



Year-end report 1 January–31 December 2017

- Total income¹⁾, Q4:
SEK 193.8 (278.5) million
Full year 2017: SEK 827.5 (1038.2) million
- EBITDA, Q4:
SEK 10.1 (108.4) million
Full year 2017: SEK 51.3 (319.9) million
- Result before tax, Q4:
SEK –42.0 (33.5) million
Full year 2017: SEK –660.2 (56.9) million
- Result per share after tax, Q4:
SEK –0.88 (0.72)
Full year 2017: SEK –13.83 (1.46)

Events in the fourth quarter

- ECO MR vessel chartered on a 50% basis with Stena Bulk.
- Contract signed to extend ECO MR vessel chartered on a 50% basis with Stena Bulk. The contract is for one year.
- Another quarter without any lost time injuries²⁾, adding up to four years without LTI.
- The Board will propose to the forthcoming AGM a dividend of SEK 0 (0.5) per share.

Events after the end of the quarter

- Another two MR (ECO) vessels chartered in.

Q4
17

Key ratios

	Q4 (Oct–Dec)		Full year	
	2017	2016	2017	2016
Total income ¹⁾ , SEK million	193.8	278.5	827.5	1,038.2
EBITDA, SEK million	10.1	108.4	51.3	319.9
EBITDA, USD million	1.2	12.2	6.0	37.4
Operating result, SEK million	–32.9	47.5	–624.6	82.7
Result excluding impairment and tax, SEK million	–42.0	33.5	–186.5	56.9
Result before tax, SEK million	–42.0	33.5	–660.2	56.9
Result after tax, SEK million	–42.0	34.3	–660.2	69.5
Equity ratio, %	41	50	41	50
Return on equity, %	–41.7	3.6	–41.7	3.6
Available liquid funds, including unutilised credit facilities, SEK million	335.5	507.4	335.5	507.4
Result per share after tax, SEK	–0.88	0.72	–13.83	1.46
Equity per share, SEK	25.60	43.78	25.60	43.78
Lost-time injuries	0	0	0	0

1) Accounting policies: see page 17. 2) Definitions: see page 15.



PRESIDENT'S OVERVIEW

Loss in 2017, but positive market outlook for the second half of 2018

As expected, 2017 was a weak year – for the market and for Concordia Maritime. The combination of reduced shipping volumes due to OPEC's output cuts and extensive ship deliveries contributed to an imbalance – which in turn resulted in low rates in all tanker market segments.

For the full year 2017, result before tax excluding impairment was SEK –186.5 (56.9) million and EBITDA amounted to SEK 51.3 (319.9) million, corresponding to USD 6.0 (37.4) million. Result before tax for the fourth quarter amounted to SEK –42.0 (33.5) million. EBITDA was SEK 10.1 (108.4) million, corresponding to USD 1.2 (12.2) million.

Active work on the fleet

For our part, the year that has just ended was very much focused on adapting and positioning the fleet in line with the weak market, but also preparing for the upturn that we believe is coming in 2018. This work continued during the quarter with the chartering in of another MR (ECO) vessel. In January, after the end of the quarter, we then signed contracts for a further two MR (ECO) vessels. In parallel with the new contracts, we also extended the contracts for the currently chartered MR (ECO) vessels.

We have continued to identify niche trades for our P-MAX vessels, where their unique properties are particularly beneficial. This strategy contributed to their income for the year being about 25 percent higher than the market average in the MR segment¹⁾. Six of the ten P-MAX tankers are employed on contracts up to and including summer 2018.

No incidents and continued reduction of environmental impact

As we look back on the year, it is pleasing to note that 2017 was another year in which there were no serious incidents or accidents on any of our vessels. We have also continued our efforts to reduce vessel-related environmental impacts. The major focus here is on reducing emissions into the sea and air. Overall carbon dioxide emissions fell by more than 8,220 mt and sulphur dioxide emissions by 68 mt in 2017.

Market outlook 2018

One of the main reasons for the weak market in recent years is an imbalance in terms of deliveries of new tankers and lower demand for transport of oil and oil products – as a result of OPEC's reduced production and higher inventory levels in the consuming countries. Several factors point to a better balance during 2018.

- *Increased oil production and high demand.* The return to normal production rates for OPEC and other oil-producing countries is expected to contribute to increased transport needs during the year. At the same time, global oil consumption is expected to increase by about 1.4 million barrels per day. All in all, this provides good incentives for increased demand for tanker transport with effect from summer 2018.
- *Reduced stock levels.* Among the main reasons for the weak market in recent years are the extremely high stock levels that were built up during in 2015 and half of 2016. Use of stored oil then led to lower demand for tanker transportation. Stocks were also high in the beginning of 2017, but have fallen sharply since spring, as a result of OPEC's output cuts. They are expected to have returned to normal levels by mid-2018.
- *Lower growth in the fleet.* On the supply side, order books are relatively low and net growth in new MR vessels during 2018 is expected to be just 2 percent, compared with about 4.5 percent in 2017. In addition, even tougher environmental requirements, such as the Ballast Water Convention and the new Sulphur Directive on sulphur limits by 2020, will increase incentives for phasing out and scrapping older tankers.

Taking all this into account, we expect increased demand for tanker transport and a progressively more balanced and stronger market during the second half of 2018.

Kim Ullman, CEO

1) Clarksons w.w. average MR Clean Earnings



Business activities

Spot market income for the product tanker fleet in the fourth quarter of 2017 was USD 12,300 (12,200) per day, which was higher than the average income for the market¹⁾, USD 10,300 (9,300) million, and the same quarter in 2016. Income for the suezmax tanker *Stena Supreme* for the quarter was USD 18,300 (24,200) per day, compared with the average income for the market¹⁾, USD 17,400 (29,500) 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 IMOII MAX vessels *Stena Image* and *Stena Important* continued to be employed under the cooperation with Stena Bulk.

During the quarter, contracts were signed to charter in another two IMO 2/3 class MR tankers. The contracts are for one year, and the charters run from March and April 2018. In parallel, the MR tankers that were chartered in from June and July also had their contracts extended for a further year. These are all joint charters with Stena Bulk, and Concordia Maritime's share amounts to 50 percent.

Income

Average income for the entire product tanker fleet, spot and TC, during the fourth quarter was USD 13,200 (14,000) per day. For vessels employed on the spot market, average income for the quarter was USD 12,300 (12,200). For the full year, average income for the

entire product tanker fleet, spot and TC, was USD 13,700 (17,000) per day. For vessels employed on the spot market, average income for the year was USD 12,700 (16,000).

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 income.

Income

Average income for *Stena Supreme* was USD 18,300 (24,200) per day for the quarter and USD 18,200 (28,400) per day for the full year 2017.

Repairs and drydock

The scheduled drydocking of *Stena Perro* took place during the quarter.

1) Clarkson index

Income, spot

USD per day	Number of vessels	Average income, Concordia Maritime				Average income, market			
		Q4 2017	Q4 2016	Full year 2017	Full year 2016	Q4 2017	Q4 2016	Full year 2017	Full year 2016
Product tankers	8.5	12,300	12,200	12,700	16,300	10,300	9,300 ¹⁾	10,200	12,100 ¹⁾
Suezmax	1.0	18,300	24,200	18,200	28,400	17,400	29,500 ²⁾	15,800	27,600 ²⁾

1) Clarksons w.w. average MR Clean Earnings

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

Concordia Maritime's spot market product tanker fleet achieved a higher income per day than the Clarksons theoretical index in all quarters of 2017. 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.

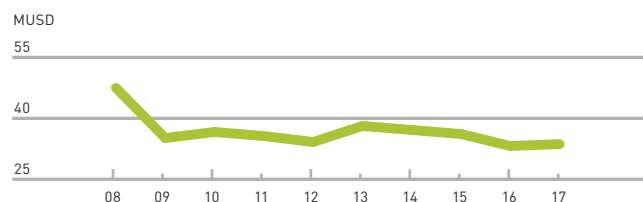
Concordia Maritime's income in the suezmax segment was higher than the Clarksons theoretical index for all quarters, which shows that the Stena Sonangol Pool remains one of the industry's leaders.

EBITDA per quarter

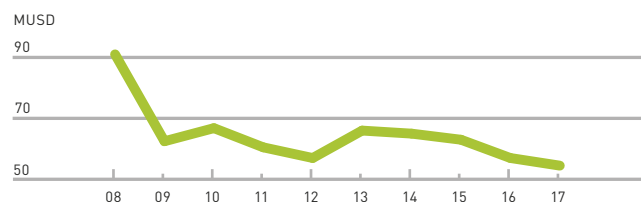
USD millions	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Product tankers, time charter	4.8	3.3	3.6	4.0	5.6	5.4	4.5	2.4
Product tankers, spot, owned and leased tonnage	-1.8	-0.5	0.0	0.7	-0.2	0.5	0.9 ¹⁾	7.9
Product tankers, spot, chartered tonnage	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2	0.1	0.1
Sale of ships	—	—	—	—	2.9	—	—	—
Product tankers, total	2.8	2.5	3.4	4.5	8.1	5.7	5.5	10.5
Suezmax, spot, owned and leased tonnage	-0.7	-1.3	-1.4	-0.4	1.4	0.9	2.2	2.4
Suezmax, spot, chartered tonnage	—	—	—	—	0.0	-0.2	0.3	0.3
Sale of ships	—	—	—	—	3.5	—	—	—
Suezmax, total	-0.7	-1.3	-1.4	-0.4	4.9	0.7	2.5	2.7
Admin. and other	-0.9	-0.8	-0.9	-0.8	-0.6	-0.5	-1.0	-1.0
Total	1.2	0.4	1.1	3.3	12.4	5.9	7.0	12.2

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

Newbuilding prices product tankers (MR)



Newbuilding prices Suezmax



At the end of the year, the price of a standard product tanker was about USD 33.5 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 54.5 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 –42.0 (34.3) million. Weak markets mean low income for the vessels on the spot market. Result after tax for the full year 2017 was SEK –660.2 (69.5) million. In addition to the weak market, the result decline compared with 2016 was largely due to the write-down of vessel values by SEK –473,7 (0.0) million in the third quarter.

Equity

Equity per share was SEK 25.60 (43.78).

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 the third quarter, 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 maturity of the contract. Income transferred to the Company's income statement is SEK 0.8 million for the quarter and SEK 1.7 million accumulated for the year. The remaining amount in the hedging reserve at the end of the period is SEK 11.7 million. The closing balance for the translation differences, which are recognised in equity, amounted to SEK 386.1 (443.0) million at the reporting date. The changes are recognised in equity through OCI.

Significant events in 2017

- Q1** ■ Sale of the IMOIIIMAX vessel *Stena Important* to a large Japanese financial institution. This is a sale & leaseback transaction. The sale price was USD 36 million.
- Q2** ■ Two ECO MR vessels chartered in on a 50% basis with Stena Weco.
■ Contract signed to charter out the P-MAX tanker *Stena Paris*. The contract is for one year, with an option to extend for a further year.
- Q3** ■ Vessels written down by USD 55 million, SEK 473.7 (0.0) million
■ Contract signed to charter out the P-MAX tanker *Stena Provence*. The contract is for one year, with an option to extend for a further year.
- Q4** ■ ECO MR vessel chartered in on a 50% basis with Stena Bulk. The contract is for two years, with an option to extend.
■ One-year extension of the contract for the ECO MR tanker which expired in November (chartered with Stena Bulk on a 50% basis)



Investments and deposits

Investments in property, plant and equipment during the quarter amounted to SEK 19.4 (10.5) million and were related to vessels. Investments for the full year 2017 amounted to SEK 78.0 (89.5) million. The investments during the year were mainly related to scheduled periodic drydocking.

The Company's investments in financial assets during the quarter amounted to SEK 64.8 (0.0) million and were related to bond purchases. For the full year 2017, investments in financial assets amounted to SEK 281.3 (0.0) million and were mainly related to bond purchases. These are classified as short-term deposits in the Company's balance sheet.

Valuation of the fleet

During the third quarter, the Board conducted an analysis of important new changes that affect the entire industry. These changes are new regulations on ballast water, new regulations on bunker quality with effect from 2020 and the market's increased focus on vessel ages. The Board concluded from the analysis that the consequences would be negative and an updated impairment test indicated impairment. An impairment loss of MSEK 473,7 million was therefore recognised during the third quarter. 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 fleet of 14.5 (ten owned, three on bareboat contracts and three on 50% time charters) were out on time charters at the end of the quarter. Income for the vessels that are not signed out to time charters is related to the freight level on the open market. This fleet deployment means that income is affected by the seasonal variations that occur in tanker shipping.

Employees

The number of employees in the Group at 31/12/2017 was 6 (6). The Group employed 473 (488) temporary seagoing employees through Stena Sphere's manning company.

Parent Company

The Parent Company's sales for the fourth quarter amounted to SEK 15.0 (2.1) million. Intragroup invoicing represented SEK 0.0 (0.6) million of this amount. The Parent Company's sales for the full year 2017 totalled SEK 44.8 (2.9) million. Result before tax for 2017 was SEK 6.7 (39.0) million. The Parent Company's available liquid funds at the end of the quarter amounted to SEK 1,222.2 (1,580.1) million, which includes receivables from Group companies in the cash pool and unutilised credit facilities.

Other

To generate returns on cash and cash equivalents, the Company has deposited USD 15 (122.8) 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

In January, contracts were signed for another two ECO MR vessels. In parallel, the contracts for the currently chartered ECO MR vessels were also extended.

Liquidity and financial position

SEK millions	31 Dec 2017	31 Dec 2016
Available liquid funds ¹⁾	335.5	507.4
Interest-bearing liabilities	1,635.6	1,946.5
Equity	1,221.9	2,089.8
Equity ratio, %	41	50

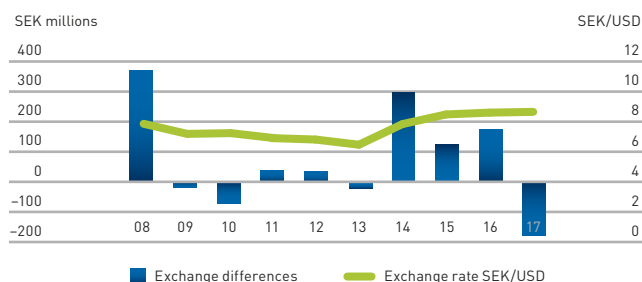
1) Includes unutilised available credit facilities.

The Group's total income and earnings

SEK millions	Quarter 4		Full year	
	2017	2016	2017	2016
Total income ¹⁾	193.8	278.5	827.5	1,038.2
Operating result	-32.9	47.5	-624.6	82.7
Result after financial items	-42.0	33.5	-660.2	56.9
Result per share after tax, SEK	-0.88	0.72	-13.83	1.46

1) Accounting policies: see page 17.

Translation differences (reported in OCI)



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



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.

During the quarter, there was an incident that included damage to property (damage to the mooring boat propeller via a rope from *Stena Supreme*). This event is also classified as a high potential near miss, as the cause was inattention. Concordia Maritime's vessels were not involved in any piracy-related incidents.

External controls

Eight vetting inspections were conducted during the quarter. There

were 17 observations during these inspections, resulting in an average of 2.1 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.

Mercy Ships Cargo Day

The second Mercy Ships Cargo Day was held during the year and Concordia Maritime is one of the companies involved in and supporting the activities on board Mercy Ships' hospital ship.

Mercy Ships is a charity organisation providing free surgery, dental care and other qualified medical care for people in poor countries



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.

where there is no other possibility of obtaining the care they need. Since 1978, the organisation has assisted more than 2.5 million people. Mercy Ships operates the world's largest private hospital ship, Africa Mercy, with five fully-equipped operating theatres on board.

Energy management

Efforts to reduce bunker consumption continued during the quarter. Bunker consumption in tonnes per day at sea fell by 0.97 tonnes

(12 months rolling). This is better than the target for the year, which is to reduce consumption by 0.3 tonnes per day. This is a positive result of focused control and monitoring but also efficient maintenance and technical innovations.

Reduced bunker consumption means lower emissions. CO₂ emissions decreased by 1,884 tonnes during the quarter. SO_x emissions decreased by 12 tonnes and NO_x emissions by 57 tonnes.

Targets and outcomes, sustainability

Safety first

	Q4 2017	Q4 2016	Full year 2017	Full year 2016	Target 2017
LTI	0	0	0	0	0
LTIF	0	0	0	0	0
Number of inspections with more than 5 observations (owned vessels)	0	0	0	0	0
Average number of vetting observations (entire fleet)	2.3	3.3	2.2	2.5	<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	3	3	9	0
Medical treatment case	0	3	2	3	0
Restricted work case	0	1	0	2	0
High potential near miss	1	4	4	8	0
High risk observation	1	0	1	0	0

Environmental responsibility

	Q4 2017	Q4 2016	Full year 2017	Full year 2016	Target 2017
Oil spills, litres	0	0	0	0	0
Reduced fuel consumption, mt/day (owned vessels) ¹⁾	0.97	0.8	0.97	0.8	0.3
CO ₂ reduction, mt	1,884	2,354	8,220	5,215	2,800
SO _x reduction, mt	12	3	68	39	36
NO _x reduction, mt	57	62	234	145	80
Reduction in emissions of particulates, mt	0.7	0.7	3.0	1.7	0.9

1) Bunker consumption for days at sea for the last 12 months is measured on the last day of the quarter. This 12-month figure is then compared with the same period the previous year. Definitions: see page 15.

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.

Mercy Ships Cargo Day

Concordia Maritime is one of the participants that supports 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



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.



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 Weco – Stena Bulk

At the beginning of April 2011, Stena Bulk and the Danish company Weco started a 50-50 joint venture which resulted in a newly established company, Stena Weco. In the first quarter of 2017, Stena Bulk acquired the remaining 50 percent share from Weco. 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 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.

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 4 2017	Quarter 4 2016	Full year 2017	Full year 2016
Consolidated income statement				
Average exchange rate SEK/USD	8.32	9.04	8.54	8.56
Time charter income	48.7	48.3	157.0	151.2
Spot charter income ¹⁾	145.1	174.6	670.5	789.4
Result from sale of ships	0.0	54.8	0.0	54.8
Other external income	0.0	0.8	0.0	42.8
Total income	193.8	278.5	827.5	1,038.2
Operating costs, ships ¹⁾	-118.9	-98.4	-519.0	-384.0
Personnel costs, temporary seagoing	-50.0	-51.7	-199.2	-195.6
Personnel costs, land-based	-6.6	-7.2	-21.2	-21.2
Other external expenses	-8.3	-12.9	-36.8	-117.5
Depreciation/impairment	-43.0	-61.0	-675.9	-237.2
Total operating costs¹⁾	-226.7	-231.0	-1,452.2	-955.5
Operating result	-32.9	47.5	-624.6	82.7
Interest and similar income	8.7	1.4	37.3	27.3
Interest and similar expense	-17.8	-15.4	-72.9	-53.2
Financial net	-9.1	-14.0	-35.6	-25.8
Result before tax	-42.0	33.5	-660.2	56.9
Tax	0.0	0.8	0.0	12.7
Result after tax	-42.0	34.3	-660.2	69.5
Other comprehensive income				
Items that have been/can be transferred to result for the period				
Translation differences	6.0	119.3	-173.3	166.7
Exchange differences transferred to income statement	0.0	0.0	-2.8	-10.6
Available-for-sale financial assets	0.0	0.0	0.0	0.0
Cash flow hedges, interest-related	0.0	21.7	-5.9	19.3
Changes in fair value of cash flow hedges transferred to result for the period	-0.8	0.0	-1.7	0.0
Tax attributable to items that have been, or can be, transferred to result for the period	0.0	0.0	0.0	0.0
Comprehensive income for the period	-36.9	175.3	-843.9	244.9
Per-share data, SEK				
Number of shares	47,729,798	47,729,798	47,729,798	47,729,798
Result per share, before/after dilution	-0.88	0.72	-13.83	1.46
Equity per share, SEK	25.60	43.78	25.60	43.78

1) Accounting policies: see page 17.

GROUP

Condensed balance sheet

SEK millions	31 Dec 2017	31 Dec 2016
Closing exchange rate SEK/USD	8.18	9.11
Assets		
Ships and equipment	2,305.7	3,165.5
Ships under construction	0.0	0.0
Financial assets	0.1	20.5
Total non-current assets	2,305.8	3,186.0
Current receivables	196.2	276.7
Short-term deposits	222.8	273.3
Cash and bank balances	243.6	406.2
Total current assets	662.6	956.2
Total assets	2,968.5	4,142.2
Equity and liabilities		
Equity	1,221.9	2,089.8
Non-current liabilities	1,412.6	1,699.7
Current liabilities	334.0	352.7
Total equity and liabilities	2,968.5	4,142.2

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–Dec 2017							
Opening balance 01/01/2017	381.8	61.9	562.3	19.3	0.0	1,064.4	2,089.8
Comprehensive income for the period	0.0	0.0	–176.2	–7.6	0.0	–660.2	–844.0
Dividend	0.0	0.0	0.0	0.0	0.0	–23.9	–23.9
Closing balance 31/12/2017	381.8	61.9	386.1	11.7	0.0	380.4	1,221.9
Changes Jan–Dec 2016							
Opening balance 01/01/2016	381.1	61.9	406.2	0.0	0.0	1,018.8	1,868.7
Comprehensive income for the period	0.0	0.0	156.1	19.3	0.0	69.5	244.9
Dividend	0.0	0.0	0.0	0.0	0.0	–23.9	–23.9
Closing balance 31/12/2016	381.1	61.9	562.3	19.3	0.0	1,064.4	2,089.8

GROUP

Condensed cash flow statement

SEK millions	Quarter 4 2017	Quarter 4 2016	Full year 2017	Full year 2016
Operating activities				
Result before tax	-42.0	33.5	-660.2	56.9
Adjustments:				
Depreciation/impairment	43.0	61.0	675.9	237.2
Result from ship sales	0.0	-54.8	0.0	-54.8
Other items	-4.9	8.3	-30.6	-12.2
Cash flow from operating activities before changes in working capital	-4.0	48.0	-14.9	227.0
Changes in working capital	0.8	-68.0	61.1	17.7
Cash flow from operating activities	-3.2	-20.0	46.2	244.7
Investing activities				
Sale of non-current assets	-2.7	826.2	307.4	826.2
Investment in non-current assets	-19.4	-10.5	-78.0	-89.5
Sale of financial assets	45.4	0.0	321.1	0.0
Investment in financial assets	-64.8	-256.8	-281.3	-256.8
Other financial items	0.0	0.0	-0.6	0.0
Cash flow from investing activities	-41.6	558.9	268.5	479.9
Financing activities				
New loans	0.0	1,734.3	0.0	1,734.3
Amortisation of loans	-68.9	-2,214.4	-408.8	-2,352.2
Dividend to shareholders	0.0	0.0	-23.9	-23.9
Other financing	0.2	0.0	-9.5	0.0
Cash flow from financing activities	-68.7	-480.1	-442.2	-641.8
Cash flow for the period	-113.5	58.7	-127.6	82.8
Balance at beginning of period (Note 1)	350.7	305.3	406.3	273.6
Exchange differences (Note 2)	6.5	42.3	-35.1	50.0
Balance at end of period (Note 1)	243.6	406.3	243.6	406.3
Note 1. Balance consists of cash, bank balances and credit facility				
Note 2. Exchange differences attributable to:				
Cash and cash equivalents at beginning of year	1.5	17.0	-40.5	24.1
Cash flow for the period	5.1	25.3	5.4	25.9
	6.6	42.3	-35.1	50.0

PARENT COMPANY

Condensed income statement

SEK millions	Full year 2017	Full year 2016
Net sales	44.8	2.9
Operating costs, ships	-52.4	0.0
Other external expenses	-12.3	-14.2
Personnel expenses	-15.6	-15.5
Operating result	-35.5	-26.8
Result from subsidiaries	49.7	55.4
Other interest and similar income	57.1	55.1
Interest and similar expense	-64.7	-47.4
Result before tax	6.7	36.2
Tax	0.0	-40.0
Result after tax	6.7	-3.8

Condensed balance sheet

SEK millions	31 Dec 2017	31 Dec 2016
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	3.1	25.3
Receivables from Group companies	1,192.1	1,525.9
Cash and bank balances	20.1	44.2
Total current assets	1,215.3	1,595.4
Total assets	1,961.1	2,341.2
Equity and liabilities		
Equity	567.3	584.5
Non-current liabilities	1,178.8	1,521.9
Current liabilities	215.0	234.8
Total equity and liabilities	1,961.1	2,341.2

At 31 December 2017, 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 2016 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)

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 impairment and tax. 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 4 2017	Quarter 4 2016	Full year 2017	Full year 2016
Operating result	-32.9	47.5	-624.6	82.7
Depreciation/impairment	43.0	61.0	675.9	237.2
EBITDA	10.1	108.5	51.3	319.9

Result excluding impairment and tax

SEK millions	Quarter 4 2017	Quarter 4 2016	Full year 2017	Full year 2016
Result after tax	-42.0	34.3	-660.2	69.5
Impairment	0	0	473.7	0
Tax	0.0	-0.8	0.0	-12.7
Result excluding impairment and tax	-42.0	33.5	-186.5	56.9

Result per share excluding impairment and tax

SEK millions	Quarter 4 2017	Quarter 4 2016	Full year 2017	Full year 2016
Result excluding impairment and tax	-42.0	33.5	-186.5	56.9
Number of shares (millions)	47,729,798	47,729,798	47,729,798	47,729,798
Result per share excluding impairment and tax	-0.88	0.70	-3.91	1.19

Return on equity

SEK millions	Full year 2017	Full year 2016
Result after tax	-660.2	69.5
Equity	1,582.2	1,941.8
Return on equity	-42%	4%

Return on capital employed

SEK millions	Full year 2017	Full year 2016
Result after financial net	-660.2	56.9
Finance costs	70.7	25.3
Result after financial net plus finance costs	-589.5	82.1
Total assets	3,468.5	4,283.4
Non-interest-bearing liabilities	-105.8	-123.2
Capital employed	3,362.6	4,160.3
Return on capital employed	-17.5%	2.0%

Return on total capital

SEK millions	Full year 2017	Full year 2016
Result after financial net	-660.2	56.9
Finance costs	70.7	25.3
Result after financial net plus finance costs	-589.5	82.1
Total assets	3,468.5	4,283.4
Return on total capital	-17.0%	1.9%

Equity ratio

SEK millions	Full year 2017	Full year 2016
Equity	1,221.9	2,089.8
Total assets	2,968.5	4,142.2
Equity ratio	41%	50%

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 will be no restatement of comparative figures. The Company has investigated the expected effects of the application of IFRS 15 on the Group's financial statements and has concluded that the transition will not involve any material changes.

With effect from the 2018 financial year, the Company will also apply revenue recognition in accordance with a statement from the U.S. Securities and Exchange Commission which stipulates that

recognition of revenue from spot voyages will apply from the time when the vessel commences loading until the vessel completes its unloading. Up to and including the 2017 financial year, revenue from spot voyages is recognised from the time when the vessel completes the unloading of the previous cargo until the unloading of the current cargo is completed. An initial analysis of the effect of this change on the consolidated financial statements shows a minor negative one-time effect on income.

The Company's surplus liquidity is invested in bonds and shares. With effect from the 2017 financial year, in accordance with IAS 39, these are reported as "financial assets at fair value through profit or loss", which means they are recognised at fair value in the income statement. Reporting is expected to remain unchanged on transition to IFRS 9 in the 2018 financial year. The bonds and shares are measured at fair value according to Level 1, observable market data.

It is the Company's assessment that the introduction of IFRS 9 will not have a 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 other comprehensive income over the term of the agreement.

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 2016, in addition to those described in this report.

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

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

Gothenburg, 30 January 2018

Carl-Johan Hagman
Chairman

Stefan Bocker
Deputy Chairman

Daniel Holmgren

Mats Jansson

Helena Levander

Mahmoud Sifaf

Alessandro Chiesi

Michael G:son Löw

Morten Chr. Mo

Dan Sten Olsson

Kim Ullman
CEO

Quarterly overview

SEK millions	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Profit/loss items								
Total income ¹⁾	193.8	197.7	211.1	224.9	278.5	215.3	280.8	263.6
Operating costs excluding impairment ¹⁾	-226.7	-245.9	-256.5	-249.3	-231.0	-225.1	-280.2	-219.2
Operating result (EBIT)	-32.9	-521.8	-45.4	-24.4	47.5	-9.8	0.7	44.4
of which result from sale of investments in jointly-controlled entities (vessels)	—	—	—	—	—	—	—	—
Financial net	-9.1	-11.2	1.6	-16.8	-14.0	-12.6	11.7	-11.0
Result after financial net	-42.0	-533.1	-43.9	-41.2	33.5	-22.4	12.4	33.4
Result after tax	-42.0	-533.1	-43.9	-41.2	34.3	-10.6	12.4	33.4
Cash flow from operating activities	-3.2	39.5	11.4	-1.6	-20.0	37.5	96.7	130.7
EBITDA	10.1	1.9	10.0	29.3	108.4	50.8	57.2	103.4
Balance-sheet items								
Ships (number)	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)	3,681.9 (13)
Ships under construction (number)	0	0	0	0	0	0	0	0
Liquid funds incl. investments	466.4	546.9	589.1	722.7	679.5	305.3	291.1	359.4
Other assets	196.2	201.4	261.4	267.0	276.7	223.2	242.1	267.2
Interest-bearing liabilities	1,635.6	1,702.3	1,808.6	1,975.3	1,946.5	2,310.5	2,292.9	2,321.5
Other liabilities and provisions	111.0	106.8	106.7	98.8	105.9	114.0	150.2	124.8
Equity	1,221.9	1,259.0	1,827.4	2,020.4	2,089.8	1,914.5	1,900.9	1,862.2
Total assets	2,968.5	3,068.1	3,742.7	4,094.6	4,142.2	4,339.0	4,344.0	4,308.5
Key ratios, %								
Equity ratio	41	41	49	49	50	44	44	43
Return on total capital	-17	-14	0	0	2	2	4	5
Return on capital employed	-18	-14	0	0	2	2	4	5
Return on equity	-42	-32	-3	-3	4	5	8	10
Operating margin	-17	-264	-21	-11	17	-5	0	17
Share data								
Total income ¹⁾	4.06	4.14	4.42	4.71	5.83	4.51	5.88	5.52
Operating costs excluding impairment	-4.75	-5.15	-5.37	-5.22	-4.84	-4.72	-5.87	-4.59
Operating result	-0.69	-10.93	-0.95	-0.51	0.99	-0.21	0.01	0.93
Financial net	-0.19	-0.23	0.03	-0.35	-0.29	-0.26	0.25	-0.23
Result after tax	-0.88	-11.17	-0.92	-0.86	0.72	-0.22	0.26	0.70
Cash flow from operating activities	-0.07	0.83	0.24	-0.03	-0.42	0.79	2.03	2.74
EBITDA	0.21	0.04	0.21	0.61	2.27	1.06	1.2	2.17
Equity	25.60	26.38	38.29	42.33	43.78	40.11	39.83	39.02

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

Definitions: see page 15.

1) Accounting policies: see page 17.

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Calendar

Q1 2018, AGM 24 April 2018
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 30 January 2018, at approx. 2.00 p.m.

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Fleet at 30/01/2018



Vessel name	Employment	Partner
Product tankers		
P-MAX		
Stena Premium	Spot	Stena Bulk
Stena Polaris	Spot	Stena Bulk
Stena Performance	Time charter to June 2018	Stena Bulk
Stena Provence	Time charter to Sep 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 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 a purchase obligation in the same year
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

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