



*Concordia owns six large tankers built in the mid-1970s and has two Stena V-MAX VLCCs, with a new and innovative design, on order for delivery in 2001. Concordia also owns two self-discharging bulk carriers. The quality of the vessels and the management and manning organisations is documented by quality certificates from Det Norske Veritas and the American Bureau of Shipping.*

### **REPORT ON FINAL ACCOUNTS, 2000**

- **Harvest time for Concordia in record freight market**
- **Result after financial net SEK 227.7 (-72.0) million**
- **STENA CONTINENT sold to offshore industry**
- **Large portion of earnings secured for 2001**
- **Forecast for 2001: SEK 250 million**
- **Continued efficient ship operation with low operating and docking costs**
- **V-MAX tankers to be delivered in April and July**

#### **Sales and result**

Consolidated sales amounted to SEK 1,385.6 (773.6) million. The profit after financial items was SEK 227.7 (-72.0) million. The profit after tax was SEK 204.4 (-62.5) million, corresponding to a profit per share after tax of SEK 5.89 (-2.30) and after full conversion SEK 4.40 (-0.96).

The sharply improved freight market generated both increased sales and a higher result compared with 1999. The average freight rate during the year was USD 33,500 (19,300) per day for the ULCCs and USD 25,900 (13,300) per day for the VLCCs. Revenues in 2000 were affected by freight swaps signed during the year in order to secure revenues. If these are excluded, the freight rate for the VLCC fleet was USD 29,400 per day. SEK 28 million has been charged to the fourth quarter profit in order to achieve uniform residual value levels.

#### **Sale of the STENA BARBADOS**

In June, the product tanker STENA BARBADOS was sold to the Swedish shipping company Wisby Tankers and continues to sail under the Swedish flag with a Swedish crew. Concordia has chartered back the vessel for at least two years for continued service with Texaco in the Caribbean. The profit on the sale amounted to SEK 25.5 million.

#### **Sale of the STENA CONTINENT**

The VLCC STENA CONTINENT, built in 1975, has been sold with delivery set for January, 2001, together with the VLCC STENA CONCORDIA, sold by Stena for the same price. The selling price is substantially higher than the selling price of other VLCCs, built in the



1970s, sold by other shipping companies during the year. However, from an accounting perspective, a capital loss of SEK 9 million has been generated and is charged to the result for 2000.

### **Construction of two STENA V-MAX tankers**

V-MAX I was launched on 20 January and is expected to be ready for delivery on 20 April.

V-MAX II is expected to be delivered in July. Construction is proceeding according to plan and without any problems.

### **Liquidity, financing and investments**

The Group's disposable liquid funds, including unutilised credit facilities, amounted to SEK 724.5 (699.9) million.

Investments during the year amounted to SEK 351 (295) million. The main portion of the investments consists of continued part payments relating to the two V-MAX tankers under construction in South Korea and due to be delivered in 2001.

### **Convertible debenture loan KV2**

The improvement in the financial net during the year was mainly due to a sharp increase in conversions of Concordia's convertible loan stock, which reduced the company's interest cost. Among others, Concordia's principle owner, Stena Sessan Rederi AB, chose to convert all its convertibles into shares. Conversions during the year represented an amount equivalent to 14,969,119 shares, thus increasing the total number of shares to 42,192,974 shares. The number of shares after full conversion will increase to 47,894,136 shares. During the year, the convertible debt fell from SEK 237.7 million to SEK 65.6 million and conversions have continued in 2001. The convertible debenture loan falls due in April, 2002.

### **Equity ratio, equity and net worth**

The equity ratio was 48% (37) while the adjusted equity ratio, i.e. including surplus values in ships, was 55% (44). After full conversion, these figures were 51% (48) and 58% (55), respectively.

Equity per share after full conversion amounted to SEK 26.43 (19.70) on 31-12-2000. Concordia's fleet was appraised on 30-11-2000 by three independent shipbrokers. The fleet's average value according to these appraisals was USD 155.0 (157.2) million, equivalent to SEK 1,478 (1,340) million. Compared with the end of last year, the ship values have remained more or less unchanged. Net worth per share, before deferred tax, was estimated to be SEK 38.05 (33.78) as of 31 December. This corresponds to SEK 34.89 (24.17) after full conversion.

Any surplus value in the two newbuilding contracts signed in December, 1998, has not been taken into account since the vessels will not be delivered until 2001. It is estimated that newbuilding prices have risen about 15% since the vessels were ordered.



### **Related company transactions – charter cooperation with Stena Bulk**

During the year, the joint charter business between Concordia and Stena Bulk consisted of a multi-year freight contract, which is roughly equivalent to the employment of one VLCC. Cooperation with other departments at Stena – Marketing, Technology, Finance, Bunker and Insurance – remains unchanged.

Concordia's subsidiary Universe Tankships performs management assignments for three of Stena's large tankers. Stena's subsidiary Northern Marine Management is responsible for the technical management of Concordia's two ULCCs.

Concordia's four VLCCs and Stena's VLCC STENA CONDUCTOR are operated in a pool where the result is divided equally per vessel. In order to hedge the revenues generated in the pool for VLCCs together with Stena Bulk, a freight swap equivalent to the capacity of 1.3 VLCCs has been signed. The contract expires at the end of 2001 and corresponds to a freight rate of about USD 36,000 per day.

### **Parent Company**

The Parent Company's sales totalled SEK 15.2 (31.2) million. Intergroup invoicing accounted for SEK 2.8 (7.0) million of this amount. The result after financial items was SEK 101.2 (14.8) million. The result for the period includes the SEK 25.5 million profit on the sale of the STENA BARBADOS and an anticipated dividend of SEK 75 million. The Parent Company's disposable liquid funds, including unutilised credit facilities, amounted to SEK 10.9 (12.3) million. There were no investments during the period.

### **Freight market 2000 – ship revenues**

The market in 2000 was the best for tanker shipping since 1973. As in previous years, freight rates varied widely. At the beginning of the year, the freight rates for Concordia's large tankers were below breakeven, but in March, OPEC decided to increase production, which resulted in a very sharp improvement in the market.

The main factors behind the good freight rates are the historically low oil stocks and the healthy economies in the US and Asia, which generated increased demand for oil transportation. Consolidation in the tanker industry also had a positive effect.

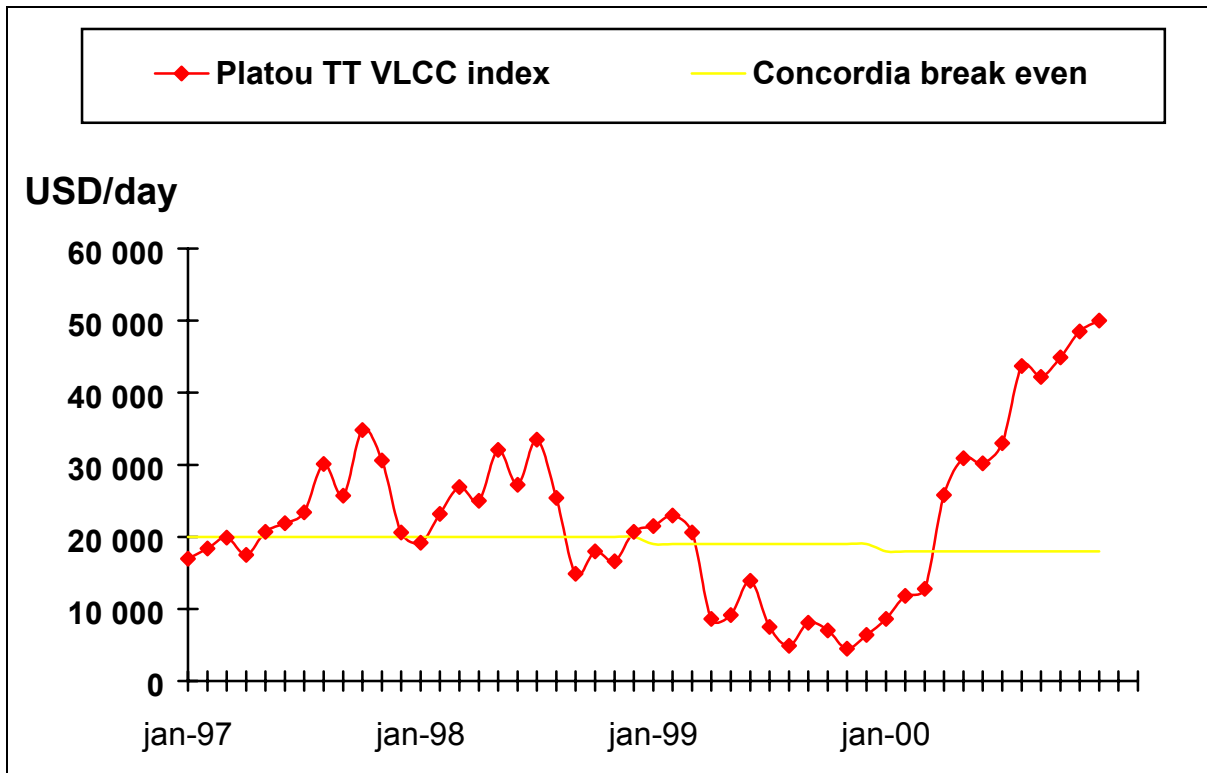
A natural effect of the freight market improvement was the continued interest in new VLCCs with 64 vessels ordered for delivery between 2002 and 2004. During the year, the newbuilding price of a standard VLCC rose about 10%. The impact on the second-hand prices of VLCCs was greater and the price of a 5-year old VLCC with a double hull rose about 35%. The reason for this difference is that the market puts a premium on immediate delivery in a strong market.

The weak freight market during the first half of the year resulted in a high scrapping rate with 20 U/VLCCs being scrapped while only 6 U/VLCCs were scrapped in the second half of the year, i.e. a total of 26 (35). During the year, 41 (31) VLCCs were delivered from newbuilding yards. The supply has increased as a result of the greater efficiency of the new



vessels. At the end of 2000, the ULCC and VLCC fleet consisted of 442 vessels, an increase of 15 vessels.

### Freight market for VLCC turbine tankers, 1997 – 2000



### Forecast for 2001

In the light of the high freight rates, the VLCC pool has hedged the revenues of its five Concordia Class VLCCs by means of contracts and freight swaps equivalent to 85% for the whole year at rates in excess of USD 30,000 per day.

The two V-MAX tankers will be delivered from the newbuilding yard in South Korea in April and July, respectively. After positioning voyages to the Atlantic, the vessels will enter into a 3-year charter with Sun Company on satisfactory terms.

15% of the revenues of the ULCC fleet had been secured at the beginning of 2001.

In view of these freight contracts, the Board forecasts a full-year profit of SEK 250 million for Concordia. This corresponds to a profit of about SEK 5.93 per share and about SEK 5.22 per share after full conversion. A change in the assumed freight rates of USD 1,000 per day is equivalent to about SEK 7 million.



### **FPSO (Floating Production, Storage and Offloading)**

Concordia has sold the STENA CONTINENT to Brown & Root with delivery set for the end of January, 2001. This means that a total of three Concordia Class tankers have been sold to the offshore industry.

Despite the good market for large tankers, Concordia's view is that it is important to continue to market the Concordia Class as the optimum choice for oil and offshore companies.

### **Laws and regulations**

During the spring of 2001, the UN agency IMO is expected to decide on more stringent regulations for phasing out single-hull tankers. Concordia feels that it is important for the industry that ships, as is the case in industry as a whole, be judged according to their actual quality and not only their age. Age limits tend to lower quality ambitions if all ships are evaluated and treated irrespective of their real quality and condition.

Concordia's existing tankers are about 25 years old and with the laws and regulations currently in force, they will be able to continue to transport oil until they are 30 years old. Depending on the final form of the regulations, this limit could be lowered. Concordia is participating actively in the work on drawing up regulations, via the trade association INTERTANKO and other bodies, and expects special regulations to be introduced for ships with documented quality.

Despite these regulations, it will be possible to continue to use these ships for duties other than oil transportation, e.g. in the offshore industry. After a technical inspection, the American Bureau of Shipping has issued certificates in which it estimates that the ships have the structural strength required for an additional 30 years of operation in this sector.

A number of charterers have decided to refrain from utilising older vessels. In Japan, a 20-year limit was introduced in 1995. Several oil companies have a limit of 25 years but the market for our type of vessel still includes a large number of oil companies and practically all the oil traders.

In view of Concordia's CAP certificates, which confirm the structural strength of the vessels, and our good operational history, our assessment is that it is probable that our vessels will be able to continue being utilised for oil transportation until they can be sold for offshore service or the equivalent. However, it is important to point out that conditions can change for both the better and the worse.

### **Technical management and operation**

In 2000, the STENA KING and the salt carrier CONVEYOR were dry-docked. Both dry-dockings were carried out according to plan and the STENA KING 's CAP 1 certificate, the highest quality class, was renewed.



### **Dividend**

The Board of Directors proposes that the dividend for 2000 be SEK 1.10 per share, which is equivalent to a direct yield of 5.1% based on the share price on 31 December, i.e. SEK 21.50. Based on the number of shares at the end of the year, this proposal represents a dividend payment of SEK 46.4 million, which is equivalent to about 23% of the profit for the year after tax. No dividend was distributed in 1999.

### **Annual General Meeting and future information**

The Annual General Meeting with shareholders will be held at Lorensbergsteatern in Gothenburg, Sweden, on 10 May, 2001, at 2.00 p.m. The Interim Report for the first three months of the year will be presented in conjunction with the AGM.

In April, the Annual Report for 2000 will be sent to all registered shareholders and holders of convertibles. The annual report will be complemented on an on-going basis with news and comments at our web site. The Interim Report for the first six months of the 2001 will be published on 13 August, and the 9-month Report on 19 October.

### **Presentation for investors in Oslo**

A presentation for investors and other interested parties will be given at the Oslo Stock Exchange on 24 January, at 8 a.m. This presentation can be followed at [www.financialhearings.com](http://www.financialhearings.com) and can later be viewed at Concordia's web site [www.concordia-maritime.se](http://www.concordia-maritime.se).

### **Further information**

If you are interested in additional information, you can reach us at the following phone numbers:

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Web site: [www.concordia-maritime.se](http://www.concordia-maritime.se).

### **Appendices:**

- Income Statements
- Balance Sheets
- Cash-flow Statements
- Five Year Summary

Gothenburg, 23 January, 2001

### **Concordia Maritime AB**

Lars Carlsson, President



### THE GROUP'S INCOME STATEMENT

(SEK million)

	Full year, 2000	Full year, 1999
Average exchange rate SEK/USD	9.16	8.26
Net sales	<b>1 385.6</b>	773.6
Sales, ships	<b>16.6</b>	-
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<b>Total income</b>	<b>1 402.2</b>	773.6
Operating costs, ships	<b>-809.2</b>	-505.9
Other external costs	<b>-37.0</b>	-43.1
Personnel costs	<b>-173.1</b>	-167.5
Depreciation according to plan	<b>-136.9</b>	-101.2
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<b>Total operating costs</b>	<b>-1 156.2</b>	-817.7
<b>Operating result</b>	<b>246.0</b>	-44.1
Other interest income and similar profit/loss items	<b>11.8</b>	13.3
Interest expenses and similar profit/loss items	<b>-30.1</b>	-41.2
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<b>Financial net</b>	<b>-18.3</b>	-27.9
<b>Result after financial items</b>	<b>227.7</b>	-72.0
Tax on profit for the year	<b>-23.3</b>	9.5
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<b>Net result for the year</b>	<b>204.4</b>	-62.5



### SUMMARY OF GROUP'S BALANCE SHEET

(SEK million)	31-12-2000	31-12-1999
SEK/USD exchange rate on accounting date	9.54	8.53
<b>Assets</b>		
Fixed assets	<b>2 093.1</b>	1 702.4
Current assets	<b>320.4</b>	172.7
Cash and bank balances	<b>81.0</b>	16.2
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<b>Total assets</b>	<b>2 494.5</b>	1 891.3
<b>Equity and liabilities</b>		
Equity	<b>1 200.3</b>	705.7
Provisions	<b>66.6</b>	31.3
Convertible debenture loan	<b>65.6</b>	237.7
Long-term liabilities	<b>924.9</b>	758.2
Current liabilities	<b>237.1</b>	158.4
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<b>Total equity and liabilities</b>	<b>2 494.5</b>	1 891.3



### SUMMARY OF GROUP'S CASH-FLOW STATEMENTS

(SEK million)	Full year, 2000	Full year, 1999
Cash flow from operating activities before changes in working capital	309.3	15.9
Change in working capital	-59.6	61.8
<b>Cash flow provided by operating activities</b>	<b>249.7</b>	<b>77.7</b>
<b>Cash flow from investing activities</b>	<b>-291.5</b>	<b>-294.9</b>
<b>Cash flow from financing activities</b>	<b>106.2</b>	<b>116.3</b>
Conversion difference	-5.4	-14.9
<b>Cash flow for the year</b>	<b>59.0</b>	<b>-115.8</b>
<b>Balance at beginning of year</b>	<b>16.2</b>	<b>128.1</b>
<b>Exchange rate differences, cash and bank balances</b>	<b>5.8</b>	<b>3.9</b>
<b>Balance at end of year</b>	<b>81.0</b>	<b>16.2</b>

# CONCORDIA

## MARITIME



### FIVE-YEAR SUMMARY

	2000	1999	1998	1997	1996
<b>Profit/loss and balance sheet items (SEK million)</b>					
Net sales	1 385.6	773.6	1 102.9	1 114.5	734.9
Operating result	246.0	-44.1	201.8	236.2	90.6
Result after financial items	227.7	-72.0	114.0	156.3	11.4
Cash flow	334.8	15.9	205.8	246.4	91.4
Equity	1 200.3	705.7	735.0	613.6	358.5
Surplus values in ships	405.0	214.0	303.3	605.1	508.3
Total assets	2 494.4	1 891.3	1 751.0	1 932.5	1 574.9
<b>Key ratios (%)</b>					
Equity ratio	48	37	42	32	23
Adjusted equity ratio	55	44	51	48	42
Adjusted equity ratio after full conversion	58	55	62	58	55
Return on total capital	12	-2	12	15	7
Return on capital employed	14	-2	13	17	7
Return on equity	21	-9	17	32	4
<b>Per-share data * (SEK)</b>					
Profit after tax	5.89	-2.30	4.38	6.23	0.57
Profit after tax after full conversion	4.40	-0.96	2.79	3.68	0.68
Cash flow	9.64	0.59	7.69	9.72	3.78
Cash flow after full conversion	7.13	0.68	4.64	5.52	2.30
Equity	28.45	25.92	27.00	23.35	14.66
Equity after full conversion	26.43	19.70	20.31	18.00	13.11
Net worth	38.05	33.78	38.14	46.37	35.48
Net worth after full conversion	34.89	24.17	26.64	30.64	23.73
Share price at year-end	21.50	11.80	11.50	23.50	17.80
Dividend**	1.10	0.00	0.50	1.00	0.00
<b>Other</b>					
P/E ratio	3.65	neg.	2.62	3.77	31.27
P/E ratio after full conversion	4.88	neg.	4.12	6.39	26.04
Number of shareholders	5 549	5 268	6 305	5 923	5 406

*Definitions: See Annual Report 1999*

\*) Per-share data have been adjusted to reflect the bonus element included in the issue of the 1995 convertible debenture loan. Debenture loans in an amount equivalent to 14,969,119 shares were converted during the year after which the number of shares is 42,192,974. The total number of shares after full conversion is 47,894,136.

\*\*\*) Proposed dividend