

INTERIM REPORT FOR THE PERIOD JANUARY – MARCH 2016

VIKING LINE SALES INCREASED BUT INCOME IS SOMEWHAT LOWER DUE TO EXTENSIVE VESSEL MODERNIZATIONS

Consolidated sales of the Viking Line Group during the first quarter, January 1 – March 31, 2016, increased by 1.8 per cent to 106.9 million euros compared to the same quarter of 2015 (EUR 105.0 M). Operating income amounted to EUR -11.6 M (-9.8).

Consolidated passenger-related revenue increased by 3.7 per cent to EUR 94.9 M (91.5), while cargo revenue fell by 10.8 per cent to EUR 11.2 M (12.6). Net sales revenue increased by 1.1 per cent to EUR 75.2 M (74.3).

Consolidated operating income declined mainly due to higher operating expenses in connection with planned and completed vessel dry-dockings. Operating expenses increased by 5.0 per cent to EUR 81.6 M (77.7).

PASSENGER NUMBER AND CARGO VOLUME

The number of passengers on Viking Line's vessels during the report period increased by 37,070 to 1,314,700 (1,277,630). The Group had a total market share in its service area of 34.0 per cent (35.3).

Viking Line's cargo volume was 33,152 cargo units (34,506). Viking Line achieved a cargo market share of 22.2 per cent (23.6).

MODERNIZED VESSELS

Viking Line's vessels the Amorella, Gabriella and Viking Grace were dry-docked early in 2016. In addition to investments in safety and maintenance, the dry-docking work included a large number of improvements and modernizations related to interiors and passenger experiences. Now passengers will be offered updated cabin concepts, more new restaurants with a wider range of options and a greater variety of spa experiences.

The Rosella was also refurbished, including updated cafés. In March a new Home & Lifestyle shop opened on board.

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 2015 sales were about EUR 530 M. The number of passengers totalled 6.6 million. The average number of employees was 2,735.

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SALES AND EARNINGS

Consolidated sales of the Viking Line Group during the first quarter, January 1 – March 31, 2016, increased by 1.8 per cent to 106.9 million euros compared to the same quarter of 2015 (EUR 105.0 M). Other operating revenue amounted to EUR 1.5 M (0.1). Operating income amounted to EUR -11.6 M (-9.8). Net financial items totalled EUR -1.5 M (-0.5). Consolidated income before taxes amounted to EUR -13.1 M (-10.4). Income after taxes totalled EUR -10.5 M (-8.2).

Passenger-related revenue increased by 3.7 per cent to EUR 94.9 M (91.5), while cargo revenue fell by 10.8 per cent to EUR 11.2 M (12.6). Net sales revenue increased by 1.1 per cent to EUR 75.2 M (74.3).

Consolidated operating income declined mainly due to higher operating expenses in connection with planned and completed vessel dry-dockings. Operating expenses increased by 5.0 per cent to EUR 81.6 M (77.7).

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 during 2015. The extensive vessel modernizations that were carried out caused longer service interruptions than normal, which adversely affected the Group's market share.

The number of passengers on Viking Line's vessels during the report period increased by 37,070 to 1,314,700 (1,277,630). During the report period, Viking Line decreased its market share on the Turku (Finland)–Mariehamn/Långnäs (Åland Islands, Finland)–Stockholm (Sweden) route by 2.0 percentage points to 54.7 per cent. On the Helsinki (Finland)–Mariehamn–Stockholm route, market share decreased by 2.1 percentage points to 43.0 per cent. In cruise services between Stockholm and Mariehamn, market share increased by 5.2 percentage points to 61.6 per cent. On the Helsinki–Tallinn (Estonia) route, market share decreased by 1.3 percentage points to 23.1 per cent. On the short route over the Sea of Åland between Mariehamn and Kapellskär (Sweden), market share decreased by 2.0 percentage points to 38.0 per cent. The Group thus had a total market share in its service area of 34.0 per cent (35.3).

Viking Line's cargo volume was 33,152 cargo units (34,506). Viking Line achieved a cargo market share of 22.2 per cent (23.6).

INVESTMENTS AND FINANCING

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

In March 2016 Viking Line Abp sold Park Alandia Hotell, which resulted in an increase in consolidated other operating revenue. The hotel has served as a support unit for vessel operations and has not had a material effect on the Group's sales, operating income or assets.

On March 31, 2016 the Group's non-current interest-bearing liabilities amounted to EUR 166.5 M (190.0). The equity/assets ratio was 42.8 per cent, compared to 40.4 per cent a year earlier.

At the end of March 2016, the Group's cash and cash equivalents amounted to EUR 74.9 M (68.2). Net cash flow from operating activities amounted to EUR -17.2 M (-14.3).

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 fiscal year. This Interim Report is unaudited.

ORGANIZATION AND PERSONNEL

The average number of Group employees was 2,573 (2,577), of whom 1,919 (1,915) worked for the parent company. Land-based personnel totalled 635 (633) and shipboard personnel totalled 1,938 (1,944).

In addition to the Group's own employees, the Viking XPRS was staffed by an average of 240 (227) people employed by a staffing company.

ANNUAL GENERAL MEETING

The Annual General Meeting of Viking Line Abp on April 20, 2016 adopted the parent company and consolidated financial statements and approved the proposal of the Board of Directors that a dividend of EUR 0.95 per share be paid for the financial year 2015. 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.

Ylva Eriksson, Authorized Public Accountant (CGR) was re-elected and Petter Lindeman, 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 (vessel fuel) prices. Fluctuations in bunker 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 2016.

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 appealed the case. Leave of appeal was granted, and a main hearing was held in the Helsinki Court of Appeal in March 2016. A ruling is not expected until September 2016 at the earliest.

OUTLOOK FOR THE FULL FINANCIAL YEAR 2016

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 is an uncertainty factor, but so far the bunker price has had 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 next Interim Report (January – June 2016) will be published on August 18, 2016.

Mariehamn, Åland, May 17, 2016

VIKING LINE ABP
The Board of Directors

CONSOLIDATED INCOME STATEMENT

EUR M	Jan 1, 2016– Mar 31, 2016	Jan 1, 2015– Mar 31, 2015	Jan 1, 2015– Dec 31, 2015
SALES	106.9	105.0	530.5
Other operating revenue	1.5	0.1	0.5
Expenses			
Goods and services	31.7	30.6	153.2
Salary and other employment benefit expenses	30.5	28.8	118.1
Depreciation and impairment losses	6.7	6.6	27.7
Other operating expenses	51.1	48.9	205.5
	120.0	114.9	504.6
OPERATING INCOME	-11.6	-9.8	26.4
Financial income	0.5	1.0	5.0
Financial expenses	-2.0	-1.6	-8.2
INCOME BEFORE TAXES	-13.1	-10.4	23.2
Income taxes	2.6	2.1	-4.4
INCOME FOR THE PERIOD	-10.5	-8.2	18.7
<i>Income attributable to:</i>			
Parent company shareholders	-10.5	-8.2	18.7
Earnings per share before and after dilution, EUR	-0.97	-0.76	1.73

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR M	Jan 1, 2016– Mar 31, 2016	Jan 1, 2015– Mar 31, 2015	Jan 1, 2015– Dec 31, 2015
INCOME FOR THE PERIOD	-10.5	-8.2	18.7
Other comprehensive income			
<i>Items that may be transferred to the income statement</i>			
Translation differences	-0.1	0.2	0.5
Investments available for sale	-	1.2	0.7
	-0.1	1.4	1.2
COMPREHENSIVE INCOME FOR THE PERIOD	-10.6	-6.8	19.9
<i>Comprehensive income attributable to:</i>			
Parent company shareholders	-10.6	-6.8	19.9

CONSOLIDATED BALANCE SHEET

EUR M	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
ASSETS			
Non-current assets			
Intangible assets	0.8	0.6	0.8
Land	0.6	1.1	1.1
Buildings and structures	9.5	10.7	10.0
Renovation costs for rented properties	1.5	0.5	1.2
Vessels	322.5	337.1	324.5
Machinery and equipment	5.3	6.4	5.5
Investments available for sale	26.8	27.3	26.8
Receivables	0.2	0.3	0.2
Total non-current assets	367.1	384.1	370.0
Current assets			
Inventories	17.0	16.7	17.2
Income tax assets	3.3	2.8	0.5
Trade and other receivables	40.3	39.3	29.4
Cash and cash equivalents	74.9	68.2	110.7
Total current assets	135.5	127.0	157.8
TOTAL ASSETS	502.6	511.1	527.8
EQUITY AND LIABILITIES			
Equity			
Share capital	1.8	1.8	1.8
Reserves	0.7	1.3	0.7
Translation differences	-0.6	-0.7	-0.4
Retained earnings	213.2	204.2	223.6
Equity attributable to parent company shareholders	215.1	206.5	225.7
Total equity	215.1	206.5	225.7
Non-current liabilities			
Deferred tax liabilities	34.5	31.4	34.5
Non-current interest-bearing liabilities	166.5	190.0	174.0
Total non-current liabilities	201.0	221.4	208.4
Current liabilities			
Current interest-bearing liabilities	15.0	15.0	23.5
Income tax liabilities	1.3	0.0	1.3
Trade and other payables	70.3	68.2	68.9
Total current liabilities	86.6	83.3	93.7
Total liabilities	287.5	304.6	302.1
TOTAL EQUITY AND LIABILITIES	502.6	511.1	527.8

CONSOLIDATED CASH FLOW STATEMENT

EUR M	Jan 1, 2016– Mar 31, 2016	Jan 1, 2015– Mar 31, 2015	Jan 1, 2015– Dec 31, 2015
OPERATING ACTIVITIES			
Income for the period	-10.5	-8.2	18.7
Adjustments			
Depreciation and impairment losses	6.7	6.6	27.7
Capital gains from non-current assets	-1.4	-	0.0
Other items not included in cash flow	0.1	-0.4	-0.5
Interest expenses and other financial expenses	1.3	1.5	5.9
Interest income and other financial income	0.0	0.0	-0.1
Dividend income	-	-	-1.6
Income taxes	-2.6	-2.1	4.4
Change in working capital			
Change in trade and other receivables	-10.9	-10.0	-0.1
Change in inventories	0.2	-0.6	-1.1
Change in trade and other payables	2.6	2.2	1.7
Interest paid	-2.4	-2.5	-5.4
Financial expenses paid	-0.2	-0.3	-0.7
Interest received	0.0	0.0	0.1
Financial income received	0.0	0.0	0.0
Taxes paid	-0.2	-0.4	-0.3
NET CASH FLOW FROM OPERATING ACTIVITIES	-17.2	-14.3	48.7
INVESTING ACTIVITIES			
Investments in vessels	-4.3	-2.4	-7.6
Investments in other intangible and tangible assets	-0.8	-0.2	-2.4
Divestments of other intangible and tangible assets	2.5	-	0.1
Payments received for non-current receivables	-	-	0.2
Dividends received	-	-	1.6
NET CASH FLOW FROM INVESTING ACTIVITIES	-2.6	-2.6	-8.1
FINANCING ACTIVITIES			
Repayment of non-current liabilities	-16.0	-16.0	-23.5
Dividends paid	-	-	-7.6
NET CASH FLOW FROM FINANCING ACTIVITIES	-16.0	-16.0	-31.1
CHANGE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period	110.7	101.1	101.1
CASH AND CASH EQUIVALENTS AT END OF PERIOD	74.9	68.2	110.7

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, 2016	1.8	0.7	-0.4	223.6	225.7
<i>Income for the period</i>				-10.5	-10.5
<i>Translation differences</i>		0.0	-0.2	0.1	-0.1
Comprehensive income for the period	-	0.0	-0.2	-10.4	-10.6
Equity, Mar 31, 2016	1.8	0.7	-0.6	213.2	215.1
Equity, Jan 1, 2015	1.8	0.0	-0.8	212.3	213.3
<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
Equity, Mar 31, 2015	1.8	1.3	-0.7	204.2	206.5

QUARTERLY CONSOLIDATED INCOME STATEMENT

EUR M	2016 Q1	2015 Q4	2015 Q3	2015 Q2
SALES	106.9	127.4	164.1	134.1
Other operating revenue	1.5	0.2	0.1	0.1
Expenses				
Goods and services	31.7	37.0	46.0	39.5
Salary and other employment benefit expenses	30.5	29.6	29.6	30.2
Depreciation and impairment losses	6.7	7.3	6.7	7.0
Other operating expenses	51.1	49.7	51.7	55.2
	120.0	123.7	134.0	131.9
OPERATING INCOME	-11.6	3.9	30.1	2.3
Financial income	0.5	1.2	0.5	2.2
Financial expenses	-2.0	-1.6	-3.2	-1.9
INCOME BEFORE TAXES	-13.1	3.5	27.4	2.6
Income taxes	2.6	-1.0	-5.4	-0.1
INCOME FOR THE PERIOD	-10.5	2.5	22.0	2.5
<i>Income attributable to:</i>				
Parent company shareholders	-10.5	2.5	22.0	2.5
Earnings per share before and after dilution, EUR	-0.97	0.23	2.03	0.23

**QUARTERLY CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

EUR M	2016 Q1	2015 Q4	2015 Q3	2015 Q2
INCOME FOR THE PERIOD	-10.5	2.5	22.0	2.5
Other comprehensive income				
<i>Items that may be transferred to the income statement</i>				
Translation differences	-0.1	0.5	-0.3	0.1
Investments available for sale	-	0.8	0.6	-2.1
	-0.1	1.4	0.3	-1.9
COMPREHENSIVE INCOME FOR THE PERIOD	-10.6	3.9	22.3	0.6
<i>Comprehensive income attributable to:</i>				
Parent company shareholders	-10.6	3.9	22.3	0.6

SEGMENT INFORMATION, VIKING LINE GROUP

OPERATING SEGMENTS, EUR M	Jan 1, 2016– Mar 31, 2016	Jan 1, 2015– Mar 31, 2015	Jan 1, 2015– Dec 31, 2015
Sales			
Vessels	106.1	103.9	525.1
Unallocated	0.9	1.1	5.6
Total, operating segments	106.9	105.0	530.7
Eliminations	0.0	0.0	-0.2
Total sales of the Group	106.9	105.0	530.5
Operating income			
Vessels	-1.0	1.9	71.2
Unallocated	-10.6	-11.7	-44.7
Total operating income of the Group	-11.6	-9.8	26.4

PLEGGED ASSETS AND CONTINGENT LIABILITIES

EUR M	Mar 31, 2016	Mar 31, 2015	Dec 31, 2015
Contingent liabilities	181.5	205.0	197.5
Assets pledged for own debt	313.6	313.6	313.6

FINANCIAL RATIOS AND STATISTICS

	Jan 1, 2016– Mar 31, 2016	Jan 1, 2015– Mar 31, 2015	Jan 1, 2015– Dec 31, 2015
Equity per share, EUR	19.91	19.12	20.89
Equity/assets ratio	42.8 %	40.4 %	42.8 %
Investments, EUR M	5.1	2.6	10.0
– as % of sales	4.7 %	2.5 %	1.9 %
Passengers	1,314,700	1,277,630	6,568,684
Cargo units	33,152	34,506	133,163
Average number of employees, full-time equivalent	2,573	2,577	2,735

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 differences of EUR +/- 0.1 M may occur.