STENA AB (publ.)

Interim Report for the nine-month period 1 January – 30 September 2016

Highlights:

- Income before taxes amounts to MSEK 2,236 for the nine month period ended 30 September 2016, compared to MSEK 4,437 for the nine month period ended 30 September 2015. In the comparative figures for 2015, the net gain on sale of Helsingborg-Helsingør ferry service is included with MSEK 1,669.

- Consolidated EBITDA, excluding net gain on sale of assets and change in fair value of investment properties, for the nine month period ended 30 September 2016 amounted to MSEK 7,483 compared to MSEK 7,579 for the nine month period ended 30 September 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 and favorable bunker net.

  Drilling
  - Increased EBITDA mainly due to our ongoing Cost Race programme, Stena Carron coming back in operation, reduced layup cost for Stena Clyde and two drilling units undertaking SPS (Special Periodic Survey) in 2015.

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

  Property
  - Continued stable and strong EBITDA.
  - Investments in construction of new properties continue.

  Adactum
  - Overall continued healthy performance in the Adactum Group. Decreased EBITDA mainly due to the sale of Mediatec and lower electricity prices.

  Other
  - Stena acquired IL Recycling, a waste management supplier of recycling services, with operations in Sweden and Poland. The acquisition was effective as of 30 June 2016.

- The liquidity position remains strong as of 30 September 2016. Available liquidity amounted to MSEK 19,168.

Date: 29 November 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)

(MSEK)	Three month period ended 30 Sept		Nine month period ended 30 Sept	
	2015	2016	2015	2016
Revenue:				
Ferry Operations	4,214	4,132	9,873	9,769
Offshore Drilling	2,179	1,837	6,122	5,716
Shipping	875	635	2,758	2,041
Property	632	634	1,892	1,897
Adactum	1,487	1,457	4,952	4,962
Other	23	437	64	442
Total revenue	**9,410**	**9,132**	**25,661**	**24,827**
Change in fair value of investment properties	177	1,101	500	1,212
Net gain on sale of non-current assets	-1	77	1,959	376
Total other income	**176**	**1,178**	**2,459**	**1,588**
Direct operating expenses:				
Ferry Operations	-2,782	-2,494	-7,097	-6,521
Offshore Drilling	-803	-638	-2,574	-2,097
Shipping	-354	-386	-1,098	-1,126
Property	-169	-181	-593	-627
Adactum	-1,130	-1,097	-3,683	-3,706
Other	-24	-289	-35	-234
Total direct operating expenses	**-5,262**	**-5,084**	**-15,080**	**-14,312**
Selling and administrative expenses	-884	-1,096	-3,002	-3,032
Depreciation, amortisation and impairment	-1,408	-2,736	-4,121	-5,525
Total operating expenses	**-7,554**	**-8,917**	**-22,204**	**-22,869**
Operating profit	**2,032**	**1,393**	**5,917**	**3,546**
Profit/loss from investments in strategic associates	22	15	35	36
Dividends received	27	19	111	93
Gains/losses on sale of securities	-31	303	196	296
Interest income	54	33	160	248
Interest expenses	-611	-611	-1,816	-1,829
Exchange gains/losses	-4	14	62	36
Other finance income/costs	-82	-8	-228	-190
Financial net	**-625**	**-236**	**-1,480**	**-1,310**
Profit before tax	**1,407**	**1,157**	**4,437**	**2,236**
Income taxes	-256	-257	-425	28
Profit for the period	**1,151**	**900**	**4,012**	**2,263**
Profit for the period attributable to:				
Shareholders of the Parent company	1,153	903	4,011	2,276
Non-controlling interests	-2	-3	1	-13
Profit for the period	**1,151**	**900**	**4,012**	**2,263**

Consolidated Statements of Comprehensive Income (unaudited)

(MSEK)	Three month period ended 30 Sept		Nine month period ended 30 Sept	
	2015	**2016**	**2015**	**2016**
Profit for the period	**1,151**	**900**	**4,012**	**2,263**
Other comprehensive income				
Items that may subsequently be reclassified to profit or loss:				
Change in fair value reserve, net of tax	-11	36	-77	194
Change in net investment hedge, net of tax..........	-542	3	-175	-727
Change in translation reserve	-7	447	488	480
Share of other comprehensive income of associates	-30	29	-39	81
Items that will not be reclassified to profit or loss:				
Change in revaluation reserve	-29	-6	23	-117
Share of other comprehensive income of associates		-25		-40
Other comprehensive income for the period....	**-619**	**484**	**220**	**-129**
Total comprehensive income for the period.....	**532**	**1,384**	**4,232**	**2,135**
Total comprehensive income attributable to:				
Shareholders of the Parent company	536	1,386	4,236	2,147
Non-controlling interests.....................................	-4	-2	-4	-13
Total comprehensive income for the period, net of tax	**532**	**1,384**	**4,232**	**2,135**

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

Condensed Consolidated Balance Sheet (unaudited)

(MSEK)	31 December 2015	30 September 2016
ASSETS		
Non-current assets:		
Intangible assets	**3,700**	**3,774**
Property, plant and equipment:		
Vessels	46,398	42,527
Construction in progress	4,331	5,448
Windmills	2,268	2,419
Equipment	1,902	1,671
Land and buildings	1,087	1,237
Ports	4,054	3,676
Total property, plant and equipment	**60,040**	**56,978**
Investment properties	**30,617**	**33,019**
Financial assets:		
Investments reported according to the equity method	1,701	1,934
Marketable securities	6,332	6,556
Surplus in funded pension plans	395	599
Other non-current assets	5,307	5,035
Total financial assets	**13,735**	**14,124**
Total non-current assets	**108,092**	**107,895**
Current assets:		
Inventories	747	1,024
Trade receivables	2,288	3,703
Other current receivables	2,675	2,540
Prepayments and accrued income	2,294	2,151
Short-term investments	861	744
Cash and cash equivalents	2,311	2,019
Assets held for sale	-	836
Total current assets	**11,176**	**13,018**
Total assets	**119,268**	**120,913**
EQUITY AND LIABILITIES		
Total equity	**43,313**	**45,023**
Non-current liabilities:		
Deferred tax liabilities	4,686	4,600
Pension liabilities	571	456
Other provisions	635	597
Long-term debt	40,937	41,215
Senior Notes	13,493	10,428
Capitalised lease obligations	420	423
Other non-current liabilities	3,193	3,704
Total non-current liabilities	**63,935**	**61,423**
Current liabilities:		
Short-term debt	2,201	1,999
Senior Notes	-	2,842
Capitalised lease obligations	39	100
Trade payables	1,598	1,788
Tax liabilities	88	217
Other liabilities	3,225	2,112
Accruals and deferred income	4,869	5,205
Assets held for sale	-	205
Total current liabilities	**12,020**	**14,468**
Total equity and liabilities	**119,268**	**120,913**

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

Consolidated Statement of Changes in Equity (unaudited)

(MSEK)	Equity attributable to shareholders of the Parent company					
	Share capital	Reserves	Retained earnings incl. Profit for the year	Total	Non-controlling interests	Total equity
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		-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 associates			-39	**-39**		**-39**
Other comprehensive income		**242**	**-17**	**225**	**-5**	**220**
Profit for the year			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, 30 September 2015	**5**	**1,429**	**41,146**	**42,580**	**118**	**42,698**

Closing balance, 31 December 2015	**5**	**2,112**	**41,085**	**43,201**	**112**	**43,313**
Change in fair value reserve		194		**194**		**194**
Change in net investment hedge		-727		**-727**		**-727**
Change in revaluation reserve		-160	43	**-117**		**-117**
Change in translation reserve		479		**479**	1	**480**
Change in associates			41	**41**		**41**
Other comprehensive income		**-214**	**84**	**-130**	**1**	**-129**
Profit for the year			2,276	**2,276**	-13	**2,263**
Total comprehensive income		**-214**	**2,360**	**2,147**	**-12**	**2,135**
Dividend			-425	**-425**		**-425**
Closing balance, 30 September 2016	**5**	**1,898**	**43,020**	**44,923**	**100**	**45,023**

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

Condensed Consolidated Statement of Cash Flows (unaudited)

(MSEK)	Nine month period ended 30 September	
	2015	2016
Cash flow from operating activities:		
Profit for the year	4,012	2,263
Adjustments to reconcile profit for the year to net cash provided by operating activities:		
Depreciation, amortisation and impairment	4,121	5,525
Change in fair value of investment properties	-500	-1,212
Gain on sale of non-current assets	-1,959	-376
Gains/losses on sale of securities net	-196	-296
Share of strategic associates result	-35	-36
Deferred income taxes	279	-60
Exchange differences, unrealised	-784	271
Other non-cash items	103	-322
Pensions	-190	-344
Dividend from operational associates and joint ventures	110	101
Investments and disposals of associates and joint ventures	-17	-154
Net cash flow from trading securities	48	23
Trade and other receivables	-145	-1,226
Prepayments and accrued income	236	21
Inventories	12	-223
Trade payables	-177	-26
Accruals and deferred income	-735	-365
Income tax payable	-217	-28
Other current liabilities	-37	236
Cash flow from operating activities	**3,928**	**3,772**
Cash flow from investing activities:		
Purchase of intangible assets	-82	-71
Sale of property, plant and equipment	2,279	2,317
Capital expenditure on property, plant and equipment	-4,133	-4,088
Purchase and sale of operations, net of cash	2,043	-622
Dividend from strategic associates and joint ventures	26	28
Investments and disposals in strategic associates and joint ventures	-38	-6
Sale of securities	2,627	1,979
Purchase of securities	-2,106	-1,778
Other investing activities	-46	-274
Cash flow from investing activities	**570**	**-2,515**
Cash flow from financing activities:		
Proceeds from issuance of short and long-term debt	1,011	1,003
Principal payments on short and long-term debt	-2,774	-2,217
Net change in borrowings on line-of-credit agreements	-1,635	110
Principal payments on capitalised lease obligations	-165	-32
Net change in restricted cash accounts	-2,768	0
Dividend paid	-244	-425
Other financing activities	-31	-3
Cash flow from financing activities	**-6,606**	**-1,564**
Effect of exchange rate changes on cash and cash equivalents	41	15
Net change in cash and cash equivalents	-2,067	-292
Cash and cash equivalents at beginning of period	**3,506**	**2,311**
Cash and cash equivalents at end of period	**1,439**	**2,019**

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 nine months ended on 30 September 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 www.stena.com).

Notes to Condensed Consolidated Financial Statements (unaudited)

Note 3 Segment information

(MSEK)	Three month period ended 30 September		Nine month period ended 30 September	
	2015	2016	2015	2016
Operating profit/loss				
Ferry Operations	836	1,054	990	1,561
Net gain on sale of operations	-	-	1,669	-
Total Ferry Operations	836	1,054	2,659	1,561
Offshore Drilling	456	-1,097	714	-517
Shipping: Roll-on/Roll-off vessels	23	50	94	343
Tanker	208	-126	769	-130
Other shipping	2	1	7	-19
Total Shipping	233	-75	870	195
Property:	405	385	1,134	1,090
Net gain on sale of properties	2	75	95	75
Change in fair value of investment properties	177	1,101	500	1,212
Total Property	584	1,561	1,729	2,377
Adactum	22	22	206	169
Net gain on sale of operations	-	-	40	-
Total Adactum	22	22	246	169
Other	-99	-72	-301	-238
Total Operating profit/loss	**2,032**	**1,393**	**5,917**	**3,546**
Depreciation, amortisation and impairment:				
Ferry Operations	386	332	1,125	996
Offshore Drilling	714	2,114	2,122	3,643
Shipping: Roll-on/Roll-off vessels	94	74	233	221
Tanker	129	128	386	384
Other shipping	7	6	21	19
Total Shipping	230	209	640	624
Property	-	1	2	3
Adactum	69	71	208	235
Other	9	9	24	24
Total	**1,408**	**2,736**	**4,121**	**5,525**

Notes to Condensed Consolidated Financial Statements (unaudited)

(MSEK)	Three month period ended 30 September		Nine month period ended 30 September	
	2015	**2016**	**2015**	**2016**
EBITDA				
Ferry Operations	1,221	1,386	2,115	2,557
Net gain on sale of operations	-	-	1,669	-
Total Ferry Operations	1,221	1,386	3,784	2,557
Offshore Drilling	1,170	1,017	2,836	3,126
Shipping:				
Roll-on/Roll-off vessels	116	124	326	564
Tanker	337	3	1,155	254
Other shipping	11	7	30	0
Total Shipping	464	134	1,511	818
Property	405	387	1,136	1,094
Net gain on sale of properties	2	75	95	75
Change in fair value of investment properties	177	1,101	500	1,212
Total Property	584	1,562	1,731	2,380
Adactum	91	93	454	404
Other	-89	-63	-278	-214
Total EBITDA	**3,441**	**4,129**	**10,038**	**9,071**
Capital expenditures:				
Ferry Operations			312	688
Offshore Drilling			2,673	1,259
Shipping: Roll-on/Roll-off vessels			17	31
Tanker			130	463
Other shipping			16	160
Total Shipping			163	654
Property			876	1,299
Adactum			98	165
Other			11	23
Total			**4,133**	**4,088**

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 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.

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.

In the second quarter 2016 Stena acquired IL Recycling, a waste management supplier of recycling services, with operations in Sweden and Poland. IL Recycling, with 700 employees, has a turnover of around MSEK 2,000. The transaction was effective as of 30 June 2016. The recycling business will be sold to Stena Recycling during 2017. Other operations, mainly real estate, will be retained by Stena AB.

Construction of the “Stena MidMAX” is currently delayed beyond the contractual delivery date of 20 March 2016. Current indications from SHI are that the unit will not be ready for delivery until Q3 2017. Stena has two separate rights of cancellation under the Contract where construction is excessively delayed and which, upon valid exercise, would entitle Stena to a return of its pre-delivery instalments plus interest calculated from the date of payment to SHI to the date of repayment to Stena.

The Stena AB Group has during 2016 repurchased MUSD 73 of our MUSD 600 unsecured bond maturing 2024. This transaction is recorded in the income statement. Stena AB Group and its affiliates may from time to time repurchase or otherwise trade in its own bonds in open market transactions or otherwise.

In the third quarter 2016 an impairment of MSEK 1,344 has been recognized for the drillship *Stena IceMAX*, reflecting the perceived market value for the drillship.

Subsequent Events

On 20 October 2016, Stena Drilling received notice of early cancellation for the drilling unit *Stena Don* from the Norwegian energy company Statoil. The original contract was scheduled to expire in the beginning of February 2017. A cancellation fee will be paid by Statoil and the outcome of this early cancellation will have neutral effect on EBITDA.

On 23 November Stena Drilling signed a contract with Cairn Energy for a 130 days drilling contract, plus options, offshore Senegal for the drillship *Stena DrillMAX*.

On 23 November Stena Drilling signed a contract with Providence Resources PLC for a 60 to 90 days drilling contract, plus options, offshore Ireland for *Stena IceMAX*.

Stena Property has acquired 1,225 apartments in Landskrona, Sweden. The date of taking possession of the apartments is 30 December 2016.

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 2016, approximately 26% of our total revenues were generated in USD, approximately 22% were generated in EUR, approximately 14% were generated in GBP and approximately 24% were generated in SEK.

In the nine month period ended 30 September 2016, approximately 18% of our total expenses were incurred in USD, approximately 17% were incurred in EUR, approximately 20% were incurred in GBP and approximately 32% 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:

Average rates:	**Jan - September 2015**	**Jan - September 2016**	**Change**
US $	8.4135	8.3985	- %
British pound	12.8924	11.6800	-9 %
Euro	9.3724	9.3731	- %

Closing rates:	**As of 31 Dec 2015**	**As of 30 Sept 2016**	**Change**
US $	8.4412	8.5739	2 %
British pound	12.4390	11.1221	-11 %
Euro	9.1688	9.6328	5 %

Revenues

Total revenues decreased by MSEK 834 to MSEK 24,827 in the nine months ended 30 September 2016 compared to MSEK 25,661 in the nine months ended 30 September 2015.

Direct Operating Expenses

Total direct operating expenses decreased by MSEK 768 to MSEK 14,312 in the nine months that ended on 30 September 2016, compared to MSEK 15,080 in the nine months ended 30 September 2015.

Selling and Administrative Expenses
Selling and administrative expenses increased by MSEK 30 to MSEK 3,032 in the nine months that ended 30 September 2016, compared to MSEK 3,002 in the nine month period that ended on 30 September 2015.

Depreciation, Amortisation and Impairment
Depreciation and amortisation charges increased by MSEK 1,404 to MSEK 5,525 in the nine months ended 30 September 2016, compared to MSEK 4,121 in the nine months ended 30 September 2015 mainly due to the impairment of *Stena IceMAX* amounting to MSEK 1,344 in 2016.

EBITDA

The EBITDA for the consolidated Stena AB Group decreased by MSEK 967 to MSEK 9,071 in the nine months that ended on 30 September 2016 compared to MSEK 10,038 last year, mainly due to the sale in 2015 of Helsingborg-Helsingør ferry service generating a net gain of MSEK 1,669.

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 MSEK 442 to MSEK 2,557 in the nine months ended 30 September 2016, from MSEK 2,115 in the corresponding period in 2015, excluding last year's net gain on sale of operations of MSEK 1,669 mainly due to increased car and freight volumes and lower cost for bunker. Car volumes increased with 3% and freight volumes increased with 2% compared to the corresponding period last year.

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

EBITDA increased by MSEK 290 to MSEK 3,126 in the nine month period 2016 compared to MSEK 2,836 in the corresponding period in 2015. The increase is mainly due to our ongoing Cost Race programme, *Stena Carron* coming back into operation and reduced layup cost for *Stena Clyde* and also last year *Stena Forth* and *Stena Don* was undertaking SPS (Special Periodic Survey).

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 MSEK 254 in the nine month period ended 30 September 2016 compared to MSEK 1,155 for the same period in 2015 due to lower rates in the crude, product and LNG segments.

Operationally and technically the fleet is performing well.

RoRo Operations
EBITDA from chartering out Roll-on/Roll-off vessels increased by MSEK 238 to MSEK 564 in the nine month period ended 30 September 2016, from MSEK 326 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, offset by the docking of *Norman Asturias* which took more time than anticipated and technical problems for *Stena Nordica* stopping the vessel from sailing.

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 MSEK 2,380 for the nine month period ended 30 September 2016, compared to MSEK 1,731 for the same period in 2015. The increase is mainly due to a higher change in fair value of investment properties amounting to MSEK 1,212 in 2016 compared to 500 MSEK in 2015, offset by sold properties last year and renovation project of the hotel property in Stockholm. Occupancy rates for Swedish properties were approximately 98%, and non-Swedish properties were approximately 82%.

Adactum
The EBITDA for Stena Adactum decreased by MSEK 50 to MSEK 404 in the nine month period ended 30 September 2016, compared to MSEK 454 in 2015. EBITDA decreased mainly due to lower electricity prices and lower production within Stena Renewable.

Ballingslöv: EBITDA for the nine months ended 30 September 2016 was MSEK 219, compared to MSEK 210 for the nine months ended 30 September 2015.

Stena Renewable: EBITDA for the nine months ended 30 September 2016 was MSEK 119 compared to MSEK 174 for the corresponding period in 2015. The lower EBITDA is due to decreasing electricity prices.

Blomsterlandet: EBITDA for the nine months ended 30 September 2016 was MSEK 96 compared to MSEK 78 in the same corresponding period in 2015.

Envac: EBITDA for the nine months ended 30 September 2016 was MSEK 29 compared to MSEK 6 in the corresponding period in 2015.

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 MSEK 1,212 for the nine month period ended 30 September 2016, as compared to MSEK 500 for the same period in 2015.

Net gain on sale of vessels. In the nine months ended 30 September 2016, net gain on sale of vessels amounted to MSEK 301 which mainly relates to the sale of the vessels *Stena Highlanders* and *M/S Trelleborg.* In the nine months ended 30 September 2015 net gain on sale of vessels amounted to MSEK 187.

Net gain on sale of properties. In the nine months ended 30 September 2016, net gain on sale of properties amounted to MSEK 75. In the nine months period ended 30 September 2015 net gain on sales of properties amounted to MSEK 95.

Net gain on sale of operations. In the nine months ended 30 September 2016 there were no sales of operations. In the corresponding period 2015, net gain on sale of operations amounted to MSEK 1,677 of which MSEK 1,669 was from the sale of the operations related to the Helsingborg-Helsingør ferry service and MSEK 40 was from the sale of Mediatec.

Financial Net
Total financial net for the nine months ended 30 September 2016 was MSEK -1,310 compared to MSEK -1,480 in the corresponding period in 2015.

Income Taxes
Income taxes for the nine months that ended on 30 September 2016 were MSEK 28, consisting of current taxes of MSEK -32 and deferred taxes of MSEK 60. Income taxes for the nine months ended 30 September 2015, were MSEK -425, consisting of current taxes of MSEK -146 and deferred taxes of MSEK -279.

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 2016, total cash and marketable securities including short term investments amounted to MSEK 9,319 as compared to MSEK 9,504 as of 31December 2015.

For the nine months ended 30 September 2016, cash flows provided by operating activities amounted to MSEK 3,772, as compared to MSEK 3,928 in the first nine months ended 30 September 2015. For the nine months ended 30 September 2016, cash flows used in investing activities amounted to MSEK -2,515, including MSEK -4,088 related to capital expenditures, as compared to MSEK 570, including MSEK -4,133 related to capital expenditures, in the nine months ended 30 September 2015. Cash flows from financing activities for the nine months ended 30 September 2016 amounted to MSEK 1,564 as compared to MSEK -6,606 in the nine months ended 30 September 2015.

As of 30 September 2016, the total construction in progress was MSEK 5,448, as compared to MSEK 4,331 as of 31 December 2015. The remaining capital expenditure commitment for new buildings on order as of 30 September 2016 was MSEK 7,958, of which MSEK 96 is due during 2016, MSEK 5,031 is due in 2017, MSEK 937 is due in 2018 and MSEK 1,895 is due in 2019. 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 2016, total interest bearing debt was MSEK 57,006 as compared to MSEK 57,090 as of 31 December 2015.

As of 30 September 2016, MUSD 22 was utilized under our MUSD 800 revolving credit facility of which MUSD 3 was used for issuing bank guarantees and letters of credit. As of 31 December 2015, MUSD 5 was utilized, including MUSD 5 used for issuing bank guarantees and letters of credit.

As of 30 September 2016, MUSD 0 was utilized under the MUSD 300 revolving credit facility entered into by Stena Investment Luxembourg S.àr.l. compared to MUSD 38 as of 31 December 2015.

As of 30 September 2016, MSEK 150 was utilized under the MSEK 700 revolving credit facility in Adactum as compared to MSEK 0 as of 31 December 2015.

During 2010, we entered into a MSEK 6,660 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 nine months ended 30 September 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.àr.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.àr.l., Stena Royal, Stena Investment Cyprus Ltd and Mondaldi Ltd, are designated as unrestricted subsidiaries and, as a result, are not bound by the restrictive provisions of the bond indentures.

As of 30 September 2016, we had outstanding MEUR 295 principal amounts of Senior Notes due 2017, 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.

Significant events specific for the restricted group

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

Condensed Consolidated Income Statements – Restricted Group

(MSEK) **(unaudited)**	**Nine month period ended 30 September** **2015**	**2016**
Revenue:		
Ferry Operations	9,873	9,769
Offshore Drilling	6,122	5,716
Shipping	2,758	2,041
Other	67	442
Total revenue	**18,820**	**17,968**
Net gain on sale of non-current assets	1,824	301
Total other income	**1,824**	**301**
Direct operating expenses:		
Ferry Operations	-7,097	-6,521
Offshore Drilling	-2,574	-2,097
Shipping	-1,098	-1,126
Other	-39	-235
Total direct operating expenses	**-10,808**	**-9,979**
Selling and administrative expenses	-1,964	-1,979
Depreciation, amortisation and impairment	-3,911	-5,288
Total operating expenses	**-16,683**	**-17,247**
Operating profit	**3,961**	**1,022**
Dividends received	1,274	1,221
Gain (loss) on securities, net	59	172
Interest income	201	322
Interest expense	-1,437	-1,350
Foreign exchange gains/(loss), net	69	39
Other financial income/(expense), net	-203	-187
Financial net	**-37**	**216**
Profit after financial net	**3,924**	**1,238**
Non-controlling interest	-	12
Profit before taxes	**3,924**	**1,250**
Income taxes	-23	396
Profit for the period	**3,901**	**1,646**

Condensed Consolidated Balance Sheets – Restricted Group

(MSEK) **(unaudited)**	**31 December 2015**	**30 September 2016**
ASSETS		
Non-current assets:		
Intangible assets	**1,307**	**1,361**
Property, plant and equipment:		
Vessels	46,398	42,527
Construction in progress	3,999	5,342
Equipment	1,564	1,278
Ports	4,054	3,676
Land and buildings	590	750
Total property, plant and equipment	**56,605**	**53,573**
Financial assets:		
Marketable securities	1,472	1,496
Intercompany accounts, non-current	3,590	3,398
Other non-current assets	13,093	14,033
Total financial assets	**18,155**	**18,926**
Total non-current assets	**76,067**	**73,860**
Current assets:		
Inventories	213	290
Trade receivables	1,488	2,851
Other current receivables	2,337	2,040
Prepayments and accrued income	1,618	1,484
Short-term investments	769	655
Intercompany accounts, current	3,272	2,670
Cash and cash equivalents	1,436	942
Assets held for sale	-	836
Total current assets	**11,133**	**11,768**
Total assets	**87,200**	**85,628**
EQUITY AND LIABILITIES		
Equity:		
Share Capital	5	5
Reserves	35,218	36,889
Equity attributable to shareholders of the company	35,223	36,894
Non-controlling interests	100	88
Total equity	**35,323**	**36,982**
Non-current liabilities:		
Deferred tax liabilities	962	1,342
Pension liabilities	437	335
Other provisions	612	544
Long-term debt	22,026	21,699
Senior Notes	13,493	10,428
Capitalised lease obligations	416	406
Intercompany accounts, non-current	1,200	-
Other non-current liabilities	2,246	2,062
Total non-current liabilities	**41,392**	**36,815**
Current liabilities:		
Short-term debt	1,811	1,810
Senior Notes	-	2,842
Capitalised lease obligations	33	88
Trade payables	697	886
Tax liabilities	77	174
Other liabilities	2,763	1,513
Intercompany liabilities, current	1,236	177
Accruals and deferred income	3,868	4,137
Assets held for sale - liabilities	-	205
Total current liabilities	**10,485**	**11,831**
Total equity and liabilities	**87,200**	**85,628**

Condensed Consolidated Statements of Cash Flow – Restricted Group

(MSEK) **(unaudited)**	**Nine month period ended 30 September** **2015**	 **2016**
Cash flow from operating activities:		
Profit for the period	3,901	1,646
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation, amortisation and impairment	3,911	5,288
Gain on sale of non-current assets	-1,824	-301
Gains/losses on securities, net	-59	-172
Deferred income taxes	-48	-365
Exchange differences, unrealised	-617	362
Other non-cash items	103	-337
Pensions	-185	-332
Dividend from Unrestriced group	-1,249	-1,200
Net cash flow from trading securities	51	26
Dividend from operational associates and joint ventures	110	101
Investment and disposals in operational associates and joint ventures	-17	-7
Changes in working capital	-831	-1,579
Cash flow from operating activities	**3,246**	**3,130**
Cash flow from investing activities:		
Capital expenditure of intangible assets	-47	-48
Sale of property, plant and equipment	1,268	1,864
Capital expenditure on property, plant and equipment	-3,160	-2,625
Purchase and sale of operations, net of cash	1,581	-622
Sale of securities	69	232
Purchase of securities	-461	-125
Other investing activities	-68	-168
Cash flow from investing activities	**-818**	**-1,492**
Cash flow from financing activities:		
Proceeds from issuance of short and long-term debt	141	440
Principal payments on short and long-term debt	-1,476	-2,080
Net change in borrowings on line-of-credit agreements	-1,133	232
Principal payments on capitalised lease obligations	-163	-31
Net change in restricted cash accounts	-2,685	-8
Intercompany accounts	322	-1,465
Dividend received from Unrestriced group	1,249	1,200
Dividend paid	-244	-425
Other financing activities	-31	-2
Cash flow from financing activities	**-4,020**	**-2,139**
Effect of exchange rate changes on cash and cash equivalents	27	7
Net change in cash and cash equivalents	-1,565	-494
Cash and cash equivalents at beginning of period	**2,282**	**1,436**
Cash and cash equivalents at end of period	**717**	**942**

Other data – Restricted Group

(MSEK)	Nine month period ended 30 September 2015	2016
OTHER DATA:		
Adjusted EBITDA	7,921	6,733

Adjusted EBITDA is defined as income from operations plus cash dividends received from associates, interest income, depreciation, amortisation and impairment minus aggregate gains on vessel dispositions to the extent such gains exceed 25% of Adjusted EBITDA net of all such gains. Information concerning Adjusted EBITDA is included since it conforms to the definition of Consolidated Cash Flow in the indentures governing our Senior Notes. Adjusted EBITDA is not a measure in accordance with IFRS and should not be used as an alternative to cash flows or as a measure of liquidity and should be read in conjunction with the condensed consolidated statements of cash flows contained in our condensed consolidated financial statements included elsewhere herein.

The computation of Adjusted EBITDA and reconciliation to net cash provided by operating activities is presented below:

(MSEK)	Nine month period ended 30 September 2015	2016
Operating profit	3,961	1,022
Adjustments:		
Cash dividends received from associates and joint ventures	110	101
Interest income	201	322
Depreciation, amortisation and impairment	3,911	5,288
Excess gain on assets disposition	-262	-
Adjusted EBITDA	**7,921**	**6,733**
Adjustments:		
Gain on sale of non-current assets	-1,824	-301
Net cash flows from trading securities	51	26
Interest expenses	-1,437	-1,350
Exchange differences, unrealised	-617	362
Pensions	-185	-332
Other non-cash items	103	-337
Excess gain on assets disposition	262	-
Changes in working capital	-831	-1,579
Other items	-197	-92
Net cash from operating activities	**3,246**	**3,130**