



**TRANSATLANTIC**

# Q1

**INTERIM REPORT January - March 2014**

The 15th of May 2014 Rederi AB TransAtlantic (publ)



# Interim report 2014, January - March

## First quarter 2014

- Net revenues amounted to SEK 729 M (685)
- Result before capital costs, EBITDA, amounted to SEK 10M (-18)
- Operational result before tax amounted to SEK -51 M (-138)<sup>1</sup>
- Result before tax amounted to SEK -108 M (-138)
- Result after tax amounted to SEK -112 M (-137)
- Earnings per share after tax amounted to SEK -0.8 (-1.2)

## Major events first quarter

- Group consolidated operational profit for the first quarter was SEK -51 M, an improvement compared to last year, however still unsatisfactory. In addition, further provisions for restructuring and onerous contracts were made by SEK -57 M.
- The Board decided to propose a rights issue of SEK 148 M during the Q2 to be utilized in connection with ongoing restructuring.
- The close down of TransPal Line was concluded during the quarter within Industrial Shipping, which together with other efficiency measures resulted in a headcount reduction of about 70 people.
- The previously communicated evaluation of a possible sale of the PSV fleet has not been concluded.
- Viking Supply Ships has been negotiating a bareboat charter for two AHTS newbuild vessels. These negotiations have come to a halt, without Viking Supply Ships entering into such an agreement.
- Viking Supply Ships has declared the purchase options regarding SBS Typhoon and Freyja Viking, with purchase dates of mid-May and early October respectively.
- Viking Supply Ships has refinanced a loan facility totaling SEK 679 M.
- The political situation in Ukraine and the sanctions on Russia has to date not impacted Viking Supply Ships. An escalated situation could cause negative implications on the company's activities in Russia; however, it is difficult to substantiate the probability and consequences of this threat.
- The Group has breached certain covenants during Q1, for which waivers have been received from relevant parties.

## Major events after the fourth quarter

- The 2014 season of the Tor Viking charter agreement has been cancelled.
- The Annual General Meeting approved the Board's proposed rights issue, set at SEK 148 M.
- The Annual General Meeting approved the sale of Transatlantic Spolka z.o.o. and Daugava Shipping Services SIA.
- Following Kistefos mandatory bid offer to the shareholders of Transatlantic, the Board members independent of Kistefos, the mandatory bid committee, have evaluated the offer. The recommendation to the shareholders was not to accept the offer.
- Viking Supply Ships refinanced the secured bank loan for the PSV fleet, by signing a new secured bank loan agreement of SEK 480 M maturing in 2016. The purpose of the refinancing was to extend the existing loan agreement and to facilitate the purchase of SBS Typhoon and Freyja Viking.

## Key data, January - March

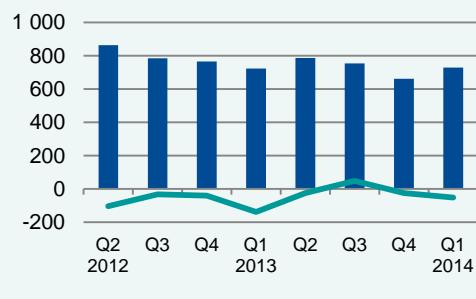
	2014	2013
Net sales, SEK M	729	685
Earnings before capital expenses (EBITDA), SEK M	10	-18
Operational result before tax, SEK M <sup>1</sup>	-51	-138
Result before tax, SEK M	-108	-138
Result after tax, SEK M	-112	-137
Earnings per share after tax, SEK	-0.8	-1.2
Shareholders' equity per share, SEK	11.1	16.6
Return on equity, %	-27.9	-18.6
Return on capital employed, %	-6.3	-4.1
Equity/assets ratio at balance day, %	34.2	35.8

1. Operational resultat: Result before tax, restructuring- and acquisition items.

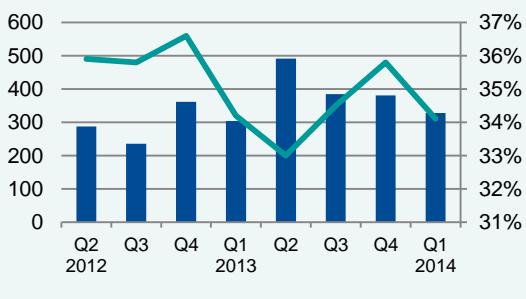
## Return on capital employed and shareholders' equity, %



## Net sales and operational profit, SEK M



## Liquidity and equity/assets ratio SEK M and %



■ Capital employed ■ Shareholders' equity

■ Net sales ■ Operational profit/loss

■ Liquidity, SEK M ■ Equity/assets ratio, %

## CEO statement

**The first quarter of 2014, in line with the fourth quarter of 2013, show an underlying positive trend in both business areas, however, profitability is still far from satisfactory. For Viking Supply Ships, the market for both the AHTS and the PSV segments improved, entailing an improved result, however, Viking Supply Ships reported a loss for the quarter. The restructuring process has continued within Industrial Shipping. As part of this, in line with what has previously been announced, TransPal Line was closed down in March. In total, this has resulted in a headcount reduction of approximately 70 people. The rights issue proposed by the Board of 148 MSEK was approved by the Annual General Meeting. For the first quarter, profit before tax was -108 MSEK (-138), negatively affected by restructuring costs and provisions of -57 MSEK (-).**

### Viking Supply Ships

The first quarter saw an improvement in both sales and profit. The supply of AHTS vessels increased during the quarter in the North Sea, however, in comparison to the same quarter of 2013, price levels has increased substantially, while the utilization rate has remained stable. The PSV segment remained relatively stable during the quarter with respect to price levels, while the utilization rate increased. The services segment and the consultancy contracts entered into during the fourth quarter of 2013 are progressing as planned. The bareboat charter negotiations that Viking Supply Ships has been conducting for two AHTS newbuilds have come to a halt, without Viking Supply Ships entering into such an agreement. Viking Supply Ships has declared the purchase options regarding SBS Typhoon and Freyja Viking, with purchase dates in Q2 and Q4 2014 respectively. In addition, the previously communicated evaluation of a possible sale of the Viking Supply Ships PSV fleet has not been concluded.

### Industrial Shipping

As in previous quarters, Industrial Shipping is still exposed to weak market conditions. The operational result for the first quarter improved, but is still far from satisfactory. Meanwhile, sales fell mainly as a result of operations being divested and closed down. Within the Container Feeder segment, the line and vessel capacity have been adapted to the market, which contributed to the improved result. Restructuring activities remain in focus with the close down of TransPal Line during the quarter, as well as ongoing divestments of associated office and terminal operations. Related activities in the first quarter include contracts entered into for the sale of TransAtlantic Spolka z.o.o. and Daugava Shipping

Services SIA, which was also approved by the Annual General Meeting. In total, the restructuring efforts resulted in a headcount reduction of approximately 70 people.

### The Group

The Annual general Meeting approved the Board's proposed rights issue of SEK 148 MSEK to be conducted during the second quarter of 2014, in order to accelerate the restructuring process and implement additional efficiency, as well as to facilitate the split of the Group. The rights issue is fully guaranteed by the Company's principal shareholder Kistefos. The prospectus was published on May 5, and the subscription period runs from May 9 2014 to 27 May 2014.

### Outlook

The market conditions for both the AHTS and PSV segments are forecasted to improve in the second quarter. In addition, the agreement that was signed in Q4 2013 with a major oil company for four AHTS vessels will commence in Q2 2014 with a positive contribution to Viking Supply Ships' earning capacity. Viking Supply Ships also deems that the political situation in the Ukraine could lead to future threats to the company's activities in Russia, although it is difficult to predict the consequences of potential reactions.

The market for Industrial Shipping is expected to remain weak in 2014 and the business is expected to contribute with a negative result for the year. Restructuring and efficiency efforts will continue and we expect to implement further cost savings to improve efficiency and increase competitiveness.

The same long-term objectives will apply as in the past – to create two independently strong operations with the right prerequisites to successful competition in their respective markets.

Gothenburg, May 15, 2014



Tom Ruud,  
CEO

## Consolidated earnings for January-March

Consolidated net sales for the first quarter amounted to SEK 729 M (865). The Group reported a result after tax of SEK -112 M (-137), of which net restructuring costs amounted a total of SEK -57 M (-). The result before tax amounted to SEK -108 M (-138). The major restructuring items consisted of provision for the closing of TransPal Line and associated business as well as a loss contract. All restructuring items for the period effects Business Area Industrial Shipping.

### Transatlantic Group

SEK M	January - March		Full year
	2014	2013	2013
Net sales	729	685	2 925
Result before capital costs, EBITDA	10	-18	270
Operating result, EBIT	-43	-78	-193
<b>Result before tax</b>	<b>-108</b>	<b>-138</b>	<b>-321</b>
Profit margin	-14,8%	-20,2%	-11,0%

### Result before tax by business area

Viking Supply Ships	-13	-76	50
Industrial Shipping	-38	-62	-187
<b>Total operational result</b>	<b>-51</b>	<b>-138</b>	<b>-137</b>
Restructuring items	-57	-	-184
<b>Result before tax</b>	<b>-108</b>	<b>-138</b>	<b>-321</b>
Tax	-4	1	-38
<b>Result for the period</b>	<b>-112</b>	<b>-137</b>	<b>-359</b>
Profit per share, SEK	-0.8	-1.2	-3.2

For further information, please see tables on page 11-17.

## Financial position, investments and divestments

The table below summarizes changes in cash and cash equivalents for the period:

### Consolidated cash-flow statement

<b>SEK M</b>	<b>January - March</b>		<b>Full year</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Cash flow from operations before changes in working capital	0	-88	56
Changes in working capital	-5	63	6
<b>Cash flow from current operations</b>	<b>-5</b>	<b>-25</b>	<b>62</b>
Cash flow from investing activities	15	-19	-4
Cash flow from financing activities	-65	-7	-30
<b>Changes in cash and cash equivalents</b>	<b>-55</b>	<b>-51</b>	<b>28</b>
Cash flow at beginning of period	381	361	361
Exchange-rate difference in cash and cash equivalents	2	-6	-8
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>328</b>	<b>304</b>	<b>381</b>

Consolidated cash and cash equivalents at the end of the quarter amounted to SEK 328 M (304). Cash assets include client funds of SEK 41 M. Some of the Group's loan agreements contain cash covenants, i.e. cash level should be the higher of either 5% of the Group's interest-bearing debt or equivalent of NOK 150 M.

At the end of the period, the Group's equity amounted SEK 1 646 M (equivalent to 11.1 SEK / share), including non-controlling interests amounting to SEK 0 M (or 0.00 SEK / share). Equity declined by SEK -112 M due to the loss for the period, further a change in the translation reserve of SEK 9 M attributable to currency differences on net

investments in subsidiaries has affected equity positively.

Gross investments during the quarter amounted to SEK 22 M (19) before financing. These consisted mainly of capitalized docking expenses and complementary investments in vessels within Viking Supply Ships. The sale of the shares in TransOdin and TransFrej was completed in January 2014. The transaction brought a positive cash effect of SEK 11 M.

Viking Supply Ships refinanced shiploans with a positive cash contribution which was used by repurchasing debt certificates of NOK 57 M.

### Financial position

<b>At close of each period</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
Total assets, SEK M	4 820	4 884
Shareholders' equity, SEK M	1 646	1 749
Equity/assets ratio, %	34,1	35,8
Debt/equity ratio, %	137	130
Cash and cash equivalents, SEK M	328	381
Number of shares outstanding	147 870 266	147 870 266

## Industrial Shipping business area

**The business area offers scheduled services in the Baltic and Northern Europe as primary markets. The operation is primarily based on system traffic for RoRo and container vessels, as well as chartering of bulk carriers.**

The improved operational result for the business area amounted for the first quarter to SEK -38 M (-62) despite a decrease in net sales of SEK 125 M in the quarter, representing a turnover reduction of 25%. The restructuring measures taken in 2013 are thus beginning to yield results with performance improvement in both Q4 2013 and Q1 2014, but profitability is still far from satisfactory.

The restructuring effort continued during the quarter towards a more defined business model focusing on RoRo and Container Feeder service. As a consequence, the unprofitable TransPal Line (TPL) was closed during the quarter, followed by measures to divest associated terminals and offices in England and Poland. Provisions for restructuring items and a loss contract of total SEK -57 M impacted the quarterly result. The close down of TransPal Line combined with additional efficiency efforts resulted in a headcount reduction of a total of approximately 70 people.

The ice conditions, during the first quarter 2014, has been favorable in the Bothnia Bay due to a milder climate resulting in reduced bunker consumption in comparison to the same period last year.

### RoRo

The scheduled liner service between Finland and Germany / Belgium with TransLumi Line (TLL) and TransBothnia Line (TBL) has operated with satisfactory volumes during the quarter. Additional calls and strong volumes from existing customers contributed to improved volumes throughout the quarter.

### Industrial Shipping

SEK M	January - March		Full year
	2014	2013	2013
Net sales	369	489	1 787
EBITDA	-70	-44	-83
Result before tax	-95	-62	-283
Operational result <sup>1)</sup>	-38	-62	-187
Operational profit margin	-10%	-13%	-10%

1) Result before tax, restructuring- and acquisitions items

### Container feeder

The services are conducted by three liner services; TransFeeder North (TFN), TransBothnia Container Line (TBCL) and TransFeeder South (TFS) operating between the markets in Finland, Sweden, Germany and Belgium. Routes and vessel capacity has been adapted to the current market, contributing to the improved profitability. The volumes have developed well in the quarter, driven primarily by TFN. TransPal Line (TPL) finished the last round trip during the first half of March, thereby finalizing the close down of the service between Sweden and England.

### Other Business

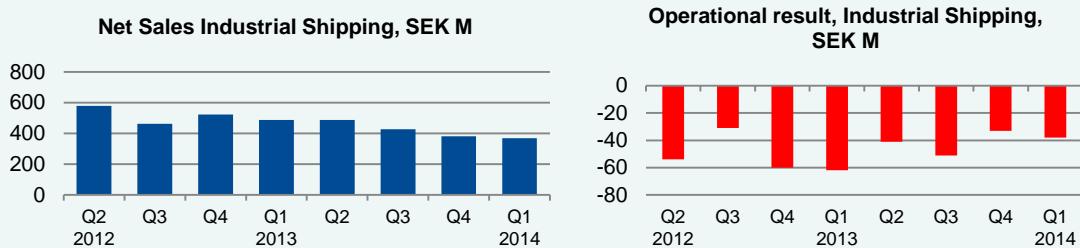
The chartering business of the remaining small- and midsized bulk vessels, as well as RoRo vessels not employed in the liner services, developed during the quarter in accordance with expectations.

### Outlook

Industrial Shipping strategic efforts strive to achieve a strengthened position in the Baltic Sea area and to further focus the business on the RoRo- and Container Feeder services. The close down of TPL will reduce the complexity within Industrial Shipping. The restructuring and efficiency efforts will continue and further cost reductions to improve competitiveness is expected. In addition, discussions are underway with a number of customers aiming for improved RoRo- and container products to increase the liner systems and meet the demands of the new environmental legislation (SECA), which comes into force in 2015.

The market within the segments in which Industrial Shipping operates are expected to remain weak but stable during the remainder of 2014. The business is expected to contribute with a negative result for the year.

## Industrial Shipping business area (cont.)



## Viking Supply Ships business area

**The business area encompasses arctic offshore operations, the spot market for offshore in the North Sea and the global offshore sector. The fleet comprises 14 offshore vessels, seven of which are equipped for operating in ice and harsh environments, such as the Arctic regions.**

The operational result for the first quarter amounted to SEK -13 M (-76). The operational result for the quarter was lower compared to seasonal effects. Compared to the same period previous year operational and market improvements has impacted the profitability positively by 63 MSEK.

### Anchor Handling Tug Supply (AHTS)

During the first quarter, the AHTS market fleet in the North Sea has increased by seven vessels, five vessels from other regions as well as two newbuilds. As a result, market rates and utilization have been lower than expected except for short periods where severe weather conditions have caused delays in operations.

During the first quarter two VSS vessels were on term charters, while six VSS vessels traded in the North Sea spot market. In addition, Tor Viking and Balder Viking have been on stand-by for ice-breaking duties for the Swedish Maritime Authorities but no icebreaking duties were conducted during the quarter. For the first quarter the VSS AHTS fleet as a whole obtained an average fixture rate of SEK 413 T (246) and a utilization of 68 % (67 %).

As communicated in the Q4 2013 financial report, VSS has been negotiating a bareboat charter for two large high specification AHTS newbuild vessels. These negotiations have come to a halt, without VSS entering into such an agreement.

Finally, as mentioned in the Q4 2013 financial report, VSS has refinanced the secured bank loan financing Magne Viking and Brage Viking, by signing a new secured bank loan agreement of SEK 679 M maturing in 2018. The refinancing generated free liquidity of SEK 61 M.

### Platform Supply Vessels (PSV)

The PSV market fleet in the North Sea has remained relatively stable over the first quarter, but seasonal low activity in the North Sea has caused the market to be soft for the period.

During the first quarter four VSS vessels were on term charters, while two VSS vessels traded in the North Sea spot market. For the first quarter the VSS PSV fleet as a whole obtained an average fixture rate of SEK 107 T (104) and a utilization of 81 % (63 %).

Two of the vessels in the VSS PSV fleet (SBS Typhoon and Freyja Viking) are operated on bareboat charters, in which VSS has purchase options. VSS has declared the purchase options regarding SBS Typhoon and Freyja Viking, with purchase dates mid May and early October respectively.

Further, the previously communicated evaluation of a possible sale of the VSS PSV fleet has not been concluded at the time of reporting.

### Services and Ship Management

In the Services segment the Kara Sea Consultancy Project is progressing well without any major obstacles. The launch of a communication and monitoring tool has been completed successfully, a Shore Operations Center in Moscow has been prepared for start-up in the second quarter, training of the project personnel and seafarers have started at the Viking Ice Academy and all other parts of the project is progressing according to project plan. The project is scheduled to enter into phase 2 in the second quarter. Project revenue in Q1 2014 was SEK 70 M.

The Ship Management segment operated according to plan with no major incidents during the first quarter.

## Viking Supply Ships business area (cont.)

### Outlook

The North Sea AHTS market fleet has increased over the last few months. The ample supply seen recently is expected to gradually decrease as vessels depart the market for project work. Thus we expect a gradual improvement of the market towards the summer. Several of the current North Sea spot market vessels are bound for operations in Russia and an escalated political situation in region will lead to increased demand, and combined with

limited fleet growth the market balance should tighten during the summer.

For the PSV segment, we expect the market to improve going forward. More rigs entering the region will lead to increased demand, and combined with limited fleet growth the market balance should tighten during the summer.

VSS is continuing its effort to secure long term contracts within the arctic offshore market, and the company is optimistic of future opportunities within the segment.

## Viking Supply Ships

SEK M	January - March		Full year
	2014	2013	2013
Net sales	360	196	1 138
EBITDA	80	26	353
Result before tax	-13	-76	-38
Operational result <sup>1)</sup>	-13	-76	50
Operational profit margin	-4%	-39%	4%

1) Result before tax, restructuring- and acquisitions items



## Parent Company

### Earnings and financial position

The Parent Company's result before and after tax for the quarter amounted to SEK -28 M (-40).

The restructuring of the Groups' legal structure to streamline the businesses in the two segments has continued during the first quarter of 2014, where the related business and shareholdings has been transferred from the Parent company Rederi AB Transatlantic to its wholly owned subsidiary Transatlantic AB. The reduction of the parent company's net revenue and assets relates to mentioned business transfer.

At end of the period the Parent Company's equity amounted to SEK 2 360 M (2 388 on Dec 31, 2013), total assets to SEK 2 672 M (2 726 on Dec 31, 2013). The equity/assets ratio on the balance day was 88 % (88% on Dec 31, 2013). Cash and cash equivalents at the end of the period amounted to SEK 60 M (105).

### Number of shares

Share distribution on March 31, 2014 is presented below:

Number of Series A shares	9 695 789
Number of Series B shares, listed	138 174 477
Total number of shares	147 870 266

See also Changes in Group's shareholders' equity, page 15.

## Other

### Corporate tax

The general situation for the Group is that taxes payable are highly limited. Accordingly, recognized corporate tax mainly comprises deferred tax. The tax losses carry forward amounted at end of the period, net for Swedish entities, to SEK 944 M. The recognized net deferred tax asset for the Swedish operations amounted by the end of the quarter to SEK 40 M (40, on Dec 31, 2013). The recognized deferred tax liability for the operations outside Sweden amounted to SEK 0 M (0, on Dec 31, 2013).

### Transactions with related parties

Kistefos has, through a consultancy agreement, made management and financial services available to the Group, for which compensation has been paid to a total of SEK 2 M for the first quarter 2014.

TransAtlantic has a lease agreement of a container ship, TransAlrek, owned by a German shipping company, in which TransAtlantic's Vice Chairman Folke Patriksson has a minority interest via his company Enneff Rederi AB. The agreement is on market terms and will run until December 31, 2014 with a quarterly rent of SEK 3 M.

Apart from the above, there were no other significant transactions.

### Risks and uncertainties

TransAtlantic operates in a highly competitive market with flat/negative growth and declining profit margins. The profitability is negative and the liquidity is strained. TransAtlantic is exposed to various operational and financial risk factors. The financial risk is mainly related to liquidity risk, funding risk and currency risk.

The main operational risk factors relates to the overall macro economic market conditions, degree of competition, flow of goods in prioritized market segments and finally the overall balance of supply and demand of vessels affecting rates and profit margins.

The objective of the overall risk management policy of the Group is to ensure a balanced risk and return relationship.

TransAtlantic has been in breach of certain covenants during the fourth quarter, and has received waivers from relevant parties. There is risk for continued breaches in coming quarters. The assessment is that waivers will, with high likelihood, be obtained for potential future covenant breaches, therefore none of the concerned loans have been reclassified from long to short term.

Viking Supply Ships concluded a negotiation in February 2014 to refinance a vessel loan to the amount of SEK 679 M. Negotiations are also ongoing regarding refinancing of another loan

facility that will come due in 2015, with the aim to secure long-term financing stability.

### Accounting policies

This interim report, for the Group, was prepared in accordance with the application of IAS 34 Interim Financial Reporting and applicable rules in the Swedish Annual Accounts Act and for the Parent Company, in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation FRF 2 Accounting for Legal Entities. Unless otherwise noted, the same accounting policies for both the Group and the Parent Company have been applied as those used in the most recent Annual Report.

The revised IAS 19, Employee Benefits, entered into force on January 1, 2013, with retrospective a result of the issued debt certificates. Some values in that report are not comparable since there are different acquisition values and depreciation plans in Viking Supply Ships and the Group. Viking Supply Ships has from Q3 in 2011 been built through Group-internal transfers of vessels and operations at then current marketing prices, why disparities have arisen.

### Number of employees

The average number of employees in the Group during the first quarter 2014 was 783 (Jan-Dec 2013: 866). The decrease is attributable to the restructuring measures within Industrial Shipping.

### Events after the close of the reporting period

The charter agreement for Tor Viking in sub-arctic waters was cancelled for 2014.

The proposed rights issue by the Board of Directors of SEK 148 M to enable and accelerate the ongoing restructuring within Industrial Shipping was approved by the Annual General Meeting on 23 April. The new share issue prospectus was published on 5 May, and the subscription period will run from May 9 up to and including May 27, 2014.

The Annual General Meeting approved the sales of the subsidiaries Daugava Shipping Services S.I.A and Transatlantic Spolka z.o.o. These divestments will have no material impact on the Groups' financial position.

By reason of Kistefos mandatory public offer to the shareholders, Board of Directors independent from Kistefos formed a bid committee to evaluate the bid from Kistefos. The recommendation to the shareholders was not to accept the bid.

After the quarter end VSS refinanced the secured bank loan financing the PSV fleet, by signing a new secured bank loan agreement of SEK 480 M maturing in 2016. The purpose of the refinancing was to extend the existing loan agreement and to facilitate the purchase of SBS Typhoon and Freyja Viking.

## Press and analyst conference

In conjunction with the publication of the Q1 report 2014, an earnings call will take place on May 15, 2014 at 10.00 am (GMT + 1) with TransAtlantic's President and CEO, Tom Ruud, and CFO Tomas Bergendahl. In connection with the conference, a presentation will be available at the company's website, [www.rabt.se](http://www.rabt.se). Please see Investor Relations/presentations.

This information is such that TransAtlantic is obligated to publish in accordance with the Swedish Securities Act and/or the Swedish Financial Instruments Trading Act. This report has been prepared in both Swedish and English versions. In case of variations in the content between the two versions, the Swedish version shall govern. This report was submitted for publication at 8:30 am (CET) on May 15, 2014.

The undersigned certify that the interim report gives a true and fair picture of the Group's financial position and results, and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Gothenburg, May 15, 2014

The Board of Directors of Rederi AB TransAtlantic

This quarterly report is unaudited

**Invester relation manager, CFO Tomas Bergendahl, ph +46 (0) 31-763 2378.**

## Financial calendar 2014

May 15	Interim report January-March
August 7	Interim report January-June
October 30	Interim report January-September

*The interim report is available in its entirety on the company's website.*

## Consolidated income statement

<b>All amounts in SEK M</b>	January - March		Full year
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Net sales	729	685	2 925
Other operating revenue	0	0	107
Direct voyage cost	-216	-355	-1 059
Personnel costs	-187	-151	-710
Other costs	-316	-197	-991
Depreciation/impairment	-53	-60	-465
<b>Operating result</b>	<b>-43</b>	<b>-78</b>	<b>-193</b>
Net financial items	-65	-60	-128
<b>Result before tax</b>	<b>-108</b>	<b>-138</b>	<b>-321</b>
Tax	-4	1	-38
<b>Result for the period</b>	<b>-112</b>	<b>-137</b>	<b>-359</b>
<i>Attributable to:</i>			
Parent Company's shareholders	-112	-138	-353
Non-controlling interests	0	1	-6
<b>INCOME FOR THE PERIOD</b>	<b>-112</b>	<b>-137</b>	<b>-359</b>
Earnings per share, attributable to Parent Company's shareholders, per share in SEK (before and after dilution)	-0.9	-1.2	-3.1

## Consolidated statement of comprehensive income

<b>All amounts in SEK M</b>	January - March		Full year
	<b>2014</b>	<b>2013</b>	<b>2013</b>
<b>Result for the period</b>	<b>-112</b>	<b>-137</b>	<b>-359</b>
<i>Other comprehensive income for the period:</i>			
Change in hedging reserve, net	0	5	0
Change in translation reserve, net	9	-134	-140
<b>Other comprehensive income</b>	<b>9</b>	<b>-129</b>	<b>-140</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-103</b>	<b>-266</b>	<b>-499</b>
<i>Total comprehensive income attributable to:</i>			
Parent Company's shareholders	-103	-266	-493
Non-controlling interests	0	0	-6
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-103</b>	<b>-266</b>	<b>-499</b>

**Net sales by business area**

<b>All amounts in SEK M</b>	January - March		Full year
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Viking Supply Ships business area	360	196	1 138
Industrial Shipping business area	369	489	1787
<b>TOTAL NET SALES</b>	<b>729</b>	<b>685</b>	<b>2 925</b>

**Result before tax by business area**

<b>All amounts in SEK M</b>	January - March		Full year
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Viking Supply Ships	-13	-76	50
Industrial Shipping	-38	-62	-187
<b>OPERATIONAL RESULT BEFORE TAX</b>	<b>-51</b>	<b>-138</b>	<b>-137</b>
Restructuring items	-57	-	-184
<b>RESULT BEFORE TAX</b>	<b>-108</b>	<b>-138</b>	<b>-321</b>
<i>Attributable to:</i>			
Parent Company's shareholders	-108	-139	-315
Non-controlling interests	0	1	-6

**Assets allocated by business area**

<b>All amounts in SEK M</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
Viking Supply Ships	4 311	4 326
Industrial Shipping	509	558
<b>TOTAL ASSETS</b>	<b>4 820</b>	<b>4 884</b>

## Consolidated balance sheet

All amounts in SEK M	31.03.2014	31.12.2013
Vessels	3 924	3 925
Other tangible fixed assets	9	12
Intangible fixed assets	7	7
Financial assets	131	141
<b>Total fixed assets</b>	<b>4 071</b>	<b>4 085</b>
Current assets	749	799
<b>TOTAL ASSETS</b>	<b>4 820</b>	<b>4 884</b>
Shareholders' equity	1 646	1 749
Long-term liabilities	2 363	2 411
Current liabilities	811	724
<b>TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>	<b>4 820</b>	<b>4 884</b>

## Valuation of financial assets and liabilities

The valuation of financial assets and liabilities in the balance sheet are based on aquisition value or fair value. The valuation of FX derivatives and interest rate derivatives are based on fair value. The balance items "Current assets" includes derivatives by SEK 0 M (1), "Long-term liabilities" by SEK 14 M (8) and "Current liabilities" by SEK 4 M (0). Valuation of other financial assets and liabilities items in the balance sheets are based on aquisition value.

## Assessment of fair value of financial instruments

The input used in the valuation of financial instruments base the three level classification:

Level 1, fair values based on market values, where the instruments are traded on an active market, are available. Level 2, no market values based on an active market are available, valuations are instead based on measurements of discounted cash flows. Level 3, at least one variable is based on own assessments. The fair value valuation of the Group's FX- and interest rate instruments are based on input according to level 2.

## Consolidated cash-flow statement

<b>MSEK</b>	<b>January - March</b>		<b>Full year</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Cash flow from operations before changes in working capital	0	-88	56
Changes in working capital	-5	63	6
<b>Cash flow from current operations</b>	<b>-5</b>	<b>-25</b>	<b>62</b>
Cash flow from investing activities	15	-19	-4
Cash flow from financing activities	-65	-7	-30
<b>Changes in cash and cash equivalents</b>	<b>-55</b>	<b>-51</b>	<b>28</b>
Cash flow at beginning of period	381	361	361
Exchange-rate difference in cash and cash equivalents	2	-6	-8
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>328</b>	<b>304</b>	<b>381</b>

## Changes in the Group's shareholders' equity

<b>All amounts in SEK M</b>	<b>January - March</b>		<b>Full year</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Equity at beginning of period	1 749	2 104	2 104
New share issue less cost for issuance	-	-	144
Total comprehensive income for the period	-103	-266	-499
<b>SHAREHOLDERS' EQUITY AT END OF PERIOD</b>	<b>1 646</b>	<b>1 838</b>	<b>1 749</b>

<b>Share capital in SEK M</b>	<b>January - March</b>		<b>Full year</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Share capital at beginning of period	148	111	111
New share issue	-	-	37
<b>Share capital at end of period</b>	<b>148</b>	<b>111</b>	<b>148</b>

<b>Number of shares ('000)</b>	<b>January - March</b>		<b>Full year</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Number of outstanding shares at beginning of period	147 870	110 903	110 903
<b>Total number of shares at end of period</b>	<b>147 870</b>	<b>110 903</b>	<b>110 903</b>
Average number of shares outstanding ('000)	147 870	110 903	112 726

## Data per share

<b>All amounts in SEK</b>	January - March		Full year
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Earnings before capital expenses (EBITDA)	-0.1	-0.2	2,4
Operating result (EBIT)	-0.3	-0.7	-1.7
Result after current tax	-0.8	-1.2	-2.9
Result after full tax	-0.8	-1.2	-3.2
Shareholders' equity end of period incl. non-contr. interests	11.1	16.6	11.8
Operating cash flow	-0.3	-0.7	1.3
Total cash flow	-0.4	-0.5	0.3

## Key data

	January - March		Full year	
	<b>2014</b>	<b>2013</b>	<b>2013</b>	
Earnings before capital expenses (EBITDA)	SEK M	10	-18	270
Operating result (EBIT)	SEK M	-43	-78	-193
Shareholders' equity	SEK M	1 646	1 839	1 749
Net indebtedness	SEK M	2 260	2 556	2 268
Operating cash flow	SEK M	-38	-79	144
Total cash flow	SEK M	-55	-51	28
Return on capital employed	%	-4.0	-6.3	-4.1
Return on shareholders' equity	%	-26.5	-27.9	-18.6
Equity/assets ratio	%	34.1	34.2	35.8
Debt/equity ratio	%	137	139	130
Profit margin	%	-14.8	-20.2	-11.0

**Parent Company income statement**

<b>All amounts in SEK M</b>	<b>January - March</b>		<b>Full year</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Net sales	79	283	1 132
Other operating revenue	0	0	107
Direct voyage costs	0	-136	-496
Personnel costs	-40	-42	-160
Other costs	-70	-147	-613
Depreciation/impairment	0	-1	-24
<b>Operating result</b>	<b>-31</b>	<b>-43</b>	<b>-54</b>
Net financial items	3	3	-285
<b>Result before tax</b>	<b>-28</b>	<b>-40</b>	<b>-339</b>
Tax on result for the year	0	0	-23
<b>RESULT FOR THE PERIOD</b>	<b>-28</b>	<b>-40</b>	<b>-362</b>
Other comprehensive income	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-28</b>	<b>-40</b>	<b>-362</b>

**Parent Company balance sheet**

<b>All amounts in SEK M</b>	<b>31.03.2014</b>	<b>31.12.2013</b>
Tangible fixed assets	2	2
Financial fixed assets	2 537	2 539
<b>Total fixed assets</b>	<b>2 539</b>	<b>2 541</b>
Current assets	133	185
<b>TOTAL ASSETS</b>	<b>2 672</b>	<b>2 726</b>
Shareholders' equity	2 360	2 388
Provisions	6	6
Longterm liabilities	175	175
Current liabilities	131	157
<b>TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES</b>	<b>2 672</b>	<b>2 726</b>

**Changes in Parent Company's shareholders' equity**

<b>All amounts in SEK M</b>	<b>January - March</b>		<b>Full year</b>
	<b>2014</b>	<b>2013</b>	<b>2013</b>
Shareholders' equity at beginning of period	2 388	2 607	2 607
New share issue less cost for issuance	-	-	144
Total comprehensive income for the period	-28	-40	-362
<b>SHAREHOLDERS' EQUITY AT END OF PERIOD</b>	<b>2 360</b>	<b>2 567</b>	<b>2 388</b>

## Definitions

### **Capital employed**

Interest-bearing liabilities and shareholders' equity.

### **Debt/equity ratio**

Interest-bearing liabilities minus cash and cash equivalents divided by shareholders' equity.

### **Dividend yield**

Dividend per share divided by the closing share price at year-end.

### **Earnings per share**

Profit after financial items less 1) current tax, 2) tax on profit for the year (current and deferred tax) in accordance with the consolidated income statement.

### **EBIT**

Earnings before interest and taxes.

### **EBITDA**

Earnings before interest, taxes, depreciation and amortization, corresponding to profit/loss before capital expenses and tax.

### **Equity/assets ratio**

Shareholders' equity divided by total assets.

### **Equity per share**

Equity divided by the number of shares outstanding.

### **Hedging**

A general term for financial measures taken to avoid undesirable effects on earnings due to variations in interest rates, exchange rates, etc.

### **IFRS**

International Financial Reporting Standards – an international accounting standard used by all listed companies. Some older standards included in IFRS include IAS (International Accounting Standards).

### **Interest coverage ratio**

Operating profit/loss before depreciation plus interest income divided by interest expense.

### **Net indebtedness**

Interest-bearing liabilities less cash and cash equivalents.

### **Operating cash flow**

Profit/loss after financial income/expense adjusted for capital gains/losses, depreciation/amortization and impairment.

### **Operating profit/loss (before tax)**

Profit/loss before tax and before restructuring costs.

### **Operating profit/loss**

Profit/loss before financial items and tax, and before restructuring costs.

### **Profit margin**

Profit after financial items divided by net sales.

### **Return on equity**

Profit after financial items less tax on profit for the year, divided by average shareholders' equity.

### **Return on capital employed**

Profit before interest and tax (EBIT) divided by average capital employed.

### **Restructuring costs**

Includes revenues and expenses of a non-recurring nature, such as capital gains/losses from the sale of vessels, impairment of vessels and costs related to personnel cutbacks.

### **Share of interest-bearing capital**

Equity and deferred tax (including minority share) divided by total assets.

### **Total cash flow**

Cash flow from operating activities, investing activities and financing activities



**Rederi AB TransAtlantic (RABT)** is a leading Swedish shipping company with headquarters in Gothenburg, Sweden, and additional offices in Europe. TransAtlantic is organized into two business areas: Industrial Shipping and Viking Supply Ships. Viking Supply Ships, which is active in offshore and icebreaking, is also a wholly owned subsidiary of RABT. The Industrial Shipping business area consists of liner services with RoRo- and container vessels. The Group has approximately 800 employees and generated sales of SEK 2,925 M in 2013. The company's Series B shares are listed on the NASDAQ OMX Stockholm, Small Cap segment.

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