



Annual General Meeting

14 June 2016



Agenda

- 1. Approval of the Annual Report of the financial year 2015 of AS Tallink Grupp**
- 2. Proposal on distribution of profits**
- 3. Introduction of share without nominal value and amendment of Articles of Association**
- 4. Reduction of share capital**
- 5. Extension of authorities of the members of the supervisory board**
- 6. Appointment of an auditor for the financial year 2016 and the determination of the procedure of remuneration of an auditor**



Tallink today

16 ships

- 11 in core passenger operations
- 2 dedicated for cargo service
- 3 chartered out

6,941 employees

- 4,736 on the sea
- 622 in hotels
- 1,583 onshore organisation

9.0 million passengers

- 4.5 million 
- 1.8 million 
- 1.1 million 
- 0.3 million 
- 1.3 million other countries

945 million EUR revenue
59 million EUR profit



Global position

Operators by **Gross Tons**

Rank	Company	Gross tons
1	Stena Line	933,618
2	Grimaldi Lines	694,597
3	Tallink Grupp	466,960
4	P&O Ferries	409,659
5	Tirrenia	373,911

Operators by **beds**

Rank	Company	Beds
1	Tallink Grupp	18,963
2	Stena Line	17,069
3	Viking Line	14,026
4	Grandi Navi Veloci	13,680
5	Tirrenia	10,422

Operators by **revenue (2015)**

Rank	Company	Revenue (mEuro)
1	DFDS Group	1,806
2	Stena Line	1,336
3	Tallink Grupp	945
4	Viking Line	530
5	Finnlines	511

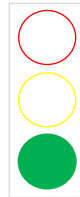
Source: ShipPax MARKET:15, company reports



Fundamentals for new growth

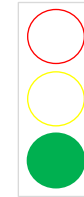
Travel & leisure industry

Growth from new markets globally
Growth in Europe and Nordics
Growth in domestic travel



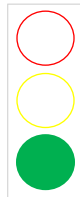
Demographics

Ageing population
more people have free time



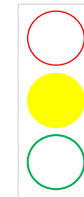
Disposable income

Growth in all countries
More spend devoted for free time



Retail sales

Deflation, but continuous
growth in total retail spending

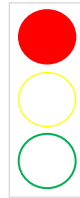




External factors

Land based competition

New ways to spend free time
New business concepts
New restaurants shops etc.



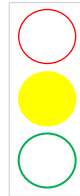
Direct competition

Pricing
Investments



Geopolitical situation

Free movement of travelers
The number of passengers from
Russia remains low



Economy

No GDP growth





Strategy

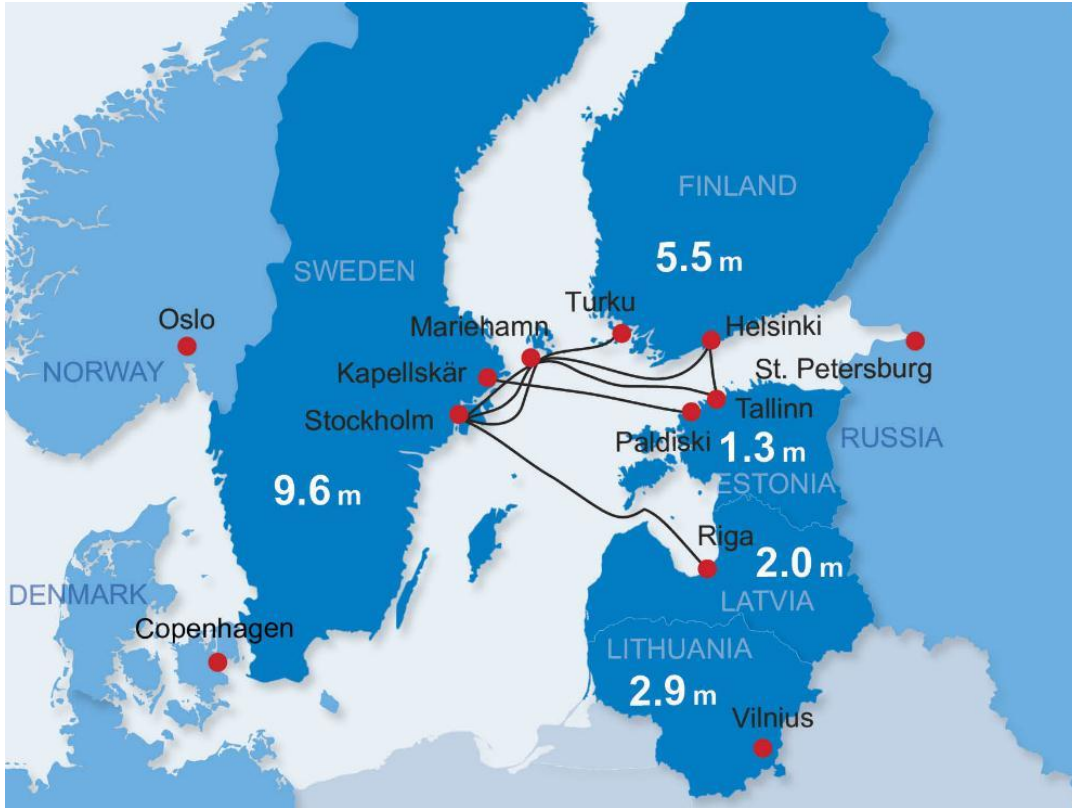
The main goals of the strategy that is directed toward increasing Tallink's value and profitability:

- Increase the volumes and strengthen the market position in the region
- Strive for the highest level of customer satisfaction
- Develop a wide range of quality services for different customers and to pursue new growth opportunities
- Cost efficient operations
- Optimal debt level that allows sustainable dividends



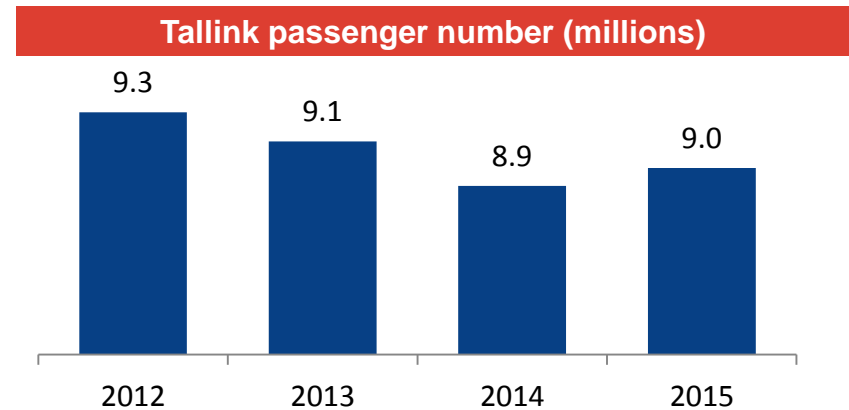


Tallink 2015



Tallink's passenger market share is 46% of the Northern Baltic Sea

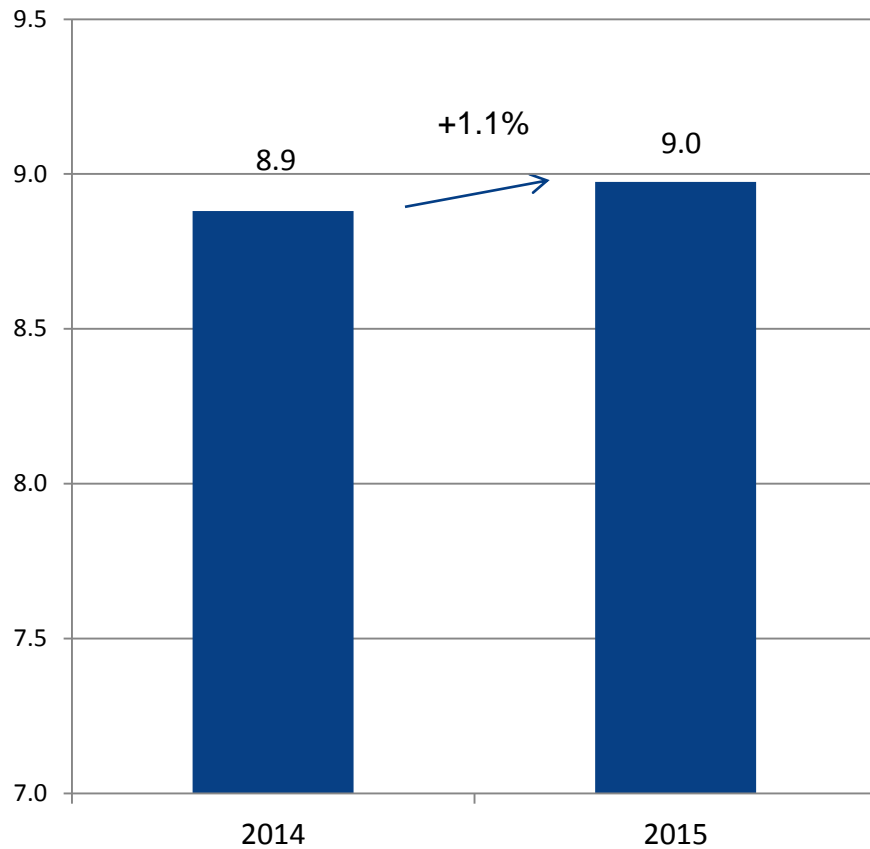
- Adoption to the new EU Sulphur Directive
- Positive feedback from upgraded vessels
- Positive effect from charters and re-routings
- Sale of vessels Silja Festival and Regina Baltica
- Construction of new LNG fast ferry Megastar
- Sale and charter-back of fast ferry Superstar
- Highest passenger number on Tallinn-Helsinki route
- Favorable fuel price and lower total fuel consumption
- Less ships in route operations



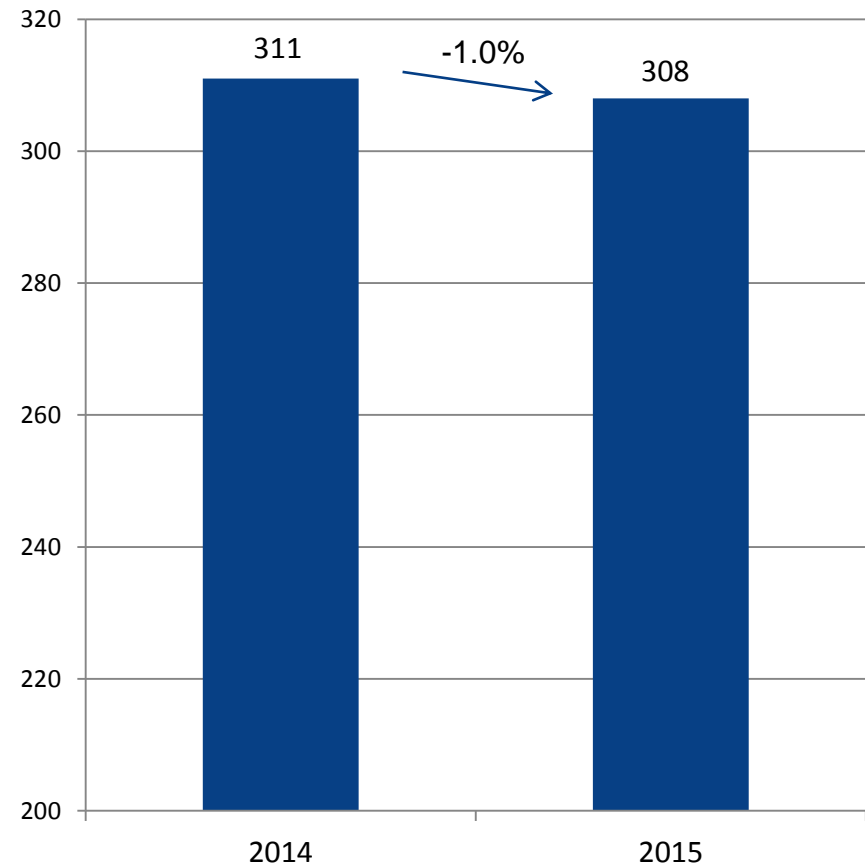


Results of the 2015 financial year

Passengers (millions)



Cargo units (thousands)

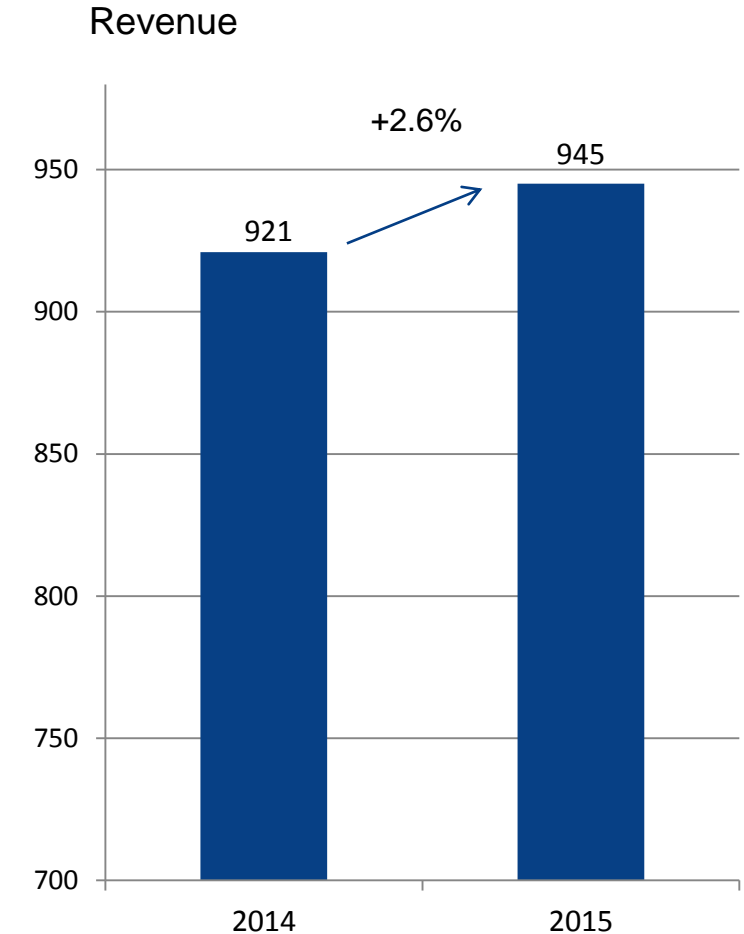




Results of the 2015 financial year

	2014	2015
Revenue (EUR million)	921	945
Gross profit (EUR million)	182	223
EBITDA ⁽¹⁾ (EUR million)	151	181
Net profit/-loss (EUR million)	27	59
EPS	0.04	0.09

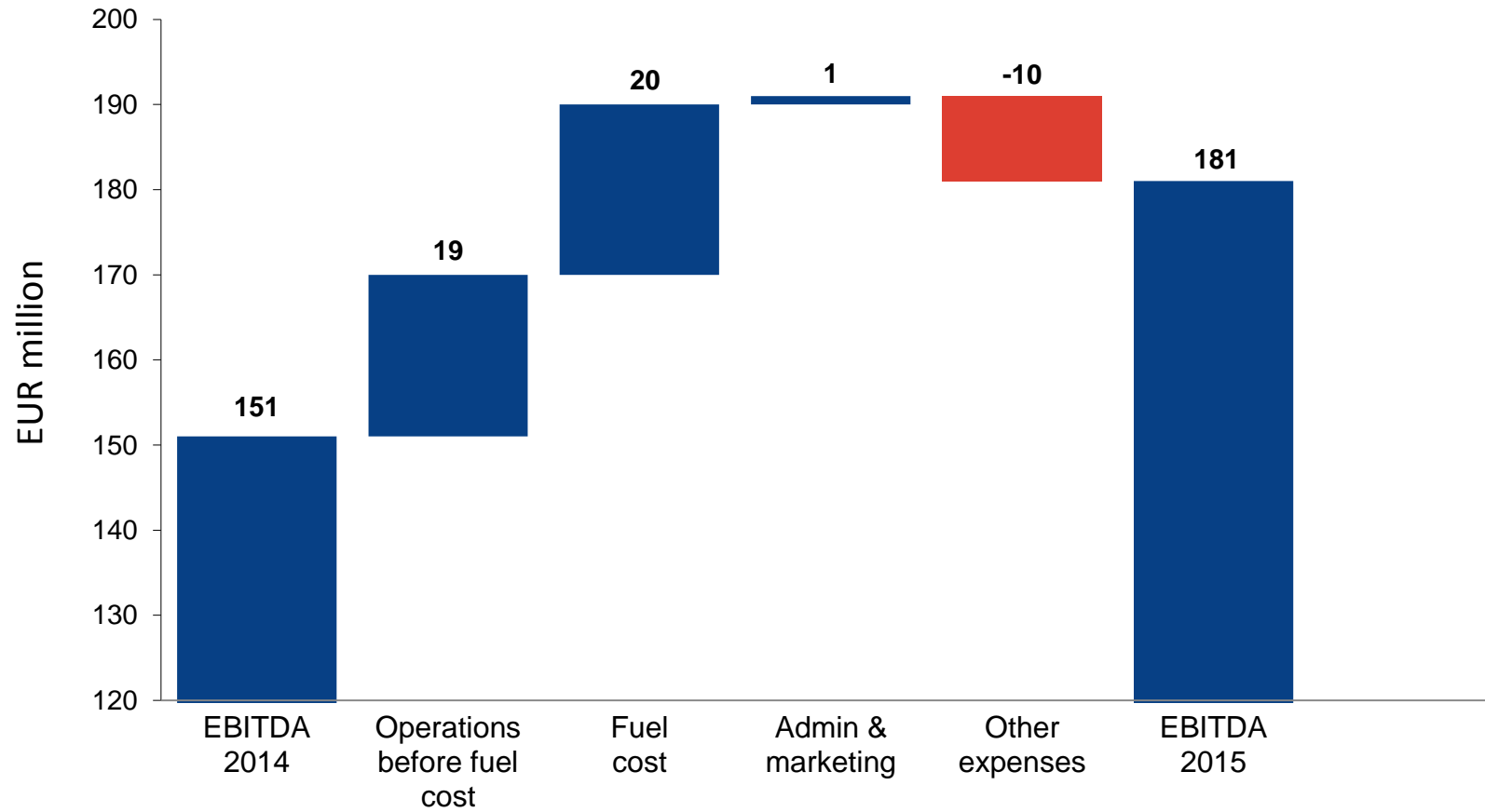
(1) EBITDA – earnings before net financial items, share of profit of equity accounted investees, taxes, depreciaton and amortization.





Results of the 2015 financial year

EBITDA development in 2015





Results of the 2015 financial year

EUR million

2014

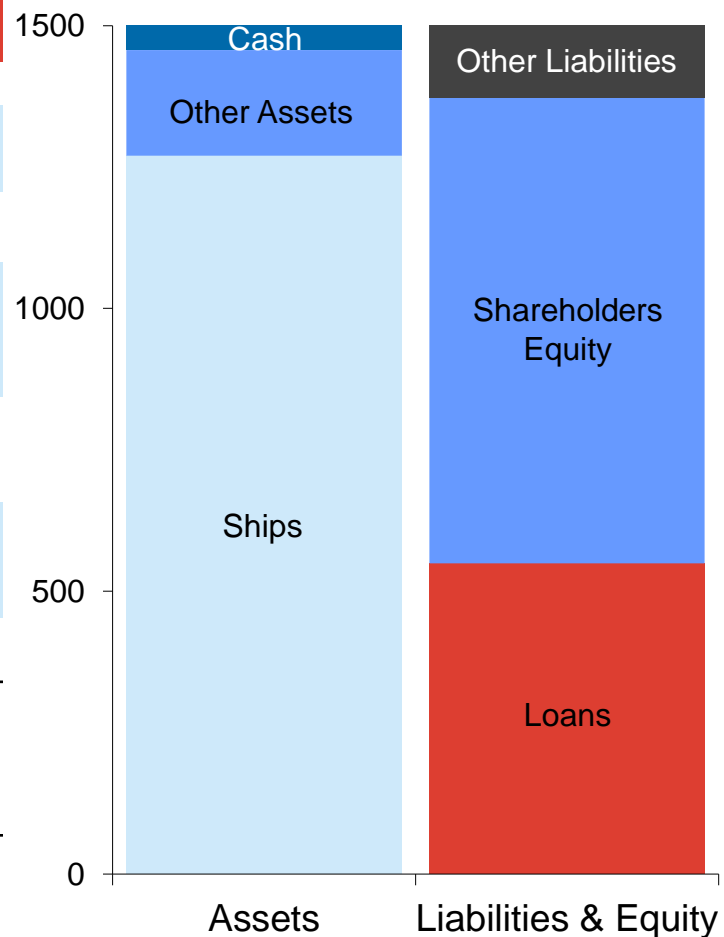
2015

Cash flows from operating activities	151	192
Investments	-49	-44
Asset disposal	0	115
New loans	44	0
Redemption of loans	-94	-196
Dividends	-20	-13
Total net cash flow	-7	17
Cash at the end of period	65	82



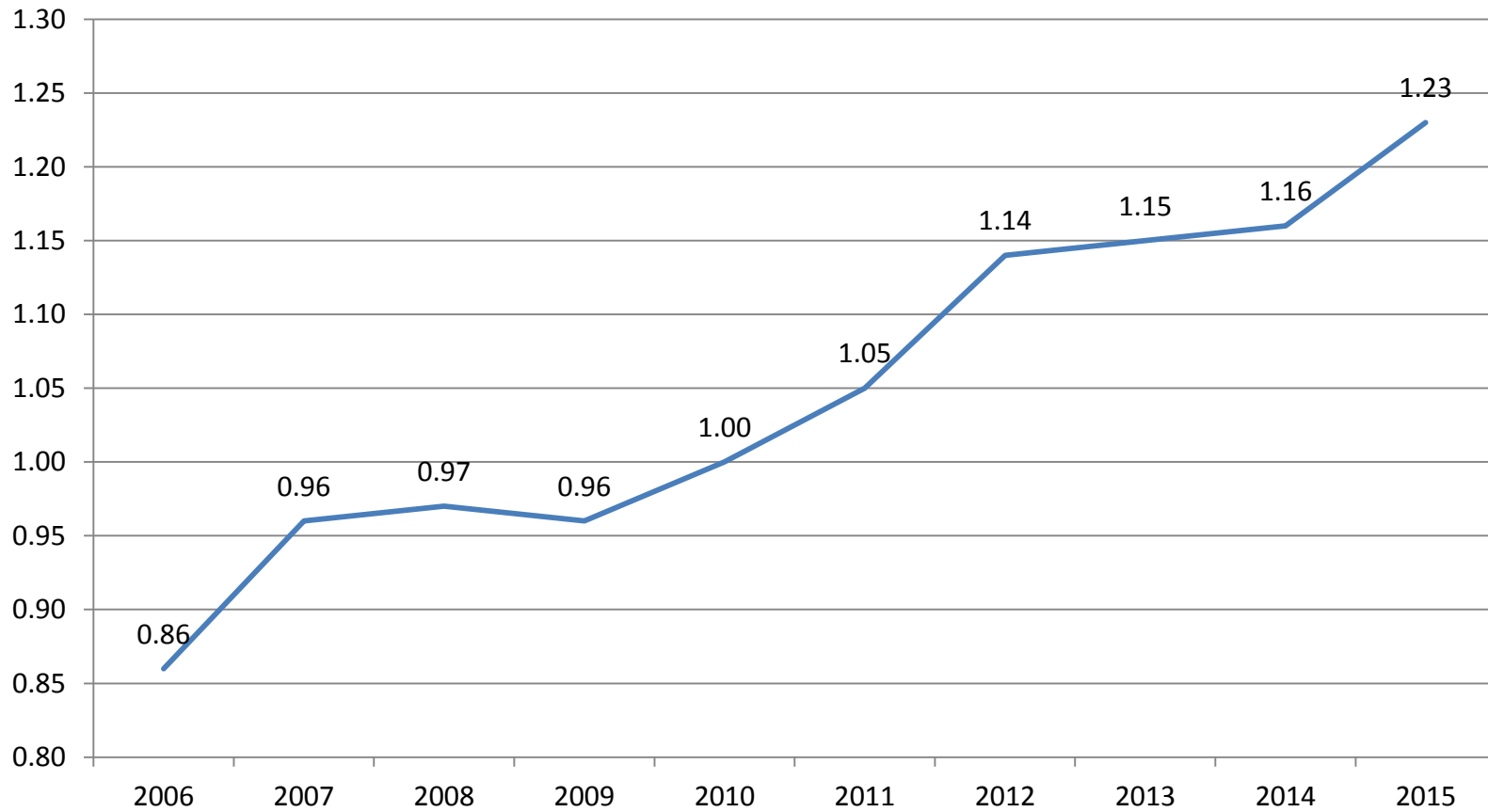
Results of the 2015 financial year

Financial position	31.12.2014	31.12.2015	change
Assets (EUR million)	1,686	1,538	-8.8%
Intrest bearing liabilities (EUR million)	743	549	-26.1%
Shareholder's equity (EUR million)	771	824	6.9%
Shareholder's equity per share (EUR)	1.16	1.23	6.0%
Equity ratio	46%	54%	



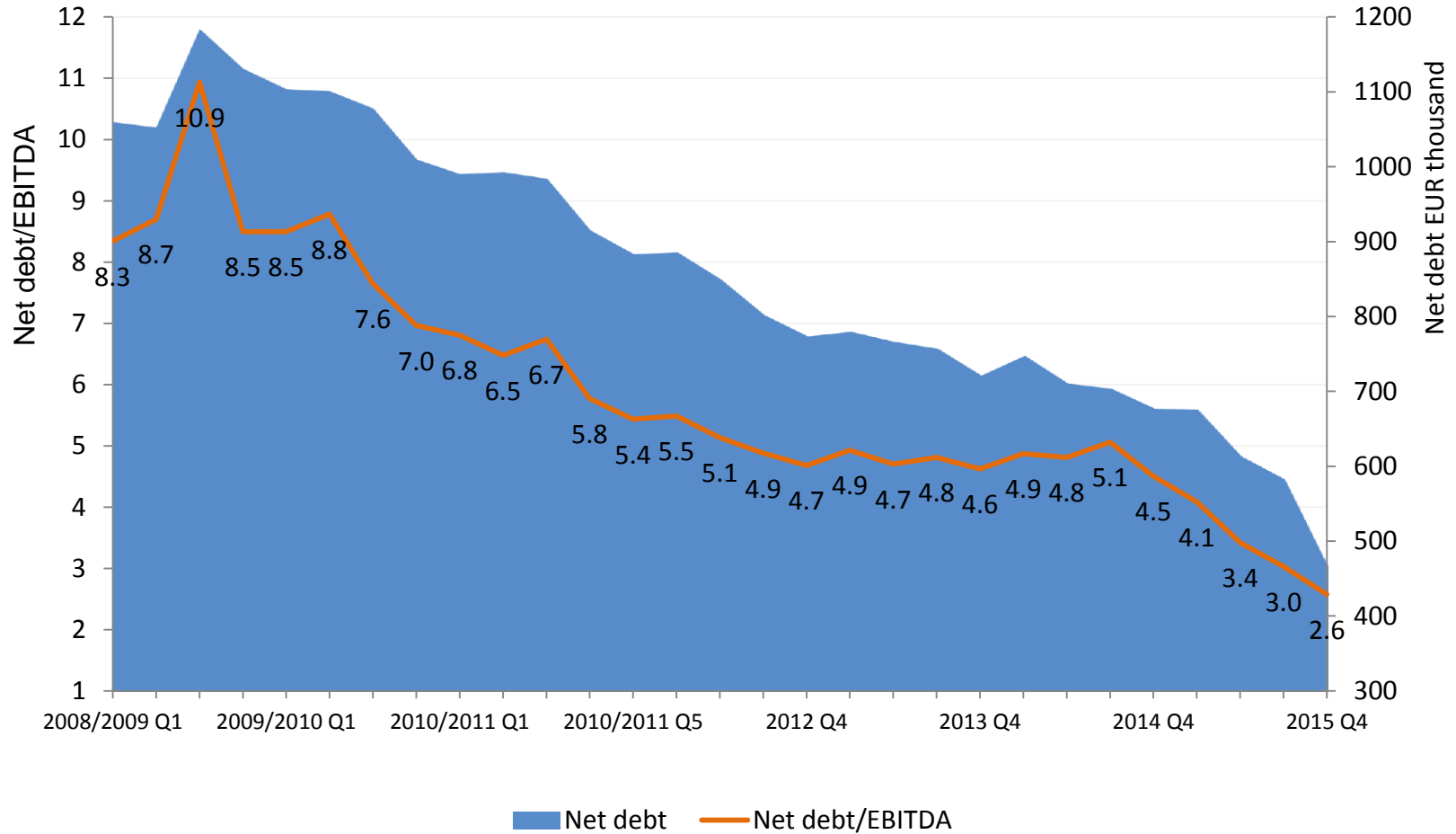


Shareholders' equity per share





Net debt



The net debt has decreased by over EUR 700 million from the peak in 2009 to EUR 467 million



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I quarter results of the 2016 financial year 1 January – 31 March 2016

		Q1 2015	Q1 2016	Change
Number of passengers	thousand	1,793	1,953	8.9%
Cargo Units	thousand	75	77	2.8%
Net Sales	(EUR million)	190	193	1.4%
EBITDA	(EUR million)	19	16	-16.3%
Net profit/-loss	(EUR million)	-13	-12	9.9%

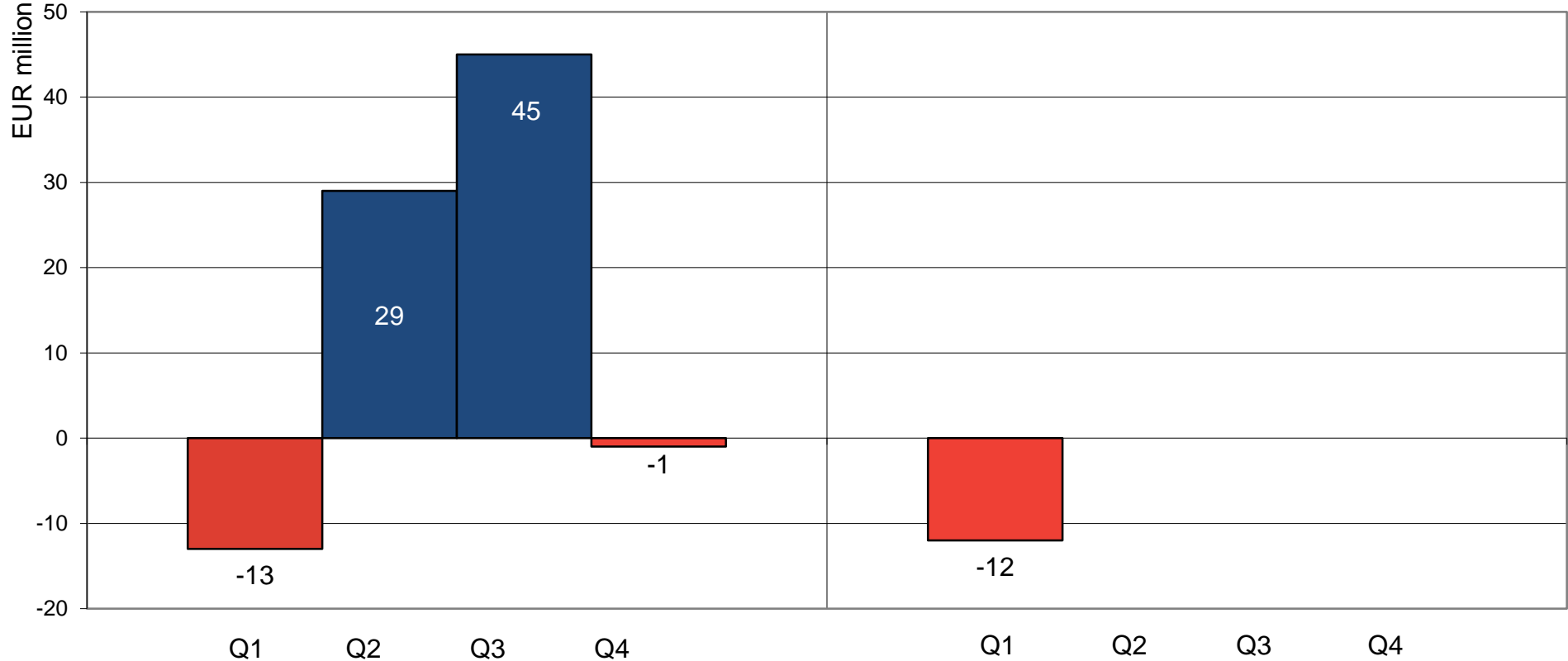


The dynamics of high seasonality on the profit level

Net result by quarters

2015 net profit 59

2016 Q1 net result



Typical to the Tallink business model the result is made in the summer high season



I quarter results of the 2016 financial year

1 January – 31 March 2016

		Q1 2015	Q1 2016	Change
Cash flows from operating activities	(EUR million)	18	17	
Investments	(EUR million)	4	13	351%
Redemption of loans	(EUR million)	15	15	
Cash at the end of period	(EUR million)	66	92	38.4%
Net debt (as of the end of the 1st quarter)	(EUR million)	677	472	-30.3%



Cash flow in 2016



- Cashflow from operations
- Credit lines



- New vessel down payment EUR 23 M
- Capital expenditure and maintenance
- Scheduled loan re-payments EUR 90 M
- Interest
- Dividends
- Reduction of share capital



Proposal on distribution of profits

- dividends to the shareholders **0.02** euros per share, in the total amount of 13,398,000 euros

Reduction of share capital

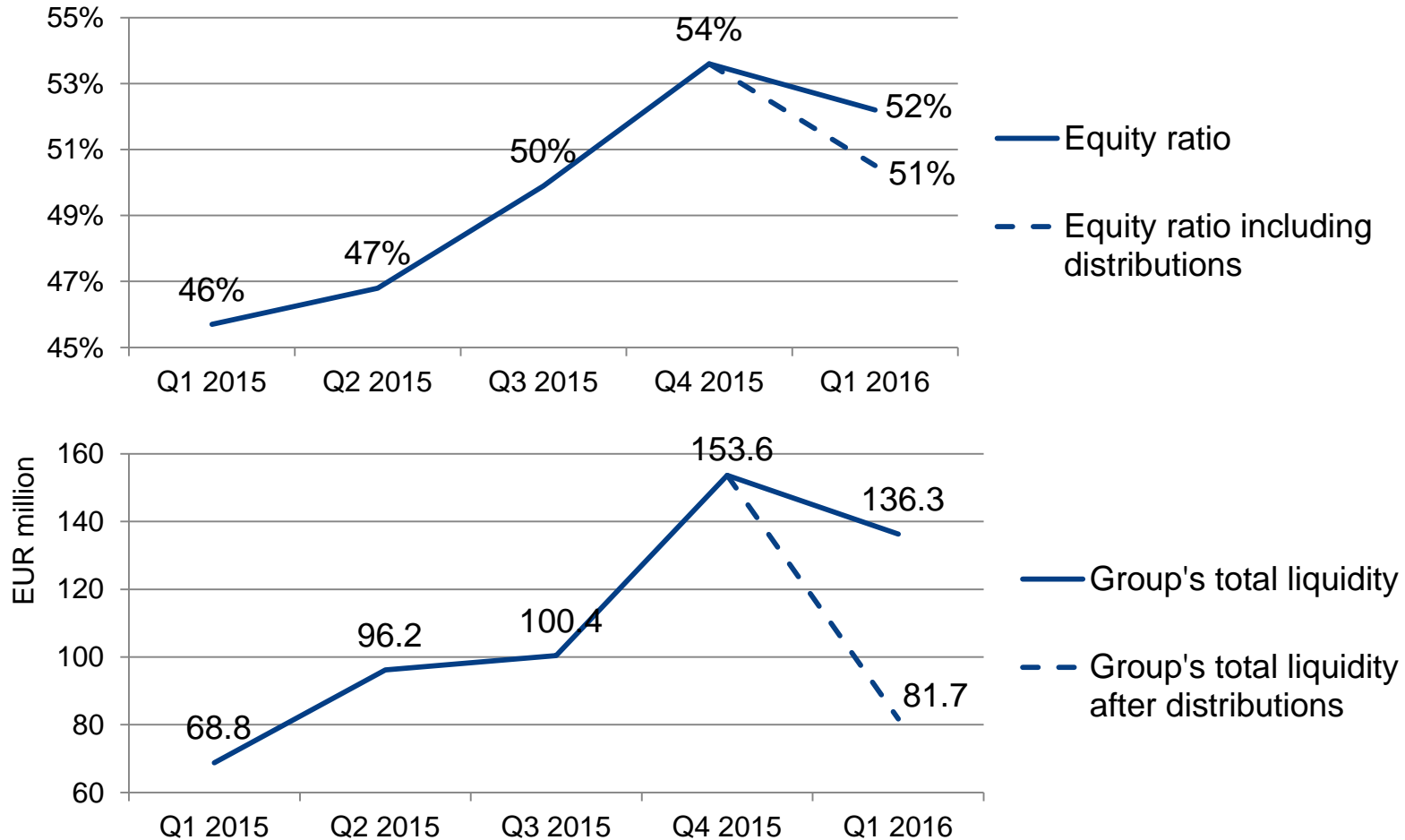
- reduction of the book value of the shares by **0.06** euros per share, in the total amount of 40,193,000 euros

Total distributions to shareholders

- total distributions from equity to shareholders **0.08** euros per share, in the total amount of 53,591,000 euros



Financial position after dividend and capital reduction





New LNG powered fast ferry Megastar



LNG powered fast ferry for the Tallinn-Helsinki Shuttle service



Specifications

- Built in Meyer Turku Shipyard
- Gross tonnage 49,000
- Length 212 meters
- Capacity 2,800 passengers
- Dual fuel engine
- Service speed 27 knots
- Delivery in early 2017

Financing

- The vessel cost is approximately EUR 230 million
- 20% will be paid during the construction period
- 80% will be financed with long term bank loan on the delivery of the vessel
- OECD-term export credit loan with CIRR based interest rate

Production of the vessel started on 4th of August 2015, keel laying on 9th of February 2016



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