

Q2 2019

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 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



STRATEGIC PLAN

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

CONTINUOUSLY LOOKING FOR EXPANSION OPPORTUNITIES ON SEA AND ON LAND

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%
Gross profit	60.6	57.1	6.3%
EBITDA	50.7 ⁽¹⁾	43.5	16.6%
EBIT	27.4	23.8	15.1%
Net result for the period	14.9	15.3	-2.5%
Capital expenditures	18.5	6.4	189.1%
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**

Q2 2019 SALES & RESULTS BY GEOGRAPHICAL SEGMENTS

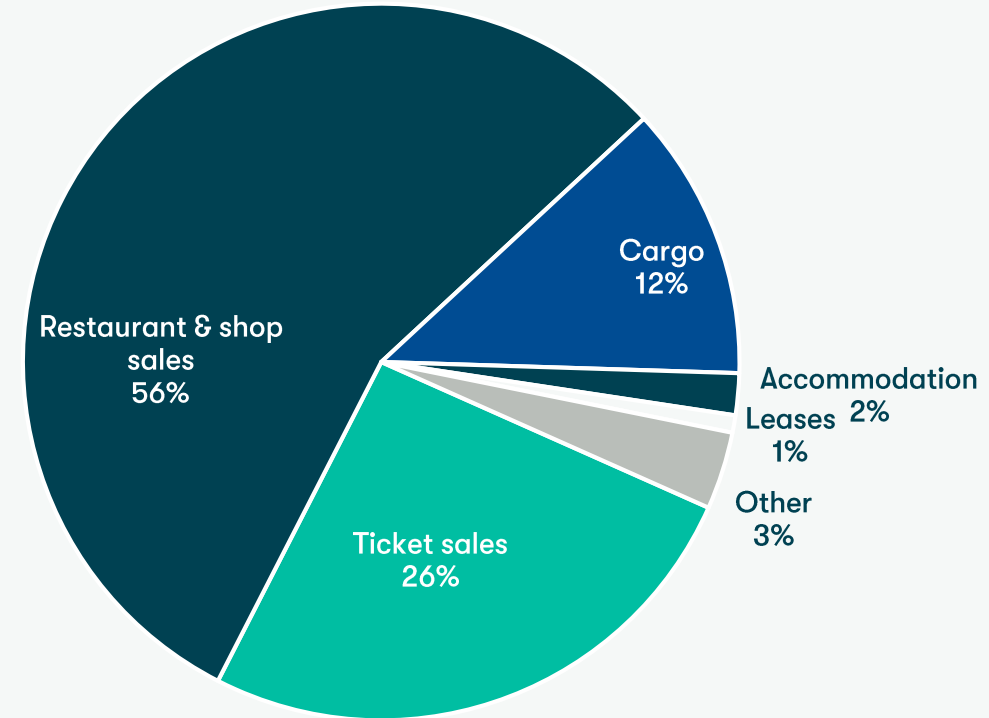
Route	Key Figures (financial in EUR million)	2019	2018	Change	
Estonia- Finland	Passengers (thousands)	1 385	1.379	0.5%	Despite 0.5% higher passenger volume, added capacity by competitors increased pressure on ticket prices
	Cargo units (thousands)	64	65	-0.8%	
	Revenue	94.9	96.2	-1.3%	
	Segment result	21.5	21.0	2.4%	
Finland- Sweden	Passengers (thousands)	772	761	1.5%	Increase in number of passengers (+1.5%) and cargo units (+0.4%) supported increase in revenues and segment result
	Cargo units (thousands)	20	20	0.4%	
	Revenue	89.6	88.6	1.1%	
	Segment result	9.3	7.2	29.1%	
Estonia- Sweden	Passengers (thousands)	271	280	-3.0%	Revenues negatively affected by the decrease in carried cargo units (-10.4%); passenger related revenues increased despite 3.0% lower number of passengers
	Cargo units (thousands)	12	13	-10.4%	
	Revenue	31.3	31.5	-0.8%	
	Segment result	2.3	2,5	-6.1%	
Latvia- Sweden	Passengers (thousands)	223	212	5.2%	Increase in number of transported passengers (+5.2%) and cargo units (+7.4%) had positive impact on revenue
	Cargo units (thousands)	4	4	7.4%	
	Revenue	20.0	18.2	9.9%	
	Segment result	0.3	-0.9	132.9%	
Other	Revenue	22.2	23.3	-5.0%	
	Segment result	8.0	6.9	15.4%	
	Intersegment revenue	-1.9	-2.5	23.8%	

Q2 2019 SALES & RESULTS BY OPERATIONAL SEGMENTS

Revenue (EUR million)	2019	2018	Change
Restaurant and shop sales on-board and onshore	142.3	141.0	1.0%
Ticket sales	66.2	64.3	3.0%
Sales of cargo transportation	31.7	32.8	-3.4%
Accommodation sales	4.8	5.3	-9.3%
Income from charter of vessels	2.0	2.0	0.0%
Other sales	9.0	10.0	-10.1%
Total revenue	256.1	255.4	0.3%

- 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 November 2018)

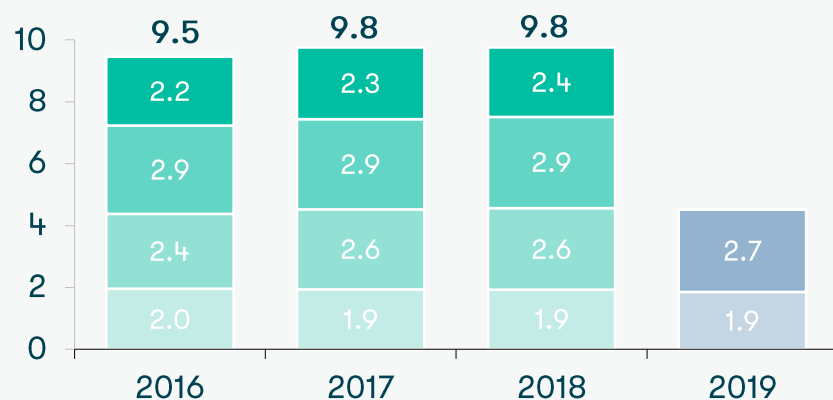
REVENUE STRUCTURE IN Q2 2019



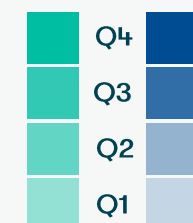
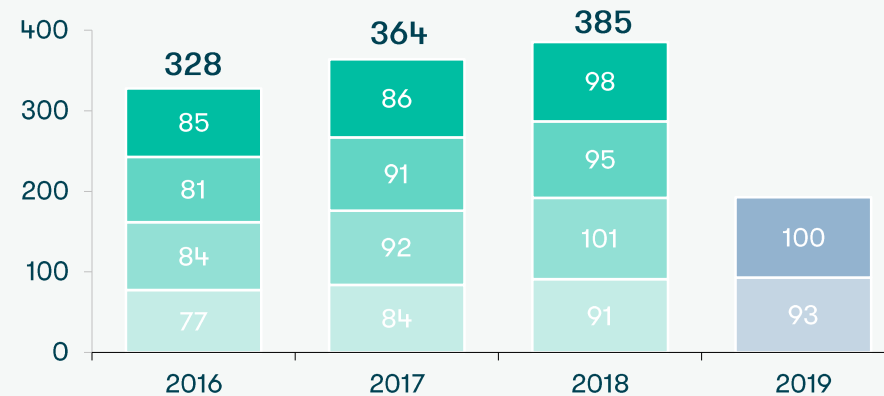
RESULTS

QUARTERLY SEASONALITY BREAKDOWN

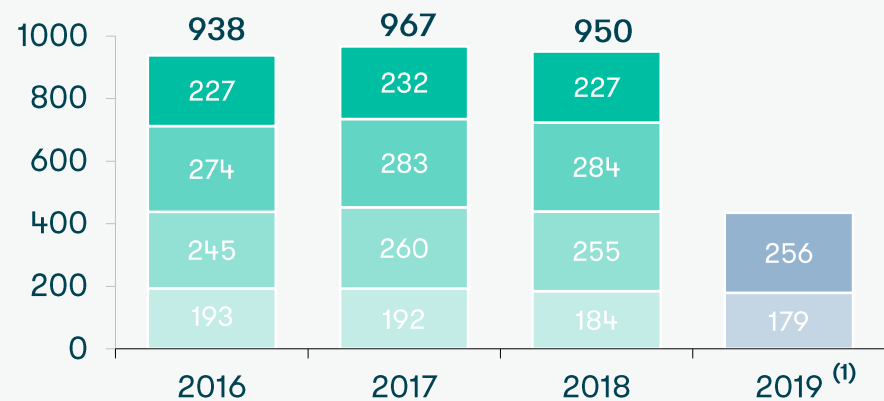
PASSENGERS (MILLIONS)



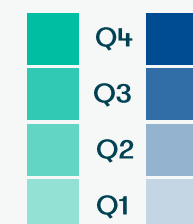
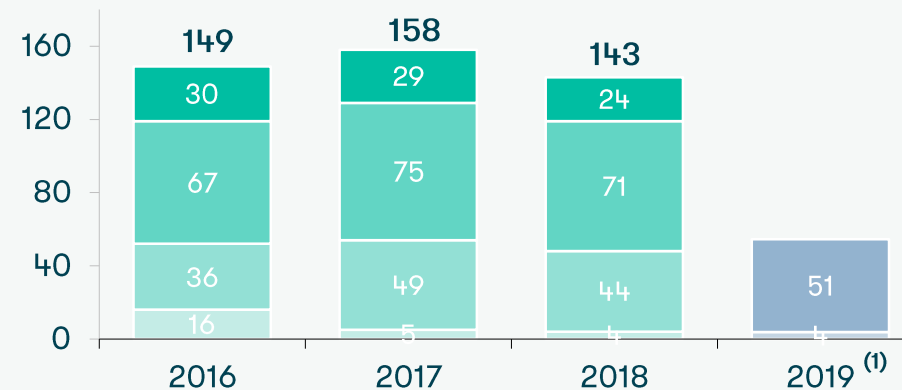
CARGO (TH. UNITS)



REVENUE (EUR MILLION)

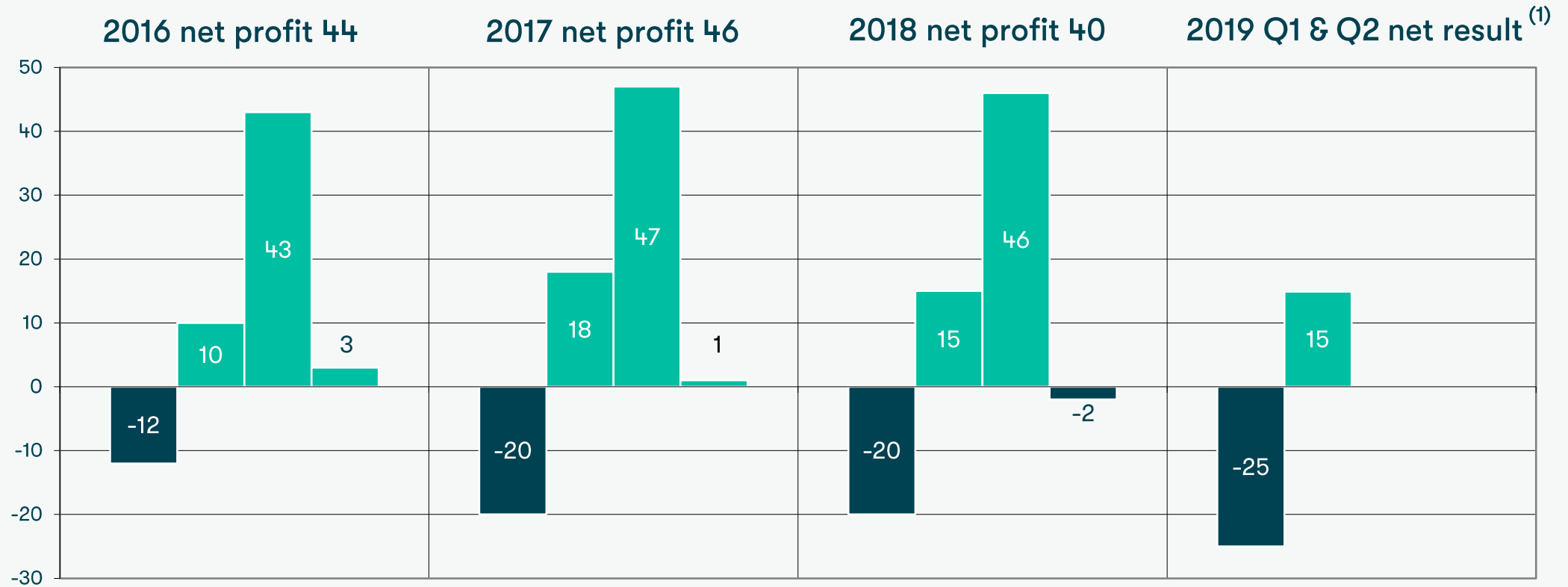


EBITDA (EUR MILLION)



THE DYNAMICS OF HIGH SEASONALITY ON THE PROFIT LEVEL

NET PROFIT BY QUARTERS (EUR MILLION)



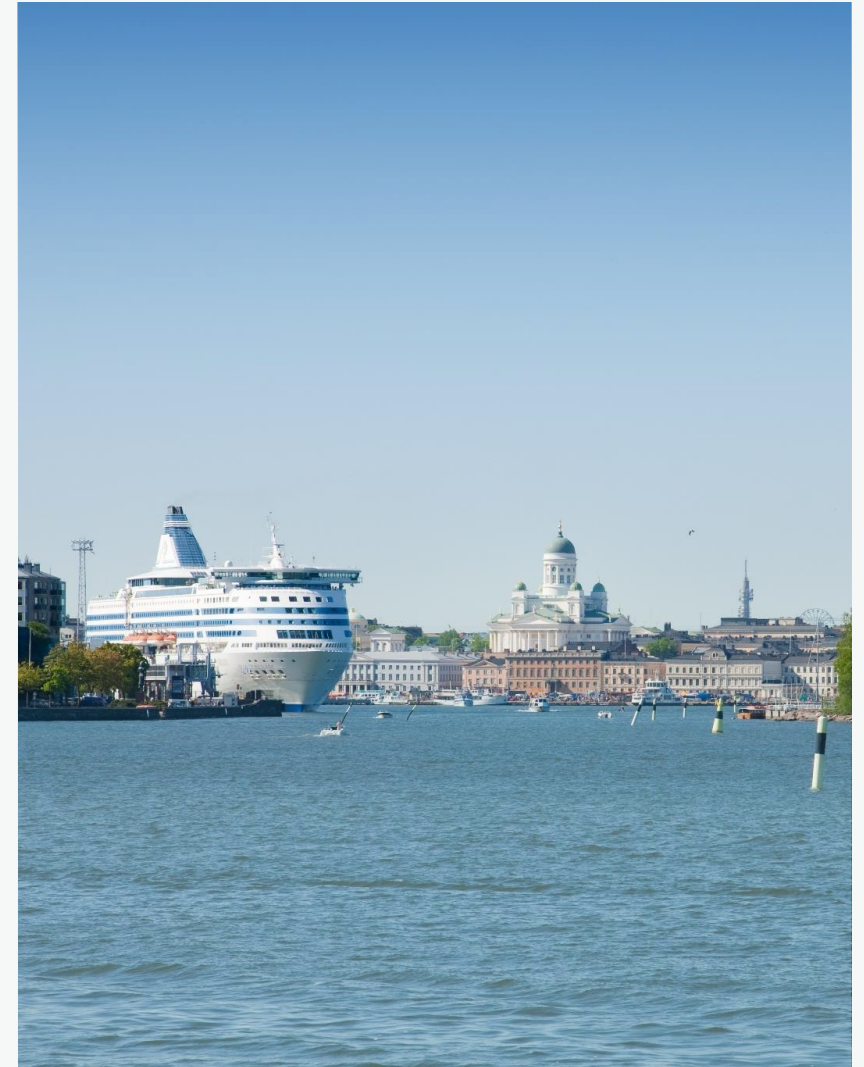
MOST OF THE PROFITS ARE EARNED IN THE SUMMER, THE HIGH SEASON

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



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

CORPORATE GOVERNANCE

MANAGEMENT BOARD

<p>Paavo Nõgene – Chairman of the Management Board</p>  <p>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</p>	
<p>Lembit Kitter</p>  <p>Born in 1953, with the company and Member of Management Board since 2006</p>	<p>Kadri Land</p>  <p>Born in 1964, with the company since 2005. Member of Management Board since February, 2019</p>
<p>Harri Hanschmidt</p>  <p>Born in 1982, with the company since 2009. Member of Management Board since February, 2019</p>	<p>Piret Mürk-Dubout</p>  <p>Born in 1970, with the company and Member of Management Board since April, 2019</p>

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

<p>Toivo Ninnas</p>  <p>Born in 1940, with the Supervisory Board since 1997</p>	<p>Kalev Järvelill</p>  <p>Born in 1965, with the Supervisory Board since 2007</p>
<p>Eve Pant</p>  <p>Born in 1968, with the Supervisory Board since 1997</p>	<p>Ain Hanschmidt</p>  <p>Born in 1961, with the Supervisory Board since 2005</p>
<p>Lauri Kustaa Äimä</p>  <p>Born in 1971, with the Supervisory Board since 2002</p>	<p>Colin Douglas Clark</p>  <p>Born in 1974, with the Supervisory Board since 2013</p>

SUPERVISORY BOARD

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

DISTRIBUTIONS TO SHAREHOLDERS

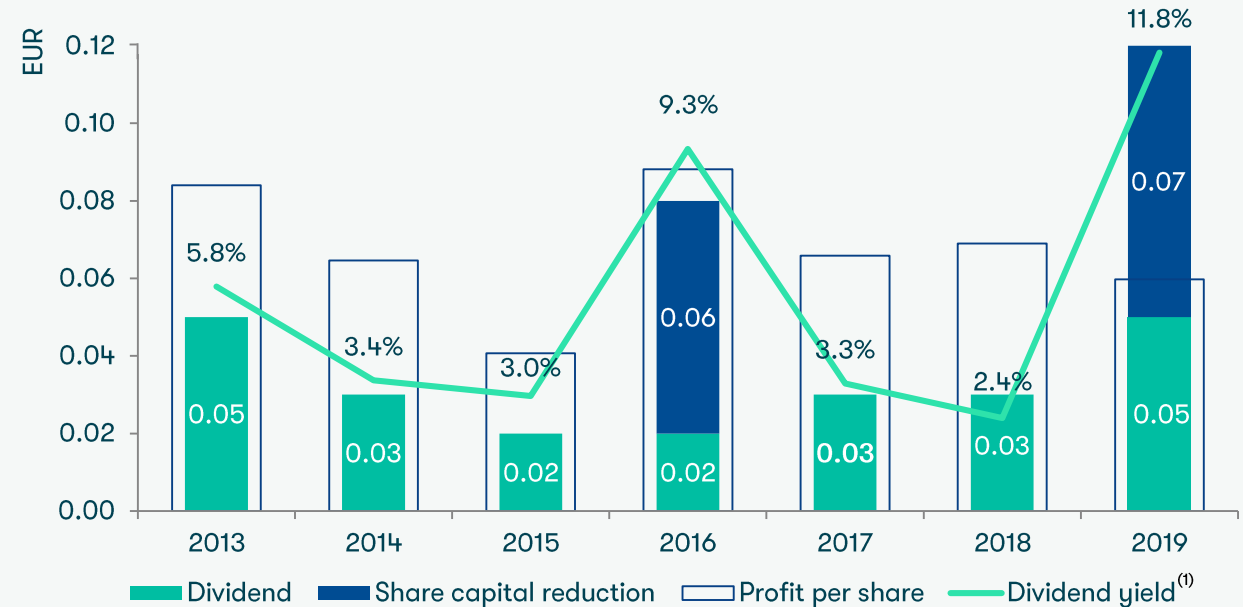
23 May 2019 AGM decisions and payment info:

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

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

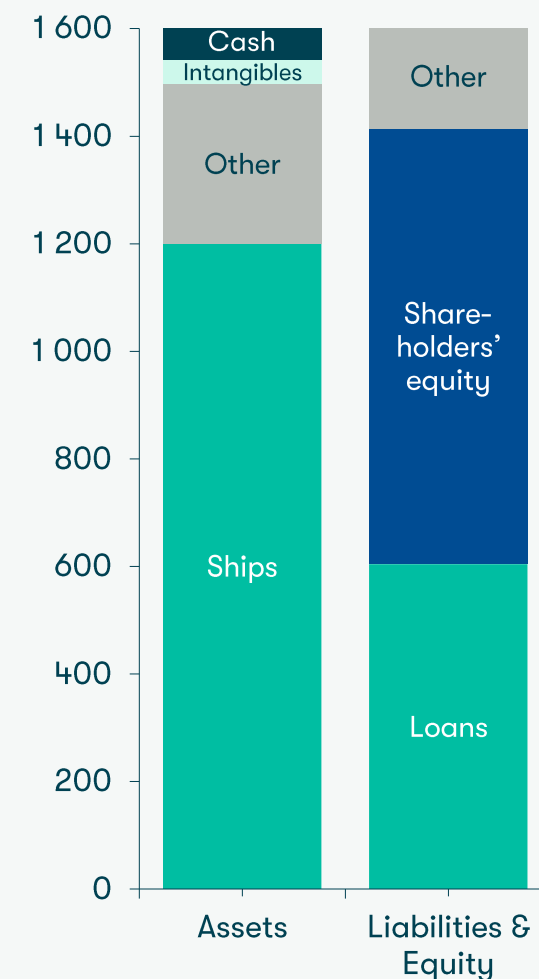
(EUR million)	2017	2018	Q2 2018	Q2 2019 ⁽¹⁾
Operating cash flow	136	157	46	50
Capital expenditure	(219)	(36)	(6)	(18)
Asset disposal	132	0	0	0
Free cash flow	49	121	40	32
Debt financing (net effect)	6	(85)	(16)	(10)
Interests & other financial items	(21)	(19)	(4)	(3)
Dividend paid	(20)	(20)	0	0
Income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



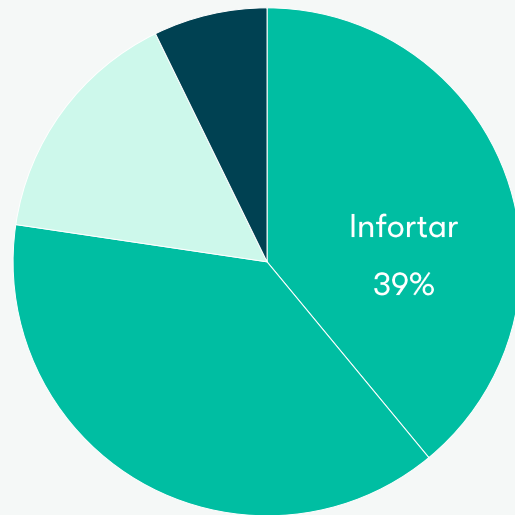
Notes:

(1) Shareholders' equity / number of shares outstanding

(2) Unaudited

SHAREHOLDERS AND SHARE PERFORMANCE

SHAREHOLDERS OF AS TALLINK GRUPP



- Top 10 shareholders
- Insitutional investors
- Retail investors

TEN LARGEST SHAREHOLDERS AS OF 30.06.2019

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

