CORRAL PETROLEUM HOLDINGS AB (publ)

REPORT FOR THE FOURTH QUARTER ENDED DECEMBER 31, 2018

No. of pages 15

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This report includes unaudited consolidated financial information of Corral Petroleum Holdings AB (publ) ("Corral Petroleum Holdings") and its consolidated subsidiaries, for the fourth quarter of 2018 and year ended December 2018 and for the comparative periods in 2017. Note that due to the rounding of figures in the tables to the nearest SEK million, the sum is not always exactly equal to the sum of all components.

Financial Highlights – Fourth Quarter 2018

- Sales revenue for the fourth quarter of 2018 amounted to 22,174 MSEK compared to 19,156 MSEK in the fourth quarter of 2017.
- EBITDA[1] for the fourth quarter of 2018 amounted to negative 633 MSEK compared to 1,646 MSEK in the fourth quarter of 2017.
- Adjusted EBITDA[1] for the fourth quarter of 2018 amounted to 1,000 MSEK compared to 888 MSEK in the fourth quarter of 2017.
- Operating loss for the fourth quarter of 2018 amounted to 900 MSEK compared to a profit of 1,387 MSEK in the fourth quarter of 2017.
- Net loss for the fourth quarter of 2018 amounted to 1,004 MSEK compared to a net profit of 529 MSEK in the fourth quarter of 2017.
- Cash flow used in operating activities for the fourth quarter of 2018 amounted to 2,712 MSEK compared to cash flow from operating activities of 380 MSEK in the fourth quarter of 2017.
- Weighted refining margin for the fourth quarter of 2018 was 4.90 $/bbl compared to 5.00 $/bbl in the fourth quarter of 2017.

	Oct 1 - Dec 31		Full year	
MSEK	**2018**	**2017**	**2018**	**2017**
Sales revenue	22,174	19,156	92,553	68,752
Gross profit	-465	1,803	4,024	5,312
EBITDA[1]	-633	1,646	3,469	5,047
Adjusted EBITDA[1]	1,000	888	3,571	4,189
Operating profit/loss	-900	1,387	2,432	4,047
Profit/loss before taxes	-1,351	700	8	2,926
Net profit/loss	-1,004	529	113	2,267

[1] For a reconciliation of our operating profit to EBITDA and EBITDA to Adjusted EBITDA, please see the financial statements section on page 15.

Key indicators

	Oct 1 - Dec 31		Full year	
	2018	**2017**	**2018**	**2017**
Weighted refining margin, $/bbl	4.90	5.00	4.88	5.58
Average Brent Dated crude oil, $/bbl	69	61	71	54
Feedstock throughput, thousand bbls	30,745	29,606	122,029	113,512
Average exchange rate SEK/USD	9.04	8.32	8.69	8.54
Closing exchange rate SEK/USD	8.97	8.23	8.97	8.23

Market Overview – Fourth Quarter 2018

The average price of Dated Brent in the fourth quarter of 2018 was 69 $/bbl, compared to an average price of 75 $/bbl in the third quarter of 2018. In the fourth quarter of 2017 the average price was 61 $/bbl.

On October 4, 2018 the price of crude oil peaked at 86 $/bbl, the highest level in 2018. Until that point, the market believed that the global balance would be tight due to positive signals regarding global economic growth. The tension between the US and Iran, with a ban on imports of Iranian crude oil, contributed to the strength. Later in the fourth quarter, the market focused on worries about the state of the global economy and the increasing production of crude oil in the US, which turned the tide with falling prices. In early December, the price of crude oil was around 60 $/bbl and OPEC+ (i.e. the OPEC countries, Russia and other crude oil producing countries) had a meeting at which they decided to reduce production levels in 2019 in order to stabilize the market. The market was not impressed and speculative money moved out of the oil market. The price of Dated Brent at the end of the year was 50 $/bbl, the lowest price during 2018.

The average price differential for Russian crude oil (“Urals”) versus Dated Brent was -1,0 $/bbl in the fourth quarter of 2018, compared to -1.3 $/bbl in the third quarter of 2018 and -0.9 $/bbl in the fourth quarter of 2017. Weak demand early and mid-October made the market weaken down to -3 $/bbl. Later during the fourth quarter, demand improved and the market became tight. At the end of December, the Urals market traded at a positive price differential to Dated Brent.

European refining margins were on average generally weaker during the fourth quarter of 2018 than during the third quarter of 2018. The gasoline margin weakened considerably during the fourth quarter when the refineries produced too much gasoline and inventories increased. This negative factor was partly offset by stronger diesel and fuel oil margins.

The average gasoline margin versus Dated Brent weakened dramatically to 4 $/bbl in the fourth quarter of 2018, compared to 14 $/bbl in the third quarter of 2018. In the fourth quarter of 2017 the average gasoline margin was 11 $/bbl. Refineries on both sides of the Atlantic were producing too much gasoline compared with sliding demand. High outright prices reduced the demand and increasing refinery usage of light US crude in the Atlantic market increased the gasoline share of the total refinery production.

The average diesel margin versus Dated Brent strengthened to 18 $/bbl in the third quarter of 2018, compared to 15 $/bbl in the third quarter of 2018. In the fourth quarter of 2017, the average diesel margin was 13 $/bbl. The high demand has kept inventory levels in the Atlantic market at low levels. In Europe, logistical constraints continued with respect to shipping the product with barges on rivers with low water levels, which strengthened the diesel margin. The strength in diesel on both sides of the Atlantic made the arbitrage to move diesel to Europe from the US uneconomical. Some large cargoes of diesel that had been expected to come to the Mediterranean area from Asia were instead shipped to the US.

The average margin for high sulphur fuel oil versus Dated Brent strengthened to -5 $/bbl in the fourth quarter of 2018, compared to -8 $/bbl in the third quarter of 2018. In the fourth quarter of 2017 the average margin for high sulphur fuel oil was -8 $/bbl. Good demand from the shipping industry for bunker fuel and low inventory levels in the important Asian market strengthened the margin. A lighter crude slate in the refineries and modernizing of refineries reduced the fuel oil yield globally.

Sales and Results – Fourth Quarter 2018

Sales revenue in the fourth quarter of 2018 amounted to 22,174 MSEK compared to 19,156 MSEK in the fourth quarter of 2017, an increase of 3,018 MSEK. The increase in sales revenue is a result of higher crude and product prices.

Operating loss for the fourth quarter of 2018 amounted to 900 MSEK, a decrease of 2,287 MSEK, compared to an operating profit of 1,387 MSEK for the fourth quarter of 2017. The weighted refining margin in the fourth quarter of 2018 decreased compared to the fourth quarter of 2017, from 5.00 $/bbl to 4.90 $/bbl. A rising market price for crude oil resulted in a large decrease of inventory value in the fourth quarter of 2018, resulting in losses of 3,095 MSEK compared to profits of 834 MSEK in the fourth quarter of 2017.

The exchange rate for Swedish Krona against the US Dollar ascended in the fourth quarter of 2018, resulting in a positive effect of 62 MSEK, compared to a positive effect of 10 MSEK for the fourth quarter of 2017.

Segment Reporting

The Group divides its business into two segments – Supply & Refining and Marketing. The sales revenue and operating profit for both of these segments are shown below. In the below table, exchange rate differences included in operating profit/loss consist of foreign exchange gains or losses related to our inventory and our trade payables/receivables. Other expenses consist mainly of administrative and personnel-related expenses in our corporate cost center.

Sales Revenue

	Oct 1 - Dec 31		Full year	
MSEK	**2018**	**2017**	**2018**	**2017**
Supply & Refining	22,047	18,177	89,467	66,237
Marketing	5,829	5,468	23,875	18,679
Exchange rate differences	8	1	111	-137
Group eliminations	-5,709	-4,490	-20,900	-16,027
Total Sales Revenue	**22,174**	**19,156**	**92,553**	**68,752**

Operating profit

	Oct 1 - Dec 31		Full year	
MSEK	**2018**	**2017**	**2018**	**2017**
Supply & Refining	-774	1,514	2,646	4,403
Marketing	57	200	499	581
Total Segment Operating profit	-717	1,714	3,146	4,984
Exchange rate differences	62	10	254	-205
Other expenses	-246	-338	-968	-732
Total Operating profit	**-900**	**1,387**	**2,432**	**4,047**

Supply & Refining

Our Supply & Refining segment reported an operating loss of 774 MSEK for the fourth quarter of 2018, a decrease of 2,288 MSEK, compared with an operating profit of 1,514 MSEK for the fourth quarter of 2017. The weighted refining margin decreased to 4.90 $/bbl for the fourth quarter of 2018 compared to 5.00 $/bbl for the fourth quarter of 2017. The reported price loss in inventory in the fourth quarter of 2018 amounted to 1,695 MSEK compared to a price gain in inventory of 748 MSEK in the fourth quarter of 2017. Excluding price effects, operating profit amounted to 921 MSEK in the fourth quarter of 2018, an increase of 154 MSEK, compared to 767 MSEK in the fourth quarter of 2017. Operating profit excluding price effects increased in the fourth quarter due to increased throughput in our Gothenburg refinery.

In the fourth quarter of 2018 throughput was 4.9 million m^3 compared to 4.7 million m^3 in the fourth quarter of 2017. The fourth quarter of 2018 was characterized by high availability and crude runs, whereas the beginning of the corresponding quarter last year was affected by a major turnaround in our Gothenburg refinery.

Marketing

Our Marketing segment reported an operating profit of 57 MSEK for the fourth quarter of 2018 compared to 200 MSEK for the fourth quarter of 2017, a decrease of 143 MSEK.

Last year the increase in operating profit was attributable to the profit made from selling subsidiary Preem Gas.

Sales volumes were 2% lower in the fourth quarter of 2018 compared to the fourth quarter of the previous year. This was primarily due to two large, one-time, business-to-business sales in December of 2017.

Depreciation

Total depreciation in the fourth quarter of 2018 amounted to 267 MSEK compared to 259 MSEK in the fourth quarter of 2017.

Financing

Financial net for the fourth quarter of 2018 improved by 236 MSEK to an expense of 450 MSEK compared to an expense of 686 MSEK for the fourth quarter of 2017. The exchange rate difference on financial items resulted in a loss of 26 MSEK for the fourth quarter of 2018 compared to a loss of 306 MSEK for the same period in 2017. Total interest expense for the fourth quarter of 2018 amounted to 380 MSEK compared to 347 MSEK for the same period in 2017 of which depreciation of loan expenditures amounted to 41 MSEK for the fourth quarter of 2018 which was the same amount as for the fourth quarter of 2017.

Year Ended December 31, 2018

- Sales revenue in 2018 amounted to 92,553 MSEK compared to 68,752 MSEK in 2017.
- EBITDA[2] in 2018 amounted to 3,469 MSEK compared to 5,047 MSEK in 2017.
- Adjusted EBITDA[2] in 2018 amounted to 3,571 MSEK compared to 4,189 MSEK in 2017.
- Depreciation in 2018 amounted to 1,037 MSEK compared to 1,000 MSEK in 2017.
- Operating profit in 2018 amounted to 2,432 MSEK compared to operating profit of 4,047 MSEK in 2017.
- Net profit in 2018 amounted to 113 MSEK compared to net profit of 2,267 MSEK in 2017.
- Cash flow from operating activities in 2018 amounted to 392 MSEK compared to 2,159 MSEK in 2017.
- Weighted refining margin in 2018 was 4.88 $/bbl compared to 5.58 $/bbl in 2017.

Cash Flow

Profit before taxes amounted to 8 MSEK for the year ended December 31, 2018 compared to profit before taxes of 2,926 MSEK for the same period in 2017, a decrease of 2,918 MSEK. Cash flow from operating activities amounted to 392 MSEK in 2018 compared to cash flow from operating activities of 2,159 MSEK for the same period in 2017, a decrease of 1,767 MSEK. Adjustments for non-cash items had a positive impact of 2,469 MSEK in 2018 compared to a positive impact of 1,758 MSEK for the same period in 2017, an increase of 711 MSEK. Please refer to page 12 for further specification of items not included in cash flow.

Taxes paid amounted to 5 MSEK in 2018 compared to 4 MSEK in 2017.

Cash flow was negatively impacted by movements in working capital of 2,080 MSEK in 2018 compared to a negative impact of 2,521 MSEK in 2017. Cash flow used in inventories amounted to 263 MSEK in 2018, primarily due to higher volumes of finished products in the inventory. In 2017, cash flow used in inventories amounted to 2,232 MSEK. Cash flow from operating receivables amounted to 60 MSEK in 2018, primarily due to lower prices on refined products as well as lower volumes sold at year-end. In 2017 cash flow used in operating receivables amounted to 885 MSEK. Cash flow used in operating liabilities in 2018 amounted

[2] For a reconciliation of our operating profit to EBITDA and EBITDA to Adjusted EBITDA, please see the financial statements section on page 15.

to 1,877 MSEK primarily due to the lower price of crude oil. For the same period in 2017, cash flow from operating liabilities amounted to 596 MSEK.

Cash flow used in investing activities in 2018 amounted to 2,084 MSEK, a decrease of 263 MSEK, compared to 2,347 MSEK for the same period in 2017.

Cash flow from financing activities amounted to 2,025 MSEK in 2018 compared to cash flow from financing activities of 226 MSEK in 2017. Cash flow from financing activities is attributable to (net) drawing of loans under Preem's revolving credit facility as a consequence of the negative cash flow from operating activities. Cash flow from operating activities includes cash coupon payments on the 2021 Notes, totaling 740 MSEK.

Income taxes

Income tax for the year ended December 31, 2018 amounted to a positive return of SEK 105 million, a positive change of SEK 764 million compared to a tax cost of SEK 659 million for the year ended December 31, 2017. The effective tax rate would therefore amount to a negative rate in 2018 compared to an effective tax rate of 23% in 2017. The income tax revenue is attributable to decreased operational results, a change in tax rates in Sweden (from 22% in 2018 to 21.4% in 2019) and non-taxable income.

For information purposes, in 2019 new tax rules are being implemented which limit interest deductions to a value of 30% of taxable EBITDA.

Financial Debt

On December 31, 2018, the Group's financial net debt amounted to 16,650 MSEK, compared to 14,793 MSEK on December 31, 2017, an increase of 1,857 MSEK. The financial debt consisted primarily of the 2021 Notes, subordinated shareholder notes, a subordinated shareholder loan (described below) and Preem's Credit Facility. Cash and cash equivalents amounted to 1,423 MSEK at December 31, 2018, an increase of 340 MSEK, compared to 1,083 MSEK for the same period in 2017. A breakdown of the Group's financial debt as at December 31, 2018 is included in the financial statements section on page 15.

Corral Petroleum Holdings AB (publ)

Corral Petroleum Holdings AB (publ) is wholly owned by Moroncha Holdings Co. Ltd and is the Parent Company of the Corral Petroleum Holdings Group. Corral Petroleum Holdings incurred loss before taxes of 622 MSEK in the year ended 2018 compared to a profit of 160 MSEK for the same period in 2017.

Shareholder equity as at December 31, 2018, amounted to 694 MSEK compared to 263 MSEK as of December 31, 2017. During 2018, Corral Petroleum Holdings converted all remaining principal amounts of the shareholder loans. In total, the equivalent of 908 MSEK has thereby been converted into equity during 2018. As at December 31, 2018, only accumulated non-cash (PIK) interest amounts totaling 4 MEUR plus 171 MUSD (1,568 MSEK) remain under the shareholder loans, all of which are subordinated and carry a non-cash interest rate of 5% per annum. The interest expense related to the shareholder loans is paid in kind semi-annually. In order to facilitate an appropriate equity level going forward, Corral Petroleum Holdings might consider also converting accumulated non-cash (PIK) interest amounts into equity. Such conversion would be subject to the shareholder´s approval and would likely imply a tax effect for Corral Petroleum Holdings on any converted non-cash interest amounts.

Corral Petroleum Holdings also had outstanding subordinated shareholder notes of 97 MUSD and 217 MEUR (3,093 MSEK) as at December 31, 2018. The subordinated shareholder notes carry a non-cash interest rate of 10% per annum. The interest expense related to the subordinated shareholder notes is paid in kind each quarter.

Recent Developments

After starting the year at around 50 $/bbl, Brent crude prices recovered to a level of around 65 $/bbl. Among the key factors influencing current crude prices are the US sanctions on Venezuela, growing concerns ahead of the May 4, 2019 deadline for US Iran sanctions waivers, and the announcement of lower than expected Saudi planned production for March (9.8 million barrels a day planned; 500,000 barrels per day below their quota allocation from the December deal). These factors are all contributing to a more bullish view on crude prices. The Saudi announcement in particular signals a distinct intent to keep oil markets tight, and given that it is widely understood that the Saudis want to see 70 $/bbl for oil, the announcement is clearly bullish for prices.

Preem continues to purchase put options in accordance with its strategy to protect its balance sheet and cash flow.

For products, the first quarter of 2019 has so far been characterized by good diesel and HFO prices, but historically low gasoline prices. Gasoline has consistently been priced well below +5 $/bbl versus Brent for most of the first quarter of 2019, and even below Brent +/- 0 on certain days. The main reason for the downbeat gasoline pricing is mainly down to supply-demand fundamentals, with supply growth being the larger contributor due to high production to meet increased IMO2020 diesel-demand, and a global crude slate that is getting lighter, adding to supply. As we are now approaching the spring, we expect gasoline supply to go down with the move to summer specifications (lowering production by 3-4%), which directionally should help to push prices higher again.

On December 26, 2018, the Lysekil Iso-Cracker had to be shut down due to a power failure that caused damage to one of its reactors. [As at the date of this report, the repair work has been completed and we are in the process of refilling the catalyst. Start-up will follow immediately thereafter and it is expected that we will have products to tank by April 1, 2019. The total financial impact for the 3 months lost of Iso-Cracker production is estimated to be in the range of -36 MUSD / -1.4 $/bbl.

The new Gothenburg Hydrogen Production Unit (HPU) started up on February 28, 2019 -- on time and on budget. This is an important milestone for Gothenburg, forecasted at good profitability (635 MSEK investment with less than 2 years pay-back). Next in line for startup is the Vacuum Distillation Unit (VDU) in Lysekil, which is in the final stages of preparation for oil-in by end of March 2019. This is also an important profitability project that will reduce HFO production and increase diesel production (1,600 MSEK investment with 3-4 years payback -- delivered on-time and on-budget).

The Indenture governing the 2021 Notes contains certain provisions relating to optional redemption. In very brief summary, such provisions include that Corral Petroleum Holdings, on or after May 15, 2019, may redeem, at its option, all or a portion of each series of the 2021 Notes at specified redemption prices (plus accrued and unpaid interest and additional amounts, if any, to the redemption date). In light of these provisions, Corral Petroleum Holdings and Preem are now progressing, in collaboration with various potential financiers, a plan to refinance the Group, in which redemption of the 2021 Notes may be one possible component. The current target is to finalize a refinancing during 2019, but this may vary due to a number of factors, including market conditions. As mentioned in the previous quarterly report, the objective and structure of the refinancing will also include preparations for the longer-term prospect that the Preem Shareholder may, at a future date, consider an initial public offering (IPO) of Preem shares. It should however be noted that no decision regarding a potential IPO has been taken. This information does not constitute a notice of redemption of the 2021 Notes, nor is it an offer to sell or a solicitation of offers to purchase any securities.

On January 27, 2019, Mohammed Al Amoudi was released from detention in Saudi Arabia. He is now in Jeddah with his family and he is in good health. His businesses remain independently managed and continue to follow the vision and strategy previously laid out by himself and his management.

Risk Factors

For information on risks relating to our business and our capital structure, please see Corral Petroleum Holdings' Annual Report 2017, available at http://www.preem.se/en/in-english/investors/corral/

Accounting Principles and Legislations

The consolidated financial information in this report has been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 "Interim Financial Reporting". The accounting policies adopted are consistent with those of the Group´s annual financial statements for the year ended December 31, 2016. For further information regarding accounting principles applied, please see Corral Petroleum Holdings Annual Report 2017, available at http://www.preem.se/en/in-english/investors/corral/

The Group will apply IFRS 16 Leases as of January 1, 2019. IFRS 16 introduces a uniform lease recognition model for lessees. A lessee recognizes a right of use (ROU) asset that represents a right to use the underlying asset and a lease liability that represents an obligation to make lease payments. There are exceptions for short-term leases and the leasing of assets of a low value. The recognition for lessors is similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. The expected impact of the Group's implementation of IFRS 16 is estimated to result in a 500 MSEK increase in assets representing the ROU asset, along with a corresponding lease liability in the same amount. The expected effects of IFRS 16 will be discussed in more detail in the Annual Report 2018 for Corral Petroleum Holdings. The Group does not expect the introduction of IFRS 16 to impact its ability to meet the interest coverage ratio or minimum adjusted equity value covenants that exist in Preem's Credit Facility.

Additional Information

An international conference call for investors and analysts will be held on March 19, 2019 at 3:00 pm CET. The call-in number is US + 1 212 999 6659, UK +44 (0) 20 3003 2666 and Sweden +46 (0) 8 505 204 24 meeting code: Corral.

The Annual Report 2018 for Corral Petroleum Holdings will be released on April 25, 2019.

The report for the first quarter of 2019 will be released on May 30, 2019.

Stockholm, March 14, 2019
On behalf of the Board of Directors

Richard Öhman
Managing Director

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CONDENSED CONSOLIDATED INCOME STATEMENTS

	Oct 1 - Dec 31		Jan 1 - Dec 31	
MSEK	**2018**	**2017**	**2018**	**2017**
Revenue	25,555	21,444	103,641	78,581
Excise duties	-3,381	-2,287	-11,087	-9,829
Sales revenue	22,174	19,156	92,553	68,752
Cost of goods sold	-22,639	-17,353	-88,529	-63,440
Gross profit	**-465**	**1,803**	**4,024**	**5,312**
Selling expenses	-227	-249	-913	-866
Administrative expenses	-347	-273	-1,122	-864
Other operating income	139	106	443	465
Operating profit	**-900**	**1,387**	**2,432**	**4,047**
Interest income	3	2	8	6
Interest expense	-380	-347	-1,476	-1,400
Exchange rate differences	-26	-306	-836	397
Other financial, net	-47	-35	-120	-124
Net financial items	-450	-686	-2,424	-1,121
Profit/Loss before income tax	**-1,351**	**700**	**8**	**2,926**
Income tax	347	-171	105	-659
Net profit/loss for the year	**-1,004**	**529**	**113**	**2,267**
Attributable to:				
Parent Company's shareholder	-1,004	529	113	2,267
Non-controlling interests	-	-	-	-
	-1,004	**529**	**113**	**2,267**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME:

	Oct 1 - Dec 31		Jan 1 - Dec 31	
	2018	**2017**	**2018**	**2017**
Net profit/loss for the year	-1,004	529	113	2,267
Other income	-34	-1	-38	-3
Comprehensive income	**-1,038**	**528**	**75**	**2,264**
Attributable to:				
Parent Company Shareholder	-1,038	528	75	2,264
Non-controlling Shareholders	-	-	-	-
	-1,038	**528**	**75**	**2,264**

CONDENSED CONSOLIDATED BALANCE SHEETS

MSEK	**December 31 2018**	**December 31 2017**
ASSETS		
Goodwill	308	308
Other intangible assets	908	674
Tangible assets	10,573	9,681
Financial assets	373	312
Total non-current assets	**12,161**	**10,974**
Inventories	10,543	10,691
Trade receivables	4,322	4,674
Other receivables	1,018	569
Prepaid expenses and accrued income	701	372
Cash and cash equivalents[1]	1,423	1,083
Total current assets	**18,008**	**17,388**
Total assets	**30,169**	**28,363**
EQUITY AND LIABILITIES		
Share capital	1	1
Other paid-in capital	9,236	8,328
Retained loss including net profit/loss for the year	-6,259	-6,334
	2,978	1,995
Non-controlling interests	0	0
Total equity	**2,978**	**1,995**
Financial debts	17,585	14,973
Provision for deferred taxes	592	726
Other provisions	403	251
Total non-current liablilites	**18,580**	**15,949**
Financial debts	488	903
Trade payables	2,709	3,529
Other liabilities	1,591	1,510
Accrued expenses and deferred income	3,823	4,477
Total current liablilites	**8,611**	**10,418**
Total liabilities	**27,191**	**26,368**
Total shareholders equity, provisions and liablities	**30,169**	**28,363**

[1)] 749 MSEK (67 MEUR and 61 MSEK) segregated account

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Oct 1 - Dec 31		Jan 1 - Dec 31	
MSEK	**2018**	**2017**	**2018**	**2017**
Operating activities				
Profit/loss before taxes	-1,351	700	8	2,926
Adjustments for items not included in cash flow [1]	776	741	2,469	1,758
	-575	1,441	2,477	4,684
Taxes paid	-1	-3	-5	-4
	-576	1,439	2,472	4,680
Decrease(+)/Increase(-) in inventories	1,122	-3,829	-263	-2,232
Decrease(+)/Increase(-) in operating receivables	1,607	-635	60	-885
Decrease(-)/Increase(+) in operating liabilities	-4,865	3,405	-1,877	596
Cash flow from/used in operating activites	-2,712	380	392	2,159
Investing activities				
Aqustion/disposal of subsidiaries	1	0	-26	-20
Capital expenditure of intangible assets	-79	-93	-265	-268
Capital expenditure of tangible assets	-557	-597	-1,798	-2,069
Sales of intangible and tangible assets	18	17	34	21
Decrease(+)/Increase(-) in financial assets	-6	-11	-29	-11
Cash flow used in investing activities	-624	-683	-2,084	-2,347
	-3,336	-304	-1,692	-187
Financing activities				
New loans	3,926	2,002	9,894	6,957
Repayment of loans	-122	-1,458	-7,869	-6,731
Loan expenditures	0	0	0	0
Cash flow from financing activities	3,804	544	2,025	226
CASH FLOW FOR THE PERIOD	468	240	333	38
Opening cash and cash equivalents	970	825	1,083	1,030
Effect of exchange rate fluctuations on cash and cash equivalents	-15	18	8	15
Cash and cash equivalents at the end of the period	**1,423**	**1,083**	**1,423**	**1,083**

[1] **Specification of items not included in cash flow**

Depreciation of property, plant and equipment	267	259	1,037	1,000
Impairment of non-current assets	21	9	27	81
Write-down of inventory (+)/Reversed inventory write-down(-)	382	-2	393	-8
Loss/gain on sale of fixed assets	15	-3	5	-3
Loss/gain on sale of subsidiaries	-	0	-	-105
Unrealized losses(+)/gains(-) on derivatives	-393	32	-484	70
Unrealized exchange losses(+)/gains(-)	225	-138	91	-55
Unrealized exchange losses(+)/gains(-) from financing activities	-62	205	542	-127
Capitalized loan expenditures deferred as interest expenses	41	41	162	162
Capitalized interest cost financial debt	284	272	752	720
Others	-3	67	-55	24
	776	**741**	**2,469**	**1,758**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MSEK	Share capital *)	Other paid-in capital	Retained earnings	Total	Non-controlling interest	Total equity
Opening equity January 1, 2017	**1**	**7,828**	**-8,598**	**-768**	**0**	**-768**
Net profit	-	-	2,267	2,267	0	2,267
Other comprehensive income [1]	-	-	-3	-3	0	-3
Total comprehensive profit	-	-	2,264	2,264	0	2,264
Shareholder contribution received	-	500	-	500	0	500
Closing equity December 31, 2017	**1**	**8,328**	**-6,334**	**1,995**	**0**	**1,995**
Opening equity January 1, 2018	**1**	**8,328**	**-6,334**	**1,995**	**0**	**1,995**
Net profit	-	-	113	113	0	113
Other comprehensive income[1]	-	-	-38	-38	0	-38
Total comprehensive profit	-	-	75	75	0	75
Shareholder contribution received	-	908	-	908	0	908
Closing equity December 31, 2018	**1**	**9,236**	**-6,259**	**2,978**	**0**	**2,978**

[1] Evalution of pensions obligations according to IAS 19 and translation difference.

STATEMENT OF CHANGES IN EQUITY - PARENT COMPANY

MSEK	Share capital *)	Restricted reserves	Unrestricted reserves	Total equity
Opening equity January 1, 2018	1	-	263	263
Shareholder contribution received	-	-	908	908
Net loss	-	-	-477	-477
Closing equity December 31, 2018	1	**-**	**694**	**694**

*) 5,000 shares were issued with a par value of 100 SEK.

CONDENSED INCOME STATEMENT - PARENT COMPANY

	January 1 - December 31	
MSEK	**2018**	**2017**
Operating profit	**1**	**0**
Profit from investment in Group companies	380	1,205
Financial net	-1,003	-1,046
Profit/Loss before taxes	**-622**	**160**
Taxes	**146**	**-693**
Net loss	**-477**	**-533**

CONDENSED BALANCE SHEET - PARENT COMPANY

	December 31	December 31
MSEK	**2018**	**2017**
ASSETS		
Participation in Group Companies	10,606	10,518
Deferred tax	261	115
Other receivables	1	1
Cash and cash equivalents [1]	1,131	826
Total assets	**11,999**	**11,460**
EQUITY AND LIABILITIES		
Restricted equity	1	1
Non-restricted equity	694	262
Total equity	**694**	**263**
Shareholder loans	1,568	2,218
Bond loans, subordinated notes	3,093	2,654
Bond loans, senior notes	6,213	5,910
Loan from subsidiary	55	55
Other short term liabilities	375	361
Total liabilities	**11,304**	**11,197**
Total equity and liabilities	**11,999**	**11,460**

[1)] 749 MSEK (67 MEUR and 61 MSEK) segregated account

Reconciliation of operating profit to EBITDA and EBITDA to Adjusted EBITDA

We define Adjusted EBITDA as EBITDA adjusted to exclude inventory gains and losses and foreign currency gains and losses and reflect the adjustments permitted in calculating covenant compliance under Preem's 2011 Credit Facility. The following table presents a reconciliation of EBITDA to Adjusted EBITDA.

	Oct 1 - Dec 31		Full year	
MSEK	**2018**	**2017**	**2018**	**2017**
Operating profit/loss	**-900**	**1,387**	**2,432**	**4,047**
Depreciation	267	259	1,037	1,000
EBITDA	**-633**	**1,646**	**3,469**	**5,047**
Add back:				
Inventory price gains(-)/losses(+)	1,695	-748	356	-1,064
Foreign currency gains(-)/losses(+)	-62	-10	-254	206
Adjusted EBITDA	**1,000**	**888**	**3,571**	**4,189**

Adjusted EBITDA is a non-IFRS measure. We present Adjusted EBITDA in this report because we believe that it and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. Our Adjusted EBITDA may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. In particular, Adjusted EBITDA is not a measurement of our performance or liquidity under IFRS and should not be considered as an alternative to operating profit or net profit or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

Financial debt breakdown

MSEK	**December 31 2018**	**December 31 2017**
Revolving credit facility	6,883	4,464
Borrowings current	488	903
Transaction expenses	-189	-291
Other liabilities, interest bearing	18	18
Total Financial Debt - Preem	**7,199**	**5,094**
Senior Notes	6,357	6,114
Transaction expenses	-144	-204
Subordinated Notes	3,093	2,654
Other loans from shareholder	1,568	2,218
Total Financial Debt - Corral	**10,874**	**10,781**
Total Financial Debt - Group	**18,073**	**15,875**
Cash and cash equivalents [1]	-1,423	-1,083
Total Financial Net Debt	**16,650**	**14,793**
Leverage ratio [2]	**3.5**	**2.5**

[1] 749 MSEK (67 MEUR and 61 MSEK) segregated account

[2] Transaction expenses are excluded in the leverage ratio.