



# Tallinna Sadam AGM webinar

06.04.2022

# **Resolutions of the shareholders and overview of the activities of the supervisory board**

Aare Tark

Chairman of the supervisory board

# Resolutions of the shareholders

1. Approval of the Annual Report 2021
2. Profit allocation
3. Amendment of the Articles of Association
4. Approval of the remuneration principles of the supervisory board and the management board
5. Election of the members of the supervisory board

# Activities of the supervisory board in 2021

- No changes in the composition of the supervisory board
- 8 meetings of the supervisory board, participation 100%
- 7 meeting of the audit committee, participation 100%
- Foundation of the remuneration committee – 2 meetings, participation 100%
- Major decisions:
  - ✓ Update of the strategy and goals of the Group
  - ✓ Prolonging the term of office of the member of the management board Margus Vihman
  - ✓ Setting and changing the terms of use of the property and customer agreements



# Main aspects of the strategy

- We will become the most innovative port in the Baltic Sea, because innovation creates a competitive advantage
- We meet owners' expectations for efficiency and profitability and deliver on our dividend promise
- We are growing moderately in all four business areas
- Our infrastructure is high quality, basic services and basic processes are digitized and automated
- We manage the company responsibly, consider decisions in the economic, environmental and social dimensions and set an example in implementing the principles of sustainable development
- We have a management culture based on the values of the Port of Tallinn, we achieve our goals thanks to good cooperation, desire for development and innovation, and smart work organization.



# Additional focus of the strategy

## Environmentally friendly and sustainable solutions

- The port offers **modern infrastructure for bunkering alternative fuels**, the group's fleet uses **environmentally friendly fuels** and the port and the companies operating in it follow **the principles of sustainable development**, moving towards **climate neutrality** as a whole.
- The port actively participates in **the introduction of new energy solutions** and in creating preconditions for **the construction and maintenance of offshore wind farms**

## Digitalisation and automation

- The main activities of the Port are **optimized, automated and digitized**, and with the exchange of information covering the entire maritime transport ecosystem, the Port is **the most important hub of various modes of transport**.

## Changes in global supply chains

- As a result of the changing supply chains and the relocation of production to the consumer, the Port will play an important role as **a center serving the nearby markets**, where **production, added value as well as distribution centers** will be concentrated.



# Management board



Valdo Kalm  
Chairman of the management board



Margus Vihman  
member of the management  
board / CCO



Andrus Ait  
member of the management  
board / CFO



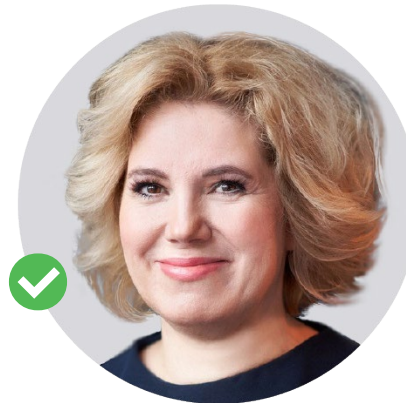
# Supervisory board



**Aare Tark**  
(chairman of the SB,  
chairman of the remuneration committee)



**Ahti Kuningas**  
(remuneration committee)



**Maarika Liivamägi**  
(audit committee)



**Raigo Uukkivi**  
(audit committee)



**Urmas Kaarlep**  
(chairman of the audit committee)



**Üllar Jaaksoo**  
(remuneration committee)



**Riho Unt**  
(audit committee)



**Veiko Sepp**  
(remuneration committee)

# Successful year- recognitions 2021

- Nasdaq Baltic Awards 2021 –Investor relations of the year
- Among the top ten most valuable companies in Estonia by Prudentia Advisory and Nasdaq Tallinn
- Responsible Business Award Silver Labels for Port of Tallinn and TS Laevad
- Environmental awards of the year - Special Prize in the Field of Environmental Management
- Cruise terminal and promenade -grand prix of "Architecture Award 2021" of Estonia, "Tallinn Development Project 2021", "Concrete building 2021" and was nominent of "Tourist attraction of the year"
- The Admiral Bridge -the Facility of The Year 2021
- The digital construction cluster "Act of the Year – D-terminal" and "Organization of the Year"
- Reputable employer and company





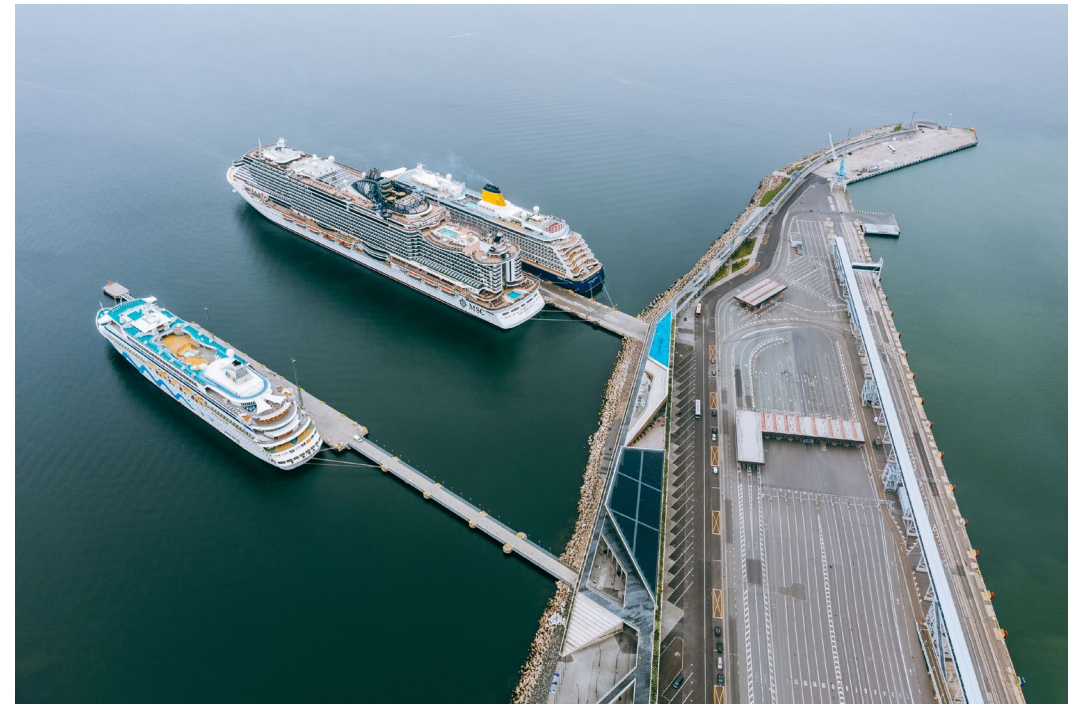
# **Annual review and future outlook**

Valdo Kalm

Chairman of the management board

# Main events and influencers of 2021

- Record cargo volumes in 6 years
- Restart of cruises and Tallinn-Stockholm ferry line
- The continuing impact of COVID-19 on passenger numbers
- Completed urban development investments at old City harbour – landmarks of the area
- The continuation of investments and the creation of preconditions for new business opportunities
- Actions and commitment to achieve climate neutrality
- Employee commitment, customer satisfaction and company reputation.



# **Passengers Development projects**

# Cruise terminal with the promenade

completed in July 2021

- Open public space and greenery
- Restaurant and promenade for everyone
- Multifunctional building





# Admiral bridge

SIA WITTEVEEN + BOS LATVIA, Architect: Plein06 / Design contest 2017  
Completed in August 2021

- Connecting the shores and districts (Pirita and Kalamaja) and passenger terminal areas
- Landmark of the area



Co-financed by the European Union  
Connecting Europe Facility



# D-terminal parking house

Arhitect: R-Konsult

Completed in February 2021



Co-financed by the European Union  
Connecting Europe Facility

# D-terminal square 2021-2022

- Renewed urban environment - terminal service areas
- Intertwined with the city park





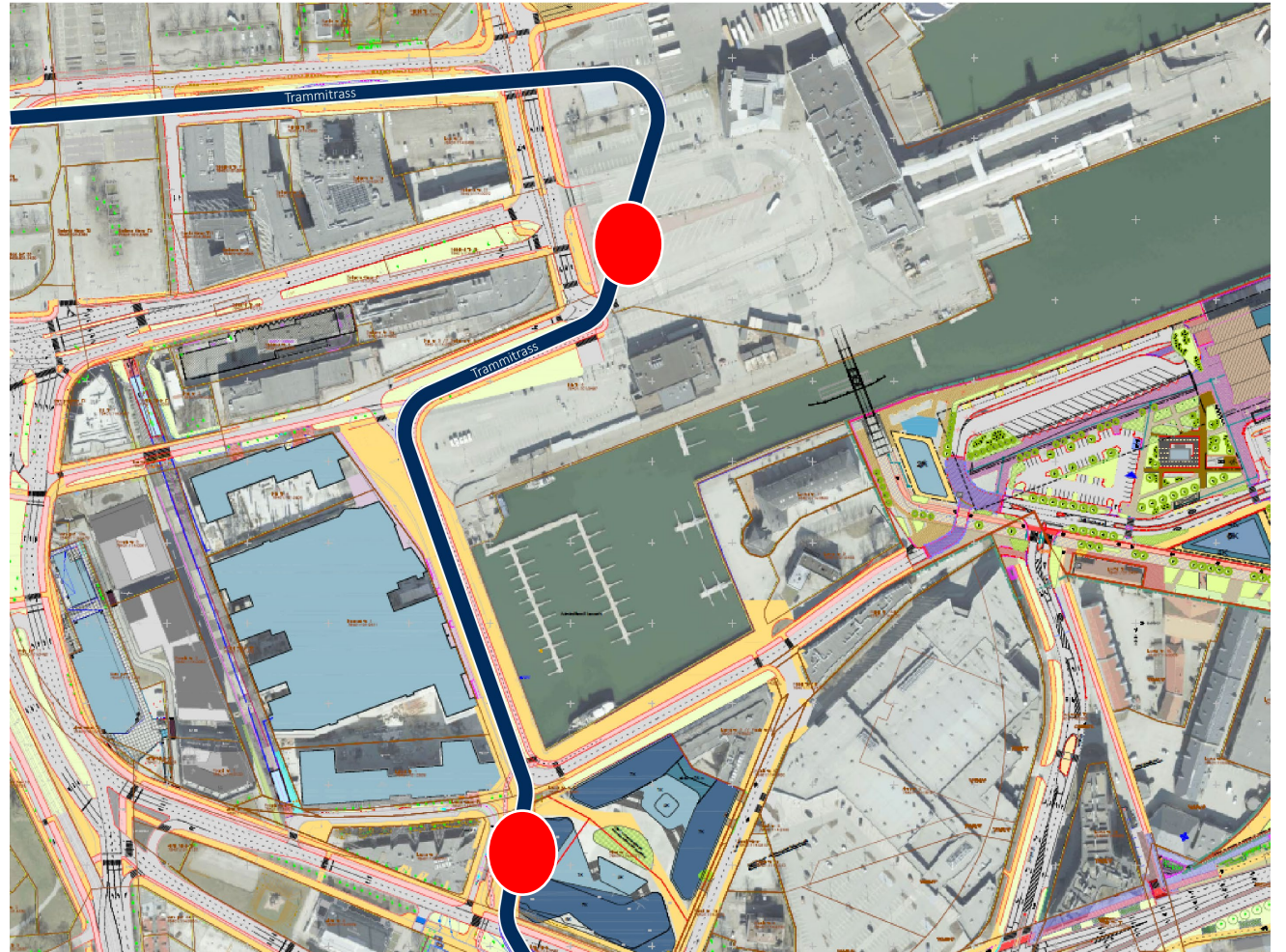
# Kick-off the new A-terminal 2022+ International architectural competition





# New tram line

- The route is approved
- Ready by 2024
- EU funding EUR 26 million



# **Real Estate Development projects 2022+**



# Restoran building at the Admiralty basin

## 2022-2024

Laeva 5





# Areas of Old City Harbour's detail planning





# Versatile urban space

- A new level of mobility service
  - A new tram line
  - bike paths-sidewalks
  - reduced parking, car sharing services
- 15-minute city planning
- Use of renewable energy sources, including district heating-cooling based on seawater
- Energy efficient buildings
- Implementation of circular economy principles in waste management
- ESG (environmental - social - governance) criteria



# Industrial parks

Want to access 480 million consumers within 72 hours?  
Bring your project of the future to Port of Tallinn

**Muuga harbour industrial park 76ha**

**Paldiski South harbour industrial park 39ha**

- Good location, immediate closeness of the harbour
- Good access to berths and terminals
- Great connection with other countries by sea, rail, as well as mainland
- Regular Ro-Ro and container line connection with all major regional ports
- Rail Baltica multimodal freight terminal at Muuga Harbour will be the only Baltic Sea port that has Rail Baltica freight terminal
- Long-term land use contracts and reliable partner – Port of Tallinn
- Immediate possibility to apply building permit
- Location within the free-zone



# **Cargo Development projects**



# Katoen Natie extension

10 000 m<sup>2</sup> new storage space



# HHLA TK post-panamax cranes 2021-2022

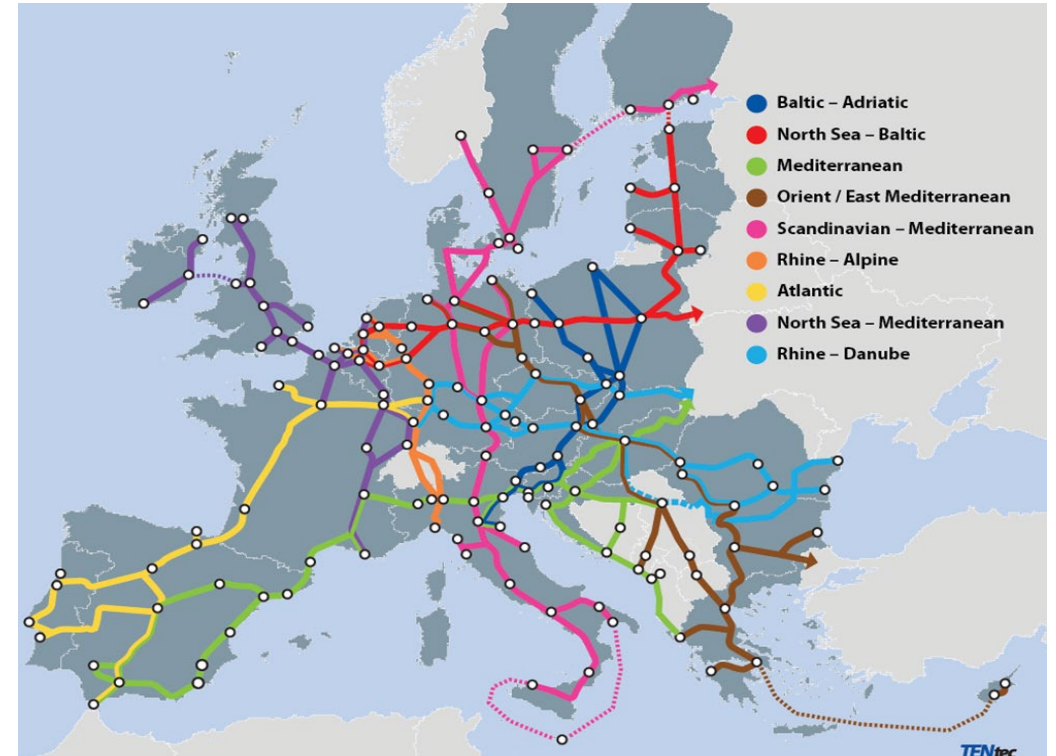
Ensuring to serve all container ships passing through the Danish Straits





# Rail Baltica freight terminal

- ✓ Loading options from sea, road and rail transport.
- ✓ Capacity of 4-5 million tons per year.
- ✓ Serves 1435 mm and 1520 mm wide railways.
- ✓ Design 2020-2022 (Sweco Projekt AS)
- ✓ Planned construction by 2023-2025
- ✓ Funded by the Connecting Europe Facility (CEF I) resources.





# Future building and servicing base of off-shore wind farms

- Paldiski South harbour – perfect base for building and maintenance of wind farms
- Building an additional berth
- Pre-design project 2021
- Design 2022



Paldiski Lõunasadam –  
sobiv baassadam tuuleparkide  
ehituseks ja hoolduseks

# Map of off-shore wind farms servicing ports

- The concentration is at North Sea, nothing at the shores of Baltic sea.





# LNG and hydrogen opportunities in maritime and logistics

- Hydrogen storage sites, possible LNG and hydrogen terminals on Pakri peninsula, Paldiski South harbour and Muuga harbour
- Upgrade of the port auxiliary fleet





**Shipping**

# TS Shipping

- 2021 - a successful year
- Agreement of the new period (20.12.2022-20.04.2032) with the Estonian state
- Opportunities with offshore wind farms



# TS Laevad

- Recovery of volumes 2021
- Ferry Töll accident 2021 and continuation as hybrid ship 2022
- Electrification of ferries
- Preparing for the procurement of the new period 2026-2036
- Looking for growth opportunities
- Customer and employee satisfaction

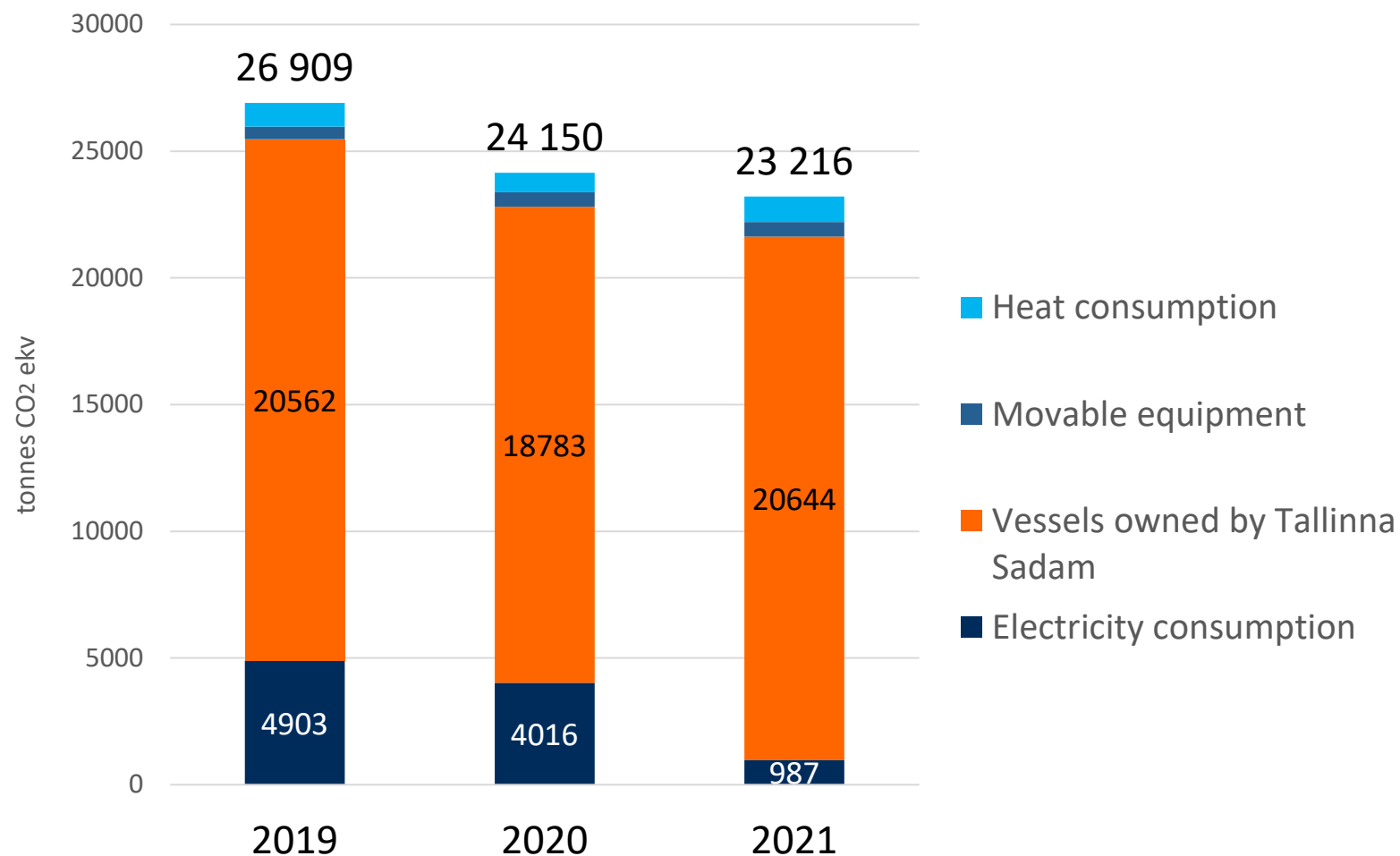




**Sustainability**

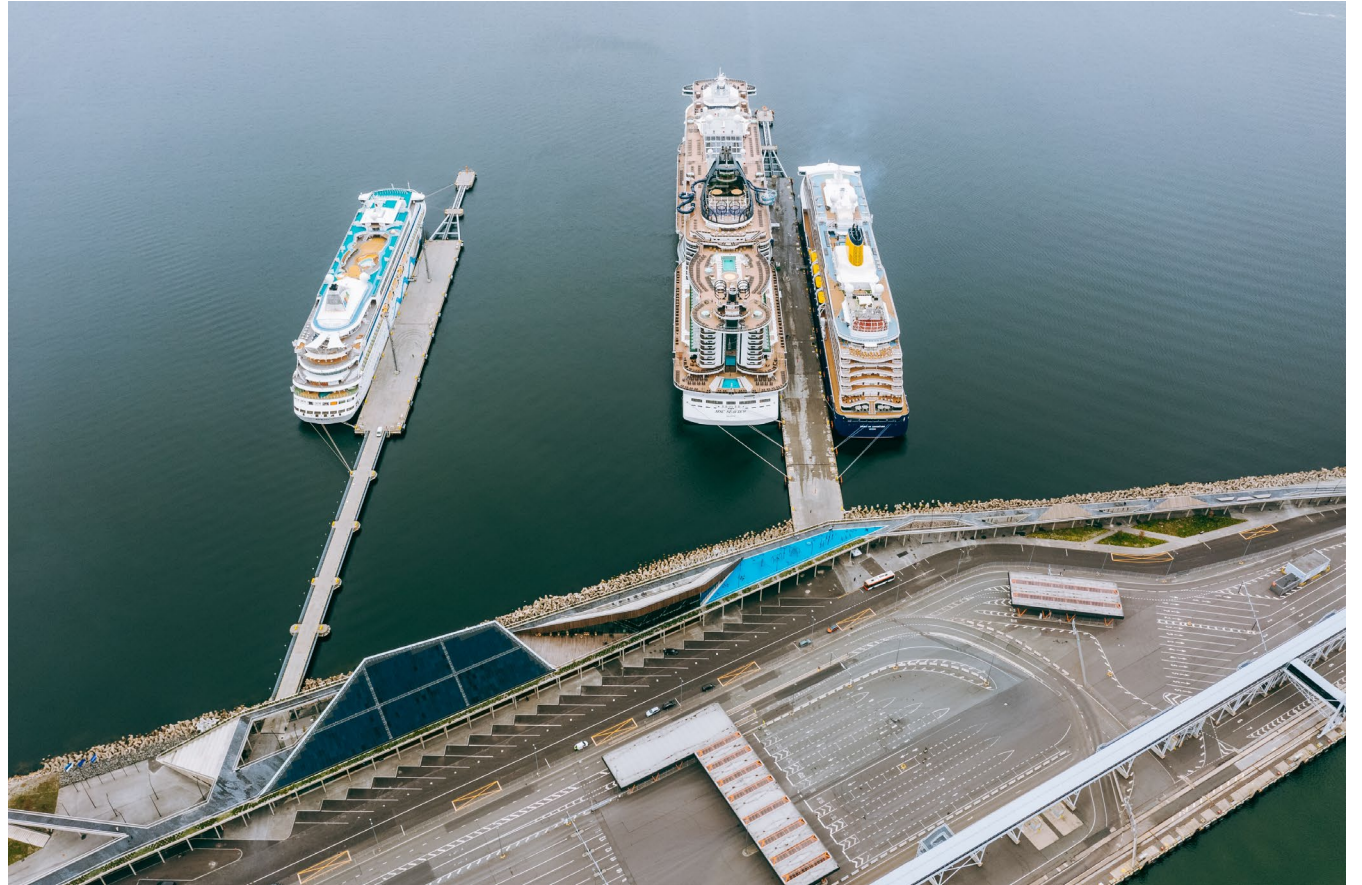
# Tallinna Sadam Group's greenhouse gas emissions

Scope 1-2



# Reducing the carbon footprint

- Port of Tallinn consumes renewable electricity
- Discounts on port fees for environmentally friendly ships (based on Environmental Shipping Index)
- Automoorring equipment and onshore power for regular ferries at the Old City Harbour
- Electrification of passenger ferries
- Planning of OPS for cruise ships in the Old City Harbour
- Wastewater reception system in the Old City Harbour
- Direct wastewater facilities for ships
- Collection of ship underwater cleaning waste
- Solar panels, sea heating and cooling
- Biodiversity preservation
- Creating attractive urban space and greenery





# Green maritime corridors in Northern Europe and the Baltic Sea

- Possible routes, ship types and fuels
- Technical, regulatory and commercial feasibility of routes



# Cooperation and community projects

- **Tallinn – European Green Capital 2023**
- **Green Tiger**  
Creating a clean future together
- **Seabin – for cleaner oceans**
- **Sea starts here**  
Preventing cigarette butt littering
- **World Clean Up Day**



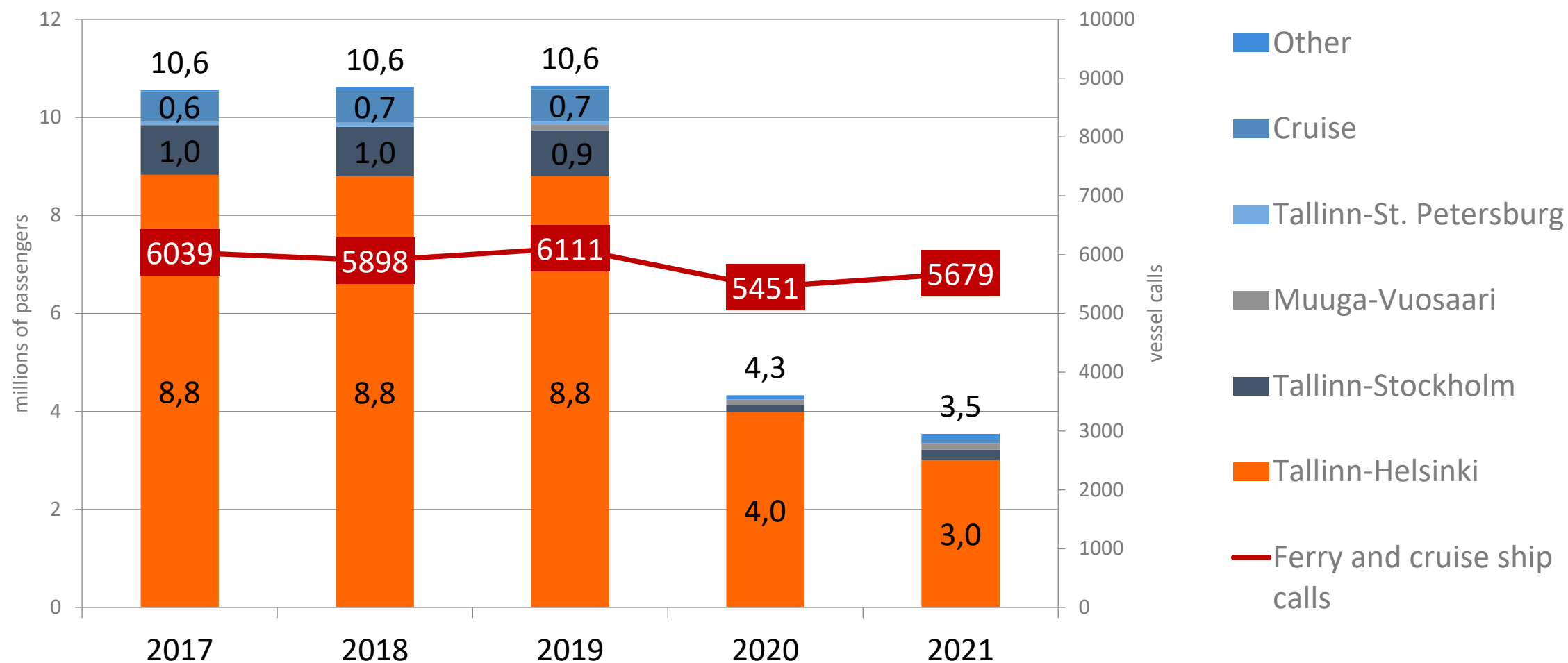


# **Financial results and dividend proposal**

Andrus Ait

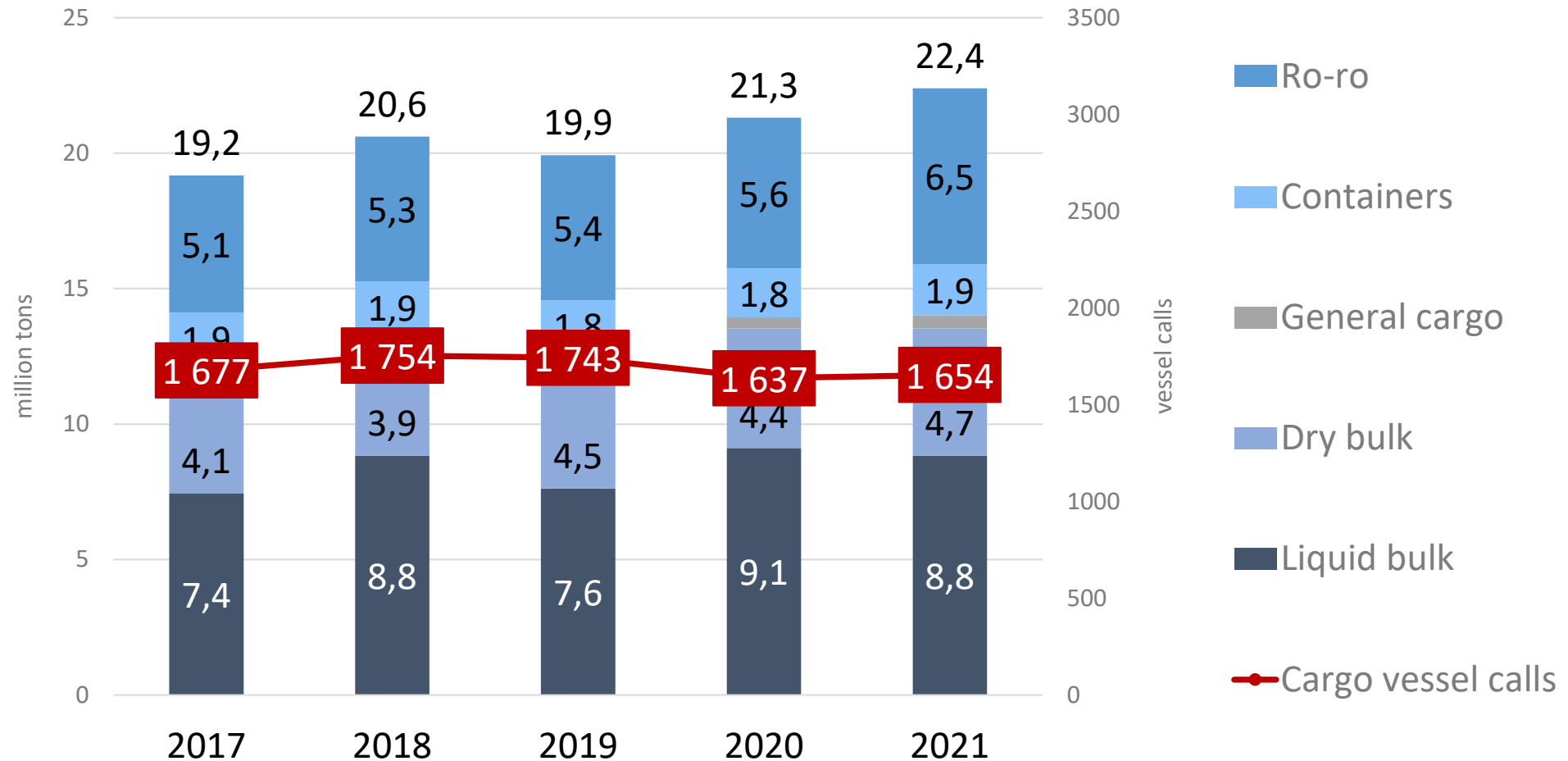
Member of the management board / CFO

# Passengers and PAX vessel calls



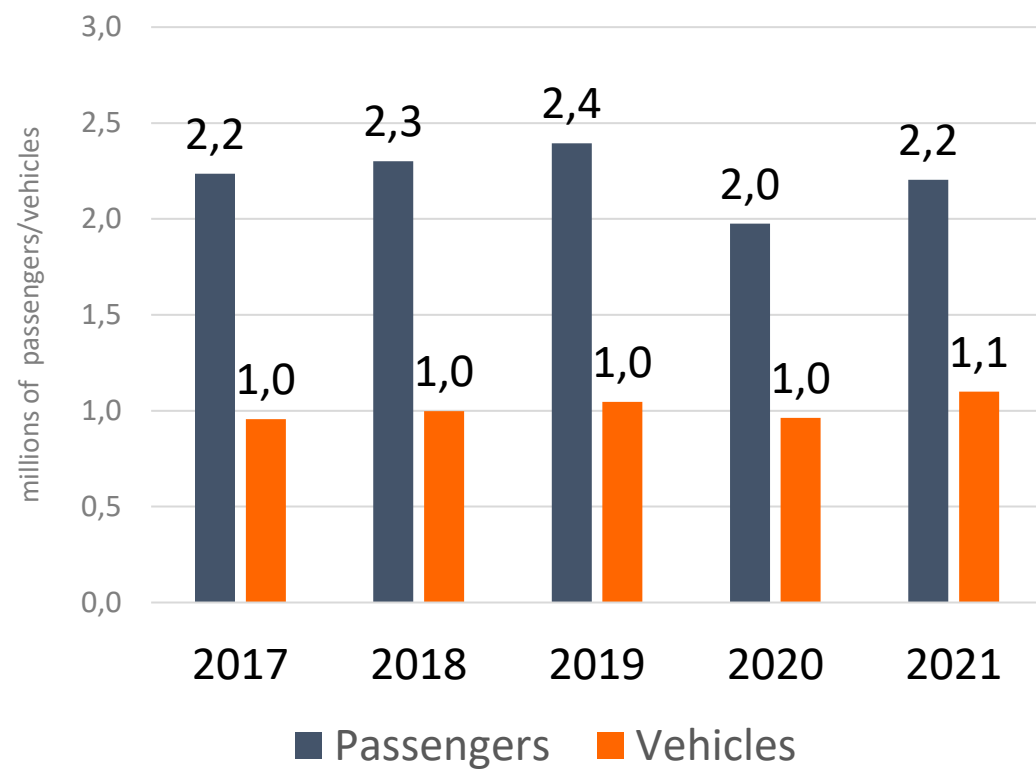


# Cargo and cargo vessel calls

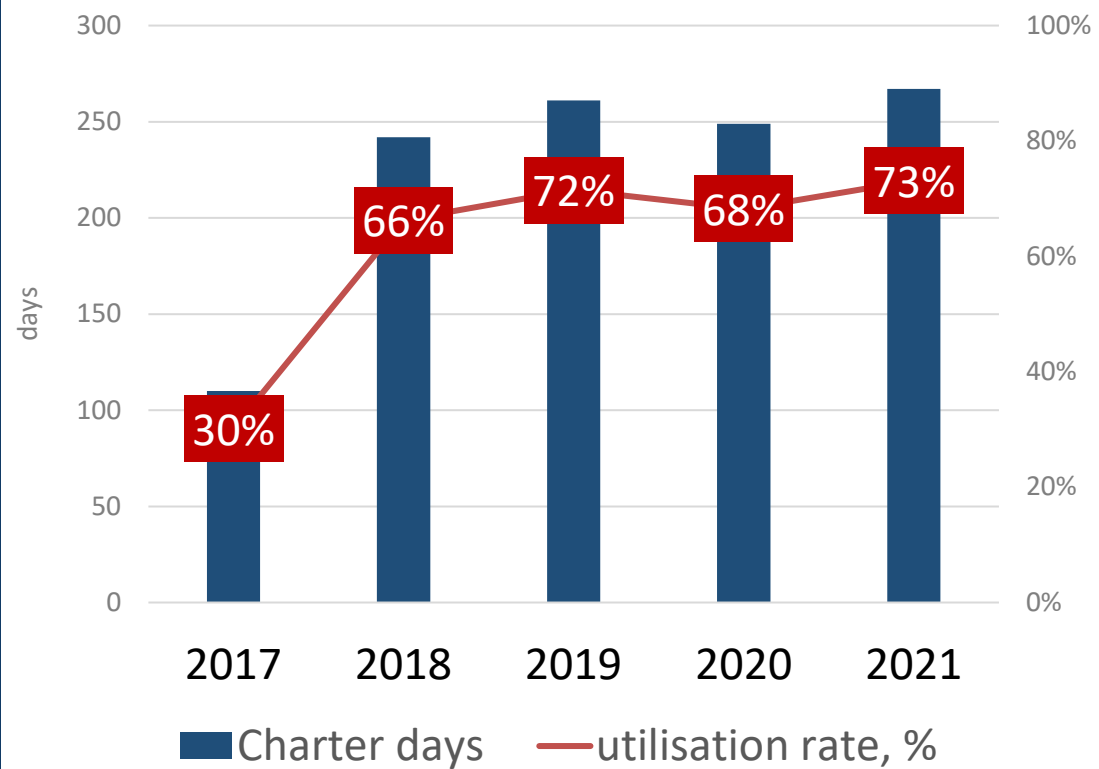


# Shipping

## Ferry segment's operating volumes



## MPSV Botnica charter





# Future affecting aspects and possibilities

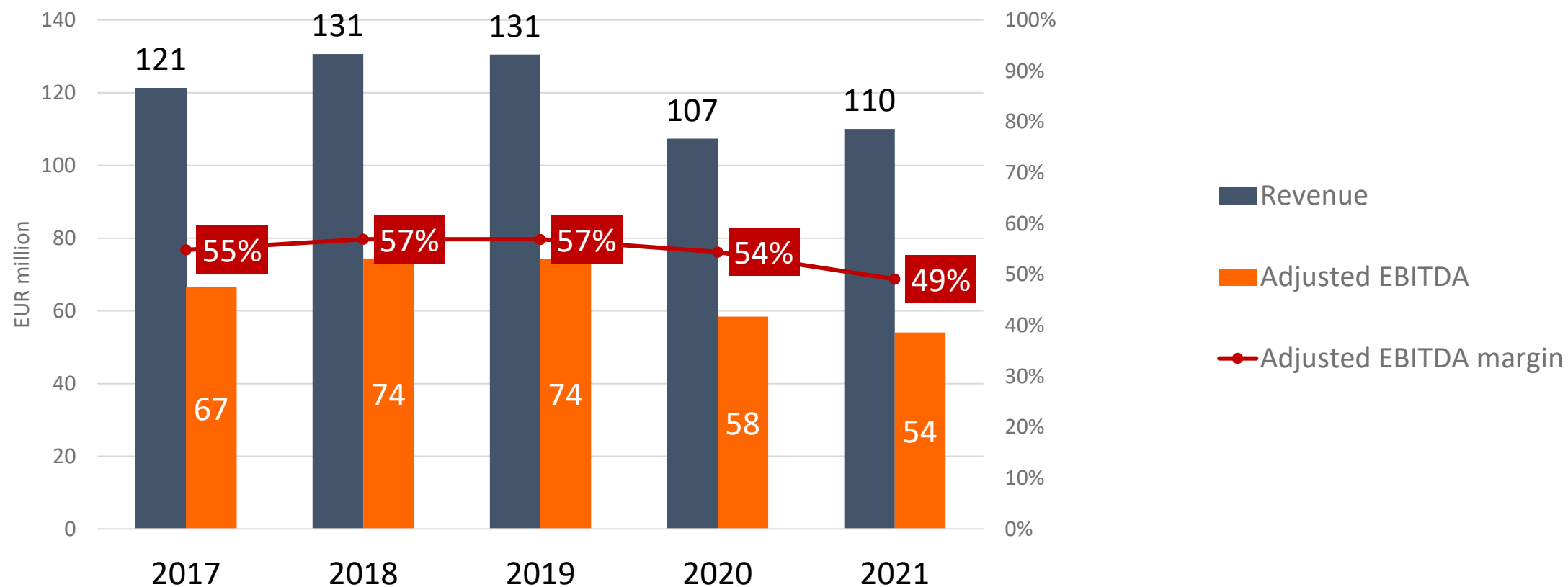
- Continuing effect of COVID-19 pandemic on passenger business
- Russian-Ukrainian war
  - Sanctions on Russia
  - Restructuring of supply chains
  - Ensuring energy security in Europe
  - War refugees
- Unstable global economic situation
- Increasing input cost base



# Financial results

tuh EUR	2021	2020	+/-
Revenue	110 051	107 358	2.5%
Adjusted EBITDA	54 046	58 423	-7.5%
Adjusted EBITDA margin	49.1%	54.4%	-5.3
Operating profit	29 758	35 562	-16.3%
Income tax	-3 275	-4 913	-33.3%
Profit for the period	25 612	28 518	-10.2%
Investments	14 718	37 138	-60.4%

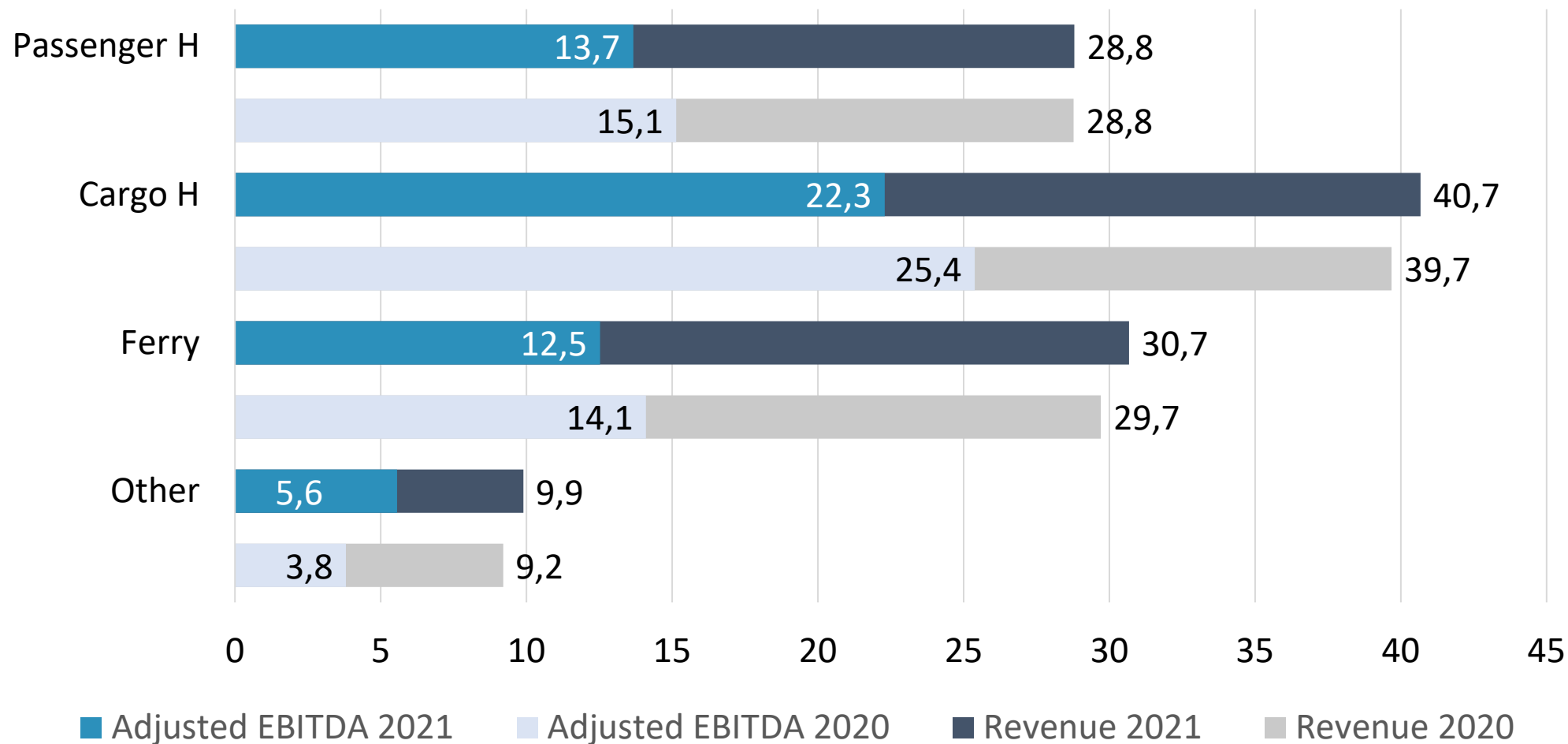
# Revenue and profitability





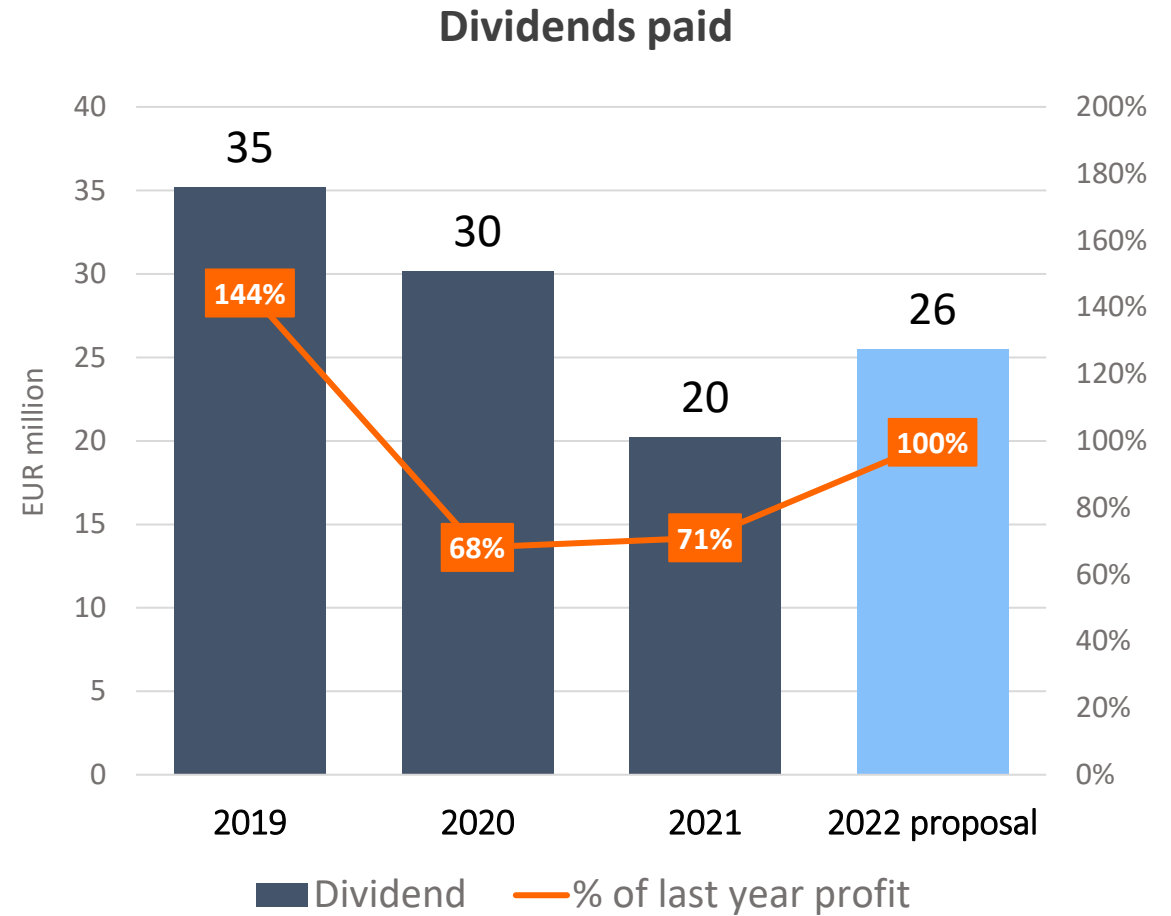
# Results of the segments

(EUR million)



# Dividend proposal

- Dividend policy:
  - To pay out annually at least 70% of its previous year's profit
- Dividend proposal EUR 0.097 per share (EUR 25.511 million in total)
- Change of dividend rights 04.05.2022 (ex-date)
- Dividend payment 12.05.2022



# **Amendment of the Articles of Association Remuneration principles of the supervisory board and the management board**

Erly Lüdig  
Head of the legal department



# Amendment of the Articles of Association

Pursuant to the amendment to 81 (1) p 31 of the State Assets Act, which entered into force on 1 January 2022, the exercise of the shareholder's rights shall ensure that the articles of association of a state-owned company provide that the chairman of the supervisory board is elected by the general meeting.

Article 4.3.9 of the Articles of Association is amended as follows: "The general meeting elects the chairman of the supervisory board".

# Remuneration principles of the supervisory board and the management board

- Bring the remuneration of members of the supervisory bodies into conformity with the State Assets Act, i.e. up to 25% of the supervisory board member remuneration
- Remuneration of the management board:
  - ✓ Monthly fee of the management board member
  - ✓ Performance-related bonus according to achieving the set annual targets (max 4 months fee)
  - ✓ Additional benefits (car, trainings, business trips, vacation, paid leave, etc.)
  - ✓ Non-compete obligation fee
  - ✓ Severance payment
  - ✓ No long-term incentive program (option program)
  - ✓ No remuneration for attending the supervisory boards of the subsidiaries or joint venture

# **Introduction of the new supervisory board**

Ando Leppiman

Chairman of Tallinna Sadam nomination committee,  
Secretary General of the Ministry of Economic Affairs and  
Communications



# Tallinna Sadam nomination committee

- Committee members:
  - ✓ Representatives of Estonian state: Ando Leppiman (chairman), Merike Saks, Kaido Padar
  - ✓ Representatives of minority shareholders: Ian Brown (EBRD), Gert Vilms (SEB)
- Main task is to propose to the general meeting:
  - ✓ Number of members in the supervisory board and their term of office
  - ✓ Candidates to be elected as supervisory board members, including the chairman candidate; recalling current members
  - ✓ Remuneration of the supervisory board and payment procedure

# Selection process

- Considering the strategy and challenges of Tallinna Sadam
- Assessment of the actions taken of the current supervisory board, including self-assessment of the supervisory board
- Discussion of the selection principles and essential competences of the supervisory board
- Individual interviews with the candidates

# Principles of selection of the candidates

- Tallinna Sadam strategy, potential and risks affecting its development
- Protection of the expectations and interests of the shareholders
- Conditions for the profile of the supervisory board
  - ✓ Complete coverage of the relevant competences
  - ✓ Continuity and rotation
  - ✓ Mitigation of the risks of conflict of interests and reputation
  - ✓ Sufficient diversity and functioning as united team
  - ✓ Candidate's opportunity and willingness to commit



# Proposal of the nomination committee

- To elect 7 members to the supervisory board, including 3 existing members
- Term of office 3 years starting 01.07.2022, representative of ministry of finance from 26.04.2022
- To appoint Riho Unt as chairman of the supervisory board
- Keep the remuneration of the supervisory board at the current level and order
  - ✓ Chairman of the supervisory board EUR 2,000 per month
  - ✓ Member of the supervisory board EUR 1,000 per month

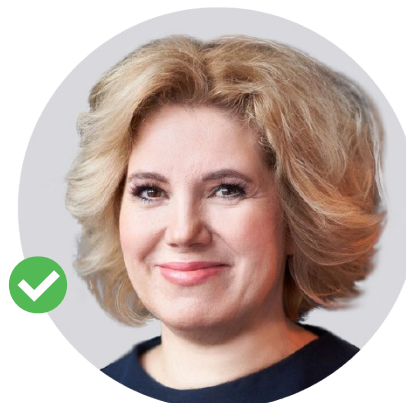
# Candidates of the supervisory board



Riho Unt  
(chairman candidate)



Veiko Sepp



Maarika Honkonen



Ain Tatter



Kaur Kajak



Risto Mäeots



Marek Helm

✓ independent

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Marju Zirel (Head of IR), [m.zirel@ts.ee](mailto:m.zirel@ts.ee)

