

Pressrelease

RESULTS FOR THE FISCAL YEAR NOVEMBER 2007 – OCTOBER 2008

VIKING LINE CONTINUED TO CAPTURE MARKET SHARE

Major passenger volume increase

During the fiscal year 2007/2008, Viking Line's passenger volume rose by 476,000 passengers (+ 8.4 per cent) to 6.17 million. Volume growth occurred mainly on the routes where Viking Line strengthened its capacity and quality by placing new vessels in service. The debut of the newbuilding Viking XPRS on the Helsinki (Finland) – Tallinn (Estonia) route enabled Viking Line to boost passenger volume on this route by 266,000 passengers (+ 24.2%), while the transfer of the Rosella to the Mariehamn (Åland Islands, Finland) – Kapellskär (Sweden) route increased passenger volume there by 167,000 (+ 40.1%).

Stronger market share in all sub-markets

Compared to the previous year, Viking Line strengthened its market share on the Turku (Finland) – Mariehamn – Stockholm (Sweden) route by 2.9 percentage points to 55.0 per cent and on the Helsinki – Mariehamn – Stockholm route by 0.8 percentage points to 47.4 per cent. On the Helsinki – Tallinn route, market share increased by 2.7 percentage points to 21.8 per cent. In cruise services between Stockholm and Mariehamn, Viking Line's market share increased by 1.6 percentage points to 51.4 per cent, while its market share for service on the short route over the Sea of Åland between Sweden and the Åland Islands strengthened by 8.9 percentage points to 39.6 per cent. Viking Line thus had a total market share of 38.9 per cent in the area the company serves.

Higher sales and stronger net sales revenue per passenger

Consolidated sales increased by 39.4 million euros to EUR 475.4 M (+ 9.0 per cent). Sales rose as a consequence of a larger number of passengers.

Fuel expenses rose by EUR 16.7 M during fiscal 2007/2008 compared to 2006/2007. This greatly affected the year's consolidated income, which amounted to EUR 19.8 M before taxes, compared to EUR 33.8 M the preceding fiscal year.

Any questions concerning this report will be answered by Nils-Erik Eklund, Managing Director and Chief Executive.

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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 Helsinki Stock Exchange since 1995. Viking Line serves Finland, Sweden and the Baltic countries with seven vessels. During fiscal 2007/2008 sales were about EUR 475 M. The number of passengers totalled 6.2 million. The average number of employees was 2,994.

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SALES AND EARNINGS

Consolidated sales of the Viking Line Group during the period November 1, 2007 – October 31, 2008 rose to 475.39 million euros (fiscal 2006/2007: EUR 436.02 M). Operating income decreased by EUR 9.54 M to EUR 23.26 M (32.80). Net financial items were EUR -3.46 M (0.98). Consolidated income before taxes amounted to EUR 19.80 M (33.78). Income after taxes was EUR 14.76 M (24.84).

Consolidated sales increased by 9.0 per cent as a consequence of a larger number of passengers and better revenue per passenger. Passenger-related revenue increased by 9.3 per cent to EUR 441.73 M, and cargo revenue rose by 7.6 per cent to EUR 29.16 M.

Fuel expenses increased by 52.0 per cent to EUR 48.86 M, primarily due to substantially higher bunker prices. Employee expenses rose by EUR 6.23 M, mainly as a consequence of salary adjustments according to collective agreements. Depreciation increased by EUR 5.70 M. Introductory and equipment expenses due to the placement in service of the Viking XPRS were charged in their entirety to Group earnings, even though the vessel operated for only six months during the fiscal year because of delayed delivery. Total consolidated operating expenses rose by 12.6 per cent to EUR 454.60 M.

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 fiscal 2006/2007. On April 28, 2008 the newbuilding Viking XPRS began service on the Helsinki (Finland) – Tallinn (Estonia) route. The Viking XPRS replaced the Rosella, which underwent dry-docking and refurbishing, then moved to the Mariehamn (Åland Islands, Finland) – Kapellskär (Sweden) route. The Rosella began service on May 30, 2008, replacing the Ålandsfärjan on the route. The Rosella will serve the Mariehamn – Kapellskär route until around the end of 2009, when Viking Line's newbuilding is delivered from Spain.

On April 21, the Viking XPRS was handed over to Viking Line Abp by the Aker Yards shipyard in Helsinki. On April 24, the vessel was registered in the Swedish ship registry and bareboat-chartered from the same date by the subsidiary Viking Rederi AB.

On May 20, the Rosella was registered in the Swedish ship registry and bareboat-chartered from the same date by the subsidiary Viking Rederi AB.

The number of passengers on Viking Line vessels totalled 6,171,273 during fiscal 2007/2008, which was 8.4 per cent higher than in 2006/2007. Most of the volume increase was achieved during the last six months of fiscal 2007/2008 because the newly built Viking XPRS had been placed in service on the Helsinki – Tallinn route. This also enabled a strong volume increase on the Mariehamn – Kapellskär route after the Rosella was moved to this route. Viking Line's cargo volume increased by 5.1 per cent to 96,017 cargo units.

During fiscal 2007/2008, Viking Line strengthened its market share on the Turku (Finland) – Mariehamn – Stockholm (Sweden) route by 2.9 percentage points to 55.0 per cent and on the Helsinki – Mariehamn – Stockholm route by 0.8 percentage points to 47.4 per cent. On the Helsinki – Tallinn route, market share increased by 2.7 percentage points to 21.8 per cent. In cruise services between Stockholm and Mariehamn, Viking Line's market share increased by 1.6 percentage points to 51.4 per cent, while its market share for service on the short route over the Sea of Åland between Sweden and the Åland Islands strengthened by 8.9 percentage points to 39.6 per cent. The Group thus had a total market share in its service area of 38.9 per cent.

INVESTMENTS AND FINANCING

In May the wholly owned subsidiary Viking Rederi AB signed an agreement with G.A.P Shipping Co Ltd, Barbados, on the sale of the company's vessel M/S Ålandsfärjan, built in 1972. The vessel was handed over to the buyer on June 27, 2008. The sales price was EUR 2.6 M.

On June 6, 2008 the minority owner's shares in Sundqvist Buss Ab were acquired. Viking Line Abp thus owns 100 per cent of the company. The acquisition has no substantial impact on the Group's earnings or financial position.

The Group's investments totalled EUR 148.12 M (26.37), of which EUR 124.36 M consisted of final payments for Viking XPRS and advance payments for the vessel ordered from the shipyard Astilleros de Sevilla, S.A. in Spain. This vessel will be delivered around the end of 2009 for service on the Mariehamn – Kapellskär route. The vessel will initially be bareboat chartered from the Spanish company Navire Gabio A.I.E. Ownership of the vessel will be transferred to Viking Line two years after its delivery.

On October 31, 2008 the Group's non-current interest-bearing liabilities amounted to EUR 108.98 M (4.52). The equity/assets ratio was 42.8 per cent, compared to 61.7 per cent a year earlier.

At the close of fiscal 2007/2008, the Group's cash and cash equivalents amounted to EUR 30.62 M (42.53). These funds were invested in short-term deposit accounts. Net cash flow from operating activities amounted to EUR 31.17 M (37.84).

RISKS IN BUSINESS OPERATIONS

The market for cruises and ferry services in the Baltic Sea is stable but subject to tough and increasing competition. Political decisions may change Viking Line's operating conditions, with potentially adverse consequences to its business operations. Åland's special tax status, which makes duty- and tax-free sales possible on services to and from Åland, is nevertheless permanent. The European Commission's guidelines for the promotion of seafaring, which makes the net salary system for shipboard employees possible, will be in force until 2011. There is currently no indication that the Commission may intend to change the guidelines.

The Group's business operations are dependent on functioning logistics and computer systems. Disruptions in traffic or data communications may have an adverse impact on the Group's earnings. Viking Line endeavours to minimize the risk of lengthy unplanned service interruptions by means of well-developed safety and security systems, adequate training and regular drills. Risks in information management are minimized by developing appropriate security systems and alternative working methods as well as efforts to ensure the reliability of computer systems.

The Group's vessels are recognized in the balance sheet at a carrying amount of EUR 254.04 M (126.45). The vessels have hull and machinery and increased value insurance totalling EUR 488.50 M (331.75). In addition, all vessels have strike insurance and protection and indemnity (P&I) insurance.

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.

As part of the financing of the Company's two newbuildings, Viking Line increased its interest-bearing liabilities during fiscal 2007/2008. This changed the capital structure of the Group. Interest rate and liquidity risks increased. The new non-current loan is in euros, has an adjustable interest rate and runs for 14 years. For the financing of the new vessel that was ordered from Astilleros de Sevilla, S.A. in Spain, there are committed credit agreements. Unutilized credit limits amount to EUR 60 M. Part of the loans are tied to loan conditions that include equity-asset ratio requirements. If these conditions are not fulfilled, the lenders may require early repayment.

FINANCIAL REPORTING

When the Viking XPRS was placed in service, the depreciation principles for new vessels were adjusted. The hull, engine and other long-term component parts will be depreciated on a straight-line basis over 25 years, while short-term component parts will be depreciated on a straight-line basis over 15 years.

Since the system of government restitution of shipboard employees' taxes and social security contributions was not permanent in Finland, the Company previously chose not to take into account any future restitution related to holiday and compensation liability for shipboard employees on the Group's Finnish-registered vessels. This accounting practice has been changed now that the restitution system in Finland has no expiration date. The restitution of taxes and social security contributions that were included in holiday pay liability on January 31, 2008 and that will be received in the future has been estimated at EUR 3.17 M. To minimize the effect on comparability of this change in accounting practices, one fourth (EUR 0.79 M) was recognized as a reduction in employee expenses each quarter during fiscal 2007/2008.

ORGANIZATION AND PERSONNEL

The average number of Group employees was 2,994 (2,911), of whom 1,989 (2,061) worked for the parent company. Land-based personnel totalled 762 (733) and shipboard personnel totalled 2,232 (2,178).

The Managing Director and Chief Executive of the Company is Nils-Erik Eklund. Kent Nyström served as Deputy Chief Executive until October 31, 2008. On November 1, 2008, Jan Hanses assumed the position of Deputy Chief Executive.

The Board of Viking Line Abp and Nils-Erik Eklund have agreed that Mr Eklund will step down from his position as Managing Director and Chief Executive at the annual shareholders' meeting early in 2010. Mr Eklund will then be 63 years old and will have served as Managing Director and Chief Executive for a period of 20 years. The Board of Directors has begun the recruitment process for his successor in this position.

OUTLOOK FOR 2009

Competition in Viking Line's service area will increase further during the fiscal year 2008/2009. Viking Line has strengthened its long-term competitiveness by investing sizeable sums in measures that boost the standards and quality of its fleet. The task of introducing new shipboard restaurant concepts and raising the standards of passenger cabins will be completed during 2008/2009, and the newbuilding Viking XPRS will be in service throughout the fiscal year. This will enable Viking Line to remain a successful market player in ferry services on the northern Baltic Sea.

Since the Viking XPRS and the Rosella will now be in service throughout the fiscal year on the Helsinki – Tallinn and Mariehamn – Kapellskär routes, respectively, this will result in volume growth. Net sales revenue per passenger are not expected to increase significantly, however, among other things due to the prevailing global financial turmoil and its adverse impact on purchasing power. Having placed the Viking XPRS in service and increased its debt, the Group will have higher depreciation and interest expenses than in 2007/2008.

In addition to the above-mentioned circumstances, bunker prices have a crucial and direct impact on the Group's earnings. To the extent that the now-prevailing bunker price level persists during the fiscal year, fiscal 2008/2009 earnings are expected to be at the level of 2007/2008 earnings.

THE BOARD'S PROPOSAL ON DISTRIBUTION OF EARNINGS

According to the balance sheet of Viking Line Abp on October 31, 2008, unrestricted equity totalled EUR 68,449,515.52.

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

A dividend of EUR 1.00 per share shall be paid, totalling	EUR 10,800,000.00
Remaining unrestricted equity	EUR 57,649,515.52

SHAREHOLDERS' MEETING

The annual shareholders' meeting of Viking Line Abp will be held at 12 noon on Wednesday, February 11, 2009 at the Hotel Arkipelag, Strandgatan 31 in Mariehamn, Åland, Finland.

The Annual Report for fiscal 2007/2008 will be published during the week of January 19, 2009 in Swedish and shortly thereafter in Finnish and English.

FINANCIAL INFORMATION FOR 2008/2009

During fiscal 2008/2009, Viking Line Abp will issue interim reports for the periods November 1, 2008 to January 31, 2009; November 1, 2008 to April 30, 2009; and November 1, 2008 to July 31, 2009. These interim reports will be published on March 12, June 11, and September 10, 2009, respectively. The press release on the results for fiscal 2008/2009 will be published on December 17, 2009. The Annual Report will be published during the week of January 25, 2010.

Mariehamn, December 18, 2008

VIKING LINE ABP
The Board of Directors

CONSOLIDATED INCOME STATEMENT

EUR M	Aug. 1, 2008– Oct. 31, 2008	Aug. 1, 2007– Oct. 31, 2007	Nov. 1, 2007– Oct. 31, 2008	Nov. 1, 2006– Oct. 31, 2007
SALES	122.63	113.71	475.39	436.02
Other operating revenue	0.09	0.18	2.46	0.49
Expenses				
Goods and services	34.88	31.57	131.55	120.30
Employee expenses	26.74	25.04	106.16	99.93
Depreciation and impairment losses	7.70	5.03	24.63	18.93
Other operating expenses	49.89	44.04	192.25	164.56
	119.21	105.67	454.60	403.72
OPERATING INCOME	3.52	8.22	23.26	32.80
Financial income	0.65	1.00	1.76	2.83
Financial expenses	-2.38	-0.65	-5.22	-1.85
INCOME BEFORE TAXES	1.79	8.58	19.80	33.78
Income taxes	-0.11	-2.01	-5.04	-8.93
INCOME FOR THE PERIOD	1.68	6.57	14.76	24.84
Attributable to:				
Parent company shareholders	1.68	6.57	14.76	24.84
Minority interest	-	0.00	-	0.00
Earnings per share, EUR	0.16	0.61	1.37	2.30

CONSOLIDATED BALANCE SHEET

EUR M	Oct. 31, 2008	Oct. 31, 2007
ASSETS		
Non-current assets		
Intangible assets	0.63	0.68
Land	1.10	1.10
Buildings and structures	5.38	5.71
Renovation costs for rented properties	0.54	0.30
Vessels	254.04	126.45
Machinery and equipment	5.63	4.45
Advance payments	28.60	34.54
Financial assets	0.07	0.07
Receivables	0.03	0.03
Total non-current assets	296.02	173.33
Current assets		
Inventories	10.79	9.61
Income tax assets	5.05	0.01
Trade and other receivables	37.86	31.86
Cash and cash equivalents	30.62	42.53
Total current assets	84.31	84.02
TOTAL ASSETS	380.33	257.35
EQUITY AND LIABILITIES		
Equity		
Share capital	1.82	1.82
Reserves	0.02	0.02
Translation differences	-0.10	0.02
Retained earnings	160.86	156.80
Equity attributable to parent company shareholders	162.60	158.65
Minority interest	-	0.04
Total equity	162.60	158.69
Non-current liabilities		
Deferred tax liabilities	32.50	27.65
Interest-bearing liabilities	108.98	4.52
Total non-current liabilities	141.48	32.17
Current liabilities		
Interest-bearing liabilities	10.88	2.23
Income tax liabilities	0.01	5.47
Trade and other payables	65.37	58.79
Total current liabilities	76.25	66.48
Total liabilities	217.73	98.66
TOTAL EQUITY AND LIABILITIES	380.33	257.35

CONSOLIDATED CASH FLOW STATEMENT

EUR M	Nov. 1, 2007– Oct. 31, 2008	Nov. 1, 2006– Oct. 31, 2007
OPERATING ACTIVITIES		
Income for the period	14.76	24.84
Adjustments		
Depreciation and impairment losses	24.63	18.93
Other items not included in cash flow	-1.98	-0.05
Interest expenses and other financial expenses	4.02	0.70
Interest income and other financial income	-1.21	-1.44
Dividend income	0.00	0.00
Income taxes	5.04	8.93
Change in working capital		
Change in trade and other receivables	-6.04	-9.36
Change in inventories	-1.18	-1.31
Change in trade and other payables	6.57	5.26
Interest paid	-3.64	-0.53
Financial expenses paid	-0.35	-0.19
Interest received	1.12	1.27
Financial income received	0.14	0.14
Taxes paid	-10.69	-9.35
NET CASH FLOW FROM OPERATING ACTIVITIES	31.17	37.84
INVESTING ACTIVITIES		
Investments in vessels	-122.15	-4.08
Investments in other property, plant and equipment	-3.58	-1.22
Advance payments	-22.31	-21.07
Acquisition of minority interest	-0.08	-
Divestments of vessels	2.63	-
Divestments of other property, plant and equipment	0.09	0.03
Divestments of financial assets	-	0.00
Dividends received	0.00	0.00
NET CASH FLOW FROM INVESTING ACTIVITIES	-145.39	-26.34
FINANCING ACTIVITIES		
Increase in non-current liabilities	115.34	-
Amortization of non-current liabilities	-2.23	-8.94
Change in non-current receivables	0.00	-0.01
Dividends paid	-10.80	-5.94
NET CASH FLOW FROM FINANCING ACTIVITIES	102.31	-14.89
CHANGE IN CASH AND CASH EQUIVALENTS	-11.92	-3.39
Cash and cash equivalents at beginning of period	42.53	45.93
CASH AND CASH EQUIVALENTS AT END OF PERIOD	30.62	42.53

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR M	Equity attributable to parent company shareholders					Minority interest	Total equity
	Share capital	Reserves	Translation differences	Retained earnings	Total		
Equity, Nov. 1, 2006	1.82	0.02	-0.02	137.91	139.73	0.03	139.76
Translation differences		0.00	0.04	-0.01	0.02	0.00	0.02
Dividend to shareholders				-5.94	-5.94		-5.94
Income for the period				24.84	24.84	0.00	24.84
Equity, Oct. 31, 2007	1.82	0.02	0.02	156.80	158.65	0.04	158.69
Translation differences		0.00	-0.12	0.10	-0.01		-0.01
Dividend to shareholders				-10.80	-10.80		-10.80
Acquisition of minority interest					-	-0.04	-0.04
Income for the period				14.76	14.76		14.76
Equity, Oct. 31, 2008	1.82	0.02	-0.10	160.86	162.60	-	162.60

QUARTERLY CONSOLIDATED INCOME STATEMENT

EUR M	2007/2008 Q4	2007/2008 Q3	2007/2008 Q2	2007/2008 Q1
SALES	122.63	145.41	106.01	101.34
Other operating revenue	0.09	2.11	0.16	0.10
Expenses				
Goods and services	34.88	39.44	29.91	27.31
Employee expenses	26.74	27.56	26.73	25.14
Depreciation and impairment losses	7.70	6.69	5.20	5.05
Other operating expenses	49.89	53.49	44.96	43.91
	119.21	127.18	106.80	101.41
OPERATING INCOME	3.52	20.33	-0.63	0.03
Financial income	0.65	0.33	0.34	0.45
Financial expenses	-2.38	-1.73	-0.71	-0.40
INCOME BEFORE TAXES	1.79	18.93	-1.01	0.08
Income taxes	-0.11	-4.64	0.00	-0.29
INCOME FOR THE PERIOD	1.68	14.29	-1.01	-0.21
Attributable to:				
Parent company shareholders	1.68	14.29	-1.01	-0.21
Minority interest	-	-	0.00	0.00
Earnings per share, EUR	0.16	1.32	-0.09	-0.02

PLEGGED ASSETS AND CONTINGENT LIABILITIES

EUR M	Oct. 31, 2008	Oct. 31, 2007
Contingent liabilities	121.52	8.72
Assets pledged for own debt	141.49	11.20
Investment commitments not included in the accounts	33.34	156.28
– contractual amount	60.81	188.21

FINANCIAL RATIOS AND STATISTICS

	Nov. 1, 2007– Oct. 31, 2008	Nov. 1, 2006– Oct. 31, 2007
Equity per share, EUR	15.06	14.69
Dividend per share, EUR	1.00	1.00
Number of shares on balance sheet date	10,800,000	10,800,000
Return on equity (ROE)	9.2 %	16.6 %
Return on investment (ROI)	10.6 %	21.5 %
Equity/assets ratio	42.8 %	61.7 %
Investments, EUR M	148.12	26.37
– as % of sales	31.2 %	6.0 %
Passengers	6,171,273	5,695,343
Cargo units	96,017	91,333
Average number of employees, full time equivalent	2,994	2,911

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 +/- 0.01 M have occurred.

The above figures from the financial statements have been audited.