

## **INTERIM REPORT FOR THE PERIOD JANUARY – MARCH 2015**

### **INCREASED SALES AND IMPROVED EARNINGS FOR VIKING LINE**

#### **SALES AND EARNINGS**

Consolidated sales of the Viking Line Group during the first quarter, January 1 – March 31, 2015, increased by 1.5 per cent to 105.0 million euros compared to the same quarter of 2014 (EUR 103.4 M). Operating income amounted to EUR -9.8 M (-17.1). Income after taxes totalled EUR -8.2 M (-15.6).

Consolidated operating income improved mainly due to lower operating expenses and fewer vessel dry-dockings than in the same quarter of 2014. Operating expenses decreased by 7.1 per cent to EUR 77.7 M (83.6). The items that decreased the most were bunker (vessel fuel) expenses and salary and other employment benefit expenses. The decrease in bunker expenses is explained by lower average bunker prices combined with the Group's continued efforts to optimize the bunker consumption of its vessels. Salary and other employment benefit expenses decreased by EUR 2.8 M or 9.0 per cent.

#### **NUMBER OF PASSENGERS AND MARKET SHARE INCREASED**

The number of passengers on Viking Line's vessels during the report period increased by 43,586 to 1,277,630 (1,234,044). Despite a weaker total market in Viking Line's market area, the Group succeeded in boosting its market share on all routes, except for Helsinki (Finland)–Mariehamn (Åland Islands, Finland)–Stockholm (Sweden), where its market share decreased slightly. The Group had a total market share in its service area of approximately 35.3 per cent (33.0).

Viking Line's cargo volume increased by 3,306 cargo units to 34,506 (31,200). Viking Line achieved a cargo market share of approximately 23.6 per cent (21.6).

Any questions concerning this interim report will be answered by Jan Hanses, President and Chief Executive Officer. Tel: +358 18 270 00

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**

Norragatan 4/PB 166, AX-22101 Mariehamn, Åland, Finland  
Tel +358 18 270 00

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[www.vikingline.com](http://www.vikingline.com) [www.vikingline.fi](http://www.vikingline.fi) [www.vikingline.se](http://www.vikingline.se)

## SALES AND EARNINGS

Consolidated sales of the Viking Line Group during the first quarter, January 1 – March 31, 2015, increased by 1.5 per cent to 105.0 million euros compared to the same quarter of 2014 (EUR 103.4 M). Operating income amounted to EUR -9.8 M (-17.1). Net financial items totalled EUR -0.5 M (-2.1). Consolidated income before taxes amounted to EUR -10.4 M (-19.1). Income after taxes totalled EUR -8.2 M (-15.6).

Passenger-related revenue decreased by 1.3 per cent to EUR 91.5 M (92.7), while cargo revenue increased by 26.7 per cent to EUR 12.6 M (9.9). Net sales revenue decreased by 0.9 per cent to EUR 74.3 M (75.0).

Consolidated operating income improved mainly due to lower operating expenses and fewer vessel dry-dockings than in the same quarter of 2014. Operating expenses decreased by 7.1 per cent to EUR 77.7 M (83.6). The items that decreased the most were bunker (vessel fuel) expenses and salary and other employment benefit expenses. The decrease in bunker expenses is explained by lower average bunker prices combined with the Group's continued efforts to optimize the bunker consumption of its vessels. Salary and other employment benefit expenses decreased by EUR 2.8 M or 9.0 per cent.

The Board of Directors sees that the Group's action programme aimed at improving operational efficiency has a positive impact on operating expenses.

## 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 during 2014.

The number of passengers on Viking Line's vessels during the report period increased by 43,586 to 1,277,630 (1,234,044). During the report period, Viking Line increased its market share on the Turku (Finland)–Mariehamn/Långnäs (Åland Islands, Finland)–Stockholm (Sweden) route by 3.0 percentage points to 56.8 per cent. On the Helsinki (Finland)–Mariehamn–Stockholm route, market share decreased by 3.5 percentage points to 45.0 per cent. In cruise services between Stockholm and Mariehamn, market share increased by 6.9 percentage points to 56.5 per cent. On the Helsinki–Tallinn (Estonia) route, market share increased by 2.1 percentage points to 24.4 per cent. On the short route over the Sea of Åland, market share increased by 0.4 percentage points to 40.0 per cent. The Group thus had a total market share in its service area of approximately 35.3 per cent (33.0).

Viking Line's cargo volume was 34,506 cargo units (31,200). Viking Line achieved a cargo market share of approximately 23.6 per cent (21.6).

## INVESTMENTS AND FINANCING

The Group's investments amounted to EUR 2.6 M (5.1).

On March 31, 2015 the Group's non-current interest-bearing liabilities amounted to EUR 190.0 M (213.7). The equity/assets ratio was 40.4 per cent, compared to 34.3 per cent a year earlier.

At the end of March 2015, the Group's cash and cash equivalents amounted to EUR 68.2 M (60.4). Net cash flow from operating activities amounted to EUR -14.3 M (-23.1).

## FINANCIAL REPORTING

This Interim Report was prepared in compliance with International Financial Reporting Standards (IFRSs) and was drawn up as a summary of the financial statements for the period in compliance with IAS 34. Estimates and judgments as well as accounting principles and calculation methods are the same as in the latest annual financial statements. Recognized income taxes are based on an estimated average tax rate, which is expected to apply throughout the fiscal year. This Interim Report is unaudited.

## ORGANIZATION AND PERSONNEL

The average number of Group employees was 2,577 (2,728), of whom 1,915 (1,950) worked for the parent company. Land-based personnel totalled 624 (648) and shipboard personnel totalled 1,953 (2,080).

In addition to the Group's own employees, the Viking XPRS was staffed by an average of 227 (184) people employed by a staffing company.

## ANNUAL GENERAL MEETING

The Annual General Meeting of Viking Line Abp on April 22, 2015 adopted the parent company and consolidated financial statements and approved the proposal of the Board of Directors that a dividend of EUR 0.70 per share be paid for the financial year 2014. The Annual General Meeting discharged the Board of Directors and the President and Chief Executive Officer from liability for the financial year.

The Company's current Board of Directors was re-elected, and until the end of the next Annual General Meeting it thus has the following composition: Ben Lundqvist (Chairman), Nils-Erik Eklund, Trygve Eriksson, Erik Grönberg, Agneta Karlsson, Dick Lundqvist and Lars G Nordström plus deputy members Ulrica Danielsson, Stefan Lundqvist and Johnny Rosenholm.

Johan Kronberg, Authorized Public Accountant (CGR) was re-elected and Ylva Eriksson, Authorized Public Accountant (CGR) was newly elected as auditors. The firm of PricewaterhouseCoopers Oy, Authorized Public Accountants, was re-elected as deputy auditor.

## RISK FACTORS

Since the Year-end Report was published, no changes have occurred that affect the Group's short-term assessment of the risks in its business operations.

Special risks during the immediate future are primarily related to bunker prices. Fluctuations in bunker (vessel fuel) prices have a direct impact on the Group's earnings. The European Union's sulphur directive, which entered into force on January 1, 2015, is resulting in 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). In order to partly offset the risk of higher bunker prices, the Group has entered into a fixed-price agreement related to a portion of its estimated bunker consumption during the period April 1 until December 31, 2015.

## **ONGOING LEGAL ACTIONS**

On February 27, 2015, the Helsinki District Court announced its judgment in a case between Viking Line and the Finnish State regarding fairway charges levied during the years 2001–2004. According to the judgment, the Finnish State will be required to pay approximately EUR 12.4 M in accordance with Viking Line's claim as well as legal expenses plus interest. If the judgment becomes final, it will affect Viking Line's financial statements positively with a corresponding amount. The Finnish State has filed a notice of appeal against the judgment

## **OUTLOOK FOR THE FULL FINANCIAL YEAR 2015**

During the summer of 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 remains tough and implies continued pressure on prices. Volume and price developments during the remainder of the financial year will be crucial to the Group's earnings. The economic downturn in Finland and a smaller percentage of Russia passengers are additional uncertainty factors, 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 uncertainty factor.

The next Interim Report (January – June 2015) will be published on August 20, 2015.

Mariehamn, Åland, May 12, 2015

VIKING LINE ABP  
The Board of Directors

## CONSOLIDATED INCOME STATEMENT

EUR M	Jan 1, 2015– Mar 31, 2015	Jan 1, 2014– Mar 31, 2014	Jan 1, 2014– Dec 31, 2014
<b>SALES</b>	<b>105.0</b>	<b>103.4</b>	<b>527.4</b>
Other operating revenue	0.1	0.1	0.7
<b>Expenses</b>			
Goods and services	30.6	28.4	148.1
Salary and other employment benefit expenses	28.8	31.6	120.8
Depreciation and impairment losses	6.6	8.5	31.8
Other operating expenses	48.9	52.1	213.6
	114.9	120.6	514.3
<b>OPERATING INCOME</b>	<b>-9.8</b>	<b>-17.1</b>	<b>13.7</b>
Financial income	1.0	0.1	29.0
Financial expenses	-1.6	-2.2	-10.4
<b>INCOME BEFORE TAXES</b>	<b>-10.4</b>	<b>-19.1</b>	<b>32.3</b>
Income taxes	2.1	3.5	-1.8
<b>INCOME FOR THE PERIOD</b>	<b>-8.2</b>	<b>-15.6</b>	<b>30.6</b>
<i>Income attributable to:</i>			
Parent company shareholders	-8.2	-15.6	30.6
Earnings per share before and after dilution, EUR	-0.76	-1.45	2.83

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR M	Jan 1, 2015– Mar 31, 2015	Jan 1, 2014– Mar 31, 2014	Jan 1, 2014– Dec 31, 2014
<b>INCOME FOR THE PERIOD</b>	<b>-8.2</b>	<b>-15.6</b>	<b>30.6</b>
<b>Other comprehensive income</b>			
<i>Items that may be transferred to the income statement</i>			
Translation differences	0.2	-0.1	-0.9
Investments available for sale	1.2	-	0.0
	1.4	-0.1	-0.9
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-6.8</b>	<b>-15.8</b>	<b>29.7</b>
<i>Comprehensive income attributable to:</i>			
Parent company shareholders	-6.8	-15.8	29.7

**CONSOLIDATED BALANCE SHEET**

EUR M	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	0.6	0.8	0.6
Land	1.1	1.1	1.1
Buildings and structures	10.7	11.5	10.8
Renovation costs for rented properties	0.5	0.7	0.6
Vessels	337.1	361.8	340.1
Machinery and equipment	6.4	7.8	6.7
Investments available for sale	27.3	0.0	26.1
Receivables	0.3	0.5	0.3
<b>Total non-current assets</b>	<b>384.1</b>	<b>384.1</b>	<b>386.3</b>
<b>Current assets</b>			
Inventories	16.7	15.6	16.1
Income tax assets	2.8	4.3	0.3
Trade and other receivables	39.3	41.3	29.3
Cash and cash equivalents	68.2	60.4	101.1
<b>Total current assets</b>	<b>127.0</b>	<b>121.7</b>	<b>146.8</b>
<b>TOTAL ASSETS</b>	<b>511.1</b>	<b>505.9</b>	<b>533.1</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1.8	1.8	1.8
Reserves	1.3	0.0	0.0
Translation differences	-0.7	-0.1	-0.8
Retained earnings	204.2	171.5	212.3
Equity attributable to parent company shareholders	206.5	173.3	213.3
<b>Total equity</b>	<b>206.5</b>	<b>173.3</b>	<b>213.3</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	31.4	29.7	31.4
Non-current interest-bearing liabilities	190.0	213.7	197.5
<b>Total non-current liabilities</b>	<b>221.4</b>	<b>243.3</b>	<b>228.9</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	15.0	15.1	23.5
Income tax liabilities	0.0	-	0.0
Trade and other payables	68.2	74.2	67.4
<b>Total current liabilities</b>	<b>83.3</b>	<b>89.3</b>	<b>91.0</b>
<b>Total liabilities</b>	<b>304.6</b>	<b>332.6</b>	<b>319.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>511.1</b>	<b>505.9</b>	<b>533.1</b>

**CONSOLIDATED CASH FLOW STATEMENT**

EUR M	Jan 1, 2015– Mar 31, 2015	Jan 1, 2014– Mar 31, 2014	Jan 1, 2014– Dec 31, 2014
<b>OPERATING ACTIVITIES</b>			
Income for the period	-8.2	-15.6	30.6
Adjustments			
Depreciation and impairment losses	6.6	8.5	31.8
Capital gains from non-current assets	-	0.0	-0.2
Other items not included in cash flow	-0.4	0.4	2.1
Interest expenses and other financial expenses	1.5	1.7	6.8
Financial income, Alandia Försäkring Ab	-	-	-27.9
Interest income and other financial income	0.0	0.0	-0.2
Dividend income	-	-	0.0
Income taxes	-2.1	-3.5	1.8
Change in working capital			
Change in trade and other receivables	-10.0	-10.4	1.7
Change in inventories	-0.6	-0.7	-1.1
Change in trade and other payables	2.2	0.3	-7.7
Interest paid	-2.5	-2.9	-6.1
Financial expenses paid	-0.3	-0.2	-0.8
Interest received	0.0	0.0	0.1
Financial income received	0.0	0.0	0.1
Taxes paid	-0.4	-0.6	-0.2
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-14.3</b>	<b>-23.1</b>	<b>30.7</b>
<b>INVESTING ACTIVITIES</b>			
Investments in vessels	-2.4	-4.7	-6.2
Investments in other intangible and tangible assets	-0.2	-0.4	-1.1
Divestments of other intangible and tangible assets	-	0.0	0.3
Divestments of investments available for sale	-	-	1.6
Payments received for non-current receivables	-	-	0.2
Dividends received	-	-	0.0
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-2.6</b>	<b>-5.1</b>	<b>-5.1</b>
<b>FINANCING ACTIVITIES</b>			
Amortization of non-current liabilities	-16.0	-7.5	-15.2
Dividends paid	-	-	-5.4
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-16.0</b>	<b>-7.5</b>	<b>-20.6</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-32.9</b>	<b>-35.7</b>	<b>5.0</b>
Cash and cash equivalents at beginning of period	101.1	96.1	96.1
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>68.2</b>	<b>60.4</b>	<b>101.1</b>

**STATEMENT OF CHANGES IN CONSOLIDATED EQUITY**

EUR M	Equity attributable to parent company shareholders				Total equity
	Share capital	Reserves	Translation differences	Retained earnings	
<b>Equity, Jan 1, 2015</b>	<b>1.8</b>	<b>0.0</b>	<b>-0.8</b>	<b>212.3</b>	<b>213.3</b>
<i>Income for the period</i>				-8.2	-8.2
<i>Translation differences</i>		0.0	0.0	0.1	0.2
<i>Remeasurement of investments available for sale</i>		1.2			1.2
Comprehensive income for the period	-	1.2	0.0	-8.1	-6.8
<b>Equity, Mar 31, 2015</b>	<b>1.8</b>	<b>1.3</b>	<b>-0.7</b>	<b>204.2</b>	<b>206.5</b>
<b>Equity, Jan 1, 2014</b>	<b>1.8</b>	<b>0.0</b>	<b>-0.3</b>	<b>187.5</b>	<b>189.0</b>
<i>Income for the period</i>				-15.6	-15.6
<i>Translation differences</i>		0.0	0.2	-0.3	-0.1
Comprehensive income for the period	-	0.0	0.2	-15.9	-15.8
<b>Equity, Mar 31, 2014</b>	<b>1.8</b>	<b>0.0</b>	<b>-0.1</b>	<b>171.5</b>	<b>173.3</b>



**QUARTERLY CONSOLIDATED INCOME STATEMENT**

EUR M	2015 Q1	2014 Q4	2014 Q3	2014 Q2
<b>SALES</b>	<b>105.0</b>	<b>126.3</b>	<b>160.1</b>	<b>137.5</b>
Other operating revenue	0.1	0.2	0.1	0.3
<b>Expenses</b>				
Goods and services	30.6	36.2	44.3	39.1
Salary and other employment benefit expenses	28.8	28.9	30.1	30.3
Depreciation and impairment losses	6.6	7.2	8.0	8.0
Other operating expenses	48.9	50.0	55.8	55.8
	114.9	122.3	138.1	133.3
<b>OPERATING INCOME</b>	<b>-9.8</b>	<b>4.2</b>	<b>22.0</b>	<b>4.5</b>
Financial income	1.0	28.1	0.7	0.1
Financial expenses	-1.6	-3.2	-2.0	-3.1
<b>INCOME BEFORE TAXES</b>	<b>-10.4</b>	<b>29.1</b>	<b>20.7</b>	<b>1.6</b>
Income taxes	2.1	-1.1	-4.0	-0.2
<b>INCOME FOR THE PERIOD</b>	<b>-8.2</b>	<b>28.1</b>	<b>16.7</b>	<b>1.4</b>
<i>Income attributable to:</i>				
Parent company shareholders	-8.2	28.1	16.7	1.4
Earnings per share before and after dilution, EUR	-0.76	2.60	1.55	0.13

**QUARTERLY CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

EUR M	2015 Q1	2014 Q4	2014 Q3	2014 Q2
<b>INCOME FOR THE PERIOD</b>	<b>-8.2</b>	<b>28.1</b>	<b>16.7</b>	<b>1.4</b>
<b>Other comprehensive income</b>				
<i>Items that may be transferred to the income statement</i>				
Translation differences	0.2	-0.4	0.0	-0.4
Investments available for sale	1.2	0.0	-	-
	1.4	-0.4	0.0	-0.4
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-6.8</b>	<b>27.7</b>	<b>16.7</b>	<b>1.0</b>
<i>Comprehensive income attributable to:</i>				
Parent company shareholders	-6.8	27.7	16.7	1.0

**SEGMENT INFORMATION, VIKING LINE GROUP**

OPERATING SEGMENTS, EUR M	Jan 1, 2015– Mar 31, 2015	Jan 1, 2014– Mar 31, 2014	Jan 1, 2014– Dec 31, 2014
<b>Sales</b>			
Vessels	103.9	102.5	521.7
Unallocated	1.1	1.0	5.8
<b>Total, operating segments</b>	<b>105.0</b>	<b>103.5</b>	<b>527.6</b>
Eliminations	0.0	0.0	-0.2
<b>Total sales of the Group</b>	<b>105.0</b>	<b>103.4</b>	<b>527.4</b>
<b>Operating income</b>			
Vessels	1.9	-5.1	58.3
Unallocated	-11.7	-11.9	-44.6
<b>Total operating income of the Group</b>	<b>-9.8</b>	<b>-17.1</b>	<b>13.7</b>

## PLEGGED ASSETS AND CONTINGENT LIABILITIES

EUR M	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
Contingent liabilities	205.0	229.3	221.1
Assets pledged for own debt	313.6	315.7	315.7

## FINANCIAL RATIOS AND STATISTICS

	Jan 1, 2015– Mar 31, 2015	Jan 1, 2014– Mar 31, 2014	Jan 1, 2014– Dec 31, 2014
Equity per share, EUR	19.12	16.04	19.75
Equity/assets ratio	40.4 %	34.3 %	40.0 %
Investments, EUR M	2.6	5.1	7.2
– as % of sales	2.5 %	4.9 %	1.4 %
Passengers	1,277,630	1,234,044	6,610,146
Cargo units	34,506	31,200	129,255
Average number of employees, full-time equivalent	2,577	2,728	2,797

Earnings per share = (Income before taxes – income taxes +/- non-controlling interests) / Average number of shares

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

Equity/assets ratio, % = (Equity including non-controlling interests) / (Total assets – advances received)

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