



**STENA AB (PUBL.)**

# **INTERIM REPORT FOR THE NINE-MONTH PERIOD**

**1 JANUARY – 30 SEPTEMBER 2019**



- **PROFIT BEFORE TAX** amounts to SEK 192 million for the nine-month period ended 30 September 2019, compared to SEK 1,076 million for the nine-month period ended 30 September 2018.
- **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 2019 amounted to SEK 5,938 million compared to SEK 3,856 million for the nine-month period ended 30 September 2018.
- **CONSOLIDATED EBITDA**, including net gain on sale of assets and change in fair value of investment properties, for the nine-month period ended 30 September 2019 amounted to SEK 7,098 million compared to SEK 6,775 million for the nine-month period ended 30 September 2018.

#### FERRY OPERATION

Improved and all time high EBITDA compared to last year, mainly due to increased car volumes, passenger- and freight volumes on par compared with last year.

#### OFFSHORE DRILLING

Stena Drilling achieved a positive EBITDA in the first nine months 2019. The increased EBITDA compared to last year is due to more operating days, increased day rates and positive effect from our ongoing Cost Race Program. Positive development for the fleet, with secured contracts coverage of 82%, incl. options, for 2019.

#### SHIPPING

Increased EBITDA mainly due to stronger rates in all tanker segments compared to last year together with more operational days and higher rates for the LNG vessels. Strong contract coverage and utilisation rate across the RoRo fleet, offset by lower charter income as a result of vessels sold in 2018.

#### PROPERTY

EBITDA, adjusted for the large sale of property portfolio last year, has increased compared to last year due to new buildings.

The fair value of investment properties has increased with SEK 994 million, i.e. 3% of the total property portfolio.

#### ADACTUM

EBITDA increased in all subsidiaries compared to last year offset by the deconsolidation of Stena Renewable in 2018. Stena Renewable is recognised as an associated company from September 2018.

The liquidity position remains strong as of 30 September 2019. Available liquidity amounted to SEK 13.9 billion.

*Göteborg, 28 November 2019*

*Staffan Hultgren  
Vice President & Deputy CEO and Principal Financial Officer*

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## **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.

## CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

(SEK in million)	Three-month period ended 30 Sep		Nine-month period ended 30 Sep	
	2019	2018	2019	2018
<b>Revenue</b>				
Ferry Operations	4,547	4,440	11,128	10,769
Offshore Drilling	733	269	1,962	947
Shipping	2,170	1,634	6,215	4,549
Property	678	638	2,018	2,080
Adactum	1,662	1,493	5,435	5,162
Other	-12	4	-8	10
<b>Total revenue</b>	<b>9,778</b>	<b>8,478</b>	<b>26,750</b>	<b>23,517</b>
Change in fair value of investment properties	400	28	994	1,419
Net gain on sale of non-current assets	45	460	166	1,500
<b>Total other income</b>	<b>445</b>	<b>488</b>	<b>1,160</b>	<b>2,919</b>
<b>Direct operating expenses</b>				
Ferry Operations	-2,634	-2,740	-7,192	-7,333
Offshore Drilling	-492	-467	-1,304	-1,074
Shipping	-1,750	-1,276	-4,758	-3,665
Property	-173	-171	-592	-654
Adactum	-1,273	-1,172	-4,115	-3,946
Other	25	-15	377	-28
<b>Total direct operating expenses</b>	<b>-6,297</b>	<b>-5,841</b>	<b>-17,584</b>	<b>-16,700</b>
Selling and administrative expenses	-1,093	-865	-3,229	-2,961
Profit/loss from investments in operating associates	-37	-47	-73	-112
Depreciation, amortisation and impairment	-1,797	-1,476	-5,324	-4,531
<b>Total operating expenses</b>	<b>-9,224</b>	<b>-8,229</b>	<b>-26,210</b>	<b>-24,304</b>
<b>Operating profit/loss</b>	<b>998</b>	<b>737</b>	<b>1,700</b>	<b>2,132</b>
Profit/loss from investments in strategic associates	22	-38	58	-16
Dividends received	-3	83	63	139
Gains/losses on sale of securities	71	144	350	310
Interest income	90	31	290	201
Interest expenses	-739	-584	-2,166	-1,450
Exchange gains/losses	-39	-25	33	1
Other finance income/costs	11	-111	-136	-241
<b>Financial net</b>	<b>-586</b>	<b>-500</b>	<b>-1,508</b>	<b>-1,056</b>
<b>Profit/loss before tax</b>	<b>412</b>	<b>237</b>	<b>192</b>	<b>1,076</b>
Income taxes	-133	-192	-203	-15
<b>Profit/loss for the period</b>	<b>279</b>	<b>45</b>	<b>-11</b>	<b>1,061</b>
<b>Profit/loss for the period attributable to:</b>				
Shareholders of the Parent company	270	43	-15	1,061
Non-controlling interests	9	2	4	—
<b>Profit/loss for the period</b>	<b>279</b>	<b>45</b>	<b>-11</b>	<b>1,061</b>

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(SEK in million)	Three-month period ended 30 Sept		Nine-month period ended 30 Sept	
	2019	2018	2019	2018
<b>Profit/loss for the period</b>	<b>279</b>	<b>45</b>	<b>-11</b>	<b>1,061</b>
<b>Other comprehensive income</b>				
<i>Items that may subsequently be reclassified to profit or loss</i>				
Change in fair value reserve, net of tax	-121	-4	29	96
Change in net investment hedge, net of tax	-246	605	-692	701
Change in translation reserve	524	-322	1,538	1,555
Share of other comprehensive income of associates	-10	8	10	27
<i>Items that will not be reclassified to profit or loss</i>				
Change in fair value reserve, net of tax	32	-20	24	8
Change in revaluation reserve, net of tax	79	-30	165	76
Remeasurements of post-employment benefit obligations	—	-21	—	-21
Share of other comprehensive income of associates	0	5	-1	-18
<b>Other comprehensive income for the period</b>	<b>258</b>	<b>221</b>	<b>1,073</b>	<b>2,423</b>
<b>Total comprehensive income for the period</b>	<b>537</b>	<b>266</b>	<b>1,062</b>	<b>3,484</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Parent company	523	264	1,052	3,484
Non-controlling interests	14	2	10	0
<b>Total comprehensive income for the period, net of tax</b>	<b>537</b>	<b>266</b>	<b>1,062</b>	<b>3,484</b>

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

## CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

(SEK in million)	30 September 2019	31 December 2018
<b>Assets</b>		
<b>Non-current assets</b>		
<b>Intangible assets</b>	<b>4,748</b>	<b>4,221</b>
<b>Property, plant and equipment</b>		
Vessels	41,926	39,656
Construction in progress	3,299	2,068
Equipment	3,256	3,241
Land and buildings	2,106	1,196
Ports	4,171	3,724
<b>Total property, plant and equipment</b>	<b>54,758</b>	<b>49,885</b>
<b>Investment properties</b>	<b>38,120</b>	<b>35,398</b>
<b>Financial assets</b>		
Investments reported according to the equity method	3,778	2,937
Marketable securities	4,257	5,691
Surplus in funded pension plans	619	517
Other non-current assets	5,762	8,473
<b>Total financial assets</b>	<b>14,416</b>	<b>17,618</b>
<b>Total non-current assets</b>	<b>112,042</b>	<b>107,122</b>
<b>Current assets</b>		
Inventories	1,363	989
Trade receivables	3,720	2,750
Other current receivables	5,678	2,322
Prepayments and accrued income	2,222	2,080
Short-term investments	3,411	903
Cash and cash equivalents	2,454	1,883
<b>Total current assets</b>	<b>18,848</b>	<b>10,927</b>
<b>Total assets</b>	<b>130,890</b>	<b>118,049</b>

(SEK in million)	30 September 2019	31 December 2018
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>47,786</b>	<b>46,726</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	5,004	4,813
Pension liabilities	643	647
Other provisions	118	422
Long-term debt	41,553	35,895
Senior Notes	8,629	9,794
Capitalised lease obligations	8,916	4,273
Other non-current liabilities	2,942	2,030
<b>Total non-current liabilities</b>	<b>67,805</b>	<b>57,874</b>
<b>Current liabilities</b>		
Short-term debt	1,895	2,019
Senior Notes	2,145	1,036
Capitalised lease obligations	1,636	481
Trade payables	2,137	1,988
Tax liabilities	157	75
Other liabilities	2,712	2,977
Accruals and deferred income	4,617	4,873
<b>Total current liabilities</b>	<b>15,299</b>	<b>13,449</b>
<b>Total equity and liabilities</b>	<b>130,890</b>	<b>118,049</b>

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

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

(SEK in million)	Equity attributable to shareholders of the Parent company					Non-controlling interests	Total equity
	Share capital	Reserves	Retained earnings incl. Profit for the period	Total			
<b>Closing balance, 31 December 2017</b>	5	2,732	43,331	46,069		126	46,195
Adjustment, 1 January 2018		-321	321				
<b>New opening balance</b>	5	2,411	43,652	46,069		126	46,195
Change in fair value reserve		96	8	104			104
Change in net investment hedge		701		701			701
Change in revaluation reserve		31	45	76			76
Change in translation reserve		1,555		1,555			1,555
Change in associates			9	9			9
Remeasurement of post-employment benefit obligation			-21	-21			-21
<b>Other comprehensive income</b>		2,384	40	2,424		0	2,423
Profit for the period			1,061	1,061		0	1,061
<b>Total comprehensive income</b>		2,384	1,101	3,484		0	3,484
Changes in non-controlling interest						2	2
Dividend			-50	-50			-50
<b>Closing balance, 30 September 2018</b>	5	4,795	44,703	49,503		128	49,631
<b>Closing balance, 31 December 2018</b>	5	3,351	43,243	46,599		127	46,726
Change in fair value reserve		41	12	53			53
Change in net investment hedge		-692		-692			-692
Change in revaluation reserve		112	53	165			165
Change in translation reserve		1,532		1,532		6	1,538
Change in associates			9	9			9
<b>Other comprehensive income</b>		993	74	1,067		6	1,073
Profit for the period			-15	-15		4	-11
<b>Total comprehensive income</b>		993	59	1,052		10	1,062
Changes in non-controlling interest						88	88
Dividend			-90	-90			-90
<b>Closing balance, 30 September 2019</b>	5	4,344	43,212	47,561		225	47,786

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(SEK in million)	Nine-month period ended 30 September	
	2019	2018
<b>Cash flow from operating activities</b>		
Profit for the year	-11	1,061
Adjustments to reconcile profit for the year to net cash provided by operating activities:		
Depreciation, amortisation and impairment	5,324	4,531
Change in fair value of investment properties	-994	-1,419
Gain on sale of non-current assets	-166	-1,500
Gains/losses on sale of securities net	-350	-310
Share of strategic associates result	-58	16
Deferred income taxes	64	-195
Exchange differences, unrealised	-737	-571
Other non-cash items	-486	93
Pensions	-71	-149
Dividend from operational associates and joint ventures	26	36
Investments and disposals of associates and joint ventures	-128	-70
Net cash flow from trading securities	-128	166
Trade and other receivables	-837	-302
Prepayments and accrued income	-93	-167
Inventories	-341	-138
Trade payables	-39	-5
Accruals and deferred income	-6	-315
Income tax payable	73	185
Other current liabilities	275	78
<b>Cash flow from operating activities</b>	<b>1,317</b>	<b>1,025</b>
<b>Cash flow from investing activities</b>		
Purchase of intangible assets	-255	-152
Sale of property, plant and equipment	541	7,261
Capital expenditure on property, plant and equipment	-3,738	-3,896
Purchase and sale of operations, net of cash	-267	1,147
Dividend from strategic associates and joint ventures	28	32
Investments and disposals in strategic associates and joint ventures	-545	-753
Sale of securities	2,383	2,632
Purchase of securities	-2,566	-2,750
Other investing activities	-151	-130
<b>Cash flow from investing activities</b>	<b>-4,570</b>	<b>3,391</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of short and long-term debt	1,059	889
Principal payments on short and long-term debt	-4,424	-7,183
Net change in borrowings on line-of-credit agreements	5,615	-2,612
New leases	2,658	4,905
Principal payments on capitalised lease obligations	-1,243	-89
Net change in restricted cash accounts	228	135
Dividend paid	-90	-50
Other financing activities	-80	-72
<b>Cash flow from financing activities</b>	<b>3,723</b>	<b>-4,077</b>
Effect of exchange rate changes on cash and cash equivalents	101	70
<b>Net change in cash and cash equivalents</b>	<b>571</b>	<b>409</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,883</b>	<b>2,248</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,454</b>	<b>2,657</b>

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 2018, 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 2019 are not necessarily an indication of the results to be expected for the full year.

As per 1 January 2018 the definition of EBITDA, Earnings Before Interest, Tax, Depreciation and Amortisation, has been changed to not include Results from investments in operating associates.

## NOTE 2. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018, 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 2018 describes the content of the new accounting principles that are regarded as material for the Stena Group (see link <https://www.stena.com/reviews-reports/>).

### **New or amended accounting standards applied after 2019**

As of 1 January 2019 Stena AB applies IFRIC 23 Uncertainty over Income Tax Treatment and IFRS 16 Leases.

### **IFRIC 23 Uncertainty over Income Tax Treatment**

IFRIC 23 is a new interpretation of uncertain income tax treatments within scope of IAS 12 Income Taxes. For the Stena AB Group this implies a changed classification for identified income tax-related risks that were previously recognised as a provision for tax charges that are probable to regulate the obligation. Uncertain income tax treatments are now reported as tax liabilities. There is no significant impact on the Stena AB Group due to IFRIC 23.

### **IFRS 16 Leases**

IFRS 16 is the new accounting standard for leases and the main impact relates to the lessee accounting, as lease contracts are recognised in the balance sheet. For the Stena AB Group this implies a change in accounting of lease contracts for Land, Buildings, Vessels and Ports. IFRS 16 Leases replaces IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard represents a new framework for recognising leases with additional disclosure requirements.

Implementing the new lease accounting standard results in increased assets and interest-bearing liabilities in the balance sheet, thereby affecting the net financial position. It has also a positive impact on operating result in the income statement, as a part of the lease expenses is recognised as an interest expense within the finance net. In the cash flow statement, the lease payments are allocated between interests paid within the operating cash flow and repayment of lease liabilities within the financing activities. Thus, it has a positive effect on the operating cash flow.

IFRS 16 is applied retrospectively but prior period financial information has not been restated. Hence, the opening balance for 2019 was adjusted in accordance with the new standard. For leases previously classified as operating leases with the Stena AB Group as the lessee, a lease liability was recognised at the present value of future lease payments, amounting to SEK 3.6 billion as of 1 January 2019. The asset was recognised at an amount equal to the lease liability and therefore no transition effect was presented in equity. The asset is classified mainly to right-of-use-asset amounting to SEK 3.4 billion but also SEK 0.2 billion of the total asset is classified as lease receivable due to subleases within the business area Adactum. The right-of-use-assets have impact on the following fixed assets; vessels SEK 1.6 billion, buildings SEK 0.9 billion, investment properties SEK 0.6 billion and ports SEK 0.3 billion.

On transition to IFRS 16 there are some exceptions from the lessee accounting model that the Stena AB Group has applied. Previous assessments of the lease definition will remain on contracts entered into before 1 January 2019 and at the transition to IFRS 16 is therefore only applied to the contracts that were identified as leases in accordance with IAS 17 and IFRIC 4. The IFRS 16 definition of a lease will be applied on contracts entered on 1 January 2019 or after,

to assess whether a contract contains a leased asset. If a contract includes a low value asset or has a short remaining lease term, i.e. ends during 2019, or is classified as a service contract, the lease payments are recognised as operating expenses in the income statement and are therefore not included in the lease liability and right-of-use-asset.

The effect of implementing IFRS 16 is summarised in the table below.

### Effect on the opening balance as of 1 January 2019

(SEK in million)	Previously reported 31 Dec 2018	Restatement IFRS 16	After restatement 1 Jan 2019
<b>Total assets</b>	<b>118,049</b>	<b>3,612</b>	<b>121,661</b>
Total equity	46,726		46,726
Total liabilities	71,323	3,612	74,935
<b>Total equity and liabilities</b>	<b>118,049</b>	<b>3,612</b>	<b>121,661</b>

## NOTE 3. SEGMENT INFORMATION

### Revenue

Three-month period ended 30 September

(SEK in million)	Lease income		Products		Service		Construction Contracts		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Ferry operations		5	340	324	4,204	4,119			3	-7	4,547	4,440
Offshore Drilling	426	157			291	112			16		733	269
Shipping:												
Roll-on/Roll-off vessel	109	79			37	52			-33	1	113	132
Tanker	866	700			548	584			18	3	1,433	1,287
Other Shipping		2	73	52	551	161					624	215
<b>Total Shipping</b>	<b>975</b>	<b>781</b>	<b>73</b>	<b>52</b>	<b>1,136</b>	<b>797</b>			<b>-15</b>	<b>4</b>	<b>2,170</b>	<b>1,634</b>
Property	664	615			13	23					678	638
Adactum			1,262	1,292	3	-7	392	206	4	2	1,662	1,493
Other					-12	3				1	-12	4
<b>Total</b>	<b>2,065</b>	<b>1,558</b>	<b>1,675</b>	<b>1,668</b>	<b>5,635</b>	<b>5,047</b>	<b>392</b>	<b>206</b>	<b>8</b>	<b>0</b>	<b>9,778</b>	<b>8,478</b>

Nine-month period ended 30 September

(SEK in million)	Lease income		Products		Service		Construction Contracts		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Ferry operations		17	780	721	10,344	10,036			4	-5	11,128	10,769
Offshore Drilling	1,163	583			782	361			17	3	1,962	947
Shipping:												
Roll-on/Roll-off vessel	277	230			85	168			-32	2	330	400
Tanker	2,803	2,140			1,829	1,364			32	26	4,664	3,530
Other Shipping		4	191	192	1,030	423					1,221	619
<b>Total Shipping</b>	<b>3,080</b>	<b>2,374</b>	<b>191</b>	<b>192</b>	<b>2,944</b>	<b>1,955</b>			<b>0</b>	<b>28</b>	<b>6,215</b>	<b>4,549</b>
Property	1,954	2,027			64	53					2,018	2,080
Adactum			4,268	4,105	10	6	1,146	1,037	11	14	5,435	5,162
Other	1	6			-9	3				1	-8	10
<b>Total</b>	<b>6,198</b>	<b>5,007</b>	<b>5,239</b>	<b>5,018</b>	<b>14,135</b>	<b>12,414</b>	<b>1,146</b>	<b>1,037</b>	<b>32</b>	<b>41</b>	<b>26,750</b>	<b>23,517</b>

(SEK in million)	Three-month period ended 30 Sep		Nine-month period ended 30 Sep	
	2019	2018	2019	2018
<b>Operating profit/loss</b>				
Ferry Operations	1,046	1,006	1,350	1,278
Offshore Drilling	-739	-1,041	-2,234	-2,847
Shipping: Roll-on/Roll-off vessels	87	169	163	207
Tanker	-236	-77	-320	-400
Other shipping	19	-6	16	-22
<b>Total Shipping</b>	<b>-130</b>	<b>86</b>	<b>-141</b>	<b>-215</b>
Property:	442	402	1,239	1,238
Net gain on sale of properties	12	106	132	1,146
Change in fair value of investment properties	400	29	994	1,347
<b>Total Property</b>	<b>854</b>	<b>537</b>	<b>2,365</b>	<b>3,731</b>
Adactum	66	238	307	411
Other	-100	-89	53	-226
<b>Total Operating profit/loss</b>	<b>998</b>	<b>737</b>	<b>1,700</b>	<b>2,132</b>

(SEK in million)	Three-month period ended 30 Sep		Nine-month period ended 30 Sep	
	2019	2018	2019	2018
<b>Depreciation, amortisation and impairment</b>				
Ferry Operations	542	419	1,606	1,211
Offshore Drilling	812	773	2,432	2,425
Shipping: Roll-on/Roll-off vessels	37	58	112	166
Tanker	322	173	918	494
Other shipping	11	10	33	30
<b>Total Shipping</b>	<b>370</b>	<b>241</b>	<b>1,063</b>	<b>690</b>
Property	3	1	7	3
Adactum	60	32	181	170
Other	11	10	35	32
<b>Total</b>	<b>1,798</b>	<b>1,476</b>	<b>5,324</b>	<b>4,531</b>

(SEK in million)	Three-month period ended 30 Sep		Nine-month period ended 30 Sep	
	2019	2018	2019	2018
<b>Profit/loss from investments in operating associates</b>				
Offshore Drilling	—	—	—	-1
Shipping: Tanker	-39	-49	-81	-121
Other shipping	-2	—	-1	2
<b>Total Shipping</b>	<b>-41</b>	<b>-49</b>	<b>-82</b>	<b>-119</b>
Property	4	3	9	9
Adactum	—	-1	—	—
<b>Total</b>	<b>-37</b>	<b>-47</b>	<b>-73</b>	<b>-112</b>

(SEK in million)	Three-month period ended 30 Sep		Nine-month period ended 30 Sep	
	2019	2018	2019	2018
<b>EBITDA</b>				
Ferry Operations	1,588	1,426	2,958	2,490
Offshore Drilling	73	-269	198	-420
Shipping: Roll-on/Roll-off vessels	124	227	275	373
Tanker	124	144	680	216
Other shipping	33	4	50	5
<b>Total Shipping</b>	<b>281</b>	<b>375</b>	<b>1,005</b>	<b>594</b>
Property	442	400	1,237	1,232
Net gain on sale of properties	12	106	132	1,146
Change in fair value of investment properties	400	29	994	1,347
<b>Total Property</b>	<b>854</b>	<b>535</b>	<b>2,363</b>	<b>3,725</b>
Adactum	126	271	487	580
Other	-89	-79	87	-194
<b>Total EBITDA</b>	<b>2,833</b>	<b>2,258</b>	<b>7,098</b>	<b>6,775</b>

(SEK in million)	Nine-month period ended 30 Sep	
	2019	2018
<b>Capital expenditures</b>		
Ferry Operations	928	608
Offshore Drilling	1,009	934
Shipping: Roll-on/Roll-off vessels	471	225
Tanker	67	316
Other shipping	11	14
<b>Total Shipping</b>	<b>549</b>	<b>555</b>
Property	1,123	1,645
Adactum	110	148
Other	19	6
<b>Total</b>	<b>3,738</b>	<b>3,896</b>

## 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 utilisation 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 2019

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

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

The EUR 102 million bond was repaid at maturity in February 2019.

In March 2019, another RoPax vessel was ordered from the Chinese Avic Weihai Shipyard, which will be chartered out to an external customer on a ten-year bare boat charter.

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

Stena Drilling has signed a contract with Cairn Energy for the drilling unit *Stena Don* regarding one firm well (35 days) plus one option well (35 days), commencing in October 2019. A contract was signed with Ping Petroleum for the drilling unit *Stena Spey* for estimated 120 to 150 days duration, commencing in May 2019. For the drilling unit *Stena Carron*, the extended Exxon contract commenced in January 2019, 12 months firm work plus one six-month option plus an additional one six-month option. In May 2019, a new contract was signed for the drillship *Stena IceMax* commencing Q2 2020, for 100 days duration plus option. A contract with Springfield for the vessel *Stena Forth* has been signed regarding one firm well, estimated 30 days + two option wells, estimated 30 days each, commencing in October 2019.

During the first quarter 2019, Stena prepaid USD 105 million of Stena Forth Junior/Mezzanine tranche, with an original maturity date in 2021.

In April 2019 Stena Adactum acquired 29% of the shares in Beijer Group from the Stena Sessan Group. The income from Beijer Group is accounted for as profit/loss from strategic associates within the finance net.

In July Stena Rederi AB acquired Stena Sessan AVS.

A new contract was signed with an undisclosed operator regarding the LNG vessel *Clear Sky* commencing in September 2019 for three years duration.

A contract has been signed regarding the LNG vessel *Crystal Sky* from May 2020 for one year with Exxon.

The contract signed with Alpha Petroleum, regarding the drilling rig *Stena Spey*, in 2018 for an eight firm well (estimated at 480 days) + fifteen option well campaign in the UK North Sea has been terminated by Stena following Alpha's failure to secure finance for the project and a resultant delay in its commencement.

The *Stena Impero* was released from Iran on 27 September 2019, 70 days after it was captured and sailed directly to Dubai to change crew and restore vessel to normal operation. The vessel is now trading normally. The Royal Navy has escorted all Stena UK flagged vessels through the strait of Hormuz up until last week and is now on standby in the area for any ship that requires support.

### Subsequent Events

The newbuilt vessel *Stena Estrid*, the first of five new next generation vessels that are being constructed at the AVIC Weihai Shipyard in China, was delivered in mid November.

A joint venture between Stena Bulk and the Swiss-based Proman Shipping was created during autumn 2019, Proman Stena Bulk Ltd. Proman Stena Bulk Ltd has in November finalised an agreement with Guangzhou Shipyard International (GSI) in China to build two state of the art IMOIIIMeMAX methanol-ready vessels, with the first vessel due for delivery at the beginning of 2022.

The vessel *Kaiarahi* has been sold and delivered in November.

Stena Drilling has signed a contract with EnQuest for the drilling unit *Stena Don* regarding two firm wells (90 days), commencing in February 2020.

A contract has been signed with Exxon for the drilling unit *Stena DrillMAX* for two firm wells (140 days) plus two option wells (140 days), commencing in May/June 2020.

### 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 2019, approximately 24% of our total revenues were generated in USD, approximately 25% were generated in EUR,

approximately 13% were generated in GBP and approximately 24% were generated in SEK.

In the nine-month period ended 30 September 2019, approximately 33% of our total expenses were incurred in USD, approximately 20% were incurred in EUR, approximately 15% were incurred in GBP and approximately 17% 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 – Sep	Jan – Sep	Change
	2019	2018	
US \$	9.4037	8.5768	9%
British pound	11.9617	11.5740	3%
Euro	10.5656	10.2348	3%

Closing rates:	As of 30 Sep	As of 31 Dec	Change
	2019	2018	
US \$	9.8403	8.8533	10%
British pound	12.0975	11.2915	7%
Euro	10.7249	10.1521	5%

## SUMMARY FOR THE NINE-MONTH PERIOD 1 JANUARY – 30 SEPTEMBER 2019

### Revenues

Total revenues increased by SEK 3,233 million to SEK 26,750 million in the nine months ended 30 September 2019 compared to SEK 23,517 million in the nine months ended 30 September 2018.

### Direct Operating Expenses

Total direct operating expenses increased by SEK 884 million to SEK 17,584 million in the nine months that ended on 30 September 2019, compared to SEK 16,700 million in the nine months ended 30 September 2018. The implementation of the new lease standard, IFRS 16, has affected operating expenses positively with SEK 754 million compared to the same period last year.

### Selling and Administrative Expenses

Selling and administrative expenses increased by SEK 268 million to SEK 3,229 million in the nine months that ended 30 September 2019, compared to SEK 2,961 million in the nine-month period that ended on 30 September 2018. The implementation of the new lease standard, IFRS 16, has affected administrative expenses positively with SEK 25 million compared to the same period last year.

### Depreciation, Amortisation and Impairment

Depreciation and amortisation charges increased by SEK 793 million to SEK 5,324 million in the nine months ended 30 September 2019, compared to SEK 4,531 million in the nine months ended 30 September 2018 due to negative FX-effect together with the implementation of the new lease standard, IFRS 16, which has increased the total depreciation charges with SEK 725 million compared to the same period last year, offset by vessels sold 2018.

### EBITDA

The EBITDA for the consolidated Stena AB Group increased by SEK 323 million to SEK 7,098 million in the nine months that ended on 30 September 2019 compared to SEK 6,775 million last year mainly due to improved EBITDA within Ferry Operation, Drilling Offshore and Tanker operation, offset by higher valuation on investment properties and gain on sale of properties and operations within the Property and Adactum segments last year. The implementation of the new lease accounting standard, IFRS 16, results in a positive impact on EBITDA as a part of the prior operating lease expenses is now recognised as depreciation charges and interest expenses. In total the EBITDA for the Stena AB Group has increased by SEK 779 million for the nine-month period ended 30 September 2019 by implementing this new lease standard compared to last year.

### 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 468 million to SEK 2,958 million in the nine months ended 30 September 2019, from SEK 2,490 million in the corresponding period in 2018, due to increased car volumes together with the acquisition of *Stena Scandinavica* in December 2018 which had the effect of increased EBITDA by SEK 72 million by moving costs from charter costs to depreciations. Car volumes increased with 1%, passenger and freight respectively are equal to the corresponding period last year. The implementation of the new lease standard, IFRS 16, has affected Ferry Operations EBITDA positively with SEK 275 million compared to the same 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 618 million to SEK 198 million in the nine month period 2019 compared to SEK –420 million in the corresponding period in 2018. The increase is mainly due to more operational days, improved day rates and continued positive effects from our ongoing Cost Race Program. The implementation of the new lease standard, IFRS 16, has affected Offshore Drilling EBITDA positively with SEK 3 million compared to the same period last year.

### 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 680 million in the nine-month period ended 30 September 2019 compared to SEK 216 million for the same period in 2018 mainly due to improved rates within the Suezmax segment and a slow recovery for the product tanker segments, as well as more operational days and stronger charter rates for the LNG vessels. The implementation of the new lease standard,

IFRS 16, has affected Tanker EBITDA positively with SEK 392 million compared to the same period last year.

#### *RoRo Operations*

EBITDA from chartering out Roll-on/Roll-off vessels decreased by SEK 98 million to SEK 275 million in the nine-month period ended 30 September 2019, from SEK 373 million in the same period in 2018. The decrease is a result of lower charter income due to vessels sold in 2018, a net gain on sale of vessels amounting to SEK 137 million in the same period last year, offset by strong contract coverage and utilisation across the fleet with continued firm RoPax market rates. The implementation of the new lease standard, IFRS 16, has not affected EBITDA within RoRo operations.

#### *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 2,363 million for the nine month period ended 30 September 2019, compared to SEK 3,725 million for the same period in 2018. The decrease is due to sold properties in the second quarter 2018 offset by completion of newbuildings. The change in fair value of investment properties amounting to SEK 994 million compared to SEK 1,347 million for the same period in 2018. The net gain of sale of properties in 2019 was SEK 132 million compared to SEK 1,146 million for the same period in 2018. Occupancy rates for Swedish properties were approximately 98%, and non-Swedish properties were approximately 90%. The implementation of the new lease standard, IFRS 16, has affected Property EBITDA positively with SEK 24 million compared to the same period last year.

#### *Adactum*

The EBITDA for Stena Adactum decreased by SEK 93 million to SEK 487 million in the nine month period ended 30 September 2019, compared to SEK 580 million in 2018. The implementation of the new lease standard, IFRS 16,

has affected Adactum EBITDA positively with SEK 76 million compared to the same period last year. Operational EBITDA has increased compared to last year. Last year include gains from the divestment of S-Blommor and 65% of Stena Renewable.

Ballingslöv: EBITDA for the nine months ended 30 September 2018 was SEK 362 million, compared to SEK 290 million for the nine months ended 30 September 2018. Sale has continued strongly, especially in Benelux and Norway. The implementation of the IFRS 16 standard has affected EBITDA positively with SEK 5 million compared to the same period last year.

Blomsterlandet: EBITDA for the nine months ended 30 September 2019 was SEK 146 million compared to SEK 124 million in the corresponding period in 2018 mainly due to the gain from sale of S-blommor in August 2018 with effective date 1 January 2018, offset by better gross margin than last year. The implementation of the IFRS 16 standard has affected EBITDA positively with SEK 63 million compared to the same period last year.

Envac: EBITDA for the nine months ended 30 September 2019 was SEK 55 million compared to SEK 30 million in the corresponding period in 2018. Order intake was higher than last year (+22% organic) in all regions but North Europe. The implementation of the IFRS 16 standard has affected EBITDA positively with SEK 7 million compared to the same period last year.

Captum: EBITDA for the nine months ended 30 September 2019 was SEK –5 million compared to SEK –14 million in the corresponding period in 2018. Captum Group was founded 2016 and their key business is to offer payment solutions primarily to companies either within the Stena Sphere or to third parties and to provide credits to their customers. The implementation of IFRS 16 standard has not affected EBITDA within Captum group.

Stena Renewable: Stena Renewable has been divested by 65% from September 2018 and is from that date recognised as profit/loss from strategic associates within the finance net (35%). EBITDA for the nine months ended 30 September 2018 was SEK 170 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 994 million for the nine-month period ended 30 September 2019, as compared to SEK 1,419 million for the same period in 2018.

#### *Net gain on sale of vessels*

In the nine months ended 30 September 2019 net gain on sale of vessels amounted to SEK 33 million which relates to the sale of the vessel *Stena Freighter* last year. In the nine months ended 30 September 2018 net gain on sale of vessels amounted to SEK 137 million.

#### *Net gain on sale of properties*

In the nine months ended 30 September 2019, net gain on sale of properties amounted to SEK 132 million. In the nine-month period ended 30 September 2018 net gain on sales of properties amounted to SEK 1,146 million.

#### *Net gain on sale of operations*

In the nine months ended 30 September 2019 there were no net gain sale of operations. In the corresponding period 2018, the net gain of sale of operations was SEK 217 million.

### **Financial Net**

Total financial net for the nine months ended 30 September 2019 was SEK –1,508 million compared to SEK –1,056 million in the corresponding period in 2018.

### **Income Taxes**

Income taxes for the nine months that ended on 30 September 2019 were SEK –203 million, consisting of current taxes of SEK –139 million and deferred taxes of SEK –64 million.

Income taxes for the nine months ended 30 September 2018 were SEK –15 million, consisting of current taxes of SEK –210 million and deferred taxes of SEK 195 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 2019, total cash and marketable securities including short term investments amounted to SEK 10,122 million as compared to SEK 8,477 million as of 31 December 2018.

For the nine months ended 30 September 2019, cash flows provided by operating activities amounted to SEK 1,317 million, as compared to SEK 1,025 million in the first nine months ended 30 September 2018. For the nine months ended 30 September 2019, cash flows used in investing activities amounted to SEK –4,570 million, including SEK –3,738 million related to capital expenditures, as compared to SEK 3,391 million, including SEK –3,896 million related to capital expenditures in the nine months ended 30 September 2018. Cash flows from financing activities for the nine months ended 30 September 2019 amounted to SEK 3,723 million as compared to SEK –4,077 million in the nine months ended 30 September 2018.

As of 30 September 2019, the total construction in progress was SEK 3,299 million, as compared to SEK 2,068 million as of 31 December 2018. The remaining capital expenditure commitment for newbuildings on order as of 30 September 2019 was SEK 6,614 million, of which SEK 832 million is due during 2019, SEK 2,292 million is due in 2020, SEK 1,589 million is due in 2021 and SEK 1,908 million is due in 2022 and after. Stena intends to finance the remainder of this unpaid balance, together with additional expenses and financing costs, with cash from operations, existing revolving credit facilities, new capital lease agreements, new bank loans and other financing arrangements.

As of 30 September 2019, total interest bearing debt was SEK 64,774 million as compared to SEK 53,498 million as of 31 December 2018. The implementation of the new lease standard, IFRS 16, has increased total interest-bearing debt

with SEK 3,216 million compared with the same period last year.

As of 30 September 2019, USD 550 million was utilised under our USD 725 million revolving credit facility of which USD 3 million was used for issuing bank guarantees and letters of credit. As of 31 December 2018, USD 87 million was utilised, including USD 2 million used for issuing bank guarantees and letters of credit.

As of 30 September 2019, USD 130 million was utilised under the USD 300 million revolving credit facility entered into by Stena Investment Luxembourg S.à.r.l. compared to USD 90 million as of 31 December 2018.

As of 30 September 2019, SEK 300 million was utilised under the SEK 1,000 million revolving credit facility in Adacatum, nothing was utilised 31 December 2018.

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

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

### Other current assets

Other current receivables includes a short-term receivable associated with the claim on Samsung Heavy Industries Co Ltd (SHI) for the cancellation of the contract for the construction of Stena MidMax, a semisubmersible drilling unit. The total claim on SHI amounts to USD 426 million plus interest. SHI has disputed Stena's cancellation on the contract and the parties are now engaged in a London arbitration.

## OTHER FINANCIAL INFORMATION – RESTRICTED GROUP

For the nine months ended 30 September 2019, Restricted Group Data represents the selected consolidated financial information excluding (i) the property business segment, (ii) the business segment of Adactum, whose activities consist primarily of investing in companies outside our traditional lines of business, and (iii) our subsidiaries Stena Investment Luxembourg S.à.r.l., Stena Royal, Stena Investment Cyprus Ltd and Mondaldi Ltd. Our real estate operations and the business of Adactum are conducted through various subsidiaries. For purposes of the indentures under which our Senior Notes were issued, real estate business and Investments, Adactum, together with our subsidiaries Stena Investment Luxembourg S.à.r.l., Stena Royal, Stena Investment Cyprus Ltd and Mondaldi Ltd, are designated as unrestricted subsidiaries and, as a result, are not bound by the restrictive provisions of the bond indentures.

As of 30 September 2019, we had outstanding EUR 200 million principal amounts of Senior Notes due 2020. We also had outstanding USD 527 million principal amounts of Senior Notes due 2024 and USD 350 million principal amounts of Senior Secured Notes due 2024.

### Significant Events of the First Nine Months of 2019 specific for the restricted group

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

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

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the drilling unit *Stena Don* regarding one firm well (35 days) plus one option well (35 days), commencing in October 2019. A contract was signed with Ping Petroleum for the drilling unit *Stena Spey* for estimated 120 to 150 days duration, commencing in May 2019. For the drilling unit *Stena Carron*, the extended Exxon contract commenced in January 2019, 12 months firm work plus one six-month option plus an additional one six-month option. In May 2019, a new contract was signed for the drillship *Stena IceMax* commencing Q2 2020, for 100 days duration plus option. A contract with Springfield for the vessel *Stena Forth* has been signed regarding one firm well, estimated 30 days + two option wells, estimated 30 days each, commencing in October 2019.

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### **Subsequent Events specific for the restricted group**

The newbuilt vessel *Stena Estrid*, the first of five new next generation vessels that are being constructed at the AVIC Weihai Shipyard in China, was delivered in mid November.

A joint venture between Stena Bulk and the Swiss-based Proman Shipping was created during autumn 2019, Proman Stena Bulk Ltd. Proman Stena Bulk Ltd has in November finalised an agreement with Guangzhou Shipyard International (GSI) in China to build two state of the art IMOII MeMAX methanol-ready vessels, with the first vessel due for delivery at the beginning of 2022.

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A contract has been signed with Exxon for the drilling unit *Stena DrillMAX* for two firm wells (140 days) plus two option wells (140 days), commencing in May/June 2020.

## GROUP CONSOLIDATED INCOME STATEMENTS – RESTRICTED GROUP (UNAUDITED)

(SEK in million)	Nine-month period ended 30 Sep	
	2019	2018
<b>Revenue</b>		
Ferry Operations	11,128	10,769
Offshore Drilling	1,962	947
Shipping	6,215	4,549
Other	-8	310
<b>Total revenue</b>	<b>19,297</b>	<b>16,575</b>
Net gain on sale of non-current assets	33	246
<b>Total other income</b>	<b>33</b>	<b>246</b>
<b>Direct operating expenses</b>		
Ferry Operations	-7,192	-7,333
Offshore Drilling	-1,304	-1,074
Shipping	-4,758	-3,665
Other	377	-29
<b>Total direct operating expenses</b>	<b>-12,877</b>	<b>-12,101</b>
Selling and administrative expenses	-2,182	-1,895
Profit/loss from investments in operating associates	-82	-121
Depreciation, amortisation and impairment	-5,136	-4,359
<b>Total operating expenses</b>	<b>-20,277</b>	<b>-18,476</b>
<b>Operating profit/loss</b>	<b>-947</b>	<b>-1,655</b>
Dividends received	33	30
Gains/loss on securities, net	196	89
Interest income	313	245
Interest expense	-1,766	-1,111
Foreign exchange gains/loss, net	50	-43
Other financial income/expense, net	-128	-219
<b>Financial net</b>	<b>-1,302</b>	<b>-1,009</b>
<b>Profit/loss after financial net</b>	<b>-2,249</b>	<b>-2,664</b>
Non-controlling interest	-3	—
<b>Profit/loss before tax</b>	<b>-2,252</b>	<b>-2,664</b>
Income taxes	348	332
<b>Profit for the period</b>	<b>-1,904</b>	<b>-2,332</b>

## CONDENSED CONSOLIDATED BALANCE SHEETS – RESTRICTED GROUP (UNAUDITED)

(SEK in million)	30 September 2019	31 December 2018
<b>Assets</b>		
<b>Non-current assets</b>		
<b>Intangible assets</b>	<b>2,207</b>	<b>1,754</b>
<b>Property, plant and equipment</b>		
Vessels	41,926	39,656
Construction in progress	3,261	2,051
Equipment	2,858	2,851
Land and buildings	1,026	632
Ports	4,171	3,724
<b>Total property, plant and equipment</b>	<b>53,242</b>	<b>48,914</b>
<b>Financial assets</b>		
Marketable securities	268	2,628
Intercompany accounts, non-current	1,127	2,623
Other non-current assets	15,219	17,292
<b>Total financial assets</b>	<b>16,614</b>	<b>22,543</b>
<b>Total non-current assets</b>	<b>72,063</b>	<b>73,211</b>
<b>Current assets</b>		
Inventories	516	457
Trade receivables	2,554	1,909
Other current receivables	5,334	2,324
Prepayments and accrued income	1,424	1,287
Short-term investments	3,323	833
Intercompany accounts, current	4,741	2,082
Cash and cash equivalents	1,469	908
<b>Total current assets</b>	<b>19,361</b>	<b>9,800</b>
<b>Total assets</b>	<b>91,424</b>	<b>83,011</b>

(SEK in million)	30 September 2019	31 December 2018
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	5	5
Reserves	30,233	31,342
<b>Equity attributable to shareholders of the Parent company</b>	<b>30,238</b>	<b>31,347</b>
Non-controlling interests	210	114
<b>Total equity</b>	<b>30,448</b>	<b>31,461</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,392	1,281
Pension liabilities	456	441
Other provisions	1	348
Long-term debt	23,605	18,754
Senior Notes	8,629	9,794
Capitalised lease obligations	7,792	4,265
Intercompany accounts, non-current	5,552	4,297
Other non-current liabilities	1,603	914
<b>Total non-current liabilities</b>	<b>49,030</b>	<b>40,094</b>
<b>Current liabilities</b>		
Short-term debt	1,734	1,967
Senior Notes	2,145	1,036
Capitalised lease obligations	1,442	474
Trade payables	1,043	971
Tax liabilities	93	69
Other liabilities	1,880	2,419
Intercompany liabilities, current	221	949
Accruals and deferred income	3,388	3,571
<b>Total current liabilities</b>	<b>11,946</b>	<b>11,456</b>
<b>Total equity and liabilities</b>	<b>91,424</b>	<b>83,011</b>

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW – RESTRICTED GROUP (UNAUDITED)

(SEK in million)	Nine-month period ended 30 September	
	2019	2018
<b>Cash flow from operating activities</b>		
Profit for the period	-1,904	-2,332
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation, amortisation and impairment	5,136	4,359
Gain on sale of non-current assets	-33	-246
Gains/losses on securities, net	-196	-89
Deferred income taxes	-373	-445
Exchange differences, unrealised	-566	-447
Other non-cash items	-585	-210
Pensions	-56	-153
Net cash flow from trading securities	-128	166
Dividend from operational associates and joint ventures	26	36
Investments and disposals of associates and joint ventures	-128	-70
Changes in working capital	-693	-582
<b>Cash flow from operating activities</b>	<b>500</b>	<b>-13</b>
<b>Cash flow from investing activities</b>		
Capital expenditure of intangible assets	-221	-118
Sale of property, plant and equipment	38	478
Capital expenditure on property, plant and equipment	-2,504	-2,103
Purchase and sale of operations, net of cash	-267	94
Sale of securities	974	600
Purchase of securities	-797	-1,173
Other investing activities	-122	-52
<b>Cash flow from investing activities</b>	<b>-2,899</b>	<b>-2,274</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of short and long-term debt	545	887
Principal payments on short and long-term debt	-3,951	-3,630
Net change in borrowings on line-of-credit agreements	5,042	-2,746
New leases	2,658	4,905
Principal payments on capitalised lease obligations	-1,155	-87
Net change in restricted cash accounts	243	75
Intercompany accounts	-340	3,456
Dividend paid	-90	-50
Other financing activities	-73	-71
<b>Cash flow from financing activities</b>	<b>2,879</b>	<b>2,739</b>
Effect of exchange rate changes on cash and cash equivalents	81	34
<b>Net change in cash and cash equivalents</b>	<b>561</b>	<b>486</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>908</b>	<b>735</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,469</b>	<b>1,221</b>