



NORLED

The greatest travel experiences

Financial report Norled Q2 - 2020

Norled at a glance



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- One of the leading ferry and expressboat operators in Norway
- Nationwide operations from Oslo to Tromsø
- 1 000 employees, HQ in Stavanger
- Norled aims to operate with low and zero emissions and to be the leader in developing green solutions in the ferry and expressboat sector
- Founded in 1855

Ferries



59 ferries and 18 routes

Expressboats



27 expressboats and 15 routes

- Operation of 13 ferry contracts and 12 expressboat contracts (2020)
- Tourism related to contracts, and some charter activities
- Catering



MF Ampere - the first zero-emission ferry in the world



2019

The first hybrid expressboat, combining electric power with biofuel



World's first ship driven by LH₂

Length: 82.40 m Car capacity: 80
Beam: 16.75 m Truck capacity: 10
Draught: 2.8 m Passenger capacity: 299
LMC80-DEH2

Operational highlights 2020 – Q2



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- Apart from the planned postponement of the start-up of tourist routes and closed kiosks, all agreed operations have been carried out despite the challenges COVID-19 has posed.
- Gradual reopening of catering kiosks. Kiosks on all vessels were closed mid-March due to restrictions related to the COVID-19 pandemic.
- Delivery of the electric ferry MF Festøya from Remontowa. MF Festøya will operate in the new Sunnmøre contract. MF Festøya is the first delivery out of 4 ferries being built at Remontowa.
- As a result of COVID-19, there is a risk of delays in the construction and delivery of new vessels. The company is constantly working to optimize a plan with temporary vessels on the routes where there may be delays in delivery.
- Heidi Wolden started as new CEO in Norled.
- Start of season and tourist routes:
 - Bergen-Flåm (expressboat). Started 24. June.
 - Turistrute Indre Hardanger (expressboat). Started 24. June.
 - Charter (expressboat). End of June.
 - Botnhamn-Brensholmen (ferry). Started 30. April.

MF Festøya. Delivered Q2-20



Operational highlights 2020 – YTD



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- Successful start of 4 new contracts from 01.01.2020.
 - Indre Sogn (ferries)
 - Sunnmøre (ferries)
 - Rutepakke 3 Hordaland (ferries)
 - Troms (expressboats)
- Norled win the ferry contract Ryfylkeferjen in Rogaland county. Length of the contract is 01.01.21-31.12.32.
- Norled win the ferry contract Lyngensambandet with the routes Lyngseidet-Olderdalen and Svendsby-Breivikeidet in Troms and Finnmark county. Length of the contract is 01.01.21.-30.04.31.
- Apart from the planned postponement of the start-up of tourist routes and closed kiosks, all agreed operations have been carried out despite the challenges COVID-19 has posed.
- As a result of COVID-19, there is a risk of delays in the construction and delivery of new vessels. The company is constantly working to optimize a plan with temporary vessels on the routes where there may be delays in delivery.
- Heidi Wolden started as the new CEO in Norled.
- Delivered vessels:
 - MF Hjellestad. Yard, Westcon. Will operate in contract Rutepakke 3 Hordaland.
 - MF Festøya. Yard, Remontowa. Will operate in Sunnmøre contract.
 - MS Fjordjarl. Yard, Oma Baatbyggeri. Will operate in Troms contract.

Delivered vessels 2020:

Q1:

MF Hjellestad



MS Fjordjarl



Q2:

MF Festøya



Financial highlights 2020 – Q2



- Decrease in revenue Q2-20 vs. Q2-19 is mainly due to changes in contract portfolio. Norled ended 5 contracts at year end 2019, and started 4 new contracts 1. January 2020.
- Increased EBITDA margins Q2-20 vs Q2-19. The increase in profitability is mainly due to changes in contract portfolio. EBITDA profitability in Q2-20 is affected by the COVID-19 epidemic, mainly with reduced traffic revenue. Especially the expressboat segments related to tourist routes and charter activity have been negatively affected by the COVID-19.
- Increased depreciation due to completion of newbuild- and retrofit projects.
- Increase in net financial items as a result of increase in long-term interest-bearing debt.

NOKm	Q2 2020	Q2 2019	Changes	Changes %
Total revenue	478	605	-127	-21 %
Cost of goods (catering)	1	9	-7	-85 %
Personnel costs	173	216	-43	-20 %
Other operating costs	186	233	-47	-20 %
Net gain on sale of Fixed Assets	0	0	0	
Total operating costs:	360	457	-97	-21 %
EBITDA	118	147	-30	-20 %
EBITDA %	25 %	24 %	0 %	
Depreciation / writedown	60	48	11	24 %
EBIT	58	99	-41	-42 %
Net financial items	-25	-14	-11	79 %
EBT	33	85	-52	-61 %
Tax expense	-7	-19	12	-61 %
Net Income	26	66	-41	-61 %

Quarterly tax expense is calculated based on 22% of EBT. Full year numbers include full tax calculation.

Financial highlights 2020 - YTD



- Decrease in revenue is mainly due to changes in contract portfolio. Norled ended 5 contracts at year end 2019, and started 4 new contracts 1. January 2020.
- Increased EBITDA profitability is mainly due to changes in contract portfolio. EBITDA profitability in Q2-20 is affected by the COVID-19 epidemic, mainly with reduced traffic revenue. Especially the expressboat segments related to tourist routes and charter activity have been negatively affected by the COVID-19.
- Increased depreciation due to completion of newbuild- and retrofit projects.
- Increase in net financial items as a result of increase in long-term interest-bearing debt.

NOKm	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Y 2019
Total revenue	478	605	987	1 136	2 330
Cost of goods (catering)	1	9	5	13	25
Personnel costs	173	216	373	441	915
Other operating costs	186	233	391	473	958
Net gain on sale of Fixed Assets	0	0	0	0	-40
Total operating costs:	360	457	770	926	1 858
EBITDA	118	147	217	210	471
EBITDA %	25 %	24 %	22 %	18 %	20 %
Depreciation / writedown	60	48	116	96	198
EBIT	58	99	100	114	273
Net financial items	-25	-14	-57	-27	-81
EBT	33	85	44	87	192
Tax expense	-7	-19	-10	-19	-42
Net Income	26	66	34	68	149

Quarterly tax expense is calculated based on 22% of EBT. Full year numbers include full tax calculation.

Balance sheet and investments



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- Fixed assets. Increase in fixed assets is due to investments in new vessels and retrofit of existing vessels.
- Changes in bank deposits and cash is normal changes in working capital.
- Equity. As a part of the transaction structuring a dividend of 583 MNOK was decided, and netted against increased debt in July 2019.
- Long term debt. The increase of long-term debt from is due to increase of capex debt for building of new vessels and retrofit of existing vessels.
- Other debt. Reduction from Q2-19 is mainly due to reduction in prepaid value ferry-card related to the transition to Autopass for ferries.
- Norled is in compliance with all covenants related to bond and other long-term debt to financial institutions per 2Q 2020.

Balance sheet

NOKm	30.06.20.	30.06.19.	31.12.19.
Fixed assets	3 893	3 109	3 571
Bank deposits and cash	363	140	281
Other assets	230	254	220
Total assets	4 486	3 503	4 071
Equity	646	1 112	537
Long-term debt financial inst.	3 344	1 768	2 817
Other debt	496	623	476
Total equity and liabilities	4 486	3 503	4 071
NIBD	2 980	1 628	2 536
Total investments:	2020	2021	2022
Total investments:	827	1 382	202
Spec. of long-term debt	30.06.20.		
Term loan	1 615		
Capex facility	1 228		
Bond	500		
Total long-term debt	3 344		

Cash flow statement



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Cash flow from operating activities	Q2 2020	Q2 2019	YTD 2020	YTD 2019	Y 2019
Net income before tax	33	85	44	87	192
Net financial items	25	14	57	27	81
Gain on sale of fixed assets	0	0	0	0	-40
Depreciation	60	48	116	96	197
Write-down	0	0	0	0	2
Changes in inventory	1	-1	1	1	-1
Changes in accounts receivable	27	-21	17	23	27
Changes in accounts payable	-27	-22	-101	-27	-12
Changes in pension commitments	3	3	4	5	7
Income tax payable	-1	-1	-1	-1	-1
Changes in other items	-35	-44	-86	-154	-137
Net cash flow from operating activities	85	62	51	57	314
Cash flow from investing activities	Q2 2020	Q2 2019	YTD 2020	YTD 2019	2019
Proceeds from sale of fixed assets	8	0	8	0	78
Purchase of fixed assets	-127	-400	-446	-503	-1 110
Paid interest	-26	-15	-58	-31	-87
Received interest	1	1	1	3	6
Net cash flow from investing activities	-144	-414	-495	-531	-1 113
Cash flow from financing activities	Q2 2020	Q2 2019	YTD 2020	YTD 2019	2019
Proceeds from borrowings of long term debt*	350	121	650	147	3 171
Repayment of borrowings	-122	-48	-123	-76	-2 051
Sale of shares	0	0	0	0	0
Dividends*	0	0	0	0	-583
Changes in intra-group balance	0	123	0	126	126
Paid group contribution	0	0	0	0	0
Net cash flow from financing activities	228	196	527	197	663
Net change in cash and cash equivalents	169	-156	82	-277	-136
Cash and cash equivalents at IB	194	296	281	417	417
Cash and cash equivalents at CB	363	140	363	140	281

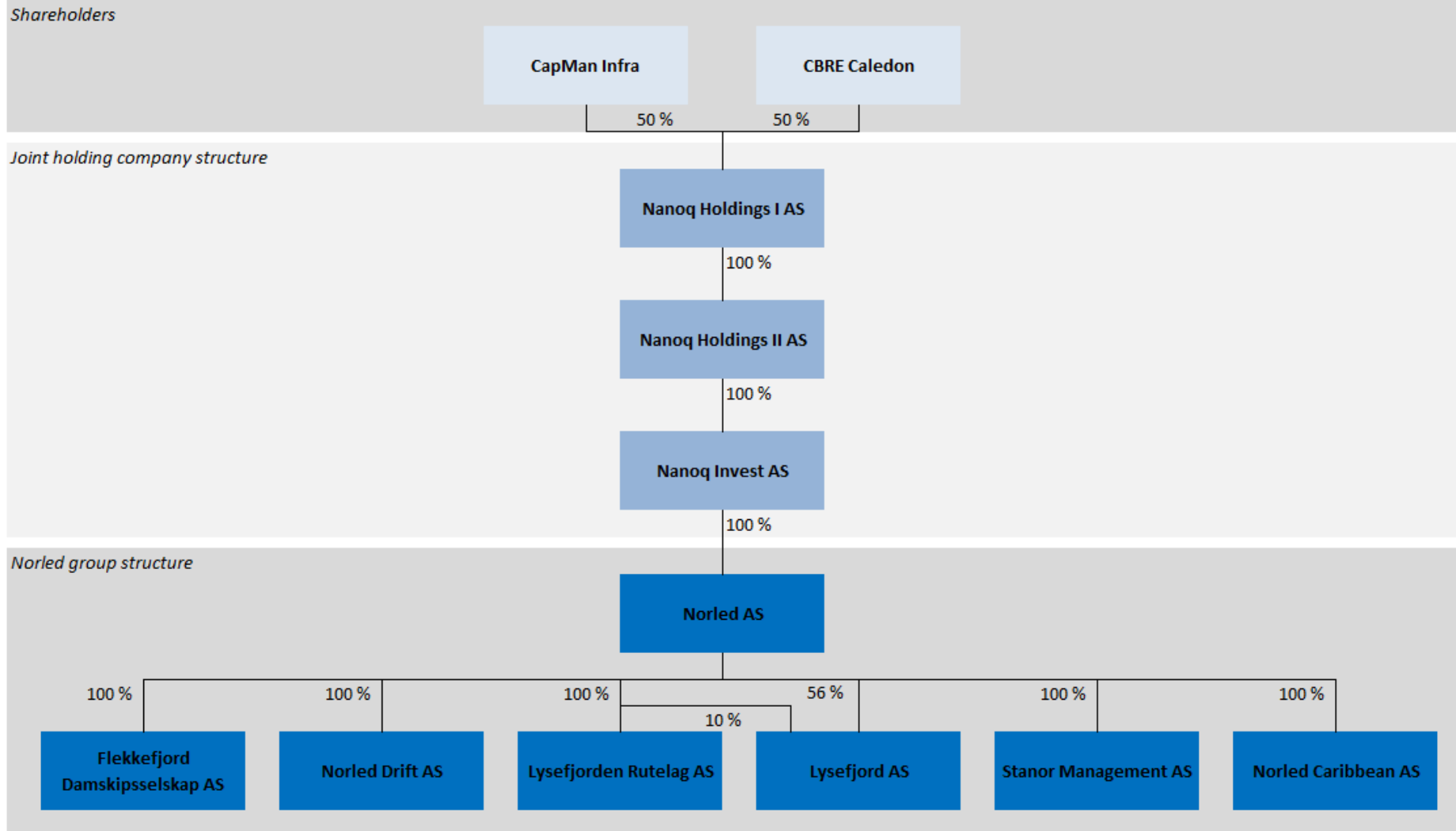
*As a part of the transaction structuring a dividend of 583 MNOK was decided, and netted against increased debt.

Group structure



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The quarterly report contains consolidated numbers and information for the «Norled group structure» only.



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