



Company presentation





## AS Tallink Grupp

### The company

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

### Operations

- Fleet of 16 vessels
- Operating five hotels

### Key facts

- Revenue of EUR 945 million in 2015
- Operating EUR 1.5 billion asset base
- Nearly 7,000 employees
- Serving 9 million passengers annually
- Transporting 308 thousand cargo units annually
- Listed on Nasdaq OMX Baltic – TAL1T



Over 50 years of operating and cruising experience



# Tallink's business model

## Product offering

Overnight cruises & passenger transportation



Shuttle service



On-board tax-free shopping



Cargo transportation



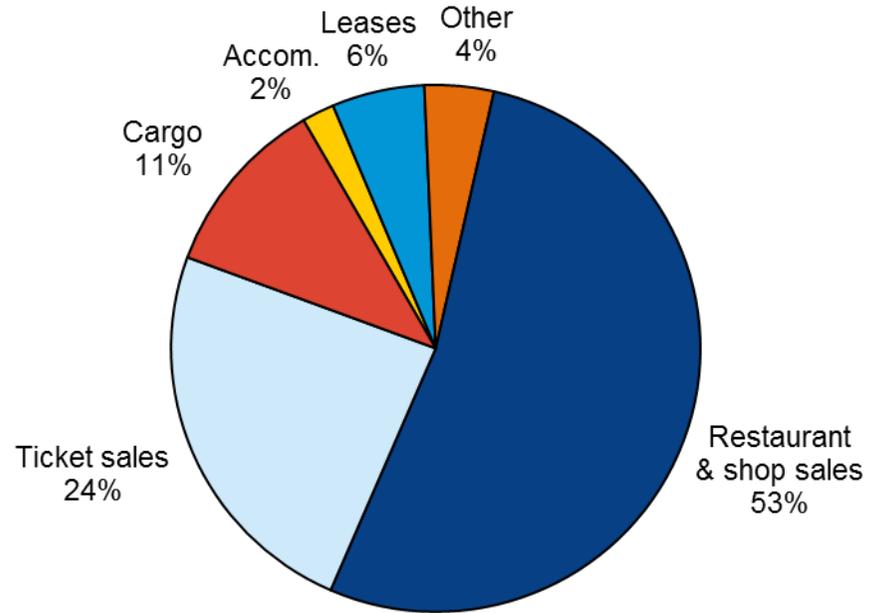
Hotel & travel packages



City break

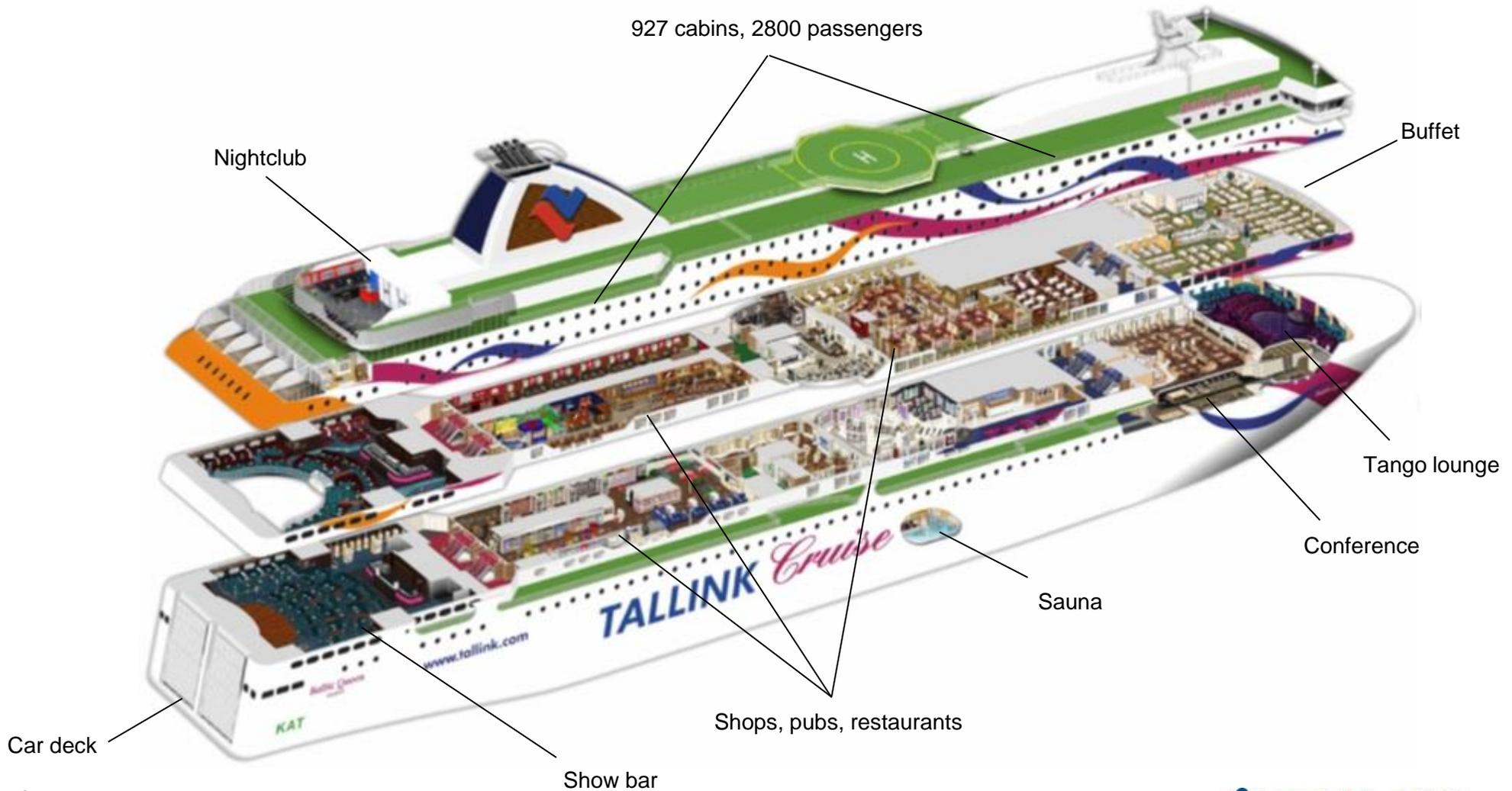


## Revenue structure in 2015





# Cruise ferry





## Tallink's position in the global ferry market

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

Ranking by actual and estimated retail sales in 2014

#### Rank Location

##### Sales > US \$ 1,000 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
5	Hong Kong – Hong Kong International Airport	AIRPORT SHOPS
6	Shanghai – Pudong Airport, China P.R	AIRPORT SHOPS
7	Bangkok – Suvarnabhumi Airport, Thailand	AIRPORT SHOPS

##### Sales > US \$ 800 million

8	Paris – Charles de Gaulle Airport, France	AIRPORT SHOPS
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##### Sales > US \$ 700 million

9	Beijing – Capital Airport, China P.R.	AIRPORT SHOPS
10	Frankfurt – Frankfurt-Main Airport, Germany	AIRPORT SHOPS

##### Sales > US \$ 600 million

11	Tallink	FERRIES
12	Taipei – Taoyuan International Airport, Taiwan	AIRPORT SHOPS

##### Sales > US \$ 500 million

13	Tokyo – Narita Airport, Japan	AIRPORT SHOPS
14	Sao Paulo – Guarulhos Int'l Airport, Brazil	AIRPORT SHOPS
15	Oslo – Gardermoen Airport, Norway	AIRPORT SHOPS
16	Amsterdam – Schipol Airport, Netherlands	AIRPORT SHOPS

Source: Generation Research 2015



Rank	Company	Gross tons
1	Stena Line	933,618
2	Grimaldi Lines	694,597
3	Tallink	466,960
4	P&O Ferries	409,659
5	Tirrenia	373,911

Rank	Company	Beds
1	Tallink	18,963
2	Stena Line	17,069
3	Viking Line	14,026
4	Grand Navi Veloci	13,680
5	Tirrenia	10,442

Rank	Company	EUR million Revenue
1	DFDS Group	1,714
2	Stena Line	1,340
3	Tallink	921
4	Finnlines	533
5	Viking Line	527

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

Source: ShipPax MARKET:15; Company reports



## 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

Wide route  
network

Strong market share &  
brand awareness

High safety level &  
environmental standards



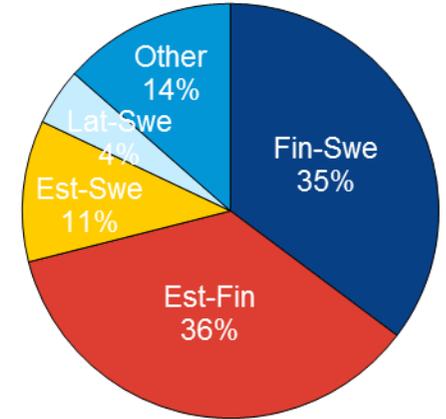
Tallink's passenger market share is 46% of the Northern Baltic Sea



Northern Baltic passenger market ~ 20 million passengers

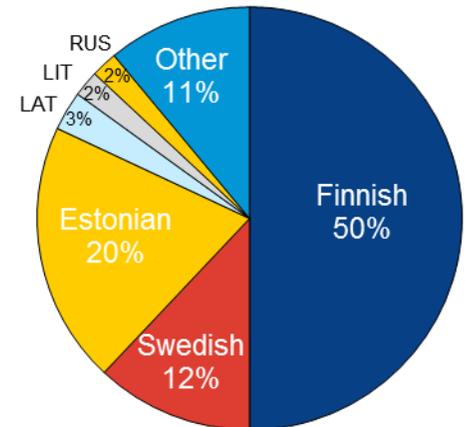
### Revenue by routes

EUR 945 million, 2015



### Passengers

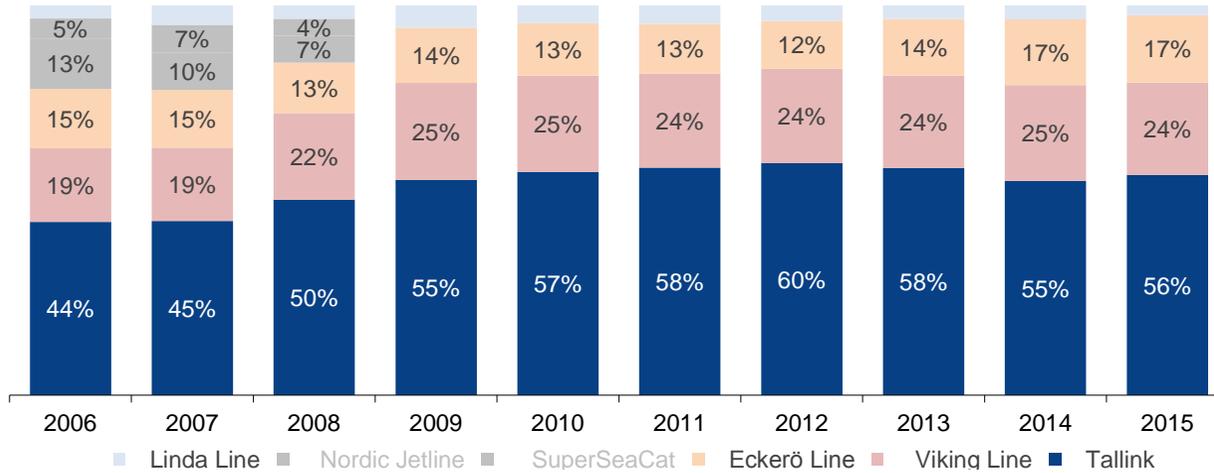
9.0 million, 2015



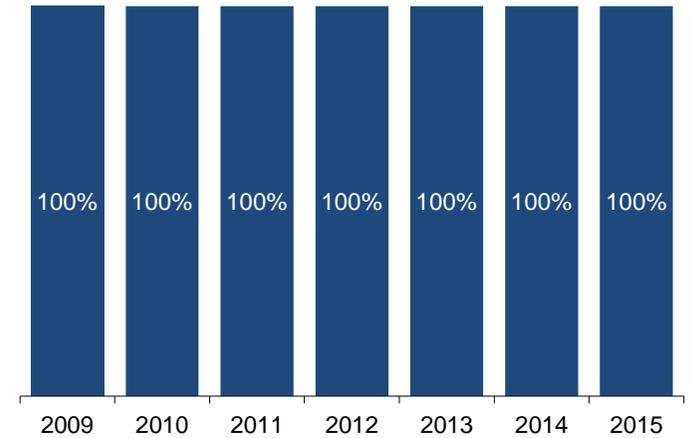


## Market shares Passenger operations

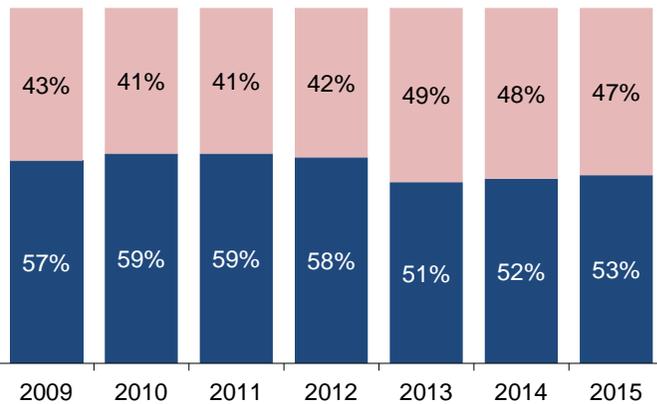
### Tallinn – Helsinki



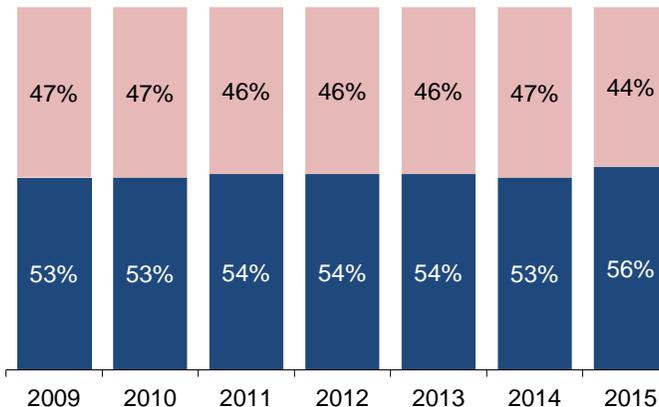
### Tallinn – Stockholm



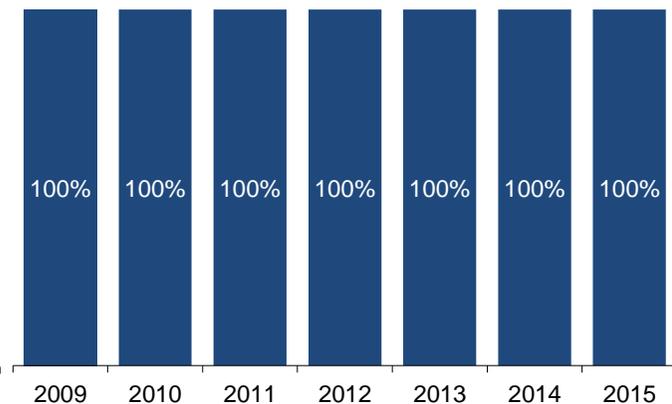
### Turku – Stockholm



### Helsinki – Stockholm

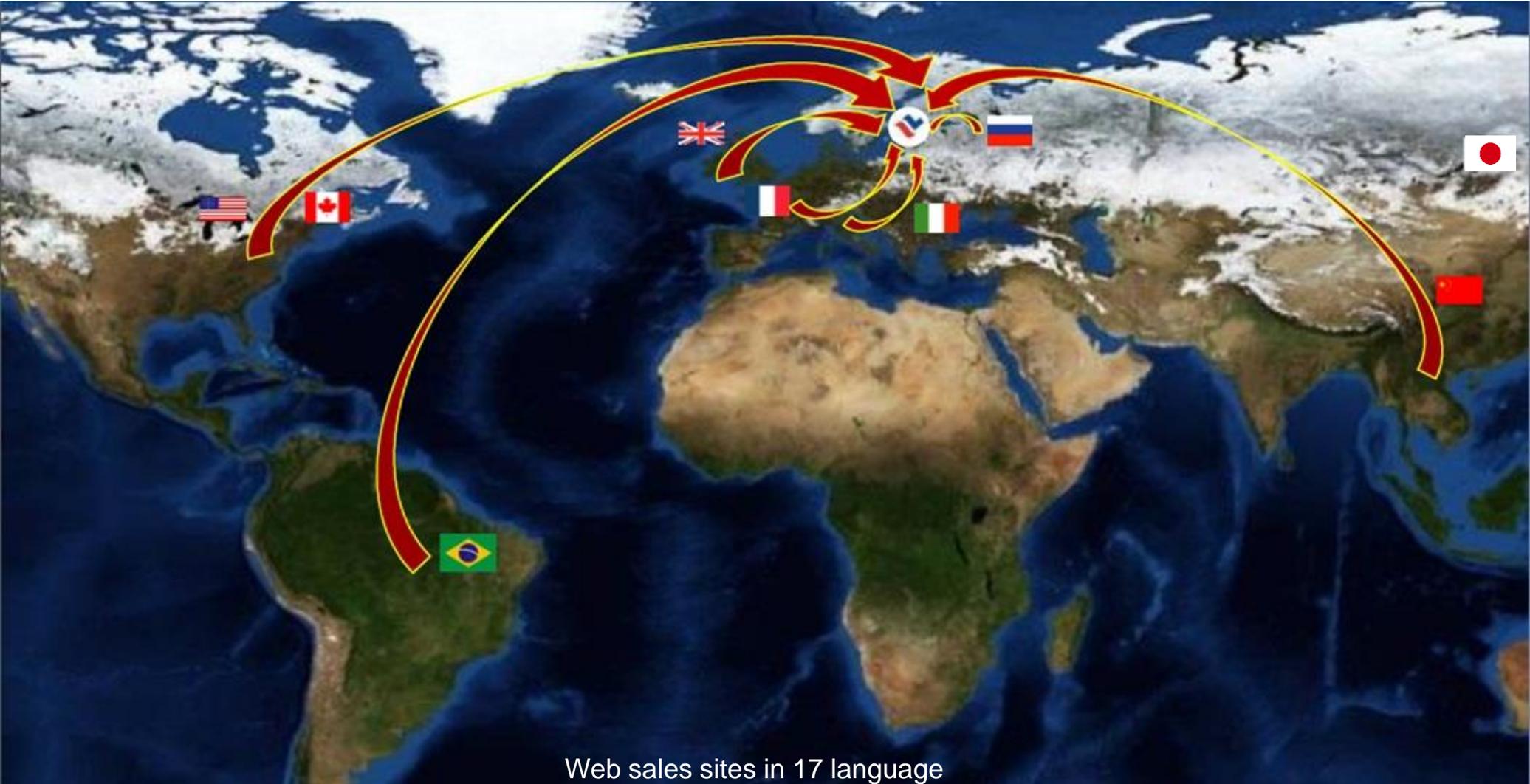


### Riga – Stockholm





We are targeting new customers from a wider country base  
 More than 10% of our passengers come from outside of our home markets



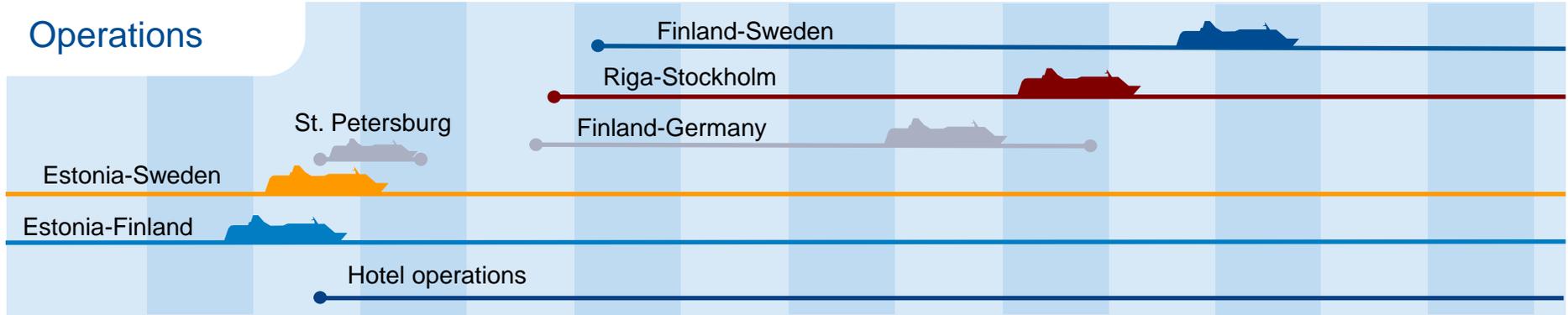
Web sales sites in 17 language

China	Finland	Italy	Lithuania	Poland	Russia
Denmark	France	Japan	Netherlands	Spain	International
Estonia	Germany	Latvia	Norway	Sweden	



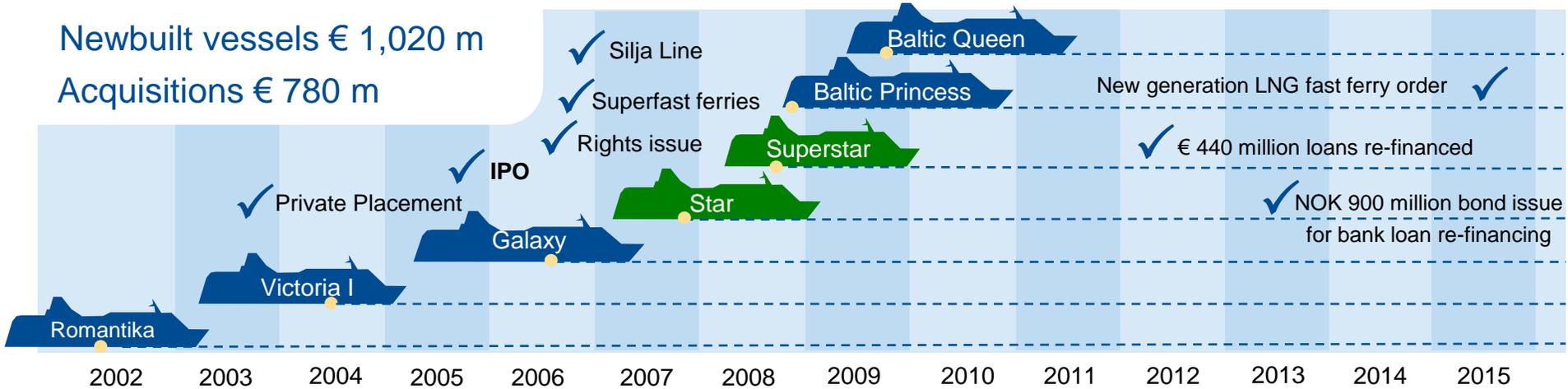
# Highlights and milestones

## Operations



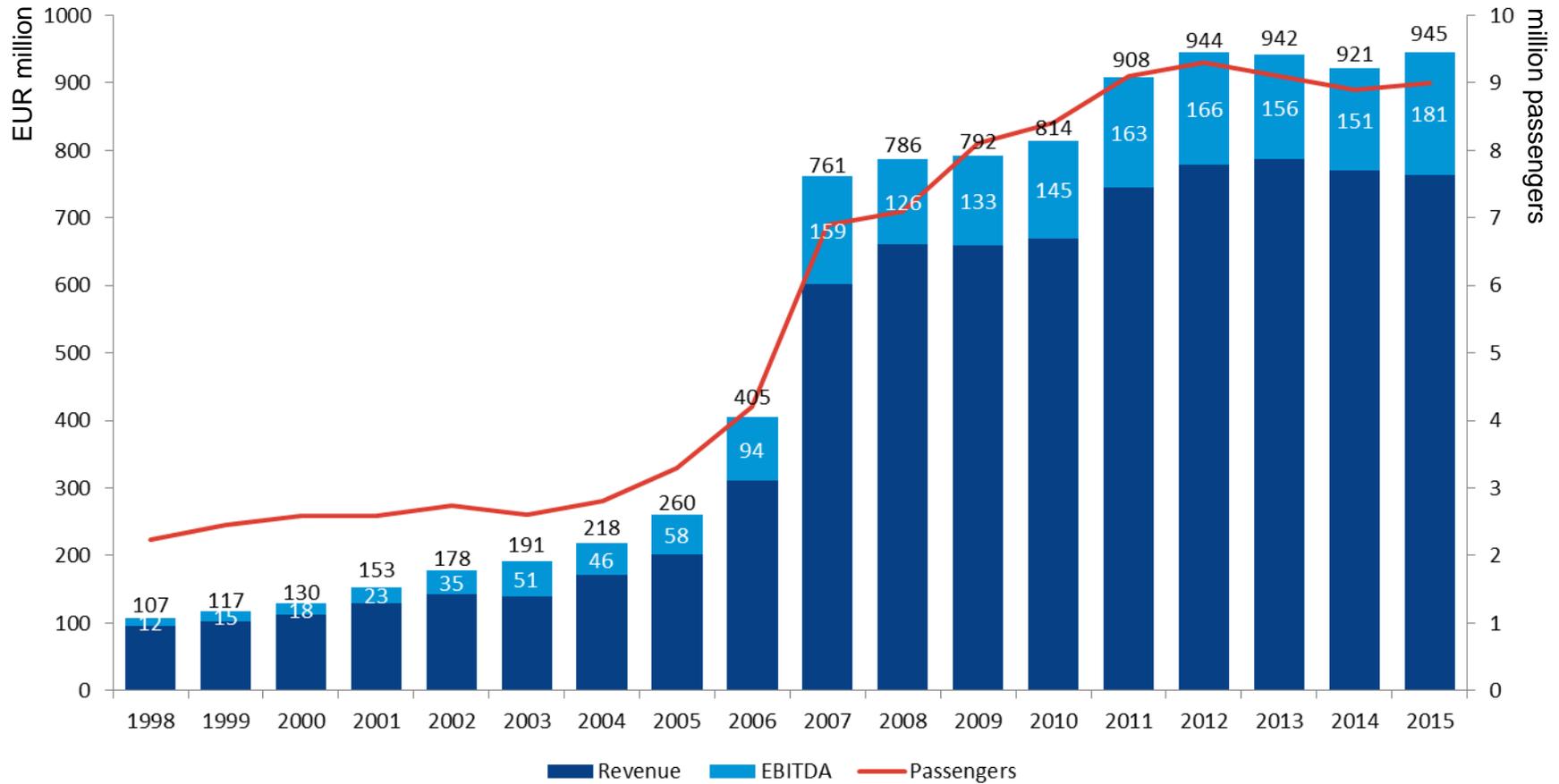
Newbuilt vessels € 1,020 m

Acquisitions € 780 m





## Tallink's performance after the management buyout





## 2015 highlights

- Adoption to the new EU Sulphur Directive
- Positive feedback from upgraded vessels
- Positive effect from charters and re-routings
- Sale of vessels Silja Festival and Regina Baltica
- Start of production of the new generation LNG powered fast ferry
- Sale and charter-back of fast ferry Superstar
- All time high passenger number on Tallinn-Helsinki route
- Lower fuel price and lower total fuel consumption
- Record revenue and EBITDA result, net profit more than doubled



## 2016 outlook

- Silja Europa return to Tallinn-Helsinki route
- Group-wide public areas renovation program continues
- The new logistics center start of operations
- Developments in Tallinn, Helsinki and Stockholm ports
- Nordic economies remain weak
- Geopolitical events in Europe



## Focus on public areas modernisation

- Expansion of shop areas and modernizing restaurant areas to improve the performance through retail space
- Modern retail environment visual
- Wider selection of the products
- Developing on-board areas with the goal: approachable, comfortable and customer friendly
- Responding to higher expectations of the passengers





Ready to take the next step on the Tallinn – Helsinki route



LNG powered fast ferry for the Tallinn – Helsinki Shuttle service



## Specifications

- Built in Meyer Turku Shipyard
- Gross tonnage 49,000
- Length 212 meters
- Capacity 2,800 passengers
- Dual fuel engine
- Service speed 27 knots
- Delivery in early 2017

## Financing

- The vessel cost is approximately EUR 230 million
- 20% will be paid during the construction period
- 80% will be financed with long term bank loan on the delivery of the vessel
- OECD-term export credit loan with CIRR based interest rate

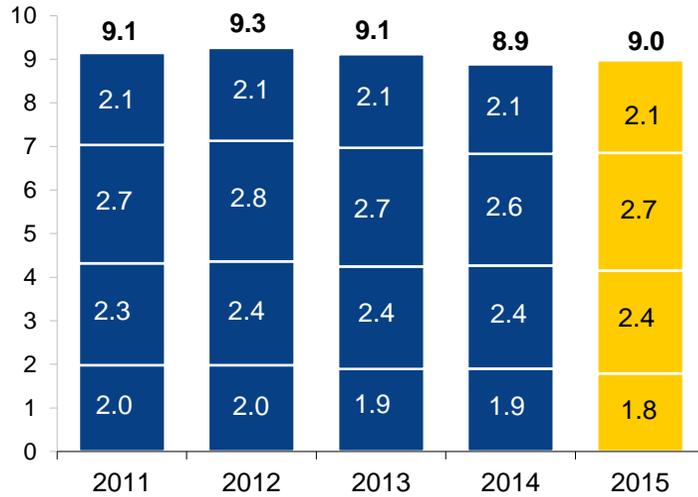
Production of the vessel started on 4th of August 2015



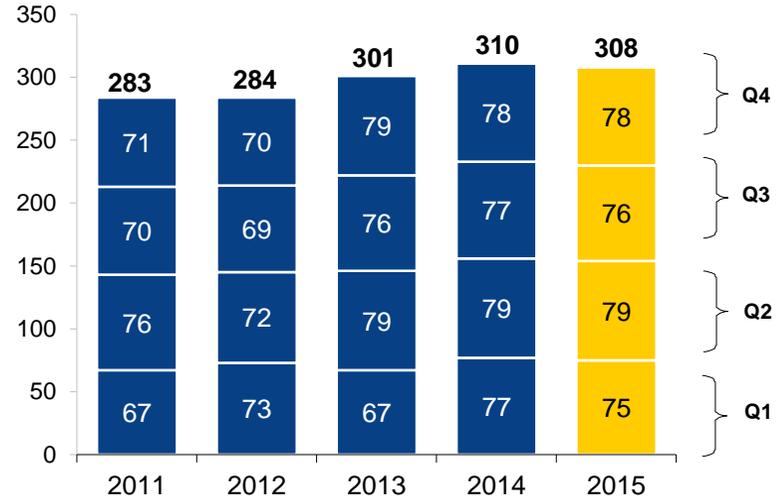
# Results

## Quarterly seasonality breakdown

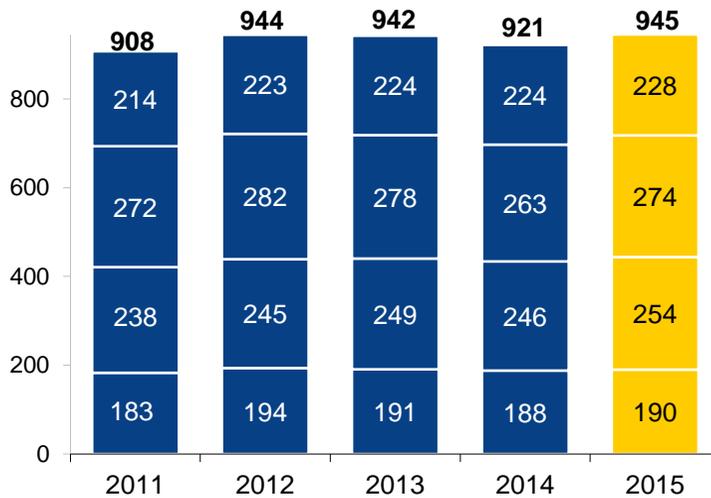
**Passengers** (millions)



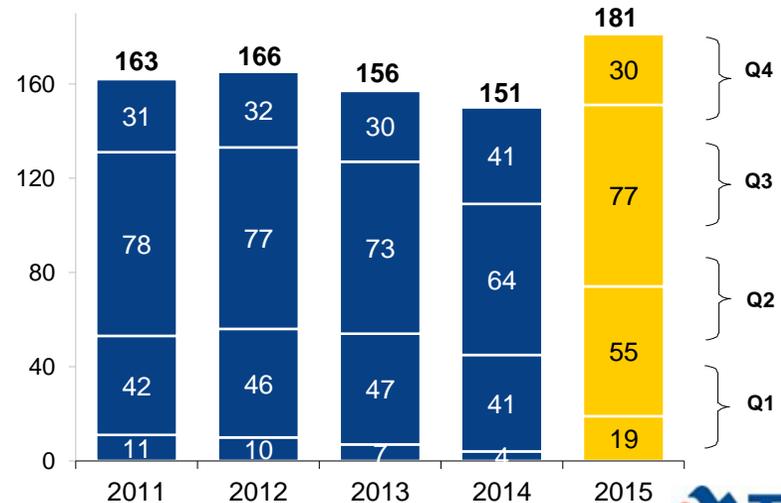
**Cargo** (th. units)



**Revenue** (EUR million)



**EBITDA** (EUR million)



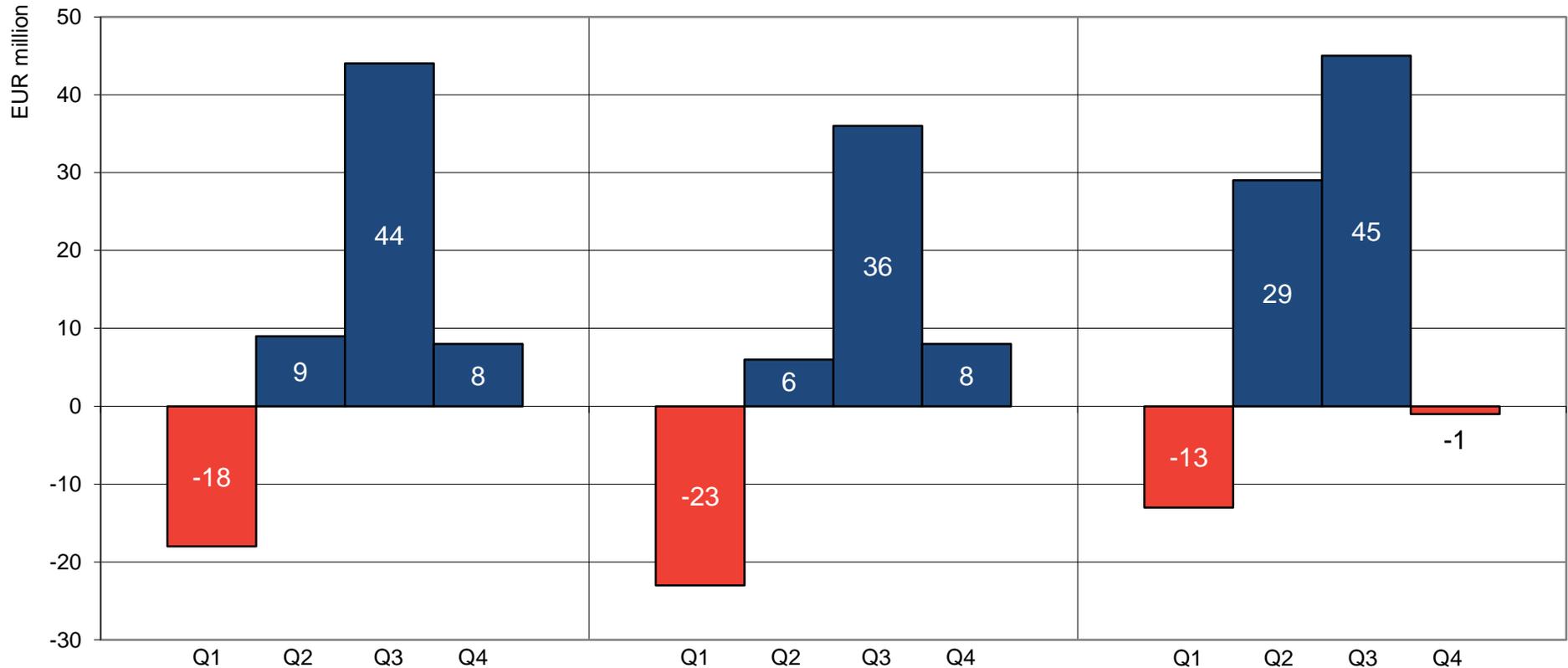


## The dynamics of high seasonality on the profit level Net result by quarters

2013 net profit 43

2014 net profit 27

2015 net profit 59



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



## Consolidated Income Statement

(EUR million)	2013	2014	2015 <sup>(1)</sup>
<b>Sales</b>	<b>942</b>	<b>921</b>	<b>945</b>
Cost of sales <sup>(2)</sup>	(751)	(740)	(722)
Marketing, general & admin <sup>(2)</sup>	(108)	(112)	(111)
<b>EBITDA</b>	<b>156</b>	<b>151</b>	<b>181</b>
<i>Margin (%)</i>	16.6%	16.3%	19.2%
<b>Net Profit</b>	<b>43</b>	<b>27</b>	<b>59</b>
<b>EPS</b>	<b>0.06</b>	<b>0.04</b>	<b>0.09</b>

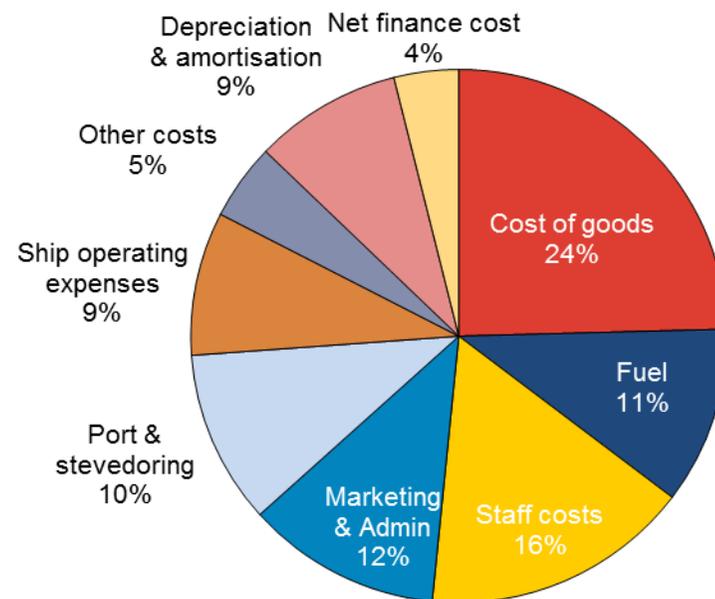
Notes:

- (1) Unaudited
- (2) Includes amortization and depreciation



## Costs breakdown

(EUR million)	2014	2015	Change
Cost of goods	211,211	215,401	2%
Fuel cost	114,008	94,191	-17%
Staff costs	138,660	142,368	3%
Marketing & Administration <sup>(1)</sup>	103,690	102,839	-1%
Port & stevedoring	95,830	92,213	-4%
Ship operating expenses	77,930	76,249	-2%
Other costs <sup>(2)</sup>	30,417	40,577	33%
<b>Total costs from operations</b>	<b>771,746</b>	<b>763,838</b>	<b>-1%</b>
Depreciation and amortisation	79,908	78,102	-2%
Net finance cost	40,683	34,156	-16%
<b>Total costs</b>	<b>892,337</b>	<b>876,096</b>	<b>-2%</b>



Notes:

- (1) Depreciation and amortisation excluded
- (2) Including one-off costs from vessel sale in 2015



## Consolidated Cash Flow Statement

(EUR million)	2013	2014	2015 <sup>(1)</sup>
<b>Operating cash flow</b>	<b>168</b>	<b>151</b>	<b>192</b>
Capital expenditure	(43)	(49)	(44)
Asset disposal	1	0	115
<b>Free cash flow</b>	<b>126</b>	<b>102</b>	<b>263</b>
Debt financing (net effect)	(40)	(46)	(192)
Interests & other financial items	(38)	(37)	(38)
Dividend paid	(33)	(20)	(13)
Dividend tax	(9)	(5)	(3)
<b>Change in cash</b>	<b>6</b>	<b>(7)</b>	<b>17</b>

Notes:

(1) Unaudited



## Consolidated Statement of Financial Position

(EUR million)	31.12.2012	31.12.2013	31.12.2014	31.12.2015 <sup>(1)</sup>
<b>Total assets</b>	<b>1,742</b>	<b>1,722</b>	<b>1,686</b>	<b>1,539</b>
Non-current assets	1,599	1,572	1,545	1,385
Current assets	143	150	140	154
- of which cash	66	72	65	82
<b>Total liabilities</b>	<b>981</b>	<b>951</b>	<b>907</b>	<b>714</b>
Interest bearing liabilities	840	794	743	549
Other liabilities	141	157	170	165
<b>Shareholders' equity</b>	<b>761</b>	<b>771</b>	<b>778</b>	<b>824</b>
<b>Net debt/EBITDA</b>	<b>4.7x</b>	<b>4.6x</b>	<b>4.5x</b>	<b>2.6x</b>
<b>Net debt</b>	<b>775</b>	<b>722</b>	<b>678</b>	<b>467</b>
<b>Equity/assets ratio</b>	<b>44%</b>	<b>45%</b>	<b>46%</b>	<b>54%</b>
<b>BVPS <sup>(2)</sup> (in EUR)</b>	<b>1.14</b>	<b>1.15</b>	<b>1.16</b>	<b>1.23</b>

Notes:

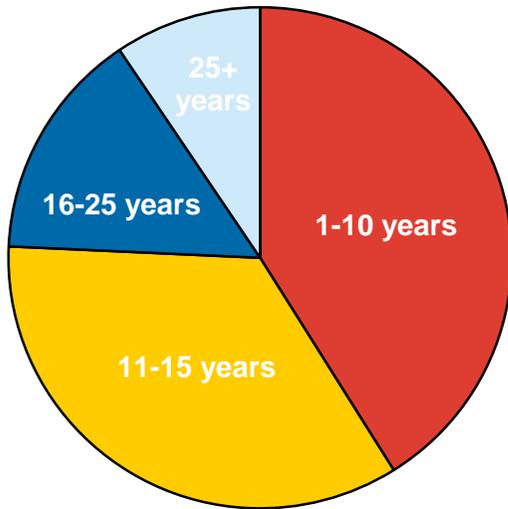
(1) Unaudited

(2) Shareholders' equity / number of shares outstanding



## Age of fleet

Age of fleet by value  
value-weighted average



### AS Tallink Grupp ships age

- Core fleet 14.2 years
- Superfast fleet 14.5 years
- Cargo vessels 21.3 years

March 2016

### World-wide ships age

- Ferries 23 years
- Cruise 13 years

Source: ShipPax MARKET: 13, 15

- Our ice-classed fleet is versatile to operate anywhere
- We have experience in selling and chartering vessels all over the world



## Debt structure

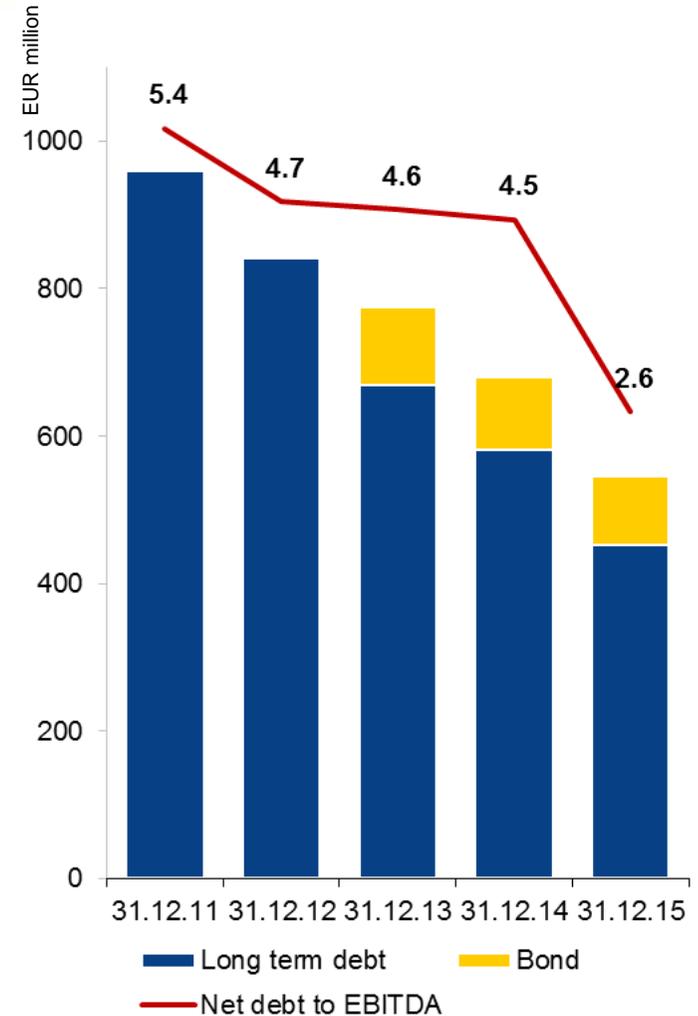
Total EUR 549 million interest bearing liabilities as of 31.12.2015

### Long term bank loans

- 5 standalone loan agreements with bank syndicates
- Amortizing project loans and commercial term loan
- Maturities 2-5 years
- EUR denominated
- EURIBOR floating, 1/3 hedged

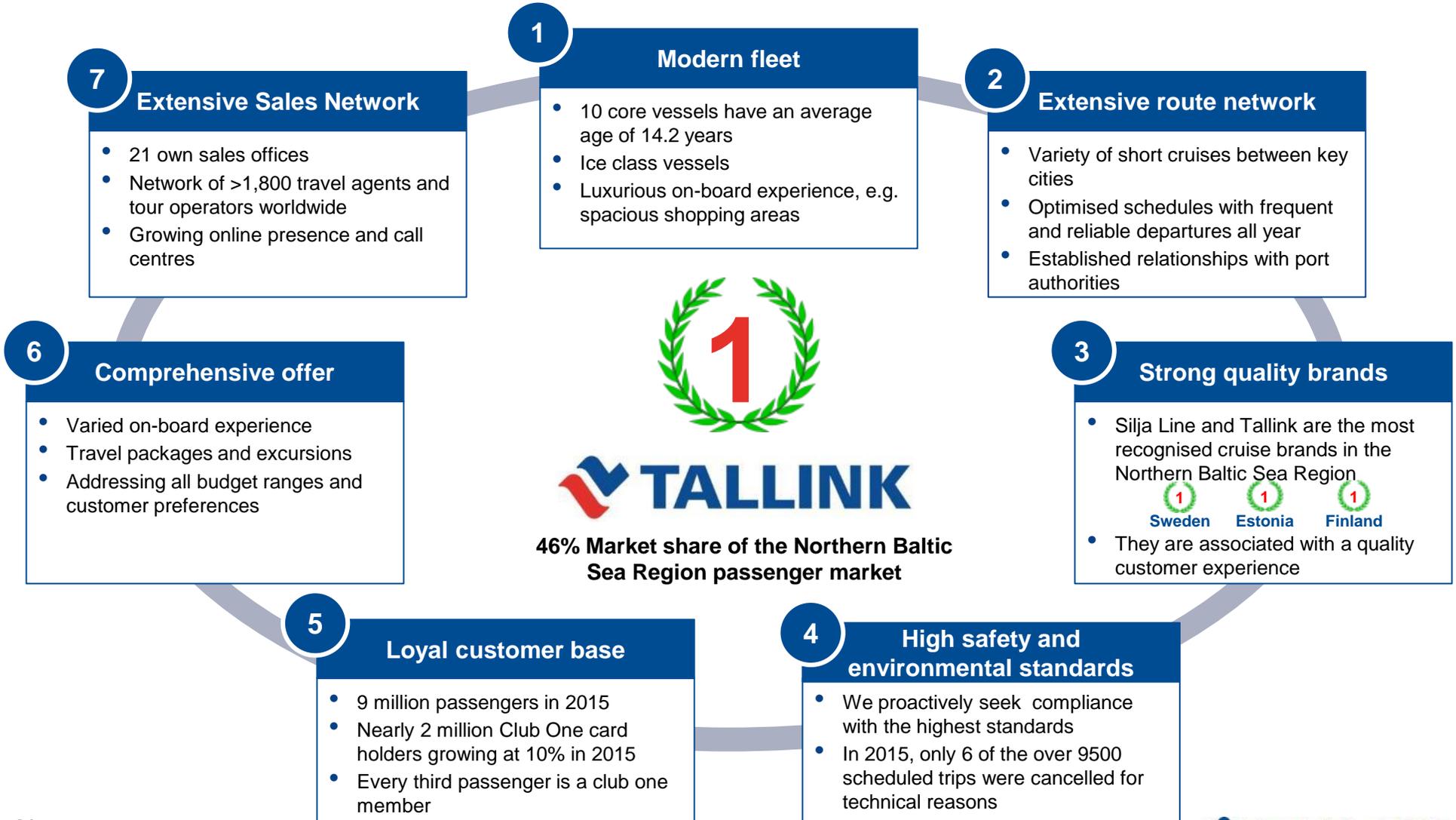
### Bond

- Senior unsecured NOK 900 m (EUR 120 m)
- Listed in Oslo Stock Exchange
- 3M NIBOR +5% (3M EURIBOR +4.88%)
- Issue date 18.06.2013
- Maturity date 18.10.2018
- Currency risk eliminated by swapping to EUR





## Unrivalled suite of competitive advantages





## Tallink's Fleet



**Baltic Queen**  
 Built: 2009  
 Length: 212m  
 Passengers: 2800  
 Lane meters: 1130



**Victoria I**  
 Built: 2004  
 Length: 193m  
 Passengers: 2500  
 Lane meters: 1030



**Baltic Princess**  
 Built: 2008  
 Length: 212m  
 Passengers: 2800  
 Lane meters: 1130



**Galaxy**  
 Built: 2006  
 Length: 212m  
 Passengers: 2800  
 Lane meters: 1130



**Silja Europa**  
 Built: 1993  
 Length: 202m  
 Passengers: 3123  
 Lane meters: 932



**Silja Serenade**  
**Silja Symphony**  
 Built: 1990/91  
 Length 203m  
 Passengers: 2852  
 Lane meters: 950

Tallink has invested EUR 1.3 billion to create a modern fleet



## Tallink's Fleet



### Superstar

Built: 2008

Length 177m

Passengers: 2080

Lane meters: 1930

Tallinn-Helsinki



### Star

Built: 2007

Length 186m

Passengers: 2080

Lane meters: 2000

Tallinn-Helsinki



### Romantika

Built: 2002

Length 193m

Passengers: 2500

Lane meters: 1030

Tallinn-Stockholm



### Isabelle

Built: 1989

Length 171m

Passengers: 2480

Lane meters: 850

Riga-Stockholm



### Superfast VII/VIII/IX

Built: 2001/2002

Length: 203m

Passengers: 717

Lane meters: 1924

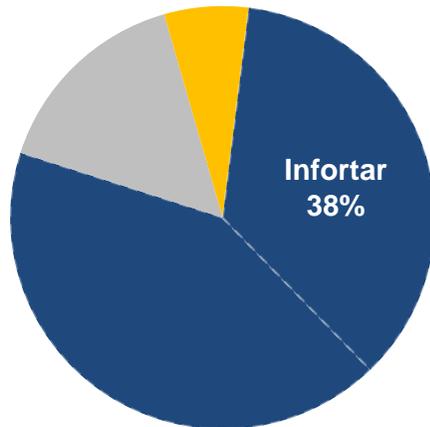
Chartered out

In addition the Group has 2 ro-pax cargo vessels in operation



## Ownership structure

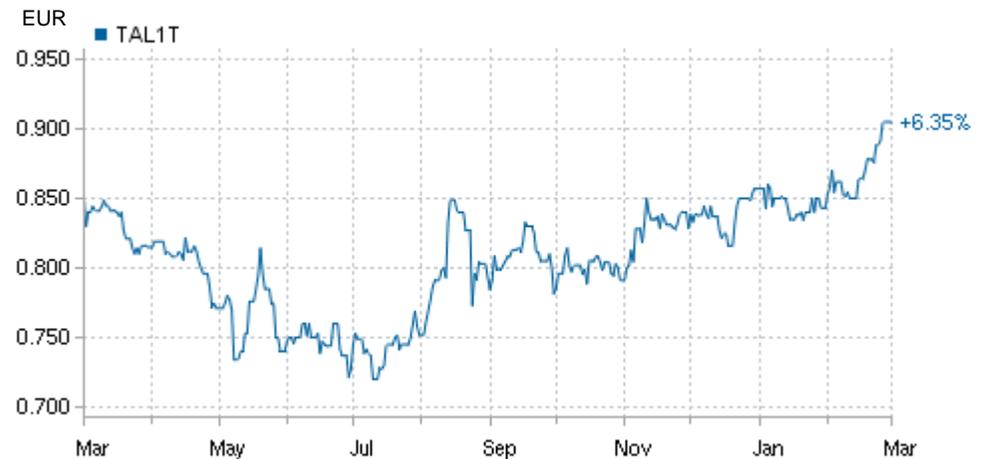
### Shareholders of AS Tallink Grupp



- Top 10 shareholders
- Institutional investors
- Retail investors

### Ten largest shareholders as of 31.12.2015

Infortar	38%
Baltic Cruises Holding	17%
Nordea Bank Finland clients account	6%
ING Luxemburg S.A. AIF account	4%
ING Luxemburg client account	3%
State Street Bank and Trust Omnibus fund OM01	2%
Clearstream Banking Luxembourg S.A. Clients	2%
Skandinaviska Enskilda Banken client account	1%
Mellon Treaty Omnibus	1%
Firebird Republics fund	1%





Safety, security and environmental protection are a high priority



## Policies and certifications

- 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

### CERTIFICATE OF APPROVAL

This is to certify that the Environmental Management System of:

**HT Shipmanagement Ltd**  
**Sadama 5/7, 10111 Tallinn, Estonia**  
**SIA HT Shipmanagement**  
**Eksporta iela 3A, LV-1010 Riga, Latvia**  
**Tallink Silja OY**  
**Tyynenmerenkatu 9, 00220 Helsinki, Finland**

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 2014

Certificate Expiry: 03 July 2017

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



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