

YEAR-END REPORT JANUARY – DECEMBER 2014

IMPROVED EARNINGS AND RECORD NUMBER OF PASSENGERS

FULL CALENDER YEAR

Consolidated sales of the Viking Line Group during the report period, January 1 – December 31, 2014, decreased by 4.0 per cent to 527.4 million euros (EUR 549.4 M during January 1 – December 31, 2013). Other operating revenue amounted to EUR 0.7 M (23.5). Operating income amounted to EUR 13.7 M (34.7). Net financial items totalled EUR 18.6 M (-7.1). Consolidated income before taxes totalled EUR 32.3 M (27.7). Income after taxes amounted to EUR 30.6 M (27.5).

EARNINGS WITHOUT ITEMS AFFECTING COMPARABILITY

During the financial year 2014, the Group received shares in the Åland-based insurance company Alandia Försäkring Ab and sold some of them, which resulted in a nonrecurring item affecting comparability of EUR 27.7 M. During the financial year 2013, the sale of the Isabella constituted an item affecting comparability of EUR 22.8 M. Without these items, the Group's operating income totalled EUR 13.7 M during the financial year 2014 (11.9 during the financial year 2013). Without these items, consolidated net financial items were EUR -9.1 M (-7.1) and consolidated income before taxes amounted to EUR 4.6 M (4.9).

FOURTH QUARTER

Consolidated sales of the Viking Line Group during the fourth quarter, October 1 – December 31, 2014, decreased by 2.6 per cent to EUR 126.3 M compared to the corresponding quarter of 2013 (129.7). Operating income during the quarter amounted to EUR 4.2 M (2.0). Income before taxes during the fourth quarter of 2014 totalled EUR 29.1 M (0.1).

ALL-TIME PASSENGER RECORD

The number of passengers on Viking Line's vessels during the financial year increased by 76,496 to 6,610,146 (6,533,650). This was an all-time record. The Helsinki (Finland) – Tallinn (Estonia) route accounted for the largest increase, thanks to the expanded service offered last summer. On December 10, 2014, Viking Line reached another significant milestone when the total number of passengers since service began in 1959 passed the 200,000,000 mark.

Cargo volume continued to increase during 2014. The number of cargo units carried rose by 8.0 per cent to 129,255, compared to 119,704 the previous year.

Any questions concerning this Year-end Report will be answered by Jan Hanses, President and Chief Executive Officer.

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Viking Line is a public limited company and the market leading brand in passenger traffic on the northern Baltic Sea, with a mission to provide large-scale, affordable, safe passenger and cargo carrier services including first-class recreation, good food and attractive shopping. Its shares have been listed on the NASDAQ Helsinki since 1995. Viking Line serves Finland, Sweden and the Baltic countries with seven vessels. During the financial year 2014 sales were about EUR 527 M. The number of passengers totalled 6.6 million. The average number of employees was 2,797.

VIKING LINE ABP

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SALES AND EARNINGS

FULL CALENDER YEAR

Consolidated sales of the Viking Line Group during the report period, January 1 – December 31, 2014, decreased by 4.0 per cent to 527.4 million euros (EUR 549.4 M during January 1 – December 31, 2013). Other operating revenue amounted to EUR 0.7 M (23.5). Operating income amounted to EUR 13.7 M (34.7). Net financial items totalled EUR 18.6 M (-7.1). Consolidated income before taxes totalled EUR 32.3 M (27.7). Income after taxes amounted to EUR 30.6 M (27.5).

During the report period, passenger-related revenue decreased by 4.9 per cent to EUR 483.8 M (508.8), while cargo revenue increased by 8.5 per cent to EUR 39.6 M (36.5). Net sales revenue decreased by 4.9 per cent to EUR 379.3 M (398.8). The Group's operating expenses decreased by 5.0 per cent to EUR 334.4 M (351.9).

The decrease in consolidated sales is primarily explained by the prevailing pressure on prices in today's tough competitive situation, combined with falling volume early in 2014 and an economic downturn in Finland that affects the pattern of consumption. Overall, this has had a negative impact on net sales revenue per passenger.

The Group's bunker (vessel fuel) expenses decreased during the period by EUR 5.1 M, equivalent to 8.1 per cent. The decrease is explained by lower average bunker prices and the Group's continued efforts to optimize the bunker consumption of its vessels.

The Board of Directors believes that the Group's action programme aimed at improving operational efficiency and boosting sales is continuing to have a positive impact on earnings.

FOURTH QUARTER

Consolidated sales of the Viking Line Group during the fourth quarter, October 1 – December 31, 2014, decreased by 2.6 per cent to EUR 126.3 M compared to the corresponding quarter of 2013 (129.7). Operating income during the quarter amounted to EUR 4.2 M (2.0). Income before taxes during the fourth quarter of 2014 totalled EUR 29.1 M (0.1).

Without items affecting comparability, consolidated net financial items during the fourth quarter were EUR -2.8 M (-1.9) and consolidated income before taxes amounted to EUR 1.4 M (0.1).

During the fourth quarter, cargo revenue increased by 7.1 per cent to EUR 10.1 M (9.4), while passenger-related revenue decreased by 3.4 per cent to EUR 115.3 M (119.3).

EARNINGS WITHOUT ITEMS AFFECTING COMPARABILITY

During the financial year 2014, the Group received shares in the Åland-based insurance company Alandia Försäkring Ab and divested some of these, which resulted in a nonrecurring item affecting comparability of EUR 27.7 M. During the financial year 2013, the sale of the Isabella constituted an item affecting comparability of EUR 22.8 M. Without these items, the Group's operating income totalled EUR 13.7 M during the financial year 2014 (11.9 during the financial year 2013). Without these items, consolidated net financial items were EUR -9.1 M (-7.1) and consolidated income before taxes amounted to EUR 4.6 M (4.9).

SERVICES AND MARKET TRENDS

During 2014, the Viking Line Group provided passenger and cargo carrier services using seven vessels on the northern Baltic Sea. The Group's vessels served the same routes as during 2013. During the period June 12 – September 2, 2014 the Gabriella and the Mariella served the Helsinki (Finland)–Tallinn (Estonia) route, while continuing to sail on their regular Helsinki–Mariehamn (Åland Islands, Finland)–Stockholm (Sweden) route.

In January 2014 the Viking XPRS changed from a Swedish to an Estonian flag and the Rosella from a Swedish to a Finnish flag.

The number of passengers on Viking Line's vessels during the financial year increased by 76,496 to 6,610,146 (6,533,650). During the report period, Viking Line reduced its market share on the Turku (Finland)–Mariehamn/Långnäs (Åland Islands, Finland)–Stockholm route by 1.0 percentage points to 56.3 per cent. On the Helsinki–Mariehamn–Stockholm route, market share increased by 0.6 percentage points to 46.7 per cent. In cruise services between Stockholm and Mariehamn, market share increased by 1.4 percentage points to 54.2 per cent. On the Helsinki–Tallinn route, market share increased by approximately 1.2 percentage points to 24.8 per cent. On the short route across the Sea of Åland between Mariehamn and Kapellskär (Sweden), market share increased by 1.6 percentage points to 43.6 per cent. This gave the Group a total market share in its service area of approximately 35.0 per cent (34.6).

Viking Line's cargo volume was 129,255 cargo units (119,704). Viking Line achieved a cargo market share of approximately 21.9 per cent (20.9).

INVESTMENTS AND FINANCING

The Group's investments amounted to EUR 7.2 M (172.3, of which 164.0 was for investments in the Viking Grace).

On December 31, 2014 the Group's non-current interest-bearing liabilities amounted to EUR 197.5 M (221.2). The equity/assets ratio was 40.0 per cent, compared to 35.6 per cent a year earlier.

At the end of December 2014, the Group's cash and cash equivalents amounted to EUR 101.1 M (96.1). Net cash flow from operating activities amounted to EUR 30.7 M (38.4).

DE-MUTUALISATION AND MERGER WITHIN THE ALANDIA INSURANCE GROUP

The Åland-based shipowners' mutual insurance company Redarnas Ömsesidiga Försäkringsbolag was re-organized into a limited liability insurance company and merged with its wholly owned insurance subsidiary Försäkringsaktiebolaget Alandia to form Alandia Försäkring Ab as of December 31, 2014. The merged company changed its name to Försäkringsaktiebolaget Alandia as of January 1, 2015. The shares in the company were allocated in proportion to the premiums paid during the years 2011–2013 among those companies that, on the merger date, had an uninterrupted co-owner relationship with Redarnas Ömsesidiga Försäkringsbolag that had lasted at least one year.

Upon allocation, the Group received shares in Alandia Försäkring Ab and sold some of them as of December 31, 2014. After that, Viking Line's shareholding amounted to 19.9 per cent of the total.

RISK FACTORS

The market for cruises and ferry services in the Baltic Sea is stable but subject to tough competition. Political decisions may change Viking Line's operating conditions, with potentially adverse consequences to its business operations. Åland's special tax status, which makes duty- and tax-free sales possible on services to and from Åland, is nevertheless permanent. The European Commission's guidelines for the promotion of seafaring, which makes the net salary system for shipboard employees possible, are in effect until further notice. There is no indication that the guidelines will be changed.

The Group's business operations are dependent on functioning logistics and computer systems. Disruptions in traffic or data communications may have an adverse impact on the Group's earnings. Viking Line endeavours to minimize the risk of lengthy unplanned service interruptions by means of continuous vessel maintenance, a well-developed safety and security system, training and regular drills. Risks in information management are minimized by developing appropriate security systems and alternative working methods as well as efforts to ensure the reliability of computer systems.

The Group's vessels are recognized in the balance sheet at a carrying amount of EUR 340.1 M (365.2). The vessels have hull and machinery and increased value insurance totalling EUR 598.0 M (598.0). In addition, all vessels have strike insurance and protection and indemnity (P&I) insurance.

Fluctuations in bunker (vessel fuel) prices have a direct impact on the Group's earnings. The European Union's new sulphur directive entered into force on January 1, 2015 and will lead to higher expenses for the Group. The directive affects all of the Group's vessels except the Viking Grace, which operates on liquefied natural gas (LNG).

The Group is also exposed to various financial risks, among them fluctuations in currency exchange rates. Revenue is generated in euros and Swedish kronor. Most operational influx of cash and cash equivalents consists of euros. Prices of goods for sale and bunker are affected by foreign currencies, especially the US dollar. The Group endeavours to maintain good liquidity in order to be prepared to deal with adverse changes in operational cash flow.

The Group is exposed to price risk related to shares that are classified as "Investments available for sale". The value of the Group's shareholding in the insurance company Försäkringsaktiebolaget Alandia is established on the basis of the present value of future cash flows. The cash flow projection is based on a number of estimates and judgements that have a substantial impact on present value.

ORGANIZATION AND PERSONNEL

The average number of Group employees was 2,797 (3,104), of whom 2,068 (1,947) worked for the parent company. Land-based personnel totalled 655 (697) and shipboard personnel totalled 2,142 (2,407).

In addition to the Group's own employees, the Viking XPRS was staffed by an average of 235 people employed by a staffing company.

OUTLOOK FOR 2015

During 2015 the Gabriella and the Mariella will again provide expanded summer service to Tallinn according to a concept similar to the preceding year. These vessels will thus – in addition to serving their regular Helsinki–Stockholm routes – also temporarily serve the Helsinki–Tallinn route. Competition in Viking Line’s service area implies continued pressure on both prices and volume. The economic downturn in Finland is another uncertainty factor, but recent bunker price developments are currently having a favourable effect on earnings. The overall assessment of the Board of Directors is that in 2015, operating income will improve compared to operating income in 2014, but future bunker price developments represent a significant uncertainty factor.

THE BOARD’S PROPOSAL ON DISTRIBUTION OF EARNINGS

According to the balance sheet of Viking Line Abp on December 31, 2014 unrestricted equity totalled EUR 88,737,247.40.

The Board of Directors proposes to the annual shareholders’ meeting that:

A dividend of EUR 0.70 per share shall be paid, totalling	EUR 7,560,000.00
Remaining unrestricted equity	EUR 81,177,247.40

No material changes in the Company’s financial position have occurred after the end of the financial year. In the assessment of the Board of Directors, the dividend is justifiable in light of the demands with respect to the size of the equity capital which are imposed by the nature, scope, financing and risks associated with the business.

SHAREHOLDERS’ MEETING

The annual shareholders’ meeting of Viking Line Abp will be held at 12 noon on Wednesday, April 22, 2015 at the Alandica Kultur och Kongress auditorium, Strandgatan 33, Mariehamn, Åland, Finland.

An electronic version of the Annual Report for the financial year 2014 will be published during the week of March 9, 2015 on the Company’s website, www.vikingline.com. The printed Annual Report will be published in Swedish and Finnish during the week of March 23, 2015.

FINANCIAL INFORMATION FOR 2015

During the financial year 2015, Viking Line Abp’s interim reports will be published for the periods January 1 to March 31, 2015; January 1 to June 30, 2015 and January 1 to September 30, 2015. These interim reports will be published on May 13, August 20 and November 18, 2015, respectively. The press release on the results for the fiscal year 2015 will be published on February 18, 2016. The Annual Report for the financial year 2015 will be published during the week of March 28, 2016.

Mariehamn, Åland, February 18, 2015

VIKING LINE ABP
The Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR M	Oct 1, 2014– Dec 31, 2014	Oct 1, 2013– Dec 31, 2013	Jan 1, 2014– Dec 31, 2014	Jan 1, 2013– Dec 31, 2013
SALES	126.3	129.7	527.4	549.4
Other operating revenue	0.2	0.3	0.7	23.5
Expenses				
Goods and services	36.2	35.7	148.1	150.6
Salary and other employment benefit expenses	28.9	31.5	120.8	130.1
Depreciation and impairment losses	7.2	8.3	31.8	35.7
Other operating expenses	50.0	52.5	213.6	221.9
	122.3	128.1	514.3	538.2
OPERATING INCOME	4.2	2.0	13.7	34.7
Financial income	28.1	0.3	29.0	1.2
Financial expenses	-3.2	-2.2	-10.4	-8.3
INCOME BEFORE TAXES	29.1	0.1	32.3	27.7
Income taxes	-1.1	6.7	-1.8	-0.2
INCOME FOR THE PERIOD	28.1	6.7	30.6	27.5
Other comprehensive income				
<i>Items that may be transferred to the income statement</i>				
Translation differences	-0.4	0.0	-0.9	-0.4
Investments available for sale	0.0	0.0	0.0	0.0
	-0.4	0.0	-0.9	-0.4
COMPREHENSIVE INCOME FOR THE PERIOD	27.7	6.7	29.7	27.1
Income attributable to:				
Parent company shareholders	28.1	6.7	30.6	27.5
Comprehensive income attributable to:				
Parent company shareholders	27.7	6.7	29.7	27.1
Earnings per share before and after dilution, EUR	2.60	0.62	2.83	2.54

CONSOLIDATED BALANCE SHEET

EUR M	Dec 31, 2014	Dec 31, 2013
ASSETS		
Non-current assets		
Intangible assets	0.6	0.8
Land	1.1	1.1
Buildings and structures	10.8	11.7
Renovation costs for rented properties	0.6	0.7
Vessels	340.1	365.2
Machinery and equipment	6.7	8.0
Investments available for sale	26.1	0.0
Receivables	0.3	0.5
Total non-current assets	386.3	388.1
Current assets		
Inventories	16.1	15.0
Income tax assets	0.3	0.2
Trade and other receivables	29.3	31.0
Cash and cash equivalents	101.1	96.1
Total current assets	146.8	142.2
TOTAL ASSETS	533.1	530.3
EQUITY AND LIABILITIES		
Equity		
Share capital	1.8	1.8
Reserves	0.0	0.0
Translation differences	-0.8	-0.3
Retained earnings	212.3	187.5
Equity attributable to parent company shareholders	213.3	189.0
Total equity	213.3	189.0
Non-current liabilities		
Deferred tax liabilities	31.4	29.7
Non-current interest-bearing liabilities	197.5	221.2
Total non-current liabilities	228.9	250.8
Current liabilities		
Current interest-bearing liabilities	23.5	15.1
Income tax liabilities	0.0	-
Trade and other payables	67.4	75.4
Total current liabilities	91.0	90.4
Total liabilities	319.8	341.3
TOTAL EQUITY AND LIABILITIES	533.1	530.3

CONSOLIDATED CASH FLOW STATEMENT

EUR M	Jan 1, 2014– Dec 31, 2014	Jan 1, 2013– Dec 31, 2013
OPERATING ACTIVITIES		
Income for the period	30.6	27.5
Adjustments		
Depreciation and impairment losses	31.8	35.7
Capital gains from non-current assets	-0.2	-22.8
Other items not included in cash flow	2.1	-0.4
Interest expenses and other financial expenses	6.8	7.1
Financial income, Alandia Försäkring Ab	-27.9	-
Interest income and other financial income	-0.2	-0.1
Dividend income	0.0	0.0
Income taxes	1.8	0.2
Change in working capital		
Change in trade and other receivables	1.7	-1.9
Change in inventories	-1.1	0.3
Change in trade and other payables	-7.7	-4.1
Interest paid	-6.1	-3.7
Financial expenses paid	-0.8	-0.8
Interest received	0.1	0.1
Financial income received	0.1	0.1
Taxes paid	-0.2	1.4
NET CASH FLOW FROM OPERATING ACTIVITIES	30.7	38.4
INVESTING ACTIVITIES		
Investments in vessels	-6.2	-168.6
Investments in other intangible and tangible assets	-1.1	-3.7
Divestments of vessels	-	29.9
Divestments of other intangible and tangible assets	0.3	0.2
Divestments of investments available for sale	1.6	-
Payments received for non-current receivables	0.2	0.2
Dividends received	0.0	0.0
NET CASH FLOW FROM INVESTING ACTIVITIES	-5.1	-142.0
FINANCING ACTIVITIES		
Increase in non-current liabilities	-	179.1
Amortization of non-current liabilities	-15.2	-24.6
Dividends paid	-5.4	-
NET CASH FLOW FROM FINANCING ACTIVITIES	-20.6	154.4
CHANGE IN CASH AND CASH EQUIVALENTS	5.0	50.8
Cash and cash equivalents at beginning of period	96.1	45.3
CASH AND CASH EQUIVALENTS AT END OF PERIOD	101.1	96.1

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR M	Equity attributable to parent company shareholders				Total equity
	Share capital	Reserves	Translation differences	Retained earnings	
Equity, Jan 1, 2013	1.8	0.0	0.1	160.0	162.0
<i>Income for the period</i>				27.5	27.5
<i>Translation differences</i>		0.0	-0.4	0.0	-0.4
<i>Remeasurement of investments available for sale</i>		0.0			0.0
Total comprehensive income for the period	-	0.0	-0.4	27.5	27.1
Dividend to shareholders					-
Equity, Dec 31, 2013	1.8	0.0	-0.3	187.5	189.0
<i>Income for the period</i>				30.6	30.6
<i>Translation differences</i>		0.0	-0.5	-0.4	-0.9
<i>Remeasurement of investments available for sale</i>		0.0			0.0
Total comprehensive income for the period	-	0.0	-0.5	30.2	29.7
Dividend to shareholders				-5.4	-5.4
Equity, Dec 31, 2014	1.8	0.0	-0.8	212.3	213.3

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR M	2014 Q4	2014 Q3	2014 Q2	2014 Q1
SALES	126.3	160.1	137.5	103.4
Other operating revenue	0.2	0.1	0.3	0.1
Expenses				
Goods and services	36.2	44.3	39.1	28.4
Salary and other employment benefit expenses	28.9	30.1	30.3	31.6
Depreciation and impairment losses	7.2	8.0	8.0	8.5
Other operating expenses	50.0	55.8	55.8	52.1
	122.3	138.1	133.3	120.6
OPERATING INCOME	4.2	22.0	4.5	-17.1
Financial income	28.1	0.7	0.1	0.1
Financial expenses	-3.2	-2.0	-3.1	-2.2
INCOME BEFORE TAXES	29.1	20.7	1.6	-19.1
Income taxes	-1.1	-4.0	-0.2	3.5
INCOME FOR THE PERIOD	28.1	16.7	1.4	-15.6
Other comprehensive income				
<i>Items that may be transferred to the income statement</i>				
Translation differences	-0.4	0.0	-0.4	-0.1
Investments available for sale	0.0	-	-	-
	-0.4	0.0	-0.4	-0.1
COMPREHENSIVE INCOME FOR THE PERIOD	27.7	16.7	1.0	-15.8
Income attributable to:				
Parent company shareholders	28.1	16.7	1.4	-15.6
Comprehensive income attributable to:				
Parent company shareholders	27.7	16.7	1.0	-15.8
Earnings per share before and after dilution, EUR	2.60	1.55	0.13	-1.45

SEGMENT INFORMATION, VIKING LINE GROUP

OPERATING SEGMENTS, EUR M	Jan 1, 2014– Dec 31, 2014	Jan 1, 2013– Dec 31, 2013
Sales		
Vessels	521.7	544.7
Unallocated	5.8	4.9
Total, operating segments	527.6	549.6
Eliminations	-0.2	-0.2
Total sales of the Group	527.4	549.4
Operating income		
Vessels	58.3	81.2
Unallocated	-44.6	-46.4
Total operating income of the Group	13.7	34.7

PLEGDED ASSETS AND CONTINGENT LIABILITIES

EUR M	Dec 31, 2014	Dec 31, 2013
Contingent liabilities	221.1	236.9
Assets pledged for own debt	315.7	315.7

FINANCIAL RATIOS AND STATISTICS

	Jan 1, 2014– Dec 31, 2014	Jan 1, 2013– Dec 31, 2013
Equity per share, EUR	19.75	17.50
Dividend per share, EUR	0.70	0.50
Number of shares on balance sheet date	10,800,000	10,800,000
Return on equity (ROE)	15.2 %	15.6 %
Return on investment (ROI)	9.1 %	10.4 %
Equity/assets ratio	40.0 %	35.6 %
Investments, EUR M	7.2	172.3
– as % of sales	1.4 %	31.4 %
Passengers	6,610,146	6,533,650
Cargo units	129,255	119,704
Average number of employees, full time equivalent	2,797	3,104

Earnings per share = (Income before taxes – income taxes +/- minority interest) / Average number of shares

Equity per share = Equity attributable to parent company shareholders / Number of shares on balance sheet date

Return on equity (ROE), % = (Income before taxes - income taxes) / Equity including minority interest (average for the year)

Return on investment (ROI), % = (Income before taxes + interest and other financial expenses) / (Total assets - interest-free liabilities [average for the year])

Equity/assets ratio, % = (Equity including minority interest) / (Total assets – advances received)

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

The above figures from the financial statements have been audited.