



### Improved results in squeezed market

#### January–June 2019 (compared to January–June 2018)

- Sales amounted to EUR 227.0 M (225.7).
- Other operating revenue was EUR 0.2 M (0.2).
- Operating income totalled EUR -8.8 M (-13.5).
- Net financial items were EUR -2.2 M (-1.7).
- Income before taxes amounted to EUR -11.0 M (-15.2).
- Income after taxes totalled EUR -8.7 M (-11.8).
- Future prospects unchanged: Operating income for 2019 will remain on a par with operating income for 2018 or improve.

#### Second quarter 2019 (compared to second quarter 2018)

- Sales amounted to EUR 131.1 M (125.5).
- Operating income totalled EUR 5.4 M (0.0).

#### Comments from President and CEO Jan Hanses

*“The first two quarters of the financial year were better than last year, despite slightly lower passenger volume. Contributing factors were increased sales and an improved contribution margin per passenger as well as lower operating expenses. The second quarter in particular showed a significant improvement in earnings, which were positively affected by the Easter holiday falling entirely in April. Furthermore, no vessels were in dry-docking during the period. The positive trend for sales and contribution margin per passenger continued, which is good news.*

*“During the year, a number of strategic initiatives were launched in order to raise net sales revenue per passenger. The positive trend in sales and contribution margin is attributable to this. The trend was sustained, and I look forward with continued confidence to our peak season, the company’s most important period financially.*

*“During the year, great focus has been placed on our sustainability engagement. The work is concentrated on our customers, our employees and the environment. The International Maritime Organization (IMO)’s goal is to reduce CO<sub>2</sub> emissions by at least 50% by 2050 compared to 2008. Through different measures to optimize fuel efficiency and with new technological innovations, over the past ten years we have succeeded in achieving total fuel savings of 20%. This year, for the first time, we are reporting our CO<sub>2</sub> emissions in accordance with the EU’s monitoring, reporting and verification (MRV) requirements. We are the first shipping company in our service area to publish these figures in our sustainability report. In order to provide an accurate and reliable picture of emission levels per passenger, cargo transport should also be taken into account. Our new vessel, which is under construction, will further improve our environmental performance and safeguard our position as a leader in sustainability work in our service area.”*

### **Sales and earnings**

Consolidated sales of the Viking Line Group for the period January 1 – June 30, 2019 were 227.0 million euros (EUR 225.7 M for the period January 1 – June 30, 2018). Operating income totalled EUR -8.8 M (-13.5).

Passenger-related revenue was EUR 201.7 M (201.7), while cargo revenue amounted to EUR 24.0 M (22.9). Net sales revenue was EUR 165.8 M (163.3).

Consolidated operating expenses decreased by 1.5 per cent to EUR 162.3 M (164.7). Bunker (vessel fuel) expenses decreased by 2.5 per cent to EUR 23.5 M (24.1). The weak Swedish krona had a negative impact on consolidated income.

During the second quarter, April 1–June 30, consolidated sales increased and operating income totalled EUR 5.4 M (0.0). The improvement in operating income is driven by improved passenger-related operations and cargo operations. Easter in 2019 fell during the month of April, while in April 2018 capacity was reduced due to the dry-docking of Gabriella.

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**Service and market trends**

The Viking Line Group provides passenger and cargo carrier services using seven vessels on the northern Baltic Sea. The vessels served the same routes as in 2018.

The number of passengers on Viking Line's vessels during the report period amounted to 2,772,427 (2,844,433). The Group had a total market share in its service area of approximately 31.4 per cent (31.6).

Viking Line's cargo volume was 69,030 cargo units (65,544). The Group achieved a cargo market share of approximately 19.0 per cent (17.9). The number of cars transported was 300,543 units (295,246).

**Investments and financing**

The Group's investments amounted to EUR 27.0 M (9.5), of which EUR 22.2 M (1.7) primarily pertains to an advance payment for vessels under construction. The Group's total investments represent 11.9 per cent of sales (4.2).

On June 30, 2019, the Group's non-current interest-bearing liabilities totalled EUR 111.8 M (115.3). The equity/assets ratio was 46.3 per cent, compared to 43.8 per cent a year earlier.

At the end of June 2019, the Group's cash and cash equivalents amounted to EUR 51.3 M (56.7). Unutilized credit lines in the Group totalled EUR 15.1 M on June 30, 2019 (15.1). Net cash flow from operating activities amounted to EUR 9.4 M (9.7). Net cash flow from investing activities was EUR -25.0 M (-7.1) and net cash flow from financing activities amounted to EUR 5.1 M (-13.9).

**Financial reporting and changes in accounting principles**

This Half-year Financial 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.

IFRS 16 “Leases” is effective starting from the financial year 2019. The Group previously recognized all leases as operating leases. As of January 1, 2019, the Group reports a lease liability recognized at the present value of the remaining lease payments, discounted by the rate implicit in the lease or the Group’s incremental borrowing rate on the date of initial application. At the same time, a right-of-use asset is recognized at an amount equal to the lease liability. Comparative figures will not be adjusted. The table below illustrates the effects of the application of IFRS 16 on the opening balance for the Group.

CONSOLIDATED BALANCE SHEET (EUR M)	Dec 31, 2018	Impact of IFRS 16	Jan 1, 2019
<b>ASSETS</b>			
Non-current assets	358.0	7.2	365.2
Current assets	109.2		109.2
<b>TOTAL ASSETS</b>	<b>467.2</b>	<b>7.2</b>	<b>474.4</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	230.7		230.7
Non-current liabilities	141.0	5.3	146.3
Current liabilities	95.5	1.9	97.4
Total liabilities	236.5	7.2	243.7
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>467.2</b>	<b>7.2</b>	<b>474.4</b>

Application of IFRS 16 will entail a larger consolidated balance sheet and a reallocation of items in the consolidated income statement and cash flow statement. Financial ratios will also be affected. The effect on consolidated income is not considered to be material. During the first six months of 2019, the application of IFRS 16 had an effect on consolidated income of EUR -0.04 M.

There is a more detailed account of the application of IFRS 16 in the notes to the consolidated financial statements 2018.

This Half-year Financial Report is otherwise prepared in accordance with the same accounting principles, estimates and judgements as in the latest annual financial statements. The Half-year Financial Report is unaudited.

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

**Organization and personnel**

The average number of Group employees was 2,572 (2,603), of whom 1,943 (1,951) worked for the parent company. Land-based personnel totalled 592 (630) and shipboard personnel totalled 1,980 (1,973).

In addition to the Group's own employees, Viking XPRS was crewed by an average of 238 (238) people employed by a staffing company.

**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.

**Outlook for the full financial year 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. Overall, operating income for 2019 is expected to remain on a par with operating income for 2018 or improve. At this stage, however, this forecast can be affected by the uncertainty factors mentioned above.

The Business Review for January – September 2019 will be published on October 25, 2019.

Mariehamn, Åland, August 19, 2019

**VIKING LINE ABP**

The Board of Directors

## Consolidated income statement

EUR M	Apr 1, 2019– Jun 30, 2019	Apr 1, 2018– Jun 30, 2018	Jan 1, 2019– Jun 30, 2019	Jan 1, 2018– Jun 30, 2018	Jan 1, 2018– Dec 31, 2018
<b>SALES</b>	<b>131.1</b>	<b>125.5</b>	<b>227.0</b>	<b>225.7</b>	<b>497.8</b>
Other operating revenue	0.1	0.1	0.2	0.2	0.3
<b>Expenses</b>					
Goods and services	35.5	34.5	61.2	62.5	135.8
Salary and other employment benefit expenses	30.7	30.2	58.9	58.7	117.3
Depreciation and impairment losses	6.1	6.3	12.4	12.3	23.8
Other operating expenses	53.5	54.5	103.4	106.0	211.8
	<b>125.7</b>	<b>125.6</b>	<b>235.9</b>	<b>239.5</b>	<b>488.8</b>
<b>OPERATING INCOME</b>	<b>5.4</b>	<b>0.0</b>	<b>-8.8</b>	<b>-13.5</b>	<b>9.3</b>
Financial income	0.4	2.3	0.4	2.3	2.4
Financial expenses	-1.4	-1.4	-2.7	-4.0	-5.2
<b>INCOME BEFORE TAXES</b>	<b>4.4</b>	<b>0.9</b>	<b>-11.0</b>	<b>-15.2</b>	<b>6.5</b>
Income taxes	-0.8	0.2	2.3	3.4	-1.0
<b>INCOME FOR THE PERIOD</b>	<b>3.6</b>	<b>1.1</b>	<b>-8.7</b>	<b>-11.8</b>	<b>5.5</b>
<i>Income attributable to:</i>					
Parent company shareholders	3.6	1.1	-8.7	-11.8	5.5
Earnings per share before and after dilution, EUR	0.33	0.11	-0.81	-1.09	0.51

## Consolidated statement of comprehensive income

EUR M	Apr 1, 2019– Jun 30, 2019	Apr 1, 2018– Jun 30, 2018	Jan 1, 2019– Jun 30, 2019	Jan 1, 2018– Jun 30, 2018	Jan 1, 2018– Dec 31, 2018
<b>INCOME FOR THE PERIOD</b>	<b>3.6</b>	<b>1.1</b>	<b>-8.7</b>	<b>-11.8</b>	<b>5.5</b>
<i>Items that may be reclassified to the income statement</i>					
Translation differences	-0.3	-0.3	-0.6	-1.1	-0.8
<i>Items that will not be reclassified to the income statement</i>					
Changes in the fair value of financial assets at fair value through other comprehensive income	-	0.0	-	0.0	4.1
Other comprehensive income	-0.3	-0.3	-0.6	-1.1	3.3
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>3.3</b>	<b>0.8</b>	<b>-9.3</b>	<b>-12.9</b>	<b>8.8</b>
<i>Comprehensive income attributable to:</i>					
Parent company shareholders	3.3	0.8	-9.3	-12.9	8.8

# Consolidated balance sheet

EUR M	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	3.3	3.0	3.2
Land	0.6	0.6	0.6
Buildings and structures	7.5	8.0	7.7
Renovation costs for rented properties	2.3	2.7	2.5
Vessels	274.2	287.9	281.2
Machinery and equipment	4.4	5.1	4.9
Right-of-use assets	6.2	-	-
Advance payments	46.6	23.3	25.9
Financial assets at fair value through other comprehensive income	32.0	27.9	32.0
<b>Total non-current assets</b>	<b>377.1</b>	<b>358.3</b>	<b>358.0</b>
<b>Current assets</b>			
Inventories	18.0	17.9	16.3
Income tax assets	2.6	3.6	0.4
Trade and other receivables	43.8	40.3	30.7
Cash and cash equivalents	51.3	56.7	61.8
<b>Total current assets</b>	<b>115.7</b>	<b>118.5</b>	<b>109.2</b>
<b>TOTAL ASSETS</b>	<b>492.8</b>	<b>476.8</b>	<b>467.2</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1.8	1.8	1.8
Reserves	5.8	1.7	5.8
Translation differences	-2.6	-2.5	-2.3
Retained earnings	214.3	208.0	225.3
Equity attributable to parent company shareholders	219.2	209.0	230.7
<b>Total equity</b>	<b>219.2</b>	<b>209.0</b>	<b>230.7</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	37.4	37.0	37.5
Interest-bearing liabilities	111.8	115.3	103.5
Lease liabilities	4.4	-	-
<b>Total non-current liabilities</b>	<b>153.6</b>	<b>152.3</b>	<b>141.0</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	23.5	23.5	23.5
Lease liabilities	1.8	-	-
Income tax liabilities	0.0	0.0	0.3
Trade and other payables	94.6	92.1	71.6
<b>Total current liabilities</b>	<b>120.0</b>	<b>115.6</b>	<b>95.5</b>
<b>Total liabilities</b>	<b>273.5</b>	<b>267.8</b>	<b>236.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>492.8</b>	<b>476.8</b>	<b>467.2</b>

## Consolidated cash flow statement

EUR M	Jan 1, 2019– Jun 30, 2019	Jan 1, 2018– Jun 30, 2018	Jan 1, 2018– Dec 31, 2018
<b>OPERATING ACTIVITIES</b>			
Income for the period	-8.7	-11.8	5.5
Adjustments			
Depreciation and impairment losses	12.4	12.3	23.8
Capital gains/losses from non-current assets	0.0	-0.1	-0.1
Other items not included in cash flow	0.5	1.2	0.9
Interest expenses and other financial expenses	1.9	2.1	4.0
Interest income and other financial income	0.0	0.0	-0.1
Dividend income	-0.4	-2.3	-2.3
Income taxes	-2.3	-3.4	1.0
Change in working capital			
Change in trade and other receivables	-13.1	-6.0	3.6
Change in inventories	-1.7	-0.6	1.0
Change in trade and other payables	23.0	19.2	-1.1
Interest paid	-1.7	-1.9	-3.6
Financial expenses paid	-0.3	-0.3	-0.6
Interest received	-	-	0.0
Financial income received	0.0	0.0	0.1
Taxes paid	-0.2	1.4	1.0
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>9.4</b>	<b>9.7</b>	<b>33.0</b>
<b>INVESTING ACTIVITIES</b>			
Investments in vessels	-4.2	-6.4	-9.2
Investments in other intangible and tangible assets	-0.6	-1.4	-2.3
Advance payments	-20.7	-1.7	-4.3
Investments in financial assets recognized at fair value through other comprehensive income	-	-	0.0
Divestments of other intangible and tangible assets	0.0	0.1	0.1
Divestments of financial assets recognized at fair value through other comprehensive income	-	0.0	0.0
Dividends received	0.4	2.3	2.3
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-25.0</b>	<b>-7.1</b>	<b>-13.5</b>
<b>FINANCING ACTIVITIES</b>			
Increase in non-current liabilities	20.0	-	-
Principal payments, non-current liabilities	-11.7	-11.7	-23.5
Depreciation of lease liabilities	-1.0	-	-
Dividends paid	-2.2	-2.2	-2.2
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>5.1</b>	<b>-13.9</b>	<b>-25.7</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-10.5</b>	<b>-11.3</b>	<b>-6.2</b>
Cash and cash equivalents at the beginning of the period	61.8	68.0	68.0
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>51.3</b>	<b>56.7</b>	<b>61.8</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, 2019</b>	<b>1.8</b>	<b>5.8</b>	<b>-2.3</b>	<b>225.3</b>	<b>230.7</b>
Income for the period				-8.7	-8.7
Translation differences		0.0	-0.4	-0.2	-0.6
<b>Comprehensive income for the period</b>	<b>-</b>	<b>0.0</b>	<b>-0.4</b>	<b>-8.9</b>	<b>-9.3</b>
Dividend to shareholders				-2.2	-2.2
<b>Transactions with owners of the parent company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2.2</b>	<b>-2.2</b>
<b>EQUITY, JUN 30, 2019</b>	<b>1.8</b>	<b>5.8</b>	<b>-2.6</b>	<b>214.3</b>	<b>219.2</b>

EUR M	Equity attributable to parent company shareholders				Total equity
	Share capital	Reserves	Translation differences	Retained earnings	
<b>EQUITY, JAN 1, 2018</b>	<b>1.8</b>	<b>1.7</b>	<b>-1.7</b>	<b>222.2</b>	<b>224.1</b>
Income for the period				-11.8	-11.8
Translation differences		0.0	-0.9	-0.2	-1.1
Divestments of financial assets at fair value through other comprehensive income		0.0		0.0	0.0
<b>Comprehensive income for the period</b>	<b>-</b>	<b>0.0</b>	<b>-0.9</b>	<b>-12.0</b>	<b>-12.9</b>
Dividend to shareholders				-2.2	-2.2
<b>Transactions with owners of the parent company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2.2</b>	<b>-2.2</b>
<b>EQUITY, JUN 30, 2018</b>	<b>1.8</b>	<b>1.7</b>	<b>-2.5</b>	<b>208.0</b>	<b>209.0</b>

## Quarterly consolidated income statement

EUR M	2019 Q2	2019 Q1	2018 Q4	2018 Q3
<b>SALES</b>	<b>131.1</b>	<b>95.8</b>	<b>119.8</b>	<b>152.3</b>
Other operating revenue	0.1	0.1	0.1	0.1
<b>Expenses</b>				
Goods and services	35.5	25.7	33.2	40.1
Salary and other employment benefit expenses	30.7	28.2	28.5	30.1
Depreciation and impairment losses	6.1	6.3	5.9	5.7
Other operating expenses	53.5	49.9	50.6	55.2
	125.7	110.1	118.2	131.1
<b>OPERATING INCOME</b>	<b>5.4</b>	<b>-14.2</b>	<b>1.6</b>	<b>21.3</b>
Financial income	0.4	0.0	0.1	0.0
Financial expenses	-1.4	-1.2	-0.8	-0.4
<b>INCOME BEFORE TAXES</b>	<b>4.4</b>	<b>-15.4</b>	<b>0.9</b>	<b>20.9</b>
Income taxes	-0.8	3.1	-0.2	-4.2
<b>INCOME FOR THE PERIOD</b>	<b>3.6</b>	<b>-12.3</b>	<b>0.7</b>	<b>16.6</b>
<i>Income attributable to:</i>				
Parent company shareholders	3.6	-12.3	0.7	16.6
Earnings per share before and after dilution, EUR	0.33	-1.14	0.06	1.54

## Quarterly consolidated statement of comprehensive income

EUR M	2019 Q2	2019 Q1	2018 Q4	2018 Q3
<b>INCOME FOR THE PERIOD</b>	<b>3.6</b>	<b>-12.3</b>	<b>0.7</b>	<b>16.6</b>
<i>Items that may be reclassified to the income statement</i>				
Translation differences	-0.3	-0.3	0.2	0.2
<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	-
<b>Other comprehensive income</b>	<b>-0.3</b>	<b>-0.3</b>	<b>4.2</b>	<b>0.2</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>3.3</b>	<b>-12.6</b>	<b>4.9</b>	<b>16.8</b>
<i>Comprehensive income attributable to:</i>				
Parent company shareholders	3.3	-12.6	4.9	16.8

## Segment information, Viking Line Group

OPERATING SEGMENTS, EUR M	Jan 1, 2019– Jun 30, 2019	Jan 1, 2018– Jun 30, 2018	Jan 1, 2018– Dec 31, 2018
<b>Sales</b>			
Vessels	222.9	221.9	489.5
Unallocated	4.1	3.9	8.5
<b>Total, operating segments</b>	<b>227.0</b>	<b>225.8</b>	<b>498.0</b>
Eliminations	0.0	–0.1	–0.1
<b>Total sales of the Group</b>	<b>227.0</b>	<b>225.7</b>	<b>497.8</b>
<b>Operating income</b>			
Vessels	14.2	10.2	55.2
Unallocated	–22.9	–23.8	–45.9
<b>Total operating income of the Group</b>	<b>–8.8</b>	<b>–13.5</b>	<b>9.3</b>
<b>SALES</b>			
Passenger-related revenue	201.7	201.7	450.3
Cargo revenue	24.0	22.9	45.3
Miscellaneous sales revenue	1.3	1.2	2.3
<b>Total</b>	<b>227.0</b>	<b>225.7</b>	<b>497.8</b>

## Pledged assets and contingent liabilities

EUR M	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
Contingent liabilities	135.3	138.8	142.2
Assets pledged for own debt	225.5	301.0	301.0
Investment commitments not included in the accounts	155.3	174.3	175.3
– contractual amount	195.4	194.6	195.8

## Financial ratios and statistics

	Jan 1, 2019– Jun 30, 2019	Jan 1, 2018– Jun 30, 2018	Jan 1, 2018– Dec 31, 2018
Equity per share, EUR	20.30	19.35	21.36
Equity/assets ratio	46.3 %	43.8 %	49.4 %
Investments, EUR M	25.4	9.5	15.9
– as % of sales	11.2 %	4.2 %	3.2 %
Passengers	2,772,427.00	2,844,433.00	6,411,537.00
Cargo units	69,030.00	64,544.00	128,549.00
Average number of employees, full-time equivalent	2,572	2,603	2,671

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.