

Interim report Q2 2007

Hurtigruten ASA



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Highlights



Continued progress

- Operating profit (EBIT) NOK 141 mill – up by 18%
- Synergy and improvement programme on schedule
 - effect on results reduced by operating disruptions, NO_x tax and downturn for buses
- Good start for m/v Fram off Greenland
- Continued good progress for Hurtigruten and explorer cruise bookings
- Uncertainty whether 2007 profit goal can be achieved
- Olav Fjell takes over as chief executive on 10 September



Operating profit (EBIT) NOK 141 mill – up by 18%

Amounts in NOK mill	<u>Q2 07</u>	<u>Q2 06</u>	<u>Change</u>
• Op profit before depr (EBITDA)	257	240	+17
• Operating profit (EBIT)	141	119	+22
• Profit before tax	102	91	+11

Main reasons for EBITDA improvement

- Improvement comes from Hurtigruten/explorer cruise +30
 - Public transport unchanged +2
 - Other business weaker, as expected -16
-
- Annual effect of synergy and improvement programme NOK 141 mill
 - of which realised income projects NOK 41 mill

Synergy and improvement programme on schedule

- Synergy and improvement programme on schedule
 - NOK 141 mill in annual effect realised at 30 Jun – up NOK 37 mill from Q1 07
- Substantial operational disruption in quarter – negative effect NOK 30 mill
 - Engine problems on m/v Finnmarken in April
 - Grounding of m/v Trollfjord in May
 - NORO virus attack on Hurtigruten in May and June
 - Cancellation of whole season for m/v Polar Star to Svalbard
- Introduction of NO_x tax imposed Q2 charges of NOK 17 mill and NOK 31 mill in the first half
 - Additional costs, are however, expected to be met by the government in line with other public procurement in the transport sector and pursuant to the Hurtigruten contract
 - Negotiations under way
- EBITDA in the bus sector down by NOK 6 mill in the quarter and NOK 12 mill cumulatively

Good start off Greenland and positive trend for bookings

- M/v Fram named 19 May – cruising around Greenland from 27 May
- Good start financially and in the market
 - Higher passenger volume and better prices than expected
 - High passenger satisfaction
- Continued good progress for Hurtigruten and Explorer cruise bookings
 - 7% growth in round-trip days for 2007
 - Significant progress in USA, UK, Sweden and Netherlands
 - Antarctic season 2007-08 – up 19%
 - Arctic-to-Antarctic cruise – well received, particularly the USA



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Accounts Q2 2007



Segment information

Operating profit before depreciation (EBITDA) pro forma

Pro forma (NOK 1 000)	Q2 2007	Q2 2006	YTD 2007	YTD 2006	Full year 2006
Hurtigruten	195 660	184 195	146 669	107 624	289 409
Explorer cruises/other travel	22 666	3 808	56 000	19 117	23 132
Public transport	49 075	46 602	99 391	78 591	207 983
Other activities	-10 281	5 461	-29 918	-6 410	22 152
Total group EBITDA	257 120	240 066	272 142	198 922	542 676
Depreciation and impairment losses	116 145	120 587	234 418	231 812	475 267
EBIT	140 975	119 479	37 724	-32 890	67 409
Net financial items	-38 725	-28 186	-71 432	-59 548	-129 802
Profit (loss) before tax for continued business	102 250	91 293	-33 708	-92 438	-62 393

- Hurtigruten – negative NOK 20 mill effect on results from NORO virus and operational disruption. Decline for foreign sales offices from cancelling m/v Polar Star season. NOK 17 mill in NO_x tax charged in full – demand for government to cover this cost.
- Explorer cruise/other travel – Svalbard affected by m/v Polar Star cancellation. Positive start off Greenland for m/v Fram
- Public transport – clear gain for conventional/fast ferries, but buses still weak
- Other business – burdened results as previously warned
Good progress for profits in Nor Lines

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Consolidated Income Statement, IFRS, pro forma

Consolidated group accounts - pro forma (NOK 1 000)	Q2 2007	Q2 2006	YTD 2007	YTD 2006	Full year 2006
Sales revenues	881 354	868 467	1 363 890	1 331 093	2 820 988
Contract revenues	206 095	198 605	501 153	456 994	893 497
Total operating revenues	1 087 449	1 067 072	1 865 043	1 788 087	3 714 485
Payroll expenses	343 832	351 035	679 265	703 235	1 460 798
Other operating costs	489 065	476 924	937 221	897 784	1 763 638
Other losses/(gains)/(revenues) - net	-2 571	-953	-23 587	-11 854	-52 628
Total operating expenses	830 326	827 006	1 592 899	1 589 165	3 171 808
EBITDA	257 123	240 066	272 144	198 922	542 677
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Consolidated Balance Sheet, IFRS

<i>(NOK 1 000)</i>	30 June 2007	30 June 2006	1 January 2007
Assets			
Intangible fixed assets	326 948	312 448	313 247
Tangible fixed assets	5 783 677	5 701 217	5 564 552
Financial fixed assets	207 855	210 671	209 492
Current assets	1 666 309	1 502 863	1 434 492
Total assets	7 984 789	7 727 199	7 521 783
Equity and liabilities			
Paid-in capital and retained earnings	1 470 883	1 530 133	1 496 561
Minority interests	214 117	195 041	192 357
Total equity	1 685 000	1 725 174	1 688 918
Provisions	475 392	460 570	527 042
Long-term liabilities	4 430 033	3 968 594	4 169 003
Current liabilities	1 394 364	1 572 861	1 136 820
Total liabilities	6 299 789	6 002 025	5 832 865
Total equity and liabilities	7 984 789	7 727 199	7 521 783

- Liquid assets NOK 914 mill
- Net interest-bearing debt – NOK 3 798 mill
- Capital adequacy 22.8% (21.1% excluding convertible bond loan)



Hurtigruten business area

Hurtigruten - Pro forma (NOK 1 000)	Q2 2007	Q2 2006	YTD 2007	YTD 2006	Full year 2006
Sales revenues	588 881	570 563	775 903	723 794	1 631 470
Contract revenues	38 143	35 633	151 465	142 532	238 966
Total operating revenues	627 024	606 196	927 368	866 326	1 870 436
Payroll expenses	168 157	174 920	313 239	317 640	684 334
Bunkers costs	75 385	68 103	133 321	123 894	248 350
Other operating costs	187 945	178 978	351 573	317 168	648 343
Other losses/(gains)/(revenues) - net	-126	0	-17 434	0	0
Total operating expenses	431 361	422 001	780 699	758 702	1 581 027
EBITDA	195 663	184 195	146 669	107 624	289 409

- Strong growth in round-trip volume – lower average price/campaign pricing
- Effect of NORO virus NOK 8 mill – reduced distance revenues and extra cleaning costs
- Grounding m/v Trollfjord and engine damage m/v Finnmarken – effect NOK 12 mill
- Decline in contribution from foreign sales offices – margin drop related to cancellation of m/v Polar Star season to Svalbard
- NO_x charged in full for Q2 – NOK 17 mill, NOK 31 mill for first half

Hurtigruten – volume/price Q2 2007

ROUND-TRIPS	Q2 2007	Q2 2006	Change	In %	YTD 2007	YTD 2006	Change	In %
Number of cruisedays	219 758	201 852	17 906	8.9%	275 131	249 896	25 235	10.1%
Average price per cruiseday ¹⁾	1 374	1 447	(73)	-5.0	1 252	1 313	(61)	-4.6%
DISTANSCE (port-to-port)	Q2 2007	Q2 2006	Change	In %	YTD 2007	YTD 2006	Change	In %
Number of passengers	111 187	118 803	(7 616)	-6.4%	178 896	185 206	(6 310)	-3.4%
Average price per passenger ²⁾	724	695	29	4.2%	684	630	54	8.6%

- 8.9% growth in cruise days Q2 2007
 - 23% growth in May shows that "shoulder season" commitment is having an effect
 - Campaign pricing and changes in market composition give lower average price
- 6.4% decline in distance traffic
 - NORO virus reduced normal distance traffic
 - Increase in shorter holiday trips
 - Continued positive price trend from new products

1) Passenger revenue including board – round-trip passengers/number of cruise days

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



Explorer cruise/other travel business area

Explorer cruises/other travel - Pro forma (NOK 1 000)	Q2 2007	Q2 2006	YTD 2007	YTD 2006	Full year 2006
Sales revenues	121 614	84 262	261 451	217 814	394 504
Contract revenues	0	0	0	0	0
Total operating revenues	121 614	84 262	261 451	217 814	394 504
Payroll expenses	28 054	22 101	57 673	65 312	110 432
Bunkers costs	8 117	4 625	21 827	23 579	40 126
Other operating costs	62 779	53 729	125 952	109 806	220 814
Other losses/(gains)/(revenues) - net	-2	0	-2	0	0
Total operating expenses	98 948	80 455	205 450	198 697	371 372
EBITDA	22 666	3 807	56 001	19 117	23 132

- Profit improvement in Antarctic – parts of the insurance settlement booked as income in Q2
- Good start off Greenland with m/v Fram
- Continued growth in results for Svalbard

Explorer cruise/other travel – business units

Pro forma	EBITDA					
	Q2 2007	Q2 2006	Change	YTD 2007	YTD 2006	Change
Antarctica	-479	-10 521	10 042	36 285	4 724	31 561
Greenland	4 610	0	4 610	2 853	0	2 853
Svalbard	24 663	21 384	3 279	30 113	25 142	4 971
Other travel	-6 128	-7 056	928	-13 250	-10 749	-2 501
Total explorer cruise/Other travel	22 666	3 807	18 859	56 001	19 117	36 884

- Antarctic:
 - Loss of hire insurance cover compensates for lost revenue from cancelled cruises
- Greenland:
 - Higher passenger numbers and better average prices than expected
- Svalbard:
 - Improvement for quarter, despite cancellation of m/v Polar Star cruises
- Other travel:
 - Improvement related to other cruises and Kystopplevelser AS

Public transport business area

Public transport - Pro forma (NOK 1 000)	Q2 2007	Q2 2006	YTD 2007	YTD 2006	Full year 2006
Sales revenues	157 750	161 652	283 911	298 505	633 221
Contract revenues	167 952	162 829	349 688	314 319	654 532
Total operating revenues	325 702	324 481	633 599	612 824	1 287 753
Payroll expenses	128 091	132 821	261 929	268 067	553 785
Bunkers costs	59 207	57 319	112 516	110 492	229 715
Other operating costs	89 605	87 739	163 994	155 950	306 284
Other losses/(gains)/(revenues) - net	-277	0	-4 231	-276	-10 014
Total operating expenses	276 626	277 879	534 208	534 233	1 079 770
EBITDA	49 076	46 602	99 391	78 591	207 983

- Clear improvement in results for conventional/fast ferries
- Continued decline for buses

Public transport – business units

Pro forma	EBITDA					
	Q2 2007	Q2 2006	Change	YTD 2007	YTD 2006	Change
Conventional/fast ferries	28 954	21 157	7 797	66 468	37 500	28 968
Buses	20 122	25 444	-5 322	32 923	41 090	-8 167
Total public transport	49 076	46 601	2 475	99 391	78 590	20 801

- Conventional/fast ferries:
 - Change in accounting principles related to recognition of contract revenues – less seasonal variation, negative effect of NOK 8 mill in Q2, positive effect of NOK 3 mill for first half.
 - Significant increase in revenues for own account
- Bus:
 - Continued weakness owing to shortage of drivers related to increased production obligations
 - Reduced production from 8 October will cut overtime working
 - Continued strong focus on operational improvements

Other business

Other activities - Pro forma (NOK 1 000)	Q2 2007	Q2 2006	YTD 2007	YTD 2006	Full year 2006
Sales revenues	34 869	55 176	70 517	94 166	187 476
Contract revenues	0	0	0	0	0
Total operating revenues	34 869	55 176	70 517	94 166	187 476
Payroll expenses	19 529	21 193	46 425	52 216	112 248
Other operating costs	27 787	29 475	55 929	59 938	95 691
Other losses/(gains)/(revenues) - net	-2 166	-953	-1 920	-11 578	-42 615
Total operating expenses	45 150	49 715	100 434	100 576	165 324
EBITDA	-10 281	5 461	-29 917	-6 410	22 152

- Higher burden, as expected
- Positive one-off effect of NOK 7 mill in Q2 06
- M/v Jupiter sold in Q2 07 – positive contribution from chartering in Q2 06

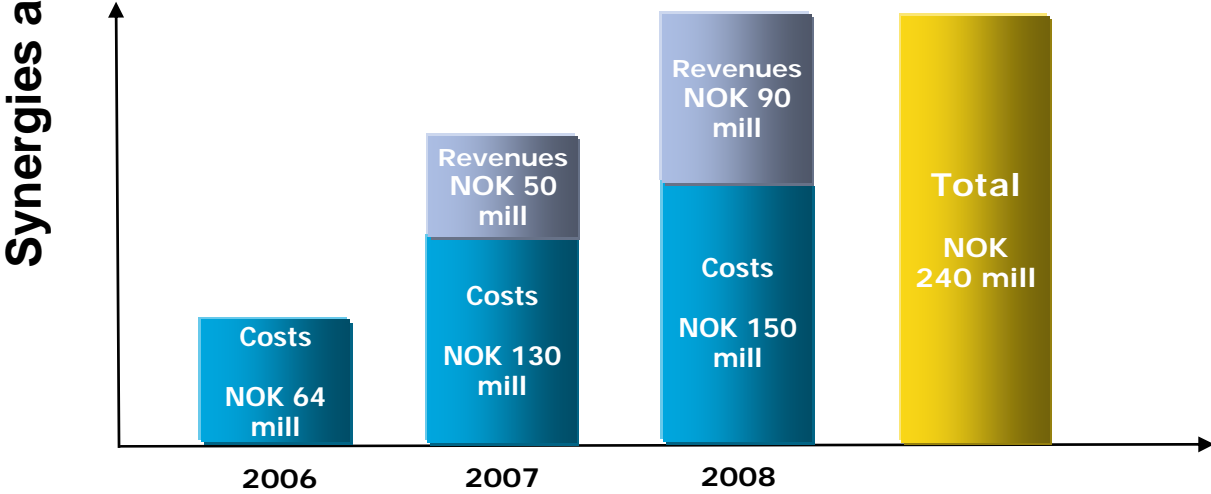
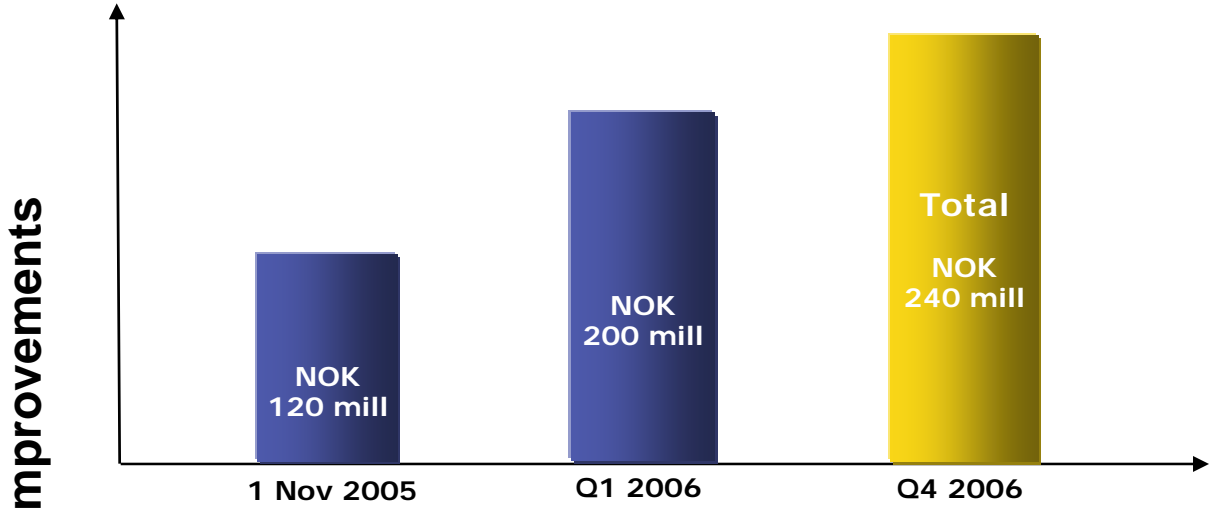
03

Status

**Synergy and
improvement
programme**



Ambitions doubled to NOK 240 mill



Status at 30 June 2007

Projects (NOK mill)	Target 2008	Target 2007	Implemented as of 31 Dec 06	Implemented as of 30 June 07
Fuel	37	35	26	28
Personnel	42	37	17	25
Operational efficiency	36	32	9	26
Procurement	17	12	3	11
Maintenance	18	14	9	10
Total cost reductions	150	130	64	100
Income boosting projects	90	50	0	41
Total synergies and improvements	240	180	64	141

- Total of 90 measures
- Significant effect of measures adopted in relation to personnel in the high season
- GRESS procurement collaboration agreement and other procurement projects in maritime operation and hotel are yielding effects
- Increase for revenue projects such as increased sales of land excursions, onboard shop sales and onboard "happenings".

04



Prospects



Hurtigruten: Good progress for bookings

- 7% growth in round-trip days for 2007
- Previous year's sale of round-trip days achieved per 15 Aug 07
- Improved booking position for Q3
- 7.2% growth in September shows that "shoulder season" commitment is having an effect
- Substantial price and market measures implemented

Progress for cruise days booked at 15 Aug 07 versus 15 Aug 06:

	CRUISE DAYS ROUND-TRIPS				
	Q1	Q2	Q3	Q4	TOTAL
As of 15 Aug 07	55 373	220 324	273 172	27 882	576 751
As of 15 Aug 06	48 044	201 853	267 169	22 634	539 700
% - change	15.3%	9.2%	2.2%	23.2%	6.9%

	Q1	Q2	Q3	Q4	TOTAL
Total 2006	48 044	201 853	268 337	37 186	555 420
% booked of 2006 sales	115.3%	109.2%	101.8%	75.0%	103.8%

Strong growth in USA, UK , Sweden and Benelux – decline in Germany reversed to growth

Market	Round-trips booked as of 15 Aug 2007 ^{*)}	% change	Markets' share of sales
Germany	24 001	3.5 %	45 %
Norway	7 254	-1.3 %	13 %
United Kingdom	5 448	17.6 %	10 %
USA	5 101	31.7 %	9 %
France	2 580	-2.1 %	5 %
Denmark	1 681	-12.9 %	3 %
Switzerland	1 315	4.9 %	2 %
Sweden	1 820	33.4 %	3 %
BeNeLux	1 656	28.8 %	3 %
Other	3 033	6.6 %	6 %
Total	53 889	7.0%	100 %

*) Number of round-trip passengers is defined as number of whole round trips (two round-trip passengers who take half a round trip count as one)



Explorer cruise* : Very good booking start for m/v Fram off Greenland

- Greenland
 - 2 919 passengers (24 775 cruise days) corresponding to 87% of capacity** for first Greenland season
 - 523 bookings already taken for 2008 season
- Svalbard
 - 7% increase for m/v Nordstjernen
- Antarctic – total increase of 19% for 2007-08 season
 - 5% decline for autumn 2007 - Price and market measures implemented
 - 63% increase spring 2008
- Arctic-to-Antarctic with m/v Fram – 66 days at sea
 - 138 bookings – primarily from the US market

* Bookings at 20 Aug 07 versus 20 Aug 06

** 100% is calculated as two people per cabin



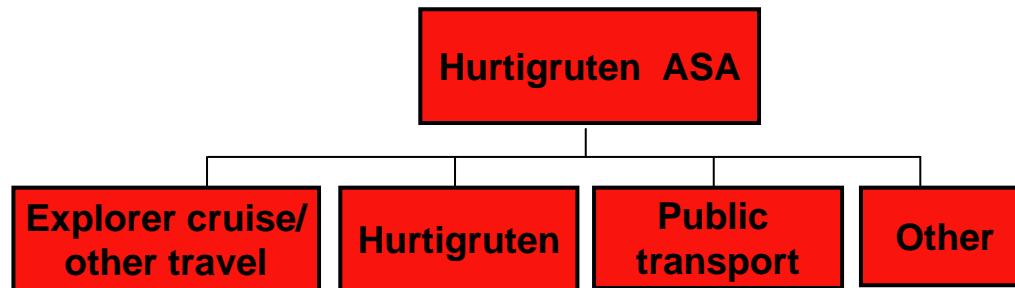
Uncertain whether 2007 profit target can be met

- Underlying positive development for Hurtigruten and explorer cruise/other travel
- Good progress for conventional/fast ferries, offsets decline for buses
- Substantial additional burden from other business – as expected
- Net financial items will normalise in second half of 2007 – in addition, effect of higher debt and increased interest rates
- Satisfactory outcome to NO_x tax talks necessary to achieve profit target
- Need for stronger action to create profitability
 - Realised next step in in-house improvement process
 - Hurtigruten sailings structure
 - Greater international distribution reach
 - Demanding capital structure



HURTIGRUTEN

Hurtigruten ASA



- Hurtigruten – one of Norway's strongest brands
- Leader for experience cruises in Polar waters
- Leading player for public transport in northern Norway
- Listed – 6 000 shareholders
- Market value 22 Aug NOK 983 mill
- Revenues (2006) NOK 3 714 mill
- Pre-tax loss (2006) NOK 62 mill
- 3 400 employees

- 14 Hurtigruten/cruise liners
 - 500 000 passengers
 - 12 in NOR, 2 in NIS
 - 6 000 berths
 - 745 permanent maritime work-years (NOR), 450 seasonal employees, 111 apprentices
- 36 conventional, 19 fast ferries
 - 2 200 000 passengers
 - 490 maritime work-years
- 300 buses

Appendix: Passenger statistics, Hurtigruten – 2006

	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%