

YEAR-END REPORT JANUARY–DECEMBER 2018

RESULTS ON A PAR WITH LAST YEAR

Consolidated sales of the Viking Line Group for the period January 1–December 31, 2018 were 497.8 million euros (EUR 513.6 M for January 1–December 31, 2017). Operating income totalled EUR 9.3 M (10.0). Income after taxes totalled EUR 5.5 M (5.3).

Passenger-related revenue was EUR 450.3 M (467,5), while cargo revenue amounted to EUR 45.3 M (43.8).

Due to lower operating expenses compared to the previous year, consolidated income for 2018 improved somewhat despite lower sales. Consolidated operating expenses decreased by 2.9 per cent to EUR 329.2 M (339.1). Bunker expenses increased by 8.6 per cent to EUR 50.8 M (46.7). The weak Swedish krona had a negative impact on consolidated income.

During the fourth quarter, October 1–December 31, 2018, consolidated sales was EUR 119.8 M (EUR 121.5 M for October 1–December 31, 2017). Fourth quarter operating income amounted to EUR 1.6 M (3.7).

PASSENGER NUMBERS AND CARGO VOLUME

The number of passengers on Viking Line's vessels during the report period was 6,411,537 (6,881,149). The Group had a total market share in its service area of approximately 32.4 per cent (34.5).

Viking Line's cargo volume was 128,549 cargo units (127,668). Viking Line achieved a cargo market share of approximately 17.8 per cent (18.7). The number of cars transported was 704,799 (762,253).

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 2018 sales were about EUR 498 M. The number of passengers totalled 6.4 million. The average number of employees was 2,671.

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SALES AND EARNINGS

FULL CALENDAR YEAR

Consolidated sales of the Viking Line Group during the financial year January 1–December 31, 2018 were 497.8 million euros (EUR 513.6 M for January 1–December 31, 2017). Other operating revenue amounted to EUR 0.3 M (1.7). Operating income totalled EUR 9.3 M (10.0). Net financial items totalled EUR -2.8 M (-3.4). Consolidated income before taxes amounted to EUR 6.5 M (6.6). Income after taxes totalled EUR 5.5 M (5.3).

During the report period, passenger-related revenue was EUR 450.3 M (467.5), while cargo revenue amounted to EUR 45.3 M (43.8). Net sales revenue was EUR 362.0 M (372.6).

Due to lower operating expenses compared to the previous year, consolidated income for 2018 improved somewhat despite lower sales. Consolidated operating expenses decreased by 2.9 per cent to EUR 329.2 M (339.1). Bunker expenses increased by 8.6 per cent to EUR 50.8 M (46.7). The weak Swedish krona had a negative impact on consolidated income.

The placing in service of the vessel Viking FSTR, which operated on the Helsinki–Tallinn route during the period April 10–October 16, 2017, increased consolidated sales and capacity during 2017 but did not contribute materially to income.

FOURTH QUARTER

During the fourth quarter, October 1–December 31, 2018, consolidated sales was EUR 119.8 M (EUR 121.5 M for October 1–December 31, 2017). Fourth quarter operating income amounted to EUR 1.6 M (3.7).

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 2017. During the period April 10–October 16, 2017, capacity on the Helsinki–Tallinn route increased with the leased vessel Viking FSTR. Viking FSTR was not in service during 2018.

The number of passengers on Viking Line's vessels during the report period was 6,411,537 (6,881,149). The Group had a total market share in its service area of approximately 32.4 per cent (34.5).

Viking Line's cargo volume was 128,549 cargo units (127,668). Viking Line achieved a cargo market share of approximately 17.8 per cent (18.7). The number of cars transported was 704,799 (762,253).

INVESTMENTS AND FINANCING

The Group's investments amounted to EUR 15.9 M (34.7), of which EUR 4.3 M was related to capitalized costs for vessel under construction. The Group's total investments represent 3.2 per cent of sales (6.8).

On December 31, 2018, the Group's non-current interest-bearing liabilities amounted to EUR 103.5 M (127.0). The equity/assets ratio was 49.4 per cent, compared to 46.2 per cent a year earlier.

At the end of December 2018, the Group's cash and cash equivalents amounted to EUR 61.8 M (68.0). Unutilized credit lines in the Group totalled EUR 15.1 M on December 31, 2018 (EUR 0.1 M). Net cash flow from operating activities amounted to EUR 33.0 M (31.8). Net cash flow from investing activities was EUR -13.5 M (-30.8) and net cash flow from financing activities amounted to EUR -25.7 M (-27.9).

RISK FACTORS

Fluctuations in bunker (vessel fuel) prices have a direct impact on the Group's earnings. In order to offset the risk of higher bunker prices, the Group has entered into fixed-price agreements related to a portion of its bunker consumption during 2017, 2018 and 2019.

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. Purchase prices of goods for sale and bunker are affected by other 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.

SUSTAINABILITY REPORT

The Sustainability Report for 2018 is published as part of Viking Line's Annual Report. Information about Viking Line's sustainability work is also available on Vikingline.com.

ORGANIZATION AND PERSONNEL

The average number of Group employees was 2,671 (2,746), of whom 2,005 (2,048) worked for the parent company. Shipboard personnel totalled 2,037 (2,086) and land-based personnel totalled 634 (660).

In addition to the Group's own employees, the Viking XPRS was crewed by an average of 242 (248) people employed by a staffing company.

At the end of 2018, the total number of Group employees was 2,874 (2,889), of which 2,299 (2,238) resided in Finland. The number residing in Sweden was 453 (527). There were 111 (116) employees residing in Estonia and 11 (8) in other countries.

CORPORATE GOVERNANCE STATEMENT

Viking Line applies the Finnish Corporate Governance Code, which was approved by the Securities Market Association. The Code entered into force on January 1, 2016, and is available on the Securities Market Association's website, Cgfinland.fi. Viking Line complies with the Code in full. The Corporate Governance Statement for 2018 is published as part of Viking Line's Annual Report. Information about Viking Line's corporate governance is available on Vikingline.com.

EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company is not aware of any major events after the balance sheet date that might influence the financial statements.

OUTLOOK FOR 2019

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. Income during the third quarter will be crucial to the Group's earnings for the full financial year. The currency trend for the Swedish krona affects the Group's results. Fixed-price agreements related to a portion of the Group's bunker consumption for 2019 mitigate the risk of higher bunker costs. The Board of Directors' assessment is that operating income for 2019 will remain on a par with operating income for 2018 or improve. At this stage, however, this forecast is subject to the uncertainty factors mentioned above.

THE BOARD'S PROPOSAL ON DISTRIBUTION OF EARNINGS

According to the balance sheet of Viking Line Abp on December 31, 2018, unrestricted equity totalled EUR 76,137,466.51.

The Board of Directors proposes to the Annual General Meeting that:

A dividend of EUR 0.20 per share be paid, totalling	EUR 2,160,000.00
Remaining unrestricted equity	EUR 73,977,466.51

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.

ANNUAL GENERAL MEETING

The Annual General Meeting of Viking Line Abp will be held at 12 noon on Thursday, April 25, 2019 at the Alandica Kultur och Kongress auditorium, Strandgatan 33, Mariehamn, Åland, Finland.

An electronic version of the Annual Report for the financial year 2018 will be published during the week of March 4, 2019 on the Company's website, Vikingline.com. The printed Annual Report will be published in Swedish and Finnish during the week of March 18, 2019.

FINANCIAL INFORMATION FOR 2019

During the financial year 2019, Viking Line Abp's financial reports will be published for the periods January 1 to March 31, 2019; January 1 to June 30, 2019; and January 1 to September 30, 2019. The Business Review for January–March will be published on April 25, the Half-Year Financial Report for January–June on August 20 and the Business Review for January–September on October 25. The Year-End Report for the financial year 2019 will be published on February 13, 2020. An electronic version of the Annual Report will be published on Vikingline.com during the week of March 2, 2020. The printed Annual Report will be published in Swedish and Finnish during the week of March 16, 2020.

Mariehamn, Åland, February 13, 2019

VIKING LINE ABP
The Board of Directors

CONSOLIDATED INCOME STATEMENT

EUR M	Oct 1, 2018– Dec 31, 2018	Oct 1, 2017– Dec 31, 2017	Jan 1, 2018– Dec 31, 2018	Jan 1, 2017– Dec 31, 2017
SALES	119.8	121.5	497.8	513.6
Other operating revenue	0.1	0.4	0.3	1.7
Expenses				
Goods and services	33.2	33.6	135.8	140.9
Salary and other employment benefit expenses	28.5	29.5	117.3	120.6
Depreciation, amortization and impairment losses	5.9	6.0	23.8	25.2
Other operating expenses	50.6	49.0	211.8	218.5
	118.2	118.1	488.8	505.2
OPERATING INCOME	1.6	3.7	9.3	10.0
Financial income	0.1	0.0	2.4	2.2
Financial expenses	-0.8	-1.8	-5.2	-5.6
INCOME BEFORE TAXES	0.9	1.9	6.5	6.6
Income taxes	-0.2	-0.5	-1.0	-1.3
INCOME FOR THE PERIOD	0.7	1.5	5.5	5.3
<i>Income attributable to:</i>				
Parent company shareholders	0.7	1.5	5.5	5.3
Earnings per share before and after dilution, EUR	0.06	0.14	0.51	0.49

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR M	Oct 1, 2018– Dec 31, 2018	Oct 1, 2017– Dec 31, 2017	Jan 1, 2018– Dec 31, 2018	Jan 1, 2017– Dec 31, 2017
INCOME FOR THE PERIOD	0.7	1.5	5.5	5.3
<i>Items that may be reclassified to the income statement</i>				
Translation differences	0.2	-0.5	-0.8	-0.6
Changes in the fair value of investments available for sale	-	0.7	-	0.7
<i>Items that will not be reclassified to the income statement</i>				
Changes in the fair value of financial assets recognized at fair value through other comprehensive income	4.1	-	4.1	-
Other comprehensive income	4.2	0.3	3.3	0.1
COMPREHENSIVE INCOME FOR THE PERIOD	4.9	1.8	8.8	5.4
<i>Comprehensive income attributable to:</i>				
Parent company shareholders	4.9	1.8	8.8	5.4

CONSOLIDATED BALANCE SHEET

EUR M	Dec 31, 2018	Dec 31, 2017
ASSETS		
Non-current assets		
Intangible assets	3.2	2.5
Land	0.6	0.6
Buildings and structures	7.7	8.6
Renovation costs for rented properties	2.5	2.7
Vessels	281.2	294.6
Machinery and equipment	4.9	5.2
Advance payments	25.9	21.6
Financial assets recognized at fair value through other comprehensive income	32.0	-
Investments available for sale	-	27.9
Total non-current assets	358.0	363.5
Current assets		
Inventories	16.3	17.3
Income tax assets	0.4	1.6
Trade and other receivables	30.7	34.3
Cash and cash equivalents	61.8	68.0
Total current assets	109.2	121.1
TOTAL ASSETS	467.2	484.6
EQUITY AND LIABILITIES		
Equity		
Share capital	1.8	1.8
Reserves	5.8	1.7
Translation differences	-2.3	-1.7
Retained earnings	225.3	222.2
Equity attributable to parent company shareholders	230.7	224.1
Total equity	230.7	224.1
Non-current liabilities		
Deferred tax liabilities	37.5	37.0
Non-current interest-bearing liabilities	103.5	127.0
Total non-current liabilities	141.0	164.1
Current liabilities		
Current interest-bearing liabilities	23.5	23.5
Income tax liabilities	0.3	-
Trade and other payables	71.6	73.0
Total current liabilities	95.5	96.5
Total liabilities	236.5	260.6
TOTAL EQUITY AND LIABILITIES	467.2	484.6

CONSOLIDATED CASH FLOW STATEMENT

EUR M	Jan 1, 2018– Dec 31, 2018	Jan 1, 2017– Dec 31, 2017
OPERATING ACTIVITIES		
Income for the period	5.5	5.3
Adjustments		
Depreciation, amortization and impairment losses	23.8	25.2
Capital gains/losses from non-current assets	-0.1	-1.1
Other items not included in cash flow	0.9	0.6
Interest expenses and other financial expenses	4.0	4.7
Interest income and other financial income	-0.1	-0.2
Dividend income	-2.3	-2.0
Income taxes	1.0	1.3
Change in working capital		
Change in trade and other receivables	3.6	1.8
Change in inventories	1.0	0.8
Change in trade and other payables	-1.1	0.3
Interest paid	-3.6	-4.2
Financial expenses paid	-0.6	-0.8
Interest received	0.0	0.0
Financial income received	0.1	0.1
Taxes paid	1.0	-0.1
NET CASH FLOW FROM OPERATING ACTIVITIES	33.0	31.8
INVESTING ACTIVITIES		
Investments in vessels	-9.2	-9.5
Investments in other intangible and tangible assets	-2.3	-2.8
Advance payments	-4.3	-22.4
EU funding	-	0.8
Investments in financial assets recognized at fair value through other comprehensive income	0.0	-
Investments in investments available for sale	-	-0.1
Divestments of other intangible and tangible assets	0.1	1.1
Divestments of financial assets recognized at fair value through other comprehensive income	0.0	-
Divestments of investments available for sale	-	0.0
Dividends received	2.3	2.0
NET CASH FLOW FROM INVESTING ACTIVITIES	-13.5	-30.8
FINANCING ACTIVITIES		
Principal payments, non-current liabilities	-23.5	-23.6
Dividends paid	-2.2	-4.3
NET CASH FLOW FROM FINANCING ACTIVITIES	-25.7	-27.9
CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	68.0	94.9
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	61.8	68.0

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, 2018	1.8	1.7	-1.7	222.2	224.1
Income for the period				5.5	5.5
Translation differences		0.0	-0.6	-0.2	-0.8
Divestments of financial assets recognized at fair value through other comprehensive income		0.0		0.0	0.0
Remeasurement of financial assets recognized at fair value through other comprehensive income		4.1			4.1
Comprehensive income for the period	-	4.1	-0.6	5.3	8.8
Dividend to shareholders				-2.2	-2.2
Transactions with owners of the parent company	-	-	-	-2.2	-2.2
EQUITY, DEC 31, 2018	1.8	5.8	-2.3	225.3	230.7

EUR M	Equity attributable to parent company shareholders				Total equity
	Share capital	Reserves	Translation differences	Retained earnings	
EQUITY, JAN 1, 2017	1.8	1.0	-1.3	221.4	222.9
Income for the period				5.3	5.3
Translation differences		0.0	-0.4	-0.2	-0.6
Remeasurement of investments available for sale		0.7			0.7
Comprehensive income for the period	-	0.7	-0.4	5.1	5.4
Dividend to shareholders				-4.3	-4.3
Transactions with owners of the parent company	-	-	-	-4.3	-4.3
EQUITY, DEC 31, 2017	1.8	1.7	-1.7	222.2	224.1

QUARTERLY CONSOLIDATED INCOME STATEMENT

EUR M	2018 Q4	2018 Q3	2018 Q2	2018 Q1
SALES	119.8	152.3	125.5	100.3
Other operating revenue	0.1	0.1	0.1	0.1
Expenses				
Goods and services	33.2	40.1	34.5	27.9
Salary and other employment benefit expenses	28.5	30.1	30.2	28.5
Depreciation, amortization and impairment losses	5.9	5.7	6.3	6.0
Other operating expenses	50.6	55.2	54.5	51.5
	118.2	131.1	125.6	113.9
OPERATING INCOME	1.6	21.3	0.0	-13.5
Financial income	0.1	0.0	2.3	0.0
Financial expenses	-0.8	-0.4	-1.4	-2.6
INCOME BEFORE TAXES	0.9	20.9	0.9	-16.1
Income taxes	-0.2	-4.2	0.2	3.2
INCOME FOR THE PERIOD	0.7	16.6	1.1	-12.9
<i>Income attributable to:</i>				
Parent company shareholders	0.7	16.6	1.1	-12.9
Earnings per share before and after dilution, EUR	0.06	1.54	0.11	-1.20

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR M	2018 Q4	2018 Q3	2018 Q2	2018 Q1
INCOME FOR THE PERIOD	0.7	16.6	1.1	-12.9
<i>Items that may be reclassified to the income statement</i>				
Translation differences	0.2	0.2	-0.3	-0.8
<i>Items that will not be reclassified to the income statement</i>				
Changes in the fair value of financial assets recognized at fair value through other comprehensive income	4.1	-	0.0	-
Other comprehensive income	4.2	0.2	-0.3	-0.8
COMPREHENSIVE INCOME FOR THE PERIOD	4.9	16.8	0.8	-13.7
<i>Comprehensive income attributable to:</i>				
Parent company shareholders	4.9	16.8	0.8	-13.7

SEGMENT INFORMATION, VIKING LINE GROUP

OPERATING SEGMENTS, EUR M	Jan 1, 2018– Dec 31, 2018	Jan 1, 2017– Dec 31, 2017
Sales		
Vessels	489.5	505.3
Unallocated	8.5	8.4
Total, operating segments	498.0	513.7
Eliminations	-0.1	-0.1
Total sales of the Group	497.8	513.6
Operating income		
Vessels	55.2	56.8
Unallocated	-45.9	-46.8
Total operating income of the Group	9.3	10.0
SALES		
Passenger-related revenue	450.3	467.5
Cargo revenue	45.3	43.8
Miscellaneous sales revenue	2.3	2.3
Total	497.8	513.6

PLEGGED ASSETS AND CONTINGENT LIABILITIES

EUR M	Dec 31, 2018	Dec 31, 2017
Contingent liabilities	142.2	150.6
Assets pledged for own debt	301.0	283.0
Investment commitments not included in the accounts	175.3	175.1
– contractual amount	195.8	195.0

FINANCIAL RATIOS AND STATISTICS

	Jan 1, 2018– Dec 31, 2018	Jan 1, 2017– Dec 31, 2017
Equity per share, EUR	21.36	20.75
Dividend per share, EUR	0.20	0.20
Number of shares on balance sheet date	10,800,000	10,800,000
Return on equity (ROE)	2.4 %	2.4 %
Return on investment (ROI)	2.9 %	2.9 %
Equity/assets ratio	49.4 %	46.2 %
Investments, EUR M	15.9	34.7
– as % of sales	3.2 %	6.8 %
Passengers	6,411,537	6,881,149
Cargo units	128,549	127,668
Average number of employees, full time equivalent	2,671	2,746

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 may occur.

The above figures from the financial statements have been audited.