

## **INTERIM REPORT FOR THE PERIOD JANUARY – JUNE 2013**

### **INCREASED SALES IN A WEAK MARKET**

Consolidated sales of the Viking Line Group during the report period, January 1 – June 30, 2013, increased by 9.5 per cent to EUR 255.3 M compared to the corresponding period of 2012 (EUR 233.1 M during January 1 – June 30, 2012). Income after taxes totalled EUR 1.9 M (-14.2).

Passenger-related revenue increased by 10.3 per cent to EUR 235.3 M (213.3). The Viking Grace's successful service was the main reason for the improved passenger-related revenue. Otherwise the market trend was weak and the earnings trend generally worse than last year. Earnings were also pulled down by the Viking Grace's start-up expenses as well as the Gabriella's unforeseen dry-docking and 23-day service interruption during the late spring of 2013. Consolidated income before taxes, excluding a capital gain of EUR 22.8 M from the sale of the Isabella, totalled EUR -20.2 M (EUR -18.6 M).

Consolidated sales during the second quarter, April 1 – June 30, 2013, increased by 6.4 per cent to EUR 140.3 M compared to the same quarter of 2012 (EUR 131.9 M during April 1 – June 30, 2012). Operating income in the second quarter, excluding the capital gain on the Isabella, amounted to EUR 2.2 M (1.6). Including the capital gain on the Isabella, operating income was EUR 25.0 M.

### **NUMBER OF PASSENGERS AND MARKET SHARE**

The number of passengers on Viking Line's vessels during the report period increased by 87,012 to 3,015,144 (2,928,132). The Group had a total market share in its service area of approximately 34.4 per cent (33.8 per cent).

Viking Line's cargo volume was 59,364 cargo units (61,494). Viking Line achieved a cargo market share of approximately 20.8 per cent (20.6).

### **SUCCESSFUL SERVICE FOR THE VIKING GRACE**

The Viking Grace began its service on January 15 this year, and during the period January 15 – June 30, 2013, 622,695 passengers travelled on the vessel. The number of passengers on the Viking Grace on the Turku (Finland)–Mariehamn/Långnäs (Åland Islands, Finland)–Stockholm (Sweden) route was 46.9 per cent higher than the corresponding figures for the Isabella, which served this route in 2012. The Viking Grace is a concrete expression of Viking Line's faith in the future of passenger traffic featuring good on-board service, new on-board concepts as well as a unique environmentally friendly hull shape and a unique drive concept.

Any questions concerning this interim report will be answered by Jan Hanses, Deputy 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 the financial year 2012 sales were about EUR 516 M. The number of passengers totalled 6.3 million. The average number of employees was 3,014.

#### **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](http://www.vikingline.fi) [www.vikingline.se](http://www.vikingline.se)

## SALES AND EARNINGS

Consolidated sales of the Viking Line Group during the report period, January 1 – June 30, 2013, increased by 9.5 per cent to EUR 255.3 M compared to the corresponding period of 2012 (EUR 233.1 M during January 1 – June 30, 2012). Operating income amounted to EUR 6.1 M (-17.9). Net financial items totalled EUR -3.5 M (-0.7). Consolidated income before taxes amounted to EUR 2.6 M (-18.6). Income after taxes totalled EUR 1.9 M (-14.2).

Viking Line's market share increased to approximately 34.4 per cent (33.8). Passenger-related revenue increased by 10.3 per cent to EUR 235.3 M (213.3), while cargo revenue increased by 0.8 per cent to EUR 18.2 M (18.1). Net sales revenue increased by 10.9 per cent to EUR 183.8 M (165.8). The Viking Grace's successful service was the main reason for the improved passenger-related revenue. Otherwise the market trend was weak and the earnings trend generally worse than last year. Earnings were also pulled down by the Viking Grace's start-up expenses as well as the Gabriella's unforeseen dry-docking and 23-day service interruption during the late spring of 2013. The Group's operating expenses increased by 9.2 per cent to EUR 200.8 M (183.9). Consolidated income before taxes, excluding a capital gain of EUR 22.8 M from the sale of the Isabella, totalled EUR -20.2 M (-18.6).

Consolidated sales during the second quarter, April 1 – June 30, 2013, increased by 6.4 per cent to EUR 140.3 M compared to the same quarter of 2012 (EUR 131.9 M during April 1 – June 30, 2012). Operating income in the second quarter, excluding the capital gain on the Isabella, amounted to EUR 2.2 M (1.6). Including the capital gain on the Isabella, operating income was EUR 25.0 M.

## SERVICES AND MARKET TRENDS

The Viking Line Group provides passenger and cargo carrier services using seven vessels on the northern Baltic Sea. In January 2013, the Isabella was replaced by the Group's new flagship, the Viking Grace, on the Turku (Finland)–Mariehamn/Långnäs (Åland Island, Finland)–Stockholm (Sweden) route. The Isabella was sold in April 2013.

The number of passengers on Viking Line's vessels during the report period increased by 87,012 to 3,015,144 (2,928,132). Viking Line's cargo volume was 59,364 cargo units (61,494). Viking Line achieved a cargo market share of approximately 20.8 per cent (20.6).

During the report period, Viking Line strengthened its market share on the Turku–Mariehamn/Långnäs–Stockholm route by 8.9 percentage points to 58.8 per cent. Market share decreased on the Helsinki (Finland)–Mariehamn–Stockholm route by 0.3 percentage points to 45.3 per cent. In cruise services between Stockholm and Mariehamn, market share decreased by approximately 0.7 per cent to 49.9 per cent. On the Helsinki–Tallinn route, market share decreased by approximately 1.3 percentage points to 23.1 per cent. On the short route over the Sea of Åland, market share decreased by 5.4 percentage points to 40.2 per cent, primarily due to a reduced number of departures. The Group thus had a total market share in its service area of approximately 34.4 per cent (33.8).

## INVESTMENTS AND FINANCING

The Viking Grace was delivered from the STX Finland Oy shipyard as planned on January 10, 2013. The cost of the vessel amounted to EUR 224.4 M. During the first half of 2013 the Group's investment in the Viking Grace totalled EUR 163.4 M, while its other investments amounted to EUR 5.3 M. The Group's total investments were thus EUR 168.7 M (21.1). Viking Line Abp took out a loan of EUR 179.0 M in order to finance the Viking Grace.

The Isabella was sold to Hansalink Limited on April 22, 2013. The sale of the Isabella was a planned step in the financing of Viking Line's new cruise vessel Viking Grace. The total sale price was about EUR 30 M and represented a capital gain of EUR 22.8 M.

On June 30, 2013 the Group's non-current interest-bearing liabilities amounted to EUR 232.9 M (77.5). The equity/assets ratio was 30.0 per cent, compared to 41.9 per cent a year earlier.

At the end of June 2013, the Group's cash and cash equivalents amounted to EUR 82.5 M (44.0). Net cash flow from operating activities amounted to EUR 1.1 M (-1.2).

## 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 3,069 (2,966), of whom 1,951 (1,820) worked for the parent company. Land-based personnel totalled 697 (712) and shipboard personnel totalled 2,372 (2,254).

Andreas Remmer, LL.M, was appointed Head of Finance and IT (Chief Financial Officer, CFO) and joined Viking Line in August 2013. Mr Remmer will become a member of Group Management starting on September 1, 2013 when he succeeds Executive Vice President Kent Nyström, who will retire on January 31, 2014.

## 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 oil) prices.

## **OUTLOOK FOR THE FULL FINANCIAL YEAR 2013**

Competition in Viking Line's service area remains tough and implies continued pressure on prices. Market growth is very low, but service on the Viking Grace is expected to continue its positive performance. The Group has an ongoing action programme to improve the efficiency of its operations. The Board of Directors believes that operating income excluding capital gains will improve in 2013 compared to operating income in 2012. Income before taxes, excluding the capital gain related to the sale of the Isabella, is expected to be at about the same level as last year. In addition, the capital gain from the sale of the Isabella will improve operating income by EUR 22.8 M.

The next Interim Report (January – September 2013) will be published on November 14, 2013.

Mariehamn, Åland, August 14, 2013

VIKING LINE ABP  
The Board of Directors

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR M	Apr 1, 2013– Jun 30, 2013	Apr 1, 2012– Jun 30, 2012	Jan 1, 2013– Jun 30, 2013	Jan 1, 2012– Jun 30, 2012	Jan 1, 2012– Dec 31, 2012
<b>SALES</b>	<b>140.3</b>	<b>131.9</b>	<b>255.3</b>	<b>233.1</b>	<b>516.1</b>
Other operating revenue	22.9	0.1	23.0	0.2	0.4
<b>Expenses</b>					
Goods and services	39.6	38.3	71.5	67.3	149.6
Salary and other employment benefit expenses	33.7	31.4	66.6	62.5	125.2
Depreciation and impairment losses	9.3	7.0	18.6	14.2	28.5
Other operating expenses	55.6	53.7	115.6	107.2	210.7
	138.3	130.3	272.2	251.1	514.1
<b>OPERATING INCOME</b>	<b>25.0</b>	<b>1.6</b>	<b>6.1</b>	<b>-17.9</b>	<b>2.4</b>
Financial income	0.4	0.3	0.6	0.6	1.6
Financial expenses	-2.0	-0.6	-4.1	-1.3	-2.5
<b>INCOME BEFORE TAXES</b>	<b>23.3</b>	<b>1.3</b>	<b>2.6</b>	<b>-18.6</b>	<b>1.6</b>
Income taxes	-5.8	-0.4	-0.8	4.4	-0.7
<b>INCOME FOR THE PERIOD</b>	<b>17.6</b>	<b>0.9</b>	<b>1.9</b>	<b>-14.2</b>	<b>0.9</b>
Translation differences	-0.2	0.0	-0.3	0.0	0.1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>17.4</b>	<b>0.9</b>	<b>1.6</b>	<b>-14.1</b>	<b>1.0</b>
<i>Income attributable to:</i>					
Parent company shareholders	17.6	0.9	1.9	-14.2	0.9
<i>Total comprehensive income attributable to:</i>					
Parent company shareholders	17.4	0.9	1.6	-14.1	1.0
Earnings per share before and after dilution, EUR	1.63	0.08	0.17	-1.31	0.09

## CONSOLIDATED BALANCE SHEET

EUR M	Jun 30, 2013	Jun 30, 2012	Dec 31, 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	1.0	1.0	0.9
Land	1.1	1.1	1.1
Buildings and structures	12.0	8.9	12.3
Renovation costs for rented properties	0.5	0.5	0.5
Vessels	377.9	184.7	174.2
Machinery and equipment	8.5	6.3	8.1
Advance payments	-	41.5	61.1
Investments available for sale	0.0	0.0	0.0
Receivables	0.7	0.8	0.7
<b>Total non-current assets</b>	<b>401.7</b>	<b>244.8</b>	<b>258.9</b>
<b>Current assets</b>			
Inventories	16.6	16.0	15.2
Income tax assets	0.4	6.6	1.9
Trade and other receivables	43.8	39.2	29.1
Cash and cash equivalents	82.5	44.0	45.3
<b>Total current assets</b>	<b>143.2</b>	<b>105.8</b>	<b>91.5</b>
<b>TOTAL ASSETS</b>	<b>544.9</b>	<b>350.6</b>	<b>350.4</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1.8	1.8	1.8
Reserves	0.0	0.0	0.0
Translation differences	-0.2	0.0	0.1
Retained earnings	161.9	144.9	160.0
Equity attributable to parent company shareholders	163.6	146.8	162.0
<b>Total equity</b>	<b>163.6</b>	<b>146.8</b>	<b>162.0</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	29.7	31.2	29.7
Non-current interest-bearing liabilities	232.9	77.5	73.1
<b>Total non-current liabilities</b>	<b>262.6</b>	<b>108.7</b>	<b>102.8</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	23.6	8.7	8.7
Income tax liabilities	0.9	0.0	-
Trade and other payables	94.4	86.5	76.9
<b>Total current liabilities</b>	<b>118.8</b>	<b>95.1</b>	<b>85.6</b>
<b>Total liabilities</b>	<b>381.4</b>	<b>203.8</b>	<b>188.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>544.9</b>	<b>350.6</b>	<b>350.4</b>

## CONSOLIDATED CASH FLOW STATEMENT

EUR M	Jan 1, 2013– Jun 30, 2013	Jan 1, 2012– Jun 30, 2012	Jan 1, 2012– Dec 31, 2012
<b>OPERATING ACTIVITIES</b>			
Income for the period	1.9	-14.2	0.9
Adjustments			
Depreciation and impairment losses	18.6	14.2	28.5
Other items not included in cash flow	-23.1	0.0	0.1
Interest expenses and other financial expenses	3.5	1.0	1.6
Interest income and other financial income	0.0	-0.3	-0.4
Dividend income	0.0	0.0	0.0
Income taxes	0.8	-4.4	0.7
Change in working capital			
Change in trade and other receivables	-14.8	-10.2	-0.2
Change in inventories	-1.3	-2.3	-1.6
Change in trade and other payables	14.8	16.6	7.1
Interest paid	-0.5	-1.0	-1.6
Financial expenses paid	-0.4	-0.1	-0.1
Interest received	0.0	0.2	0.5
Financial income received	0.0	0.0	0.1
Taxes paid	1.6	-0.7	-2.7
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1.1</b>	<b>-1.2</b>	<b>32.8</b>
<b>INVESTING ACTIVITIES</b>			
Investments in vessels	-166.4	-1.7	-4.0
Investments in other property, plant and equipment	-2.3	-4.3	-11.0
Advance payments	-	-15.1	-34.7
Divestments of vessels	29.9	-	-
Divestments of other property, plant and equipment	0.2	0.0	0.1
Change in non-current receivables	0.0	0.0	0.2
Dividends received	0.0	0.0	0.0
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-138.6</b>	<b>-21.0</b>	<b>-49.5</b>
<b>FINANCING ACTIVITIES</b>			
Increase in non-current liabilities	179.0	0.3	1.0
Amortization of non-current liabilities	-4.3	-4.3	-9.4
Dividends paid	-	-5.4	-5.4
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>174.7</b>	<b>-9.4</b>	<b>-13.7</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>37.2</b>	<b>-31.7</b>	<b>-30.4</b>
Cash and cash equivalents at beginning of period	45.3	55.7	55.7
Change in held-to-maturity investments	-	20.0	20.0
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>82.5</b>	<b>44.0</b>	<b>45.3</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, 2013</b>	<b>1.8</b>	<b>0.0</b>	<b>0.1</b>	<b>160.0</b>	<b>162.0</b>
Dividend to shareholders					0.0
Translation differences		0.0	-0.3	0.0	-0.3
Income for the period				1.9	1.9
Total comprehensive income for the period		0.0	-0.3	1.9	1.6
<b>Equity, Jun 30, 2013</b>	<b>1.8</b>	<b>0.0</b>	<b>-0.2</b>	<b>161.9</b>	<b>163.6</b>
<b>Equity, Jan 1, 2012</b>	<b>1.8</b>	<b>0.0</b>	<b>0.1</b>	<b>164.4</b>	<b>166.3</b>
Dividend to shareholders				-5.4	-5.4
Translation differences		0.0	0.0	0.0	0.0
Income for the period				-14.2	-14.2
Total comprehensive income for the period		0.0	0.0	-14.1	-14.1
<b>Equity, Jun 30, 2012</b>	<b>1.8</b>	<b>0.0</b>	<b>0.0</b>	<b>144.9</b>	<b>146.8</b>



# QUARTERLY CONSOLIDATED INCOME STATEMENT

EUR M	2013 Q2	2013 Q1	2012 Q4	2012 Q3
<b>SALES</b>	<b>140.3</b>	<b>115.0</b>	<b>126.6</b>	<b>156.4</b>
Other operating revenue	22.9	0.1	0.1	0.1
<b>Expenses</b>				
Goods and services	39.6	31.9	38.2	44.2
Employee expenses	33.7	32.9	31.9	30.8
Depreciation and impairment losses	9.3	9.3	7.3	7.0
Other operating expenses	55.6	59.9	50.0	53.4
	138.3	133.9	127.4	135.5
<b>OPERATING INCOME</b>	<b>25.0</b>	<b>-18.9</b>	<b>-0.7</b>	<b>21.0</b>
Financial income	0.4	0.2	0.3	0.8
Financial expenses	-2.0	-2.0	-0.5	-0.7
<b>INCOME BEFORE TAXES</b>	<b>23.3</b>	<b>-20.7</b>	<b>-0.9</b>	<b>21.1</b>
Income taxes	-5.8	5.0	0.1	-5.2
<b>INCOME FOR THE PERIOD</b>	<b>17.6</b>	<b>-15.7</b>	<b>-0.8</b>	<b>15.8</b>
Translation differences	-0.2	0.0	-0.1	0.2
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>17.4</b>	<b>-15.8</b>	<b>-0.8</b>	<b>16.0</b>
<b><i>Income attributable to:</i></b>				
Parent company shareholders	17.6	-15.7	-0.8	15.8
<b><i>Total comprehensive income attributable to:</i></b>				
Parent company shareholders	17.4	-15.8	-0.8	16.0
Earnings per share before and after dilution, EUR	1.63	-1.45	-0.07	1.47

## SEGMENT INFORMATION, VIKING LINE GROUP

OPERATING SEGMENTS, EUR M	Jan 1, 2013– Jun 30, 2013	Jan 1, 2012– Jun 30, 2012	Jan 1, 2012– Dec 31, 2012
<b>Sales</b>			
Vessels	252.8	230.8	511.1
Unallocated	2.6	2.4	5.3
<b>Total, operating segments</b>	<b>255.4</b>	<b>233.2</b>	<b>516.3</b>
Eliminations	-0.1	-0.1	-0.2
<b>Total sales of the Group</b>	<b>255.3</b>	<b>233.1</b>	<b>516.1</b>
<b>Operating income</b>			
Vessels	29.8	7.0	52.5
Unallocated	-23.7	-24.8	-50.0
<b>Total operating income of the Group</b>	<b>6.1</b>	<b>-17.9</b>	<b>2.4</b>

## PLEGDED ASSETS AND CONTINGENT LIABILITIES

EUR M	Jun 30, 2013	Jun 30, 2012	Dec 31, 2012
Contingent liabilities	257.9	87.1	84.1
Assets pledged for own debt	316.2	134.7	112.2
Investment commitments not included in the accounts	-	213.0	191.9
– contractual amount	-	252.5	253.0

## FINANCIAL RATIOS AND STATISTICS

	Jan 1, 2013– Jun 30, 2013	Jan 1, 2012– Jun 30, 2012	Jan 1, 2012– Dec 31, 2012
Equity per share, EUR	15.14	13.59	15.00
Equity/assets ratio	30.0 %	41.9 %	46.2 %
Investments, EUR M	168.7	21.1	49.7
– as % of sales	66.1 %	9.0 %	9.6 %
Passengers	3,015,144	2,928,132	6,349,903
Cargo units	59,364	61,494	116,906
Average number of employees, full time equivalent	3,069	2,966	3,014

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.