

BUSINESS REVIEW FOR THE PERIOD JANUARY–SEPTEMBER 2017

SALES AND EARNINGS

Consolidated sales of the Viking Line Group for the period January 1–September 30, 2017 rose to 399.6 million euros (EUR 397.3 M for January 1–September 30, 2016). Other operating revenue amounted to EUR 1.3 M (2.0). Operating income totalled EUR 6.3 M (14.8). Net financial items totalled EUR -1.7 M (-3.2). Consolidated income before taxes amounted to EUR 4.6 M (11.6). Income after taxes totalled EUR 3.8 M (9.7).

Passenger-related revenue increased by 0.8 per cent to EUR 365.1 M (362.3), while cargo revenue amounted to EUR 32.6 M (32.9). Net sales revenue increased by 1.1 per cent to EUR 284.8 M (281.5).

Consolidated income for the period fell due to lower net sales revenue per passenger and higher operating expenses. Consolidated operating expenses increased by 5.2 per cent to EUR 260.6 M (247.8). Bunker expenses increased by 22.2 per cent to EUR 35.7 M (29.2). The higher operating expenses are mainly attributable to Viking FSTR, which served the Helsinki (Finland)–Tallinn (Estonia) route during the period April 10–October 16, 2017.

During the third quarter, July 1–September 30, 2017, consolidated sales amounted to EUR 160.4 M (EUR 159.3 M for July 1–September 30, 2016). Third quarter operating income amounted to EUR 21.3 M (25.3).

SERVICES AND MARKET TRENDS

The Viking Line Group provides passenger and cargo carrier services using seven vessels on the northern Baltic Sea. The Group's vessels served the same routes as in 2016. During the period April 10–October 16, 2017 capacity on the Helsinki–Tallinn route increased with the vessel Viking FSTR.

The number of passengers on Viking Line's vessels during the report period amounted to 5,370,581 (5,015,177). The Group had a total market share in its service area of approximately 35.0 per cent (33.7).

Viking Line's cargo volume was 94,568 cargo units (98,327). The Group had a cargo market share of approximately 18.7 per cent (20.7). Meanwhile the number of cars transported increased by 66,550 units to 612,258 (545,708).

INVESTMENTS AND FINANCING

On July 3, 2017, a shipbuilding contract with the Xiamen Shipbuilding Industry Co. Ltd. shipyard for a passenger ship went into effect. The contract amount is about EUR 194 million, and the planned delivery for the vessel is in 2020. The agreement also includes an option for a sister ship.

The Group's investments amounted to EUR 31.3 M (13.4), of which EUR 20.8 M was related to advance payments for the construction of the above vessel. The Group's total investments represent 7.8 per cent of sales (3.4).

On September 30, 2017, the Group's non-current interest-bearing liabilities amounted to EUR 131.3 M (154.8). The equity/assets ratio was 45.2 per cent, compared to 44.1 per cent a year earlier.

At the end of September 2017, the Group's cash and cash equivalents amounted to EUR 63.9 M (86.1). Net cash flow from operating activities amounted to EUR 20.7 M (17.5). Net cash flow from investing activities was EUR -28.2 M (-8.5) and net cash flow from financing activities amounted to EUR -23.6 M (-33.6).

FINANCIAL REPORTING

This Business Review was prepared in accordance with the same accounting principles, estimates and judgements as in the latest annual financial statements. The Business Review is unaudited.

When rounding off items to the nearest EUR 1,000,000, rounding-off differences of EUR +/- 0.1 M may occur.

ORGANIZATION AND PERSONNEL

The average number of Group employees was 2,791 (2,772), of whom 2,086 (2,078) worked for the parent company. Land-based personnel totalled 667 (667) and shipboard personnel totalled 2,124 (2,105).

In addition to the Group's own employees, the Viking XPRS was staffed by an average of 249 (250) people employed by a staffing company.

OUTLOOK FOR THE FULL FINANCIAL YEAR 2017

Competition in Viking Line's service area entails continued pressure on prices and volumes, which will have an adverse effect on net sales revenue per passenger. Bunker prices are still expected to be higher than in 2016. The expected revision in Finland's restitution law for 2017 has been delayed, and it is uncertain whether this can be carried out so that it will affect consolidated earnings for 2017. Overall, the assessment is that operating income for 2017 will decline compared to operating income for 2016.

The Year-end Report for the financial year 2017 will be published on February 15, 2018.

Mariehamn, Åland, November 16, 2017

VIKING LINE ABP

Jan Hanses
President and Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

EUR M	Jul 1, 2017– Sep 30, 2017	Jul 1, 2016– Sep 30, 2016	Jan 1, 2017– Sep 30, 2017	Jan 1, 2016– Sep 30, 2016	Jan 1, 2016– Dec 31, 2016
SALES	160.4	159.3	399.6	397.3	519.6
Other operating revenue	1.1	0.2	1.3	2.0	2.0
Expenses					
Goods and services	45.0	45.6	114.8	115.7	151.7
Salary and other employment benefit expenses	32.0	31.0	91.1	92.5	122.3
Depreciation and impairment losses	6.0	7.0	19.1	20.9	28.0
Other operating expenses	57.2	50.6	169.4	155.3	206.0
	140.2	134.2	394.5	384.4	507.9
OPERATING INCOME	21.3	25.3	6.3	14.8	13.7
Financial income	0.9	0.5	4.0	3.8	5.4
Financial expenses	-1.9	-2.5	-5.7	-7.0	-9.5
INCOME BEFORE TAXES	20.3	23.2	4.6	11.6	9.6
Income taxes	-4.2	-4.7	-0.8	-1.9	-1.5
INCOME FOR THE PERIOD	16.1	18.6	3.8	9.7	8.0
<i>Income attributable to:</i>					
Parent company shareholders	16.1	18.6	3.8	9.7	8.0
Earnings per share before and after dilution, EUR	1.49	1.72	0.35	0.90	0.74

**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

EUR M	Jul 1, 2017– Sep 30, 2017	Jul 1, 2016– Sep 30, 2016	Jan 1, 2017– Sep 30, 2017	Jan 1, 2016– Sep 30, 2016	Jan 1, 2016– Dec 31, 2016
INCOME FOR THE PERIOD	16.1	18.6	3.8	9.7	8.0
Other comprehensive income					
<i>Items that may be transferred to the income statement</i>					
Translation differences	0.1	-0.4	-0.1	-0.9	-0.8
Investments available for sale	-	-	-	-	0.3
	0.1	-0.4	-0.1	-0.9	-0.5
COMPREHENSIVE INCOME FOR THE PERIOD	16.1	18.2	3.7	8.8	7.5
<i>Comprehensive income attributable to:</i>					
Parent company shareholders	16.1	18.2	3.7	8.8	7.5

CONSOLIDATED BALANCE SHEET

EUR M	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
ASSETS			
Non-current assets			
Intangible assets	2.4	1.7	1.9
Land	0.6	0.6	0.6
Buildings and structures	8.7	9.4	9.2
Renovation costs for rented properties	2.8	2.1	2.3
Vessels	299.6	313.3	308.5
Machinery and equipment	5.0	5.4	5.6
Advance payments	20.8	-	-
Investments available for sale	27.1	26.8	27.1
Receivables	-	0.2	0.0
Total non-current assets	366.9	359.4	355.2
Current assets			
Inventories	18.3	17.8	18.1
Income tax assets	0.5	0.4	1.7
Trade and other receivables	42.3	44.3	36.1
Cash and cash equivalents	63.9	86.1	94.9
Total current assets	125.0	148.6	150.8
TOTAL ASSETS	491.8	508.0	506.0
EQUITY AND LIABILITIES			
Equity			
Share capital	1.8	1.8	1.8
Reserves	1.0	0.7	1.0
Translation differences	-1.2	-1.3	-1.3
Retained earnings	220.7	223.1	221.4
Equity attributable to parent company shareholders	222.3	224.2	222.9
Total equity	222.3	224.2	222.9
Non-current liabilities			
Deferred tax liabilities	35.9	34.5	35.9
Non-current interest-bearing liabilities	131.3	154.8	150.6
Total non-current liabilities	167.3	189.3	186.5
Current liabilities			
Current interest-bearing liabilities	23.5	19.3	23.6
Income tax liabilities	0.0	1.9	0.0
Trade and other payables	78.8	73.3	73.0
Total current liabilities	102.3	94.5	96.6
Total liabilities	269.5	283.8	283.0
TOTAL EQUITY AND LIABILITIES	491.8	508.0	506.0
Equity per share, EUR	20.58	20.76	20.64