

# TransAtlantic Year-end report 2011



February 28, 2012  
from Rederi AB TransAtlantic (publ)



# Year-end report 2011

## Fourth quarter 2011

- Net revenues amounted to SEK 903 M (640)<sup>1)</sup>
- Result before tax amounted to SEK -161 M (-256)
- Result after tax amounted to SEK -194 M (-251)
- Earnings per share after tax amounted to SEK -2.7 (-3.9)

## January-December 2011

- Net revenue amounted to SEK 2,989 M (2,394)<sup>1)</sup>
- Result before tax amounted to SEK -466 M (407)
- Result after tax amounted to SEK -435 M (585)
- Earnings per share before tax amounted to SEK -6.6 (14.3)

## Significant events

- The loss of SEK -194 M in the fourth quarter was impacted by restructuring costs totaling SEK -48 M
- A multi-year agreement was signed for the AHTS vessel Vidar Viking with Sakhalin Energy of Russia for services including ice-breaking<sup>2</sup>
- New share issue totaling SEK 555 M completed
- Acquisition of SBS Marine completed
- Henning E. Jensen replaced Rolf Skaarberg as CEO
- Heléne Mellquist appointed as CFO
- Effective January 1, 2012, TransViking was renamed Viking Supply Ships
- Delivery of the AHTS vessel Brage Viking in January
- Work on demerging the Group into two competitive units continues
- The Board of Directors proposes that no dividend be paid for the 2011 fiscal year

Key figures	January-December 2011	January-December 2010
Net sales, SEK M	2,989	2,394
Operating result before tax, SEK M <sup>3</sup>	-272	-121
Result before tax, SEK M	-466	407
Result after tax, SEK M	-435	585
Earnings per share after tax, SEK	-6.6	14.3
Shareholders' equity, SEK/share	22.5	43.2
Return on equity, %	-17.8	32.8
Return on capital employed, %	-6.9	12.8
Equity/asset ratio on the balance-sheet date, %	39.5	46.6

1) The sales increase was impacted by the acquisitions during the year; see Note 1, page 17.

2) The agreement is conditional upon approval from the Board of TransAtlantic and banks concerned.

3) Operating loss: Earnings before tax, restructuring costs and acquisition effects.

# CEO's comments for the period January – December 2011

The past year entailed a great deal of change at TransAtlantic. The global economy was troubled, which was also reflected in the turbulent markets in which TransAtlantic is active, with sharpened competition resulting in unsatisfactory results for 2011. For the fourth quarter, the result was SEK -194 M (- 251), of which SEK -48 M pertained to restructuring costs. For the full year, the result was SEK -435 M (585) of which SEK -194 M pertained to restructuring costs and acquisition effects. In Industrial Shipping, the market was characterized by weak volumes due to low demand, as well as a surplus of tonnage, where the operating result has been negatively affected by the acquisition of Österströms with SEK -48 M. On the other hand, the offshore market was not impacted to the same degree by the general economic downturn, but experienced high volatility with periods of high rates, while significant investments were made in a new organization and new vessels.

For Industrial Shipping, it was a year of major restructuring. Two lines were discontinued at the end of the year. Due to the unfavorable market conditions, low cargo rates and volumes resulted in us experiencing a surplus of tonnage that we are reducing successively in 2011 and 2012. We are also engaged in negotiations aimed at reducing part of the in-chartered volume, combined with a more focused market strategy, which will form a platform for improving profitability in 2012 and further ahead. At the end of the year, the Group completed a new share issue totaling approximately SEK 555 M, with preferential rights for existing shareholders. At the same time, Viking Supply Ships refinanced its existing loans pertaining to the Tor Viking II, Balder Viking and Vidar Viking icebreakers through a new loan of NOK 675 M. The issue strengthened the Group's financial position. During the year, the Group completed three acquisitions. During the first half of the year, Arctic Ice Management and the shipping and logistics company Österströms were acquired. The latter will expand Industrial Shipping's operation in small bulk and provide the business area with better opportunities to offer customers a broader logistic concept. During the second half year, the offshore company SBS Marine was acquired. SBS Marine is a British offshore shipping company based in Aberdeen, operating a fleet of six Platform Supply Vessels.

Industrial Shipping is a key player in the Baltic Sea for base industry in Northern Europe and a total of 48 vessels operated in the business area at the end of the year, including 11 owned vessels. In October, the business area signed a new agreement with FNSteel and Nordkalk and a new traffic system, the TransBothnia Line, was launched. Viking Supply Ships is expanding and further developing its significant expertise in operations in severe weather conditions and the Arctic waters. During the year, two new vessels, Njord Viking and Magne Viking were delivered. An agreement was signed with the Estonian Maritime Authority for icebreaking in 2012, as well as a long-term agreement with Sakhalin Energy. The latter is conditional upon approval from the Board of TransAtlantic and the banks concerned.

During the year, the work on demerging the Group into two independent and competitive units continues. However, we anticipate that the first quarter results will remain weak with improvements in earnings throughout 2012, starting in Q2. We see exciting business potential in offshore and our objective is to expand this operation in 2012. In Industrial Shipping, we will continue to improve our market position and implement further streamlining efforts to achieve our target of attaining profitability.

Gothenburg, February 28, 2012

Henning E. Jensen  
President and CEO

# Consolidated earnings for January-December

Consolidated net sales for the full-year amounted to SEK 2,989 M (2,394). The sales increase was attributable to the effect of including Viking Supply Ships (formerly Trans Viking) at 100% as of September 2010 (previously 50%), the inclusion of the Österström Group in the financial statements as of June 2011, the delivery of two vessels to the Viking Supply Ships' business area during the year, and the acquisition of SBS Marine in November. The Group reported a result after tax of SEK -435 M (585), of which restructuring costs and acquisition effects amounted to SEK -194 M (528). The result before tax amounted to SEK -466 M (407).

## Group

	October-December		January-December	
SEK M	2011	2010	2011	2010
Net sales	903	640	2 989	2 394
Result before capital costs, EBITDA	-9	63	67	883
Operating result	-115	-244	-348	455
<b>Result before tax</b>	<b>-161</b>	<b>-256</b>	<b>-466</b>	<b>407</b>
Profit margin	-17,8%	-40,0%	-15,6%	17,0%

## Profit before tax by business area

Viking Supply Ships business area	-36	21	-72	45
Industrial Shipping business area	-59	-15	-113	-105
Ship Management/Group-wide	-18	-21	-87	-61
<b>Total operating result</b>	<b>-113</b>	<b>-15</b>	<b>-272</b>	<b>-121</b>
Restructuring items <sup>1)</sup>	-48	-241	-187	-247
Acquisition effects <sup>2)</sup>	0	0	-7	775
<b>Result before tax</b>	<b>-161</b>	<b>-256</b>	<b>-466</b>	<b>407</b>
Tax <sup>3)</sup>	-33	5	31	178
<b>Result</b>	<b>-194</b>	<b>-251</b>	<b>-435</b>	<b>585</b>

## SEK per share

Result after current tax	-2,5	-4,0	-7,3	9,9
Result after full tax	-2,7	-3,9	-6,6	14,3

1) Result for the year was impacted by a capital loss from the sale of vessels, including a provision concerning a dispute from a previous vessel sale totaling SEK 2 M, expenses and impairment related to the establishment of the Danish offshore structure and preparations for the introduction of Viking Supply Ships on the Oslo Stock Exchange totaling SEK 48 M, restructuring the Group, Industrial Shipping and the integration of Österströms, SEK 46 M and costs totaling SEK 5 M for the former President. In addition, depreciation of vessels amounted to SEK -32 M and impairment of goodwill to SEK 58 M.

2) Costs attributable to the acquisition of Österströms amounted to SEK 3 M and for the acquisition of SBS Marine SEK 4 M.

3) The full-year includes current tax of SEK 18 M (2). Refer to the section on corporate tax, page 9.

# Financial position, investments and divestments

The table below summarizes changes in cash and cash equivalents for the period:

## *Consolidated cash-flow statement*

SEK M	October-December		January - December	
	2011	2010	2011	2010
Cash flow from current activities before changes in working capital	-69	51	-37	58
Changes in working capital	62	-43	151	33
Cash flow from current operations	-7	8	114	91
Cash flow from investing activities	-324	18	-477	164
Cash flow from financing activities	522	-27	273	86
Dividend	-	-	-	-
<b>Change in cash and cash equivalents</b>	<b>191</b>	<b>-1</b>	<b>-90</b>	<b>341</b>
Opening cash flow	369	639	637	327
Exchange-rate difference in cash and cash equivalents	-12	-1	1	-31
<b>Cash and cash equivalents at end of period</b>	<b>548</b>	<b>637</b>	<b>548</b>	<b>637</b>

Consolidated cash and cash equivalents at the end of the period amounted to SEK 548 M (637). In addition, the Group has credit facilities in the form of unutilized overdraft facilities of SEK 93 M (24). Of the Group's cash and cash equivalents of SEK 548 M, SEK 157 M was reserved in an escrow account to secure the Group's cash commitment for the delivery of the last AHTS vessel, the Brage Viking, which was delivered in January 2012. At the end of December, the Group's shareholders' equity amounted to SEK 2,493 M (corresponding to SEK 22.5/share), of which non-controlling interests in shareholders' equity amounted to SEK 14 M, corresponding to SEK 0.13/share.

Gross investments during the 12-month period amounted to SEK 1,239 M (268) before deductions for financing. Investments pertained primarily to cash payment for the delivery of the Njord Viking in February 2011, cash payment for the delivery of the Magne Viking in July 2011, as well as the acquisition of Arctic Ice Management AB in February 2011, Österströms International AB in June 2011 and SBS Marine (Holdings) Ltd in November 2011.

<i>Financial position</i>	<b>December</b>	December
SEK M at the close of each period	<b>2011</b>	2010
Total assets	<b>6 314</b>	5 146
Shareholders' equity	<b>2 493</b>	2 396
Equity/assets ratio, %	<b>39,5%</b>	46,6%
Debt/equity ratio, %	<b>97,7%</b>	64,0%
Cash and cash equivalents	<b>548</b>	637
Number of shares outstanding	<b>110 902 700</b>	55 451 350
Shareholders' equity per share	<b>22,5</b>	43,2

# Viking Supply Ships business area

*The business area's vessels conduct operations for Arctic offshore, the offshore spot market in the North Sea and in the global offshore sector. The fleet comprises 14 offshore vessels, including the Brage Viking, which was delivered in January 2012. The vessels are equipped for and have the capacity to operate in areas with cold and severe weather conditions, such as the Arctic areas.*

Viking Supply Ships presented negative operating result of SEK -36 M (21) for the quarter and a negative SEK -72 M (45) for the full-year. The result was largely affected from costs arising in connection with investments made to gain a competitive edge. In connection with the new share issue in November, SBS Marine was acquired. This, UK offshore shipping company based in Aberdeen, Scotland operates a fleet of five modern and one older PSV vessels (Platform Supply Vessel).

Viking Supply Ships discontinued the agreement with the Swedish Maritime Administration for one of the three icebreakers and has thus signed an agreement with the Estonian Maritime Authority to supply icebreaking for the 2012 season using Vidar Viking.

Viking Supply Ships also signed an agreement for the Vidar Viking with Sakhalin Energy for 2.5 years, with the option to extend for another 4x3 months. The vessel will conduct services pertaining to icebreaking, anchor-handling and other support activities in Northern Russia, starting in summer 2012. The total gross contract value amounted to approximately USD 70 M for the fixed period. The agreement is conditional upon approval from the Board of TransAtlantic and the banks concerned.

Several of the business area's AHTS vessels operated under contract for SMA, Statoil, Cairn Energy and Eni Norge during 2011 with certain vessels in the spot market. The vessel fleet achieved a utilization rate of more than 70% for the year.

Four of the business area's PSV vessels operated under contract during the second half of the year. The vessel fleet achieved a utilization rate of more than 80% for the year.

The Brage Viking, the last of the four vessels built at Astilleros Zamakona in Spain, was delivered in January 2012. The vessel series is specifically designed to satisfy demands for efficient, safe and environment-friendly offshore management in areas with severe ice conditions.

During 2011, the company established an operation in Copenhagen and, as of January 1, 2012, the business area was renamed Viking Supply Ships.

**Viking Supply Ships' 12-month operating result amounted SEK -72 M (45).**

<i>Viking Supply Ships</i>	October-December		January-December	
	2011	2010	2011	2010
Net revenue 1)	203	155	568	298
Operating result	-36	21	-72	45
Profit margin	-17.7%	13.5%	-12.7%	15.1%

1) Net sales and operating result were impacted by the inclusion of Trans Viking at 100% as of September 22, 2010 (previously 50%), as well as the acquisition of SBS Marine (Holdings) Ltd.

# Industrial Shipping business area

*The business area offers integrated logistics solutions with vessel transportation. The operation is primarily active in system traffic in Northern Europe with RoRo, container vessels, as well as contract-based bulk and small bulk traffic.*

The earnings trend remained weak during the final quarter as well, primarily due to low volumes in the various segments. The operating result for the quarter amounted to SEK -59 M (-15) and the result for the full-year was SEK -113 M (-105). Intense work has been in progress primarily by means of adapting the fleet, vessel utilization, streamlining in all production and continued build-up of efficient shipping systems, measures that are expected to have a favorable impact on the business area's results.

*The RoRo Baltic Division* operated scheduled traffic between Finland and Sweden/Germany/Belgium with four routes during the year. On June 1, a new RoRo line, the TransBothnia Line, commenced between Northern Finland and Antwerp/Zeebrugge using two chartered vessels. In general, the Division performed favorably during the year and reported continued positive results. During the year, the RoRo lines from Southern Finland to Lübeck and Gothenburg were discontinued due to poor profitability.

*The Container Division* conducts container-based scheduled services in the UK, (TransPal Line) and feeder traffic to Germany (TransFeeder South). Export volumes in the steel industry were lower than in the year-earlier period and import volumes in total declined somewhat during the year. The new terminal in Hull, which was commissioned in September, is not dependent on tides, which will provide major operational advantages. In TransFeeder South, the year's strong volume growth, with favorable balance, continued also during the fourth quarter. The Division reported positive results for the year.

In October, *the Bulk Division* signed a three-year agreement with FNsteel pertaining to transport between Luleå and Koverhar in Finland, as well as with Nordkalk pertaining to the transportation of limestone between Storugns and Luleå/Kokkola. The agreement entails less exposure to the spot market, which remained weak due to low cargo supply and surplus of tonnage.

*The Short Sea Bulk Division*, which includes the former Österströms operation, reported continued weak profitability. The market was characterized by surplus of tonnage and a cyclical shortage of contract volumes from major customers. The Division reported negative results for the year. The bulk vessel TransWing was divested at book value, which generated a positive effect on the consolidated cash balance of approximately SEK 8 M. Adaptation of tonnage to the prevailing market conditions is under way and time charter agreements have been renegotiated.

During the year, *the Integrated Logistics Division* continued to develop integrated solutions, where TransAtlantic accounts for a major portion of the total transport chain based on the customer's requirements. Increased efforts were made during the year with the aim of improving efficiency and profitability in the logistics chain. The efficiency of the cargo flows has now been further enhanced using integrated logistics solutions.

**Industrial Shipping's operating 12-month result** amounted to SEK -113 M (-105).

<i>Industrial Shipping</i>	October-December		January-December	
	2011	2010	2011	2010
Net revenue	667	454	2 259	1 865
Operating result	-59	-15	-113	-105
Profit margin	-8,8%	-3,3%	-5,0%	-5,6%



## Group-wide/Ship Management

Group-wide comprises management, central administration, finance management and Ship Management. In addition to the TransAtlantic fleet, the Ship Management unit also includes assignments for external vessel owners, such as manning for the Swedish Government's five icebreakers. The decline in net sales, compared with the preceding year, was due to the external Ship Management assignment for Atlantic Container Line, which ended in December 2010. The decline in the operating profit is attributable to higher costs in central finance administration in the form of increased loan expenses, mainly due to higher borrowing and expenses to external consultants for several ongoing structural projects.

**Group-wide/Ship Management's operating 12-month result** amounted to SEK -87 M (-61).

<i>Group-wide</i>	October-December		January-December	
	2011	2010	2011	2010
Net revenue	33	31	162	231
Operating result	-18	-21	-87	-61

## Parent Company

### Earnings and financial position

The Parent Company's result before tax for the quarter amounted to SEK 1,156 M (- 128) and to SEK 1,224 M (-284) for the full-year. The result after tax for the quarter amounted to SEK 1,122 M (- 95) and to SEK 1,216 M (- 217) for the full-year. The amount for the full-year includes anticipated dividends from subsidiaries totaling SEK 1,377 M, Group contributions of SEK 215 M, capital gains from intra-Group sales of subsidiaries of SEK 27 M, impairment losses of share holdings in subsidiaries totaling SEK -433 M and capital gains from the divestment of owner companies of the vessels Obbola, Östrand and Ortviken totaling SEK 244 M. The amount for the full-year 2010 includes impairment losses of shareholdings in subsidiaries totaling SEK 59 M and Group contributions of SEK -49 M. The Parent Company's shareholders' equity amounted to SEK 2,883 M (1,125); total assets amounted to SEK 4,543 M (2,173). The equity/assets ratio on the balance-sheet date was 63.5% (51.8). Cash and cash equivalents at the end of the period amounted to SEK 202 M (31).

### Number of shares

Share distribution at December 31, 2011 is presented below:

Number of Series A shares	7 271 842
Number of Series B shares, listed	103 630 858
Total number of shares	110 902 700

See also Changes in Group's shareholders' equity, page 15.



## Other

### Corporate tax

The general situation for the Group is that taxes payable are highly limited. Accordingly, recognized corporate tax mainly comprises deferred tax. The recognized net deferred tax asset for the Swedish operations amounted to SEK 106 M (40) at December 31, 2011. The recognized deferred tax liability for the operations outside Sweden amounted to SEK -43 M (-43) at December 31, 2011.

### Transactions with closely related parties

In June 2011, TransAtlantic procured a loan of NOK 150 M from Kistefos AS, with a variable interest rate of approximately 8.5%, which was repaid in November 2011. The decision to acquire SBS Marine (Holdings) Limited, a wholly owned company of Kistefos AS, was taken at an Extraordinary Meeting in November 2011. Furthermore, Kistefos AS has provided consulting services amounting to SEK 10 M for the April – December period. During the year, a guarantee fee of SEK 6 M was paid to companies owned by Kistefos AS concerning loans for two of the AHTS vessels. During the year, TransAtlantic extended the lease for a container vessel, the TransAlrek, owned by a German shipping consortium, in which TransAtlantic's Vice Chairman, Folke Patriksson, holds a non-controlling interest via his company, Enneff Rederi AB. There were no other significant transactions.

### Risks and uncertainties

TransAtlantic is a Group characterized by a high degree of international operations, thereby exposed to a number of operational and financial risks. TransAtlantic works actively to identify, assess and manage these risks. Risk management is included as an element of the ongoing reviews of the operations. It has been deemed that no further key risks and uncertainties have arisen in addition to those risks and uncertainties described on pages 54-55 in TransAtlantic's 2010 Annual Report.

The, in January 2012, concluded new building program entailed payments in cash and cash equivalents in connection with the delivery of the vessels. To secure these obligations, the Group has reserved funds of SEK 157 M, pursuant to the loan agreement, in a special account. These funds are included in financial assets.

TransAtlantic continues to evaluate a proposal from one of its banks for an agreement due to the non-achievement of certain key figures in 2010, and for the third and fourth quarters of 2011. Furthermore, dialog is also being conducted with two additional banks due to TransAtlantic not fully satisfying the financial covenant requirements in the loan agreements for financial key figures for Q4. As a result of the above, loans totaling SEK 636 M have been reclassified from long-term to current liabilities. For these loans, TransAtlantic has received proposals on refinancing that are under consideration.

### Accounting policies

This year-end report, for the Group, was prepared in accordance with the application of IAS 34 Interim Financial Reporting and applicable rules in the Swedish Annual Accounts Act and for the Parent Company, in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation FRF 2 Accounting for Legal Entities. Unless otherwise noted, the same accounting policies for both the Group and the Parent Company have been applied as those used in the most recent Annual Report.

## **Number of employees**

The number of employees in the Group at the end of the year was 833 (911).

## **Events after the close of the reporting period**

Kim Hedegaard Sørensen has been appointed the new President of the Industrial Shipping business area. Kim H. Sørensen joins the company from the role as President of Europe Region, Damco, a subsidiary of AP Møller Maersk. Kim H. Sørensen will be assuming the position on March 1, 2012, and will thus replace Percy Österström, who will be leaving the daily operation to completely focus on developing the business area's expanding market and strengthening customer relations in his role as Senior Vice President. Percy Österström will also become a member of the Board of Industrial Shipping.

Heléne Mellquist was appointed CFO as of January 1, 2012.

In January 2012, TransAtlantic's Viking Supply Ships business area received delivery of the AHTS vessel Brage Viking from the Astilleros Zamakona shipyard in Bilbao, Spain. The vessel has been registered in the Danish vessel register, DIS.

On January 1, 2012, TransAtlantic's business area within Offshore/Icebreaking was renamed Viking Supply Ships.

Further information is available on the website: [www.rabt.se](http://www.rabt.se).

## **Annual General Report**

The Annual General Meeting of Rederi AB TransAtlantic will be held on Friday April 27, 2012 at 4:00 p.m. at Gothenburg's Art Museum. The notice convening the Annual General Meeting will be published not later than four weeks prior to this date on the company's website and *Post & Inrikes Tidning* and will be advertised in *Göteborgs-Posten* and *Dagens Industri*.

## **Nomination Committee**

According to a resolution adopted at the Annual General Meeting on May 3, 2011, a Nomination Committee is to be established prior to the 2012 Annual General Meeting by assigning the Chairman of the Board to contact the three largest shareholders or owner groups at the end of the third quarter of 2011 and asking them to appoint one member each to the Nomination Committee, which will consist of four members. The Nomination Committee is to consist of Christen Sveaas, Chairman of the Board, Henning E. Jensen, representing Kistefos AS, Lena Patriksson Keller representing Enneff Rederi AB and Enneff Fastigheter AB and Jenny Lindén Urnes representing Lindéngruppen AB. The Chairman of the Nomination Committee is Christen Sveaas. The composition of the Nomination Committee was published in a press release on October 26, 2011.

## **Press and analyst conference**

In conjunction with the publication of the year-end report for 2011, a teleconference will be held on February 28, 2012 at 9:30 a.m. with TransAtlantic's President and CEO, Henning E. Jensen, as well as CFO Heléne Mellquist. For further information, visit the company's website, [www.rabt.se](http://www.rabt.se).

## **Dividend**

The Board of Directors proposes that no dividend (-) be paid for the 2011 fiscal year.

*This information is such that TransAtlantic is obligated to publish in accordance with the Swedish Securities Act and/or the Swedish Financial Instruments Trading Act. This report was submitted for publication at 8:30 a.m. on February 28, 2012.*

Gothenburg, February 28, 2012

*Board of Directors of Rederi AB Transatlantic (publ)*

This Year-end report is unaudited.

For further information, contact the Head of Corporate Communications Carina Dietmann  
+46 (0) 31-763 2334

## Financial calendar 2012

February 28	Year-end report 2011
April 27	Annual General Meeting
May 15	Interim report January - March
August 8	Interim report January - June
November 2	Interim report January - September

The interim report is available in its entirety on the company's website at: [www.rabt.se](http://www.rabt.se)

**Consolidated income statement**

<i>All amounts in SEK M</i>	Oct - Dec		Jan - Dec	
	2011	2010	2011	2010
Net sales	903	640	2 989	2 394
Other operating revenue <sup>1)</sup>	7	9	7	784
Direct voyage costs	-541	-270	-1 574	-1 163
Personnel costs <sup>3)</sup>	-225	-177	-699	-704
Other costs <sup>3, 4)</sup>	-153	-139	-656	-428
Depreciation/impairment <sup>3)</sup>	-106	-307	-415	-428
Operating result	-115	-244	-348	455
Net financial items	-46	-12	-118	-48
Result before tax	-161	-256	-466	407
Tax on result for the period <sup>2)</sup>	-33	5	31	178
RESULT FOR THE PERIOD <sup>3)</sup>	-194	-251	-435	585

*Attributable to:*

Parent Company's shareholders	-194	-250	-430	584
Non-controlling interests	0	-1	-5	1
INCOME FOR THE PERIOD	-194	-251	-435	585

Earnings per share, attributable to Parent Company's

shareholders, per share in SEK (before and after dilution)

-2,7	-3,9	-6,5	14,2
------	------	------	------

1) Amounts for the full-year 2010 include effects of SEK 775 M attributable to the acquisition of TransViking.

2) The result for the year was impacted by a capital loss from the sale of vessels, including provisions of SEK 2 M concerning a dispute from a previous vessel sale, expenses and impairment totaling SEK -48 M related to the establishment of the Danish offshore structure and preparation for the introduction of Viking Supply Ships on the Oslo Stock Exchange, restructuring of the Group, Industrial Shipping and the integration of Österströms, totaling SEK -46 M, and costs of SEK -5 M for the former CEO. In addition, depreciation of vessels amounted to SEK -20 M and impairment of goodwill to SEK -58 M. For the fourth quarter, the aforementioned items were charged with SEK -48 M.

3) The expense totaling SEK -7 M pertains to costs in connection with the acquisition of Österströms International AB and SBS Marine (Holdings) Ltd.

4) The full-year includes current tax totaling SEK -18 M (2).

**Consolidated statement of comprehensive income**

<i>All amounts in SEK M</i>	Oct - Dec		Jan - Dec	
	2011	2010	2011	2010
Result for the period	-194	-251	-435	585
<i>Other comprehensive income for the period:</i>				
Change in hedging reserve, net	3	-8	-24	19
Change in translation reserve, net	-29	19	14	-41
Other comprehensive income	-26	11	-10	-22
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-220	-240	-445	563
<i>Total comprehensive income attributable to:</i>				
Parent Company's shareholders	-220	-235	-440	566
Non-controlling interests	0	-5	-5	-3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-220	-240	-445	563

**Net sales by business area**

	Oct - Dec		Jan - Dec	
<i>All amounts in SEK M</i>	<b>2011</b>	2010	<b>2011</b>	2010
Viking Supply Ships <sup>1)</sup>	<b>203</b>	155	<b>568</b>	298
Industrial Shipping <sup>1)</sup>	<b>667</b>	454	<b>2 259</b>	1 865
TOTAL - BUSINESS OPERATIONS	<b>870</b>	609	<b>2 827</b>	2 163
Ship Management/Group-wide	<b>237</b>	217	<b>1 388</b>	1 151
./. Eliminated internal sales	<b>-204</b>	-186	<b>-1 226</b>	-920
TOTAL NET SALES	<b>903</b>	640	<b>2 989</b>	2 394

1) Internal sales missing.

**Result before tax by business area**

	Oct - Dec		Jan - Dec	
<i>All amounts in SEK M</i>	<b>2011</b>	2010	<b>2011</b>	2010
Viking Supply Ships	<b>-36</b>	21	<b>-72</b>	45
Industrial Shipping	<b>-59</b>	-15	<b>-113</b>	-105
TOTAL - BUSINESS OPERATIONS	<b>-95</b>	6	<b>-185</b>	-60
Ship Management/Group-wide	<b>-18</b>	-21	<b>-87</b>	-61
OPERATING RESULT BEFORE TAX	<b>-113</b>	-15	<b>-272</b>	-121
Restructuring items <sup>1)</sup>	<b>-48</b>	-241	<b>-187</b>	-247
Acquisition effects <sup>2)</sup>	<b>0</b>	0	<b>-7</b>	775
RESULT BEFORE TAX	<b>-161</b>	-256	<b>-466</b>	407
<i>Attributable to:</i>				
Parent Company's shareholders	<b>-161</b>	-255	<b>-461</b>	406
Non-controlling interests	<b>1</b>	-1	<b>-5</b>	1

1) The result for the year was impacted by a capital loss from the sale of vessels, including provisions of SEK 2 M concerning a dispute from a previous vessel sale, expenses and impairment totaling SEK -48 M related to the establishment of the Danish offshore structure and preparation for the introduction of Viking Supply Ships on the Oslo Stock Exchange, restructuring of the Group, Industrial Shipping and the integration of Österströms, totaling SEK -46 M, and costs of SEK -5 M for the former CEO. In addition, depreciation of vessels amounted to SEK -20 M and impairment of goodwill to SEK -58 M. For the fourth quarter, the aforementioned items were charged with SEK -48 M.

2) The expense of SEK -7 M pertained to costs in connection with the acquisitions of Österströms International AB and SBS Marine (Holdings) Ltd.

**Assets allocated by business area**

<i>All amounts in SEK M</i>	<b>Dec. 31, 2011</b>	Dec. 31, 2010
Viking Supply Ships	<b>4 664</b>	3 158
Industrial Shipping	<b>821</b>	1 080
TOTAL BUSINESS AREA	<b>5 485</b>	4 238
Ship Management/Group-wide	<b>829</b>	908
TOTAL ASSETS	<b>6 314</b>	5 146

**Consolidated balance sheet <sup>1)</sup>**

<i>All amounts in SEK M</i>	<b>Dec. 31, 2011</b>	<b>Dec. 31, 2010</b>
Vessels	<b>4 839</b>	3 815
Other tangible fixed assets	<b>75</b>	79
Intangible fixed assets <sup>2)</sup>	<b>14</b>	12
Financial assets	<b>218</b>	106
Total fixed assets	<b>5 146</b>	4 012
Current assets	<b>1 168</b>	1 134
<b>TOTAL ASSETS</b>	<b>6 314</b>	5 146
Shareholders' equity <sup>3)</sup>	<b>2 493</b>	2 396
Long-term liabilities <sup>4)</sup>	<b>2 216</b>	2 091
Current liabilities <sup>4)</sup>	<b>1 605</b>	659
<b>TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>	<b>6 314</b>	5 146

1) For a description of the acquisition of Arctic Ice Management AB, Österströms International AB and SBS Marine (Holdings) Ltd, see Note 1

2) The amount includes goodwill of SEK 2 M (2).

3) Including non-controlling interests amounting to SEK 14 M (19).

4) The total of the Group's long and short-term interest-bearing liabilities amounted to SEK 2,983 M (2,170).

**Consolidated cash-flow statement**

<i>All amounts in SEK M</i>	<b>Oct - Dec 2011</b>	<b>2010</b>	<b>Jan - Dec 2011</b>	<b>2010</b>
Cash flow from operations before changes in working capital	<b>-69</b>	51	<b>-37</b>	58
Changes in working capital	<b>62</b>	-43	<b>151</b>	33
Cash flow from current operations	<b>-7</b>	8	<b>114</b>	91
Cash flow from investing activities <sup>1, 2, 3)</sup>	<b>-324</b>	18	<b>-477</b>	164
Cash flow from financing activities <sup>3)</sup>	<b>522</b>	-27	<b>273</b>	86
Dividend	-	-	-	-
Changes in cash and cash equivalents	<b>191</b>	-1	<b>-90</b>	341
Cash flow at beginning of period	<b>369</b>	639	<b>637</b>	327
Exchange-rate difference in cash and cash equivalents	<b>-12</b>	-1	<b>1</b>	-31
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>548</b>	637	<b>548</b>	637

1) Gross investments for the full-year amounted to SEK 1,239 M (268) before financing deductions. Investments pertained primarily to cash down payments for the delivery of the Njord Viking in February 2011, cash down payment for the delivery of the Magne Viking in July 2011 and the acquisition of all shares in Arctic Ice Management AB, Österströms International AB and SBS Marine Ltd (see also Note 1).

2) The full-year 2011 includes cash and cash equivalents totaling SEK 38 M contributed through the acquisition of the Österström Group and SBS Marine.

3) The divestment of the vessels Obbola, Östrand, Ortoiken, Map and TransWing implemented during the year, contributed to the Group, after final payment of the vessel loans, net liquidity of SEK 62 M.

4) The Group's current assets include cash and cash equivalents of SEK 548 M (637) at the end of the year. In addition, the Group had credit facilities in the form of unutilized overdraft totaling SEK 93 M (24). Utilized overdraft at the end of the year amounted to SEK 10 M (76).

5) Of the Group's cash and cash equivalents on balancesheet date of SEK 548 M, SEK 157 M was reserved in an escrow account to secure the Group's cash commitment for the delivery of the Brage Viking. The vessel was delivered on January 12, 2012.

**Changes in the Group's shareholders' equity**

<i>All amounts in SEK M</i>	Oct - Dec		Jan - Dec	
	2011	2010	2011	2010
Equity at beginning of period	2 171	2 636	2 396	1 175
New share issue less costs for issuance	542	-	542	658
Dividend	-	-	-	-
Total comprehensive income for the period	-220	-240	-445	563
<b>SHAREHOLDERS' EQUITY AT END OF PERIOD <sup>1)</sup></b>	<b>2 493</b>	<b>2 396</b>	<b>2 493</b>	<b>2 396</b>

There are no options program in the Group that may generate dilution effects.

1) Shareholders' equity includes non-controlling interests totaling SEK 14 M (19).

<i>Share capital in SEK</i>	Oct - Dec		Jan - Dec	
	2011	2010	2011	2010
Share capital at beginning of period	554 513 500	554 513 500	554 513 500	554 513 500
New share issue	554 513 500	-	554 513 500	-
<b>Share capital at end of period</b>	<b>1 109 027 000</b>	<b>554 513 500</b>	<b>1 109 027 000</b>	<b>554 513 500</b>

<i>Number of shares ('000)</i>	Oct - Dec		Jan - Dec	
	2011	2010	2011	2010
Number of outstanding shares at beginning of period	55 451 350	55 451 350	55 451 350	28 430 474
Newly issued shares	55 451 350	-	55 451 350	27 725 676
Cancellation of treasury shares	-	-	-	-704 800
<b>Total number of shares at end of period</b>	<b>110 902 700</b>	<b>55 451 350</b>	<b>110 902 700</b>	<b>55 451 350</b>
Average number of shares outstanding ('000)	64 762 061	55 451 350	57 798 159	35 321 750

**Data per share**

<i>All amounts in SEK</i>	Oct - Dec		Jan - Dec	
	2011	2010	2011	2010
Earnings before capital expenses (EBITA)	-0,1	1,0	1,0	21,6
Earnings before interest expenses (EBIT)	-1,6	-3,8	-5,2	11,1
Result after current tax	-2,5	-4,0	-7,3	9,9
Result after full tax	-2,7	-3,9	-6,6	14,3
Shareholders' equity at end of period including non-controlling interests	22,5	43,2	22,5	43,2
Operating cash flow	-0,8	0,8	-0,8	20,5
Total cash flow	2,7	-0,0	-1,4	8,3

**Key data <sup>1)</sup>**

		Oct - Dec		Jan - Dec	
		2011	2010	2011	2010
Earnings before capital expenses (EBITDA)	SEK M	-9	64	67	884
Earnings before interest expenses (EBIT)	SEK M	-115	-244	-348	455
Shareholders' equity	SEK M	2 493	2 396	2 493	2 396
Net indebtedness	SEK M	2 407	1 533	2 407	1 533
Operating cash flow	SEK M	-56	52	-51	841
Total cash flow	SEK M	191	-1	-90	341
Return on capital employed	%	-9,0	-20,7	-6,9	12,8
Return on shareholders' equity	%	-33,2	-39,0	-17,8	32,8
Interest coverage ratio	TIME	0,0	4,3	0,5	16,0
Equity/assets ratio	%	39,5	46,6	39,5	46,6
Debt/equity ratio	%	97,7	64,0	97,7	64,0
Profit margin	%	-17,9	-40,0	-15,6	17,0

1) Key figures are calculated in the same manner as in the most recent Annual Report, where the definitions are also published.



**Parent Company income statement**

<i>All amounts in SEK M</i>	Oct - Dec		Jan - Dec	
	2011	2010	2011	2010
Net sales	380	309	1 333	1 258
Other operating revenue	-6	0	0	0
Direct voyage costs	-134	-94	-436	-395
Personnel costs	-77	-76	-307	-283
Other costs	-255	-185	-756	-735
Depreciation/impairment <sup>1)</sup>	-2	-2	-23	-15
Operating result	-94	-48	-189	-170
Net financial items <sup>2)</sup>	1250	-80	1 413	-114
Result before tax	1 156	-128	1 224	-284
Tax on result for the year <sup>3)</sup>	-34	33	-8	67
RESULT FOR THE PERIOD	1 122	-95	1 216	-217
Other comprehensive income	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1 122</b>	<b>-95</b>	<b>1 216</b>	<b>-217</b>

1) The amount for the full-year includes impairment losses of SEK -16 M.

2) The amount for the full-year includes anticipated dividends totaling SEK 1,377 M from subsidiaries, Group contributions of SEK 215 M, capital gains from intra-Group sales of subsidiaries of SEK 27 M, impairment of shareholding in subsidiaries totaling SEK -433 M, and capital gains from the divestments of the owner companies for Obbola, Östrand and Ortoiken totaling SEK 244 M. The full-year 2010 amount also includes impairment losses of SEK -59 M for shareholding in subsidiaries and group contributions of SEK -49 M.

3) The recognized amount includes only deferred tax.

**Parent Company balance sheet**

<i>All amounts in SEK M</i>	2011-12-31	2010-12-31
Tangible fixed assets	26	56
Intangible fixed assets <sup>1)</sup>	0	2
Financial fixed assets <sup>2)</sup>	3 878	1 738
Total fixed assets	3 904	1 796
Current assets <sup>3)</sup>	639	377
<b>TOTAL ASSETS</b>	<b>4 543</b>	<b>2 173</b>
Shareholders' equity	2 883	1 125
Provisions	28	31
Long-term liabilities <sup>2, 4)</sup>	1 204	499
Current liabilities <sup>4)</sup>	428	518
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>2 883</b>	<b>1 125</b>
<b>PROVISIONS AND LIABILITIES</b>	<b>1 660</b>	<b>1 048</b>

1) The amount includes goodwill totaling - MSEK ( - ).

2) The increase of financial fixed assets and long-term liabilities is attributable to the internal restructuring of the Group prior to the division of the Group. Group-wide assets have been transferred to market capitalization, which is reflected in the higher value of the Parent Company's shareholdings in subsidiaries, and liabilities in subsidiaries.

3) The current assets item include cash and cash equivalents of SEK 202 M ( 31 ). The Parent Company received net cash and cash equivalents after deduction for issue costs in connection with the new share issue implemented in December 2011.

4) The total of the Parent Company's long and short-term interest-bearing liabilities amounted to SEK 1,232 M (560 ).

**Changes in Parent Company's shareholders' equity**

<i>All amounts in SEK M</i>	Oct - Dec		Jan - Dec	
	2011	2010	2011	2010
Shareholders' equity at beginning of period	1 219	1 220	1 125	683
New share issue less issue costs	542	-	542	659
Dividend	-	-	-	-
Total comprehensive income for the period	1 122	-95	1 216	-217
<b>SHAREHOLDERS' EQUITY AT END OF PERIOD</b>	<b>2 883</b>	<b>1 125</b>	<b>2 883</b>	<b>1 125</b>

Company acquisitions implemented during the year include shares in:

<u>Company:</u>	<u>Acquisition date</u>	<u>Acquired share</u>	<u>Number of employees</u>	<u>Country:</u>	<u>Business area:</u>
Arctic Ice management AB	Feb. 28, 2011	100%	2	Sweden	Viking Supply Ships
Österströms International AB	Jun. 7, 2011	100%	100	Sweden	Industrial Shipping
SBS Marine (Holdings) Ltd.	Oct. 1, 2011	100%	141	UK	Viking Supply Ships

An agreement was signed at the end of February to acquire all shares in Arctic Ice Management AB. The purchase consideration for the shares in Arctic Ice Management AB totaled SEK 8 M, of which SEK 6 M was paid on December 31, 2011. The Group had only minor transaction expenses in connection with this acquisition. Net sales and operating loss from the acquisition date amounted to SEK 0 M and SEK -8 M, respectively. If the acquired company had been wholly owned from the beginning of the year, the Group's net sales would have been SEK 0 M higher, and the consolidated income would have been SEK -1 M lower for the January 1 – February 27 period.

The acquisition of all the shares in Österströms International AB from Skärgårdshavet AB concluded in June 2011. Österströms International AB is the Parent Company in the Stockholm-based shipping and logistics group that conducts operations primarily in the Baltic Sea area. The purchase consideration comprised a fixed portion, SEK 40 M, and a variable portion amounting to between SEK 0 M and SEK 40 M. The variable portion is based on profitability targets being achieved for the years 2012 – 2013 in the Industrial Shipping business area. At the time of acquisition, the total purchase consideration was calculated at SEK 50 M, of which SEK 40 M was paid on the handover date. Any variable portion will be paid in 2014. Transaction expenses of SEK 3 M in connection with the acquisition were charged against the Group's profit for 2011. Income pertaining to the acquired shares has been included in the consolidated profit and loss from the acquisition date. Net sales and operating loss from the acquisition date amounted to SEK 533 M and SEK -48 M, respectively. If the acquired operation had been wholly owned from the beginning of the year, the Group's net sales would have been SEK 422 M higher, and the consolidated profit would have been SEK 23 M lower for the January 1 – June 7 period.

On November 7, 2011, TransAtlantic acquired all shares in SBS Marine (Holdings) Ltd. from Kistefos AS. SBS Marine (Holdings) Ltd. is a UK offshore shipping company based in Aberdeen, Scotland. The company operates a fleet of six PSV vessels (Platform Supply Vessel), of which four are owned and two are leased on a bareboat basis with a purchase option. The purchase consideration for the shares amounted to SEK 307 M. The transaction expenses in connection with the acquisition amounted to SEK -4 M and were charged against consolidated income for 2011. Income pertaining to the acquired participations was included in the consolidated income from October 1, 2011. Net sales and profit contributed to the TransAtlantic Group for 2011 amounted to SEK 55 M and SEK 4 M, respectively. If the acquired operation had been wholly owned from the beginning of the year, the Group's net sales would have been SEK 171 M higher, and the consolidated profit would have been SEK 8 M higher for the period January 1 – September 30, 2011.

**Impact on balance sheet:**

SEK M	Arctic Ice Management AB	Österströms International AB	SBS Marine (Holdings) Ltd.	TOTAL
Vessels	-	51	732	783
Other tangible fixed assets	-	9	-	9
Intangible fixed assets	8	3	-	11
Financial fixed assets	-	18	24	42
<b>Total fixed assets</b>	<b>8</b>	<b>81</b>	<b>756</b>	<b>845</b>
Current assets	0	196	115	311
<b>Total assets</b>	<b>8</b>	<b>277</b>	<b>871</b>	<b>1 156</b>
Long-term liabilities	-	-88	-353	-441
Current liabilities	-	-197	-211	-408
<b>Total liabilities</b>	<b>0</b>	<b>-285</b>	<b>-564</b>	<b>-849</b>
<b>Fair value of net assets</b>	<b>8</b>	<b>8</b>	<b>307</b>	<b>307</b>
./. Purchase consideration	-8	-50	-307	-365
<b>Acquisition goodwill</b>	<b>-</b>	<b>58</b>	<b>-</b>	<b>58</b>
./. Impairment	-	-58	-	-58
<b>Goodwill, September 31, 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Impact on Group's cash and cash equivalents:**

SEK M	Arctic Ice Management AB	Österströms International AB	SBS Marine (Holdings) Ltd.	TOTAL
Cash purchase consideration paid	-4	-40	-307	-351
Acquired cash	0	31	7	38
<b>Impact on the Group's cash and cash equivalents</b>	<b>-4</b>	<b>-9</b>	<b>-300</b>	<b>-313</b>

# Definitions

## **Share of interest-bearing capital**

Equity and deferred tax (including minority share) divided by total assets.

## **Return on equity**

Profit after financial items less tax on profit for the year, divided by average shareholders' equity.

## **Return on capital employed**

Profit before depreciation and amortization (EBIT) divided by average capital employed.

## **Disinvestment**

Divestment of fixed assets.

## **Dividend yield**

Dividend per share divided by the closing share price at year-end.

## **EBIT**

Earnings before interest and taxes, corresponding to operating profit/loss.

## **EBITDA**

Earnings before interest, taxes, depreciation and amortization, corresponding to profit/loss before capital expenses and tax.

## **Equity per share**

Equity divided by the number of shares outstanding.

## **Hedging**

A general term for financial measures taken to avoid undesirable effects on earnings due to variations in interest rates, exchange rates, etc.

## **IFRS**

International Financial Reporting Standards – an international accounting standard used by all listed companies. Some older standards included in IFRS include IAS (International Accounting Standards).

## **Net indebtedness**

Interest-bearing liabilities less cash and cash equivalents.

## **Restructuring costs**

Includes revenues and expenses of a non-recurring nature, such as capital gains/losses from the sale of vessels, impairment of vessels and costs related to personnel cutbacks.

## **Operating cash flow**

Profit/loss after financial income/expense adjusted for capital gains/losses, depreciation/amortization and impairment.

## **Operating profit/loss (before tax)**

Profit/loss before tax and before restructuring costs.

## **Operating profit/loss per business area**

Profit/loss after financial items and before Group-wide expenses and central/Group-wide net financial income/expenses.

## **Operating profit/loss**

Profit/loss before financial items and tax, and before restructuring costs.

## **Earnings per share**

Profit after financial items less 1) current tax, 2) tax on profit for the year (current and deferred tax) in accordance with the consolidated income statement.

## **Interest coverage ratio**

Operating profit/loss before depreciation plus interest income divided by interest expense.

## **Debt/equity ratio**

Interest-bearing liabilities minus cash and cash equivalents divided by shareholders' equity.

## **Equity/assets ratio**

Shareholders' equity divided by total assets.

## **Capital employed**

Interest-bearing liabilities and shareholders' equity.

## **Total cash flow**

Cash flow from operating activities, investing activities and financing activities.

## **Profit margin**

Profit after financial items divided by net sales.



Rederi AB TransAtlantic (publ)  
(Corp. Reg. No. 556161-0113)  
Visit address: Lindholmsallén 10  
Box 8809, SE-402 71 Gothenburg  
Tel: +46 (0)31 - 763 23 00  
E-mail: [info@rabt.se](mailto:info@rabt.se)  
Website: [www.rabt.se](http://www.rabt.se)

