

Fourth quarter report 2019



Hurtigruten Group AS Consolidated Financial Statements

Published 29 February 2020

Continued strong revenue growth, record level EBITDA and the delivery of MS Fridtjof Nansen on the 20th of December

Highlights

- Revenue growth in Q4 2019 with total revenue increase of 25.8% to NOK 1,291 million (Q4 2018; NOK 1,027 million)
- Fourth quarter 2019 normalized adjusted EBITDA before other gains and losses of NOK 79 million (4Q 2018; NOK 45 million) which is an increase of 77%
- Fourth quarter 2019 reported EBITDA NOK -12.8 million (4Q 2018; NOK 27.8 million) which is a decrease of 41 million
- Revenue growth in 2019 with total revenue increase of 10.4% to NOK 5,992 million (Q4 YTD 2018; NOK 5,428 million)
- YTD Q4 2019 normalized adjusted EBITDA before other gains and losses of NOK 1,422 million (Q4 YTD 2018; NOK 1,225 million) which is an increase of 16.0%
- YTD Q4 2019 reported EBITDA increased by 2.5% to NOK 1,206 million (Q4 YTD 2019; NOK 1,176 million) driven by the introduction of MS Roald Amundsen in the Expedition segment
- Continued growth in occupancy in the Expedition segment with Q4 occupancy of 78.7% (Q4 2018: 73.7%)
- Stable performance Coastal segment with an increase of normalized adjusted EBITDA ending at NOK 221.8 million compared to NOK 184.6 million in Q4 2018 driven by growth in yield per PCN
- Good pre-booking levels for 2020 continues with especially good performance of our two new builds MS Roald Amundsen and MS Fridtjof Nansen

Key figures^{2,3}

<i>NOK 1 000</i>	4th quarter 2019	4th quarter 2018	% Change	01.01-31.12 2019	01.01-31.12 2018	% Change
Operational revenues	1 116 664	852 749	30.9 %	5 278 515	4 729 515	11.6 %
Contractual revenues	174 740	174 100	0.4 %	714 406	698 919	2.2 %
Total revenue	1 291 404	1 026 850	25.8 %	5 992 922	5 428 434	10.4 %
EBITDA	(12 853)	27 813	-146.2 %	1 205 893	1 176 281	2.5 %
Other gains/(losses) – net	(20 245)	21 136	-195.8 %	(55 492)	92 634	-159.9 %
EBITDA excl Other gains (losses)	7 393	6 677	10.7 %	1 261 385	1 083 647	16.4 %
Normalised adjusted EBITDA	79 050	44 654	77.0 %	1 421 604	1 225 046	16.0 %
Norwegian Coast						
PCNs	267 267	280 818	-4.8 %	1 313 956	1 353 146	-2.9 %
Gross ticket yield	2 243	2 028	10.6 %	2 735	2 554	7 %
Occupancy rate	70.9 %	73.8 %	-3 p.p.	81.2 %	83.8 %	-3 p.p.
Expedition						
PCNs	68 254	44 189	54.5 %	221 591	166 681	32.9 %
Gross ticket yield	6 782	5 466	24.1 %	6 040	5 612	8 %
Occupancy rate	78.6 %	73.7 %	5 p.p.	77.0 %	72.1 %	4.9 p.p.

¹ The 2018 figures in this report have been restated due to the implementation of IFRS16 1 of January 2019 with retroactive effect, see Note 7 for further information.

² The figures presented in this report are unaudited

³ Normalized adjusted EBITDA is calculated as Reported EBITDA excluding other gains and losses adjusted for cost and revenue items which is deemed extraordinary, exceptional, unusual or non-recurring.

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 16 expedition cruise vessels, where two new tailor-made expedition cruise vessels MS Roald Amundsen was delivered in June, while a second, MS Fridtjof Nansen, was delivered in December 2019. Hurtigruten opens a unique gateway to experiences all over the world from the Arctic to warmer waters and down to Antarctica and of course 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 and has operated expedition cruises since 1896 with the first sailing from Hammerfest to Svalbard. 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 <http://www.hurtigruten.no/>.

Hurtigruten has three business segments:

Hurtigruten Norwegian Coast



Expedition cruises



Landbased



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 segments customers are predominantly international adventure and expedition cruise 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 compared to 11 ships today. The segment accounted for 73% of group revenues for the full year of 2019.

Expedition cruises

The second largest segment offering unique expedition cruises using the vessels MS Roald Amundsen, MS Fram, MS Spitsbergen and MS Midnattsol (the latter two vessels alternating between the Norwegian Coast and Expedition cruises segments) as well as MS Nordstjernen which is leased and operated on the archipelago of Svalbard in the summer season. The Expedition cruises segment was strengthened in Q3 with the new purpose-built 530 pax. polar cruise ship MS Roald Amundsen and will be further strengthened by inclusion of sister-ship MS Fridtjof Nansen with first commercial sailings in Q1 2020.

The segment accounted for 22% of group revenues for the full year 2019. 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.

Landbased

Comprises year-round hotel and restaurant activities as well as Arctic experience tourism in Svalbard and Kirkenes. Hurtigruten Svalbard operates three hotels and an equipment store and Hurtigruten Barents the Landbased operation in Kirkenes. This segment accounted for 5% of the total revenues for the full year of 2019.

Group Function & other

This segment includes all the cost associated with the head office including group management. In addition, it includes all cost associated with supporting the operational business segments with strategy, funding, liquidity and other operational support. All cost related to the sales and marketing of the different segments is also included here and is not allocated to the different operational business segments as we have a group wide sales and marketing organisation.

Operational review

Hurtigruten had a strong operational and good financial performance in the fourth quarter of 2019 with a growth in Normalized adjusted EBITDA of 27.3% to NOK 79m. The growth is driven both by the inclusion of MS Roald Amundsen to the expedition fleet, giving an increased capacity, revenue and EBITDA growth in the Expedition segment.

Total reported EBITDA increased by NOK 29 million (2.5%) compared to full year 2018. The increase is mainly driven by the inclusion of MS Roald Amundsen in Q3 and strong performance in the Coastal segment in Q1.

Furthermore, Hurtigruten has invested in SG&A through marketing and increased FTEs within the sales and marketing departments and increasing our inhouse digital distribution capabilities to support the growing business. With the long presale period the sales and marketing department has to be scaled today for the capacity we are selling in 2020, 2021 and 2022 and as a result the SG&A is front loaded compared to the revenue.

Total Passenger Cruise Nights (PCN) for the two cruise segments increased with 3.2% in the fourth quarter of 2019 compared to the same period last year, mainly driven by increased volume in the Expedition segment.

For the 12 months in total the growth in PCN was 1.0% compared to last year. The occupancy decreased 2.2 pp. to 71.6% for the quarter compared to last year driven by lower occupancy in the Norwegian Coast segment. The increase in average yield more than offset the reduction in occupancy.

Expedition segment in the fourth quarter of 2019, the vessels MS Fram, MS Midnatsol and MS Roald

Amundsen operated in the Antarctica with sailings along the South-American coast and Antarctica.

Maritime operations continued to perform well across the company and there were no material incidents in the third quarter. A total of 307 missed port calls in the Coastal segment were registered in the third quarter, primarily due to adverse weather conditions and planned maintenance.

Pre-bookings for 2020 is supportive for our strategic direction of more volume allocated to the Expedition segment and continuing development of the Coastal product. The pre-bookings for our two new vessels MS Roald Amundsen and MS Fridtjof Nansen is showing a very good development. We continue to invest in the sales and marketing organization to support the future growth as we are increasing our capacity in the Expedition cruise segment in 2020,2021 and 2022.

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)	4th quarter	4th quarter	%	01.01-31.12	01.01-31.12	%
Total operating revenues	2019	2018	Change	2019	2018	Change
Hurtigruten Norwegian Coast	787 645	756 330	4.1%	4 364 631	4 211 025	3.6%
Expedition	463 018	241 556	91.7%	1 338 317	935 871	43.0%
Landbased	37 281	29 992	24.3%	298 232	295 028	1.1%
Group functions, Other and Eliminations	3 460	(1 028)	-436.4%	(8 258)	(13 490)	-99.9%
Total	1 291 404	1 026 850	25.8%	5 992 922	5 428 434	10.4%

Operating profit/(loss)

Hurtigruten Norwegian Coast	95 603	122 213	-21.8%	1 293 703	1 352 278	-4.3%
Expedition	112 267	33 031	239.9%	387 302	201 382	92.3%
Landbased	(25 984)	(19 279)	34.8%	12 561	23 564	-46.7%
Group functions, Other and Eliminations	(345 774)	(233 783)	47.9%	(1 035 637)	(887 025)	-100.0%
Total	(163 888)	(97 818)	-67.5%	657 929	690 199	-4.7%

EBITDA

Hurtigruten Norwegian Coast	197 798	194 458	1.7%	1 650 205	1 646 432	0.2%
Expedition	125 421	59 877	109.5%	470 403	297 526	58.1%
Landbased	(14 972)	(10 281)	45.6%	43 815	50 087	-12.5%
Group functions, Other and Eliminations	(321 100)	(216 241)	48.5%	(960 353)	(817 764)	17.4%
Total	(12 853)	27 813	-146.2%	1 204 070	1 176 281	2.4%

EBITDA margin

Hurtigruten Norwegian Coast	25.1 %	25.7 %	-6 p.p.	37.8 %	39.1 %	-1.3 p.p.
Expedition	27.1 %	24.8 %	2.3 p.p.	35.1 %	31.8 %	3.4 p.p.
Landbased	-40.2 %	-34.3 %	-5.9 p.p.	14.7 %	17.0 %	-2.3 p.p.
Group functions, Other and Eliminations	NM	NM		NM	NM	
Total	-1.0%	2.7%	-1.4 p.p.	20.1%	21.7%	-7.3 %

Normalized adjusted EBITDA

Hurtigruten Norwegian Coast	221 769	171 318	29.4 %	1 730 937	1 569 544	10.3 %
Expedition	159 612	67 235	137.4 %	550 430	335 885	63.9 %
Landbased	2 286	(10 341)	-122.1 %	60 901	49 870	22.1 %
Group functions, Other and Eliminations	(304 616)	(183 557)	66.0%	(920 664)	(730 253)	-100.0%
Total	79 050	44 654	77.0%	1 421 604	1 225 046	16.0%

Segment review

Hurtigruten Norwegian Coast

<i>NOK 1 000</i>	4th quarter 2019	4th quarter 2018	Change	01.01-31.12 2019	01.01-31.12 2018	Change
Operational revenues	612 905	582 230	5.3 %	3 650 225	3 512 106	3.9 %
Contractual revenues	174 740	174 100	0.4 %	714 406	698 919	2.2 %
Total revenue	787 645	756 330	4.1 %	4 364 631	4 211 025	3.6 %
EBITDA	197 798	194 458	1.7 %	1 650 205	1 646 432	0.2 %
Other gain/(losses) - net	(10 571)	21 512	-149.1 %	(57 199)	78 979	-172.4 %
EBITDA excl other gains/(losses)	208 369	172 946	20.5 %	1 707 404	1 567 453	8.9 %
Normalised adjusted EBITDA	221 769	171 318	29.4 %	1 730 937	1 569 544	10.3 %

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 2019	4th quarter 2018	01.01-31.12 2019	01.01-31.12 2018	Full year 2018
PCNs	267 267	280 818	1 313 956	1 353 146	1 353 146
APCNs	376 972	380 308	1 619 108	1 613 984	1 613 984
Occupancy rate	70.9%	73.8%	81.2%	83.8%	83.8%
Gross ticket revenues	599 517	569 359	3 593 794	3 455 655	3 455 655
Less:					
Commissions, costs of goods for flights, hotels, transportation and other passenger services	107 442	115 246	624 052	655 975	655 975
Food, beverage, shop, excursions	84 004	74 162	410 348	390 142	390 142
Net ticket revenues	408 071	379 952	2 559 394	2 409 538	2 409 538
Gross ticket revenues per PCN (NOK)	2 243	2 028	2 735	2 554	2 554
Net ticket revenues per PCN (NOK)	1 527	1 353	1 948	1 781	1 781
Ship operating costs	574 890	583 152	2 646 516	2 641 038	2 641 038
Selling, general and administrative expenses	4 408	86	10 597	2 534	2 534
Gross cruise costs	579 298	583 237	2 657 112	2 643 572	2 643 572
Less:					
Commissions, costs of goods for flights, hotels, transportation and other passenger services	107 442	115 246	624 052	655 975	655 975
Food, beverage, shop, excursions	84 004	74 162	410 348	390 142	390 142
Net cruise costs	387 852	393 830	1 622 712	1 597 456	1 597 456
Net cruise costs per APCN (NOK)	1 029	1 036	1 002	990	990
Fuel consumption (liter/nautical mile)	82.1	78.6	80.3	78.0	78.0
Fuel cost per liter	7.04	5.63	7.22	6.36	6.36

Operational revenue excluding the contractual income from the Norwegian state agreement, increased by NOK 30.6 million, or 5.3%, to NOK 613 million in fourth quarter compared to same quarter last year. The operating revenue for full year amounted to NOK 4.364 million compared to 4.211 million in the same period last year. Decreased occupancy in Q4 is mostly driven by taking the strategic decision to increase the prices of our very attractive winter cruise product. Reduced occupancy for Q4 compared to Q4 2018 of 2.9p.p to 70.9%. The decrease in occupancy has been more than offset by the increase in yield.

The reduction on occupancy during Q4 and Q3 has also given rise for an overall reduction in occupancy for full year 2019, with a decrease to 81.2% compared to 83.8% for full year 2018, with a decrease in Passenger Cruise Nights (PCN) of 2.4%. This has been more than offset by increased yield.

Net ticket revenue per PCN increased by 12.8% to NOK 1,527 in fourth quarter compared to same

quarter last year, while full year net ticket revenue per PCN increased by 9.4%. The increase in net ticket revenue is driven by a combination of passenger mix (Less focus on low yielding on-deck passengers), higher prices, increased sales of excursions. Gross ticket revenue per PCN increased with 10.6% to 2.243 in the fourth quarter compared to same quarter last year, while the full year of 2019 gave an increase of 7.1%

Net cruise cost per Available Passenger Cruise Night (APCN) decreased with 0.6% to NOK 1.029 in fourth quarter compared to same period last year, while for the full year 2019 this ended at NOK 1.002 compared to NOK 990 to same period last year which was driven by higher fuel prices and somewhat higher crew costs.

Expedition cruises

<i>NOK 1 000</i>	4th quarter 2019	4th quarter 2018	Change	01.01-31.12 2019	01.01-31.12 2018	Change
Operational revenues	463 018	241 556	91.7 %	1 338 317	935 871	43.0 %
Total revenue	463 018	241 556	91.7 %	1 338 317	935 871	43.0 %
EBITDA	125 421	59 877	109.5 %	470 403	297 526	58.1 %
Other gain/(losses) - net	(3 433)	423	-910.7 %	2 759	13 878	-80.1 %
EBITDA excl other gains/(losses)	128 854	59 453	116.7 %	467 643	283 647	64.9 %
Normalised adjusted EBITDA	159 612	67 235	137.4 %	550 430	335 885	63.9 %

<i>NOK 1 000 Except for PCNs, APCNs, rate, fuel consumption and fuel cost per</i>	4th quarter 2019	4th quarter 2018	01.01-31.12 2019	01.01-31.12 2018	Full year 2018
PCNs	68 254	44 189	221 591	166 681	166 681
APCNs	86 723	59 972	287 696	231 088	231 088
Occupancy rate	78.7 %	73.7 %	77.0 %	72.1 %	72.1 %
Gross ticket revenues	462 910	241 556	1 338 466	935 483	935 483
Less:					
Commissions, costs of goods for flights, hotels, transportation and other passenger services	142 825	75 191	348 113	271 269	271 269
Food, beverage, shop, excursions	27 022	19 728	75 150	55 032	55 032
Net ticket revenues	293 063	146 636	915 203	609 183	609 183
Gross ticket revenues per PCN (NOK)	6 782	5 466	6 040	5 612	5 612
Net ticket revenues per PCN (NOK)	4 294	3 318	4 130	3 655	3 655
Ship operating costs	330 980	181 819	866 698	651 272	651 272
Selling, general and administrative expenses	3 184	283	3 976	952	952
Gross cruise costs	334 164	182 102	870 673	652 224	652 224
Less:					
Commissions, costs of goods for flights, hotels, transportation and other passenger services	142 825	75 191	348 113	271 269	271 269
Food, beverage, shop, excursions	27 022	19 728	75 150	55 032	55 032
Net cruise costs	164 317	87 183	447 411	325 924	325 924
Net cruise costs per APCN (NOK)	1 895	1 454	1 555	1 410	1 410
Fuel consumption (liter/nautical mile)	95.3	95.0	87.3	83.1	83.1
Fuel cost per liter	7.66	6.41	6.81	5.99	5.99

The Expedition segment had a very strong performance on all parameters which is driven by the introduction of MS Roald Amundsen in Q3. This state-of-the-art vessel had her first sailing 2nd of July. The strong growth will continue into 2019 with the high yielding Antarctica season with increased capacity. Available Passenger Cruise Nights (APCN) increased with 53%, and with an increase of 0.7 ppt in occupancy to 74.4% in Q4 2019 compared to Q4 2018 the segment delivered 55% increase in passenger cruise nights sold.

The gross ticket revenue was NOK 463 million in the fourth quarter of 2019, an increase of 221 million compared with fourth quarter of 2018. For the full year, gross ticket revenue is up with 402 million to 1,338 million. Net ticket revenue increased with 146m in fourth quarter compared with same period last year.

Net cruise cost per available passenger cruise night (APCN) increased by 23.1% in fourth quarter, due to Amundsen was in docking in Vancouver and cancelation of two sailings thereafter has given this increase. However, normalized for these items, APCN was in line with last year, while YoY the increase was 8.4% compared to 2018

Fourth quarter Segment EBITDA was NOK 125 million, an increase of 109% from NOK 60 million in the same period in 2018. For the full year 2019 EBITDA was up with 58.1% compared to same period in 2018.

This segment will continue to perform very well and further growth is expected with the introduction of the MS Fridtjof Nansen in Q1 2020 and with the strong pre booking levels.

Landbased

The Landbased segment comprises year-round hotel and restaurant activities as well as Arctic experience tourism in Svalbard in addition operations in Hurtigruten Barents which is excursions and other services in our turn around port of Kirkenes. Hurtigruten Svalbard operates three hotels and an equipment store.

NOK 1 000	4th quarter 2019	4th quarter 2018	Change	01.01-31.12 2019	01.01-31.12 2018	Change
Operational revenues	37 281	29 992	24.3 %	298 232	295 028	1.1 %
Total revenue	37 281	29 992	24.3 %	298 232	295 028	1.1 %
EBITDA	(14 972)	(10 281)	45.6 %	43 815	50 087	-12.5 %
Other gain/(losses) - net	48	60	-20.1 %	221	217	1.6 %
EBITDA excl other gains/(losses)	(15 020)	(10 341)	45.2 %	43 595	49 870	-12.6 %
Normalised adjusted EBITDA	2 286	(10 341)	-122.1 %	60 901	49 870	22.1 %

The Landbased segment had fourth quarter of revenue of NOK 37.2 million, against NOK 30.0 million in fourth quarter last year.

full year of 2018. The decrease is driven by start-up costs related to Hurtigruten Barents.

The segment EBITDA decreased with NOK 4.7m compared to Q4 2018, whereas the full year of 2019 had a decrease of NOK 6.2 million compared to the

Group Functions, Other and Eliminations

NOK 1 000	4th quarter 2019	4th quarter 2018	Change	01.01-31.12 2019	01.01-31.12 2018	Change
Operational revenues	3 460	(1 028)	-436.4 %	(8 258)	(13 490)	-38.8 %
Total revenue	3 460	(1 028)	-436.4 %	(8 258)	(13 490)	-38.8 %
EBITDA	(321 100)	(216 241)	48.5 %	(960 353)	(817 764)	17.4 %
Other gain/(losses) - net	(6 289)	(860)	631.6 %	(1 273)	(441)	188.6 %
EBITDA excl other gains/(losses)	(314 811)	(215 381)	46.2 %	(959 080)	(817 323)	17.3 %
Normalised adjusted EBITDA	(304 616)	(183 557)	66.0 %	(922 487)	(730 253)	26.3 %

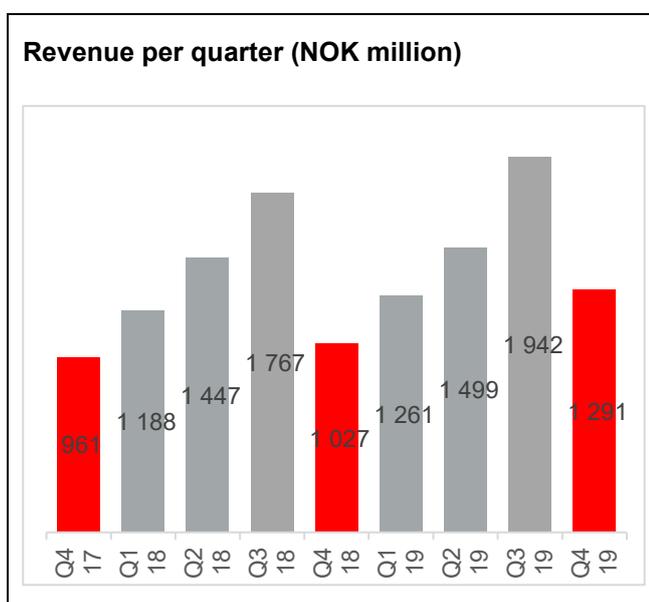
The supporting segment Group Functions has a net negative EBITDA of NOK 321 million in Q4 which is an increase of 48.5% from same period last year, and an increase for the full year 2019 with 17.2% compared to full year 2018. The quarterly increase is driven by timing larger sales campaigns from Q3 to Q4 compared to last year and the increased capacity that we have in 2020, 2021 and 2022. The capacity in the Expedition segment is

going to increase substantially over the coming years which drives the marketing cost Y/Y. In addition, we have also increased the number of FTEs in the sales, marketing and digital department to support the growing business and to increase focus on digital distribution channels. Due to the long presale period the sales and marketing department had to be scaled in 2019 for the capacity we are selling in 2020, 2021 and 2022.

Financial review

The financial information for the full year ended 31 December 2019 discussed below is derived from the unaudited consolidated financial statements of Hurtigruten Group AS as of this date and the unaudited restated (IFRS 16) twelve months ended at 31 December 2018.

Profit and loss



Group revenue increased by NOK 10.4%, or NOK 564 million to NOK 5,992 million for the full year 2019 compared to 2018. Group revenue increased by NOK 25.8% or NOK 264 million to NOK 1,291 million in the fourth quarter of 2019 compared to fourth quarter of 2018. The increase in revenue was mainly due to the inclusion of MS Roald Amundsen in to Hurtigruten's portfolio.

Personnel expenses related to crew was NOK 225 million an increase of 13% year over year. Driven by the increase on expedition segment with the inclusion of MS Roald Amundsen. Personnel expenses related to sales and support personnel was NOK 126m an increase of 19% driven by increased number of FTEs. This is a strategic decision to facilitate the expansion in relation to the increased volume in the Expedition segments over the next years. Total personnel cost in the fourth quarter 2019 saw an increase of NOK 45 million compared to same period last year, totalling NOK 351 million.

Specification of other operating costs

	4th quarter	4th quarter	%	01.01-31.12	01.01-31.12	%
(NOK 1 000)	2019	2018	change	2019	2018	change
Cost of goods sold	(273 592)	(207 519)	31.8 %	(1 057 025)	(996 689)	6.1 %
Operating costs (ex fuel)	(275 998)	(244 224)	13.0 %	(1 146 829)	(1 099 155)	4.3 %
Fuel costs	(153 938)	(139 517)	10.3 %	(602 981)	(556 418)	8.4 %
Sales and administrative costs	(229 391)	(123 266)	86.1 %	(601 164)	(486 046)	23.7 %
Total	(932 919)	(714 525)	30.6 %	(3 407 999)	(3 138 309)	8.6 %

Other operating costs were NOK 932 million in the fourth quarter of 2019 (NOK 714 million), an increase of 30.6% from the same period last year. For the full

year of 2019 total other operating costs was NOK 3,408 million, an increase of 8.6% from 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. The Cost of goods sold increased with 31.8% compared to same quarter last year, with a full year increase of 6.1 % which is mainly driven by full quarter of MS Roald Amundsen, while cost efficiency focus has kept the remainder of cost low.

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 increased with 10.3% compared to same period last year is primarily due increase in sales (commission) and increased other operating cruise cost connected mostly connected with the delayed introduction of the MS Roald Amundsen in Q2.

Fuel costs in the quarter increased with 10.3% to NOK 154 million, compared to the same quarter last year, due to two reason. One more vessel in the fleet and the increase of the underlying cost of marine gas oil, where we also see the similar effect on the full year with a total increase of 8.4%.

Fourth quarter depreciation, amortization and impairment were increased with 30m totalling NOK 151 million (NOK 126 million in 2018), while for the full year 2019 was NOK 548 million vs. NOK 486 million in 2018. Main reason for the increase is due to depreciation connected to MS Roald Amundsen and slight increased depreciation on refurbished vessels.

Sales and administrative costs increased with 86% in the fourth quarter compared to last year (24% YoY), primarily as a result of earlier groupwide initiatives in Q4 and less activity for Q1 next year compared to last year. However, in general there is an increased sales and marketing and administrative expenses related to the investment in future growth in capacity.

Net other gains and losses for the fourth quarter was a loss of NOK 20 million (gain of NOK 21 million in 2018), where YoY is a net loss of NOK 55 million compared to net gain of 92 in 2018. Other gains and losses consist mainly of realized gains and losses on bunker derivatives.

The fourth quarter 2019 operating loss was NOK 164 million, compared to NOK 98 million in the same period last year. The underlying operating profit adjusted for P&L items related to hedging items was

NOK 144 million in fourth quarter compared to loss of NOK 119 million in the same period last year. The main driver is timing of Marketing costs where the bulk of the autumn campaign cost came in Q4 2019 compared to Q3 2018.

Net financial items were NOK -18.6 million (NOK -416 million) in the fourth quarter. In Q4 2018 the previous EUR bond gave us a non-cash financial gain due to strengthening of the NOK vs. the EUR. Cash interest costs in the quarter has only increased slightly compared to last year due to reduced effective interest rates on borrowings, while increased debt due to financing MS Fridjof Nansen offset this slightly. The previous facility of 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. Finance income has increased to NOK 499 million for the full year 2019 compared with NOK 60 million in same period last year which is driven by fluctuations in the NOK vs. EUR.

Income tax in the period was a tax expense of NOK 15 million (compared to a tax income of NOK 451 million in 2018). For the full year the tax expense totals 729 million compared to tax income of 400million in same period in 2018. The tax expense relates to the implementation of the tax tonnage regime and is offset by the tax gain which was booked in Q4 2018 report of NOK 451m.

Net loss for the full year of 2019 was NOK 255 million, compared to a gain of NOK 449 million in the same period last year, driven by the tax effect in Q1 2019 and gain in Q4 2018. However, the fourth quarter profit before tax improved with 332 million ended with a loss of NOK 183 million, compared to loss of 515 million in same period last year. Profit before tax for full year 2019 also improved with NOK 423 million ending on NOK 473 million.

Financial position and liquidity

Cash flow

Net cash outflow from operating activities in the fourth quarter was NOK 1 million (inflow of NOK 1,270 million 12 months), compared with a net cash outflow from operations of NOK -2 million in the same period of 2018 (inflow of NOK 1,009 million for full

year 2018). The increase for the year is primarily due to increased growth in EBITDA.

Net cash flow used in investing activities was NOK -1,751 million compared to 852 in same period last year. Main reason for the increase both in the quarter was the delivery of MS Fridtjof Nansen in Q4 and for YoY also includes investment in to MS Roald Amundsen delivered in for Q2. Other adjustments in investing activities include settlement of financial derivatives and change in restricted funds.

The Group expects normalized annual maintenance capital expenditures for the vessels to be around NOK 225 million based on current operations and will increase to NOK 250 million with the delivery of MS Fridtjof Nansen.

Net cash inflow from financing activities was NOK 1,664 million in fourth quarter compared to NOK 749 million in same period last year, while for 12 months had a net inflow of NOK 2,471 million (net inflow of NOK 410 million in 2018), comprising primarily of increased loan to finance the purchase of Roald Amundsen in Q2 and MS Fridtjof. Nansen in Q4.

Net decrease in cash for full year 2019 was NOK 14 million (outflow of NOK 125 million for Q4), compared to an increase of NOK 67 million in the same period last year (outflow NOK 105 million for Q4 2018).

Cash and cash equivalents in the cash flow statement totalled NOK 373 million at 31st of December 2019 (NOK 384 million in 2018). Cash and cash equivalents in the statement of financial position, including restricted funds, totalled NOK 463 million at 31 December 2019 compared to NOK 561 million in 2018. At 31 December 2019, the Group had additional available liquidity through the EUR 85 million Revolving Credit Facility.

Balance sheet

Total assets amounted to NOK 13,602 million at 31 December 2019, an increase of NOK 3,542 million from year end 2018. Non-current assets increased with NOK 3,604 million since year end 2018 due to

the delivery of MS Roald Amundsen, MS Fridtjof Nansen and the internal (Silk Topco group) purchase of MS Richard With and MS Nordlys.

Current asset amounted to NOK 1,113 million, and was fairly stable compared to 31 December 2018, where we saw a decrease of NOK 62 million, primarily due to the decrease of cash and cash equivalents offset by increased Trade receivables.

Total book equity at the end of the year was NOK 579 million vs. NOK 686 million at 31 December 2018. The change in equity is due to net profit in the period, offset by positive changes in the Groups cash flow hedges. The driver of the negative income was the tax effect of moving to the tax tonnage regime, with a tax realization on the vessel's valuations driving the tax cost which is related to the positive tax cost in the 2018 accounts.

The equity ratio at 31 December 2019 was 4.2% vs. 6.8% at year-end 2018. The equity level is expected to improve in 2020.

Total non-current liabilities amount to NOK 9,851 million as per 31 December 2019, an increase of NOK 2,354 million from NOK 7,497 million at year end 2018. The increase is due to new borrowings to finance the purchase of MS Roald Amundsen

Current liabilities excluding borrowings were NOK 2,843 million, increase by NOK 1,026 million since year end 2018. The increase is associated with sale leaseback of MS Nordlys and MS Richard With and will be reversed in Q1 2020.

Off-balance sheet items

Hurtigruten Group AS has been guarantor (unsecured guarantee) for the construction loans drawn by Kleven Yard AS ("Kleven") in connection with the building of the ships MS Fridtjof Nansen. This is no longer the case after the delivery of MS Fridtjof Nansen. Hurtigruten Group AS has no other material off-balance sheet items.

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 especially during the winter season. Group Pre-bookings for 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. For 2020 we have booked NOK 3,615 m compared to 3,315 last year which is an increase of 9%.

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.

It is too early to estimate a potential indirect and direct impact of the corona virus. We have seen a slightly uptick in cancellations compared to same time last year which also reflects the increased capacity, but this will not materially affect our business. However, Hurtigruten is part of the global travel industry and it is still early to estimate the total potential indirect impact of the corona virus. Since Hurtigruten is sailing to destinations with limited corona virus presence and sources our guests globally from multiple markets, we are of the opinion that we will be less affected compared to other cruise segments.

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 statements¹

Condensed consolidated income statement

Unaudited

(NOK 1 000)	Note	4th quarter 2019	4th quarter % 2018	Change	01.01-31.12 2019	01.01-31.12 % 2018	Change
Operating revenues		1 116 664	852 749	30.9 %	5 278 515	4 729 515	11.6 %
Contractual revenues		174 740	174 100	0.4 %	714 406	698 919	2.2 %
Total Revenues		1 291 404	1 026 850	25.8 %	5 992 922	5 428 434	10.4 %
Payroll costs		(351 092)	(305 647)	14.9 %	(1 323 537)	(1 206 479)	9.7 %
Depreciation, amortisation and impairment		(151 036)	(125 630)	20.2 %	(547 964)	(486 082)	12.7 %
Other operating costs		(932 919)	(714 526)	30.6 %	(3 407 999)	(3 138 309)	8.6 %
Other (losses)/gains – net		(20 245)	21 136		(55 492)	92 634	
Operating profit/(loss)		(163 888)	(97 818)	67.5 %	657 930	690 199	-4.7 %
Operating profit/(loss) before depreciation, amortisation and impairment losses (EBITDA)		(12 853)	27 813	-146.2 %	1 205 893	1 176 281	2.5 %
Finance income		235 098	(106 921)	319.9 %	359 660	59 798	501.5 %
Finance expenses		(253 691)	(309 416)	-18.0 %	(545 385)	(700 839)	-22.2 %
Net financial items	6	(18 593)	(416 337)		(185 725)	(641 040)	
Share of profit/(loss) of associates		(679)	(1 223)	44.5 %	1 232	596	106.7 %
Profit/(loss) before income tax		(183 160)	(515 379)	-64.5 %	473 436	49 754	851.6 %
Income tax expense		(15 012)	451 798	103.3 %	(728 674)	399 719	282.3 %
Profit/(loss) for the period		(198 172)	(63 581)	-211.7 %	(255 238)	449 472	-156.8 %
Profit/(loss) for the year attribute to							
Owners of the parent		(194 227)	(63 581)		(247 768)	449 472	
Non-controlling interests		(3 945)	-		(7 469)	-	

¹The 2018 figures in this report have been restated due to the implementation of IFRS16 1 of January 2019 with retroactive effect, see Note 7 for further information.

Condensed consolidated statement of comprehensive income

Unaudited

<i>(NOK 1 000)</i>	<i>Note</i>	4th quarter 2019	4th quarter 2018	01.01-31.12 2019	01.01-31.12 2018	Full year 2018
Profit/(loss) for the period		(198 172)	(63 581)	(255 238)	449 472	449 472
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		(2 471)	(4 173)	(2 471)	(3 827)	(3 827)
Fair value adjustments on financial instruments		-	13 485	(2 327)	(28 015)	(28 015)
Sum		(2 471)	9 312	(4 798)	(31 842)	(31 842)
Items that will be reclassified to profit or loss in subsequent periods:						
Cash flow hedges, net of tax		41 588	(155 770)	138 206	(173 450)	(173 450)
Currency translation differences		21 104	1 774	3 341	(2 792)	(2 792)
Sum		62 692	(153 996)	141 547	(176 242)	(176 242)
Total comprehensive income for the period		(137 951)	(208 265)	(118 489)	241 388	241 388

Condensed consolidated statement of financial position

Unaudited

<i>(NOK 1 000)</i>	<i>Note</i>	31.12. 2019	31.12. 2018
ASSETS			
Non-current assets			
Property, plant and equipment including right of use asset		8 822 983	4 827 249
Intangible assets		2 738 662	2 653 228
Deferred income tax assets		9 167	670 153
Other non-current assets		917 697	733 501
Total non-current assets		12 488 509	8 884 131
CURRENT ASSETS			
Inventories		175 400	185 390
Trade and other receivables	7	465 970	428 353
Derivative financial instruments	7	8 162	-
Cash and cash equivalents	7	463 879	561 576
Total current assets		1 113 410	1 175 318
Total assets		13 601 919	10 059 450
EQUITY			
Paid -in capital		1 827 646	1 827 646
Other equity		(1 247 574)	(1 141 400)
Non-controlling interests		(986)	-
Total equity		579 087	686 246
LIABILITIES			
Non-current liabilities			
Interest-bearing debt	5,7	9 569 841	7 140 494
Prepaid travels with departure dates beyond one year		116 710	103 555
Derivative financial instruments	7	7 571	57 351.46
Other non-current liabilities		157 040	195 640
Total non-current liabilities		9 851 162	7 497 040
Current liabilities			
Trade and other liabilities	7	1 898 023	850 372
Prepaid travels with departure date within one year		904 823	708 425
Interest-bearing debt	5,7	328 099	116 779
Derivative financial instruments		25 083	140 310
Other current liabilities		15 643	60 278
Total current liabilities		3 171 670	1 876 163
Total equity and liabilities		13 601 919	10 059 449

Condensed consolidated statement of changes in equity

Unaudited¹

	01.01-31.12.2019				
	Attributable to shareholders of Hurtigruten Group AS				
<i>(in NOK 1 000)</i>	Paid -in capital	Other equity	Total	Non- controlling interests	Total Equity
Equity at beginning of the period	1 827 646	(1 141 400)	686 246		686 246
Total comprehensive income	-	(111 020)	(111 020)	(7 469)	(118 489)
Other changes	-	4 845	4 845	-	4 845
Non-controlling interests	-	-	-	6 484	6 484
Equity at the close of the period	1 827 646	(1 247 574)	580 072	(986)	579 086

	01.01-31.12.2018		
	Attributable to shareholders of Hurtigruten Group AS		
<i>(in NOK 1 000)</i>	Paid -in capital	Other equity	Total Equity
Equity at beginning of the period	1 827 646	(1 382 788)	444 858
Total comprehensive income	-	241 388	241 388
Equity at the close of the period	1 827 646	(1 141 400)	686 246

¹ In April 2019 Hurtigruten bought 50% shareholder of Artic Secret holding AS, which owns companies that service Landbased activity in Kirkenes. The co-owners receive their share of profit for this sub-group.

Condensed consolidated statement of cash flows

Unaudited

<i>(in NOK 1 000)</i>	4th quarter 2019	4th quarter 2018	01.01-31.12 2019	01.01-31.12 2018
Cash flows from operating activities				
Profit/(loss) before income tax	(181 250)	(515 922)	473 436	49 210
Adjustments for:				
Depreciation, amortisation and impairment losses	151 217	124 416	547 963	484 867
Interest expenses	57 172	85 336	309 902	558 522
Change in working capital ²	(51 069)	(167 618)	(14 154)	(166 608)
Change in prepaid travels	128 123	53 977	200 894	48 855
Other adjustments ¹	(105 249)	417 829	(238 530)	33 945
Net cash flows from (used in) operating activities	(1 056)	(1 983)	1 279 512	1 008 791
Cash flows from investing activities				
Purchase of property, plant, equipment (PPE)	(1 897 126)	(83 840)	(3 572 078)	(262 546)
Purchase of intangible assets	(42 246)	(15 679)	(135 779)	(69 087)
Advance payment of PPE	132 872	(66 687)	(84 667)	(239 346)
Loans to Group companies	-	(610 360)	(37 087)	(683 539)
Other adjustments	55 256	(75 680)	63 805	(84 714)
Net cash flows from (used in) investing activities	(1 751 244)	(852 246)	(3 765 806)	(1 339 232)
Cash flows from financing activities				
Proceeds from borrowings	1 710 568	922 624	3 075 998	1 317 316
Repayment of borrowings	(22 471)	(106 688)	(291 125)	(333 395)
Transactions with non controlling entities	-	-	6 282	-
Interest paid	(23 767)	(54 812)	(319 202)	(573 829)
Net cash flows from (used in) financing activities	1 664 331	749 215	2 471 953	410 092
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(87 969)	(105 014)	(14 342)	67 741
Cash and cash equivalents at the beginning of period	443 737	484 093	384 583	337 979
Foreign exchange gains/(losses) on cash, cash equivalents and bank overdrafts	17 603	5 505	3 129	(21 137)
Cash and cash equivalents at end of period	373 370	384 583	373 370	384 583

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 2018.

The annual report 2018 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 2018.

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 33 million in nitrogen dioxide tax is recognised in financial statements for the full year of 2019, as compared to NOK 23 million in same period in 2018. The main reason for the increase is due to the price increase per kg.

Note 4 Segments

Unaudited

<i>(in NOK 1 000)</i>	Norwegian Coast		Expedition cruises		Landbased	
	4th quarter	4th quarter	4th quarter	4th quarter	4th quarter	4th quarter
	2019	2018	2019	2018	2019	2018
Operating revenues	612 905	582 230	463 018	241 556	37 281	29 992
Contractual revenues	174 740	174 100	-	-	-	-
Total operating revenues	787 645	756 330	463 018	241 556	37 281	29 992
Payroll costs	(167 180)	(163 828)	(49 332)	(27 293)	(20 631)	(18 124)
Depreciation and impairment losses	(102 195)	(72 245)	(13 154)	(26 846)	(11 012)	(8 998)
Other operating costs	(412 096)	(419 556)	(284 832)	(154 809)	(31 670)	(22 210)
Other (losses)/gains – net	(10 571)	21 512	(3 433)	423	48	60
Operating profit/(loss)	95 603	122 213	112 267	33 031	(25 984)	(19 279)
EBITDA	197 798	194 458	125 421	59 877	(14 972)	(10 281)

<i>(in NOK 1 000)</i>	Group functions, Other and Eliminations		Hurtigruten Group	
	4th quarter	4th quarter	4th quarter	4th quarter
	2019	2018	2019	2018
Operating revenues	3 460	(1 028)	1 116 664	852 749
Contractual revenues	-	-	174 740	174 100
Total operating revenues	3 460	(1 028)	1 291 404	1 026 850
Payroll costs	(113 950)	(96 402)	(351 092)	(305 647)
Depreciation and impairment losses	(24 674)	(17 542)	(151 036)	(125 630)
Other operating costs	(204 321)	(117 951)	(932 919)	(714 526)
Other (losses)/gains – net	(6 289)	(860)	(20 245)	21 136
Operating profit/(loss)	(345 774)	(233 783)	(163 888)	(97 818)
EBITDA	(321 100)	(216 241)	(12 853)	27 813

Note 5 Interest-bearing Debt

Unaudited

	31.12. 2019	31.12. 2018
<i>(Figures stated in NOK 1000)</i>		
Long term interest-bearing debt		
Collateralized borrowings	9 034 845	6 905 950
Financial lease ¹	116 942	233 642
Credit facilities	417 144	-
Other borrowings	910	902
Total	9 569 841	7 140 494
Short term interest bearing debt		
Collateralized borrowings	280 517	4 913
Financial lease ¹	47 401	111 866
Credit facilities	-	0
Other borrowings	181	-
Total	328 099	116 779
Total outstanding interest-bearing debt	9 897 940	7 257 273

¹ The accounts for lease-contracts in reference to IFRS 16 are reflected in the financial lease, while items that are classified as borrowings from IFRS9 are reflected within borrowings and credit facilities.

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.

Maturity Profile

	31.12. 2019	31.12. 2018
<i>(Figures stated in NOK 1000)</i>		
Less than one year	300 580	116 779
Year 2 and 3	562 218	217 973
Year 4 and 5	1 241 529	168 082
More than 5 years	8 004 059	6 888 619
Total Interest-bearing debt	10 108 386	7 391 453

Note 6 Net Financial items

Unaudited

<i>(NOK 1000)</i>	4th quarter 2019	4th quarter 2018	01.01-31.12 2019	01.01-31.12 2018
Interest income on current bank deposits	(4 978)	11 610	5 176	24 122
Foreign exchange gains	211 057	(135 388)	288 646	15 289
Other financial income	29 019	16 858	65 838	20 387
Finance income	235 098	(106 921)	359 660	59 798
Interest expense and amortized borrowing fees	(62 345)	(66 052)	(315 078)	(539 238)
Foreign exchange losses	(182 353)	(242 729)	(210 341)	(156 132)
Other finance expenses	(8 993)	(635)	(19 966)	(5 469)
Finance expenses	(253 691)	(309 416)	(545 385)	(700 839)
Net Financial items	(18 593)	(416 337)	(185 725)	(641 040)

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 2019:

<i>(Figures stated in NOK 1000)</i>	Amortised Cost (AC)	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	886 313	892	-	-	887 204
Investment in other companies	-	-	24 327	-	24 327
Trade and other receivables	327 016	-	-	-	327 016
Total derivatives	-	-	-	8 162	8 162
Cash at bank, cash on hand and market-based investments in the balance sheet	462 723	1 156	-	-	463 879
Total	1 676 052	2 047	24 327	8 162	1 710 588

<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 interest-bearing debt	-	-	9 897 940	9 897 940
Total derivatives	-	32 654	-	32 654
Accounts payable and other short term payables	-	-	1 077 432	1 077 432
Total	-	32 654	10 975 372	11 008 026

Unaudited

At 31 December 2018:

<i>(Figures stated in NOK 1000)</i>	Amortised Cost (AC)	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	5 526	-	-	706 506
Available for sale financial instruments	-	-	22 000	-	22 000
Trade and other receivables	234 741	-	-	-	234 741
Total derivatives	-	-	-	-	-
Cash at bank, cash on hand and market-based investments in the balance sheet	560 410	1 165	-	-	561 576
Total	1 496 132	6 692	22 000	-	1 524 823

	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 interest bearing debt	-	-	7 257 273	7 257 273
Total derivatives	-	197 662	-	197 662
Accounts payable and other short term payables	-	-	306 316	306 316
Total	-	197 662	7 563 589	7 761 251

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 2019 was NOK 9.898 million (NOK 6,308 million 31 December 2018).

Note 8 Implementation effects IFRS 16

The figures below show the impact of IFRS 16 on the comparative figures for year 2018 for each quarter on a YTD basis. For further information on implementation and accounting principles, see Note 2 Summary of significant accounting policies in the Annual Report.

<i>(in NOK 1 000)</i>	01.01.2018	31.03.2018	30.06.2018	30.09.2018	31.12.2018
Balance sheet effect					
Right-of-use assets	366 929 458	338 885 660	353 358 940	332 003 829	299 131 857
Non-current lease obligations	(296 428 264)	(268 591 296)	(279 997 615)	(258 661 756)	(231 274 599)
Current lease obligations	(81 201 934)	(81 154 589)	(86 924 429)	(88 045 178)	(81 661 283)
Implementation effect, equity	10 700 740				
Profit & Loss effect					
Lease expenses		(20 778 162)	(52 310 564)	(82 455 330)	(102 495 607)
Depreciation		21 523 246	42 858 440	65 375 698	88 459 207
Interest expenses		4 860 670	9 928 426	14 767 728	18 359 567
Net P&L effect		5 605 754	476 303	(2 311 905)	4 323 167

The figures in the table have been changed compared to the presented in 2019 Q1 and Q2 reports. The reported figures in the financial statements have not changed.

Note 9 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 10 Events after the balance sheet date

From 1 January 2020, Hurtigruten will change the presentation currency of the Group from Norwegian kroner (NOK) to euro (EUR), with retrospective application on comparative figures according to IAS 8 and IAS 21 to the extent practicable. The change will be made to reflect that EUR is the predominant currency in the Group, accounting for a significant amount of the net cash flow. EUR is also the main financing currency for the Group.

For the parent company and other subsidiaries in the Group, EUR will be the functional currency from 1 January 2020. The change is made to reflect that EUR has become the predominant currency in the companies, counting for a significant part of the cash flow and financing. The change will be implemented with prospective effect. The change in presentation currency will be applied retrospectively for comparable figures for 2019 and 2018.

Explorer II AS, subsidiary of Hurtigruten Group has refinanced the loan financing for MS Roald Amundsen and MS Fridtjof Nansen with a Bond of 300mEUR.