

STENA AB (publ.)

Interim Report for the three-month period 1 January – 31 March 2016

Highlights:

- Income before taxes amounts to SEK 239 million for the three month period ended 31 March 2016, compared to SEK 2,267 million for the three month period ended 31 March 2015. In the comparative figures for 2015, the net gain on sale of Helsingborg-Helsingør ferry service is included with SEK 1,669 million.
- Consolidated EBITDA, excluding net gain on sale of assets and change in fair value of investment properties, for the three month period ended 31 March 2016 amounted to SEK 1,897 million compared to SEK 2,047 million for the three month period ended 31 March 2015.

Ferry Operation

- EBITDA, excluding net gain on sale of assets, increased significantly compared to last year due to continued healthy improvement of our freight and car volumes.

Drilling

- Increased EBITDA mainly due to our ongoing Cost Race programme, *Stena Carron* coming back in operation and reduced layup cost for *Stena Clyde*.

Shipping

- Decreased EBITDA mainly due to softer LNG market and a slower start of the crude segment compared to last year.

Property

- Continued stable and strong EBITDA.

Adactum

- Overall continued healthy performance in the Adactum Group. Decreased EBITDA mainly due to the sale of Mediatec and lower electricity prices.
- The liquidity position remains strong as of 31st of March 2016.

Date: 30 May 2016

By: Staffan Hultgren

Title: Vice President & Deputy CEO and Principal Financial Officer



Forward-looking Statements

This Interim Report includes statements that are, or may be deemed to be, forward-looking statements and can be identified as “forward-looking statements” by terms and phrases such as "anticipate," "should," "likely," "foresee," "believe," "estimate," "expect," "intend," "continue," "could," "may," "project," "plan," "predict," "will" and other similar expressions. These forward-looking statements include all matters that are not historical facts.

We do not intend, and undertake no obligation, to revise the forward-looking statements included in this report to reflect any future events or circumstances. Our actual results, performance or achievements could differ materially from the results expressed or implied by these forward-looking statements.

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Condensed Consolidated Income Statements (unaudited)

(SEK in millions)	Three month period ended 31 March	
	2015	2016
Revenue:		
Ferry Operations.....	2,389	2,445
Offshore Drilling.....	2,097	1,882
Shipping.....	1,012	721
Property.....	641	626
Adactum.....	1,707	1,534
Other.....	<u>13</u>	<u>1</u>
Total revenue.....	7,859	7,209
Change in fair value of investment properties.....	149	98
Net gain on sale of non-current assets.....	<u>1,805</u>	<u>298</u>
Total other income.....	1,954	396
Direct operating expenses:		
Ferry Operations.....	(2,012)	(1,891)
Offshore Drilling.....	(943)	(751)
Shipping.....	(340)	(368)
Property.....	(238)	(245)
Adactum.....	(1,185)	(1,161)
Other.....	<u>(9)</u>	<u>41</u>
Total direct operating expenses.....	(4,726)	(4,375)
Selling and administrative expenses.....	(1,086)	(937)
Depreciation, amortisation and impairment.....	<u>(1,403)</u>	<u>(1,412)</u>
Total operating expenses.....	(7,215)	(6,724)
Operating profit.....	<u>2,598</u>	<u>881</u>
Profit/loss from investments in strategic associates ...	(3)	8
Dividends received.....	40	32
Gains/losses on sale of securities.....	257	(57)
Interest income.....	46	99
Interest expenses.....	(658)	(630)
Exchange gains/losses.....	71	11
Other finance income/costs.....	<u>(83)</u>	<u>(105)</u>
Financial net.....	(331)	(642)
Profit before tax.....	<u>2,267</u>	<u>239</u>
Income taxes.....	<u>147</u>	<u>178</u>
Profit for the period.....	<u>2,414</u>	<u>417</u>
Profit for the period attributable to:		
Shareholders of the Parent company.....	2,408	424
Non-controlling interests.....	<u>6</u>	<u>(7)</u>
Profit for the period.....	<u>2,414</u>	<u>417</u>



Consolidated Statements of Comprehensive Income (unaudited)

(SEK in millions)	Three month period ended 31 March	
	2015	2016
Profit for the period	2,414	417
Other comprehensive income		
<i>Items that may subsequently be reclassified to profit or loss:</i>		
Change in fair value reserve, net of tax	95	100
Change in net investment hedge, net of tax	(299)	(472)
Change in translation reserve	850	(622)
Share of other comprehensive income of associates	(26)	9
<i>Items that will not be reclassified to profit or loss:</i>		
Change in revaluation reserve	36	(76)
Other comprehensive income for the period	<u>656</u>	<u>(1,061)</u>
Total comprehensive income for the period	<u>3,070</u>	<u>(644)</u>
Total comprehensive income attributable to:		
- Shareholders of the Parent company	3,066	(637)
- Non-controlling interests	<u>4</u>	<u>(7)</u>
Total comprehensive income for the period, net of tax	<u>3,070</u>	<u>(644)</u>

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



Condensed Consolidated Balance Sheet (unaudited)

(SEK in millions)	31 December 2015	31 March 2016
ASSETS		
<i>Non-current assets:</i>		
Intangible assets	3,700	3,654
Property, plant and equipment:		
Vessels	46,398	44,220
Construction in progress	4,331	3,937
Windmills	2,268	2,487
Equipment	1,902	1,830
Land and buildings	1,087	1,062
Ports	4,054	3,831
Total property, plant and equipment	60,040	57,367
Investment properties	30,617	30,940
Financial assets:		
Investments reported according to the equity method	1,701	1,898
Marketable securities	6,332	5,869
Surplus in funded pension plans	395	424
Other non-current assets	5,307	5,637
Total financial assets	13,735	13,828
Total non-current assets	108,092	105,789
<i>Current assets:</i>		
Inventories	747	860
Trade receivables	2,288	2,926
Other current receivables	2,675	2,772
Prepayments and accrued income	2,294	3,599
Short-term investments	861	951
Cash and cash equivalents	2,311	1,744
Total current assets	11,176	12,852
Total assets	119,268	118,641
EQUITY AND LIABILITIES		
Total equity	43,313	42,669
<i>Non-current liabilities:</i>		
Deferred tax liabilities	4,686	4,420
Pension liabilities	571	577
Other provisions	635	1,782
Long-term debt	40,937	40,575
Senior Notes	13,493	10,502
Capitalised lease obligations	420	414
Other non-current liabilities	3,193	3,316
Total non-current liabilities	63,935	61,586
<i>Current liabilities:</i>		
Short-term debt	2,201	2,106
Senior Notes	-	2,725
Capitalised lease obligations	39	39
Trade payables	1,598	1,650
Tax liabilities	88	89
Other liabilities	3,225	2,835
Accruals and deferred income	4,869	4,942
Total current liabilities	12,020	14,386
Total equity and liabilities	119,268	118,641

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



Consolidated Statement of Changes in Equity (unaudited)

(SEK in millions)	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 2014	5	1,187	37,532	38,724	255	38,979
Effect from deconsolidating CLO 1)			(136)	(136)	(21)	(157)
Balance at 1 January 2015 (restated)	5	1,187	37,396	38,588	234	38,822
Change in fair value reserve		95		95		95
Change in net investment hedge		(299)		(299)		(299)
Change in revaluation reserve		27	9	36		36
Change in translation reserve		852		852	(2)	850
Change in associates			(26)	(26)		(26)
Other comprehensive income		675	(17)	658	(2)	656
Profit for the year			2,408	2,408	6	2,414
Total comprehensive income		675	2,391	3,066	4	3,070
Changes in non-controlling interest					2	2
Closing balance, 31 March 2015	5	1,862	39,787	41,654	240	41,894
Closing balance, 31 December 2015	5	2,112	41,084	43,201	112	43,313
Change in fair value reserve		100		100		100
Change in net investment hedge		(472)		(472)		(472)
Change in revaluation reserve		(91)	15	(76)		(76)
Change in translation reserve		(622)		(622)		(622)
Change in associates			9	9		9
Other comprehensive income		(1,085)	24	(1,061)		(1,061)
Profit for the year			424	424	(7)	417
Total comprehensive income		(1,085)	448	(637)	(7)	(644)
Closing balance, 31 March 2016	5	1,027	41,532	42,564	105	42,669

1) Effects of changes in accounting policies, see the annual financial statements 2015



Condensed Consolidated Statement of Cash Flows (unaudited)

(SEK in millions)	Three month period ended 31 March	
	2015	2016
<i>Cash flow from operating activities:</i>		
Profit for the year	2,414	417
Adjustments to reconcile profit for the year to net cash provided by operating activities:		
Depreciation, amortisation and impairment	1,403	1,412
Change in fair value of investment properties	(149)	(98)
Gain on sale of non-current assets	(1,805)	(298)
Gains/losses on sale of securities net	(257)	57
Share of strategic associates result	3	(8)
Deferred income taxes	(86)	(146)
Exchange differences, unrealised	(786)	147
Other non-cash items	150	(51)
Pensions	(27)	(21)
Investments and disposals of operational associates	-	(148)
Net cash flow from trading securities	6	(49)
Trade and other receivables	(384)	(809)
Prepayments and accrued income	(298)	(313)
Inventories	(18)	(117)
Trade payables	82	65
Accruals and deferred income	(144)	(146)
Income tax payable	(113)	(76)
Other current liabilities	<u>100</u>	<u>67</u>
Cash flow from operating activities	<u>91</u>	<u>(115)</u>
<i>Cash flow from investing activities:</i>		
Purchase of intangible assets	(19)	(23)
Sale of property, plant and equipment	1,244	850
Capital expenditure on property, plant and equipment	(1,270)	(1,221)
Purchase and sale of operations, net of cash	1,492	-
Sale of securities	1,556	476
Purchase of securities	(1,081)	(149)
Other investing activities	<u>(157)</u>	<u>(532)</u>
Cash flow from investing activities	<u>1,765</u>	<u>(599)</u>
<i>Cash flow from financing activities:</i>		
Proceeds from issuance of short and long-term debt	164	470
Principal payments on short and long-term debt	(1,099)	(414)
Net change in borrowings on line-of-credit agreements	(1,821)	203
Principal payments on capitalised lease obligations	(166)	(10)
Net change in restricted cash accounts	145	(89)
Other financing activities	<u>(30)</u>	<u>(3)</u>
Cash flow from financing activities	<u>(2,807)</u>	<u>157</u>
Effect of exchange rate changes on cash and cash equivalents	<u>50</u>	<u>(10)</u>
Net change in cash and cash equivalents	(901)	(567)
Cash and cash equivalents at beginning of period	<u>3,506</u>	<u>2,311</u>
Cash and cash equivalents at end of period	<u>2,605</u>	<u>1,744</u>

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



Notes to Condensed Consolidated Financial Statements (unaudited)

Note 1 Basis of Presentation

The accompanying condensed consolidated financial statements present the financial position and result of operations of Stena AB (publ) and its subsidiaries (Stena) and have been prepared in accordance with IAS 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended on 31 December 2015, which have been prepared in accordance with IFRS.

The interim financial information included in the condensed consolidated financial statements has not been audited, and reflects all adjustments (consisting only of normal recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. Interim results for the three months ended on 31 March 2016 are not necessarily an indication of the results to be expected for the full year.

Note 2 Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, 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 2015 describes the content of the new accounting principles that are regarded as material for the Stena Group (see link <http://www.stena.com/en/news-and-finance/Pages/investor-relations.aspx#!/en/news-and-finance/Pages/reports.aspx>).



Notes to Condensed Consolidated Financial Statements (unaudited)

Note 3 Segment information

(SEK in millions)

Three month period ended 31 March

	<u>2015</u>	<u>2016</u>
<i>Operating profit/loss</i>		
Ferry Operations	(253)	31
Net gain on sale of operations	<u>1,669</u>	-
Total Ferry Operations.....	1,416	31
Offshore Drilling.....	201	203
Shipping: Roll-on/Roll-off vessels	69	271
Tanker	377	16
Other shipping.....	(8)	<u>(13)</u>
Total Shipping.....	438	274
Property:.....	353	328
Net gain on sale of properties.....	93	-
Change in fair value of investment properties	<u>149</u>	<u>98</u>
Total Property	595	426
Adactum.....	41	5
Other	<u>(93)</u>	<u>(58)</u>
Total Operating profit/loss	<u>2,598</u>	<u>881</u>
<i>Depreciation, amortisation and impairment:</i>		
Ferry Operations	370	337
Offshore Drilling.....	716	774
Shipping: Roll-on/Roll-off vessels	69	75
Tanker	129	128
Other shipping.....	<u>7</u>	<u>6</u>
Total Shipping.....	205	209
Property.....	-	-
Adactum	104	84
Other	<u>8</u>	<u>8</u>
Total	<u>1,403</u>	<u>1,412</u>



Notes to Condensed Consolidated Financial Statements (unaudited)

(SEK in millions)	Three month period ended 31 March	
	<u>2015</u>	<u>2016</u>
<i>EBITDA</i>		
Ferry Operations	116	367
Net gain on sale of operations	<u>1,669</u>	-
Total Ferry Operations	1,785	367
Offshore Drilling.....	916	978
Shipping:		
Roll-on/Roll-off vessels	138	346
Tanker	506	144
Other shipping.....	<u>(1)</u>	<u>(7)</u>
Total Shipping.....	643	483
Property.....	353	329
Net gain on sale of properties	93	-
Change in fair value of investment properties	<u>149</u>	<u>98</u>
Total Property	595	427
Adactum	145	89
Other	<u>(83)</u>	<u>(51)</u>
Total EBITDA.....	<u>4,001</u>	<u>2,293</u>
<i>Capital expenditures:</i>		
Ferry Operations.....	163	229
Offshore Drilling.....	698	249
Shipping: Roll-on/Roll-off vessels	5	17
Tanker	33	374
Other shipping.....	<u>2</u>	<u>8</u>
Total Shipping	40	399
Property.....	315	282
Adactum.....	49	53
Other	<u>6</u>	<u>9</u>
Total	<u>1,270</u>	<u>1,221</u>



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 Three Months of 2016

On 14 January 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 sold and 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 EKN facility with a total credit line of MSEK 6,660.

Subsequent Events

In April 2016 Stena signed a contract for four new RoPax vessels with planned delivery during 2019 and 2020, with an option for another four vessels. The vessels will be built by AVIC Shipyard in China.

In May 2016 Northern Marine Group acquired Clyde Group which will further strengthen our product offering in Offshore and marine training.



Currency Effects

Our revenues and expenses, reported in Swedish kronor, are significantly affected by fluctuations in currency exchange rates, primarily relative to the U.S. dollar, the British pound and the Euro. We seek to mitigate the impact of potential adverse foreign currency exchange fluctuations by matching, to a possible extent, revenues and expenses in the same currency. In addition, we enter into certain derivative financial instruments. In the three month period that ended on 31 March 2016, approximately 30% of our total revenues were generated in USD, approximately 23% were generated in EUR, approximately 13% were generated in GBP and approximately 23% were generated in SEK.

In the three month period ended 31 March 2016, approximately 19% of our total expenses were incurred in USD, approximately 17% were incurred in EUR, approximately 21% were incurred in GBP and approximately 30% 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>	Jan - March 2015	Jan - March 2016	Change
US \$	8.3365	8.4567	1 %
British pound.....	12.6236	12.0981	(4) %
Euro.....	9.3797	9.3248	(1) %
 <i>Closing rates:</i>	 As of 31 Dec 2015	 As of 31 March 2016	 Change
US \$	8.4412	8.1178	(4) %
British pound.....	12.4390	11.6572	(6) %
Euro.....	9.1688	9.2381	1 %

Revenues

Total revenues decreased by SEK 650 million to SEK 7,209 million in the three months ended 31 March 2016 compared to SEK 7,859 million in the three months ended 31 March 2015.

Direct Operating Expenses

Total direct operating expenses decreased by SEK 351 million to SEK 4,375 million in the three months that ended on 31 March 2016, compared to SEK 4,726 million in the three months ended 31 March 2015.

Selling and Administrative Expenses

Selling and administrative expenses decreased by SEK 149 million to SEK 937 million in the three months that ended 31 March 2016, compared to SEK 1,086 million in the three month period that ended on 31 March 2015.

Depreciation, Amortisation and Impairment

Depreciation and amortisation charges increased by SEK 9 million to SEK 1,412 million in the three months ended 31 March 2016, compared to SEK 1,403 million in the three months ended 31 March 2015.

**EBITDA**

The EBITDA for the consolidated Stena AB Group decreased by SEK 1,708 million to SEK 2,293 million in the three months that ended on 31 March 2016 compared to SEK 4,001 million last year, mainly due to the sale in 2015 of Helsingborg-Helsingør ferry service generating a net gain of SEK 1,669 million.

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 251 million to SEK 367 million in the three months ended 31 March 2016, from SEK 116 million in the corresponding period in 2015, excluding last year's net gain on sale of operations of SEK 1,669 million, mainly due to increased car and freight volumes and lower cost for bunker. Car volumes increased with 11% and freight volumes increased with 3% 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 increased by SEK 62 million to SEK 978 million in the three month period 2016 compared to SEK 916 million in the corresponding period in 2015. The increase mainly due to our ongoing Cost Race programme, *Stena Carron* coming back into operation and reduced layup cost for *Stena Clyde*.

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 144 million in the three month period ended 31 March 2016 compared to SEK 506 million for the same period in 2015 due to lower rates in the crude segments.

Operationally and technically the fleet is performing well.

RoRo Operations

EBITDA from chartering out Roll-on/Roll-off vessels increased by SEK 208 million to SEK 346 million in the three month period ended 31 March 2016, from SEK 138 million in the same period in 2015. The increase is due to the sale of *Stena Highlanders* and also due to strong contract coverage and improved RoRo Ropax markets.

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 427 million for the three month period ended 31 March 2016, compared to SEK 595 million for the same period in 2015. The decrease mainly due to sold properties last year and lower change in fair value of investment properties. Occupancy rates for Swedish properties were approximately 98%, and non-Swedish properties were approximately 80%.

**Adactum**

The EBITDA for Stena Adactum decreased by SEK 56 million to SEK 89 million in the three month period ended 31 March 2016, compared to SEK 145 million in 2015. EBITDA decreased mainly due to the sale of Mediatec and to lower EBITDA from Stena Renewable.

Ballingslöv: EBITDA for the three months ended 31 March 2016 was SEK 69 million, compared to SEK 58 million for the three months ended 31 March 2015.

Stena Renewable: EBITDA for the three months ended 31 March 2016 was SEK 49 million compared to SEK 77 million for the corresponding period in 2015. The lower EBITDA is due to decreasing electricity prices.

Blomsterlandet: EBITDA for the three months ended 31 March 2016 was SEK (12) million compared to SEK (20) million in the same corresponding period in 2015.

Envac: EBITDA for the three months ended 31 March 2016 was SEK 3 million compared to SEK 5 million in the corresponding period in 2015.

Mediatec: The sale of Mediatec was closed in April 2015 with effective date 1 January 2016. EBITDA for the three months ended 31 March 2016 was SEK 44 million.

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 98 million for the three month period ended 31 March 2016, as compared to SEK 149 million for the same period in 2015.

Net gain on sale of vessels. In the three months ended 31 March 2016, net gain on sale of vessels amounted to SEK 298 million which relates to the sale of the vessels *Stena Highlanders* and *M/S Trelleborg*. In the three months ended 31 March 2015 net gain on sale of vessels amounted to SEK 67 million.

Net gain on sale of properties. In the three months ended 31 March 2016 there were no sales of properties. In the three months period ended 31 March 2015 net gain on sales of properties amounted to SEK 93 million.

Net gain on sale of operations. In the three months ended 31 March 2016 there were no sales of operations. In the corresponding period 2015, net gain on sale of operations amounted to SEK 1,645 million of which SEK 1,669 million was from the sale of the operations related to the Helsingborg-Helsingør ferry service.

Financial Income/(Expense)

Total finance net decreased by SEK 311 million to SEK (642) million in the three months ended 31 March 2016, from SEK (331) million in the three months ended 31 March 2015.

Income Taxes

Income taxes for the three months that ended on 31 March 2016, were SEK 178 million, consisting of current taxes of SEK 32 million and deferred taxes of SEK 146 million. Income taxes for the three months ended 31 March 2015, were SEK 147 million, consisting of current taxes of SEK 61 million and deferred taxes of SEK 86 million.



Liquidity and Capital Resources

Our liquidity requirements principally relate to servicing of debt, financing the purchase of vessels and other assets and funding of working capital. We meet our liquidity requirements by cash on hand, cash flows from operations, borrowings under various credit facilities and other financing and refinancing arrangements.

As of 31 March, 2016, total cash and marketable securities including short term investments amounted to SEK 8,564 million as compared to SEK 9,504 million as of December 31, 2015.

For the three months ended 31 March, 2016, cash flows provided by operating activities amounted to SEK (115) million, as compared to SEK 91 million in the first three months ended 31 March, 2015. For the three months ended 31 March, 2016, cash flows used in investing activities amounted to SEK (599) million, including SEK (1,221) million related to capital expenditures, as compared to SEK (1,765) million, including SEK (1,270) million related to capital expenditures, in the three months ended 31 March, 2015. Cash flows from financing activities for the three months ended 31 March, 2016 amounted to SEK 157 million, as compared to SEK (2,807) million in the three months ended 31 March, 2015.

As of 31 March, 2016, the total construction in progress was SEK 3,937 million, as compared to SEK 4,331 million as of 31 December, 2015. The remaining capital expenditure commitment for new buildings on order as of 31 March 2016 was SEK 4,923 million, of which SEK 94 million is due during 2016, SEK 4,611 million is due in 2017 and SEK 218 million is due in 2018. Stena intends to finance the remainder of this unpaid balance, together with additional expenses and financing costs, with cash from operations, existing revolving credit facilities, new capital lease agreements, new bank loans and other financing arrangements.

As of 31 March, 2016, total interest bearing debt was SEK 56,361 million as compared to SEK 57,090 million as of 31 December 2015.

As of 31 March 2016, USD 47 million was utilized under our USD 800 million revolving credit facility of which USD 5 million was used for issuing bank guarantees and letters of credit. As of 31 December 2015, USD 5 million was utilized, including USD 5 million used for issuing bank guarantees and letters of credit.

As of 31 March 2016, USD 0 million was utilized under the USD 300 million revolving credit facility entered into by Stena Investment Luxembourg S.à.r.l. compared to USD 38 million as of 31 December 2015.

As of 31 March 2016, SEK 0 million was utilized under the SEK 700 million revolving credit facility in Adactum as compared to SEK 0 million as of 31 December 2015.

During 2010, we entered into a SEK 6,660 million revolving credit facility with Svenska Handelsbanken and Nordea and the facility is guaranteed by EKN. This facility was terminated on our behalf during the first quarter 2016.

We believe that, based on current levels of operating performance and anticipated market conditions, cash flow from operations, together with other available sources of funds, including refinancing, will be adequate to make required payments of principal and interest on outstanding debt, to make proposed capital expenditures, including new buildings and other vessel acquisitions, and to fund anticipated working capital requirements.

**OTHER FINANCIAL INFORMATION – RESTRICTED GROUP**

For the three months ended 31 March 2016, 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 31 March, 2016, 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. We also have outstanding USD 600 million principal amounts of Senior Notes due 2024 and USD 350 million principal amounts of Senior Secured Notes due 2024.

Subsequent event specific for the restricted group

During the second quarter of 2016 Stena AB received dividends from Stena Fastigheter AB amounting to SEK 1 200 million from Stena Fastigheter AB.



Condensed Consolidated Income Statements – Restricted Group

(SEK in millions) (unaudited)	Three month period ended 31 March	
	2015	2016
Revenue:		
Ferry Operations.....	2,389	2,445
Offshore Drilling.....	2,097	1,882
Shipping.....	1,012	721
Other.....	<u>13</u>	<u>2</u>
Total revenue.....	5,511	5,050
Net gain on sale of non-current assets.....	<u>1,712</u>	<u>298</u>
Total other income.....	1,712	298
Direct operating expenses:		
Ferry Operations.....	(2,012)	(1,891)
Offshore Drilling.....	(943)	(751)
Shipping.....	(340)	(368)
Other.....	<u>(9)</u>	<u>41</u>
Total direct operating expenses.....	(3,304)	(2,969)
Selling and administrative expenses.....	(652)	(595)
Depreciation, amortisation and impairment.....	<u>(1,298)</u>	<u>(1,327)</u>
Total operating expenses.....	(5,255)	(4,891)
Operating profit.....	<u>1,969</u>	<u>457</u>
Dividends received.....	4	7
Gain (loss) on securities, net.....	27	(35)
Interest income.....	66	129
Interest expense.....	(499)	(467)
Foreign exchange gains/(loss), net.....	63	20
Other financial income/(expense), net.....	<u>(68)</u>	<u>(75)</u>
Financial net.....	(407)	(421)
Profit after financial net.....	1,561	36
Non-controlling interest.....	<u>(4)</u>	<u>7</u>
Profit before taxes.....	<u>1,557</u>	<u>43</u>
Income taxes.....	<u>279</u>	<u>149</u>
Profit for the period.....	<u>1,836</u>	<u>192</u>



Condensed Consolidated Balance Sheets – Restricted Group

(SEK in millions) (unaudited)	31 December 2015	31 March 2016
ASSETS		
<i>Non-current assets:</i>		
Intangible assets	1,307	1,270
Property, plant and equipment:		
Vessels	46,398	44,220
Construction in progress.....	3,999	3,839
Equipment	1,564	1,497
Ports	4,054	3,831
Land and buildings.....	590	568
Total property, plant and equipment	56,605	53,955
Financial assets:		
Marketable securities.....	1,472	1,418
Intercompany accounts, non-current	3,590	3,783
Other non-current assets	<u>13,093</u>	<u>13,621</u>
Total non-current assets	<u>76,067</u>	<u>74,047</u>
<i>Current assets:</i>		
Inventories.....	213	234
Trade receivables	1,488	2,058
Other current receivables.....	2,337	2,443
Prepayments and accrued income	1,618	2,962
Short-term investments	769	781
Intercompany accounts, current.....	3,272	2,000
Cash and cash equivalents.....	<u>1,436</u>	<u>1,049</u>
Total current assets	<u>11,133</u>	<u>11,527</u>
Total assets.....	<u>87,200</u>	<u>85,574</u>
EQUITY AND LIABILITIES		
<i>Equity:</i>		
Share Capital	5	5
Reserves	<u>35,218</u>	<u>34,692</u>
Equity attributable to shareholders of the company	35,223	34,697
Non-controlling interests	<u>100</u>	<u>93</u>
Total equity	<u>35,323</u>	<u>34,790</u>
<i>Non-current liabilities:</i>		
Deferred tax liabilities	962	696
Pension liabilities	437	448
Other provisions	612	1,750
Long-term debt.....	22,026	21,636
Senior Notes	13,493	10,502
Capitalised lease obligations	416	410
Intercompany accounts, non-current	1,200	1,200
Other non-current liabilities	<u>2,246</u>	<u>2,075</u>
Total non-current liabilities.....	<u>41,392</u>	<u>38,717</u>
<i>Current liabilities:</i>		
Short-term debt.....	1,811	1,753
Senior Notes	-	2,725
Capitalised lease obligations	33	34
Trade payables	697	757
Tax liabilities.....	77	74
Other liabilities.....	2,763	2,328
Intercompany liabilities, current.....	1,236	398
Accruals and deferred income	<u>3,868</u>	<u>3,998</u>
Total current liabilities	<u>10,485</u>	<u>12,067</u>
Total equity and liabilities	<u>87,200</u>	<u>85,574</u>



Condensed Consolidated Statements of Cash Flow – Restricted Group

(SEK in millions) (unaudited)	Three month period ended 31 March	
	2015	2016
<i>Cash flow from operating activities:</i>		
Profit for the period.....	1,836	192
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation, amortisation and impairment	1,298	1,327
Gain on sale of non-current assets.....	(1,712)	(298)
Gains/losses on securities, net.....	(27)	35
Deferred income taxes.....	(203)	(104)
Exchange differences, unrealised	(536)	48
Other non-cash items.....	175	(70)
Pensions	(28)	(17)
Net cash flow from trading securities.....	2	(50)
Changes in working capital	<u>(856)</u>	<u>(1,191)</u>
Cash flow from operating activities.....	<u>(51)</u>	<u>(128)</u>
<i>Cash flow from investing activities:</i>		
Capital expenditure of intangible assets	(8)	(16)
Sale of property, plant and equipment.....	243	693
Capital expenditure on property, plant and equipment	(907)	(886)
Purchase and sale of operations, net of cash.....	1,492	-
Sale of securities	46	69
Purchase of securities	(300)	(22)
Other investing activities.....	<u>(175)</u>	<u>(555)</u>
Cash flow from investing activities	<u>391</u>	<u>(717)</u>
<i>Cash flow from financing activities:</i>		
Proceeds from issuance of short and long-term debt.....	-	223
Principal payments on short and long-term debt	(390)	(372)
Net change in borrowings on line-of-credit agreements.....	(1,932)	393
Principal payments on capitalised lease obligations.....	(144)	(9)
Net change in restricted cash accounts	147	(7)
Intercompany accounts.....	714	242
Other financing activities	<u>(30)</u>	<u>(3)</u>
Cash flow from financing activities.....	<u>(1,635)</u>	<u>467</u>
Effect of exchange rate changes on cash and cash equivalents	<u>42</u>	<u>(9)</u>
Net change in cash and cash equivalents.....	(1,253)	(387)
Cash and cash equivalents at beginning of period.....	<u>2,282</u>	<u>1,436</u>
Cash and cash equivalents at end of period.....	<u>1,029</u>	<u>1,049</u>



Other data – Restricted Group

(SEK in millions)	Three month period ended 31 March	
OTHER DATA:	2015	2016
Adjusted EBITDA.....	2,026	1,913

Adjusted EBITDA is defined as income from operations plus cash dividends received from affiliated companies, 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 millions)	Three month period ended 31 March	
	2015	2016
Operating profit.....	1,969	457
Adjustments:		
Interest income.....	66	129
Depreciation, amortisation and impairment.....	1,298	1,327
Excess gain on assets disposition.....	<u>(1,307)</u>	-
Adjusted EBITDA.....	2,026	1,913
Adjustments:		
Gain on sale of non-current assets.....	(1,712)	(298)
Net cash flows from trading securities.....	2	(50)
Interest expenses.....	(499)	(467)
Exchange differences, unrealised.....	(536)	48
Pensions.....	(28)	(17)
Other non-cash items.....	175	(70)
Excess gain on assets disposition.....	1,307	-
Changes in working capital.....	(856)	(1,191)
Other items.....	<u>70</u>	<u>4</u>
Net cash from operating activities.....	(51)	(128)