

STENA AB (publ.)

Interim Report for the three-month period 1 January – 31 March 2013

Highlights:

- First quarter 2013 result before tax MSEK 121 vs MSEK (190) in Q1 2012
- Consolidated EBITDA increased by MSEK 289 to MSEK 1,337 vs 1,048 in Q1 2012.

Ferry Operation

- Better than last year due to increased freight and car volumes and the newly acquired routes on the Baltic Sea

Drilling

- Significant better EBITDA. *Stena IceMAX* in full year operation (delivered in the second quarter of 2012). *Stena Clyde* and *Stena Spey* in operation were off-hire vs the same period last year, however, offset by *Stena DrillMAX* off hire due to SPS in March 2013.

Tanker Operation

- Lower EBITDA due to a weaker performance for the Suezmax and Aframax segments, but sustainable development in our joint venture Stena Weco.

Property

- Increased EBITDA due to increased income despite that two properties were sold in the first quarter of 2013.

Adactum

- Improved EBITDA in the first quarter 2013 compared to last year due to Mediatec which now is a subsidiary (associated company last year) and increased operation within Stena Renewable

- Continued healthy liquidity
- Strong contract coverage and high utilization in our Drilling and LNG fleet.

Date: 30 May 2013

By: Staffan Hultgren

Name: Staffan Hultgren

Title: Vice President & Deputy CEO and Principal Financial Officer



Forward-looking statements

This Interim Report includes statements that are, or may be deemed to be, forward-looking statements and can be identified as “forward-looking statements” by terms and phrases such as "anticipate," "should," "likely," "foresee," "believe," "estimate," "expect," "intend," "continue," "could," "may," "project," "plan," "predict," "will" and similar expressions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which we operate and include references to assumptions that relate to the future prospects, developments and business strategies. Such statements reflect our current views and assumptions with respect to future events and are subject to risks and uncertainties.

Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Factors that could cause the actual results to differ materially from those expressed or implied in such forward-looking statements, include, but are not limited to:

- changes in general economic and business conditions and markets;
- changes in laws and regulations;
- changes in International Financial Reporting Standards, (“IFRS”);
- changes in currency exchange rates and interest rates;
- risks incident to vessel and drilling rig operations, including discharge of pollutants;
- introduction of competing products and services by other companies;
- changes in trading or travel patterns;
- increases in costs of operations or the inability to meet efficiency or cost reduction objectives;
- changes in our business strategy; and
- other risk factors listed in the reports we make available on our website www.stena.com from time to time.

We do not intend, and undertake no obligation, to revise the forward-looking statements included in this report to reflect any future events or circumstances. Our actual results, performance or achievements could differ materially from the results expressed or implied by these forward-looking statements.

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Condensed Consolidated Income Statements (unaudited)

(SEK in millions)	Three month period ended 31 March	
	2012	2013
Revenues:		
Ferry operations.....	1,947	2,180
Drilling.....	1,326	1,664
Shipping.....	556	631
Property.....	595	612
New Businesses, Adactum.....	1,102	1,416
Other.....	<u>5</u>	<u>6</u>
Total revenues.....	<u>5,531</u>	<u>6,509</u>
Net valuation on investment properties.....	1	28
Net gain on sales of assets.....	<u>15</u>	<u>26</u>
Total other income.....	16	54
Direct operating expenses:		
Ferry operations.....	(1,715)	(1,859)
Drilling.....	(644)	(806)
Shipping.....	(305)	(313)
Property.....	(243)	(254)
New Businesses, Adactum.....	(816)	(992)
Other.....	<u>1</u>	<u>(5)</u>
Total direct operating expenses.....	<u>(3,722)</u>	<u>(4,229)</u>
Selling and administrative expenses.....	(777)	(997)
Depreciation and amortization.....	<u>(897)</u>	<u>(974)</u>
Total operating expenses.....	<u>(5,396)</u>	<u>(6,200)</u>
Income from operations.....	<u>151</u>	<u>363</u>
Financial income and expense:		
Share of associated companies' results.....	(2)	0
Dividends received.....	10	20
Gain (loss) on securities, net.....	130	250
Interest income.....	138	119
Interest expense.....	(572)	(571)
Foreign exchange gains/(losses), net.....	(11)	4
Other financial income/(expense), net.....	<u>(34)</u>	<u>(64)</u>
Total financial income and expense.....	<u>(341)</u>	<u>(242)</u>
Income before taxes.....	(190)	121
Income taxes.....	<u>76</u>	<u>52</u>
Net income.....	<u>(114)</u>	<u>173</u>
Earnings attributable to:		
Equity holders of the Parent Company.....	(118)	179
Non-controlling interest.....	<u>4</u>	<u>(6)</u>
Net Income.....	<u>(114)</u>	<u>173</u>



Consolidated Statements of Comprehensive Income (unaudited)

(SEK in millions)	Three months period ended 31 March	
	2012	2013
Result for the period	(114)	173
Other comprehensive income		
<i>Items that can be reclassified into profit and loss:</i>		
Fair value (losses)/gains on available-for-sale financial assets, net of tax	252	165
Cash flow hedges, net of tax	999	138
Currency translation differences	(993)	(416)
Equity hedge, net of tax	<u>93</u>	<u>87</u>
<i>Items that cannot be reclassified into profit and loss:</i>		
Changes in revaluation surplus, net of tax	<u>0</u>	<u>1,010</u>
Total comprehensive income for the period	238	1,157
Total comprehensive income attributable to:		
- Equity holders of the Parent company	238	1,157
- Non-controlling interest	<u>0</u>	<u>0</u>
	238	1,157

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.



Condensed Consolidated Balance Sheets (unaudited)

(SEK in millions)	31 December 2012	31 March 2013
ASSETS		
<i>Noncurrent assets:</i>		
Intangible assets	3,909	4,007
<i>Tangible fixed assets:</i>		
Vessels.....	40,708	39,757
Construction in progress.....	2,647	3,559
Equipment.....	2,260	2,316
Buildings and land.....	892	909
Ports.....	<u>1,817</u>	<u>3,138</u>
Total tangible fixed assets	<u>48,324</u>	<u>49,679</u>
Investment properties	26,658	26,626
<i>Financial fixed assets:</i>		
Investment in associated companies.....	1,073	1,066
Investment in SPEs.....	5,170	5,320
Marketable securities.....	5,118	5,115
Other non-current assets.....	<u>3,437</u>	<u>3,502</u>
Total financial fixed assets	14,798	15,003
Total noncurrent assets	<u>93,689</u>	<u>95,315</u>
<i>Current assets:</i>		
Inventories.....	692	744
Trade debtors.....	2,823	2,938
Other current receivables.....	1,802	1,970
Prepaid expenses and accrued income.....	2,129	2,518
Short-term investments.....	2,095	2,360
Cash and cash equivalents.....	<u>1,581</u>	<u>1,458</u>
Total current assets	<u>11,122</u>	<u>11,988</u>
Total assets	<u>104,811</u>	<u>107,303</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		
Total shareholders' equity	<u>30,268</u>	<u>31,424</u>
<i>Noncurrent liabilities:</i>		
Deferred income taxes.....	3,855	4,155
Pension liabilities.....	1,493	1,437
Other provisions.....	768	780
Long-term debt.....	46,113	46,314
Debt in SPEs.....	3,974	5,161
Senior notes.....	5,154	5,025
Capitalized lease obligations.....	764	710
Other noncurrent liabilities.....	<u>934</u>	<u>713</u>
Total noncurrent liabilities	<u>63,055</u>	<u>64,295</u>
<i>Current liabilities:</i>		
Short-term debt.....	2,724	2,971
Senior Notes.....	838	841
Capitalized lease obligations.....	203	244
Trade accounts payable.....	1,764	1,966
Income tax payable.....	35	67
Other current liabilities.....	3,249	2,483
Accrued costs and prepaid income.....	<u>2,675</u>	<u>3,012</u>
Total current liabilities	<u>11,488</u>	<u>11,584</u>
Total shareholders' equity and liabilities	<u>104,811</u>	<u>107,303</u>

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.



Consolidated Statements of Changes in Shareholders' Equity (unaudited)

(SEK in millions)	<u>Attributable to equity holders of the company</u>					Total Equity
	Share Capital	Reserves	Retained earnings incl. Net Income/ (loss)	Total	Non-controlling interest	
Closing balance as of 31 December 2011	5	(2,316)	32,497	30,186	211	30,397
Changes in accounting policies ¹⁾			(999)	(999)		(999)
Restated Closing balance	5	(2,316)	31,498	29,187	211	29,398
Exchange differences arising on the translation of foreign operations, net of tax		(987)		(987)	(4)	(991)
Change in hedging reserve, net of tax						
- bunker hedge		292		292		292
- interest swap hedge		706		706		706
Change in fair value reserve, net of tax		252		252		252
Change in net investment hedge, net of tax		93		93		93
Net income recognized directly in equity		356		356	(4)	352
Net income			(118)	(118)	4	(114)
Total recognized income and expense		356	(118)	238	0	238
Closing balance as of 31 March 2012	5	(1,960)	31,380	29,425	211	29,636
Closing balance as of 31 December 2012	5	(2,972)	32,955	29,988	280	30,268
Changes in non-controlling interest					(3)	(3)
Changes in accounting policies ²⁾			1,010	1,101		1,010
Exchange differences arising on the translation of foreign operations, net of tax		(417)		(417)	1	(416)
Change in hedging reserve, net of tax						
- bunker hedge		(111)		(111)		(111)
- interest swap hedge		249		249		249
Change in fair value reserve, net of tax		165		165		165
Change in net investment hedge, net of tax		87		87		87
Net income/(loss) recognized directly in equity		(27)	1,010	983	1	984
Net income/(loss)			179	179	(6)	173
Total recognized income and expense		(27)	179	152	(5)	1,157
Closing balance as of 31 March 2013	5	(2,999)	34,144	31,150	272	31,424

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

¹⁾ The effect of the amended standard for pension accounting, IAS 19 Employee Benefits, as of 1 January 2012.

²⁾ The effect of change in accounting principles for valuation of Ports (see Note 2)



Condensed Consolidated Statements of Cash Flow (unaudited)

(SEK in millions)	Three month period ended 31 March	
	2012	2013
<i>Net cash flows from operating activities:</i>		
Net income.....	(114)	173
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	897	974
Net valuation of investment properties.....	(1)	(28)
Gain on sale assets.....	(15)	(26)
(Gain)/loss on securities, net.....	(130)	(250)
Unrealized foreign exchange (gains) losses.....	(104)	130
Deferred income taxes.....	(40)	(26)
Provision for pensions.....	(122)	(14)
Net cash flows from trading securities.....	(47)	(43)
Share of affiliated companies results.....	2	-
Other non-cash items.....	161	(67)
Receivables.....	(202)	(239)
Prepaid expenses and accrued income.....	(841)	(422)
Inventories.....	(52)	(56)
Trade accounts payable.....	591	129
Accrued costs and prepaid income.....	196	324
Income tax payable.....	34	15
Other current liabilities.....	<u>(587)</u>	<u>(698)</u>
Net cash provided by operating activities.....	<u>(374)</u>	<u>(124)</u>
<i>Net cash flows from investing activities:</i>		
Purchase of intangible assets.....	(21)	(17)
Cash proceeds from sale of property, vessels and equipment.....	141	182
Capital expenditure on property, vessels and equipment.....	(1,381)	(1,737)
Purchase of subsidiaries, net of cash acquired.....	-	(79)
Investment in affiliated companies.....	(74)	-
Proceeds from sale of securities.....	1,170	2,040
Purchase of securities.....	(1,205)	(1,762)
Other investing activities.....	<u>(6)</u>	<u>(31)</u>
Net cash used in investing activities.....	<u>(1,376)</u>	<u>(1,404)</u>
<i>Net cash flows from financing activities:</i>		
Proceeds from issuance of debt.....	787	1,832
Principal payments on debt.....	(329)	(866)
Net change in borrowings on line-of-credit agreements.....	1,557	794
Principal payments on capital lease obligations.....	(107)	(46)
Net change in restricted cash accounts.....	(392)	(223)
Other financing activities.....	<u>1</u>	<u>(18)</u>
Net cash provided by financing activities.....	<u>1,517</u>	<u>1,473</u>
Effect of exchange rate changes on cash and cash equivalents.....	<u>6</u>	<u>(68)</u>
Net change in cash and cash equivalents.....	(227)	(123)
Cash and cash equivalents at beginning of period.....	<u>1,587</u>	<u>1,581</u>
Cash and cash equivalents at end of period.....	<u>1,360</u>	<u>1,458</u>

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.



Notes to Condensed Consolidated Financial Statements (unaudited)

Note 1 Basis of presentation

The accompanying condensed consolidated financial statements present the financial position and results of operations of Stena AB (publ) and its subsidiaries (the "Company") and have been prepared in accordance with IAS 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with IFRS.

The interim financial information included in the condensed consolidated financial statements is unaudited, and reflects all adjustments (consisting only of normal recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. Interim results for the three months ended 31 March 2013 are not necessarily indicative of the results to be expected for the full year.

Note 2 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements with the exceptions as mentioned below:

As from 1 January 2013 Stena applies the following new accounting standards:

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosures of Interest in Other Entities, IFRS 13 Fair value measurement, revised IAS 27 Separate Financial Statements, revised IAS 28 investments in Associates and Joint Ventures, revised IAS 1 Presentation of financial statements, amendment to IFRS 7 Financial instrument: Disclosures and the amendment to IAS 19 Employee Benefits.

The major accounting changes are:

Stena applies the amended standard for pension accounting, IAS 19 Employee Benefits, as of 1 January 2013. Reported figures for 2012 have been restated to enable comparison. The net impact of equity amounted to SEK (999) million as of 1 January 2012. The amount of net pension debt as of December 31, 2012 has been restated from net debt SEK (135) million to net debt SEK (1,399) million.

- From 1 January 2013, Stena applies the revaluation model in IAS 16 Property and Equipment in measurement after initial recognition for the asset class Ports. Ports are carried at revalued amount, being its estimated fair value at the date of revaluation less subsequent depreciation and impairment. As of 1 January 2013, recorded value for Ports increased with SEK 1,319 million as a consequence of changes in accounting principles with a net impact on equity amounted to SEK 1,010 million.

Group Annual Report 2012 describes the content of the new accounting principles that are material for the Stena Group.

The group has financial instruments in Levels 1, 2 and 3 and the nature of these instruments in each level is illustrated in the annual report for 2012. In level 1 fair value is determined on the basis of the asset's listed buying current bid-rate on balance sheet date, with no addition for any transaction costs (for example brokerage) on acquisition date. In level 2 fair value is determined by utilizing a valuation technique. In level 3 fair value is based on an estimated discounted cash flows. During the first quarter no transfers have occurred between these levels and there have been no significant variations in level 3 instruments.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.



Notes to Condensed Consolidated Financial Statements (unaudited)

Note 3 Segment information

(SEK in millions)

Three month period ended 31 March

	<u>2012</u>	<u>2013</u>
<i>Income from operations:</i>		
Ferry operations.....	(322)	(268)
Drilling	184	295
Shipping: Roll-on/Roll-off vessels	(30)	1
Crude oil tankers	(29)	(26)
LNG	85	98
Other shipping	-	(29)
Total shipping.....	26	44
Property:.....	304	308
Net gain on sale of properties	-	26
Net valuations on investment properties	1	28
Total property	305	362
New Businesses, Adactum: Ballingslöv	23	29
Envac	15	10
Stena Renewable	3	14
Blomsterlandet.....	(21)	(32)
Mediatec	-	(3)
Total New Businesses, Adactum	20	18
Other.....	(62)	(88)
Total	<u>151</u>	<u>363</u>
<i>Depreciation and amortization:</i>		
Ferry operations.....	307	304
Drilling	371	416
Shipping: Roll-on/Roll-off vessels	66	64
Crude oil tankers	30	33
LNG.....	65	62
Other shipping	3	4
Total shipping	164	163
Property	1	2
New Businesses, Adactum: Ballingslöv	31	25
Envac	2	2
Stena Renewable	11	16
Blomsterlandet.....	7	7
Mediatec	-	33
Total New Businesses, Adactum	51	83
Other.....	3	6
Total	<u>897</u>	<u>974</u>



(SEK in millions)

Three month period ended 31 March

	<u>2012</u>	<u>2013</u>
<i>EBITDA from operations:</i>		
Ferry operations.....	(15)	36
Drilling	555	711
Shipping: Roll-on/Roll-off vessels	36	65
Crude oil tankers	1	7
LNG	150	160
Other shipping	<u>3</u>	<u>(25)</u>
Total shipping	190	207
Property:	306	364
New Businesses, Adactum: Ballingslöv	54	54
Envac	17	12
Stena Renewable	14	30
Blomsterlandet	(14)	(25)
Mediatec	-	<u>30</u>
Total New Businesses, Adactum	<u>71</u>	<u>101</u>
Other.....	<u>(59)</u>	<u>(82)</u>
Total	<u>1,048</u>	<u>1,337</u>
 <i>Capital expenditures:</i>		
Ferry operations.....	213	130
Drilling	270	453
Shipping: Roll-on/Roll-off vessels	7	3
Crude oil tankers	49	324
LNG.....	14	5
Other shipping	<u>4</u>	<u>6</u>
Total shipping	74	338
Property	537	190
New Businesses, Adactum: Ballingslöv	6	7
Envac.....	1	1
Stena Renewable	265	601
Blomsterlandet	15	16
Mediatec	-	<u>1</u>
Total New Businesses, Adactum	<u>287</u>	<u>626</u>
Total.....	<u>1,381</u>	<u>1,737</u>



OPERATING AND FINANCIAL REVIEW

The Company generates revenue primarily from ferry operations, chartering out its owned, chartered-in and leased Roll-on/Roll-off vessels, tankers, LNG carriers and drilling rigs, managing tankers, sales of vessels, income from New Businesses and real estate rents. The period from June through September is the peak travel season for passengers of the ferry operations. Chartering activities are not generally significantly affected by seasonal fluctuations, but variations over the year may occur as a consequence of, among other things, vessel utilization rates, dry-docking and charter rates. Any sale or acquisition of vessels, drilling rigs and real estate may also have an impact on the results of each period.

Significant events of the first three months of 2013

As of 1 January 2013, Mr. Carl-Johan Hagman replaced Mr. Gunnar Blomdahl as Managing Director of Stena Line Holding B.V. Mr. Carl-Johan Hagman will retain his current positions as responsible for Shipping within the Group and Managing Director of Stena Rederi AB.

In January 2013 the newbuilt Suezmax vessel *Stena Sunrise* was delivered from the Samsung yard in South Korea.

Ballingslöv International AB has in January 2013 acquired all shares in the English kitchenmaker Southdown Kitchen Ltd, with the brand name Manhattan Furniture. Through the acquisition Ballingslöv International is strengthening its position on the English market.

In March 2013 a new ferry route was opened between Sokcho in South Korea and Zarubino and Vladivostok in Russia.

In March 2013 *Stena Carron* gained a new three-year charter with Statoil/Sonangol in direct continuation of the current charter that expires in the end of 2013.

In March 2013, Stena Bulk declared two options, together with the JV partner Golden Agri, to build two IMOIMAX vessels.

On 5 March 2013 we called for repayment of the Senior Note with remaining debt USD 128.8 million and due 2016. The payment was made on 5 April 2013.

In January 2013 Northern Marine Management Ltd acquired all remaining shares in the Joint Ventures Austen Maritime Services Pte Ltd and Francois Marine Services Pte Ltd. These companies are as per 31 March 2013 accounted for as subsidiaries.

In the first quarter of 2013 we have sold properties with a gain of SEK 26 million. Last year there was no sale in the first quarter.

Subsequent events

In April 2013 we have received a letter of award from Tullow Oil Plc regarding *Stena DrillMAX* for a three year contract and from ENI for *Stena Clyde* the rest of 2013.

In April 2013, *Stena Baltica*, was sold on hire-purchase contract to the Italian ferry operator, SNAV S.p.A. Naples.

In May 2013, *Stena Voyager*, was sold to Stena Recycling in Landskrona, Sweden.

Standard & Poor's has updated its criteria for evaluating management and governance, which is a component of their assessment of an enterprise's creditworthiness. Stena received the rating "Strong" management and governance scores. That is the highest rating to achieve. Also, Stena is one of six companies with speculative grade ratings to receive the "strong" rating score and is mentioned as an exception in the S&P report.

Stena Blue Sky has received a new two year contract in direct continuation of the current contract which expires in June 2013.



Currency effects

Our revenues and expenses, reported in Swedish kronor, are significantly affected by fluctuations in currency exchange rates, primarily relative to the U.S. dollar, the British pound and the euro. We seek to mitigate the impact of potential adverse foreign currency exchange fluctuations by matching, to the extent possible, revenues and expenses in the same currency. In addition, we enter into certain derivative financial instruments. In the three month period ended 31 March 2013, approximately 31% of our total revenues were generated in USD, approximately 16% were generated in EUR, approximately 10% were generated in GBP and approximately 31% were generated in SEK.

In the three month period ended 31 March 2013, approximately 21% of our total expenses were incurred in USD, approximately 12% were incurred in EUR, 14% were incurred in GBP and approximately 33% were incurred in SEK. The reported gross revenues and expenses were influenced by changes in the currency rates. The exchange rates as used for consolidation purposes are as follows:

<i>Average rates:</i>	Jan- March 2012	Jan-March 2013	Change
US \$.....	6.7495	6.4333	(5)%
British pound	10.6057	9.9921	(6)%
Euro	8.8532	8.4971	(4)%
 <i>Closing rates:</i>	 As of 31 Dec 2012	 As of 31 March 2013	 Change
US \$.....	6.5104	6.5291	-
British pound	10.5865	9.9187	(7)%
Euro	8.5843	8.3674	(3)%

**HIGHLIGHTS, THREE MONTHS ENDED 31 MARCH 2013*****Revenues***

Total revenues increased SEK 978 million to SEK 6,509 million in the three months ended 31 March 2013 compared to SEK 5,531 million in the three months ended 31 March 2012, as a result of increased revenues in all segments, offset by the weakening of the U.S. dollar, EUR and GBP against the SEK.

Direct operating expenses

Total direct operating expenses increased SEK 507 million to SEK 4,229 million in the three months ended 31 March 2013, compared to SEK 3,722 million in the three months ended 31 March 2012, as a result of increased operating expenses in all segments, offset by the weakening of the U.S. dollar, EUR and GBP against the SEK.

Selling and administrative expenses

Selling and administrative expenses increased SEK 220 million to SEK 997 million in the three months ended 31 March 2013, compared to SEK 777 million in the three months ended 31 March 2012, mainly due to that Mediatec, as from December 2012, is accounted for as a subsidiary and not, as previously, an associated company, and Ballingslövs' purchase of Southdown Kitchen LTD in UK.

Depreciation and amortization

Depreciation and amortization charges increased SEK 77 million to SEK 974 million in the three months ended 31 March 2013, compared to SEK 897 million in the three months ended 31 March 2012, mainly as a result of increased depreciation charges for the new vessel Stena IceMax delivered, in June 2012, and depreciation charges related to the new subsidiary Mediatec, within the business area New businesses Adactum, and increased operation within Stena Renewable, offset by the weakening of the U.S. dollar, EUR and GBP against the SEK.

EBITDA

EBITDA of the total Group increased SEK 289 million to SEK 1,337 million in the three months ended 31 March 2013 compared to SEK 1,048 million in last year. The EBITDA has increased in all business areas.

Ferry operations

Ferry revenues are generated from ticket sales, freight haulage and on board sales. Direct operating expenses consist principally of personnel costs, costs of goods sold on the vessels, bunker fuel costs, vessel charter costs, commissions, package tour costs and other related costs. A significant portion of these costs do not vary as a result of changes in our seasonal requirements.

EBITDA increased SEK 51 million to SEK 36 million from SEK (15) million mainly due to increased freight volumes. Car/freight volumes: +7% / +15% compared to first quarter last year. Excluding the new operation on the Baltic Sea, the car/freight volumes increased by +1% / 5% compared to last year.

In 2013, Stena Lines is focusing on improving cost efficiency, advantages of scale of economies and freight sales and cargo operations.

Drilling operations

Drilling revenues consist of charter hires for our drilling rigs and the direct operation expenses for drilling consist primarily of personnel costs, fuel costs, insurance, maintenance and catering costs.

EBITDA increased SEK 156 million to 711 compared to SEK 555 million in Q1 2012. The increase is mainly explained by that *Stena IceMAX* was not in operation in Q1 2012 and that the rigs *Stena Clyde* and *Stena Spey*, both were unutilized the first two months of 2012, offset by that the *Stena DrillMAX* has been undertaken SPS in March 2013.



All units with the drilling operations are with good contract coverage. *Stena Carron* has a new three year contract signed. Letter of awards were received for *Stena DrillMAX* for three years +2*1 year options and for *Stena Clyde* for rest of 2013.

Shipping operations

Shipping revenues primarily represent charter hires for our owned and chartered in vessels and management fees for vessels managed by us. Direct operating expenses for shipping consist primarily of vessel charter costs, fuel costs, personnel costs, insurance and other related vessel costs.

Crude oil tankers

The crude oil tanker operation generated an EBITDA of SEK 7 million in Q1 2013 compared to SEK 1 million for the same period in 2012 (including gain on sale of the vessel *Stena Carribean* with a profit of SEK 18 million and write-down of Paradise Holding with USD 7.5 million (SEK 49 million)). Compared to last year the operational EBITDA decreased with SEK 25 million due to lower T/C-net for primarily Aframax and Suezmax segments. Operationally and technically the fleet is performing well in a distress market.

LNG operations

LNG generated an EBITDA of SEK 160 million compared to last year SEK 150 million.

RoRo operations

EBITDA from chartering out Roll-on/Roll-off vessels increased SEK 27 million to SEK 65 million in Q1 2013, from SEK 36 million 2012, mainly due to that the new vessels *Watling Street* and *Norman Voyager*, acquired in April 2012, were put into operation and reduced costs as the vessel *Stena Baltica* was laid up last year.

Property

Property revenues consist of rents for properties owned and management fees for properties managed by the Company. Property expenses consist primarily of maintenance, heating and personnel costs.

EBITDA were SEK 364 million for Q1 2013, compared to SEK 306 million for Q1 2012, mainly due to higher rental income as an effect of decreased vacancy rates for our commercial properties in Sweden together with rental income from a new commercial property in London, purchased in January 2012. Occupancy rates for Swedish properties ~ 98%, non-Swedish properties ~83% mainly due to weak Dutch market.

This quarter we sold two properties in Sweden with a total net gain of SEK 26 million.

New Businesses Adactum

EBITDA for Q1 from Stena Adactum increased SEK 30 million to SEK 101 million in Q1 2013, from SEK 71 million in Q1 2012. EBITDA increased mainly as an effect of that *Mediatec* is from the end of 2012 a subsidiary (ownership 52%) and not accounted for as an associated company, as previous. The EBITDA for *Mediatec* was SEK 30 million in Q1 2013.

Ballingslöv: EBITDA as per 31 March 2013 was SEK 54 million, same as per 31 March 2012.

Envac: EBITDA as per 31 March 2013 was SEK 12 million compared to SEK 17 million as per 31 March 2012. Lower than last year due to a weaker construction market with delayed projects as a consequence.

Stena Renewable: EBITDA as per 31 March 2013 was SEK 30 million compared to SEK 14 million as per 31 March 2012. EBITDA SEK 16 million better compared to last year due to increased number of windmills.

Blomsterlandet: EBITDA as per 31 March 2013 was SEK (25) million compared to SEK (14) million as per 31 March 2012. Lower than last year due to cold start of the season.



Other income

Net valuation on investment property. As a result of revaluation to fair value according to IAS 40 “Investment properties”, the Company had net gains of SEK 28 million for the Q1 2012, as compared to gains of SEK 1 million for the Q1 2012.

Net gain on sale of vessels. In Q1 2013 there were no sales. In Q1 2012, net gains of SEK 16 million were recorded on the sale of the vessels *Stena Caribbean* and *Stena Navigator*.

Net gain on sale of properties. In Q1 2013 net gains of SEK 26 million were recorded. In Q1 2012, there were no sales of properties.

Financial income and expense

Total financial income and expense increased by SEK 99 million to SEK (242) million in the three months ended 31 March 2013, from SEK (341) million in the three months ended 31 March 2012, mainly due to unrealized gains on the financial portfolios, lower interest expenses offset by the strengthening of the U.S. dollar, EUR and GBP against the SEK.

Share of affiliated companies’ results in the three months ended 31 March 2013, refers to the Company’s portion of the results of Midsona AB (publ), Gunnebo AB (publ) and Wisent Oil and Gas. In 2012, Mediatec’s result was included in the associated companies result, but as from the end of 2012, Mediatec is accounted for as a subsidiary. Net gain (loss) on securities in the three months ended 31 March 2012, was SEK 250 million compared to SEK 130 million last year, mainly due to the realized and unrealized gains in our portfolios.

Income taxes

Income taxes for the three months ended 31 March 2013, were SEK 52 million, consisting of current taxes of SEK 26 million and deferred taxes of SEK 26 million. Income taxes for the three months ended March 31, 2012, were SEK 76 million, consisting of current taxes of SEK 36 million and deferred taxes of SEK 40 million.

Liquidity and Capital Resources

Our liquidity requirements principally relate to servicing of debt, financing the purchase of vessels and other assets and funding of working capital. We meet our liquidity requirements with cash on hand, cash flows from operations, borrowings under various credit facilities and other financing and refinancing arrangements.

As of 31 March 2013, we had total cash and marketable securities of SEK 8,933 million as compared with SEK 8,794 million as of 31 December 2012.

As of 31 March 2013, total construction in progress was SEK 3,559 million, as compared to SEK 2,647 million as of 31 December 2012. The remaining capital expenditure commitment for newbuildings on order as of 31 March 2013, was SEK 1,687 million SEK 68 million is due during 2013, SEK 367 million is due 2014 and SEK 1,252 million is due 2015. The Company plans to finance the remainder of this unpaid balance, together with additional expenses and financing costs, through cash from operations, existing revolving credit facilities, new capital lease agreements, new bank loans and other financing arrangements.

As of 31 March 2013 total interest bearing debt was SEK 56,105 million, excluding debt in SPEs, as compared with SEK 55,796 million as of 31 December 2012.

As of 31 March 2013, \$505 million was utilized under our \$1 billion revolving credit facility, including \$6 million used for issuing bank guarantees and letters of credit. As of 31 December 2012, \$501 million was utilized under our \$1 billion revolving credit facility, of which \$5 million was used for issuing bank guarantees and letters of credit.

As of 31 March 2013, \$135 was utilized under the \$200 million revolving credit facility entered into by Stena Royal S.à.r.l. (“Stena Royal”) as compared to \$138 million as of 31 December 2012.

As of 31 March 2013, SEK 150 million of the SEK 300 million facility in Adactum was utilized. As per 31 December the facility was unutilized.



During 2010, we entered into a new SEK 6,660 million revolving credit facility with Svenska Handelsbanken and Nordea and guaranteed by EKN. This facility was utilized with SEK 5,451 million as of 31 March 2013 compared to SEK 5,173 million as of 31 December 2012.

We believe that, based on current levels of operating performance and anticipated market conditions, cash flow from operations, together with other available sources of funds, including refinancing, will be adequate to make required payments of principal and interest on outstanding debt, to permit proposed capital expenditures, including newbuildings and other vessel acquisitions, and to fund anticipated working capital requirements.



OTHER FINANCIAL INFORMATION – RESTRICTED GROUP

For the three months ended 31 March 2013, Restricted Group Data represents the selected consolidated financial information excluding (i) the property business segment (other than two small properties), (ii) the business segment of Adactum, whose activities consist primarily of investing in companies outside our traditional lines of business, and (iii) our subsidiaries Stena Investment Luxembourg S.à.r.l., Stena Royal, Stena Investment Cyprus Ltd and Mondaldi Ltd. Our real estate operations and the business of Adactum are conducted through various subsidiaries. For purposes of the indentures under which our Senior Notes were issued, real estate business and new businesses, Adactum, together with our subsidiaries Stena Investment Luxembourg S.à.r.l., Stena Royal, Stena Investment Cyprus Ltd and Mondaldi Ltd, are designated as unrestricted subsidiaries and, as a result, are not bound by the restrictive provisions of these indentures.

As of 31 March 2013, we had outstanding \$128.8 million principal amount of Senior Notes due 2016, €300 million principal amount of Senior Notes due 2017, €102 million principal amount of Senior Notes due 2019 and €200 million principal amount of Senior Notes due 2020.

On 5 March 2013 we have called for repayment of the Senior Note with remaining debt USD 128.8 million and due 2016. The payment was done on 5 April 2013.



Condensed Consolidated Income Statements – Restricted Group

(SEK in millions) (unaudited)	Three month period ended 31 March	
	2012	2013
Revenues:		
Ferry operations	1,947	2,180
Drilling	1,326	1,664
Shipping.....	556	631
Property	2	2
Other	<u>5</u>	<u>6</u>
Total revenues	<u>3,836</u>	<u>4,483</u>
Net gain on sales of assets	<u>15</u>	-
Total other income.....	15	-
Direct operating expenses:		
Ferry operations	(1,715)	(1,859)
Drilling	(644)	(806)
Shipping.....	(305)	(313)
Property	(1)	(1)
Other	<u>0</u>	<u>(5)</u>
Total direct operating expenses	<u>(2,664)</u>	<u>(2,984)</u>
Selling and administrative expenses	(506)	(616)
Depreciation and amortization.....	<u>(845)</u>	<u>(889)</u>
Total operating expenses	<u>(4,015)</u>	<u>(4,489)</u>
Income/(loss) from operations	<u>(164)</u>	<u>(6)</u>
Net financial income and expenses:		
Dividends received	-	1
Net gain (loss) on securities.....	116	15
Interest income	54	80
Interest expense	(318)	(407)
Foreign exchange gains (losses), net	(17)	14
Other financial income (expenses), net.....	<u>(16)</u>	<u>(40)</u>
Total financial income and expenses	<u>(181)</u>	<u>(337)</u>
Income/(loss) after financial income and expenses.....	(345)	(343)
Non-controlling interest.....	<u>0</u>	<u>7</u>
Income/(loss) before tax	<u>(345)</u>	<u>(336)</u>
Income taxes	<u>117</u>	<u>97</u>
Net income/(loss)	<u>(228)</u>	<u>(239)</u>



Condensed Consolidated Balance Sheets – Restricted Group

(SEK in millions) (unaudited)	31 December 2012	31 March 2013
ASSETS		
<i>Noncurrent assets:</i>		
Intangible assets.....	1,322	1,294
Tangible fixed assets:		
Vessels.....	40,708	39,757
Construction in progress.....	1,441	1,758
Equipment.....	1,222	1,264
Ports.....	1,817	3,138
Property.....	<u>454</u>	<u>447</u>
Total tangible fixed assets.....	45,642	46,364
Financial fixed assets:		
Marketable securities.....	770	784
Intercompany accounts, noncurrent.....	7,470	6,700
Other assets.....	<u>8,443</u>	<u>8,578</u>
Total noncurrent assets.....	<u>63,647</u>	<u>63,720</u>
<i>Current assets:</i>		
Inventories.....	238	258
Trade debtors.....	2,085	2,056
Other receivables.....	1,521	1,404
Prepaid expenses and accrued income.....	1,618	1,930
Short-term investments.....	1,354	1,475
Cash and cash equivalents.....	<u>836</u>	<u>782</u>
Total current assets.....	<u>7,652</u>	<u>7,905</u>
Total assets.....	<u>71,299</u>	<u>71,625</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		
<i>Shareholders' equity:</i>		
Share Capital.....	5	5
Reserves.....	<u>23,041</u>	<u>23,528</u>
Equity attributable to shareholders of the company.....	23,046	23,533
Non-controlling interest.....	<u>119</u>	<u>92</u>
Total Equity.....	<u>23,165</u>	<u>23,625</u>
<i>Noncurrent liabilities:</i>		
Deferred income taxes.....	1,012	1,220
Other provisions.....	2,083	2,017
Long-term debt.....	30,319	30,129
Senior notes.....	5,154	5,025
Capitalized lease obligations.....	595	534
Other noncurrent liabilities.....	<u>230</u>	<u>227</u>
Total noncurrent liabilities.....	39,393	39,152
<i>Current liabilities:</i>		
Short-term debt.....	2,163	2,274
Senior notes.....	838	841
Capitalized lease obligations.....	127	156
Trade accounts payable.....	795	796
Income tax payable.....	10	35
Other liabilities.....	1,890	1,631
Intercompany liabilities.....	1,033	887
Accrued costs and prepaid income.....	<u>1,885</u>	<u>2,228</u>
Total current liabilities.....	<u>8,741</u>	<u>8,848</u>
Total shareholders' equity and liabilities.....	<u>71,299</u>	<u>71,625</u>



Condensed Consolidated Statements of Cash Flow – Restricted Group

(SEK in millions) (unaudited)	Three month period ended 31 March	
	2012	2013
<i>Net cash flows from operating activities:</i>		
Net income/(loss)	(228)	(239)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Depreciation and amortization	845	889
Gain on sale assets	(15)	-
(Gain) loss on securities, net	(116)	(15)
Unrealized foreign exchange (gains) losses	(222)	152
Deferred income taxes	(60)	(56)
Other non-cash items	141	(63)
Provision for pensions	(122)	(16)
Net cash flows from trading securities	(45)	(51)
Changes in working capital	<u>(1,158)</u>	<u>(203)</u>
Net cash provided by/used in operating activities	<u>(980)</u>	<u>398</u>
<i>Net cash flows from investing activities:</i>		
Purchase of intangible assets	(6)	(13)
Cash proceeds from sale of property, vessels and equipment	141	-
Capital expenditure on property, vessels and equipment	(557)	(921)
Purchase of subsidiaries, net of cash acquired	-	58
Proceeds from sale of securities	15	21
Purchase of securities	(63)	-
Other investing activities	<u>4</u>	<u>(15)</u>
Net cash used in investing activities	<u>(466)</u>	<u>(870)</u>
<i>Net cash flows from financing activities:</i>		
Proceeds from issuance of debt	625	3
Principal payments on debt	(362)	(412)
Net change in borrowings on line-of-credit agreements	964	433
Principal payments on capital lease obligations	(107)	(27)
Net change in restricted cash accounts	104	(72)
Intercompany accounts	180	536
Other financing activities	<u>(2)</u>	<u>1</u>
Net cash provided by financing activities	<u>1,402</u>	<u>462</u>
Effect of exchange rate changes on cash and cash equivalents	<u>12</u>	(44)
Net change in cash and cash equivalents	(32)	(54)
Cash and cash equivalents at beginning of period	<u>809</u>	<u>836</u>
Cash and cash equivalents at end of period	<u>777</u>	<u>782</u>



Other data – Restricted Group

(SEK in millions)	Three month period ended 31 March	
OTHER DATA:	2012	2013
Adjusted EBITDA.....	735	963

Adjusted EBITDA is defined as income from operations plus cash dividends received from affiliated companies, interest income, depreciation and amortization, non-controlling interest and non-cash charges minus aggregate gains on vessel dispositions to the extent such gains exceed 25% of Adjusted EBITDA net of all such gains. Information concerning Adjusted EBITDA is included because it conforms to the definition of Consolidated Cash Flow in the indentures governing our Senior Notes. Adjusted EBITDA is not a measure in accordance with IFRS and should not be used as an alternative to cash flows or as a measure of liquidity and should be read in conjunction with the condensed consolidated statements of cash flows contained in our condensed consolidated financial statements included elsewhere herein.

The computation of Adjusted EBITDA and reconciliation to net cash provided by operating activities is presented below:

(SEK in millions)	Three month period ended 31 March	
	2012	2013
Income from operations	(164)	(6)
Adjustments:		
Interest income	54	80
Depreciation and amortization	<u>845</u>	<u>889</u>
Adjusted EBITDA.....	735	963
Adjustments:		
Gain on sale of vessels	(15)	-
Net cash flows from trading securities	(45)	(51)
Interest expenses	(318)	(407)
Unrealized foreign exchange (gains) losses	(222)	152
Provisions for pensions	(122)	(16)
Other non cash items	141	(63)
Changes in working capital	(1,158)	(203)
Other items	<u>24</u>	<u>23</u>
Net cash provided by operating activities.....	(980)	398