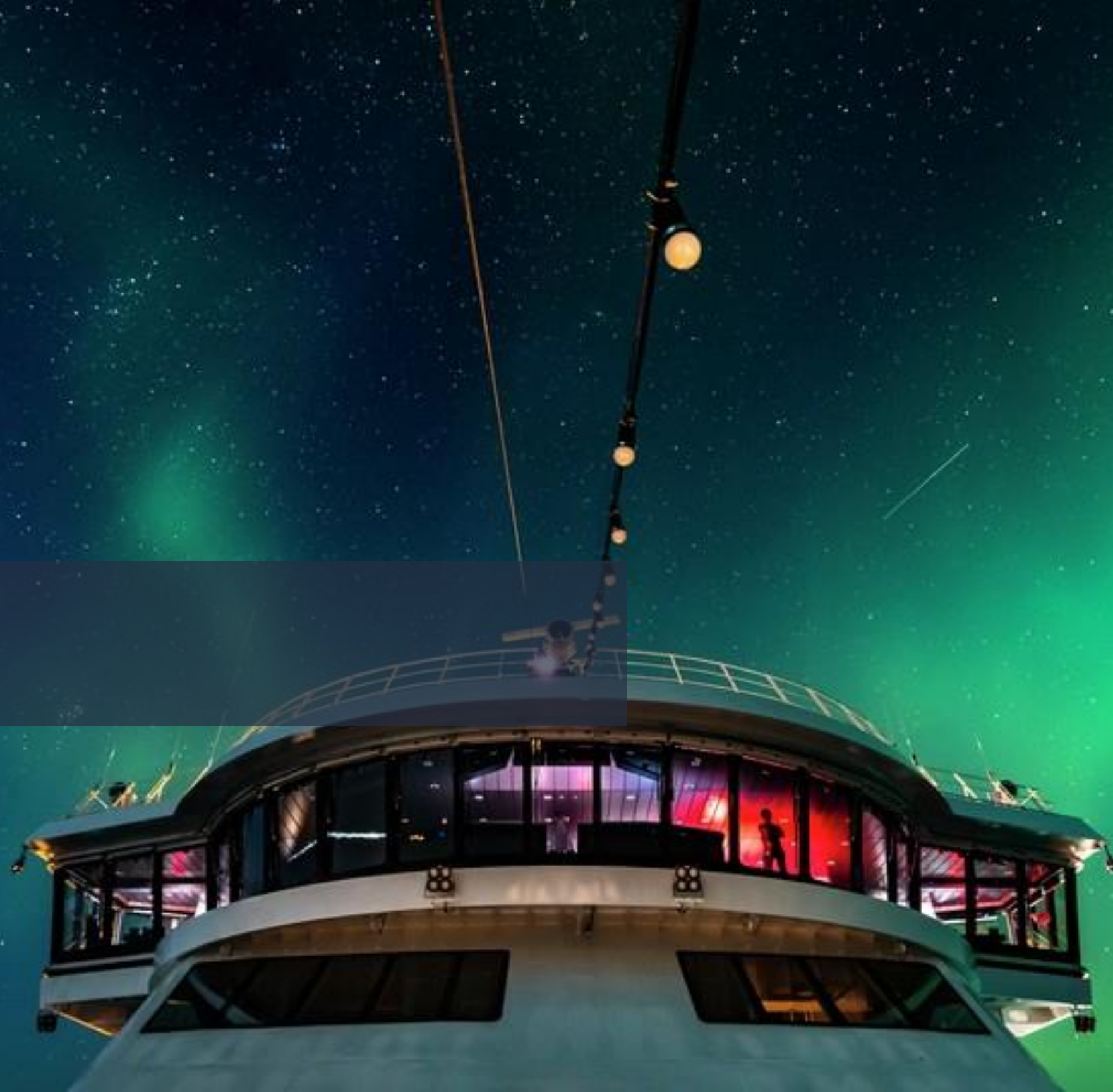
*Pent up demand for travel experiences post Covid-19*



- Hurtigruten is relatively well-positioned in the cruise segment, with a majority of the customer base located in Northern Europe – in close proximity to the routes- as restrictions are gradually lifted all over Europe, domestic travel within the European Union and Norway is expected to surge
- 2021 Pre-booking levels for 2021 are developing according to planned booking curves with demand coming from Q2 2021 and onwards

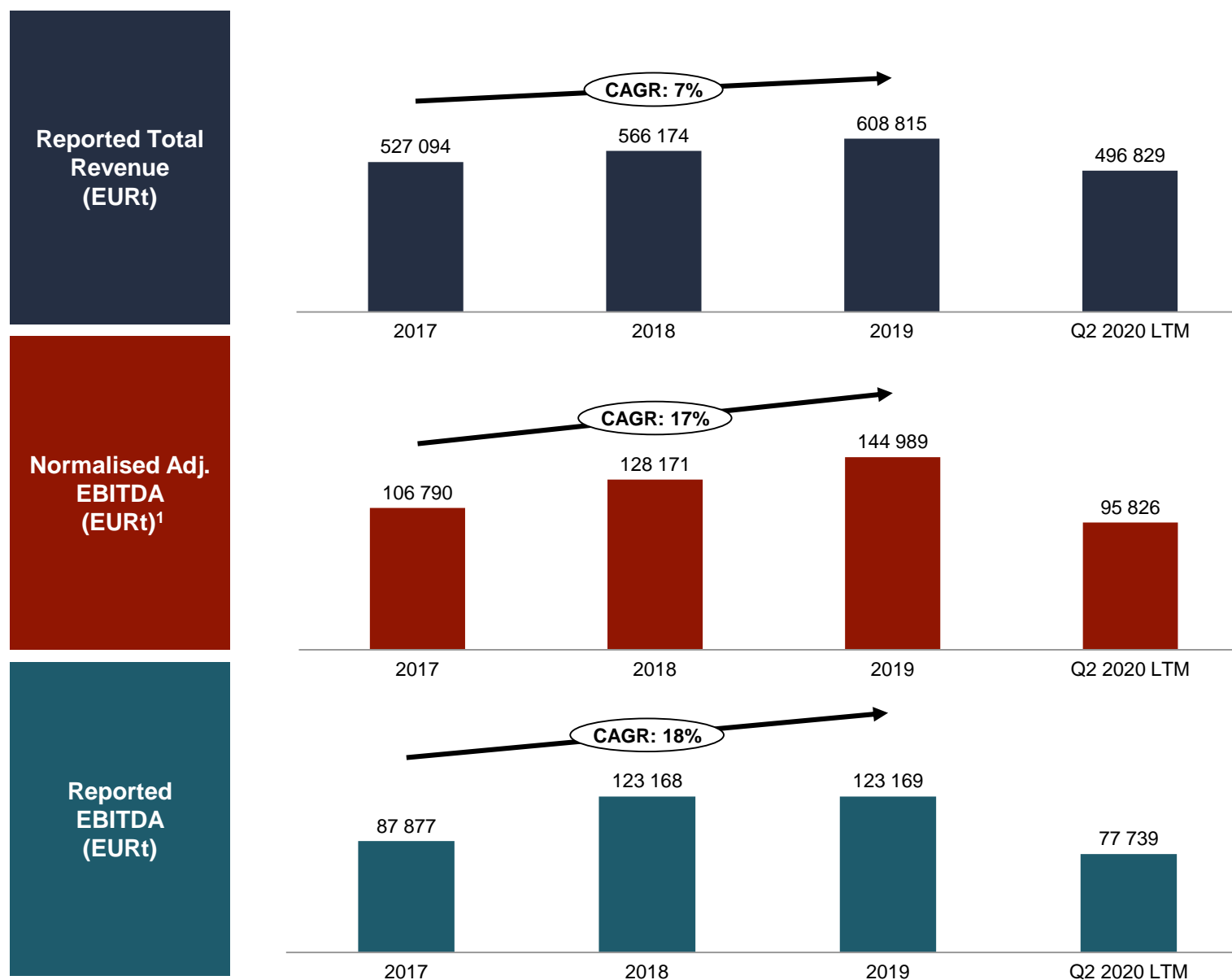


# Appendix





# Suspended operations due to COVID-19 affects 1H and Q2 numbers

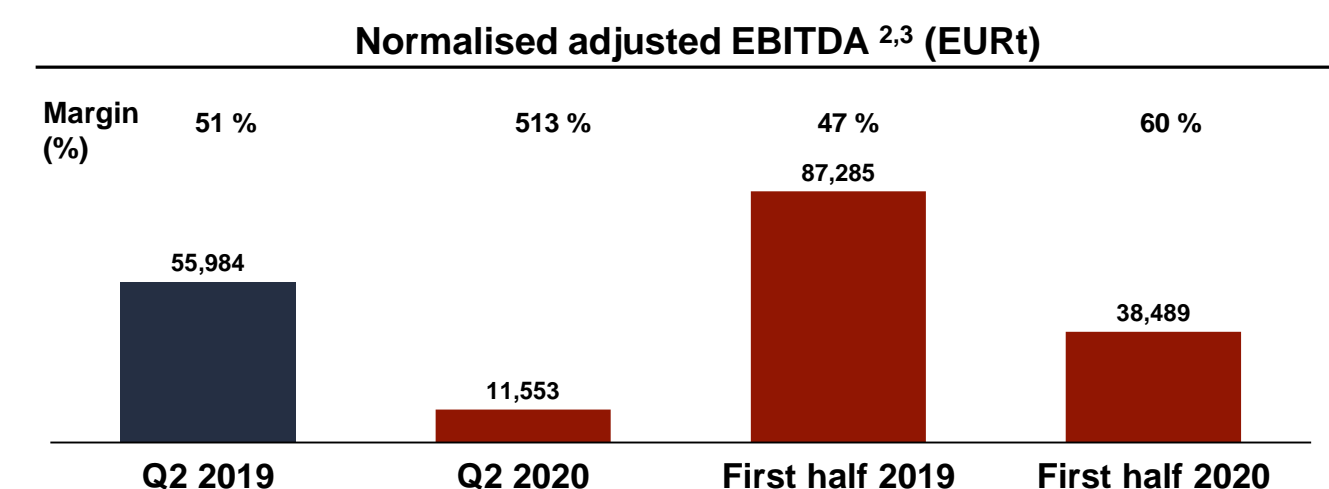
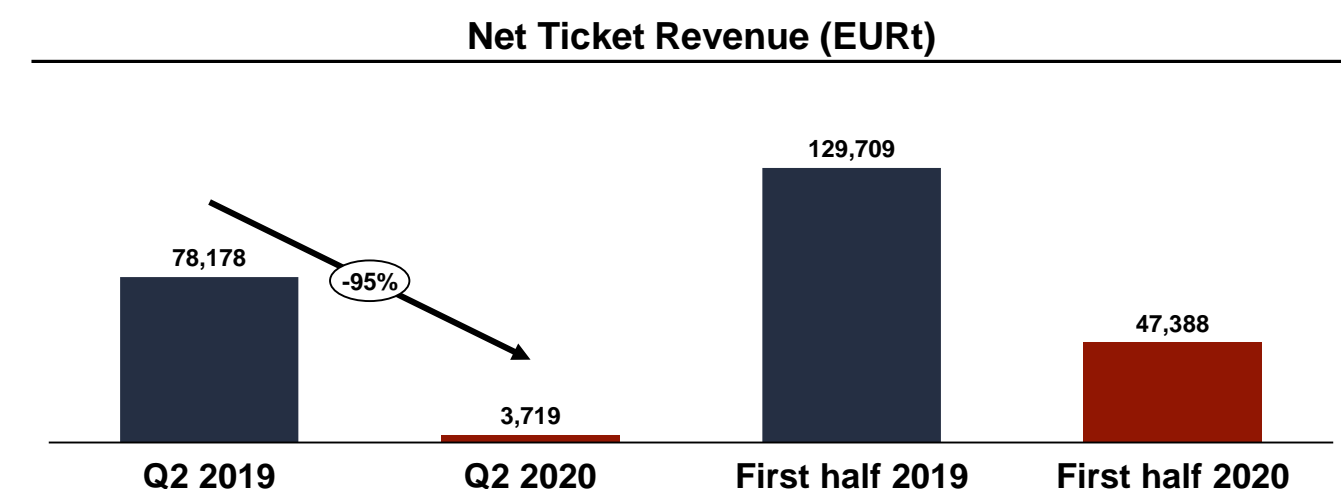
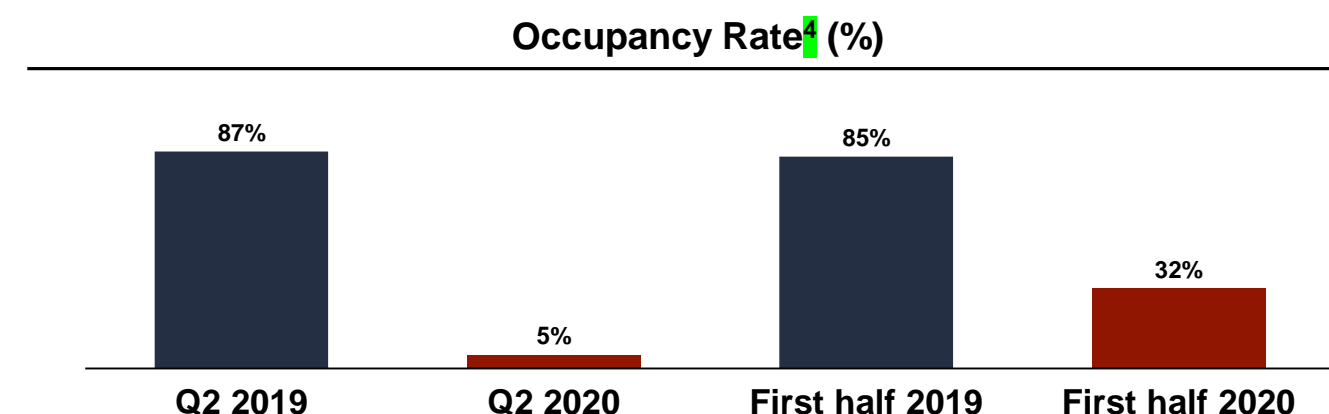
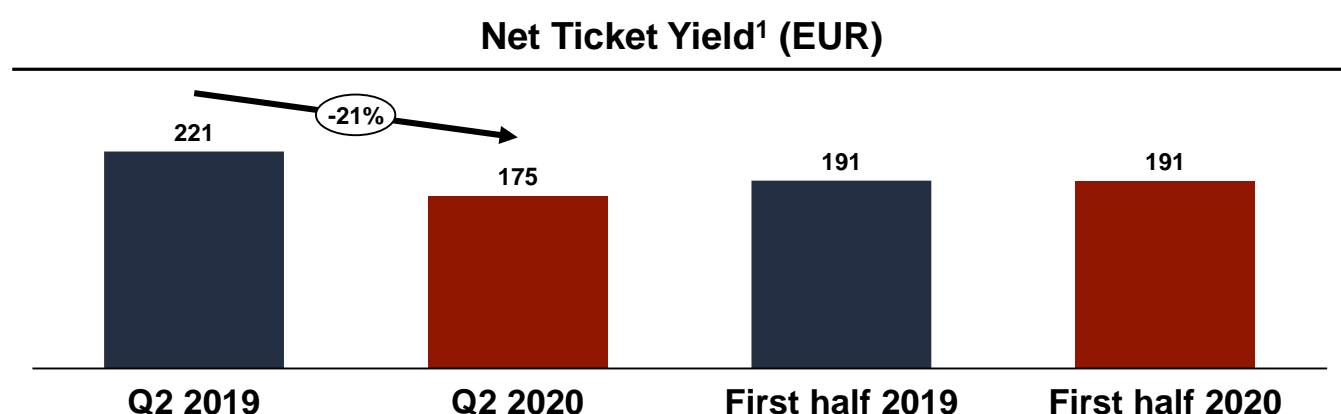


## Commentary

- Suspended operations for both coastal and Expedition segment due to Covid-19 affects numbers for Q2 2020 significantly.
- Hurtigruten temporarily suspended most of the operations from 18th March. 2 out of 16 ships was kept in operation on a shortened route in Northern Norway serving local communities with freight and local transport services.
- There was underlying growth in January and February driven both by the inclusion of MS Roald Amundsen to the expedition fleet, giving an increased capacity, as well as a significant growth in yield in both the Expedition and Coastal segment before the Covid-19 pandemic broke out in March.

1) 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 Q2 2020.

# 1H and Q2 2020 segment overview – Norwegian Coast



- Stable Net Ticket Yield when comparing first half of 2020 to the same period last year. Net Ticket Yield decreased by 21% in Q2 2020 compared to Q2 2019.
- Decreased occupancy in first half of 2020 driven by Covid-19, with a small-scale start-up of operations on 16th of June. Only 2 ships sailing between Bodø and Kirkenes until 16<sup>th</sup> of June, mainly for local transportation and freight to communities in the north of Norway. Remaining ships have been warm stacked.
- Significant drop in Net Ticket revenue and normalized adjusted EBITDA due to suspension of operations.

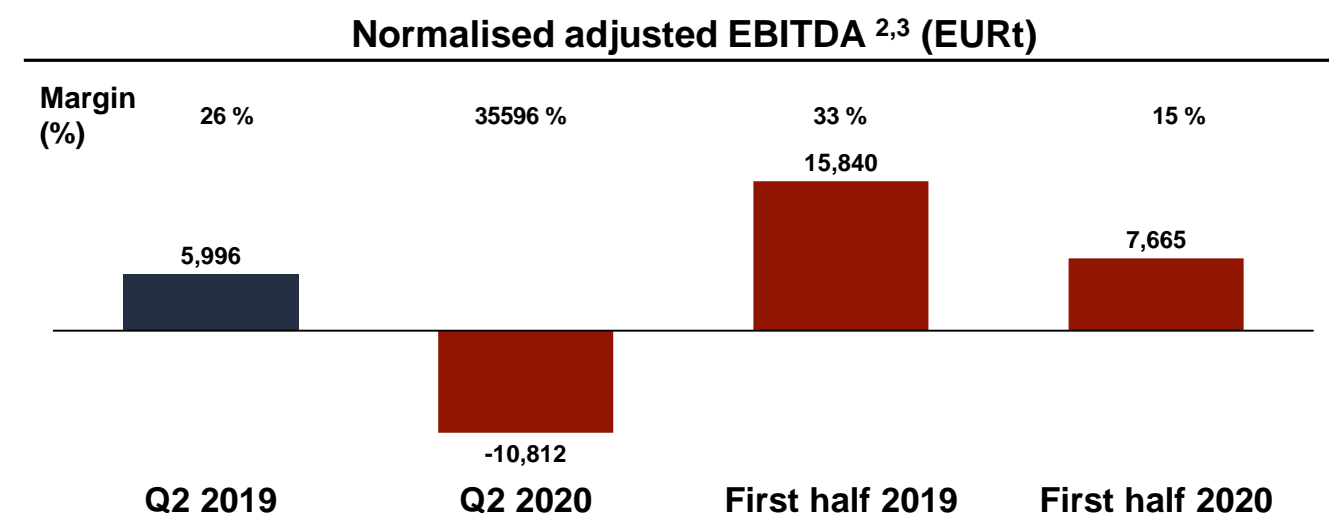
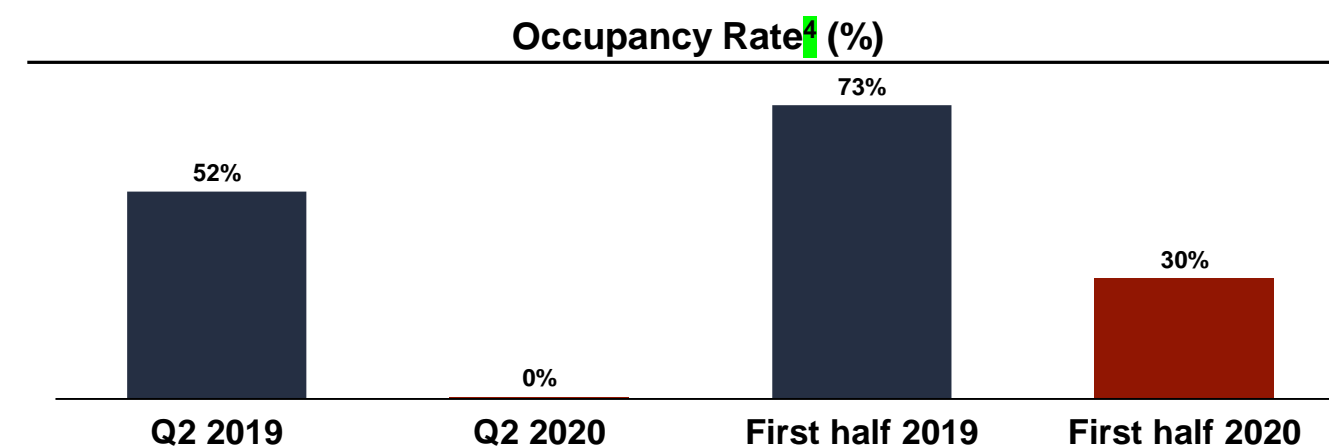
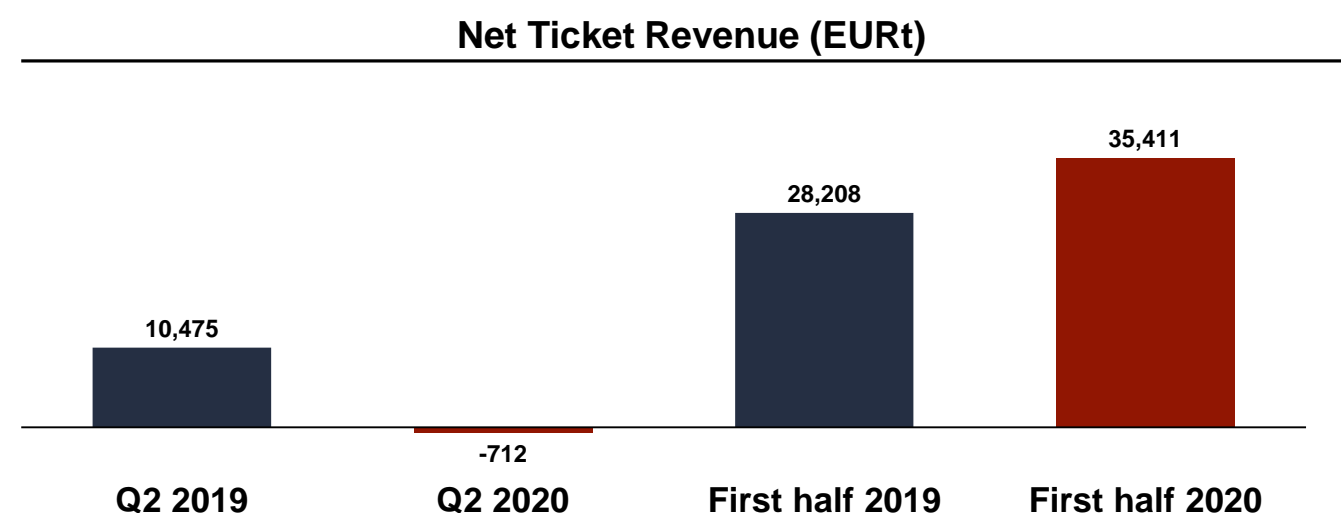
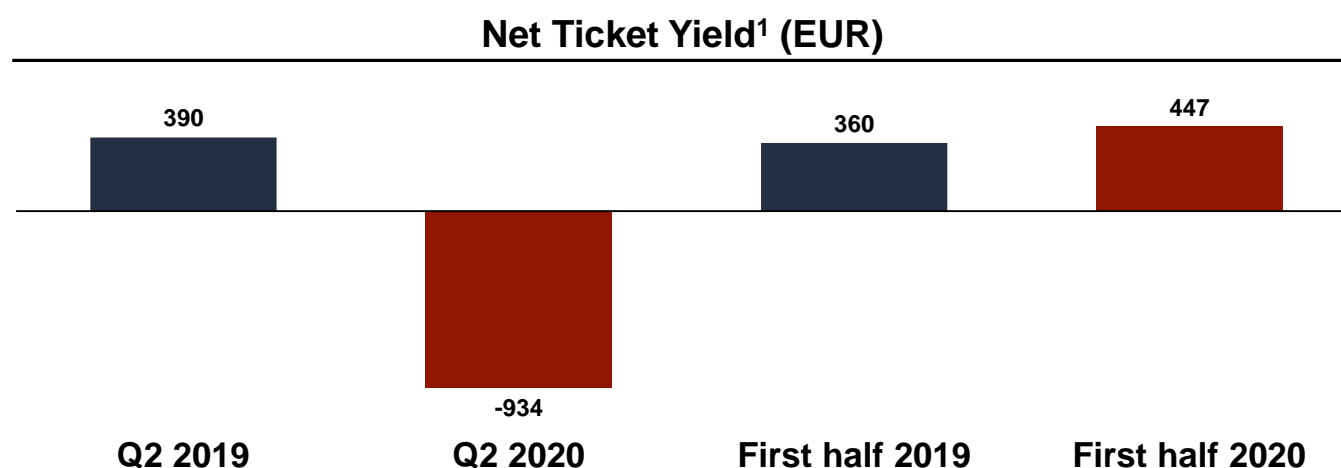
1) Net Ticket Yield is defined as Net ticket revenues per PCN.

2) SG&A not allocated on segment level.

3) 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 Q2 2020.

4) Occupancy rate is calculated based on APCN (available capacity) including any laid-up period. In 2020, due to the Covid-19 pandemic, the majority of the ships were in warm-stack since the middle of March. Adjusting APCN for the laid-up period caused by the Covid-19 pandemic, including only the available capacity on the actual sailings, the occupancy rate was 26.9% for Q2 2020 and 61.5% for 1H 2020.

# 1H and Q2 2020 segment overview – Expedition



- Operations in the expedition segment was reduced to a minimum in Q2 2020 as all expedition sailings were suspended, but operations were partly resumed again in end of June with MS Fridtjof Nansen sailing from Hamburg to the Norwegian Coast.
- For the first half of 2020, revenues were up 23.2% from EUR 40.9 million to EUR 50.4 million despite the Covid-19 pandemic. This is due to the inclusion of MS Roald Amundsen in second half of 2019. Net ticket revenue for the first half year was up 25.5% from last year to EUR 35.4 million.

1) Net Ticket Yield is defined as Net ticket revenues per PCN.

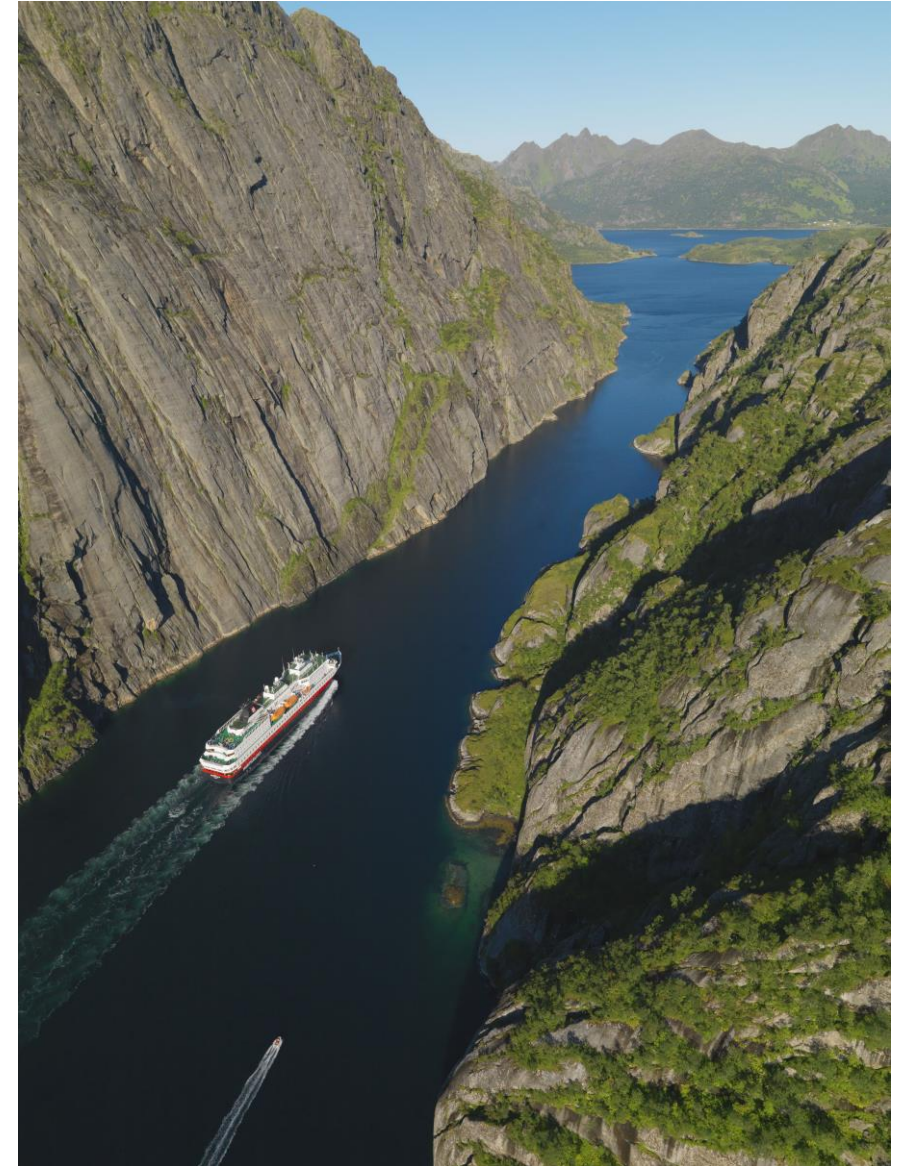
2) SG&A not allocated on segment level.

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# Historical key financials

EURt				
P&L items	2017	2018	2019	Q2 2020 LTM
Revenue	527 094	566 174	608 815	496 829
Growth	11,9 %	7,4 %	7,5 %	-18,4 %
Contribution <sup>1</sup>	187 415	204 427	234 987	185 402
Contribution %	35,6 %	36,1 %	38,6 %	37,3 %
EBITDA	87 877	123 168	123 169	77 739
EBITDA margin	16,7 %	21,8 %	20,2 %	15,6 %
Normalised adj. EBITDA <sup>2</sup>	106 790	128 171	144 989	95 826
Normalised adj. EBITDA margin	20 %	23 %	0 %	0 %
EBIT	36 416	72 538	67 582	18 972
EBIT margin	6,9 %	12,8 %	11,1 %	3,8 %
Net interest and other financial costs	(53 644)	(52 929)	(28 239)	(46 401)
Net currency gains / losses	(37 003)	(13 511)	9 793	(18 706)
Net income	(56 935)	46 845	(17 821)	(45 874)
Net income margin	-10,8 %	8,3 %	-2,9 %	-9,2 %
<b>BS items</b>	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>30.06.2020</b>
Cash <sup>3</sup>	44 633	56 449	47 028	173 733
Total current assets	101 674	118 143	112 878	232 715
Total assets	838 069	1 011 173	1 393 674	1 484 995
Total equity	53 511	68 981	62 739	(17 965)
Equity ratio	6,4 %	6,8 %	4,5 %	-1,2 %
Total current liabilities <sup>4</sup>	709 488	188 591	333 475	231 458
NIBD <sup>5</sup>	543 110	785 948	939 715	1 056 711
<b>CF items</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Q2 2020</b>
Change in NWC	(3 793)	(16 779)	13 147	(31 408)
Operating cash flow	95 477	105 196	(396 575)	30 597
Capex	(37 368)	(34 305)	(405 380)	(12 616)



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) Refer to detailed breakdown of the adjustment on page [57], 3) Total cash including restricted cash, 4) The bond in the amount of EUR 455m, and the multicurrency revolving credit Facility in the amount of NOK 779m were refinanced in February 2018, and as such were classified as current liabilities at 31 December 2017, 5) Book value of debt excluding IFRS 16 debt. IFRS 16 debt was EUR 17m at year-end 2019 and EUR 14m at end of Q2 2020, 6) Calculated as (Reported EBITDA – Maintenance Capex) / Reported EBITDA.



# Norwegian Coast segment – Key financials

EURm	2017	2018	2019	LTM Q2 2020
PCNs - 000	1 249	1 353	1 314	884
APCNs - 000	1 646	1 614	1 619	1 594
Occupancy - %	75,9 %	83,8 %	81,2 %	55,5 %
Total Revenues reported	444	439	444	324
Of which: Contractual Revenue	72	73	73	76
Direct Costs	102	109	105	66
Cruise Operating Costs	159	166	164	132
of which: Fuel costs	42	50	50	38
Reported Vessel Contribution <sup>1</sup>	150	164	175	126
Vessel contribution margin	33,7 %	37,3 %	39,4 %	39,0 %
Norm. Vessel contribution <sup>2</sup>	152	164	177	176

- All time high revenue and contribution from Norwegian Coast segment in 2019, driven by strong occupancy, stable PCN and positive yield development
  - Revenue growth of 1.1% from 2018 to 2019
  - - Q2 LTM show a negative trend due to significant drop in revenue in Q2 2020 driven by Covid-19.
  - Increase in contractual revenue by 4 % from 2019 to LTM Q2 2020.
- Vessel contribution margin remains stable due to cost savings. 13 ships have been warm-stacket until June 16<sup>th</sup> due to Covid-19. Actual warm stack cost excluding passenger costs for Q2 was approx. EUR 2.32 million per month for the 9 ships in the Coastal fleet.

<sup>1)</sup> Vessel contribution is defined as EBITDA contribution before SG&A, specifically calculated as revenue – total direct costs – total cruise operating expenses.

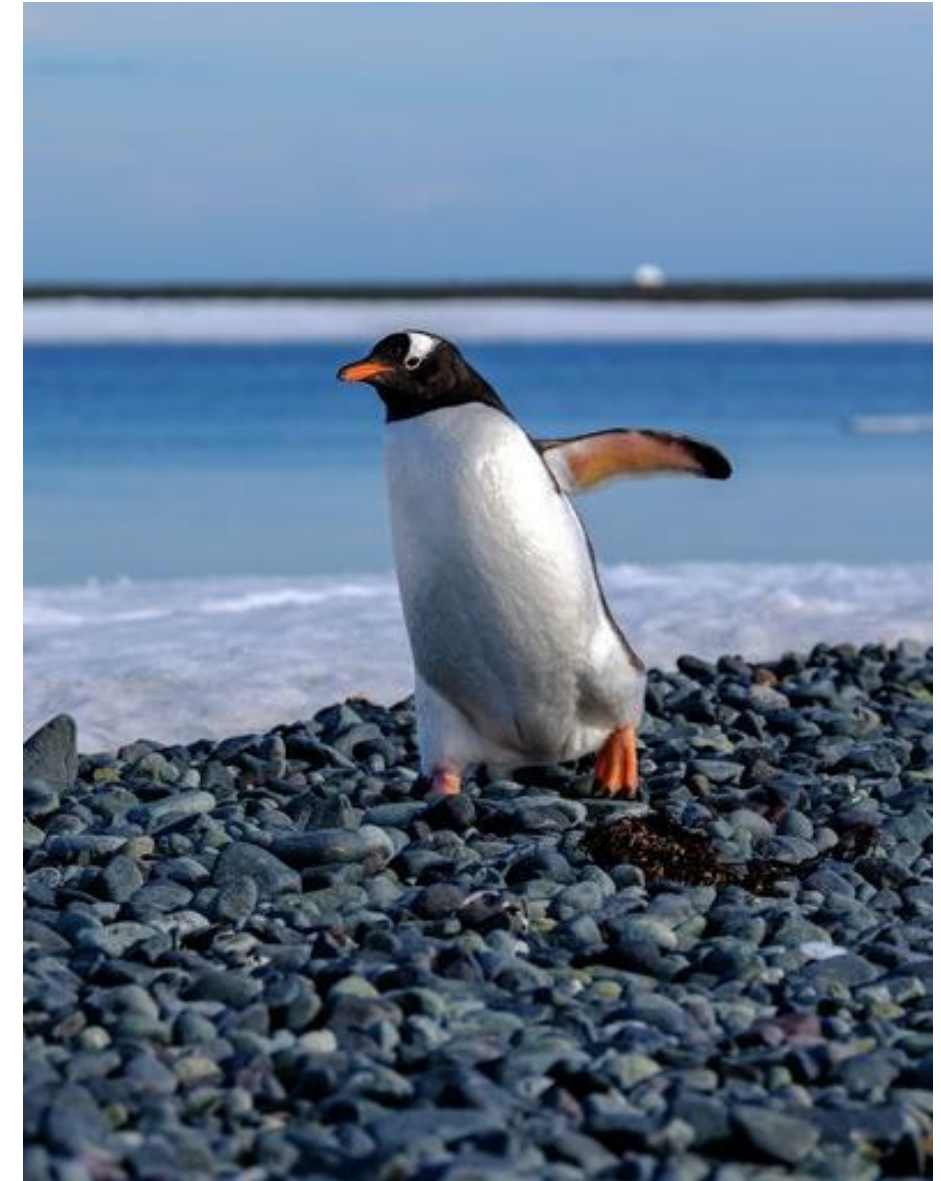
<sup>2)</sup> Due to the Covid-19 pandemic we have decided not to do any normalizations for Q2 2020.



# Expedition segment – Key financials

EURm	2017	2018	2019	LTM Q2 2020
PCNs - 000	155	167	222	223
APCNs - 000	228	231	288	445
Occupancy - %	68,0 %	72,1 %	77,0 %	50,0 %
Total Revenues reported	86	97	135	145
Direct Costs	26	34	43	45
Cruise Operating Costs	32	34	45	58
of which: Fuel costs	7	8	11	13
Reported Vessel Contribution <sup>1</sup>	27	30	48	42
Vessel contribution margin	31,8 %	30,4 %	35,3 %	28,9 %
Norm. Vessel contribution <sup>2</sup>	27	35	56	48

- Strong performance in the Expedition segment with revenue growth of 7.4 % from 2019 to Q2 2020 LTM, driven by both PCN and yield growth, despite negative Covid-19 effects.
- Decreased occupancy due to travel restrictions.
- Prior to Q2 2020 there was a strong utilisation on the Antarctica sailings and in the segment in general, which is expected to continue when operations are starting up.
- The performance of the Expedition segment in 2020 will depend on the development of the pandemic and when we will be able to resume operations



1) Vessel contribution is defined as EBITDA contribution before SG&A, specifically calculated as revenue – total direct costs – total cruise operating expenses.

2) Due to the Covid-19 pandemic we have decided not to do any normalizations for Q2 2020.

# Definitions

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- **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.



