

Stena Line acquires Scandlines AB

Stena Line AB yesterday signed an agreement with SJ, (Swedish Railways), to acquire all of Scandlines AB's shares at a purchase price of SEK 560 million. On the day of acquisition, August 1 1999, the stockholders' equity in Scandlines amounted to SEK 521 million.

Scandlines operates five ferry routes from two ports in southern Sweden to Germany and Denmark. The operations are carried out in cooperation with the Danish-German Scandlines Group. In 1998 revenue totaled SEK 1,441 million, income from operations was SEK 184 million and the number of employees was 1,180.

The companies' combined route network positions Stena Line positively in the most important ports in the region. In addition there are beneficial synergies in purchasing, ship management, marketing and sales, as well as in the administration area.

"One of our long-term aims has been to establish a strong foothold in the southern part of Sweden, where the growth rate has been high over the last few years. Scandlines is a well-run, profitable company. It is the perfect solution for Stena Line" says Bo Severed, CEO of Stena Line AB.

Scandlines will be affected by the Öresund Link, a combined tunnel and bridge linking Denmark to Sweden. The Link is expected to extract volumes from the ferries in the region, but at the same time it will create more trade in the area.

One of Scandlines' routes, Limhamn-Dragör, parallel to the fixed link, was closed on November 1 1999 and Helsingborg-Köpenhamn will be closed on July 1 next year. Stena Line's valuation of Scandlines AB was adjusted to reflect the expected impact of the Öresund Link on Scandlines' operations.

"Scandlines' performance has remained robust after the abolition of tax and duty free sales. I am also confident about the future, even when taking the repercussions of the Öresund Link into account from mid 2000," Bo Severed concludes.

"We feel very positive about this agreement. Stena Line is an accomplished player, with a good reputation and wide-ranging know-how of the ferry business," says Daniel Johannesson, CEO of SJ and Chairman of Scandlines. "We will now focus on our core business SJ Travel and SJ Cargo Group. Through the sales we will also decrease our debt level." Daniel Johannesson concludes.

The deal is subject to approval from the relevant competition authorities.

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Stena Line AB
Bo Severed
President and CEO

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