

STENA AB (publ.)

Interim Report for the six-month period 1 January – 30 June 2016

Highlights:

- Income before taxes amounts to MSEK 1,079 for the six month period ended 30 June 2016, compared to MSEK 3,030 for the six month period ended 30 June 2015. In the comparative figures for 2015, the net gain on sale of Helsingborg-Helsingør ferry service is included with MSEK 1,669.
- Consolidated EBITDA, excluding net gain on sale of assets and change in fair value of investment properties, for the six month period ended 30 June 2016 amounted to MSEK 4,532 compared to MSEK 4,315 for the six month period ended 30 June 2015.

Ferry Operation

- EBITDA, excluding net gain on sale of assets, increased significantly compared to last year due to continued healthy improvement of our freight and car volumes.

Drilling

- Increased EBITDA mainly due to our ongoing Cost Race programme, *Stena Carron* coming back in operation, reduced layup cost for *Stena Clyde* and two drilling units undertaking SPS (Special Periodic Survey) in 2015.

Shipping

- Decreased EBITDA mainly due to softer LNG market and a slower crude segment compared to last year.

Property

- Continued stable and strong EBITDA.

Adactum

- Overall continued healthy performance in the Adactum Group. Decreased EBITDA mainly due to the sale of Mediatec and lower electricity prices.

Other

- Stena acquired IL Recycling, a waste management supplier of recycling services, with operations in Sweden and Poland. The acquisition was effective as of 30 June 2016.
- The liquidity position remains strong as of 30 June 2016. Available liquidity amounted to MSEK 18,345.

Date: 29 August 2016

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.

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.

Table of Contents	Page
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)	
Condensed Consolidated Income Statements for the six month periods ended 30 June 2016 and 30 June 2015	3
Consolidated Statements of Comprehensive Income for the six month periods ended 30 June 2016 and 30 June 2015	4
Condensed Consolidated Balance Sheets as of 30 June 2016 and 31 December 2015	5
Consolidated Statements of Changes in Shareholders' Equity for the six month periods ended 30 June 2016 and 30 June 2015	6
Condensed Consolidated Statements of Cash Flow for the six month periods ended 30 June 2016 and 30 June 2015	7
Notes to Condensed Consolidated Financial Statements	8 - 10
OPERATING AND FINANCIAL REVIEW	11 - 15
OTHER FINANCIAL INFORMATION – RESTRICTED GROUP	16- 20



Condensed Consolidated Income Statements (unaudited)

(MSEK)	Three month period ended 30 June		Six month period ended 30 June	
	2015	2016	2015	2016
Revenue:				
Ferry Operations.....	3,270	3,192	5,659	5,637
Offshore Drilling.....	1,846	1,997	3,943	3,879
Shipping.....	871	685	1,883	1,406
Property.....	618	637	1,260	1,263
Adactum.....	1,758	1,971	3,465	3,505
Other.....	<u>28</u>	<u>4</u>	<u>41</u>	<u>5</u>
Total revenue.....	8,391	8,486	16,251	15,695
Change in fair value of investment properties.....	174	13	323	111
Net gain on sale of non-current assets.....	<u>155</u>	<u>1</u>	<u>1,960</u>	<u>299</u>
Total other income.....	329	14	2,283	410
Direct operating expenses:				
Ferry Operations.....	-2,303	-2,137	-4,315	-4,028
Offshore Drilling.....	-828	-708	-1,771	-1,459
Shipping.....	-404	-372	-744	-740
Property.....	-186	-201	-424	-446
Adactum.....	-1,368	-1,448	-2,553	-2,609
Other.....	<u>-3</u>	<u>14</u>	<u>-12</u>	<u>55</u>
Total direct operating expenses.....	-5,092	-4,853	-9,819	-9,228
Selling and administrative expenses.....	-1,031	-998	-2,118	-1,935
Depreciation, amortisation and impairment.....	<u>-1,310</u>	<u>-1,377</u>	<u>-2,713</u>	<u>-2,789</u>
Total operating expenses.....	-7,433	-7,228	-14,650	-13,952
Operating profit.....	<u>1,287</u>	<u>1,272</u>	<u>3,885</u>	<u>2,153</u>
Profit/loss from investments in strategic associates.....	16	13	13	21
Dividends received.....	44	42	84	74
Gains/losses on sale of securities.....	-30	49	227	-8
Interest income.....	60	116	106	215
Interest expenses.....	-547	-587	-1,205	-1,218
Exchange gains/losses.....	-5	11	66	22
Other finance income/costs.....	<u>-63</u>	<u>-77</u>	<u>-146</u>	<u>-182</u>
Financial net.....	-525	-432	-855	-1,074
Profit before tax.....	<u>762</u>	<u>840</u>	<u>3,030</u>	<u>1,079</u>
Income taxes.....	<u>-315</u>	<u>106</u>	<u>-169</u>	<u>284</u>
Profit for the period.....	<u>447</u>	<u>946</u>	<u>2,861</u>	<u>1,363</u>
Profit for the period attributable to:				
Shareholders of the Parent company.....	450	943	2,858	1,373
Non-controlling interests.....	<u>-3</u>	<u>3</u>	<u>3</u>	<u>-10</u>
Profit for the period.....	<u>447</u>	<u>946</u>	<u>2,861</u>	<u>1,363</u>



Consolidated Statements of Comprehensive Income (unaudited)

(MSEK)	Three month period ended 30 June		Six month period ended 30 June	
	2015	2016	2015	2016
Profit for the period	447	946	2,861	1,363
Other comprehensive income				
<i>Items that may subsequently be reclassified to profit or loss:</i>				
Change in fair value reserve, net of tax	-161	58	-66	158
Change in net investment hedge, net of tax	666	-258	367	-730
Change in translation reserve	-355	655	495	33
Share of other comprehensive income of associates	17	43	-11	52
<i>Items that will not be reclassified to profit or loss:</i>				
Change in revaluation reserve	16	-35	52	-111
Share of other comprehensive income of associates		-15	2	-15
Other comprehensive income for the period	<u>183</u>	<u>448</u>	<u>839</u>	<u>-613</u>
Total comprehensive income for the period	<u>630</u>	<u>1,394</u>	<u>3,700</u>	<u>750</u>
Total comprehensive income attributable to:				
Shareholders of the Parent company	634	1,398	3,700	761
Non-controlling interests	-4	-4	-	-11
Total comprehensive income for the period, net of tax	<u>630</u>	<u>1,394</u>	<u>3,700</u>	<u>750</u>

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



Condensed Consolidated Balance Sheet (unaudited)

(MSEK)	31 December 2015	30 June 2016
ASSETS		
<i>Non-current assets:</i>		
Intangible assets	3,700	3,746
<i>Property, plant and equipment:</i>		
Vessels	46,398	44,413
Construction in progress	4,331	4,529
Windmills	2,268	2,448
Equipment	1,902	1,681
Land and buildings	1,087	1,237
Ports	<u>4,054</u>	<u>3,726</u>
Total property, plant and equipment	60,040	58,035
Investment properties	30,617	31,510
<i>Financial assets:</i>		
Investments reported according to the equity method....	1,701	1,952
Marketable securities	6,332	6,343
Surplus in funded pension plans	395	515
Other non-current assets	<u>5,307</u>	<u>5,414</u>
Total financial assets	13,735	14,224
Total non-current assets	<u>108,092</u>	<u>107,515</u>
<i>Current assets:</i>		
Inventories	747	986
Trade receivables	2,288	3,657
Other current receivables	2,675	2,905
Prepayments and accrued income	2,294	4,800
Short-term investments	861	868
Cash and cash equivalents	2,311	2,215
Assets held for sale	-	<u>780</u>
Total current assets	<u>11,176</u>	<u>16,211</u>
Total assets	<u>119,268</u>	<u>123,726</u>
 EQUITY AND LIABILITIES		
Total equity	<u>43,313</u>	<u>43,639</u>
<i>Non-current liabilities:</i>		
Deferred tax liabilities	4,686	4,076
Pension liabilities	571	618
Other provisions	635	2,010
Long-term debt	40,937	42,264
Senior Notes	13,493	10,874
Capitalised lease obligations	420	422
Other non-current liabilities	<u>3,193</u>	<u>3,751</u>
Total non-current liabilities	<u>63,935</u>	<u>64,014</u>
<i>Current liabilities:</i>		
Short-term debt	2,201	2,154
Senior Notes	-	2,772
Capitalised lease obligations	39	46
Trade payables	1,598	1,982
Tax liabilities	88	143
Other liabilities	3,225	2,868
Accruals and deferred income	4,869	5,900
Assets held for sale	-	<u>208</u>
Total current liabilities	<u>12,020</u>	<u>16,073</u>
Total equity and liabilities	<u>119,268</u>	<u>123,726</u>

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



Consolidated Statement of Changes in Equity (unaudited)

(MSEK)	Equity attributable to shareholders of the Parent company				Non-controlling interests	Total equity
	Share capital	Reserves	Retained earnings incl. Profit for the year	Total		
Closing balance, 31 December 2014	5	1,187	37,532	38,724	255	38,979
Effect from deconsolidating CLO ¹⁾			-136	-136	-21	-157
Balance at 1 January 2015 (restated)	5	1,187	37,396	38,588	234	38,822
Change in fair value reserve		-66		-66		-66
Change in net investment hedge		367		367		367
Change in revaluation reserve		37	15	52		52
Change in translation reserve		498		498	-3	495
Change in associates			-9	-9		-9
Other comprehensive income		836	6	842	-3	839
Profit for the year			2,858	2,858	3	2,861
Total comprehensive income		836	2,864	3,700	-	3,700
Changes in non-controlling interest					-115	-115
Dividend			-244	-244		-244
Closing balance, 30 June 2015	5	2,023	40,016	42,044	119	42,163
Closing balance, 31 December 2015	5	2,112	41,085	43,201	112	43,313
Change in fair value reserve		158		158		158
Change in net investment hedge		-730		-730		-730
Change in revaluation reserve		-140	29	-111		-111
Change in translation reserve		34		34	-1	33
Change in associates			37	37		37
Other comprehensive income		-678	66	-612	-1	-613
Profit for the year			1,373	1,373	-10	1,363
Total comprehensive income		-678	1,439	761	-11	750
Dividend			-425	-425		-425
Closing balance, 30 June 2016	5	1,434	42,099	43,538	101	43,639

1) Effects of changes in accounting policies, see the annual financial statements 2015



Condensed Consolidated Statement of Cash Flows (unaudited)

(MSEK)	Six month period ended 30 June	
	2015	2016
<i>Cash flow from operating activities:</i>		
Profit for the year	2,861	1,363
Adjustments to reconcile profit for the year to net cash provided by operating activities:		
Depreciation, amortisation and impairment	2,713	2,789
Change in fair value of investment properties	-323	-111
Gain on sale of non-current assets	-1,960	-299
Gains/losses on sale of securities net	-227	8
Share of strategic associates result	-13	-21
Deferred income taxes	132	-325
Exchange differences, unrealised	-757	250
Other non-cash items	89	-30
Pensions	-88	-80
Dividend from operational associates and joint ventures	-	42
Investments and disposals of associates and joint ventures	-	-148
Net cash flow from trading securities	78	2
Trade and other receivables	180	-1,354
Prepayments and accrued income	-93	-448
Inventories	13	-188
Trade payables	124	162
Accruals and deferred income	111	79
Income tax payable	-135	47
Other current liabilities	29	213
Cash flow from operating activities	<u>2,734</u>	<u>1,951</u>
<i>Cash flow from investing activities:</i>		
Purchase of intangible assets	-56	-42
Sale of property, plant and equipment	2,071	1,209
Capital expenditure on property, plant and equipment	-2,576	-2,675
Purchase and sale of operations, net of cash	1,953	-624
Dividend from strategic associates and joint ventures	26	28
Investments and disposals in strategic associates and joint ventures	-	-6
Sale of securities	2,208	1,628
Purchase of securities	-1,794	-1,495
Other investing activities	-207	-587
Cash flow from investing activities	<u>1,625</u>	<u>-2,564</u>
<i>Cash flow from financing activities:</i>		
Proceeds from issuance of short and long-term debt	965	785
Principal payments on short and long-term debt	-2,043	-1,281
Net change in borrowings on line-of-credit agreements	-4,579	1,591
Principal payments on capitalised lease obligations	-154	-22
Net change in restricted cash accounts	-84	-141
Dividend paid	-244	-425
Other financing activities	-31	8
Cash flow from financing activities	<u>-6,170</u>	<u>515</u>
Effect of exchange rate changes on cash and cash equivalents	39	2
Net change in cash and cash equivalents	-1,772	-96
Cash and cash equivalents at beginning of period	<u>3,506</u>	<u>2,311</u>
Cash and cash equivalents at end of period	<u>1,734</u>	<u>2,215</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 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 2015, 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 six months ended on 30 June 2016 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 2015, as described in the annual financial statements.

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 2015 describes the content of the new accounting principles that are regarded as material for the Stena Group (see www.stena.com).



Notes to Condensed Consolidated Financial Statements (unaudited)

Note 3 Segment information

(MSEK)	Three month period ended 30 June		Six month period ended 30 June	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
<i>Operating profit/loss</i>				
Ferry Operations	407	477	154	508
Net gain on sale of operations	=	=	<u>1,669</u>	=
Total Ferry Operations.....	407	477	1,823	508
Offshore Drilling.....	57	376	258	579
Shipping: Roll-on/Roll-off vessels	2	22	71	293
Tanker	184	-20	561	-4
Other shipping.....	<u>13</u>	<u>-7</u>	<u>5</u>	<u>-20</u>
Total Shipping.....	199	-5	637	269
Property:.....	376	377	729	705
Net gain on sale of properties.....	-	-	93	-
Change in fair value of investment properties	<u>174</u>	<u>13</u>	<u>323</u>	<u>111</u>
Total Property	550	390	1,145	816
Adactum.....	143	142	184	147
Net gain on sale of operations	40	=	<u>40</u>	=
Total Adactum.....	183	142	224	147
Other	<u>-109</u>	<u>-108</u>	<u>-202</u>	<u>-166</u>
Total Operating profit/loss	<u>1,287</u>	<u>1,272</u>	<u>3,885</u>	<u>2,153</u>
<i>Depreciation, amortisation and impairment:</i>				
Ferry Operations	369	327	739	664
Offshore Drilling.....	693	755	1,408	1,529
Shipping: Roll-on/Roll-off vessels	70	72	139	147
Tanker	128	127	257	255
Other shipping.....	<u>7</u>	<u>7</u>	<u>14</u>	<u>13</u>
Total Shipping.....	205	206	410	415
Property.....	2	2	2	2
Adactum	35	80	139	164
Other	<u>6</u>	<u>7</u>	<u>15</u>	<u>15</u>
Total	<u>1,310</u>	<u>1,377</u>	<u>2,713</u>	<u>2,789</u>



Notes to Condensed Consolidated Financial Statements (unaudited)

(MSEK)	Three month period ended 30 June		Six month period ended 30 June	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
<i>EBITDA</i>				
Ferry Operations	778	805	894	1,172
Net gain on sale of operations	-	-	<u>1,669</u>	-
Total Ferry Operations	778	805	2,563	1,172
Offshore Drilling.....	750	1,130	1,666	2,108
Shipping:				
Roll-on/Roll-off vessels	72	94	210	440
Tanker	312	107	818	251
Other shipping	<u>20</u>	-	<u>19</u>	<u>-7</u>
Total Shipping	404	201	1,047	684
Property.....	378	378	731	707
Net gain on sale of properties	-	-	93	-
Change in fair value of investment properties	<u>174</u>	<u>13</u>	<u>323</u>	<u>111</u>
Total Property	552	391	1,147	818
Adactum	218	222	363	311
Other	<u>-106</u>	<u>-100</u>	<u>-189</u>	<u>-151</u>
Total EBITDA.....	<u>2,596</u>	<u>2,649</u>	<u>6,597</u>	<u>4,942</u>
<i>Capital expenditures:</i>				
Ferry Operations.....			255	633
Offshore Drilling.....			1,512	620
Shipping: Roll-on/Roll-off vessels			13	23
Tanker			90	406
Other shipping.....			<u>10</u>	<u>110</u>
Total Shipping			113	539
Property.....			607	785
Adactum.....			79	87
Other			<u>10</u>	<u>11</u>
Total			<u>2,576</u>	<u>2,675</u>



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 Six Months of 2016

On 14 January 2016, Stena Drilling Ltd in Aberdeen received a ruling from Oslo District Court regarding potential capital gains tax in Norway following divestment of the drilling rig Stena Dee in 2006. The court ruled entirely in accordance with the claims presented by the Company. The Norwegian Tax Agency opted not to appeal the ruling and it has now taken legal effect.

The vessel *Highlanders* was sold and delivered to Marine Atlantic in February 2016.

During February 2016, the vessel *M/S Trelleborg* was sold.

During the first quarter of 2016 we terminated our EKN facility with a total credit line of MSEK 6,660.

In April 2016 Stena signed a contract for four new RoPax vessels with planned delivery during 2019 and 2020, with an option for another four vessels. The vessels will be built by AVIC Shipyard in China.

In May 2016 Northern Marine Group acquired Clyde Group which will further strengthen our product offering in Offshore and marine training.

In the second quarter 2016 Stena acquired IL Recycling, a waste management supplier of recycling services, with operations in Sweden and Poland. IL Recycling, with 700 employees, has a turnover of around MSEK 2,000. The transaction was effective as of 30 June 2016. The recycling business will be sold to Stena Recycling during 2017. Other operations, mainly real estate, will be retained by Stena AB.

Construction of the “Stena MidMAX” is currently delayed beyond the contractual delivery date of 20 March 2016. Current indications from SHI are that the unit will not be ready for delivery until Q2/Q3 2017.

Subsequent Events

No material subsequent events.



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 six month period that ended on 30 June 2016, approximately 28% of our total revenues were generated in USD, approximately 21% were generated in EUR, approximately 13% were generated in GBP and approximately 24% were generated in SEK.

In the six month period ended 30 June 2016, approximately 18% of our total expenses were incurred in USD, approximately 17% were incurred in EUR, approximately 20% were incurred in GBP and approximately 31% 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:

<i>Average rates:</i>	Jan - June 2015	Jan - June 2016	Change
US \$	8.3781	8.3331	-1 %
British pound.....	12.7558	11.9403	-6 %
Euro.....	9.3404	9.2992	- %
 <i>Closing rates:</i>	 As of 31 Dec 2015	 As of 30 June 2016	 Change
US \$	8.4412	8.4597	- %
British pound.....	12.4390	11.2607	-9 %
Euro.....	9.1688	9.3953	2 %

Revenues

Total revenues decreased by MSEK 556 to MSEK 15,695 in the six months ended 30 June 2016 compared to MSEK 16,251 in the six months ended 30 June 2015.

Direct Operating Expenses

Total direct operating expenses decreased by MSEK 591 to MSEK 9,228 in the six months that ended on 30 June 2016, compared to MSEK 9,819 in the six months ended 30 June 2015.

Selling and Administrative Expenses

Selling and administrative expenses decreased by MSEK 183 to MSEK 1,935 in the six months that ended 30 June 2016, compared to MSEK 2,118 in the six month period that ended on 30 June 2015.

Depreciation, Amortisation and Impairment

Depreciation and amortisation charges increased by MSEK 76 to MSEK 2,789 in the six months ended 30 June 2016, compared to MSEK 2,713 in the six months ended 30 June 2015.



EBITDA

The EBITDA for the consolidated Stena AB Group decreased by MSEK 1,655 to MSEK 4,942 in the six months that ended on 30 June 2016 compared to MSEK 6,597 last year, mainly due to the sale in 2015 of Helsingborg-Helsingør ferry service generating a net gain of MSEK 1,669.

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 278 to MSEK 1,172 in the six months ended 30 June 2016, from MSEK 894 in the corresponding period in 2015, excluding last year's net gain on sale of operations of MSEK 1,669 mainly due to increased car and freight volumes and lower cost for bunker. Car volumes increased with 3% and freight volumes increased with 4% compared to the corresponding period last year.

Offshore Drilling

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

EBITDA increased by MSEK 442 to MSEK 2,108 in the six month period 2016 compared to MSEK 1,666 in the corresponding period in 2015. The increase mainly due to our ongoing Cost Race programme, *Stena Carron* coming back into operation and reduced layup cost for *Stena Clyde*.

Shipping

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 251 in the six month period ended 30 June 2016 compared to MSEK 818 for the same period in 2015 due to lower rates in the crude segments.

Operationally and technically the fleet is performing well.

RoRo Operations

EBITDA from chartering out Roll-on/Roll-off vessels increased by MSEK 230 to MSEK 440 in the six month period ended 30 June 2016, from MSEK 210 in the same period in 2015. The increase is due to the sale of *Stena Highlanders* and also due to strong contract coverage and improved RoRo Ropax markets.

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 818 for the six month period ended 30 June 2016, compared to MSEK 1,147 for the same period in 2015. The decrease is mainly due to sold properties last year and lower change in fair value of investment properties. Occupancy rates for Swedish properties were approximately 98%, and non-Swedish properties were approximately 80%.

**Adactum**

The EBITDA for Stena Adactum decreased by MSEK 52 to MSEK 311 in the six month period ended 30 June 2016, compared to MSEK 363 in 2015. EBITDA decreased mainly due to the sale of Mediatec and to lower EBITDA from Stena Renewable.

Ballingslöv: EBITDA for the six months ended 30 June 2016 was MSEK 163, compared to MSEK 159 for the six months ended 30 June 2015.

Stena Renewable: EBITDA for the six months ended 30 June 2016 was MSEK 75 compared to MSEK 131 for the corresponding period in 2015. The lower EBITDA is due to decreasing electricity prices.

Blomsterlandet: EBITDA for the six months ended 30 June 2016 was MSEK 101 compared to MSEK 85 in the same corresponding period in 2015.

Envac: EBITDA for the six months ended 30 June 2016 was MSEK 12 compared to MSEK -15 in the corresponding period in 2015.

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 111 for the six month period ended 30 June 2016, as compared to MSEK 323 for the same period in 2015.

Net gain on sale of vessels. In the six months ended 30 June 2016, net gain on sale of vessels amounted to MSEK 299 which relates to the sale of the vessels *Stena Highlanders* and *M/S Trelleborg*. In the six months ended 30 June 2015 net gain on sale of vessels amounted to MSEK 182.

Net gain on sale of properties. In the six months ended 30 June 2016 there were no result from sale of properties. In the six months period ended 30 June 2015 net gain on sales of properties amounted to MSEK 93.

Net gain on sale of operations. In the six months ended 30 June 2016 there were no sales of operations. In the corresponding period 2015, net gain on sale of operations amounted to MSEK 1,645 of which MSEK 1,669 was from the sale of the operations related to the Helsingborg-Helsingør ferry service.

Financial Net

Total financial net for the six months ended 30 June 2016 was MSEK -1,074 compared to MSEK -855 in the corresponding period in 2015.

Income Taxes

Income taxes for the six months that ended on 30 June 2016, were MSEK 284, consisting of current taxes of MSEK -41 and deferred taxes of MSEK 325. Income taxes for the six months ended 30 June 2015, were MSEK -169, consisting of current taxes of MSEK -37 and deferred taxes of MSEK -132.



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 June, 2016, total cash and marketable securities including short term investments amounted to MSEK 9,426 as compared to MSEK 9,504 as of December 31, 2015.

For the six months ended 30 June, 2016, cash flows provided by operating activities amounted to MSEK 1,951, as compared to MSEK 2,734 in the first six months ended 30 June, 2015. For the six months ended 30 June, 2016, cash flows used in investing activities amounted to MSEK -2,564, including MSEK -2,675 related to capital expenditures, as compared to MSEK 1,625, including MSEK -2,576 related to capital expenditures, in the six months ended 30 June, 2015. Cash flows from financing activities for the six months ended 30 June, 2016 amounted to MSEK 515, as compared to MSEK -6,170 in the six months ended 30 June, 2015.

As of 30 June, 2016, the total construction in progress was MSEK 4,529, as compared to MSEK 4,331 as of 31 December, 2015. The remaining capital expenditure commitment for new buildings on order as of 30 June 2016 was MSEK 7,505, of which MSEK 164 is due during 2016, MSEK 4,906 is due in 2017, MSEK 830 is due in 2018 and MSEK 1,605 is due in 2019. 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 June, 2016, total interest bearing debt was MSEK 58,532 as compared to MSEK 57,090 as of 31 December 2015.

As of 30 June 2016, MUSD 56 was utilized under our MUSD 800 revolving credit facility of which MUSD 3 was used for issuing bank guarantees and letters of credit. As of 31 December 2015, MUSD 5 was utilized, including MUSD 5 used for issuing bank guarantees and letters of credit.

As of 30 June 2016, MUSD 80 was utilized under the MUSD 300 revolving credit facility entered into by Stena Investment Luxembourg S.à.r.l. compared to MUSD 38 as of 31 December 2015.

As of 30 June 2016, MSEK 0 was utilized under the MSEK 700 revolving credit facility in Adactum as compared to MSEK 0 as of 31 December 2015.

During 2010, we entered into a MSEK 6,660 revolving credit facility with Svenska Handelsbanken and Nordea and the facility is guaranteed by EKN. This facility was terminated on our behalf during the first quarter 2016.

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 six months ended 30 June 2016, 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 Investments, 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 the bond indentures.

As of 30 June, 2016, we had outstanding MEUR 282 principal amounts of Senior Notes due 2017, MEUR 102 principal amounts of Senior Notes due 2019 and MEUR 200 principal amounts of Senior Notes due 2020. We also have outstanding MUSD 600 principal amounts of Senior Notes due 2024 and MUSD 350 principal amounts of Senior Secured Notes due 2024.

Significant events specific for the restricted group

During the second quarter of 2016 Stena AB received dividends from Stena Fastigheter AB amounting to MSEK 1,200.



Condensed Consolidated Income Statements – Restricted Group

(MSEK) (unaudited)	Six month period ended 30 June	
	2015	2016
Revenue:		
Ferry Operations.....	5,659	5,637
Offshore Drilling.....	3,943	3,879
Shipping.....	1,883	1,406
Other.....	<u>42</u>	<u>5</u>
Total revenue.....	11,527	10,927
Net gain on sale of non-current assets.....	<u>1,828</u>	<u>299</u>
Total other income.....	1,828	299
Direct operating expenses:		
Ferry Operations.....	-4,315	-4,028
Offshore Drilling.....	-1,771	-1,459
Shipping.....	-744	-740
Other.....	<u>-14</u>	<u>55</u>
Total direct operating expenses.....	-6,844	-6,173
Selling and administrative expenses.....	-1,410	-1,224
Depreciation, amortisation and impairment.....	<u>-2,573</u>	<u>-2,624</u>
Total operating expenses.....	-10,827	-10,021
Operating profit.....	<u>2,528</u>	<u>1,205</u>
Dividends received.....	1,258	1,214
Gain (loss) on securities, net.....	20	-19
Interest income.....	132	265
Interest expense.....	-955	-893
Foreign exchange gains/(loss), net.....	63	24
Other financial income/(expense), net.....	<u>-128</u>	<u>-163</u>
Financial net.....	390	428
Profit after financial net.....	2,918	1,633
Non-controlling interest.....	<u>-2</u>	<u>10</u>
Profit before taxes.....	<u>2,916</u>	<u>1,643</u>
Income taxes.....	<u>127</u>	<u>329</u>
Profit for the period.....	<u>3,043</u>	<u>1,972</u>



Condensed Consolidated Balance Sheets – Restricted Group

(MSEK) (unaudited)	31 December 2015	30 June 2016
ASSETS		
<i>Non-current assets:</i>		
Intangible assets	1,307	1,353
<i>Property, plant and equipment:</i>		
Vessels	46,398	44,413
Construction in progress	3,999	4,420
Equipment	1,564	1,337
Ports	4,054	3,726
Land and buildings	590	748
Total property, plant and equipment	56,605	54,644
<i>Financial assets:</i>		
Marketable securities	1,472	1,392
Intercompany accounts, non-current	3,590	3,517
Other non-current assets	13,093	13,622
Total financial assets	18,155	18,531
Total non-current assets	76,067	74,527
<i>Current assets:</i>		
Inventories	213	320
Trade receivables	1,488	2,690
Other current receivables	2,337	2,527
Prepayments and accrued income	1,618	4,093
Short-term investments	769	787
Intercompany accounts, current	3,272	2,034
Cash and cash equivalents	1,436	1,522
Assets held for sale	-	780
Total current assets	11,133	14,752
Total assets	87,200	89,279
EQUITY AND LIABILITIES		
<i>Equity:</i>		
Share Capital	5	5
Reserves	35,218	36,693
Equity attributable to shareholders of the company	35,223	36,698
Non-controlling interests	100	89
Total equity	35,323	36,787
<i>Non-current liabilities:</i>		
Deferred tax liabilities	962	395
Pension liabilities	437	493
Other provisions	612	1,967
Long-term debt	22,026	22,628
Senior Notes	13,493	10,874
Capitalised lease obligations	416	406
Intercompany accounts, non-current	1,200	-
Other non-current liabilities	2,246	2,199
Total non-current liabilities	41,392	38,963
<i>Current liabilities:</i>		
Short-term debt	1,811	1,794
Senior Notes	-	2,772
Capitalised lease obligations	33	34
Trade payables	697	958
Tax liabilities	77	108
Other liabilities	2,763	2,265
Intercompany liabilities, current	1,236	527
Accruals and deferred income	3,868	4,864
Assets held for sale - liabilities	-	208
Total current liabilities	10,485	13,529
Total equity and liabilities	87,200	89,279



Condensed Consolidated Statements of Cash Flow – Restricted Group

(MSEK) (unaudited)	Six month period ended 30 June	
	2015	2016
<i>Cash flow from operating activities:</i>		
Profit for the period.....	3,043	1,972
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation, amortisation and impairment	2,573	2,624
Gain on sale of non-current assets.....	-1,828	-299
Gains/losses on securities, net.....	-20	19
Deferred income taxes.....	-87	-317
Exchange differences, unrealised	-609	282
Other non-cash items.....	123	-75
Pensions	-88	-73
Dividend from Unrestricted group	-1,249	-1,200
Net cash flow from trading securities.....	96	-2
Dividend from operational associates and joint ventures	-	42
Changes in working capital.....	<u>254</u>	<u>-1,447</u>
Cash flow from operating activities.....	<u>2,208</u>	<u>1,526</u>
<i>Cash flow from investing activities:</i>		
Capital expenditure of intangible assets	-34	-26
Sale of property, plant and equipment.....	1,065	1,010
Capital expenditure on property, plant and equipment.....	-1,890	-1,803
Purchase and sale of operations, net of cash.....	1,492	-624
Sale of securities	45	202
Purchase of securities	-430	-46
Other investing activities.....	<u>-196</u>	<u>-609</u>
Cash flow from investing activities	<u>52</u>	<u>-1,896</u>
<i>Cash flow from financing activities:</i>		
Proceeds from issuance of short and long-term debt.....	140	437
Principal payments on short and long-term debt	-1,082	-1,160
Net change in borrowings on line-of-credit agreements.....	-3,838	1,164
Principal payments on capitalised lease obligations.....	-153	-20
Net change in restricted cash accounts	7	-148
Intercompany accounts.....	405	-598
Dividend received from Unrestricted group	1,249	1,200
Dividend paid.....	-244	-425
Other financing activities	<u>-31</u>	<u>6</u>
Cash flow from financing activities.....	<u>-3,547</u>	<u>456</u>
Effect of exchange rate changes on cash and cash equivalents	<u>29</u>	<u>0</u>
Net change in cash and cash equivalents	-1,258	86
Cash and cash equivalents at beginning of period.....	<u>2,282</u>	<u>1,436</u>
Cash and cash equivalents at end of period.....	<u>1,024</u>	<u>1,522</u>



Other data – Restricted Group

(MSEK)	Six month period ended 30 June	
OTHER DATA:	2015	2016
Adjusted EBITDA.....	4,256	4,136

Adjusted EBITDA is defined as income from operations plus cash dividends received from associates, interest income, depreciation, amortisation and impairment 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)	Six month period ended 30 June	
	2015	2016
Operating profit.....	2,528	1,205
Adjustments:		
Cash dividends received from associates and joint ventures	-	42
Interest income	132	265
Depreciation, amortisation and impairment	2,573	2,624
Excess gain on assets disposition	<u>-977</u>	-
Adjusted EBITDA	4,256	4,136
Adjustments:		
Gain on sale of non-current assets.....	-1,828	-299
Net cash flows from trading securities	96	-2
Interest expenses	-955	-893
Exchange differences, unrealised	-609	282
Pensions	-88	-73
Other non-cash items.....	123	-75
Excess gain on assets disposition	977	-
Changes in working capital	254	-1,447
Other items	<u>-18</u>	<u>-103</u>
Net cash from operating activities.....	2,208	1,526