

Press release

YEAR-END REPORT JANUARY – DECEMBER 2011

COMPARATIVE FIGURES

The financial statements of Group companies encompass the period January 1 – December 31, 2011, while the official comparative figures apply to November 1, 2009 – December 31, 2010, that is, 14 months. The outcome of this financial year is thus not comparable to the outcome for the preceding fiscal year. Below are comparative figures for the financial year 2011 and the calendar year 2010.

COMPARATIVE FIGURES FOR THE FINANCIAL YEAR 2011 TO CALENDAR YEAR 2010

- HIGHER SALES, BUT FUEL EXPENSES LOWERED EARNINGS

Consolidated sales of the Viking Line Group during the financial year 2011 rose by 1.8 per cent to EUR 504.3 M (EUR 495.5 M in the calendar year 2010). Passenger-related revenue rose by 1.5 per cent to EUR 467.8 M (460.8). The number of passengers on Viking Line's vessels declined by 41,276 to 6,351,714, compared to 6,392,990 passengers during the calendar year 2010. Cargo revenue rose by 4.7 per cent to EUR 32.6 M (31.1).

The strengthening of the Swedish krona had a positive impact on revenue but also contributed to a heightened cost situation in the Group. The net effect was positive for the Group.

Salary and employment benefit expenses increased by 2.6 per cent to EUR 121.7 M (118.5). Repair and maintenance expenses rose by EUR 2.9 M to EUR 18.9 M (16.0), while fuel expenses rose by EUR 12.7 M to EUR 62.1 M (49.3).

Operating income for the financial year 2011 decreased by EUR 6.8 M to EUR 9.8 M (EUR 16.5 M in the calendar year 2010). Net financial items were EUR -1.9 M (-1.7). Income before taxes fell by EUR 6.9 M to EUR 7.9 M (14.8).

MARKET SHARE

During 2011, Viking Line strengthened its market share in cruise services between Stockholm (Sweden) and Mariehamn (Åland Islands, Finland) by 1.1 percentage points to 51.6 per cent. The Group achieved an increase in market share of 0.1 percentage points to 43.2 per cent in services on the short route over the Sea of Åland between Sweden and the Åland Islands. Market share decreased on the Helsinki (Finland)–Mariehamn–Stockholm route by 1.3 percentage points to 46.0 per cent and on the Turku (Finland)–Mariehamn/Långnäs (Åland Islands, Finland)–Stockholm route by 0.2 percentage points to 49.3 per cent. On the Helsinki–Tallinn (Estonia) route, market share decreased by 0.6 percentage points to 24.2 per cent. The Group thus had a total market share in its service area of 34.0 per cent. Viking Line's cargo market share decreased by 1.1 percentage points to 19.8 per cent.

See also the Group's official Year-end Report, which is attached.

Any questions concerning this report will be answered by Mikael Backman, 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 OMX Nordic Exchange Helsinki since 1995. Viking Line serves Finland, Sweden and the Baltic countries with seven vessels. During fiscal 2011 sales were about EUR 504 M. The number of passengers totalled 6.4 million. The average number of employees was 3,060.

VIKING LINE ABP

Norragatan 4/PB 166, AX-22101 Mariehamn, Åland, Finland.

Tel +358 18 270 00. Fax + 358 18 169 44

www.vikingline.fi www.vikingline.se

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SALES AND EARNINGS

Consolidated sales of the Viking Line Group during the period January 1 – December 31, 2011 amounted to 504.3 million euros (November 1, 2009 – December 31, 2010: EUR 569.9 M). Operating income amounted to EUR 9.8 M (16.1). Net financial items totalled EUR -1.9 M (-1.7). Consolidated income before taxes totalled EUR 7.9 M (14.4). Income after taxes amounted to EUR 7.6 M (10.5).

The Group's expenses were EUR 497.1 M (558.7). Fuel expenses rose due to higher fuel prices and amounted to EUR 62.1 M (56.3). Salary and employee benefit expenses were EUR 121.7 M (137.4). Viking Line reached a settlement with the City of Mariehamn concerning excessively invoiced port fees from the 1990s. The settlement payment of EUR 1.1 M was reported under "Other operating revenue".

The strengthening of the Swedish krona had a positive impact on revenue but also contributed to a heightened cost situation in the Group. The net effect was positive for the Group.

SERVICES AND MARKET TRENDS

The Viking Line Group provides passenger and cargo carrier services using seven vessels on the northern Baltic Sea. The Group served the same routes as during 2009/2010.

The number of passengers on Viking Line vessels totalled 6,351,714 during the financial year. Viking Line's cargo volume was 114,795 cargo units.

During 2011, Viking Line strengthened its market share in cruise services between Stockholm (Sweden) and Mariehamn (Åland Islands, Finland) by 1.1 percentage points to 51.6 per cent. The Group achieved an increase in market share of 0.1 percentage points to 43.2 per cent in services on the short route over the Sea of Åland between Sweden and the Åland Islands. Market share decreased on the Helsinki (Finland)–Mariehamn–Stockholm route by 1.3 percentage points to 46.0 per cent and on the Turku (Finland)–Mariehamn/Långnäs (Åland Islands, Finland)–Stockholm route by 0.2 percentage points to 49.3 per cent. On the Helsinki–Tallinn (Estonia) route, market share decreased by 0.6 percentage points to 24.2 per cent. The Group thus had a total market share in its service area of 34.0 per cent. Viking Line's cargo market share decreased by 1.1 percentage points to 19.8 per cent.

INVESTMENTS AND FINANCING

To date, pre-construction engineering work on the new vessel for the Turku–Mariehamn/Långnäs–Stockholm route has proceeded as planned. Construction of the vessel began on September 28, 2011 at the STX Finland Oy shipyard in Turku. However, the environmental grant of EUR 28 M that was approved by the Finnish Ministry of Transport and Communications has not yet been approved by the European Commission. The net investment in the vessel, about EUR 230 M, is being financed mainly through a long-term loan of EUR 185 M from Finnish Export Credit Ltd.

During the financial year, the Group's investments totalled EUR 36.9 M (8.7), of which EUR 26.4 M was related to advance payments for the above newbuilding contract with STX Finland Oy.

The arbitration ruling concerning the newbuilding contract with the Spanish shipyard Astilleros de Sevilla became legally binding on August 16, 2011. Viking Line subsequently received the advance payments it had made plus interest compensation. The repayment, which amounted to EUR 39.2 M plus interest compensation of EUR 5.0 M, was made to Viking Line on October 6, 2011. The interest compensation was reported under "Other operating revenue" in the amount of EUR 0.7 M in 2011 and in the amount of EUR 4.3 M in fiscal 2009/2010.

On December 31, 2011 the Group's non-current interest-bearing liabilities amounted to EUR 81.5 M (89.9). The equity/assets ratio was 46.5 per cent, compared to 44.8 per cent a year earlier.

At the end of December 2011, the Group's cash and cash equivalents amounted to EUR 55.7 M (57.9). In addition to this, current receivables included bank deposits of EUR 20.0 M (0.0) with maturities of 3-12 months. Net cash flow from operating activities amounted to EUR 30.6 M (53.5).

COMPARATIVE FIGURES FOR THE FINANCIAL YEAR 2011 TO CALENDAR YEAR 2010

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RISK FACTORS

Fluctuations in bunker prices have a direct impact on the Group's earnings. 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 oil 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.

ORGANIZATION AND PERSONNEL

The average number of Group employees was 3,060 (3,087), of whom 1,873 (1,895) worked for the parent company. Land-based personnel totalled 755 (768) and shipboard personnel totalled 2,305 (2,319).

OUTLOOK FOR 2012

During 2012 the Group's vessels will provide service on a normal scale on their regular routes. Viking Line Abp expects its passenger volume and earnings to remain largely at the same level as in 2011.

THE BOARD'S PROPOSAL ON DISTRIBUTION OF EARNINGS

According to the balance sheet of Viking Line Abp on December 31, 2011 unrestricted equity totalled EUR 67,306,174.33.

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

A dividend of EUR 0.50 per share shall be paid, totalling	EUR 5,400,000.00
Remaining unrestricted equity	EUR 61,906,174.33

No material changes in the Company's financial position have occurred after the end of fiscal 2011. 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 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 18, 2012 at the Alandica Kultur och Kongress, Strandgatan 33, Mariehamn, Åland, Finland.

An electronic version of the Annual Report for the financial year 2011 will be published during the week of March 5, 2012 on the Company's website, www.vikingline.fi. The printed Annual Report will be published during the week of March 19, 2012.

FINANCIAL INFORMATION FOR 2012

During the financial year 2012, Viking Line Abp's interim reports will be published for the periods January 1 to March 31, 2012; January 1 to June 30, 2012 and January 1 to September 30, 2012. These interim reports will be published on May 9, August 16 and November 15, 2012, respectively. The press release on the results for the fiscal year 2012 will be published on February 14, 2013. The Annual Report for the financial year 2012 will be published during the week of March 18, 2013.

Mariehamn, Åland, February 15, 2012

VIKING LINE ABP
The Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR M	Jan 1, 2011– Dec 31, 2011 12 months	Nov 1, 2009– Dec 31, 2010 14 months
SALES	504.3	569.9
Other operating revenue	2.5	4.8
Expenses		
Goods and services	141.3	160.4
Salary and other employment benefit expenses	121.7	137.4
Depreciation and impairment losses	28.3	34.1
Other operating expenses	205.8	226.8
	497.1	558.7
OPERATING INCOME	9.8	16.1
Financial income	1.5	2.4
Financial expenses	-3.4	-4.1
INCOME BEFORE TAXES	7.9	14.4
Income taxes	-0.3	-3.9
INCOME FOR THE PERIOD	7.6	10.5
Translation differences	0.0	0.5
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7.6	10.9
<i>Income attributable to:</i>		
Parent company shareholders	7.6	10.5
<i>Total comprehensive income attributable to:</i>		
Parent company shareholders	7.6	10.9
Earnings per share before and after dilution, EUR	0.70	0.97

CONSOLIDATED BALANCE SHEET

EUR M	Dec 31, 2011	Dec 31, 2010
ASSETS		
Non-current assets		
Intangible assets	1.1	1.2
Land	1.1	1.1
Buildings and structures	6.6	5.7
Renovation costs for rented properties	0.5	0.5
Vessels	196.0	214.7
Machinery and equipment	5.4	5.4
Advance payments	26.4	-
Investments available for sale	0.0	0.0
Receivables	0.8	0.0
Total non-current assets	237.9	228.6
Current assets		
Inventories	13.7	12.0
Income tax assets	1.4	0.0
Refund claim on advance payments	-	39.2
Trade and other receivables	49.0	32.6
Cash and cash equivalents	55.7	57.9
Total current assets	119.8	141.7
TOTAL ASSETS	357.7	370.3
EQUITY AND LIABILITIES		
Equity		
Share capital	1.8	1.8
Reserves	0.0	0.0
Translation differences	0.1	0.1
Retained earnings	164.4	163.7
Equity attributable to parent company shareholders	166.3	165.7
Total equity	166.3	165.7
Non-current liabilities		
Deferred tax liabilities	31.2	33.9
Non-current interest-bearing liabilities	81.5	89.9
Total non-current liabilities	112.7	123.8
Current liabilities		
Current interest-bearing liabilities	8.6	8.7
Income tax liabilities	0.0	4.5
Trade and other payables	70.0	67.6
Total current liabilities	78.6	80.8
Total liabilities	191.4	204.6
TOTAL EQUITY AND LIABILITIES	357.7	370.3

CONSOLIDATED CASH FLOW STATEMENT

EUR M	Jan 1, 2011– Dec 31, 2011 12 months	Nov 1, 2009– Dec 31, 2010 14 months
OPERATING ACTIVITIES		
Income for the period	7.6	10.5
Adjustments		
Depreciation and impairment losses	28.3	34.1
Other items not included in cash flow	-1.1	4.1
Interest expenses and other financial expenses	2.4	2.3
Interest income and other financial income	-0.6	-0.5
Dividend income	0.0	0.0
Income taxes	0.3	3.9
Change in working capital		
Change in trade and other receivables	3.7	0.6
Change in inventories	-1.6	-0.8
Change in trade and other payables	2.4	-0.2
Interest paid	-2.1	-2.4
Financial expenses paid	-0.2	0.0
Interest received	0.3	0.3
Financial income received	0.1	0.1
Taxes paid	-8.9	1.4
NET CASH FLOW FROM OPERATING ACTIVITIES	30.6	53.5
INVESTING ACTIVITIES		
Investments in vessels	-6.9	-5.5
Investments in other property, plant and equipment	-3.6	-2.9
Advance payments	-26.4	-0.3
Refund claim on advance payments	39.2	-
Divestments of other property, plant and equipment	0.4	0.1
Divestments of investments available for sale	-	0.1
Change in non-current receivables	0.0	0.0
Dividends received	0.0	0.0
NET CASH FLOW FROM INVESTING ACTIVITIES	2.8	-8.4
FINANCING ACTIVITIES		
Increase in non-current liabilities	0.2	0.5
Amortization of non-current liabilities	-8.7	-27.0
Dividends paid	-7.0	-7.6
NET CASH FLOW FROM FINANCING ACTIVITIES	-15.5	-34.1
CHANGE IN CASH AND CASH EQUIVALENTS	17.9	10.9
Cash and cash equivalents at beginning of period	57.9	47.0
Change in held-to-maturity investments	-20.0	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	55.7	57.9

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR M	Equity attributable to parent company shareholders				Total Equity
	Share capital	Reserves	Translation differences	Retained earnings	
Equity, Nov 1, 2009	1.8	0.0	-0.1	160.6	162.4
Dividend to shareholders				-7.6	-7.6
Total comprehensive income for the period (14 months)		0.0	0.2	10.7	10.9
Equity, Dec 31, 2010	1.8	0.0	0.1	163.7	165.7
Equity, Jan 1, 2011	1.8	0.0	0.1	163.7	165.7
Dividend to shareholders				-7.0	-7.0
Total comprehensive income for the period (14 months)		0.0	-0.1	7.7	7.6
Equity, Dec 31, 2011	1.8	0.0	0.1	164.4	166.3

QUARTERLY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR M	2011 Q4	2011 Q3	2011 Q2	2011 Q1
SALES	121.7	151.2	130.8	100.6
Other operating revenue	0.3	0.5	1.3	0.4
Expenses				
Goods and services	34.8	41.0	37.4	28.0
Salary and other employment benefit expenses	29.6	29.8	31.4	30.9
Depreciation and impairment losses	7.0	7.2	7.1	7.0
Other operating expenses	50.9	50.2	53.9	50.8
	122.3	128.2	129.8	116.7
OPERATING INCOME	-0.3	23.5	2.3	-15.8
Financial income	0.6	0.3	0.2	0.4
Financial expenses	-0.9	-0.8	-0.8	-0.7
INCOME BEFORE TAXES	-0.7	23.0	1.7	-16.2
Income taxes	2.0	-6.0	-0.5	4.1
INCOME FOR THE PERIOD	1.3	17.0	1.3	-12.0
Translation differences	0.1	-0.1	-0.1	0.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1.3	17.0	1.2	-11.9
<i>Income attributable to:</i>				
Parent company shareholders	1.3	17.0	1.3	-12.0
<i>Total comprehensive income attributable to:</i>				
Parent company shareholders	1.3	17.0	1.2	-11.9
Earnings per share before and after dilution, EUR	0.12	1.58	0.12	-1.11

SEGMENT INFORMATION, VIKING LINE GROUP

OPERATING SEGMENTS, EUR M	Jan 1, 2011– Dec 31, 2011 12 months	Nov 1, 2009– Dec 31, 2010 14 months
Sales		
Vessels	499.2	564.0
Unallocated	5.3	6.1
Total, operating segments	504.5	570.1
Eliminations	-0.2	-0.2
Total sales of the Group	504.3	569.9
Operating income		
Vessels	56.2	69.5
Unallocated	-46.4	-53.4
Total operating income of the Group	9.8	16.1

PLEGGED ASSETS AND CONTINGENT LIABILITIES

EUR M	Dec 31, 2011	Dec 31, 2010
Contingent liabilities	93.5	100.0
Assets pledged for own debt	135.3	110.9
Investment commitments not included in the accounts	224.9	240.2
– contractual amount	250.1	240.2

FINANCIAL RATIOS AND STATISTICS

	Jan 1, 2011– Dec 31, 2011 12 months	Nov 1, 2009– Dec 31, 2010 14 months
Equity per share, EUR	15.40	15.35
Dividend per share, EUR	0.50	0.65
Number of shares on balance sheet date	10,800,000	10,800,000
Return on equity (ROE)	4.6 %	6.4 %
Return on investment (ROI)	3.9 %	6.0 %
Equity/assets ratio	46.5 %	44.8 %
Investments, EUR M	36.9	8.7
– as % of sales	7.3 %	1.5 %
Passengers	6,351,714	7,324,047
Cargo units	114,795	128,659
Average number of employees, full time equivalent	3,060	3,087

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.