

Fourth quarter report 2018



Hurtigruten Group AS Consolidated Financial Statements

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Continued occupancy and revenue growth

Highlights

- Strong revenue growth in the fourth quarter of 2018 with total revenue increase of 6.8% to NOK 1,027 million (Q4 2017; NOK 961 million)
- Strong growth in occupancy in the Norwegian Coast segment in the quarter, at 73.8% (Q4 2017: 64.3%)
- Fourth quarter normalized adjusted EBITDA before other gains and losses of NOK 43 million (Q4 2017; NOK 74 million), and full year 2018 NOK 1,141 million (2017, NOK 1,003 million)
- Improved performance in the Expedition cruises segment (former Explorer segment) with 15.1% growth in EBITDA in fourth quarter, to NOK 29 million
- Strong pre-booking levels for 2019 and into 2020 with growth both in volume and yield
- Normalizations items YTD 2018 is mainly i) cancellation costs related to the Roald Amundsen and Fridtjof Nansen delayed delivery date (NOK 39 million) ii) one off non-cash cost related to the acquisition of MS Nordlys (NOK 18 million) 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 iv) NOK 12m associated with the process to enter the Norwegian tax tonnage regime

Key figures*

<i>NOK 1 000</i>	4th quarter 2018	4th quarter 2017	% Change	01.01-31.12 2018	01.01-31.12 2017	% Change
Operational revenues	852,749	793,699	7.4 %	4,729,515	4,248,316	11.3 %
Contractual revenues	174,100	167,655	3.8 %	698,919	674,234	3.7 %
Total revenue	1,026,850	961,354	6.8 %	5,428,434	4,922,550	10.3 %
EBITDA	7,772	25,458	-69.5 %	1,073,785	826,311	29.9 %
Norwegian Coast						
PCNs	280,818	255,858	9.8 %	1,353,146	1,249,149	8.3 %
Gross ticket yield	2,028	2,009	0.9 %	2,554	2,483	2.8 %
Occupancy rate	73.8 %	64.3 %	9.6 p.p.	83.8 %	78.3 %	5.6 p.p.
Explorer						
PCNs	44,189	46,308	-4.6 %	166,681	155,725	7.0 %
Gross ticket yield	5,466	4,984	9.7 %	5,612	5,210	7.7 %
Occupancy rate	73.7 %	66.9 %	6.7 p.p.	72.1 %	68.2 %	3.9 p.p.

*The figures presented in this report are unaudited

Note: On 26. February 2019, Silk Bidco AS changed name to Hurtigruten Group AS.

About Hurtigruten

Hurtigruten is the world's leading expedition cruise and adventure travel company, with a fleet of 14 expedition cruise vessels and two new tailor-made expedition cruise vessels to be delivered in 2019. Hurtigruten opens a unique gateway to experiences in the Arctic, Antarctica and along the Norwegian coast to travelers from all over the world. Hurtigruten's operations build 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 expedition cruise market. For more information on Hurtigruten, please visit www.hurtigruten.no.

Hurtigruten has three business segments:

Hurtigruten Norwegian Coast



Expedition cruises



Spitsbergen



Hurtigruten Norwegian Coast

The largest segment with 11 ships providing expedition cruises along the Norwegian coast between Bergen and Kirkenes making 33 northbound and 32 southbound port calls on an 11-day round trip. The segment's customers are predominantly international leisure travellers.

The vessel schedule and infrastructure are leveraged to provide local transport and freight services on top of the expedition cruise offering where 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 segment accounted for 73.6% of group revenues in the fourth quarter of 2018.

Expedition cruises

The second largest segment offering unique expedition cruises using the vessels MS Fram, MS

Spitsbergen and MS Midnatsol (the latter two vessels alternating between the Norwegian Coast and Expedition cruises segments) as well as MS Nordstjernen which is leased and operated in Svalbard in the summer season. The Expedition cruises segment will be strengthened from 2019 and onward with two new purpose-built polar cruise ships, The MS Roald Amundsen and the MS Fridtjof Nansen. The segment accounted for 23.5% of group revenues in the fourth quarter of 2018. From 2021 the Expedition Cruises segment will be Hurtigruten's largest segment when three of the largest vessels from the Hurtigruten Norwegian Coast segment will be transferred to the Expedition Cruises 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 2.9% of the total revenues in the fourth quarter of 2018. The segment includes two newly refurbished hotels.

Operational review

Hurtigruten had a strong operational and financial performance in the fourth quarter of 2018 with growth in ticket revenue across all segments, and particularly in the Expedition Cruises segment, compared with the same period in 2017.

Total Passenger Cruise Nights (PCN) for the two cruise segments increased 7.6%, or 22,841 PCN in the fourth quarter of 2018 compared to the same period last year. The occupancy was 73.8% in fourth quarter for two segments combined, 9.1 ppt increase from fourth quarter last year, driven by substantial increase in demand in both segments

In the Expedition Cruises segment in the fourth quarter of 2018, the vessels MS Fram and MS Midnatsol operated in the Antarctic seas, sailing from Canada and Europe in the beginning of the quarter. The Antarctic sailings have been well received, with high occupancy rates at high yields.

Maritime operations continued to perform well across the company and there were no material incidents in the second quarter. A total of 173 missed port calls in the Coastal segment were registered in the fourth quarter, primarily due to adverse weather conditions. In the same period in 2017, the Group¹ had 163 missed port calls also primarily due to weather.

Pre-bookings for 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 and 2020 with higher booking levels compared to same time last year. We continue to invest in the sales and marketing organization to support the future growth as we are increasing our capacity over the coming years.

¹ The Group refers throughout this document to Hurtigruten Group AS consolidated accounts.

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:

<i>(in NOK 1 000)</i>	4th quarter	4th quarter	%	01.01-31.12	01.01-31.12	%
Total operating revenues	2018	2017	Change	2018	2017	Change
Hurtigruten Norwegian Coast	755,709	697,412	8.4%	4,211,703	3,833,445	9.9%
Explorer	241,441	230,830	4.6%	935,996	811,497	15.3%
Spitsbergen	29,992	33,196	-9.7%	295,028	292,411	0.9%
Other business	39	71	-45.7%	(34)	230	-115.0%
Eliminations	(330)	(154)	-113.8%	(14,258)	(15,032)	5.1%
Total	1,026,850	961,354	6.8%	5,428,434	4,922,550	10.3%

Operating profit/(loss)

Hurtigruten Norwegian Coast	(81,873)	(76,928)	-6.4%	589,898	294,435	100.3%
Explorer	6,529	4,407	48.2%	63,154	24,327	159.6%
Spitsbergen	(19,478)	(16,954)	-14.9%	22,783	26,362	-13.6%
Other business	78	162	-51.7%	328	581	-43.6%
Eliminations	(31)	104	-129.8%	0	64	-100.0%
Total	(94,775)	(89,210)	-6.2%	676,162	345,768	95.6%

EBITDA

Hurtigruten Norwegian Coast	(10,031)	13,032	-177.0%	883,724	696,226	26.9%
Explorer	29,307	25,470	15.1%	144,577	85,210	69.7%
Spitsbergen	(11,551)	(13,320)	13.3%	45,156	44,206	2.2%
Other business	78	173	-54.8%	328	606	-45.9%
Eliminations	(31)	104	-129.8%	0	64	-100.0%
Total	7,772	25,458	-69.5%	1,073,785	826,311	29.9%

EBITDA margin

Hurtigruten Norwegian Coast	-1.3 %	1.9 %	-3.2 p.p.	21.0 %	18.2 %	2.8 p.p.
Explorer	12.1 %	11.0 %	1.1 p.p.	15.4 %	10.5 %	4.9 p.p.
Spitsbergen	-38.5 %	-40.1 %	1.6 p.p.	15.3 %	15.1 %	.2 p.p.
Other business	NM	NM		NM	NM	
Eliminations	NM	NM		NM	NM	
Total	0.8%	2.6%	-7 p.p.	19.8%	16.8%	17.8 %

Segment review

Hurtigruten Norwegian Coast

<i>NOK 1 000</i>	4th quarter 2018	4th quarter 2017	Change	01.01-31.12 2018	01.01-31.12 2017	Change
Operational revenues	581,608	529,757	9.8 %	3,512,784	3,159,211	11.2 %
Contractual revenues	174,100	167,655	3.8 %	698,919	674,234	3.7 %
Total revenue	755,709	697,412	8.4 %	4,211,703	3,833,445	9.9 %
EBITDA	(10,031)	13,032	-177.0 %	883,724	696,226	26.9 %

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.

<i>NOK 1 000 Except for PCNs, APCNs, occupancy rate, fuel consumption and fuel cost per liter</i>	4th quarter 2018	4th quarter 2017	01.01-31.12 2018	01.01-31.12 2017
PCNs	280,818	255,858	1,353,146	1,249,149
APCNs	380,308	398,002	1,613,984	1,595,924
Occupancy rate	73.8%	64.3%	83.8%	78.3%
Gross ticket revenues	569,359	513,973	3,455,655	3,102,068
Less:				
Commissions, costs of goods for flights, hotels, transportation and other passenger services	119,653	98,791	660,382	581,676
Food, beverage, shop, excursions	74,162	70,597	390,142	372,325
Net ticket revenues	375,544	344,585	2,405,130	2,148,068
Gross ticket revenues per PCN (NOK)	2,028	2,009	2,554	2,483
Net ticket revenues per PCN (NOK)	1,337	1,347	1,777	1,720
Ship operating costs	598,810	526,836	2,690,450	2,432,581
Selling, general and administrative expenses	187,719	167,513	716,087	678,797
Gross cruise costs	786,529	694,348	3,406,538	3,111,378
Less:				
Commissions, costs of goods for flights, hotels, transportation and other passenger services	119,653	98,791	660,382	581,676
Food, beverage, shop, excursions	74,162	70,597	390,142	372,325
Net cruise costs	592,714	524,960	2,356,013	2,157,378
Net cruise costs per APCN (NOK)	1,559	1,319	1,460	1,352
Fuel consumption (liter/nautical mile)	78.6	80.1	78.0	79.3
Fuel cost per liter	6.51	5.07	6.36	5.38

Operational revenue excluding the contractual income from the Norwegian state agreement, increased by NOK 52 million, or 9.8%, to NOK 582 million in the fourth quarter, from NOK 530 million in the fourth quarter of 2017. Occupancy increased to 73.8% compared to 64.3% in the fourth quarter of 2017, with an increase in Passenger Cruise Nights (PCN) of 9.8%. The increase in PCNs is driven by the increase in demand for the Hurtigruten winter product along the Norwegian coast. We are seeing the benefit from the improved product and food offering on the Norwegian coast.

Net ticket revenue per PCN was NOK 1,337 in fourth quarter, a slight decrease from NOK 1,347 in fourth quarter last year. The decrease in yield is driven by mix effects with volume growth coming in the lower yielding months and somewhat higher cost of goods sold and commission levels. Underlying net yield is showing an increase intra month. Gross ticket revenue per PCN increased with 0.9% in the period compared to last year.

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 fourth 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 18.2% to NOK 1,559 in the fourth quarter compared to same period last year. The increase is due to i) a substantial higher fuel costs driven by the higher oil price in the period ii) higher crew cost driven by one off cost related to historical VAT for crew food and crew cost related to MS Richard With which spent 30 days at Fosen yard undergoing a full refurbishment during the quarter. The underlying fuel price increased with 28.4% YoY for fourth quarter. Bareboat charter lease costs increased compared to same period last year, as fourth quarter of 2018 include a NOK 12.9 million (NOK 2.4 million) expense related to the lease of MS Nordlys and MS Richard With, which in most of fourth quarter of 2017 were accounted for as finance leases in the Group. In December 2017 and January 2018, the sister Group Coastal Holding Group acquired these vessels, and leased them to the Bidco Group on 5-year operating leases. Due to timing of planned repair and maintenance, costs for repair and maintenance were higher in fourth quarter this year compared to last year.

Due to the one-off costs, EBITDA decreased to NOK -10 million (NOK 13 million) in the fourth quarter compared to the same quarter last year. Adjusted for the above mentioned one-off costs, internal bareboat charter and fuel costs the Norwegian Coast segment EBITDA increased with NOK 9 million.

Expedition cruises

<i>NOK 1 000</i>	4th quarter 2018	4th quarter 2017	Change	01.01-31.12 2018	01.01-31.12 2017	Change
Operational revenues	241,441	230,830	4.6 %	935,996	811,497	15.3 %
Total revenue	241,441	230,830	4.6 %	935,996	811,497	15.3 %
EBITDA	29,307	25,470	15.1 %	144,577	85,210	69.7 %

<i>NOK 1 000 Except for PCNs, APCNs, occupancy rate, fuel consumption and fuel cost per liter</i>	4th quarter 2018	4th quarter 2017	01.01-31.12 2018	01.01-31.12 2017
PCNs	44,189	46,308	166,681	155,725
APCNs	59,972	69,184	231,088	228,204
Occupancy rate	73.7 %	66.9 %	72.1 %	68.2 %
Gross ticket revenues	241,556	230,788	935,483	811,307
Less:				
Commissions, costs of goods for flights, hotels, transportation and other passenger services	70,784	56,189	266,861	199,937
Food, beverage, shop, excursions	19,728	13,217	55,032	53,679
Net ticket revenues	151,044	161,381	613,591	557,692
Gross ticket revenues per PCN (NOK)	5,466	4,984	5,612	5,210
Net ticket revenues per PCN (NOK)	3,418	3,485	3,681	3,581
Ship operating costs	177,474	148,102	672,364	556,411
Selling, general and administrative expenses	34,945	43,531	132,864	144,917
Gross cruise costs	212,419	191,634	805,229	701,328
Less:				
Commissions, costs of goods for flights, hotels, transportation and other passenger services	70,784	56,189	266,861	199,937
Food, beverage, shop, excursions	19,728	13,217	55,032	53,679
Net cruise costs	121,907	122,227	483,336	447,712
Net cruise costs per APCN (NOK)	2,033	1,767	2,092	1,962
Fuel consumption (liter/nautical mile)	95.0	88.8	83.1	90.5
Fuel cost per liter	6.41	5.54	5.99	5.52

In the Expedition cruises segment, Passenger Cruise nights (PCN) decreased by 4.6%, and available Cruise nights (APCN) decreased with 13.3%, resulting in an increase of 6.7 ppt in occupancy to 73.7% in the period compared to last year.

Segment ticket revenue was NOK 242 million in the fourth quarter of 2018, up from NOK 231 million in same period of 2017. The increase was driven by gross ticket revenue per PCN which increased with 9.7%, offsetting the decrease in PCN.

The net yield decreased by 1.9% due to increased cost of goods sold and commissions related to one off costs.

Net cruise cost per available cruise night (APCN) increased by 15.1% in fourth quarter, due to i) increased fuel costs, as the price of fuel increased by

16% YoY in the quarter, ii) the strategic decision to position MS Fram as a 200-berth ship in Antarctica which led to lower number of APCN iii) Reduction in APCN for the MS Midnatsol doing repositioning itineraries, and iv) one off cost related to the ice conditions in the North-West passage. Adjusted for these effects, the underlying development in costs are positive.

Fourth quarter EBITDA was NOK 29.3 million, an increase of 15,1% from NOK 25.5 million in the same period in 2017. In the quarter, there where NOK 12.9 million (Q4 2017; NOK 5.7 million) in one-off costs predominantly related to ice conditions in the North-West passage which led to certain refunds due to changed itineraries. Adjusted for these one offs the underlying segment EBITDA increased with 25%.

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

<i>NOK 1 000</i>	4th quarter 2018	4th quarter 2017	Change	01.01-31.12 2018	01.01-31.12 2017	Change
Operational revenues	29,992	33,196	-9.7 %	295,028	292,411	0.9 %
Total revenue	29,992	33,196	-9.7 %	295,028	292,411	0.9 %
EBITDA	(11,551)	(13,320)	-13.3 %	45,156	44,206	2.2 %

The Spitsbergen segment had fourth quarter revenue of NOK 30 million, vs. NOK 33 million in fourth quarter last year.

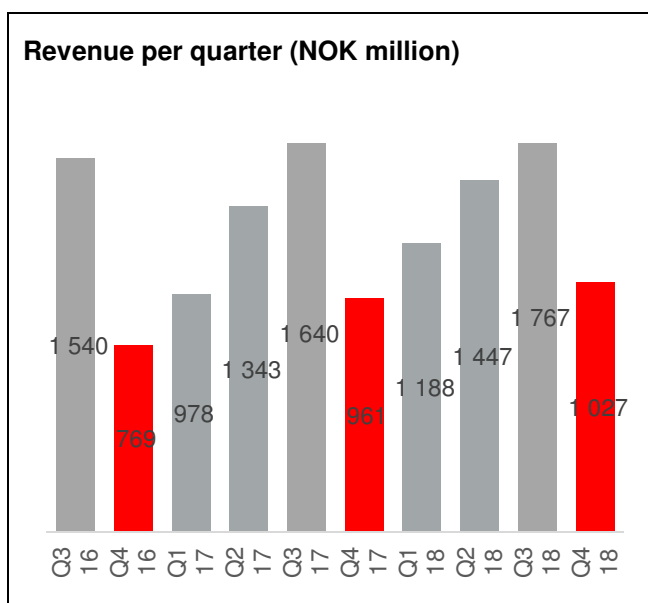
The reduction in revenues is mainly driven by the closing of the Polar Hotel in December for remodelling. This is partly offset by higher revenues

per available room, driven by the newly remodelled Funken hotel in Longyearbyen. Decreased direct and operating costs results in improvement in EBITDA in the period, to NOK -11.6 million from NOK -13.3 million in the same period of 2017.

Financial review

The financial information for the three months ended 31 December 2018 discussed below is derived from the unaudited consolidated financial statements of Hurtigruten Group AS as of and for the three months ended at 31 December 2018.

Profit and loss



Group revenue increased by NOK 6.8%, or NOK 66 million to NOK 1,027 million in the fourth quarter of 2018 compared to fourth quarter of 2017. The increase in revenue was due to increased ticket revenue per PCN in both the Norwegian Coast and Expedition cruises segments and increased occupancy in the Coastal segment.

Employee expenses in fourth quarter were NOK 306 million an increase of 9.6% year over year, reflecting annual salary increases and increased number of employees to facilitate the expansion in relation to the new vessels in 2019.

Fourth quarter depreciation, amortization and impairment were NOK 103 million (NOK 115 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)	4th quarter 2018	4th quarter 2017	% change	01.01-31.12 2018	01.01-31.12 2017	% change
Cost of goods sold	(207,519)	(179,495)	15.6 %	(996,689)	(933,146)	6.8 %
Operating costs (ex fuel)	(255,537)	(231,424)	10.4 %	(1,169,660)	(990,715)	18.1 %
Fuel costs	(139,517)	(125,784)	10.9 %	(556,418)	(459,971)	21.0 %
Sales and administrative costs	(131,993)	(116,537)	13.3 %	(518,037)	(502,772)	3.0 %
Total	(734,566)	(653,239)	12.4 %	(3,240,804)	(2,886,603)	12.3 %

Other operating costs were NOK 735 million in the fourth quarter of 2018 (NOK 653 million), an increase of 12.4% 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, fourth quarter cost of goods sold increase with 15.8% compared to same period last year. The increase reflects results from the companywide cost savings project but is offset by increased prices for flights and hotels for the guests.

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 fourth quarter increase of 10.4% compared to same period last year is primarily due to timing of planned repair and maintenance costs for the fleet and the operational bare boat lease for MS Nordlys and MS Richard With. The vessels 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 10.9% to NOK 140 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 fourth quarter of 2018 was 28.4% and 15.7% higher in the Coastal and Expedition cruises segment respectively compared to last year. The price increase is partly offset by lower fuel consumption per mile in the Coastal segment.

Sales and administrative costs increased with 13.3% in the quarter compared to last year, primarily as a result of increased sales and marketing and administrative expenses related to the future growth in capacity.

Net other gains and losses for the fourth quarter was a gain of NOK 21 million (loss of NOK 4 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 fourth quarter 2018 operating loss was NOK 95 million, compared to an operating loss of NOK 89 million in the same period last year.

Net financial items were NOK -413 million (NOK -405 million) in the fourth quarter. Interest costs in the quarter has decreased compared to last year 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. The positive effects of reduced interest costs are offset by fourth quarter currency effects on the group's EUR denominated financing as the NOK depreciated against the EUR in the quarter. In November 2018, the Group refinanced the Term B loan, increasing the nominal

value to EUR 655 million, with all other terms unchanged.

Income tax in the period was a tax income of NOK 452 million (NOK 17 million). The tax income in the period consists of recognition of deferred tax asset on tax loss carry forwards, previously not recognized. The deferred tax asset will be utilized in January 2019 when the Group reorganizes its operations into two operating companies, whereof one, Hurtigruten Cruise AS, will enter into the Norwegian Tax Tonnage regime. See note 9, Events after balance sheet date.

Net loss for the fourth quarter of 2018 was NOK 57 million, compared to a loss of NOK 478 million in the same period of 2017. The change was primarily driven by the tax effects in fourth quarter of 2018.

Financial position and liquidity

Cash flow

Net cash flow from operating activities in the fourth quarter was NOK -97 million, compared with a net cash flow from operations of NOK 187 million in the same period of 2017. The decrease is primarily due to changes in working capital due to timing differences in settlements at year end.

Net cash flow used in investing activities was NOK 782 million (NOK 581 million in fourth quarter of 2017), whereof NOK 88 million (NOK 241 million) is related to maintenance and new build capital expenditures on the ships. Capital expenditure in 2017 included the purchase of the vessel MS Richard With. Fourth quarter of 2018 included prepayments for ships under construction and refurbishments of NOK 67 million, vs NOK 25 million in the same period last year. NOK 610 million of investing cash flow in fourth quarter of 2018 is loans given to other group companies. Other adjustments in investing activities include settlement of financial derivatives and change in restricted funds.

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

Net cash flow from financing activities was NOK 775 million (NOK 431 million) in the fourth quarter, comprising primarily of proceeds from the increase in the Term Loan B of EUR 80 million to EUR 655 million, reduced with the repayment of the revolving credit facility.

Net decrease in cash in fourth quarter of 2018 was NOK 105 million, vs. an increase of NOK 36 million in the same quarter last year.

Cash and cash equivalents in the cash flow statement totalled NOK 385 million at 31 December 2018 (NOK 338 million). Cash and cash equivalents in the statement of financial position, including restricted funds, totalled NOK 562 million at 31 December 2018, an increase of NOK 122 million since year end 2017. At 31 December 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 hybrid cruise vessels MS Roald Amundsen and MS Fridtjof Nansen, to be delivered in 2019.

Balance sheet

Total assets amounted to NOK 9,740 million at 31 December 2018, an increase of NOK 1,494 million from year end 2017. Non-current assets increased with NOK 1,319 million since year end 2017 due to prepayments and capital expenditures on new builds, upgrades and maintenance of the vessels, and purchase of MS Nordlys in January 2018, offset by depreciations and amortizations. Deferred tax asset increased with NOK 471 million due to the recognition of tax asset on tax loss carry forwards. Other non-current assets include loans to other group companies and increased with NOK 663 million in the year.

Current asset amounted to NOK 1,175 million, an increase of NOK 175 since 31 December 2017, primarily due to the increase in Cash and cash equivalents.

Total equity at the end of fourth quarter was NOK 771 million vs. NOK 527 million at 31 December 2017. The change in equity is due to net profit in the period, reduced by negative changes in the Groups cash flow hedges. In addition, equity is reduced by the fair value adjustment of the Groups investment in Kleven Verft. In June 2018, the Hurtigruten Group parent company Silk Topco AS purchased 100% of the shares in Kleven Verft AS, resulting in a fair value adjustment of NOK -28 million on the investment in Kleven in the Hurtigruten Group. The investment is held as Available for sale, and fair value adjustments

are accounted for through Other Comprehensive Income.

The equity ratio at 31 December 2018 was 7.9% 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 7,165 as per 31 December 2018, an increase of NOK 6,426 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. In November 2018, the Term Loan B was refinanced with an increase in nominal value to EUR 655 million. Total borrowings have increased from NOK 5,784 million at year end 2017 to NOK 6,944 million at 31 December 2018. The majority of the Groups borrowings is denominated in EUR, and EUR strengthening against the NOK during the year contribute to the increase in borrowings.

Current liabilities excluding borrowings were NOK 1,739 million, increased by NOK 54 million since year end 2017. The change is due to reduction in working capital items, offset by an increase in prepaid travels.

Off-balance sheet items

The Group has deferred income tax assets recognised in the balance sheet of NOK 650 million at 31 December 2018, and NOK 178 million at year end 2017. At 31 December 2017, NOK 445 million in deferred income tax assets was not recognised in the balance sheet, while at year end 2018, the entire previously unrecognized tax asset was recognized. This is due to the reorganization of the Group in January 2019, where the tax loss carry forward will be utilized and the related deferred tax asset will be reversed.

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 Expedition Cruises 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 2019 and 2020 are 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 Expedition Cruises segment. 2019 booking is very strong for both segments with NOK 3315 million gross ticket revenue booked as of 26 February 2019, compared to NOK 2976 million last year – an increase of 11.4%. Gross revenue booked for Norwegian Coast is up NOK 108 million (+5%) for 2019 compared to last year. Expedition Cruises has booked NOK 231 million more than same time last year, up by 28%.

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 calls 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

<i>(NOK 1 000)</i>	<i>Note</i>	4th quarter 2018	4th quarter 2017	01.01-31.12 2018	01.01-31.12 2017
Operating revenues		852,749	793,699	4,729,515	4,248,316
Contractual revenues		174,100	167,655	698,919	674,234
Total Revenues		1,026,850	961,354	5,428,434	4,922,550
Payroll costs		(305,647)	(278,969)	(1,206,479)	(1,159,050)
Depreciation, amortisation and impairment		(102,547)	(114,668)	(397,623)	(480,543)
Other operating costs		(734,566)	(653,240)	(3,240,804)	(2,886,603)
Other (losses)/gains – net		21,136	(3,687)	92,634	(50,586)
Operating profit/(loss)		(94,775)	(89,210)	676,162	345,768
Net financial items	6	(412,745)	(404,484)	(622,681)	(853,973)
Share of profit/(loss) of associates		(1,223)	(179)	596	1,246
Profit/(loss) before income tax		(508,744)	(493,873)	54,077	(506,959)
Income tax expense		451,798	16,706	399,719	(25,110)
Profit/(loss) for the period		(56,946)	(477,167)	453,796	(532,069)

Condensed consolidated statement of comprehensive income

Unaudited

<i>(NOK 1 000)</i>	<i>Note</i>	4th quarter 2018	4th quarter 2017	01.01-31.12 2018	01.01-31.12 2017
Profit/(loss) for the period		(56,946)	(477,167)	453,796	(532,069)
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		(3,514)	-	(3,168)	(2,554)
Fair value adjustments on financial instruments		13,485	-	(28,015)	-
Sum		9,971	-	(31,183)	(2,554)
Items that will be reclassified to profit or loss in subsequent periods:					
Cash flow hedges, net of tax		(155,769)	34,706	(173,450)	39,345
Tax					
Currency translation differences		(165)	38,059	(4,733)	21,872
Sum		(155,934)	72,765	(178,183)	61,217
Total comprehensive income for the period		(202,908)	(404,402)	244,430	(473,406)

Condensed consolidated statement of financial position

Unaudited

<i>(NOK 1 000)</i>	<i>Note</i>	31.12. 2018	31.12. 2017
ASSETS			
Non-current assets			
Property, plant and equipment		4,528,117	4,301,649
Intangible assets		2,653,228	2,664,560
Deferred income tax assets		650,141	178,825
Derivative financial instruments	5	0	30,494
Other non-current assets		733,501	70,812
Total non-current assets		8,564,988	7,246,341
CURRENT ASSETS			
Inventories		185,390	148,179
Trade and other receivables	7	428,353	393,590
Derivative financial instruments	7	(0)	19,533
Cash and cash equivalents	7	561,576	439,206
Total current assets		1,175,318	1,000,508
Total assets		9,740,304	8,246,848
EQUITY			
Paid -in capital		1,827,674	1,827,646
Other equity		(1,056,677)	(1,301,080)
Total equity		770,997	526,567
LIABILITIES			
Non-current liabilities			
Borrowings	5,7	6,879,320	486,556
Prepaid travels with departure dates beyond one year		103,555	133,328
Derivative financial instruments	7	57,351	-
Other non-current liabilities		125,095	118,822
Total non-current liabilities		7,165,321	738,706
Current liabilities			
Trade and other liabilities	7	829,955	1,011,533
Prepaid travels with departure date within one year		708,425	619,598
Borrowings	5,7	65,017	5,297,020
Derivative financial instruments		140,310	13,247
Other current liabilities		60,278	40,179
Total current liabilities		1,803,985	6,981,576
Total equity and liabilities		9,740,304	8,246,848

Condensed consolidated statement of changes in equity

Unaudited

<i>(in NOK 1 000)</i>	01.01-31.12.2018			01.01-31.12.2017		
	Paid -in capital	Other equity	Total Equity	Paid -in capital	Other equity	Total Equity
Equity at beginning of the period	1,827,646	-1,301,079	526,568	1,827,646	-827,674	999,972
Comprehensive income		244,430	244,430		(473,406)	(473,406)
Contribution of equity	-	-	-	-	-	-
Equity at the close of the period	1,827,646	-1,056,649	770,997	1,827,646	-1,301,080	526,566

Condensed consolidated statement of cash flows

Unaudited

<i>(in NOK 1 000)</i>	<i>Note</i>	4th quarter 2018	4th quarter 2017	01.01-31.12 2018	01.01-31.12 2017
Cash flows from operating activities					
Profit/(loss) before income tax		(508,744)	(464,375)	54,077	(506,959)
Adjustments for:					
Depreciation, amortisation and impairment losses		102,547	110,671	397,623	480,543
Change in working capital		(169,396)	25,519	(150,904)	(35,229)
Change in prepaid travels		53,977	135,907	48,855	132,020
Interest paid		29,380	14,369	533,629	375,322
Other adjustments ¹⁾		394,755	364,593	10,619	493,178
Net cash flows from (used in) operating activities		(97,481)	186,683	893,899	938,875
Cash flows from investing activities					
Purchase of property, plant, equipment (PPE)		(88,457)	(240,652)	(262,546)	(312,157)
Purchase of intangible assets		(15,679)	(17,875)	(69,087)	(40,764)
Advance payment of PPE		(66,687)	(25,001)	(239,346)	(267,843)
Loans to Group companies		(610,360)	-	(683,539)	12,833
Other adjustments		(989)	(297,604)	(10,022)	(100,389)
Net cash flows from (used in) investing activities		(782,171)	(581,131)	(1,264,541)	(708,320)
Cash flows from financing activities					
Proceeds from borrowings		910,714	417,573	1,305,406	316,725
Repayment of borrowings		(106,687)	27,438	(333,394)	(91,202)
Interest paid		(29,380)	(14,369)	(533,629)	(375,322)
Net cash flows from (used in) financing activities		774,647	430,642	438,383	(149,799)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(105,006)	36,194	67,741	80,756
Cash and cash equivalents at the beginning of period		484,083	327,252	337,979	217,419
Foreign exchange gains/(losses) on cash, cash equivalents and bank overdrafts		5,505	(25,468)	(21,137)	39,804
Cash and cash equivalents at end of period		384,582	337,978	384,583	337,979

1) Other adjustments include agio/disagio, adjustment for financial assets, accruals and paid income taxes

Notes to the condensed consolidated financial Statements

Note 1 Accounting policies

The interim financial report for the Group includes Hurtigruten Group 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 consolidated annual report for Hurtigruten Group AS (previously 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 Hurtigruten 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 the consolidated Hurtigruten Group AS Financial Statements as consolidated entities in accordance with IFRS 10, Consolidated Financial Statements. At 31 December 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). 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. In July 2018, October 2018, and November 2018, the Group entered into additional derivative contracts with expiration in 2019 through 2021. At year-end 2018, a total of 142,350 MT bunker fuel volume is hedged at an average price of USD 656/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 22.5 million in nitrogen dioxide tax is recognised in financial statements for 2018, as compared to NOK 16.4 million in 2017.

Note 4 Segments

Unaudited

<i>(in NOK 1 000)</i>	Norwegian Coast		Expedition cruises		Spitsbergen	
	4th quarter	4th quarter	4th quarter	4th quarter	4th quarter	4th quarter
	2018	2017	2018	2017	2018	2017
Operating revenues	581,608	529,757	241,441	230,830	29,992	33,196
Contractual revenues	174,100	167,655	-	-	-	-
Total operating revenues	755,709	697,412	241,441	230,830	29,992	33,196
Payroll costs	(245,191)	(215,783)	(42,332)	(45,989)	(18,124)	(17,197)
Depreciation and impairment losses	(71,842)	(89,960)	(22,778)	(21,063)	(7,927)	(3,634)
Other operating costs	(541,338)	(478,565)	(170,087)	(145,645)	(23,480)	(29,389)
Other (losses)/gains – net	20,790	9,968	286	(13,726)	60	70
Operating profit/(loss)	(81,873)	(76,928)	6,529	4,407	(19,478)	(16,954)
EBITDA	(10,031)	13,032	29,307	25,470	(11,551)	(13,320)

<i>(in NOK 1 000)</i>	Other Business		Eliminations		Silk Bidco Group	
	4th quarter	4th quarter	4th quarter	4th quarter	4th quarter	4th quarter
	2018	2017	2018	2017	2018	2017
Operating revenues	39	71	(330)	(154)	852,749	793,699
Contractual revenues	-	-	-	-	174,100	167,655
Total operating revenues	39	71	(330)	(154)	1,026,850	961,354
Payroll costs	-	-	-	0	(305,647)	(278,969)
Depreciation and impairment losses	-	(11)	0	0	(102,547)	(114,668)
Other operating costs	39	102	299	258	(734,566)	(653,240)
Other (losses)/gains – net	-	-	0	(0)	21,136	(3,687)
Operating profit/(loss)	78	162	(31)	104	(94,775)	(89,210)
EBITDA	78	162	(31)	104	7,772	25,458

	Norwegian Coast		Expedition cruises		Spitsbergen	
	01.01-31.12	01.01-31.12	01.01-31.12	01.01-31.12	01.01-31.12	01.01-31.12
	2018	2017	2018	2017	2018	2017
<i>(in NOK 1 000)</i>						
Operating revenues	3,512,784	3,159,211	935,996	811,497	295,028	292,411
Contractual revenues	698,919	674,234	-	-	-	-
Total operating revenues	4,211,703	3,833,445	935,996	811,497	295,028	292,411
Payroll costs	(961,962)	(918,674)	(157,074)	(158,957)	(87,443)	(81,419)
Depreciation and impairment losses	(293,826)	(401,791)	(81,424)	(60,883)	(22,373)	(17,844)
Other operating costs	(2,444,576)	(2,192,705)	(648,155)	(542,371)	(162,646)	(167,000)
Other (losses)/gains – net	78,559	(25,841)	13,810	(24,959)	217	214
Operating profit/(loss)	589,898	294,435	63,154	24,327	22,783	26,362
EBITDA	883,724	696,226	144,577	85,210	45,156	44,206

	Other Business		Eliminations		Silk Bidco Group	
	01.01-31.12	01.01-31.12	01.01-31.12	01.01-31.12	01.01-31.12	01.01-31.12
	2018	2017	2018	2017	2018	2017
<i>(in NOK 1 000)</i>						
Operating revenues	(34)	230	(14,258)	(15,032)	4,729,515	4,248,316
Contractual revenues	-	-	-	-	698,919	674,234
Total operating revenues	(34)	230	(14,258)	(15,032)	5,428,434	4,922,550
Payroll costs	-	-	(0)	0	(1,206,479)	(1,159,050)
Depreciation and impairment losses	-	(25)	(0)	0	(397,623)	(480,543)
Other operating costs	314	376	14,258	15,097	(3,240,804)	(2,886,603)
Other (losses)/gains – net	48	-	0	0	92,634	(50,586)
Operating profit/(loss)	328	581	0	64	676,162	345,768
EBITDA	328	606	0	64	1,073,785	826,311

Note 5 Borrowings

Unaudited

	31.12. 2018	31.12. 2017
<i>(Figures stated in NOK 1000)</i>		
Long term debt		
Term Loan B	6,428,743	-
Revolving Credit Facility	2,367	-
Lease financing	447,308	473,109
Other borrowings	902	13,447
Total	6,879,320	486,556
Short term debt		
Bond	-	4,385,095
Revolving credit facility	-	773,688
Lease financing	30,204	45,193
Credit facilities	29,899	26,789
Other borrowings	4,913	66,254
Total	65,017	5,297,020
Total outstanding debt	6,944,337	5,783,576

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

The Group Senior Secured Notes of EUR 455 million, and RCF of EUR 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. In November 2018, the Group refinanced the existing Term loan B, increasing the nominal value to EUR 655 million.

Maturity Profile

The below maturity schedule reflects the borrowings at nominal values.

	31.12. 2018	31.12. 2017
<i>(Figures stated in NOK 1000)</i>		
Less than one year	65,016	5,389,130
Year 2 and 3	78,086	66,224
Year 4 and 5	88,413	73,502
More than 5 years	6,847,001	346,863
Total borrowings	7,078,517	5,875,719

Note 6 Net Financial items

Unaudited

<i>(NOK 1000)</i>	4th quarter 2018	4th quarter 2017	01.01-31.12 2018	01.01-31.12 2017
Interest income on current bank deposits	11,610	(298)	24,122	(4,785)
Foreign exchange gains	(135,388)	(21,421)	15,289	93,558
Other financial income	16,858	1,652	20,387	3,172
Finance income	(106,921)	(20,067)	59,798	91,946
Interest expense and amortized borrowing fees	(62,461)	(178,731)	(520,878)	(502,192)
Foreign exchange losses	(242,729)	(206,126)	(156,132)	(443,707)
Other finance expenses	(635)	441	(5,469)	(19)
Finance expenses	(305,825)	(384,417)	(682,479)	(945,918)
Net Financial items	(412,745)	(404,484)	(622,681)	(853,973)

Note 7 Financial assets and liabilities at fair value

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

At 31 December 2018:

Unaudited

<i>(Figures stated in NOK 1000)</i>	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	700 980	3 199	-	-	704 180
Available for sale financial instruments	-	-	24 327	-	24 327
Trade and other receivables	428 353	-	-	-	428 353
Cash at bank, cash on hand and market-based investments in the balance sheet	560 410	1 165	-	-	561 576
Total	1 689 744	4 365	24 327	0	1 718 435

<i>(Figures stated in NOK 1000)</i>	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	-	-	6 944 337	6 944 337
Total derivatives	-	197 662	-	197 662
Accounts payable and other short term payables	-	-	829 955	829 955
Total	-	197 662	7 774 292	7 971 954

In September 2017, Hurtigruten 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 Hurtigruten 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 -28 million. The investment is held as Available for sale, and fair value adjustments are recognized through Other Comprehensive Income according to IFRS 9.

At 31 December 2017:

<i>(Figures stated in NOK 1000)</i>	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	12 794	3 169	-	-	15 962
Available for sale financial instruments	-	-	49 970	-	49 970
Trade and other receivables	393 590	-	-	-	393 590
Total derivatives	-	-	-	50 028	50 028
Cash at bank, cash on hand and market-based investments in the balance sheet	438 053	1 153	-	-	439 206
Total	844 436	4 321	49 970	50 028	948 755

	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	-	-	5 783 576	5 783 576
Total derivatives	-	13 247	-	13 247
Accounts payable and other short term payables	-	-	1 011 533	1 011 533
Total	-	13 247	6 795 108	6 808 355

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 31 December 2018 was NOK 7,079 million (NOK 6,030 million).

Note 8 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.

Expedition 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 9 Events after the balance sheet date

On 1 January 2019, Hurtigruten AS, a 100% owned subsidiary of Hurtigruten Group AS, transferred its cruise operating business to Hurtigruten Cruise AS, a 100% owned subsidiary of Hurtigruten AS. Hurtigruten Cruise AS is operating within the Norwegian Tax Tonnage regime, and the transactions was executed at fair value for tax purposes. The transaction will generate a taxable profit in Hurtigruten AS, for which the previously unrecognized tax loss carry forwards will be utilized. As such, at 31 December 2018, the deferred tax asset related to the tax loss carry forwards has been recognized in the financial statements. This positive accounting effect will be reversed in 2019

There were no other events after balance-sheet date and before the date of the approval of the interim financial report for the fourth 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.