



YEAR-END REPORT, 1 JANUARY–31 DECEMBER 2018

The market turned during Q4

Q4 18

- **Total income**
Q4: SEK 367.8 (193.8) million
12 months: SEK 1,052.9 (827.5) million
- **EBITDA**
Q4: SEK 77.1 (10.1) million
12 months: SEK 56.8 (51.3) million
- **Result before tax**
Q4: SEK -19.4 (-42.0) million
12 months: SEK -181.9 (-660.2) million
- **Result per share after tax**
Q4: SEK -0.41 (-0.88)
12 months: SEK -3.81 (-13.83)

Events in the fourth quarter

- Sale of shares in chartered-in Suezmax vessels
- Another quarter without any lost time injuries (LTI). This means that the Company has had five consecutive years without any lost time injuries.
- The Board proposes to the AGM a dividend of SEK 0 (0) per share.

Key ratios

	Q4 (Oct-Dec)		Full year	
	2018	2017	2018	2017
Total income, SEK million	367.8	193.8	1,052.9	827.5
EBITDA, SEK million	77.1	10.1	56.8	51.3
EBITDA, USD million	8.9	1.2	6.5	6.0
Operating result, SEK million	28.2	-32.9	-130.1	-624.6
Result after financial net, SEK million	-19.4	-42.0	-181.9	-186.5
Result before tax, SEK million	-19.4	-42.0	-181.9	-660.2
Result after tax, SEK million	-19.5	-42.0	-182.1	-660.2
Equity ratio, %	38	41	38	41
Return on equity, %	-15.6	-41.7	-15.6	-41.7
Available liquid funds, including unutilised credit facilities, SEK million	160.1	335.5	160.1	335.5
Result per share after tax, SEK	-0.41	-0.88	-3.81	-13.83
Equity per share, SEK	22.24	25.60	22.24	25.60
Lost-time injuries	0	0	0	0

Accounting policies, see page 18. Definitions: see page 16.



CEO'S OVERVIEW

Stronger markets

After three record-weak quarters, the market took an upward turn towards the end of the year. The development was largely due to increased transport demand as a result of OPEC, the United States and Russia gradually increasing oil production. In addition, increased phasing-out of older vessels also contributed to a generally better balance between supply and demand.

Just as expected, 2018 was a weak year – both for the market and for Concordia Maritime. For the full year 2018, result before tax excluding impairment was SEK –181.9 (–186.5) million and EBITDA amounted to SEK 56.8 (51.3) million, corresponding to USD 6.5 (6.0) million. Result before tax for the fourth quarter amounted to SEK –19.4 (–42.0) million. EBITDA was SEK 77.1 (10.1) million, corresponding to USD 8.9 (1.2) million. Delay effects due to previously signed charter contracts meant that, for our part, the market development in Q4 was not noticed until the end of the quarter.

Looking at the tanker market as a whole, 2018 began in a minor key and ended in a major. The first three quarters of the year were greatly affected by OPEC's reduced production and the stock withdrawals in consuming countries that have been taking place since summer 2016. Overall, this resulted in reduced transport demand, which, in combination with extensive ship deliveries, led to low freight rates.

Since October, there has been a sharp rise in virtually all segments, with freight rates at levels we have not seen in several years. The upturn was mainly due to OPEC, the United States and Russia having gradually increased oil production since July.

Overall, we now have the market situation that we have long predicted. It should be pointed out that the market is still volatile, with relatively strong upward and downward fluctuations, but at a higher level than before.

Active work on the fleet

For our own part, the focus during the last year has been on having good cost control and continuing to adapt and position the fleet according to the current market conditions. We have continued to seek niche trades for our P-MAX vessels, where their unique properties are particularly beneficial. This strategy contributed to the prod-

uct tanker fleet's earnings for the year being significantly higher than the market average in the MR segment. In the Suezmax segment, we chose to participate in the chartering-in of four vessels at the beginning of the year. We sold the shares in the charters to Stena Bulk at the end of the year, thereby realising the increase in value that arose from an increasingly stronger market.

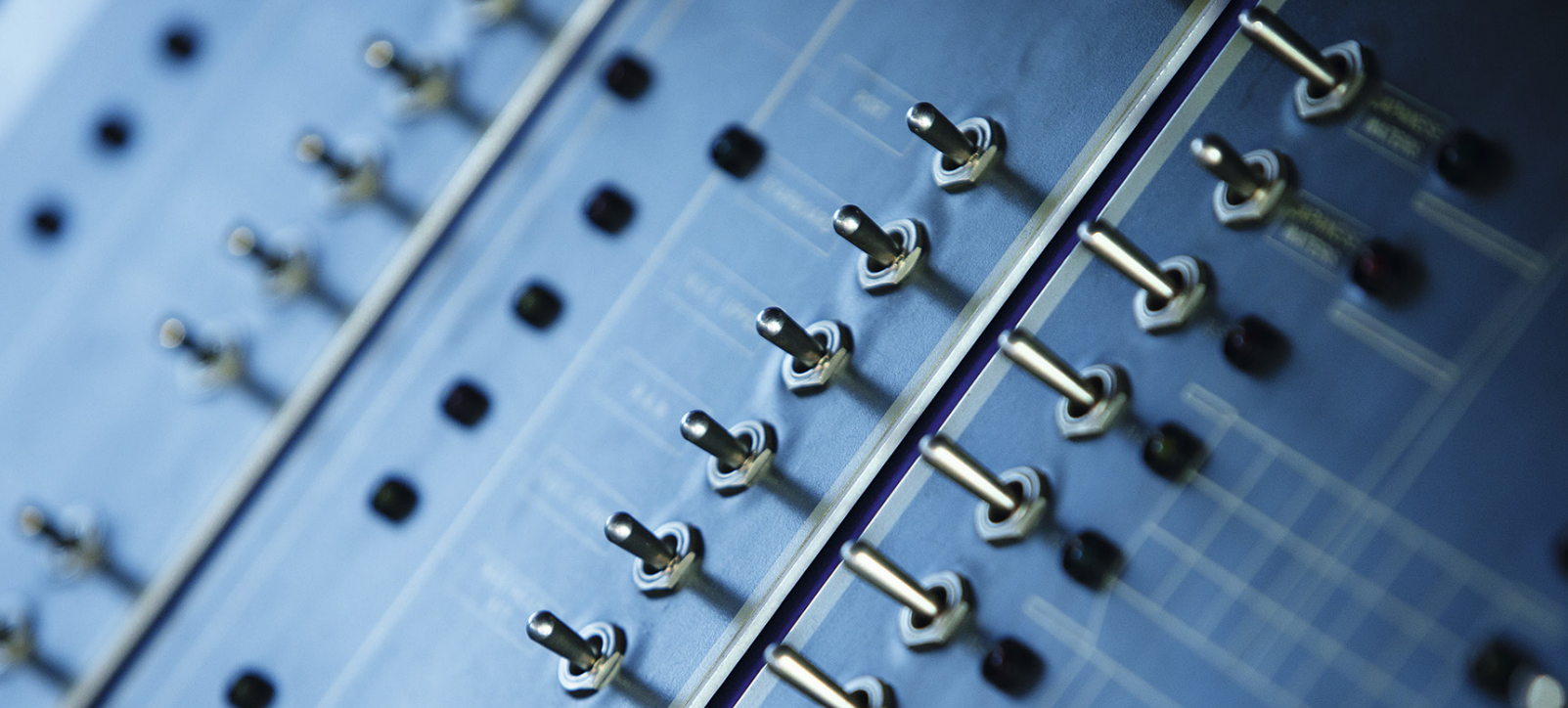
No serious incidents or accidents

Operationally, we continued to have an efficient and well-functioning operation. It is particularly pleasing to note that 2018 was another year in which there were no serious incidents or accidents on any of our vessels. This is now the fifth consecutive year that we have not had any accidents with lost workdays as a result.

Market outlook 2019

2019 has started considerably stronger than the previous year. Now, at the end of January, the rates have gone down, albeit from high levels. The decline in rates is due to the decision of OPEC and its allies to cut output by a total of about 1.2 million barrels of oil per day. The reduction is partly offset by increased US exports, but with refinery maintenance and newbuilding deliveries, it means that we expect lower levels in the first half of 2019 than during the December peak, but generally higher levels than in 2018. In the second half of the year, we expect the market to strengthen as a result of a renewed increase in production and moderate ship deliveries. Through our exposure to the spot market, we are well positioned to take advantage of the positive trend in the market. The year that has ended was challenging. We now look forward to tackling an exciting 2019.

Kim Ullman, CEO



Business activities

Spot market earnings for the product tanker fleet in the fourth quarter of 2018 were USD 13,700 (12,300) per day, which was higher than average earnings per day for the market¹⁾, USD 11,000 (10,300) million. Earnings for the suezmax fleet in the quarter were USD 25,800 (18,300) per day, compared with the average earnings for the market¹⁾ of USD 36,800 (17,400) per day.

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, three of the vessels were employed on time charter contracts. The other seven vessels were employed in the spot market under agreements with Stena Bulk. The two long-term chartered IMOIMAX vessels *Stena Image* and *Stena Important* also continued to be employed under the cooperation with Stena Bulk.

Earnings

Average earnings for the entire product tanker fleet, spot and TC, during the fourth quarter were USD 13,900 (13,200) per day. For vessels employed on the spot market, average earnings for the quarter were USD 13,700 (12,300). For the full year, average earnings for the entire product tanker fleet, spot and TC, were USD 12,900 (13,700) per day. For vessels employed on the spot market, average earnings for the year were USD 12,100 (12,700).

Suezmax fleet

During the period, the suezmax fleet consisted of the suezmax tanker *Stena Supreme* (158,000 dwt), which is chartered in on a long-term bareboat contract, and another four vessels chartered in on short-term contracts. All the vessels were 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 earnings. The short-time charters were conducted jointly with Stena Bulk, and Concordia Maritime's share amounted to 50 percent.

During the quarter, Concordia Maritime signed an agreement with Stena Bulk to sell the positions in the chartered-in Suezmax vessels.

Earnings

Average earnings for the suezmax fleet were USD 25,800 (18,300) per day for the quarter and USD 18,500 (18,200) per day for the full year.

Repairs and drydock

There were no repairs or scheduled drydocking during the quarter.

Current status of contracted freights Q1 2019, 25 January

	Average earnings (\$/day)	Share of chartered days (%)
Product tankers, spot	18,500	44
Suezmax, spot	30,400	45

The contracted average earnings are based on initial projections, which may change considerably during the course of an individual voyage. This means that the final accounting result may differ materially from the average earnings stated above.

Earnings, spot¹⁾

USD per day	No. of ships	Average earnings, Concordia Maritime				Average earnings, market ^{2,3)}			
		Q4 2018	Q4 2017	Full year 2018	Full year 2017	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Product tankers	12.0	13,700	12,300	12,100	12,700	11,000	10,300	8,800	10,300
Suezmax	3	25,800	18,300	18,500	18,200	36,800	17,400	16,300	15,800

1) From 1 January 2018, spot earnings are presented net of commercial management commission. This generates earnings that are USD 300–600 higher than when commercial management commission is included. Comparative figures have been recalculated according to the new presentation principle.

2) Clarksons w.w. average MR Clean Earnings

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

Concordia Maritime's spot market product and chemical tanker fleet achieved higher earnings per day than the Clarksons theoretical index in the fourth quarter of 2018. Niche trades for the P-MAX vessels and a good performance from the Stena Bulk pool, given the weak market, are among the main drivers.

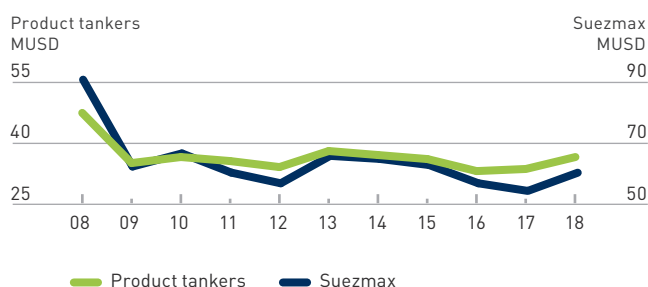
Delay effects due to previously signed charter contracts mean that the market earnings during Q4 cannot match the theoretical market index for the Suezmax segment.

EBITDA per quarter

USD millions	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Product tankers, time charter	4.1	4.5	5.8	7.6	4.8	3.3	3.6	4.0
Product tankers, spot, owned and leased tonnage	-0.5	-4.1	-4.5	-4.4	-1.8	-0.5	0.0	0.7
Product tankers, spot, short-term chartered tonnage	-0.6	-1.1	-0.4	-0.1	-0.2	-0.3	-0.2	-0.2
Sale of ships	—	—	—	—	—	—	—	—
Product tankers, total	3.0	-0.7	0.9	3.0	2.8	2.5	3.4	4.5
Suezmax, spot, owned and leased tonnage	-0.1	-1.1	-1.2	-1.3	-0.7	-1.3	-1.4	-0.4
Suezmax, spot, short-term chartered tonnage	6.7 ¹⁾	0.2	-0.0	—	—	—	—	—
Sale of ships	—	—	—	—	—	—	—	—
Suezmax, total	6.6	-0.9	-1.2	-1.3	-0.7	-1.3	-1.4	-0.4
Admin. and other	-0.7	-0.5	-0.8	-0.8	-0.9	-0.8	-0.9	-0.8
Total	8.9	-2.1	-1.1	0.9	1.2	0.4	1.1	3.3

1) The figure includes the sales amount for shares in the period charters of Suezmax vessels.

Newbuilding prices

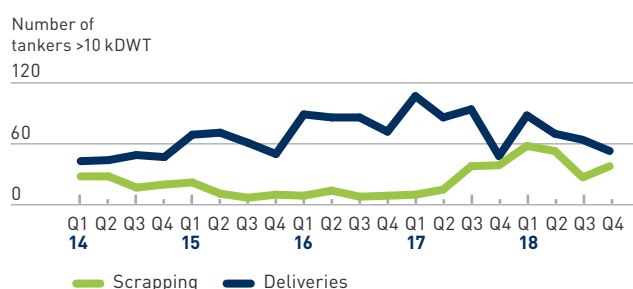


At the end of the quarter, the price of a standard product tanker was about USD 36.5 million. The price of an IMOII class MR tanker like our IMOIIIMAX vessels was about USD 39.5 million. This is the same price as when we placed our order with the shipyard in 2012. The price of a standard suezmax tanker at the end of the quarter was about USD 60.5 million.

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

Source: Clarkson

Scrapping and deliveries



In Q4, scrapping increased a little compared with previous quarters. At the same time, the previously weak market has contributed to a slight decline in the number of deliveries.

Source: Clarkson



Financial summary

Result

Result after tax for the quarter was SEK –19.5 (–42.0) million. The significantly stronger tanker market at the end of the quarter meant higher earnings for the vessels on the spot market, which, in combination with the sale of shares in period charters of Suezmax vessels, generated a positive EBITDA during the quarter. During the quarter, an item of SEK 26.0 million was reported in financial net as a result of a negative revaluation of the Company's bunker spread positions (a consequence of the oil price's sharp decline towards the end of the quarter). Costs for operation and administration were at the same level as in the same period the previous year.

Result before tax for the full year was SEK –182.1 (–660.2) million. A weak tanker market meant weak EBITDA earnings. Costs for operation and administration were at the same level as in the previous year. Financial net for the year was improved by the sale of bunker positions in the third quarter. The value of the Company's bunker spread positions varied from quarter to quarter during the year, which affected financial net. However, the annual effect of this is marginal.

Equity

Equity per share was SEK 22.24 (25.60).

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 second and third quarters of 2018, an equity hedge was carried out through the forward sale of USD 23 million with a maturity of 24 months. At the end of the fourth quarter, this hedging was valued at SEK 0.3 million and was recognised in the hedging reserve through OCI.

The closing amount in the hedging reserve at the end of the quarter was SEK –59.6 (11.7) million as a result of the changed market value of the bunker positions that are subject to hedge accounting. The clos-

ing balance for the translation differences, which are recognised in equity, amounted to SEK 481.9 (386.1) million at the reporting date. The changes are recognised in equity through OCI.

Investments and deposits

Investments in property, plant and equipment during the quarter amounted to SEK 1.8 (19.4) million. Investments for the full year 2018 amounted to SEK 2.9 (78.0) million. The investments during the year were mainly related to scheduled periodic drydocking.

The Company's net investments in financial assets during the quarter amounted to SEK –85.3 (19.4) million and were related to trading in bonds. These are classified as short-term deposits in the Company's balance sheet. Net investments in financial assets for the full year amounted to SEK –102.5 (–39.8) million and were mainly related to bond purchases. These are classified as short-term deposits in the Company's balance sheet.

Significant events in 2018

- Four MR (ECO) vessels chartered in (50% share)
- Four Suezmax vessels chartered in (50% share)
- Extended charters for the P-MAX tankers *Stena Provence* and *Stena Paris*.
- Sale of shares in Suezmax vessels on period charters
- Another year without any lost time injuries.

The Company has entered into a bunker hedge, which at the end of the quarter covered a total of 70,000 mt at an average price of USD 634.50 per mt, effective November 2019–June 2021. Hedge accounting is applied for the position, and the fair value is recognised in other comprehensive income. A fair value change of SEK –68.2 million for this position was reported in OCI during the quarter.

The Company also has positions of a more speculative nature for the price differential between bunker grades HSFO and MGO for the full year 2020 and the first six months of 2021. The total volume is 54,000 mt, with an average spread of USD 282. Changes in the market value of the positions are recognised in the income statement, and are SEK –26.0 (0.0) million for the quarter. These are classified as current receivables in the Company's balance sheet.

The Company has FFA positions of a more speculative nature in the price developments for freight route TD20 for the first quarter of 2019. The total volume is 30,000 mt. Changes in the market value of the positions are recognised in the income statement, and amount to SEK 0.4 (0.0) million for the quarter. These are classified as a current requirement in the Company's balance sheet.

Valuation of the fleet

The Group's standard process is to conduct six-monthly assessments of the fleet 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). At the end of December 2018, the fleet's carrying amount did not exceed its recoverable amount, which meant that there was no impairment loss recognised.

Seasonal variations

Three vessels from the sailing fleet of 23 (10 owned, 3 on bareboat contracts and 10 on 50% time charters) were out on time charters at the end of the quarter. Earnings for the vessels that are not signed out to time charters are related to the freight level on the open market. This 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 31/12/2018 was 6 (6). The Group employed 488 (473) temporary seagoing employees through Stena Sphere's manning company.

Parent Company

The Parent Company's sales for the quarter amounted to SEK 124.4 (15.0) million, with intragroup invoicing representing SEK 0.7 (0.0) million of this amount. The Parent Company's sales for the full year 2018 totalled SEK 224.6 (44.8) million. Result before tax for 2018 was SEK –83.2 (6.7) million. The Parent Company's available liquid funds at the end of the quarter amounted to SEK 1,036.0 (1,222.2) million, which includes receivables from Group companies in the cash pool and unutilised credit facilities.

Events after the reporting date

There are no significant events to report after the end of the reporting date.

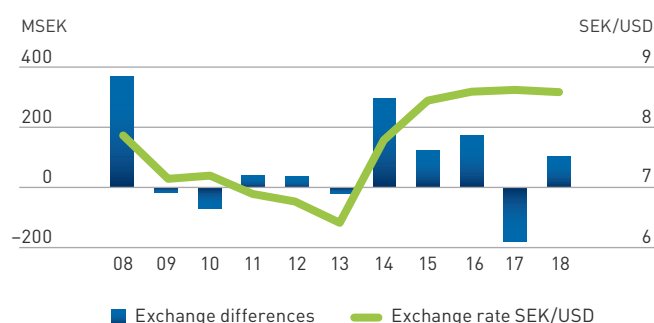
The Group's total income and earnings

SEK millions	Quarter 4		Full year	
	2018	2017	2018	2017
Total income ¹⁾	367.8	193.8	1,052.9	827.5
Operating result	28.2	–32.9	–130.1	–624.6
Result after financial items	–19.4	–42.0	–181.9	–660.2
Result per share after tax, SEK	–0.41	–0.88	–3.81	–13.83

Liquidity and financial position

SEK millions	31 Dec 2018	31 Dec 2017
Available liquid funds ²⁾	160.1	335.5
Interest-bearing liabilities	1,539.1	1,635.6
Equity	1,061.5	1,221.9
Equity ratio, %	38	41

Translation difference³⁾



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

1) Accounting policies, see page 18.

2) Including unutilised available credit facilities but not short-term investments in corporate bonds and equities.

3) Reported in OCI.



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.

No Concordia Maritime vessel was involved in any incident that resulted in discharges of bunker oil or cargo during the quarter. This was another quarter in which there were no workplace accidents on vessels resulting in an individual employee being unable to return to a work shift on the day after the accident. There was one medical treatment case during the quarter (*Stena Primorsk*: a crew member suffered a cut finger) and no restricted work cases.

There was one incident that included material damage during the quarter (*Stena Primorsk*: mooring ropes broke).

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

External controls

Nine vetting inspections were conducted during the quarter. There were 29 observations during these inspections, resulting in an average of 3.2 observations per inspection. One inspection during the quarter

had more than 5 observations – *Stena Primorsk* generated 7 observations during an inspection in October. There were 35 vetting inspections during the full year, with 90 observations, resulting in an average of 2.6 observations per inspection.

No port state control resulted in the detention in port of any Concordia Maritime vessel during the quarter. No port state control resulted in the detention in port of any of the Company's vessels during the year.

Energy management

Efforts to reduce bunker consumption continued during the quarter. Bunker consumption in tonnes per day at sea for the quarter fell by 0.68 tonnes during the quarter, which means an annual outcome of a reduction in consumption of 0.23 tonnes, which is a little below this year's target. Reduced bunker consumption means lower emissions. See the table on page 8.

Targets and outcomes, sustainability

Safety first

	Q4 2018	Q4 2017	Full year 2018	Full year 2017	Target 2018
LTI	0	0	0	0	0
LTIF	0	0	0	0	0
Number of inspections with more than 5 observations (owned vessels)	1	0	2	0	0
Average number of vetting observations per inspection (entire fleet)	3.2	2.3	2.6	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	1	0	11	3	0
Medical treatment case	1	0	1	2	0
Restricted work case	0	0	0	0	0
High potential near miss	0	1	5	4	0
High risk observation	0	1	0	1	0

Environmental responsibility

	Q4 2018	Q4 2017	Full year 2018	Full year 2017	Target 2018
Oil spills, litres	0	0	0	0	0
Reduced fuel consumption, mt/day (owned vessels) ¹⁾	0.68	0.97	0.23	0.97	0.3
CO ₂ reduction, mt	1,544	1,884	2,028	8,220	2,800
SO _x reduction, mt	9.9	12	19.2	68	36
NO _x reduction, mt	47	57	60	234	80
Reduction in emissions of particulates, mt	0.6	0.7	0.8	3.0	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 15.

Framework and guidelines

In addition to internal regulations, Concordia Maritime follows a number of international frameworks and principles.

Global Compact

Concordia Maritime follows both the UN Global Compact Initiative and the Universal Declaration of Human Rights. The corporate members undertake to comply with ten principles on human rights, environment, labour and anti-corruption, and to respect them throughout the value chain.

MACN

In 2016, Concordia Maritime became a member of the Maritime Anti-Corruption Network (MACN), an international initiative created by maritime industry players to share experiences and promote best practice in combating all forms of corruption and bribery.

OECD guidelines

Concordia Maritime complies with the OECD guidelines for multinational enterprises. The guidelines deal with how these enterprises are to relate to human rights, environment and labour.

ILO's Fundamental Conventions

Concordia Maritime complies with the International Labour Organization's (ILO) eight fundamental conventions, which represent a minimum global standard for labour. The conventions address fundamental human rights at work.

World Ocean Council

Concordia Maritime is a member of the World Ocean Council, a global organisation consisting of shipping-related businesses that want to join together in taking responsibility for the world's ocean.

Corporate social responsibility

It is Concordia Maritime's aim to contribute to positive social development in various ways. The projects or initiatives that are supported must be clearly linked to Concordia Maritime's values and be related to shipping. They must contribute to a safer everyday life for each seagoing individual, support the progression towards more environmentally and socially sustainable shipping, or contribute to positive development of the local markets in which the Company operates.

During the quarter, Concordia Maritime increased its involvement in keeping the world's ocean clean by working with Håll Sverige Rent (Keep Sweden Tidy), where the focus is on educating the public about the importance of keeping the ocean clean, and by starting a collaboration with the Swedish Institute for the Marine Environment on mapping micro plastic in the world's ocean.



Next generation of officers

Since Concordia Maritime's scholarship program was launched in 2011, it has served as a springboard for maritime students in Bermuda. Scholarships are awarded annually to one or more applicants. In addition to the financial award, there is also an opportunity for supervision and mentoring.

Mercy Ships Cargo Day

Concordia Maritime is one of the participants supporting Mercy Ships Cargo Day. Mercy Ships provides surgery, dental care and other qualified medical care in places where the need is greatest. The activities are conducted on board the world's largest private hospital ship, Africa Mercy. mercyshipscargoday.org





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 opt for 0, 50 or 100 percent participation in each new transaction (with the exception of shorter transactions of less than 12 months).

Stena Bulk

Stena Bulk specialises in transportation of refined petroleum products and vegetable oils. Under an agreement with Stena Bulk, Concordia Maritime is entitled to the financial result arising from vessels chartered in by Stena Bulk for a period of more than one year, should Concordia Maritime decide to participate in such charters. Other business generated by Stena Bulk 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 commission on freight rates as follows: 1 percent for P-MAX, 1.25 percent for Suezmax and 2 percent for IMOIMAX.
- **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 (ship management)**
Payment is based on a fixed price per year and vessel, with an additional payment for manning of vessels.
- **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 newbuild 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.

Purchase of services from Stena Sphere

SEK MILLIONS	Quarter 4		Full year	
	2018	2017	2018	2017
Group	70.4	61.5	256.9	257.3
Parent	0.3	0.2	1.2	1.2

All related party transactions are conducted on commercial terms and at market-related prices.

GROUP

Income statement

SEK millions	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Consolidated income statement				
Average exchange rate SEK/USD	9.04	8.32	8.69	8.54
Time charter income, leasing of vessels	28.6	21.0	130.6	64.4
Time charter income, operational services	54.2	27.7	206.4	92.6
Spot charter income ¹⁾	234.5	145.1	665.4	670.5
Other income	50.5	0.0	50.5	0.0
Total income	367.8	193.8	1,052.9	827.5
Voyage-related operating costs	-88.2	-47.0	-293.4	-228.1
Operating costs, ships ¹⁾	-135.6	-71.9	-447.9	-290.9
Personnel costs, temporary seagoing	-51.7	-50.0	-202.7	-199.2
Personnel costs, land-based	-6.6	-6.6	-20.4	-21.2
Other external expenses	-8.6	-8.3	-31.7	-36.8
Depreciation/impairment	-48.9	-43.0	-186.9	-675.9
Total operating costs¹⁾	-339.6	-226.7	-1,183.0	-1,452.2
Operating result	28.2	-32.9	-130.1	-624.6
Interest and similar income	-27.1	8.7	30.9	37.3
Interest and similar expense	-20.4	-17.8	-82.7	-72.9
Financial net	-47.6	-9.1	-51.8	-35.6
Result before tax	-19.4	-42.0	-181.9	-660.2
Tax	-0.1	0.0	-0.2	0.0
Result after tax	-19.4	-42.0	-182.1	-660.2

1) Accounting policies, see page 18.

Other comprehensive income

SEK millions	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Items that have been/can be transferred to result for the period				
Translation differences	-4.5	6.0	95.8	-173.3
Exchange differences transferred to income statement	0.0	0.0	0.0	-2.8
Cash flow hedges, interest-related	0.0	0.0	0.0	-5.9
Changes in fair value of cash flow hedges for the period	-68.2	0.0	-68.2	0.0
Changes in fair value of cash flow hedges transferred to result for the period	-0.9	-0.8	-3.5	-1.7
Items that cannot be transferred to result for the year				
Changes in the fair value of equity instruments at fair value through OCI	-2.4	0.0	-2.4	0.0
Comprehensive income for the period	-95.4	-36.9	-160.4	-843.9

Per-share data, SEK

SEK millions	Q4 2018	Q4 2017	Full year 2018	Full year 2017
Per-share data, SEK				
Number of shares	47,729,798	47,729,798	47,729,798	47,729,798
Result per share, before/after dilution	-0.41	-0.88	-3.81	-13.83
Equity per share, SEK	22.24	25.60	22.24	25.60

GROUP

Condensed balance sheet

SEK millions	31 Dec 2018	31 Dec 2017
Closing exchange rate SEK/USD	8.85	8.18
Assets		
Ships and equipment	2,303.0	2,305.7
Financial assets	14.6	0.1
Total non-current assets	2,317.6	2,305.8
Current receivables	253.5	196.2
Short-term deposits	97.4	222.8
Cash and bank balances	126.4 ¹⁾	243.6
Total current assets	477.4	662.6
Total assets	2,795.0	2,968.5
Equity and liabilities		
Equity	1,061.5	1,221.9
Non-current liabilities	1,301.5	1,412.6
Current liabilities	432.0	334.0
Total equity and liabilities	2,795.0	2,968.5

1) Including restricted funds of SEK 64.9 million.

Changes in equity

SEK millions	Share capital	Other paid-in capital	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total
Changes Jan-Dec 2018							
Opening balance 01.01.2018	381.8	61.9	386.1	11.7	0.0	380.4	1,221.9
Comprehensive income for the period	0.0	0.0	95.8	-71.7	-2.4	-182.1	-160.4
Closing balance 31.12.2018	381.8	61.9	481.9	-60.0	-2.4	198.3	1,061.5
Changes Jan-Dec 2017							
Opening balance 01.01.2017	381.8	61.9	562.3	19.3	0.0	1,064.4	2,089.8
Comprehensive income for the period	0.0	0.0	-176.2	-7.6	0.0	-660.2	-844.0
Dividend	0.0	0.0	0.0	0.0	0.0	-23.9	-23.9
Closing balance 31.12.2017	381.8	61.9	386.1	11.7	0.0	380.4	1,221.9

GROUP

Condensed cash flow statement

SEK millions	Quarter 4 2018	Quarter 4 2017	Full year 2018	Full year 2017
Operating activities				
Result before tax	-19.4	-42.1	-181.9	-660.2
Adjustments:				
Depreciation	48.9	43.0	186.9	675.9
Other items	-69.6	-4.9	-93.8	-30.6
Cash flow from operating activities before changes in working capital	-40.0	-4.0	-88.9	-14.9
Changes in working capital	29.0	0.8	-27.4	61.1
Cash flow from operating activities	-11.0	-3.2	-116.3	46.2
Investing activities				
Sale of non-current assets	0.0	-2.7	1.9	307.4
Investment in non-current assets	-1.8	-19.4	-2.9	-78.0
Sale of financial assets	94.9	45.4	208.8	321.1
Investment in financial assets	-9.6	-64.8	-106.3	-281.3
Other financial items	-0.2	0.0	0.2	-0.6
Cash flow from investing activities	83.4	-41.6	101.3	268.5
Financing activities				
New loans	0.0	0.0	0.0	0.0
Amortisation of loans	-4.4	-68.9	-99.6	-408.8
Dividend to shareholders	0.0	0.0	0.0	-23.9
Other financing	-5.1	0.2	-19.5	-9.5
Cash flow from financing activities	-9.5	-68.7	-119.1	-442.2
Cash flow for the period	62.9	-113.6	-134.0	-127.6
Balance at beginning of period (Note 1)	63.5	350.7	243.6	406.3
Exchange differences (Note 2)	0.0	6.5	16.8	-35.1
Balance at end of period (Note 1)	126.4	243.6	126.4	243.6
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	-1.1	1.5	19.4	-40.5
Cash flow for the period	1.1	5.0	-2.5	5.4
	0.0	6.5	16.8	-35.1

PARENT COMPANY

Condensed income statement

SEK millions	Full year 2018	Full year 2017
Net sales	224.6	44.8
Operating costs, ships	-182.5	-52.4
Other external expenses	-10.9	-12.3
Personnel expenses	-14.8	-15.6
Operating result	16.4	-35.5
Result from subsidiaries	0.0	49.7
Other interest and similar income	33.3	57.1
Interest and similar expense	-132.9	-64.7
Result before tax	-83.2	6.7
Tax	0.0	0.0
Result after tax	-83.2	6.7

Condensed balance sheet

SEK millions	31 Dec 2018	31 Dec 2017
Assets		
Ships and equipment	0.0	0.0
Financial assets	0.5	0.0
Investments in Group companies	745.8	745.8
Total non-current assets	746.3	745.8
Current receivables	8.4	3.1
Receivables from Group companies	1,022.6	1,192.1
Cash and bank balances	78.3 ¹⁾	20.1
Total current assets	1,109.3	1,215.3
Total assets	1,855.6	1,961.1
Equity and liabilities		
Equity	484.1	567.3
Non-current liabilities	1,066.2	1,178.8
Current liabilities	305.3	215.0
Total equity and liabilities	1,855.6	1,961.1

1) Including restricted funds of SEK 64.9 million.



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 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 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.
- *Credit and financial risks* are mainly 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 2017 annual report, which is available at www.concordiamaritime.com.

Definitions, shipping

CO₂

Carbon dioxide.

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).

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).

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_x

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.

SO_x

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.

Alternative performance measures¹⁾

Cash flow from operating activities

Result after financial net plus depreciation minus tax paid (cash flow before change in working capital and investments and before effect of ship sales). The Company believes that the key figure provides a deeper understanding of the Company's profitability.

EBITDA

Performance measure which indicates operating result before interest, taxes, impairment, depreciation and amortisation. The Company believes that the key figure provides a deeper understanding of the Company's profitability.

Equity ratio

Equity as a percentage of total assets. The Company believes that the key figure makes it easier for investors to form a picture of the Company's capital structure.

Result excluding impairment and tax

Performance measure which indicates result before tax and impairment. The Company believes that the key figure provides a deeper understanding of the Company's profitability and better comparability over reporting periods.

Result per share excluding impairment and tax

Performance measure which indicates result per share before tax and impairment. The Company believes that the key figure provides a deeper understanding of the Company's profitability and better comparability over reporting periods.

Return on capital employed

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. The Company believes that the key figure provides a deeper understanding of the Company's profitability.

Return on equity

Result after tax as an average of the last twelve months expressed as a percentage of average equity on a 12-month rolling basis. The Company believes that the key figure provides a deeper understanding of the Company's profitability.

Return on total capital

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. The Company believes that the key figure provides a deeper understanding of the Company's profitability.

1) Alternative performance measures as defined by the European Securities and Markets Authority (ESMA)

Reconciliation of alternative performance measures

EBITDA

SEK millions	Quarter 4 2018	Quarter 4 2017	Full year 2018	Full year 2017
Operating result	28.2	-32.9	-130.1	-624.6
Depreciation/impairment	48.9	43.0	186.9	675.9
EBITDA	77.1	10.1	56.8	51.3

Result excluding impairment and tax

SEK millions	Quarter 4 2018	Quarter 4 2017	Full year 2018	Full year 2017
Result after tax	-19.4	-42.0	-182.1	-660.2
Impairment	0.0	0.0	0.0	473.7
Tax	0.1	0.0	0.2	0.0
Result excluding impairment and tax	-19.4	-42.0	-181.9	-186.5

Result per share excluding impairment and tax

SEK millions	Quarter 4 2018	Quarter 4 2017	Full year 2018	Full year 2017
Result excluding impairment and tax	-19.4	-42.0	-181.9	-186.5
Number of shares (millions)	47.729798	47.729798	47.729798	47.729798
Result per share excluding impairment and tax	-0.41	-0.88	-3.81	-3.91

Return on equity

SEK millions	Full year 2018	Full year 2017
Result after tax	-182.1	-660.2
Equity	1,165.5	1,582.2
Return on equity	-16%	-42%

Return on capital employed

SEK millions	Full year 2018	Full year 2017
Result after financial net	-181.9	-660.2
Finance costs	82.7	70.7
Result after financial net plus finance costs	-99.2	-589.4
Total assets	2,922.1	3,468.5
Non-interest-bearing liabilities	-157.1	-105.8
Capital employed	2,765.0	3,362.6
Return on capital employed	-3.6%	-17.5%

Return on total capital

SEK millions	Full year 2018	Full year 2017
Result after financial net	-181.9	-660.2
Finance costs	82.7	70.7
Result after financial net plus finance costs	-99.2	-589.4
Total assets	2,922.1	3,468.5
Return on total capital	-3.4%	-17.0%

Equity ratio

SEK millions	Full year 2018	Full year 2017
Equity	1,061.5	1,221.9
Total assets	2,795.0	2,968.5
Equity ratio	38.0%	41.2%

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.

With effect from the 2018 financial year, IAS 18 Revenue will be replaced by IFRS 15 Revenue from Contracts with Customers. The Company has chosen to apply a prospective transition, which means that there has been no restatement of comparative figures. Application of IFRS 15 has not resulted in any significant changes in the Group's financial statements.

As part of the transition to IFRS 15, the Company has divided time charter income into a portion related to leasing of vessels and a portion related to operating activities. The division of time charter income is based on the vessel's cost composition, i.e. the relationship between operating expenses and capital costs.

The Company's surplus liquidity is invested in bonds and shares. With effect from the 2018 financial year, the bonds are reported as "financial assets at fair value through profit or loss" in accordance with IFRS 9, which means they are recognised at fair value in the income statement. The accounting is unchanged from the previous accounting under IAS 39. The bonds are measured at fair value according to Level 1, observable market data. The shares are reported as "financial assets at fair value through other comprehensive income"

in accordance with IFRS 9, which means they are recognised at fair value in other comprehensive income. The shares are measured at fair value according to Level 1, observable market data.

The transition to IFRS 9 has not had any material impact on the income statement, other comprehensive income or the statement of financial position in respect of the hedge accounting applied in accordance with IAS 39 for the interest rate swap that was terminated in 2017 and for which the capital gain is recognised in the income statement through OCI over the term of the agreement.

IFRS 16 is effective for the reporting of leases from 1 January 2019. For lessees, classification as operating leases and finance leases under IAS 17 disappears and is replaced with a model in which assets and liabilities for all leases are recognised in the balance sheet. Recognition exemptions are allowed for leases that have a low value and leases with a lease term of 12 months or less. In the income statement, depreciation is recognised separately from interest expenses associated with the lease liability. The effect for the Company will be that long-term leases for two vessels that are currently reported as operating leases will be reported as finance leases after the transition to IFRS 16. The total effect of the transition to IFRS 16 on the Company's financial statements is an increase corresponding to USD 72 million for both assets and liabilities in the balance sheet.

The Company has signed a bunker position which runs until June 2021. Hedge accounting is applied for this position and the fair value is recognised in other comprehensive income.

The Concordia Maritime Group applies International Financial Reporting Standards (IFRS) as adopted by the EU. The Group applies the same accounting policies and calculation methods in the quarterly reports as in the annual report for 2017, in addition to those described 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, 30 January 2019

Carl-Johan Hagman
Chairman

Stefan Bocker

Mats Jansson

Helena Levander

Michael G:son Löw

Alessandro Chiesi

Daniel Holmgren

Mahmoud Sifaf

Kim Ullman
CEO

Quarterly overview

SEK millions	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Profit/loss items								
Total income ¹⁾	367.8	258.6	227.0	199.6	193.8	197.7	211.1	233.0
Operating costs excluding impairment ¹⁾	-339.6	324.5	-282.4	-236.0	-226.7	-245.9	-256.5	-257.4
Operating result (EBIT)	28.2	-66.4	-55.5	-36.4	-32.9	-521.8	-45.4	-24.4
of which result from sale of investments in jointly-controlled entities (vessels)	—	—	—	—	—	—	—	—
Financial net	-47.6	-0.5	-1.6	-2.2	-9.1	-11.2	1.6	-16.8
Result after financial net	-19.4	-66.9	-57.0	-38.7	-42.0	-533.1	-43.9	-41.2
Result after tax	-19.4	-67.0	-57.0	-38.7	-42.0	-533.1	-43.9	-41.2
Cash flow from operating activities	-11.0	-31.4	-69.3	-4.4	-3.2	39.5	11.4	-1.6
EBITDA	77.1	-18.0	-9.3	7.0	10.1	1.9	10.0	29.3
Balance-sheet items								
Ships (number)	2,303.0 (11)	2,359.0 (11)	2,421.7 (11)	2,303.9 (11)	2,305.7 (11)	2,319.5 (11)	2,892.1 (11)	3,104.7 (11)
Ships under construction (number)	0	0	0	0	0	0	0	0
Liquid funds incl. investments	223.9	263.9	359.7	435.5	466.4	546.9	589.1	722.7
Other assets	253.5	280.9	262.2	206.3	196.2	201.4	261.4	267.0
Interest-bearing liabilities	1,539.1	1,625.8	1,686.2	1,620.2	1,635.6	1,702.3	1,808.6	1,975.3
Other liabilities and provisions	194.4	121.2	119.5	120.3	111.0	106.8	106.7	98.8
Equity	1,061.5	1,156.9	1,238.1	1,205.3	1,221.9	1,259.0	1,827.4	2,020.4
Total assets	2,795.0	2,903.9	3,043.8	2,945.8	2,968.5	3,068.1	3,742.7	4,094.6
Key ratios, %								
Equity ratio	38	40	41	41	41	41	49	49
Return on total capital	-3	-5	-20	-18	-17	-14	0	0
Return on capital employed	-4	-5	-21	-19	-18	-14	0	0
Return on equity	-16	-17	-54	-48	-42	-32	-3	-3
Operating margin	8	-26	-24	-18	-17	-264	-21	-11
Share data								
Total income ¹⁾	7.71	5.42	4.76	4.18	4.06	4.14	4.42	4.88
Operating costs excluding impairment	-7.11	-6.81	-5.92	-4.95	-4.75	-5.15	-5.37	-5.22
Operating result	0.59	-1.39	-1.16	-0.76	-0.69	-10.93	-0.95	-0.51
Financial net	-1.00	-0.01	-0.03	-0.05	-0.19	-0.23	0.03	-0.35
Result after tax	-0.41	-1.40	-1.19	-0.81	-0.88	-11.17	-0.92	-0.86
Cash flow from operating activities	-0.23	-0.66	-1.45	-0.09	-0.07	0.83	0.24	-0.03
EBITDA	1.62	-0.38	-0.19	0.15	0.21	0.04	0.21	0.61
Equity	22.24	24.24	25.94	25.25	25.60	26.38	38.29	42.33

Definitions: see page 16.

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Calendar

2018 Annual report 21 March 2019
Q1 2019 & 2019 AGM 25 April 2019

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

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Fleet at 22/01/2019

PRODUCT TANKERS	Employment	Partner
P-MAX		
Stena Premium	Spot	Stena Bulk
Stena Polaris	Spot	Stena Bulk
Stena Performance	Spot	Stena Bulk
Stena Provence	Time charter to Sep 2019	Stena Bulk
Stena Progress	Time charter to May 2019	Stena Bulk
Stena Paris	Time charter to July 2019	Stena Bulk
Stena Primorsk	Spot	Stena Bulk
Stena Penguin	Spot	Stena Bulk
Stena Perros	Spot	Stena Bulk
Stena President	Spot	Stena Bulk
IMOIMAX		
Stena Image ¹⁾	Spot	Stena Bulk
Stena Important ²⁾	Spot	Stena Bulk
MR ECO		
Unnamed vessel ³⁾	Spot	Stena Bulk
Unnamed vessel ⁴⁾	Spot	Stena Bulk
Unnamed vessel ⁴⁾	Spot	Stena Bulk
Unnamed vessel ⁵⁾	Spot	Stena Bulk
Unnamed vessel ⁶⁾	Spot	Stena Bulk
Unnamed vessel ⁶⁾	Spot	Stena Bulk
CRUDE OIL TANKERS		
Suezmax		
Stena Supreme ⁷⁾	Spot	Stena Sonangol Suezmax Pool

1) Contracted on a bareboat basis until 2024, with annual purchase options from 2020

2) Contracted on a bareboat basis until 2026, with purchase obligation in the same year and annual purchase options from 2021

3) 50% charter December 2017 – November 2018 (with option for further 12 months)

4) 50% charter June/July 2017 – June/July 2019

5) 50% charter January 2018 – January 2020

6) 50% charter April/May 2018 – April/May 2019

7) Contracted on a bareboat basis until 2028, with annual purchase options from 2019