Company overview and latest results

Tallinn 15.08.2019
How we operate

**Limited liability** company, 67% state-owned

**Listed in Nasdaq Tallinn SE** from 13.06.2018

**As a landlord port**, we own:

- **Infrastructure in our 4 harbours:**
  - land, quays and sea approaches;
  - superstructure provided by independent operators.

- **5 ferries** and a multi-functional ice-breaker, which we also operate

- **Land for real estate development** in the Tallinn Old City Harbour
Group companies

PORT OF TALLINN

AS Tallinna Sadam
Port services for passengers and cargo

OÜ TS Laevad
100%
Ferry service to Saaremaa and Hiiumaa

OÜ TS Shipping
100%
Icebreaker Botnica charter

AS Green Marine
51%
Waste management
PORT OF TALLINN
Where we operate
FROM HARBOURS TO VESSEL OPERATIONS

Muuga Harbour
Old City Harbour
Paldiski South Harbour
Saaremaa Harbour

Ferry transfer to islands

Ice-breaker Botnica

Old City Marina
MUUGA HARBOUR
Estonia’s Biggest Cargo Harbour

- Territory: 567 ha
- Aquatory: 682 ha
- Total Length of Berths: 6.4 km
- Number of Berths: 29
- Max. Depth: 18 m
- Max. Length of a Vessel: 300+ m

Containers, liquid bulk, solid bulk, general cargo, Ro-Ro
PALDISKI  SOUTH HARBOUR

Port of Tallinn’s Second Biggest Cargo Harbour

- Territory: 119 ha
- Aquatory: 147 ha
- Total Length of Berths: 1,85 km
- Number of Berths: 10
- Max. Depth: 14,5 m
- Max. Length of a Vessel: 230 m

Ro-Ro, general cargo, solid bulk, liquid bulk
**OLD CITY HARBOUR**
Estonia’s Biggest Tourism Gateway

<table>
<thead>
<tr>
<th>Feature</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>TERRITORY</td>
<td>55.3 ha</td>
</tr>
<tr>
<td>AQUATORY</td>
<td>94 ha</td>
</tr>
<tr>
<td>TOTAL LENGTH OF BERTHS</td>
<td>5 km</td>
</tr>
<tr>
<td>NUMBER OF BERTHS</td>
<td>24</td>
</tr>
<tr>
<td>MAX. DEPTH</td>
<td>10.7 m</td>
</tr>
<tr>
<td>MAX. LENGTH OF A VESSEL</td>
<td>340+ m</td>
</tr>
</tbody>
</table>

Passengers (ferries, cruises, yachts), Ro-Ro
Cruises

CALLS PER YEAR (2018) - 348
PASSENGERS PER YEAR (2018) - 638 000
PORT OF TALLINN

Business Fields

Passengers
10.6 m passengers

Cargo
20.6 m tons

Shipping
5 ferries: 2 m passengers & 1 m vehicles; Ice-breaker Botnica

Real Estate
Muuga Industrial Park 76 ha
Paldiski Industrial Park 34 ha
Tallinn Old City Harbour real estate development 16 ha
Revenue Structure & Main Customers

**Revenue 2018**

- Passenger harbours:
  - Regular lines: 38%
  - Cruise: 32%
  - Other: 7%
  - Botnica: 23%

- Cargo harbours:
  - Terminal operators: 38%
  - Shipping lines: 32%
  - Ferries: 6%
  - Clients: 18%

**Adj. EBITDA 2018**

- Passenger harbours:
  - Regular lines: 44%
  - Cruise: 32%
  - Other: 6%
  - Botnica: 18%

- Cargo harbours:
  - Terminal operators: 44%
  - Shipping lines: 32%
  - Ferries: 6%
  - Clients: 18%
Marine and logistics sector
Megatrends and vision

**MEGATRENDS**
- Larger vessels
- Cost efficiency
- Digitalisation and automation
- Environmental requirements

**VISION**
- e-trade
- Industry 4.0
- Logistics 5.0
- New technologies
- Competition
- Cooperation of logistic chain
- Unmanned vessels
- Fully automated terminals and multimodality
- Digital data exchange
- Green port
- Client experience
Revenue model

Passenger harbours

### 2018 Revenue Breakdown

- **Rental Income**: 34%
  - Fixed lease income from operators using PoT’s land premises (commercial operators e.g. shops, restaurants)

- **Cargo Charges**: 55%
  - Pre-agreed tariffs for ro-ro cargo carried on ROPAX vessels

- **Passenger Fees**: 4%
  - Passenger fees per passenger based on public price list
  - Line and Cruise passenger fees are based on similar model, but have different tariffs

- **Vessel Charges**: 3%
  - Tonnage charges based on gross tonnage separately for each call of the vessel based on public price list
  - Waste fee based on vessel gross tonnage for each vessel call, in case of passenger ships for one call per day
  - Mooring charge based on the gross tonnage of the vessel
Revenue model

Cargo harbours

2018 Revenue Breakdown

Sales of Electricity
- Calculated based on the readings of customers' electricity meters

Rental Income
- Fixed lease income from operators using PoT’s land and facilities

Cargo Charges
- Pre-agreed tariff based charges (volume x tariff = charge)
- Cargo charges agreed separately from operator to operator
- Contractual penalties if terminal operators fail to handle pre-agreed minimum amounts of cargo

Vessel Charges
- Tonnage charges based on vessel gross tonnage
- Waste fee
- Mooring

2018 Contribution

Revenue

Adjusted EBITDA

Key Customers

Terminal Operators

Shipping Lines
Revenue model

Ferry business

Ferry Service Business Model

Voyage Fee
- Coverage of flexible cost, EUR/voyage
- Indexed to fuel price (90%) and CPI (10%)

Variable Fee
- Coverage of fixed operating cost, EUR/year basis
- Indexed to CPI (65%) and the Estonian wage inflation index (35%)

Fixed Fee
- Coverage of capital and interest cost, EUR/year basis

Contract Income
- ~20%

Means of Payments
- ~40%

Ticket Sales

Subsidy
- Delta between contract income and tickets sales

2018 Contribution
- Revenue: 23%
- Adjusted EBITDA: 18%
Logistics X-Road & *Single Window*

A network of networks of inter-agency collaboration

- **e-Trade**
  - Buyers/Importers
  - Sellers/Exporters
  - Importer’s Banks
  - Exporter’s Banks
  - Freight Forwarders
  - Traders

- **e-Freight**
  - Haulers
  - Vessels
  - Air lines
  - Health Department
  - Customs Brokers
  - Quarantine & SPS Agency
  - Other government agencies

- **Port Community System (PCS)**
  - Hauler Operators
  - Warehouses
  - Terminals Operators
  - Regulatory Agents
  - Marine Department
  - Ship Piloting
  - Vessel Traffic Safety

- **Maritime SW**
  - Port-equipment Operators
  - Ship Agents
  - Vessel Operator
  - Terminal Operator
  - Port Authority
Opportunities: Passengers

- **Line traffic and cruise business** development – Muuga-Vuosaari line
- **Asian** clients
- **Passenger terminals** renovation
- **Cruise terminal** construction
- **Smart Port** and traffic management systems, automooring
Opportunities: Cargo

- **North-South** direction trade increase (incl. Rail Baltica)
- **Chinese silk road** branch (e-trade, distribution center)
- **LNG** and **container goods** market growth
- Conscious development of the *competitiveness of freight corridors* passing through Estonia together with other participants of the logistics chain
- **Digitalisation** of the logistics chain
Opportunities: *Shipping*

**TS Laevad:**
- third ship on Saaremaa line (for summer)
- improvement of *service quality*
- effective *operation*

**TS Shipping:**
- MPSV Botnica *summer charter*
Opportunities: *Real Estate*

- Execution of the Old City Harbour development plan *Masterplan 2030+*
- Starting *detail plans* and generating business models
- Improvement of Old City Harbour attractiveness as a *tourism and main marine gate*, excellent service experience
- Development of the *industrial parks* and providing *additional value*
Real estate development
In the Old City Harbour

• Masterplan 2030
• MOU with Tallinn City
• Total build-up area of **460,000 gross m²** above ground (including 160,000m² extension possibility by land reclamation)
• **Detail plans** are in the process of being initiated by the city
Trading of the share
First year on Nasdaq Tallinn SE

• Market capitalisation **EUR 519 mln 14.08.19**

• Listed since 13.06.18, **263 mln shares**

• **Free float 33%**, i.e. 86.7 million shares

• As at 14.08.2019 **share price up 16%** compared to offer price.

  *Since listing max EUR 2.18, min EUR 1.91.*
Shareholder structure

12,500 shareholders

**TOP 5 shareholders:**

1. Republic of Estonia 67.0%
2. JP Morgan Chase Bank 3.7%
3. EBRD 3.6%
4. SEB progressive PF 2.5%
5. LHV pension fund L 2.0%

*as at 30.06.2019 compared to 12.06.2018 in brackets*
Dividend stock

Equity story

- Expectations of the State as the majority shareholder for continuous stable dividends
- Stable EBITDA and cashflow

DIVIDEND POLICY

- **Min EUR 30M** annually in 2019 and 2020
- starting 2021 **at least 70% of net profit**

Dividend paid in 2019 EUR 35,242M

*(EUR 0,134 per share)*
Successful year 2018

• IPO in May 2018

• Passengers:
  ✓ Record high cruise season
  ✓ 11th annual record in PAX numbers
  ✓ Smart Port solution completion
  ✓ Start of D terminal reconstruction
  ✓ Masterplan 2030, MOU with City of Tallinn
Successful year 2018

• **Cargo:**
  - Liquid bulk growth in tight competition
  - Oilseed factory cooperation agreement
  - Paldiski LNG terminal MOU with Alexela
  - LNG bunkering station in Muuga agreement with Vopak
  - HHLA - new owner of Muuga container terminal

• **Ferry:** Additional ferry on Saaremaa line

• **Other:** Botnica agreement with Baffinland
Latest highlights
In first half of 2019

- Vopak E.O.S. acquired by Liwathon
- **PAX vessels maintenance in Q1** decline in PAX, vessel calls and revenues
- **Additional ferry trips** on Saaremaa line in summer
- **MPSV Botnica charter for summer** in Baffin island
- **Dividend payment** on 04.06.2019 (EUR 0.134 per share,
- **New RO-PAX ship on Muuga-Vuosaari line** by Eckerö and start of PAX service by Eckerö and Tallink
- **New dry bulk and general cargo terminal** in Muuga Harbour by PK Terminal
Cargo Volume by cargo type

FY 2017-2018

2017
2018

Million tons

Liquid bulk
Ro-Ro
Dry bulk
Containers
General cargo

2017
19,2
5,1
7,4
1,9

2018
19,2
5,3
8,8
1,9

+7,4%

6M 2018-2019

2018 6M
2019 6M

Million tons

Liquid bulk
Ro-Ro
Dry bulk
Containers
General cargo

2018 6M
10,6
0,6
3,9
0,6

2019 6M
10,3
0,4
2,7
0,3

-0,8%
## Results of the Group

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>+/-</th>
<th>6M 2018</th>
<th>6M 2019</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>121 295</td>
<td>130 635</td>
<td>7.7%</td>
<td>62 166</td>
<td>61 350</td>
<td>-1.3%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>66 521</td>
<td>74 380</td>
<td>11.8%</td>
<td>35 695</td>
<td>35 706</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA margin</strong></td>
<td>54.8%</td>
<td>56.9%</td>
<td>2.1</td>
<td>57.4%</td>
<td>58.2%</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>40 317</td>
<td>52 075</td>
<td>29.2%</td>
<td>24 950</td>
<td>24 731</td>
<td>-0.9%</td>
</tr>
<tr>
<td><strong>Income tax</strong></td>
<td>-11 955</td>
<td>-26 199</td>
<td>119.1%</td>
<td>-26 250</td>
<td>-5 764</td>
<td>-78.0%</td>
</tr>
<tr>
<td><strong>Profit/loss for the period</strong></td>
<td>26 425</td>
<td>24 423</td>
<td>-7.6%</td>
<td>-2 256</td>
<td>18 199</td>
<td>906.7%</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td>36 847</td>
<td>14 251</td>
<td>-60.2%</td>
<td>5 190</td>
<td>11 070</td>
<td>113.3%</td>
</tr>
</tbody>
</table>
## Cash Flow and Financial Position

### Cash Flow statement

<table>
<thead>
<tr>
<th>In thousands</th>
<th>2018</th>
<th>6M 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from operating activities</td>
<td>57 113</td>
<td>31 484</td>
</tr>
<tr>
<td>Cash used in investing activities</td>
<td>-12 325</td>
<td>-10 159</td>
</tr>
<tr>
<td>Free cash flow (FCF)</td>
<td>44 788</td>
<td>21 325</td>
</tr>
<tr>
<td>Cash from/used in financing activities</td>
<td>-9 179</td>
<td>-39 250</td>
</tr>
<tr>
<td>NET CASH FLOW</td>
<td>35 609</td>
<td>-17 925</td>
</tr>
</tbody>
</table>

**NET DEBT (at the end of the period)** | 171 049 | 185 591 |

### Financial position

<table>
<thead>
<tr>
<th></th>
<th>31.12.18</th>
<th>31.12.18</th>
<th>30.06.19</th>
<th>30.06.19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>43</td>
<td>8</td>
<td>25</td>
<td>12</td>
</tr>
<tr>
<td>Other current assets</td>
<td>214</td>
<td>572</td>
<td>210</td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>573</td>
<td>368</td>
<td>351</td>
<td></td>
</tr>
<tr>
<td>Debt</td>
<td>42</td>
<td>42</td>
<td>25</td>
<td>48</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Equity</td>
<td>100</td>
<td>210</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

31.12.18 31.12.18 30.06.19 30.06.19
Results on segment level *(in million EUR)*

**FY 2017-2018**

- **Passenger H**:
  - Revenue 2018: 49.9
  - Revenue 2017: 49.9
  - Adjusted EBITDA 2018: 41.7
  - Adjusted EBITDA 2017: 39.8

- **Cargo H**:
  - Revenue 2018: 30.1
  - Revenue 2017: 27.1

- **Ferry**:
  - Revenue 2018: 8.9
  - Revenue 2017: 4.6

- **Other**:
  - Revenue 2018: 4.3
  - Revenue 2017: 4.2

**6 months 2018-2019**

- **Passenger H**:
  - Revenue 2019: 22.3
  - Revenue 2018: 23.1
  - Adjusted EBITDA 2019: 20.0
  - Adjusted EBITDA 2018: 20.5

- **Cargo H**:
  - Revenue 2019: 14.8
  - Revenue 2018: 14.4

- **Ferry**:
  - Revenue 2019: 14.8
  - Revenue 2018: 14.4

- **Other**:
  - Revenue 2019: 4.3
  - Revenue 2018: 4.2

Questions?
Thank You!

IR related questions:
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