

## Interim report, 1 January–31 March 2017

# Q1 17

- **Total income<sup>1)</sup>**  
Q1: SEK 224.9 (263.6) million  
Full year 2016: SEK 1,038.2 (1,086.6) million
- **Result before tax**  
Q1: SEK –41.2 (33.4) million  
Full year 2016: 56.9 (174.3)
- **EBITDA**  
Q1: SEK 29.3 (103.4) million  
Full year 2016: 319.9 (423.8)
- **Result per share after tax**  
Q1: SEK –0.86 (0.70)  
Full year 2016: SEK 1.46 (3.64)
- **The IMOIMAX vessel *Stena Important* was sold to a large Japanese financial institution during the quarter. This is a sale & leaseback transaction, the third in a short period of time. The sale price was USD 36 million.**
- **Another quarter without any Lost Time Injuries\*.**

### Events after the end of the quarter

- **Two ECO MR vessels chartered on a 50% basis with Stena Weco.**

### Key ratios

	Quarter 1 2017	Quarter 1 2016	Full year 2016
Total income <sup>1)</sup> , SEK million	224.9	263.6	1,038.2
EBITDA, SEK million	29.3	103.4	319.9
EBITDA, USD million	3.3	12.2	37.4
Operating result, SEK million	–24.4	44.4	82.7
Result before tax, SEK million	–41.2	33.4	56.9
Result after tax, SEK million	–41.2	33.4	69.5
Equity ratio, %	49	43	50
Return on equity, %	–0.3	10	3.6
Available liquid funds, including unutilised credit facilities, SEK million	217.7	450.9	507.4
Result per share after tax, SEK	–0.86	0.70	1.46
Equity per share, SEK	42.33	39.02	43.78
Lost-time injuries	0	0	0

1) Accounting policies: see page 15.

\* Definitions: see page 14.



## PRESIDENT'S OVERVIEW

# We continue to outperform the market

Concordia Maritime generated higher earnings than the market<sup>1)</sup>, but a weak overall market still led to a negative result for the quarter. Overall, we reported a result before tax of SEK -41.2 (33.4) million. EBITDA was SEK 29.3 (103.4) million, corresponding to USD 3.3 (12.2) million. It is pleasing to report another quarter without any Lost Time Injuries\* onboard our vessels.

As expected, the first quarter of 2017 was weak. High inventory levels, reductions in OPEC production and extensive ship deliveries contributed to generally low market rates – with a decline in income as a result. Compared with the same period the previous year, average rates were about 30 percent lower in the MR segment and about 50 percent lower in the Suezmax segment.

Our own operations progressed flawlessly during the quarter. All vessels in the fleet performed well and with good employment. Several of them were employed in exciting new niche trades during the quarter, in regions such as South America, China and the Pacific. All in all, this contributed to another quarter of higher income than the overall market. In the product tanker segment spot, our income was just over USD 14,000 per day, compared with the market average of about USD 11,000.

### Better balance between supply and demand

As previously announced, we expect the market to remain weak for much of 2017. The combination of high inventory levels and large numbers of new ship deliveries will almost certainly make its mark on the market for several quarters to come.

However, it should be pointed out that oil inventories are gradually decreasing, while deliveries of new ships will slow in the future. The extensive ship deliveries in the period 2015-2017 are a direct consequence of the orders placed in previous years. The peak was reached in 2013 when as many as 237 new MR vessels were ordered. Only 25 new MR vessels were ordered in 2016 and so far this year, mid-April, five vessels have been ordered. As the deliveries decline, so the prospects of a more balanced market increase. A clear indicator of this is

the fact that the order book for the entire tanker fleet is currently at about 12 percent of the existing fleet. In the boom year of 2008, the corresponding figure was about 45 percent. Looking at supply, the trend is now better than for many years.

In terms of demand for transportation, our fundamental view remains optimistic. If we look at global demand for oil and oil products, the trend is positive. Annual demand has increased by an average of 1.2 million barrels per day since 1998, and there is nothing to indicate that this would change in the near future. On the contrary, we expect that the low price of oil and ongoing changes in the global refinery infrastructure will continue to contribute to underlying stable demand for transportation of both oil and refined oil products and chemicals. In addition, we are also seeing increasingly complex transport and distribution routes. In purely concrete terms, the changes mean an increased distance from the refinery to the end consumer, which in turn means that more vessels are required to meet the transport needs.

### Market outlook

On this basis of the above factors, our current assessment is that we will see a gradually stronger market in 2018. As always, we do our best to take advantage of the opportunities that arise, regardless of where we are in the business cycle. These may involve purchases, sales or different types of contracts. Here and now, it is about managing a temporarily weaker market, to ensure we have the best possible position when the turnaround comes.

Kim Ullman, CEO

<sup>1)</sup> Clarkson index

\* Definitions: see page 14.



## Business activities

Spot market income for the product tanker fleet in the first quarter was USD 14,200 per day. This was higher than the average income for the market<sup>1)</sup>, which was USD 10,980, but significantly lower than the same quarter in 2016. Income for the suezmax tanker *Stena Supreme* during the quarter was USD 23,700 per day, compared with the market<sup>1)</sup> average income of USD 19,987 per day and USD 35,800 in the same quarter in the previous year.

### The product tanker fleet

The ten 65,200 dwt P-MAX tankers are the backbone of Concordia Maritime's fleet. At the end of the reporting period, five of the vessels were employed on longer contracts (time charters or consecutive voyage charters). The other five vessels were employed in the spot market under agreements with Stena Bulk and Stena Weco.

The two IMOIIIMAX vessels *Stena Image* and *Stena Important* continued to be employed under the cooperation with Stena Weco. Income for both vessels during the period was higher than the market's income.

The IMOIIIMAX vessel *Stena Important* was sold to a large Japanese financial institution during the quarter. The transaction is a sale and leaseback agreement, which in this case means that the vessel will be chartered back on a bareboat basis (i.e., without crew) for nine years, with a purchase obligation in year nine. The sale price was USD 36 million.

The product tanker fleet also includes an IMO2/3 class MR tanker (ECO design) that has been chartered in. The vessel will be chartered jointly with Stena Weco, and Concordia Maritime's share amounts to 50 percent. The contract, which runs from the end of November 2015, is for two years with an option for a further 1–6 months.

### Income

Average income for the entire product tanker fleet, spot and TC, during the first quarter was USD 15,200 (20,100) per day, while the product tankers employed in the spot market generated income of USD 14,200 (20,300).

### Suezmax

The suezmax tanker *Stena Supreme* (158,000 dwt) is employed on the spot market via Stena Sonangol Suezmax Pool, controlled by Stena and the Angolan state oil company Sonangol. The pool is a long-time market leader in terms of suezmax tanker income.

### Income

Average income for *Stena Supreme* during the quarter was USD 23,700 (35,800) per day.

### Repairs and drydock

There were no major repairs or drydocking during the quarter.

1) Clarkson index

## Income, spot

USD per day	Number of vessels	Average income, Concordia Maritime		Average income, market	
		Q1 2017	Q1 2016	Q1 2017	Q1 2016
Product tankers	10.5	14,200	20,300	10,980 <sup>1)</sup>	16,400 <sup>1)</sup>
Suezmax	1.0	23,700	35,800	19,987 <sup>2)</sup>	37,200 <sup>2)</sup>

1) Clarksons w.w. average MR Clean Earnings

2) Clarksons w.w. average Suezmax Earnings

Concordia Maritime's spot market product tanker fleet achieved a higher income per day than the Clarksons theoretical index in the first quarter of 2017. Niche trades for P-Max vessels and a good performance by the Stena Weco pool meant that the product tanker fleet was able to achieve higher income than the market.

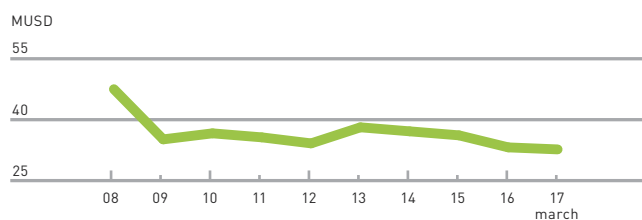
In the Suezmax segment, Concordia Maritime's income for the first quarter of 2017 was better than the Clarksons theoretical index (as it was for the full year 2016), which shows that the Stena Sonangol Pool remains one of the industry's leaders.

## EBITDA per quarter

USD millions	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Product tankers, time charter	4.0	5.6	5.4	4.5	2.4	1.3	1.2	1.1
Product tankers, spot, owned tonnage	0.7	-0.2	0.5	0.9 <sup>1)</sup>	7.9	10.3	9.4	9.3
Product tankers, spot, chartered tonnage	-0.2	-0.2	-0.2	0.1	0.1	0.0	0.0	0.0
Sale of ships	—	2.9	—	—	—	—	—	—
<b>Product tankers, total</b>	<b>4.5</b>	<b>8.1</b>	<b>5.7</b>	<b>5.5</b>	<b>10.5</b>	<b>11.6</b>	<b>10.6</b>	<b>10.4</b>
Suezmax, spot, owned tonnage	-0.4	1.4	0.9	2.2	2.4	2.8	2.9	2.8
Suezmax, spot, chartered tonnage	—	0.0	-0.2	0.3	0.3	0.9	0.7	0.4
Sale of ships	—	3.5	—	—	—	—	—	—
<b>Suezmax, total</b>	<b>-0.4</b>	<b>4.9</b>	<b>0.7</b>	<b>2.5</b>	<b>2.7</b>	<b>3.7</b>	<b>3.6</b>	<b>3.2</b>
Admin. and other	-0.8	-0.6	-0.5	-1.0	-1.0	-1.4	-0.9	-1.1
<b>Total</b>	<b>3.3</b>	<b>12.4</b>	<b>5.9</b>	<b>7.0</b>	<b>12.2</b>	<b>13.9</b>	<b>13.3</b>	<b>12.5</b>

1) Includes cost of USD 9.25 million for settlement of the arbitration case and receipt of additional non-recurring IMOIIIMAX-related payment of USD 5.0 million.

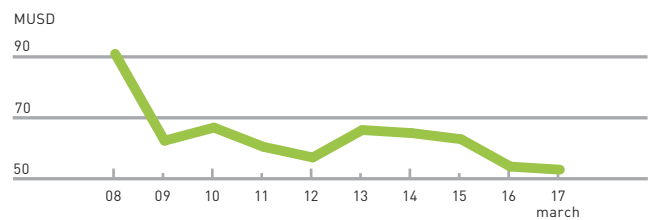
## Newbuilding prices product tankers (MR)



At the end of the quarter, the price of a standard product tanker was about USD 33 (34,5) million. The price of an IMOII class MR tanker like the IMOIIIMAX vessels that were ordered was about USD 35 million at the end of the year. This is the same price level as when the orders were placed in 2012. The price of a standard suezmax tanker at the end of the year was about USD 53 (61) million.

The charts show the value at the end of each period and refer to standard vessels.

## Newbuilding prices Suezmax



Source: Clarkson



## Financial summary

### Result

Result after tax for the quarter was SEK –41.2 (33.4) million. A sale and leaseback transaction was completed during the quarter, increasing cash and cash equivalents by SEK 106.7 million. As the transaction is classified as a finance lease, the sale did not affect the result for the quarter. The decline compared with Q1 2016 is largely due to lower income as a result of a generally weaker market.

### Equity

Equity per share was SEK 42.33 (39.02).

### Changes in translation and hedging reserves

The Parent Company's functional currency is SEK, but the majority of the transactions in the Group are in USD. The Group's result is generated in USD, which means the result in SEK is a direct function of the SEK/USD exchange rate trend. In the third and fourth quarters of 2016, investments in foreign subsidiaries were partially hedged through the forward sale of USD 35 million as hedging instruments. The duration was 15 months. At the end of the quarter, these hedging instruments were valued at SEK 4.7 million and were recognised in the hedging reserve through OCI. The Company has entered into an interest rate swap totalling USD 75 million and expiring in 2021, in order to provide protection against interest rate fluctuations. At the end of the quarter, this contract was valued at SEK 19.5 million and was recognised in the hedging reserve through OCI. The accumulated translation differences, which are recognised in equity, amounted to SEK 533.9 (366.3) million. The changes are recognised in equity through OCI.

### Investments

Investments during the quarter amounted to SEK 69.9 (27.2) million and were mainly related to bond purchases.

### Valuation of the fleet

The Group's fleet is assessed on a six-monthly basis to determine whether there is any indication of impairment. The fleet is defined as a cash-generating unit, and an impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value (external valuations) and value in use (future discounted cash flows). Measurement of asset values at 31 December 2016 did not indicate any impairment.

### Seasonal variations

Two vessels from our fleet of 13.5 (ten owned, three on bareboat contracts and one on a 50% time charter) were out on time charters at the end of the quarter and three were employed on consecutive voyage charters. Income for the vessels that are not signed out to time charters is related to the freight level on the open market. This fleet deployment means that income is affected by the seasonal variations that occur in tanker shipping.

### Employees

The number of employees in the Group at 31 March 2017 was 6 (6). The Group employed 475 (482) temporary seagoing employees through Stena Sphere's manning company.



### Parent Company

The Parent Company's sales for the first quarter amounted to SEK 0.0 (3.0) million. Intragroup invoicing represented SEK 0.0 (0.0) million of this amount. The Parent Company's available liquid funds at 31 March 2017 amounted to SEK 1,494.2 (1,534.2) million, which includes receivables from Group companies in the cash pool and unutilised credit facilities.

### Other

To generate returns on cash and cash equivalents, the Company has deposited USD 60 (538.2) million in a USD account with a maturity of more than three months. These funds are not classified as cash and cash equivalents but as short-term deposits. During the quarter, the Company purchased corporate bonds at a value of SEK 66.5 million. These are classified as short-term investments.

Disclosures under IAS 34,16A, also appear in the financial statements and their associated notes in other parts of the interim report.

## Liquidity and financial position

SEK millions	31 March 2017	31 March 2016
Available liquid funds <sup>1)</sup>	217.7	450.9
Interest-bearing liabilities	1,975.3	2,321.5
Equity	2,020.4	1,862.2
Equity ratio, %	49.3	43.0

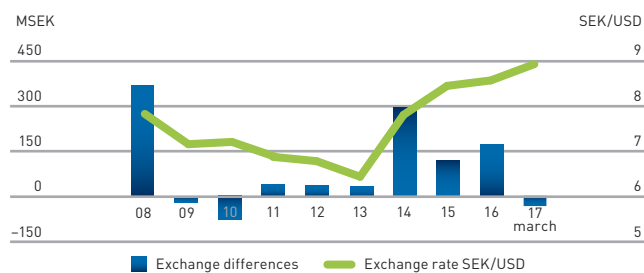
1) Includes unutilised available credit facilities.

## The Group's total income and earnings

SEK millions	Quarter 1		Full year
	2017	2016	2016
Total income <sup>1)</sup>	224.9	263.6	1,038.2
Operating result	-24.4	44.4	82.7
Result after financial items	-41.2	33.4	56.9
Result per share after tax, SEK	-0.86	0.70	1.46

1) Accounting policies: see page 15.

## Translation differences (reported in OCI)



As a result of the SEK/USD exchange rate, the Company's profit in SEK has changed, while profit in USD remains unchanged.



# Sustainability report

Sustainability work at Concordia Maritime is conducted on a long-term basis and with relevance, openness and transparency as its main guiding principles. The work is based on a materiality analysis in which the main and most relevant sustainability issues are identified.

None of Concordia Maritime’s vessels were involved in any incident that resulted in discharge of bunker oil or cargo.

This was another quarter without any Lost Time Injuries (LTI), which means that there were no workplace accidents on vessels that resulted in an individual employee being unable to return to a work shift on the day after the accident. During the quarter, there were no workplace accidents on vessels that resulted in an individual employee being unable to return to a work shift on the day after the accident. This means that the LTI (lost time injury) and LTIF (lost

time injury frequency) outcomes were 0. There was one medical treatment case during the quarter, but no restricted work cases. There was an incident that included damage to property during the quarter.

Concordia Maritime’s vessels were not involved in any piracy-related incidents.

### External controls

There were 8 vetting inspections on board Concordia Maritime’s vessels during the quarter. There were 18 observations during



## Three priority areas

<p><b>Safety first</b></p>	<p>Our overall objective is to conduct our vessel operations and business activities in a manner that protects both the vessels and the employees working under our control and supervision. Our goal is zero accidents, achieved by establishing a strong safety culture and a top quality approach at all levels within our organisation.</p>
<p><b>Environmental responsibility</b></p>	<p>We are committed to reducing the impacts of our vessel operations and business activities on the environment. We will work continuously to reduce emissions and increase energy efficiency.</p>
<p><b>Financial sustainability</b></p>	<p>Our goal is to ensure financial development that enables us to invest in our continuing development. In this way, we can create value for employees, shareholders and society – in the short and long term.</p>

these inspections, resulting in an average of 2.3 observations per inspection. No single inspection had more than 5 observations. This outcome for the quarter is well in line with the Company's goal to have an average of less than four observations per inspection for the fleet and to never have an inspection with more than five observations.

No port state control resulted in the detention in port of any Concordia Maritime vessel during the quarter.

### Energy management

Efforts to reduce bunker consumption continued during the quarter. Bunker consumption in tonnes per day at sea fell by 1.1 tonnes (12 months rolling). This is better than the target for the year, which is to reduce consumption by 0.3 tonnes per day.

Reduced bunker consumption produces lower emissions. CO<sub>2</sub> emissions decreased by 2,007 tonnes during the quarter. SO<sub>x</sub> emissions decreased by 17 tonnes and NO<sub>x</sub> emissions by 55 tonnes.

## Targets and outcomes, sustainability

### Safety first

	Q1 2017	Q1 2016	Target 2017	Outcome 2016
LTI	0	0	0	0
LTIF	0	0	0	0
Number of inspections with more than 5 observations (owned vessels)	0	0	0	0
Average number of vetting observations (entire fleet)	2.3	2.7	<4	2.5
Number of port state controls resulting in detention	0	0	0	0
Number of piracy-related incidents	0	0	0	0
Material damage	1	2	0	9
Medical treatment case	1	0	0	3
Restricted work case	0	0	0	2
High potential near miss	0	1	0	8
High risk observation	0	0	0	0

### Environmental responsibility

	Q1 2017	Q1 2016	Target 2017	Outcome 2016
Oil spills, litres	0	0	0	0
Reduced fuel consumption, mt/day (owned vessels) <sup>1)</sup>	1.1	0.4	0.3	0.8
Reduced CO <sub>2</sub> , mt	2,007	868	2,800	5,215
Reduced SO <sub>x</sub> , mt	17	10.8	36	39
Reduced NO <sub>x</sub> , mt	55	26.8	80	145
Reduction in emissions of particulates, mt	0.7	0.3	0.9	1.7

1) Bunker consumption for days at sea for the last 12 months is measured on the last day of the quarter. This 12-month figure is then compared with the same period the previous year.

Definitions: see page 14.





## Other information

### Related party transactions

Concordia Maritime has a small internal organisation, and purchases services from related-party companies in Stena Sphere, which include Stena Bulk. The latter company conducts tanker business that coincides with Concordia Maritime in some respects. Accordingly, there is an agreement, entered into many years ago, which regulates the relationship between the two companies with respect to new business. Under the terms of this agreement, Concordia Maritime has the right to opt for 0, 50 or 100 percent participation in each new transaction.

### Stena Weco

At the beginning of April 2011, Stena Bulk and the Danish company Weco started a 50-50 joint venture which resulted in a newly established company, Stena Weco. In the first quarter of 2017, Stena acquired the remaining 50 percent share from Weco. Stena Weco specialises mainly in the transportation of vegetable oils. Under a new agreement with Stena Bulk, Concordia Maritime is entitled to the financial result arising from vessels that may from time to time be chartered in by Stena Weco for a period of more than one year, should Concordia Maritime decide to participate in such charters. Other business generated by Stena Weco is not available to Concordia Maritime.

### Concordia Maritime purchases services on a regular basis from the Stena Sphere in the following areas

- **Vessel charter**  
Payment is based on a commission of 1.25 percent on freight rates.
- **Commission on the purchase and sale of vessels**  
Payment is based on a commission of 1 percent.
- **Operation and manning of the Group's vessels, also referred to as ship management** Payment is based on a fixed price per year and vessel.
- **Commercial operation, administration, marketing, insurance, technical monitoring and development of Concordia Maritime's fleet**  
Payment is based on a fixed price per month and vessel. With regard to technical consulting services for new-build projects, an hourly rate is applied on a cost-plus basis, which is then charged to the project.
- **Office rent and office services.**  
A fixed annual price is charged.

All related party transactions are conducted on commercial terms and at market-related prices.

## GROUP

# Income statement, other comprehensive income and per-share data

SEK millions	Quarter 1 2017	Quarter 1 2016	Full year 2016
<b>Consolidated income statement</b>			
Average exchange rate SEK/USD	8.92	8.46	8.56
Time charter income	35.5	20.7	151.2
Spot charter income <sup>1)</sup>	189.4	242.9	789.4
Result from sale of ships	0	0	54.8
Other external income	0	0	42.8
<b>Total income</b>	<b>224.9</b>	<b>263.6</b>	<b>1,038.2</b>
Operating costs, ships <sup>1)</sup>	-127.8	-94.7	-384.0
Personnel costs, temporary seagoing	-52.5	-48.5	-195.6
Personnel costs, land-based	-4.3	-5.7	-21.2
Other external expenses	-10.9	-11.3	-117.5
Depreciation	-53.7	-59.0	-237.2
<b>Total operating costs<sup>1)</sup></b>	<b>-249.3</b>	<b>-219.2</b>	<b>-955.5</b>
<b>Operating result</b>	<b>-24.4</b>	<b>44.4</b>	<b>82.7</b>
Interest and similar income	2.2	1.0	27.3
Interest and similar expense	-19.0	-12.0	-53.2
<b>Financial net</b>	<b>-16.8</b>	<b>-11.0</b>	<b>-25.8</b>
<b>Result before tax</b>	<b>-41.2</b>	<b>33.4</b>	<b>56.9</b>
Tax	0	0	12.7
<b>Result after tax</b>	<b>-41.2</b>	<b>33.4</b>	<b>69.5</b>
<b>Other comprehensive income</b>			
Items that have been/can be transferred to result for the period			
Translation differences	-28.4	-39.9	166.7
Exchange differences transferred to income statement	0.0	0.0	-10.6
Available-for-sale financial assets	0.0	0.0	0.0
Cash flow hedges, interest-related	0.2	0.0	19.3
Tax attributable to items that have been, or can be, transferred to result for the period	0.0	0.0	0.0
<b>Comprehensive income for the period</b>	<b>-69.4</b>	<b>-6.5</b>	<b>244.9</b>
<b>Per-share data, SEK</b>			
Number of shares	47,729,798	47,729,798	47,729,798
Result per share, before/after dilution	-0.86	0.70	1.46
Equity per share, SEK	42.33	39.02	43.78

1) Accounting policies: see page 14.

## GROUP

# Condensed balance sheet

SEK millions	31 Mar 2017	31 Mar 2016	31 Dec 2016
Closing exchange rate SEK/USD	8.97	8.15	9.11
<b>Assets</b>			
Ships and equipment	3,104.7	3,681.9	3,165.5
Ships under construction	0.0	0.0	0.0
Financial assets	0.1	1.5	20.5
<b>Total non-current assets</b>	<b>3,104.8</b>	<b>3,683.4</b>	<b>3,198.8</b>
Current receivables	267.0	265.6	276.7
Short-term deposits	604.7	0.0	273.3
Cash and bank balances	118.0	359.4	406.2
<b>Total current assets</b>	<b>989.7</b>	<b>625.0</b>	<b>956.2</b>
<b>Total assets</b>	<b>4,094.6</b>	<b>4,308.4</b>	<b>4,142.2</b>
<b>Equity and liabilities</b>			
Equity	2,020.4	1,862.2	2,089.8
Non-current liabilities	1,727.6	2,063.7	1,699.7
Current liabilities	346.6	382.5	352.7
<b>Total equity and liabilities</b>	<b>4,094.6</b>	<b>4,308.4</b>	<b>4,142.2</b>

Shares in subsidiaries have been pledged as collateral for the Company's liabilities

## Changes in equity

SEK millions	Share capital	Other paid-in capital	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total
<b>Changes Jan–Mar 2017</b>							
Opening balance 01.01.2017	381.8	61.9	562.3	19.3	0	1,064.5	2,089.8
Comprehensive income for the period	0	0	-28.4	0.2	0	-41.2	-69.4
<b>Closing balance 31.03.2017</b>	<b>381.8</b>	<b>61.9</b>	<b>533.9</b>	<b>19.5</b>	<b>0</b>	<b>1,023.3</b>	<b>2,020.4</b>
<b>Changes Jan–Mar 2016</b>							
Opening balance 01.01.2016	381.8	61.9	406.2	0	0	1,018.8	1,868.7
Comprehensive income for the period	0	0	-39.9	0	0	33.4	-6.5
<b>Closing balance 31.03.2016</b>	<b>381.8</b>	<b>61.9</b>	<b>366.3</b>	<b>0</b>	<b>0</b>	<b>1,052.2</b>	<b>1,862.2</b>

## GROUP

# Condensed cash flow statement

SEK millions	Quarter 1 2017	Quarter 1 2016	Full year 2016
<b>Operating activities</b>			
Result before tax	-41.2	33.4	56.9
Adjustments:			
Depreciation	53.7	59.0	237.2
Result from sale of securities	0.0	0.0	-54.8
Result from sale of investments in jointly-controlled entities	0.0	0.0	
Other items	0.2	2.1	-12.2
<b>Cash flow from operating activities before changes in working capital</b>	<b>12.7</b>	<b>94.5</b>	<b>227.0</b>
Changes in working capital	-14.3	36.2	17.7
<b>Cash flow from operating activities</b>	<b>-1.6</b>	<b>130.7</b>	<b>244.7</b>
<b>Investing activities</b>			
Sale of non-current assets	319.2	0.0	826.2
Investment in non-current assets	-4.6	-27.2	-89.5
Investment in financial assets	-65.3	0.0	0.0
<b>Cash flow from investing activities</b>	<b>249.3</b>	<b>-27.2</b>	<b>736.7</b>
<b>Financing activities</b>			
New loans	0.0	0.0	29.7
Amortisation of loans	-262.0	-7.3	-647.6
Dividend to shareholders	0.0	0.0	-23.9
Other financing	-267.7	0.0	-256.8
<b>Cash flow from financing activities</b>	<b>-529.7</b>	<b>-7.3</b>	<b>-898.6</b>
Cash flow for the period	-282.0	96.2	82.8
Balance at beginning of period (Note 1)	406.3	273.6	273.6
Exchange differences (Note 2)	-6.3	-10.4	50.0
<b>Balance at end of period (Note 1)</b>	<b>118.0</b>	<b>359.4</b>	<b>406.3</b>
Note 1. Consists of cash, bank balances and credit facility			
Note 2. Exchange differences attributable to:			
Cash and cash equivalents at beginning of year	-5.9	-6.5	24.1
Cash flow for the period	-0.4	-3.9	25.9
	<b>-6.3</b>	<b>-10.4</b>	<b>50.0</b>

## PARENT COMPANY

# Condensed income statement

SEK millions	Quarter 1 2017	Quarter 1 2016
Net sales	0.0	3.0
Other external expenses	-5.8	-3.4
Personnel expenses	-3.0	-4.5
<b>Operating result</b>	<b>-8.8</b>	<b>-4.9</b>
Other interest and similar income	10.4	17.8
Interest and similar expense	-15.8	-5.8
<b>Result before tax</b>	<b>-14.3</b>	<b>7.1</b>
Tax	0.0	0.0
<b>Result after tax</b>	<b>-14.3</b>	<b>7.1</b>

# Condensed balance sheet

SEK millions	31 Mar 2017	31 Mar 2016
<b>Assets</b>		
Ships and equipment	0.0	0.0
Financial assets	0.0	40.0
Investments in Group companies	745.8	745.8
<b>Total non-current assets</b>	<b>745.8</b>	<b>785.8</b>
Current receivables	26.5	35.9
Receivables from Group companies	1,471.5	1,434.1
Cash and bank balances	12.7	10.5
<b>Total current assets</b>	<b>1,510.6</b>	<b>1,480.5</b>
<b>Total assets</b>	<b>2,256.4</b>	<b>2,266.3</b>
<b>Equity and liabilities</b>		
Equity	570.1	619.2
Non-current liabilities	1,453.5	1,436.1
Current liabilities	232.8	211.0
<b>Total equity and liabilities</b>	<b>2,256.4</b>	<b>2,266.3</b>
Pledged assets <sup>1)</sup>	715.8	715.8
Contingent liabilities	0.0	0.0

1) Shares in subsidiaries have been pledged as collateral for the Company's liabilities.

# Risks and risk management

As with all commercial enterprises, Concordia Maritime's activities are associated with certain risks, the occurrence of which may have a material adverse effect on the company's business, earnings, financial position and future prospects or result in a fall in value for the company's shares, meaning that investors could lose all or part of their invested capital. The risks below are not presented in order of importance and are not the only risks and uncertainties the Company faces. Additional risks and uncertainties of which the company is currently unaware or does not consider significant may also develop into factors that may have a material adverse effect on the company's business, earnings, financial position or future prospects. The description does not claim to be complete or exact, as risks and their extent vary over time.

The overall risk areas are corporate risks, market risks, operational risks and financial risks.

- *Corporate risks* refer mainly to overall risks related to the actual management and operation of the Company. These include risks associated with trademarks, employees, liquidity and funding.
- *Market-related risks* are primarily risks associated with changes in the external environment and market. The Board and management have only a limited opportunity to control these risks in the short term, but must still deal with them in the longer-term planning of the business. These include risks associated with the economy, freight rates, oil price movements and political risks.
- *Operational risks* are risks related to the management of the operational side of the business. These include risks associated with insurance issues, the environment and ship operation.
- *Credit and financial risks* are mainly counterparty risks relating to customers, shipyards and other subcontractors and cooperation partners.

More information about risks and risk management can be found in Concordia Maritime's 2016 annual report, which is available at [www.concordiamaritime.com](http://www.concordiamaritime.com).

## Definitions

### Financial net

#### EBITDA<sup>1)</sup>

Performance measure which indicates operating result before interest, taxes, impairment, depreciation and amortisation.

#### Cash flow from operating activities<sup>1)</sup>

Result after financial net plus depreciation minus tax paid (cash flow before change in working capital and investments and before effect of ship sales).

#### Return on equity<sup>1)</sup>

Result after tax as an average of the last twelve months expressed as a percentage of average equity on a 12-month rolling basis.

#### Return on capital employed<sup>1)</sup>

Result after financial net plus finance costs as an average of the last twelve months expressed as a percentage of average capital employed on a 12-month rolling basis. Capital employed refers to total assets minus non-interest-bearing liabilities, including deferred tax liability.

#### Return on total capital<sup>1)</sup>

Result after financial net plus finance costs as an average of the last twelve months expressed as a percentage of average total assets on a 12-month rolling basis.

#### Equity ratio<sup>1)</sup>

Equity as a percentage of total assets.

### Shipping

#### CO<sub>2</sub>

Carbon dioxide.

#### CVC

Consecutive Voyage Charter. Contract involving full employment to a contracted customer. Payment (freight) is based on the spot market.

#### High Potential Near Miss

Incident that could have resulted in a serious accident.

#### Lost Time Injury (LTI)

An accident that results in an individual being unable to carry out his or her duties or return to work on a scheduled shift on the day after the injury, unless this is due to delays getting medical treatment ashore. Also includes fatalities.

#### Lost Time Injury Frequency (LTIF)

Safety performance measure which is the number of LTIs per million exposure hours in man-hours (LTIF = LTIs x 1,000,000 / exposure hours).

Medical Treatment Case (MTC) Work-related injury requiring treatment by a doctor, dentist, surgeon or qualified health professional. MTC does not include LTI, RWC, hospitalisation for observation or a consultative examination by a doctor.

#### NO<sub>x</sub>

Nitric oxide.

#### Restricted Work Case (RWC)

An injury that results in an individual being unable to carry out normal duties during a scheduled work shift or being temporarily or permanently assigned other duties on the day after the injury.

#### Material damage

An event that results in damage to the vessel, and/or vessel equipment costing more than USD 2,000 to repair (excludes system/equipment failure).

#### SO<sub>x</sub>

Sulphur oxide.

#### Spot charter (open market)

Hiring of vessels on a voyage-by-voyage basis.

#### Time charter

Hiring of vessels for a specified period at a fixed rate.

<sup>1)</sup> Alternative performance measures as defined by the European Securities and Markets Authority (ESMA)

# Accounting policies

This interim financial report in summary for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and relevant provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with chapter 9 of the Swedish Annual Accounts Act. For the Group and Parent Company, the same accounting policies have been applied as in the most recent annual report. From 1 January 2016, it has been decided to report spot charter income and costs on a gross basis under 'Spot charter income' and 'Operating costs, ships' in the consolidated income statement. These were previously netted under 'Spot charter income' and the change is being made in order to clearly reflect the individual components of the spot charter result. The Group's income and operating expenses are affected, but the change will not have any net effect on the Group's operating result. The change has not had any effect on the Parent Company's income statement. All comparative periods have been restated to reflect the change. No new or revised IFRS recommendations or IFRIC interpretations have had any material effect on the Group's or Parent Company's financial position, results or disclosures.

The Group's derivative instruments have been acquired to hedge the risk of interest rate exposure to which the Group is exposed. Derivatives are initially recognised at fair value, with transaction

costs recognised in the income statement. Subsequent to initial recognition, derivative instruments are measured at fair value, and fair value changes are recognised as follows. To meet the requirements for hedge accounting under IAS 39, there must be a clear link to the hedged item. In addition, the hedge must effectively protect the hedged item, hedging documentation must be prepared and the effectiveness must be measurable. Gains and losses attributable to hedges are recognised in profit or loss at the same time as gains or losses attributable to the hedged items. To hedge the uncertainty associated with highly probable forecast interest flows relating to borrowing at variable interest rates, interest rate swaps are used, with the Company receiving a variable interest rate and paying a fixed interest rate. The interest rate swaps are measured at fair value in the statement of financial position. The interest coupon portion is recognised in the income statement under interest expenses. Unrealised changes in the fair value of interest rate swaps are recognised in OCI and included as part of the hedging reserve until the hedged item affects profit or loss and for as long as the criteria for hedge accounting and effectiveness are met. Gains or losses relating to the ineffective portion of unrealised changes in the fair value of interest rate swaps are recognised in profit or loss.

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The Concordia Maritime Group applies International Financial Reporting Standards (IFRS) as adopted by the EU. The Group applies the same accounting policies and calculation methods in the quarterly reports as in the annual report for 2016, in addition to those described in this report.

The Group's interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act.

The report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act. The Board of Directors and CEO confirm that the interim report provides a true and fair overview of the operations, financial position and performance of the parent company and Group, and describes material risks and uncertainties faced by the Parent Company and Group companies. The report has not been reviewed by the Company's auditors.

Gothenburg, 25 April 2017

Kim Ullman  
*CEO*

# Quarterly overview

SEK millions	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
<b>Profit/loss items</b>								
Total income <sup>1)</sup>	224.9	278.5	215.3	280.8	263.6	274.2	286.9	285.6
Operating costs excluding impairment <sup>1)</sup>	-249.3	-231.0	-225.1	-280.2	-219.2	-216.6	-226.2	-232.5
Operating result (EBIT)	-24.4	47.5	-9.8	0.7	44.4	57.6	60.7	52.3
of which result from sale of investments in jointly-controlled entities (vessels)	—	—	—	—	—	—	—	—
Financial net	-16.8	-14.0	-12.6	11.7	-11.0	-7.8	-8.3	-8.3
Result after financial net	-41.2	33.5	-22.4	12.4	33.4	49.8	52.4	44.0
Result after tax	-41.2	34.3	-10.6	12.4	33.4	49.4	52.4	44.0
Cash flow from operating activities	-1.6	-20.0	37.5	96.7	130.7	80.0	145.9	55.2
EBITDA	29.3	108.4	50.8	57.2	103.4	117.3	114.0	105.2
<b>Balance-sheet items</b>								
Ships (number)	3,104.7 (10)	3,165.5 (11)	3,810.4 (13)	3,810.6 (13)	3,681.9 (13)	3,809.0 (13)	3,559.6 (12)	3,527.9 (12)
Ships under construction (number)	0	0	0	0	0	0	133.1 (1)	124.2 (1)
Liquid funds incl. investments	722.7	679.5	305.3	291.1	359.4	273.5	268.6	137.1
Other assets	267.0	276.7	223.2	242.1	267.2	271.4	286.5	315
Interest-bearing liabilities	1,975.3	1,946.5	2,310.5	2,292.9	2,321.5	2,387.2	2,298.1	2,260.8
Other liabilities and provisions	98.8	105.9	114.0	150.2	124.8	102.2	123.3	109.3
Equity	2,020.4	2,089.8	1,914.5	1,900.9	1,862.2	1,868.7	1,826.5	1,734.5
Total assets	4,094.6	4,142.2	4,339.0	4,344.0	4,308.5	4,354.5	4,248.0	4,105.3
<b>Key ratios, %</b>								
Equity ratio	49	50	44	44	43	43	43	42
Return on total capital	0.3	2	2	4	5	5	4	2
Return on capital employed	0.3	2	2	4	5	5	3	2
Return on equity	-0.3	4	5	8	10	10	6	2
Operating margin	-11	17	-5	0	17	21	21	18
<b>Share data</b>								
Total income <sup>1)</sup>	4.71	5.83	4.51	5.88	5.52	5.74	6.01	5.97
Operating costs excluding impairment	-5.22	-4.84	-4.72	-5.87	-4.59	-4.54	-4.74	-4.87
Operating result before impairment	-0.51	0.99	-0.21	0.01	0.93	1.21	1.27	1.10
Financial net	-0.35	-0.29	-0.26	0.25	-0.23	-0.14	-0.18	-0.17
Result after tax	-0.86	0.72	-0.22	0.26	0.70	1.03	1.10	0.92
Cash flow from operating activities	-0.03	-0.42	0.79	2.03	2.74	1.68	3.06	1.16
EBITDA	0.61	2.27	1.06	1.2	2.17	2.46	2.26	2.08
Equity	42.33	43.78	40.11	39.83	39.02	39.15	38.27	36.34

Please note that there has been no dilution effect since 2002.

Definitions: see page 14.

1) Accounting policies: see page 15.



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## Calendar

Q2 Interim Report 15 August 2017  
Q3 Interim report 9 November 2017

**Distribution** For environmental reasons, we only publish our interim reports digitally. Concordia Maritime's interim reports and additional financial information about the Company can be read or downloaded from [concordiamaritime.com](http://concordiamaritime.com)

The information in this report is information that Concordia Maritime is required to disclose in accordance with the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was made public on 25 April 2016, at approx. 2.30 p.m.

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## Fleet at 31/03/2017



Vessel name	Employment	Partner
<b>Product tankers</b>		
<b>P-MAX</b>		
Stena Premium	Spot	Stena Weco
Stena Polaris	CVC <sup>1)</sup> to April 2017	Stena Weco
Stena Performance	Spot	Stena Weco
Stena Provence	CVC <sup>1)</sup> to April 2017	Stena Weco
Stena Progress	Time charter to May 2019	Stena Weco
Stena Paris	CVC <sup>1)</sup> to April 2017	Stena Weco
Stena Primorsk	Time charter to March 2018	Stena Bulk
Stena Penguin	Spot	Stena Bulk
Stena Perros	Spot	Stena Bulk
Stena President	Spot	Stena Bulk
<b>IMOIMAX</b>		
Stena Image	Spot	Stena Weco
Stena Important	Spot	Stena Weco
<b>MR ECO</b>		
Unnamed vessel <sup>2)</sup>	Spot	Stena Weco
<b>Crude oil tankers</b>		
<b>Suezmax</b>		
Stena Supreme	Spot	Stena Sonangol Suezmax Pool

1) Consecutive Voyage Charter

2) 50% charter November 2015–November 2017 (with an option for a further 1–6 months).