



Equity Research | TALLINK: All about the Dividend

Q3 Sales and Profits beat estimates, but the economic downturn affects demand. In 2025, we assume an economic recovery leading to a double-digit underlying profit growth. We expect dividend policy payouts each year in 2024-26.

Economic pickup 2025

Tallink's core markets are sluggish with expected 2024 GDP declines of 0.7% (Estonia), 0.6% (Finland), while Sweden is forecast to post a meager 0.5% increase. This affects demand (Q3/24 PAX and Revenues declined 3.4% and 3.7%, y-on-y, respectively). Macro economists expect a return to growth next year which could boost Tallink's profits.

Double-digit profit growth

We forecast the underlying Net profit to grow 53% next year to EUR 38m from an estimated EUR 25m this year (excl the estimated EUR 18m gain from the sale of vessel Isabelle). This can be compared to the 2012-23 average Net profit of EUR 25m (EUR 51m excluding Covid loss years).

Free Cash Flow support Dividends

We estimate dividend policy EUR 0.05/shr each year 2024-26, which is supported by the estimated Free Cash Flow of EUR 0.17-0.19/shr. The non-cash item depreciation (EUR #97m/yr.) makes it is easy to underestimate the dividend payment capability when looking at the EPS (estimated at EUR 0.05-0.06/shr.). At the webinar, management said there was a "high possibility" to pay EUR 0.05/shr dividend, which implies 8.3% yield.

Read the full report here: <https://www.emergers.io/tallink-i24/>

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