



ANNUAL REVIEW 2018 STENA AB

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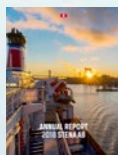
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Read more about the financial performance in the Annual Report. A printed report can be ordered at info@stena.com

This Annual Review is presented in accordance with Chapter 6, Sections 10–14 of the Swedish Annual Accounts Act. The review presents examples of and key figures for the Group's financial, environmental and social responsibility activities. The information in the review concerns Stena AB, including all subsidiaries.

**WITH CARE, INNOVATION AND EFFICIENT
PERFORMANCE AS THEIR GUIDING
PRINCIPLES, OUR 15,500 EMPLOYEES
AROUND THE WORLD CREATE VALUE FOR
OUR CUSTOMERS EVERY DAY.**



THIS IS STENA AB

BUSINESS CONCEPT

By using our expertise, we will make money from our business areas: shipping, ferry lines, offshore, real estate and finance. We will also continue to create new business areas for the future.

We will take care of our most important long-term assets, our customers, in such a way that we contribute to their – and society's – positive development.

Never wasting our own or the world's resources is a Stena trademark.

CUSTOMER RELATIONSHIPS

- Always the customer's first choice.
- Always efficient and effective with our own and others' resources
- A clearly delegated business-acumen.



RESPONSIBILITY IN OUR BUSINESS RELATIONSHIPS

- By building long-term relationships with our customers, suppliers and subcontractors, we are committed to delivering high quality and best-value services. We will meet the highest safety standards. Trust is the basis for all our relationships in society.
- Our responsibility is to meet our customers' expectations in respect of responsible business practices.
- We have high standards of corporate social responsibility, which we share with our business partners. We may withdraw from a business relationship if we feel that the standards we uphold are not being met by a business partner.



34,730

TOTAL REVENUE, MSEK

15,500

EMPLOYEES¹



ACTIVITIES ALL OVER THE WORLD

164

VESSELS, INCLUDING NEWBUILDINGS²

28,300

RESIDENTIAL AND COMMERCIAL UNITS³

115

WIND TURBINES⁴

1) Including seagoing. 2) Owned, chartered and managed. 3) Owned and managed. 4) Including ongoing projects.



ABOUT STENA

BUSINESS ENVIRONMENT

FOCUS

OPERATIONS

MANAGEMENT

2018

AT A GLANCE

Good financial results are a prerequisite for all sound business. But an important factor is also how these results are generated. Stena is currently seeing rapid development of new business models based on new technology. This is good because it enables more resource efficient products and services, contributing to less negative impacts on the environment, for example. Through research, development and collaboration with partners, Stena contributes to the functioning of society today, but also takes responsibility for its functioning tomorrow.

GROUP SUMMARY

Key financial indicators	2018	2017	2016
Total revenue	34,730	33,723	34,799
EBITDA, excluding sale of assets	6,595	7,465	10,429
Operating profit	2,232	2,809	4,013
Profit/loss from investments in associates	-22	74	66
Profit before tax	105	1,343	2,262
Total assets	118,049	119,409	123,699
Equity including deferred tax liabilities	51,539	50,416	51,156
Cash and cash equivalents and short-term investments	2,786	3,113	2,216
Key non-financial indicators	2018	2017	2016
Number of employees	11,370	11,531	11,183
Percentage women (%)	30	30	29
Number of vessels (in emission reporting)	103	111	105
Total energy consumption in vessels (TJ)	11,8	12,4	12,5
CO ₂ emissions (1,000 tonnes)	3,185	3,382	3,346
NOx emissions (1,000 tonnes)	68	74	74
SOx emissions (1,000 tonnes)	22	24	26
Energy consumption (electricity+heating) Stena Propertyty (MWh)	296,633	298,947	305,828

EVENTS DURING THE YEAR



Stena Property divested around 20 per cent of its property holdings during the year. The company also has 1,500 new flats in production.

1,500

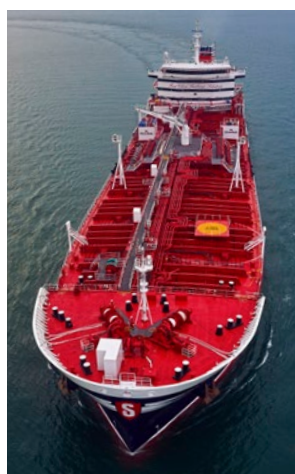
MARKET LEADING POSITION

Despite harsh competition, Stena Drilling has managed to secure employment for its fleet of drilling units for the majority of 2019 and are negotiating contracts beyond this. This achievement puts Stena Drilling in a market leading position as one of the few who have all their rigs working.



HYBRID VESSEL

The project to convert *Stena Jutlandica*, which operates between Göteborg and Frederikshavn to a hybrid vessel continued during the year. In the next phase, planned to commence in 2019, battery operation will be connected to two out of four main engines, so that *Stena Jutlandica* can run solely on electricity in inshore waters. The existing use of electric power amounts to reduced emissions of approximately 1,200 tonnes CO₂ per year.



WELL-POSITIONED TOWARDS COMPETITORS

Stena Bulk has taken delivery of all 13 IMO IIMAX vessels ordered during 2011. The vessels can transport both chemicals and other loads and have performed above expectations in the logistics system comprising around 60-70 vessels in the MR and IMO IIMAX classes. The IMO IIMAX concept has taken Stena Bulk into a new type of market, proving that the system maintains positive margins towards competitors, which is also important for Stena's future development.

RENEWABLE ELECTRICITY PRODUCTION

Stena Adactum has divested 65 per cent of its holdings in Stena Renewable to AMF Pensionsförsäkring AB and Kommunal Landspensjonskasse gjensidige forsikringsselskap. With strong owners, Stena can realize its project portfolio of 300 wind turbines, and thereby has the capability to build the next generation of power utility company based solely on renewable energy production.



CEO COMMENTS

WELL-BALANCED OPERATIONS

Global living standards continue to improve. One of the benefits of globalisation is the elimination of malnutrition and absolute poverty for an ever-increasing share of the world's population. Newly emerging trade conflicts and other political disputes and unrest have not yet reduced global growth. Sooner or later, however, an increasingly exclusionary mindset is likely to erode global growth potential. At Stena, we are pleased that digitalisation is opening up new opportunities for continuous contact with our customers, employees and suppliers. New products are being developed, such as digital applications and other technical solutions, that

can improve our performance, reliability and administrative procedures. Cost reductions through energy savings lead to lower environmental impacts and maintenance costs.

NEW COOPERATION FOR EXPANSION

During the year, our wind power activities gained new joint owners. More effective power plants can generate electricity on an increasingly more environmentally-friendly basis. Renewable electricity seems to be our most environmentally-friendly energy system. The conversion from nuclear power to renewable fuels benefits wind turbines. In addition to our current more than 100 wind turbines, together with our partners we have plans for a further 300 turbines.

We are involved in the Swedish Northvolt battery project, and have introduced partial battery-based operation of our ferry, *Stena Jutlandica*.





FULLY EMPLOYED OIL DRILLING UNITS

Conversion to the energy system of the future takes a lot of time. The oil and gas consumption ratio is still expected to continue to increase up to and including 2035, at the expense of, first of all, coal. While transitioning to new energy systems, the world needs to develop new gas and oil reserves. Once again, our drilling units were all fully employed. During the economic downturn, we retained virtually all of our employees, proving the unique safety and effectiveness of our operations. I believe that in 2020, the employed ratio of floating offshore drilling units will once again exceed 80 per cent, and we will again enjoy a positive contribution to the operation's high capital costs.

LARGE SUPPLY OF VESSELS

The global shipyard industry continues to have excess capacity compared to the demand for vessels. The transition to reduced production of vessels takes time, and there is an excess supply of virtually all types of vessels. Nonetheless, it appears that the balance between supply and demand for tankers and gas carriers during 2019 will be more favourable than in 2018, which was a very disappointing year, except for the fourth quarter.

FLEET REDEPLOYMENT

Based on continuous improvement, and partly also increased economic activity, our ferry operations, with 20 ferry lines during 2018, generated positive results. Unless the supply of ferry capacity increases substantially, we believe that the favourable results will be maintained in the coming years. We are planning major redeployment of the fleet in 2020. Stena Line has five vessels on order, and these will be deployed where we currently have capacity constraints.

Based on redeployment, we will only need to sell one vessel when the new vessels arrive. Our colleagues in the ferry industry also face a lack of capacity. Four of our new ferries on order will be employed by these colleagues for long-term periods. Two RoRo ferries were sold during the past year.

CONTINUED INVESTMENTS

Overall, our companies in the investment company Stena Adactum achieved record-high results. This is a diversified portfolio, yet all companies strengthened their market positions and competitiveness.

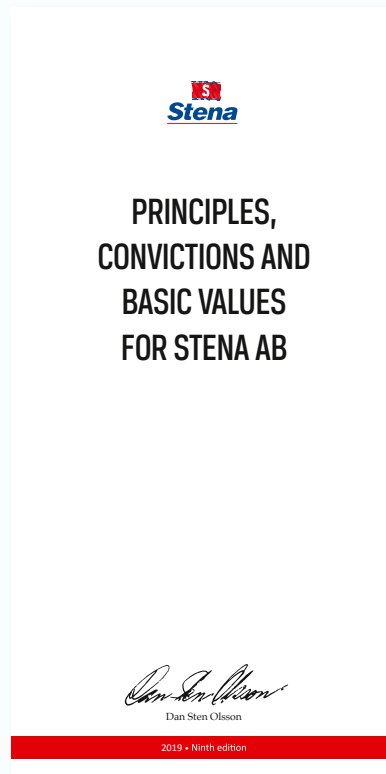
All of our oil and gas-related marine activities face significant market fluctuations. For some time, we have therefore built up our property activities, mainly comprising of rental housing. Due to a large realised gain on the sale of approximately 20 per cent of the portfolio, we can report a positive result for 2018.

Our operations are in better balance in 2019. Despite full employment in 2019, our oil drilling activities are not likely to contribute a positive cash flow before 2020. This operation is burdened by high capital costs, and besides managing our other activities, we have safeguarded our future with a high liquidity reserve, currently amounting to just over SEK 17 billion. This makes it possible to continue to invest in our activities, despite gradual reduction of our investments, in net terms.

Göteborg, 18 February



Dan Sten Olsson
CEO, Stena AB



THE WHITE BOOK

Stena's success and survival is rooted in our business philosophy, which is set out in the white book. The book describes how we should act within Stena and how we should approach our business. Dan Sten Olsson has said: "By describing the values we want at Stena, we ensure that everyone acts in the right way and that we take proper care of our customers, resources, and each other."

**MISSING YOUR WHITE BOOK?
YOU CAN DOWNLOAD A COPY HERE:**

www.stena.com/core-values

VISION, MISSION AND BUSINESS CONCEPT

The ability to survive and to create lasting value require foresight, business responsibility and sustained focus. Every business within Stena has its own culture and its own values, which must be respected and understood. The businesses must adhere to Stena's principles, convictions and basic values by translating them into their own operative terms.

MISSION

By maintaining good contact with our customers and the world around us we nurture our growing trust. By doing so we create more and better business – and very satisfied customers.

BUSINESS CONCEPT

- By using our expertise, we will make money from our business areas: shipping, ferry lines, offshore, real estate and finance. We will also continue to create new business areas for the future.
- We will take care of our most important long-term assets, our customers, in such a way that we contribute to their – and society's – positive development.
- Never wasting our own or the world's resources is a Stena trademark.

VISION

Our vision is "Always the customer's first choice and quality-assured partner". This encourages us to safeguard the company's resources and the resources beyond our doors. We contribute to this vision by participating in value-creating activities, often together with our customers.

CORE VALUES

Stena's core values are Care, Innovation and Efficient performance. Ethical conduct in every aspect of the Group's operations contributes to care for our customers, employees and the society. The focus on innovation is to a large extent the driving force in improving energy efficiency at sea and ashore, and contributes to a reduced environmental impact. Safety and quality characterise the performance of all tasks.



THE FOCUS ON INNOVATION IS TO A LARGE EXTENT THE DRIVING FORCE IN IMPROVING ENERGY EFFICIENCY AT SEA AND ASHORE, AND CONTRIBUTES TO A REDUCED ENVIRONMENTAL IMPACT.

STENA'S VALUE CREATION

The Stena AB Group contributes to value creation and society's development by providing maritime transportation of goods, vehicles and passengers, offering secure homes in the Group's properties, generating electricity from wind power, and building strong companies. The Group's stability is ensured through a deliberate strategy to focus on activities in contracyclical industries. The Group's activities create employment for thousands of people all over the world.

Stena's business model is based on using the Group's combined expertise within primarily service, trade and vessels to operate activities in the business areas of Ferry Operations, Offshore Drilling, Shipping, Properties, New Business and Finance.

MARITIME

STENA LINE

One of the world's largest ferry companies, with focus on freight and passenger traffic. Stena Line operates 20 lines in Europe, with 38 ferries, and also owns five ports.

STENA DRILLING

One of the world's leading operators within design, construction and operation for the offshore industry, and owns and manages four drillships and two semi-submersible rigs.

STENA BULK

One of the world's leading tanker operators, with activities all over the world. Controls 103 vessels for transport of crude oil, refined oil products, vegetable oils, and gas (LNG).

STENA RORO

Charters out RoRo and RoPax vessels, offering technical expertise and project management to customers all over the world, and controlling a fleet of eight vessels.

NORTHERN MARINE GROUP

With the help of around 5,800 dedicated seafarers operates a fleet of 146 vessels via a large network of international offices.



GLOBAL SHIPPING FACES MAJOR ENVIRONMENTAL CHALLENGES

Stena's Maritime activities comprise of Stena Line, Stena Drilling, Stena Bulk, Stena RoRo, Northern Marine Group and Stena Teknik.

Shipping is the mode of transport that emit the lowest volume of greenhouse gases per unit transported, and will continue to play an important role in the global economy for many years to come. In several ways, Stena plays an active role in finding paths to long-term sustainability for the entire industry.

Carl-Johan Hagman, CEO of Stena Rederi, gives his view on what he considers to be decisive to the global shipping industry's achievement of the climate goals:

“Stena welcomes global legislation to ensure an even playing field for everyone in the industry. Ever since the Dutch lawyer Hugo Grotius published his pioneering *"Mare Liberum"* in 1609, shipping has been subject to international law, which has been of great benefit to the global community. In a world that is evolving rapidly, and faces major environmental challenges, it is important for the industry, and for our ability to continue creating global prosperity, that this tradition is allowed to continue. By actively cooperating with and supporting IMO¹, the UN's maritime organisation, Stena contributes to drawing up global legislation.

Rapid and powerful technology development is vital to ensuring the continued relevance of the industry.

In this respect, Stena commands a unique position with Stena Teknik and Northern Marine Group (NMG), which develop technical solutions and operational improvements for Stena's own vessels, and for the entire industry.

Together with other stakeholders, Stena Teknik, Göteborg, and Tritec Marine (part of NMG in Glasgow), employ a large number of development engineers and designers in Sweden and the rest of Europe. We develop new techniques and collaborate with external parties on reducing fuel consumption, cutting emissions from current fuel types and seeking out solutions based on alternative fuels such as battery operation, methanol and biofuels. Within Stena, a ferry has a lifetime of around 50 years, which means that its structure must be flexible and modular, so that it can be converted in line with technical developments and the higher demands on global shipping.

Carl-Johan Hagman

CEO, Stena Rederi,
and Head of Stena
Shipping & Ferries



1) International Maritime Organization.

STENA TEKNIK

Stena Teknik is a technical resource for Stena's marine-related business areas, to increase their competitiveness and develop techniques to handle the Group's vessels on a safe, environmentally friendly and effective basis.

ONSHORE

STENA PROPERTY

One of Sweden's largest privately owned property companies. The portfolio primarily comprises rented flats in Sweden, but also commercial properties. In total, Stena Property owns and manages 24,600 residential units and 3,700 commercial premises.

STENA ADACTUM

Long-term investment in listed and unlisted companies, with the aim of building strong companies that can provide platforms for new business areas within the Stena AB Group.

STENA FINANCE

Primarily engaged in managing the Stena AB Group's financing, liquidity planning and financial investments.



TRENDS AFFECTING STENA

The world is subject to increased focus on climate efficiency and cleaner fuel. This is a demand made by every stakeholder, from customers and the general public, to employees, financiers and owners. The rapid development of digitalisation continues to exert an impact on every business. The global urbanisation trend affects Stena Property and their business model.

GLOBAL TRENDS IN STENA'S MARITIME ACTIVITIES

Today, shipping is an integrated element of the global economy and, in terms of volumes transported, accounts for the largest share of world trade. Counted per unit transported, it is currently the mode of transport that emit the lowest volume of greenhouse gases. Yet the industry, the vessels, the infrastructure, and the systems that connect them, face major changes, and need to be prepared to comply with the tighter restrictions concerning greenhouse gas emissions. Stakeholders have high expectations of how the industry can use new technology to deliver financial, environmental and social benefit, and thereby contribute to the development of sustainable societies in an increasingly more globalised world.

INCREASED REGULATION TO REDUCE EMISSIONS

The most influential player in terms of the future of shipping is the UN's International Maritime Organization (IMO), which requires decisive action to reduce greenhouse gas emissions from shipping. In 2018, the IMO's member countries reached agreement on a

2050

50 per cent reduction of greenhouse gas emissions from global shipping by 2050, compared to 2008 levels

climate goal for international shipping that is aimed to halve the industry's greenhouse gas emissions by 2050, compared to 2008.

The effects of the EU's requirement, introduced in 2015, for a reduction of the sulphur content in marine fuels used in the Baltic and the North Sea from 1.0 to 0.1 per cent has resulted in all shipping switching from heavy fuel oil to cleaner marine distillate. When the 0.5 per cent global cap on sulphur is introduced in 2020, the use of exhaust gas purification and alternative fuels is expected to increase.

TECHNICAL INNOVATIONS AND ALTERNATIVE FUELS

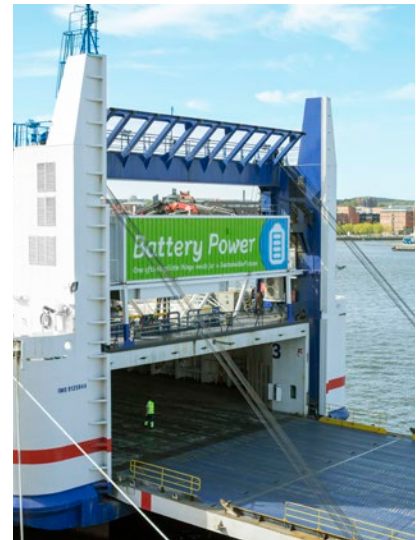
New technology presents new opportunities to cut costs, shorten lead times and reduce the company's environmental impact.

To reduce greenhouse gas emissions, the industry is investigating alternative fuels, with methanol and LNG (liquefied natural gas) as two alternatives. Current research is also assessing opportunities to use ammonia, fuel cells and hydrogen gas as a marine fuel in the future.

Stena Line is running an Artificial Intelligence (AI) pilot project, together with Hitachi, to find the most effective way of operating a ferry on a specific route.

During 2018, Stena became a partner in Katapult Ocean an accelerator for startups, hereby contributing to companies that are developing sustainable technical solutions for the benefit of the maritime environment.

Stena Teknik plays a significant role in Stena's achievement of the vision of environmentally-neutral transport, and is working intensively to



On *Stena Jutlandica*, the power-intensive bow thrusters for port manoeuvres are battery-powered.

optimise the design of ferry newbuildings, in order to reduce fuel consumption and increase load capacity. On existing vessels that do not run on marine gas oil; sulphur oxides, soot and particle emissions are eliminated by installing scrubbers – a method of reducing emissions through purification of exhaust gases.

Stena Teknik has developed the Stena Elektra concept – a hybrid vessel that is planned to run on electricity. On *Stena Jutlandica*, the power-intensive bow thrusters for port manoeuvres are already battery-powered.



The increasing focus on conversion to more sustainable development affects many different industries and companies. In order to ensure its long-term profitability, Stena is adapting its activities to the more stringent regulation, and to the increasingly higher expectations of investors and other stakeholders.

The current political instability, both in Europe and in other important areas, is undermining the long-term political game rules. In contrast, agreement on the UN's Global Goals for Sustainable Develop-

ment and the Paris Agreement have set a framework for society's development that companies and nations are obliged to take into account. Within this framework, the business community can be active in political communities and through cross-border collaboration, in order to facilitate the investments and the transformation required to achieve development that can maintain high profitability while staying in line with the required conversion to more sustainable economic development.

GLOBAL MEGATRENDS

DIGITALISATION

Digitalisation presents considerable opportunities for the shipping industry, since it provides for a massive increase in the data transferred between vessels and shore. The digitalisation of information flows stimulates the automation of existing processes and functions and also has a positive impact on safety, cost effectiveness and environmental performance.

At Northern Marine Group's training facility, Clyde Training Solutions, in cooperation with Tritec Marine, a new virtual training simulator for fire training exercises has been developed. Virtual reality technology is used to create an authentic training environment that can also be used at different locations around the world. The training simulator can be used to focus training on different elements, to increase the safety level and confidence in handling real-life

situations. This form of training also presents cost benefits, including a reduced need to travel to the training facility.

For some years, Stena Property has used a virtual customer service called Hom-e for contact with its tenants. Another consequence of digitalisation is that information security activities must also be strengthened. Companies face an ongoing risk of exposure to cyber attacks of different kinds, ranging from false invoices to various types of hacking. Stena has a strong focus on information security improvements. Resources must primarily be directed at working proactively, and also on improving the ability to detect security breaches.

GLOBALISATION

Globalisation leads to trade expansion, yet just as globalisation presents major new opportu-

nities, a need also arises for strong processes to ensure responsible management of the new activities, even at long physical distances.

Stena has activities all over the world and can see great advantages in being in close proximity to customers and partners, in order to generate customer benefit and to utilise business opportunities, but also to achieve better control of the sustainability aspects of the activities. Stena's code of conduct presents guiding principles for the operation of its activities on an ethically, socially, and environmentally sustainable basis.

URBANISATION

Population growth in Sweden's metropolitan regions is expected to increase, which presents great challenges in terms of meeting a growing need for society's services, such as schools, healthcare, housing, and infrastructure and transport. Long housing waiting lists and credit restrictions mean that primarily people with family members to help them can manage to enter the housing market. This presents the risk of a polarised society.

Stena Property is meeting the high demand for housing in Stockholm and Göteborg by building both cooperatively-owned and rental properties. A mix of tenure forms develops the residential areas and gives people a chance to get on the housing ladder. Stena Property's relationship management involves active collaboration with various operators such as municipalities, churches, mosques, sports associations and schools, in order to increase security in its residential areas.



WORKING TO ACHIEVE THE UN's GLOBAL GOALS

The UN's Global Goals for Sustainable Development (part of Agenda 2030) is a sustainable development tool which sets the framework for society's development. The 17 goals aim, for example, to reduce climate change, poverty and inequality in the world. The business community has a lot of scope and responsibility for achieving the goals, which also creates new business opportunities for companies that can be part of this transformation. In different ways, Stena's activities can lead to positive development towards achieving several of the goals.

GOAL 3

GOOD HEALTH AND WELL-BEING

The Stena AB Group has the vision of zero accidents. Employees' health and safety is of the utmost importance. In 2018, Stena Line updated its health, safety and environment policy. Both employees and suppliers have the possibility to stop ongoing work on board a Stena Line vessel if there is a risk of personal injury or environmental damage. Besides procedures to ensure that employees are not injured, another important key indicator for Stena Line's health and safety work is to ensure that no passengers are injured either. On an annual basis, the number of accidents per 100,000 passengers is measured. The target is <3.0/100,000, and the result for 2018 was 2.3/100,000.



GOAL 7

AFFORDABLE AND CLEAN ENERGY

In 2018, the port in Oslo was equipped with connection to shore power. Thereby 37 per cent of the ports in Stena Line's line network have access to shore power. Vessels are connected to the electricity grid if they are in port for longer than two hours. When connecting to the grid, the vessel's engines are turned off completely, which reduces emissions to zero. In 2018, Stena Lines' connection to port electricity grids contributed to reducing CO₂ emissions by 14,000 tonnes, which is equivalent to the annual consumption of 7,500 cars.

Stena Line's vessel *Stena Germanica* runs on methanol. Switching from oil to methanol reduces sulphur and particle emissions to close to zero, and cuts nitrogen emissions by 85-90 per cent.

Stena Renewable is part of the ongoing future energy conversion to climate-friendly energy production. The renewable energy produced by its 96 wind turbines is equivalent to the city of Malmö's consumption of domestic electricity.

GOAL 8

DECENT WORK AND ECONOMIC GROWTH

Through its activities, Stena promotes sustainable and inclusive economic growth, and decent working conditions for its employees. Stena Property's focus on summer jobs for young people makes an important contribution to this work. For many young people, this gives valuable work experience and helps to start building a CV.

Stena Drilling has operated off the coast of Guyana since 2016. During this time, local manpower has been hired and trained, which has contributed to building up the country's own national expertise within the offshore industry. So far, Stena Drilling has trained 80 Guyanese employees. They are the first national employees with experience from the offshore industry in Guyana.

GOAL 12**RESPONSIBLE CONSUMPTION AND PRODUCTION**

Ballingslöv is working continuously to increase the recyclability of its products, which is currently at a level of over 90 per cent. It is also important for them to ensure that the subsuppliers which they use offer fair terms and conditions. The objective is for all their suppliers (with a purchase volume >EUR 300) to sign and commit to complying with Ballingslöv's code of conduct. Between 2016 and 2018, the number of suppliers signing the code of conduct increased from 50 per cent to 98 per cent.

Blomsterlandet is working actively to reduce waste from its stores and to better show customers which items are a "better environmental choice" and "fair trade" in the stores.

GOAL 17**PARTNERSHIP FOR THE GOALS**

During the year Stena supported several different organisations that, in various ways, contribute to a better society. Our aim is to seek to make a difference overall and to create a better world through donations to non-profit organisations, institutions, individuals and worthwhile initiatives. As a rule, this support is linked to Stena's activities, such as Ocean Health Index or Relations Management. In 2018 Stena made direct and indirect donations amounting to MSEK 48 to skills upgrading in schools, environmental initiatives, innovation, research, culture, sports associations and the rights of the child.

**GOAL 13****CLIMATE ACTION**

Stena Bulk's objective is to reduce vessels' fuel consumption by 0.3 tonnes per day, measured over a rolling 12-month period. Since 2011, the company's energy requirements per ton-mile has reduced by 25 per cent.

During 2018, Blomsterlandet succeeded in reducing its CO₂ emissions, after they began to transport more of their products to the stores in northern Sweden by train, instead of by lorry as before.

GOAL 14**LIFE BELOW WATER**

Stena has supported the Ocean Health Index for seven years. The standard has been adopted by 28 countries and is the UN's recommended index to measure the health of the world's oceans. Stena is also part of the "Friends of The Ocean" initiative, which is supported by the UN and the World Economic Forum.

Oil spills are a major potential environmental hazard for Stena's maritime operations. Active preventive measures are being taken to eliminate spills. Employees receive ongoing training, and as a result, Stena Bulk has not had oil spills from any of its vessels during the last six years.

FOCUS AREAS FOR SUSTAINABILITY

Stena's sustainability work is business-oriented and aims to discover new opportunities and develop the brand, while also identifying and managing risks. The sustainability issues identified as most important for Stena are related to the environment, safety, employees and community involvement. Each business is responsible for setting relevant goals and managing the company to seize opportunities in the transition to a more sustainable development.





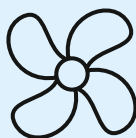
ENVIRONMENT

A key aspect of Stena's sustainability work is to reduce the environmental impacts of its activities. This work includes achieving more efficient energy use, minimising greenhouse gas emissions and emissions to water, waste handling and training of employees. Innovation and business development are important aspects of increasing energy efficiency. Each company is responsible for setting its own environmental goals that are matched to the company's primary environmental impacts.

EXAMPLE

There are ongoing initiatives to reduce Stena's environmental impacts. A clear example is Stena Line's execution of the more than 320 energy saving projects operated since the start of the Energy Saving Project (ESP) in 2005. The projects have ranged from changing a vessel's propeller to one that is better matched to its average speed, to setting up solar film in cabins, to keep the heat out on sunny days.

Another example is Blomsterlandet's collection of rain water, in order to reduce total water consumption and optimise the heating systems in their own properties.



Stena Jutlandica's bow thrusters are powered by electricity during port calls



SAFETY

Stena gives highest priority to offering a safe and secure environment to both employees, passengers, customers, tenants and freight, and the Group's vision is to have zero accidents. Safety measures are an ongoing activity throughout the Group and are aimed at ensuring continuous improvement and keeping employees updated on safety awareness. The digitalisation of Stena's processes also increases the security requirements concerning information assets and IT systems, which means that these issues are increasingly in focus.

EXAMPLE

At Stena Drilling, which works in particularly exposed environments and with potentially hazardous tasks, safety is of paramount importance. Here, "Safety cards" are completed for each work element, and "Stop cards" which any employee can use to stop ongoing work in the event of a safety risk or environmental hazard. At Stena Drilling, weekly safety drills are also held onboard the vessels, in order to prepare crews and the onshore teams assisting the vessels in the event of any incidents.



Weekly safety drills are held at Stena Drilling.



EMPLOYEES

The Stena AB Group has around 15,500 employees worldwide. The employees are the basis for Stena's success, and their expertise and dedication drive the activities and contribute to society's long-term development, and thereby more and better business. Stena has a strong focus on employees' continuous development, and places great weight on employees having the right skills and expertise.

EXAMPLE

The Stena Leadership Programme (SLP) and the GROW Leadership programme have been important tools in developing skilled leadership and innovative working methods at Stena. In total, 158 employees have taken part in SLP, while 205 attended GROW. In 2019, the leadership programmes were continued with new participants. Annually the Stena AB Group invest about MSEK 150 in training and education of its employees.



Read more about GROW on page 22 →



COMMUNITY

The different Stena companies meet various needs in society. Stena also seeks to be an active and dedicated corporate citizen that contributes to ongoing development and sustainable activities in the areas in which the companies operate. This includes a high standard of business ethics and a natural respect for human rights. The companies in the Group contribute to many local initiatives, and also engage in various forms of cooperation with major global organisations.

EXAMPLE

In the Swedish national elections in September 2018, Stena Property cooperated with the election authorities in two areas in Malmö by making premises available for early voting. They also ran an information campaign for tenants to promote the opportunity for early voting. As a consequence, the election turnout rate in the relevant areas increased by five per cent compared to previous elections.



In 2018, Stena Property cooperated with the election authorities.

STENA STORIES

It is not easy to answer the question of which solutions best meet future needs for energy. However, technical innovation is vital to finding solutions for the benefit of sustainable development. Stena cooperates with partners within and outside the industry in order to find the right path forward. Among social sustainability activities, it is important to highlight Stena's cooperation with young people, and to present their ideas to increase security and a sense of community in Stena Property's residential areas.



See the videos at
Stena.com/stenastories



STENA LINE

CLOSED SCRUBBERS TO MINIMISE ENVIRONMENTAL IMPACTS

SCRUBBERS: CLOSING THE LOOP is a project that is co-financed by the EU project, Motorways of the Sea. The project concerns the installation of closed scrubbers on *Stena Hollandica*, which is in service in the North Sea.

Closed scrubbers were chosen for their minimal environmental impact. The system is designed to eliminate sulphur emissions from the exhaust space. With a closed system, the washing water is cleaned before it is recirculated.



STENA ADACTUM

THE WORLD'S LARGEST SUBTERRANEAN WASTE DISPOSAL SYSTEM

Stena Adactum's portfolio company Envac has installed the world's largest subterranean waste disposal system in the historical center of Bergen, Norway. Automatic waste collection means that the city's residents and commercial traders experience streets that look cleaner, wider and more attractive, and also a reduction of traffic on the streets of Bergen's historical centre. Increasing population numbers also increase the waste volumes generated. Waste disposal systems like the one installed by Envac in Bergen will be relevant for more cities keen to reduce open waste management on streets and in squares.



STENA PROPERTY

GIVING YOUNG PEOPLE A BELIEF IN THE FUTURE

In the summer of 2018, six young people had summer jobs as welfare ambassadors at Stena Property. Their task was to give an increased sense of security and create meaningful leisure-time activities for residents in Stena Property's residential areas. The project was based on collaboration with Ung Handlingskraft (Young Action), and resulted in a digital solution to increase tenants' sense of security and opportunities for influence and involvement.



STENA TEKNIK

ELECTRICAL POWER FOR VESSELS

The maritime transport industry is expanding and the need for sustainable shipping is critical for millions of people. The promising development of battery capacity is opening up new opportunities for electrical propulsion of vessels. In a combined project with the EU and the Swedish Transport Administration, Stena Teknik has installed batteries on *Stena Jutlandica*. As an initial step, electrical operation of bow thrusters was tested. In step two, the vessel will be operated for a stretch of around ten nautical miles (Nm) inshore, and in step three, the aim is to run the full route on electrical power. The battery is loaded with green electricity, resulting in reduced emissions to air and water. Stena aims for all traffic between Göteborg and Frederikshavn to be electrically powered by 2030.



STENA'S FUTURE LEADERSHIP

Stena's training programme Grow is for young employees who have shown an interest in taking greater responsibility for Stena's activities, and the programme aims to safeguard Stena's future leadership. Two participants are Ida Fredriksson of Stena Bulk and Alex McDonald of Stena Line.



**"STENA BULK IS A COMPANY
THAT GIVES ITS EMPLOYEES A
LOT OF RESPONSIBILITY, WHICH
ENCOURAGES DRIVE AND
COMMITMENT"**

IDA FREDRIKSSON

*Chartering Manager, Products
and Chemicals, Stena Bulk*

Ida has worked at Stena Bulk for over six years, during which she has been based in Singapore for more than four years. For Ida, taking part in the Grow programme has given her valuable insights.

"The greatest insight was to see myself as a leader and to grow in that role. I've also become aware that different people need different types of feedback and encouragement from their managers."

Ida values Stena Bulk's leadership philosophy.

"Stena Bulk is a company that gives its employees a lot of responsibility, which encourages drive and commitment. High demands are made of employees, but the company is good at showing its appreciation."

Ida sees certain differences between working at Stena Bulk's office in Singapore compared to Stena Bulk's head office in Göteborg.

"Even though the culture is more or less the same, my work tasks vary considerably, since we work with different markets. In Singapore, there is a faster flow, which makes this job incredibly exciting. It's also different in a satellite office, where we need to be more independent, even though we get news from head office and frequent visits."



ALEX MCDONALD

Commercial Manager, Freight, Stena Line

Alex McDonald has worked at Stena Line for 16 years. Since August 2018, he has been based at Stena Line's head office in Göteborg. For Alex, taking part in the Grow programme has taught him to act more decisively.

"It's often important to act quickly, particularly if there is bad news." The programme has also given insight into the importance of employees to business success. "Each of us needs to have the right approach to business and to be responsive to customers' needs, taking personal responsibility for everything we do."

The training has also made Alex more aware of how different we are. "I now have a much greater understanding of how we're all motivated in different ways, have different skills and are more or less comfortable with different tasks or situations. With this understanding, I can work with my colleagues more effectively."

With regard to culture, Alex believes that Stena Line's British business and the head office in Göteborg share the same commitment. "It's great that both the regional business area and the head office work conscientiously to achieve the best results and that all employees share Stena's genuine concern for assets, people and the environment."

"EACH OF US NEEDS TO HAVE THE RIGHT APPROACH TO THE BUSINESS AND TO BE RESPONSIVE TO CUSTOMERS' NEEDS, TAKING PERSONAL RESPONSIBILITY FOR EVERYTHING WE DO."

THE DIGITAL ERA REQUIRES NEW TYPES OF EXPERTISE

Eva Hansdotter, Director,
People & Organisational Excellence



The digital era requires new types of expertise. Stena's employees therefore need to be curious, willing to learn, and to relearn, at a faster and faster pace. A manager is not just responsible for developing the business, but also for himself or herself, and the employees. Managers' ability to generate value through different networks, create new solutions, and drive creativity and innovation by leveraging the team's diversity, will be more and more important. In order to achieve this, we have created the "Ready 4 Anything" leadership programme.

"In view of the increasing pace of development, none of us can master or understand everything that happens, but we can prepare ourselves better for the unpredictable, and use

knowledge and skills wherever they can be found. 'Ready 4 Anything' not only addresses new skills, but also a new way of learning, through shorter elements in different formats, with practical application in both the virtual and physical worlds," says Eva Hansdotter, Director, People & Organisational Excellence. "Ready 4 Anything" is about taking a new approach, besides concrete methods and tools.

By offering different modules in a rolling, recurring schedule, we create conditions for participants to learn at the pace and in the scheme most relevant for each of them. This all helps to increase the relevance and effect of the learning.

BUSINESSES IN THE STENA GROUP

The Stena AB Group is one of Sweden's largest family-owned companies and operates in the following businesses: Stena Line, Stena Drilling, Stena Bulk, Stena RoRo, Northern Marine Group, Stena Teknik, Stena Property, Stena Adactum and Stena Finance.

Each business is based on a clear ownership philosophy. The businesses must adhere to Stena AB's (publ) principles, convictions and basic values by translating them into their own operative terms. Stena has clear delegated business responsibility, driven by innovation – often together with the customer.

Each business has its own culture and its own values, which must be respected and understood. We firmly believe that by adhering to our values, we will be successful.





STENA LINE

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STENA DRILLING

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STENA BULK

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STENA RORO

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NORTHERN MARINE GROUP

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STENA TEKNIK

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STENA PROPERTY

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STENA ADACTUM

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STENA FINANCE

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STENA LINE

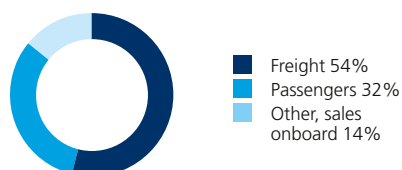
Today, Stena Line owns five ports and operates 20 routes in northern Europe, with 38 vessels. The company's focus on long-term, sustainable business operations creates value for customers and makes Stena Line an attractive place to work.

2018 was an eventful year for Stena Line, with continued growth. Much of the activity during the year concerned strengthening of the organisation and the fleet, achieving increased profitability and customer satisfaction. As a result, Stena Line is well-prepared for 2019, when the focus will be on continued efficiency improvements and growing the business through digital transformation.

DIGITALISATION TO INCREASE PROFITABILITY

To be a relevant company also in the future, sustainability and digitalisation is high on Stena Line's agenda. The key priorities include using new technology to work on a more environmentally sound and effective basis. There is also great focus on engaging employees in order to create conditions for long-term growth. The work of digitalising activities to achieve processes that lead to a high service level and efficiency, both in port and onboard, is a key aspect of the company's strategy. There is strong focus on AI and machine learning, in order to achieve the objective to be "The world's first cognitive ferry company". Besides the opportunity to work on a more cost-effective basis, digitalisation also gives Stena Line better opportunities for analysis and automation. This creates the right conditions for increased profitability through improved market predictions and a better understanding of our customers' expectations.

REVENUE PER ACTIVITY



INCREASED INTEREST IN BATTERY POWER

In 2018, Stena Line successfully took the first step towards electrical operation with *Stena Jutlandica*, which operates between Göteborg and Frederikshavn, as pilot project. The project will take place in stages and is currently in the initial phase, in which electrical operation is used for manoeuvring with bow thrusters while the vessel is in port. In stage two, the vessel is planned to operate a stretch of around ten Nm on battery, before the main engine is started up in the open sea. In stage three, the aim is to sail 50 Nm on battery power, equivalent to the full route between Göteborg and Frederikshavn.

In recent years, Stena Line has completed more than 320 different projects to reduce fuel consumption.

Since 2015, methanol, for example, has been part of the fuel mix for *Stena Germanica*, which operates between Göteborg and Kiel.

CAPACITY OPTIMISATION WILL BE KEY IN THE FUTURE

Despite certain challenges in the market as a consequence of a rising oil price, Stena Line achieved strong results for 2018. During the year, the company focused on strengthening the organisation, with changes, among other things, being made to achieve further transparency in port and terminal activities. The company also continued to work on strengthening the fleet, and a total of five vessels are in the order book for delivery from the AVIC Weihai shipyard in China between 2019 and 2022.

STENA LINE FACTS

40%

Share of Group revenue

5,700

Employees

13,800

MSEK income

15,500

MSEK capital employed

31

Ropax ferries

7

RoRo ferries

**CONNECTING EUROPE
FOR A SUSTAINABLE FUTURE**

CONTINUED DEMAND FOR FREIGHT CAPACITY

In 2018, Stena ordered an additional two E-Flexer ferries from the Chinese AVIC Weihai shipyard. The two ferries are planned to be put into service in Stena Line's network, with planned delivery during 2022. "We believe in sustained growth when it comes to demand for freight capacity in northern Europe. We wish to be the leaders when it comes to sustainable shipping, and with the new E-Flexer ferries we will set a new industry standard for operational performance, emissions and cost control," says MD Niclas Mårtensson.



“

2018 was a year with continued growth and focus on strengthening the organisation and the fleet. Stena Line is now well-prepared for 2019, with focus on continued efficiency improvements and growing the business through digital transformation.

Niclas
Mårtensson
MD



COOPERATION WITH MERCY SHIPS

Stena Line and Mercy Ships, which operates the world's largest private hospital vessel, have joined forces in working to increase awareness of Mercy Ships and to highlight and encourage volunteering and donations to this activity. In the summer of 2018, the first two Stena Line employees served as volunteers onboard, contributing with their unique technical and nautical expertise.



USING LESS PLASTIC

Stena Line is working continuously to contribute to sustainable consumption through responsible procurement, waste minimisation and increased recycling. During the year, Stena Line continued to work to reduce consumption of plastic disposable items onboard.

HIGH AMBITIONS FOR SUSTAINABILITY ACTIVITIES

Stena Line has strong focus on streamlining fuel consumption and assessing the potential for more sustainable fuels. The safety of both personnel and passengers is always high on the agenda, and the focus of onboard activities includes tightening the requirements made of suppliers, reducing food waste and increasing recycling. Stena Line has identified those of the UN Sustainable Development Goals (SDG) that the company strives to achieve.

SDG	Focus areas	Target	2018	2017	2016
3 Good health & well-being	Safety among seagoing employees	LTIF ¹ < 1	1.1	0.6	1.58
5 Equality & inclusion	Improve ratio of female leaders	Min 30% share women among new leaders	19%	16.0%	14.4%
7 Clean energy	Reduce the fleet's CO ₂ emissions	Decrease 2.5% tonnes/Nm and year	0.478	0.470	0.480
12 Responsible consumption	Increase material recycling	Plus 2.5% per year	33%	30.4%	30.0%
14 Life below water	No oil spills from ships and ports	Zero cases of oil spills	2	5	3

1) Lost Time Injury Frequency (LTIF) is a way of measuring workplace safety for crew onboard. LTIF is measured as number of Lost Time Injuries (LTI) – injuries that leave the employee unable to work the following day/per million exposure hours worked.

STENA DRILLING

Stena Drilling is one of the world's leading independent drilling contractors with four ultra-deepwater drillships and two semi-submersible drilling rigs operating in a global market. With several successful newbuildings and innovative rig upgrade projects, Stena Drilling is a pioneer in several areas of technological development and innovation within the offshore industry.

2018 was a turbulent year for the offshore market, and a challenging year for the Stena Drilling Group, with some of the rigs being temporarily taken out of service during the year. In preparation for an upswing in the market, significant investments were made to maintain the high standard of the fleet and crew, and their availability to resume operations at short notice, when market demand begins to return. A lot of work was tendered out in 2018 and Stena Drilling very successfully converted these tenders into contracts. The rigs' safety and operational performance were sound, and this was a key factor in achieving new contracts. At the end of 2018, the *Stena Clyde* drilling rig was sold to a Chinese operator, leaving the fleet with four drillships and two semi-submersible drilling rigs.

FOCUS ON SAFETY AND TEAMWORK

The oil drilling industry can be hazardous, which makes safety extremely important. Before any work commences on a vessel or rig, it must be assessed to be absolutely safe; otherwise no work will take place. This requires a risk assess-



ment to be performed, followed up as required by a work permit and safety meeting, to ensure that everyone involved understands the work to be performed. Personnel are encouraged to stop the work if they do not understand it, or if they believe there is a security risk, or environmental risk. Stop cards, part of Stena Drilling's safety observation programme, must be submitted if personnel either witness risks or safe working methods need to be supplemented. Every month, the best stop card is nominated, and the person concerned receives a prize. This creates an importance basis for spreading knowledge within the fleet and to Stena Drilling's clients, who are also encouraged to take part. Stena Drilling's LTIF (lost time injury frequency) was held at zero in both 2017 and 2018, with *Stena Carron* in particular being LTI (lost time injury) free for eight years.

INNOVATION IS THE KEY TO SUCCESS

During the year, the Stena Drilling Group introduced a project to design a new drilling rig – now called the “rig of the future”. This led to the Stena HarshMAX concept, and a study took place together with several equipment suppliers and one yard. Stena also initiated cooperation with several oil and service companies in order to encourage closer ties and create strategic partnerships to improve the rigs' safety, operative performance and cost effectiveness. This partnership is ongoing in Ghana, where third-party companies are working directly with Stena Drilling on the *Stena Forth* drillship, which is yielding positive results.

STENA DRILLING FACTS

4%

Share of Group revenue

950

Employees

1,300

MSEK income

25,300

MSEK capital employed

4



Drillships

2



Drilling rigs

**TO ALWAYS BE THE CUSTOMER'S FIRST CHOICE
AND QUALITY-ASSURED PARTNER**

TRAINING FOR SAFER DRILLING

During the year, drilling crews from the entire Stena fleet took part in a simulator course for well control at Westhill Aberdeen. Participants were trained in resolving normal and more complicated oil drilling situations by applying relevant technical knowledge and competence, with due observance of regulations, recommended industry instructions and Stena's oil drilling handbook. Non-technical topics such as communication, decision-making, situational awareness, leadership, teamwork and performance-based factors were also considered. The course was a success, with an average rating of 95 per cent from all participants. "This was definitely the best training I've experienced during my drilling career," said one of the course participants.



DRILLING CONTRACTS¹

Rigs	Customers	Contract term ²
<i>Stena Don</i>	Total E&P UK	Q2 2019 – Q4 2019
<i>Stena Spey</i>	Undisclosed	Q1 2019 – Q4 2020
<i>Stena DrillMAX</i>	Energear	Q2 2019 – Q4 2019
<i>Stena Carron</i>	ExxonMobil	Q1 2019 – Q1 2021
<i>Stena Forth</i>	Tullow Ghana	Q1 2019 – Q4 2020
<i>Stena IceMAX</i>	ExxonMobil	Q1 2019; CNOOC, Q2 2019 – Q4 2019
<i>Stena Clyde</i>		Sold in Q4 2018

1) As of March 2019. 2) Including options.

REDUCED ENVIRONMENTAL IMPACTS AND A SAFER WORKPLACE

The most important sustainability issues for Stena Drilling are health and safety, as well as environmental issues primarily related to energy use, greenhouse gas emissions, and spills. Stena Drilling holds environmental certification in accordance with ISO 14001 and is working continuously to improve procedures and compliance in order to minimise the risk of occupational accidents.

Focus areas	2018	2017	2016
Reduction of emissions			
CO ₂ tonnes	150,355	178,465	189,362
NOx tonnes	2,779	3,322	3,457
Discharge to sea (litres)	1,921	3,821	5,900
LTIF ¹	0.00	0.00	0.15

1) Lost Time Injury Frequency (LTIF) is a way for measuring workplace safety for crew onboard. LTIF is measured as number of Lost Time Injuries (LTI) – injuries that leave the employee unable to work the following day/per million exposure hours worked.

“

In 2018 Stena Drilling was very successful converting tenders into contracts. The rig's safety and operational performance were sound, and this was a key factor in achieving new contracts.

Erik Ronsberg
MD



BUILDING UP OFFSHORE DRILLING KNOW-HOW IN GUYANA

Stena Carron has been active in Guyana since 2016, working for ExxonMobil. As part of an agreement with the Guyanese state, certain crew positions at Stena Carron are filled up by local crew. Since there is no local industry expertise in Guyana, and knowledge of the industry is thereby limited, these crews have been trained from scratch. So far, Stena Drilling has trained 80 local crew members in offshore drilling disciplines, contributing to building up local expertise within this area.



STENA BULK

Stena Bulk is one of the world's leading tanker operators, offering safe, innovative and cost-effective marine transportation of crude oil, refined oil products, chemicals and LNG. This requires a holistic perspective – from development and construction to crewing and chartering of first-class tankers and LNG vessels.

The tanker market is cyclical and Stena Bulk can now see the turning point for which the company is positioned, with several new positions taken during the year, and thereby expects to stay ahead of its competitors. During the year, Stena Bulk also continued to work to meet the expected reversal in the tanker industry as a consequence of the new sulphur emission regulations that will enter into force in 2020. By adapting vessels to the new legislative requirements, Stena Bulk is ensuring a basis for the long-term sustainable operation of the fleet.

INCREASED AWARENESS REDUCES ENERGY USE

In conjunction with shipping companies' need to adapt their fleets to new legislative requirements, stronger market performance is expected in 2019–2021. This is primarily related to new logistics flows, increased demand on the back of global growth, and more rapid phasing-out of older tonnage in 2019 and 2020 than normal, due to the new requirements' entry into force. Shipping currently has the objective to reduce greenhouse gas emissions by 50 per cent, up to 2050, compared with 2008 as the base year, according to the IMO's environmental target. Achieving this goal requires that shipping takes a major step forward, and drives development

towards sustainable transport on the world's oceans. For Stena Bulk, the task is primarily to make use of new technology to operate vessels more efficiently. One example is Stena Orbit, the company's digital platform, which allows for real-time control of energy use, and directly raises the alarm in the event of any deviations. Besides increasing efficiency, the platform also enhances the organisation's awareness of energy use. Together with other measures, this has contributed to the company's reduction of energy use by around 25 per cent since 2011. With the help of Stena Orbit, customers are also offered the information they need after each voyage, in order to compare Stena Bulk's transports with those of competitors.

NEW COOPERATION FOR EXPANSION IN ASIA

During the year, development continued of Golden-Agri Stena, the joint venture operated by Stena Bulk with Golden-Agri-Resources. As a consequence, together with Japanese Bay Crest Management, the company established a new joint venture, GSB Tankers. The aim of the collaboration is to take another step into the chemical transport market, where Stena Bulk sees good growth opportunities going forward.

The cooperation with the Angolan oil company, Sonangol, in Stena Sonangol Suezmax Pool, has performed well since its start 14 years ago. With a pool of 20–30 vessels, Stena and Sonangol work on triangulating and optimising trading.

In 2018, Stena Bulk also took final delivery of the 13 IMOIMAX vessels in total ordered in 2011. The vessels can handle both chemical transport and other loads and have performed above expectations in the logistics system comprising around 60–70 vessels in the MR and IMOIMAX classes.



STENA BULK FACTS

15%

Share of Group revenue

450

Employees

5,000

MSEK income

7,700

MSEK capital employed

96

Tankers

3

LNG tankers

4

Shuttle tankers

WORKING TOGETHER FOR SUSTAINABLE SHIPPING

Blockchain is a technique to handle various types of transactions that increases opportunities for traceability concerning who handles various aspects of a deal. For some time, Stena Bulk has cooperated with MIT Sloan School of Management and customers on assessing the significance of Blockchain in terms of creating safer and more effective business processes for tanker shipping operations.

ACHIEVEMENT AWARD FOR RESCUE OPERATION

During 2018, Stena Bulk received a Safety Achievement Award from the Chamber of Shipping of America for professional seamanship when a fisherman was rescued from a capsizing boat in the waters between North Korea and Japan.



Based on new technology and information tools, from 2011 up to today we have reduced our energy requirement per ton-mile by 25 per cent. Based on technical and digital solutions, transparency and cooperation, we can see that we can change business models, which will bring major changes in our industry.

Erik Hånell
MD



FUTURE-PROOFING INFORMATION

Stena Bulk works continuously with research and education, in order to make our contribution to safer and more sustainable shipping. Today, Stena Bulk cooperates with several leading universities and oil companies to increase digitalisation, reduce fuel consumption and improve transparency in the sector.

Via membership of the Marine Anti-Corruption Network (MACN), Stena Bulk is working actively to eliminate corruption in the industry.

TO BE CUSTOMERS' FIRST CHOICE FOR SAFETY, INNOVATION AND PERFORMANCE IN TANKER TRANSPORTATION.

SAFETY TAKES HIGHEST PRIORITY

Stena Bulk always puts the safety of its own personnel and partners first, among other things by providing continuous training and education. We also work actively to reduce carbon dioxide and sulphur emissions, and minimise the risk of oil spills.

Focus areas	Target	2018	2017	2016
Emissions reduction				
SOx	~200 tonnes/annually	-620	-450	-210
CO ₂	~18,000 tonnes/annually	-33,000	-37,200	-18,750
Discharge to sea (number of)	0	0	0	0
Energy efficiency (decreased fuel consumption)	0.3 tonnes/day/vessel	0.8	1.1	0.4
Laden/ballast ratio minimum	75/25 MR vessels	75/25	78/22	79/21
Laden/ballast ratio minimum	65/35 Suezmax	66/34	65/35	62/38

STENA RORO

Stena RoRo provides vessels, innovative solutions and project management for operators and shipping companies all over the world. In its operation, management and further development of vessels, Stena RoRo aims to generate profitability through the sale and chartering of high-quality tonnage.

In 2018, the market was strong for both RoPax and RoRo vessels. As a consequence, Stena RoRo has taken the opportunity to divest two vessels. With the sale of *Stena Freighter* to the space-flight company Blue Origin, owned by Amazon founder Jeff Bezos, Stena RoRo has shown how its well-maintained and flexible vessels can be of interest to unexpected industries. *Stena Freighter* will be used as a landing platform for the reusable booster rockets in Blue Origin's latest space venture, New Glenn. During the year, Stena RoRo also sold *Stena Carrier* to the Mexican shipping company, Baja Ferries.

FAVOURABLE SALES IN GOOD TIMES

Stena RoRo buys vessels at favourable prices and creates value by developing and refurbishing these vessels. As a consequence of the strong market, and in line with its contracyclical strategy, Stena RoRo has been able to achieve profit on vessels acquired during less favourable times. Thanks to profitable operation and successful sales, Stena RoRo can present the best result ever. Stena RoRo has also continued the work of designing, project managing and ensuring delivery of newbuildings.

During the year, Stena declared four options at the Chinese AVIC Weihai shipyard, so that Stena RoRo is now project managing the building of a total of eight RoPax vessels ordered from the AVIC Weihai shipyard. The design has been adapted in line with the requirements of both internal and external customers. Three vessels will be chartered out to well-reputed European shipping companies, while five will be used by Stena Line. A hospital vessel for Mercy Ships is being built at the Xingang yard in Tianjin, China, and Stena RoRo is responsible for design and project management at the yard.

The vessel is planned to be ready for delivery from the Chinese yard during the first quarter of 2020.

WELL-POSITIONED WITH A STABLE BUSINESS MODEL

Significant technical expertise, combined with good market know-how, enables Stena RoRo to make advantageous acquisitions even when the economic climate in the market is strong. Stena RoRo is currently working on a number of projects where doing profitable business relies on the company's opportunities to technically adapt the vessels. In the coming years, there is much to indicate the increased addition of primarily new RoRo vessels in the market, which will exert pressure on margins in the industry. In the RoPax market, on the other hand, development is still assessed to be strong, since in principle no speculative newbuilding orders are placed. There is also political uncertainty in Europe, as well as unrest about the outlook for the transport fleet after a possible Brexit 2019. Stena RoRo is monitoring developments closely and, with a well-balanced fleet comprising of both RoPax and RoRo vessels, is ready for various scenarios.

FOLLOWING UP ON EMPLOYEES' REQUESTS

Stena RoRo is continuing its sustainability journey. By developing digital information and operations reporting systems, Stena RoRo is creating a basis to optimise ferry operation and thereby reduce fuel consumption. A key element of sustainability work is also to offer a secure workplace, and ensure the welfare of all employees. During the year, Stena RoRo made several organisational adjustments to improve employees' working conditions, in line with feedback made in the Stena Voice employee survey.

STENA RORO FACTS

2%

Share of Group revenue

190

Employees

850

MSEK income

1,400

MSEK capital employed

4

RoRo ferries

4

Ropax ferries

ENERGY EFFICIENCY IN FOCUS FOR NEW VESSELS

Stena RoRo is project managing the newbuilding of eight RoPax vessels at the AVIC Weihai shipyard in China. The ferries will be among the most energy efficient of their type, in terms of hull shape and propulsion. They will significantly reduce the relevant CO₂ emissions in the lines in which they operate. They will also be built for traditional fuels, while being prepared for scrubbers and selective catalytic reduction (SCR). The ferries will also have the "DnVGL Gas Ready" class notation.



FREE AND INCREASED MOBILITY FOR PEOPLE AND TRADE, CONTRIBUTING TO GREATER PROSPERITY AND A SUSTAINABLE ENVIRONMENT



Stena Forecaster loads aircraft parts for Airbus.

SYSTEMATIC ENVIRONMENTAL ACTIVITIES FOR THE BENEFIT OF CUSTOMERS

Stena RoRo holds ISO 14001 certification and works systematically to ensure that the vessels that are built, rebuilt and chartered out have the lowest possible environmental impact. Employees' health and safety is also a top priority. The continuing sustainability initiatives are focused, among other things, on achieving accurate KPIs for environmental activities.

Focus areas	Target	2018	2017	2016
FAR (Fatal Accident Rate)	0	0	0	0
LTIF ¹	<1	0.00	0.68	0.54

1) Lost Time Injury Frequency (LTIF) is a way to measure workplace safety for crew onboard. LTIF is measured as number of Lost Time Injuries (LTI) – injuries that leave the employee unable to work the following day/per million exposure hours worked.



Through our dedicated work with modern digital onboard systems, we contribute to help our customers to futureproof their own operations effectively.

Per Westling
MD



0

In 2018, Stena RoRo reported an LTIF¹ of zero.

A SAFER WORKPLACE

The most important sustainability issues for Stena RoRo are health and safety, technical reliability, and environmental issues primarily related to energy use, greenhouse gas emissions, and waste. Stena RoRo holds ISO 14001 environmental certification and is working continuously to minimise the risk of occupational injuries.



NORTHERN MARINE GROUP

Based in Glasgow, Northern Marine Group (NMG) provides technical and crew management services as well as marine services to the Stena Group and also to external clients within the marine and offshore industries. NMG has offices in Glasgow, Aberdeen, Mumbai, Houston, Manila, St. Petersburg, Shanghai and Singapore and manage a fleet of 146 vessels.

In 2018, NMG's strategically-diverse service offering ensured another profitable year, even though its financial performance was affected negatively by turbulent market conditions within both the shipping and offshore industries.

Significant efforts were made in 2018, by implementing improvement measures, including the restructuring of business units, closure of non-core business units, and review of management teams to create a broader platform for performance in the continuing challenging industry environment. NMG has already seen a positive effect, as demonstrated by new business conversions both within the Ship Management and Services divisions.

From a ship management perspective, the fleet ended 2018 in an improved position with regard to operational objectives for safety, environmental protection and oil major vetting statistics than when the year began. An all-time lowest number of recordable accidents was detected across the tanker/gas carrier fleets and NMG continued to achieve zero environmental pollution incidents in 2018.

Strong leadership focus is always required to deliver the operational results and as such the various training and mentoring projects are evidencing results. The Visible Leadership Project has been implemented across the businesses to enhance employee engagement, both onboard and onshore.

A number of projects were completed in 2018 to reduce fuel consumption onboard technical managed vessels, including the introduction of bow thruster grids on passenger ferries and Hub Vortex Absorber (energy saving equipment) on gas tankers. Measurement of these specific initiatives evidences a reduced fuel consumption from between two per cent and five per cent, depending on application.

NMG's commitment to energy efficiency is coupled with its activities in emission reduction. Delivering exhaust gas scrubber solutions, in collaboration with Shanghai Bluesoul Environmental Technology Co. Ltd, further demonstrates its capability as a value creating service provider to its clients. An exhaust gas scrubber is a piece of machinery inserted into the ship's exhaust system. Passing sea water through the scrubber absorbs sulphur dioxide from the ship's engine exhaust gases, which will ensure compliance with upcoming IMO industry regulations.

PROACTIVE CULTURE OF SAFETY REPORTING

Employee safety is the highest priority for Northern Marine Group. Building on an already proactive culture of safety reporting in 2018, seafarers in the fleet continued to build safety monitoring ethos, as the number of potential safety risks identified through the Behavioural Based Safety System (BBS) increased by 28 per cent. It is through committed vigilance, such as BBS, that ships in the fleet remain safe working environments.

The changing legislation on marine sulphur regulations being introduced by the IMO as of 1 January 2020 is a major external factor that will impact business. Careful dialogue and planning with clients are necessary to not only achieve technical acceptance, but also ensure that the most flexible commercial strategy is achieved.

NMG requires highly skilled and committed seafarers from all geographical locations to successfully operate the fleet. With signs of a weak emergence in the depressed offshore market, NMG must be focused on retention of its crew, to prevent skills being transferred from commercial shipping to the reawakening offshore oil and gas projects.

NORTHERN MARINE GROUP

2%

Share of Group revenue

6,500

Employees

800

MSEK income

600

MSEK capital employed

COMMITTED TO PROVIDING OUTSTANDING SHIP MANAGEMENT SERVICES



UK'S LARGEST TRAINING PROVIDER OF OFFICER CADETS

In 2018, Clyde Marine Training – a subsidiary of Northern Marine Group – was the UK's largest cadet training provider, with over 800 cadets being trained, under 51 shipping companies. During the year, 280 new cadets were recruited by Clyde Marine Training – 40 per cent of all new cadets recruited for the British maritime sector in 2018.



“

In 2018, NMG's strategically-diverse service offering ensured another profitable year.



Philip Fullerton
MD

SAFETY AND ENVIRONMENTAL EXPERTISE

Since sustainability ranks high on NMG's agenda, our employees can contribute to reducing environmental impacts and increasing the safety of our customers. We hold both ISO 14001 and ISO 50001 certification and also focused on information security issues during the year.

Focus areas	Target	2018	2017	2016
Discharge to sea (number)	0	0	2	2
Port state control detention	0	2	2	2
Information security	0 data breaches	1	0	0
LTIF ¹	Below 0.5	0.31	0.33	0.65
Full compliance with laws and regulations		✓	✓	✓

¹) Lost Time Injury Frequency (LTIF) is a way of measuring workplace safety for crew onboard. LTIF is measured as number of Lost Time Injuries (LTI) – injuries that leave the employee unable to work the following day/per million exposure hours worked.

STENA TEKNIK

Stena Teknik is a technical resource for Stena's marine-related business areas, to increase their competitiveness and develop techniques to handle the Group's vessels on a safe, environmentally friendly and effective basis. Stena Teknik plays an important role in achieving the vision of environmentally-neutral transport. An intensive effort is being made to optimise existing and new ferries' design, in order to reduce fuel consumption and increase load capacity.

At the start of the year, the last of the 13 IMOIMAX tanker vessels for Stena Bulk was delivered, and the work on a bunker vessel for Stena Oil continued. In addition, Stena Teknik also supported the newbuilding of eight RoPax vessels in China that will be among the most energy efficient of their type. The hull and engine system have been further developed, and the ferries are built to run on different fuels, and prepared for purification equipment such as scrubbers or selective catalytic reduction. Stena Drilling's drilling rig, *Stena Don*, has been positioned solely using propeller force in drilling operations. New requirements have been introduced for the positioning system to be supplemented with an anchoring system. The new system will make the rig more flexible, with the capability of operating in several types of environment, at varying water depths.

FOCUS ON ELECTRIFICATION OF VESSELS

A project for the gradual introduction of battery operation of Stena Line's vessels was commenced during the year. Batteries were installed onboard *Stena Jutlandica*, with the economic support of the EU and the Swedish Transport Administration. When the vessel is in port, the power-consuming bow thrusters run on batteries, which reduces both noise and environmental impact. In the next phase, planned to commence in 2019, battery operation will be connected



to two out of four main engines, so that *Stena Jutlandica* can run solely on electricity in inshore waters. The final goal is for the ferry to run solely on electricity for the entire route between Göteborg and Frederikshavn, equivalent to around 50 Nm. Battery-based propulsion can completely eliminate emissions to air. Batteries will gradually be installed on additional ferries in Stena's fleet, reducing the ferries' environmental impact.

OPTIMISED FUEL CONSUMPTION WITH AI

Stena Teknik has joined forces with Stena Line on developing a system to collect and compare data for optimisation of vessels' fuel consumption. This has now been taken a step further with Stena Line's operation of an AI pilot project aimed to streamline shipping operations in different routes. A similar system has been developed by Stena Bulk. The company's digital platform Stena Orbit provides real-time control of energy use, and directly raises the alarm in the event of any deviations. This has contributed to the company's radical reduction of energy use.

IMPROVED FIRE SAFETY IN THE INDUSTRY

During the year, in cooperation with Stena Line, Stena RoRo and Northern Marine, Stena Teknik drew up a fire safety standard for implementation on all vessels in the Group. The safety level is now assumed to fulfil the requirements being considered within international organisations such as the IMO and European Maritime Safety Agency (EMSA) who are taking an interest in this work, which is now being disseminated as a new standard throughout the industry.

STENA TEKNIK FACTS

20

Employees

9

Newbuildings on order

WE PROVIDE MARINE TECHNOLOGY EXPERTISE FOR INCREASED COMPETITIVENESS

“

With our expertise, experience and, most of all, curiosity, we look forward to meeting future sustainability challenges.

**Harry
Robertsson**
Technical
Director



VISION OF ENVIRONMENTALLY-NEUTRAL TRANSPORT: STENA ELEKTRA

As a key element of Stena's vision of environmentally-neutral transport, Stena Teknik has developed the Stena Elektra concept, a hybrid vessel that is planned to run on electricity and serve the Göteborg-Frederikshavn route, or other services of up to 50 nautical miles. Battery-based operation can completely eliminate emissions to air. By removing the engines and all appurtenant systems, there is no need for bulky engine rooms, but solely space for electrical motors and batteries.

The vessel is still being developed and there are many challenges to overcome before this new technology is achieved in practice. In view of the pace of current development in terms of battery capacity and reduced battery prices, it is only a matter of time before Stena Elektra is achieved.



STENA PROPERTY

Stena Property is one of Sweden's largest private property companies, with around 28,000 residential units and commercial premises in metropolitan regions. Stena Property focuses on the future by building thousands of new residential units and commercial premises, where activities outside the buildings are just as important as life inside. Sustainability issues are high on the agenda, and Relationship management is used to cooperate on creating attractive areas that people can enjoy and settle down in.

Stena Property¹ achieved a record result, partly due to the sale of properties to Stena Sessan for the equivalent of SEK 6.6 billion. The occupancy rate for the commercial property portfolio was at a stable high level (95 per cent) during the year, and 1,500 flats are currently being built in Sweden. Abroad, the focus has been on filling vacancies in The Netherlands and this has begun to yield results, with an overall occupancy rate of 90 per cent during the year. Stena Realty acquired a property in London and two properties in The Netherlands, and has an ongoing construction project in France. With the sale of a property in Hungary during the year, Stena Realty has left the Hungarian market.

Acquisitions for more than SEK 1 billion were made during the year, including a major deal for three LEED-certified (Leadership in Energy and Environmental Design) commercial properties in central Lund.

FROM PROPERTY MANAGEMENT TO CITY DEVELOPMENT

Based on a new business plan, Stena Property is gearing up as a city developer and is focused on strengthening cities by creating secure and pleasant neighbourhoods. To a great extent, Stena Property has progressed from involvement in property management, to using new construction and strategic collaboration to develop entire city quarters, such as Masthuggskajen in Göteborg, where there are plans to build more than 300 new flats and 30,000 sq.m. of offices, commercial premises, service outlets and restaurants. The entire area will be sustainability-certified under the Citylab Action Certification System, developed by the Sweden Green Building Council and is the first sustainable city development fully adapted to Swedish condi-

tions. Construction is planned to start in 2020, with occupation commencing in 2021.

Stena Property is also building residential units and commercial premises in Kvarngärdet, Uppsala, and Nybergstorg in Stockholm, and in Kallebäck, Ekebackshöjd and Tynnered in Göteborg, with the ambition of achieving Miljöbyggnad (Sweden Green Building Council) silver certification. In Tynnered, Stena Property is building 73 flats and a retirement home for 96 persons together with Attendo, for completion in 2021. This agreement also includes extra focus on social activities, to increase integration between the retirement home's residents and the tenants in the residential area. This new establishment will create 100 jobs in this new part of the city.

During the year, a new geo-thermal heating system was installed at Bellevuegården in central Malmö, which means that the area now includes both heating and electricity from fossil-free sources.

Together with the Childhood Foundation, all employees in Stockholm have received training in learning how vulnerable children should be approached, and what property owners can do to support these children.

HELPING YOUNG PEOPLE INTO THE HOUSING MARKET

Long housing waiting lists and credit restrictions make it difficult for young people to join the housing market. Therefore, Stena Property is now focusing on offering inexpensive forms of housing, such as co-living, where residents can have their own bedroom and bathroom, but share other space with other tenants. Pilot projects have been launched in Göteborg and Stockholm.

WE MANAGE RELATIONS

STENA PROPERTY FACTS

16%

Share of Group revenue

360

Employees

5,500

MSEK income

35,400

MSEK capital employed

24,600

Residential

2,4 M m²

Owned and managed stock

3,700

Number of premises

1) Stena's property operations are managed by Stena Fastigheter in Sweden and by Stena Realty internationally.

DOUBLING OF THE WORKFORCE IN THE SUMMER

Every year, Stena Property doubles its workforce with summer workers. Jobs are offered to young people aged between 16 to 20 who live in Stena's properties. The young people work on such tasks as caring for the residential areas, by clearing up flower beds, painting and cleaning storerooms. Including the 2018 summer recruitment, this has contributed to 1,500 summer jobs in the course of five years.



ACTIVE WORK INCREASES THE SECURITY OF OUR AREAS

Central Tynnered in Göteborg is classed as a particularly vulnerable area, yet the results of the latest survey of Stena Property's tenants in the area shows a significant improvement in experienced security, with an increase in the security index from 58 per cent to 80 per cent in the course of one year. Tenants were involved in and had the opportunity to influence the measures

Stena Property has taken in the area, such as extended opening hours for the area offices, contributing to additional after school activities for children and young people, and tenants who commit to being area hosts.



“

Co-living develops the city and creates the residents of the future. We offer choices to our customers and give young people a chance to enter the housing market.



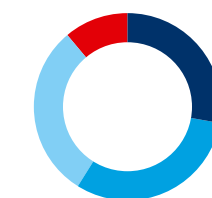
Cecilia Fasth
MD

RENTABLE SPACE BY CATEGORY



■ Residential 72 %
■ Commercial 28%

RENTABLE SPACE BY SUB-MARKET



■ Göteborg 28%
■ Stockholm 31%
■ Malmö 30%
■ Outside Sweden 11%

RELATIONSHIP MANAGEMENT FOR SUSTAINABLE CITY QUARTERS

The basis for our Relationship management work is that when our tenants thrive, our areas will also develop favourably. Stena Property takes holistic responsibility for the areas where we have properties, and is also continuously engaged in efficient use of energy and reducing our properties' environmental impacts.

Focus areas	Target	Total reduction 2010-2018	2018	2017	2016
Electricity consumption kWh/m ²	-30% between 2010-2020	-31%	21	22	23
Heating consumption kWh/m ²	-30% between 2010-2020	-19%	119	128	126
Water consumption m ³ /m ²	-20% between 2010-2020	-12%	1.5	2	2

STENA ADACTUM

Stena Adactum is Stena AB's (publ) wholly-owned investment company that works in a long-term ownership perspective to develop and invest in listed and unlisted companies. Stena Adactum has a deep commitment, and works actively via the Boards of Directors to influence its portfolio companies, so that the activities create high value, based on sound business ethics, and a sustainability perspective.

Stena Adactum achieved a record result in 2018. The portfolio companies are well-positioned, and have strong management teams and sound finances, which has given good opportunities to leverage the sound cyclical position in recent years. Stena Adactum achieved strong underlying results, despite unfavourable weather conditions that mainly affected Stena Renewable and Blomsterlandet. Together with capital gains, the sound operating profit has contributed to a strong cash flow and result. However, Gunnebo's major write-down on the sale of its French activity had a negative impact.

WHOLLY-OWNED PORTFOLIO COMPANIES

Ballingslöv International, a Group with a number of leading kitchen brands, saw continued strong growth, with sound development in the kitchen markets in Norway, Denmark and Finland, and stable progress in Sweden. The Netherlands and Belgium also achieved strong growth during the year.

During 2018, the Blomsterlandet chain expanded and opened five new Garden Centers, and now has 58 units in Sweden. There are also plans to open additional centres in the coming years. S-Blommor, which handled the Group's sales via grocery outlets, was divested during the year. The full focus is on running the Blomsterlandet stores and further developing e-commerce.

Envac delivers infrastructure solutions in the form of automatic waste handling systems and has activities in over 20 countries. The company's largest market is the new development of residential areas and hospitals, and saw strong market development in 2018 in several Asian and Nordic countries.

Captum was started in 2017 and offers consumer credit and payment solutions. They are now in an expansive stage. After the company's geographical expansion in 2018, besides Sweden it now also has Norway and Denmark as its market.

PARTLY-OWNED PORTFOLIO COMPANIES

Electricity prices recovered in 2018, giving opportunities for investment in Stena Renewable's project portfolio. At the beginning of the year, construction of 19 wind turbines commenced, for a value of SEK 750 million.

Stena Adactum sold 65 per cent of its holdings in Stena Renewable, in order to support the investment in 300 new wind power projects, realising a net gain of MSEK 160.

During the year, Gunnebo divested its large French operation and is now focusing on the core activities of entry control, cash handling and secure storage solutions, for which the company has a leading position, with sound growth.

Svedbergs continued to perform well in the consumer segment in 2018, while the project market was weaker. The company launched several new products and is now establishing a stronger market and sales organisation.

Midsona is a leader in the Nordic region for healthy and organic foods and personal care. The company performed well during the year, with continued expansion and growth. In 2018, the company acquired the German company, Davert, which is a leading operator within organic foods in the German market.

STENA ADACTUM FACTS

21%

Share of Group revenue

2,700









Employees

7,300

MSEK income

5,400

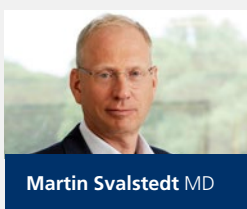
MSEK capital employed

 100%	 100%
 100%	 100%
 26%	 26%
 24%	 35%

% = Share of ownership



Through active ownership we raise awareness of sustainability issues in our portfolio companies.



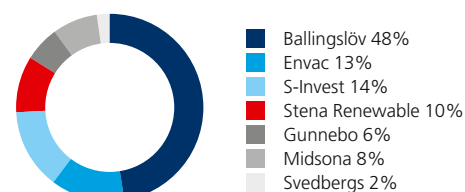
Martin Svalstedt MD

PARTNERSHIPS FOR CONTINUED DEVELOPMENT OF WIND POWER

Since 2006, Stena Renewable has developed into one of Sweden's largest and most successful land-based wind power companies, with 94 wind turbines and installed capacity of 244 MW. To ensure the company's continued expansion, during the year Stena Adactum sold 65 per cent of its holdings in Stena Renewable, in order to support the investment in 300 new wind power projects, realising a net gain of MSEK 160. Together with these strong owners, Stena Renewable will now be able to achieve the major project portfolio and continue to develop and acquire new projects. This lays the foundation for building the next generation's power companies based solely on renewable electricity production.



MARKET VALUE PER PORTFOLIO COMPANIES, %



RESPONSIBLE INVESTMENTS

BLOMSTERLANDET TAKES RESPONSIBILITY FOR PEOPLE AND THE ENVIRONMENT

Blomsterlandet¹ will take responsibility for our impact on society through our own activities, as well as our products. Our plants and accessories must always be of good quality and we work actively to create environmentally sound products that are manufactured in good conditions. In 2018, Blomsterlandet has identified those of the UN Sustainable Development Goals (SDG) that the company strives to achieve.

SDG	Focus areas	Target 2019	2018	2017
13.3	Climate impacts by changing transport modes (tonnes CO ₂)	Reduction by 500 tonnes. The aim is to use rail transport to cover a larger proportion of goods deliveries	3,500 tonnes	NA
12.5	Recycling (%)	Increase the recycling ratio by 7 percentage from the preceding year	17%	18%
12.2	Reduce the content of plastic in waste (tonnes)	Reduction by 2 tonnes/store	30 tonnes/store	31 tonnes/store
7.3	Green Property (GWh)	Reduction by 150 GWh	3,750 GWh	3,700 GWh

BALLINGSLÖV'S SUSTAINABILITY INITIATIVES PRODUCE RESULTS

Ballingslöv¹ works to reduce environmental impacts at every stage of the value chain, from procurement of more sustainable materials to reduced emissions of chemicals and carbon dioxide. Ballingslöv also has the vision of zero occupational accidents and for several years has worked with a code of conduct for suppliers. In 2018, Ballingslöv has identified those of the UN Sustainable Development Goals (SDG) that the company strives to achieve.

SDG	Focus areas	Target 2022	2018	2017	2016
13.2	CO ₂ emissions (kg/cabinet) ²	2,8	3.1	3.4	3.4
13.2	Chemicals - VOC ³ emissions				
	- efficiency, cleaning (%)	>95%	96.1	96.0	95.8
	- total VOC emissions (tonnes)	<20 tonnes	14.5	17.0	18.8
	- VOC emissions (kg/cabinet)	0.04	0.043	0.049	0.055
8.8	Safety and personnel: number of accidents ⁴	0	9	10	11
12.5	Products' recyclability (%)	>90%	90	90	90
16.5 & 16.B	Human rights: Suppliers with a procurement volume >300 TEUR must sign the BI Code of Conduct (%)	100%	98	80	50

¹ Blomsterlandet and Ballingslöv are subject to statutory requirements concerning sustainability reporting, and more detailed sustainability information is therefore reported for these two holdings. ² kg per produced cabinet unit from production ³ Volatile organic compounds. ⁴ Accident involving absence, 1 day absence or more

STENA FINANCE

Stena Finance's main task is to manage the Stena AB Group's financing and liquidity planning in both the short and long term. Stena Finance also manages the operational business units' financial risks in the interest rate, currency and oil markets. In addition, Stena Finance manages the Group's financial investments. Another important role is to serve as a resource for the operational units on the identification, analysis and execution of new business deals.

The end of 2018 was dominated by a weak economic cycle and a strongly diminished risk appetite in the wake of increased fears of a recession. At the beginning of 2019, the oil price was around USD 55-60/barrel (Brent) after declining from USD 86/barrel at the beginning of October 2018. These market fluctuations give rise to unrest, but may also lead to new business opportunities. A number of political factors have contributed to exacerbating the financial unrest – trade tensions between the USA and China, the federal government shutdown in the USA, and the outcome of the Brexit negotiations are just a few examples.

REDUCED SHAREHOLDINGS DURING THE YEAR

The general downturn on global equities exchanges contributed to Stena's reduction of its shareholdings during the year. As a consequence, Stena's holdings in the bond and fixed income markets have increased, compared to equities holdings. The total return on equities was 0.6 per cent for the full year, reflecting better performance than the overall market. Stena's equities holdings comprise around

80 companies on exchanges in the Nordic region, the rest of Europe, and the USA and Asia.

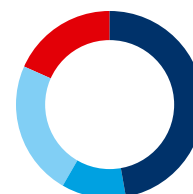
GOOD LIQUIDITY AND INCREASED FLEXIBILITY

Stena is a capital-intensive company with most of its activities in volatile markets subject to a risk of sudden fluctuation. This means that Stena requires significant liquidity in the company, to be able to handle these variations. The company therefore has the policy of being able to handle such pressures for a period of at least three years. During the year, Stena further strengthened its liquidity by, among other things, refinancing certain assets. A lot of effort was also devoted to extending Stena's Revolving Credit Facility (RCF), which will now expire in 2023, with a total credit line of MUSD 725.

A number of divestments in 2018 concerning properties and parts of the wind power activity also strengthened the liquidity. Stena Property sold properties for net proceeds of SEK 4 billion during the year. Going forward, Stena will continue to focus on ensuring high liquidity, so that the Group continues to be well-prepared for potential future challenges.



LIQUIDITY



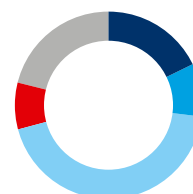
- Unutilised credit lines 47%
- Cash and cash equivalents 11%
- Equities 23%
- Fixed income 18%

INTEREST-BEARING LIABILITIES



- Other bank loans 42%
- Real estate loans 29%
- Leasing liabilities 9%
- Bond loans 20%

INVESTMENT PORTFOLIOS



- Adactum (listed shares) 18%
- CDOs/CLOs 9%
- Fixed income 44%
- Long-term equity 8%
- Other equities 21%

The diagrams refer to Stena AB Group as of December 31, 2018



2018 was a year of re-financing. We deliberately extended our amortisation profile, to create greater financial flexibility for our activities. The focus areas for 2019 are, as always, high liquidity, cash flow and continued optimisation of returns on our financial assets.

Peter
Claesson
MD



COORDINATED PROCESS FOR SUSTAINABILITY ACTIVITIES

In order to ensure a clear structure and follow-up for all of Stena's sustainability activities, a joint process called SuStenability was developed in 2017.

The aim of SuStenability is also to create greater commitment to sustainability work. The process comprises the following elements:

- Description of each business area's value chain and business model, and the activities' impact on the environment, and on economic and social conditions.
- Assessment of the risks identified on the basis of the aforementioned value chain.
- Analysis of material topics and focus areas.
- Assurance that policies for the environment, social conditions, personnel, human rights and anti-corruption are in place.
- Formulation of measurable goals and areas for improvement. Linking of goals and focus areas to the relevant UN Global Goals for Sustainable Development, where possible.

The implementation of the SuStenability process continued in 2018. The key focus was on supporting the business units that had not previously undergone the entire process in achieving this during the year. Nonetheless, all of the business areas had already worked on sustainability issues in some form before the process commenced.

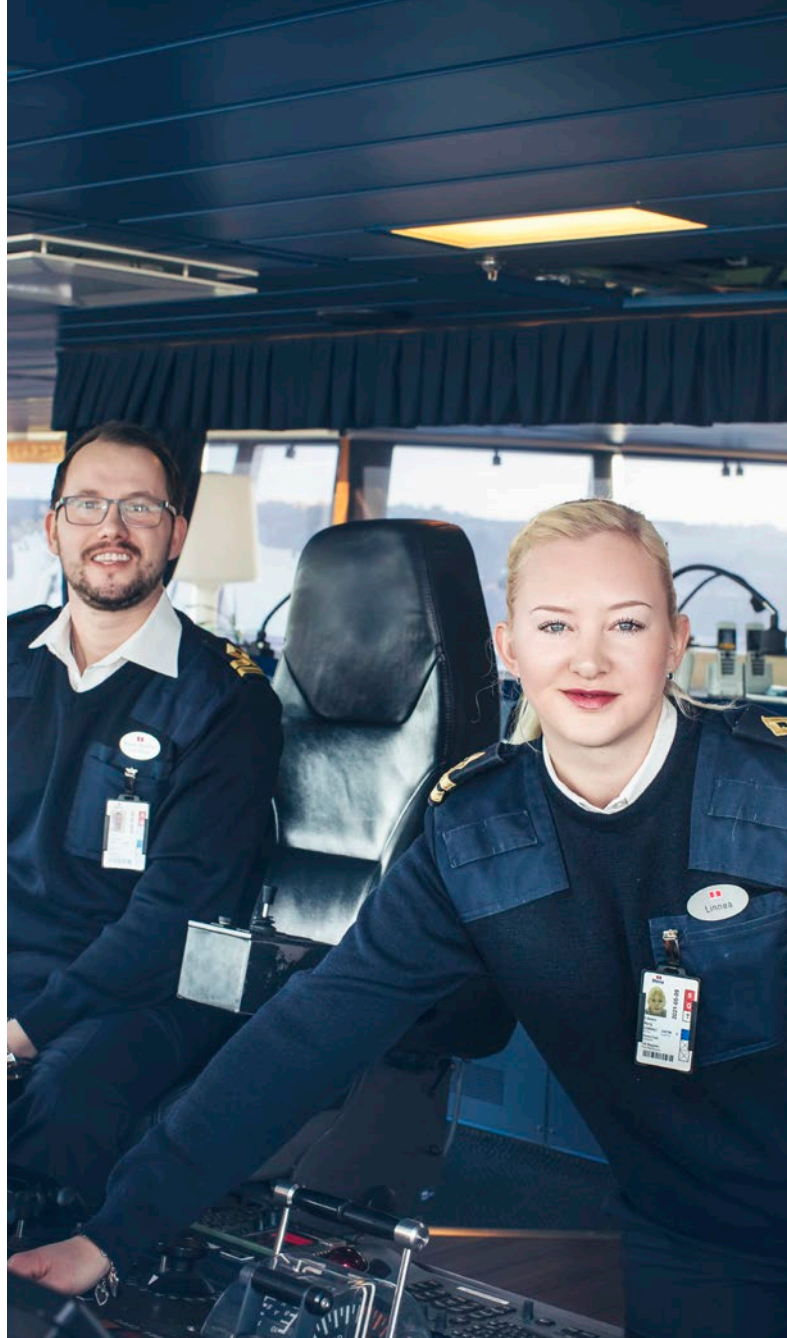
All business units noted increased interest in sustainability issues from customers, be that either companies or private individuals. During the past year, banks and other investors also showed a clearer interest in how Stena works with sustainability issues, and handles different types of risk.

One such issue highlighted by a new policy document is the recycling of vessels. For this, Stena drew up a Group-wide policy during the year, which was approved by the board of directors in December.

SUSTEN

ACTIVITIES TAKE PLACE IN THE COMPANIES

Stena's principle of delegated business responsibility, and that decisions must be taken close to the business, is reflected in how each business area, based on its materiality analysis, selects which performance indicators are most relevant to measure. The respective business areas' performance indicators are published on their respective pages. No centralised targets are set, although there is a centrally located sustainability department, to support the business units. Twice a year, an overall report on sustainability activities is presented to the Stena AB's (publ) board of directors' audit committee. Each business unit has a sustainability coordinator who is responsible for running the work. The coordinators meet up with the central sustainability department a few times per year, in order to exchange experience and get training in the area.



ABILITY

MATERIAL TOPICS FOR STENA

Every second year, the business units' materiality analyses are reviewed. There is also an annual review of the sustainability risks, with follow-up on the business units' performance indicators. The materiality analyses involve surveys of responsible persons from various business area functions. These persons are in regular contact with external stakeholders, whose perspectives are highlighted in the materiality analyses.

As a consequence of Stena's diversified activities, the stakeholders are multifaceted and include such groups as Stena Property's tenants, subsuppliers to Blomsterlandet, logistics companies that use Stena Line, and some of the world's global energy companies that buy transport from Stena Bulk. The materiality analyses with related performance indicators are approved by the business units' various management groups.



THE ISSUES IDENTIFIED AS MOST IMPORTANT FOR STENA AT AN AGGREGATED LEVEL:



ENVIRONMENT

- Emissions of carbon dioxide (CO₂), sulphur oxide (SO_x) and nitrogen oxide (NO_x) to the air
- Energy consumption and energy efficiency
- Waste management
- Emissions to water
- Sustainable consumption and production – requirements of suppliers and nudging towards better environmental choices, primarily for commercially active business units
- Recycling philosophy – circular flows whereby resources return to the basic production material



SAFETY

- Ensuring high quality operations to avoid accidents at sea and protect people, the environment and property
- Ensure safety for our crew passing certain geographical areas, where there is still a risk to be exposed to pirate attacks.
- Information security



EMPLOYEES

- The health and safety of both passengers and tenants, and in particular employees, whose work may place them in exposed environments, such as onboard vessels
- Non-discrimination and equal terms for both employees and other business partners
- Training and education of employees



COMMUNITY

- Demonstrate good business ethics in the activities by, for example, contributing to fair competition and preventing corruption
- Regulatory compliance

SUSTAINABILITY MANAGEMENT

Stena's core values are part of every activity and the basis for Stena's corporate culture. The company has an overall code of conduct and several shared policies describing how the company is to demonstrate ethical, social and environmental responsibility. Each respective business area is responsible for following the guidelines and policies ensuring that there are specific goals, with follow-up of the most important sustainability issues.

CORE VALUES

Stena's core values are Care, Innovation and Efficient performance. Ethical conduct in every aspect of the Group's operations contributes to care for customers, employees and society. The focus on innovation is to a large extent the driving force in improving energy efficiency at sea and ashore, and contributing to a reduced environmental impact. Safety, quality and ethical conduct characterise the performance of all tasks and contribute to long-term profitability.

The core values serve as guidelines for responsibility within Stena and are also the foundation for the sustainability work. Stena's business is only sustainable if all employees contribute to the positive development of customers and society every day, through care and efficient performance. In this way, sustainable value creation is ensured, both now and for future generations.

POLICIES

Stena AB's Group-wide code of conduct sets out guiding principles for ensuring that operations are conducted on an ethically, socially and environmentally sound basis, and concerns such issues as the environment, social conditions, personnel, human rights and anti-corruption. The code of conduct also concerns relationships with business partners, whereby Stena reserves the right to withdraw from a relationship if a partner does not meet the business ethical standards applied by Stena.

In addition to the code of conduct, there is also a White Book containing the principles, convictions and basic values defined by Stena's CEO and principal owner. Key basic values are business acumen, results, innovation, quality, dedicated employees and satisfied customers.

All employees are expected to have read and familiarised themselves with the code of



conduct. The code of conduct is also an integral part of the employment contract and part of the introductory programmes for new employees and business partners.

In certain cases, the various business units have created their own policies, with the code of conduct and Group-wide policies as the lowest level.

If an employee discovers something that violates Stena's code of conduct, values, policies or other applicable legislation, there is a whistleblower function for reporting incidents, with full anonymity. The service is provided by an external partner and all information is encrypted, which further strengthens security.

Stena's code of conduct and whistleblower policy are available to all employees on Stena's intranet, together with a compulsory e-learning programme and instructions for the reporting steps that employees are encouraged to take when notifying suspected malpractice. Other Group-wide policies are also published on the intranet.

The following pages give a description of Stena's governance in the four focus areas for sustainability activities.

CARE, INNOVATION & EFFICIENT PERFORMANCE





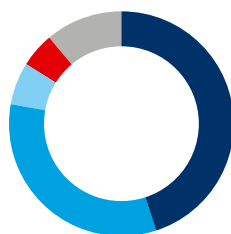
ENVIRONMENT

Stena works to ensure the sustainable and ecologically sound use of resources. This entails respect for the precautionary principle, with the intention of protecting the environment, preventing pollution, increasing the efficiency of energy use and minimising waste and greenhouse gas emissions.

In all of Stena's business units, efforts are focused on continuously reducing our climate impact, with the greatest focus on the energy and transport area, and meeting or exceeding the requirements in national or international regulations and agreements for the reduction of emissions to air, land and water.

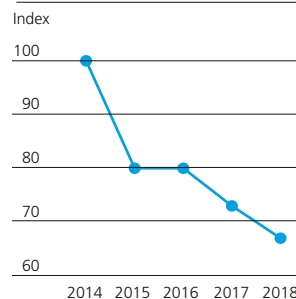
Safe, sustainable and environmentally sound operations are a cornerstone of Stena's brand. All employees have management's full support to break any chain of events that might lead to an accident or environmental damage. Read more about this under Safety.

VESSELS' CO₂ EMISSIONS¹



1) In total 3.2 million tonnes of CO₂ 2018
2) Concordia Maritime is a public company with Stena Sessan as its majority owner.

REDUCED SULPHUR EMISSIONS¹



1) Emissions from the vessels

"A CONTINUOUS EFFORT TO REDUCE CLIMATE IMPACT IS FOUND IN ALL STENA'S OPERATIONS"

KEY ENVIRONMENTAL FIGURES, 2018

For many years, Stena has measured and monitored the fleet's emissions. In 2018, both total emissions and the total distance sailed decreased,

Energy consumption	2018	2017	2016
Number of vessels in the report	103	111	105
Total distance sailed (1,000 Nm)	7,062	7,487	6,919
Total fuel consumption on vessels (1,000 tonnes)	1,024	1,084	1,066
Total energy consumption on vessels (TWh)	11.8	12.4	12.5
Greenhouse gas emissions	2018	2017	2016
CO ₂ emissions (1,000 tonnes)	3,185	3,382	3,346
Other emissions	2018	2017	2016
NOx emissions (1,000 tonnes)	68	74	74
SOx emissions (1,000 tonnes)	22	24	26
Environmental indicators, Stena Property	2018	2017	2016
Electricity consumption kWh/m ²	21	22	23
Heating consumption kWh/m ²	119	128	126
Water consumption m ³ /m ²	1.5	2	2



SAFETY

Providing a safe and secure environment for all employees, as well as passengers, customers, tenants and transported goods, is a top priority for Stena, with the ambition of continuous improvement. Stena adheres to the national and international conventions governing safety at sea, as well as the design of vessels in terms of rescue operations, prevention of fires, radio equipment and many other issues. Safety measures are an ongoing activity and are aimed at ensuring continuous improvement and keeping employees continuously updated on safety awareness.

Stena has a vision of zero accidents. There is a Group-wide Health, Safety and Environmental Policy. In addition, many of the business units have created their own policies, with the Group-wide policy and the section of the code of conduct concerning safety as the lowest level. To enhance contingency measures in crisis situations, in 2018 Stena set up a Group-wide Crisis group to coordinate other groups in the business units. The Crisis group will also handle crises affecting several business units, and lead Group-wide crisis exercises.

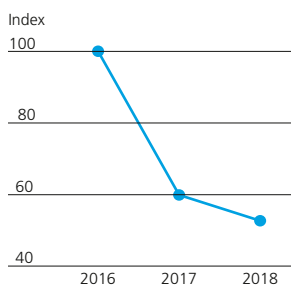
LTIF 2018

Safety is one of the first items of the agenda at all board meetings in the maritime business areas. LTIF is an important measure of this safety aspect.

LTIF ¹	2018	2017	2016
NMG	0.31	0.33	0.65
Stena Roro	0.00	0.68	0.54
Stena Drilling	0.00	0.00	0.15
Stena Bulk	0.13	0.14	0.00
Stena Line ²	1.1	0.60	1.58

1) Lost Time Injury Frequency (LTIF) is a way to measure workplace safety for crew onboard. LTIF is measured as number of Lost Time Injuries (LTI) – injuries that leave the employee unable to work the following day/per million exposure hours worked. 2) including service staff

REDUCED INJURY FREQUENCY





"THANKS TO DELEGATED RESPONSIBILITY, WE CAN DO EVERYTHING NEEDED TO ACHIEVE OUR GOALS."

KEY EMPLOYEE FIGURES

At Stena, a large number of women and men work with different backgrounds and cultures in countries all over the world. Stena offers equal rights and opportunities regardless of gender and background.

	2018	2017	2016
Number of employees	11,370	11,531	11,183
Women (%)	30	30	29
Women on the Board (%)	27	27	27
Women in executive management (%)	22	22	22

STENA VOICE

Stena Voice is the Group's regular employee survey, in which employees answer questions about their work situation. The survey questions relate to the working environment, performance management, personnel policy and leadership. The survey is measured on a scale of 1-5, with 5 being the top rating and 1 the bottom. Next survey will be conducted during the autumn 2019.

Stena AB Group excluding Stena Line	2017	2015	2013
Performance appraisal (% of staff)	90%	91%	85%
Stena Voice results	4.44	4.52	4.47
Departments with a Stena Voice response rate exceeding 4.0	86%	94%	91%
Stena Voice response rate	97%	99%	99%
Stena Line	2017	2015	2014
Performance appraisal (% of staff)	70%	71%	71%
Stena Voice results	4.17	4.12	4.09
Departments with a Stena Voice response rate exceeding 4.0	75%	70%	65%
Stena Voice response rate	88%	94%	93%

EMPLOYEES

Stena provides fair working conditions and opportunities for everyone. No employee may be discriminated against or treated differently on the basis of gender, age, national or ethnic origin, pregnancy, illness or functional impairment, religion, sexual orientation, union membership or political affiliation. Diversity at the workplace is encouraged at all levels within Stena, and employees' right to freedom of association and collective bargaining is respected.

Stena has zero tolerance for harassment and abuse, and does not accept any type of violence, threats or destructive behaviour in the workplace.

Employees are expected to always act correctly, in accordance with Stena's values and principles. Employees' private interests may not affect or be perceived to affect their judgement or actions in the performance of their duties as representatives of Stena. Employees who believe that they may be in a conflict of interest situation must apply for written consent from their line manager.



COMMUNITY

All activities within Stena are aimed at creating value by offering competitive services and products in national and international markets, in accordance with good business practice. Stena advocates open markets and fair competition and does not engage in discussions or agreements – formal or otherwise – with competitors on price-fixing, market-sharing or any other activities that violate the rules of fair competition.

Stena's good reputation as a company of honesty and integrity must not be compromised by demanding or accepting bribes or other improper benefits. No employee may, directly or indirectly, offer, promise, give, demand, accept or request illegal or improper payments and must decline personal gifts, entertainment or other types of remuneration from existing or potential business partners that may affect or appear to affect the objectivity of their business dealings.

Stena supports and respects the UN Declaration on Human Rights and the ILO's International Programme on the Elimination of Child Labour (IPEC). Forced labour is not accepted in any form, nor is the use of prisoners or illegal labour in the manufacture of goods or services, either for Stena or within the operations of the Group's suppliers or other partners.

"STENA'S GOOD REPUTATION AS A COMPANY OF HONESTY AND INTEGRITY MUST NOT BE COMPROMISED BY DEMANDING OR ACCEPTING BRIBES OR OTHER IMPROPER BENEFITS."



SUSTAINABILITY RISKS

An established risk analysis method has been in place for some time at Stena and involves the management groups of each business area assessing the risks based on five main perspectives: strategic, operational, legal compliance, IT and financial. Risks assessment is also based on likelihood and consequence.

In conjunction with the introduction of the new sustainability reporting legislation in 2017, Stena undertook an overall analysis of sustainability risks in order to ensure that they are given sufficient focus within Stena. This work continued in 2018, via risk analysis by the respective business areas within the framework of the SuStenability process (the process is described further on page 44). The risk analysis is based on risks associated with Stena's four focus areas within sustainability, which include the environment, personnel and social conditions, human rights and anti-corruption. The analysis focuses on sustainability risks related to Stena's activities and, where relevant, Stena's business contacts, products and services.

ENVIRONMENT

Environmental issues are a key focus area for Stena's sustainability work, and one of the main environmental risks is Stena's carbon dioxide (CO₂) emissions. CO₂ emissions contribute to climate change and regulations in this area may significantly increase the cost of emissions. Stena manages this risk with continuous efficiency improvement measures, including an energy efficiency programme that began in 2005 in Stena Line, in which more than 320 different projects to reduce fuel consumption have taken place. In the longer term, Stena is also assessing opportunities to reduce the use of fossil fuels. The conversion of the ferry *Stena Germanica* to methanol operation is an example of this. During 2018, Stena also launched a pilot project to use batteries for operation of bow thrusters on *Stena Jutlandica*, which is another way of reducing fuel consumption and thereby also carbon dioxide emissions.

Another identified risk is incorrect waste management, primarily for land-based operations. Waste management is linked to a number of restrictions, such as waste sorting requirements. Stena manages this risk by evaluating and enabling alternatives to existing waste management.

Oil spills are a major potential environmental risk for Stena's shipping operations. The risk of spills from any of the vessels is minimal, but the consequences if this should occur would be disastrous, which means that this is a risk that it is very important to consider. Employees are trained continuously in order to avoid any oil spills. The Ship Oil Pollution Emergency Plan (SOPEP), jointly developed for the entire tanker industry, is always kept up to date.

SAFETY

A significant risk associated with personnel and social conditions is the risk that Stena's own personnel will be exposed to environments that are unsafe and harmful to health in the course of their work, mainly on board ships and rigs. This risk is minimised by training and clear procedures for hazardous operations.

Another identified risk is the risk that employees will not have the right skills, which may lead to accidents. This risk is managed by continuously provide training and education of employees, to enable them to perform their work safely and securely.

"EMPLOYEES RECEIVE CONTINUOUS TRAINING AND EDUCATION TO ENABLE THEM TO PERFORM THEIR WORK SAFELY AND SECURELY."



EMPLOYEES

Like many other companies, Stena faces the risk of losing key competences in the competition for the best talent. This makes it important to give employees the opportunity for continuous development and the best conditions for a good work/life balance. Stena encourages competence development and each employee is expected to take personal responsibility for his or her own development, with the company's support. Within Stena Line, for example, a project has run to help employees who have worked at sea for a prolonged period of time to adapt and develop the skills needed for work ashore.

Stena's focus on the "Stena Leadership Programme" for managers and specialists, and "Grow" for young future managers, also contributes to competence development and creating the right conditions to retain employees with key competences.

Sick leave rates are relatively low in most of Stena's business units, and are followed up in accordance with the legislation to which the respective business units are subject. There are also measures and processes to help employees on long-term sick leave to return to work.

Care is one of Stena's values, and characterises all of its activities. Yet there is always a risk that Stena's employees experience discrimination or unequal treatment. Stena handles this risk in the code of conduct and in the White Book to which all employees are subject. Stena's corporate culture must be of a non-discriminatory nature.

GROW

The "Grow" leadership programme targets future young managers

COMMUNITY

Stena's ambition is to have a positive impact on the people and societies that are affected by our activities. A potential risk in all operational areas is that subcontractors' employees do not have fair working conditions in which their human rights are safeguarded. This risk is managed by encouraging suppliers to sign a code of conduct in which they certify that fair working conditions and safety procedures are in place and that Stena may conduct audits of their business to check that they adhere to their agreement. This is an area in which it is difficult to maintain full control and Stena constantly strives to reduce this potential risk and create better upstream and downstream control in its value chains.

Within all business areas there is also a potential risk of bribes and inappropriate gifts. Stena seeks to counter this risk by including this issue in the code of conduct to which all employees are subject. Stena also has internal controls and procurement rules intended to reduce this risk. There is also an anonymous whistleblowing function that can be used by all Stena employees. Personnel also receive training in how this can be discovered.

"STENA'S AMBITION IS TO HAVE A POSITIVE IMPACT ON THE PEOPLE AND SOCIETIES THAT ARE AFFECTED BY OUR ACTIVITIES."

THE AUDITOR'S REPORT

The auditor's report on the statutory sustainability report to the general meeting of Stena AB (publ),
Corporate identity number
556001-0802

Engagement and responsibility

The Board of Directors is responsible for the statutory sustainability report on pages 2–55, and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination of the statutory sustainability report has been conducted in accordance with FAR's auditing standard RevR 12 Auditor's report on the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINION

A statutory sustainability report has been prepared.

Göteborg 29 April 2019

Peter Clemedtson

Authorised Public
Accountant

Johan Rippe

Authorised Public
Accountant

STENA AB (PUBL) BOARD OF DIRECTORS



Gunnar Brock
Chairman



Dan Sten Olsson
CEO



Mia Brunell Livfors



Christian Caspar



Vivienne Cox



Marie Eriksson



Christian Fredrikson



William Olsson



Lars Westerberg



Anne-Marie Pouteaux
Deputy



Mahmoud Sifaf
Employee representative



Alessandro Chiesi
Employee representative



Pia Carlsson
Employee representative, Deputy

AUDITORS

Peter Clemedtson
Authorised Public Accountant

Johan Rippe
Authorised Public Accountant

STENA SPHERE

The Stena Sphere consists of the Sten A Olsson family's three wholly owned parent companies, Stena AB (publ), Stena Sessan AB and Stena Metall AB, and wholly and partly-owned subsidiaries of these companies. The partly-owned company Concordia Maritime AB (publ) is listed on Nasdaq Stockholm and 52 per cent of the company is owned by Stena Sessan AB. A total of 15,500 persons are employed in the Stena Sphere. Total revenue for 2018 was MSEK 60,649. Profit before tax amounted to MSEK 1,014.

BUSINESS AREAS	STENA SPHERE		
	STENA AB (PUBL)	STENA SESSAN AB	STENA METALL AB
Ferry operations Revenue, MSEK 13,849 Profit, MSEK 688	Stena Line		
Offshore Drilling Revenue, MSEK 1,284 Profit, MSEK -4,071	Stena Drilling	Shuttle Tankers	
Shipping Revenue, MSEK 6,722 Profit, MSEK -875	Stena Bulk, Stena Roro, Stena Teknik, NMG	Concordia Maritime (52%)	
Property Revenue, MSEK 5,505 Profit, MSEK 3,646 ¹	Stena Property,		
New Business Revenue, MSEK 7,259 Profit, MSEK 791	Stena Adactum	Mylan (0.8%), Scandic (17.2%), Beijer Electronics (29.8%)	
Finance/Other Revenue, MSEK 102 Profit, MSEK 92	Stena Finance		Stena Metall Finance
Recycling, environmental services and trading Revenue, MSEK 26,681 Profit, MSEK 743			Stena Metall

1) Of which net valuation of property was MSEK 1,509.

STENA SPHERE – REVENUE AND PROFIT

MSEK	Revenue		Profit before tax	
	2018	2017	2018	2017
Stena Group	34,730	33,723	105	1,343
Stena Metall Group	26,681	22,354	743	596
Concordia Maritime	1,053	827	-95	-343
Stena Sessan	204	1	261 ²	29 ²
Sphere eliminations	-2,019	-1,517	-	-5
Total	60,649	55,388	1,014	1,620

2) excluding change in value of shareholdings

COORDINATION GROUP

Peter Claesson



Cecilia Fasth



Carl-Johan Hagman



Eva Hansdotter



Staffan Hultgren



Anders Jansson



Dan Sten Olsson



Erik Ronsberg



Martin Svalstedt

THE STENA SPHERE COORDINATION GROUP REPRESENTS THE MANAGEMENT OF EACH BUSINESS AREA

- Is responsible for the Sphere's strategic development
- Supports the appreciation of the Sphere's value
- Evaluates major investment/divestment proposals from the business areas
- Provides information on important business incidents and events
- Ensures the Sphere's development through cross-fertilisation
- Maintains and develops the Sphere's shared values

SPHERE ADVISORY BOARD

Samir Brikho



Michael F. Hassing



Roger Holtback



Staffan Hultgren



Stefan Lindskog



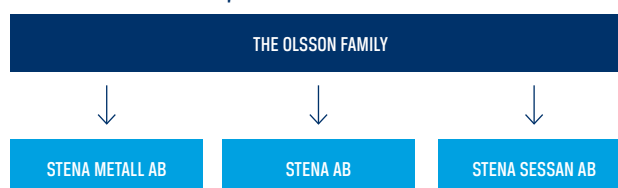
Dan Sten Olsson



Eivind Reiten

THE STENA SPHERE ADVISORY BOARD ADVISES ON

- Keeping the Sphere together and ensuring value creation
- Implementing the consequences of change
- Management issues and support for the Group CEO
- Evaluating established goals and performance
- Balancing risks against opportunities in the short-, medium- and long-term perspective

OWNERSHIP STRUCTURE, STENA SPHERE

STENA METALL

As one of Europe's leading recycling companies, during the 2017/2018 operating year, the Stena Metall Group strengthened its market position, mainly through organic growth. All business areas performed well. The profit before tax was MSEK 743.1.

Besides recycling, the Stena Metall Group's seven business areas comprise aluminium alloys, steel products, industrial components, bunkering, trading and financial activities. Activities are operated at around 200 locations in ten countries. The Group has 3,800 employees.

Most of the 2017/2018 operating year was characterised by continued stable market conditions. During the year, Stena Metall continued to strengthen its market positions, thanks to ongoing improvement activities within every part of the Group. Based on quality and creativity in the Group's overall business practice, many new, value-adding business deals were created for Stena Metall and for its customers and other partners.

During the year, for the first time, the Stena Metall Group issued a green bond – the world's first circular green bond. The bond is listed on the Oslo Stock Exchange and attracted a lot of investor interest. Many investors have a sustainable investment strategy and are attracted by this type of green investment. The bond is related to investments in the Stena Nordic Recycling Center.

With the objective of creating even greater business value, the Group is undergoing a digital transformation journey for all companies. Digital solutions and processes are being developed and optimised, many with the aim of strengthening the availability of products and services that can facilitate improvements for customers.

STENA METALL FACTS

3,800

Employees

6,000,000

Tonnes of waste recycled

200

Locations in ten countries

“

Based on quality and creativity in the Group's overall business practice, many new, value-adding business deals were created for Stena Metall and for its customers and other partners.

Anders
Jansson
CEO



STENA SESSAN

Stena Sessan is one of the Stena Sphere's three parent companies. Stena Sessan is the owner of the four listed companies: Scandic Hotels, Beijer Electronics, Mylan and Concordia Maritime. Since 2018, the company also owns a large property portfolio, with around 4,900 flats that are managed by Stena Property.

The portfolio companies developed well during 2018 and all companies improved their results compared to the preceding year. The negative share price development for Scandic Hotels and Mylan during the year affected Stena Sessan's result negatively.

During the year, Mylan launched a large number of new products, and achieved launch authorisation for a number of important major pharmaceuticals within several therapy areas. The new launches include a record-high number of complex pharmaceuticals, which are areas that are especially important for the company's development going forward. During the year, Scandic Hotels opened a further six hotels, with revenue growth of 24 per cent.

The acquisition of Restel, with 43 hotels, a business mainly in Finland with eight hotels, and the establishment of Down Town Camper in Stockholm in 2017, also contributed to

the large revenue increase. Scandic Hotels also has a very attractive project portfolio for 5,000 rooms. The ownership of Scandic Hotels increased to 17.2 per cent in 2018. During the year, Beijer Electronics achieved a number of successful product launches, with increases in both order intake and revenue and profitability.

In June, a portfolio of residential properties with around 4,900 flats was acquired by Stena Sessan from Stena Property. These include around 550 newly-built flats to be taken over in stages up to and including 2020. All residential properties are managed by Stena Fastigheter AB. The value development of the property stock was favourable during the year.

A share buy-back at the beginning of 2018 reduced Stena Sessan's liquidity by SEK 3.8 billion. The financial position is still good, and the parent company Stena Sessan is debt-free, with cash reserves of MSEK 300.



SUBSIDIARIES

CONCORDIA MARITIME

Sector: Tanker shipping
Revenue: MSEK 1,053
CEO: Kim Ullman
Number of employees: 6¹
Stena Sessan's holdings: 52.2% (capital), 72.7% (votes)
For more information, and to read Concordia Maritime's 2018 Annual Report: concordiamaritime.com

1) and 488 seagoing

Stena Sessan Fastighets AB

Sector: Property
Revenue: MSEK 204
CEO: Kim Olsson
Number of employees: 1
Stena Sessan's holdings: 100%

OTHER PORTFOLIO COMPANIES

BEIJER ELECTRONICS GROUP

Sector: Industrial automation and data communication
Revenue: MSEK 1,417
CEO: Per Samuelsson
Number of employees: 713
Stena Sessan's holdings: 29.8%
beijerelectronics.se

Mylan

Sector: Pharmaceuticals
Revenue: USD 11.4 billion
CEO: Heather Bresch
Number of employees: approximately 35,000
Stena Sessan's holdings: 0.8%
mylan.com

Scandic

Sector: Hotel
Revenue: MSEK 18,007
CEO: Jens Mathiesen
Number of employees: 11,560
Stena Sessan's holdings: 17.2%
scandichotelsgroup.com

SHIPPING OPERATIONS

Stena Sirta – Shuttle tanker (50%-owned)

STENA'S FLEET AND PROPERTIES

Our fleet totals 164 owned, chartered and managed vessels and drilling rigs, including newbuildings. Ashore, we own and manage a total of 28,300 residential units and commercial premises.

44 ROPAX VESSELS 	11 RORO VESSELS 	3 LNG VESSELS 
96 TANKERS 	4 SHUTTLE TANKERS 	2 DRILLING RIGS 
4 DRILLSHIPS 	24,600 RESIDENTIAL UNITS 	3,700 PREMISES 

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Dan Ljungsvik, Jesper Orrbeck, Sanna Tedeberg with others.

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CARE INNOVATION PERFORMANCE



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