

STENA AB (publ.)

Interim Report for the nine-month period 1 January – 30 September 2015

Highlights:

- Income before taxes amounts to SEK 4,437 million for the nine month period ended 30 September 2015, compared to SEK 2,460 million for the nine month period ended 30 September 2014.
- Net gain on sale of subsidiaries related to Helsingborg-Helsingør ferry service amounted to SEK 1,669 million.
- Consolidated EBITDA, excluding net gain on sale of assets, increased by SEK 750 million to SEK 8,079 million for the nine month period ended 30 September 2015, from SEK 7,329 million for the nine month period ended 30 September 2014.

Ferry Operation

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

Drilling

- Decreased EBITDA due to *Stena Clyde*, *Stena Don* and *Stena Forth* undertaking SPS (Special Periodic Survey) and *Stena Carron* being laid up.

Shipping

- Increased EBITDA due to stronger rates in both the crude and product segments and within the Roro operation.

Property

- Successful sale of properties and continued strong EBITDA.

Adactum

- Good performance in the Adactum Group. Decreased EBITDA due to the sale of Mediatec.

- The strong liquidity position at year end 2014 has improved further during the nine month period.
- Continued good contract coverage and high utilization and operational performance in our employed Drilling fleet.

Date: 27 November 2015

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 30 Sept		Nine month period ended 30 Sept	
	2014	2015	2014	2015
Revenues:				
Ferry operations	4,059	4,214	9,544	9,873
Drilling	2,301	2,179	6,213	6,122
Shipping	771	875	2,203	2,758
Property	624	632	1,914	1,892
Investments, Adactum	1,495	1,487	4,879	4,952
Other	<u>12</u>	<u>23</u>	<u>12</u>	<u>64</u>
Total revenues	9,262	9,410	24,765	25,661
Net valuation on investment properties	2	177	154	500
Net gain on sales of assets	<u>120</u>	<u>(1)</u>	<u>120</u>	<u>1,959</u>
Total other income	122	176	274	2,459
Direct operating expenses:				
Ferry operations	(2,668)	(2,782)	(6,922)	(7,097)
Drilling	(906)	(803)	(2,513)	(2,574)
Shipping	(527)	(354)	(1,249)	(1,098)
Property	(179)	(169)	(605)	(593)
Investments, Adactum	(1,044)	(1,130)	(3,360)	(3,683)
Other	<u>22</u>	<u>(24)</u>	<u>(3)</u>	<u>(35)</u>
Total direct operating expenses	(5,302)	(5,262)	(14,652)	(15,080)
Selling and administrative expenses	(955)	(884)	(2,938)	(3,002)
Depreciation and amortization	<u>(1,226)</u>	<u>(1,408)</u>	<u>(3,507)</u>	<u>(4,121)</u>
Total operating expenses	(7,483)	(7,554)	(21,097)	(22,204)
Income from operations	<u>1,901</u>	<u>2,032</u>	<u>3,942</u>	<u>5,917</u>
Financial income and expense:				
Share of associated companies' results	(62)	22	(30)	35
Dividends received	8	27	37	111
Gain (loss) on securities, net	(6)	(31)	116	196
Interest income	117	54	360	160
Interest expense	(590)	(611)	(1,850)	(1,816)
Foreign exchange gains/(losses), net	75	(4)	110	62
Other financial income/(expense), net	<u>(123)</u>	<u>(82)</u>	<u>(225)</u>	<u>(228)</u>
Total financial income and expense	(581)	(625)	(1,482)	(1,480)
Income before taxes	<u>1,320</u>	<u>1,407</u>	<u>2,460</u>	<u>4,437</u>
Income taxes	<u>(154)</u>	<u>(256)</u>	<u>(374)</u>	<u>(425)</u>
Net income	<u>1,166</u>	<u>1,151</u>	<u>2,086</u>	<u>4,012</u>
Earnings attributable to:				
Equity holders of the Parent Company	1,178	1,153	2,089	4,011
Non-controlling interest	<u>(12)</u>	<u>(2)</u>	<u>(3)</u>	<u>1</u>
Net Income	<u>1,166</u>	<u>1,151</u>	<u>2,086</u>	<u>4,012</u>



Consolidated Statements of Comprehensive Income (unaudited)

(SEK in millions)	Three month period ended 30 Sept		Nine month period ended 30 Sept	
	2014	2015	2014	2015
Result for the period	1,166	1,151	2,086	4,012
Other comprehensive income				
<i>Items that may subsequently be reclassified to profit and loss:</i>				
Change in fair value reserve, net of tax	(115)	(11)	(54)	(77)
Change in net investment hedge, net of tax	(153)	(542)	(632)	(175)
Change in revaluation reserve	78	(29)	78	23
Change in currency translation differences	640	(7)	1,776	488
Change in associated companies		(30)		(39)
Other comprehensive income for the period	450	(619)	1,168	220
Total comprehensive income for the period	<u>1,616</u>	<u>532</u>	<u>3,254</u>	<u>4,232</u>
Total comprehensive income attributable to:				
- Owners of the Parent company	1,612	536	3,253	4,236
- Non-controlling interest	4	(4)	1	(4)
Total comprehensive income for the period	<u>1,616</u>	<u>532</u>	<u>3,254</u>	<u>4,232</u>

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



Condensed Consolidated Balance Sheets (unaudited)

(SEK in millions)	31 December 2014	30 September 2015
ASSETS		
<i>Non-current assets:</i>		
Intangible assets	4,278	3,760
<i>Tangible fixed assets:</i>		
Vessels	46,141	46,121
Construction in progress	3,944	5,237
Equipment	4,270	3,857
Buildings and land	1,111	1,109
Ports	<u>3,689</u>	<u>3,706</u>
Total tangible fixed assets	59,155	60,030
Investment properties	29,367	29,743
<i>Financial fixed assets:</i>		
Investments reported according to the equity method	1,434	1,684
Investment included in SPEs	8,112	-
Marketable securities	4,847	5,204
Surplus in pension plans	163	303
Other non-current assets	<u>5,222</u>	<u>6,002</u>
Total financial fixed assets	19,778	13,193
Total non-current assets	<u>112,578</u>	<u>106,726</u>
<i>Current assets:</i>		
Inventories	846	819
Trade debtors	2,843	2,902
Other current receivables	2,431	1,943
Prepaid expenses and accrued income	2,365	2,036
Short-term investments	1,248	3,496
Cash and cash equivalents	<u>3,506</u>	<u>1,439</u>
Total current assets	<u>13,239</u>	<u>12,635</u>
Total assets	<u>125,817</u>	<u>119,361</u>
 SHAREHOLDERS' EQUITY AND LIABILITIES		
Total shareholders' equity	<u>38,978</u>	<u>42,698</u>
<i>Non-current liabilities:</i>		
Deferred income taxes	3,860	4,356
Pension liabilities	668	644
Other provisions	667	665
Long-term debt	43,290	41,938
Debt in SPEs	7,540	-
Senior notes	13,093	13,583
Capitalized lease obligations	553	420
Other non-current liabilities	<u>3,946</u>	<u>4,529</u>
Total non-current liabilities	<u>73,617</u>	<u>66,135</u>
<i>Current liabilities:</i>		
Short-term debt	2,998	2,320
Capitalized lease obligations	233	41
Trade accounts payable	2,140	1,562
Income tax payable	155	129
Other current liabilities	3,250	1,994
Accrued costs and prepaid income	<u>4,446</u>	<u>4,482</u>
Total current liabilities	<u>13,222</u>	<u>10,528</u>
Total shareholders' equity and liabilities	<u>125,817</u>	<u>119,361</u>

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



Consolidated Statements of Changes in Shareholders' Equity (unaudited)

(SEK in millions)	Equity attributable to the owners of the parent company				Non-controlling interest	Total Shareholders' Equity
	Share Capital	Reserves	Retained earnings incl. Net Income	Total		
Closing balance as of 31 December 2013	5	(449)	35,457	35,013	262	35,275
Change in fair value reserves		(54)		(54)		(54)
Change in net investment hedge		(632)		(632)		(632)
Change in revaluation reserve		55	23	78		78
Change in translation reserve		1,757		1,757	4	1,761
Other comprehensive income		1,126	23	1,149	4	1,153
Net income			2,089	2,089	(3)	2,086
Total comprehensive income		1,126	2,112	3,238	1	3,254
Changes in non-controlling interest			15	15		15
Dividend			(220)	(220)		(220)
Closing balance as of 30 September 2014	5	677	37,364	38,046	263	38,308
Closing balance as of 31 December 2014	5	1,187	37,532	38,724	255	38,979
Effect from deconsolidating CLOs 1)		(136)		(136)	(21)	(157)
Balance at 1 January 2015	5	1,051	37,532	38,588	234	38,822
Change in fair value reserves		(77)		(77)		(77)
Change in net investment hedge		(175)		(175)		(175)
Change in revaluation reserve		1	22	23		23
Change in translation reserve		493		493	(5)	488
Change in associated companies			(39)	(39)		(39)
Other comprehensive income		242	(17)	225	(5)	220
Net income			4,011	4,011	1	4,012
Total comprehensive income		242	3,994	4,236	(4)	4,232
Changes in non-controlling interest				-	(112)	(112)
Dividend			(244)	(244)		(244)
Closing balance as of 30 September 2015	5	1,293	41,282	42,580	118	42,698

1) Effects of changes in accounting policies, see note 2



Condensed Consolidated Statements of Cash Flow (unaudited)

(SEK in millions)	Nine month period ended 30 September	
	2014	2015
<i>Net cash flows from operating activities:</i>		
Net income	2,086	4,012
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,507	4,121
Net valuation of investment properties	(154)	(500)
(Gain)/loss on sale assets	(120)	(1,959)
(Gain)/loss on securities, net	(116)	(196)
Share of strategic associated companies results	30	(35)
Deferred income taxes	84	279
Unrealized foreign exchange (gains) losses	(728)	(784)
Other non-cash items	339	103
Pensions	(122)	(190)
Dividend from operational associated companies	113	110
Investment in operational associated companies	-	(17)
Net cash flows from trading securities	76	48
Receivables	141	(145)
Prepaid expenses and accrued income	(44)	236
Inventories	(98)	12
Trade accounts payable	(152)	(177)
Accrued costs and prepaid income	(254)	(735)
Income tax payable	179	(217)
Other current liabilities	<u>57</u>	<u>(37)</u>
Net cash from operating activities	<u>4,824</u>	<u>3,928</u>
<i>Net cash flows from investing activities:</i>		
Purchase of intangible assets	(127)	(82)
Cash proceeds from sale of property, vessels and equipment	477	2,279
Capital expenditure on property, vessels and equipment	(4,455)	(4,133)
Purchase and sale of subsidiaries, net of cash	(23)	2,043
Dividend from strategic associated companies	25	26
Investment in strategic associated companies	-	(38)
Proceeds from sale of securities	3,787	2,627
Purchase of securities	(3,980)	(2,106)
Other investing activities	<u>(182)</u>	<u>(46)</u>
Net cash from investing activities	<u>(4,478)</u>	<u>570</u>
<i>Net cash flows from financing activities:</i>		
Proceeds from issuance of debt	12,804	1,011
Principal payments on debt	(7,716)	(2,774)
Net change in borrowings on line-of-credit agreements	(5,364)	(1,635)
Principal payments on capital lease obligations	(177)	(165)
Net change in restricted cash accounts	622	(2,768)
Dividend paid	(220)	(244)
Other financing activities	<u>(432)</u>	<u>(31)</u>
Net cash from financing activities	<u>(483)</u>	<u>(6,606)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>76</u>	<u>41</u>
Net change in cash and cash equivalents	(61)	(2,067)
Cash and cash equivalents at beginning of period	<u>2,053</u>	<u>3,506</u>
Cash and cash equivalents at end of period	<u>1,992</u>	<u>1,439</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 2014, 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 2015 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 2014, as described in the annual financial statements with the exceptions as mentioned below:

In 2014 Stena implemented the new accounting standard IFRS 10, “Consolidated Financial Statements”. IFRS10 states that subsidiaries and special purpose vehicles that an entity controls should be consolidated in their consolidated financial statements. The new standard also states that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Stena has analyzed the effects from applying IFRS10 and concluded that Stena does not have such control over its investments in CLOs (Collateral Loan Obligations) managed by Canyon Capital, USA that these CLOs should be consolidated in accordance with IFRS10. As a result, Stena deconsolidated the CLO’s from January 1, 2015. Instead, these investments are reported as Marketable Securities at their market value in Stena’s consolidated balance sheet.

The effects from de-consolidating the CLOs on the Group’s consolidated Balance Sheet as of January 1, 2015 are stated in the table below. These effects are not considered to be material for the Group and, as a result, no retroactive adjustments of prior periods have been made.

(SEK in millions)	December 31, 2014 Previously reported	Effect from de- consolidating CLOs	January 1, 2015 Restated
Investment included in SPEs	8,112	(8,112)	-
Marketable securities	4,847	761	5,608
Short-term investments	1,248	(451)	797
Other assets	111,610	(156)	111,454
Total assets	125,817	(7,958)	117,859
Shareholders’ equity	38,724	(136)	38,588
Minority interest	255	(21)	234
Debt included in SPEs	7,540	(7,540)	-
Other liabilities	79,298	(261)	79,037
Total shareholders’ equity and liabilities	125,817	(7,958)	117,859

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 2014 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 30 September		Nine month period ended 30 September	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
<i>Income from operations</i>				
Ferry operations	769	836	756	990
Net gain on sale of subsidiaries	-	-	-	<u>1,669</u>
Total Ferry operations	769	836	756	2,659
Drilling	649	456	1,607	714
Shipping: Roll-on/Roll-off vessels	16	23	37	94
Tankers	88	208	302	769
Other shipping	<u>(104)</u>	<u>2</u>	<u>(158)</u>	<u>7</u>
Total shipping	0	233	181	870
Property:	392	405	1,158	1,134
Net gain on sale of properties	120	2	120	95
Net valuations on investment properties	<u>2</u>	<u>177</u>	<u>154</u>	<u>500</u>
Total property	514	584	1,432	1,729
Investments, Adactum:	32	22	237	206
Net gain on sale of subsidiaries	-	-	-	40
Total Investments, Adactum	<u>32</u>	<u>22</u>	<u>237</u>	<u>246</u>
Other	<u>(63)</u>	<u>(99)</u>	<u>(271)</u>	<u>(301)</u>
Total Income from operations	<u>1,901</u>	<u>2,032</u>	<u>3,942</u>	<u>5,917</u>
<i>Depreciation and amortization:</i>				
Ferry Operations	392	386	1,105	1,125
Drilling	551	714	1,540	2,122
Shipping: Roll-on/Roll-off vessels	64	94	215	233
Tankers	104	129	305	386
Other shipping	<u>8</u>	<u>7</u>	<u>22</u>	<u>21</u>
Total shipping	176	230	542	640
Property	6	-	7	2
Investments, Adactum	95	69	293	208
Other	<u>6</u>	<u>2</u>	<u>20</u>	<u>24</u>
Total	<u>1,226</u>	<u>1,408</u>	<u>3,507</u>	<u>4,121</u>



Notes to Condensed Consolidated Financial Statements (unaudited)

(SEK in millions)	Three month period ended 30 September		Nine month period ended 30 September	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
<i>EBITDA from operations</i>				
Ferry operations	1,161	1,221	1,861	3,784
Drilling	1,200	1,170	3,147	2,836
Shipping: Roll-on/Roll-off vessels	81	116	253	326
Tankers	192	337	607	1,155
Other shipping	<u>(97)</u>	<u>11</u>	<u>(137)</u>	<u>30</u>
Total shipping	176	464	723	1,511
Property	519	584	1,438	1,731
Investments, Adactum	127	91	530	454
Other	<u>(56)</u>	<u>(89)</u>	<u>(250)</u>	<u>(278)</u>
Total EBITDA	<u>3,127</u>	<u>3,441</u>	<u>7,449</u>	<u>10,038</u>
<i>Capital expenditures:</i>				
Ferry operations			710	312
Drilling			2,331	2,673
Shipping: Roll-on/Roll-off vessels			145	17
Tankers			70	130
Other shipping			<u>58</u>	<u>16</u>
Total shipping			273	163
Property			915	876
Investments, Adactum			210	98
Other			<u>16</u>	<u>11</u>
Total			<u>4,455</u>	<u>4,133</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 Nine Months of 2015

On January 9 2015, the Stena AB Group and Scandlines entered into an agreement regarding the sale of Helsingborg-Helsingør ferry service to a European infrastructure fund managed by First State Investments. The Helsingborg-Helsingør service was operated jointly by the Stena AB Group and Scandlines, each with a 50% shareholding. First State European Diversified Infrastructure Fund, FCP_SIF, took over the service from the end of January 2015. The sale included five vessels used to operate the service. The sale generated a capital gain for Stena AB Group amounting to SEK 1,669 million.

In January 2015, an agreement was signed regarding the sale of *Stena Feronia* for EUR 23 million. The vessel was delivered at the turn of the month March/April.

In February 2015, Marine Atlantic exercised their purchase options for the vessels *Blue Puttees* and *Highlanders*. The vessels will be sold for EUR 69 million each and will be delivered to Marine Atlantic in December 2015 and February 2016.

In February 2015, a property was sold in London for GBP 19 million.

The newly constructed IMOIMAX-vessels *Stena Impression* and *Stena Imperial* were delivered in February and July 2015 respectively, from the shipyard in China.

In February 2015, the vessel *Stena Calypso* was sold via a hire purchase agreement for USD 9,6 million.

The ferry service between Holyhead and Dun Laoghaire was discontinued in February 2015.

In February 2015, the High Court in London approved the new funding regime for MNRPF (pension fund) and the plan for deficit contributions. This means that the Group's share of deficit is settled to 19% and contributions made since 2001 are set off by future deficit.

In March 2015, properties in Gothenburg were sold for SEK 925 million.

In the end of April 2015, Stena Adactum completed the agreement to sell the Mediatec companies, with effective date 1 January 2015. The buyer is the company NEP who operates in the same line of business. The sales price for Stena AB Group's shares in Mediatec companies amounted to SEK 462 million.

In June 2015, the vessel *Stena Scandinavica* was sold for SEK 800 million.

Subsequent Events

In October 2015, the vessel *Stena Explorer* was sold for USD 3,6 million and *Stena Scanrail* for USD 1,0 million.

In November 2015, an agreement was signed regarding three product tankers, IMOIMAX vessels, with the shipyard CSSC Offshore & Marine Engineering (CSSC OME) in Guangzhou in China. One of those vessels will be owned together with our partner Dannebrog in Stena Weco. Delivery is planned at the end of December 2017 and first two quarters 2018. Purchase options have been signed for additional two vessels.



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 2015, approximately 30% of our total revenues were generated in USD, approximately 21% were generated in EUR, approximately 14% were generated in GBP and approximately 23% were generated in SEK.

In the nine month period ended 30 September 2015, approximately 20% of our total expenses were incurred in USD, approximately 16% were incurred in EUR, approximately 21% were incurred in GBP and approximately 27% 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 - September 2014	Jan - September 2015	Change
US \$	6.6757	8.4135	26%
British pound.....	11.1445	12.8924	16%
Euro.....	9.0413	9.3724	4%
 <i>Closing rates:</i>	 As of 31 Dec 2014	 As of 30 Sept 2015	 Change
US \$	7.8011	8.3699	7%
British pound.....	12.1549	12.6620	4%
Euro.....	9.4378	9.3550	(1)%

Revenues

Total revenues increased by SEK 896 million to SEK 25,661 million in the nine months ended 30 September 2015 compared to SEK 24,765 million in the nine months ended 30 September 2014, as a result of increased revenues in all segments, except for Drilling and Property segments.

Direct Operating Expenses

Total operating expenses increased by SEK 428 million to SEK 15,080 million in the nine months that ended on 30 September 2015, compared to SEK 14,652 million in the nine months ended 30 September 2014.

Selling and Administrative Expenses

Selling and administrative expenses increased by SEK 64 million to SEK 3,002 million in the nine months that ended 30 September 2015, compared to SEK 2,938 million in the nine month period that ended on 30 September 2014.

Depreciation and Amortization

Depreciation and amortization charges increased by SEK 614 million to SEK 4,121 million in the nine months ended 30 September 2015, compared to SEK 3,507 million in the nine months ended 30 September 2014, mainly due to currency impact of the US Dollar.



EBITDA

The EBITDA for the consolidated Stena AB Group increased by SEK 2,589 million to SEK 10,038 million in the nine months that ended on 30 September 2015 compared to SEK 7,449 million last year, mainly due to the sale of Helsingborg-Helsingør ferry service generating a net gain of SEK 1,669 million, but also due to increased EBITDA in the segments Shipping and Ferry Operations, excluding net gain on sale of assets.

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, excluding net gain on sale of subsidiaries of SEK 1,669 million, increased by SEK 254 million to SEK 2,115 million in the nine months ended 30 September 2015, from SEK 1,861 million in the corresponding period in 2014 mainly due to increased car and freight volumes. Car/freight volumes increased: +2% / +4% compared to the corresponding period last year.

In 2015, Stena Line is continuing to restructure some of its operations with the aim to improve profitability. Stena Line is focusing on improving cost efficiency, advantages of scale, freight and cargo operations.

Drilling Operations

Drilling revenues consist of charter hires for our drilling rigs. The direct operating expenses for drilling consist primarily of personnel costs, fuel costs, insurance, maintenance and catering costs.

EBITDA decreased by SEK 311 million to SEK 2,836 million in the nine month period 2015 compared to SEK 3,147 million in the corresponding period in 2014. The decrease is due to *Stena Clyde*, *Stena Forth* and *Stena Don* undertaking SPS (Special Periodic Survey) and *Stena Carron* being laid up during 2015.

Stena Drilling focus on cost reduction to meet current market conditions and a cost focus program has been launched.

Shipping Operations

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 1,155 million in the nine month period ended 30 September 2015 compared to SEK 607 million for the same period in 2014 due to higher rates in both the crude and product segments.

Operationally and technically the fleet is performing well.

RoRo Operations

EBITDA from chartering out Roll-on/Roll-off vessels increased by SEK 73 million to SEK 326 million in the nine month period ended 30 September 2015, from SEK 253 million in the same period in 2014. The increase is mainly due to the sale of *Stena Feronia* and improved market, partly offset by increased number of docking days.

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 1,731 million for the nine month period ended 30 September 2015, compared to SEK 1,438 million for the same period in 2014, mainly due to net valuation of properties of SEK 500 million. Occupancy rates for Swedish properties were approximately 97%, and non-Swedish properties were approximately 80%.

**Investments, Adactum**

The EBITDA for Stena Adactum decreased by SEK 76 million to SEK 454 million in the nine month period ended 30 September 2015, compared to SEK 530 million in 2014. EBITDA decreased mainly due to the sale of Mediatec.

Ballingslöv: EBITDA for the nine months ended 30 September 2015 was SEK 210 million, compared to SEK 169 million for the nine months ended 30 September 2014.

Envac: EBITDA for the nine months ended 30 September 2015 was SEK 6 million compared to SEK 35 million in the corresponding period in 2014.

Stena Renewable: EBITDA for the nine months ended 30 September 2015 was SEK 174 million compared to SEK 204 million for the corresponding period in 2014. The lower EBITDA is due to decreasing electricity prices.

Mediatec: The sale of Mediatec was closed in April 2015 with effective date 1 January 2015. EBITDA for the nine months ended 30 September 2014 was SEK 111 million.

Blomsterlandet: EBITDA for the nine months ended 30 September 2015 was SEK 78 million compared to SEK 74 million in the same corresponding period in 2014.

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 500 million for the nine month period ended 30 September 2015, as compared to SEK 154 million for the same period in 2014.

Net gain on sale of vessels. In the nine months ended 30 September 2015, net gain on sale of vessels amounted to SEK 187 million of which SEK 120 million relates to the sale of the vessel *Stena Scandinavica*, SEK 46 million to *Stena Feronia*, SEK 17 million to *Stena Calypso* and SEK 4 million to *Stena Companion*. In the nine months ended 30 September 2014 there were no sales of vessels.

Net gain on sale of properties. In the nine months ended 30 September 2015, net gain on sale of properties amounted to SEK 95 million from the sales of property in Gothenburg and London. In the nine months period ended 30 September 2014 net gain on sales of properties amounted to SEK 120 million.

Net gain on sale of subsidiaries. In the nine months ended 30 September 2015, net gain on sale of subsidiaries amounted to SEK 1,677 million of which SEK 1,669 million was from the sale of the subsidiaries related to the Helsingborg-Helsingør ferry service and SEK 40 million was from the sale of Mediatec. In the nine months period ended 30 September 2014 there were no sales of subsidiaries.

Financial Income/(Expense)

Total net financial expenses decreased by SEK 2 million to SEK (1,480) million in the nine months ended 30 September 2015, from SEK (1,482) million in the nine months ended 30 September 2014.

Income Taxes

Income taxes for the nine months that ended on 30 September 2015, were SEK (425) million, consisting of current taxes of SEK (146) million and deferred taxes of SEK (279) million. Income taxes for the nine months ended 30 September 2014, were SEK (374) million, consisting of current taxes of SEK (290) million and deferred taxes of SEK (84) 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, 2015, total cash and marketable securities including short term investments amounted to SEK 10,139 million as compared to SEK 9,601 million as of December 31, 2014.

For the nine months ended 30 September, 2015, cash flows provided by operating activities amounted to SEK 3,928 million, as compared to SEK 4,824 million in the first nine months ended 30 September, 2014. For the nine months ended 30 September, 2015, cash flows used in investing activities amounted to SEK 570 million, including SEK (4,133) million related to capital expenditures, as compared to SEK (4,478) million, including SEK (4,455) million related to capital expenditures, in the nine months ended 30 September, 2014. Cash flows from financing activities for the nine months ended 30 September, 2015 amounted to SEK (6,606) million, as compared to SEK (483) million in the nine months ended 30 September, 2014.

As of 30 September, 2015, the total construction in progress was SEK 5,237 million, as compared to SEK 3,944 million as of 31 December, 2014. The remaining capital expenditure commitment for new buildings on order as of 30 September 2015 was SEK 4,583 million, of which SEK 30 million is due during 2015 and SEK 4,553 million is due in 2016. 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, 2015, total interest bearing debt was SEK 58,302 million as compared to SEK 60,167 million, excluding debt in SPEs, as of 31 December 2014.

During the first quarter 2014 our USD 1,000 million revolving credit facility was reduced down to USD 600 million in connection with issuing of USD 1.6 billion in new debt. In February 2015 we signed a Supplement to our existing USD 600 million RCF amending certain provisions in the agreement. The aim was to lower the margin, extend the maturity and increase the facility to USD 800 million. The final maturity of the "old" revolving credit facility was March 13, 2018 and has now been extended until March 13, 2020. As of 30 September 2015, USD 310 million was utilized under our USD 800 million revolving credit facility of which USD 6 million was used for issuing bank guarantees and letters of credit. As of 31 December 2014, USD 185 million was utilized, including USD 5 million used for issuing bank guarantees and letters of credit.

As of 30 September 2015, USD 95 million was utilized under the USD 300 million revolving credit facility entered into by Stena Investment Luxembourg S.à.r.l. compared to USD 169 million as of 31 December 2014.

As of 30 September 2015, SEK 50 million was utilized under the SEK 700 million revolving credit facility in Adactum as compared to SEK 375 million as of 31 December 2014.

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 had utilization of SEK 502 million as of 30 September 2015 compared to SEK 2,584 million as of 31 December 2014.

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 nine months ended 30 September 2015, 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.

In January 2014, a ten year bond of USD 600 million was issued. The purpose of this transaction was to extend existing profile of amortization and pay off outstanding amounts under our credit facility.

In February 2014 another ten year bond of USD 350 million was issued. Also USD 650 million was raised through a so called Term loan B, which is a seven year loan with low rate of amortization. The securities for both the bond and the loan consist of the units Stena DrillMAX and Stena Carron. The purpose of this transaction was to extend the profile of amortization and increase liquidity. As a result of the transaction the available facilities in the previous RCF (Revolver Credit Facility) of USD 1,000 million was reduced to USD 600 million.

In February 2015 we signed a Supplement to our existing USD 600 million RCF amending certain provisions in the agreement. The aim was to lower the margin, extend the maturity and increase the facility to USD 800 million.

As of 30 September, 2015, we had outstanding EUR 300 million principal amounts of Senior Notes due 2017, EUR 102 million principal amounts of Senior Notes due 2019 and EUR 200 million principal amounts of Senior Notes due 2020.

During the second quarter 2015 Stena AB received dividends from Stena Fastigheter AB amounting to SEK 1000 million and from Stena Adactum AB amounting to SEK 249 million.

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



Condensed Consolidated Income Statements – Restricted Group

(SEK in millions) (unaudited)	Nine month period ended 30 September	
	2014	2015
Revenues:		
Ferry operations	9,544	9,873
Drilling	6,213	6,122
Shipping	2,203	2,758
Other	<u>10</u>	<u>67</u>
Total revenues	17,970	18,820
Net gain on sales of assets	-	<u>1,824</u>
Total other income	-	1,824
Direct operating expenses:		
Ferry operations	(6,922)	(7,097)
Drilling	(2,513)	(2,574)
Shipping	(1,249)	(1,098)
Other	<u>(5)</u>	<u>(39)</u>
Total direct operating expenses	(10,689)	(10,808)
Selling and administrative expenses	(1,780)	(1,964)
Depreciation and amortization	<u>(3,213)</u>	<u>(3,911)</u>
Total operating expenses	(15,682)	(16,683)
Income/(loss) from operations	<u>2,288</u>	<u>3,961</u>
Net financial income and expenses:		
Dividends received	2	1,274
Net gain (loss) on securities	(44)	59
Interest income	225	201
Interest expense	(1,350)	(1,437)
Foreign exchange gains (losses), net	134	69
Other financial income (expenses), net	<u>(178)</u>	<u>(203)</u>
Total financial income and expenses	(1,211)	(37)
Income/(loss) after financial income and expenses	1,077	3,924
Non-controlling interest	<u>3</u>	-
Income/(loss) before tax	<u>1,080</u>	<u>3,924</u>
Income taxes	<u>(108)</u>	<u>(23)</u>
Net income/(loss)	<u>972</u>	<u>3,901</u>



Condensed Consolidated Balance Sheets – Restricted Group

(SEK in millions) (unaudited)	31 December 2014	30 September 2015
ASSETS		
<i>Non-current assets:</i>		
Intangible assets	1,436	1,343
Tangible fixed assets:		
Vessels	46,142	46,121
Construction in progress.....	3,631	4,912
Equipment	1,467	1,602
Ports	3,689	3,706
Property.....	594	605
Total tangible fixed assets.....	55,523	56,946
Financial fixed assets:		
Marketable securities.....	886	1,232
Intercompany accounts, non-current	4,626	4,393
Other non-current assets	12,236	13,337
Total financial fixed assets.....	17,748	18,962
Total non-current assets	74,707	77,251
<i>Current assets:</i>		
Inventories.....	278	253
Trade debtors.....	1,958	2,022
Other receivables.....	2,107	1,706
Prepaid expenses and accrued income.....	1,757	1,483
Short-term investments	656	3,366
Intercompany accounts	926	876
Cash and cash equivalents	2,282	717
Total current assets	9,964	10,423
Total assets.....	84,671	87,674
SHAREHOLDERS' EQUITY AND LIABILITIES		
<i>Shareholders' equity:</i>		
Share Capital	5	5
Reserves	29,446	33,467
Equity attributable to shareholders of the company	29,451	33,472
Non-controlling interest	106	103
Total Equity	29,556	33,575
<i>Non-current liabilities:</i>		
Deferred income taxes.....	479	680
Other provisions	1,159	1,129
Long-term debt.....	26,794	25,758
Senior notes.....	13,093	13,583
Capitalized lease obligations	412	416
Intercompany accounts, non-current	702	-
Other non-current liabilities	2,773	3,440
Total non-current liabilities.....	45,413	45,006
<i>Current liabilities:</i>		
Short-term debt.....	2,175	2,126
Capitalized lease obligations	153	34
Trade accounts payable	859	711
Income tax payable.....	144	90
Other liabilities.....	2,686	1,651
Intercompany liabilities.....	173	916
Accrued costs and prepaid income	3,510	3,565
Total current liabilities	9,702	9,093
Total shareholders' equity and liabilities	84,671	87,674



Condensed Consolidated Statements of Cash Flow – Restricted Group

(SEK in millions) (unaudited)	Nine month period ended 30 September	
	2014	2015
<i>Net cash flows from operating activities:</i>		
Net income	972	3,901
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Depreciation and amortization	3,213	3,911
(Gain)/loss on sale assets.....	-	(1,824)
(Gain)/loss on securities, net	44	(59)
Deferred income taxes.....	(109)	(48)
Unrealized foreign exchange (gains)/losses	(405)	(617)
Other non-cash items.....	321	103
Pensions	(121)	(185)
Dividend from Unrestricted group	=	(1,249)
Net cash flows from trading securities	40	51
Dividend from operational associated companies	113	110
Investment in operational associated companies	-	(17)
Changes in working capital	<u>(119)</u>	<u>(831)</u>
Net cash from operating activities	<u>3,949</u>	<u>3,246</u>
<i>Net cash flows from investing activities:</i>		
Purchase of intangible assets	(102)	(47)
Cash proceeds from sale of property, vessels and equipment.....	15	1,268
Capital expenditure on property, vessels and equipment.....	(3,333)	(3,160)
Purchase and sale of subsidiaries, net of cash	-	1,581
Proceeds from sale of securities	33	69
Purchase of securities	(25)	(461)
Other investing activities.....	<u>(434)</u>	<u>(68)</u>
Net cash from investing activities	<u>(3,846)</u>	<u>(818)</u>
<i>Net cash flows from financing activities:</i>		
Proceeds from issuance of debt	10,908	141
Principal payments on debt	(5,446)	(1,476)
Net change in borrowings on line-of-credit agreements.....	(6,011)	(1,133)
Principal payments on capital lease obligations	(121)	(163)
Net change in restricted cash accounts	573	(2,685)
Intercompany accounts.....	349	322
Dividend received from Unrestricted group	-	1,249
Dividend paid.....	(220)	(244)
Other financing activities	<u>(420)</u>	<u>(31)</u>
Net cash from financing activities	<u>(388)</u>	<u>(4,020)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>51</u>	<u>27</u>
Net change in cash and cash equivalents	(234)	(1,565)
Cash and cash equivalents at beginning of period	<u>1,136</u>	<u>2,282</u>
Cash and cash equivalents at end of period	<u>902</u>	<u>717</u>



Other data – Restricted Group

(SEK in millions)	Nine month period ended 30 September	
OTHER DATA:	2014	2015
Adjusted EBITDA.....	5,726	7,811

Adjusted EBITDA is defined as income from operations plus cash dividends received from affiliated companies, interest income, depreciation and amortization, non-controlling interest and non-cash charges 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)	Nine month period ended 30 September	
	2014	2015
Income from operations	2,288	3,961
Adjustments:		
Interest income	225	201
Depreciation and amortization	3,213	3,911
Excess gain on assets disposition	-	<u>(262)</u>
Adjusted EBITDA	5,726	7,811
Adjustments:		
Gain on sale of assets	-	(1,824)
Net cash flows from trading securities	40	51
Interest expenses	(1,350)	(1,437)
Unrealized foreign exchange (gains) losses	(405)	(617)
Pensions	(121)	(185)
Other non-cash items.....	321	103
Excess gain on assets disposition	-	262
Changes in working capital	(119)	(831)
Other items	<u>(143)</u>	<u>(87)</u>
Net cash from operating activities.....	3,949	3,246