

Financial report Q2-2020



28. August 2020

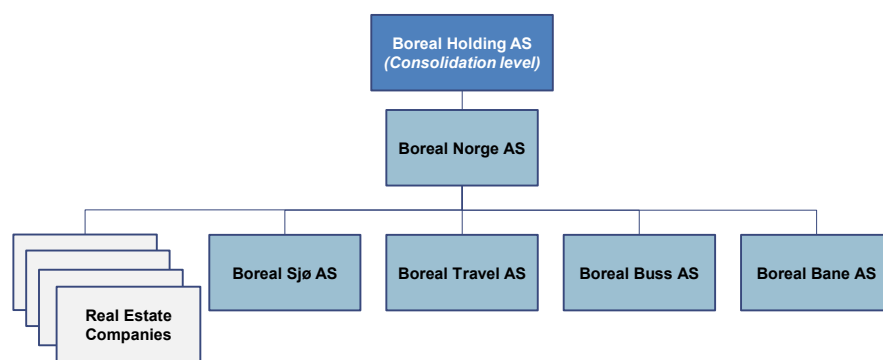


Boreal at a glance

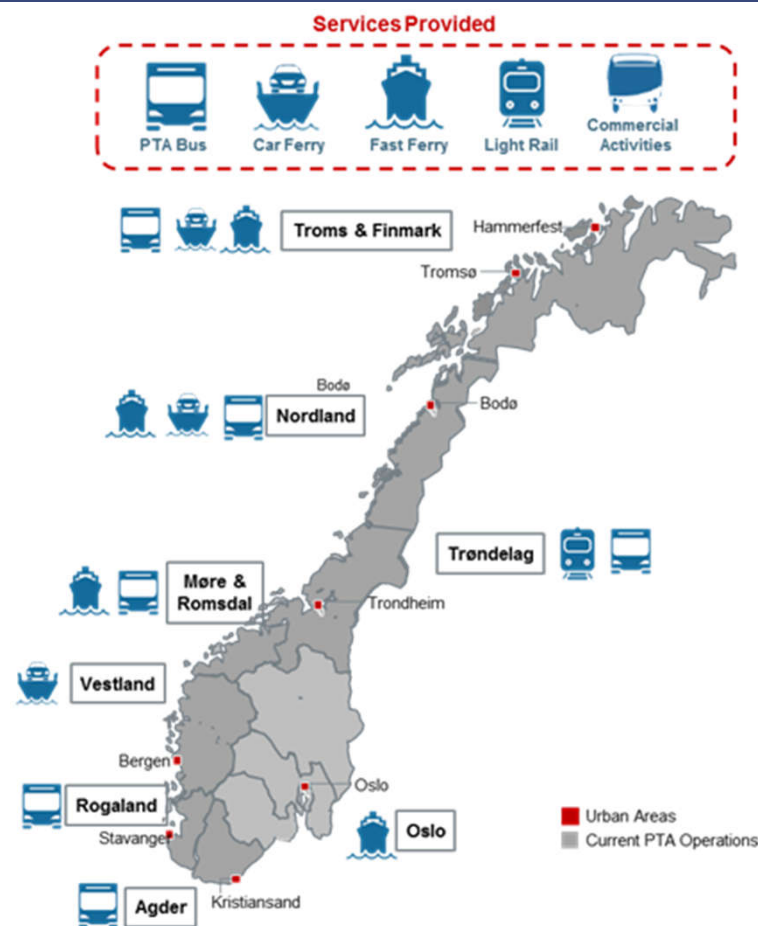
Vast majority of the business relates to PTA contracts

A public transportation provider

- Leading public transport provider in Norway
- Operating in four PTA segments; bus, car ferry, fast ferry, light rail in addition to commercial activities and Minol services
- ~2 700 employees, HQ in Stavanger
- Main revenues stem from operating long-term gross contracts (i.e. availability based) from Norwegian Public Transport Administrators (“PTAs”)
- Boreal has been owned by Everbright Overseas Infrastructure Investment Fund, managed by China Everbright Limited, since 2018



Geographical footprint



Operational highlights

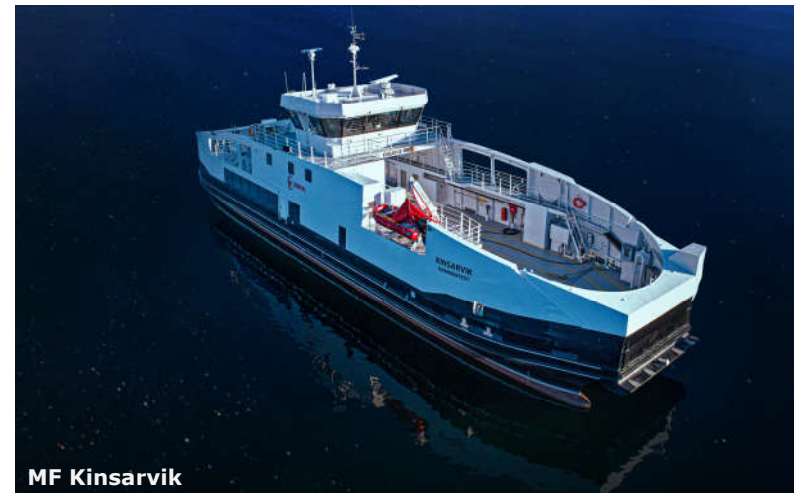
Current quarter

- Boreal has in Q2 seen a drop in revenue related to the travel market due to the Covid-19 situation
- Boreal entered into two shipbuilding contracts;
 - Flekkefjord closed with Holland Yards, two newbuilds
 - Indre Oslofjord closed with Sefine, five newbuilds
- Boreal was awarded the fast ferry contract regarding Helgelandspendelen, Nordland. Six years contract starting from 01.02.21
- Secured bank financing facility of 1 000 mnok related to newbuilds at the best market terms
- Bond tap issue of 775 mnok closed

Operational highlights

YTD

- Positive startup according to plan of three PTA contracts from 01.01.20;
 - Hordaland (car ferry)
 - Tjøtta Forvik (car ferry)
 - Ryfylke (bus)
- Delivery of three electric ferries to the Hordaland contract (first delivered in 2019)
 - MF Kinsarvik
 - MF Utnefjord
 - MF Matre



Financial highlights

Current quarter

- Decrease in revenue and EBITDA Q2-20 versus Q2-19 is mainly due to a drop in the travel market related to the Covid-19 situation, however partly offset by new contracts
- Increase in depreciation due to completion of newbuilds

NOKm	Q2 2020	Q2 2019	Changes
Total revenue	739	814	-74
Cost of goods sold	-67	-89	22
Personnel expenses	-274	-263	-11
Other operating expenses	-283	-320	37
Operating expenses	-624	-672	48
EBITDA	116	142	-26
<i>EBITDA margin</i>	15,6 %	17,4 %	-1,8 %
Depreciation	-84	-77	-7
Net financial items	-29	-31	2
Result before taxes	3	34	-31
Estimated tax*	-6	-17	12
Result after taxes	-2	17	-20

* Full tax calculations is performed on annual figures. Quarterly tax is estimated from 22% on result before taxes in addition to include deferred tax related to depreciation added values that stems from PPA18

Financial highlights

Year-to-date

- Increase in revenue and EBITDA stems from new ferry and bus contracts, partly offset by the Q2 Covid-19 effect (ref previous page)
- Increase in depreciation due to completion of newbuilds
- Increased net financial items due to increased long-term debt

<i>NOKm</i>	YTD 2020	YTD 2019	Changes
Total revenue	1 621	1 577	44
Cost of goods sold	-161	-175	15
Personnel expenses	-638	-579	-59
Other operating expenses	-629	-615	-13
Operating expenses	-1 428	-1 370	-58
EBITDA	193	207	-14
<i>EBITDA margin</i>	<i>11,9 %</i>	<i>13,1 %</i>	<i>-1,2 %</i>
Depreciation	-167	-152	-15
Net financial items	-67	-61	-6
Result before taxes	-40	-5	-35
Estimated tax*	-1	-8	7
Result after taxes	-41	-13	-28

* Full tax calculations is performed on annual figures. Quarterly tax is estimated from 22% on result before taxes in addition to include deferred tax related to depreciation added values that stems from PPA18

Balance sheet

Currently significant newbuilds program

- As a result of PTA ferry contracts starting up the coming two years Boreal has a large newbuild ferry program, currently 13 ferries under construction. As such fixed assets will increase quarter by quarter
- Change in cash is mainly due to shipyard installments regarding ferries under construction which however will increase future cash flow
- Increase in long-term debt is related to vessels under construction and delivered ferries
- Change in current assets and liabilities is related to working capital changes
- Boreal is in compliance with covenants related to term loan and bond

NOKm	Q2 2020	Q2 2019	Changes
Assets			
Fixed assets	3 862	3 409	453
Cash and cash eq.	280	416	-136
Other current assets	268	442	-174
Total assets	4 410	4 267	143
Equity and liabilities			
Equity	947	1 027	-80
Long term liabilities	2 869	2 546	323
Current liabilities	594	695	-100
Total equity and liabilities	4 410	4 267	143

Spec long term debt	Q2 2020
Bond	1 725
Subordinated loan	472
Term loan and other	511
Deferred tax liabilities	161
Long term liabilities	2 869

Cash flow statement

<i>NOKm</i>	Q2 2020	Q2 2019
Ordinary result before taxes	3	34
Depreciation and write-downs	84	77
Paid taxes	-1	-2
Change current rec., liab. and other periodisation	15	-13
Net cash flow from operations	101	96
Capex fixed assets	-190	-23
Sales fixed assets	1	1
Investments in subsidiaries and associated comp.	0	-8
Net cash flow from investments	-189	-29
Proceeds from increased long term debt	136	0
Repayments long term debt	-29	-25
Other changes (e.g. financial lease)	-6	-7
Net cash flow from financing activities	101	-32
Change in cash position in the period	13	34
Liquidity reserve at the beginning of the period	267	382
Liquidity reserve at the end of the period	280	416

IR – Boreal



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