

Q3 2020

TALLINK GRUPP AS



TALLINK GRUPP

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

OPERATIONS

- Fleet of 15 vessels
- Seven ferry routes (3 suspended)
- Operating four hotels (2 closed until 2021 high season)

KEY FACTS

- Revenue of EUR 949 million in 2019
- Served 9.8 million passengers in 2019
- Transported 380 thousand cargo units
- Operating EUR 1.5 billion asset base
- 5 726 employees (End of Q3 2020)
- 2.7 million loyalty program members



STRONG BRANDS



STRATEGIC PLAN

CURRENTLY STRATEGIC FOCUS ON MANAGING COSTS AND CASH FLOWS TO ENSURE SUSTAINABILITY AND TO BRING TALLINK GRUPP THROUGH THE GLOBAL CRISIS

TALLINK'S VISION

To be the market pioneer in Europe by offering excellence in leisure and business travel and sea transportation services

LONG TERM OBJECTIVES TOWARD INCREASING THE COMPANY VALUE AND PROFITABILITY

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

CURRENT STRATEGIC CORNERSTONES AND COMPETITIVE ADVANTAGES

MOST MODERN FLEET

STRONG MARKET SHARE & BRAND AWARENESS

WIDE ROUTE NETWORK

HIGH SAFETY LEVEL & ENVIRONMENTAL STANDARDS

STEPS TAKEN TO KEEP PROVIDING SAFE TRAVELLING

FOCUS ON FLEXIBILITY, COSTS AND LIQUIDITY

- Strict hygiene and disinfecting procedures and requirements
- Temporary suspension of ship and hotel operations
- Flexible with routes and destinations
- Activities to ensure liquidity
- Scaled down on non-critical costs and investments
- Decrease in workload and remuneration and collective redundancies
- Applying for various support measures
- No dividends (approved by AGM on 30 July)
- Postponement of investments, taxes, loan repayments (& waivers of covenants)
- Securing new loans



Silja Serenade in Riga

Q3 2020 OVERVIEW – COVID-19 & TRAVEL RESTRICTIONS

Q3 Selected Key Figures (financials in million euros)	2020	2019	Change
Number of passengers	1 314 301	2 974 790	-55.8%
Number of cargo units	91 578	93 329	-1.9%
Number of passenger cars	275 735	353 725	-22.0%

Revenue	143.7	287.8	-50.0%
Gross profit / loss	-3.0	86.7	-103.5%
EBITDA	5.7	83.2	-93.2%
EBIT	-19.7	59.4	-133.1%
Net result for the period	-23.9	54.6	-143.7%

Capital expenditures	53.8	7.1	653.7%
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As at:	30.09.20	30.06.20	Change
Total assets	1 542.9	1 505.9	2.5%
Total equity	741.5	765.3	-3.1%
Interest-bearing liabilities	671.2	615.7	9.0%
Net debt	640.5	593.8	7.9%

2020 unaudited

- **Revenue EUR 143.7m (EUR -144.0m or -50.0% vs LY)**
 - Extensive impact from Covid-19 related travel restrictions
 - More limited impact on cargo operations
 - 7% less departures compared to Q3 2019
- **Cost reduction & support**
 - Cost of sales reduced by 27% or EUR 54m
 - Marketing & administrative cost reduced by 24% or EUR 7m
 - Direct financial support of EUR 3.8m in Q3 2020
- **Positive EBITDA of EUR 5.7m (EUR -77.5m vs LY)**
- **Net loss of EUR 23.9m (EUR -78.5m vs LY)**
- **Capital expenditure related mainly to MyStar**

Q3 2020 SALES & RESULTS BY GEOGRAPHICAL SEGMENTS

Route	Key Figures (financial in EUR million)	2020	2019	Change	All routes affected by Covid-19, travel restrictions & suspension of operations
Estonia- Finland	Passengers (thousands)	932	1 534	-39.3%	The results include also the operations of Victoria I on the Tallinn-Helsinki route as well as the operations of Tallinn-Turku and the Tallinn-Mariehamn routes
	Cargo units (thousands)	64	60	7.4%	
	Revenue	70.2	102.2	-31.3%	
	Segment result	3.3	33.0	-89.9%	
Finland- Sweden	Passengers (thousands)	344	882	-61.0%	The results include also the operations of the Helsinki-Riga route and the special cruises from Stockholm to Visby and Härnösand
	Cargo units (thousands)	17	19	-10.4%	
	Revenue	54.3	106.4	-49.0%	
	Segment result	-10.1	20.6	-149.1%	
Estonia- Sweden	Passengers (thousands)	13	302	-95.7%	The results reflect the operations of the Paldiski-Kapellskär route and the limited operations of the Tallinn-Stockholm route in September
	Cargo units (thousands)	10	11	-6.8%	
	Revenue	5.0	36.0	86.2%	
	Segment result	-3.5	7.1	-149.2%	
Latvia- Sweden	Passengers (thousands)	26	257	-90.0%	The results include the limited operations of the Riga-Stockholm route as well as the special cruises from Riga to Helsinki and to Mariehamn by Romantika
	Cargo units (thousands)	1	4	-84.7%	
	Revenue	2.7	23.8	-88.6%	
	Segment result	-3.5	5.3	-167.1%	
Other	Revenue	12.6	22.4	-44.0%	One less hotel operated in Q3 2020; positive impact from online shop sales, Burger King restaurants and from mooring services
	Segment result	1.5	5.6	-73.3%	
	Intersegment revenue	-1.0	-3.0	66.4%	

2020 unaudited

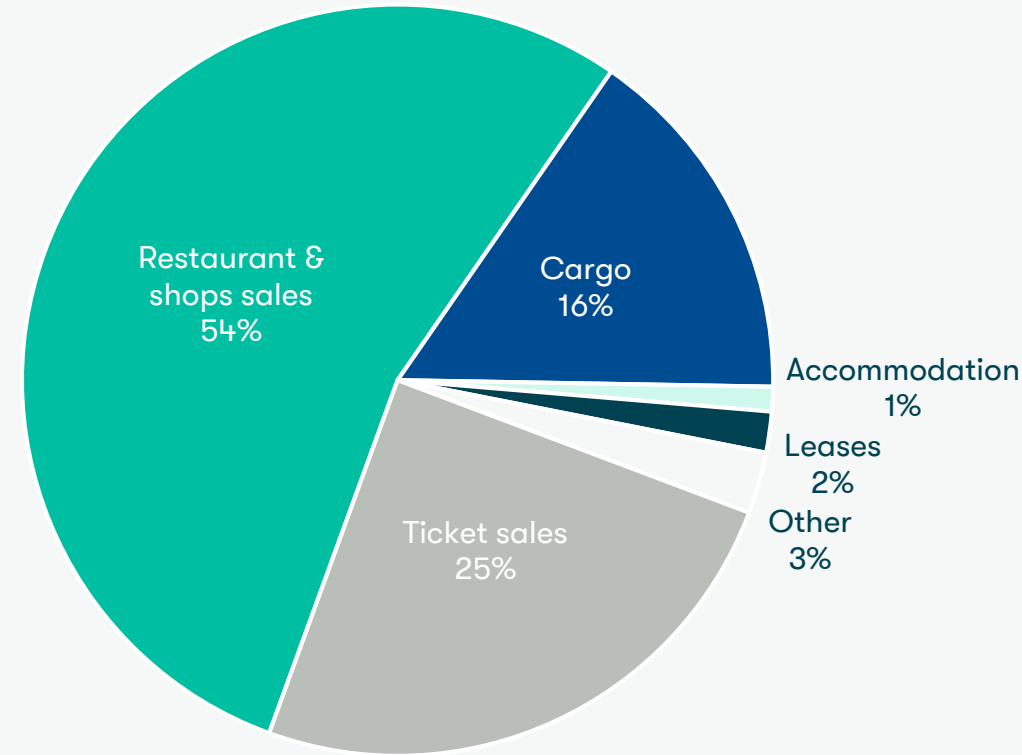
Q3 2020 SALES & RESULTS BY OPERATIONAL SEGMENTS

Revenue (EUR million)	2020	2019	Change
Restaurant and shop sales on-board and onshore	77.7	157.4	-50.6%
Ticket sales	35.7	86.3	-58.6%
Sales of cargo transportation	22.5	28.7	-21.5%
Accommodation sales	1.5	5.7	-73.2%
Income from charter of vessels	2.5	2.0	25.0%
Other sales	3.8	7.8	-51.5%
Total revenue	143.7	287.8	-50.0%

- Restaurant and shop sales on-board and onshore and ticket sales decline broadly in-line with decline in passengers
- Lower cargo sales due to weak market
- One less hotel operated in Q3 2020
- Improved charter terms from Q4 2019

Totals may not sum due to rounding
2020 unaudited

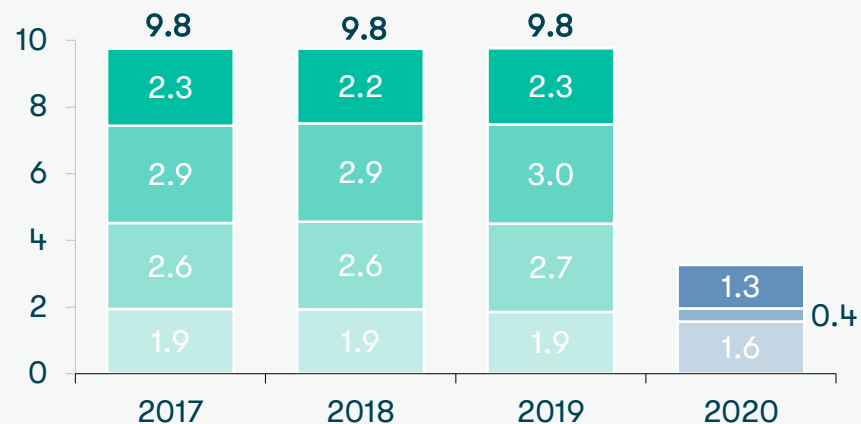
REVENUE STRUCTURE IN Q3 2020



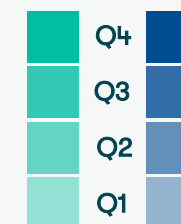
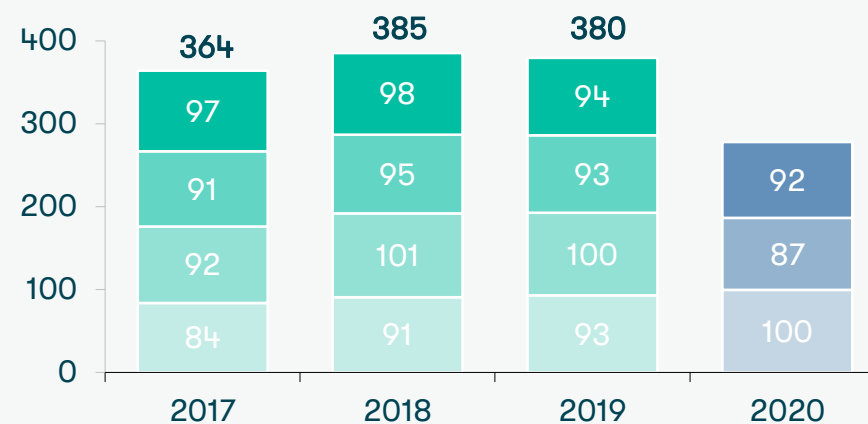
RESULTS

QUARTERLY SEASONALITY BREAKDOWN

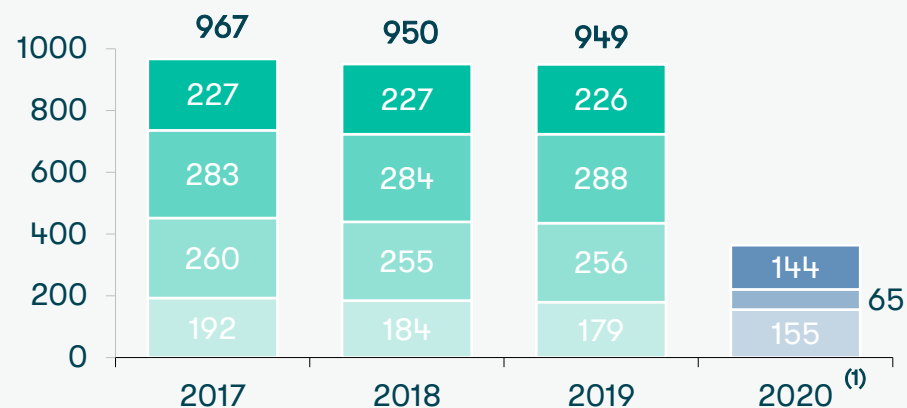
PASSENGERS (MILLIONS)



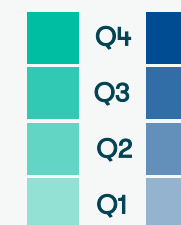
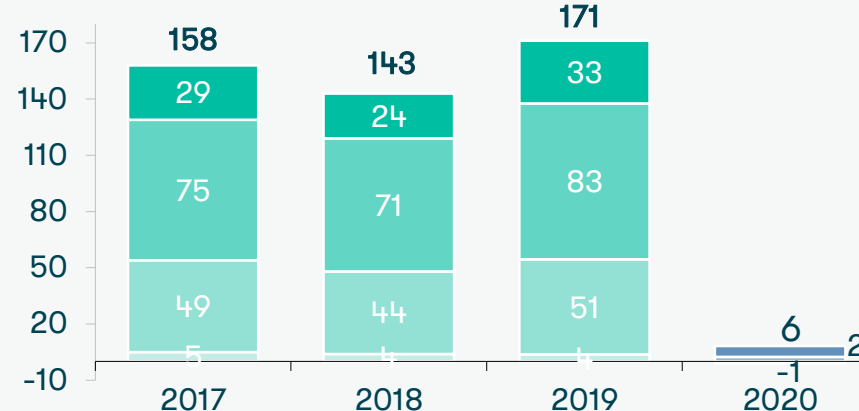
CARGO (TH. UNITS)



REVENUE (EUR MILLION)

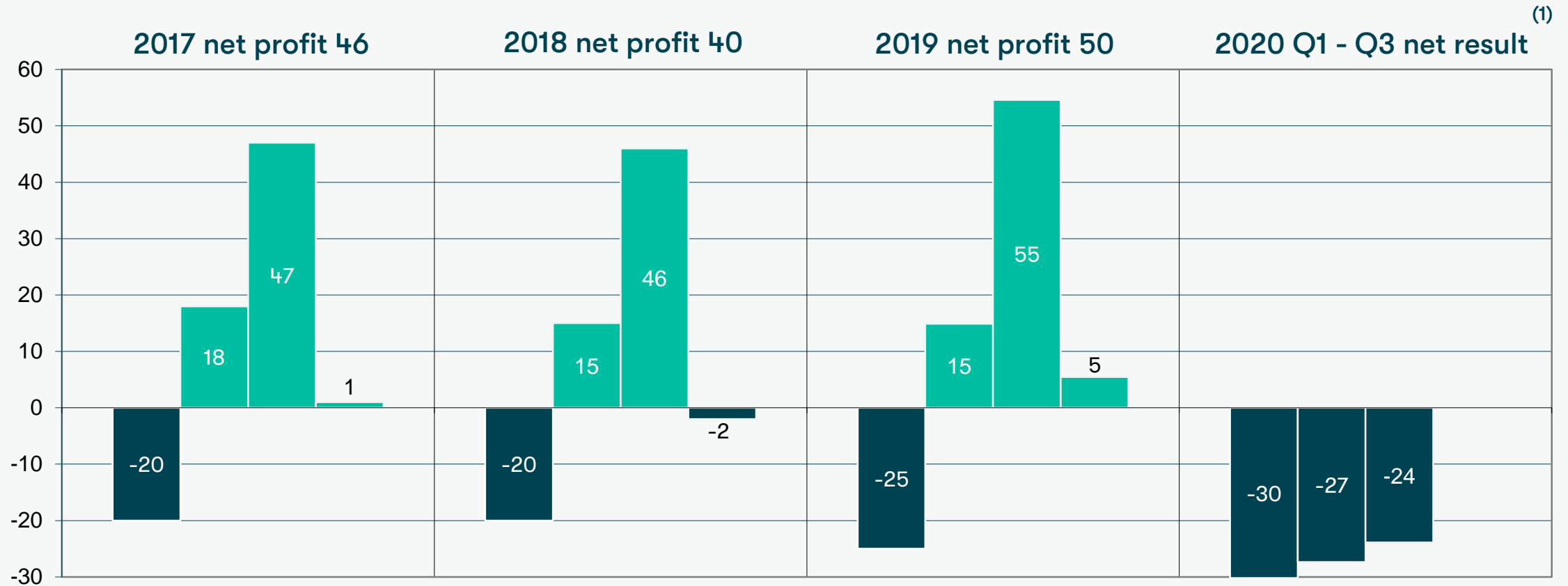


EBITDA (EUR MILLION)



THE DYNAMICS OF HIGH SEASONALITY ON THE PROFIT LEVEL

NET PROFIT BY QUARTERS (EUR MILLION)



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

2020 Q3 HIGHLIGHTS AND KEY FACTS

ENVIRONMENT AND ADJUSTMENTS

- Extensive impact of Covid-19
- Shareholders agreed not to pay dividends for 2019
- Employing assets flexibly on new routes

ACTIVITIES TOWARD LONG-TERM SUSTAINABILITY

- Cost cutting and initiation of extensive reorganisation in order to bring the costs in line with the income we are currently able to earn
- Overdraft limit increased by EUR 20.0m in July and EUR 40m drawn of working capital loan
- First Burger King restaurant outside Tallinn opened in the end of September
- EUR 37.0m payments made for MyStar
- Full-scale renovation of Tallink City Hotel commenced



A section of MyStar

EVENTS AFTER THE REPORTING PERIOD & OUTLOOK



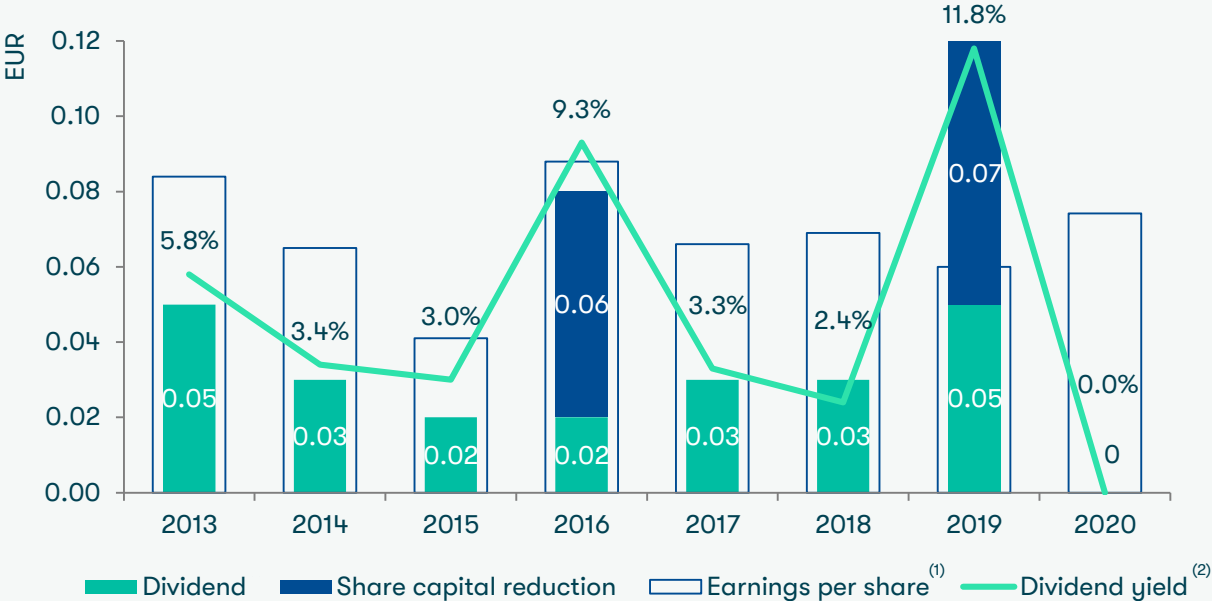
- Last EUR 12.4m instalment for MyStar to be paid in Q4 2020
- Carrying out the started collective redundancy processes
- Group's Finnish & Swedish subsidiaries initiated cooperation negotiations with the employee union representatives in October
- Tallink Hotel Riga operations were suspended from 18 October 2020 until spring 2021
- Opening of the first Burger King restaurants in Latvia, Lithuania planned in Q4 2020
- Due to the ongoing Covid-19 situation the earnings outlook is uncertain and largely subject to external factors such as the states' decisions regarding the timing of lifting of the travel restrictions, allowing passenger traffic as well as the duration of the recovery period.

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

The Annual General Meeting of Shareholders decided on 30 July 2020 not to pay dividends from net profit of 2019



EUR 241 MILLION PAYMENTS TO SHAREHOLDERS IN 2013-2019

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

CONSOLIDATED INCOME STATEMENT

(EUR million)	2018	2019	Q3 2019	Q3 2020 ⁽³⁾
Sales	950	949	288	144
Cost of sales ⁽¹⁾	(766)	(752)	(201)	(147)
Marketing & administrative cost ⁽¹⁾	(125)	(124)	(28)	(21)
Other operating items, net ⁽²⁾	4	2	1	5
EBITDA	143	171	83	6
<i>Margin (%)</i>	15.0%	18.0%	28.9%	4.0%
Net Result	40	50	55	(24)
EPS	0.060	0.074	0.082	(0.036)

CONSOLIDATED CASH FLOW STATEMENT

(EUR million)	2018	2019	Q3 2019	Q3 2020 ⁽¹⁾
Operating cash flow	157	175	68	0
Capital expenditure	(36)	(61)	(7)	(41)
Asset disposal	0	0	0	0
Free cash flow	121	114	61	(41)
Debt financing (net effect)	(85)	(52)	(44)	54
Interests & other financial items	(19)	(17)	(5)	(4)
Dividends & reduction of share capital	(20)	(80)	(33)	0
Income tax on dividends paid	(4)	(4)	(8)	0
Change in cash	(7)	(43)	(29)	9

Totals may not sum due to rounding

(1) Unaudited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR million)	31.12.2018	30.09.2019	31.12.2019	30.09.2020 ⁽²⁾
Total assets	1 501	1 564	1 533	1 543
Non-current assets	1 333	1 424	1 412	1 443
Current assets	168	140	121	100
- of which cash	82	38	39	31
Total liabilities	644	746	710	801
Interest bearing liabilities	510	565	578	671
Other liabilities	134	181	132	130
Shareholders' equity	857	818	823	742
Net debt/EBITDA	3.0x	3.3x	3.1x	15.9x
Net debt	428	527	539	640
Equity/assets ratio	57%	52%	54%	48%
BVPS ⁽¹⁾ (in EUR)	1.28	1.22	1.23	1.11



Totals may not sum due to rounding

(1) Shareholders' equity / number of shares outstanding

(2) Unaudited

DEBT STRUCTURE

LONG TERM BANK LOANS

- EUR 517 million as at 30.09.2020
- 6 loan agreements outstanding: syndicated loans, amortizing project and working capital loans
- Maturities 1-9 years
- EUR denominated, fixed and EURIBOR floating
- 2019 weighted average cost: EURIBOR + 2.19%

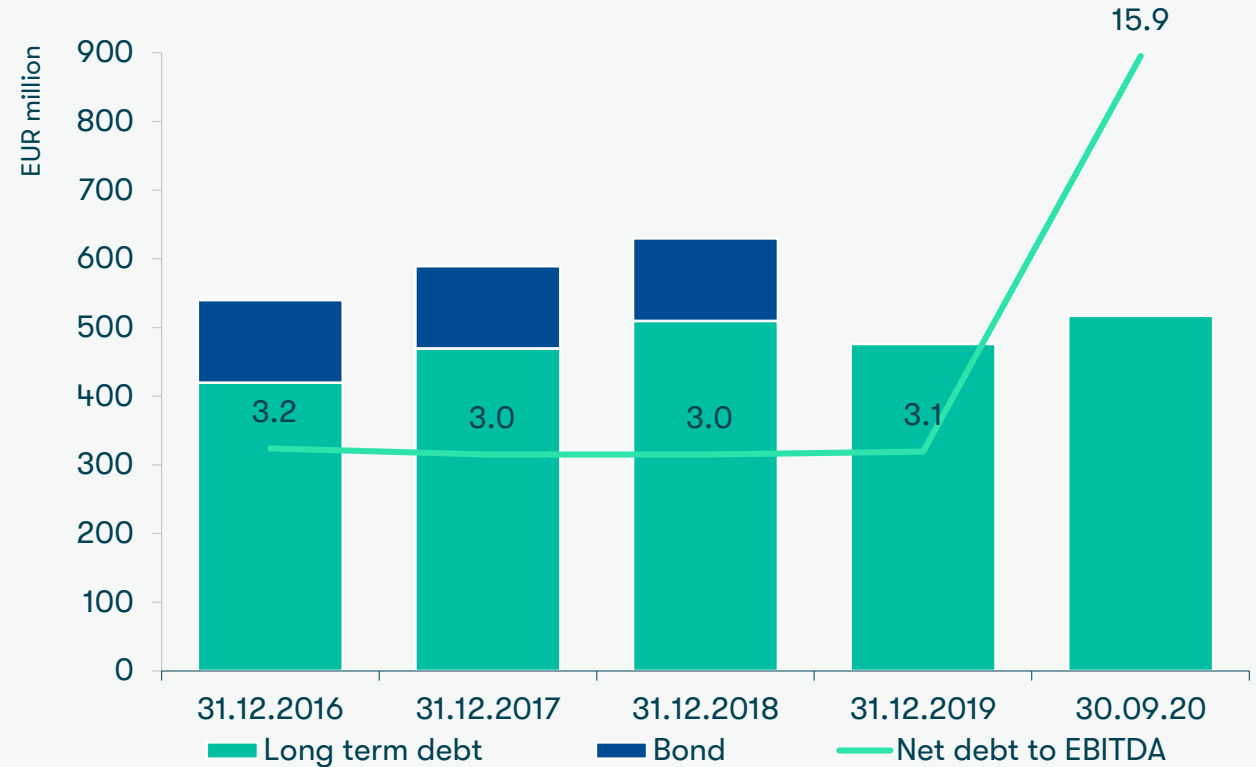
OVERDRAFTS (as at 30.09.2020)

- EUR 51 million used
- EUR 84 million unused

SIGNED, NOT YET DRAWN

- EUR 198 million from KfW IPEX-Bank GmbH (MyStar)
- EUR 60 million undrawn of EUR 100 million working capital loan from KredEx SA

Total EUR 671 million interest bearing liabilities as at 30.09.2020



2020 unaudited

2020 LOAN REPAYMENTS POSTPONED (EUR 61M) IN Q2

CORPORATE GOVERNANCE

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

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

Raino Paron



Born in 1965, with the Supervisory Board since 2019

Colin Douglas Clark

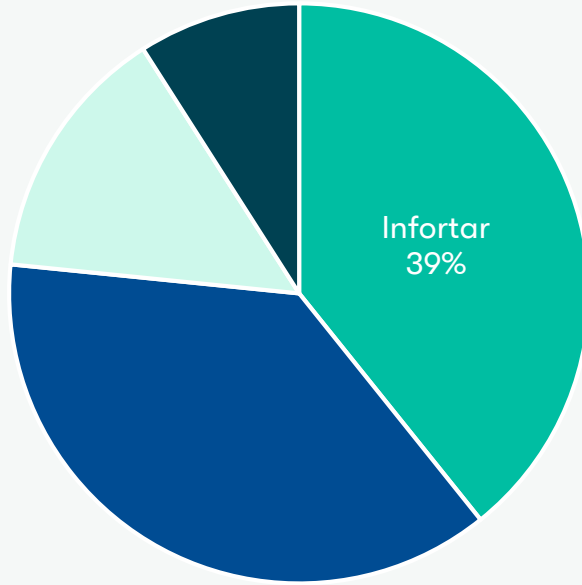


Born in 1974, with the Supervisory Board since 2013

SUPERVISORY BOARD

SHAREHOLDERS AND SHARE PERFORMANCE

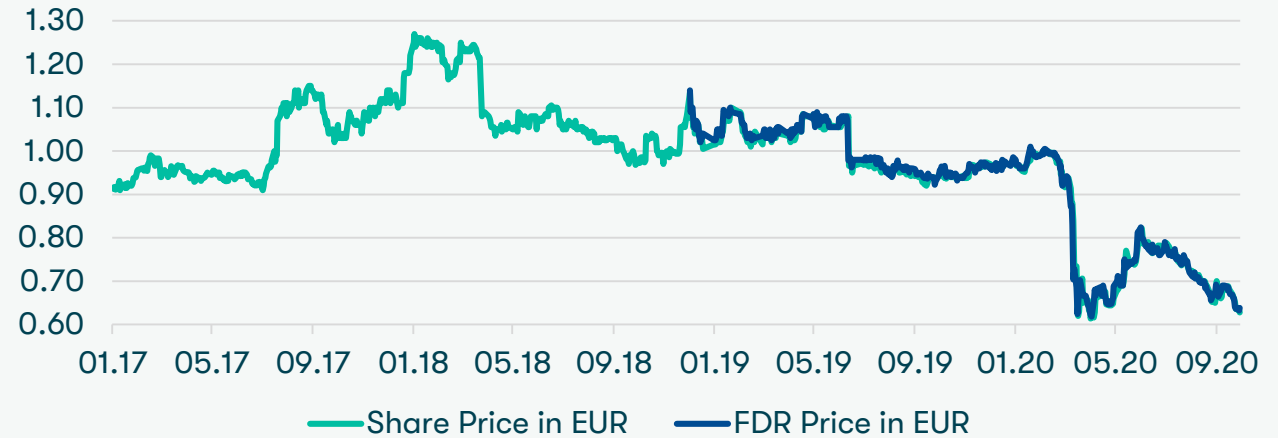
SHAREHOLDERS OF AS TALLINK GRUPP



- Top 10 shareholders
- Institutional investors
- Retail investors

TEN LARGEST SHAREHOLDERS AS OF 30.09.2020

Infortar AS	39%
Baltic Cruises Holding, L.P.	16%
ING Luxembourg S.A. AIF Account	7%
Baltic Cruises Investment L.P.	6%
Citigroup Venture Capital International G.P	2%
Nordea Bank Abp / Finnish Clients	2%
Clearstream Banking AG	1%
Nordea Bank Abp / Non Treaty Clients	1%
State Street Bank And Trust Omnibus Account A Fund No OM01	1%
LHV Pensionifond L	1%



THANK YOU



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