



Company presentation





AS Tallink Grupp

The company

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

Operations

- Fleet of 16 vessels
- Operating five hotels

Key facts

- Revenue of EUR 938 million in 2016
- Operating EUR 1.5 billion asset base
- Nearly 7,000 employees
- Serving 9.5 million passengers annually
- Transporting 328 thousand cargo units annually
- Listed on Nasdaq OMX Baltic – TAL1T



Over 50 years of operating and cruising experience



Tallink's business model

Product offering

Overnight cruises & passenger transportation



Shuttle service



On-board tax-free shopping



Cargo transportation



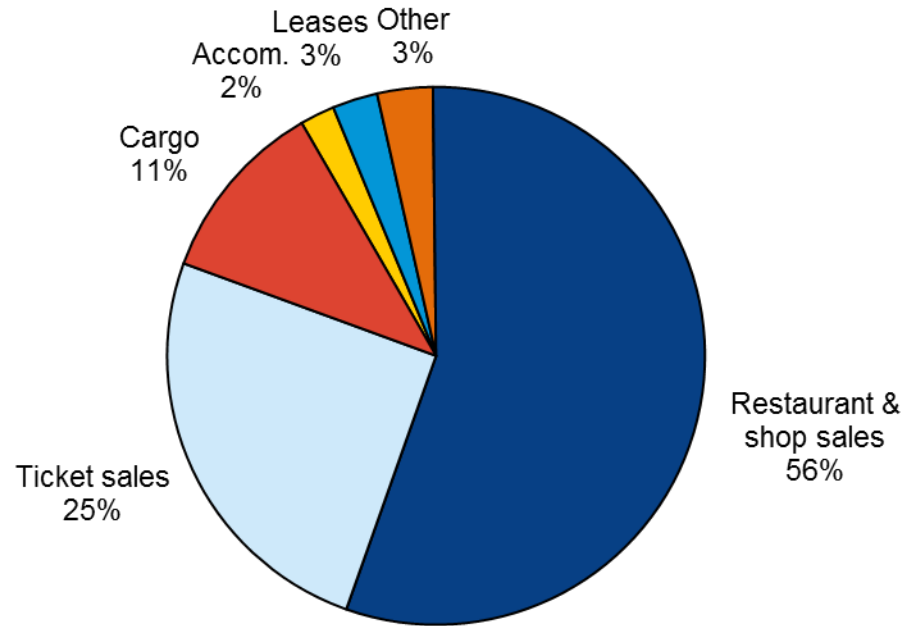
Hotel & travel packages



City break

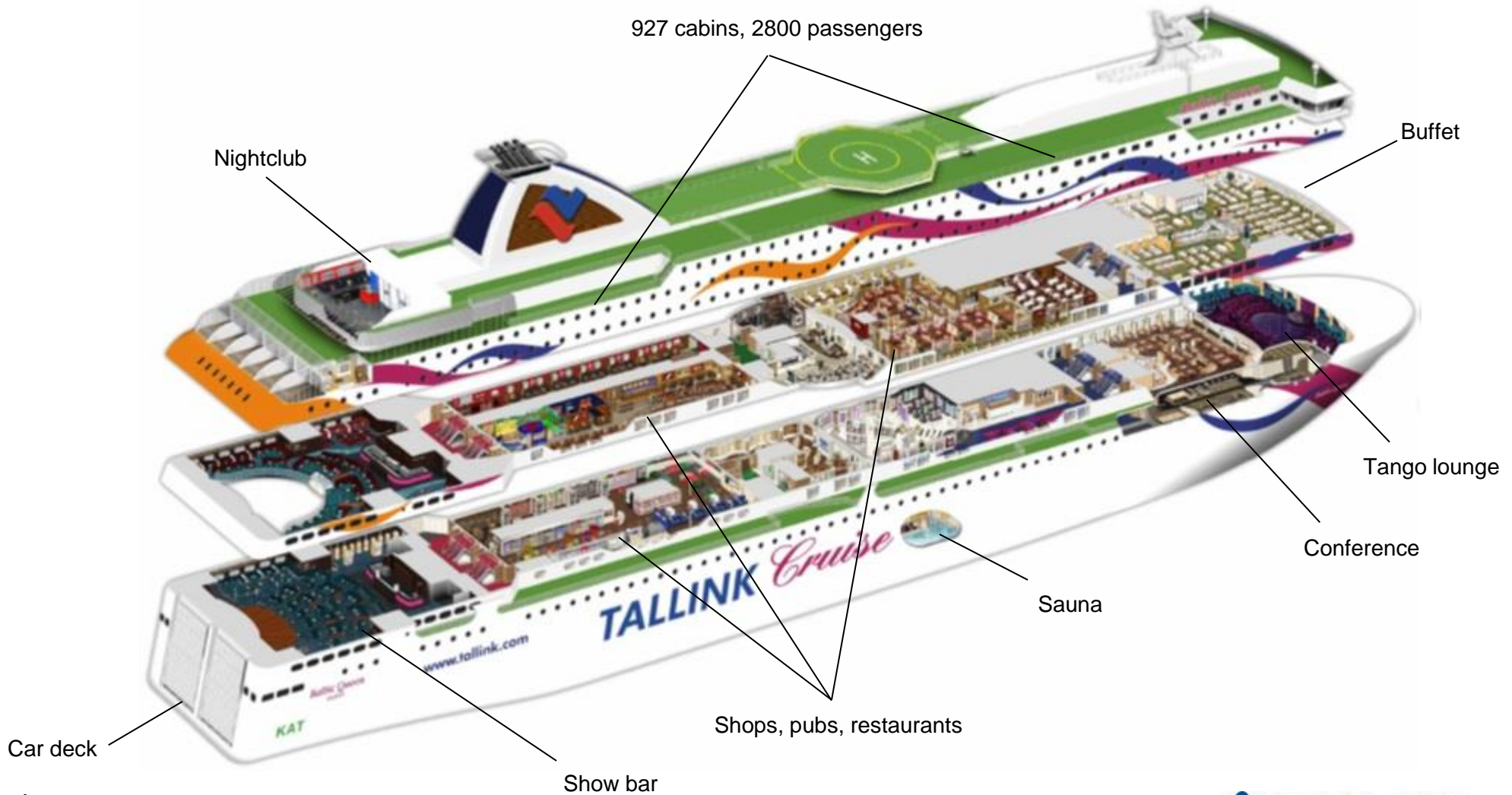


Revenue structure in 2016





Cruise ferry





Tallink's position in the global ferry market

The World's top Duty free & Travel Retail Shops

Ranking by actual and estimated retail sales in 2015

Rank Location

Sales > US \$ 1,500 million

1	Seoul – Incheon Int'l Airport, South Korea	AIRPORT SHOPS
2	Dubai – Dubai International Airport, U.A.E.	AIRPORT SHOPS
3	Singapore – Changi Airport	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 P.R.	AIRPORT SHOPS

Sales > US\$ 800 million

7	Hong Kong – Hong Kong International Airport	AIRPORT SHOPS
8	Tokyo – Narita Airport, Japan	AIRPORT SHOPS

Sales > US\$ 600 million

9	Paris – Charles de Gaulle Airport, France	AIRPORT SHOPS
10	Beijing – Capital Airport, China P.R.	AIRPORT SHOPS
11	Frankfurt – Frankfurt-Main Airport, Germany	AIRPORT SHOPS
12	Taipei – Taoyuan International Airport, Taiwan	AIRPORT SHOPS

Sales > US\$ 500 million

13	Tallink	FERRIES
14	Istanbul – Atatürk Airport, Turkey	AIRPORT SHOPS
15	Cheju – Int'l Airport, South Korea	AIRPORT SHOPS
16	Amsterdam – Schipol Airport, Netherlands	AIRPORT SHOPS
17	London – Gatwick Airport, United Kingdom	AIRPORT SHOPS

Source: Generation Research 2016



Rank	Company	Gross tons
1	Stena Line	909,412
2	Grimaldi Lines	477,667
3	Tallink	466,960
4	DFDS Seaways	412,722
5	P&O Ferries	409,659

Rank	Company	Beds
1	Tallink	18,963
2	Stena Line	16,847
3	Viking Line	14,026
4	Grand Navi Veloci	13,328
5	Tirrenia	11,876

Rank	Company	EUR million Revenue
1	DFDS Group	1,805
2	Stena Line	1,335
3	Tallink	945
4	Viking Line	530
5	Finnlines	511

Data: Ro/pax / ferries above 1,000 GT

Source: ShipPax MARKET:16; 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

Wide route
network

Strong market share &
brand awareness

High safety level &
environmental standards



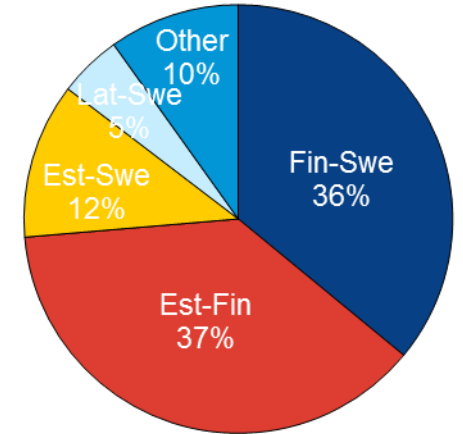
Tallink's passenger market share is 48% of the Northern Baltic Sea



Northern Baltic passenger market ~20 million passengers

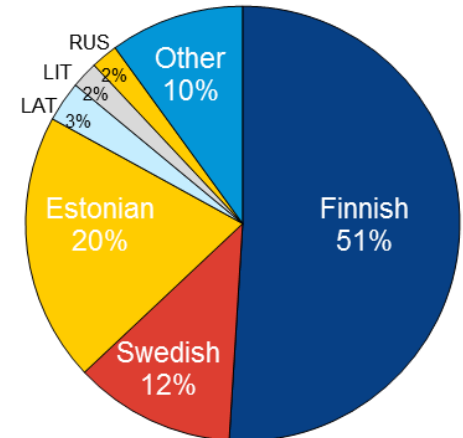
Revenue by routes

EUR 938 million, 2016



Passengers

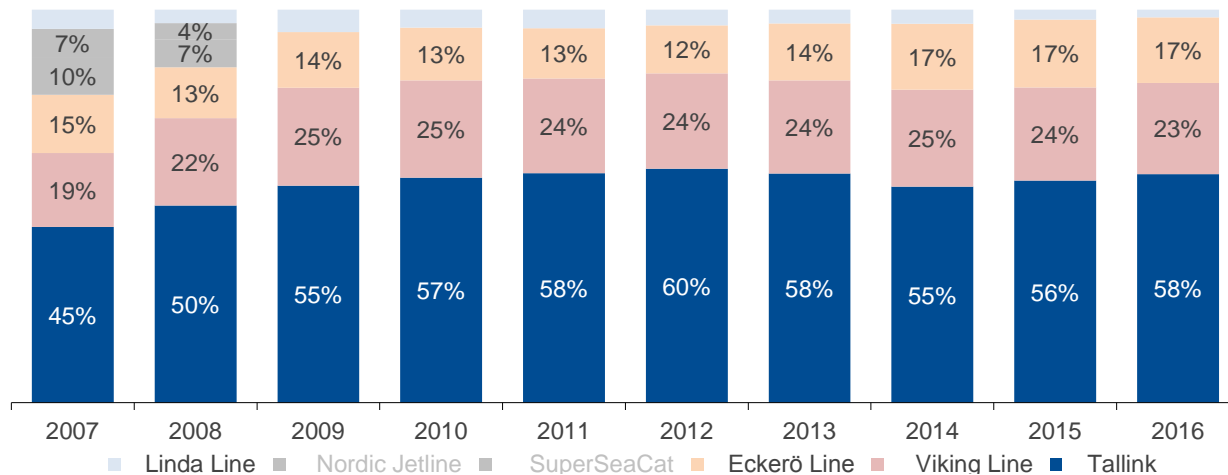
9.5 million, 2016



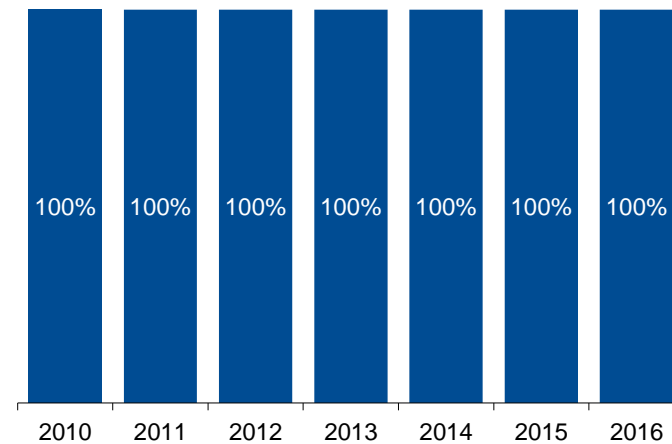


Market shares Passenger operations

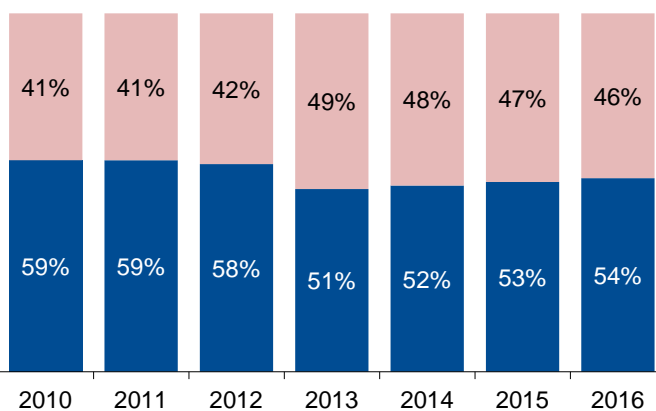
Tallinn – Helsinki



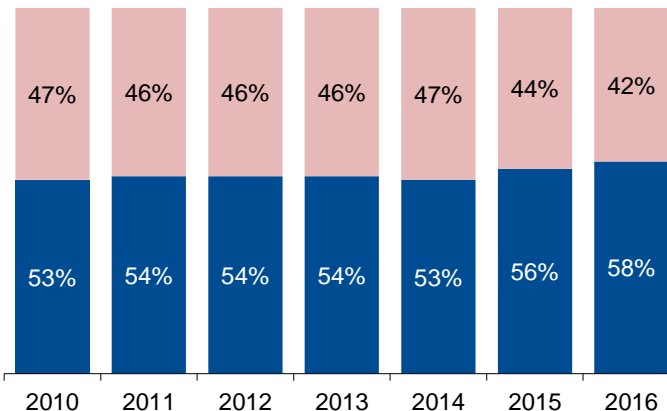
Tallinn – Stockholm



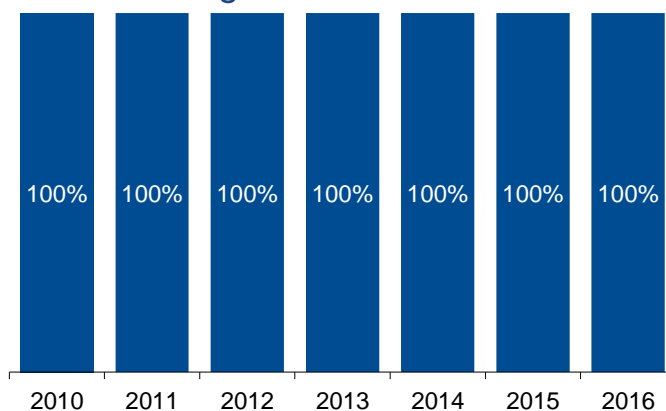
Turku – Stockholm



Helsinki – Stockholm



Riga – Stockholm





We are targeting new customers from a wider country base
 More than 10% of our passengers come from outside of our home markets



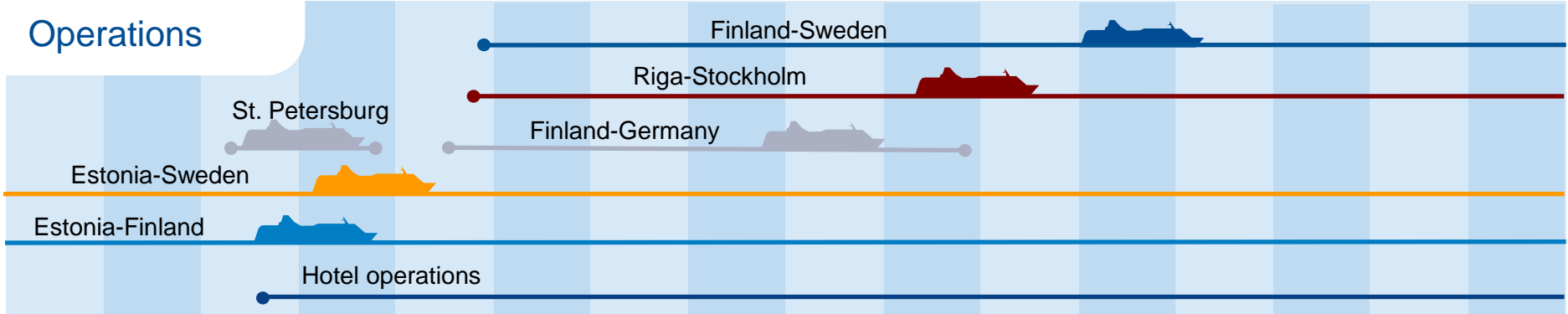
Web sales sites in 17 language

- | | | | | | |
|---------|---------|--------|-------------|--------|---------------|
| China | Finland | Italy | Lithuania | Poland | Russia |
| Denmark | France | Japan | Netherlands | Spain | International |
| Estonia | Germany | Latvia | Norway | Sweden | |

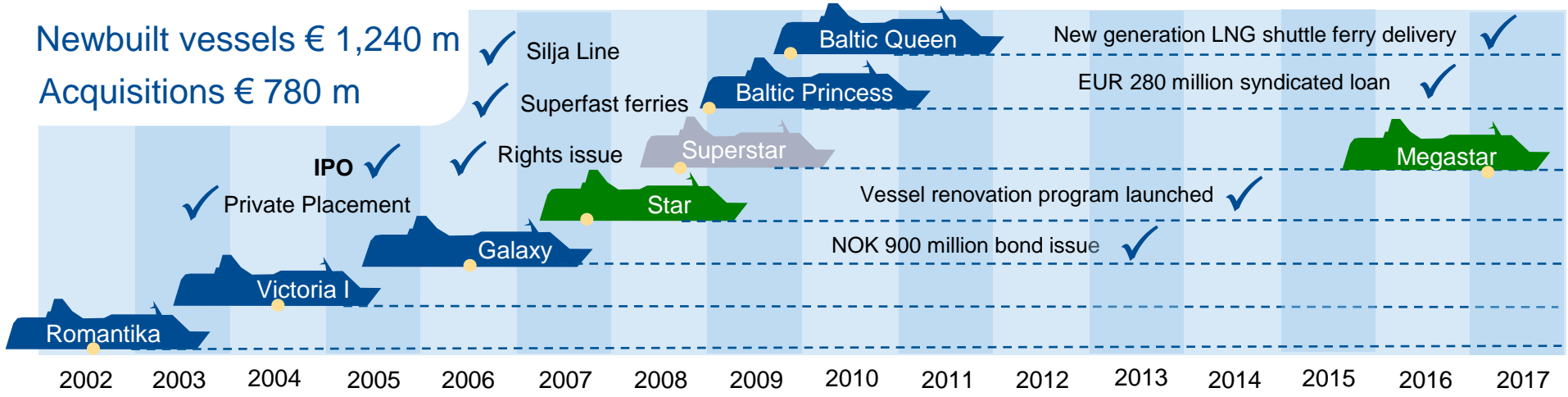


Highlights and milestones

Operations

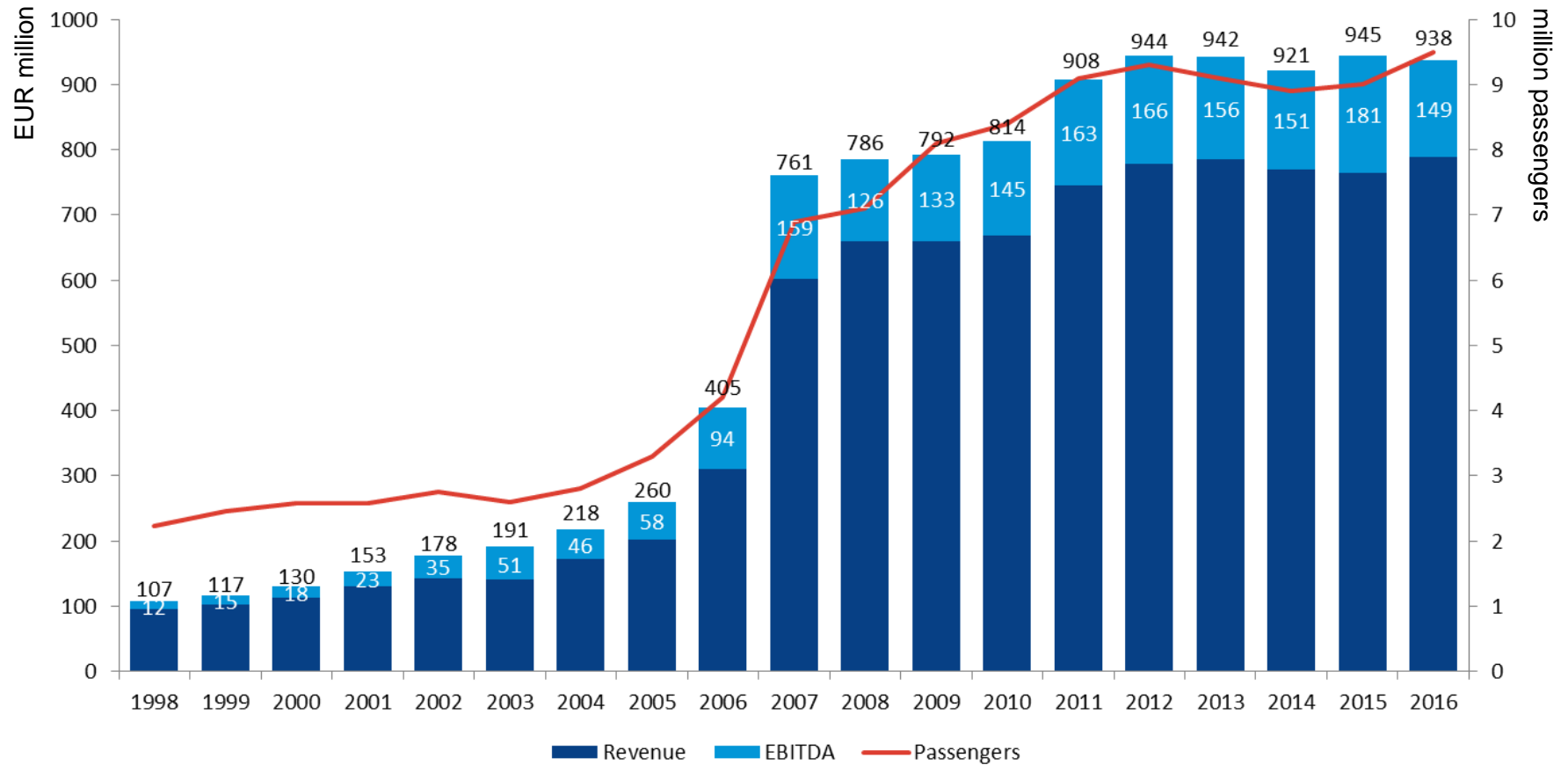


Newbuilt vessels € 1,240 m
 Acquisitions € 780 m





Tallink's performance after the management buyout





Highlights and outlook

2016 highlights

- Higher passenger number and revenue
- Lower chartering revenues compared to last year
- Market share growth on routes
- Cruise ferry Silja Europa return from charter to Tallinn - Helsinki route
- The new logistics center in Tallinn start of operations
- New passenger terminal opened in Stockholm and Helsinki
- Re-routing of vessels in December 2016
- Group-wide ship public areas renovation program
- New LNG fast ferry Megastar started on Tallinn - Helsinki Shuttle service

2017 outlook

- Scheduled maintenances of five ships in Q1 low season
- Two ships on Riga – Stockholm route
- Estonia – Finland routes lower operating costs from termination of the fast ferry Superstar charter and less capacity on cruise service
- Group-wide ship renovation program continues
- Nordic economies modest growth



Group-wide ship renovation program Investments to upgrade the fleet in period 2014-2016

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 the products

Upgrading of cabins

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



Tallink Grupp has invested more than EUR 63 million since 2014 to upgrade its existing fleet.



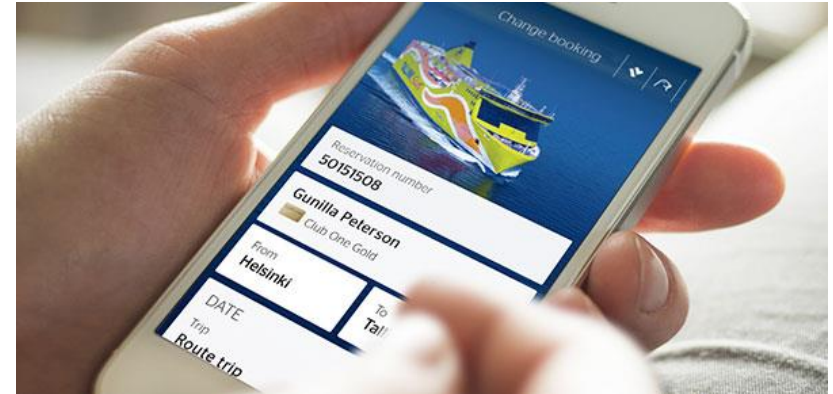
Ongoing development projects

Focus on improvements and efficiencies of operations

Investments to support revenue generation

— IT solutions

- Taking revenue management to next level
- Further developments of mobile booking apps to capture growing handheld devices online traffic
- Improving online booking solutions user experience
- Customer centric and personalized digital channels development



Delivering operational efficiencies

— Efficient ship operations

- Utilising monitoring systems

— Passenger logistics in terminals

- Self check-in, improved boarding pass

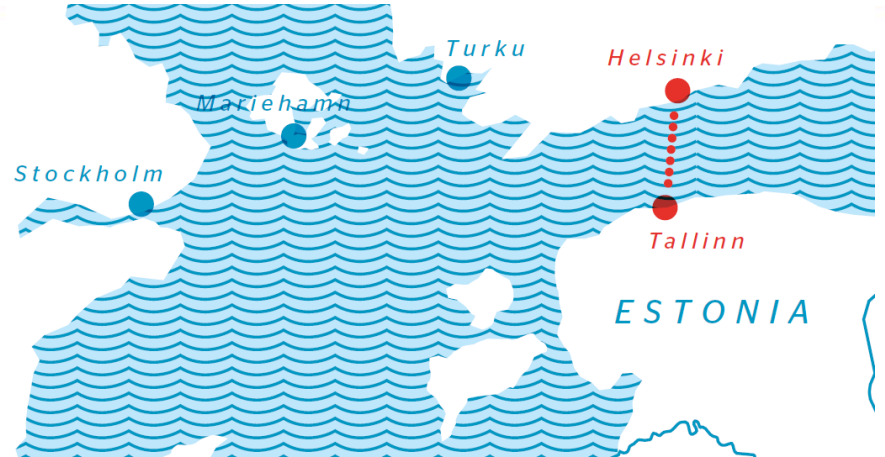
— Tallink Logistics Center

- Leveraging and fine tuning the operations





New LNG fast ferry Megastar Development of the Tallinn – Helsinki route



Specifications

- Built in Meyer Turku Shipyard
- Gross tonnage 49,000
- Length 212 meters
- Capacity 2,800 passengers
- Dual fuel engine
- Service speed 27 knots

Financing

- The vessel cost is over EUR 230 million
- 20% was paid during the construction period
- 80% was financed with long term bank loan OECD-term export credit loan with CIRR based fixed interest rate

New LNG powered fast ferry for the Tallinn – Helsinki Shuttle service Start of operations on 29 January 2017.



New LNG fast ferry Megastar Safer ship with smaller ecological footprint

Technical innovations deliver improved safety, high energy efficiency and environmental savings

- Safe Return to Port (SRtP) compliant ship
- Dual fuel ship uses environmentally friendly LNG as main fuel
- LNG produces 25% less CO₂, 85% less NO_x and almost zero SO_x and particles
- Improved ship hull hydrodynamics enable very low hull resistance and high propulsion efficiency to further minimise fuel consumption and emissions
- Ships Green Passport - improved waste management and recycling



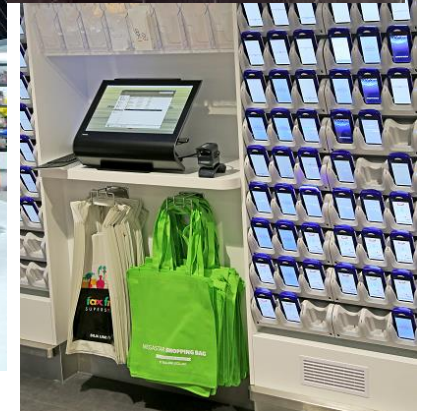
Megastar will comply with the current and future emission regulations for the Emission Control Areas, including the Baltic Sea.



New LNG fast ferry Megastar Ship with new services and concepts

Introducing new concepts and brands

- Traveller Superstore expanded to 2800 sq.m
 - Q-shopping self-service solution
 - New garage concept with improved shop-to-car access for shop customers
- Seven restaurants, cafes and bars
 - Leveraging own brands
 - Introducing international premium brands
- Four different travel classes
 - standard Star Class
 - upgraded Comfort Class
 - exclusive Business Lounge
 - a new Sitting Lounge
- A special area with a playroom for the kids



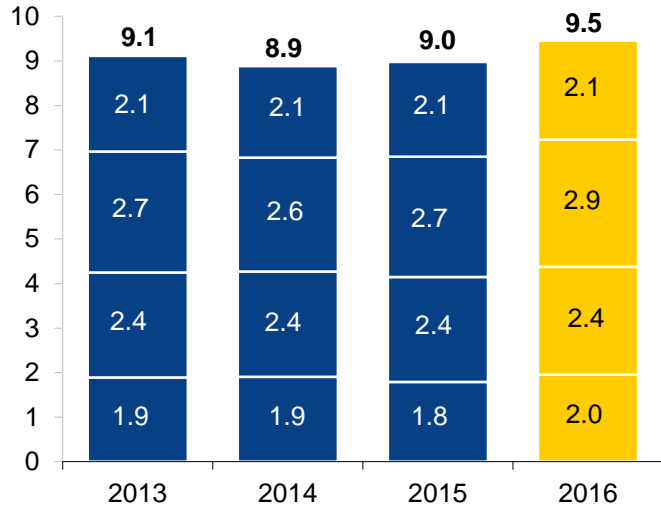
On Megastar there is a floating department store where modern solutions make shopping a pleasure.



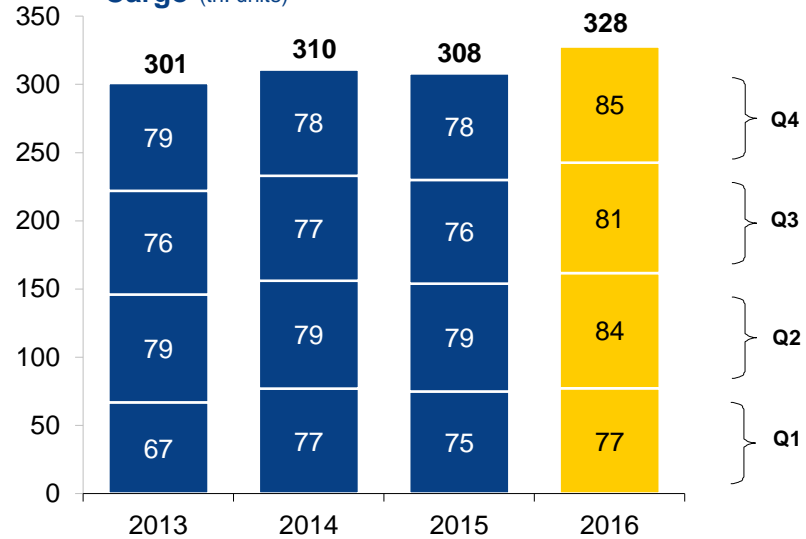
Results

Quarterly seasonality breakdown

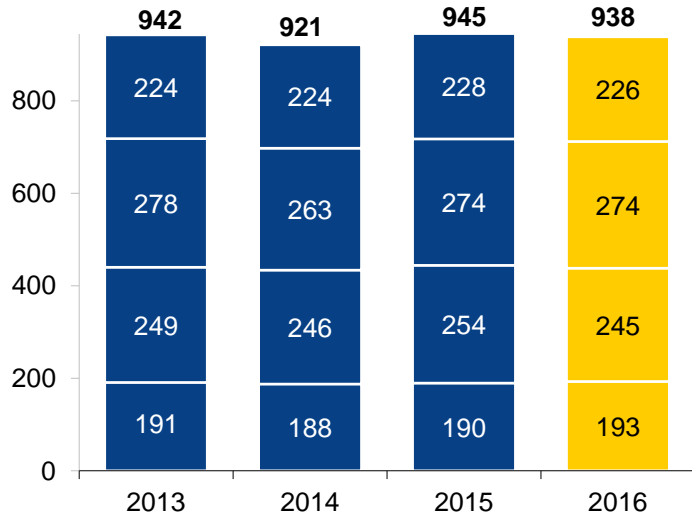
Passengers (millions)



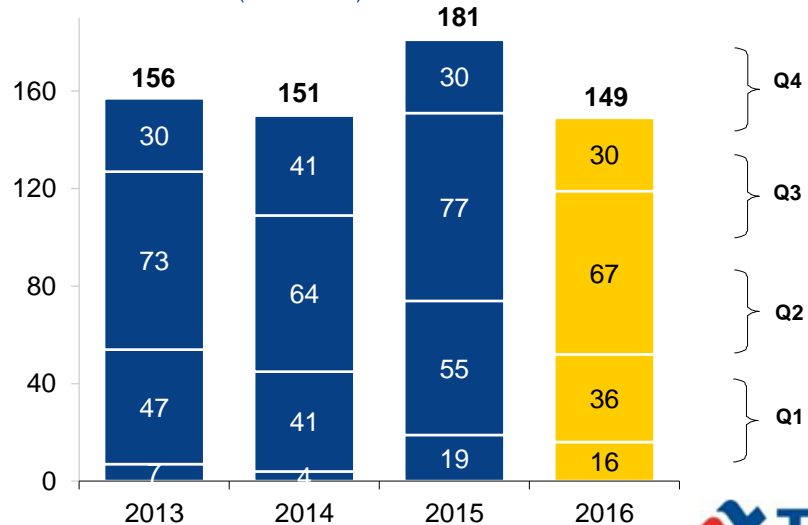
Cargo (th. units)



Revenue (EUR million)



EBITDA (EUR million)



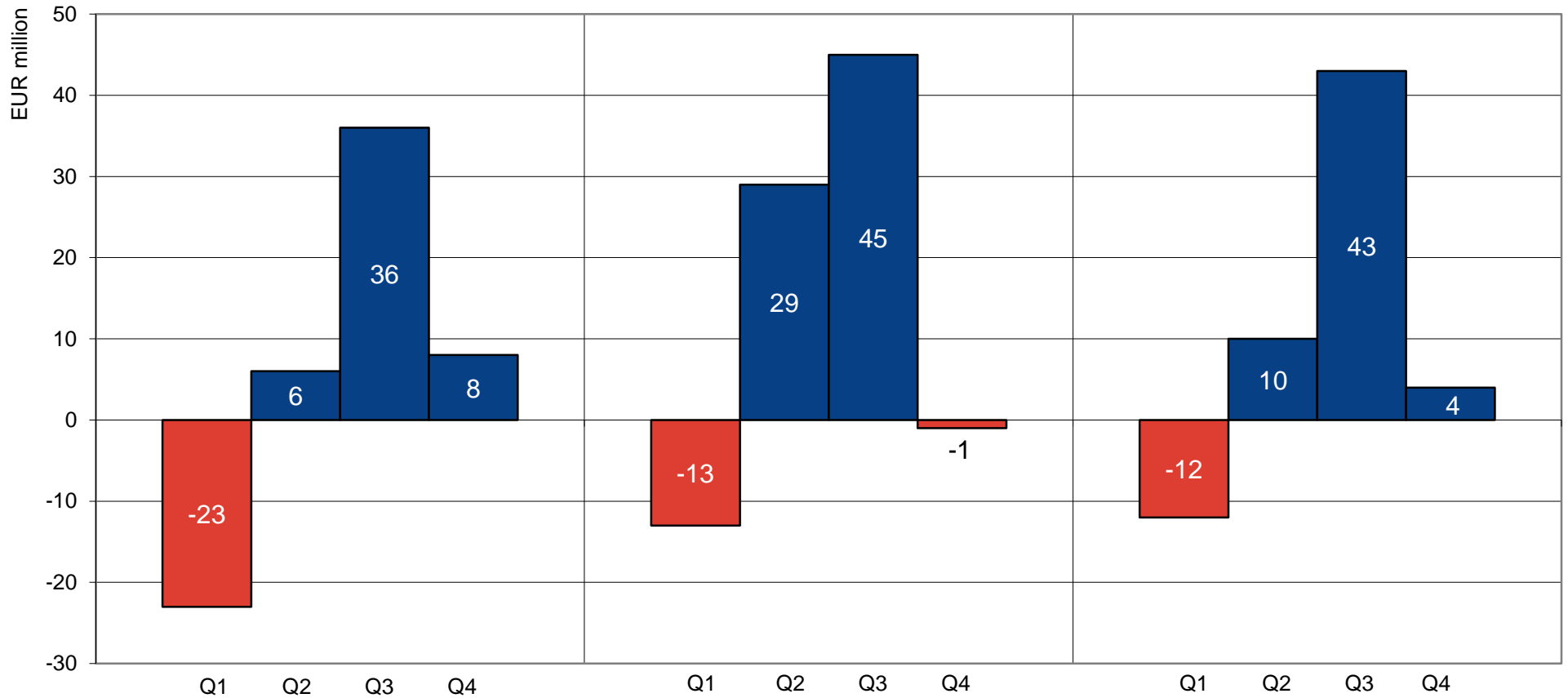


The dynamics of high seasonality on the profit level Net result by quarters

2014 net profit 27

2015 net profit 59

2016 net profit 44



Typical to the Tallink business model is that most of the result is made in the summer, the high season.



Consolidated Income Statement

(EUR million)	2014	2015	2016 ⁽¹⁾
Sales	921	945	938
Cost of sales ⁽²⁾	(740)	(722)	(745)
Marketing, general & admin ⁽²⁾	(112)	(111)	(123)
EBITDA	151	181	149
<i>Margin (%)</i>	16.3%	19.2%	15.9%
Net Profit	27	59	44
EPS	0.04	0.09	0.07

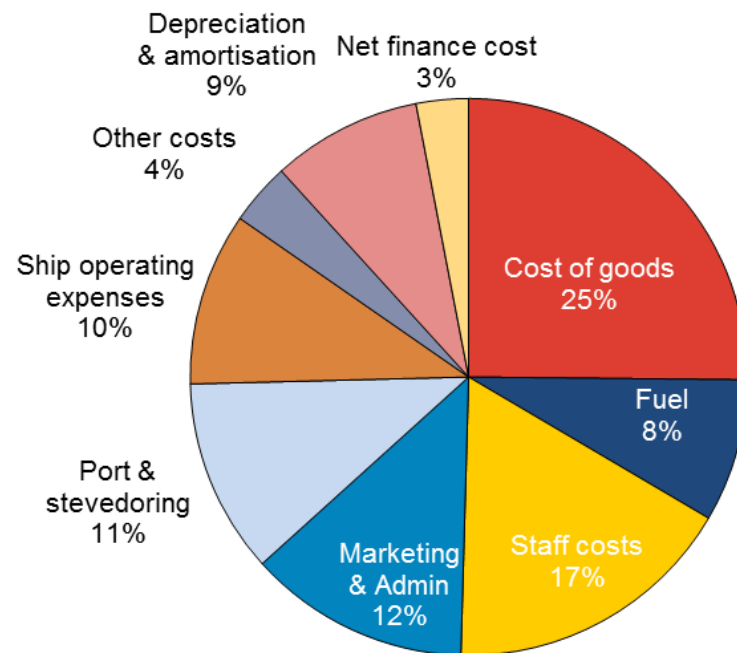
Notes:

- (1) Unaudited
- (2) Includes amortization and depreciation



Costs breakdown

(EUR million)	2015	2016	Change
Cost of goods	215,401	225,047	4%
Fuel cost	94,191	74,250	-21%
Staff costs	142,368	151,908	7%
Marketing & Administration ⁽¹⁾	102,839	114,967	12%
Port & stevedoring	92,213	101,010	10%
Ship operating expenses	76,249	89,877	18%
Other costs ⁽²⁾	40,577	32,256	-21%
Total costs from operations	763,838	789,315	3%
Depreciation and amortisation	78,102	77,861	0%
Net finance cost	34,156	27,181	-20%
Total costs	876,096	894,357	2%



Notes:

- (1) Depreciation and amortisation excluded
- (2) Including one-off costs from vessel sale in 2015



Consolidated Cash Flow Statement

(EUR million)	2014	2015	2016 ⁽¹⁾
Operating cash flow	151	192	147
Capital expenditure	(49)	(44)	(68)
Asset disposal	0	115	0
Free cash flow	102	263	79
Debt financing (net effect)	(46)	(192)	3
Interests & other financial items	(37)	(38)	(31)
Dividend paid ⁽²⁾	(20)	(13)	(54)
Dividend tax	(5)	(3)	0
Change in cash	(7)	17	(3)

Notes:

(1) Unaudited

(2) Includes share capital reduction payment to shareholders



Consolidated Statement of Financial Position

(EUR million)	31.12.2013	31.12.2014	31.12.2015	31.12.2016 ⁽¹⁾
Total assets	1,722	1,686	1,539	1,539
Non-current assets	1,572	1,545	1,385	1,374
Current assets	150	140	154	164
- of which cash	72	65	82	79
Total liabilities	951	907	714	725
Interest bearing liabilities	794	743	549	559
Other liabilities	157	170	165	166
Shareholders' equity	771	778	824	814
Net debt/EBITDA	4.6x	4.5x	2.6x	3.2x
Net debt	722	678	467	480
Equity/assets ratio	45%	46%	54%	53%
BVPS ⁽²⁾ (in EUR)	1.15	1.16	1.23	1.21

Notes:

(1) Unaudited

(2) Shareholders' equity / number of shares outstanding



Capital distribution

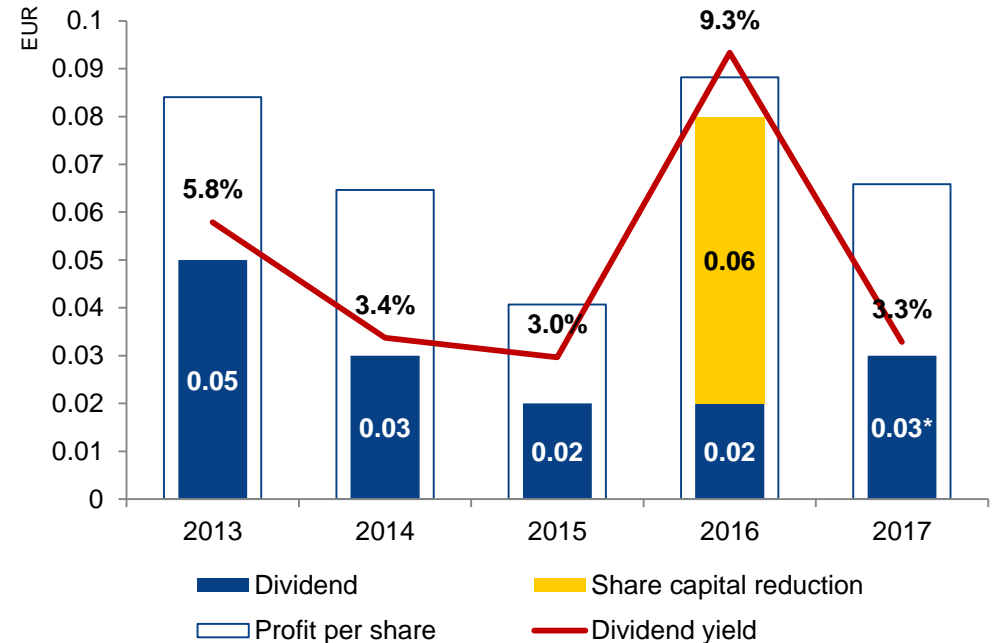
The management board targets to distribute at least 50% of the net profit, calculated over the long term, as dividends or capital repayment, taking however the Group's financial position into account.

2016 dividend

- Total distributions EUR 0.08 per share:
 - Dividend EUR 0.02 per share
 - Share capital reduction EUR 0.06 per share

2017 dividend

- Management board will propose dividend of EUR 0.03 per share from financial year 2016 net profit



Tallink Grupp has made total of EUR 121 million dividend payments to shareholders in period 2013-2016.



Debt structure

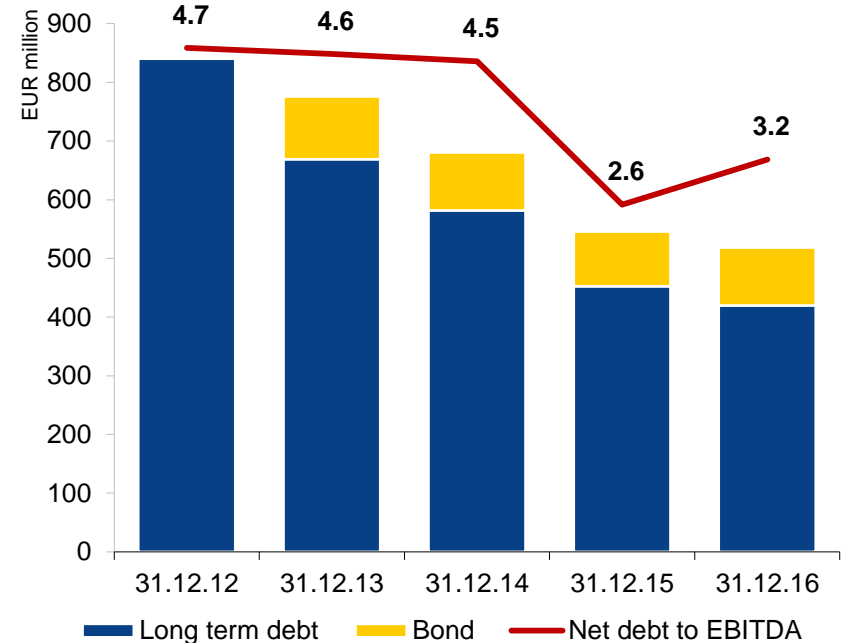
Total EUR 559 million interest bearing liabilities as at 31.12.2016

Long term bank loans

- 5 standalone loan agreements with bank syndicate, amortizing project loans and commercial term loan
- Maturities 1-12 years
- EUR denominated
- EURIBOR floating, 1/3 hedged

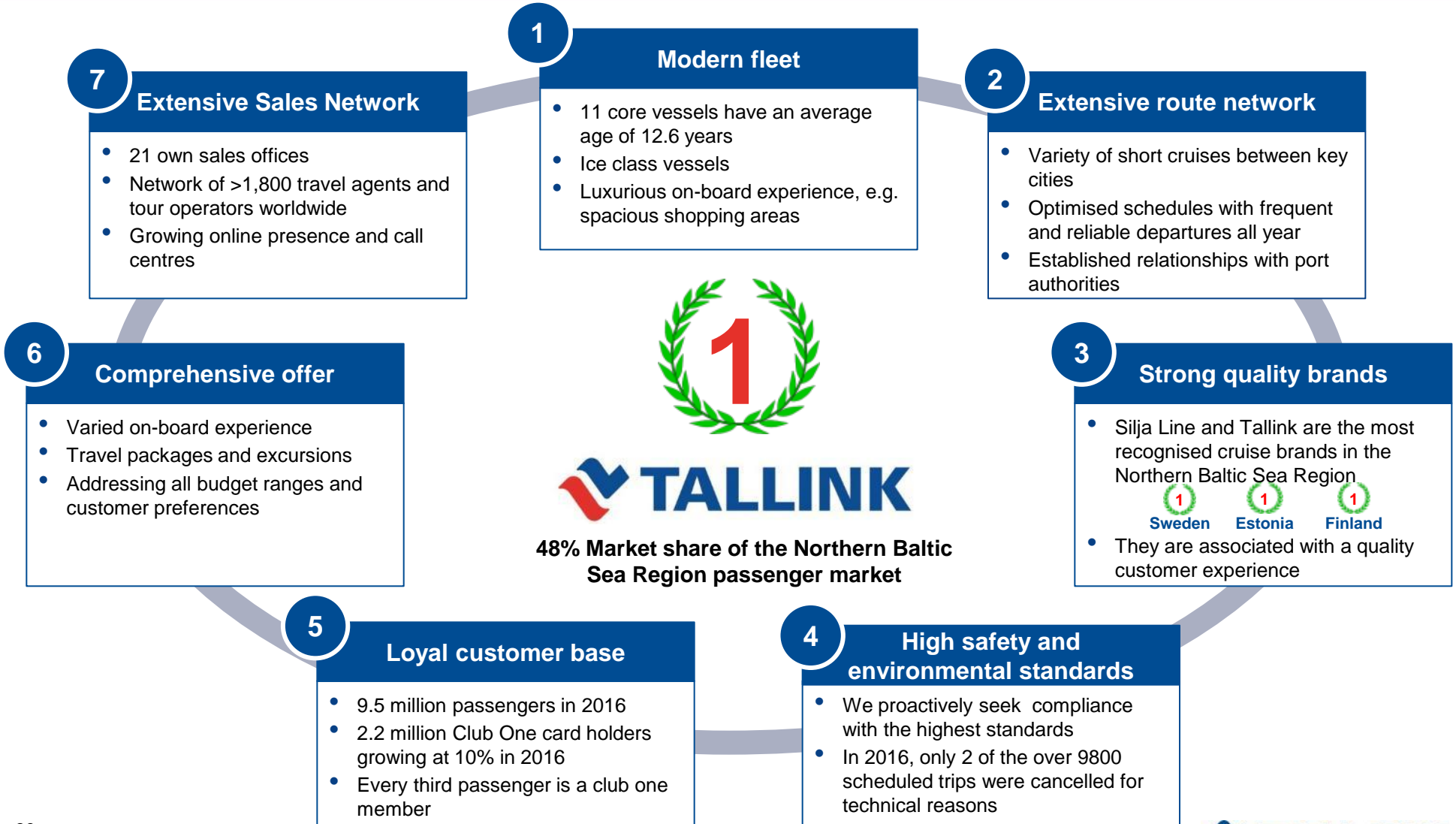
Bond

- Senior unsecured NOK 900 m (EUR 120 m)
- Listed in Oslo Stock Exchange
- 3M NIBOR +5% (3M EURIBOR +4.88%)
- Issue date 18.06.2013
- Maturity date 18.10.2018
- Currency risk eliminated by swapping to EUR





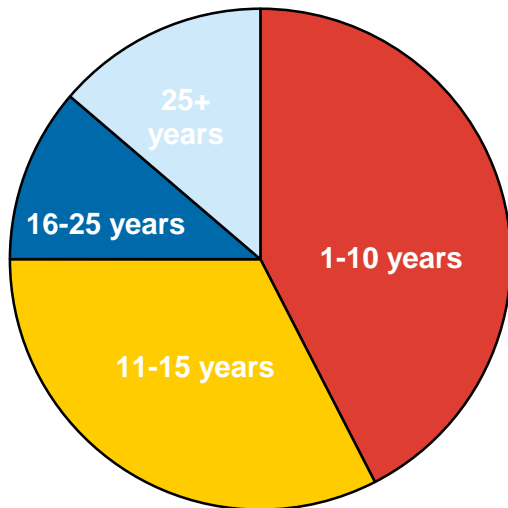
Unrivalled suite of competitive advantages





Age of fleet

Age of fleet by value
value-weighted average



AS Tallink Grupp ships age

- Core fleet 12.6 years
- Superfast fleet 15.5 years
- Cargo vessels 21.9 years

March 2017

World-wide ships age

- Ferries 23 years
- Cruise 13 years

Source: ShipPax MARKET: 13, 15

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



Tallink's Fleet



Megastar

Built: 2017

Length 1212m

Passengers: 2800

Lane meters: 3600



Star

Built: 2007

Length 186m

Passengers: 2080

Lane meters: 2000



Baltic Queen

Built: 2009

Length: 212m

Passengers: 2800

Lane meters: 1130



Silja Europa

Built: 1993

Length: 202m

Passengers: 3123

Lane meters: 932



Victoria I

Built: 2004

Length: 193m

Passengers: 2500

Lane meters: 1030



Romantika

Built: 2002

Length 193m

Passengers: 2500

Lane meters: 1030

Tallink has invested EUR 1.5 billion to create a modern fleet.



Tallink's Fleet



Silja Serenade

Built: 1990
 Length 203m
 Passengers: 2852
 Lane meters: 950



Silja Symphony

Built: 1991
 Length 203m
 Passengers: 2852
 Lane meters: 950



Baltic Princess

Built: 2008
 Length: 212m
 Passengers: 2800
 Lane meters: 1130



Galaxy

Built: 2006
 Length: 212m
 Passengers: 2800
 Lane meters: 1130



Isabelle

Built: 1989
 Length 171m
 Passengers: 2480
 Lane meters: 850



Superfast VII/VIII/IX

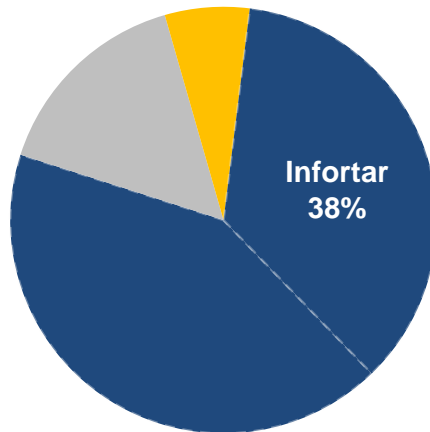
Built: 2001/2002
 Length: 203m
 Passengers: 717
 Lane meters: 1924

Tallink has invested EUR 1.5 billion to create a modern fleet.



Ownership structure

Shareholders of AS Tallink Grupp



- Top 10 shareholders
- Institutional investors
- Retail investors

Ten largest shareholders as at 31 March 2017

Infotar AS	38%
Baltic Cruises Holding L.P.	18%
Baltic Cruises Investment L.P.	6%
ING Luxembourg S.A. AIF Account	4%
ING Luxembourg Client Account	3%
State Street Bank and Trust Omnibus Fund OM01	2%
Clearstream Banking Luxembourg S.A. Clients	2%
Nordea Bank Finland Plc Clients	1%
Skandinaviska Enskilda Banken Finnish Clients	1%
BNYM Clients	1%





Safety, security and environmental protection are a high priority



Policies and certifications

- Safety and Security Policy
- Environmental Policy
- ISO 14001:2004 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: 2004

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 2014

Certificate Expiry: 03 July 2017

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: Hiramford Middlemarch Office Village Siskin Drive Coventry CV3 4FJ United Kingdom

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