

5 NOVEMBER 2020

# Q3 2020

## TALLINK GRUPP AS RESULTS WEBINAR



# PRESENTERS



**PAAVO NÕGENE**

CHAIRMAN OF THE MANAGEMENT BOARD



**HARRI HANSCHMIDT**

MEMBER OF THE MANAGEMENT BOARD



**JOONAS JOOST**

FINANCIAL DIRECTOR

# 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



# 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

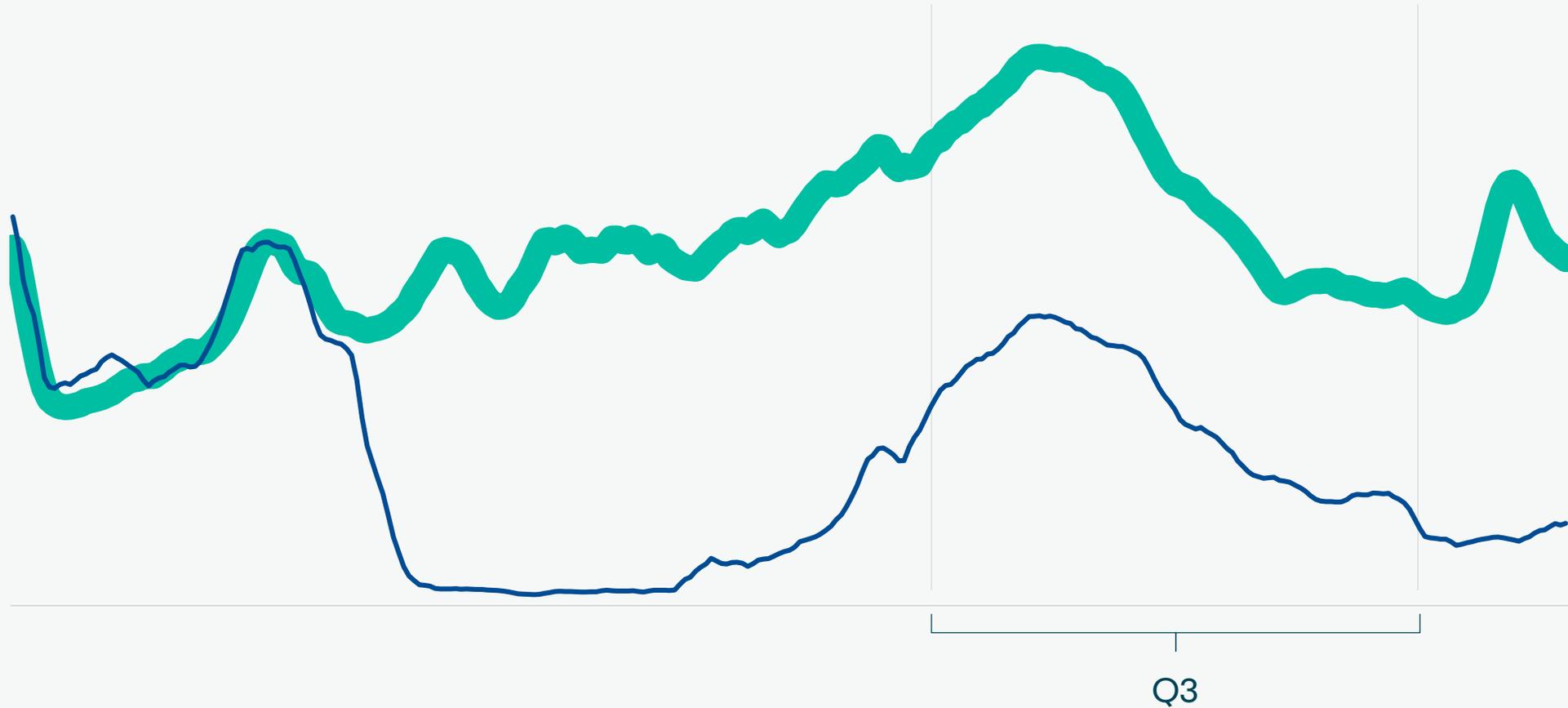
- Cost cutting and initiation of extensive reorganisation in order to bring the costs in line with the income we are currently able to earn
- Overdraft limit increased by EUR 20.0m in July and EUR 40m drawn of working capital loan
- First Burger King restaurant outside Tallinn opened in the end of September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



A section of MyStar

# COVID-19 IMPACT ON TRANSPORTED PASSENGERS

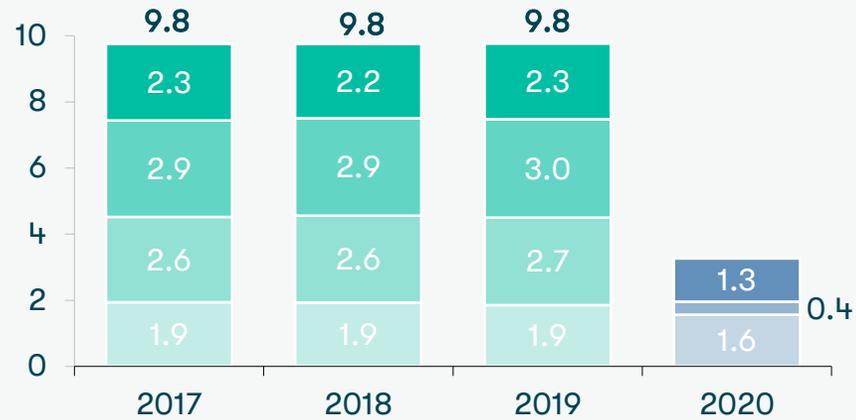
## 2020 VS 2016-2019 AVERAGE 7-DAY MOVING AVERAGE



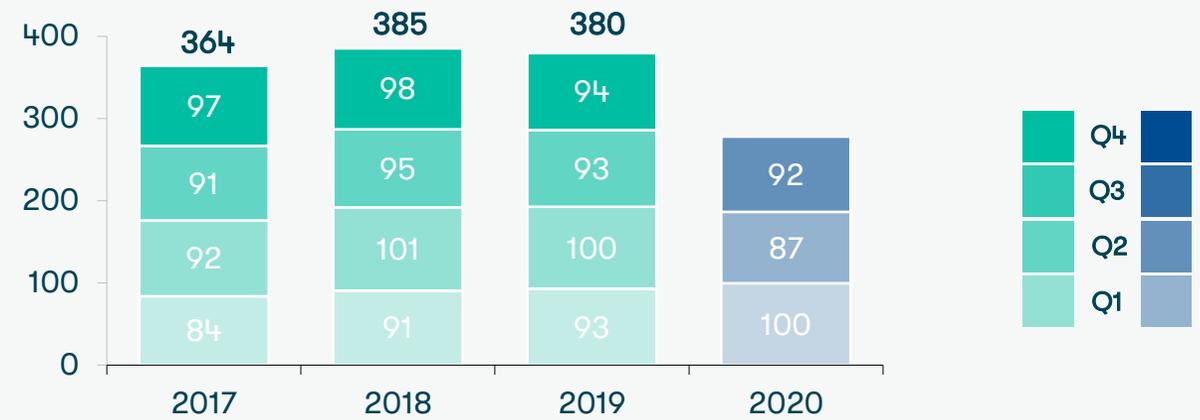
# RESULTS

## QUARTERLY SEASONALITY BREAKDOWN

PASSENGERS (MILLIONS)



CARGO (TH. UNITS)



REVENUE (EUR MILLION)



EBITDA (EUR MILLION)



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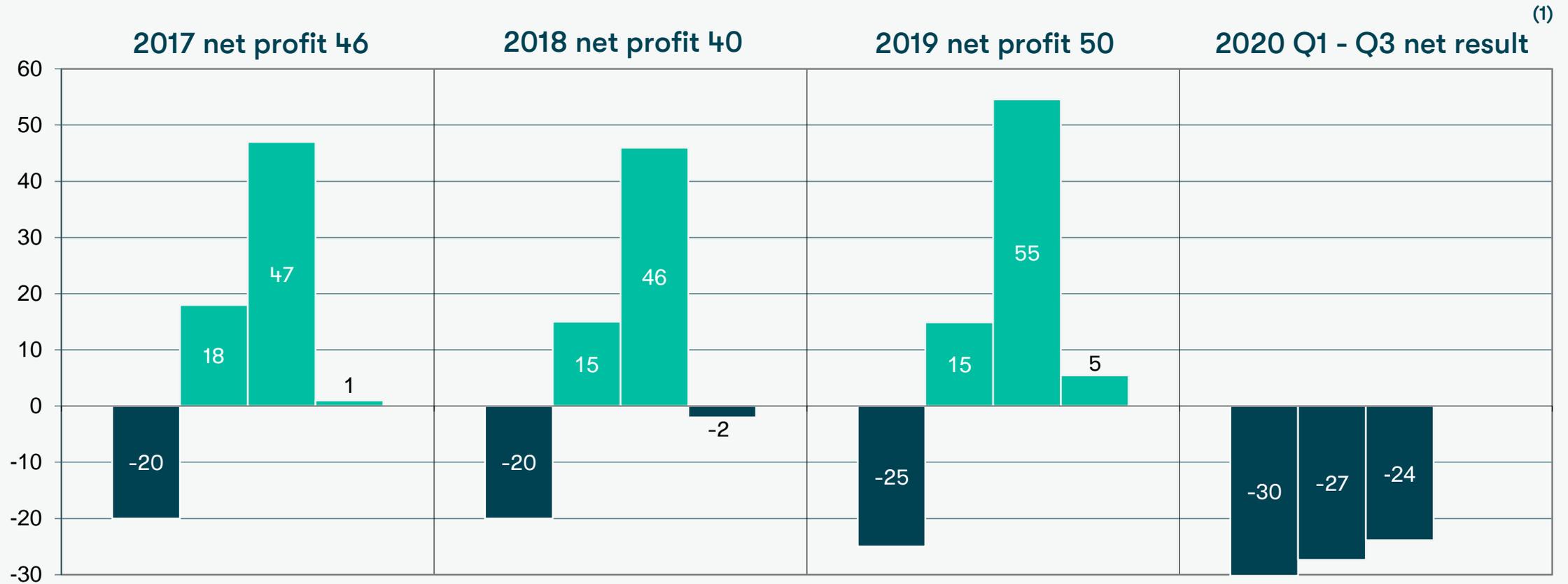
As at:	30.09.20	30.06.20	Change
Total assets	1 542.9	1 505.9	2.5%
Total equity	741.5	765.3	-3.1%
Interest-bearing liabilities	671.2	615.7	9.0%
Net debt	640.5	593.8	7.9%

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**

# 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**

# REVENUE DEVELOPMENT BY OPERATING SEGMENTS

(EUR MILLION)



Restaurant and shop sales on-board and onshore and ticket sales decline broadly in-line with decline in passengers

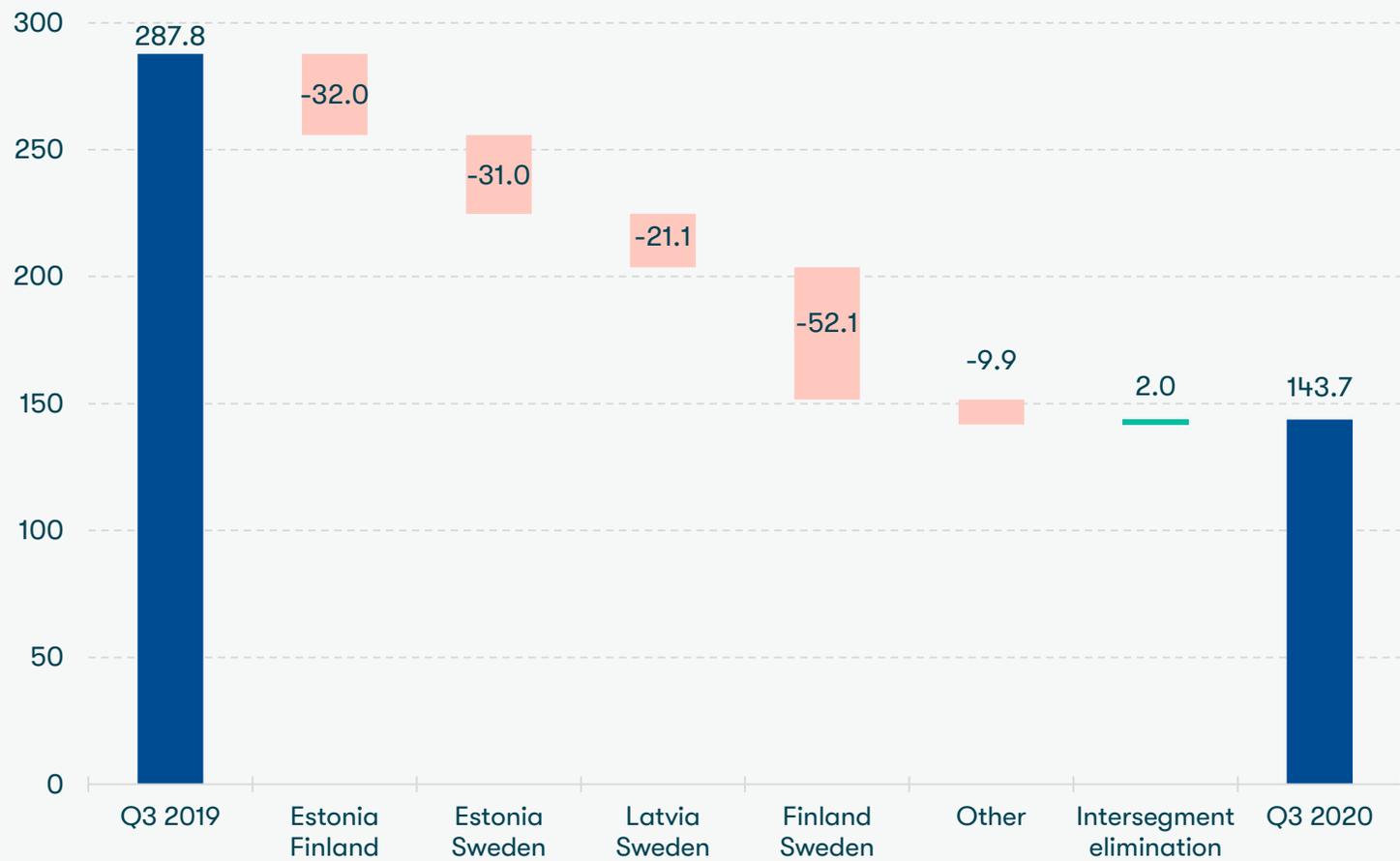
Lower cargo sales due to weak market

One less hotel operated in Q3 2020

Improved charter terms from Q4 2019

# REVENUE DEVELOPMENT BY GEOGRAPHICAL SEGMENTS

(EUR MILLION)



Revenues of all routes negatively affected by Covid-19, travel restrictions, suspensions in operations and weak cargo market

## Estonia-Finland

Includes also the operations of Victoria I on the Tallinn-Helsinki route as well as the operations of Tallinn-Turku and the Tallinn-Mariehamn routes

## Estonia-Sweden

Operations of the Paldiski-Kapellskär route and the limited operations of the Tallinn-Stockholm route in September

## Latvia-Sweden

No daily operations; Results include the limited operations of the Riga-Stockholm route and the special cruises from Riga to Helsinki and to Mariehamn by Romantika

## Finland-Sweden

Results include also the operations of the Helsinki-Riga route and the special cruises from Stockholm to Visby and Härnösand

# CONSOLIDATED INCOME STATEMENT

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

# CONSOLIDATED CASH FLOW STATEMENT

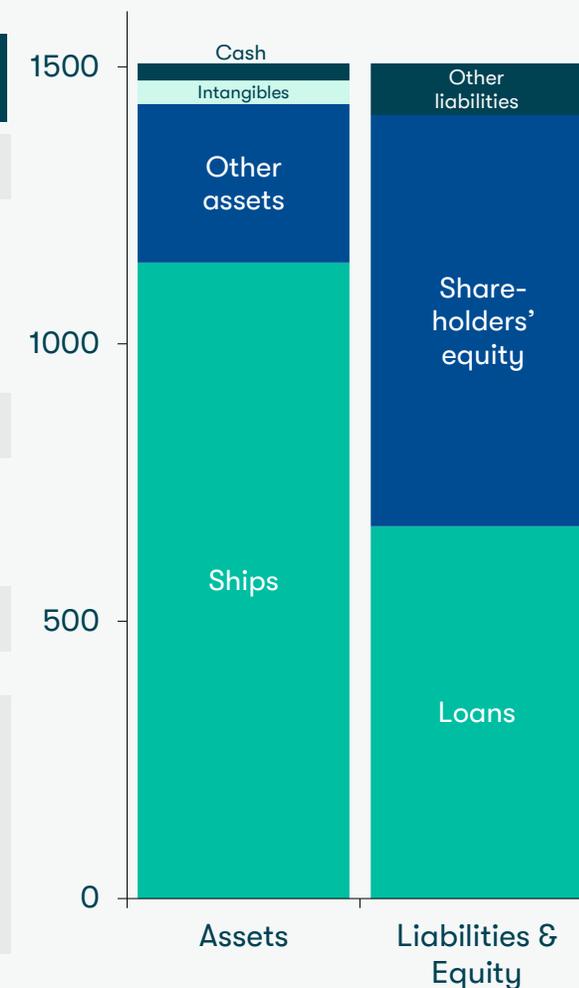
(EUR million)	2018	2019	Q3 2019	Q3 2020 <sup>(1)</sup>
<b>Operating cash flow</b>	157	175	68	0
Capital expenditure	(36)	(61)	(7)	(41)
Asset disposal	0	0	0	0
<b>Free cash flow</b>	121	114	61	(41)
Debt financing (net effect)	(85)	(52)	(44)	54
Interests & other financial items	(19)	(17)	(5)	(4)
Dividends & reduction of share capital	(20)	(80)	(33)	0
Income tax on dividends paid	(4)	(4)	(8)	0
<b>Change in cash</b>	(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 <sup>(2)</sup>
<b>Total assets</b>	<b>1 501</b>	<b>1 564</b>	<b>1 533</b>	<b>1 543</b>
Non-current assets	1 333	1 424	1 412	1 443
Current assets	168	140	121	100
- of which cash	82	38	39	31
<b>Total liabilities</b>	<b>644</b>	<b>746</b>	<b>710</b>	<b>801</b>
Interest bearing liabilities	510	565	578	671
Other liabilities	134	181	132	130
<b>Shareholders' equity</b>	<b>857</b>	<b>818</b>	<b>823</b>	<b>742</b>
<b>Net debt/EBITDA</b>	<b>3.0x</b>	<b>3.3x</b>	<b>3.1x</b>	<b>15.9x</b>
<b>Net debt</b>	<b>428</b>	<b>527</b>	<b>539</b>	<b>640</b>
<b>Equity/assets ratio</b>	<b>57%</b>	<b>52%</b>	<b>54%</b>	<b>48%</b>
<b>BVPS <sup>(1)</sup> (in EUR)</b>	<b>1.28</b>	<b>1.22</b>	<b>1.23</b>	<b>1.11</b>



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

# 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.

# THANK YOU



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