

Company AS TALLINNA SADAM  
Type Company Release  
Category Management interim statement or quaterly financial report  
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Attachments:

- ASTallinna-10004379121-en.pdf (<http://oam.fi.ee/en/download?id=4987>)
- ASTallinna-10004379122-en.pdf (<http://oam.fi.ee/en/download?id=4989>)
- ASTallinna-10004379124-et.pdf (<http://oam.fi.ee/en/download?id=4990>)
- ASTallinna-10004379125-et.pdf (<http://oam.fi.ee/en/download?id=4992>)

Currency

Title AS Tallinna Sadam financial results for 2020 Q3 and 9 months

The impact of the COVID-19 pandemic continued in the third quarter, which resulted in a decrease in revenue, adjusted EBITDA and profit of AS Tallinna Sadam (hereafter: "the Group"). In Q3 2020, the revenue amounted to EUR 31.8 million decreasing by 18.9% compared to the same period previous year. The adjusted EBITDA was EUR 19.9 million decreasing by 16.2% and profit of Q3 amounted to EUR 13.6 million decreasing by 23.1%. At the same time, the adjusted EBITDA margin increased by 2.1 percentage points and the volume of investments by almost 50% to EUR 11.5 million.

The results of Q3 were mostly affected by the restrictions on passenger movement due to the COVID-19 pandemic, which were significantly milder in the summer period than in Q2. According to Valdo Kalm, Chairman of the Management Board of Tallinna Sadam, a diverse business model significantly mitigates the impact of the pandemic on the Group's financial results. Kalm noted that the cargo harbours segment continued to grow strongly, but due to competition, revenue per tonne decreased somewhat, especially for liquid bulk. Ferries and the icebreaker Botnica, or the shipping business, keeps a stable course.

"Passenger business is currently in decline, but we will continue to invest heavily in the Old City Harbour passenger port, because we believe that in the long run the impact of the pandemic will be temporary and passenger traffic will recover in the coming years," said Kalm.

The impact of the cost-cutting measures implemented in Q2 took effect predominantly from Q3. "Continuously strong positive EBITDA and secure cash flow will enable us to ensure the company's liquidity and profitability and meet the dividend policy, i.e. to pay at least 70% of the previous year's profit as dividends in 2021," Kalm confirmed.



Key figures (in million EUR):

	30.09.2020	31.12.2019	+/-
Total assets	622.3	625.5	-0.5%
Interest bearing debt	193.4	172.7	12.0%
Other liabilities	369.7	377.0	-1.9%
Equity	263.0	263.0	0.0%
Number of shares	622.3	625.5	-0.5%

- \* The impact of the COVID-19 pandemic continued
- \* Dividend payment in the amount of EUR 30.2 million
- \* Completion of the reconstruction of passenger terminal D.
- \* Connecting the first ship to onshore power supply

- \* Hybrid ferry Tõll started servicing passengers on the Virtsu-Kuivastu route
- \* Conclusion of the design contract for Rail Baltica Muuga freight terminal
- \* Completion of the second stage of dry bulk operator PK Terminal development in Muuga
- \* Extension of the term of office of the members of the Management Board Valdo Kalm and Marko Raid for a new 3-year period
- \* Changes in the Management Board of OÜ TS Laevad

#### Revenue

Revenue for the nine months of 2020 decreased by EUR 18.5 million, i.e. 18%, year on year to EUR 82.1 million. The decrease was mainly influenced by the decline in vessel dues and passenger fees from international ferries and cruise ships due to restrictions on cross-border passenger movements imposed in connection with the COVID-19 pandemic. In terms of segments, the largest year-on-year change in nine-month revenue occurred in the Passenger harbours segment, followed by the Ferry segment and the Cargo harbours segment. The revenue of the segment Other did not change. In Q3, revenue increased year-on-year in the Cargo harbours segment and decreased in other segments.

The revenue of the Passenger harbours segment decreased by 41% in Q3 and by 43% in the first 9 months due to the decrease in the number of passenger and vessel calls due to the COVID-19 pandemic (starting from Q2).

The revenue of the Cargo harbours segment increased by 3% year on year. In the first 9 months, the revenue of Cargo harbours decreased by 2% due to the combined effect of various items of revenue, mostly affected by the brokered revenue from electricity and cargo charges. Cargo volume increased primarily due to liquid bulk, but the increase in the volume of liquid bulk with lower charge did not cover the effect of the decrease in the volume of other types of cargo in total cargo charge revenue.

The revenue of the Ferry segment decreased slightly because the state did not order an additional vessel for extra trips during the summer season. Instead, a smaller number of additional trips was made by the existing replacement ferry Regula. The decline was partly offset by a rise in fee rates, which are linked to the Estonian consumer and fuel price indices and wage inflation.

The revenue of the segment Other remained stable. The number of days for which the icebreaker Botnica was chartered out did not change. The number of days with lower charter rates was somewhat higher but the effect was offset by the indexation of the contractual fees to the Estonian and Canadian consumer price indices.

#### EBITDA

Adjusted EBITDA for Q3 decreased by EUR 3.8 million year-on-year mostly due to the Passenger harbours segment (EUR -5.5 million) but also the Cargo harbours segment (EUR +1.9 million). Adjusted EBITDA margin decreased from 59.1% to 56.4% whereas in Q3 the margin increased from 60.6% to 62.7%. In 9 months, adjusted EBITDA was EUR 46.3 million, decreasing by EUR 13.1 million compared to the same period last year.

#### Profit



The profit of Q3 (EUR 13.6 million) fell short of the profit for the comparative period by EUR 4.1 million. Profit for the first 9 months was EUR 22.8 million, which was EUR 13.2 million less year-on-year. Profit decreased more than operating profit because the Group's equity-accounted associate Green Marine incurred a loss.

#### Investments

In the first 9 months of 2020, the Group invested EUR 28.9 million, significantly more than in the same period last year (EUR 18.8 million). Investments were mostly related to the construction of a cruise terminal, phase 2 of the reconstruction of passenger terminal D, the installation of automated mooring systems and the beginning of the construction of a multi-storey car park at the Old City Harbour. Investments made in the third quarter totalled EUR 11.5 million.

#### Interim condensed consolidated statement of financial position:

In thousands of euros	30.09.2020	31.12.2019
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ASSETS		
Current assets		
Cash and cash equivalents	18,109	35,183
Trade and other receivables	13,554	10,614
Contract assets	1,072	0
Inventories	216	408
Non-current assets held for sale	98	142
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Total current assets	33,049	46,347
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Non-current assets		
Investments in associates	1,278	1,609
Other long-term receivables	243	294
Property, plant and equipment	585,696	575,267
Intangible assets	1,985	2,015



Total non-current assets	589,202	579,185
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Total assets	622,251	625,532
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LIABILITIES		
Current liabilities		
Loans and borrowings	16,766	16,266
Derivative financial instruments	139	243
Provisions	973	1,915
Government grants	1,845	193
Taxes payable	1,491	893
Trade and other payables	8,813	11,722
Contract liabilities	1,912	33
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Total current liabilities	31,939	31,265
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Non-current liabilities		
Loans and borrowings	194,697	191,580
Government grants	25,024	24,754
Other payables	16	2
Contract liabilities	903	913
Total non-current liabilities	220,640	217,249
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Total liabilities	252,579	248,514
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## EQUITY

Share capital at par value	263,000	263,000
Share premium	44,478	44,478
Statutory capital reserve	20,262	18,520
Hedge reserve	-139	-243
Retained earnings (prior periods)	19,276	6,859
Profit for the period	22,795	44,404
Total equity	369,672	377,018

Total liabilities and equity	622,251	625,532
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Interim condensed consolidated statement of profit or loss:

In thousands of euros	Q3 2020	Q3 2019	9M 2020	9M 2019
Revenue	31,767	39,181	82,055	100,531
Other income	823	209	2,793	789
Operating expenses	-7,744	-10,741	-23,281	-27,457
Personnel expenses	-4,581	-5,019	-14,065	-14,127
Depreciation, amortisation and impairment	-5,983	-5,719	-17,895	-16,912
Other expenses	-89	-44	-302	-226
Operating profit	14,193	17,867	29,305	42,598
Finance income and costs				
Finance income	5	2	29	29



Finance costs	-482	-452	-1,295	-1,333
Finance costs - net	-477	-450	-1,266	-1,304
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Share of profit of an associate accounted for under the equity method	-72	331	-331	417
Profit before income tax	13,644	17,748	27,708	41,711
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Income tax	0	0	-4,913	-5,764
Profit/loss for the period	13,644	17,748	22,795	35,947
Attributable to owners of the Parent	13,644	17,748	22,795	35,947
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Basic and diluted earnings per share (in euros)	0.05	0.07	0.09	0.14
Basic and diluted earnings per share - continuing operations (in euros)	0.05	0.07	0.09	0.14

Interim condensed consolidated statement of cash flows:

In thousands of euros	9M 2020	9M 2019
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Cash receipts from sale of goods and services	86,160	105,558
Cash receipts related to other income	31	156
Payments to suppliers	-33,746	-34,030
Payments to and on behalf of employees	-11,758	-13,248
Payments for other expenses	-327	-299
Income tax paid on dividends	-4,913	-10,713



Cash from operating activities	35,447	47,424
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Purchases of property, plant and equipment	-28,134	-17,909
Purchases of intangible assets	-348	-360
Proceeds from sale of property, plant and equipment	1,618	39
Government grants received	2,061	0
Interest received	15	27
Cash used in investing activities	-24,788	-18,203
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Loans received	10,000	0
Repayments of loans received	-6,383	-6,383
Dividends paid	-30,008	-34,970
Interest paid	-1,331	-1,461
Other payments related to financing activities	-11	-15
Cash from/used in financing activities	-27,733	-42,829
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NET CASH FLOW	-17,074	-13,608
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Cash and cash equivalents at beginning of the period	35,183	42,563
Change in cash and cash equivalents	-17,074	-13,608
Cash and cash equivalents at end of the period	18,109	28,955
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Tallinna Sadam is one of the largest cargo- and passenger port complexes in the Baltic Sea region, which in 2019 serviced 10.64 million passengers and 19.9 million tons of cargo. In addition to passenger and freight services, Tallinna Sadam group also operates in shipping business via its subsidiaries - OÜ TS Laevad provides ferry services between the Estonian mainland and the largest islands, and OÜ TS Shipping charters its multifunctional vessel Botnica for icebreaking and construction services in Estonia and offshore projects abroad. Tallinna Sadam group is also a shareholder of an associate AS Green Marine, which provides waste management services. According to audited financial results, Tallinna Sadam group's sales in 2019 totaled EUR 130.5 million, adjusted EBITDA EUR 74.3 million and net profit EUR 44.4 million.





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