Finnlines
a Grimaldi Group company

Financial review
January–June 2018
31 July 2018

FINNLINES Q2

JANUARY–JUNE 2018: Strong performance in January–June, revenue up 11.5 per cent

- Revenue EUR 289.1 (259.3 in 2017) million, increase 11.5 per cent
- Result before interest, taxes, depreciation and amortisation (EBITDA) EUR 78.3 (69.8) million, increase 12.2 per cent
- Result for the reporting period EUR 42.3 (35.4) million, increase 19.5 per cent
- Interest-bearing debt increased by EUR 71.7 million and was EUR 527.6 (455.9) million at the end of the period

APRIL–JUNE 2018: Best ever second quarter result again

- Revenue EUR 154.2 (138.4) million, increase 11.4 per cent
- Result before interest, taxes, depreciation and amortisation (EBITDA) EUR 44.1 (41.8) million, increase 5.5 per cent
- Result for the reporting period EUR 25.8 (24.2) million, increase 6.6 per cent

KEY FIGURES

MEUR	1–6 2018	1–6 2017 restated	4–6 2018	4–6 2017 restated	1–12 2017 restated
Revenue	**289.1**	259.3	**154.3**	138.4	536.3
Result before interest, taxes, depreciation and amortisation (EBITDA)	**78.3**	**69.8**	**44.1**	**41.8**	**152.3**
Result before interest and taxes (EBIT)	**47.5**	41.0	**28.6**	27.4	94.0
% of revenue	**14.6**	15.8	**18.5**	19.8	17.5
Result for the reporting period	**42.3**	**35.4**	**25.8**	**24.2**	**82.6**
Shareholders' equity/share, EUR	**11.76**	12.10	**11.76**	12.10	11.94
Equity ratio, %	**47.7**	51.6	**47.7**	51.6	51.1
Net debt/EBITDA	**3.25**	3.17			2.78
Interest bearing debt, MEUR	**527.6**	455.9	**527.6**	455.9	458.2
Gearing, %	**87.1**	73.3	**87.1**	73.3	68.9

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

”Our performance for the first half of 2018 has continued very strong as revenue grew 11.5 per cent to EUR 289.1 million. The January–June 2018 result for the period increased by approximately 20 per cent to EUR 42.3 million. Earnings before interest, taxes, depreciation and amortisation, EBITDA, came to EUR 78.3 million.

We have continued to focus on improving our productivity in particular through fleet changes and route optimisation. Our investments made in sustainable shipping will also help us to improve the results. When our lengthening programme is complete at the end of this year, six vessels will have been lengthened altogether, bringing online another 6,000 linear metres of rolling cargo – this equals two sizeable vessels. In addition to the extra capacity, this is in line with our sustainable development: the fuel consumption per transported tonne will decrease when considerably more cargo can be loaded onboard a ship.

Almost 92 per cent of Finland's exports and 78 per cent of its imports are transported by sea. The sea freight volumes in Finland has continued to grow, imports up to 6 per cent and exports up to 4 per cent compared to the same period last year. Favourable trading conditions has increased also our cargo volumes – we transported 388,000 cargo units, shipped 82,000 cars (not including passengers' cars) and carried 304,000 passengers. This shows that Finnlines is clearly an important service provider to Finland's economy.

We have systemically invested into our fleet, over EUR 1 billion during the past 12 years. Furthermore, we have signed EUR 200 million Green Ro-Ro Newbuilding Programme and ordered another three large green ro-ro vessels to add up further 17,500 lane metres to our services. The vessels will be 238 metres long with a cargo capacity of 5,800 lane metres. Vessels will be equipped with scrubbers and will produce zero emissions while in port, as the ships will be fitted with a high-powered battery bank. Savings in fuel consumption will be achieved through the hull shape, the propeller-rudder system and the air lubrication system under the keel to reduce friction. The vessels will be among the most modern and environmentally friendly ships in the Baltic Sea.

Our January–June superb performance exceeded our last year's record result and this shows that our strategy is the right one. In few years, as a direct effect of the newbuilding and ship lengthening programmes, Finnlines will have one of the most innovative, environmentally friendly and efficient fleet in the Baltic.”

FINNLINES PLC, FINANCIAL REVIEW JANUARY– JUNE 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–May, the Finnish seaborne imports carried in container, lorry and trailer units (measured in tons) increased by 6 per cent and exports increased by 4 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 5 per cent (Finnish Transport Agency).

FINNLINES' TRAFFIC

In the beginning of May, the Star class vessel MS Finnswan started on the Naantali–Långnäs–Kapellskär route. At the same time MS Finnclipper was bareboat chartered out.

Finnlines reshuffled its services between Denmark and Finland at the end of May, which enabled a direct service between Helsinki and Aarhus. This change also started a direct connection between Aarhus and Uusikaupunki.

In the middle of June, MS Finnmaster was chartered out to the Grimaldi Group.

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

The cargo volumes transported during January–June totalled approximately 388 (348 in 2017) thousand cargo units, 82 (65) thousand cars (not including passengers' cars) and 624 (636) thousand tons of freight not possible to measure in units. In addition, some 304 (285) thousand private and commercial passengers were transported.

FINANCIAL RESULTS

January–June 2018

The Finnlines Group recorded revenue totalling EUR 289.1 (259.3) million in the reporting period, an increase of 11.5 per cent compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 277.5 (249.5) million and Port Operations EUR 23.0 (20.9) 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 cargo handling activities. The internal revenue between the segments was EUR 11.4 (11.1) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 78.3 (69.8) million, an increase of 12.2 per cent.

Result before interest and taxes (EBIT) was EUR 47.5 (41.0) million. Improved volumes and optimised vessel capacity enabled a positive development of the result.

As a result of the improved financial position, net financial expenses decreased to EUR -5.4 (-6.1) million. Financial income was EUR 0.1 (0.1) million and financial expenses EUR -5.5 (-6.2) million. Result before taxes (EBT) improved by EUR 7.2 million and was EUR 42.2 (35.0) million. The result for the reporting period was EUR 42.3 (35.4) million.

April–June 2018

The Finnlines Group recorded revenue totalling EUR 154.2 (138.4) million. Cargo volumes improved during the second quarter increasing the revenue. Also, cargo-related bunker surcharge has been higher since respective fuel costs have increased. Shipping and Sea Transport Services generated revenue amounting to EUR 148.4 (133.4) million and Port Operations EUR 11.6 (10.8) million. The internal revenue between the segments was EUR 5.8 (5.9) million. Compared to the first quarter the cargo volumes and the amount of passengers have increased due to the seasonality of the trade.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 44.1 (41.8) million, an increase of 5.5 per cent.

Result before interest and taxes (EBIT) was EUR 28.6 (27.4) million.

Net financial expenses were EUR -2.8 (-3.0) million. Financial income was EUR 0.1 (0.1) million and financial expenses totalled EUR -2.7 (-3.1) million. Result before taxes (EBT) improved by EUR 1.5 million and was EUR 25.9 (24.4) million. The result for April–June was EUR 25.8 (24.2) million which is the best second quarter result ever.

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 by EUR 71.7 million to EUR 527.6 (455.9) million, excluding leasing liabilities of EUR 0.2 (2.9) million. Net interest-bearing debt at the end of period was EUR 522.6 (456.6) million. Net interest-bearing debt/EBITDA (rolling 12 months) ratio amounted to 3.25 (3.17) and the equity ratio calculated from the balance sheet was 47.7 (51.6) per cent. Gearing resulted to 87.1 (73.3) 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 145.1 (143.6) million.

Net cash generated from operating activities remained strong and was EUR 57.7 (51.4) million.

CAPITAL EXPENDITURE

The Finnlines Group's gross capital expenditure in the reporting period totalled EUR 109.5 (16.5) million, including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 30.8 (28.7) 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. In 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 May 2018 four of the vessels, MS Finntide, MS Finnwave, MS Finnsky and MS Finnsun, have been converted and returned to service. Thanks to the four lengthened vessels, Finnlines has, during past six months, gradually increased the overall fleet capacity with nearly 4,000 lane metres. This close to 30 per cent vessel capacity increase is not only a welcomed response to increased transport demands but will also considerably reduce the energy consumption per transported unit and thus substantially contribute to reducing emissions. The two remaining vessels, MS Finnbreeze and MS Finnsea, will be converted during September–December 2018.

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

Furthermore, Finnlines has continued investing in improved passenger comfort and further optimising the Finnlines' ro-ro passenger vessels and routes. In beginning of May, MS Europalink replaced MS Finnswan on the Germany–Sweden route after she had undergone an extensive dry-docking, including planned technical maintenance, installation of scrubbers and refurbishment of cabins and public areas. MS Finnswan moved to her new service between Finland, Åland Islands and Sweden after her public areas had been upgraded.

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 1,648 (1,642) persons during the reporting period, consisting of 923 (944) persons at sea and 725 (698) persons on shore. The number of persons employed at the end of the period was 1,730 (1,778) in total, of which 989 (1,053) at sea and 741 (725) on shore. The number of sea personnel decreased due to the bareboat charter out of MS Finnclipper. Due to the growth in cargo volumes there has been a need to increase the number of stevedoring personnel which is reflected in the increase in the number of shore personnel.

The personnel expenses (including social costs) for the reporting period were EUR 46.0 (45.4) million.

THE FINNLINES SHARE

The Company's paid-up and registered share capital on 30 June 2018 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

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.

The Company has summoned OMB Ostsee Mineralöl-Bunker GmbH ('OMB') Rostock, Germany, to the District Court and claimed compensation for the damage occurred to the Company from the difference between the price paid for the supplied fuel and the market price, totalling EUR 2.76 million. The Company bases its claim for compensation on the fact that OMB has abused its dominant position in the relevant market and the Company was forced to buy fuel from OMB, with OMB being the sole supplier. In its decision the District Court of Rostock dismissed the Company's claims in full. The Company has appealed to the Court of Appeal against the District Court's decision. The Court of Appeal has rendered its decision dismissing the claim of the Company. The case is closed.

CORPORATE GOVERNANCE

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

EVENTS AFTER THE REPORTING PERIOD

Finnlines Plc has entered into an agreement to sell the ro-ro vessel, MS Finncarrier to the external party in July 2018. The delivery of the vessel to the new owner will take place in October 2018. Finnlines will bareboat charter MS Finncarrier from its new owner from October 2018 to January 2019.

OUTLOOK AND OPERATING ENVIRONMENT

Finnlines has invested heavily – in in its fleet, environmental technology, ship lengthenings and newbuilding orders, fuel efficiency and maritime safety – to provide greater efficiency and productivity. Finland's economic outlook remains favourable and imports and exports volumes are estimated to rise. In 2018, Finnlines Group's result before taxes is expected to improve over the previous year's level.

The third financial review of 2018 for the period of 1 January–30 September 2018 will be published on Tuesday, 6 November 2018.

Finnlines Plc
The Board of Directors

Emanuele Grimaldi
President and CEO

FURTHER INFORMATION

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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. The impacts have been described below.

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	4–6 2018	4–6 2017 restated	1–6 2018	1–6 2017 restated	1–12 2017 restated
Revenue	**154,263**	138,372	**289,146**	259,258	536,257
Other income from operations	**323**	409	**816**	845	2,633
Materials and services	**-50,870**	-40,487	**-95,075**	-80,334	-163,645
Personnel expenses	**-23,258**	-22,911	**-45,970**	-45,354	-89,451
Depreciation, amortisation and impairment losses	**-15,482**	-14,408	**-30,800**	-28,740	-58,368
Other operating expenses	**-36,400**	-33,567	**-70,587**	-64,667	-133,512
Total operating expenses	**-126,010**	-111,372	**-242,432**	-219,095	-444,976
Result before interest and taxes (EBIT)	**28,577**	**27,409**	**47,530**	**41,007**	**93,914**
Financial income	**102**	50	**147**	110	258
Financial expenses	**-2,756**	-3,062	**-5,453**	-6,183	-11,769
Result before taxes (EBT)	**25,923**	**24,427**	**42,225**	**34,933**	**82,404**
Income taxes	**-147**	-186	**97**	408	236
Result for the reporting period	**25,775**	**24,211**	**42,322**	**35,343**	**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**	-11	**0.2**	-8	-12
Tax effect, net					
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total	**-6**	**-11**	**0.2**	**-8**	**-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	**25,769**	**24,200**	**42,322**	**35,343**	**82,651**
Result for the reporting period attributable to:					
Parent company shareholders	**25,774**	24,210	**42,337**	35,359	82,647
Non-controlling interests	**1**	1	**-15**	-16	-7
	25,775	**24,211**	**42,322**	**35,343**	**82,639**
Total comprehensive income for the reporting period attributable to:					
Parent company shareholders	**25,768**	24,199	**42,337**	35,368	82,658
Non-controlling interests	**1**	1	**-15**	-16	-7
	25,769	**24,200**	**42,322**	**35,351**	**82,651**
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share):					
Undiluted / diluted earnings per share	**0.50**	0.47	**0.82**	0.69	1.60
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 Jun 2018	30 Jun 2017 restated	31 Dec 2017 restated
ASSETS			
Non-current assets			
Property, plant and equipment	**1,004,900**	970,614	929,152
Goodwill	**105,644**	105,644	105,644
Intangible assets	**4,260**	3,301	3,516
Other financial assets	**7,254**	4,580	4,579
Receivables	**1,463**	1,810	1,642
Deferred tax assets	**4,445**	5,727	4,517
	1,127,966	**1,091,674**	**1,049,049**
Current assets			
Inventories	**7,645**	5,990	6,340
Accounts receivable and other receivables	**123,568**	101,334	98,073
Income tax receivables	**6**	37	42
Cash and cash equivalents	**5,125**	2,223	36,965
	136,344	**109,585**	**141,420**
Non-current assets held for sale	**15,121**	15,121	15,121
Total assets	**1,279,431**	**1,216,381**	**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	**122**	127	124
Fund for invested unrestricted equity	**40,016**	40,016	40,016
Retained earnings	**437,881**	455,362	447,049
	605,551	**623,037**	**614,721**
Non-controlling interests	**112**	161	127
Total equity	**605,663**	**623,198**	**614,848**
LIABILITIES			
Long-term liabilities			
Deferred tax liabilities	**49,600**	51,018	49,851
Other long-term liabilities	**0**	38	13
Pension liabilities	**3,630**	3,821	3,622
Provisions	**1,730**	1,757	1,730
Loans from financial institutions	**340,314**	287,973	292,608
	395,273	**344,607**	**347,824**
Current liabilities			
Accounts payable and other liabilities	**90,818**	77,540	74,670
Current tax liabilities	**6**	8	13
Provisions	**219**	201	248
Loans from financial institutions	**187,451**	170,826	167,988
	278,495	**248,575**	**242,919**
Total liabilities	**673,768**	**593,183**	**590,743**
Liabilities related to long-term assets held for sale	**0**	0	0
Total equity and liabilities	**1,279,431**	**1,216,381**	**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	420,003	587,686	178	587,863
Comprehensive income for the reporting period:								
Effect of IFRS 9 reinstatement bad debt provision					-64	-64		-64
Result for the reporting period					35,423	35,423	-16	35,407
Exchange differences on translating foreign operations			-8			-8		-8
Remeasurement of defined benefit plans								
Tax effect, net								
Total comprehensive income for the reporting period			**-8**		**35,359**	**35,359**	**-16**	**35,335**
Dividend								
Equity 30 June 2017, restated	**103,006**	**24,525**	**127**	**40,016**	**455,362**	**623,037**	**161**	**623,198**

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					42,337	42,337	-15	42,322
Exchange differences on translating foreign operations			-2		-2	-4		-4
Remeasurement of defined benefit plans								
Tax effect, net								
Total comprehensive income for the reporting period			**-2**		**41,996**	**41,994**	**-15**	**41,979**
Dividend					-51,503,470	-51,503,470		-51,503,470
Equity 30 June 2018	**103,006**	**24,525**	**122**	**40,016**	**437,881**	**605,551**	**112**	**605,663**

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1–6 2018	1–6 2017 restated	1–12 2017 restated
Cash flows from operating activities			
Result for the reporting period	**42,322**	35,343	82,639
Adjustments:			
Non-cash transactions	**30,315**	28,198	56,482
Unrealised foreign exchange gains (-) / losses (+)	**0**	1	1
Financial income and expenses	**5,306**	6,073	11,509
Taxes	**-97**	-408	-235
Changes in working capital:			
Change in accounts receivable and other receivables	**-26,765**	-25,163	-20,691
Change in inventories	**-1,305**	710	360
Change in accounts payable and other liabilities	**12,367**	10,993	4,418
Change in provisions	**-21**	4	-223
Interest paid	**-2,622**	-2,915	-8,434
Interest received	**8**	33	99
Taxes paid	**-53**	-6	-122
Other financing items	**-1,711**	-1,500	-3,336
Net cash generated from operating activities	**57,745**	**51,361**	**122,470**
Cash flow from investing activities			
Investments in tangible and intangible assets	**-105,915**	-15,331	-43,547
Sale of tangible assets	**1,404**	492	45,881
Purchase of investments	**-2,672**	0	0
Dividends received	**0**	1	2
Net cash used in investing activities	**-107,183**	**-14,837**	**2,335**
Cash flows from financing activities			
Loan withdrawals	**76,667**	56,000	151,000
Net increase in current interest-bearing liabilities (+) / net decrease (-)	**22,298**	201	6,580
Repayment of loans	**-29,860**	-92,446	-191,742
Dividends paid	**-51,503**		-55,623
Net cash used in financing activities	**17,601**	**-36,245**	**-89,786**
Change in cash and cash equivalents	**-31,838**	278	35,020
Cash and cash equivalents 1 January	**36,965**	1,943	1,943
Effect of foreign exchange rate changes	**-3**	2	3
Cash and cash equivalents at the end of period	**5,125**	**2,223**	**36,965**

REVENUE AND RESULT BY BUSINESS SEGMENTS

	4–6 2018		4–6 2017 restated		1–6 2018		1–6 2017 restated		1–12 2017 restated	
	MEUR	%	MEUR	%	MEUR	%	MEUR	%	MEUR	%
Revenue										
Shipping and sea transport services	148.5	96.2	133.4	96.4	277.5	96.0	249.5	96.2	516.0	96.2
Port operations	11.6	7.5	10.8	7.8	23.0	8.0	20.9	8.1	42.5	7.9
Intra-group revenue	-5.8	-3.7	-5.9	-4.2	-11.4	4.0	-11.1	-4.3	-22.2	-4.1
External sales	**154.3**	**100.0**	**138.4**	**100.0**	**289.1**	**100.0**	**259.3**	**100.0**	**536.3**	**100.0**
Result before interest and taxes										
Shipping and sea transport services	27.9		25.9		46.6		39.4		91.1	
Port operations	0.7		1.5		0.9		1.6		2.8	
Result before interest and taxes (EBIT) total	**28.6**		**27.4**		**47.5**		**41.1**		**93.9**	
Financial items	-2.7		-3.0		-5.3		-6.1		-11.5	
Result before taxes (EBT)	**25.9**		**24.4**		**42.2**		**35.0**		**82.4**	
Income taxes	-0.1		-0.2		0.1		0.4		0.2	
Result for the reporting period	**25.8**		**24.2**		**42.3**		**35.4**		**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		-5		-1
Increases		8	99,990	1,367	7,029	108,394
Disposals		-922	-1,790	-121		-2,832
Reclassifications between items		-4,931	18,345		-18,323	-4,909
Reclassifications to non-current assets held for sale *		-4,369		-22,395		-26,763
Acquisition cost 30 June 2018	**72**	**62,947**	**1,447,321**	**45,847**	**7,273**	**1,563,461**
Accumulated depreciation, amortisation and write-offs 1 January 2018		-23,971	-477,187	-44,140	0	-545,299
Exchange rate differences		-4		5		1
Cumulative depreciation on reclassifications and disposals		4,598	867	121		5,588
Depreciation for the reporting period		-1,053	-28,521	-918		-30,493
Accumulated depreciation, amortisation and write-offs 30 June 2018	**0**	**-20,430**	**-504,839**	**-44,934**	**0**	**-570,203**
Reclassifications to non-current assets held for sale *		1,132		10,510		11,642
Carrying value 30 June 2018	**72**	**43,649**	**942,482**	**11,423**	**7,273**	**1,004,900**
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 30 June 2018		**3,237**		**11,884**		**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 30 June 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		-12		1		-12
Increases		16	9,146	182	7,153	16,498
Disposals		-3	-983	-345		-1,331
Reclassifications between items			6,548	110	-6,657	0
Reclassifications to non-current assets held for sale *		-4,369		-22,395		-26,763
Acquisition cost 30 June 2017	**72**	**68,773**	**1,401,623**	**44,308**	**10,613**	**1,525,389**
Accumulated depreciation, amortisation and write-offs 1 January 2017		-21,793	-474,532	-42,923	0	-539,248
Exchange rate differences		11				11
Cumulative depreciation on reclassifications and disposals		3	983	345		1,331
Depreciation for the reporting period		-1,098	-26,607	-807		-28,512
Accumulated depreciation, amortisation and write-offs 30 June 2017	**0**	**-22,877**	**-500,156**	**-43,385**	**0**	**-566,418**
Reclassification to non-current assets held for sale *		1,132		10,510		11,642
Carrying value 30 June 2017	**72**	**47,028**	**901,467**	**11,434**	**10,613**	**970,614**
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 30 June 2017		**3,237**		**11,884**		**15,121**

* 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 30 June 2017 and 30 June 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 7.3 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. Finnlines acquired 6.3 per cent of the shares of Steveco Oy in April 2018 and owns now 25.4 per cent of Steveco Oy. This shareholding is presented in financial assets, because Finnlines has no significant influence in Steveco Oy.

CONTINGENCIES AND COMMITMENTS

EUR 1,000	30 Jun 2018	30 June 2017	31 Dec 2017
Minimum leases payable in relation to fixed-term leases:			
Vessel leases (Group as lessor)*:			
Within 12 months	**7,222**	2,868	0
1-5 years	**16,521**	0	0
	23,743	**2,868**	**0**
Other leases (Group as lessee):			
Within 12 months	**4,841**	5,524	5,397
1-5 years	**7,412**	10,023	8,263
After five years	**4,236**	5,948	5,478
	16,489	**21,495**	**19,138**
Other leases (Group as lessor):			
Within 12 months	**229**	166	232
	229	**166**	**232**
Collateral given			
Loans from financial institutions	**427,989**	344,925	369,995
Vessel mortgages provided as guarantees for the above loans	**1,012,00**	940,500	954,500
Other collateral given on own behalf			
Pledges	**340**	340	340
	340	**340**	**340**
Other obligations			
Vessel acquisitions	**179,825**		70,200
Other external obligations*	**22,323**	40,787	23,389
	202,148	**40,787**	**93,589**
VAT adjustment liability related to real estate investments	**786**	2,082	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	148.5	133.4		140.1		126.5
Port operations	11.4	10.1	11.6	10.8		10.6		11.0
Intra-group revenue	-5.5	-5.2	-5.8	-5.9		-5.5		-5.7
External sales	**134.9**	**120.9**	**154.3**	**138.4**		**145.2**		**131.8**
Result before interest and taxes								
Shipping and sea transport services	18.7	13.5	27.9	25.9		34.6		17.1
Port operations	0.2	0.1	0.7	1.5		1.0		0.2
Result before interest and taxes (EBIT) total	**18.9**	**13.6**	**28.6**	**27.4**		**35.6**		**17.3**
Financial items	-2.6	-3.1	-2.7	-3.0		-2.9		-2.5
Result before taxes (EBT)	**16.3**	**10.5**	**25.9**	**24.4**		**32.7**		**14.8**
Income taxes	0.2	0.6	-0.1	-0.2		-0.2		0
Result for the reporting period	**16.5**	**11.1**	**25.8**	**24.2**		**32.5**		**14.8**
EPS (undiluted / diluted)	0.32	0.22	0.50	0.47		0.63		0.29

SHARE INFORMATION

	30 Jun 2018	30 Jun 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 Plc has entered into an agreement to sell the ro-ro vessel, MS Finncarrier to the external party in July 2018. The delivery of the vessel to the new owner will take place in October 2018. Finnlines will bareboat charter MS Finncarrier from its new owner from October 2018 to January 2019.

CALCULATION OF RATIOS

Earnings per share (EPS), EUR	=	Result attributable to parent company shareholders / Weighted average number of outstanding shares	
Shareholders' equity per share, EUR	=	Shareholders' equity attributable to parent company shareholders / Undiluted number of shares at the end of period	
Gearing, %	=	Interest-bearing liabilities - cash and bank equivalents / Total equity	x 100
Equity ratio, %	=	Total equity / 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.