Third quarter report 2018

Silk Bidco Group

Published 12 November 2018

Revenue and EBITDA growth

Highlights

- Strong results for the Group in third quarter of 2018 with reported EBITDA of NOK 583 million (Q3 2017; NOK 529 million), year over year increase of 10.3%
- Third quarter normalized adjusted EBITDA before other gains and losses of NOK 586 million (Q3 2017; NOK 576 million), and YTD NOK 1,095 million (YTD 2017, NOK 927 million)
- Third quarter 2018 revenues of NOK 1,767 million, up 7.7% from NOK 1,640 million in 2017
- Improved profitability in the Norwegian Coast segment in the quarter, with occupancy stable at to 96%
- Improving performance in the Explorer segment driven by 9 pp increase in occupancy and 16.5% more Passenger Cruise Nights in Q3 2018 compared to Q3 2017 and 16% higher net yield
- Strong pre-booking levels for the remaining months in 2018 with strong trend continuing into 2019
- Normalizations items YTD 2018 is mainly i) cancellation costs related to the Roald Amundsen and Fridtjof Nansen delayed delivery date which was expensed in 1H 2018 (NOK 30 million) ii) one off non-cash cost related to the acquisition of MS Nordlys (NOK 18 million) and iii) one off expenses related to the changed sailing patterns with the MS Fram in the North West Passage due to severe polar ice conditions.

Key figures*

NOK 1 000	**3rd quarter 2018**	3rd quarter 2017	% Change	**01.01-30.09 2018**	01.01-30.09 2017	% Change	Full year 2017
Operational revenues	**1,592,125**	1,471,808	8.2 %	**3,876,766**	3,454,617	12.2 %	4,248,316
Contracual revenues	**174,443**	168,436	3.6 %	**524,819**	506,579	3.6 %	674,234
Total revenue	**1,766,568**	1,640,244	7.7 %	**4,401,585**	3,961,196	11.1 %	4,922,550
EBITDA	**583,299**	528,999	10.3 %	**1,066,013**	800,853	33.1 %	826,311
Norwegian Coast							
PCNs	**412,230**	415,433	-0.8 %	**1,072,328**	993,291	8.0 %	1,249,149
Gross ticket yield	**2,956**	2,803	5.4 %	**2,692**	2,606	3.3 %	2,483
Occupancy rate	**96.0 %**	96.3 %	-.4 p.p.	**86.3 %**	82.9 %	3.3 p.p.	78.3 %
Explorer							
PCNs	**39,117**	33,569	16.5 %	**122,492**	109,417	12.0 %	155,725
Gross ticket yield	**7,083**	6,545	8.2 %	**5,665**	5,306	6.8 %	5,210
Occupancy rate	**71.9 %**	63.1 %	8.9 p.p.	**69.6 %**	61.8 %	7.7 p.p.	68.2 %

**The figures presented in this report are unaudited*

About Hurtigruten

Hurtigruten is the world's leading polar expedition and adventure travel company, with a fleet of 14 cruise vessels and two new tailor-made exploration vessels being built. Hurtigruten opens a unique gateway to experiences in the Arctic, Antartica and along the Norwegian coast to travelers from all over the world. Hurtigruten's operations builds on a rich heritage, having connected the many coastal communities in Norway since 1893. Today, Hurtigruten combines a deeply-rooted desire to offer genuine local experiences while leaving a smaller footprint when it shapes the future of the growing exploration market. For more information on Hurtigruten, please visit www.hurtigruten.no.

Hurtigruten has three business segments:

Hurtigruten Norwegian Coast

Explorer

Spitsbergen

Hurtigruten Norwegian Coast

The largest segment with 11 ships providing services along the Norwegian coast, making 33 northbound and 32 southbound daily departures from ports located between Bergen in the south and Kirkenes in the north. Freight and passenger transport are important parts of the offering, and for which Hurtigruten receives an annual fixed fee from the Norwegian government under the coastal service contract. From 2021 this segment will operate 7 ships under the new State agreement.

The vessel schedule and infrastructure are leveraged to offer distinct expedition-based services and activities to leisure seekers through our cruise voyage products. The ships used to provide local transport services and cargo shipments also offer exploration-based voyages for leisure travellers, including a high proportion of international guests. The segment accounted for 79.8% of group revenues in the third quarter of 2018.

Explorer

The second largest segment offering unique polar cruises using the vessels MS Fram, MS Spitsbergen and MS Midnatsol (the latter two vessels alternating between the Norwegian Coast and Explorer segments) as well as MS Nordstjernen which is leased and operated in Svalbard in the summer season. The Explorer segment will be strengthened from 2019 and onward with three new purpose-built polar cruise ships. The segment accounted for 15.7% of group revenues in the third quarter of 2018. From 2021 the Explorer segment will be Hurtigrutens largest segment.

Spitsbergen

Comprises year-round hotel and restaurant activities as well as Arctic experience tourism in Svalbard. Hurtigruten Svalbard operates three hotels and an equipment store. This segment accounted for 5.1% of the total revenues in the third quarter of 2018.

Operational review

Hurtigruten had a strong operational and financial performance in the third quarter of 2018 with growth in yield and occupancy across all segments, and particularly in the Explorer segment, compared with the same period in 2017.

Total Passenger Cruise Nights (PCN) for the two cruise segments increased by 0.5%, or 2,344 PCN in the third quarter of 2018 compared to the same period last year. The occupancy was 93.3% in third quarter for two segments combined, 0,6 ppt increase from third quarter last year. The increase is primarily driven by higher demand for the Explorer product.

Demand for the Coastal product is historically high, and third quarter show the continued high level of occupancy of 96.0 %, just a slight decrease from the same quarter in 2017 of 0.3%.

In the Explorer segment in the third quarter of 2018, the vessels MS Fram and MS Spitsbergen operated in the Arctic seas. MS Fram sailed Iceland and Greenland, with two sailings in the North West Passage before going south to Canada.

MS Spitsbergen sailed around Spitsbergen and Svalbard, before transferring to the Coastal segment in September, with MS Midnatsol taking over in the Explorer segment sailing south towards the Antarctic via the European coast. MS Nordstjernen operated along Spitsbergen until middle of September.

Passenger cruise nights in the Explorer segment increased by 16.5% in the third quarter of 2018 compared to the same period in 2017. Total capacity (available passenger cruise nights; APCN) increased with 2.2%, resulting in increase in occupancy rate of 8.9 ppt. from 63.1% to 71.9% in the third quarter of 2018 compared to the same period last year.

Maritime operations continued to perform well across the company and there were no material incidents in the third quarter. A total of 88 missed port calls in the Coastal segment were registered in the third quarter, primarily due to adverse weather conditions. In the same period in 2017, the Group had 49 missed port calls also primarily due to weather.

Pre-bookings for 2018 and 2019 are materially higher compared to same time last year and we continue to experience stronger demand for our itineraries across all segments. Demand for the winter cruise product is increasing significantly and this strong trend is continuing into 2019 with higher booking levels compared to same time last year.

Results of operations

The following table presents, for the periods indicated, the revenues, operating profit, EBITDA and EBITDA margin by reporting segment and for the Group as a whole:

(in NOK 1 000) **Total operating revenues**	**3rd quarter 2018**	3rd quarter 2017	% Change	**01.01-30.09 2018**	01.01-30.09 2017	% Change	Full year 2017
Hurtigruten Norwegian Coast	**1,408,842**	1,347,895	4.5%	**3,455,994**	3,136,033	10.2%	3,833,445
Explorer	**276,614**	219,697	25.9%	**694,556**	580,667	19.6%	811,497
Spitsbergen	**89,804**	87,538	2.6%	**265,036**	259,215	2.2%	292,411
Other business	**77**	24	226.4%	**(73)**	159	-146.0%	230
Eliminations	**(8,770)**	(14,910)	-41.2%	**(13,928)**	(14,878)	-6.4%	(15,032)
Total	**1,766,568**	1,640,244	7.7%	**4,401,585**	3,961,196	11.1%	4,922,550
Operating profit/(loss)							
Hurtigruten Norwegian Coast	**424,913**	373,174	13.9%	**671,771**	371,363	-81 %	294,435
Explorer	**51,486**	31,223	64.9%	**56,624**	19,920	184.3%	24,327
Spitsbergen	**14,487**	9,655	50.0%	**42,261**	43,316	-2.4%	26,362
Other business	**180**	327	-44.9%	**250**	419	-40.4%	581
Eliminations	**37**	(57)		**31**	(40)	-178.1%	64
Total	**491,104**	**414,322**	18.5%	**770,937**	**434,978**	77.2%	**345,768**
EBITDA							
Hurtigruten Norwegian Coast	**492,592**	468,883	5.1%	**893,754**	683,194	30.8%	696,226
Explorer	**72,368**	46,325	56.2%	**115,270**	59,740	93.0%	85,210
Spitsbergen	**18,122**	13,755	31.7%	**56,707**	57,526	-1.4%	44,206
Other business	**180**	93	94.5%	**250**	433	-42.3%	606
Eliminations	**37**	(57)		**31**	(40)	-178.1%	64
Total	**583,299**	528,999	10.3%	**1,066,013**	800,853	33.1%	826,311
EBITDA margin							
Hurtigruten Norwegian Coast	**35.0 %**	34.8 %	.0 p.p.	**25.9 %**	21.8 %	4.1 p.p.	18.2 %
Explorer	**26.2 %**	21.1 %	.2 p.p.	**16.6 %**	10.3 %	6.3 p.p.	10.5 %
Spitsbergen	**20.2 %**	15.7 %	.3 p.p.	**21.4 %**	22.2 %	-.8 p.p.	15.1 %
Other business	**NM**	NM		**NM**	NM		NM
Eliminations	**NM**	NM		**NM**	NM		NM
Total	**33.0%**	32.3%	.0 p.p.	**24.2%**	20.2%	19.8 %	16.8%

Segment review

Hurtigruten Norwegian Coast

NOK 1 000	**3rd quarter 2018**	3rd quarter 2017	Change	**01.01-30.09 2018**	01.01-30.09 2017	Change	Full year 2017
Operational revenues	**1,234,400**	1,179,459	4.7 %	**2,931,175**	2,629,454	11.5 %	3,159,211
Contracual revenues	**174,443**	168,436	3.6 %	**524,819**	506,579	3.6 %	674,234
Total revenue	**1,408,842**	1,347,895	4.5 %	**3,455,994**	3,136,033	10.2 %	3,833,445
EBITDA	**492,592**	468,883	5.1 %	**893,754**	683,194	30.8 %	696,226

The below table does not include the State Contract's contractual revenue, nor the goods and other operating revenue originated by the Norwegian Coast activity.

NOK 1 000 Except for PCNs, APCNs, occupancy rate, fuel consumption and fuel cost per liter	**3rd quarter 2018**	3rd quarter 2017	**01.01-30.09 2018**	01.01-30.09 2017	Full year 2017
PCNs	**412,230**	415,433	**1,072,328**	993,291	1,249,149
APCNs	**429,592**	431,336	**1,243,122**	1,197,922	1,595,924
Occupancy rate	**96.0%**	96.3%	**86.3%**	82.9%	78.3%
Gross ticket revenues	**1,218,425**	1,164,557	**2,886,295**	2,588,095	3,102,068
Less:					
Commissions, costs of goods for flights, hotels, transportation and other passenger services	**213,103**	203,660	**540,729**	482,884	581,676
Food, beverage, shop, excursions	**120,013**	116,275	**315,980**	301,727	372,325
Net ticket revenues	**885,309**	844,622	**2,029,586**	1,803,483	2,148,068
Gross ticket revenues per PCN (NOK)	**2,956**	2,803	**2,692**	2,606	2,483
Net ticket revenues per PCN (NOK)	**2,148**	2,033	**1,893**	1,816	1,720
Ship operating costs	**751,565**	684,689	**2,091,640**	1,905,745	2,432,581
Selling, general and administrative expenses	189,388	182,050	**528,368**	511,285	678,797
Gross cruise costs	**940,953**	**866,738**	**2,620,008**	**2,417,030**	**3,111,378**
Less:					
Commissions, costs of goods for flights, hotels, transportation and other passenger services	**213,103**	203,660	**540,729**	482,884	581,676
Food, beverage, shop, excursions	120,013	116,275	**315,980**	301,727	372,325
Net cruise costs	**607,837**	**546,804**	**1,763,299**	**1,632,418**	**2,157,378**
Net cruise costs per APCN (NOK)	**1,415**	1,268	**1,418**	1,363	1,352
Fuel consumption (liter/nautical mile)	**78.1**	77.4	**77.7**	79.6	79.3
Fuel cost per liter	**6.63**	5.01	**6.31**	5.02	5.38

Operational revenue excluding the contractual income from the Norwegian state agreement, increased by NOK 55 million, or 4.7%, to NOK 1,234 million in the third quarter, from NOK 1,179 million in the third quarter of 2017. Occupancy was stable at 96.0% compared to 96.3% in the third quarter of

2017, with a decrease in Passenger Cruise Nights (PCN) of 0.8%. The small decrease in PCNs is driven by a shift towards higher yielding cruise passengers with more than 6 days cruises compared to local transport.

Net ticket revenue per PCN increased with 5.6% to NOK 2,148 in third quarter compared to third quarter last year. The increased yield is driven by an increase in ticket prices, increased level of pre-sold ancillary revenue streams and a mix change with higher yielding passengers. In addition, the introduction of a companywide cost savings program has led to a trend of reduced COGS per PCN.

Hurtigruten experienced growth in yield from all markets with the increased share of voyage passengers (passengers that cruise longer than 6 days). The increased yield led to higher profitability in the segment and demonstrated the scalability of the business model as occupancy and yield increases.

Contractual revenue was NOK 174 million in the third quarter, increased from NOK 168 million a year earlier, the change due to the contractual payment schedule.

Net cruise cost per Available Passenger Cruise Night (APCN) increased with 11.6% to NOK 1,415 in the third quarter compared to same period last year. The increase is due to a substantial higher fuel costs driven by the higher oil price in the period. The fuel price increased with 32.3% YoY for third quarter. Bareboat charter lease costs increased compared to same period last year, as third quarter of 2018 include a NOK 11 million expense related to the lease of MS Nordlys and MS Richard With, which in third quarter of 2017 were accounted for as finance leases in the Group. In December 2017 and January 2018, the sister Group Coastal Holding Group purchased these vessels, and leased them to the Bidco Group on 5-year operating leases. Due to phasing effects, costs for repair and maintenance were higher in third quarter this year compared to last year.

The improved yield more than offset the increase in operating costs, and EBITDA improved with 5.1% to NOK 493 million (NOK 469 million) in the third quarter compared to the same quarter last year.

Explorer

NOK 1 000	**3rd quarter 2018**	3rd quarter 2017	Change	**01.01-30.09 2018**	01.01-30.09 2017	Change	Full year 2017
Operational revenues	**276,614**	219,697	25.9 %	**694,556**	580,667	19.6 %	811,497
Total revenue	**276,614**	**219,697**	25.9 %	**694,556**	**580,667**	19.6 %	**811,497**
EBITDA	**72,368**	46,325	56.2 %	**115,270**	59,740	93.0 %	85,210

NOK 1 000 Except for PCNs, APCNs, occupancy rate, fuel consumption and fuel cost per liter	**3rd quarter 2018**	3rd quarter 2017	**01.01-30.09 2018**	01.01-30.09 2017	Full year 2017
PCNs	**39,117**	33,569	**122,492**	109,417	155,725
APCNs	**54,376**	53,212	**176,111**	176,917	228,204
Occupancy rate	**71.9 %**	63.1 %	**69.6 %**	61.8 %	68.2 %
Gross ticket revenues	**277,054**	219,697	**693,928**	580,520	811,307
Less:					
Commissions, costs of goods for flights, hotels, transportation and other passenger services	**58,600**	52,905	**196,077**	143,748	199,937
Food, beverage, shop, excursions	**11,335**	13,609	**35,304**	40,462	53,679
Net ticket revenues	**207,119**	153,183	**462,547**	396,310	557,692
Gross ticket revenues per PCN (NOK)	**7,083**	6,545	**5,665**	5,306	5,210
Net ticket revenues per PCN (NOK)	**5,295**	4,563	**3,776**	3,622	3,581
Ship operating costs	**169,877**	143,248	**494,891**	408,308	556,411
Selling, general and administrative expenses	**35,099**	32,710	**97,919**	101,386	144,917
Gross cruise costs	**204,976**	**175,958**	**592,810**	**509,694**	**701,328**
Less:					
Commissions, costs of goods for flights, hotels, transportation and other passenger services	**58,600**	52,905	**196,077**	143,748	199,937
Food, beverage, shop, excursions	**11,335**	13,609	**35,304**	40,462	53,679
Net cruise costs	**135,041**	109,444	**361,429**	**325,485**	**447,712**
Net cruise costs per APCN (NOK)	**2,483**	2,057	**2,052**	1,840	1,962
Fuel consumption (liter/nautical mile)	**70.9**	92.1	**79.7**	91.2	90.5
Fuel cost per liter	**6.24**	5.01	**5.84**	5.16	5.20

In the Explorer segment, total Available Passenger Cruise Nights (APCN), increased with 2.2% YoY in the quarter, while Passenger Cruise nights (PCN) increased by 16.5%, resulting in an 8.9 ppt. increase in occupancy to 71.9% in the period compared to last year.

Segment ticket revenue was NOK 277 million in the third quarter of 2018, up from NOK 220 million in same period of 2017. The increase was driven by both higher occupancy and higher yield as net ticket revenue per PCN increased with 16.0%. Hurtigruten experienced higher demand for our sailings in Q3 2018 compared to Q3 2017, driven by our improved ability to sell the capacity in the right market.

Net cruise cost per available cruise night (APCN) increased by 20.7% in third quarter including one off costs of NOK 13 million related to the refunds and other passenger costs due to the changed sailing patterns in connection with the MS Fram sailings in the North-West Passage in September, where we had to change turn around port.. Adjusted for this net cruise cost per available cruise night (APCN) increased by 9.1% primarily due to increased fuel costs and phasing of maintenance costs.

Third quarter EBITDA was NOK 72.4 million, an increase of 56,2% from NOK 46.3 million in the same period in 2017.

Spitsbergen

Spitsbergen segment comprises year-round hotel and restaurant activities as well as Arctic experience tourism in Svalbard. Hurtigruten Svalbard operates three hotels and an equipment store

NOK 1 000	**3rd quarter 2018**	3rd quarter 2017	Change	**01.01-30.09 2018**	01.01-30.09 2017	Change	Full year 2017
Operational revenues	**89,804**	87,538	2.6 %	**265,036**	259,215	2.2 %	292,411
Total revenue	**89,804**	**87,538**	2.6 %	**265,036**	**259,215**	2.2 %	**292,411**
EBITDA	**18,122**	13,755	31.7 %	**56,707**	57,526	-1.4 %	44,206

The Spitsbergen segment had third quarter revenue of NOK 90 million, vs. NOK 88 million in third quarter last year.

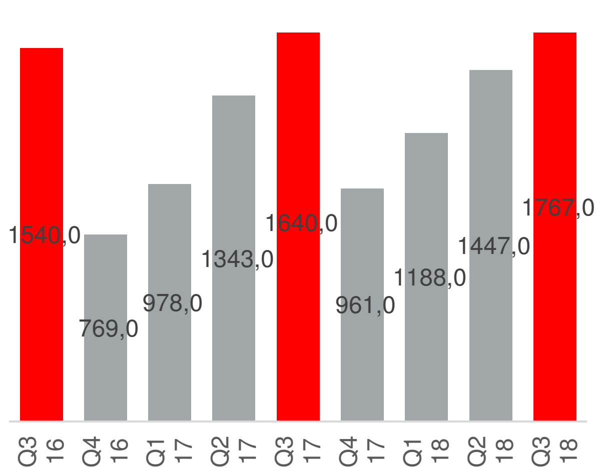
Higher revenues per available room, driven by the newly remodelled Funken hotel in Longyearbyen, in addition to decreased direct and operating costs, results in EBITDA growth in the period, of 31.7% to NOK 18 million from NOK 14 in the same period of 2017.

Financial review

The financial information for the three months ended 30 September 2018 discussed below is derived from the unaudited consolidated financial statements of Silk Bidco Group as of and for the three months ended at 30 September 2018.

Profit and loss

Revenue per quarter (NOK million)



Group revenue increased by NOK 7.7%, or NOK 126 million to NOK 1,767 million in the third quarter of 2018 compared to third quarter of 2017. The increase in revenue was due to increased yield in both the Norwegian Coast and Explorer segments and increased occupancy in the Explorer segment.

Employee expenses in third quarter were NOK 311 million an increase of 3.5% year over year, reflecting annual salary increases.

Third quarter depreciation, amortization and impairment were NOK 92 million (NOK 112 million). The decrease is primarily due to two vessels, MS Nordlys and MS Richard With which in 2018 are on operating leases in the Group, whereas last year, the same vessels were on financial lease from third party owners.

Specification of other operating costs

(NOK 1 000)	**3rd quarter 2018**	3rd quarter 2017	% change	**01.01-30.09 2018**	01.01-30.09 2017	% change	Full year 2017
Cost of goods sold	**(280,930)**	(278,315)	0.9 %	**(789,171)**	(753,651)	4.7 %	(933,146)
Operating costs (ex fuel)	**(329,443)**	(272,880)	20.7 %	**(914,122)**	(759,291)	20.4 %	(990,715)
Fuel costs	**(149,814)**	(113,907)	31.5 %	**(416,901)**	(334,187)	24.8 %	(459,971)
Sales and administrative costs	**(138,025)**	(136,371)	1.2 %	**(386,044)**	(386,235)	0.0 %	(502,772)
Total	**(898,212)**	(801,472)	12.1 %	**(2,506,238)**	**(2,233,364)**	12.2 %	(2,886,602)

Other operating costs were NOK 898 million in the third quarter of 2018 (NOK 801 million), an increase of 12.1% from the same period last year.

Cost of goods sold relates to direct costs from flights, hotels and transportation for passengers to and from cruise destinations and costs for food and beverage aboard the cruise vessels. With increased revenues from goods sold, third quarter cost increase of 0.9% compared to same period last year reflects results from the companywide cost savings project.

Operating costs include all other cruise operating costs, harbour costs, bareboat lease costs and maintenance of the vessels, in addition to commissions paid to travel agents. The third quarter increase of 20.7% compared to same period last year is primarily due to phasing of repair and maintenance costs for the fleet and the operational bare boat lease for MS Nordlys and Richard With. In addition, the Group incurred MNOK 13 million in expenses in third quarter of 2018 for compensation and operating expenses for the changed sailing patterns in connection with the MS Fram sailings in the North-West Passage cruise that occurred due to adverse ice conditions.

Additionally, included in 2018 are bareboat charter expenses for MS Nordlys and MS Richard With, which were on financial lease in the same period in 2017. Adjusted for these effects, the underlying operations show a positive development.

Fuel costs in the quarter increased with 31.5% to NOK 150 million, compared to the same quarter last year, due to the substantial increase in the fuel price in the period. Average cost per litre in third quarter of 2018 was 32.3% and 24.6% higher in the Coastal and Explorer segment respectively compared to last year.

Sales and administrative costs increased with 1.2% in the quarter compared to last year, primarily as a result of increased sales and marketing expenses related to the future expansion in operations.

Net other gains and losses for the third quarter was a gain of NOK 25 million (loss of NOK 10 million). Other gains and losses consist of gains and losses from foreign currency contracts, translation of working capital in foreign currency and realized gains and losses on bunker derivatives.

The third quarter 2018 operating profit was NOK 491 million, compared to an operating profit of NOK 417 million in the same period last year.

Net financial items were NOK -17 million (NOK -56 million) in the third quarter. The change from same period last year is primarily due to reduced effective interest rates on borrowings after the Group refinanced its major outstanding debt in February 2018. The existing Bond of EUR 455 million and Revolving Credit Facility of EUR 85 million were replaced with a term B loan of EUR 575 million and a new Revolving Credit Facility of EUR 85 million. The refinancing entails 3-year prolonged debt maturity, increased available liquidity and reduced interest costs going forward. Positive effects of reduced interest costs and currency effects are offset by first quarter expenses related to redemption fee and unamortized borrowing fees on refinanced bond.

Income tax expense was NOK 24 million (NOK 12 million) in third quarter and was related to tax on profits for some of the Groups subsidiaries.

Net profit for the third quarter of 2018 was NOK 450 million, compared to a profit of NOK 349 million in the same period of 2017. The change was driven by strongly improved operating performance in the period.

Financial position and liquidity

Cash flow

Net cash flow from operating activities in the third quarter was NOK 414 million, compared with a net cash flow from operations of NOK 317 million in the same period of 2017. The increase reflects the underlying positive development in results from operations offset by adjustments in working capital and prepaid travels due to timing effects of payments in operations.

Net cash flow used in investing activities was NOK 178 million (NOK 206 million in third quarter of 2017), whereof NOK 55 million (NOK 39 million) is related to maintenance and new build capital expenditures on the ships. Third quarter of 2018 included prepayments for ships under construction and refurbishments of NOK 56 million, NOK 125 million in the same period last year. Other adjustments in investing activities include settlement of financial derivatives and change in restricted funds. Included in other adjustments in third quarter of 2017 was the purchase of shares in Kleven Maritime AS of NOK 50 million

The Group expects normalised annual maintenance capital expenditures to be around NOK 200 million based on current operations.

Net cash flow from financing activities was NOK -352 million (NOK -252 million) in the third quarter, comprising primarily of interest payment on borrowings and financial lease obligations in addition to repayment of borrowings. In third quarter of 2018, the Group repaid the drawn amount on the RCF of EUR 15 million in addition to the Shareholder loan of NOK 62 million.

Net decrease in cash in third quarter of 2018 was NOK 116 million, vs. NOK 141 million in the same quarter last year.

Cash and cash equivalents in the cash flow statement totalled NOK 484 million at 30 September 2018 (NOK 326 million). Cash and cash equivalents in the statement of financial position, including restricted funds, totalled NOK 658 million at 30 September 2018, an increase of NOK 219 million since year end 2017. At September 30th 2018, the Group had additional available liquidity through the EUR 85 million Revolving Credit Facility, which were undrawn at quarter end.

The Group has secured financing for the delivery of the newbuilds cruise hybrid vessels MS Roald Amundsen and MS Fridjof Nansen, to be delivered in 2019.

Balance sheet
Total assets amounted to NOK 8,548 million at 30 September 2018, an increase of NOK 301 million from year end 2017. Non-current assets increased with NOK 89 million since year end 2017 due to capital expenditures on new builds and upgrades and maintenance of the vessels, offset by depreciations and amortizations.

Current asset amounted to NOK 1,212 million, an increase of NOK 212 since 31 December 2017, due to the increase in Cash and cash equivalents.

Total equity at the end of third quarter was NOK 974 million vs. NOK 527 million at 31 December 2017. The change in equity is due to net profits in the period, in addition to fair value adjustment of the Groups investment in Kleven Verft. In June 2018, the Silk Bidco Group parent company Silk Topco AS purchased 100% of the shares in Kleven Verft AS, resulting in a fair value adjustment of NOK -42 million on the investment in Kleven in Silk Bidco Group. The investment is held as Available for sale, and fair value adjustments are accounted for through Other Comprehensive Income.

The equity ratio at 30 September 2018 was 11.4% (11.3% at end of third quarter 2017) vs. 6.4% at year-end 2017. The equity level is expected to increase, as pre-booking levels for the remainder of 2018 and into 2019 indicate positive results, and the newbuild cruise vessels are put into production in 2019.

Total non-current liabilities amount to NOK 6,139 as per 30 September 2018, an increase of NOK 5,400 million from NOK 739 million at year end 2017. The increase is due to reclassification of the issued bond of EUR 455 million and the RCF of NOK 774 million from long term to short term borrowings at 31 December 2017, as the bond and the RCF were refinanced in February 2018 and replaced with a Term B Loan of EUR 575 million. Total borrowings have increased from NOK 5,784 million at year end 2017 to NOK 5,838 million at 30 September 2018. The majority of the Groups borrowings is denominated in EUR, and NOK strengthening against the EUR during the year partly offset the increase in borrowings as a result of the refinancing.

Current liabilities excluding borrowings were NOK 1,402 million, decreased by NOK 283 million since year end 2017. The change is due to reduction in working capital items, including reduction deposits from customers reflecting the seasonality in production and sales patterns.

Off-balance sheet items
The Group has deferred income tax assets recognised in the balance sheet of NOK 179 million at 30 September 2018, unchanged from year end 2017. At 31 December 2017, NOK 445 million in deferred income tax assets was not recognised in the balance sheet.

In the future when taxable profit is sufficient to utilise deferred income tax assets, the Group will first utilise deferred income tax assets that is not recognised in the balance sheet. Tax losses may be carried forward for an indefinite period in Norway. Except for these off-balance deferred income tax assets, the Group does not have any material off-balance sheet arrangements.

Outlook

Hurtigruten has experienced a strong positive underlying booking trend over the last 12 months. There is strong demand for the increased capacity offered under the Explorer segment in both Antarctica and the Arctic. Demand has also increased for the Coastal cruise product across all market segments at higher yields compared to at the same point in time in 2017. Pre-bookings for the rest of 2018 are materially higher compared to same time last year driven by the effects of our investments in our commercial team, product improvement initiatives, and additional capacity in the explorer segment. 2018 booking is very strong for both segments with NOK 3,675 million gross ticket revenue including charters booked as of 25 October 2018, compared to NOK 3,219 million last year – an increase of 14%. Gross revenue booked for Norwegian Coast is up NOK 344 million (+13%) for 2018 compared to last year. Explorer has booked NOK 112 million more than same time last year, up by 17%.

In May, the Kleven yard also informed us that there may be a delay in the delivery of MS Fridtjof Nansen and as a result of this we have chosen to deploy MS Midnatsol for the MS Fridtjof Nansen itineraries in the Antarctica for the 2019/2020 season. The financial impact of the potential delay will not be material to the group financial performance. Customer feedback is at a very high level, strengthening Hurtigruten's brand position and ability to attract new customers. Hurtigruten aims to be positively different in terms of exciting and environmentally friendly experiences to counter competition from international cruise operators in Scandinavia and along the Norwegian coast offering a truly unique experience to our customers.

Risks and uncertainties

The risks described below are not the only risks the Group faces.

Additional risks and uncertainties not currently known to the Group or that Group currently deems to be immaterial may also materially adversely affect the business, financial condition or results of operations.

An increase in port taxes or fees or other adverse change of the terms of business with the authorities operating the ports in which Hurtigruten call could increase the operating costs and adversely affect the business, financial condition, results of operations and prospects.

Hurtigruten is subject to complex laws and regulations, including environmental, health and safety laws and regulations, which could adversely affect the operations and any change in the current laws and regulations could lead to increased costs or decreased revenue.

There is a risk that shipyard could fail to deliver the new builds as agreed, or the Group could cancel a shipbuilding contract because the shipyard has not met its obligations. Any termination or breach of contract on the Group's part following any such event may result in, among other things, the forfeiture of prior deposits or payments made by the Group as well as potential claims by the Group's customers against it if the Group's ships are out of service and the Group cannot provide alternative services.

The Group's inability to deploy new ships and carry out ship repairs, maintenance and refurbishments on terms and within timeframes that are favourable or consistent with the Group's expectations could result in revenue losses and unforeseen costs.

Hurtigruten's results of operations are susceptible to unseasonable changes in weather and it may be affected by adverse weather conditions.

If Hurtigruten's services are delayed or cancelled, Hurtigruten may need to re-route the guests to other ports of call or cancel their bookings. As a result, Hurtigruten may face difficulty in maintaining consumer loyalty to the brand and the business, financial condition, results of operations and prospects may be adversely affected.

Interim financial statements

Condensed consolidated income statement

Unaudited

(NOK 1 000)	*Note*	**3rd quarter 2018**	3rd quarter 2017	**01.01-30.09 2018**	01.01-30.09 2017	Full year 2017
Operating revenues		**1,592,125**	**1,471,808**	**3,876,766**	3,454,617	4,248,316
Contractual revenues		**174,443**	**168,436**	**524,819**	506,579	674,234
Total Revenues		**1,766,568**	**1,640,244**	**4,401,585**	3,961,196	4,922,550
Payroll costs		**(310,606)**	**(300,172)**	**(900,832)**	(880,081)	(1,159,050)
Depreciation, amortisation and impairment		**(92,195)**	**(112,489)**	**(295,076)**	(365,875)	(480,543)
Other operating costs		**(898,212)**	**(801,473)**	**(2,506,238)**	(2,233,364)	(2,886,603)
Other (losses)/gains – net		**25,549**	**(9,601)**	**71,498**	(46,898)	(50,586)
Operating profit/(loss)		**491,104**	**416,509**	**770,937**	434,978	345,768
Finance income		**38,611**	**24,060**	**166,719**	112,013	91,946
Finance expenses		**(55,749)**	**(79,534)**	**(376,655)**	(561,501)	(945,918)
Net financial items		**(17,137)**	**(55,474)**	**(209,935)**	(449,489)	(853,973)
Share of profit/(loss) of associates		**40**	**118**	**1,819**	1,425	1,246
Profit/(loss) before income tax		**474,007**	**361,154**	**562,821**	(13,086)	(506,958)
Income tax expense		**(24,488)**	**(12,159)**	**(52,080)**	(41,816)	(25,110)
Profit/(loss) for the period		**449,518**	**348,995**	**510,741**	(54,902)	(532,068)

Condensed consolidated statement of comprehensive income

Unaudited

(NOK 1 000)	*Note*	**3rd quarter 2018**	3rd quarter 2017	**01.01-30.09 2018**	01.01-30.09 2017	Full year 2017
Profit/(loss) for the period		**449,518**	348,995	**510,741**	(54,902)	**(532,068)**
Other comprehensive income, net of tax:						
Items that will not be reclassified to profit or loss in subsequent periods:						
Actuarial gain/loss on retirement benefit obligations		**(421)**	**-**	**346**	-	**(2,554)**
Fair value adjustments on financial instruments		**-**	**-**	**(41,500)**	-	**-**
Sum		**(421)**	**-**	**(41,154)**	**-**	**(2,554)**
Items that will be reclassified to profit or loss in subsequent periods:						
Cash flow hedges, net of tax		**(13,961)**	77,710	**(17,680)**	4,637	**39,345**
Tax						**-**
Currency translation differences		**(4,144)**	35,863	**(4,566)**	(15,840)	**21,872**
Sum		**(18,105)**	113,573	**(22,246)**	(11,203)	**61,217**
Total comprehensive income for the period		**430,992**	462,568	**447,341**	(66,105)	**(473,405)**

Condensed consolidated statement of financial position

Unaudited

(NOK 1 000)	Note	30.9. 2018	30.9. 2017	31.12 2017
ASSETS				
Non-current assets				
Property, plant and equipment		**4,390,988**	4,407,583	4,301,649
Intangible assets		**2,657,225**	2,665,803	2,664,560
Deferred income tax assets		**178,517**	178,906	178,825
Derivative financial instruments	5	**0**	11,839	30,494
Other non-current assets		**108,938**	126,323	70,812
Total non-current assets		**7,335,668**	7,390,453	7,246,341
CURRENT ASSETS				
Inventories		**165,982**	139,869	148,179
Trade and other receivables	6	**334,520**	375,155	393,590
Derivative financial instruments	6	**53,431**	1,211	19,533
Cash and cash equivalents	6	**658,193**	376,949	439,206
Total current assets		**1,212,126**	893,185	1,000,508
Total assets		**8,547,794**	8,283,638	8,246,848
EQUITY				
Paid -in capital		**1,827,646**	1,827,721	1,827,646
Other equity		**(853,738)**	(893,825)	(1,301,079)
Total equity		**973,909**	933,895	526,568
LIABILITIES				
Non-current liabilities				
Borrowings	5,6	**5,804,950**	5,410,235	486,556
Prepaid travels with departure dates beyond one year		**164,590**	95,281	133,328
Other non-current liabilities		**169,301**	171,264	118,822
Total non-current liabilities		**6,138,841**	5,676,780	738,706
Current liabilities				
Trade and other liabilities	6	**829,429**	1,067,065	1,011,533
Prepaid travels with departure date within one year		**558,179**	485,006	619,598
Borrowings	5.6	**33,118**	90,353	5,297,020
Other current liabilities		**14,317**	30,539	53,425
Total current liabilities		**1,435,044**	1,672,963	6,981,576
Total equity and liabilities		**8,547,794**	8,283,638	8,246,848

Condensed consolidated statement of changes in equity

Unaudited

(in NOK 1 000)	Paid -in capital	Other equity	Total Equity	Paid -in capital	Other equity	Total Equity
			01.01-30.09.2018			01.01-30.09.2017
Equity at beginning of the period	**1,827,646**	**-1,301,079**	**526,568**	1,827,721	-827,720	1,000,001
Comprehensive income		**447,341**	**447,341**		(66,105)	(66,105)
Contribution of equity	**-**	**-**	**-**	-	-	-
Equity at the close of the period	**1,827,646**	**-853,738**	**973,909**	1,827,721	-893,825	933,896

HURTIGRUTEN

Condensed consolidated statement of cash flows

Unaudited

(in NOK 1 000)	*Note*	**3rd quarter 2018**	3rd quarter 2017	**01.01-30.09 2018**	01.01-30.09 2017	Full year 2017
Cash flows from operating activities						
Profit/(loss) before income tax		**474,007**	361,154	**562,821**	(13,086)	(506,959)
Adjustments for:						
Depreciation, amortisation and impairment losses		**92,195**	112,489	**295,076**	365,875	480,543
Change in working capital		**(95,450)**	(43,264)	**(6,076)**	33,144	(35,229)
Change in prepaid travels		**(121,155)**	(171,712)	**(5,121)**	(99,168)	132,020
Other adjustments [1)]		**64,460**	58,422	**144,680**	448,239	868,500
Net cash flows from (used in) operating activities		**414,056**	317,088	**991,380**	735,004	938,875
Cash flows from investing activities						
Purchase of property, plant, equipment (PPE)		**(55,466)**	(38,551)	**(174,089)**	(241,505)	(312,157)
Purchase of intangible assets		**(19,899)**	(2,924)	**(53,408)**	(22,889)	(40,764)
Advance payment of PPE		**(55,859)**	(124,882)	**(172,659)**	(242,842)	(267,843)
Other adjustments		**(46,635)**	(39,673)	(82,213)	(11,596)	(87,556)
Net cash flows from (used in) investing activities		**(177,858)**	(206,030)	**(482,370)**	(518,832)	(708,320)
Cash flows from financing activities						
Proceeds from borrowings		**(4,837)**	-	**394,692**	290,652	316,725
Repayment of borrowings		**(212,009)**	(75,271)	**(226,707)**	(118,940)	(91,202)
Interest paid		**(134,902)**	(176,803)	**(504,249)**	(360,953)	(375,322)
Net cash flows from (used in) financing activities		**(351,749)**	(252,074)	**-336,264**	-189,242	(149,799)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(115,551)**	(141,016)	**172,746**	26,931	80,756
Cash and cash equivalents at the beginning of period		**608,078**	451,430	**337,979**	234,108	217,419
Foreign exchange gains/(losses) on cash, cash equivalents and bank overdrafts		**(8,443)**	15,847	**(26,642)**	65,222	39,804
Cash and cash equivalents at end of period		**484,083**	326,260	**484,083**	**326,260**	337,979

1) Other adjustments include agio/disagio, interest and non-cash pension expenses

Notes to the condensed consolidated financial Statements

Note 1 Accounting policies
The interim financial report for the Group includes Silk Bidco AS with subsidiaries and associated companies. The interim financial report is prepared in accordance with IAS 34 Interim Financial Reporting. 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 IFRS-standards and should therefore be read in connection with the annual report for Silk Bidco Group for 2017.

The annual report 2017 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 2017.

As described in the Annual Financial Statements for Silk Bidco Group for 2017, note 2.2b), the vessels MS Richard With and MS Nordlys are owned by the SPV's Kystruten KS and Kirberg Shipping KS. These SPV's were previously included in Silk Bidco Group Financial Statements as consolidated entities in accordance with IFRS 10, Consolidated Financial Statements. At 30 September 2017, the Group deconsolidated these entities and recognized the vessels in the Financial Statements as Financial Lease assets according to IFRS 17, Financial Leases, based on updated evaluation of the Group's interests in Kystruten KS and Kirberg Shipping KS. The derecognition of consolidated entities and recognition of financial leases have been restated in the previous financial statements and comparable statements.
In connection with the deconsolidation of the KS' interests, the Group determined that the PPA related to the purchase of Hurtigruten ASA in 2014 was erroneous, and NOK 117 million has been restated from Goodwill to Minority interests in the opening balance of 1 January 2016.

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 Financial risk management
There are potential risks and uncertainties that can affect the operations of the companies in the Group. 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.

The Group is exposed to fluctuations in the price of bunker fuel, which is used to operate the ships. In order to reduce the risk related to the fuel price the Group has implemented a fuel hedging policy that follows the booking curve: the key principle in the bunker hedging policy is based on the company's ability to obtain visibility on earnings, hence the company has established a hedging policy linked to the development in the booking curve (actual vs. budgeted PCNs booked). So for example if at any given time 75% of the volume for one season is sold a minimum of 50% of the bunker cost associated with the PCN volume sold are hedged. Additionally, the policy allows for some flexibility if market conditions are viewed as attractive.

In 2016, the Group purchased fuel derivatives contracts hedging estimated bunker oil consumption for the period 2017 until December 2018. For the last quarter in 2018, a total of 13,700 MT is hedged at an average strike price of USD 510 MT. In July 2018 and October 2018, the Group entered into additional derivative contracts with expiration in 2019 through 2021. At November 12th 2018, a total of 81,300 MT bunker fuel volume is hedged at an average price of USD 672/MT during 2019-2021.

Note 3 Contingencies

Membership in the industrial fund for nitrogen oxides

Hurtigruten AS is a member of the Confederation of Norwegian Enterprise’s (NHO) NOx Fund. The main objective of the Environmental Agreement concerning reductions of NOx and the NHO’s NOx Fund is to reduce emissions of nitrogen oxide. The Fund is a joint venture to which affiliated businesses can apply for support for emission-reducing measures. Payment to the Fund replaces the nitrogen oxide tax for affiliated businesses.

The Environmental Agreement for 2011–2017 was signed on 14 December 2010 by 15 industry organisations and the Ministry of the Environment and was approved by EFTA's Monitoring Body (ESA) on 19 May 2011. The Fund has reported that the targets for 2011-2016 were met. On 24 May 2017, an extension to the NOx Agreement for the period 2018-2025 was signed between the business organisations and the Norwegian Authorities. The extension was approved by ESA on 22 February 2018.

The Norwegian Environment Agency monitors whether individual reduction targets have been achieved. Deviations of more than 3% of emission targets trigger a collective fine, under which businesses must pay the nitrogen oxide tax for the pro rata share of the target that has not been met. However, businesses will never pay more than the official government rate for nitrogen oxide tax.

NOK 17.3 million in nitrogen dioxide tax is recognised in financial statements for the first nine months of 2018, as compared to NOK 11.8 million in the first nine months of 2017. Expense for full year 2017 was NOK 16.4 million.

Note 4 Segments

(in NOK 1 000)	Norwegian Coast 3rd quarter 2018	 3rd quarter 2017	Explorer 3rd quarter 2018	 3rd quarter 2017	Spitsbergen 3rd quarter 2018	 3rd quarter 2017
Operating revenues	**1,234,400**	1,179,459	**276,614**	219,697	**89,804**	87,538
Contractual revenues	**174,443**	168,436	**-**	-	**-**	-
Total operating revenues	**1,408,842**	1,347,895	**276,614**	219,697	**89,804**	87,538
Payroll costs	**(246,126)**	(239,845)	**(40,127)**	(36,008)	**(24,353)**	(24,319)
Depreciation and impairment losses	**(67,679)**	(93,899)	**(20,882)**	(14,725)	**(3,635)**	(4,100)
Other operating costs	**(694,827)**	(626,893)	**(164,849)**	(139,950)	**(47,446)**	(49,551)
Other (losses)/gains – net	**24,702**	(12,274)	**730**	2,586	**117**	87
Operating profit/(loss)	**424,913**	374,984	**51,486**	31,600	**14,487**	9,655
EBITDA	**492,592**	468,883	**72,368**	46,325	**18,122**	13,755

(in NOK 1 000)	Other Business 3rd quarter 2018	 3rd quarter 2017	Eliminations 3rd quarter 2018	 3rd quarter 2017	Silk Bidco Group 3rd quarter 2018	 3rd quarter 2017
Operating revenues	**77**	24	**(8,770)**	(14,910)	**1,592,125**	1,471,808
Contractual revenues	**-**	-	**-**	-	**174,443**	168,436
Total operating revenues	**77**	24	**(8,770)**	(14,910)	**1,766,568**	1,640,244
Payroll costs	**-**	-	**-**	(0)	**(310,606)**	(300,172)
Depreciation and impairment losses	**-**	234	**(0)**	0	**(92,195)**	(112,489)
Other operating costs	**103**	69	**8,807**	14,853	**(898,212)**	(801,473)
Other (losses)/gains – net	**-**	-	**0**	-	**25,549**	(9,601)
Operating profit/(loss)	**180**	327	**37**	(57)	**491,104**	416,509
EBITDA	**180**	327	**37**	(57)	**583,299**	528,999

(in NOK 1 000)	Norwegian Coast 01.01-30.09 2018	01.01-30.09 2017	Explorer 01.01-30.09 2018	01.01-30.09 2017	Spitsbergen 01.01-30.09 2018	01.01-30.09 2017
Operating revenues	**2,931,175**	2,629,454	**694,556**	580,667	**265,036**	259,215
Contractual revenues	**524,819**	506,579	**-**	-	**-**	-
Total operating revenues	**3,455,994**	3,136,033	**694,556**	580,667	**265,036**	259,215
Payroll costs	**(716,771)**	(702,890)	**(114,742)**	(112,968)	**(69,319)**	(64,222)
Depreciation and impairment losses	**(221,984)**	(311,831)	**(58,646)**	(39,820)	**(14,446)**	(14,210)
Other operating costs	**(1,903,238)**	(1,714,139)	**(478,068)**	(396,726)	**(139,166)**	(137,611)
Other (losses)/gains – net	**57,769**	(35,810)	**13,524**	(11,233)	**157**	144
Operating profit/(loss)	**671,771**	371,363	**56,624**	19,920	**42,261**	43,316
EBITDA	**893,754**	683,194	**115,270**	59,740	**56,707**	57,526

(in NOK 1 000)	Other Business 01.01-30.09 2018	01.01-30.09 2017	Eliminations 01.01-30.09 2018	01.01-30.09 2017	Silk Bidco Group 01.01-30.09 2018	01.01-30.09 2017
Operating revenues	**(73)**	159	**(13,928)**	(14,878)	**3,876,766**	3,454,617
Contractual revenues	**-**	-	**-**	-	**524,819**	506,579
Total operating revenues	**(73)**	159	**(13,928)**	(14,878)	**4,401,585**	3,961,196
Payroll costs	**-**	-	**0**	(0)	**(900,832)**	(880,081)
Depreciation and impairment losses	**-**	(14)	**(0)**	0	**(295,076)**	(365,875)
Other operating costs	**275**	274	**13,959**	14,838	**(2,506,238)**	(2,233,364)
Other (losses)/gains – net	**48**	-	**0**	0	**71,498**	(46,898)
Operating profit/(loss)	**250**	419	**31**	(40)	**770,937**	434,978
EBITDA	**250**	433	**31**	(40)	**1,066,013**	800,853

Note 5 Borrowings

Unaudited

(Figures stated in NOK 1000)	30.9. 2018	30.9. 2017	31.12 2017
Long term debt			
Bond	-	4,156,112	-
Term Loan B	**5,367,558**	-	-
Revolving Credit Facility	**-**	763,872	-
Lease financing	**433,194**	476,343	473,109
Credit facilities	**3,238**	-	-
Other borrowings	**959**	13,908	13,447
Total	**5,804,950**	5,410,235	486,556
Short term debt			
Bond	**-**	-	4,385,095
Revolving credit facility	**-**	-	773,688
Lease financing	**28,205**	26,726	45,193
Credit facilities	**-**	-	26,789
Other borrowings	**4,913**	63,626	66,254
Total	**33,118**	90,353	5,297,020
Total outstanding debt	**5,838,068**	5,500,587	5,783,576

The above amounts state borrowings at amortized cost, as in Statement of Financial Position.

Maturity Profile

The below maturity schedule reflects the borrowings at nominal values.

(Figures stated in NOK 1000)	30.9. 2018	30.9. 2017	31.12 2017
Less than one year	**33,118**	90,353	5,389,130
Between 1 and 2 years	**71,659**	79,488	66,224
Between 3 and 5 years	**83,874**	5,116,152	73,502
More than 5 years	**5,773,058**	340,835	346,863
Total borrowings	**5,961,709**	5,626,828	5,875,719

The Group Senior Secured Notes of EUR 455 million, and RCF of MEUR 85 million, were at 31 December 2017 reclassified to short term borrowings as the Bond and RCF was terminated in February 2018 and replaced by a Term loan B of EUR 575 million and a new RCF of EUR 85 million.

Note 6 Financial assets and liabilities at fair value

The following principles have been applied for the subsequent measurement of financial assets and liabilities:

At 30 September 2018:

(Figures stated in NOK 1000)	Loans and receivables	Assets at fair value through profit and loss	Assets at fair value through OCI	Derivatives used for hedging	**Total**
Assets as per balance sheet					
Other receivables, non-current	90,942	2,808	-	-	**93,750**
Available for sale financial instruments	-	-	8,470	-	**8,470**
Trade and other receivables	334,520	-	-	-	**334,520**
Total derivatives	-	-	-	53,431	**53,431**
Cash at bank, cash on hand and market-based investments in the balance sheet	657,083	1,109	-	-	**658,193**
Total	**1,082,546**	**3,917**	**8,470**	**53,431**	**1,148,364**

	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	**Total**
Liabilities as per balance sheet				
Total borrowings	-	-	5,838,068	**5,838,068**
Accounts payable and other short term payables	-	-	829,429	**829,429**
Total	**-**	**-**	**6,667,497**	**6,667,497**

In September 2017, Silk Bidco Group purchased 15.9 % of the shares in Kleven Maritime AS, the parent company of Kleven Verft AS, with purchase price NOK 50 million. In June 2018, the Silk Bidco Group parent company Silk Topco AS purchased 100% of the shares in Kleven Verft AS, resulting in a fair value adjustment of the investment in Kleven Maritime AS of NOK -42 million. The investment is held as Available for sale, and fair value adjustments are recognized through Other Comprehensive Income according to IFRS 9.

At 30 September 2017:

(Figures stated in NOK 1000)	Loans and receivables	Assets at fair value through profit and loss	Assets at fair value through OCI	Derivatives used for hedging	**Total**
Assets as per balance sheet					
Other receivables, non-current	67,819	2,975	-	-	**70,794**
Available for sale financial instruments	-	-	49,970	-	**49,970**
Trade and other receivables	375,155	-	-	-	**375,155**
Total derivatives	-	-	-	13,050	**13,050**
Cash at bank, cash on hand and market-based investments in the balance sheet	375,846	1,103	-	-	**376,949**
Total	**818,821**	**4,078**	**49,970**	**13,050**	**885,918**

	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	**Total**
Liabilities as per balance sheet				
Total borrowings	-	-	5,500,587	**5,500,587**
Derivatives	-	541	-	**541**
Accounts payable and other short term payables	-	-	1,067,065	**1,067,065**
Total	**-**	**541**	**6,567,653**	**6,568,194**

The carrying amount for the financial assets and liabilities has been assessed and does not differ materially from fair value, except for total borrowings. Fair value of total borrowings at 30 September 2018 was NOK 5,962 million (NOK 5,627 million).

Note 7 Business influenced by seasonal factors

The Hurtigruten coastal service is influenced by seasonal factors with the main season traditionally from May through August. In recent years the company has developed seasonal concepts, "Hunting the light" for the winter season, "Arctic Awakening" in the spring, “Midnight Sun” in the summer and "Autumn Gold" in the fall. This has increased the number of cruise nights in the months outside the traditional main season. The itinerary and fleet of the company is according to the Hurtigruten public procurement contract, which involves daily departures from Bergen all year through.

Explorer cruises are cyclical because the cruises are concentrated around four geographic areas (different parts of the year); the Antarctic, Arctic Canada, Svalbard, Greenland and cruise between the Antarctic and the Arctic. The land-based Svalbard operation has a main season reaching from March through August. This activity is operated by the subsidiary Hurtigruten Svalbard AS.

Note 8 Events after the balance sheet date

There were no other events after balance-sheet date and before the date of the approval of the interim financial report for the third quarter, which provides new information about conditions that existed at the balance sheet date (that are not currently reflected in the financial statement), or significant event after the balance sheet date that require further disclosures.