

8 MAY 2020

Q1 2020

TALLINK GRUPP AS RESULTS WEBINAR



PRESENTERS



PAAVO NÕGENE

CHAIRMAN OF THE MANAGEMENT BOARD



HARRI HANSCHMIDT

MEMBER OF THE MANAGEMENT BOARD



JOONAS JOOST

HEAD OF INVESTOR RELATIONS

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 (8 suspended due to Covid-19)
- Seven ferry routes (3 suspended, 1 reduced capacity)
- Operating four hotels (3 closed, 1 limited capacity)

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



STEPS TAKEN SINCE THE START OF COVID-19 SITUATION

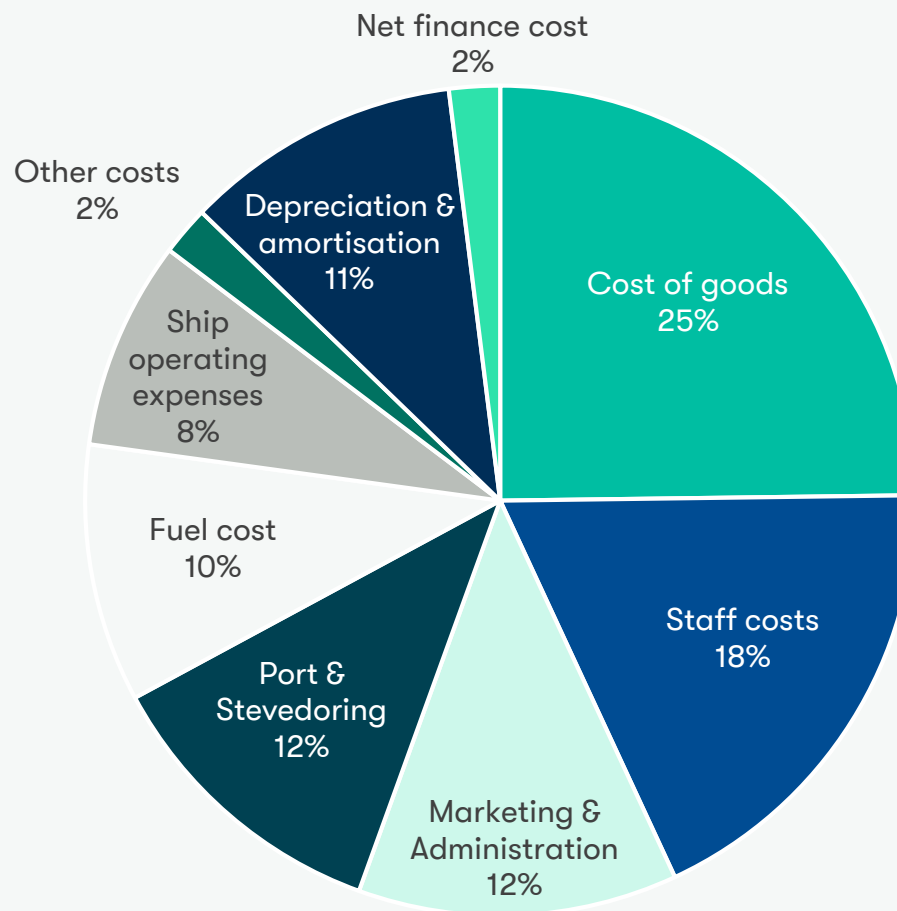
BOTH IN MARCH AND APRIL

- Suspension of ship and hotel operations
- Scaled down on non-critical costs and investments
- Management will not propose to pay dividends
- Decrease in workload and remuneration of staff
- Applied for temporary state salary compensation measures
- Collective redundancies process affecting about 10% of Group employees
- Support from Finland's National Emergency Supply Agency's to ensure the cargo supply (three vessels)
- An instalment for MyStar postponed from Q2 to Q3 2020
- Negotiations with financing institutions regarding covenants and payment schedules
- Negotiations with financial and other institutions regarding new liquidity financing

Route	Ship	Status
Tallinn-Helsinki	Megastar	On route
	Star	Suspended from 18.03
	Silja Europa	Suspended from 17.03
Muuga-Vuosaari	SeaWind	On route
Helsinki-Stockholm	Silja Serenade	Suspended from 19.03
	Silja Symphony	Suspended from 19.03
Turku-Stockholm	Baltic Princess	On route
	Galaxy	On route
Tallinn-Stockholm	Baltic Queen	Suspended from 15.03
	Victoria I	Suspended from 15.03
Paldiski-Kapellskär	Regal Star	On route
Riga-Stockholm	Isabella	Suspended from 16.03
	Romantika	Suspended from 16.03

FULL YEAR COSTS BREAKDOWN

(EUR million)	2019
Cost of goods	221.1
Staff costs	163.1
Marketing & Administration ^(1, 2)	111.0
Port & Stevedoring	103.5
Fuel cost	89.6
Ship operating expenses	72.7
Other costs ⁽²⁾	17.1
Total costs from operations	778.0
Depreciation & amortisation ⁽²⁾	96.2
Net finance cost ^(2, 3)	17.7
Total costs	891.9



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

Q1 2020 OVERVIEW – LOW SEASON + COVID-19

Q1 Selected Key Figures (financials in million euros)	2020	2019	Change
Number of passengers	1 566 730	1 855 772	-15.6%
Number of cargo units	99 617	93 114	7.0%
Number of passenger cars	190 292	214 087	-11.1%

Revenue	154.9	178.9	-13.4%
Gross profit	-0.2	10.5	-101.6%
EBITDA	-1.3	3.8	-133.4%
EBIT	-26.6	-20.9	-24.6%
Net result for the period	-30.2	-25.3	-19.6%

Capital expenditures	27.1	25.3	7.2%
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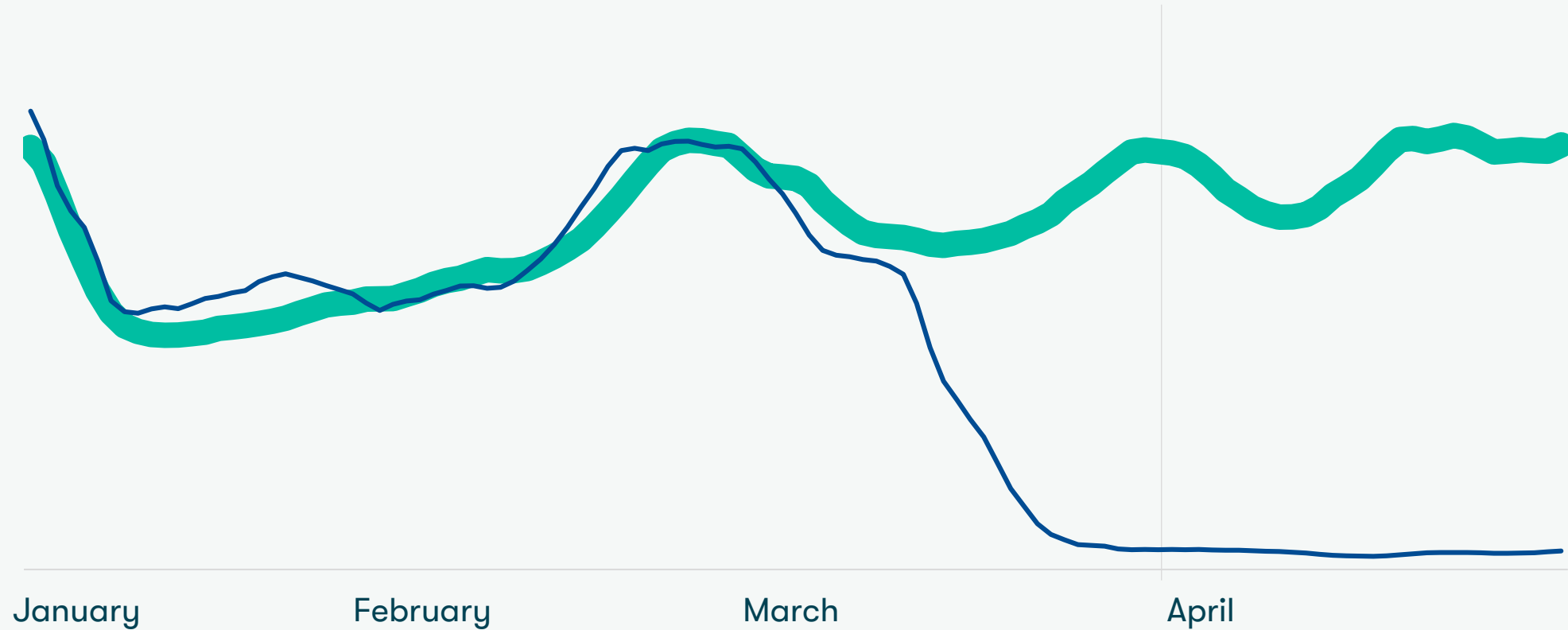
As at:	31.03.20	31.12.19	Change
Total assets	1 517.8	1 533.0	-1.0%
Total equity	793.2	822.8	-3.6%
Interest-bearing liabilities	577.4	577.9	-0.1%
Net debt	561.0	539.0	4.1%

2020 unaudited

- **Revenue EUR 154.9m (-EUR 23.9m or -13.4%)**
 - Strong January-February for passenger operations
 - Sluggish January-February for cargo operations
 - Covid-19 outbreak, travel restrictions and suspensions of shipping and hotel operations from mid-March
- **Negative result already on gross profit level**
- **Net loss increased by EUR 4.9m or 19.6%**
- **Net loss increased by EUR 6.9m compared to 2019 normalised net loss (excluding one-off cost)**
- **Only very limited negative impact of Covid-19 visible in Q1 2020**

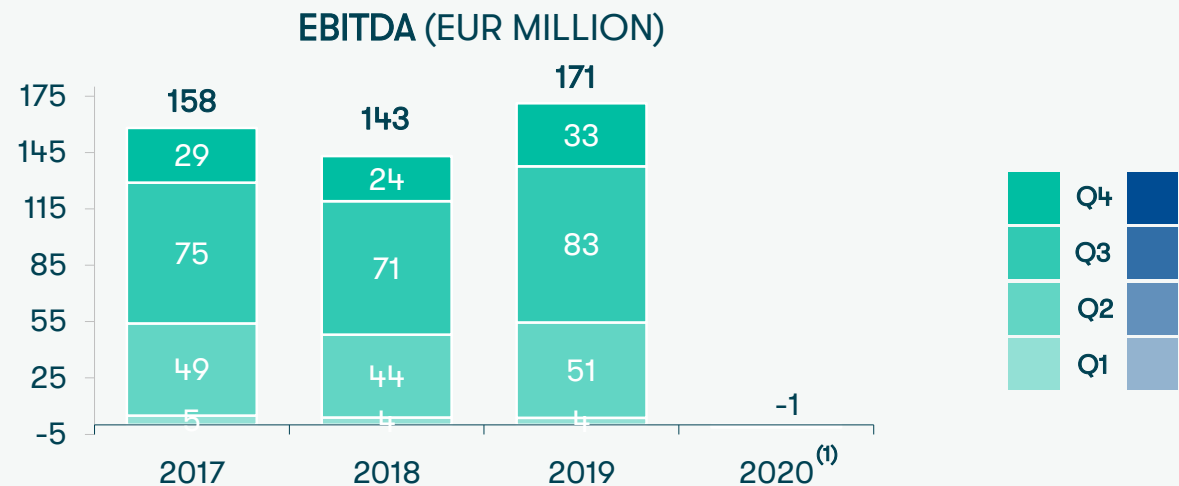
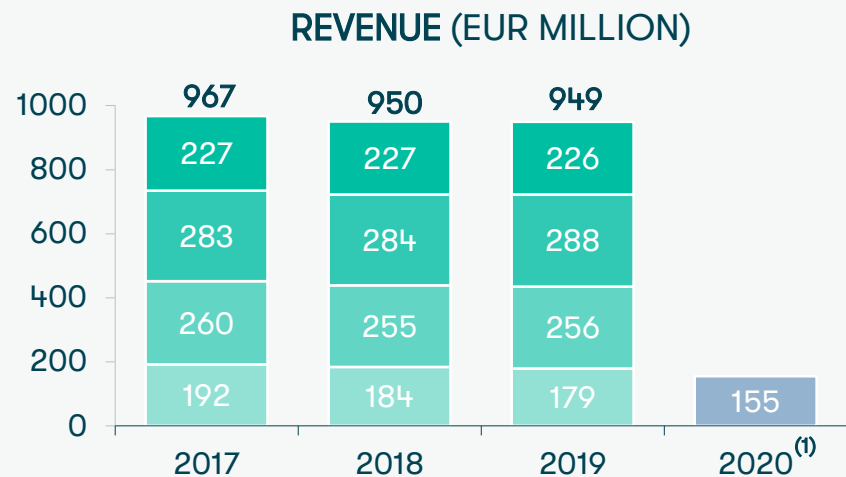
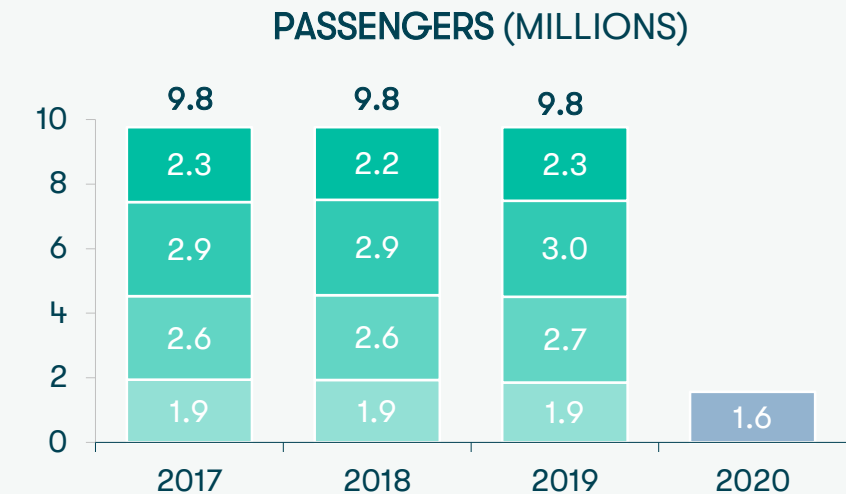
COVID-19 IMPACT ON TRANSPORTED PASSENGERS

2020 VS 2016-2019 AVERAGE WEEKLY MOVING AVERAGE



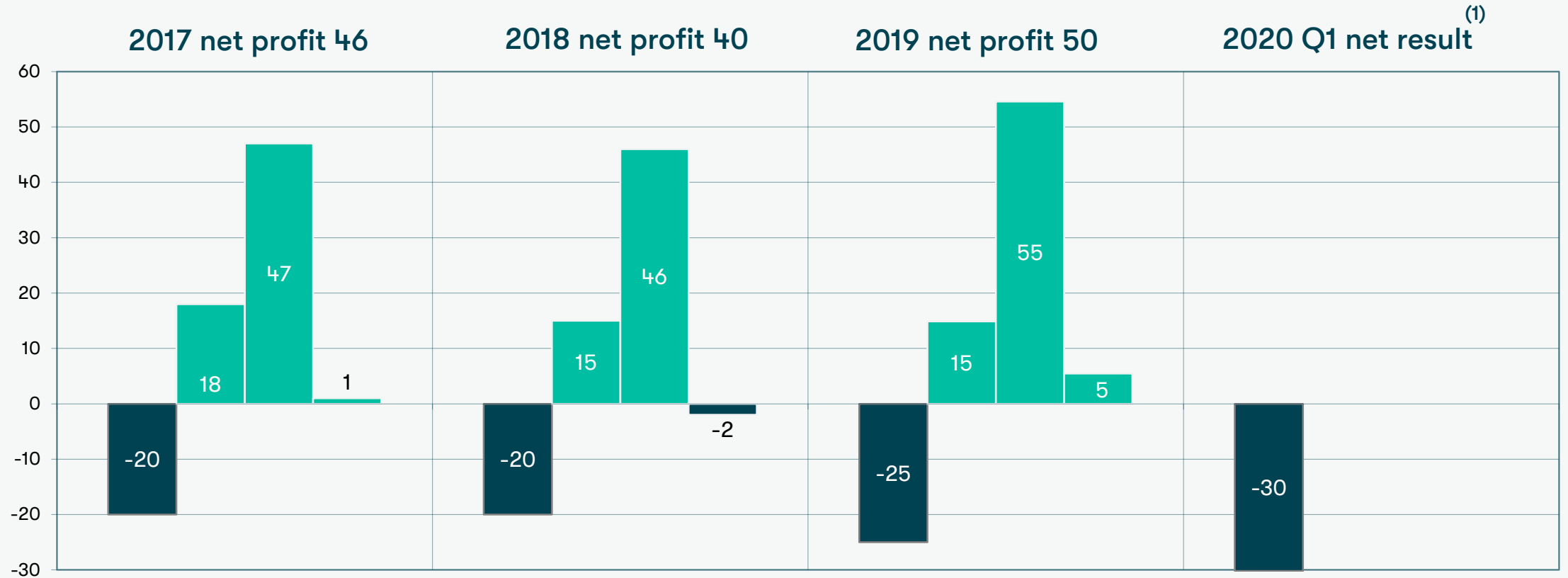
RESULTS

QUARTERLY SEASONALITY BREAKDOWN



THE DYNAMICS OF HIGH SEASONALITY ON THE PROFIT LEVEL

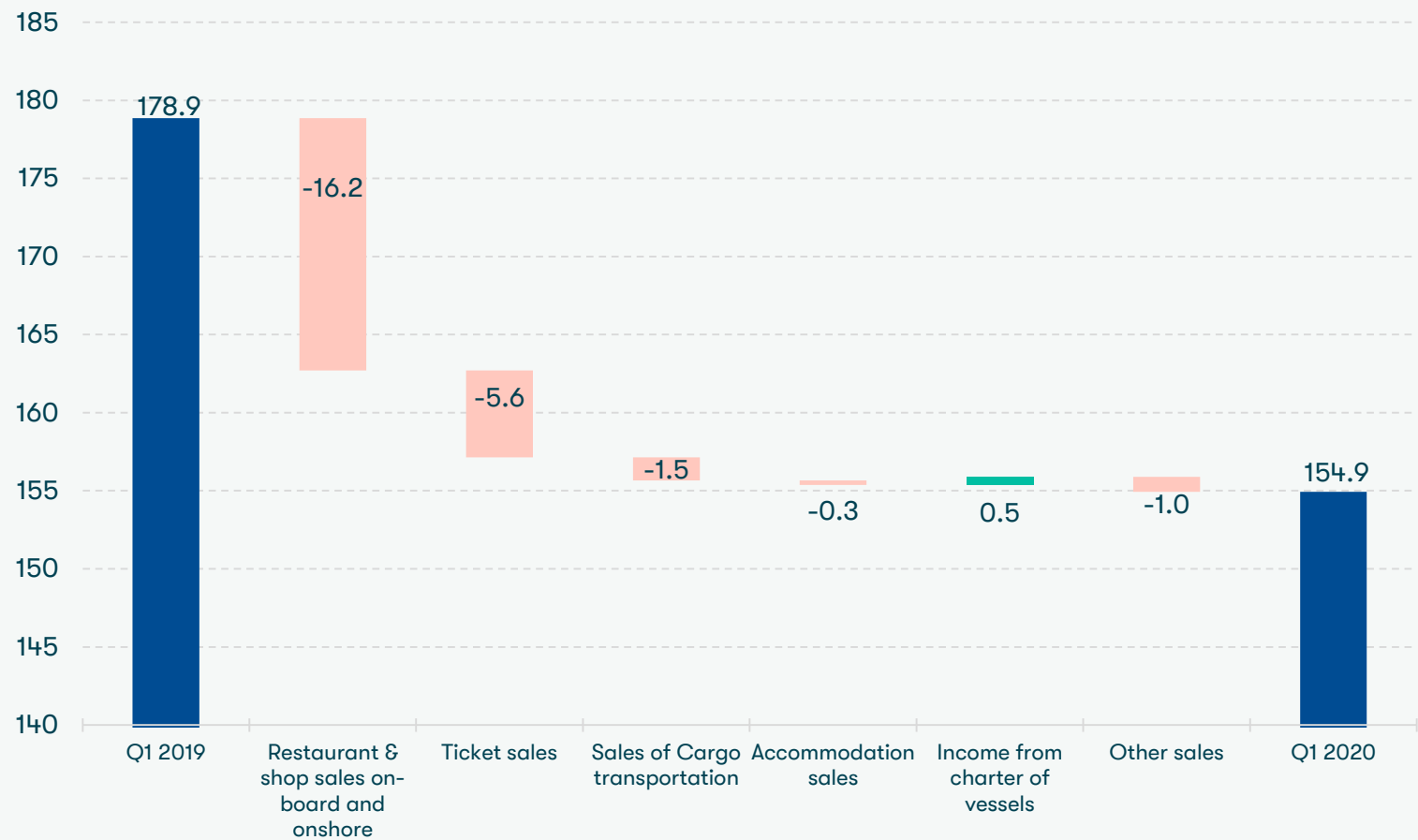
NET PROFIT BY QUARTERS (EUR MILLION)



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

REVENUE DEVELOPMENT BY OPERATING SEGMENTS

(EUR MILLION)



Restaurant and shop sales on-board and onshore and ticket sales decline in-line with decrease in number of passengers

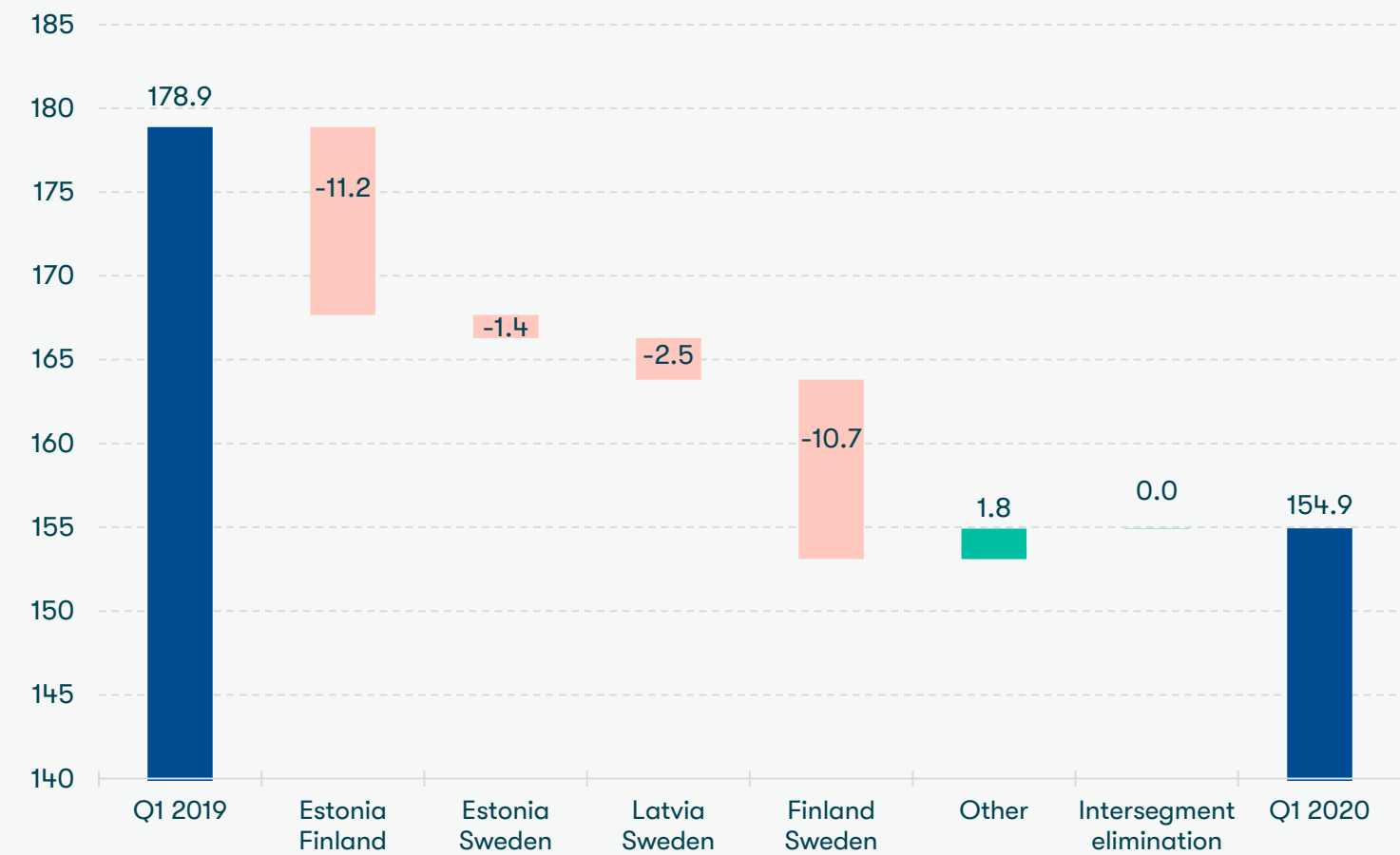
Lower cargo sales due to weak market, change in pricing, and lower global fuel prices

Accommodation sales decline curbed by strong results of January-February

Improved charter terms from Q4 2019

REVENUE DEVELOPMENT BY GEOGRAPHICAL SEGMENTS

(EUR MILLION)



Revenues of all routes negatively affected by Covid-19, travel restrictions, suspensions in operations and weak cargo market

Estonia-Finland
Lower number of trips due to maintenance and repair works of three vessels. Temporarily lower competition in cargo

Estonia-Sweden
Absence of lengthy maintenance and repair works of the cruise ferry Baltic Queen

Latvia-Sweden
No significant route specific factors

Finland-Sweden
Less maintenance and repair works compared to Q1 2019

CONSOLIDATED INCOME STATEMENT

(EUR million)	2018	2019	Q1 2019	Q1 2020 ⁽²⁾
Sales	950	949	179	155
Cost of sales ⁽¹⁾	(766)	(752)	(168)	(155)
Marketing, general & admin ⁽¹⁾	(125)	(124)	(32)	(27)
EBITDA	143	171	4	(1)
Margin (%)	15.0%	18.0%	2.1%	(0.8%)
Net Result	40	50	(25)	(30)
EPS	0.060	0.074	(0.038)	(0.045)

CONSOLIDATED CASH FLOW STATEMENT

(EUR million)	2018	2019	Q1 2019	Q1 2020 ⁽¹⁾
Operating cash flow	157	175	7	1
Capital expenditure	(36)	(61)	(25)	(27)
Asset disposal	0	0	0	0
Free cash flow	121	114	(18)	(26)
Debt financing (net effect)	(85)	(52)	(11)	9
Interests & other financial items	(19)	(17)	(5)	(5)
Dividends & reduction of share capital	(20)	(80)	0	0
Income tax on dividends paid	(4)	(4)	0	0
Change in cash	(7)	(43)	(34)	(22)

Totals may not sum due to rounding

(1) Unaudited

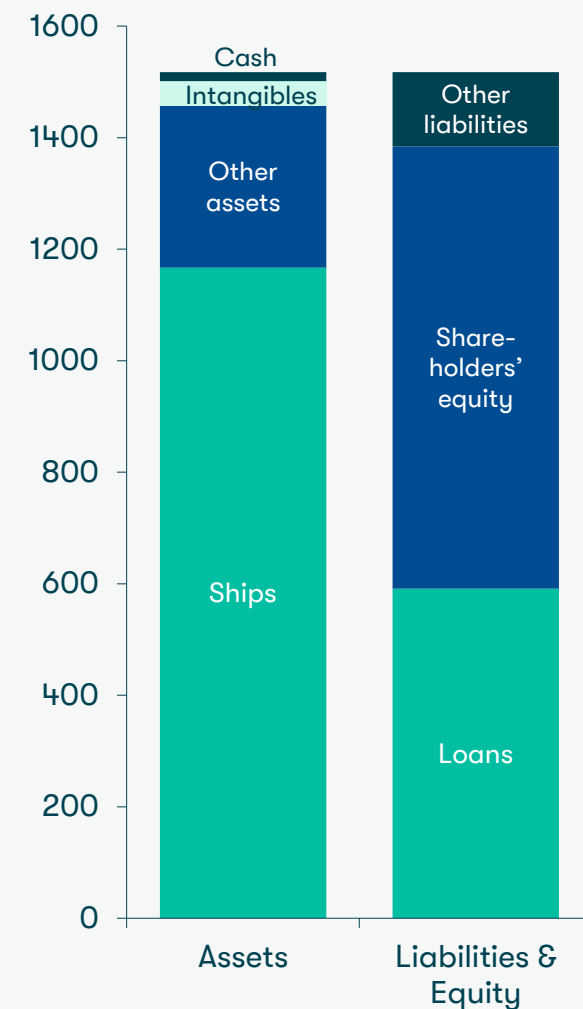
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR million)	31.12.2018	31.03.2019	31.12.2019	31.03.2020 ⁽²⁾
Total assets	1 501	1 572	1 533	1 518
Non-current assets	1 333	1 434	1 412	1 419
Current assets	168	138	121	99
- of which cash	82	48	39	16
Total liabilities	644	744	710	725
Interest bearing liabilities	510	605	578	591
Other liabilities	134	139	132	134
Shareholders' equity	857	828	823	793
Net debt/EBITDA	3.0x	3.9x	3.1x	3.5x
Net debt	428	557	539	575
Equity/assets ratio	57%	53%	54%	52%
BVPS ⁽¹⁾ (in EUR)	1.28	1.24	1.23	1.18

Totals may not sum due to rounding

(1) Shareholders' equity / number of shares outstanding

(2) Unaudited

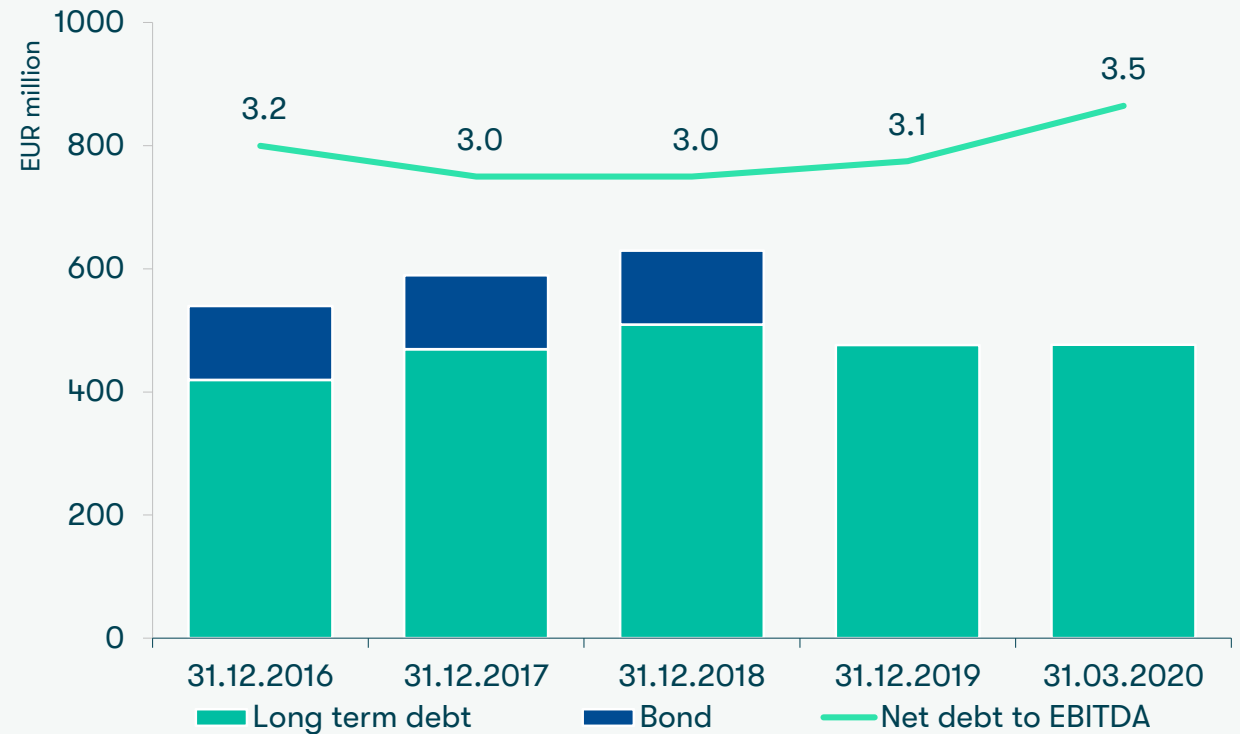


DEBT STRUCTURE

Total EUR 591 million interest bearing liabilities as at 31.03.2020

LONG TERM BANK LOANS

- EUR 477 million as at 31.03.2020
- 6 loan agreements outstanding: syndicated loans and amortizing project loans
- Maturities 1-14 years
- EUR denominated
- Fixed and EURIBOR floating



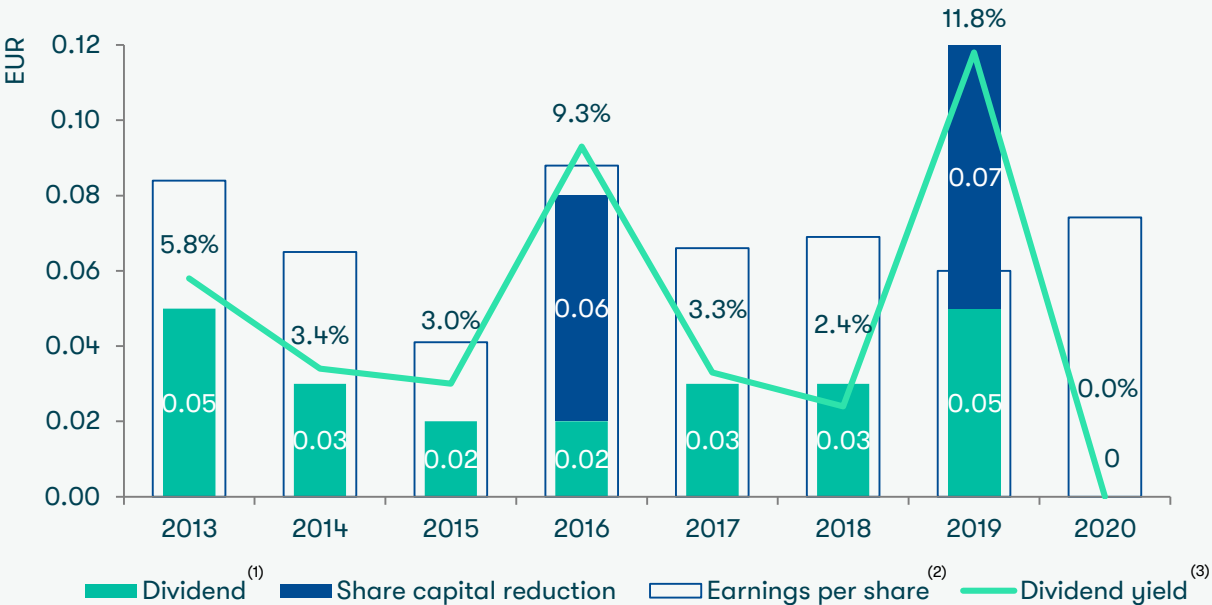
2020 figures unaudited

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

Due to a deteriorated operating environment and considering Tallink Grupp’s long-term interests, the Management Board has decided to propose to the Supervisory Board not to pay dividends from net profit for 2019



EUR 241 MILLION PAYMENTS TO SHAREHOLDERS IN 2013-2019

Notes:

- (1) To be proposed to the shareholders’ annual general meeting in 2020
- (2) Profit per share of previous financial year for which the dividends are being distributed
- (3) As at 31/12

2020 Q1 HIGHLIGHTS AND KEY FACTS



- Scheduled docking of five vessels in Q1 2020
 - 48 less docking days compared to Q1 2019
- EUR 12.4m instalment for construction of MyStar
- MoU to develop Tallinn City Hall into a top conference and concert centre in the Baltic Sea region with Tallink port
- Wide-scale suspension of operations from mid-March
- Management Board decided to propose no dividends
- Agreements with main fuel suppliers to fix the purchase price equivalent to about 65% of total estimated fuel volume for 2020
 - Average price ca 5.5% lower compared to similar agreements for 2019
 - More flexible terms were negotiated with one supplier in April – market prices until performance recovers to an agreed level
 - Fixed price from other supplier, but only for consumed volume

EVENTS AFTER THE REPORTING PERIOD & OUTLOOK

- Physical construction of MyStar commenced on 6 April
- Increase of overdraft limit by EUR 20.0m in April
- Tallink Ekspress e-shop with home delivery opened on 20 April
- Three Burger King restaurants scheduled to open in Tallinn in the second half of May. More openings later in the year
- EUR 49.4m instalment for MyStar in Q3 2020
- Negotiations continue over covenants and schedules of existing loans as well as over new financing to ensure sufficient liquidity
- Earnings outlook for 2020 highly uncertain and largely subject to the States' decisions regarding the timing of lifting of the travel restrictions, allowing passenger traffic as well as the duration of the recovery period
- Covid-19 full effect visible in Q2 2020 financial results

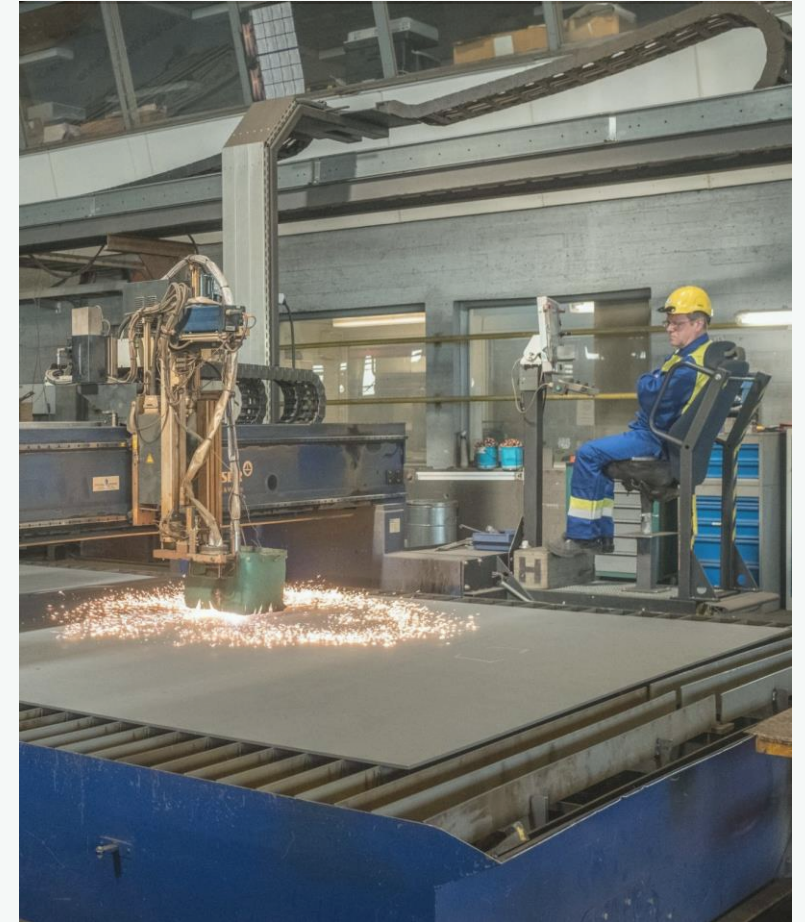


Image on courtesy of Rauma Marine Construction

THANK YOU

