

# Q3 2021

## 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 (1 suspended)
- Operating four hotels (1 closed)

## 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
- 4 513 employees (end of Q3 2021)
- 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

# Q3 2021 OVERVIEW – COVID-19 & TRAVEL RESTRICTIONS

Q3 Selected Key Figures (financials in million euros)	2021	2020	Change
Number of passengers	1 144 092	1 314 301	-13.0%
Number of cargo units	90 538	91 578	-1.1%
Number of passenger cars	229 468	275 735	-16.8%
Revenue	170.5	143.7	18.6%
Gross profit / loss	30.3	-3.0	1 102.3%
EBITDA	35.1	5.7	516.7%
EBIT	11.5	-19.7	158.3%
Net result for the period	5.5	-23.9	123.1%
Capital expenditures	3.7	53.8	-93.1%
As at:	30.09.21	30.06.21	Change
Total assets	1 616.7	1 524.7	6.0%
Total equity	695.9	655.7	6.1%
Interest-bearing liabilities	802.8	744.5	7.8%
Net debt	659.7	706.7	-6.7%

2021 unaudited

- **Revenue EUR 170.5m (EUR +26.7m or 18.6% vs LY)**
  - Extensive impact from COVID-19 related travel restrictions
  - Easing of restrictions and limitations
  - More limited impact on cargo operations
  - 13% less departures compared to Q3 2020
- **Costs & support**
  - Cost of sales decreased by 4% or EUR 6.6m
  - Administrative & marketing cost decreased by 6% or EUR 1.2m
  - Very limited government support in Q3 2021 – EUR 0.3m (EUR 4.6m in Q3 2020)
- **EBITDA of EUR 35.1m (EUR +29.4m vs LY)**
- **Net profit of EUR 5.5m (EUR +29.4m vs LY)**

# Q3 2021 SALES & RESULTS BY GEOGRAPHICAL SEGMENTS

Route	Key Figures (financial in EUR million)	2021	2020	Change	All routes affected by COVID-19, travel restrictions
Estonia- Finland	Passengers (thousands)	649	932	-30.3%	The results reflect operations of two shuttle vessels, a cruise ferry and costs of a cargo vessel docked for repairs for most of the quarter
	Cargo units (thousands)	61	64	-5.3%	
	Revenue	63.2	70.2	-10.0%	
	Segment result	10.1	3.3	201.1%	
Finland- Sweden	Passengers (thousands)	379	344	10.3%	The results reflect the operations of Turku-Stockholm route and restart of Helsinki-Stockholm route in August, both with two cruise ferries; domestic cruises in July and August
	Cargo units (thousands)	18	17	4.9%	
	Revenue	60.9	54.3	12.2%	
	Segment result	6.3	-10.1	162.6%	
Estonia- Sweden	Passengers (thousands)	116	13	786.2%	The results reflect the operations of two cargo vessels on Paldiski-Kapellskär route and one cruise ferry on Tallinn-Stockholm route
	Cargo units (thousands)	12	10	22.3%	
	Revenue	18.6	5.0	274.7%	
	Segment result	1.6	-3.5	146.6%	
Latvia- Sweden	Passengers (thousands)	0	26	-100.0%	The Latvia-Sweden route result reflects expenses of a suspended cruise ferry
	Cargo units (thousands)	0	1	-100.0%	
	Revenue	0.0	2.7	-98.9%	
	Segment result	-1.9	-3.5	44.8%	
Other	Revenue	28.1	12.6	124.1%	Increase from charter revenue and from various retail activities; three hotels operated in Tallinn
	Segment result	6.0	1.5	297.9%	
	Intersegment revenue	-0.4	-1.0	65.1%	

Segment result is the result before administrative expenses, finance costs and taxes  
2021 unaudited

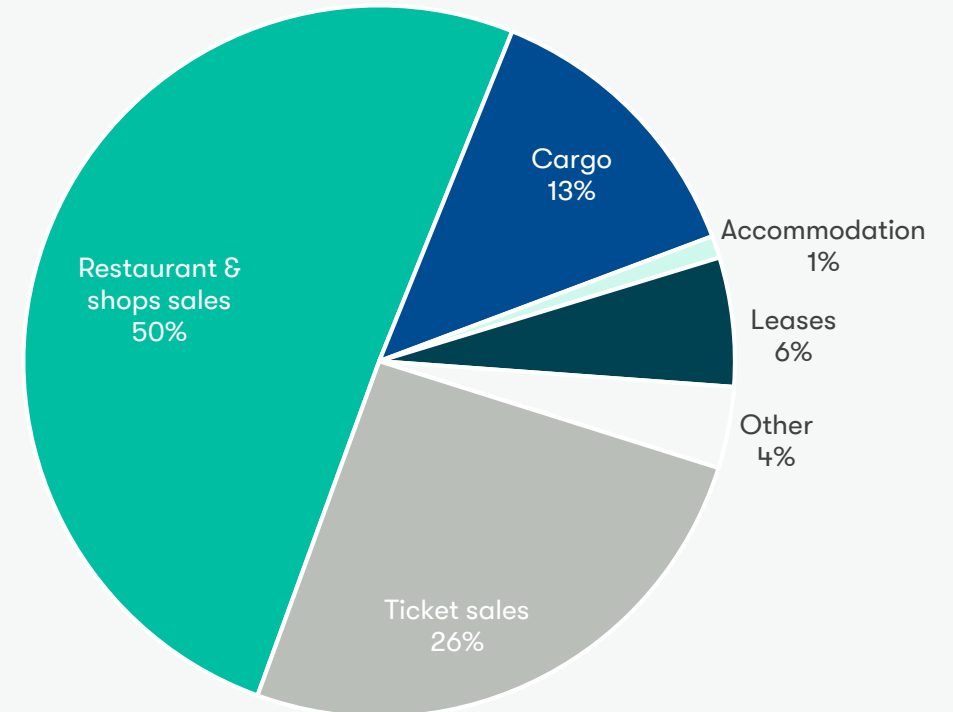
# Q3 2021 SALES & RESULTS BY OPERATIONAL SEGMENTS

Revenue (EUR million)	2021	2020	Change
Restaurant and shop sales on-board and onshore	86.2	77.7	10.9%
Ticket sales	43.8	35.7	22.8%
Sales of cargo transportation	22.5	22.5	0.0%
Accommodation sales	1.7	1.5	12.3%
Income from charter of vessels	10.0	2.5	295.1%
Other sales	6.3	3.8	66.1%
<b>Total revenue</b>	<b>170.5</b>	<b>143.7</b>	<b>18.6%</b>

- Restaurant and shop sales on-board and onshore increased due to various retail activities and higher volume of purchases by travelling passengers
- Increase in ticket sales mainly attributable to increased demand and supply of overnight routes to and from Stockholm
- High competition in cargo transportation market
- Operation on three hotels both in Q3 2021 and 2020
- Short-term charter of Victoria I and Romantika in Q3 2021

2021 unaudited

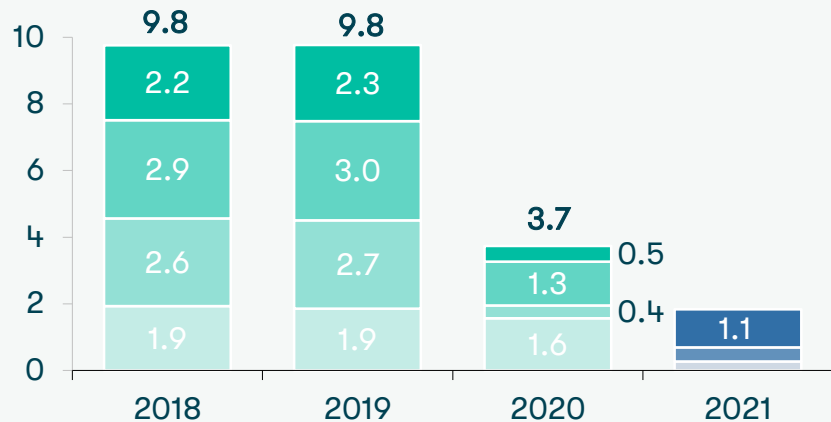
## REVENUE STRUCTURE IN Q3 2021



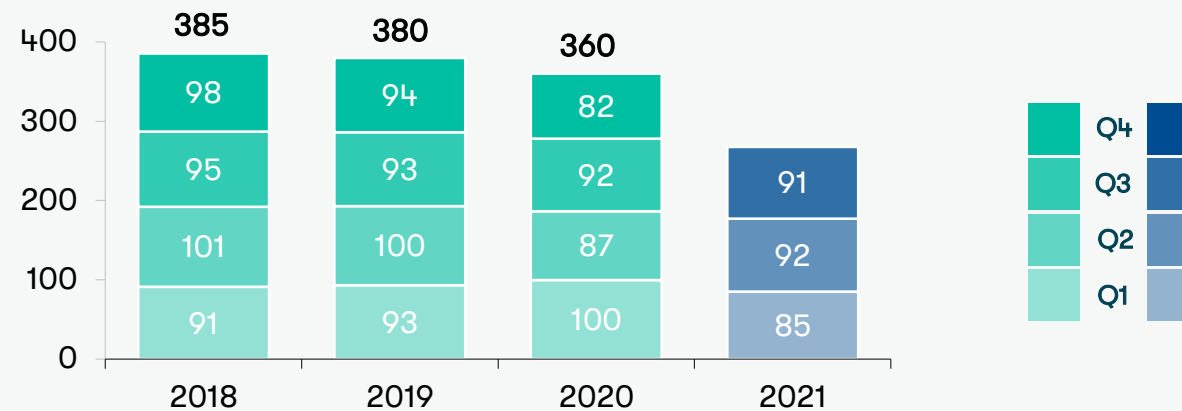
# RESULTS

## QUARTERLY SEASONALITY BREAKDOWN

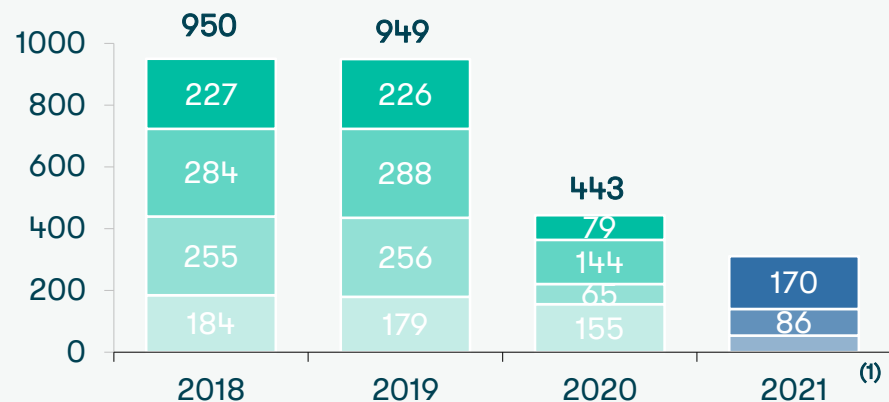
### PASSENGERS (MILLIONS)



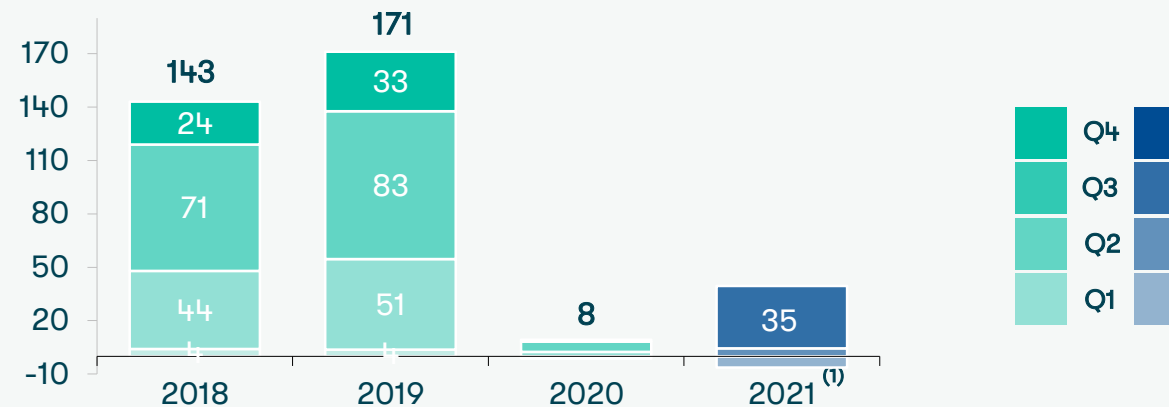
### CARGO (TH. UNITS)



### REVENUE (EUR MILLION)

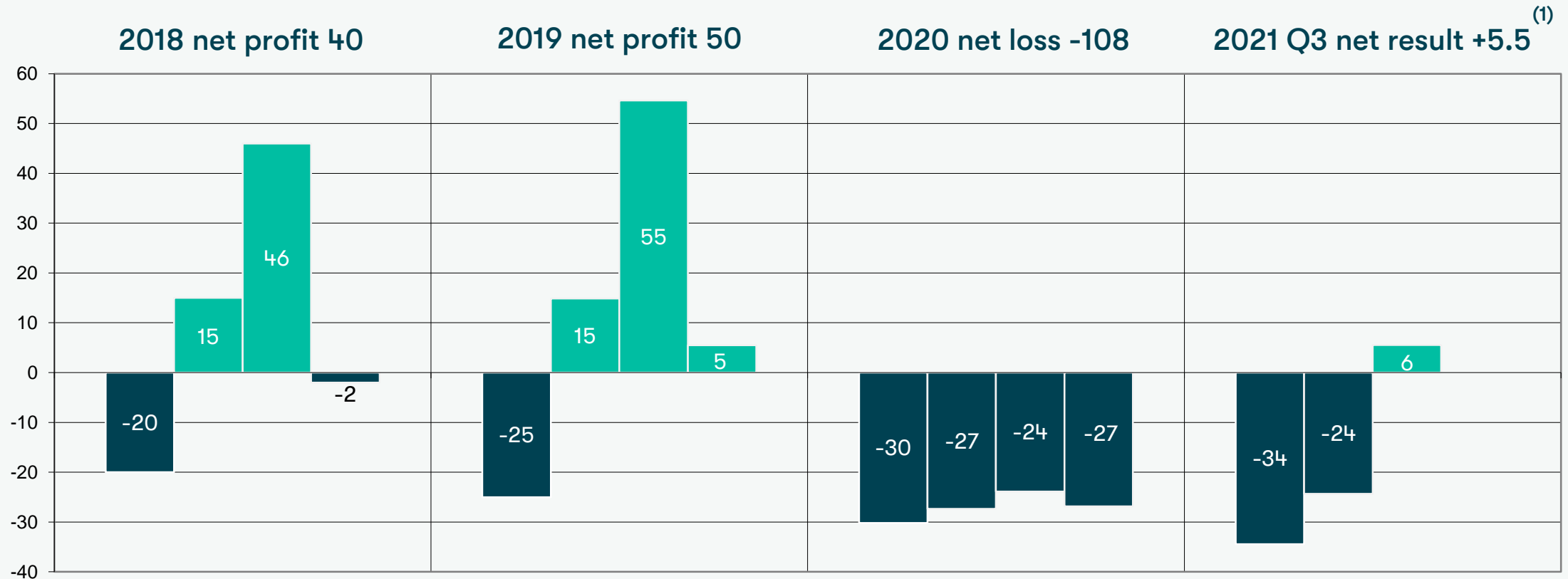


### EBITDA (EUR MILLION)



# 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



# 2021 Q3 DEVELOPMENTS AND KEY FACTS

## OPERATING ENVIRONMENT

- Extensive impact of COVID-19 and suspension of cruise ferries operations continued
- Easing of restrictions imposed by the governments

## ACTIVITIES AND EVENTS

- Re-start of Tallinn-Stockholm and Helsinki-Stockholm routes
- Victoria I and Romantika on short-term charter agreement operated on the Mediterranean sea in July-September
- Christening of the new LNG shuttle vessel MyStar in Rauma
- Public issue of 73.7 million new shares for EUR 34.6 million
- Disposal of subsidiary Baltic Retail OÜ and exit from onshore fashion retail business
- Short-term charter agreement for Silja Europa and Romantika as accommodation vessels in Scotland in October and November



*Silja Europa in Glasgow*

# EVENTS AFTER THE REPORTING PERIOD & OUTLOOK



Burger King restaurant in Vilnius

- One new Burger King Restaurant opened in Vilnius in late October. Four more restaurants planned to be opened in Q4 in Latvia and Lithuania.
- Difficult situation with vaccination against COVID-19 in Estonia and Latvia and recent high and continuously growing infection and hospitalisation rates increase risk for significantly reduced attractiveness as travel destination and for new restrictions.
- Continuously exploring options for chartering out vessels.

Due to the ongoing COVID-19 situation the earnings outlook is uncertain and continues to be strongly affected by external factors such as the progress of vaccination, states' decisions regarding the timing of the lifting or imposing of travel restrictions and allowing passenger traffic, passengers' willingness to travel as well as the duration of the recovery period.

Management expects the passenger traffic between Estonia and Finland to recover after vaccination, infection and hospitalisation rates in Estonia improve and travelling restrictions remain lifted.

# CONSOLIDATED INCOME STATEMENT

(EUR million)	2019	2020	Q3 2020	Q3 2021 <sup>(3)</sup>
<b>Sales</b>	<b>949</b>	<b>443</b>	<b>144</b>	<b>170</b>
Cost of sales <sup>(1)</sup>	(752)	(486)	(147)	(140)
Marketing & administrative cost <sup>(1)</sup>	(125)	(86)	(21)	(20)
Other operating items, net <sup>(2)</sup>	2	37	5	1
<b>EBITDA</b>	<b>171</b>	<b>8</b>	<b>6</b>	<b>35</b>
<i>Margin (%)</i>	18.0%	1.8%	4.0%	20.6%
<b>Net Result</b>	<b>50</b>	<b>(108)</b>	<b>(24)</b>	<b>6</b>
<b>EPS</b>	<b>0.074</b>	<b>(0.162)</b>	<b>0.036</b>	<b>0.008</b>

# CONSOLIDATED CASH FLOW STATEMENT

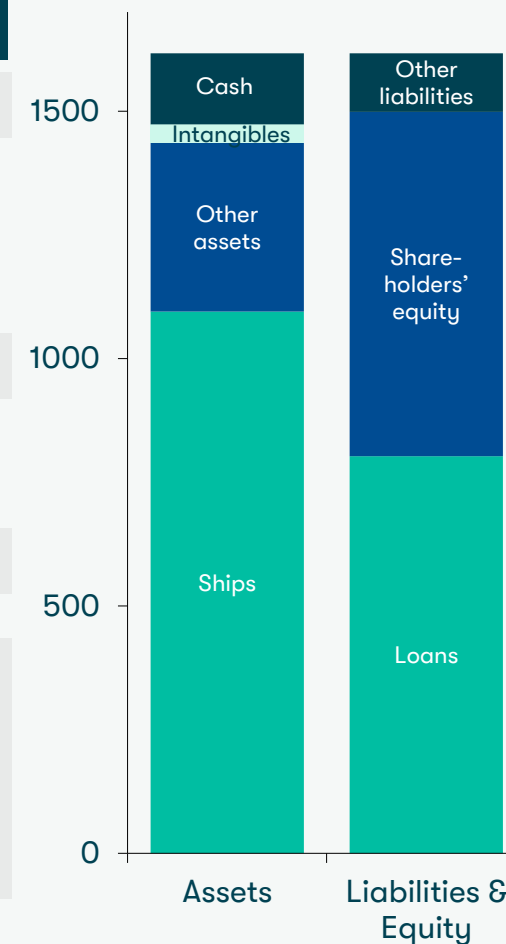
(EUR million)	2019	2020	Q3 2020	Q3 2021 <sup>(1)</sup>
<b>Operating cash flow</b>	175	(7)	0	24
Capital expenditure	(61)	(100)	(41)	(4)
Asset disposal	0	0	0	1
<b>Free cash flow</b>	<b>114</b>	<b>(107)</b>	<b>(41)</b>	<b>21</b>
Debt financing (net effect)	(52)	112	54	55
Interests & other financial items	(17)	(16)	(4)	(6)
Increase of share capital	0	0	0	35
Dividends & reduction of share capital	(80)	0	0	0
Income tax on dividends paid	(8)	0	0	0
<b>Change in cash</b>	<b>(43)</b>	<b>(11)</b>	<b>9</b>	<b>105</b>

Totals may not sum due to rounding

(1) 2021 unaudited

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR million)	31.12.2019	30.09.2020	31.12.2020	30.09.2021 <sup>(2)</sup>
<b>Total assets</b>	<b>1 533</b>	<b>1 543</b>	<b>1 516</b>	<b>1 617</b>
Non-current assets	1 412	1 443	1 427	1 389
Current assets	121	100	89	227
- of which cash	39	31	28	143
<b>Total liabilities</b>	<b>710</b>	<b>801</b>	<b>802</b>	<b>921</b>
Interest bearing liabilities	578	671	705	803
Other liabilities	132	130	97	118
<b>Shareholders' equity</b>	<b>823</b>	<b>742</b>	<b>714</b>	<b>696</b>
<b>Net debt/EBITDA</b>	<b>3.1x</b>	<b>15.9x</b>	<b>84.2x</b>	<b>19.2x</b>
<b>Net debt</b>	<b>539</b>	<b>640</b>	<b>677</b>	<b>660</b>
<b>Equity/assets ratio</b>	<b>54%</b>	<b>48%</b>	<b>47%</b>	<b>43%</b>
<b>BVPS<sup>(1)</sup> (in EUR)</b>	<b>1.23</b>	<b>1.11</b>	<b>1.07</b>	<b>0.94</b>



Totals may not sum due to rounding

(1) Shareholders' equity / number of shares outstanding

(2) 2021 unaudited

# DEBT STRUCTURE

## LONG TERM BANK LOANS

- EUR 663 million as at 30.09.2021
- 7 loan agreements outstanding: syndicated loans, amortizing project and working capital loans
- Maturities 1-8 years
- EUR denominated, fixed and EURIBOR floating

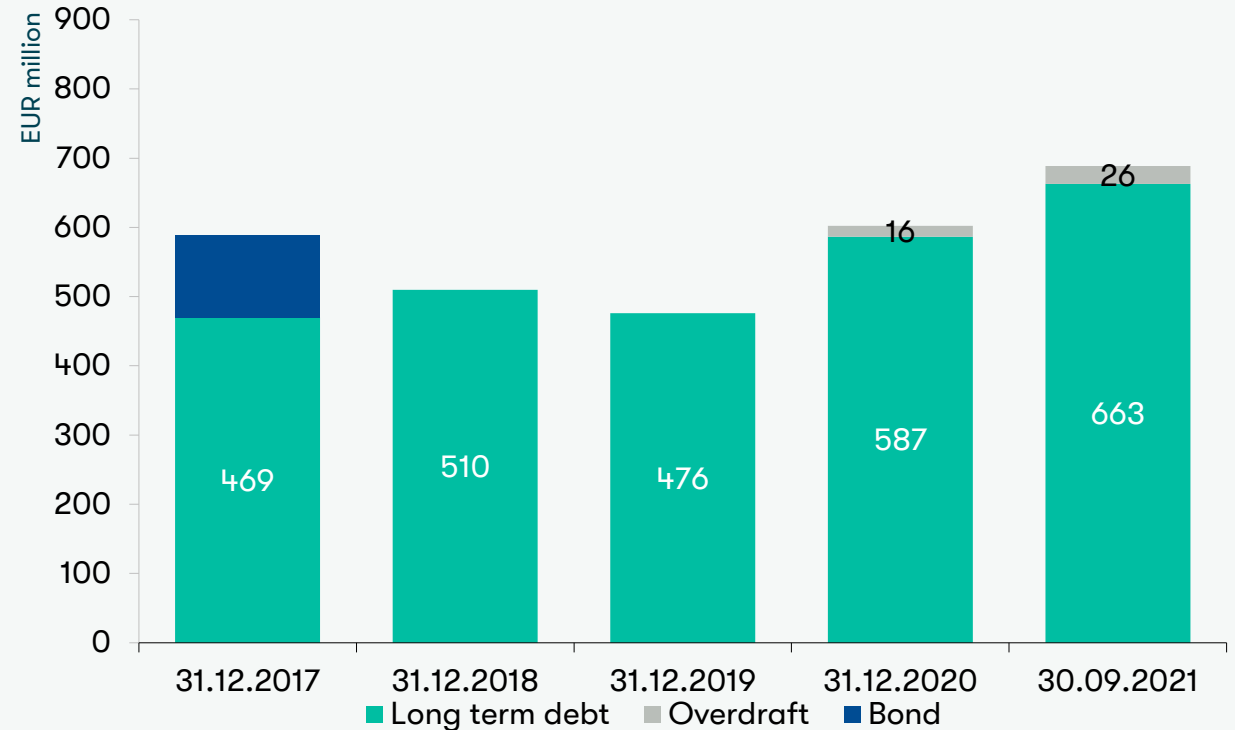
## OVERDRAFTS (as at 30.09.2021)

- EUR 26 million used
- EUR 109 million unused

## SIGNED, NOT YET DRAWN

- EUR 198 million from KfW IPEX-Bank GmbH (MyStar)

Total EUR 689 million long-term bank loans and used overdrafts as at 30.09.2021



2021 unaudited

PRINCIPAL PAYMENTS UNDER EXISTING LOAN AGREEMENTS POSTPONED

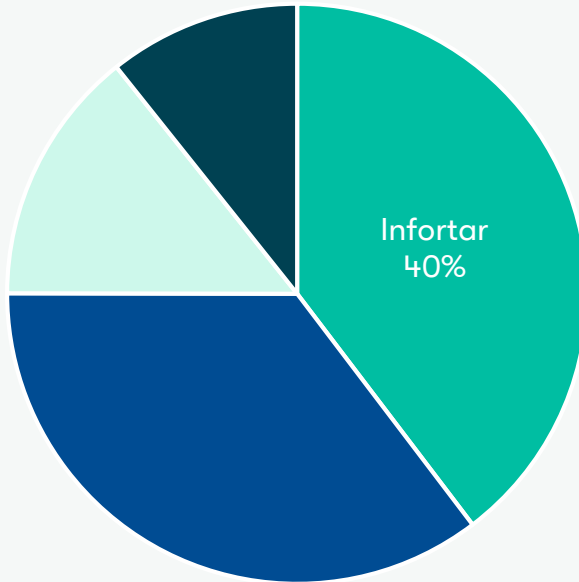
# CORPORATE GOVERNANCE

MANAGEMENT BOARD	<p><b>Paavo Nõgene</b></p>  <p>Born in 1980, with the company since 2018 <b>CEO since May, 2018</b></p>	<p><b>Lembit Kitter</b></p>  <p>Born in 1953, with the company and Member of Management Board since 2006</p>
	<p><b>Kadri Land</b></p>  <p>Born in 1964, with the company since 2005. Member of Management Board since February, 2019</p>	<p><b>Harri Hanschmidt</b></p>  <p>Born in 1982, with the company since 2009. Member of Management Board since February, 2019</p>
	<p><b>Piret Mürk-Dubout</b></p>  <p>Born in 1970, with the company and Member of Management Board since April, 2019</p>	<p><b>Margus Schults</b></p>  <p>Born in 1966, with the company since 2008 Member of Management Board since April, 2021</p>

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

# SHAREHOLDERS AND SHARE PERFORMANCE

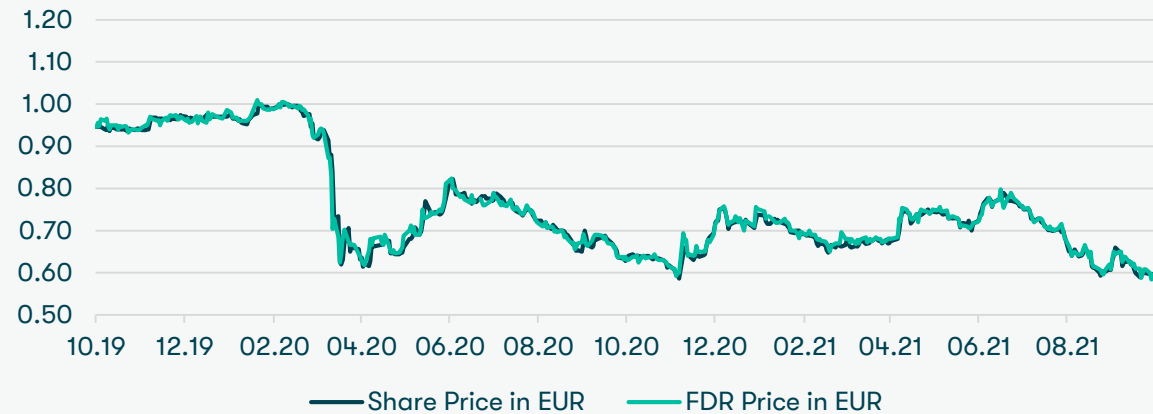
## SHAREHOLDERS OF AS TALLINK GRUPP



- Top 10 shareholders
- Institutional investors
- Retail investors

## TEN LARGEST SHAREHOLDERS AS OF 30.09.2021

Infortar AS	40%
Baltic Cruises Holding, L.P.	11%
ING Luxembourg S.A. AIF Account	6%
Baltic Cruises Investment L.P.	6%
Citigroup Venture Capital International G.P	4%
Nordea Bank Abp / Clients FDR	4%
Mersok OÜ	2%
Clearstream Banking AG	1%
Luksusjaht AS	1%
LHV Pensionifond L	1%



34,846 SHAREHOLDERS AND FDR-HOLDERS AT THE END OF THE QUARTER



# THANK YOU



AS Tallink Grupp  
Sadama 5, 10111, Tallinn, Estonia  
[investor@tallink.ee](mailto:investor@tallink.ee)

