Company presentation

TALLINK

Tallink

- Tallink is the leading European provider of leisure and business travel and sea transportation services in the Baltic Sea

- Fleet of 19 vessels
- Operating five hotels

- Revenue EUR 944 million
- EUR 1.7 billion asset base
- 6 799 employees
- Over 9 million passengers annually
- Over 280 thousand cargo units annually
- Listed on Nasdaq OMX Baltic – TAL1T

Over 50 years of operating and cruising experience

Tallink’s business model

Product offering

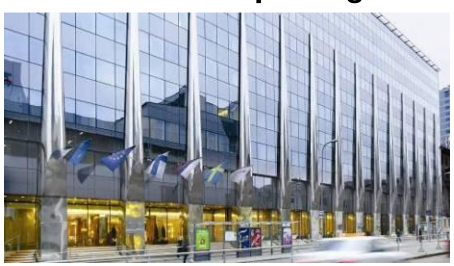
1-2 overnight cruises & passenger transportation

Conferences

On-board Tax-Free Shopping

City break

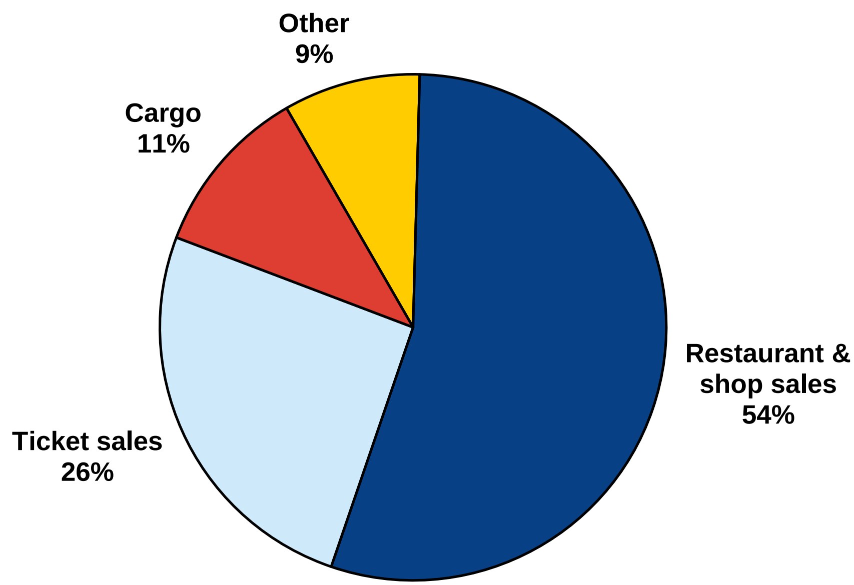
Hotel & travel packages



Cargo Transportation

Revenue structure

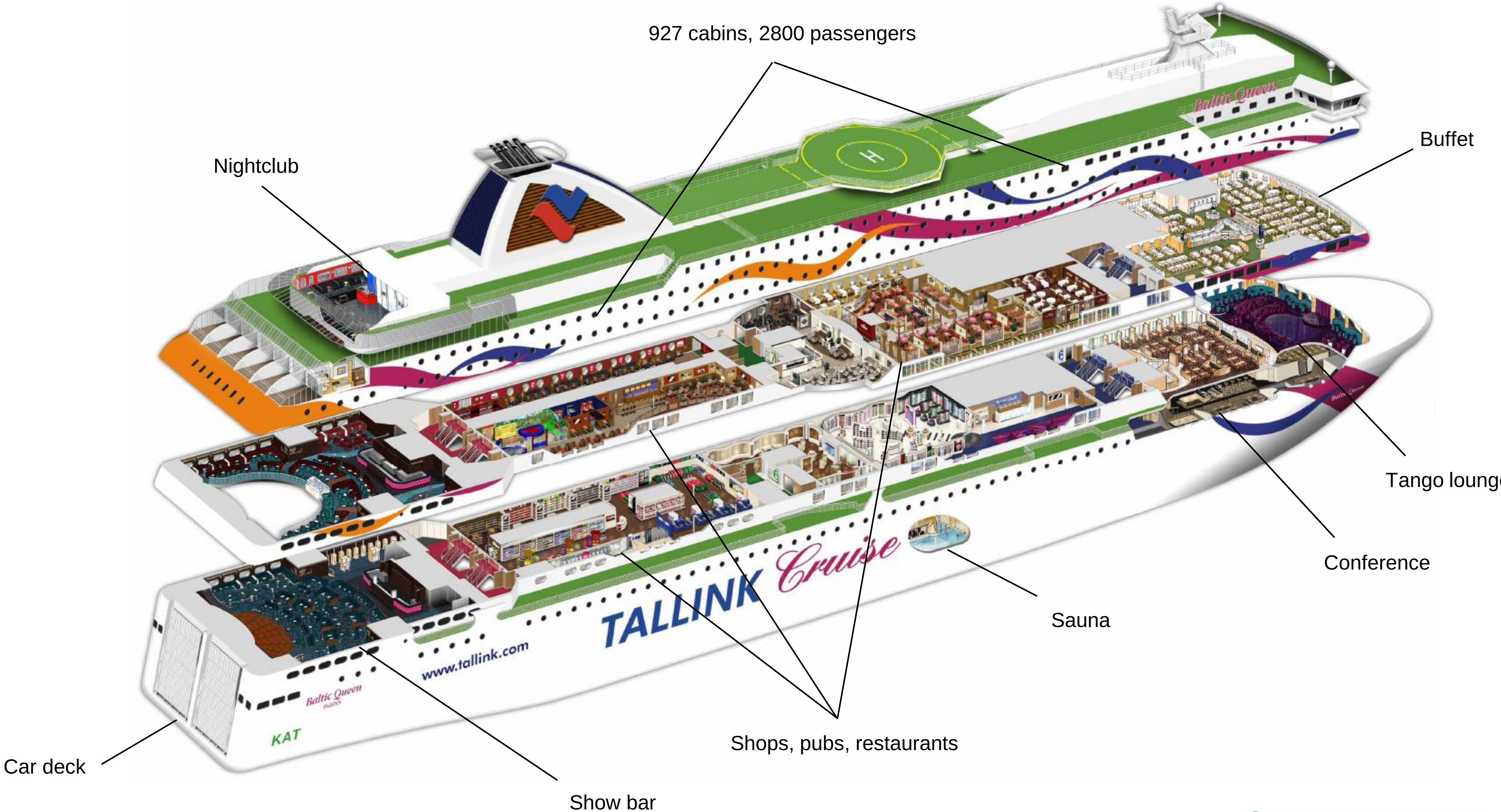
2012



TALLINK




Cruise ferry



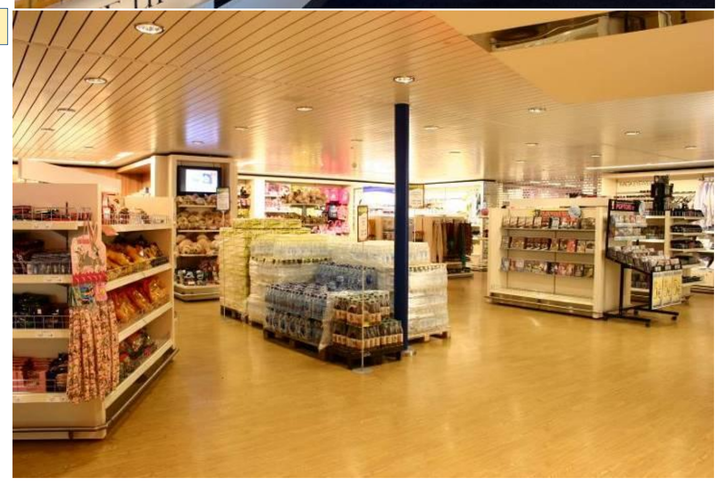
Tallink’s position in the global ferry market

The World's top Duty free & Travel Retail Shops 2011

Ranking by actual and estimated retail sales in US$ millions.

Rank	Location	Remarks
Sales> US$ 1,000.0 million		
1	Seoul - Incheon Int'l Airport, South Korea	AIRPORT SHOPS
2	Dubai - Dubai International Airport, U.A.E.	AIRPORT SHOPS
3	Singapore - Changi Airport	AIRPORT SHOPS
4	London - Heathrow Airport, UK	AIRPORT SHOPS
Sales> US$ 600.0 million		
5	Hong Kong - Hong Kong International Airport	AIRPORT SHOPS
6	Bangkok - Suvarnabhumi Airport, Thailand	AIRPORT SHOPS
7	Frankfurt – Frankfurt-Main Airport, Germany	AIRPORT SHOPS
Sales> US$ 500.0 million		
8	Paris - Charles de Gaulle Airport, France	AIRPORT SHOPS
9	Tallink	FERRY SHOPS
10	Beijing – Capital Airport, China P.R.	AIRPORT SHOPS
11	Amsterdam - Schipol Airport, Netherlands	AIRPORT SHOPS
12	Sao Paulo - Guarulhos Int’l Airport, Brazil	AIRPORT SHOPS
Sales> US$ 300.0 million		AIRPORT SHOPS
13	Oslo - Gardermoen Airport, Norway	AIRPORT SHOPS
14	Taipei - Taoyuan International Airport, Taiwan	AIRPORT SHOPS
15	London - Gatwick Airport, UK	AIRPORT SHOPS
16	Tel Aviv – Ben Gurion Int’l Airport, Israel	AIRPORT SHOPS
17	Shanghai – Pudong Airport, China P.R.	AIRPORT SHOPS

Source: Generation Research 2012



Rank	Company	Gross tons
1	Stena Line	752 081
2	Grimaldi Lines	740 934
3	Tallink	512 078
4	P&O Ferries	436 092
5	Scandlines	363 341

Rank	Company	Beds
1	Tallink	24 262
2	Stena Line	16 502
3	Viking Line	16 192
4	Grimaldi	15 867
5	Tirrenia	13 338

Rank	Company	mEUR Revenue
1	DFDS Group	1 561
2	Stena Line	1 084
3	Tallink	908
4	Scandlines	611
5	Finnlines	605

Data: Ro/pax / ferries above 1,000 GT

Source: ShipPax MARKET:12

TALLINK




Strategic plan

Tallink’s vision is to be the market pioneer in Europe by offering excellence in leisure and business travel and sea transportation services

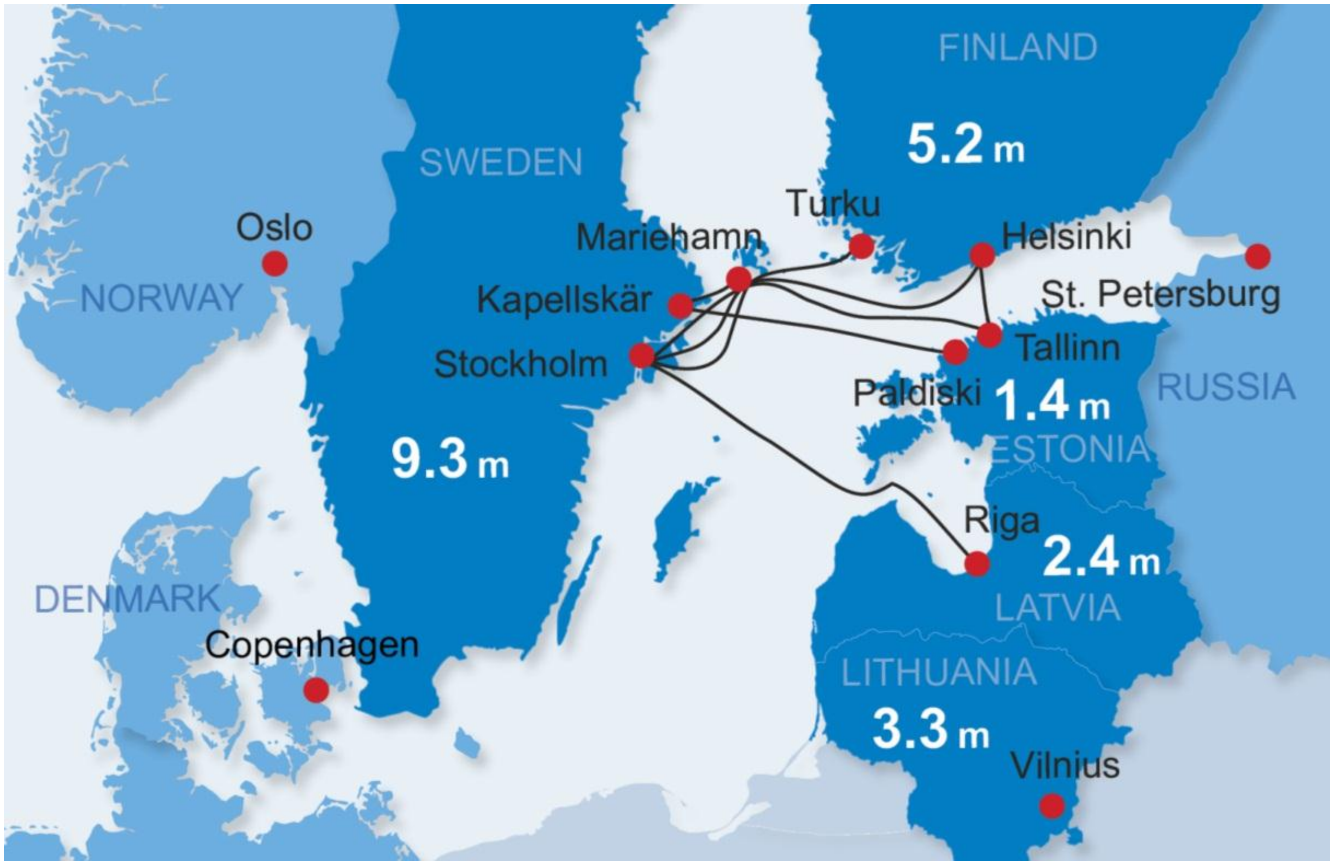
Long term objectives toward increasing the company value and profitability:

- 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
- Manage a optimal debt level that will allow sustainable dividends

Current strategic cornerstones and competitive advantages:

Most modern fleet	Wide route network	Strong market share & brand awareness	High safety level & environmental standards

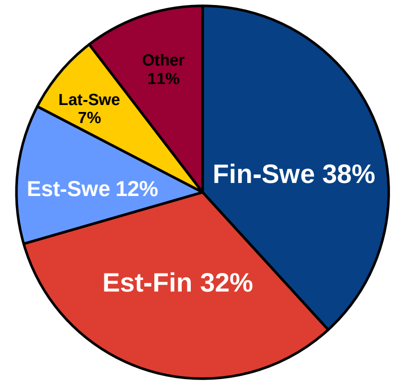
Tallink's passenger market share is 49% of the Northern Baltic Sea



Northern Baltic passenger market – 19 million passengers

Revenue by routes

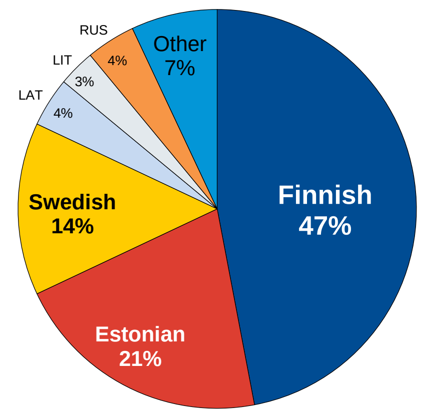
2012



(944 MEUR)

Passengers

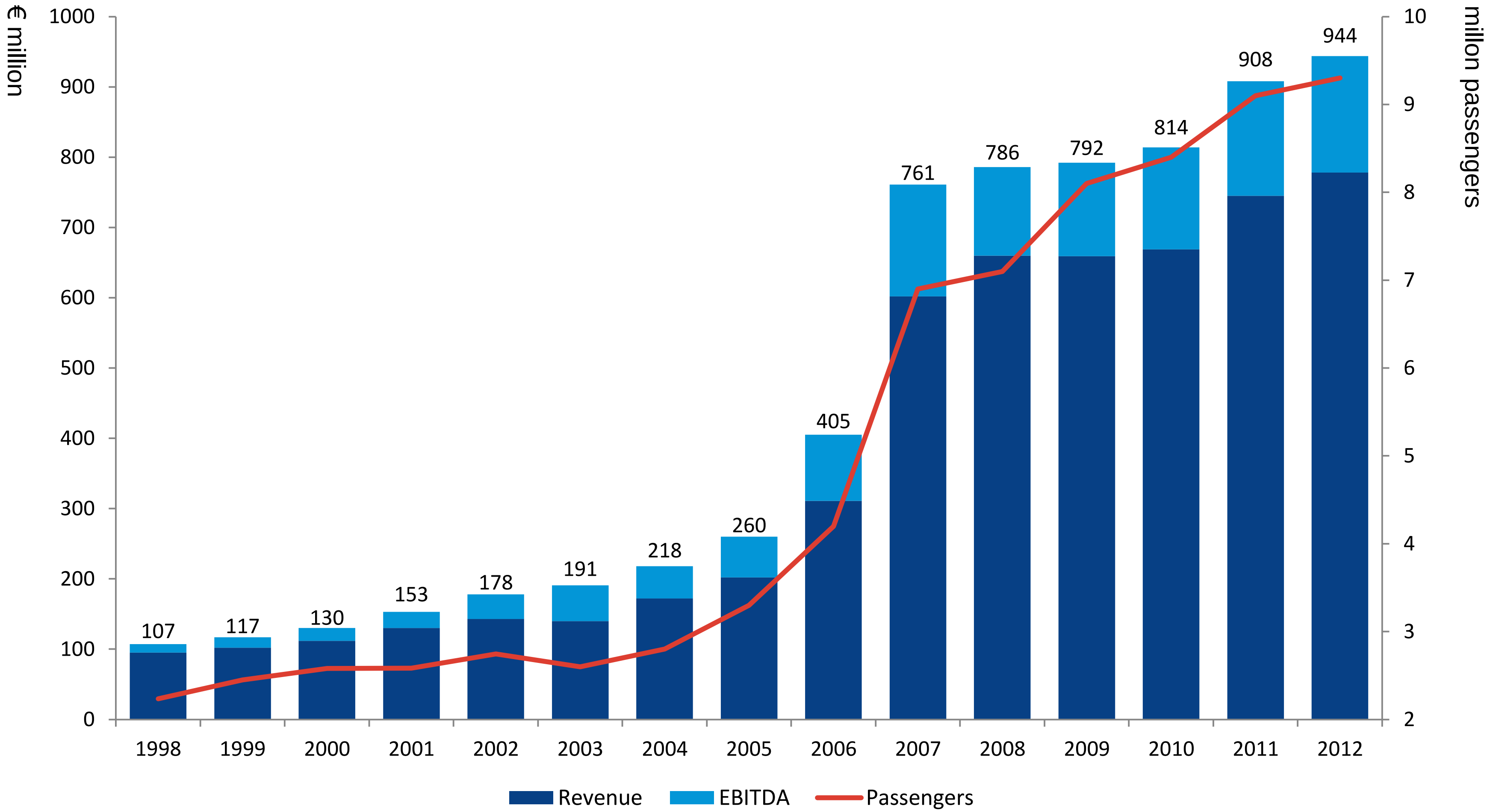
2012



(9.3M)

TALLINK

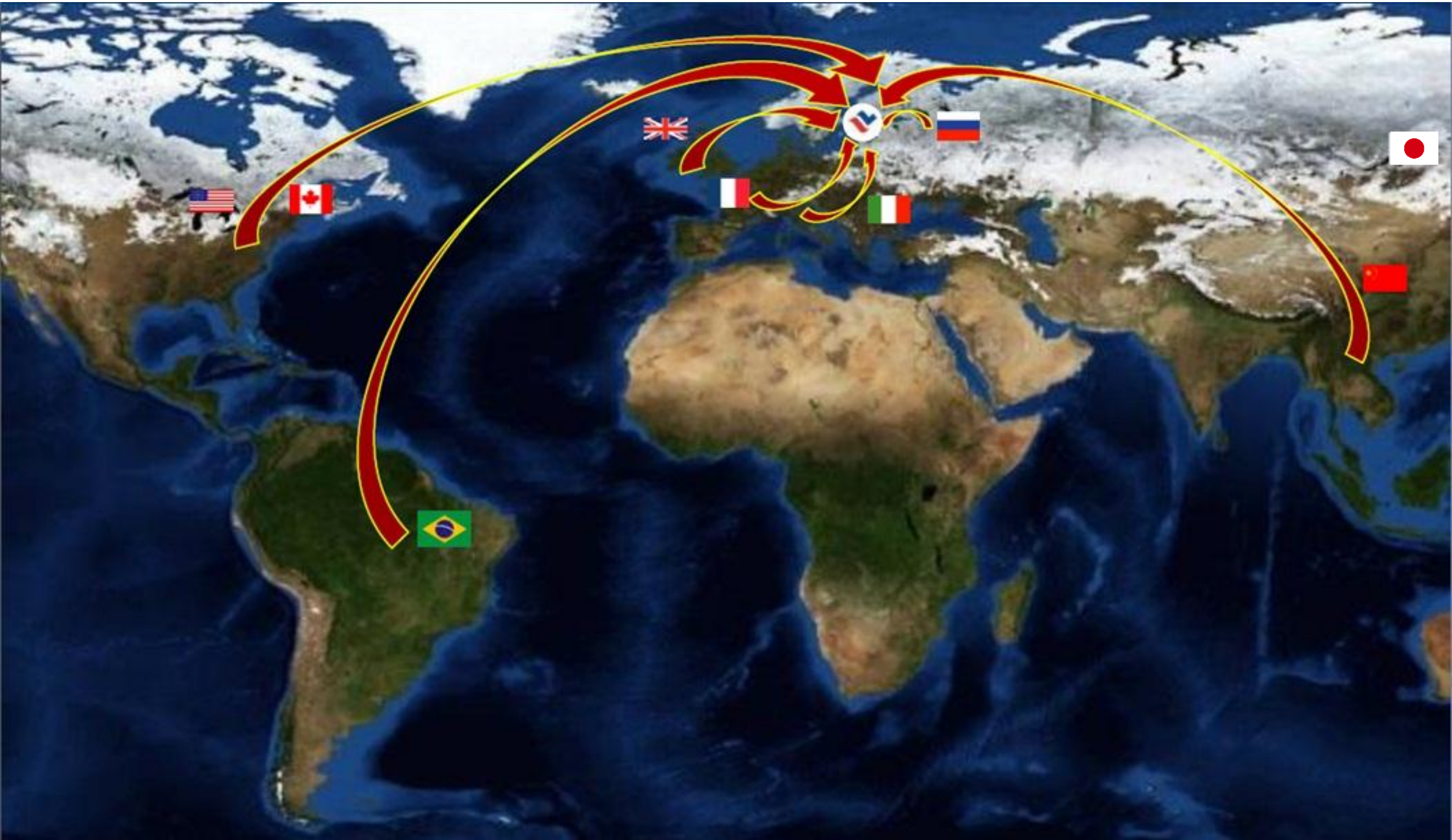
Tallink's performance after the management buyout






We are targeting new customers from a wider country base

More than 10% of our passengers come from outside of our home markets

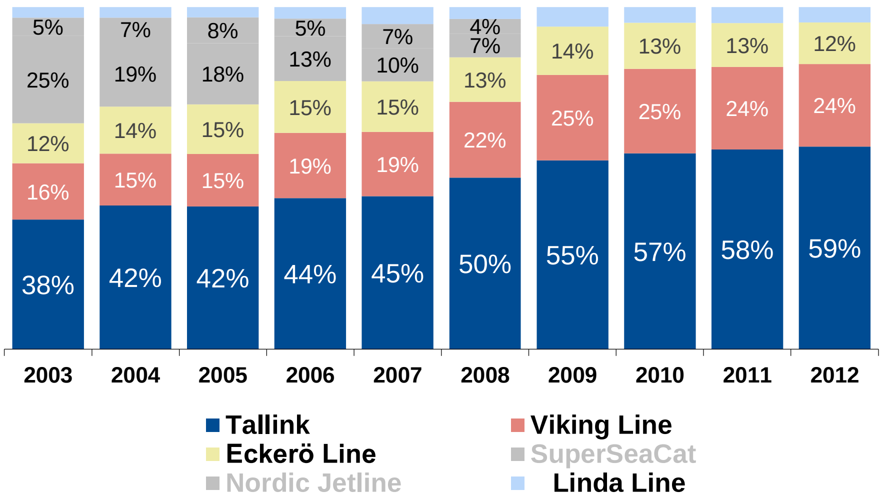




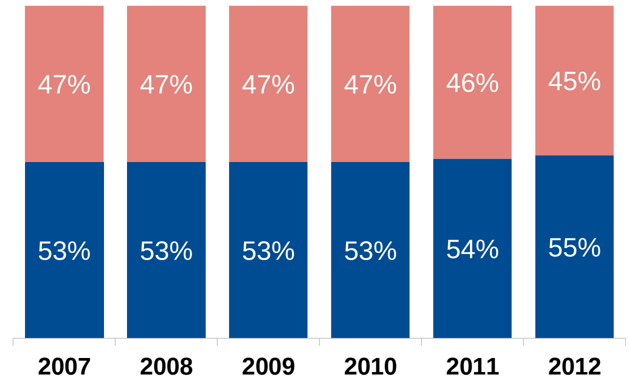

Market shares

Passenger operations

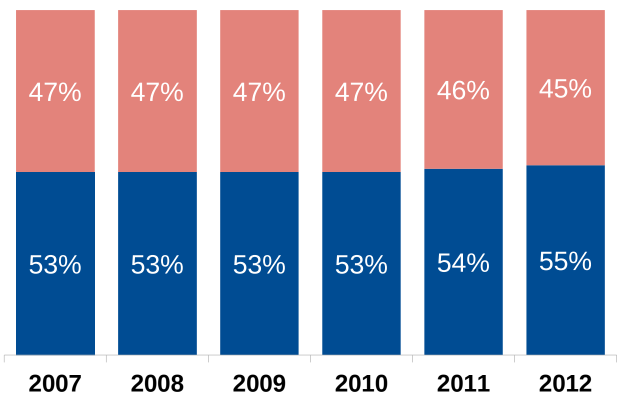
Tallinn - Helsinki



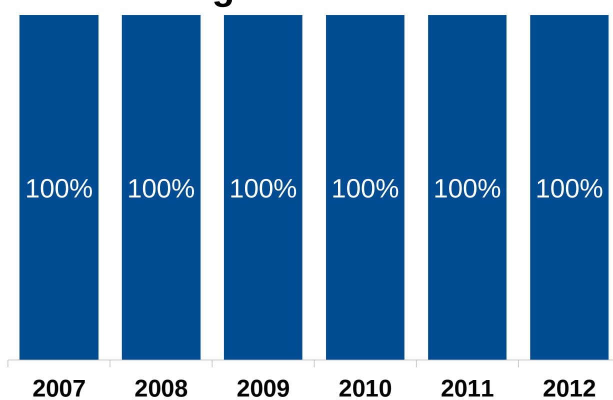
Helsinki - Stockholm



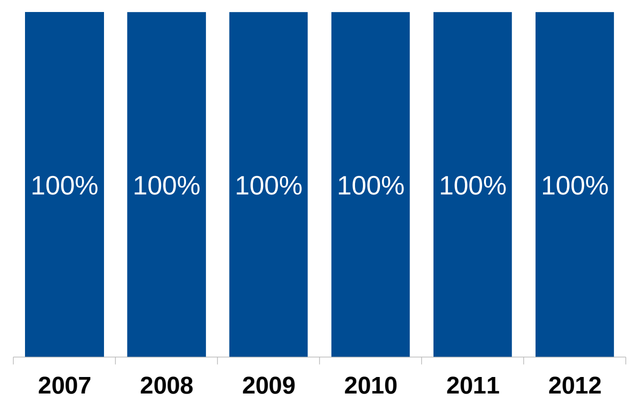
Turku - Stockholm



Riga - Stockholm



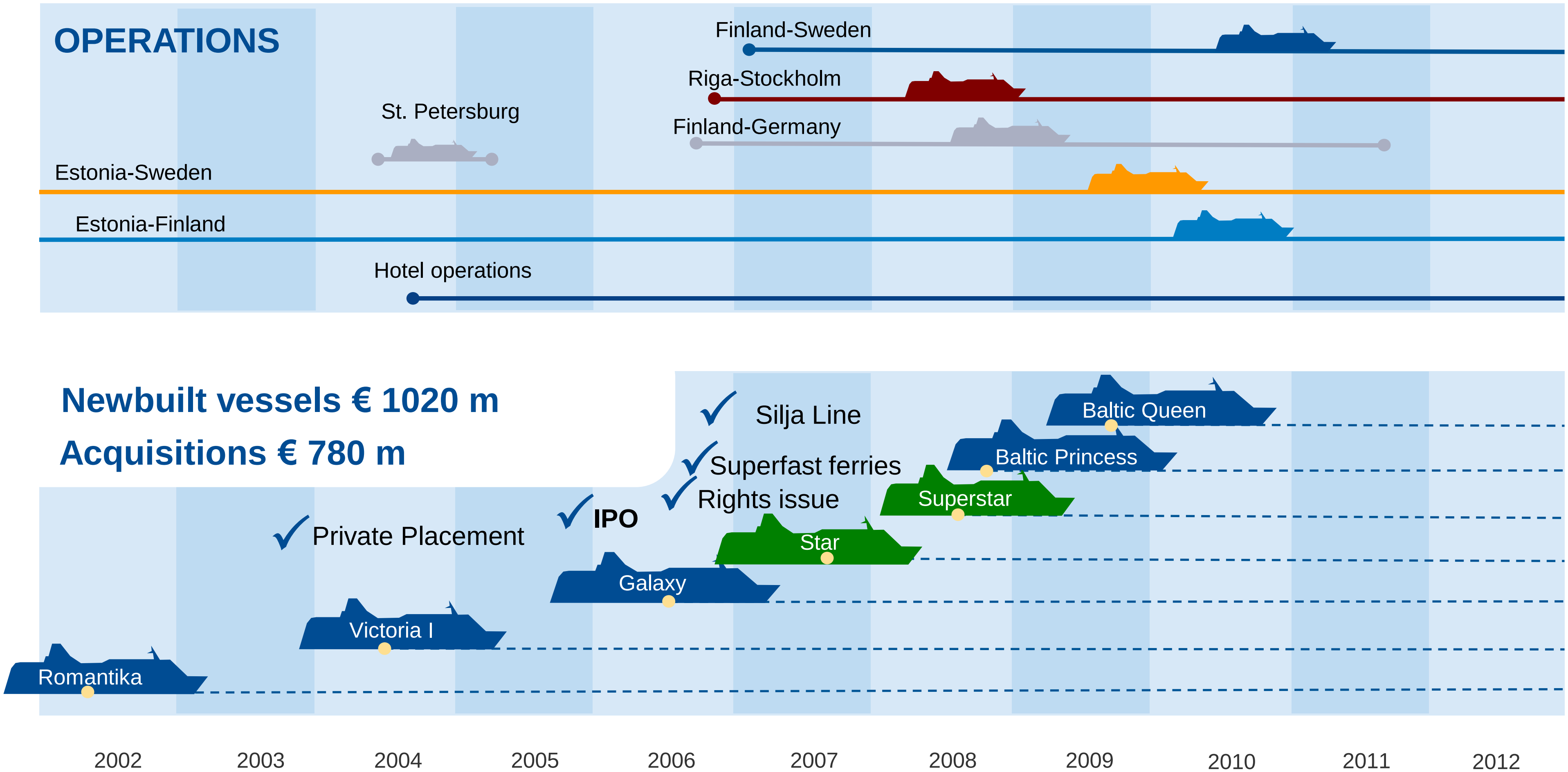
Tallinn - Stockholm



TALLINK




Highlights and milestones



Unrivalled suite of competitive advantages

1 Modern fleet

- 11 core vessels have an average age of 9.5 years
- Ice class vessels
- Luxurious on-board experience, e.g. spacious shopping areas

2 Extensive route network

- Variety of short cruises between key cities
- Optimised schedules with frequent and reliable departures all year
- Established relationships with port authorities

3 Strong quality brands

- Silja Line and Tallink are the most recognised cruise brands in the Northern Baltic Sea Region

1 Sweden | 1 Estonia | 1 Finland

- They are associated with a quality customer experience

4 High safety and environmental standards

- We proactively seek compliance with the highest standards
- In 2012, only 1 of the over 9000 scheduled trips was cancelled for technical reasons

5 Loyal customer base

- 9m passengers in 2012
- 1.5 million Club One card holders growing at 11% in 2012
- Every third passenger is a club one member.

6 Comprehensive offer

- Varied on-board experience
- Travel packages and excursions
- Addressing all budget ranges and customer preferences

7 Extensive Sales Network

- 21 own sales offices
- Network of >1,800 travel agents and tour operators worldwide
- Growing online presence and call centres

1

TALLINK

49% Market share of the Northern Baltic Sea Region passenger market

TALLINK

Today's focus - Initiatives driving on-board revenue

Customer Experience

Improve Shop/ Bar Display

Active Communication of Price Differentials

On-Board Advertising

On-board Campaigns in Conjunction with Suppliers

On-board Events

Investment in Facilities

Employees

On-going Training

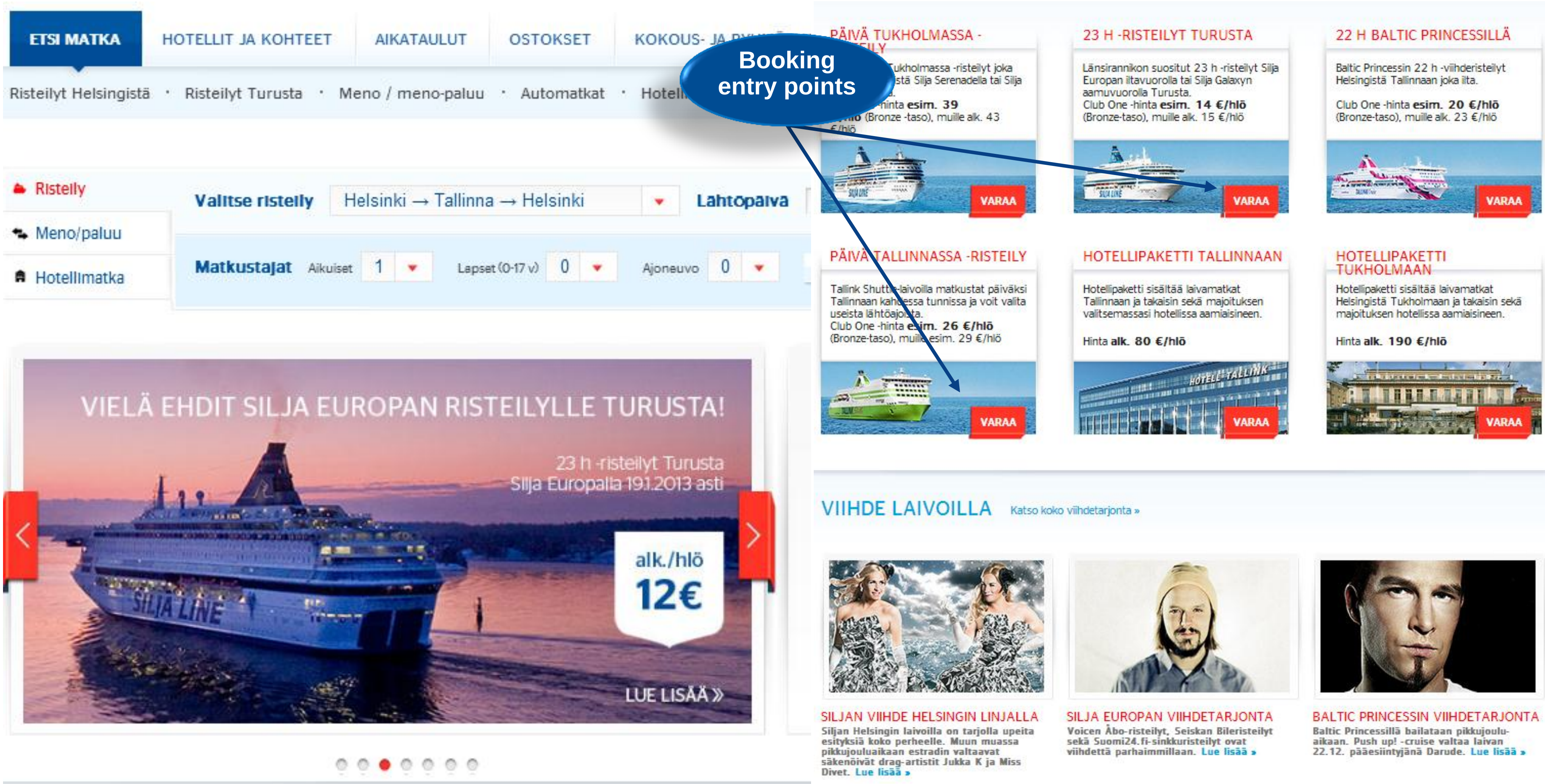
Mystery Shopping/ Customer Satisfaction Measurement

Performance Bonus for Service Crew

Small Details Count

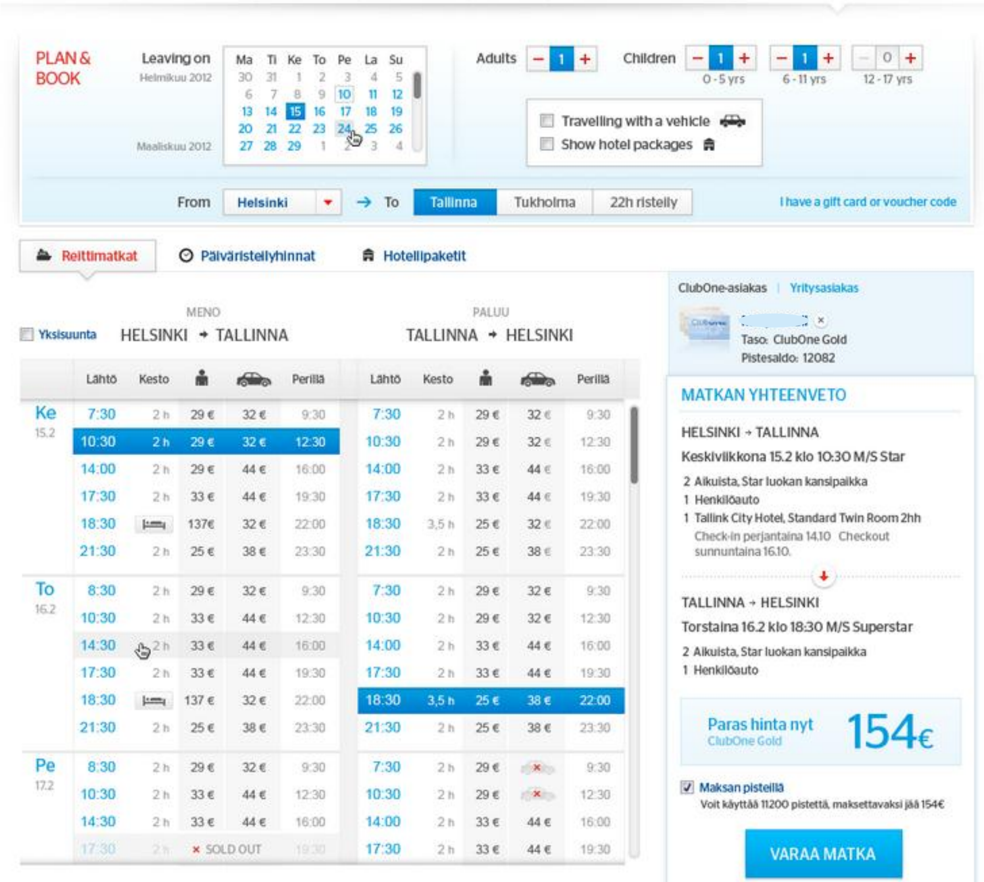
TALLINK

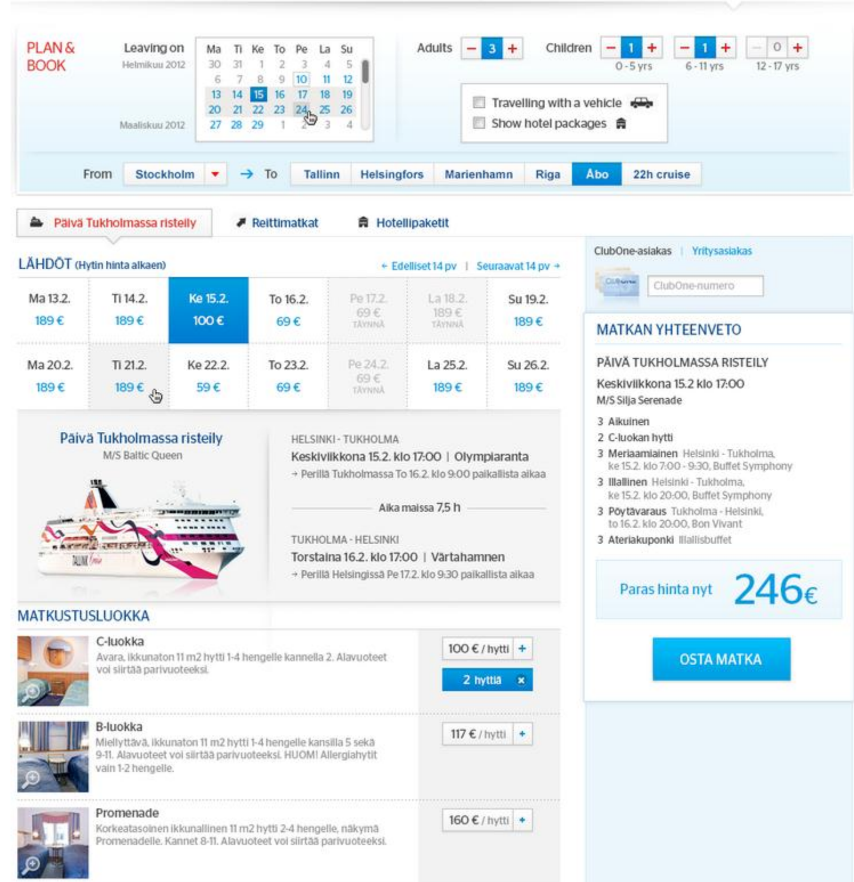
Today's focus - New consumer web



TALLINK

Today’s focus - New booking engine

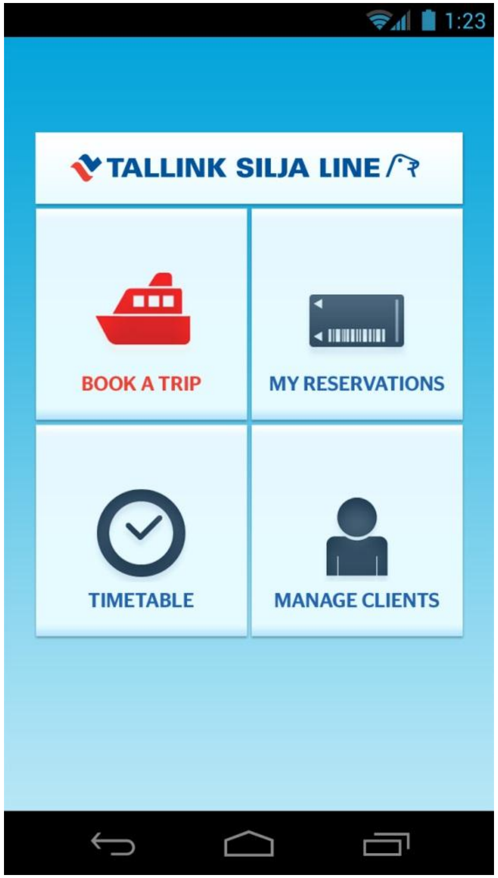


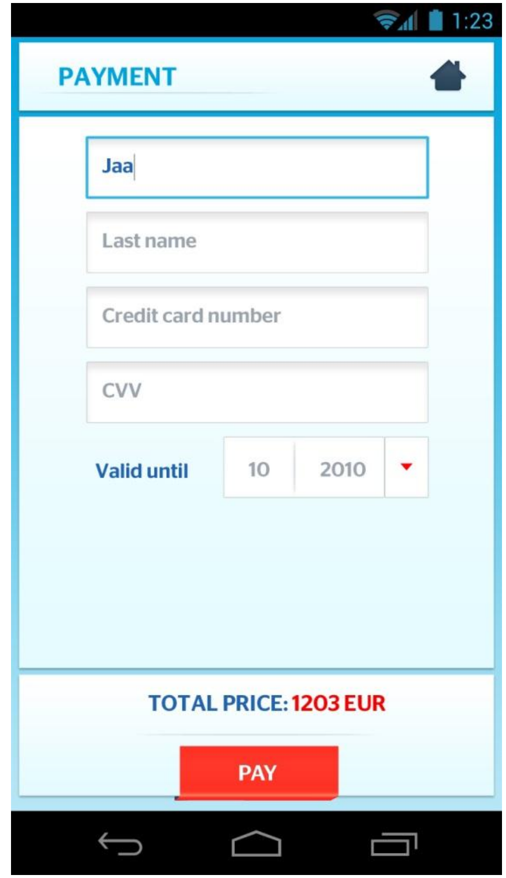


TALLINK



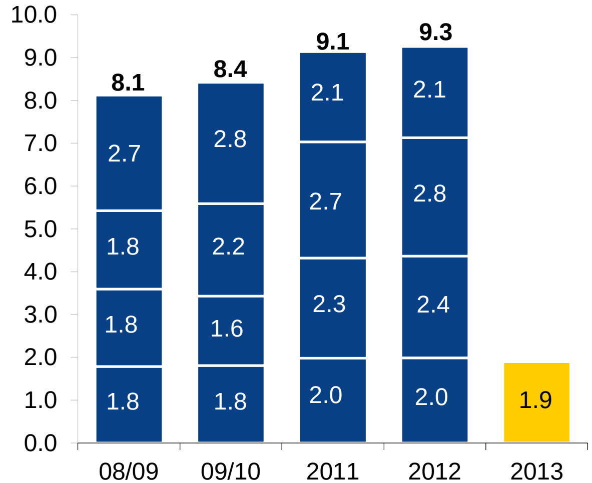

Today’s focus - Mobile paltform development



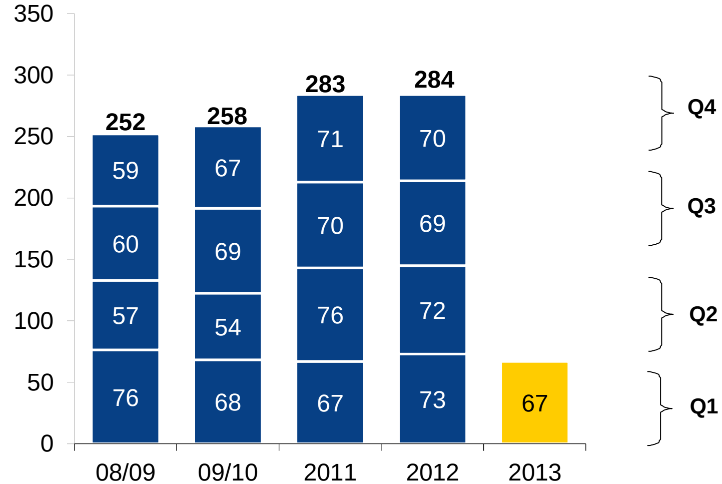


Results
quarterly seasonality breakdown

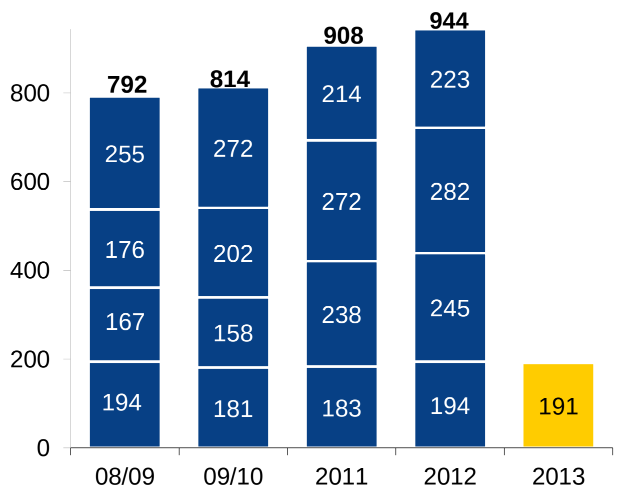
Passengers (millions)



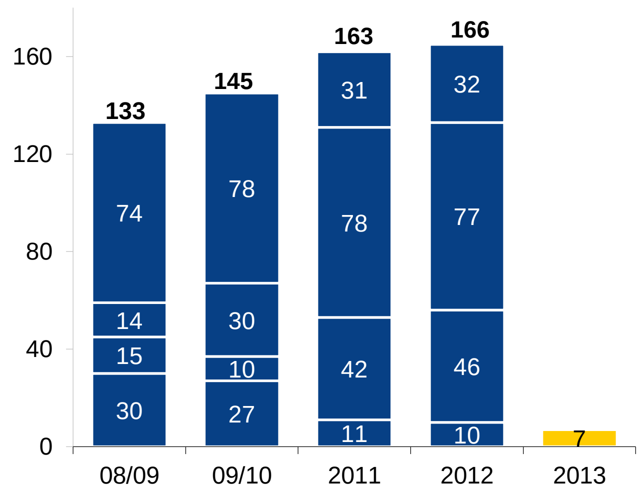
Cargo (th. units)



Revenue (EUR millions)

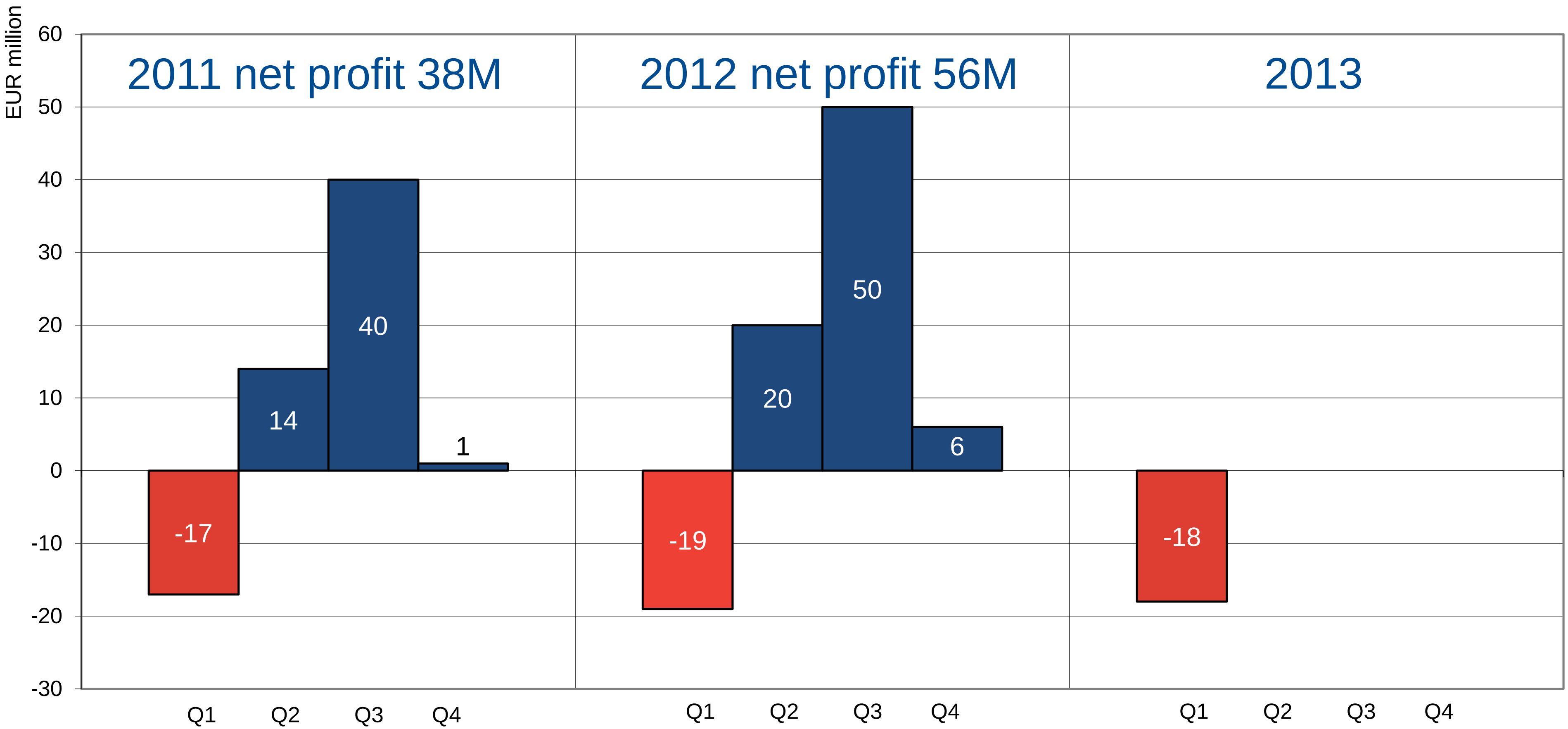


EBITDA (EUR millions)



The dynamics of high seasonality on the profit level

Net result by quarters



Typical to the Tallink business model is that most of the result is made in the summer, the high season.

TALLINK

Consolidated Income Statement

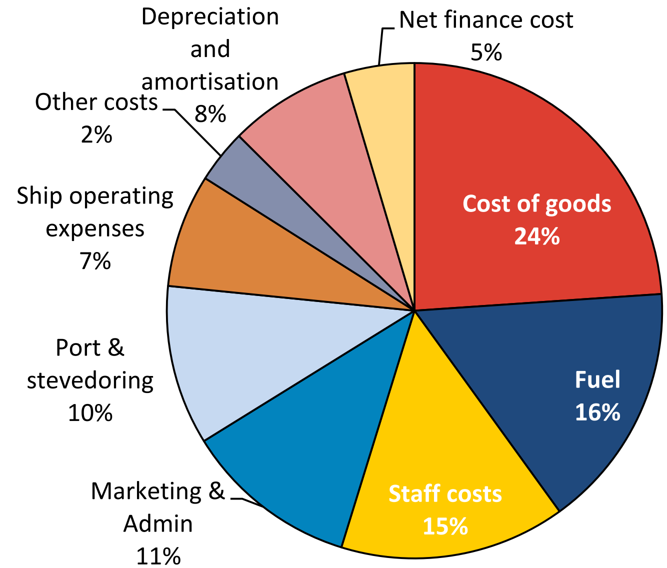
(in EUR million)	2011[2]	2012	2012 Q1	2013 Q1
Sales	**891**	**944**	**194**	**191**
Cost of sales [1]	(691)	(743)	(175)	(174)
Marketing, general & admin [1]	(100)	(109)	(27)	(27)
EBITDA	**163**	**166**	**10**	**7**
Margin (%)	*17.9%*	*17.5%*	*5.3%*	*3.7%*
Net Profit	**38**	**56**	**(19)**	**(18)**
EPS	**0.06**	**0.08**	**(0.03)**	**(0.03)**

Notes:
(1) Includes depreciation and amortization
(2) Pro forma, due to the change of the financial year period.

TALLINK

Costs breakdown

	2012 Jan-Dec share %	
Cost of goods	24%	213 671
Fuel cost	16%	143 934
Staff costs	15%	131 583
Marketing & Admin (1)	11%	101 865
Port & stevedoring	10%	93 073
Ship operating expenses	8%	65 944
Other costs	3%	31 091
Total costs from operations	**86%**	**781 160**
Depreciation and amortisation	8%	70 996
Net finance cost	5%	40 980
Total costs	**100%**	**893 137**



1) Amortisation and depreciation excluded

TALLINK

Consolidated Cash Flow Statement

(in EUR million)	2011[1]	2012	2012 Q1	2013 Q1
Operating cash flow	**160**	**163**	**8**	**6**
Capital expenditure	(9)	(9)	0	3
Asset disposal	0	0	0	0
Free cash flow	**151**	**154**	**8**	**3**
Debt financing	(76)	(119)	(24)	23
Interests & other financial items	(44)	(45)	(10)	(8)
Change in cash	**31**	**(10)**	**(26)**	**18**

In July 2013 Tallink will pay a dividend of EUR 33.5 million, EUR 0.05 per share.

Notes:
(1) Pro forma, due to the change of the financial year period.

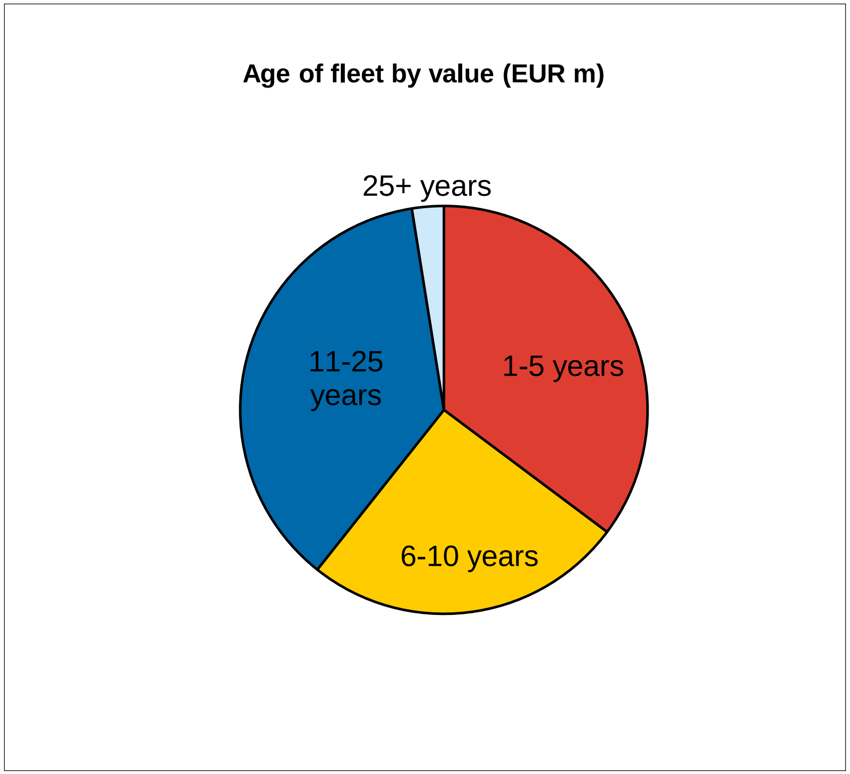



Consolidated Statement of Financial Position

(in EUR million)	31.08.2010	31.08.2011	31.12.2012	30.03.2013
Total assets	**1,871**	**1,800**	**1,742**	**1,750**
Non-current assets	1,741	1,657	1,599	1,584
Current assets	130	143	143	166
- of which cash -	57	75	66	83
Total liabilities	**1,203**	**1,094**	**981**	**1,007**
Interest bearing liabilities	1,068	960	840	864
Other liabilities	135	134	141	142
Shareholders' equity	**668**	**705**	**761**	**743**
Net debt/EBITDA	**7x**	**5.4x**	**4.7x**	**4.8x**
Net debt	**1,010**	**884**	**775**	**781**
Equity/assets ratio	**36%**	**39%**	**44%**	**43%**
BVPS [(1)] (in EUR)	**1.00**	**1.05**	**1.14**	**1.11**

1) Shareholders' equity / number of shares outstanding

Age of fleet



Tallink Grupp ships age (value-weighted average):

- Tallink + Silja core fleet – 9.5 years
- Superfast fleet – 11 years
- Ships out of core operations and cargo vessels – 21.7 years

World-wide ships age*:

- Ferries – 24.1 years
- Cruise – 12.5 years

*** - source: ShipPax Market:12 Statistics, 2012**




Our ice-classed fleet is versatile to operate anywhere




Tallink's Fleet

Baltic Queen

Built: 2009

Length 212m

Passengers: 2800

Lane meters: 1130

Baltic Princess

Built: 2008

Length 212m

Passengers: 2800

Lane meters: 1130

Silja Europa

Built: 1993

Length 202m

Passengers: 3123

Lane meters: 932

Victoria I

Built: 2004

Length 193m

Passengers: 2500

Lane meters: 1030

Superfast VII/VIII/IX

Built: 2001/2002

Length 203m

Passengers: 717

Lane meters: 1924

Galaxy

Built: 2006

Length 212m

Passengers: 2800

Lane meters: 1130

In the last 10 years Tallink has invested 1.3 billion EUR to create a modern fleet

TALLINK




Tallink's Fleet

Superstar

Built: 2008

Length 177m

Passengers: 2080

Lane meters: 1930

Star

Built: 2007

Length 186m

Passengers: 1900

Lane meters: 2000

Silja Serenade
Silja Symphony

Built: 1990/91

Length 203m

Passengers: 2852

Lane meters: 950

Isabelle

Built: 1989

Length 171m

Passengers: 2480

Lane meters: 850

Romantika

Built: 2002

Length 193m

Passengers: 2500

Lane meters: 1030

Silja Festival

Built: 1986

Length 171m

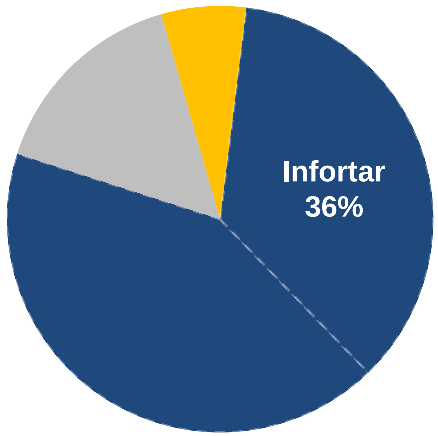
Passengers: 2023

Lane meters: 885

In addition the Group has 2 ro-pax cargo vessels in operation and 2 older ferries which have been replaced and are outside of the core operations

Ownership structure

Shareholders of AS Tallink Grupp



- Top 10 shareholders
- Institutional investors
- Retail investors

Ten largest shareholders in the end of Q1

Infortar	36%
Baltic Cruises Holding, L.P.	17%
Nordea Bank Finland PLC / non-resident legal entities	10%
ING Luxemburg S.A	7%
Skandinaviska Enskilda Banken AB Clients (East Capital)	2%
State Street Bank and Trust Omnibus fund	2%
JP Morgan Chase Bank / London Client's account	1%
Mellon Treaty Omnibus	1%
Firebird Republics Fund Ltd	1%
Skandinaviska Enskilda Banken, Finnish Clients	1%

Safety, security and environmental protection are a high priority

- Safety and Security Policy
- Environmental Policy
- ISO 14001:2004 Environmental Certificate
  by Lloyds Register
- MARPOL Sewage Pollution Prevention Certificate
- MARPOL Air Pollution Prevention Certificate
- International Anti-Fouling System Certificate
- MARPOL Oil Pollution Prevention Certificate
- Document of Compliance for Anti-Fouling System
- MARPOL Garbage Pollution Prevention Attestation
- Passenger Ship Safety certificate
- International Ship Security Certificate
- Safety Management Certificate
- Document for Dangerous Goods

LRQA
Business Assurance

CERTIFICATE OF APPROVAL

This is to certify that the Environmental Management System of:

HT Shipmanagement Ltd
Tallinn, Riga
Estonia, Latvia

has been approved by Lloyd's Register Quality Assurance
to the following Environmental Management System Standard:

ISO 14001: 2004

The Environmental Management System is applicable to:

TallinkSilja Fleet Shipmanagement.

This certificate is valid only in association with the certificate schedule bearing the same number on which the locations applicable to this approval are listed.

Approval
Certificate No: LTQ6004314

Original Approval: 04 July 2008
Current Certificate: 04 July 2011
Certificate Expiry: 03 July 2014

Issued by: Lloyd's Register EMEA Eesti filiaal for and on behalf of the Lloyd's Register Quality Assurance Limited

UKAS
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TALLINK