

Financial report Q3-2020



27. November 2020



Let's go together

- Boreal is a leading provider of mobility in Norway with 2 700 employees. Mobility is about people, and in Boreal we strive to provide our passengers with service beyond what is expected
- Our core values reflect who we are and our way of working:

Safety

Quality

Environment

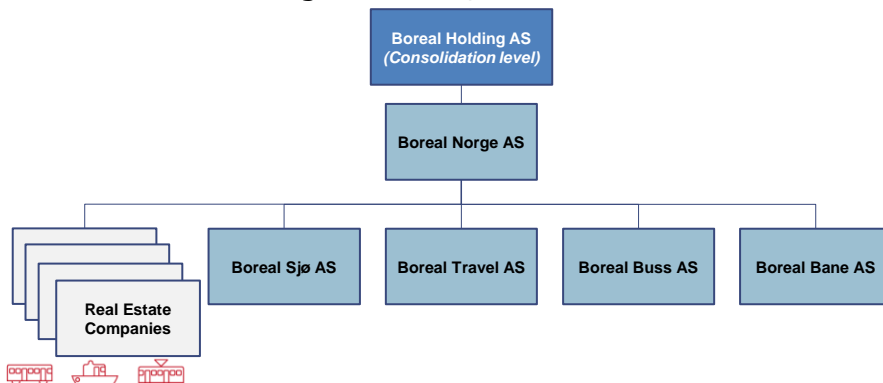
- We are ISO 9001-certified, which commits us to strive for satisfied customers
- We are ISO 14001-certified, which commits us to take care of the environment
- Our zero philosophy commits us to strive for an operation without damage to people, the environment or equipment

Boreal at a glance

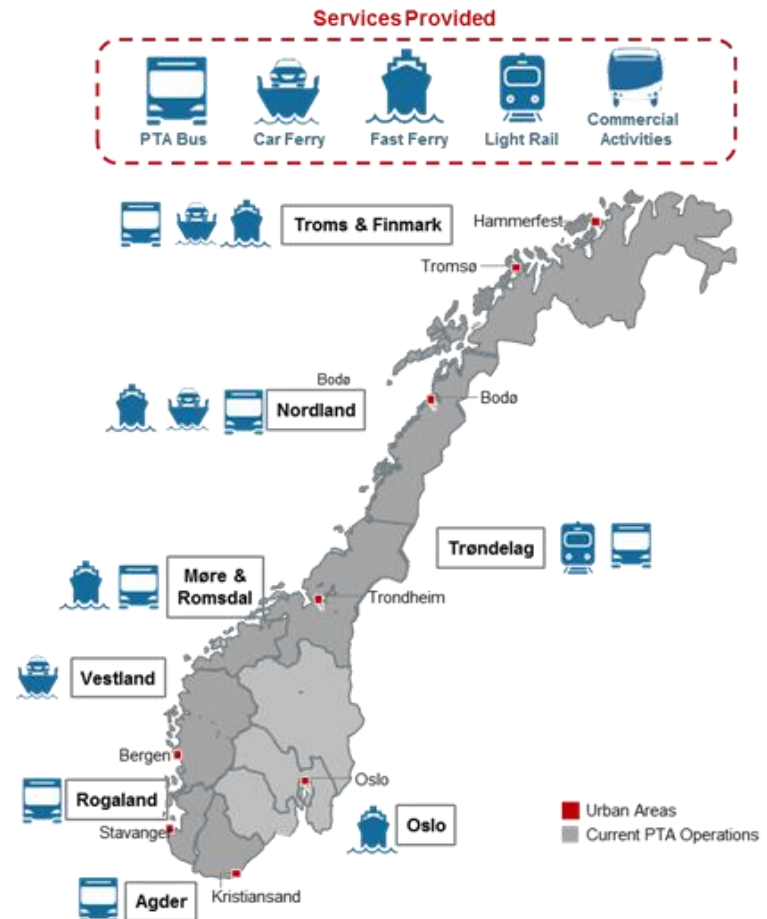
Vast majority of the business relates to PTA contracts

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 is owned by Everbright Overseas Infrastructure Investment Fund, managed by China Everbright Limited, since 2018



Geographical footprint



Financial highlights – Q3

- Decrease in revenue Q3-2020 versus Q3-2019 is mainly due to a drop in the travel market related to the Covid-19 situation, however partly offset by new contracts
- Increase in EBITDA due to new ferry contracts compared to 2019

| <i>NOKm</i> | Q3 2020 | Q3 2019 | Changes |
|----------------------------|---------------|---------------|--------------|
| Total revenue | 781,7 | 842,4 | -60,7 |
| Cost of goods sold | -64,7 | -93,9 | 29,3 |
| Personnel expenses | -324,9 | -338,6 | 13,7 |
| Other operating expenses | -273,1 | -302,2 | 29,1 |
| Operating expenses | -662,6 | -734,7 | 72,1 |
| EBITDA | 119,1 | 107,7 | 11,4 |
| <i>EBITDA margin</i> | 15,2 % | 12,8 % | 2,5 % |
| Depreciation | -84,2 | -84,0 | -0,2 |
| Net financial items | -29,0 | -27,0 | -1,9 |
| Result before taxes | 5,9 | -3,3 | 9,2 |
| Estimated tax* | -5,9 | -4,5 | -1,4 |
| Result after taxes | 0,0 | -7,8 | 7,8 |

* 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 - YTD

- Decrease in revenue and EBITDA stems from the Covid-19 restrictions and the impact it has had on the commercial market, partly offset by new PTA ferry and bus contracts
- Increase in depreciation due to completion of newbuilds
- Increase in net financial items due to increased long-term debt and bond

| <i>NOKm</i> | YTD 2020 | YTD 2019 | Changes |
|----------------------------|-----------------|-----------------|--------------|
| Total revenue | 2 402,4 | 2 419,6 | -17,2 |
| Cost of goods sold | -225,2 | -269,4 | 44,1 |
| Personnel expenses | -963,0 | -917,6 | -45,4 |
| Other operating expenses | -901,9 | -917,6 | 15,7 |
| Operating expenses | -2 090,1 | -2 104,5 | 14,4 |
| EBITDA | 312,3 | 315,1 | -2,7 |
| <i>EBITDA margin</i> | 13,0 % | 13,0 % | 0,0 % |
| Depreciation | -251,0 | -236,2 | -14,8 |
| Net financial items | -95,6 | -87,5 | -8,0 |
| Result before taxes | -34,3 | -8,7 | -25,6 |
| Estimated tax* | -6,9 | -12,7 | 5,8 |
| Result after taxes | -41,2 | -21,4 | -19,8 |

* 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 are under construction and rebuild. As such fixed assets will increase quarter by quarter
- Positive change in cash is mainly due to the closed bond tap in Q3-2020
- Increase in long-term debt is related to vessels under construction, delivered ferries and bond tap
- Change in current assets and liabilities is related to working capital changes
- Boreal is in compliance with covenants related to term loan and bond

| <i>NOKm</i> | Q3 2020 | Q3 2019 | Changes |
|-------------------------------------|----------------|----------------|----------------|
| Assets | | | |
| Fixed assets | 4 242,5 | 3 482,5 | 760,0 |
| Cash and cash eq. | 790,4 | 310,1 | 480,4 |
| Other current assets | 346,1 | 443,6 | -97,5 |
| Total assets | 5 379,0 | 4 236,2 | 1 142,8 |
| Equity and liabilities | | | |
| Equity | 958,5 | 1 018,8 | -60,4 |
| Long term liabilities | 3 728,8 | 2 546,4 | 1 182,4 |
| Current liabilities | 691,8 | 671,0 | 20,8 |
| Total equity and liabilities | 5 379,0 | 4 236,2 | 1 142,8 |

| Spec long term debt | Q3 2020 |
|------------------------------|----------------|
| Bond | 2 500,0 |
| Subordinated loan | 572,0 |
| Term loan and other | 497,4 |
| Deferred tax liabilities | 159,4 |
| Long term liabilities | 3 728,8 |

Cash flow statement

| <i>NOKm</i> | Q3 2020 | Q3 2019 |
|--|---------------|---------------|
| Ordinary result before taxes | 5,9 | -3,3 |
| Depreciation and write-downs | 84,2 | 84,0 |
| Paid taxes | -1,0 | 0,0 |
| Change current rec., liab. and other periodisation | 21,0 | -45,0 |
| Net cash flow from operations | 110,1 | 35,6 |
| Capex fixed assets | -472,4 | -141,5 |
| Sales fixed assets | 5,3 | 0,0 |
| Net cash flow from investments | -467,1 | -141,5 |
| Proceeds from increased long term debt | 875,0 | 0,0 |
| Repayments long term debt | 0,0 | 7,1 |
| Other changes (e.g. financial lease) | -7,5 | -7,1 |
| Net cash flow from financing activities | 867,5 | 0,0 |
| Change in cash position in the period | 510,5 | -105,9 |
| Liquidity reserve at the beginning of the period | 279,9 | 416,0 |
| Liquidity reserve at the end of the period | 790,4 | 310,1 |

Operational highlights - Q3

- Boreal Sjø, -Buss and -Bane have insignificant effects related to Covid-19 regarding our PTA contract portfolio, which is according to forecast. Boreal saw a further drop in revenue in Q3 related to the travel market due to the Covid-19 situation
- Boreal has entered into shipbuilding contracts for two rebuilds, both closed with a Norwegian yard. This is part of the Molde Vestnes contract starting 01.01.2021 that include three fossil free newbuilds
- Boreal Buss has signed a two years contract with Kolumbus to provide and operate a fully electric autonomous passenger vehicle, starting in October 2020. This will bring new technology into our existing contract
- Boreal Travel has signed a six-year contract regarding an express bus transporting patients between Narvik and Tromsø starting 01.04.2021

Operational highlights - YTD

- New shipbuilding contracts;
 - Flekkefjord, closed with Holland Yards, two newbuilds
 - Indre Oslofjord, closed with Sefine, five newbuilds
 - Molde Vestnes, two rebuilds closed with a Norwegian yard
- Secured new contracts;
 - Nordland, Helgelandspendelen. Six years fast ferry contract commencing on 01.02.2021
 - Rogaland, electric autonomous passenger vehicle. Two years contract commencing in October 2020.
 - Troms og Finnmark, patients express bus. Six years contract commencing on 01.04.2021
- Secured bank financing facility of 1 000 mnok related to newbuilds and rebuilds
- Bond tap issue of 775 mnok closed
- Positive startup according to plan of three PTA contracts from 01.01.2020;
 - 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



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