Financial review
January–March 2018
8 May 2018

FINNLINES Q1

JANUARY–MARCH 2018: Continued strength in first quarter

- Revenue EUR 134.9 (120.9 in 2017) million, increase 11.6 per cent
- Result before interest, taxes, depreciation and amortisation (EBITDA) EUR 34.3 (28.0) million, increase 22.5 per cent
- Result for the reporting period EUR 16.5 (11.1) million, increase 48.6 per cent
- Interest-bearing debt increased by EUR 5.4 million and was EUR 492.3 (486.9) million at the end of the period

KEY FIGURES

MEUR	1–3 2018	1–3 2017 restated	1–12 2017 restated
Revenue	**134.9**	120.9	536.3
Result before interest, taxes, depreciation and amortisation (EBITDA)	**34.3**	28.0	152.3
Result before interest and taxes (EBIT)	**18.9**	13.6	94.0
% of revenue	**14.1**	11.3	17.5
Result for the reporting period	**16.5**	11.1	82.6
Shareholders' equity/share, EUR	**12.26**	11.63	11.94
Equity ratio, %	**50.5**	49.5	51.1
Net debt/EBITDA	**3.09**	3.41	2.78
Interest bearing debt, MEUR	**492.3**	486.9	458.2
Gearing, %	**77.6**	80.7	68.9

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

”The year has started extremely well with increased revenue, EBITDA and net result. The January–March 2018 result for the period increased by 48.6 per cent to EUR 16.5 million. Earnings before interest, taxes, depreciation and amortisation, EBITDA, came to EUR 34.3 million and revenue increased by 11.6 per cent to EUR 134.9 million.

We have systematically invested in our fleet and focused on our customers. In our ongoing EUR 70 million Energy Efficiency and Emission Reduction Investment Programme, under which Breeze series ro-ro vessels will be lengthened, we will provide increased cargo capacity and flexibility. The programme is proceeding according to plan and the first three vessels have already been lengthened and returned to service. The fourth vessel will return to Finnlines' operation in May 2018. Finnlines has decided to exercise the option for the lengthening of the two additional vessels. These two vessels will be converted between September and December 2018. This investment is also in line with our contribution towards sustainable development: by increasing our energy efficiency further we will contribute to reducing emissions per transported tonne.

To serve our customers better and more efficiently we have also brought our refurbished Star class vessels on the routes Germany–Sweden and Finland–Sweden. MS Europalink has rejoined the Finnlines fleet and will undergo an extensive refurbishment in April. MS Finnswan will be deployed on the Naantali–Långnäs–Kapellskär route and she will be one of the first ships of this length (218.8m) and with this level of cargo capacity (4,200 lane metres) to serve our customers between Finland and Sweden. MS Finnswan will be sailing under Finnish flag and is refurbished to meet the upgraded standard of Finnlines' modern fleet.

Finnlines welcomes IMO's decision to adopt an initial strategy on the reduction of GHG emissions from ships. This agreement will be an important driver, a regulatory framework, for the development of our processes. A mix of measures will be needed in a level of technological, operational and green energy.

We aim toward increased energy efficiency and reduced emissions. Thanks to a good operational performance and improved cash flow generation, we have invested over EUR 1 billion in the past 12 years in modern fleet, environmental technology, lengthenings, fuel efficiency and maritime safety. With our newbuilding orders we will remain forerunners in our sector, through continued investments in green technology, digitalisation and automatisation, and other technologically advanced solutions.

Key elements of our strategy are to grow together with customers, focus on increasing efficiency of capital employed in our fleet and to continue investing in sustainable development. It can be concluded that our strategy is working – and it is indeed working well. We continue to focus on our customers and our efficiency, and will be completing our Energy Efficiency and Emission Reduction Investment Programme during 2018. The Finnish sea freight industry volume growth is expected to continue at a positive pace and therefore, we are confident that the year 2018 will be another successful year for Finnlines.”

FINNLINES PLC, FINANCIAL REVIEW JANUARY– MARCH 2018 (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. Finnlines' 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. 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 20 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 15,000 people. 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 the Finnish Transport Agency for January–February, the Finnish seaborne imports carried in container, lorry and trailer units (measured in tons) increased by 7 per cent and exports increased be 6 per cent compared to the same period in 2017. During the same period private and commercial passenger traffic between Finland and Sweden decreased by 3 per cent. Between Finland and Germany, the corresponding traffic increased by 7 per cent (Finnish Transport Agency).

FINNLINES' TRAFFIC

MS Europalink was purchased from the Grimaldi Group in January 2018.

MS Nordlink was reflagged under the Finnish flag and the vessel was renamed MS Finnswan in February 2018.

The ongoing vessel lengthening program continued. MS Finnwave returned to the normal operation on the Uusikaupunki/Turku–Travemünde route at the end of January and the third vessel, MS Finnsky, went for lengthening.

During the first quarter, Finnlines operated on average 20 (19) vessels in its own traffic.

The cargo volumes transported during January–March totalled approximately 187 (165 in 2017) thousand cargo units, 40 (32) thousand cars (not including passengers' cars) and 304 (310) thousand tons of freight not possible to measure in units. In addition, some 125 (115) thousand private and commercial passengers were transported.

FINANCIAL RESULTS

January–March 2018

The Finnlines Group recorded revenue totalling EUR 134.9 (120.9) million in the reporting period, an increase of 11.6 per cent compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 129.0 (116.0) million and Port Operations EUR 11.4 (10.1) million. Cargo volume continued to grow in most trades, which increased the turnover in Shipping and Sea Transport Services segment. 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 5.5 (5.2) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 34.3 (28.0) million, an increase of 22.5 per cent.

Result before interest and taxes (EBIT) was EUR 18.9 (13.6) million. Improved volumes and optimised vessel capacity enabled positive result development.

As a result of the improved financial position, net financial expenses decreased to EUR -2.7 (-3.1) million. Financial income was EUR 0.1 (0.1) million and financial expenses EUR -2.7 (-3.1) million. Result before taxes (EBT) improved by EUR 5.7 million and was EUR 16.3 (10.6) million. The result for the reporting period was EUR 16.5 (11.2) million.

STATEMENT OF FINANCIAL POSITION, FINANCING AND CASH-FLOW

The Company continued the ongoing Energy Efficiency and Emission Reduction Investment Programme and purchased MS Europalink, therefore interest-bearing debt increased slightly by EUR 5.4 million to EUR 492.3 (486.9) million, excluding leasing liabilities of EUR 2.1 (3.2) million. Net interest-bearing debt at the end of period was EUR 487.8 (480.5) million. Net interest-bearing debt/EBITDA (rolling 12 months) ratio amounted to 3.09 (3.41) and the equity ratio calculated from the balance sheet improved to 50.5 (49.5) per cent. Gearing dropped to 77.6 (80.7) per cent.

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 156.2 (111.8) million.

Net cash generated from operating activities remained strong and was EUR 18.8 (15.6) million.

CAPITAL EXPENDITURE

The Finnlines Group's gross capital expenditure in the reporting period totalled EUR 86.3 (6.5) million, including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 15.3 (14.3) million. The investments consist of normal replacement expenditure of fixed assets, the purchase of MS Europalink, scrubber project, refurbishment of passenger areas onboard ro-pax vessels, lengthening of ro-ro vessels and dry-dockings.

Finnlines launched the Energy Efficiency and Emission Reduction Investment Programme, in the first quarter of 2017 by signing an agreement with Remontowa Shiprepair Yard S.A. in Gdansk, Poland to lengthen four of its Breeze series vessels. On 14 March 2018, Finnlines extended the Programme by using the options for lengthening two additional sister vessels. The Programme execution is proceeding according to the plan and by the end of March 2018, three of the vessels, MS Finntide, MS Finnwave and MS Finnsky, have already been lengthened and returned to service. The fourth vessel, MS Finnsun, is currently under conversion with redelivery in May 2018, while the two remaining vessels, MS Finnbreeze and MS Finnsea, will be converted during September–December 2018. After the completion of the Programme, Finnlines overall fleet capacity will increase close to 6,000 lane metres, equalling two large sized ro-ro cargo 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 substantially contribute to reducing emissions.

The above investment programme will amount to approximately EUR 70 million.

Furthermore, and as a response to increased demands, Finnlines has continued investing in improved passenger comfort and further optimising the Finnlines' vessels and routes. MS Europalink joined the Finnlines traffic in February 2018 and will undergo in April 2018 an extensive dry-docking, including planned technical maintenance, installation of scrubbers and refurbishment of public areas and cabins, before replacing MS Finnswan on the Germany–Sweden route. As well, MS Finnswan public areas will be upgraded to meet passenger demands before entering her new service between Finland, Åland Islands and Sweden in May 2018. In addition to this, Finnlines has invested in improved connectivity by introducing new WiFi and 3G/4G onboard services for its customers.

All combined actions are aimed to improve the travel experience onboard Finnlines' modern and environmentally friendly ro-pax vessels, to ensure sufficient capacity throughout the Finnlines' ro-pax and ro-ro network and to further improve Finnlines profitability.

PERSONNEL

The Group employed an average of 1,618 (1,622) persons during the reporting period, consisting of 910 (931) persons at sea and 708 (691) persons on shore. The number of persons employed at the end of the period was 1,624 (1,610) in total, of which 922 (921) at sea and 702 (689) on shore.

The personnel expenses (including social costs) for the reporting period were EUR 22.7 (22.4) million.

THE FINNLINES SHARE

The Company's paid-up and registered share capital on 31 March 2018 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 8 May 2018. 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 2017. The meeting approved the Board of Directors' proposal to pay a dividend of EUR 1.00 per share resulting in a total amount of dividends of EUR 51,503,141.

The meeting decided that the number of Board Members be eight. The meeting re-elected the current board members Christer Backman, Tiina Bäckman, Emanuele Grimaldi, Gian Luca Grimaldi, Guido Grimaldi, Diego Pacella, and Jon-Aksel Torgersen and elected Mikael Mäkinen as a new member of the Board for the term until the close of the Annual General Meeting in 2019. 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 2018. It was decided that the external auditors will be reimbursed according to invoice.

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

Finnlines has signed a long-term bareboat charter agreement for MS Finnclipper. The vessel will leave from Finnlines’ traffic in May 2018.

OUTLOOK AND OPERATING ENVIRONMENT

The first months of 2018 has showed that Finland’s economy continues to grow. Increased export and import volumes will affect our Company favourably. Through our past investments and through the investments which are ongoing, we will further improve our efficiency of capital employed on our fleet. Therefore, the Finnlines Group’s result before taxes is expected to improve over the previous year’s level.

The second financial review of 2018 for the period of 1 January–30 June 2018 will be published on Tuesday, 31 July 2018.

Finnlines Plc
The Board of Directors

Emanuele Grimaldi
President and CEO

FURTHER INFORMATION

Tom Pippingsköld, Chief Financial Officer, tel. +358 40 519 5041, tom.pippingskold@finnlines.com

ENCLOSURES

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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 Group has adopted new or revised IFRS standards and IFRIC interpretations from the beginning of the reporting period corresponding to those described in the 2017 Financial Statements with effect of 1 January 2018. They did not have any impact on the reported figures.

Finnlines has adopted new IFRS 9 and IFRS 15 principles with effect of 1 January 2018. IFRS 9 (Financial instruments) has been adopted retrospectively to prior year. Therefore 2017 reported figures have been restated regarding the impairment of trade receivables using simplified credit loss method, although this did not have a material effect. IFRS 15 (Revenue from contracts with customers) has been adopted in full to prior year using practical expedient approach. IFRS 15 did not have an effect on 2017 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 2017.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	1–3 2018	1–3 2017 restated	1–12 2017 restated
Revenue	**134,883**	120,886	536,257
Other income from operations	**493**	435	2,633
Materials and services	**-44,204**	-39,847	-163,645
Personnel expenses	**-22,713**	-22,444	-89,451
Depreciation, amortisation and impairment losses	**-15,318**	-14,332	-58,368
Other operating expenses	**-34,187**	-31,099	-133,512
Total operating expenses	**-116,423**	-107,722	-444,976
Result before interest and taxes (EBIT)	**18,953**	**13,599**	**93,914**
Financial income	**45**	60	258
Financial expenses	**-2,697**	-3,122	-11,769
Result before taxes (EBT)	**16,302**	**10,537**	**82,404**
Income taxes	**245**	595	236
Result for the reporting period	**16,546**	**11,132**	**82,639**
Other comprehensive income:			
Other comprehensive income to be reclassified to profit and loss in subsequent periods:			
Exchange differences on translating foreign operations	**6**	3	-12
Tax effect, net			
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total	**6**	3	-12
Other comprehensive income not being reclassified to profit and loss in subsequent periods:			
Remeasurement of defined benefit plans			60
Tax effect, net			-36
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total			24
Total comprehensive income for the reporting period	**16,553**	**11,135**	**82,651**
Result for the reporting period attributable to:			
Parent company shareholders	**16,562**	11,149	82,647
Non-controlling interests	**-16**	-17	-7
	16,546	**11,132**	**82,639**
Total comprehensive income for the reporting period attributable to:			
Parent company shareholders	**16,569**	11,152	82,658
Non-controlling interests	**-16**	-17	-7
	16,553	**11,135**	**82,651**
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share):			
Undiluted / diluted earnings per share	**0.32**	0.22	1.60
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 2018	31 Mar 2017 restated	31 Dec 2017 restated
ASSETS			
Non-current assets			
Property, plant and equipment	**1,000,291**	974,959	929,152
Goodwill	**105,644**	105,644	105,644
Intangible assets	**3,388**	3,414	3,516
Other financial assets	**4,579**	4,580	4,579
Receivables	**1,662**	1,720	1,642
Deferred tax assets	**4,466**	5,743	4,517
	1,120,029	**1,096,059**	**1,049,049**
Current assets			
Inventories	**6,505**	6,257	6,340
Accounts receivable and other receivables	**112,317**	93,383	98,073
Income tax receivables	**6**	37	42
Cash and cash equivalents	**4,485**	6,415	36,965
	123,312	**106,093**	**141,420**
Non-current assets held for sale	**15,121**	15,121	15,121
Total assets	**1,258,462**	**1,217,273**	**1,205,591**
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	**129**	138	124
Fund for invested unrestricted equity	**40,016**	40,016	40,016
Retained earnings	**463,613**	431,153	447,049
	631,290	**598,838**	**614,721**
Non-controlling interests	**111**	161	127
Total equity	**631,401**	**598,998**	**614,848**
LIABILITIES			
Long-term liabilities			
Deferred tax liabilities	**49,521**	50,881	49,851
Other long-term liabilities	**0**	50	13
Pension liabilities	**3,628**	3,820	3,622
Provisions	**1,730**	1,757	1,730
Loans from financial institutions	**315,471**	321,132	292,608
	370,349	**377,640**	**347,824**
Current liabilities			
Accounts payable and other liabilities	**77,548**	71,451	74,670
Current tax liabilities	**6**	8	13
Provisions	**219**	201	248
Loans from financial institutions	**178,939**	168,973	167,988
	256,712	**240,634**	**242,919**
Total liabilities	**627,061**	**618,274**	**590,743**
Liabilities related to long-term assets held for sale	**0**	0	0
Total equity and liabilities	**1,258,462**	**1,217,273**	**1,205,591**

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**
Effect of IFRS 9 reinstatement bad debt provision					**-237**	**-237**		**-237**
Shareholders' equity 1 January 2017, restated	103,006	24,525	135	40,016	42,003	587,686		587,863
Comprehensive income for the reporting period:								
Effect of IFRS 9 reinstatement bad debt provision					-34	-34		-34
Result for the reporting period					11,184	11,184	-17	11,167
Exchange differences on translating foreign operations			3			3		3
Remeasurement of defined benefit plans								
Tax effect, net								
Total comprehensive income for the reporting period			**3**		**11,150**	**11,152**	**-17**	**11,135**
Dividend								
Equity 31 March 2017, restated	**103,006**	**24,525**	**138**	**40,016**	**431,153**	**598,838**	**161**	**598,999**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2018, 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 31 December 2017	**103,006**	**24,525**	**124**	**40,016**	**447,388**	**615,060**	**127**	**615,187**
Effect of IFRS 9 restatement – bad debt provision					-339	-339		-339
Shareholders' equity 1 January 2018, restated	103,006	24,525	124	40,016	447,049	614,721	127	614,848
Comprehensive income for the reporting period:								
Result for the reporting period					16,562	16,562	-16	16,546
Exchange differences on translating foreign operations			5		2	7		7
Remeasurement of defined benefit plans								
Tax effect, net								
Total comprehensive income for the reporting period			**5**		**16,564**	**16,569**	**-16**	**16,553**
Dividend								
Equity 31 March 2018	**103,006**	**24,525**	**129**	**40,016**	**463,613**	**631,290**	**111**	**631,401**

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1–3 2018	1–3 2017 restated	1–12 2017 restated
Cash flows from operating activities			
Result for the reporting period	**16,546**	11,132	82,639
Adjustments:			
Non-cash transactions	**14,998**	14,115	56,482
Unrealised foreign exchange gains (-) / losses (+)	**0**	1	1
Financial income and expenses	**2,652**	3,061	11,509
Taxes	**-245**	-595	-235
Changes in working capital:			
Change in accounts receivable and other receivables	**-14,385**	-15,916	-20,691
Change in inventories	**-164**	443	360
Change in accounts payable and other liabilities	**1,992**	5,752	4,418
Change in provisions	**-23**	3	-223
Interest paid	**-1,512**	-1,748	-8,434
Interest received	**9**	21	99
Taxes paid	**8**	27	-122
Other financing items	**-1,033**	-707	-3,336
Net cash generated from operating activities	**18,844**	**15,589**	**122,470**
Cash flow from investing activities			
Investments in tangible and intangible assets	**-85,843**	-6,434	-43,547
Sale of tangible assets	**441**	137	45,881
Proceeds from sale of investments	**0**	0	
Dividends received	**0**	1	2
Net cash used in investing activities	**-85,402**	**-6,296**	**2,335**
Cash flows from financing activities			
Loan withdrawals	**45,455**	36,000	151,000
Net increase in current interest-bearing liabilities (+) / net decrease (-)	**7,783**	9,190	6,580
Repayment of loans	**-19,161**	-50,013	-191,742
Loans granted			
Increase (-) / decrease (+) in long-term receivables	**0**		0
Dividends paid	**0**		-55,623
Net cash used in financing activities	**34,077**	**-4,823**	**-89,786**
Change in cash and cash equivalents	**-32,482**	4,470	35,020
Cash and cash equivalents 1 January	**36,965**	1,943	1,943
Effect of foreign exchange rate changes	**1**	3	3
Cash and cash equivalents at the end of period	**4,485**	**6,415**	**36,965**

REVENUE AND RESULT BY BUSINESS SEGMENTS

	1–3 2018		1–3 2017 restated		1–12 2017 restated	
	MEUR	%	MEUR	%	MEUR	%
Revenue						
Shipping and sea transport services	129.0	95.6	116.0	96.0	516.0	96.2
Port operations	11.4	8.5	10.1	8.3	42.5	7.9
Intra-group revenue	-5.5	-4.1	-5.2	-4.3	-22.2	-4.1
External sales	**134.9**	**100.0**	**120.9**	**100.0**	**536.3**	**100.0**
Result before interest and taxes						
Shipping and sea transport services	18.7		13.5		91.1	
Port operations	0.2		0.1		2.8	
Result before interest and taxes (EBIT) total	**18.9**		**13.6**		**93.9**	
Financial items	-2.6		-3.1		-11.5	
Result before taxes (EBT)	**16.3**		**10.5**		**82.4**	
Income taxes	0.2		0.6		0.2	
Result for the reporting period	**16.5**		**11.1**		**82.6**	

PROPERTY, PLANT AND EQUIPMENT 2018

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total
Acquisition cost 1 January 2018	72	73,157	1,330,776	67,000	18,567	1,489,572
Exchange rate differences		4		2		6
Increases		8	81,839	1,090	3,391	86,328
Disposals			-560			-560
Reclassifications between items			17,184		-17,184	0
Reclassifications to non-current assets held for sale *		-4,369		-22,395		-26,763
Acquisition cost 31 March 2018	**72**	**68,799**	**1,429,238**	**45,698**	**4,774**	**1,548,583**
Accumulated depreciation, amortisation and write-offs 1 January 2018		-21,971	-477,187	-44,140		-545,299
Exchange rate differences		-4		-2		-6
Cumulative depreciation on reclassifications and disposals			560			560
Depreciation for the reporting period		-547	-14,190	-453		-15,190
Accumulated depreciation, amortisation and write-offs 31 March 2018		**-24,522**	**-490,816**	**-44,595**		**-559,934**
Reclassifications to non-current assets held for sale *		1,132		10,510		11,642
Carrying value 31 March 2018	**72**	**45,410**	**938,422**	**11,613**	**4,774**	**1,000,291**
Assets classified as held for sale 1 January 2018						
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 March 2018		**3,237**		**11,885**		**15,121**

* 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 2017 nor 2018, 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.

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		-8		9		2
Increases		12	4,546	118	1,871	6,547
Disposals **			-246	-74		-320
Reclassifications between items			1,788	110		1,898
Reclassifications to non-current assets held for sale ***		-4,369		-22,395		-26,763
Acquisition cost 31 March 2017	**72**	**68,776**	**1,393,000**	**44,524**	**11,988**	**1,518,361**
Accumulated depreciation, amortisation and write-offs 1 January 2017	0	-21,793	-474,532	-42,923	0	-539,248
Exchange rate differences		7		-8		-1
Cumulative depreciation on reclassifications and disposals			246	74	-1,898	-1,578
Depreciation for the reporting period		-551	-13,265	-401		-14,217
Accumulated depreciation, amortisation and write-offs 31 March 2017	**0**	**-22,337**	**-487,551**	**-43,258**	**-1,898**	**-555,044**
Reclassification to non-current assets held for sale ***		1,132		10,510		11,642
Carrying value 31 March 2017	**72**	**47,571**	**905,450**	**11,776**	**10,091**	**974,959**
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 March 2017		**3,237**		**11,885**		**15,121**

* 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 2017 or 2018, 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 2017 and 31 March 2018.

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 2017), 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 Mar 2018	31 Mar 2017	31 Dec 2017
Minimum leases payable in relation to fixed-term leases:			
Vessel leases (Group as lessor)*:			
Within 12 months	**0**	1,229	0
1-5 years	**0**		0
	0	**1,229**	**0**
Other leases (Group as lessee):			
Within 12 months	**4,680**	5,517	5,397
1-5 years	**7,580**	10,783	8,263
After five years	**4,392**	6,184	5,478
	16,652	**22,484**	**19,138**
Other leases (Group as lessor):			
Within 12 months	**229**	253	232
	229	**253**	**232**
Collateral given			
Loans from financial institutions	**395,489**	367,530	369,995
Vessel mortgages provided as guarantees for the above loans	**1,012,000**	940,500	954,500
Other collateral given on own behalf			
Pledges	**340**	250	340
	340	**250**	**340**
Other obligations			
Other external obligations*	**35,243**	46,427	93,589
	35,243	**46,427**	**93,589**
VAT adjustment liability related to real estate investments	**1,110**	2,406	1,434

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

REVENUE AND RESULT BY QUARTER

MEUR	Q1/18	Q1/17 restated	Q2/18	Q2/17 restated	Q3/18	Q3/17 restated	Q4/18	Q4/17 restated
Shipping and sea transport services	129.0	116.0		133.4		140.1		126.5
Port operations	11.4	10.1		10.8		10.6		11.0
Intra-group revenue	-5.5	-5.2		-5.9		-5.5		-5.7
External sales	**134.9**	**120.9**		**138.4**		**145.2**		**131.8**
Result before interest and taxes								
Shipping and sea transport services	18.7	13.5		25.9		34.6		17.1
Port operations	0.2	0.1		1.5		1.0		0.2
Result before interest and taxes (EBIT) total	**18.9**	**13.6**		**27.4**		**35.6**		**17.3**
Financial items	-2.6	-3.1		-3.0		-2.9		-2.5
Result before taxes (EBT)	**16.3**	**10.5**		**24.4**		**32.7**		**14.8**
Income taxes	0.2	0.6		-0.2		-0.2		0
Result for the reporting period	**16.5**	**11.1**		**24.2**		**32.5**		**14.8**
EPS (undiluted / diluted)	0.32	0.22		0.47		0.63		0.29

SHARE INFORMATION

	31 Mar 2018	31 Mar 2017
Number of shares	**51,503,141**	51,503,141

Finnlines Plc is fully owned by the Grimaldi Group.

EVENTS AFTER THE REPORTING PERIOD

Finnlines has signed a long-term bareboat charter agreement for MS Finnclipper. The vessel will leave from Finnlines' traffic in May 2018. Otherwise there have been no significant events to report after the reporting period.

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	=	$\frac{\text{Shareholders' equity attributable to parent company shareholders}}{\text{Undiluted number of shares at the end of period}}$	
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

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

Finnlines purchased MS Europalink from the Grimaldi Group in February 2018. Otherwise there were no material related party transactions during the reporting period. The business transactions were carried out using market-based pricing.