

STENA AB (publ.)

Restricted Group Data as of December 31, 2018



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.



Stena AB and Consolidated Subsidiaries

Significant Events of 2018 – Restricted Group

Ferry Operations

In December 2018 it was decided to close the route between Gdynia and Nynäshamn as from 1 January 2019. The route opened in October 2017.

As from September 2018 all technical and manning of all vessels within the Stena Line fleet is handled within Stena Line and the previous cooperation with Northern Marine has been resolved.

During 2018, a number of tonnage changes have been done throughout the whole fleet to prepare for the future and adapt to the customer needs.

Offshore Drilling

During 2018, Stena Drilling secured several new contracts for its fleet of drilling units.

A contract was signed with Nexen Petroleum UK Ltd for Stena Spey in the UK North Sea. This one well campaign was completed in August 2018.

Stena Don secured a contract with Total E&P UK Ltd for a one well campaign in the UK North Sea, which was completed in September 2018.

Stena DrillMAX secured a contract with FAR Gambia Ltd for a one well campaign in Gambia, which was completed in November 2018.

Stena IceMAX secured a contract with an undisclosed operator for a two well campaign offshore Cyprus which commenced in Q4 2018.

A contract was signed with Tullow Ghana Ltd for *Stena Forth* for operations in Ghana which commenced in early Q4 2018. The contract is for an initial three-well campaign with a series of options.

Stena Spey has secured a contract with Repsol Sinopec Resources UK Ltd for a one well campaign in the UK North Sea, which commenced in January 2019.

A contract was signed with Energean Israel Limited for *Stena DrillMAX* for operations offshore Israel. The contract, which commenced in February 2019, is for an initial three-well campaign with a series of options.

Stena Don secured a further contract with Total E&P UK Ltd for work in the UK North Sea during 2019. The contract is for one firm well with options. This work is expected to commence in April 2019.

Stena IceMAX has secured a contract with an undisclosed operator for an initial one well campaign offshore Ireland plus two option wells commencing in Q2 2019.

A contract was signed with an undisclosed operator for *Stena Spey* for an initial 12 well campaign in the UK North Sea with options. This work is expected to commence in Q3 2019.

In December 2018, the drilling rig *Stena Clyde* was sold. After this sale Stena Drilling retains a fleet of four drillships and two semi-submersible drilling rigs.

Shipping – Stena Bulk

In 2018 the joint venture, Golden Agri Stena, between Stena Bulk and Golden-Agri has continued to develop. It has led to the two companies, in partnership with the Japanese company Bay Crest Management, establishing a new joint venture, GSB Tankers.

The final IMOIMAX vessel in a series of 13 vessels built at a shipyard in China was delivered in February 2018.



Stena AB and Consolidated Subsidiaries

Shipping – Stena RoRo

In 2018, Stena RoRo sold the RoRo vessels *Stena Carrier* and *Stena Freighter*.

In 2018, Stena RoRo exercised four options at the chinese AVIC Weihai Shipyard. The company is now project-managing the construction of eight RoPax vessels ordered from the shipyard in China.

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.

Other

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.

Subsequent Events – Restricted Group

Stena Line has acquired the stevedoring operation from the previous Stevedoring operator Sartori & Berger as from 1 January 2019.

In February 2019, Hyundai-Glovis and Stena have agreed to enter into a cooperation in Europe through a newly established joint venture. The purpose of this joint venture, with an equal ownership of 50% each, is to develop new products and services for the European market. The name of the new company will be Stena Glovis and the head office will be located in Hamburg. The joint venture will be launched in March 2019.

In March 2019, another RoPax vessel was ordered from the chinese Avic Weihai Shipyard, which will be chartered out to an external customer.

In March 2019, Stena signed an agreement to acquire 67% in the NMT Group. NMT is a Dutch company specialized in worldwide shipment of cars, trucks and all other rolling cargo.



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.

<i>Average rates:</i>	January – December 2016	January – December 2017	Change	January – December 2018	Change
US \$	8.5613	8.5380	0%	8.9621	5%
British pound.....	11.5664	10.9896	-5%	11.5928	5%
Euro.....	9.4704	9.6326	2%	10.2567	6%
 <i>Closing rates:</i>	 As of 31 Dec 2016	 As of 31 Dec 2017	 Change	 As of 31 Dec 2018	 Change
US \$	9.1061	8.1833	-10%	8.8533	8%
British pound.....	11.2369	11.0581	-2%	11.2915	2%
Euro.....	9.5769	9.8241	3%	10.1508	3%

Other financial information – Restricted Group

For the twelve months ended 31 December 2018, 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 2018, 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 million and USD 27 million respectively and Stena Holland BV received dividend from Stena Realty BV amounting to EUR 30 million.



Stena AB and Consolidated Subsidiaries

Condensed Consolidated Income Statements – Restricted Group

(MSEK) (unaudited)	Twelve month period ended 31 December		
	2016	2017	2018
Revenue:			
Ferry operations.....	12,592	12,737	13,849
Offshore Drilling.....	7,360	3,507	1,244
Shipping.....	2,750	5,610	6,401
Other	<u>832</u>	<u>273</u>	<u>330</u>
Total revenue	<u>23,533</u>	<u>22,127</u>	<u>21,824</u>
Net gain on sales of non-current assets	<u>297</u>	<u>338</u>	<u>478</u>
Total other income	297	338	478
Direct operating expenses:			
Ferry operations.....	-8,737	-8,856	-9,613
Offshore Drilling.....	-2,915	-1,832	-1,375
Shipping.....	-1,662	-4,436	-5,037
Other	<u>-424</u>	<u>-128</u>	<u>-36</u>
Total direct operating expenses.....	<u>-13,738</u>	<u>-15,252</u>	<u>-16,061</u>
Selling and administrative expenses	-2,869	-2,613	-2,575
Net result from investments in operating associates	112	66	-117
Depreciation, amortisation and impairment	<u>-6,697</u>	<u>-5,535</u>	<u>-5,889</u>
Total operating expenses.....	-23,192	-23,334	-24,642
Operating profit.....	<u>639</u>	<u>-869</u>	<u>-2,340</u>
Net financial income and expenses:			
Dividends received	1,231	333	603
Gains/losses on sale of securities	193	54	-100
Interest income.....	370	313	378
Interest expense.....	-1,769	-1,578	-1,694
Exchange gains/losses.....	16	-36	36
Other finance income/costs.....	<u>-194</u>	<u>-297</u>	<u>-290</u>
Financial net.....	<u>-152</u>	<u>-1,211</u>	<u>-1,067</u>
Profit after financial net	486	-2,080	-3,407
Non-controlling interest	<u>13</u>	<u>18</u>	<u>2</u>
Group contribution.....	<u>90</u>	-	<u>33</u>
Profit before tax	<u>590</u>	<u>-2,062</u>	<u>-3,372</u>
Income taxes	<u>594</u>	<u>-334</u>	<u>248</u>
Profit for the year	<u>1,184</u>	<u>-2,396</u>	<u>-3,124</u>



Stena AB and Consolidated Subsidiaries

Condensed Consolidated Balance Sheets – Restricted Group

(MSEK) (unaudited)	31 December 2016	31 December 2017	31 December 2018
ASSETS			
<i>Non-current assets:</i>			
Intangible assets	<u>1,366</u>	<u>1,624</u>	<u>1,754</u>
Property, plant and equipment:			
Vessels	43,064	39,103	39,656
Construction in progress	5,871	1,911	2,051
Equipment	1,309	1,985	2,851
Ports	3,659	3,751	3,724
Land and buildings	780	660	632
Total property, plant and equipment	<u>54,684</u>	<u>47,410</u>	<u>48,914</u>
Investment properties	-	153	-
Financial assets:			
Marketable securities	2,218	2,334	2,628
Intercompany accounts, non-current	3,084	2,214	2,623
Other non-current assets	<u>13,239</u>	<u>15,647</u>	<u>17,292</u>
Total non-current assets	<u>74,590</u>	<u>69,382</u>	<u>73,211</u>
<i>Current assets:</i>			
Inventories	244	360	457
Trade receivables	2,161	1,747	1,909
Other current receivables	2,042	2,051	2,324
Prepayments and accrued income	1,333	1,176	1,287
Short-term investments	863	738	833
Intercompany accounts, current	3,620	2,881	2,082
Cash and cash equivalents	699	735	908
Assets held for sale	1,377	-	-
Total current assets	<u>12,339</u>	<u>9,688</u>	<u>9,800</u>
Total assets	<u>86,929</u>	<u>79,070</u>	<u>83,011</u>
EQUITY AND LIABILITIES			
<i>Equity:</i>			
Share Capital	5	5	5
Reserves	<u>37,373</u>	<u>34,057</u>	<u>31,342</u>
Equity attributable to shareholders of the company	37,378	34,062	31,347
Non-controlling interest	86	114	114
Total equity	<u>37,464</u>	<u>34,176</u>	<u>31,461</u>
<i>Non-current liabilities:</i>			
Deferred tax liabilities	1,031	725	1,281
Pension liabilities	407	366	441
Other provisions	638	569	348
Long-term debt	22,536	21,714	18,754
Senior notes	10,878	10,143	9,794
Capitalized lease obligations	53	45	4,265
Intercompany accounts, non-current	-	1,023	4,297
Other non-current liabilities	<u>1,305</u>	<u>999</u>	<u>914</u>
Total non-current liabilities	<u>36,848</u>	<u>35,584</u>	<u>40,094</u>
<i>Current liabilities:</i>			
Short-term debt	1,890	2,296	1,967
Senior notes	2,702	-	1,036
Capitalized lease obligations	-	9	474
Trade payables	685	818	971
Tax liabilities	109	67	69
Other liabilities	1,699	2,069	2,419
Intercompany liabilities, current	934	674	949
Accruals and deferred income	3,779	3,377	3,571
Liabilities directly attributed to assets held for sale	<u>819</u>	-	-
Total current liabilities	<u>12,617</u>	<u>9,310</u>	<u>11,456</u>
Total equity and liabilities	<u>86,929</u>	<u>79,070</u>	<u>83,011</u>



Stena AB and Consolidated Subsidiaries

Condensed Consolidated Statements of Cash Flow – Restricted Group

(MSEK) (unaudited)	Twelve month period ended 31 December		
	2016	2017	2018
<i>Cash flows from operating activities:</i>			
Profit for the year	1,184	-2,396	-3,124
Adjustments to reconcile profit for the year to net cash provided by operating activities:			
Depreciation, amortisation and impairment	6,697	5,535	5,889
Gain on sale of non-current assets	-297	-338	-478
Gains/losses on securities, net.....	-193	-54	100
Exchange differences, unrealized.....	49	601	-595
Deferred income taxes	-495	168	-487
Other non-cash items	-65	202	327
Pensions	-405	-231	-423
Dividend from Unrestricted group	-1,200	-301	-569
Dividend from operational associates	128	57	74
Investment and disposals in operational associates.....	-7	289	-72
Net cash flows from trading securities.....	-40	15	111
Changes in working capital.....	<u>-1,448</u>	<u>-58</u>	<u>-266</u>
Cash flow from operating activities	3,908	3,488	487
<i>Cash flows from investing activities:</i>			
Capital expenditure of intangible assets.....	-78	-124	-206
Sale of property, plant and equipment	1,943	1,160	883
Capital expenditure on property, plant and equipment.....	-3,175	-4,540	-4,474
Purchase of operations, net of cash acquired	-722	-471	-23
Sale of operations, net of cash sold companies	111	547	116
Investment and disposals in strategic associated companies.....	-	-100	-
Sale of securities	250	920	783
Purchase of securities.....	-264	-1,503	-1,449
Increase in other non-current assets	-189	-239	-234
Decrease in other non-current assets.....	47	158	60
Other investing activities	<u>-3</u>	<u>-89</u>	<u>=</u>
Cash flow from investing activities.....	-2,080	-4,281	-4,545
<i>Net cash flows from financing activities:</i>			
Proceeds from issuance of debt.....	473	1,091	1,704
Principal payments on debt.....	-2,726	-5,092	-4,253
Net change in borrowings on line-of-credit agreements	525	2,747	-2,238
New lease obligations	-	-	4,936
Principal payments on capital lease obligations.....	-51	-388	-203
Net change in restricted cash accounts.....	-88	63	-116
Intercompany accounts	-1,344	2,377	3,996
Dividend received from Unrestricted group.....	1,200	301	569
Dividend paid.....	-425	-205	-50
Other financing activities	<u>-144</u>	<u>-38</u>	<u>-142</u>
Cash flow from financing activities	-2,580	856	4,203
Effect of exchange rate changes on cash and cash equivalents	<u>15</u>	<u>-27</u>	<u>28</u>
Net change in cash and cash equivalents	-737	36	173
Cash and cash equivalents at beginning of period.....	1,436	699	735
Cash and cash equivalents at end of period.....	699	735	908