

8 AUGUST 2019

Q2 2019

TALLINK GRUPP AS RESULTS WEBINAR



PRESENTERS



PAAVO NÕGENE

CHAIRMAN OF THE MANAGEMENT BOARD



HARRI HANSCHMIDT

MEMBER OF THE MANAGEMENT BOARD



VEIKO HAAVAPUU

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 14 vessels
- Seven ferry routes
- Operating four hotels

KEY FACTS

- Revenue of EUR 950 million in 2018
- Operating EUR 1.6 billion asset base
- Over 7 360 employees (Q2 2019 average)
- Serving 9.8 million passengers annually
- 2.5 million loyalty program members
- Transporting 385 thousand cargo units annually



STRONG BRANDS

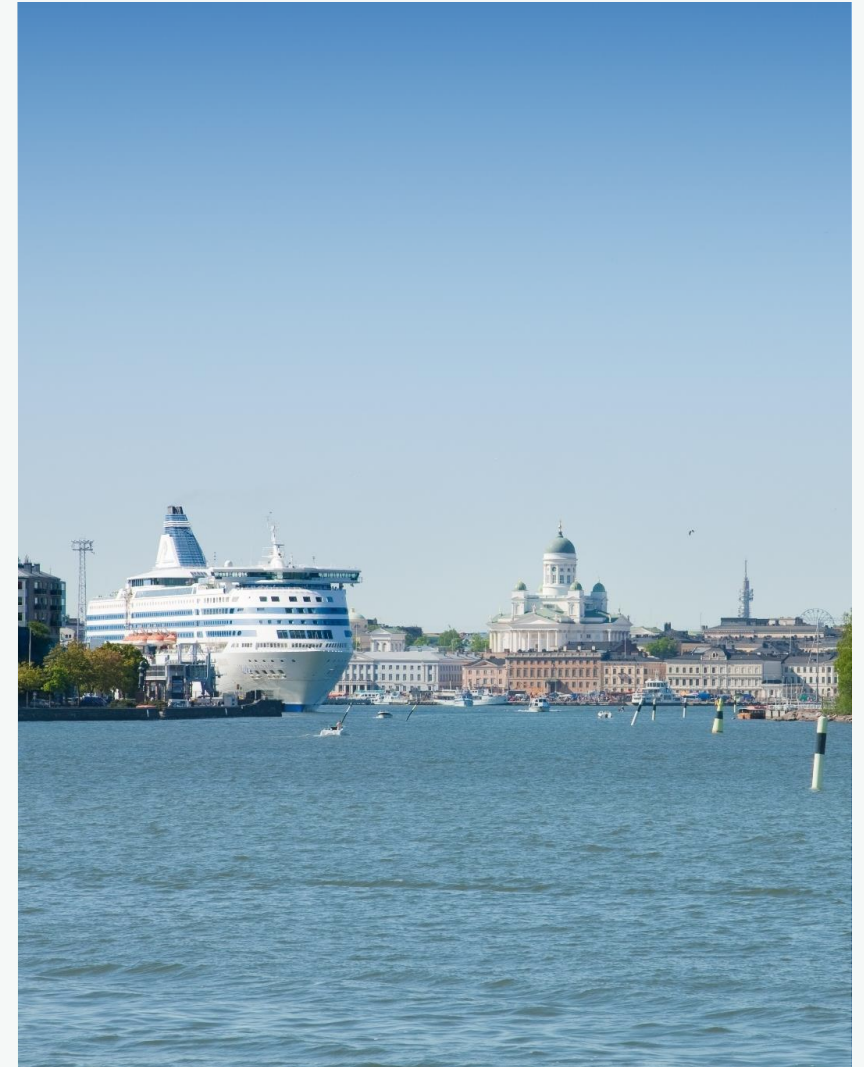


2019 Q2 HIGHLIGHTS AND KEY FACTS

- Strong operations and second best Q2 profit before income tax
- EUR 12.4 million instalment for the new LNG power fast ferry
- Piret Mürk-Dubout joined the Management Board
- Dividends and capital reduction approved by AGM

EVENTS AFTER THE BALANCE SHEET DATE

- Loan agreement for the new LNG powered fast ferry signed
- Dividends paid
- New all time high passenger number achieved in July



Q2 2019 BRIEF OVERVIEW

Q2 Selected Key Figures (financials in million euros)	2019	2018	Change
Number of passengers	2 651 843	2 631 326	0.8%
Number of cargo units	99 546	101 072	-1.5%
Number of passenger cars	299 477	311 340	-3.8%
Revenue	256.1	255.4	0.3%
EBITDA	50.7 ⁽¹⁾	43.5	16.6%
Profit before income tax	23.0	18.9	22.0%
Net result for the period	14.9	15.3	-2.5%
Capital expenditures	18.5	6.4	
As at:	30.06.19	31.03.19	Change
Total assets	1 609.9	1 572.3	2.4%
Total equity	809.9	828.3	-2.2%
Interest-bearing liabilities	604.2	604.6	-0.1%
Net debt	537.1	556.8	-3.5%

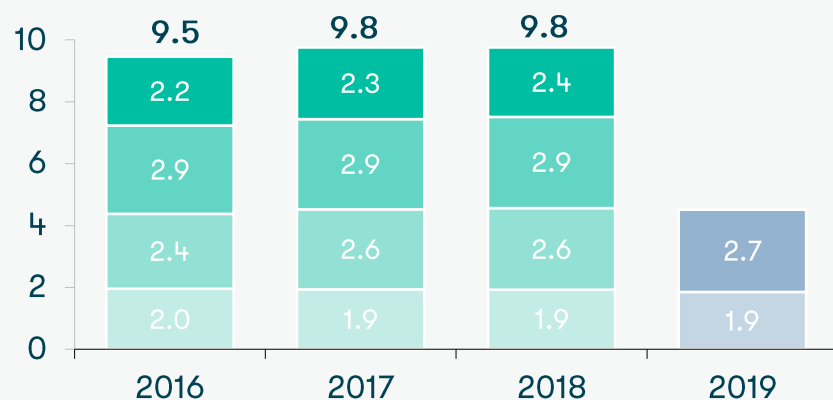
(1) Second quarter comparable EBITDA, i.e. without IFRS 16 adoption effect, increased by EUR 3.0 million or 6.8% compared to the same period last year to EUR 46.5 million.

- **Revenue EUR 256.1m (EUR 0.7m or 0.3%)**
 - More passengers on almost all geographical segments
 - In 2019 Easter in Q2 (in 2018 in Q1)
 - One less hotel operated in Q2 2019
- **Revenue from shipping operations in the Baltic Sea EUR 235.8m (+EUR 1.3m or +0.5%)**
- **Lower fuel cost**
 - Prices fixed at favourable level for a substantial volume
 - Lower consumption through various energy efficiency initiatives
- **Higher dividend related increase in corporate income tax cost**

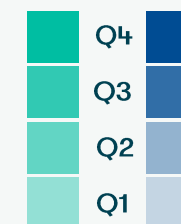
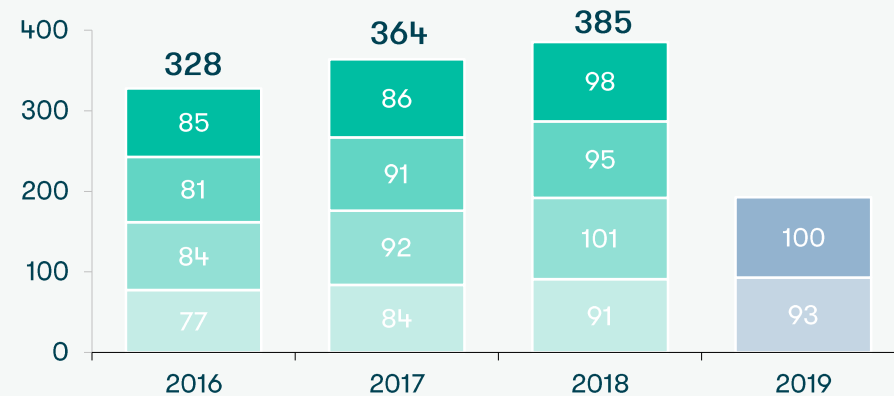
RESULTS

QUARTERLY SEASONALITY BREAKDOWN

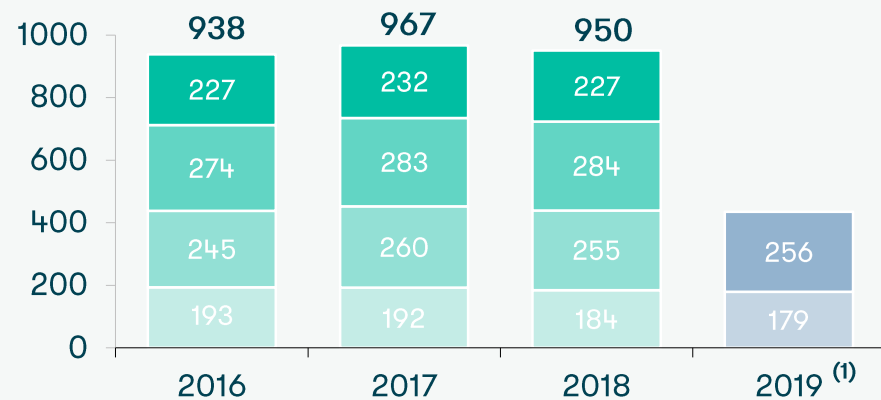
PASSENGERS (MILLIONS)



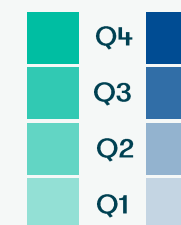
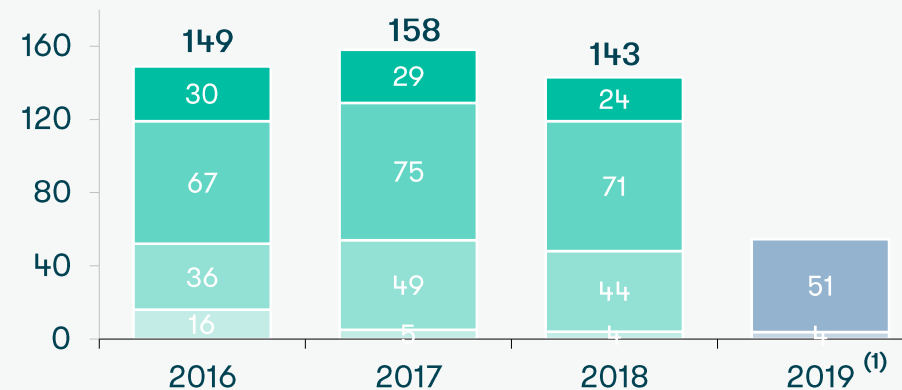
CARGO (TH. UNITS)



REVENUE (EUR MILLION)

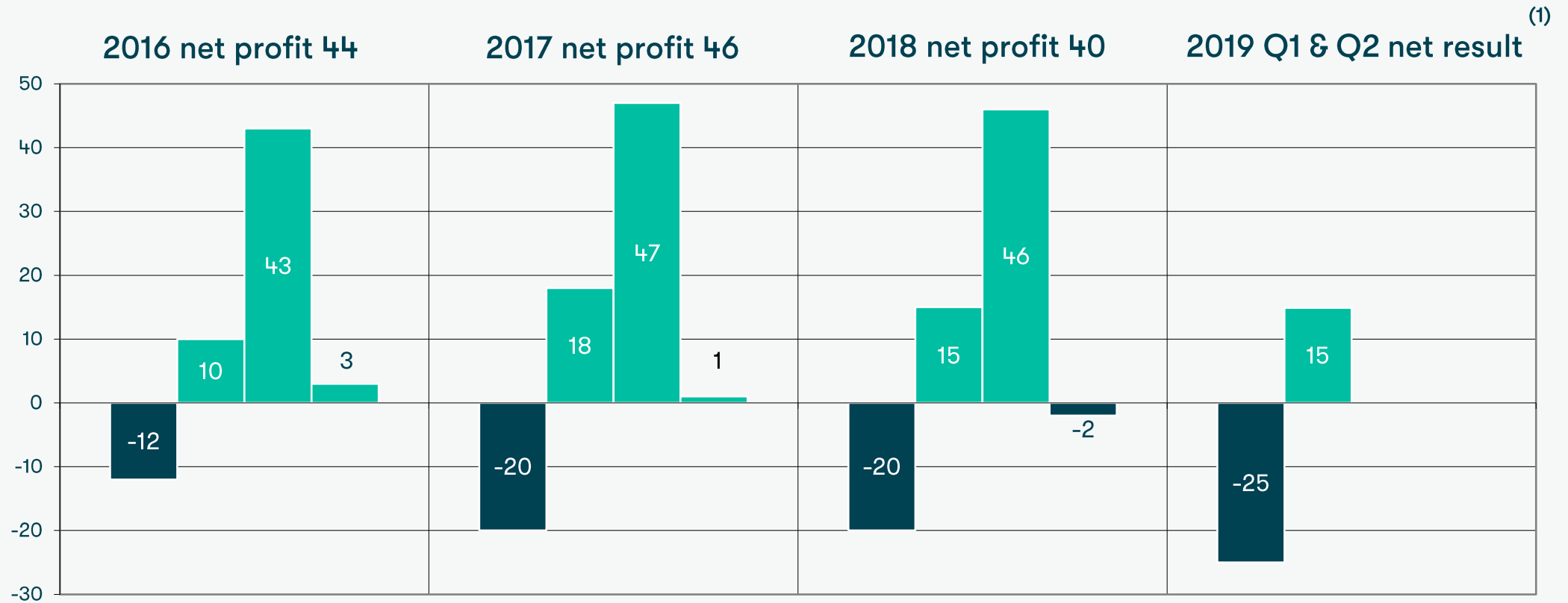


EBITDA (EUR MILLION)



THE DYNAMICS OF HIGH SEASONALITY ON THE PROFIT LEVEL

NET PROFIT BY QUARTERS (EUR MILLION)



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

DISTRIBUTIONS TO SHAREHOLDERS

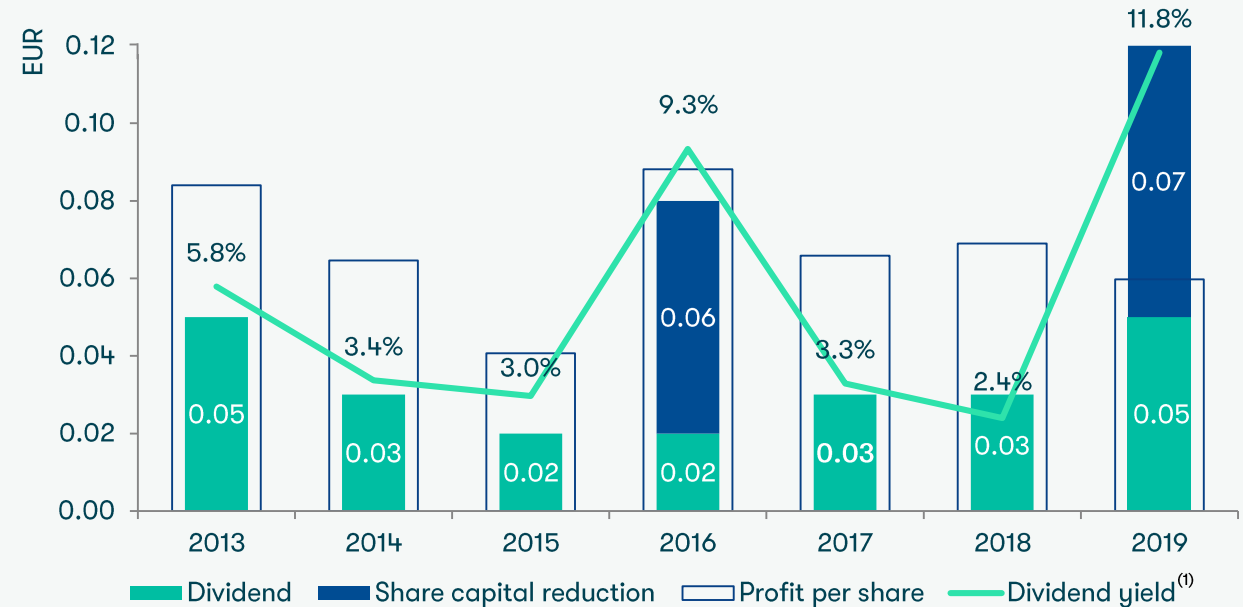
23 May 2019 AGM decisions and payment info:

Dividend

- To distribute dividend of EUR 0.05 per share
- Paid out on 3 July 2019

Capital reduction

- to reduce the company's share capital by at least EUR 0.07 per share for the purpose of improving the company's capital structure
- List of eligible shareholders fixed on 20 June 2019
- Expected payment December 2019



Dividend policy: at least EUR 0.05 per share, if the economic performance enables it

Management is working to ensure that Tallink Grupp is a stable dividend payer and the dividends will increase over time

EUR 241 MILLION PAYMENTS TO SHAREHOLDERS IN 2013-2019

DEVELOPMENTS WITH NEW LNG POWERED FAST FERRY

CONSTRUCTION OF NEW FERRY BY RAUMA MARINE CONSTRUCTION

- The vessel cost is approximately EUR 247 million
- 30% paid during construction, 70% at delivery
- Expected delivery in January 2022

FIRST PAYMENT FOR THE NEW SHIP MADE IN Q2 2019

- EUR 12.4 million instalment of the prepayment made in April
- 2/3 of total EUR 18.5 million investments made in Q2 2019

LOAN AGREEMENT SIGNED IN JULY 2019

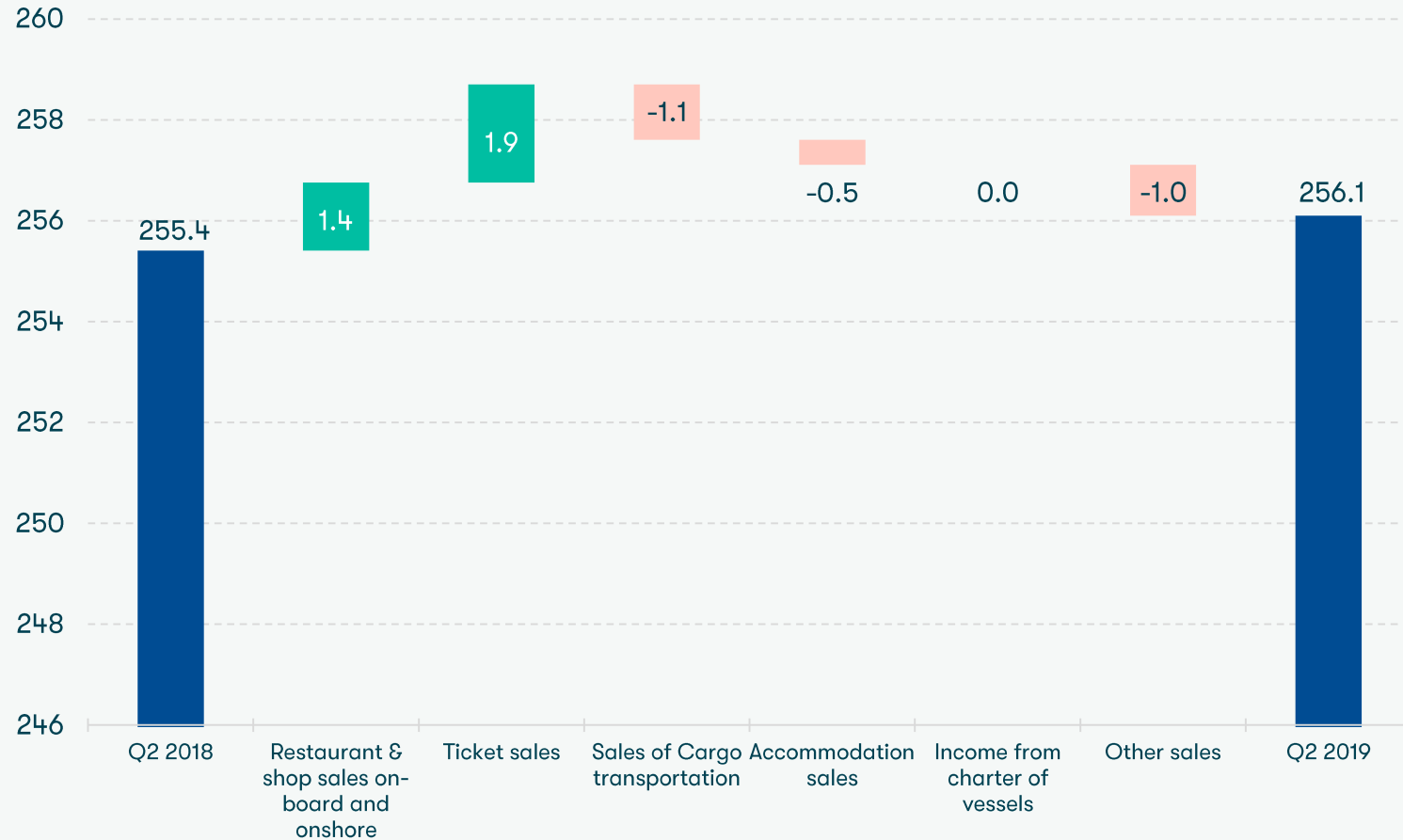
- EUR 198 million loan from KfW IPEX-Bank GmbH
- Drawn on the delivery, presumably in early 2022
- Maturity of twelve years from the drawdown
- Secured by mortgage on the new vessel & corporate guarantee
- Finnvera guarantees 95% of post-delivery buyer credit
- OECD-term export credit loan



PROPOSE A NAME - www.tallink.com/competition

REVENUE DEVELOPMENT BY OPERATING SEGMENTS

(EUR MILLION)



Both ticket and on-board sales improved on all routes with the exception of Estonia-Finland route

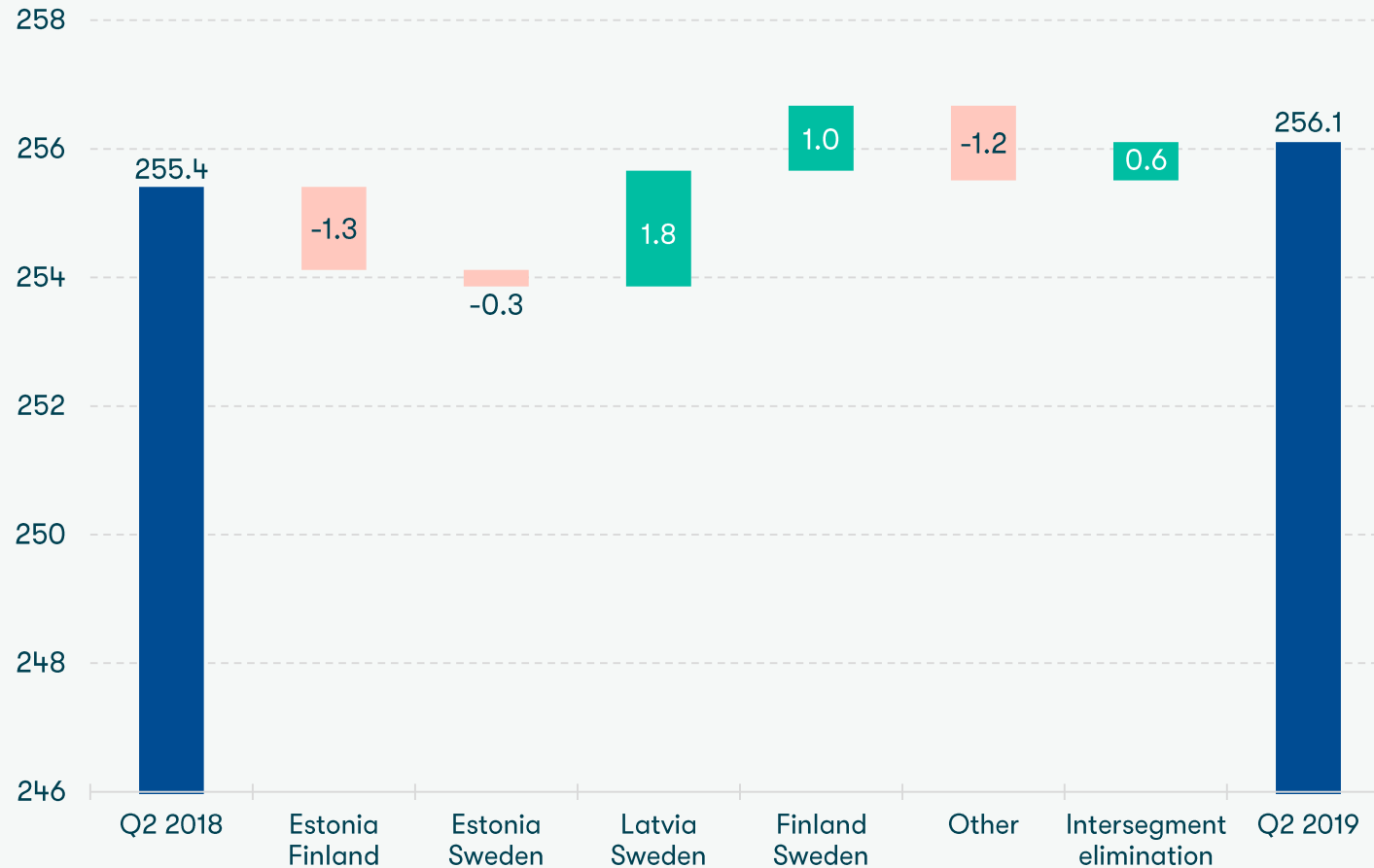
Weaker cargo revenue largely attributable to Estonia-Sweden route cargo performance

Accommodation sales largely affected by one less hotel operated in Q2 2019
(Tallink Pirita Spa Hotel operations ceased from Nov 2018)

Various items affecting Other sales

REVENUE DEVELOPMENT BY GEOGRAPHICAL SEGMENTS

(EUR MILLION)



Estonia-Finland

Despite 0.5% higher passenger volume, added capacity by competitors increased pressure on ticket prices

Estonia-Sweden

Revenues negatively affected by the decrease in carried cargo units (-10.4%); passenger related revenues increased despite 3.0% lower number of passengers

Latvia-Sweden

Increase in number of transported passengers (+5.2%) and cargo units (+7.4%) had positive impact on revenue

Finland-Sweden

Increase in number of passengers (+1.5%) and cargo units (+0.4%) supported increase in revenues and segment result

CONSOLIDATED INCOME STATEMENT

(EUR million)	2017	2018	Q2 2018	Q2 2019 ⁽²⁾
Sales	967	950	255	256
Cost of sales ⁽¹⁾	(772)	(766)	(198)	(195)
Marketing, general & admin ⁽¹⁾	(125)	(125)	(34)	(34)
EBITDA	158	143	44	51
<i>Margin (%)</i>	16.4%	15.0%	17.0%	19.8%
Net Profit	46	40	15	15
EPS	0.069	0.060	0.023	0.022

CONSOLIDATED CASH FLOW STATEMENT

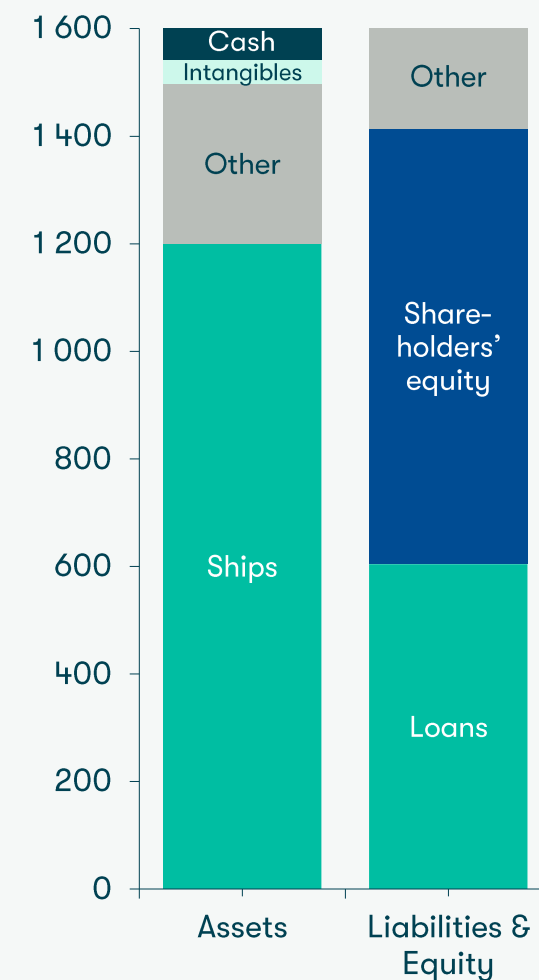
(EUR million)	2017	2018	Q2 2018	Q2 2019 ⁽¹⁾
Operating cash flow	136	157	46	50
Capital expenditure	(219)	(36)	(6)	(18)
Asset disposal	132	0	0	0
Free cash flow	49	121	40	32
Debt financing (net effect)	6	(85)	(16)	(10)
Interests & other financial items	(21)	(19)	(4)	(3)
Dividend paid	(20)	(20)	0	0
Income tax on dividends paid	(4)	(4)	0	0
Change in cash	10	(7)	20	19

Notes:

(1) Unaudited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR million)	31.12.2017	30.06.2018	31.12.2018	30.06.2019 ⁽²⁾
Total assets	1 559	1 555	1 501	1 610
Non-current assets	1 377	1 353	1 333	1 438
Current assets	182	202	168	172
- of which cash	89	90	82	67
Total liabilities	722	742	644	800
Interest bearing liabilities	561	537	510	604
Other liabilities	161	205	134	196
Shareholders' equity	836	813	857	810
Net debt/EBITDA	3.0x	2.9x	3.0x	3.6x
Net debt	472	447	428	537
Equity/assets ratio	54%	52%	57%	50%
BVPS ⁽¹⁾ (in EUR)	1.25	1.21	1.28	1.21



Notes:

(1) Shareholders' equity / number of shares outstanding

(2) Unaudited

IFRS 16 LEASES

IFRS 16 replaced IAS 17 Leases and related interpretations

The Group has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period as permitted under the transition provisions in the standard

AS THE RESULT OF IFRS 16 ADOPTION AS AT 1 JANUARY 2019 THE GROUP'S:

- Fixed assets increased by EUR 100.7 million
- Interest-bearing liabilities increased by EUR 104.3 million
- Adoption effect on retained earnings on 1 January 2019 was EUR -3.6 million

IFRS 16 EFFECT ON 2019 SECOND QUARTER FINANCIALS:

- Addition to EBITDA EUR 4.3 million (less rental cost)
- Addition to depreciation EUR 3.7 million
- Addition to interest cost EUR 0.6 million
- No effect on net result

THANK YOU

