

Financial review
January–September 2020
9 November 2020

FINNLINES Q3

DIFFICULT MARKET SITUATION ALSO IN Q3 – FINNLINES CONTINUED RESILIENT WORK DESPITE LOSING OVER 30% IN PROFITS

JANUARY–SEPTEMBER 2020

- Revenue EUR 363.1 (450.8 in 2019) million, decrease 20%
- Result before interest, taxes, depreciation and amortization (EBITDA) EUR 107.2 (136.8) million, decrease 22%
- Result for the reporting period EUR 54.2 (81.8) million, decrease 34%
- Interest bearing debt decreased by EUR 46.3 million and was EUR 362.8 (409.1) million at the end of the period

JULY–SEPTEMBER 2020

- Revenue EUR 126.7 (155.3) million, decrease 18%
- Result before interest, taxes, depreciation and amortization (EBITDA) EUR 40.8 (53.3) million, decrease 24%
- Result for the reporting period EUR 22.5 (35.1) million, decrease 36%

KEY FIGURES

MEUR	1–9 2020	1–9 2019	7–9 2020	7–9 2019	1–12 2019
Revenue	363.1	450.8	126.7	155.3	574.8
Result before interest, taxes, depreciation and amortisation (EBITDA)	107.2	136.8	40.8	53.3	169.8
Result before interest and taxes (EBIT)	58.7	87.9	24.5	37.2	104.8
% of revenue	16.2	19.5	19.3	24.0	18.2
Result for the reporting period	54.2	81.8	22.5	35.1	98.3
Stakeholders' equity/share, EUR	13.89	13.61	13.89	13.61	13.88
Equity ratio, %	58.9	56.0	58.9	56.0	58.5
Net debt/EBITDA	2.9	2.4	2.9	2.4	2.1
Interest bearing debt, MEUR	362.8	409.1	362.8	409.1	372.2
Net gearing, %	50.5	58.2	50.5	58.2	50.8

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

"The Finnlines Group's passenger volume decreased by over 50% and between Finland and Sweden by 70% for January–September 2020 due to the pandemic situation. The Group's revenue for January–September 2020 was EUR 363.1 million compared to EUR 450.8 million in the corresponding period 2019, which was a decrease of 20%. The result for the reporting period was EUR 54.2 million – a 34% decrease compared to EUR 81.8 million in corresponding period last year. The challenges and uncertainty of the market caused by the global pandemic continued throughout the third quarter and Finnlines' turnover and profitability has declined significantly compared to previous year due to decreased cargo and passenger volumes.

The Covid-19 pandemic shows no signs of slowing down and shipping companies across the world have been facing an exceptional situation that has never occurred before. Despite the losses and difficult times, Finnlines has not laid down any vessels and our services has continued unaltered. Finnlines is a critical player in transporting medicines, food and other commodities to Finnish citizens and furthermore, Finnlines is an important carrier of industrial products, spare parts, machinery and equipment. Finnlines alone transports more than one third of the roughly one million trucks moving over the three main sea bridges, Finland–Estonia, Finland–Sweden and Finland–Germany.

It is important that Governments across Europe, and especially in Finland, the State has acknowledged the importance of maritime transportation and its role to Finland's economy and to Finland's security of supply since up to 90% of Finnish exports and 80% of imports are carried by sea. Finnlines' service operating between Finland and Sweden has not received financial aid from the National Emergency Supply Agency's EUR 45 million state-aid package in March 2020. Also, the new maritime state-aid of EUR 24.8 million, which has been tendered very recently for the several connections from Finland to Sweden and Estonia by the Finnish Transport and Communications Agency, Traficom, has been tailor-made for the existing operators and its terms have excluded Finnlines from receiving any state-aid. Finnlines finds the past National Emergency Supply Agency's EUR 45 million state-aid package and Traficom's tendering processes distortive, against principles of proportionality and discriminatory. The requirements in Traficom's invitation to tender are not necessary to fulfil the public service obligation, i.e. to ensure sufficient transport capacity, security of supply and foreign trade transport. The model is also expensive for the society because there are existing capacity available on market terms, without taxpayers' support, especially between Finland and Sweden to secure the normal transportation of the goods which are necessary for Finland from the security of supply point of view. Alternative ways of support from the State to all strategical shipping companies could be possible, less distortive, more clean, more viable and more sustainable than the present one, such as public covering of standard carriers costs i.e. port costs, seamen costs, shore personnel costs, pension costs and so forth, which could be looked at. Finnlines is available for cooperation in this sense.

Finnlines has been, and continues to be, committed to ensure vital sea freight operations on market terms and continues the same work it has done over 70 years – including investing in most modern and environmentally friendly vessels.

Finnlines has invested considerably in energy efficiency and green technologies during the past years, and furthermore, will invest close to a total of EUR 0.5 billion in state-of-the-art green vessels – in three new ro-ro and two new ro-pax vessels. A series of world's most ultra green ro-ro vessels are currently in construction and will join the fleet over the next two years. In addition, two eco-efficient Superstar ro-pax vessels are scheduled to start in traffic in 2023. These investments are responding to the demands of society and are part of Finnlines' strategy to reduce fuel consumption and cut harmful emissions in order to grow with its customers on a sustainable and responsible way."

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

Finnlines' main operating area connects trade partners around Baltic Sea. Based on the OECD Eurostat the change of Gross Domestic Product in all European countries was clearly negative during the first half of the year. In Germany the reported GDP change in the second quarter 2020 was -10%, while in Sweden the corresponding change was -8%. In Finland GDP change was -4%. (Eurostat 2020.)

Based on the statistics by Statistics Finland for January–September, the Finnish seaborne imports carried in container, lorry and trailer units (measured in tons) decreased by 5% and exports decreased by 9%. During the same period private and commercial passenger traffic between Finland and Sweden decreased by 70%. Between Finland and Germany the corresponding traffic decreased by 46%. (Statistics Finland 2020.)

FINNLINES TRAFFIC

During the third quarter Covid-19 pandemic continued to affect both cargo and passenger volumes negatively. Finnlines Group redelivered MS Fionia Sea to its owners.

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

The cargo volumes transported during January–September totalled approximately 536 (571 in 2019) thousand cargo units 102 (127) thousand cars (not including passengers' cars) and 811 (853) thousand tons of freight not possible to measure in units. In addition, some 390 (544) thousand private and commercial passengers were transported.

FINANCIAL RESULTS

January–September 2020

The Finnlines Group recorded revenue totalling EUR 363.1 (450.8) million in the reporting period, a decrease of 20% compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 364.4 (432.8) million, of which passenger related revenue was EUR 31.8 (51.6) million. The revenue of Port Operations was EUR 31.9 (34.5) million. The internal revenue between the segments was EUR 15.2 (16.5) million. The Covid-19 pandemic continued to shape also the third quarter. After a drastic drop of revenues in the second quarter cargo volumes have slowly started to recover at the end of the reporting period. Passenger business has taken the biggest hit due to the restrictions in leisure travelling.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 107.2 (136.8) million, a decrease of 22%.

Result before interest and taxes (EBIT) was EUR 58.7 (87.9) million. The company has continued to execute cost saving plans successfully.

As a result of the improved financial position, net financial expenses decreased to EUR -4.4 (-5.9) million. Financial income was EUR 0.4 (0.2) million and financial expenses EUR -4.8 (-6.1) million. Result before taxes (EBT) decreased by EUR 27.8 million and was EUR 54.3 (82.1) million. The result for the reporting period was EUR 54.2 (81.8) million.

July–September 2020

The Finnlines Group recorded revenue totalling EUR 126.7 (155.3) million. Cargo volumes have still suffered from Covid-19 pandemic disturbing global business atmosphere. Fuel prices and respective cargo-related bunker surcharge have remained on a low level also in the third quarter. In contrast with usual summer holiday season, the amount of passengers declined heavily from the closing of national

borders throughout the Europe. Shipping and Sea Transport Services generated revenue amounting to EUR 121.2 (149.1) million and Port Operations EUR 10.6 (11.5) million. The other operative income includes EUR 0.5 million business cost support paid by Finnish State Treasury. This subsidy does not involve any future obligations to be taken into account. The internal revenue between the segments was EUR 5.1 (5.3) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 40.8 (53.3) million, a decrease of 24%.

Result before interest and taxes (EBIT) was EUR 24.5 (37.2) million.

Net financial expenses were EUR -1.5 (-1.8) million. Financial income was EUR 0.2 (0.1) million and financial expenses totalled EUR -1.7 (-1.9) million. Result before taxes (EBT) declined by EUR 12.5 million and was EUR 23.0 (35.4) million. The result for July–September was EUR 22.5 (35.1) million.

STATEMENT OF FINANCIAL POSITION, FINANCING AND CASH FLOW

Interest-bearing debt decreased by EUR 46.3 million to EUR 362.8 (409.1) million, excluding leasing liabilities of EUR 18.4 (16.1) million. Net interest-bearing debt at the end of period was EUR 361.5 (407.6) million. Net interest-bearing debt/EBITDA (rolling 12 months) ratio amounted to 2.9 (2.4) and the equity ratio calculated from the balance sheet was 58.9% (56.0%). Net gearing resulted in 50.5% (58.2%). Covid-19 pandemic has not affected the availability or terms of financing.

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 208.5 (133.2) million.

Net cash generated from operating activities remained strong and was EUR 97.3 (122.9) million.

CAPITAL EXPENDITURE

The Finnlines Group's gross capital expenditure in the reporting period totalled EUR 41.7 (31.6) million, including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 48.5 (48.9) million. The investments consist of normal replacement expenditure of fixed assets, new cargo handling equipment, dry-dockings, and environmental investments prepayments related to green ro-ro and ro-pax newbuildings.

The Company has further invested in environmental technology and these investments are targeted for the new ballast water treatment systems. Ballast water is used to trim and stabilise vessels. However, ballast water may carry harmful aquatic species and out-compete native species, disrupting fragile marine ecosystems and therefore Finnlines is installing new ballast water treatment systems to its entire fleet.

The Company invests a total of EUR 500 million in three green hybrid ro-ro vessels and two eco-efficient ro-pax vessels which represent the state-of-the-art environmental technology and support the Company's sustainable strategy to be the forerunner of green shipping. The first ro-ro vessel is expected to start operation in 2021, and the other two in the first half of 2022. The ro-pax vessels, which are of Superstar class, are set to start operating in 2023. This extensive newbuilding investment will also give Finnlines the flexibility to optimise its fleet operation in a more flexible way and the eco-friendly, larger vessels enable the Company to benefit from economies of scale and thus improve the return on capital employed of our fleet.

PERSONNEL

The Group employed an average of 1,541 (1,589) persons during the reporting period, consisting of 851 (877) persons at sea and 690 (712) persons on shore. The number of persons employed at the end of the period was 1,508 (1,554) in total, of which 821 (851) at sea and 687 (703) on shore.

The personnel expenses (including social costs) for the reporting period were EUR 63.5 (66.0) million. The decrease in personnel expenses is due to the effects of the Covid-19 on the business and, as a result in strict cost saving plan including e.g. temporary lay-offs and other decrease in working hours in sea and shore personnel.

THE FINNLINES SHARE

The Company's paid-up and registered share capital on 30 September 2020 totalled EUR 103,006,282. The capital stock consisted of 51,503,141 shares.

Finnlines Plc is fully owned by the Grimaldi Group.

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. While Covid-19 restrictions have recently been lifted in many countries, travel restrictions continue to affect business activities and for example, passenger traffic from Sweden to Finland remain restricted. Finnish Government will review its decisions on border traffic restrictions on regular basis and, if necessary, make new decisions.

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.

Finnlines has cash and unused committed credit facilities over EUR 200 million and the Company initiated cost saving plans in April, which both enable the Company to mitigate the negative effects of Covid-19 pandemic.

LEGAL PROCEEDINGS

Finnlines has made an appeal to the Helsinki Administrative Court of the National Emergency Supply Agency's decision concerning the compensation of costs for securing maritime transport. Finnlines has also appealed to Market Court concerning the Finnish Transport and Communications Agency's calls for tenders concerning imposing a public service obligation for the aid of maritime traffic on the Turku/Naantali–Mariehamn/Långnäs–Stockholm, Kapellskär–Mariehamn, Naantali–Långnäs, Grisslehamn–Eckerö and Helsinki–Tallinn routes. In addition, Finnlines has made a complaint to the European Commission concerning Covid-19 situation related selective and discriminatory aid measures launched by the Finnish authorities.

Finnlines is in addition 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 significant events to report.

OUTLOOK AND OPERATING ENVIRONMENT

The second wave of pandemic has hindered the early recovery which already started to take place in Europe in the end of the summer. Therefore, Finnlines anticipates that its operations are affected negatively also during the coming months. However, the Company started already in early April measures to save costs and has been able to maintain the profitability of its operations. The Company has also further strengthened its already strong financial standing by securing long-term loans to support its EUR 0.5 billion green vessel investment programme. Since it is impossible to estimate how long the pandemic lasts, the Company concentrates in its cost saving measures and improving the efficiency of its operations. These measures are of utmost importance in order to remain competitive also in the light of the potential further distortive state-aid programmes that could take place in Finland.

The fourth financial review of 2020 for the period of 1 January–31 December 2020 and the Financial Statements 2020 will be published on Thursday, 25 February 2021.

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.

The Covid-19 pandemic has increased uncertainty in economy. Company's management has assessed Covid-19's implications to Group's financial result, balance sheet and cash flow. The pandemic has had negative impact to Group's operations, but in an attempt to mitigate it, the Company has initiated cost saving plans already in April. The Group has strong balance sheet, cost-efficient operations and unused credit facilities, which all provide financial flexibility. Management has also examined the need for impairment testing its assets. According to Group's management's current view, the pandemic does not have such long-term effects that would degrade Groups goodwill or other non-current assets. Considering Finnlines Group's investment to energy-efficient fleet, it can be expected that the Company will remain strong through this period in time. The pandemic has not caused material increase in the amount of expected credit losses.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	7–9 2020	7–9 2019	1–9 2020	1–9 2019	1–12 2019
Revenue	126,700	155,265	363,076	450,781	574,779
Other income from operations	683	698	1,119	1,092	1,516
Materials and services	-35,639	-45,050	-101,889	-144,175	-180,806
Personnel expenses	-20,342	-21,664	-63,453	-66,018	-88,714
Depreciation, amortisation and impairment losses	-16,300	-16,060	-48,515	-48,874	-65,065
Other operating expenses	-30,645	-35,945	-91,646	-104,859	-136,956
Total operating expenses	-102,926	-118,719	-305,503	-363,926	-471,541
Result before interest and taxes (EBIT)	24,457	37,244	58,692	87,946	104,754
Financial income	249	91	419	218	286
Financial expenses	-1,745	-1,888	-4,815	-6,054	-7,746
Result before taxes (EBT)	22,961	35,447	54,296	82,110	97,293
Income taxes	-481	-316	-129	-308	964
Result for the reporting period	22,480	35,132	54,167	81,803	98,258
Other comprehensive income:					
Other comprehensive income to be reclassified to profit and loss in subsequent periods:					
Exchange differences on translating foreign operations	-2	6	-58	4	34
Fair value changes on currency derivatives	-5,106	5,474	-1,675	8,385	6,061
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total	-5,108	5,480	-1,732	8,389	6,095
Other comprehensive income not being reclassified to profit and loss in subsequent periods:					
Remeasurement of defined benefit plans	0	0	0	0	-400
Tax effect, net	0	0	0	0	83
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total	0	0	0	0	-317
Total comprehensive income for the reporting period	17,372	40,612	52,435	90,192	104,036
Result for the reporting period attributable to:					
Parent company shareholders	22,480	35,132	54,167	81,803	98,258
	22,480	35,132	54,167	81,803	98,258
Total comprehensive income for the reporting period attributable to:					
Parent company shareholders	17,372	40,612	52,435	90,192	104,036
	17,372	40,612	52,435	90,192	104,036
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share)					
Undiluted / diluted earnings per share	0.44	0.68	1.05	1.59	1.91
Average number of shares					
Undiluted / diluted	51,503,141	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	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS			
Non-current assets			
Property, plant and equipment	974,677	987,880	979,741
Goodwill	105,644	105,644	105,644
Other intangible assets	3,800	3,868	3,958
Other financial assets	7,075	7,076	7,072
Receivables	9,870	13,330	10,658
Deferred tax assets	2,931	3,497	2,940
	1,103,996	1,121,293	1,110,013
Current assets			
Inventories	5,652	7,065	6,152
Accounts receivable and other receivables	93,993	110,291	86,916
Income tax receivables	0	4	2
Cash and cash equivalents	1,283	1,453	9,208
	100,927	118,813	102,277
Non-current assets held for sale	14,610	14,610	14,610
Total assets	1,219,534	1,254,717	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	108	121	140
Fund for invested unrestricted equity	40,016	40,016	40,016
Fair value reserve *	7,949	11,947	9,623
Retained earnings	539,947	521,158	537,309
	715,552	700,775	714,620
Non-controlling interests	0	0	0
Total equity	715,552	700,775	714,620
LIABILITIES			
Long-term liabilities			
Deferred tax liabilities	46,373	48,410	46,423
Pension liabilities	3,454	3,261	3,442
Provisions	1,697	1,730	1,697
Loans from financial institutions	201,683	245,501	219,643
	253,207	298,902	271,206
Current-liabilities			
Accounts payable and other liabilities	71,089	75,125	68,975
Current tax liabilities	0	0	8
Provisions	220	241	253
Loans from financial institutions	179,465	179,672	171,840
	250,775	255,039	241,075
Total liabilities	503,982	553,942	512,281
Total equity and liabilities	1,219,534	1,254,717	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						81,803	81,803
Exchange differences on translating foreign operations			3			1	4
Fair value changes on currency derivatives					8,385		8,385
Total comprehensive income for the reporting period	0	0	3	0	8,385	81,804	90,192
Dividend						-51,503	-51,503
Equity 30 September 2019	103,006	24,525	122	40,016	11,947	521,158	700,775

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						54,167	54,167
Exchange differences on translating foreign operations			-32			-26	-58
Fair value changes on currency derivatives					-1,674		-1,674
Total comprehensive income for the reporting period	0	0	-32	0	-1,674	54,141	52,435
Dividend						-51,503	-51,503
Equity 30 September 2020	103,006	24,525	108	40,016	7,949	539,947	715,552

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1–9 2020	1–9 2019	1–12 2019
Cash flows from operating activities			
Results for the reporting period	54,167	81,803	98,258
Adjustments			
Non-cash transactions	48,345	47,874	64,408
Unrealised foreign exchange gains (-) / losses (+)			
Financial income and expenses	4,401	5,841	7,461
Taxes	129	307	-964
Changes in working capital			
Change in accounts receivable and other receivables	-7,545	-5,664	18,481
Change in inventories	500	674	1,586
Change in accounts payable and other liabilities	1,658	-1,595	-8,024
Change in provisions	-20	-10	151
Interest paid	-2,768	-4,837	-5,714
Interest received	41	40	35
Taxes paid	-176	-160	-225
Other financing items	-1,453	-1,375	-1,845
Net cash generated from operating activities	97,279	122,898	173,609
Cash flow from investing activities			
Investments in tangible and intangible assets	-41,730	-26,820	-31,357
Sale of tangible assets	167	86	252
Acquisition of non-controlling interests	0	287	287
Net cash used in investing activities	-41,563	-26,447	-30,818
Cash flows from financing activities			
Loan withdrawals	76,000	76,147	76,000
Net increase in current interest-bearing liabilities (+) / net decrease (-)	7,321	-311	0
Repayment of loans	-92,731	-121,177	-156,948
Payment of lease liabilities (2018 Payment of finance lease liabilities)	-2,718		-2,983
Dividends paid	-51,503	-51,503	-51,503
Net cash used in financing activities	-63,632	-96,845	-135,434
Change in cash and cash equivalents	-7,916	-394	7,356
Cash and cash equivalents 1 January	9,208	1,850	1,850
Effect of foreign exchange rate change	-9	-3	2
Cash and cash equivalents at the end of periods	1,283	1,453	9,208

REVENUE AND RESULT BY BUSINESS SEGMENTS

	7-9 2020		7-9 2019		1-9 2020		1-9 2019		1-12 2019	
	MEUR	%	MEUR	%	MEUR	%	MEUR	%	MEUR	%
Revenue										
Shipping and sea transport services	121.2	95.7	149.1	96.0	365.7	100.7	432.8	96.0	550.9	96.2
Port operations	10.6	8.3	11.5	7.4	31.9	8.8	34.5	7.7	45.4	7.4
Intra-group revenue	-5.1	-4.0	-5.3	-3.4	-34.5	-9.5	-16.5	-3.7	-21.5	-3.6
External sales	126.7	100.0	155.3	100.0	363.1	100.0	450.8	100.0	574.8	100.0
Result before interest and taxes										
Shipping and sea transport services	23.0		35.9		55.9		86.0		102.5	
Port operations	1.4		1.4		2.8		1.9		2.2	
Result before interest and taxes (EBIT) total	24.5		37.2		58.7		87.9		104.8	
Financial income and expenses	-1.5		-1.8		-4.4		-5.8		-7.5	
Result before taxes (EBT)	23.0		35.4		54.3		82.1		97.3	
Income taxes	-0.5		-0.3		-0.1		-0.3		1.0	
Result for the reporting period	22.5		35.1		54.2		81.8		98.3	

REVENUE BY GEOGRAPHICAL AREA

EUR 1,000	1-9 2020	1-9 2019	1-12 2019
Revenue			
Finland	147,148	195,037	245,275
Sweden	58,116	67,332	86,344
Germany	44,969	56,646	70,698
Other EU countries	97,100	118,683	156,037
Russia	4,638	5,334	7,126
Other	11,104	7,748	9,299
	363,076	450,781	574,779

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

REVENUE BY FUNCTIONS

EUR 1,000	1-9 2020	1-9 2019	1-12 2019
Revenue			
Freight and other shipping services	314,831	381,480	491,320
Passenger services	31,783	51,559	59,910
Port operations	16,462	17,742	23,549
	363,076	450,781	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		2		-20		-18
Increases			8,536	258	32,411	41,204
Disposals		-515	-564	-467		-1,546
Reclassifications between items		14	540	116	-670	0
Reclassifications to non-current assets held for sale *		-3,297		-22,395		-25,691
Acquisition cost 30 September 2020	72	63,552	1,485,696	43,661	51,625	1,644,606
Accumulated depreciation, amortisation and write-offs 1 January 2020		-23,747	-587,887	-43,878		-655,511
Exchange rate differences		-2		17		15
Cumulative depreciation on reclassifications and disposals		511	563	470		1,544
Depreciation for the reporting period		-1,438	-43,067	-776		-45,282
Accumulated depreciation, amortisation and write-offs 30 September 2020		-24,676	-630,390	-44,167		-699,233
Reclassifications to non-current assets held for sale *		570		10,510		11,081
Carrying value 30 September 2020	72	39,446	855,306	10,005	51,625	956,453

Not including right-of-use assets.

* The Finnlines Group is negotiating a sale of Port Operations' assets with carrying value of EUR 14.6 (14.6) 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 30 September 2019 and 30 September 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	22,173
Exchange rate differences			-1	-1
Increases		1,319	321	1,640
Disposals				
Reclassifications between items		-3	-2	-5
Acquisition cost 30 September 2020	18,642	3,830	1,336	23,807
Accumulated depreciation, amortisation and write-offs 1 January 2020	-1,733	-861	-372	2,966
Exchange rate differences			1	1
Cumulative depreciation on reclassifications and disposals		1	1	2
Depreciation for the reporting period	-1,300	-1,005	-315	-2,619
Accumulated depreciation, amortisation and write-offs 30 September 2020	-3,033	-1,864	-686	-5,583
Carrying value 30 September 2020	15,609	1,965	650	18,224
Property, plant and equipment, total				974,677

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 30 September 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				4		4
Increases		52	12,193	255	18,953	31,453
Disposals		-2	-495	-273		-771
Reclassifications between items		7	999	73	-5,474	-4,395
Reclassifications to non-current assets held for sale *		-3,297		-22,395		-25,691
Acquisition cost 30 September 2019	72	64,076	1,474,174	44,069	19,190	1,601,581
Accumulated depreciation, amortisation and write-offs 1 January 2019		-21,401	-530,642	-43,440		-595,482
Exchange rate differences				-4		-4
Cumulative depreciation on reclassifications and disposals		2	495	273		771
Depreciation for the reporting period		-1,898	-43,301	-867		-46,065
Accumulated depreciation, amortisation and write-offs 30 September 2019	0	-23,296	-573,447	-44,037	0	-640,781
Reclassifications to non-current assets held for sale *		570		10,510		11,081
Carrying value 30 September 2019	72	41,350	900,727	10,542	19,190	971,881

* Assets held for sale:

Finnlines is negotiating a sale of Port Operations' assets with carrying value of EUR 14.6 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 30 September 2018 and 30 September 2019.

Not including right-of-use assets.

EUR 1,000	Land and water, right-of-use	Buildings and structures, right-of-use	Machinery and equipment, right-of-use	Total
Right-of-use assets 2019				
Acquisition cost 1 January 2019	14,881	2,306	2,442	19,630
Exchange rate differences				
Increases		156	153	309
Disposals			-13	-13
Reclassifications between items			-27	-27
Acquisition cost 30 September 2019	14,881	2,462	2,556	19,899
Accumulated depreciation, amortisation and write-offs 1 January 2019			-1,657	-1,657
Exchange rate differences				
Cumulative depreciation on reclassifications and disposals			4	4
Depreciation for the reporting period	-1,300	-667	-279	-2,246
Accumulated depreciation, amortisation and write-offs 30 September 2019	-1,300	-667	-1,932	-3,899
Carrying value 30 September 2019	13,581	1,794	624	15,999
Property, plant and equipment, total				987,880

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	3,297	22,395	25,691
Accumulated depreciation			
Transfer to non-current assets held for sale	-570	-10,510	-11,081
Carrying value 30 September 2019	2,726	11,884	14,610

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	1–9 2020	1–9 2019
Interest on lease liabilities 30 September	179	198
Expenses relating to short-term leases	2	1,492
Expenses relating to low-value assets	194	248
Service components of lease payments 30 September	149	150
Lease payments of all leases accounted according to IFRS 16	2,736	2,359
Total cash flow of all leases 30 September	3,081	4,249

Maturity analysis

EUR 1,000	2020	2019
Contractual undiscounted cash flows		
Less than one year	3,366	3,302
One to five years	8,227	8,786
More than five years	14,597	16,146
Total undiscounted lease liabilities at 30 September	26,190	28,234
Short term leasing liability	3,107	2,869
Long term leasing liability	15,285	13,209
Lease liabilities included in statement of financial position at 30 September	18,393	16,078

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. Majority of the unlisted shares consists of Steveco Oy's shares of which Finnlines owns 25.4%. This shareholding is presented in financial assets, because Finnlines has does not have significant influence in Steveco Oy.

CONTINGENCIES AND COMMITMENTS

EUR 1,000	30 Sep 2020	30 Sep 2019	31 Dec 2019
Minimum leases payable in relation to fixed term leases			
Vessel leases (Group as lessor):			
Within 12 months	7,591	9,871	8,491
1–5 years	1,295	8,048	6,346
	8,886	17,919	14,837
Other leases (Group as lessee):			
Within 12 months	112	111	105
1–5 years	118	183	160
After five years	0	0	0
	230	294	264
Other leases (Group as lessor):			
Within 12 months	438	214	227
1–5 years	183	0	0
	621	214	227
Collateral given			
Loans from financial institutions	257,091	306,101	276,718
Vessel mortgages provided as guarantees for the above loans	639,500	639,500	639,500
Other collateral given on own behalf			
Pledges	340	150	340
	340	150	340
Other obligations			
Obligations, related to vessel investments	381,323	173,272	429,447
Other external obligations *	1,906	4,159	2,950
	383,229	177,431	432,397
VAT adjustment liability related to real estate investments	3	4	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	100.4	151.9	121.2	149.1		118.1
Port operations	10.9	11.0	10.4	12.0	10.6	11.5		10.9
Intra-group revenue	-5.1	-5.3	-5.0	-6.0	-5.1	-5.3		-5.0
External sales	130.5	137.6	105.8	157.9	126.7	155.3		124.0
Result before interest and taxes								
Shipping and sea transport services	21.5	18.1	11.4	32.0	23.0	35.9		16.5
Port operations	0.6	0.0	0.8	0.6	1.4	1.4		0.3
Result before interest and taxes (EBIT) total	22.1	18.1	12.2	32.6	24.5	37.2		16.8
Financial income and expenses	-1.5	-2.1	-1.4	-1.9	-1.5	-1.8		-1.6
Result before taxes (EBT)	20.6	16.0	10.7	30.7	23.0	35.4		15.2
Income taxes	0.1	0.3	0.2	-0.3	-0.5	-0.3		1.3
Result for the reporting period	20.7	16.2	11.0	30.4	22.5	35.1		16.5
EPS (undiluted / diluted) EUR	0.40	0.32	0.21	0.59	0.44	0.68		0.32

SHARE INFORMATION

	30 Sep 2020	30 Sep 2019
Number of shares	51,503,141	51,503,141

Finnlines Plc is fully owned by the Grimaldi Group

EVENTS AFTER THE REPORTING PERIOD

There are no significant events to report.

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, %	=	$\frac{\text{Interest-bearing liabilities - cash and bank equivalents}}{\text{Total equity}}$	x 100
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Assets total - received advances}}$	x 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

As of 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.