

STENA AB (publ.)

Interim Report for the nine-month period

1 January – 30 September 2018

Highlights:

- Income before taxes amounts to SEK 1,076 million for the nine month period ended 30 September 2018, compared to SEK 1,112 million for the nine month period ended 30 September 2017.
- Consolidated EBITDA, excluding net gain on sale of assets and change in fair value of investment properties, for the nine month period ended 30 September 2018 amounted to SEK 3,856 million compared to SEK 5,765 million for the nine month period ended 30 September 2017.
- Consolidated EBITDA, including net gain on sale of assets and change in fair value of investment properties, for the nine month period ended 30 September 2018 amounted to SEK 6,775 million compared to SEK 6,459 million for the nine month period ended 30 September 2017.

Ferry Operation

- EBITDA, excluding net gain on sale of assets, increased compared to last year due to continued increased volumes for cars (3%), freight (3%) and passengers (2%).

Offshore Drilling

- Decreased EBITDA compared to last year mainly due to the net impact of less operating days on contract, lower charter rates offset by positive effect from our ongoing Cost Race Program.
- Positive development of our fleet contract coverage.

Shipping

- EBITDA, excluding net gain on sale of assets, increased compared to last year mainly due to more operational days for the LNG vessels with higher rates.
- Lower charter income as a result of vessels sold in 2017.
- Within the Suezmax segment we start to see signs of recovery.

Property

- EBITDA, excluding net gain on sales, on the same level as last year despite a reduced property portfolio due to sale of properties during Q4 2017 and Q2 2018.
- Stena Properties has sold properties in Uppsala, Stockholm and Gothenburg for approximately SEK 6,8 billion net in June 2018. These transactions have improved liquidity by SEK 3 billion in 2018 and liquidity will be improved by another SEK 1 billion over the next two years. Net gain on sale of these properties amounts to SEK 1,040 million.
- The fair value of investment properties has been adjusted by SEK 1,347 million, i.e. 4% of the total property portfolio.

Adactum

- Ballingslöv had a continued strong development which does not fully compensate for the lower result in Adactum's other businesses.
 - Stena Renewable has been divested by 65%, which improved the Stena AB group's net debt by SEK 1,7 billion.
- The liquidity position remains strong as of 30 September 2018. Available liquidity amounted to SEK 20.0 billion compared to SEK 16.9 billion as of 30 September 2017.

Date: 29 November 2018

By: Staffan Hultgren

Title: Vice President & Deputy CEO and Principal Financial Officer



Stena AB and Consolidated Subsidiaries

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.

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Stena AB and Consolidated Subsidiaries

Condensed Consolidated Income Statements (unaudited)

(SEK in million)	Three month period ended 30 Sept		Nine month period ended 30 Sept	
	2017	2018	2017	2018
Revenue:				
Ferry Operations	4,055	4,440	9,858	10,769
Offshore Drilling	592	269	3,120	947
Shipping.....	1,291	1,634	4,334	4,549
Property	691	638	2,064	2,080
Adactum	1,450	1,493	5,014	5,162
Other.....	4	4	252	10
Total revenue	8,083	8,478	24,642	23,517
Change in fair value of investment properties ...	104	28	188	1,419
Net gain on sale of non-current assets	<u>342</u>	<u>460</u>	<u>506</u>	<u>1,500</u>
Total other income.....	446	488	694	2,919
Direct operating expenses:				
Ferry Operations	-2,461	-2,740	-6,711	-7,333
Offshore Drilling	-522	-467	-1,360	-1,074
Shipping.....	-997	-1,276	-3,425	-3,665
Property	-189	-171	-665	-654
Adactum	-1,128	-1,172	-3,758	-3,946
Other	<u>-32</u>	<u>-15</u>	<u>-126</u>	<u>-28</u>
Total direct operating expenses	-5,329	-5,841	-16,045	-16,700
Selling and administrative expenses	-715	-865	-2,832	-2,961
Profit/loss from investments in operating associates	25	-47	70	-112
Depreciation, amortisation and impairment	<u>-1,493</u>	<u>-1,476</u>	<u>-4,339</u>	<u>-4,531</u>
Total operating expenses	-7,513	-8,229	-23,146	-24,304
Operating profit	<u>1,017</u>	<u>737</u>	<u>2,190</u>	<u>2,132</u>
Profit/loss from investments in strategic associates	10	-38	44	-16
Dividends received	21	83	80	139
Gains/losses on sale of securities	125	144	416	310
Interest income	65	31	172	201
Interest expenses.....	-520	-584	-1,541	-1,450
Exchange gains/losses	-70	-25	-32	1
Other finance income/costs.....	<u>-25</u>	<u>-111</u>	<u>-217</u>	<u>-241</u>
Financial net	-395	-500	-1,078	-1,056
Profit before tax	<u>622</u>	<u>237</u>	<u>1,112</u>	<u>1,076</u>
Income taxes	<u>-442</u>	<u>-192</u>	<u>-629</u>	<u>-15</u>
Profit for the period	<u>180</u>	<u>45</u>	<u>483</u>	<u>1,061</u>
Profit for the period attributable to:				
Shareholders of the Parent company.....	180	43	500	1,061
Non-controlling interests	-	<u>2</u>	<u>-17</u>	-
Profit for the period	<u>180</u>	<u>45</u>	<u>483</u>	<u>1,061</u>



Stena AB and Consolidated Subsidiaries

Consolidated Statements of Comprehensive Income (unaudited)

(SEK in million)	Three month period ended 30 Sept		Nine month period ended 30 Sept	
	2017	2018	2017	2018
Profit for the period	180	45	483	1,061
Other comprehensive income				
<i>Items that may subsequently be reclassified to profit or loss:</i>				
Change in fair value reserve, net of tax	22	-4	-7	96
Change in net investment hedge, net of tax	168	605	-364	701
Change in translation reserve	-374	-322	-1,197	1,555
Share of other comprehensive income of associates	-12	8	-28	27
<i>Items that will not be reclassified to profit or loss:</i>				
Change in fair value reserve, net of tax	-7	-20	-71	8
Change in revaluation reserve, net of tax		-30		76
Remeasurements of post-employment benefit obligations		-21		-21
Share of other comprehensive income of associates	15	5	15	-18
Other comprehensive income for the period	-189	221	-1,652	2,423
Total comprehensive income for the period ..	<u>-9</u>	<u>266</u>	<u>-1,170</u>	<u>3,484</u>
Total comprehensive income attributable to:				
Shareholders of the Parent company	-9	264	-1,152	3,484
Non-controlling interests	-	2	-17	0
Total comprehensive income for the period, net of tax	<u>-9</u>	<u>266</u>	<u>-1,170</u>	<u>3,484</u>

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



Stena AB and Consolidated Subsidiaries

Condensed Consolidated Balance Sheet (unaudited)

(SEK in million)	31 December 2017	30 September 2018
ASSETS		
<i>Non-current assets:</i>		
Intangible assets	4,053	4,199
<i>Property, plant and equipment:</i>		
Vessels	39,103	39,249
Construction in progress	2,020	2,463
Windmills	2,294	2,575
Equipment	2,369	-
Land and buildings	1,208	1,209
Ports	<u>3,751</u>	<u>3,847</u>
Total property, plant and equipment	50,745	49,343
Investment properties	31,539	34,401
<i>Financial assets:</i>		
Investments reported according to the equity method	2,183	2,970
Marketable securities	6,506	7,277
Surplus in funded pension plans	644	1,013
Other non-current assets	<u>6,925</u>	<u>9,566</u>
Total financial assets	16,258	20,826
Total non-current assets	<u>102,595</u>	<u>108,769</u>
<i>Current assets:</i>		
Inventories	951	1,105
Trade receivables	2,585	2,806
Other current receivables	2,280	4,340
Prepayments and accrued income	1,987	1,933
Short-term investments	865	658
Cash and cash equivalents	2,248	2,657
Assets held for sale	<u>5,898</u>	-
Total current assets	<u>16,814</u>	<u>13,499</u>
Total assets	<u>119,409</u>	<u>122,268</u>
EQUITY AND LIABILITIES		
Total equity	<u>46,195</u>	<u>49,631</u>
<i>Non-current liabilities:</i>		
Deferred tax liabilities	4,221	5,127
Pension liabilities	542	575
Other provisions	645	435
Long-term debt	40,548	34,939
Senior Notes	10,143	9,858
Capitalised lease obligations	65	4,424
Other non-current liabilities	<u>2,069</u>	<u>1,999</u>
Total non-current liabilities	<u>58,233</u>	<u>57,357</u>
<i>Current liabilities:</i>		
Short-term debt	2,508	2,287
Senior Notes	-	1,052
Capitalised lease obligations	18	490
Trade payables	1,884	2,096
Tax liabilities	65	337
Other liabilities	2,753	4,823
Accruals and deferred income	4,521	4,195
Assets held for sale	<u>3,232</u>	-
Total current liabilities	<u>14,981</u>	<u>15,280</u>
Total equity and liabilities	<u>119,409</u>	<u>122,268</u>

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



Stena AB and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity (unaudited)

(SEK in million)	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 2016	5	3,627	42,801	46,433	100	46,533
Change in fair value reserve		-7		-7		-7
Change in net investment hedge		-364		-364		-364
Change in revaluation reserve		-119	47	-72		-72
Change in translation reserve		-1,196		-1,196	-1	-1,197
Change in associates			-13	-13		-13
Other comprehensive income		-1,686	34	-1,652	-1	-1,653
Profit for the year			500	500	-17	483
Total comprehensive income		-1,686	535	-1,152	-18	-1,170
Changes in non-controlling interest					45	45
Dividend			-205	-205		-205
Closing balance, 30 September 2017	5	1,941	43,131	45,077	127	45,204
Closing balance, 31 December 2017	5	2,732	43,331	46,069	126	46,195
Adjustment, 1 January 2018		-321	321			
New opening balances	5	2,411	43,652	46,069	126	46,195
Change in fair value reserve		96	8	104		104
Change in net investment hedge		701		701		701
Change in revaluation reserve		31	45	76		76
Change in translation reserve		1,555		1,555		1,555
Change in associates			9	9		9
Remeasurement of post-employment benefit obligation			-21	-21		-21
Other comprehensive income		2,384	40	2,424	0	2,423
Profit for the year			1,061	1,061	0	1,061
Total comprehensive income		2,384	1,101	3,484	0	3,484
Changes in non-controlling interest					2	2
Dividend			-50	-50		-50
Closing balance, 30 September 2018	5	4,795	44,703	49,503	128	49,631



Stena AB and Consolidated Subsidiaries

Condensed Consolidated Statement of Cash Flows (unaudited)

(SEK in million)	Nine month period ended 30 September	
	2017	2018
<i>Cash flow from operating activities:</i>		
Profit for the year	483	1,061
Adjustments to reconcile profit for the year to net cash provided by operating activities:		
Depreciation, amortisation and impairment.....	4,339	4,531
Change in fair value of investment properties	-188	-1,419
Gain on sale of non-current assets.....	-506	-1,500
Gains/losses on sale of securities net.....	-416	-310
Share of strategic associates result	-44	16
Deferred income taxes.....	212	-195
Exchange differences, unrealised	946	-571
Other non-cash items.....	-65	93
Pensions.....	-163	-149
Dividend from operational associates and joint ventures	31	36
Investments and disposals of associates and joint ventures	293	-70
Net cash flow from trading securities.....	-32	166
Trade and other receivables.....	645	-302
Prepayments and accrued income.....	178	-167
Inventories.....	-45	-138
Trade payables.....	-109	-5
Accruals and deferred income	-967	-315
Income tax payable.....	379	185
Other current liabilities.....	<u>-81</u>	<u>78</u>
Cash flow from operating activities.....	<u>4,890</u>	<u>1,025</u>
<i>Cash flow from investing activities:</i>		
Purchase of intangible assets	-123	-152
Sale of property, plant and equipment	1,678	7,261
Capital expenditure on property, plant and equipment	-4,190	-3,896
Purchase and sale of operations, net of cash.....	73	1,147
Dividend from strategic associates and joint ventures.....	48	32
Investments and disposals in strategic associates and joint ventures	-8	-753
Sale of securities.....	3,687	2,632
Purchase of securities	-2,834	-2,750
Other investing activities.....	<u>15</u>	<u>-130</u>
Cash flow from investing activities	<u>-1,654</u>	<u>3,391</u>
<i>Cash flow from financing activities:</i>		
Proceeds from issuance of short and long-term debt	1,582	889
Principal payments on short and long-term debt	-5,123	-7,183
Net change in borrowings on line-of-credit agreements.....	976	-2,612
New leases.....	-	4,905
Principal payments on capitalised lease obligations	-391	-89
Net change in restricted cash accounts	55	135
Dividend paid	-205	-50
Other financing activities	<u>-38</u>	<u>-72</u>
Cash flow from financing activities.....	<u>-3,144</u>	<u>-4,077</u>
Effect of exchange rate changes on cash and cash equivalents.....	<u>-39</u>	<u>70</u>
Net change in cash and cash equivalents	53	409
Cash and cash equivalents at beginning of period.....	<u>1,322</u>	<u>2,248</u>
Cash and cash equivalents at end of period	<u>1,375</u>	<u>2,657</u>

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



Stena AB and Consolidated Subsidiaries

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 2017, which have been prepared in accordance with IFRS.

The interim financial information included in the condensed consolidated financial statements has not been audited, and reflects all adjustments (consisting only of normal recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. Interim results for the nine months ended on 30 September 2018 are not necessarily an indication of the results to be expected for the full year.

As per 1st of January 2018 and from this Interim Report, the definition of EBITDA, Earnings Before Interest, Tax, Depreciation and Amortisation, has been changed to not include Results from investments in operating associates. Comparison figures for 2017 have been adjusted.

Note 2 Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2017, 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 2017 describes the content of the new accounting principles that are regarded as material for the Stena Group (see link <https://www.stena.com/reviews-reports/>).

New or amended accounting standards applied after 2018

Stena AB applies IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments as of 1 January 2018.

IFRS 9 Financial instruments

Financial instruments previously recognized at their respective fair values through other comprehensive income (available for sale financial instruments in accordance with IAS 39) is now recognized at their respective fair values through profit or loss. A reclassification has been made between the fair value reserve and retained earnings, taken into account deferred tax.

IFRS 9 requires a credit risk reserve to be calculated and reported based on expected credit losses rather than on actual credit losses. The reserve size is as of 1 January 2018 unchanged.

IFRS 15 Revenue from customer contracts

With regards to the implementation of IFRS 15 we have concluded that a majority of the customer contracts within the different business areas include one single performance obligation. The main revenue streams are:

- Ferry Operations Goods and passenger traffic and sale of consumer products
- Offshore Drilling Sale of services
- Shipping
 - Stena RoRo Sale of services
 - Stena Bulk Sale of services
 - Other Sale of training and crewing services and sale of goods
- Property Sale of construction work and other services
- New Businesses Sale of goods and services



Stena AB and Consolidated Subsidiaries

In addition to the presented revenue streams, Offshore Drilling, Shipping and Property report significant leasing income. When leasing an asset to a client the respective company more than often sell services to the same client (the lessee). The service revenue and the leasing income are separated but at the same time they are deferred in accordance with the same pattern.

In terms of the different identified single performance obligation, revenue in the different business areas is recognised when control is transferred to the customer. IFRS 15 has not changed the recognition pattern for different revenue streams.

IFRS 16 Leases

IFRS 16 will be implemented as of 1 January 2019. The new standard introduces a substantial change with regards to lease reporting by requiring all leases fulfilling the definition of a lease to be reported in the balance sheet. Stena has a substantial number of operating leases relating to property, ports, office equipment and other items. Work is in progress to estimate the impact of IFRS 16, and to develop processes and evaluate system solutions to meet the reporting requirements.



Stena AB and Consolidated Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

Note 3 Segment information

(SEK in million)	Three month period ended 30 September	Nine month period ended 30 September
	<u>2018</u>	<u>2018</u>
<i>Revenue</i>		
Ferry Operations:.....		
Lease income	5	17
Products	324	721
Service	4,118	10,036
Other	<u>-7</u>	<u>-5</u>
Total Ferry Operations.....	4,440	10,769
Offshore Drilling:.....		
Lease income	157	583
Service	112	361
Other	=	<u>3</u>
Total Offshore Drilling.....	269	947
Shipping: Roll-on/Roll-off vessels:.....		
Lease income	79	230
Service	52	168
Other	<u>1</u>	<u>2</u>
Total Roll-on/Roll-off vessels.....	132	400
Tanker:		
Lease income	700	2,140
Service	584	1,364
Other	<u>3</u>	<u>26</u>
Total Tanker.....	1,287	3,530
Other shipping:.....		
Lease income	2	4
Products	52	192
Service	<u>161</u>	<u>423</u>
Total Other shipping.....	215	619
Total Shipping.....	1,634	4,549
Property:.....		
Lease income	615	2,027
Service	<u>23</u>	<u>53</u>
Total Property.....	638	2,080
Adactum:		
Products	1,292	4,105
Service	-7	6
Construction Contracts.....	206	1,037
Other	<u>2</u>	<u>14</u>
Total Adactum.....	1,493	5,162
Other:.....		
Lease income	-	6
Service	3	3
Other	<u>1</u>	<u>1</u>
Total Other.....	4	10
Total Revenue.....	<u>8,478</u>	<u>23,517</u>



Stena AB and Consolidated Subsidiaries

SEK in million)	Three month period ended 30 September		Nine month period ended 30 September	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
<i>Operating profit/loss</i>				
Ferry Operations.....	989	1,006	1,424	1,278
Offshore Drilling.....	-738	-1,041	-831	-2,847
Shipping: Roll-on/Roll-off vessels	246	169	342	207
Tanker	-110	-77	-308	-400
Other shipping.....	<u>-20</u>	<u>-6</u>	<u>-9</u>	<u>-22</u>
Total Shipping.....	116	86	25	-215
Property:.....	439	402	1,221	1,238
Net gain on sale of properties.....	31	106	169	1,146
Change in fair value of investment properties...	<u>104</u>	<u>29</u>	<u>188</u>	<u>1,347</u>
Total Property.....	574	537	1,578	3,731
Adactum	33	238	239	411
Other.....	<u>43</u>	<u>-89</u>	<u>-245</u>	<u>-226</u>
Total Operating profit/loss.....	<u>1,017</u>	<u>737</u>	<u>2,190</u>	<u>2,132</u>
<i>Depreciation, amortisation and impairment:</i>				
Ferry Operations.....	352	419	1,045	1,211
Offshore Drilling.....	869	773	2,411	2,425
Shipping: Roll-on/Roll-off vessels	64	58	191	166
Tanker	140	173	433	494
Other shipping.....	<u>8</u>	<u>10</u>	<u>22</u>	<u>30</u>
Total Shipping.....	212	241	646	690
Property.....	1	1	2	3
Adactum	51	32	201	170
Other.....	8	10	<u>34</u>	<u>32</u>
Total	<u>1,493</u>	<u>1,476</u>	<u>4,339</u>	<u>4,531</u>
<i>Profit/loss from investments in operating associates:</i>				
Offshore Drilling.....	-1	-	-2	-1
Shipping: Tanker	23	-49	66	-121
Other shipping.....	=	=	<u>1</u>	<u>2</u>
Total Shipping.....	23	-49	67	-119
Property.....	2	3	5	9
Adactum	=	<u>-1</u>	=	=
Total	<u>25</u>	<u>-47</u>	<u>70</u>	<u>-112</u>



Stena AB and Consolidated Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

(SEK in million)	Three month period ended 30 September		Nine month period ended 30 September	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
<i>EBITDA</i>				
Ferry Operations	1,342	1,426	2,469	2,490
Offshore Drilling	132	-269	1,583	-420
Shipping:				
Roll-on/Roll-off vessels	310	227	533	373
Tanker	6	144	59	216
Other shipping	<u>-12</u>	<u>4</u>	<u>12</u>	<u>5</u>
Total Shipping	304	375	604	594
Property	438	400	1,218	1,232
Net gain on sale of properties	31	106	169	1,146
Change in fair value of investment properties	<u>104</u>	<u>29</u>	<u>188</u>	<u>1,347</u>
Total Property	573	535	1,575	3,725
Adactum	84	271	440	580
Other	<u>51</u>	<u>-79</u>	<u>-212</u>	<u>-194</u>
Total EBITDA	<u>2,485</u>	<u>2,258</u>	<u>6,459</u>	<u>6,775</u>
<i>Capital expenditures:</i>				
Ferry Operations			527	608
Offshore Drilling			1,023	934
Shipping: Roll-on/Roll-off vessels			21	225
Tanker			696	316
Other shipping			<u>114</u>	<u>14</u>
Total Shipping			831	555
Property			1,632	1,645
Adactum			145	148
Other			<u>32</u>	<u>6</u>
Total			<u>4,190</u>	<u>3,896</u>



Stena AB and Consolidated Subsidiaries

OPERATING AND FINANCIAL REVIEW

Stena generates revenue primarily from ferry operations, chartering out its owned, chartered-in and leased Roll-on/Roll-off vessels, tankers and drilling rigs, managing tankers, sales of vessels, income from Investments, Adactum and real estate rents. The period from June through September is the peak travel season for passengers of the ferry operations. Chartering activities are not generally significantly affected by seasonal fluctuations, but variations over the year may occur as a consequence of, among other things, vessel utilization rates, dry-docking and charter rates. Any sale or acquisition of vessels, drilling rigs and real estate may also have an impact on the results of each period.

Significant Events of the First Nine Months of 2018

Offshore Drilling

- A contract is signed with Tullow Oil plc for the drilling unit *Stena Forth* for operations in Ghana in late Q3 2018 for an initial three-well campaign (estimated 90 days) with a series of options.
- A contract is signed with Nexen Petroleum UK Ltd for the drilling unit *Stena Spey* for around 90 days commenced Q2 2018.
- Stena Drilling has signed a contract with an undisclosed operator for the drilling unit *Stena Spey* for operations estimated to 480 days with 600+ 300 days in options commencing Q1 2019.
- *Stena DrillMAX* has secured a contract with FAR Petroleum, the campaign consists of one firm well + two option wells (estimated at 35 to 45 days each) and is scheduled to commence in November 2018.
- Stena Drilling has signed a contract with Energean Oil & Gas for the drilling unit *Stena DrillMAX* (previously reported to be *Stena Forth* to operate) to drill three development wells in Q1 2019 (with provision made for further options).
- *Stena IceMAX* has secured a contract with an undisclosed operator for a campaign for one firm well + one option well (estimated combined duration of 80 days) commencing in Q4 2018.
- *Stena Don* has secured a contract with Total for one firm well (estimated at 80 days) + one option well (estimated at 50 days) that commenced in May 2018.
- In August 2018 Stena Drilling signed a contract with Total E&P UK Ltd. for the drilling unit *Stena Don* in 2019 to drill one well west of the Shetland Islands. The duration of the contract is around 90 days, with two potential options which could take us up to 200 days in total, and will commence mid-March 2019.
- *Stena Spey* has secured a contract with an undisclosed operator for 90 to 100 days of work commencing in January 2019.
- *Stena IceMAX* has secured a contract with an undisclosed operator for 120 days firm work + two option wells (estimated at 60 days each) commencing in Q2 2019.

Roll-on/Roll-off vessels

- Stena RoRo secured new long term charters for three RoPax newbuildings
 - a five + five year bareboat charter with Brittany Ferries with delivery 2020
 - a ten year bareboat charter with Brittany Ferries with delivery 2021
 - a ten year bareboat charter with DFDS with delivery 2021
- Stena has decided to exercise its option to build a seventh and eighth E-Flexer vessel. The two vessels will be deployed within Stena Line's route network with a planned delivery in 2022. Additionally, Stena RoRo has secured an option on the construction of a further three E-Flexer vessels also to be built at Avic Weihai Shipyard, China. A total of eight vessels have now been ordered by Stena from Avic Weihai Shipyard in China. Three of the vessels will be chartered out to external ferry operators by Stena RoRo.
- *Stena Carrier* has been sold and delivered in August 2018.

Tanker

- In February the last IMOII MAX vessel, in a series of 13 vessels, was delivered from a shipyard in China.
- Golden Agri Stena, GS, (JV 50%), has signed a JV-agreement with Baycrest from Japan. The agreement was signed in September and will commence 1/1-2019. GS share will be 51%.



Stena AB and Consolidated Subsidiaries

Property

- A warehouse at Schiphol Airport in Netherland has been bought in January 2018.
- In February 2018, a property was sold in Malmö, Sweden.
- Stena Properties has sold properties in Uppsala, Stockholm and Gothenburg for approximately SEK 6,8 billion net to the Stena Sessan Group in June 2018
- In May 2018, properties were sold in Uppsala, Sweden.
- Our property in Budapest, Hungary, has been sold in August 2018.

Adactum

- In January it was decided that Stena Renewable AB will build three new wind turbines in Saxberget and sixteen new wind turbines in Kronoberget.
- On June 25, Stena Adactum signed an agreement to sell 65% of Stena Renewable to the Swedish and Norwegian pension giants AMF Pensionsförsäkring AB and Kommunal Landspensjonskasse gjensidige forsikringsselskap, who will contribute with capital making it possible to realise the large project portfolio. The closing was in September.
- In July, Blomsterlandet sold S-Blommor. The closing was in August.

Subsequent Events

Offshore Drilling

- *Stena Clyde* will be sold and delivered in December 2018.

Roll-on/Roll-off vessels

- *Stena Freighter* has been sold and delivered in October 2018

Property

- An acquisition of a small office building in London is to be completed in November.

Finance

- On November 16 we entered in to our new Revolving Credit Facility with an amount of USD 725 million. The facility is for 5 years. The security package is similar to the package from the previous RCF.



Stena AB and Consolidated Subsidiaries

Currency Effects

Our revenues and expenses, reported in Swedish kronor, are significantly affected by fluctuations in currency exchange rates, primarily relative to the U.S. dollar, the British pound and the Euro. We seek to mitigate the impact of potential adverse foreign currency exchange fluctuations by matching, to a possible extent, revenues and expenses in the same currency. In addition, we enter into certain derivative financial instruments. In the nine month period that ended on 30 September 2018, approximately 19% of our total revenues were generated in USD, approximately 26% were generated in EUR, approximately 15% were generated in GBP and approximately 25% were generated in SEK.

In the nine month period ended 30 September 2018, approximately 29% of our total expenses were incurred in USD, approximately 19% were incurred in EUR, approximately 15% were incurred in GBP and approximately 23% 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>	January - September 2017	January - September 2018	Change
US \$.....	8.6126	8.5768	-
British pound.....	10.9738	11.5740	6 %
Euro.....	9.5797	10.2348	7 %

<i>Closing rates:</i>	As of 31 December 2017	As of 30 September 2018	Change
US \$.....	8.1833	8.8894	9 %
British pound.....	11.0581	11.5838	5 %
Euro.....	9.8241	10.3153	5 %

Revenues

Total revenues decreased by SEK 1,125 million to SEK 23,517 million in the nine months ended 30 September 2018 compared to SEK 24,642 million in the nine months ended 30 September 2017.

Direct Operating Expenses

Total direct operating expenses increased by SEK 655 million to SEK 16,700 million in the nine months that ended on 30 September 2018, compared to SEK 16,045 million in the nine months ended 30 September 2017.



Stena AB and Consolidated Subsidiaries

Selling and Administrative Expenses

Selling and administrative expenses increased by SEK 129 million to SEK 2,961 million in the nine months ended 30 September 2018, compared to SEK 2,832 million in the nine month period ended on 30 September 2017.

Depreciation, Amortisation and Impairment

Depreciation and amortisation charges increased by SEK 192 million to SEK 4,531 million in the nine months ended 30 September 2018, compared to SEK 4,339 million in the nine months ended 30 September 2017 mainly due to negative FX-effect.

EBITDA

The EBITDA for the consolidated Stena AB Group increased by SEK 316 million to SEK 6,775 in the nine months that ended on 30 September 2018 compared to SEK 6,459 million last year mainly due to higher valuation on investment properties and gain on sale of properties offset by less operating days and reduced day rates for our drilling units.

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 SEK 21 million to SEK 2,490 million in the nine months ended 30 September 2018, from SEK 2,469 million in the corresponding period in 2017, due to increased volumes across all segments offset by increased bunker costs and prolonged dry dock of *Stena Scandinavica*. Car and freight volumes increased with 3% respectively and passenger volumes increased with 2% 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 decreased by SEK 2,003 million to SEK -420 million in the nine month period 2018 compared to SEK 1,583 million in the corresponding period in 2017. The decrease is mainly due to the net impact of less operating days on contract, lower average charter rates, partly offset by positive effects from our ongoing Cost Race Program.

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 SEK 216 million in the nine month period ended 30 September 2018 compared to SEK 59 million for the same period in 2017 mainly due to more operational days and stronger charter rates for the LNG vessels, offset by lower rates in the crude and product tanker segments.

RoRo Operations

EBITDA from chartering out Roll-on/Roll-off vessels decreased by SEK 160 million to SEK 373 million in the nine month period ended 30 September 2018, from SEK 533 million in the same period in 2017, mainly due to sale of two vessels in September 2017 and one in August 2018. The decrease is also a result of lower charter income because of the vessels sold, partly offset by strong contract coverage and utilization across the fleet.



Stena AB and Consolidated Subsidiaries

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 3,725 million for the nine month period ended 30 September 2018, compared to SEK 1,575 million for the same period in 2017. Completion of newbuilding's and the recent renovated hotel property in Stockholm compensated for the sold properties in late 2017 and in the second quarter of 2018. The change in fair value of investment properties amounting to SEK 1,347 million compared to SEK 188 million for the same period in 2017. The net gain of sale of properties in 2018 was SEK 1,146 million compared to SEK 169 million for the same period in 2017. Occupancy rates for Swedish properties were approximately 98%, and non-Swedish properties were approximately 88%.

Adactum

The EBITDA for Stena Adactum increased by SEK 140 million to SEK 580 million in the nine month period ended 30 September 2018, compared to SEK 440 million in 2017.

Ballingslöv: EBITDA for the nine months ended 30 September 2018 was SEK 290 million, compared to SEK 306 million for the nine months ended 30 September 2017. The decrease mainly relates to a sale of a property in UK, offset by continued growth organically for Ballingslöv International and increased sales versus last year.

Stena Renewable: EBITDA for the nine months ended 30 September 2018 was SEK 170 million compared to SEK 78 million for the corresponding period in 2017 mainly due to that 65% of Stena Renewable was sold in September 2018 offset by that the production was -11% versus last year. From quarter three Stena Renewable has been deconsolidated and hence accounted for as income from associated companies (35% share).

Blomsterlandet: EBITDA for the nine months ended 30 September 2018 was SEK 124 million compared to SEK 102 million in the same corresponding period in 2017 mainly due to the sale of S-blommor in August with effective date 1 January 2018 offset by newly opened Blomsterlandet stores.

Envac: EBITDA for the nine months ended 30 September 2018 was SEK 30 million compared to SEK 49 million in the corresponding period in 2017. After strong orders received in January - May, order intake was weak in June – September.

Captum: EBITDA for the nine months ended 30 September 2018 was SEK -14 million compared to SEK -5 million in the corresponding period in 2017. Captum Group was founded 2016 and their key business is to offer payment solutions primarily to companies either within the Stena Sphere or to third parties and to provide credits to their customers.

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 1,419 million for the nine month period ended 30 September 2018, as compared to SEK 188 million for the same period in 2017.

Net gain on sale of vessels. In the nine months ended 30 September 2018 net gain on sale of vessels amounted to SEK 137 million which relates to the sale of the vessel *Stena Carrier*. In the nine months ended 30 September 2017 net gain on sale of vessels amounted to SEK 334 million.

Net gain on sale of properties. In the nine months ended 30 September 2018, net gain on sale of properties amounted to SEK 1,146 million. In the nine months period ended 30 September 2017 net gain on sales of properties amounted to SEK 180 million.

Net gain on sale of operations. In the nine months ended 30 September 2018 the net gain sale of operations amounted to SEK 217 million. In the corresponding period 2017, the net loss of operations was SEK -8 million.

Financial Net

Total financial net for the nine months ended 30 September 2018 was SEK -1,056 million compared to SEK -1,078 million in the corresponding period in 2017.



Stena AB and Consolidated Subsidiaries

Income Taxes

Income taxes for the nine months that ended on 30 September 2018 were SEK -15 million, consisting of current taxes of SEK -210 million and deferred taxes of SEK 195 million. Income taxes for the nine months ended 30 September 2017, were SEK -629 million, consisting of current taxes of SEK -417 million and deferred taxes of SEK -212 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 30 September 2018, total cash and marketable securities including short term investments amounted to SEK 10,592 million as compared to SEK 9,619 million as of 31 December 2017.

For the nine months ended 30 September 2018, cash flows provided by operating activities amounted to SEK 1,025 million, as compared to SEK 4,890 million in the first nine months ended 30 September 2017. For the nine months ended 30 September 2018, cash flows used in investing activities amounted to SEK 3,391 million, including SEK -3,896 million related to capital expenditures, as compared to SEK -1,654 million, including SEK -4,190 million related to capital expenditures, in the nine months ended 30 September 2017. Cash flows from financing activities for the nine months ended 30 September 2018 amounted to SEK -4,077 million as compared to SEK -3,144 million in the nine months ended 30 September 2017.

As of 30 September 2018, the total construction in progress was SEK 2,463 million, as compared to SEK 2,020 million as of 31 December 2017. The remaining capital expenditure commitment for new buildings on order as of 30 September 2018 was SEK 5,907 million, of which SEK 284 million is due during 2018, SEK 1,110 million is due in 2019, SEK 1,913 million is due in 2020 and SEK 2,600 million is due in 2021 and after. Stena intends to finance the remainder of this unpaid balance, together with additional expenses and financing costs, with cash from operations, existing revolving credit facilities, new capital lease agreements, new bank loans and other financing arrangements.

As of 30 September 2018, total interest bearing debt was SEK 53,051 million as compared to SEK 53,283 million as of 31 December 2017.

As of 30 September 2018, USD 50 million was utilized under our USD 800 million revolving credit facility of which USD 3 million was used for issuing bank guarantees and letters of credit. As of 31 December 2017, USD 393 million was utilized, including USD 3 million used for issuing bank guarantees and letters of credit.

As of 30 September 2018, USD 90 million was utilized under the USD 300 million revolving credit facility entered into by Stena Investment Luxembourg S.à.r.l. compared to USD 100 million as of 31 December 2017.

As of 30 September 2018, SEK 0 million was utilized under the SEK 1,000 million revolving credit facility in Adactum as compared to SEK 75 million as of 31 December 2017.

Stena AB and its affiliates may from time to time repurchase or otherwise trade in its own debt in open market transactions. In addition, from time to time, Stena AB and its affiliates discuss strategic alternatives and consider opportunities in respect of its debt capital structure with investors and lenders.

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.



Stena AB and Consolidated Subsidiaries

OTHER FINANCIAL INFORMATION – RESTRICTED GROUP

For the nine months ended 30 September 2018, 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 September 2018, we had outstanding EUR 102 million principal amounts of Senior Notes due 2019 and EUR 200 million principal amounts of Senior Notes due 2020. We also have outstanding USD 527 million principal amounts of Senior Notes due 2024 and USD 350 million principal amounts of Senior Secured Notes due 2024.

Significant Events of the First Nine Months of 2018 specific for the restricted group

Offshore Drilling

- A contract is signed with Tullow Oil plc for the drilling unit *Stena Forth* for operations in Ghana in late Q3 2018 for an initial three-well campaign (estimated 90 days) with a series of options.
- A contract is signed with Nexen Petroleum UK Ltd for the drilling unit *Stena Spey* for around 90 days commenced Q2 2018.
- Stena Drilling has signed a contract with an undisclosed operator for the drilling unit *Stena Spey* for operations estimated to 480 days with 600+ 300 days in options commencing Q1 2019.
- *Stena DrillMAX* has secured a contract with FAR Petroleum, the campaign consists of one firm well + two option wells (estimated at 35 to 45 days each) and is scheduled to commence in November 2018.
- Stena Drilling has signed a contract with Energean Oil & Gas for the drilling unit *Stena DrillMAX* (previously reported to be *Stena Forth* to operate) to drill three development wells in Q1 2019 (with provision made for further options).
- *Stena IceMAX* has secured a contract with an undisclosed operator for a campaign for one firm well + one option well (estimated combined duration of 80 days) commencing in Q4 2018.
- *Stena Don* has secured a contract with Total for one firm well (estimated at 80 days) + one option well (estimated at 50 days) that commenced in May 2018.
- In August 2018 Stena Drilling signed a contract with Total E&P UK Ltd. for the drilling unit *Stena Don* in 2019 to drill one well west of the Shetland Islands. The duration of the contract is around 90 days, with two potential options which could take us up to 200 days in total, and will commence mid-March 2019.
- *Stena Spey* has secured a contract with an undisclosed operator for 90 to 100 days of work commencing in January 2019.
- *Stena IceMAX* has secured a contract with an undisclosed operator for 120 days firm work + two option wells (estimated at 60 days each) commencing in Q2 2019.

Roll-on/Roll-off vessels

- Stena RoRo secured new long term charters for three RoPax newbuildings
 - a five + five year bareboat charter with Brittany Ferries with delivery 2020
 - a ten year bareboat charter with Brittany Ferries with delivery 2021
 - a ten year bareboat charter with DFDS with delivery 2021
- Stena has decided to exercise its option to build a seventh and eighth E-Flexer vessel. The two vessels will be deployed within Stena Line's route network with a planned delivery in 2022. Additionally, Stena RoRo has secured an option on the construction of a further three E-Flexer vessels also to be built at Avic Weihai Shipyard, China. A total of eight vessels have now been ordered by Stena from Avic Weihai Shipyard in China. Three of the vessels will be chartered out to external ferry operators by Stena RoRo.
- *Stena Carrier* has been sold and delivered in August 2018.



Stena AB and Consolidated Subsidiaries

Tanker

- In February the last IMOIMAX vessel, in a series of 13 vessels, was delivered from a shipyard in China.
- Golden Agri Stena, GS, (JV 50%), has signed a JV-agreement with Baycrest from Japan. The agreement was signed in September and will commence 1/1-2019. GS share will be 51%.

Property

- Stena Properties has sold properties in Uppsala, Stockholm and Gothenburg for approximately SEK 6,8 billion net to the Stena Sessan Group in June 2018. In June 2018, the properties which were included in the acquisition of IL Recycling AB in 2016, were sold to Stena Fastigheter AB. The result of the two transactions has affected the restricted group positively by SEK 373 million where of SEK 300 million is the Stena ABs share of the profit in the transaction between Stena Fastigheter AB and Stena Sessan AB and SEK 73 million is the profit related to the sale of IL properties sold to Stena Fastigheter AB by Stena AB.

Subsequent Events specific for the restricted group

Offshore Drilling

- *Stena Clyde* will be sold and delivered in December 2018.

Roll-on/Roll-off vessels

- *Stena Freighter* has been sold and delivered in October 2018.

Finance

- On November 16 we entered in to our new Revolving Credit Facility with an amount of USD 725 million. The facility is for 5 years. The security package is similar to the package from the previous RCF.



Stena AB and Consolidated Subsidiaries

Condensed Consolidated Income Statements – Restricted Group

(SEK in million) (unaudited)	Nine month period ended 30 September	
	2017	2018
Revenue:		
Ferry Operations	9,858	10,769
Offshore Drilling	3,120	947
Shipping.....	4,334	4,549
Other	<u>251</u>	<u>310</u>
Total revenue	17,563	16,575
Net gain on sale of non-current assets	<u>337</u>	<u>246</u>
Total other income.....	337	246
Direct operating expenses:		
Ferry Operations	-6,711	-7,333
Offshore Drilling	-1,360	-1,074
Shipping.....	-3,425	-3,665
Other	<u>-128</u>	<u>-29</u>
Total direct operating expenses	-11,624	-12,101
Selling and administrative expenses	-1,815	-1,895
Profit/loss from investments in operating associates	65	-121
Depreciation, amortisation and impairment.....	<u>-4,137</u>	<u>-4,359</u>
Total operating expenses	-17,510	-18,476
Operating profit/loss	<u>391</u>	<u>-1,655</u>
Dividends received	331	30
Gains/loss on securities, net.....	17	89
Interest income	235	245
Interest expense	-1,136	-1,111
Foreign exchange gains/loss, net	-16	-43
Other financial income/expense, net.....	<u>-211</u>	<u>-219</u>
Financial net	-780	-1,009
Profit/loss after financial net.....	-389	-2,664
Non-controlling interest.....	<u>17</u>	-
Profit/loss before taxes	<u>-372</u>	<u>-2,664</u>
Income taxes	<u>-325</u>	<u>332</u>
Profit for the period	<u>-697</u>	<u>-2,332</u>



Stena AB and Consolidated Subsidiaries

Condensed Consolidated Balance Sheets – Restricted Group

(SEK in million) (unaudited)	31 December 2017	30 September 2018
ASSETS		
<i>Non-current assets:</i>		
Intangible assets	1,624	1,716
<i>Property, plant and equipment:</i>		
Vessels	39,103	39,249
Construction in progress.....	1,911	2,453
Equipment.....	1,985	2,191
Ports	3,751	3,847
Land and buildings.....	<u>660</u>	<u>644</u>
Total property, plant and equipment	47,410	48,384
Investment properties	153	-
<i>Financial assets:</i>		
Marketable securities	2,334	2,690
Intercompany accounts, non-current	2,214	2,470
Other non-current assets.....	<u>15,647</u>	<u>19,260</u>
Total financial assets	20,195	24,420
Total non-current assets	69,382	74,520
<i>Current assets:</i>		
Inventories.....	360	510
Trade receivables	1,747	1,852
Other current receivables	2,051	4,157
Prepayments and accrued income	1,176	1,463
Short-term investments	738	585
Intercompany accounts, current	2,881	2,288
Cash and cash equivalents.....	735	1,221
Assets held for sale.....	=	=
Total current assets	9,688	12,076
Total assets	79,070	86,596
EQUITY AND LIABILITIES		
<i>Equity:</i>		
Share Capital	5	5
Reserves	<u>34,057</u>	<u>33,768</u>
Equity attributable to shareholders of the company	34,062	33,773
Non-controlling interests.....	<u>114</u>	<u>116</u>
Total equity	34,176	33,889
<i>Non-current liabilities:</i>		
Deferred tax liabilities.....	725	1,769
Pension liabilities	366	377
Other provisions.....	569	350
Long-term debt.....	21,714	18,376
Senior Notes	10,143	9,858
Capitalised lease obligations	45	4,417
Intercompany accounts, non-current	1,023	4,300
Other non-current liabilities	999	985
Total non-current liabilities	35,584	40,432
<i>Current liabilities:</i>		
Short-term debt	2,296	1,740
Senior Notes	-	1,052
Capitalised lease obligations	9	483
Trade payables	818	1,125
Tax liabilities.....	67	286
Other liabilities.....	2,069	4,157
Intercompany liabilities, current.....	674	460
Accruals and deferred income	3,377	2,972
Assets held for sale - liabilities.....	=	=
Total current liabilities	9,310	12,275
Total equity and liabilities	79,070	86,596



Stena AB and Consolidated Subsidiaries

Condensed Consolidated Statements of Cash Flow – Restricted Group

(SEK in million) (unaudited)	Nine month period ended 30 September	
	2017	2018
<i>Cash flow from operating activities:</i>		
Profit for the period	-697	-2,332
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation, amortisation and impairment	4,137	4,359
Gain on sale of non-current assets	-337	-246
Gains/losses on securities, net	-17	-89
Deferred income taxes	15	-445
Exchange differences, unrealised.....	822	-447
Other non-cash items	-106	-210
Pensions.....	-163	-153
Dividend from Unrestricted group.....	-303	-
Net cash flow from trading securities	-33	166
Dividend from operational associates and joint ventures.....	30	36
Investments and disposals of associates and joint ventures	294	-70
Changes in working capital.....	<u>23</u>	<u>-582</u>
Cash flow from operating activities.....	<u>3,665</u>	<u>-13</u>
<i>Cash flow from investing activities:</i>		
Capital expenditure of intangible assets.....	-97	-118
Sale of property, plant and equipment	1,142	478
Capital expenditure on property, plant and equipment	-2,413	-2,103
Purchase and sale of operations, net of cash	73	94
Sale of securities.....	831	600
Purchase of securities	-661	-1,173
Other investing activities	<u>-91</u>	<u>-52</u>
Cash flow from investing activities	<u>-1,216</u>	<u>-2,274</u>
<i>Cash flow from financing activities:</i>		
Proceeds from issuance of short and long-term debt	771	887
Principal payments on short and long-term debt.....	-4,598	-3,630
Net change in borrowings on line-of-credit agreements	9	-2,746
New leases	-	4,905
Principal payments on capitalised lease obligations	-384	-87
Net change in restricted cash accounts	68	75
Intercompany accounts	1,637	3,456
Dividend received from Unrestricted group.....	303	-
Dividend paid	-205	-50
Other financing activities.....	<u>-40</u>	<u>-71</u>
Cash flow from financing activities.....	<u>-2,439</u>	<u>2,739</u>
Effect of exchange rate changes on cash and cash equivalents.....	<u>-30</u>	<u>34</u>
Net change in cash and cash equivalents	-20	486
Cash and cash equivalents at beginning of period	<u>699</u>	<u>735</u>
Cash and cash equivalents at end of period	<u>679</u>	<u>1,221</u>



Stena AB and Consolidated Subsidiaries

Other data – Restricted Group

(SEK in million)	Nine month period ended 30 September	
	2017	2018
OTHER DATA:		
Adjusted EBITDA	4,793	2,985

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:

(SEK in million)	Nine month period ended 30 September	
	2017	2018
Operating profit	391	-1,655
Adjustments:		
Cash dividends received from associates and joint ventures.....	30	36
Interest income	235	245
Depreciation, amortisation and impairment	<u>4,137</u>	<u>4,359</u>
Adjusted EBITDA	4,793	2,985
Adjustments:		
Gain on sale of non-current assets	-337	-246
Net cash flows from trading securities.....	-33	166
Interest expenses.....	-1,136	-1,111
Exchange differences, unrealised	822	-447
Pensions.....	-163	-153
Other non-cash items	-106	-210
Changes in working capital	23	-582
Other items	<u>-198</u>	<u>-415</u>
Net cash from operating activities	3,665	-13