

INTERIM REPORT, 1 JANUARY–30 JUNE 2019

Weak quarter as expected, but stronger than Q2 2018

- **Total income**
Q2: SEK 252.7 (227.0) million
HY1: SEK 563.4 (426.6) million
- **EBITDA**
Q2: SEK 53.3 (–9.3) million
HY1: SEK 134.9 (–2.3) million
- **Result before tax**
Q2: SEK –39.2 (–57.0) million
HY1: SEK –37.4 (–95.7) million
- **Result per share after tax**
Q2: SEK –0.82 (–1.19)
HY1: SEK –0.78 (–2.01)

Events after the end of the quarter

- In July, *Stena Performance* and *Stena Polaris* were contracted on consecutive voyage charters for 8–10 months.

Key figures	Q2 (Apr–Jun)		6 months (Jan–Jun)		Full year
	2019	2018	2019	2018	2018
Total income, SEK million	252.7	227.0	563.4	426.6	1,052.9
EBITDA, SEK million	53.3	–9.3	134.9	–2.3	56.8
EBITDA, USD million	5.6	–1.2	14.5	–0.3	6.5
Operating result, SEK million	–7.8	–55.5	13.4	–91.9	–130.1
Result before tax, SEK million	–39.2	–57.0	–37.4	–95.7	–181.9
Result after tax, SEK million	–39.2	–57.0	–37.5	–95.7	–182.1
Equity ratio, %	32	41	32	41	38
Return on equity, %	–11	–54	–11	–54	–15
Available liquid funds, including unutilised credit facilities, SEK million	219.3	185.0	219.3	185.0	160.1
Result per share after tax, SEK	–0.82	–1.19	–0.78	–2.01	–3.81
Equity per share, SEK	23.40	25.94	23.40	25.94	22.24
Lost-time injuries	0	0	1	0	0

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

Q2 19

Q2 weaker than Q1 – but continued belief in an autumn market turnaround

Developments during the second quarter were largely as we expected – namely, weak but still stronger than the corresponding quarter the previous year. Among the reasons were OPEC's production cuts, extended seasonal maintenance of refineries prior to IMO 2020 and extensive deliveries of new vessels.

THE INCREASED NUMBER OF VESSEL DELIVERIES is largely due to delays. The vessels should actually have been delivered in the first quarter but came into service in spring instead. Normal refinery maintenance has been longer and more extensive than usual this year due to conversion work and preparations for IMO 2020. Overall, increased supply of vessels in combination with lower demand for transportation to and from refineries has contributed to lower market rates.

Market developments and the comparison with 2018 are clearly reflected in our own operating result for the quarter, which amounted to SEK –7.8 (–55.5) million. Result before tax was SEK –39.2 (–57.1) million. EBITDA was SEK 53.3 (–9.3) million, corresponding to USD 5.6 (–1.2) million.

Continuing belief in a stronger market

During the first half of 2019, the tanker markets produced voyage result per day levels that exceeded the corresponding period in the slump year 2018 by 50-100 percent.

Our view of market development going forward is largely unchanged. Several factors still point to a gradually stronger market in autumn. In addition to positive fundamentals in the form of sustained high demand for oil, seasonality and declin-

ing net tanker fleet growth, US exports of crude oil and oil products and the consequences of IMO 2020 are also helping to create exciting conditions.

With regard to OPEC's production, we had expected a decision on a gradual return to normal production rates at their July meeting. This did not turn out to be the case. If their decision to extend the production cuts persists, we are unlikely to get the extra boost we expected and hoped for. How this will transpire remains to be seen. Continuing production cuts would continue to decrease OECD oil stocks, which are currently in line with the important 5-year average. It is therefore not beyond the realms of possibility that OPEC will reconsider its decision as early as this autumn.

Higher proportion of fleet employed on the spot market

As a consequence of our belief in a gradually stronger market, we decided not to extend the charters for *Stena Paris* and *Stena Provence* during the quarter. On the other hand, we have signed a consecutive voyage charter agreement with a customer in Brazil for a new route between the US and Brazil. Under the agreement, the customer uses the entire capacity of two P-MAX tankers at a freight price level we consider to be



satisfactory. The contract runs until the second quarter of 2020.

Rising geopolitical tension

Here and now, our thoughts are with the crew of *Stena Impero*. On July 19, the ship, a sister ship of our IMOIMAX vessels, was boarded by the Iranian authorities. On that date, *Stena Impero* was passing through the Strait of Hormuz. The increased risk situation in and around the Strait of Hormuz is unfortunate. Approximately a third of the world's total oil transport passes through the strait. Our vessels also regularly use the shipping route. Each individual trip is assessed from a safety perspective, with crew safety the overriding priority. At present, we only pass through the area with a military escort, which has worked well so far.

Gothenburg, August 2019

Kim Ullman, President

Business activities

Spot market earnings for the product tanker fleet in the second quarter of 2019 were USD 15,100 (11,300) per day, which was higher than the average earnings of USD 11,400 (8,200) per day for the market¹⁾. Earnings for the Suezmax fleet in the quarter were USD 19,200 (14,200) per day, compared with the average earnings of USD 15,700 (12,700) per day for the market¹⁾.

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 charters. The other seven vessels were employed in the spot market under agreements with Stena Bulk. The two IMOIMAX vessels *Stena Image* and *Stena Important* also continued to be employed on long-term charters under the cooperation with Stena Bulk.

Earnings

Average earnings for the entire product tanker fleet, spot and TC, during Q2 were USD 14,900 (12,400) per day. For vessels employed in the spot market, average earnings for the quarter were USD 15,100 (11,300). For the six-month period, average earnings for the entire product tanker fleet, spot and TC, were USD 16,200 (13,400) per day. For vessels employed on the spot market, average earnings for the six-month period were USD 16,300 (12,500).

Suezmax fleet

During the period, the Suezmax fleet consisted of the Suezmax tanker *Stena Supreme* (158,000 000 DWT), contracted in on a long-term charter. The vessel was employed in 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 the suezmax fleet were USD 19,200 (14,200) per day for the quarter and USD 23,200 (13,700) per day for the six-month period.

Repairs and drydock

During the quarter, *Stena Primorsk* went into drydock and was off hire for 21 days. The drydocking for *Stena Primorsk* has continued in Q3 and is taking longer than planned. The vessel is expected to leave the shipyard on 15 August.

Current status of contracted freights Q3 2019, 15 August

	Average earnings (\$/day)	Share of chartered days (%)
Product tankers, spot	10,800	64
Suezmax, spot	19,500	53

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.



1) Clarkson index

Earnings, spot

USD per day	No. of ships	Average earnings, Concordia Maritime				Average earnings, market ^{1,2)}			
		Q2 2019	Q2 2018	6 months 2019	6 months 2018	Q2 2019	Q2 2018	6 months 2019	6 months 2018
Product tankers	12.0	15,100	11,300	16,300	12,500	11,400	8,200	12,500	9,000
Suezmax	1	19,200	14,200	23,200	13,700	15,700	12,700	19,000	8,400

1) Clarksons w.w. average MR Clean Earnings

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

Concordia Maritime's spot market product tanker fleet achieved higher earnings per day than the Clarksons theoretical index in the second quarter of 2019. Niche trades for the P-MAX vessels and a good performance from the Stena Bulk pool are among the main drivers.

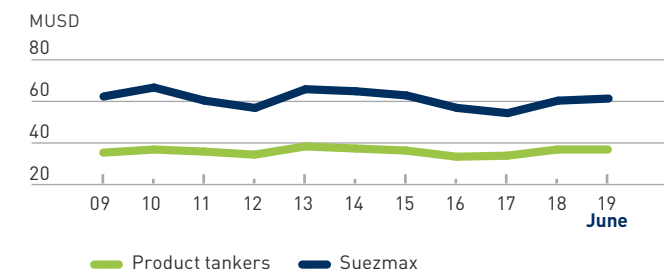
Concordia Maritime's earnings in the Suezmax segment were also higher than the index, which shows that the Stena Sonangol pool remains one of the industry's leaders.

EBITDA per quarter

USD millions	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Product tankers, time charter	4.3	4.3	4.1	4.5	5.8	7.6	4.8	3.3
Product tankers, spot, owned and leased tonnage	1.2	3.8	-0.5	-4.1	-4.5	-4.4	-1.8	-0.5
Product tankers, spot, short-term chartered tonnage	-0.1	0.1	-0.6	-1.1	-0.4	-0.1	-0.2	-0.3
Sale of ships	—	—	—	—	—	—	—	—
Product tankers, total	5.5	8.1	3.0	-0.7	0.9	3.0	2.8	2.5
Suezmax, spot, owned and leased tonnage	0.9	1.6	-0.1	-1.1	-1.2	-1.3	-0.7	-1.3
Suezmax, spot, short-term chartered tonnage	0.0	0.0	6.7 ¹⁾	0.2	-0.0	—	—	—
Sale of ships	—	—	—	—	—	—	—	—
Suezmax, total	0.9	1.6	6.6	-0.9	-1.2	-1.3	-0.7	-1.3
Admin. and other	-0.7	-0.8	-0.7	-0.5	-0.8	-0.8	-0.9	-0.8
Total	5.6	8.9	8.9	-2.1	-1.1	0.9	1.2	0.4

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

Newbuilding prices

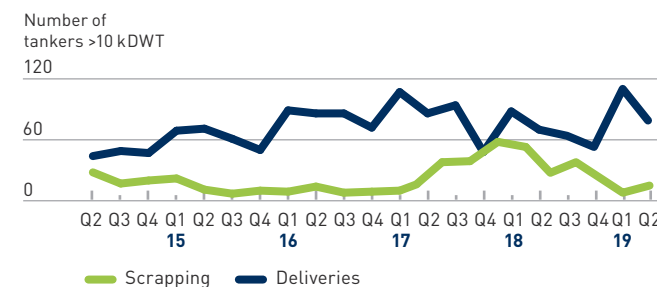


At the end of the quarter, the price of a standard product tanker was about USD 36.5 million. The price of an IMOII class MR tanker like our IMOIIIMAX vessels was about USD 39.5 million. This is the same price as when we placed our order with the shipyard in 2012. The price of a standard Suezmax tanker at the end of the quarter was about USD 61.5 million.

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

Source: Clarkson

Scrapping and deliveries



Deliveries of new vessels continued to be relatively extensive in Q2, while phasing-out through scrapping increased slightly compared with the previous quarter.

Source: Clarkson

Financial summary

Result

Result after tax for the quarter was SEK –39.2 (–57.0) million. The improved tanker market resulted in slightly higher earnings for vessels on the spot market than in the previous year, although lower than in Q1 2019, and this is reflected in the operating result of SEK –7.8 (–55.5) million. Costs for operation and administration were at the same level as in the same period the previous year. Financial net for the quarter was weaker than in Q2 2018. In the previous year, a revaluation of spread positions produced a positive one-time effect of SEK 16.6 million in financial net.

Equity

Equity per share was SEK 23.40 (25.94).

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. An equity hedge has been in place since the second half of 2018 through the forward sale of USD 31 million, with a maturity of 24 months. At the end of Q2 2019, this hedging was valued at SEK –12.4 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 –30.9 (19.4) million as a result of the change in the market value of the bunker positions where hedge accounting is applied. The closing balance for the translation differences, which are recognised in equity, amounted to SEK 523.4 (490.3) 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 5.1 (0.9) million. The investments for the period are related to periodic drydocking. The Company's net investments in financial assets during the quarter amounted to SEK –60.3 (15.6) million and were related to trading in equities and bonds. These are classified as short-term deposits in the Company's balance sheet. 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 634.5 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 –15.5 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 first six months of 2021. The total volume is 12,000 mt, with an average spread of USD 293. Market value changes for the positions are recognised in the income statement, and amount to SEK –1.6 (29.7) million for the quarter. They are classified as a non-current liability 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 Q4 2019. The total volume is 30,000 mt. Market value changes for the positions are recognised in the income statement, and amount to SEK 0.6 (–0.3) million for the quarter. They are classified as a current receivable in the Company's balance sheet. The FFA positions for the freight route TD20 for Q1 and Q2 2019 have been realised during the first half of the year, generating a positive cash flow effect of SEK 0.2 million.



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 June 2019, the fleet's carrying amount did not exceed its recoverable amount, which meant that no impairment was recognised.

Seasonal variations

Three vessels from the sailing fleet of 15 (10 owned, 3 on bare-boat contracts and 2 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 30 June 2019 was 6 (6). The Group employed 519 (488) temporary seagoing employees through Stena Sphere's manning company.

Parent Company

The Parent Company's sales for the quarter amounted to SEK 20.9 (32,1) million, with intragroup invoicing representing SEK 0.1 (0.0) million of this amount. The Parent Company's available liquid funds at the end of the quarter amounted to SEK 1,086.3 (1,193.9) million, which includes receivables from Group companies in the cash pool and unutilised credit facilities.

Other

During the quarter, the Board decided to implement a new legal structure in 2020. This will mean that ship ownership and taxation will take place in Denmark.

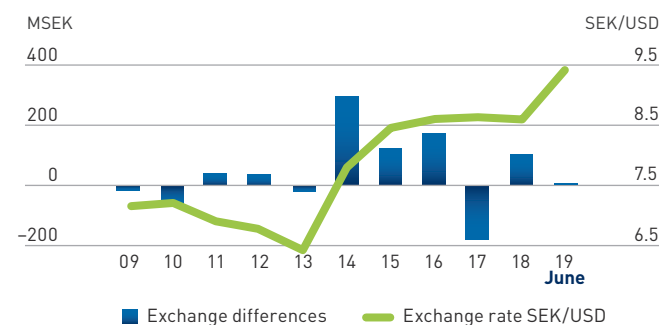
The Group's total income and earnings

SEK millions	Quarter 2		Full year
	2019	2018	2018
Total income ¹⁾	252.7	227.0	1,052.9
Operating result	-7.8	-55.5	-130.1
Result after financial items	-39.2	-57.0	-181.9
Result per share after tax, SEK	-0.82	-1.19	-3.81

Liquidity and financial position

SEK millions	30 Jun 2019	30 June 2018
Available liquid funds ²⁾	219.3	185.0
Interest-bearing liabilities	2,267.9	1,686.2
Equity	1,116.7	1,238.1
Equity ratio, %	32	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.

None of Concordia Maritime vessels were involved in any incident that resulted in bunker oil or cargo discharging into the water during the quarter. During the quarter, there was no workplace incident resulting in an individual employee being unable to return to a work shift on the day after the incident.

There was one medical treatment case in the quarter (*Stena Polaris*: a crew member fell, resulting in an ankle injury) and there were no restricted work cases.

There was one incident that included material damage during the quarter (*Stena Premium*: anchor broke).

Two incidents classified as high potential near misses occurred during the quarter (*Stena Image*: small deck spillage during loading and *Stena Performance*: buoy mooring came loose).

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

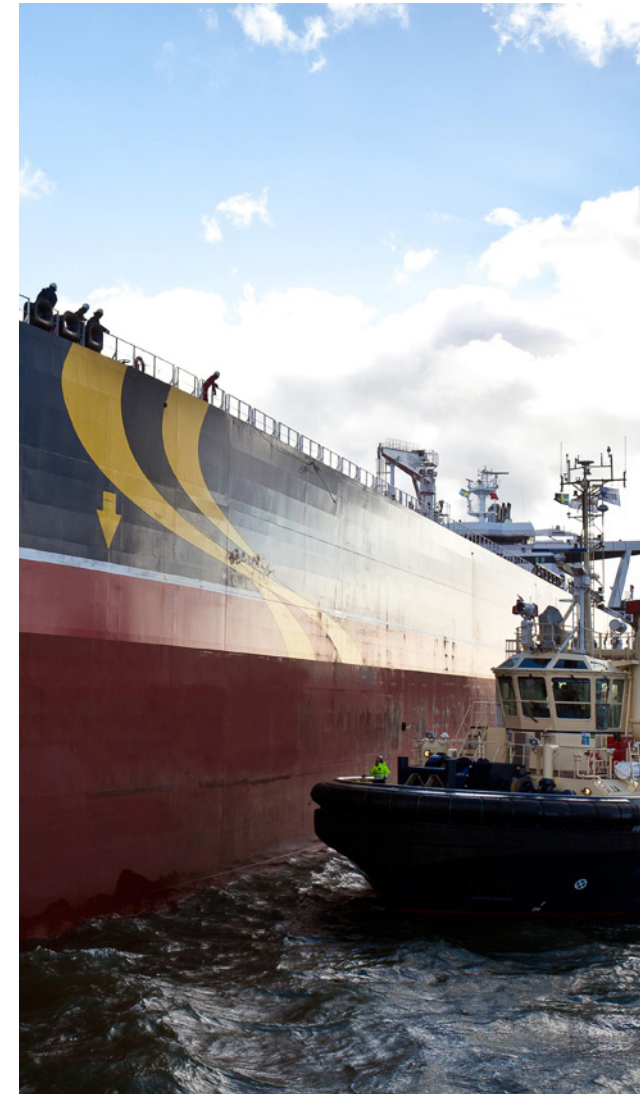
External controls

Seven vetting inspections were conducted during the quarter. There were 12 observations during these inspections, resulting in an average of 1.7 observations per inspection. There were 16 vetting inspections during the first six-month period of 2019, with 34 observations, resulting in an average of 2.1 observations per inspection.

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 for the quarter fell by 0.18 tonnes. The outcome for the first six months of 2019 was a decline in consumption of 0.27 tonnes, which was slightly below the target for the year. Reduced bunker consumption means lower emissions. See the table on page 8.



Targets and outcomes, sustainability

Safety first

	Q2 2019	Q2 2018	6 months 2019	6 months 2018	Target 2019
LTI	0	0	1	0	0
LTIF	0	0	0.35	0	0
Number of inspections with more than 5 observations (owned vessels)	0	0	0	0	0
Average number of vetting observations per inspection (entire fleet)	1.7	2.1	2.2	2.1	<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	0	4	1	5	0
Medical treatment case	1	0	1	0	0
Restricted work case	0	0	0	0	0
High potential near miss	2	1	2	3	0
High risk observation	0	0	0	0	0

Environmental responsibility

	Q2 2019	Q2 2018	6 months 2019	6 months 2018	Target 2019
Oil spills, litres	0	0	0	0	0
Reduced fuel consumption, mt/day (owned vessels) ¹⁾	0.18	0.05	0.27	0.13	0.3
CO ₂ reduction, mt	310	114	1,107	463	2,800
SO _x reduction, mt	4.9	4.5	15.9	9.0	36
NO _x reduction, mt	8.7	3.2	31.1	12.2	80
Reduction in emissions of particulates, mt	0.3	0.1	0.5	0.2	0.9

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

Definitions: see page 16.

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.

UN's Sustainable Development Goals

Concordia Maritime sees the goals as a shared commitment that requires cooperation between governments, companies and society at large. We fully support the 17 goals and believe that they have the potential to contribute to more sustainable development – both for society at large and individual companies and businesses.

Community engagement

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.



2019 Annual General Meeting

At Concordia Maritime AB (publ)'s AGM on 25 April 2019, Carl-Johan Hagman, Stefan Brocker, Mats Jansson Helena Levander and Michael G:son Löw were re-elected to the Board and Henrik Hallin was elected as a new Board member, in accordance with the nomination committee's proposals. Carl-Johan Hagman was elected Chairman of the Board.

The meeting decided that no dividend would be paid for the 2018 financial year.

GROUP

Income statement

SEK millions	Quarter 2 2019	Quarter 2 2018	6 months 2019	6 months 2018	Full year 2018
Consolidated income statement					
Average exchange rate SEK/USD	9.45	8.67	9.31	8.38	8.69
Time charter income, leasing of vessels	36.0	47.8	72.3	72.9	130.6
Time charter income, operational services	54.3	68.2	119.9	104.4	206.4
Spot charter income ¹⁾	162.4	111.0	371.1	249.3	665.4
Other income	0.0	0.0	0.0	0.0	50.5
Total revenue	252.7	227.0	563.4	426.6	1,052.9
Voyage-related operating costs	-64.7	-69.4	-140.5	-117.4	-293.4
Operating costs, ships ¹⁾	-68.7	-103.3 ²⁾	-153.6	-186.1 ³⁾	-447.9 ⁴⁾
Personnel costs, temporary seagoing	-52.6	-51.0	-105.1	-99.1	-202.7
Personnel costs, land-based	-4.4	-4.4	-10.2	-9.7	-20.4
Other external expenses	-9.0	-8.2	-19.2	-16.5	-31.7
Depreciation/impairment	-61.1	-46.2 ²⁾	-121.5	-89.6 ³⁾	-186.9 ⁴⁾
Total operating costs¹⁾	-260.5	-282.4²⁾	-550.0	-518.5³⁾	-1,183.0⁴⁾
Operating result	-7.8	-55.5²⁾	13.4	-91.9³⁾	-130.1⁴⁾
Interest and similar income	1.1	19.6	14.2	36.1	30.9
Interest and similar expense	-32.5	-21.2 ²⁾	-65.0	-39.9 ³⁾	-82.7 ⁴⁾
Financial net	-31.4	-1.6²⁾	-50.8	-3.8³⁾	-51.8⁴⁾
Result before tax	-39.2	-57.0²⁾	-37.4	-95.7³⁾	-181.9⁴⁾
Tax	0.0	0.0	-0.1	0.0	-0.2
Result after tax	-39.2	-57.0²⁾	-37.5	-95.7³⁾	-182.1⁴⁾

1) Accounting policies, see page 18.

2) To show the effects of the implementation of IFRS16, adjusted income statement items for Q2 2018 are stated below as if they had been reported under IFRS 16.

Other income statement items are unchanged.

Operating costs, ships	-80.3
Depreciation/impairment	-54.8
Operating costs	-268.0
Operating result	-41.1
Interest and similar expense	-34.6
Financial net	-15.0
Result before tax	-56.1
Result after tax	-56.1

3) To show the effects of the implementation of IFRS16, adjusted income statement items for the first 6 months of 2018 are stated below as if they had been reported under IFRS 16.

Other income statement items are unchanged.

Operating costs, ships	-141.9
Depreciation/impairment	-107.8
Operating costs	-492.5
Operating result	-65.9
Interest and similar expense	-61.0
Financial net	-24.9
Result before tax	-90.8
Result after tax	-90.8

4) To show the effects of the implementation of IFRS16, adjusted income statement items for the full year 2018 are stated below as if they had been reported under IFRS 16. Other income statement items are unchanged.

Operating costs, ships	-354.5
Depreciation/impairment	-227.9
Operating costs	-1,130.6
Operating result	-77.7
Interest and similar expense	-115.6
Financial net	-84.7
Result before tax	-162.4
Result after tax	-162.6

Other comprehensive income

SEK millions	Quarter 2 2019	Quarter 2 2018	6 months 2019	6 months 2018	Full year 2018
Result after tax	-39.2	-57.1	-37.5	-95.7	-182.1
Items that have been/can be transferred to result for the period					
Translation differences	-0.9	82.7	44.2	104.2	95.8
Changes in fair value of cash flow hedges for the period	-15.5	8.0	30.8	9.5	-68.2
Changes in fair value of cash flow hedges transferred to result for the period	-0.8	-0.8	-1.7	-1.7	-3.5
Items that cannot be transferred to result for the year					
Changes in the fair value of equity instruments at fair value through OCI	0.0	0.0	0.0	0.0	-2.4
Comprehensive income for the period	-56.4	32.9	35.8	16.2	-160.4

Per-share data, SEK

SEK millions	Quarter 2 2019	Quarter 2 2018	6 months 2019	6 months 2018	Full year 2018
Per-share data, SEK					
Number of shares	47,729,798	47,729,798	47,729,798	47,729,798	47,729,798
Result per share, before/after dilution	-0.82	-1.19	-0.78	-2.01	-3.81
Equity per share, SEK	23.40	25.94	23.40	25.94	22.24

GROUP

Condensed balance sheet

SEK millions	30 Jun 2019	30 Jun 2018	31 Dec 2018
Closing exchange rate SEK/USD	9.28	8.94	8.85
Assets			
Ships and equipment ¹⁾	3,097.7	2,421.7 ³⁾	2,303.0 ⁴⁾
Financial assets	0.3	0.1	14.6
Total non-current assets	3,098.1	2,421.8³⁾	2,317.6⁴⁾
Current receivables	252.4	262.2	253.5
Short-term deposits	40.9	274.2	97.4
Cash and bank balances	145.6	85.5	126.4
Total current assets	438.9	621.9	477.4
Total assets	3,537.0	3,043.8³⁾	2,795.0⁴⁾
Equity and liabilities			
Equity	1,116.7	1,238.1	1,061.5
Non-current liabilities	2,017.6	1,444.7 ³⁾	1,301.5 ⁴⁾
Current liabilities	402.7	361.0 ³⁾	432.0 ⁴⁾
Total equity and liabilities	3,537.0	3,043.8³⁾	2,795.0⁴⁾

1) Including right-of-use assets of SEK 1,085.2 (0.0) million.

2) Including restricted funds of SEK 29.2 million.

3) To show the effects of the implementation of IFRS16, adjusted balance sheet items for first six months of 2018 are stated below as if they had been reported under IFRS 16. Other balance sheet items are unchanged.

Ships and equipment	3,265.3
Total non-current assets	3,265.4
Total assets	3,887.3
Non-current liabilities	2,224.6
Current liabilities	424.7
Total equity and liabilities	3,887.3

4) To show the effects of the implementation of IFRS16, adjusted balance sheet items for the full year 2018 are stated below as if they had been reported under IFRS 16. Other balance sheet items are unchanged.

Ships and equipment	3,113.0
Total non-current assets	3,127.6
Total assets	3,605.0
Non-current liabilities	2,048.5
Current liabilities	495.0
Total equity and liabilities	3,605.0

Changes in equity

SEK millions	Share capital	Other paid-in capital	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total
Changes Jan–Jun 2019							
Opening balance 01.01.2019	381.8	61.9	481.8	-60.0	-2.5	198.3	1,061.3
Comprehensive income for the period			41.7	29.1		-37.5	33.3
Transition effect IFRS 16						22.1	22.1
Closing balance 30.06.2019	381.8	61.9	523.5	-30.9	-2.5	182.9	1,116.7
Changes Jan–Jun 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			104.2	7.7		-95.7	16.2
Closing balance 30.06.2018	381.8	61.9	490.3	19.4	0.0	284.6	1,238.1

GROUP

Condensed cash flow statement

SEK millions	Quarter 2 2019	Quarter 2 2018	6 months 2019	6 months 2018	Full year 2018
Operating activities					
Result before tax	-39.2	-57.0	-37.4	-95.7	-181.9
Adjustments:					
Depreciation	59.1	46.2	121.5	89.6	186.9
Other items	-8.1	-1.5	-70.6	-12.6	-93.8
Cash flow from operating activities before changes in working capital	11.8	-12.4	13.5	-18.7	-88.9
Changes in working capital	13.0	-57.0	1.2	-55.1	-27.4
Cash flow from operating activities	24.7	-69.3	14.7	-73.8	-116.3
Investing activities					
Sale of non-current assets	0.0	0.7	0.0	1.9	1.9
Investment in non-current assets	-5.1	-0.9	-11.0	-0.9	-2.9
Sale of financial assets	68.3	15.3	100.2	49.7	208.8
Investment in financial assets	-8.0	-30.9	-18.7	-86.1	-106.3
Other financial items	0.0	0.0	0.0	0.0	0.2
Cash flow from investing activities	55.2	-15.8	70.5	-35.5	101.3
Financing activities					
New loans	0.0	0.0	0.0	0.0	0.0
Amortisation of loans ¹⁾	-48.3	-61.2	-33.5	-87.2	-99.6
Dividend to shareholders	0.0	0.0	0.0	0.0	0.0
Other financing	-18.5	29.8	-38.5	25.3	-19.5
Cash flow from financing activities	-66.8	-31.4	-72.0	-61.9	-119.1
Cash flow for the period	13.2	-116.6	13.2	-171.2	-134.0
Balance at beginning of period (Note 1)	131.8	193.2	126.4	243.6	243.6
Exchange differences (Note 2)	0.6	9.0	5.9	13.1	16.8
Balance at end of period (Note 1)	145.6	85.5	145.6	85.5	126.4
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	-0.2	17.4	5.8	22.0	19.4
Cash flow for the period	0.8	-8.4	0.1	-8.8	-2.5
	0.6	9.0	5.9	13.1	16.8

1) The actual amount repaid during Q2 2019 is SEK 48.4 million. The corresponding amount for the first six month-period of 2019 is SEK 95.5 million. Exchange differences related to foreign currency loans amount to SEK 0.1 million in Q2 2019. The corresponding amount for the first six month-period of 2019 is SEK 62.0 million.

PARENT COMPANY

Condensed income statement

SEK millions	6 months 2019	6 months 2018
Net sales	60.3	50.4
Operating costs, ships	-60.9	-54.1
Other external expenses	-6.3	-6.4
Personnel expenses	-7.5	-7.1
Operating result	-14.4	-17.2
Result from subsidiaries	74.3	0.0
Other interest and similar income	52.9	53.4
Interest and similar expense	-55.9	-47.5
Result before tax	56.9	-11.3
Tax	0.0	0.0
Result after tax	56.9	-11.3

Condensed balance sheet

SEK millions	30 Jun 2019	30 Jun 2018
Assets		
Ships and equipment	0.0	0.0
Financial assets	0.2	0.0
Investments in Group companies	745.9	745.8
Total non-current assets	746.1	745.8
Current receivables	3.3	43.4
Short-term deposits	4.7	0.0
Receivables from Group companies	1,039.6	1,173.6
Cash and bank balances	75.9	20.3
Total current assets	1,123.6	1,237.3
Total assets	1,869.7	1,983.1
Equity and liabilities		
Equity	541.1	556.0
Non-current liabilities	1,064.5	1,196.7
Current liabilities	264.1	230.4
Total equity and liabilities	1,869.7	1,983.1

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 have a limited opportunity to control these risks in the short term, but must still deal with them in the longer-term planning of the business. These include risks associated with the economy, freight rates, oil price movements and political risks.
- *Operational risks* are risks related to the management of the operational side of the business. These include risks associated with insurance issues, the environment and ship operation.
- *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 2018 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 indicating 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.

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.

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.

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

Reconciliation of alternative performance measures

EBITDA

SEK millions	Quarter 2 2019	Quarter 2 2018	6 months 2019	6 months 2018	Full year 2018
Operating result	-7.8	-55.5	13.4	-91.9	-130.1
Depreciation/ Impairment	61.1	46.2	121.5	89.6	186.9
EBITDA	53.3	-9.3	134.9	-2.3	56.8

Result excluding impairment and tax

SEK millions	Quarter 2 2019	Quarter 2 2018	6 months 2019	6 months 2018	Full year 2018
Result after tax	-39.2	-57.0	-37.5	-95.7	-182.1
Impairment	0.0	0.0	0.0	0.0	0.0
Tax	0.0	0.0	0.1	0.0	0.2
Result excluding impairment and tax	-39.2	-57.0	-37.4	-95.7	-181.9

Result per share excluding impairment and tax

	Quarter 2 2019	Quarter 2 2018	6 months 2019	6 months 2018	Full year 2018
Result excluding impairment and tax, SEK millions	-39.2	-57.0	-37.4	-95.7	-181.9
Number of shares (millions)	47.729798	47.729798	47.729798	47.729798	47.729798
Result per share excluding impairment and tax, SEK	-0.82	-1.19	-0.78	-2.01	-3.81

Return on equity

SEK millions	6 months 2019	6 months 2018	Full year 2018
Result after tax	-123.6	-670.8	-182.1
Equity	1,122.2	1,231.1	1,165.5
Return on equity	-11%	-54%	-15%

Return on capital employed

SEK millions	6 months 2019	6 months 2018	Full year 2018
Result after financial net	-123.6	-685.8	-181.9
Finance costs	106.0	74.9	82.7
Result after financial net plus finance costs	-17.6	-610.9	-99.2
Total assets	3,236.1	3,006.5	2,921.7
Non-interest-bearing liabilities	-165.6	-114.4	-147.7
Capital employed	3,070.5	2,892.1	2,773.9
Return on capital employed	-0.6%	-21.1%	-3.6%

Return on total capital

SEK millions	6 months 2019	6 months 2018	Full year 2018
Result after financial net	-123.6	-685.8	-181.9
Finance costs	106.0	74.9	82.7
Result after financial net plus finance costs	-17.6	-610.9	-99.2
Total assets	3,236.1	3,006.5	2,921.7
Return on total capital	-0.6%	-20.3%	-3.4%

Equity ratio

SEK millions	6 months 2019	6 months 2018	Full year 2018
Equity	1,116.7	1,238.1	1,061.5
Total assets	3,537.0	3,043.8	2,794.9
Equity ratio	32%	41%	38%

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 principles have been applied as in the most recent annual report.

IFRS 16 is effective for the reporting of leases with effect from the 2019 financial year. As a lessee, the Company recognises a right-of-use asset, representing the right to use the underlying asset, and a lease liability, representing the

obligation to make lease payments, for three long-term leases for vessels contracted in on a bareboat basis. 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 Company has chosen to apply the modified retrospective approach for the transition to IFRS 16, which means that comparatives have not been restated. The total effect of the transition to IFRS 16 on the Company's financial statements was an increase of SEK 810 (USD 91) million for both assets and liabilities in the balance sheet. The effect relates to two of the three leases

and is calculated using the Group's incremental borrowing margin of 2.36% as at 1 January 2019 and the Group's latest updated assessment as to whether any options to extend the leases or acquire the leased vessels will be exercised or not. Both contracts contain a fixed lease payment, but one contract also has variable lease payments based on LIBOR +2.975% of the remaining accumulated fixed lease amount for the total charter period. The two contracts contain annual purchase options from years three and four onwards. The third contract was reported as a finance lease before the transition to IFRS 16 and the transition did not therefore have any effect on the accounting for the lease.

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 2018, 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, 15 August 2019

Carl-Johan Hagman
Chairman

Stefan Brocker
Deputy Chairman

Mats Jansson

Helena Levander

Michael G:son Löw

Henrik Hallin

Alessandro Chiesi

Daniel Holmgren

Mahmoud Sifaf

Kim Ullman
CEO

Quarterly overview

SEK millions	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Profit/loss items								
Total income ¹⁾	252.7	310.7	367.8	258.6	227.0	199.6	193.8	197.7
Operating costs excluding impairment ¹⁾	-260.5	-289.5	-339.6	324.5	-282.4	-236.0	-226.7	-245.9
Operating result (EBIT)	-7.8	21.2	28.2	-66.4	-55.5	-36.4	-32.9	-521.8
of which result from sale of investments in jointly-controlled entities (vessels)	—	—	—	—	—	—	—	—
Financial net	-31.4	-19.4	-47.6	-0.5	-1.6	-2.2	-9.1	-11.2
Result after financial net	-39.2	1.8	-19.4	-66.9	-57.0	-38.7	-42.0	-533.1
Result after tax	-39.2	1.7	-19.4	-67.0	-57.0	-38.7	-42.0	-533.1
Cash flow from operating activities	24.7	-10.0	-11.0	-31.4	-69.3	-4.4	-3.2	39.5
EBITDA	53.3	81.6	77.1	-18.0	-9.3	7.0	10.1	1.9
Balance-sheet items								
Ships (number)	3,097.7 (13)	3,212.0 (13)	2,303.0 (11)	2,359.0 (11)	2,421.7 (11)	2,303.9 (11)	2,305.7 (11)	2,319.5 (11)
Ships under construction (number)	0	0	0	0	0	0	0	0
Liquid funds incl. investments	186.5	231.3	223.9	263.9	359.7	435.5	466.4	546.9
Other assets	252.8	266.8	253.5	280.9	262.2	206.3	196.2	201.4
Interest-bearing liabilities	2,267.9	2,397.8	1,539.1	1,625.8	1,686.2	1,620.2	1,635.6	1,702.3
Other liabilities and provisions	152.4	158.6	194.4	121.2	119.5	120.3	111.0	106.8
Equity	1,116.7	1,153.7	1,061.5	1,156.9	1,238.1	1,205.3	1,221.9	1,259.0
Total assets	3,537.0	3,710.1	2,795.0	2,903.9	3,043.8	2,945.8	2,968.5	3,068.1
Key figures, %								
Equity ratio	32	31	38	40	41	41	41	41
Return on total capital	-1	-1	-3	-5	-20	-18	-17	-14
Return on capital employed	-1	-2	-4	-5	-21	-19	-18	-14
Return on equity	-11	-12	-16	-17	-54	-48	-42	-32
Operating margin	-3	7	8	-26	-24	-18	-17	-264
Share data								
Total income ¹⁾	5.29	6.51	7.71	5.42	4.76	4.18	4.06	4.14
Operating costs excluding impairment	-5.46	-6.07	-7.11	-6.81	-5.92	-4.95	-4.75	-5.15
Operating result	-0.16	0.44	0.59	-1.39	-1.16	-0.76	-0.69	-10.93
Financial net	-0.66	-0.41	-1.00	-0.01	-0.03	-0.05	-0.19	-0.23
Result after tax	-0.82	0.04	-0.41	-1.40	-1.19	-0.81	-0.88	-11.17
Cash flow from operating activities	0.52	-0.21	-0.23	-0.66	-1.45	-0.09	-0.07	0.83
EBITDA	1.12	1.71	1.62	-0.38	-0.19	0.15	0.21	0.04
Equity	23.40	24.17	22.24	24.24	25.94	25.25	25.60	26.38

Definitions: see page 16.

1) Accounting policies, see page 18.

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 IMOIIIMAX.
- **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 2		6 months		Full year
	2019	2018	2019	2018	2018
Group	67.7	64.1	135.0	125.6	256.9
Parent Company	0.3	0.3	0.8	0.5	1.2

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



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Calendar

Q3 2019 5 November 2019

Q4 2019 30 January 2020

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

This information is information that Concordia Maritime Aktiebolag (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 13.00 CET on 15 August 2019.

Fleet at 15 August 2019

Product tankers	Employment	Partner
P-MAX		
Stena Premium	Spot	Stena Bulk
Stena Polaris	CVC to April 2020	Stena Bulk
Stena Performance	CVC to April 2020	Stena Bulk
Stena Provence	Time charter to September 2019	Stena Bulk
Stena Progress	Spot	Stena Bulk
Stena Paris	Time charter to August 2019	Stena Bulk
Stena Primorsk	Spot	Stena Bulk
Stena Penguin	Spot	Stena Bulk
Stena Perros	Spot	Stena Bulk
Stena President	Spot	Stena Bulk

IMOIIIMAX		
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

CONCORDIA
MARITIME

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