

22 FEBRUARY 2022

# Q4 2021

## TALLINK GRUPP AS RESULTS WEBINAR



# PRESENTERS



**PAAVO NÕGENE**

CHAIRMAN OF THE MANAGEMENT BOARD



**MARGUS SCHULTS**

MEMBER OF THE MANAGEMENT BOARD



**JOONAS JOOST**

FINANCIAL DIRECTOR

# 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 (1 suspended)
- Operating four hotels (1 closed)

## KEY FACTS

- Revenue of EUR 477 million in 2021
- Served 3.0 million passengers in 2021
- Transported 369 thousand cargo units
- Operating EUR 1.6 billion asset base
- 4 785 employees (end of Q4 2021)
- 2.9 million loyalty program members
- 37 334 shareholders and FDR-holders of which 27 763 on Tallinn Stock Exchange and 9 571 on Helsinki Stock Exchange



## STRONG BRANDS



# STATUS OF EMPLOYMENT OF VESSELS IN 2021 H2

## Employment of vessels in second half of 2021

Megastar	Tallinn-Helsinki
Star	Tallinn-Helsinki
Silja Europa	Tallinn-Helsinki, short-term charter from mid-October to mid-November
Baltic Queen	Tallinn-Stockholm
Victoria I	Short-term charter in July-September
Silja Serenade	Helsinki-Stockholm
Silja Symphony	Helsinki-Stockholm
Galaxy	Turku-Stockholm
Baltic Princess	Turku-Stockholm
Sea Wind	Muuga-Vuosaari
Regal Star	Paldiski-Kapellskär
Sailor	Paldiski-Kapellskär
Romantika	Short-term charter in July-September and from mid-October to mid-November
Isabelle	Inactive
Atlantic Vision	Long-term charter

# 2021 Q4 DEVELOPMENTS AND KEY FACTS

## OPERATING ENVIRONMENT

- Extensive impact of COVID-19 and suspension of cruise ferries operations continued
- Strong beginning of the quarter, demand for travelling was high in October and November
- New COVID-19 variant, tighter border restrictions set in Finland and Sweden by the end of the quarter resulting in lower demand

## ACTIVITIES AND EVENTS

- Short-term charter agreement for Silja Europa and Romantika as accommodation vessels in Scotland in October and November
- Opening of three new Burger King restaurants in Lithuania



*Silja Europa in Glasgow*

# EVENTS AFTER THE REPORTING PERIOD & OUTLOOK



*MyStar at Rauma Shipyard, November 2021*

- One new Burger King restaurant opened in Riga in January 2022.
- In February 2022 travel restrictions were lifted in Finland and Sweden contributing to the increase in number of bookings.
- Compromise for termination of dispute with Port of Tallinn in February 2022.
- The new LNG-based shuttle vessel MyStar is expected to be delivered during spring 2022, in operations from June 2022.
- Continuously exploring options for chartering out vessels.

Due to the ongoing COVID-19 situation the earnings outlook is uncertain and continues to be strongly affected by external factors such as the progress of vaccination, states' decisions regarding the timing of the lifting or imposing of travel restrictions and allowing passenger traffic, passengers' willingness to travel as well as the duration of the recovery period.

Management expects the passenger traffic between Estonia and Finland to recover more rapidly from the second quarter of 2022, when greater immunity is expected to be reached for most of the population on Group's home markets and hospitalisation rates are decreasing.

# Q4 2021 OVERVIEW – COVID-19 & TRAVEL RESTRICTIONS

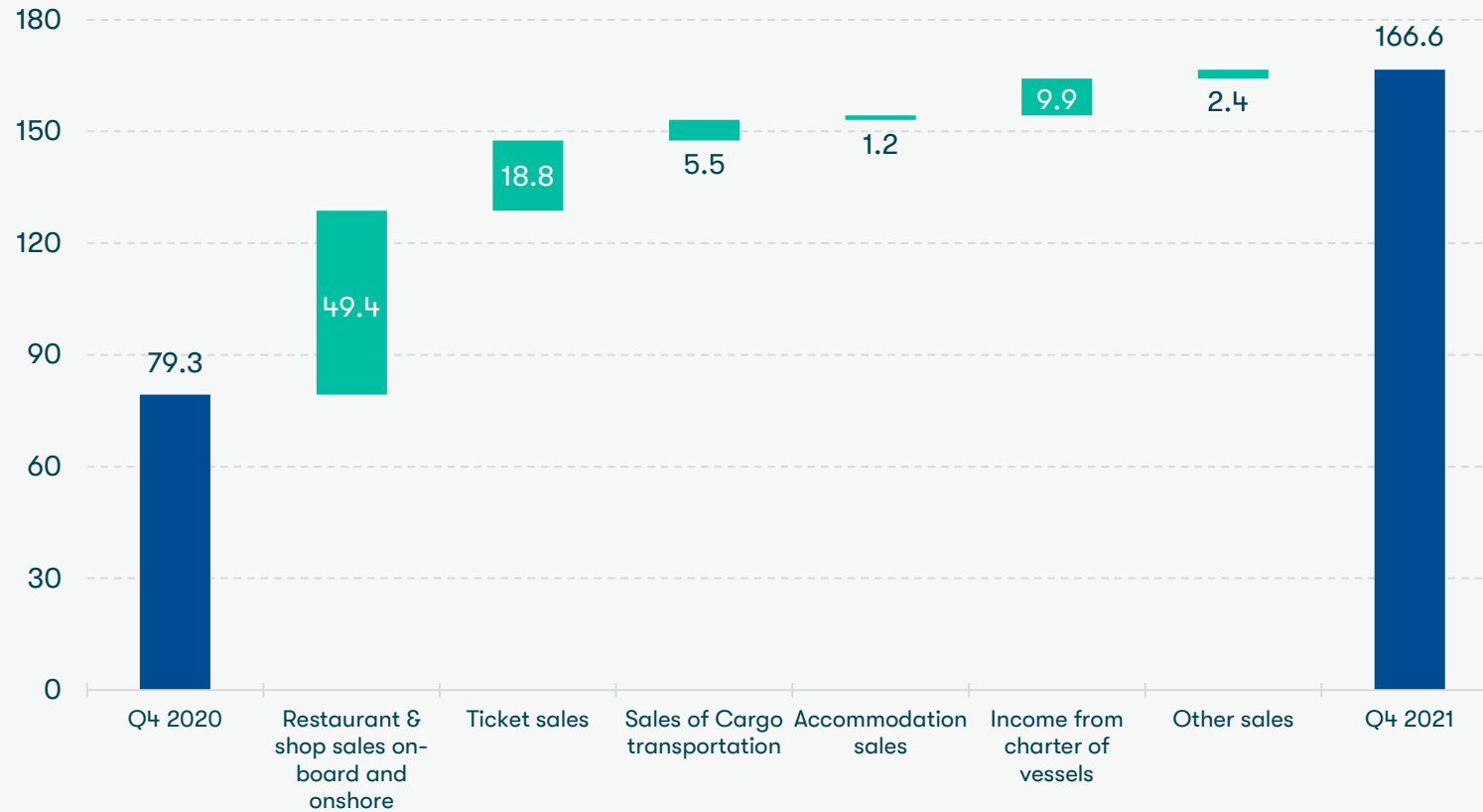
Q4 Selected Key Figures (financials in million euros)	2021	2020	Change
Number of passengers	1 122 892	462 859	142.6%
Number of cargo units	101 486	81 861	24.0%
Number of passenger cars	171 037	134 196	27.5%
Revenue	166.6	79.3	110.1%
Gross profit / loss	20.0	-18.4	209.1%
EBITDA	25.1	1.2	2 019.3%
EBIT	0.9	-24.2	103.6%
Net result for the period	-3.3	-26.9	87.6%
Capital expenditures	9.2	4.8	91.0%
As at:	31.12.21	30.09.21	Change
Total assets	1 585.9	1 616.7	-1.9%
Total equity	692.5	695.9	-0.5%
Interest-bearing liabilities	779.9	802.8	-2.8%
Net debt	652.4	659.7	-1.1%

2021 unaudited

- **Revenue EUR 166.6m (EUR +87.3m or 110.1% vs LY)**
  - Extensive impact from COVID-19 related travel restrictions imposed by the end of the quarter in Finland and Sweden
  - Rise in infection rates caused by new COVID-19 variant Omicron resulted in lower demand for travelling
  - 12% more departures compared to Q4 2020
- **Costs & support**
  - Cost of sales increased by 50% or EUR 48.9m
  - Administrative & marketing cost increased by 9% or EUR 1.9m
  - Very limited government support in Q4 2021 – EUR 1.4m (EUR 14.7m in Q4 2020)
- **EBITDA of EUR 25.1m (EUR +23.9m vs LY)**
- **Net loss of EUR 3.3m (EUR +23.5m vs LY)**

# Q4 REVENUE DEVELOPMENT BY OPERATING SEGMENTS

(EUR MILLION)



Restaurant and shop sales on-board and onshore increased due to various retail activities and higher volume of purchases by travelling passengers

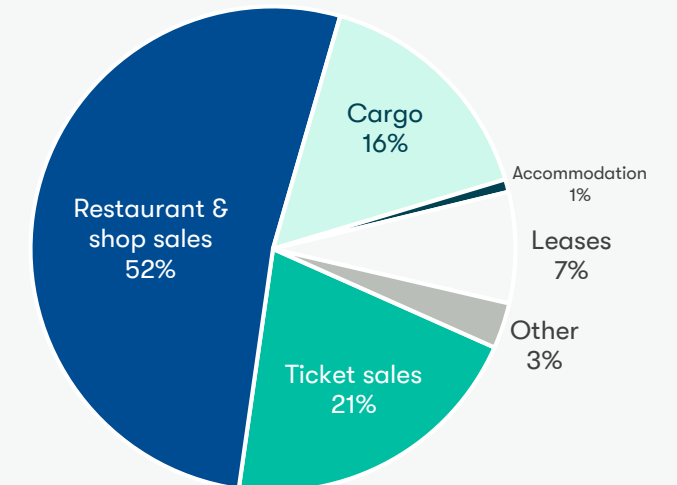
Increase in ticket sales mainly attributable to increased demand and supply of overnight routes to and from Stockholm

High competition in cargo transportation market

Operation of three hotels in Q4 2021 (two hotels were open in 2020)

Short-term charter of Silja Europa and Romantika in Q4 2021

## REVENUE STRUCTURE IN Q4 2021





# Q4 REVENUE DEVELOPMENT BY GEOGRAPHICAL SEGMENTS

(EUR MILLION)



Revenues of all routes negatively affected by COVID-19, travel restrictions and tight competition on cargo market

### Estonia-Finland

The results reflect operations of two shuttle vessels, one cruise ferry and one cargo vessel

### Estonia-Sweden

The results reflect the operations of two cargo vessels on Paldiski-Kapellskär route and one cruise ferry on Tallinn-Stockholm route, as well as expenses of a suspended cruise ferry Victoria I

### Latvia-Sweden

The Latvia-Sweden route result reflects expenses of suspended cruise ferries Isabelle and Romantika after conclusion of charter period

### Finland-Sweden

The results reflect the operations of Turku-Stockholm and Helsinki-Stockholm routes

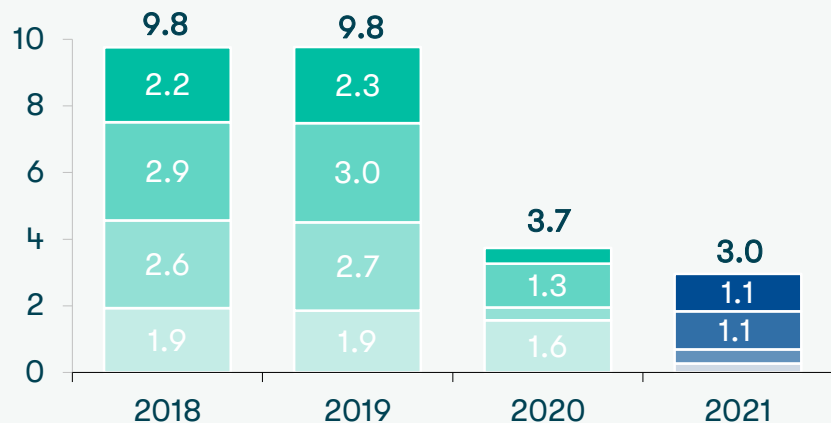
### Other

Increase from charter revenue and from various retail activities; three hotels operated in Tallinn

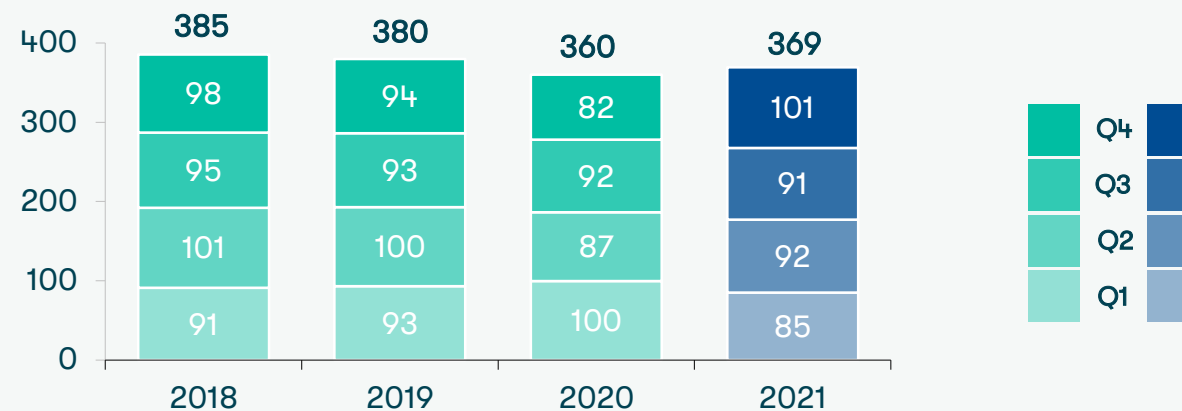
# RESULTS

## QUARTERLY SEASONALITY BREAKDOWN

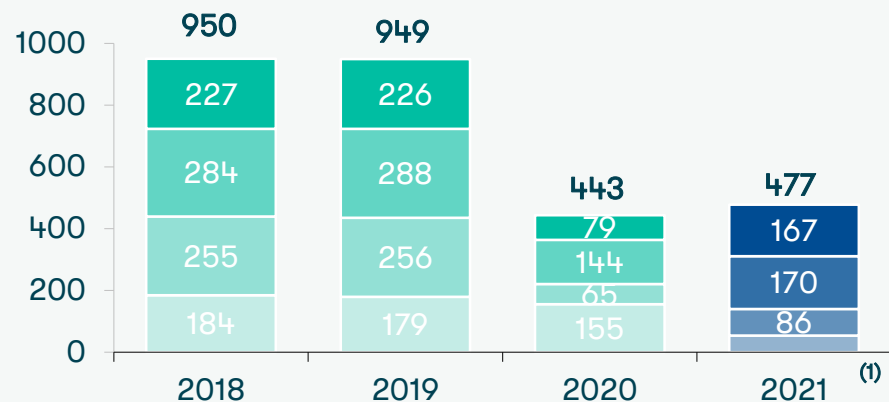
### PASSENGERS (MILLIONS)



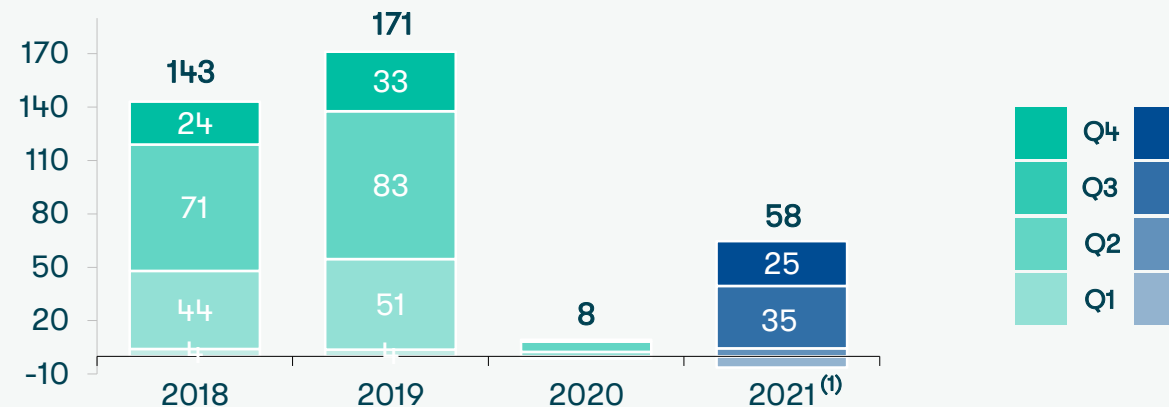
### CARGO (TH. UNITS)



### REVENUE (EUR MILLION)

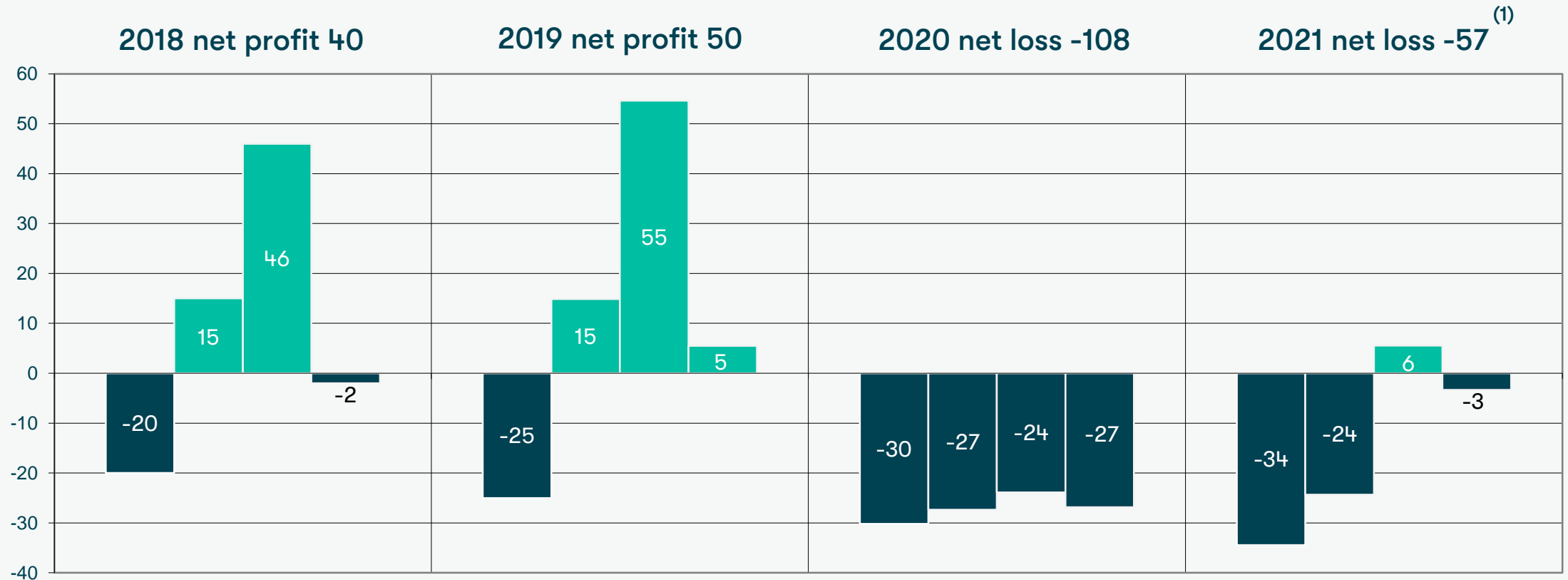


### EBITDA (EUR MILLION)



# 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 OVERVIEW – COVID-19 & TRAVEL RESTRICTIONS

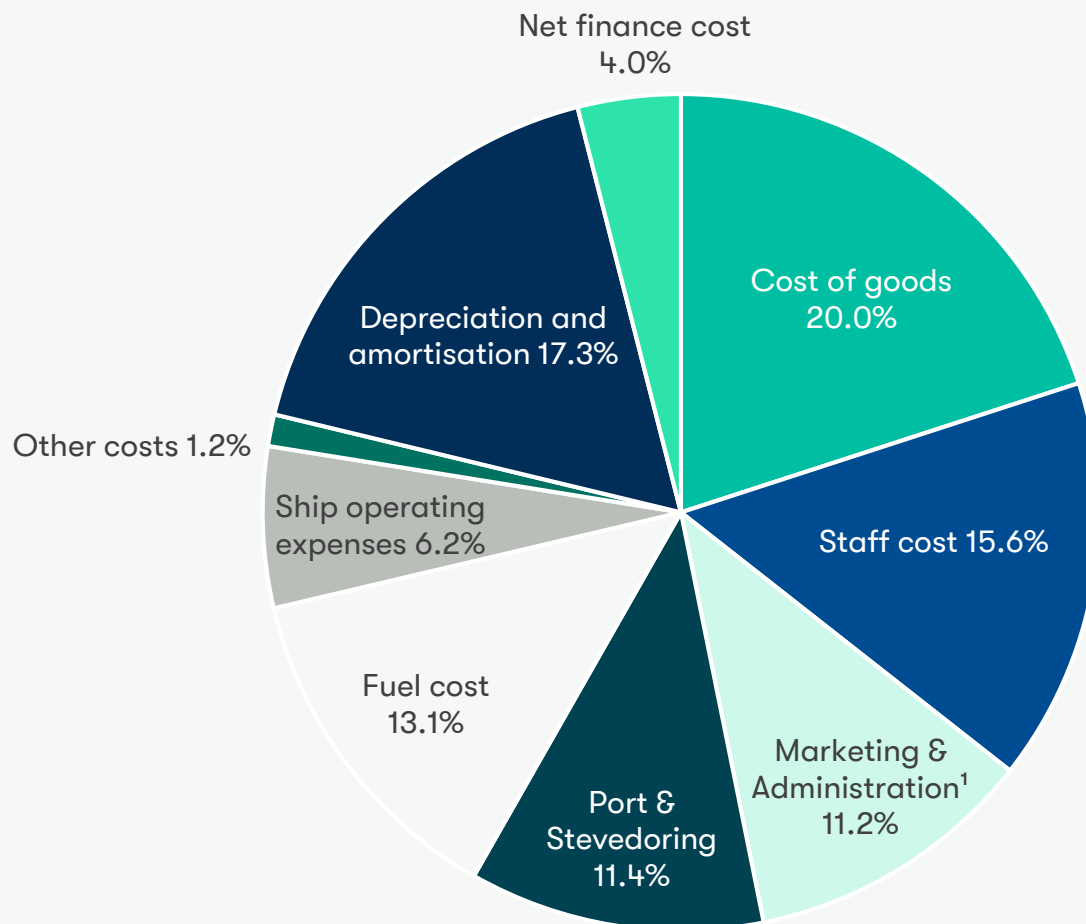
Selected Key Figures (financials in million euros)	2021	2020	Change
Number of passengers	2 961 975	3 732 102	-20.6%
Number of cargo units	369 170	359 811	2.6%
Number of passenger cars	602 033	702 702	-14.3%
Revenue	476.9	442.9	7.7%
Gross profit / loss	21.7	-43.5	149.8%
EBITDA	58.3	8.0	624.9%
EBIT	-37.0	-92.6	60.0%
Net result for the period	-56.6	-108.3	47.8%
Capital expenditures	20.2	100.1	-79.8%
As at:	31.12.21	31.12.20	Change
Total assets	1 585.9	1 516.2	4.6%
Total equity	692.5	714.3	-3.1%
Interest-bearing liabilities	779.9	705.1	10.6%
Net debt	652.4	677.3	-3.7%

2021 unaudited

- **Revenue EUR 476.9m (EUR +34.0m or +7.7% vs LY)**
  - Extensive impact from COVID-19 related travel restrictions
  - Increased demand for travelling in second half of the year
  - 2% less departures compared to 2020
- **Cost reduction & support**
  - Cost of sales reduced by 6% or EUR 31m
  - Marketing & administrative cost reduced by 13% or EUR 11m
  - Net direct financial support of EUR 12.8m (EUR 36.6m in 2020)
- **Positive EBITDA of EUR 58.3m (EUR +50.2m vs LY)**
- **Net loss of EUR 56.6m (EUR +51.7m vs LY)**

# FULL YEAR COSTS BREAKDOWN

(EUR thousands)	2021 <sup>(4)</sup>	2020	Change
Cost of goods	110 451	116 624	-5.3%
Staff costs	86 101	116 818	-26.3%
Marketing & Administration <sup>(1)</sup>	62 075	71 797	-13.5%
Port & Stevedoring	62 998	68 100	-7.5%
Fuel cost	72 234	56 341	28.2%
Ship operating expenses	34 363	36 923	-6.9%
Other costs <sup>(2)</sup>	6 768	5 631	20.2%
<b>Total costs from operations</b>	<b>434 991</b>	<b>472 234</b>	<b>-7.9%</b>
Depreciation & amortisation	95 313	100 661	-5.3%
Net finance cost <sup>(3)</sup>	21 967	18 000	22.0%
<b>Total costs</b>	<b>552 271</b>	<b>590 894</b>	<b>-6.5%</b>



Notes:

- (1) Depreciation and amortisation excluded
- (2) Includes package costs
- (3) Includes share of profit/loss of equity-accounted investees
- (4) Unaudited

# CONSOLIDATED CASH FLOW STATEMENT

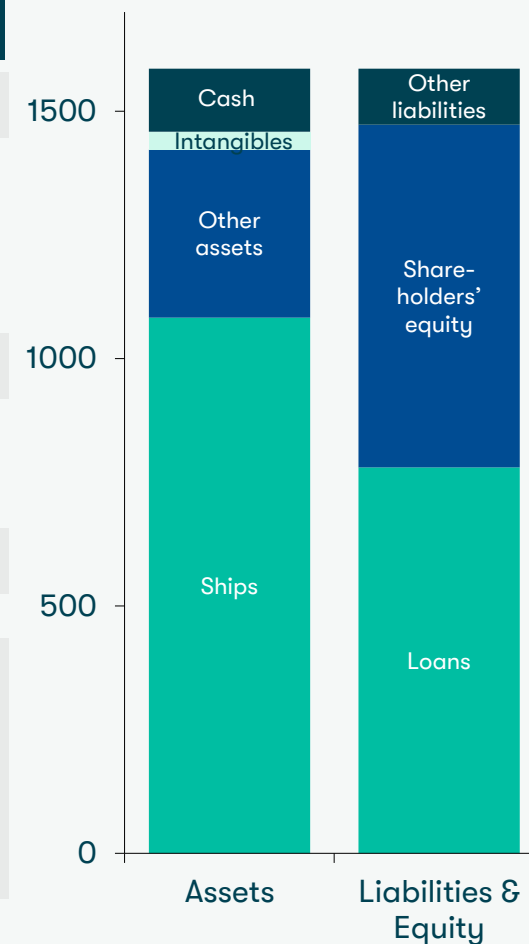
(EUR million)	2020	2021	Q4 2020	Q4 2021 <sup>(1)</sup>
<b>Operating cash flow</b>	(7)	59	(12)	28
Capital expenditure	(100)	(20)	(17)	(9)
Asset disposal	0	1	0	0
<b>Free cash flow</b>	<b>(107)</b>	<b>40</b>	<b>(29)</b>	<b>18</b>
Debt financing (net effect)	112	44	31	(30)
Interests & other financial items	(16)	(19)	(4)	(4)
Increase of share capital	0	35	0	0
Dividends & reduction of share capital	0	0	0	0
Income tax on dividends paid	0	0	0	0
<b>Change in cash</b>	<b>(11)</b>	<b>100</b>	<b>(3)</b>	<b>(16)</b>

Totals may not sum due to rounding

(1) 2021 unaudited

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR million)	31.12.2019	31.12.2020	30.09.2021	31.12.2021 <sup>(2)</sup>
<b>Total assets</b>	<b>1 533</b>	<b>1 516</b>	<b>1 617</b>	<b>1 586</b>
Non-current assets	1 412	1 427	1 389	1 383
Current assets	121	89	227	203
- of which cash	39	28	143	128
<b>Total liabilities</b>	<b>710</b>	<b>802</b>	<b>921</b>	<b>893</b>
Interest bearing liabilities	578	705	803	780
Other liabilities	132	97	118	113
<b>Shareholders' equity</b>	<b>823</b>	<b>714</b>	<b>696</b>	<b>693</b>
<b>Net debt/EBITDA</b>	<b>3.1x</b>	<b>84.2x</b>	<b>19.2x</b>	<b>11.2x</b>
<b>Net debt</b>	<b>539</b>	<b>677</b>	<b>660</b>	<b>652</b>
<b>Equity/assets ratio</b>	<b>54%</b>	<b>47%</b>	<b>43%</b>	<b>44%</b>
<b>BVPS <sup>(1)</sup> (in EUR)</b>	<b>1.23</b>	<b>1.07</b>	<b>0.94</b>	<b>0.93</b>



Totals may not sum due to rounding

(1) Shareholders' equity / number of shares outstanding

(2) 2021 unaudited

# DEBT STRUCTURE

## LONG TERM BANK LOANS

- EUR 663 million as at 31.12.2021
- 7 loan agreements outstanding: syndicated loans, amortizing project and working capital loans
- Maturities 1-8 years
- EUR denominated, fixed and EURIBOR floating

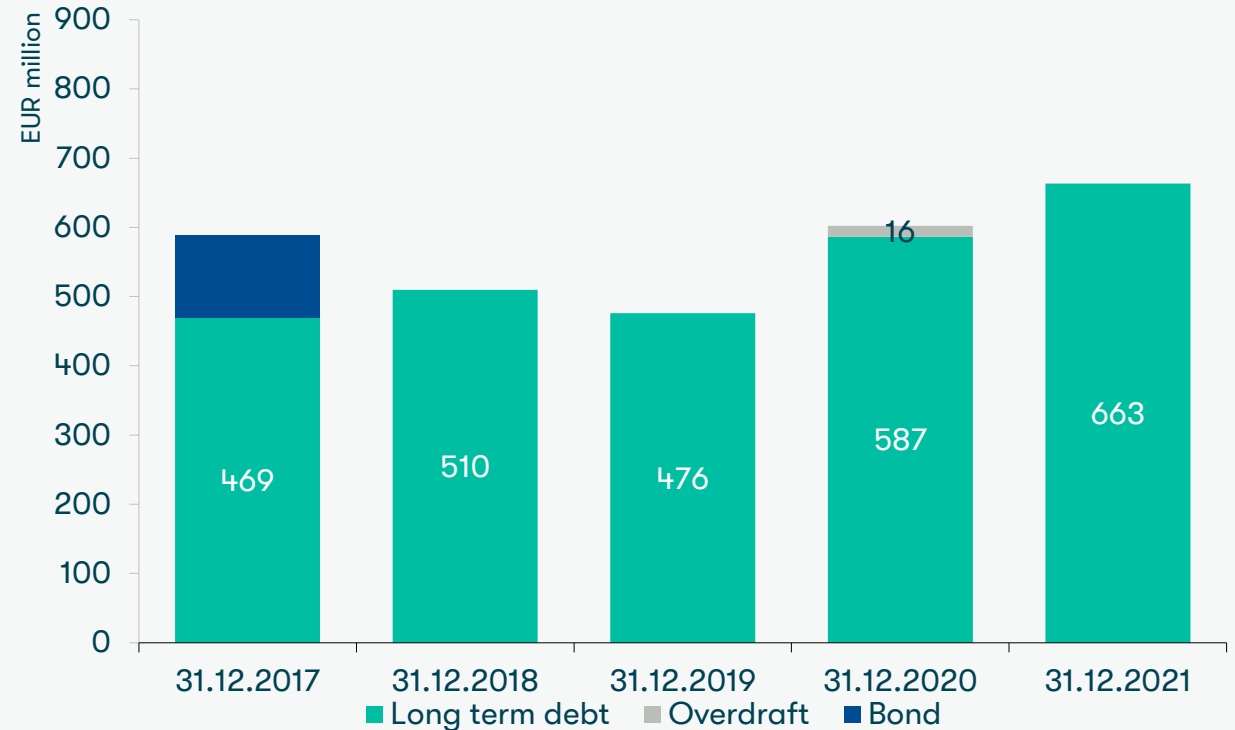
## OVERDRAFTS (as at 31.12.2021)

- EUR 0.2m used
- EUR 134.8 million unused

## SIGNED, NOT YET DRAWN

- EUR 198 million from KfW IPEX-Bank GmbH (MyStar)

Total EUR 663 million long-term bank loans and used overdrafts as at 31.12.2021



2021 unaudited

PRINCIPAL PAYMENTS UNDER EXISTING LOAN AGREEMENTS POSTPONED



# QUESTIONS & ANSWERS



**PAAVO NÕGENE**

CHAIRMAN OF THE MANAGEMENT BOARD



**MARGUS SCHULTS**

MEMBER OF THE MANAGEMENT BOARD



**JOONAS JOOST**

FINANCIAL DIRECTOR

# THANK YOU



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