

Interim report January 1 – June 30, 2000

Stena Line is an international transport and travel service company and one of the world's largest ferry operators. The route network comprises, as of June 30, 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 its collaboration with another ferry operator.

Highlights of the first six months, 2000

- Average ticket rates rose 25% in Scandinavia and 4% in the UK. Freight rates increased by 9% in Scandinavia and declined 4% in the UK.
- Volumes rose 4% for freight and declined 3% and 15% for private cars and passengers respectively.
- Average retail spending per passenger declined 43% in Scandinavia and 60% in the UK.
- Revenue decreased by SEK 582 million to SEK 2 813 million from SEK 3 395 million.
- EBITDA declined by SEK 231 million to SEK 33 million from SEK 264 million.
- Income from operations declined to –SEK 324 million from SEK 26 million. Income from operations includes Stena Line's share of P&O Stena Line's income of –SEK 43 million. No dividends were received from P&O Stena Line.
- The loss before income taxes was SEK 577 million compared to a loss of SEK 233 million in 1999.
- The acquisition of Scandlines AB was completed on July 1, 2000.

Results, April-June 2000¹

(Comparisons are with the same period in 1999, unless otherwise indicated)

Revenue

Revenue declined by SEK 423 million or 20%, to SEK 1,671 million compared to SEK 2,094 million for the same period in 1999. The decrease was mainly due to a reduction in onboard sales and lower passenger volumes, particularly in

Scandinavia, as a result of the abolition of tax and duty free retail sales and the operational changes².

Exchange rate fluctuations had a negative impact of SEK 27 million.

² In the second half of 1999, Stena Line began implementation of a new business model in Scandinavia, which aimed at optimizing passenger revenue and reducing costs by adapting passenger capacity onboard the vessels during the low season. As a result of these changes 692 employees were made redundant in 1999.

¹ Please note that tax and duty free retail sales had not been abolished when making comparisons with the interim report for the half year 1999.

Revenue in Scandinavia declined by SEK 237 million to SEK 764 million compared to SEK 1,001 million for the same period in 1999. Revenue in the UK decreased by SEK 186 million to SEK 907 million compared to SEK 1,093 million in 1999.

Freight/Port revenue increased by SEK 5 million to SEK 516 million from SEK 511 million in 1999. Average freight rates rose 8% in Scandinavia and declined 6% in the UK. Freight volumes remained unchanged in Scandinavia and increased by 8% in the UK.

Total onboard revenue declined by SEK 368 million to SEK 409 million from SEK 777 million in 1999. Average retail spending per passenger fell to SEK 160 from SEK 279 in Scandinavia and to SEK 55 from SEK 147 in the UK.

Travel revenue (mainly passenger and private car tickets) declined by SEK 58 million to SEK 747 million from SEK 805 million in 1999. Average passenger ticket rates increased by 24% in Scandinavia, due to a combination of increased prices and a change in passenger mix. Average ticket rates in the UK increased by 5%.

Private car volumes declined 9% in Scandinavia and 2% in the UK. Passenger volumes declined by 27% in Scandinavia and 9% in the UK. The reduction in passenger volumes in Scandinavia was a result of the abolition of tax and duty free retail sales and the operational changes.

Operating expenses

Operating expenses declined by SEK 225 million to SEK 1,547 million from SEK 1,772 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. The cost savings were partly offset by higher oil costs of SEK 21 million due to increased oil prices. Exchange rate fluctuations had a positive impact of SEK 27 million.

EBITDA

EBITDA declined by SEK 119 million to SEK 215 million compared to SEK 334 million in the second quarter of 1999.

Income from operations

The income from operations amounted to SEK 91 million compared to SEK 306 million in 1999.

Results, January-June 2000

(Comparisons are with the same period in 1999, unless otherwise indicated)

Revenue

Revenue declined by SEK 582 million or 17%, to SEK 2,813 million compared to SEK 3,395 million for the same period in 1999. The decrease was mainly due to a reduction in onboard sales and lower passenger volumes, particularly in Scandinavia, as a result of the abolition of tax and duty free retail sales and the operational changes. Exchange rate fluctuations had a negative impact of SEK 17 million.

Revenue in Scandinavia declined by SEK 402 million to SEK 1,310 million compared to SEK 1,712 million in 1999. Revenue in the UK decreased by SEK 180 million to SEK 1,503 million compared to SEK 1,683 million in 1999.

Freight/Port revenue increased by SEK 52 million to SEK 1,027 million from SEK 975 million in 1999. Average freight rates rose 9% in Scandinavia and declined by 4% in the UK. Freight volumes remained unchanged in Scandinavia, excluding the closed Halmstad-Grenaa route, and increased by 10% in the UK.

Total onboard revenue declined by SEK 573 million to SEK 663 million from SEK 1,236 million in 1999. Average retail spending per passenger declined to SEK 159 from SEK 279 in Scandinavia and to SEK 56 from SEK 141 in the UK.

Travel revenue (mainly passenger and private car tickets) declined by SEK 61 million to SEK 1,123 million from SEK 1,184 million in 1999. Average passenger ticket rates increased by 25% in Scandinavia, due to a combination of increased prices and a change in passenger mix. Average ticket rates in the UK increased by 4%.

Private car volumes declined by 3% during the first six months of 2000 and passenger volumes declined by 15%, excluding the closed Halmstad-Grenaa route. Passenger volumes fell by 26% in Scandinavia and by 5% in the UK. The reduction in passenger volumes in Scandinavia was a result of the abolition of tax and duty free retail sales and the operational changes.

Operating expenses

Operating expenses declined by SEK 275 million to SEK 2,882 million from SEK 3,157 million in 1999. 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. The cost savings were partly offset by the higher oil costs

of SEK 47 million due to increased oil prices. Exchange rate fluctuations had a positive impact of SEK 11 million.

EBITDA

EBITDA declined by SEK 231 million to SEK 33 million compared to SEK 264 million in the first six months of 1999.

Income/loss from associated companies

The loss from associated companies amounted to SEK 42 million compared to income of SEK 79 million in 1999. The negative deviation compared to last year is mainly due to the abolition of tax and duty free sales. Especially the second quarter of 1999 was positively impacted by high levels of passengers wishing to take advantage of the last period of tax free. No dividends were received from P&O Stena Line in either period.

Depreciation and amortization

Depreciation and amortization remained at the same level, SEK 294 million in 2000 compared to SEK 291 million in 1999.

Income/loss from operations

The loss from operations amounted to SEK 324 million compared to an income of SEK 26 million in 1999.

Financial income and expense, net

Net financial expenses totaled SEK 253 million compared to SEK 259 million in 1999.

Loss before income taxes

The loss before income taxes was SEK 577 million compared to a loss of SEK 233 million in 1999.

Income taxes

A deferred tax benefit of SEK 163 million, compared to SEK 47 million in 1999, had a positive effect on the first 6 months net results.

Net loss for the period

The net loss for the first six months of 2000 was SEK 414 million compared to a loss of SEK 186 million in 1999.

Financial position

(Comparisons are with December 31, 1999, unless otherwise indicated)

The Company's Balance Sheet total increased to SEK 10,155 million at the period's end from SEK 9,820 million in 1999. The Company's interest-bearing net debt increased to SEK 6,536 million from SEK 6,180 million in 1999.

The total available cash and cash equivalents, including committed, unutilized credit facilities, was SEK 1,151 million compared to SEK 1,312 million at June 30, 1999. The equity/assets ratio amounted to 17% compared to 22% at the end of June last year, and the net debt/equity ratio increased to 3.9 times from 2.7 times over the same period.

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 USD 50 million and pursuant to the existing revolving credit facility. The aggregate amount currently available under the revolving credit facility as of June 30, 2000 is approximately SEK 762 million.

Capital expenditure

Capital expenditure for the period totaled SEK 93 million compared to SEK 165 million in the first six months of 1999.

Stockholders' equity

Stockholders' equity declined during the period by SEK 464 million to SEK 1,697 million from SEK 2,161 million at the end of 1999. Exchange rate fluctuations had a negative effect on stockholders' equity of SEK 50 million while the loss for the period, after taxes, has reduced stockholders' equity by SEK 414 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.

The route network includes 12 routes in Scandinavia and around the UK, including a lift-on/lift-off container route.

Stena Line's plan to extend its Northern Ireland operation with the new Stranraer-Larne route from September 1, 2000, has been delayed due to contract issues.

A new freight route between Hoek van Holland and Killingholme will start in October.

Staff

The average number of employees at Stena Line was 5,424 compared to 6,124 at the end of June 1999.

Pension cost refund

The insurance company SPP decided to make a refund to their customers. The present value of expected payments amounts to SEK 100 million

and has been accounted for as a non-recurring item during the second quarter.

Scandlines AB

With effect from July 1, the Swedish ferry company Scandlines AB is part of Stena Line. Stena Line has acquired all the shares in Scandlines AB for a purchase price of SEK 560 million. At the time of acquisition, stockholders' equity in Scandlines amounted to SEK 603 million. The free cash amounted to SEK 399 million.

Transactions with the Stena Sphere

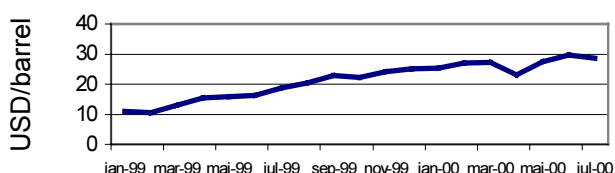
Transactions with the Stena Sphere continue to correspond to the account given in the 1999 Annual Report.

Outlook

The results in 2000 will be negatively impacted by the full year effect of the abolition of the tax and duty free retail sales as well as the high oil price. Achieved cost reductions, higher rates and the Scandlines AB acquisition will positively influence results.

The negative comparison of the first half 2000 results to the comparable 1999 period is principally the result of comparing a period following the abolition of duty and tax free sales to a period prior to the abolition. In the second half of 2000 the comparison to the prior year will be to a period following the abolition. As a result we expect positive comparable results to the prior year for the last two quarters of the year.

Oil price development Jan 1999 - July 2000



The negative effects of the higher oil price has been reduced through hedging on the financial markets of the price of bunker fuel oil. The result from hedging activities January-June 2000 was a gain of SEK 74 million. For the second half of 2000 approximately 75% of the expected bunker fuel consumption has been capped at an average price of approximately 20 USD/barrel.

Facts about Scandlines AB:

Financial reports

(are available at www.stenaline.com or by calling Stena Line Communications on tel: +46 31 85 83 32.)

Stena Line's reporting year includes the following:

- Interim report for January – September to be presented on Tuesday, November 14 .

Göteborg, August 24, 2000

Stena Line AB

Bo Severed

President and CEO

Any questions from the media should be directed to Bo Severed on tel: +46 31 85 83 19.

Scandlines AB operates four ferry routes from southern Sweden to Denmark and Germany. In 1999 revenue totaled SEK 1,514 million and EBITDA, adjusted to exclude a one-off item of SEK 145 million, was SEK 146 million. Income from operations, excluding non-recurring items, was SEK 57 million. In 1999 the headcount stood at 1,136. As per December 31, 1999, fixed assets amounted to SEK 491 million, net working capital was –SEK 87 million and stockholders' equity was SEK 533 million.

Consolidated Income Statements

SEK million	6 months			12 months		3 months	
	January-June		2000	Full year 1999	July 99- June 00	April-June	
	1998	1999				1999	2000
Revenue	3,419	3,395	2,813	6,963	6,381	2,094	1,671
Operating expenses	(3,341)	(3,157)	(2,882)	(6,388)	(6,113)	(1,772)	(1,547)
Non-recurring items	(1)	0	81 ¹⁾	(47)	34	0	81
Income/losses from ass. companies	(62)	79 ²⁾	(42) ²⁾	65	(56)	129	31
Income before depreciation	15	317	(30)	593	246	451	236
Depreciation and amortization	(320)	(291)	(294)	(587)	(590)	(145)	(145)
Income/loss from operations	(305)	26	(324)	6	(344)	306	91
Financial income	15	1	3	6	8	(1)	1
Financial expense	(240)	(260)	(256)	(508)	(504)	(120)	(124)
Financial income and expense, net	(225)	(259)	(253)	(502)	(496)	(121)	(123)
Income/loss before income taxes	(530)	(233)	(577)	(496)	(840)	185	(32)
Income taxes	92	47	163	108	224	(66)	7
Net income/loss	(438)	(186)	(414)	(388)	(616)	119	(25)

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

- 1) Non-recurring items include SEK 100 million in pension cost refund from the insurance company SPP and restructuring expenses of SEK 19 million.
- 2) Of which -SEK 43 million in 2000 and SEK 75 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.

Income/loss before income taxes, reported by quarter

SEK million	1997	1998	1999	2000
First quarter	(492)	(490)	(418)	(545)
Second quarter	(43)	(40)	185	(32)
January – June	(535)	(530)	(233)	(577)
Third quarter	637	415	215	-
Fourth quarter	49	(209)	(478)	-
Full year	151	(324)	(496)	-

Consolidated Balance sheet

Assets, SEK million	June 30,			Dec. 31, 1999
	1998	1999	2000	
Vessels	4,063	3,892	3,608	3,758
Other fixed assets	4,820	5,062	4,957	4,997
Current receivables, stock-in-trade	1,593	1,212	1,285	944
Cash and cash equivalents	252	223	305	121
Total assets	10,728	10,389	10,155	9,820
Liabilities and stockholders' equity				
Stockholders' equity	2,341	2,304	1,697	2,161
Convertible Subordinated Debentures	558	558	558	558
Provisions				
Non-interest bearing	316	257	281	298
Interest bearing	52	58	63	60
Long term liabilities				
Interest bearing	5,390	5,733	6,102	5,543
Current liabilities				
Non-interest bearing	1,698	1,364	1,289	1,013
Interest bearing	373	115	165	187
Total liabilities and stockholders' equity	10,728	10,389	10,155	9,820

Summary of Consolidated Statements of Cash Flows

SEK million	Jan-Jun 1999	Jan-Jun 2000
<i>Cash flow from operations</i>		
Net income/loss	(186)	(414)
Adjustments for non-cash items		
Income/loss from associated companies	(76)	42
Depreciation	291	294
Deferred income tax benefit	(47)	(163)
Unrealized exchange losses	11	263
Other non-cash items	7	10
Changes in working capital	62	(63)
Cash flow from operations	62	(31)
<i>Investing activities</i>		
Proceeds from sale of fixed assets	12	21
Investment in fixed assets	(165)	(93)
Increase in long-term loans	(6)	(68)
Cash flow used in investing activities	(159)	(140)
<i>Financing activities</i>		
Proceeds from borrowings	440	997
Payments on borrowings	(274)	(636)
Cash flows provided by financing activities	166	361
Effect of foreign exchange on cash and cash equivalents	2	(6)
Net change in cash and cash equivalents	71	184
Beginning balance of cash and cash equivalents	152	121
Cash and cash equivalents at end of period	223	305

Volumes, in thousands, January – June

Route	Passengers			Private cars ¹⁾			Freight units ²⁾		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
Sweden-Denmark									
Göteborg-Frederikshavn	1,208	1,266	886	199	202	172	83.6	78.4	77.6
Varberg-Grenaa	111	147	121	22	30	26	7.1	12.6	11.3
Stena Line total in area	1,319	1,413	1,007	221	232	198	90.7	91.0	88.9
Sweden-Germany									
Göteborg-Kiel	400	297	181	51	41	42	18.1	17.0	20.1
Göteborg-Travemünde	-	-	-	-	-	-	32.3	30.6	31.3
Stena Line total in area	400	297	181	51	41	42	50.4	47.6	51.4
Sweden-Denmark/Germany									
Stena Line total in area	1,719	1,710	1,188	272	273	240	141.1	138.6	140.3
<i>Stena Line's market share (%) ³⁾</i>	21	19	15	19	17	15	25	22	20
Norway-Denmark									
Oslo-Frederikshavn	241	244	220	27	26	24	7.4	8.0	6.1
<i>Stena Line's market share (%)</i>	14	14	13	12	11	10	14	16	12
Sweden-Poland									
Karlskrona-Gdynia	72	104	110	10	11	13	7.9	8.3	7.8
<i>Stena Line's market share (%)</i>	26	35	35	19	21	23	18	17	14
Total Scandinavia	2,032	2,058	1,518	309	310	277	156.4	154.9	154.2
Holland-England									
Hoek van Holland-Harwich	425	436	438	78	98	99	55.0	57.1	63.9
<i>Stena Line's market share (%)</i>	30	30	32	28	33	33	9	10	12
Fishguard-Rosslare	327	343	345	76	76	85	17.2	17.2	18.4
Holyhead-Dublin Bay									
Holyhead-Dun Laoghaire	737	645	552	133	113	109	21.3	20.9	22.4
Holyhead-Dublin	60	91	85	11	20	19	25.4	27.0	25.9
Stena Line total in area	797	736	637	144	133	128	46.7	47.9	48.3
Stranraer-Belfast	551	641	629	106	114	122	63.0	69.4	79.2
Irish Sea									
Stena Line total in area	1,675	1,720	1,611	326	323	335	126.9	134.5	145.9
<i>Stena Line's market share (%)</i>	56	54	54	51	50	52	21	21	23
Total United Kingdom	2,100	2,156	2,049	404	421	434	181.9	191.6	209.8
Total Scandinavia and UK	4,132	4,214	3,567	713	731	711	338.3	346.5	364.0
Halmstad-Grenaa ⁴⁾	112	5	-	24	1	-	11.4	1.9	-
Total excl English Channel	4,244	-	-	737	-	-	349.7	-	-
Totalt English Channel	496	-	-	83	-	-	55.9	-	-
Total Stena Line's routes	4,740	4,219	3,567	820	732	711	405.6	348.4	364.0
Harwich-Zeebrugge ⁵⁾	-	-	-	-	-	-	15.4	16.2	14.6

N.B. All numbers are 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. Stena Line's market share also includes the closed Halmstad – Grenaa route.
4. The route Halmstad-Grenaa was closed down January 31, 1999.
5. 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, January – June

SEK million	Business area Travel			Business area Onboard			Business area Freight			Business area Port		
Market area	1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000
Scandinavia	501	493	445	764	800	421	428	419	444	-	-	-
Share of tot revenue, %	15	15	16	22	24	15	13	12	16	-	-	-
UK excl English Channel	649	691	678	385	436	242	442	512	539	30	44	44
Share of tot revenue, %	19	20	24	11	13	9	13	15	19	1	1	2
English Channel	27	-	-	100	-	-	92	-	-	1	-	-
Share of tot revenue, %	1	-	-	3	-	-	3	-	-	0	-	-
Total	1,177	1,184	1,123	1,249	1,236	663	962	931	983	31	44	44

Key ratios ¹⁾

	Basic				Assuming dilution			
	June 30			Dec 31	June 30			Dec 31
	1998	1999	2000	1999	1998	1999	2000	1999
Adjusted stockholders' equity, SEK million	2,899	2,862	2,255	2,719	2,899	2,862	2,255	2,719
Equity/assets ratio, %	22	22	17	22	27	27	22	28
Net debt/equity ratio, multiple	2.6	2.7	3.9	2.9	1.9	2.0	2.7	2.1
Return on capital employed, %	7	6	(4)	0	7	6	(4)	0
Return on stockholders' equity, %	2	(2)	(31)	(17)	3	(1)	(23)	(12)
Operating margin, %	6.9	6.2	(5.4)	0.1	6.9	6.2	(5.4)	0.1
Net margin, %	1.8	(0.4)	(13.2)	(7.1)	2.2	0.1	(12.6)	(6.6)
EBITDA	1,351	896	424	655	1,351	896	424	655
EBITDA/interest expense, multiple	2.7	1.8	0.8	1.3	3.0	1.9	0.8	1.3
Cash flow, SEK million	466	232	81	174	494	260	109	202

⁽¹⁾ 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.

Rate of return and margins, together with EBITDA, EBITDA/interest multiple and cash flow, refer to the previous 12-month period.

The same definitions have been used as in the 1999 annual report.

Share data

	Basic					Assuming dilution				
	June 30, 1998	June 30, 1999	June 30, 2000	Full year 1999	July 99-June 00	June 30, 1998	June 30, 1999	June 30, 2000	Full year 1999	July 99-June 00
Number of shares, thousands	61,471	61,471	61,471	61,471	61,471	73,867	73,867	73,867	73,867	73,867
Market value at year end, SEK	24.50	9.00	6.20	7.80	6.20	24.50	9.00	6.20	7.80	6.20
Profit/loss after tax, SEK	(7.10)	(3.00)	(6.70)	(6.30)	(10.00)	(7.10)	(3.00)	(6.70)	(6.30)	(10.00)
Cash flow, SEK	7.60	3.80	1.30	2.80	1.30	6.70	3.50	1.30	2.70	1.30
Stockholders' equity, SEK	38.10	37.50	27.60	35.10	27.60	38.10	37.50	27.60	35.10	27.60

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.