

Company AS TALLINNA SADAM
Type Company Release
Category Other corporate action
Disclosure time 28 Jun 2019 16:30:00 +0300

Currency

Title Harju County Court started the proceedings on the claim filed by Coal Terminal against

In 21 June 2019, Harju County Court started the proceedings on the claim filed by AS Coal Terminal (in bankruptcy) (hereinafter: "Coal Terminal") and its bankruptcy trustees in 20 May 2019 against AS Tallinna Sadam (hereinafter: "Tallinna Sadam") applying for compensation of the market value of the former coal terminal buildings and equipment plus accrued interest in connection with the expiration of the right of superficies contracts in Muuga Harbour. The claim amounts to EUR 22.4 million plus accrued interest.

The bankruptcy of Coal Terminal, a long-term customer of Tallinna Sadam, was declared on 2 May 2017. As bankruptcy trustees refused to execute commitments under the right of superficies contracts, the contracts together with the assets erected on the plots covered by the right of superficies contracts were transferred back into the possession of Tallinna Sadam. Under the contracts, Tallinna Sadam has to compensate the value of buildings and equipment that form an essential part of the rights of superficies, the amount of which cannot be estimated reliably because the assets are special-purpose assets for which a regular market does not exist and there are contradictory views both among the experts and the parties of the dispute on the valuation methods that should be used. On 6 July 2018, the bankruptcy trustees submitted a claim to Tallinna Sadam for compensation of EUR 22.4 million for the value of the assets, which Tallinna Sadam did not admit as such and the bankruptcy trustees then turned to court.

Several assets transferred back to Tallinna Sadam were sold in 2018 and the proceeds from the sale of the assets totalled EUR 2.6 million. In connection with the termination of contracts, Tallinna Sadam has submitted a counter-claim to Coal Terminal in amount of EUR 11.7 million for compensation of the damages.

The Management Board of Tallinna Sadam is of the opinion that the requests in the application of the claim are unjustified in this form. The final monetary impact to Tallinna Sadam from the bankruptcy proceedings of Coal Terminal depends on the combined effect of the outcomes of several parallel disputes, which monetary impact cannot be estimated reliably and there is also no



certainty about the timing of the realization of the claims and liabilities. Thus, the Management Board has not recognised a provision for a possible claim. Tallinna Sadam will file the response to the application of the claim by the deadline fixed by the court.

Tallinna Sadam is one of the largest cargo- and passenger port complexes in the Baltic Sea region, which in 2018 serviced 10.6 million passengers and 20.6 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 unaudited financial results, Tallinna Sadam group's sales in 2018 totaled EUR 130.6 million, adjusted EBITDA EUR 74.4 million and net profit EUR 24.4 million.

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