SWEDISH ORIENT LINE

Press release, 4 May, 2000
from Swedish Orient Line

Interim Report
January – March, 2000

- ***Result before tax MSEK -15 (-8)***
- ***SOL sells the RoRo-vessels***
- ***Strikes in Israeli ports cause major disruptions***
- ***Higher bunker costs reduce result by MSEK 7***

Operations

After winding up its reefer shipping operation in December, 1999, SOL is now a dedicated liner shipping company. SOL's core business is liner shipping, which it has been engaged in for nearly 90 years, between the Nordic countries and the eastern Mediterranean. This service is operated with four RoRo vessels which are supplemented by chartered tonnage when the need arises.

SOL also operates a container service between the Nordic countries and southern Africa and carries out agency operations for traffic to and from West Africa as well as international project consignments. The company owns 50 per cent of the shares in Sea Partner Sweden AB, a ship management company, which is responsible for the operation of SOL's and other shipping companies' ships on an assignment basis.

Consolidated result

The consolidated result for the first quarter was MSEK -15 (-8). The result was negatively affected by large-scale strikes in Israeli ports and steeply rising bunker prices as well as continued downward pressure on freight rates.

After a weak beginning of the year with low freight rates, capacity utilisation in the liner service to and from the Mediterranean improved and, in March, was somewhat better compared with last year. The strikes in the Israeli ports have caused substantial disruptions which, in turn, have resulted in the ships lying idle together with changes and delays in the sailing schedule. It has not been possible to reach any final solutions which would ensure industrial peace in the long term. As a result, there are still some disruptions in the form of longer loading and discharging times.

The sharply increased bunker prices, which have more than doubled since the first quarter of 1999, have resulted in substantial additional costs for SOL with MSEK 7. The company has only been able to partially compensate for these cost increases in the form of higher freight rates. However, since the second half of March, bunker prices have stabilised, even though they are still at a high level.

Agency operations to and from South and West Africa posted a better result than the previous year due to higher freight rates.

Financial position

Consolidated liquid funds, including short-term investments, amounted to MSEK 10 (26) on 31 March.

During the first quarter, a new issue of shares was floated, providing the Group with a net capital infusion of MSEK 47. MSEK 25 million of this amount was used to make an amortisation of the long-term liabilities.

In conjunction with the process of winding up the reefer operations substantial amounts have been paid out during the first quarter regarding expenses which was reserved at 31 December, 1999.

After the amortisation and repayment of ship loans in conjunction with the delivery of the last reefer at the beginning of January, the remaining interest-bearing liabilities amounted to MUSD 44, equivalent to MSEK 325 million.

The equity/assets ratio was 14 per cent compared to 15 per cent on 31 December, 1999.

Investments during the period January-March amounted to 0,1 (0,5) MSEK.

As a result of overconsolidation, the insurance company SPP has decided to give its corporate customers a refund. It is calculated that Svenska Orient Linien, directly and indirectly via its associated company Sea Partner AB, will receive approximately MSEK 21. This amount is not included in this report. According to the latest information from SPP, 20%, equivalent to about MSEK 4, of the surplus will be paid out in the autumn of 2000. The remainder will be used to reduce future payments of pension premiums.

Lower ship operating- and personnel costs

In recent months, negotiations have been held with several interested parties with the aim of reducing ship costs. An agreement in principle, based on the best alternative, has been reached with two of SOL's shareholders, Imperial Shipping Ltd and Navalmar Transportes Maritimos Lda.

According to the terms of this agreement, SOL will sell the four RoRo vessels for a total of MUSD 43.5, an amount equivalent to all the loans in SOL. At the same time, a long-term contract has been agreed on whereby the vessels will continue to sail for SOL for at least seven years. The sale is expected to generate a limited capital gain in 2000 at the present USD exchange rate. As a result of the agreement, future ship costs will be reduced by about MSEK 14 per year and liquidity will be improved by about MSEK 30 per year.

The work on rationalising the shore-based organisation, which cut costs by 10% last year, is continuing and will result in additional cost savings. Parallel with this, a personnel program has been initiated in order to facilitate the recruitment of younger employees.

Parent Company

The Parent Company's sales amounted to MSEK 0 (10). The operating profit before depreciation was MSEK 4 (1) and the profit before allocations and tax was MSEK 1 (0). Total assets were MSEK 214 (397).

Liquid funds, including short-term investments, totalled MSEK 8 (31-12-1999: MSEK 13).

Prospects for 2000

The completed structural change and new issue of shares have created the necessary conditions for development of the liner operations. In 2000, our work will be focused on this which, parallel with the continuing internal action programs, will improve profitability in the long term.

The agreement to sell and charter the tonnage will generate substantial cost reductions in the future. However, this year, the net effect of this will be limited.

The forecast for the full year will be given in the 6-month Interim Report in August.

Next financial report

The Interim Report for the first six months of 2000 will be published on Thursday, 17 August, 2000.

Gothenburg, 4 May, 2000

SVENSKA ORIENT LINIEN (publ)
The Board of Directors

Consolidated income statement

All figures in MSEK	**January – March** **2000**	1999	Full year 1999
Shipping sales	**106**	149	630
Operating and administrative costs	**-98**	-121	-552
Personnel costs	**-8**	-9	-34
Proportion of associated company	-	-	-1
OPERATING PROFIT BEFORE DEPRECIATION	**0**	19	43
Depreciation	**-8**	-18	-70
OPERATING PROFIT AFTER DEPRECIATION	**-8**	1	-27
Net financial items	**-7**	-9	-34
PROFIT AFTER NET FINANCIAL ITEMS	**-15**	-8	-61
Sale of fixed assets	-	-	-133
Actual tax	**-**	-	-
Deferred tax	**-**	-	24
NET PROFIT	**-15**	-8	-170

Consolidated balance sheet

All figures in MSEK	**2000 March**	1999 March	1999 Dec
Vessels	**362**	777	414
Other fixed assets	**11**	22	11
Current assets	**112**	165	125
Liquid funds	**10**	6	26
TOTAL ASSETS	**495**	970	576
Shareholders’ equity	**71**	216	59
Provisions	**2**	25	1
Long-term liabilities	**293**	521	320
Current liabilities	**129**	208	196
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	**495**	970	576

Consolidated cash-flow analysis

All figures in MSEK	**January–March 2000**	1999	Full year 1999
Liner operations	**-4**	10	36
Other	**-3**	0	-34
CASH-FLOW	**-7**	10	2
Change in working capital	**-28**	-36	-3
CASH-FLOW FROM OPERATIONS	**-35**	-26	-1
Investments activities	**45**	-	216
Other financing activities	**-26**	-7	-228
CHANGE IN LIQUID FUNDS	**-16**	-33	-13

Key ratios and data per share

		January–March 2000	1999	Full year 1999
Equity/assets ratio	*%*	**14**	22	15
Return on capital employed	*%*	**neg**	neg	neg
Return on shareholders' equity	*%*	**neg**	neg	neg
Shareholders' equity per share	*SEK*	**1,40**	8,70	1,70
Profit per share	*SEK*	**-1,30**	-2,55	-2,40
Operating cash flow per share	*SEK*	**-0,10**	0,40	0,40
Number of shares	*thousand*	**49 720**	24 860	24 860

All key ratios, where appropriate, are based on a rolling 12-month period. Key figures and per share data for 1999 are based on the profit excluding capital losses on assets.

This report has not been examined by the company's auditors.

For further information, please contact Kent Flodberg, CEO, Swedish Orient Line,
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