

# STENA AB (publ.)

## Interim Report for the three-month period 1 January – 31 March 2015

### Highlights:

- Income before taxes amounts to SEK 2,267 million for the three month period ended 31 March 2015, compared to SEK 99 million for the three month period ended 31 March 2014.
- Net gain on sale of subsidiaries related to Helsingborg-Helsingør ferry service amounted to SEK 1,669 million.
- Consolidated EBITDA, excluding net gain on sale of assets, increased by SEK 486 million to SEK 2,196 million for the three month period ended 31 March 2015, from SEK 1,710 million for the three month period ended 31 March 2014.

#### *Ferry Operation*

- EBITDA, excluding net gain on sale of assets, increased compared to last year due to increased passenger, car and freight volumes.

#### *Drilling*

- Increased EBITDA due to the strengthen of US Dollar, offset by Stena Clyde undertaking SPS (Special Periodic Survey) and awaiting commencement on new contract.

#### *Tankers*

- Increased EBITDA due to stronger rates in both the crude and product segments.

#### *Property*

- Increased EBITDA due to net gain on sale of properties.

#### *Adactum*

- Increased EBITDA mainly due to Ballingslöv and Mediatec.

- The strong liquidity position at year end 2014 has improved further during the first quarter 2015.
- Continued good contract coverage and high utilization in our Drilling fleet.

**Date:** 29 May 2015

**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](http://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	
	2014	2015
Revenues:		
Ferry operations .....	2,256	2,389
Drilling .....	1,832	2,097
Shipping.....	738	1,012
Property .....	653	641
Investments, Adactum .....	1,458	1,707
Other.....	<u>6</u>	<u>13</u>
Total revenues .....	<b><u>6,943</u></b>	<b><u>7,859</u></b>
Net valuation on investment properties .....	75	149
Net gain on sales of assets .....	0	<u>1,805</u>
Total other income.....	<b>75</b>	<b><u>1,954</u></b>
Direct operating expenses:		
Ferry operations.....	(1,951)	(2,012)
Drilling .....	(816)	(943)
Shipping.....	(343)	(340)
Property .....	(241)	(238)
Investments, Adactum .....	(998)	(1,185)
Other.....	<u>0</u>	<u>(9)</u>
Total direct operating expenses .....	<b><u>(4,349)</u></b>	<b><u>(4,726)</u></b>
Selling and administrative expenses .....	(959)	(1,086)
Depreciation and amortization.....	<u>(1,102)</u>	<u>(1,403)</u>
Total operating expenses .....	<b><u>(6,410)</u></b>	<b><u>(7,215)</u></b>
Income from operations.....	<b><u>608</u></b>	<b><u>2,598</u></b>
Financial income and expense:		
Share of associated companies' results.....	3	(3)
Dividends received .....	15	40
Gain (loss) on securities, net.....	(46)	257
Interest income .....	114	46
Interest expense .....	(627)	(658)
Foreign exchange gains/(losses), net .....	80	71
Other financial income/(expense), net .....	<u>(48)</u>	<u>(83)</u>
Total financial income and expense.....	<b><u>(509)</u></b>	<b><u>(331)</u></b>
Income before taxes .....	<b>99</b>	<b>2,267</b>
Income taxes .....	<u>(1)</u>	<u>147</u>
Net income.....	<b><u>98</u></b>	<b><u>2,414</u></b>
Earnings attributable to:		
Equity holders of the Parent Company .....	99	2,408
Non-controlling interest.....	<u>(1)</u>	<u>6</u>
Net Income .....	<b><u>98</u></b>	<b><u>2,414</u></b>



**Consolidated Statements of Comprehensive Income (unaudited)**

(SEK in millions)	Three month period ended 31 March	
	2014	2015
<b>Result for the period</b>	<b>98</b>	<b>2,414</b>
<b>Other comprehensive income</b>		
<i>Items that may subsequently be reclassified to profit and loss:</i>		
Change in fair value reserve, net of tax	103	95
Change in net investment hedge, net of tax	(276)	(299)
Change in revaluation reserve		36
Change in currency translation differences	113	850
Change in associated companies		(26)
<b>Other comprehensive income for the period</b>	<b>(60)</b>	<b>656</b>
<b>Total comprehensive income for the period</b>	<b>38</b>	<b>3,070</b>
<b>Total comprehensive income attributable to:</b>		
- Owners of the Parent company	40	3,066
- Non-controlling interest	<u>(2)</u>	<u>4</u>
<b>Total comprehensive income for the period</b>	<b>38</b>	<b>3,070</b>

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



## Condensed Consolidated Balance Sheets (unaudited)

(SEK in millions)	31 December 2014	31 March 2015
<b>ASSETS</b>		
<i>Noncurrent assets:</i>		
<b>Intangible assets</b> .....	<b>4,278</b>	<b>4,179</b>
Tangible fixed assets:		
Vessels.....	46,141	49,047
Construction in progress.....	3,944	4,652
Equipment.....	4,270	4,339
Buildings and land.....	1,111	1,130
Ports.....	<u>3,689</u>	<u>3,779</u>
<b>Total tangible fixed assets</b> .....	<b>59,155</b>	<b>62,947</b>
<b>Investment properties</b> .....	<b>29,367</b>	<b>28,841</b>
<i>Financial fixed assets:</i>		
Investments reported according to the equity method.....	1,434	919
Investment included in SPEs.....	8,112	832
Marketable securities.....	4,847	4,885
Surplus in pension plans.....	163	166
Other non-current assets.....	<u>5,222</u>	<u>7,317</u>
<b>Total financial fixed assets</b> .....	<b>19,778</b>	<b>14,119</b>
<b>Total noncurrent assets</b> .....	<b><u>112,578</u></b>	<b><u>110,086</u></b>
<i>Current assets:</i>		
Inventories.....	846	853
Trade debtors.....	2,843	3,378
Other current receivables.....	2,431	2,469
Prepaid expenses and accrued income.....	2,365	2,784
Short-term investments.....	1,248	726
Cash and cash equivalents.....	<u>3,506</u>	<u>2,605</u>
<b>Total current assets</b> .....	<b><u>13,239</u></b>	<b><u>12,816</u></b>
<b>Total assets</b> .....	<b><u>125,817</u></b>	<b><u>122,902</u></b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Total shareholders' equity</b> .....	<b><u>38,978</u></b>	<b><u>41,894</u></b>
<i>Noncurrent liabilities:</i>		
Deferred income taxes.....	3,860	3,987
Pension liabilities.....	668	656
Other provisions.....	667	829
Long-term debt.....	43,290	42,495
Debt included in SPEs.....	7,540	-
Senior notes.....	13,093	13,776
Capitalized lease obligations.....	553	534
Other noncurrent liabilities.....	<u>3,946</u>	<u>5,696</u>
<b>Total noncurrent liabilities</b> .....	<b><u>73,617</u></b>	<b><u>67,971</u></b>
<i>Current liabilities:</i>		
Short-term debt.....	2,998	3,240
Capitalized lease obligations.....	233	113
Trade accounts payable.....	2,140	1,892
Income tax payable.....	155	170
Other current liabilities.....	3,250	3,095
Accrued costs and prepaid income.....	<u>4,446</u>	<u>4,529</u>
<b>Total current liabilities</b> .....	<b><u>13,222</u></b>	<b><u>13,038</u></b>
<b>Total shareholders' equity and liabilities</b> .....	<b><u>125,817</u></b>	<b><u>122,902</u></b>

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



## Consolidated Statements of Changes in Shareholders' Equity (unaudited)

(SEK in millions)	Equity attributable to the owners of the parent company				Non-controlling interest	Total Shareholders' Equity
	Share Capital	Reserves	Retained earnings incl. Net Income	Total		
<b>Closing balance as of 31 December 2013</b>	<b>5</b>	<b>(390)</b>	<b>35,398</b>	<b>35,013</b>	<b>262</b>	<b>35,274</b>
Change in fair value reserves		103		103		103
Change in net investment hedge		(276)		(276)		(276)
Change in revaluation reserve		(8)	8			
Change in translation reserve		114		114	(1)	113
<b>Other comprehensive income</b>		<b>(67)</b>	<b>8</b>	<b>(59)</b>	<b>(1)</b>	<b>(60)</b>
Net income			99	99	(1)	98
<b>Total comprehensive income</b>		<b>(67)</b>	<b>107</b>	<b>40</b>	<b>(2)</b>	<b>38</b>
Changes in non-controlling interest						
<b>Closing balance as of 31 March 2014</b>	<b>5</b>	<b>(457)</b>	<b>35,505</b>	<b>35,053</b>	<b>260</b>	<b>35,312</b>
<b>Closing balance as of 31 December 2014</b>	<b>5</b>	<b>1,187</b>	<b>37,532</b>	<b>38,724</b>	<b>255</b>	<b>38,979</b>
Effect from deconsolidating CLOs		(136)		(136)	(21)	(157)
<b>Balance at 1 January 2015 (restated)</b>	<b>5</b>	<b>1,051</b>	<b>37,532</b>	<b>38,588</b>	<b>234</b>	<b>38,822</b>
Change in fair value reserves		95		95		95
Change in net investment hedge		(299)		(299)		(299)
Change in revaluation reserve		27	9	36		36
Change in translation reserve		852		852	(2)	850
Change in associated companies			(26)	(26)		(26)
<b>Other comprehensive income</b>		<b>675</b>	<b>(17)</b>	<b>658</b>	<b>(2)</b>	<b>656</b>
Net income			2,408	2,408	6	2,414
<b>Total comprehensive income</b>		<b>675</b>	<b>2,391</b>	<b>3,066</b>	<b>4</b>	<b>3,070</b>
Changes in non-controlling interest					2	2
<b>Closing balance as of 31 March 2015</b>	<b>5</b>	<b>1,726</b>	<b>39,923</b>	<b>41,654</b>	<b>240</b>	<b>41,894</b>



## Condensed Consolidated Statements of Cash Flow (unaudited)

(SEK in millions)	Three month period ended 31 March	
	2014	2015
<b><i>Net cash flows from operating activities:</i></b>		
Net income.....	98	2,414
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	1,102	1,403
Net valuation of investment properties.....	(75)	(149)
Gain on sale assets.....	-	(1,805)
(Gain)/loss on securities, net.....	46	(257)
Unrealized foreign exchange (gains) losses.....	(149)	(786)
Deferred income taxes.....	(7)	(86)
Pensions.....	(19)	(27)
Net cash flows from trading securities.....	101	6
Share of affiliated companies results.....	(3)	3
Other non-cash items.....	(19)	150
Receivables.....	143	(384)
Prepaid expenses and accrued income.....	(265)	(298)
Inventories.....	(48)	(18)
Trade accounts payable.....	370	82
Accrued costs and prepaid income.....	365	(144)
Income tax payable.....	(48)	(113)
Other current liabilities.....	<u>(235)</u>	<u>100</u>
Net cash provided by operating activities.....	<b><u>1,357</u></b>	<b><u>91</u></b>
<b><i>Net cash flows from investing activities:</i></b>		
Purchase of intangible assets.....	(56)	(19)
Cash proceeds from sale of property, vessels and equipment.....	6	1,244
Capital expenditure on property, vessels and equipment.....	(2,115)	(1,270)
Purchase and sale of subsidiaries, net of cash.....	-	1,492
Proceeds from sale of securities.....	1,219	1,556
Purchase of securities.....	(1,291)	(1,081)
Other investing activities.....	<u>(199)</u>	<u>(157)</u>
Net cash used in investing activities.....	<b><u>(2,436)</u></b>	<b><u>1,765</u></b>
<b><i>Net cash flows from financing activities:</i></b>		
Proceeds from issuance of debt.....	10,633	164
Principal payments on debt.....	(4,605)	(1,099)
Net change in borrowings on line-of-credit agreements.....	(5,272)	(1,821)
Principal payments on capital lease obligations.....	(54)	(166)
Net change in restricted cash accounts.....	240	145
Other financing activities.....	<u>(315)</u>	<u>(30)</u>
Net cash provided by financing activities.....	<b><u>627</u></b>	<b><u>(2,807)</u></b>
Effect of exchange rate changes on cash and cash equivalents.....	<u>11</u>	<u>50</u>
Net change in cash and cash equivalents.....	(441)	(901)
Cash and cash equivalents at beginning of period.....	<b><u>2,053</u></b>	<b><u>3,506</u></b>
Cash and cash equivalents at end of period.....	<b><u>1,612</u></b>	<b><u>2,605</u></b>

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 2014, 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 three months ended on 31 March 2015 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 2014, as described in the annual financial statements with the exceptions as mentioned below:

In 2014 Stena implemented the new accounting standard IFRS 10, - Consolidated Financial Statements. IFRS10 states that subsidiaries and special purpose vehicles that an entity controls should be consolidated in their consolidated financial statements. The new standard also states that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Stena has analyzed the effects from applying IFRS10 and concluded that Stena does not have such control over its investments in CLOs (Collateral Loan Obligations) managed by Canyon Capital, USA that these CLOs should be consolidated in accordance with IFRS10. As a result, Stena will as from January 1, 2015 stop consolidating the CLOs. Instead, these investments will be reported as Marketable Securities at their market value in Stena's consolidated balance sheet.

The effects from de-consolidating the CLOs on the Group's consolidated Balance Sheet as of January 1, 2015 are stated in the table below. These effects are not considered to be material for the Group and, as a result, no retroactive adjustments of prior periods have been made.

(SEK in millions)	December 31, 2014 Previously reported	Effect from de- consolidating CLOs	January 1, 2015 Restated
Investment included in SPEs	8,112	(8,112)	-
Marketable securities	4,847	761	5,608
Short-term investments	1,248	(451)	797
Other assets	5,222	(156)	5,066
<b>Total assets</b>		<b>(7,958)</b>	
Shareholders' equity	38,724	(136)	38,588
Minority interest	255	(21)	234
Total shareholders' equity		<b>(157)</b>	
Debt of SPEs	7,540	(7,540)	-
Other debt	3,946	(261)	3,685
<b>Total liabilities</b>		<b>(7,801)</b>	
<b>Total shareholders' equity and liabilities</b>		<b>(7,958)</b>	

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 2014 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

(SEK in millions)	Three month period ended 31 March	
	<u>2014</u>	<u>2015</u>
<i>Income from operation</i>		
Ferry operations .....	(282)	(253)
Net gain on sale of subsidiaries .....	-	<u>1,669</u>
Total Ferry operations .....	(282)	1,416
Drilling.....	359	201
Shipping: Roll-on/Roll-off vessels.....	15	69
Tankers .....	151	377
Other shipping .....	<u>(31)</u>	<u>(8)</u>
Total shipping .....	135	438
Property: .....	364	353
Net gain on sale of properties .....	-	93
Net valuations on investment properties .....	<u>75</u>	<u>149</u>
Total property .....	439	595
Investments, Adactum:	32	41
Other .....	(75)	(93)
 Total Income from operation .....	 <b><u>608</u></b>	 <b><u>2,598</u></b>
<i>Depreciation and amortization:</i>		
Ferry operations.....	334	370
Drilling .....	484	716
Shipping: Roll-on/Roll-off vessels .....	72	69
Tankers .....	99	129
Other shipping .....	<u>7</u>	<u>7</u>
Total shipping .....	178	205
Property .....	1	-
Investments, Adactum	98	104
Other.....	<u>7</u>	<u>8</u>
 Total .....	 <b><u>1,102</u></b>	 <b><u>1,403</u></b>



(SEK in millions)

Three month period  
ended 31 March

	<u>2014</u>	<u>2015</u>
<i>EBITDA from operations</i>		
Ferry operations.....	52	1,785
Drilling .....	843	916
Shipping: Roll-on/Roll-off vessels .....	87	138
Tankers.....	250	506
Other shipping.....	<u>(24)</u>	<u>(1)</u>
Total shipping.....	313	643
Property .....	440	595
Investments, Adactum .....	130	145
Other.....	(68)	(83)
Total EBITDA.....	<b><u>1,710</u></b>	<b><u>4,001</u></b>
<i>Capital expenditures:</i>		
Ferry operations.....	419	163
Drilling .....	1,236	698
Shipping: Roll-on/Roll-off vessels .....	51	5
Tankers .....	34	33
Other shipping .....	<u>15</u>	<u>2</u>
Total shipping .....	100	40
Property .....	246	315
Investments, Adactum .....	110	49
Other.....	<u>4</u>	<u>6</u>
Total.....	<b><u>2,115</u></b>	<b><u>1,270</u></b>



## 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, LNG carriers 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 Three Months of 2015

On 9 January 2015, the Stena AB Group and Scandlines entered into an agreement regarding the sale of Helsingborg-Helsingør ferry service to a European infrastructure fund managed by First State Investments. The Helsingborg- Helsingør service was operated jointly by the Stena AB Group and Scandlines, each with a 50% shareholding. First State European Diversified Infrastructure Fund, FCP\_SIF, took over the service from the end of January 2015. The sale included five vessels used to operate the service. The sale generated a capital gain for Stena AB Group amounting to SEK 1,669 million.

In January 2015, an agreement was signed regarding the sale of *Stena Feronia* for EUR 23 million. The vessel was delivered at the turn of the month March/April.

In February 2015, Marine Atlantic exercised their purchase options for the vessels *Highlanders* and *Blue Puttees*. The vessels will be sold for EUR 69 million each and will be delivered to Marine Atlantic in December 2015 and February 2016.

In February 2015, a property was sold in London for GBP 19 million.

The newly constructed IMOIIIMAX-vessel *Stena Impression* was delivered in February 2015 from the Samsung Shipyard in South Korea.

In February 2015, the vessel *Stena Calypso* was sold via a hire purchase agreement for USD 9,6 million.

The ferry service between Holyhead and Dun Laoghaire was discontinued in February 2015.

In February 2015, the High Court in London approved the new funding regime for MNRPF (pension fund) and the plan for deficit contributions. This means that the Group's share of deficit is settled to 19% and contributions made since 2001 are set off by future deficit.

In March 2015, properties in Gothenburg were sold for SEK 925 million.

### Subsequent Events

In the end of April 2015, Stena Adactum completed the agreement to sell the Mediatec companies, with effective date 1 January 2015. The buyer is the company NEP who operates in the same line of business. The sales price for Stena AB Group's shares in Mediatec companies amounted to SEK 462 million.



### 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 three month period that ended on 31 March 2015, approximately 27% of our total revenues were generated in USD, approximately 14% were generated in EUR, approximately 9% were generated in GBP and approximately 40% were generated in SEK.

In the three month period ended 31 March 2015, approximately 22% of our total expenses were incurred in USD, approximately 12% were incurred in EUR, approximately 18% were incurred in GBP and approximately 32% 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>	<b>Jan- March 2014</b>	<b>Jan-March 2015</b>	<b>Change</b>
US \$.....	6.4646	8.3365	29%
British pound .....	10.6987	12.6236	18%
Euro .....	8.8568	9.3797	6%
 <i>Closing rates:</i>	 <b>As of 31 Dec 2014</b>	 <b>As of 31 March 2015</b>	 <b>Change</b>
US \$.....	7.8011	8.6314	10.6%
British pound .....	12.1549	12.7900	5%
Euro .....	9.4378	9.2624	(2)%



### ***Revenues***

Total revenues increased by SEK 916 million to SEK 7,859 million in the three months ended 31 March 2015 compared to SEK 6,943 million in the three months ended 31 March 2014, as a result of increased revenues in all segments, except for the Property segment.

### ***Direct Operating Expenses***

Total operating expenses increased by SEK 377 million to SEK 4,726 million in the three months that ended on 31 March 2015, compared to SEK 4,349 million in the three months ended 31 March 2014.

### ***Selling and Administrative Expenses***

Selling and administrative expenses increased by SEK 127 million to SEK 1,086 million in the three months that ended 31 March 2015, compared to SEK 959 million in the three month period that ended on 31 March 2014.

### ***Depreciation and Amortization***

Depreciation and amortization charges increased by SEK 301 million to SEK 1,403 million in the three months ended 31 March 2015, compared to SEK 1,102 million in the three months ended 31 March 2014, mainly due to currency impact of the US Dollar.

### ***EBITDA***

The EBITDA for the consolidated Stena AB Group increased by SEK 2,291 million to SEK 4,001 million in the three months that ended on 31 March 2015 compared to SEK 1,710 million last year, mainly due to the sale of Helsingborg-Helsingør ferry service generating a net gain of SEK 1,669 million, but also due to increased EBITDA in all segments.

### ***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, excluding net gain on sale of subsidiaries of SEK 1,669 million, increased by SEK 64 million to SEK 116 million in the three months ended 31 March 2015, from SEK 52 million in the corresponding period in 2014 mainly due to increased car and freight volumes. Car/freight volumes increased: +5% / +4% compared to the corresponding period last year.

In 2015, Stena Line is continuing to restructure some of its operations with the aim to improve profitability. Stena Line is focusing on improving cost efficiency realising, advantages 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 SEK 73 million to SEK 916 million in the three month period 2015 compared to SEK 843 million in the corresponding period in 2014. The increase is due to the strengthening of US Dollar. Excluding the positive currency impact the EBITDA decreased compared to March 2014 mainly due to *Stena Clyde* undertaking SPS (Special Periodic Survey) and awaiting commencement on new contracts.



### ***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 SEK 506 million in the three month period ended 31 March 2015 compared to SEK 250 million for the same period in 2014 due to higher rates in both the crude and product segments.

Operationally and technically the fleet is performing well.

#### ***RoRo Operations***

EBITDA from chartering out Roll-on/Roll-off vessels increased by SEK 51 million to SEK 138 million in the three month period ended 31 March 2015, from SEK 87 million in the same period in 2014. The increase is mainly due to the sale of Stena Feronia.

### ***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 SEK 595 million for the three month period ended 31 March 2015, compared to SEK 440 million for the same period in 2014, mainly due to sale of properties generating a net gain of SEK 93 million in 2015. In the three months ended 31 March 2014 there were no sales of properties. Occupancy rates for Swedish properties were approximately 97%, and non-Swedish properties were approximately 76%.

### ***Investments, Adactum***

The EBITDA for Stena Adactum increased by SEK 15 million to SEK 145 million in the three month period ended 31 March 2015, compared to SEK 130 million in 2014. EBITDA increased mainly due to growth within Ballingslöv and Mediatec.

*Ballingslöv:* EBITDA for the three months ended 31 March 2015 was SEK 58 million, compared to SEK 50 million for the three months ended 31 March 2014.

*Envac:* EBITDA for the three months ended 31 March 2015 was SEK 5 million compared to SEK 6 million in the corresponding period in 2014.

*Stena Renewable:* EBITDA for the three months ended 31 March 2015 was SEK 77 million compared to SEK 81 million for the corresponding period in 2014. The lower EBITDA is due to decreasing electricity prices.

*Mediatec:* EBITDA for the three months ended 31 March 2015 was SEK 44 million compared to SEK 29 million for the corresponding period in 2014.

*Blomsterlandet:* EBITDA for the three months ended 31 March 2015 was SEK (20) million compared to SEK (19) million in the same corresponding period in 2014.

### ***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 SEK 149 million for the three month period ended 31 March 2015, as compared to SEK 75 million for the same period in 2014.

*Net gain on sale of vessels.* In the three months ended 31 March 2015, net gain on sale of vessels amounted to SEK 67 million of which SEK 50 million. Relates to the sale of the vessel *Stena Feronia* and SEK 17 million relates to the sale of the vessel *Stena Calypso*. In the three months ended 31 March 2014 there were no sales of vessels.



*Net gain on sale of properties.* In the three months ended 31 March 2015, net gain on sale of properties amounted to SEK 93 million from the sales of property in Gothenburg and London. In the three months period ended 31 March 2014 there were no sales of properties.

*Net gain on sale of subsidiaries.* In the three months ended 31 March 2015, net gain on sale of subsidiaries amounted to SEK 1,645 million of which SEK 1,669 million was from the sale of the subsidiaries related to the Helsingborg-Helsingør ferry service.

***Financial Income/(Expense)***

Total net financial expenses decreased by SEK 178 million to SEK (331) million in the three months ended 31 March 2015, from SEK (509) million in the three months ended 31 March 2014, mainly due to gains on securities, offset by increased net interest expenses.

***Income Taxes***

Income taxes for the three months that ended on 31 March 2015, were SEK 147 million, consisting of current taxes of SEK 61 million and deferred taxes of SEK 86 million. Income taxes for the three months ended 31 March 2014, were SEK (1) million, consisting of current taxes of SEK (8) million and deferred taxes of SEK 7 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 by cash on hand, cash flows from operations, borrowings under various credit facilities and other financing and refinancing arrangements.

As of 31 March, 2015, total cash and marketable securities amounted to SEK 8,216 million as compared to SEK 9,601 million as of December 31, 2014.

For the three months ended 31 March, 2015, cash flows provided by operating activities amounted to SEK 91 million, as compared to SEK 1,357 million in the first three months ended 31 March, 2014. For the three months ended 31 March, 2015, cash flows used in investing activities amounted to SEK (1,765) million, including SEK (1,270) million related to capital expenditures, as compared to SEK (2,436) million, including SEK (2,115) million related to capital expenditures, in the three months ended 31 March, 2014. Cash flows provided by financing activities for the three months ended 31 March, 2015 amounted to SEK (2,807) million, as compared to SEK 627 million in the three months ended 31 March, 2014.

As of 31 March, 2015, the total construction in progress was SEK 4,652 million, as compared to SEK 3,944 million as of 31 December, 2014. The remaining capital expenditure commitment for new buildings on order as of 31 March 2015 was SEK 4,788 million, of which SEK 30 million is due during 2015, SEK 4,575 million is due in 2016 and SEK 183 million is due in 2017. 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 31 March, 2015, total interest bearing debt was SEK 60,157 million as compared to SEK 60,167 million, excluding debt in SPEs, as of 31 December 2014.

During the first quarter 2014 our USD 1,000 million revolving credit facility was reduced down to USD 600 million in connection with issuing of USD 1.6 billion in new debt. In February 2015 we signed a Supplement to our existing USD 600 million RCF amending certain provisions in the agreement. The aim was to lower the margin, extend the maturity and increase the facility to USD 800 million. The final maturity of the "old" revolving credit facility was March 13, 2018 and has now been extended until March 13 2020. As of 31 March 2015, USD 85 million was utilized under our USD 800 million revolving credit facility of which USD 5 million was used for issuing bank guarantees and letters of credit. As of 31 December 2014, USD 185 million was utilized, including USD 5 million used for issuing bank guarantees and letters of credit.

As of 31 March 2015, USD 161 million was utilized under the USD 300 million revolving credit facility entered into by Stena International SA. as compared to USD 169 million as of 31 December 2014.

As of 31 March 2015, SEK 275 million was utilized under the SEK 700 million revolving credit facility in Adactum as compared to SEK 375 million as of 31 December 2014.

During 2010, we entered into a SEK 6,660 million revolving credit facility with Svenska Handelsbanken and Nordea and the facility is guaranteed by EKN. This facility had utilization of SEK 1,381 million as of 31 March 2015 compared to SEK 2,584 million as of 31 December 2014.

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 three months ended 31 March 2015, 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.

In January 2014, a ten year bond of USD 600 million 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 USD 350 million was issued. Also USD 650 million was raised through a so called Term loan B, which is a seven year loan with low rate of amortization. The securities for both the bond and the loan consist of the units Stena DrillMAX and Stena Carron. The purpose of this transaction was to extend the profile of amortization and increase liquidity. As a result of the transaction the available facilities in the previous RCF (Revolver Credit Facility) of USD 1,000 million was reduced to USD 600 million.

In February 2015 we signed a Supplement to our existing USD 600 million RCF amending certain provisions in the agreement. The aim was to lower the margin, extend the maturity and increase the facility to USD 800 million.

As of 31 March, 2015, we had outstanding EUR 300 million principal amount of Senior Notes due 2017, EUR 102 million principal amount of Senior Notes due 2019 and EUR 200 million principal amount of Senior Notes due 2020.



### Condensed Consolidated Income Statements – Restricted Group

(SEK in millions) (unaudited)	Three month period ended 31 March	
	2014	2015
Revenues:		
Ferry operations .....	2,256	2,389
Drilling .....	1,832	2,097
Shipping.....	738	1,012
Other .....	<u>6</u>	<u>13</u>
Total revenues .....	<b><u>4,832</u></b>	<b><u>5,511</u></b>
Net gain on sales of assets .....	-	<u>1,712</u>
Total other income.....	-	<b><u>1,712</u></b>
Direct operating expenses:		
Ferry operations.....	(1,951)	(2,012)
Drilling .....	(816)	(943)
Shipping.....	(343)	(340)
Other .....	-	<u>(9)</u>
Total direct operating expenses .....	<b><u>(3,110)</u></b>	<b><u>(3,304)</u></b>
Selling and administrative expenses .....	(570)	(652)
Depreciation and amortization.....	<u>(1,004)</u>	<u>(1,298)</u>
Total operating expenses .....	<b><u>(4,684)</u></b>	<b><u>(5,255)</u></b>
Income/(loss) from operations .....	<b><u>148</u></b>	<b><u>1,969</u></b>
Net financial income and expenses:		
Dividends received .....	-	4
Net gain (loss) on securities.....	(57)	27
Interest income .....	59	66
Interest expense .....	(409)	(499)
Foreign exchange gains (losses), net .....	79	63
Other financial income (expenses), net.....	<u>(39)</u>	<u>(68)</u>
Total financial income and expenses .....	<b><u>(367)</u></b>	<b><u>(407)</u></b>
Income/(loss) after financial income and expenses.....	<b><u>(219)</u></b>	<b><u>1,561</u></b>
Non-controlling interest.....	<u>1</u>	<u>(4)</u>
Income/(loss) before tax .....	<b><u>(218)</u></b>	<b><u>1,557</u></b>
Income taxes .....	<u>62</u>	<u>279</u>
Net income/(loss) .....	<b><u>(156)</u></b>	<b><u>1,836</u></b>



## Condensed Consolidated Balance Sheets – Restricted Group

(SEK in millions) (unaudited)	31 December 2014	31 March 2015
<b>ASSETS</b>		
<i>Noncurrent assets:</i>		
<b>Intangible assets</b> .....	<b>1,436</b>	<b>1,353</b>
Tangible fixed assets:		
Vessels .....	46,142	49,047
Construction in progress .....	3,631	4,333
Equipment .....	1,467	1,549
Ports .....	3,689	3,779
Property .....	594	620
<b>Total tangible fixed assets</b> .....	<b>55,523</b>	<b>59,329</b>
Financial fixed assets:		
Marketable securities .....	301	1,182
Intercompany accounts, noncurrent .....	4,626	4,225
Other assets .....	12,821	13,886
<b>Total noncurrent assets</b> .....	<b>74,707</b>	<b>79,975</b>
<i>Current assets:</i>		
Inventories .....	278	272
Trade debtors .....	1,958	2,408
Other receivables .....	2,107	2,238
Prepaid expenses and accrued income .....	1,757	2,186
Short-term investments .....	656	636
Intercompany accounts .....	926	865
Cash and cash equivalents .....	2,282	1,029
<b>Total current assets</b> .....	<b>9,964</b>	<b>9,633</b>
<b>Total assets</b> .....	<b>84,671</b>	<b>89,608</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<i>Shareholders' equity:</i>		
Share Capital .....	5	5
Reserves .....	29,446	32,197
Equity attributable to shareholders of the company .....	29,451	32,202
Non-controlling interest .....	106	107
<b>Total Equity</b> .....	<b>29,556</b>	<b>32,309</b>
<i>Noncurrent liabilities:</i>		
Deferred income taxes .....	479	566
Other provisions .....	1,159	1,299
Long-term debt .....	26,794	26,273
Senior notes .....	13,093	13,776
Capitalized lease obligations .....	412	389
Intercompany accounts, noncurrent .....	702	863
Other noncurrent liabilities .....	2,773	4,290
<b>Total noncurrent liabilities</b> .....	<b>45,413</b>	<b>47,456</b>
<i>Current liabilities:</i>		
Short-term debt .....	2,175	2,440
Capitalized lease obligations .....	153	34
Trade accounts payable .....	859	863
Income tax payable .....	144	144
Other liabilities .....	2,686	2,516
Intercompany liabilities .....	173	264
Accrued costs and prepaid income .....	3,510	3,582
<b>Total current liabilities</b> .....	<b>9,702</b>	<b>9,843</b>
<b>Total shareholders' equity and liabilities</b> .....	<b>84,671</b>	<b>89,608</b>



### Condensed Consolidated Statements of Cash Flow – Restricted Group

(SEK in millions) (unaudited)	Three month period ended 31 March	
	2014	2015
<i>Net cash flows from operating activities:</i>		
Net income/(loss) .....	(156)	1,836
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Depreciation and amortization .....	1,004	1,298
Gain on sale assets .....	-	(1,712)
(Gain) loss on securities, net .....	57	(27)
Unrealized foreign exchange (gains) losses .....	(114)	(536)
Deferred income taxes .....	(55)	(203)
Other non-cash items .....	(27)	175
Pensions .....	(20)	(28)
Net cash flows from trading securities .....	74	2
Changes in working capital .....	<u>217</u>	<u>(856)</u>
Net cash provided by/used in operating activities .....	<u>980</u>	<u>(51)</u>
<i>Net cash flows from investing activities:</i>		
Purchase of intangible assets .....	(49)	(8)
Cash proceeds from sale of property, vessels and equipment .....	6	243
Capital expenditure on property, vessels and equipment .....	(1,759)	(907)
Purchase and Sale of subsidiaries, net of cash .....	-	1,492
Proceeds from sale of securities .....	29	46
Purchase of securities .....	(25)	(300)
Other investing activities .....	<u>(130)</u>	<u>(175)</u>
Net cash used in investing activities .....	<u>(1,928)</u>	<u>391</u>
<i>Net cash flows from financing activities:</i>		
Proceeds from issuance of debt .....	10,288	-
Principal payments on debt .....	(4,502)	(390)
Net change in borrowings on line-of-credit agreements .....	(5,725)	(1,932)
Principal payments on capital lease obligations .....	(39)	(144)
Net change in restricted cash accounts .....	252	147
Intercompany accounts .....	469	714
Other financing activities .....	<u>(306)</u>	<u>(30)</u>
Net cash provided by financing activities .....	<u>437</u>	<u>(1,635)</u>
Effect of exchange rate changes on cash and cash equivalents .....	<u>11</u>	<u>42</u>
Net change in cash and cash equivalents .....	(500)	(1,253)
Cash and cash equivalents at beginning of period .....	<u>1,136</u>	<u>2,282</u>
Cash and cash equivalents at end of period .....	<u>636</u>	<u>1,029</u>



## Other data – Restricted Group

(SEK in millions)	Three month period ended 31 March	
OTHER DATA:	2014	2015
Adjusted EBITDA.....	1,211	2,026

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:

(SEK in millions)	Three month period ended 31 March	
	2014	2015
Income from operations .....	148	1,969
Adjustments:		
Interest income .....	59	66
Depreciation and amortization .....	1,004	1,298
Excess gain on assets disposition.....	-	<u>(1,307)</u>
<b>Adjusted EBITDA .....</b>	<b>1,211</b>	<b>2,026</b>
Adjustments:		
Gain on sale of assets .....	-	(1,712)
Net cash flows from trading securities .....	74	2
Interest expenses .....	(409)	(499)
Unrealized foreign exchange (gains) losses .....	(114)	(536)
Pensions .....	(20)	(28)
Other non-cash items.....	(27)	175
Excess gain on assets disposition.....	-	1,307
Changes in working capital .....	217	(856)
Other items .....	<u>48</u>	<u>70</u>
<b>Net cash provided by operating activities.....</b>	<b>980</b>	<b>(51)</b>