

## Financial statement for 1999

Stena Line is an international transport and travel service company and one of the world's largest ferry operators. The route network comprises 12 strategically located routes in Scandinavia and around the UK. In addition the Company has interests in three ferry routes through its ownership in P&O Stena Line and a company jointly-owned with another ferry operator <sup>1)</sup>.

### 1999 Highlights

*(Comparisons are with 1998, unless otherwise indicated)*

- **The last two quarters of 1999 were the first periods without tax and duty free sales within the EU and this had a substantially negative impact on both revenue and income.**
- **Volumes rose 2% and 1% for private cars and freight respectively, and fell 6% for passengers, excluding the Halmstad-Grenaa route, which was closed on January 31, 1999.**
- **Average ticket rates rose 12% in Scandinavia and 5% in the UK. Freight rates increased by 7% in Scandinavia and by 5% in the UK.**
- **Revenue, excluding the English Channel, decreased by SEK 587 million to SEK 6,963 million from SEK 7,550 million.**
- **EBITDA, excluding the English Channel, declined by SEK 148 million to SEK 655 million from SEK 803 million.**
- **Income from operations, including the English Channel, decreased to SEK 6 million from SEK 152 million. Income from operations includes Stena Line's share of P&O Stena Line's income of SEK 131 million. No dividends were received from P&O Stena Line.**
- **The loss before income taxes amounted to SEK 496 million compared to a loss of SEK 324 million in 1998.**
- **On November 15, Stena Line signed an agreement to acquire the Swedish ferry company Scandlines AB. Due to ongoing arbitration the acquisition has not yet been completed.**
- **In December the shares in the French company SPN was sold for SEK 217 million resulting in a capital loss of SEK 71 million.**

1) On March 10, 1998, Stena Line's English Channel routes were transferred to P&O Stena Line Ltd., a company 40% owned by Stena Line. For the period from January 1, to March 10, 1998 the revenues and expenses of the routes transferred to P&O Stena Line are included in Stena Line's revenues and expenses. After March 10, 1998, Stena Line's share of the results of P&O Stena Line are included as income from associated companies. As a consequence, the results of the operations for 1998 and 1999 are not fully comparable. To facilitate comparisons, additional information is provided regarding the results excluding all revenues, expenses and income from associated companies related to the English Channel for the full year periods, 1998 and 1999.

## Results, October-December 1999

*(Comparisons are with the same period in 1998, unless otherwise indicated)*

### Revenue

Revenue declined by SEK 351 million or 21%, to SEK 1,293 million compared to SEK 1,644 million for the same period in 1998. The decrease was mainly due to a reduction in onboard sales and lower passenger volumes, particularly in the Scandinavian operations, following the abolition of tax and duty free retail sales. Exchange rate fluctuations had a negative impact of SEK 12 million.

Revenue in Scandinavia decreased by SEK 267 million to SEK 576 million compared to SEK 843 million for the same period in 1998. Revenue in the UK fell by SEK 84 million to SEK 717 million compared to SEK 801 million in 1998.

*Freight/Port* revenue went down by SEK 22 million to SEK 513 million from SEK 535 million in 1998. Average freight rates rose 12% in Scandinavia and fell 3% in the UK. Freight volumes fell 6% in Scandinavia and 2% in the UK.

*Total onboard* revenue declined by SEK 294 million to SEK 323 million from SEK 617 million in 1998. Average retail spending per passenger fell to SEK 186 from SEK 298 in Scandinavia and to SEK 58 from SEK 161 in the UK.

*Passenger* revenue declined by SEK 35 million or 7% to SEK 457 million from SEK 492 million in 1998. Average passenger ticket rates increased by 26% in Scandinavia, due to a combination of increased prices and a change in passenger mix. Average ticket rates in the UK fell by 7% mainly due to severe competition and a change in passenger mix on the Irish Sea.

Private car volumes were stable during the final quarter of 1999, though passenger volumes fell 18%, excluding the closed Halmstad-Grenaa route. Passenger volumes fell by 33% in Scandinavia and by 6% in the UK. The reduction in passenger volumes in Scandinavia was a consequence of the abolition of tax and duty free retail sales.

### Operating expenses

Operating expenses were brought down by SEK 280 million to SEK 1,360 million from SEK 1,640 million. This was primarily a result of the reduction in retail goods sold following the

abolition of tax and duty free retail sales within the EU and the operational changes in Scandinavia. Exchange rate fluctuations had a positive impact of SEK 12 million.

### EBITDA

EBITDA declined by SEK 50 million to -SEK 45 million compared to SEK 5 million in the fourth quarter, 1998.

### Restructuring expenses

The restructuring expenses of SEK 47 million were mainly attributable to redundancy payments incurred in connection with staff reductions due to the abolishment of tax and duty free sales within the EU. Restructuring expenses of SEK 10 million in 1998 were due to redundancy payments to personnel in connection with cut backs in central support functions.

### Income/loss from associated companies

The loss from associated companies amounted to SEK 88 million compared to an income of SEK 69 million in 1998. The loss in 1999 was primarily due to the capital loss of SEK 71 million from the sale of Stena Line's shares in SPN. The result from Stena Line's 40% share in P&O Stena Line amounted to a loss of SEK 17 million, compared to a SEK 67 million income in 1998. During the fourth quarter, P&O Stena Line incurred a GBP 11.9 million (SEK 164 million) loss attributable to the provision for loss on the sale of a ship. No dividends were received from P&O Stena Line in either period.

### Depreciation and amortization

Depreciation and amortization remained at the same level, SEK 150 million in 1999 compared to SEK 152 million in 1998.

### Income/loss from operations

The loss from operations amounted to SEK 352 million compared to a loss of SEK 89 million in 1998. The loss in the fourth quarter was influenced by one-off items of SEK 71 million from the sale of the shares in SPN and by SEK 46 million from the write-down of start-up costs, due to forthcoming changes in the accounting principles. In 1999 redundancies amounted to SEK 47 million compared to SEK 10 million in 1998. The income from P&O Stena Line was negatively affected by their provision for the loss on the sale of a ship of GBP 11.9 million. (SEK 164 million).

## **Results, full year 1999**

### **excl. English Channel**

*(Comparisons are with 1998 excluding all revenues, expenses and income from associated companies related to the English Channel, for the full year periods 1998 and 1999)*

#### **Revenue**

Revenue fell by SEK 587 million to SEK 6,963 million compared to SEK 7,550 million in 1998, mainly due to the decline in onboard retail sales and passenger volumes, following the abolition of tax and duty free retail sales within the EU. Exchange rate fluctuations had a positive impact of SEK 38 million.

Revenue in Scandinavia declined by SEK 436 million to SEK 3,349 million compared to SEK 3,785 million in 1998. Revenue in the UK declined by SEK 151 million to SEK 3,614 million from SEK 3,765 million in 1998.

*Freight/Port* revenue rose by SEK 60 million to SEK 2,010 million, compared to SEK 1,950 in 1998. Freight rates in Scandinavia and the UK rose 7% and 5% respectively, while total freight volume rose by 1%.

*Onboard* revenue dropped by SEK 559 million to SEK 2,111 million compared to SEK 2,670 million in 1998. Average spending per passenger declined to SEK 319 from SEK 352 in Scandinavia and to SEK 150 from SEK 185 in the UK, principally as a result of lower retail spending in the third and fourth quarter, following the abolition of tax and duty free retail sales within the EU.

*Passenger* revenue fell by SEK 88 million to SEK 2,842 million from SEK 2,930 million. Passenger volume fell by 6% compared to last year. Average passenger ticket rates rose 12% in Scandinavia and 5% in the UK.

#### **Operating expenses**

Operating expenses fell by SEK 353 million to SEK 6,388 million compared to SEK 6,741 million last year. The principal reasons for the fall in operating expenses are the reduction in retail goods sold in the third and fourth quarters, following the abolition of tax and duty free retail sales within the EU and the operational changes in Scandinavia. The decline in operating expenses has been partly offset by higher charter hires. Exchange rate fluctuations had a negative impact of SEK 35 million.

#### **EBITDA**

EBITDA declined by SEK 148 million to SEK 655 million from SEK 803 million.

#### **Depreciation and amortization**

Depreciation and amortization rose by SEK 21 million to SEK 587 million compared to SEK 566 million in 1998.

#### **Income/loss from operations**

The loss from operations amounted to SEK 125 million compared to an income of SEK 169 million last year.

## **Results, full year 1999**

### **incl. English Channel**

*(Comparisons are with January-December 1998 including all revenue, expenses and income from associated companies related to the English Channel, for the full year periods 1998 and 1999)*

#### **Revenue**

Revenue decreased by SEK 807 million to SEK 6,963 million compared to SEK 7,770 million in 1998. This was mainly due to the transfer of the English Channel operations to P&O Stena Line in March 1998 and the decline in onboard retail sales in the third and fourth quarter following the abolition of tax and duty free retail sales within the EU. Exchange rate fluctuations had a positive impact of SEK 38 million.

#### **Operating expenses**

Operating expenses were reduced by SEK 625 million to SEK 6,388 million compared to SEK 7,013 million in 1998. This was mainly due to the transfer of the English Channel operations to P&O Stena Line in March 1998 and to the reduction in retail goods sold in the third and fourth quarter following the abolition of tax and duty free retail sales within the EU. Exchange rate fluctuations had a negative impact of SEK 34 million.

#### **EBITDA**

EBITDA decreased by SEK 56 million to SEK 655 million compared to SEK 711 million in 1998.

#### **Income from associated companies**

Income from associated companies was SEK 65 million compared to SEK 88 million in 1998. The income from P&O Stena Line was SEK 131 million compared to SEK 83 million in 1998. The income from Tor Line was SEK 5 million both in 1999 and 1998. The sale of Stena Line's shares in SPN resulted in a loss of SEK 71 million.

P&O Stena Line made a profit before restructuring expenses of GBP 49.7 million in 1999 compared to GBP 54.5 million in 1998. P&O Stena Line incurred a GBP 10.8 million restructuring charge due to the closure of the Newhaven-Dieppe route in January 1999 and a GBP 11.9 million provision for the loss on the sale of a ship in October compared to a restructuring charge of GBP 25.8 million in 1998.

### **Depreciation and amortization**

Depreciation and amortization fell by SEK 27 million to SEK 587 million compared to SEK 614 million in 1998, due to the transfer of the English Channel operations to P&O Stena Line in March 1998.

### **Income from operations**

Income from operations was SEK 6 million, compared to SEK 152 million in 1998.

### **Financial income and expense, net**

Net financial expenses totaled SEK 502 million compared to SEK 476 million in 1998. The increase is explained by a higher weighted average interest rate and higher average debt levels.

### **Income/loss before income taxes**

The loss before income taxes was SEK 496 million compared to a loss of SEK 324 million in 1998.

### **Income taxes**

An income tax benefit of SEK 108 million has been added to the 1999's results compared to SEK 21 million in 1998. The income tax benefit consists of a current tax expense of SEK 2 million and deferred tax benefit of SEK 110 million.

### **Net loss for the period**

The net loss for 1999 was SEK 388 million compared to a loss of SEK 303 million in 1998.

## **Financial position**

*(Comparisons are with December 31, 1998, unless otherwise indicated)*

The Company's Balance Sheet total fell to SEK 9,820 million at the period's end from SEK 10,513 million at December 31, 1998. The Company's interest-bearing net debt decreased to SEK 6,180 million from SEK 6,208 million at December 31, 1998.

The total available cash and cash equivalents, including committed, unutilized credit facilities, was SEK 1,312 million compared to SEK 1,503

million at December 31, 1998. The equity/assets ratio amounted to 22% compared to 24% last year, while the net debt/equity ratio increased to 2.9 times from 2.5 times at the end of 1998.

As a result of the Company's financial performance and the provisions regarding the incurrence of debt contained in the Company's indenture, Stena Line is not currently permitted to incur additional indebtedness except in an aggregate amount not in excess of \$ 50 million and pursuant to the existing revolving credit facility. The aggregate amount currently available under the revolving credit facility as of 31 December 1999 is approximately SEK 1,088 million.

### **Capital expenditure**

Capital expenditure for the period totaled SEK 331 million compared to SEK 205 million in 1998.

### **Stockholders' equity**

Stockholders' equity declined during the period by SEK 375 million to SEK 2,161 million from SEK 2,536 million in 1998. Exchange rate fluctuations had a positive effect on stockholders' equity of SEK 13 million while the loss for the period, after taxes, has reduced stockholders' equity by SEK 388 million.

### **Fleet and route network**

At the period's end, Stena Line's fleet consisted of 25 ferries. Of these, 13 were owned by Stena Line, 3 were leased and 9 were chartered. In March 1999, the Stena Prince, which operated on the Varberg-Grenaa route, was sold at a price of USD 2.3 million, which was equal to its book value.

At the end of 1999, three independent shipbrokers in Sweden and the UK made an appraisal of leased and owned vessels in the fleet. At an exchange rate of 8.53 SEK/USD, the value of the vessels was approximately SEK 4,100 million, which provides a non-taxed surplus value of approximately SEK 270 million.

The route network includes 12 routes in Scandinavia and around the UK, including a lift-on/lift-off container route. On January 31, 1999, the Halmstad-Grenaa route was closed.

In June, Stena Line announced the decision to charter two new Ropax vessels on the Hook of Holland-Harwich route. The vessels are being built in Spain and will be delivered by the end of 2000 and in the beginning of 2001 respectively.

**Staff**

The average number of employees at Stena Line was 5,848 compared to 6,554 in 1998. On January 31, 1999, the service on the Halmstad-Grenaa route was discontinued and 99 employees were made redundant. In February 1999, 660 employees were given notice to leave the company on September 1, due to the planned operational changes in Scandinavia necessitated by the abolition of tax and duty free retail sales within the EU. However, as a result of an increase in sailing frequency and lower reduction in passenger capacity than planned, mainly on the Sweden-Denmark route, approximately 60 of the 660 employees have been retained. 410 of the employees being made redundant left the Company in September and 183 left in the fourth quarter. As a result the cost savings resulting from these headcount reductions have been both reduced and delayed.

**Pension cost refund**

The insurance company SPP has decided to make a refund to their customers. This refund has not yet been recognized.

**Scandlines**

On November 15 Stena Line signed an agreement to acquire all shares in the Swedish ferry company Scandlines AB, from AB Swedcarrier, a subsidiary of the Swedish State Railway Company SJ, at an aggregate purchase price of SEK 560 million. Scandlines' revenue in 1999 totaled SEK 1,514 million and the number of employees was 1,136.

The acquisition is to be financed with cash generated by the sale of the shares in SPN (SEK 217 million) and drawings under the Revolving Credit facility. In addition, Stena AB has made an offer to provide a SEK 250 million subordinated standby credit facility from the date of the acquisition until June 2001.

On November 25 1999, Scandlines Danmark AS which alleges that it has a pre-emptive right to purchase the shares of Scandlines AB, obtained a court order from the District Court of Stockholm blocking the sale of the shares of Scandlines AB to Stena Line.

Arbitration has commenced between SJ and Scandlines Danmark AS, and a decision is expected before the end of June.

The Swedish and German competition authorities approved the acquisition in December 1999.

**Y2K**

The Company experienced no particular disruptions due to the "Y2K problem".

**Transactions with the Stena Sphere**

In June 1999, Stena Line decided to charter two newly-built Ropax vessels from the Stena Sphere. Other transactions with the Stena Sphere continue to correspond to the account given in the 1998 Annual Report.

**Stena Line AB, the Parent Company**

A restructuring of the Swedish business took place in 1999. As of January 1, 1999, the business of the subsidiary Stena Line Scandinavia AB was merged with the Parent Company Stena Line AB. This led to revenue of SEK 4,282 million for the Parent Company in 1999, compared to SEK 730 million in 1998 and the loss after financial income and expense, net, was SEK 249 million, compared to an income of SEK 343 million in 1998. Capital expenditure totaled SEK 252 million compared to SEK 197 million in the same period 1998. Cash and cash equivalents totaled SEK 43 million at the period's end compared to SEK 18 million in 1998.

**Abolition of tax and duty free sales within the EU.**

The abolition of tax and duty free sales within the EU occurred on July 1, 1999. Sales of goods for onboard consumption remain exempt from tax and duties.

In 1998, Stena Line's onboard revenue amounted to SEK 2,770 million or 36% of total revenue, and 70% of that revenue was from tax and duty free retail sales. The two routes operating outside the EU, Sweden-Poland and Norway-Denmark, where not affected by the abolition, as well as the domestic route between Scotland and Northern Ireland.

The second half of 1999, the first period without tax and duty free retail sales, reported lower passenger volumes, lower onboard spending and onboard retail margins. Onboard spending was the most affected and fell more than expected. The average retail spending per passenger in the second half of 1999 was SEK 96 compared to SEK 187 in 1998. The reductions were partly offset by higher average passenger ticket rates and freight rates.

**Outlook**

The current strength of the European economy is expected to continue and generate growth for freight and travel.

Higher ticket and freight rates achieved, as well as cost reductions implemented in 1999, will continue to influence results positively. However, the results in 2000 will be negatively impacted by the full year effect of the abolition of the tax and duty free sales, and the current high oil prices. An upturn in results is therefore not expected in the first half of 2000.

**Dividends**

The Board recommends that there will be no dividends paid for 1999.

## **Annual General Meeting**

The Annual General Meeting of Stena Line AB will be held on Tuesday, May 2, 2000, at 2 p.m., at Svenska Mässan Congress in Gothenburg.

The Annual Report will be sent out no later than two weeks before the Annual General Meeting.

## **Financial reports**

(are available at [www.stenaline.com](http://www.stenaline.com) or by calling Stena Line Communications on tel: +46 31 85 85 36.)

The Stena Line reporting year includes the following:

- Annual General Meeting in Gothenburg, on Tuesday, May 2, 2000

- First quarter report is to be presented on Tuesday, May 2.
- Interim report for January – June, to be presented on Thursday, August 24

**Gothenburg, February 29, 2000**

**Stena Line AB**

**Bo Severed**

**President and CEO**

*Any questions from the media should be directed to Communications Director Åsa Lindell Byström on tel: +46 31 85 81 80 or +46 704 85 81 80 or to Bo Severed on tel: +46 31 85 83 19 or.*

| <b>Consolidated Income Statement</b>                | Full year         |             |             | Quarter 4   |             |
|---|-------------------|-------------|-------------|-------------|-------------|
|   | January- December |             |             |             |             |
| <b>SEK million</b>                                  | <b>1997</b>       | <b>1998</b> | <b>1999</b> | <b>1998</b> | <b>1999</b> |
| Revenues  | 9,745             | 7,770       | 6,963       | 1,644       | 1,293       |
| Personnel costs                                     | -2,566            | -2,150      | -1,926      | -498        | -429        |
| Other operating expenses                            | -5,729            | -4,863      | -4,462      | -1,142      | -931        |
| Net gain on sale of vessels and ports               | 149               | 0           | 0           | 0           | 0           |
| Restructuring expenses                              | -21               | -79         | -47         | -10         | -47         |
| Income/loss from associated companies <sup>1)</sup> | -41               | 88          | 65          | 69          | -88         |
| <b>Income before depreciation</b>                   | <b>1,537</b>      | <b>766</b>  | <b>593</b>  | <b>63</b>   | <b>-202</b> |
| Depreciation and amortization                       | -882              | -614        | -587        | -152        | -150        |
| <b>Income from operations</b>                       | <b>655</b>        | <b>152</b>  | <b>6</b>    | <b>-89</b>  | <b>-352</b> |
| Interest income                                     | 36                | 23          | 7           | 4           | 5           |
| Interest expense                                    | -540              | -499        | -509        | -124        | -131        |
| Financial income and expense, net                   | -504              | -476        | -502        | -120        | -126        |
| <b>Income/loss before income taxes</b>              | <b>151</b>        | <b>-324</b> | <b>-496</b> | <b>-209</b> | <b>-478</b> |
| Income taxes  | -81               | 21          | 108         | 42          | 128         |
| <b>Net income/loss</b>                              | <b>70</b>         | <b>-303</b> | <b>-388</b> | <b>-167</b> | <b>-350</b> |

Taxes are calculated according to the full tax method (includes both deferred and paid taxes).

1) Of which SEK 83 million in 1998 and SEK 131 million in 1999 are attributable to P&O Stena Line, comprising of Stena Line's share of P&O Stena Line's profit before taxes and after goodwill depreciation. SEK -71 million is attributed to the loss of shares in SPN. SEK 6 million, SEK 5 million and SEK 5 million for the years ending 1997, 1998 and 1999 respectively are attributed to Stena Tor Line.

#### **Consolidated Income Statement proforma excluding English Channel Operations 1)**

| <b>SEK million</b>                                  | Full year            |                      | Quarter 4   |             |
|---|----------------------|----------------------|-------------|-------------|
|   | January-December     |                      |             |             |
|   | <b>1998</b>          | <b>1999</b>          | <b>1998</b> | <b>1999</b> |
| Revenues  | 7,550                | 6,963                | 1,644       | 1,293       |
| Operating expenses                                  | -6,741 <sup>2)</sup> | -6,388 <sup>3)</sup> | -1,640      | -1,360      |
| Restructuring expenses                              | -79                  | -47                  | -10         | -47         |
| Income/loss from associated companies <sup>4)</sup> | 5                    | -66                  | 2           | -71         |
| <b>Income before depreciation</b>                   | <b>735</b>           | <b>462</b>           | <b>-4</b>   | <b>-185</b> |
| Depreciation and amortization                       | -566                 | -587                 | -152        | -150        |
| <b>Income from operations</b>                       | <b>169</b>           | <b>-125</b>          | <b>-156</b> | <b>-335</b> |
| EBITDA  | 803                  | 655                  | 5           | -45         |

- 1) The Pro Forma Consolidated Income Statements for the years and the three-month-periods ended 31<sup>st</sup> December 1998 and 1999 exclude the results of the Company's English Channel operations that were contributed to P&O Stena Line on March 10, 1998 as well as the Company's actual 40% interest in the income of P&O Stena Line during such periods.
- 2) Includes SEK 46 million of non-cash charges.
- 3) Includes SEK 116 million of non-cash charges.
- 4) SEK 5 million is attributed to Stena Tor Line of which SEK 5 million was received as a cash dividend, both for 1998 and 1999, SEK -71 million is attributed to the loss of sale of shares in SPN. Proforma consolidated interest income was SEK 23 million in 1998 and SEK 6 million in 1999.

#### **Income/loss before Income Taxes, reported by quarter**

| <b>SEK million</b> | <b>1997</b> | <b>1998</b> | <b>1999</b> |
|--------------------|-------------|-------------|-------------|
| First quarter      | -492        | -490        | -418        |
| Second quarter     | -43         | -40         | 185         |
| Third quarter      | 637         | 415         | 215         |
| Fourth quarter     | 49          | -209        | -478        |

|           |     |      |      |
|-----------|-----|------|------|
| Full year | 151 | -324 | -496 |
|-----------|-----|------|------|

## Balance sheet

| <b>Assets, SEK million</b>                        | <b>Dec. 31,<br/>1997</b> | <b>Dec. 31,<br/>1998</b> | <b>Dec. 31,<br/>1999</b> |
|---|--------------------------|--------------------------|--------------------------|
| Vessels   | 5,785                    | 4,026                    | 3,758                    |
| Other fixed assets                                | 4,043                    | 5,216                    | 4,997                    |
| Current receivables, stock-in-trade etc.          | 1,467                    | 1,119                    | 944                      |
| Cash and cash equivalents                         | 723                      | 152                      | 121                      |
| <b>Total assets</b>                               | <b>12,018</b>            | <b>10,513</b>            | <b>9,820</b>             |
| <b>Liabilities and stockholders' equity</b>       |                          |                          |                          |
| Stockholders' equity                              | 2,760                    | 2,536                    | 2,161                    |
| Convertible Subordinated<br>Debentures            | 558                      | 558                      | 558                      |
| Provisions  |                          |                          |                          |
| Non-interest bearing                              | 302                      | 364                      | 298                      |
| Interest bearing                                  | 50                       | 54                       | 60                       |
| Long term liabilities                             |                          |                          |                          |
| Interest bearing                                  | 5,941                    | 5,516                    | 5,543                    |
| Current liabilities                               |                          |                          |                          |
| Non-interest bearing                              | 1,597                    | 1,191                    | 1,013                    |
| Interest bearing                                  | 810                      | 294                      | 187                      |
| <b>Total liabilities and stockholders' equity</b> | <b>12,018</b>            | <b>10,513</b>            | <b>9,820</b>             |

## Summary of cash flow analyses – the Group

| <b>SEK million</b>                                      | <b>1997</b> | <b>1998</b> | <b>1999</b> |
|---|-------------|-------------|-------------|
| <i>Cash flow from operations</i>                        |             |             |             |
| Net income/loss   | 70          | -303        | -388        |
| Adjustments for non-cash items                          |             |             |             |
| Income/loss from associated companies                   | 45          | -84         | -60         |
| Depreciation  | 882         | 614         | 587         |
| Net gain on sale of vessels and ports                   | -149        | -           | -           |
| Deferred income tax expenses                            | 78          | -23         | -110        |
| Unrealized exchange gains                               | -44         | -146        | 80          |
| Other non cash items                                    | -29         | -31         | 1           |
| Changes in working capital                              | -8          | -107        | 64          |
| <b>Cash flow from operations</b>                        | <b>845</b>  | <b>-80</b>  | <b>174</b>  |
| <i>Investment activities</i>                            |             |             |             |
| Proceeds from sale of fixed assets                      | 752         | 12          | 239         |
| Investment in fixed assets                              | -1,346      | -205        | -331        |
| Other investments                                       | -           | -           | -55         |
| Increase/decrease in long-term loans                    | -3          | -464        | 15          |
| <b>Cash flow used in investment activities</b>          | <b>-597</b> | <b>-657</b> | <b>-132</b> |
| <i>Financing activities</i>                             |             |             |             |
| Proceeds from borrowings                                | 1,318       | 4,721       | 1,195       |
| Payments on borrowings                                  | -1,215      | -4,464      | -1,280      |
| Financing expenses                                      | -           | -112        | -           |
| <b>Cash flows provided by financing activities</b>      | <b>103</b>  | <b>145</b>  | <b>-85</b>  |
| Effect of foreign exchange on cash and cash equivalents | 39          | 21          | 12          |
| <b>Net change in cash and cash equivalents</b>          | <b>390</b>  | <b>-571</b> | <b>-31</b>  |
| Beginning balance of cash and cash equivalents          | 333         | 723         | 152         |
| <b>Cash and cash equivalents at end of period</b>       | <b>723</b>  | <b>152</b>  | <b>121</b>  |

# **Volumes, in thousands ,January – December**

|  | <b>Passengers</b> |               |              | <b>Private cars <sup>1)</sup></b> |              |              | <b>Freight units <sup>2)</sup></b> |              |              |
|--|-------------------|---------------|--------------|-----------------------------------|--------------|--------------|------------------------------------|--------------|--------------|
| <b>Route</b>                               | <b>1997</b>       | <b>1998</b>   | <b>1999</b>  | <b>1997</b>                       | <b>1998</b>  | <b>1999</b>  | <b>1997</b>                        | <b>1998</b>  | <b>1999</b>  |
| <b>Sweden-Denmark</b>                      |                   |               |              |                                   |              |              |                                    |              |              |
| Goteborg-Frederikshavn                     | 2,914             | 2,820         | 2,549        | 534                               | 504          | 491          | 154.2                              | 161.5        | 158.3        |
| Varberg-Grenaa                             | 331               | 281           | 360          | 73                                | 64           | 82           | 17.8                               | 14.6         | 23.8         |
| <b>Stena Line total in area</b>            | <b>3,245</b>      | <b>3,101</b>  | <b>2,909</b> | <b>607</b>                        | <b>568</b>   | <b>573</b>   | <b>172.0</b>                       | <b>176.1</b> | <b>182.1</b> |
| <b>Sweden-Germany</b>                      |                   |               |              |                                   |              |              |                                    |              |              |
| Goteborg-Kiel                              | 934               | 841           | 553          | 114                               | 111          | 96           | 34.4                               | 34.5         | 33.8         |
| Goteborg-Travemünde                        |                   |               |              |                                   |              |              | 72.0                               | 64.0         | 59.7         |
| <b>Stena Line total in area</b>            | <b>934</b>        | <b>841</b>    | <b>553</b>   | <b>114</b>                        | <b>111</b>   | <b>96</b>    | <b>106.4</b>                       | <b>98.5</b>  | <b>93.5</b>  |
| <b>Sweden-Denmark/Germany</b>              |                   |               |              |                                   |              |              |                                    |              |              |
| <b>Stena Line total in area</b>            | <b>4,179</b>      | <b>3,942</b>  | <b>3,462</b> | <b>721</b>                        | <b>679</b>   | <b>669</b>   | <b>278.4</b>                       | <b>274.6</b> | <b>275.6</b> |
| Stena Lines market share (%) <sup>3)</sup> | 22%               | 21%           | 17%          | 23%                               | 20%          | 18%          | 26%                                | 24%          | 21%          |
| <b>Norway-Denmark</b>                      |                   |               |              |                                   |              |              |                                    |              |              |
| <b>Stena Line total in area</b>            | <b>538</b>        | <b>523</b>    | <b>526</b>   | <b>60</b>                         | <b>62</b>    | <b>59</b>    | <b>15.8</b>                        | <b>15.2</b>  | <b>15.5</b>  |
| Stena Lines market share (%)               | 14%               | 13%           | 13%          | 10%                               | 11%          | 10%          | 15%                                | 15%          | 15%          |
| <b>Poland-Sweden</b>                       |                   |               |              |                                   |              |              |                                    |              |              |
| <b>Stena Line total in area</b>            | <b>184</b>        | <b>182</b>    | <b>240</b>   | <b>25</b>                         | <b>26</b>    | <b>31</b>    | <b>12.0</b>                        | <b>16.1</b>  | <b>16.7</b>  |
| Stena Lines market share (%)               | 28%               | 26%           | 33%          | 19%                               | 19%          | 22%          | 15%                                | 18%          | 16%          |
| <b>Total Scandinavia</b>                   | <b>4,901</b>      | <b>4,647</b>  | <b>4,228</b> | <b>806</b>                        | <b>767</b>   | <b>759</b>   | <b>306.2</b>                       | <b>305.9</b> | <b>307.8</b> |
| <b>Holland-England</b>                     |                   |               |              |                                   |              |              |                                    |              |              |
| <b>Stena Line total in area</b>            | <b>1,192</b>      | <b>933</b>    | <b>1,016</b> | <b>203</b>                        | <b>171</b>   | <b>236</b>   | <b>114.9</b>                       | <b>117.8</b> | <b>122.5</b> |
| Stena Lines market share (%)               | 33%               | 29%           | 31%          | 29%                               | 26%          | 33%          | 11%                                | 10%          | 10%          |
| <b>Wales-Republic of Ireland</b>           |                   |               |              |                                   |              |              |                                    |              |              |
| Fishguard-Rosslare                         | 815               | 821           | 830          | 166                               | 183          | 191          | 34.4                               | 34.5         | 35.2         |
| Holyhead-Dun Laoghaire                     | 1,705             | 1,721         | 1,344        | 269                               | 306          | 239          | 42.1                               | 51.8         | 48.5         |
| Holyhead-Dublin                            | 88                | 141           | 173          | 14                                | 29           | 39           | 45.3                               | 51.7         | 50.5         |
| <b>Stena Line total in area</b>            | <b>2,608</b>      | <b>2,683</b>  | <b>2,347</b> | <b>449</b>                        | <b>518</b>   | <b>469</b>   | <b>121.8</b>                       | <b>138.0</b> | <b>134.2</b> |
| <b>Scotland-Northern Ireland</b>           |                   |               |              |                                   |              |              |                                    |              |              |
| <b>Stena Line total in area</b>            | <b>1,464</b>      | <b>1,400</b>  | <b>1,487</b> | <b>266</b>                        | <b>259</b>   | <b>285</b>   | <b>147.8</b>                       | <b>145.3</b> | <b>146.1</b> |
| <b>Irish Sea</b>                           |                   |               |              |                                   |              |              |                                    |              |              |
| <b>Stena Line total in area</b>            | <b>4,072</b>      | <b>4,083</b>  | <b>3,834</b> | <b>715</b>                        | <b>777</b>   | <b>754</b>   | <b>269.6</b>                       | <b>283.3</b> | <b>280.3</b> |
| Stena Line's market share (%)              | 58%               | 56%           | 53%          | 51%                               | 52%          | 49%          | 24%                                | 23%          | 22%          |
| <b>Total United Kingdom</b>                | <b>5,264</b>      | <b>5,016</b>  | <b>4,850</b> | <b>918</b>                        | <b>948</b>   | <b>990</b>   | <b>384.5</b>                       | <b>401.1</b> | <b>402.8</b> |
| <b>Total Scandinavia and UK</b>            | <b>10,165</b>     | <b>9,663</b>  | <b>9,078</b> | <b>1,724</b>                      | <b>1,715</b> | <b>1,749</b> | <b>690.7</b>                       | <b>707.0</b> | <b>710.6</b> |
| <b>Halmstad-Grenaa <sup>4)</sup></b>       | <b>367</b>        | <b>277</b>    | <b>5</b>     | <b>88</b>                         | <b>66</b>    | <b>1</b>     | <b>25.1</b>                        | <b>23.7</b>  | <b>1.9</b>   |
| <b>Total excl. English Channel</b>         | <b>10,532</b>     | <b>9,940</b>  | <b>9,083</b> | <b>1,812</b>                      | <b>1,781</b> | <b>1,750</b> | <b>715.8</b>                       | <b>730.7</b> | <b>712.5</b> |
| <b>English Channel</b>                     | <b>6,115</b>      | <b>496</b>    | <b>0</b>     | <b>1,134</b>                      | <b>83</b>    | <b>0</b>     | <b>358.6</b>                       | <b>55.8</b>  | <b>0.0</b>   |
| <b>Total Stena Line routes</b>             | <b>16,647</b>     | <b>10,436</b> | <b>9,083</b> | <b>2,946</b>                      | <b>1,864</b> | <b>1,750</b> | <b>1,074.4</b>                     | <b>786.5</b> | <b>712.4</b> |
| <b>Harwich-Zeebrugge <sup>4)</sup></b>     |                   |               |              |                                   |              |              | <b>34.5</b>                        | <b>33.1</b>  | <b>31.8</b>  |

N.B. All figures rounded to the nearest 1,000 (passengers and private cars ) or 100 (freight)

1. Including caravans and car trailers
2. The term freight units refers to trucks, trailers, containers and railway carriages.
3. The route Halmstad-Grenaa was closed on January 31, 1999.
4. The freight route Harwich - Zeebrugge operates lo/lo container traffic (lift-on/lift-off). The volumes are not included in the total.

### Revenue divided by market and business area

| SEK million             | Business area<br>Travel |              |              | Business area<br>Onboard |              |              | Business area<br>Freight |              |              | Business area<br>Port |           |           |
|-------------------------|-------------------------|--------------|--------------|--------------------------|--------------|--------------|--------------------------|--------------|--------------|-----------------------|-----------|-----------|
| Market area             | 1997                    | 1998         | 1999         | 1997                     | 1998         | 1999         | 1997                     | 1998         | 1999         | 1997                  | 1998      | 1999      |
| Scandinavia             | 1,215                   | 1,188        | 1,127        | 1,730                    | 1,739        | 1,374        | 844                      | 858          | 848          | 0                     | 0         | 0         |
| Share of tot revenue, % | 12                      | 15           | 16           | 18                       | 23           | 20           | 9                        | 11           | 12           | 0                     | 0         | 0         |
| UK excl English Channel | 1,772                   | 1,742        | 1,715        | 921                      | 931          | 737          | 907                      | 1,014        | 1,077        | 96                    | 78        | 85        |
| Share of tot revenue, % | 18                      | 22           | 25           | 10                       | 12           | 11           | 9                        | 14           | 15           | 1                     | 1         | 1         |
| English Channel         | 466                     | 27           | 0            | 1,204                    | 100          | 0            | 586                      | 92           | 0            | 4                     | 1         | 0         |
| Share of tot revenue, % | 5                       | 0            | 0            | 12                       | 1            | 0            | 6                        | 1            | 0            | 0                     | 0         | 0         |
| <b>Total</b>            | <b>3,453</b>            | <b>2,957</b> | <b>2,842</b> | <b>3,855</b>             | <b>2,770</b> | <b>2,111</b> | <b>2,337</b>             | <b>1,964</b> | <b>1,925</b> | <b>100</b>            | <b>79</b> | <b>85</b> |

### Income from operations by market area

| Market area, SEK million  | 1997       | 1998       | 1999        |
|---|------------|------------|-------------|
| <b>Scandinavia</b>  | <b>197</b> | <b>115</b> | <b>85</b>   |
| <b>UK excl English Channel</b>                                    | <b>233</b> | <b>49</b>  | <b>-144</b> |
| <b>Income from operations by market area excl English Channel</b> | <b>430</b> | <b>164</b> | <b>-59</b>  |
| English Channel   | 117        | -100       | 0           |
| <b>Income from operations by market area</b>                      | <b>547</b> | <b>64</b>  | <b>-59</b>  |
| Net gain on sale of vessels and ports                             | 149        | 0          | 0           |
| Income/loss from associated companies                             | -41        | 88         | 65          |
| <b>Total income from operations</b>                               | <b>655</b> | <b>152</b> | <b>6</b>    |

| Key ratios   | Basic       |       |       | Assuming dilution |       |       |
|--|-------------|-------|-------|-------------------|-------|-------|
|  | December 31 |       |       |                   |       |       |
|  | 1997        | 1998  | 1999  | 1997              | 1998  | 1999  |
| Adjusted stockholders' equity, SEK million         | 3, 318      | 3,094 | 2,719 | 3,318             | 3,094 | 2,719 |
| Equity/assets ratio, %                             | 23          | 24    | 22    | 28                | 30    | 28    |
| Net debt/equity ratio, multiple                    | 2.4         | 2.5   | 2.9   | 1.8               | 1.8   | 2.1   |
| Return on capital employed, %                      | 7           | 2     | 0     | 7                 | 2     | 0     |
| Return on stockholders' equity, %                  | 3           | -11   | -17   | 3                 | -9    | -12   |
| Operating margin, %                                | 6.7         | 2.0   | 0.1   | 6.7               | 2.0   | 0.1   |
| Net margin, %                                      | 1.5         | -4.2  | -7.1  | 2.0               | -3.7  | -6.6  |
| EBITDA   | 1,469       | 711   | 655   | 1,469             | 711   | 655   |
| EBITDA <sup>(1)</sup> /interest expenses, multiple | 2.8         | 1.5   | 1.3   | 3.0               | 1.6   | 1.3   |
| Cash flow, SEK million                             | 845         | -80   | 174   | 873               | -52   | 202   |

<sup>(1)</sup> EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) is computed as the income from operations, plus the sum of cash dividends received from affiliated companies, interest income, depreciation and other non cash charges minus net gain/loss on asset dispositions and income/loss from associated companies.

The same definitions have been used as in the 1998 annual report.

| Share data                 | Basic        |              |             | Assuming dilution |              |              |
|----------------------------|--------------|--------------|-------------|-------------------|--------------|--------------|
|                            | Dec.31, 1997 | Dec. 31 1998 | Dec.31 1999 | Dec. 31 1997      | Dec. 31 1998 | Dec. 31 1999 |
| Number of shares           | 61,471       | 61,471       | 61,471      | 73,867            | 73,867       | 73,867       |
| Market value at year end,  | 26.00        | 11.00        | 7.80        | 26.00             | 11.00        | 7.80         |
| Profit/loss after tax, SEK | 1.10         | -4.90        | -6.30       | 1.10              | -4.90        | -6.30        |
| Cash flow, SEK             | 13.70        | -1.30        | 2.80        | 11.80             | -1.30        | 2.70         |
| Stockholders' equity, SEK  | 44.90        | 41.30        | 35.10       | 44.90             | 41.10        | 35.10        |

EPS and cash flow per share are based on the average number of shares.

Cash flow per share refers to the previous 12-month period.