

# Interim report for Q4

## Preliminary accounts for 2006



# 01

## Highlights



## 2006 – extensive agenda implemented

### • **Strategic**

- Merger implemented 1 March – right and necessary
- Rapid integration – one company/one organisation
- Implementation of common brand

### • **Financial**

- Successful refinancing

### • **Frame conditions**

- Net pay from 2007

### • **Operational**

- Strong focus on operations
- PLUSS 07 programme pursued with great energy
- Goal for synergy and improvement programme doubled
- Vitalisation of the Hurtigruten product
- Robust build-up of explorer cruise

**Results improved by NOK 171 mill from 2005**



## Results improved by NOK 171 mill in 2006

	<u>2006</u>	<u>2005</u>	<u>Change</u>
• EBITDA	NOK 513	331	+182
• EBIT	NOK 38	(142)	+180
• Pre-tax loss	(NOK 62)	(233)	+171

### Principal reasons:

- 85% of EBITDA improvement from Hurtigruten NOK 153 mill
  - Improvement special items NOK 45 mill
  - Other changes (NOK 31 mill)
- 
- Effect of synergy and improvement programme NOK 64 mill



## Q4 results better than forecast

<b>Amounts in NOK mill</b>	<b><u>Forecast Q3</u></b>	<b><u>Achieved</u></b>
• Improvement by Q3 EBITDA <sup>1</sup>	69	69
• Improvement in Q4 EBITDA	90-110	113
• Of which underlying operations	40	70
• Of which special items	50-70	43
• Total 2006 improvement EBITDA <sup>1</sup>	159-179	182
• Change net finance/depreciation <sup>1</sup>	(55)	(11)
• Improvement pre-tax 2006	104-124	171

<sup>1</sup> Adjusted for change in principle for periodic maintenance under IFRS – NOK 5 mill



# 02

## Accounts for Q4 2006 and preliminary for full year



## Hurtigruten Group ASA

### Profit and loss account IFRS, pro forma

Hurtigruten Group ASA - pro forma (NOK 1 000)	Q4 2006	Q4 2005	Full year 2006	Full year 2005
Sales revenues	491 781	413 459	2 829 350	2 602 618
Contract revenues	256 301	251 603	893 548	858 507
<b>Total operating revenues</b>	<b>748 082</b>	665 062	3 722 898	3 461 125
Payroll expenses	363 541	363 921	1 460 798	1 404 768
Other operating costs	420 651	497 792	1 763 638	1 801 516
Other losses/(gains)/(revenues) - net	1 650	-45 715	-14 838	-76 616
<b>Total operating expenses</b>	<b>785 842</b>	815 998	3 209 598	3 129 668
<b>EBITDA</b>	<b>-37 760</b>	-150 936	513 300	331 457
Depreciation and impairment losses	127 444	131 225	475 267	473 190
<b>EBIT</b>	<b>-165 204</b>	-282 161	38 033	-141 733
Net financial items	-1 172	-41 888	-100 427	-91 962
<b>Profit (loss) before tax for continued business</b>	<b>-166 376</b>	-324 049	-62 394	-233 695

- Good increase in revenues
- Operating expenses under control



## Segment information

### EBITDA

Pro forma (NOK 1 000)	Q4 2006	Q4 2005	Full year 2006	Full year 2005
Hurtigruten	-56 858	-124 728	297 825	144 541
Explorer cruises/other travel	-5 209	-18 681	37 750	27 346
Public transport	32 099	85 590	202 485	296 729
Other activities	-7 792	-93 116	-24 759	-137 161
<b>Total group EBITDA</b>	<b>-37 760</b>	<b>-150 935</b>	<b>513 301</b>	<b>331 455</b>
Depreciation and impairment losses	127 444	131 225	475 267	473 190
<b>EBIT</b>	<b>-165 204</b>	<b>-282 160</b>	<b>38 034</b>	<b>-141 735</b>
Net financial items	-1 172	-41 888	-100 427	-91 962
<b>Profit (loss) before tax for continued business</b>	<b>-166 376</b>	<b>-324 048</b>	<b>-62 393</b>	<b>-233 697</b>

- Hurtigruten – increased cruise revenues and shipboard sales, chartering out vessels and reduced operating expenses
- Explorer cruise/other travel – passenger growth in Antarctic and new record year for Svalbard
- Public transport – poor contract for national highway ferries, bus results still good
- Other activities – downsizing and rationalisation on land. Charter revenues from m/v *Jupiter* – vessel sold



## Hurtigruten Group ASA

### Balance sheet (IFRS), pro forma

Pro forma (NOK 1 000)	31 December 2006	31 December 2005
<b>Assets</b>		
Intangible fixed assets	313 247	330 422
Tangible fixed assets	5 564 552	5 802 921
Financial fixed assets	197 114	213 261
Current assets	1 434 493	1 339 830
<b>Total assets</b>	<b>7 509 407</b>	<b>7 686 434</b>
<b>Equity and liabilities</b>		
Paid-in capital and retained earnings	1 509 055	1 782 117
Minority interests	192 357	116 797
<b>Total equity</b>	<b>1 701 412</b>	<b>1 898 914</b>
Provisions	497 306	480 679
Long-term liabilities	4 144 711	4 172 586
Current liabilities	1 165 978	1 134 255
Total liabilities	5 807 995	5 787 520
<b>Total equity and liabilities</b>	<b>7 509 407</b>	<b>7 686 434</b>

- Liquid assets NOK 768 mill
- Net interest-bearing debt – NOK 3 691 mill
- Capital adequacy 23.8% (22.7% excluding convertible bond loan)



## Hurtigruten business area

Hurtigruten (NOK 1 000)	Q4 2006	Q4 2005	Full year 2006	Full year 2005
Sales revenues	212 674	183 616	1 639 832	1 533 886
Contract revenues	96 280	84 866	239 017	207 915
<b>Total operating revenues</b>	<b>308 954</b>	268 482	<b>1 878 849</b>	1 741 801
Payroll expenses	173 304	159 858	684 334	643 606
Bunkers costs	54 513	64 354	248 350	244 357
Other operating costs	137 993	168 998	648 340	709 296
Other losses/(gains)/(revenues) - net	0	0	0	0
<b>Total operating expenses</b>	<b>365 810</b>	393 210	<b>1 581 024</b>	1 597 259
<b>EBITDA</b>	<b>-56 856</b>	-124 728	<b>297 825</b>	144 542

- EBITDA – NOK 68 mill improvement in Q4
- Operating expenses reduced by NOK 27 mill, including lower bunkers costs from transition to IF40 as well as price effects
- Contract revenues, adjusted for off-hire
- NOK 6 mill increase in round trip revenues in Q4
- Positive contribution of NOK 26 mill from chartering to oil industry



## Hurtigruten – volume/price Q4\*

ROUND-TRIPS	Q4 2006	Q4 2005	Change	In %	FY 2006	FY 2005	Change	In %
Number of cruisedays	37 186	36 925	261	0.7 %	555 420	543 117	12 303	2.3 %
Average price per cruiseday <sup>1)</sup>	908	763	145	19.0 %	1 329	1 264	65	5.1 %
DISTANCE (port-to-port)	Q4 2006	Q4 2005	Change	In %	FY 2006	FY 2005	Change	In %
Number of passengers	66 849	68 565	(1 716)	-2.5 %	375 124	365 029	10 095	2.8 %
Average price per passenger <sup>2)</sup>	606	567	39	6.9 %	682	675	7	1.0 %

- 2.3% growth in cruise days for 2006
  - Positive price trend in Q4
  - Good growth in cruise days during December
- 2.8% growth in distance traffic after several years of decline
  - Positive effect of promoting shorter trips by Hurtigruten
  - Limited average price effect, despite the use of price as an instrument
  - Ships out of service affected distance traffic in particular during Q4

1) Passenger revenues including catering – round-trip passengers/number of cruise days

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

\*) The statistics has been revised, and can be found attached to this presentation. It has been amended both in terms of calculation method and definitions



## Strong growth in France, the UK and Scandinavia compensated for decline in Germany

<b>Passenger developments, round-trip 2006</b>			
Market	Passengers*	Change from 2005	% of total
Germany	24 018	-4.2 %	46 %
Norway	8 253	0.5 %	16 %
UK	4 708	11.8 %	9 %
USA	3 996	1.7 %	8 %
France	2 720	47.3 %	5 %
Denmark	1 964	24.1 %	4 %
Switzerland	1 271	-8.4 %	2 %
Sweden	1 377	19.8 %	3 %
BeNeLux	1 335	-2.3 %	3 %
Other	2 352	11.1 %	5 %
<b>Total</b>	<b>51 994</b>	<b>2.2 %</b>	<b>100 %</b>

\* Number of round-trip passengers defined as the number of full round trips (two round-trip passengers taking half a round trip count as one)



## Explorer cruise/other travel business area

Pro forma

Explorer cruises/other travel (NOK 1 000)	Q4 2006	Q4 2005	Full year 2006	Full year 2005	Full year 2005
Sales revenues	123 739	86 277	519 584	406 523	406 523
Contract revenues	0	0	0	0	0
<b>Total operating revenues</b>	<b>123 739</b>	<b>86 277</b>	<b>519 584</b>	<b>406 523</b>	<b>406 523</b>
Payroll expenses	43 003	48 602	170 659	149 428	149 428
Bunkers costs	12 734	14 525	40 126	27 782	27 782
Other operating costs	73 210	41 831	271 049	201 967	201 967
Other losses/(gains)/(revenues) - net	0	0	0	0	0
<b>Total operating expenses</b>	<b>128 947</b>	<b>104 958</b>	<b>481 834</b>	<b>379 177</b>	<b>379 177</b>
<b>EBITDA</b>	<b>-5 208</b>	<b>-18 681</b>	<b>37 750</b>	<b>27 346</b>	<b>27 346</b>

- Positive development in Antarctic results – improvement NOK 20 mill
  - Increased passenger numbers – rather higher costs than expected
- New record year in Svalbard – results up by NOK 9 mill in 2006



## Explorer cruise/other travel – business units

Pro forma	EBITDA					
	Q4 2006	Q4 2005	Change	Full year 2006	Full year 2005	Change
Chile/Antarctica	5 451	-14 429	19 880	4 233	-11 025	15 258
Svalbard	-2 983	-3 031	48	41 053	31 917	9 136
Other travel	-7 677	-1 221	-6 456	-7 536	6 454	-13 990
<b>Total explorer cruise/Other travel</b>	<b>-5 209</b>	<b>-18 681</b>	<b>13 472</b>	<b>37 750</b>	<b>27 346</b>	<b>10 404</b>

- Chile/Antarctic:
  - Number of passengers increased by 62% (872 pax)
  - Lower average price as a result of changes in market composition
  - Larger share of international crew
  - Costs still too high – measures initiated
- Svalbard:
  - Low season – on a par with a good fourth quarter in 2005
- Other travel
  - Increased administrative costs – business unit established in 2006



## Public transport business area

Pro forma

Public transport (NOK 1 000)	Q4 2006	Q4 2005	Full year 2006	Full year 2005
Sales revenues	145 079	141 198	633 223	642 959
Contract revenues	160 021	166 737	654 531	650 592
<b>Total operating revenues</b>	<b>305 100</b>	307 935	1 287 754	1 293 551
Payroll expenses	133 902	134 309	553 785	536 806
Bunkers costs	53 940	57 291	229 715	214 276
Other operating costs	83 467	74 245	306 284	311 965
Other losses/(gains)/(revenues) - net	1 692	-43 500	-4 515	-66 225
<b>Total operating expenses</b>	<b>273 001</b>	222 345	1 085 269	996 822
<b>EBITDA</b>	<b>32 099</b>	85 590	202 485	296 729

- Gain on the sale of shares in Q4 2005 – NOK 42 mill
- Weak results in the Conventional/fast ferries operations, continued good performance in the bus operations



## Public transport – business units

Pro forma	EBITDA					
	Q4 2006	Q4 2005	Change	Full year 2006	Full year 2005	Change
Conventional/fast ferries	25 742	30 675	-4 933	141 829	186 951	-45 122
Buses	6 357	54 915	-48 558	60 656	109 778	-49 122
<b>Total public transport</b>	<b>32 099</b>	<b>85 590</b>	<b>-53 491</b>	<b>202 485</b>	<b>296 729</b>	<b>-94 244</b>

- Conventional/fast ferries:
  - Gain of NOK 17.8 mill on sale of vessels in 2005
  - Measures to improve operations yielding results, and positive contribution from hire of ferry to Statoil
  - Two ferry tenders won in Q4 with acceptable return on capital employed.
  - New and improved 2007 contract with Public Roads Administration
  - Renegotiation/new contracts with Troms and Nordland counties in 2007
- Buses:
  - Gain of NOK 42 mill on sale of Linjegods shares in Q4 2005
  - Extraordinary costs associated with disposal of freight business
  - Profitability remains good, integration measures taking effect



## Other activities

<b>Other activities</b> <i>(NOK 1 000)</i>	<b>Q4</b> <b>2006</b>	<b>Q4</b> <b>2005</b>	<b>Full year</b> <b>2006</b>	<b>Full year</b> <b>2005</b>
Sales revenues	19 065	2 369	62 396	19 250
Contract revenues	0	0	0	0
<b>Total operating revenues</b>	<b>19 065</b>	<b>2 369</b>	<b>62 396</b>	<b>19 250</b>
Payroll expenses	13 333	21 152	52 020	74 929
Bunkers costs				
Other operating costs	13 567	76 548	45 458	91 874
Other losses/(gains)/(revenues) - net	-42	-2 215	-10 323	-10 391
<b>Total operating expenses</b>	<b>26 858</b>	<b>95 485</b>	<b>87 155</b>	<b>156 412</b>
<b>EBITDA</b>	<b>-7 793</b>	<b>-93 116</b>	<b>-24 759</b>	<b>-137 162</b>

- Downsizing and integration taking effect
- Charter of m/v *Jupiter* contributed positively in 2006 – ship sold (Q1 07)
- Area characterised by special items in both 2006 and 2005
- Result for the year better than normal for the areas – group administration/ internal group companies



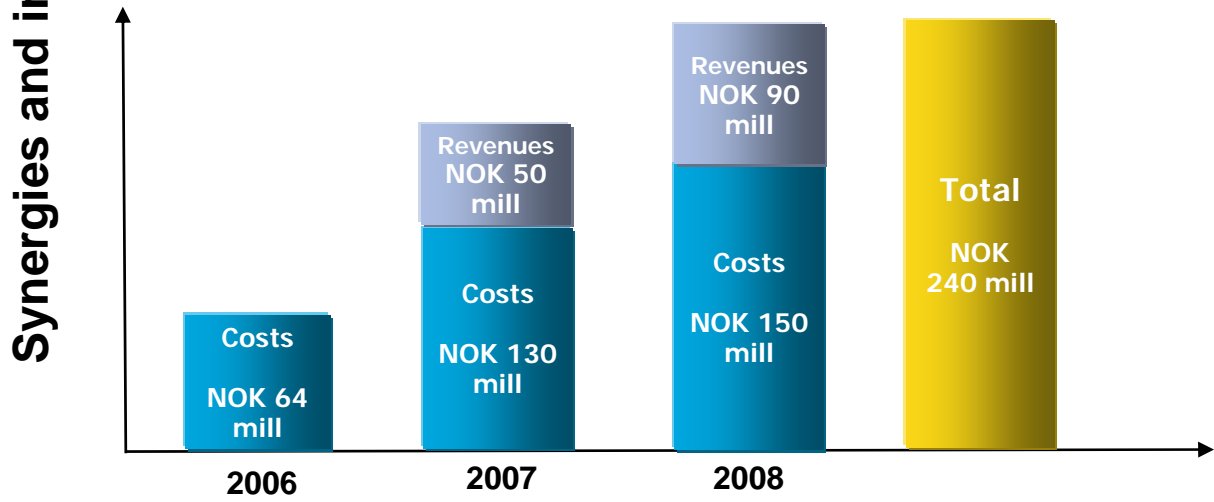
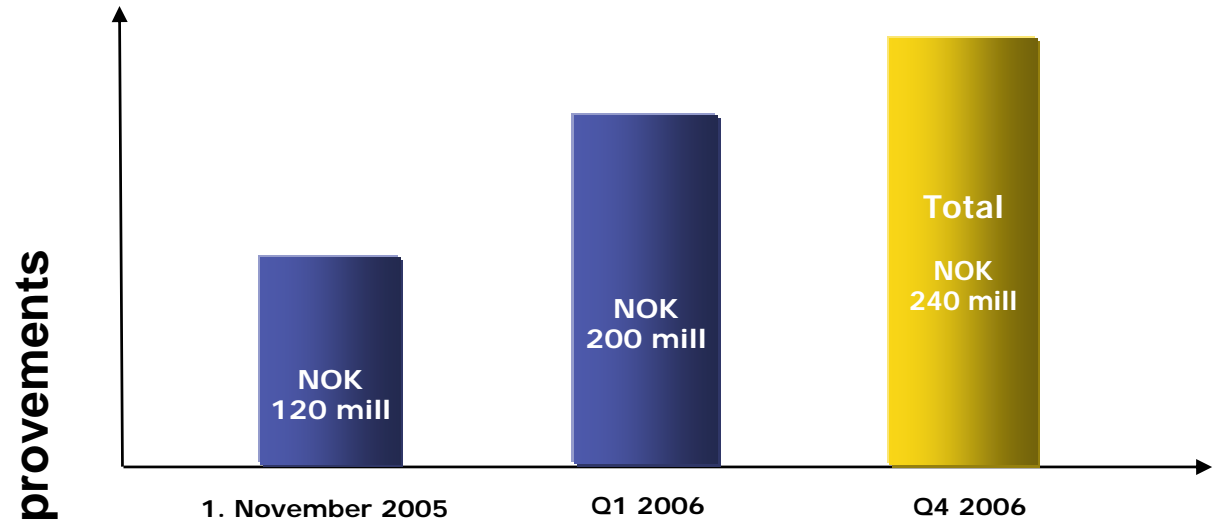
# 03

## Status

## Synergy and improvement programme



# Ambition doubled to NOK 240 mill



## Status at 31 December – cost measures

<b>Projects (NOK mill)</b>	<b>Total synergy and improvement target</b>	<b>Revised target for 2008</b>	<b>Initial target for 2006</b>	<b>Implemented as of 31 Dec 06</b>
Fuel	35.0	37.0	16.0	<b>26.0</b>
Personnel	35.0	42.0	10.0	<b>17.0</b>
Operational efficiency	23.0	36.0	9.0	<b>9.0</b>
Procurement	15.0	17.0	1.0	<b>3.0</b>
Maintenance	12.0	18.0	4.0	<b>9.0</b>
<b>Total cost reductions</b>	<b>120.0</b>	<b>150.0</b>	<b>40.0</b>	<b>64.0</b>

- Effect of transition to a different bunkers oil (IF40) has increased as the result of a bigger price differential with the previous MSD grade
- Downsizing implemented in the land organisation gives effects and costs taken in this connection
- Reduced administrative costs relating to the Antarctic operation
- Increased ambition in cost programme, in part because of:
  - Improved breakdown/maintenance handling for conventional/fast ferries
  - Optimised use of anti-foulings reduces bunkers consumption



# 04

## Prospects



## Passenger developments, Hurtigruten

### Sales up in shoulder seasons – weak start to summer season

- 68% of total number of round trips for 2006 booked at 15 Feb 07
- Number of round-trips booked by 15 Feb 07 at par with 15 Feb 06
- Sharp growth in the UK (27%), USA (25%) and Sweden (43%)
- Germany continuing decline (down 8%) in 2007
- Progress for cruise days booked at 15 Feb 07 compared with 15 Feb 06:

	Number of cruise days - Round-Trip				
	Q1	Q2	Q3	Q4	TOTAL
As of 15 Feb 07	53 702	179 748	133 520	9 118	376 088
As of 15 Feb 06	48 090	171 620	148 412	8 013	376 135
% - change	11.7 %	4.7 %	-10.0 %	13.8 %	0.0 %

	Q1	Q2	Q3	Q4	TOTAL
2006 in total	48 044	201 853	268 337	37 186	555 420
% booked of 2006	111.8 %	89.0 %	49.8 %	24.5 %	67.7 %



# Very good start to bookings for m/v *Fram* in Greenland

- Greenland
  - Booked 2 465 passengers (20 453 cruise days) or 65% of capacity\* for first Greenland season
  - Market breakdown: Germany (34%), Denmark (20%), Switzerland (15%) and Norway (9%)
- Svalbard
  - 34% increase in cruise bookings for Svalbard
- Antarctic
  - Spring 2007 affected by cancellations following incident with m/v *Nordkapp*
    - 18% decline in number of passengers
    - Satisfactory insurance cover
  - Autumn 2007: 7% increase in bookings

\*) 100% equals 2 passengers per cabin



## Agenda 2007

- Progress continues – focus on operations, marketing and product development
  - Substantial improvement in sales for Hurtigruten/Explorer Cruises
  - Good booking trend in USA and UK
  - Very good booking start for m/v *Fram* in Greenland
  - Moderate improvement for public transport
  - Sale of m/v *Narvik* and m/v *Jupiter* (Q1 07)
- Challenges in 2007
  - Negative trend in Germany continuing in 2007
  - Effect of negotiations with government over public procurement contract remains to be clarified
  - Increased debt (m/v *Fram*) and rising interest rates
  - Share issue in 2007 important and necessary

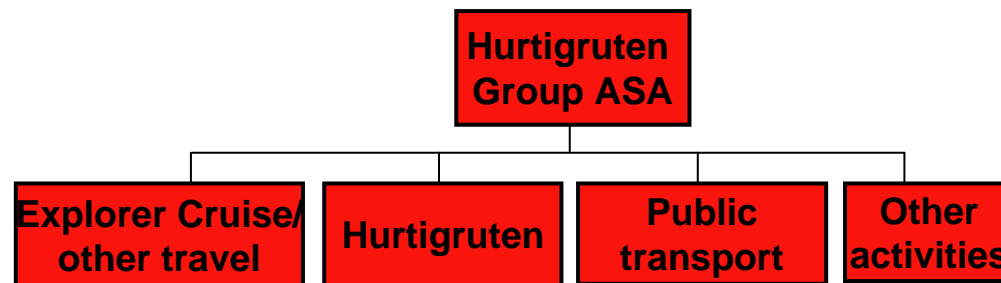
**Ambition maintained – break even in 2007**





**HURTIGRUTEN**

# Hurtigruten Group



- Hurtigruten – one of Norway’s strongest brands
- Leader for experience cruises in the Arctic/Antarctic
- Leading player for public transport in northern Norway
- Listed on the Oslo Stock Exchange – 6 000 shareholders
- Market Cap 20 Feb    NOK 1 350 mill
- Turnover (2006)        NOK 3 723 mill
- Pre-tax profit (2006) NOK    -62 mill
- 3 400 employees

- 14 hurtigrute/cruise vessels
  - 500 000 passengers
  - 12 vessels registered with NOR, 2 in NIS
  - 6 000 beds
  - 745 man-labour year equivalents permanently employed in maritime operations (NOR), 450 additional employees during high season, 111 apprentices
- 36 ferries, 19 fast ferries
  - 2 200 000 passengers
  - 490 maritime man-labour year
- 300 bus vehicles



## Exhibit: Updated and amended passenger statistics Hurtigruten

NUMBER OF CRUISEDAYS - ROUND-TRIP					
	Q1	Q2	Q3	Q4	IN TOTAL
2006	48 044	201 853	268 337	37 186	555 420
2005	43 062	204 730	258 400	36 925	543 117
% - change	11.6 %	-1.4 %	3.8 %	0.7 %	2.3 %

AVERAGE PRICE PER CRUISE DAY - ROUND-TRIP					
	Q1	Q2	Q3	Q4	IN TOTAL
2006	752	1 447	1 403	908	1 329
2005	776	1 367	1 336	763	1 264
% - change	-3.1 %	5.9 %	5.0 %	19.0 %	5.1 %

NUMBER OF PASSENGERS - DISTANCE					
	Q1	Q2	Q3	Q4	IN TOTAL
2006	66 403	118 803	123 069	66 849	375 124
2005	69 376	107 128	119 960	68 565	365 029
% - change	-4.3 %	10.9 %	2.6 %	-2.5 %	2.8 %

AVERAGE PRICE PER PASSENGER - DISTANCE					
	Q1	Q2	Q3	Q4	IN TOTAL
2006	513	695	782	606	675
2005	478	717	835	567	682
% - change	7.3 %	-3.1 %	-6.3 %	6.9 %	-1.0 %

