ANNUAL REPORT
2017–2018

STENA METALL

2017/2018

THE YEAR IN BRIEF

- The result for 2017/2018 is the best so far in the company's history with EBITDA 1,657 MSEK (previous year 1,382 MSEK).
- The business year was characterized by stable market conditions, which resulted in improved market positions for most of the Stena Metall Group's business areas.
- China's new import rules impose higher quality requirements on recycled materials to be imported into the country. Stena Recycling has competitive advantages thanks to investments in Europe's most modern recycling plant – Stena Nordic Recycling Center in Halmstad.
- Stena Recycling is at the forefront when it comes to recycling - a lead that the company retains by further developing processes and new technologies at all facilities to meet the needs of the outside world and customers.
- Stena Metall Finans issued its first green bond of 800 MSEK. The interest among investors was wide and the investor base broadened considerably. The issue could be implemented thanks to long-term and persistent sustainability work within the Group.
- Stena Oil, in cooperation with the port of Frederikshavn, has decided to build Scandinavia's largest bunker terminal with a capacity of 75,000 cubic meters. The terminal is part of the adaptation to the more stringent rules for ship fuel which will be introduced in 2020.
- From September 2018, the business areas Recycling and Electronics Recycling were merged. The merger makes it possible to take the next step in line with market development, where Business to Business becomes an increasingly important part of the electronics business.

SIX YEAR SUMMARY

SEK million	**2017/2018**	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
Net sales	**26,681**	22,354	16,404	19,733	20,626	25,404
EBITDA	**1,657**	1,382	987	1,174	774	699
Operating profit	**932**	758	472	658	180	–50
Shareholders' equity	**5,737**	5,135	4,750	4,585	4,225	4,173
Equity/assets ratio, %	**39.0**	37.5	39.2	36.5	36.2	33.4
Average number of employees	**3,756**	3,365	3,152	3,224	3,335	3,595

Figures for every year except 2012/2013 are calculated in accordance with the International Financial Reporting Standards. This year is reported according to previously applied accounting principles.

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THE STENA METALL GROUP'S OPERATING PROFIT FOR THE FINANCIAL YEAR 2017/2018 WAS SEK 932 MILLION.

Chief executive officer's comment

As the Nordic region's leading recycling company, the Stena Metall Group strengthened its market position during the 2017/2018 financial year, primarily through organic growth. We continued our commitment to new recycling solutions and all business areas made positive progress. Earnings before tax amounted to 743.1 MSEK.

The major part of the 2017/2018 financial year was characterized by stable market conditions. Market instability increased during the final quarter of the year due to escalating trade policy measures, which led to price reductions of about 15 per cent for ferrous and non-ferrous scrap. Overall however, market conditions have been good for most of the Stena Metall Group's operations. I am very pleased with how we have continued to strengthen our market positions during the year, thanks to continued improvement work in all parts of the Group. I am particularly pleased with the quality and creativity of our overall business acumen, which created more value-creating business for ourselves, our customers and our other partners.

Stena Recycling shows continued earnings growth. As the Nordic region's leading recycling company, we have gained market shares and continue to invest in new technology, in order to further increase recycling rates. Creating sustainable value for our customers and partners is the core of our business. We are perceiving a growing interest among our major customers and partners to find long-term sustainable and value-creating solutions. Through Stena Resource Management, we carry out focused, collaborative projects that identify new opportunities throughout the value chain. The Design for Recycling service creates dialogue with our customers about increasing the recyclability of their future products.

As a result of increasing collaboration between the Recycling and Electronics Recycling business areas and a development towards a more similar market logic, we decided to integrate Stena Recycling and Stena Technoworld from the start of the current financial year (2018/2019). By doing this, we will increase efficiency and improve what we can offer our customers and partners.

Stena Aluminium's improved performance during the financial year was the result of increases in both sales and a stronger market position.

Stena Stål continues its customer-oriented improvement work, focusing on quality, efficiency and shows satisfying results in line with the previous year.

Stena Components has strengthened its market position during the year. However, the result, which was similar to last year's, was disappointing.

In a sometimes challenging bunker market, Stena Oil has further consolidated its position as the leading supplier of quality-assured marine fuel in the Scandinavian market.

During the year, Stena Metall Finans has taken a more cautious view of market developments and reduced risks, which resulted in somewhat lower earnings than the previous year. New cash management solutions have been developed and introduced into the internal banking process. The work with risk-balancing and acting as a supporting partner to the business areas, contributed to improved business and financial discipline.

During the year, the Stena Metall Group issued its first green bond, which was listed on the Oslo Stock Exchange. The bond is linked to investments in the Stena Nordic Recycling Center. The amount is 800 MSEK with a five-year maturity. The issue provoked widespread interest, especially among investors with investment strategies focused on sustainable activities.

Our large network of branches, in close proximity to our customers, provides an ever-stronger foundation for Stena Recycling's good growth. 160 branches of regional and central production units, linked by efficient logistics, continue to create exciting solutions.

We are very satisfied with the progress of the Stena Nordic Recycling Center (SNRC), which continues to focus on new recycling solutions. The center provides a hub for the industrial recycling infrastructure we have established within the Group and has contributed to significantly increased recycling rates and improved

“

WE CONTINUED OUR COMMITMENT TO NEW RECYCLING SOLUTIONS”

ANDERS JANSSON

material quality. A number of supplementary investments have been made during the year, including two new plastic recycling processes which will commence production during 2018/2019. In close collaboration with universities and technical colleges, we continue our research into future solutions to recycling challenges including projects concerning plastic and lithium-ion battery recycling. Besides its research work, the Group has developed an offer regarding the safe handling of vehicle batteries, enabling reuse and, as a final step, efficient recycling.

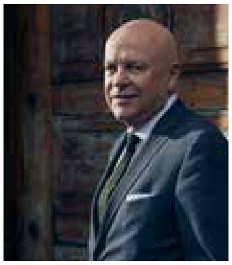
At Stena Nordic Recycling Center, we have also created the Stena Recycling Lab, which is a testing arena for new recycling technology and the development of sustainable products. This meeting place for entrepreneurs, researchers, students and companies serves as a catalyst for innovation and development in the field of recycling.

In line with broader developments in society, we are carrying out digitalization work in all of our companies in order to create even greater value. We are developing and optimizing our IT systems and processes, with the aim of increasing the availability of our products and services and providing support for customer improvement work. Digitalization also streamlines our internal production flows, enhances interactive solutions with our customers and increases the opportunities to create additional value.

I am impressed by the commitment and business acumen shown throughout the Group during the past year. This proves that having the right employees with the right skills is vital to our success and we are continuing to develop training and skill bases in all areas.

Stena Way of Production (SWOP), Stena Way of Branches (SWOB) and Stena Way of Sales (SWOS) are “lean” inspired programs that form an important part of the Group’s ongoing improvement work. This methodology is applied throughout the Group and is under constant development. Our commitment to safety is strong and we continue the work towards a safer Stena with full force. It is our assertion that all accidents can be prevented. We also know that safe working environments lead to efficient, high-quality production.

In an unstable world, both the financial and commodity markets have become increasingly uncertain. At present, business conditions are still relatively good, but we are beginning to see signs of a downturn. Volatile volumes and major price fluctuations are recurring challenges that we have to manage. With continued financial discipline, we will focus on areas that we have the ability to influence – there is no part of the Group that cannot be improved. However, if market conditions prevail, it will be difficult to maintain the good results of 2017/18.



Göteborg, October 2018

Anders Jansson

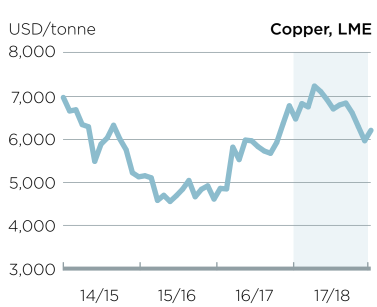
PRICE TRENDS

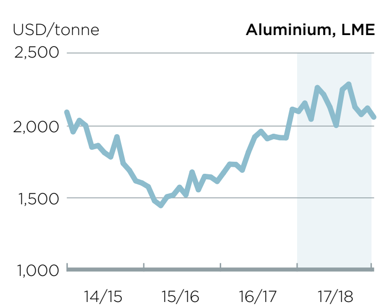
The financial year 17/18 was eventful in many respects for raw materials, especially non-ferrous metals. The biggest price increase was in oil, which rose about 50 percent due to increased demand and to some extent underinvestment during the years with very low oil prices.

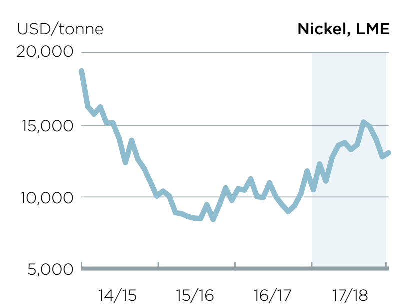
Non-ferrous
Prices on the London Metal Exchange (LME) rose last autumn and winter, in many cases to the highest levels in several years. Since then US trade disputes with other major economies have impacted growth prospects in China and other emerging markets. This put pressure on prices for the rest of the financial year. Aluminium played a key role when the US introduced import tariffs. China responded with tariffs of its own on US scrap imports, after which the US sanctioned the Russian company Rusal and its owner, Oleg Deripaska. Rusal is the largest aluminium producer outside China and is integrated in the supply chain both in Europe and the US. For example, it supplies about 65 percent of Europe's alumina, the raw material for aluminium smelters. LME prices will continue to be impacted by macroeconomic developments and the status of the US-China trade conflict.

Ferrous scrap
China's manufacturing strength led to a further increase in the world's steel production. Global steel consumption continued to rise during the year. During our financial year US-China relations were strained by trade restrictions and tariffs. Demand has been good in both Europe and the US, thanks to which domestic plants have been running flat out. Scrap continues to attract great interest in the industrialized world and from emerging markets, where exports are frequent. Turkey, the world's largest scrap importer, was squeezed by inflationary pressures and is likely to see lower domestic demand in coming years. Emerging markets are struggling with the strong US dollar, which is threatening growth in these countries.

Recovered paper
The European corrugated board market was impacted in autumn and winter 2017 by China's drastic cut in imports. This in turn is a result of the country's stricter import rules. The market fell dramatically until spring 2018, when prices leveled off. Prices reached levels we had not seen since the last financial crisis. If European mills had not been running at full bore and the economy had not otherwise been so robust, we would have probably seen more drastic consequences. In the near term finding buyers could become a bigger problem than price, given that there is generally a greater supply of corrugated board in the market than European mills need. Mixed paper has also been impacted by the changing situation in China, because of which more newspaper is being sorted, affecting newsprint prices as well. The situation for newsprint paper has brightened, however, and prices paid by mills and insulation manufacturers rose during the summer. Prices of raw materials for tissue industries declined during the year, but have recovered and are again on the rise. We expect the market to be strongly affected by what Chinese authorities and buyers decide to do, as it has been in recent years.







Plastics

It was another challenging financial year that basically can be described in a single word – change. It is no longer possible to outsource most recycling to Asia. About eight months after the Chinese import ban was put in effect, over 50 percent of recycling capacity has disappeared. In the last six months various countries in Southeast Asia, where production capacity has shifted, have also introduced restrictions, further stifling the market. These developments have created a large surplus of material in Europe and the US. Prices of typical export grades such as LDPE, flexible IBC and PET have trended lower in the last twelve months. The price of LDPE 987/2 dropped about 40 percent during the financial year, reaching a low in August.

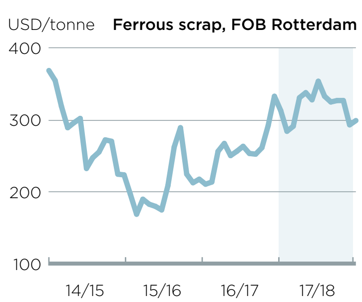
With no possibility of exporting to China, capacity has to be built locally to meet the recycling targets set by the EU. More material has to be recycled where it is generated. Last year marked a turnaround, with Europe earnestly embracing the concept of a circular society. In January the EU Commission launched its first strategy on plastics, including financial incentives to change how products are designed, manufactured, consumed and recycled in the EU.

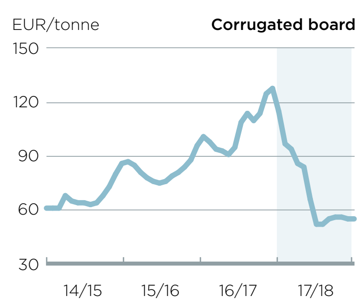
Alternative raw materials

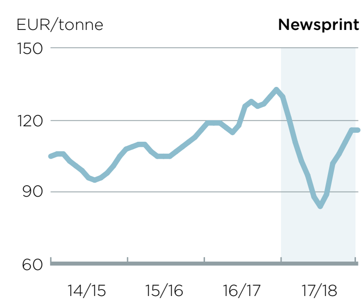
The cost for commercial waste management rose during the financial year. Incineration plants had plentiful access to fuel from the domestic market, but also from import markets such as the UK. Commercial waste management prices in Sweden are expected to continue to rise in coming years. Sweden is considering an incineration tax as of January 1, 2020 to encourage recycling. Landfills are becoming fewer and more expensive. The market for reclaimed wood turned around after several years of lower prices, driven by the long winter. We expect prices to steadily rise ahead of the coming heating season. Many biofuel boilers are now in need of more reclaimed wood as an alternative to wood raw materials, which have greatly increased in price due to the strong pulp market. We are also seeing greater interest in reclaimed wood in recycling, primarily to manufacture particleboard, where reclaimed wood offers a price advantage.

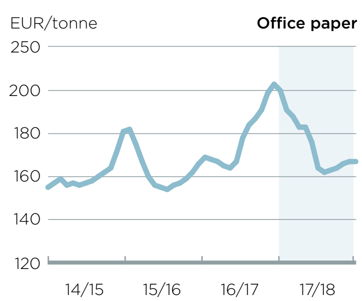
Steel

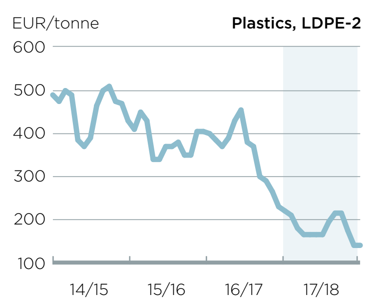
Steel prices rose during the financial year, the biggest increases coming in autumn 2017. As the Swedish krona weakened, prices climbed in the first half of 2018. The biggest increases were for scrap-based material, where prices were up 15–20 percent. Ore-based products have seen hikes of 10–15 percent. For stainless, the increase over the course of the year was 25 percent. Demand has been good. Swedish manufacturing is booming and needed more steel during the year. Construction activity in Sweden reached a historic high at the start of the year, but residential building turned lower in the second half-year. The lower demand could be offset by increased infrastructure investment. Today's global steel market is











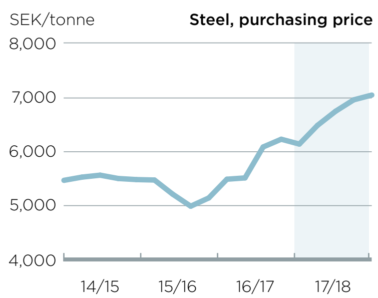
greatly impacted by political decisions. Normal price mechanisms have been disrupted by anti-dumping tariffs, steel tariffs imposed by the US and import quotas in the EU. All these measures are creating higher prices than the supply-demand balance would suggest. The economy and price levels appear to be stable.

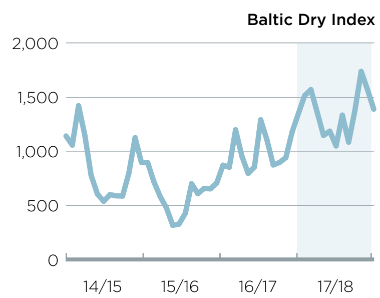
Freight

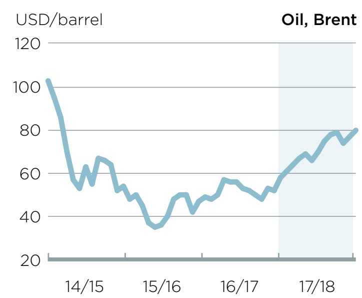
As oil prices have risen, shipping rates have as well. At the same time excess container tonnage around the world, coupled with the trade tensions between the US and other industrialized countries, has offset the increase in container freight. With a weak harvest owing to the summer heat wave, grain shipments have fallen. Going forward, this is expected offset the higher shipping rates that oil prices have created. Intra-European maritime trade was stable during the year and is expected to stay fairly stable.

Oil

During the financial year, Brent oil prices rose consistently, topping out in May at about 80 dollars per barrel, the highest level since 2014. The increase was caused by strong global demand, smaller inventories due to OPEC's continued production cuts, the precarious situation in Venezuela, and the US withdrawal from the Iran nuclear deal. In the spring, prices leveled off in the range of 70–80 dollars per barrel for the rest of the year. US shale oil production, which has continued to grow, raised oil inventory levels. In January 2020, the IMO's global sulfur cap will take effect. The new regulations are contributing to higher oil prices due to limited access to the new products that the shipping industry will need starting in 2020. There is a clear risk of a repeat of what happened in 2008, when strong demand for gas oil and peak refinery capacity led to an upward price spiral between crude and gasoil, ending when crude (Brent) topped out at 148 dollars per barrel in mid-2008. We otherwise expect oil prices to remain relatively high due to the lower investments in new capacity than in previous years, which will limit global oil production at the same time that demand rises.







All graphs refer to prices during the period September 1, 2014 to September 21, 2018. All graphs indicate monthly figures.
Sources: MBR and Stena Metall.

Directors' report

The Board of Directors and the President of Stena Metall Aktiebolag, corporate identity number 556138-8371, with its registered address in Göteborg, Sweden, herewith present the report for the financial year September 1, 2017 to August 31, 2018.

ABOUT STENA METALL

The Stena Metall Group has operations in eight business areas spread across more than 200 locations in ten countries. The recycling business is a leader with highly advanced logistical solutions, industrial processing and a growing range of services related to waste management and recycling.

The Group also includes production of recycled aluminium, supply of steel products and precision-cut industrial components, financial operations and international trading in ferrous and non-ferrous metals and oil. At the end of the financial year 2017/2018 the Group had operations in Sweden, Norway, Denmark, Finland, Poland, Switzerland, Malta, Germany, Italy and the U.S.

The overall economy has remained strong, which has meant a positive trend in business volumes for most of Stena Metall's business areas. After scrap prices remained stable for a long stretch of the year, we have entered a period of increased volatility and lower prices. The ongoing trade disputes, combined with more volatile international relations, have created an uncertain and nervous market situation. At the same time, China's new environmental policy, which bans imports of all types of mixed scrap and waste, has put great pressure on the global recycling industry.

The Group continues to roll out its own lean programs in more areas with very good results.

MARKET

Recycling

Stena Recycling has recycling operations in Sweden, Norway, Denmark, Finland and Poland.

Stena Recycling reported good earnings growth in all its home markets while consolidating its position as the leading recycler in the Nordic region. In the previous financial year IL Recycling was integrated in Stena Recycling (Sweden and Poland). 2017/2018 was the first financial year that was fully impacted, which has further strengthened our position. At the same time, continuous investments are being made in new production solutions to further improve recycling rates.

The business area's sales amounted to SEK 14,917.9 million (12,402.4) with operating profit of SEK 879.7 million (647.3).

Trading

The Stena Metall Group trades scrap metal, pig iron, hot briquetted iron and finished steel products. Stena Metal Inc. serves as a link between raw material suppliers and buyers around the world.

The business area's sales amounted to SEK 893.3 million (828.2) with an operating loss of SEK 1.9 million, compared with a year-earlier loss of SEK 1.8 million.

Electronics recycling

Stena is one of Europe's leading electronics recyclers, with facilities in six countries. There are still major challenges facing the producer-responsible market for electronics recycling in Europe, partly due to the big price imbalance between producers and recyclers, and partly because most European e-waste is still managed outside the legal system. During the year it was decided to merge the business areas Recycling and Electronics Recycling as of September 1.

The business area's sales amounted to SEK 1,126.3 million (1,003.5) with an operating loss of SEK 126.6 million, compared with a year-earlier loss of SEK 64.0 million.

Aluminium

Stena Aluminium is the leading producer of recycled aluminium in the Nordic region. Stena Aluminium continues to invest in productivity- and quality-improving process development as part of its quality-oriented improvement work.

Operating profit amounted to SEK 60.0 million (42.2). Sales amounted to SEK 1,360.1 million (1,264.1).

Steel

Stena Stål has facilities in Sweden and Norway and offers a wide range of steel products as well as slitting and cutting to length of sheet and strip steel from coils. With structured improvements and stronger business acumen, Stena Stål has strengthened its market shares and continues to be on sound profit level.

The business area's sales and operating profit amounted to SEK 2,359.7 million (2,188.9) and SEK 86.1 million (93.4), respectively.

Components

Stena Components manufactures flame-cut and CNC-processed steel products for industry. During the year, Stena Components intensified its improvement efforts and strengthened the marketing organization, which led to higher market shares.

Sales amounted to SEK 259.9 million (216.0) with an operating loss of SEK 21.6 million, compared with a year-earlier loss of SEK 13.3 million.

Oil

Stena Oil is Scandinavia's leading supplier of bunker oil and marine waste solutions for ships in Skagerak, Kattegatt and the North Sea region.

In a challenging bunker market, Stena Oil has shown that the combination of business acumen and a quality-assured product creates value for its business and customers. During the year Stena Oil strengthened its market position in southern Sweden.

Sales and operating profit amounted to SEK 5,762.8 million (4,449.6) and SEK 23.2 million (48.7), respectively.

Finance operations

Stena Metall Finans manages investment operations and internal banking for the Group from Göteborg and Zug, Switzerland. During the financial year, Stena Metall Finans maintained a more cautious view of the market with lower risk taking, which resulted in a lower profit than before.

Operating profit amounted to SEK 23.2 million (37.4).

Changes in the Group's composition

During the year Stena Technoworld srl acquired Tred Carpi Spa, an Italian recycler of e-waste and refrigeration units.

Environmental information

The majority of the Group's operations – 175 facilities – is subject to environmental notification or permit requirements according to the Environmental Code.

The biggest environmental impacts from these operations are noise and soil, air and water emissions from handling and processing incoming material. All companies have appointed individuals with responsibility for safety and environmental work. Employees continuously receive environmental, fire safety and other safety training in accordance with company-specific training plans and programs.

Sustainability report

In accordance with chapter 6, section 11 of the Annual Accounts Act, Stena Metall has chosen to prepare a sustainability report separately from the annual report. The sustainability report can be found in the Annual Review and Sustainability Report 2017/2018 and on the company's website, www.stenametall.com.

Personnel

The average number of employees during the financial year was 3,756 (3,365). All Group companies are working in four strategic areas to ensure modern, positive organizational development.

A number of initiatives were launched during the year with the aim of increasing diversity and gender equality in our workplaces, including through new recruiting and talent management strategies. A collaboration has been formed with the Massachusetts Institute of Technology in the US with a focus on recruiting issues.

The integration of IL Recycling in Sweden and First Recycling in Poland has been a challenge for the entire Group's HR resources with a focus on culture and behavior. This will continue to be a priority.

Research and development

The Group conducts a number of environmental technology projects, some on its own and others in cooperation with customers, institutes of technology, universities, public authorities, organizations and other businesses. During the year a total of around SEK 39 million (33) was invested in research and development.

Accounting principles

The same accounting principles and methods of computation have been used as in the previous year's annual report. The Group's accounting principles can be found on pages 16–21.

In its operations, the Group is exposed to a number of financial risks: market risk, counterparty risk and liquidity risk. The Group's risk exposure and management of these risks are explained in Note 26.

Material risks and uncertainties

The Stena Metall Group is exposed to a number of risk factors outside its control, wholly or in part, but which can affect the Group's profit and working capital. Demand for and purchases of the company's products are dependent on activity in the ironworking, paper, construction, transportation and manufacturing sectors as well as the private market. The company monitors market trends in order to quickly adapt to changing conditions.

Sales and profit

The Group's sales amounted to SEK 26,680.7 million (22,354.2), an increase of 19.4 percent compared with the previous financial year. The Parent Company's sales were SEK 204.5 million (154.7), of which intra-Group transactions accounted for SEK 199.4 million (149.5).

The Group's profit for the year and comprehensive income amounted to SEK 584.9 million (422.9) and SEK 662.5 million (413.5), respectively. The Parent Company's profit for the year, which is equal to its comprehensive income, was SEK 110.1 million (6.7).

Future outlook

Despite a more stable market at present, the Group expects to periodically live with market turmoil and major price movements. With a continued focus on internal improvements and steady financial discipline, the Stena Metall Group is well prepared to address this situation in the best way.

Parent Company

The Parent Company's operations primarily consist of leasing properties to Group companies and supplying certain Group-wide functions such as internal audit and accounting.

Proposed distribution of earnings

The Board of Directors proposes that the unappropriated earnings in the Parent Company, amounting to SEK 2,923,231,279, be distributed as follows:

- To the shareholders, a dividend of SEK 607.69 per share, totaling SEK 79,000,000, of which SEK 7,000,000 to the Sten A, Olsson Foundation for Research and Culture
- To be carried forward, SEK 2,844,231,279.

INCOME STATEMENT

September 1–August 31, SEK million	Note	2017/2018	2016/2017
Net sales	2	26,680.7	22,354.2
Cost of goods sold	4, 27	–24,642.7	–20,543.4
GROSS PROFIT		**2,038.0**	**1,810.8**
Sales expenses	4, 27	–431.9	–371.3
Administrative expenses	3, 4, 27	–971.8	–906.5
Other operating income	5	297.5	224.6
OPERATING PROFIT	2	**931.8**	**757.6**
Income from investments in associated companies	6	–2.9	3.7
Net interest income	6	–182.5	–187.2
Other financial income and expenses	6	–3.3	21.9
PROFIT BEFORE TAX		**743.1**	**596.0**
Taxes	7	–158.2	–173.1
PROFIT FOR THE YEAR		**584.9**	**422.9**
OTHER COMPREHENSIVE INCOME			
Items that can later be reclassified to profit or loss			
Change in value of available-for-sale financial assets		65.6	3.8
Change in value of hedging reserve		1.4	–0.2
Translation difference in subsidiaries outside Sweden		30.3	–12.8
Revaluation hedge of net investment		–19.7	0.5
Items that will not be reclassified to profit or loss			
Translation of provision for pensions and similar obligations		—	–0.7
TOTAL COMPREHENSIVE INCOME		**662.5**	**413.5**
Profit/loss for the year is attributable to:			
Parent Company's shareholders		585.5	423.2
Non-controlling interests		–0.6	–0.3
PROFIT FOR THE YEAR		**584.9**	**422.9**
Total comprehensive income is attributable to:			
Parent Company's shareholders		663.1	413.8
Non-controlling interests		–0.6	–0.3
TOTAL COMPREHENSIVE INCOME		**662.5**	**413.5**

GROUP

BALANCE SHEET

ASSETS

August 31, SEK million	Note	2018	2017
Fixed assets			
Intangible fixed assets			
Goodwill	8	597.4	526.6
Trademarks and customer relations	8	346.6	402.4
IT investments	8	57.6	51.5
TOTAL INTANGIBLE FIXED ASSETS		**1,001.6**	**980.5**
Tangible fixed assets			
Buildings	9	1,132.5	996.9
Land and other real estate	9	874.7	792.1
Plant and machinery	9, 23	3,212.0	3,263.9
Equipment	9, 23	30.1	27.5
Construction in progress	9	238.1	142.9
TOTAL TANGIBLE FIXED ASSETS		**5,487.4**	**5,223.3**
Financial fixed assets			
Shares and participations in associated companies	10	7.0	12.7
Other long-term securities	11	629.4	375.6
Deferred tax assets	18	374.6	486.8
Other long-term receivables	12	55.9	23.8
TOTAL FINANCIAL FIXED ASSETS		**1,066.9**	**898.9**
TOTAL FIXED ASSETS		**7,555.9**	**7,102.7**
Current assets			
Inventories	13	1,780.6	1,627.3
Short-term receivables			
Accounts receivable	14	2,537.5	1,915.3
Current tax assets		50.8	43.0
Other receivables	14	513.7	406.5
Prepaid expenses and accrued income	14	707.6	564.6
TOTAL SHORT-TERM RECEIVABLES		**3,809.6**	**2,929.4**
Short-term securities		1,308.3	1,162.0
Cash and bank balances	15	252.8	878.6
TOTAL CURRENT ASSETS		**7,151.3**	**6,597.3**
TOTAL ASSETS		**14,707.2**	**13,700.0**

SHAREHOLDERS' EQUITY AND LIABILITIES

August 31, SEK million	Note	2018	2017
Shareholders' equity			
Share capital		13.0	13.0
Reserves	16	164.8	87.2
Retained earnings		4,973.1	4,611.6
Profit for the year		584.9	422.9
Non-controlling interests	16	1.2	0.2
TOTAL SHAREHOLDERS' EQUITY		**5,737.0**	**5,134.9**
Long-term liabilities			
Pensions and similar obligations	17	13.8	13.5
Deferred tax liabilities	18	392.9	390.5
Other provisions	19	664.2	616.0
Bond loans	20	3,600.0	2,800.0
Loans from credit institutions	21	292.0	654.9
Other liabilities	21	22.0	21.1
TOTAL LONG-TERM LIABILITIES		**4,984.9**	**4,496.0**
Current liabilities			
Bond loans	20	—	806.3
Loans from credit institutions	22	547.6	121.6
Accounts payable		1,802.5	1,489.6
Current tax liabilities		27.7	15.9
Other liabilities	22	229.0	344.2
Accrued expenses and prepaid income	22	1,378.5	1,291.5
TOTAL CURRENT LIABILITIES		**3,985.3**	**4,069.1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**14,707.2**	**13,700.0**

GROUP

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to Parent Company's shareholders					
	Share capital	Reserves	Retained earnings including profit for the year	Total	Non-controlling interests	Total share-holders' equity
OPENING BALANCE AT SEP. 1, 2016	13.0	95.9	4,641.0	4,749.9	0.5	4,750.4
PROFIT FOR THE YEAR			423.2	423.2	−0.3	422.9
Change in fair value reserve for the year		3.8		3.8		3.8
Change in hedging reserve for the year		−0.2		−0.2		−0.2
Change in translation reserve for the year		−12.8		−12.8		−12.8
Change in hedge of net investment for the year		0.5		0.5		0.5
Restatement of provisions for pensions			−0.7	−0.7		−0.7
OTHER COMPREHENSIVE INCOME FOR THE YEAR		−8.7	−0.7	−9.4		−9.4
Share dividend			−29.0	−29.0		−29.0
CLOSING BALANCE AT AUG. 31, 2017	**13.0**	**87.2**	**5,034.5**	**5,134.7**	**0.2**	**5,134.9**
Profit for the year			585.5	585.5	−0.6	584.9
Minority interest in acquired company					1.6	1.6
Change in fair value reserve for the year		65.8		65.8		65.8
Change in hedging reserve for the year		1.4		1.4		1.4
Change in translation reserve for the year		30.2		30.2		30.2
Change in hedge of net investment for the year		−19.8		−19.8		−19.8
Restatement of provisions for pensions						
OTHER COMPREHENSIVE INCOME FOR THE YEAR		77.6		77.6		77.6
Share dividend			−62.0	−62.0		−62.0
CLOSING BALANCE AT AUG. 31, 2018	**13.0**	**164.8**	**5,558.0**	**5,735.8**	**1.2**	**5,737.0**

GROUP

STATEMENT OF CASH FLOWS

September 1–August 31, SEK million	Note	2017/2018	2016/2017
Operating activities			
Profit before tax		743.1	596.0
Adjustments for non-cash items		569.1	727.7
		1,312.2	1,323.7
Taxes paid		–28.6	–24.0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**1,283.6**	**1,299.7**
Cash flow from changes in working capital			
Increase(–)/Decrease(+) in inventories		–108.1	–470.0
Increase(–)/Decrease(+) in short-term receivables		–765.5	–457.7
Increase(+)/Decrease(–) in current liabilities		177.5	467.0
CASH FLOW FROM OPERATING ACTIVITIES		**587.5**	**839.0**
Investing activities			
Acquisition of subsidiaries		–55.4	–454.5
Sale of subsidiaries		–0.6	7.7
Acquisition of intangible fixed assets		–23.3	–25.4
Acquisition of tangible fixed assets		–804.0	–1,310.8
Sale of tangible fixed assets		104.5	35.8
Acquisition of financial assets		–283.6	–59.2
Sale of financial assets		6.4	8.7
CASH FLOW FROM INVESTING ACTIVITIES		**–1,056.0**	**–1,797.7**
CASH FLOW AFTER INVESTMENTS		**–468.5**	**–958.7**
Financing activities			
Loan proceeds		1,097.0	358.4
Amortization of loan liabilities		–1,209.5	–43.6
Share dividend		–62.0	–29.0
CASH FLOW FROM FINANCING ACTIVITIES		**–174.5**	**285.8**
CASH FLOW FOR THE YEAR		**–643.0**	**–672.9**
Liquid assets at September 1		878.6	1,550.6
Translation difference in liquid assets		17.2	0.9
LIQUID ASSETS AT AUGUST 31	25	**252.8**	**878.6**
Supplemental disclosure to statement of cash flows			
Adjustments for non-cash items			
Income from investments in associated companies		2.9	–3.7
Depreciation and impairment of assets		725.4	624.1
Unrealized translation differences		–210.4	–3.6
Capital gain/loss on sale of tangible and financial fixed assets		–48.9	1.9
Capital gain/loss on sale of subsidiaries		5.0	–7.5
Change in fair value of available-for-sale assets		65.8	3.7
Change in provisions		32.4	113.1
Other non-cash items		–3.1	–0.3
TOTAL		**569.1**	**727.7**

ACCOUNTING AND VALUATION PRINCIPLES

Stena Metall AB (the Parent Company) and its subsidiaries (together the Stena Metall Group) is a recycling company that collects, processes and recycles all types of waste. The Group also includes production of recycled aluminium, supply of steel products, financial operations and international trading in ferrous and non-ferrous metals and oil.

The Parent Company is a Swedish limited liability company with its registered address in Göteborg. The address of the head office is Stena Metall AB, Box 4088, SE-400 40 Göteborg, Sweden.

On October 24, 2018 this annual report and the consolidated financial statements were approved by the Board of Directors for publication. The annual report is prepared in millions of Swedish kronor (SEK million), unless indicated otherwise. Figures in parentheses refer to the previous year.

Basis for preparation of the financial statements

The consolidated financial statements for the Stena Metall Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU, recommendation RFR1 Supplementary Accounting Regulations for Groups and the Annual Accounts Act.

Fixed assets, long-term liabilities and provisions essentially consist of only the amounts that are expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and liabilities essentially consist of only the amounts that are expected to be recovered or paid within twelve months of the balance sheet date.

Assets and liabilities are recognized at cost, except for certain financial assets and liabilities which are measured at fair value. Financial assets and liabilities measured at fair value consist of derivatives, financial assets classified as financial assets at fair value through profit or loss or available-for-sale financial assets.

The Group strives to ensure proper accounting in its subsidiaries. Deviations in previous periods have been adjusted to improve understanding and comparability. These adjustments have not affected the results of these companies or the Group.

The Parent Company's financial statements are prepared according to the same accounting principles as for the Group with the exceptions described in the section "The Parent Company's accounting principles."

Preparation of the financial reports in compliance with IFRS requires the use of a number of key estimates for accounting purposes. Moreover, management is required to make certain assessments in the application of the Group's accounting principles; see Note 1.

Revisions to the accounting principles and disclosures

New standards and interpretations that have not yet been applied by the Group

A number of standards and interpretations that have been published as of August 31, 2018 but not yet entered into force are applicable to the Group. Following is an assessment of the effects of these standards.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments covers the classification, measurement and recognition of financial assets and liabilities and will be applied as of September 1, 2018. In accordance with IFRS 9, there are three measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. IFRS 9 also requires the company's credit risk reserves to be calculated based on expected rather than actual losses. IFRS 9 does not include any changes in the recognition and measurement of financial liabilities which affect Stena Metall. Lastly, it will be easier to apply hedge accounting. Since Stena Metall applies hedge accounting to only a limited extent, the changes will not have an effect.

The Group's holding of financial instruments essentially consists of accounts receivable and investments in various forms of funds (private equity funds). These assets have historically been categorized as available-for-sale, but going forward will be measured at fair value through profit or loss, not through other comprehensive income. Interest-bearing instruments will continue to be measured at amortized cost in accordance with the effective interest method. Receivables consist almost exclusively of accounts receivable. Currently an incurred loss model is applied, which means that a credit risk reserve is recognized when a customer is in arrears. The credit risk reserve is small in relation to the size of the recognized receivables. Historical outcomes, i.e., the size of actual written-off receivables, indicate a low level of actual losses in relation to allocated reserves. The implementation of a model that takes expected losses into account therefore has not resulted in a change in the value of the credit risk reserve.

In the transition to IFRS 9 as of September 1, 2018, Stena Metall has chosen retroactive application, which means that the opening balance is reported as of September 1, 2017. A more detailed description of the effects is provided in Note 26.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 Revenue from Contracts with Customers is applied as of September 1, 2018, and Stena Metall has chosen not to apply it retroactively. Implementation of IFRS 15 has not resulted in any changes, and is unlikely to in the future as long as the same business models are applied. Contracts with customers essentially all include a performance obligation, and revenue is recognized when control passes to the customer, which in the case of the business areas happens when goods are transferred or received in accordance with the contractual terms. The volume of services provided to customers is limited in relation to the value of goods delivered. Certain contracts contain traditional floating price mechanisms in the form of discounts that apply to the individual transaction. There are no accumulated discounts or volume clauses in the contracts.

IFRS 16 Leases
IFRS 16 will replace IAS 17 Leases and will be applied as of September 1, 2019. The standard requires assets and liabilities attributable to all leases, with few exceptions, to be recognized in the balance sheet. This is based on the view that the lessee has a right to use an asset during a specific period of time and at the same time has a liability to pay for this right. Recognition by the lessor will essentially remain unchanged, and Stena Metall only rarely acts as a lessor. Stena Metall will apply a modified transition method.

No other IFRS or IFRIC interpretations that have not yet entered into force are expected to have a significant effect on the Group.

Consolidated financial statements
The Group's financial accounts comprise the Parent Company, Stena Metall AB, and all companies in which the Parent Company at the end of the financial year directly or indirectly owns more than 50% of the voting rights or otherwise exercises control. Companies acquired during the year have been included in the consolidated financial statements as of the date when control transferred to the Group. Companies divested during the year are excluded from the consolidated financial statements as of the date when control ceases. Intra-Group receivables and liabilities as well as transactions between Group companies and internal gains are eliminated upon consolidation. Intra-Group transactions, balance sheet items and unrealized gains and losses on transactions between Group companies are eliminated. The accounting principles for subsidiaries have been revised where necessary to guarantee consistent application of the Group's accounting principles.

Business combinations and goodwill
The acquisition method is used for recognition of the Group's business combinations. The purchase price of the acquisition of a subsidiary consists of transferred assets, liabilities and contingent liabilities at fair value on the acquisition date. The purchase price also includes the fair value on the acquisition date of contingent consideration. Subsequent changes in the fair value of contingent consideration are recognized in accordance with IAS 39 either in the income statement or in other comprehensive income.

If the purchase price exceeds the market value of identified assets, liabilities and contingent liabilities, the difference is recognized as goodwill. If the purchase price is less than the fair value of the acquired company's net assets, the difference is recognized directly through profit or loss. Acquisition-related costs are expensed when they arise.

Changes in the ownership of a subsidiary without a change in control
Transactions with holders without control that do not lead to a loss of control are recognized as equity transactions. This type of acquisition is reported as a share of the acquired net assets, i.e., the difference between the fair value of the purchase price paid and the actual acquired share of the carrying amount of the subsidiary's net assets, in shareholders' equity. As a result, no goodwill arises from this type of transaction.

Associated companies
Associated companies are companies in which the Group exercises significant influence but nor control, which generally applies to shareholdings with between 20% and 50% of the votes. Holdings in associated companies are recognized according to the equity method, whereby the investment is initially measured at cost and its carrying amount subsequently increases or decreases along with the Group's share of the associated company's profit or loss after the acquisition. The carrying amount also includes goodwill identified upon acquisition. When the Group's share of an associated company's losses is equal to or exceeds its holding in the associated company, the Group will not recognize any further losses unless it has assumed legal or informal obligations or made payments on the associated company's behalf.

In the consolidated financial statements, the shares are recognized under "Shares and participations in associated companies"; see Note 10. The Group's share of its associated companies' profit is recognized in the consolidated income statement on the line "Income from investments in associated companies" within net financial income/expense; see Note 6.

Translation of foreign currency
Translation of foreign operations
The Parent Company's functional and reporting currency, as well as the Group's reporting currency, is Swedish kronor (SEK). All foreign subsidiaries report in their functional currency, i.e., the currency used in the company's economic environment. Upon consolidation, all balance sheet items have been translated to SEK using the balance sheet date rates. Income statement items have been translated using average exchange rates. All translation differences that arise are transferred directly to the Group's shareholders' equity and included in other comprehensive income.

Transactions in foreign currency
Transactions in foreign currency are translated at the exchange rate on the transaction date. Monetary assets and liabilities in foreign

currency are translated at the balance sheet date rate. Exchange rate gains and losses that arise through restatements are recognized in the income statement. The exception is when the transaction constitutes a hedge that meets the requirement for hedge accounting of net investments, in which case the gain/loss is recognized in other comprehensive income. Non-monetary assets and liabilities recognized at historical cost are translated at transaction date exchange rates.

Exchange rate gains and losses attributable to loans and liquid assets are recognized in the income statement as financial income or expenses. Other exchange rate gains and losses are recognized in operating profit.

Segment reporting

Operating segments are reported in a way that complies with the internal reporting to the chief operating decision-maker, i.e., the function responsible for distributing resources and evaluating the operating segments' results. In the Group this function has been identified as Stena Metall AB's Board of Directors, which makes strategic decisions.

The Group's segments, its business areas, follow internal governance and reporting. They are used to identify significant risks and the varying returns from these businesses and are based on the various business models for the Group's end customers. The segments are responsible for operating profit and the assets used in their businesses.

Sales between segments are made on fair market terms and at market prices. The Stena Metall Group's business areas, and hence its segments, are as follows:

- Recycling
- Aluminium
- Electronics Recycling
- Oil
- Steel
- Components
- Trading
- Finance

Intangible fixed assets

Goodwill

Goodwill arises in the acquisition of subsidiaries and refers to the amount by which the purchase price exceeds Stena Metall's share of the acquired subsidiary's identifiable net assets at the date of the acquisition. Goodwill is tested for impairment annually or more often if events or changes in conditions indicate the possibility of diminished value. Any impairment is immediately expensed. In impairment testing, goodwill is distributed by cash-generating unit. The distribution applies to the cash-generating units that are expected to benefit from synergies from the acquisition. Every unit that goodwill has been distributed to corresponds to the lowest level in the Group at which the goodwill in question is monitored through internal governance. Goodwill is monitored by cash-generating unit.

IT investments

Acquired software is capitalized on the basis of acquisition and implementation expenses. The expense is written off on a straight-line basis over an estimated useful life of 5 years. The useful life is reevaluated annually.

Tangible fixed assets

Tangible fixed assets are recognized as assets in the balance sheet when it is likely that future economic benefits associated with the holding will be passed on to the Group and the cost of the asset can be reliably estimated. Tangible fixed assets are recognized at cost less depreciation and impairment. Cost includes expenditures directly attributable to the acquisition of the asset.

Incremental expenses are added to the carrying amount or recognized as a separate asset, depending on which is most suitable. The carrying amount of a replaced portion is eliminated from the balance sheet. All other forms of repairs and maintenance are expensed in the period in which they arise.

The branch network is considered part of production and its costs are included in their entirety in cost of goods sold. As a result, all depreciation of fixed assets in the branch network is recognized as cost of goods sold. Other equipment relates collectively to sales or administrative expenses.

The cost of construction in progress is estimated on the same basis as acquired assets. An asset is reclassified once it can be put to use.

Each part of a tangible fixed asset whose cost is significant in relation to the asset's aggregate cost is depreciated separately. Land is not depreciated. Other assets are depreciated according to plan on a straight-line basis over there estimated useful life as follows:

Plant, machinery and equipment are depreciated over 5–20 years, buildings over 15–80 years and land improvements over 5–30 years.

The assets' residual values and useful lives are tested at the end of each reporting period and adjusted as needed. An asset's carrying amount is immediately written down to its net realizable value if the asset's carrying amount exceeds its estimated recoverable amount.

Gains and losses on the disposal of a tangible fixed asset consist of the difference between the sales proceeds and carrying amount and are recognized in other operating income and other operating expenses in the income statement.

Impairment of non-financial fixed assets

Intangible assets with an indefinite useful life (goodwill) are not amortized and instead are tested annually for impairment. Amortized assets are tested for impairment whenever events or changes in conditions indicate that the carrying amount perhaps is not recoverable. The impairment corresponds to the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less sales expenses and its estimated value in use.

For goodwill testing purposes, assets are grouped at the lowest levels where there are essentially independent cash flows (cash-generating units). For assets (other than goodwill) that have previously been impaired, a test is conducted on each balance sheet date to determine whether a reversal is needed.

Fixed assets held for sale

Fixed assets are classified as assets held for sale when their carrying amounts will primarily be recovered through a sales transaction and a sale is considered highly likely. They are recognized at the lower of their carrying amount and fair value less selling expenses.

Financial instruments

Classification

The Group classifies its financial assets and liabilities in the following categories: Financial assets and liabilities at fair value through profit or loss, loans and receivables, available-for-sale financial assets and other financial liabilities. The classification depends on the purpose for which the financial asset or liability was acquired.

Financial assets at fair value through profit or loss

Financial assets belonging to this category are measured and recognized on a continuous basis at fair value through profit or loss. The category is divided into two main sub-categories: 1) holdings for trading, and 2) those which the Group has chosen to classify in this category (fair value option). Financial assets held for trading consist of financial assets acquired primarily to be sold in the short term as well as derivatives. Financial assets categorized using the fair value option are applied based on how the instruments are managed, and their results are evaluated through a fair value measurement in accordance with the Group's investment strategy. Internally, the Group monitors and reports these assets based on their fair values and feels that this measurement gives readers of the annual report the most relevant information. Both categories are presented in the balance sheet under short-term investments, while changes in fair value are recognized in the income statement on the line other operating income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. They are included in current assets with the exception of items maturing more than 12 months after the balance sheet date, which are classified as long-term. The Group's "loans and receivables" are included in other receivables and accounts receivable in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets that are identified as sellable or have not been classified in any other category. They are included in fixed assets if the intent is not to sell them within 12 months of the conclusion of the reporting period. The Group's available-for-sale financial assets consist of the item long-term securities in the balance sheet.

Other financial liabilities

The Group's long-term and short-term loans from credit institutions as well as bond loans, other long-term securities, accounts payable and the portion of other short-term liabilities that refers to financial instruments are classified as other financial liabilities.

Recognition and measurement

Purchases and sales of financial assets are recognized on the transaction date, i.e., the date when the Group commits to buying or selling the asset. Financial instruments are initially recognized at fair value plus transaction costs for all financial instruments not measured at fair value through profit or loss. For financial assets at fair value through profit or loss, transaction costs are recognized through profit or loss. Financial assets are derecognized from the balance sheet when the right to retain cash flows from the instrument has expired or been transferred and the Group has transferred essentially all risks and benefits associated with ownership. Financial liabilities are derecognized from the balance sheet when the contractual obligation has been fulfilled or otherwise discharged.

Financial assets and liabilities are offset only when there is a legal right to set off the recognized amounts and an intention to settle them with a net amount or to simultaneously realize the asset and settle the liability.

Financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets are recognized after acquisition at fair value. Loans and receivables as well as other financial liabilities are recognized after acquisition at amortized cost. Credit insurance has been obtained on a large part of the Group's accounts receivable.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in the income statement on the lines other operating income or operating expenses. Changes in the fair value of other long-term securities classified as available-for-sale financial assets are recognized in other comprehensive income.

Impairment of financial instruments

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. With respect to available-for-sale financial assets, a significant or prolonged decrease in the fair value of an instrument to a level below its acquisition value, is proof of a needed impairment. If there is such evidence for available-for-sale financial assets, the cumulative loss – calculated as the difference between cost and current fair value less any previous impairment recognized through profit or loss – is reversed from other comprehensive income and recognized in the income statement. Impairment of equity instruments that were previously recognized through the income statement is not reversed through the income statement.

Derivatives and hedges

Derivatives are financial instruments recognized in the balance sheet on the transaction date and measured at fair value, both initially and in subsequent revaluations. The Group uses several different derivatives to minimize currency risks from financial flows as well as assets and liabilities. Moreover, various fixed income instruments are used to ensure an appropriate interest rate level. The gain or loss that arises from the revaluation of fixed income instruments is recognized in the income statement in net financial income/expense. The results for other derivatives are included in cost of goods sold.

The fair value of a derivative is classified as a financial fixed asset or long-term liability when the remaining maturity of the hedged item is longer than 12 months and as a current asset or short-term liability when the remaining maturity of the hedged item is less than 12 months. Exchange rate differences from the revaluation of foreign currency funding designed to hedge foreign assets are posted directly to the Group's shareholders' equity and offset against the translation differences in such foreign net assets.

For a description of the Group's financial risks, see Note 26 to the consolidated financial statements.

Inventories

Inventories have been measured at the lower of cost and net realizable value on the balance sheet date. Net realizable value refers to the estimated selling price of the goods less sales expenses. With this method obsolescence is taken into account. The measurement is made in accordance with the FIFU principle or using weighted average prices.

Accounts receivable

Accounts receivable are financial instruments consisting of amounts that will be paid by customers for goods and services sold in the normal course of business. If payment is expected within one year or less, they are classified as current assets. If not, they are classified as fixed assets.

Accounts receivable are initially recognized at fair value and subsequently at amortized cost applying the effective interest method, less any provisions for depreciated value.

Liquid assets

Liquid assets are financial instruments and comprise, in the balance sheet and the statement of cash flows, cash and bank balances with a maturity of not more than three months from the acquisition date.

Accounts payable

Accounts payable are financial instruments and refer to obligations to pay for goods and services that have been acquired in the normal course of business from suppliers. Accounts payable are classified as current liabilities if they mature within one year. If not, they are recognized as long-term liabilities.

Accounts payable are initially recognized at fair value and subsequently at amortized cost applying the effective interest method.

Funding

Loans from credit institutions and bond loans are initially recognized at nominal value. Funding is subsequently recognized at amortized cost and any difference between the amount received and the repayment amount is recognized in the income statement distributed over the loan period. Funding is classified as a current liability unless the Group has an unconditional right to postpone payment of the liability for at least 12 months after the conclusion of the reporting period.

Provisions

A provision is recognized in the balance sheet when there is a formal or informal obligation resulting from an event that has occurred and it is likely that an outflow of resources will be needed to settle the obligation and a reliable estimate of the amount can be made. Provisions are based on the best estimate of the amount required to settle the existing obligation on the balance sheet date.

Current and deferred tax

The tax expense for the period consists of current tax and deferred tax. The current tax expense is calculated on the basis of the tax regulations that on the balance sheet date have been enacted or substantively enacted in the countries where the Parent Company and its subsidiaries operate and generate taxable revenue.

Deferred tax is recognized according to the balance sheet method on temporary differences that arise between the tax value of assets and liabilities and their carrying amount in the consolidated financial statements. Deferred tax is calculated applying the tax rates that have been enacted or announced as of the balance sheet date and which are expected to apply when the deferred tax asset in question is realized or the deferred tax liability is settled. Deferred tax assets on tax loss carryforwards are recognized to the extent it is likely that future taxable profits will be available to offset the carryforwards.

Employee benefits

Post-employment compensation such as pensions is dispersed in large part through periodic payments to independent authorities or institutions, which thereby assume the obligations to employees, i.e., through defined contribution plans. The Group's result is charged with expenses as benefits are vested. Certain pension entitlements are secured through company-owned endowment insurance.

The remainder is fulfilled through defined benefit plans, where the obligations are retained by the Stena Metall Group. Defined benefit plans are used in Norway and Poland. For defined benefit plans, the company's costs and the value of outstanding obligations as of the balance sheet date are estimated with the help of actuarial calculations designed to determine the present value of outstanding obligations. See also Note 17.

The Group also has defined benefit pension obligations through insurance with Alecta. This pension plan is recognized as a defined benefit plan.

Borrowing costs

Borrowing costs attributable to so-called qualified assets are capitalized as part of the asset's acquisition cost. A qualified asset is an asset that by definition takes considerable time to finish. Borrowing costs are capitalized on loans that are specific to the qualified asset.

All other borrowing costs are expensed when they arise.

Revenue recognition

Revenue comprises the fair value of what has been or will be received for goods and services sold in the Group's operations. Revenue is recognized exclusive of value-added tax, returns and discounts and after eliminating intra-Group sales.

The Group recognizes revenue when the amount can be reliably measured, which means it is likely that future economic benefits will accrue to the company and special criteria have been met for each of the Group's operations. Revenue cannot be reliably measured until all obligations connected with the sale have been met or expired. The Group bases its estimates on historical outcomes and takes into consideration the type of customer, type of transaction and special circumstances in each case.

The Group's revenue from the recycling, aluminium, steel, component, oil and trading businesses is attributable to the sale of goods and services as well as the lease of equipment such as containers. Sales of goods are recognized upon delivery to the customer, in accordance with the delivery terms. Revenue from service assignments is recognized when the services are rendered. In cases where the Group has rendered a service and payment has been received before the material has been processed as agreed to by the customer, the revenue is recognized as a liability until the service is rendered.

Capital gains and losses from financing activities are recognized net as other operating income/operating expenses.

Interest income is recognized over its maturity applying the effective interest method.

Dividends are recognized in net financial income/expense when the right to the proceeds is obtained.

Leasing

A lease where a significant portion of the risks and benefits of ownership are retained by the lessor is classified as an operating lease, which means that the lease fee is recognized on a straight-line basis over the lease term.

A lease where the economic risks and benefits associated with ownership essentially are transferred to the lessee is defined as a finance lease. Assets leased according to a finance lease are recognized as fixed assets in the consolidated balance sheet and amortized over the shorter of the asset's useful life and the lease term. The obligation to pay future lease fees is recognized as other long- and short-term borrowing. Lease payments are recognized as interest and amortization of the liabilities.

Contingent liabilities

When an obligation does not meet the criteria for recognition in the balance sheet, it can be considered a contingent liability. A contingent liability is recognized when a potential obligation arises due to events that have occurred or whose occurrence is confirmed only by one or more uncertain future events or where there is an obligation where an outflow of resources is unlikely or an adequate temporary estimate of the amount cannot be made.

Parent Company's accounting principles

The Parent Company applies the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR2 Reporting by Legal Entities. The Parent Company primarily applies the principles for consolidated financial statements described above. Deviations between the Parent Company's and the Group's principles are the result of limits on opportunities to apply IFRS in the Parent Company due to the Annual Accounts Act and in certain cases tax regulations. The most significant differences between the Group's and the Parent Company's accounting principles are indicated below.

Shares and subsidiaries are recognized at acquisition cost less any impairment.

The Parent Company classifies shareholders' equity in accordance with the rules of the Annual Accounts Act, divided between restricted and unrestricted shareholders' equity.

NOTES

1 | ESTIMATES AND ASSUMPTIONS IN THE FINANCIAL STATEMENTS

Estimates and assumptions are evaluated on an ongoing basis and based on historical experience and other factors, including expectations of future events that are considered reasonable under current conditions. The Group makes estimates and assumptions about the future. The estimates for accounting purposes that result will, by definition, rarely correspond to actual results. Estimates and assumptions that entail a significant risk of material adjustment in the carrying amounts of assets and liabilities in the financial year are summarized below.

Goodwill impairment testing
Each year the Group tests goodwill for impairment, in accordance with the Group's accounting principles. Recoverable amounts for cash-generating units are determined by calculating value in use. For these calculations certain estimates must be made. See Note 8.

Measurement of tax loss carryforwards
Each year the Group tests deferred assets from tax loss carryforwards for impairment. In addition, the Group evaluates whether it is appropriate to capitalize new deferred tax assets from the year's tax loss carryforwards. Deferred tax assets are recognized only for tax loss carryforwards that are likely to be offset against future taxable profits and against taxable temporary differences. Stena Metall has recognized deferred tax assets for the tax loss carryforwards in Sweden, since it is considered likely that these tax loss carryforwards can be offset against future profits.

Tax loss carryforwards for companies outside Sweden for which a deferred tax asset has not been booked amount to 293.9 (292.6) as of August 31, 2018.

Provisions
In general, a provision is recognized when an obligation has arisen as a result of a past event, where it is likely that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. The provision represents the best estimate of what is required to settle the existing obligation on the balance sheet date. Since there is uncertainty in estimates of future events beyond the Group's control, actual outcomes may deviate significantly.

When an obligation does not meet the criteria to be recognized in the balance sheet, it can be considered a contingent liability and disclosed. These obligations stem from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not completely within the Group's control. Contingent liabilities also include existing obligations where an outflow of resources is not likely or a sufficiently reliable estimate of the amount cannot be made.

2 | SEGMENT REPORTING

NET SALES

By business area	2017/2018	2016/2017
Recycling	14,917.9	12,402.4
Aluminium	1,360.1	1,264.1
Electronics Recycling	1,126.3	1,003.5
Oil	5,762.8	4,449.6
Steel	2,359.7	2,188.9
Components	259.9	216.0
Trading	893.3	828.2
Other	0.7	1.5
TOTAL	**26,680.7**	**22,354.2**

By geographic market		
Europe	22,446.0	18,871.9
Rest of world	4,234.7	3,482.3
TOTAL	**26,680.7**	**22,354.2**

By significant revenue source		
Goods	23,930.3	20,023.3
Services	2,750.4	2,330.9
TOTAL	**26,680.7**	**22,354.2**

Excise duties of 1.6 (0.6) are included in sales.

OPERATING PROFIT

By business area	2017/2018	2016/2017
Recycling	879.7	647.3
Aluminium	60.0	42.2
Electronics Recycling	–126.6	–64.0
Oil	23.2	48.7
Steel	86.1	93.4
Components	–21.6	–13.3
Trading	–1.9	–1.8
Finance	23.2	37.4
Other	9.7	–32.3
TOTAL	**931.8**	**757.6**

By geographic market		
Europe	933.7	759.4
Rest of world	–1.9	–1.8
TOTAL	**931.8**	**757.6**

Net exchange rate differences recognized in operating profit amount to 24.3 (10.7).

3 | FEES TO AUDITORS

PwC	2017/2018	2016/2017
Audit assignments	9.1	9.7
Audit work in excess of audit assignment	0.2	0.8
Tax advice	0.7	0.4
Other	0.7	0.3
TOTAL	**10.7**	**11.2**

Audit assignments refer to the review of the annual report and accounts and the administration by the Board of Directors and the President. Also included are other duties that are the responsibility of the company's auditors as well as consulting or other assistance resulting from observations during such reviews or the implementation of such other duties. All other work is considered other services.

4 | DEPRECIATION/AMORTIZATION AND IMPAIRMENT

Depreciation/amortization according to plan and impairment losses by item	2017/2018	2016/2017
Cost of goods sold	−647.0	−579.8
Sales expenses	−56.2	−32.6
Administrative expenses	−22.2	−11.7
TOTAL	**−725.4**	**−624.1**

Depreciation/amortization and impairment losses according to plan by asset		
Goodwill	—	−4.2
Trademarks and customer relationships	−55.8	−27.9
IT investments	−17.4	−6.9
Buildings	−68.4	−72.0
Land improvements	−16.8	−15.0
Plant and machinery	−558.1	−488.9
Equipment	−8.9	−9.2
TOTAL	**−725.4**	**−624.1**

5 | OTHER OPERATING INCOME AND OPERATING EXPENSES

OTHER OPERATING INCOME AND OPERATING EXPENSES	2017/2018	2016/2017
Business area Finance	64.0	72.9
Lease income from vessels, net	161.1	128.3
Result on sale of tangible fixed assets, net	48.9	–2.0
Grants received	1.0	1.6
Rental income	17.7	18.4
Other	4.8	5.4
TOTAL	**297.5**	**224.6**

Business area Finance refers to the net of the finance operations' trading in financial instruments.

Grants received primarily refer to EU grants for R&D projects, among other things, to identify new and innovative methods to recycle rare earth metals from, for example, neodymium magnets and projects to optimize the recycling chain through image analysis and volume sensors. The previous year primarily refers to EU grants in the area of end-of-life vehicles (ELV).

6 | NET FINANCIAL INCOME/EXPENSE

INCOME FROM INVESTMENTS IN ASSOCIATED COMPANIES	2017/2018	2016/2017
Returpapperscentralen i Uppsala HB	–1.7	3.1
Other	–1.2	0.6
TOTAL	**–2.9**	**3.7**

NET INTEREST INCOME		
Interest income	10.9	10.2
Interest expenses	–183.4	–183.1
Borrowing costs	–10.0	–14.3
TOTAL	**–182.5**	**187.2**

OTHER FINANCIAL INCOME AND EXPENSES		
Change in value of interest rate swaps	7.8	16.1
Capital gains/losses	–5.0	7.8
Exchange rate differences	–4.7	–6.7
Other	–1.4	4.7
TOTAL	**–3.3**	**21.9**

7 | TAXES

	2017/2018	2016/2017
Current tax	–28.6	–24.0
Deferred tax	–129.6	–149.1
TOTAL	**–158.2**	**–173.1**

Current tax		
Current tax for the period	–21.9	–23.1
Adjustment of previous years' tax	–6.7	–0.9
TOTAL	**–28.6**	**–24.0**

Deferred tax		
Related to temporary differences	–28.7	–142.4
Related to tax loss carryforwards	–97.9	0.6
Adjustment of previous years' tax	–3.0	–7.3
TOTAL	**–129.6**	**–149.1**

Deferred tax related to temporary differences primarily refers to accelerated depreciation of tangible fixed assets. See Note 18.

Reconciliation of reported tax charge	2017/2018	2016/2017
Profit before tax	743.1	596.0
Tax according to Parent Company's current tax rate 22.0%	–163.5	–131.1
Effect of other tax rates for foreign subsidiaries	11.9	11.3
Non-deductible expenses	–13.1	–14.9
Tax-exempt revenue	1.9	46.8
Utilized tax loss carryforwards	43.2	18.2
Unreported tax assets on net loss for the year	–18.2	–33.0
Deferred tax	–7.7	–69.1
Tax attributable to previous years	–9.7	–1.0
Other	–3.0	–0.3
RECOGNIZED TAX CHARGE	**–158.2**	**–173.1**

8 | INTANGIBLE FIXED ASSETS

ACQUISITION COST	Goodwill	Trademarks and customer relationships	IT investments	Total
Opening balance, Sep. 1, 2016	1,265.7	—	42.4	1,308.1
Acquired companies	3.5	430.3	0.8	434.6
Acquisitions for the year	—	—	26.6	26.6
Impairment losses for the year	–4.2	—	—	–4.2
Translation differences	–2.3	—	—	–2.3
CLOSING BALANCE, AUG. 31, 2017	**1,262.7**	**430.3**	**69.8**	**1,762.8**
Acquired companies	30.2	—	—	30.2
Acquisitions for the year	—	—	23.3	23.3
Translation differences	101.7	—	1.4	103.1
CLOSING BALANCE, AUG. 31, 2018	**1,394.6**	**430.3**	**94.5**	**1,919.4**

ACCUMULATED AMORTIZATION AND IMPAIRMENT	Goodwill	Trademarks and customer relationships	IT investments	Total
Opening balance, Sep. 1, 2016	–737.5	—	–10.5	–748.0
Acquired companies	—	—	–0.7	–0.7
Impairment losses for the year	—	–27.9	–6.9	–34.8
Translation differences	1.4	—	–0.2	1.2
CLOSING BALANCE, AUG. 31, 2017	**–736.1**	**–27.9**	**–18.3**	**–782.3**
Amortization for the year	—	–55.8	–10.6	–66.4
Impairment losses for the year	—	—	–6.8	–6.8
Translation differences	–61.1	—	–1.2	–62.3
CLOSING BALANCE, AUG. 31, 2018	**–797.2**	**–83.7**	**–36.9**	**–917.8**
NET CARRYING VALUE, AUG. 31, 2017	**526.6**	**402.4**	**51.5**	**980.5**
NET CARRYING VALUE, AUG. 31, 2018	**597.4**	**346.6**	**57.6**	**1,001.6**

Goodwill impairment testing

Goodwill is tested annually for impairment rather than amortized on an annual basis. Amortization of other intangible assets and fixed assets is based on their estimated useful lives. But these assets are also tested for impairment beyond their scheduled amortization. Estimated impairment losses are based on management's expectations with regard to future profits and cash flow.

Goodwill associated with cash generating units and other intangible assets is tested annually for impairment. These analyzes and estimates to identify possible impairment losses are conducted annually and when there are indications of impairment.

Impairment losses are recognized through profit or loss. Goodwill impairment is never reversed.

Estimated recoverable values for cash generating units are based on management's five-year projections of free cash flow, which in turn are the result of projected sales, operating profit after depreciation/amortization, changes in working capital and reinvestments.

Each cash generating unit issues specific five-year projections based on management's best estimates and knowledge of various market conditions. So-called terminal value is based on perpetuity growth – estimated individually for each cash generating unit – of 1.5–3.0% and is calculated in accordance with Gordon's growth model.

In calculating the recoverable value of the cash generating units and assets in 2017/2018, a discount factor (WACC – weighted average cost of capital) of 5.3%–8.0% after tax and 6.9%–10.4% before tax has been used, which is unchanged compared with the previous year.

These estimates showed no impairment need for the cash generating units.

9 | TANGIBLE FIXED ASSETS

	Buildings	Land and other real estate	Plant and machinery	Equipment	Construction in progress	Total
ACQUISITION COST						
Opening balance, Sep. 1, 2016	1,921.8	884.0	6,978.8	183.1	436.5	10,404.2
Acquired companies	9.6	10.7	276.6	—	0.4	297.3
Acquisitions for the year	42.6	19.0	847.8	6.9	394.5	1,310.8
Reclassification	98.8	75.2	494.7	19.9	−688.6	—
Sales and disposals	−51.2	−2.6	−216.0	−18.4	−0.6	−288.8
Translation differences	2.1	0.5	−85.5	−0.8	0.7	−83.0
CLOSING BALANCE, AUG. 31, 2017	**2,023.7**	**986.8**	**8,296.4**	**190.7**	**142.9**	**11,640.5**
Acquired companies	34.1	4.0	55.4	7.6	—	101.1
Divested companies	—	−2.8	—	—	—	−2.8
Acquisitions for the year	19.2	19.2	417.4	10.8	337.4	804.0
Reclassification	117.7	52.0	62.3	1.2	−233.2	—
Sales and disposals	−35.7	−16.8	−326.5	−7.5	−0.1	−386.6
Translation differences	119.5	41.8	245.7	8.7	−8.9	406.8
CLOSING BALANCE, AUG. 31, 2018	**2,278.5**	**1,084.2**	**8,750.7**	**211.5**	**238.1**	**12,563.0**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
Opening balance, Sep. 1, 2016	−996.0	−181.6	−4,717.8	−159.5		−6,054.9
Acquired companies	−4.7	—	−103.2	—		−107.9
Reclassification	−1.4	0.6	14.1	−13.3		—
Sales and disposals	49.0	1.6	182.3	18.2		251.1
Depreciation for the year	−64.6	−15.0	−479.7	−9.2		−568.5
Impairment losses for the year	−7.4	−0.3	−9.2	—		−16.9
Translation differences	−1.7	—	81.0	0.6		79.9
CLOSING BALANCE, AUG. 31, 2017	**−1,026.8**	**−194.7**	**−5,032.5**	**−163.2**		**−6,417.2**
Acquired companies	−12.6	—	−53.0	−7.5		−73.1
Divested companies	—	1.3	—	—		1.3
Reclassification	—	—	0.4	−0.4		—
Sales and disposals	22.8	6.8	294.7	6.5		330.8
Depreciation for the year	−68.0	−16.8	−551.7	−8.7		−645.2
Impairment losses for the year	−0.4	—	−6.4	−0.2		−7.0
Translation differences	−61.0	−6.1	−190.2	−7.9		−265.2
CLOSING BALANCE, AUG. 31, 2018	**−1,146.0**	**−209.5**	**−5,538.7**	**−181.4**		**−7,075.6**
NET CARRYING VALUE, AUG. 31, 2017	**996.9**	**792.1**	**3,263.9**	**27.5**	**142.9**	**5,223.3**
NET CARRYING VALUE, AUG. 31, 2018	**1,132.5**	**874.7**	**3,212.0**	**30.1**	**238.1**	**5,487.4**

10 | SHARES AND PARTICIPATIONS IN ASSOCIATED COMPANIES

Indirectly owned	Shareholders' equity interest/voting rights, %	Aug. 31, 2018	Aug. 31, 2017
Returpapperscentralen i Uppsala HB, 916513-9313, Uppsala	50.0	0.9	5.6
Kärltvätt i norr AB, 556748-5908, Köpmanholmen	40.0	—	2.0
Jern og Metallomsetning AS, Norway	50.0	4.5	4.1
Mørlandsmoen Bilopphugging AS, Norway	33.3	1.4	1.0
BioImpakt AB, 559004-5018, Örebro	20.0	0.2	—
TOTAL		**7.0**	**12.7**

Accumulated acquisition cost		
Net carrying value, opening balance	12.7	9.8
Acquired companies	0.2	2.0
Divested companies	−2.0	—
Share of profit for the year	−0.9	3.7
Distribution/withdrawal from partnerships	−3.4	−2.7
Translation difference	0.4	−0.1
NET CARRYING VALUE, CLOSING BALANCE	**7.0**	**12.7**

11 | OTHER LONG-TERM SECURITIES

	Aug. 31, 2018	Aug. 31, 2017
Private equity funds	623.6	372.3
Other	5.8	3.3
TOTAL	**629.4**	**375.6**

For a specification of the year's change, see Note 26 on page 40.

12 | OTHER LONG-TERM RECEIVABLES

	Aug. 31, 2018	Aug. 31, 2017
Interest-bearing receivables	17.6	21.6
Derivatives	18.6	—
Other	19.7	2.2
TOTAL	**55.9**	**23.8**

Net carrying value, opening balance	23.8	29.8
Additional receivables	39.5	0.1
Settled receivables	−3.7	−6.1
Transferred to short-term receivables	−3.7	—
NET CARRYING VALUE, CLOSING BALANCE	**55.9**	**23.8**

Receivables related to endowment insurance have been offset against corresponding long-term liabilities.

13 | INVENTORIES

	Aug. 31, 2018	Aug. 31, 2017
Raw materials	1,278.9	1,126.2
Finished goods	501.7	501.1
TOTAL	**1,780.6**	**1,627.3**

Obsolescence of 0.4 was expensed during the year. At year-end the obsolescence reserve amounted to 10.1 (10.5).

14 | SHORT-TERM RECEIVABLES

ACCOUNTS RECEIVABLE	Aug. 31, 2018	Aug. 31, 2017
Accounts receivable have been classified based on maturity		
Not overdue	2,378.2	1,817.7
Overdue up to 30 days	114.2	71.0
Overdue more than 30 days	45.1	26.6
TOTAL	**2,537.5**	**1,915.3**

OTHER SHORT-TERM RECEIVABLES		
Value-added tax	327.7	212.5
Tax account	17.1	32.7
Derivatives	34.8	24.4
Advance payments to suppliers	—	2.5
Interest-bearing receivables	3.7	7.1
Other	130.4	127.3
TOTAL	**513.7**	**406.5**

PREPAID EXPENSES AND ACCRUED INCOME		
Prepaid overhead	108.7	94.3
Goods delivered not invoiced	467.1	395.0
Other accrued income	131.8	75.3
TOTAL	**707.6**	**564.6**

15 | CASH AND BANK

	Aug. 31, 2018	Aug. 31, 2017
Cash and bank balances	250.7	876.8
Bank deposits	2.1	1.8
TOTAL	**252.8**	**878.6**

16 | SHAREHOLDERS' EQUITY

Specification of reserves	Fair value reserve	Hedging reserve	Translation reserve	Revaluation reserve	Total
Reserves, opening balance at Sep. 1, 2016	**19.1**	**−1.2**	**5.3**	**72.7**	**95.9**
Change in fair value reserve for the year	3.8	—	—	—	3.8
Change in hedging reserve for the year	—	−0.2	—	—	−0.2
Change in translation reserve for the year	—	—	−12.8	—	−12.8
Change in hedge of net investment for the year	—	—	—	0.5	0.5
RESERVES, CLOSING BALANCE AT AUG. 31, 2017	**22.9**	**−1.4**	**−7.5**	**73.2**	**87.2**
Change in fair value reserve for the year	65.8	—	—	—	65.8
Change in hedging reserve for the year	—	1.4	—	—	1.4
Change in translation reserve for the year	—	—	30.2	—	30.2
Change in hedge of net investment for the year	—	—	—	−19.8	−19.8
RESERVES, CLOSING BALANCE AT AUG. 31, 2018	**88.7**	—	**22.7**	**53.4**	**164.8**

NOTE 16 SHAREHOLDERS' EQUITY, CONT.

Fair value reserve
The reserve comprises gains and losses that arise in the valuation of available-for-sale financial assets.

Hedging reserve
The reserve contains the fair value of certain derivatives at the time of transition to IFRS. This value decreases in pace with the derivative's remaining maturity and at the end of the financial year is 0.

Translation reserve
Exchange rate differences attributable to the translation of the Group's foreign subsidiaries' functional currencies to SEK are accumulated in the translation reserve.

Reserve for hedge of net investment
The reserve comprises the revaluation of loans raised to hedge net investments in subsidiaries.

Non-controlling interests
Refers to the minority interests in Repur AB (25%) –1.4 (–0.6) and Bilretur ABC AB (49%) 1.0 (0.8) as well as in the acquired companies BatteryLoop Technologies AB (24.9%) 0,0 and Tred Carpi spa (4%) 1.6.

17 | PENSIONS AND SIMILAR OBLIGATIONS

	Aug. 31, 2018	Aug. 31, 2017
Net carrying value, opening balance	13.5	13.8
Actuarial gain/loss	0.7	1.0
Utilized during the period	–1.4	–1.3
Translation differences, etc.	1.0	—
NET CARRYING VALUE, CLOSING BALANCE	**13.8**	**13.5**

Defined benefit pension plans
Defined benefit pension plans primarily comprise retirement pensions where the employer has an obligation to pay a lifelong pension corresponding to a certain guaranteed percentage of salary or a specific annual amount. Retirement pensions are vested based on number of years of employment. The employee must be a member of the plan for a certain number of years to b e entitled to a full retirement pension. Defined benefit plans are primarily used in Norway. These plans relate in their entirety to former employees, because of which no new contributions have been made. The pension liability for defined benefit plans amounts to 13.8 (13.5). For actuarial calculations in Norway a discount rate of 2.6% (2.3%) has been applied and salary increases have been estimated at 2.75% (2.5%), which together with pension disbursements of 1.4 (1.3) and foreign currency translations of 1.0 is the reason for the decrease in the pension liability.

Defined contribution pension plans
The plans primarily comprise retirement pension, disability pension and survivor's pension. The premiums are paid over the course of the year by each Group company to various insurance companies. The size of the premiums is based on the salary. Pension costs for the period are included in the income statement in the amount of 155.4 (146.1).

A majority of Swedish Group companies meet their retirement and disability pension obligations for salaried employees through insurance from Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3, this is a multi-employer defined benefit plan. For the financial year the Group has not had access to sufficient information to allow it to report these plans as defined benefit, since Alecta currently cannot provide specific defined benefit amounts for those included in the plan. Pension plans backed by insurance from Alecta are therefore reported as a defined contribution plan. The annual fees for pension insurance obtained from Alecta amount to 73.2 (60.8).

18 | DEFERRED TAXES

DEFERRED TAX ASSETS	Aug. 31, 2018	Aug. 31, 2017
Net carrying value, opening balance	486.8	531.3
Additional receivables	1.0	22.7
Settled receivables	–110.0	–67.8
Acquired/divested companies	–0.8	0.7
Restatement to new tax rate in Sweden	–16.3	—
Translation differences	13.9	–0.1
NET CARRYING VALUE, CLOSING BALANCE	**374.6**	**486.8**

Deferred tax assets related to tax loss carryforwards that have not been recognized in the income statement and balance sheet amount to 293.9 (292.6). Finland and Poland have time limits on the use of tax loss carryforwards.

DEFERRED TAX LIABILITIES	Aug. 31, 2018	Aug. 31, 2017
Net carrying value, opening balance	390.5	286.5
Provisions during the period	35.4	108.5
Utilized during the period	–22.2	–4.6
Restatement to new tax rate in Sweden	–11.3	—
Translation differences	0.5	0.1
NET CARRYING VALUE, CLOSING BALANCE	**392.9**	**390.5**

Parliament resolved in June 2018 to reduce the Swedish corporate tax rate from 22 percent to 21.4 percent as of January 1, 2019 and to 20.6 percent as of January 1, 2021. Consequently, deferred tax liabilities and deferred tax assets related to tax loss carryforwards and other temporary differences have been restated in the financial accounts. The effect on the consolidated income statement has been estimated at -16.3 with respect to the change in deferred tax assets and to 11.3 with respect to the change in deferred tax liabilities.

DEFERRED TAX ASSETS/TAX LIABILITIES BY BALANCE SHEET ITEM	Aug. 31, 2018	Aug. 31, 2017
Tangible assets	–330.7	–303.6
Inventories	13.7	10.4
Receivables	19.5	27.3
Other provisions	69.5	63.3
Liabilities	–14.6	–22.0
Tax loss carryforwards	224.3	320.9
TOTAL	**–18.3**	**96.3**

19 | OTHER PROVISIONS

The large part of other provisions consists of future remediation costs for contaminated soil, 523.9 (454.7). Unsecured pension obligations (endowment insurance) have been offset against corresponding long-term receivables.

	Aug. 31, 2018	Aug. 31, 2017
Net carrying value, opening balance	616.0	496.6
Provisions during the period	115.7	124.3
Utilized during the period	–80.2	–5.1
Translation differences	12.7	0.2
NET CARRYING VALUE, CLOSING BALANCE	**664.2**	**616.0**

The provisions are primarily expected to be paid after more than 12 months. Certain Group companies conduct operations on land which has or may have been contaminated. Through environmental insurance, the Stena Metall Group has transferred the risk to remediate contaminated soil to an insurance company. The insurance company's obligation applies as long as the insurance premium is paid. Since the insurance company reinsures part of the risk with an insurance company owned by the Group, the estimated liability for all companies in the Group is recognized in the consolidated financial statements. The insurance covers estimated remediation costs, assuming the most likely outcome, for all the Group's operating locations. The premium is paid annually and reported under the heading Cost of goods sold.

20 | BOND LOANS

The loans are issued by AB Stena Metall Finans (publ) and guaranteed by the Parent Company. The loans carry variable rates of interest. All bond loans use the 3-month NIBOR or STIBOR as a base rate.

Bond loans	Remaining maturity	Margin		Aug. 31, 2018	Aug. 31, 2017
SE0005249323 2013-2018	—	3.65		—	500.0
NO0010682370 2013-2018	—	3.50	NOK 300	—	306.3
NO0010736895 2015-2019	2 years	2.85		500.0	500.0
SE0007158373 2015-2020	2 years	3.00		100.0	100.0
SE0008373831 2016-2021	3 years	4.05		400.0	400.0
NO0010752710 2015-2020	3 years	3.50		1,000.0	1,000.0
NO0010764095 2016-2022	4 years	4.35		600.0	600.0
NO0010766157 2016-2022	4 years	4.35		200.0	200.0
NO0010823362 2018-2023	5 years	2.15		800.0	—
TOTAL				**3,600.0**	**3,606.3**

21 | LONG-TERM LIABILITIES

LONG-TERM LOANS FROM CREDIT INSTITUTIONS	Aug. 31, 2018	Aug. 31, 2017
Leasing liabilities	26.9	51.7
Other liabilities	265.1	603.2
TOTAL	**292.0**	**654.9**

The Group has credit commitments of 1,000.0 (1,000.0), of which 1,000.0 (1,000.0) has not been utilized. The agreements contain financial covenants.

OTHER LONG-TERM LIABILITIES		
Derivatives	10.1	1.8
Other	11.9	19.3
TOTAL	**22.0**	**21.1**

22 | CURRENT LIABILITIES

SHORT-TERM LOANS FROM CREDIT INSTITUTIONS	Aug. 31, 2018	Aug. 31, 2017
Utilized bank overdraft facilities	294.9	—
Leasing liabilities	20.9	32.4
Other loans	231.8	89.2
TOTAL	547.6	121.6

The Group has credit commitments of 650.0 (650.0), of which 355.1 (650.0) has not been utilized. The agreements contain financial covenants.

OTHER CURRENT LIABILITIES		
Employee salaries and withholding taxes	99.1	88.7
Value-added tax	71.1	71.7
Derivatives	15.5	16.5
Excise taxes	10.2	11.0
Advance payments from customers	9.9	7.0
Property tax	3.2	5.2
Other	20.0	144.1
TOTAL	229.0	344.2

ACCRUED EXPENSES AND PREPAID INCOME		
Accrued cost of goods sold	559.5	491.4
Accrued salaries and payroll overhead	407.9	412.4
Incineration and sludge reserve	103.8	90.8
Waste disposal costs	20.3	21.4
Interest	15.4	14.8
Other accrued expenses	229.4	240.3
Prepaid income	42.2	20.4
TOTAL	1,378.5	1,291.5

23 | LEASING

Group as lessee

Finance leases

The Group's finance leases comprise plant and machinery as well as company cars. There are no subleases. The acquisition cost as of the balance sheet date was 119.8 (194.9), while the net carrying value was 47.6 (83.9).

Future minimum lease fees as of the balance sheet date amounted to:	Aug. 31, 2018	Aug. 31, 2017
Within one year	15.1	24.0
Between 1 and 5 years	14.5	28.5
More than five years	—	—
TOTAL MINIMUM LEASE FEES	29.6	52.5

Present value of finance lease liabilities		
Within one year	14.6	22.7
Between 1 and 5 years	10.1	28.3
More than five years	—	—
TOTAL	24.7	51.0

NOTE 23 LEASING, CONT.

Operating leases
Operating leases primarily relate to time chartered vessels and vessels leased on a bareboat basis. Properties are leased as well. The year's cost for operating leases amounted to 303.9 (281.9) and consists of minimum lease fees.

Future minimum lease fees as of the balance sheet date amounted to:	Aug. 31, 2018	Aug. 31, 2017
Within one year	169.0	180.7
Between 1 and 5 years	263.5	316.8
More than five years	139.0	130.3
TOTAL MINIMUM LEASE FEES	**571.5**	**627.8**

Group as lessor
The year's income for operating leases amounted to 164.0 (131.9) and largely consists of charter income from two vessels, one of which was acquired in the previous financial year.

Future minimum lease income as of the balance sheet date amounted to:	Aug. 31, 2018	Aug. 31, 2017
Within one year	160.2	161.7
Between 1 and 5 years	242.4	402.2
More than five years	1.4	1.8
TOTAL MINIMUM LEASE INCOME	**404.0**	**565.7**

24 | ASSETS PLEDGED AND CONTINGENT LIABILITIES

	Aug. 31, 2018	Aug. 31, 2017
Assets pledged to credit institutions		
Vessels	343.2	681.5
Tangible fixed assets, lease financing	47.8	84.1
TOTAL	**391.0**	**765.6**
Assets pledged for other liabilities		
Liquid assets	0.9	0.9
Other	2.0	7.1
TOTAL	**2.9**	**8.0**
TOTAL ASSETS PLEDGED	**393.9**	**773.6**
Contingent liabilities		
Sureties	204.5	204.5
Guarantees and other contingent liabilities	376.0	386.7
Remaining commitments private equity funds	528.1	420.4
Obligations for partnerships	15.8	12.0
Other	4.6	—
TOTAL CONTINGENT LIABILITIES	**1,129.0**	**1,023.6**

25 | CASH FLOW AND ACQUISITIONS

In the statement of cash flows the effects of acquired and divested subsidiaries and business units have been excluded from other changes in the balance sheet. The sum of payments for these acquisitions/divestments after deducting liquid assets in the acquired/divested units is reported on a separate line in the statement of cash flows. The effect of changes in exchange rates on the translation of foreign Group companies is also excluded, since it does not affect cash flow.

Cash and bank consist of cash, bank balances and other money market instruments with an original term of less than three months.

Interest paid amounted to –162.8 (–150.3) and interest received to 8.0 (14.9). Dividends received amounted to 13.1 (14.1).

Following are the changes in the Group's composition during the year:

Tred Carpi Spa in Italy was acquired by Stena Technoworld srl. The company recycles electronic waste and refrigeration equipment. Four small or dormant companies were acquired: Battery Loop Technologies AB and Stenungsund Kärr 1:11 AB in Sweden, Stena Recycling Decom AS in Norway and Stena Oil Terminal A/S in Denmark. The Russian subsidiary LLC Property & Logistics was divested.

The change in the Group's interest-bearing liability is analyzed in the following table.

	Sep. 1, 2017	Affecting cash flow	Currency effects	Reclassifications	Other not affecting cash flow	Aug. 31, 2018
Long-term bond loans	2,800.0	800.0	—		—	3,600.0
Other long-term loans	654.9	–284.9	—	–78.1	—	291.9
Short-term bond loans	806.3	–823.1	16.8	—	—	—
Other short-term loans	121.6	195.5	0.1	78.1	152.4	547.7
Total interest-bearing liability	**4,382.8**	**–112.5**	**16.9**	**—**	**152.4**	**4,439.6**

26 | FINANCIAL INSTRUMENTS/RISKS

The note below describes the Group's financial instruments. The accounting principles for financial instruments are described on pages 16–21 and financial risk management later in this note.

Financial instruments by category

	Financial instruments at fair value through profit or loss						
August 31, 2018	Fair value option	Held for trading purposes 1)	Available-for sale financial instruments	Financial receivables	Financial liabilities	Total book value	Total fair value
Assets							
Other long-term securities			629.4			629.4	629.4
Other long-term receivables				37.3		37.3	37.3
Accounts receivable				2,537.5		2,537.5	2,537.5
Derivatives included in other receivables		53.4				53.4	53.4
Short-term investments	1,147.2	161.1				1,308.3	1,308.3
TOTAL ASSETS	**1,147.2**	**214.5**	**629.4**	**2,574.8**		**4,565.9**	**4,565.9**
Liabilities							
Bond loans					3,600.0	3,600.0	3,761.9
Loans from credit institutions					839.6	839.6	839.6
Accounts payable					1,802.5	1,802.5	1,802.5
Derivatives included in other liabilities		25.6				25.6	25.6
TOTAL LIABILITIES		**25.6**			**6,242.1**	**6,267.7**	**6,429.6**

NOTE 26 FINANCIAL INSTRUMENTS/RISKS, CONT.

August 31, 2017	Financial instruments at fair value through profit or loss: Fair value option	Held for trading purposes [1]	Available-for sale financial instruments	Financial receivables	Financial liabilities	Total book value	Total fair value
Assets							
Other long-term securities			375.6			375.6	375.6
Other long-term receivables				23.8		23.8	23.8
Accounts receivable				1,915.3		1,915.3	1,915.3
Derivatives included in other receivables		24.4				24.4	24.4
Short-term investments	1,031.3	130.7				1,162.0	1,162.0
TOTAL ASSETS	**1,031.3**	**155.1**	**375.6**	**1,939.1**		**3,501.1**	**3,501.1**
Liabilities							
Bond loans					3,606.3	3,606.3	3,747.4
Loans from credit institutions					776.5	776.5	776.5
Accounts payable					1,489.6	1,489.6	1,489.6
Derivatives included in other liabilities		18.3				18.3	18.3
TOTAL LIABILITIES		**18.3**			**5,872.4**	**5,890.7**	**6,031.8**

1) Held for trading purposes includes derivatives held for hedging purposes but not included in hedge accounting among other liabilities/receivables, 27.8 (6.1).

Financial risk factors
Through its operations, the Group is exposed to a number of financial risks: market risk (currency risk, interest rate risk in fair value, interest rate risk in cash flow and price risk), counterparty risks and liquidity risk. The Group's overarching risk management focuses on the unpredictability of financial markets and strives to minimize potentially unfavorable impacts on the Group's financial results over time. The Group uses derivatives to hedge certain risk exposures.

Risk management is overseen by Executive Management according to the policies set by the Board of Directors. The Group's finance company identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units. The Board of Directors prepares written policies for overarching risk management as well as for specific areas such as currency risk, interest rate risk, credit risk, use of derivatives and non-derivative financial instruments, and investment of surplus liquidity.

The Group's risk exposures and how they are managed are described below.

Market risk
Currency risk
The Group operates internationally and is exposed to currency risks from various currency exposures. Currency risk arises through future business transactions, recognized assets and liabilities, and net investments in foreign operations.

Translation differences from net investments:
Translation differences from exposure of net assets in foreign subsidiaries are transferred directly to the Group's shareholders' equity.

The book value of the net assets in foreign currency in the Group's subsidiaries amounted to SEK 473.6 million (512.5) on August 31, 2018. A change of 1% in the value of SEK against foreign currencies as of August 31, 2018 would affect shareholders' equity by 4.7 (5.1).

See also the section "Hedging of net investment in foreign operations" further down in this note.

Translation differences from balance sheet exposure:
Executive Management has introduced a policy that requires Group companies to manage currency risk arising in their functional currency. To manage the currency risk from recognized assets and liabilities, Group companies use forward contracts obtained through the Group's finance company.

Monetary assets and liabilities in foreign currency that arise as a result of the company's operations are revalued at the balance sheet date rates. Derivatives used to hedge the value of these balance sheet items, such as currency swaps, forward exchange contracts or currency option contracts, are measured at fair value, which includes a revaluation to balance sheet date rates. The change in the fair value is recognized in exchange rate differences in the consolidated income statement, where the translation of the monetary assets and liabilities in foreign currency is also recognized.

The Group has an exposure in its external funding, part of which is denominated in a currency other than the functional currency. Because the Group's finance company has investments in financial instruments in currencies other than the functional currency, they are hedged through forward contracts. The Board of Directors has given the company a limited option of making investments without currency hedging. On August 31, 2018 all external funding made in a currency other than the functional currency and all investments in financial instruments in foreign currency were hedged through FX derivatives. The translation exposure in other financial receivables and liabilities is considered minor, since these items are essentially denominated in the individual Group companies' functional currencies.

Translation differences from transaction exposure:
Executive Management has introduced a policy that requires Group companies to manage currency risk arising in their functional currency. To manage the currency risk from future business transactions, Group companies use forward contracts obtained through the Group's finance company.

The Group has chosen not to apply hedge accounting to the forward exchange contracts it has entered into, because of which the market value of these contracts are recognized continuously through profit or loss.

The following table shows the Group's forward contracts as per the balance sheet date.

Forward contracts, nominal amounts, SEK million	Bought	Sold
DKK	46.6	
EUR		28.1
GBP		7.9
NOK	3.7	
SEK	376.6	
USD		390.9

Interest rate risk associated with cash flows and fair values
Since the Group does not have any significant interest-bearing assets, consolidated revenue and cash flow from operating activities are essentially unaffected by changes in market interest rates. The Group's interest rate risk arises through long-term funding. Floating rate funding exposes the Group to interest rate risk associated with cash flows, which is partly neutralized by floating rate cash reserves. Fixed rate funding exposes the Group to interest rate risk associated with fair value.

The Group usually obtains long-term loans with floating rates. The Group manages the interest rate risk associated with cash flows in part by using interest rate swaps essentially to convert the funding from a floating to a fixed rate.

In an interest rate swap the Group agrees with other parties, at predetermined intervals (usually four times a year), to swap the difference between the interest amount according to the fixed rate contract and the floating rate amount, based on contracted nominal amounts. The Group has chosen not to apply hedge accounting to interest rate swaps, because of which their revaluation effect is recognized in the net financial income/expense. Taking into account the interest rate swaps it holds, 0.0 (538.3) of the Group's interest-bearing liabilities carries a fixed interest rate and 4,439.6 (3,844.6) a floating rate. The most important floating rates are STIBOR and NIBOR.

If the interest rate were to change by +/–1 %, the Group would be charged with 44.4 (38.4) higher/lower interest expenses, all other variables being constant.

Price risk
The Group maintains an inventory of processed and unprocessed material. The processed material is sold on the market at the current market price. The throughput time from the purchase of the material until it is processed and sold varies. During this time the market price of the material may change, because of which the Group has a price risk in inventory. The price of certain products can be hedged through derivatives, while others cannot be hedged. Ferrous is one such product that cannot be hedged.

On August 31, 2018 the Group had a ferrous stock of SEK 663 million (568), of which SEK 448 million (397) had been sold but not delivered. If the market price of the ferrous had risen/fallen by 10% in relation to current market prices as of August 31, 2018, all other variables being constant, the market value of the ferrous stock as of August 31, 2018 would have been 21.5 (17.1) higher/lower as of August 31, 2017, adjusted for the portions of the stock that had already been sold. This change would affect the margin on the sale of these products correspondingly.

The Group's finance operations trade financial instruments that are overwhelmingly traded on active markets and where valuations are based on quoted market prices. The types of holdings the Group had on August 31, 2018 can be divided into four portfolios: private equity, hedge funds, strategic equity portfolios and trading portfolios. The Group's strategy is that the various portfolios behave differently under different market conditions and thereby contribute to diversification, whereby the stock market correlation is lower than with a pure stock market exposure. Put simply, we cut off the tops and bottoms compared with the equity markets.

On August 31, 2018 the Group had 1,308.3 (1,162.0) in short-term securities and 629.4 (375.6) in long-term securities. If the market in general had risen/fallen by 10% on August 31, all other variables being constant, profit for the year would have been 130.8 (116.2) higher/ lower and other comprehensive income would have been 62.9 (37.6) higher/lower since all securities are measured at market price.

Counterparty risk
Credit risks arise in the Group's operating activities in the form of accounts receivable and advance payments to suppliers. The Group has a credit policy adopted by the Board of Directors, in addition to which each company has a credit instruction. The basic principle is that all counterparties must be highly solvent. Customers can be divided into three different categories: those that can be credit insured, those who can provide satisfactory collateral in the form of advance payments, and those who, after an analysis, can be granted an open line of credit.

Counterparty risk also arises through liquid assets, derivatives and balances with banks and financial institutions. All financial instruments and liquidity are traded with counterparties that are considered to be creditworthy and where the terms and settlement routines are well documented. Normally, no collateral is pledged by either party.

Financial derivatives that are included in ISDA agreements and subject to netting are shown in the table below.

The maximum exposure for credit risk at the end of the reporting period is the fair value of the derivatives recognized as assets in the balance sheet.

August 31, 2018	Financial assets/ liabilities gross	Netted balances	Amount recognized in balance sheet	Financial instruments covered by netting agreements but not recognized net	Financial instruments, net amount
Derivatives financial assets	53.4	0	53.4	7.8	45.6
Derivatives financial liabilities	–25.6	0	–25.6	–7.8	–17.8
TOTAL	**27.8**	**0**	**27.8**	**0**	**27.8**

Liquidity risk

Cash flow projections are prepared by the Group's operating companies and aggregated by the Group. The Group's finance company carefully monitors rolling projections of the Group's liquidity reserve to ensure that the Group has sufficient cash reserves to meet its operating needs at the same time that it continuously maintains sufficient untapped credit facilities, so that the Group does not exceed the lending limits or terms of any of its loan facilities. The terms (covenants) that the Group has with its credit facility counterparties are that net debt in relation to EBITDA may not exceed 3.8 and that EBITDA in relation to net interest expense may not fall short of 3.4.

All liquidity in the Group is managed by the Group's finance company. The finance company places surplus liquidity in interest-bearing clearing accounts, fixed term deposits, money market instruments and marketable securities, depending on which instrument has a suitable maturity or sufficient liquidity as determined by the above-mentioned projections.

On the balance sheet date the Group had liquid assets of 252.8 (878.6) and unused credit facilities of 1,355.1 (1,650.0).

The table below analyzes the Group's financial liabilities by the remaining time on the balance sheet date until their contractual maturity. The amounts shown in the table are contractual, undiscounted cash flows. Interest has been calculated based on the current floating market rate.

August 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Bond loans	110.5	698.4	3,123.7	
Loans from credit institutions	553.2	96.1	205.3	
Accounts payable	1,802.5			
Derivatives	15.5	10.1		
TOTAL	**2,481.7**	**804.6**	**3,329.0**	

August 31, 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Bond loans	930.5	94.7	2,958.4	
Loans from credit institutions	216.2	189.0	387.9	
Accounts payable	1,489.6			
Derivatives	16.5		1.8	
TOTAL	**2,652.8**	**283.7**	**3,348.1**	

Financial instruments at fair value

For a comparison between the book value and fair value of the Group's financial instruments, refer to the first table in this note. That table includes the Group's financial liabilities at amortized cost in the balance sheet as of August 31, 2018 where fair value disclosure is required, as well as financial assets and liabilities at fair value in the balance sheet.

The table below shows financial instruments at fair value based on classification in the fair value hierarchy.

August 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
- Derivatives		53.4		53.4
- Short-term investments	645.6	662.7		1,308.3
Available-for-sale financial assets			629.4	629.4
TOTAL ASSETS	**645.6**	**716.1**	**629.4**	**1,991.1**
Financial liabilities at fair value through profit or loss:				
- Derivatives		–25.6		25.6
TOTAL LIABILITIES		**–25.6**		**25.6**

NOTE 26 FINANCIAL INSTRUMENTS/RISKS, CONT.

August 31, 2017	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
- Derivatives		24.4		24.4
- Short-term investments	418.1	743.9		1,162.0
Available-for-sale financial assets			375.6	375.6
TOTAL ASSETS	**418.1**	**768.3**	**375.6**	**1,562.0**

Financial liabilities at fair value through profit or loss:	Level 1	Level 2	Level 3	Total
- Derivatives		18.3		18.3
TOTAL LIABILITIES		**18.3**		**18.3**

The various levels are defined as follows:
Financial instruments on level 1
The fair value of financial instruments traded on an active market is based on quoted market prices on the balance sheet date. A market is considered active if quoted prices from an exchange, broker, industry group, price setting service or regulatory agency are readily and regularly accessible, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the Group's financial assets is the current buy rate. These instruments are included on level 1.

Financial instruments on level 2
The fair value of financial instruments not traded on an active market (e.g., OTC derivatives) is determined with the help of valuation techniques. Available market information is used as far as possible, whereas company-specific information is used as little as possible. If all the significant inputs required for a fair value measurement of an instrument are observable, the instrument is included on level 2. Short-term securities on level 2 refer to holdings in equity funds where the fair value measurement is based on quoted prices on markets that are not considered active.

Specific valuation techniques used to measure financial instruments include

- Fair value of interest rate swaps is estimated as the present value of projected future cash flows based on observable yield curves.
- Fair value of forward exchange contracts is determined using forward rates on the balance sheet date, where the resulting value is discounted to present value.

Note that all fair values determined with the help of valuation techniques are classified on level 2. There were no transfers between level 1 and level 2 during the year.

Financial instruments on level 3
In cases where one or more significant inputs in the fair value measurement are not based on observable market information, the instrument in question is classified on level 3. There were no transfers to or from level 3 during the year.

The table below shows the changes in instruments on level 3:

Specification of financial instruments on level 3	Aug. 31, 2018	Aug. 31, 2017
Opening balance	375.6	342.0
Total unrealized gain/loss		
– Currency effects recognized through profit or loss	44.9	–11.1
– Recognized through other comprehensive income	65.8	3.8
Impairment through profit or loss	–6.3	–6.9
Purchase proceeds	206.7	158.3
Sales proceeds	–92.7	–133.9
Management fee	14.2	16.7
Realized results recognized through profit or loss	21.2	6.7
CLOSING BALANCE	**629.4**	**375.6**

NOTE 26 FINANCIAL INSTRUMENTS/RISKS, CONT.

The components on level 3 of the fair value hierarchy consist of investments in unquoted private equity funds. Fair value is determined based on the net asset value of the fund, which is measured by each fund manager in accordance with generally accepted practice, the International Private Equity and Venture Capital Guidelines (IPEV).

The table below summarizes the contractual net values of the Group's forward exchange and swap contracts. Nominal amounts are gross amounts.

Assets	Nominal amount 2018	Fair value 2018	Nominal amount 2017	Fair value 2017
Interest risk management				
Interest swap contracts				
positive position				
negative position			538.3	–7.8
Currency risk management				
Currency swap contracts				
positive position	4,066.8	23.4	2,362.4	6.1
negative position			767.0	–2.6
Forward exchange contracts				
positive position	620.3	27.0	721.8	12.2
negative position	737.7	–24.4	337.5	–3.9
Oil risk management				
Oil risk management				
positive position			18.7	1.4
negative position	70.4	–0.8	19.1	–1.1
Metal risk management				
Metal futures				
positive position	26.3	1.9		
negative position	6.6	–0.4	17.8	–1.8
Propane price risk management				
Propane futures				
positive position			6.0	2.8
negative position			3.4	–0.2
Share price risk management				
Options/futures				
positive position	2.0	1.0	7.5	1.8
negative position			91.3	–1.0

Hedge accounting

Hedging of net investment in foreign operations

Through the Group's finance company, the Parent Company has funding in NOK amounting to NOK 370.0 million (NOK 370.0 million), which is identified as a hedge of the net investment the Group's subsidiary in Norway. The exchange rate gain on the translation of the funding to SEK amounts to -26.6 (0.7) for the year and is recognized in other comprehensive income.

Hedging of exchange rate risk in available-for-sale investments

A portion of the Group's financial investments classified as available-for-sale investments is denominated in a currency other than SEK. These investments are revalued on a continuous basis to market value through other comprehensive income. The Group continuously hedges all currency risk in these investments by entering into currency swaps, which are revalued on a continuous basis through profit or loss. To eliminate fluctuations that otherwise would arise in the income statement, the Group has chosen to apply hedge accounting (fair value hedging) to these investments with respect to currency risk, because of which the change in the market value of these investments in terms of currency is also recognized through profit or loss. During the year 44.9 (-11.1) was recognized through profit or loss for such changes in market value.

Disclosure on retroactive application of IFRS 9 Financial instruments
In the transition as of September 1, 2018 Stena Metall has chosen to apply IFRS 9 retroactively without restating comparative figures.

Restatement of shareholders' equity September 1, 2018
The effect of applying IFRS 9 is that holdings of financial instruments which in accordance with IAS 39 are classified as available-for-sale assets in accordance with IFRS 9 will be classified and measured at fair value through profit or loss. Accumulated changes in the value of these holdings which were previously booked in other comprehensive income (fair value reserve available-for-sale financial assets) are transferred as of September 1, 2018 to retained earnings.

The implementation effect is indicated by calculating the closing balances as of August 31, 2018. The effects as relate to the implementation are as follows:

The total accumulated value of the fair value reserve which is booked in other comprehensive income as relates to available-for-sale financial instruments is transferred to retained earnings as of September 1, 2018.

Adjustment of opening balances in balance sheet as of August 31, 2018

Balance sheet	August 31, 2018	IFRS 9	September 1, 2018
Fixed assets			
Available-for-sale financial assets	623.6	–623.6	—
Financial assets at fair value through profit or loss		623.6	623.6
Shareholders' equity			
Fair value reserve	88.6	–88.6	—
Retained earnings		88.6	88.6

Income statement and statement of other comprehensive income 2017/2018 – simulation of the effects of IFRS 9

Since IFRS 9 may not be applied in advance, the text and tables below are not traceable to the consolidated income statement and balance sheet. The disclosure shows only what the effects would have looked like if IFRS 9 were implemented. IFRS 9 has had the following effects as relates to the income statement and statement of other comprehensive income during the period 2017/2018:

	IAS 39	IFRS 9	Adjusted
Fair value changes financial instruments	—	65.8	65.8
Other comprehensive income			
Changes in value of available-for-sale financial assets	65.8	–65.8	—

27 | PERSONNEL

	2017/2018		2016/2017	
Average number of employees	Total	Of whom men	Total	Of whom men
Parent Company				
Sweden	28	14	25	11
Subsidiaries				
Sweden	2,182	1,730	1,969	1,557
Denmark	350	271	348	268
Norway	274	236	262	221
Finland	121	85	116	80
Germany	84	72	84	69
Switzerland	2	1	2	1
Italy	138	121	133	119
Poland	575	380	424	331
USA	2	2	2	2
GROUP TOTAL	**3,756**	**2,912**	**3,365**	**2,659**

The average number of employees has been calculated based on the company's paid working hours during the year in relation to the normal number of annual working hours in the company. The Boards of Directors of the Group and the Parent Company consist exclusively of men. Of Stena Metall's senior executives, 0 percent are women.

NOTE 27 PERSONNEL, CONT.

Salaries, remuneration and social insurance contributions	2017/2018 Salaries and other remuneration	2017/2018 Social insurance contributions (of which pensions)	2016/2017 Salaries and other remuneration	2016/2017 Social insurance contributions (of which pensions)
Parent Company	51.1	28.5 (11.3)	44.7	28.0 (10.8)
Subsidiaries	1,682.1	561.4 (175.3)	1,560.0	510.0 (151.7)
GROUP TOTAL	**1,733.2**	**589.9 (186.6)**	**1,604.7**	**538.0 (162.5)**

Salaries and other remuneration	Moderbolag	Dotterbolag	Moderbolag	Dotterbolag
Board and President				
Salaries	12.4	39.3	12.0	39.1
Bonuses	5.0	19.1	3.6	10.3
Other employees				
Salaries	27.8	1,567.4	27.4	1,454.3
Bonuses	5.9	56.3	1.7	56.4
GROUP TOTAL	**51.1**	**1,682.1**	**44.7**	**1,560.1**

Pension costs for the Parent Company's President and Board of Directors amount to 3.9 (3.6), while outstanding pension obligations total 88.3 (77.1).
An agreement has been reached with the President entitling him to 24 months' severance pay.
The Stena Metall Group is covered by the collectively negotiated ITP plan (a Swedish pension plan), including an alternative ITP pension for salaried employees with salaries exceeding ten times the price base amount. The alternative ITP applies the alternative Alecta premium, with the exception of senior executives in Executive Management positions, where the premium is 30 percent of pensionable salary.

28 | RELATED PARTY INFORMATION

Transactions between Stena Metall AB and its subsidiaries, which are related parties to Stena Metall AB, have been eliminated in the Group and are not reported in this note.

Stena AB
Stena Metall's subsidiary Stena Oil AB sells bunker oil for ships to the Stena AB Group. The value of these sales during the financial year amounted to 2,018.9 (1,517.2).

The Stena AB Group performs certain services for Stena Metall, for which 0.1 (1.3) has been paid.

Stena Rederi AB has been paid 8.3 (8.0) for the Stena Metall Group's portion of shared IT costs and Stena Fastigheter AB has been paid 11.1 (6.1) for rents and property management.

Stena Metall owns two vessels, one of which was acquired in the previous financial year. The vessels were chartered to Stena Line for 161.1 (128.3).

Olsson family
Stena Metall rents offices from the Olsson family. Rents paid amounted to 13.5 (13.5).

All transactions with related parties are carried out on market terms.

29 | EVENTS AFTER THE CONCLUSION OF THE FINANCIAL YEAR

On September 1, 2018 the business areas Recycling and Electronics Recycling were merged. As of the financial year 2018/2019 Electronics Recycling will be reported as a waste stream within business area Recycling.

PARENT COMPANY

INCOME STATEMENT

September 1–August 31, SEK million	Note	2017/2018	2016/2017
Net sales	3	204.5	154.7
Cost of goods sold	5	–68.9	–54.3
GROSS PROFIT		**135.6**	**100.4**
Sales expenses		–12.0	–4.1
Administrative expenses	4, 5, 17, 20	–165.8	–143.5
Other operating income and operating expenses	6	8.4	1.5
OPERATING LOSS		**–33.8**	**–45.7**
Income from investments in Group companies	7	118.8	10.0
Interest income and similar credits	7	0.5	0.3
Interest income and similar charges	7	–27.3	–25.5
PROFIT AFTER FINANCIAL ITEMS		**58.2**	**–60.9**
Appropriations	8	50.5	65.8
PROFIT BEFORE TAX		**108.7**	**4.9**
Taxes	9	1.4	1.8
PROFIT FOR THE YEAR		**110.1**	**6.7**

Since the Parent Company has no items recognized as other comprehensive income, total comprehensive income is equal to profit for the year.

PARENT COMPANY

BALANCE SHEET

August 31, SEK million	Note	2018	2017
ASSETS			
Fixed assets			
Tangible fixed assets			
Buildings	10	387.1	316.6
Land and other real estate	10	373.2	354.2
Plant and machinery	10	8.3	9.4
Equipment	10	1.6	0.7
Construction in progress	10	27.8	81.0
TOTAL TANGIBLE FIXED ASSETS		**798.0**	**761.9**
Financial fixed assets			
Receivables from Group companies		496.1	425.2
Shares and participations in Group companies	11	1,403.0	1,400.0
Other long-term securities		3.0	3.0
Deferred tax assets	12	32.6	31.4
TOTAL FINANCIAL FIXED ASSETS		**1,934.7**	**1,859.6**
TOTAL FIXED ASSETS		**2,732.7**	**2,621.5**
Current assets			
Short-term receivables			
Accounts receivable		0.5	0.1
Receivables from Group companies		276.4	1,190.3
Tax assets		4.4	8.6
Other receivables		9.3	18.2
Prepaid expenses and accrued income	13	32.1	1.9
TOTAL SHORT-TERM RECEIVABLES		**322.7**	**1,219.1**
Cash and bank balances		—	—
TOTAL CURRENT ASSETS		**322.7**	**1,219.1**
TOTAL ASSETS		**3,055.4**	**3,840.6**

PARENT COMPANY

BALANCE SHEET

August 31, SEK million	Note	2018	2017
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted shareholders' equity			
Share capital		13.0	13.0
Restricted reserves		2.6	2.6
TOTAL RESTRICTED SHAREHOLDERS' EQUITY		**15.6**	**15.6**
Unrestricted shareholders' equity			
Unrestricted reserves		2,813.1	2,868.4
Profit for the year		110.1	6.7
TOTAL UNRESTRICTED SHAREHOLDERS' EQUITY		**2,923.2**	**2,875.1**
TOTAL SHAREHOLDERS' EQUITY		**2,938.8**	**2,890.7**
UNTAXED RESERVES	14	**5.9**	**5.8**
Provisions			
Provisions for deferred taxes		0.6	0.8
Other provisions	15	26.0	23.3
TOTAL PROVISIONS		**26.6**	**24.1**
Long-term liabilities			
Loans from Group companies		—	823.5
TOTAL LONG-TERM LIABILITIES		—	**823.5**
Current liabilities			
Accounts payable		24.9	26.8
Loans from Group companies		2.0	5.0
Other liabilities		14.2	23.8
Accrued expenses and prepaid income	16	43.0	40.9
TOTAL CURRENT LIABILITIES		**84.1**	**96.5**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,055.4**	**3,840.6**

PARENT COMPANY

STATEMENT OF CASH FLOWS

September 1–August 31, SEK million	Note	2017/2018	2016/2017
Operating activities			
Profit after financial items		58.2	–60.9
Adjustments for non-cash items		42.2	171.7
		100.4	**110.8**
Taxes paid		4.2	–4.7
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**104.6**	**106.1**
Cash flow from changes in working capital			
Increase(–)/Decrease(+) in short-term receivables		594.2	220.7
Increase(+)/Decrease(–) in current liabilities		–12.3	–75.5
CASH FLOW FROM OPERATING ACTIVITIES		**686.4**	**251.3**
Investing activities			
Acquisition of Group companies		–3.0	–4.3
Dividend from Group companies		265.8	—
Shareholder contribution paid		—	–130.0
Acquisition of tangible fixed assets		–139.7	–175.1
Sale of tangible fixed assets		69.6	52.3
Loans to Group companies		–53.7	–2.0
Acquisition of financial assets		–3.4	–2.1
CASH FLOW FROM INVESTING ACTIVITIES		**135.5**	**–261.2**
Financing activities			
Loan proceeds from Group companies		—	–1.2
Amortization of debt		–823.5	—
Group contributions received		63.6	39.3
Share dividend		–62.0	–29.0
CASH FLOW FROM FINANCING ACTIVITIES		**–821.9**	**9.1**
Cash flow for the year		—	–0.8
Cash and bank at September 1		—	0.8
CASH AND BANK AT AUGUST 31		**—**	**—**
Supplemental disclosure to statement of cash flows	19		
Adjustments for non-cash items			
Depreciation and impairment of assets		31.4	162.2
Capital gain/loss on sale of tangible fixed assets		–6.5	–1.5
Change in provisions		6.1	3.4
Reclassifications		11.1	7.6
TOTAL		**41.7**	**171.7**

PARENT COMPANY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Restricted reserves	Unrestricted reserves	Net profit	Total shareholders' equity
Opening balance at September 1, 2016	13.0	2.6	2,815.1	82.3	2,913.0
Transfer of previous year's profit			82.3	–82.3	
Dividend			–29.0		–29.0
Profit for the year				6.7	6.7
CLOSING BALANCE AT AUG. 31, 2017	**13.0**	**2.6**	**2,868.4**	**6.7**	**2,890.7**
Transfer of previous year's profit			6.7	–6.7	
Dividend			–62.0		–62.0
Profit for the year				110.1	110.1
CLOSING BALANCE AT AUG. 31, 2018	**13.0**	**2.6**	**2,813.1**	**110.1**	**2,938.8**

The number of shares in Stena Metall AB is 130,000.

PARENT COMPANY

NOTES

1 | ESTIMATES AND ASSUMPTIONS IN THE FINANCIAL STATEMENTS

Estimates and assumptions are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under current conditions. The description in the accounting and valuation principles on pages 16–21 with respect to the fair value of derivatives or other financial instruments and with respect to the impairment of available-for-sale financial assets is also applicable to the Parent Company.

2 | FINANCIAL RISK MANAGEMENT

The Group applies uniform risk management to all its units. Consequently, the description in the Group's Note 26 is in all material respects applicable to the Parent Company.

3 | NET SALES

Net sales primarily refer to rental income from properties leased to subsidiaries, which is attributable in its entirety to Sweden, as well as the provision of certain shared Group services. 5.1 (5.1) refers to income from properties leased to outside tenants.

4 | FEES TO AUDITORS

	2017/2018	2016/2017
PwC		
Audit fees	2.7	2.9
Tax advice	0.1	—
Other assignments	1.1	0.3
TOTAL	3.9	3.2

Audit assignments refer to the review of the annual report and accounts and the administration by the Board of Directors and the President. Also included are other duties that are the responsibility of the company's auditors as well as consulting or other assistance resulting from observations during such reviews or the implementation of such other duties. All other work is considered other services.

5 | DEPRECIATION AND IMPAIRMENT

	2017/2018	2016/2017
Depreciation according to plan by item		
Cost of goods sold	–29.2	–27.0
Administrative expenses	–0.2	–0.2
TOTAL	**–29.4**	**–27.2**
Depreciation according to plan by asset		
Buildings	–20.9	–20.3
Land improvements	–7.2	–5.6
Plant and machinery	–1.1	–1.1
Equipment	–0.2	–0.2
TOTAL	**–29.4**	**–27.2**

6 | OTHER OPERATING INCOME AND OPERATING EXPENSES

Primarily refers to capital gains on the sale of buildings and land.

7 | NET FINANCIAL INCOME/EXPENSE

INCOME FROM INVESTMENTS IN GROUP COMPANIES	2017/2018	2016/2017
Dividends from Group companies	120.8	145.0
Writedown of shares in Group companies	–2.0	–135.0
TOTAL	**118.8**	**10.0**

INTEREST INCOME AND SIMILAR CREDITS		
Exchange rate gains	0.5	0.3
TOTAL	**0.5**	**0.3**

INTEREST INCOME AND SIMILAR CHARGES		
Interest expenses, external	—	–0.1
Interest expenses, Group companies	–25.9	–25.3
Exchange rate losses	–1.4	–0.1
TOTAL	**–27.3**	**–25.5**

8 | APPROPRIATIONS

	2017/2018	2016/2017
Group contributions	50.5	66.8
Provision for/Reversal of accumulated accelerated depreciation	—	–1.0
TOTAL	**50.5**	**65.8**

9 | TAXES

	2017/2018	2016/2017
Current tax	—	—
Deferred tax	1.4	1.8
TOTAL	1.4	1.8
Reconciliation of reported tax charge/tax claim		
Profit before tax	108.7	4.9
Tax according to current tax rate 22%	–23.9	–1.1
Non-deductible expenses	–3.5	–31.9
Tax-exempt revenue	27.4	33.0
Change in deferred tax	1.4	1.8
RECOGNIZED TAX CLAIM/CHARGE	**1.4**	**1.8**

10 | TANGIBLE FIXED ASSETS

	Buildings	Land and other real estate	Plant and machinery	Equipment	Construction in progress	Total
Acquisition cost, opening balance, Sep. 1, 2017	580.5	401.8	28.9	46.6	81.0	1,138.8
Acquisitions for the year		0.9		1.1	137.7	139.7
Reclassification	92.7	27.1			–119.8	
Sales and disposals	–4.2	–2.1			–71.1	–77.4
ACQUISITION COST, CLOSING BALANCE, AUG. 31, 2018	**669.0**	**427.7**	**28.9**	**47.7**	**27.8**	**1,201.1**
Accumulated depreciation, opening balance, Sep. 1, 2017	–263.9	–47.6	–19.5	–45.9		–376.9
Sales and disposals	2.9	0.3				3.2
Impairment losses for the year	–20.9	–7.2	–1.1	–0.2		–29.4
ACCUMULATED DEPRECIATION, CLOSING BALANCE, AUG. 31, 2018	**–281.9**	**–54.5**	**–20.6**	**–46.1**		**–403.1**
NET CARRYING VALUE, AUG. 31, 2018	**387.1**	**373.2**	**8.3**	**1.6**	**27.8**	**798.0**

NOTE **10** TANGIBLE FIXED ASSETS, CONT.

	Buildings	Land and other real estate	Plant and machinery	Equipment	Construction in progress	Total
Acquisition cost, opening balance, Sep. 1, 2016	514.5	332.8	23.2	59.1	109.6	1,039.2
Acquisitions for the year	0.2	0.1	0.5	0.2	166.5	167.5
Reclassification	68.8	70.7	5.6	—	–145.1	—
Sales and disposals	–3.0	–1.8	–0.4	–12.7	–50.0	–67.9
ACQUISITION COST, CLOSING BALANCE, AUG. 31, 2017	**580.5**	**401.8**	**28.9**	**46.6**	**81.0**	**1,138.8**
Accumulated depreciation, opening balance, Sep. 1, 2016	–246.2	–43.3	–18.8	–58.4		–366.7
Sales and disposals	2.6	1.3	0.4	12.7		17.0
Impairment losses for the year	–20.3	–5.6	–1.1	–0.2		–27.2
ACCUMULATED DEPRECIATION, CLOSING BALANCE, AUG. 31, 2017	**–263.9**	**–47.6**	**–19.5**	**–45.9**	**—**	**–376.9**
NET CARRYING VALUE, AUG. 31, 2017	**316.6**	**354.2**	**9.4**	**0.7**	**81.0**	**761.9**

11 | SHARES AND PARTICIPATIONS IN GROUP COMPANIES

The holdings of shares and participations of the Parent Company and the Group are specified on pages 53–54.

12 | DEFERRED TAX ASSETS

	AUG. 31, 2018	AUG. 31, 2017
Net carrying value, opening balance	31.4	29.7
Provisions during the period	3.4	1.7
Restatement to new tax rate 20.6%	–2.2	—
NET CARRYING VALUE, CLOSING BALANCE	**32.6**	**31.4**

13 | PREPAID EXPENSES AND ACCRUED INCOME

	AUG. 31, 2018	AUG. 31, 2017
Accrued salary and payroll expenses	—	0.7
Prepaid rents	0.9	0.9
Prepaid insurance premiums	23.7	—
Other prepaid expenses and accrued income	7.5	0.3
TOTAL	**32.1**	**1.9**

14 | UNTAXED RESERVES

	AUG. 31, 2018	AUG. 31, 2017
Accelerated depreciation		
Net carrying value, opening balance	5.8	4.8
Provision/reversal for the year	0.1	1.0
NET CARRYING VALUE, CLOSING BALANCE	**5.9**	**5.8**

Of the untaxed reserves, 1.3 (1.3) refers to deferred tax.

15 | OTHER PROVISIONS

Unsecured pension obligations (endowment insurance) have been offset against corresponding long-term receivables. Other provisions subsequently consist of provisions for payroll taxes on the endowment insurance liability.

16 | ACCRUED EXPENSES AND PREPAID INCOME

	AUG. 31, 2018	AUG. 31, 2017
Accrued salaries	20.6	19.9
Accrued social insurance contributions	9.6	7.1
Other	12.8	13.9
TOTAL	**43.0**	**40.9**

17 | LEASING

The year's leasing expense for rents amounts 95.0 (79.8)

Future minimum lease fees as of the balance sheet date amounted to	AUG. 31, 2018	AUG. 31, 2017
Within one year	99.4	95.0
Between 1 and 5 years	397.5	397.5
More than five years	99.4	99.4
TOTAL	**596.3**	**591.9**

The year's leasing expense for assets held via operating leases, including leases on premises, amounts to 12.8 (12.1).

Future minimum lease fees as of the balance sheet date amounted to	AUG. 31, 2018	AUG. 31, 2017
Within one year	17.5	12.4
Between 1 and 5 years	73.1	48.3
More than five years	19.0	12.1
TOTAL	**109.6**	**72.8**

18 | CONTINGENT LIABILITIES

	AUG. 31, 2018	AUG. 31, 2017
Sureties for subsidiaries	6,362.5	6,427.7
Other sureties	106.0	107.0
TOTAL	**6,468.5**	**6,534.7**

19 | CASH FLOW

External interest received and paid this year, like last year, amounted to 0. Interest paid to Group companies amounted to -25.9 (-25.3). Dividends received from Group companies amounted to 120.8 (145.0).

20 | PERSONNEL

For information on the average number of employees, salaries, other compensation and social insurance contributions for employees, see Note 27 to the consolidated financial statements.

21 | PROPOSED DISTRIBUTION OF EARNINGS

The Board of Directors' proposed distribution of the Parent Company's earnings is found on page 55.

SHARES AND PARTICIPATIONS IN GROUP COMPANIES

Shares in Swedish Group companies	Corp. ID number	Registered office	Holding %	Net carrying value SEK 000 8/31/18	Net carrying value SEK 000 8/31/17
Stena Fragmentering AB	556012-5691	GÖTEBORG	100	250,528	250,528
Stena Aluminium AB	556039-3075	ÄLMHULT	100	71,400	71,400
Stena Technoworld AB	556443-2184	GÖTEBORG	100	90,005	90,005
Stena Recycling AB	556132-1752	GÖTEBORG	100	45,325	45,325
Stena Regalia AB	556236-0841	GÖTEBORG	100	30,050	30,050
Stena Stål AB	556077-5925	GÖTEBORG	100	20,500	20,500
Stena Miljöteknik AB	556139-0922	GÖTEBORG	100	12,200	12,200
Stena Recycling International AB	556732-2903	GÖTEBORG	100	10,100	10,100
Fastighets AB B:staden 15:1	559049-5247	GÖTEBORG	100	9,928	9,928
Förmasten AB	556308-1396	GÖTEBORG	100	7,570	7,570
Stena Metal International AB	556732-2895	GÖTEBORG	100	5,000	5,000
Adactum AB	556628-8246	GÖTEBORG	100	5,000	5,000
Stenungsund Kärr 1:11 AB	559035-4543	GÖTEBORG	100	3,858	—
Fastighets AB Stilleryd 8:12	559119-9400	GÖTEBORG	100	3,390	4,227
Stena Oil AB	556236-0288	GÖTEBORG	100	2,350	2,350
AB Stena Metall Finans (publ)	556008-2561	GÖTEBORG	100	1,200	1,200
Stena Resurs 1 AB	556732-2887	GÖTEBORG	100	100	100
Stena Components AB	559069-9210	NYBRO	100	50	50
KB Pinnen i Göteborg	916835-1493	GÖTEBORG	50	—	—
Stena Vinga HB	969730-1118	GÖTEBORG	50	—	—
Stena Fiskhamnen HB	969730-2959	GÖTEBORG	50	—	—
TOTAL				**568,554**	**565,533**
Shares in Group companies outside Sweden					
Stena Recycling AS		NORWAY	100	782,660	782,660
Stena Recycling Oy		FINLAND	100	41,452	41,452
Stena Metal Inc.		USA	100	10,315	10,315
TOTAL				**834,427**	**834,427**
TOTAL				**1,402,981**	**1,399,960**

Group companies' holdings of shares and participations	Corp. ID number	Registered office	Holding %
Stena Fragmentering AB			
SMG Glava AB	556610-2231	GÖTEBORG	100
Rossholmen AB	556554-8269	GÖTEBORG	100
Dannholmen AB	556867-2918	GÖTEBORG	100
Stena Recycling A/S		DENMARK	100
Stena Recycling Sp. z o.o.		POLAND	100
Stena Recycling AB			
Bilretur ABC AB	556814-7457	GÖTEBORG	51
Stena Regalia AB			
Wockatz & Co i Göteborg AB	556155-3974	GÖTEBORG	100

SHARES AND PARTICIPATIONS IN GROUP COMPANIES, CONT.

Group companies' holdings of shares and participations	Corp. ID number	Registered office	Holding %
Förmasten AB			
KB Pinnen i Göteborg	916835-1493	GÖTEBORG	50
Adactum AB			
Repur AB	556732-2911	GÖTEBORG	75
Battery Loop Technologies AB	559119-9434	GÖTEBORG	75
AB Stena Metall Finans (publ)			
Juteskären AB	556914-3786	GÖTEBORG	100
Havgalleskären AB	559054-3285	GÖTEBORG	100
Träteskären AB	559089-0116	GÖTEBORG	100
Stena Oil Shipping AB	559103-9630	GÖTEBORG	100
Sten Met Insurance AG		SWITZERLAND	100
Stena Metall Holding Limited		MALTA	100
Stena Vinga HB	969730-1118	GÖTEBORG	50
Stena Fiskhamnen HB	969730-2959	GÖTEBORG	50
Stena Metall Holding Limited			
Stena Metall Limited		MALTA	100
Stena Stål AB			
Gujab Invest AB	556490-0933	GÖTEBORG	100
Stena Stål Moss AS		NORWAY	100
Gujab Invest AB			
Gujab AB	556346-7074	GÖTEBORG	100
Stena Components AB			
Stena Components Molkom AB	556065-0359	KARLSTAD	100
Stena Components Nybro AB	556179-4628	NYBRO	100
Stena Technoworld AB			
Stena Nera AB	556719-5465	GÖTEBORG	100
Stena Metall Holding GmbH		GERMANY	100
STENA Technoworld International GmbH		AUSTRIA	100
Stena Metall Holding srl		ITALY	100
Stena Metall Holding GmbH			
Stena Technoworld GmbH		GERMANY	100
Stena Metall Holding srl			
Stena Technoworld srl		ITALY	100
Stena Technoworld srl			
Tred Carpi spa		ITALY	96
Stena Recycling AS			
Stena Recycling Decom AS		NORWAY	100
Stena Recycling A/S			
Stena Oil Terminal A/S		DENMARK	100

PROPOSED DISTRIBUTION OF EARNINGS

The Board of Directors proposes that the unappropriated earnings in the Parent Company at the disposal of the Annual General Meeting (SEK):

Retained earnings	2,813,097,719
Profit for the year	110,133,560
UNRESTRICTED SHAREHOLDERS' EQUITY	**2,923,231,279**

be distributed as follows:	
To the shareholders, a dividend of SEK 607.69 per share, of which SEK 7,000,000 to the Sten A. Olsson Foundation for Research and Culture	79,000,000
To be carried forward	2,844,231,279
TOTAL	**2,923,231,279**

The proposed dividend reduces the company's equity/assets ratio to 96.1 percent. The equity/assets ratio is adequate given that the company continues to operate profitably. Liquidity in the company is similarly considered adequate.

In the opinion of the Board of Directors, the proposed dividend does not prevent the company from fulfilling its obligations in either the short or long term, or from making the necessary investments. Consequently, the proposed dividend can be defended given the stipulations of the Swedish Companies Act, chapter 17, section 3, paragraphs 2–3 (the prudence rule).

Göteborg, October 24, 2018

Dan Sten Olsson
Chairman

Mårten Hulterström

M Johan Widerberg

Per Kaufmann

Joakim Rosengren

Carl von Schantz

William Olsson

Anders Jansson
President and CEO

Tonny Fogelqvist
Employee representative

Fabrice Angelini
Employee representative

My auditor's report was submitted on October 26, 2018

Johan Rippe
Authorized Public Accountant

Auditor’s report

TO THE ANNUAL GENERAL MEETING OF STENA METALL AB,
CORPORATE IDENTITY NO. 556138-8371

Report on the annual report and consolidated financial statements

Opinions

I have audited the annual accounts and consolidated financial statements of Stena Metall AB for the financial year September 1, 2017 – August 31, 2018. The Company’s annual accounts and consolidated financial statements are included on pages 9–55 in this document.

In my opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 August 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of August 31, 2018 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated financial statements.

I therefore recommend that the general meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

Basis for opinions

I conducted our audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. My responsibilities under those standards are further described in the Auditor’s Responsibilities section. I am independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other information than the annual accounts and consolidated financial statements

This document also contains information other than the annual accounts and consolidated financial statements, comprised of pages 1–8. The Board of Directors and the President are responsible for the other information.

My opinion on the annual accounts and consolidated financial statements does not cover this other information and I do not express any form of assurance conclusion regarding this other information.

In connection with my audit of the annual accounts and consolidated financial statements, my responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. In this procedure I also take into account my knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If I, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Board of Directors and the President

The Board of Directors and the President are responsible for the preparation of the annual accounts and consolidated financial statements and that they give a fair presentation in accordance with the Annual Accounts Act and, with respect to the consolidated financial statements, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The Board of Directors and the President are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated financial statements, the Board of Directors and the President are responsible for the assessment of the Company’s and the Group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the President intend to liquidate the Company, to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibility

My objectives are to obtain reasonable assurance about whether the annual accounts and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated financial statements.

A further description of my responsibility for auditing the annual accounts and consolidated financial statements can be found on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to my audit of the annual accounts and consolidated financial statements, I have audited the administration of the Board of Directors and the President of Stena Metall AB for the financial year September 1, 2017 – August 31, 2018 and the proposed appropriations of the Company's profit or loss.

I recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Basis for opinions

I conducted the audit in accordance with generally accepted auditing standards in Sweden. My responsibilities under those standards are further described in the Auditor's Responsibilities section. I am independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the Company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the Company's organization and the administration of the Company's affairs. This includes among other things continuous assessment of the Company's and the Group's financial situation and ensuring that the Company's organization is designed so that the accounting, management of assets and the Company's financial affairs otherwise are controlled in a reassuring manner. The President shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the Company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

My objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the President in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

My objective concerning the audit of the proposed appropriations of the Company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Company, or that the proposed appropriations of the Company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for auditing the administration can be found on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Göteborg, October 26, 2018
Johan Rippe
Authorized Public Accountant

Cover image: Aluminium granules from one of Stena Recycling's recycling processes. The material comes from discarded cables and is an excellent raw material for producing new aluminium products.

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