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ANNUAL REVIEW

STENA METALL GROUP



THIS IS THE STENA METALL GROUP

In collaboration with industry and other sectors of society, the Stena Metall Group's 3,300 employees create new value each day that everyone can benefit from – businesses, the environment and society as a whole. The Group's companies recycle five million tonnes of waste annually. We provide society with necessary raw materials, steel products and marine fuels. Through research and development, we meet future challenges with new sustainable solutions, conducting operations at 200 locations in ten countries.

Our business areas

RECYCLING

Stena Recycling has operations in Sweden, Norway, Denmark, Finland and Poland, with a network of more than 160 facilities.

www.stenarecycling.com

www.stenametalinternational.com

ELECTRONICS RECYCLING

Stena Technoworld is one of Europe's leading electronics recyclers, with 16 facilities in Sweden, Norway, Denmark, Poland, Germany and Italy.

www.stenatechnoworld.com

ALUMINIUM

Stena Aluminium is the Nordic countries' leading supplier of aluminium through recycling, with customers throughout the northern European smelting industry.

www.stenaaluminium.com

STEEL

Stena Stål is a nationwide steel supplier, with warehouses, production facilities and sales offices at 15 locations in Sweden and one in Moss, Norway.

www.stenastal.se

COMPONENTS

Stena Components offers advanced engineering expertise and customized steel components through precision cutting and CNC-processing for industries in the Nordic countries.

www.stenacomponents.com

OIL

Stena Oil is Scandinavia's leading supplier of bunker oil and full-service marine solutions for vessels in Skagerrak, Kattegat and the North Sea area.

www.stenaoil.com

TRADING

Stena Metal Inc. trades internationally in scrap metal, pig iron, hot briquetted iron, finished steel products and petroleum coke. Its headquarters are in Southport, Connecticut, USA.

www.stenametalinc.com

FINANCE

AB Stena Metall Finans handles the Group's financial activities and internal banking. The company has seven employees in Göteborg and Zug.

www.stenametal.com



Year in brief

22,354

NET SALES (16,404 MSEK)

1,374

EBITDA (987 MSEK)

750

OPERATING INCOME (472 MSEK)

5,135

SHAREHOLDERS' EQUITY (4,750 MSEK)

37.5

EQUITY/ASSETS RATIO (39.2 %)

3,365

AVERAGE NUMBER OF EMPLOYEES
(3,152)

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CHIEF EXECUTIVE OFFICER'S COMMENT

The financial year has been characterized by stable market conditions. By maintaining financial discipline and constant operational improvement, the Stena Metall Group has continued to strengthen its market position in all its operations. Profit before tax amounted to 596 SEK M.

Compared with the challenging market conditions of recent times, the 2016/2017 financial year was characterized by greater stability. Higher raw material prices and lower price volatility created, despite a weakened dollar, better opportunities for the majority of the Stena Metall Group's business areas. Our overall business acumen provides a strong foundation and by maintaining financial discipline and through constant operational improvement across the Group, we have continued to strengthen our market positions. Improved market conditions lead to greater opportunities when an organization is prepared to take them. I am pleased with the efforts we have made during the year.

Stena Recycling is showing good profit growth in all its home markets, while consolidating its position as the Nordic countries' leading recycler. Newly acquired IL Recycling has been integrated into Stena Recycling in Sweden and Poland and we are continuing to invest in production solutions that increase recycling rates. The combination of a strong local presence and ever improving customer-specific solutions creates long-term value, not just for ourselves but also for our customers and partners.

There are still major challenges in the producer-led electronics recycling market in Europe. This is partly due to a major pricing imbalance between manufacturers and recyclers and partly because the majority (about 65%) of European electronic waste handling remains outside the legal systems. Stena Technoworld has further consolidated its position as a market leading recycler during the year. At the Stena Nordic Recycling Center, Stena Technoworld has invested in an advanced electronics processing facility that significantly increases recycling rates.

Stena Aluminium is continuing to invest in improving productivity and process development, as part of its quality-oriented improvement work. Its results are in line with the previous financial year. It is very satisfying to follow the progress of Stena Stål. An improved result, in combination with a greater market share, is due to improved business acumen that makes more possible. (See the film Stena Stål – Makes more possible.)

Stena Components has further consolidated its market position and developed its offering during the year.

In a sometimes challenging bunker market, Stena Oil has once again demonstrated that the combination of business acumen and quality assured deliveries creates good value for both our customers and ourselves.

During the year, Stena Metall Finans has taken a more careful view of market developments, taking lower risks, which has resulted in slightly lower results. In its internal banking role, further steps have been taken to develop new cash management solutions for the Group. Work on balancing risk has continued to be an important factor that positively contributes to financial discipline.

An important part of the Group's ongoing improvement work are its "lean-inspired" programs – Stena Way of Production (SWOP), Stena Way of Branches (SWOB) and Stena Way of Sales (SWOS). This methodology is now applied throughout the Group and is continually being developed. The link between this and our safety work is strong. Our investment in a safer Stena continues, under the premise that all accidents can be prevented. We also know that safer working environments lead to more efficient, high quality production.

The year saw the inauguration of the Stena Nordic Recycling Center (SNRC), the Nordic countries most modern recycling facility. With the first three process stages in full production, we will continue to invest in new recycling solutions. The SNRC is the hub of the Group's industrial recycling infrastructure. It also includes the other processing facilities in our domestic markets – an excellent example being the Grenaa Recycling Center in Denmark, which was opened during the year.

The SNRC has increased material recycling by 30 percent in the time it has been operational. Among other achievements, this has led us to becoming one of the first recyclers in the world to meet the 95 percent recycling rate specified in the EU's end-of-life vehicle directive.

In collaboration with universities and technical colleges, we are seeking solutions that will meet future recycling challenges. Two current areas of research are plastic and lithium-ion batteries. We are a leading plastics recycler, though due to the complexity of the material, we continue to participate in a number of research projects that are seeking new solutions. There is a great need to recycle



WE HAVE CONTINUED TO STRENGTHEN THE MARKET POSITION OF ALL OUR OPERATIONS”

ANDERS JANSSON

lithium-ion batteries safely and efficiently, not least in the automotive industry. We are working to develop a comprehensive and safe solution that reuses and recycles their content in a sustainable way. We have continued to strengthen the market position of all our operations.

Stena Metal International, the Group’s sales organization, bases its business on long-term customer relationships within the global steel and metal industries. Through ever more advanced recycling processes, we extract purer raw materials, meeting the growing demands of customers and legislation. Different forms of collaboration allow us to optimize the flow of material through the value chain, from collection and processing, all the way to the end customer.

Common to all the Group’s activities is a focus on new digital solutions. For example, Stena Stål introduced an e-commerce solution during the year, which provides customers with the widest range of products online. Stena Recycling launched a customer portal in

several markets, based on a new technical platform that is designed to expand the functions it can offer in the future. The portal supports the development and monitoring of customers’ businesses.

The exciting pipeline of digital projects is a very pleasing development. Many of them are designed to improve the availability of our products and services, as well as creating benefits for our customers. Digitalization also streamlines our internal production flow.

As our recycling operations establish stronger market positions, higher demands are made on value creation, both in our own operations and our business partnerships. With Stena Resource Management, we conduct projects in collaboration with our customers, identifying new opportunities across the entire value chain.

Creating value for customers, society and partners is the core of our business. In the progression towards a more sustainable society, there are even greater opportunities for the Group’s combined expertise, products and services. Read more about our work in the Stena Metall Group’s first sustainability report, which will be published in November 2017.

The competence of our employees is a critical factor in the Group’s continued positive development. The commitment and business acumen they have shown in the past year is impressive. Having the right people with the right skills is a prerequisite for success, and we are more committed than ever to developing our skills, with particular focus on quality, safety, product and material knowledge and leadership.

While overall market conditions are relatively stable, we have recently seen some major price fluctuations. Price swings and periodic market uncertainty are recurring challenges that we must face. With continued financial discipline, we will focus on the factors that we have the power to control - there is no part of the Group that cannot be improved.

Considering the relatively positive market conditions, I expect improved results in the current financial year.

Anders Jansson, Gothenburg, October 2017

A YEAR OF PRICE INCREASES

The financial year was characterized by a general rise in prices for most commodities. China played an important part in this trend, showing stronger economic statistics, in contrast with the previous year. Overall, we have seen a better economic situation globally.

OVERVIEW

In comparison with the previous year, prices of the most common base metals (in USD) have correlated in a more normal way. Virtually all metal prices have risen sharply, with increases of between 20 and 50 percent. After three successive years of falling prices, oil (Brent) has also increased, albeit only by around 10 percent. Iron scrap prices rose even more than those for other metals, by just over 50 percent. The introduction of new customs duties partially explains the improved market for steelwork. Another major reason was a strengthening of the economy, especially in Europe. We enter the new financial year with confidence, while harboring some concerns that overall commodity prices may fall back as, in many cases, the previous year's increases were substantial.

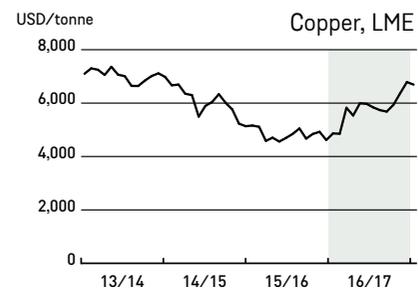
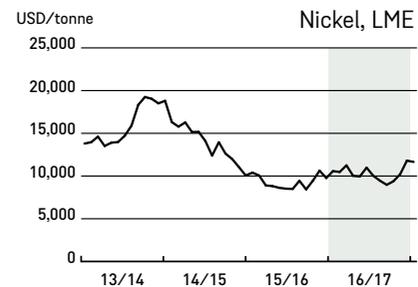
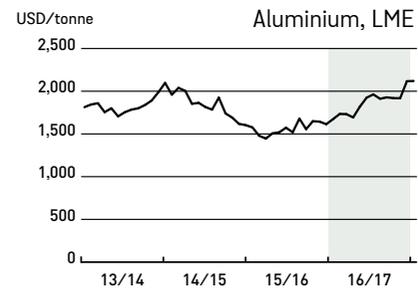
NON-FERROUS

Prices on the London Metal Exchange (LME) rose during the financial year, as the prices of most other commodities. Overall, strong Chinese data and a positive mood in general have pushed prices upwards. Copper prices rose by 20 percent in three days after the US presidential election, the strongest increase in 35 years. These prices have also been supported by interrupted production in several significant mines. China has honored its commitment to shut down older, environmentally harmful aluminium production. This has supported prices and sent a clear signal that overcapacity problems, in several commodity sectors, must be addressed. During the autumn, prices rose in parallel with the

dollar, which is unusual and gave the double effect in local currencies. After a weakening through the winter and spring, we have seen strong gains in the LME during the summer. However, this has happened while the dollar has fallen sharply, reducing the rise in local currency prices. We have thus returned to the more normal reverse relationship between the dollar and commodity prices, compared with the unusual situation seen in the autumn.

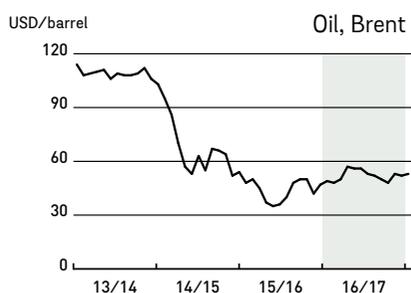
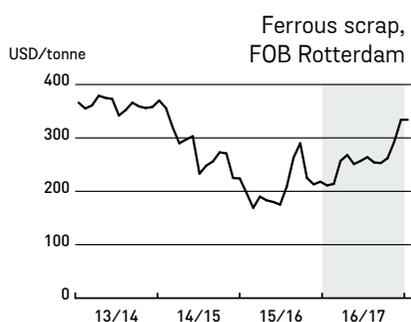
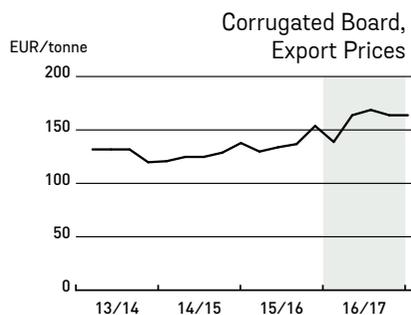
STEEL

We can look back on a year characterized by rising prices. The price increases that had begun at the end of the previous financial year continued from September through April. After this, prices fell for a short period, while the trend turned upward again during the summer. Measured throughout the year, prices for ore-based products have risen by 20-25 percent and for scrap-based products by 10-15 percent. The exception is stainless steel, as falling prices for alloys in recent months have left figures unchanged overall for the financial year. The reasons for these rising prices are good global economic conditions, rising raw material costs for steelworks, production capacity limitations and the imposition of customs duties, as part of anti-dumping measures. The impact of these duties has been most apparent for sheet metal products. At some periods there has been a shortage of European-made sheet metal. The Swedish market is still strong, with increasing demand for steel, primarily from the automotive and construction industries.



20

PERCENT ROSE THE PRICE OF COPPER AFTER THE US PRESIDENTIAL ELECTION



* The graphs refer to prices during the period September 1, 2013 to September 11, 2017. All graphs indicate monthly figures. Sources: MBR and Stena Metall.

RECOVERED PAPER

In autumn 2016, demand for corrugated board was lower than expected but, as collection was also reduced, price levels were kept stable. The winter and spring were characterized by high demand and price increases, due to intense activity from Chinese buyers and many orders from European paper mills. Mixed paper prices have risen at a higher pace than corrugated board and the price gap between them has decreased. The reason for this is increased demand from packaging mills. The production and collection of newsprint paper continues to decline. Newsprint paper producers are still challenged by high commodity prices, which means that they struggle to make adequate profits from their finished products. Demand from the insulation and tissue industries is partially the cause of this, as they are competing, in part, for the same raw materials. We are facing a market that will be, as in the past few years, greatly influenced by the actions of Chinese buyers.

FERROUS SCRAP

Chinese steel production has improved due to the closure of part of the induction furnace capacity, which were not previously under the control of the authorities. Many of these facilities produced inferior quality steel and were, in many cases, classified as environmentally hazardous, due to uncontrolled emissions. During the financial year, Chinese steel exports continued to decline, due to strengthened domestic demand. In the United States, conservative and protectionist policies have focused on expanding the domestic manufacturing industry, which has greatly supported domestic steel production. Demand for scrap raw materials increased during the financial year, especially towards

the end, due to increased steel production in Europe, the US and Turkey. In the European steel industry, order books are finally looking stronger and we can expect to see continued improvement in the second half of 2017.

FREIGHT

Fluctuating oil prices and unstable demand have led to variable shipping rates during the year. At the end of the year, rates for bulk freight went up, while those for containers fell. This occurred after a period of strengthened rates. Demand for cargo has generally increased throughout the year, thus improving the transport sector. Ship owners have suffered over the last few years, though their prospects are now looking more favorable, suggesting that shipping rates will increase through the autumn.

OIL

The tug-of-war between OPEC's production cuts and the USA's increased production of shale oil continues. Since November 2016, OPEC has implemented an organized scaling down of production in order to lower its stocks of crude oil. This succeeded in achieving a recovery in crude oil prices of around 50 percent. Higher oil prices have, inadvertently, encouraged the production of shale oil in the USA. The Baker Hughes Rig Count Index has shown the highest number of rigs in production since 2015. US oil production is expected to continue to grow strongly, though demand will remain unchanged. The risk of overproduction will have the effect of lowering prices. Saudi Arabia will list Saudi Aramco on an international stock exchange in 2018 and will do whatever it can to keep oil prices as high as possible. The oil price situation will be complex at the beginning of next financial year, though it is thought that oil prices will fall due to increased supply and weak growth in demand.



STENA RECYCLING

Stena Recycling has operations in Sweden, Norway, Denmark, Finland and Poland, with a network of more than 160 facilities. Through cost-effective solutions, waste from the whole of society is recycled with the total waste management system, Stena Solutions. Ferrous and non-ferrous metals, paper and plastic, as well as hazardous and other business waste are handled and recycled. The offering includes related services such as internal logistics, education, statistics and safety consulting.

Head of Business Area Recycling
Staffan Persson

Country Managers

Sweden Kristofer Sundsgård
Norway Max Trandum
Denmark Ulf Arnesson
Finland Staffan Persson (tf)
Poland Lars Ibsen

At the Stena Nordic Recycling Center, in Halmstad, Stena Recycling raises the recycling rate of end-of-life vehicles and other waste, such as scrap from local authority recycling centers. With advanced processes, as much as possible is recycled into new raw material for businesses around the world.

FINDING HIDDEN VALUE IN OUR CUSTOMERS' OPERATIONS

Stena Recycling aims to find the most resource-efficient ways to take care of industrial waste products and increase the amount of material that can be recycled into new raw materials. More than ever, Stena Recycling gets involved earlier in customers' value chains, in order to find optimal solutions that increase their profitability.

All five of our home markets are moving in the right direction, not least due to positive developments in the automotive industry. For Stena Recycling, this has led to new, exciting customer collaborations. With the Stena Resource Management Service, our employees analyze customers' production environments and processes in order to propose improvements that release hidden value.

The earlier this happens in the process, the better. Sorting at source maximizes the quality of the resulting fractions and, because of this, Stena Recycling can help customers realize hidden value that would otherwise be lost. Stena Recycling helps develop its customers' processes, which reduces environmental impact and utilizes society's resources more efficiently.

"Stena Recycling can help customers realize hidden value that would otherwise be lost."

RESEARCH THAT DEVELOPS FUTURE PRODUCTS

Together with universities and colleges, Stena Recycling runs a number of research and development projects. One of these conducted successful tests in the thermal recycling of lithium-ion batteries during the year.

THE STENA NORDIC RECYCLING CENTER IS OFFICIALLY OPEN

In October, the inauguration of the Stena Nordic Recycling Center took place in Halmstad. This investment raises recycling and reuse to new levels. Among other things, it is ensuring that

the automotive industry meets the 95 percent recycling rates of the EU's ELV directive. Stena Recycling has agreements with all European vehicle manufacturers. The efficiency of the facility has exceeded expectations and this investment is helping to reduce landfill deposits.

In Denmark, a new facility was opened in May. Located in Grenaa, it is helping to increase recycling rates for cars and other complex products by extracting more metal content, while the combustible fractions are used for energy recovery.

SUCCESSFUL INTEGRATION OF IL RECYCLING

The acquisition of IL Recycling has increased the number of facilities and employees in Sweden and Poland (First Recycling was IL Recycling's Polish subsidiary). Thanks to this purchase, Stena Recycling can offer its customers a broader and stronger service. The integration has been successful and led to Stena Recycling becoming a major operator in the plastic and paper markets. Former IL Recycling customers can now be offered more complete waste management solutions.

CONTINUOUS DEVELOPMENT OF EMPLOYEE SKILLS

Stena Recycling continuously monitors the current and anticipated needs of its managers and employees in order to offer continuous development opportunities. In the past year, Stena Recycling companies have strengthened their expertise in products and materials, as well as leadership, meaning that employees are able to offer greater customer benefits.

STENA RECYCLING:



2,250
Employees



162
Places



12,402
SEK M Sale



With the Design for Recycling service, Stena Recycling's experts help product developers design products that can be more easily recycled. Here, a garden strimmer is being dismantled. The materials, and how they are combined, are examined so that improvements can be made.

SWEDEN

Reducing the amount of waste sent to landfill

An increasing number of customers are seeking to develop their businesses in collaboration with Stena Recycling. Many require advice on sustainability and the circular economy. Due to the successful integration with IL Recycling, the customer base has increased to 70,000 customers and the network has been expanded by 15 branches.

A large number of value-creating development projects are carried out in collaboration with customers. Stena Resource Management offers advice that improves process efficiency

and profitability by seeking out hidden value. For example, waste that was previously sent to landfill can instead be used for energy recovery or recycling.

In collaboration with one large bakery, 600 tonnes of waste per year (from its production of crisp bread) is now transformed into biogas and used in public transport. This waste had previously been sent to landfill sites, but by increasing its value, the company makes an annual saving of half a million kronor.

www.stenarecycling.se

The Danish Energy
and Climate Minister,
Lars Christian Lilleholt



DENMARK

Minister opens Grenaa facility

In May, a new facility was opened in Grenaa by the Danish Energy and Climate Minister, Lars Christian Lilleholt. The new facility refines and recycles waste that was previously deposited on landfill sites. Increasing the recycling rates of customers' waste is a continuous task. In a society moving towards a circular economy, consultancy work that optimizes customers' resource management is increasingly important.

Around forty of the company's leaders and potential leaders are undergoing individually tailored development programs, in order to create greater value for our customers. In addition to creating a better understanding of customer requirements, the new program has also contributed to significantly improved safety work. In the last year, the number of accidents has fallen dramatically.

www.stenarecycling.dk

NORWAY

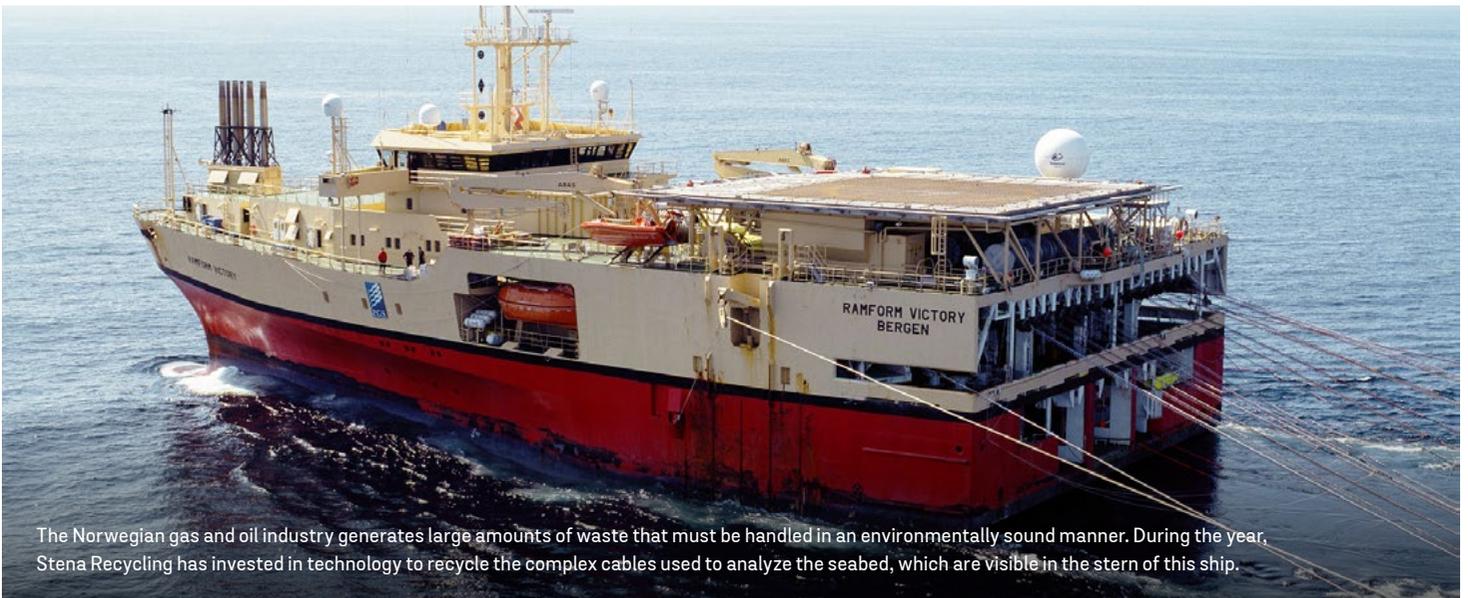
New customers and investments

In the last year, Stena Recycling Norway attracted several major new customers and signed a new contract with Bane Nor.

Stena Recycling continues to develop its operations in responsible waste management, primarily for customers in the offshore industry. During the year, the company acquired a property in the municipality of Stord, where further operations will be established.

In Bergen, a new facility is being used to recycle the long cables used in the oil industry to analyze the seabed. Thanks to a newly developed machine, the cables can now be dealt with in Norway, in an environmentally sound and safe way that conforms to the customer's environmental policy.

www.stenarecycling.no



The Norwegian gas and oil industry generates large amounts of waste that must be handled in an environmentally sound manner. During the year, Stena Recycling has invested in technology to recycle the complex cables used to analyze the seabed, which are visible in the stern of this ship.



Recycling ferrous and non-ferrous metals accounts for most of Stena Recycling's activity in Finland. The company also offers specialty solutions, like this recycling station for the Tokmanni retail chain.

FINLAND

A growing number of customers in the Finnish market

Finland's economy is growing again, after many years of decline, which has resulted in a better business climate. Stena Recycling has gained the confidence of a growing number of customers and increased its market share during the year. Recycling ferrous and non-ferrous metals accounts for most of its sales, although handling hazardous waste is a growth area for the company.

As in other markets, Stena Recycling in Finland aims to increase and deepen the dialogue it has with its customers. It is always working to increase efficiency across the entire value chain, from waste collection to the delivery of recycled raw materials. Developing leadership skills and continuing to improve its safety work are key components in improving customer service.

Stena Recycling offers customized recycling solutions. One example is the collaboration with Tokmanni, a retail chain, which began in 2008. Stena Recycling is responsible for the collection of end of life electronic products at Tokmanni's 160 stores, where quantities have increased year on year and amounted to 200 tonnes in 2016.

www.stenarecycling.fi

POLAND

Large savings in customer waste management

Stena Recycling plays a leading role in the Polish recycling industry and, among other measures, is one of the initiators of the RECONOMY organization that brings companies together on sustainability issues. The company offers breakfast seminars, which focus on sustainability and environmental reporting.

Stena Recycling is Poland's market leader in paper recycling, while ferrous and

non-ferrous recycling has grown by 40 percent during the year.

Major international online stores represent a growing customer segment. These have contributed to increased paper volumes of 65,000 tonnes in the last financial year.

Stena Recycling offers cost saving solutions in many industry sectors. Müller, a company that supplies candles for Ikea, commissioned Stena Recycling to review

its production process, as it was seeking to reduce its waste management costs. Due to growth, the amount of production waste had increased during the year. Stena Recycling helped reduce the amount of waste sent for landfill by 74 percent. Together with several other measures, this resulted in a 40 percent cost saving for Mueller.

www.stenarecycling.pl



SALES

Close customer collaboration strengthens the recycling chain

Stena Metal International is the sales company that supplies the quality-assured ferrous, non-ferrous and stainless steel scrap collected and refined by Stena Recycling companies in the five home markets.

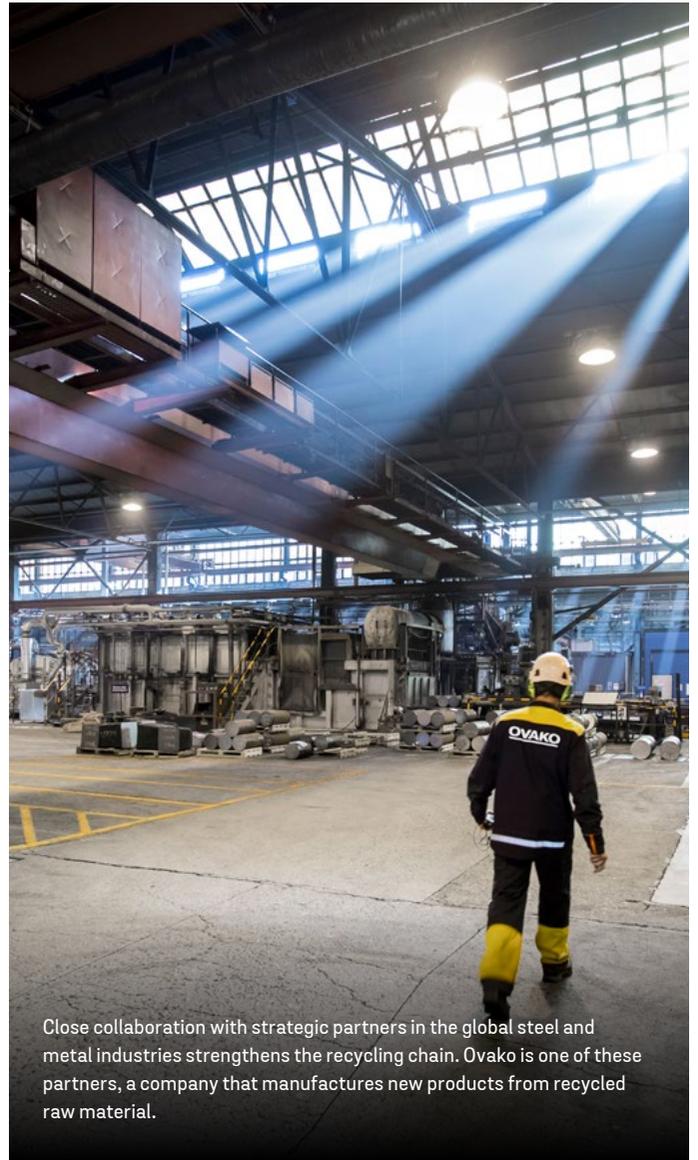
Stena Metal International has customers in around thirty countries across the globe. Most of its customers are strategic partners with whom the company has been working for many years. A detailed understanding of customer requirements and a sound knowledge of recycled materials enables the entire value chain to be optimized, from collection, through processing, to the delivery of finished products.

The requirements of Stena Metal International's strategic partners are shared throughout the Group. This information benefits the relationships that Stena Recycling has with the customers that it collects material from and helps to ensure that we maximize value together.

Investment in the Stena Nordic Recycling Center has led to new technologies that increase production of recycled raw materials for smelters, foundries and other industries worldwide.

Customer satisfaction surveys reveal that its customers appreciate Stena Metal International's way of doing business.

www.stenametalinternational.com



Close collaboration with strategic partners in the global steel and metal industries strengthens the recycling chain. Ovako is one of these partners, a company that manufactures new products from recycled raw material.



Through its customized recycling solutions, Stena Recycling contributes to sustainable business for a wide range of manufacturers and other customers. Shown here is the Markisol roller blind manufacturing facility in northern Poland.

INCREASED INTEREST IN REUSE OF MATERIALS

Stena Technoworld is a reliable and experienced partner in electronics recycling. It offers the best solutions for manufacturers that are required to collect and recycle the electronic products that they manufacture. Stena Technoworld offers the most widespread and high-quality logistics and recycling on the market with high recycling rates.

Society is becoming more electronics intensive. TVs, computers and other electronic goods are being replaced at an ever increasing rate. As the amount of electronic waste increases, so does the need for efficient and environmentally sound recycling.

Stena Technoworld's advanced recycling processes mean that large amounts of valuable raw materials can be extracted and used in new products.

It has been a good year for Stena Technoworld, although some regions have performed better than others. Business in the Nordic countries has progressed better than expected. In Italy, development has gone according to plan, while in Germany production stoppages have meant that progress was not as good as predicted.

A widespread challenge within the electronics recycling industry is the relative inefficiency of existing collection systems. In several countries, these systems fail to comply with legal requirements, which means that waste management is not always environmentally sound. A great deal of waste never gets into the recycling system and, therefore, companies are not getting the full value from their electronic waste. It also means that precious resources are falling out of circulation.

In every region, Stena Technoworld aims to find more efficient ways of managing recyclable resources. One way to do this is to sort out products for reuse. By this method, Stena Technoworld raises resources in the waste hierarchy, in accordance with the WEEE directive. There are major reuse opera-

tions in Sweden, Norway and Poland, with plans to introduce the practice in Italy. During the financial year, the company has found new buyers for these products in Europe and Asia. In dialogue with the customers who deliver electronic waste to Stena Technoworld, more products suitable for reuse are being identified. Microprocessors and other computer components are among those currently being reused.

In China, the authorities have introduced new restrictions on imports of plastic and electronic waste. Whereas mixed waste could be sent in the past, now sorting is required before it is shipped. As Stena Technoworld already produces clean fractions, the new regulations have strengthened its position in the global market.

During the year, Stena Technoworld continued its commitment to developing management skills. The leadership program aims to develop entrepreneurship and individual responsibility when it comes to creating value for the company's customers. Around 80 employees are currently following individually designed courses. This training program will continue over the coming years.

Stena Technoworld is an active member of EERA, the European Recycling Organization for Electronics Waste. The company's managing director, Rasmus Bergström, has chaired the board of EERA since April. Stena Technoworld's involvement is focused on quality and circulation issues in order to ensure that as much electronics waste as possible is collected.

STENA TECHNOWORLD:

 **478**
Employees

 **16**
Places

 **1,003**
SEK M Sale

STENA TECHNOWORLD

Stena Technoworld is one of Europe's leading electronics recyclers, with 16 facilities in Sweden, Norway, Denmark, Poland, Germany and Italy. In addition, material from a number of other countries, including Belgium, Holland, Switzerland, Austria and France, is collected and recycled. In addition to material recycling, the company is increasingly working on the reuse of products.

Head of Business Area Electronics Recycling
Rasmus Bergström

Regional Managers

Italy Giuseppe Piardi

Germany Folkert Schmidt

The Nordic Countries Martin Alehem

“As the amount of electronic waste increases, so does the need for efficient and environmentally sound recycling.”

Extracting precious metals from electronics requires a combination of advanced processes at a PMR (Precious Metal Recycling) facility. Stena Technoworld established Europe's largest PMR facility in Halmstad during the year. This picture shows some of the equipment being installed.



THE NORDIC COUNTRIES

New facility for precious metals

The year's major event was the establishment of the Stena Nordic Recycling Center in Halmstad. This modern, automated facility has led to Stena Technoworld expanding both the quantity and quality of the fractions that it processes for its clients.

In August 2017, a new unit was opened at the Stena Nordic Recycling Center, which has increased the refining rates of customers' ferrous, aluminium and plastic, as well as precious metals, such as copper, gold and palladium. As Europe's largest PMR facility, it has the capacity to handle 110,000 tonnes of televisions, computers and other electronic products annually.

Stena Technoworld has won a number of new contracts in Norway and Sweden, and continues to develop its dismantling operations in Norway. In Denmark, great emphasis has been put on optimizing collection methods. Development was good in Poland, where the company buys high-quality materials and plastics from external parties and transforms them into sought after commodities. Stena Technoworld has decided to invest in the expansion of its operations in the Polish market.

www.stenatechnoworld.com/sv

ITALY

Refining increases the value of customers' resources

Through high grade refining and successful procurement, Stena Technoworld helps more customers increase the value of their materials. The northern Italian authorities are seeking to monitor how well recycling companies meet their regulations. Due to Stena Technoworld's work on traceability, its customers can already be sure of where material comes from and where it goes to.

More than ever, Stena Technoworld buys high-value waste materials, strengthening the company's position as the leading operator for the processing of these fractions. In this way, the company helps to increase both the quality and availability of precious metals.

www.stenatechnoworld.com/it

GERMANY

Customers' waste processed without interruption

During the year, a decision was made to move the headquarters from Hamburg to Lauingen, in southern Germany. This means that the administration will be closer to its production facilities and its customers. The move will be completed during the new financial year.

One of the three facilities in Germany suffered considerable production problems during the year. Stena Technoworld managed to create partnerships with other recycling companies and ensured that no customers were adversely affected. This collaboration meant that all the material could be processed at other facilities, without interrupting customers' waste management systems.

www.stenatechnoworld.com/de

Each year, Stena Technoworld recycles large numbers of refrigeration appliances in Germany. Every refrigerator that is recycled provides significant environmental benefits and reduces carbon dioxide emissions by around two tonnes.



For a number of years, Stena Technoworld has been recycling precious metals in Angiari, in northern Italy. In one of the processes, a vibrating water table is used to separate finely ground metals from each other.



STENA ALUMINIUM

Stena Aluminium is the Nordic countries' leading supplier of aluminium through recycling, with customers throughout the northern European smelting industry. It also offers technical support, training and services in metallurgy, materials and processing. The company is located in Älmhult, Sweden, with a sales office in Kolding, Denmark.

Managing Director Fredrik Pettersson

Stena Aluminium manufactures up to 300 customized aluminium alloys for foundries in northern Europe. It is primarily supplied as ingots, though liquid aluminium is also offered.

INCREASED DEMAND FOR RECYCLED ALUMINIUM

Stena Aluminium's operation has grown rapidly in recent years. Aluminium has become an increasingly important material in the automotive and other industries. The offering is continuously being developed in collaboration with customers in order to create more value in the value chain.

Aluminium is becoming an increasingly important raw material in the automotive industry as manufacturers seek to offer safer vehicles with the lowest possible environmental impact. It is possible to recycle aluminium many times with very low energy consumption. It is also light, strong, ductile and corrosion resistant. These properties make it a valuable asset for manufactures and the circular economy. Most of the aluminium produced by Stena Aluminium is used as raw material in cast components used by automotive producers.

NEW RECORD FOR LIQUID ALUMINIUM

Ten years ago, Stena Aluminium began offering liquid aluminium for direct use in foundries. This reduces customers' energy consumption and carbon dioxide emissions, together with other economic benefits. The company has now made over 2,000 deliveries of liquid aluminium, leading to a 4,000 tonne reduction in carbon dioxide emissions. During 2016-2017, 335 deliveries of liquid aluminium were made, a new record for a single year.

Salt slag is a waste product from the smelting of recycled aluminium. Due to a more efficient use of raw materials, the

amount of salt slag generated has been reduced by over ten percent in the past year. In collaboration with our supplier, salt slag can now be treated in way that is better for the circular economy. The salt extracted by this process can go directly back into production, while the leftover aluminium oxide is used in cement manufacturing.

EXTENSIVE INVESTMENTS IN LOGISTICS, ENVIRONMENT AND WORKING CONDITIONS

As part of efforts to enable an even more long-term sustainable and efficient aluminium production, larger material halls are being constructed. The first stage of this investment program was completed during the financial year. Handling most of the raw material indoors, in immediate proximity to the smelting facility, significantly reduces the frequency and length of material transportation. This streamlines processes and reduces environmental impact. The new material hall also reduces noise levels and provides improved, safer working conditions. Work on stage two will begin in the 2017/18 financial year.

www.stenaaluminium.com/en

STENA ALUMINIUM:

 **102**
Employees

 **1**
Place

 **1,264**
SEK M Sale

INNOVATIVE APPROACHES IN A TRADITIONAL INDUSTRY

Stena Stål is a nationwide steel supplier, offering a wide range of steel products. With high quality service and a product range beyond the ordinary, the company supports its customers by ensuring smooth and efficient delivery.

Stena Stål is an independent supplier that collaborates with major steel producers. This enables the company to deliver products that are specific to its customers' needs. In an industry moving toward increased centralization, Stena Stål has a well-established network, with 16 sales offices and 13 warehouses offering a high quality service in close proximity to its customers. Delegated business acumen enables its branch managers and sales staff to maintain close dialogue with their customers. This allows them to get an overview of customer operations and needs, making it possible to implement plans in collaboration with them.

NEW DIGITAL CHANNELS FOR BUSINESS

During the year, Stena Stål introduced an advanced e-commerce solution for online orders. In addition to the company's own range, it offers access to its European partners' products, with secured logistics flows. In this way, online customers can select from the widest range of products on the market. This year, a number of customers have tested the system, while a widespread launch is planned for 2018. Digitalization will mean that Stena Stål's sales organization can spend more time collaborating with its customers on value-creating activities.

RECRUITING FOR SUSTAINED PROFITABILITY

Increasing customer satisfaction, understanding changing needs and reaching new client groups, requires a comprehensive knowledge of different customer groups. In response to this, Stena Stål is seeking to increase diversity among its employees by widening its recruitment base. The company is actively working to become an attractive employer for people with knowledge from other industries and with other experiences. This will offer new perspectives on everything from sales to leadership, which is vital for strengthening sustainable profitability in a changing world.

www.stenastal.com

STENA STÅL:



258
Employees



16
Places



2,189
SEK M Sale

Stena Stål works closely with its customers in order to offer the best service. Here, two employees visit a customer's construction site in Gothenburg.

STENA STÅL

Stena Stål is a nationwide steel supplier, with warehouses, production facilities and sales offices at 15 locations in Sweden and one in Moss, Norway. The company offers a wide range of beams, reinforcing bars, sheet, merchant bars, stainless steel, aluminum, tool steel and alloyed structural steel. The company also offers slitting and cutting to length of sheet and strip steel from coils at its Steel Service Center.

Managing Director Henrik Forsmark



STENA COMPONENTS

At its facilities in Nybro and Molkom, Stena Components offers advanced engineering expertise and customized steel components through precision cutting and CNC-processing for industries in the Nordic countries. In collaboration with its customers, manufacturing processes and services are continually being developed in order to better meet market challenges.

Managing Director Jan Fjeldså

Manufacturing industrial components requires expert knowledge and high precision equipment. Stena Components has both and is constantly investing in new technology.

INVESTING IN EVEN HIGHER DELIVERY QUALITY

During the year, a number of processes have been automated that streamline production. Stena Components is evaluating further measures in order to enhance its efficiency. Investment in new technology releases resources for more complex tasks.

Stena Components manufactures high-quality industrial components in Nybro and Molkom. The automation initiatives represent a major step towards further raising quality and delivery performance. During the year, the company invested in new manufacturing technology in Molkom, which has led to increased efficiency in production and delivery. For customers who need a large number of units to be produced, Stena Components is strengthening its position as a stable, long-term partner.

“Investment in new technology releases resources for more complex tasks.”

Automation has great potential in the manufacturing of longer production runs. Stena Components is evaluating further ways to increase the degree of manufacturing automation in order to release resources for more complex tasks.

In Nybro, the company has invested in a machine that enables the controlled measurement of large details. This gives customers access to measurement protocols from third party calibrated equipment and ensures quality.

FASTER AND SAFER BUSINESS

During the year, the company has expanded the capabilities of both its facilities in order that they can cover each other where necessary. This development offers better opportunities for flexibility and stability in terms of delivery.

Introducing the Monitor business system has been appreciated by many of the company’s customers as it provides improved control of orders and production flows. As many customers use the same system, this has made managing digital orders more efficient.

LICENSED DEALERS OF SPECIAL STEEL

Toolox, manufactured by SSAB, is an easy-to-work machine and tool steel. After working with Toolox for fifteen years in Nybro, Stena Components has a wealth of expertise in this material and its processing. Stena Components has now deepened its collaboration with SSAB by becoming the sole licensed dealer in Sweden.

www.stenacomponents.com

STENA COMPONENTS:

 **152**
Employees

 **2**
Places

 **216**
SEK M Sale

DRIVING ON TOWARDS CLEANER FUELS

Stena Oil is the leading supplier of bunker oil in the Nordic countries and offers full-service marine solutions for vessels in Skagerrak, Kattegat and the North Sea. For more than a quarter of a century, the company has provided offshore bunkering services to international customers from its terminal in the port of Gothenburg.

During the year, Stena Oil added another vessel to its fleet. This expansion is due, among other factors, to the company signing a number of new contracts in southern Sweden. As sales in the region have increased by 50 percent, it has become necessary to have a ship permanently stationed there. In total, Stena Oil has increased volumes by 20 percent.

NEW SULFUR REGULATIONS CREATE NEW OPPORTUNITIES

In 2020, a new international sulfur directive will come into force for all shipping. The permissible sulfur content of oil will be reduced from 3.5 to 0.5 percent, requiring a major shift for both oil companies and the shipping industry. Substantial investment will be required at all refineries so that oil companies can adapt to these new environmental requirements. Shipping companies have the option to invest in exhaust emission control systems, although this will also be costly. Together with its customers, Stena Oil is now encouraging the oil companies to produce a new low sulfur oil that meets the new directive.

In the long term, this means a change in customer requirements. Stena Oil has begun adapting its infrastructure so that it will have a production system that meets these needs and complies with the new regulations by 2020.

EU CONTRACT FOR DECONTAMINATING OIL SPILLS

In 2016/17, the EU – which has overall responsibility for managing oil spills in European waters – awarded Stena Oil the contract to deal with spillages in the Southern Baltic area. One of the company's vessels has been adapted so that it can be rapidly converted to deal with oil spills. This is a cost effective solution for the customer, compared to maintaining a dedicated decontamination vessel.

www.stenaoil.com



STENA OIL:

 **20**
Employees

 **2**
Places

 **4,449**
SEK M Sale

STENA OIL

Stena Oil is Scandinavia's leading supplier of bunker oil and full-service marine solutions for vessels in Skagerrak, Kattegat and the North Sea area.

Managing Director Jonas Persson

Cruise ships have become a growing customer group for Stena Oil in recent years. This photo was taken in June 2017, when the cruise ship Navigator of the Seas was being refueled in Copenhagen.



Pig iron, shown being cast in Brazil, is one of the major items which Stena Metal Inc. trades. Pig iron are casted iron ingots weighing about 8-10 kgs per piece, being used to produce steel.

STENA METAL INC.

Stena Metal Inc. trades internationally in scrap metal, pig iron, hot briquetted iron, finished steel products and petroleum coke. Its headquarters are in Southport, Connecticut, USA.

Managing Director Doug Fried



LONG-TERM RELATIONSHIPS FORM THE BASIS OF COLLABORATION

Stena Metal Inc., founded thirty years ago, has developed in line with its suppliers and customers. It focuses on close and long-term partnerships that create business opportunities.

Stena Metal Inc. has had a successful year, despite major fluctuations in the steel market. The company has more than doubled its sales and grown in all its priority markets: USA, Europe, Latin America and Asia. Brazil has always been an important supplier for Stena Metal Inc. During the year, the company strengthened its ties with key suppliers of raw materials and semi-finished steel products in the country. Today, Stena Metal Inc. has business relationships with a growing number of Brazilian companies, which complement the raw material supply from other Stena Metal Group companies. Stena Metal Inc. is in constant contact with suppliers from other countries in order to take advantage of opportunities as they arise.

”Excellent contact with transport companies enables cost-effective shipping solutions.”

WITH CONCERN FOR BOTH SUPPLIERS AND CUSTOMERS

Stena Metal Inc. is the contact between suppliers and customers. The company helps its manufacturers find and negotiate with customers, as well as assisting in the shipping and financing of their products. In recent years, the company has left traditional trading methods behind and is working with greater transparency, a strategic decision has resulted in stronger ties with both suppliers and customers.

CUSTOMERS BENEFIT FROM YEARS OF EXPERIENCE

The company’s partners benefit from the excellent contacts Stena Metal Inc. has with ship owners and other transport companies, which enable cost-effective delivery solutions. Vast experience in managing export documentation and storage also benefits customers.

www.stenametalinc.com

STENA METAL INC:

 2
Employees

 1
Place

 828
SEK M Sale

SURPRISINGLY STRONG MARKETS

During the year, Stena Metall Finans continued to work with reduced market risk.

Stena Metall Finans serves two functions. It acts as the Group's internal bank and conducts investment business.

In the 2016/17 financial year, Stena Metall Finans, the Group's internal bank, extended a syndicated credit agreement of 1,000 SEK M to February 2020. The internal bank has continued to focus on the development of a stable and efficient way to manage cash flow and financial risks.

Investment activities produced a significantly weaker result than in recent years. The primary reason for this outcome was that our focus on cash flow stable companies did not develop as positively as more market-sensitive and tech-related companies.

AREAS OF RESPONSIBILITY

The responsibilities of Stena Metall Finans include:

- Responsibility for the Group's cash management.
- Contributing to short and long-term

Group earnings by efficiently managing the Group's liquid assets.

- Monitoring financial markets.
- Monitoring risk levels in the Group's customer credits and managing the credit portfolio.
- Ensuring the Group's access to long-term financing, in order to maintain liquidity.
- Following developments in the capital markets, in order to optimize the Group's financing through bonds and bank financing.

MANAGEMENT OF EXCHANGE RATE EFFECTS

The best possible balance is always sought between assets and liabilities and between revenue and expenses in foreign currency. It is important for the Stena Metall Group that it finances its operations in the right currency. Other projected flows are continuously hedged using forward exchange contracts.

LIQUIDITY AND FINANCING

The Group's external financing is secured through the bond market and the banking system.

INVESTMENT ACTIVITIES

The financial portfolio consists of four individual parts:

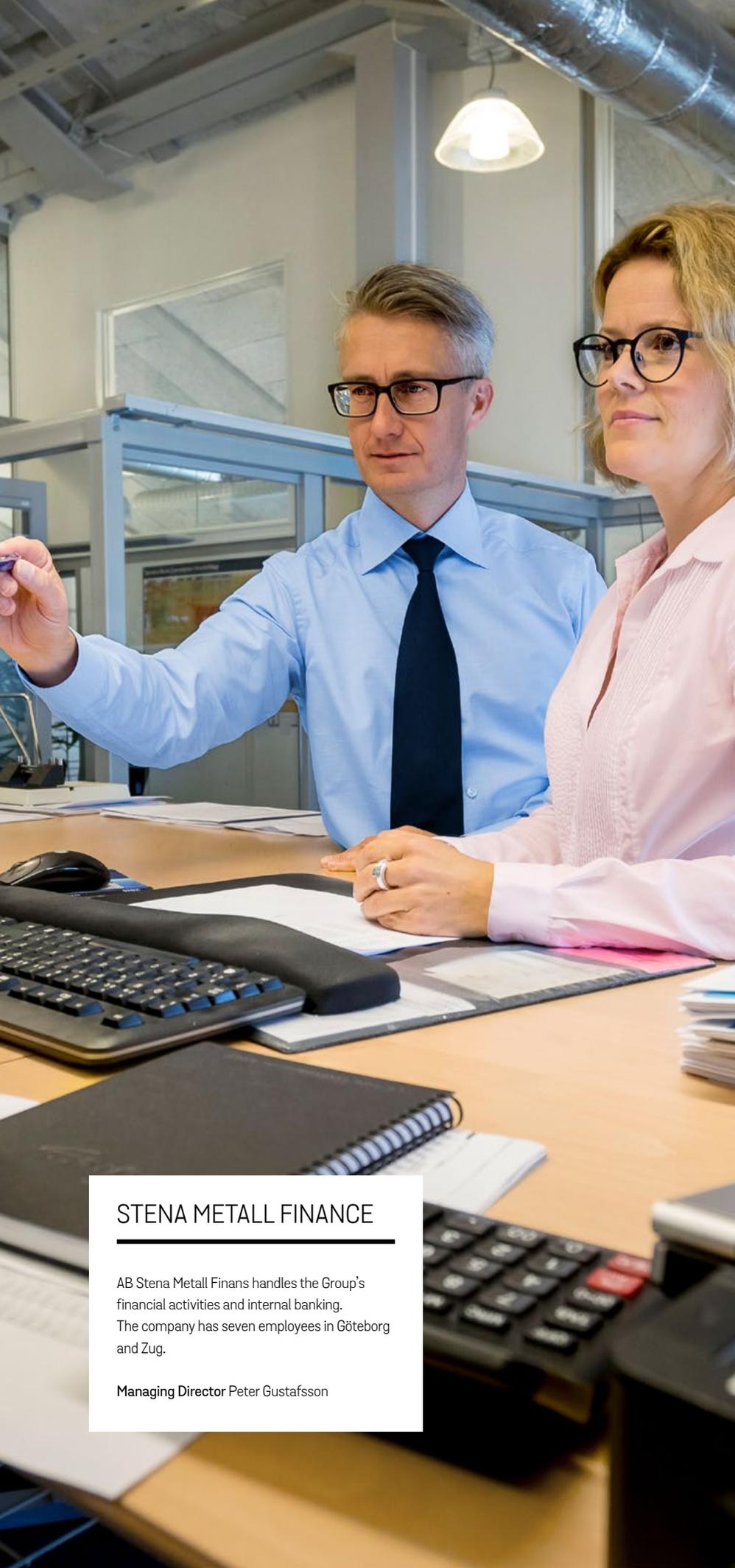
- The base portfolio – predominantly companies with relatively stable earning capacity and low sensitivity to business cycle changes.
- Non-correlated assets – hedge funds with different strategies, none or very low correlation to the stock market.
- Private Equity – holdings in various PE funds. These funds have different orientation and are exposed to different geographic markets.
- Trading – primarily opportunistic trading, as well as certain holdings that cannot be categorized into any of the other three portfolios.

www.stenamettall.com

STENA METALL FINANS:

 7
Employees

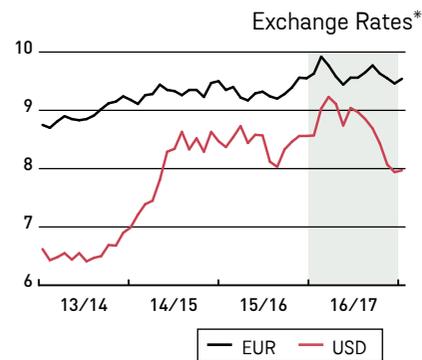
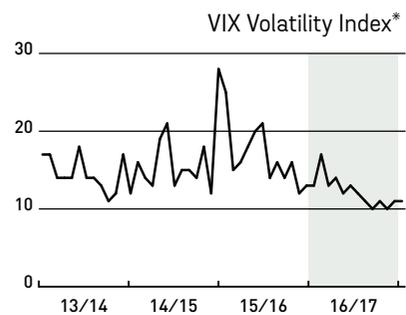
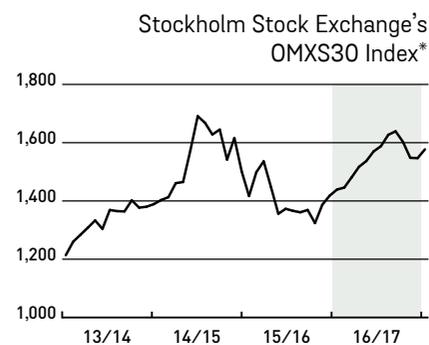
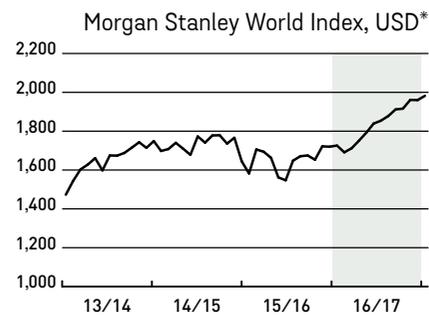
 1
Place



STENA METALL FINANCE

AB Stena Metall Finans handles the Group's financial activities and internal banking. The company has seven employees in Göteborg and Zug.

Managing Director Peter Gustafsson



* All graphs on this page refer to prices during the period September 1, 2013 through September 30, 2017. All graphs refer to monthly figures. Sources: MBR and Stena Metall

VALUABLE COLLABORATIONS

Here are some examples that show the breadth of the Stena Metall Group's operations.

SUSTAINABLE WASTE IN DENMARK



IN MAY, DENMARK'S ENERGY

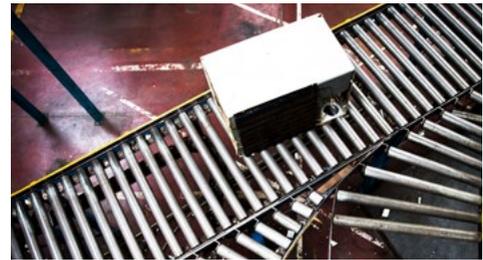
and Climate Minister, Lars Christian Lilleholt, cut the ribbon at the opening of a new state-of-the-art recycling facility in Grenaa. This new addition to Business Area Recycling's industrial recycling system uses the latest technology to turn waste material from end-of-life cars into useful resources, instead of sending it to landfill sites. The recycled material can be used to

manufacture new products and replace fossil fuels in the cement industry, for example.

RESEARCH INTO BETTER BATTERY RECYCLING

THE NUMBER OF LITHIUM-ION

batteries in circulation is constantly increasing, as they are used in mobile phones, cars and many other products. Recycling, however, remains at a limited level. This is why a research project has brought together experts from vehicle and battery manufacturers, universities and the Stena Metall Group's recycling companies. The aim of the project is to increase knowledge of efficient thermal recycling methods for current and future lithium-ion batteries.



FROM REFRIGERATOR TO CONSTRUCTION SITE

REPUR MARKSKIVA (ground plate) is a new and unique product manufactured from recycled polyurethane found in refrigerator insulation. This product insulates and dehumidifies foundation walls and floors, which leads to more environmentally sound buildings, healthier interior climates and better overall economy. It reduces energy consumption, while lowering operating costs and insurance premiums. Repur Markskiva is manufactured at the Stena Nordic Recycling Center, in Halmstad. The polyurethane is extracted from end-of-life refrigerators at the same location.

HOW WE FIND HIDDEN VALUE

MANY STENA RECYCLING customers are surprised that what seems like insignificant and even costly waste can become a source of income. Sometimes, value is increased just through better sorting processes. More often, increased value is the result of a professional analysis of the entire production process, carried out by Stena's experts. Nothing that can be recycled should be sent for landfill. Recycling alternatives can always be found.



MORE EFFICIENT RECYCLING AT THE CANDLE FACTORY

BY LIFTING THE LID on factories and other operations, Stena Recycling can propose new and significantly more efficient waste management solutions. For example, after analysis and improvements were made at the Müller candle factory, in Poland, forklift truck transportation was decreased by 62 percent and the cost of waste management by 40 percent. Optimizing the placement of waste bins and reducing traffic within the factory, improved the working environment.

40%

reduced the cost of waste management.

STENA STÅL MAKES MORE POSSIBLE

STENA STÅL HELPS to realize plans, both large and small, throughout society. Every day, the company delivers large quantities of steel that contribute to complex infrastructure solutions, as well as servicing the construction and manufacturing industries. Its employees work closely with customers to understand the challenges they face by getting deeply involved in their operations. Customers receive exactly the material they need, when they need it. This is how Stena Stål makes more possible for its customers, both today and tomorrow.



DEPENDABLE ENGINEERING EXPERTISE ENSURES QUALITY

MANUFACTURING INDUSTRIAL components requires expert knowledge and high precision equipment. Stena Components has both of these and is constantly investing in new technology. This year, an automated manufacturing cell was introduced, which provides even higher quality while increasing delivery reliability. The machine features in a short film about CNC processing.



MATERIAL HANDLING MOVES INDOORS

IN RECENT YEARS, Stena Aluminum has implemented many investments that have increased production while reducing environmental impact. The most recent measure has been to move material handling indoors, which provides quality, safety and, not least, environmental benefits. The company is seeking to reduce the amount of run off water and operating noise at its facilities.



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