

Financial review
January–March 2020
17 May 2020

FINNLINES Q1

JANUARY–MARCH 2020: Revenue decreased by 5.1%

- Revenue EUR 130.5 (137.6 in 2019) million, decrease 5.1%
- Result before interest, taxes, depreciation and amortization (EBITDA) EUR 38.2 (34.2) million, increase 11.9%
- Result for the reporting period EUR 20.7 (16.2) million, increase 27.6%
- Interest bearing debt decreased by EUR 96.3 million and was EUR 352.5 (448.8) million at the end of the period

KEY FIGURES

MEUR	1–3 2020	1–3 2019	1–12 2019
Revenue	130.5	137.6	574.8
Result before interest, taxes, depreciation and amortisation (EBITDA)	38.2	34.2	169.8
Result before interest and taxes (EBIT)	22.1	18.1	104.8
% of revenue	16.9	13.1	18.2
Result for the reporting period	20.7	16.2	98.3
Stakeholders' equity/share, EUR	14.4	13.2	13.88
Equity ratio, %	60.3	53.4	58.5
Net debt/EBITDA	2.0	2.7	2.1
Interest bearing debt, MEUR	352.5	448.8	372.2
Net gearing, %	46.2	65.6	50.8

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

"The Finnlines Group's revenue for January–March 2020 was almost on previous year's level and was EUR 130.5 million compared to EUR 137.6 million in the corresponding period 2019. The result for the reporting period was EUR 20.7 million compared to EUR 16.2 million in corresponding period last year, but operationally the quarter ended in difficult conditions, when the spread of Covid-19 started to affect in Finland and elsewhere in Europe. The coronavirus situation has had a strong impact on passenger transport and travel in Europe, but also business environment is characterised with the measures taken by companies to prevent the spread, which has slowed down the growth globally. Finnlines is not immune to this slowdown in global trade and we also need to mitigate the Covid-19 impact. Thus, we have taken steps to lower costs and have implemented cost-saving plan.

Approximately 90% of Finland's export and 80% of import are transported via seaways, thus Finnlines ensures for its own part, that even in this exceptional situation we are facing today, our vessels run and perform their duties as usual. Finnlines has a vital role in transporting medicine, food supplies and other consumer goods, which are essential for Finnish people and industry.

Governments across Europe have promised various emergency measures to shipping companies. This can lead to very unfair competition. Any financial aid has to be provided in accordance with existing rules, and that individual companies should not be singled out for support at the expense of more robust rivals. Any aid, either from governmental or from security of supply agencies, should be available to all shipping companies, regardless of their financial strength, in order to avoid distorting the marketplace and risking antitrust complaints. If the state intervenes, it has to intervene in a such way that it does not create unfair competition.

During the first quarter, we transported 186,000 cargo units, shipped 41,000 cars (not including passengers' cars) and carried 121,000 passengers. This shows that Finnlines is clearly an important service provider to Finland's economy. It has in recent weeks become evident that carriers, such as Finnlines, provide a lifeline for both the private and the public sector in the country.

Finnlines' vessels enable the smooth operation of logistic chains and, therefore, Finland's economy can retain its ability to function under the distressed conditions. We are proud that Finnlines' services in the Baltic and North Sea areas provide a backbone in transporting all the necessary goods to Finnish society. We can guarantee services while providing maximum safety standards and complying to the requirements authorities set us.

We have steered large investments advancing sustainable development, most recently, we have placed an order for two green ro-pax newbuildings and the construction work of the three ro-ro vessels has started. These investments into ultra green generation vessels total EUR 0.5 billion. We invest in long-term, in sustainable operations and for our customers' future growth. This is our responsible, green strategy, where we are the forerunner and for which we are very proud of, needless to say, this is what all operators should aim for."

FINNLINES PLC, FINANCIAL REVIEW JANUARY–MARCH 2020 (unaudited)

FINNLINES' BUSINESS

Finnlines is a leading shipping operator of ro-ro and passenger services in the Baltic Sea, the North Sea and the Bay of Biscay. 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, the North Sea and the Bay of Biscay. The Company has subsidiaries or sales offices 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.

As an agent for Grimaldi Lines and Atlantic Container Line (ACL) in Finland and Russia, Finnlines connects Helsinki, St. Petersburg and Paldiski with the Grimaldi Group network in the Mediterranean, West Africa, as well as the Atlantic coast of both North and South America.

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 19 subsidiaries.

Finnlines Plc is fully owned by the Grimaldi Group, which is one of the world's largest operators of ro-ro vessels and the largest operator of the Motorways of the Sea in Europe for both passengers and freight. The Grimaldi Group, headquartered in Naples, operates a fleet of more than 120 vessels and employs approximately 16,000 people. It serves over 120 ports in 50 countries in the Mediterranean Sea, North Europe, West Africa, North and South America. The Grimaldi Group comprises seven shipping companies, including Finnlines, Atlantic Container Line (ACL), Malta Motorways of the Sea (MMS) and Minoan Lines.

GENERAL MARKET DEVELOPMENT

Based on the statistics by Statistics Finland for January–March, the Finnish seaborne imports carried in container, lorry and trailer units (measured in tons) decreased by 1% and exports decreased by 8%. During the same period private and commercial passenger traffic between Finland and Sweden decreased by 18%. Between Finland and Germany the corresponding traffic decreased by 2% (Statistics Finland).

FINNLINES TRAFFIC

At the end of March, Covid-19 pandemic started to affect cargo volumes negatively and vessel capacity was adapted accordingly.

Finnlines operated on average 19 (20) vessels in its own traffic.

The cargo volumes transported during January–March totalled approximately 186 (188 in 2019) thousand cargo units, 41 (43) thousand cars (not including passengers' cars) and 247 (287) thousand tons of freight not possible to measure in units. In addition, some 121 (122) thousand private and commercial passengers were transported.

FINANCIAL RESULTS

January–March 2020

The Finnlines Group recorded revenue totalling EUR 130.5 (137.6) million in the reporting period, a decrease of 5.1% compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 124.7 (131.8) million, of which passenger related revenue was EUR 7.8 (7.4) million. The revenue of Port Operations was EUR 10.9 (11.0) million. Strikes in Finnish export industry during January and February as well as Covid-19 pandemic in March had a negative effect on cargo volumes. The internal revenue between the segments was EUR 5.4 (5.3) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 38.2 (34.2) million, an increase of 11.9%.

Result before interest and taxes (EBIT) was EUR 22.1 (18.1) million. The chartering of MS Finnsea to Grimaldi companies and a decline in fuel prices improved the result compared to previous year.

As a result of the improved financial position, net financial expenses decreased to EUR -1.5 (-2.1) million. Financial income was EUR 0.0 (0.0) million and financial expenses EUR -1.6 (-2.2) million. Result before taxes (EBT) increased by EUR 4.6 million and was EUR 20.6 (16.0) million. The result for the reporting period was EUR 20.7 (16.2) million.

STATEMENT OF FINANCIAL POSITION, FINANCING AND CASH FLOW

Interest-bearing debt decreased by EUR 96.3 million to EUR 352.5 (448.8) million, excluding leasing liabilities of EUR 19.5 (17.5) million. Net interest-bearing debt at the end of period was EUR 342.0 (447.2) million. Net interest-bearing debt/EBITDA (rolling 12 months) ratio amounted to 2.0 (2.7) and the equity ratio calculated from the balance sheet was 60.3% (53.4%). Net gearing resulted in 46.2% (65.6%).

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 165.4 (137.5) million.

Net cash generated from operating activities remained strong and was EUR 26.5 (26.7) million.

CAPITAL EXPENDITURE

The Finnlines Group's gross capital expenditure in the reporting period totalled EUR 4.7 (27.6) million, including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 16.2 (16.1) million. The investments consist of normal replacement expenditure of fixed assets, new cargo handling equipment, dry-dockings, and prepayments related to green ro-ro and ro-pax newbuildings.

Finnlines' high utilisation rate on the ro-pax routes enables its customers to carry their goods in a sustainable and responsible way. The Company has steered large investments advancing sustainable development, i.e. environmental technology investments to further reduce the Finnlines fleet's emissions, installation of modern propulsion systems and ship lengthenings to decrease energy consumption.

Finnlines continues to deploy larger and larger vessels in order to benefit from economies of scale. The Company has ordered five ultra green generation vessels, three green hybrid ro-ro vessels and two eco-efficient Superstar ro-pax vessels which represents a total investment worth EUR 0.5 billion. The first ro-ro vessel is expected to start operation in 2021, and the other two in the first half of 2022. The Superstar ro-pax vessels are set to start operating in 2023. The significant newbuilding investment will also give Finnlines the flexibility to remove some of the older existing vessels from the fleet in order to let new units enter, improving the green footprint of the Company.

Finnlines has also focused on the shore side operations as well as developing innovative port service solutions. The unique patented cargo handling equipment shortens turnaround times in port. The development in digitalisation and automation increases the efficiency and effectiveness of the Company's processes.

PERSONNEL

The Group employed an average of 1,534 (1,551) persons during the reporting period, consisting of 847 (850) persons at sea and 687 (701) persons on shore. The number of persons employed at the end of the period was 1,552 (1,549) in total, of which 857 (850) at sea and 695 (699) on shore.

The personnel expenses (including social costs) for the reporting period were EUR 21.5 (21.5) million.

THE FINNLINES SHARE

The Company's paid-up and registered share capital on 31 March 2020 totalled EUR 103,006,282. The capital stock consisted of 51,503,141 shares.

Finnlines Plc is fully owned by the Grimaldi Group.

DECISIONS TAKEN BY THE ANNUAL GENERAL MEETING

Finnlines Plc's Annual General Meeting was held in Helsinki on 7 May 2020. The Annual General Meeting of Finnlines Plc approved the Financial Statements and discharged the members of the Board of Directors and President and CEO from liability for the financial year 2019. The meeting approved the Board of Directors' proposal to pay a dividend of EUR 1.00 per share.

The meeting decided that the number of Board Members be ten. The meeting re-elected the current board members Christer Backman, Tiina Bäckman, Emanuele Grimaldi, Gianluca Grimaldi, Guido Grimaldi, Mikael Mäkinen, Diego Pacella, Jon-Aksel Torgersen and Tapani Voionmaa and elected Esben Poulsen as a new board member for the term until the close of the Annual General Meeting in 2021. The yearly compensation to the Board will remain unchanged as follows: EUR 50,000 for the Chairman, EUR 40,000 for the Vice Chairman, and EUR 30,000 for each of the other members of the Board.

The Annual General Meeting elected KPMG Oy Ab as the Company's auditor for the fiscal year 2020. It was decided that the external auditors will be reimbursed according to invoice.

RISKS AND RISK MANAGEMENT

The Covid-19 outbreak and the measures taken to prevent the spread represent impact on Finnlines' operations but the Company will maintain the critical sea transportation connection for Finland. The transportation of medicines, foodstuff and other essential goods from one country to another is important even and especially in situations like this. Finnlines continues to monitor the situation closely and acts in accordance to the guidelines and instructions set by national and international health authorities. The Company works hard to ensure its operations continue as normal as possible. For now, there are no changes to the sailing schedules but passenger traffic to Finland will be limited in accordance to the Finnish Government's decisions made on 7 April 2020.

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 environmental requirements, on the other. The continuity of operations is ensured by safeguarding critical functions and essential resources. The majority of the Group's non-current assets consist of its fleet. The fleet is always insured to its full value.

Stricter environmental regulations (e.g. NOx, SOx and CO2 emission, wastewater and ballast water regulations) are the risk factors that could affect the Group's business. However, through the constant renewal and development of the fleet, using the latest technology and innovations, Finnlines is very well-positioned 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

Finnlines is involved in a few legal proceedings and disputes whose outcome cannot be predicted, but taking into account the information that is available at present, their outcome is not expected to have any substantial impact on the Group's profit.

CORPORATE GOVERNANCE

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

EVENTS AFTER THE REPORTING PERIOD

There are no new significant events to report other than Covid-19 (see Outlook and Operating Environment).

OUTLOOK AND OPERATING ENVIRONMENT

The Covid-19 pandemic is an unprecedented situation that affects the overall economic situation in the World and also Finnlines' operations. It is difficult to estimate the magnitude of its impact in Finnlines because both the potential impact in the Company's revenue and result will depend on the duration and severity of the pandemia, on measures and restrictions taken by governments and, also the pace of recovery.

Considering the past investments made in Finnlines fleet as well as all the actions in improving efficiency, productivity and financial performance, Finnlines Group has the financial flexibility and strength to overcome the crisis.

The second financial review of 2020 for the period of 1 January–30 June 2020 will be published on Thursday, 30 July 2020.

Finnlines Plc
The Board of Directors

Emanuele Grimaldi
President and CEO

FURTHER INFORMATION

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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 accounting policies are the same as those applied in the last annual financial statements.

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 2019.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	1–3 2020	1–3 2019	1–12 2019
Revenue	130,545	137,576	574,779
Other income from operations	211	266	1,516
Materials and services	-38,203	-48,536	-180,806
Personnel expenses	-21,480	-21,491	-88,714
Depreciation, amortisation and impairment losses	-16,177	-16,092	-65,065
Other operating expenses	-32,834	-33,657	-136,956
Total operating expenses	-108,694	-119,776	-471,541
Result before interest and taxes (EBIT)	22,062	18,066	104,754
Financial income	91	49	286
Financial expenses	-1,558	-2,151	-7,746
Result before taxes (EBT)	20,595	15,965	97,293
Income taxes	124	270	964
Result for the reporting period	20,718	16,235	98,258
Other comprehensive income:			
Other comprehensive income to be reclassified to profit and loss in subsequent periods:			
Exchange differences on translating foreign operations	-35	26	34
Fair value changes on currency derivatives	5,315	2,820	6,061
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total	5,280	2,846	6,095
Other comprehensive income not being reclassified to profit and loss in subsequent periods:			
Remeasurement of defined benefit plans	0	0	-400
Tax effect, net	0	0	83
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total	0	0	-317
Total comprehensive income for the reporting period	25,998	19,081	104,036
Result for the reporting period attributable to:			
Parent company shareholders	20,718	16,235	98,258
	20,718	16,235	98,258
Total comprehensive income for the reporting period attributable to:			
Parent company shareholders	25,998	19,081	104,036
	25,998	19,081	104,036
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share)			
Undiluted / diluted earnings per share	0.40	0.32	1.91
Average number of shares			
Undiluted / diluted	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 Mar 2020	31 Mar 2019	31 Dec 2019
ASSETS			
Non-current assets			
Property, plant and equipment	969,292	1,015,846	979,741
Goodwill	105,644	105,644	105,644
Other intangible assets	3,852	4,121	3,958
Other financial assets	7,075	7,253	7,072
Receivables	15,521	7,765	10,658
Deferred tax assets	2,953	3,608	2,940
	1,104,336	1,144,237	1,110,013
Current assets			
Inventories	5,066	8,486	6,152
Accounts receivable and other receivables	101,703	117,347	86,916
Income tax receivables	0	4	2
Cash and cash equivalents	10,427	1,614	9,208
	117,196	127,451	102,277
Non-current assets held for sale	14,610	15,121	14,610
Total assets	1,236,142	1,286,809	1,226,901
EQUITY			
Equity attributable to parent company shareholders			
Share capital	103,006	103,006	103,006
Share premium account	24,525	24,525	24,525
Translation differences	119	135	140
Fund for invested unrestricted equity	40,016	40,016	40,016
Fair value reserve *	14,938	6,383	9,623
Retained earnings	558,013	507,102	537,309
	740,618	681,168	714,620
Non-controlling interests	0	0	0
Total equity	740,618	681,168	714,620
LIABILITIES			
Long-term liabilities			
Deferred tax liabilities	46,264	48,044	46,423
Pension liabilities	3,446	3,255	3,442
Provisions	1,697	1,730	1,697
Loans from financial institutions	199,742	285,368	219,643
	251,150	338,396	271,206
Current-liabilities			
Accounts payable and other liabilities	71,930	86,088	68,975
Current tax liabilities	4	7	8
Provisions	253	256	253
Loans from financial institutions	172,187	180,894	171,840
	244,374	267,245	241,075
Total liabilities	495,524	605,641	512,281
Total equity and liabilities	1,236,142	1,286,809	1,226,901

* Fair value reserve consists of fair value of effective part of foreign currency forward contracts, for which hedge accounting is applied.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2019, IFRS

EUR 1,000	Equity attributable to parent company shareholders						Total equity
	Share capital	Share issue premium	Translation differences	Unrestricted equity reserve	Fair value reserve	Retained earnings	
Reported equity 1 January 2019	103,006	24,525	119	40,016	3,562	490,858	662,087
Comprehensive income for the reporting period:							
Result for the reporting period						16,235	16,235
Exchange differences on translating foreign operations			16			9	25
Fair value changes on currency derivatives					2,820		2,820
Total comprehensive income for the reporting period	0	0	16	0	2,820	16,244	19,081
Equity 31 March 2019	103,006	24,525	135	40,016	6,383	507,102	681,168

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2020, IFRS

EUR 1,000	Equity attributable to parent company shareholders						Total equity
	Share capital	Share issue premium	Translation differences	Unrestricted equity reserve	Fair value reserve	Retained earnings	
Reported equity 1 January 2020	103,006	24,525	140	40,016	9,623	537,310	714,620
Comprehensive income for the reporting period:							
Result for the reporting period						20,718	20,718
Exchange differences on translating foreign operations			-21			-15	-35
Fair value changes on currency derivatives					5,315		5,315
Total comprehensive income for the reporting period	0	0	-21	0	5,315	20,703	25,998
Equity 31 March 2020	103,006	24,525	119	40,016	14,938	558,013	740,618

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1–3 2020	1–3 2019	1–12 2019
Cash flows from operating activities			
Results for the reporting period	20,718	16,235	98,258
Adjustments			
Non-cash transactions	16,113	15,878	64,408
Unrealised foreign exchange gains (-) / losses (+)			
Financial income and expenses	1,469	2,102	7,461
Taxes	-124	-270	-964
Changes in working capital			
Change in accounts receivable and other receivables	-14,790	-12,648	18,481
Change in inventories	1,085	-748	1,586
Change in accounts payable and other liabilities	2,760	8,553	-8,024
Change in provisions	4	-1	151
Interest paid	-744	-1,344	-5,714
Interest received	14	6	35
Taxes paid	-50	-54	-225
Other financing items	-4	-473	-1,845
Net cash generated from operating activities	26,451	27,236	173,609
Cash flow from investing activities			
Investments in tangible and intangible assets	-4,741	-22,752	-31,357
Sale of tangible assets	66	47	252
Acquisition of non-controlling interests	0	0	287
Net cash used in investing activities	-4,674	-22,705	-30,818
Cash flows from financing activities			
Loan withdrawals	0	14,309	76,000
Net increase in current interest-bearing liabilities (+) / net decrease (-)	199	896	0
Repayment loans	-19,974	-19,974	-156,948
Acquisition of non-controlling interests			
Payment of lease liabilities	-774	0	-2,983
Dividends paid			-51,503
Net cash used in financing activities	-20,549	-4,769	-135,434
Change in cash and cash equivalents	1,227	-239	7,356
Cash and cash equivalents 1 January	9,208	1,850	1,850
Effect of foreign exchange rate change	-8	2	2
Cash and cash equivalents at the end of periods	10,427	1,614	9,208

REVENUE AND RESULT BY BUSINESS SEGMENTS

	1-3 2020		1-3 2019		1-12 2019	
	MEUR	%	MEUR	%	MEUR	%
Revenue						
Shipping and sea transport services	124.7	95.6	131.8	95.8	550.9	96.2
Port operations	10.9	8.4	11.0	8.0	45.4	7.4
Intra-group revenue	-5.1	-3.9	-5.3	-3.8	-21.5	-3.6
External sales	130.5	100.0	137.6	100.0	574.8	100.0
Result before interest and taxes						
Shipping and sea transport services	21.5		18.1		102.5	
Port operations	0.6		0.0		2.2	
Result before interest and taxes (EBIT) total	22.1		18.1		104.8	
Financial income and expenses	-1.5		-2.1		-7.5	
Result before taxes (EBT)	20.6		16.0		97.3	
Income taxes	0.1		0.3		1.0	
Result for the reporting period	20.7		16.2		98.3	

REVENUE BY GEOGRAPHICAL AREA

EUR 1,000	1-3 2020	1-3 2019	1-12 2019
Revenue			
Finland	54,695	60,709	245,275
Sweden	19,970	21,315	86,344
Germany	15,782	15,225	70,698
Other EU countries	36,133	36,486	156,037
Russia	1,530	1,827	7,126
Other	2,435	2,015	9,299
	130,545	137,576	574,779

The revenue from the geographical areas is reported according to the location of the customers.

REVENUE BY FUNCTIONS

EUR 1,000	1-3 2020	1-3 2019	1-12 2019
Revenue			
Freight and other shipping services	117,055	124,538	491,320
Passenger services	7,772	7,370	59,910
Port operations	5,718	5,668	23,549
	130,545	137,576	574,779

PROPERTY, PLANT AND EQUIPMENT 2020

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total
Acquisition cost 1 January 2020	72	67,348	1,477,184	66,169	19,884	1,630,657
Exchange rate differences		1		-13		-12
Increases			3,839	69	699	4,607
Disposals		-515	-258	-237		-1,010
Reclassifications between items			226		-226	0
Reclassifications to non-current assets held for sale *		-3,297		-22,395		-25,691
Acquisition cost 31 March 2020	72	63,538	1,480,991	43,594	20,356	1,608,551
Accumulated depreciation, amortisation and write-offs 1 January 2020		-23,747	-587,887	-43,878		-655,511
Exchange rate differences		-1		11		10
Cumulative depreciation on reclassifications and disposals		515	258	236		1,009
Depreciation for the reporting period		-479	-14,443	-255		-15,178
Accumulated depreciation, amortisation and write-offs 31 March 2020		-23,712	-602,072	-43,886		-669,670
Reclassifications to non-current assets held for sale *		570		10,510		11,081
Carrying value 31 March 2020	72	40,396	878,919	10,218	20,356	949,962

Not including right-of-use assets.

* The Finnlines Group is negotiating a sale of Port Operations' assets with carrying value of EUR 14.6 (15.1) million. No impairment losses were recognised on the carrying values of these assets in 2019 or 2020, 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 March 2019 and 31 March 2020.

EUR 1,000	Land and water	Buildings and structures	Machinery and equipment	Total
Right-of-use assets 2020				
Acquisition cost 1 January 2020	18,642	2,514	1,018	22,174
Exchange rate differences			-1	-1
Increases		921		921
Disposals				
Reclassifications between items				
Acquisition cost 31 March 2020	18,642	3,435	1,017	23,094
Accumulated depreciation, amortisation and write-offs 1 January 2020	-1,733	-861	-372	-2,966
Exchange rate differences				
Cumulative depreciation on reclassifications and disposals				
Depreciation for the reporting period	-433	-268	-95	-797
Accumulated depreciation, amortisation and write-offs 31 March 2020	-2,166	-1,129	-468	-3,763
Carrying value 31 March 2020	16,476	2,305	549	19,330
Property, plant and equipment, total				969,292

EUR 1,000	Buildings	Machinery and equipment	Total
Assets classified as held for sale			
1 January 2020			
Acquisition cost			
Transfer to non-current assets held for sale	3,297	22,395	25,691
Accumulated depreciation			
Transfer to non-current assets held for sale	-570	-10,510	-11,081
Carrying value 31 March 2020	2,726	11,884	14,610

PROPERTY, PLANT AND EQUIPMENT 2019

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total
Acquisition cost 1 January 2019	72	67,316	1,461,477	66,404	5,711	1,600,980
Exchange rate differences			0	20		20
Increases	0	0	8,359	83	19,137	27,579
Disposals			-86	-44		-130
Reclassifications between items		4	835	74	-5,305	-4,392
Reclassifications to non-current assets held for sale *		-4,369		-22,395		-26,763
Acquisition cost 31 March 2019	72	62,952	1,470,585	44,143	19,543	1,597,295
Accumulated depreciation, amortisation and write-offs 1 January 2019						
		-21,401	-530,642	-43,440		-595,482
Exchange rate differences				-18		-18
Cumulative depreciation on reclassifications and disposals			86	44		130
Depreciation for the reporting period	0	-478	-14,414	-270		-15,162
Accumulated depreciation, amortisation and write-offs 31 March 2019	0	-21,879	-544,969	-43,684	0	-610,533
Reclassifications to non-current assets held for sale *		1,132		10,510		11,642
Carrying value 31 March 2019	72	42,205	925,616	10,969	19,543	998,404

* Assets held for sale:

Finlines 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 2018 or 2019, 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 March 2018 and 31 March 2019.

Not including right-of-use assets.

EUR 1,000	Land and water	Buildings and structures	Machinery and equipment	Total
Right-of-use assets 2019				
Acquisition cost 1 January 2019	14,881	2,306	758	17,945
Exchange rate differences			1	1
Increases		156	87	243
Disposals				
Reclassifications between items				
Acquisition cost 31 March 2019	14,881	2,462	846	18,189
Accumulated depreciation, amortisation and write-offs 1 January 2019				
Exchange rate differences				
Cumulative depreciation on reclassifications and disposals				
Depreciation for the reporting period	-433	-222	-91	-747
Accumulated depreciation, amortisation and write-offs 31 March 2019	-433	-222	-91	-747
Carrying value 31 March 2019	14,448	2,239	755	17,442
Property, plant and equipment				1,015,846

EUR 1,000	Buildings	Machinery and equipment	Total
Assets classified as held for sale			
1 January 2019			
Acquisition cost			
Transfer to non-current assets held for sale	4,369	22,395	26,763
Accumulated depreciation			
Transfer to non-current assets held for sale	-1,132	-10,510	-11,642
Carrying value 31 March 2019	3,237	11,884	15,121

LEASES

Finnlines does not apply practical expedient, by which service components are not separated from lease contract components.

Finnlines has included the value of option in such contracts where the leased facility has strategic long term value.

Amounts recognized in profit or loss

EUR 1,000	1–3 2020	1–3 2019
Interest on lease liabilities 31 March 2020	61	68
Expenses relating to short-term leases	108	546
Expenses relating to low-value assets	25	26
Service components of lease payments 31 March 2020	51	50
Lease payments of all leases accounted according to IFRS 16	834	782
Total cash flow of all leases	1,018	1,404

Maturity analysis

EUR 1,000	2020	2019
Contractual undiscounted cash flows		
Less than one year	3,222	3,396
One to five years	8,865	10,159
More than five years	15,917	7,798
Total undiscounted lease liabilities at 31 March 2020	28,004	21,353
Short term leasing liability	2,950	2,884
Long term leasing liability	16,513	14,591
Lease liabilities included in statement of financial position at 31 March 2020	19,463	17,475

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. Also included in level 2 are foreign currency derivatives acquired to hedge against cash flow risk related to committed vessel orders. 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 7.1 million (7.3 in 2019), which are valued at the lower of acquisition cost or probable value, as their fair value cannot be reliably measured. Finnlines acquired 6.3% of the shares of Steveco Oy in April 2018 and owns now 25.4% of Steveco Oy. This shareholding is presented in financial assets, because Finnlines has does not have significant influence in Steveco Oy.

CONTINGENCIES AND COMMITMENTS

EUR 1,000	31 Mar 2020	31 Mar 2019	31 Dec 2019
Minimum leases payable in relation to fixed term leases			
Vessel leases (Group as lessee):			
Within 12 months	1,336	0	0
1–5 years	0	0	0
	1,336	0	0
Vessel leases (Group as lessor):			
Within 12 months	7,126	6,771	8,491
1–5 years	4,681	11,433	6,346
	11,807	18,204	14,837
Other leases (Group as lessee):			
Within 12 months	62	59	105
1–5 years	72	49	160
After five years	0	0	0
	134	109	264
Other leases (Group as lessor):			
Within 12 months	339	293	227
	339	293	227
Collateral given			
Loans from financial institutions	256,744	348,007	276,718
Vessel mortgages provided as guarantees for the above loans	639,500	722,000	639,500
Other collateral given on own behalf			
Pledges	150	150	340
	150	150	340
Other obligations			
Obligations, related to vessel investments	440,344	167,936	429,447
Other external obligations *	2,733	4,353	2,950
	443,077	172,289	432,397
VAT adjustment liability related to real estate investments	3	5	4

* Other external obligations are related to lengthening of ro-ro vessels, emission abatement systems, reblading obligations and other investments on vessels.

REVENUE AND RESULT BY QUARTER

MEUR	Q1/20	Q1/19	Q2/20	Q2/19	Q3/20	Q3/19	Q4/20	Q4/19
Revenue								
Shipping and sea transport services	124.7	131.8		151.9		149.1		118.1
Port operations	10.9	11.0		12.0		11.5		10.9
Intra-group revenue	-5.1	-5.3		-6.0		-5.3		-5.0
External sales	130.5	137.6		157.9		155.3		124.0
Result before interest and taxes								
Shipping and sea transport services	21.5	18.1		32.0		35.9		16.5
Port operations	0.6	0.0		0.6		1.4		0.3
Result before interest and taxes (EBIT) total	22.1	18.1		32.6		37.2		16.8
Financial income and expenses	-1.5	-2.1		-1.9		-1.8		-1.6
Result before taxes (EBT)	20.6	16.0		30.7		35.4		15.2
Income taxes	0.1	0.3		-0.3		-0.3		1.3
Result for the reporting period	20.7	16.2		30.4		35.1		16.5
EPS (undiluted / diluted) EUR	0.40	0.32		0.59		0.68		0.32

SHARE INFORMATION

	31 Mar 2020	31 Mar 2019
Number of shares	51,503,141	51,503,141

Finlines Plc is fully owned by the Grimaldi Group

EVENTS AFTER THE REPORTING PERIOD

There are no new significant events to report other than Covid-19 (see Outlook and Operating Environment).

CALCULATION OF RATIOS

Earnings per share (EPS), EUR	=	$\frac{\text{Result attributable to parent company shareholders}}{\text{Weighted average number of outstanding shares}}$	
Shareholders' equity per share, EUR	=	$\frac{\text{Shareholders' equity attributable to parent company shareholders}}{\text{Undiluted number of shares at the end of period}}$	
Net gearing, %	=	$\frac{\text{Interest-bearing liabilities - cash and bank equivalents}}{\text{Total equity}} \times 100$	
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Assets total - received advances}} \times 100$	
Net debt to EBITDA ratio	=	$\frac{\text{Net Debt}}{\text{EBITDA past 12 months}}$	

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

In April 2019, Finnlines chartered out MS Finnsea to Grimaldi Group. The business transactions were carried out using market-based pricing. Otherwise, there were no material related party transactions during the reporting period.