

Q2 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, new temporary routes)
- Operating four hotels (1 closed until June 2021)

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
- 6 578 employees (Q2 2020 average)
- 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 SINCE THE START OF COVID-19 SITUATION

FOCUS ON FLEXIBILITY, COSTS AND LIQUIDITY

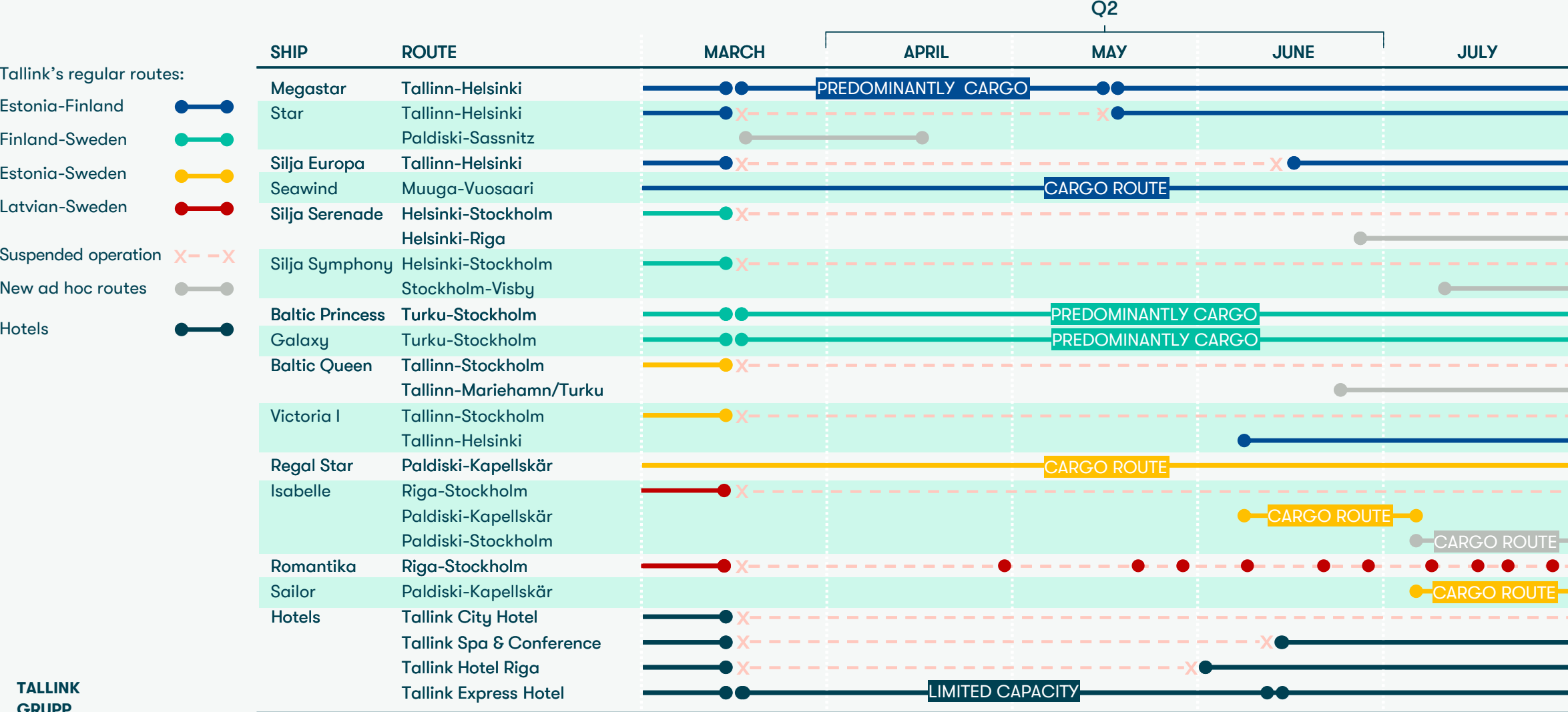
- Suspension of ship and hotel operations
- Flexible with routes and destinations
- Activities to ensure liquidity
- Scaled down on non-critical costs and investments
- Decrease in workload and remuneration and collective redundancies
- Applying for various support measures
- No dividends (approved by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



Silja Serenade in Riga

ILLUSTRATIVE OVERVIEW OF OPERATIONS

MARCH-JULY 2020



Q2 2020 OVERVIEW – COVID-19 & TRAVEL RESTRICTIONS

Q2 Selected Key Figures (financials in million euros)	2020	2019	Change
Number of passengers	388 212	2 651 843	-85.4%
Number of cargo units	86 755	99 546	-12.8%
Number of passenger cars	102 479	299 477	-65.8%

Revenue	65.0	256.1	-74.6%
Gross profit / loss	-21.9	60.6	-136.1%
EBITDA	2.4	50.7	-95.2%
EBIT	-22.7	27.4	-183.0%
Net result for the period	-27.4	14.9	-283.8%

Capital expenditures	14.4	18.5	-22.0%
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As at:	30.06.20	31.03.20	Change
Total assets	1 505.9	1 517.8	-0.8%
Total equity	765.3	793.2	-3.5%
Interest-bearing liabilities	615.7	591.0	4.2%
Net debt	593.8	574.5	3.3%

2020 unaudited

- **Revenue EUR 65.0m (EUR -191.1m or -74.6% vs LY)**
 - Extensive impact from Covid-19 related travel restrictions and suspensions of shipping and hotel operations
 - More limited impact on cargo operations
- **Extensive cost cutting efforts & support**
 - Cost of sales reduced by 56% or EUR 109m
 - Marketing & administrative cost reduced by 50% or EUR 17m
 - Direct financial support of EUR 17m since March
- **Positive EBITDA of EUR 2.4m (EUR -48.3m vs LY)**
- **Net loss of EUR 27.4m (EUR -42.3m vs LY)**

Q2 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)	323	1 385	-76.7%	The results include also the operations of the Paldiski-Sassnitz and the Tallinn-Mariehamn routes but do not reflect Finland's National Emergency Supply Agency support
	Cargo units (thousands)	60	64	-6.9%	
	Revenue	33.6	94.9	-64.6%	
	Segment result	-2.4	21.5	-111.0%	
Finland- Sweden	Passengers (thousands)	54	772	-93.0%	The results include also the operations of the Helsinki-Riga route as well as the expenses related to the suspended Helsinki-Stockholm route but do not reflect Finland's National Emergency Supply Agency support
	Cargo units (thousands)	18	20	-8.7%	
	Revenue	16.2	89.6	-81.9%	
	Segment result	-18.4	9.3	-298.0%	
Estonia- Sweden	Passengers (thousands)	8	271	-96.9%	The results reflect the operations of the Paldiski-Kapellskär route and the expenses related to the suspended operations of the Tallinn-Stockholm route
	Cargo units (thousands)	9	12	-25.1%	
	Revenue	5.2	31.3	-83.3%	
	Segment result	-4.9	2.3	-309.3%	
Latvia- Sweden	Passengers (thousands)	3	223	-98.5%	The results reflect 6 return trips as well as incurred operating expenses; no daily operations on the route
	Cargo units (thousands)	0	4	-89.4%	
	Revenue	1.3	20.0	-93.4%	
	Segment result	-4.2	0.3	-1 505.9%	
Other	Revenue	8.7	22.2	-60.8%	Suspension of 3 hotels; positive impact from online shop sales, first Burger King restaurants and from mooring services
	Segment result	0.6	8.0	-93.1%	
	Intersegment revenue	-0.1	-1.9	95.2%	

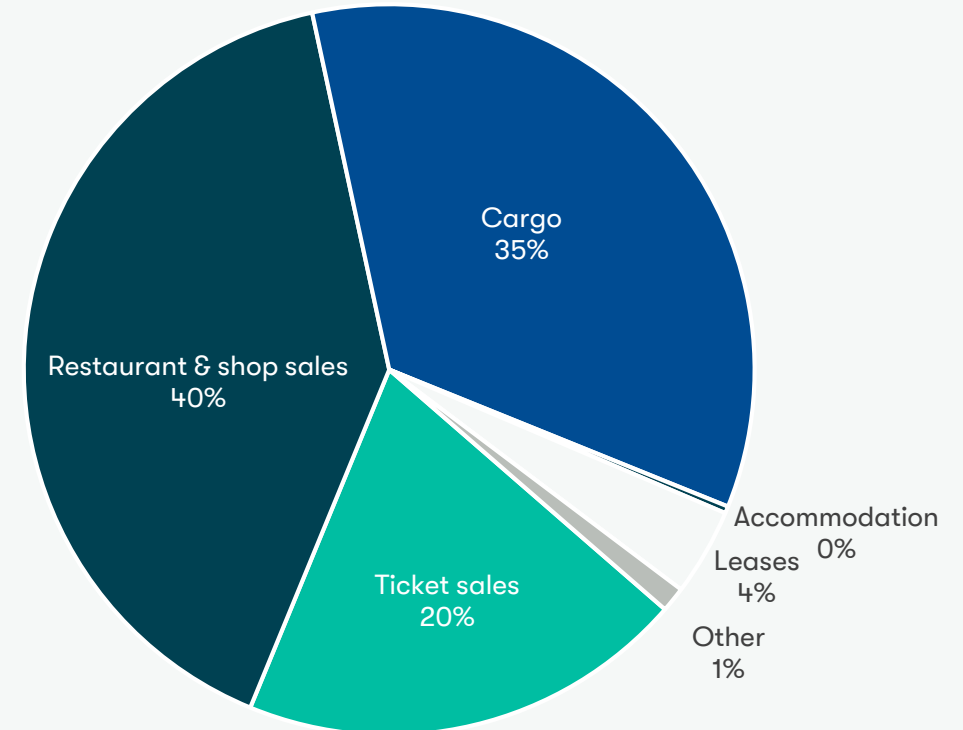
2020 unaudited

Q2 2020 SALES & RESULTS BY OPERATIONAL SEGMENTS

Revenue (EUR million)	2020	2019	Change
Restaurant and shop sales on-board and onshore	26.2	142.3	-81.6%
Ticket sales	12.9	66.2	-80.6%
Sales of cargo transportation	22.4	31.7	-29.4%
Accommodation sales	0.2	4.8	-95.8%
Income from charter of vessels	2.5	2.0	25.0%
Other sales	0.7	9.0	-91.9%
Total revenue	65.0	256.1	-74.6%

- 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, change in pricing, and lower global fuel prices
- Only very limited accommodation sales due to extensive suspension of hotel operations during Q2 2020
- Improved charter terms from Q4 2019

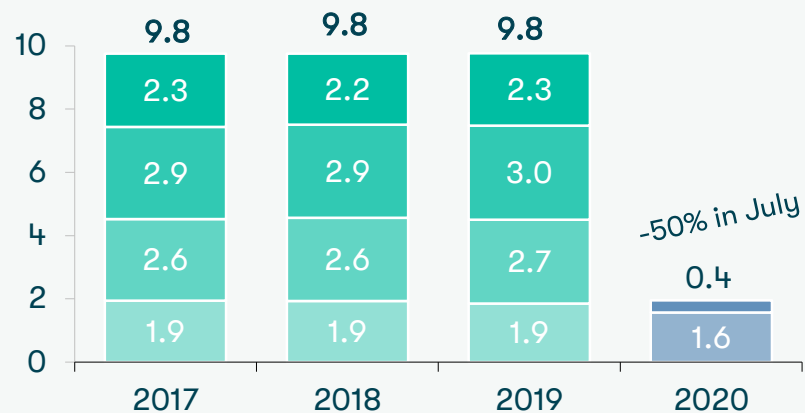
REVENUE STRUCTURE IN Q2 2020



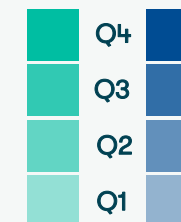
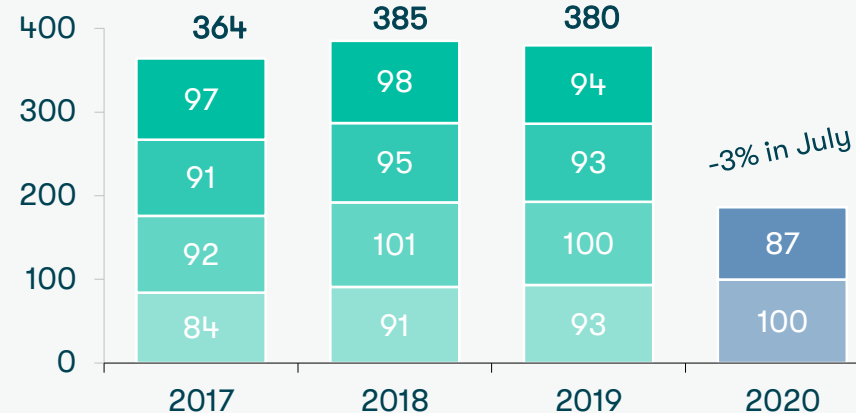
RESULTS

QUARTERLY SEASONALITY BREAKDOWN

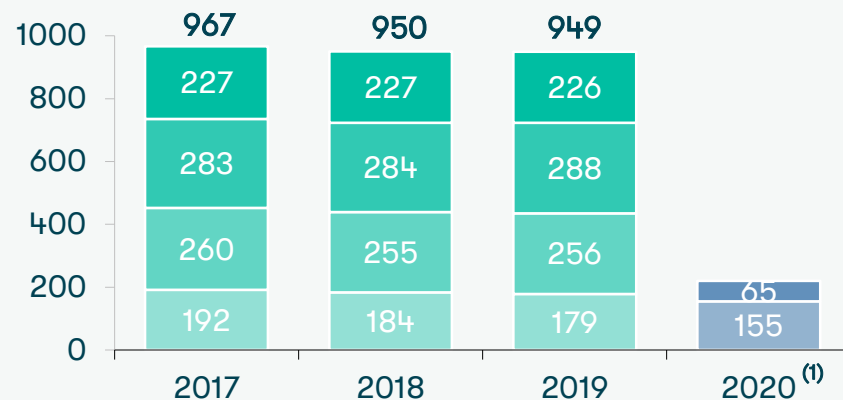
PASSENGERS (MILLIONS)



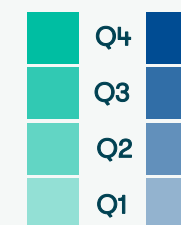
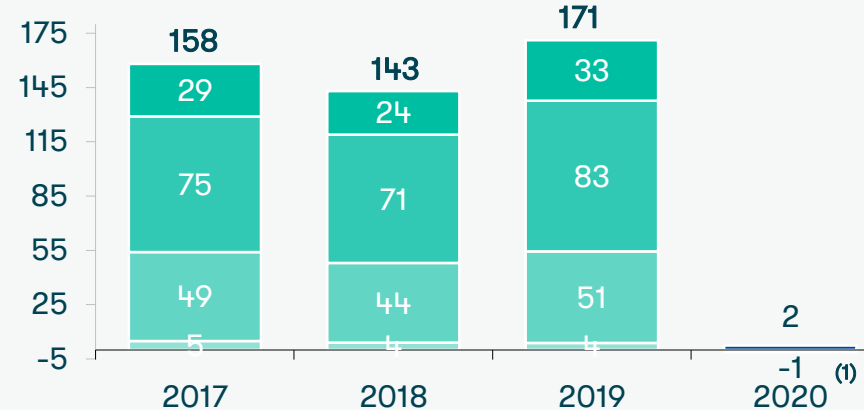
CARGO (TH. UNITS)



REVENUE (EUR MILLION)

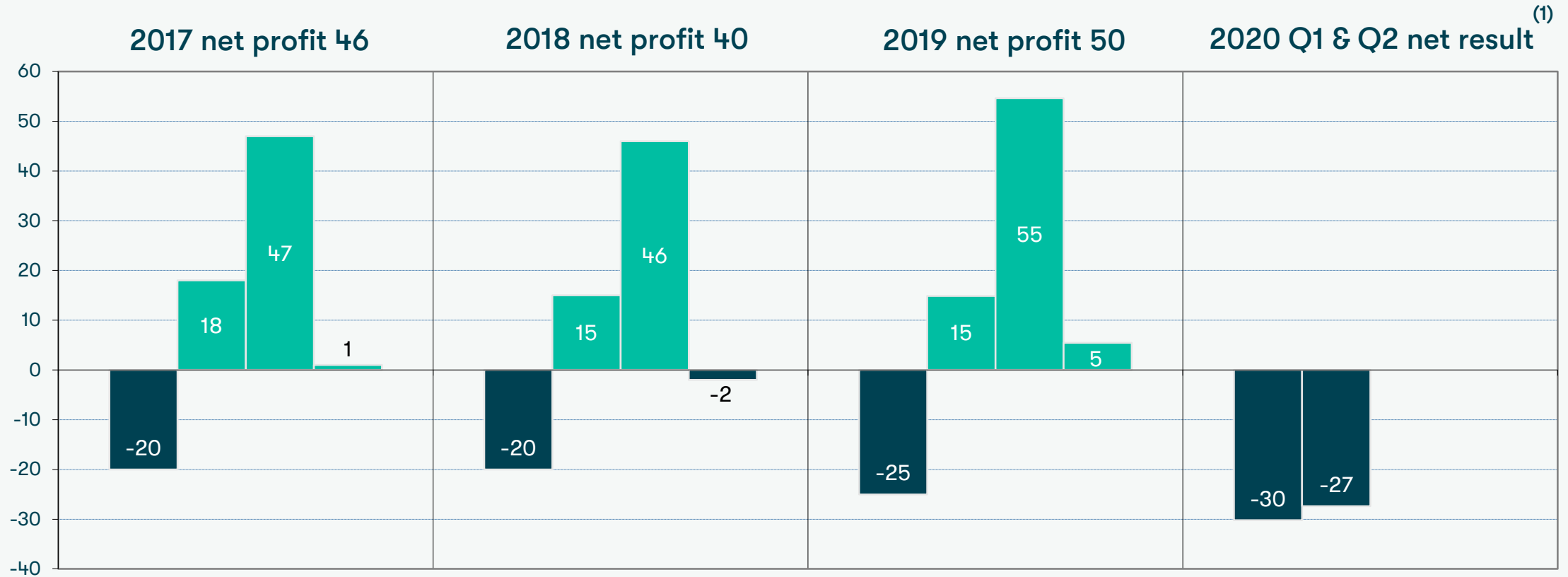


EBITDA (EUR MILLION)



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 Q2 HIGHLIGHTS AND KEY FACTS

- Extensive impact of Covid-19 from mid-March: 978 or 38% less departures compared to Q2 2019
- Extensive cost cutting efforts, including collective redundancies
- Efforts to ensure liquidity and sustainability of operations
- Renegotiation of fuel price fixing terms
- Physical construction of new LNG-powered vessel MyStar commenced on 6 April
- Extension of Atlantic Vision (ex Superfast IX) charter agreement until November 2022
- Opening of the first four Burger King restaurants in Tallinn in May
- Purchase of ro-pax vessel Sailor in June



EVENTS AFTER THE REPORTING PERIOD & OUTLOOK



A section of MyStar

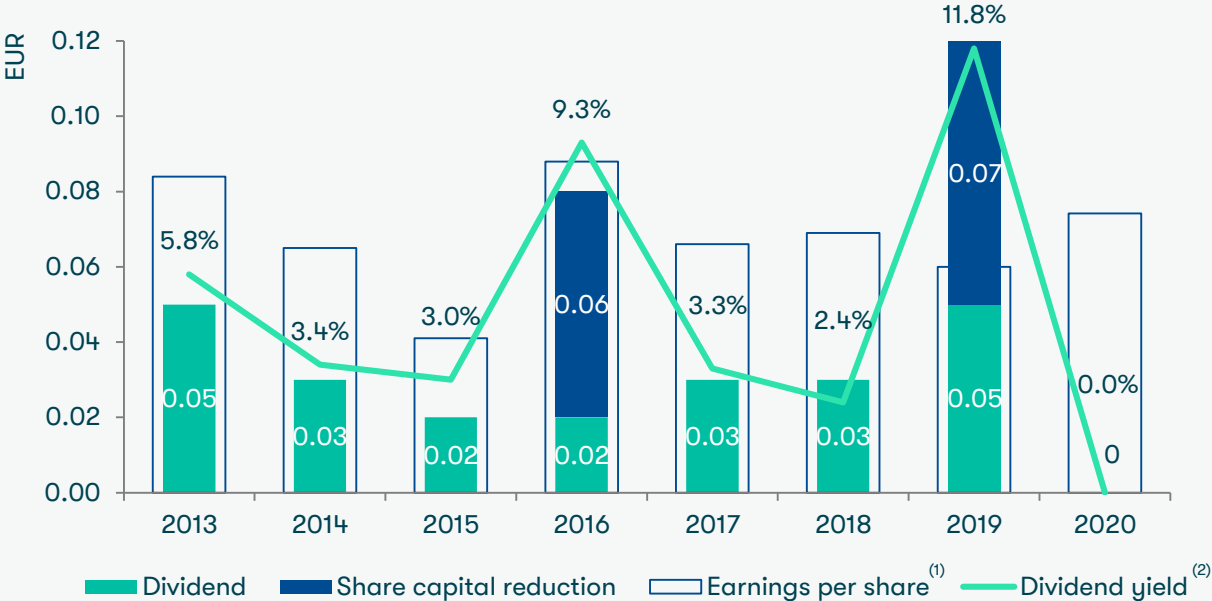
- Increase of overdraft limit by EUR 20.0m in July
- Shareholders agreed not to pay dividends for 2019
- EUR 49.4m instalments for MyStar in Q3 2020
- Carrying out the started collective redundancy processes
- Opening of the first Burger King restaurants in Latvia, Lithuania and Tartu planned in the second half of 2020
- Earnings outlook for 2020 highly uncertain and largely subject to the States' decisions regarding the timing of lifting and/or imposing of new travel restrictions as well as the duration of the recovery period
- In the opinion of the Management Board the Group will not earn profits in 2020 financial year

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	Q2 2019	Q2 2020 ⁽³⁾
Sales	950	949	256	65
Cost of sales ⁽¹⁾	(766)	(752)	(195)	(87)
Marketing & administrative cost ⁽¹⁾	(125)	(124)	(34)	(17)
Other operating items, net ⁽²⁾	4	2	0	16
EBITDA	143	171	51	2
Margin (%)	15.0%	18.0%	19.8%	3.7%
Net Result	40	50	15	(27)
EPS	0.060	0.074	0.022	(0.041)

CONSOLIDATED CASH FLOW STATEMENT

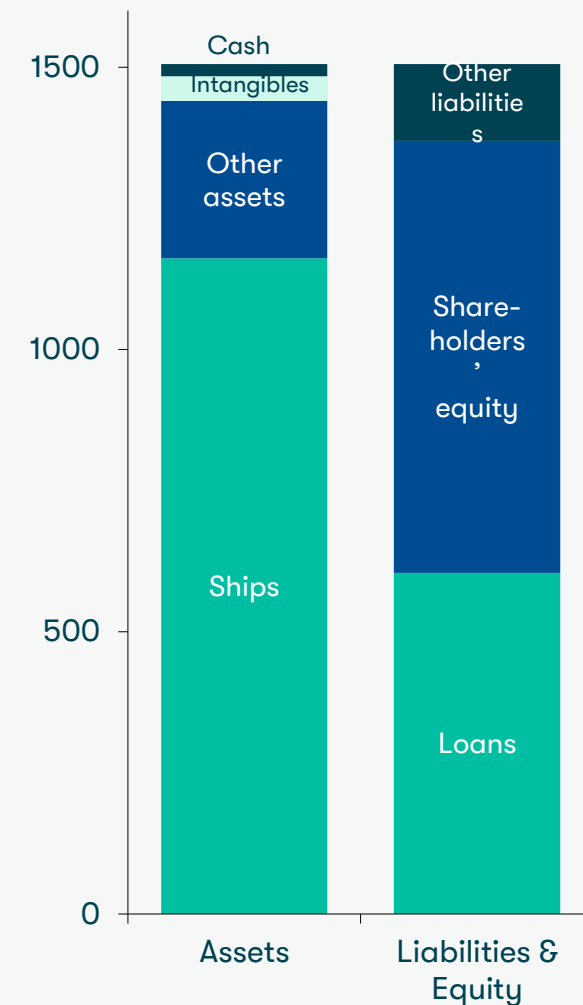
(EUR million)	2018	2019	Q2 2019	Q2 2020 ⁽¹⁾
Operating cash flow	157	175	50	4
Capital expenditure	(36)	(61)	(18)	(14)
Asset disposal	0	0	0	0
Free cash flow	121	114	32	(10)
Debt financing (net effect)	(85)	(52)	(10)	19
Interests & other financial items	(19)	(17)	(3)	(3)
Dividends & reduction of share capital	(20)	(80)	0	0
Income tax on dividends paid	(4)	(4)	0	0
Change in cash	(7)	(43)	19	5

Totals may not sum due to rounding

(1) Unaudited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR million)	31.12.2018	30.06.2019	31.12.2019	30.06.2020 ⁽²⁾
Total assets	1 501	1 610	1 533	1 506
Non-current assets	1 333	1 438	1 412	1 414
Current assets	168	172	121	92
- of which cash	82	97	39	22
Total liabilities	644	800	710	741
Interest bearing liabilities	510	604	578	616
Other liabilities	134	196	132	125
Shareholders' equity	857	810	823	765
Net debt/EBITDA	3.0x	3.6x	3.1x	5.0x
Net debt	428	537	539	594
Equity/assets ratio	57%	50%	54%	51%
BVPS ⁽¹⁾ (in EUR)	1.28	1.21	1.23	1.14



Totals may not sum due to rounding

(1) Shareholders' equity / number of shares outstanding

(2) Unaudited

DEBT STRUCTURE

LONG TERM BANK LOANS

- EUR 477 million as at 30.06.2020
- 5 loan agreements outstanding: syndicated loans and amortizing project loans
- Maturities 1-10 years
- EUR denominated, fixed and EURIBOR floating
- 2019 weighted average cost: EURIBOR + 2.19%

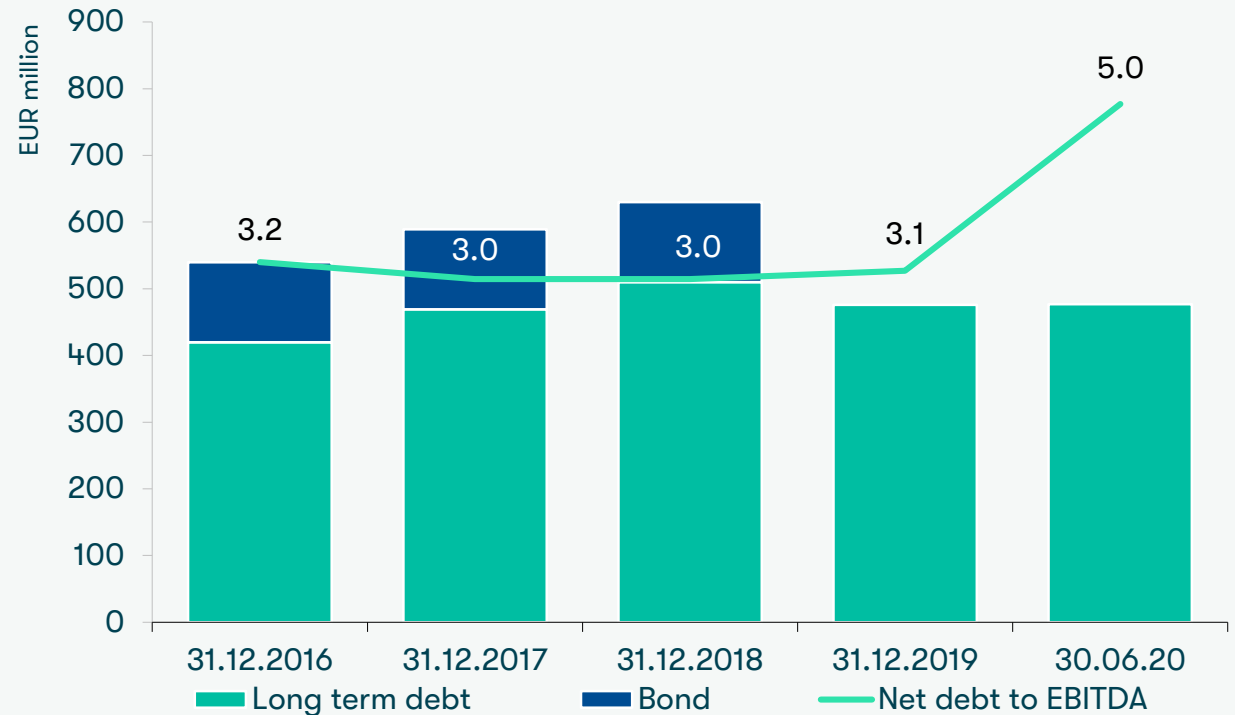
OVERDRAFTS

- EUR 32 million used as at 30.06.2020
- EUR 83 million unused as at 30.06.2020
- Overdraft limit increased by EUR 20 million in July

SIGNED, NOT YET DRAWN

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

Total EUR 616 million interest bearing liabilities as at 30.06.2020



2020 unaudited

**2020 LOAN REPAYMENTS POSTPONED (EUR 61M) & CREDIT BUFFERS INCREASED IN Q2 AND JULY:
EUR 60M NEW UNUSED OVERDRAFT AND EUR 100M UNDRAWN LOAN**

CORPORATE GOVERNANCE

MANAGEMENT BOARD

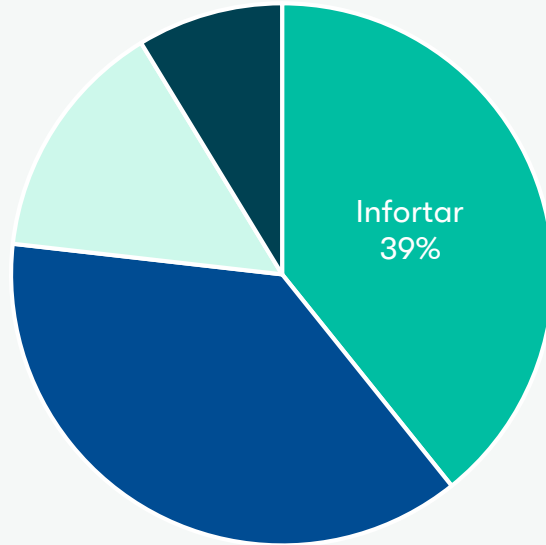
Paavo Nõgene – Chairman of the Management Board	
	<p>Born in 1980, with the company since 2018</p> <p>CEO since May, 2018</p> <p>Previously:</p> <ul style="list-style-type: none"> – Secretary-General at Ministry of Culture of the Republic of Estonia – General Manager at Vanemuine Theatre
Lembit Kitter	Kadri Land
	
<p>Born in 1953, with the company and Member of Management Board since 2006</p>	<p>Born in 1964, with the company since 2005.</p> <p>Member of Management Board since February, 2019</p>
Harri Hanschmidt	Piret Mürk-Dubout
	
<p>Born in 1982, with the company since 2009.</p> <p>Member of Management Board since February, 2019</p>	<p>Born in 1970, with the company and Member of Management Board since April, 2019</p>

SUPERVISORY BOARD

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

SHAREHOLDERS AND SHARE PERFORMANCE

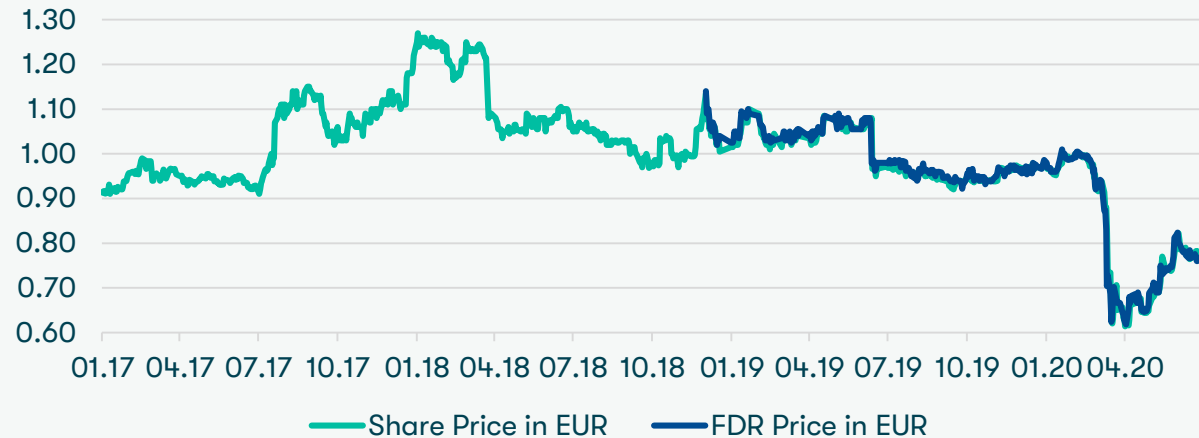
SHAREHOLDERS OF AS TALLINK GRUPP



- Top 10 shareholders
- Institutional investors
- Retail investors

TEN LARGEST SHAREHOLDERS AS OF 30.06.2020

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	2%
Nordea Bank Abp / Non Treaty Clients	1%
State Street Bank And Trust Omnibus Account A Fund No OM01	1%
LHV Pensionifond L	1%



MORE THAN 17,600 SHAREHOLDERS AND 3,600 FDR-HOLDERS AT THE END OF JUNE 2020

THANK YOU



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