

# STENA AB (publ.)

## Restricted Group Data as of December 31, 2017



**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 2017 – Restricted Group

### *Ferry Operations*

- In March 2017, Stena Line GmbH acquired the chartered vessel M/S Mecklenburg Vorpommern from Postbank Leasing GmbH, and the vessel was sold on to Havgalleskären AB on the same day. The new owner, Havgalleskären AB, is chartering back the vessel to Stena Line GmbH on a five-year bareboat charter.
- In October 2017, Stena Line has started a new route between Poland to Sweden, Gdynia-Nynäshamn.
- In December 2017, the already chartered vessels *Stena Superfast VII* and *Stena Superfast VIII* were acquired from Tallink AS. The vessels will continue to operate on the Irish Sea.

### *Offshore Drilling*

- In March 2017, Stena Drilling signed a contract with Summit Exploration and Production Limited for the drilling unit *Stena Spey*. The drilling campaign, which was in the UK North Sea, commenced in June 2017 with a duration of 55 days. In July 2017, Stena Drilling signed a contract with Repsol Sinopec Resources UK Limited for the drilling unit *Stena Spey*. The drilling campaign, which was in the UK North Sea, commenced in August 2017 and was ongoing as at 31 December 2017. In November 2017, Stena Drilling signed a Contract Amendment with Esso Exploration and Production Guyana Limited, whereby the contract for the drilling unit *Stena Carron*'s drilling campaign in Guyana was extended to January 2019 on a well by well option basis.
- On 1 June 2017, Stena Atlantic Ltd, an affiliate of Stena Drilling Ltd, has notified the Korean shipbuilder, Samsung Heavy Industries Co Ltd (SHI), that it has exercised its right to cancel their contract for the construction of "*Stena MidMAX*", a dynamically positioned harsh environment semisubmersible drilling unit. The rig was ordered in June 2013 with a delivery date in March 2016. SHI has, however, been unable to complete and deliver the unit within the contractually agreed timeframe. As per 31 December, 2017, the capitalized expenses of SEK 2,815 million, previously accounted as assets under construction have been reclassified to a long-term receivable. Under the contract terms, if Stena Atlantic is held to have validly terminated the contract, Stena Atlantic is entitled to reimbursement of USD 215 million in pre-delivery instalments paid to SHI, plus accrued interest and reimbursement for the value of certain equipment it supplied during construction. Stena Atlantic is also intending to pursue claims for further compensation in respect of its costs incurred in relation to the project. SHI has disputed Stena Atlantic's cancellation of the contract and the parties are now engaged in a London arbitration process to resolve the dispute.
- During 2017, the rig *Stena Clyde* was written down by USD 18.5 million.

### *Shipping*

- Stena and its joint venture partner SeaLine has agreed that Stena is leaving the cooperation in the Black Sea as of April 3, 2017. SeaLine will continue operating the route.
- In April 2017, Stena Bulk acquired the remaining 50% of the shares in Stena Weco A/S from its partner WECO Shipping. This means that Stena Weco A/S is now a wholly-owned subsidiary of Stena Bulk Denmark ApS.
- Four new IMOIMAX vessels were delivered during 2017 from a shipyard in China.
- In September 2017, Stena RoRo sold the ropax vessels *Napoles* and *Sicilia*.
- In November, 2017 Stena RoRo acquired the vessel *Hammerodde* from Danske Faerger.

### *Other*

- In February 2017 a MEUR 300 bond was repaid at maturity.
- On 1 March 2017, the recycling operations, which were included in the IL Recycling AB acquisition in 2016, were sold to Stena Recycling AB. Other operations, mainly property, remain with the Stena AB Group.
- As part of developing the logistic area within Stena, a 25 percent share in the logistics and transport company NTEX AB was acquired in December 2017.
- During 2017, the loan for the LNG vessels was refinanced and extended another five years to October 2022, essentially with the same terms, conditions and pace of amortization as the previous facility.



### Subsequent Events – Restricted Group

- In January 2018, Stena Drilling signed a contract with Energean Oil & Gas for the development drilling of the Karish Field, offshore Israel.
- The drilling unit Stena Forth has been selected to drill three development wells in Q1 2019 (with provision made for further options).
- In February 2018, Stena Drilling signed a contract with Nexen Petroleum UK Ltd for the drilling unit Stena Spey. The drilling campaign is around 110 days with a potential additional option well in the UK Central North Sea.
- In February 2018, Stena Drilling signed a contract with Northern Oil & Gas Australia Pty Ltd, on drilling for 30 days, with the drilling unit *Stena Clyde*.
- In February 2018, the last IMOIMAX vessel, in a serie of 13 vessels, was delivered from a shipyard in China.

### 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>	<b>January – December 2015</b>	<b>January – December 2016</b>	<b>Change</b>	<b>January – December 2017</b>	<b>Change</b>
US \$ .....	8.4350	8.5613	1%	8.5380	0%
British pound.....	12.8962	11.5664	-10%	10.9896	-5%
Euro.....	9.3562	9.4704	1%	9.6326	2%
 <i>Closing rates:</i>	 <b>As of 31 Dec 2015</b>	 <b>As of 31 Dec 2016</b>	 <b>Change</b>	 <b>As of 31 Dec 2017</b>	 <b>Change</b>
US \$ .....	8.4412	9.1061	8%	8.1833	-10%
British pound.....	12.4390	11.2369	-10%	11.0581	-2%
Euro.....	9.1688	9.5769	4%	9.8241	3%

### Other financial information – Restricted Group

For the twelve months ended 31 December 2017, 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.

As of 31 December, 2017, we had outstanding MEUR 102 principal amounts of Senior Notes due 2019 and MEUR 200 principal amounts of Senior Notes due 2020. We also have outstanding MUSD 527 principal amounts of Senior Notes due 2024 and MUSD 350 principal amounts of Senior Secured Notes due 2024. Stena AB and its affiliates may from time to time repurchase or otherwise trade in its own bonds in open market transactions.

Stena International and Stena Holding Cyprus Ltd received dividends from Mondaldi Ltd amounting to USD 3.7 million and USD 31.5 million respectively.



### Condensed Consolidated Income Statements – Restricted Group

(MSEK) (unaudited)	Twelve month period ended 31 December		
	2015	2016	2017
Revenue:			
Ferry operations .....	12,491	12,592	12,737
Offshore Drilling .....	7,891	7,360	3,507
Shipping .....	3,623	2,750	5,610
Other .....	<u>119</u>	<u>832</u>	<u>273</u>
Total revenue .....	<b><u>24,124</u></b>	<b><u>23,533</u></b>	<b><u>22,127</u></b>
Net gain on sales of non-current assets .....	<u>2,135</u>	<u>297</u>	<u>338</u>
Total other income .....	<b><u>2,135</u></b>	<b><u>297</u></b>	<b><u>338</u></b>
Direct operating expenses:			
Ferry operations .....	-9,272	-8,737	-8,856
Offshore Drilling .....	-3,209	-2,919	-1,833
Shipping .....	-1,503	-1,545	-4,369
Other .....	<u>-73</u>	<u>-426</u>	<u>-128</u>
Total direct operating expenses .....	<b><u>-14,057</u></b>	<b><u>-13,626</u></b>	<b><u>-15,186</u></b>
Selling and administrative expenses .....	-2,774	-2,869	-2,613
Depreciation, amortisation and impairment .....	<u>-5,307</u>	<u>-6,697</u>	<u>-5,535</u>
Total operating expenses .....	<b><u>-22,138</u></b>	<b><u>-23,192</u></b>	<b><u>-23,334</u></b>
Operating profit .....	<b><u>4,121</u></b>	<b><u>639</u></b>	<b><u>-869</u></b>
Net financial income and expenses:			
Dividends received .....	3,066	1,231	333
Gains/losses on sale of securities .....	32	193	54
Interest income .....	381	370	313
Interest expense .....	-1,909	-1,769	-1,578
Exchange gains/losses .....	101	16	-36
Other finance income/costs .....	<u>-295</u>	<u>-194</u>	<u>-297</u>
Financial net .....	<b><u>1,376</u></b>	<b><u>-152</u></b>	<b><u>-1,211</u></b>
Profit after financial net .....	<b><u>5,497</u></b>	<b><u>486</u></b>	<b><u>-2,080</u></b>
Non-controlling interest .....	<u>3</u>	<u>13</u>	<u>18</u>
Group contribution .....	<u>527</u>	<u>90</u>	=
Profit before tax .....	<b><u>6,027</u></b>	<b><u>590</u></b>	<b><u>-2,062</u></b>
Income taxes .....	<u>-137</u>	<u>594</u>	<u>-334</u>
Profit for the year .....	<b><u>5,890</u></b>	<b><u>1,184</u></b>	<b><u>-2,396</u></b>



## Condensed Consolidated Balance Sheets – Restricted Group

(MSEK) (unaudited)	31 December 2015	31 December 2016	31 December 2017
<b>ASSETS</b>			
<i>Non-current assets:</i>			
<b>Intangible assets .....</b>	<b><u>1,307</u></b>	<b><u>1,366</u></b>	<b><u>1,624</u></b>
Property, plant and equipment:			
Vessels .....	46,398	43,064	39,103
Construction in progress.....	3,999	5,871	1,911
Equipment .....	1,564	1,309	1,985
Ports .....	4,054	3,659	3,751
Land and buildings.....	<u>590</u>	<u>780</u>	<u>660</u>
<b>Total property, plant and equipment .....</b>	<b><u>56,605</u></b>	<b><u>54,684</u></b>	<b><u>47,410</u></b>
<b>Investment properties .....</b>			<b>153</b>
Financial assets:			
Marketable securities.....	1,472	2,218	2,334
Intercompany accounts, non-current .....	3,590	3,084	2,214
Other non-current assets.....	<u>13,093</u>	<u>13,239</u>	<u>15,647</u>
<b>Total non-current assets .....</b>	<b><u>76,067</u></b>	<b><u>74,590</u></b>	<b><u>69,382</u></b>
<i>Current assets:</i>			
Inventories.....	213	244	360
Trade receivables .....	1,488	2,161	1,747
Other current receivables.....	2,337	2,042	2,051
Prepayments and accrued income .....	1,618	1,333	1,176
Short-term investments .....	769	863	738
Intercompany accounts, current.....	3,272	3,620	2,881
Cash and cash equivalents.....	1,436	699	735
Assets held for sale.....	-	1,377	-
<b>Total current assets .....</b>	<b><u>11,133</u></b>	<b><u>12,339</u></b>	<b><u>9,688</u></b>
<b>Total assets.....</b>	<b><u>87,200</u></b>	<b><u>86,929</u></b>	<b><u>79,070</u></b>
<b>EQUITY AND LIABILITIES</b>			
<i>Equity:</i>			
Share Capital .....	5	5	5
Reserves .....	<u>35,218</u>	<u>37,373</u>	<u>34,057</u>
Equity attributable to shareholders of the company .....	35,223	37,378	34,062
Non-controlling interest .....	<u>100</u>	<u>86</u>	<u>114</u>
<b>Total equity .....</b>	<b><u>35,323</u></b>	<b><u>37,464</u></b>	<b><u>34,176</u></b>
<i>Non-current liabilities:</i>			
Deferred tax liabilities.....	962	1,031	725
Pension liabilities .....	437	407	366
Other provisions .....	612	638	569
Long-term debt.....	22,026	22,536	21,714
Senior notes.....	13,493	10,878	10,143
Capitalized lease obligations .....	416	53	45
Intercompany accounts, non-current .....	1,200	-	1,023
Other non-current liabilities .....	<u>2,246</u>	<u>1,305</u>	<u>999</u>
<b>Total non-current liabilities.....</b>	<b><u>41,392</u></b>	<b><u>36,848</u></b>	<b><u>35,584</u></b>
<i>Current liabilities:</i>			
Short-term debt.....	1,811	1,890	2,296
Senior notes.....	-	2,702	-
Capitalized lease obligations .....	33	-	9
Trade payables .....	697	685	818
Tax liabilities.....	77	109	67
Other liabilities.....	2,763	1,699	2,069
Intercompany liabilities, current.....	1,236	934	674
Accruals and deferred income .....	3,868	3,779	3,377
Liabilities directly attributed to assets held for sale.....	-	819	-
<b>Total current liabilities .....</b>	<b><u>10,485</u></b>	<b><u>12,617</u></b>	<b><u>9,310</u></b>
<b>Total equity and liabilities .....</b>	<b><u>87,200</u></b>	<b><u>86,929</u></b>	<b><u>79,070</u></b>



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

(MSEK) (unaudited)	Twelve month period ended 31 December		
	2015	2016	2017
<i>Cash flows from operating activities:</i>			
Profit for the year .....	5,890	1,184	-2,396
Adjustments to reconcile profit for the year to net cash provided by operating activities:			
Depreciation, amortisation and impairment .....	5,307	6,697	5,535
Gain on sale of non-current assets .....	-2,135	-297	-338
Gains/losses on securities, net .....	-32	-193	-54
Exchange differences, unrealized .....	-706	49	601
Deferred income taxes .....	-90	-495	168
Other non-cash items .....	657	-65	202
Pensions .....	-230	-405	-231
Dividend from Unrestricted group .....	-3,056	-1,200	-301
Dividend from operational associates .....	229	128	57
Investment and disposals in operational associates .....	-63	-7	289
Net cash flows from trading securities .....	103	-40	15
Changes in working capital .....	<u>-864</u>	<u>-1,448</u>	<u>-58</u>
Cash flow from operating activities .....	<b>5,010</b>	<b>3,908</b>	<b>3,488</b>
<i>Cash flows from investing activities:</i>			
Capital expenditure of intangible assets .....	-63	-78	-124
Sale of property, plant and equipment .....	2,016	1,943	1,160
Capital expenditure on property, plant and equipment .....	-4,026	-3,175	-4,540
Purchase of operations, net of cash acquired .....	-1,241	-722	-471
Sale of operations, net of cash sold companies .....	1,919	111	547
Investment and disposals in strategic associated companies .....	-	-	-100
Sale of securities .....	89	250	920
Purchase of securities .....	-705	-264	-1,503
Increase in other non-current assets .....	-98	-189	-239
Decrease in other non-current assets .....	29	47	158
Other investing activities .....	<u>1</u>	<u>-3</u>	<u>-89</u>
Cash flow from investing activities .....	<b>-2,079</b>	<b>-2,080</b>	<b>-4,281</b>
<i>Net cash flows from financing activities:</i>			
Proceeds from issuance of debt .....	284	473	1,091
Principal payments on debt .....	-2,505	-2,726	-5,092
Net change in borrowings on line-of-credit agreements .....	-4,436	525	2,747
Principal payments on capital lease obligations .....	-172	-51	-388
Net change in restricted cash accounts .....	8	-88	63
Intercompany accounts .....	251	-1,344	2,377
Dividend received from Unrestricted group .....	3,056	1,200	301
Dividend paid .....	-244	-425	-205
Other financing activities .....	<u>-45</u>	<u>-144</u>	<u>-38</u>
Cash flow from financing activities .....	<b>-3,803</b>	<b>-2,580</b>	<b>856</b>
Effect of exchange rate changes on cash and cash equivalents .....	<u>26</u>	<u>15</u>	<u>-27</u>
Net change in cash and cash equivalents .....	-846	-737	36
Cash and cash equivalents at beginning of period .....	<b>2,282</b>	<b>1,436</b>	<b>699</b>
Cash and cash equivalents at end of period .....	<b>1,436</b>	<b>699</b>	<b>735</b>