



Company presentation





Tallink

- Tallink is the leading European provider of leisure and business travel and sea transportation services in the Baltic Sea region
- Fleet of 18 vessels
- Operating five hotels
- Revenue EUR 942 million
- EUR 1.7 billion asset base
- Nearly 7000 employees
- Over 9 million passengers annually
- Over 300 thousand cargo units annually
- Listed on Nasdaq OMX Baltic – TAL1T



**Over 50 years of operating and cruising experience**



# Tallink's business model

## Product offering

1-2 overnight cruises & passenger transportation



Conferences



On-board Tax-Free Shopping



City break



Hotel & travel packages

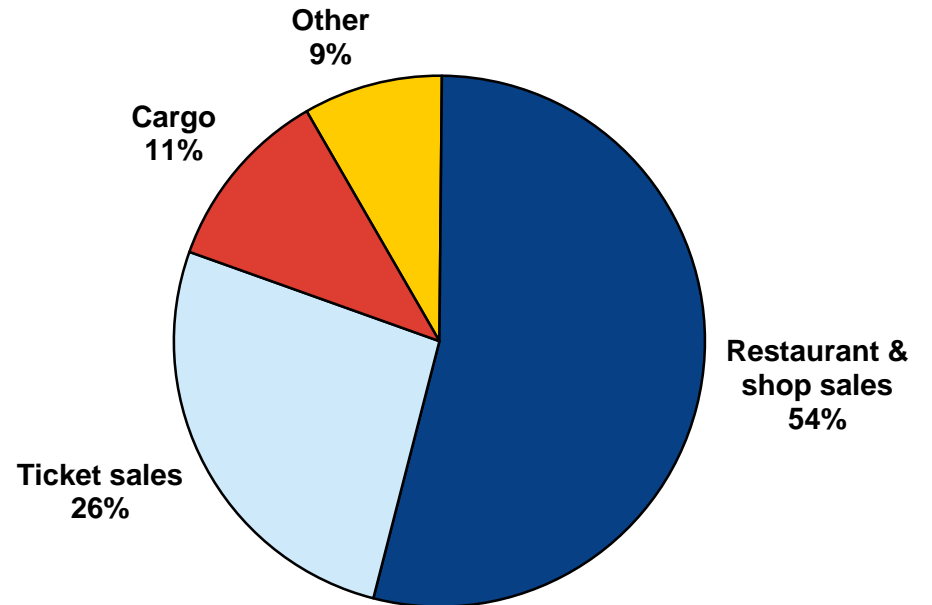


Cargo Transportation



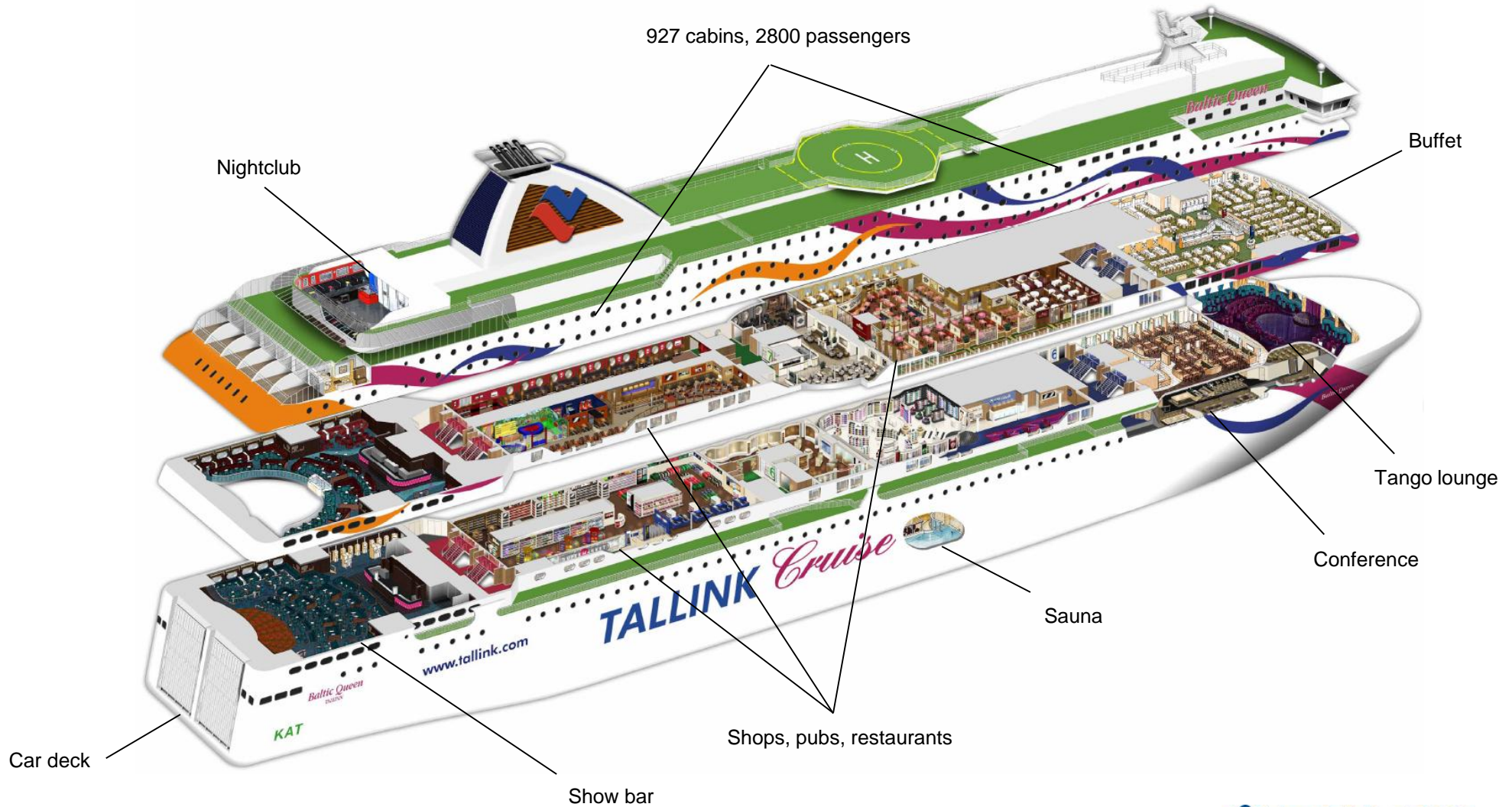
## Revenue structure

2013





# Cruise ferry





## Tallink's position in the global ferry market

### The World's top Duty free & Travel Retail Shops 2012

Ranking by actual and estimated retail sales in US\$ millions.

Rank	Location	Remarks
<b>Sales&gt; US\$ 1,000.0 million</b>		
1	Seoul - Incheon Int'l Airport, South Korea	AIRPORT SHOPS
2	Dubai - Dubai International Airport, U.A.E.	AIRPORT SHOPS
3	London - Heathrow Airport, UK	AIRPORT SHOPS
4	Singapore - Changi Airport	AIRPORT SHOPS
<b>Sales&gt; US\$ 900.0 million</b>		
5	Hong Kong - Hong Kong International Airport	AIRPORT SHOPS
6	Bangkok - Suvarnabhumi Airport, Thailand	AIRPORT SHOPS
<b>Sales&gt; US\$ 800.0 million</b>		
7	Shanghai – Pudong Airport, China P.R	AIRPORT SHOPS
<b>Sales&gt; US\$ 700.0 million</b>		
8	Beijing – Capital Airport, China P.R.	AIRPORT SHOPS
9	Paris - Charles de Gaulle Airport, France	AIRPORT SHOPS
10	Frankfurt – Frankfurt-Main Airport, Germany	AIRPORT SHOPS
<b>Sales&gt; US\$ 600.0 million</b>		
11	Tallink	FERRY SHOPS
12	Taipei - Taoyuan International Airport, Taiwan	AIRPORT SHOPS
<b>Sales&gt; US\$ 500.0 million</b>		
13	Amsterdam - Schipol Airport, Netherlands	AIRPORT SHOPS
14	Sao Paulo - Guarulhos Int'l Airport, Brazil	AIRPORT SHOPS
15	Tokyo – Narita Airport	AIRPORT SHOPS



Rank	Company	Gross tons
1	Stena Line	927 447
2	Grimaldi Lines	740 934
3	Tallink	512 078
4	P&O Ferries	436 092
5	Scandlines	363 341

Rank	Company	Beds
1	Tallink	24 262
2	Stena Line	16 562
3	Viking Line	16 192
4	Grimaldi	15 003
5	Tirrenia	11 392

Rank	Company	mEUR Revenue
1	DFDS Group	1 569
2	Stena Line	1 197
3	Tallink	944
4	Finnlines	609
5	Scandlines	608

Source: Generation Research 2013

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

Source: ShipPax MARKET:13



## Strategic plan

Tallink's vision is to be the market pioneer in Europe by offering excellence in leisure and business travel and sea transportation services

### **Long term objectives toward increasing the company value and profitability:**

- Strive for the highest level of customer satisfaction
- Increase volumes and strengthen the leading position on our home markets
- Develop a wide range of quality services directed at different customers and pursue new growth opportunities
- Manage the optimal debt level that will allow sustainable dividends

### **Current strategic cornerstones and competitive advantages:**

Most modern  
fleet

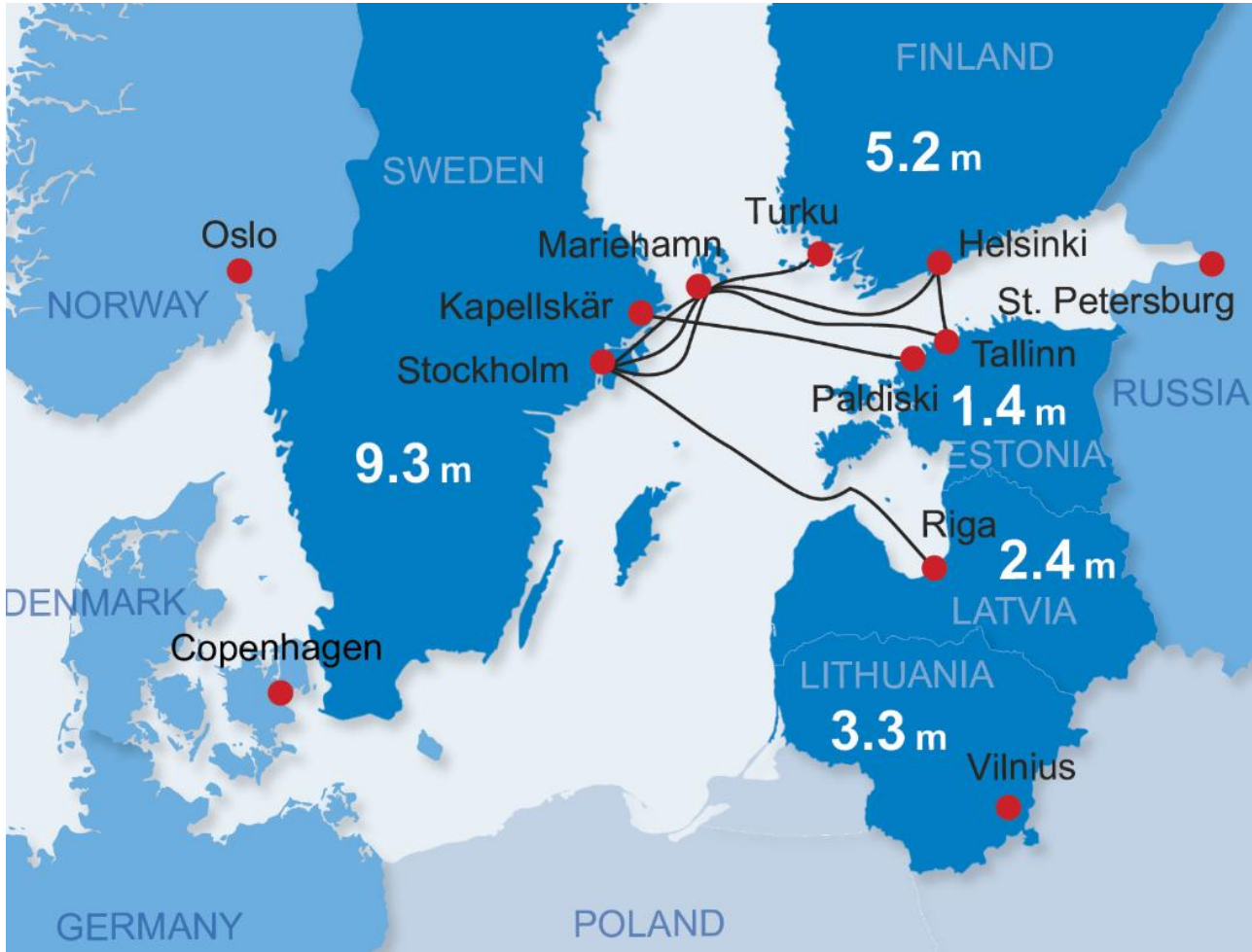
Wide route  
network

Strong market share &  
brand awareness

High safety level &  
environmental standards

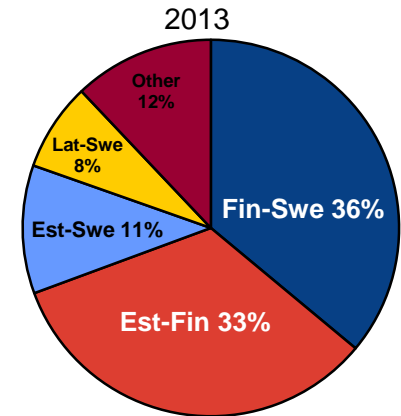


Tallink's passenger market share is 47% of the Northern Baltic Sea



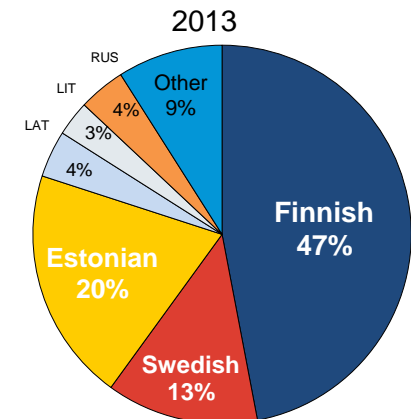
Northern Baltic passenger market ~ 20 million passengers

Revenue by routes



(942 MEUR)

Passengers



(9.1M)





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



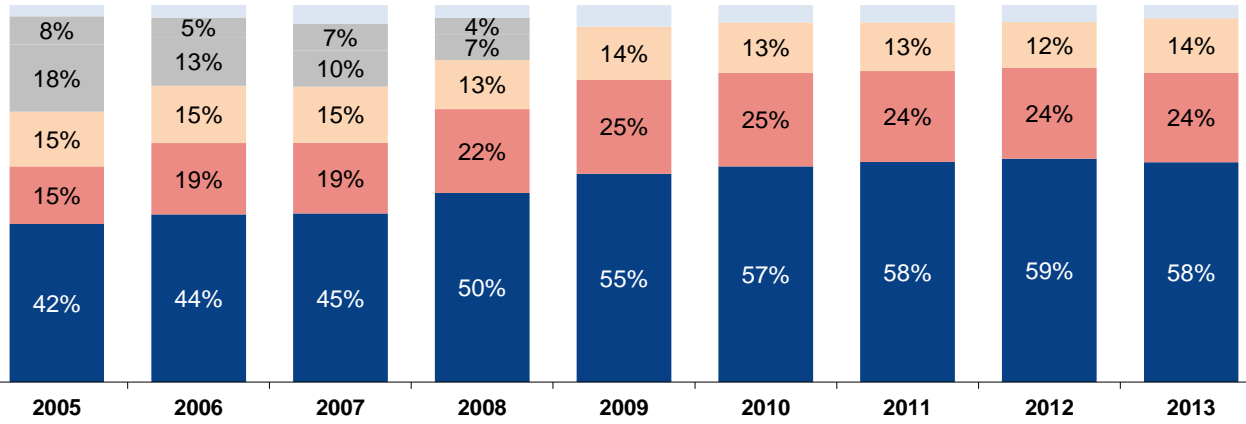




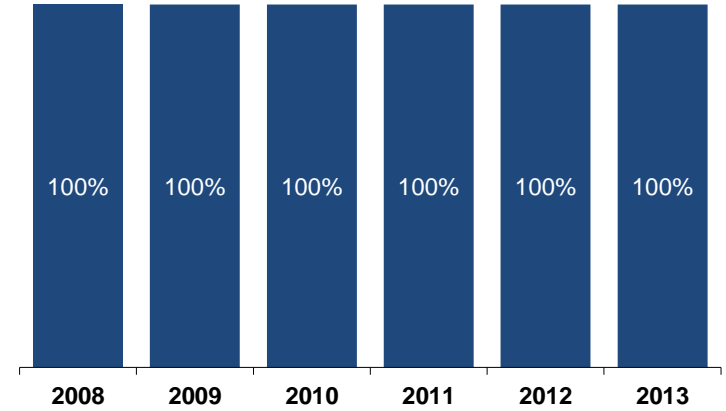
## Market shares

### Passenger operations

#### Tallinn - Helsinki

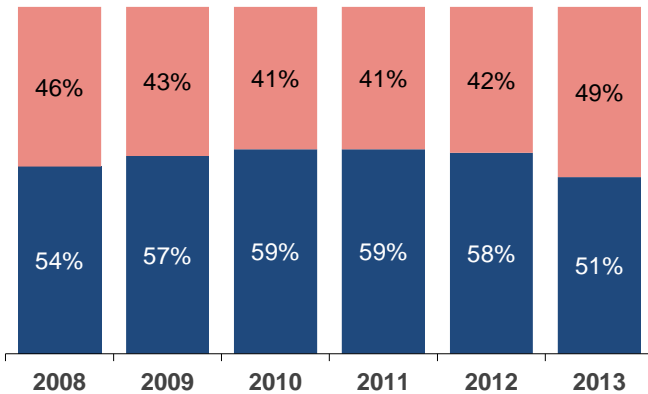


#### Tallinn - Stockholm

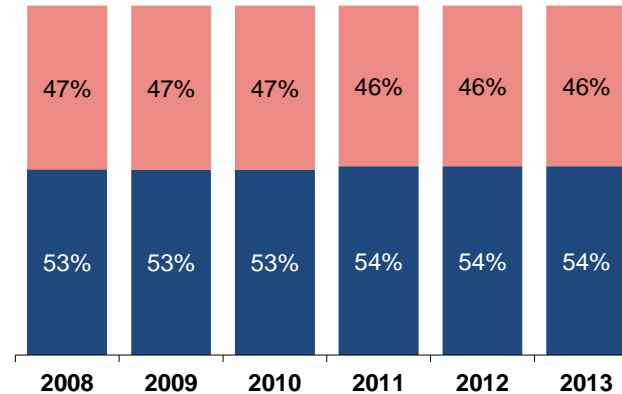


■ Linda Line 
 ■ Nordic Jetline 
 ■ SuperSeaCat 
 ■ Eckerö Line 
 ■ Viking Line 
 ■ Tallink

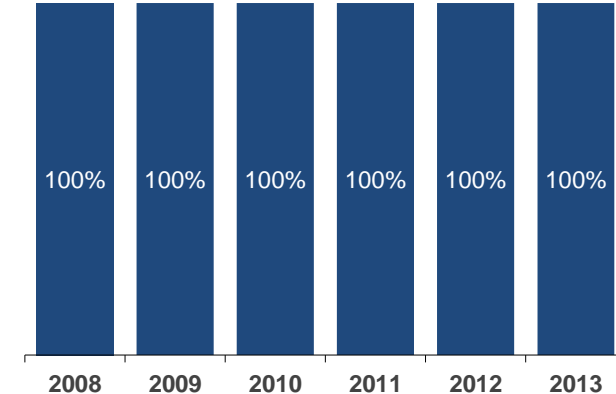
#### Turku - Stockholm



#### Helsinki - Stockholm

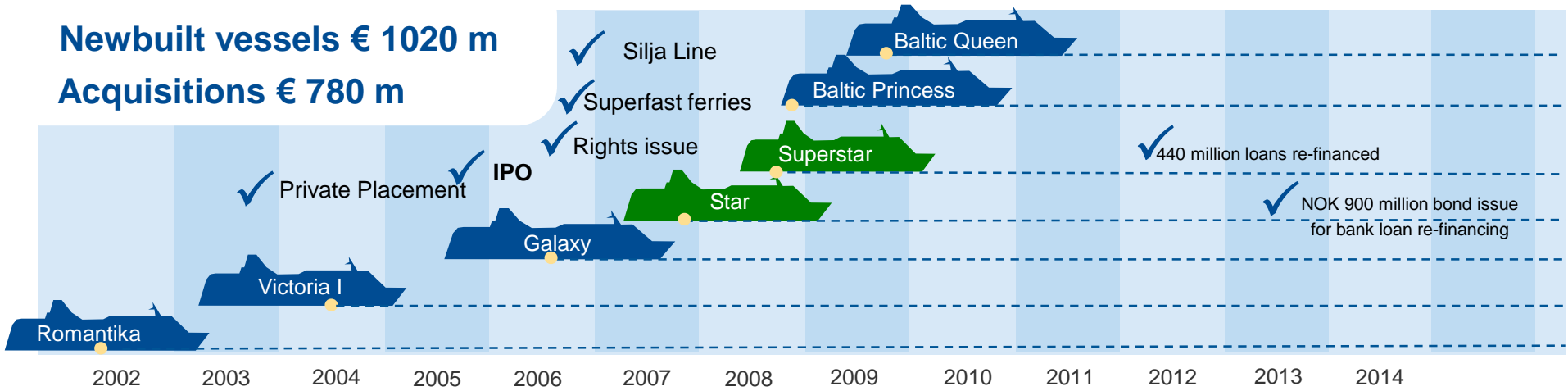
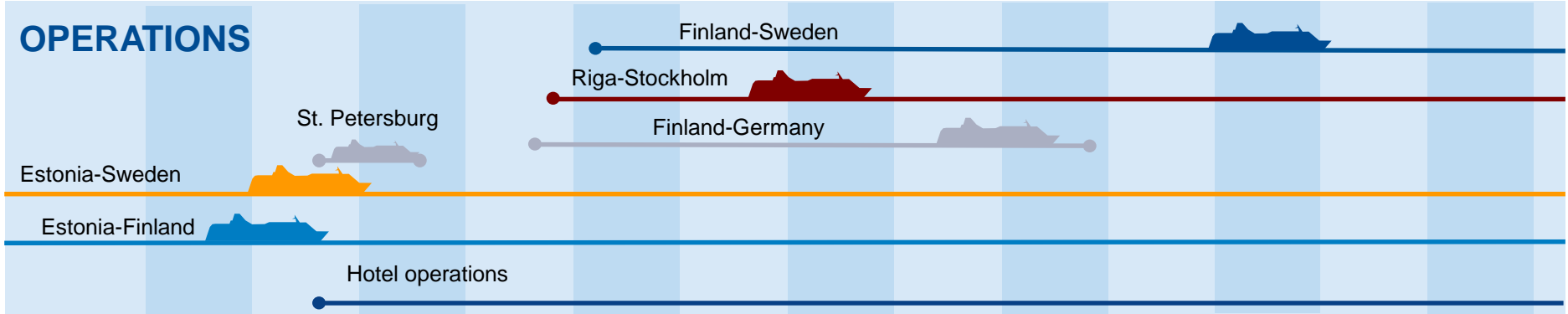


#### Riga - Stockholm



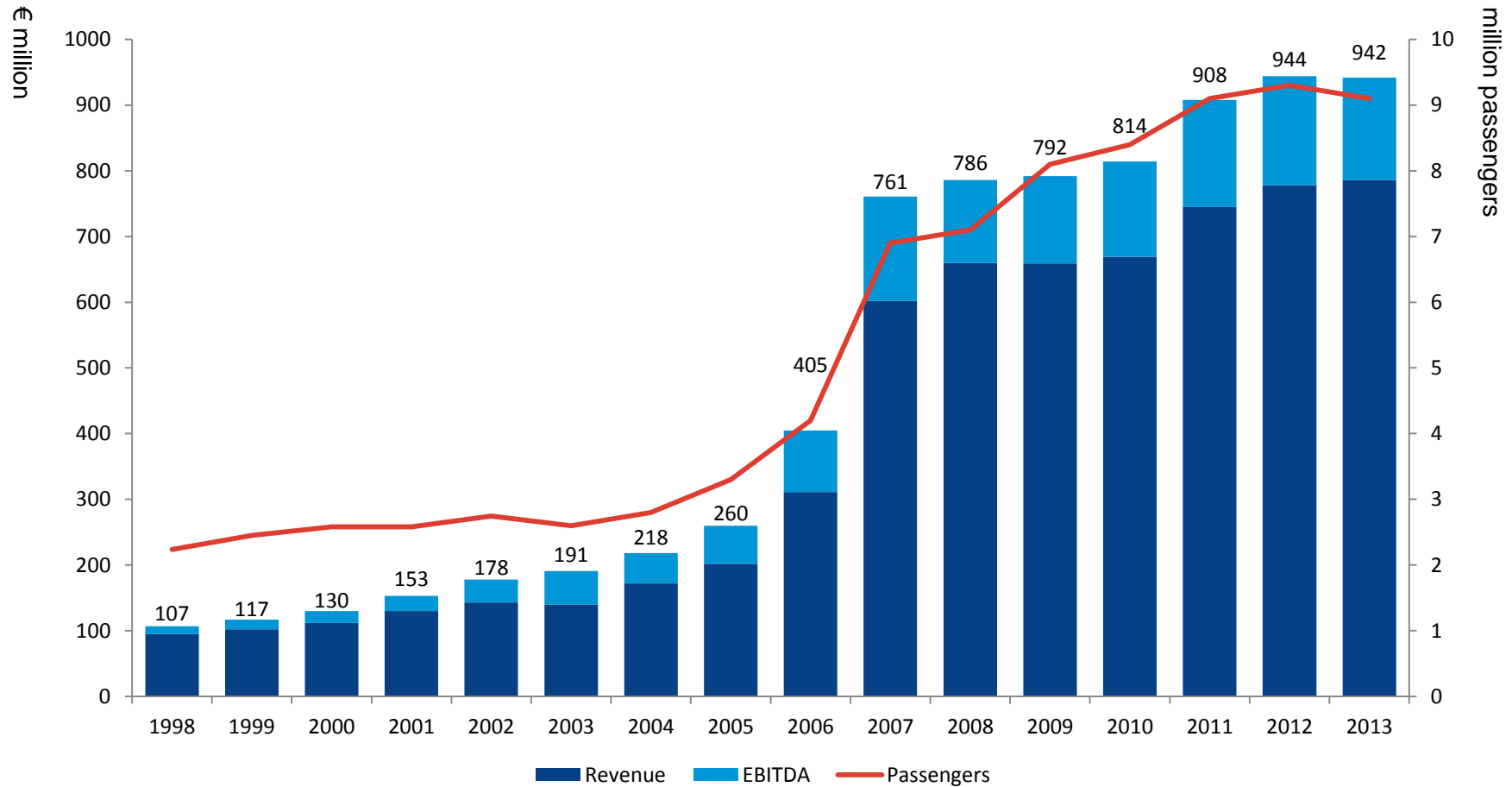


# Highlights and milestones





## Tallink's performance after the management buyout





# Developments in 2013

## New website

**PARTYHELG PÅ GALAXY FR 75:-**  
Priset gäller under hela november



Läs mer och boka »

**JUST NU**

Galajul på Galaxy »

Julbord på Östersjön »

Sista minuten fr 45:- »

Sista minuten Lyx fr 665:- »

Resor för familjen »

Boka Klubb Galaxy »

**BOKA HÄR**

## New booking engine

**PLAN & BOOK** Leaving on: Helsinki 2012

Mo Ti We Th Fr Sa Su  
 5 6 7 8 9 10 11 12  
 13 14 15 16 17 18 19  
 20 21 22 23 24 25 26  
 27 28 29 1 2 3 4

Adults: -1 + Children: 0-5 yrs: -1 + 6-11 yrs: -1 + 12-17 yrs: 0 +

Travelling with a vehicle  Show hotel packages

From: Helsinki To: Tallinna Tukholma 22h ristely I have a gift card or voucher code

Reittimatkat Päivästelyrennat Hotellipaketit

	HELSINKI → TALLINNA				TALLINNA → HELSINKI				
	Lähtö	Kesto	Perillä	Perillä	Lähtö	Kesto	Perillä	Perillä	
Ke 15.2	7:30	2h	29€	32€	9:30	7:30	2h	29€	32€
	10:30	2h	29€	32€	12:30	10:30	2h	29€	32€
	14:00	2h	29€	44€	16:00	14:00	2h	33€	44€
	17:30	2h	33€	44€	19:30	17:30	2h	33€	44€
	18:30	1h	137€	32€	22:00	18:30	3.5h	25€	32€
	21:30	2h	25€	38€	23:30	21:30	2h	25€	38€
To 16.2	8:30	2h	29€	32€	9:30	7:30	2h	29€	32€
	10:30	2h	33€	44€	12:30	10:30	2h	29€	32€
	14:30	2h	33€	44€	16:00	14:00	2h	33€	44€
	17:30	2h	33€	44€	19:30	17:30	2h	33€	44€
	18:30	1h	137€	32€	22:00	18:30	3.5h	25€	32€
	21:30	2h	25€	38€	23:30	21:30	2h	25€	38€
Pe 17.2	8:30	2h	29€	32€	9:30	7:30	2h	29€	32€
	10:30	2h	33€	44€	12:30	10:30	2h	29€	32€
	14:30	2h	33€	44€	16:00	14:00	2h	33€	44€
	17:30	2h	33€	44€	19:30	17:30	2h	33€	44€


Paras hinta nyt **154€**

VARAA MATKA

Booking entry points

**GALAXYKRYSSNING FR 75:-**


Unna dig 23 timmar på Östersjöns bästa nöjeskvarter, Galaxy, med populär underhållning och exklusiva framträdanden.



**LÄS MER »**

**HELSINGFORS FR 113:-**


Den finska huvudstaden, känd för sin stilrena design, är ett perfekt resmål för en minisemester.



**LÄS MER »**

**TALLINN FR 113:-**


Boka din resa till Tallinn, en av världens vackraste huvudstäder. Upplev stadens imponerande restauranger, historiska skatter och ett spännande nöjesliv.



**LÄS MER »**

**RIGA FR 113:-**


Fina erbjudanden till Riga. Den lettiska pärlan är vacker och välvärdad och har ett härligt pulserande nattliv.



**LÄS MER »**

**ÅBO FR 135:-**


Förläng resan till Åbo och ta en dag i Finlands äldsta stad, med sin kulturhistoriskt vackra miljö.



**LÄS MER »**

**ÅLAND FR 20:-**

Res iväg på en avkopplande kryssning över dagen till Mariehamn med skärgården som kuliss eller stanna kvar en natt på hotell och upplev mer av vackra Åland.



**LÄS MER »**

## Mobile platform





## 2013 developments – Riga-Stockholm route

### New vessel Isabelle

- Replaced M/S Silja Festival on the Riga-Stockholm route from May 2013
- EUR 30 million investment
- Built 1989
- Length: 171m
- Passengers: 2480
- Lanemeters: 850
- Cars: 450
- ~40% more car capacity
- ~13% more cabins



The route increased 8.4% in revenue and 134.3% in annual result  
The 2013 twelve months result was positive



## New visions

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



Tax Free - Visuals

harrison:fraser  
Retail & Hospitality



## Helsinki – Stockholm retail space upgrade 2014

- Silja Serenade upgrade in spring, Silja Symphony will follow in autumn
- 50% expanded shopping areas including a new Superstore, upgraded Grand Buffet concept and a new Italian restaurant
- Overall investment in to the vessels public space upgrades on the Helsinki-Stockholm route in 2014 more than EUR 20 million



Buffet - Visuals

harrison:fraser  
Visual & design partners



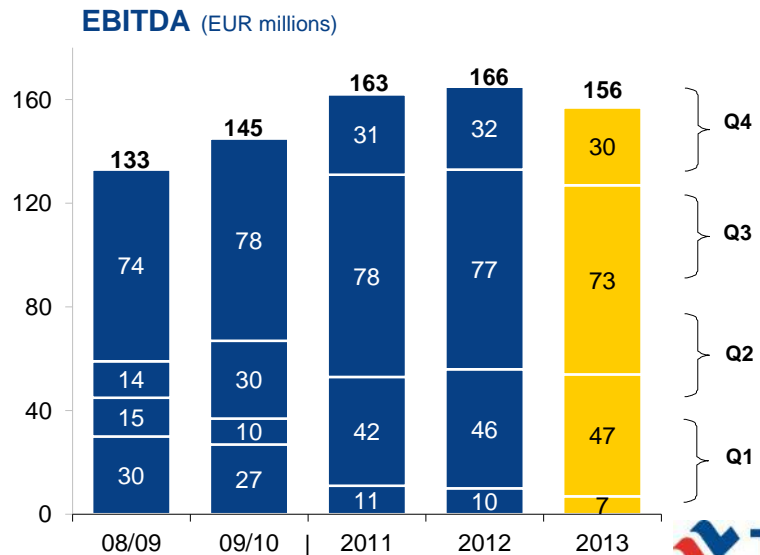
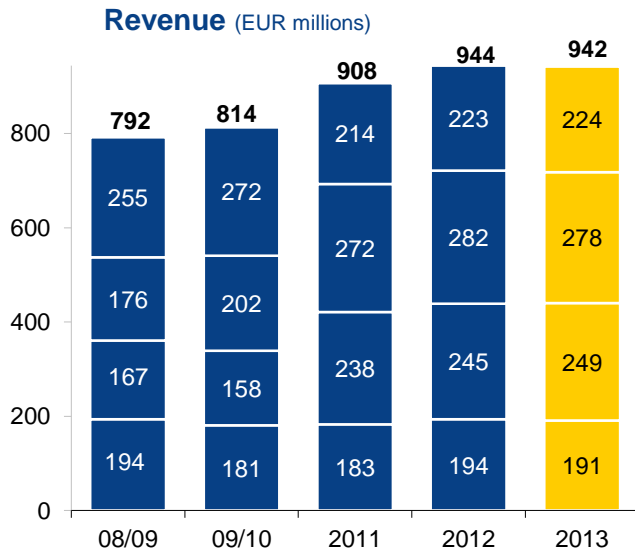
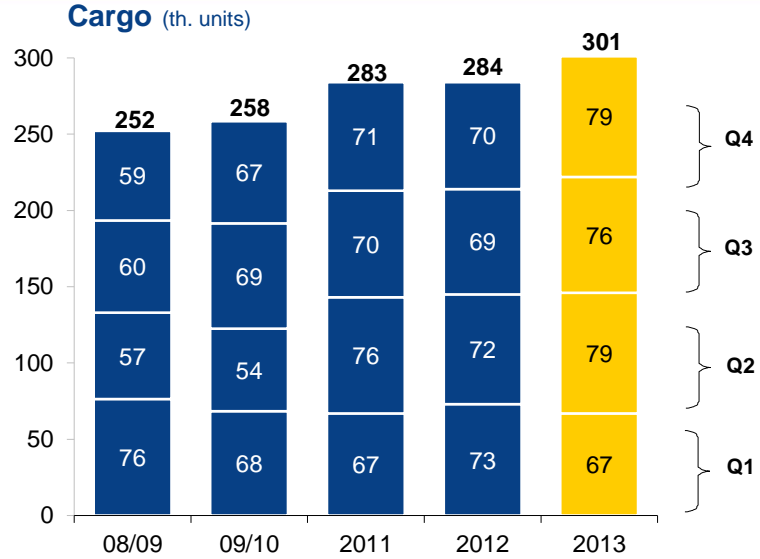
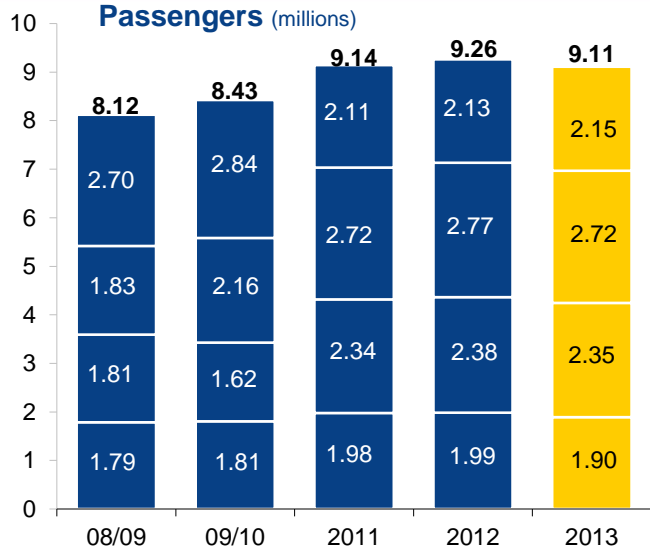
Tax Free - Visuals

harrison:fraser  
Visual & design partners



# Results

## quarterly seasonality breakdown

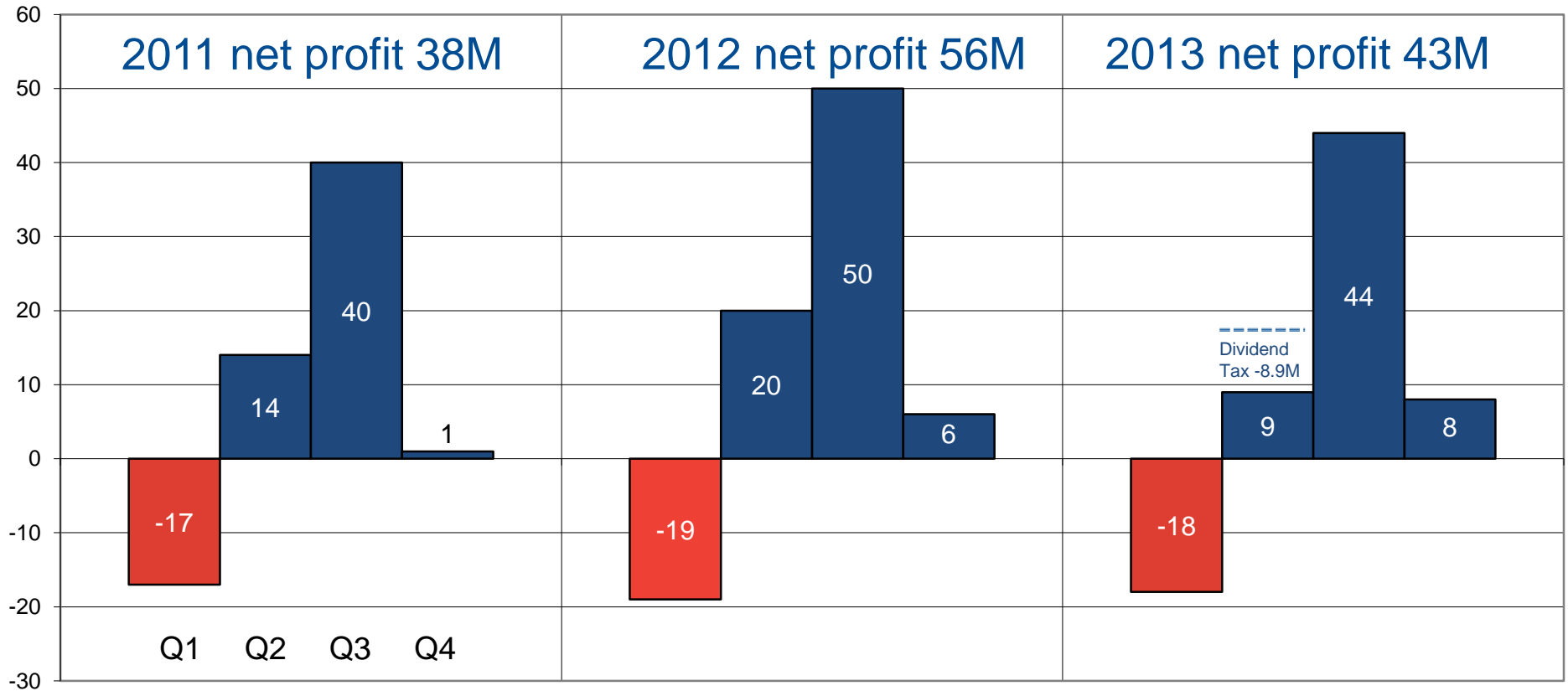






## The dynamics of high seasonality on the profit level

Net result by quarters



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



## Unaudited Consolidated Income Statement

(in EUR million)	2012	2013	2012 Q4	2013 Q4
<b>Sales</b>	<b>944</b>	<b>942</b>	<b>223</b>	<b>224</b>
Cost of sales <sup>(1)</sup>	(743)	(751)	(183)	(187)
Marketing, general & admin <sup>(1)</sup>	(109)	(108)	(28)	(26)
<b>EBITDA</b>	<b>166</b>	<b>156</b>	<b>32</b>	<b>30</b>
<i>Margin (%)</i>	17.5%	16.6%	14.4%	13.3%
<b>Net Profit</b>	<b>56</b>	<b>43</b>	<b>5.7</b>	<b>7.5</b>
<b>EPS</b>	<b>0.08</b>	<b>0.06</b>	<b>0.01</b>	<b>0.01</b>

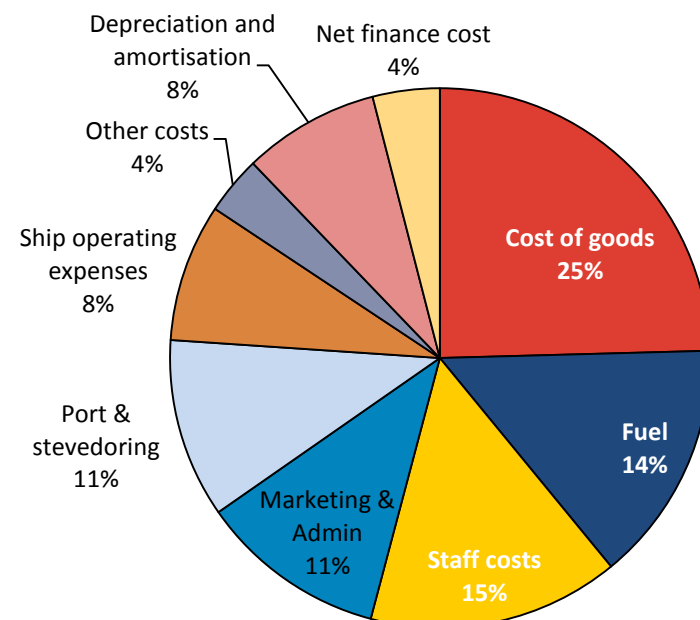
Notes:

(1) Includes depreciation and amortization



## Unaudited costs breakdown

	2012	2013	Change %
Cost of goods	213 671	220 222	3%
Fuel cost	143 934	129 826	-10%
Staff costs	131 583	135 053	3%
Marketing & Administration <sup>(1)</sup>	101 865	100 316	-2%
Port & stevedoring	93 073	96 295	3%
Ship operating expenses	65 944	74 017	12%
Other costs	31 091	31 363	1%
<b>Total costs from operations</b>	<b>781 161</b>	<b>787 092</b>	<b>1%</b>
<hr/>			
Depreciation and amortisation	70 996	73 175	3%
Net finance cost	40 980	35 956	-12%
<b>Total costs</b>	<b>893 137</b>	<b>896 223</b>	<b>0%</b>



1) Amortisation and depreciation excluded



## Unaudited Consolidated Cash Flow Statement

(in EUR million)	2012	2013	2012 Q4	2013 Q4
<b>Operating cash flow</b>	<b>163</b>	<b>168</b>	<b>44</b>	<b>48</b>
Capital expenditure	(9)	(43)	(1)	(5)
Asset disposal	0	1	0	1
<b>Free cash flow</b>	<b>154</b>	<b>126</b>	<b>43</b>	<b>44</b>
Debt financing	(119)	(40)	(26)	(11)
Interests & other financial items	(45)	(38)	(10)	(11)
Dividend paid	0	(33)	0	0
Dividend tax	0	(9)	0	0
<b>Change in cash</b>	<b>(10)</b>	<b>6</b>	<b>7</b>	<b>22</b>



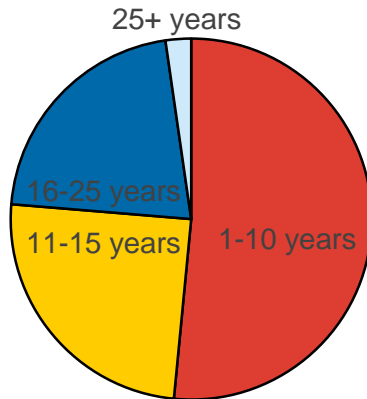
## Unaudited Consolidated Statement of Financial Position

(in EUR million)	31.08.2010	31.08.2011	31.12.2012	31.12.2013
<b>Total assets</b>	<b>1,871</b>	<b>1,800</b>	<b>1,742</b>	<b>1,722</b>
Non-current assets	1,741	1,657	1,599	1,572
Current assets	130	143	143	150
- of which cash -	57	75	66	72
<b>Total liabilities</b>	<b>1,203</b>	<b>1,094</b>	<b>981</b>	<b>951</b>
Interest bearing liabilities	1,068	960	840	794
Other liabilities	135	134	141	157
<b>Shareholders' equity</b>	<b>668</b>	<b>705</b>	<b>761</b>	<b>771</b>
<b>Net debt/EBITDA</b>	<b>7x</b>	<b>5.4x</b>	<b>4.7x</b>	<b>4.6x</b>
<b>Net debt</b>	<b>1,010</b>	<b>884</b>	<b>775</b>	<b>722</b>
<b>Equity/assets ratio</b>	<b>36%</b>	<b>39%</b>	<b>44%</b>	<b>45%</b>
<b>BVPS <sup>(1)</sup> (in EUR)</b>	<b>1.00</b>	<b>1.05</b>	<b>1.14</b>	<b>1.15</b>



## Age of fleet

### Age of fleet by value (EUR m)



### Tallink Grupp ships age (value-weighted average):

- Tallink + Silja core fleet – 11.4 years
- Superfast fleet – 12.7 years
- Ships out of core operations and cargo vessels – 24.2 years

### World-wide ships age\*:

- Ferries – 24.4 years
- Cruise – 12.5 years

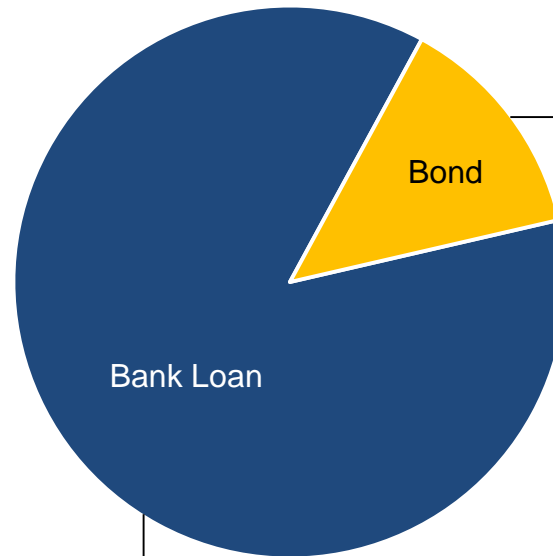
\* - source: ShipPax Market: 12, 13

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



## Debt structure

- Total EUR 794 million interest bearing liabilities outstanding as of 31.12.2013



Amount:	NOK 900M (EUR 120M)
Cost:	3M NIBOR + 5.00% (3M EURIBOR +4.88%)
Type:	Senior unsecured
Issue date:	18.06.2013
Maturity date:	18.10.2018
Listing:	Oslo Børs
Currency risk eliminated by swapping to EUR	

### 100% EUR denominated bank loans

7 standalone loan agreements with bank syndicates

Maturities ~5-10 years

Amortizing project loans

6.64% of debt is fixed rate, rest in EURIBOR floating, 1/3 hedged



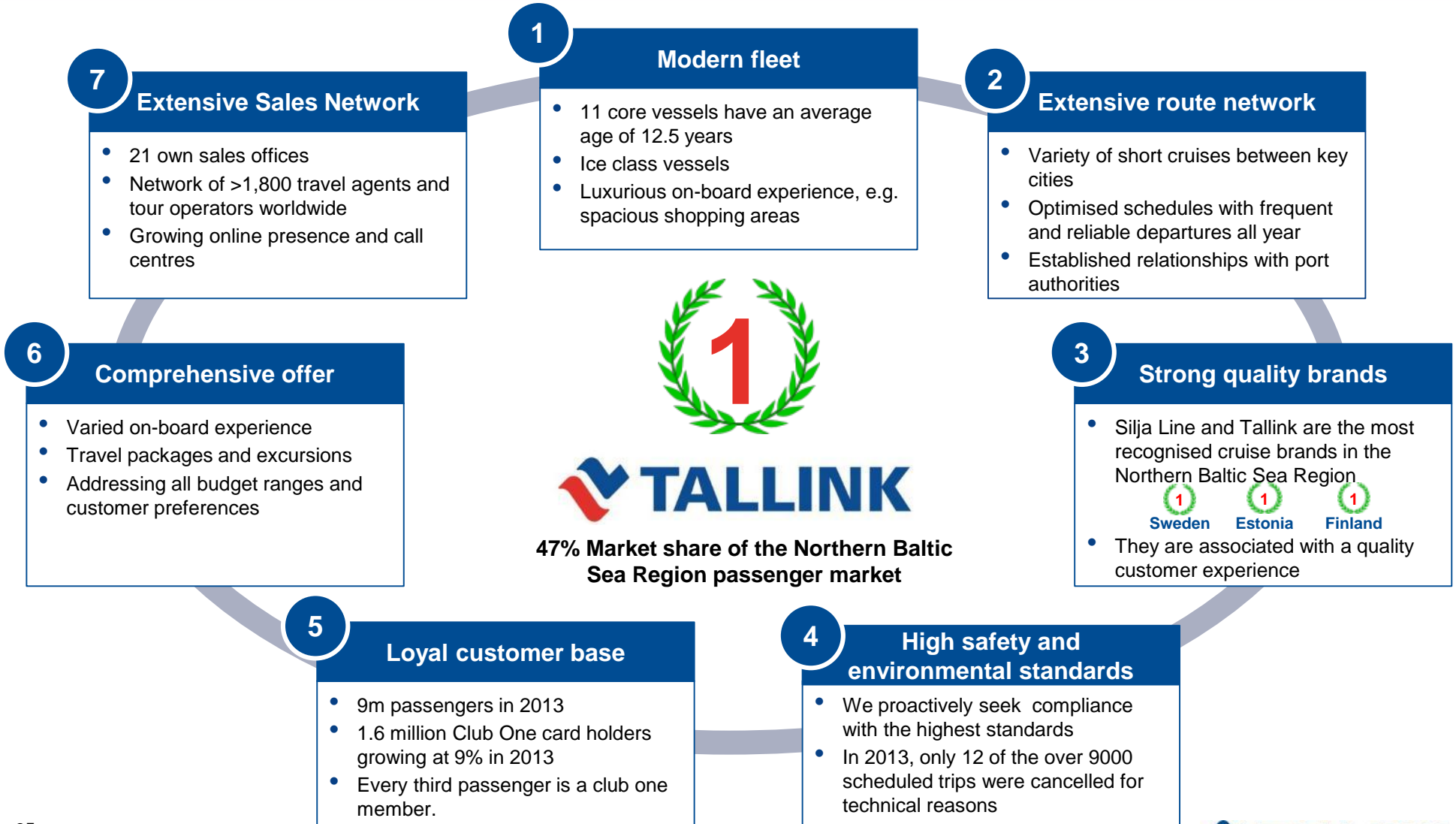
Sulfur emission regulation in 2015 poses a challenge to the shipping industry – there is no single solution

Use low sulphur fuel (gasoil)	Add exhaust gas scrubbers	Convert ships to LNG
Low investment cost	Current cost of a scrubber is estimated at EUR 2-15m per vessel depending on vessel type	High investment cost
Cost of fuel is higher	Scrubbers will allow cheaper heavy fuel oil	Similar cost of fuel
Has no schedule disruption	Scrubber fitting brings limited schedule disruption	Requires major conversion and a long schedule disruption
Requires no changes in bunkering infrastructure	Additional waste processing needed	Infrastructure currently limited





## Unrivalled suite of competitive advantages





## Tallink's Fleet



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



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



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



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



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



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

**Tallink has invested 1.3 billion EUR to create a modern fleet**



## Tallink's Fleet



### Superstar

Built: 2008  
 Length 177m  
 Passengers: 2080  
 Lane meters: 1930



### Star

Built: 2007  
 Length 186m  
 Passengers: 1900  
 Lane meters: 2000



### Romantika

Built: 2002  
 Length 193m  
 Passengers: 2500  
 Lane meters: 1030



### Isabelle

Built: 1989  
 Length 171m  
 Passengers: 2480  
 Lane meters: 850



### Superfast VII/VIII/IX

Built: 2001/2002  
 Length: 203m  
 Passengers: 717  
 Lane meters: 1924



### Silja Festival

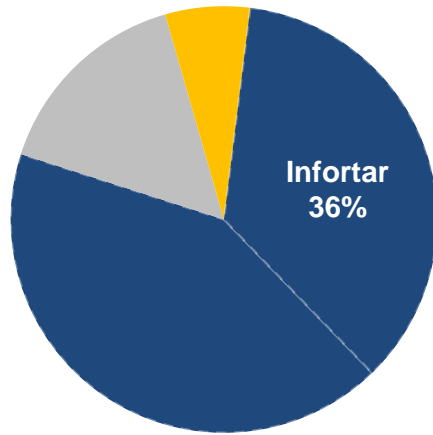
Built: 1986  
 Length 171m  
 Passengers: 2023  
 Lane meters: 885

In addition the Group has 2 ro-pax cargo vessels in operation and 1 older ferry which has been replaced and is outside of the core operations



## Ownership structure

### Shareholders of AS Tallink Grupp



- Top 10 shareholders
- Institutional investors
- Retail investors

### Ten largest shareholders in the end of Q4

Infotar	36%
Baltic Cruises Holding, L.P.	17%
Nordea Bank Finland PLC / non-resident legal entities	9%
ING Luxemburg S.A	7%
State Street Bank and Trust Omnibus fund	2%
Skandinaviska Enskilda Banken AB Clients (East Capital)	2%
JP Morgan Chase Bank / London Client's account	1%
Mellon Treaty Omnibus	1%
Firebird Republics Fund Ltd	1%
Firebird Avrora Fund, Ltd	1%





Safety, security and environmental protection are a high priority

- Safety and Security Policy
- Environmental Policy
- ISO 14001:2004 Environmental Certificate by Lloyds Register
- MARPOL Sewage Pollution Prevention Certificate
- MARPOL Air Pollution Prevention Certificate
- International Anti-Fouling System Certificate
- MARPOL Oil Pollution Prevention Certificate
- Document of Compliance for Anti-Fouling System
- MARPOL Garbage Pollution Prevention Attestation
- Passenger Ship Safety Certificate
- International Ship Security Certificate
- Safety Management Certificate
- Document for Dangerous Goods

