



# Fjord1 ASA

## Condensed interim financial statements

Q3 2018



## Condensed consolidated statement of profit or loss Unaudited

<i>Amounts in NOK thousands</i>	Note	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
Revenue	3,12	811 778	747 751	2 295 757	2 090 348	2 748 150
Other income	3	12 680	13 920	34 179	44 058	45 985
<b>Total revenue</b>		<b>824 458</b>	<b>761 671</b>	<b>2 329 936</b>	<b>2 134 406</b>	<b>2 794 136</b>
		-				
Cost of sales	3	(150 688)	(121 266)	(422 721)	(355 100)	(433 547)
Personnel expenses	3	(247 452)	(250 148)	(744 101)	(708 357)	(946 354)
Other operating expenses	3	(85 165)	(101 219)	(349 660)	(336 502)	(449 621)
<b>Total operating expenses</b>		<b>(483 304)</b>	<b>(472 633)</b>	<b>(1 516 482)</b>	<b>(1 399 958)</b>	<b>(1 829 523)</b>
Share of profit/(loss) from joint ventures and associated companies	3	14 091	13 238	18 688	16 466	20 641
<b>Operating profit before depreciation and impairment (EBITDA)</b>		<b>355 245</b>	<b>302 277</b>	<b>832 143</b>	<b>750 914</b>	<b>985 254</b>
Depreciation	4	(76 854)	(66 642)	(220 425)	(191 668)	(252 652)
Impairment	4	-	-	-	-	-
<b>Total depreciation and impairment</b>		<b>(76 854)</b>	<b>(66 642)</b>	<b>(220 425)</b>	<b>(191 668)</b>	<b>(252 652)</b>
<b>Operating profit (EBIT)</b>	<b>3</b>	<b>278 391</b>	<b>235 635</b>	<b>611 717</b>	<b>559 245</b>	<b>732 602</b>
Share of profit/(loss) from other joint ventures and associated companies		148	3 860	13 587	21 451	42 963
Interest income		35	1 180	240	3 382	4 692
Interest expense		(26 291)	(16 734)	(74 519)	(53 745)	(82 865)
Other financial items, net	10	(2 641)	(1 178)	2 244	7 467	18 135
<b>Net financial income / (expenses)</b>		<b>(28 749)</b>	<b>(12 872)</b>	<b>(58 449)</b>	<b>(21 445)</b>	<b>(17 075)</b>
<b>Profit/(loss) before tax</b>		<b>249 642</b>	<b>222 763</b>	<b>553 269</b>	<b>537 800</b>	<b>715 527</b>
Income tax (expense) / income	9	(56 278)	(53 463)	(130 527)	(129 072)	(112 895)
<b>Profit/(loss) for the period</b>		<b>193 364</b>	<b>169 300</b>	<b>422 742</b>	<b>408 729</b>	<b>602 632</b>
<i>Attributable to:</i>						
Parent company owners		193 294	169 137	422 368	408 272	602 148
Non-controlling interest		70	163	374	456	484
Basic earnings per share (NOK)	6	1,93	1,69	4,22	4,08	6,02
Diluted earnings per share (NOK)	6	1,93	1,69	4,22	4,08	6,02

## Condensed consolidated statement of financial position

### Unaudited

<i>Amounts in NOK thousands</i>	Note	30.09.18	30.09.17	31.12.17
<b>Assets</b>				
<b>Non current assets</b>				
Deferred tax assets	9	18 327	27 787	18 327
Property, plant and equipment	4	4 984 136	3 945 681	4 181 387
Investments in joint ventures and associates	7	419 953	374 124	408 581
Other non-current financial assets	2	6 474	8 435	6 205
<b>Total non-current assets</b>		<b>5 428 890</b>	<b>4 356 027</b>	<b>4 614 499</b>
<b>Current assets</b>				
Inventories		22 484	14 716	16 508
Trade receivables	2	132 876	107 736	86 099
Other current receivables	2	67 726	47 632	63 012
Cash and cash equivalents	2	389 941	586 180	474 294
<b>Total current assets</b>		<b>613 027</b>	<b>756 264</b>	<b>639 913</b>
<b>Total assets</b>		<b>6 041 917</b>	<b>5 112 290</b>	<b>5 254 412</b>
<b>Equity and liabilities</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital		250 000	250 000	250 000
Share premium		360 924	360 924	360 924
Retained earnings		1 604 320	1 297 290	1 452 645
<b>Total equity attributable to owners of the parent</b>		<b>2 215 245</b>	<b>1 908 214</b>	<b>2 063 568</b>
Non-controlling interests		4 541	4 337	4 166
<b>Total equity</b>		<b>2 219 786</b>	<b>1 912 551</b>	<b>2 067 734</b>
<b>Non-current liabilities</b>				
Borrowings	8,2	2 074 173	1 542 675	1 687 692
Derivative financial instruments	2	3 676	17 716	12 147
Net employee defined benefit liabilities		18 947	9 226	23 671
Other non-current liabilities		427	293	
Deferred tax liabilities	9	581 223	360 989	450 696
<b>Total non-current liabilities</b>		<b>2 678 446</b>	<b>1 930 898</b>	<b>2 174 206</b>
<b>Current liabilities</b>				
Borrowings	8,2	157 143	220 857	130 285
Derivative financial instruments	2	8 336	30 251	26 607
Trade and other payables	2	261 767	139 514	164 895
Current income tax liabilities	9	37 489	128 249	40 055
Social security and other taxes		56 149	47 896	93 896
Other current liabilities	2	622 801	702 073	556 734
<b>Total current liabilities</b>		<b>1 143 685</b>	<b>1 268 840</b>	<b>1 012 472</b>
<b>Total liabilities</b>		<b>3 822 131</b>	<b>3 199 738</b>	<b>3 186 678</b>
<b>Total equity and liabilities</b>		<b>6 041 917</b>	<b>5 112 290</b>	<b>5 254 412</b>

## Condensed consolidated statement of comprehensive income Unaudited

<i>Amounts in NOK thousands</i>	Note	Q3 2018	Q3 2017	YTD Q3 2018	YTD Q3 2017	Full year 2017
Profit/(loss) for the period		193 364	169 300	422 742	408 729	602 632
<b>Other comprehensive income:</b>						
<b>Items that will not be reclassified to profit or loss:</b>						
Share of other comprehensive income of associates accounted for using the equity method		-				(3 059)
Actuarial gain/(loss) on post employment benefit obligations		(230)	(109)	(690)	(320)	(4 745)
<b>Total</b>		<b>(230)</b>	<b>(109)</b>	<b>(690)</b>	<b>(320)</b>	<b>(7 804)</b>
<b>Total other comprehensive income for the year, net of tax</b>		<b>(230)</b>	<b>(109)</b>	<b>(690)</b>	<b>(320)</b>	<b>(7 804)</b>
<b>Total comprehensive income for the period</b>		<b>193 134</b>	<b>169 191</b>	<b>422 052</b>	<b>408 409</b>	<b>594 827</b>
<i>Attributable to:</i>						
Parent company owners		193 064	169 028	421 678	407 953	594 343
Non-controlling interest		70	163	374	456	484

## Condensed consolidated statement of changes in equity

Unaudited

<i>Amounts in NOK thousands</i>	Attributable to owners of the parent				Non-controlling interest	Total equity
	Share capital	Share premium	Retained earnings	Total		
<b>Balance at 01.01.17</b>	<b>250 000</b>	<b>360 924</b>	<b>1 108 299</b>	<b>1 719 223</b>	<b>3 881</b>	<b>1 723 104</b>
Adjustment for error in earlier periods	-	-	31 039	31 039	-	31 039
Profit/(loss) for the period	-	-	408 273	408 273	456	408 729
Other comprehensive income for the period	-	-	(320)	(320)	-	(320)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>407 953</b>	<b>407 953</b>	<b>456</b>	<b>408 409</b>
Equity contribution from owners						
Dividends paid	-	-	(250 000)	(250 000)	-	(250 000)
Other contributions to owners	-	-	-	-	-	-
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(250 000)</b>	<b>(250 000)</b>	<b>-</b>	<b>(250 000)</b>
<b>Balance at 30.09.17</b>	<b>250 000</b>	<b>360 924</b>	<b>1 297 290</b>	<b>1 908 214</b>	<b>4 337</b>	<b>1 912 551</b>
Profit/(loss) for the period			162 836	162 836	28	162 864
Other comprehensive income for the period			(7 484)	(7 484)		(7 484)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>155 352</b>	<b>155 352</b>	<b>28</b>	<b>155 380</b>
Equity contribution from owners	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Other contributions to owners	-	-	-	-	(198)	(198)
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(198)</b>	<b>(198)</b>
<b>Balance at 31.12.2017</b>	<b>250 000</b>	<b>360 924</b>	<b>1 452 645</b>	<b>2 063 568</b>	<b>4 166</b>	<b>2 067 734</b>
<b>Balance at 01.01.18</b>	<b>250 000</b>	<b>360 924</b>	<b>1 452 645</b>	<b>2 063 568</b>	<b>4 166</b>	<b>2 067 734</b>
Profit/(loss) for the period	-	-	422 368	422 368	374	422 742
Other comprehensive income for the period	-	-	(690)	(690)	-	(690)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>421 678</b>	<b>421 678</b>	<b>374</b>	<b>422 053</b>
Equity contribution from owners						
Dividends paid	-	-	(270 000)	(270 000)	-	(270 000)
Other contributions to owners	-	-	-	-	-	-
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(270 000)</b>	<b>(270 000)</b>	<b>-</b>	<b>(270 000)</b>
<b>Balance at 30.09.18</b>	<b>250 000</b>	<b>360 924</b>	<b>1 604 320</b>	<b>2 215 245</b>	<b>4 541</b>	<b>2 219 786</b>

**Condensed consolidated statement of cash flows**  
**Unaudited**

<i>Amounts in NOK thousands</i>	Note	Q3 2018	Q3 2017	YTD 2018	YTD 2017	Full year 2017
<b>Operating activities</b>						
Profit before tax		249 642	222 763	553 268	537 800	715 527
<i>Non-cash adjustment to reconcile profit before tax to net cash flows:</i>						
Depreciation and impairment	4	76 854	66 642	220 425	191 668	252 652
Interest expense, net		29 362	14 489	80 545	45 753	62 219
Change in fair value of financial instruments	2	(9 091)	2 974	(26 742)	(17 212)	(26 424)
Non-cash post-employment benefit expense		(1 574)	(7 759)	(4 953)	(5 523)	2 552
Gain on disposal of property, plant and equipment		-	-	28	(4 713)	(4 713)
Share of profit from associates and joint ventures		-14 239	(17 098)	(32 275)	(37 918)	(63 604)
<i>Working capital adjustments:</i>						
Trade receivables	2	(6 196)	(17 988)	(46 777)	(29 076)	(7 439)
Inventories		943	1 714	(5 976)	(26)	(1 818)
Trade payables	2	23 939	29 704	96 871	29 439	54 820
Other accruals		25 636	126 245	(8 426)	122 269	9 784
<b>Cash generated from operations</b>		<b>375 276</b>	<b>421 685</b>	<b>825 988</b>	<b>832 463</b>	<b>993 556</b>
Interest paid, net		(17 259)	(14 489)	(42 454)	(45 753)	(64 205)
Income tax paid		(11)	-	(2 565)	(280)	(2 672)
<b>Net cash from operating activities</b>		<b>358 006</b>	<b>407 196</b>	<b>780 969</b>	<b>786 430</b>	<b>926 679</b>
<b>Investing activities</b>						
Purchases of property, plant and equipment	4	(141 134)	(146 192)	(1 024 203)	(438 485)	(738 174)
Purchase of shares incl. joint ventures		(8 822)	(4 341)	(10 753)	(4 331)	(16 160)
Proceeds from dividends from associates		14 350	8 503	31 350	25 503	25 503
Proceeds from sale of property, plant and equipment		-	488	1 000	100 566	103 566
Net proceeds/(investments) from other non-current financial assets		31	4 368	(270)	4 368	6 598
Proceeds from non-current receivables		-	293	-	115	(178)
<b>Net cash used in investing activities</b>		<b>-135 575</b>	<b>-136 881</b>	<b>-1 002 875</b>	<b>-312 263</b>	<b>-618 845</b>
<b>Financing activities</b>						
Proceeds from borrowings	8	-	-	1 318 426	-	985 250
Repayment of borrowings	8	(78 571)	(52 479)	(911 298)	(191 979)	(1 122 783)
Dividends		-	-	(270 000)	(250 000)	(250 000)
Proceeds from short-term borrowings		-	-	200 000	-	-
Repayment of short-term borrowings		(200 000)	-	(200 000)	-	-
Proceeds from other non-current liabilities		-	-	427	-	-
<b>Net cash used in financing activities</b>		<b>-278 571</b>	<b>(52 479)</b>	<b>137 555</b>	<b>(441 979)</b>	<b>(387 533)</b>
<b>Net change in cash and cash equivalents</b>		<b>-56 140</b>	<b>217 837</b>	<b>(84 351)</b>	<b>32 187</b>	<b>(79 699)</b>
<b>Cash and cash equivalents at start of period</b>		<b>446 082</b>	<b>368 343</b>	<b>474 294</b>	<b>553 993</b>	<b>553 993</b>
<b>Cash and cash equivalents at end of period</b>		<b>389 941</b>	<b>586 180</b>	<b>389 941</b>	<b>586 180</b>	<b>474 294</b>

## Note 1 Accounting Principles

### General information

Fjord1 ASA and its subsidiaries (together 'the Group') operates passenger ferries and other passenger boats in Norway. The Group's core business is concentrated at sea transportation through its operation of ferries and express passenger boats, in addition to on-board catering operation.

Fjord1 ASA is incorporated and domiciled in Norway. The address of its registered office is Strandavegen 15, 6900 Florø, Norway.

These condensed interim financial statements were approved by the Board of Directors for issue on 19 November 2018.

These condensed interim financial statements have not been audited.

### Basis for preparation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim financial reporting". The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRS.

### Going concern

The Group has adopted the going concern basis in preparing its interim financial statements. When assessing this assumption, management has assessed all available information about the future. This comprises information about net cash flows from existing contracts, debt service and obligations under existing new building contracts. Forecasts also take into consideration expected future net income from assets under construction. After making such assessments, management has a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future.

### Accounting principles

The accounting policies adopted are consistent with those of the previous financial year except that income tax expense is recognised in each interim period using the expected weighted average annual income tax rate for the full financial year. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

In addition, Fjord1 implemented the new revenue recognition standard IFRS 15 Revenue from contract with customers from 1 January 2018. The standard has been implemented in accordance with the fully retrospective transitional approach, which means that the effect of implementing the new standard is recorded as a change in shareholder equity as of 1 January 2017, and the comparable periods for 2017 in the income statement have been updated accordingly. The implementation of IFRS 15 has not had a material impact on total reported revenues, expenses, assets or liabilities, except that income from contracts for provision of ferry services previously presented as other income in the income statement are reclassified to revenue.

The Group has also implemented IFRS 9 Financial instruments, however this has not had any significant impact on the Group's consolidated financial statements.

### Use of estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017, except for income taxes and post-employment benefits.

Income tax expense and deferred income tax liability is calculated by applying a weighted average of tax rates across jurisdictions, while in annual financial statements income tax expense and deferred income tax liability is calculated by applying the tax rate for each individual jurisdiction to measures of income for each jurisdiction.

Present value of defined benefit obligations and the fair value of plan assets at the end of each interim reporting period is estimated by extrapolation of the latest actuarial valuation, while in the annual financial statements this estimate is based on an updated actuarial valuation.

## Note 2 Financial risk management, financial assets and financial liabilities

The condensed interim financial statements do not include all financial risk management information and disclosures required in annual financial statements.

### Financial assets

	Assets at FVOCI	Assets at FVPL	Assets at amortised cost	Total
<b>Third quarter 2018</b>				
Trade and other receivables			200 602	200 602
Available-for-sale financial assets	6 062			6 062
Employee loans			150	150
Other non-current receivables			263	263
Cash and cash equivalents			389 941	389 941
<b>Total</b>	<b>6 062</b>	<b>-</b>	<b>590 955</b>	<b>597 017</b>

	Assets at FVOCI	Assets at FVPL	Assets at amortised cost	Total
<b>Third quarter 2017</b>				
Trade and other receivables			155 368	155 368
Available-for-sale financial assets	12 351			12 351
Employee loans			386	386
Other non-current receivables			201	201
Cash and cash equivalents			586 180	586 180
<b>Total</b>	<b>12 351</b>	<b>-</b>	<b>742 134</b>	<b>754 485</b>

### Financial liabilities

	Derivatives at FVPL	Liabilities at amortised cost	Total
<b>Third quarter 2018</b>			
Derivative financial instruments	12 012		12 012
Borrowings		2 231 316	2 231 316
Trade and other payables		884 567	884 567
<b>Total</b>	<b>12 012</b>	<b>3 115 883</b>	<b>3 127 895</b>

	Derivatives at FVPL	Liabilities at amortised cost	Total
<b>Third quarter 2017</b>			
Derivative financial instruments	47 967		47 967
Borrowings		1 763 532	1 763 532
Trade and other payables		841 587	841 587
<b>Total</b>	<b>47 967</b>	<b>2 605 119</b>	<b>2 653 086</b>



**Available for sale financial assets**

Available for sale financial assets include the following classes of financial assets:

	<b>Q3 2018</b>	<b>Q3 2017</b>
Unlisted equity securities	1 181	7 848
Equity contribution pension plan membership	4 881	4 503
<b>Total</b>	<b>6 062</b>	<b>12 351</b>

<b>Recurring fair value measurements At 30 September 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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<b>Financial assets</b>				
Available for sale financial assets			6 062	<b>6 062</b>

<b>Financial liabilities</b>				
Trading derivatives		12 012		<b>12 012</b>

<b>Recurring fair value measurements At 30 September 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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<b>Financial assets</b>				
Available for sale financial assets			12 351	<b>12 351</b>

<b>Financial liabilities</b>				
Trading derivatives		47 967		<b>47 967</b>

## Note 3 Segment information

The Group provides ferry- and passengerboat services, catering and tourism services. Operating segments are reported in a manner consistent with the internal financial reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. The Board examines the Group's performance from a type of services perspective. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

The Group has four reportable segments:

- Ferry
- Passengerboat
- Catering
- Tourism

No operating segments have been aggregated to form the above reportable segments. Financing (including finance costs, finance income and profit or loss from the interest in Widerøe) and income taxes are managed on a group basis and are not allocated to operating segments.

### Third quarter 2018

NOK in thousands	Passenger-				Total segments	Corporate and eliminations	Consolidated
	Ferry	boats	Catering	Tourism			
<b>Revenue</b>							
External customers	727 344	26 218	57 693	8 865	820 120	4 338	824 458
Inter-segment	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>727 344</b>	<b>26 218</b>	<b>57 693</b>	<b>8 865</b>	<b>820 120</b>	<b>4 338</b>	<b>824 458</b>
<b>Expenses</b>							
Operating expenses	(407 484)	(24 602)	(41 917)	(6 926)	(480 929)	(2 376)	(483 304)
Share of profit from associates	-	1 044	-	13 047	14 091	-	14 091
<b>EBITDA</b>	<b>319 860</b>	<b>2 660</b>	<b>15 776</b>	<b>14 986</b>	<b>353 282</b>	<b>1 962</b>	<b>355 245</b>
Depreciation	(73 839)	(1 464)	(708)	(315)	(76 326)	(529)	(76 854)
<b>Segment profit</b>	<b>246 021</b>	<b>1 196</b>	<b>15 068</b>	<b>14 671</b>	<b>276 956</b>	<b>1 433</b>	<b>278 391</b>

### YTD 2018

NOK in thousands	Passenger-				Total segments	Corporate and eliminations	Consolidated
	Ferry	boats	Catering	Tourism			
<b>Revenue</b>							
External customers	2 071 776	77 804	148 447	19 607	2 317 634	12 302	2 329 936
Inter-segment	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>2 071 776</b>	<b>77 804</b>	<b>148 447</b>	<b>19 607</b>	<b>2 317 634</b>	<b>12 302</b>	<b>2 329 936</b>
<b>Expenses</b>							
Operating expenses	(1 291 545)	(76 388)	(121 511)	(20 936)	(1 510 380)	(6 102)	(1 516 482)
Share of profit from associates	-	2 568	-	16 118	18 686	-	18 688
<b>EBITDA</b>	<b>780 231</b>	<b>3 984</b>	<b>26 936</b>	<b>14 789</b>	<b>825 940</b>	<b>6 200</b>	<b>832 143</b>
Depreciation	(211 732)	(4 115)	(2 429)	(556)	(218 832)	(1 595)	(220 425)
<b>Segment profit</b>	<b>568 499</b>	<b>(131)</b>	<b>24 507</b>	<b>14 233</b>	<b>607 108</b>	<b>4 605</b>	<b>611 717</b>

**Third quarter 2017**

NOK in thousands	Passenger-				Total segments	Corporate and eliminations	Consolidated
	Ferry	boats	Catering	Tourism			
<b>Revenue</b>							
External customers	661 969	24 214	56 869	6 682	749 735	11 938	761 671
Inter-segment	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>661 969</b>	<b>24 214</b>	<b>56 869</b>	<b>6 682</b>	<b>749 735</b>	<b>11 938</b>	<b>761 671</b>
<b>Expenses</b>							
Operating expenses	(394 061)	(22 342)	(39 294)	(1 005)	(456 702)	(15 931)	(472 633)
Share of profit from associates	-	995	-	12 244	13 239	(1)	13 238
<b>EBITDA</b>	<b>267 908</b>	<b>2 867</b>	<b>17 575</b>	<b>17 921</b>	<b>306 272</b>	<b>(3 994)</b>	<b>302 277</b>
Depreciation	(64 005)	(1 625)	(874)	(138)	(66 642)	-	(66 642)
<b>Segment profit</b>	<b>203 903</b>	<b>1 242</b>	<b>16 701</b>	<b>17 783</b>	<b>239 630</b>	<b>(3 994)</b>	<b>235 635</b>

**YTD 2017**

NOK in thousands	Passenger-				Total segments	Corporate and eliminations	Consolidated
	Ferry	boats	Catering	Tourism			
<b>Revenue</b>							
External customers	1 849 105	74 159	146 411	18 711	2 088 387	46 020	2 134 406
Inter-segment	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>1 849 105</b>	<b>74 159</b>	<b>146 411</b>	<b>18 711</b>	<b>2 088 387</b>	<b>46 020</b>	<b>2 134 406</b>
<b>Expenses</b>							
Operating expenses	(1 153 938)	(70 759)	(113 649)	(18 810)	(1 357 156)	(42 805)	(1 399 958)
Share of profit from associates	-	995	-	15 472	16 467	-	16 466
<b>EBITDA</b>	<b>695 167</b>	<b>4 395</b>	<b>32 762</b>	<b>15 373</b>	<b>747 698</b>	<b>3 215</b>	<b>750 914</b>
Depreciation	(183 077)	(4 235)	(2 537)	(266)	(190 115)	(1 553)	(191 668)
<b>Segment profit</b>	<b>512 090</b>	<b>160</b>	<b>30 225</b>	<b>15 107</b>	<b>557 583</b>	<b>1 662</b>	<b>559 245</b>

Reconciliation to Consolidated profit/(loss) for the period	Q3 2018	YTD Q3 18	Q3 2017	YTD Q3 17
Segment profit	278 391	611 717	235 635	559 245
Share of profit from other associates	148	13 587	3 860	21 451
Interest income	35	240	1 180	3 382
Interest expense	(26 291)	(74 519)	(16 734)	(53 745)
Other financial items, net	(2 641)	2 244	(1 178)	7 467
Income tax (expense)	(56 278)	(130 527)	(53 463)	(129 072)
<b>Group profit</b>	<b>193 364</b>	<b>422 742</b>	<b>169 300</b>	<b>408 729</b>

## Note 4 Property, plant and equipment

	Vessels	Periodic maintenance	Vessels under construction	Property	Infra-structure under construction	Machinery and equipment	Total
<b>Third quarter 2018</b>							
Cost price 01.01.18	5 899 137	210 987	679 639	132 703	3 209	186 295	7 111 970
Additions	866 705	82 009		888	113 439	13 300	1 076 341
Transfer from vessels under construction			828 658				828 658
Disposals	-16 056	-	-880 794	-		-339	-897 189
<b>Cost price 30.09.18</b>	<b>6 749 786</b>	<b>292 997</b>	<b>627 503</b>	<b>133 591</b>	<b>116 648</b>	<b>199 256</b>	<b>8 119 780</b>
Accumulated depreciation 01.01.18	2 433 527	93 473	-	50 209	-	161 347	2 738 556
Depreciation for the period	172 373	36 099	-	5 904	-	6 050	220 425
Disposals	-15 029	-	-	-	-	-339	-15 368
<b>Accumulated depreciation 30.09.18</b>	<b>2 590 870</b>	<b>129 572</b>	<b>-</b>	<b>56 113</b>	<b>-</b>	<b>167 058</b>	<b>2 943 612</b>
Accumulated impairment losses 01.01.18	192 029	-	-	-	-	-	192 029
Impairment loss	-	-	-	-	-	-	-
Reversal impairment	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
<b>Accumulated impairment losses 30.09.18</b>	<b>192 029</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>192 029</b>
<b>Carrying amount 30.09.18</b>	<b>3 966 887</b>	<b>163 425</b>	<b>627 503</b>	<b>77 478</b>	<b>116 648</b>	<b>32 198</b>	<b>4 984 136</b>

	Vessels	Periodic maintenance	Vessels under construction	Property	Infra-structure under construction	Machinery and equipment	Total
<b>Third quarter 2017</b>							
Cost price 01.01.17	5 935 660	204 880	117 700	128 634	-	174 537	6 561 411
Additions	94 588	53 564	277 465	2 724	655	9 488	438 484
Disposals	-141 439	-47 457	-	-	-	-817	-189 713
<b>Cost price 30.09.17</b>	<b>5 888 809</b>	<b>210 987</b>	<b>395 165</b>	<b>131 358</b>	<b>655</b>	<b>183 208</b>	<b>6 810 182</b>
Accumulated depreciation 01.01.17	2 268 887	101 060	-	46 377	-	154 482	2 570 806
Depreciation for the period	153 753	29 244	-	2 993	-	5 679	191 668
Disposals	-42 215	-46 992	-	-	-	-796	-90 003
<b>Accumulated depreciation 30.09.17</b>	<b>2 380 425</b>	<b>83 312</b>	<b>-</b>	<b>49 370</b>	<b>-</b>	<b>159 365</b>	<b>2 672 470</b>
Accumulated impairment losses 01.01.17	195 738	-	-	-	-	-	195 738
Impairment loss	-	-	-	-	-	-	-
Reversal impairment	-	-	-	-	-	-	-
Disposals	-3 709	-	-	-	-	-	-3 709
<b>Accumulated impairment losses 30.09.17</b>	<b>192 029</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>192 029</b>
<b>Carrying amount 30.09.17</b>	<b>3 316 354</b>	<b>127 676</b>	<b>395 165</b>	<b>81 988</b>	<b>655</b>	<b>23 843</b>	<b>3 945 681</b>

<i>Useful life</i>	<i>10-30 years</i>	<i>5 years</i>	<i>0-33 years</i>	<i>3-10 years</i>
<i>Depreciation method</i>	<i>Straight line</i>	<i>Straight line</i>	<i>Straight line</i>	<i>Straight line</i>

## Note 5 Commitments

### 5.1 Capital commitments

Significant capital expenditure contracted but not recognised as liabilities has the following agreed payment structure:

	2018	2019	After 2019	Total
Newbuildings	939 457	2 397 153		3 336 610
Quay structures/land investments	178 115	304 143	-	482 258
<b>Total</b>	<b>1 117 572</b>	<b>2 701 295</b>	-	<b>3 818 867</b>

### 5.2 Non-cancellable operating leases

The Group leases vessels/passenger boats and other equipment from external suppliers. The operating lease contracts has the following terms:

	Annual rent	Expiry
Vessels/passenger boats	69 720	2020
Vessel	10 725	2018
Other equipment	426	2020
<b>Total</b>	<b>80 871</b>	

### 5.3 Repairs and maintenance

Periodic maintenance is related to major inspections and overhaul costs which occur at regular intervals over the life of a vessel, normally every 5 years. Thus there are commitments for the Group to maintain the vessels' operational ability and compliance with laws and regulations.

## Note 6 Earnings per share

The basic and diluted earnings per share are the same, as there are no convertible bond loan or stock option plans. Earnings per share is calculated as net result allocated to shareholders for the year divided by the weighted average number of outstanding shares. The company was transformed from a private liability company to a public liability company 7 July 2017. As part of this transformation, a share split was performed. The new number of shares is 100 000 000 compared to 100 000 shares outstanding as at 31.12.2016. The new number of shares is used when calculating earnings per share.

	<b>Q3 2018</b>	<b>Q3 2017</b>	<b>YTD 2018</b>	<b>YTD 2017</b>	<b>Full year 2017</b>
Profit/(loss) attributable to equity holders of the company	193 293 821	169 136 600	422 367 502	408 272 283	602 148 085
Weighted average number of ordinary shares in issue	100 000 000	100 000 000	100 000 000	100 000 000	100 000 000
Earnings per share	1,93	1,69	4,22	4,08	6,02

## **Note 7 Interests in other entities**

The joint venture-company The Fjords DA has increased its equity, and the Fjord1 ASA Group has paid in its 50 % stake, which amounts to NOK 10.4 million.

Fjord1 ASA has increased its number of shares in Geiranger Fjordservice AS with 11 shares for an amount of NOK 71 500. The total number of shares in Geiranger Fjordservice AS is at 30.9.2018 1171 which corresponds to a 29 % stake in the company.

WF Holding AS paid a dividend to Fjord1 ASA of NOK 17 million for the year 2017, which apply to Fjord1 ASA's 34 % stake in WF Holding.

Fjord Tours AS paid a dividend to Fjord1 ASA of NOK 7.4 million for the year 2017, which apply to Fjord1 ASA's 50 % stake in The Fjords DA.

## Note 8 Borrowings

<i>Amounts in NOK thousands</i>	<b>30.09.18</b>	<b>30.09.17</b>	<b>31.12.17</b>
Non-current bank loan	1 128 285	1 542 675	702 442
Non-current bond loan	1 000 000	-	1 000 000
Capitalised arrangement fee	(54 113)		(14 750)
Current bank loan	157 143	220 857	130 285
<b>Total</b>	<b>2 231 316</b>	<b>1 763 532</b>	<b>1 817 977</b>

Movements in borrowings are analysed as follows:

### **Nine months ended 30 September 2018**

Opening amount as at 1 January 2018	1 817 977
New facility loan raised	1 564 000
Arrangement fee	(39 363)
Repayments of borrowings	(1 111 299)

<b>Closing amount as at 30 September 2018</b>	<b>2 231 316</b>
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### **Nine months ended 30 September 2017**

Opening amount as at 1 January 2017	1 955 511
New bank loan raised	-
Arrangement fee	-
Repayments of borrowings	(191 979)

<b>Closing amount as at 30 September 2017</b>	<b>1 763 532</b>
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The Group has in February 2018 secured a NOK 4,458 million loan facility with DNB and Nordea, of which a total amount of NOK 1,285 million has been utilised.

### *Financial covenants*

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- Adjusted\* leverage (NIBD/EBITDA) at maximum 4.25
- Equity ratio above 25%
- Contracted volume (NIBD/contracted income)

\*The loan agreements include a grace period for measurement of the adjusted leverage covenants such that borrowings incurred in relation to investments in new contracts will not be included in the adjusted leverage measurement until after the start of the respective contracts. After start of a contract, borrowings are included with an increasing percentage over the next four quarters after start of the specific contract.

The bond loan agreement include the following financial covenants:

- Minimum equity ratio of 22.5% for the six quarter period starting 1 January 2019 or 25% at any other point in time
- Minimum liquidity of NOK 75 million



## Note 9 Income tax

Interim income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

	<b>Q3 2018</b>	<b>Q3 2017</b>	<b>YTD Q3 2018</b>	<b>YTD Q3 2017</b>	<b>Full year 2017</b>
Profit before tax	249 642	222 763	553 269	537 800	715 527
Tax expense	(56 278)	(53 463)	(130 527)	(129 072)	(112 895)
<i>Average tax rate</i>	23 %	24 %	24 %	24 %	16 %
Change in deferred tax liabilities	(56 278)	40 324	(130 527)	(9 490)	(99 459)
Change in deferred tax asset	-	7 431	-	6 459	(3 001)
Tax payable	-	(101 218)	-	(126 040)	(41 474)
Adjustments prior years tax expense	-	-	-	-	31 039
Tax effect Group contribution	-	-	-	-	-
<b>Tax expense in statement of profit or loss</b>	<b>(56 278)</b>	<b>(53 463)</b>	<b>(130 527)</b>	<b>(129 072)</b>	<b>(112 895)</b>

## Note 10 Net financial items

	Q3 2018	Q3 2017	YTD 2018	Full year 2017
<b>Other financial items, net</b>				
Change in fair value derivatives	3 963	(3 741)	13 965	17 592
Realized interest swap settlements	-	-	-	-
Dividends received from investments in shares	-	5 819	45	5 819
Currency exchange gains	178	-	488	1 022
Currency exchange losses	(70)	-	(205)	(1 506)
Fee and contingency commission for bank- and bond loans	(9 700)	-	(14 732)	-
Other financial income	-	250	33	250
Other financial expenses	2 988	(3 507)	2 650	(5 043)
<b>Total other financial items, net</b>	<b>(2 641)</b>	<b>(1 178)</b>	<b>2 244</b>	<b>18 135</b>

## Note 11 Contingencies

### **Rebate compensation**

The Group has recognised an income of NOK 34,7 million YTD 2018 related to received compensation to cover loss of revenue due to changes in the original contract assumptions such as discount and fare structures. The compensation is subject to final negotiations and as a result, the Group may receive additional compensation or may receive a claim on paid out preliminary compensation. Paid out compensation is recognised as revenue in the period the compensation is received, as this represents the Group's estimate of expected consideration for the services. The recognised compensation is not deemed to represent a contingent asset.

## Note 12 Related party transactions

The following transactions were carried out with related parties:

### Revenue from related parties

Related party	Relation	YTD Q3		Q3 2017	YTD Q3 2017	Full year 2017
		Q3 2018	2018			
The Fjords DA	Associate	13 702	30 895	15 311	25 837	28 938
The Fjords Fartøy II DA	Associate	-	460			345

### Expenses to related parties

Related party	Relation	YTD Q3		Q3 2017	YTD Q3 2017	Full year 2017
		Q3 2018	2018			
The Fjords DA	Associate	-	(348)	-	(1 063)	(1 063)
Havyard Ship Technology AS	Owner	(3 877)	(246 474)	(31 428)	(126 400)	(155 651)
Norwegian Electric Systems AS	Owner		(23 915)			-

Expenses related to Havyard Ship Technology AS and Norwegian Electric Systems AS are mainly related to investing in the construction of new vessels.

### Receivables/(Liabilities) to related parties

Related party	Relation	30.09.2018	31.12.2017
The Fjords DA	Associate	8 847	1 541
The Fjords Fartøy II DA	Associate	-	144
Havyard Ship Technology AS	Owner	(14)	(752)
Norwegian Electric Systems AS	Owner	-	

## Note 13 Subsequent events

### Indre Sunnmøre

Awarded contract for operating four ferry connections in Indre Sunnmøre. The contract is from the period 01.01.2020 until 31.12.2033. 10 vessels will operate in the contract.

### Delivery of new vessels

MF Austrått and MF Vestrått were delivered in October 2018

### Romsdalspakken

Signed contract for operating four ferry connections in Romsdal. The contract is for the period from 01.01.2020 until 31.12.2033. 5 vessels will operate in the contract.

### New facility agreement

In October the group entered into a new loan agreement with DNB and Nordea for NOK 1,283 million with a guarantee from GIEK for NOK 900 million