

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

### **CONTINUED EARNINGS IMPROVEMENT FOR VIKING LINE**

Consolidated sales of the Viking Line Group during the period, January 1 – September 30, 2015 rose to 403.1 million euros (EUR 401.1 M during January 1 – September 30, 2014). Operating income totalled EUR 22.5 M (9.5). Income after taxes totalled EUR 16.2 M (2.5).

Consolidated operating income improved mainly due to lower operating expenses. Operating expenses decreased by 4.4 per cent to EUR 244.3 M (255.6). 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 3.4 M or 3.7 per cent.

During the third quarter, July 1 – September 30, 2015, consolidated sales increased by 2.5 per cent to EUR 164.1 M compared to the year-earlier quarter (EUR 160.1 M during July 1 – September 30, 2014). Third quarter operating income amounted to EUR 30.1 M (22.0).

### **PASSENGER RECORD DURING JULY**

In July, Viking Line's passenger volume on all routes reached a record high of 945,343, which represents an increase of 20,519 passengers compared to July 2014 (924,824). The largest increases were achieved on the Turku (Finland)–Mariehamn/Långnäs (Åland Islands, Finland)–Stockholm (Sweden) route and in cruise services between Stockholm and Mariehamn. On other routes, traffic was stable, with somewhat fewer passengers on the Helsinki (Finland)–Mariehamn–Stockholm route. On the Helsinki–Tallinn (Estonia) route and on the short route over the Sea of Åland between Mariehamn and Kapellskär (Sweden), passenger volume was comparable to year-earlier figures.

The number of passengers on Viking Line's vessels during the report period January–September was 5,066,883 (5,089,760). The Group had a total market share in its service area of 34.8 per cent (35.0).

### **HIGHER CARGO VOLUME**

Viking Line's cargo volume increased during the report period by 2,817 cargo units to 99,371 (96,554). Viking Line achieved a cargo market share of 21.9 per cent (21.8).

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**

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## SALES AND EARNINGS

Consolidated sales of the Viking Line Group during the period, January 1 – September 30, 2015 rose to 403.1 million euros (EUR 401.1 M during January 1 – September 30, 2014). Operating income totalled EUR 22.5 M (9.5). Net financial items totalled EUR -2.9 M (-6.3). Consolidated income before taxes amounted to EUR 19.7 M (3.2). Income after taxes totalled EUR 16.2 M (2.5).

Passenger-related revenue decreased by 1.0 per cent to EUR 364.9 M (368.5), while cargo revenue increased by 18.7 per cent to EUR 35.1 M (29.6). Net sales revenue decreased by 0.8 per cent to EUR 286.9 M (289.2).

Consolidated operating income improved mainly due to lower operating expenses. Operating expenses decreased by 4.4 per cent to EUR 244.3 M (255.6). 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 3.4 M or 3.7 per cent.

During the third quarter, July 1 – September 30, 2015, consolidated sales increased by 2.5 per cent to EUR 164.1 M compared to the year-earlier quarter (EUR 160.1 M during July 1 – September 30, 2014). Third quarter operating income amounted to EUR 30.1 M (22.0).

The Board of Directors sees that the Group's action programme aimed at improving operational efficiency is continuing to have 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 was 5,066,883 (5,089,760). During the report period, Viking Line decreased its market share on the Helsinki (Finland)–Mariehamn (Åland Islands, Finland)–Stockholm (Sweden) route by 3.2 percentage points to 43.0 per cent. On the Turku (Finland)–Mariehamn/Långnäs (Åland Islands)–Stockholm route, market share was at the year-earlier level, 56.9 per cent. In cruise services between Stockholm and Mariehamn, market share increased by 3.2 percentage points to 57.1 per cent. On the Helsinki–Tallinn (Estonia) route, market share decreased by 1.0 percentage points to 24.1 per cent. On the short route over the Sea of Åland between Mariehamn and Kapellskär (Sweden), market share decreased by 1.5 percentage points to 42.3 per cent. The Group had a total market share in its service area of 34.8 per cent (35.0).

Viking Line's cargo volume was 99,371 cargo units (96,554). Viking Line achieved a cargo market share of 21.9 per cent (21.8).

## INVESTMENTS AND FINANCING

The Group's investments amounted to EUR 8.0 M (6.3).

On September 30, 2015 the Group's non-current interest-bearing liabilities amounted to EUR 178.2 M (201.8). The equity/assets ratio was 42.2 per cent, compared to 36.1 per cent a year earlier.

At the end of September 2015, the Group's cash and cash equivalents amounted to EUR 93.5 M (81.9). Net cash flow from operating activities amounted to EUR 29.7 M (12.3).

## 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 financial year. This Interim Report is unaudited.

## ORGANIZATION AND PERSONNEL

The average number of Group employees was 2,765 (2,848), of whom 2,068 (2,114) worked for the parent company. Land-based personnel totalled 665 (664) and shipboard personnel totalled 2,100 (2,184).

In addition to the Group's own employees, the Viking XPRS was staffed by an average of 241 (237) people employed by a staffing company.

Ulf Hagström, B.Sc. (Mechanical and Energy Engineering), became a member of Group Management on September 1, 2015 in his role as the new Vice President in charge of Marine Operations & Newbuildings. Mr Hagström succeeds Tony Öhman, who has retired.

## 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. In order to partly offset the risk of higher bunker prices, the Group has entered into fixed-price agreements 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 appealed the case and the assessment of Viking Line's Board of Directors is that the judgment will not become legally binding during the current year.

## OUTLOOK FOR THE FULL FINANCIAL YEAR 2015

Competition in Viking Line's service area remains tough and implies continued pressure on prices. The economic downturn in Finland is an 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 noticeably compared to operating income in 2014, which is better than according to the Board's last assessment.

The Year-end Report for the financial year 2015 will be published on Thursday, February 25, 2016, instead of Thursday, February 18, 2016 as announced earlier.

Mariehamn, Åland, November 11, 2015

VIKING LINE ABP  
The Board of Directors

**CONSOLIDATED INCOME STATEMENT**

EUR M	Jul 1, 2015– Sep 30, 2015	Jul 1, 2014– Sep 30, 2014	Jan 1, 2015– Sep 30, 2015	Jan 1, 2014– Sep 30, 2014	Jan 1, 2014– Dec 31, 2014
<b>SALES</b>	<b>164.1</b>	<b>160.1</b>	<b>403.1</b>	<b>401.1</b>	<b>527.4</b>
Other operating revenue	0.1	0.1	0.3	0.5	0.7
<b>Expenses</b>					
Goods and services	46.0	44.3	116.2	111.8	148.1
Salary and other employment benefit expenses	29.6	30.1	88.5	91.9	120.8
Depreciation and impairment losses	6.7	8.0	20.3	24.6	31.8
Other operating expenses	51.7	55.8	155.8	163.7	213.6
	134.0	138.1	380.8	392.0	514.3
<b>OPERATING INCOME</b>	<b>30.1</b>	<b>22.0</b>	<b>22.5</b>	<b>9.5</b>	<b>13.7</b>
Financial income	0.5	0.7	3.8	0.9	29.0
Financial expenses	-3.2	-2.0	-6.7	-7.2	-10.4
<b>INCOME BEFORE TAXES</b>	<b>27.4</b>	<b>20.7</b>	<b>19.7</b>	<b>3.2</b>	<b>32.3</b>
Income taxes	-5.4	-4.0	-3.4	-0.7	-1.8
<b>INCOME FOR THE PERIOD</b>	<b>22.0</b>	<b>16.7</b>	<b>16.2</b>	<b>2.5</b>	<b>30.6</b>
<i>Income attributable to:</i>					
Parent company shareholders	22.0	16.7	16.2	2.5	30.6
Earnings per share before and after dilution, EUR	2.03	1.55	1.50	0.23	2.83

**CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

EUR M	Jul 1, 2015– Sep 30, 2015	Jul 1, 2014– Sep 30, 2014	Jan 1, 2015– Sep 30, 2015	Jan 1, 2014– Sep 30, 2014	Jan 1, 2014– Dec 31, 2014
<b>INCOME FOR THE PERIOD</b>	<b>22.0</b>	<b>16.7</b>	<b>16.2</b>	<b>2.5</b>	<b>30.6</b>
<b>Other comprehensive income</b>					
<i>Items that may be transferred to the income statement:</i>					
Translation differences	-0.3	0.0	0.0	-0.5	-0.9
Investments available for sale	0.6	-	-0.2	-	0.0
	0.3	0.0	-0.2	-0.5	-0.9
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>22.3</b>	<b>16.7</b>	<b>16.0</b>	<b>2.0</b>	<b>29.7</b>
<i>Comprehensive income attributable to:</i>					
Parent company shareholders	22.3	16.7	16.0	2.0	29.7

**CONSOLIDATED BALANCE SHEET**

EUR M	Sep 30, 2015	Sep 30, 2014	Dec 31, 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	0.7	0.7	0.6
Land	1.1	1.1	1.1
Buildings and structures	10.3	11.1	10.8
Renovation costs for rented properties	0.8	0.6	0.6
Vessels	328.6	346.9	340.1
Machinery and equipment	6.1	7.1	6.7
Investments available for sale	25.9	0.0	26.1
Receivables	0.3	0.5	0.3
<b>Total non-current assets</b>	<b>373.7</b>	<b>368.0</b>	<b>386.3</b>
<b>Current assets</b>			
Inventories	17.5	16.3	16.1
Income tax assets	0.1	1.3	0.3
Trade and other receivables	41.0	47.2	29.3
Cash and cash equivalents	93.5	81.9	101.1
<b>Total current assets</b>	<b>152.0</b>	<b>146.7</b>	<b>146.8</b>
<b>TOTAL ASSETS</b>	<b>525.7</b>	<b>514.7</b>	<b>533.1</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1.8	1.8	1.8
Reserves	-0.2	0.0	0.0
Translation differences	-0.9	-0.4	-0.8
Retained earnings	221.0	184.2	212.3
Equity attributable to parent company shareholders	221.8	185.6	213.3
<b>Total equity</b>	<b>221.8</b>	<b>185.6</b>	<b>213.3</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	31.4	29.7	31.4
Non-current interest-bearing liabilities	178.2	201.8	197.5
<b>Total non-current liabilities</b>	<b>209.6</b>	<b>231.5</b>	<b>228.9</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	19.3	19.3	23.5
Income tax liabilities	3.1	1.7	0.0
Trade and other payables	71.9	76.6	67.4
<b>Total current liabilities</b>	<b>94.3</b>	<b>97.6</b>	<b>91.0</b>
<b>Total liabilities</b>	<b>303.9</b>	<b>329.1</b>	<b>319.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>525.7</b>	<b>514.7</b>	<b>533.1</b>

**CONSOLIDATED CASH FLOW STATEMENT**

EUR M	Jan 1, 2015– Sep 30, 2015	Jan 1, 2014– Sep 30, 2014	Jan 1, 2014– Dec 31, 2014
<b>OPERATING ACTIVITIES</b>			
Income for the period	16.2	2.5	30.6
Adjustments			
Depreciation and impairment losses	20.3	24.6	31.8
Capital gains from non-current assets	0.0	-0.2	-0.2
Other items not included in cash flow	0.0	1.1	2.1
Interest expenses and other financial expenses	4.4	5.0	6.8
Financial income, Alandia Försäkring Ab	-	-	-27.9
Interest income and other financial income	-0.1	-0.1	-0.2
Dividend income	-1.6	0.0	0.0
Income taxes	3.4	0.7	1.8
Change in working capital			
Change in trade and other receivables	-11.7	-16.2	1.7
Change in inventories	-1.4	-1.3	-1.1
Change in trade and other payables	5.9	2.7	-7.7
Interest paid	-5.3	-5.9	-6.1
Financial expenses paid	-0.5	-0.6	-0.8
Interest received	0.0	0.0	0.1
Financial income received	0.0	0.0	0.1
Taxes paid	-0.1	-0.1	-0.2
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>29.7</b>	<b>12.3</b>	<b>30.7</b>
<b>INVESTING ACTIVITIES</b>			
Investments in vessels	-6.7	-5.4	-6.2
Investments in other intangible and tangible assets	-1.3	-0.9	-1.1
Divestments of other intangible and tangible assets	0.1	0.3	0.3
Divestments of investments available for sale	-	-	1.6
Payments received for non-current receivables	-	-	0.2
Dividends received	1.6	0.0	0.0
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-6.3</b>	<b>-6.0</b>	<b>-5.1</b>
<b>FINANCING ACTIVITIES</b>			
Amortization of non-current liabilities	-23.5	-15.1	-15.2
Dividends paid	-7.6	-5.4	-5.4
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-31.1</b>	<b>-20.5</b>	<b>-20.6</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</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>93.5</b>	<b>81.9</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>				16.2	16.2
<i>Translation differences</i>		0.0	-0.1	0.1	0.0
<i>Remeasurement of investments available for sale</i>		-0.2			-0.2
Comprehensive income for the period	-	-0.2	-0.1	16.3	16.0
Dividend to shareholders				-7.6	-7.6
<b>Equity, Sep 30, 2015</b>	<b>1.8</b>	<b>-0.2</b>	<b>-0.9</b>	<b>221.0</b>	<b>221.8</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>				2.5	2.5
<i>Translation differences</i>		0.0	-0.2	-0.3	-0.5
Comprehensive income for the period	-	0.0	-0.2	2.2	2.0
Dividend to shareholders				-5.4	-5.4
<b>Equity, Sep 30, 2014</b>	<b>1.8</b>	<b>0.0</b>	<b>-0.4</b>	<b>184.2</b>	<b>185.6</b>



**QUARTERLY CONSOLIDATED INCOME STATEMENT**

EUR M	2015 Q3	2015 Q2	2015 Q1	2014 Q4
<b>SALES</b>	<b>164.1</b>	<b>134.1</b>	<b>105.0</b>	<b>126.3</b>
Other operating revenue	0.1	0.1	0.1	0.2
<b>Expenses</b>				
Goods and services	46.0	39.5	30.6	36.2
Salary and other employment benefit expenses	29.6	30.2	28.8	28.9
Depreciation and impairment losses	6.7	7.0	6.6	7.2
Other operating expenses	51.7	55.2	48.9	50.0
	134.0	131.9	114.9	122.3
<b>OPERATING INCOME</b>	<b>30.1</b>	<b>2.3</b>	<b>-9.8</b>	<b>4.2</b>
Financial income	0.5	2.2	1.0	28.1
Financial expenses	-3.2	-1.9	-1.6	-3.2
<b>INCOME BEFORE TAXES</b>	<b>27.4</b>	<b>2.6</b>	<b>-10.4</b>	<b>29.1</b>
Income taxes	-5.4	-0.1	2.1	-1.1
<b>INCOME FOR THE PERIOD</b>	<b>22.0</b>	<b>2.5</b>	<b>-8.2</b>	<b>28.1</b>
<i>Income attributable to:</i>				
Parent company shareholders	22.0	2.5	-8.2	28.1
Earnings per share before and after dilution, EUR	2.03	0.23	-0.76	2.60

**QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR M	2015 Q3	2015 Q2	2015 Q1	2014 Q4
<b>INCOME FOR THE PERIOD</b>	<b>22.0</b>	<b>2.5</b>	<b>-8.2</b>	<b>28.1</b>
<b>Other comprehensive income</b>				
<i>Items that may be transferred to the income statement</i>				
Translation differences	-0.3	0.1	0.2	-0.4
Investments available for sale	0.6	-2.1	1.2	0.0
	0.3	-1.9	1.4	-0.4
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>22.3</b>	<b>0.6</b>	<b>-6.8</b>	<b>27.7</b>
<i>Comprehensive income attributable to:</i>				
Parent company shareholders	22.3	0.6	-6.8	27.7

**SEGMENT INFORMATION, VIKING LINE GROUP**

<b>OPERATING SEGMENTS, EUR M</b>	<b>Jan 1, 2015– Sep 30, 2015</b>	<b>Jan 1, 2014– Sep 30, 2014</b>	<b>Jan 1, 2014– Dec 31, 2014</b>
<b>Sales</b>			
Vessels	399.2	397.4	521.7
Unallocated	4.1	3.8	5.8
<b>Total, operating segments</b>	<b>403.3</b>	<b>401.2</b>	<b>527.6</b>
Eliminations	-0.2	-0.2	-0.2
<b>Total sales of the Group</b>	<b>403.1</b>	<b>401.1</b>	<b>527.4</b>
<b>Operating income</b>			
Vessels	55.5	43.5	58.3
Unallocated	-32.9	-34.0	-44.6
<b>Total operating income of the Group</b>	<b>22.5</b>	<b>9.5</b>	<b>13.7</b>

## PLEGGED ASSETS AND CONTINGENT LIABILITIES

EUR M	Sep 30, 2015	Sep 30, 2014	Dec 31, 2014
Contingent liabilities	197.5	221.4	221.1
Assets pledged for own debt	313.6	315.7	315.7

## FINANCIAL RATIOS AND STATISTICS

	Jan 1, 2015– Sep 30, 2015	Jan 1, 2014– Sep 30, 2014	Jan 1, 2014– Dec 31, 2014
Equity per share, EUR	20.54	17.19	19.75
Equity/assets ratio	42.2 %	36.1 %	40.0 %
Investments, EUR M	8.0	6.3	7.2
– as % of sales	2.0 %	1.6 %	1.4 %
Passengers	5,066,883	5,089,760	6,610,146
Cargo units	99,371	96,554	129,255
Average number of employees, full-time equivalent	2,765	2,848	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.