



# NORLED

*The greatest travel experiences*

*Financial report Norled Q3 - 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*



45 ferries and 18 routes

*Expressboats*



28 expressboats and 15 routes

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



# Operational highlights 2020 – Q3



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- Apart from reduced tourist activity and earlier close-down of tourist routes, all agreed operations have been carried out despite the challenges COVID-19 has posed.
- Delivery of the electric ferry MF Solavågen from Remontowa. MF Solavågen will operate in the new Sunnmøre contract. MF Solavågen is the second 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.
- Norled has sold two vessels during third quarter

*MF Solavågen. Delivered Q3-20*



# 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 and earlier close-down of tourist routes and closed kiosks for a period in Q2, 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 and MF Solavågen. 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*



Q3:

*MF Solavågen*



# Financial highlights 2020 – Q3



- Decrease in revenue Q3-20 vs. Q3-19 is mainly due to changes in contract portfolio and reduced tourist related revenue. Norled ended 5 contracts at year end 2019, and started 4 new contracts 1. January 2020.
- Increased EBITDA margins Q3-20 vs Q3-19. The increase in profitability is mainly due to changes in contract portfolio and net gain on sale of fixed assets. EBITDA profitability in Q3-20 is affected by the Corona epidemic, mainly with reduced tourist related revenue in the expressboat segment.
- 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	Q3 2020	Q3 2019	Changes	Changes %
<b>Total revenue</b>	<b>524</b>	<b>636</b>	<b>-111</b>	<b>-17 %</b>
Cost of goods (catering)	6	7	-2	-23 %
Personnel costs	197	241	-44	-18 %
Other operating costs	174	238	-64	-27 %
Net gain on sale of Fixed Assets	-22	-1	-20	
<b>Total operating costs:</b>	<b>355</b>	<b>485</b>	<b>-129</b>	<b>-27 %</b>
<b>EBITDA</b>	<b>169</b>	<b>151</b>	<b>18</b>	<b>12 %</b>
EBITDA %	32 %	24 %	9 %	
Depreciation / writedown	61	49	13	26 %
<b>EBIT</b>	<b>108</b>	<b>102</b>	<b>6</b>	<b>6 %</b>
Net financial items	-24	-26	3	-10 %
<b>EBT</b>	<b>84</b>	<b>76</b>	<b>8</b>	<b>11 %</b>
Tax expense	-19	-17	-2	11 %
<b>Net Income</b>	<b>66</b>	<b>59</b>	<b>7</b>	<b>11 %</b>

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 and net gain on sale of fixed assets. EBITDA profitability is affected by the Corona epidemic, mainly with reduced tourist related revenue in the expressboat segment.
- 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	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Y 2019
<b>Total revenue</b>	<b>524</b>	<b>636</b>	<b>1 511</b>	<b>1 772</b>	<b>2 330</b>
Cost of goods (catering)	6	7	11	20	25
Personnel costs	197	241	570	681	915
Other operating costs	174	238	565	711	958
Net gain on sale of Fixed Assets	-22	-1	-21	-1	-40
<b>Total operating costs:</b>	<b>355</b>	<b>485</b>	<b>1 125</b>	<b>1 411</b>	<b>1 858</b>
<b>EBITDA</b>	<b>169</b>	<b>151</b>	<b>386</b>	<b>360</b>	<b>471</b>
EBITDA %	32 %	24 %	26 %	20 %	20 %
Depreciation / writedown	61	49	178	144	198
<b>EBIT</b>	<b>108</b>	<b>102</b>	<b>208</b>	<b>216</b>	<b>273</b>
Net financial items	-24	-26	-80	-53	-81
<b>EBT</b>	<b>84</b>	<b>76</b>	<b>128</b>	<b>163</b>	<b>192</b>
Tax expense	-19	-17	-28	-36	-42
<b>Net Income</b>	<b>66</b>	<b>59</b>	<b>100</b>	<b>127</b>	<b>149</b>

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.
- Long term debt. The increase of long-term debt is due to increase of capex debt for building of new vessels and retrofit of existing vessels.
- Other debt. Reduction from Q3-19 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 3Q 2020.

## Balance sheet

NOKm	30.09.20.	30.09.19.	31.12.19.
Fixed assets	3 749	3 337	3 571
Bank deposits and cash	623	252	281
Other assets	217	176	220
<b>Total assets</b>	<b>4 588</b>	<b>3 764</b>	<b>4 071</b>
Equity	711	588	612
Deferred tax	270	235	242
Long-term debt financial inst.	3 344	2 568	2 817
Other debt	263	373	401
<b>Total equity and liabilities</b>	<b>4 588</b>	<b>3 764</b>	<b>4 071</b>
NIBD	2 721	2 316	2 536
<b>Total investments:</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Total investments:	836	1 329	268
<b>Spec. of long-term debt</b>	<b>30.09.20.</b>		
Term loan	1 615		
Capex facility	1 228		
Bond	500		
<b>Total long-term debt</b>	<b>3 344</b>		

# Cash flow statement

<b>Cash flow from operating activities</b>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>Y 2019</b>
Net income before tax	84	76	128	163	192
Net financial items	24	26	80	53	81
Gain on sale of fixed assets	-22	-1	-21	-1	-40
Depreciation	61	49	178	144	197
Write-down	0	0	0	0	2
Changes in inventory	-2	0	-1	1	-1
Changes in accounts receivable	29	22	47	45	27
Changes in accounts payable	16	-23	-85	-50	-12
Changes in pension commitments	2	2	6	8	7
Income tax payable	1	0	0	-1	-1
Changes in other items	-15	45	-101	-109	-137
<b>Net cash flow from operating activities</b>	<b>179</b>	<b>195</b>	<b>231</b>	<b>253</b>	<b>314</b>
<b>Cash flow from investing activities</b>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>2019</b>
Proceeds from sale of fixed assets	278	0	286	0	78
Purchase of fixed assets	-174	-274	-621	-778	-1 110
Paid interest	-24	-27	-82	-58	-87
Received interest	0	1	2	5	6
<b>Net cash flow from investing activities</b>	<b>80</b>	<b>-300</b>	<b>-415</b>	<b>-831</b>	<b>-1 113</b>
<b>Cash flow from financing activities</b>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>YTD 2020</b>	<b>YTD 2019</b>	<b>2019</b>
Proceeds from borrowings of long term debt*	0	825	650	972	3 171
Repayment of borrowings	0	-26	-123	-102	-2 051
Sale of shares	0	0	0	0	0
Dividends*	0	-583	0	-583	-583
Changes in intra-group balance	0	0	0	126	126
Paid group contribution	0	0	0	0	0
<b>Net cash flow from financing activities</b>	<b>0</b>	<b>217</b>	<b>527</b>	<b>413</b>	<b>663</b>
<b>Net change in cash and cash equivalents</b>	<b>259</b>	<b>112</b>	<b>342</b>	<b>-165</b>	<b>-136</b>
Cash and cash equivalents at IB	363	140	281	417	417
Cash and cash equivalents at CB	623	252	623	252	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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Shareholders

CapMan Infra

CBRE Caledon

50 %

50 %

Joint holding company structure

Nanoq Holdings I AS

100 %

Nanoq Holdings II AS

100 %

Nanoq Invest AS

100 %

Norled group structure

Norled AS

100 %

100 %

100 %

10 %

56 %

100 %

100 %

Flekkefjord  
Damskipsselskap AS

Norled Drift AS

Lysefjorden Rutelag AS

Lysefjord AS

Stanor Management AS

Norled Caribbean AS

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



IR – Norled

Tord Helland  
CFO

Phone: +47 406 31 575

E-mail: [tord.helland@norled.no](mailto:tord.helland@norled.no)

