



Press Release, 20 March, 2008

Strong result in Preem means maximum profit sharing payouts for the employees

Preem's profit after financial items for 2007 amounted to MSEK 3,414 (1,859) and sales totalled MSEK 63,914 (67,435). The return on capital employed was 29 % (21).

- "Inventory gains as a result of rising crude oil, and product prices, are contributory factors to our second strongest result ever. During the year, the price of crude oil rose from USD 59/barrel to USD 96/barrel at the year-end," says Preem's President and CEO, Michael G:son Löw.

The increase in the price of crude oil and finished products was due to several factors, including reduced production quotas from OPEC countries, low stock levels, mainly in the USA, geopolitical concerns, as well as an increased element of speculative trading. For the most part, the product prices followed the price of crude oil. This applied in particular during the second quarter, when demand for petrol was high and inventories of petrol in the USA were low.

In total, Preem refined 15.1 million m³ (17.3) of petroleum products. Just over 67 % of the production volume was exported, at a value of MSEK 39,851 (41,473).

Overhaul and maintenance shutdown at refineries

During the year, planned major shutdowns were carried out, including an overhaul and maintenance work at Preem's refineries in Göteborg and Lysekil. The overhaul was mainly in order to conduct statutory inspections of pressure vessels. At the same time, maintenance work and project installations were carried out, which could only be done while the plants were out of operation. Preparations were also made for planned upgrades of the refineries. This type of maintenance shutdown currently takes place every four years at Göteborg, and every five years at Lysekil.



"The maintenance shutdown meant that production dropped by just over 12 %, which is around 2 million cubic metres compared with a normal year. A shutdown involves the refineries effectively coming to a standstill for the duration, which has obviously impacted on the final result for the year," says Michael G:son Löw.

The Swedish market

Preem's business-to-business (B2B) sales on the Swedish market were strong. However, the Swedish petrol station market continued to display weak figures. The principle reason for the deterioration in profitability is the numerous and prolonged price wars. The drop in profitability means that stations with low sales volumes will, in the longer term, be closed down.



- "We are continually evaluating our stations in order to ensure that our improvement measures are working. Thus far, the rebuilding of some 40 selected concept stations has proved to be a success in terms of both boosting profitability and attracting attention. Preem has been awarded Arla's "gold cow" for the best fast-food store, as well as the English DBA's Design Effectiveness Award for the new design of the stations," continues Michael G:son Löw.

Future investments

Preem is in the process of examining opportunities to increase the amount of bio-refining. Various preliminary studies have been conducted in cooperation with experts and researchers to review the technical prerequisites for increasing the proportion of bio components in the refineries' production processes.



- "Society is demanding improved and more environmental fuels. It is a major challenge for us to switch from being solely an oil producer to a manufacturer of fuels with a significant proportion of bio-components in our products. However, it is important to do the right thing and to guarantee that the biofuels we choose are also sustainable in the long-term," continues Michael G:son Löw.

Distribution of profit to employees

Preem's healthy profits in recent years have also resulted in pay-outs to employees via the company's profit sharing programme. For the third year in a row, the profit distribution programme has a full pot to hand out to employees, who will get SEK 20,000 each.

"It's been an intensive year for Preem's employees, which means that the maximum bonus to our employees will be an extremely nice way to end the 2007 financial year," concludes Michael G:son Löw.

Press and media enquiries

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PREEM PETROLEUM AB (publ) is the largest oil company in Sweden and accounts for 80% of the Swedish refinery capacity and 30% of the Nordic refinery capacity. Total refinery capacity amounts to over 18 million m³ of crude oil at our two wholly-owned refineries, which makes Preem the Nordic region's largest refiner. Preemraff Lysekil and Preemraff Göteborg are two modern and highly efficient refineries, which are at the forefront when it comes to production of environmentally-adapted petroleum products. Over 65 percent of our production is exported, at a value of just over 40 billion kronor. This makes us one of the country's largest export companies. Preem has a nationwide service network, with 480 Preem petrol stations and 215 TruckStops/roadside filling stations for HGVs. Preem Petroleum AB has just over 1,300 employees, of which 900 work at the refineries. Together with staff at our dealers and partners, there are 3,400 of us in total meeting the customers under the Preem brand. Preem's earnings for 2007 amounted to 63.9 billion kronor. More information is available on our website, www.preem.se.