

27 FEBRUARY 2020

Q4 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 949 million in 2019
- Operating EUR 1.5 billion asset base
- Over 7 200 employees (2019 average)
- Serving 9.8 million passengers annually
- 2.7 million loyalty program members
- Transporting 380 thousand cargo units annually



STRONG BRANDS



2019 Q4 HIGHLIGHTS AND KEY FACTS

- New full year passenger record in 2019
- Labour strikes in Finland in Q4 2019
- Highest Q4 net profit in the last five years
- EUR 60 million revolving credit facility with floating rate and four-year maturity
- EUR 47 million payment of share capital reduction
- Subsidiaries established for operation of Burger King restaurants in Lithuania & Latvia
- New LNG powered fast ferry named as MyStar



Q4 2019 BRIEF OVERVIEW

Q4 Selected Key Figures (financials in million euros)	2019	2018	Change
Number of passengers	2 974 790	2 947 610	0.9%
Number of cargo units	93 329	94 913	-1.7%
Number of passenger cars	353 725	352 307	0.4%

Revenue	226.4	226.6	-0.1%
Gross profit	39.1	34.6	12.8%
EBITDA	33.4 ⁽¹⁾	24.0	39.3%
EBIT	9.0	3.7	144.3%
Net profit/loss for the period	5.5	-1.8	411.1%

Capital expenditures	10.0	16.0	-37.2%
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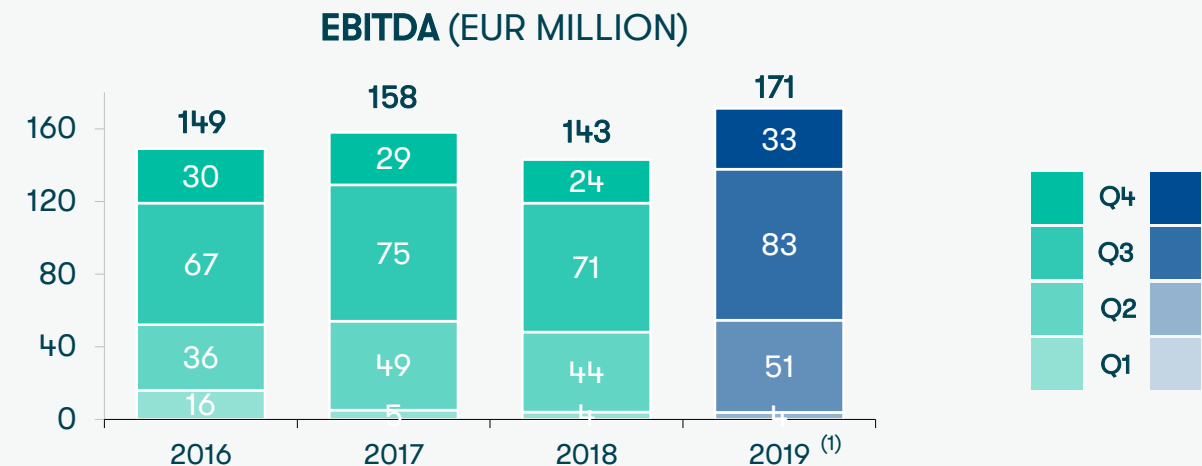
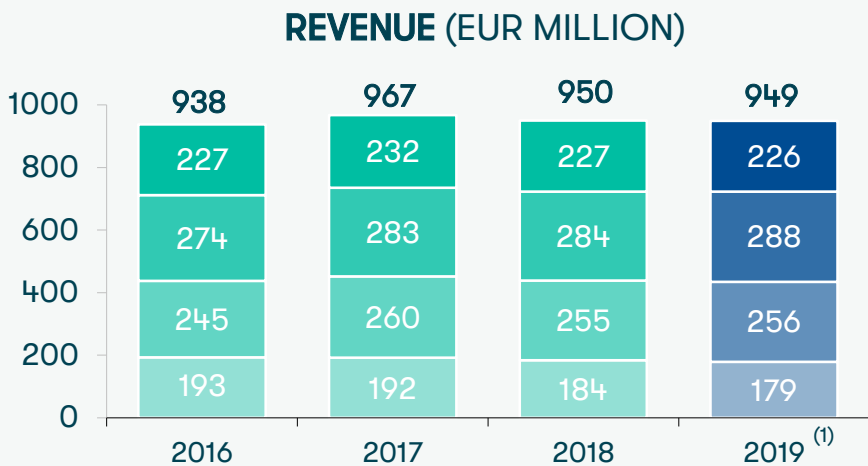
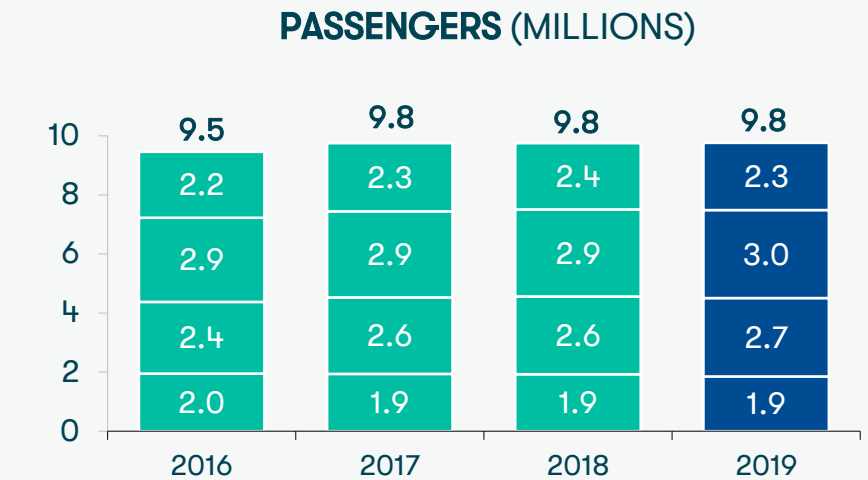
As at:	31.12.19	30.09.19	Change
Total assets	1 532.9	1 564.2	-2.0%
Total equity	822.5	817.7	0.6%
Interest-bearing liabilities	577.9	564.8	2.3%
Net debt	539.0	526.6	2.4%

(1) Fourth quarter comparable EBITDA, i.e. without IFRS 16 adoption effect, increased by EUR 4.9 million or 20.6% compared to the same period last year to EUR 28.9 million.

- **Revenue EUR 226.4m (EUR -0.2m or -0.1%)**
 - Revenue from shipping operations in the Baltic Sea: EUR 209.5m (EUR -2.5m or -1.2%)
 - Decline largely attributable to cargo transportation service segment
- **Strong improvement in operating results**
- **Lower fuel cost**
 - Prices fixed at favourable level for a substantial volume
 - Lower consumption through various energy efficiency initiatives
 - Lower bunkering prices
- **Strong cost control**
 - more group-wide centralised procurement activities
 - business optimisation projects
 - automation of certain activities

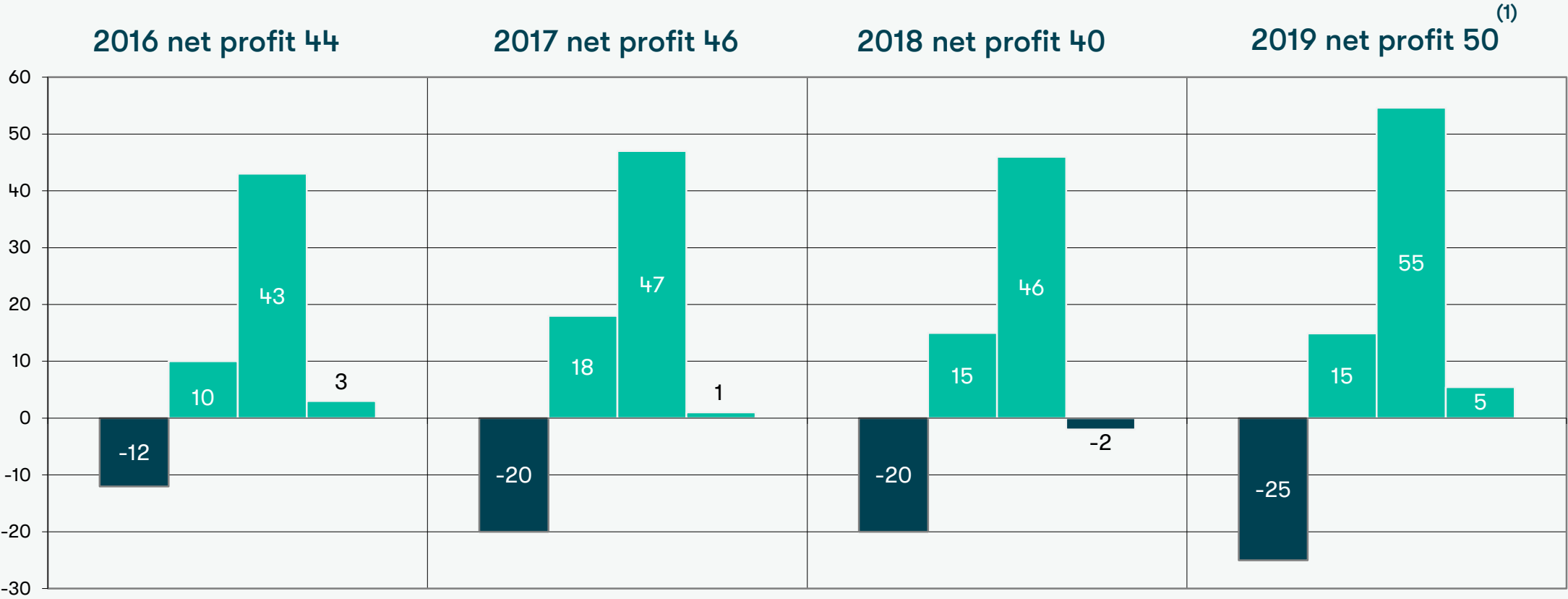
RESULTS

QUARTERLY SEASONALITY BREAKDOWN



THE DYNAMICS OF HIGH SEASONALITY ON THE PROFIT LEVEL

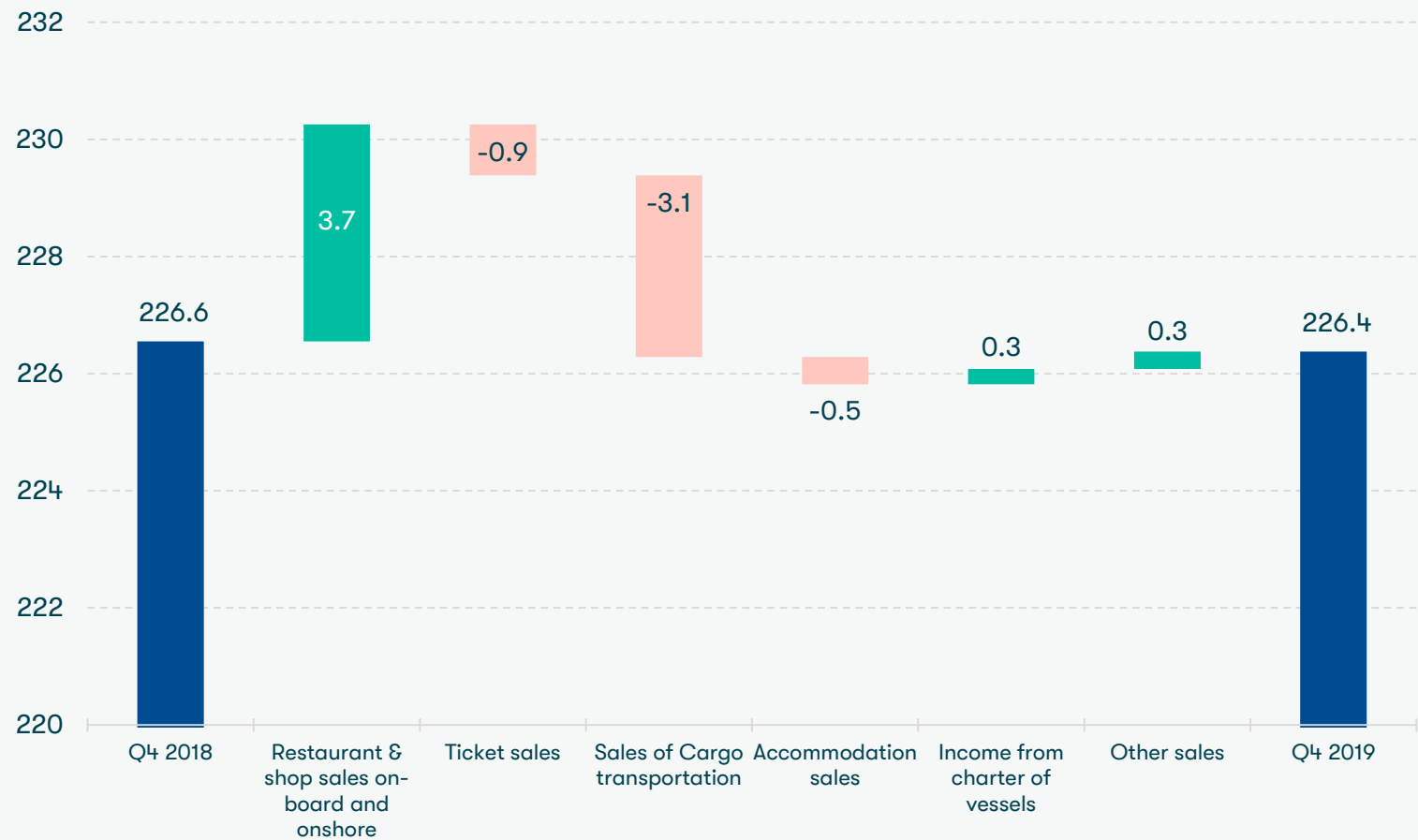
NET PROFIT BY QUARTERS (EUR MILLION)



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

REVENUE DEVELOPMENT BY OPERATING SEGMENTS

(EUR MILLION)



On-board sales improved effectively on all routes and onshore

Competitive pressure on ticket prices

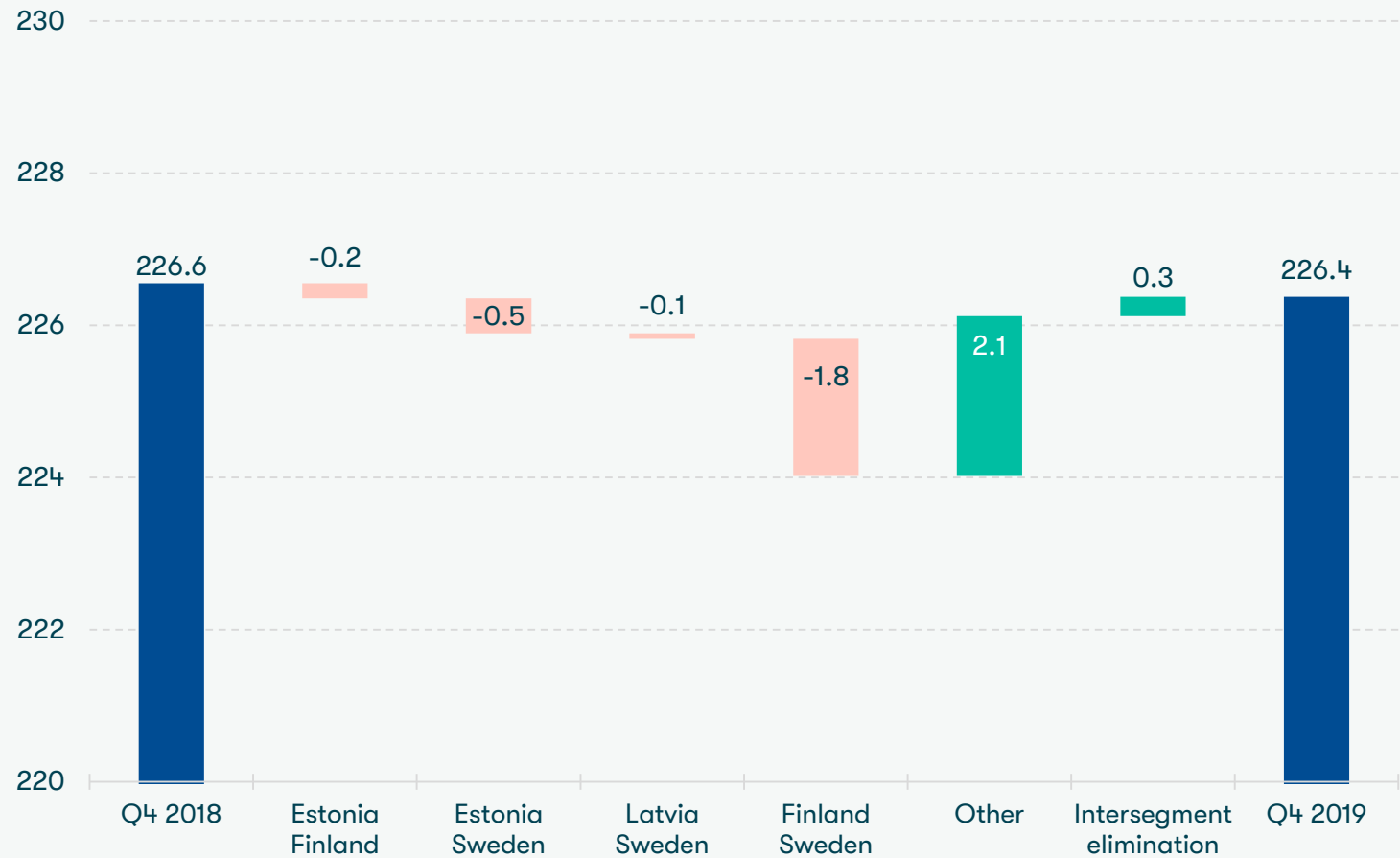
Cargo results weaker across the routes due to competitive pressures and weaker environment

Charter terms adjusted from November 2019

Accommodation sales affected by the cease of operation of Tallink Pirita Spa hotel in Nov. 2018

REVENUE DEVELOPMENT BY GEOGRAPHICAL SEGMENTS

(EUR MILLION)



Estonia-Finland
Competitive pressure, both on passenger and cargo ticket prices, and labour strikes in Finland put pressure on revenue

Estonia-Sweden
Positive developments at passenger operations mitigated some of the decrease in cargo revenues

Latvia-Sweden
Pressure from competitors on indirectly competing routes and change in passenger mix affected revenue development

Finland-Sweden
Weak cargo market and labour strikes in Finland (six departures cancelled) had adverse effect on revenue

CONSOLIDATED INCOME STATEMENT

(EUR million)	2018	2019 ⁽²⁾	Q4 2018	Q4 2019 ⁽²⁾
Sales	950	949	227	226
Cost of sales ⁽¹⁾	(766)	(752)	(192)	(187)
Marketing, general & admin ⁽¹⁾	(125)	(125)	(33)	(31)
EBITDA	143	171	24	33
<i>Margin (%)</i>	15.0%	18.0%	10.6%	14.8%
Net Profit	40	50	(2)	5
EPS	0.060	0.074	(0.003)	0.008

(1) Includes depreciation and amortisation

(2) Unaudited

CONSOLIDATED CASH FLOW STATEMENT

(EUR million)	2018	2019 ⁽¹⁾	Q4 2018	Q4 2019 ⁽¹⁾
Operating cash flow	157	174	40	48
Capital expenditure	(36)	(61)	(16)	(10)
Asset disposal	0	0	0	0
Free cash flow	121	113	25	38
Debt financing (net effect)	(85)	(52)	(32)	12
Interests & other financial items	(19)	(17)	(4)	(3)
Dividends & reduction of share capital	(20)	(80)	0	(47)
Income tax on dividends paid	(4)	(8)	0	0
Change in cash	(7)	(43)	(11)	1

Totals may not sum due to rounding

(1) Unaudited

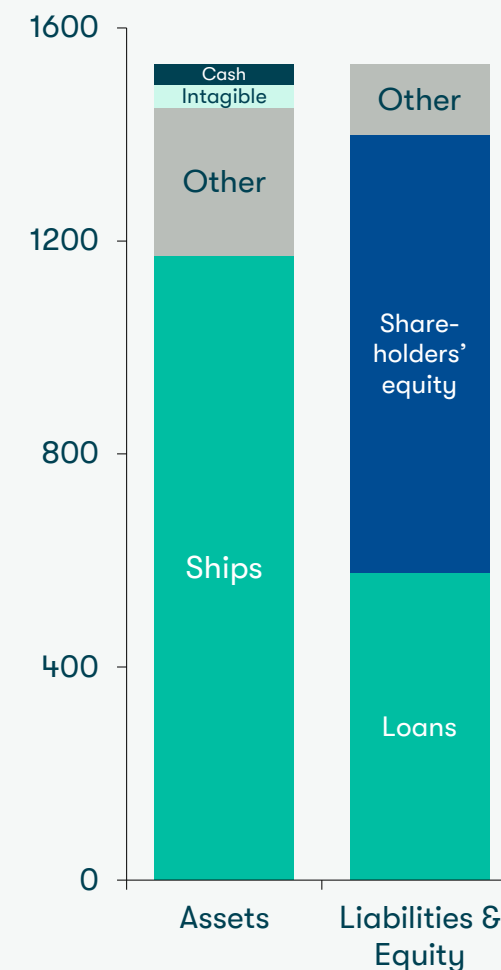
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR million)	31.12.2017	31.12.2018	30.09.2019	31.12.2019 ⁽²⁾
Total assets	1 559	1 501	1 564	1 533
Non-current assets	1 377	1 333	1 424	1 412
Current assets	182	168	140	121
- of which cash	89	82	38	39
Total liabilities	722	644	746	710
Interest bearing liabilities	561	510	565	578
Other liabilities	161	134	181	132
Shareholders' equity	836	857	818	823
Net debt/EBITDA	3.0x	3.0x	3.3x	3.1x
Net debt	472	428	527	539
Equity/assets ratio	54%	57%	52%	54%
BVPS ⁽¹⁾ (in EUR)	1.25	1.28	1.22	1.23

Totals may not sum due to rounding

(1) Shareholders' equity / number of shares outstanding

(2) Unaudited

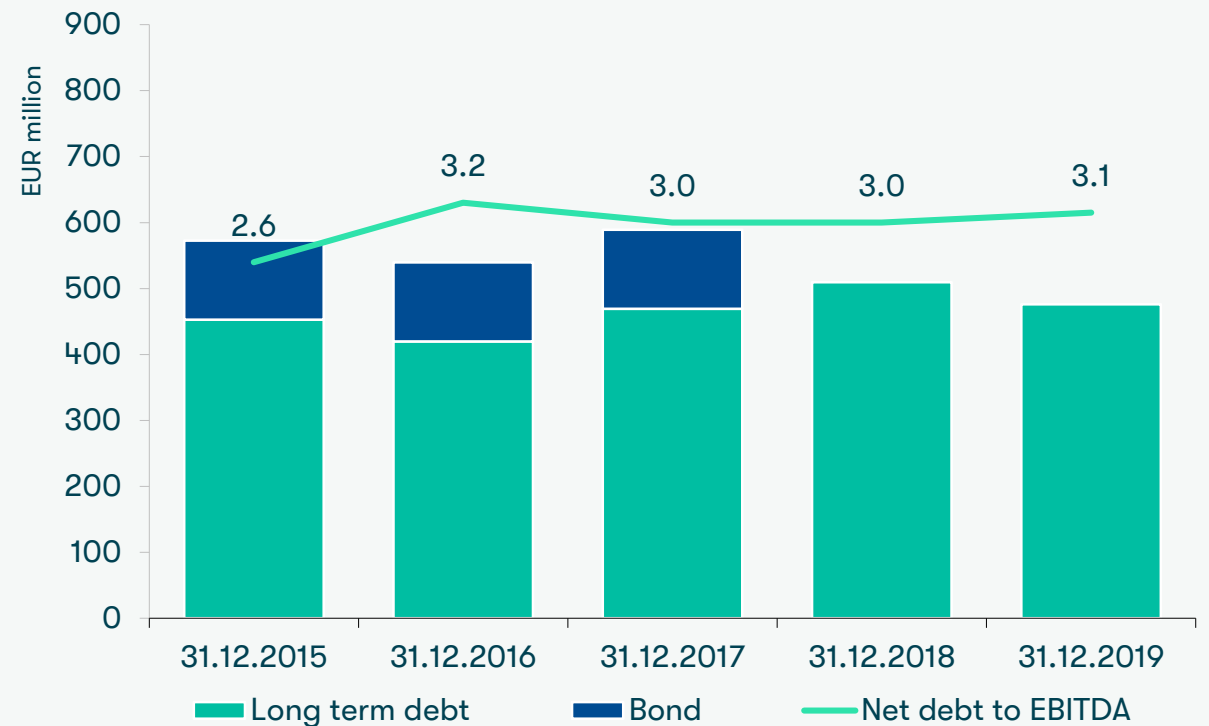


DEBT STRUCTURE

Total EUR 578 million interest bearing liabilities as at 31.12.2019

LONG TERM BANK LOANS

- EUR 476 million as at 31.12.2019
- 6 loan agreements outstanding: syndicated loans and amortizing project loans
- Maturities 1-14 years
- EUR denominated
- Fixed and EURIBOR floating



2019 figures unaudited

IFRS 16 LEASES

IFRS 16 EFFECT ON 2019 FOURTH QUARTER FINANCIALS:

- Addition to EBITDA EUR 4.5 million (less rental cost)
- Addition to depreciation EUR 3.9 million
- Addition to interest cost EUR 0.6 million
- No effect on net result

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

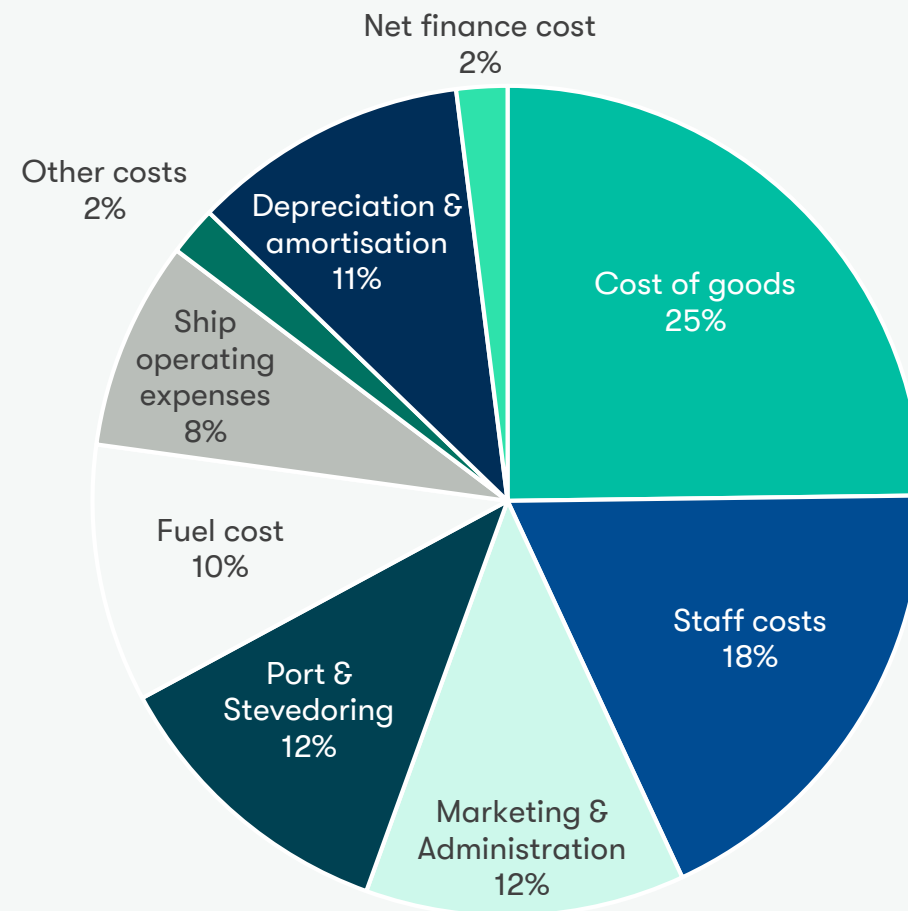
- Fixed assets increased by EUR 100.7 million
- Interest-bearing liabilities increased by EUR 104.3 million
- Adoption effect on retained earnings on 1 January 2019 was EUR -3.6 million

IFRS 16 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

FULL YEAR COSTS BREAKDOWN

(EUR million)	2019	2018	Change
Cost of goods	221 139	217 429	2%
Staff costs	163 148	160 608	2%
Marketing & Administration ^(1, 2)	110 974	116 448	-5%
Port & Stevedoring	103 446	104 748	-1%
Fuel cost	89 614	102 473	-13%
Ship operating expenses	72 594	75 518	-4%
Other costs ⁽²⁾	17 090	29 718	-43%
Total costs from operations	778 005	806 943	-4%
Depreciation & amortisation ⁽²⁾	96 246	79 279	21%
Net finance cost ^(2, 3)	17 683	18 918	-7%
Total costs	891 934	905 140	-2%



Notes:

(1) Depreciation and amortisation excluded

(2) In 2019, depreciation and amortisation include cost in the amount of EUR 15.0m and net finance cost includes EUR 2.3m million interest cost arising from IFRS 16 adoption. Previously, rental cost was included in Marketing & Administration and Other costs

(3) Includes share of profit/loss of equity-accounted investees

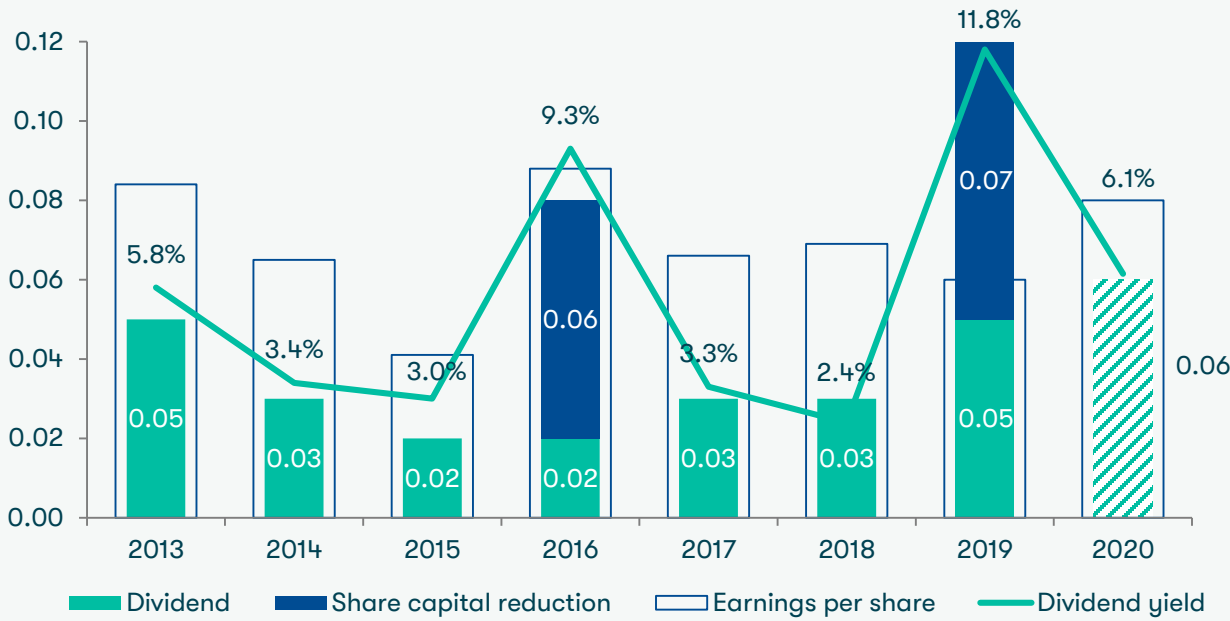
DISTRIBUTIONS TO SHAREHOLDERS

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

Dividend proposal

- Management board to propose a dividend of **EUR 0.06 per share** to the shareholders' annual general meeting in 2020



EUR 241 MILLION PAYMENTS TO SHAREHOLDERS IN 2013-2019

EVENTS AFTER THE REPORTING PERIOD & OUTLOOK



- Agreement with fuel suppliers to fix prices for a substantial portion of 2020 purchasing volumes
- Planned dockings of five vessels in Q1 2020
 - Seawind
 - Megastar
 - Romantika
 - Silja Europa
 - Silja Symphony
- EUR 61.8 million prepayments for MyStar to be made in 2020
- Subject to the persistence and extent the coronavirus outbreak could lead to lower demand for passengers from Asia

CURRENT STATE WITH BURGER KING FRANCHISE

- Agreement signed in September 2019
- Aiming around 50 restaurants across Baltics
- Subsidiaries established in Estonia, Latvia and Lithuania
- Currently active preparations to open restaurants including securing locations, establishing supply logistics, recruiting etc.
- First restaurants planned to be opened in Tallinn:
 - Rocca al Mare in April
 - Ülemiste in May
- At least eight restaurants planned to be opened by the end of 2020 across Baltics
- More news disclosed soon




OLED
NÄLJANE UUTE
VÄLJAKUTSETE JÄRELE?
KUTSUME SIND TÖÖLE,
BURGER KINGI
TEENINDUSTALENT!

CONFERENCE & CONCERT CENTRE AND PORT IN TALLINN



- MoU with City of Tallinn and AS Infortar
- Conference & concert centre with port at Tallinn City Hall and adjacent premises
- Large conference and concert hall, hotel, business centre, recreational facilities
- For both tourists as well as local citizens
- Establishment of joint venture, EUR 1.0m total contribution from parties
- City to contribute with properties, Tallink Grupp & Infortar each with EUR 10m
- Total estimated cost of project EUR 300m
- Construction estimated to take three years
- Investments from equity and other financial instruments

THANK YOU

