

Third quarter report 2020



Hurtigruten AS Interim Financial Statements

Published 26 November 2020

Key Figures ^{1,2}

<i>EUR 1 000</i>	Q3 2020	Q3 2019	% Change	01.01-30.09 2020	01.01-30.09 2019	% Change	Full year 2019
Operational revenues	24,176	122,281	-80.2 %	101,462	278,372	-63.6 %	344,462
Total revenue	24,176	122,281	-80.2 %	101,462	278,372	-63.6 %	344,462
EBITDA	(1,491)	8,021	-118.6 %	14,754	13,375	10.3 %	12,150
Other gains/(losses) – net	(1,491)	(253)	490.5 %	6,771	(572)	n.m.	(1,082)
EBITDA excl Other gains (losses)	1	8,274	n.m.	7,983	13,947	-42.8 %	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>	Q3 2020	Q3 2019	01.01-30.09 2020	01.01-30.09 2019	Full year 2019
Operating revenues		24,176	122,281	101,462	278,372	344,462
Total Revenues		24,176	122,281	101,462	278,372	344,462
Payroll costs		295	(113)	2,596	(1,074)	(1,247)
Depreciation, amortisation and impairment		(405)	(400)	(1,214)	(1,201)	(1,600)
Operating costs		(24,470)	(113,894)	(96,075)	(263,352)	(329,982)
Other (losses)/gains – net		(1,491)	(253)	6,771	(572)	(1,082)
Operating profit/(loss)		(1,896)	7,622	13,540	12,174	10,550
Operating profit/(loss) before depreciation, amortisation and impairment losses (EBITDA)		(1,491)	8,021	14,754	13,375	12,150
Finance income		17,143	1,414	41,125	6,550	20,948
Finance expenses		(6,796)	(2,013)	(30,267)	(3,323)	(28,340)
Net financial items	3	10,347	(598)	10,859	3,227	(7,392)
Profit/(loss) before income tax		8,451	7,024	24,399	15,401	3,159
Income tax expense		6,404	-	6,404	(68,126)	(73,643)
Profit/(loss) for the period		14,854	7,024	30,802	(52,725)	(70,484)

Statement of financial position

Unaudited

<i>(EUR 1 000)</i>	<i>Note</i>	30.9. 2020	30.9. 2019	31.12. 2019
ASSETS				
Non-current assets				
Property, plant and equipment including right of use asset		3,780	3,680	3,399
Intangible assets		2,338	3,689	3,360
Loans to Group companies		34,234	154,946	159,496
Other non-current assets		552,801	444,354	447,801
Total non-current assets		593,154	606,668	614,056
CURRENT ASSETS				
Inventories		3,850	5,339	4,871
Trade and other receivables		(2,886)	8,834	7,539
Trade and other receivables Group companies		55,125	25,481	57,393
Cash and cash equivalents		11,147	11,033	4,499
Total current assets		67,236	50,687	74,302
Total assets		660,389	657,355	688,358
EQUITY				
Paid -in capital		453,771	452,326	453,771
Other equity		(94,515)	(104,677)	(125,316)
Total equity	4	359,256	347,649	328,455
LIABILITIES				
Non-current liabilities				
Borrowings from Group companies		199,211	3,361	43,584
Other non-current liabilities		34,413	35,106	44,958
Total non-current liabilities		233,624	38,467	88,542
Current liabilities				
Trade and other liabilities		17,473	23,722	155,423
Trade and other liabilities Group companies		47,893	244,991	111,166
Other current liabilities		2,144	2,527	4,774
Total current liabilities		67,509	271,239	271,363
Total equity and liabilities		660,389	657,355	688,358

Cash flow statement

Unaudited

<i>(in EUR 1 000)</i>	Note	Q3 2020	Q3 2019	01.01-30.09 2020	01.01-30.09 2019	Full year 2019
Cash flows from operating activities						
Profit/(loss) before income tax		8,451	7,023	24,398	15,401	2,704
Adjustments for:						
Depreciation, amortisation and impairment losses		405	413	1,214	1,214	1,599
Interest expenses and dividends received	3	(13,557)	(1,152)	(18,240)	(5,424)	(12,302)
Other gains and losses		-	-	-	-	17,098
Unrealised currency and derivatives gains/losses		1,443	2,017	(4,992)	670	6,667
Change in working capital		(136,096)	16,939	(192,483)	93,762	13,361
Taxes paid		-	-	-	-	(177)
Net cash flows from (used in) operating activities		(139,353)	25,240	(190,103)	105,623	28,951
Cash flows from investing activities						
Purchase of property, plant, equipment (PPE)		(515)	(498)	(574)	(2,208)	2,017
Other adjustments		16,594	3,136	17,700	6,117	12,703
Net cash flows from (used in) investing activities		16,079	2,638	17,126	3,910	14,720
Cash flows from financing activities						
Payment of interest		-	-	-	-	(759)
Proceeds from borrowings		-	-	-	-	36,739
Repayment of borrowings from group companies		63,686	(27,849)	175,889	(109,472)	(74,885)
Net cash flows from (used in) financing activities		63,686	(27,849)	175,889	(109,472)	(38,905)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(59,588)	29	2,912	60	4,766
Cash and cash equivalents at the beginning of period		66,999	622	4,499	592	614
Foreign exchange gains/(losses) on cash, cash equivalents and bank overdrafts		-	-	-	-	(881)
Cash and cash equivalents at end of period		7,411	651	7,411	652	4,499
Restricted cash		3,735	10,381	3,735	10,381	-
Cash and cash equivalents at end of period		11,147	11,032	11,147	11,032	4,499

Note: the cash flow statement per half year 2020 has been restated due to an error in reported numbers resulting in a reclassification of MEUR 14 from purchase of PPE to change in working capital as per 30 June 2020.

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>	Q3 2020	Q3 2019	01.01-30.09 2020	01.01-30.09 2019
Interest income on current bank deposits	96	4	792	8
Return from investments in subsidiaries	16,457	-	38,546	-
Other financial income	590	1,410	1,787	6,542
Finance income	17,143	1,414	41,125	6,550
Interest expense and amortized borrowing fees	246	(30)	677	(316)
Foreign exchange losses	(2,418)	(1,755)	(7,279)	(2,202)
Other finance expenses	(4,625)	(228)	(23,665)	(804)
Finance expenses	(6,796)	(2,013)	(30,267)	(3,323)
Net Financial items	10,347	(598)	10,859	3,227

Note 4 Equity

Unaudited

<i>(in EUR 1 000)</i>	01.01-30.09.2020		
	Attributable to shareholders of Hurtigruten 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	-	30,802	30,802
Equity at the close of the period	453,771	-94,515	359,256

<i>(in EUR 1 000)</i>	01.01-30.09.2019		
	Attributable to shareholders of Hurtigruten 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	-	-52,725	-52,725
Cash flow hedge		12,580	12,580
Effects of change of functional currency	2,410	584	2,993
Equity at the close of the period	452,326	-104,677	347,649

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 October 22nd, Hurtigruten announced cancellation of remaining Antarctica 20/21 season and reduced capacity on the Norwegian Coast, due to the challenging circumstances following the worldwide travel restrictions and quarantine requirements due to the Covid-19 pandemic. Many of the guests who have booked expedition cruises with Hurtigruten that have been cancelled, have chosen to postpone their trips rather than request a refund and the level of refund claims continue to be significantly below the industry average. With the escalating uncertainties, very low number of national and international travellers, and the impact the pandemic has on our operations on the Norwegian Coast; Hurtigruten has also decided to reduce capacity on the coastal service. From November until year end, Hurtigruten will only operate a limited service between Bodø and Kirkenes with two ships. This is at the request of the Norwegian Ministry of Transportation.

On October 15, 2020, Hurtigruten announced it will establish two separate operating entities, Hurtigruten Norway (Coastal) and Hurtigruten Expedition (Expedition). This operating reorganization will not impact the financial reporting as we have historically reported the Expedition cruise business (Hurtigruten Expedition) and the Coastal business (Hurtigruten Norway) separately.

On October 13th, Hurtigruten announced that the wholly owned subsidiary Hurtigruten Svalbard AS is considering strategic alternatives for the real-estate portfolio on Svalbard. During the process, the Company will engage with interested parties in Norway and internationally and review various options for partnerships. Hurtigruten Group's long term strategic commitment to a land-based Svalbard operation through Hurtigruten Svalbard will not be changed as a result of this process. The process is expected to be closed in Q1 2021.