



# Company presentation

2011 October



Tallink

- Tallink is the leading European provider of leisure and business travel and sea transportation services in the Baltic Sea
- Fleet of 19 vessels
- Operating five hotels
- Revenue EUR 897 million
- EUR 1.9 billion asset base
- 6 755 employees
- Over 9 million passengers annually
- 287 thousand cargo units annually
- Listed on Nasdaq OMX Baltic – TAL1T



Over 50 years of operating and cruising experience





## Tallink business model

### Product offering

**1-2 overnight cruises & passenger transportation**



**Conferences**



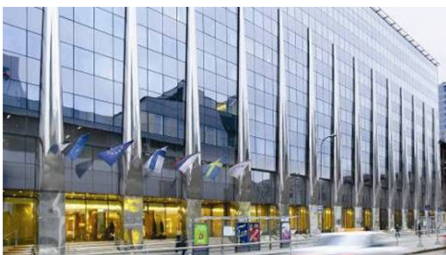
**On-board Tax-Free Shopping**



**City break**



**Hotel & travel packages**

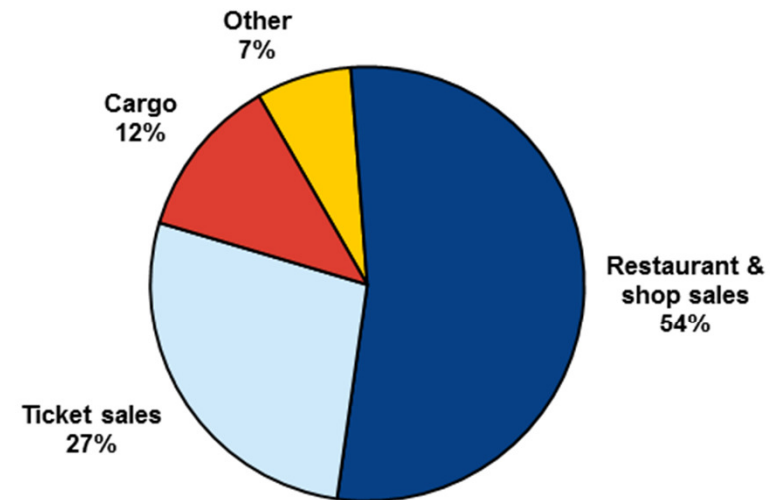


**Cargo Transportation**



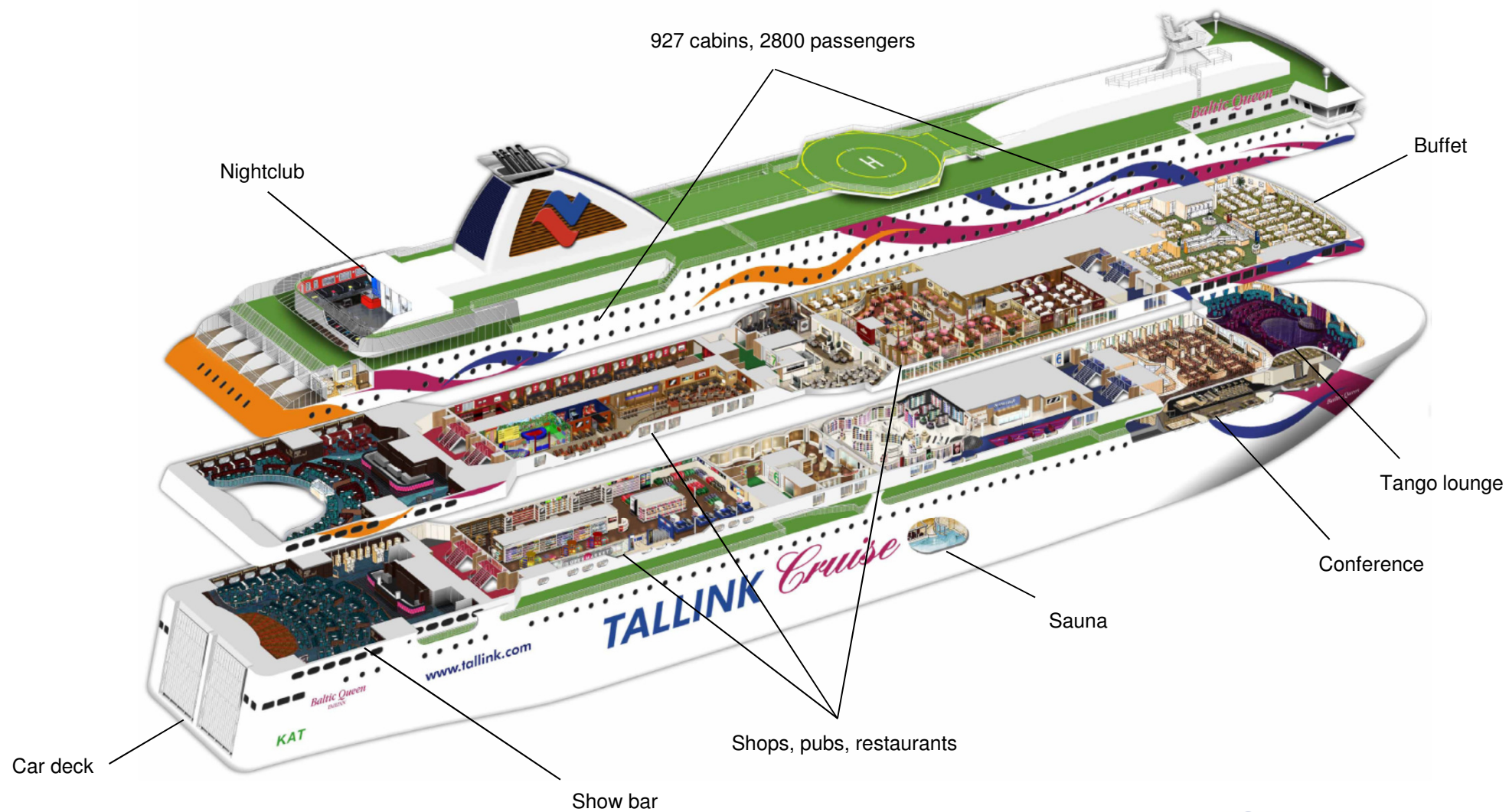
### Revenue structure

(Financial year 2010/11, 12 months)





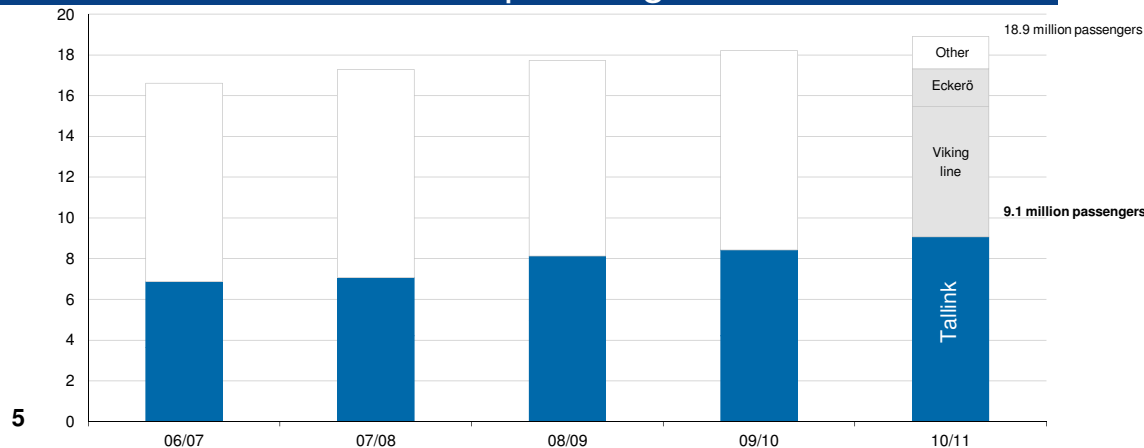
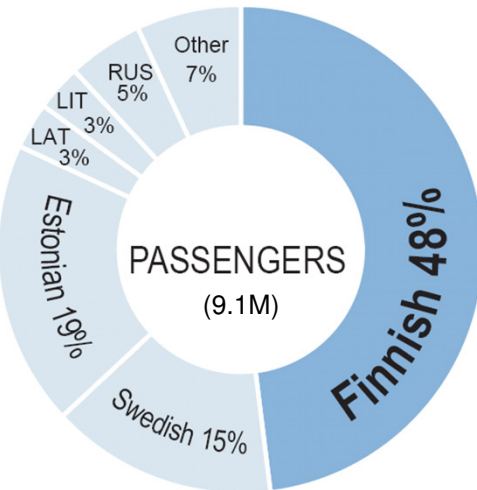
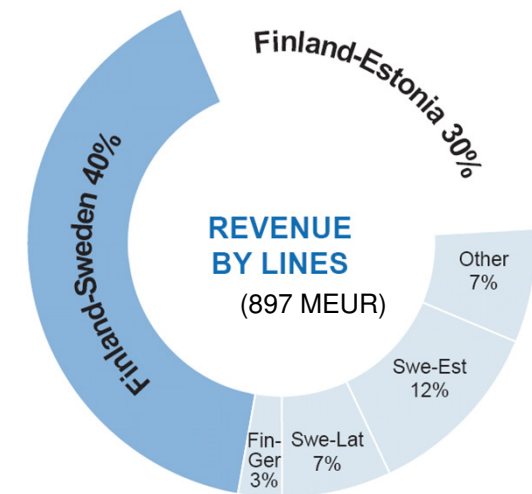
## Cruise ferry







Tallink's passenger market share is 48% of the Northern Baltic Sea

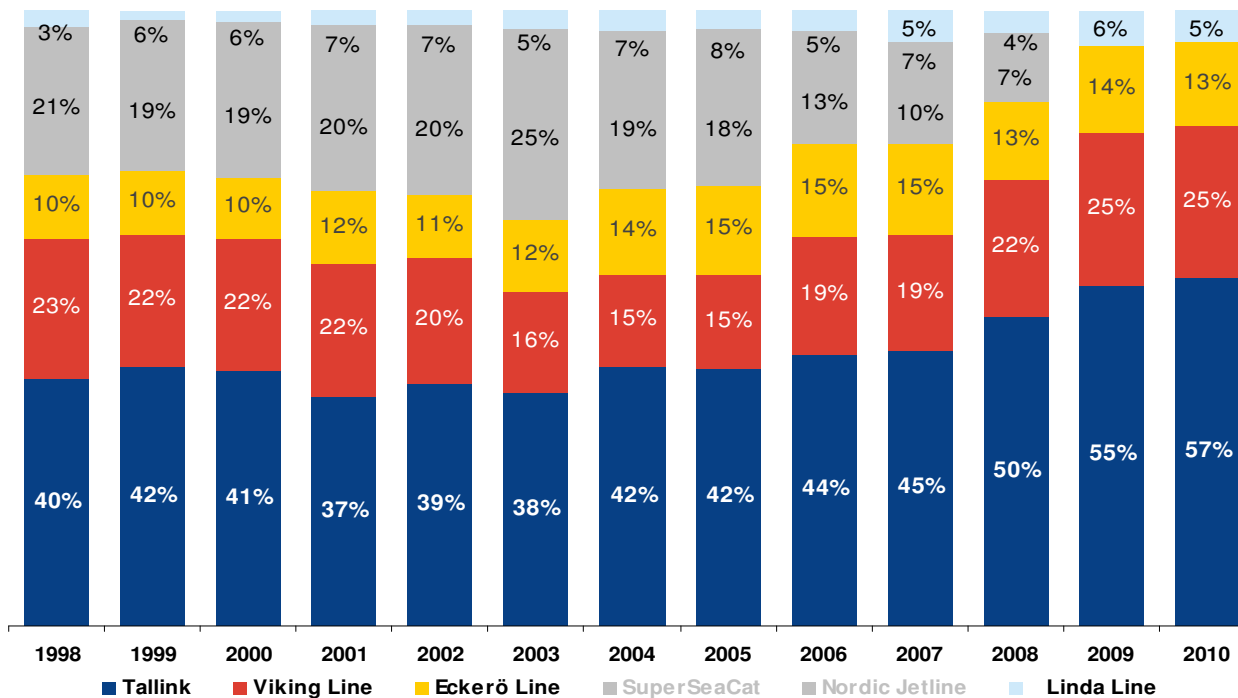




## Market shares

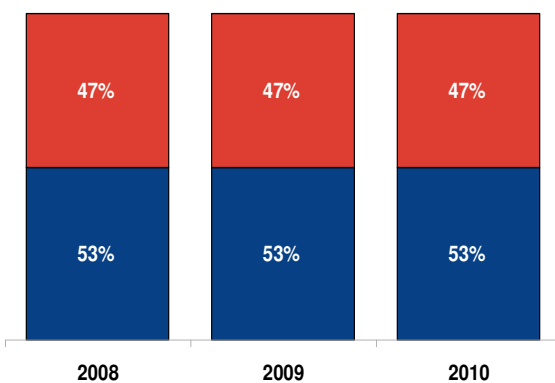
### Passenger operations

#### Est - Fin / Tallinn - Helsinki

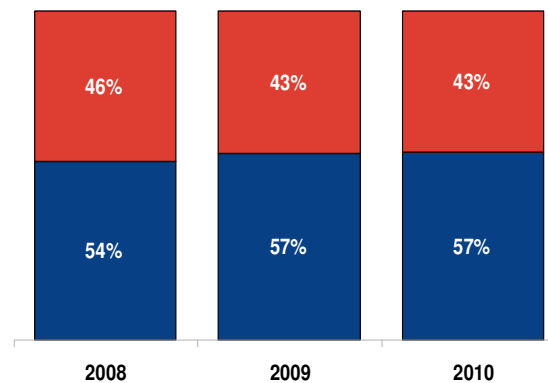


On **Estonia-Sweden** &  
**Latvia-Sweden** routes  
Tallink is the only provider  
of short cruises and daily  
Passenger transportation

#### FIN - SWE / Helsinki - Stockholm



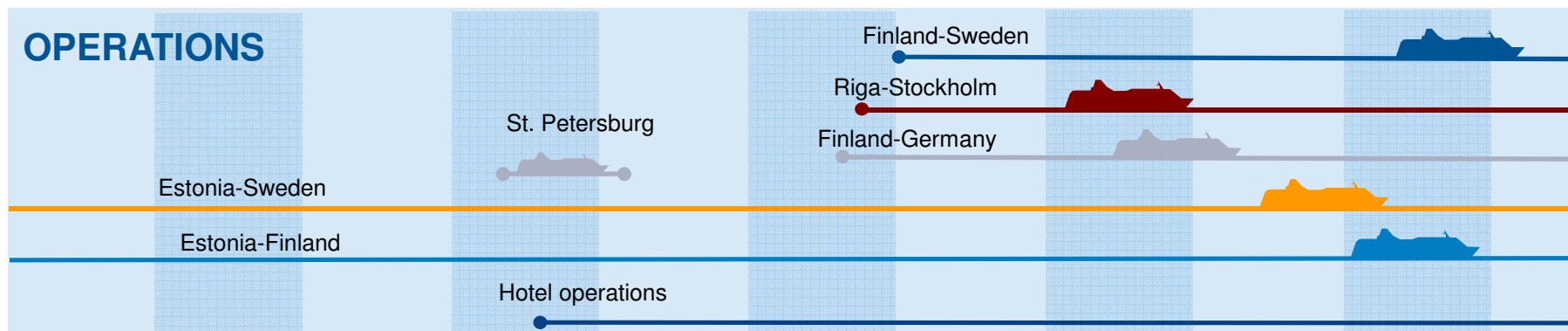
#### FIN - SWE / Turku - Stockholm





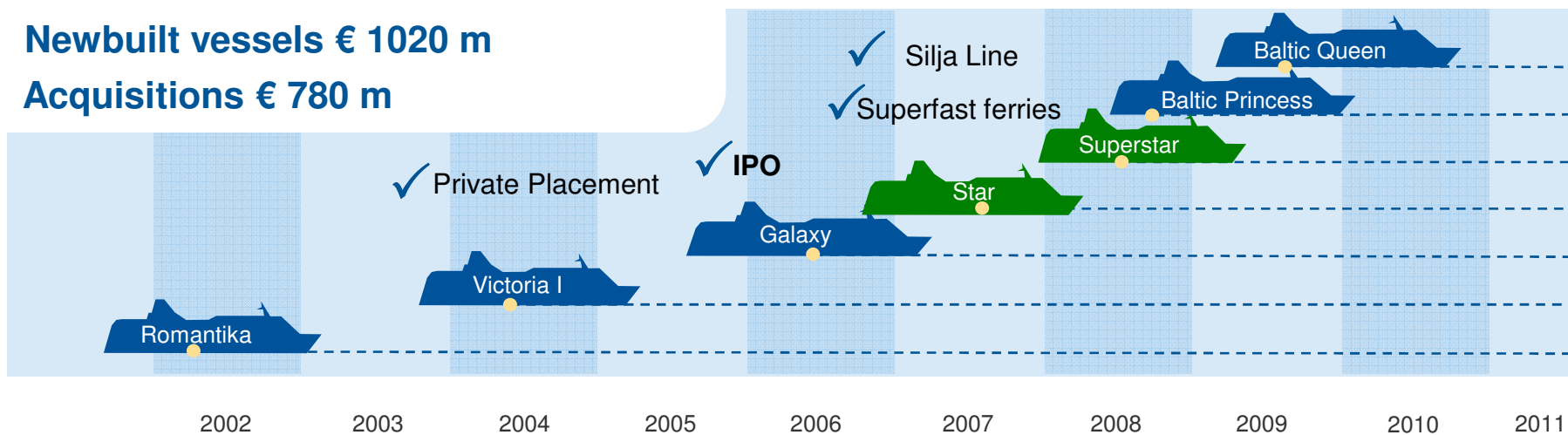
## Highlights and milestones

### OPERATIONS



### Newbuilt vessels € 1020 m

### Acquisitions € 780 m





## Tallink's position in the global ferry market

### The World's top Duty free & Travel Retail Shops 2010

Ranking by actual and estimated retail sales in US\$ millions.

Rank	Location	Remarks
<b>Sales&gt; US\$ 1,000.0 million</b>		
1	Dubai - Dubai International Airport, U.A.E.	AIRPORT SHOPS
2	Seoul - Incheon Int'l Airport, South Korea	AIRPORT SHOPS
3	London - Heathrow Airport, UK	AIRPORT SHOPS
4	Singapore - Changi Airport	AIRPORT SHOPS
<b>Sales&gt; US\$ 600.0 million</b>		
5	Hong Kong - Hong Kong International Airport	AIRPORT SHOPS
<b>Sales&gt; US\$ 500.0 million</b>		
6	Paris - Charles de Gaulle Airport, France	AIRPORT SHOPS
7	Frankfurt – Frankfurt-Main Airport, Germany	AIRPORT SHOPS
8	Tallink	FERRY SHOPS
9	Bangkok - Suvarnabhumi Airport, Thailand	AIRPORT SHOPS
<b>Sales&gt; US\$ 400.0 million</b>		
10	Amsterdam - Schipol Airport, Netherlands	AIRPORT SHOPS
11	Sao Paulo - Guarulhos Int'l Airport, Brazil	AIRPORT SHOPS
12	Oslo - Gardermoen Airport, Norway	AIRPORT SHOPS
<b>Sales&gt; US\$ 300.0 million</b>		
13	Taipei - Taoyuan International Airport, Taiwan	AIRPORT SHOPS
14	Beijing – Capital Airport, China P.R.	AIRPORT SHOPS
15	London - Gatwick Airport, UK	AIRPORT SHOPS
16	Tel Aviv – Ben Gurion Int'l Airport, Israel	AIRPORT SHOPS
17	Shanghai – Pudong Airport, China P.R.	AIRPORT SHOPS

Source: Generation Research 2011



### Ferry operator by gross tons

Rank	Company	Gross tons
1	Stena Line	826 323
2	Grimaldi Lines	792 996
3	Tallink Silja	616 874
4	P&O Ferries	438 908
5	Scandlines	349 731

### Ferry operator by beds

Rank	Company	Beds
1	Tallink	27 836
2	Grimaldi Lines	16 715
3	Stena Line	15 252
4	Tirrenia	14 288
5	Viking Line	13 392

### Ferry operator by revenues (mEUR)

Rank	Company	Revenue
1	DFDS Group	1 324
2	Stena Line	1 010
3	Tallink	814
4	BC Ferries	586
5	Color Line	578

Data: Ro/pax / ferries above 1,000 GT

Source: ShipPax MARKET:11







## Strategic plan

Tallink's vision is 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
- Reach an optimal debt level that will allow sustainable dividends

### **Current strategic cornerstones and competitive advantages:**

Most modern  
fleet

Wide route  
network

Strong market share &  
brand awareness

High safety level &  
environmental standards



## Future actions

- The Group's focus is on the core operations
  - No significant investments are planned
- Aggressive sales and marketing
  - directed to home markets
- Continuous innovation in product development
  - flexible product offering
  - special offers and pricing to key customers
  - development of the CRM system
- Improved revenue and capacity management
  - Further development of the dynamic pricing
- Development of a pro-active sales culture
- Continuous focus on cost efficiency



## Results

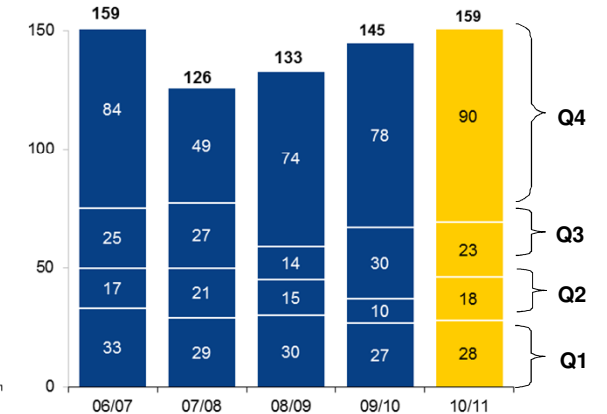
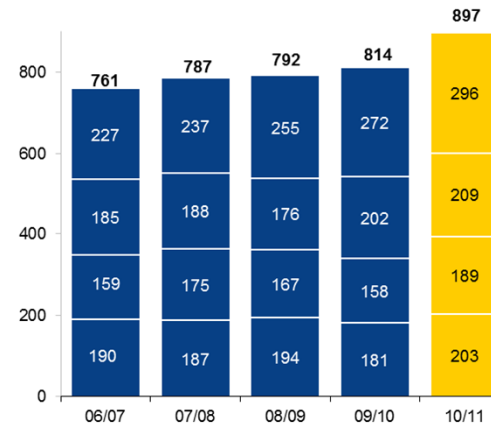
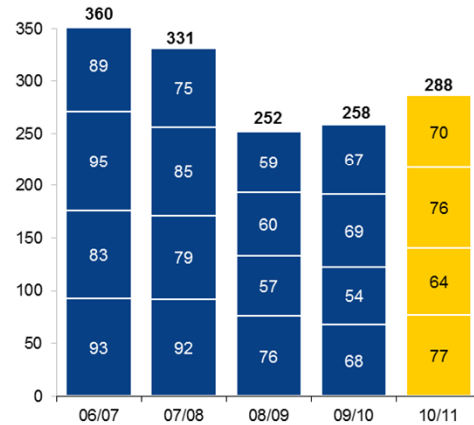
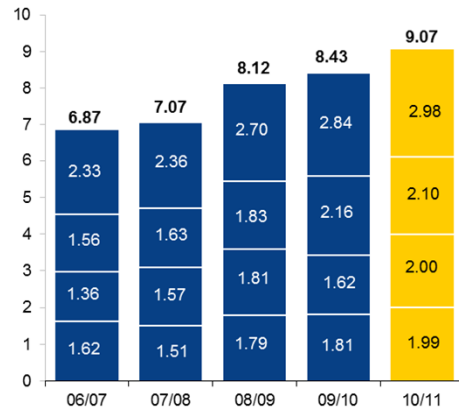
quarterly seasonality breakdown

Passengers (millions)

Cargo (th. units)

Revenue (EUR millions)

EBITDA (EUR millions)

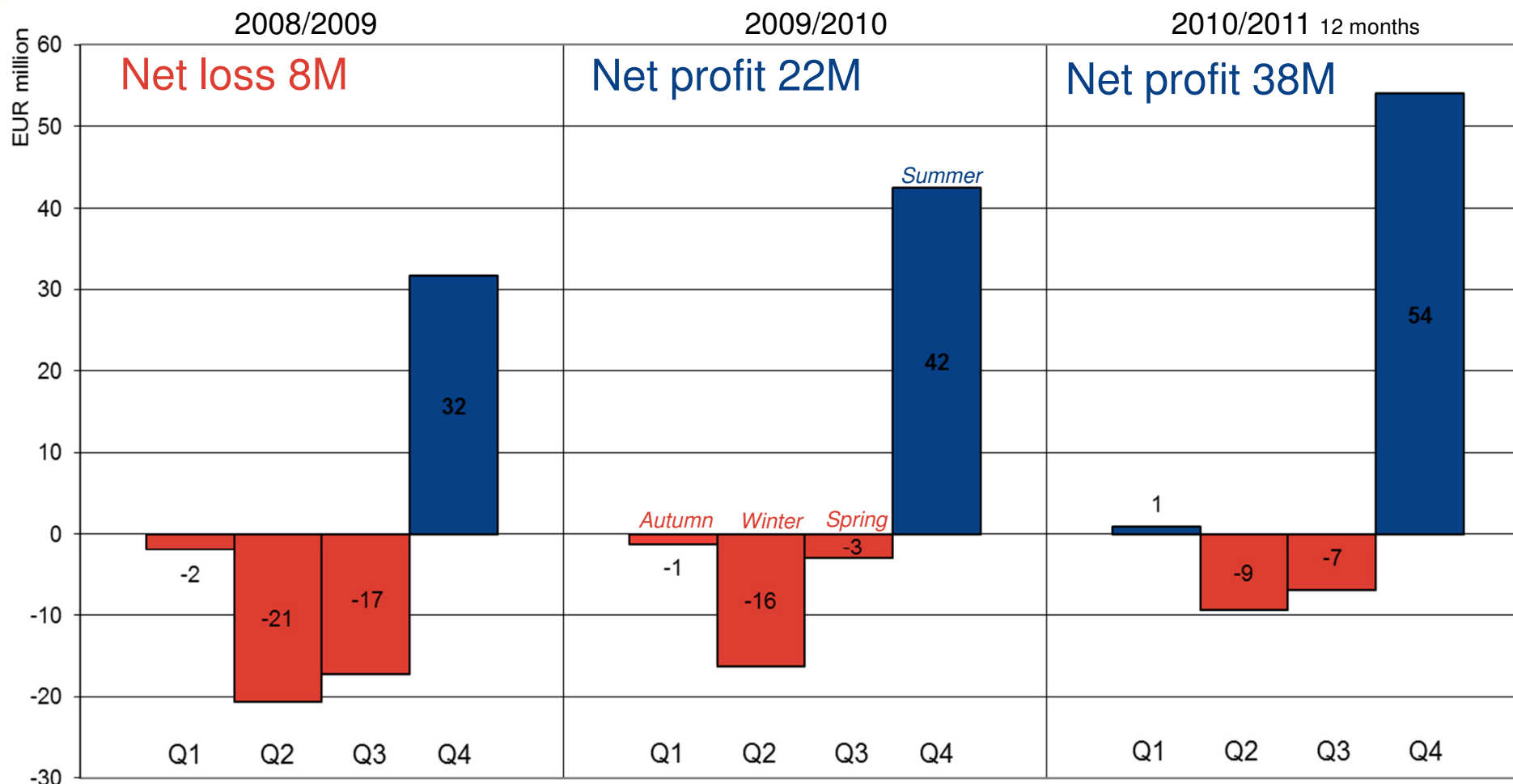






## The dynamics of high seasonality on the profit level

Net result by quarters

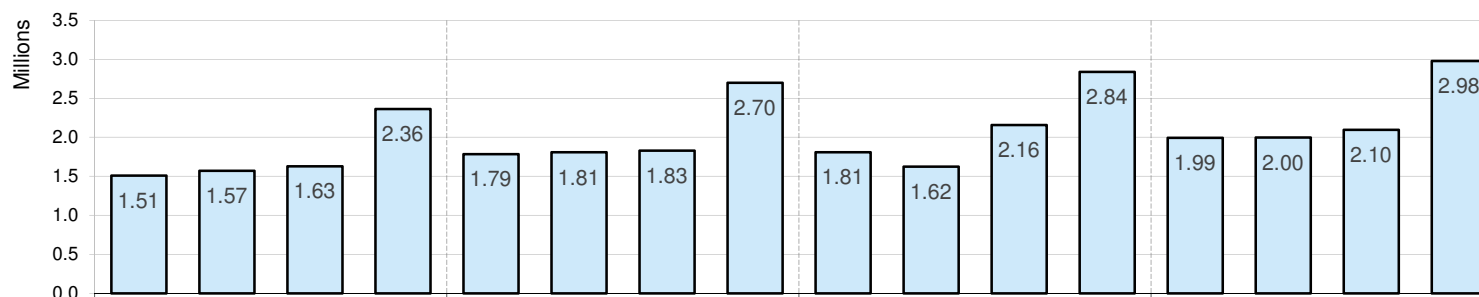


Typical to the Tallink business model is that the result is made in Q4, the summer high season

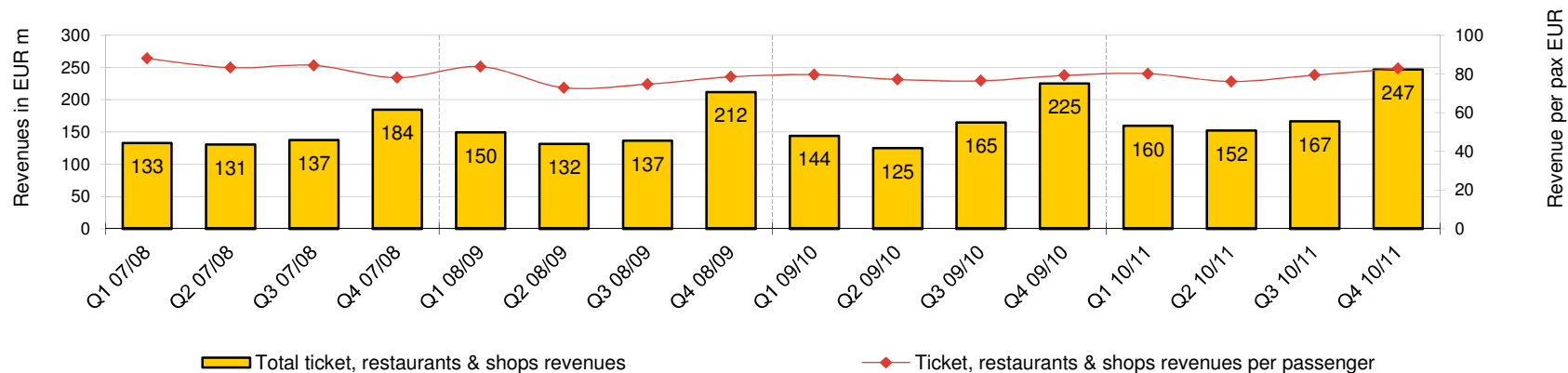


## Passenger traffic

Passenger number quarterly development



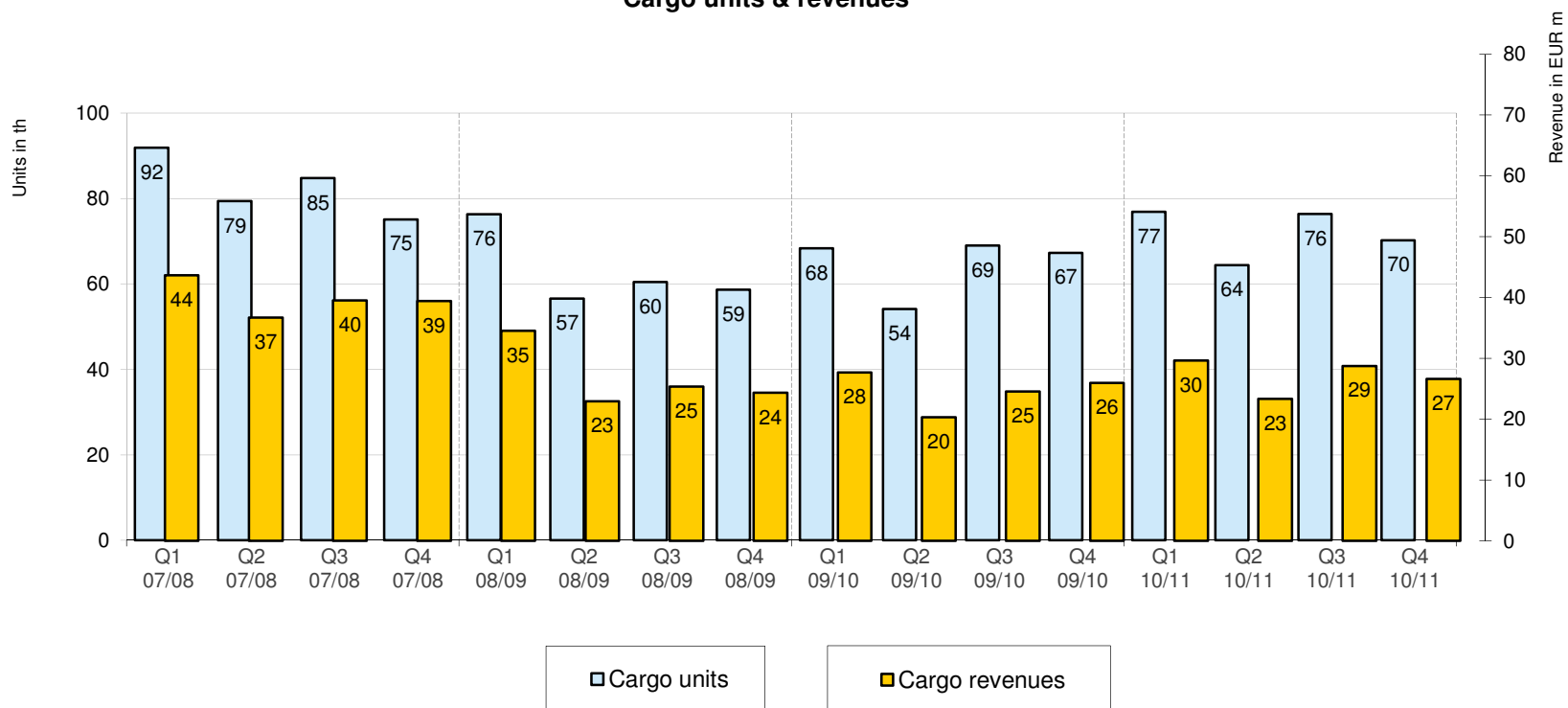
Passenger revenues





## Cargo traffic

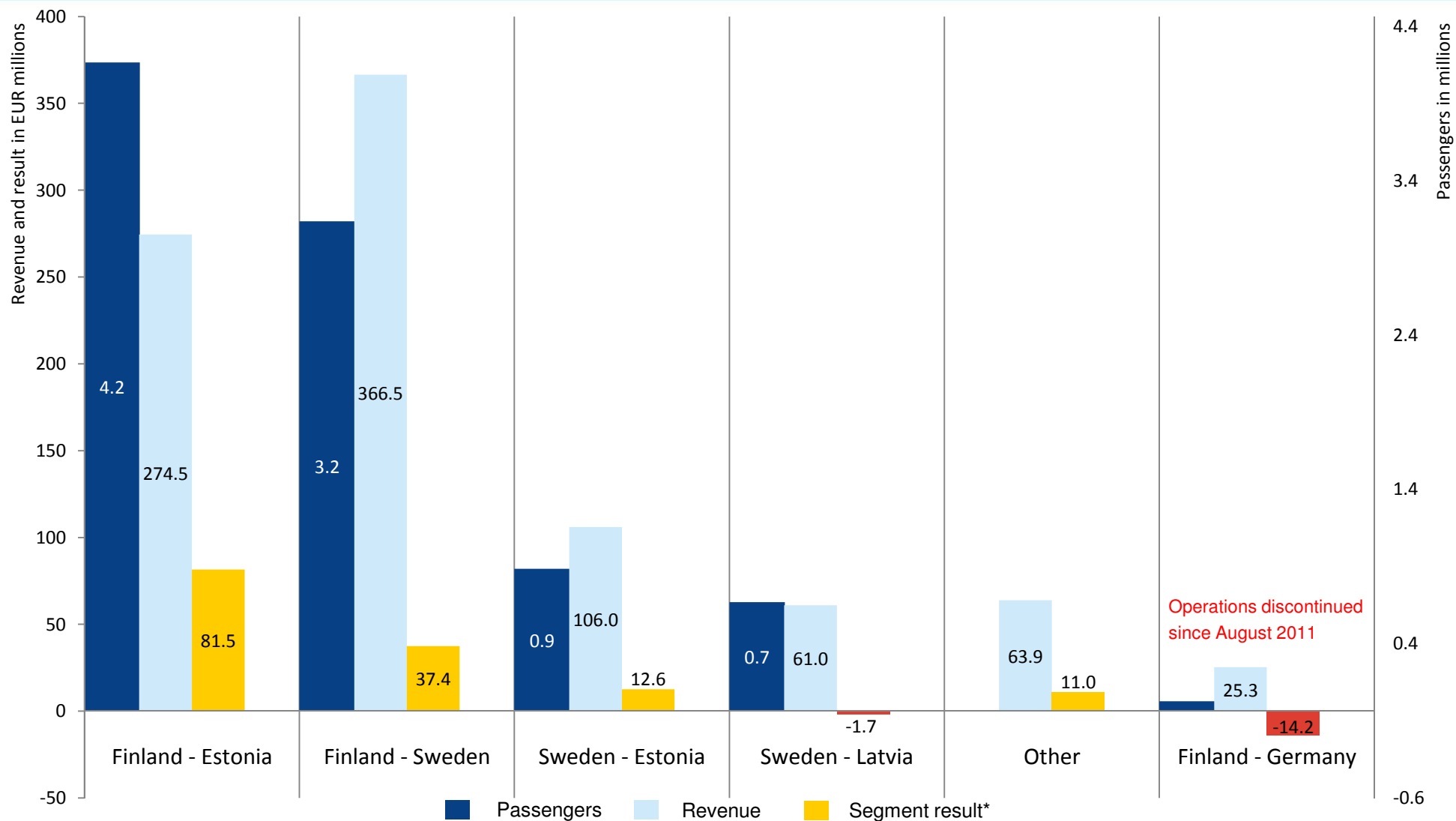
Cargo units & revenues







## Passengers, revenue and result by segments 12 months FY 2010/2011





## Consolidated Income Statement

(in EUR million)	2007/2008	2008/2009	2009/2010	2010/2011 12 months
<b>Sales</b>	<b>787</b>	<b>792</b>	<b>814</b>	<b>897</b>
Cost of sales <sup>(1)</sup>	(622)	(627)	(646)	(711)
Marketing, general & admin <sup>(1)</sup>	(111)	(101)	(94)	(101)
<b>EBITDA</b>	<b>126</b>	<b>133</b>	<b>145</b>	<b>159</b>
<i>Margin (%)</i>	<i>16.0%</i>	<i>16.8%</i>	<i>17.8%</i>	<i>17.7%</i>
<b>Net Profit</b>	<b>19</b>	<b>(8.2)</b>	<b>22</b>	<b>38</b>
<b>EPS</b>	<b>0.03</b>	<b>(0.01)</b>	<b>0.03</b>	<b>0.06</b>

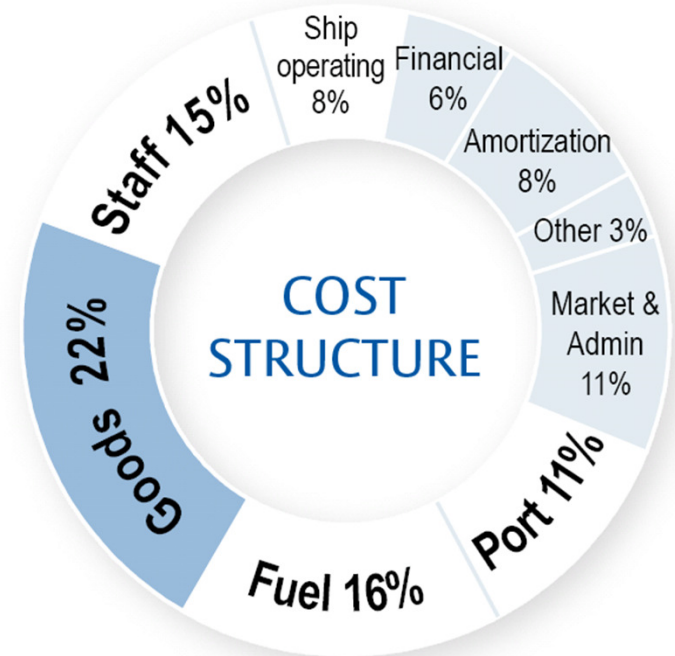
Notes:

(1) Includes depreciation and amortization



## Costs breakdown

Cost of goods	22%	-190 111
Staff costs	15%	-127 227
Marketing & Administrative expenses <sup>(1)</sup>	11%	-93 064
Port & stevedoring costs	11%	-94 076
Fuel cost	16%	-139 059
Ship operating expenses	8%	-66 102
Other costs	3%	-29 876
<b>Total costs from operations</b>		<b>-739 515</b>
<hr/>		
Depreciation and amortisation	8%	-71 611
Net finance cost	6%	-48 443



(1) amortisation and depreciation excluded





## Consolidated Cash Flow Statement

(in EUR million)

	2007/2008	2008/2009	2009/2010	2010/2011 12 months
<b>Operating cash flow</b>	<b>109</b>	<b>146</b>	<b>164</b>	<b>150</b>
Capital expenditure	(271)	(163)	(6)	(10)
Asset disposal	29	1	7	0
<b>Free cash flow</b>	<b>(133)</b>	<b>(16)</b>	<b>165</b>	<b>140</b>
Debt financing	171	59	(107)	(59)
Equity financing	4	0	0	0
Interests & other financial items	(51)	(60)	(50)	(43)
<b>Change in cash</b>	<b>(17)</b>	<b>(17)</b>	<b>8</b>	<b>38</b>



## Consolidated Statement of Financial Position

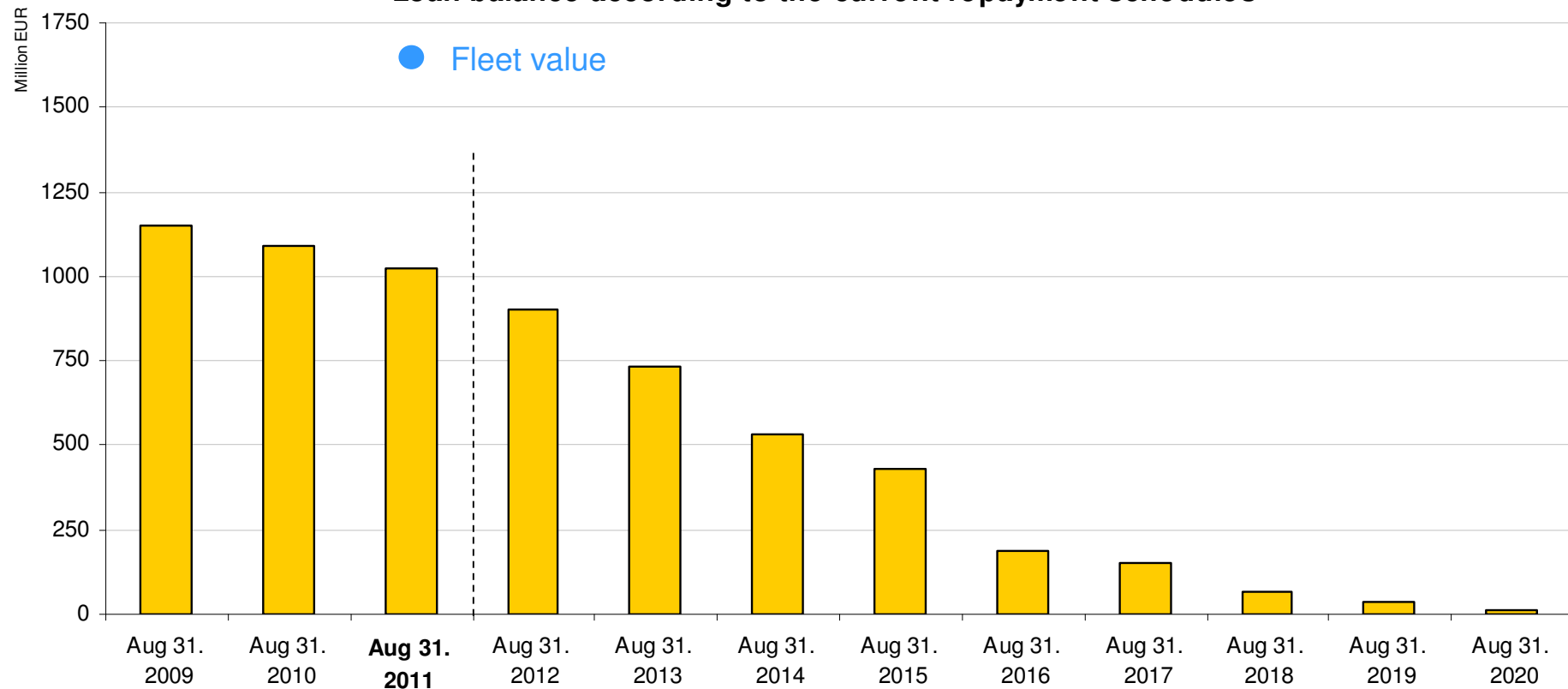
(in EUR million)	31.08.2008	31.08.2009	31.08.2010	31.08.2011
<b>Total assets</b>	<b>1,898</b>	<b>1,947</b>	<b>1,871</b>	<b>1,859</b>
Non-current assets	1,723	1,815	1,741	1,679
Current assets	175	132	130	180
- of which cash -	67	50	57	95
<b>Total liabilities</b>	<b>1,247</b>	<b>1,304</b>	<b>1,203</b>	<b>1,153</b>
Interest bearing liabilities	1,120	1,181	1,068	1,011
Other liabilities	127	123	135	141
<b>Shareholders' equity</b>	<b>651</b>	<b>643</b>	<b>668</b>	<b>706</b>
<b>Net debt/EBITDA</b>	<b>8.4x</b>	<b>8.5x</b>	<b>7x</b>	<b>5.8x</b>
<b>Net debt</b>	<b>1,053</b>	<b>1,131</b>	<b>1,010</b>	<b>916</b>
<b>Equity/assets ratio</b>	<b>34%</b>	<b>33%</b>	<b>36%</b>	<b>38%</b>
<b>BVPS <sup>(1)</sup> (in EUR)</b>	<b>0.97</b>	<b>0.96</b>	<b>1.00</b>	<b>1.05</b>

19 Note:  
(1) Shareholders' equity / number of shares outstanding



Tallink's loan agreements have aggressive repayment schedules, the vessels useful life is however longer

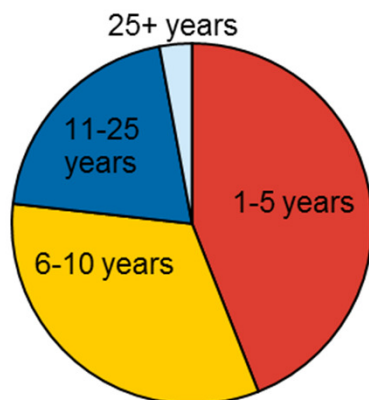
Loan balance according to the current repayment schedules





## Age of fleet

### Age of fleet by value (EUR m)



### Tallink Grupp ships age (value-weighted average):

- Tallink + Silja core fleet – 8.6 years
- Superfast fleet – 9.6 years
- Ships out of core operations and cargo vessels – 22.3 years

### World-wide ships age\*:

- Ferries – 23.6 years
- Cruise – 12.3 years

\* - source: ShipPax Market:11 Statistics, 2011



## Tallink's Fleet



Tallinn-Stockholm

### **Baltic Queen**

Built: 2009

Length 212.1m

Passengers: 2800

Lane meters: 1130



Tallinn-Helsinki

### **Baltic Princess**

Built: 2008

Length 212.1m

Passengers: 2800

Lane meters: 1130



Turku-Stockholm

### **Silja Europa**

Built: 1993

Length 201.8m

Passengers: 3123

Lane meters: 932



Tallinn-Stockholm

### **Victoria I**

Built: 2004

Length 193.8m

Passengers: 2500

Lane meters: 1000



Chartered out

### **Superfast VII/VIII/IX**

Built: 2001/2002

Length 203.3m

Passengers: 717

Lane meters: 1900



Turku-Stockholm

### **Galaxy**

Built: 2006

Length 212.1m

Passengers: 2800

Lane meters: 1130

**In the last 10 years Tallink has invested 1.3 billion EUR to create a modern fleet**





## Tallink's Fleet



### Superstar

Built: 2008  
Length 175.1m  
Passengers: 2080  
Lane meters: 1930

Tallinn-Helsinki



### Star

Built: 2007  
Length 186m  
Passengers: 1900  
Lane meters: 2000

Tallinn-Helsinki



### Silja Serenade

Built: 1990  
Length 202.9m  
Passengers: 2852  
Lane meters: 950

Helsinki-Stockholm



### Silja Symphony

Built: 1991  
Length 202.9m  
Passengers: 2852  
Lane meters: 950

Helsinki-Stockholm



### Romantika

Built: 2002  
Length 193.8m  
Passengers: 2500  
Lane meters: 1000

Riga-Stockholm



### Silja Festival

Built: 1986  
Length 170.7m  
Passengers: 2023  
Lane meters: 885

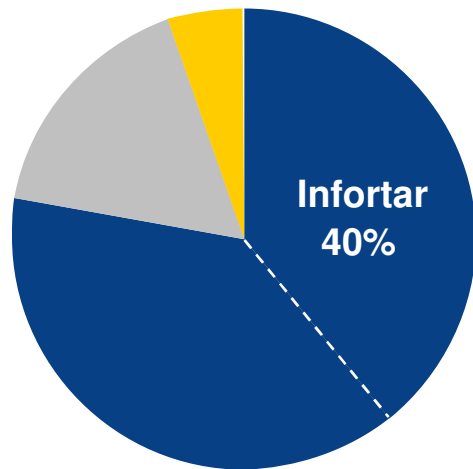
Riga-Stockholm

In addition the Group has 2 ro-pax cargo vessels in operation and 3 older ferries which have been replaced and are outside of the core operations



## Ownership structure

### Shareholders of AS Tallink Grupp



- Top 10 shareholders
- Institutional investors
- Retail investors

### Ten largest shareholders in the end of Q4

Infortar	40%
ING Luxemburg S.A	10%
Nordea Bank Finland PLC / non-resident legal entities	10%
Citigroup Venture Capital International Jersey Ltd	7%
Skandinaviska Enskilda Banken AB Clients (East Capital)	3%
JP Morgan Chase Bank / London Client's account	3%
State Street Bank and Trust Omnibus fund	3%
Firebird Republics Fund Ltd	1%
BNYM / ING Bank Slaski AC LM AKCJI FIO	1%
Mellon Treaty Omnibus	1%





Safety, security and environmental protection are a high priority

- Safety and Security Policy
- Environmental Policy
  
- ISO 14001:2004 Environmental Certificate by Lloyds Register
- MARPOL Sewage Pollution Prevention Certificate
- MARPOL Air Pollution Prevention Certificate
- International Anti-Fouling System Certificate
- MARPOL Oil Pollution Prevention Certificate
- Document of Compliance for Anti-Fouling System
- MARPOL Garbage Pollution Prevention Attestation
- Passenger Ship Safety certificate
- International Ship Security Certificate
- Safety Management Certificate
- Document for Dangerous Goods



**CERTIFICATE OF APPROVAL**

This is to certify that the Environmental Management System of:

**HT Shipmanagement Ltd**  
**Tallinn, Riga**  
**Estonia, Latvia**

has been approved by Lloyd's Register Quality Assurance  
to the following Environmental Management System Standard:

**ISO 14001: 2004**

The Environmental Management System is applicable to:

**TallinkSilja Fleet Shipmanagement.**

This certificate is valid only in association with the certificate schedule bearing the same  
number on which the locations applicable to this approval are listed.

Approval Certificate No: LTQ6004314	Original Approval: 04 July 2008 Current Certificate: 04 July 2011 Certificate Expiry: 03 July 2014
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Issued by: Lloyd's Register Quality Assurance Eesti Jäse ja on  
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