



Fjord1 

**Q2
2020**

**THE LEADING
FERRY COMPANY
IN NORWAY**

ABOUT FJORD1



Fjord1 aims to be the **safest and most attractive provider of environmentally friendly and reliable transport** for our customers, clients and partners.

Our values reflect who we are and the way we work.



Cheerful



Open and honest



Reliable and keeping promises



Profitable



Working together and team spirit



Proud

- Fjord1 is a leading player in the Norwegian ferry market. It also operates passenger boat services and has interests in the catering and tourism sectors
- Competent employees enable Fjord1 to be at the forefront with respect to safety, innovation, technology and the environment
- Fjord1 is investing in low-emission and zero-emission technologies, and the electrification of Norway's fjord crossings
- Listed on the Oslo Stock Exchange under the ticker FJORD - see www.fjord1.no

MOLDE
Branch office

FLORØ
Head office

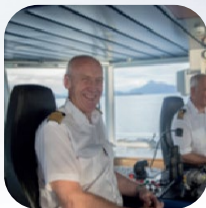
BERGEN
Branch office

Ferry contract overview 2020

1. Brekstad-Valset
2. Nordmørspakken
3. Nordøyane
4. Romsdalspakken
5. Sulapkken
6. Indre Sunnmøre
7. Sølnes-Årfarnes
8. Anda-Lote
9. Fylkesvegsamband S&F
10. Hordaland rutepakke 1
11. Hordaland rutepakke 2
12. Mortavika-Arsvågen
13. Svelvik-Verket

AGENDA

2020



Q2



- 1 Operational and financial overview**
- 2 Q2 key figures and highlights
- 3 Segment review
- 4 Appendix

Q2 2020

SAFE AND STABLE OPERATIONS

- Protecting the safety and security of employees, customers and suppliers while fulfilling our responsibilities as a critical infrastructure provider in coastal Norway
- No confirmed cases of Covid-19 among the workforce
- New ferry contracts securing revenue growth of 9% and EBITDA-margin 33%
 - **Ferry** and **Passenger Boats** shielded by contract structures based on capacity and sailing frequency, not traffic volumes
 - Continued operating profit for **Catering** despite revenue reduction
 - Negative results from JVs and associates in **Tourism** due to strict travel restrictions – rise in domestic tourism in July



2020



REVENUE
751 million



EBITDA
245 million

Q2



PBT
45 million



INVESTMENTS
116 million

Q2 2020

LOWER INVESTMENTS – FLAT NIBD



- Investments totalled NOK 116 million in Q2, net of NOK 175 million in vessel NO_x compensation
- Current vessel renewal programme coming to an end with delivery of MF Møringen in June and MF Stangvikfjord in August
- Electrification infrastructure projects delayed due to travel restrictions for foreign technical personnel – expecting completion of projects in H2
- Equity ratio of 23.1% - bond agreement amended to extend minimum equity ratio of 22.5% through Q2 2021
- NIBD stable at NOK 5.8bn in Q2 and expected to decrease in H2

Net interest bearing debt and NIBD/EBITDA*
(NOK million and x times EBITDA)



* Adjusted NIBD/EBITDA reflects covenant allowance to adjust NIBD to align with start-up of associated contracts. Please see Note 8 to the financial statement

Q2 2020

UNCHANGED STRATEGIC OUTLOOK



- Fjord1 is an important part of Norway's coastal infrastructure, with safe, reliable and environmentally sustainable transport
- Strong foundation with large long-term contract base and completed newbuild programme for a greener future
- Entering a period with stable operations expected and focus on improved cost efficiency and increasing EBITDA
- Growth ambitions in the ferry sector

Number of ferries and fuel mix



* Based on expected deliveries and upgrades

Q2 2020

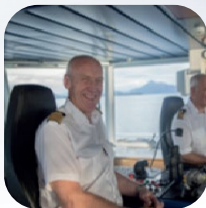
FIVE ELECTRIC CONNECTIONS



- Anda-Lote on E39 outside Sandane
 - M/F Gloppefjord and M/F Eidsfjord
- Krokeide-Hufthammar outside Bergen
 - M/F Møkstrafjord and M/F Horgefjord
- Husavik – Sandvikvåg outside Bergen
 - M/F Husavik
- Brekstad-Valset in Trøndelag
 - M/F Vestrått, MF/Austrått
- Hareid-Sulesund on Sunnmøre
 - M/F Hadarøy, M/F Giskøy and M/F Suløy

AGENDA

2020



Q2

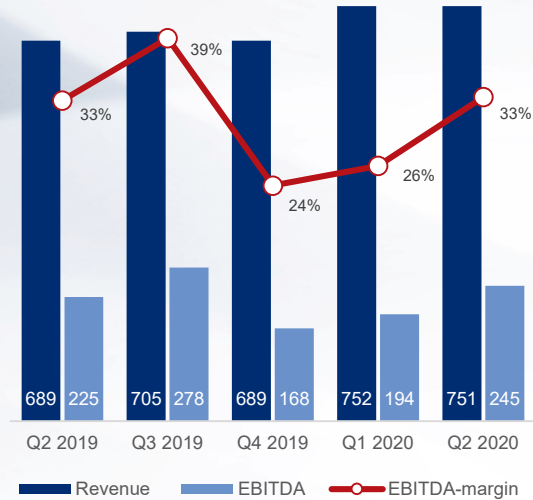


- 1 Operational and financial overview
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KEY FIGURES



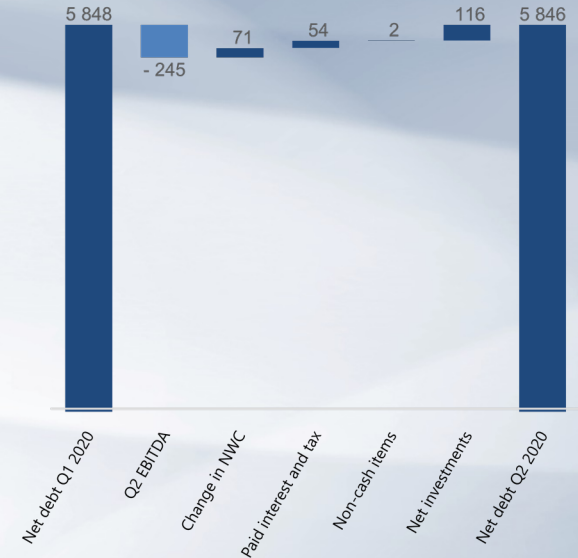
Revenue, EBITDA and EBITDA margin
(NOK m and %)



Investments
(NOK m)



Q2 change in net interest-bearing debt (NIBD)
(NOK m)



Q2 2020

OPERATIONAL HIGHLIGHTS

- Safety and regularity
 - No serious incidents – 0 passenger injuries and 5.1 lost-time injuries (staff)
 - Regularity at 99.7% - satisfactory start-up of new contracts
- Progressing on electrification infrastructure projects
 - Completed building of four quay structures/infrastructure in H1
 - Travel restrictions for technical personnel have delayed projects
 - Completion of infrastructure projects expected H2
- Renewal programme comprising 25 vessels coming to an end
 - Delivery of MF Florøy, MF Sildafjord, MF Grip, MF Bømlafjord and MF Smøla during Q1 and MF Møring in June
 - The last vessel in the current programme was delivered in August



2020



EMPLOYEES
1,060



VESSELS
83

Q2



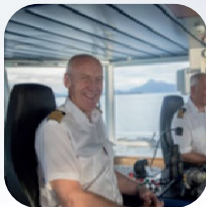
PEOPLE
3.6 million



VEHICLES
2.1 million

AGENDA

2020



Q2

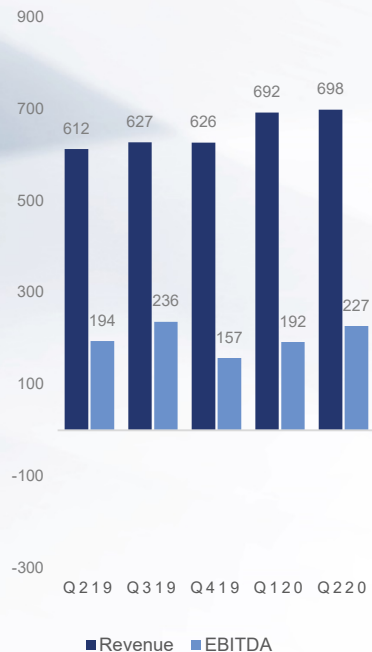


- 1 Operation and Financial update
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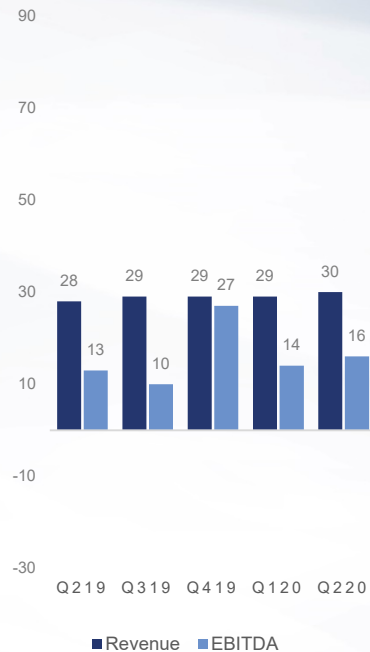
Q2 2020 SEGMENT OVERVIEW



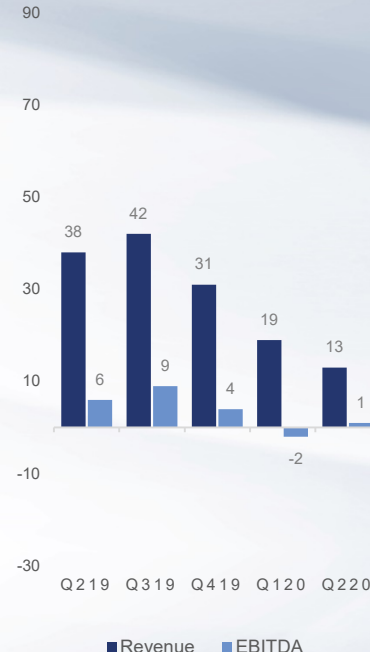
Ferries (NOK m)



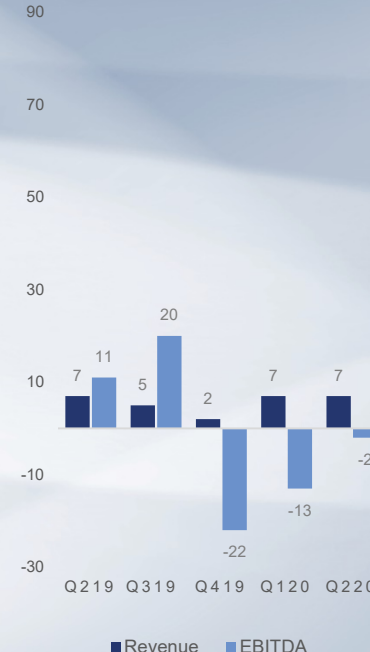
Passenger Boats (NOK m)



Catering (NOK m)



Tourism (NOK m)

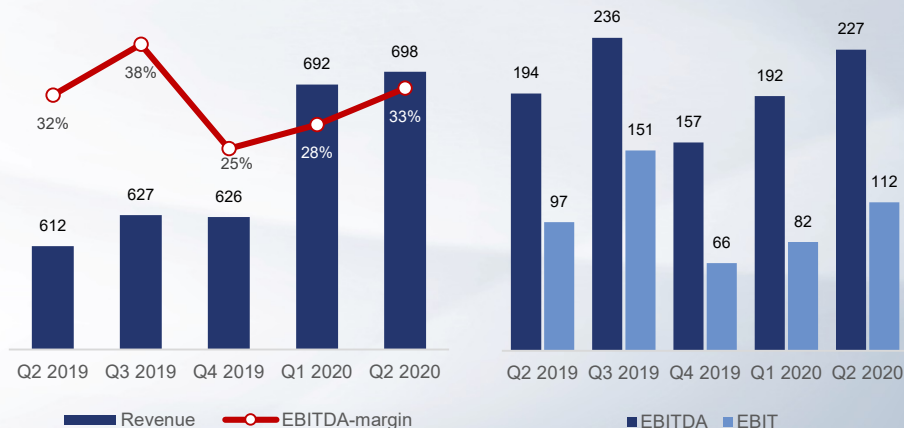


Q2 2020 FERRIES



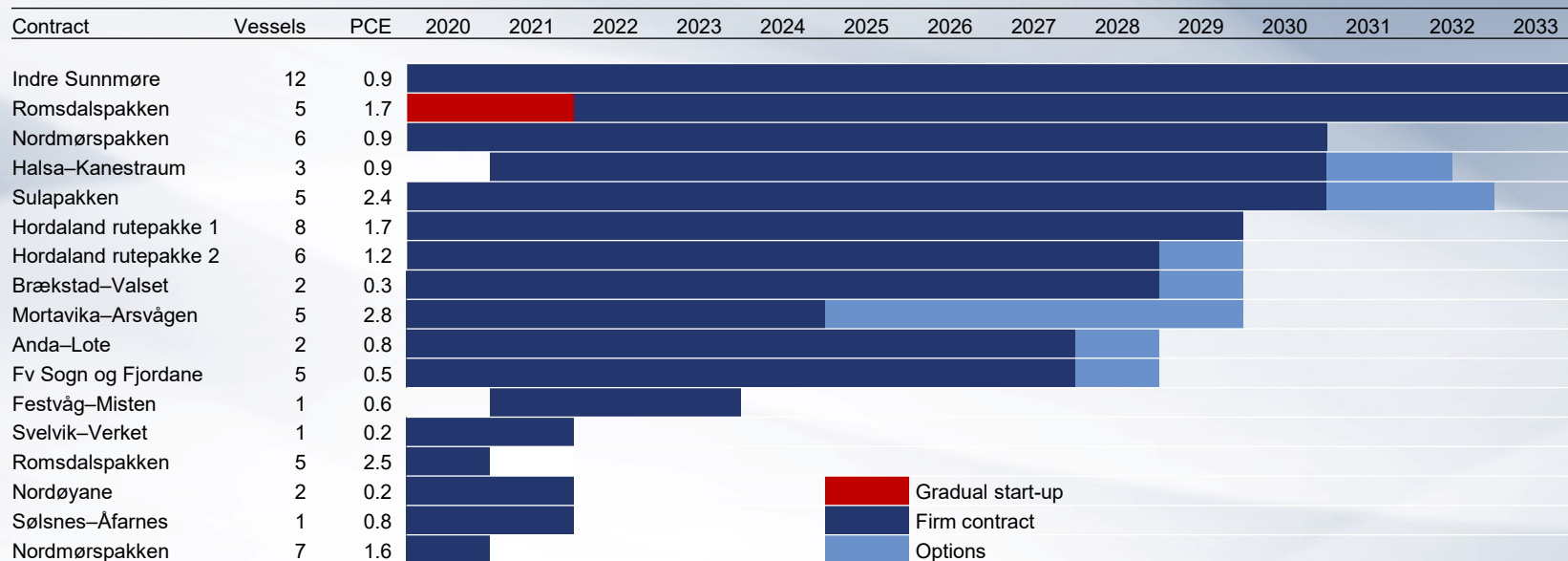
- Revenue increase of 14% from the new contracts that started up on 1 January
- EBITDA margin of 33%
- Cost reduction from Q1 due to reduced maintenance and start-up costs and lower fuel prices
- EBIT reflects higher depreciation due to investments in the vessel renewal programme and related quay and infrastructure investments

(NOK m)	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Revenue	698	612	1 391	1 191
EBITDA	227	194	419	357
<i>EBITDA-margin</i>	33 %	32 %	30 %	30 %
EBIT	112	97	194	170
<i>EBIT-margin</i>	16 %	16 %	14 %	14 %



FERRY CONTRACT OVERVIEW

NOK 24.4 BN CONTRACT BASE*



* Total contract volume, including the three passenger boat contracts. NOK 24.4 billion excl. options and index regulation

Q2 2020

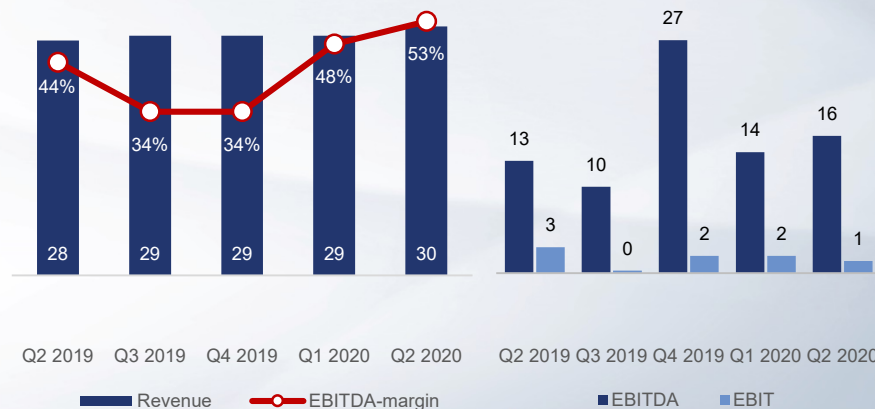
PASSENGER BOATS



- 6% revenue increase, mainly attributable to annual contract adjustments
- Stable operations on established routes
- Quarterly cost fluctuations but overall year-on-year margin and profit improvement for the first half-year

(NOK m)	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Revenue	30	28	60	56
Associates	1	3	3	2
EBITDA*	16	13	30	19
EBITDA-margin	53 %	44 %	50 %	33 %
EBIT	1	3	3	0
EBIT-margin	5 %	10 %	6 %	-1 %

*EBITDA incl. associates



Q2 2020

CATERING



- 65% decrease in revenue - significant Covid-19 effect
- Closed all services in mid-March
- Reopened self-service concepts in April and are gradually reopening staffed cafeterias
- Employees gradually returning from furlough
- Continued cost focus

(NOK m)	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Revenue	13	38	33	63
EBITDA	1	6	0	2
<i>EBITDA-margin</i>	11 %	15 %	-1 %	3 %
EBIT	1	5	-2	0
<i>EBIT-margin</i>	5 %	12 %	-5 %	0 %



Q2 2020 TOURISM



- Negative contribution from associates due to the Covid-19 travel restrictions
- All services shut down in mid-March
- Gradual reopening of fjord cruises towards the end of the quarter but with limited number of guests
- The company will adapt its operations in line with changes in the tourism segment

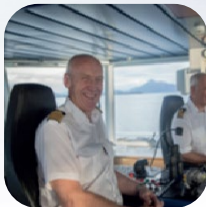
(NOK m)	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Revenue	7	7	14	11
Associates	-2	9	-15	2
EBITDA*	-2	11	-15	2
<i>EBITDA-margin</i>	-28 %	151 %	-101 %	14 %
EBIT	-2	10	-15	1
<i>EBIT-margin</i>	-34 %	147 %	-105 %	7 %

*EBITDA incl. associates



AGENDA

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STATEMENT OF PROFIT AND LOSS

NOK m	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Total revenue	751.2	688.6	1502.7	1328.9	2723.8
Cost of sales	(94.9)	(112.4)	(212.5)	(224.0)	(448.9)
Personnel expenses	(278.2)	(257.9)	(554.0)	(501.0)	(994.1)
Other operating expenses	(131.9)	(105.7)	(285.3)	(224.9)	(465.6)
Total operating expenses	(505.1)	(476.0)	(1051.8)	(949.8)	(1908.5)
Share of profit/(loss) from joint ventures and associated companies	(1.2)	12.4	(12.4)	3.6	2.5
Operating profit before depreciation and impairment (EBITDA)	245.0	224.9	438.5	382.6	817.8
Total depreciation and impairment	(131.0)	(107.7)	(253.6)	(208.6)	(421.9)
Operating profit (EBIT)	114.0	117.3	185.0	174.0	395.9
Share of profit/(loss) from other JVs and associates	(7.8)	10.8	(30.8)	27.6	26.6
Interest income	0.5	0.7	1.6	1.1	2.6
Interest expense	(57.9)	(32.6)	(120.5)	(64.6)	(168.0)
Other financial items, net	(3.6)	27.7	(24.9)	4.3	(4.2)
Profit/(loss) before tax	45.2	124.0	10.5	142.5	253.0
Tax (expense)	(9.9)	(20.4)	(2.3)	(24.7)	(43.9)
Profit/(loss) for the period	35.3	103.5	8.2	117.8	209.1
<i>Attributable to:</i>					
Owners of the parent company	35.1	103.4	7.9	117.4	208.6
Non-controlling interest	0.1	0.2	0.3	0.3	0.5
<i>Earnings per share (EPS)</i>					
Basic earnings per share (NOK)	0.35	1.03	0.08	1.17	2.09
Diluted earnings per share (NOK)	0.35	1.03	0.08	1.17	2.09

STATEMENT OF FINANCIAL POSITION

ASSETS

NOK m	30.06.2020	30.06.2019	31.12.2019
Deferred tax assets	37.4	17.5	37.4
Property, plant and equipment	8,379.2	6,402.0	7,559.3
Right of use assets	114.0	69.4	40.4
Investments in JVs & associates	447.7	493.2	481.5
Other non-current financial assets	4.5	4.8	4.7
Total non-current assets	8,982.8	6,986.9	8,123.2
Inventories	18.7	23.4	22.5
Derivative financial instruments	0.0	5.7	0.0
Trade receivables	185.6	92.3	139.2
Other current receivables	201.7	64.9	294.0
Cash and cash equivalent	316.7	266.7	484.1
Assets held for sale	177.4	0.0	177.4
Total current assets	900.1	453.1	1,117.0
Total assets	9,882.9	7,440.0	9,240.2

EQUITY AND LIABILITIES

NOK m	30.06.2020	30.06.2019	31.12.2019
Share capital	250.0	250.0	250.0
Share premium	360.9	360.9	360.9
Treasury shares	-3.6	-4.2	-3.6
Retained earnings	1 669.3	1 565.1	1 657.6
Total equity attributable to owners of the parent	2 276.6	2 171.8	2 264.9
Non-controlling interest	5.1	6.1	4.7
Total equity	2 281.6	2 177.9	2 269.7
Borrowings	5 009.3	2 759.3	4 179.4
Derivative financial instruments	11.5	0.6	6.8
Non-current leasing liabilities	52.7	22.2	9.1
Net employee defined-benefit liabilities	7.8	18.4	13.1
Other non-current liabilities	123.2	0.2	127.5
Deferred tax liabilities	578.0	523.7	575.8
Total non-current liabilities	5 782.6	3 324.4	4 911.6
Borrowings	1 153.4	1 159.4	1 196.8
Derivative financial instruments	2.8	0.0	1.3
Current lease obligation	62.8	47.6	31.5
Trade and other payables	131.2	219.4	202.5
Current income and tax liabilities			
Social security and other taxes	81.7	73.9	107.2
Other current liabilities	386.7	380.0	519.0
Total current liabilities	1 818.6	1 937.8	2 058.9
Total liabilities	7 601.3	5 262.1	6 970.6
Total equity and liabilities	9 882.9	7 440.0	9 240.2

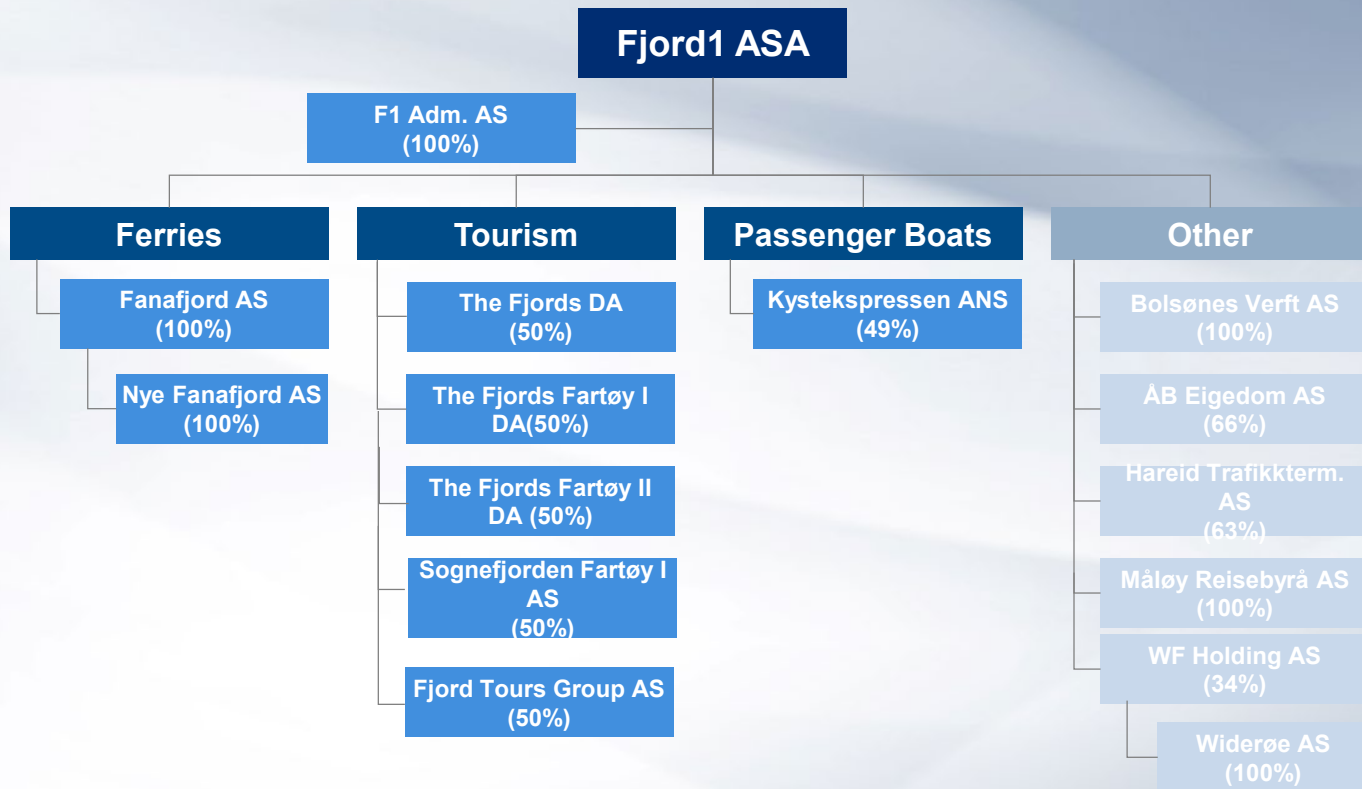
CONSOLIDATED CASH FLOW

NOK m	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Profit before tax	45.2	124.0	10.5	142.5	45.2
Adjustments for P/L items with no effect on liquidity:	131.0	114.7	253.6	224.9	131.0
Depreciation and impairment	57.5	31.9	118.9	63.5	57.5
Interest expense, net	(17.4)	(35.2)	0.9	(20.5)	(17.4)
Gain/(loss) from sale of assets	(0.0)	(0.0)	0.4	0.2	(0.0)
Gain/(loss) from realisation of shares	8.9	(23.2)	43.2	(31.2)	8.9
Share of Profit/(loss) from JVs and associates	(32.2)	(32.2)	(141.8)	(301.4)	(32.2)
Change in other current receivables/liabilities	192.9	179.8	285.7	77.9	192.9
Change in working capital, net	(54.4)	(6.1)	(115.8)	(21.6)	(54.4)
Cash generated from operations	-	(29.2)	(35.9)	(44.8)	-
Interest paid and received, net	138.5	144.6	134.0	11.5	138.5
Income tax paid					
Net cash flow from operating activities	(111.6)	(265.9)	(1044.0)	(827.7)	(111.6)
	(5.0)	(34.7)	(5.0)	(34.7)	(5.0)
Purchase of property, plant and equipment	-	-	-	-	-
Purchase of shares incl. JVs	0.1	1.4	1.4	1.4	0.1
Proceeds from dividends from associates	0.1	0.7	0.2	4.0	0.1
Proceeds from sale of property, plant and equipment	-	-	-	-	-
Proceeds from other non-current assets, net	(116.4)	(298.5)	(1047.4)	(857.1)	(116.4)
Proceeds from other non-current receivables, net					
Net cash flow from investing activities	132.0	-	1125.0	317.8	132.0
	(191.2)	(17.5)	(346.5)	(110.1)	(191.2)
Proceeds from borrowings	(16.2)	(16.2)	(32.4)	(16.2)	(16.2)
Repayment of borrowings	-	(2.1)	-	(2.1)	-
Payment of leasing liabilities	-	(269.9)	-	(269.9)	-
Purchase of treasury shares	-	570.0	-	920.0	-
Proceeds from short-term borrowings	-	-	-	-	-
Repayment of short-term borrowings	-	(0.1)	-	0.2	-
Repayment of other non-current liabilities, net	(75.4)	264.2	746.1	839.7	(75.4)
Dividends paid					
Net cash flow from financing activities	(53.3)	110.2	(167.4)	(5.8)	(53.3)
	370.0	156.5	484.1	272.5	370.0
Net change in cash and cash equivalents	316.7	266.7	316.7	266.7	316.7
Cash and cash equivalents at the beginning of the period	45.2	124.0	10.5	142.5	45.2
Cash and cash equivalents at end of the period	131.0	114.7	253.6	224.9	131.0

FLEET OVERVIEW – 30 JUNE 2020

Ferries	Year built	PCE	Ferries	Year built	PCE	Ferries	Year built	PCE	Ferries	Year built	PCE
Møringen	2020	50	Losna	2016	60	Nordfjord	2001	54	Sykkylvsfjord	1975	36
Sildafjord	2020	83	Edøyfjord	2012	50	Glutra	2000	120	Veøy	1974	50
Smøla	2020	50	Boknafjord	2011	240	Ivar Aasen	1997	76	Tingvoll	1972	35
Bømlafjord	2020	50	Hjørundfjord	2011	120	Lærdal	1997	77	Bolsøy	1971	38
Florøy	2020	83	Storfjord	2011	120	Svanøy	1992	89	Ørsta	1964	25
Grip	2020	80	Fannefjord	2010	128	Gulen	1989	90	Driva	1963	29
Eresfjord	2019	120	Korsfjord	2010	128	Rauma	1988	73			
Tustna	2019	80	Lifjord	2010	110	Romsdal	1988	87			
Fedjebjørn	2019	50	Norangsford	2010	120	Dalsfjord	1986	28			
Hillefjord	2019	83	Romsdalsfjord	2010	128	Sulaafjord	1986	106			
Skopphorn	2019	120	Davik	2009	45	Selje	1986	58	<u>Passenger boats</u>	<u>Year built</u>	<u>Passengers</u>
Samlafjord	2019	130	Moldefjord	2009	128	Sognefjord	1984	64	Tansøy	2007	96
Rovdehorn	2019	120	Årdal	2008	105	Sogn	1982	110	Fjordglytt	2000	81
Giskøy	2019	120	Vågsøy	2008	31	Solskjel	1981	35	Sylvarnes	2000	70
Suløy	2019	120	Fanaafjord	2007	212	Bjørnsund	1979	61			
Kommandøren	2018	120	Mastrafjord	2007	240	Geiranger	1979	36	<u>Under construction</u>	<u>Delivery</u>	<u>PCE</u>
Hadarøy	2018	120	Raunefjord	2007	212	Stordal	1979	51	TBN 1	3Q 2020	50
Austrått	2018	50	Lote	2006	120	Stryn	1979	81	TBN 2	3Q 2021	120
Vesrått	2018	50	Bergensfjord	2006	212	Aukra	1978	36			
Husavik	2018	45	Stavangerfjord	2006	240	Eid	1978	35			
Horgefjord	2018	120	Dryna	2005	35	Nordmøre	1978	52			
Møkstrafjord	2018	130	Harøy	2005	35	Sunnfjord	1978	46			
Gloppefjord	2017	120	Julsund	2004	99	Aurland	1977	35			
Eidsfjord	2017	120	Eira	2002	100	Solnør	1977	36			
Hornelen	2016	60	Volda	2002	80	Kvernnes	1976	35			

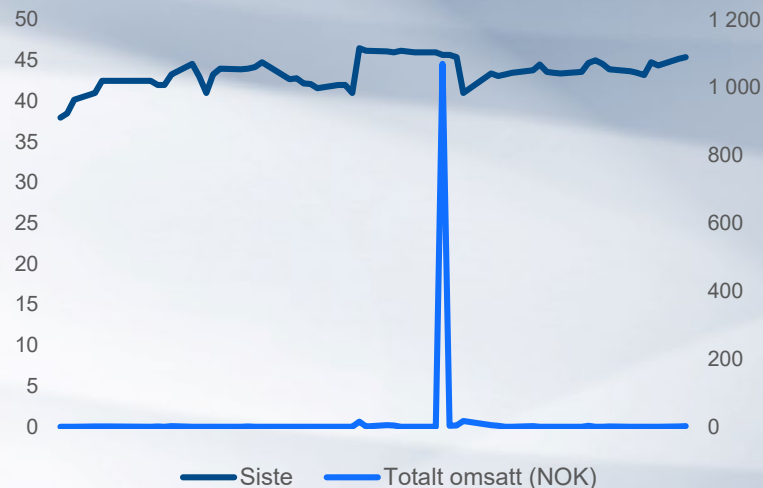
LEGAL STRUCTURE



OVERVIEW OF SHAREHOLDERS AND SHAREHOLDINGS - 30 June 2020

#	Shareholders	Number of shares	Share (%)
1	HAVILAFJORD AS	55,476,516	55.48
2	HAVILAFJORD HOLDING 2 AS	18,459,849	18.46
3	HAVILAFJORD HOLDING AS	11,023,484	11.02
4	CITIBANK, N.A.	3,850,000	3.85
5	DZ PRIVATBANK S.A.	2,794,187	2.79
6	BROWN BROTHERS HARRIMAN & CO.	1,100,475	1.10
7	CLEARSTREAM BANKING S.A.	830,286	0.83
8	PICTET & CIE (EUROPE) S.A.	650,000	0.65
9	SKANDINAVISKA ENSKILDA BANKEN AB	471,264	0.47
10	CITIBANK, N.A.	411,531	0.41
Total, 10 largest shareholders		95,067,592	95.07
Other shareholders		4,932,408	4.93
Total		100,000,000	100 %

Share price development and turnaround



SAFETY AND REGULARITY TARGETS AND RESULTS – Q2 2020



LOST-TIME INJURIES

TARGET: 3.0
RESULT: 5.1

(per million hours worked)



SICK LEAVE

TARGET: 4.9 %
RESULT: 7.0 %

(%)



PASSENGER INJURIES

TARGET: 0.3
RESULT: 0.0

(per million passengers)



ALLISIONS

TARGET: 0
RESULT: 1.1

(per 100,000 port calls)



CUSTOMER COMPLAINTS

TARGET: 3.9
RESULT: 5.88

(per 100,000 passengers)



REGULARITY

TARGET: 99.9%
RESULT: 99.7%

(scheduled route production)

KEY FIGURES 2019



EMPLOYEES

1,056



VESSELS

76



PASSENGERS

19.2 million



VEHICLES

9.9 million



REVENUE

3.1 billion



ASSETS

9.2 billion



EQUITY

2.3 billion



PBT

253 million



EBITDA

0.8 billion



INVESTMENTS

2.4 billion



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Strandavegen 15
6905 Florø

www.fjord1.no