

INTERIM REPORT 1 JANUARY–31 MARCH 2019

## Volatility – but at a higher level

- **Total income, Q1:**  
SEK 310.7 (199.6) million
- **EBITDA, Q1:**  
SEK 81.6 (7.0) million
- **Result before tax, Q1:**  
SEK 1.8 (–38.7) million
- **Result per share after tax, Q1:**  
SEK 0.04 (–0.81)

### Events in the first quarter

- **One Lost Time Injury (LTI)**  
– the first in six years

### Key figures

	Quarter 1		Full year
	2019	2018	2018
Total income, SEK million	310.7	199.6	1,052.9
EBITDA, SEK million	81.6	7.0	56.8
EBITDA, USD million	8.9	0.9	6.5
Operating result, SEK million	21.2	–36.4	–130.1
Result before tax, SEK million	1.8	–38.7	–181.9
Result after tax, SEK million	1.7	–38.7	–182.1
Equity ratio, %	31	41	38
Return on equity, %	–0.1	–47.7	–15.6
Available liquid funds, including unutilised credit facilities, SEK million	226.8	286.6	160.1
Result per share after tax, SEK	0.04	–0.81	–3.81
Equity per share, SEK	24.17	25.25	22.24
Lost-time injuries	1	0	0

Accounting policies, see page 19. Definitions: see page 17.

Q1  
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# 2019 – the start of the next major upturn in tanker shipping

Just as predicted, the market continued to be volatile during the first quarter of 2019, but at a higher level than in the corresponding quarter the previous year. The stronger market is clearly reflected in both the income and the result for the quarter. Result before tax was SEK 1.8 (-38.7) million. EBITDA was SEK 81.6 (7.0) million, corresponding to USD 8.9 (0.9) million.

**AFTER THE SHARP RISE AT THE END OF 2018**, some tanker market segments have now slowed down again. The main reason for this is the decision by OPEC and other major oil producers to cut production at the end of 2018 and start of 2019, this time by a total of about 1.2 million barrels of oil per day. In addition to the large output reduction, the market has been adversely affected by refinery maintenance and deliveries of new vessels. However, the decline is from a high level and overall rates during the first quarter were considerably higher than in the same quarter the previous year.

## Continuing focus on sustainable operation

Looking at our own operations, we continued to work on adapting and positioning the fleet during the quarter. Several of our P-MAX vessels continued to operate in niche trades, where their unique properties are particularly beneficial. Large parts of the fleet are employed in the spot market, which leaves us well positioned to take advantage of the fundamentally positive trend in the market.

For the first time in six years, one of our crew members suffered a lost-time injury during the quarter. The crew member, who injured a hand in the accident, was signed off work but is now fully recovered. We were otherwise free from any serious incidents and accidents during the quarter.

## Market outlook

Our overall assessment of the future outlook is unchanged. Several factors indicate a continuation of the volatile markets in the second quarter of 2019, but at a higher level than in the same period the previous year. Then, from the third quarter onwards, things look much more exciting.

At the moment, the large oil producers' production cuts are a wet blanket over the market. At OPEC's next meeting, in June 2019, we expect them to decide to return to normal production. The combination of high demand for oil and the current decline in stock levels makes it imperative to get more oil on the market.

The supply side looks better than in a long time. The weak market in recent years has resulted in few new orders for tankers, which will make a clear impression on deliveries from 2020 onwards. And in addition to the smaller order books, which have resulted in fewer deliveries, we also noted a marked increase in the phasing-out of vessels in 2018, mainly driven by poor markets, but also by new regulations – in particular the IMO's ballast water directive.

Looking ahead, the IMO's new sulphur directive will also affect tanker shipping in several ways. The directive, which comes into force in 2020, will result in increased demand for low-sulphur fuels, which in turn is expected to bring increased



**The supply side looks better than in a long time.**

shipping and storage requirements for refined products. The years 2020 and 2021 have all conditions in place to become strong years.

Everyone who has followed us and the tanker market knows that the last few years have been exceptionally difficult. At last, we now see many market factors pointing in the right direction and look very much forward to taking advantage of the opportunities that arise in a stronger market. We have a well-functioning operation and correctly positioned vessels behind us. We have a relatively good position to take advantage of this with a well functioning operation and correctly positioned vessels.

Kim Ullman, CEO

# Business activities

Spot market earnings for the product tanker fleet in the first quarter of 2019 were USD 17,800 (14,000) per day, which was higher than the average earnings of USD 13,600 (10,200) per day for the market<sup>1)</sup>. Earnings for the Suezmax fleet in the quarter were USD 27,300 (12,700) per day, compared with the average earnings of USD 21,400 (9,000) per day for the market.<sup>1)</sup>

## 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, four of the vessels were employed on time charters. The other six vessels were employed in the spot market under agreements with Stena Bulk. The two IMOIIIMAX vessels *Stena Image* and *Stena Important* also continued to be employed on long-term charters under the cooperation with Stena Bulk.

## Earnings

Average earnings for the entire product tanker fleet, spot and TC, during the first quarter were USD 17,400 (14,400) per day. For vessels employed in the spot market, average earnings for the quarter were USD 17,800 (10,200).

## Suezmax fleet

During the period, the Suezmax fleet consisted of the Suezmax tanker *Stena Supreme* (158 000 DWT), contracted in on a long-term charter. The vessel was employed in 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 earnings.

## Earnings

Average earnings for the Suezmax fleet during the quarter were USD 27,300 (12,700) per day.

## Repairs and drydock

There were no repairs or scheduled drydocking during the quarter. *Stena Important* was off hire 24 days (14 net days including insurance compensation).

## Current status of contracted freights Q2 2019, 23 April

	Average earnings (\$/day)	Share of chartered days (%)
Product tankers, spot	18,500	32
Suezmax, spot	17,500	31

The contracted average earnings are based on initial projections, which may change considerably during the course of an individual voyage. This means that the final accounting result may differ materially from the average earnings stated above.



<sup>1)</sup> Clarkson index

## Earnings, spot

USD per day	Number of vessels	Average earnings, Concordia Maritime		Average earnings, market <sup>1,2)</sup>	
		Q1 2019	Q1 2018	Q1 2019	Q1 2018
Product tankers	12.0	17,800	14,000	13,600	10,200
Suezmax	1	27,300	12,700	21,400	9,000

<sup>1)</sup> Clarksons w.w. average MR Clean Earnings

<sup>2)</sup> Clarksons w.w. Suezmax Long Run Historical Earnings

Concordia Maritime's spot market product tanker fleet achieved higher earnings per day than the Clarksons theoretical index in the first quarter of 2019. Niche trades for the P-MAX vessels and a good performance from the Stena Bulk pool are among the main drivers.

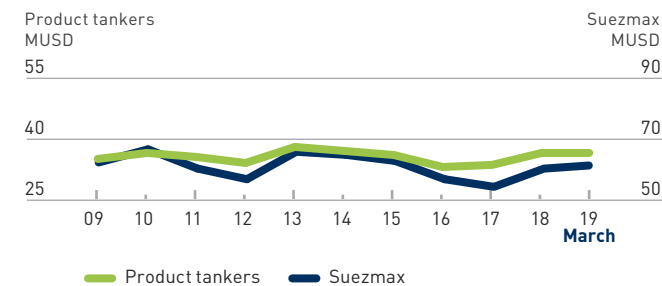
Concordia Maritime's earnings in the Suezmax segment were also higher than the index, which shows that the Stena Sonangol pool remains one of the industry's leaders.

## EBITDA per quarter

USD millions	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Product tankers, time charter	4.3	4.1	4.5	5.8	7.6	4.8	3.3	3.6
Product tankers, spot, owned and leased tonnage	3.8	-0.5	-4.1	-4.5	-4.4	-1.8	-0.5	0.0
Product tankers, spot, short-term chartered tonnage	0.1	-0.6	-1.1	-0.4	-0.1	-0.2	-0.3	-0.2
Sale of ships	—	—	—	—	—	—	—	—
<b>Product tankers, total</b>	<b>8.1</b>	<b>3.0</b>	<b>-0.7</b>	<b>0.9</b>	<b>3.0</b>	<b>2.8</b>	<b>2.5</b>	<b>3.4</b>
Suezmax, spot, owned and leased tonnage	1.6	-0.1	-1.1	-1.2	-1.3	-0.7	-1.3	-1.4
Suezmax, spot, short-term chartered tonnage	0.0	6.7 <sup>1)</sup>	0.2	-0.0	—	—	—	—
Sale of ships	—	—	—	—	—	—	—	—
<b>Suezmax, total</b>	<b>1.6</b>	<b>6.6</b>	<b>-0.9</b>	<b>-1.2</b>	<b>-1.3</b>	<b>-0.7</b>	<b>-1.3</b>	<b>-1.4</b>
Admin. and other	-0.8	-0.7	-0.5	-0.8	-0.8	-0.9	-0.8	-0.9
<b>Total</b>	<b>8.9</b>	<b>8.9</b>	<b>-2.1</b>	<b>-1.1</b>	<b>0.9</b>	<b>1.2</b>	<b>0.4</b>	<b>1.1</b>

<sup>1)</sup> The figure includes the sales amount for shares in the period charters of Suezmax vessels.

## Newbuilding prices

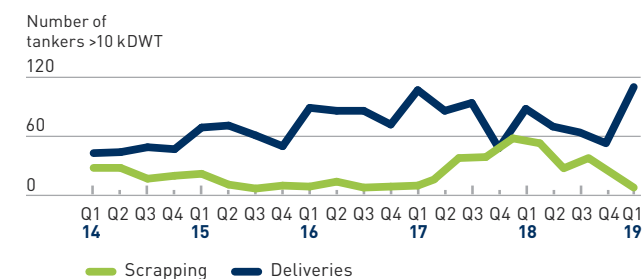


At the end of the quarter, the price of a standard product tanker was about USD 36.5 million. The price of an IMOII class MR tanker like our IMOIIIMAX vessels was about USD 39.5 million. This is the same price as when we placed our order with the shipyard in 2012. The price of a standard Suezmax tanker at the end of the quarter was about USD 61.5 million.

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

Source: Clarkson

## Scrapping and deliveries



Deliveries increased in Q1 2019, while phasing-out of vessels through scrapping declined.

Source: Clarkson

# Financial summary

## Result

Result after tax for the quarter was SEK 1.7 (–38.7) million. The improved tanker market meant a higher earnings for the vessels on the spot market. Costs for operation and administration were at the same level as in the same period the previous year.

## Equity

Equity per share was SEK 24.17 (25.25).

## 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. An equity hedge has been in place since the second half of 2018 through the forward sale of USD 31 million, with a maturity of 24 months. At the end of Q1 2019, this hedging was valued at SEK –9.6 million and was recognised in the hedging reserve through OCI.

The closing amount in the hedging reserve at the end of the quarter was SEK –14.6 (12.3) million as a result of the change in the market value of the bunker positions where hedge accounting is applied. The closing balance for the translation differences, which are recognised in equity, was SEK 527.0 (407.6) million at the reporting date. The changes are recognised in equity through OCI.

## Investments and deposits

Investments in property, plant and equipment during the quarter amounted to SEK 6.0 (0.0) million. The investments for the period are related to periodic drydocking. The Company's net investments in financial assets during the quarter amounted to SEK –21.2 (55.2) million and were related to trading in bonds. These are classified as short-term deposits in the Company's balance sheet. The Company has entered into a bunker hedge, which at the end of the quarter covered a total of 70,000 mt at an average price of USD 634.50 per mt, effective November 2019–June 2021. Hedge accounting is applied for the position, and the fair value is recognised in other comprehensive income. A fair value change of SEK 46.3 million for this position was reported in OCI during the quarter.

The Company also has positions of a more speculative nature for the price differential between bunker grades HSFO and MGO for the first six months of 2021. The total volume is 12,000 mt, with an average spread of USD 293. Market value changes for the positions are recognised in the income statement, and amount to SEK –4.1 (13.7) million for the quarter. They are classified as a current receivable in the Company's balance sheet. During the quarter, the position for the price differential between HSFO and MGO for the year 2020 was sold, generating a positive liquidity effect of SEK 10.0 (USD 1.1) million.



The Company has FFA positions of a more speculative nature in the price developments for freight route TD20 for Q4 2019. The total volume is 30,000 mt. Market value changes for the positions are recognised in the income statement, and amount to SEK -0.9 (0.0) million for the quarter. These are classified as a current receivable in the Company's balance sheet. The FFA positions for the freight route TD20 for Q1 2019 have been realised, generating a positive cash flow effect of SEK 0.2 million.

### Valuation of the fleet

The Group's standard process is to conduct six-monthly assessments of the fleet 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). At the end of December 2018, the fleet's carrying amount did not exceed its recoverable amount, which meant that there was no impairment loss recognised.

### Seasonal variations

Four vessels from the sailing fleet of 19 (10 owned, 3 on bareboat contracts and 6 on 50% time charters) were out on time charters at the end of the quarter. Earnings for the vessels that are not signed out to time charters are related to the

freight level on the open market. This fleet deployment means that earnings are affected by the seasonal variations that occur in tanker shipping.

### Employees

The number of employees in the Group at 31/03/2019 was 6 (6). The Group employed 504 (474) temporary seagoing employees through Stena Sphere's manning company.

### Parent Company

The Parent Company's sales for the quarter amounted to SEK 39.3 (18,3) million, with intragroup invoicing representing SEK 0.1 (0.5) million of this amount. The Parent Company's available liquid funds at the end of the quarter amounted to SEK 1,173.2 (1,188.6) million, which includes receivables from Group companies in the cash pool and unutilised credit facilities.

### Events after the reporting date

There are no significant events to report after the end of the reporting date.

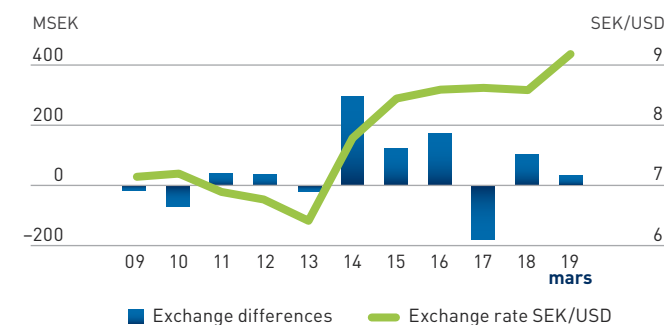
## The Group's total income and earnings

SEK millions	Quarter 1		Full year
	2019	2018	2018
Total income <sup>1)</sup>	310.7	199.6	1,052.9
Operating result	21.2	-36.4	-130.1
Result after financial items	1.8	-38.7	-181.9
Result per share after tax, SEK	1.7	-0.81	-3.81

## Liquidity and financial position

SEK millions	31 Mar 2019	31 March 2018
Available liquid funds <sup>2)</sup>	226.8	286.6
Interest-bearing liabilities	2,397.8	1,620.2
Equity	1,153.7	1,205.3
Equity ratio, %	31.1	40.9

## Translation difference<sup>3)</sup>



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

1) Accounting policies, see page 19.

2) Including unutilised available credit facilities but not short-term investments in corporate bonds and equities.

3) Reported in OCI.

# 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.

No Concordia Maritime vessel was involved in any incident that resulted in discharges of bunker oil or cargo during the quarter. For the first time since January 2013, a workplace incident occurred (*crew member onboard Stena Performance injured a finger on a portable fan*), resulting in an individual employee being unable to return to a work shift the day after the accident.

There was one medical treatment case during the quarter (*Stena Polaris: a crew member trapped a finger*) and no restricted work cases.

There was one incident that included material damage during the quarter (*Stena Premium: mooring ropes broke*).

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

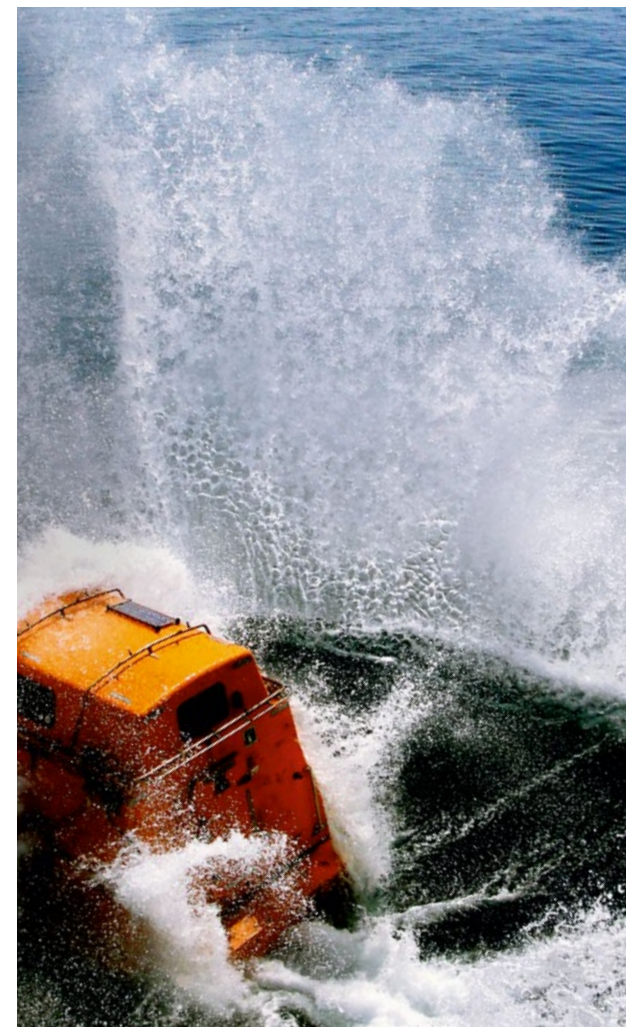
## External controls

Nine vetting inspections were conducted during the quarter. There were 22 observations during these inspections, resulting in an average of 2.4 observations per inspection. There were 35 vetting inspections during the full year 2018, with 90 observations, resulting in an average of 2.6 observations per inspection.

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 for the quarter declined by 0.35 tonnes. The outcome for the full year 2018 was a decline in consumption of 0.23 tonnes, which was slightly below the target for the year. Reduced bunker consumption means lower emissions. See the table on page 9.



## Targets and outcomes, sustainability

### Safety first

	Q1 2019	Q1 2018	Target 2019	Outcome 2018
LTI	1	0	0	0
LTIF	0.34	0	0	0
Number of inspections with more than 5 observations (owned vessels)	0	0	0	2
Average number of vetting observations per inspection (entire fleet)	2.4	2.0	<4	2.6
Number of port state controls resulting in detention	0	0	0	0
Number of piracy-related incidents	0	0	0	0
Material damage	1	1	0	11
Medical treatment case	1	0	0	1
Restricted work case	0	0	0	0
High potential near miss	0	2	0	5
High risk observation	0	0	0	0

### Environmental responsibility

	Q1 2019	Q1 2018	Target 2019	Outcome 2018
Oil spills, litres	0	0	0	0
Reduced fuel consumption, mt/day (owned vessels) <sup>1)</sup>	0.35	0.2	0.3	0.23
CO <sub>2</sub> reduction, mt	797	349	2,800	2,028
SO <sub>x</sub> reduction, mt	11.0	4.5	36	19.2
NO <sub>x</sub> reduction, mt	22.4	9.0	80	60
Reduction in emissions of particulates, mt	0.2	0.1	0.9	0.8

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 17.



## Framework and guidelines

### In addition to internal regulations, Concordia Maritime follows a number of international frameworks and principles.

#### Global Compact

Concordia Maritime follows both the UN Global Compact Initiative and the Universal Declaration of Human Rights. The corporate members undertake to comply with ten principles on human rights, environment, labour and anti-corruption, and to respect them throughout the value chain.

#### MACN

In 2016, Concordia Maritime became a member of the Maritime Anti-Corruption Network (MACN), an international initiative created by maritime industry players to share experiences and promote best practice in combating all forms of corruption and bribery.

#### OECD guidelines

Concordia Maritime complies with the OECD guidelines for multinational enterprises. The guidelines deal with how these enterprises are to relate to human rights, environment and labour.

#### ILO's Fundamental Conventions

Concordia Maritime complies with the International Labour Organization's (ILO) eight fundamental conventions, which represent a minimum global standard for labour. The conventions address fundamental human rights at work.

#### World Ocean Council

Concordia Maritime is a member of the World Ocean Council, a global organisation consisting of shipping-related businesses that want to join together in taking responsibility for the world's ocean.

#### UN's Sustainable Development Goals

Concordia Maritime sees the goals as a shared commitment that requires cooperation between governments, companies and society at large. We fully support the 17 goals and believe that they have the potential to contribute to more sustainable development – both for society at large and individual companies and businesses.

## Community engagement

It is Concordia Maritime's aim to contribute to positive social development in various ways. The projects or initiatives that are supported must be clearly linked to Concordia Maritime's values and be related to shipping. They must contribute to a safer everyday life for each seagoing individual, support the progression towards more environmentally and socially sustainable shipping, or contribute to positive development of the local markets in which the Company operates.



## Next generation of officers

Since Concordia Maritime's scholarship program was launched in 2011, it has served as a springboard for maritime students in Bermuda. Scholarships are awarded annually to one or more applicants. In addition to the financial award, there is also an opportunity for supervision and mentoring.



## Coastal clean-up with Keep Sweden Tidy

Plastic waste in the sea is one of the biggest environmental problems of our time, with the world's oceans rapidly filling with litter. If nothing is done now, there will be more plastic than fish in the sea by 2050. Our Swedish seas are unfortunately no exception.

Concordia Maritime arranged a coastal clean-up initiative in Långedrag, Gothenburg, in early April, in collaboration with the Keep Sweden Tidy Foundation, which was also supported by the Royal Gothenburg Yacht Club (GKSS), the Swedish Sea Rescue Society and the Särö Seahawks Floorball Club.

GROUP

# Income statement

SEK millions	Quarter 1 2019	Quarter 1 2018	Full year 2018
<b>Consolidated income statement</b>			
Result after tax	1.7	-38.7	-182.1
Average exchange rate SEK/USD	9.17	8.11	8.69
Time charter income, leasing of vessels	36.4	25.1	130.6
Time charter income, operational services	65.6	36.2	206.4
Spot charter income <sup>1)</sup>	208.8	138.3	665.4
Other income	0.0	0.0	50.5
<b>Total revenue</b>	<b>310.7</b>	<b>199.6</b>	<b>1,052.9</b>
Voyage-related operating costs	-75.8	-48.0	-293.4
Operating costs, ships <sup>1)</sup>	-84.9	-82.8 <sup>2)</sup>	-447.9 <sup>3)</sup>
Personnel costs, temporary seagoing	-52.5	-48.2	-202.7
Personnel costs, land-based	-5.7	-5.3	-20.4
Other external expenses	-10.2	-8.3	-31.7
Depreciation/impairment	-60.4	-43.4 <sup>2)</sup>	-186.9 <sup>3)</sup>
<b>Total operating costs<sup>1)</sup></b>	<b>-289.5</b>	<b>-236.0<sup>2)</sup></b>	<b>-1,183.0<sup>3)</sup></b>
<b>Operating result</b>	<b>21.2</b>	<b>-36.4<sup>2)</sup></b>	<b>-130.1<sup>3)</sup></b>
Interest and similar income	11.3	16.4	30.9
Interest and similar expense	-30.7	-18.6 <sup>2)</sup>	-82.7 <sup>3)</sup>
<b>Financial net</b>	<b>-19.4</b>	<b>-2.2<sup>2)</sup></b>	<b>-51.8<sup>3)</sup></b>
<b>Result before tax</b>	<b>1.8</b>	<b>-38.7<sup>2)</sup></b>	<b>-181.9<sup>3)</sup></b>
Tax	-0.1	0.0	-0.2
<b>Result after tax</b>	<b>1.7</b>	<b>-38.7<sup>2)</sup></b>	<b>-182.1<sup>3)</sup></b>

1) Accounting policies, see page 19.

2) In order to show the effects of entering into IFRS 16 adjusted income and cost items are shown below for quarter 1 2018 as if they were accounted for according to IFRS 16. Items not listed are unaffected.

Operating costs, ships	-61.6
Depreciation/impairment	-53.0
Total operating costs	-224.4
Operating result	-24.8
Interest and similar expenses	-26.3
Financial net	-9.9
Result before tax	-34.7
Result after tax	-34.7

3) In order to show the effects of entering into IFRS 16 adjusted income and cost items are shown below for the full year 2018 as if they were accounted for according to IFRS 16. Items not listed are unaffected.

Operating costs, ships	-354.5
Depreciation/impairment	-227.9
Total operating costs	-1,130.6
Operating result	-77.7
Interest and similar expenses	-115.6
Financial net	-84.7
Result before tax	-162.4
Result after tax	-162.6

## Other comprehensive income

SEK millions	Quarter 1 2019	Quarter 1 2018	Full year 2018
<b>Result after tax</b>	<b>1.7</b>	<b>-38.7</b>	<b>-182.1</b>
<b>Items that have been/can be transferred to result for the period</b>			
Translation differences	45.1	21.5	95.8
Exchange differences transferred to income statement	0.0	0.0	0.0
Cash flow hedges, interest-related	0.0	0.0	0.0
Changes in fair value of cash flow hedges for the period	46.3	1.5	-68.2
Changes in fair value of cash flow hedges transferred to result for the period	-0.9	-0.9	-3.5
<b>Items that cannot be transferred to result for the year</b>			
Changes in the fair value of equity instruments at fair value through OCI	0.0	0.0	-2.4
<b>Comprehensive income for the period</b>	<b>92.2</b>	<b>-16.6</b>	<b>-160.4</b>

## Per-share data, SEK

SEK millions	Quarter 1 2019	Quarter 1 2018	Full year 2018
<b>Per-share data, SEK</b>			
Number of shares	47,729,798	47,729,798	47,729,798
Result per share, before/after dilution	0.04	-0.81	-3.81
Equity per share, SEK	24.17	25.25	22.24

GROUP

# Condensed balance sheet

SEK millions	31 Mar 2019	31 Mar 2018	31 Dec 2018
Closing exchange rate SEK/USD	9.29	8.34	8.85
<b>Assets</b>			
Ships and equipment <sup>1)</sup>	3,212.0	2,303.9 <sup>3)</sup>	2,303.0 <sup>4)</sup>
Financial assets	15.3	0.1	14.6
<b>Total non-current assets</b>	<b>3,227.4</b>	<b>2,304.0<sup>3)</sup></b>	<b>2,317.6<sup>4)</sup></b>
Current receivables	265.4	206.3	253.5
Short-term deposits	84.8	242.3	97.4
Cash and bank balances	131.8 <sup>2)</sup>	193.2	126.4
<b>Total current assets</b>	<b>482.7</b>	<b>641.8</b>	<b>477.4</b>
<b>Total assets</b>	<b>3,710.1</b>	<b>2,945.8<sup>3)</sup></b>	<b>2,795.0<sup>4)</sup></b>
<b>Equity and liabilities</b>			
Equity	1,153.7	1,205.3	1,061.5
Non-current liabilities	2,083.3	1,393.6 <sup>3)</sup>	1,301.5 <sup>4)</sup>
Current liabilities	473.1	346.8 <sup>3)</sup>	432.0 <sup>4)</sup>
<b>Total equity and liabilities</b>	<b>3,710.1</b>	<b>2,945.8<sup>3)</sup></b>	<b>2,795.0<sup>4)</sup></b>

1) Including right-of-use assets of SEK 1,175.5 (0) million.

2) Including restricted funds of SEK 7.9 million.

3) In order to show the effects of entering into IFRS 16 adjusted balance sheet items are shown below for 31 Mar 2018 as if they were accounted for according to IFRS 16. Items not listed are unaffected.

Ships and equipment	3,104.5
Total non-current assets	3,104.6
Total assets	3,746.4
Non-current liabilities	2,134.8
Current liabilities	406.2
Total equity and liabilities	3,746.4

4) In order to show the effects of entering into IFRS 16 adjusted balance sheet items are shown below for 31 Dec 2018 as if they were accounted for according to IFRS 16. Items not listed are unaffected.

Ships and equipment	3,113.0
Total non-current assets	3,127.6
Total assets	3,605.0
Non-current liabilities	2,048.5
Current liabilities	495.0
Total equity and liabilities	3,605.0

## 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 2019</b>							
Opening balance 01.01.2018	381.8	61.9	481.9	-60.0	-2.4	198.3	1,061.5
Comprehensive income for the period			45.1	45.5		1.7	92.2
<b>Closing balance 31.03.2019</b>	<b>381.8</b>	<b>61.9</b>	<b>527.0</b>	<b>-14.5</b>	<b>-2.4</b>	<b>200.0</b>	<b>1,153.7</b>
<b>Changes Jan–Mar 2018</b>							
Opening balance 01.01.2018	381.8	61.9	386.1	11.7	0.0	380.4	1,221.9
Comprehensive income for the period			21.5	0.6		-38.7	-16.6
Dividend						0.0	0.0
<b>Closing balance 31.03.2018</b>	<b>381.8</b>	<b>61.9</b>	<b>407.6</b>	<b>12.3</b>	<b>0.0</b>	<b>341.7</b>	<b>1,205.3</b>

GROUP

# Condensed cash flow statement

SEK millions	Quarter 1 2019	Quarter 1 2018	Full year 2018
<b>Operating activities</b>			
Result before tax	1.8	-38.7	-181.9
Adjustments:			
Depreciation	62.4	43.4	186.9
Other items	-62.5	-11.1	-93.8
<b>Cash flow from operating activities before changes in working capital</b>	<b>1.8</b>	<b>-6.3</b>	<b>-88.9</b>
Changes in working capital	-11.8	1.9	-27.4
<b>Cash flow from operating activities</b>	<b>-10.0</b>	<b>-4.4</b>	<b>-116.3</b>
<b>Investing activities</b>			
Sale of non-current assets	0.0	1.2	1.9
Investment in non-current assets	-6.0	0.0	-2.9
Sale of financial assets	31.9	34.4	208.8
Investment in financial assets	-10.7	-55.2	-106.3
Other financial items	0.0	0.0	0.2
<b>Cash flow from investing activities</b>	<b>15.3</b>	<b>-19.6</b>	<b>101.3</b>
<b>Financing activities</b>			
New loans	0.0	0.0	0.0
Amortisation of loans <sup>1)</sup>	14.9	-26.0	-99.6
Dividend to shareholders	0.0	0.0	0.0
Other financing	-20.0	-4.5	-19.5
<b>Cash flow from financing activities</b>	<b>-5.2</b>	<b>-30.5</b>	<b>-119.1</b>
Cash flow for the period	0.1	-54.6	-134.0
Balance at beginning of period (Note 1)	126.4	243.6	243.6
Exchange differences (Note 2)	5.3	4.1	16.8
<b>Balance at end of period (Note 1)</b>	<b>131.8</b>	<b>193.2</b>	<b>126.4</b>
Note 1. Balance consists of cash, bank balances and credit facility			
Note 2. Exchange differences attributable to:			
Cash and cash equivalents at beginning of year	6.0	4.6	19.4
Cash flow for the period	-0.7	-0.5	-2.5
	<b>5.3</b>	<b>4.1</b>	<b>16.8</b>

1) Actual amortisation for quarter 1 2019 was SEK -47.1 million. Exchange differences for loans in other currencies than SEK for the period was SEK 62 million.

PARENT COMPANY

## Condensed income statement

SEK millions	Quarter 1 2019	Quarter 1 2018
Net sales	39.3	18.3
Operating costs, ships	-38.8	-18.9
Other external expenses	-2.9	-2.8
Personnel expenses	-4.4	-4.1
<b>Operating result</b>	<b>-6.7</b>	<b>-7.4</b>
Result from subsidiaries	74.3	0.0
Other interest and similar income	61.1	22.0
Interest and similar expense	-36.9	-17.8
<b>Result before tax</b>	<b>91.9</b>	<b>-3.2</b>
Tax	0.0	0.0
<b>Result after tax</b>	<b>91.9</b>	<b>-3.2</b>

## Condensed balance sheet

SEK millions	31 Mar 2019	31 Mar 2018
<b>Assets</b>		
Ships and equipment	0.0	0.0
Financial assets	0.5	0.0
Investments in Group companies	745.8	745.8
<b>Total non-current assets</b>	<b>746.4</b>	<b>745.8</b>
Current receivables	4.4	19.0
Receivables from Group companies	1,137.3	1,168.2
Cash and bank balances	26.0	10.4
<b>Total current assets</b>	<b>1,167.6</b>	<b>1,197.6</b>
<b>Total assets</b>	<b>1,913.9</b>	<b>1,943.4</b>
<b>Equity and liabilities</b>		
Equity	576.0	564.1
Non-current liabilities	1,071.2	1,159.4
Current liabilities	266.7	219.9
<b>Total equity and liabilities</b>	<b>1,913.9</b>	<b>1,943.4</b>

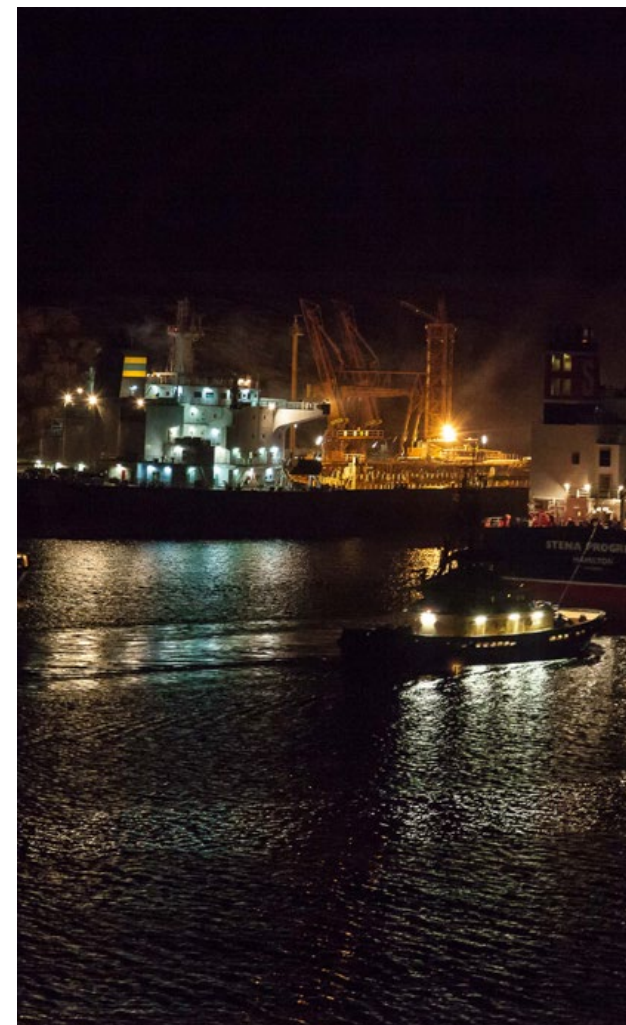
# Risks and risk management

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 have 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 2018 annual report, which is available at [www.concordiamaritime.com](http://www.concordiamaritime.com).



## Definitions, shipping

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

Carbon dioxide.

### 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).

### 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).

### 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.

### 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.

## Alternative performance measures<sup>1)</sup>

### Cash flow from operating activities

Result after financial net plus depreciation minus tax paid (cash flow before change in working capital and investments and before effect of ship sales). The Company believes that the key figure provides a deeper understanding of the Company's profitability.

### EBITDA

Performance measure indicating operating result before interest, taxes, impairment, depreciation and amortisation. The Company believes that the key figure provides a deeper understanding of the Company's profitability.

### Equity ratio

Equity as a percentage of total assets. The Company believes that the key figure makes it easier for investors to form a picture of the Company's capital structure.

### Result excluding impairment and tax

Performance measure which indicates result before tax and impairment. The Company believes that the key figure provides a deeper understanding of the Company's profitability and better comparability over reporting periods.

### Return on capital employed

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. The Company believes that the key figure provides a deeper understanding of the Company's profitability.

### Return on equity

Result after tax as an average of the last twelve months expressed as a percentage of average equity on a 12-month rolling basis. The Company believes that the key figure provides a deeper understanding of the Company's profitability.

### Return on total capital

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. The Company believes that the key figure provides a deeper understanding of the Company's profitability.

### Result per share excluding impairment and tax

Performance measure which indicates result per share before tax and impairment. The Company believes that the key figure provides a deeper understanding of the Company's profitability and better comparability over reporting periods.

1) Alternative performance measures as defined by the European Securities and Markets Authority (ESMA).



# Reconciliation of alternative performance measures

## EBITDA

SEK millions	Quarter 1 2019	Quarter 1 2018	Full year 2018
Operating result	21.2	-36.4	-130.1
Depreciation/impairment	60.4	43.4	186.9
<b>EBITDA</b>	<b>81.6</b>	<b>7.0</b>	<b>56.8</b>

## Result excluding impairment and tax

SEK millions	Quarter 1 2019	Quarter 1 2018	Full year 2018
Result after tax	1.7	-38.7	-182.1
Impairment	0.0	0.0	0.0
Tax	0.1	0.0	0.2
<b>Result excluding impairment and tax</b>	<b>1.8</b>	<b>-38.7</b>	<b>-181.9</b>

## Result per share excluding impairment and tax

SEK millions	Quarter 1 2019	Quarter 1 2018	Full year 2018
Result excluding impairment and tax	1.8	-38.7	-181.9
Number of shares (millions)	47,729,798	47,729,798	47,729,798
<b>Result per share excluding impairment and tax</b>	<b>0.04</b>	<b>-0.81</b>	<b>-3.81</b>

## Return on equity

SEK millions	Quarter 1 2019	Quarter 1 2018	Full year 2018
Result after tax	-141.4	-657.6	-182.1
Equity	1,152.5	1,378.0	1,165.5
<b>Return on equity</b>	<b>-12%</b>	<b>-48%</b>	<b>-16%</b>

## Return on capital employed

SEK millions	Quarter 1 2019	Quarter 1 2018	Full year 2018
Result after financial net	-141.4	-654.2	-181.9
Finance costs	94.7	73.3	82.7
<b>Result after financial net plus finance costs</b>	<b>-46.7</b>	<b>-580.9</b>	<b>-99.2</b>
Total assets	3,112.7	3,181.2	2,922.1
Non-interest-bearing liabilities	-157.3	-111.2	-157.1
<b>Capital employed</b>	<b>2,955.4</b>	<b>3,070.0</b>	<b>2,765.0</b>
<b>Return on capital employed</b>	<b>-1.6%</b>	<b>-18.9%</b>	<b>-3.6%</b>

## Return on total capital

SEK millions	Quarter 1 2019	Quarter 1 2018	Full year 2018
Result after financial net	-180.1	-654.2	-181.9
Finance costs	113.4	72.5	82.7
<b>Result after financial net plus finance costs</b>	<b>-66.7</b>	<b>-581.7</b>	<b>-99.2</b>
Total assets	3,849.2	3,181.2	3,468.4
<b>Return on total capital</b>	<b>-1.7%</b>	<b>-18.3%</b>	<b>-3.4%</b>

## Equity ratio

SEK millions	Quarter 1 2019	Quarter 1 2018	Full year 2018
Equity	1,153.7	1,205.3	1,061.5
Total assets	3,710.1	2,945.8	2,795.0
<b>Equity ratio</b>	<b>31.1%</b>	<b>40.9%</b>	<b>38.0%</b>

# 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 principles have been applied as in the most recent annual report.

IFRS 16 is effective for the reporting of leases with effect from the 2019 financial year. As a lessee, the Company recognises a right-of-use asset, representing the right to use the underlying asset, and a lease liability, representing the

obligation to make lease payments, for three long-term leases for vessels contracted in on a bareboat basis. Recognition exemptions are allowed for leases that have a low value and leases with a lease term of 12 months or less. In the income statement, depreciation is recognised separately from interest expenses associated with the lease liability. The Company has chosen to apply the modified retrospective approach for the transition to IFRS 16, which means that comparatives have not been restated. The total effect of the transition to IFRS 16 on the Company's financial statements was an increase of SEK 810 (USD 91) million for both assets and liabilities in the balance sheet. The effect relates to two of the three lease

agreements and is calculated using the Group's incremental borrowing rate of 2.36% as at 1 January 2019 and the Group's latest updated assessment as to whether it wishes to exercise any options to extend the respective leases or options to buy any of the leased vessels. Both contracts contain a fixed lease payment, but one contract also has variable lease payments based on LIBOR + 2.975% of the remaining accumulated fixed lease amount for the total charter period. The two contracts contain annual purchase options from years three and four onwards. The third contract was reported as a finance lease before the transition to IFRS 16 and the transition did not therefore have any effect on the accounting for the lease.

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 2018, 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 2019

Kim Ullman  
*CEO*

# Quarterly overview

SEK millions	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
<b>Profit/loss items</b>								
Total income <sup>1)</sup>	310.7	367.8	258.6	227.0	199.6	193.8	197.7	211.1
Operating costs excluding impairment <sup>1)</sup>	-289.5	-339.6	324.5	-282.4	-236.0	-226.7	-245.9	-256.5
Operating result (EBIT)	21.2	28.2	-66.4	-55.5	-36.4	-32.9	-521.8	-45.4
of which result from sale of investments in jointly-controlled entities (vessels)	—	—	—	—	—	—	—	—
Financial net	-19.4	-47.6	-0.5	-1.6	-2.2	-9.1	-11.2	1.6
Result after financial net	1.8	-19.4	-66.9	-57.0	-38.7	-42.0	-533.1	-43.9
Result after tax	1.7	-19.4	-67.0	-57.0	-38.7	-42.0	-533.1	-43.9
Cash flow from operating activities	-10.0	-11.0	-31.4	-69.3	-4.4	-3.2	39.5	11.4
EBITDA	81.6	77.1	-18.0	-9.3	7.0	10.1	1.9	10.0
<b>Balance-sheet items</b>								
Ships (number)	3,212.0 (13)	2,303.0 (11)	2,359.0 (11)	2,421.7 (11)	2,303.9 (11)	2,305.7 (11)	2,319.5 (11)	2,892.1 (11)
Ships under construction (number)	0	0	0	0	0	0	0	0
Liquid funds incl. investments	231.3	223.9	263.9	359.7	435.5	466.4	546.9	589.1
Other assets	266.8	253.5	280.9	262.2	206.3	196.2	201.4	261.4
Interest-bearing liabilities	2,397.8	1,539.1	1,625.8	1,686.2	1,620.2	1,635.6	1,702.3	1,808.6
Other liabilities and provisions	158.6	194.4	121.2	119.5	120.3	111.0	106.8	106.7
Equity	1,153.7	1,061.5	1,156.9	1,238.1	1,205.3	1,221.9	1,259.0	1,827.4
Total assets	3,710.1	2,795.0	2,903.9	3,043.8	2,945.8	2,968.5	3,068.1	3,742.7
<b>Key figures, %</b>								
Equity ratio	31	38	40	41	41	41	41	49
Return on total capital	-1	-3	-5	-20	-18	-17	-14	0
Return on capital employed	-2	-4	-5	-21	-19	-18	-14	0
Return on equity	-12	-16	-17	-54	-48	-42	-32	-3
Operating margin	7	8	-26	-24	-18	-17	-264	-21
<b>Share data</b>								
Total income <sup>1)</sup>	6.51	7.71	5.42	4.76	4.18	4.06	4.14	4.42
Operating costs excluding impairment	-6.07	-7.11	-6.81	-5.92	-4.95	-4.75	-5.15	-5.37
Operating result	0.44	0.59	-1.39	-1.16	-0.76	-0.69	-10.93	-0.95
Financial net	-0.41	-1.00	-0.01	-0.03	-0.05	-0.19	-0.23	0.03
Result after tax	0.04	-0.41	-1.40	-1.19	-0.81	-0.88	-11.17	-0.92
Cash flow from operating activities	-0.21	-0.23	-0.66	-1.45	-0.09	-0.07	0.83	0.24
EBITDA	1.71	1.62	-0.38	-0.19	0.15	0.21	0.04	0.21
Equity	24.17	22.24	24.24	25.94	25.25	25.60	26.38	38.29

Definitions: see page 17.

1) Accounting policies, see page 19.

# 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 (with the exception of shorter transactions of less than 12 months).

## Stena Bulk

Stena Bulk specialises in transportation of refined petroleum products and vegetable oils. Under an agreement with Stena Bulk, Concordia Maritime is entitled to the financial result arising from vessels chartered in by Stena Bulk for a period of more than one year, should Concordia Maritime decide to participate in such charters. Other business generated by Stena Bulk 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 commission on freight rates as follows: 1 percent for P-MAX, 1.25 percent for Suezmax and 2 percent for IMOIMAX.
- **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 (ship management)** Payment is based on a fixed price per year and vessel, with an additional payment for manning of vessels.
- **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 newbuild 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.

## Purchase of services from Stena Sphere

SEK millions	Quarter 1		Full year
	2019	2018	2018
Group	67.3	61.5	256.9
Parent Company	0.4	0.2	1.2

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



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## Calendar

Q2 2019 15 August 2019  
Q3 2019 5 November 2019

**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)

This information is information that Concordia Maritime Aktiebolag (publ) is obliged to publish in accordance with the EU Market Abuse Regulation. The information was provided by the contact person above for publication on 25 April 2019.

## Fleet at 31/03/2019

Product tankers	Employment	Partner
<b>P-MAX</b>		
Stena Premium	Spot	Stena Bulk
Stena Polaris	Spot	Stena Bulk
Stena Performance	CVC to April 2019	Stena Bulk
Stena Provence	Time charter to September 2019	Stena Bulk
Stena Progress	Time charter to May 2019	Stena Bulk
Stena Paris	Time charter to August 2019	Stena Bulk
Stena Primorsk	Spot	Stena Bulk
Stena Penguin	CVC to April 2019	Stena Bulk
Stena Perros	Time charter to April 2019	Stena Bulk
Stena President	Spot	Stena Bulk

<b>IMOIMAX</b>		
Stena Image <sup>1)</sup>	Spot	Stena Bulk
Stena Important <sup>2)</sup>	Spot	Stena Bulk

<b>MR ECO</b>		
Unnamed vessel <sup>3)</sup>	Spot	Stena Bulk
Unnamed vessel <sup>4)</sup>	Spot	Stena Bulk
Unnamed vessel <sup>4)</sup>	Spot	Stena Bulk
Unnamed vessel <sup>5)</sup>	Spot	Stena Bulk
Unnamed vessel <sup>6)</sup>	Spot	Stena Bulk

<b>Crude oil tankers</b>		
<b>Suezmax</b>		
Stena Supreme <sup>7)</sup>	Spot	Stena Sonangol Suezmax Pool

1) Contracted on a bareboat basis until 2024, with annual purchase options from 2020

2) Contracted on a bareboat basis until 2026, with purchase obligation in the same year and annual purchase options from 2021

3) 50% charter December 2017–November 2018 (with option for further 12 months)

4) 50% charter June/July 2017–June/July 2019

5) 50% charter January 2018–January 2020

6) 50% charter April/May 2018–April/May 2019

7) Contracted on a bareboat basis until 2028, with annual purchase options from 2019