STENA AB (publ.)

Interim Report for the nine-month period 1 January – 30 September 2014

Highlights:

- Income before taxes amounts to MSEK 2,460 for the nine month period ended 30 September 2014, compared to MSEK 1,998 for the nine month period ended 30 September 2013.

- Consolidated EBITDA increased by MSEK 1,216 to MSEK 7,449 for the nine month period ended 30 September 2014, from MSEK 6,233 for the nine month period ended 30 September 2013.

  Ferry Operation
  - EBITDA increased compared to last year due to increased freight volumes and ongoing cost saving programs.

  Drilling
  - Significant increase in EBITDA due to higher contract rates compared to last year for a majority of the units and that *Stena DrillMAX & Stena Spey* were off hire due to SPS (Special Periodic Survey) last year.

  Crude Oil Tanker
  - Increased EBITDA due to a stronger market for Suezmax and Aframax and continued profitable Stena Weco operation.

- Continued strong liquidity position.

- Strong contract coverage and high utilization and operational performance in our Drilling and LNG fleet.

Date: 28 November 2014
By: 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 other 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 industries in which we operate. The report includes references to assumptions that relate to the future prospects, developments and business strategies. Such statements reflect our current views and assumptions in respect to future events and are subject to risks and uncertainties.

Many factors could affect our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by 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 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)

(MSEK)	Three month period ended 30 Sept 2013	Three month period ended 30 Sept 2014	Nine month period ended 30 Sept 2013	Nine month period ended 30 Sept 2014
Revenues:				
Ferry operations	3,614	4,059	8,666	9,544
Drilling	1,836	2,301	5,144	6,213
Shipping	677	771	1,897	2,203
Property	668	624	1,936	1,914
Investments, Adactum	1,395	1,495	4,752	4,879
Other	3	12	14	12
Total revenues	**8,193**	**9,262**	**22,409**	**24,765**
Net valuation on investment properties	120	2	171	154
Net gain on sales of assets	4	120	75	120
Total other income	**124**	**122**	**246**	**274**
Direct operating expenses:				
Ferry operations	(2,322)	(2,668)	(6,342)	(6,922)
Drilling	(610)	(906)	(2,193)	(2,513)
Shipping	(418)	(527)	(1,088)	(1,249)
Property	(178)	(179)	(618)	(605)
Investments, Adactum	(959)	(1,044)	(3,237)	(3,360)
Other	3	22	(5)	(3)
Total direct operating expenses	**(4,484)**	**(5,302)**	**(13,483)**	**(14,652)**
Selling and administrative expenses	(1,018)	(955)	(2,937)	(2,938)
Depreciation and amortization	(1,003)	(1,226)	(3,029)	(3,507)
Total operating expenses	**(6,505)**	**(7,483)**	**(19,449)**	**(21,097)**
Income from operations	**1,812**	**1,901**	**3,206**	**3,942**
Financial income and expense:				
Share of associated companies' results	(88)	(62)	(78)	(30)
Dividends received	21	8	53	37
Gain (loss) on securities, net	178	(6)	447	116
Interest income	144	117	388	360
Interest expense	(669)	(590)	(1,834)	(1,850)
Foreign exchange gains/(losses), net	14	75	(3)	110
Other financial income/(expense), net	(59)	(123)	(181)	(225)
Total financial income and expense	**(459)**	**(581)**	**(1,208)**	**(1,482)**
Income before taxes	**1,353**	**1,320**	**1,998**	**2,460**
Income taxes	(547)	(154)	(420)	(374)
Net income	**806**	**1,166**	**1,578**	**2,086**
Earnings attributable to:				
Equity holders of the Parent Company	816	1178	1,582	2,089
Non-controlling interest	(10)	(12)	(4)	(3)
Net Income	**806**	**1,166**	**1,578**	**2,086**

Consolidated Statements of Comprehensive Income (unaudited)

(MSEK)	Three month period ended 30 Sept		Nine month period ended 30 Sept	
	2013	**2014**	**2013**	**2014**
Result for the period	**806**	**1,166**	**1,578**	**2,086**
Other comprehensive income				
Items that may subsequently be reclassified to profit and loss:				
Change in fair value reserve, net of tax	41	(115)	324	(54)
Change in net investment hedge, net of tax	47	(153)	624	(632)
Change in revaluation reserve, net of tax		78		78
Change in currency translation differences	(477)	640	9	1,776
Other comprehensive income for the period	**(389)**	**450**	**957**	**1,168**
Total comprehensive income for the period	**417**	**1,616**	**2,535**	**3,254**
Total comprehensive income attributable to:				
- Owners of the Parent company	428	1,612	2,539	3,253
- Non-controlling interest	(11)	4	(4)	1
Total comprehensive income for the period	**417**	**1,616**	**2,535**	**3,254**

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

Condensed Consolidated Balance Sheets (unaudited)

(MSEK)	31 December 2013	30 September 2014
ASSETS		
Noncurrent assets:		
Intangible assets	**4,155**	**4,260**
Tangible fixed assets:		
Vessels	40,956	44,158
Construction in progress	2,450	3,518
Equipment	3,930	4,082
Buildings and land	962	1,089
Ports	3,261	3,582
Total tangible fixed assets	**51,559**	**56,429**
Investment properties	**27,831**	**28,690**
Financial fixed assets:		
Investment in associated companies	934	892
Investment in SPEs	4,311	5,118
Marketable securities	4,243	4,537
Other non-current assets	3,904	4,537
Total financial fixed assets	**13,392**	**15,084**
Total noncurrent assets	**96,937**	**104,463**
Current assets:		
Inventories	716	824
Trade debtors	2,849	3,119
Other current receivables	1,793	1,857
Prepaid expenses and accrued income	2,170	2,338
Short-term investments	1,694	1,107
Cash and cash equivalents	2,053	1,992
Total current assets	**11,275**	**11,237**
Total assets	**108,212**	**115,700**

SHAREHOLDERS' EQUITY AND LIABILITIES

	31 December 2013	30 September 2014
Total shareholders' equity	**35,274**	**38,308**
Noncurrent liabilities:		
Deferred income taxes	3,940	4,183
Pension liabilities	649	532
Other provisions	707	716
Long-term debt	45,287	43,501
Debt in SPEs	3,944	4,408
Senior notes	5,324	12,344
Capitalized lease obligations	642	617
Other noncurrent liabilities	722	1,426
Total noncurrent liabilities	**61,215**	**67,727**
Current liabilities:		
Short-term debt	4,616	2,341
Capitalized lease obligations	231	158
Trade accounts payable	1,722	1,633
Income tax payable	243	139
Other current liabilities	1,655	1,980
Accrued costs and prepaid income	3,256	3,414
Total current liabilities	**11,723**	**9,665**
Total shareholders' equity and liabilities	**108,212**	**115,700**

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

Consolidated Statements of Changes in Shareholders' Equity (unaudited)

(MSEK)	Equity attributable to the owners of the parent company					
	Share Capital	Reserves	Retained earnings incl. Net Income	Total	Non-controlling interest	Total Share-holders´ Equity
Closing balance as of 31 December 2012	**5**	**(2,972)**	**32,955**	**29,988**	**280**	**30,268**
Effect of changes in accounting principles[1)]		1,127		**1,127**	29	**1,156**
Balance at 1 January 2013 (restated)	**5**	**(1,845)**	**32,955**	**31,115**	**309**	**31,424**
Change in fair value reserves		324		**324**		**324**
Change in net investment hedge		624		**624**		**624**
Change in revaluation reserve		(22)	22			
Change in translation reserve		9		**9**		**9**
Other comprehensive income		**935**	**22**	**957**		**957**
Net income			1,582	**1,582**	**(4)**	**1,578**
Total comprehensive income		**935**	**1,604**	**2,539**	**(4)**	**2,535**
Changes in non-controlling interest					(43)	**(43)**
Dividend			**(189)**	**(189)**		**(189)**
Closing balance as of 30 September 2013	**5**	**(910)**	**34,370**	**33,465**	**262**	**33,727**
Closing balance as of 31 December 2013	**5**	**(449)**	**35,457**	**35,013**	**262**	**35,274**
Change in fair value reserves		(54)		**(54)**		**(54)**
Change in net investment hedge		(632)		**(632)**		**(632)**
Change in revaluation reserve		55	23	**78**		**78**
Change in translation reserve		1,772		**1,772**	4	**1,776**
Other comprehensive income		**1,141**	**23**	**1,164**	**4**	**1,168**
Net income			2,089	**2,089**	(3)	**2,086**
Total comprehensive income		**1,141**	**2,112**	**3,253**	**1**	**3,254**
Changes in non-controlling interest						
Dividend			(220)	**(220)**		**(220)**
Closing balance as of 30 September 2014	**5**	**692**	**37,349**	**38,046**	**263**	**38,308**

1) Effects of changes in valuation of ports, from cost method to revaluation method.

Condensed Consolidated Statements of Cash Flow (unaudited)

(MSEK)	Nine month period ended 30 September 2013	2014
Net cash flows from operating activities:		
Net income	1,578	2,086
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,029	3,507
Net valuation on investment properties	(171)	(154)
Gain on sale assets	(75)	(120)
(Gain)/loss on securities, net	(447)	(116)
Unrealized foreign exchange (gains) losses	143	(728)
Deferred income taxes	(52)	84
Pensions	(137)	(122)
Net cash flows from trading securities	(71)	76
Share of affiliated companies results	78	30
Dividend from associated companies	23	25
Other non-cash items	(45)	339
Receivables	537	141
Prepaid expenses and accrued income	(404)	(44)
Inventories	(45)	(98)
Trade accounts payable	(207)	(152)
Accrued costs and prepaid income	92	(254)
Income tax payable	225	179
Other current liabilities	(1,114)	57
Net cash provided by operating activities	**2,937**	**4,736**
Net cash flows from investing activities:		
Purchase of intangible assets	(98)	(127)
Cash proceeds from sale of property, vessels and equipment	493	477
Capital expenditure on property, vessels and equipment	(5,412)	(4,455)
Purchase of subsidiaries, net of cash acquired	(91)	(23)
Proceeds from sale of securities	6,035	3,787
Purchase of securities	(4,516)	(3,980)
Other investing activities	(234)	(69)
Net cash used in investing activities	**(3,823)**	**(4,390)**
Net cash flows from financing activities:		
Proceeds from issuance of debt	3,479	12,804
Principal payments on debt	(4,128)	(7,716)
Net change in borrowings on line-of-credit agreements	1,667	(5,364)
Principal payments on capital lease obligations	(177)	(177)
Net change in restricted cash accounts	506	622
Dividend paid	(189)	(220)
Other financing activities	(17)	(432)
Net cash provided by financing activities	**1,141**	**(483)**
Effect of exchange rate changes on cash and cash equivalents	27	76
Net change in cash and cash equivalents	282	(61)
Cash and cash equivalents at beginning of period	**1,581**	**2,053**
Cash and cash equivalents at end of period	**1,863**	**1,992**

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 result of operations of Stena AB (publ) and its subsidiaries (Stena) 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 on 31 December 2013, which have been prepared in accordance with IFRS.

The interim financial information included in the condensed consolidated financial statements has not been audited, 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 nine months ended on 30 September 2014 are not necessarily an indication 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 2013, as described in the annual financial statements with the exceptions as mentioned below:

As from 1 January 2014 Stena applies the following new accounting standards:

– IFRS 10, "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group has no effects due to this standard.

– IFRS 11, "Joint arrangements" focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The Group has no effects due to this standard.

– IFRS 12, "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The Group will apply IFRS 12 for the accounting year commencing on 1 January 2014. The Group has no effects due to this standard.

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

Stena's Annual Report 2013 describes the content of the new accounting principles that are regarded as material for the Stena Group (see link http://www.stena.com/en/news-and-finance/Pages/investor-relations.aspx#!/en/news-and-finance/Pages/reports.aspx).

Notes to Condensed Consolidated Financial Statements (unaudited)

Note 3 Segment information

(MSEK)	Three month period ended 30 September		Nine month period ended 30 September	
	2013	2014	2013	2014
Income from operations:				
Ferry operations	716	769	535	756
Drilling	486	649	1,078	1,607
Shipping: Roll-on/Roll-off vessels	14	16	9	37
Tankers	81	88	232	302
Other shipping	(25)	(104)	(77)	(158)
Total shipping	70	0	164	181
Property:	439	392	1,168	1,158
Net gain on sale of properties	0	120	49	120
Net valuations on investment properties	120	2	171	154
Total property	559	514	1,388	1,432
Investments, Adactum:	34	32	280	237
Other	(53)	(63)	(239)	(271)
Total	1,812	1,901	3,206	3,942
Depreciation and amortization:				
Ferry Operations	298	392	921	1,105
Drilling	448	551	1,304	1,540
Shipping: Roll-on/Roll-off vessels	51	64	206	215
Tankers	99	104	293	305
Other shipping	4	8	12	22
Total shipping	154	176	511	542
Property	1	6	4	7
Investments, Adactum	96	95	272	293
Other	6	6	17	20
Total	1,003	1,226	3,029	3,507
EBITDA from operations:				
Ferry Operations	1,014	1,161	1,456	1,861
Drilling	934	1,200	2,382	3,147
Shipping: Roll-on/Roll-off vessels	65	81	215	253
Tankers	180	192	525	607
Other shipping	(21)	(97)	(65)	(137)
Total shipping	224	176	675	723
Property	560	519	1,392	1,438
Investments, Adactum	130	127	552	530
Other	(50)	(56)	(224)	(250)
Total	2,812	3,127	6,233	7,449
Capital expenditures:				
Ferry operations			268	710
Drilling			2,895	2,331
Shipping: Roll-on/Roll-off vessels			124	145
Tankers			405	70
Other shipping			14	58
Total shipping			543	273
Property			803	915
Investments, Adactum			896	210
Other			7	16
Total			5,412	4,455

OPERATING AND FINANCIAL REVIEW

Stena generates revenue primarily from ferry operations, chartering out its owned, chartered-in and leased Roll-on/Roll-off vessels, tankers and drilling rigs, managing tankers, sales of vessels, income from Investments, Adactum 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 Nine Months of 2014

In January 2014, the Ropax vessel *Dieppe Seaways*, was acquired. The vessel is a sister vessel to *Stena Superfast VII* and *Stena Superfast VIII*. *Dieppe Seaways* is on a charter to DFDS Seaways until November 2014. The vessel will thereafter be refurbished and go into the Stena Line operation.

In January 2014, a ten year bond of MUSD 600 was issued. The purpose of this transaction was to extend existing profile of amortization and pay off outstanding amounts under our credit facility.

In February 2014 another ten year bond of MUSD 350 was issued. In connection with the MUSD 350 bond, a so called Term loan B, was entered into for an amount of MUSD 650, which is a seven year loan with low rate of amortization. The securities for both the bond and the loan consist of the drilling units *Stena DrillMAX* and *Stena Carron*. The purpose of this transaction was to refinance the outstanding loans secured by the two drilling vessels to extend existing profile of amortization and increase liquidity. In connection with this transaction the available facility amount under the existing RCF (Revolving Credit Facility) of MUSD 1,000 was reduced to MUSD 600.

In February 2014, Stena Line acquired the operation on the route Rosslare (Ireland) – Cherbourg (France). The acquisition will benefit the network as well as improve Stena Line’s strategic position in the southern part of Ireland. The operation was taken over as from April 2014.

In June 2014, Stena Fastigheter agreed to acquire the SCA building for MSEK 868 currently under construction in the centre of Mölndal. The property contains 25,000 square meters of offices and an innovation center for SCA, who has signed a long lease. The construction is planned to be finished in December 2016.

In July 2014, we sold one property in London for MGBP 41.

In July 2014, we decided to cancel the operation on the route between Sokcho in South Korea and Zarubino and Vladivostok in Russia.

In July 2014, the financing (MUSD 574) arrangement for one semi-submersible new-build rig has been completed.

The current option at Samsung for a second midwater drilling rig has been extended to December 5th 2014.

Subsequent Events

In November 2014, we sold one property in Stockholm for MSEK 245.

On November 21st, Statoil cancelled the 3 year contract for the drillship Stena Carron with Stena Drilling. Stena will receive a compensation for the 2,5 year remaining contractual period with an upfront payment amounting to approximately MUSD 300.

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 a possible extent, revenues and expenses in the same currency. In addition, we enter into certain derivative financial instruments. In the nine month period that ended on 30 September 2014, approximately 29% of our total revenues were generated in USD, approximately 20% were generated in EUR, approximately 13% were generated in GBP and approximately 28% were generated in SEK.

In the nine month period ended 30 September 2014, approximately 22% of our total expenses were incurred in USD, approximately 15% were incurred in EUR, approximately 18% were incurred in GBP and approximately 33% were incurred in SEK. The reported gross revenues and expenses were affected by changes in the currency rates. The exchange rates used for consolidation purposes are as follows:

Average rates:	**Jan - September 2013**	**Jan - September 2014**	**Change**
US $	6.5162	6.6757	2%
British pound..	10.0733	11.1445	11%
Euro..	8.5820	9.0413	5%

Closing rates:	**As of 31 Dec 2013**	**As of 30 Sept 2014**	**Change**
US $	6.4279	7.2173	12%
British pound..	10.6529	11.7057	10%
Euro..	8.8567	9.1147	3%

Revenues

Total revenues increased by MSEK 2,356 to MSEK 24,765 in the nine months ended 30 September 2014 compared to MSEK 22,409 in the nine months ended 30 September 2013, as a result of increased revenues in all segments except for the property segment and also a result of change in currency rates.

Direct Operating Expenses

Total direct operating expenses increased by MSEK 1,169 to MSEK 14,652 in the nine months that ended on 30 September 2014, compared to MSEK 13,483 in the nine months ended 30 September 2013, as a result of increased operating expenses in all segments except for the property segment and also a result of change in currency rates.

Selling and Administrative Expenses

Selling and administrative expenses increased by MSEK 1 to MSEK 2,938 in the nine months that ended 30 September 2014, compared to MSEK 2,937 in the nine month period that ended on 30 September 2013.

Depreciation and Amortization

Depreciation and amortization charges increased by MSEK 478 to MSEK 3,507 in the nine months ended 30 September 2014, compared to MSEK 3,029 in the nine months ended 30 September 2013, mainly as a result of new acquisitions.

EBITDA

The EBITDA for the total Group increased by MSEK 1,216 to MSEK 7,449 in the nine months that ended on 30 September 2014 compared to MSEK 6,233 last year.

Ferry Operations

Ferry revenues are generated from ticket sales, freight haulage and onboard sales. Direct operating expenses consist principally of personnel costs, costs of goods sold onboard 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 on account of changes in our seasonal requirements.

EBITDA increased by MSEK 405 to MSEK 1,861 in the nine months ended 30 September 2014, from MSEK 1,456 in the corresponding period in 2013 mainly due to increased freight volumes and our ongoing cost saving programs. Freight volumes increased 7% compared to the corresponding period last year and car volumes are in line with last year figures.

In 2014, Stena Line is continuing restructuring some of its operations to improve profitability. Stena Line is focusing on improving cost efficiency, economies of scale, freight and cargo operations.

Drilling Operations

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

EBITDA increased by MSEK 765 to MSEK 3,147 in the nine month period 2014 compared to MSEK 2,382 in the corresponding period in 2013. The increase is due to improved charter rates and that *Stena DrillMax* & *Stena Spey* was on SPS (Special Periodic Survey) in 2013 offset by *Stena Carron* being offhire during a planned SPS for the corresponding period this year.

The majority of the drilling units have good contract coverage; six out of seven units are contracted through 2015.

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.

Tankers

Our tanker operation generated EBITDA of MSEK 607 in the nine month period ended 30 September 2014 compared to MSEK 525 for the same period in 2013. The increase is due to improved charter rates for *Stena Blue Sky*, high utilization for LNG and increased T/C-net for primarily Aframax and Suezmax segments.

Operationally and technically the fleet is performing well.

RoRo Operations

EBITDA from chartering out Roll-on/Roll-off vessels increased by MSEK 38 to MSEK 253 in the nine month period ended 30 September 2014, from MSEK 215 in the same period in 2013. The increase is mainly due to acquisitions of new vessels.

Property

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

EBITDA was MSEK 1,438 for the nine month period ended 30 September 2014, compared to MSEK 1,392 for the same period in 2013, mainly due to favorable winter season and sale of property. Occupancy rates for Swedish properties were approximately 98%, and non-Swedish properties were approximately 83% which is mainly due to the weak Dutch market.

Investments, Adactum

The EBITDA for Stena Adactum decreased by MSEK 22 to MSEK 530 in the nine month period ended 30 September 2014, compared to MSEK 552 in 2013.

Ballingslöv: EBITDA for the nine months ended 30 September 2014 was MSEK 169, compared to MSEK 190 for the nine months ended 30 September 2013. The decrease is due to lower volumes.

Envac: EBITDA for the nine months ended 30 September 2014 was MSEK 35 compared to MSEK 47 in the corresponding period in 2013. EBITDA is lower than the corresponding period last year due to a weaker construction market with delayed projects as a consequence.

Stena Renewable: EBITDA for the nine months ended 30 September 2014 was MSEK 204 compared to MSEK 157 for the corresponding period in 2013. The higher EBITDA is due to an increased number of windmills.

Mediatec: EBITDA for the nine months ended 30 September 2014 was MSEK 111 compared to MSEK 137 for the corresponding period in 2013. The decrease is due to lower volumes.

Blomsterlandet: EBITDA for the nine months ended 30 September 2014 was MSEK 74 compared to MSEK 64 in the same corresponding period in 2013. The increase is due to a warmer spring in Sweden.

Other Income

Net valuation on investment property. As a result of the revaluation to fair value according to IAS 40 “Investment properties”, Stena had net gains of MSEK 154 for the nine month period ended 30 September 2014, as compared to MSEK 171 for the same period in 2013.

Net gain on sale of vessels. In the nine months ended 30 September 2014 there were no sales of vessels. In the same period 2013, net gains on sale of vessels amounted to MSEK 25 of which MSEK 23 was from the sale of the vessel *Stena Baltica*.

Net gain on sale of properties. In the nine month period ended 30 September 2014 net gains of MSEK 120 were recorded. In 2013 net gains from sale of properties were MSEK 49.

Financial Income/(Expense)

Total financial expenses net increased by MSEK 274 to MSEK (1,482) in the nine months ended 30 September 2014, from MSEK (1,208) in the nine months ended 30 September 2013, mainly due to a better portfolio performance as of 30 September 2013 compared to 30 September 2014.

The share of affiliated companies’ results in the nine months ended 30 September 2014 relates to Stena’s portion of the results in Midsona AB (publ), Gunnebo AB (publ) and Wisent Oil and Gas.

Income Taxes

Income taxes for the nine months that ended on 30 September 2014, were MSEK (374), consisting of current taxes of MSEK (290) and deferred taxes of MSEK (84). Income taxes for the nine months that ended on 30 September 2013, were MSEK (420), consisting of current taxes of MSEK (472) and deferred taxes of MSEK 52.

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 by cash on hand, cash flows from operations, borrowings under various credit facilities and other financing and refinancing arrangements.

As of 30 September 2014, total cash and marketable securities amounted to MSEK 7,636 as compared to MSEK 7,990 as of 31 December 2013.

For the nine months ended 30 September 2014, cash flows provided by operating activities amounted to MSEK 4,736 as compared to MSEK 2,937 in the first nine months ended 30 September 2013. For the nine months ended 30 September 2014 cash flows used in investing activities amounted to MSEK (4,390), including MSEK (4,455) related to capital expenditures, as compared to MSEK (3,823), including MSEK (5,412) related to capital expenditures, in the nine months ended 30 September 2013. Cash flows used in financing activities for the nine months ended 30 September 2014 amounted to MSEK (483), as compared to MSEK 1,141 provided in the nine months ended 30 September 2013.

As of 30 September 2014, the total construction in progress was MSEK 3,518, as compared to MSEK 2,450 as of 31 December 2013. The remaining capital expenditure commitment for new buildings on order as of 30 September 2014 was MSEK 4,035, of which MSEK 0 is due during 2014, MSEK 102 is due in 2015 and MSEK 3,933 is due in 2016. Stena intends to finance the remainder of this unpaid balance, together with additional expenses and financing costs, with cash from operations, existing revolving credit facilities, new capital lease agreements, new bank loans and other financing arrangements.

As of 30 September 2014, total interest bearing debt was MSEK 58,960, excluding debt in SPEs, as compared to MSEK 56,100 as of 31 December 2013.

During the first quarter 2014 our MUSD 1.000 revolving credit facility has been reduced to MUSD 600 in connection with issuing of USD 1.6 billion in new debt. As of 30 September 2014, MUSD 235 was utilized under our MUSD 600 revolving credit facility of which MUSD 5 was used for issuing bank guarantees and letters of credit. As of 31 December 2013, MUSD 625 was utilized under our USD 1 billion revolving credit facility, including MUSD 6 used for issuing bank guarantees and letters of credit.

As of 30 September 2014, MUSD 202 was utilized under the MUSD 300 revolving credit facility entered into by Stena International S.A. as compared to MUSD 146 as of 31 December 2013.

Our MSEK 300 credit facility in Stena Adactum has been refinanced. The new MSEK 700 revolving credit facility with Svenska Handelsbanken matures 30 June 2017. As of 30 September 2014 MSEK 375 was utilized.

During 2010, we entered into a MSEK 6,660 revolving credit facility with Svenska Handelsbanken and Nordea, guaranteed by EKN. This facility had utilization of MSEK 2,710 as of 30 September 2014 compared to MSEK 6,436 as of 31 December 2013.

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 make proposed capital expenditures, including new buildings and other vessel acquisitions, and to fund anticipated working capital requirements.

OTHER FINANCIAL INFORMATION – RESTRICTED GROUP

For the nine months ended 30 September 2014, Restricted Group Data represent 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.àr.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 Investments, Adactum, together with our subsidiaries Stena Investment Luxembourg S.àr.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 the bond indentures.

As of 30 September 2014, we had outstanding MEUR 300 principal amount of Senior Notes due 2017, MEUR 102 principal amount of Senior Notes due 2019 and MEUR 200 principal amount of Senior Notes due 2020.

In January 2014, a ten year bond of MUSD 600 was issued. The purpose of this transaction was to extend existing profile of amortization and pay off outstanding amounts under our credit facility.

In February 2014 another ten year bond of MUSD 350. In connection with the MUSD 350 bond, a so called Term Loan B was entered in to for an amount of MUSD 650, which is a seven year loan with low rate of amortization. The securities for both bond and loan consist of the drilling units *Stena DrillMAX* and *Stena Carron*. The purpose of this transaction was to refinance the outstanding loans secured by the two drilling vessels to existing profile of amortization and increase liquidity. In connection with this transaction the available facility amount under the existing RCF (Revolving Credit Facility) of MUSD 1,000 was reduced to MUSD 600.

Condensed Consolidated Income Statements – Restricted Group

(MSEK) **(unaudited)**	**Nine month period ended 30 September** **2013**	**2014**
Revenues:		
Ferry operations	8,666	9,544
Drilling	5,144	6,213
Shipping	1,897	2,203
Other	19	10
Total revenues	**15,726**	**17,970**
Net gain on sales of assets	25	-
Total other income	**25**	-
Direct operating expenses:		
Ferry operations	(6,342)	(6,922)
Drilling	(2,193)	(2,513)
Shipping	(1,088)	(1,249)
Other	(10)	(5)
Total direct operating expenses	**(9,633)**	**(10,689)**
Selling and administrative expenses	(1,800)	(1,780)
Depreciation and amortization	(2,756)	(3,213)
Total operating expenses	**(14,189)**	**(15,682)**
Income/(loss) from operations	**1,562**	**2,288**
Net financial income and expenses:		
Dividends received	8	2
Net gain (loss) on securities	31	(44)
Interest income	258	225
Interest expense	(1,272)	(1,350)
Foreign exchange gains (losses), net	15	134
Other financial income (expenses), net	(110)	(178)
Total financial income and expenses	**(1,070)**	**(1,211)**
Income/(loss) after financial income and expenses	**492**	**1,077**
Non-controlling interest	17	3
Income/(loss) before tax	**509**	**1,080**
Income taxes	(182)	(108)
Net income/(loss)	**327**	**972**

Condensed Consolidated Balance Sheets – Restricted Group

(MSEK) (unaudited)	31 December 2013	30 September 2014
ASSETS		
Noncurrent assets:		
Intangible assets	**1,387**	**1,444**
Tangible fixed assets:		
Vessels	40,956	44,158
Construction in progress	2,202	3,210
Equipment	1,203	1,358
Ports	3,261	3,582
Property	471	561
Total tangible fixed assets	**48,093**	**52,869**
Financial fixed assets:		
Marketable securities	409	329
Intercompany accounts, noncurrent	5,997	4,696
Other assets	8,879	9,910
Total noncurrent assets	**64,765**	**69,248**
Current assets:		
Inventories	266	281
Trade debtors	2,012	2,236
Other receivables	1,877	1,496
Prepaid expenses and accrued income	1,617	1,765
Short-term investments	1,223	674
Intercompany accounts, current	-	271
Cash and cash equivalents	1,136	902
Total current assets	**8,131**	**7,625**
Total assets	**72,896**	**76,873**

SHAREHOLDERS' EQUITY AND LIABILITIES

	31 December 2013	30 September 2014
Shareholders' equity:		
Share Capital	5	5
Reserves	26,355	28,552
Equity attributable to shareholders of the company	26,360	28,557
Non-controlling interest	107	106
Total Equity	**26,467**	**28,663**
Noncurrent liabilities:		
Deferred income taxes	698	696
Other provisions	1,175	1,062
Long-term debt	29,388	26,318
Senior notes	5,303	12,344
Capitalized lease obligations	516	508
Other noncurrent liabilities	222	623
Total noncurrent liabilities	**37,302**	**41,551**
Current liabilities:		
Short-term debt	3,604	1,981
Capitalized lease obligations	156	76
Trade accounts payable	757	707
Income tax payable	77	119
Other liabilities	1,472	1,228
Intercompany liabilities	710	-
Accrued costs and prepaid income	2,351	2,548
Total current liabilities	**9,127**	**6,659**
Total shareholders' equity and liabilities	**72,896**	**76,873**

Condensed Consolidated Statements of Cash Flow – Restricted Group

(MSEK) (unaudited)	Nine month period ended 30 September 2013	2014
Net cash flows from operating activities:		
Net income/(loss)	327	972
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Depreciation and amortization	2,756	3,213
Gain on sale assets	(25)	-
(Gain) loss on securities, net	(31)	44
Unrealized foreign exchange (gains) losses	13	(405)
Deferred income taxes	(240)	(109)
Other non-cash items	(53)	321
Pensions	(137)	(121)
Net cash flows from trading securities	(88)	40
Changes in working capital	139	(119)
Net cash provided by/used in operating activities	**2,661**	**3,836**
Net cash flows from investing activities:		
Purchase of intangible assets	(78)	(102)
Cash proceeds from sale of property, vessels and equipment	181	15
Capital expenditure on property, vessels and equipment	(3,713)	(3,333)
Purchase of subsidiaries, net of cash acquired	61	-
Proceeds from sale of securities	301	33
Purchase of securities	(284)	(25)
Other investing activities	(271)	(321)
Net cash used in investing activities	**(3,803)**	**(3,733)**
Net cash flows from financing activities:		
Proceeds from issuance of debt	324	10,908
Principal payments on debt	(2,434)	(5,446)
Net change in borrowings on line-of-credit agreements	2,312	(6,011)
Principal payments on capital lease obligations	(115)	(121)
Net change in restricted cash accounts	173	573
Intercompany accounts	1,037	349
Dividend paid	(189)	(220)
Other financing activities	(1)	(420)
Net cash provided by financing activities	**1,107**	**(388)**
Effect of exchange rate changes on cash and cash equivalents	16	51
Net change in cash and cash equivalents	(19)	(234)
Cash and cash equivalents at beginning of period	**836**	**1,136**
Cash and cash equivalents at end of period	**817**	**902**

Other data – Restricted Group

(MSEK)	Nine month period ended 30 September 2013	2014
OTHER DATA:		
Adjusted EBITDA	4,576	5,726

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 since 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:

(MSEK)	Nine month period ended 30 September 2013	2014
Income from operations	1,562	2,288
Adjustments:		
Interest income	258	225
Depreciation and amortization	2,756	3,213
Adjusted EBITDA	4,576	5,726
Adjustments:		
Gain on sale of vessels	(25)	-
Net cash flows from trading securities	(88)	40
Interest expenses	(1,272)	(1,350)
Unrealized foreign exchange (gains) losses	13	(405)
Pensions	(137)	(121)
Other non-cash items	(53)	321
Changes in working capital	139	(119)
Other items	(492)	(256)
Net cash provided by operating activities	2,661	3,836