

Press release

INTERIM REPORT FOR THE PERIOD JANUARY – MARCH 2012

SALES ABOUT THE SAME AS YEAR-EARLIER PERIOD, BUT FUEL COSTS AND VESSEL MAINTENANCE LOWERED EARNINGS

Consolidated sales of the Viking Line Group during the period January 1 – March 31, 2012 were 101.2 million euros (EUR 100.6 M in the period January 1 – March 31, 2011). Cargo revenue rose by 13.1 per cent to EUR 9.5 M (8.4). Passenger-related revenue decreased by 0.4 per cent to EUR 91.1 M (91.5). Net sales revenue decreased by 0.4 per cent to EUR 72.2 M (72.6).

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.

Income after taxes during the three-month period January 1 – March 31, 2012 totalled EUR -15.1 M, which was 25.3 per cent lower than during the corresponding period of 2011, when income was EUR -12.0 M. The main reasons for the deterioration in earnings were higher fuel expenses, totalling EUR 17.2 M (15.4) and higher repair and maintenance expenses (mainly related to vessels), amounting to EUR 6.6 M (5.1).

MARKET SHARE

The number of passengers on Viking Line's vessels totalled 1,251,922, and was at the same level as the year-earlier period. Viking Line's cargo volume increased by 12.6 per cent to 31,636 cargo units.

During the first three months of the financial year 2012, Viking Line strengthened its market share on the Helsinki (Finland)–Tallinn (Estonia) route by 1.0 percentage points to 24.7 per cent and on the Helsinki –Mariehamn (Åland Islands, Finland)–Stockholm (Sweden) route by 0.8 percentage points to 45.6 per cent. On the Turku (Finland)–Mariehamn/Långnäs (Åland)–Stockholm route, market share decreased by 0.7 percentage points to 47.4 per cent. In cruise services between Stockholm and Mariehamn the market share decreased by 6.3 percentage points to 48.3 per cent due to a smaller number of days in service. Market share on the short route over the Sea of Åland increased by 11.6 percentage points to 45.2 per cent due to a larger number of days in service. The Group thus had a total market share in its service area of 33.5 per cent (33.6 per cent). Viking Line strengthened its cargo market share by 1.3 percentage points to 21.7 per cent (20.4 per cent).

Any questions concerning this report will be answered by Mikael Backman, President and Chief Executive Officer.

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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 the financial year 2011 sales were about EUR 504 M. The number of passengers totalled 6.4 million. The average number of employees was 3,060.

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SALES AND EARNINGS

Consolidated sales of the Viking Line Group during the period January 1 – March 31, 2012 were 101.2 million euros (same period of calendar year 2011: EUR 100.6 M). Operating income amounted to EUR -19.5 M (-15.8). Net financial items were EUR -0.4 M (-0.4). Consolidated income before taxes totalled EUR -19.9 M (-16.2). Income after taxes amounted to EUR -15.1 M (-12.0).

Cargo revenue increased by 13.1 per cent to EUR 9.5 M (8.4). Passenger-related revenue decreased by 0.4 per cent to EUR 91.1 M (91.5). Net sales revenue decreased by 0.4 per cent to EUR 72.2 M (72.6).

The Group's operating expenses increased by 3.5 per cent to EUR 91.8 M (88.7). Of this amount, fuel expenses rose by 11.9 per cent to EUR 17.2 M (15.4), due to higher bunker (vessel fuel) prices. The Group's total expenses for repairs and maintenance were EUR 6.6 M (5.1), which was 28.8 per cent higher than the year-earlier period. The strengthening of the Swedish krona, which is fundamentally favourable to Viking Line, has also contributed to a heightened cost situation in 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 2011.

During the report period, the number of passengers totalled 1,251,922, which was at the same level as the year-earlier period. Volume increases were achieved on the Mariehamn (Åland Islands, Finland)–Kapellskär (Sweden) and Helsinki (Finland)–Tallinn (Estonia) routes. On the other routes, passenger volume decreased slightly. Viking Line's cargo volume increased by 12.6 per cent to 31,636 cargo units. Viking Line thus achieved a cargo market share of 21.7 per cent (20.4 per cent).

During the first three months of the financial year 2012, Viking Line strengthened its market share on the Helsinki–Tallinn route by 1.0 percentage points to 24.7 per cent and on the Helsinki –Mariehamn–Stockholm (Sweden) route by 0.8 percentage points to 45.6 per cent. On the Turku (Finland)–Mariehamn/Långnäs (Åland)–Stockholm route, market share decreased by 0.7 percentage points to 47.4 per cent. In cruise services between Stockholm and Mariehamn the market share decreased by 6.3 percentage points to 48.3 per cent due to a smaller number of days in service. Market share on the short route over the Sea of Åland increased by 11.6 percentage points to 45.2 per cent due to a larger number of days in service. The Group thus had a total market share in its service area of 33.5 per cent (33.6 per cent).

INVESTMENTS AND FINANCING

The construction of the Viking Grace at the STX Finland Oy shipyard in Turku has proceeded as planned. The environmental grant of EUR 28 M that was approved by the Finnish Ministry of Transport and Communications was approved by the European Commission on April 25, 2012. The net investment in the vessel after the environmental grant, about EUR 230 M, is being financed mainly through a long-term loan of EUR 185 M from Finnish Export Credit Ltd. The loan will be taken out upon delivery of the vessel.

The Group's investments totalled EUR 16.1 M (16.7), of which EUR 13.1 M was related to advance payments for the Viking Grace.

On March 31, 2012 the Group's non-current interest-bearing liabilities amounted to EUR 81.6 M (89.9). The equity/assets ratio was 43.8 per cent, compared to 42.2 per cent a year earlier.

At the end of March 2012, the Group's cash and cash equivalents amounted to EUR 29.2 M (28.3). Net cash flow from operating activities amounted to EUR -20.5 M (-12.9).

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 2,892 (2,927), of whom 1,795 (1,824) worked for the parent company. Land-based personnel totalled 699 (729) and shipboard personnel totalled 2,193 (2,198).

ANNUAL GENERAL MEETING

The Annual General Meeting of Viking Line Abp on April 18, 2012 adopted the parent company and consolidated financial statements. This included the proposal of the Board of Directors for a dividend of EUR 0.50 per share for the fiscal year January 1–December 31, 2011. The Annual General Meeting discharged the Board of Directors and the President and Chief Executive Officer from liability for fiscal 2011.

The current composition of the Company's Board of Directors changed as follows. Trygve Eriksson was elected as a new Board member and Åsa Ceder as well as Johnny Rosenholm were elected as new deputy members. The Company's Board of Directors until the end of the next Annual General Meeting 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 Åsa Ceder, Stefan Lundqvist and Johnny Rosenholm.

Re-elected as the Company's Auditors were Johan Kronberg, Authorized Public Accountant (CGR) and Martin Grandell, Authorized Public Accountant (CGR). Elected as Deputy Auditors were Sven-Harry Boman, Authorized Public Accountant (CGR) and Erika Sjölund, Authorized Public Accountant (GRM).

RISK FACTORS

Since the financial statements for fiscal 2011 were published, no changes have occurred that affect the Board's assessment of the risks in Viking Line's business operations in the short term. Special risks during the immediate future mainly concern bunker prices.

OUTLOOK FOR THE FULL 2012 FISCAL YEAR

Volume and price developments during the remainder of the financial year will be crucial to the Group's earnings. Full-year passenger and cargo volume are projected to reach last year's level. Sharply increased fuel prices are expected to remain at high levels under the rest of the year, and the Group's earnings in the financial year 2012 are therefore projected to be substantially lower than its earnings in the financial year 2011. Because of this, a number of measures are being undertaken to improve earnings, both in the short term and in the long term.

The next Interim Report (January – June 2012) will be published on August 16, 2012.

Mariehamn, Åland, May 8, 2012

VIKING LINE ABP
The Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR M	Jan 1, 2012– Mar 31, 2012	Jan 1, 2011– Mar 31, 2011	Jan 1, 2011– Dec 31, 2011
SALES	101.2	100.6	504.3
Other operating revenue	0.1	0.4	2.5
Expenses			
Goods and services	29.0	28.0	141.3
Salary and other employment benefit expenses	31.2	30.9	121.7
Depreciation and impairment losses	7.1	7.0	28.3
Other operating expenses	53.5	50.8	205.8
	120.8	116.7	497.1
OPERATING INCOME	-19.5	-15.8	9.8
Financial income	0.2	0.4	1.5
Financial expenses	-0.6	-0.7	-3.4
INCOME BEFORE TAXES	-19.9	-16.2	7.9
Income taxes	4.8	4.1	-0.3
INCOME FOR THE PERIOD	-15.1	-12.0	7.6
Translation differences	0.1	0.1	0.0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-15.0	-11.9	7.6
<i>Income attributable to:</i>			
Parent company shareholders	-15.1	-12.0	7.6
<i>Total comprehensive income attributable to:</i>			
Parent company shareholders	-15.0	-11.9	7.6
Earnings per share before and after dilution, EUR	-1.39	-1.11	0.70

CONSOLIDATED BALANCE SHEET

EUR M	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
ASSETS			
Non-current assets			
Intangible assets	1.1	1.1	1.1
Land	1.1	1.1	1.1
Buildings and structures	7.8	5.6	6.6
Renovation costs for rented properties	0.5	0.5	0.5
Vessels	190.5	212.1	196.0
Machinery and equipment	5.6	5.2	5.4
Advance payments	39.5	12.5	26.4
Investments available for sale	0.0	0.0	0.0
Receivables	0.8	0.0	0.8
Total non-current assets	246.9	238.2	237.9
Current assets			
Inventories	14.5	12.8	13.7
Income tax assets	5.9	4.5	1.4
Refund claim on advance payments	-	39.2	-
Trade and other receivables	49.1	41.2	49.0
Cash and cash equivalents	29.2	28.3	55.7
Total current assets	98.7	126.0	119.8
TOTAL ASSETS	345.6	364.3	357.7
EQUITY AND LIABILITIES			
Equity			
Share capital	1.8	1.8	1.8
Reserves	0.0	0.0	0.0
Translation differences	0.1	0.1	0.1
Retained earnings	149.4	151.9	164.4
Equity attributable to parent company shareholders	151.3	153.8	166.3
Total equity	151.3	153.8	166.3
Non-current liabilities			
Deferred tax liabilities	31.2	33.9	31.2
Non-current interest-bearing liabilities	81.6	89.9	81.5
Total non-current liabilities	112.8	123.8	112.7
Current liabilities			
Current interest-bearing liabilities	8.6	8.7	8.6
Income tax liabilities	-	4.5	0.0
Trade and other payables	72.8	73.5	70.0
Total current liabilities	81.4	86.7	78.6
Total liabilities	194.2	210.4	191.4
TOTAL EQUITY AND LIABILITIES	345.6	364.3	357.7

CONSOLIDATED CASH FLOW STATEMENT

EUR M	Jan 1, 2012– Mar 31, 2012	Jan 1, 2011– Mar 31, 2011	Jan 1, 2011– Dec 31, 2011
OPERATING ACTIVITIES			
Income for the period	-15.1	-12.0	7.6
Adjustments			
Depreciation and impairment losses	7.1	7.0	28.3
Other items not included in cash flow	0.1	0.1	-1.1
Interest expenses and other financial expenses	0.5	0.5	2.4
Interest income and other financial income	-0.2	-0.1	-0.6
Dividend income	-	-	0.0
Income taxes	-4.8	-4.1	0.3
Change in working capital			
Change in trade and other receivables	-10.0	-8.7	3.7
Change in inventories	-0.9	-0.8	-1.6
Change in trade and other payables	2.8	5.9	2.4
Interest paid	-0.5	-0.5	-2.1
Financial expenses paid	0.0	0.0	-0.2
Interest received	0.1	0.1	0.3
Financial income received	0.0	0.0	0.1
Taxes paid	0.3	-0.3	-8.9
NET CASH FLOW FROM OPERATING ACTIVITIES	-20.5	-12.9	30.6
INVESTING ACTIVITIES			
Investments in vessels	-1.1	-3.9	-6.9
Investments in other property, plant and equipment	-1.9	-0.3	-3.6
Advance payments	-13.1	-12.5	-26.4
Refund claim on advance payments	-	-	39.2
Divestments of other property, plant and equipment	-	0.0	0.4
Change in non-current receivables	0.0	0.0	0.0
Dividends received	-	-	0.0
NET CASH FLOW FROM INVESTING ACTIVITIES	-16.1	-16.7	2.8
FINANCING ACTIVITIES			
Increase in non-current liabilities	0.1	-	0.2
Amortization of non-current liabilities	0.0	0.0	-8.7
Dividends paid	-	-	-7.0
NET CASH FLOW FROM FINANCING ACTIVITIES	0.1	0.0	-15.5
CHANGE IN CASH AND CASH EQUIVALENTS	-36.5	-29.6	17.9
Cash and cash equivalents at beginning of period	55.7	57.9	57.9
Change in held-to-maturity investments	10.0	-	-20.0
CASH AND CASH EQUIVALENTS AT END OF PERIOD	29.2	28.3	55.7

**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, 2012	1.8	0.0	0.1	164.4	166.3
Dividend to shareholders					0.0
Total comprehensive income for the period		0.0	0.0	-15.0	-15.0
Equity, Mar 31, 2012	1.8	0.0	0.1	149.4	151.3
Equity, Jan 1, 2011	1.8	0.0	0.1	163.7	165.7
Dividend to shareholders					-
Total comprehensive income for the period		0.0	0.0	-11.9	-11.9
Equity, Mar 31, 2011	1.8	0.0	0.1	151.9	153.8

QUARTERLY CONSOLIDATED INCOME STATEMENT

EUR M	2012 Q1	2011 Q4	2011 Q3	2011 Q2
SALES	101.2	121.7	151.2	130.8
Other operating revenue	0.1	0.3	0.5	1.3
Expenses				
Goods and services	29.0	34.8	41.0	37.4
Employee expenses	31.2	29.6	29.8	31.4
Depreciation and impairment losses	7.1	7.0	7.2	7.1
Other operating expenses	53.5	50.9	50.2	53.9
	120.8	122.3	128.2	129.8
OPERATING INCOME	-19.5	-0.3	23.5	2.3
Financial income	0.2	0.6	0.3	0.2
Financial expenses	-0.6	-0.9	-0.8	-0.8
INCOME BEFORE TAXES	-19.9	-0.7	23.0	1.7
Income taxes	4.8	2.0	-6.0	-0.5
INCOME FOR THE PERIOD	-15.1	1.3	17.0	1.3
Translation differences	0.1	0.1	-0.1	-0.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-15.0	1.3	17.0	1.2
<i>Income attributable to:</i>				
Parent company shareholders	-15.1	1.3	17.0	1.3
<i>Total comprehensive income attributable to:</i>				
Parent company shareholders	-15.0	1.3	17.0	1.2
Earnings per share before and after dilution, EUR	-1.39	0.12	1.58	0.12

SEGMENT INFORMATION, VIKING LINE GROUP

OPERATING SEGMENTS, EUR M	Jan 1, 2012– Mar 31, 2012	Jan 1, 2011– Mar 31, 2011	Jan 1, 2011– Dec 31, 2011
Sales			
Vessels	100.3	99.6	499.2
Unallocated	1.0	1.1	5.3
Total, operating segments	101.3	100.6	504.5
Eliminations	0.0	0.0	-0.2
Total sales of the Group	101.2	100.6	504.3
Operating income			
Vessels	-7.5	-3.4	56.2
Unallocated	-12.0	-12.4	-46.4
Total operating income of the Group	-19.5	-15.8	9.8

PLEGDED ASSETS AND CONTINGENT LIABILITIES

EUR M	Mar 31, 2012	Mar 31, 2011	Dec 31, 2011
Contingent liabilities	91.1	100.0	93.5
Assets pledged for own debt	134.7	110.9	135.3
Investment commitments not included in the accounts	211.8	229.2	224.9
– contractual amount	250.8	241.5	250.1

FINANCIAL RATIOS AND STATISTICS

	Jan 1, 2012– Mar 31, 2012	Jan 1, 2011– Mar 31, 2011	Jan 1, 2011– Dec 31, 2011
Equity per share, EUR	14.01	14.24	15.40
Equity/assets ratio	43.8 %	42.2 %	46.5 %
Investments, EUR M	16.1	16.7	36.9
– as % of sales	15.9 %	16.6 %	7.3 %
Passengers	1,251,922	1,250,835	6,351,714
Cargo units	31,636	28,096	114,795
Average number of employees, full time equivalent	2,892	2,927	3,060

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

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.