

7 NOVEMBER 2019

# Q3 2019

## TALLINK GRUPP AS RESULTS WEBINAR



# PRESENTERS



**HARRI HANSCHMIDT**

MEMBER OF THE MANAGEMENT BOARD



**VEIKO HAAVAPUU**

FINANCIAL DIRECTOR



**JOONAS JOOST**

HEAD OF INVESTOR RELATIONS

# TALLINK GRUPP

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

## OPERATIONS

- Fleet of 14 vessels
- Seven ferry routes
- Operating four hotels

## KEY FACTS

- Revenue of EUR 950 million in 2018
- Operating EUR 1.6 billion asset base
- Over 7 425 employees (Q3 2019 average)
- Serving 9.8 million passengers annually
- 2.6 million loyalty program members
- Transporting 385 thousand cargo units annually



## STRONG BRANDS





# 2019 Q3 HIGHLIGHTS AND KEY FACTS

- New all time high passenger number achieved in July, August and Q3
- Strong operations and all time high net profit in Q3
- Loan agreement for the new LNG powered fast ferry signed
- Dividends paid (capital reduction on 3/5 December)
- Acquisition of franchise rights of Burger King restaurants
- Raino Paron joined the Supervisory Board

## EVENTS AFTER THE BALANCE SHEET DATE

- New LNG powered fast ferry named as MySTAR



# Q3 2019 BRIEF OVERVIEW

Q3 Selected Key Figures (financials in million euros)	2019	2018	Change
Number of passengers	2 974 790	2 947 610	0.9%
Number of cargo units	93 329	94 913	-1.7%
Number of passenger cars	353 725	352 307	0.4%

Revenue	287.8	283.6	1.5%
Gross profit	86.7	78.5	10.5%
EBITDA	83.2 <sup>(1)</sup>	71.1	17.0%
EBIT	59.4	51.3	15.9%
Net result for the period	54.6	46.1	18.5%

Capital expenditures	7.1	5.6	27.8%
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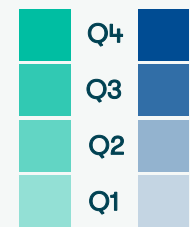
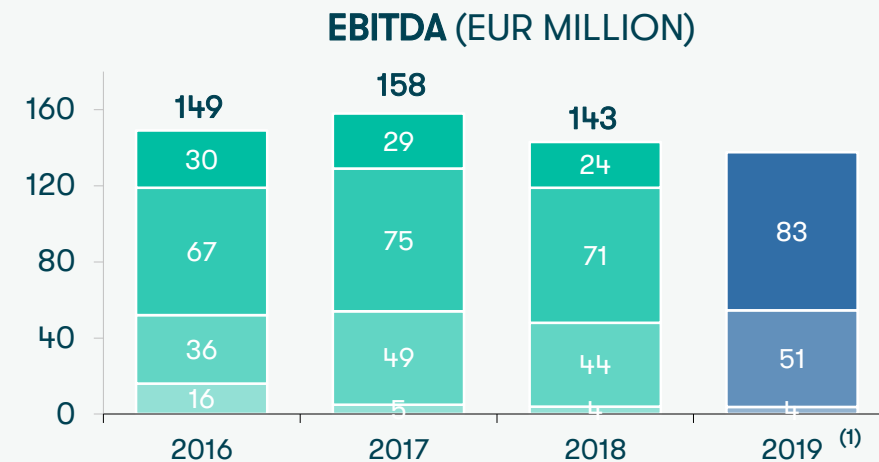
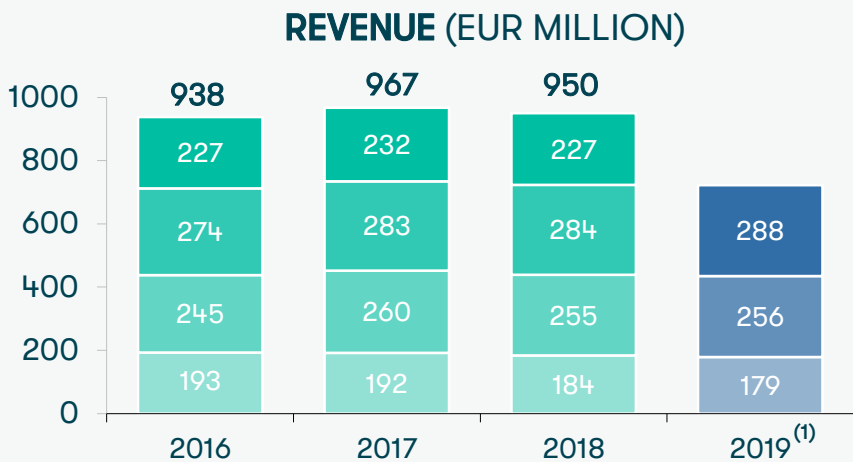
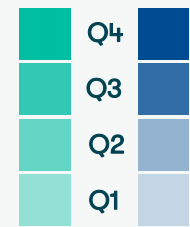
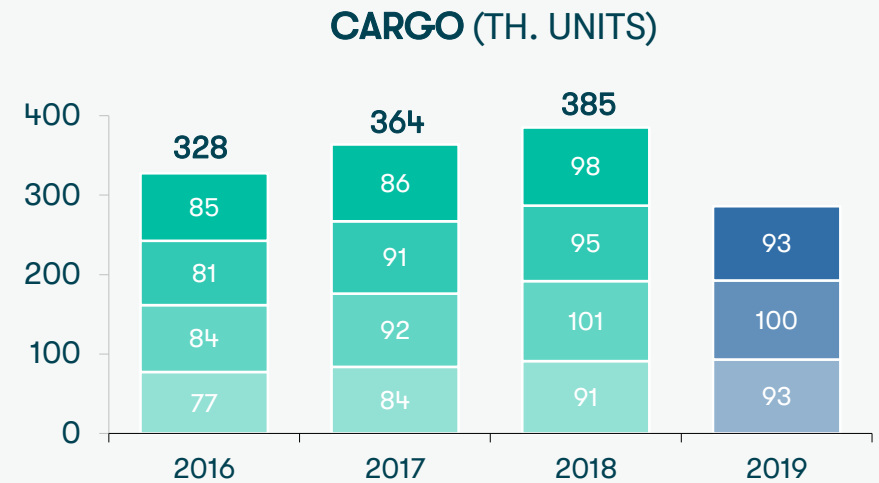
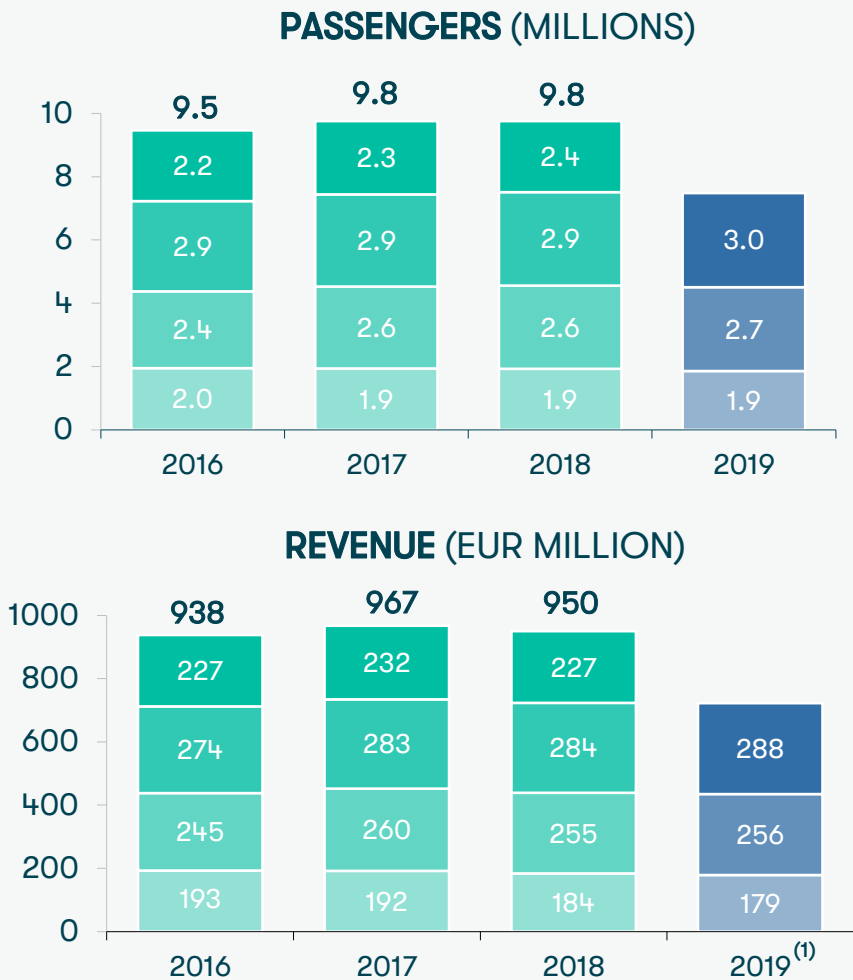
As at:	30.09.19	30.06.19	Change
Total assets	1 564.2	1 609.9	-2.8%
Total equity	817.7	809.9	1.0%
Interest-bearing liabilities	564.8	604.2	-6.5%
Net debt	526.6	537.1	-2.0%

(1) Third quarter comparable EBITDA, i.e. without IFRS 16 adoption effect, increased by EUR 7.6 million or 10.7% compared to the same period last year to EUR 78.7 million.

- **Revenue EUR 287.8m (EUR 4.2m or 1.5%)**
  - More passengers, mainly Estonia-Finland segment
  - Increase in on-board spending per passenger on all routes
  - Positive development in land operations
- **Revenue from shipping operations in the Baltic Sea EUR 268.4m (+EUR 3.8m or +1.4%)**
- **Significantly lower fuel cost**
  - Prices fixed at favourable level for a substantial volume
  - Lower consumption through various energy efficiency initiatives
  - Lower bunkering prices
- **Strong cost control**

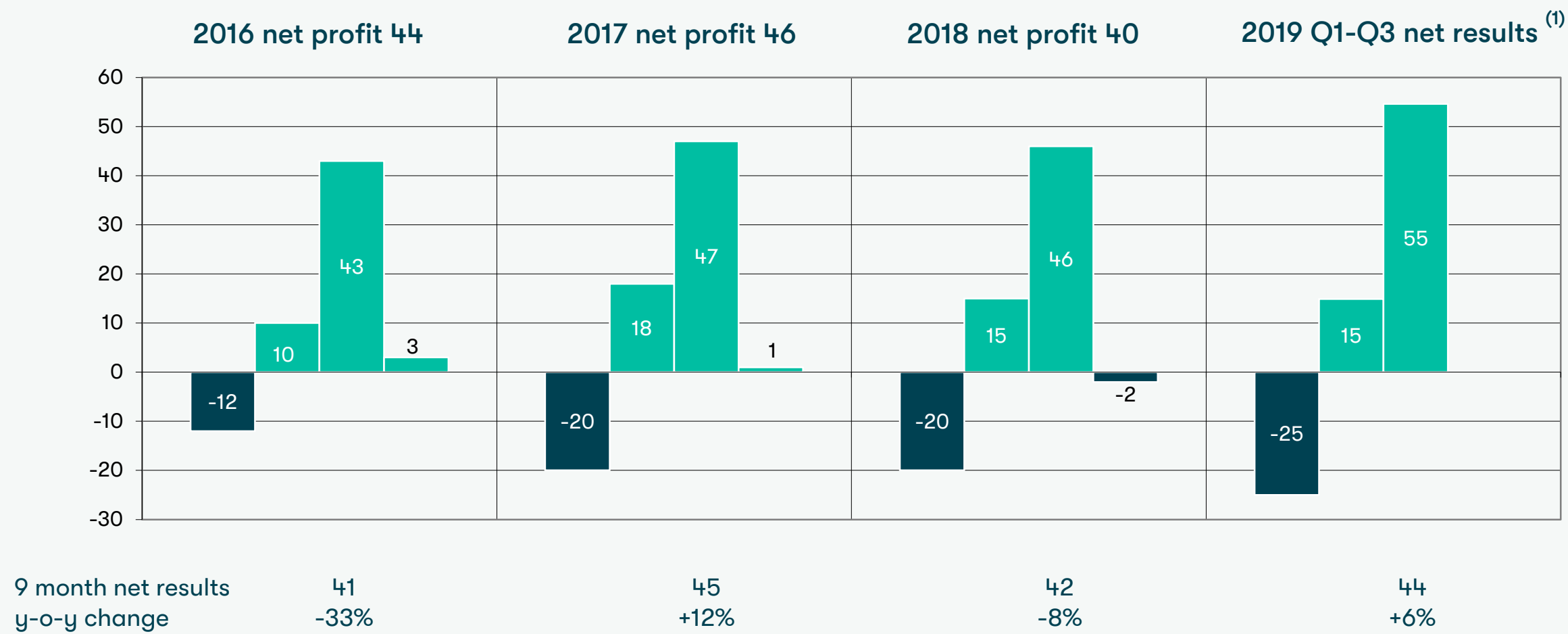
# RESULTS

## QUARTERLY SEASONALITY BREAKDOWN



# THE DYNAMICS OF HIGH SEASONALITY ON THE PROFIT LEVEL

NET PROFIT BY QUARTERS (EUR MILLION)



# DISTRIBUTIONS TO SHAREHOLDERS

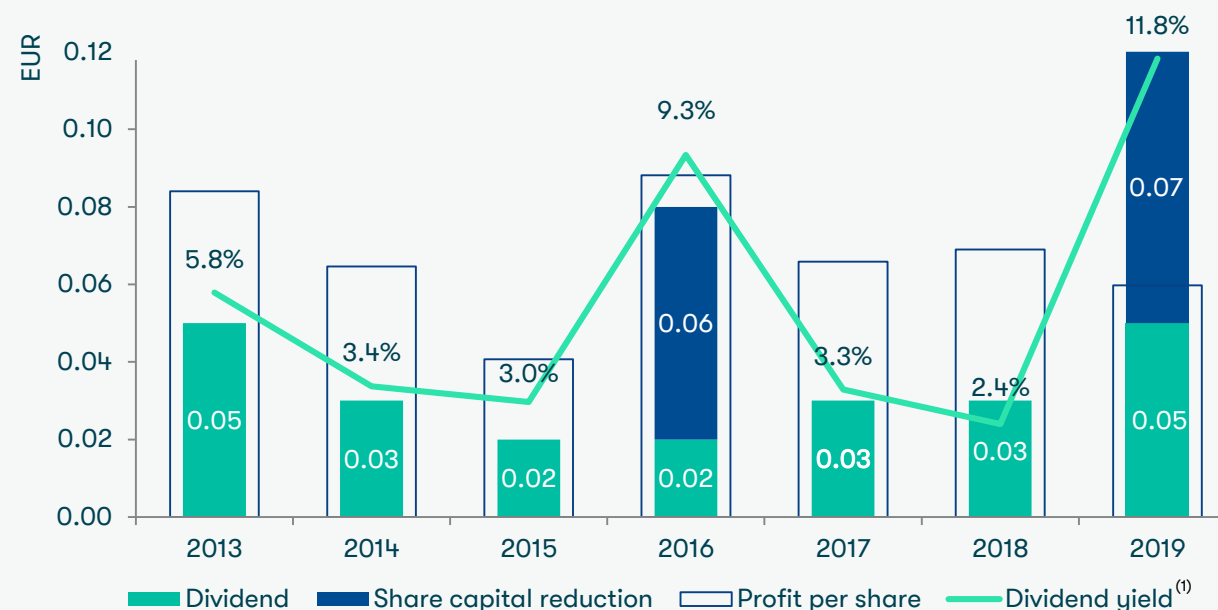
23 May 2019 AGM decisions and payment info:

## Dividend

- To distribute dividend of EUR 0.05 per share
- Paid out on 3 July 2019

## Capital reduction

- to improve company's capital structure reduce the company's share capital by EUR 0.07 per share
- List of eligible shareholders fixed on 20 June 2019
- Payment to share-/FDR holders 3/5 December 2019



**Dividend policy:** at least EUR 0.05 per share, if the economic performance enables it

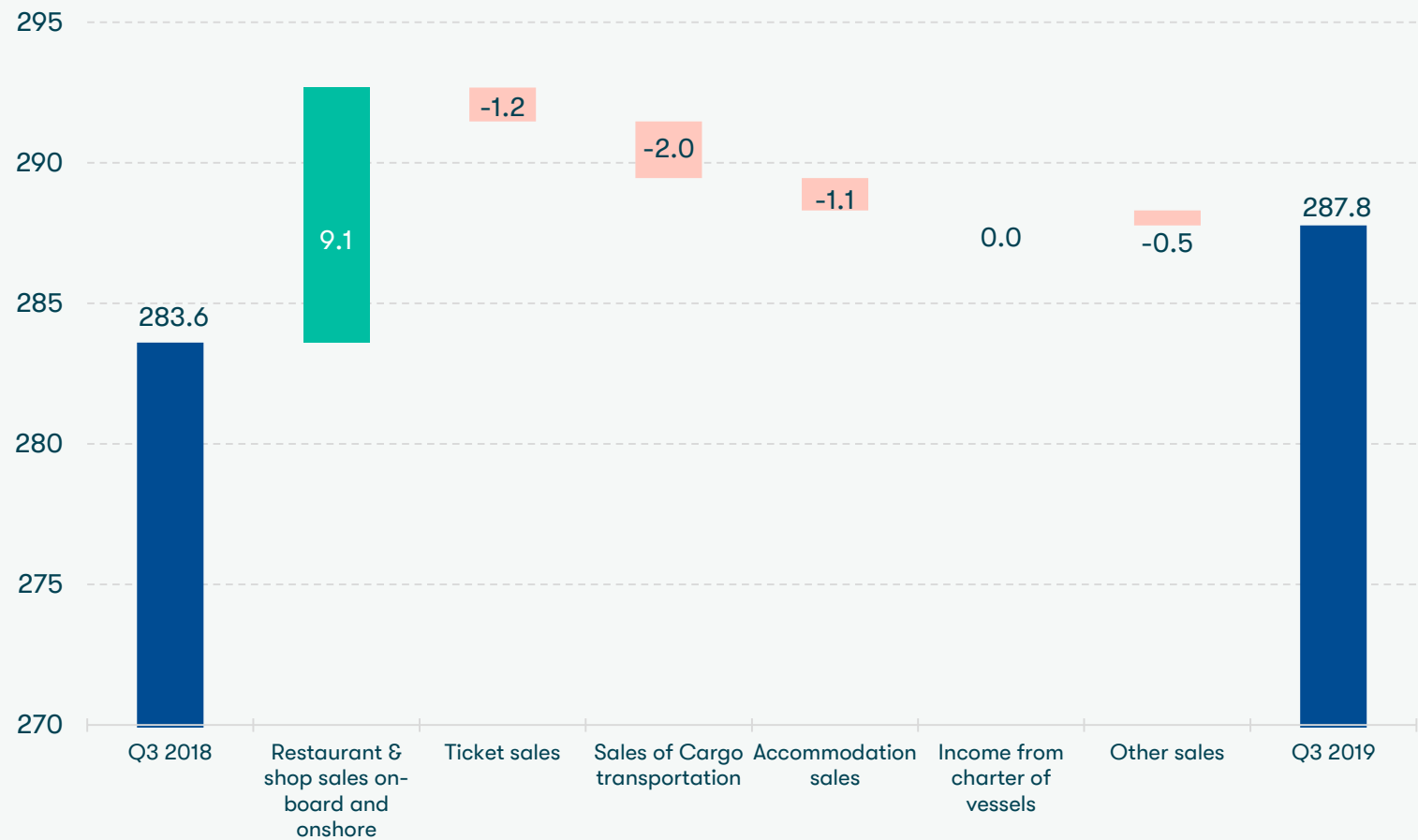
Management is working to ensure that Tallink Grupp is a stable dividend payer and the dividends will increase over time

**EUR 241 MILLION PAYMENTS TO SHAREHOLDERS IN 2013-2019**



# REVENUE DEVELOPMENT BY OPERATING SEGMENTS

(EUR MILLION)



On-board sales improved well on all routes and onshore

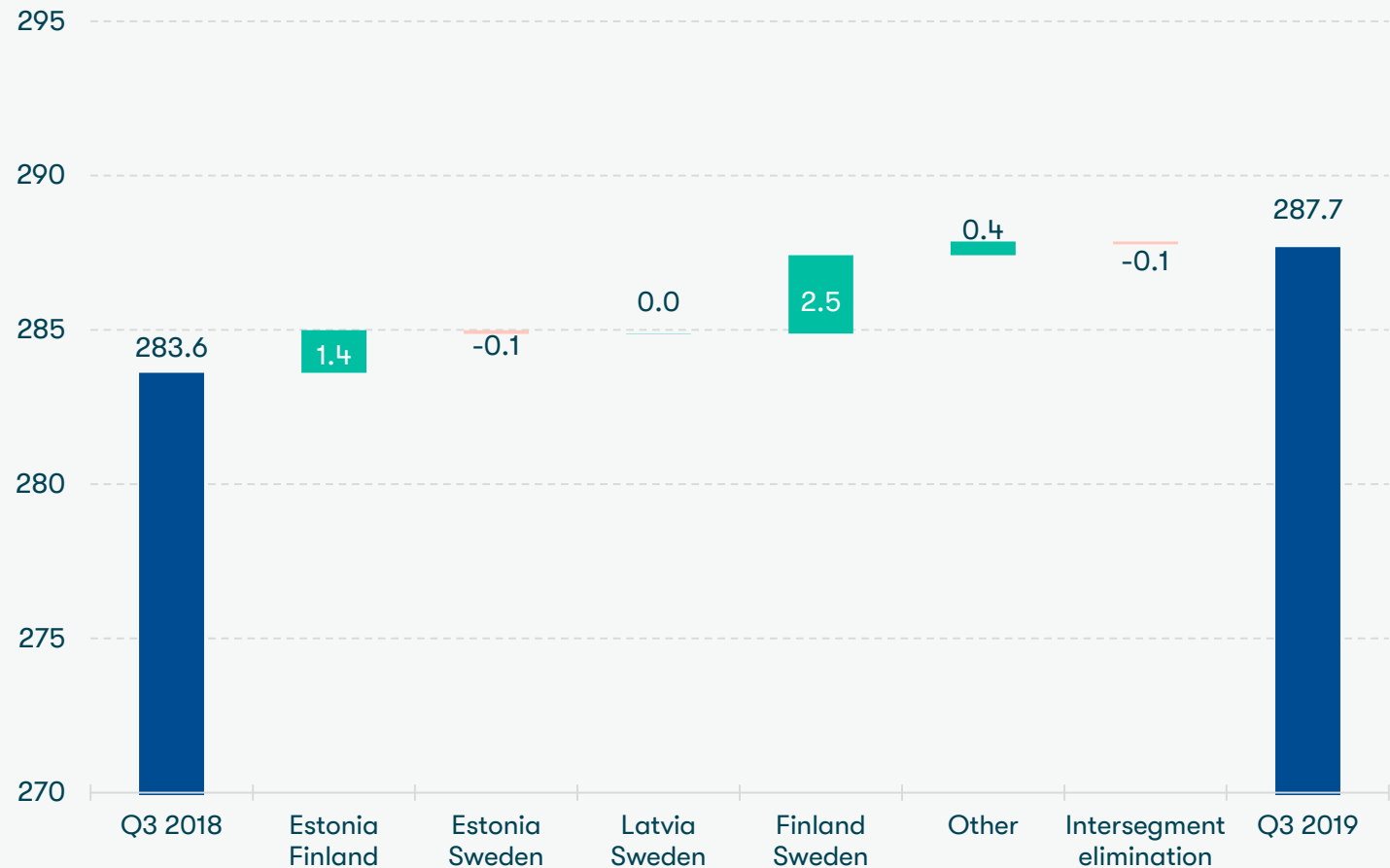
Competitive pressure on ticket prices, mainly Estonia-Finland

Weaker cargo revenue attributable to routes to/from Estonia

Accommodation sales largely affected by operation of only four hotels in Q3 2019 instead of five hotels in Q3 2018  
*(Tallink Pirita Spa Hotel operations ceased from November 2018)*

# REVENUE DEVELOPMENT BY GEOGRAPHICAL SEGMENTS

(EUR MILLION)



- Estonia-Finland**  
Negative developments in cargo operations and passenger ticket prices were mitigated by growth in number of passengers and strong on-board spending
- Estonia-Sweden**  
Revenues negatively affected by the decrease in carried cargo units (-7.3%); passenger related revenues increased despite 1.3% lower number of passengers
- Latvia-Sweden**  
Combination of various factor limited revenue growth
- Finland-Sweden**  
All-around good developments on the route

# CONSOLIDATED INCOME STATEMENT

(EUR million)	2017	2018	Q3 2018	Q3 2019 <sup>(2)</sup>
<b>Sales</b>	<b>967</b>	<b>950</b>	<b>284</b>	<b>288</b>
Cost of sales <sup>(1)</sup>	(772)	(766)	(205)	(201)
Marketing, general & admin <sup>(1)</sup>	(125)	(125)	(29)	(28)
<b>EBITDA</b>	<b>158</b>	<b>143</b>	<b>71</b>	<b>83</b>
<i>Margin (%)</i>	16.4%	15.0%	25.1%	28.9%
<b>Net Profit</b>	<b>46</b>	<b>40</b>	<b>46</b>	<b>55</b>
<b>EPS</b>	<b>0.069</b>	<b>0.060</b>	<b>0.069</b>	<b>0.082</b>

# CONSOLIDATED CASH FLOW STATEMENT

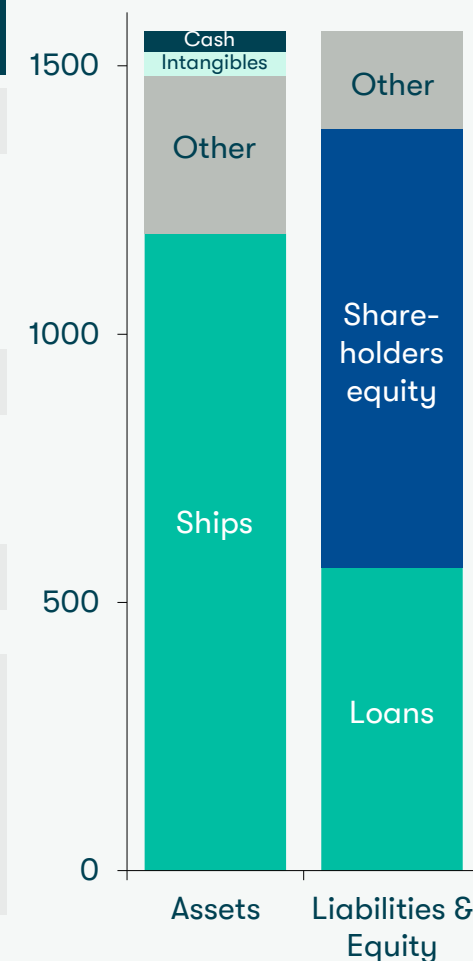
(EUR million)	2017	2018	Q3 2018	Q3 2019 <sup>(1)</sup>
Operating cash flow	136	157	62	68
Capital expenditure	(219)	(36)	(5)	(7)
Asset disposal	132	0	0	0
Free cash flow	49	121	57	61
Debt financing (net effect)	6	(85)	(24)	(44)
Interests & other financial items	(21)	(19)	(6)	(5)
Dividend paid	(20)	(20)	(20)	(33)
Income tax on dividends paid	(4)	(4)	(4)	(8)
Change in cash	10	(7)	3	(29)

Notes:

(1) Unaudited

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR million)	31.12.2017	30.09.2018	31.12.2018	30.09.2019 <sup>(2)</sup>
<b>Total assets</b>	<b>1 559</b>	<b>1 535</b>	<b>1 501</b>	<b>1 564</b>
Non-current assets	1 377	1 338	1 333	1 424
Current assets	182	196	168	140
- of which cash	89	93	82	38
<b>Total liabilities</b>	<b>722</b>	<b>676</b>	<b>644</b>	<b>746</b>
Interest bearing liabilities	561	515	510	565
Other liabilities	161	161	134	181
<b>Shareholders' equity</b>	<b>836</b>	<b>859</b>	<b>857</b>	<b>818</b>
<b>Net debt/EBITDA</b>	<b>3.0x</b>	<b>2.9x</b>	<b>3.0x</b>	<b>3.3x</b>
<b>Net debt</b>	<b>472</b>	<b>422</b>	<b>428</b>	<b>527</b>
<b>Equity/assets ratio</b>	<b>54%</b>	<b>56%</b>	<b>57%</b>	<b>52%</b>
<b>BVPS <sup>(1)</sup> (in EUR)</b>	<b>1.25</b>	<b>1.28</b>	<b>1.28</b>	<b>1.22</b>



Notes:

(1) Shareholders' equity / number of shares outstanding

(2) Unaudited



# IFRS 16 LEASES

IFRS 16 replaced IAS 17 Leases and related interpretations

The Group has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period as permitted under the transition provisions in the standard

## AS THE RESULT OF IFRS 16 ADOPTION AS AT 1 JANUARY 2019 THE GROUP'S:

- Fixed assets increased by EUR 100.7 million
- Interest-bearing liabilities increased by EUR 104.3 million
- Adoption effect on retained earnings on 1 January 2019 was EUR -3.6 million

## IFRS 16 EFFECT ON 2019 THIRD QUARTER FINANCIALS:

- Addition to EBITDA EUR 4.5 million (less rental cost)
- Addition to depreciation EUR 3.9 million
- Addition to interest cost EUR 0.6 million
- No effect on net result

# THANK YOU

