

MAY 2018

TALLINK GRUPP PRESENTATION



TALLINK GRUPP

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

OPERATIONS

- Fleet of 14 vessels
- Operating five hotels

KEY FACTS

- Revenue of EUR 967 million in 2017
- Operating EUR 1.6 billion asset base
- Over 7000 employees
- Serving 9.8 million passengers annually
- Transporting 364 thousand cargo units annually
- Listed on Nasdaq OMX Baltic – TAL1T



GROUP OF STRONG BRANDS



BUSINESS MODEL

PRODUCT OFFERING

OVERNIGHT CRUISES & PASSENGER TRANSPORTATION



SHUTTLE SERVICE



ON-BOARD TAX-FREE SHOPPING



ON-BOARD CATERING



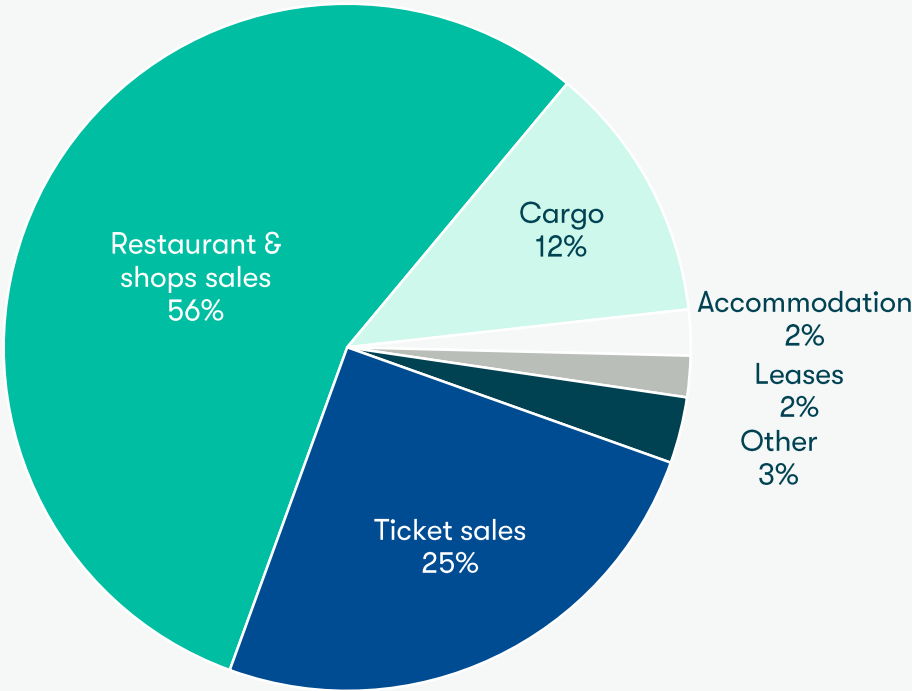
HOTEL & TRAVEL PACKAGES



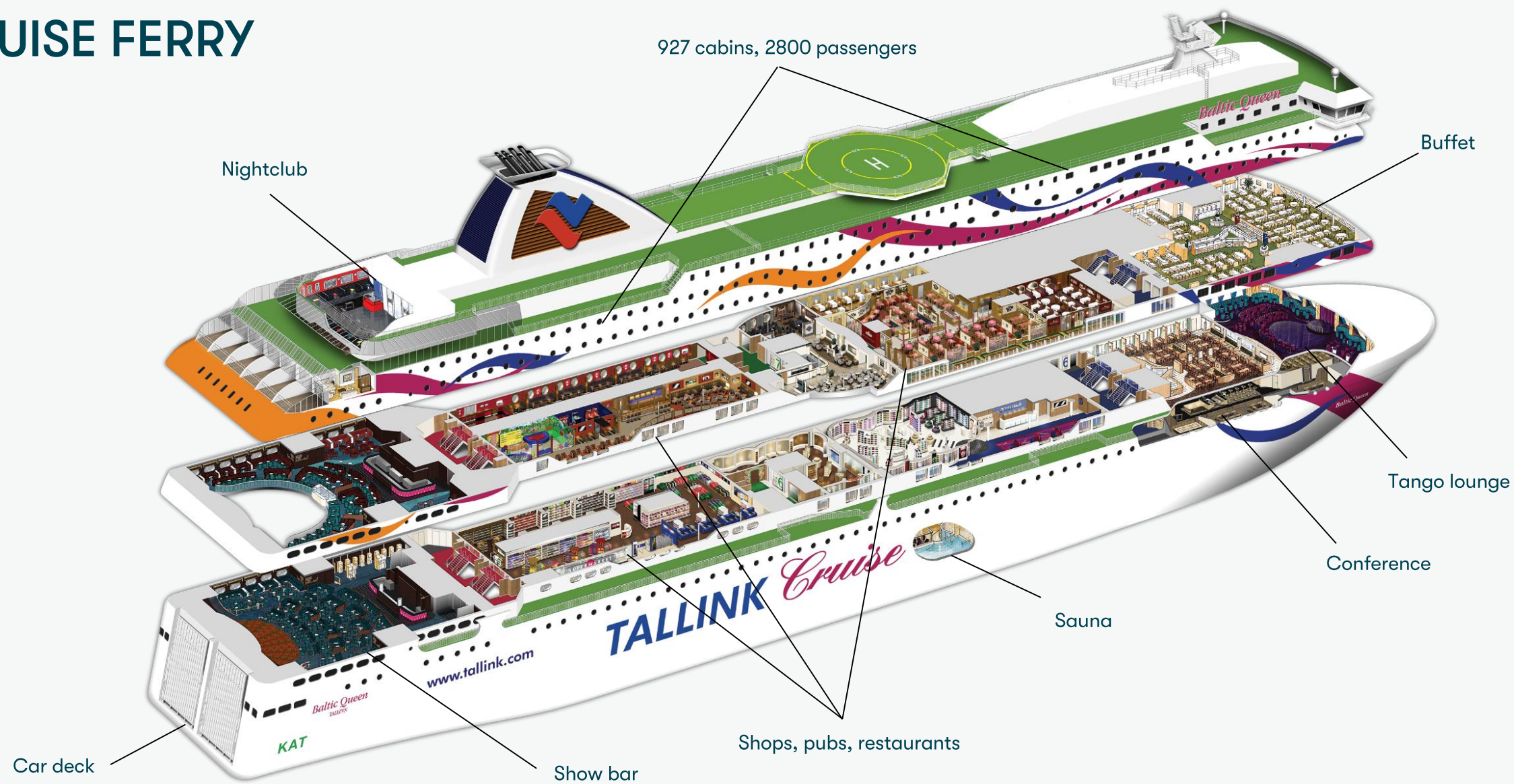
CARGO TRANSPORTATION



REVENUE STRUCTURE IN 2017



CRUISE FERRY



POSITION IN THE GLOBAL FERRY MARKET

THE WORLD'S TOP DUTY FREE & TRAVEL RETAIL SHOPS

Ranking by actual and estimated retail sales in 2016

Rank	Location	Country	Channel
Sales > US\$ 1,500 million			
1	SEOUL - Incheon Int'l Airport	South Korea	Airport Shops
2	DUBAI - Dubai International Airport	UAE	Airport Shops
3	SINGAPORE - Changi Airport	Singapore	Airport Shops
Sales > US\$ 1,000 million			
4	LONDON - Heathrow Airport	UK	Airport Shops
5	BANGKOK - Suvarnabhumi Airport	Thailand	Airport Shops
Sales > US\$ 800 million			
6	HONG KONG - International Airport	Hong Kong	Airport Shops
7	SHANGHAI - Pudong Airport	China	Airport Shops
8	TOKYO - Narita Airport	Japan	Airport Shops
Sales > US\$ 600 million			
9	BEIJING - Capital Airport	China	Airport Shops
10	PARIS - Charles de Gaulle Airport	France	Airport Shops
11	FRANKFURT - Frankfurt-Main Airport	Germany	Airport Shops
Sales > US\$ 500 million			
12	TALLINK - All Routes	Estonia	Ferries
13	TAIPEI - Taoyuan International Airport	Taiwan	Airport Shops
Sales > US\$ 400 million			
14	AMSTERDAM - Schiphol Airport	Netherlands	Airport Shops
15	ISTANBUL - Atatürk Airport	Turkey	Airport Shops

Source: Generation Research 2017



FERRY OPERATOR BY GROSS TONS

Rank	Company	Gross tons
1	Stena Line	1 064 790
2	Grimaldi Lines	701 340
3	Tallink	512 817
4	DFDS Seaways	438 479
5	P&O Ferries	409 659

FERRY OPERATOR BY BEDS

Rank	Company	Beds
1	Tallink	24 821
2	Stena Line	16 985
3	Viking Line	14 026
4	Grand Navi Veloci	13 328
5	Corsica ferries	11 676

FERRY OPERATOR BY REVENUES

(EUR million, 2017)

Rank	Company	Revenue
1	DFDS Group	1 925
2	Stena Line	1 322
3	Tallink	967
4	Finnlines	536
5	Viking Line	523

Data: Ro/pax / ferries above 1,000 GT
Source: ShipPax MARKET:17; 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

STRONG MARKET SHARE
& BRAND AWARENESS

WIDE ROUTE
NETWORK

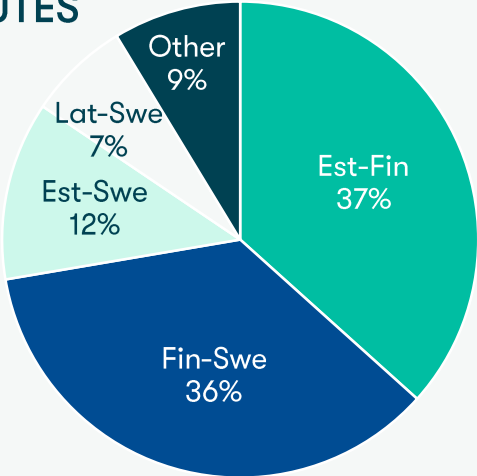
HIGH SAFETY LEVEL &
ENVIRONMENTAL
STANDARDS

PASSENGER MARKET SHARE IS 47% OF THE NORTHERN BALTIC SEA



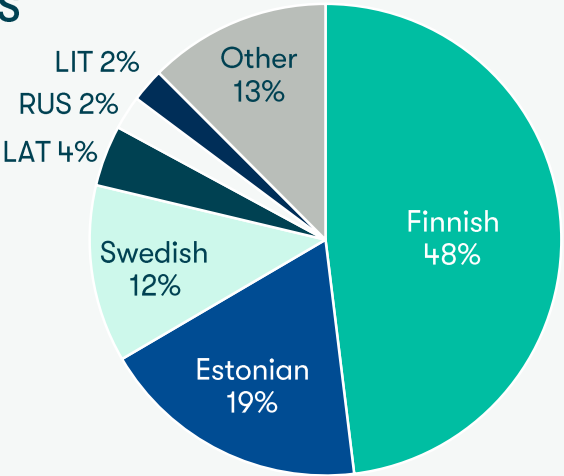
REVENUE BY ROUTES

EUR 967 million, 2017



PASSENGERS

9.8 million, 2017



WE ARE TARGETING NEW CUSTOMERS FROM A WIDER COUNTRY BASE

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

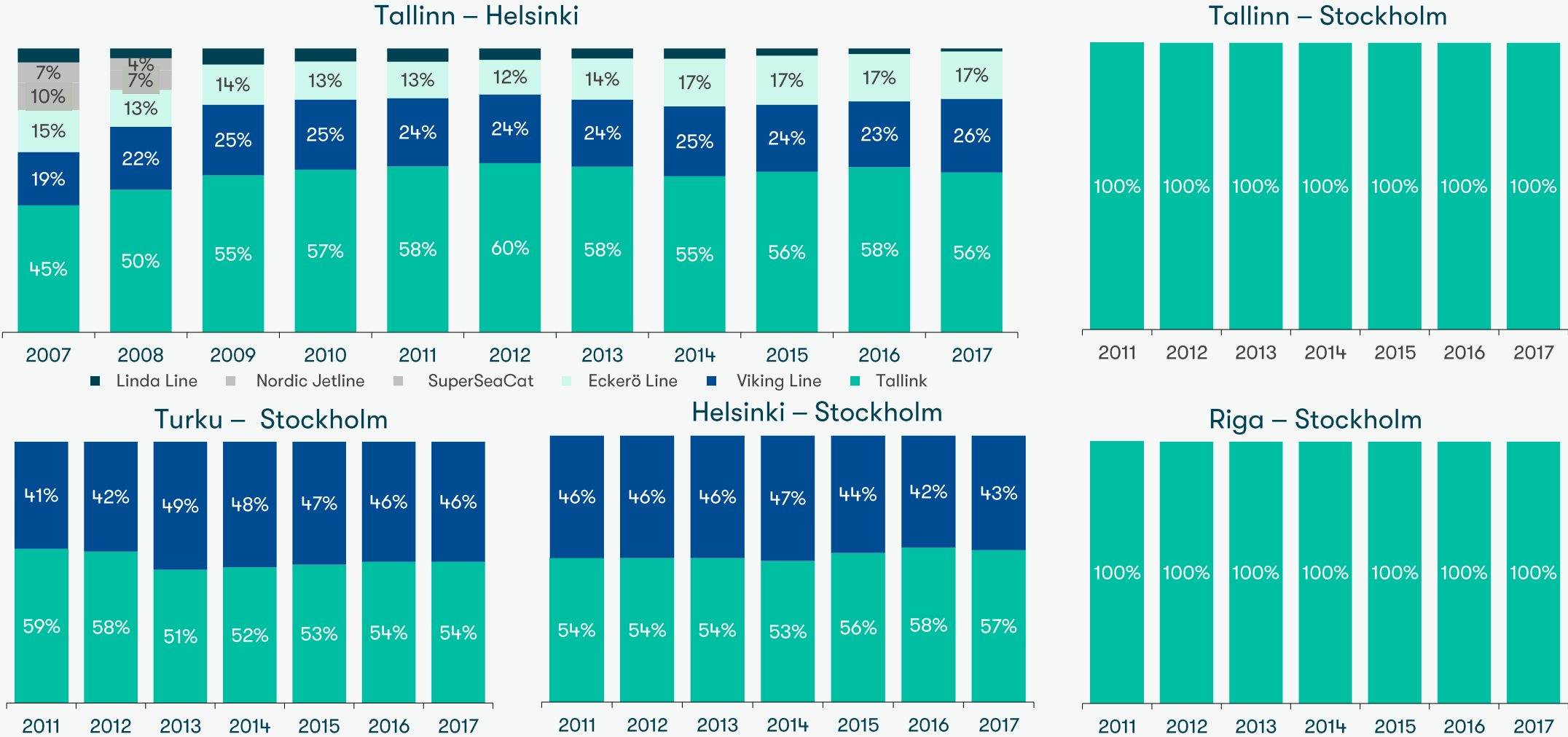


Web sales sites in 17 language

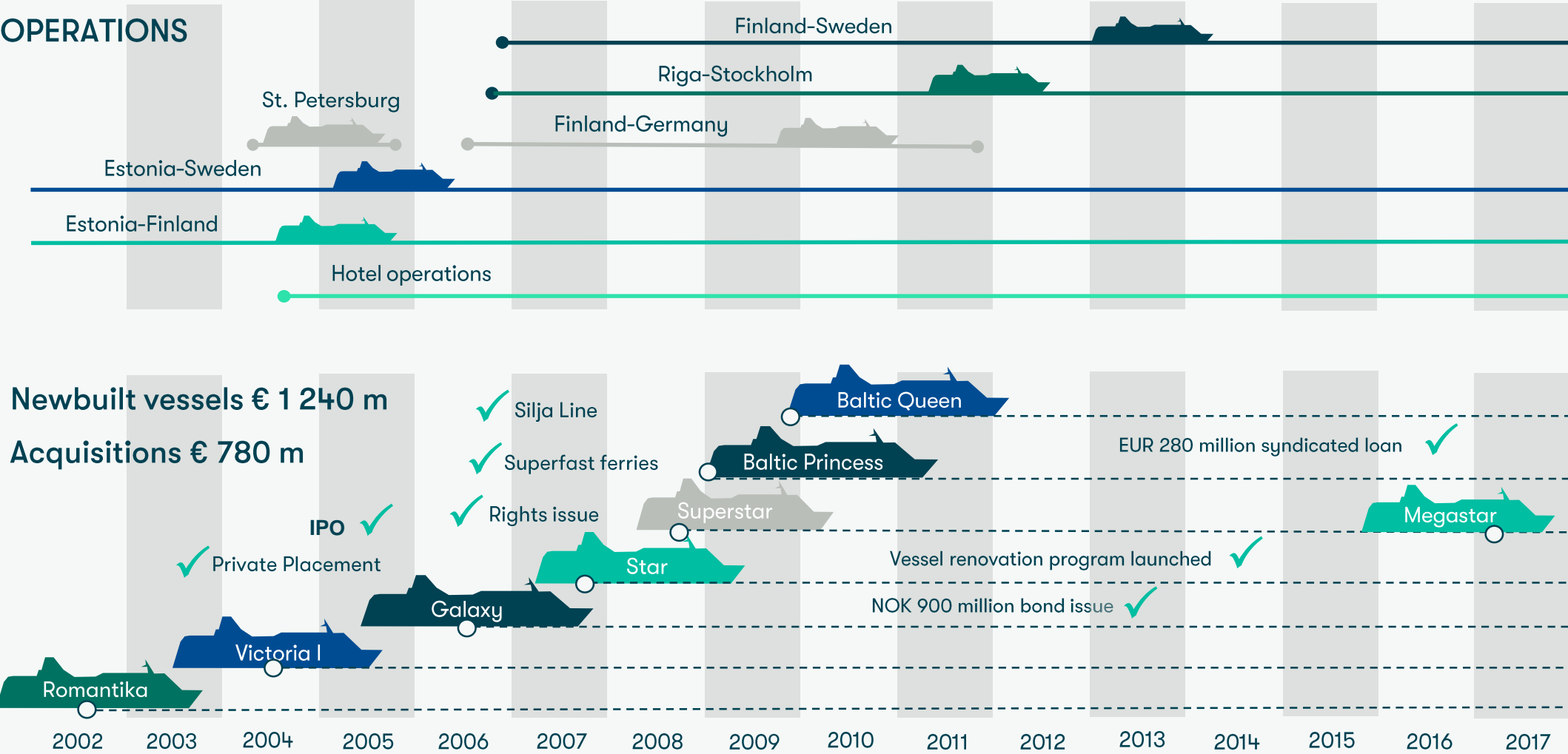
China	Finland	Italy	Lithuania	Poland	Russia
Denmark	France	Japan	Netherlands	Spain	Sweden
Estonia	Germany	Latvia	Norway	International	

MARKET SHARES

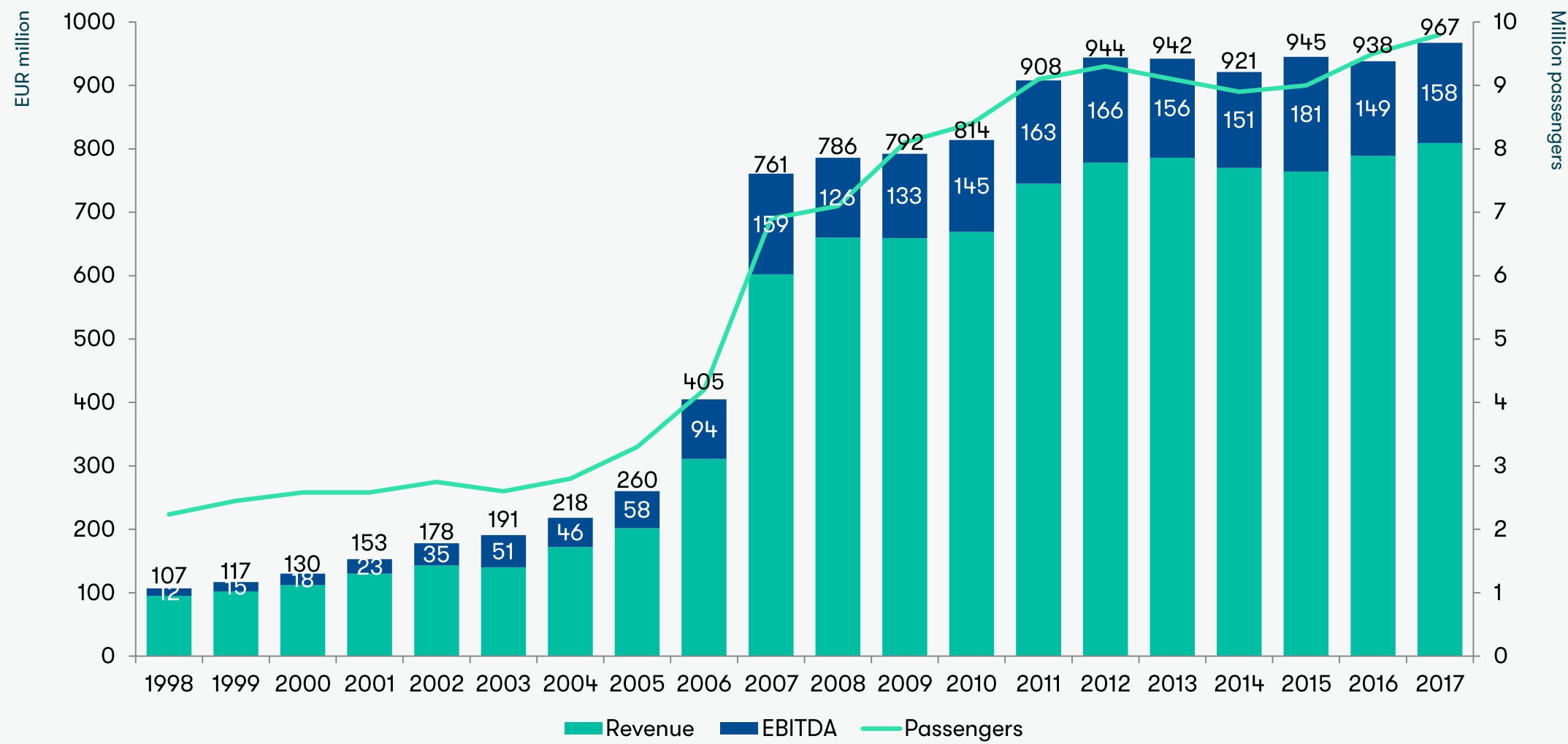
PASSENGER OPERATIONS



HIGHLIGHTS AND MILESTONES



PERFORMANCE AFTER THE MANAGEMENT BUYOUT



2017 HIGHLIGHTS

- All time high annual passenger number
- Strong growth of the cargo business
- New LNG fast ferry Megastar started on Tallinn - Helsinki Shuttle service
- New passenger terminal opened in Helsinki
- Lower chartering revenues compared to last year
- Scheduled maintenances of five ships in Q1 low season
- Group-wide ship renovation program continues
- Increased competition on Tallinn – Helsinki route
- Lower operating costs from termination of the fast ferry Superstar charter
- Effects from re-routing of vessels in December 2016
 - One cruise ferry on Tallinn – Helsinki route
 - Two cruise ferries on Riga – Stockholm route
- Sale of two Superfast vessels in December 2017



OUTLOOK

- Investments to energy / fuel efficiency across the fleet will continue to reduce fuel consumption and air emissions (CO₂, SO_x and NO_x)
 - Fuel monitoring systems
 - Shore power and hybrid battery systems
- Competitive landscape on Tallinn – Helsinki route is changing
- Tallinn Old City Harbour renovation plans
- Strong economies in the market area
- Investments to digital solutions



ONGOING DEVELOPMENT PROJECTS FOCUS ON IMPROVEMENTS AND EFFICIENCIES OF OPERATIONS

INVESTMENTS TO SUPPORT REVENUE GENERATION

- Digital solutions
 - Automated revenue management
 - Development of mobile booking apps to capture growing handheld devices online traffic
 - Digital Club One loyalty card in mobile app
 - Improving online booking solutions user experience
 - Customer centric and personalized digital channels development



DELIVERING OPERATIONAL EFFICIENCIES

- Efficient ship operations
 - Utilising monitoring systems
- Passenger logistics in terminals
 - Self check-in also in mobile, improved boarding pass
- Tallink Logistics Center
 - Leveraging and fine tuning the operations



LNG SHUTTLE FERRY MEGASTAR

DEVELOPMENT OF THE TALLINN–HELSINKI SHUTTLE SERVICE

SPECIFICATIONS

- Gross tonnage 49 000
- Length 212 meters
- Capacity 2 800 passengers
- Lane meters 3 600
- Dual fuel engine
- Service speed 27 knots
- Built in Meyer Turku Shipyard



LNG POWERED SHUTTLE FERRY MEGASTAR CARRIED MORE THAN 2 MILLION PASSENGERS DURING THE FIRST YEAR OF OPERATIONS ON THE TALLINN–HELSINKI SHUTTLE SERVICE

LNG SHUTTLE FERRY MEGASTAR

SAFER SHIP WITH SMALLER ECOLOGICAL FOOTPRINT

TECHNICAL INNOVATIONS DELIVER IMPROVED SAFETY, HIGH ENERGY EFFICIENCY AND ENVIRONMENTAL SAVINGS

- Safe Return to Port (SRtP) compliant ship
- Dual fuel ship uses environmentally friendly LNG as main fuel
- LNG produces 25% less CO₂, 85% less NO_x and almost zero SO_x and particles
- Improved ship hull hydrodynamics enable very low hull resistance and high propulsion efficiency to further minimise fuel consumption and emissions
- Ships Green Passport - improved waste management and recycling



The Shippax Technology and Design Award 2017 was given to Megastar for being the world's most advanced ro-pax ferry

MEGASTAR COMPLIES WITH THE CURRENT AND KNOWN FUTURE EMISSION REGULATIONS
FOR THE EMISSION CONTROL AREAS, INCLUDING THE BALTIC SEA

LNG SHUTTLE FERRY MEGASTAR

SHIP WITH NEW SERVICES AND CONCEPTS

ONBOARD CONCEPTS AND BRANDS

- Traveller Superstore expanded to 2 800 sq.m
 - Q-shopping self-service solution
 - Garage concept with improved shop-to-car access for shop customers
- Seven restaurants, cafes and bars
 - Leveraging own brands
 - Introducing international premium brands
- Four different travel classes
 - Standard Star Class
 - Upgraded Comfort Class
 - Exclusive Business Lounge
 - Sitting Lounge
- A special area with a playroom for the kids



GROUP-WIDE SHIP RENOVATION PROGRAM

INVESTMENTS TO UPGRADE THE FLEET IN PERIOD 2014-2017

LARGE SCALE RENOVATION OF THREE CRUISE FERRIES

- Silja Serenade
- Silja Symphony
- Silja Europa

EXPANSION OF SHOPS AND MODERNIZING RESTAURANTS TO IMPROVE THE PERFORMANCE THROUGH RETAIL SPACE

- Modern retail environment visual
- Leveraging own brands
- Introducing international premium brands
- Wider selection of products

UPGRADING OF CABINS








- Responding to higher expectations of the passengers
- Focus on different cabin classes

TALLINK GRUPP HAS INVESTED MORE THAN EUR 75 MILLION
SINCE 2014 TO UPGRADE ITS EXISTING FLEET



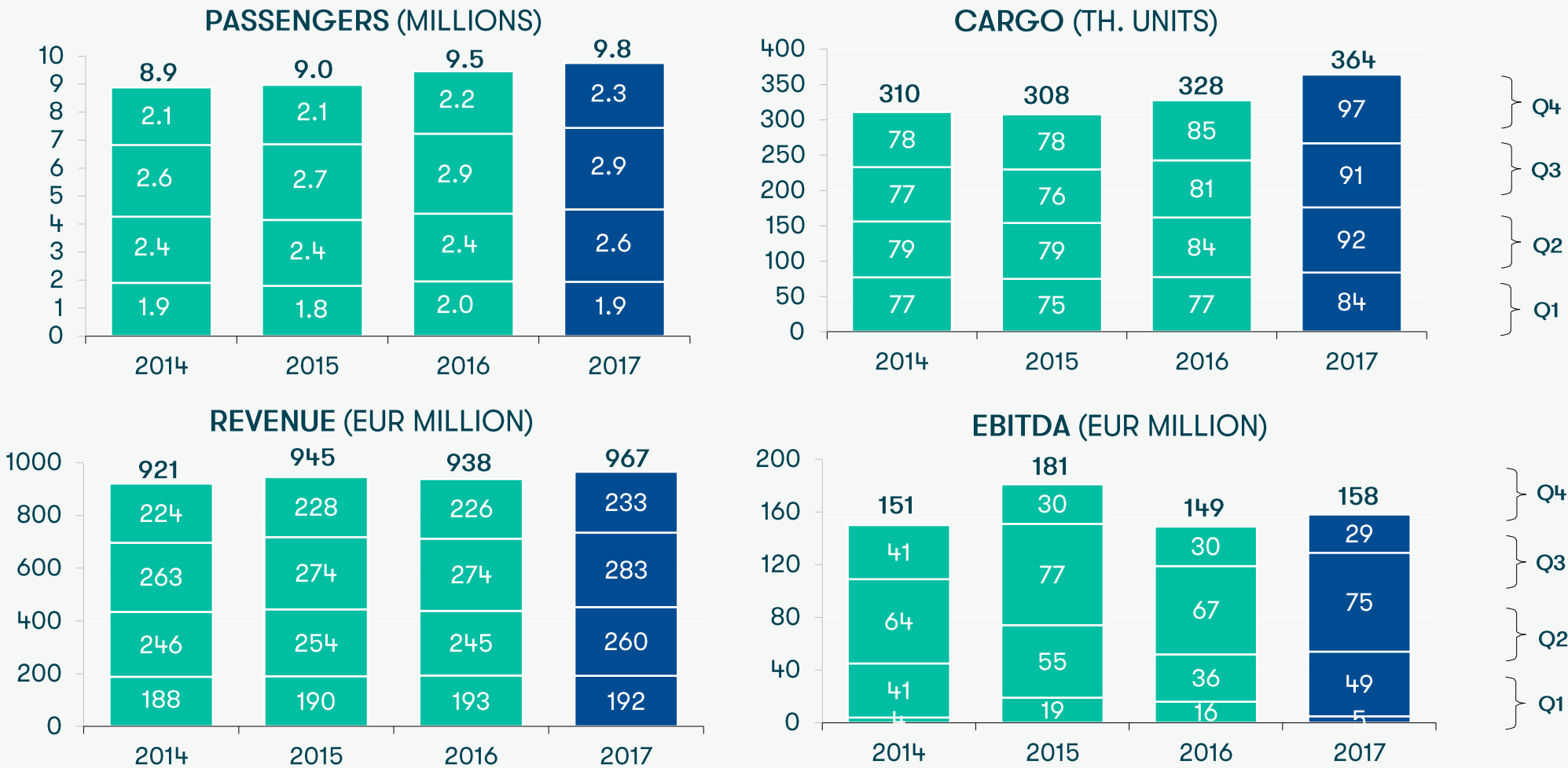
WIDE RANGE OF DINING CONCEPTS ON OUR SHIPS

OWN BRANDS AND INTERNATIONAL PREMIUM BRANDS

<p>BUFFET RESTAURANTS</p>	<div>   </div> <div> <p>GRANDE BUFFET</p> <p>DELIGHT BUFFET</p> </div>
<p>À LA CARTE RESTAURANTS</p>	<div> <div> <p>STEAK - GRILL</p>  <p>B.B.Q. - BURGER</p> <p>GRILL HOUSE RESTAURANT</p> </div> <div>  <p>HAPPY LOBSTER</p> </div> <div>  <p>The Dining Room</p> </div> <div> <p>The Chef's KITCHEN</p> </div> <div> <p>TAVOLATA RISTORANTE ITALIANO</p> </div> </div>
<p>FINE DINING RESTAURANTS</p>	<div>  <p>BON VIVANT restaurant</p> </div> <div> <p>Gourmet VICTORIA</p> </div> <div> <p>Gourmet Baltic Queen</p> </div> <div>  <p>ALEKSANDRA RUSSIAN A'LA CARTE</p> </div>

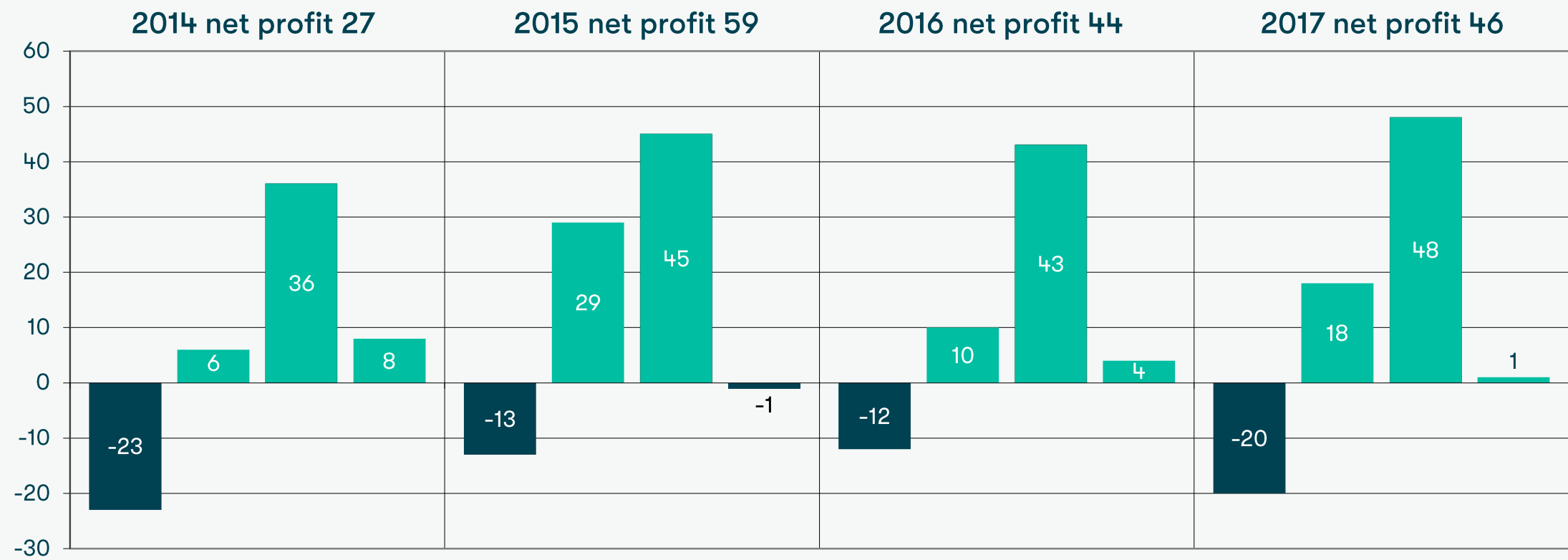
RESULTS

QUARTERLY SEASONALITY BREAKDOWN



THE DYNAMICS OF HIGH SEASONALITY ON THE PROFIT LEVEL

NET RESULT BY QUARTERS (EUR MILLION)



MOST OF THE RESULT IS MADE IN THE SUMMER, THE HIGH SEASON

CONSOLIDATED INCOME STATEMENT

(EUR million)	2014	2015	2016	2017
Sales	921	945	938	967
Cost of sales ⁽¹⁾	(740)	(722)	(745)	(772)
Marketing, general & admin ⁽¹⁾	(112)	(111)	(123)	(125)
EBITDA	151	181	149	158
<i>Margin (%)</i>	16.3%	19.2%	15.9%	16.4%
Net Profit	27	59	44	46
EPS	0.041	0.088	0.066	0.069

Notes:

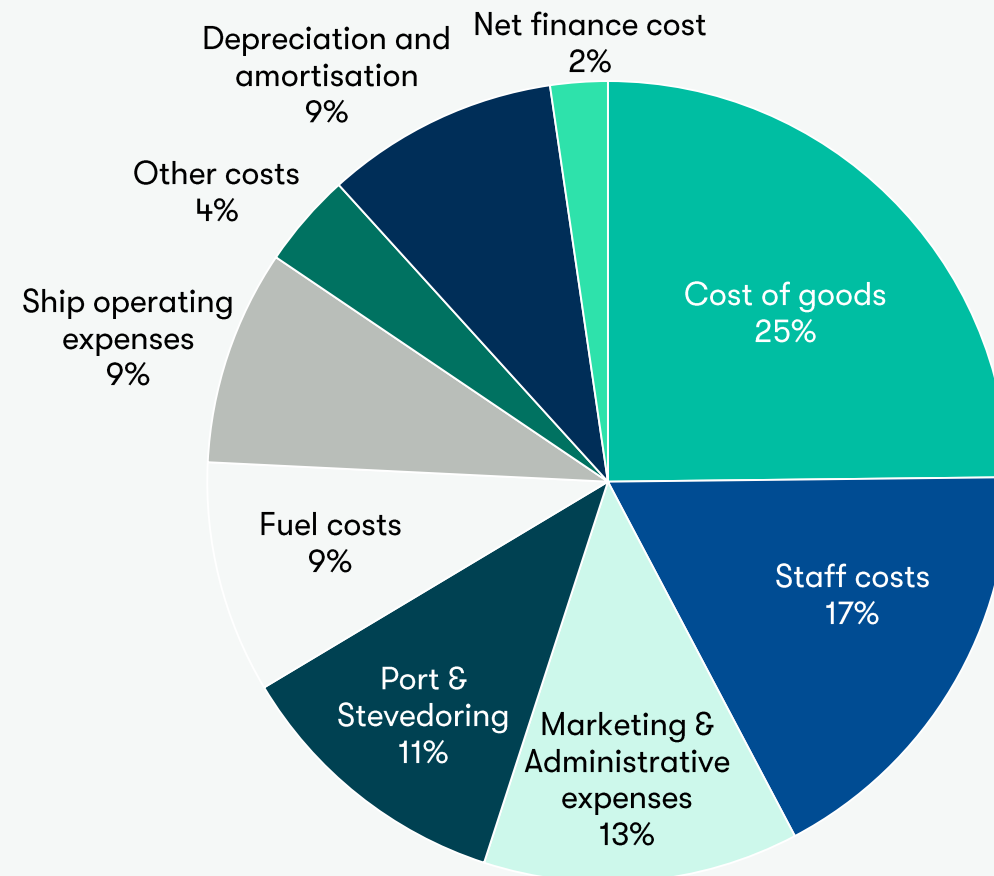
(1) Includes amortization and depreciation

COSTS BREAKDOWN

(EUR million)	2016	2017	Change
Cost of goods	225 047	227 803	1%
Staff costs	151 908	160 126	5%
Marketing & Administration ⁽¹⁾	114 856	116 809	2%
Port & Stevedoring	101 010	104 756	4%
Fuel cost	74 250	85 870	16%
Ship operating expenses	89 877	79 723	-11%
Other costs	32 120	35 011	9%
Total costs from operations	789 068	810 098	3%
Depreciation and amortisation	77 858	86 371	11%
Net finance cost	26 775	21 209	-21%
Total costs	893 701	917 678	3%

Notes:

(1) Depreciation and amortisation excluded



CONSOLIDATED CASH FLOW STATEMENT

(EUR million)	2014	2015	2016	2017
Operating cash flow	151	192	147	136
Capital expenditure	(49)	(44)	(68)	(219)
Asset disposal	0	115	0	132
Free cash flow	102	263	79	49
Debt financing (net effect)	(46)	(192)	3	10
Interests & other financial items	(37)	(38)	(31)	(25)
Dividend paid	(20)	(13)	(54)	(20)
Dividend tax	(5)	(3)	0	(4)
Change in cash	(7)	17	(3)	10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR million)	31.12.2014 ⁽²⁾	31.12.2015 ⁽²⁾	31.12.2016 ⁽²⁾	31.12.2017
Total assets	1 686	1 539	1 539	1 559
Non-current assets	1 546	1 385	1 375	1 377
Current assets	140	154	164	182
- of which cash	65	82	79	89
Total liabilities	911	718	729	722
Interest bearing liabilities	743	549	559	561
Other liabilities	168	169	170	161
Shareholders' equity	775	821	810	836
Net debt/EBITDA	4.5x	2.6x	3.2x	3.0x
Net debt	678	467	480	472
Equity/assets ratio	46%	54%	53%	54%
BVPS ⁽¹⁾ (in EUR)	1.16	1.23	1.21	1.25

Notes:

(1) Shareholders' equity / number of shares outstanding

(2) Restated

CAPITAL DISTRIBUTION

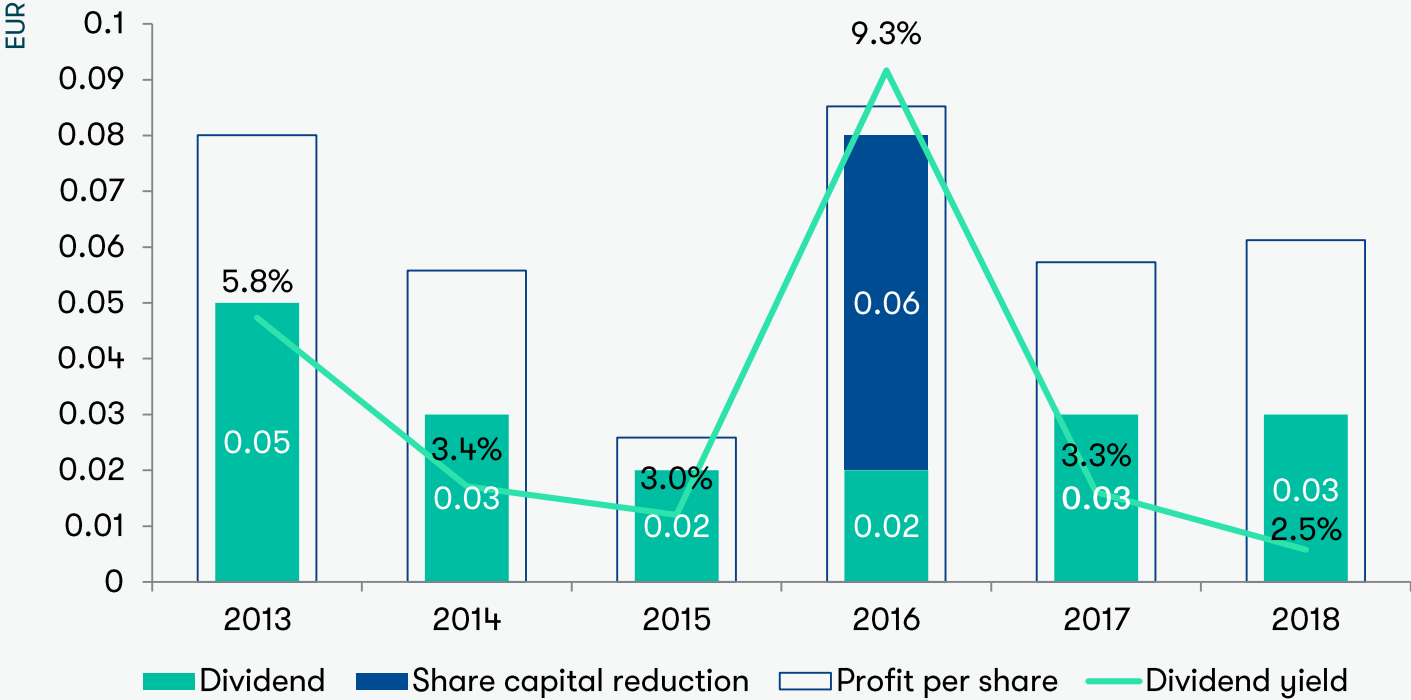
The management board targets to distribute at least 50% of the net profit, calculated over the long term, as dividends or capital repayment, taking however the Group’s financial position into account.

2018 dividend

- Management Board will propose dividend EUR 0.03 per share from financial year 2017 net profit, total amount of EUR 20.1 million

2017 dividend

- Dividend EUR 0.03 per share, total amount of EUR 20.1 million



TALLINK GRUPP HAS MADE TOTAL OF EUR 141 MILLION DIVIDEND PAYMENTS TO SHAREHOLDERS IN PERIOD 2013 – 2017

DEBT STRUCTURE

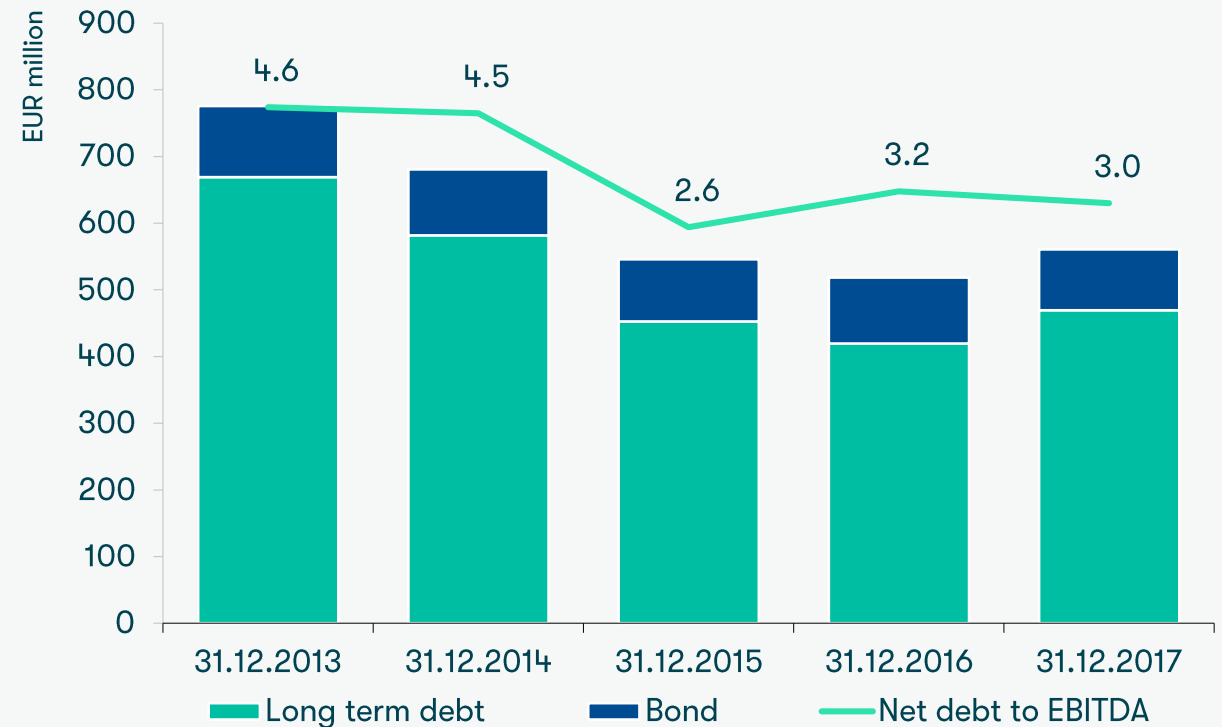
Total EUR 561 million interest bearing liabilities as at 31.12.2017

LONG TERM BANK LOANS

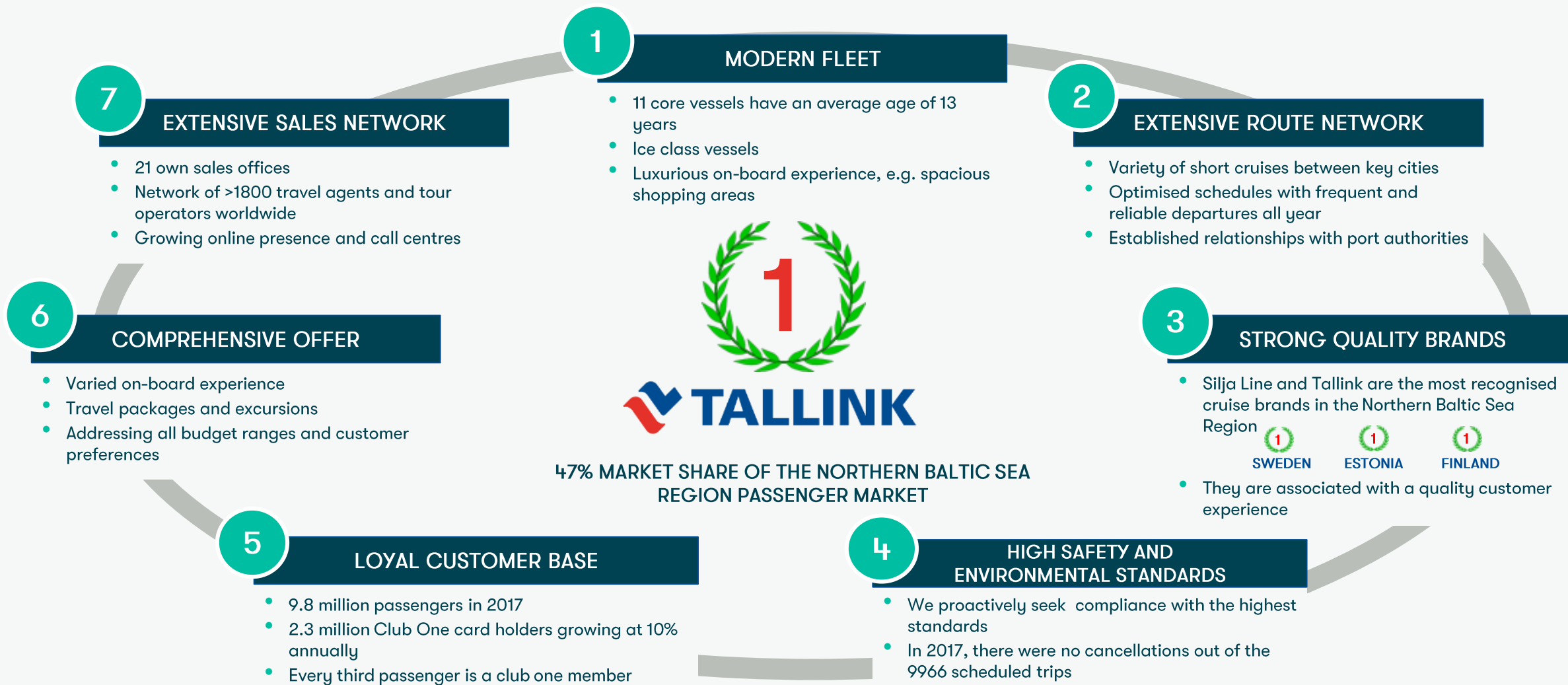
- 4 loan agreements outstanding: syndicated loan and amortizing project loans
- Maturities 1-11 years
- EUR denominated
- Fixed and EURIBOR floating

BOND

- Senior unsecured NOK 900 m (EUR 120m)
- 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

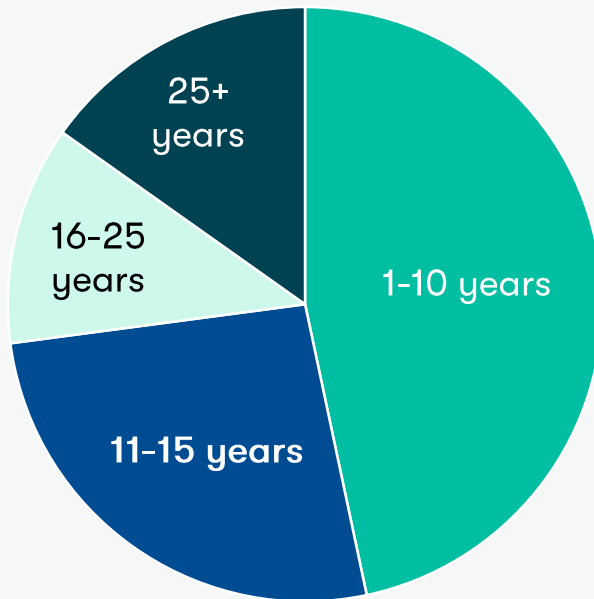


UNRIVALLED SUITE OF COMPETITIVE ADVANTAGES



AGE OF FLEET

AGE OF FLEET BY VALUE value-weighted average

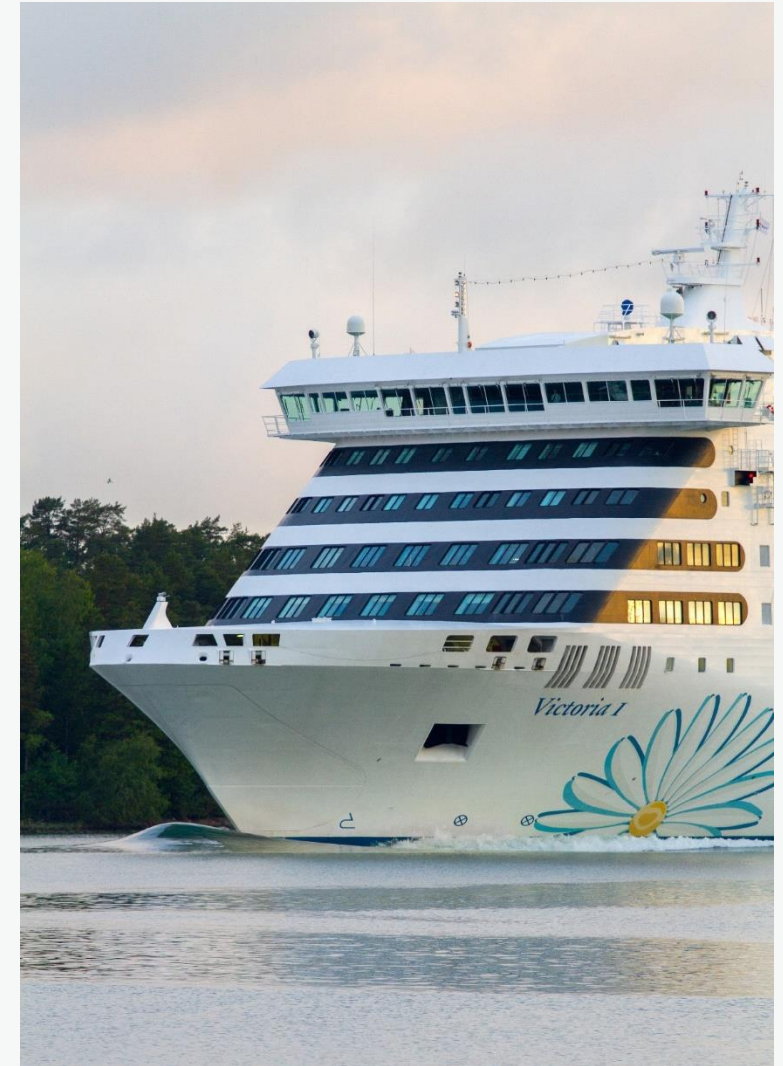


- Our ice-classed fleet is versatile to operate anywhere
- We have experience in selling and chartering vessels all over the world

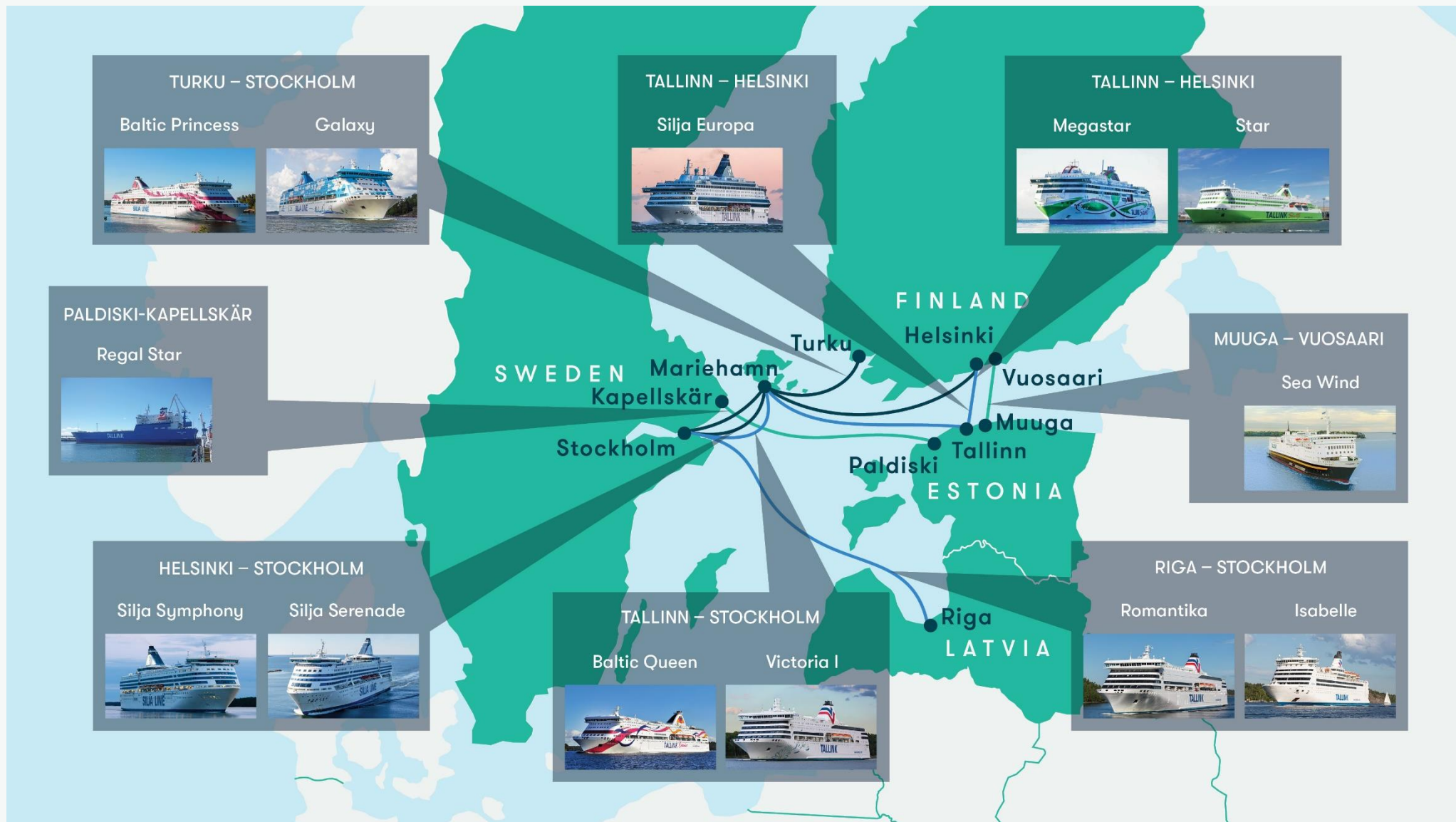
AS TALLINK GRUPP SHIPS AGE

- Core fleet 13 years
- Superfast vessel 16 years
- Cargo vessels 23 years

April 2018



FLEET ON 7 ROUTES



OUR FLEET



MEGASTAR

Built: 2017

Length 212 m

Passengers: 2 800

Lane meters: 3 600



STAR

Built: 2007

Length 186 m

Passengers: 2 080

Lane meters: 2 000



BALTIC QUEEN

Built: 2009

Length: 212 m

Passengers: 2 800

Lane meters: 1 130



SILJA EUROPA

Built: 1993

Length: 202 m

Passengers: 3 123

Lane meters: 932



VICTORIA I

Built: 2004

Length: 193 m

Passengers: 2 500

Lane meters: 1 030



ROMANTIKA

Built: 2002

Length 193 m

Passengers: 2 500

Lane meters: 1 030

TALLINK HAS INVESTED EUR 1.5 BILLION TO CREATE A MODERN FLEET

OUR FLEET



SILJA SERENADE

Built: 1990

Length 203 m

Passengers: 2 852

Lane meters: 950

Helsinki-Stockholm



SILJA SYMPHONY

Built: 1991

Length 203 m

Passengers: 2 852

Lane meters: 950

Helsinki-Stockholm



BALTIC PRINCESS

Built: 2008

Length: 212 m

Passengers: 2 800

Lane meters: 1 130

Turku-Stockholm



GALAXY

Built: 2006

Length: 212 m

Passengers: 2 800

Lane meters: 1 130

Turku-Stockholm



ISABELLE

Built: 1989

Length 171 m

Passengers: 2 480

Lane meters: 850

Riga-Stockholm



ATLANTIC VISION (ex SUPERFAST IX)

Built: 2002

Length: 203 m

Passengers: 728

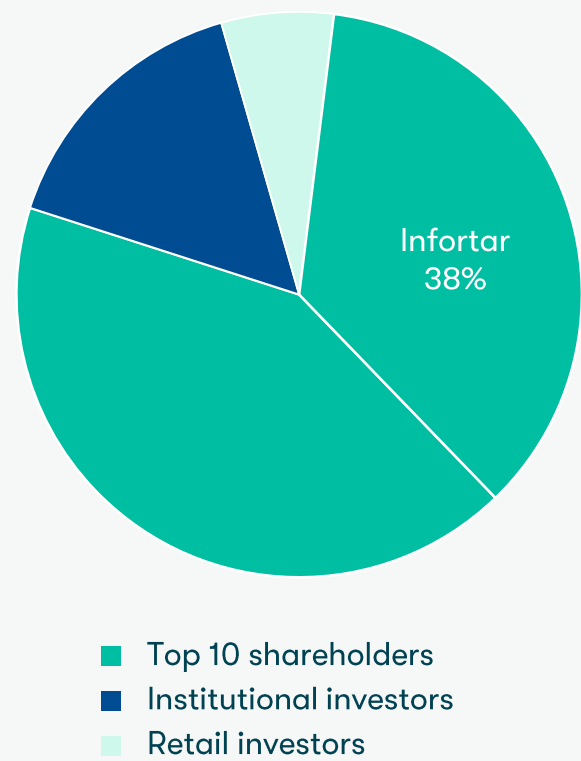
Lane meters: 1 900

Chartered out

TALLINK HAS INVESTED EUR 1.5 BILLION TO CREATE A MODERN FLEET

OWNERSHIP STRUCTURE

SHAREHOLDERS OF AS TALLINK GRUPP



TEN LARGEST SHAREHOLDERS AS AT 31 MARCH 2017

Infotar AS	38%
Baltic Cruises Holding L.P.	16%
Baltic Cruises Investment L.P.	6%
ING Luxembourg S.A. AIF Account	4%
ING Luxembourg S.A. Client Account	3%
Nordea Bank Finland Plc. Clients	2%
CVCI Growth Partnership II L.P.	2%
State Street Bank and Trust Omnibus Fund OM01	2%
Bank of New York Mellon S.A. Clients	2%
Clearstream Banking Luxembourg S.A. Clients	1%



SAFETY, SECURITY AND ENVIRONMENTAL PROTECTION ARE A HIGH PRIORITY

POLICIES AND CERTIFICATIONS

- Safety and Security Policy
- Environmental Policy
- ISO 14001:2015 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 14001:2015

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 2017

Certificate Expiry: 03 July 2020

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



Lauteri 5, 10114 Tallinn, Estonia
For and on behalf of: 1 Trinity Park, Bickenhill Lane, Birmingham, B37 7ES United Kingdom

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