



Broström is one of the leading logistics companies for the oil and chemical industry, focusing on industrial product and chemical tanker shipping and marine services. Broström is based all over the world and operates within two areas: Shipping and Marine & Logistics Services. Broström's head office is located in Göteborg, Sweden.

Press Release

INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2003

Broström AB (publ) – Reg No 556005-1467

- Profit January - September MSEK 216 (111)
 - Net sales MSEK 2,497 (1,927)
 - Net profit MSEK 155 (77)
 - Profit per share SEK 5.34 (2.67)
 - Return on capital employed 8.7 per cent (7.6)
- Profit for Q3 MSEK 31 (21)
 - Net sales MSEK 774 (600)
 - Net profit MSEK 20 (17)
 - Profit per share SEK 0.68 (0.60)
- Disposable liquidity amounted to MSEK 773 (791 as at 31 December 2002)
- The seasonal drop during the third quarter was less than expected due to increased volumes under contracts of affreightment and the good utilisation of the fleet. The weakening of the USD had, however, a negative impact on the result.
- The increased demand for quality, the focus in the oil industry on the "just-in-time" concept which has resulted in reduced oil stocks and the anticipated improvement in the world economy should all contribute to further positive development for Broström.

MSEK	2003	9 months 2002	2003	Third quarter 2002	12 months 2002
Net sales	2,496.7	1,926.6	774.3	599.9	2 587.1
Operating profit (EBIT)	299.2	259.9	61.8	45.7	324.7
Profit after financial items	216.0	110.7	31.0	20.5	139.3
Net profit	155.4	77.0	20.2	17.4	95.2
Investments	259.4	751.2	114.9	86.7	936.5
Cash flow from current activities	323.6	349.1	70.4	110.0	413.7
Disposable liquidity	772.5	871.7			791.2
Return on capital employed, %	8.7	7.6			7.2
Adjusted equity, %	30.9	28.9			30.9
Profit before tax per share, SEK	7.43	3.84	1.06	0.71	4.82
Net profit per share, SEK	5.34	2.67	0.68	0.60	3.29
Net profit per share after dilution, SEK	5.34	2.64	0.69	0.59	3.28
Cash flow from current activities per share, SEK	11.13	12.10	2.41	3.81	14.31
Average number of shares	29,081,831	28,859,488	29,177,349	28,946,488	28,901,613

ACTIVITIES

Shipping

Market overview

The third quarter, after the strong improvement in the freight market in the first and the weakening in the second has been characterised by a seasonal drop with generally lower volumes. The exception is Asia where transport volumes were high. The oil stocks continue to be on a historically low level, which requires a transport chain that is more effective and reliable.

Development for Broström

Broström further strengthened its position in product and chemical tanker shipping during the third quarter. The fleet has been increased and contractual negotiations have been successful.

The market development for Broström largely followed the general market trend during the third quarter. The fact, however, that Broström is to a major extent, working with contracts of affreightment meant the continued high utilisation of the fleet with gradually increasing volumes under these contracts. The business in Asia, which has increased substantially during the first six months of 2003, continued this positive trend also during the third quarter. The weakening USD however had a negative impact on the result during the period.

During the third quarter several vessels have completed their scheduled drydockings.

Increased requirements for safe and reliable transport

The EU has now approved the earlier announced regulations. Among other things this means an accelerated phasing-out of single-hulled tankers and a ban on transportation of fuel oil in vessels with a single hull. The regulations apply to all vessels trading within the EU and also to all tonnage operating under the EU-flag anywhere in the world. The increased requirements for safe and reliable transport are completely in line with Broström's long-term strategy. The major investments in new vessels, the focus on a quality and consolidated organisation mean that Broström can offer its customers competitive logistic solutions characterised by reliability and flexibility.

As an effect of the increased requirements Broström has more vessels than ever before employed in fuel oil transport.

Expansion of the fleet

The expansion of the fleet has continued and in July delivery was taken of the vessel BRO GENIUS, 7,600 dwt. BRO GENIUS is the sixth vessel in a series of eight ordered at a Dutch shipyard. The vessel is serving under Broström's contracts of affreightment for its European business.

Tonnage tax

In accordance with the European Union's shipping policy France has now introduced a tonnage tax. The French system has formally been approved by the EU. A statement about how this has been considered in this report will be found on page 6.

In Sweden the subject of tonnage tax has taken a further step with a proposal being submitted in Parliament. The proposal is signed by parties representing a majority of the Swedish Parliament.

In the proposal it is stated that as Sweden is now the only shipping nation in the EU that has not yet introduced a tonnage tax in line with the other EU countries. This is a question of competition which must be solved as a matter of urgency.

Net sales and results Q3 2003

Net sales for Shipping for the third quarter amounted to MSEK 597.9 (398.6). The increase is mainly due to changes to the consolidation methods for Iver Ships Ltd. Disregarding this, the increase was 8 per cent.

The operating profit was MSEK 65.8 (46.0). The development and profit during the third quarter are encouraging considering the negative seasonal and exchange rate impact.

Net sales and results

January – September 2003

Net sales for Shipping for the first nine months amounted to MSEK 1,878.7 (1,293.3). The increase is mainly due to changes to the consolidation methods for Iver Ships Ltd. Disregarding this, the increase was 7 per cent.

The operating profit was MSEK 311.2 (263.0). The development and profit for the period are

encouraging considering the negative seasonal and exchange rate impact.

Shipping

MSEK	9 months		Third quarter		12 months
	2003	2002	2003	2002	2002
Net sales	1,878.7	1,293.3	597.9	398.6	1,708.9
Extraordinary items	- 0.1	- 0.1	0.0	0.3	- 0.6
Operating profit/loss	311.2	263.0	65.8	46.0	327.4

Marine & Logistics Services

Market overview

The recovery in demand for petrochemical products during the second quarter continued into the third quarter.

The negative trend in the business travel market continued even allowing for the normal seasonal drop during the third quarter.

The continued strengthening of the Swedish krona has reduced the export of traditional Swedish products and this has caused lower activity in many Swedish ports.

Development for Broström

Nordic Bulkers has succeeded in securing a considerable number of new contracts of affreightment for the transport and handling of bulk goods. The earnings have continued their positive trend.

The poor business travel market continued most of the third quarter and had a negative impact on the overall volume development for Broströms Resebyrå. A gradual recovery was however noted during the latter part of the period. The stable development for marine travel has continued.

The ports within the Broström Ship Agency Network which are focused on shipping for the Swedish base industries of e.g. forest products and steel have experienced continued low volumes. In the other ports mainly focusing on oil the activity has been good.

Net sales and results Q3 2003

Net sales for Marine & Logistics Services for the third quarter were MSEK 176.3 (200.7). The decrease is the impact of the liquidation of the oil business. Ignoring this, the increase was 5 per cent.

The operating profit was MSEK 2.5 (5.5).

Net sales and results

January – September 2003

Net sales for Marine & Logistics Services for the first nine months were MSEK 617.7 (632.3). Ignoring the liquidated oil business the increase was 6 per cent compared with last year.

The operating profit was MSEK 11.4 (16.7).

Marine & Logistics Services

MSEK	9 months		Third quarter		12 months
	2003	2002	2003	2002	2002
Net sales	617.7	632.3	176.3	200.7	877.4
Extraordinary items	- 0.3	0.1	0.0	0.0	- 0.3
Operating profit/loss	11.4	16.7	2.5	5.5	23.3

MAJOR DEVELOPMENTS AFTER THE PERIOD

No major events to report.

EXCHANGE RATE FLUCTUATIONS

Broström is affected by exchange rate fluctuations primarily of the USD and EUR rates to the SEK. More information about this can be found in our Annual Report.

GROUP FINANCIAL RESULTS

Net sales of the Group for the period recorded MSEK 2,496.7 (1,926.6).

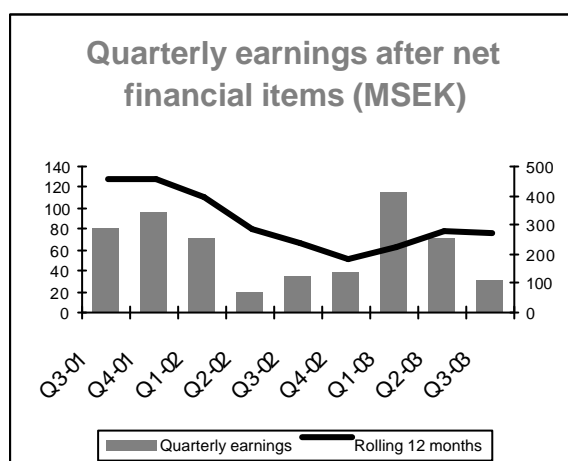
The profit from associated companies was MSEK 7.0 (19.4) including exchange rate differences of MSEK -1.9 (-5.1). Iver Ships Ltd was included in last year's figure with MSEK 17.6.

The operating profit was MSEK 299.2 (259.9).

The exchange rate difference of USD and EUR to SEK had a negative impact on the net financial items of the Group of MSEK -22.5 (-71.7). The net interest income was MSEK -60.7 (-77.4). The improvement is mainly due to the drop in the USD-Libor interest rate, which during the period averaged 1.2 per cent compared to 2.0 per cent last year. Net financial items were MSEK -83.2 (-149.1), which resulted in a profit after financial items of MSEK 216.0 (110.7).

The return on capital employed was 8.7 per cent (7.6).

The tax expenses during the period were MSEK -52.5 (-32.4), which corresponds to 24.3 per cent (29.3) of the profit before tax. Paid tax amounts to MSEK -0.2 (-1.6).



Divided into operational areas

	9 months		Third quarter		12 months
MSEK	2003	2002	2003	2002	2002
<i>Net sales</i>					
Shipping	1,878.7	1,293.3	597.9	398.6	1,708.9
M & L Services	617.7	632.3	176.3	200.7	877.4
Other	0.3	1.0	0.1	0.5	0.8
	2,496.7	1,926.6	774.3	599.8	2,587.1
<i>Extraordinary items</i>					
Shipping	-0.1	-0.1	0.0	0.3	-0.6
M & L Services	-0.3	0.1	0.0	0.0	-0.3
Other	-0.4	0.0	0.0	0.0	1.6
	-0.8	0.0	0.0	0.3	0.7
<i>Adjusted operating profit</i>					
Shipping	311.3	263.1	65.8	45.7	328.0
M & L Services	11.7	16.6	2.5	5.5	23.6
Other and joint expenses for the Group	-23.0	-19.8	-6.5	-5.8	-27.6
	300.0	259.9	61.8	45.4	324.0

OUTLOOK

The underlying market trend with increased demands for safe transport is in line with Broström's strategy and should contribute to an improved competitiveness and profitability for the quality operators. The increased demand for quality, the focus in the oil industry on the "just-

in-time" concept which has resulted in reduced oil stocks and the anticipated improvement in the world economy should contribute to further positive development for Broström.

INVESTMENTS AND DISINVESTMENTS

Total investments within the Group during the period amounted to MSEK 259.4 (751.2). Disinvestments amounted to MSEK 1.0 (33.2).

MSEK 223.7 (719.0) of the investment is for vessels and newbuildings. This includes the newbuilding, BRO GEMINI, which was delivered on 4 April and BRO GENIUS which was delivered on 1 July. Broström owns 25 per cent of the vessel but the investment includes a further 25 per cent by financial lease.

New vessels 2003

Name	Built	Dwt	Ownership	Partner
BRO GEMINI	2003	7,600	25%	Thun/Dutch investors
BRO GENIUS	2003	7,600	25%	Thun/Dutch investors

Broström is currently involved in five newbuildings. There are in addition three newbuildings, ordered by the partner Rigel Schiffahrts GmbH, which will be included commercially in the Broström fleet.

Newbuildings

Name	Built	Dwt	Ownership	Partner
NB JLZ 503	2004	37,300	100%	
NB JLZ 504	2005	37,300	100%	
NB JLZ	2005	37,300	100%	
NB 342	2003	7,600	25%	Thun/
NB 343	2004	7,600	25%	Dutch investors

Broström's updated fleet list can be found on www.brostrom.se.

CASH FLOW

The cash flow from the current activities before dividend to the shareholders amounted to MSEK 323.6 (349.1), which is per share SEK 11.13 (12.10).

FINANCING AND LIQUIDITY

Disposable liquidity of the Group on the balance sheet date amounted to MSEK 772.5 (791.2 as at 31 December 2002). Unutilised overdraft facilities were included and total MSEK 52.1 (52.3).

The shareholders received a dividend of MSEK 87.1 in May.

The net debt increased during the period from MSEK 1,895 to MSEK 1,915.

The shareholders' equity at the balance sheet date amounted to MSEK 1,439.6 (1,402.2 as at 31 December 2002) and the equity ratio was 25.6 per cent (24.9). The adjusted equity ratio was 30.9 per cent (30.9), which is above Broström's goal of 30 per cent.

Broström's financial position remains strong and will enable continued participation in possible structural changes in the business.

CONTINGENT LIABILITIES

Contingent liabilities have, since the end of last year, decreased by MSEK -184.1 and amount to MSEK 341.4 (525.5 as at 31 December 2002). The decrease is partly due to fluctuations in the exchange rate of the USD, the currency in which the contingent liabilities are mainly denominated and also due to the fact that earlier liabilities in associated companies are now consolidated in the balance sheet.

OPTIONS SCHEME

On 30 September 2003 Broström had a share option programme which was introduced earlier in the year and offered to all current permanent employees in the Group and its subsidiaries with an ownership of more than 50 per cent.

The share option programme consists of two option series with redemption dates in September 2005 and September 2006 respectively. Every employee is entitled to 2,000 warrants. By further allocation a total of 100,000 warrants can be subscribed. The price for a warrant in series 2003/1 is SEK 3.80 and in series 2003/2 is SEK 4.35. A warrant is redeemed for a share at the exercise price of SEK 58.40. Total number of redeemed warrants on 30 September 2003 was 548,500. Remaining number of warrants is 971,500.

A dilution effect arises when the share price exceeds the issue price.

The share option programme which was introduced in 2000 has been finalised and the dilution effect was 0.9%.

STAFF

Temporary hired crew on the French vessels are, as from this year, counted as employees. Acquisitions have also slightly increased the number of staff.

PARENT COMPANY

The activities in the parent company Broström AB consist mainly of Group management and administration of joint activities for the Group. The assets consist mainly of shares in subsidiaries and short-term financial investments.

	9 months		Third quarter		12 months
MSEK	2003	2002	2003	2002	2002
<i>Net sales</i>	16.3	31.8	5.3	9.4	37.4
<i>Profit/loss before allocations and tax</i>	155.8	160.1	10.2	0.6	155.1
<i>Whereof dividends from subsidiaries and associated companies</i>	196.1	193.0	24.3	7.5	193.3
<i>Investments</i>	21.9	6.2	0.4	3.7	131.2
<i>Disinvestments</i>	0.2	52.2	0.0	52.2	100.2
<i>Disposable liquidity</i>	666.5	809.2			727.7
<i>Whereof unutilised overdraft facilities</i>	37.1	37.3			37.4

ACCOUNTING PRINCIPLES

This interim report has been drawn up in accordance with standards from Redovisningsrådet (the Swedish Financial Accounting Standards Council) RR20 concerning interim reporting. Furthermore, Broström AB applies in its reports the new standards from Redovisningsrådet. In connection with the increased ownership in Iver Ships Ltd a new joint ownership agreement with the other company which has a half-interest has been entered into and the company is now considered as a Joint Venture. Therefore, the share in Iver Ships Ltd is recorded in the Group as from 2003 according to the proportional

method and not, as earlier, according to the equity method. Otherwise the same accounting principles and methods of calculation as per the latest annual report have been used.

TONNAGE TAX

France has introduced a tonnage tax for French shipping and has received approval from the EU for its system. As all the details in the final regulation are not yet completely finalised Broström has chosen only to pay regard to the impact of the tonnage tax for the two companies bareboat chartering the vessels BRO ELIZABETH and BRO ELLEN, as they are separate tax subjects and the impact is obvious. The tax for these two companies is MSEK 0.1 during this period which is MSEK 12.7 lower than conventional taxation. MSEK 240.9 of the total deferred tax in the balance sheet as at 30

September 2003 amounting to MSEK 562.2 originates from the French operations. The rest of the balance is related to the Swedish taxation.

Broström will not until all details in the new French tonnage tax system are settled take it into its accounting records.

NEXT REPORTS

Broström will publish its next financial reports on the following dates 2004:

25	February	Preliminary report 2003
28	April	Interim report three months 2004 and Annual General Meeting
25	August	Interim report six months 2004
29	October	Interim report nine months 2004

Göteborg, 30 October 2003

BROSTRÖM AB (publ)

On behalf of the Board

Lennart Simonsson
Managing Director

Broström AB
403 30 Göteborg
Tel +46 031-61 61 00
Reg No 556005-1467

More information about Broström and press releases can be found on www.brostrom.se.

INCOME STATEMENTS

MSEK	9 months		Third quarter		12 months
	2003	2002	2003	2002	2002
Net sales	2,496.7	1,926.6	774.3	599.9	2,587.1
Other income incl. sale of vessel	2.2	- 9.3	- 3.3	- 14.3	- 17.8
<i>Total income</i>	2,498.9	1,917.3	771.0	585.6	2,569.3
Share in associated companies' profit/loss before tax	7.0	19.4	2.0	10.1	26.1
<i>Operating expenses</i>					
External expenses	- 1,656.9	- 1,218.3	- 526.7	- 390.5	- 1,658.5
Staff costs	- 366.5	- 295.6	- 123.2	- 102.3	- 391.2
Depreciation and write-downs	- 182.5	- 162.9	- 61.3	- 57.5	- 221.7
Items affecting comparability	- 0.8	0.0	0.0	0.3	0.8
<i>Total operating expenses</i>	- 2,206.7	- 1,676.8	- 711.2	- 550.0	- 2,270.7
Operating profit (EBIT)	299.2	259.9	61.8	45.7	324.7
<i>Financial items</i>					
Interest income	31.6	41.2	9.2	12.7	53.3
Currency exchange rate difference on assets	- 35.7	- 50.1	- 12.6	7.3	- 60.9
Interest expenses	- 92.3	- 118.7	- 29.4	- 39.1	- 155.6
Currency exchange rate difference on liabilities	13.2	- 21.6	2.0	- 6.1	- 22.1
<i>Net financial items</i>	- 83.2	- 149.2	- 30.8	- 25.2	- 185.4
Profit after financial items	216.0	110.7	31.0	20.5	139.3
Tax on profit of the period	- 52.5	- 32.4	- 9.0	- 3.6	- 42.4
Minority shares in profit/loss for the period	- 8.1	- 1.3	- 1.9	0.5	- 1.6
Profit for the period	155.4	77.0	20.1	17.4	95.2
Average SEK/USD exchange rate	8.25	9.94	8.15	9.38	9.73
Average SEK/EUR exchange rate	9.16	9.18	9.17	9.23	9.16

BALANCE SHEETS

Group, MSEK	2003-09-30	2002-12-31
ASSETS		
<i>Fixed assets</i>		
Goodwill	62.4	33.9
Other intangible fixed assets	7.0	8.0
Tangible fixed assets	3,860.5	3,821.3
Financial fixed assets, interest-bearing	42.4	45.7
Financial fixed assets, non-interest-bearing	173.2	248.4
<i>Total fixed assets</i>	<i>4,145.5</i>	<i>4,157.3</i>
<i>Current assets</i>		
Inventories	41.4	51.2
Receivables	592.8	514.1
Short-term financial investments	684.3	809.9
Cash and bank balances	248.6	161.9
<i>Total current assets</i>	<i>1,567.1</i>	<i>1,537.1</i>
Total assets	5,712.6	5,694.4
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity ¹⁾	1,439.6	1,402.2
Minority interests	20.7	13.9
Debenture loan, interest-bearing	230.0	250.9
Equalization reserve	112.9	143.3
Deferred tax	562.2	520.4
Provisions	10.0	6.9
Long-term liabilities, interest-bearing ²⁾	2,575.9	2,615.6
Current liabilities, interest-bearing ²⁾	271.6	251.5
Current liabilities, non-interest-bearing	489.7	489.6
Total shareholders' equity and liabilities	5,712.6	5,694.4
Contingent liabilities	341.4	525.5
Closing day SEK/USD exchange rate	7.66	8.83
Closing day SEK/EUR exchange rate	8.91	9.19
¹⁾ Of which non-restricted equity	459.0	402.5
²⁾ Of which financial leasing	486.4	418.6

CHANGES IN SHAREHOLDERS' EQUITY

Group, MSEK	2003	9 months 2002	12 months 2002
According to annual accounts	1,402.2	1,456.0	1,456.0
Share issue	5.3	3.4	3.4
Translation difference	- 36.2	- 33.4	- 29.9
Dividend	- 87.1	- 122.5	- 122.5
Profit/loss for the period	155.4	77.0	95.2
Amount at the end of the period	1,439.6	1,380.5	1,402.2

The translation difference of the period is mainly due to fluctuations in the EUR and USD exchange rates in which currencies the subsidiary Broström Holding BV (owner of Broström Tankers SAS) and the associated company Iver Ships Ltd are recorded.

CASH FLOW STATEMENTS

Group, MSEK	2003	9 months 2002	12 months 2002
CURRENT ACTIVITIES			
Operating profit/loss	299.2	259.9	324.7
Adjustments for items not included in the cash flow etc	126.9	110.3	148.7
Financial items and tax	- 53.1	- 66.1	- 53.8
Movement in the working capital	- 49.4	45.0	- 5.9
Cash flow from current activities before dividend	323.6	349.1	413.7
Dividend to shareholders	- 87.1	- 122.5	- 122.5
Cash flow from current activities	236.5	226.6	291.2
INVESTMENT ACTIVITIES			
Investments in fixed assets	- 153.9	- 495.6	- 615.8
Sale of fixed assets	1.0	33.2	70.4
Increase/decrease in financial fixed assets	3.3	16.0	27.8
Cash flow from investment activities	- 149.6	- 446.4	- 517.6
FINANCING ACTIVITIES			
New share issue	5.3	3.4	3.4
Changes in loans	- 121.7	147.6	113.5
Cash flow from financing activities	- 116.4	151.0	116.9
Translation difference	11.3	7.1	- 16.3
Cash flow for the period	- 18.2	- 61.7	- 125.8
Liquid funds, opening balance	971.8	1,150.5	1,150.5
Liquid funds at the beginning of the year in company for which consolidation method has been changed	21.6		
Exchange rate difference in liquid funds	- 42.3	- 30.6	- 52.9
Liquid funds, closing balance	932.9	1,058.2	971.8

QUARTERLY EARNING TREND

Group, MSEK	2003			2002				2001	
	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3
Net sales	774.3	812.4	910.1	660.5	599.9	668.0	658.7	712.3	618.0
Operating profit/loss	61.8	93.1	144.4	64.9	45.7	89.9	124.2	125.4	136.3
Profit/loss after financial items	31.0	70.0	115.0	28.6	20.4	19.4	70.8	89.1	79.5
Adjustments:									
Extraordinary items	0.0	0.8	0.0	- 0.7	- 0.3	0.4	- 0.1	6.2	1.4
Capital gain/loss	0.0		-	10.4	15.2				
Profit/loss after adjustment	31.0	70.8	115.0	38.3	35.3	19.8	70.7	95.3	80.9
Rolling 12 months	255.1	259.4	208.4	164.1	221.1	266.7	378.9	440.8	435.6

SHARE DATA

		9 months	12 months
Data per share	2003	2002	2002
Profit/loss, SEK	5.34	2.67	3.29
Profit/loss after dilution, SEK	5.34	2.64	3.28
Shareholders' equity, SEK	49.24	47.56	48.31
Shareholders' equity after dilution, SEK	49.24	47.35	48.09
Adjusted shareholders' equity, SEK	60.38	56.53	60.55
Cash flow from current activities, SEK	11.13	12.10	14.31
Cash flow net, SEK	- 0.63	- 2.14	- 4.35

Number of shares			
Number of shares, closing date	29,239,988	29,027,988	29,027,988
Average number of shares	29,081,831	28,859,488	28,901,613
Number of outstanding options	548,500	212,000	212,000
Number of dilution shares	0	126,125	130,550
Number of shares after full dilution at end of period	29,239,988	29,154,113	29,158,538

KEY RATIOS

		9 months	12 months
	2003	2002	2002
Return on capital employed, %	8.7	7.6	7.2
Return on shareholders' equity, %	14.6	7.2	6.7
Dept/equity ratio, multiple	1.3	1.4	1.3
Interest cover ratio, multiple	3.7	1.8	1.8
Equity/assets ratio, %	25.6	24.5	24.9
Adjusted equity/assets ratio, %	30.9	28.9	30.9
Share of risk-bearing capital, %	41.4	38.3	40.9

For definitions please see Annual Report 2002.