



# **HURTIGRUTEN**

**INTERIM REPORT FOR Q2  
AND FIRST HALF 2011**

# HIGHLIGHTS



## Profit of NOK 62 million in Q2 for Hurtigruten

- Pre-tax profit NOK 62 million (NOK 142 million)
  - Bus assets written down NOK 40 million
  - Cancelled sailings NOK 30 million
  - Reduced revenue from port to port business
  - Increased fuel prices
- Healthy roundtrip development +8%
- Positive consequences from 134 hours live TV
- ESA issue

# Hurtigruten group – income statement

Hurtigruten group (NOK 1 000)	Q2 2011	Q2 2010	Year to date 2011	Year to date 2010
Operating revenues	1 136 790	1 172 704	1 934 746	1 900 580
Operating expenses	892 079	907 327	1 686 719	1 621 272
Other losses/(gains) - net	1 798	-314	1 798	-3 615
<b>EBITDA</b>	<b>242 913</b>	265 691	<b>246 229</b>	282 923
Depreciation & impairment losses	132 196	90 322	225 108	180 018
<b>EBIT</b>	<b>110 717</b>	175 370	<b>21 121</b>	102 905
Net financial items	-53 398	-42 836	-94 395	-99 878
Share of profit/loss of associates	1 894	1 400	3 705	3 453
<b>Profit (loss) before tax for continued business</b>	<b>59 213</b>	133 933	<b>-69 569</b>	6 480
Profit (loss) before tax for discontinued business	2 696	8 309	5 168	2 097
<b>Net profit (loss) before tax</b>	<b>61 909</b>	142 242	<b>-64 401</b>	8 577

## Smaller bus business

- Lost Tromsø bus tender, effective February 2012
- Bus business reduced by 50%, still profitable
- Written off all goodwill NOK 30 million
- Written down bus assets NOK 10 million



## Schedule changes in Q2

– EBITDA impact of MNOK 26 million for Norwegian coast

- MV Kong Harald - grounding north of Ålesund
- MV Polarlys - propeller problem

SKIP	Teknisk	Vær	Forsinket	Ukjent	Total
Lofoten	8	31	0	0	39
Nordstjernen	86	18	3	1	108
Finnmarken	0	0	0	0	0
Midnatsol	69	17	1	21	108
Trollfjord	3	6	1	0	10
Nordnorge	2	32	1	1	36
Polarlys	103	6	0	1	110
Nordkapp	0	32	0	0	32
Kong Harald	60	1	15	0	76
Nordlys	0	23	1	1	25
Richard With	7	15	3	4	29
Vesterålen	0	24	2	2	28
<b>TOTAL</b>	<b>338</b>	<b>205</b>	<b>27</b>	<b>31</b>	<b>601</b>
%	56,2 %	34,1 %	4,5 %	5,2 %	100,0 %

Jan	Feb	Mar	Apr	Mai	Jun	Jul	Total	% Skip
9	0	19	8	3	0	0	39	6,5 %
19	16	23	35	8	6	1	108	18,0 %
0	0	0	0	0	0	0	0	0,0 %
12	23	59	6	6	1	1	108	18,0 %
1	3	4	1	0	0	1	10	1,7 %
5	1	25	1	2	0	2	36	6,0 %
2	0	1	5	100	0	2	110	18,3 %
6	5	18	0	0	0	3	32	5,3 %
0	0	1	66	9	0	0	76	12,6 %
3	6	12	0	1	0	3	25	4,2 %
4	13	6	2	0	4	0	29	4,8 %
12	2	11	1	2	0	0	28	4,7 %
<b>73</b>	<b>69</b>	<b>179</b>	<b>125</b>	<b>131</b>	<b>11</b>	<b>13</b>	<b>601</b>	<b>100,0 %</b>
12,1 %	11,5 %	29,8 %	20,8 %	21,8 %	1,8 %	2,2 %	100,0 %	% av totale ruteavvik
1496	1360	1768	1904	1904	1836	1904	20944	Antall havner totalt
4,9 %	5,1 %	10,1 %	6,6 %	6,9 %	0,6 %	0,7 %	2,9 %	% ruteavvik pr måned

## MV Polar Star cancelled whole season – EBITDA impact of MNOK 4 million in Q2

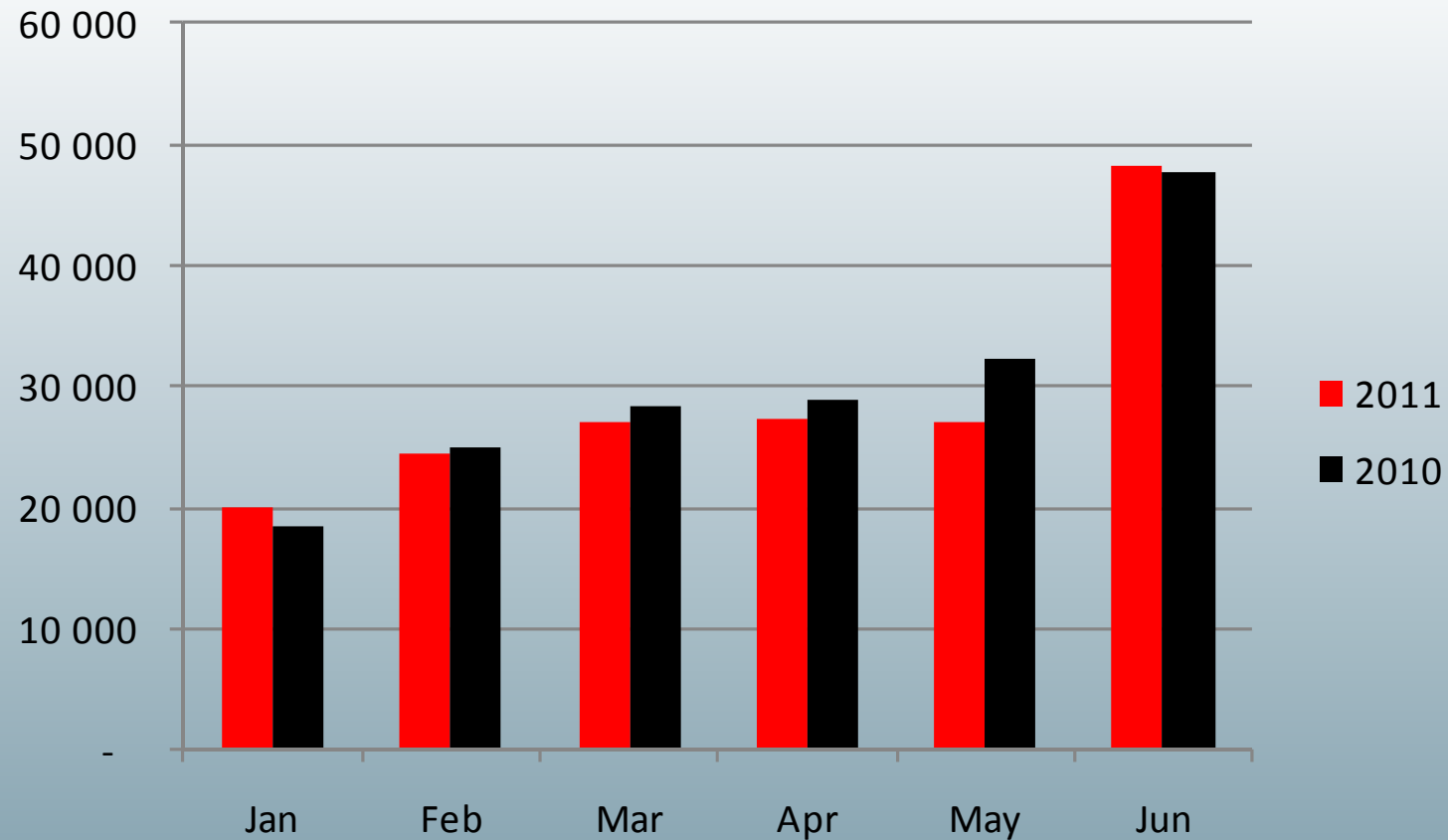
- MV Polar Star chartered for Spitsbergen cruises June – August, owner bankrupt in May
- 800 guests and 6 000 cruise nights affected
- EBITDA impact for Hurtigruten NOK 15 million, of which NOK 4 million in Q2



MV Polar Star

# Port to port challenge

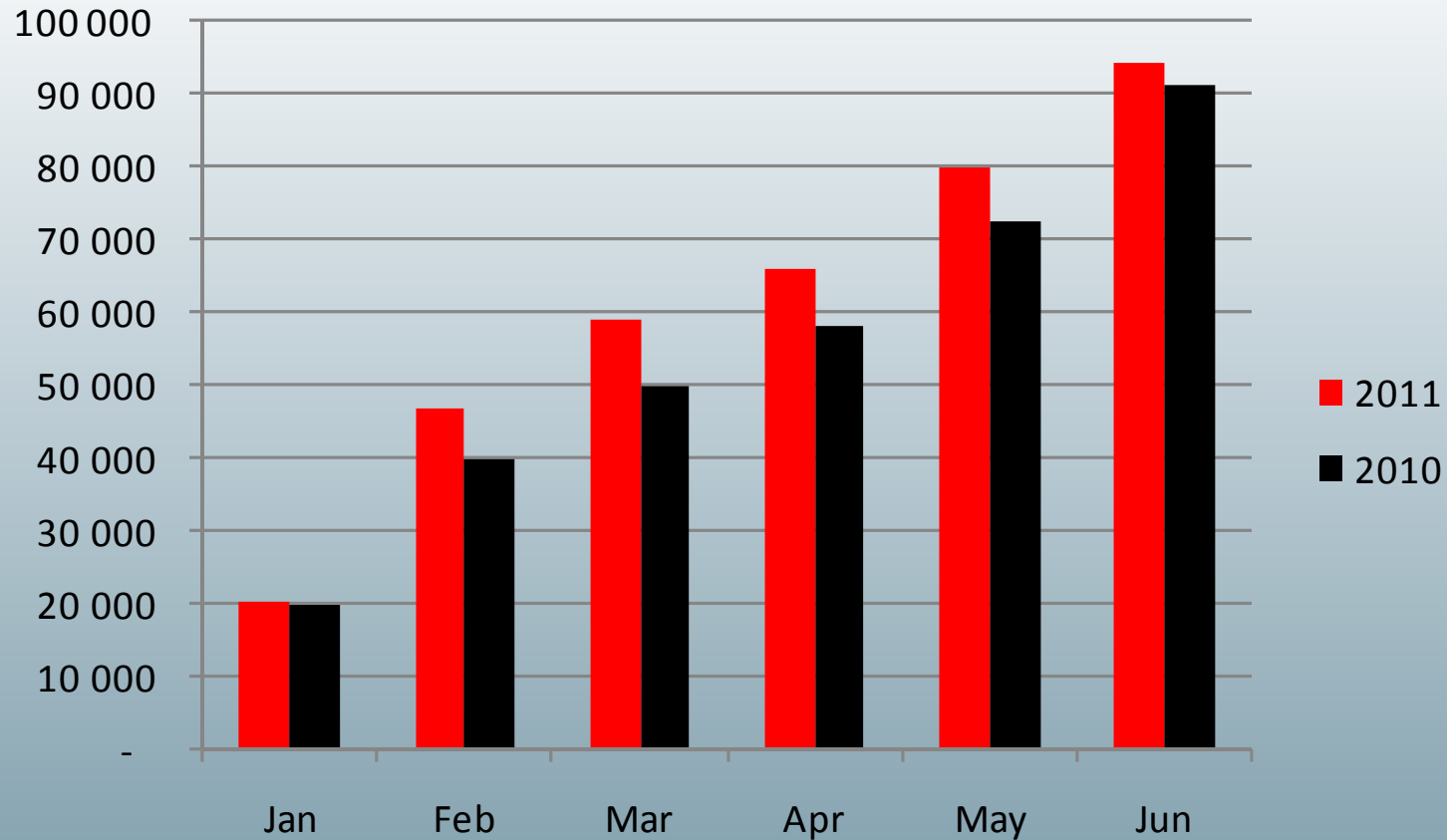
No of Cruise nights



# Round trip product with solid growth in all months

– Stable prices and solid volume growth (+10%)

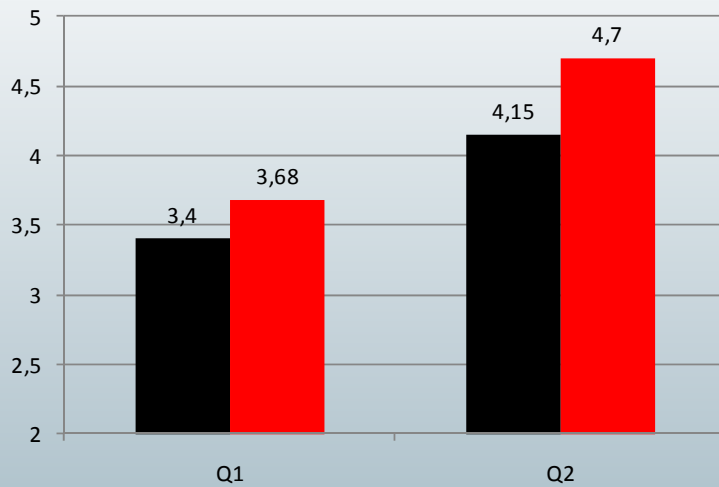
No of cruise nights



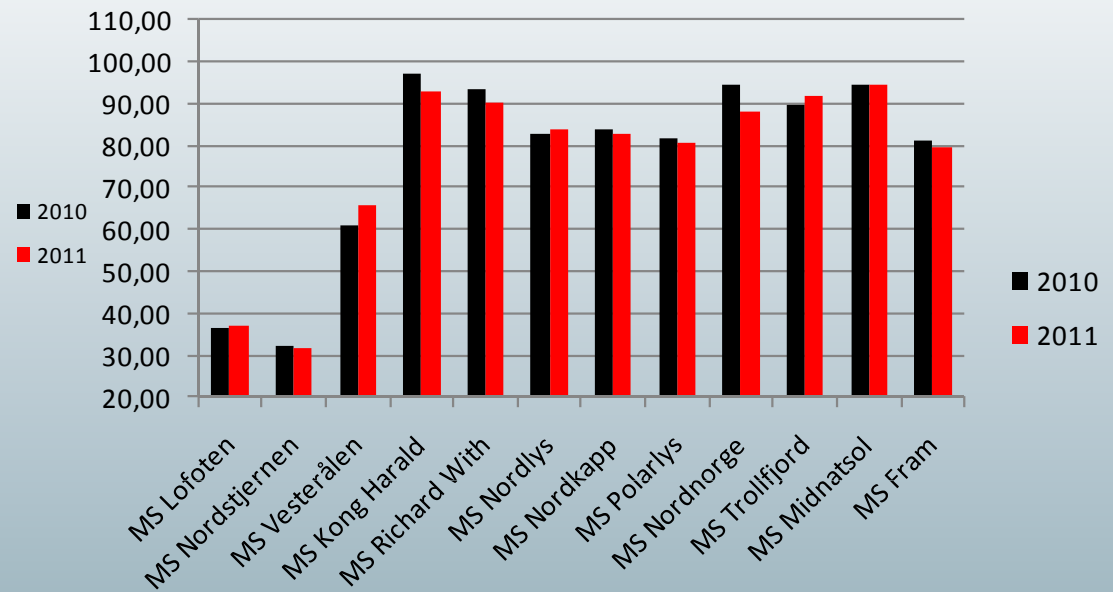
# Increased fuel prices

- But measures to reduce consumption show effects

Fuel cost per litre



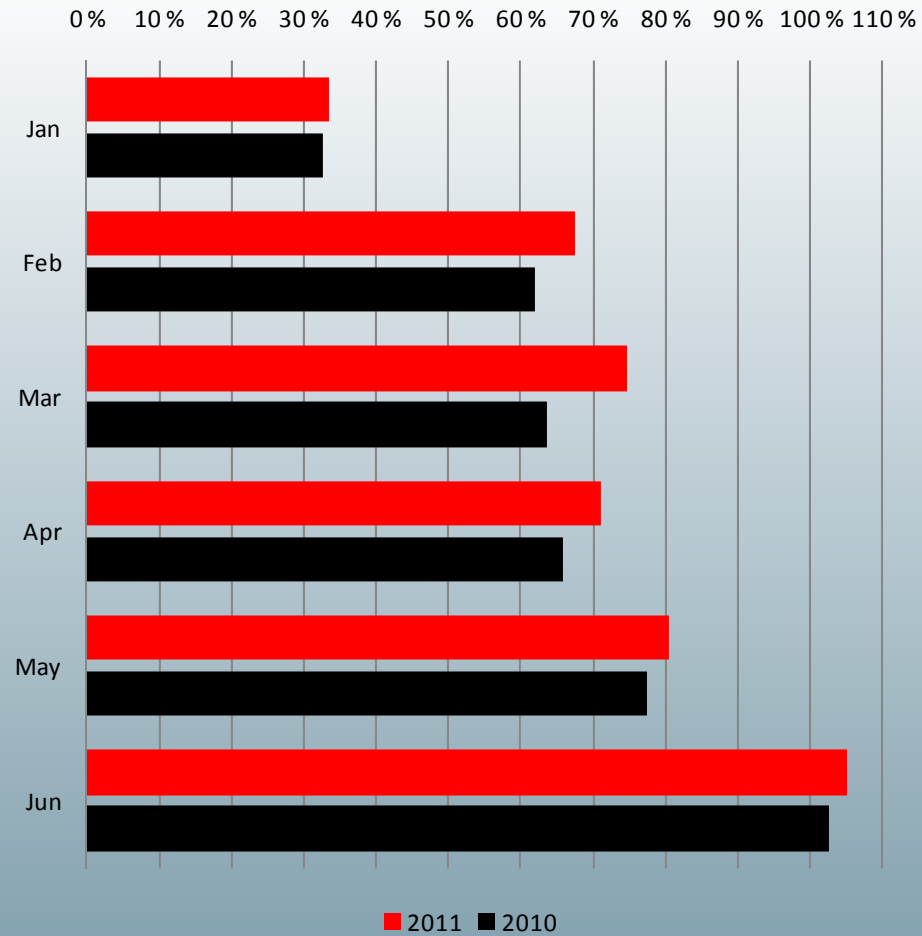
Litre per nautical mile



# Capacity utilization improved

- 73% utilization, compared to 68% utilization first half of last year

Capacity utilization , comparing 2011 vs 2010



# ACCOUNTS Q2 AND FIRST HALF 2011



# Hurtigruten group – income statement

Hurtigruten group (NOK 1 000)	Q2 2011	Q2 2010	Year to date 2011	Year to date 2010
Passenger ticket revenues	599 154	633 080	843 344	910 412
Onboard revenues	137 521	127 052	214 004	191 617
Goods, cars and other revenues	291 900	305 625	562 581	480 089
Contractual revenues *	108 216	106 946	314 817	318 463
<b>Total revenues</b>	<b>1 136 790</b>	<b>1 172 704</b>	<b>1 934 746</b>	<b>1 900 580</b>
Commissions, transportation and other	149 280	146 806	233 958	234 290
Onboard	91 680	80 191	145 856	124 341
Ship manning costs	248 809	215 111	488 643	406 137
Fuel	96 389	83 354	173 271	152 036
Other cruise operating costs	215 676	248 956	418 121	435 492
<b>Total cruise operating costs</b>	<b>801 834</b>	<b>774 419</b>	<b>1 459 849</b>	<b>1 352 296</b>
<b>S, G &amp; A</b>	<b>90 246</b>	<b>132 908</b>	<b>226 870</b>	<b>268 976</b>
<b>Total operating costs</b>	<b>892 079</b>	<b>907 327</b>	<b>1 686 719</b>	<b>1 621 272</b>
Other (losses)/gains - net	-1 798	314	-1 798	3 615
<b>EBITDA</b>	<b>242 913</b>	<b>265 691</b>	<b>246 229</b>	<b>282 923</b>
Depreciation	92 288	90 322	185 200	180 018
Impairment losses	39 908	0	39 908	0
<b>EBIT</b>	<b>110 717</b>	<b>175 370</b>	<b>21 121</b>	<b>102 905</b>
Net financial items	-53 398	-42 836	-94 395	-99 878
Share of profit/loss of associates	1 894	1 400	3 705	3 453
<b>Profit (loss) before tax for continued business</b>	<b>59 213</b>	<b>133 933</b>	<b>-69 569</b>	<b>6 480</b>
Profit (loss) before tax for discontinued business	2 696	8 309	5 168	2 097
<b>Net profit (loss) before tax</b>	<b>61 909</b>	<b>142 242</b>	<b>-64 401</b>	<b>8 577</b>

\* 1/7 of annual contractual revenues from Public Procurement Contract booked in Q2 and 4/7 in first half

# Hurtigruten group

## Balance sheet (IFRS)

<i>(NOK 1 000)</i>	<b>30.06.2011</b>	01.01.2011
<b>Assets</b>		
Tangible non-current assets	<b>4 073 915</b>	4 163 328
Intangible non-current assets	<b>246 445</b>	259 526
Financial non-current assets	<b>173 880</b>	149 987
Current assets	<b>1 589 266</b>	1 710 930
Assets held-for-sale	<b>68 076</b>	68 076
<b>Total assets</b>	<b>6 151 582</b>	6 351 848
<b>Equity and liabilities</b>		
Paid-in capital and retained earnings	<b>1 330 565</b>	1 370 364
Minority interests	<b>293 568</b>	288 126
<b>Total equity</b>	<b>1 624 133</b>	1 658 490
Non-current liabilities	<b>3 492 052</b>	3 682 801
Provisions	<b>87 441</b>	163 747
Current liabilities	<b>871 290</b>	763 477
Liabilities on assets held-for-sale	<b>76 667</b>	83 333
<b>Total liabilities</b>	<b>4 527 449</b>	4 693 358
<b>Total equity and liabilities</b>	<b>6 151 582</b>	6 351 848

## Product information

### Operating profit before depreciation (EBITDA)

Hurtigruten group (NOK 1 000)	Q2 2011	Q2 2010	Year to date 2011	Year to date 2010
Hurtigruten Norwegian coast	142 254	167 340	93 027	137 403
Explorer products/Spitsbergen	19 981	25 765	31 864	45 862
Charter	57 694	41 860	92 385	53 831
Other business	22 984	30 725	28 954	45 827
<b>EBITDA</b>	<b>242 913</b>	<b>265 691</b>	<b>246 229</b>	<b>282 923</b>
Depreciation & impairment losses	132 196	90 322	225 108	180 018
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<b>Net profit (loss) before tax</b>	<b>61 909</b>	<b>142 242</b>	<b>-64 401</b>	<b>8 577</b>

# Hurtigruten Norwegian coast

## - MNOK 26 million in loss from cancellations in Q2

Hurtigruten Norwegian coast (NOK 1 000)	Q2 2011	Q2 2010	Year to date 2011	Year to date 2010
Passenger ticket revenues	542 320	569 450	750 217	782 790
Onboard revenues	118 019	119 847	181 644	180 413
Goods, cars and other revenues	36 147	19 649	59 496	34 342
Contractual revenues	54 259	55 162	208 517	212 394
<b>Total revenues</b>	<b>750 745</b>	<b>764 108</b>	<b>1 199 874</b>	<b>1 209 939</b>
Commissions, transportation and other	132 938	137 672	200 253	212 046
Onboard	77 666	76 323	121 552	116 625
Ship manning costs	141 322	130 294	259 408	239 120
Fuel	90 259	69 626	159 702	127 936
Other cruise operating costs *	89 989	76 224	173 366	151 931
<b>Total cruise operating costs</b>	<b>532 173</b>	<b>490 139</b>	<b>914 281</b>	<b>847 658</b>
<b>S, G &amp; A</b>	<b>76 318</b>	<b>106 629</b>	<b>192 566</b>	<b>224 878</b>
<b>Total operating costs</b>	<b>608 491</b>	<b>596 768</b>	<b>1 106 847</b>	<b>1 072 536</b>
<b>EBITDA</b>	<b>142 254</b>	<b>167 340</b>	<b>93 027</b>	<b>137 403</b>

\* Includes harbour costs, repair & maintenance, insurance and other operating costs

## Explorer products/Spitsbergen\*

- Positive MV Fram development offset by MV Polar Star cancellation

Consolidated Explorer products & Spitsbergen (NOK 1 000)	Q2 2011	Q2 2010	Year to date 2011	Year to date 2010
Passenger ticket revenues	56 490	59 365	114 983	124 264
Onboard revenues	3 784	3 442	7 384	7 298
Goods, cars and other revenues	48 596	52 635	86 707	85 526
<b>Total revenues</b>	<b>108 870</b>	<b>115 441</b>	<b>209 075</b>	<b>217 088</b>
Commissions, transportation and other	16 376	9 134	33 741	22 242
Onboard	6 830	3 868	11 331	7 830
Ship manning costs	14 943	14 024	29 041	26 521
Fuel	6 104	4 924	14 244	11 797
Other cruise operating costs	33 400	39 432	60 073	65 839
<b>Total cruise operating costs</b>	<b>77 653</b>	<b>71 382</b>	<b>148 429</b>	<b>134 229</b>
<b>S, G &amp; A</b>	<b>11 235</b>	<b>18 294</b>	<b>28 782</b>	<b>36 997</b>
<b>Total operating costs</b>	<b>88 889</b>	<b>89 676</b>	<b>177 211</b>	<b>171 226</b>
<b>EBITDA</b>	<b>19 981</b>	<b>25 765</b>	<b>31 864</b>	<b>45 862</b>

\* Separate results per product area in appendix

# Charter

## - Normal operation

Charter (NOK 1 000)	Q2 2011	Q2 2010	Year to date 2011	Year to date 2010
Onboard revenues	18 095	3 763	27 507	3 905
Charter revenues	114 242	57 896	201 425	131 480
Other operating revenues	42 357	126 511	92 956	126 513
<b>Total revenues</b>	<b>174 693</b>	<b>188 170</b>	<b>321 888</b>	<b>261 898</b>
Onboard	9 562	0	15 505	0
Ship manning costs	54 194	29 827	108 687	46 382
Other cruise operating costs	50 884	106 928	99 936	151 332
<b>Total cruise operating costs</b>	<b>114 640</b>	<b>136 754</b>	<b>224 128</b>	<b>197 716</b>
<b>S, G &amp; A</b>	<b>2 359</b>	<b>9 555</b>	<b>5 376</b>	<b>10 351</b>
<b>Total operating costs</b>	<b>116 999</b>	<b>146 310</b>	<b>229 503</b>	<b>208 067</b>
<b>EBITDA</b>	<b>57 694</b>	<b>41 860</b>	<b>92 385</b>	<b>53 831</b>

## Other business

<b>Other business</b> <i>(NOK 1 000)</i>	<b>Q2</b> <b>2011</b>	Q2 2010	<b>Year to date</b> <b>2011</b>	Year to date 2010
Goods, cars and other revenues	<b>51 458</b>	59 774	<b>101 250</b>	115 546
Contractual revenues	<b>53 957</b>	51 784	<b>106 300</b>	106 069
<b>Total revenues</b>	<b>105 415</b>	111 558	<b>207 550</b>	221 615
Ship manning costs	<b>37 814</b>	40 966	<b>90 972</b>	94 114
Other cruise operating costs	<b>41 931</b>	40 001	<b>84 571</b>	84 966
<b>Total cruise operating costs</b>	<b>79 745</b>	80 967	<b>175 543</b>	179 080
<b>S, G &amp; A</b>	<b>888</b>	180	<b>1 256</b>	322
<b>Total operating costs</b>	<b>80 633</b>	81 148	<b>176 799</b>	179 403
Other (losses)/gains - net	<b>-1 798</b>	314	<b>-1 798</b>	3 615
<b>EBITDA</b>	<b>22 984</b>	30 725	<b>28 954</b>	45 827

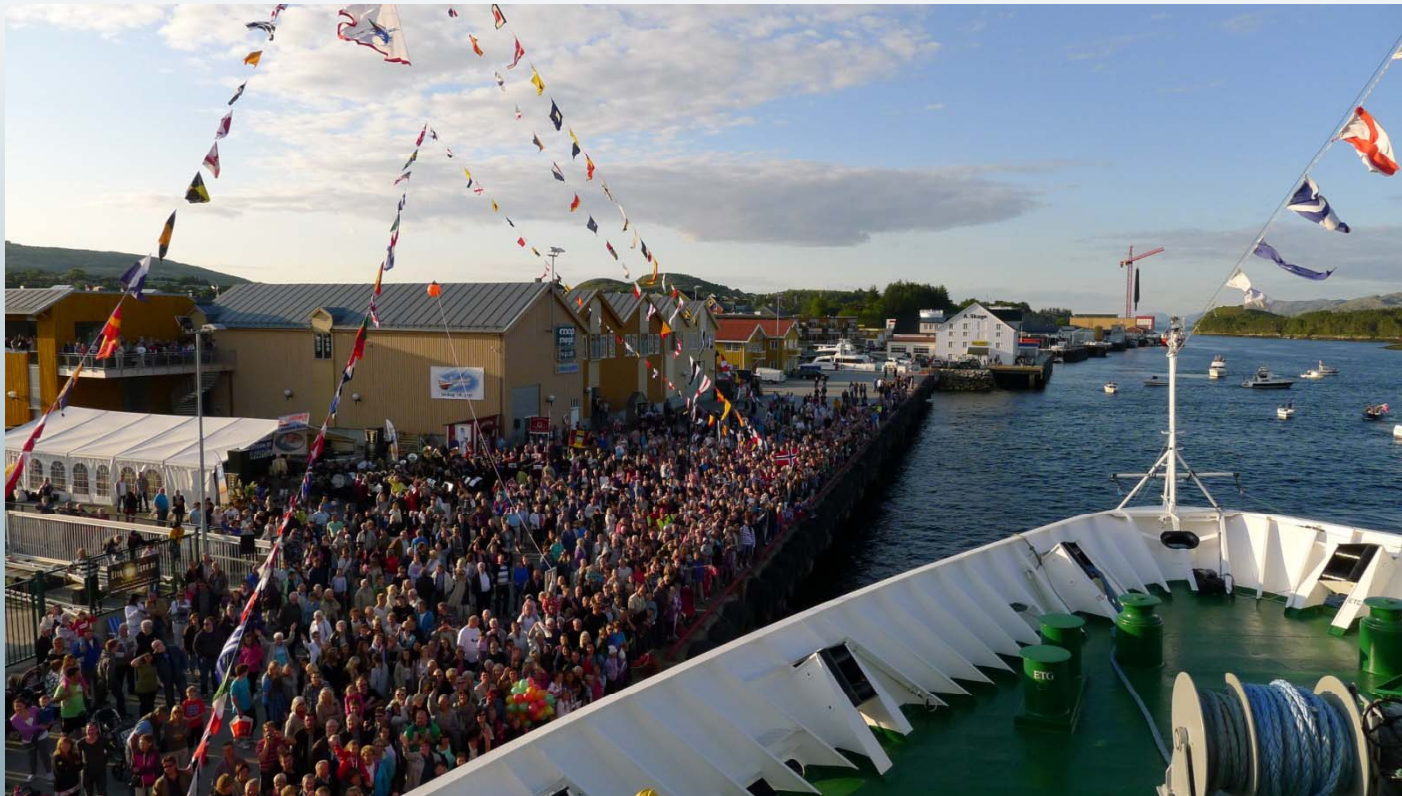
## Discontinued business

<b>Discontinued business</b> <i>(NOK 1 000)</i>	<b>Q2</b> <b>2011</b>	Q2 2010	<b>Year to date</b> <b>2011</b>	Year to date 2010
Fast ferries	<b>2 696</b>	9 280	<b>5 168</b>	9 780
Nor Lines group	<b>0</b>	-971	<b>0</b>	-7 683
<b>Profit/loss before tax</b>	<b>2 696</b>	8 309	<b>5 168</b>	2 097

# MEASURES AND PROSPECTS

## **“Hurtigruten minutt for minutt”**

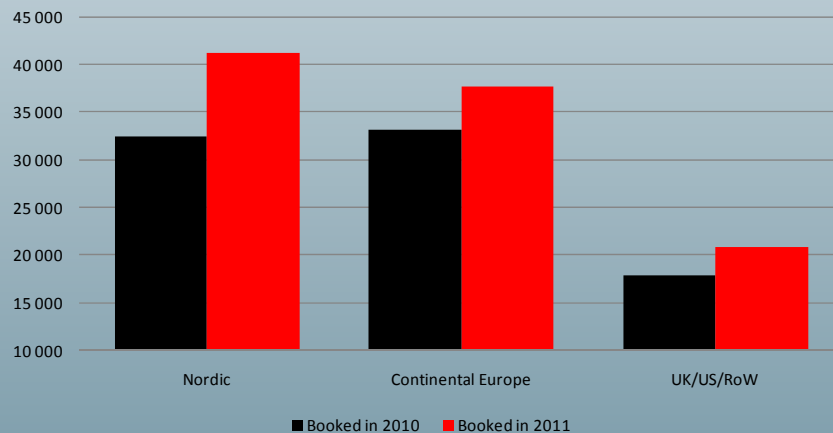
- 134 hours live TV**
- A fantastic celebration for Hurtigruten and for the Norwegian coast**



## “Hurtigruten minutt for minutt”

### - Positive consequences for Hurtigruten

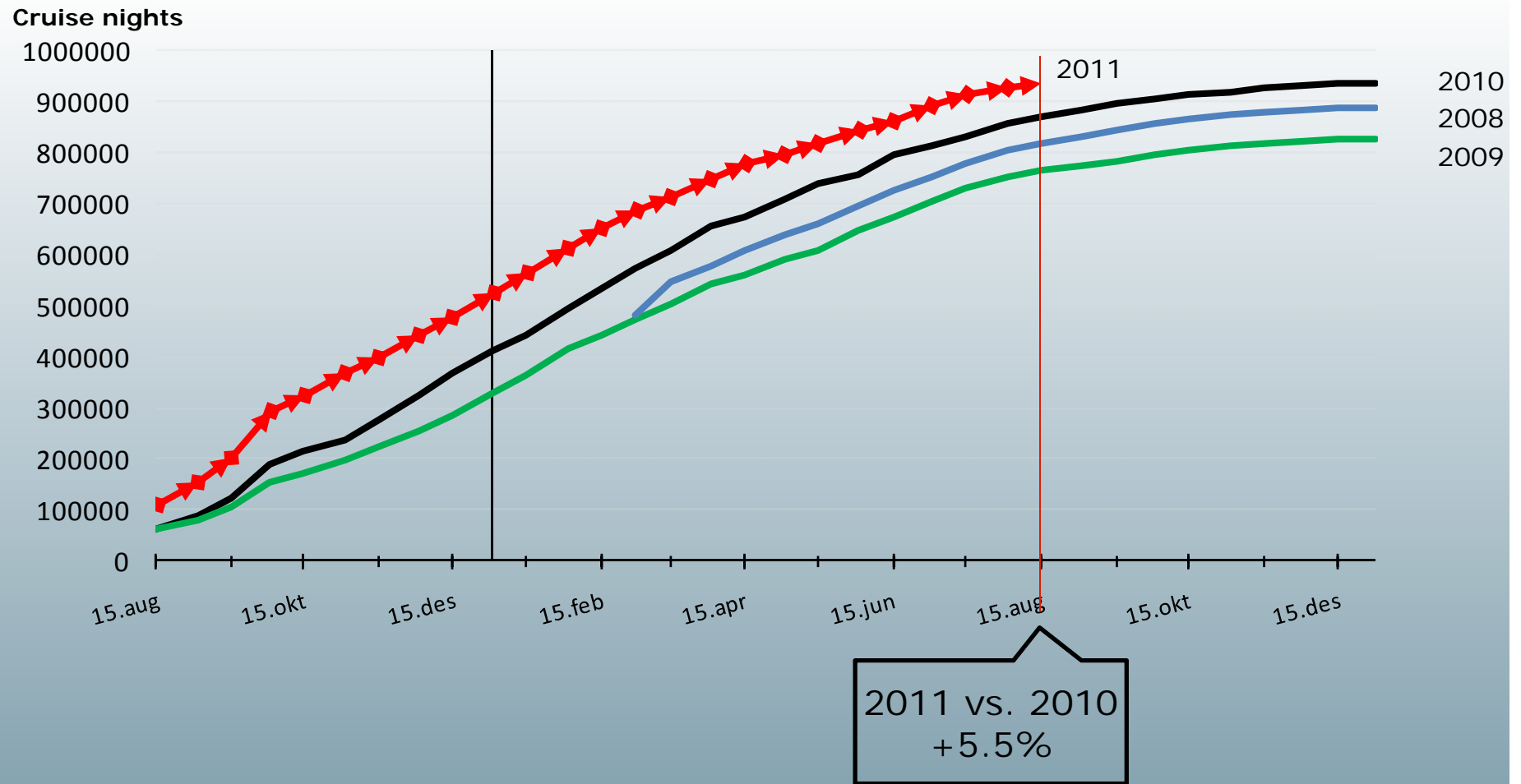
- Visits to [www.hurtigruten.no](http://www.hurtigruten.no) tripled in June from June 2010
- Nordic bookings made for future sailings increased by 45%\*
- 1 450 clips in 330 media (newspapers, radio and TV in Norway) during the program
- 70 000 new Facebook followers and trending topic on Twitter 3 days
- Viewers from 148 countries followed the program online
- More than 3 million viewers on TV, made it the most popular TV program in NRK2 ever.



\* New cruise nights booked between 16 June - 25 July 2011 vs. 2010

# 5.5% higher booking than last year

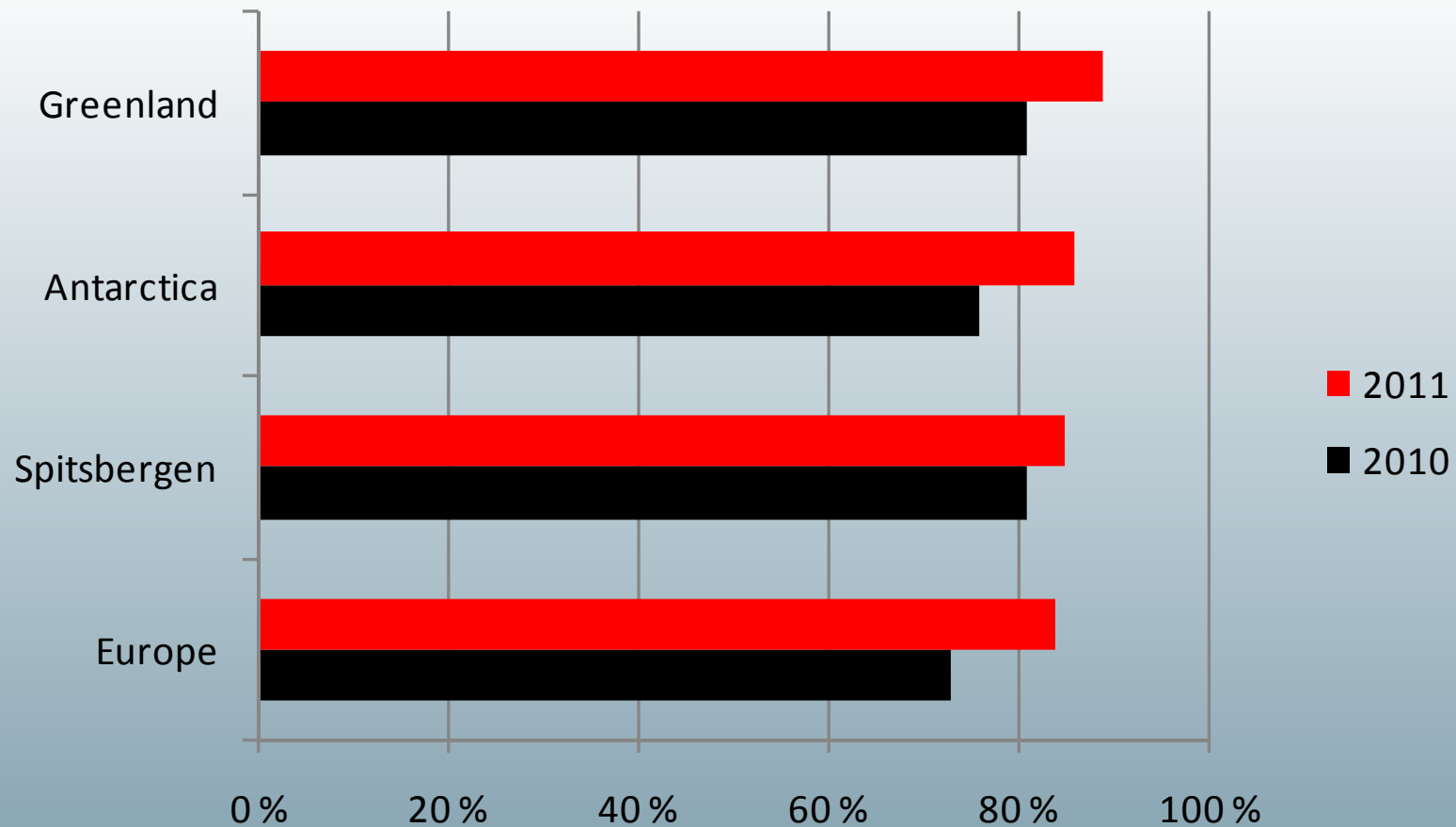
The development graph for pre booked CN (RT+PP)



\* Booking status as of 15 August 2011

# Positive development for explorer sailings with MV Fram

- Capacity utilization improved for all products



\* Booking status as of 15 August 2011

# Charter

- Current contract expires 30 October 2011
- Contract revenue AUD 135 million for 18 months
- Possible option up to 18 months
- EBITDA NOK 58 million in Q2 2011



## ESA issue



- ESA ruled on 29 June that current contract (amendment of October 2008) between Norwegian state and Hurtigruten represents illegal state aid
- Hurtigruten has recognized revenue of NOK 333 million as per Q2 of which NOK 130 million is received
- Hurtigruten will appeal

## Low profit due to non-recurring items

- Cost development under control
- No investment in new ship
- 10% more round trip cruise nights first half of 2011
- Significantly improved state contract from 1 January 2012

# APPENDIX



## Explorer products; - Solid Q2 with more guests and improved prices

<b>Explorer products</b> <i>(NOK 1 000)</i>	<b>Q2</b> <b>2011</b>	Q2 2010	<b>Year to date</b> <b>2011</b>	Year to date 2010
Passenger ticket revenues	<b>58 099</b>	27 192	<b>115 706</b>	92 091
Onboard revenues	<b>3 784</b>	2 460	<b>7 384</b>	6 316
Goods, cars and other revenues	<b>2 058</b>	9 838	<b>4 059</b>	10 295
<b>Total revenues</b>	<b>63 941</b>	39 490	<b>127 149</b>	108 701
Commissions, transportation and other	<b>15 155</b>	5 199	<b>31 536</b>	17 502
Onboard	<b>6 830</b>	3 269	<b>11 331</b>	7 230
Ship manning costs	<b>4 902</b>	5 502	<b>10 424</b>	10 666
Fuel	<b>6 104</b>	4 924	<b>14 244</b>	11 797
Other cruise operating costs	<b>12 018</b>	11 545	<b>17 681</b>	20 930
<b>Total cruise operating costs</b>	<b>45 009</b>	30 439	<b>85 216</b>	68 126
<b>S, G &amp; A</b>	<b>7 669</b>	10 527	<b>19 506</b>	21 228
<b>Total operating costs</b>	<b>52 678</b>	40 966	<b>104 722</b>	89 354
<b>EBITDA</b>	<b>11 263</b>	-1 476	<b>22 427</b>	19 348

# Spitsbergen

- Weaker due to cancellation of MV Polar Star season and lower prices

<b>Spitsbergen</b> <i>(NOK 1 000)</i>	<b>Q2</b> <b>2011</b>	Q2 2010	<b>Year to date</b> <b>2011</b>	Year to date 2010
Passenger ticket revenues	-1 609	32 173	-723	32 173
Onboard revenues	0	982	0	982
Other revenues	46 538	52 571	82 648	85 007
<b>Total revenues</b>	<b>44 929</b>	85 726	<b>81 925</b>	118 161
Commissions, transportation and other	1 221	3 935	2 205	4 740
Onboard	0	599	0	599
Ship manning costs	10 041	8 522	18 617	15 855
Other cruise operating costs	21 382	37 662	42 391	54 684
<b>Total cruise operating costs</b>	<b>32 645</b>	50 718	<b>63 213</b>	75 878
<b>S, G &amp; A</b>	<b>3 567</b>	7 767	<b>9 275</b>	15 769
<b>Total operating costs</b>	<b>36 211</b>	58 485	<b>72 489</b>	91 647
<b>EBITDA</b>	<b>8 717</b>	27 241	<b>9 436</b>	26 514