

APRIL 2019

TALLINK GRUPP COMPANY PRESENTATION



TALLINK GRUPP

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

OPERATIONS

- Fleet of 14 vessels
- Operating four hotels

KEY FACTS

- Revenue of EUR 950 million in 2018
- Operating EUR 1.5 billion asset base
- Over 7 000 employees
- Serving 9.8 million passengers annually
- Transporting 385 thousand cargo units annually
- Listed on Nasdaq Tallinn – TAL1T
and Nasdaq Helsinki – TALLINK



STRONG BRANDS



BUSINESS MODEL

PRODUCT OFFERING

OVERNIGHT CRUISES &
PASSENGER TRANSPORTATION



SHUTTLE SERVICE



ON-BOARD TAX-FREE SHOPPING



ON-BOARD CATERING



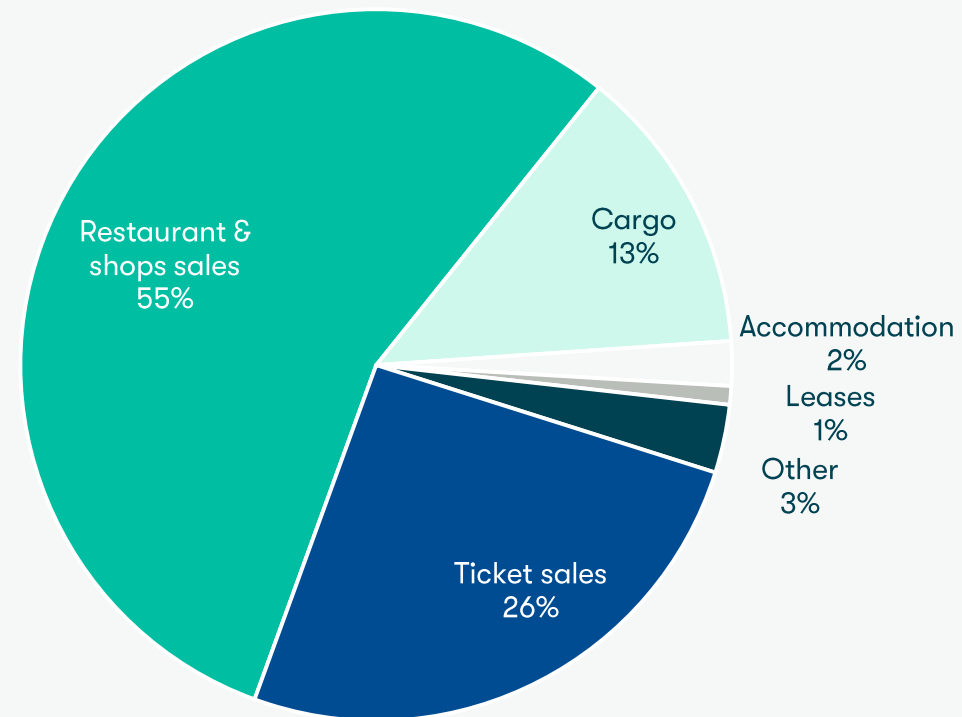
HOTEL & TRAVEL PACKAGES



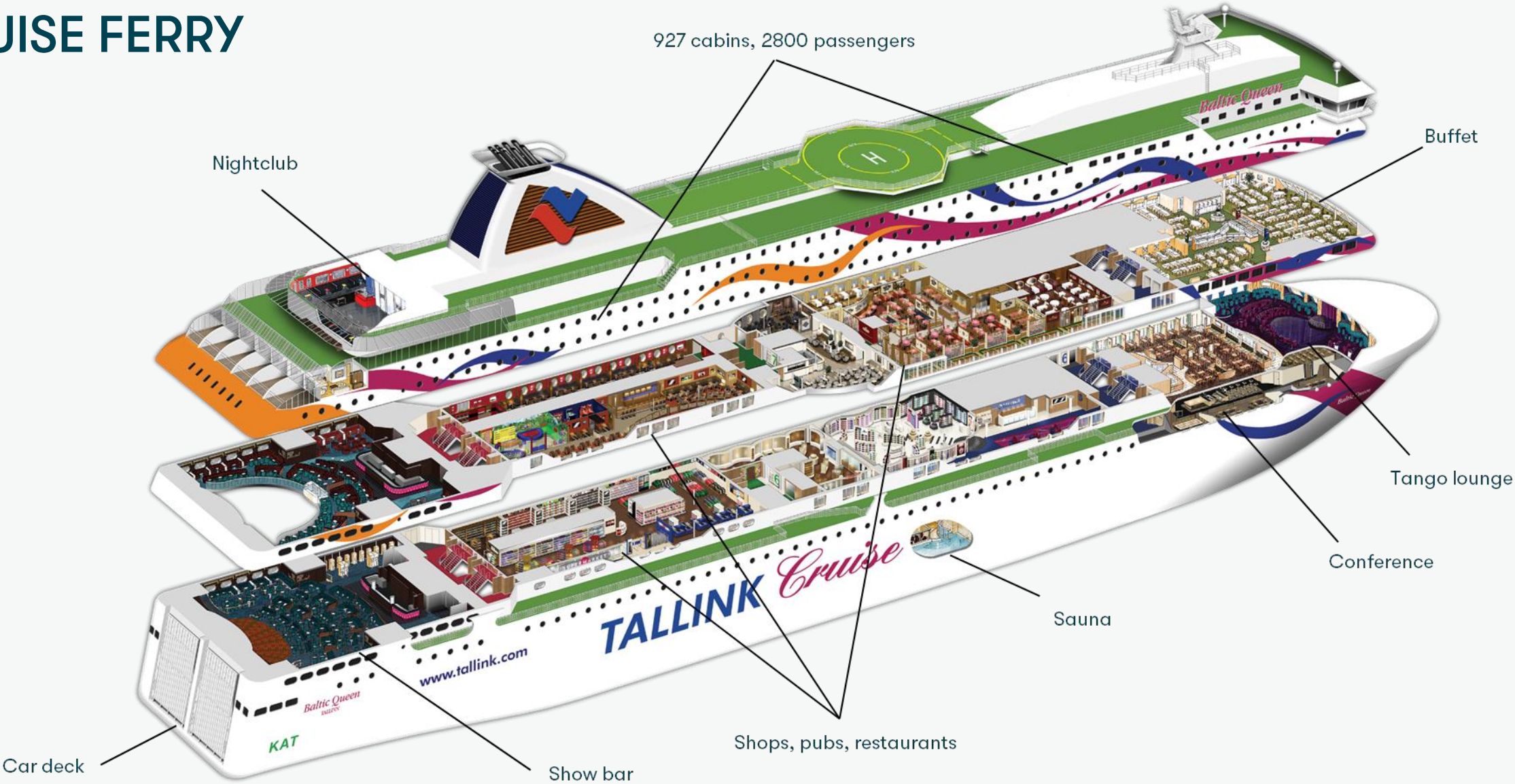
CARGO TRANSPORTATION



REVENUE STRUCTURE IN 2018



CRUISE FERRY



POSITION IN THE GLOBAL FERRY MARKET

THE WORLD'S TOP DUTY FREE & TRAVEL RETAIL SHOPS

Ranking by actual and estimated retail sales in 2017

Rank	Location	Country	Channel
Sales > US\$ 1 700 million			
1	SEOUL - Incheon Int'l Airport	South Korea	Airport Shops
2	DUBAI - Dubai International Airport	UAE	Airport Shops
3	SINGAPORE - Changi Airport	Singapore	Airport Shops
Sales > US\$ 1 000 million			
4	LONDON - Heathrow Airport	UK	Airport Shops
5	BANGKOK - Suvarnabhumi Airport	Thailand	Airport Shops
6	SHANGHAI - Pudong Airport	China	Airport Shops
Sales > US\$ 900 million			
7	HONG KONG - International Airport	Hong Kong	Airport Shops
Sales > US\$ 800 million			
8	BEIJING - Capital Airport	China	Airport Shops
9	PARIS - Charles de Gaulle Airport	France	Airport Shops
Sales > US\$ 700 million			
10	TOKYO - Narita Airport	Japan	Airport Shops
Sales > US\$ 600 million			
11	FRANKFURT - Frankfurt-Main Airport	Germany	Airport Shops
12	TALLINK - All Routes	Estonia	Ferries
13	TAIPEI - Taoyuan International Airport	Taiwan	Airport Shops
Sales > US\$ 500 million			
14	ISTANBUL - Atatürk Airport	Turkey	Airport Shops
15	AMSTERDAM - Schiphol Airport	Netherlands	Airport Shops

Source: Generation Research 2018

TALLINK
GRUPP



Megastar Traveller Superstore

FERRY OPERATOR BY GROSS TONS

Rank	Company	Gross tons
1	Stena Line	935 898
2	Grimaldi Lines	732 232
3	Moby Lines	550 580
4	Tallink	525 724
5	Grand Navi Veloci	425 220

FERRY OPERATOR BY BEDS

Rank	Company	Beds
1	Tallink	24 328
2	Moby Lines	19 066
3	Stena Line	17 225
4	Grand Navi Veloci	16 629
5	Grimaldi Lines	16 133

FERRY OPERATOR BY REVENUES

(EUR million, 2017)		
Rank	Company	Revenue
1	DFDS Group	1 925
2	Stena Line	1 322
3	Tallink	967
4	Finnlines	536
5	Viking Line	523

Data: Ro/pax / ferries above 1 000 GT
Source: ShipPax MARKET:18; Company reports

STRATEGIC PLAN

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

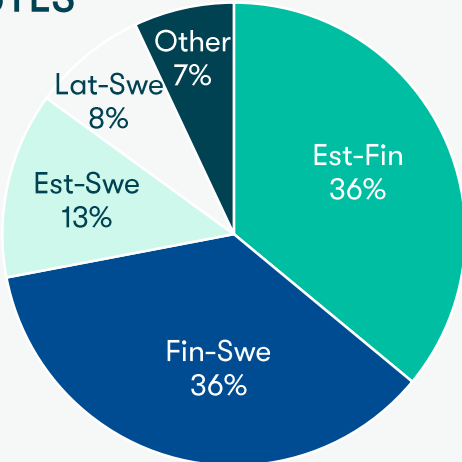
PASSENGER MARKET SHARE IS 48% OF THE NORTHERN BALTIC SEA



NORTHERN BALTIC PASSENGER MARKET ~20 MILLION PASSENGERS

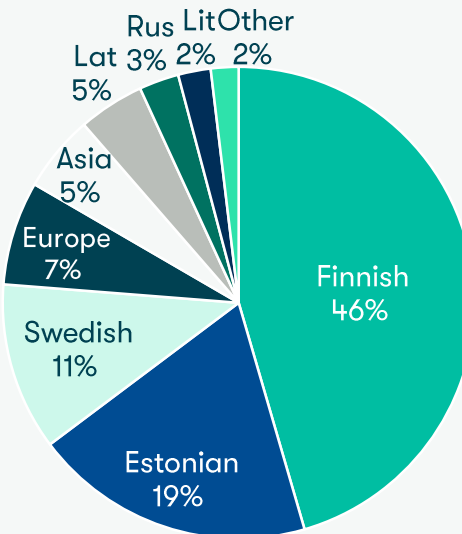
REVENUE BY ROUTES

EUR 950 million, 2018



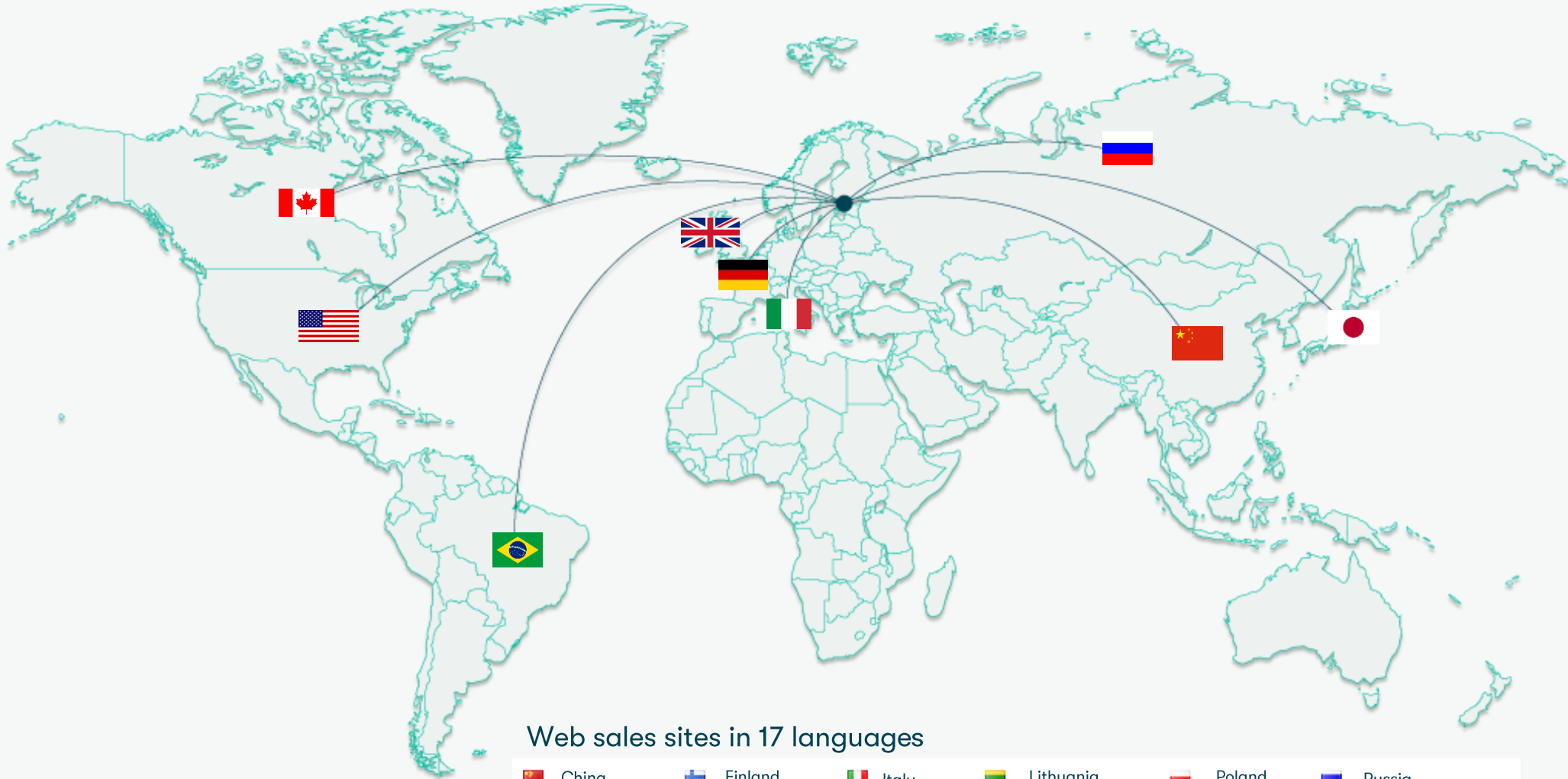
PASSENGERS

9.8 million, 2018



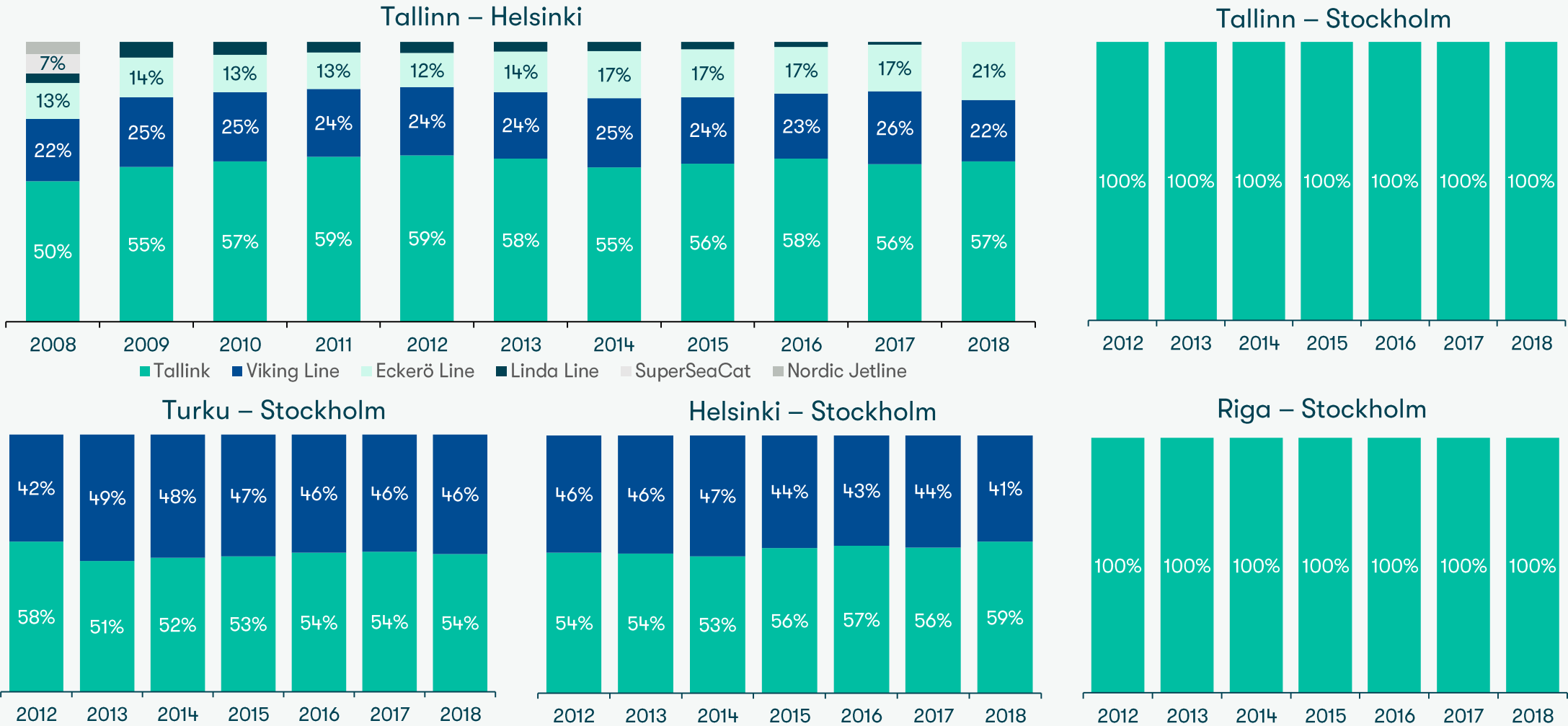
WE ARE TARGETING NEW CUSTOMERS FROM A WIDER COUNTRY BASE

More than 14% of our passengers come from outside of our home markets



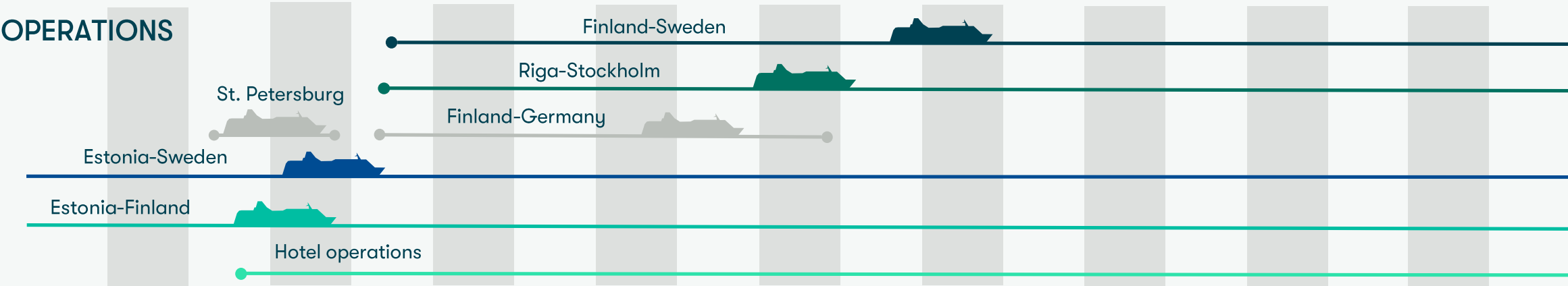
MARKET SHARES

PASSENGER OPERATIONS



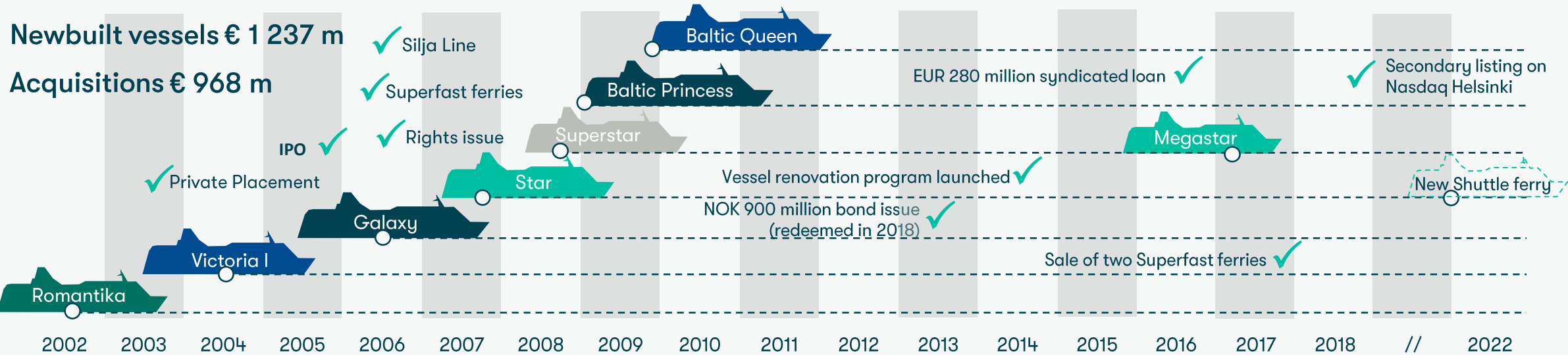
HIGHLIGHTS AND MILESTONES

OPERATIONS

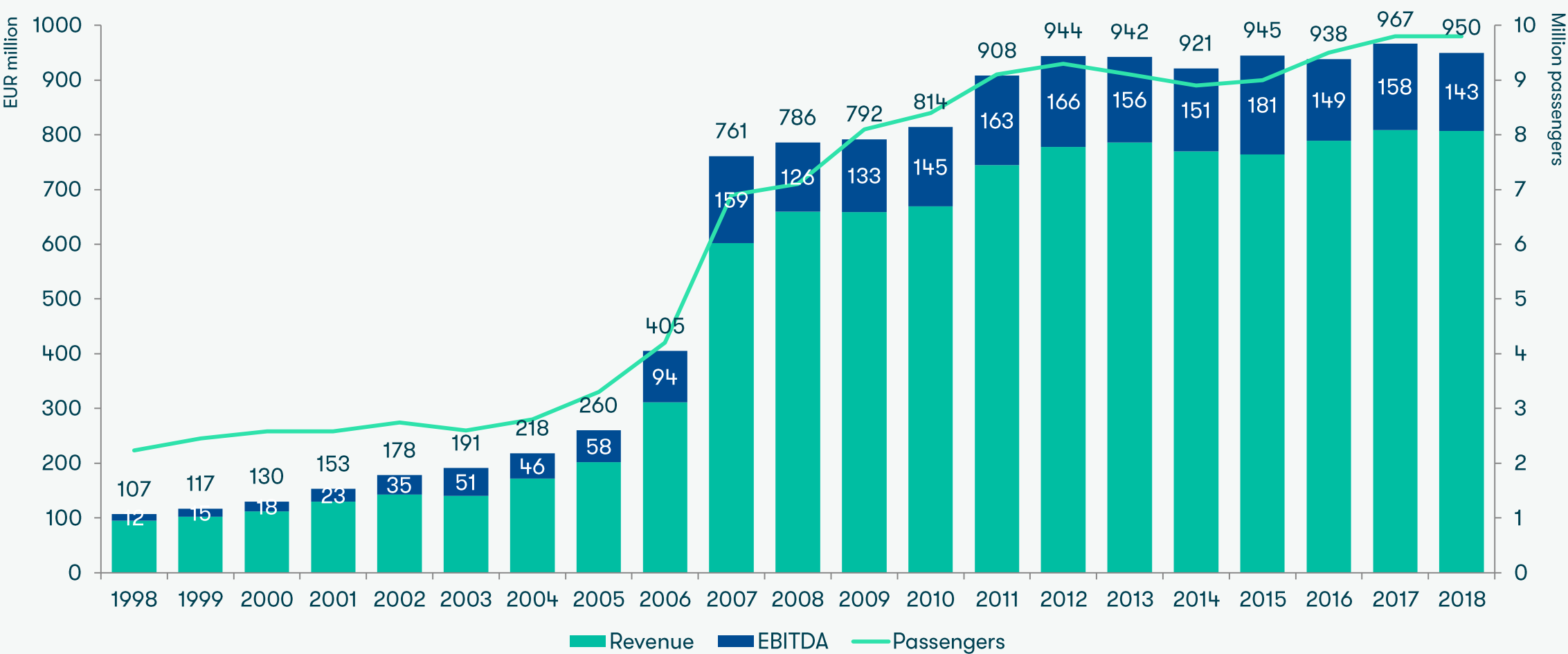


Newbuilt vessels € 1 237 m

Acquisitions € 968 m



PERFORMANCE AFTER THE MANAGEMENT BUYOUT



2018 HIGHLIGHTS AND KEY FACTS

- A record number of 9.8 million passengers carried in 2018
- Revenue from the core operations increased to EUR 884 million
- Strong growth of the cargo business
- Lower chartering revenues compared to last year
- Higher bunker prices globally and EUR 16.6 million higher cost
- Continuous efforts at fuel efficiency yielded in 3.2% lower fuel consumption per nautical mile across the fleet
- Termination of operation of Pirita Spa Hotel in November 2018
- Redemption of NOK bonds
- Secondary listing on Nasdaq Helsinki stock exchange
- Silver Award for responsible and sustainable business practices by the Estonian Responsible Business Forum



OUTLOOK

- New dividend policy
- Contract signed with Rauma Marine Constructions for the construction of a new LNG powered shuttle ferry for the Tallinn-Helsinki route
- Fixed price agreed with the main fuel supplier for about 40% of total purchasing volume from February to December 2019
- Scheduled dockings of seven vessels in 2019, majority carried out in Q1 2019
- Continuous investments to energy / fuel efficiency across the fleet are expected to continue reducing fuel consumption and air emissions (CO₂, SO_x and NO_x)
 - Fuel monitoring systems
 - Shore power and hybrid battery systems
- Tallinn Old City Harbor terminal D renovations ongoing
- Strong economies in the market area



NEW LNG SHUTTLE FERRY

FURTHER DEVELOPMENT OF THE TALLINN–HELSINKI SHUTTLE SERVICE

CONSTRUCTION CONTRACT SIGNED FOR NEW LNG POWERED SHUTTLE FERRY

- Shipyard: Rauma Marine Constructions
- The vessel cost is approximately EUR 250 million
- 30% paid during construction, 70% at delivery (financing terms concluded in the near future)
- Expected delivery in January 2022
- Specifications similar to Megastar



PRELIMINARY SPECIFICATIONS

- Length 212 meters
- Capacity 2 800 passengers
- Lane meters around 3 000
- Dual fuel engines (LNG/MDO)
- Diesel-electrical propulsion
- Service speed 27 knots

MEGASTAR AND NEW LNG SHUTTLE FERRY WILL COMPLY WITH THE CURRENT AND KNOWN FUTURE EMISSION REGULATIONS FOR THE EMISSION CONTROL AREAS, INCLUDING THE BALTIC SEA

ONGOING DEVELOPMENT PROJECTS

FOCUS ON IMPROVEMENTS AND EFFICIENCIES OF OPERATIONS

INVESTMENTS TO SUPPORT REVENUE GENERATION

- Digital solutions
 - Automated revenue management
 - Development of mobile booking apps to capture growing handheld devices online traffic
 - Digital Club One loyalty card in mobile app
 - Improving online booking solutions user experience
 - Customer centric and personalized digital channels development
 - Collaboration with TalTech to develop „Smart Car Deck“



DELIVERING OPERATIONAL EFFICIENCIES

- Efficient ship operations
 - Utilising monitoring systems
- Passenger logistics in terminals
 - Self check-in also on mobile, improved boarding pass
- Tallink Logistics Centre
 - Leveraging and fine tuning the operations



GROUP-WIDE SHIP RENOVATION PROGRAM

INVESTMENTS TO UPGRADE THE FLEET IN PERIOD 2014-2018

LARGE SCALE RENOVATION OF THREE CRUISE FERRIES

- Silja Serenade
- Silja Symphony
- Silja Europa

EXPANSION OF SHOPS AND MODERNIZING RESTAURANTS TO IMPROVE THE PERFORMANCE THROUGH RETAIL SPACE

- Modern retail environment visual
- Leveraging own brands
- Introducing international premium brands
- Wider selection of products

UPGRADING OF CABINS















- Responding to higher expectations of the passengers
- Focus on different cabin classes

TALLINK GRUPP HAS INVESTED MORE THAN EUR 90 MILLION
SINCE 2014 TO UPGRADE ITS EXISTING FLEET



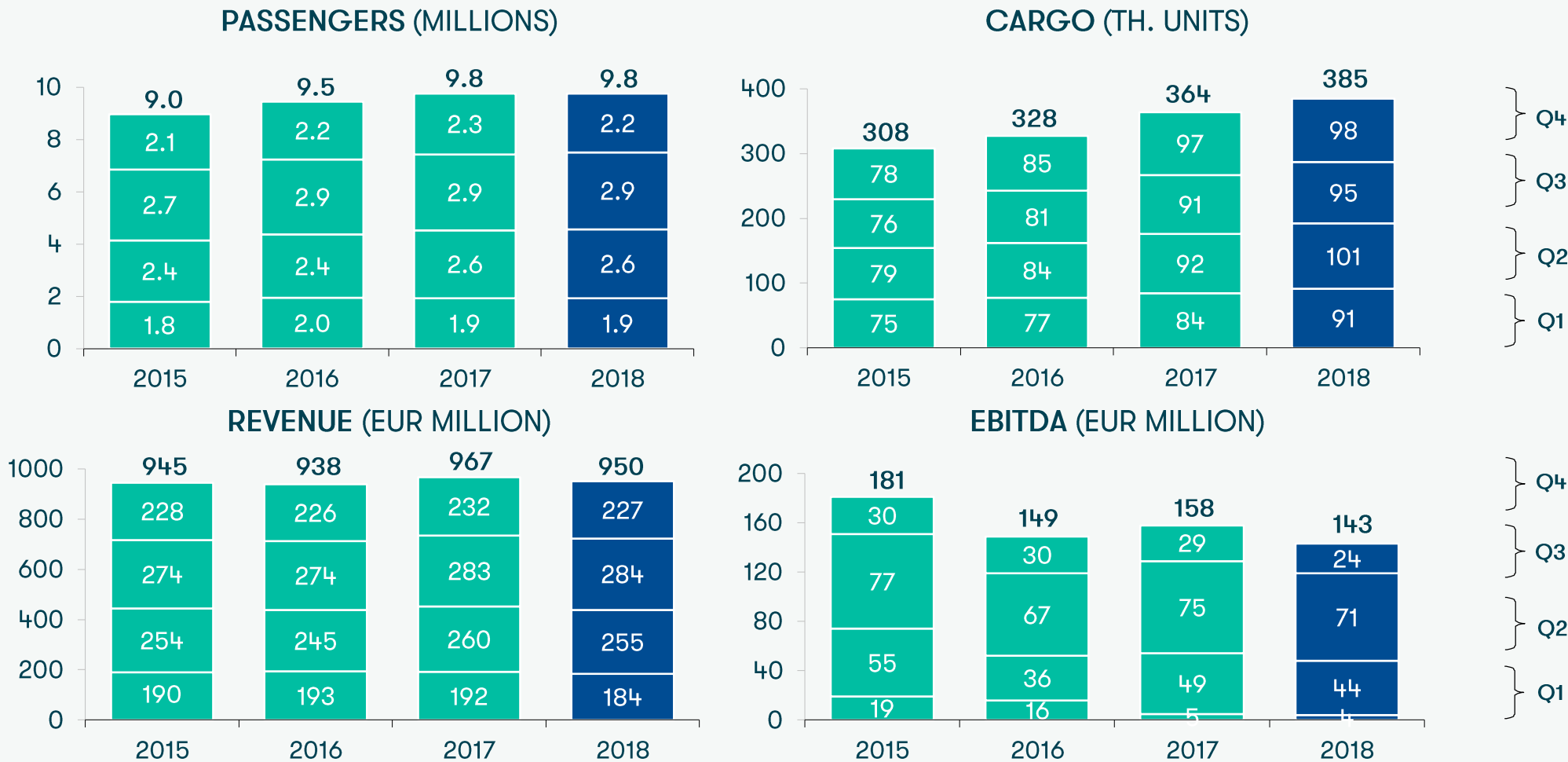
WIDE RANGE OF DINING CONCEPTS ON OUR SHIPS

OWN BRANDS AND INTERNATIONAL PREMIUM BRANDS

<p>BUFFET RESTAURANTS</p>	<div>   </div> <div> <p>GRANDE BUFFET</p> <p>DELIGHT BUFFET</p> </div>
<p>À LA CARTE RESTAURANTS</p>	<div>    <p>HAPPY LOBSTER</p>  <p>The Dining Room</p>  </div>
<p>FINE DINING RESTAURANTS</p>	<div>     </div>
<p>QUICK SERVICE RESTAURANTS</p>	<div>    <p>Sushi & Co.</p>  </div>

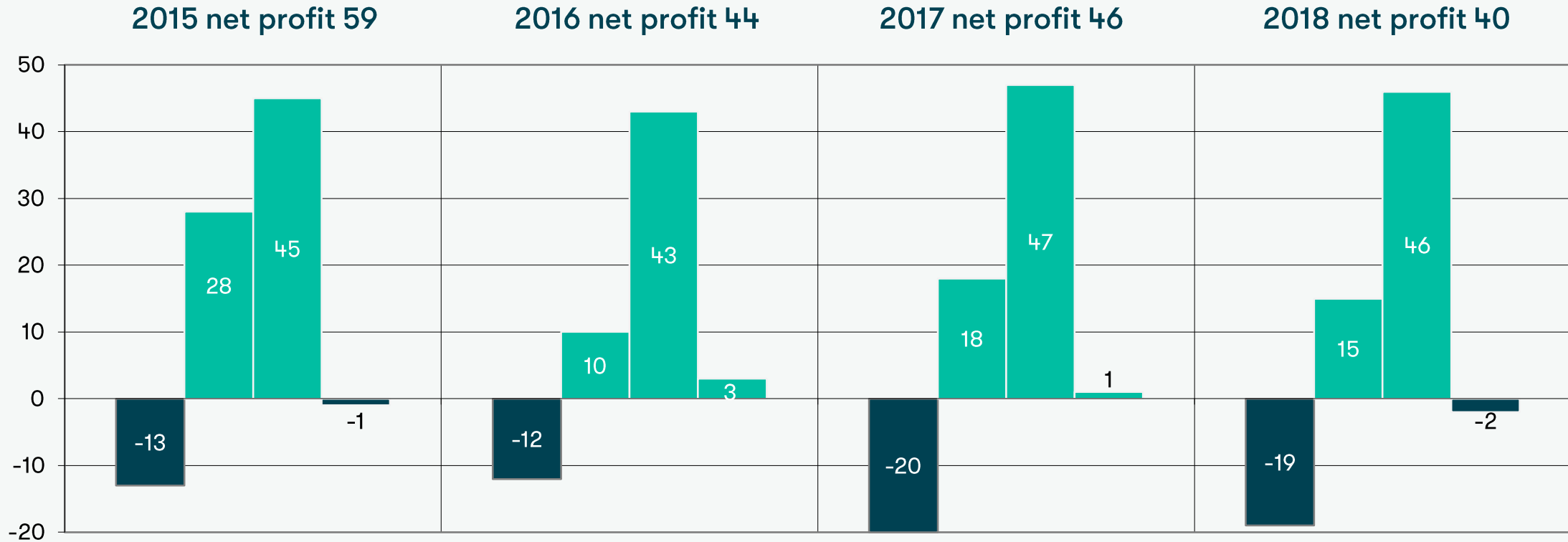
RESULTS

QUARTERLY SEASONALITY BREAKDOWN



THE DYNAMICS OF HIGH SEASONALITY ON THE PROFIT LEVEL

NET RESULT BY QUARTERS (EUR MILLION)



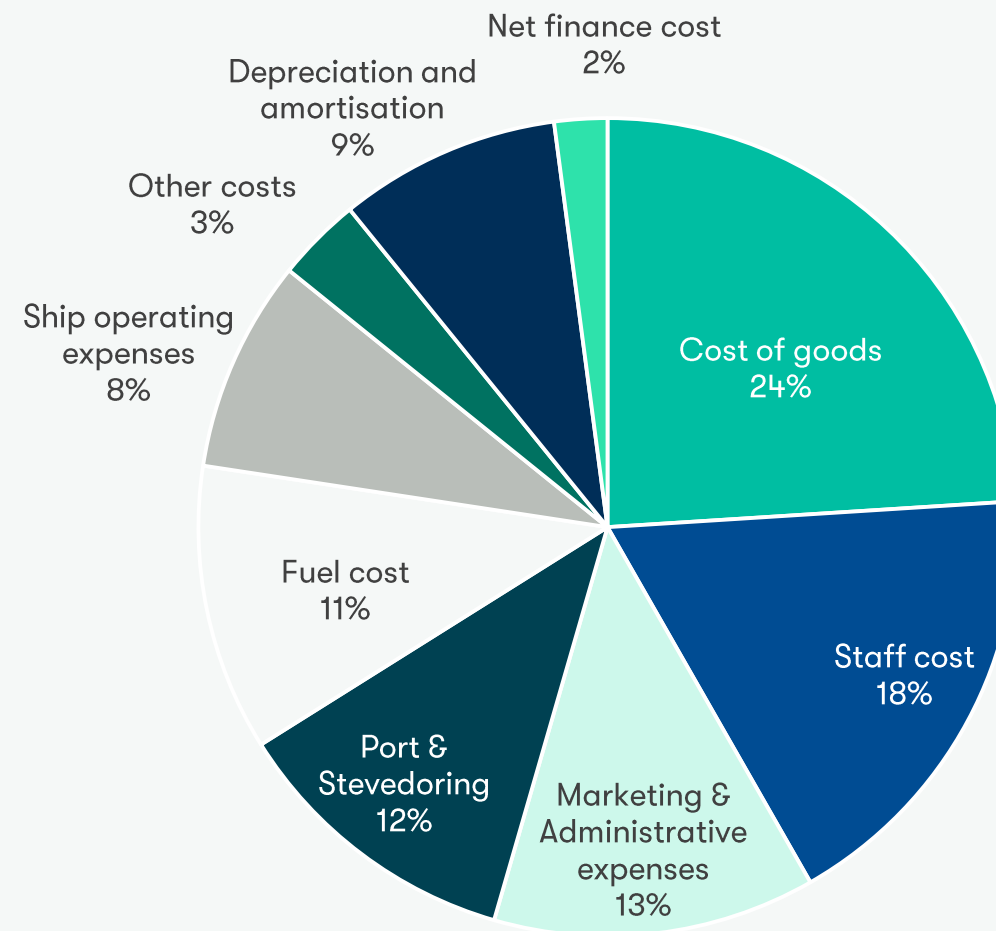
MOST OF THE RESULT IS MADE IN THE SUMMER, THE HIGH SEASON

CONSOLIDATED INCOME STATEMENT

(EUR million)	2015	2016	2017	2018
Sales	945	938	967	950
Cost of sales ⁽¹⁾	(722)	(745)	(772)	(766)
Marketing, general & admin ⁽¹⁾	(111)	(123)	(125)	(125)
EBITDA	181	149	158	143
<i>Margin (%)</i>	19.2%	15.9%	16.4%	15.0%
Net Profit	59	44	46	40
EPS	0.088	0.066	0.069	0.060

COSTS BREAKDOWN

(EUR million)	2017	2018	Change
Cost of goods	227 803	217 158	-5%
Staff costs	160 126	160 640	0%
Marketing & Administration ⁽¹⁾	116 809	115 246	-1%
Port & Stevedoring	104 756	105 089	0%
Fuel cost	85 870	102 474	19%
Ship operating expenses	79 723	76 003	-5%
Other costs	35 011	30 333	-13%
Total costs from operations	810 098	806 943	0%
Depreciation and amortisation	86 371	79 279	-8%
Net finance cost	21 209	18 918	-11%
Total costs	917 678	905 140	-1%



CONSOLIDATED CASH FLOW STATEMENT

(EUR million)	2015	2016	2017	2018
Operating cash flow	192	147	136	157
Capital expenditure	(44)	(68)	(219)	(36)
Asset disposal	115	0	132	0
Free cash flow	263	79	49	121
Debt financing (net effect)	(197)	(4)	6	(85)
Interests & other financial items	(33)	(24)	(21)	(19)
Dividend paid	(13)	(54)	(20)	(20)
Dividend tax	(3)	0	(4)	(4)
Change in cash	17	(3)	10	-7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR million)	31.12.2015	31.12.2016 ⁽²⁾	31.12.2017	31.12.2018
Total assets	1 539	1 539	1 559	1 501
Non-current assets	1 385	1 375	1 377	1 333
Current assets	154	164	182	168
- of which cash	82	79	89	82
Total liabilities	714	729	722	644
Interest bearing liabilities	549	559	561	510
Other liabilities	165	170	161	134
Shareholders' equity	825	810	836	857
Net debt/EBITDA	2.6x	3.2x	3.0x	3.0x
Net debt	467	480	472	428
Equity/assets ratio	54%	53%	54%	57%
BVPS ⁽¹⁾ (in EUR)	1.23	1.21	1.25	1.28

DISTRIBUTIONS TO SHAREHOLDERS

Dividend policy: to pay dividends in the minimum amount of EUR 0.05 per share, if the economic performance enables it

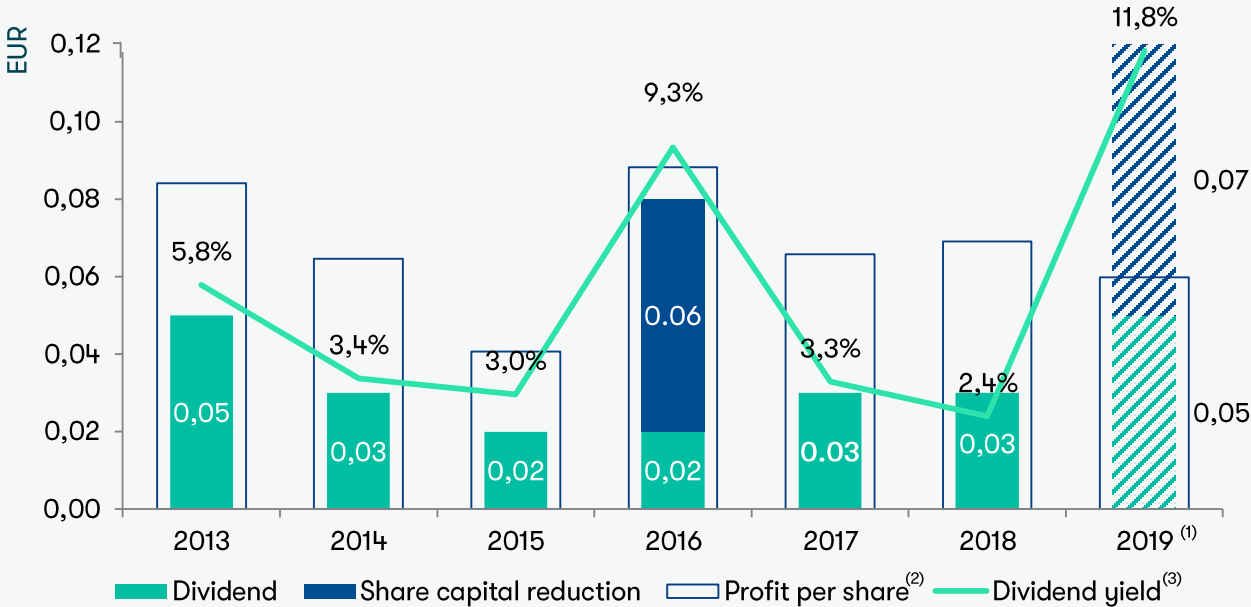
The management states that the company is working to ensure that Tallink Grupp is a stable dividend payer and that the dividend paid to investors will increase over time

Dividend

- Management board proposed a dividend of EUR 0.05 per share to the shareholders’ annual general meeting in 2019

Capital reduction

- Management board proposed to shareholders’ annual general meeting in 2019 to reduce the company’s share capital by at least EUR 0.07 per share for the purpose of improving the company’s capital structure



TALLINK GRUPP HAS MADE TOTAL OF EUR 161 MILLION DIVIDEND PAYMENTS TO SHAREHOLDERS IN PERIOD 2013 – 2018

Notes:
(1) To be proposed to the shareholders’ annual general meeting in 2019
(2) Profit per share of previous financial year for which the dividends are being distributed
(3) As at 31/12

DEBT STRUCTURE

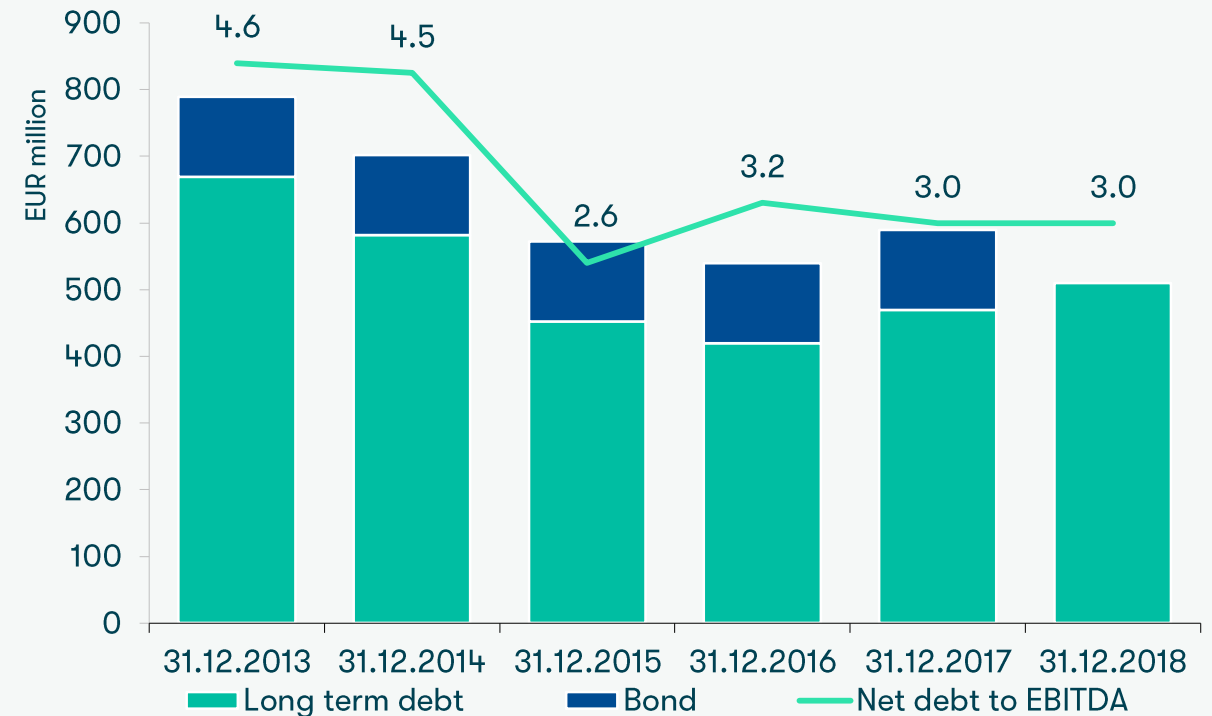
Total EUR 510 million interest bearing liabilities as at 31.12.2018

LONG TERM BANK LOANS

- 5 loan agreements outstanding: syndicated loans and amortizing project loans
- Maturities 1-11 years
- EUR denominated
- Fixed and EURIBOR floating

BOND – redeemed on 18.10.2018

- Senior unsecured NOK 900 m (EUR 120 m)
- Oslo Stock Exchange
- 3M NIBOR +5% (3M EURIBOR +4.88%)



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

SUPERVISORY BOARD

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

Lauri Kustaa Äimä



Born in 1971, with the Supervisory Board since 2002

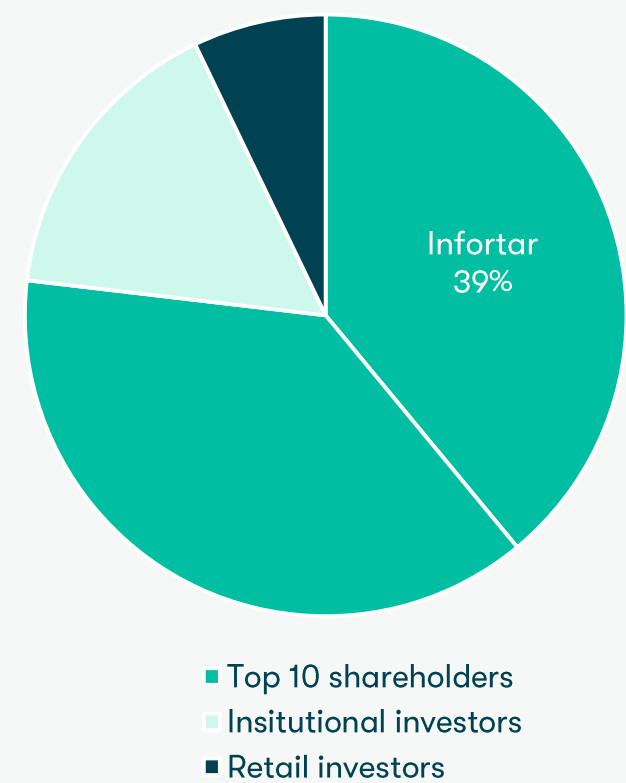
Colin Douglas Clark



Born in 1974, with the Supervisory Board since 2013

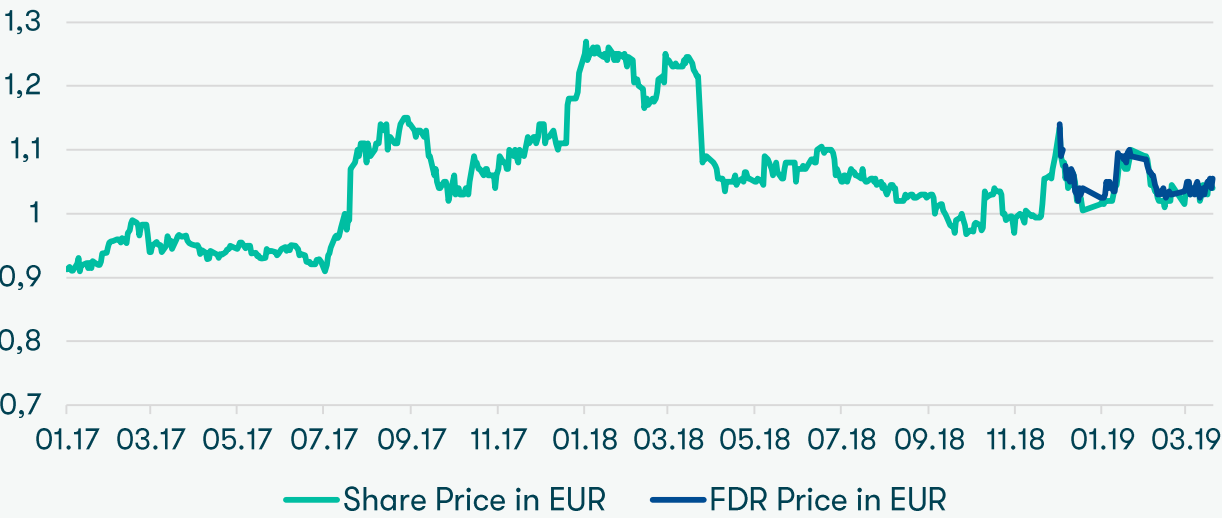
OWNERSHIP STRUCTURE

SHAREHOLDERS OF AS TALLINK GRUPP



TEN LARGEST SHAREHOLDERS AS OF 31.03.2019

Infortar AS	39%
Baltic Cruises Holding, L.P.	16%
Baltic Cruises Investment L.P.	6%
ING Luxembourg S.A. AIF Account	4%
Nordea Bank Abp/Non Treaty Clients	3%
ING Luxembourg Client ACC	3%
Citigroup Venture Capital International G.P	2%
State Street Bank And Trust Omnibus Account A Fund No OM01	2%
Clearstream Banking Luxembourg S.A. Clients	1%
Nordea Bank Abp / Clients FDR	1%



UNRIVALLED SUITE OF COMPETITIVE ADVANTAGES



APPENDICIES

SAFETY, SECURITY AND ENVIRONMENTAL PROTECTION ARE A HIGH PRIORITY

POLICIES AND CERTIFICATIONS

- Safety and Security Policy
- Environmental Policy
- ISO 14001:2015 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



CERTIFICATE OF APPROVAL

This is to certify that the Environmental Management System of:

HT Shipmanagement Ltd
Sadama 5/7, 10111 Tallinn, Estonia
SIA HT Shipmanagement
Eksporta iela 3A, LV-1010 Riga, Latvia
Tallink Silja OY
Tyynenmerenkatu 9, 00220 Helsinki, Finland

has been approved by Lloyd's Register Quality Assurance
to the following Environmental Management System Standard:

ISO 14001:2015

The Environmental Management System is applicable to:

TallinkSilja Fleet Shipmanagement.

This certificate is valid only in association with the certificate schedule bearing the same number on which the locations applicable to this approval are listed.

Approval
Certificate No: LTQ6004314

Original Approval: 04 July 2008

Current Certificate: 04 July 2017

Certificate Expiry: 03 July 2020

Issued by: Lloyd's Register EMEA Eesti filiaal
For and on behalf of: Lloyd's Register Quality Assurance Limited

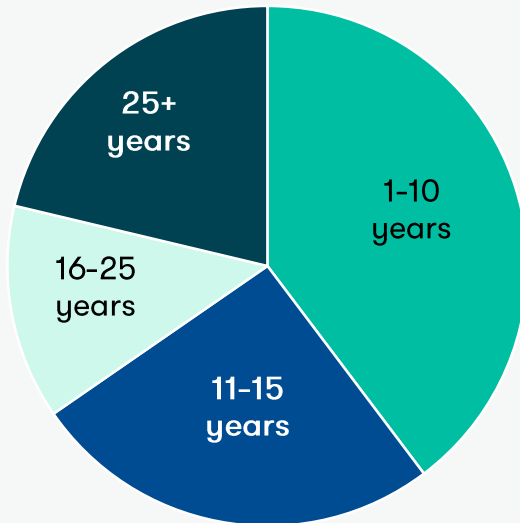


Lauteri 5, 10114 Tallinn, Estonia
For and on behalf of: 1 Trinity Park, Bickenhill Lane, Birmingham, B37 7ES United Kingdom

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AGE OF FLEET

AGE OF FLEET BY VALUE value-weighted average



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

TALLINK GRUPP SHIPS AGE

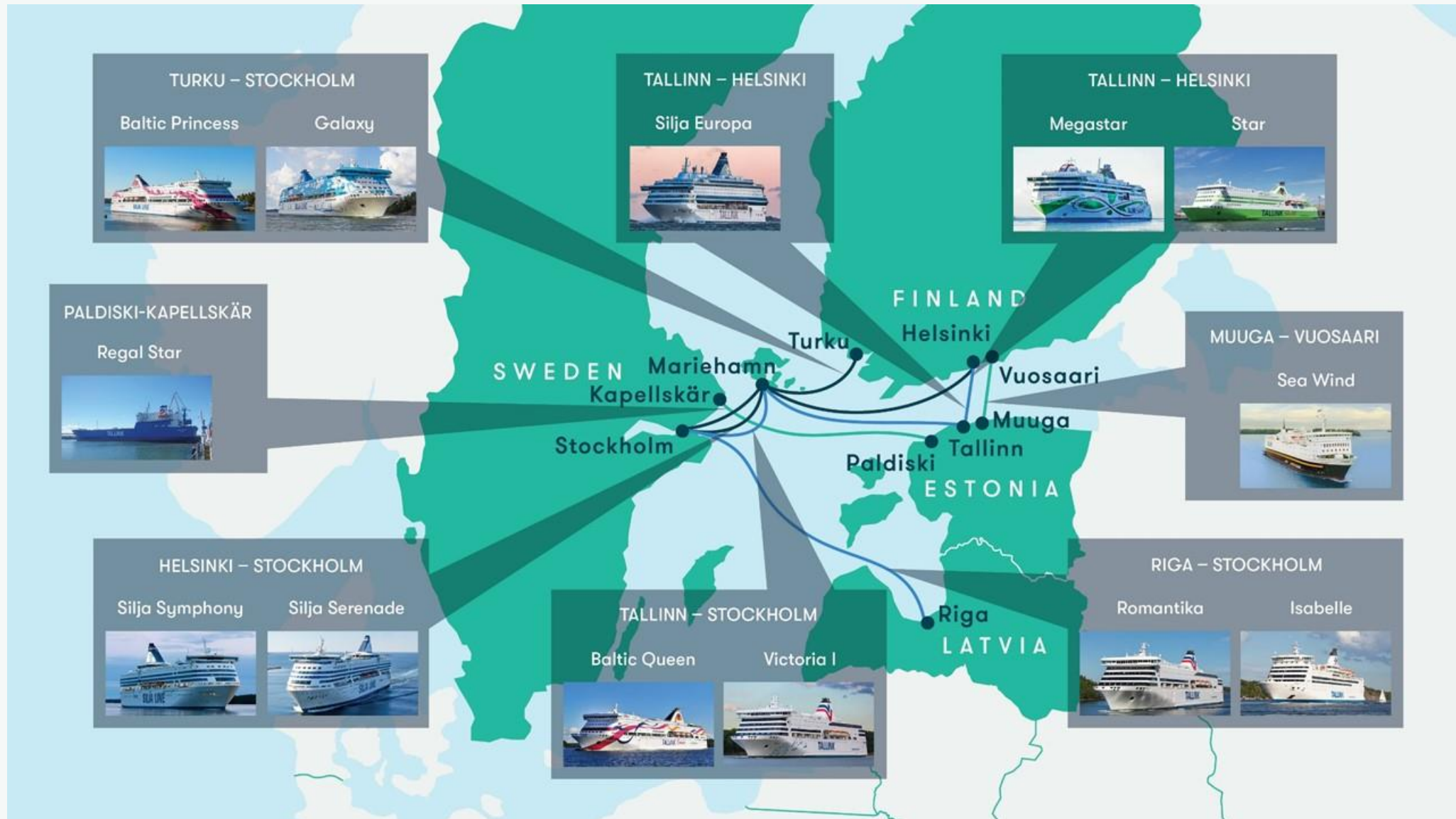
- Core fleet 14 years
- Superfast vessel 17 years
- Cargo vessels 24 years

BALTIC SEA FERRY FLEET AGE

- Ferry fleet average 22 years
- Ferry fleet median 21 years



FLEET ON 7 ROUTES



OUR FLEET



MEGASTAR

Built: 2017

Length 212 m

Passengers: 2 800

Lane meters: 3 600



BALTIC QUEEN

Built: 2009

Length: 212 m

Passengers: 2 800

Lane meters: 1 130



VICTORIA I

Built: 2004

Length: 193 m

Passengers: 2 500

Lane meters: 1 030



STAR

Built: 2007

Length 186 m

Passengers: 2 080

Lane meters: 2 000



SILJA EUROPA

Built: 1993

Length: 202 m

Passengers: 3 123

Lane meters: 932



ROMANTIKA

Built: 2002

Length 193 m

Passengers: 2 500

Lane meters: 1 030

TALLINK HAS INVESTED EUR 1.6 BILLION TO CREATE A MODERN FLEET ⁽¹⁾

OUR FLEET



SILJA SERENADE

Built: 1990

Length 203 m

Passengers: 2 852

Lane meters: 950

Helsinki-Stockholm



SILJA SYMPHONY

Built: 1991

Length 203 m

Passengers: 2 852

Lane meters: 950

Helsinki-Stockholm



BALTIC PRINCESS

Built: 2008

Length: 212 m

Passengers: 2 800

Lane meters: 1 130

Turku-Stockholm



GALAXY

Built: 2006

Length: 212 m

Passengers: 2 800

Lane meters: 1 130

Turku-Stockholm



ISABELLE

Built: 1989

Length 171 m

Passengers: 2 480

Lane meters: 850

Riga-Stockholm



ATLANTIC VISION (ex SUPERFAST IX)

Built: 2002

Length: 203 m

Passengers: 728

Lane meters: 1 900

Chartered out

TALLINK HAS INVESTED EUR 1.6 BILLION TO CREATE A MODERN FLEET ⁽¹⁾