

# YEAR-END REPORT 1 January–31 December 2016

- Total income<sup>1)</sup>, Q4: SEK 278.5 (274.2) million  
Full year 2016: SEK 1,038.2 (1,086.7) million
- EBITDA, Q4: SEK 108.4 (117.3) million  
Full year 2016: SEK 319.9 (423.8) million
- Result before tax, Q4: SEK 33.5 (49.8) million  
Full year 2016: SEK 56.9 (174.4) million
- Result per share after tax, Q4: SEK 0.72 (1.03)  
Full year 2016: SEK 1.46 (3.64)

## Events in the fourth quarter

- Profitable quarter despite weak markets.
- Sale and leaseback agreement for IMOIIIMAX tanker *Stena Image* signed in October.
- Sale and leaseback agreement for suezmax tanker *Stena Supreme* signed in December.
- Refinancing of P-MAX tankers completed in November. Total refinancing was USD 189 million, which, after financing costs, is in line with previous loan amounts.
- Another quarter without any lost time injuries\*.
- The Board will propose to the AGM a dividend of SEK 0.5 per share.

## Key ratios

	Q4 (Oct-Dec)		Full year	
	2016	2015	2016	2015
Total income <sup>1)</sup> , SEK million	278.5	274.2	1,038.2	1,086.6
EBITDA, SEK million	108.4	117.3	319.9	423.8
EBITDA, USD million	12.2	13.9	37.4	50.3
Operating result, SEK million	47.5	57.6	82.7	209.6
Result before tax, SEK million	33.5	49.8	56.9	174.4
Result after tax, SEK million	34.3	49.4	69.5	173.9
Equity ratio, %	50	43	50	43
Return on equity, %	3.6	10	3.6	10
Available liquid funds, including unutilised credit facilities, SEK million	507.4	367.1	507.4	367.1
Result per share after tax, SEK	0.72	1.03	1.46	3.64
Equity per share, SEK	43.78	39.15	43.78	39.15
Lost-time injuries	0	0	0	0

1) Accounting policies: see page 14.

\* Definitions: see page 13.



## PRESIDENT'S OVERVIEW

# Profit again and well positioned for the future

Niche trades, ship sales and other non-recurring income brought a relatively strong result for the full year. Overall, we are able to report a profit before tax of SEK 56.9 (174.3) million for the year. EBITDA was SEK 319.9 (423.8) million, corresponding to USD 37.4 (50.3) million. Result before tax for the fourth quarter amounted to SEK 33.5 (49.8) million. EBITDA was SEK 108.4 (117.3) million, corresponding to USD 12.2 (13.9) million.

As we look back on the market's development over the last year, we can see that it was largely as we had expected. The year started well, with a generally strong first and second quarter, but the markets for tanker transportation began to weaken in the third quarter due to high inventory levels for both crude oil and oil products and extensive ship deliveries.

The markets started their seasonal upturn towards the end of the fourth quarter, but this was not enough to compensate for the weak summer and autumn. This resulted in average freight rates being considerably lower than in the previous year.

For our own part, we continued to work during the year to position and deploy the P-MAX vessels in trades and cargo systems where their unique properties are most beneficial. This strategy contributed to our income being higher than the market average in the MR segment in every quarter of 2016. On an annual basis, we exceeded the market by about 35 percent.

In view of the expected market situation, we decided to charter out several vessels on longer contracts this year. Given developments in the spot market, the timing here proved absolutely right. The income levels for these contracts have been considerably higher than the rates on the spot market.

As previously announced, we entered into sale and leaseback agreements for *Stena Image* and *Stena Supreme* during the quarter. The vessels will be chartered back on a bareboat basis (i.e. without crew), with annual repurchase options starting in years four and three respectively. The transactions are producing a significant positive

cash effect and an improved equity ratio, while enabling us to continue our business strategy of employing the vessels in their respective pools for several years to come. The transactions have opened the door to new forms of financing, while also representing an effective way of preparing ourselves for a subdued market situation. They also create the scope for us to take advantage of good business opportunities that will arise in such a market.

### Reduced environmental impact and no incidents

As we look back on the year, it should also be noted that once again there were no serious incidents or accidents on any of our vessels in 2016. We have also continued our efforts to reduce vessel-related environmental impacts. The major focus here is on reducing emissions into the sea and air. Carbon dioxide emissions fell by more than 5,200 mt and sulphur oxide emissions by 39 mt in 2016.

### Market outlook

The high inventory levels will almost certainly continue to have a dampening effect on the overall market development in 2017. At the same time, the current slump in ship orders will eventually contribute to a better balance in the market. Tanker shipping is a volatile market and the fluctuations are tending to come at an ever-increasing speed.

Kim Ullman  
CEO





## Business activities

Spot market income for the product tanker fleet in the fourth quarter was USD 12,200 per day, which was higher than the average income for the market\* USD 9,300, but significantly lower than the same quarter in the previous year USD 20,800. Income for the suezmax tanker *Stena Supreme* during the quarter was USD 24,200 per day, compared with the market\* average income of about USD 29,500 per day and the same quarter in the previous year USD 39,000.

### The product tanker fleet

The ten 65,200 dwt P-MAX tankers are the backbone of Concordia Maritime's fleet. At the end of the reporting period, six of the vessels were employed on longer contracts (time charters or consecutive voyage charters). The other four vessels were employed in the spot market under agreements with Stena Bulk and Stena Weco.

The two IMOIIIMAX vessels *Stena Image* and *Stena Important* continued to be employed under the cooperation with Stena Weco. Income for both vessels during the period was over the market's income.

The IMOIIIMAX vessel *Stena Image* was sold to a large Japanese financial institution during the quarter. The transaction is a sale and leaseback agreement, which in this case means that the vessel will be chartered back on a bareboat basis (i.e., without crew) for eight years, with annual purchase options from year four onwards.

The product tanker fleet also includes an IMO2/3 class MR tanker (ECO design) that has been chartered in. The vessel will be chartered jointly with Stena Weco, and Concordia Maritime's share amounts to 50 percent. The contract, which runs from the end of November 2015, is for two years with an option for a further 1–6 months.

### Income

Average income for the entire product tanker fleet, spot and TC, during the fourth quarter was USD 14,000 (20,000) per day. For vessels employed on the spot market, average income was

USD 14,200 (20,200) for light products and USD 8,300 (23,600) for heavy products during the quarter.

Looking at the full year, the average income for the entire product tanker fleet, spot and TC, was USD 17,000 (20,100) per day. For vessels employed on the spot market, average income for the year was USD 17,000 (21,100) for light products and USD 15,000 (21,100) for heavy products.

### Suezmax

The suezmax tanker *Stena Supreme* (158,000 dwt) is employed on the spot market via Stena Sonangol Suezmax Pool, controlled by Stena and the Angolan state oil company Sonangol. The pool is a long-time market leader in terms of suezmax tanker income.

During the period, the suezmax vessel *Stena Supreme* was also sold in a sale and leaseback transaction, which in this case means that the vessel will be chartered back on a bareboat basis for 12 years, with annual purchase options from year three onwards.

### Income

Average income for *Stena Supreme* during the quarter was USD 24,200 (40,100) per day and USD 28,400 (40,900) for the full year 2016.

### Repairs and drydock

There were no repairs or drydock during the quarter.

\* Clarkson index

## Income, spot

USD per day	Number of vessels	Average income, Concordia Maritime				Average income, market			
		Q4 2016	Q4 2015	Full year 2016	Full year 2015	Q4 2016	Q4 2015	Full year 2016	Full year 2015
Product tankers	9.5	12,200	20,800	16,300	21,100	9,300	18,000	12,100	21,400
Suezmax	1	24,200	39,000	28,400	39,500	29,500	52,300	27,600	46,700

1) Clarksons w.w. average MR Clean Earnings

2) Clarksons w.w. Suezmax Long Run Historical Earnings

Concordia Maritime's spot market product tanker fleet achieved a higher income per day than the Clarksons theoretical index in the fourth quarter of 2016 and the full year 2016. CVC contracts for three vessels and a good performance by the Stena Weco pool meant that the product tanker fleet was able to achieve higher income than the market.

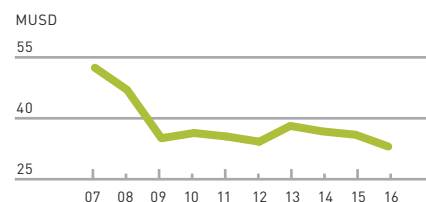
In the suezmax segment, Concordia Maritime's income in the fourth quarter of 2016 was a little lower than the Clarksons theoretical index. However, for the full year, Concordia Maritime's income was higher than the index, which shows that the Stena Sonangol pool remains one of the industry's leaders.

## EBITDA per quarter

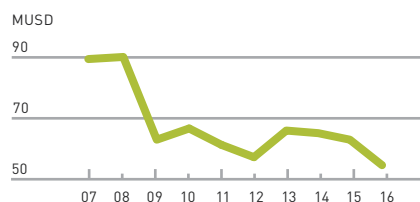
USD millions	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Product tankers, time charter	5.6	5.4	4.5	2.4	1.3	1.2	1.1	1.5
Product tankers, spot, owned tonnage	-0.2	0.5	0.9 <sup>1)</sup>	7.9	10.3	9.4	9.3	6.5
Product tankers, spot, chartered tonnage	-0.2	-0.2	0.1	0.1	0.0	0.0	0.0	0.0
Sale of ships	2.9	—	—	—	—	—	—	—
<b>Product tankers, total</b>	<b>8.1</b>	<b>5.7</b>	<b>5.5</b>	<b>10.5</b>	<b>11.6</b>	<b>10.6</b>	<b>10.4</b>	<b>8.0</b>
Suezmax, spot, owned tonnage	1.4	0.9	2.2	2.4	2.8	2.9	2.8	3.1
Suezmax, spot, chartered tonnage	0.0	-0.2	0.3	0.3	0.9	0.7	0.4	0.6
Sale of ships	3.5	—	—	—	—	—	—	—
<b>Suezmax, total</b>	<b>4.9</b>	<b>0.7</b>	<b>2.5</b>	<b>2.7</b>	<b>3.7</b>	<b>3.6</b>	<b>3.2</b>	<b>3.7</b>
Admin. and other	-0.6	-0.5	-1.0	-1.0	-1.4	-0.9	-1.1	-1.1
<b>Total</b>	<b>12.4</b>	<b>5.9</b>	<b>7.0</b>	<b>12.2</b>	<b>13.9</b>	<b>13.3</b>	<b>12.5</b>	<b>10.6</b>

1) Includes cost of USD 9.25 million for settlement of the arbitration case and receipt of additional non-recurring IMOIIIMAX-related payment of USD 5.0 million.

## Newbuilding prices, product tankers (MR)



## Newbuilding prices, suezmax



At the end of the year, the price of a standard product tanker was about USD 33 (36) million. The price of an IMOII class MR tanker like the IMOIIIMAX vessels that were ordered was about USD 35 million at the end of the year. This is the same price level as when the orders were placed in 2012. The price of a standard suezmax tanker at the end of the year was about USD 54 million.

The charts show the value at the end of each period and refer to standard vessels.

Source: Clarkson





## Financial summary

### Result

Result after tax for the quarter was SEK 34.3 (49.4) million. Two sale and leaseback transactions were completed during the quarter, generating a profit of SEK 54.8 million and increasing cash and cash equivalents by SEK 318 million. The decline compared with Q4 2015 is largely due to lower income as a result of a generally weaker market. Result after tax for the full year 2016 was SEK 69.5 (173.9) million. There were a number of one-time events in 2016 that generated a positive result on a net basis, but despite this, the weak market in the second half of the year brought a decline in result after tax compared with 2015.

### Equity

Equity per share was SEK 43.78 (39.15).

### Changes in translation and hedging reserves

The Parent Company's functional currency is SEK, but the majority of the transactions in the Group are in USD. The Group's result is generated in USD, which means the result in SEK is a direct function of the SEK/USD exchange rate trend. In the third and fourth quarters of 2016, investments in foreign subsidiaries were partially hedged through the forward sale of USD 35 million as hedging instruments. The duration was 15 months. At the end of the quarter, these hedging instruments were valued at SEK 2.8 million and were recognised in the hedging reserve through OCI. The Company has entered into an interest rate swap totalling USD 75 million and expiring in 2021, in order to provide protection against interest rate fluctuations. At the end of the quarter, this contract was valued at SEK 19.3 million and was recognised in the hedging reserve through OCI. The accumulated translation differences, which are recognised in equity, amounted to SEK 562.3 (406.2) million. The changes are recognised in equity through OCI.

### Significant events in 2016

#### Q1

- P-MAX vessel *Stena Performance* was chartered out. The contract is for one year and runs from the end of January/beginning of February 2016.
- P-MAX vessel *Stena Progress* was chartered out. The contract is for three years and runs from April 2016.

#### Q2

- A new consecutive voyage contract was signed for the P-MAX vessel *Stena Polaris* at the end of April. The contract, which comes into effect in May 2016, is for one year.
- Agreement reached on settlement of the arbitration dispute. Cost and payment of USD 9.25 million during Q2 2016.
- IMO/IMAX-related additional payment of USD 5 million received in Q2 2016.
- Positive result effect and payment of completed USD hedge position of SEK 23 million in Q2.

#### Q3

- Reversal of previously recognised tax expense of SEK 11.9 million in Switzerland.

#### Q4

- Refinancing (5 years) of all 10 P-MAX tankers was completed.
- Sale and leaseback arrangements were completed for the vessels *Stena Image* and *Stena Supreme* during the quarter. These transactions generated a total profit of SEK 6.4 million and released USD 35.0 million in liquid funds.



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## Investments

Investments during the quarter amounted to SEK 10.5 (193.2) million. Investments for the full year 2016 amounted to SEK 89.5 (459.3) million. The investments in 2016 were mainly related to scheduled periodic drydocking. Investments in 2015 were mainly related to the two IMOIMAX vessels delivered in 2015.

## Valuation of the fleet

The Group's fleet is assessed on a six-monthly basis to determine whether there is any indication of impairment. The fleet is defined as a cash-generating unit, and an impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value (external valuations) and value in use (future discounted cash flows). Measurement of asset values at 31 December 2016 did not indicate any impairment.

## Seasonal variations

Three vessels from our fleet of 13.5 (11 owned, 2 on bareboat contracts and one on a 50% charter) were out on time charters at the end of the quarter and three were employed on consecutive voyage charters. Income for the vessels that are not signed out to time charters is related to the freight level on the open market. The fleet deployment means that income is affected by the seasonal variations that occur in tanker shipping.

## Employees

The number of employees in the Group at 31 December 2016 was 6 (6). The Group employed 488 (464) temporary seagoing employees through Stena Sphere's manning company.

## Parent Company

The Parent Company's sales for the fourth quarter amounted to SEK 2.1 (10.6) million. Intragroup invoicing represented SEK 0.6 (2.7) million of this amount. The Q4 figure includes result-sharing for 50% of a vessel chartered in by the Company. The Parent Company's sales for the full year 2016 totalled SEK 5.7 (24.8) million. Result before tax for 2016 was SEK 39.0 (69.8) million. The Parent Company's available liquid funds at 31 December 2016 amounted to SEK 1,580.1 (1,518.8) million, which includes receivables from Group companies in the cash pool and "unutilised credit facilities".

## Tax

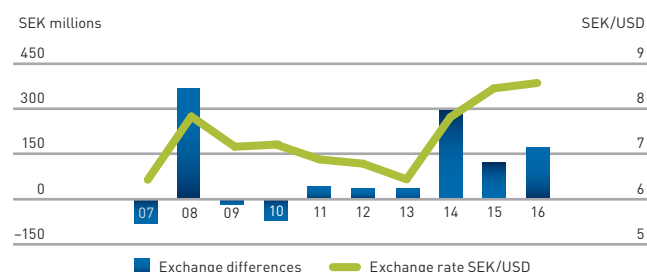
A tax liability of USD 1.4 million was recognised in 2013. This item concerned a possible cost arising from late reporting to the tax authority in Switzerland. After three years, the Swiss tax authority has concluded that late reporting will not generate costs at this level. Consequently, the liability recognised in 2013 was reversed in Q3 2016. Deferred tax assets of SEK 40 million arising from loss carry-forwards were derecognised in the Parent Company's financial statements in Q4 2016.

During the same quarter, deferred tax liabilities of SEK 40.8 million arising from temporary differences were derecognised in the Swedish branch of CM P-MAX III. Consequently, the net effect on Group was income of SEK 0.8 million. The measures were warranted by an intra-group sale of the vessel *Stena Primorsk* and the fact that the branch CM P-MAX III is no longer considered to be a Swedish taxable entity.

## Other

Disclosures under IAS 34,16A, also appear in the financial statements and their associated notes in other parts of the interim report.

## Translation differences (reported in OCI)



As a result of the SEK/USD exchange rate, the Company's profit in SEK has changed, while profit in USD remains unchanged.

## Liquidity and financial position

SEK millions	31 Dec 2016	31 Dec 2015
Available liquid funds <sup>1)</sup>	507.4	367.1
Interest-bearing liabilities	1,946.5	2,387.2
Equity	2,089.8	1,868.7
Equity ratio, %	50.5	42.9

1) Includes unutilised available credit facilities.

## The Group's total income and earnings

SEK millions	Quarter 4		Full year	
	2016	2015	2016	2015
Total income <sup>1)</sup>	278.5	274.2	1,038.2	1,086.6
Operating result	47.5	57.6	82.7	209.6
Result after financial items	33.5	49.8	56.9	174.4
Result per share after tax, SEK	0.72	1.03	1.46	3.64

1) Accounting policies: see page 14.



## Sustainability report

Sustainability work at Concordia Maritime is conducted on a long-term basis and with relevance, openness and transparency as its main guiding principles. The work is based on a materiality analysis in which the main and most relevant sustainability issues are identified.

There were no accidents or incidents of a serious nature during the quarter. None of Concordia Maritime's vessels was involved in any incident that resulted in bunker oil or cargo discharging into the water.

During the quarter, there were no workplace accidents on vessels that resulted in an individual employee being unable to return to a work shift on the day after the accident. Consequently, the LTI (lost time injury) and LTIF (lost time injury frequency) outcomes were 0. During the quarter three medical treatment cases and one restricted work case occurred. During the quarter, there were three incidents that resulted in damage to property. There were 4 high potential near miss incidents.

Concordia Maritime's vessels were not involved in any piracy-related incidents.

### External controls

There were 9 vetting inspections on board Concordia Maritime's vessels during the quarter. There were 27 observations during these inspections, resulting in an average of 3.0 observations per inspection. There were 35 vetting inspections during 2016, with 87 observations in total, resulting in an average of 2.5 observations per inspection. No single inspection had more than 5 observations.

This outcome for the quarter and the year is well in line with the Company's goal to have an average of less than four observations per inspection for the fleet and to never have an inspection with more than five observations.

No port state control resulted in the detention in port of any Concordia Maritime vessel during the quarter or the full year.

### Energy management

The important process of reducing bunker consumption continued during the quarter. Bunker consumption in tonnes per day at sea fell by 0.8 tonnes (12 months rolling). This is better than the target for the year, which is to reduce consumption by 0.3 tonnes per day.

Reduced bunker consumption produces lower emissions. CO<sub>2</sub> emissions decreased by 2,354 tonnes during the quarter and by 5,215 tonnes during the year. This is better than the target for the year, which is to reduce emissions by 2,800 tonnes. SO<sub>x</sub> emissions fell by 3 tonnes during the quarter and by 39 tonnes during the year. This is better than the target for the year, which is a reduction of 36 tonnes. NO<sub>x</sub> emissions fell by 62 tonnes during the quarter and by 145 tonnes during the year. This is better than the target for the year, which is a reduction of 80 tonnes.

## Three priority areas

### SAFETY FIRST

Our overall objective is to conduct our vessel operations and business activities in a manner that protects both the vessels and the employees working under our control and supervision. Our goal is zero accidents, achieved by establishing a strong safety culture and a top quality approach at all levels within our organisation.

### ENVIRONMENTAL RESPONSIBILITY

We are committed to reducing the impacts of our vessel operations and business activities on the environment. We will work continuously to reduce emissions and increase energy efficiency.

### FINANCIAL SUSTAINABILITY

Our goal is to ensure financial development that enables us to invest in our continuing development. In this way, we can create value for employees, shareholders and society – in the short and long term.



## Targets and outcomes

### SAFETY FIRST

	Q4 2016	Q4 2015	Full year 2016	Full year 2015	Target 2016
LTI	0	0	0	0	0
LTIF	0	0	0	0	0
Number of inspections with more than 5 observations (owned vessels)	0	0	0	1	0
Average number of vetting observations (entire fleet)	3.0	2.3	2.5	2.2	<4
Number of port state controls resulting in detention	0	0	0	0	0
Number of piracy-related incidents	0	0	0	0	0
Material damage	3	0	9	3	0
Medical treatment case	3	0	3	1	0
Restricted work case	1	0	2	1	0
High potential near miss	4	0	8	3	0
High risk observation	0	1	0	1	0

### Environmental responsibility

	Q4 2016	Q4 2015	Full year 2016	Full year 2015	Target 2016
Oil spills, litres	0	0	0	0	0
Reduced fuel consumption, mt/day (owned vessels) <sup>1)</sup>	0.8	0.5	0.8	0.5	0.3
Reduced CO <sub>2</sub> , mt	2,354	803	5,215	3,500	2,800
Reduced SO <sub>x</sub> , mt	3	66	39	300	36
Reduced NO <sub>x</sub> , mt	62	23	145	98	80
Reduced emissions of particulates, mt.	0.7	0.2	1.7	1.2	0.9

1) Bunker consumption for days at sea for the last 12 months is measured on the last day of the quarter. This 12-month figure is then compared with the same period the previous year.

Definitions: see page 13.

## Other information

### Related party transactions

Concordia Maritime has a small internal organisation, and purchases services from related-party companies in Stena Sphere, which include Stena Bulk. The latter company conducts tanker business that coincides with Concordia Maritime in some respects. Accordingly, there is an agreement, entered into many years ago, which regulates the relationship between the two companies with respect to new business. Under the terms of this agreement, Concordia Maritime has the right to participate on a 0%, 50% or 100% basis in each new transaction.

### Stena Weco

At the beginning of April 2011, Stena Bulk and the Danish company Weco started a 50–50 joint venture which resulted in a newly established company, Stena Weco, specialising in the transportation of vegetable oils. Under a new agreement with Stena Bulk, Concordia Maritime is entitled to the financial result arising from vessels that may from time to time be chartered in by Stena Weco for a period of more than one year, should Concordia Maritime decide to participate in such charters. Other business generated by Stena Weco is not available to Concordia Maritime.

### Concordia Maritime purchases services on a regular basis from the Stena Sphere in the following areas

- **Vessel charter**  
Payment is based on a commission of 1.25 percent on freight rates.
- **Commission on the purchase and sale of vessels**  
Payment is based on a commission of 1 percent.
- **Operation and manning of the Group's vessels, also referred to as ship management.**  
Payment is based on a fixed price per year and vessel.
- **Commercial operation, administration, marketing, insurance, technical monitoring and development of Concordia Maritime's fleet**  
Payment is based on a fixed price per month and vessel. With regard to technical consulting services for construction projects, an hourly rate is applied on a cost-plus basis, which is then charged to the project.
- **Office rent and office services.**  
A fixed annual price is charged.

All related party transactions take place on commercial terms and at market-related prices.



## GROUP

# Income statement, other comprehensive income and per-share data

SEK millions	Quarter 4 2016	Quarter 4 2015	Full year 2016	Full year 2015
<b>Consolidated income statement</b>				
Average exchange rate SEK/USD	9.04	8.49	8.56	8.44
Time charter income	48.3	24.9	151.2	101.2
Spot charter income <sup>1)</sup>	174.6	249.2	789.4	985.4
<i>Result from sale of ships</i>	<i>54.8</i>	<i>0.0</i>	<i>54.8</i>	<i>0.0</i>
Other external income	0.8	0.0	42.8	0.0
<b>Total income</b>	<b>278.5</b>	<b>274.2</b>	<b>1,038.2</b>	<b>1,086.6</b>
Operating costs, ships <sup>1)</sup>	-98.4	-93.1	-384.0	-419.5
Personnel costs, temporary seagoing	-51.7	-46.1	-195.6	-179.3
Personnel costs, land-based	-7.2	-6.8	-21.2	-21.5
Other external expenses	-12.9	-10.8	-117.5	-42.5
Depreciation	-61.0	-59.7	-237.2	-214.2
<b>Total operating costs<sup>1)</sup></b>	<b>-231.0</b>	<b>-216.5</b>	<b>-955.5</b>	<b>-877.0</b>
<b>Operating result</b>	<b>47.5</b>	<b>57.6</b>	<b>82.7</b>	<b>209.6</b>
Interest and similar income	1.4	2.4	27.3	3.1
Interest and similar expense	-15.4	-10.2	-53.2	-38.4
<b>Financial net</b>	<b>-14.0</b>	<b>-7.8</b>	<b>-25.8</b>	<b>-35.3</b>
<b>Result before tax</b>	<b>33.5</b>	<b>49.8</b>	<b>56.9</b>	<b>174.4</b>
Tax	0.8	-0.5	12.7	-0.5
<b>Result after tax</b>	<b>34.3</b>	<b>49.4</b>	<b>69.5</b>	<b>173.9</b>
<b>Other comprehensive income</b>				
Items that have been/can be transferred to result for the period				
Translation differences	119.3	-6.3	166.7	116.9
Exchange differences transferred to income statement	0.0	0.0	-10.6	0.0
Available-for-sale financial assets	0.0	0.0	0.0	3.2
Cash flow hedges, interest-related	21.7	0.0	19.3	0.0
Tax attributable to items that have been/can be transferred to result for the period	0.0	0.0	0.0	0.0
<b>Comprehensive income for the period</b>	<b>175.3</b>	<b>43.1</b>	<b>244.9</b>	<b>294.0</b>
<b>Per-share data, SEK</b>				
Number of shares	47,729,798	47,729,798	47,729,798	47,729,798
Result per share, before/after dilution	0.72	1.03	1.46	3.64
Equity per share, SEK	43.78	39.15	43.78	39.15

1) Accounting policies: see page 14.

## GROUP

# Condensed balance sheet

SEK millions	31 Dec 2016	31 Dec 2015
Closing exchange rate SEK/USD	9.11	8.35
<b>Assets</b>		
Ships and equipment	3,165.5	3,809.0
Ships under construction	0.0	0.0
Financial assets	20.5	0.5
<b>Total non-current assets</b>	<b>3,198.8</b>	<b>3,809.5</b>
Current receivables	276.7	271.4
Short-term investments	273.3	0.0
Cash and bank balances	406.2	273.6
<b>Total current assets</b>	<b>956.2</b>	<b>544.9</b>
<b>Total assets</b>	<b>4,142.2</b>	<b>4,354.5</b>
<b>Equity and liabilities</b>		
Equity	2,089.8	1,868.7
Non-current liabilities	1,699.7	2,129.0
Current liabilities	352.7	356.8
<b>Total equity and liabilities</b>	<b>4,142.2</b>	<b>4,354.5</b>

Shares in subsidiaries have been pledged as collateral for the Company's liabilities.

## Changes in equity

SEK millions	Share capital	Other paid-in capital	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total
<b>Changes Jan–Dec 2016</b>							
Opening balance 01.01.2016	381.1	61.9	406.2	0.0	0.0	1,018.8	1,868.7
Comprehensive income for the period	0.0	0.0	156.1	19.3	0.0	69.5	244.9
Dividend	0.0	0.0	0.0	0.0	0.0	–23.9	–23.9
<b>Closing balance 31.12.2016</b>	<b>381.1</b>	<b>61.9</b>	<b>562.3</b>	<b>19.3</b>	<b>0.0</b>	<b>1,064.4</b>	<b>2,089.8</b>
<b>Changes Jan–Dec 2015</b>							
Opening balance 01.01.2015	381.1	61.9	289.3	–3.2	0.0	844.9	1,574.7
Comprehensive income for the period	0.0	0.0	116.9	3.2	0.0	173.9	294.0
<b>Closing balance 31.12.2015</b>	<b>381.1</b>	<b>61.9</b>	<b>406.2</b>	<b>0.0</b>	<b>0.0</b>	<b>1,018.8</b>	<b>1,868.7</b>

## GROUP

# Condensed cash flow statement

SEK millions	Quarter 4 2016	Quarter 4 2015	Full year 2016	Full year 2015
<b>Operating activities</b>				
Result before tax	33.5	49.8	56.9	174.3
Adjustments:				
Depreciation	61.0	59.6	237.2	214.2
Result from sale of ships	-54.8	0.0	-54.8	0.0
Other items	8.3	-11.2	-12.2	3.7
<b>Cash flow from operating activities before changes in working capital</b>	<b>48.0</b>	<b>98.2</b>	<b>227.0</b>	<b>392.2</b>
Changes in working capital	-68.0	-18.3	17.7	-14.8
<b>Cash flow from operating activities</b>	<b>-20.0</b>	<b>80.0</b>	<b>244.7</b>	<b>377.5</b>
<b>Investing activities</b>				
Sale of non-current assets	826.2	0.0	826.2	0.0
Investment in non-current assets	-10.5	-193.2	-89.5	-459.3
Sale of financial assets	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>815.7</b>	<b>-193.2</b>	<b>736.7</b>	<b>-459.3</b>
<b>Financing activities</b>				
New loans	29.7	219.8	29.7	438.6
Amortisation of loans	-509.8	-118.1	-647.6	-227.5
Dividend to shareholders	0.0	0.0	-23.9	0.0
Other financing	-256.8	0.0	-256.8	0.0
<b>Cash flow from financing activities</b>	<b>-736.9</b>	<b>101.7</b>	<b>-898.6</b>	<b>211.2</b>
Cash flow for the period	58.7	-11.6	82.8	129.3
Balance at beginning of period (Note 1)	305.3	268.6	273.6	136.6
Exchange differences (Note 2)	42.3	16.6	50.0	7.7
<b>Balance at end of period (Note 1)</b>	<b>406.3</b>	<b>273.6</b>	<b>406.3</b>	<b>273.6</b>
Note 1. Balance consists of cash, bank balances and credit facility				
Note 2. Exchange differences attributable to:				
Cash and cash equivalents at beginning of year	17.0	8.4	24.1	8.4
Cash flow for the period	25.3	8.2	25.9	-0.7
	<b>42.3</b>	<b>16.6</b>	<b>50.0</b>	<b>7.7</b>



## PARENT COMPANY

# Condensed income statement

SEK millions	Full year 2016	Full year 2015
Net sales	5.7	24.8
Other external expenses	-14.2	-15.4
Personnel expenses	-15.5	-16.0
<b>Operating result</b>	<b>-24.0</b>	<b>-6.5</b>
Result from subsidiaries	55.4	86.4
Other interest and similar income	55.1	25.9
Interest and similar expense	-47.4	-36.0
<b>Result before tax</b>	<b>39.0</b>	<b>69.8</b>
Tax	-40.0	5.6
<b>Result after tax</b>	<b>-1.0</b>	<b>75.4</b>

# Condensed balance sheet

SEK millions	31 Dec 2016	31 Dec 2015
<b>Assets</b>		
Ships and equipment	0.0	0.0
Financial assets	0.0	40.0
Investments in Group companies	745.8	745.8
<b>Total non-current assets</b>	<b>745.8</b>	<b>785.8</b>
Current receivables	25.6	30.5
Receivables from Group companies	1,525.9	1,483.4
Cash and bank balances	44.2	4.9
<b>Total current assets</b>	<b>1,595.7</b>	<b>1,518.8</b>
<b>Total assets</b>	<b>2,341.5</b>	<b>2,304.6</b>
<b>Equity and liabilities</b>		
Equity	584.5	612.1
Non-current liabilities	1,521.9	1,477.6
Current liabilities	235.2	215.0
<b>Total equity and liabilities</b>	<b>2,341.5</b>	<b>2,304.6</b>
Pledged assets <sup>1)</sup>	715.8	715.8
Contingent liabilities	0	0

1) Shares in subsidiaries have been pledged as collateral for the Company's liabilities.

# Risks and risk management

As with all commercial enterprises, Concordia Maritime's activities are associated with certain risks, the occurrence of which may have a material adverse effect on the Company's business, earnings, financial position and future prospects or result in a fall in value for the Company's shares, meaning that investors could lose all or part of their invested capital. The risks below are not presented in order of importance and are not the only risks and uncertainties the Company faces. Additional risks and uncertainties of which the Company is currently unaware or does not consider significant may also develop into factors that may have a material adverse effect on the Company's business, earnings, financial position or future prospects. The description does not claim to be complete or exact, as risks and their extent vary over time.

The overall risk areas are corporate risks, market-related risks, operational risks and financial risks.

- *Corporate risks* refer mainly to overall risks related to the actual management and operation of the Company. These include risks associated with trademarks, employees, liquidity and funding.
- *Market-related risks* are primarily risks associated with changes in the external environment and market. The Board and management have only have a limited opportunity to control these risks in the short term, but must still deal with them in the longer-term planning of the business. These include risks associated with the economy, freight rates, oil price movements and political risks.
- *Operational risks* are risks related to the management of the operational side of the business. These include risks associated with insurance issues, the environment and ship operation.
- The main *credit* and *financial risks* are counterparty risks relating to customers, shipyards and other subcontractors and cooperation partners.

More information about risks and risk management can be found in Concordia Maritime's 2015 annual report, which is available at [www.concordiamaritime.com](http://www.concordiamaritime.com).

## Definitions

### Financial net

#### EBITDA<sup>1)</sup>

Performance measure which indicates operating result before interest, taxes, depreciation and amortisation.

#### Cash flow from operating activities<sup>1)</sup>

Result after financial net plus depreciation minus tax paid (cash flow before change in working capital and investments and before effect of ship sales).

#### Return on equity<sup>1)</sup>

Result after tax as an average of the last twelve months expressed as a percentage of average equity on a 12-month rolling basis.

#### Return on capital employed<sup>1)</sup>

Result after financial net plus finance costs as an average of the last twelve months expressed as a percentage of average capital employed on a 12-month rolling basis. Capital employed refers to total assets minus non-interest-bearing liabilities, including deferred tax liability.

#### Return on total capital<sup>1)</sup>

Result after financial net plus finance costs as an average of the last twelve months expressed as a percentage of average total assets on a 12-month rolling basis.

#### Equity ratio<sup>1)</sup>

Equity as a percentage of total assets.

### Shipping

#### CO<sub>2</sub>

Carbon dioxide.

#### CVC

Consecutive Voyage Charter. Contract involving full employment to a contracted customer. Payment (freight) is based on the spot market.

#### High potential near miss

Incident that could have resulted in a serious accident.

#### Lost Time Injury (LTI)

An accident that results in an individual being unable to carry out his or her duties or return to work on a scheduled shift on the day after the injury, unless this is due to delays getting medical treatment ashore. Also includes fatalities.

#### Lost Time Injury Frequency (LTIF)

Safety performance measure which is the number of LTIs per million exposure hours in man-hours (LTIF = LTIs x 1,000,000/exposure hours).

#### Medical treatment case (MTC)

Work-related injury requiring treatment by a doctor, dentist, surgeon or qualified health professional. MTC does not include LTI, RWC, hospitalisation for observation or a consultative examination by a doctor.

#### NO<sub>x</sub> Nitric oxide.

#### Restricted work case (RWC)

An injury that results in an individual being unable to carry out normal duties during a scheduled work shift or being temporarily or permanently assigned other duties on the day after the injury.

#### Material damage

An event that results in damage to the vessel, and/or vessel equipment costing more than USD 2,000 to repair (excludes system/equipment failure).

#### SO<sub>x</sub> Sulphur oxide.

#### Spot charter (open market)

Hiring of vessels on a voyage-by-voyage basis.

#### Time charter

Hiring of vessels for a specified period at a fixed rate.

1) Alternative performance measures.

# Accounting policies

This interim financial report in summary for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and relevant provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with chapter 9 of the Swedish Annual Accounts Act. For the Group and Parent Company, the same accounting policies have been applied as in the most recent annual report. From 1 January 2016, it has been decided to report spot charter income and costs on a gross basis under 'Spot charter income' and 'Operating costs, ships' in the consolidated income statement. These were previously netted under 'Spot charter income' and the change is being made in order to clearly reflect the individual components of the spot charter result. The Group's income and operating expenses are affected, but the change will not have any net effect on the Group's operating profit. The change has not had any effect on the Parent Company's income statement. All comparative periods have been restated to reflect the change. No new or revised IFRS recommendations or IFRIC interpretations have had any material effect on the Group's or Parent Company's financial position, results or disclosures.

The Group's derivative instruments have been acquired to hedge the risk of interest rate exposure to which the Group is exposed. Derivatives are initially recognised at fair value, with transaction

costs recognised in the income statement. Subsequent to initial recognition, derivative instruments are measured at fair value, and fair value changes are recognised as follows. To meet the requirements for hedge accounting under IAS 39, there must be a clear link to the hedged item. In addition, the hedge must effectively protect the hedged item, hedging documentation must be prepared and the effectiveness must be measurable. Gains and losses attributable to hedges are recognised in profit or loss at the same time as gains or losses attributable to the hedged items. To hedge the uncertainty associated with highly probable forecast interest flows relating to borrowing at variable interest rates, interest rate swaps are used, with the Company receiving a variable interest rate and paying a fixed interest rate. The interest rate swaps are measured at fair value in the statement of financial position. The interest coupon portion is recognised in the income statement under interest expenses. Unrealised changes in the fair value of interest rate swaps are recognised in OCI and included as part of the hedging reserve until the hedged item affects profit or loss and for as long as the criteria for hedge accounting and effectiveness are met. Gains or losses relating to the ineffective portion of unrealised changes in the fair value of interest rate swaps are recognised in profit or loss.

The Concordia Maritime Group applies International Financial Reporting Standards (IFRS) as adopted by the EU. The Group prepares its interim reports in accordance with the accounting policies and calculation methods used in the 2015 annual report, unless otherwise indicated in this report.

The Group's interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act.

The report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act. The Board of Directors and CEO confirm that the interim report provides a true and fair overview of the operations, financial position and performance of the Parent Company and Group, and describes material risks and uncertainties faced by the Parent Company and Group companies. The report has not been reviewed by the Company's auditors.

Gothenburg, 31 January 2017

Carl-Johan Hagman  
*Chairman*

Stefan Bocker  
*Deputy Chairman*

Daniel Holmgren

Mats Jansson

Helena Levander

Mahmoud Sifaf

Alessandro Chiesi

Michael G:son Löw

Morten Chr. Mo

Dan Sten Olsson

Kim Ullman  
*CEO*



# Quarterly overview

SEK millions	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
<b>Profit/loss items</b>								
Total income <sup>1)</sup>	278.5	215.3	280.8	263.6	274.2	286.9	285.6	255.5
Operating costs excluding impairment <sup>1)</sup>	-231.0	-225.1	-280.2	-219.2	-216.6	-226.2	-232.5	-216.5
Operating result (EBIT)	47.5	-9.8	0.7	44.4	57.6	60.7	52.3	39.0
of which result from sale of investments in jointly-controlled entities (vessels)	—	—	—	—	—	—	—	—
Financial net	-14.0	-12.6	11.7	-11.0	-7.8	-8.3	-8.3	-10.9
Result after financial net	33.5	-22.4	12.4	33.4	49.8	52.4	44.0	28.1
Result after tax	34.3	-10.6	12.4	33.4	49.4	52.4	44.0	28.1
Cash flow from operating activities	-20.0	37.5	96.7	130.7	80.0	145.9	55.2	87.0
EBITDA	108.4	50.8	57.2	103.4	117.3	114.0	105.2	87.3
<b>Balance-sheet items</b>								
Ships (number)	3,165.5 (11)	3,810.4 (13)	3,810.6 (13)	3,681.9 (13)	3,809.0 (13)	3,559.6 (12)	3,527.9 (12)	3,415.1 (11)
Ships under construction (number)	0	0	0	0	0	133.1 (1)	124.2 (1)	243.4 (2)
Liquid funds incl. investments	679.5	305.3	291.1	359.4	273.5	268.6	137.1	201.4
Other assets	276.7	223.2	242.1	267.2	271.4	286.5	315	267.5
Interest-bearing liabilities	1,946.5	2,310.5	2,292.9	2,321.5	2,387.2	2,298.1	2,260.8	2,250.7
Other liabilities and provisions	105.9	114.0	150.2	124.8	102.2	123.3	109.3	109.2
Equity	2,089.8	1,914.5	1,900.9	1,862.2	1,868.7	1,826.5	1,734.5	1,767.6
Total assets	4,142.2	4,339.0	4,344.0	4,308.5	4,354.5	4,248.0	4,105.3	4,127.5
<b>Key ratios, %</b>								
Equity ratio	50	44	44	43	43	43	42	43
Return on total capital	2	2	4	5	5	4	2	2
Return on capital employed	2	2	4	5	5	3	2	2
Return on equity	4	5	8	10	10	6	2	2
Operating margin	17	-5	0	17	21	21	18	15
<b>Share data</b>								
Total income <sup>1)</sup>	5.83	4.51	5.88	5.52	5.74	6.01	5.97	5.35
Operating costs excluding impairment	-4.84	-4.72	-5.87	-4.59	-4.54	-4.74	-4.87	-4.54
Operating result before impairment	0.99	-0.21	0.01	0.93	1.21	1.27	1.10	0.82
Financial net	-0.29	-0.26	0.25	-0.23	-0.14	-0.18	-0.17	-0.23
Result after tax	0.72	-0.22	0.26	0.70	1.03	1.10	0.92	0.59
Cash flow from operating activities	-0.42	0.79	2.03	2.74	1.68	3.06	1.16	1.82
EBITDA	2.27	1.06	1.2	2.17	2.46	2.26	2.08	1.72
Equity	43.78	40.11	39.83	39.02	39.15	38.27	36.34	37.03

Please note that there has been no dilution effect since 2002.  
Definitions: see page 13.

1) Accounting policies: see page 14.

## Contact



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## Calendar

AGM and Q1 Interim Report 25 April 2017  
Q2 Interim Report 15 August 2017  
Q3 Interim Report 9 November 2017

**Distribution** For environmental reasons, we only publish our interim reports digitally. Concordia Maritime's interim reports and additional financial information about the Company can be read or downloaded from [concordiamaritime.com](http://concordiamaritime.com)

The information in this report is information that Concordia Maritime is required to disclose in accordance with the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was made public on 31 January 2017, at approx. 1.30 p.m.

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## Fleet at 31 December 2016

Vessel name	Employment	Partner
<b>PRODUCT TANKERS</b>		
<b>P-MAX</b>		
<i>Stena Premium</i>	Spot (light)	Stena Weco
<i>Stena Polaris</i>	CVC to Apr 2017 (light)	Stena Weco
<i>Stena Performance</i>	Time charter to Jan 2017 (light)	Stena Weco
<i>Stena Provence</i>	CVC <sup>1)</sup> (light)	Stena Weco
<i>Stena Progress</i>	Time charter to May 2019 (light)	Stena Weco
<i>Stena Paris</i>	CVC <sup>1)</sup> (light)	Stena Weco
<i>Stena Primorsk</i>	Time charter to Mar 2018 (heavy)	Stena Bulk
<i>Stena Penguin</i>	Spot (heavy)	Stena Bulk
<i>Stena Perros</i>	Spot (heavy)	Stena Bulk
<i>Stena President</i>	Spot (heavy)	Stena Bulk
<b>IMOIMAX</b>		
<i>Stena Image</i>	Spot (light)	Stena Weco
<i>Stena Important</i>	Spot (light)	Stena Weco
<b>MR ECO</b>		
Unnamed vessel <sup>2)</sup>	Spot (light)	Stena Weco
<b>CRUDE OIL TANKERS</b>		
<b>Suezmax</b>		
<i>Stena Supreme</i>	Spot	Stena Sonangol Suezmax Pool

Light=light petroleum products Heavy=heavy petroleum products

1) Consecutive Voyage Charter

2) 50% charter November 2015–November 2017 (with an option for a further 1–6 months).

**CONCORDIA**  
**MARITIME**