



Q1
18

INTERIM REPORT, 1 JANUARY–31 MARCH 2018

Challenging tanker market continues

- Total income, Q1:
SEK 199.6 (233.0) million
- EBITDA, Q1:
SEK 7.0 (29.3) million
- Result before tax, Q1:
SEK –38.7 (–41.2) million
- Result per share after tax, Q1:
SEK –0.81 (–0.86)

Events in the first quarter

- Another two MR (ECO) vessels chartered in.
- The Company is taking several initiatives to support efforts to keep the ocean clean.

Key ratios

| | Quarter 1 (Jan-Mar) | | Full year 2017 |
|---|---------------------|-------|----------------|
| | 2018 | 2017 | 2017 |
| Total income ¹⁾ , SEK million | 199.6 | 233.0 | 827.5 |
| EBITDA, SEK million | 7.0 | 29.3 | 51.3 |
| EBITDA, USD million | 0.9 | 3.3 | 6.0 |
| Operating result, SEK million | –36.4 | –24.4 | –624.6 |
| Result after financial net, SEK million | –38.7 | –41.2 | –186.5 |
| Result before tax, SEK million | –38.7 | –41.2 | –660.2 |
| Result after tax, SEK million | –38.7 | –41.2 | –660.2 |
| Equity ratio, % | 41 | 49 | 41 |
| Return on equity, % | –47.7 | –0.3 | –41.7 |
| Available liquid funds, including unutilised credit facilities, SEK million | 286.6 | 217.7 | 335.5 |
| Result per share after tax, SEK | –0.81 | –0.86 | –13.83 |
| Equity per share, SEK | 25.25 | 42.33 | 25.60 |
| Lost-time injuries | 0 | 0 | 0 |

¹⁾ Accounting policies, see page 18.
Definitions: see page 16.



PRESIDENT'S OVERVIEW

Weak start to 2018

The tanker market began 2018 just as weakly as it ended 2017. OPEC'S production cuts continue to have a negative effect on transport demand. However, underlying demand for oil and oil products is good and the previously high stock levels will soon be down to more normal levels, which in the long term will affect the market positively. Overall, the weak market led to a negative result for the quarter. Result before tax was SEK -38.7 (-41.2) million. EBITDA was SEK 7.0 (29.3) million, corresponding to USD 0.9 (3.3) million.

We continued the process of adapting and positioning the fleet during the quarter – partly in response to the weak market, but also to prepare for the upturn we expect in the second half of 2018. During the quarter, we decided to charter in another two MR (ECO) vessels. As with previous charters, these are joint charters with Stena Bulk, and Concordia Maritime's share amounts to 50 percent. In parallel, we extended the contracts for the currently chartered MR (ECO) vessels. By chartering in a total of six vessels we have now increased earning capacity significantly.

At the same time, we continue our efforts to identify niche trades for our P-MAX vessels, where their unique properties are particularly beneficial. Earnings in the product tanker segment contributed to another quarter of higher earnings than the overall market. In the product tanker segment, our earnings were just over USD 14,000 per day, compared with the market average of about USD 10,000.

No incidents and continued reduction of environmental impact

We were spared from any serious incidents and accidents during the quarter. This is the result of focused efforts, with considerable resources being allocated to training and education, compliance with procedures and monitoring of processes. Nothing comes before the safety of our crews on board. This is our highest priority, regardless of economic or market conditions. We have also continued our efforts to reduce vessel-related environmental impacts. Total bunker

consumption was reduced by 0.2 tonnes per day during the quarter. This in turn reduced carbon dioxide emissions by more than 349 tonnes, sulphur oxide emissions by 4.5 tonnes and nitrogen oxides by 9 tonnes (12 months rolling).

Market outlook 2018

It is important to point out that our operations are functioning impeccably. We have well-managed, flexible ships, qualified crews and an efficient technical and commercial operation. Financial development is entirely a consequence of the current weak market.

Our assessment of future development is unchanged. We still believe that the market will gradually strengthen from mid-2018 onwards. We expect that the return to normal production rates in OPEC and other oil-producing countries, in combination with generally increased demand for oil and a return to more normal stock levels, will contribute to increased transport demand. Deliveries of new vessels have slowed, while scrapping of older vessels has accelerated. A total of 66 vessels were scrapped in the first quarter of 2018, which is two-thirds of total scrappings for 2017. Taking all this into account, we continue to expect increased demand for tanker transport and a progressively more balanced and stronger tanker market in the second half of 2018.

Kim Ullman, CEO



Business activities

Spot market earnings for the product tanker fleet in the first quarter of 2018 were USD 14,000 (14,800) per day, which was higher than average earnings for the market¹⁾, USD 10,200 million, but lower than the same quarter in 2017. Earnings for the suezmax tanker *Stena Supreme* for the quarter were USD 12,700 (24,000) per day, compared with average earnings for the market¹⁾ of USD 9,000 (19,800) 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, five of the vessels were employed on longer contracts (time charters). The other five vessels were employed in the spot market under agreements with Stena Bulk. The two chartered IMOIMAX vessels *Stena Image* and *Stena Important* continued to be employed under the cooperation with Stena Bulk.

As part of fleet positioning ahead of the progressively stronger market that is expected, another two MR (ECO) vessels were chartered in, while the contracts for two of the currently chartered MR (ECO) vessels were extended by a further year. These are all joint charters with Stena Bulk, and Concordia Maritime's share amounts to 50 percent.

Earnings

Average earnings for the entire product tanker fleet, spot and TC, during the first quarter were USD 14,400 (15,700) per day. For vessels employed on the spot market, average earnings for the quarter were USD 14,000 (14,800).

Suezmax

The chartered 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 earnings.

Earnings

Average earnings for *Stena Supreme* during the quarter were USD 12,700 (23,700) per day.

Repairs and drydock

There were no repairs and drydocking during the quarter.

Current status of contracted freights Q2

Updated average earnings for the current quarter (Q2) 2018 as of 23rd April are:

| | |
|----------------------|----------|
| Suezmax spot | \$14,500 |
| Product tankers spot | \$14,300 |

The stated average spot earnings are based on initial projections, therefore the actual final earnings may differ materially from the above statement.

1) Clarkson index

Earnings, spot¹

| USD per day | Number of vessels | Average earnings, Concordia Maritime | | Average earnings, market | |
|-----------------|-------------------|--------------------------------------|---------|--------------------------|----------------------|
| | | Q1 2018 | Q1 2017 | Q1 2018 | Q1 2017 |
| Product tankers | 9.0 | 14,000 | 14,800 | 10,200 | 10,900 ¹¹ |
| Suezmax | 1.0 | 12,700 | 24,000 | 9,000 | 19,800 ²¹ |

¹¹ 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.

²¹ Clarksons w.w. average MR Clean Earnings

³¹ Clarksons w.w. Suezmax Long Run Historical Earnings

Concordia Maritime's spot market product tanker fleet achieved higher earnings per day than the Clarksons theoretical index in the first 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.

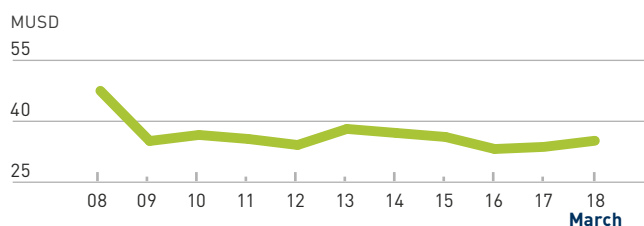
Concordia Maritime's earnings in the suezmax segment were also higher than the index, which shows that the Stena Sonangol pool remains one of the industry's leaders.

EBITDA per quarter

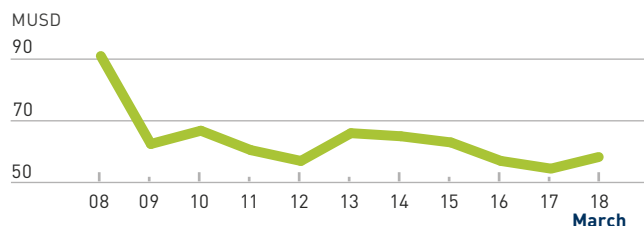
| USD millions | Q1 2018 | Q4 2017 | Q3 2017 | Q2 2017 | Q1 2017 | Q4 2016 | Q3 2016 | Q2 2016 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|------------|-------------------|
| Product tankers, time charter | 7.6 | 4.8 | 3.3 | 3.6 | 4.0 | 5.6 | 5.4 | 4.5 |
| Product tankers, spot, owned and leased tonnage | -4.4 | -1.8 | -0.5 | 0.0 | 0.7 | -0.2 | 0.5 | 0.9 ¹¹ |
| Product tankers, spot, chartered tonnage | -0.1 | -0.2 | -0.3 | -0.2 | -0.2 | -0.2 | -0.2 | 0.1 |
| Sale of ships | — | — | — | — | — | 2.9 | — | — |
| Product tankers, total | 3.0 | 2.8 | 2.5 | 3.4 | 4.5 | 8.1 | 5.7 | 5.5 |
| Suezmax, spot, owned and leased tonnage | -1.3 | -0.7 | -1.3 | -1.4 | -0.4 | 1.4 | 0.9 | 2.2 |
| Suezmax, spot, chartered tonnage | — | — | — | — | — | 0.0 | -0.2 | 0.3 |
| Sale of ships | — | — | — | — | — | 3.5 | — | — |
| Suezmax, total | -1.3 | -0.7 | -1.3 | -1.4 | -0.4 | 4.9 | 0.7 | 2.5 |
| Admin. and other | -0.8 | -0.9 | -0.8 | -0.9 | -0.8 | -0.6 | -0.5 | -1.0 |
| Total | 0.9 | 1.2 | 0.4 | 1.1 | 3.3 | 12.4 | 5.9 | 7.0 |

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 35 million. The price of an IMOII class MR tanker like our IMOIIIMAX vessels was about USD 35 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 58.5 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 –38.7 (–41.2) million. The weak market resulted in low earnings for vessels on the spot market.

Equity

Equity per share was SEK 25.25 (42.33).

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 2016, the Company entered into an interest rate swap totalling USD 75 million and expiring in 2021, to provide protection against interest rate fluctuations. During Q3 2017, the Company decided to terminate this swap, generating a positive liquidity effect of SEK 13.5 million. Fair value changes for the interest rate swap previously reported in OCI and accumulated in a separate component of equity (hedging reserve) are recognised in the income statement over the original term of the contract. Income for the quarter transferred to the Company's income statement is SEK 0.9 million.

The Company has entered into a bunker hedge related to the IMO's new sulphur regulations that come into force in 2020. The total hedge covers 6,000 mt at an average price of USD 549 per mt and is valid until 2020. The bunker hedge's fair value changes are recognised in other comprehensive income and the hedging reserve in equity. A fair value change of SEK 1.5 million for the bunker swap was reported in OCI during the quarter.

The closing amount in the hedging reserve at the end of the quarter was SEK 12.3 million. The closing balance for the translation differences, which are recognised in equity, amounted to SEK 407.6 (533.9) 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 0.0 (4.6) million.

The Company's investments in financial assets during the quarter amounted to SEK 55.2 (65.3) million and were related to bond purchases. These are classified as short-term deposits in the Company's balance sheet.

The Company has taken 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 45,000 mt. Fair value changes in the positions are recognised in the income statement, SEK 13.7 (0.0) million for the quarter, and are classified as non-current receivables 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 2017, the fleet's carrying amount did not exceed its recoverable amount and no impairment loss was therefore recognised.

Seasonal variations

Five vessels from our sailing fleet of 17 (ten owned, three on bareboat contracts and four 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 earnings are affected by the seasonal variations that occur in tanker shipping.

Employees

The number of employees in the Group at 31/03/2018 was 6 (6). The Group employed 474 (475) temporary seagoing employees through Stena Sphere's manning company.

Parent Company

The Parent Company's sales for the quarter amounted to SEK 18.3 (8.1) million. Intragroup invoicing represented SEK 0.5 (0.0) million of this amount.

Other

To generate returns on cash and cash equivalents, the Company has deposited USD 18 (60) million in a USD account. As the maturity of the deposit is less than three months, it is classified as cash and cash equivalents.

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 1 | | Full year |
|---------------------------------|-----------|-------|-----------|
| | 2018 | 2017 | 2017 |
| Total income ¹⁾ | 199.6 | 233.0 | 827.5 |
| Operating result | -36.4 | -24.4 | -624.6 |
| Result after financial items | -38.7 | -41.2 | -660.2 |
| Result per share after tax, SEK | -0.81 | -0.86 | -13.83 |

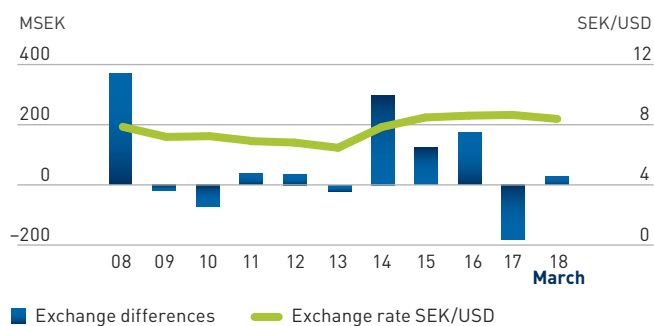
¹⁾Accounting policies, see page 18.

Liquidity and financial position

| SEK millions | 31 March 2018 | 31 March 2017 |
|--------------------------------------|---------------|---------------|
| Available liquid funds ¹⁾ | 286.6 | 217.7 |
| Interest-bearing liabilities | 1,620.2 | 1,975.3 |
| Equity | 1,205.3 | 2,020.4 |
| Equity ratio, % | 40.9 | 49.3 |

¹⁾ Includes unutilised available credit facilities.

Translation difference¹⁾



¹⁾ 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.



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 were no medical treatment cases or restricted work cases during the quarter.

There was one incident that included material damage during the quarter (stroke of lightning took out the FM radio on Stena President). Two incidents were classified as high potential near misses during the quarter (Stena Important and a tugboat came too close to each other during operation in port and onboard Stena Performance, 10 litres of gasoline were spilled on deck during unloading when a welded joint on a pipe gave way).

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

External controls

Nine vetting inspections were conducted during the quarter. There were 18 observations during these inspections, resulting in an average of 2.0 observations per inspection. No single inspection had more

than 5 observations. This outcome for the quarter is well in line with the Company's goal to have an average of less than 4 observations per inspection for the fleet and to never have an inspection with more than 5 observations. No port state control resulted in the detention in port of any Concordia Maritime vessel during the quarter.

Energy management

Efforts to reduce bunker consumption continued during the quarter. Bunker consumption in tonnes per day at sea fell by 0.2 tonnes (12 months rolling). This is slightly less than the target for the year, which is to reduce consumption by 0.3 tonnes per day. Relatively large improvements have been made in reducing bunker consumption. This year's target to reduce consumption by a further 0.3 tonnes per day will therefore be a challenge.

Reduced bunker consumption means lower emissions. CO₂ emissions decreased by 349 tonnes during the quarter. SO_x emissions decreased by 4.5 tonnes and NO_x emissions by 9 tonnes.

Targets and outcomes, sustainability

Safety first

| | Q1 2018 | Q1 2017 | Target 2018 | Outcome 2017 |
|---|---------|---------|-------------|--------------|
| LTI | 0 | 0 | 0 | 0 |
| LTIF | 0 | 0 | 0 | 0 |
| Number of inspections with more than 5 observations (owned vessels) | 0 | 0 | 0 | 0 |
| Average number of vetting observations (entire fleet) | 2.0 | 2.3 | <4 | 2.2 |
| Number of port state controls resulting in detention | 0 | 0 | 0 | 0 |
| Number of piracy-related incidents | 0 | 0 | 0 | 0 |
| Material damage | 1 | 1 | 0 | 3 |
| Medical treatment case | 0 | 1 | 0 | 2 |
| Restricted work case | 0 | 0 | 0 | 0 |
| High potential near miss | 2 | 0 | 0 | 4 |
| High risk observation | 0 | 0 | 0 | 1 |

Environmental responsibility

| | Q1 2018 | Q1 2017 | Target 2018 | Outcome 2017 |
|--|---------|---------|-------------|--------------|
| Oil spills, litres | 0 | 0 | 0 | 0 |
| Reduced fuel consumption, mt/day (owned vessels) ¹⁾ | 0.2 | 1.1 | 0.3 | 0.97 |
| CO ₂ reduction, mt | 349 | 2,007 | 2,800 | 8,220 |
| SO _x reduction, mt | 4.5 | 17 | 36 | 68 |
| NO _x reduction, mt | 9.0 | 55 | 80 | 234 |
| Reduction in emissions of particulates, mt | 0.1 | 0.7 | 0.9 | 3.0 |

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 combatting 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, the Company 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 schoolchildren and 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.

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 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 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 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 (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 new-build 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 are conducted on commercial terms and at market-related prices.

GROUP

Income statement, other comprehensive income and per-share data

| SEK millions | Quarter 1 2018 | Quarter 1 2017 | Full year 2017 |
|--|----------------|----------------|-----------------|
| Consolidated income statement | | | |
| Average exchange rate SEK/USD | 8.11 | 8.92 | 8.54 |
| Time charter income, leasing of vessels | 25.1 | 14.6 | 64.4 |
| Time charter income, operational services | 36.2 | 20.9 | 92.6 |
| Spot charter income ¹⁾ | 138.3 | 197.5 | 670.5 |
| Total income | 199.6 | 233.0 | 827.5 |
| Operating costs, ships ¹⁾ | -130.8 | -135.9 | -519.0 |
| Personnel costs, temporary seagoing | -48.2 | -52.5 | -199.2 |
| Personnel costs, land-based | -5.3 | -4.3 | -21.2 |
| Other external expenses | -8.3 | -10.9 | -36.8 |
| Depreciation/impairment | -43.4 | -53.7 | -675.9 |
| Total operating costs¹⁾ | -236.0 | -257.4 | -1,452.2 |
| Operating result | -36.4 | -24.4 | -624.6 |
| Interest and similar income | 16.4 | 2.2 | 37.3 |
| Interest and similar expense | -18.6 | -19.0 | -72.9 |
| Financial net | -2.2 | -16.8 | -35.6 |
| Result before tax | -38.7 | -41.2 | -660.2 |
| Tax | 0.0 | 0 | 0.0 |
| Result after tax | -38.7 | -41.2 | -660.2 |
| Other comprehensive income | | | |
| Items that have been/can be transferred to result for the period | | | |
| Translation differences | 21.5 | -39.9 | -173.3 |
| Exchange differences transferred to income statement | 0.0 | 0.0 | -2.8 |
| Changes in fair value of cash flow hedges for the period | 1.5 | 0.2 | -5.9 |
| Changes in fair value of cash flow hedges transferred to result for the period | -0.9 | 0.0 | -1.7 |
| Comprehensive income for the period | -16.6 | -6.5 | -843.9 |
| Per-share data, SEK | | | |
| Number of shares | 47,729,798 | 47,729,798 | 47,729,798 |
| Result per share, before/after dilution | -0.81 | -0.86 | -13.83 |
| Equity per share, SEK | 25.25 | 42.33 | 25.60 |

¹⁾Accounting policies, see page 18.

GROUP

Condensed balance sheet

| SEK millions | 31 Mar 2018 | 31 Mar 2017 | 31 Dec 2017 |
|-------------------------------------|----------------|----------------|----------------|
| Closing exchange rate SEK/USD | 8.34 | 8.97 | 8.18 |
| Assets | | | |
| Ships and equipment | 2,303.9 | 3,104.7 | 2,305.7 |
| Financial assets | 0.1 | 0.1 | 0.1 |
| Total non-current assets | 2,304.0 | 3,104.8 | 2,305.8 |
| Current receivables | 206.3 | 267.0 | 196.2 |
| Short-term deposits | 242.3 | 604.7 | 222.8 |
| Cash and bank balances | 193.2 | 118.0 | 243.6 |
| Total current assets | 641.8 | 989.7 | 662.6 |
| Total assets | 2,945.8 | 4,094.6 | 2,968.5 |
| Equity and liabilities | | | |
| Equity | 1,205.3 | 2,020.4 | 1,221.9 |
| Non-current liabilities | 1,393.6 | 1,727.6 | 1,412.6 |
| Current liabilities | 346.8 | 346.6 | 334.0 |
| Total equity and liabilities | 2,945.8 | 4,094.6 | 2,968.5 |

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 |
|-------------------------------------|---------------|-----------------------|---------------------|-----------------|--------------------|-------------------|----------------|
| Changes Jan-Mar 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 | | | 21.5 | 0.6 | | -38.7 | -16.6 |
| Dividend | | | | | | 0.0 | 0.0 |
| Closing balance 31.03.2018 | 381.8 | 61.9 | 407.6 | 12.3 | 0.0 | 341.7 | 1,205.3 |
| Changes Jan-Mar 2017 | | | | | | | |
| Opening balance 01.01.2017 | 381.8 | 61.9 | 562.3 | 19.3 | 0.0 | 1,064.5 | 2,089.8 |
| Comprehensive income for the period | | | -28.4 | 0.2 | | -41.2 | -69.4 |
| Dividend | | | | | | 0.0 | 0.0 |
| Closing balance 31.03.2017 | 381.8 | 61.9 | 533.9 | 19.5 | 0.0 | 1,023.3 | 2,020.4 |

GROUP

Condensed cash flow statement

| SEK millions | Quarter 1 2018 | Quarter 1 2017 | Full year 2017 |
|--|----------------|----------------|----------------|
| Operating activities | | | |
| Result before tax | -38.7 | -41.2 | -660.2 |
| Adjustments: | | | |
| Depreciation/impairment | 43.4 | 53.7 | 675.9 |
| Other items | -11.1 | 0.2 | -30.6 |
| Cash flow from operating activities before changes in working capital | -6.3 | 12.7 | -14.9 |
| Changes in working capital | 1.9 | -14.3 | 61.1 |
| Cash flow from operating activities | -4.4 | -1.6 | 46.2 |
| Investing activities | | | |
| Sale of non-current assets | 1.2 | 319.2 | 307.4 |
| Investment in non-current assets | 0.0 | -4.6 | -78.0 |
| Sale of financial assets | 34.4 | 0.0 | 321.1 |
| Investment in financial assets | -55.2 | -65.3 | -281.3 |
| Other financial items | 0.0 | 0.0 | -0.6 |
| Cash flow from investing activities | -19.6 | 249.3 | 268.5 |
| Financing activities | | | |
| New loans | 0.0 | 0.0 | 0.0 |
| Amortisation of loans | -26.0 | -262.0 | -408.8 |
| Dividend to shareholders | 0.0 | 0.0 | -23.9 |
| Other financing | -4.5 | -267.7 | -9.5 |
| Cash flow from financing activities | -30.5 | -529.7 | -442.2 |
| Cash flow for the period | -54.6 | -282.0 | -127.6 |
| Balance at beginning of period (Note 1) | 243.6 | 406.3 | 406.3 |
| Exchange differences (Note 2) | 4.1 | -6.3 | -35.1 |
| Balance at end of period (Note 1) | 193.2 | 118.0 | 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 | 4.6 | -5.9 | -40.5 |
| Cash flow for the period | -0.5 | -0.4 | 5.4 |
| | 4.1 | -6.3 | -35.1 |

PARENT COMPANY

Condensed income statement

| SEK millions | Quarter 1 2018 | Quarter 1 2017 |
|-----------------------------------|----------------|----------------|
| Net sales | 18.3 | 8.1 |
| Operating costs, ships | -18.9 | -10.1 |
| Other external expenses | -2.8 | -3.9 |
| Personnel expenses | -4.1 | -3.0 |
| Operating result | -7.4 | -8.8 |
| Result from subsidiaries | | |
| Other interest and similar income | 22.0 | 10.4 |
| Interest and similar expense | -17.8 | -15.8 |
| Result before tax | -3.2 | -14.3 |
| Tax | 0.0 | 0.0 |
| Result after tax | -3.2 | -14.3 |

Condensed balance sheet

| SEK millions | 31 Mar 2018 | 31 Mar 2017 |
|-------------------------------------|----------------|----------------|
| Assets | | |
| Ships and equipment | 0.0 | 0.0 |
| Financial assets | 0.0 | 0.0 |
| Investments in Group companies | 745.8 | 745.8 |
| Total non-current assets | 745.8 | 745.8 |
| Current receivables | 19.0 | 26.5 |
| Receivables from Group companies | 1,168.2 | 1,471.5 |
| Cash and bank balances | 10.4 | 12.7 |
| Total current assets | 1,197.6 | 1,510.6 |
| Total assets | 1,943.4 | 2,256.4 |
| Equity and liabilities | | |
| Equity | 564.1 | 570.1 |
| Non-current liabilities | 1,159.4 | 1,453.5 |
| Current liabilities | 219.9 | 232.8 |
| Total equity and liabilities | 1,943.4 | 2,256.4 |

At 31 March 2018, the Company had pledged assets of SEK 715.8 (715.8) 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.

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)

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.

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_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⁾

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.

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.

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 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 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 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.

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.

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

Reconciliation of alternative performance measures

EBITDA

| SEK millions | Quarter 1 2018 | Quarter 1 2017 | Full year 2017 |
|-------------------------|----------------|----------------|----------------|
| Operating result | -36.4 | -24.4 | -624.6 |
| Depreciation/impairment | 43.4 | 53.7 | 675.9 |
| EBITDA | 7.0 | 29.3 | 51.3 |

Result excluding impairment and tax

| SEK millions | Quarter 1 2018 | Quarter 1 2017 | Full year 2017 |
|--|----------------|----------------|----------------|
| Result after tax | -38.7 | -41.2 | -660.2 |
| Impairment | 0.0 | 0.0 | 473.7 |
| Tax | 0.0 | 0.0 | 0.0 |
| Result excluding impairment and tax | -38.7 | -41.2 | -186.5 |

Result per share excluding impairment and tax

| SEK millions | Quarter 1 2018 | Quarter 1 2017 | Full year 2017 |
|--|----------------|----------------|----------------|
| Result excluding impairment and tax | -38.7 | -41.2 | -186.5 |
| Number of shares (millions) | 47.729798 | 47.729798 | 47.729798 |
| Result per share excluding impairment and tax | -0.81 | -0.86 | -3.91 |

Return on equity

| SEK millions | Quarter 1 2018 | Quarter 1 2017 | Full year 2017 |
|-------------------------|----------------|----------------|----------------|
| Result after tax | -657.6 | -5.1 | -660.2 |
| Equity | 1,378.0 | 1,981.4 | 1,582.2 |
| Return on equity | -48% | -0.3% | -42% |

Return on capital employed

| SEK millions | Quarter 1 2018 | Quarter 1 2017 | Full year 2017 |
|--|----------------|----------------|----------------|
| Result after financial net | -654.2 | -17.7 | -660.2 |
| Finance costs | 73.3 | 31.1 | 70.7 |
| Result after financial net plus finance costs | -580.9 | 13.3 | -589.5 |
| Total assets | 3,181.2 | 4,229.9 | 3,468.5 |
| Non-interest-bearing liabilities | -111.2 | -116.6 | -105.8 |
| Capital employed | 3,070.0 | 4,113.3 | 3,362.6 |
| Return on capital employed | -18.9% | 0.3% | -17.5% |

Return on total capital

| SEK millions | Quarter 1 2018 | Quarter 1 2017 | Full year 2017 |
|--|----------------|----------------|----------------|
| Result after financial net | -654.2 | -17.7 | -660.2 |
| Finance costs | 73.3 | 31.1 | 70.7 |
| Result after financial net plus finance costs | -580.9 | 13.3 | -589.5 |
| Total assets | 3,181.2 | 4,229.9 | 3,468.5 |
| Return on total capital | -18.3% | 0.3% | -17.0% |

Equity ratio

| SEK millions | Quarter 1 2018 | Quarter 1 2017 | Full year 2017 |
|---------------------|----------------|----------------|----------------|
| Equity | 1,205.3 | 2,020.4 | 1,221.9 |
| Total assets | 2,945.8 | 4,094.6 | 2,968.5 |
| Equity ratio | 40.9% | 49.3% | 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. 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 were affected, but the change did not have any net effect on the Group's operating result.

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, these 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 and 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.

Hedge accounting is applied for the Company's bunker hedge, which means that fair value is recognised through other comprehensive income. The positions of a more speculative nature in the price differential between the bunker grades HSFO and MGO in 2020 and 2021 are classified as "financial assets at fair value through profit or loss" and are recognised in the income statement.

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, 24 April 2018

Kim Ullman
CEO

Quarterly Overview

| SEK millions | Q1 2018 | Q4 2017 | Q3 2017 | Q2 2017 | Q1 2017 | Q4 2016 | Q3 2016 | Q2 2016 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Profit/loss items | | | | | | | | |
| Total income ¹⁾ | 199.6 | 193.8 | 197.7 | 211.1 | 233.0 | 278.5 | 215.3 | 280.8 |
| Operating costs excluding impairment ¹⁾ | -236.0 | -226.7 | -245.9 | -256.5 | -257.4 | -231.0 | -225.1 | -280.2 |
| Operating result (EBIT) | -36.4 | -32.9 | -521.8 | -45.4 | -24.4 | 47.5 | -9.8 | 0.7 |
| of which result from sale of investments in jointly-controlled entities (vessels) | — | — | — | — | — | — | — | — |
| Financial net | -2.2 | -9.1 | -11.2 | 1.6 | -16.8 | -14.0 | -12.6 | 11.7 |
| Result after financial net | -38.7 | -42.0 | -533.1 | -43.9 | -41.2 | 33.5 | -22.4 | 12.4 |
| Result after tax | -38.7 | -42.0 | -533.1 | -43.9 | -41.2 | 34.3 | -10.6 | 12.4 |
| Cash flow from operating activities | -4.4 | -3.2 | 39.5 | 11.4 | -1.6 | -20.0 | 37.5 | 96.7 |
| EBITDA | 7.0 | 10.1 | 1.9 | 10.0 | 29.3 | 108.4 | 50.8 | 57.2 |
| Balance-sheet items | | | | | | | | |
| Ships (number) | 2,303.9 (11) | 2,305.7 (11) | 2,319.5 (11) | 2,892.1 (11) | 3,104.7 (11) | 3,165.5 (11) | 3,810.4 (13) | 3,810.6 (13) |
| Ships under construction (number) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Liquid funds incl. investments | 435.5 | 466.4 | 546.9 | 589.1 | 722.7 | 679.5 | 305.3 | 291.1 |
| Other assets | 206.3 | 196.2 | 201.4 | 261.4 | 267.0 | 276.7 | 223.2 | 242.1 |
| Interest-bearing liabilities | 1,620.2 | 1,635.6 | 1,702.3 | 1,808.6 | 1,975.3 | 1,946.5 | 2,310.5 | 2,292.9 |
| Other liabilities and provisions | 120.3 | 111.0 | 106.8 | 106.7 | 98.8 | 105.9 | 114.0 | 150.2 |
| Equity | 1,205.3 | 1,221.9 | 1,259.0 | 1,827.4 | 2,020.4 | 2,089.8 | 1,914.5 | 1,900.9 |
| Total assets | 2,945.8 | 2,968.5 | 3,068.1 | 3,742.7 | 4,094.6 | 4,142.2 | 4,339.0 | 4,344.0 |
| Key ratios, % | | | | | | | | |
| Equity ratio | 41 | 41 | 41 | 49 | 49 | 50 | 44 | 44 |
| Return on total capital | -18 | -17 | -14 | 0 | 0 | 2 | 2 | 4 |
| Return on capital employed | -19 | -18 | -14 | 0 | 0 | 2 | 2 | 4 |
| Return on equity | -48 | -42 | -32 | -3 | -3 | 4 | 5 | 8 |
| Operating margin | -18 | -17 | -264 | -21 | -11 | 17 | -5 | 0 |
| Share data | | | | | | | | |
| Total income ¹⁾ | 4.18 | 4.06 | 4.14 | 4.42 | 4.88 | 5.83 | 4.51 | 5.88 |
| Operating costs excluding impairment | -4.95 | -4.75 | -5.15 | -5.37 | -5.22 | -4.84 | -4.72 | -5.87 |
| Operating result | -0.76 | -0.69 | -10.93 | -0.95 | -0.51 | 0.99 | -0.21 | 0.01 |
| Financial net | -0.05 | -0.19 | -0.23 | 0.03 | -0.35 | -0.29 | -0.26 | 0.25 |
| Result after tax | -0.81 | -0.88 | -11.17 | -0.92 | -0.86 | 0.72 | -0.22 | 0.26 |
| Cash flow from operating activities | -0.09 | -0.07 | 0.83 | 0.24 | -0.03 | -0.42 | 0.79 | 2.03 |
| EBITDA | 0.15 | 0.21 | 0.04 | 0.21 | 0.61 | 2.27 | 1.06 | 1.2 |
| Equity | 25.25 | 25.60 | 26.38 | 38.29 | 42.33 | 43.78 | 40.11 | 39.83 |

Please note that there has been no dilution effect since 2002.

Definitions: see page 16.

¹⁾ Accounting policies, see page 18.

Contact



Kim Ullman,
CEO
+46 31 85 50 03
or +46 704 85 50 03
kim.ullman@
concordiamaritime.com



Ola Helgesson,
CFO
+46 31 85 50 09
or +46 704 85 50 09
ola.helgesson@
concordiamaritime.com

Calendar

Q2 2018 14 August 2018
Q3 2018 8 November 2018

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

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 24 April 2018, at approx. 2.00 p.m.

Concordia Maritime
SE-405 19 Gothenburg, Sweden
Tel +46 31 85 50 00
Corp. ID 556068-5819
www.concordiamaritime.com

Fleet at 31/03/2018



www.solberg.se

| PRODUCT TANKERS | Employment | Partner |
|-------------------------------|--------------------------------|--------------------------------|
| P-MAX | | |
| Stena Premium | Spot | Stena Bulk |
| Stena Polaris | Spot | Stena Bulk |
| Stena Performance | Time charter to February 2018 | Stena Bulk |
| Stena Provence | Time charter to September 2018 | Stena Bulk |
| Stena Progress | Time charter to May 2019 | Stena Bulk |
| Stena Paris | Time charter to July 2018 | Stena Bulk |
| Stena Primorsk | Time charter to June 2018 | Stena Bulk |
| Stena Penguin | Spot | Stena Bulk |
| Stena Perros | Spot | Stena Bulk |
| Stena President | Time charter to May 2018 | 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 ⁴⁾ | Spot | Stena Bulk |
| Unnamed vessel ⁴⁾ | Spot | Stena Bulk |
| CRUDE OIL TANKERS | | |
| Suezmax | | |
| Stena Supreme ²⁾ | 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

⁴⁾ 50% charter April/May 2018 – April/May 2019

⁷⁾ Contracted on a bareboat basis until 2029, with annual purchase options from 2019