



## OUR POSITION

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INTERIM REPORT FOR CONCORDIA MARITIME AB (publ)  
1.1 - 31.3 2001

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- Result after financial net SEK 100.7 (-32.7) million
- Concordia's revenues for VLCCs USD 33,500 (10,300) per day
- Forecast for full year raised from SEK 250 million to SEK 300 million
- *Stena Continent* sold to offshore industry
- Continued good ship operation with high quality at low costs
- First Stena V-MAX ready for delivery

### ***Stena Vision* christened in South Korea yesterday**

At a ceremony in Ulsan, South Korea, Concordia's new Stena V-MAX VLCC was christened as the *Stena Vision* by her godmother Mrs Karen Fidler, wife of Mr. James Fidler, Sun Company's General Manager.

In a few days, the *Stena Vision* will be delivered from Hyundai to Concordia Maritime after which she will leave to begin a three-year charter with Sun Company. Her sister ship, the *Stena Victory*, is currently being fitted out and is expected to be delivered in July, 2001.

The *Stena Vision* and the *Stena Victory* have been built to the highest class at Det Norske Veritas as well as having American Bureau of Shipping's SafeHull certificate, which documents additional construction margins over and above the class requirements.

All important functions for propulsion and manoeuvring have been doubled with double main engines, propellers and rudders. They are the world's first large tankers to satisfy DNV's Redundant Propulsion Separate (RPS) classification requirements. See also Concordia's Annual Report 2000, pages 18–23, for more information on a pioneering, environmentally friendly and economical ship design which could become the standard for oil transportation in the future.

In addition to double safety, the vessels are distinguished by a large cargo intake on a limited draught, which results in higher profitability.



### **Sales and result**

Consolidated sales for the first three months amounted to SEK 379.5 (203.9) million. The profit after financial items was SEK 100.7 (-32.7) million. The profit per share after tax was SEK 2.28 (-1.16) and SEK 2.04 (-0.58) after full conversion.

A sharply improved freight market generated both increased sales and a higher result compared with the same period, last year. The average freight rate was USD 57,800 (11,800) per day for Concordia's ULCCs and USD 33,500 (10,300) per day for its VLCCs. In 2000, the majority of Concordia's large tankers were employed on the spot market while 85 % of revenues of the VLCC fleet and 15% of the revenues of the ULCC fleet have been secured at profitable levels for 2001.

Sales are distributed geographically over the following markets (in %): US 45, Saudi Arabia 18, South Africa 11, UK 8, Switzerland 8, Japan 4 and others 6.

The distribution of net sales is based on the respective customer's domicile.

### **Sale of *Stena Continent***

The VLCC *Stena Continent*, built in 1975, was sold in 2000 with delivery set for January, 2001. The vessel was delivered in accordance with the terms of the agreement. The accounting loss of SEK 9 million on the sale was charged to the result for 2000. The buyer is Brown & Root, which will convert the vessel and then deliver it to the Brazilian oil company Petrobras for operation on the Barracuda field off the Brazilian coast.

The high oil price has stimulated interest in smaller subsea oilfields. There are a number of projects involving VLCCs on the market today and Concordia's management believes that there is a high probability of several of these projects being realised in the years immediately ahead. Concordia has four VLCCs which are well suited to projects such as these.

### **Dry-docking**

During the period, one VLCC and one of the salt carriers were dry-docked. No vessels were dry-docked during the same period, last year. In 2001, one ULCC and three VLCCs are scheduled to be dry-docked. The loss of income resulting from the planned dry-dockings is charged to the result for the year while allocations for shipyard costs are distributed evenly during the period between dry-dockings.

### **Management and operation**

Concordia's vessels continue to sail with the highest quality certificate, CAP 1, and their daily running costs are both stable and low – about USD 10,000 per day for the VLCCs and about USD 13,000 per day for the ULCCs. Their high quality results in good reliability and low costs as well as the absence of unpleasant surprises. In addition, the vessels retain their second-hand value and thus have an interesting sales potential.

Hydrostatically balanced loading (HBL) will be utilised on all Concordia's VLCCs by the end of the year. Most of the large oil companies and all the major oil traders have approved



Concordia's tankers for the transportation of oil in HBL. HBL is an environmental protection system introduced by the UN agency The International Maritime Organisation (IMO) for vessels more than 25 years old and reduces the risk of oil spills caused by grounding and other hull damage. Concordia's other quality system, CAP, which, put simply, confirms that the hull strength of its tankers is 20% higher than the classification requirement, is appreciated by an increasing number of major charterers.

### **Net worth and equity**

Concordia's fleet was appraised by three independent shipbrokers on 30-11-2000. The market value according to these valuations, excluding the VLCC sold, was USD 138.4 (132.0) million, which represents a surplus value of SEK 462.0 (231.2) million. On 31-03-2001, net worth excluding deferred tax was estimated to be SEK 43.10 (34.97) per share, which corresponds to SEK 41.10 (24.84) after full conversion. The SEK /USD exchange rate was 10.39 (8.67) on 31-03-2001. Shareholders' equity per share after full conversion was SEK 31.46 (19.66).

Any surplus value in the two newbuilding contracts signed in December, 1998, has not been taken into account. It is estimated that newbuilding prices have risen since the vessels were ordered.

### **Liquidity, financing and investments**

The Group's disposable liquid funds, including unutilised credit facilities, amounted to SEK 642.2 (629.0) million on 31-03-2001 while the corresponding figure on 31-12-2000 was SEK 724.5 (699.9) million. In accordance with the terms of the financing agreement, excess liquidity has been blocked in a separate account with the financing banks. On 31-03-2001, SEK 41.8 (0) million was blocked in this way. The Group's existing fleet, together with the newbuildings under construction, is financed via a credit facility of USD 165 million raised during the spring of 1999. This credit facility is amortised on an ongoing basis and amounted to USD 147.7 million at the end of the period.

Investments during the period totalled SEK 312.2 (25.4) million and consisted of payments relating to the V-MAX tankers under construction.

### **Convertible debenture loan KV2**

In 2000, the major part of the outstanding convertible loan stock was converted into shares and the convertible debt fell from SEK 237.7 million to SEK 65.6 million during the year. During the first quarter of 2001, the conversions continued and the convertible debt fell to SEK 34.8 million. The convertible debenture loan falls due on April 30, 2002 and conversion may take place up until April 1, 2002. During the period, the number of shares increased by 2,676,785 shares to 44,869,759 shares.

### **Related company transactions – charter cooperation with Stena Bulk**

The joint charter business between Concordia and Stena Bulk consists of a multi-year freight contract which is roughly equivalent to the employment of one VLCC.

Concordia's four VLCCs and Stena's VLCC *Stena Conductor* are operated in a pool where the result is divided equally per vessel. In order to hedge the revenues generated in the pool



for VLCCs together with Stena Bulk, a freight swap equivalent to the capacity of 1.3 VLCCs has been signed. The contract expires at the end of 2001 and corresponds to a freight rate of about USD 36,000 per day.

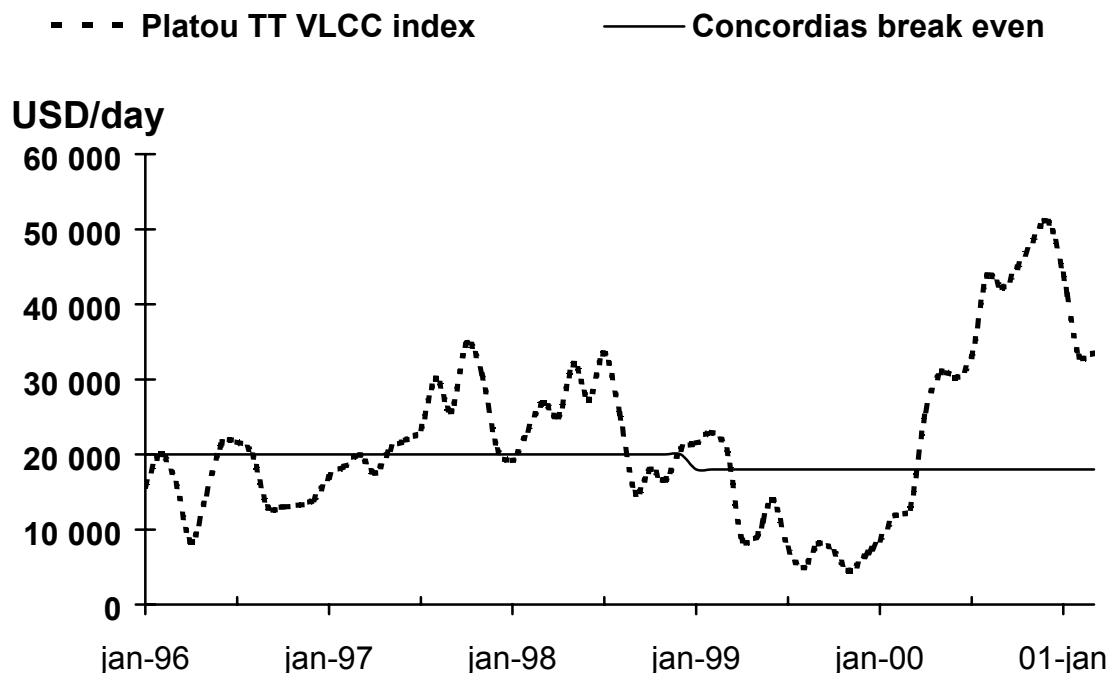
Cooperation with other departments at Stena, such as Marketing, Technology, Finance, Bunker and Insurance, remains unchanged.

Stena's subsidiary Northern Marine Management is responsible for the technical management of Concordia's two ULCCs. Concordia's subsidiary Universe Tankships performs management assignments for two of Stena's large tankers.

### Parent Company

The Parent Company's sales totalled SEK 0.7 (7.1) million. Intergroup invoicing accounted for SEK 0.6 (0.8) million of this amount. The result after financial items was SEK -6.6 (4.4) million. This difference is related to exchange-rate differences. The Parent Company's disposable liquid funds, including unutilised credit facilities, amounted to SEK 4.5 (16.6) million while the corresponding figure on 31-12-2000 was SEK 10.9 (12.3) million. There were no investments during the period.

### Freight market for VLCC turbine tankers, Jan., 1996 – March, 2001



### Freight market

During the first three months of the year, the freight market was very strong for all types of tanker tonnage. The principal factors affecting the market for Concordia's large tankers were the very low stock levels in the US and Europe and relatively high OPEC production,



which resulted in a high level of utilisation of ULCCs and VLCCs. The price of crude oil fluctuated very widely during the period with the result that, for example, markets such as West Africa to the US fluctuated considerably for VLCCs while the trend in the Middle East to the US market was relatively even. On 17 January, OPEC decided to cut production by 1.7 million barrels per day in order to keep the price of oil above USD 25 per barrel. This decision had a limited impact on oil prices since the size of the production cut had been expected and had already been discounted on the market. The freight market gradually weakened but has stabilised at a satisfactory level.

According to Platou, the average freight rate for TT VLCCs was USD 36,800/day, compared with USD 11,600/day last year, i.e. an increase of 215%. Platou's index is a gross index, which does not take into account HBL and waiting for a cargo. One consequence of the good freight market is that the scrapping level of tonnage has been low with 2 (16) tankers sold for scrap. Two VLCCs, the *Stena Continent* and the *Stena Concordia*, were delivered to the offshore industry. 5 (17) VLCCs were delivered from newbuilding yards.

### **Phasing out single-hull vessels through new legislation**

After the loss of the tanker *Erika* off the French Coast in December, 1999, the EU Commission demanded a substantially accelerated transition to double-hull tankers solely based on the age of the single-hull vessels. At the request of the EU nations, this question has been transferred to IMO, the international legislative agency for shipping, where a joint proposal was drawn up during a meeting at the beginning of October. According to this proposal, single-hull tankers will gradually be withdrawn from service between 2003 and 2015 or 2017 on the basis of both age and documented quality. Concordia is playing an active part in these discussions and welcomes the proposal to make quality criteria a guiding principle in the phasing-out process. A decision on this question will be made at IMO's next meeting in April, 2001. For further information, see our web site [www.concordia-maritime.se](http://www.concordia-maritime.se) or our annual report for 2000, page 13.

### **Forecast for 2001**

Based on existing freight contracts, whereby about 85% of the VLCCs' revenues and about 15% of the ULCCs' revenues have been secured, the Board forecasted a result, in the Report on the Final Accounts for 2000, of about SEK 250 million after the financial net for the whole of 2001. This is equivalent to revenues of more than SEK 60 million per quarter. The assessment of the Board is that the freight rates will remain stable for the rest of the year and, in view of the result of SEK 100.7 million for the first quarter, has decided to raise the full-year forecast to about SEK 300 million. This corresponds to a profit of about SEK 6.69 per share and about SEK 6.26 after full conversion.

The result is based on an estimated freight rate for unfixed days of USD 37,000 for ULCCs and USD 26,000 for VLCCs. A change in the freight rates of USD 1,000 per day for the rest of the year would affect Concordia's annual profit by about SEK 7 million.



### **Annual General Meeting and information schedule**

The Annual General Meeting will be held at Lorensbergsteatern in Gothenburg on 10 May, 2001, at 2 p.m.

The Annual Report for 2000 has been sent out to all registered shareholders and holders of convertibles. During the year, Concordia will present news and comments on an on-going basis on its web site [www.concordia-maritime.se](http://www.concordia-maritime.se)

The Interim Report for the first six months of 2001 will be published on 13 August, and the 9-month Report on 19 October.

### **Further information**

Further information can be obtained from:

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You can also reach us via E-mail: [info@concordia-maritime.se](mailto:info@concordia-maritime.se), or fax +46 31-120 651.

Web site: [www.concordia-maritime.se](http://www.concordia-maritime.se)

### **Appendices:**

- Income Statements
- Per-share data
- Balance Sheets
- Cash-flow Analyses
- Changes in equity

### **Accounting principles and methods of calculation**

The Swedish Financial Accounting Standards Council's recommendation RR9 (Income Taxes), which came into force on 01-01-2001, has resulted in a change of accounting principle. Information for the comparison year has been adjusted in accordance with the recommendation. This change in principle results in a deferred tax claim. The effect of this on equity is shown in the specification of changes in the Group's equity. In other respects, the accounting principles and methods of calculation applied are the same as those applied in the latest annual report.

This interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20 (Interim Reports) and other applicable recommendations and statements that came into force on 01-01-2001 or earlier. This interim report has not been examined by the Company's accountants.

Gothenburg, 20 April, 2001

**CONCORDIA MARITIME AB**

Lars Carlsson  
President



### THE GROUP'S INCOME STATEMENT

(SEK million)	3 months, 2001	3 months, 2000	Full year, 2000
Average exchange rate SEK/USD	9.74	8.60	9.16
Net sales	379.5	203.9	1 327.6
Sales, ships	-	-	16.6
<b>Total income</b>	<b>379.5</b>	<b>203.9</b>	<b>1 344.2</b>
Operating costs, ships	-202.8	-153.2	-751.2
Other external costs	-13.8	-8.5	-37.0
Personnel costs	-38.6	-39.7	-173.1
Depreciation according to plan	-24.2	-26.3	-136.9
<b>Total operating costs</b>	<b>-279.4</b>	<b>-227.7</b>	<b>-1 098.2</b>
<b>Operating result</b>	<b>100.1</b>	<b>-23.8</b>	<b>246.0</b>
Interest income and similar profit/loss items	2.6	0.6	11.8
Interest expenses and similar profit/loss items	-2.0	-9.5	-30.1
<b>Financial net</b>	<b>0.6</b>	<b>-8.9</b>	<b>-18.3</b>
<b>Result after financial items</b>	<b>100.7</b>	<b>-32.7</b>	<b>227.7</b>
Tax on profit for the year	-1.6	1.0	-27.8
<b>Net result of the year</b>	<b>99.1</b>	<b>-31.7</b>	<b>199.9</b>

### PER-SHARE DATA\*

(SEK)	31-03-2001	31-03-2000	31-12-2000
Profit after tax	2.28	-1.16	5.76
Profit after tax after full conversion	2.04	-0.58	4.31
Cash flow	2.87	-0.25	9.71
Cash flow after full conversion	2.58	-0.05	7.18
Equity	32.80	25.86	28.72
Equity after full conversion	31.46	19.66	26.67
Net worth	43.10	34.97	38.31
Net worth after full conversion	41.10	24.84	35.12
Share price on accounting date	20.80	12.20	21.50

\*) Number of shares is 44,869,759 at the end of the interim period and was 42,192,974 at the beginning of the period. On full conversion, the number of shares will increase to 47,894,136

Definitions: See Annual Report



### SUMMARY OF GROUP'S BALANCE SHEET

(SEK million)	31-03-2001	31-03-2000	31-12-2000
SEK/USD exchange rate on accounting date	10.39	8.67	9.54
<b>Assets</b>			
Fixed assets	<b>2 425.4</b>	1 742.7	2 101.5
Current assets	<b>265.7</b>	189.9	320.4
Cash and bank balances	<b>154.7</b>	8.9	81.0
<b>Total assets</b>	<b>2 845.8</b>	1 941.5	2 502.9
<b>Equity and liabilities</b>			
Equity	<b>1 471.8</b>	704.1	1 211.6
Provisions	<b>69.2</b>	41.9	66.6
Convertible debenture loan	<b>34.8</b>	237.7	65.6
Long-term liabilities	<b>1 093.0</b>	848.4	924.4
Current liabilities	<b>177.0</b>	109.4	234.7
<b>Total equity and liabilities</b>	<b>2 845.8</b>	1 941.5	2 502.9





### SUMMARY OF GROUP'S CASH-FLOW ANALYSIS

(SEK million)	3 months, 2001	3 months, 2000	Full year, 2000
<b>Operating activities</b>			
Cash flow from operating activities before changes in working capital	126.0	-6.7	311.7
Change in working capital	7.8	-64.9	-62.0
<b>Cash flow provided by operating activities</b>	<b>133.8</b>	<b>-71.6</b>	<b>249.7</b>
<b>Cash flow from investing activities</b>	<b>-176.2</b>	<b>-25.4</b>	<b>-291.5</b>
<b>Cash flow from financing activities</b>	<b>82.7</b>	<b>87.5</b>	<b>106.2</b>
Conversion difference	21.4	1.7	-5.4
<b>Cash flow for the year</b>	<b>61.7</b>	<b>-7.8</b>	<b>59.0</b>
<b>Balance at beginning of year, Note 1</b>	<b>81.0</b>	<b>16.2</b>	<b>16.2</b>
<b>Exchange rate differences, cash and bank, Note 2</b>	<b>12.0</b>	<b>0.5</b>	<b>5.8</b>
<b>Balance at end of period, Note 1</b>	<b>154.7</b>	<b>8.9</b>	<b>81.0</b>

Note 1. Balance

Balance consists of cash and bank

Note 2. Exchange rate

differences, cash and bank

Exchange rate differences refer to

- Balance at beginning of year	7.8
- Cash flow for the year	4.2
	12.0



### THE GROUP'S CHANGES IN EQUITY (SEK million)

	Share capital	Ongoing conversion	Restricted reserves	Unrestricted equity	Total
Closing balance on 31-12-2000 according to annual report.	222.1	166.0	224.7	590.4	1 203.2
Effect of change in accounting principle	-	-	-	8.4	8.4
Adjusted opening balance 01-01-2001	222.1	166.0	224.7	598.8	1 211.6
Exchange rate differences	-	-	73.7	56.6	130.3
Total capital changes not reported in income statement	-	-	73.7	56.6	130.3
Net result for the period	-	-	-	99.1	99.1
Registered ongoing conversion	115.5	-166.0	50.5	-	-
Conversions	21.4	-	9.4	-	30.8
Closing balance on 31-03-2001	359.0	-	358.3	754.5	1 471.8
Closing balance on 31-12-1999 according to annual report.	217.8	-	221.3	266.6	705.7
Effect of change in accounting principle	-	-	-	15.8	15.8
Adjusted opening balance 01-01-2000	217.8	-	221.3	282.4	721.5
Exchange rate differences	-	-	2.0	12.3	14.3
Total capital changes not reported in income statement	-	-	2.0	12.3	14.3
Net result for the period	-	-	-	-31.7	-31.7
Registered ongoing conversion	-	-	-	-	-
Conversions	-	-	-	-	-
Closing balance on 31-03-2000	217.8	-	223.3	263.0	704.1