

STENA AB (publ.)

Restricted Group Data as of December 31, 2015



Please note that this report only consists of Restricted Group Data. All other customary information can be found in the Stena AB Group Annual Report.



Significant Events of 2015 – Restricted Group

In January, the Stena AB Group and Scandlines signed an agreement regarding the sale of the Helsingborg-Helsingør ferry service to a European infrastructure fund managed by First State Investments. The Helsingborg-Helsingør service has been operated on an equal ownership basis through a cooperation agreement between the Stena AB Group and Scandlines. The sale included the five vessels used on the route. As a result of the sale the Stena AB Group reported a capital gain of SEK 1,7 billion.

In January, *Stena Feronia* was sold for EUR 23 million and was delivered at the turn of the month March/April.

In February 2015, we renegotiated our existing USD 600 million credit facility. As a result, the margin was reduced, the term was extended and the credit line was increased to USD 800 million.

In February, Marine Atlantic exercised its purchase option for the vessels *Highlanders* & *Blue Puttees* totalling EUR 138 million for the two vessels. *Blue Puttees* was delivered in December 2015 and *Highlanders* was delivered in February 2016.

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

Stena Calypso was sold in February for USD 9.6 million. The sale took place through a hire purchase agreement.

The newly built IMOIIIMAX vessels *Stena Impression* and *Stena Imperial* were delivered from the shipyard in China in February 2015 and July 2015 respectively.

The vessel *Stena Scandinavica* was sold in June for SEK 800 million.

Stena Companion was sold in August but with a three-year bareboat charter in return. In November an agreement was signed with the shipyard CSSC Offshore & Marine Engineering (CSSC OME) in Guangzhou in China to build a further three IMOIIIMAX vessels. One of these vessels will be owned by Stena Weco. Delivery is scheduled for the end of December 2017 and the first half of 2018.

In October *Stena Explorer* was sold for USD 3.6 million and *Stena Scanrail* was sold for USD 1.0 million.

A one-year lease agreement was signed in December for the drillship *Stena Carron* with an option to extend. This was a very important agreement for the company and as a result *Stena Carron* began operating again in January 2016.

Subsequent Events – Restricted Group

On January 14 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 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 facility from Swedish Export Credits Guarantee Board (EKN) with a total credit line of SEK 6,660 million.

Our loan against Stena Fastigheter AB, SEK 1,200 million (Intercompany accounts, non-current) will during the second quarter of 2016 be converted into a dividend.



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.

<i>Average rates:</i>	January – December 2013	January – December 2014	Change	January – December 2015	Change
US \$	6.5140	6.8577	5%	8.4350	23%
British pound.....	10.1863	11.2917	11%	12.8962	14%
Euro.....	8.6494	9.0968	5%	9.3562	3%
 <i>Closing rates:</i>	 As of 31 Dec 2013	 As of 31 Dec 2014	 Change	 As of 31 Dec 2015	 Change
US \$	6.4279	7.8011	21%	8.4412	8%
British pound.....	10.6529	12.1549	14%	12.4390	2%
Euro.....	8.8567	9.4378	7%	9.1688	(3%)



OTHER FINANCIAL INFORMATION – RESTRICTED GROUP

For the twelve months ended 31 December 2015, 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.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 December, 2015, we had outstanding EUR 295 million principal amounts of Senior Notes due 2017, EUR 102 million principal amounts of Senior Notes due 2019 and EUR 200 million principal amounts of Senior Notes due 2020.

During the second quarter 2015 Stena AB received dividends from Stena Fastigheter AB amounting to SEK 1 000 million and from Stena Adactum AB amounting to SEK 249 million.

During the fourth quarter of 2015 Stena AB received additional dividends from Stena Fastigheter AB amounting to SEK 1 807 million.



Condensed Consolidated Income Statements – Restricted Group

(MSEK) (unaudited)	Twelve month period ended 31 December		
	2013	2014	2015
Revenue:			
Ferry operations	11,223	12,196	12,491
Offshore Drilling	7,146	8,425	7,891
Shipping	2,568	3,041	3,623
Other	45	69	119
Total revenue	<u>20,982</u>	<u>23,731</u>	<u>24,124</u>
Net gain on sales of non-current assets	25	-	2,135
Total other income	25	-	2,135
Direct operating expenses:			
Ferry operations	(8,520)	(9,074)	(9,272)
Offshore Drilling	(3,036)	(3,496)	(3,209)
Shipping	(1,503)	(1,553)	(1,503)
Other	(17)	(12)	(73)
Total direct operating expenses	<u>(13,076)</u>	<u>(14,135)</u>	<u>(14,057)</u>
Selling and administrative expenses	(2,483)	(2,623)	(2,774)
Depreciation, amortisation and impairment	<u>(3,758)</u>	<u>(4,590)</u>	<u>(5,307)</u>
Total operating expenses	(19,317)	(21,348)	(22,138)
Operating profit	<u>1,690</u>	<u>2,383</u>	<u>4,121</u>
Net financial income and expenses:			
Dividends received	10	12	3,066
Gains/losses on sale of securities	(55)	(50)	32
Interest income	554	485	381
Interest expense	(1,624)	(1,806)	(1,909)
Exchange gains/losses	(33)	124	101
Other finance income/costs	<u>(169)</u>	<u>(233)</u>	<u>(295)</u>
Financial net	<u>(1,317)</u>	<u>(1,468)</u>	<u>1,376</u>
Profit after financial net	373	915	5,497
Non-controlling interest	25	3	3
Group contribution	-	605	527
Profit before tax	<u>398</u>	<u>1,523</u>	<u>6,027</u>
Income taxes	185	(210)	(137)
Profit for the year	<u>583</u>	<u>1,313</u>	<u>5,890</u>



Condensed Consolidated Balance Sheets – Restricted Group

(MSEK) (unaudited)	31 December 2013	31 December 2014	31 December 2015
ASSETS			
<i>Non-current assets:</i>			
Intangible assets	<u>1,387</u>	<u>1,436</u>	<u>1,307</u>
Property, plant and equipment:			
Vessels	40,956	46,142	46,398
Construction in progress.....	2,202	3,631	3,999
Equipment	1,203	1,467	1,564
Ports	3,261	3,689	4,054
Land and buildings.....	471	594	590
Total property, plant and equipment	<u>48,093</u>	<u>55,523</u>	<u>56,605</u>
Financial assets:			
Marketable securities.....	409	886	1,472
Intercompany accounts, non-current	5,997	4,626	3,590
Other non-current assets	8,879	12,236	13,093
Total non-current assets	<u>64,765</u>	<u>74,707</u>	<u>76,067</u>
<i>Current assets:</i>			
Inventories.....	266	278	213
Trade receivables	2,012	1,958	1,488
Other current receivables.....	1,877	2,107	2,337
Prepayments and accrued income	1,617	1,757	1,618
Short-term investments	1,223	656	769
Intercompany accounts, current.....	-	926	3,272
Cash and cash equivalents.....	1,136	2,282	1,436
Total current assets	<u>8,131</u>	<u>9,964</u>	<u>11,133</u>
Total assets.....	<u>72,896</u>	<u>84,671</u>	<u>87,200</u>
EQUITY AND LIABILITIES			
<i>Equity:</i>			
Share Capital	5	5	5
Reserves	26,355	29,446	35,218
Equity attributable to shareholders of the company	26,360	29,451	35,223
Non-controlling interest	107	105	100
Total equity	<u>26,467</u>	<u>29,556</u>	<u>35,323</u>
<i>Non-current liabilities:</i>			
Deferred tax liabilities.....	698	479	962
Pension liabilities	524	529	437
Other provisions	651	630	612
Long-term debt.....	29,367	26,794	22,026
Senior notes.....	5,324	13,093	13,493
Capitalized lease obligations	516	412	416
Intercompany accounts, non-current	-	702	1,200
Other non-current liabilities	222	2,773	2,246
Total non-current liabilities.....	<u>37,302</u>	<u>45,413</u>	<u>41,392</u>
<i>Current liabilities:</i>			
Short-term debt.....	3,448	2,175	1,811
Capitalized lease obligations	156	153	33
Trade payables	757	859	697
Tax liabilities.....	77	144	77
Other liabilities.....	1,628	2,686	2,763
Intercompany liabilities, current.....	710	175	1,236
Accruals and deferred income	2,351	3,510	3,868
Total current liabilities	<u>9,127</u>	<u>9,702</u>	<u>10,485</u>
Total equity and liabilities	<u>72,896</u>	<u>84,671</u>	<u>87,200</u>



Condensed Consolidated Statements of Cash Flow – Restricted Group

(MSEK) (unaudited)	Twelve month period ended 31 December		
	2013	2014	2015
<i>Cash flows from operating activities:</i>			
Profit for the year	583	1,313	5,890
Adjustments to reconcile profit for the year to net cash provided by operating activities:			
Depreciation, amortisation and impairment	3,758	4,590	5,307
Gain on sale of non-current assets	(25)	-	(2,135)
Gains/losses on securities, net	55	50	(32)
Exchange differences, unrealized	427	61	(706)
Deferred income taxes	(396)	(159)	(90)
Other non-cash items	166	654	657
Pensions	(107)	(122)	(230)
Dividend from Unrestricted group	-	-	(3,056)
Dividend from operational associates	-	37	229
Investment and disposals in operational associates	(9)	(90)	(63)
Net cash flows from trading securities	84	39	103
Changes in working capital	<u>(78)</u>	<u>2,348</u>	<u>(864)</u>
Cash flow from operating activities	<u>4,458</u>	<u>8,721</u>	<u>5,010</u>
<i>Cash flows from investing activities:</i>			
Capital expenditure of intangible assets	(116)	(122)	(63)
Sale of property, plant and equipment	189	29	2,016
Capital expenditure on property, plant and equipment	(4,868)	(4,071)	(4,026)
Purchase of operations, net of cash acquired	60	-	(1,241)
Sale of operations, net of cash sold companies	-	-	1,919
Sale of securities	603	42	89
Purchase of securities	(284)	(548)	(705)
Increase in other non-current assets	(243)	(804)	(98)
Decrease in other non-current assets	1	103	29
Other investing activities	<u>(298)</u>	<u>(848)</u>	<u>1</u>
Cash flow from investing activities	<u>(4,956)</u>	<u>(6,219)</u>	<u>(2,079)</u>
<i>Net cash flows from financing activities:</i>			
Proceeds from issuance of debt	327	10,961	284
Principal payments on debt	(2,915)	(6,087)	(2,505)
Net change in borrowings on line-of-credit agreements	1,947	(6,691)	(4,436)
Principal payments on capital lease obligations	(154)	(165)	(172)
Net change in restricted cash accounts	211	617	8
Intercompany accounts	1,540	601	251
Dividend received from Unrestricted group	-	-	3,056
Dividend paid	(189)	(220)	(244)
Other financing activities	<u>(6)</u>	<u>(448)</u>	<u>(45)</u>
Cash flow from financing activities	<u>761</u>	<u>(1,432)</u>	<u>(3,803)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>37</u>	<u>76</u>	<u>26</u>
Net change in cash and cash equivalents	300	1,146	(846)
Cash and cash equivalents at beginning of period	<u>836</u>	<u>1,136</u>	<u>2,282</u>
Cash and cash equivalents at end of period	<u>1,136</u>	<u>2,282</u>	<u>1,436</u>