

Q4 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 443 million in 2020
- Served 3.7 million passengers in 2020
- Transported 360 thousand cargo units
- Operating EUR 1.5 billion asset base
- 4 200 employees (end of 2020)
- 2.8 million loyalty program members



STRONG BRANDS



STRATEGIC PLAN

CURRENTLY THE STRATEGIC FOCUS IS 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

Q4 2020 OVERVIEW – COVID-19 & TRAVEL RESTRICTIONS

Q4 Selected Key Figures (financials in million euros)	2020	2019	Change
Number of passengers	462 859	2 280 805	-79.7%
Number of cargo units	81 861	93 645	-12.6%
Number of passenger cars	134 196	243 025	-44.8%

Revenue	79.3	226.4	-65.0%
Gross profit / loss	-18.4	39.1	-147.0%
EBITDA	1.2	33.4	-96.5%
EBIT	-24.2	9.0	-369.6%
Net result for the period	-26.9	5.5	-590.5%

Capital expenditures	4.8	10.0	-52.0%
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As at:	31.12.20	30.09.20	Change
Total assets	1 516.2	1 542.9	-1.7%
Total equity	714.3	741.5	-3.7%
Interest-bearing liabilities	705.1	671.2	5.1%
Net debt	677.3	640.5	5.7%

2020 unaudited

- **Revenue EUR 79.3m (EUR -147.1m or -65.0% vs LY)**
 - Extensive impact from Covid-19 related travel restrictions
 - More limited impact on cargo operations
 - 26% less departures compared to Q4 2019
- **Cost reduction & support**
 - Cost of sales reduced by 48% or EUR 90m
 - Marketing & administrative cost reduced by 33% or EUR 10m
 - Net direct financial support of EUR 14.7m in Q4 2020
- **Positive EBITDA of EUR 1.2m (EUR -32.2m vs LY)**
- **Net loss of EUR 26.9m (EUR -32.3m vs LY)**

2020 OVERVIEW – COVID-19 & TRAVEL RESTRICTIONS

Selected Key Figures (financials in million euros)	2020	2019	Change
Number of passengers	3 732 102	9 763 210	-61.8%
Number of cargo units	359 811	379 634	-5.2%
Number of passenger cars	702 702	1 110 314	-36.7%

Revenue	442.9	949.1	-53.3%
Gross profit / loss	-43.5	196.9	-122.1%
EBITDA	8.0	171.1	-95.3%
EBIT	-92.6	74.9	-223.7%
Net result for the period	-108.3	49.7	-317.8%

Capital expenditures	100.1	60.9	64.4%
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As at:	31.12.20	31.12.19	Change
Total assets	1 516.2	1 533.0	-1.1%
Total equity	714.3	822.8	-13.2%
Interest-bearing liabilities	705.1	577.9	22.0%
Net debt	677.3	539.0	25.7%

2020 unaudited

- **Revenue EUR 442.9m (EUR -506.2m or -53.3% vs LY)**
 - Extensive impact from Covid-19 related travel restrictions
 - More limited impact on cargo operations
 - 20% less departures compared to 2019
- **Cost reduction & support**
 - Cost of sales reduced by 35% or EUR 266m
 - Marketing & administrative cost reduced by 31% or EUR 38m
 - Net direct financial support of EUR 36.6m in 2020
- **Positive EBITDA of EUR 8.0m (EUR -163.1m vs LY)**
- **Net loss of EUR 108.3m (EUR -158.0m vs LY)**
- **Capital expenditure related mainly to MyStar**

Q4 2020 SALES & RESULTS BY GEOGRAPHICAL SEGMENTS

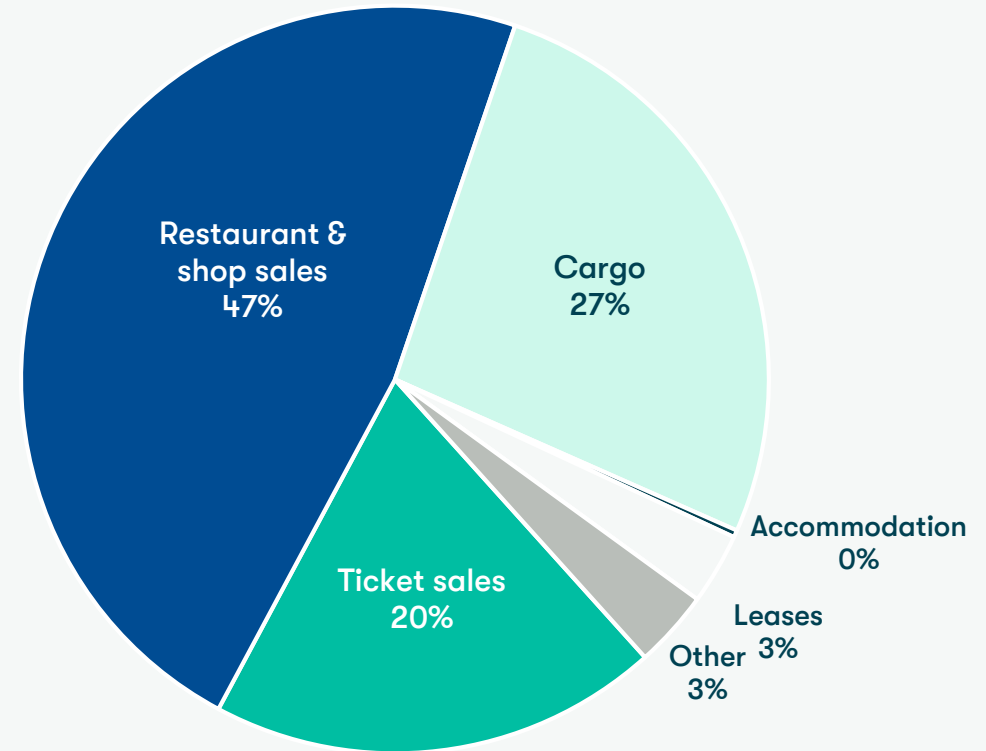
Route	Key Figures (financial in EUR million)	2020	2019	Change	All routes affected by Covid-19, travel restrictions & suspension of operations
Estonia- Finland	Passengers (thousands)	338	1 200	-71.8%	The results reflect the operations of the Estonia-Finland Shuttle and cargo service and includes also the operations of Victoria I on the Tallinn-Helsinki route.
	Cargo units (thousands)	56	58	-4.5%	
	Revenue	37.4	86.5	-56.7%	
	Segment result	-0.8	18.9	-104.1%	
Finland- Sweden	Passengers (thousands)	112	676	-83.4%	The results reflect the operations of Turku-Stockholm route and include also limited number of special cruises from Stockholm to Visby and Härnösand.
	Cargo units (thousands)	15	20	-26.4%	
	Revenue	21.7	80.5	-73.0%	
	Segment result	-17.3	2.0	n.m.	
Estonia- Sweden	Passengers (thousands)	10	224	-95.4%	The results reflect the operations of the Paldiski-Kapellskär route and the limited operations of Victoria I on the Tallinn-Stockholm route
	Cargo units (thousands)	11	11	-4.3%	
	Revenue	7.5	26.4	-71.6%	
	Segment result	-4.8	-0.1	n.m.	
Latvia- Sweden	Passengers (thousands)	2	181	-98.9%	The results include limited operations of Victoria I on the Riga-Stockholm route
	Cargo units (thousands)	1	4	-82.1%	
	Revenue	1.2	16.1	-92.4%	
	Segment result	-4.5	-0.9	-376.6%	
Other	Revenue	11.5	18.5	-37.8%	Effectively only one hotel operated; positive impact from online shop sales, Burger King restaurants and from mooring services
	Segment result	1.8	2.8	-36.5%	
	Intersegment revenue	-0.1	-1.6	96.3%	

Segment result is the result before administrative expenses, finance costs and taxes
2020 unaudited

Q4 2020 SALES & RESULTS BY OPERATIONAL SEGMENTS

Revenue (EUR million)	2020	2019	Change
Restaurant and shop sales on-board and onshore	37.6	133.8	-71.9%
Ticket sales	15.5	51.0	-69.7%
Sales of cargo transportation	20.9	29.1	-28.0%
Accommodation sales	0.2	3.2	-92.4%
Income from charter of vessels	2.4	2.3	6.8%
Other sales	2.6	7.0	-62.5%
Total revenue	79.3	226.4	-65.0%

REVENUE STRUCTURE IN Q4 2020



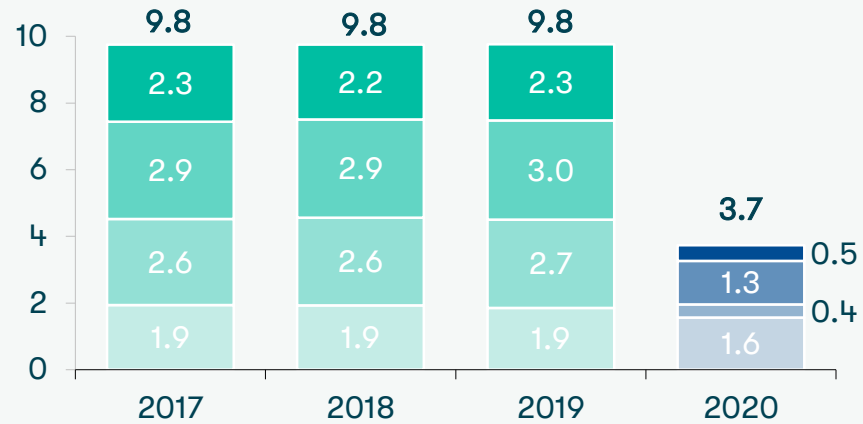
- Restaurant and shop sales on-board and onshore and ticket sales decline driven by decline in passengers
- Lower cargo sales due to weak market and tight price competition
- Effectively only one hotel operated in Q4 2020

Totals may not sum due to rounding
2020 unaudited

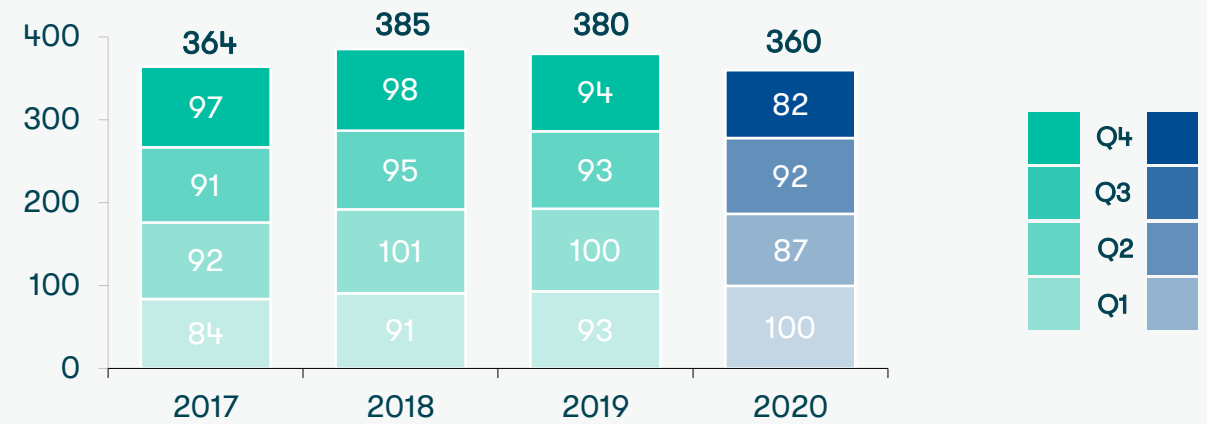
RESULTS

QUARTERLY SEASONALITY BREAKDOWN

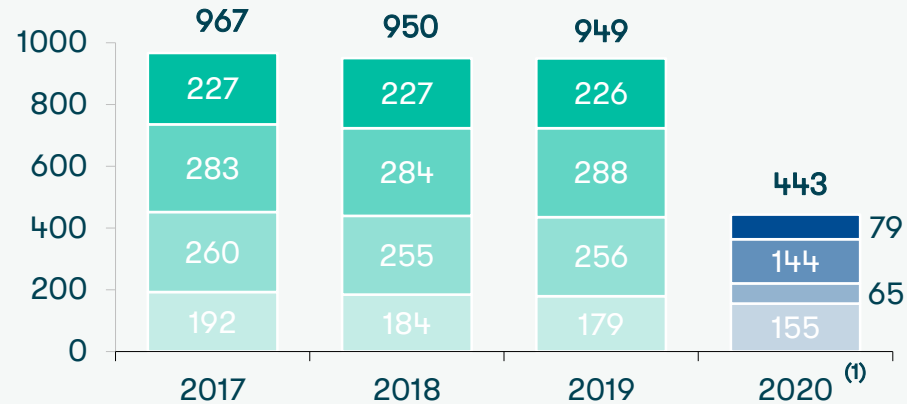
PASSENGERS (MILLIONS)



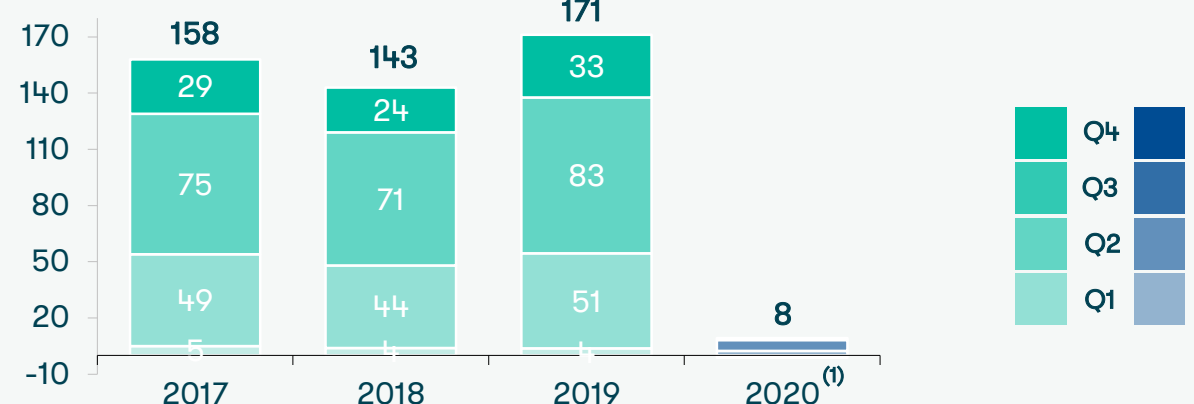
CARGO (TH. UNITS)



REVENUE (EUR MILLION)

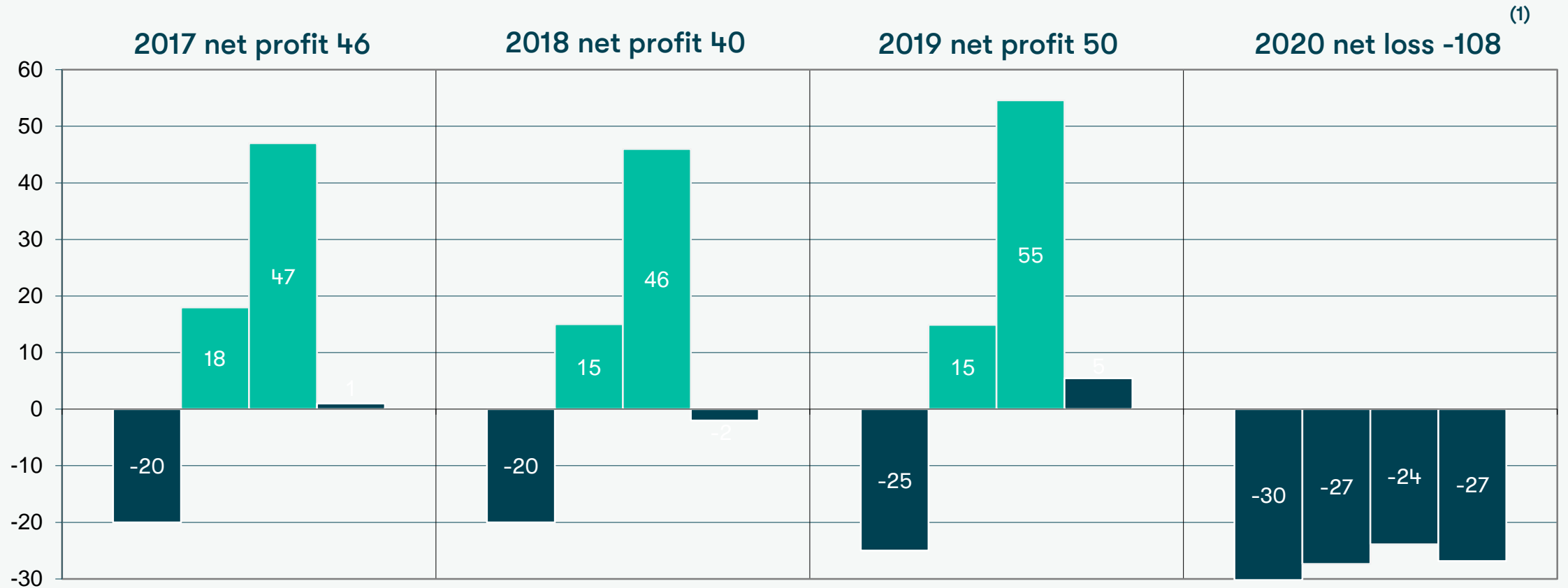


EBITDA (EUR MILLION)



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 Q4 HIGHLIGHTS AND KEY FACTS

ENVIRONMENT AND ADJUSTMENTS

- Extensive impact of Covid-19 and suspension of cruise ferries operations
- Tallink Hotel Riga operations suspended from 18 October 2020 until spring 2021

ACTIVITIES TOWARD LONG-TERM SUSTAINABILITY

- Cost cutting and extensive reorganisation in order to bring the costs in line with the income we are currently able to earn
- EUR 60m working capital loan drawn
- Loan agreement with Nordic Investment Bank, EUR 10m drawn
- Opening of the first Burger King restaurants in Latvia and Lithuania, one more restaurant in Tallinn
- MyStar prepayments concluded



Image courtesy of RMC

EVENTS AFTER THE REPORTING PERIOD & OUTLOOK



Image courtesy of RMC

- Tighter restriction for entering Finland and Sweden effective from late January
- Second Burger King restaurant in Latvia opened in January. Ongoing preparations for opening 7 more Burger King restaurants in 2021.
- Due to a deteriorated operating environment and considering the Company's long-term interests, the Management will propose not to pay dividends for the financial year 2020.

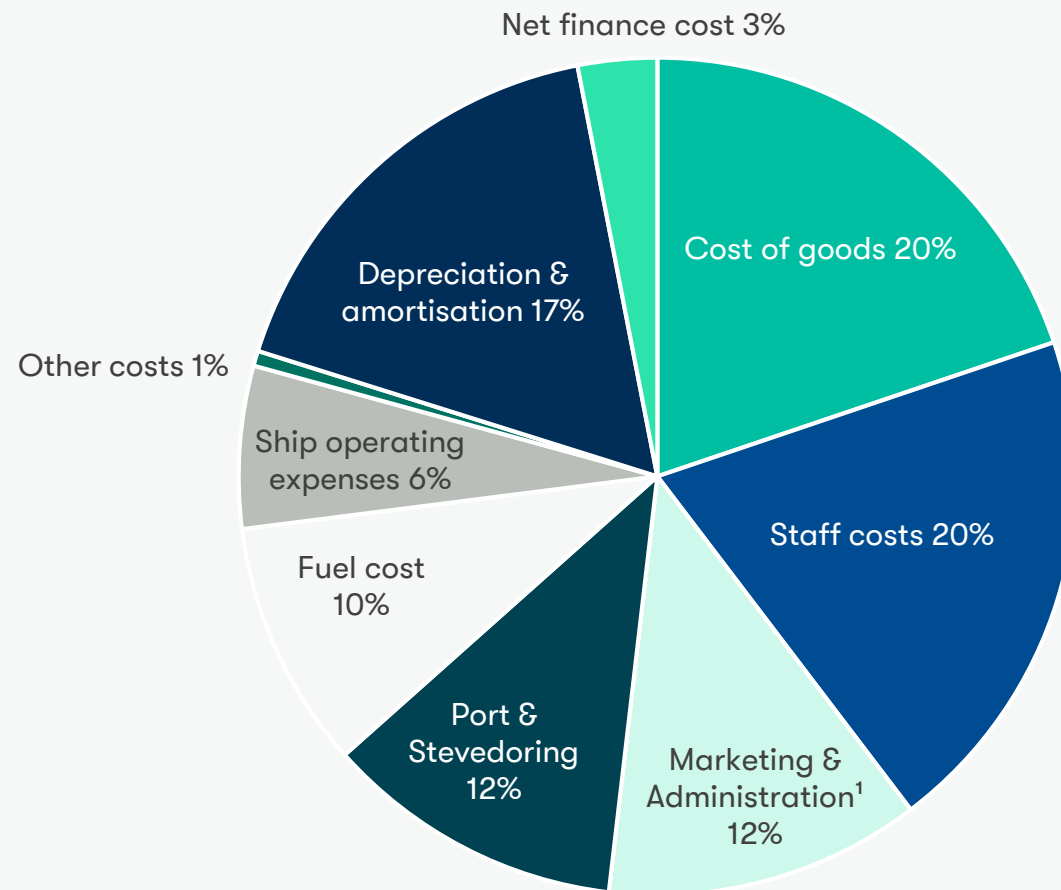
Due to the ongoing Covid-19 situation the earnings outlook is uncertain and continues to be largely subject to external factors such as the progress of vaccinations, states' decisions regarding the timing of lifting of the travel restrictions, allowing passenger traffic as well as the duration of the recovery period.

CONSOLIDATED INCOME STATEMENT

(EUR million)	2019	2020	Q4 2019	Q4 2020 ⁽³⁾
Sales	949	443	226	79
Cost of sales ⁽¹⁾	(752)	(486)	(187)	(98)
Marketing & administrative cost ⁽¹⁾	(125)	(86)	(31)	(21)
Other operating items, net ⁽²⁾	2	37	1	15
EBITDA	171	8	33	1
Margin (%)	18.0%	1.8%	14.8%	1.5%
Net Result	50	(108)	5	(27)
EPS	0.074	(0.162)	0.008	(0.040)

FULL YEAR COSTS BREAKDOWN

(EUR million)	2020 ⁽³⁾	2019	Change
Cost of goods	116 624	221 139	-47.3%
Staff costs	116 818	163 148	-28.4%
Marketing & Administration ⁽¹⁾	71 797	110 974	-35.3%
Port & Stevedoring	68 100	103 446	-34.2%
Fuel cost	56 341	89 614	-37.1%
Ship operating expenses	36 923	72 594	-49.1%
Other costs	3 430	9 005	-61.9%
Total costs from operations	470 033	769 920	-39.0%
Depreciation & amortisation	100 661	96 246	4.6%
Net finance cost ⁽²⁾	18 000	17 683	1.8%
Total costs	588 694	883 849	-33.4%



Notes:

- (1) Depreciation and amortisation excluded
- (2) Includes share of profit/loss of equity-accounted investees
- (3) Unaudited

CONSOLIDATED CASH FLOW STATEMENT

(EUR million)	2019	2020	Q4 2019	Q4 2020 ⁽¹⁾
Operating cash flow	175	(7)	49	(12)
Capital expenditure	(61)	(100)	(10)	(17)
Asset disposal	0	0	0	0
Free cash flow	114	(107)	39	(29)
Debt financing (net effect)	(52)	112	12	31
Interests & other financial items	(17)	(16)	(3)	(4)
Dividends & reduction of share capital	(80)	0	(47)	0
Income tax on dividends paid	(8)	0	0	0
Change in cash	(43)	(11)	1	(3)

Totals may not sum due to rounding

(1) Unaudited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR million)	31.12.2018	31.12.2019	30.09.2020	31.12.2020 ⁽²⁾
Total assets	1 501	1 533	1 543	1 516
Non-current assets	1 333	1 412	1 443	1 428
Current assets	168	121	100	88
- of which cash	82	39	31	28
Total liabilities	644	710	801	802
Interest bearing liabilities	510	578	671	705
Other liabilities	134	132	130	97
Shareholders' equity	857	823	742	714
Net debt/EBITDA	3.0x	3.1x	15.9x	84.2x
Net debt	428	539	640	677
Equity/assets ratio	57%	54%	48%	47%
BVPS ⁽¹⁾ (in EUR)	1.28	1.23	1.11	1.07



Totals may not sum due to rounding

(1) Shareholders' equity / number of shares outstanding

(2) Unaudited

DEBT STRUCTURE

LONG TERM BANK LOANS

- EUR 603 million as at 31.12.2020
- 7 loan agreements outstanding: syndicated loans, amortizing project and working capital loans
- Maturities 1-9 years
- EUR denominated, fixed and EURIBOR floating

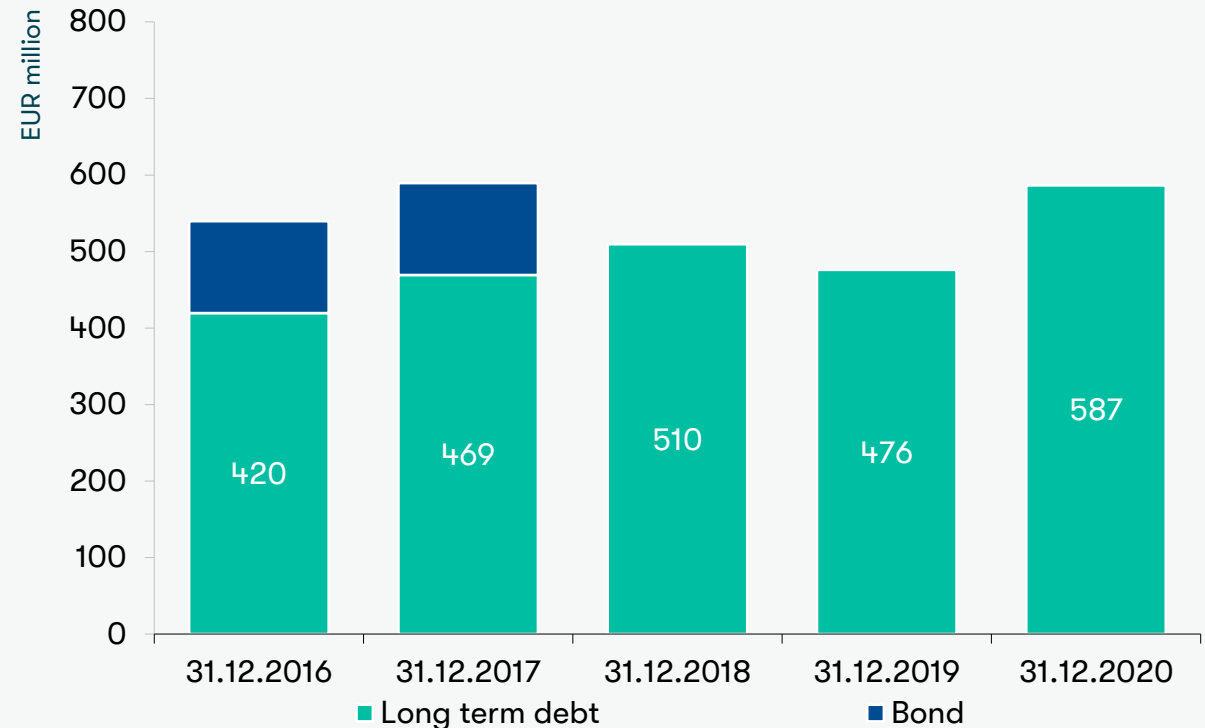
OVERDRAFTS (as at 31.12.2020)

- EUR 16 million used
- EUR 119 million unused

SIGNED, NOT YET DRAWN

- EUR 198 million from KfW IPEX-Bank GmbH (MyStar)
- EUR 90 million undrawn of EUR 100 million working capital loan from Nordic Investment Bank

Total EUR 705 million interest bearing liabilities as at 31.12.2020



2020 unaudited

2020 WEIGHTED AVERAGE INTEREST RATE 2.16%

CORPORATE GOVERNANCE

MANAGEMENT BOARD

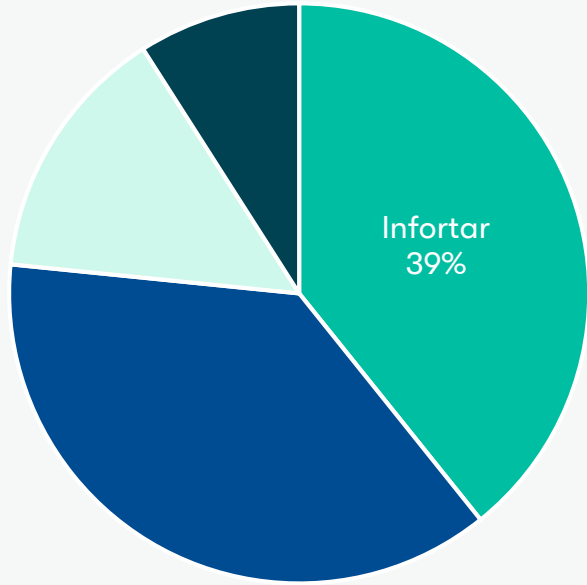
<p>Paavo Nõgene – Chairman of the Management Board</p>  <p>Born in 1980, with the company since 2018 CEO since May, 2018 Previously: – Secretary-General at Ministry of Culture of the Republic of Estonia – General Manager at Vanemuine Theatre</p>	
<p>Lembit Kitter</p>  <p>Born in 1953, with the company and Member of Management Board since 2006</p>	<p>Kadri Land</p>  <p>Born in 1964, with the company since 2005. Member of Management Board since February, 2019</p>
<p>Harri Hanschmidt</p>  <p>Born in 1982, with the company since 2009. Member of Management Board since February, 2019</p>	<p>Piret Mürk-Dubout</p>  <p>Born in 1970, with the company and Member of Management Board since April, 2019</p>

SUPERVISORY BOARD

<p>Enn Pant - Chairman of the Supervisory Board</p>  <p>Born in 1965, with the company since 1996 Chairman of the Supervisory Board since 2015 CEO of AS Tallink Grupp in 1996-2015</p>	
<p>Toivo Ninnas</p>  <p>Born in 1940, with the Supervisory Board since 1997</p>	<p>Kalev Järvelill</p>  <p>Born in 1965, with the Supervisory Board since 2007</p>
<p>Eve Pant</p>  <p>Born in 1968, with the Supervisory Board since 1997</p>	<p>Ain Hanschmidt</p>  <p>Born in 1961, with the Supervisory Board since 2005</p>
<p>Raino Paron</p>  <p>Born in 1965, with the Supervisory Board since 2019</p>	<p>Colin Douglas Clark</p>  <p>Born in 1974, with the Supervisory Board since 2013</p>

SHAREHOLDERS AND SHARE PERFORMANCE

SHAREHOLDERS OF AS TALLINK GRUPP



- Top 10 shareholders
- Institutional investors
- Retail investors

TEN LARGEST SHAREHOLDERS AS OF 31.12.2020

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%
Nordea Bank Abp / Clients FDR	2%
Clearstream Banking AG	1%
State Street Bank And Trust Omnibus Account A Fund No OM01	1%
LHV Pensionifond L	1%



THANK YOU



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