

Q1 2021

TALLINK GRUPP AS



TALLINK GRUPP

The leading European provider of leisure and business travel and sea transportation services in the Baltic Sea region.

OPERATIONS

- Fleet of 15 vessels
- Seven ferry routes (3 suspended)
- Operating four hotels (3 closed until 2021 high season)

KEY FACTS

- Revenue of EUR 443 million in 2020
- Served 3.7 million passengers in 2020
- Transported 360 thousand cargo units
- Operating EUR 1.5 billion asset base
- 3 953 employees (end of Q1 2021)
- 2.8 million loyalty program members



STRONG BRANDS



STRATEGIC PLAN

CURRENTLY THE STRATEGIC FOCUS IS ON MANAGING COSTS AND CASH FLOWS TO ENSURE SUSTAINABILITY AND TO BRING TALLINK GRUPP THROUGH THE GLOBAL CRISIS

TALLINK'S VISION

To be the market pioneer in Europe by offering excellence in leisure and business travel and sea transportation services

LONG TERM OBJECTIVES TOWARD INCREASING THE COMPANY VALUE AND PROFITABILITY

- Strive for the highest level of customer satisfaction
- Increase volumes and strengthen the leading position on our home markets
- Develop a wide range of quality services directed at different customers and pursue new growth opportunities
- Ensure cost efficient operations
- Manage the optimal debt level that will allow sustainable dividends

CURRENT STRATEGIC CORNERSTONES AND COMPETITIVE ADVANTAGES

MOST MODERN FLEET

STRONG MARKET SHARE & BRAND AWARENESS

WIDE ROUTE NETWORK

HIGH SAFETY LEVEL & ENVIRONMENTAL STANDARDS

STEPS TAKEN TO KEEP PROVIDING SAFE TRAVELLING

FOCUS ON FLEXIBILITY, COSTS AND LIQUIDITY

- Strict hygiene and disinfecting procedures and requirements
- Temporary suspension of ship and hotel operations
- Activities to ensure liquidity
- Scaled down on non-critical costs and investments
- Cost savings from previously implemented measures
- Applying for various support measures
- No dividends proposed by Management
- Postponement of investments, taxes
- Negotiations with financial institutions to amend and prolong the waivers of financial covenants and to postpone principal payments under existing loan agreements



Silja Serenade in Riga

Q1 2021 OVERVIEW – COVID-19 & TRAVEL RESTRICTIONS

Q1 Selected Key Figures (financials in million euros)	2021	2020	Change
Number of passengers	267 224	1 566 730	-82.9%
Number of cargo units	85 156	99 617	-14.5%
Number of passenger cars	75 815	190 292	-60.2%
Revenue	53.7	154.9	-65.3%
Gross profit / loss	-20.0	-0.2	-
EBITDA	-6.3	-1.3	-400.6%
EBIT	-30.0	-26.0	-15.2%
Net result for the period	-34.4	-30.2	-14.0%
Capital expenditures	4.2	27.1	-84.5%
As at:	31.03.21	31.12.20	Change
Total assets	1 492.5	1 516.2	-1.6%
Total equity	680.1	714.3	-4.8%
Interest-bearing liabilities	728.3	705.1	3.3%
Net debt	713.5	677.3	5.4%

2021 unaudited

- **Revenue EUR 53.7m (EUR -101.2m or -65.3% vs LY)**
 - Extensive impact from Covid-19 related travel restrictions
 - More limited impact on cargo operations
 - 16% less departures compared to Q1 2020
- **Cost reduction & support**
 - Cost of sales reduced by 52% or EUR 81m
 - Administrative & marketing cost reduced by 45% or EUR 12m
 - Direct financial support of EUR 5.0m in Q1 2021
- **EBITDA of EUR -6.3m (EUR -5.1m vs LY)**
- **Net loss of EUR 34.4m (EUR -4.2m vs LY)**

Q1 2021 SALES & RESULTS BY GEOGRAPHICAL SEGMENTS

Route	Key Figures (financial in EUR million)	2021	2020	Change	All routes affected by Covid-19, travel restrictions & suspension of operations
Estonia- Finland	Passengers (thousands)	201	848	-76.2%	The results reflect the operations of the Estonia-Finland two shuttle and one cargo vessel, operations of Silja Europa were suspended
	Cargo units (thousands)	58	65	-11.0%	
	Revenue	24.8	59.2	-58.1%	
	Segment result	-4.9	3.3	-251.5%	
Finland- Sweden	Passengers (thousands)	56	470	-88.1%	The results reflect the operations of two cruise ferries on Turku-Stockholm route and two suspended Helsinki-Stockholm route cruise ferries
	Cargo units (thousands)	17	21	-17.6%	
	Revenue	14.8	57.2	-74.1%	
	Segment result	-13.3	-8.2	-63.5%	
Estonia- Sweden	Passengers (thousands)	10	141	-93.1%	The results reflect the operations of two cargo vessels on Paldiski-Kapellskär route and two suspended cruise ferries
	Cargo units (thousands)	11	11	-4.2%	
	Revenue	4.9	17.2	-71.2%	
	Segment result	-3.2	-4.7	32.0%	
Latvia- Sweden	Passengers (thousands)	0	109	-100.0%	The Latvia-Sweden route result reflects expenses of two suspended cruise ferries
	Cargo units (thousands)	0	3	-100.0%	
	Revenue	0.0	10.1	-100.0%	
	Segment result	-3.5	-5.3	34.4%	
Other	Revenue	9.2	12.5	-26.0%	Effectively only one hotel operated; positive impact from online shop sales, Burger King restaurants and from mooring services
	Segment result	-0.1	0.8	-108.1%	
	Intersegment revenue	0.0	-1.3	99.2%	

Segment result is the result before administrative expenses, finance costs and taxes
2021 unaudited

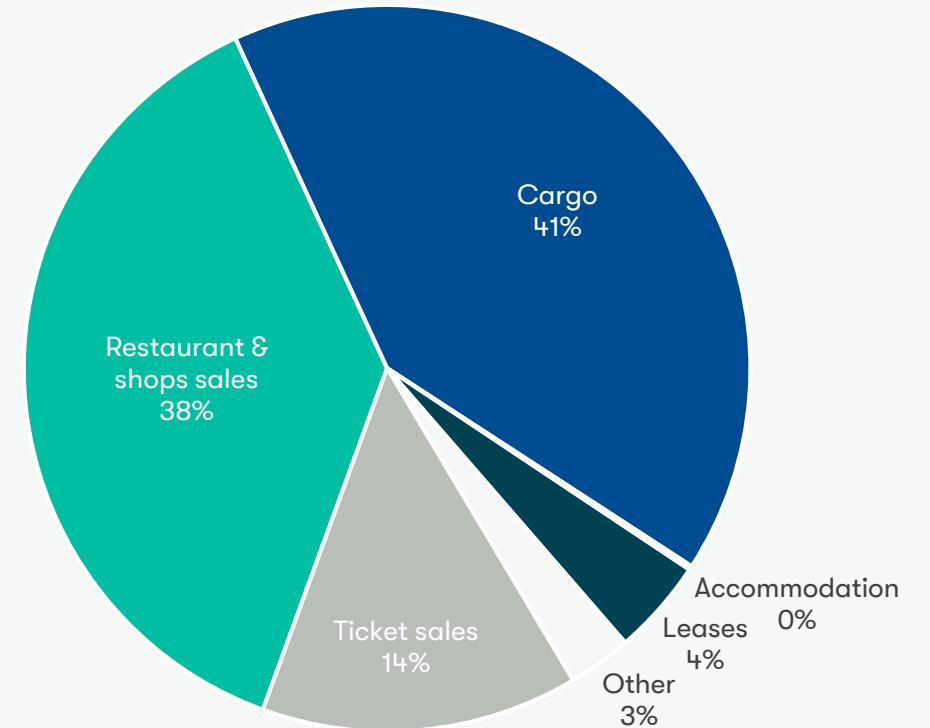
Q1 2021 SALES & RESULTS BY OPERATIONAL SEGMENTS

Revenue (EUR million)	2021	2020	Change
Restaurant and shop sales on-board and onshore	20.2	86.9	-76.8%
Ticket sales	7.6	31.6	-76.0%
Sales of cargo transportation	22.1	28.1	-21.6%
Accommodation sales	0.1	2.1	-95.3%
Income from charter of vessels	2.3	2.5	-8.1%
Other sales	1.5	3.7	-59.1%
Total revenue	53.7	154.9	-65.3%

- Restaurant and shop sales on-board and onshore and ticket sales decline driven by decline in passengers
- Lower cargo sales due to absence of operation of six vessels on long routes (i.e. from Stockholm to Helsinki, Tallinn and Riga), weak market and tight price competition
- Effectively only one hotel operated in Q1 2021
- Adjustment in charter agreement effective from Q4 2020

2021 unaudited

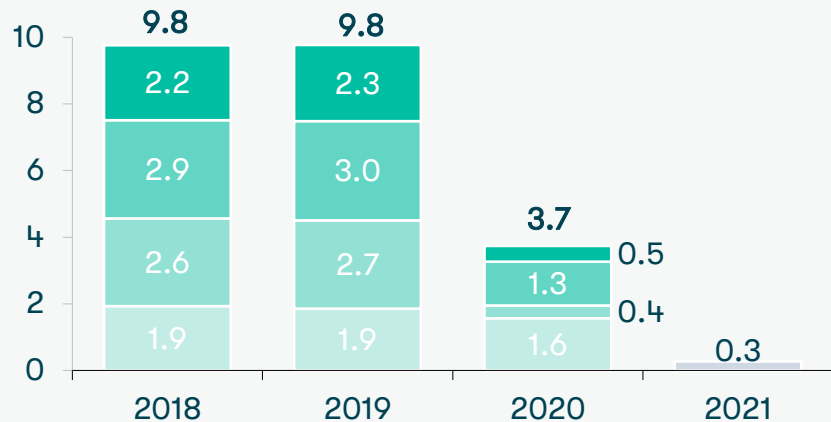
REVENUE STRUCTURE IN Q1 2021



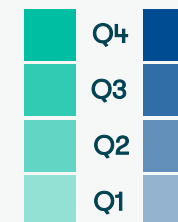
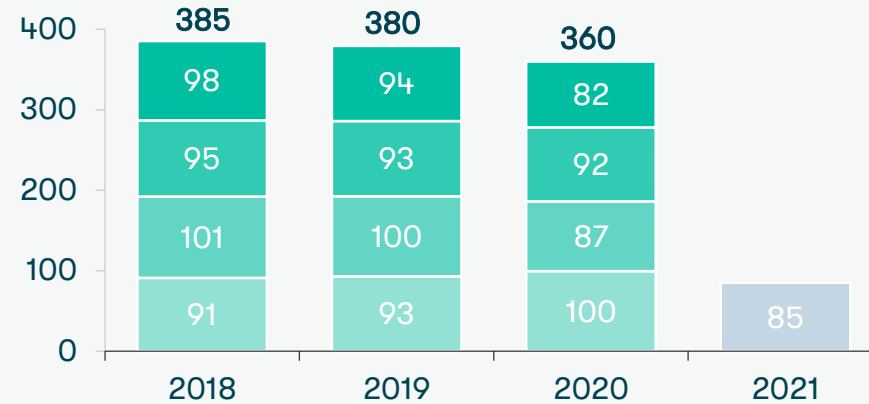
RESULTS

QUARTERLY SEASONALITY BREAKDOWN

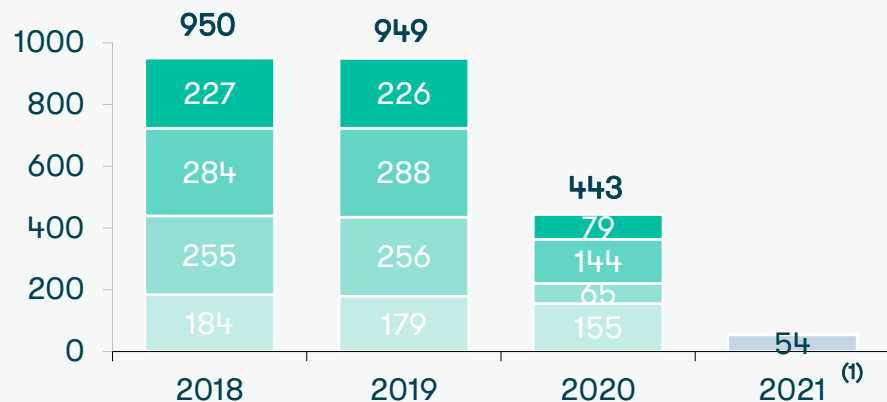
PASSENGERS (MILLIONS)



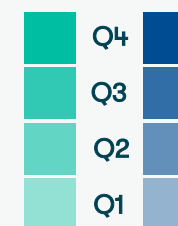
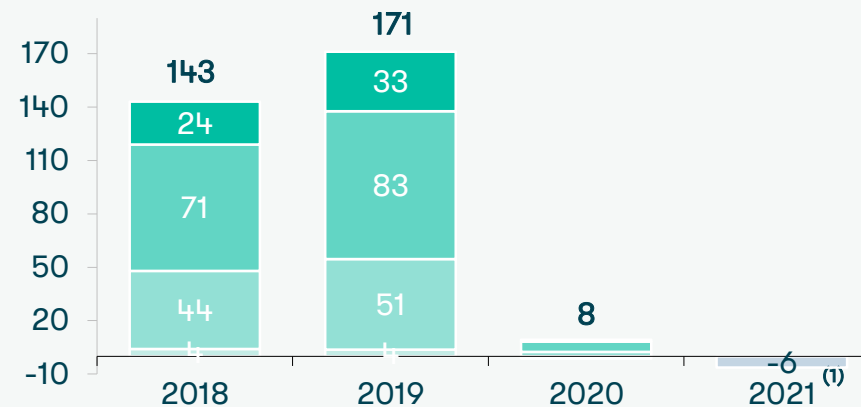
CARGO (TH. UNITS)



REVENUE (EUR MILLION)

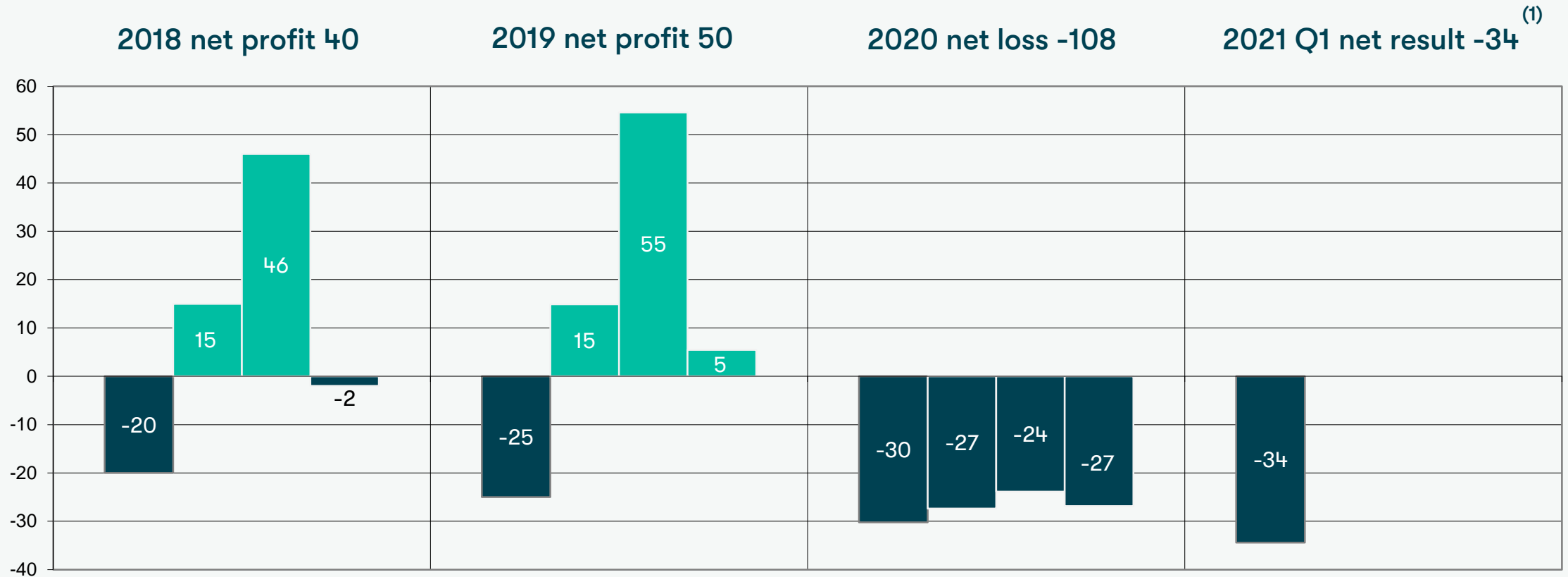


EBITDA (EUR MILLION)



THE DYNAMICS OF HIGH SEASONALITY ON THE PROFIT LEVEL

NET PROFIT BY QUARTERS (EUR MILLION)



MOST OF THE PROFITS ARE TYPICALLY EARNED IN THE SUMMER, THE HIGH SEASON

2021 Q1 HIGHLIGHTS AND KEY FACTS

ENVIRONMENT AND ADJUSTMENTS

- Extensive impact of Covid-19 and suspension of cruise ferries operations
- Stricter restrictions imposed by the governments

ACTIVITIES TOWARD LONG-TERM SUSTAINABILITY

- Continuous cost control to ensure efficiency and savings from previously implemented measures
- Opening of second Burger King restaurant in Latvia
- Legal action against Port of Tallinn filed
 - EUR 15.4 million damage compensation claim for abusing the dominant position on the market for provision of port services in Old City Harbour



Image courtesy of RMC

EVENTS AFTER THE REPORTING PERIOD & OUTLOOK



Rendering of renovated Tallink City hotel

- In June 2021, two new Burger King restaurants are planned to be opened in Latvia. Ongoing preparations for opening 5 more Burger King restaurants in 2021
- Completion of renovation and planned reopening of Tallink City Hotel in June 2021
- Progress regarding vaccinations in Group's main markets in Estonia and Finland provides a positive outlook for traffic recovery between countries

Due to the ongoing Covid-19 situation the earnings outlook is uncertain and continues to be largely subject to external factors such as the progress of vaccinations, states' decisions regarding the timing of lifting of the travel restrictions, allowing passenger traffic as well as the duration of the recovery period.

Management expects the passenger traffic between Estonia and Finland to recover rapidly after the restrictions have been lifted.

CONSOLIDATED INCOME STATEMENT

(EUR million)	2019	2020	Q1 2020	Q1 2021 ⁽³⁾
Sales	949	443	155	54
Cost of sales ⁽¹⁾	(752)	(486)	(155)	(74)
Marketing & administrative cost ⁽¹⁾	(125)	(86)	(27)	(15)
Other operating items, net ⁽²⁾	2	37	2	5
EBITDA	171	8	(1)	(6)
Margin (%)	18.0%	1.8%	(0.8%)	(11.7%)
Net Result	50	(108)	(30)	(34)
EPS	0.074	(0.162)	(0.045)	(0.051)

CONSOLIDATED CASH FLOW STATEMENT

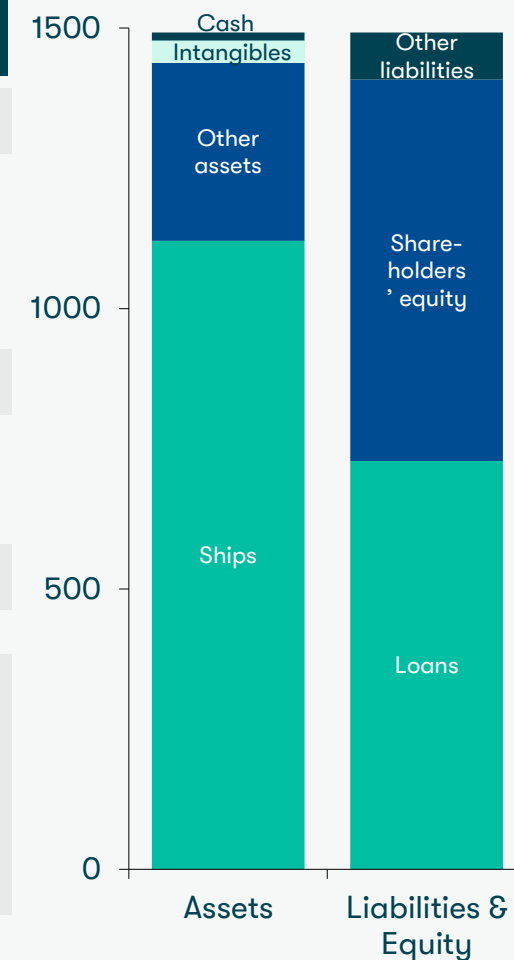
(EUR million)	2019	2020	Q1 2020	Q1 2021 ⁽¹⁾
Operating cash flow	175	(7)	1	(22)
Capital expenditure	(61)	(100)	(27)	(4)
Asset disposal	0	0	0	0
Free cash flow	114	(107)	(26)	(26)
Debt financing (net effect)	(52)	112	9	19
Interests & other financial items	(17)	(16)	(5)	(5)
Dividends & reduction of share capital	(80)	0	0	0
Income tax on dividends paid	(8)	0	0	0
Change in cash	(43)	(11)	(22)	(13)

Totals may not sum due to rounding

(1) Unaudited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR million)	31.12.2019	31.03.2020	31.12.2020	31.03.2021 ⁽²⁾
Total assets	1 533	1 518	1 516	1 493
Non-current assets	1 412	1 419	1 427	1 410
Current assets	121	99	89	83
- of which cash	39	16	28	15
Total liabilities	710	725	802	812
Interest bearing liabilities	578	591	705	728
Other liabilities	132	134	97	84
Shareholders' equity	823	793	714	680
Net debt/EBITDA	3.1x	3.5x	84.2x	238.7x
Net debt	539	575	677	714
Equity/assets ratio	54%	52%	47%	46%
BVPS ⁽¹⁾ (in EUR)	1.23	1.18	1.07	1.02



Totals may not sum due to rounding

(1) Shareholders' equity / number of shares outstanding

(2) Unaudited

DEBT STRUCTURE

LONG TERM BANK LOANS

- EUR 572 million as at 31.03.2021
- 7 loan agreements outstanding: syndicated loans, amortizing project and working capital loans
- Maturities 1-8 years
- EUR denominated, fixed and EURIBOR floating

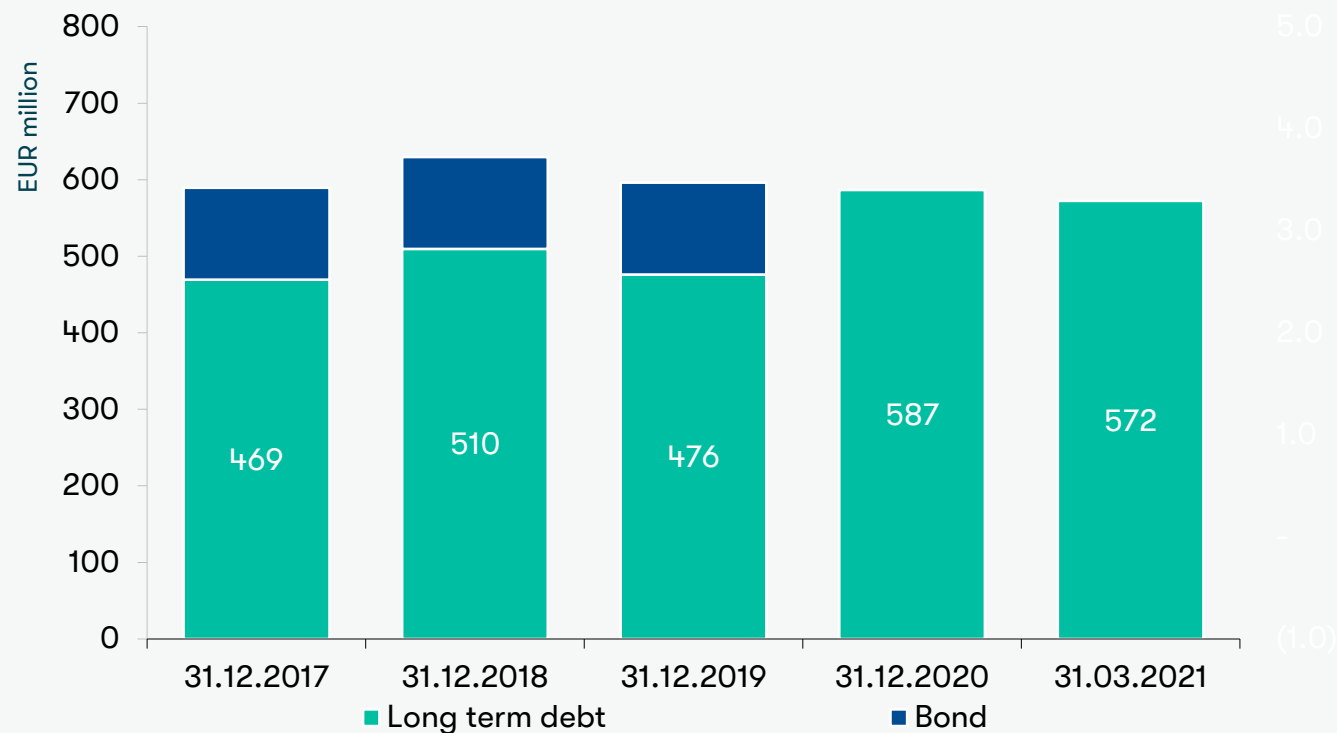
OVERDRAFTS (as at 31.03.2021)

- EUR 53 million used
- EUR 82 million unused

SIGNED, NOT YET DRAWN

- EUR 198 million from KfW IPEX-Bank GmbH (MyStar)
- EUR 90 million undrawn of EUR 100 million working capital loan from Nordic Investment Bank

Total EUR 728 million interest bearing liabilities as at 31.03.2021



2021 unaudited

ONGOING NEGOTIATIONS TO POSTPONE PRINCIPAL PAYMENTS UNDER EXISTING LOAN AGREEMENTS

CORPORATE GOVERNANCE

MANAGEMENT BOARD

Paavo Nõgene – Chairman of the Management Board



Born in 1980, with the company since 2018

CEO since May, 2018

Previously:

- Secretary-General at Ministry of Culture of the Republic of Estonia
- General Manager at Vanemuine Theatre

Lembit Kitter



Born in 1953, with the company and Member of Management Board since 2006

Kadri Land



Born in 1964, with the company since 2005.

Member of Management Board since February, 2019

Harri Hanschmidt



Born in 1982, with the company since 2009.

Member of Management Board since February, 2019

Piret Mürk-Dubout



Born in 1970, with the company and Member of Management Board since April, 2019

Enn Pant - Chairman of the Supervisory Board



Born in 1965, with the company since 1996

Chairman of the Supervisory Board since 2015

CEO of AS Tallink Grupp in 1996-2015

Toivo Ninnas



Born in 1940, with the Supervisory Board since 1997

Kalev Järvelill



Born in 1965, with the Supervisory Board since 2007

Eve Pant



Born in 1968, with the Supervisory Board since 1997

Ain Hanschmidt



Born in 1961, with the Supervisory Board since 2005

Raino Paron



Born in 1965, with the Supervisory Board since 2019

Colin Douglas Clark

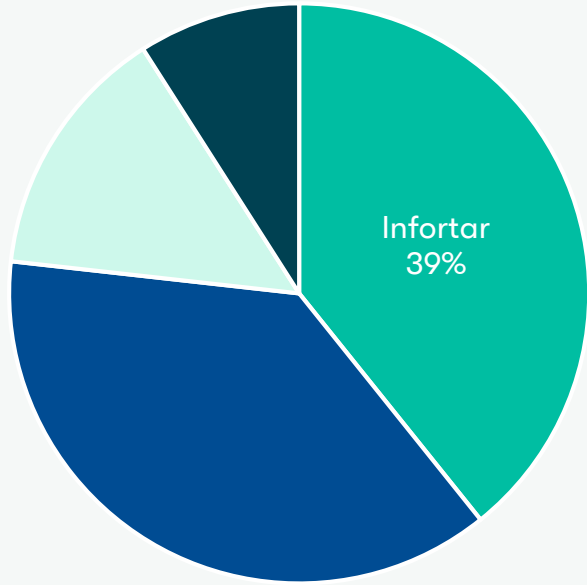


Born in 1974, with the Supervisory Board since 2013

SUPERVISORY BOARD

SHAREHOLDERS AND SHARE PERFORMANCE

SHAREHOLDERS OF AS TALLINK GRUPP



- Top 10 shareholders
- Institutional investors
- Retail investors

TEN LARGEST SHAREHOLDERS AS OF 31.03.2021

Infortar AS	39%
Baltic Cruises Holding, L.P.	16%
ING Luxembourg S.A. AIF Account	7%
Baltic Cruises Investment L.P.	6%
Nordea Bank Abp / Clients FDR	2%
Citigroup Venture Capital International G.P	2%
Nordea Bank Abp / Finnish Clients	2%
Clearstream Banking AG	1%
State Street Bank And Trust Omnibus Account A Fund No OM01	1%
LHV Pensionifond L	1%



THANK YOU



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