

**TALLINK GRUPP AS**  
**INTERIM REPORT 9M 2017 (UNAUDITED)**

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| <b>Beginning of the financial year</b> | 1 January 2017                                       |
| <b>End of the financial year</b>       | 31 December 2017                                     |
| <b>Interim reporting period</b>        | 1 January 2017 – 30 September 2017                   |
| <b>Commercial Register no.</b>         | 10238429   |
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| <b>Main activity</b>                   | maritime transport<br>(passenger & cargo transport)  |

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## MANAGEMENT REPORT

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In the third quarter (1 July – 30 September) of 2017, Tallink Grupp AS and its subsidiaries (the Group) carried 2.9 million passengers, 2% more than in the third quarter of 2016. The Group's unaudited third-quarter revenue grew by 3.3% to EUR 282.7 million (EUR 273.6 million, Q3 2016). Unaudited EBITDA for the third quarter improved by 12.3% to EUR 75.4 million (EUR 67.1 million, Q3 2016) and unaudited net profit increased by 11.7% to EUR 47.8 million (EUR 42.8 million, Q3 2016).

In the third quarter, the Group's revenue and operating result were impacted by following operational factors:

- after the rerouting of ships in December 2016, carriage capacity increased on a number of operated routes;
- in the third quarter of 2017, during June and August, one cruise ferry operated the Tallinn – Helsinki route in contrast to two cruise ferries in last year;
- increased competition on Tallinn – Helsinki route.

### Sales and segments

In the third-quarter, the revenues from all core operational segments increased compared to third quarter last year. The shops and restaurant revenue increased by EUR 3 million and ticket revenue by EUR 1.2 million, the growth was supported by the 2% increase of passenger number. The third-quarter cargo revenue increased by EUR 3.5 million compared to same period last year, the growth was supported by the increase of number of transported cargo units in all geographical segments.

The third-quarter revenue of the Estonia – Finland routes decreased by 6% compared to same period last year. The decrease was driven by decline in passenger numbers that was attributable to smaller total carriage capacity on the routes and increased competition from added capacity by competitors during the summer high season. Despite lower revenue, the Estonia – Finland routes segment result improved as more optimal operating costs resulting from three vessels on the Tallinn – Helsinki route. On the Tallinn – Helsinki route the new Shuttle ferry Megastar started operating in January 2017, next to Shuttle ferry Star. On the Tallinn – Helsinki route cruise service only one cruise ferry is operating in 2017, compared to two cruise ferries in the period of March to August in 2016.

The third-quarter revenue of the Finland-Sweden routes increased by 4% compared to same period last year. Growth was supported by a 1.8% higher passenger number and by a 13.7% increase of number of transported cargo units. The segment's third quarter result increased by EUR 1.9 million, compared to same period last year, amounting to EUR 17.9 million.

The Estonia-Sweden routes third-quarter revenue grew by 8.6% compared to same period last year. Growth was supported by an 8.1% higher passenger number. The number of transported cargo units increased by 2.9%. The segment's result increased by 4.9% to EUR 7.8 million compared to same period last year.

The Latvia-Sweden route third-quarter revenue increased by 66.4% compared to same period last year and the number of transported cargo units increased by 120%. The segment's third-quarter result increased by 4.2% to EUR 4.4 million. Since December 2016, two ships have been operating on the route compared to one ship in the third quarter last year.

### Earnings

In the third quarter of 2017, the Group's gross profit grew by EUR 5.2 million compared to the same period last year, amounting to EUR 81.9 million. Third-quarter EBITDA increased by EUR 8.3 million to EUR 75.4 million. Third quarter growth was driven by a higher number of passengers and transported cargo units, attributable to the higher capacity, and more optimal operating costs resulting from three vessels on the Tallinn – Helsinki route. On the other hand, the result was also impacted by a year-on-year rise in fuel costs.

Net finance costs decreased by EUR 0.3 million compared to the third quarter last year mainly from lower interest expenses. The total exchange rate differences and the revaluation of cross currency and interest rate derivatives were on the same level.

The Group's unaudited net profit for the third quarter of 2017 was EUR 47.8 million or EUR 0.071 per share compared to a net profit of EUR 42.8 million or EUR 0.064 per share in the same period last year.

### Results of the first 9 months of 2017

In the first 9 months (1 January – 30 September) of 2017, the Group carried 7.4 million passengers which is 2.9% more compared to the same period last year. The Group's unaudited revenue for the period increased by 3.2% to EUR 734.1 million. Unaudited EBITDA increased almost by EUR 10 million and amounted to EUR 129.5 million (EUR 119.6 million, 9M 2016), unaudited net profit for the period was EUR 45.4 million (EUR 40.6 million, 9M 2016 net profit).

The financial result for the first 9 months 2017 was influenced by the scheduled maintenance of five cruise ferries in the first quarter of 2017 and a rise in carriage capacity on several routes after the rerouting of vessels in December 2016. In the first nine months the competition in the maritime traffic between Estonia and Finland has increased, which has put pressure on ticket prices.

### Financial position

In the third quarter, the Group's net debt decreased by EUR 18.6 million to EUR 635.2 million. The net debt to EBITDA ratio was 4.0 at the reporting date.

At the end of the third quarter, total liquidity (cash, cash equivalents and unused credit facilities) amounted to EUR 87.5 million (EUR 116.3 million, 30 September 2016) providing a strong financial position for sustainable operations. The Group had EUR 80.2 million (EUR 88.8 million, 30 September 2016) in cash and cash equivalents and EUR 7.3 million (EUR 27.5 million, 30 September 2016) in unused credit lines.

**KEY FIGURES**

| <b>For the period</b>                                  | <b>Q3 2017</b>  | <b>Q3 2016</b>  | <b>Change %</b> |
|--|-----------------|-----------------|-----------------|
| Revenue (million euros)                                | 282.7           | 273.6           | 3.3%            |
| Gross profit (million euros)                           | 81.9            | 76.8            | 6.7%            |
| Net profit for the period (million euros)              | 47.8            | 42.8            | 11.7%           |
| EBITDA (million euros)                                 | 75.4            | 67.1            | 12.3%           |
| Depreciation and amortisation (million euros)          | 22.2            | 19.3            | 15.3%           |
| Capital expenditures (million euros)                   | 2.4             | 15.1            | -84.1%          |
| Weighted average number of ordinary shares outstanding | 669 882 040     | 669 882 040     | 0.0%            |
| Earnings per share                                     | 0.071           | 0.064           | 11.7%           |
| Number of passengers                                   | 2 912 759       | 2 855 112       | 2.0%            |
| Number of cargo units                                  | 91 335          | 81 170          | 12.5%           |
| Average number of employees                            | 7 566           | 7 366           | 2.7%            |
| <b>As at</b>   | <b>30.09.17</b> | <b>30.06.17</b> | <b>Change %</b> |
| Total assets (million euros)                           | 1 714.5         | 1 739.0         | -1.4%           |
| Total liabilities (million euros)                      | 875.6           | 948.0           | -7.6%           |
| Interest-bearing liabilities (million euros)           | 715.3           | 735.7           | -2.8%           |
| Net debt (million euros)                               | 635.2           | 653.7           | -2.8%           |
| Net debt to EBITDA                                     | 4.0             | 4.3             | -7.9%           |
| Total equity (million euros)                           | 838.9           | 791.1           | 6.0%            |
| Equity ratio (%)                                       | 48.9%           | 45.5%           |                 |
| Number of ordinary shares outstanding                  | 669 882 040     | 669 882 040     | 0.0%            |
| Equity per share                                       | 1.25            | 1.18            | 6.0%            |
| <b>Ratios</b>  | <b>Q3 2017</b>  | <b>Q3 2016</b>  |                 |
| Gross margin (%)                                       | 29.0%           | 28.1%           |                 |
| EBITDA margin (%)                                      | 26.7%           | 24.5%           |                 |
| Net profit margin (%)                                  | 16.9%           | 15.7%           |                 |

EBITDA: Earnings before net financial items, share of profit of equity accounted investees, taxes, depreciation and amortisation

Earnings per share: net profit / weighted average number of shares outstanding

Equity ratio: total equity / total assets

Equity per share: shareholder's equity / number of shares outstanding

Gross margin: gross profit / revenue

EBITDA margin: EBITDA / revenue

Net profit margin: net profit / revenue

Net debt: interest-bearing liabilities less cash and cash equivalents

Net debt to EBITDA: net debt / 12-months trailing EBITDA

## SALES & RESULTS BY SEGMENTS

The following tables provide an overview of the quarterly sales and result development by geographical segments.

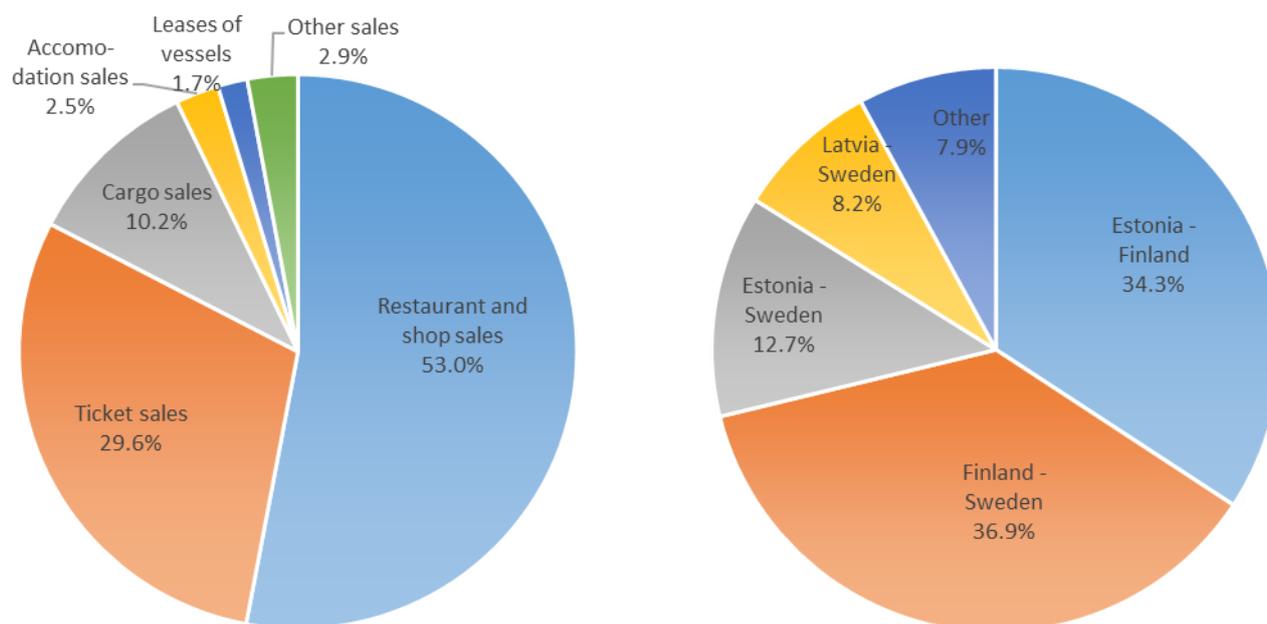
|                          |   | Q3 2016      | Q4 2016      | Q1 2017      | Q2 2017      | Q3 2017      | Q3 change    |
|--------------------------|---|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Estonia - Finland</b> | Passengers (thousands)                                  | 1 568        | 1 186        | 1 012        | 1 349        | <b>1 485</b> | -5.3%        |
|                          | Cargo units (thousands)                                 | 54           | 53           | 52           | 60           | <b>60</b>    | 11.0%        |
|                          | Revenue (million euros)                                 | 103.1        | 87.9         | 73.0         | 95.5         | <b>96.9</b>  | -6.0%        |
|                          | Segment result <sup>1</sup> (million euros)             | 28.1         | 20.9         | 8.1          | 19.8         | <b>28.8</b>  | 2.5%         |
| <b>Finland - Sweden</b>  | Passengers (thousands)                                  | 863          | 685          | 580          | 765          | <b>878</b>   | 1.8%         |
|                          | Cargo units (thousands)                                 | 15           | 19           | 19           | 18           | <b>17</b>    | 13.7%        |
|                          | Revenue (million euros)                                 | 100.4        | 80.5         | 69.1         | 88.9         | <b>104.4</b> | 4.0%         |
|                          | Segment result <sup>1</sup> (million euros)             | 16.0         | -0.6         | -6.0         | 9.4          | <b>17.9</b>  | 12.1%        |
| <b>Estonia - Sweden</b>  | Passengers (thousands)                                  | 280          | 223          | 215          | 276          | <b>303</b>   | 8.1%         |
|                          | Cargo units (thousands)                                 | 10           | 11           | 11           | 11           | <b>11</b>    | 2.9%         |
|                          | Revenue (million euros)                                 | 33.0         | 25.5         | 23.0         | 30.8         | <b>35.9</b>  | 8.6%         |
|                          | Segment result <sup>1</sup> (million euros)             | 7.5          | -0.3         | -1.6         | 3.7          | <b>7.8</b>   | 4.9%         |
| <b>Latvia - Sweden</b>   | Passengers (thousands)                                  | 144          | 132          | 133          | 197          | <b>247</b>   | 71.4%        |
|                          | Cargo units (thousands)                                 | 2            | 2            | 2            | 3            | <b>3</b>     | 120.0%       |
|                          | Revenue (million euros)                                 | 13.9         | 11.1         | 10.6         | 17.4         | <b>23.2</b>  | 66.4%        |
|                          | Segment result <sup>1</sup> (million euros)             | 4.2          | 0.9          | -4.7         | -0.6         | <b>4.4</b>   | 4.2%         |
| <b>Other</b>             | Revenue (million euros)                                 | 26.2         | 23.4         | 17.8         | 30.0         | <b>25.6</b>  | -2.5%        |
|                          | Segment result <sup>1</sup> (million euros)             | 4.4          | 1.1          | 1.3          | 7.7          | <b>5.9</b>   | 33.6%        |
|                          | <i>Intersegment revenue (million euros)</i>             | -3.1         | -2.3         | -1.9         | -2.9         | <b>-3.3</b>  | -3.4%        |
|                          | <b>Total revenue (million euros)</b>                    | <b>273.6</b> | <b>226.1</b> | <b>191.5</b> | <b>259.9</b> | <b>282.7</b> | <b>3.3%</b>  |
|                          | <b>EBITDA (million euros)</b>                           | <b>67.1</b>  | <b>29.9</b>  | <b>5.3</b>   | <b>48.9</b>  | <b>75.4</b>  | <b>12.3%</b> |
|                          | <b>Total segment result<sup>1</sup> (million euros)</b> | <b>60.2</b>  | <b>22.0</b>  | <b>-2.9</b>  | <b>39.9</b>  | <b>64.9</b>  | <b>7.7%</b>  |
|                          | <b>Net profit/loss</b>                                  | <b>42.8</b>  | <b>3.5</b>   | <b>-20.3</b> | <b>17.9</b>  | <b>47.8</b>  | <b>11.7%</b> |

<sup>1</sup> Segment result is the result before administrative expenses, finance costs and taxes.

The following tables provide an overview of the quarterly sales development by operational segments:

| Revenue (million euros)                        | Q3 2016      | Q4 2016      | Q1 2017      | Q2 2017      | Q3 2017      | Q3 change   |
|--|--------------|--------------|--------------|--------------|--------------|-------------|
| Restaurant and shop sales on-board and onshore | 146.8        | 127.6        | 107.8        | 145.6        | <b>149.8</b> | 2.1%        |
| Ticket sales                                   | 82.6         | 52.4         | 42.1         | 65.2         | <b>83.8</b>  | 1.5%        |
| Sales of cargo transportation                  | 25.4         | 27.1         | 28.2         | 29.7         | <b>28.9</b>  | 13.9%       |
| Accommodation sales                            | 6.6          | 4.4          | 3.3          | 5.8          | <b>7.1</b>   | 7.3%        |
| Income from charter of vessels                 | 4.9          | 6.9          | 4.8          | 4.8          | <b>4.9</b>   | 0.0%        |
| Other sales                                    | 7.4          | 7.7          | 5.4          | 8.6          | <b>8.3</b>   | 11.4%       |
| <b>Total revenue</b>                           | <b>273.6</b> | <b>226.1</b> | <b>191.5</b> | <b>259.9</b> | <b>282.7</b> | <b>3.3%</b> |

The following graphs provide an overview of the Group's third quarter sales by operational and geographical segments.



## MARKET DEVELOPMENTS

The following table provides an overview of the passengers, cargo units and passenger vehicles transported during the third quarter and first 9 months of 2017 and 2016.

| <b>Passengers</b> | <b>Q3 2017</b>   | <b>Q3 2016</b>   | <b>Change</b> | <b>9M 2017</b>   | <b>9M 2016</b>   | <b>Change</b> |
|-------------------|------------------|------------------|---------------|------------------|------------------|---------------|
| Estonia - Finland | 1 484 915        | 1 568 420        | -5.3%         | 3 845 167        | 3 891 501        | -1.2%         |
| Finland - Sweden  | 878 492          | 862 654          | 1.8%          | 2 223 966        | 2 201 271        | 1.0%          |
| Estonia - Sweden  | 302 757          | 280 141          | 8.1%          | 793 751          | 760 174          | 4.4%          |
| Latvia - Sweden   | 246 595          | 143 897          | 71.4%         | 576 692          | 378 293          | 52.4%         |
| <b>Total</b>      | <b>2 912 759</b> | <b>2 855 112</b> | <b>2.0%</b>   | <b>7 439 576</b> | <b>7 231 239</b> | <b>2.9%</b>   |

| <b>Cargo units</b> | <b>Q3 2017</b> | <b>Q3 2016</b> | <b>Change</b> | <b>9M 2017</b> | <b>9M 2016</b> | <b>Change</b> |
|--------------------|----------------|----------------|---------------|----------------|----------------|---------------|
| Estonia - Finland  | 60 409         | 54 423         | 11.0%         | 171 707        | 155 949        | 10.1%         |
| Finland - Sweden   | 16 919         | 14 878         | 13.7%         | 54 311         | 50 431         | 7.7%          |
| Estonia - Sweden   | 10 635         | 10 336         | 2.9%          | 32 191         | 31 076         | 3.6%          |
| Latvia - Sweden    | 3 372          | 1 533          | 120.0%        | 8 742          | 5 385          | 62.3%         |
| <b>Total</b>       | <b>91 335</b>  | <b>81 170</b>  | <b>12.5%</b>  | <b>266 951</b> | <b>242 841</b> | <b>9.9%</b>   |

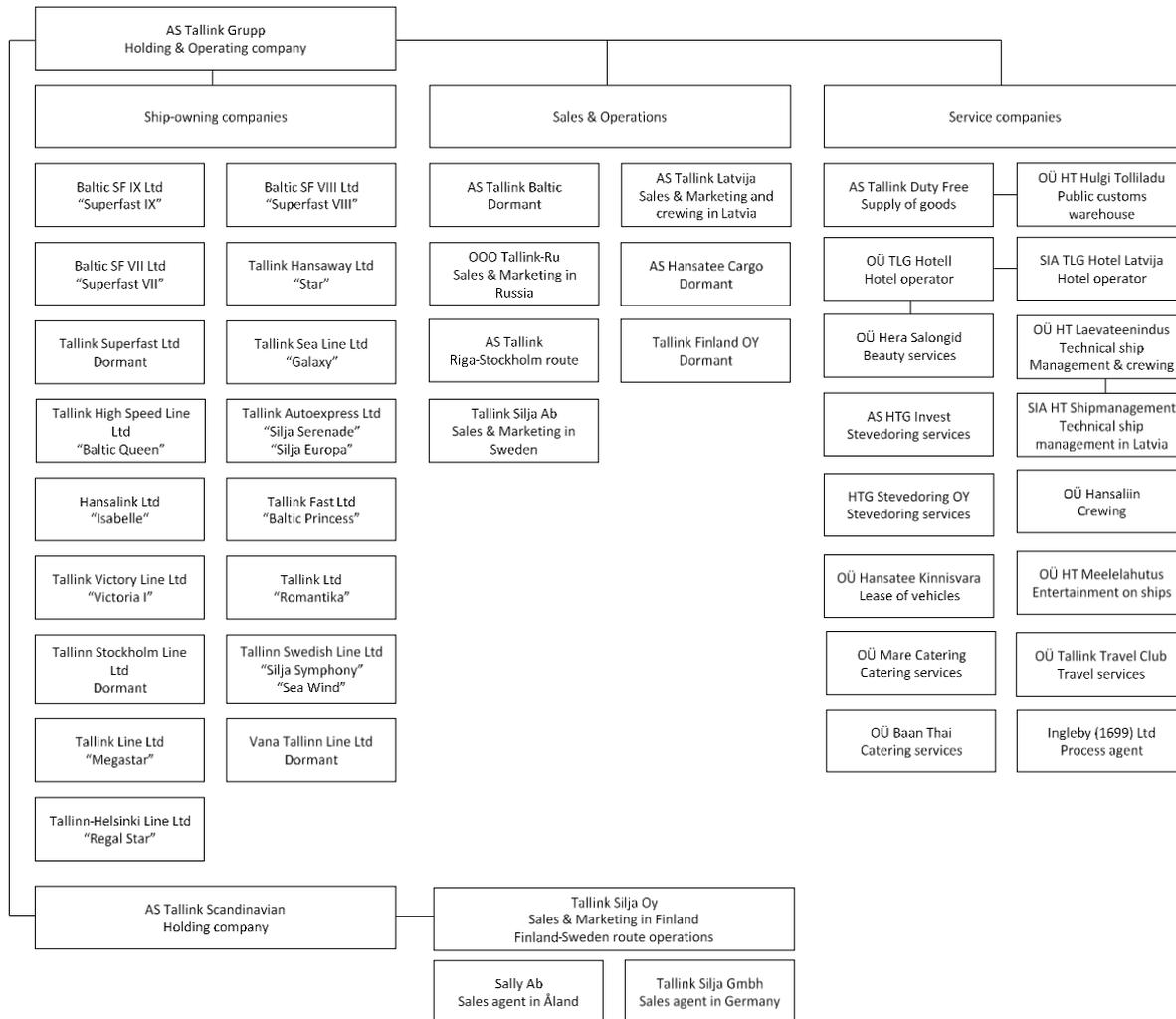
| <b>Passenger vehicles</b> | <b>Q3 2017</b> | <b>Q3 2016</b> | <b>Change</b> | <b>9M 2017</b> | <b>9M 2016</b> | <b>Change</b> |
|---------------------------|----------------|----------------|---------------|----------------|----------------|---------------|
| Estonia - Finland         | 235 472        | 265 491        | -11.3%        | 631 645        | 672 448        | -6.1%         |
| Finland - Sweden          | 69 782         | 73 136         | -4.6%         | 134 929        | 137 896        | -2.2%         |
| Estonia - Sweden          | 24 422         | 23 322         | 4.7%          | 57 330         | 57 217         | 0.2%          |
| Latvia - Sweden           | 23 633         | 18 394         | 28.5%         | 56 523         | 44 114         | 28.1%         |
| <b>Total</b>              | <b>353 309</b> | <b>380 343</b> | <b>-7.1%</b>  | <b>880 427</b> | <b>911 675</b> | <b>-3.4%</b>  |

The Group's market shares on the routes operated during the 12-month period ended 30 September 2017 were as follows:

- The Group carried approximately 56% of the passengers and 64% of the ro-ro cargo on the route between Tallinn and Helsinki;
- The Group carried approximately 54% of the passengers and 28% of the ro-ro cargo on the routes between Finland and Sweden;
- The Group was the only provider of daily passenger transportation between Estonia and Sweden;
- The Group was the only provider of daily passenger and ro-ro cargo transportation between Riga and Stockholm.

## GROUP STRUCTURE

At the reporting date, the Group consisted of 45 companies. All subsidiaries are wholly-owned by Tallink Grupp AS. The following diagram represents the Group's structure at the reporting date:



The Group also owns 34% of Tallink Takso AS.

## PERSONNEL

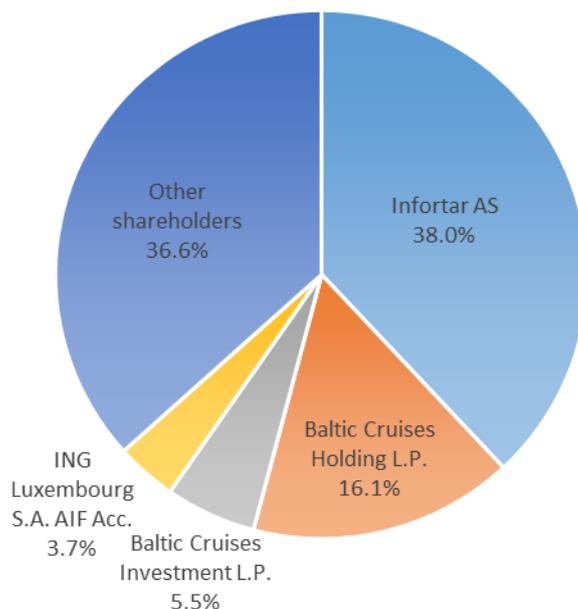
On 30 September 2017, the Group employed 7 306 employees (7 050 on 30 September 2016). The following table provides a more detailed overview of the Group's personnel.

|                      | Average of Q3 |              |              | Average of 9 months |              |              | End of Q3    |              |              |
|----------------------|---------------|--------------|--------------|---------------------|--------------|--------------|--------------|--------------|--------------|
|                      | 2017          | 2016         | Change       | 2017                | 2016         | Change       | 2017         | 2016         | Change       |
| <b>Onshore total</b> | <b>1 634</b>  | <b>1 701</b> | <b>-3.9%</b> | <b>1 638</b>        | <b>1 660</b> | <b>-1.3%</b> | <b>1 579</b> | <b>1 618</b> | <b>-2.4%</b> |
| Estonia              | 865           | 921          | -6.1%        | 878                 | 905          | -3.0%        | 862          | 866          | -0.5%        |
| Finland              | 520           | 501          | 3.8%         | 506                 | 486          | 4.1%         | 478          | 476          | 0.4%         |
| Sweden               | 159           | 197          | -19.3%       | 165                 | 187          | -11.8%       | 150          | 193          | -22.3%       |
| Latvia               | 72            | 69           | 4.3%         | 71                  | 67           | 6.0%         | 72           | 70           | 2.9%         |
| Russia               | 12            | 8            | 50.0%        | 12                  | 9            | 33.3%        | 11           | 8            | 37.5%        |
| Germany              | 6             | 5            | 20.0%        | 6                   | 6            | 0.0%         | 6            | 5            | 20.0%        |
| <b>On-board</b>      | <b>5 303</b>  | <b>5 058</b> | <b>4.8%</b>  | <b>5 209</b>        | <b>4 912</b> | <b>6.0%</b>  | <b>5 133</b> | <b>4 830</b> | <b>6.3%</b>  |
| <b>Hotel*</b>        | <b>629</b>    | <b>607</b>   | <b>3.6%</b>  | <b>598</b>          | <b>595</b>   | <b>0.5%</b>  | <b>594</b>   | <b>602</b>   | <b>-1.3%</b> |
| <b>Total</b>         | <b>7 566</b>  | <b>7 366</b> | <b>2.7%</b>  | <b>7 445</b>        | <b>7 167</b> | <b>3.9%</b>  | <b>7 306</b> | <b>7 050</b> | <b>3.6%</b>  |

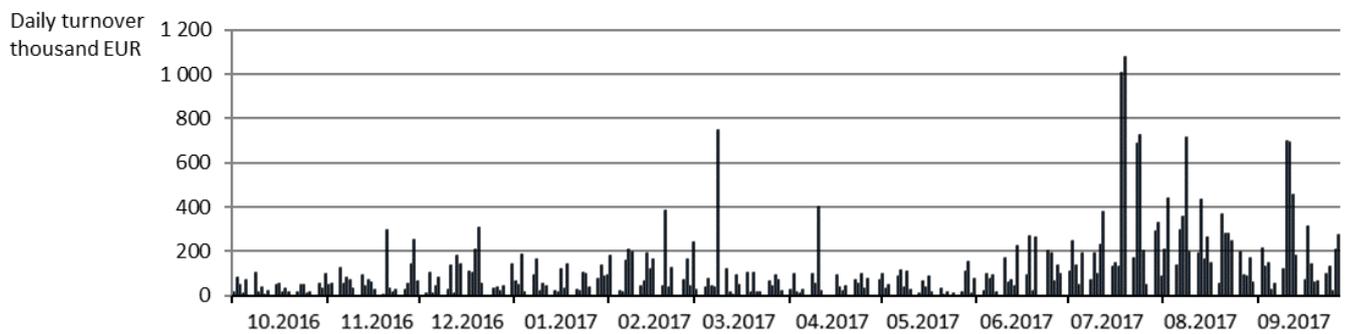
\* The number of hotel personnel is not included in the total number of onshore personnel.

## SHAREHOLDERS & SHARE PRICE DEVELOPMENT

The following chart displays the shareholder structure of Tallink Grupp AS as at 30 September 2017.



Since 9 December 2005 the shares of Tallink Grupp AS have been listed on the Tallinn Stock Exchange, where the shares are traded under the ticker symbol TAL1T. The closing share price at the reporting date was EUR 1.03 per share. The following chart gives an overview of the share price development in the past twelve months.



## EVENTS IN Q3

### Sale of the Superfast vessels

In July, subsidiaries of Tallink Grupp AS, Baltic SF VII Ltd and Baltic SF VIII Ltd concluded agreements for the sale of M/S Stena Superfast VII and M/S Stena Superfast VIII to Stena Ropax Limited. The value of the deal is EUR 133.5 million and the gain on the sale of the vessels is not significant for the consolidated results of Tallink Grupp AS. The vessels will be delivered to the buyer in December 2017. Until then, the vessels will continue to operate in the UK waters according to the charter agreements concluded with Stena Line Ltd in August 2011.

### Commencement of an exploratory process relating to potential strategic options

In July, the supervisory board of Tallink Grupp AS started an exploratory process relating to potential strategic options for the Group. Citigroup Global Markets Limited has been appointed as a financial advisor in the process. The strategic options considered will support the Group's long-term strategy and may include attracting new core investors, which could lead to some of the existing shareholders divesting their shares in Tallink Grupp AS (whether by way of voluntary or mandatory take-over offer or otherwise). No assurances are given that any transaction will occur as a result of this process.

### Charter agreement extension

In August, a subsidiary of AS Tallink Grupp, Baltic SF IX Limited and Marine Atlantic Inc, a Canadian company with the state participation therein, have concluded to extend the current charter agreement of MV Atlantic Vision (ex. Superfast IX) for one year, until November 2018. The vessel has been on the long-term bareboat charter since November 2008.

## EVENTS AFTER THE REPORTING PERIOD AND OUTLOOK

### Outlook for 2017

The Group's management expects the operating results for 2017 to be better than that for the previous financial year thanks to the addition of a new fast LNG ferry, Megastar, in January and the rerouting of ships carried out in December 2016. Since February 2017 there have been no charter hire costs from the fast ferry Superstar.

### Earnings

The Group's earnings are not generated evenly throughout the year. The summer period is the high season in the Group's operations. In management's opinion and based on prior experience most of the Group's earnings are generated during the summer (June-August).

### Research and development projects

Tallink Grupp AS does not have any substantial on-going research and development projects.

## RISKS

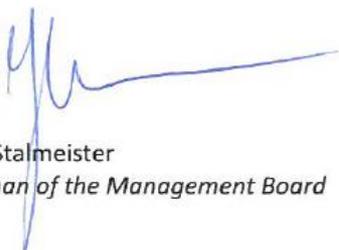
The Group's business, financial position and operating results could be materially affected by various risks. These risks are not the only ones we face. Additional risks and uncertainties not presently known to us, or that we currently believe are immaterial or unlikely, could also impair our business. The order of presentation of the risk factors below is not intended to be an indication of the probability of their occurrence or of their potential effect on our business.

- Accidents, disasters
- Macroeconomic developments
- Changes in laws and regulations
- Relations with trade unions
- Increase in the fuel prices and interest rates
- Market and customer behaviour

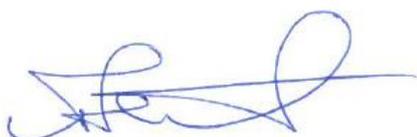
## MANAGEMENT BOARD'S CONFIRMATION

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We confirm that to the best of our knowledge, the management report of Tallink Grupp AS for the first 9 months of 2017 presents a true and fair view of the Group's development, results and financial position and includes an overview of the main risks and uncertainties.



Janek Stalmeister  
*Chairman of the Management Board*



Andres Hunt  
*Vice Chairman of the Management Board*



Lembit Kitter  
*Member of the Management Board*

Tallinn, 9 November 2017

## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| Unaudited, in thousands of EUR   | Q3 2017       | Q3 2016       | 9M 2017        | 9M 2016        |
|--|---------------|---------------|----------------|----------------|
| Revenue (Note 3)   | 282 715       | 273 615       | 734 121        | 711 670        |
| Cost of sales  | -200 769      | -196 839      | -578 026       | -560 154       |
| <b>Gross profit</b>  | <b>81 946</b> | <b>76 776</b> | <b>156 095</b> | <b>151 516</b> |
| Sales and marketing expenses   | -17 068       | -16 571       | -54 182        | -53 166        |
| Administrative expenses  | -11 780       | -12 548       | -37 234        | -38 825        |
| Other operating income   | 108           | 180           | 444            | 1 753          |
| Other operating expenses   | -38           | 22            | -182           | -6             |
| <b>Result from operating activities</b>                                | <b>53 168</b> | <b>47 859</b> | <b>64 941</b>  | <b>61 272</b>  |
| Finance income (Note 4)  | -102          | 4 398         | 7 806          | 8 760          |
| Finance costs (Note 4)   | -5 214        | -9 999        | -23 183        | -29 685        |
| <b>Profit/loss before income tax</b>                                   | <b>47 852</b> | <b>42 258</b> | <b>49 564</b>  | <b>40 347</b>  |
| Income tax   | -12           | 580           | -4 138         | 245            |
| <b>Net profit/loss for the period</b>                                  | <b>47 840</b> | <b>42 838</b> | <b>45 426</b>  | <b>40 592</b>  |
| <b>Other comprehensive income/expense</b>                              |               |               |                |                |
| Exchange differences on translating foreign operations                 | -40           | -99           | -22            | -264           |
| <b>Other comprehensive income/expense for the period</b>               | <b>-40</b>    | <b>-99</b>    | <b>-22</b>     | <b>-264</b>    |
| <b>Total comprehensive income/expense for the period</b>               | <b>47 800</b> | <b>42 739</b> | <b>45 404</b>  | <b>40 328</b>  |
| <b>Basic and diluted earnings per share (in EUR per share, note 5)</b> | <b>0.071</b>  | <b>0.064</b>  | <b>0.068</b>   | <b>0.061</b>   |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| Unaudited, in thousands of EUR                             | 30.09.2017       | 31.12.2016       |
|--|------------------|------------------|
| <b>ASSETS</b>  |                  |                  |
| Cash and cash equivalents                                  | 80 161           | 78 773           |
| Trade and other receivables                                | 51 951           | 38 674           |
| Prepayments  | 13 921           | 7 926            |
| Prepaid income tax   | 34               | 91               |
| Inventories  | 46 314           | 38 719           |
| <b>Current assets</b>                                      | <b>192 381</b>   | <b>164 183</b>   |
| Investments in equity-accounted investees                  | 363              | 363              |
| Other financial assets                                     | 353              | 348              |
| Deferred income tax assets                                 | 18 797           | 18 791           |
| Investment property  | 300              | 300              |
| Property, plant and equipment (Note 7)                     | 1 452 732        | 1 304 897        |
| Intangible assets (Note 8)                                 | 49 579           | 50 127           |
| <b>Non-current assets</b>                                  | <b>1 522 124</b> | <b>1 374 826</b> |
| <b>TOTAL ASSETS</b>  | <b>1 714 505</b> | <b>1 539 009</b> |
| <b>LIABILITIES AND EQUITY</b>                              |                  |                  |
| Interest-bearing loans and borrowings (Note 9)             | 154 855          | 106 112          |
| Trade and other payables                                   | 96 505           | 103 280          |
| Payables to owners <sup>1</sup>                            | 3                | 4                |
| Income tax liability                                       | 4                | 10               |
| Deferred income  | 33 010           | 30 895           |
| <b>Current liabilities</b>                                 | <b>284 377</b>   | <b>240 301</b>   |
| Interest-bearing loans and borrowings (Note 9)             | 560 466          | 452 793          |
| Derivatives (Note 6)                                       | 30 798           | 32 359           |
| <b>Non-current liabilities</b>                             | <b>591 264</b>   | <b>485 152</b>   |
| <b>Total liabilities</b>                                   | <b>875 641</b>   | <b>725 453</b>   |
| Share capital (Note 10)                                    | 361 736          | 361 736          |
| Share premium  | 639              | 639              |
| Reserves   | 70 958           | 68 774           |
| Retained earnings  | 405 531          | 382 407          |
| <b>Equity attributable to equity holders of the Parent</b> | <b>838 864</b>   | <b>813 556</b>   |
| <b>Total equity</b>  | <b>838 864</b>   | <b>813 556</b>   |
| <b>TOTAL LIABILITIES AND EQUITY</b>                        | <b>1 714 505</b> | <b>1 539 009</b> |

<sup>1</sup> Payments related to reduction of share capital.

## CONSOLIDATED STATEMENT OF CASH FLOWS

| Unaudited, in thousands of EUR   | 9M 2017         | 9M 2016        |
|--|-----------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                  |                 |                |
| <b>Net profit/loss for the period</b>  | <b>45 426</b>   | <b>40 592</b>  |
| Adjustments  | 84 328          | 79 014         |
| Changes in:  |                 |                |
| Receivables and prepayments related to operating activities                  | -20 727         | -9 914         |
| Inventories  | -7 595          | -8 427         |
| Liabilities related to operating activities                                  | -5 238          | -326           |
| <b>Changes in assets and liabilities</b>                                     | <b>-33 560</b>  | <b>-18 667</b> |
| <b>Cash generated from operating activities</b>                              | <b>96 194</b>   | <b>100 939</b> |
| Income tax paid received/ paid   | 9               | -1 621         |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                                    | <b>96 203</b>   | <b>99 318</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                  |                 |                |
| Purchase of property, plant, equipment and intangible assets (Notes 7, 8, 9) | -212 031        | -46 197        |
| Proceeds from disposals of property, plant, equipment                        | 224             | 144            |
| Interest received  | 1               | 51             |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                                 | <b>-211 806</b> | <b>-46 002</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                  |                 |                |
| Proceeds from loans received (Note 9)  | 184 000         | 0              |
| Repayment of loans received (Note 9)   | -51 241         | -55 039        |
| Change in overdraft (Note 9)   | 27 580          | 44 096         |
| Payments for settlement of derivatives                                       | -2 698          | -3 341         |
| Payment of finance lease liabilities (Note 9)                                | -78             | -74            |
| Interest paid  | -16 159         | -18 434        |
| Payment of transaction costs related to loans                                | -216            | 0              |
| Dividends paid (Note 11)   | -20 096         | -13 398        |
| Reduction of share capital   | -1              | 0              |
| Income tax on dividends paid   | -4 100          | -330           |
| <b>NET CASH FROM/USED IN FINANCING ACTIVITIES</b>                            | <b>116 991</b>  | <b>-46 520</b> |
| <b>TOTAL NET CASH FLOW</b>   | <b>1 388</b>    | <b>6 796</b>   |
| Cash and cash equivalents at the beginning of period                         | 78 773          | 81 976         |
| Increase/decrease in cash and cash equivalents                               | 1 388           | 6 796          |
| <b>Cash and cash equivalents at the end of period</b>                        | <b>80 161</b>   | <b>88 772</b>  |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

| Unaudited, in thousands of EUR  | Share capital  | Share premium | Trans-<br>lation<br>reserve | Ships re-<br>valuation<br>reserve | Manda-<br>tory legal<br>reserve | Reserve<br>for<br>treasury<br>shares | Share<br>option<br>programme<br>reserve | Retained<br>earnings | Equity<br>attributable to<br>equity holders<br>of the Parent | Total<br>equity |
|---|----------------|---------------|-----------------------------|-----------------------------------|---------------------------------|--------------------------------------|---|----------------------|--|-----------------|
| <b>As at 31 December 2016</b>   | <b>361 736</b> | <b>639</b>    | <b>-11</b>                  | <b>45 646</b>                     | <b>23 139</b>                   | <b>0</b>                             | <b>0</b>                                | <b>382 407</b>       | <b>813 556</b>   | <b>813 556</b>  |
| Net profit/loss for the period (Note 5)   | 0              | 0             | 0                           | 0                                 | 0                               | 0                                    | 0                                       | 45 426               | 45 426   | 45 426          |
| Other comprehensive income/expense  | 0              | 0             | -22                         | 0                                 | 0                               | 0                                    | 0                                       | 0                    | -22  | -22             |
| <b>Total comprehensive income/expense for the period</b>                          | <b>0</b>       | <b>0</b>      | <b>-22</b>                  | <b>0</b>                          | <b>0</b>                        | <b>0</b>                             | <b>0</b>                                | <b>45 426</b>        | <b>45 404</b>  | <b>45 404</b>   |
| <b>Transactions with owners of the Company</b>                                    |                |               |                             |                                   |                                 |                                      |   |                      |  |                 |
| Transfer from profit for 2016   | 0              | 0             | 0                           | 0                                 | 2 206                           | 0                                    | 0                                       | -2 206               | 0  | 0               |
| Dividends   | 0              | 0             | 0                           | 0                                 | 0                               | 0                                    | 0                                       | -20 096              | -20 096  | -20 096         |
| <b>Transactions with owners of the Company,<br/>recognised directly in equity</b> | <b>0</b>       | <b>0</b>      | <b>0</b>                    | <b>0</b>                          | <b>2 206</b>                    | <b>0</b>                             | <b>0</b>                                | <b>-22 302</b>       | <b>-20 096</b>   | <b>-20 096</b>  |
| <b>As at 30 September 2017</b>  | <b>361 736</b> | <b>639</b>    | <b>-33</b>                  | <b>45 646</b>                     | <b>25 345</b>                   | <b>0</b>                             | <b>0</b>                                | <b>405 531</b>       | <b>838 864</b>   | <b>838 864</b>  |
| <b>As at 31 December 2015</b>   | <b>404 290</b> | <b>639</b>    | <b>458</b>                  | <b>47 693</b>                     | <b>20 185</b>                   | <b>-4 163</b>                        | <b>910</b>                              | <b>354 410</b>       | <b>824 422</b>   | <b>824 422</b>  |
| Net profit/loss for the period (Note 5)   | 0              | 0             | 0                           | 0                                 | 0                               | 0                                    | 0                                       | 40 592               | 40 592   | 40 592          |
| Total other comprehensive income/expense  | 0              | 0             | -264                        | 0                                 | 0                               | 0                                    | 0                                       | 0                    | -264   | -264            |
| <b>Total comprehensive income/expense for the period</b>                          | <b>0</b>       | <b>0</b>      | <b>-264</b>                 | <b>0</b>                          | <b>0</b>                        | <b>0</b>                             | <b>0</b>                                | <b>40 592</b>        | <b>40 328</b>  | <b>40 328</b>   |
| <b>Transactions with owners of the Company</b>                                    |                |               |                             |                                   |                                 |                                      |   |                      |  |                 |
| Transfer from profit for 2015   | 0              | 0             | 0                           | 0                                 | 2 954                           | 0                                    | 0                                       | -2 954               | 0  | 0               |
| Dividends   | 0              | 0             | 0                           | 0                                 | 0                               | 0                                    | 0                                       | -13 398              | -13 398  | -13 398         |
| Share-based payment transactions (Note 11)  | 0              | 0             | 0                           | 0                                 | 0                               | 0                                    | -910                                    | 910                  | 0  | 0               |
| Cancellation of own shares  | -2 361         | 0             | 0                           | 0                                 | 0                               | 4 163                                | 0                                       | -1 802               | 0  | 0               |
| Reduction of share capital  | -40 193        | 0             | 0                           | 0                                 | 0                               | 0                                    | 0                                       | 0                    | -40 193  | -40 193         |
| <b>Transactions with owners of the Company,<br/>recognised directly in equity</b> | <b>-42 554</b> | <b>0</b>      | <b>0</b>                    | <b>0</b>                          | <b>2 954</b>                    | <b>4 163</b>                         | <b>-910</b>                             | <b>-17 244</b>       | <b>-53 591</b>   | <b>-53 591</b>  |
| <b>As at 30 September 2016</b>  | <b>361 736</b> | <b>639</b>    | <b>194</b>                  | <b>47 693</b>                     | <b>23 139</b>                   | <b>0</b>                             | <b>0</b>                                | <b>377 758</b>       | <b>811 159</b>   | <b>811 159</b>  |

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### Note 1 CORPORATE INFORMATION

The consolidated financial statements of Tallink Grupp AS (the "Parent") and its subsidiaries (together referred to as the "Group") for the first 9 months of 2017 were authorised for issue by the Management Board on 9 November 2017.

Tallink Grupp AS is a public limited company incorporated and domiciled in Estonia, with a registered office at Sadama 5/7, Tallinn. Tallink Grupp AS shares have been publicly traded on the Tallinn Stock Exchange since 9 December 2005.

The principal activities of the Group are related to marine transportation in the Baltic Sea (passenger and cargo transportation). As at 30 September 2017, the Group employed 7 306 people (7 234 as at 31 December 2016).

### Note 2 BASIS OF PREPARATION

The interim consolidated financial statements of Tallink Grupp AS have been prepared in a condensed form in accordance with IFRS as adopted by EU and in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting".

The interim consolidated financial statements have been prepared using the same accounting policies and measurement bases that were applied in the preparation of the consolidated financial statements of Tallink Grupp AS for the financial year ended on 31 December 2016.

The interim consolidated financial statements are presented in thousand euros (EUR).

### Note 3 SEGMENT INFORMATION

The Group's operations are organized and managed separately according to the nature of the different markets. Different routes represent different business segments.

The following tables present the Group's revenue and profit by reportable segments for the reporting and the comparative period.

**Geographical segments – by the location of assets**

| For the period 1 January - 30 September, in thousands of EUR | Estonia-<br>Finland route | Estonia-<br>Sweden route | Latvia-<br>Sweden route | Finland-<br>Sweden route | Other         | Intersegment<br>elimination | Total          |
|--|---------------------------|--------------------------|-------------------------|--------------------------|---------------|-----------------------------|----------------|
| <b>2017</b>  |                           |                          |                         |                          |               |                             |                |
| Sales to external customers                                  | 265 352                   | 89 774                   | 51 182                  | 262 442                  | 65 371        | 0                           | <b>734 121</b> |
| Intersegment sales   | 0                         | 0                        | 0                       | 0                        | 8 033         | -8 033                      | <b>0</b>       |
| <b>Revenue</b>   | <b>265 352</b>            | <b>89 774</b>            | <b>51 182</b>           | <b>262 442</b>           | <b>73 404</b> | <b>-8 033</b>               | <b>734 121</b> |
| Segment result   | 56 651                    | 9 941                    | -906                    | 21 340                   | 14 887        | 0                           | <b>101 913</b> |
| Unallocated expenses   |                           |                          |                         |                          |               |                             | <b>-36 972</b> |
| Net financial items (Note 4)                                 |                           |                          |                         |                          |               |                             | <b>-15 377</b> |
| Profit/loss before income tax                                |                           |                          |                         |                          |               |                             | <b>49 564</b>  |

| For the period 1 January - 30 September, in thousands of EUR | Estonia-<br>Finland route | Estonia-<br>Sweden route | Latvia-<br>Sweden route | Finland-<br>Sweden route | Other         | Intersegment<br>elimination | Total          |
|--|---------------------------|--------------------------|-------------------------|--------------------------|---------------|-----------------------------|----------------|
| <b>2016</b>  |                           |                          |                         |                          |               |                             |                |
| Sales to external customers                                  | 265 356                   | 84 524                   | 33 474                  | 256 901                  | 71 415        | 0                           | <b>711 670</b> |
| Intersegment sales   | 0                         | 0                        | 0                       | 0                        | 7 671         | -7 671                      | <b>0</b>       |
| <b>Revenue</b>   | <b>265 356</b>            | <b>84 524</b>            | <b>33 474</b>           | <b>256 901</b>           | <b>79 086</b> | <b>-7 671</b>               | <b>711 670</b> |
| Segment result   | 54 497                    | 11 871                   | 6 054                   | 15 939                   | 9 989         | 0                           | <b>98 350</b>  |
| Unallocated expenses   |                           |                          |                         |                          |               |                             | <b>-37 078</b> |
| Net financial items (Note 4)                                 |                           |                          |                         |                          |               |                             | <b>-20 925</b> |
| Profit/loss before income tax                                |                           |                          |                         |                          |               |                             | <b>40 347</b>  |

**Revenue by service**

| <b>In thousands of EUR</b>                     | <b>9M 2017</b> | <b>9M 2016</b> |
|--|----------------|----------------|
| Restaurant and shop sales on-board and onshore | 403 235        | 393 807        |
| Ticket sales                                   | 191 074        | 183 661        |
| Sales of cargo transport                       | 86 852         | 76 768         |
| Sales of accommodation                         | 16 242         | 15 151         |
| Income from charter of vessels                 | 14 469         | 18 622         |
| Other  | 22 249         | 23 661         |
| <b>Total revenue of the Group</b>              | <b>734 121</b> | <b>711 670</b> |

**Note 4 FINANCIAL ITEMS**

| <b>In thousands of EUR</b>  | <b>9M 2017</b> | <b>9M 2016</b> |
|---|----------------|----------------|
| Net foreign exchange gain   | 3 736          | 0              |
| Income on interest rate swaps   | 4 069          | 419            |
| Income on foreign exchange derivatives  | 0              | 8 338          |
| Interest income on financial assets not measured at fair value through profit or loss | 1              | 3              |
| <b>Total finance income</b>   | <b>7 806</b>   | <b>8 760</b>   |
| Net foreign exchange loss   | 0              | -5 863         |
| Interest expense on financial liabilities measured at amortised cost                  | -17 977        | -20 355        |
| Expenses on foreign exchange derivatives  | -2 508         | 0              |
| Expenses on interest rate swaps   | -2 698         | -3 467         |
| <b>Total finance costs</b>  | <b>-23 183</b> | <b>-29 685</b> |
| <b>Net finance costs</b>  | <b>-15 377</b> | <b>-20 925</b> |

**Note 5 EARNINGS PER SHARE (EPS)**

Basic EPS are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the period. There were no dilutive outstanding share options on 30 September 2017.

| <b>In thousands</b>       | <b>Q3 2017</b> | <b>Q3 2016</b> | <b>9M 2017</b> | <b>9M 2016</b> |
|---------------------------|----------------|----------------|----------------|----------------|
| Shares issued             | 669 882        | 669 882        | 669 882        | 669 882        |
| <b>Shares outstanding</b> | <b>669 882</b> | <b>669 882</b> | <b>669 882</b> | <b>669 882</b> |

| <b>In thousands of EUR</b>  | <b>Q3 2017</b> | <b>Q3 2016</b> | <b>9M 2017</b> | <b>9M 2016</b> |
|---|----------------|----------------|----------------|----------------|
| Weighted average number of ordinary shares outstanding (in thousands) | 669 882        | 669 882        | 669 882        | 669 882        |
| Net profit/loss attributable to equity holders of the Parent          | 47 840         | 42 838         | 45 426         | 40 592         |
| Basic EPS (EUR per share)   | 0.071          | 0.064          | 0.068          | 0.061          |
| Diluted EPS (EUR per share)   | 0.071          | 0.064          | 0.068          | 0.061          |

**Note 6 DERIVATIVE INSTRUMENTS**

The Group uses interest rate swaps to manage its exposure to movements in interest rates. Where the effectiveness of the hedge relationship in a cash flow hedge is demonstrated, changes in the fair value are included in the hedging reserve in shareholders' equity and released to match actual payments on the hedged item. Changes in the fair value of derivatives which do not qualify for hedge accounting under IAS 39 are recognised directly in profit or loss.

As at 30 September 2017, Tallink Grupp AS had two interest rate derivative contracts with a total notional amount of EUR 170 000 thousand with maturities in 2018 and 2019 and two cross-currency derivative contracts with a total notional amount of EUR 120 000 thousand with maturities in 2018. As at 30 September 2017, the fair value of the interest rate derivatives was EUR -5 230 thousand and the fair value of the cross-currency derivatives was EUR -25 568 thousand.

**Note 7 PROPERTY, PLANT AND EQUIPMENT**

| In thousands of EUR                       | Land and buildings | Ships            | Plant and equipment | Assets under construction | Total            |
|---|--------------------|------------------|---------------------|---------------------------|------------------|
| <b>Book value as at 31 December 2016</b>  | <b>2 525</b>       | <b>1 230 437</b> | <b>23 063</b>       | <b>48 872</b>             | <b>1 304 897</b> |
| Additions                                 | 0                  | 238 590          | 12 090              | -42 566                   | 208 114          |
| Disposals                                 | 0                  | 0                | -278                | 0                         | -278             |
| Depreciation for the period               | -396               | -53 753          | -5 852              | 0                         | -60 001          |
| <b>Book value as at 30 September 2017</b> | <b>2 129</b>       | <b>1 415 274</b> | <b>29 023</b>       | <b>6 306</b>              | <b>1 452 732</b> |
| <b>As at 30 September 2017</b>            |                    |                  |                     |                           |                  |
| Gross carrying amount                     | 5 607              | 1 815 922        | 61 055              | 6 306                     | 1 888 890        |
| Accumulated depreciation                  | -3 478             | -400 648         | -32 032             | 0                         | -436 158         |
| <b>Book value as at 31 December 2015</b>  | <b>2 942</b>       | <b>1 270 102</b> | <b>10 160</b>       | <b>28 214</b>             | <b>1 311 418</b> |
| Additions                                 | 92                 | 11 212           | 12 982              | 19 721                    | 44 007           |
| Disposals                                 | 0                  | 0                | -34                 | 0                         | -34              |
| Depreciation for the period               | -810               | -49 256          | -4 099              | 0                         | -54 165          |
| <b>Book value as at 30 September 2016</b> | <b>2 224</b>       | <b>1 232 058</b> | <b>19 009</b>       | <b>47 935</b>             | <b>1 301 226</b> |
| <b>As at 30 September 2016</b>            |                    |                  |                     |                           |                  |
| Gross carrying amount                     | 13 295             | 1 564 976        | 45 260              | 47 935                    | 1 671 466        |
| Accumulated depreciation                  | -11 071            | -332 918         | -26 251             | 0                         | -370 240         |

**Note 8 INTANGIBLE ASSETS**

| In thousands of EUR                       | Goodwill      | Trademark     | Other         | Total         |
|---|---------------|---------------|---------------|---------------|
| <b>Book value as at 31 December 2016</b>  | <b>11 066</b> | <b>27 670</b> | <b>11 391</b> | <b>50 127</b> |
| Additions                                 | 0             | 0             | 3 996         | 3 996         |
| Amortisation for the period               | 0             | -2 187        | -2 357        | -4 544        |
| <b>Book value as at 30 September 2017</b> | <b>11 066</b> | <b>25 483</b> | <b>13 030</b> | <b>49 579</b> |
| <b>As at 30 September 2017</b>            |               |               |               |               |
| Cost                                      | 11 066        | 58 288        | 36 386        | 105 740       |
| Accumulated amortisation                  | 0             | -32 805       | -23 356       | -56 161       |
| <b>Book value as at 31 December 2015</b>  | <b>11 066</b> | <b>30 586</b> | <b>11 074</b> | <b>52 726</b> |
| Additions                                 | 0             | 0             | 2 377         | 2 377         |
| Disposals                                 | 0             | 0             | -78           | -78           |
| Amortisation for the period               | 0             | -2 187        | -1 934        | -4 121        |
| <b>Book value as at 30 September 2016</b> | <b>11 066</b> | <b>28 399</b> | <b>11 439</b> | <b>50 904</b> |
| <b>As at 30 September 2016</b>            |               |               |               |               |
| Cost                                      | 11 066        | 58 288        | 32 006        | 101 360       |
| Accumulated amortisation                  | 0             | -29 889       | -20 567       | -50 456       |

**Note 9 INTEREST-BEARING LOANS AND BORROWINGS**

| In thousands of EUR     | 31.12.2016     | Addition       | Repayments     | Exchange differences | Other changes <sup>1</sup> | 30.09.2017     |
|-------------------------|----------------|----------------|----------------|----------------------|----------------------------|----------------|
| Finance leases          | 373            | 79             | -78            | -3                   | -53                        | 318            |
| Unsecured bonds         | 98 627         | 0              | 0              | -3 421               | 173                        | 95 379         |
| Overdrafts              | 40 110         | 27 580         | 0              | 0                    | 0                          | 67 690         |
| Long-term bank loans    | 419 795        | 184 000        | -51 241        | 0                    | -620                       | 551 934        |
| <b>Total borrowings</b> | <b>558 905</b> | <b>211 659</b> | <b>-51 319</b> | <b>-3 424</b>        | <b>-500</b>                | <b>715 321</b> |
| Current portion         | 106 112        |                |                |                      |                            | 154 855        |
| Non-current portion     | 452 793        |                |                |                      |                            | 560 466        |
| <b>Total borrowings</b> | <b>558 905</b> |                |                |                      |                            | <b>715 321</b> |

<sup>1</sup> Other changes in bonds and bank loans are related to the capitalisation and amortisation of transaction costs. Other changes in finance lease liabilities are related to the termination of lease agreements.

Bonds are nominated in NOK.

Bank overdrafts are secured with commercial pledges (in the total amount of EUR 20 204 thousand) and ship mortgages.

Tallink Grupp AS has given guarantees to HSH Nordbank AG, Nordea Bank Plc and Danske Bank A/S for loans of EUR 287 759 thousand granted to its ship-owning subsidiaries. Ship-owning subsidiaries have given guarantees to Nordea Bank Finland Plc and Swedbank AS for loans of EUR 264 175 thousand granted to Tallink Grupp AS. The primary securities for these loans are pledges of the shares in the ship-owning subsidiaries and mortgages on the ships belonging to the aforementioned subsidiaries.

**Note 10 SHARE CAPITAL**

According to the articles of association of the Parent effective as from 31 December 2016, the maximum number of common shares is 2 400 000 000. Each share grants one vote at the shareholders' general meeting. Shares acquired by the transfer of ownership are eligible for participating in and voting at a general meeting only if the ownership change has been recorded in the Estonian Central Registry of Securities by the time the list of shareholders entitled to participate in the general meeting is determined.

Tallink Grupp AS has 669 882 040 registered shares without nominal value whose book value is EUR 0.54.

#### Note 11 DIVIDENDS

The Management Board's long-term goal is to distribute at least 50% of net profit as dividends or capital repayments, taking into account the Group's financial position. The management estimates that in the coming years the distribution per share will be at least EUR 0.02 or above.

The annual general meeting of 2017 decided to pay a dividend of EUR 0.03 per share (EUR 20 096 thousand in total) from the net profit for 2016. The announced dividends were paid out on 5 July 2017.

#### Note 12 RELATED PARTY DISCLOSURES

The Group has entered into the following transactions with related parties and has the following balances with them.

| For the period ended 30 September 2017, in thousands of EUR | Purchases                |                      |                                  |                             |
|---|--------------------------|----------------------|----------------------------------|-----------------------------|
|   | Sales to related parties | from related parties | Receivables from related parties | Payables to related parties |
| Companies controlled by the Key Management Personnel        | 254                      | 17 344               | 27                               | 549                         |
| Associated companies  | 0                        | 129                  | 0                                | 27                          |
| <b>Total</b>  | <b>254</b>               | <b>17 473</b>        | <b>27</b>                        | <b>576</b>                  |

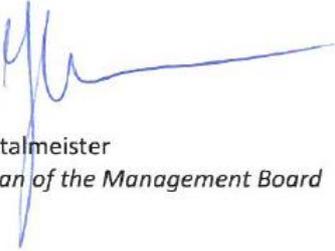
| For the period ended 30 September 2016, in thousands of EUR | Purchases                |                      |                                  |                             |
|---|--------------------------|----------------------|----------------------------------|-----------------------------|
|   | Sales to related parties | from related parties | Receivables from related parties | Payables to related parties |
| Companies controlled by the Key Management Personnel        | 227                      | 12 743               | 11                               | 1 017                       |
| Associated companies  | 1                        | 104                  | 0                                | 17                          |
| <b>Total</b>  | <b>228</b>               | <b>12 847</b>        | <b>11</b>                        | <b>1 034</b>                |

## STATEMENT BY THE MANAGEMENT BOARD

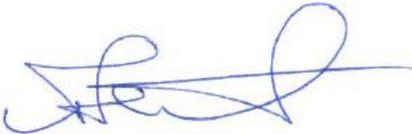
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Hereby we declare our responsibility for the Tallink Grupp AS Unaudited Interim Consolidated Financial Statements for the first 9 months of 2017 and confirm that these financial statements have been prepared in accordance with IFRS as adopted by the EU and IAS 34 and give a true and fair view of the Group's financial position, financial performance and cash flows.

Tallink Grupp AS and its subsidiaries are able to continue as going concerns for a period of at least one year after the date of approval of these financial statements.



Janek Stalmeister  
*Chairman of the Management Board*



Andres Hunt  
*Vice Chairman of the Management Board*



Lembit Kitter  
*Member of the Management Board*

Tallinn, 9 November 2017