



# Company Presentation

April 2008



## Tallink in brief

- Tallink is the leading European ferry operator offering mini-cruise, passenger transportation and cargo transportation services in the Baltic Sea.
- Fleet of 19 vessels
- Operating two hotels in center of Tallinn
- Revenues EUR 760 million
- EUR 1.6 billion asset base
- More than 6,300 employees
- Nearly 7 million passengers annually
- 360 thousand cargo units annually
- Listed on OMX Tallinn – TAL1T

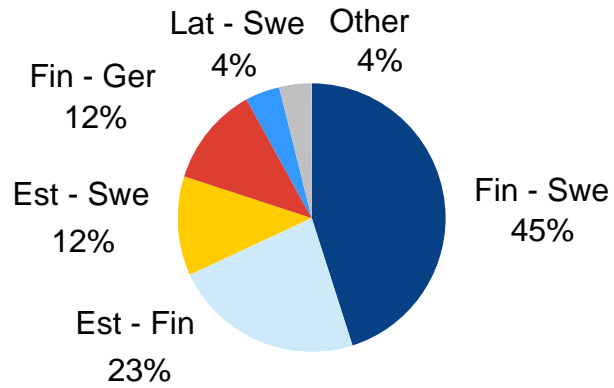


**Over 50 years of operating and cruising experience**

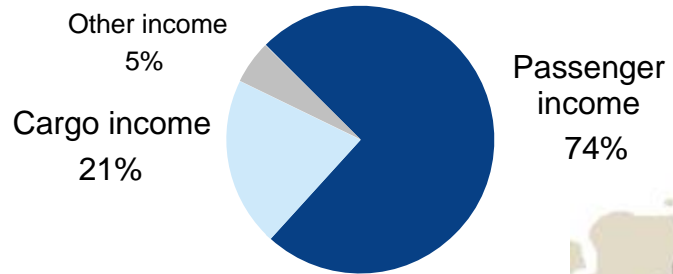


## Tallink in brief

### Revenue split



### Revenue sources



Rolling 12 months



**Tallink is the market leader on the Northern Baltic Sea**





## Tallink business model

### Product Offering

1-2 overnight cruises & passenger transportation



On-board Tax-Free Shopping



Hotel & travel packages



Conferences



City break



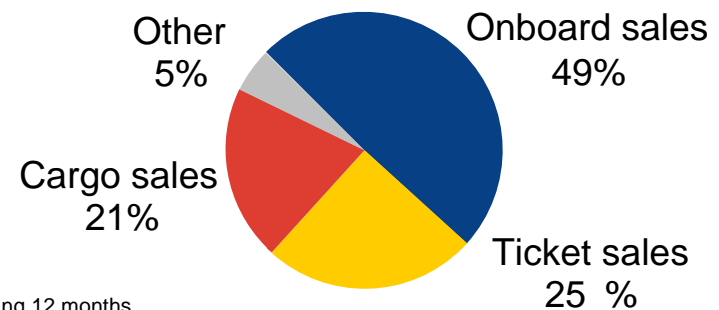
Cargo Transportation



### Success Story and Growth Drivers

- Broad transportation, leisure and retail product: complete mini-cruise and overnight hotel & spa packages, city-break day trips, high-speed ferry and cargo
- Highly popular mini-cruise product across Scandinavia and the Baltics with extensive onboard retail and entertainment facilities
- Our destinations are attractive and lucrative for tourism and shopping destination
- Significant demand from business customers, tourism and cargo traffic boosted by EU accession

#### Business segments

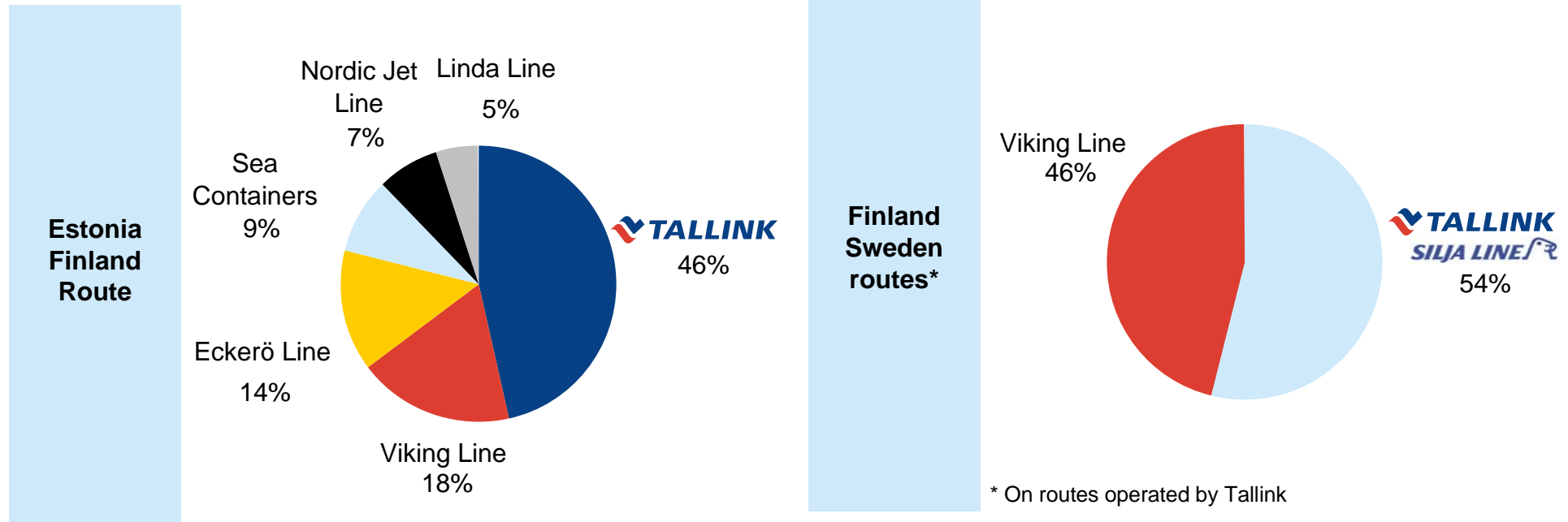


Rolling 12 months





## Traffic market shares



- On the Finland – Germany route the estimated Tallink’s market share of passenger transportation is 54%
- On the Estonia – Sweden and Riga – Stockholm routes, Tallink is the only provider of daily passenger transportation. On the Riga – Stockholm route Tallink is also the only provider of ro-ro cargo transportation
- On the Estonia – Sweden routes Tallink’s approximate market share of ro-ro cargo transportation is 70%

Source: Tallink; publicly available information on competitors; Port of Tallinn; ShipPax



## Company's Recent expansion

Over EUR 1.1 billion investments in 2006-2008



- **Superfast**  
3 vessels on Germany-Finland route for 310 million € in Spring 2006
- **Silja Line**  
Major competitor with 6 vessels operations and Silja brand for € 470 million in Summer 2006
- **Galaxy**  
New cruise ferry to Tallinn-Helsinki route
- **Star**  
New shuttle vessel to Tallinn-Helsinki route
- **Superstar**  
New shuttle vessel to Tallinn-Helsinki route



Proven strategy  
Market leadership and investment for profitable growth

## ■ To invest in our fleet

- Central to maintaining market leadership and growing our business
- Enhanced efficiency and profitability
- Increased per-passenger spend
- Further strengthening of the brand recognition

## ■ Build upon strong positions on existing routes

- Strengthen overall market share and volumes
- Broader customer base
- Enhanced mini-cruise experience and promotion of our different travel destinations

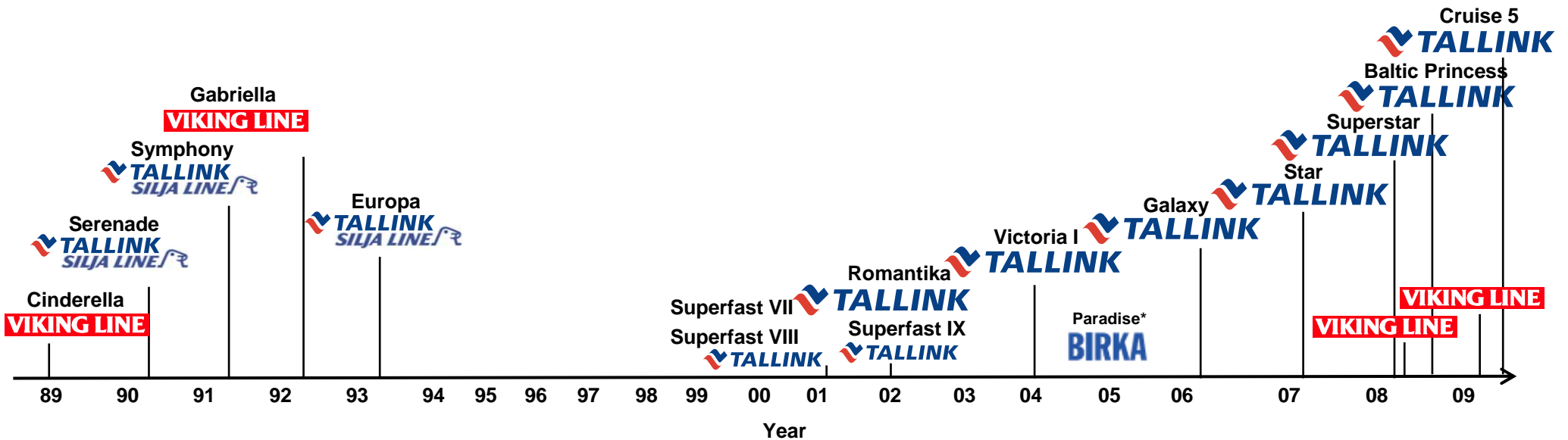
## ■ Pursue new growth opportunities in Europe





High quality fleet  
Sophisticated and modern vessels

EUR 670 million newbuilding program 2002-2008



Tallink is the only company investing aggressively into fleet renewal allowing us to provide:

- Higher quality of onboard facilities
- Expanded onboard consumption and retail facilities
- Increased passenger, cargo and retail capacity
- Reduce seasonality through ice-class specification
- Increased profitability through lower cost per passenger

\*Note: Pure cruise vessel with no separate cargo or passenger car deck





Continued investment in new vessels is critical to Tallink's growth, expansion strategy and market leadership position

### Approximately EUR 345 million newbuilding program 2008 & 2009



Baltic Princess  
 Delivery: 2008  
 Passengers: 2,800



Tallink Cruise 5  
 Delivery: 2009  
 Passengers: 2,800

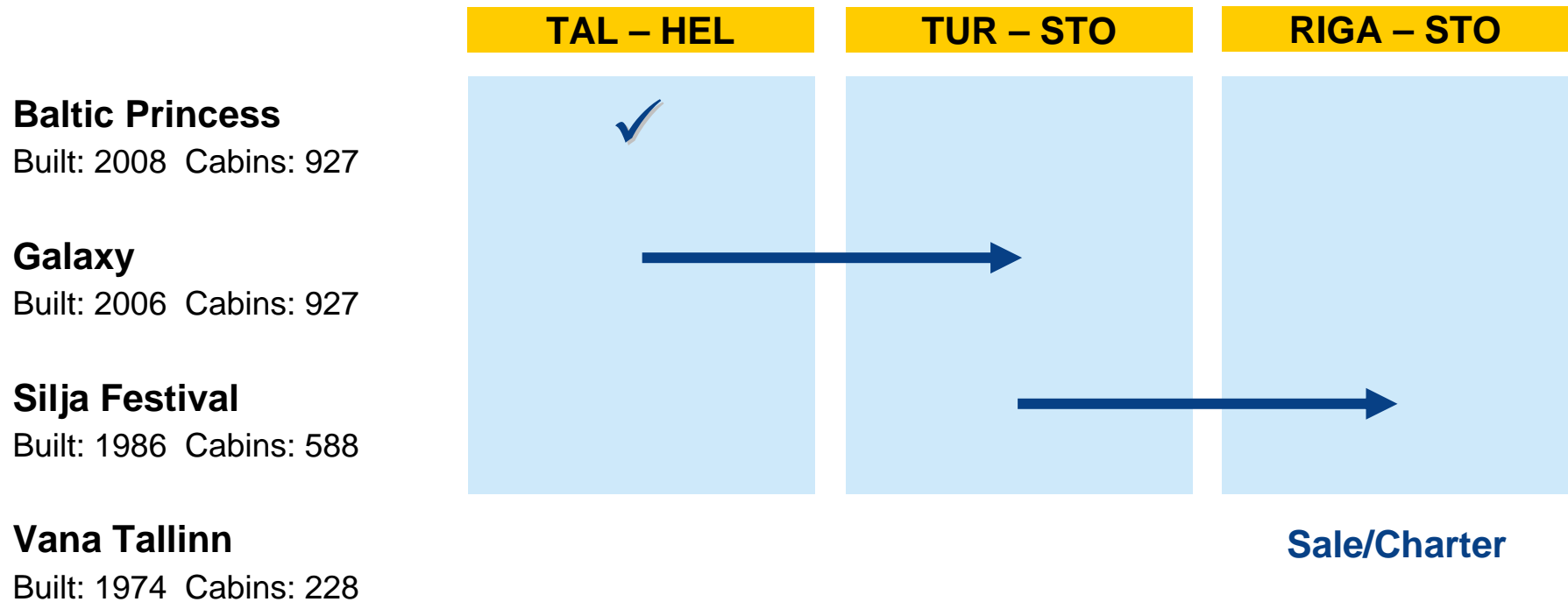
### Tallink total fleet loans and vessel values

(in € billion)	31.08.2005	31.08.2006	31.08.2007	29.02.2008
Market value of vessels	0.4	1.4	1.5	1.5
Secured bank loans	0.2	1.0	0.9	0.9
<b>Market value / Loans</b>	<b>186%</b>	<b>142%</b>	<b>157%</b>	<b>172%</b>



## Vessels' rerouting

- **Launching of Baltic Princess in summer 2008 and related vessels' rerouting.**





## Transformation to Shuttle concept

### Tallinn-Helsinki route in 2005

■ Operating 6 vessels	Passenger	Cargo	Service
M/S Meloodia	yes	yes	year around
M/S Regal Star (cargo vessel)	no	yes	year around
four AutoExpress (fast crafts)	yes	no	seasonal

### Tallinn-Helsinki route today

- Operating 2 vessels – both carry passengers and cargo and provide year around a fast service

M/S Star

M/S Superstar

- Improved service for customers

- Fast crossings also in winter period
- Fast crossings for cargo
- Wider on-board offering

- Increased efficiency

- Reduced fuel consumption per passenger
- Reduced number of personnel per passenger

**Less trips and smaller cost base have led to 75% higher operating result**



## Outlook 2007/2008 Financial year

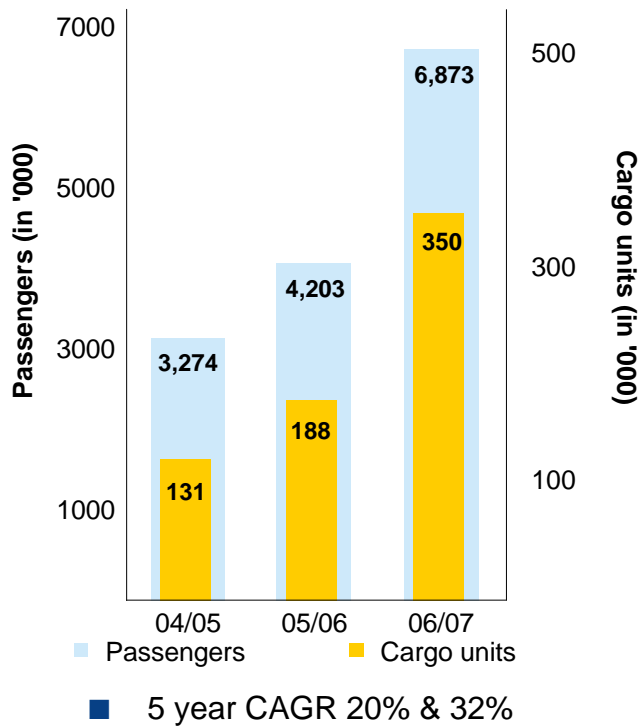
- Full 12 month operations:
  - Two vessels on Riga – Stockholm route
  - Star
  - Tallink Spa & Conference hotel
  
- New vessels:
  - Superstar
  - Baltic Princess
  
- Changes in the fleet:
  - Galaxy to Turku – Stockholm route
  - Silja Festival to Riga – Stockholm route
  
- Management's estimations and projections:
  - Revenues 815 million €
  - EBITDA 195 million €
  - Net Profit 85 million €
  
- High attention on the fuel costs and interest rates - possible negative effect to earnings targets up to 10%



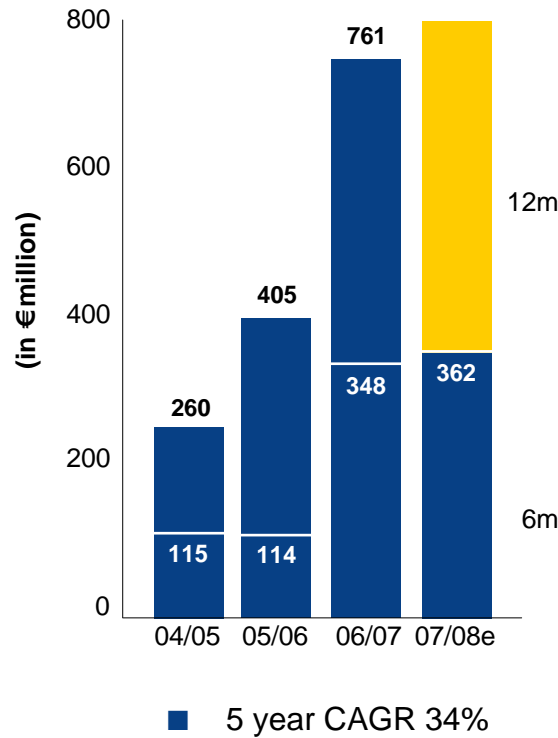


Strong operational and financial track record  
 Significant growth momentum across all key indicators

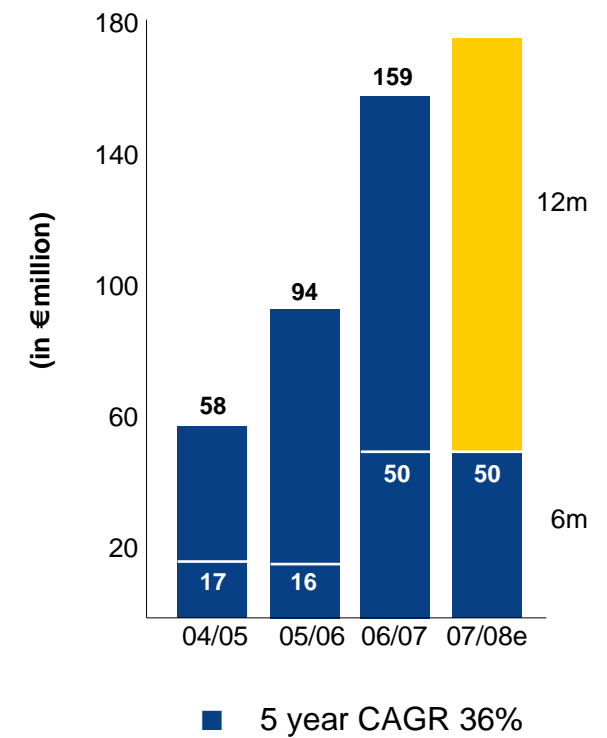
### Passengers and Cargo Units



### Revenue



### EBITDA



Growth has been key to Tallink's success



## Consolidated Income Statement

(in € million)	2006/2007	2006/2007 H1	2007/2008 H1
<b>Sales</b>	<b>761</b>	<b>348</b>	<b>362</b>
Cost of sales <sup>(1)</sup>	(560)	(274)	(289)
Marketing, general & admin <sup>(1)</sup>	(114)	(51)	(54)
<b>EBITDA</b>	<b>159</b>	<b>50</b>	<b>50</b>
<i>Margin (%)</i>	20.9%	14.5%	13.8%
Depreciation	(59)	(33)	(30)
Net financial items	(38)	(17)	(27)
<b>Net Profit</b>	<b>67</b>	<b>0</b>	<b>-7</b>

Notes:

(1) Includes depreciation and amortization



## Consolidated Balance Sheet

(in € million)	28.02.2007	31.08.2007	29.02.2008
<b>Total assets</b>	<b>1,591</b>	<b>1,698</b>	<b>1,650</b>
Non-current assets	1,475	1,537	1,527
Current assets	116	161	122
- of which cash -	37	83	27
<b>Total liabilities</b>	<b>1,010</b>	<b>1,050</b>	<b>1,013</b>
Interest bearing liabilities	918	948	913
Other liabilities	92	102	100
<b>Shareholders' equity</b>	<b>581</b>	<b>648</b>	<b>641</b>
<b>Total liabilities and equity</b>	<b>1,591</b>	<b>1,698</b>	<b>1,650</b>
<b>Gearing <sup>(1)</sup></b>	<b>63.2%</b>	<b>59.4%</b>	<b>58.8%</b>

Note:

(1) Gearing represents interest bearing liabilities / (interest bearing liabilities + shareholders' equity)



## Consolidated Cash Flow Statement

(in € million)	2006/2007	2006/2007 H1	2007/2008 H1
<b>Net income</b>	<b>67</b>	<b>0</b>	<b>-7</b>
Depreciation and amortization	59	33	30
Other	9	-1	6
<b>Operating cash flow</b>	<b>135</b>	<b>32</b>	<b>29</b>
Capital expenditure	(141)	(27)	(32)
Asset disposal	44	0	13
<b>Free cash flow</b>	<b>38</b>	<b>5</b>	<b>10</b>
Debt financing	(9)	(38)	(36)
<i>Debts</i>	90	0	17
<i>Repayments</i>	(99)	(38)	(53)
Equity financing	0	0	0
Net Interests	(36)	(20)	(27)
Repurchase of own shares	0	0	(4)
<b>Change in cash</b>	<b>(7)</b>	<b>(53)</b>	<b>(56)</b>





Thank you!





## Finland – Estonia Helsinki – Tallinn

### Customers and Products

- Helsinki – Tallinn
  - Revenues mainly from onboard and ticket sales
  - Approximately 75% of the passengers are Finnish
  - 2 hour transportation with Tallink Shuttle service
  - 22 hour over-night cruise with “Galaxy”
- Investments
  - In 2002, 2006 and 2007 three brand new vessels
  - In 2008 two brand new vessels will be introduced



Galaxy



Star



Superfast VII

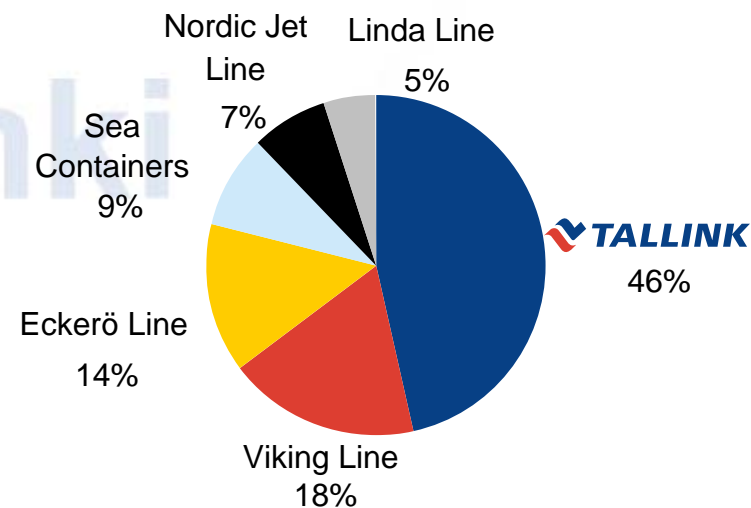


Superfast VIII



Superfast IX

### Market Share



Source: Tallink; publicly available information on competitors; Port of Tallinn; ShipPax

### Key Words

- Developing passenger market
- Increased cargo demand



## Finland – Sweden

### Helsinki – Stockholm; Turku – Stockholm/Kapellskär

#### Customers and Products

##### ■ Helsinki – Stockholm

- Revenues mainly from onboard and ticket sales
- Majority of passengers are Scandinavian
- Over-night cruise



Silja Serenade



Silja Symphony

##### ■ Turku – Stockholm/Kapellskär

- Revenues from onboard, ticket and cargo sales
- Majority of passengers are Scandinavian
- Over-night and day trips



Silja Europa



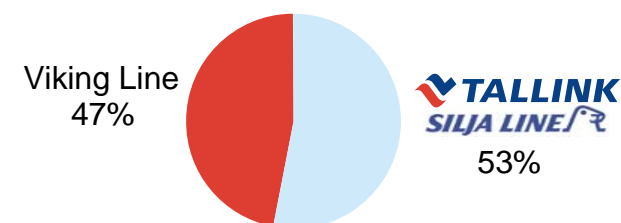
Silja Festival



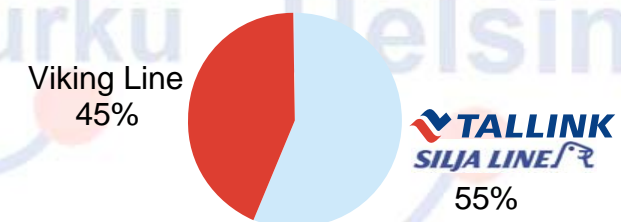
Sea Wind

#### Market Share

##### Helsinki-Stockholm



##### Turku-Stockholm



Source: Tallink; publicly available information on competitors; Port of Tallinn; ShipPax

#### Key Words

- Tax-free status (via Aland islands)
- Strong brand – Silja
- Loyal passenger base
- Overnight cruise
- City-break
- Hotel package sales



## Sweden – Estonia

### Stockholm – Tallinn; Kapellskär – Paldiski

#### Customers and Products

- Stockholm – Tallinn route
  - Revenues mainly from onboard and ticket sales
  - More than 60% of passengers are Scandinavian
  - Over-night cruise



Romantika



Victoria

- Paldiski – Kapellskär route
  - Revenues mainly from cargo sales
  - 11,5 hour trip



Regal Star



Kapella

#### Market Share

- Tallink is the only provider of daily passenger services on the routes between Sweden and Estonia
- On the Estonia – Sweden routes Tallink's approximate market share of ro-ro cargo transportation is 70%

#### Key Words

- Tax-free status (via Aland islands)
- High development potential
- Overnight cruises
- City-breaks
- Hotel package sales





Sweden – Latvia  
Stockholm – Riga

### Customers and Products

- Stockholm – Riga route
  - Revenues mainly from onboard and ticket sales
  - Approximately 60% of passengers from Baltics
  - Approximately 35% of passengers from Scandinavia
  - Over-night cruise



Regina Baltica



Vana Tallinn

### Market Share

- Tallink is the only provider of daily passenger and ro-ro cargo services on the route between Sweden and Latvia

### Key Words

- High growth potential
- Overnight cruise
- City-break
- Hotel package sales

Riga  
Latvia



Finland – Germany  
Helsinki – Rostock

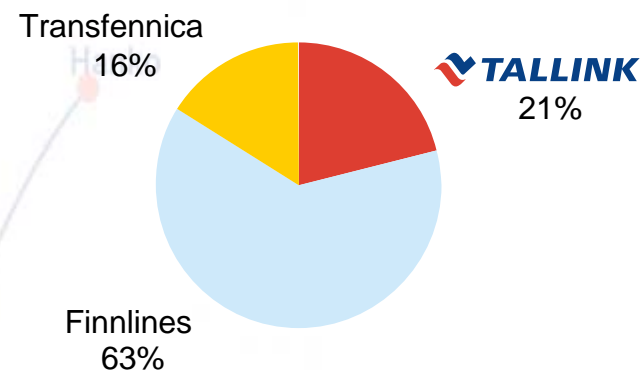
Customers and Products

- Helsinki – Rostock route
  - Revenues mainly from cargo sales
  - 22 hour trip



- High quality fast ice-classed vessels

Freight Market Share



Source: Tallink; publicly available information on competitors; Port of Tallinn; ShipPax

Key Words

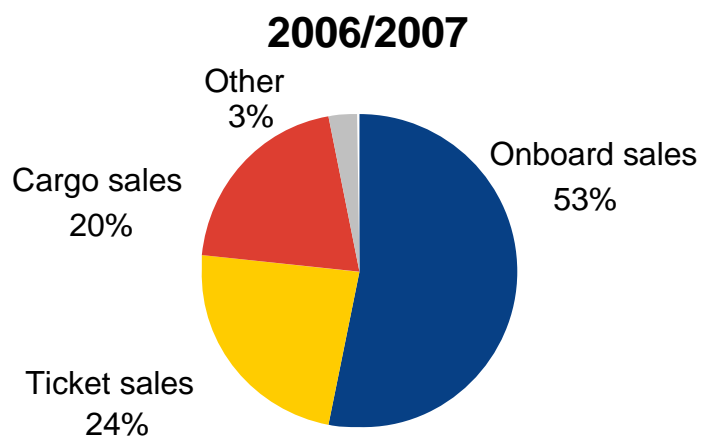
- The fastest link between Finland and Germany
- Potential in passenger transportation
- Increased competition





## Revenue Structure

2006/2007 and 2005/2006 financial years



In € thousand

Operational segments	06/07 6m	07/08 6m	2006/2007
Ticket sales	70,469	82,894	179,490
Sales of cargo transport	74,949	80,323	154,047
Accommodation sales	2,383	3,611	7,092
Restaurant and shops sales on-board and on mainland	180,887	180,624	379,967
Income from leases of vessels	4,408	6,026	12,062
Other	15,144	8,464	28,101

In € thousand

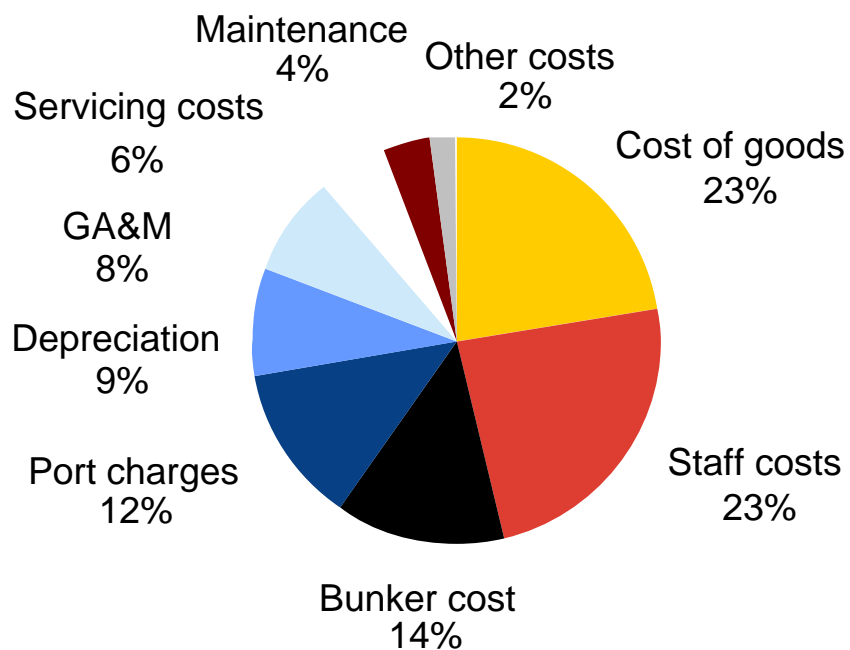
2007/2008 6m	Estonia – Finland	Estonia – Sweden	Latvia – Sweden	Finland – Germany	Finland – Sweden	Estonia mainland	Other
Sales	93,884	41,571	13,765	35,771	160,356	9,981	6,614
Segment Result	29,046	2,811	-2,852	-2,115	19,839	-429	2,790
<b>2006/2007 6m</b>							
Sales	80,751	38,742	7,625	34,072	177,067	5,569	4,414
Segment Result	19,880	2,505	-869	2,510	22,746	304	926
<b>2006/2007</b>							
Sales	168,833	89,853	23,847	87,762	361,610	16,556	12,198
Segment Result	52,242	13,594	268	13,031	64,960	2,702	3,028



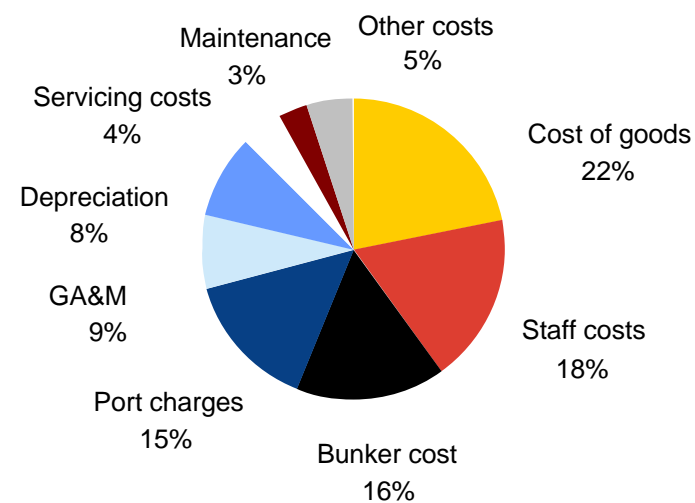
## Cost Structure in 2005/2006 and 2004/2005 financial years

Cost items	2006/2007	2005/2006
Cost of goods	23%	22%
Staff costs	23%	18%
Bunker cost	14%	16%
Port charges	12%	15%
Depreciation and amortization	9%	8%
General administration & marketing	8%	9%
Servicing costs	6%	4%
Spare parts and maintenance expenses	4%	3%
Other costs	2%	5%

**2006/2007**



**2005/2006**





## Cost structure in € thousand

In € thousand

<b>Cost of sales</b>	<b>2006/2007</b>	<b>2005/2006</b>
Cost of goods	-152,517	-74,188
Port charges	-84,323	-48,998
Bunker cost	-91,567	-54,199
Staff costs	-105,665	-43,404
Depreciation and amortization	-49,775	-24,922
Spare parts and maintenance expenses	-25,270	-10,755
Servicing costs	-37,906	-14,313
Other costs	-13,268	-16,756
<b>Total cost of sales</b>	<b>-560,291</b>	<b>-287,535</b>

In € thousand

<b>Marketing expenses</b>	<b>2007</b>	<b>2006</b>
Advertising expenses	-22,168	-9,874
Staff costs	-24,921	-13,690
Depreciation and amortization	-134	-310
Other costs	-3,419	-5,175
<b>Total marketing expenses</b>	<b>-50,642</b>	<b>-29,049</b>

In € thousand

<b>Administrative expenses</b>	<b>2007</b>	<b>2006</b>
Staff costs	-27,732	-4,247
Depreciation and amortization	-9,240	-1,590
Other costs	-26,771	-15,241
<b>Total administrative expenses</b>	<b>-63,743</b>	<b>-21,078</b>





## Tallink's Fleet

Vessel	Silja Serenade, Silja Symphony	Silja Europa	Superfast vessels	Romantika, Victoria I	Star	Superstar	Galaxy, Cruise 5, Baltic Princess
Built	1990-1991	1993	2001-2002	2002-2004	2007	2008	2006-2009
Passengers	2,852	3,123	717-728	2,500	1,900	2,080	2,800
Cabins	986-995	1,152	179-196	691-739	131	187	927
Lane meters	950	932	1,891	1,000	2,000	1,930	1,130
Speed (knots)	21	21.5	27.9	22	27.5	29	22-24.5
Length (meters)	203	202	203	193	185	175	212

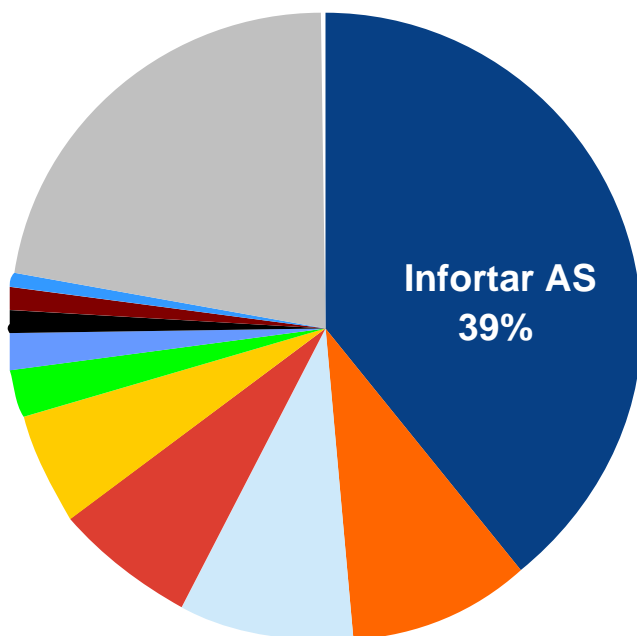
Vessel	AutoExpress 2	Sea Wind	Kapella	Regal Star	Vana Tallinn	Fantaasia	Regina Baltica	Festival
Built	1997	1972	1974	1999	1974	1979	1980	1986
Passengers	700	260	36	80	800	1,550	1,500	2,023
Cabins	-	98	24	38	228	334	504	588
Lane meters	491*	1,000	590	2,087	730	1,440	840	885
Speed (knots)	37	17.3	14.5	15.5	18	18.5	19	22
Length (meters)	23	155	110	157	154	136	145	171

\*Note: Only for passenger cars



## Ownership structure

## Shareholders of AS Tallink Grupp



## TOP 10 shareholders on 18.04.2008

%

Infortar AS	39.1%
ING Luxembourg S.A.	9.3%
Nordea Bank Finland Plc / Non-resident legal entities	9.1%
Citigroup Venture Capital International Jersey Ltd	7.3%
State Street Bank / Baupost Group Securities Llc	5.4%
Skandinaviska Enskilda Banken AB Clients	2.5%
Firebird Republics Fund Ltd	1.6%
Morgan Stanley + CO International Equity Client account	1.3%
Firebird Avora Fund Ltd	1.1%
Skandinaviska Enskilda Banken Finnish Clients	0.9%
Others	22.4%

Shareholders have supported Tallink's growth with more than EUR 230 million new equity in 2005-2006



# AS Tallink Grupp share price performance

