

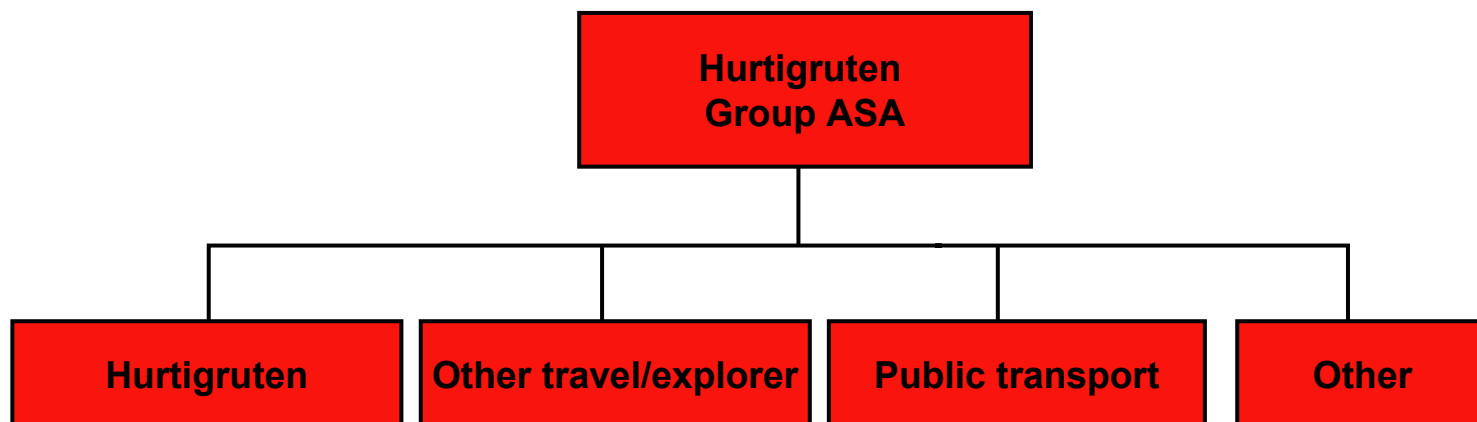


HURTIGRUTEN GROUP ASA  
Interim report for Q3 2006

Presentation 16 November 2006



# Hurtigruten Group



**Hurtigruten Group is a leading Norwegian travel and public transport company with its main base in northern Norway**

- NOK 3.4 billion in annual turnover
- 3 400 employees
- Principal business in Norway and activities in Europe, the USA and South America

**A spearhead in the Norwegian travel and tourism trade**

- Hurtigruten - one of Norway's strongest brands
- Leader in experiences cruises to Polar waters
- Leading player for public transport in northern Norway



# 01

## Highlights

## Q3 2006



## PLUS 07 on schedule

- Operating profit (EBIT) of NOK 236 mill for Q3
  - NOK 42 mill (21%) improvement from Q3 2005
- Synergy and improvement programme progressing as planned
- Improved frame conditions in place
- Successful refinancing of Hurtigruten implemented
- Other tourism/explorer business area making strong progress
- Process under way for developing shareholder value



## Q3 EBIT of NOK 236 mill – up by 21%

- EBITDA NOK 346 mill (NOK 304 mill)
  - 22% improvement for Hurtigruten – EBITDA NOK 241 mill (NOK 197 mill)
    - Round trips up 4% and onboard sales up 13%
    - Contribution of NOK 7 mill from chartering vessels to the oil industry
  - Other travel/explorer – EBITDA NOK 15 mill (NOK 8 mill)
    - Another record Svalbard season, good results also for travel agencies
  - Public transport – EBITDA NOK 92 mill (NOK 105 mill)
    - Decline for conventional/fast ferries – mainly owing to Q3 2005 sales gains
    - Bus unchanged – sales gains compensate for weak Tromsbuss results
  - Other business – EBITDA negative at NOK 2 mill (negative NOK 7 mill)
- EBIT NOK 236 mill (NOK 195 mill)
- Net financial expenses NOK 40 mill (NOK 6 mill)
  - Last year characterised by large one-off financial revenues
- Pre-tax profit of NOK 196 mill (NOK 189 mill) for continued business



# Synergy and improvement programme in accordance to plan

- Ambition of NOK 200 mill in operating improvements by 2008 compared with 2005 has been subject to additional quality control
  - Maintaining goal of NOK 120 mill in cost improvements by 2007
  - Target for 2006 – NOK 60 mill (NOK 40 mill)
  - Realised in first nine months: NOK 38 mill
- Excluding effect of improved frame conditions

## Improved frame conditions in place

- Hurtigruten included in net wage scheme for seafarers from 1 July 2007 on a "safety manning" basis (savings)
- Differentiated employer's national insurance contributions to be introduced from 1 January 2007 (savings)
- Introduction of nitrogen oxide (NO<sub>x</sub>) duty (new cost)
- Renegotiation of Hurtigruten agreement initiated with the government
- Net effect is expected to be clearly positive



# Successful refinancing of Hurtigruten fleet

- Syndicated loan of NOK 3 300 mill closed in September
  - Nordea as lead bank
  - No increase in overall loan facilities – NOK 2 850 mill drawn
  - Substantially over-subscribed – four international banks as new lenders
  - Competitive terms include 15-month instalment-free period
- Important milestone in turnaround process
  - Ensures good liquidity
  - Financial flexibility – company in the driving seat



## Other travel/explorer area making strong progress

- Another record Svalbard season - better than expected
  - Strong growth in cruise volume and prices, market for third ship from 2008
  - Good earnings also from hotels/land activities
- Sales target of 2 400 autumn passengers in Chile/Antactica exceeded
  - 62% increase - focus on spring 2007 intensified
  - International crew in place
- M/v *Fram* - 1 000 passengers booked for Greenland
  - 30% of capacity booked for 2007 – well received in the market
  - M/v *Fram* to Chile/Antactica autumn 2007 – strengthening/differentiating product
  - Construction project within time and cost
- Confirms position as leading explorer player in Polar waters
- Very good progress for the travel agencies – also positive for other travel activities



# Process under way to develop shareholder value

- First phase (seven months) of integration completed
- PLUS 07 well under way
  - Main focus so far – operational improvements and enhanced frame conditions
- Stronger focus on return on capital
  - Fleet optimisation
  - Sale of vessels
  - Sale of activities outside core business
- Strategic collaboration models under assessment in core business
- Preparations for 2007 share issue under way



# 02

**Accounts**

**Q3 2006**



## Segment information

### Operating profit before depreciation (EBITDA)

Pro forma (NOK 1 000)	Q3 2006	Q3 2005	YTD 2006	YTD 2005	Full year 2005
Hurtigruten	241 000	197 243	341 263	257 552	129 983
Explorer cruises/other travel	14 894	8 289	41 474	46 028	27 346
Public transport	91 722	104 702	170 164	211 139	296 729
Other activities	-2 000	-6 661	-17 958	-44 052	-137 172
<b>Total group EBITDA</b>	<b>345 616</b>	<b>303 573</b>	<b>534 943</b>	<b>470 667</b>	<b>316 886</b>
Depreciation and impairment losses	109 488	108 180	331 707	330 243	458 621
<b>EBIT</b>	<b>236 128</b>	<b>195 393</b>	<b>203 236</b>	<b>140 424</b>	<b>-141 735</b>
Net financial items	-39 708	-6 223	-99 256	-50 075	-91 962
<b>Profit (loss) before tax for continued business</b>	<b>196 420</b>	<b>189 170</b>	<b>103 980</b>	<b>90 349</b>	<b>-233 697</b>



# Hurtigruten Group ASA

## Income statement, IFRS, pro forma

Hurtigruten Group ASA - pro forma (NOK 1 000)	Q3 2006	Q3 2005	YTD 2006	YTD 2005	Full year 2005
Sales revenues	1 006 538	971 346	2 337 631	2 189 158	2 602 618
Contract revenues	180 192	177 712	637 186	606 904	858 507
<b>Total operating revenues</b>	<b>1 186 730</b>	<b>1 149 058</b>	<b>2 974 817</b>	<b>2 796 062</b>	<b>3 461 125</b>
Payroll expenses	394 022	370 087	1 097 257	1 040 848	1 404 768
Other operating costs	451 727	492 328	1 359 104	1 315 448	1 816 086
Other losses/(gains)/(revenues) - net	-4 636	-16 930	-16 489	-30 901	-76 616
<b>Total operating expenses</b>	<b>841 113</b>	<b>845 485</b>	<b>2 439 872</b>	<b>2 325 395</b>	<b>3 144 238</b>
<b>EBITDA</b>	<b>345 617</b>	<b>303 573</b>	<b>534 945</b>	<b>470 667</b>	<b>316 887</b>
Depreciation and impairment losses	109 488	108 180	331 707	330 243	458 621
<b>EBIT</b>	<b>236 129</b>	<b>195 393</b>	<b>203 238</b>	<b>140 424</b>	<b>-141 734</b>
Net financial items	-39 708	-6 223	-99 256	-50 075	-91 962
<b>Profit (loss) before tax for continued business</b>	<b>196 421</b>	<b>189 170</b>	<b>103 982</b>	<b>90 349</b>	<b>-233 696</b>
Tax on continued business	24 056	-50 522	-29 115	-22 482	74 713
<b>Profit (loss) for continued business</b>	<b>220 477</b>	<b>138 648</b>	<b>74 867</b>	<b>67 867</b>	<b>-158 983</b>
Profit (loss) before tax for discontinued business		-184 332		-220 538	-230 880
Tax on discontinued business	-78 764	8 919	-78 764	39 042	39 042
<b>Net profit (loss) for the period</b>	<b>141 713</b>	<b>-36 765</b>	<b>-3 897</b>	<b>-113 629</b>	<b>-350 821</b>



# Hurtigruten Group ASA

## Income statement, IFRS, formal

Hurtigruten Group ASA (NOK 1 000)	Q3 2006	Q3 2005	YTD 2006	YTD 2005	Full year 2005
Sales revenues	1 006 538	405 483	2 199 015	869 092	1 014 169
Contract revenues	180 192	105 951	574 125	338 325	467 663
<b>Total operating revenues</b>	<b>1 186 730</b>	<b>511 434</b>	<b>2 773 140</b>	<b>1 207 417</b>	<b>1 481 832</b>
Payroll expenses	394 022	162 263	982 280	434 120	582 702
Other operating costs	451 727	222 507	1 229 012	586 495	806 787
Other losses/(gains)/(revenues) - net	-4 636	-2 885	-5 588	-2 885	-2 143
<b>Total operating expenses</b>	<b>841 113</b>	<b>381 885</b>	<b>2 205 704</b>	<b>1 017 730</b>	<b>1 387 346</b>
<b>EBITDA</b>	<b>345 617</b>	<b>129 549</b>	<b>567 436</b>	<b>189 687</b>	<b>94 486</b>
Depreciation and impairment losses	109 488	52 806	297 129	161 656	228 040
<b>EBIT</b>	<b>236 129</b>	<b>76 743</b>	<b>270 307</b>	<b>28 031</b>	<b>-133 554</b>
Net financial items	-39 708	17 774	-74 869	15 346	4 080
<b>Profit (loss) before tax for continued business</b>	<b>196 421</b>	<b>94 517</b>	<b>195 438</b>	<b>43 377</b>	<b>-129 474</b>
Tax on continued business	24 056	-24 078	-54 724	-9 486	34 688
<b>Profit (loss) for continued business</b>	<b>220 477</b>	<b>70 439</b>	<b>140 714</b>	<b>33 891</b>	<b>-94 786</b>
Profit (loss) before tax for discontinued business					
Tax on discontinued business	-78 764		-78 764		
<b>Net profit (loss) for the period</b>	<b>141 713</b>	<b>70 439</b>	<b>61 950</b>	<b>33 891</b>	<b>-94 786</b>



# Hurtigruten Group ASA

## Balance sheet (IFRS), pro forma

<i>Pro forma</i> <i>(NOK 1 000)</i>	30 September 2006	30 September 2005	1 January 2006
<b>Assets</b>			
Intangible fixed assets	313 814	221 336	330 422
Tangible fixed assets	5 609 579	5 770 485	5 802 921
Financial fixed assets	254 564	185 013	213 261
Current assets	1 685 245	1 981 957	1 339 830
<b>Total assets</b>	<b>7 863 202</b>	<b>8 158 791</b>	<b>7 686 434</b>
<b>Equity and liabilities</b>			
Paid-in capital and retained earnings	1 712 079	1 980 333	1 782 117
Minority interests	188 104	220 101	116 797
<b>Total equity</b>	<b>1 900 183</b>	<b>2 200 434</b>	<b>1 898 914</b>
Provisions	473 971	560 356	480 679
Long-term liabilities	4 329 019	3 746 126	4 172 586
Current liabilities	1 160 029	1 651 875	1 134 255
Total liabilities	5 963 019	5 958 357	5 787 520
<b>Total equity and liabilities</b>	<b>7 863 202</b>	<b>8 158 791</b>	<b>7 686 434</b>

- **Cash in hand NOK 945 mill**
- **Capital adequacy 25.2% (24.2% excluding convertible bond loan)**



## Hurtigruten business area

Pro forma

Hurtigruten (NOK 1 000)	Q3 2006	Q3 2005	YTD 2006	YTD 2005	Full year 2005
Sales revenues	703 570	658 983	1 427 221	1 350 269	1 533 886
Contract revenues	0	0	142 675	123 049	207 915
<b>Total operating revenues</b>	<b>703 570</b>	<b>658 983</b>	<b>1 569 896</b>	<b>1 473 318</b>	<b>1 741 801</b>
Payroll expenses	193 390	177 630	511 030	483 750	643 606
Bunkers costs	71 113	71 595	195 007	181 453	244 357
Other operating costs	198 067	212 515	522 596	550 563	723 855
Other losses/(gains)/(revenues) - net	0	0	0	0	0
<b>Total operating expenses</b>	<b>462 570</b>	<b>461 740</b>	<b>1 228 633</b>	<b>1 215 766</b>	<b>1 611 818</b>
<b>EBITDA</b>	<b>241 000</b>	<b>197 243</b>	<b>341 263</b>	<b>257 552</b>	<b>129 983</b>

- **EBITDA – improvement of NOK 44 mill (22%) in Q3**
- **Good growth (7%) in revenues from round trips, shipboard sales and chartering**
- **Crew costs up owing to chartering, and higher NI contributions**
- **Positive trend for other operating expenses – synergies**



## Hurtigruten – volume/price Q3

ROUND-TRIPS	Q3 2006	Q3 2005	Change	In %	YTD 2006	YTD 2005	Change	In %
Number of cruisedays	261 121	251 239	9 882	3.9%	518 342	506 193	12 149	2.4%
Average price per cruiseday <sup>1)</sup>	1 442	1 441	1	0.1%	1 359	1 334	25	1.9%
DISTANCE (port-to-port)	Q3 2006	Q3 2005	Change	In %	YTD 2006	YTD 2005	Change	In %
Number of passengers	123 069	119 960	3 109	2.6%	308 275	296 464	11 811	4.0%
Average price per passenger <sup>2)</sup>	782	848	(66)	-7.8%	690	728	(37)	-5.1%

- **2.5% growth in number of round-trip passengers 2006**
  - **Further decline from Germany in Q3 , as expected**
  - **Biggest growth from France and Scandinavia**
  - **14% growth in bookings for Q4 2006**
- **Growth in distance traffic after several years of decline**
  - **Price activities in September reduced average price for quarter**

<sup>1</sup> Passenger revenues including catering – round-trip passengers/number of cruise days

<sup>2</sup> Passenger revenues (travel and cabin) – distance passengers/number of distance passengers



## Strong growth in France compensated for decline from Germany

Market	Number of bookings as of 1 Nov 06	% change	% of total bookings
Germany	23 976	-4.0%	46 %
Norway	8 212	1.0%	16 %
UK	4 704	11.9%	9 %
USA	3 994	1.6%	8 %
France	2 698	48.3%	5 %
Denmark	1 968	24.3%	4 %
Switzerland	1 270	-8.3%	2 %
Sweden	1 377	19.7%	3 %
BeNeLux	1 333	-1.7%	3 %
Others	2 388	12.9%	5 %
<b>Sum</b>	<b>51 920</b>	<b>2.5%</b>	<b>100 %</b>

## Other travel business unit

Pro forma

Explorer cruises/other travel (NOK 1 000)	Q3 2006	Q3 2005	YTD 2006	YTD 2005	Full year 2005
Sales revenues	117 542	111 851	395 845	320 247	406 523
Contract revenues	0	0	0	0	0
<b>Total operating revenues</b>	<b>117 542</b>	111 851	395 845	320 247	406 523
Payroll expenses	35 140	36 421	127 655	100 826	149 428
Bunkers costs	3 813	3 918	27 392	13 257	27 782
Other operating costs	63 695	63 223	199 324	160 136	201 967
Other losses/(gains)/(revenues) - net	0	0		0	0
<b>Total operating expenses</b>	<b>102 648</b>	103 562	354 371	274 219	379 177
<b>EBITDA</b>	<b>14 894</b>	8 289	41 474	46 028	27 346

- **Very positive results in Svalbard owing to a good cruise season**
- **Growth in results for the travel agency business as well**



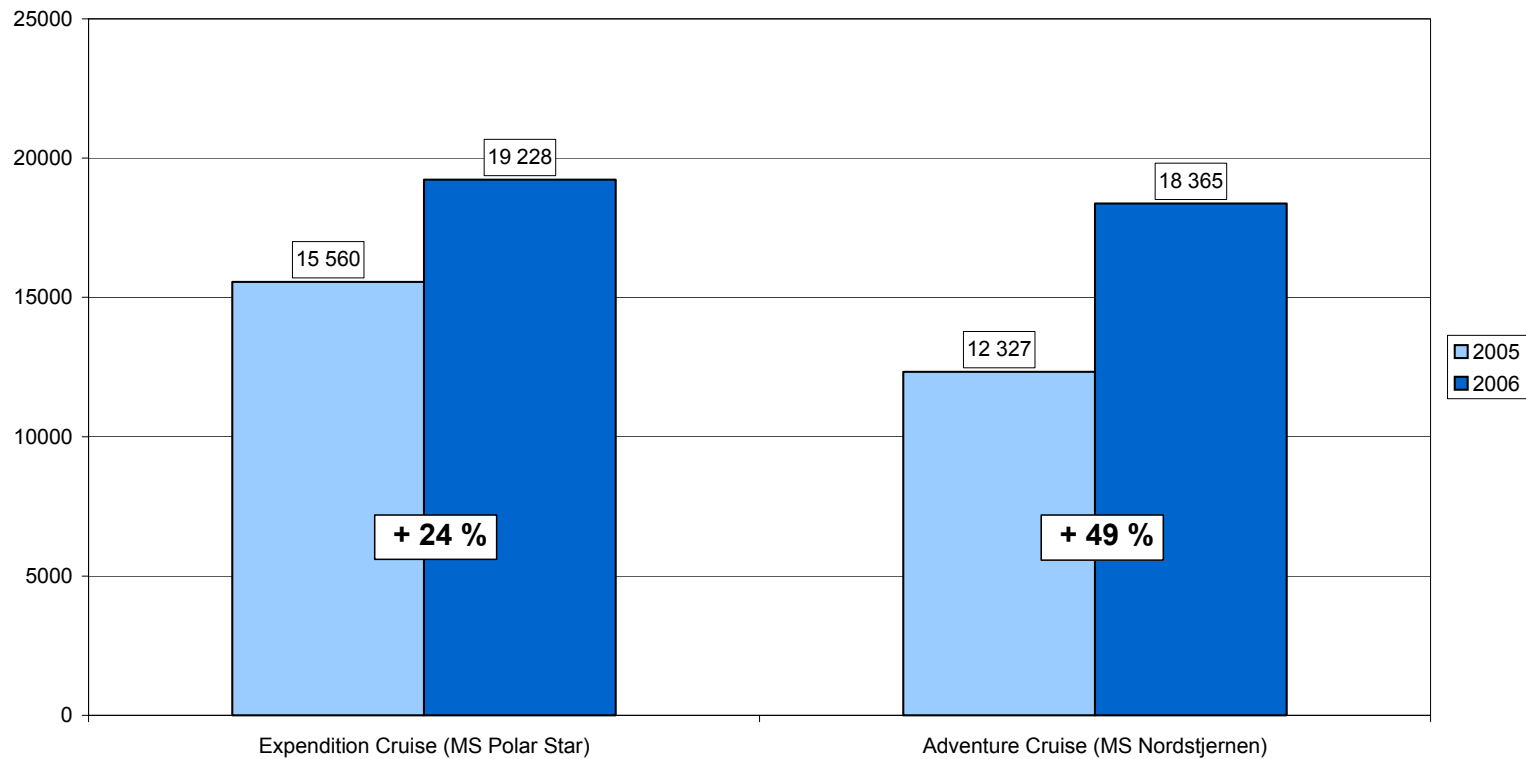
## Other travel – business units

Pro forma (NOK 1 000)	EBITDA					
	Q3 2006	Q3 2005	Change	YTD 2006	YTD 2005	Change
Chile/Antarctica	-7 338	-7 504	166	-2 595	7 860	-10 455
Svalbard	18 894	14 153	4 741	44 036	34 948	9 088
Other travel	3 338	1 640	1 698	33	3 220	-3 187
<b>Total explorer cruise/Other travel</b>	<b>14 894</b>	<b>8 289</b>	<b>6 605</b>	<b>41 474</b>	<b>46 028</b>	<b>-4 554</b>

- **Svalbard:**
  - **Good growth in results - 33% at EBITDA level**
  - **Very good cruise season, with volumes up 23% on m/v *Polar Star* and 33% on m/v *Nordstjernen***
  - **Positive start to bookings for 2007 cruise season**
- **Other travel**
  - **Good progress in results for the travel agency business**
- **Chile/Antarctic:**
  - **Normally no significant activity in Q3**

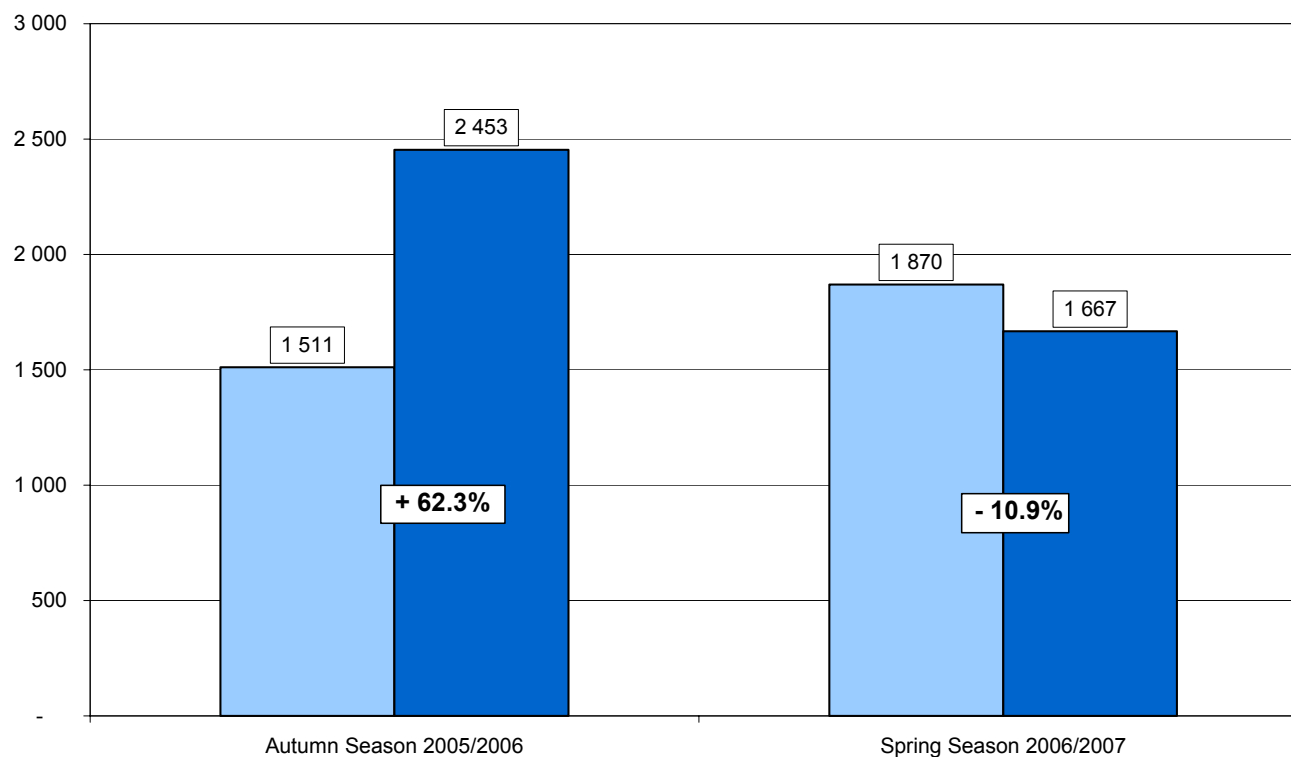
# Strong growth in revenues – Svalbard cruise season

**SVALBARD - CRUISE**  
**- The 2005 season vs the 2006 season**



# Goal of 2 400 passengers reached this autumn - Chile/Antarctica

**CHILE/ANTARCTICA 2006/2007  
- bookings as of 6 Nov 05 vs. 7 Nov 06**



# Greenland – good start to bookings

## Greenland – 2007 season

- 984 passengers booked at 13 Nov
- Theoretical capacity 3 082 people
- Market breakdown (at 7 Nov)
  - Switzerland 24%
  - Germany 35%
  - Norway 12%
  - UK 12%
  - Denmark 11%
  - Others 6%



## M/v Fram

- Being built by Fincantieri, Italy
- Investment NOK 600 mill
- Ice class 1B/1A for bow
- Launch 18 November
- Delivery April 2007
- Naming ceremony May 2007

## Public transport business area

Pro forma

Public transport (NOK 1 000)	Q3 2006	Q3 2005	YTD 2006	YTD 2005	Full year 2005
Sales revenues	189 637	195 095	488 142	501 761	642 959
Contract revenues	180 192	177 712	494 511	483 855	650 592
<b>Total operating revenues</b>	<b>369 829</b>	<b>372 807</b>	<b>982 653</b>	<b>985 616</b>	<b>1 293 551</b>
Payroll expenses	151 816	139 257	419 883	402 497	536 806
Bunkers costs	65 284	62 938	175 776	156 985	214 276
Other operating costs	66 939	76 281	223 038	237 720	311 965
Other losses/(gains)/(revenues) - net	-5 932	-10 371	-6 208	-22 725	-66 225
<b>Total operating expenses</b>	<b>278 107</b>	<b>268 105</b>	<b>812 489</b>	<b>774 477</b>	<b>996 822</b>
<b>EBITDA</b>	<b>91 722</b>	<b>104 702</b>	<b>170 164</b>	<b>211 139</b>	<b>296 729</b>

- **Sales gains lower than in Q3 2005**
- **Decline for services provided by urban bus specialist Tromsbuss**
- **Increased costs for conventional/fast ferries not reflected in the outcome of negotiations with the Norwegian Public Roads Administration**

## Public transport – business areas

Pro forma <i>(NOK 1 000)</i>	EBITDA					
	Q3 2006	Q3 2005	Change	YTD 2006	YTD 2005	Change
Conventional/fast ferries	78 513	92 101	-13 588	115 865	156 276	-40 411
Buses	13 210	12 601	609	54 300	54 863	-563
<b>Total public transport</b>	<b>91 722</b>	<b>104 702</b>	<b>-12 979</b>	<b>170 164</b>	<b>211 139</b>	<b>-40 974</b>

- **Conventional/fast ferries:**
  - **Sales gains of NOK 11 mill in Q3 2005**
  - **Weak negotiated result for national highway ferry services has its biggest impact in the high-season months**
  - **Measures to improve operations starting to bite**
- **Buses:**
  - **Sales gains of NOK 6 mill in Q3 2006**
  - **Increased costs related to labour dispute in Tromsbuss**
  - **Other bus operations showed good results**

## Other business

### Pro forma

Other activities (NOK 1 000)	Q3 2006	Q3 2005	YTD 2006	YTD 2005	Full year 2005
Sales revenues	9 654	5 417	43 331	16 882	19 249
Contract revenues	0	0	0	0	0
<b>Total operating revenues</b>	<b>9 654</b>	<b>5 417</b>	<b>43 331</b>	<b>16 882</b>	<b>19 249</b>
Payroll expenses	13 676	16 779	38 689	53 775	74 928
Bunkers costs					
Other operating costs	-3 318	1 858	32 882	15 334	91 884
Other losses/(gains)/(revenues) - net	1 296	-6 559	-10 282	-8 176	-10 391
<b>Total operating expenses</b>	<b>11 654</b>	<b>12 078</b>	<b>61 289</b>	<b>60 933</b>	<b>156 421</b>
<b>EBITDA</b>	<b>-2 000</b>	<b>-6 661</b>	<b>-17 958</b>	<b>-44 051</b>	<b>-137 172</b>

- **Decline in payroll costs from downsizing**
- **2005 payout for regionally-differentiated NI contributions (RDA) taken to income in Q3 – Projects completed**
- **M/v *Jupiter* charter made positive contribution**
- **Last year was affected by sales gains**

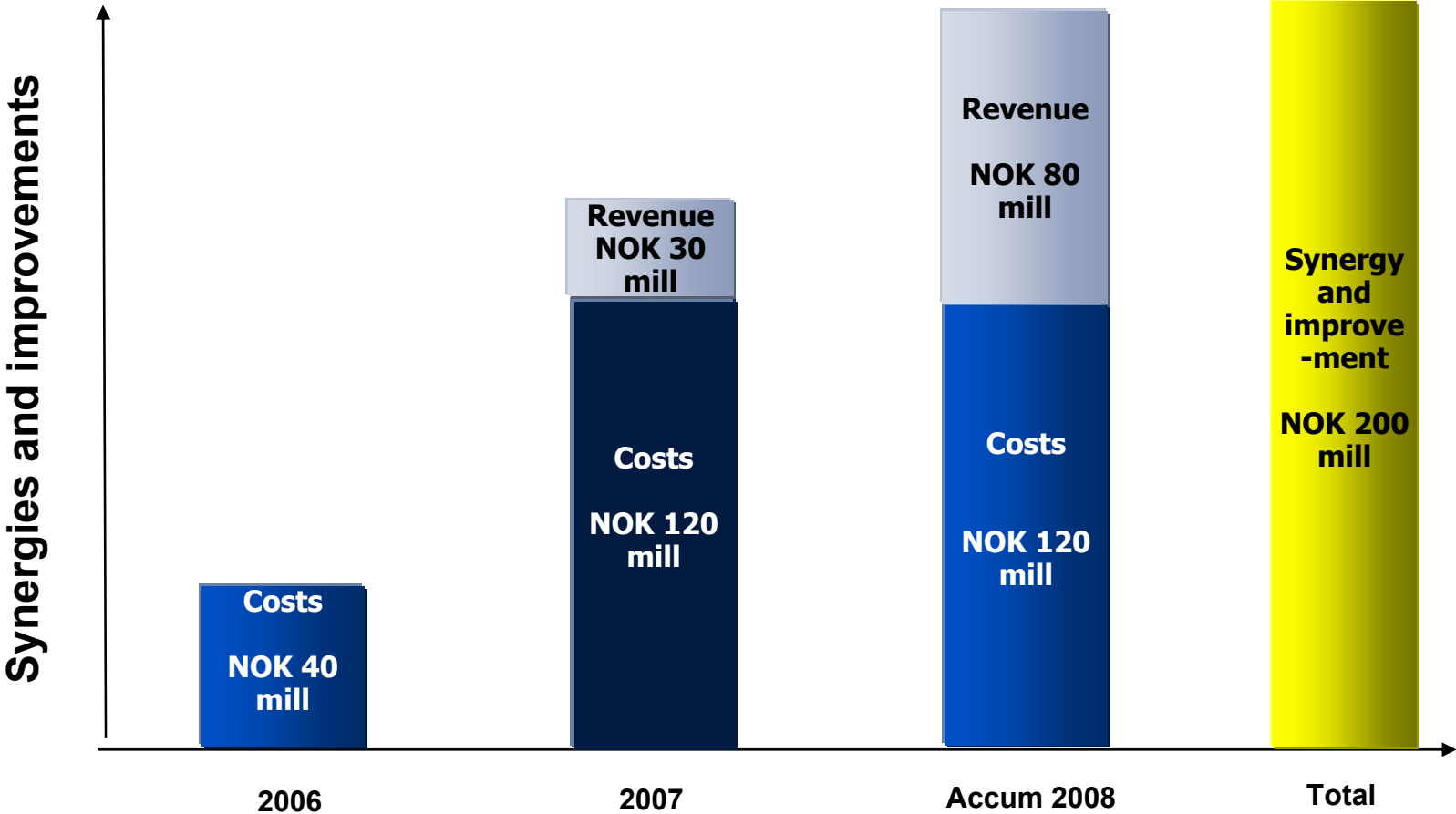
# 03

**Status**

**Synergy and  
improvement  
programme**

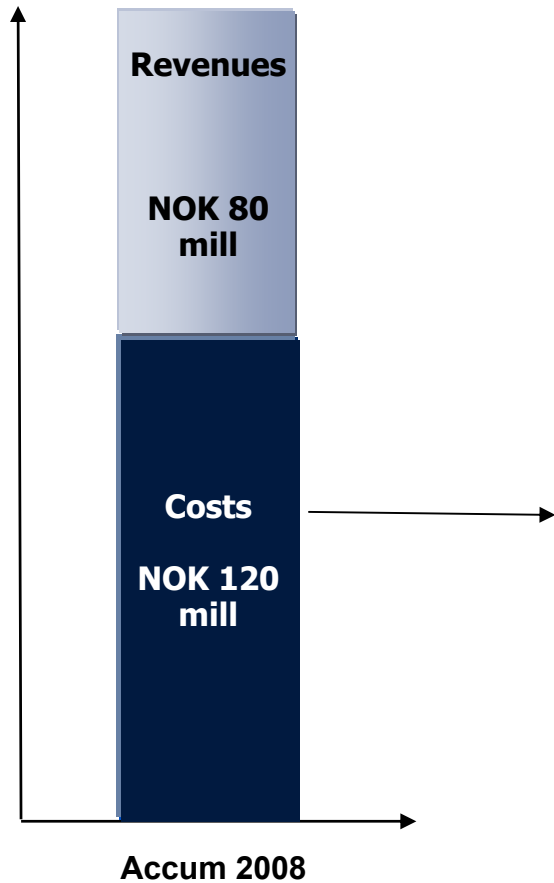


# NOK 200 mill in annual improvements from 2008

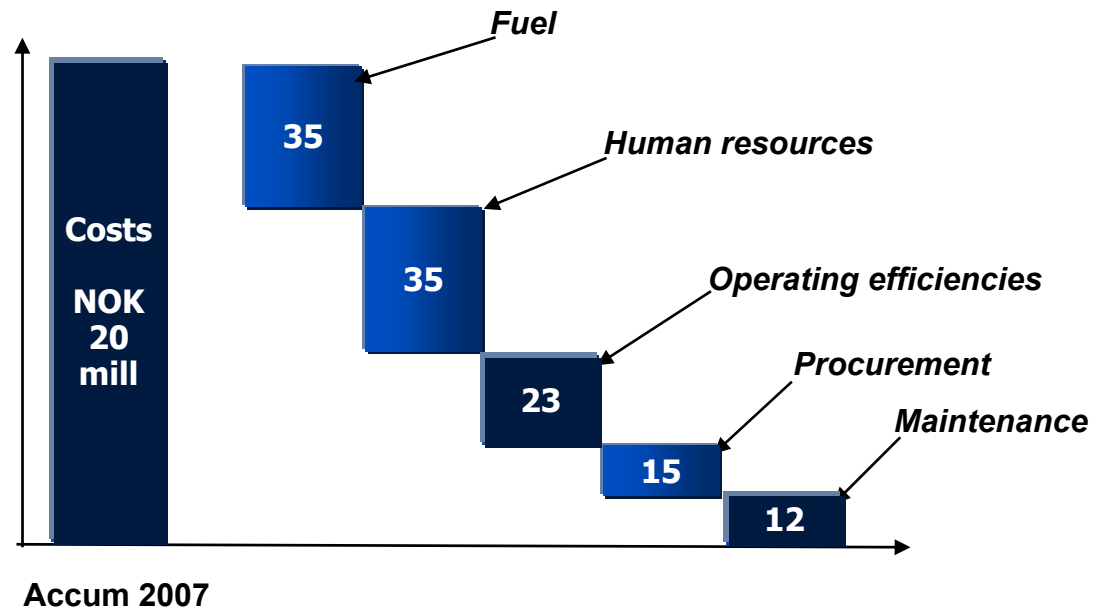


# Focus on measures to reduce costs

## Total synergy and improvement target



## Cost-cutting projects



## Status at 30 September - cost measures

<b>Projects (NOK mill)</b>	<b>Total synergy and improvement target</b>	<b>Initial target for 2006</b>	<b>Projections for 2006 as of 30 Sep 06</b>	<b>Implemented as of 30 Sep 06</b>
Fuel	35.0	16.0	21.7	<b>16.2</b>
Personnel	35.0	10.0	17.8	<b>9.7</b>
Operational efficiency	23.0	9.0	9.5	<b>6.6</b>
Procurement	15.0	1.0	3.4	<b>1.3</b>
Maintenance	12.0	4.0	7.4	<b>4.3</b>
<b>Total cost reductions</b>	<b>120.0</b>	<b>40.0</b>	<b>59.8</b>	<b>38.1</b>

- Move to a different bunkers (IF40), including an increased price differential against the previous MSD grade, plus other measures to reduce consumption
- Downsizing the land organisation is yielding effects, and crew coordination has been implemented
- Integration of administrative functions in the bus business
- Maintenance – increased use of own resources during dockings
- Integration of marketing – reduction in materials costs
- Integration of procurement agreements – best practice

# 04

## Outlook



## 2006 – a long step towards break-even in 2007

- EBITDA improvement Q3 NOK 64 million
  
- EBITDA improvement Q4 NOK 90-110 million
  - Underlying operation NOK 40 million
    - Charters from the oil industry
    - Hurtigrute contract
    - Chile/Antarctica
    - Continued weakness for public transport
  - Special items/One-time effects NOK 50-70 million
  
- Total EBITDA improvement 2006 NOK 154-174 million
- Net financial expenses (one-time revenues 2005) (NOK 50 million)
- Improved pre-tax result 2006 NOK 104-124 million

The goal of breaking even in 2007 remains unchanged





**HURTIGRUTEN**