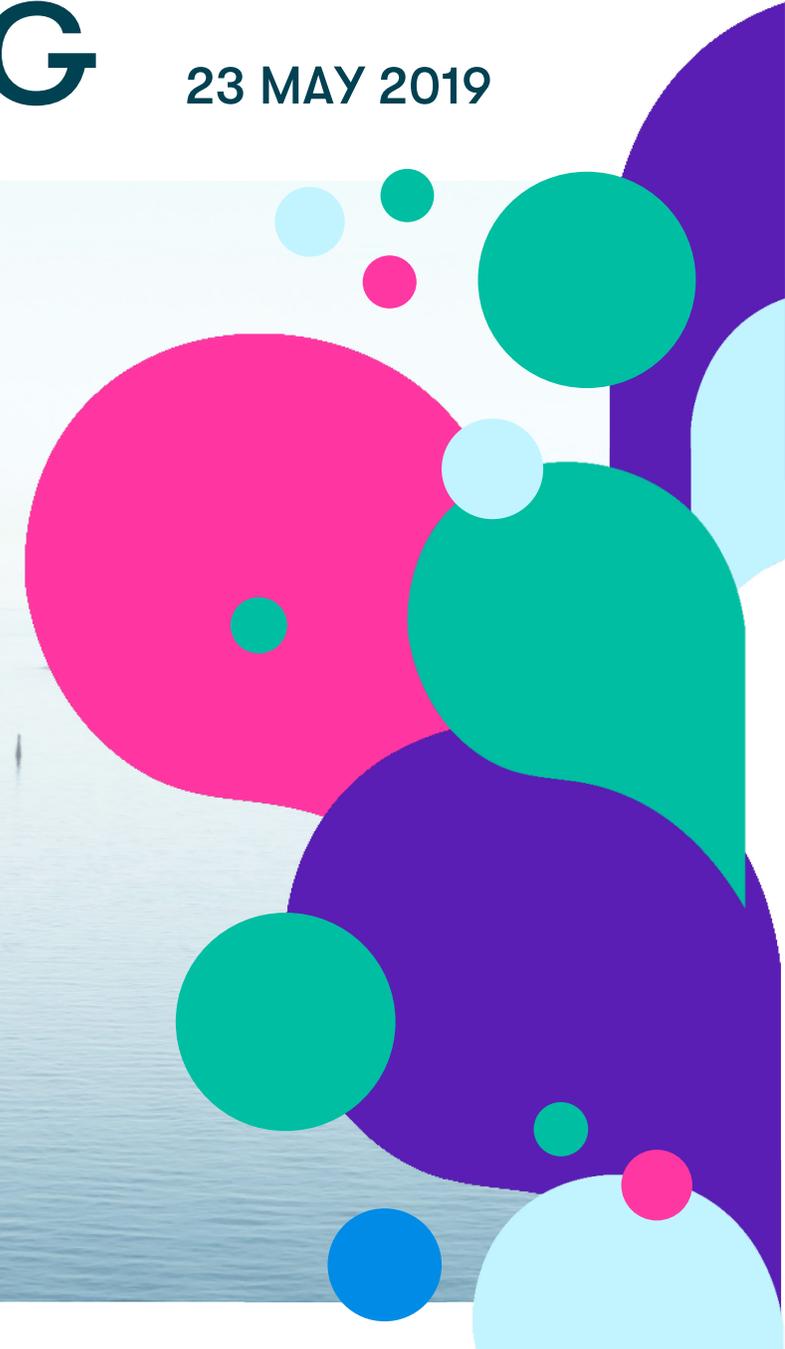


# ANNUAL GENERAL MEETING

23 MAY 2019



# AGENDA OF THE ANNUAL GENERAL MEETING

1. Approval of the annual report of the financial year 2018
2. Proposal on distribution of profits
3. Amendment of the Articles of Association
4. Reduction of share capital
5. Extension of authority of the members of the supervisory board
6. Election of the member of the supervisory board
7. Remuneration for work of the members of supervisory board
8. Appointment of an auditor for the financial year 2019 and the determination of the procedure of remuneration of an auditor

# TALLINK GRUPP TODAY

## 14 SHIPS

- 11 in core passenger operations
- 2 dedicated to cargo service
- 1 chartered out
- 10 070 trips

## 4 HOTELS

- 3 hotels in Tallinn
- 1 hotel in Riga
- 321 thousand stays

## 7 201 EMPLOYEES

- 5 047 at sea
- 498 in hotels
- 1 656 in onshore organisation

## 9.8 MILLION PASSENGERS

- 4.4 million 
- 1.9 million 
- 1.1 million 
- 0.4 million 
- 2.0 million from other countries

48% PASSENGER MARKET SHARE OF THE NORTHERN BALTIC SEA

# SUPERVISORY BOARD

## Enn Pant - Chairman of the Supervisory Board



Born in 1965, with the company since 1996  
**Chairman of the Supervisory Board since 2015**  
CEO of AS Tallink Grupp in 1996-2015

## Toivo Ninnas



Born in 1940,  
with the Supervisory  
Board since 1997

## Kalev Järvelill



Born in 1965,  
with the Supervisory  
Board since 2007



## Eve Pant



Born in 1968,  
with the Supervisory  
Board since 1997

## Ain Hanschmidt



Born in 1961,  
with the Supervisory  
Board since 2005

## Lauri Kustaa Äimä



Born in 1971,  
with the Supervisory  
Board since 2002

## Colin Douglas Clark



Born in 1974,  
with the Supervisory  
Board since 2013

# MANAGEMENT BOARD

## Paavo Nõgene – Chairman of the Management Board



Born in 1980, with the company since 2018

**CEO since May, 2018**

Previously:

- Secretary-General at Ministry of Culture of the Republic of Estonia
- General Manager at Vanemuine Theatre

## Lembit Kitter



Born in 1953,  
with the company  
and Member of  
Management Board  
since 2006



## Kadri Land



Born in 1964,  
with the company  
since 2005.

Member of  
Management Board  
since February, 2019

## Harri Hanschmidt



Born in 1982,  
with the company  
since 2009.

Member of  
Management Board  
since February, 2019

## Piret Mürk-Dubout



Born in 1970,  
with the company  
and Member of  
Management Board  
since April, 2019

# GROUP OF STRONG BRANDS



→ EST-FIN, EST-SWE, LAT-SWE, cargo routes



→ FIN-SWE routes



→ Hotels in Tallinn and Riga



→ Loyalty programme with 2.5m members

# WIDE RANGE OF DINING CONCEPTS ON OUR SHIPS

OWN BRANDS AND INTERNATIONAL PREMIUM BRANDS

<b>BUFFET RESTAURANTS</b>	 GRANDE BUFFET	 DELIGHT BUFFET			
<b>À LA CARTE RESTAURANTS</b>	 GRILL HOUSE RESTAURANT	 TAVOLÀTA RISTORANTE ITALIANO	 HAPPY LOBSTER	The Dining Room	 The Chef's KITCHEN
<b>FINE DINING RESTAURANTS</b>	 BON VIVANT restaurant	 Gourmet VICTORIA	 Gourmet Baltic Queen	 ALEKSANDRA RUSSIAN A'LA CARTE	
<b>QUICK SERVICE RESTAURANTS</b>	 COFFEE & CO.	 FAST LANE	 WE PROUDLY SERVE	Sushi & Co.	 BURGER KING

# CORE RETAIL BRANDS ON-BOARD OUR SHIPS



In addition different brand stores in Tallinn and Tartu:



# GLOBAL POSITION

## OPERATORS BY GROSS TONS

	Company	Gross tons
1	Stena Line	935 898
2	Grimaldi Lines	732 232
3	Moby Lines	550 580
4	Tallink	525 724
5	Grand Navi Veloci	425 220

## OPERATORS BY BEDS

	Company	Beds
1	Tallink	24 328
2	Moby Lines	19 066
3	Stena Line	17 225
4	Grand Navi Veloci	16 629
5	Grimaldi Lines	16 133

## OPERATORS BY REVENUE (2018)

	Company	Revenue (mEuro)
1	DFDS Group	2 109
2	Stena Line	1 345
3	Tallink	950
4	Finnlines	589
5	Viking Line	498

Source: ShipPax MARKET:18, company reports

# BUSINESS ENVIRONMENT

## TRAVEL & LEISURE INDUSTRY



- Growth from new markets globally
- Growth in Europe and Nordics
- Growth in domestic travel

## DEMOGRAPHICS



- Ageing population
- More people have free time

## CONSUMER SENTIMENT



- Decline in consumer confidence in Finland and Sweden
- Disposable income growth in all countries
- More spend devoted to free time

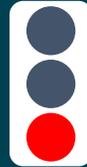
## RETAIL SALES



- Modest inflation and continuous growth in total retail spending
- Decline in alcoholic products category mitigated by increase in fashion & retail

# EXTERNAL FACTORS

## LAND BASED COMPETITION



- New ways to spend free time
- New business concepts
- New restaurants, shops etc.

## DIRECT COMPETITION



- Pricing
- Investments
- Changes in Tallinn-Helsinki route

## MAIN MARKETS



- Less passengers from Finland and Sweden
- More passengers from European countries
- The number of Asian passengers continues to grow

## ECONOMY



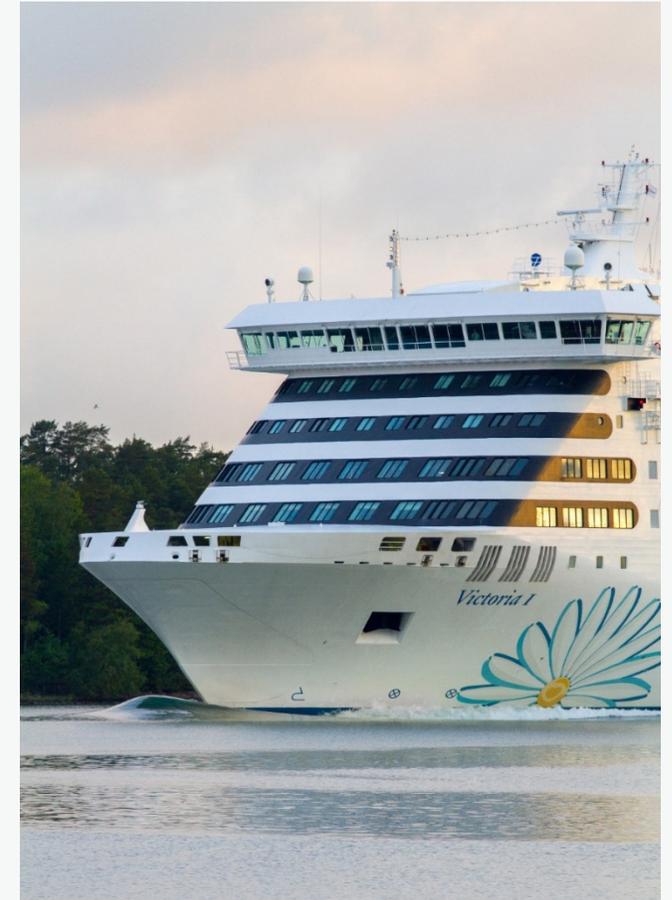
- Robust economies in all markets
- Tight labour market situation
- Unfavourable tax changes

# STRATEGY

## THE MAIN GOALS OF THE STRATEGY DIRECTED TOWARD INCREASING TALLINK'S VALUE AND PROFITABILITY:

- Strive for the highest level of customer satisfaction
- Increase the volumes and strengthen the market position in the region
- Develop a wide range of quality services for different customers and to pursue new growth opportunities
- Cost efficient operations
- Optimal debt level that allows sustainable dividends

CONTINUOUSLY LOOKING FOR EXPANSION OPPORTUNITIES  
ON SEA AND ON LAND



# TALLINK GRUPP 2018

- All time high annual passenger number
- Strong growth of the cargo business
- Lengthy scheduled maintenance of cruise ferry Baltic Princess in Q1
- Group-wide ship renovation program continues
- Lower chartering revenues compared to last year
- Higher fuel costs due to an increase in bunker prices
- Redemption of NOK bonds
- Secondary listing on Nasdaq Helsinki stock exchange
- Challenging competitive environment on Tallinn – Helsinki route



Tallink Grupp's passenger market share is 48% of the Northern Baltic Sea

# NEW LNG SHUTTLE FERRY

## FURTHER DEVELOPMENT OF THE TALLINN–HELSINKI SHUTTLE SERVICE

### CONSTRUCTION CONTRACT SIGNED FOR NEW LNG POWERED SHUTTLE FERRY

- Shipyard: Rauma Marine Constructions
- The vessel cost is approximately EUR 250 million
- 30% paid during construction, 70% at delivery (financing terms concluded in the near future)
- Expected delivery in January 2022
- Specifications similar to Megastar



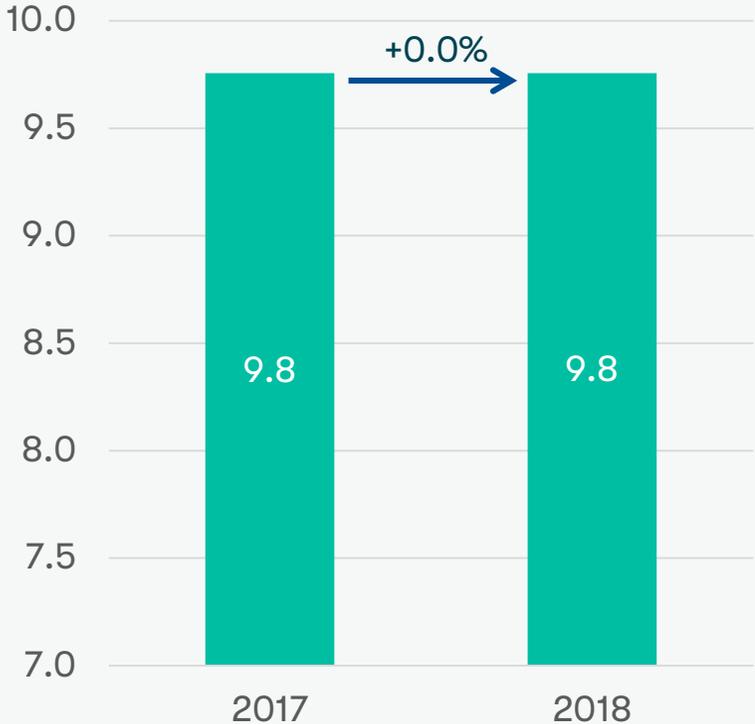
### PRELIMINARY SPECIFICATIONS

- Length 212 meters
- Capacity 2 800 passengers
- Lane meters around 3 000
- Dual fuel engines (LNG/MGO)
- Diesel-electrical propulsion
- Service speed 27 knots

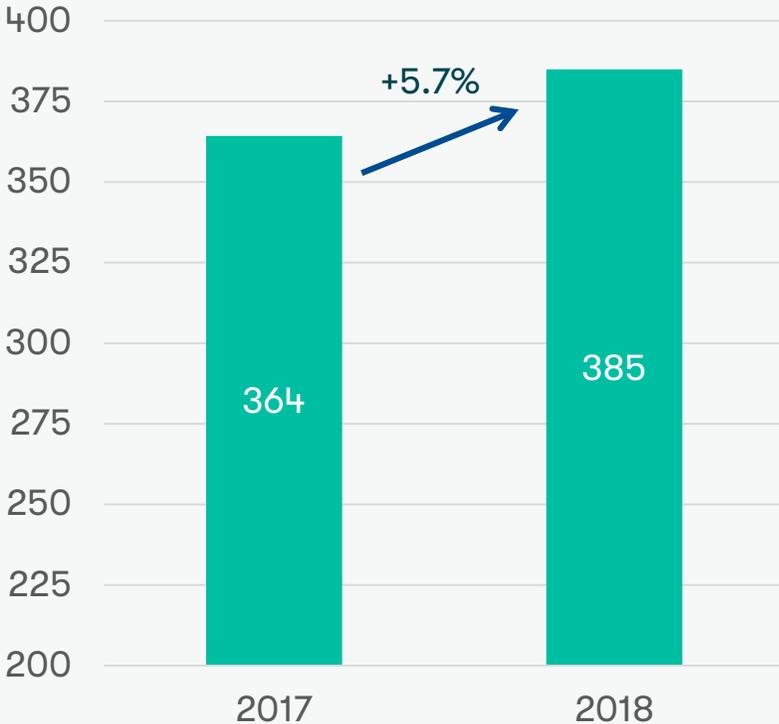
MEGASTAR AND NEW LNG SHUTTLE FERRY WILL COMPLY WITH THE CURRENT AND KNOWN FUTURE EMISSION REGULATIONS FOR THE EMISSION CONTROL AREAS, INCLUDING THE BALTIC SEA

# RESULTS OF THE 2018 FINANCIAL YEAR

PASSENGERS (MILLIONS)



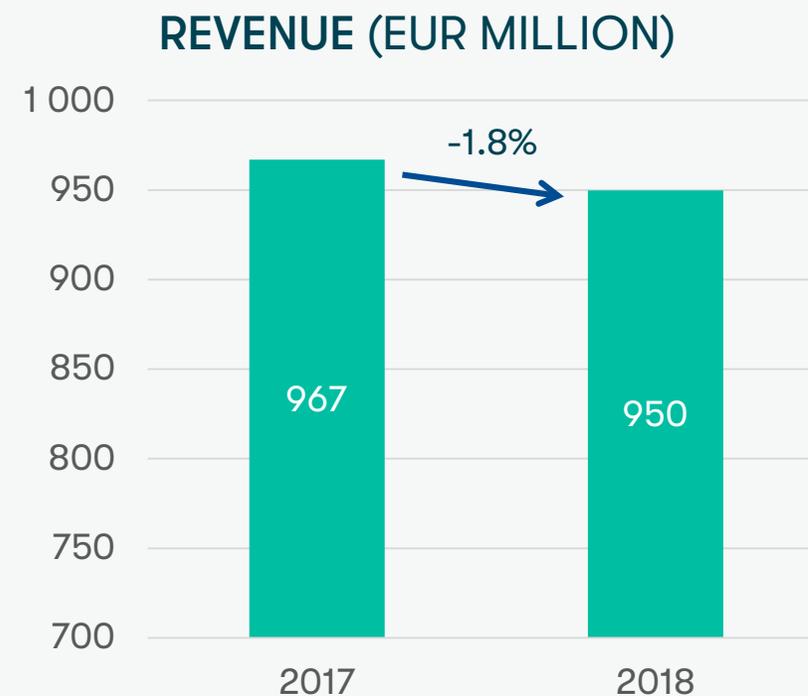
CARGO UNITS (THOUSANDS)



# RESULTS OF THE 2018 FINANCIAL YEAR

INCOME STATEMENT (EUR million)	2017	2018
Revenue	967	950
Gross profit	195	184
EBITDA <sup>(1)</sup>	158	143
Net profit/-loss	46	40
EPS (EUR)	0.069	0.060

<sup>(1)</sup> EBITDA – earnings before net financial items, share of profit of equity accounted investees, taxes, depreciation and amortization.



# RESULTS OF THE 2018 FINANCIAL YEAR



+

- + Cargo revenue growth EUR 7 M
- + Less depreciation & amortisation EUR 7 M
- + Less ship's operating cost EUR 4 M
- + Less marketing expenses EUR 2 M
- + Less net financial costs EUR 2 M



-

- Less Chartering revenue EUR 11 M
- Less Accommodation revenue EUR 2 M
- Less Shop & Restaurant sales on-board ships and on land, net COGS EUR 2 M
- Higher fuel cost EUR 17 M
- Higher administrative expenses EUR 2 M (mainly due to listing on Nasdaq Helsinki)

# RESULTS OF THE 2018 FINANCIAL YEAR

## CASH FLOW STATEMENT (EUR million)

2017

2018

Cash flows from operating activities	136	157
Investments	-219	-36
Asset disposal	132	0
New loans	184	110
Redemption of loans	-174	-190
Interests & other financial items	-25	-24
Dividends & tax	-24	-24
Total net cash flow	10	-7
Cash at the end of period	89	82

# RESULTS OF THE 2018 FINANCIAL YEAR

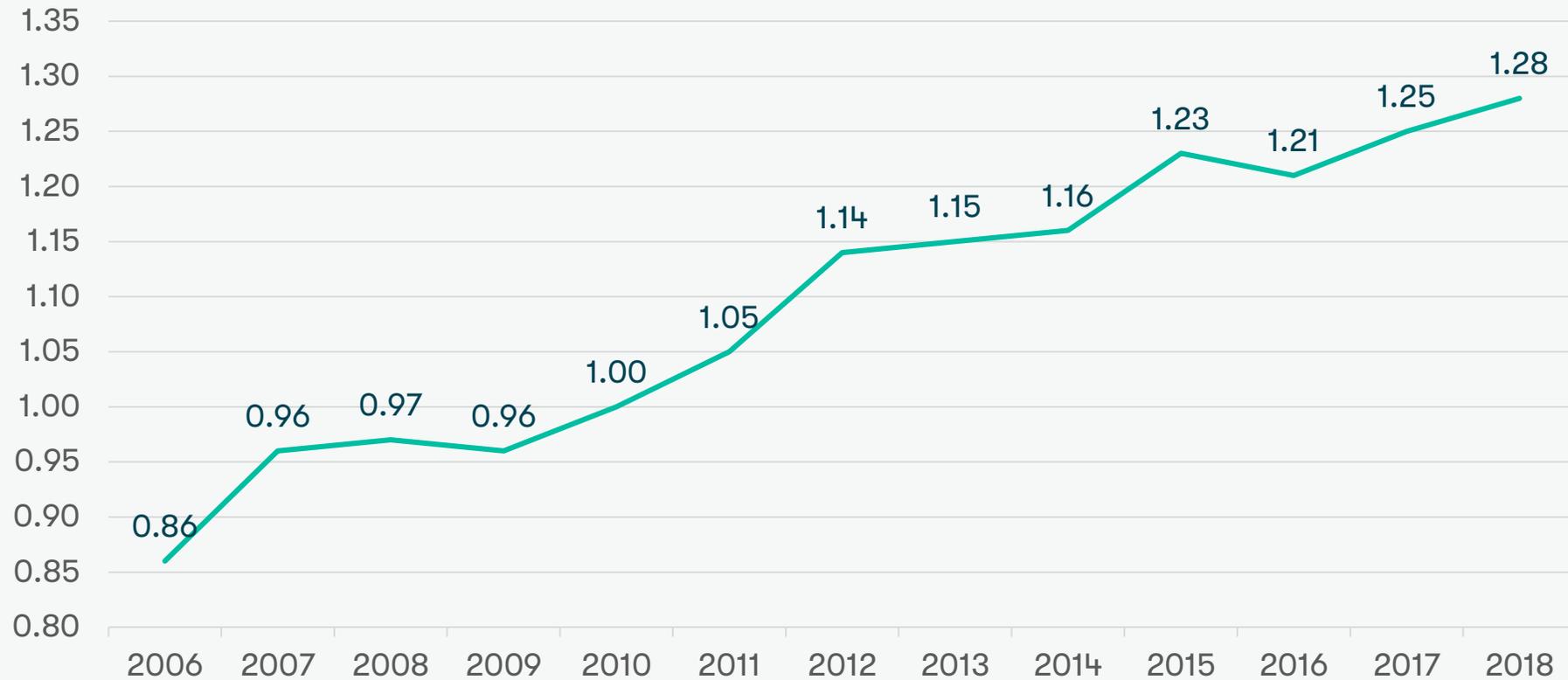
## FINANCIAL POSITION (EUR million)

	31.12.2017	31.12.2018	change
Assets	1 559	1 501	-3.7%
Interest bearing liabilities	561	644	-9.1%
Shareholders' equity	836	857	2.5%
<b>Shareholders' equity per share (EUR)</b>	<b>1.25</b>	<b>1.28</b>	<b>2.5%</b>
Equity ratio (%)	54%	57%	

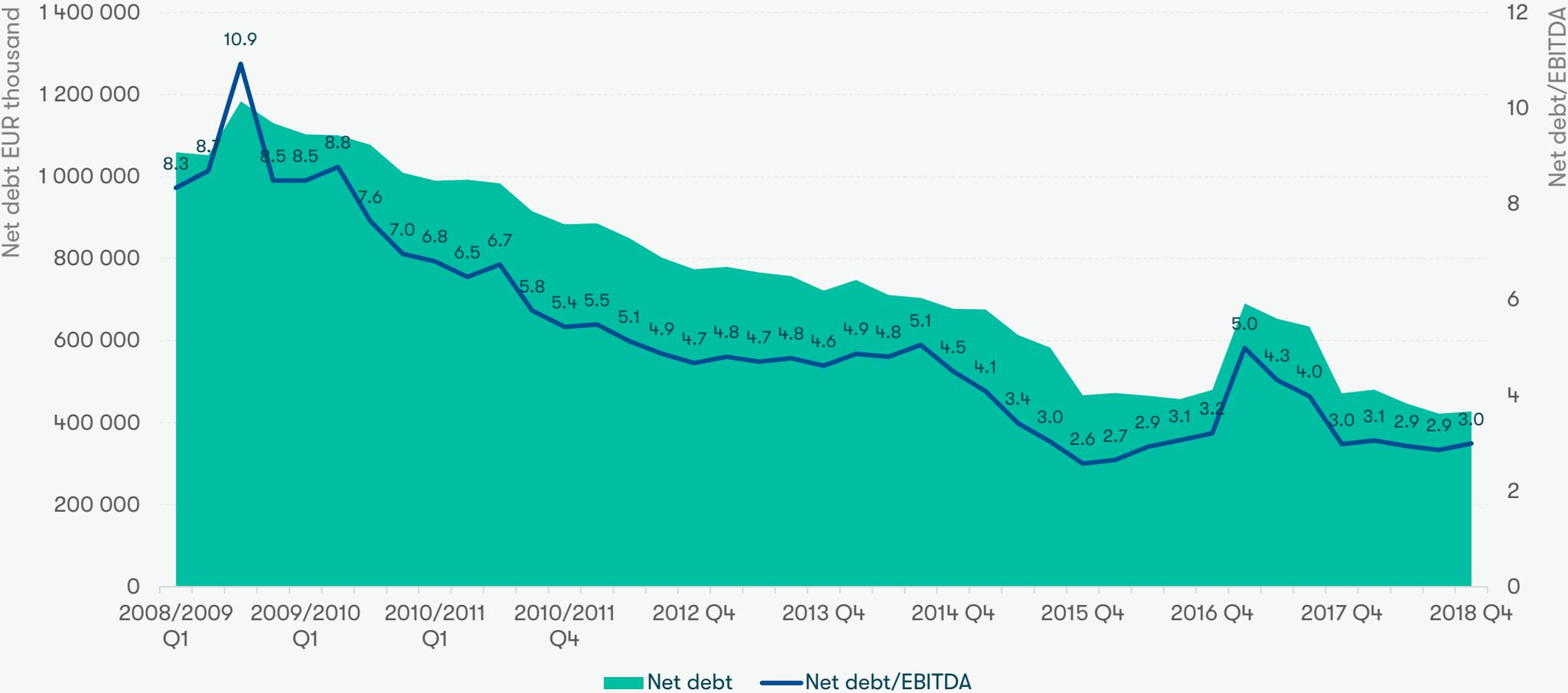


# SHAREHOLDERS' EQUITY PER SHARE

EUR per share



# NET DEBT



**THE NET DEBT HAS DECREASED BY OVER EUR 750 MILLION FROM THE PEAK IN 2009 TO EUR 428 MILLION**

# INTERESTING FACTS FOR 2018

8.3m  
purchases  
in stores

11.0m  
purchases in  
restaurants  
and bars

Megastar  
saved 23.6 thousand  
tons of CO<sub>2</sub> and  
436 tons of SO<sub>x</sub>

12.2m meals  
served  
on ships

3.2%  
lower fuel  
consumption  
per nautical  
mile

Tallink Hotels  
provided 321 204  
overnight stays

Tallink Takso  
provided ca 700 000  
taxi rides

# CORPORATE SOCIAL RESPONSIBILITY



- CO<sup>2</sup> reductions
- Waste & sewage management
- Energy efficiency
- Reducing water consumption
- Protecting biodiversity

ENVIRONMENT

OUR PEOPLE

- Diversity & equal opportunities
- Focus on training & education
- Occupational health & safety



COMMUNITY

ECONOMY & THE MARKET

- Maritime education & safety partnerships
- Support for sports & active lifestyle
- Support for children & youth charities

- Compliance, ethics & transparency
- Supply chain management
- Monitoring & acting on customer feedback
- Privacy



# 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

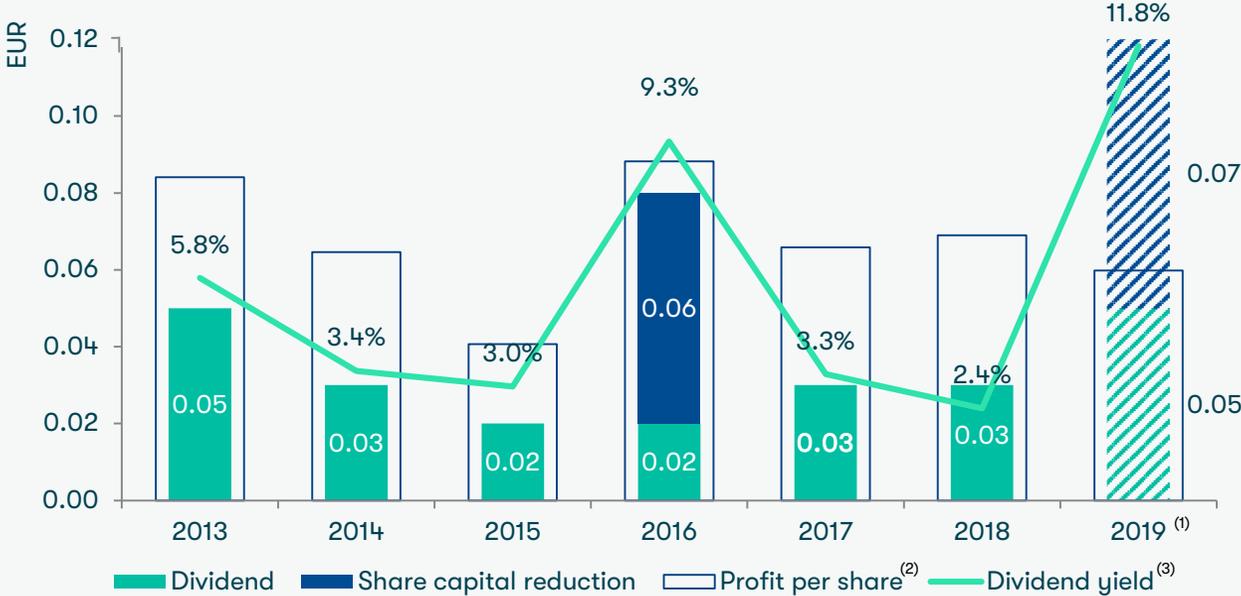
## Proposal to the shareholders:

### Dividend

- To distribute dividend of EUR 0.05 per share or EUR 33.5 million

### Capital reduction

- to reduce the company’s share capital by EUR 0.07 per share, or by EUR 46.9 million, for the purpose of improving the company’s capital structure



EUR 241 MILLION PAYMENTS TO SHAREHOLDERS IN 2013-2019 WITH TODAY'S PROPOSAL

Notes:  
 (1) Proposal; (2) Profit per share of previous financial year for which the dividends are being distributed; (3) As at 31/12

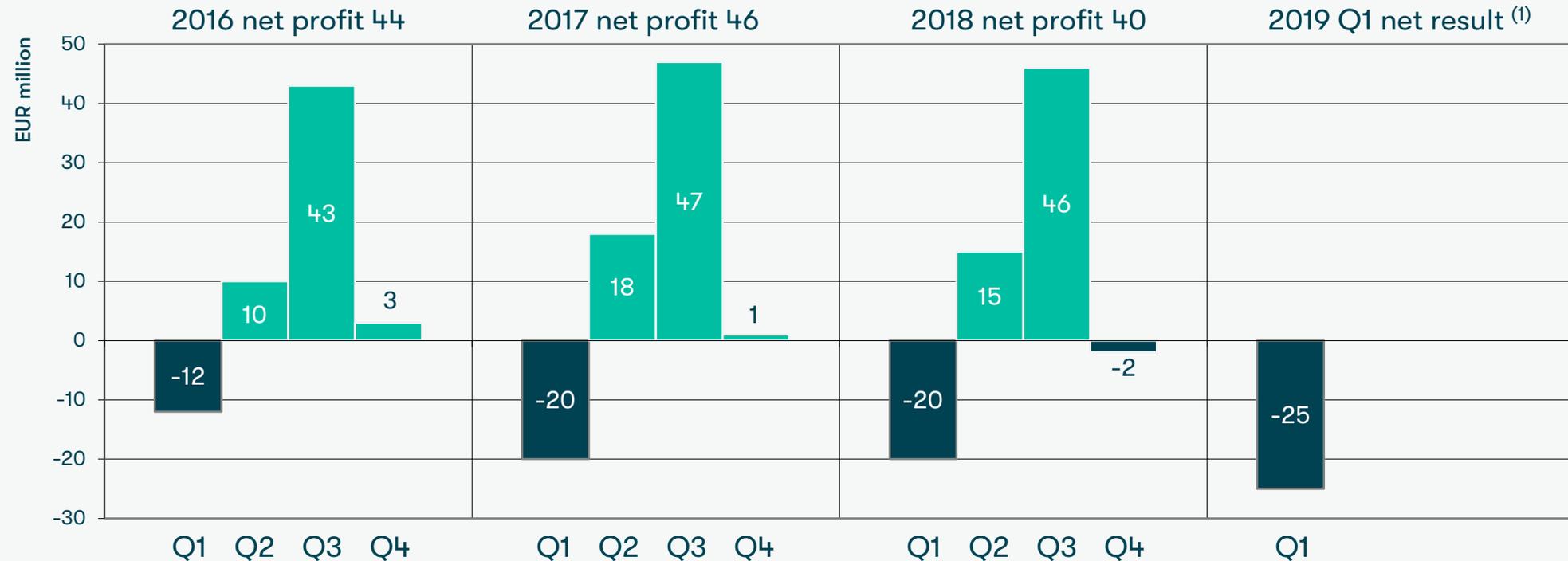
# I QUARTER RESULTS OF THE 2019 FINANCIAL YEAR

1 JANUARY – 31 MARCH 2019

SELECTED KEY FIGURES		Q1 2018	Q1 2019	Change
Number of passengers	(Thousand)	1 930	1 856	-3.9%
Cargo Units	(Thousand)	91	93	2.7%
Net Sales	(EUR million)	184.2	178.9	-2.9%
EBITDA	(EUR million)	4.2	3.8	-9.9%
Net profit/-loss	(EUR million)	-19.6	-25.3	-29.1%

# I QUARTER RESULTS OF THE 2019 FINANCIAL YEAR

## THE DYNAMICS OF HIGH SEASONALITY ON THE PROFIT LEVEL



**TYPICAL TO THE TALLINK BUSINESS MODEL IS THAT MOST OF THE RESULT IS MADE IN THE SUMMER, THE HIGH SEASON**

# I QUARTER RESULTS OF THE 2019 FINANCIAL YEAR

1 JANUARY – 31 MARCH 2019

OVERVIEW OF THE CASH FLOWS (EUR million)	Q1 2018	Q1 2019	Change
Cash flows from operating activities	8	7	-16.3%
Investments	8	25	202%
New long term loan	0	0	0%
Redemption of loans	15	17	13.8%
Cash at the end of period	70	48	-31.9%
Net debt (as of the end of the 1st quarter)	481	557	16.1%



# 1. APPROVAL OF THE ANNUAL REPORT OF THE FINANCIAL YEAR 2018

To approve the annual report of the financial year 2018 of AS Tallink Grupp presented by the management board.

## 2. PROPOSAL ON DISTRIBUTION OF PROFITS

To approve the following profit allocation proposal of AS Tallink Grupp prepared by the management board:

1. To approve the net profit of the financial year of 2018 in the sum of 40,049,000 euros;
2. To allocate 2,003,000 euros from the net profit to the mandatory legal reserve;
3. To pay dividends to the shareholders 0.05 euros per share, in the total amount of 33,494,000 euros.
4. 4,552,000 euros to be transferred to the retained earnings.

The list of the shareholders entitled to the dividend shall be fixed as at **20.06.2019** at the end of the working day of the settlement system.

The dividend shall be paid to the shareholders by transfer to the bank account of the shareholders on **3.07.2019**.

### 3. AMENDMENT OF THE ARTICLES OF ASSOCIATION

3.1. To amend Article 2.1. of the Articles of Association and word it as follows:

“The amount of the minimum share capital of the company shall be 310,000,000 euros. The maximum capital of the company shall be 1,240,000,000 euros.”

3.2. To amend the second sentence of Article 2.1. of the Articles of Association and word it as follows:

“Supervisory board shall be authorised within 3 years as from 1 July 2019 to increase the share capital by 25,000,000 euros, increasing the share capital up to 339,844,558.80 euros.

## 4. REDUCTION OF SHARE CAPITAL

4.1 The reason for reducing the share capital is improving the capital structure and favouring the return on equity. Company has no need to own share capital within the registered amount and the requirements that legislation imposes on share capital will also be fulfilled in the case of the reduced share capital.

4.2. The share capital shall be reduced as follows:

4.2.1. the share capital shall be reduced by the reduction of the book value of the shares by 0.07 euros per share, as a result of which the book value of one share shall be reduced from 0.54 euros to 0.47 euros, whereas the total number of the shares shall remain the same (i.e. 669,882,040 shares) and the book value of shares shall be reduced proportionately to the reduction of the share capital. Based on the foregoing, the share capital of the public limited company shall decrease from 361,736,301.60 euros by 46,891,742.80 euros, and the new share capital shall be 314,844,558.80 euros;

4.2.2. in connection with the reduction of the share capital the shareholders will be made monetary payments in the amount of 0.07 euros per share, in the total amount of 46 891 742,80 euros, within the term provided by law, but not earlier than 3 (three) months after the entry of the reduction of the share capital in the commercial register;

4.2.3. the list of shareholders entitled to receive the payments arising from the reduction of the book values of the shares shall be fixed at **20 June 2019** at the end of the working day of the settlement system.

## 5. EXTENSION OF AUTHORITY OF THE MEMBERS OF THE SUPERVISORY BOARD

Due to the expiry of the term of authority of the members of the supervisory board Ain Hanschmidt, Colin Douglas Clark, Eve Pant and Toivo Ninnas on 17.09.2019:

5.1. To extend the authorities of Ain Hanschmidt, Colin Douglas Clark, Eve Pant and Toivo Ninnas as the supervisory board members for the next 3-year term of office from 18.09.2019.

5.2. The term of office of the supervisory board member Lauri Kustaa Äimä shall not be extended and shall terminate on 17.09.2019.

## 6. ELECTION OF THE MEMBER OF THE SUPERVISORY BOARD

6.1. To elect Raino Paron as the new member of the supervisory board of AS Tallink Grupp from 18.09.2019.

## 7. REMUNERATION FOR WORK OF THE MEMBERS OF SUPERVISORY BOARD

7.1 To remunerate the work of the members of the supervisory board pursuant to the resolution no 5 of 07.06.2012 of the Annual General Meeting of shareholders of AS Tallink Grupp.

## 8. APPOINTMENT OF AN AUDITOR FOR THE FINANCIAL YEAR 2019 AND THE DETERMINATION OF THE PROCEDURE OF REMUNERATION OF AN AUDITOR

8.1. To appoint the company of auditors KPMG Baltics OÜ to conduct the audit of the financial year 2019.

8.2. The auditor shall be remunerated according to the audit contract that shall be concluded with the auditor.

