

## YEAR-END REPORT JANUARY – DECEMBER 2015

### IMPROVED OPERATING INCOME AND INCREASED SALES FOR VIKING LINE

#### FULL CALENDER YEAR

Consolidated sales of the Viking Line Group during the report period, January 1 – December 31, 2015 rose to 530.5 million euros (EUR 527.4 M during January 1 – December 31, 2014). Operating income totalled EUR 26.4 M (13.7).

During the report period, passenger-related revenue decreased by 0.8 per cent to EUR 480.0 M (483.8), while cargo revenue increased by 17.3 per cent to EUR 46.5 M (39.6).

#### FOURTH QUARTER

Consolidated sales of the Viking Line Group during the fourth quarter, October 1 – December 31, 2015, increased by 0.9 per cent to EUR 127.4 M compared to the corresponding quarter of 2014 (EUR 126.3 M during October 1 – December 31, 2014). Operating income during the quarter amounted to EUR 3.9 M (4.2).

During the fourth quarter, cargo revenue increased by 13.0 per cent to EUR 11.4 M (10.1), while passenger-related revenue decreased by 0.2 per cent to EUR 115.1 M (115.3).

#### PASSENGER NUMBER AND CARGO VOLUME

The number of passengers on Viking Line's vessels during the report period was 6,568,684 (6,610,146). The Group had a total market share in its service area of 34.6 per cent (35.0).

Viking Line's cargo volume rose by 3,908 cargo units to 133,163 (129,255). Viking Line's cargo market share was at the level for previous year, 21.9 per cent (21.9).

#### VIKING LINES VESSELS BEING MODERNIZED

Viking Line's vessels the Amorella, Gabriella and Viking Grace are undergoing dry-docking early in 2016. In addition to investments in safety and maintenance, the dry-docking work includes a large number of improvements and modernizations related to interiors and passenger experiences. In the future, passengers will be offered updated cabins, a richer variety of restaurants and expanded spa facilities.

Any questions concerning this Year-end 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 2015 sales were about EUR 530 M. The number of passengers totalled 6.6 million. The average number of employees was 2,735.

#### 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, 2015 rose to 530.5 million euros (EUR 527.4 M during January 1 – December 31, 2014). Other operating revenue amounted to EUR 0.5 M (0.7). Operating income totalled EUR 26.4 M (13.7). Net financial items totalled EUR -3.2 M (2014: 18.6, of which -9.1 excluding shares in the Åland-based insurance company Försäkringsaktiebolaget Alandia received and divested). Consolidated income before taxes amounted to EUR 23.2 M (32.3, of which 4.6 excluding shares in Försäkringsaktiebolaget Alandia received and divested). Income after taxes totalled EUR 18.7 M (30.6).

During the report period, passenger-related revenue decreased by 0.8 per cent to EUR 480.0 M (483.8), while cargo revenue increased by 17.3 per cent to EUR 46.5 M (39.6). Net sales revenue decreased by 0.5 per cent to EUR 377.2 M (379.3).

Consolidated operating income improved mainly due to lower operating expenses. Operating expenses decreased by 3.2 per cent to EUR 323.7 M (334.4). 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 2.7 M or 2.2 per cent.

The Group's ongoing focus on expenses has resulted in reduced operating expenses.

### FOURTH QUARTER

Consolidated sales of the Viking Line Group during the fourth quarter, October 1 – December 31, 2015, increased by 0.9 per cent to EUR 127.4 M compared to the corresponding quarter of 2014 (EUR 126.3 M during October 1 – December 31, 2014). Operating income during the quarter amounted to EUR 3.9 M (4.2).

Consolidated net financial items during the fourth quarter of 2015 were EUR -0.4 M (24.9, of which EUR -2.8 M excluding shares in the Åland-based insurance company Försäkringsaktiebolaget Alandia received and divested). Income before taxes during the fourth quarter totalled EUR 3.5 M (29.1, of which EUR 1.4 M excluding shares in the Åland-based insurance company Försäkringsaktiebolaget Alandia received and divested).

During the fourth quarter, cargo revenue increased by 13.0 per cent to EUR 11.4 M (10.1), while passenger-related revenue decreased by 0.2 per cent to EUR 115.1 M (115.3).

## SERVICES AND MARKET TRENDS

During 2015, 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 2014.

The number of passengers on Viking Line's vessels during the financial year was 6,568,684 (6,610,146). Viking Line's market share on the Turku (Finland)–Mariehamn/Långnäs (Åland Islands, Finland)–Stockholm (Sweden) route was at the level for the previous year, 56.3 per cent. Market share decreased on the Helsinki (Finland)–Mariehamn–Stockholm route by 3.1 percentage points to 43.6 per cent. In cruise services between Stockholm and Mariehamn, market share increased by 2.9 percentage points to 57.1 per cent. On the Helsinki–Tallinn (Estonia) route, market share decreased by 1.1 percentage points to 23.8 per cent. On the short route over the Sea of Åland between Mariehamn and Kapellskär (Sweden), market share decreased by 1.8 percentage points to 41.8 per cent. The Group had a total market share in its service area of 34.6 per cent (35.0).

Viking Line's cargo volume rose by 3,908 cargo units to 133,163 (129,255). Viking Line's cargo market share was at the level for the previous year, 21.9 per cent (21.9).

## **INVESTMENTS AND FINANCING**

The Group's investments amounted to EUR 10.0 M (7.2).

On December 31, 2015 the Group's non-current interest-bearing liabilities amounted to EUR 174.0 M (197.5). The equity/assets ratio was 42.8 per cent, compared to 40.0 per cent a year earlier.

At the end of December 2015, the Group's cash and cash equivalents amounted to EUR 110.7 M (101.1). Net cash flow from operating activities amounted to EUR 48.7 M (30.7).

## **RISK FACTORS**

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 2015 and 2016.

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.

## **ONGOING LEGAL ACTIONS**

On February 27, 2015, the Helsinki District Court announced its judgement in a case between Viking Line and the Finnish State regarding fairway charges levied during the years 2001–2004. According to the judgement, 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 judgement becomes final, it will affect Viking Line's financial statements positively with a corresponding amount. The Finnish State has appealed the case. The appeal will go before the Court of Appeals during the spring of 2016, but the assessment of Viking Line's Board of Directors is that a final legally binding decision is unlikely during 2016.

## **ORGANIZATION AND PERSONNEL**

The average number of Group employees was 2,735 (2,797), of whom 2,040 (2,068) worked for the parent company. Shipboard personnel totalled 2,066 (2,133) and land-based personnel totalled 669 (664).

In addition to the Group's own employees, the Viking XPRS was staffed by an average of 241 (235) people employed by a staffing company.

## OUTLOOK FOR 2016

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 Board of Directors' assessment is that operating income will be somewhat lower in 2016 than in 2015 as a consequence of a larger number of vessel dry-dockings.

## THE BOARD'S PROPOSAL ON DISTRIBUTION OF EARNINGS

According to the balance sheet of Viking Line Abp on December 31, 2015 unrestricted equity totalled EUR 87,373,356.45.

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

A dividend of EUR 0.95 per share shall be paid, totalling	EUR 10,260,000.00
Remaining unrestricted equity	EUR 77,113,356.45

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 20, 2016 at the Alandica Kultur och Kongress auditorium, Strandgatan 33, Mariehamn, Åland, Finland.

An electronic version of the Annual Report for the financial year 2015 will be published during the week of March 7, 2016 on the Company's website, [www.vikingline.com](http://www.vikingline.com). The printed Annual Report will be published in Swedish and Finnish during the week of March 21, 2016.

## FINANCIAL INFORMATION FOR 2016

During the financial year 2016, Viking Line Abp's interim reports will be published for the periods January 1 to March 31, 2016; January 1 to June 30, 2016 and January 1 to September 30, 2016. These interim reports will be published on May 18, August 18 and November 16, 2016, respectively. The press release on the results for the fiscal year 2016 will be published on February 16, 2017. The Annual Report for the financial year 2016 will be published during the week of March 27, 2017.

Mariehamn, Åland, February 22, 2016

VIKING LINE ABP  
The Board of Directors

**CONSOLIDATED INCOME STATEMENT**

EUR M	Oct 1, 2015– Dec 31, 2015	Oct 1, 2014– Dec 31, 2014	Jan 1, 2015– Dec 31, 2015	Jan 1, 2014– Dec 31, 2014
<b>SALES</b>	<b>127.4</b>	<b>126.3</b>	<b>530.5</b>	<b>527.4</b>
Other operating revenue	0.2	0.2	0.5	0.7
<b>Expenses</b>				
Goods and services	37.0	36.2	153.2	148.1
Salary and other employment benefit expenses	29.6	28.9	118.1	120.8
Depreciation and impairment losses	7.3	7.2	27.7	31.8
Other operating expenses	49.7	50.0	205.5	213.6
	123.7	122.3	504.6	514.3
<b>OPERATING INCOME</b>	<b>3.9</b>	<b>4.2</b>	<b>26.4</b>	<b>13.7</b>
Financial income	1.2	28.1	5.0	29.0
Financial expenses	-1.6	-3.2	-8.2	-10.4
<b>INCOME BEFORE TAXES</b>	<b>3.5</b>	<b>29.1</b>	<b>23.2</b>	<b>32.3</b>
Income taxes	-1.0	-1.1	-4.4	-1.8
<b>INCOME FOR THE PERIOD</b>	<b>2.5</b>	<b>28.1</b>	<b>18.7</b>	<b>30.6</b>
<i>Income attributable to:</i>				
Parent company shareholders	2.5	28.1	18.7	30.6
Earnings per share before and after dilution, EUR	0.23	2.60	1.73	2.83

**CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

EUR M	Oct 1, 2015– Dec 31, 2015	Oct 1, 2014– Dec 31, 2014	Jan 1, 2015– Dec 31, 2015	Jan 1, 2014– Dec 31, 2014
<b>INCOME FOR THE PERIOD</b>	<b>2.5</b>	<b>28.1</b>	<b>18.7</b>	<b>30.6</b>
<b>Other comprehensive income</b>				
<i>Items that may be transferred to the income statement</i>				
Translation differences	0.5	-0.4	0.5	-0.9
Investments available for sale	0.8	0.0	0.7	0.0
	1.4	-0.4	1.2	-0.9
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>3.9</b>	<b>27.7</b>	<b>19.9</b>	<b>29.7</b>
<i>Comprehensive income attributable to:</i>				
Parent company shareholders	3.9	27.7	19.9	29.7

**CONSOLIDATED BALANCE SHEET**

EUR M	Dec 31, 2015	Dec 31, 2014
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	0.8	0.6
Land	1.1	1.1
Buildings and structures	10.0	10.8
Renovation costs for rented properties	1.2	0.6
Vessels	324.5	340.1
Machinery and equipment	5.5	6.7
Investments available for sale	26.8	26.1
Receivables	0.2	0.3
<b>Total non-current assets</b>	<b>370.0</b>	<b>386.3</b>
<b>Current assets</b>		
Inventories	17.2	16.1
Income tax assets	0.5	0.3
Trade and other receivables	29.4	29.3
Cash and cash equivalents	110.7	101.1
<b>Total current assets</b>	<b>157.8</b>	<b>146.8</b>
<b>TOTAL ASSETS</b>	<b>527.8</b>	<b>533.1</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1.8	1.8
Reserves	0.7	0.0
Translation differences	-0.4	-0.8
Retained earnings	223.6	212.3
Equity attributable to parent company shareholders	225.7	213.3
<b>Total equity</b>	<b>225.7</b>	<b>213.3</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	34.5	31.4
Non-current interest-bearing liabilities	174.0	197.5
<b>Total non-current liabilities</b>	<b>208.4</b>	<b>228.9</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	23.5	23.5
Income tax liabilities	1.3	0.0
Trade and other payables	68.9	67.4
<b>Total current liabilities</b>	<b>93.7</b>	<b>91.0</b>
<b>Total liabilities</b>	<b>302.1</b>	<b>319.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>527.8</b>	<b>533.1</b>

**CONSOLIDATED CASH FLOW STATEMENT**

EUR M	Jan 1, 2015– Dec 31, 2015	Jan 1, 2014– Dec 31, 2014
<b>OPERATING ACTIVITIES</b>		
Income for the period	18.7	30.6
Adjustments		
Depreciation and impairment losses	27.7	31.8
Capital gains from non-current assets	0.0	-0.2
Other items not included in cash flow	-0.5	2.1
Interest expenses and other financial expenses	5.9	6.8
Financial income, Försäkringsaktiebolaget Alandia	-	-27.9
Interest income and other financial income	-0.1	-0.2
Dividend income	-1.6	0.0
Income taxes	4.4	1.8
Change in working capital		
Change in trade and other receivables	-0.1	1.7
Change in inventories	-1.1	-1.1
Change in trade and other payables	1.7	-7.7
Interest paid	-5.4	-6.1
Financial expenses paid	-0.7	-0.8
Interest received	0.1	0.1
Financial income received	0.0	0.1
Taxes paid	-0.3	-0.2
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>48.7</b>	<b>30.7</b>
<b>INVESTING ACTIVITIES</b>		
Investments in vessels	-7.6	-6.2
Investments in other intangible and tangible assets	-2.4	-1.1
Divestments of other intangible and tangible assets	0.1	0.3
Divestments of investments available for sale	-	1.6
Payments received for non-current receivables	0.2	0.2
Dividends received	1.6	0.0
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-8.1</b>	<b>-5.1</b>
<b>FINANCING ACTIVITIES</b>		
Amortization of non-current liabilities	-23.5	-15.2
Dividends paid	-7.6	-5.4
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-31.1</b>	<b>-20.6</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>9.5</b>	<b>5.0</b>
Cash and cash equivalents at beginning of period	101.1	96.1
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>110.7</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, 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>				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
Comprehensive income for the period	-	0.0	-0.5	30.2	29.7
Dividend to shareholders				-5.4	-5.4
<b>Equity, Dec 31, 2014</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>				18.7	18.7
<i>Translation differences</i>		0.0	0.4	0.1	0.5
<i>Remeasurement of investments available for sale</i>		0.7			0.7
Comprehensive income for the period	-	0.7	0.4	18.8	19.9
Dividend to shareholders				-7.6	-7.6
<b>Equity, Dec 31, 2015</b>	<b>1.8</b>	<b>0.7</b>	<b>-0.4</b>	<b>223.6</b>	<b>225.7</b>



**QUARTERLY CONSOLIDATED INCOME STATEMENT**

EUR M	2015 Q4	2015 Q3	2015 Q2	2015 Q1
<b>SALES</b>	<b>127.4</b>	<b>164.1</b>	<b>134.1</b>	<b>105.0</b>
Other operating revenue	0.2	0.1	0.1	0.1
<b>Expenses</b>				
Goods and services	37.0	46.0	39.5	30.6
Salary and other employment benefit expenses	29.6	29.6	30.2	28.8
Depreciation and impairment losses	7.3	6.7	7.0	6.6
Other operating expenses	49.7	51.7	55.2	48.9
	123.7	134.0	131.9	114.9
<b>OPERATING INCOME</b>	<b>3.9</b>	<b>30.1</b>	<b>2.3</b>	<b>-9.8</b>
Financial income	1.2	0.5	2.2	1.0
Financial expenses	-1.6	-3.2	-1.9	-1.6
<b>INCOME BEFORE TAXES</b>	<b>3.5</b>	<b>27.4</b>	<b>2.6</b>	<b>-10.4</b>
Income taxes	-1.0	-5.4	-0.1	2.1
<b>INCOME FOR THE PERIOD</b>	<b>2.5</b>	<b>22.0</b>	<b>2.5</b>	<b>-8.2</b>
<i>Income attributable to:</i>				
Parent company shareholders	2.5	22.0	2.5	-8.2
Earnings per share before and after dilution, EUR	0.23	2.03	0.23	-0.76

**QUARTERLY CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME**

EUR M	2015 Q4	2015 Q3	2015 Q2	2015 Q1
<b>INCOME FOR THE PERIOD</b>	<b>2.5</b>	<b>22.0</b>	<b>2.5</b>	<b>-8.2</b>
<b>Other comprehensive income</b>				
<i>Items that may be transferred to the income statement</i>				
Translation differences	0.5	-0.3	0.1	0.2
Investments available for sale	0.8	0.6	-2.1	1.2
	1.4	0.3	-1.9	1.4
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>3.9</b>	<b>22.3</b>	<b>0.6</b>	<b>-6.8</b>
<i>Comprehensive income attributable to:</i>				
Parent company shareholders	3.9	22.3	0.6	-6.8

**SEGMENT INFORMATION, VIKING LINE GROUP**

OPERATING SEGMENTS, EUR M	Jan 1, 2015– Dec 31, 2015	Jan 1, 2014– Dec 31, 2014
<b>Sales</b>		
Vessels	525.1	521.7
Unallocated	5.6	5.8
<b>Total, operating segments</b>	<b>530.7</b>	<b>527.6</b>
Eliminations	-0.2	-0.2
<b>Total sales of the Group</b>	<b>530.5</b>	<b>527.4</b>
<b>Operating income</b>		
Vessels	71.2	58.3
Unallocated	-44.7	-44.6
<b>Total operating income of the Group</b>	<b>26.4</b>	<b>13.7</b>

## PLEGGED ASSETS AND CONTINGENT LIABILITIES

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

## FINANCIAL RATIOS AND STATISTICS

	Jan 1, 2015– Dec 31, 2015	Jan 1, 2014– Dec 31, 2014
Equity per share, EUR	20.89	19.75
Dividend per share, EUR	0.95	0.70
Number of shares on balance sheet date	10,800,000	10,800,000
Return on equity (ROE)	8.5 %	15.2 %
Return on investment (ROI)	6.8 %	9.1 %
Equity/assets ratio	42.8 %	40.0 %
Investments, EUR M	10.0	7.2
– as % of sales	1.9 %	1.4 %
Passengers	6,568,684	6,610,146
Cargo units	133,163	129,255
Average number of employees, full time equivalent	2,735	2,797

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.