



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 worldwide and operates within two areas: Shipping and Marine & Logistics Services. Broström's head office is located in Göteborg, Sweden.

Press Release

PRELIMINARY REPORT 2006

Broström AB (publ) – Reg. no. 556005-1467

- **Volatile and weak freight market during fourth quarter**
 - Mild weather and relatively few weather-related disruptions contributed to a weak freight market.
 - Weaker US dollar affected the average rate for the year. The largest impact was on fourth-quarter results.
- **Profit after net financial items for the year was SEK 580 m (720)**
 - Net sales were SEK 3,386 m (3,818, of which 625 pertained to sold subsidiaries).
 - Profit after tax was SEK 503 m (623).
 - Earnings per share were SEK 15.14 (18.89).
 - Earnings per share corresponded to a P/E ratio of 10.1 based on the average share price in 2006.
 - Return on capital employed was 11.3% (15.9%).
- **Profit after net financial items for Q4 was SEK 42 m (280)**
 - Net sales totalled SEK 802 m (1,128, of which 96 pertained to sold subsidiaries).
 - Profit after tax totalled SEK 38 m (252).
 - Earnings per share were SEK 1.01 (7.64).
- **Substantial surplus value of fleet, newbuilding contracts and call options on vessels**
 - External valuations show a value that exceeds the book value by approximately SEK 2.5 billion.
- **Cash flow and disposable liquidity**
 - Cash flow per share was SEK 26.11 (19.15).
 - Disposable liquidity amounted to SEK 1,110 m (1,295 on 31 December 2005).
 - The dividend payout in 2006 was SEK 261 m.
- **Proposed dividend of SEK 8.00 per share (8.00)**
 - The dividend corresponds to a dividend yield of 5.3% based on the average share price in 2006.
- **Increase in transport capacity**
 - The vessels GAN-SURE, GAN-SHIELD and GAN-VOYAGER are now included in Broström's Asian traffic.
 - BRO DEVELOPER was delivered on 12 February 2007.
- **Outlook for 2007**

The freight market in Broström's segments has gradually improved since the start of 2007. Structural changes and greater regional imbalances are expected to lead to a continued rise in the need for shipments. Completed negotiations for transport contracts have had a favourable outcome. On the whole, the outlook for 2007 is favourable.

SEK m	12 months		Fourth quarter	
	2006	2005	2006	2005
Net sales	3,386.1	3,818.1	802,4	1,127.5
Operating profit (EBIT)	771.7	812.4	94.7	310.0
Profit after net financial items	579.8	720.1	42.2	280.4
Profit for the period	503.0	622.9	38.0	251.9
Investments	1,687.5	1,620.0	33.1	911.2
Cash flow from operating activities	853.7	619.3	242.8	144.7
Disposable liquidity	1,109.7	1,294.9		
Return on capital employed, %	11.3	15.9		
Adjusted equity/assets ratio, %	35,0	37.2		
Profit before tax per share, SEK	17.73	22.26	1.26	8.63
Net profit per share, SEK	15.14	18.89	1.01	7.64
Net profit per share after dilution, SEK	15.14	18.76	1.01	7.61
Cash flow from operating activities per share, SEK	26.11	19.15	7.39	4.44
Proposed dividend by the Board, SEK	8.00	8.00		
Average number of shares	32,697,907	32,346,920	32,898,592	32,622,842

ACTIVITIES

Shipping

Market overview

2006 was characterised by a volatile freight market. The year began with a very strong spot market. This was followed by a gradual decline in freight rates until the end of the second quarter, when a recovery was noted, especially for large tonnage. This upturn continued into the third quarter, with a slight slowing toward the end of the period. Hurricane activity in the Gulf of Mexico during the third and fourth quarters of 2006 was considerably lower than a year earlier and as a result, the strong rise in the freight market during the third and fourth quarters a year earlier did not materialise in 2006. Stocks of oil products were built up in advance of the feared hurricane season and were at a relatively high level heading into the current winter season, which had a negative impact on demand for shipments during the fourth quarter.

Supply and demand in the oil energy sector are essentially in balance and thus small disruptions in the production and distribution chain have a quick impact on the freight market. This

means that the spot market price for shipments will fluctuate sharply during the year. They will be made to an increasing extent over longer distances and this should have a favourable impact on the transport sector.

In the current market, the ability to quickly adapt to changes in the market and at the same time offer reliable transport services is growing in importance. Critical mass and geographic presence are becoming increasingly significant competitive advantages.

The shipyards' orderbooks continue to be well-filled. Newbuilding prices remain high, and delivery times are very long. The price trend for quality second-hand tonnage is following the same pattern.

Development for Broström

In 2006 Broström continued to strengthen its positions in product and chemical tanker shipping. Vessels were added to the fleet and older vessels were sold.

Six second-hand vessels were acquired during the last 12-month period. A gradual and systematic upgrading of these vessels has taken place and the related costs had a negative impact on earnings for 2006.

Completed contract negotiations during the year have had a favourable outcome in terms of both price and volume.

During the year, the freight market in Broström's segments was characterised by substantial volatility, which had a major impact on earnings during the individual quarters.

The mild weather in the northern hemisphere for most of 2006 resulted in lower consumption of oil products. As a result, the normal freight upturn during the fourth quarter did not materialise. This, in combination with a weak freight market in both Asia and the Atlantic during the same period, had an adverse impact on earnings during the fourth quarter.

Furthermore, during the fourth quarter, contract volumes from northern Russia decreased due to production disruptions at refineries, which also had an adverse impact on earnings during the period.

One characteristic of Broström's business model is optimum utilisation of the fleet by combining shipments under contracts of affreightment with shipments on the open spot market. This creates conditions for more stable long-term profitability. Of Broström's total transport capacity, about 50% is employed under contracts of affreightment.

Broström's commercial fleet presently consists of around 80 vessels. When the newbuildings currently on order have been delivered – in about two years – the commercial fleet is expected to amount to approximately 100 vessels. The acquisitions made and new partnerships that have been entered into in recent years are now increasingly contributing to higher employment and enabling improved capacity utilisation of Broström's fleet. This will gradually have a greater impact on the company's earnings.

Broström intends to continue taking advantage of consolidation opportunities in the segments in which the company is active.

Changes in the fleet

In February the BRO PROMOTION (formerly the IVER EXAMPLE) and the BRO PREMIUM (formerly the IVER EXACT), both of 45,000 dwt, were taken over. These vessels were previously part of Broström's commercial fleet but were owned by the Dutch com-

pany Vroon. Broström now owns 100% of both vessels.

In mid-March Broström expanded its partnership with Dünya Shipping to also include six product and chemical tankers currently being built in Turkey. The vessels are both of 17,000 dwt, ice class 1A, and following delivery, Broström and Dünya will each own three. The vessels will be employed in Broström's European traffic, and deliveries are being made successively, commencing in autumn 2006 through early 2008.

In April, two vessels (7,500 dwt, ice class 1A) were ordered from the Dutch shipyard Ferus Smit B.V. The vessels will be 50%-owned each by Broström and Erik Thun AB, with delivery scheduled in 2009.

In July Broström reached an agreement with its partner Rigel Schiffart to acquire the GEESTESTERN and the LEINESTERN, both of 37,000 dwt and built in 2004 and 2005, respectively. These two vessels, which were taken over in August, were renamed as the BRO EDGAR and the BRO ERIK, respectively. In addition, an option agreement was signed that gives Broström the right to acquire the HUNTESTERN following the expiration of the current charter or by year-end 2007 at the latest. Prior to this, Broström had owned three sister vessels to the ones now acquired.

Three of Broström's D-class vessels, the BRO DELIVERER, the BRO DESIGNER and the BRO DISTRIBUTOR (all of 14,500 dwt), were delivered in April, June and late September, respectively, from the shipyard in China. These vessels are wholly owned by Broström and have been employed in the company's European traffic together with other vessels of the same size class. The fourth and final vessel in this series was delivered in February 2007.

In early March 2006 the BRO STELLA (69,930 dwt, built in 1995) was delivered to her buyers. The sale generated a capital gain of SEK 85.1 m and a liquidity contribution of SEK 226.5 m.

During the third quarter, an additional two vessels were sold: the BRO TRAVELLER (14,320 dwt, built in 1988) and the partly owned TREGUIER (32,000 dwt, built in 1986). These sales gave rise to a pre-tax capital

gain of SEK 30 m and a cash contribution of SEK 87 m.

The delivery of the GAN-VENTURE (46,600 dwt), the GAN-SURE (51,000 dwt) and the GAN-SHIELD (51,000 dwt), which took place during the third and fourth quarters and the delivery of the GAN-VOYAGER (47,000 dwt) in the beginning of 2007, marked the start of the actual physical expansion of Broström's Asian operations, which was decided upon several years ago. The vessels belong to a series of eight vessels which were ordered by Broström's partner Dünya Shipping for employment in Broström's Asian traffic. Broström has reached an agreement to employ the first two vessels in this series from Dünya Shipping on time charter. An additional four vessels are planned for delivery in 2007 and one in 2008. Once all of these vessels have been delivered, Broström will have doubled its capacity in Asia.

Substantial surplus value of fleet

Prices of existing tonnage as well as of new-building contracts have risen considerably in recent years. To help the market make an assessment of Broström's financial position, external valuations have been commissioned for existing vessels in the fleet, existing newbuilding contracts and existing call options on vessels that Broström has. These valuations were ordered from two external brokers, and the average of these has been used as the value. As per 31 December 2006, the average value of these units in the Group exceeded the book value by approximately SEK 2.5 billion.

Tonnage tax

Starting in 2004, Broström's entire French operation became affiliated with the tonnage tax system, in accordance with the EU's shipping policy.

In Sweden a proposal has been submitted for the introduction of a tonnage tax. The proposal calls for Sweden to adopt the EU's maritime policies and thereby achieve competitive neutrality with respect to other maritime nations within the EU. Since a formal decision has not been made as of this report's publication, this report has been prepared in accordance with the old system of traditional taxation. However, as soon as a formal decision has been made, Broström intends to apply for affiliation

to the tonnage tax system, provided that the pending proposal is approved in its entirety.

Of the total deferred tax in the balance sheet as per 31 December 2006, amounting to SEK 481.0 m, SEK 449.1 m pertains to the Swedish shipping operation.

Until a formal decision has been made on tonnage taxes for the Swedish shipping industry, Broström will not operate its future newbuildings under the Swedish flag. These vessels will mainly operate under another EU flag.

Net sales and profit

Net sales for the Shipping operations area amounted to SEK 3 171.2 m (3,073.0) for the full year.

Operating profit was SEK 779.2 m (807.3).

Performance and profit during the period were satisfactory.

Net sales and profit – Q4 2006

Net sales for the Shipping operations area amounted to SEK 776,4 m (998.4) for the fourth quarter.

Operating profit was SEK 100.1 m (310.9).

The commercial development was satisfactory during the fourth quarter, however, profit for the quarter was adversely affected by a weak freight market, upgrading costs for some tonnage, and the impact of the weaker US dollar.

Shipping

	12 months		Fourth quarter	
SEK m	2006	2005	2006	2005
Net sales	3,171.2	3,073.0	776,4	998.4
Operating profit	779.2	807.3	100.1	310.9
Average number of employees	964	850		

Marine & Logistics Services

Market overview

Following the sale of Broströms Resebyrå AB in early May and the divestment of Nordic Bulklers in 2005, Broström's Marine & Logistics Services operations now consist solely of

the activities conducted by the Broström Ship Agency Network.

The sale of Broströms Resebyrå AB generated a capital gain of SEK 11.3 m and a liquidity contribution of SEK 16.9 m, which were included in the 2006 half-year report.

Activity has been high at most ports at which the Broström Ship Agency Network is represented. Swedish export volumes have been high, with the exception of certain types of products destined for the USA, which have decreased due to the weak US dollar. Demand for project forwarding services has also been high, which contributed to the satisfactory earnings for the business area as a whole.

Net sales and profit

Net sales for the Marine & Logistics Services business area totalled SEK 210.2 m (743.3) for the full year. The decrease is attributable to the sale of Nordic Bulkiers AB in October 2005 and the sale of Broströms Resebyrå in May 2006. Sales in 2005 excluding the divested businesses totalled SEK 118.5 m.

Operating profit was SEK 9.0 m (22.7).

Net sales and profit – Q4 2006

Net sales for the Marine & Logistics Services business area totalled SEK 25.0 m (127.6) during the fourth quarter. The decrease is attributable to the sale of Nordic Bulkiers AB in October 2005 and the sale of Broströms Resebyrå in May 2006. Sales during the fourth quarter of 2005 excluding the sold businesses totalled SEK 31.1 m.

Operating profit was SEK 0.3 m (3.3).

Marine & Logistics Services

	12 months		Fourth quarter	
SEK m	2006	2005	2006	2005
Net sales	210.2	743.3	25.0	127.6
Operating profit	9.0	22.7	0.3	3.3
Average number of employees	43	135		

EXCHANGE RATE MOVEMENTS

Broström is affected by exchange rate movements primarily of the USD rate to SEK. For further information, see the Annual Report

2005, page 47, Risk factors and sensitivity analysis.

GROUP FINANCIAL RESULTS

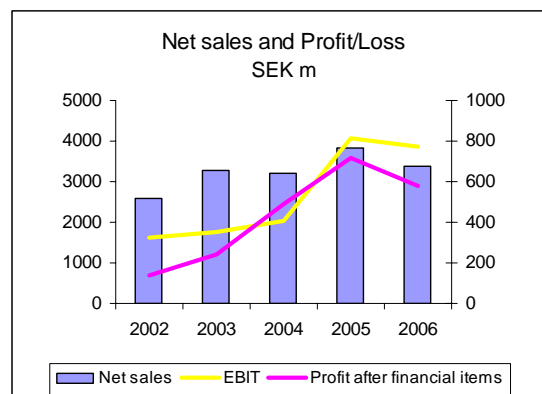
Net sales of the Group for the full year amounted to SEK 3,386.1 m (3,818.1). Sales in 2005 excluding Nordic Bulkiers AB and Broströms Resebyrå AB totalled SEK 3,279.1 m. Thus there was a volume growth of 3.3% for ongoing operations.

The share in associated companies' profit was SEK 15.0 m (12.5).

Operating profit was SEK 771.7 m (812.4).

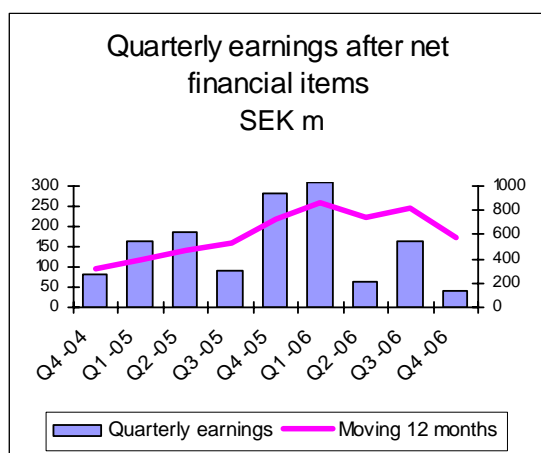
Net interest expense amounted to SEK -186.0 m (-105.1). The USD Libor (6 month) interest rate changed during the period, from 4.7% on 31 December 2005 to 5.4% on 31 December 2006. Net financial items amounted to SEK -191.9 m (-92.3), which resulted in a profit of SEK 579.8 m (720.1) after net financial items.

The return on capital employed was 11.3% (15.9%).



Tax expenses during the period amounted to SEK -76.8 m (-97.2), corresponding to 13.2% (13.5) of profit before tax. Paid tax amounted to SEK -4.4 m (-17.6).

The figures for the period include capital gains of SEK 126.5 m (122.4) on sales of vessels and businesses.



Breakdown by operational areas

	12 months		Fourth quarter	
SEK m	2006	2005	2006	2005
Net sales				
Shipping	3,171.2	3,073.0	776.4	998.4
M & L Services	210.2	743.3	25.0	127.6
Other	4.7	1.8	1.0	1.5
	3,386.1	3,818.1	802.4	1,127.5
Operating profit				
Shipping	779.2	807.3	100.1	310.9
M & L Services	9.0	22.7	0.3	3.3
Others*	-16.5	-17.6	-5.7	-4.2
	771.7	812.4	94.7	310.0
Average number of employees				
Shipping	964	850		
M & L Services	43	135		
Other	27	24		
	1,034	1,009		

* Including joint expenses for the Group

MAJOR DEVELOPMENTS AFTER YEAR-END

Against the background of the resolution made by the Board of Directors on 14 December 2006 to repurchase up to 1 million Class B shares in Broström, within the framework of the authorisation granted by the 2006 Annual General Meeting, a total of 198,000 Class B shares have been repurchased to date, starting on 3 January 2007 at an average rate of SEK 145.67. Broström's total holding of treasury shares as per 23 February 2007 amounted to 198,000.

The vessel BRO DEVELOPER (14,500 dwt), the last D-class vessel in a series of four, was delivered on 12 February 2007 from the yard in China. The vessel will be employed in Broström's European traffic.

In February 2007 Broström signed a partnership agreement with Reederei Claus-Peter Offen, resulting in the addition of eight 37,000 dwt product chemical tankers to Broström's commercial fleet. The vessels are currently being built at a shipyard in Korea and will be delivered between June 2008 and December 2008. Following delivery of these new vessels, which will be owned by Reederei Claus-Peter Offen, Broström will have at its disposal a commercial fleet of 16 units in the same size class to be employed in the European market.

In February 2007 Broström also signed an agreement for a sale of BRO TRANSPORTER (14,400 dwt, built in 1989 and owned by Broström at 77.5%) and BRO TRADER (14,320 dwt, built in 1988). The sale gives a profit of about SEK 1 m and a cash surplus of around SEK 87 m. Both vessels are scheduled to be delivered to the new owners in March 2007.

OUTLOOK

The spot market has improved in Broström's market segments in early 2007 compared with the fourth quarter of 2006.

The oil energy market today is essentially in balance. It appears that the investments in refinery capacity will meet the rise in demand in the years ahead, which points to continued high capacity utilisation and vulnerability to external disruptions. Shipments are being made over increasingly longer distances, and regional imbalances are expected to continue growing. Moreover, the rapidly growing Chinese economy, US oil needs and Russian exports of oil via the Baltic Sea are contributing to higher demand for shipments of oil and chemical products. Since there is a virtual balance between supply and demand in the market, events that disrupt various flows will cause the freight market to be periodically characterised by considerable volatility. However, the underlying long-term trend is judged to be positive.

The increasingly stringent requirements being made by authorities and customers with respect to quality, safety and the environment are putting higher demands on the overall organisation that is involved in the logistics chain.

Together these factors point to continued favourable development for Broström, and the outlook for 2007 as a whole is considered to be

favourable. However, deviations may occur from quarter to quarter. Completed acquisitions and established partnerships are expected to gradually contribute to improved earnings in pace with the addition of vessels to Broström's fleet.

The shipyards' orderbooks are at historically high levels in Broström's vessel segments, and a large number of vessels will be delivered in the years immediately ahead. In Broström's view, however, this additional tonnage will be offset to a large degree by the major need for replacement and structural changes in the market.

The value of the US dollar relative to the Swedish krona is an uncertainty factor to note. All else equal, a weakening of the US dollar would have a negative impact on Broström's sales, earnings and shareholders' equity, while a strengthening would have a positive effect.

INVESTMENTS AND DIVESTMENTS

Total investments within the Group during the year amounted to SEK 1,687.5 m (1,620.0). Divestments totalled SEK 390.7 m (405.5). Of total investments, SEK 1,682.0 m (1,398.2) pertained to vessels and newbuilding contracts.

Acquired and newly delivered vessels in 2006

Name	Built	Dwt	Ownership
BRO PROMOTION	1999	45,000	100%
BRO PREMIUM	1999	45,000	100%
BRO EDGAR	2004	37,000	100 %
BRO ERIK	2005	37,000	100%
BRO DELIVERER	2006	14,500	100%
BRO DESIGNER	2006	14,500	100%
BRO DISTRIBUTOR	2006	14,500	100%

In February the BRO PROMOTION (formerly the IVER EXAMPLE) and the BRO PREMIUM (formerly the IVER EXACT), both of 45,000 dwt, were taken over. These vessels were previously part of Broström's commercial fleet but were owned by the Dutch company Vroon. Broström now owns 100% of both vessels.

During the third quarter, the vessels GEESTERN and LEINESTERN, both of 37,000 dwt and built in 2004 and 2005, respectively, were acquired from Broström's partner Rigel

Schiffart. The vessels were renamed as the BRO EDGAR and the BRO ERIK, respectively.

Three of Broström's D-class vessels, all of 14,500 dwt, were delivered in 2006. The BRO DELIVERER was delivered to Broström in April 2006, the BRO DESIGNER was delivered in June 2006, and the BRO DISTRIBUTOR was delivered in September 2006. The last vessel in this series, the BRO DEVELOPER, was delivered in February 2007.

Vessels sold in 2006

Name	Built	Dwt	Ownership
BRO STELLA	1995	69,930	100%
BRO TRAVELLER	1982	14,320	100%
TREGUIER	1986	32,000	50%

During the first quarter the BRO STELLA (69,930 dwt, built in 1995) was delivered to her buyer. The sale generated a pre-tax gain of SEK 85.1 m and a cash contribution of SEK 226.5 m.

During the third quarter, the BRO TRAVELLER (14,320 dwt, built in 1988) and the TREGUIER (32,000 dwt, built in 1986) were delivered to their buyers. These sales generated a combined pre-tax capital gain of SEK 30 m and a cash contribution of SEK 87 m.

Broström is currently financially involved in investments in five newbuildings.

Newbuildings on order

Name	Delivery	Dwt	Ownership
NB 030	2007	17,000	100%
NB 053	2007	17,000	100%
NB 064	2007	17,000	100%
NB 386	2009	7,500	100%
NB 387	2009	7,500	100%

Added to these will be further vessels and newbuildings under various partnerships.

An updated specification of Broström's fleet can be found at www.brostrom.se.

CASH FLOW

Cash flow from operating activities amounted to SEK 853.7 m (619.3), or SEK 26.11 (19.15) per share.

In 2006 a shareholder dividend of SEK 261.0 m (161.7), or SEK 8.00 (5.00) per share was paid.

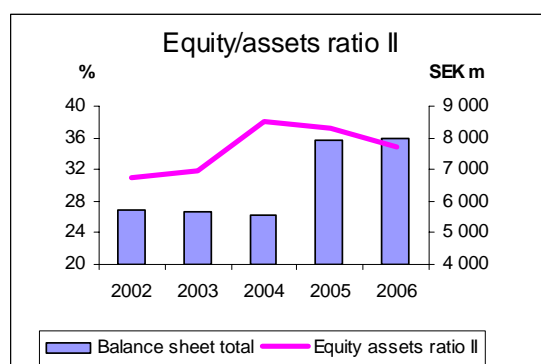
FINANCIAL POSITION AND LIQUIDITY

The Group's disposable liquidity on the balance sheet date amounted to SEK 1,109.7 m (1,294.9). This amount includes SEK 52.2 m (52.5) in unutilised overdraft facilities.

A dividend of SEK 261.0 m was paid to the shareholders in May.

Net debt increased during the year from SEK 2,608.2 m to SEK 3,015.0 m, mainly due to investments in vessels and operations.

Shareholders' equity on 31 December 2006 was SEK 2,606.4 m (2,709.5), and the equity/assets ratio I was 32.8% (34.2%). The equity/assets ratio II was 35.0% (37.2%), which is above Broström's target of 30%.



It should be noted that in connection with the adoption of IFRS, the company has decided not to restate the book value of its vessels. With today's market values of the Broström fleet it can be asserted that a substantial surplus value exists compared to book values.

Broström's financial position is strong and enables continued investment and participation in possible structural changes in the industry.

PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets increased by SEK 300.1 m since the start of the year and amounted to SEK 5 782.2 m (5,482.1 on 31 December 2005). Contingent liabilities decreased by SEK

30.8 m since the start of the year and amounted to SEK 83.1 m (113.9 on 31 December 2005).

WARRANT PROGRAMME

As per 31 December 2006 Broström has a share warrant programme in effect that was introduced in 2005. The programme was offered to all permanent employees of the Group as well as to employees of partly owned companies in which Broström's ownership is more than 50%.

The warrant programme consists of two warrant series with exercise dates in September 2007 and September 2008, respectively. Each employee was entitled to 1,250 warrants. If the programme was not fully subscribed, an additional maximum of 98,750 warrants could be subscribed. The price of each warrant was SEK 6.25 in series 2005/1 and SEK 8.50 in series 2005/2. Each warrant entitles its bearer to subscribe for one share at the exercise price of SEK 157.20. The warrants that were not granted in 2005 were offered to future employees. An offer was made in autumn 2006. The price was SEK 10.70 for each warrant in series 2005:1 and SEK 16.80 for each warrant in series 2005:2. The total number of subscribed warrants as per 31 December 2006 was 397,800. A total of 2,200 warrants remain outstanding.

Subscribed warrants in the warrant programme entail an increase in the total number of shares outstanding by 1.2% and 0.8%, respectively.

There was no dilutive effect in terms of value on the balance sheet date.

STAFF

The number of employees has not changed significantly.

PARENT COMPANY

The activities of 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 liquid investments.

SEK m	2006	2005
<i>Net sales</i>	31.9	29.2
Profit before allocations and tax	234.3	429.6
<i>Of which, dividends from subsidiaries and associated companies</i>	268.3	436.5
Non-current assets	1,981.2	1,976.3
Current assets	2,027.3	1,956.2
Total assets	4,008.5	3,932.5
Shareholders' equity	1,776.5	1,766.4
Untaxed reserves	-	3.4
Long-term liabilities, interest-bearing	993.9	1,077.1
Short-term liabilities	1,238.1	1,085.6
Total liabilities and shareholders' equity	4,008.5	3,932.5
Investments	2.0	92.4
Divestments	16.9	68.8
Disposable liquidity	1 013.1	1,092.0
<i>Of which, unutilised over-draft facilities</i>	52.2	52.5

ACCOUNTING PRINCIPLES

Since 1 January 2005 the Broström Group has applied the International Financial Reporting Standards (IFRS) as adopted by the EU, along with the additional rules stipulated by recommendation RR31 of the Swedish Financial Accounting Standards Council. The Group has applied the same accounting principles and calculation methods in the preliminary report as in its most recent annual report.

The Group has analysed the IFRSs and interpretations that took effect on 1 January 2006. These have not affected the Group's reporting.

The Group has also analysed the IFRSs and interpretations that have not yet taken effect and which have not been applied in the 2005 annual accounts, either. Only IFRS 7 Financial Instruments: Disclosures, is judged to affect the Group. This new standard pertains to the scope and content of the presentation of financial instruments and risks in the annual accounts and is not expected, upon adoption, to result in any material impact on the Group's earnings or financial position.

SHARES AND SHAREHOLDERS

Broström's shares are quoted on the OMX Nordic Exchange, Mid-Cap List, Energy Sector.

Trading in Broström shares continued to increase. In 2006 38.9 million shares (30.8) were traded for a total amount of SEK 5,934 m (4,049).

Broström had 18,969 (14,975) shareholders on 31 December 2006, an increase of 27% compared with a year ago.

NEW SHARE ISSUE

A total of 275,750 new shares were issued in 2006 in connection with the exercise of warrants.

PROPOSED DIVIDEND

The Board of Directors has proposed to the Annual General Meeting an ordinary dividend of SEK 8.00 per share (8.00). The proposal entails a total dividend payout of SEK 261.6 m (261.0).

The Board has proposed 8 May 2007 as the record date.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The Annual General Meeting will be held at 5 p.m. on 3 May 2007 at Konserthuset in Göteborg.

Broström does not have a nomination committee, since an agreement exists between the company's A-shareholders which is intended to establish consensus on nomination matters, which are drafted by the A-shareholders, who jointly submit their recommendations to the Annual General Meeting for a decision. The nomination work also includes drawing up recommendations for a chairman to preside over the Annual General Meeting, for election of the Chairman of the Board, for directors' fees, and for election of auditors and setting the auditors' fees.

The A-shareholders strive for the greatest possible transparency in the nomination process and welcome proposals and views from other shareholders. Shareholders who wish to nominate a director to the Board, or who for other reason want to contact a representative of the A-shareholders, are instructed to contact the Chairman of the Board.

Printed versions of the Annual Report will be available to shareholders in April 2007. In addition to being available to the public via the Swedish Patent and Registration Office, the

Annual Report will also be published on Broström's website: www.brostrom.se.

FUTURE REPORTS

Broström will release financial reports on the following dates in 2007.

3	May	Interim report three months 2007 and Annual General Meeting
24	August	Interim report six months 2007
7	November	Interim report nine months 2007

Göteborg, 23 February 2007

BROSTRÖM AB (publ)

On behalf of the Board

Lennart Simonsson
Managing Director

Broström AB
403 30 Göteborg
Tel +46 31 61 61 00
Reg. no. 556005-1467

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

INCOME STATEMENTS

Group SEK m	12 months		Fourth quarter	
	2006	2005	2006	2005
Net sales	3,386.1	3,818.1	802.4	1,127.5
Capitalised work for own account	10.5	14.1	1.0	3.9
Other income, including sales of vessels	122.8	149.6	4.0	15.4
Share in associated companies' profit	15.0	12.5	- 3.0	4.3
External expenses	- 1,908.0	- 2,403.1	- 485.9	- 605.0
Personnel costs	- 514.2	- 521.2	- 136.2	- 149.6
Depreciation and write-downs	- 340.5	- 257.6	- 87.6	- 86.5
Operating profit (EBIT)	771.7	812.4	94.7	310.0
<i>Financial items</i>				
Interest income	60.9	47.3	14.7	15.6
Exchange rate differences on assets	- 44.1	13.9	- 16.8	1.3
Interest expenses	- 246.9	- 152.4	- 66.0	- 47.5
Exchange rate differences on liabilities	38.2	- 1.1	15.6	1.0
<i>Net financial items</i>	- 191.9	- 92.3	- 52.5	- 29.6
Profit after net financial items	579.8	720.1	42.2	280.4
Tax on profit for the period	- 76.8	- 97.2	- 4.2	- 28.5
Profit for the period	503.0	622.9	38.0	251.9
The profit for the period attributable to				
Equity holders of the parent	495.1	611.1	34.1	248.0
Minority interest	7.9	11.8	3.9	3.9
Earnings per share, SEK	15.14	18.89	1.01	7.64
Earnings per share after dilution, SEK	15.14	18.76	1.01	7.61
Average exchange rate SEK/USD	7.38	7.48	7.08	7.97
Average exchange rate SEK/EUR	9.25	9.28	9.13	9.48

BALANCE SHEETS

Group, SEK m	31 December 2006	31 December 2005
ASSETS		
<i>Non-current assets</i>		
Goodwill	124.0	141.1
Other intangible assets	2.5	3.7
Tangible assets	5,907.4	5,549.7
Financial assets, interest-bearing	28.4	27.9
Financial assets, non-interest-bearing	49.1	64.8
<i>Total non-current assets</i>	6,111.4	5,787.2
<i>Current assets</i>		
Inventories	63.6	59.1
Current receivables	492.4	582.4
Derivative instruments	-	5.4
Short-term investments	226.0	260.6
Liquid assets	1,057.4	1,219.9
<i>Total current assets</i>	1,839.4	2,127.4
Total assets	7,950.8	7,914.6
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity ¹⁾	2,606.4	2,709.5
<i>Long-term liabilities</i>		
Equalisation reserve	149.7	205.3
Deferred tax	481.0	473.1
Other long-term liabilities, non-interest-bearing	29.1	26.5
Long-term liabilities, interest-bearing ²⁾	3,969.6	3,805.1
<i>Total long-term liabilities</i>	4,629.4	4,510.0
<i>Current liabilities</i>		
Current liabilities, interest-bearing ²⁾	328.8	283.6
Current liabilities, non-interest-bearing	386.2	411.5
<i>Total current liabilities</i>	715.0	695.1
Total liabilities and shareholders' equity	7,950.8	7,914.6
Pledged assets	5,782.2	5,482.1
Contingent liabilities	83.1	113.9
Closing day exchange rate SEK/USD	6.87	7.95
Closing day exchange rate SEK/EUR	9.05	9.43
¹⁾ Of which, minority interest	32.7	34.8
²⁾ Of which, financial leasing	633.0	938.2

CHANGES IN SHAREHOLDERS' EQUITY

Group, SEK m	2006	2005
According to balance sheet, most recent book-closing	2,709.5	1,799.5
Exchange rate difference	- 349.0	346.7
Derivative instruments, cash flow hedges after tax	- 4.5	5.2
Profit for the year	503.0	622.9
Dividend to shareholders and minority holders	- 269.1	- 172.8
New issue	16.5	108.0
Amount at the end of year	2,606.4	2,709.5

The translation difference for the year is mainly due to changes in the USD exchange rate, which is the reporting currency for the subsidiaries and associated companies Broström Holding BV (incl. the subsidiary Broström Tankers SAS), Broström Tankers AB and Broström Tankers Ltd, respectively.

CASH FLOW STATEMENTS

Group, SEK m	2006	2005
OPERATING ACTIVITIES		
Operating profit	771.7	812.4
Adjustments for non-cash items, etc	94.3	47.1
Financial items	- 106.2	- 65.4
Paid tax	- 4.4	- 17.6
Change in working capital	98.3	- 157.2
Cash flow from operating activities	853.7	619.3
INVESTING ACTIVITIES		
Investments in non-current assets	- 1,983.3	- 1,016.7
Sales of non-current assets	373.8	543.8
Investment in associated companies/subsidiaries	- 0.1	- 58.2
Sales of subsidiaries	15.2	37.1
Change in other financial assets	- 0.4	2.7
Cash flow from investing activities	- 1,594.8	- 491.3
FINANCING ACTIVITIES		
Dividend to shareholders	- 261.0	- 161.7
Dividend to minority holders	- 8.1	- 11.1
New share issue	16.5	17.7
New loans	1,276.5	1,099.6
Repayment of loans	- 331.2	- 660.1
Cash flow from financing activities	692.7	284.4
Cash flow for the period	- 48.4	412.4
Liquid assets and short-term investments		
At start of year	1,480.5	954.9
Cash flow for the year	- 48.4	412.4
Exchange rate difference	- 148.7	113.2
Liquid assets and short-term investments , closing balance	1,283.4	1,480.5

QUARTERLY SALES AND EARNINGS TRENDS

Group, SEK m	2006				2005				2004
	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1	Q 4
Net sales	802.4	849.8	769.3	964.6	1,127.5	943.8	986.4	760.4	845.5
Operating profit	94.7	213.3	112.7	351.0	310.0	120.8	198.6	183.0	106.7
Profit after financial items	42.2	162.6	64.9	310.1	280.4	92.6	185.5	161.6	83.5
Moving 12 months	579.6	818.0	748.0	868.6	720.1	523.2	474.4	386.4	324.8

FIVE-YEAR SUMMARY

Group, SEK m	2006	2005	2004	2003	2002
INCOME STATEMENTS					
Net sales	3,386.1	3,818.1	3,206.8	3,267.3	2,587.1
Operating profit (EBIT)	771.7	812.4	403.8	355.1	324.7
Net financial items	- 191.9	- 92.3	- 79.1	- 117.0	- 185.4
<i>Profit after financial items</i>	579.8	720.1	324.7	238.1	139.3
Tax on profit for the year	- 76.8	- 97.2	162.0	- 47.9	- 42.4
<i>Consolidated profit for the year</i>	503.0	622.9	486.7	190.2	96.9
<i>Of which, minority interest</i>	7.9	11.8	8.5	11.4	1.7
BALANCE SHEETS					
Non-current assets	6,111.4	5,787.2	4,061.5	3,984.5	4,157.3
Current assets excl. liquid assets	556.0	646.9	524.4	717.7	565.3
Liquid assets and short-term investments	1,283.4	1,480.5	954.9	944.6	971.8
<i>Total assets</i>	7,950.8	7,914.6	5,540.8	5,646.8	5,694.4
Shareholders' equity incl. minority interests	2,606.4	2,709.5	1,799.5	1,501.5	1,416.1
Debenture loan	29.5	30.7	160.3	230.6	250.9
Equalisation reserve	149.7	205.3	107.3	105.9	143.3
Deferred tax	481.0	473.1	344.5	561.5	520.4
Long-term liabilities and provisions	3,969.2	3,800.9	2,363.2	2,465.9	2,622.5
Current liabilities	715.0	695.1	766.0	781.4	741.2
<i>Total shareholders' equity and liabilities</i>	7,950.8	7,914.6	5,540.8	5,646.8	5,694.4
CASH FLOW STATEMENTS					
Operating activities	755.4	776.5	334.5	420.6	419.6
Changes in working capital	98.3	- 157.2	95.1	- 76.7	- 5.9
Cash flow from operating activities	853.7	619.3	429.6	343.9	413.7
Investing activities	- 1,594.8	- 491.3	- 441.7	0.7	- 517.6
Financing activities	961.8	457.2	92.1	- 239.9	116.9
Dividend to shareholders and minority holders	- 269.1	- 172.8	- 131.6	- 87.1	- 122.5
Translation difference	-	-	-	1.1	- 16.3
Cash flow for the period	- 48.4	412.4	- 51.6	18.7	- 125.8
Liquid assets, opening balance	1,480.5	954.9	944.5	971.8	1,150.5
Changed consolidation	-	-	25.7	21.7	-
Exchange rate difference in liquid assets	- 148.7	113.2	36.3	- 67.7	- 52.9
<i>Liquid assets, closing balance</i>	1,283.4	1,480.5	954.9	944.5	971.8
OTHER					
Capital employed, weighted average	6,986	5,484	4,338	4,489	4,400
Capital employed, at year-end	6,904	6,825	4,637	4,438	4,541
Operating capital	5,772	5,521	3,760	3,563	3,666
Net debt	3,015	2,608	1,657	1,745	1,895
Average number of employees	1,034	1,009	992	1,042	831

Comparison figures 2002–2003 have not been recalculated according to IFRS

KEY RATIOS

	2006	2005	2004	2003	2002
MARGINS					
EBITDA-margin, %	32.8	28.0	19.8	18.3	21.1
EBIT-margin (operating margin), %	22.8	21.3	12.6	10.9	12.6
Profit margin, %	17.1	18.9	10.1	7.3	5.4
RETURN RATIOS					
Return on capital employed, %	11.3	15.9	9.9	7.5	7.2
Return on shareholders' equity, %	18.6	27.1	30.0	12.4	6.7
Return on total capital, %	9.7	13.6	8.0	5.9	5.7
Return on operating capital, %	13.4	18.5	11.7	9.8	9.6
CAPITAL STRUCTURE					
Debt/equity ratio, multiple	1.2	1.0	0.9	1.2	1.3
Interest cover ratio, multiple	3.8	5.7	4.2	3.4	1.8
Equity/assets ratio I, %	32.8	34.2	32.5	26.6	24.9
Equity/assets ratio II, %	35.0	37.2	38.0	31.9	30.9
Share of risk-bearing capital, %	41.1	43.2	44.2	42.5	40.9
EMPLOYEES					
Value added per employee, SEK 000	1,243	1,322	912	823	754
APPROPRIATION OF PROFITS					
Dividend in relation to shareholders' equity, %	10.2	9.7	8.9	8.9	6.2

For definitions please see 2005 Annual Report.

SHARE DATA

Price-related share data	2006	2005	2004	2003	2002
Share price at year-end (closing price), SEK	150.00	160.00	98.75	72.00	38.50
Highest price paid during the year, SEK	179.00	163.50	103.50	73.50	54.00
Lowest price paid during the year, SEK	125.00	90.25	68.00	34.70	31.00
Market cap at year-end, SEK m	4,935	5,220	3,100	2,105	1,118
P/E ratio	9.9	8.5	6.0	11.7	11.7
P/EBIT	6.4	6.4	7.2	5.9	3.4
P/CE	5.7	8.4	8.4	6.1	2.6
Dividend yield, %	5.3	5.0	5.1	6.3	7.8
Per-share data					
EBITDA, SEK	34.01	33.08	21.63	20.53	18.91
Profit after net financial items, SEK	17.73	22.26	11.09	8.17	4.82
Profit, SEK	15.14	18.89	16.33	6.14	3.28
Profit after dilution, SEK	15.14	18.76	15.10	6.08	3.27
Shareholders' equity, SEK	78.71	82.69	56.30	50.51	48.31
Shareholders' equity after dilution, SEK	78.71	82.13	55.79	50.22	48.09
Cash flow from continuing operations, SEK	26.11	19.15	14.65	11.81	14.31
Cash flow for the year, SEK	- 1.48	12.75	- 0.67	0.64	- 4.35
Dividend (proposed), SEK	8.00	8.00	5.00	4.50	3.00
Number of shares					
Number of shares at year-end	32,898,592	32,622,842	31,394,806	29,239,988	29,027,988
Number of treasury shares	-	-	-	-	-
Average number of shares outstanding	32,697,907	32,346,920	29,287,217	29,119,946	28,901,613
Number of outstanding warrants	400,000	675,750	648,500	648,500	212,000
Number of dilution shares	1,132	218,771	283,583	167,611	130,550
Number of shares after dilution at year-end	32,899,724	32,841,613	31,678,389	29,407,599	29,158,538
Average number of shares after dilution at year-end	32,699,039	32,565,691	29,570,800	29,287,557	29,032,163

SHAREHOLDERS

Owner (direct holdings)	Number of	Number of	Percentage of	
31 December 2006	A-shares	B-shares	capital	votes
Arvid Svensson Invest AB	1,037,984	3,621,391	14.2	26.9
The Dreijer families	734,954	1,559,705	7.0	17.1
Odin Fonder, Oslo		2,645,000	8.0	5.1
The Björnram families	171,840	278,698	1.4	3.8
Lennart Simonsson	96,042	205,270	0.9	2.2
Kenneth Nilsson	84,908	267,072	1.1	2.2
Case		610,000	1.8	1.2
Michael Hjortböl		485,280	1.5	0.9
Swedbank Robur		479,439	1.5	0.9
Handelsbanken Fonder		437,589	1.3	0.8
Others**		20,183,420	61.3	38.9
Total	2,125,728	30,772,864	100.0	100.0

** Including non-Swedish nominee shareholders where individual holdings are not officially registered.