Financial review
January–December 2017
27 February 2018

FINNLINES Q4

JANUARY–DECEMBER 2017: Finnlines' best ever result in 70-year history

- Revenue EUR 536.3 (473.7 in 2016) million, increase 13.2 per cent
- Result before interest, taxes, depreciation and amortisation (EBITDA) EUR 152.4 (139.1) million, increase 9.5 per cent
- Result for the reporting period EUR 82.7 (68.1) million, increase 21.5 per cent
- Interest-bearing debt decreased by EUR 32.9 million and was EUR 458.2 (491.1) million at the end of the period

OCTOBER–DECEMBER 2017: Result for the period increased over 100 per cent

- Revenue EUR 131.8 (112.6) million, increase 17.1 per cent
- Result before interest, taxes, depreciation and amortisation (EBITDA) EUR 31.9 (24.8) million, increase 28.4 per cent
- Result for the reporting period EUR 14.9 (7.3) million, increase 104.5 per cent

KEY FIGURES

MEUR	1–12 2017	1–12 2016	10–12 2017	10–12 2016
Revenue	**536.3**	473.7	**131.8**	112.6
Result before interest, taxes, depreciation and amortisation (EBITDA)	**152.4**	139.1	**31.9**	24.8
Result before interest and taxes (EBIT)	**94.0**	81.5	**17.3**	10.1
% of revenue	**17.5**	17.2	**13.1**	8.9
Result for the reporting period	**82.7**	68.1	**14.9**	7.3
Shareholders' equity/share, EUR	**11.9**	11.4	**11.9**	11.4
Equity ratio, %	**51.1**	48.9	**51.1**	48.9
Interest bearing debt, MEUR	**458.2**	491.1	**458.2**	491.1
Gearing, %	**68.9**	83.8	**68.9**	83.8

EMANUELE GRIMALDI, PRESIDENT AND CEO, IN CONJUNCTION WITH THE REVIEW:

"The fourth quarter ended extremely well and the result exceeded the previous year's quarter by over 100 per cent and was EUR 14.9 (7.3) million. The January–December 2017 result improved by over 21 per cent and was EUR 82.7 (68.1) million, representing, for the third year in a row, the best ever result in Finnlines' 70-year history. The Finnish economy started to pick up at the end of 2016 and growth accelerated during 2017. The sea freight volumes in Finland grew by over 12 per cent during the year, yet, this can be considered an unprecedented result in the Finnlines Group.

We are expanding the Finnlines fleet. In 2013, MS Europalink was sold by Finnlines to the parent company because of insufficient volumes in the Baltic at that time. In January 2018, the vessel re-joined Finnlines on the Germany–Sweden route. Slotting the vessel back into the Finnlines rotation will also trigger reshuffling elsewhere in our routes. MS Nordlink, from the Germany–Sweden route will be redeployed on the route between Finland and Sweden, that is, on the Naantali–Långnäs–Kapellskär route. MS Nordlink's flag was changed to the Finnish flag and the vessel was renamed MS Finnswan. MS Finnswan will be one of the first ships of this length and with this level of cargo capacity to serve our customers between Finland and Sweden.

During the past years, Finnlines has made several important strategic decisions and focused on improving its operational and financial performance. During the past decade, we have spent over EUR 1 billion on major fleet renewal, green ship technology, propulsion systems, port technology, IT technology and ERP systems, and we are continuing to invest more through our EUR 70 million Energy Efficiency and Emission Reduction Programme. Under this investment programme, launched in 2017, we will lengthen four of our Breeze series ro-ro vessels, built in 2012 and 2013. These vessels will have a capacity increase of 30 per cent, meaning they will be able to carry up to 4,200 lane metres of rolling cargo. The capacity increase of around 1,000 lane metres will also considerably reduce the energy consumption per transported unit compared to the original vessel. As a result, we have been able to sharply reduce emissions per transported tonne. Two vessels have already been lengthened successfully and the remaining two will be completed by the end of April.

In response to growing volumes and market demand, Finnlines will continues to invest heavily in its fleet and has signed a letter of intent for three new 7,300 lane metre ro-ro vessels. Looking to 2018 and beyond, there are three strictly connected key elements in the way we are running our shipping business, worldwide in the Grimaldi Group, and also in Finnlines, that is – to grow together with the customers, to increase efficiency of capital employed on our fleet and to continue investing in sustainable development."

FINNLINES PLC, FINANCIAL REVIEW JANUARY– DECEMBER 2017 (unaudited)

FINNLINES' BUSINESS
Finnlines is the largest shipping company in the Baltic Sea based on both ro-ro and ro-pax volumes (source: Baltic Transportation Journal). The Company's passenger-freight vessels offer services from Finland to Germany and via the Åland Islands to Sweden, as well as from Sweden to Germany. Finnlines' ro-ro vessels operate in the Baltic Sea and the North Sea. The Company has subsidiaries in Germany, Belgium, Great Britain, Sweden, Denmark and Poland, which all are also sales offices. In addition to sea transportation, the Company provides port services in Helsinki and Turku.

GROUP STRUCTURE
Finnlines Plc is a Finnish public limited company, which operates under Finnish jurisdiction and legislation. At the end of the reporting period, the Group consisted of the parent company and 20 subsidiaries.

Finnlines is part of the Italian Grimaldi Group, which is a global logistics group specialising in maritime transport of cars, rolling cargo, containers and passengers. The Grimaldi Group comprises seven shipping companies, including Finnlines, Atlantic Container Line (ACL), Malta Motorways of the Sea (MMS) and Minoan Lines. With an owned fleet of about 120 vessels, the Group provides maritime transport services for rolling cargo and containers between Northern Europe, the Mediterranean, the Baltic Sea, West Africa, North and South America. It also offers passenger services within the Mediterranean and the Baltic Sea. On 25 August 2016, Grimaldi Group gained title to all the shares in Finnlines Plc and the shares were thus delisted.

GENERAL MARKET DEVELOPMENT
Based on the statistics by the Finnish Transport Agency for January–December, the Finnish seaborne imports carried in container, lorry and trailer units increased by 5 per cent whereas exports increased by 10 per cent (measured in tons) compared to the same period in 2016. Private and commercial passenger traffic between Finland and Sweden remained at the same level as previous year whereas the corresponding traffic between Finland and Germany increased by 7 per cent (Finnish Transport Agency).

FINNLINES' TRAFFIC
In October 2017, MS Finneagle was sold to the Grimaldi Group.

At the end of September, MS Finntide arrived in Remontowa Shiprepair Yard in Gdansk, Poland for conversion. As planned, the vessel was lengthened by 30 metres, which increased the capacity by around 1,000 additional lane metres. MS Finntide returned to the normal operation on the Uusikaupunki/Turku–Travemünde route at the end of November. At the same time, the second vessel, MS Finnwave, went for lengthening.

During the fourth quarter, Finnlines operated on average 20 (21) vessels in its own traffic.

The cargo volumes transported during January–December totalled approximately 709 (629 in 2016) thousand cargo units, 147 (119) thousand cars (not including passengers' cars) and 1,281 (1,611) thousand tons of freight not possible to measure in units. In addition, some 619 (602) thousand private and commercial passengers were transported.

FINANCIAL RESULTS

January–December 2017
The Finnlines Group recorded revenue totalling EUR 536.3 (473.7) million in 2017, an increase of 13.2 per cent compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 516.0 (453.6) million and Port Operations EUR 42.5 (38.4) million. The Shipping and Sea Transport Services segment's revenue grew in most trades due to larger cargo volumes. The bunker price level was also higher than in the previous year and, therefore, bunker surcharges increased the turnover in 2017. In Port Operations, the revenue continued to rise due to increased external and internal cargo handling activities. The internal revenue between the segments was EUR 22.2 (18.2) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 152.4 (139.1) million, an increase of 9.5 per cent.

Result before interest and taxes (EBIT) was EUR 94.0 (81.5) million. During 2017, Finnlines continued its strategy to optimise the traffic, which had a positive impact on the profitability. The result includes the gain on sale of EUR 0.7 million for MS Finneagle, whereas the 2016 result included the gain on sale of EUR 4.4 million for MS Finnsailor.

As a result of the improved financial position, net financial expenses decreased to EUR -11.5 (-14.6) million. Financial income was EUR 0.3 (0.4) million and financial expenses EUR -11.8 (-15.0) million. Result before taxes (EBT) improved by EUR 15.5 million and was EUR 82.5 (67.0) million. The result for the reporting period was EUR 82.7 (68.1) million.

October–December 2017

The Finnlines Group recorded revenue totalling EUR 131.8 (112.6) million. Cargo volumes continued to grow during the fourth quarter, which increased the revenue. The cargo-related bunker surcharge was also higher, since respective fuel costs have remained on a higher level. Shipping and Sea Transport Services generated revenue amounting to EUR 126.5 (107.9) million and Port Operations EUR 11.0 (9.2) million. The internal revenue between the segments was EUR 5.7 (4.6) million. The result of the fourth quarter is affected by the seasonality of the cargo volumes, which are typically on a lower level at the turn of the year. The number of passengers is also modest during the autumn/winter period compared to the summer season.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 31.9 (24.8) million, an increase of 28.4 per cent.

Result before interest and taxes (EBIT) was EUR 17.3 (10.1) million. The result includes the gain on sale of EUR 0.7 million for MS Finneagle.

Net financial expenses were EUR -2.5 (-3.4) million. Financial income was EUR 0.1 (0.2) million and financial expenses totalled EUR -2.6 (-3.6) million. Result before taxes (EBT) improved by EUR 8.1 million and was EUR 14.8 (6.7) million. The result for October–December was EUR 14.9 (7.3) million.

STATEMENT OF FINANCIAL POSITION, FINANCING AND CASH-FLOW

Even though the Company completed its Environmental Technology Investment Programme and launched a new Energy Efficiency and Emission Reduction Investment Programme, interest-bearing debt decreased by EUR 32.9 million to EUR 458.2 (491.1) million, excluding leasing liabilities of EUR 2.4 (3.7) million. The equity ratio calculated from the balance sheet improved to 51.1 (48.9) per cent and gearing dropped to 68.9 (83.8) per cent. Due to the expired charter agreements, there were no vessel lease commitments at the end of 2017 nor 2016.

The Group's liquidity position is strong and at the end of the period, cash and cash equivalents together with unused committed credit facilities amounted to EUR 192.0 (130.5) million.

Net cash generated from operating activities remained strong and was EUR 122.5 (124.8) million.

CAPITAL EXPENDITURE

The Finnlines Group's gross capital expenditure in the reporting period totalled EUR 48.9 (46.3) million, including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 58.4 (57.6) million. The investments consist of normal replacement expenditure of fixed assets, scrubber and reblading projects, lengthening of ro-ro vessels and dry-dockings.

Finnlines' EUR 100 million Environmental Technology Investment Programme, which covered scrubber orders and energy efficiency investments, was initiated in 2014 and concluded in 2017. The investment programme consisted of scrubber installations on board 20 vessels, propulsion upgrades for 9 vessels and special paint application on 2 vessels.

Finnlines launched a new capex programme, the Energy Efficiency and Emission Reduction Investment Programme, in spring 2017. As the main part of the programme, Finnlines will lengthen four of its Breeze series vessels, with an option for two additional vessels. The close to 30 per cent capacity increase will considerably reduce the energy consumption per transported unit compared to the original vessel and thus contribute more to reducing emissions. The new Energy Efficiency and Emission Reduction Investment Programme is proceeding as planned and the first vessel that was converted, MS Finntide, was redelivered on 23 November 2017 and joined the Uusikaupunki/Turku–Travemunde service. The second vessel to undergo the lengthening, MS Finnwave, arrived in Remontowa Shiprepair Yard in Gdansk, Poland on 28 November 2017 and is expected to return to service around the end of January 2018.

The above investment programme will amount to approximately EUR 70 million if executed in full.

Following a strategy to optimise the use of Finnlines' vessels and routes in order to improve its profitability, Finnlines Plc sold the ro-pax vessel MS Finneagle to the Grimaldi Group in October 2017. A month later, in November 2017, Rederi Aktiebolaget Nordö-Link, a fully owned subsidiary of Finnlines Plc, entered into a Memorandum of Agreement for the acquisition of the ro-pax vessel MS Europalink from the Grimaldi Group. The vessel is expected to join the Finnlines traffic during the first quarter of 2018. This will significantly increase the cargo-carrying capacity of Finnlines' ro-pax network, with Europalink having a total lane length of 4,215 m compared to Finneagle's total lane length of 2,459 m.

PERSONNEL

The Group employed an average of 1,651 (1,653) persons during the reporting period, consisting of 944 (957) persons at sea and 707 (696) persons on shore. The number of persons employed at the end of the period was 1,570 (1,627) in total, of which 886 (934) at sea and 684 (693) on shore.

The personnel expenses (including social costs) for the reporting period were EUR 89.5 (89.8) million.

THE FINNLINES SHARE

The Company's paid-up and registered share capital on 31 December 2017 totalled EUR 103,006,282. The capital stock consisted of 51,503,141 shares. On 25 August 2016, Grimaldi Group gained title to all the shares in Finnlines Plc and the shares were thus delisted from the official list of Nasdaq Helsinki Oy.

RISKS AND RISK MANAGEMENT

Finnlines is exposed to business risks that arise from the capacity of the fleet existing in the market, counterparties, prospects for export and import of goods, and changes in the operating environment. The risk of overcapacity is reduced through scrapping of aging vessels, on the one hand, and the more stringent Sulphur Directive requirements, on the other.

Finnlines operates mainly in the Emissions Control Areas where the emission limits are stricter than globally. The sulphur content limit for heavy fuel oil was reduced to 0.10 per cent as from 1 January 2015 in accordance with the MARPOL Convention. This has increased costs of sea transportation. However, with one of the youngest and largest fleets in Northern Europe and with investments in engine systems and energy efficiency, Finnlines is in a strong position to greatly mitigate this risk.

The effect of fluctuations in the foreign trade is reduced by the fact that the Company operates in several geographical areas. This means that slow growth in one country is compensated by faster recovery in another. Finnlines continuously monitors the solidity and payment schedules of its customers and suppliers. Currently, there are no indications of imminent risks related to counterparties but the Company continues to monitor the financial position of its counterparties. Finnlines holds adequate credit lines to maintain liquidity in the current business environment.

LEGAL PROCEEDINGS

The 2017 Financial Statements, published on 27 February 2018, contain a description of ongoing legal proceedings.

CORPORATE GOVERNANCE

The Corporate Governance Statement can be reviewed on the Company's website: www.finnlines.com.

EVENTS AFTER THE REPORTING PERIOD

MS Europalink was purchased from the Grimaldi Group in January 2018. The Supreme Court of Finland did not grant Finnlines leave to appeal on the fairway dues dispute between Finnlines and the Finnish State on 9 February 2018. As a result, the Helsinki Court of Appeal's decision of 8 August 2016 remains final. Otherwise there have been no significant events to report after the reporting period.

OUTLOOK AND OPERATING ENVIRONMENT

Looking to 2018, when Finland's economy is growing and this growth trend is likely to continue, this will affect our Company favourably. The investments we have made and the investments which are ongoing will further improve our efficiency and financial performance. Therefore, the Finnlines Group's result before taxes is expected to improve over the previous year's level.

The first financial review of 2018 for the period of 1 January–31 March 2018 will be published on Tuesday, 8 May 2018.

Finnlines Plc
The Board of Directors

Emanuele Grimaldi
President and CEO

FURTHER INFORMATION

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ENCLOSURES

- Reporting and accounting policies
- Consolidated statement of comprehensive income, IFRS
- Consolidated statement of financial position, IFRS
- Consolidated statement of changes in equity, IFRS
- Consolidated cash flow statement, IFRS
- Revenue and result by business segments
- Property, plant and equipment
- Fair value hierarchy
- Contingencies and commitments
- Revenue and result by quarter
- Shares, market capitalisation and trading information
- Events after the reporting period
- Calculation of ratios
- Related party transactions

DISTRIBUTION

Main media
This interim report is unaudited.

REPORTING AND ACCOUNTING POLICIES

This interim report included herein is prepared in accordance with IAS 34 (Interim Financial Reporting) standard. The Group has adopted new or revised IFRS standards and IFRIC interpretations from the beginning of the reporting period corresponding to those described in the 2016 Financial Statements with effect of 1 January 2017. They did not have any impact on the reported figures.

Finnlines Plc entered into the tonnage taxation regime in January 2013. In tonnage taxation, shipping operations transferred from taxation of business income to tonnage-based taxation.

All figures in the accounts have been rounded and, consequently, the sum of individual figures may deviate from the presented sum figure.

The preparation of the interim financial statements in accordance with IFRS requires management to make estimates and assumptions and use its discretion in applying the accounting principles that affect the valuation of the reported assets and liabilities and other information such as contingent liabilities and the recognition of income and expenses in the income statement. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates. The uncertainties related to the key assumptions were the same as those applied to the consolidated financial statements at the year-end 31 December 2016.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	10–12 2017	10–12 2016	1–12 2017	1–12 2016
Revenue	**131,793**	112,571	**536,257**	473,711
Other income from operations	**1,077**	289	**2,633**	6,652
Materials and services	**-43,137**	-35,700	**-163,645**	-126,486
Personnel expenses	**-22,979**	-22,846	**-89,451**	-89,753
Depreciation, amortisation and impairment losses	**-14,584**	-14,768	**-58,368**	-57,587
Other operating expenses	**-34,865**	-29,477	**-133,410**	-125,009
Total operating expenses	**-115,566**	-102,791	**-444,874**	-398,835
Result before interest and taxes (EBIT)	**17,304**	10,069	**94,017**	81,528
Financial income	**106**	174	**258**	412
Financial expenses	**-2,594**	-3,566	**-11,769**	-14,978
Result before taxes (EBT)	**14,817**	6,677	**82,506**	66,961
Income taxes	**33**	584	**235**	1,162
Result for the reporting period	**14,850**	7,261	**82,741**	68,124
Other comprehensive income:				
Other comprehensive income to be reclassified to profit and loss in subsequent periods:				
Exchange differences on translating foreign operations	**-1**	1	**-12**	-69
Tax effect, net				0
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total	**-1**	1	**-12**	-69
Other comprehensive income not being reclassified to profit and loss in subsequent periods:				
Remeasurement of defined benefit plans	**60**	20	**60**	20
Tax effect, net	**-36**	-29	**-36**	-29
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total	**24**	-8	**24**	-8
Total comprehensive income for the reporting period	**14,873**	7,254	**82,753**	68,046
Result for the reporting period attributable to:				
Parent company shareholders	**14,847**	7,264	**82,748**	68,133
Non-controlling interests	**3**	-4	**-7**	-10
	14,850	7,261	**82,741**	68,124
Total comprehensive income for the reporting period attributable to:				
Parent company shareholders	**14,870**	7,257	**82,760**	68,056
Non-controlling interests	**3**	-4	**-7**	-10
	14,873	7,254	**82,753**	68,046
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share):				
Undiluted / diluted earnings per share	**0.29**	0.14	**1.61**	1.32
Average number of shares:				
Undiluted / diluted	**51,503,141**	51,503,141	**51,503,141**	51,503,141

Most of the items recognised in the Consolidated Statement of Comprehensive Income fall under the tonnage tax scheme.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR 1,000	31 Dec 2017	31 Dec 2016
ASSETS		
Non-current assets		
Property, plant and equipment	929,152	982,629
Goodwill	105,644	105,644
Intangible assets	3,516	3,529
Other financial assets	4,579	4,580
Receivables	1,642	1,720
Deferred tax assets	4,504	5,646
	1,049,037	1,103,747
Current assets		
Inventories	6,340	6,700
Accounts receivable and other receivables	98,424	77,749
Income tax receivables	42	159
Cash and cash equivalents	36,965	1,943
	141,772	86,551
Non-current assets held for sale	15,121	15,121
Total assets	1,205,930	1,205,419
EQUITY		
Equity attributable to parent company shareholders		
Share capital	103,006	103,006
Share premium account	24,525	24,525
Translation differences	124	135
Fund for invested unrestricted equity	40,016	40,016
Retained earnings	447,388	420,240
	615,060	587,923
Non-controlling interests	127	178
Total equity	615,187	588,100
LIABILITIES		
Long-term liabilities		
Deferred tax liabilities	49,851	51,425
Other long-term liabilities	13	63
Pension liabilities	3,622	3,817
Provisions	1,730	1,757
Loans from financial institutions	292,608	322,600
	347,824	379,663
Current liabilities		
Accounts payable and other liabilities	74,670	65,174
Current tax liabilities	13	9
Provisions	248	262
Loans from financial institutions	167,988	171,971
	242,919	237,415
Total liabilities	590,743	617,078
Liabilities related to long-term assets held for sale	0	241
Total equity and liabilities	1,205,930	1,205,419

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2016, IFRS

EUR 1,000	Equity attributable to parent company shareholders							
	Share capital	Share issue premium	Translation differences	Unrestricted equity reserve	Retained earnings	Total	Non-controlling interests	Total equity
Reported equity 1 January 2016	**103,006**	**24,525**	**209**	**40,016**	**393,313**	**561,070**	**294**	**561,363**
Comprehensive income for the reporting period:								
Result for the reporting period					68,133	68,133	-10	68,124
Exchange differences on translating foreign operations			-74		5	-69		-69
Remeasurement of defined benefit plans					20	20		20
Tax effect, net					-29	-29		-29
Total comprehensive income for the reporting period			**-74**		**68,129**	**68,056**	**-10**	**68,046**
Dividend					-41,203	-41,203	-106	-41,309
Equity 31 December 2016	**103,006**	**24,525**	**135**	**40,016**	**420,240**	**587,923**	**178**	**588,100**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2017, IFRS

EUR 1,000	Equity attributable to parent company shareholders							
	Share capital	Share issue premium	Translation differences	Unrestricted equity reserve	Retained earnings	Total	Non-controlling interests	Total equity
Reported equity 1 January 2017	**103,006**	**24,525**	**135**	**40,016**	**420,240**	**587,923**	**178**	**588,100**
Comprehensive income for the reporting period:								
Result for the reporting period					82,748	82,748	-7	82,741
Exchange differences on translating foreign operations			-11		-1	-12		-12
Remeasurement of defined benefit plans					60	60		60
Tax effect, net					-36	-36		-36
Total comprehensive income for the reporting period			**-11**		**82,771**	**82,760**	**-7**	**82,753**
Dividend					-55,623	-55,623	-43	-55,666
Equity 31 December 2017	**103,006**	**24,525**	**124**	**40,016**	**447,388**	**615,060**	**127**	**615,187**

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1–12 2017	1–12 2016
Cash flows from operating activities		
Result for the reporting period	**82,741**	68,124
Adjustments:		
Non-cash transactions	**56,482**	52,461
Unrealised foreign exchange gains (-) / losses (+)	**1**	-11
Financial income and expenses	**11,509**	14,577
Taxes	**-235**	-1,162
Changes in working capital:		
Change in accounts receivable and other receivables	**-20,792**	1,565
Change in inventories	**360**	-2,367
Change in accounts payable and other liabilities	**4,418**	6,471
Change in provisions	**-223**	-155
Interest paid	**-8,434**	-11,394
Interest received	**99**	299
Taxes paid	**-122**	280
Other financing items	**-3,336**	-3,842
Net cash generated from operating activities	**122,470**	**124,845**
Cash flow from investing activities		
Investments in tangible and intangible assets *	**-43,547**	-38,450
Sale of tangible assets **	**45,881**	8,810
Proceeds from sale of investments		-5
Dividends received	**2**	13
Net cash used in investing activities	**2,335**	**-29,632**
Cash flows from financing activities		
Loan withdrawals	**151,000**	205,000
Net increase in current interest-bearing liabilities (+) / net decrease (-)	**6,580**	8,035
Repayment of loans	**-191,742**	-271,662
Loans granted		
Increase (-) / decrease (+) in long-term receivables	**0**	200
Dividends paid	**-55,623**	-41,309
Net cash used in financing activities	**-89,786**	**-99,736**
Change in cash and cash equivalents	**35,020**	-4,523
Cash and cash equivalents 1 January	**1,943**	6,468
Effect of foreign exchange rate changes	**3**	-3
Cash and cash equivalents at the end of period	**36,965**	**1,943**

* Investments include environmental aid granted by the European Union, of which the Group received EUR 6.7 million during the reporting period 2016. The corresponding aid was not received in 2017.

** Includes sale of one vessel in both 2017 and 2016.

REVENUE AND RESULT BY BUSINESS SEGMENTS

	10–12 2017		10–12 2016		1–12 2017		1–12 2016	
	MEUR	%	MEUR	%	MEUR	%	MEUR	%
Revenue								
Shipping and sea transport services	126.5	95.9	107.9	95.8	516.0	96.2	453.6	95.8
Port operations	11.0	8.4	9.2	8.2	42.5	7.9	38.4	8.1
Intra-group revenue	-5.7	-4.3	-4.6	-4.0	-22.2	-4.1	-18.2	-3.9
External sales	**131.8**	**100.0**	**112.6**	**100.0**	**536.3**	**100.0**	**473.7**	**100.0**
Result before interest and taxes								
Shipping and sea transport services	17.1		10.9		91.2		82.8	
Port operations	0.2		-0.8		2.8		-1.3	
Result before interest and taxes (EBIT) total	**17.3**		**10.1**		**94.0**		**81.5**	
Financial items	-2.5		-3.4		-11.5		-14.6	
Result before taxes (EBT)	**14.8**		**6.7**		**82.5**		**67.0**	
Income taxes	0		0.6		0.2		1.2	
Result for the reporting period	**14.8**		**7.3**		**82.7**		**68.1**	

PROPERTY, PLANT AND EQUIPMENT 2017

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total
Acquisition cost 1 January 2017	72	73,142	1,386,912	66,755	10,117	1,536,998
Exchange rate differences		-12		-3		-16
Increases		31	29,418	537	18,368	48,354
Disposals *		-3	-95,362	-399		-95,764
Reclassifications between items			9,808	110	-9,918	0
Reclassifications to non-current assets held for sale **		-4,369		-22,395		-26,763
Acquisition cost 31 December 2017	**72**	**68,788**	**1,330,776**	**44,606**	**18,567**	**1,462,809**
Accumulated depreciation, amortisation and write-offs 1 January 2017		-21,793	-474,532	-42,923		-539,248
Exchange rate differences		11		4		15
Cumulative depreciation on reclassifications and disposals		3	51,377	399		51,779
Depreciation for the reporting period		-2,192	-54,032	-1,620		-57,845
Accumulated depreciation, amortisation and write-offs 31 December 2017		**-23,971**	**-477,187**	**-44,140**		**-545,299**
Reclassifications to non-current assets held for sale **		1,132		10,510		11,642
Carrying value 31 December 2017	**72**	**45,948**	**853,589**	**10,976**	**18,567**	**929,152**
Assets classified as held for sale 1 January 2017						
Acquisition cost						
Transfer to non-current assets held for sale		4,369		22,395		26,763
Reclassification between items						
Accumulated depreciation						
Transfer to non-current assets held for sale		-1,132		-10,510		-11,642
Reclassification between items						
Carrying value 31 December 2017		**3,237**		**11,885**		**15,121**

* Includes the sale of one vessel.

** Assets held for sale:
Finnlines is negotiating a sale of port operations' assets with carrying value of EUR 15.1 million. No impairment losses were recognised on the carrying values of these assets in 2016 nor 2017, as according to management's estimate, the fair value of the assets classified as held for sale was higher than the carrying value at the balance sheet date 31 December 2017.

PROPERTY, PLANT AND EQUIPMENT 2016

EUR 1,000	Land	Buildings	Vessels *	Machinery and equipment	Advance payments & acquisitions under construction	Total **
Acquisition cost 1 January 2016	72	72,773	1,352,785	65,430	23,459	1,514,518
Exchange rate differences		8		-90		-82
Increases		361	36,536	2,091	7,031	46,018
Disposals ***			-22,781	-675		-23,456
Reclassifications between items			20,373		-20,373	0
Reclassifications to non-current assets held for sale ****		-4,369		-22,395		-26,763
Acquisition cost 31 December 2016	**72**	**68,773**	**1,386,912**	**44,361**	**10,117**	**1,510,234**
Accumulated depreciation, amortisation and write-offs 1 January 2016		-19,544	-439,791	-42,444		-501,779
Exchange rate differences		-7		83		76
Cumulative depreciation on reclassifications and disposals			18,903	671		19,575
Depreciation for the reporting period		-2,243	-53,645	-1,233		-57,120
Accumulated depreciation, amortisation and write-offs 31 December 2016		-21,793	-474,532	-42,923		-539,248
Reclassification to non-current assets held for sale *****		1,132		10,510		11,642
Carrying value 31 December 2016	**72**	**48,111**	**912,380**	**11,948**	**10,117**	**982,629**
Assets classified as held for sale 1 January 2016						
Acquisition cost						
Transfer to non-current assets held for sale		4,369		22,395		26,763
Reclassification between items						
Accumulated depreciation						
Transfer to non-current assets held for sale		-1,132		-10,510		-11,642
Reclassification between items						
Carrying value 31 December 2016		**3,237**		**11,885**		**15,121**

* During 2016, EUR 14.5 million environmental aid granted by the European Union was allocated to environmental investments in vessels.
** The carrying value of property, plant and equipment includes EUR 21.3 (22.3) million of capitalised borrowing costs during construction.
*** Includes the sale of one vessel.
**** Finnlines is negotiating a sale of port operations' assets with carrying value of EUR 15.1 million. No impairment losses were recognised on the carrying values of these assets in 2015 or 2016, as according to management's estimate, the fair value of the assets classified as held for sale was higher than the carrying value at the balance sheet date 31 December 2015 and 31 December 2016.

The Company's management has reassessed and changed the financial depreciation and amortisation plans regarding four Kalmar STS container cranes in the Vuosaari Harbour from 25 years to 35 years starting from 1 January 2016.

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

The Group has loans from financial institutions and pension loans belonging to level 2. There is no material difference between carrying values and fair values of these instruments.

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Level 3 includes unlisted shares amounting to EUR 4.6 million (4.6 in 2016), which are valued at the lower of acquisition cost or probable value, as their fair value cannot be reliably measured.

CONTINGENCIES AND COMMITMENTS

EUR 1,000	31 Dec 2017	31 Dec 2016
Minimum leases payable in relation to fixed-term leases:		
Vessel leases (Group as lessor)*:		
Within 12 months	**0**	2,444
1-5 years	**0**	0
	0	**2,444**
Other leases (Group as lessee):		
Within 12 months	**5,397**	5,343
1-5 years	**8,263**	11,298
After five years	**5,478**	6,414
	19,138	**23,055**
Other leases (Group as lessor):		
Within 12 months	**232**	191
	232	**191**
Collateral given		
Loans from financial institutions	**369,995**	**389,852**
Vessel mortgages provided as guarantees for the above loans	**954,500**	**940,500**
Other collateral given on own behalf		
Pledges	**340**	250
	340	**250**
Other obligations		
Other external obligations*	**23,389**	**6,529**
Group internal obligations, related to vessel acquisition	**70,200**	
	93,589	**6,529**
VAT adjustment liability related to real estate investments	**1,434**	**2,730**

* Other external obligations are related to lengthening of ro-ro vessels, scrubber systems, reblading obligations and vessel investments.

REVENUE AND RESULT BY QUARTER

MEUR	Q1/17	Q1/16	Q2/17	Q2/16	Q3/17	Q3/16	Q4/17	Q4/16
Shipping and sea transport services	116.0	100.4	133.4	120.3	140.1	125.1	126.5	107.9
Port operations	10.1	9.3	10.8	10.2	10.6	9.7	11.0	9.2
Intra-group revenue	-5.2	-4.4	-5.9	-4.9	-5.5	-4.4	-5.7	-4.6
External sales	**120.9**	**105.2**	**138.4**	**125.6**	**145.2**	**130.4**	**131.8**	**112.6**
Result before interest and taxes								
Shipping and sea transport services	13.5	12.1	25.9	25.1	34.6	34.7	17.1	10.9
Port operations	0.1	-0.8	1.5	0.2	1.0	0.1	0.2	-0.8
Result before interest and taxes (EBIT) total	**13.6**	**11.4**	**27.4**	**25.3**	**35.6**	**34.8**	**17.3**	**10.1**
Financial items	-3.1	-3.9	-3.0	-3.6	-2.9	-3.7	-2.5	-3.4
Result before taxes (EBT)	**10.6**	**7.4**	**24.4**	**21.7**	**32.7**	**31.1**	**14.8**	**6.7**
Income taxes	0.6	0.9	-0.2	0.5	-0.2	-0.8	0	0.6
Result for the reporting period	**11.2**	**8.3**	**24.2**	**22.2**	**32.5**	**30.3**	**14.8**	**7.3**
EPS (undiluted / diluted)	0.22	0.16	0.47	0.43	0.63	0.59	0.29	0.14

SHARE INFORMATION

	31 Dec 2017	31 Dec 2016
Number of shares	**51,503,141**	51,503,141

On 25 August 2016, Grimaldi Group gained title to all the shares in Finnlines Plc and the shares were thus delisted.

EVENTS AFTER THE REPORTING PERIOD

MS Europalink was purchased from the Grimaldi Group in January 2018. The Supreme Court of Finland did not grant Finnlines leave to appeal on the fairway dues dispute between Finnlines and the Finnish State on 9 February 2018. As a result, the Helsinki Court of Appeal's decision of 8 August 2016 remains final. Otherwise there have been no significant events to report after the reporting period.

CALCULATION OF RATIOS

Earnings per share (EPS), EUR	=	$\dfrac{\text{Result attributable to parent company shareholders}}{\text{Weighted average number of outstanding shares}}$	
Shareholders' equity per share, EUR	=	$\dfrac{\text{Shareholders' equity attributable to parent company shareholders}}{\text{Undiluted number of shares at the end of period}}$	
Gearing, %	=	$\dfrac{\text{Interest-bearing liabilities - cash and bank equivalents}}{\text{Total equity}}$	x 100
Equity ratio, %	=	$\dfrac{\text{Total equity}}{\text{Assets total - received advances}}$	x 100

Income tax expense is recognised based on the best estimate of the weighted-average annual income tax rate expected for the full financial year. In January 2013, the shipping operations of Finnlines Plc transferred to tonnage-based taxation.

RELATED PARTY TRANSACTIONS

MS Finneagle was chartered out to the Grimaldi Group as from June 2017. The vessel was sold to the Grimaldi Group in October 2017.

Otherwise there were no material related party transactions during the reporting period. The business transactions were carried out using market-based pricing.