



Stena Line

Stena Line invests in the future

Stena Line is one of Europe's leading ferry companies with 39 vessels and 18 routes in Northern Europe operating 25,000 sailings each year. The company has 5,100 employees and an annual turnover of 14 billion SEK.

In 2022 the company reported a very high increase in its EBITDA compared with 2021. Stena Line has invested heavily in new RoPax vessels and opened a new route between Hanko (Finland) and Nynäshamn (Sweden). Around the UK the leading ferry operator is investing in new ports at Immingham, Holyhead and Birkenhead on long term contracts. Brexit had no big effect on the existing routes. On the contrary, more traffic was generated on the direct link between Rosslare and Cherbourg and Stena will place the „Stena Vision,“ a huge RoPax, on the route in 2023, running opposite the Stena Vision. RoPax spoke with Niclas Mårtensson about the developments and results.

RoPax. After Covid times how was the year 2022 for Stena Line? Did you record good figures and how was the development of traffic?



CEO Stena Line Niclas Mårtensson

Niclas Mårtensson: I think we had a very good year in 2022 and were not the only company with good results. I think everybody had a great year, the market was very much in our favour in the RoRo and RoPax segment. But I can also see some of the results of the activities that we did during

Covid times when we reduced some of our costs, which we still have on the right cost level. We are happy with 2022, we also started a new route, we took delivery of three ships and the „Stena Baltica“ was lengthened. We also acquired a travel agency in Holland called Voigt Travel. It was a very intensive year.

RoPax: You introduced the huge E-Flexer on your Poland – Sweden trade in 2022. Could you give us the first results and feedback from your customers about these very nice RoPax vessels?

Niclas Mårtensson: The result is very positive and many of our customers give us a fantastic feedback about the product, but also still comment on how they are served on this route. The ships are performing very well between Poland and Sweden. We have had the „Stena Vision“ and „Stena Spirit“ deployed for a while. Now we have the „Stena Spirit“ as third vessel alongside the newbuilds. We still have a good tool and we can increase or reduce the sailing frequency depending on how the market is acting. In short, we have a high flexibility at this route.

RoPax: How is the market between Gdynia and Karlskrona developing? Is the market increasing?

Niclas Mårtensson: Yes the market is still increasing, but, like on all other routes, the freight is not growing as much as it used to on the Polish route. But, at the same time as people continue to travel in numbers, we think there are some consequences of the war on all Baltic Sea routes. We can see some indicators that there is a slower

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demand, so overall growth is not what it used to be.

RoPax. In 2022 Stena started a new line between Nynäshamn and Hanko in Finland. It is the first connection operated by Stena to Finland. How are the first results and do you see room for your service in this competitive market without Russian trade?

Niclas Mårtensson: I think we are super happy that we connect to our neighbouring country and also that we are building up quite a good hub in Nynäshamn. We see more freight customers appreciating this route. It is still too early to say if it is good or bad because the first year was a challenge. We only had two ships for roughly half of the year. We started with one ship only. I think we need to have one more year at least before we can say if it is good or bad to have a year-round, two-ship operation. We have more customers coming in this year than we had last year. We are also in contact with many other customers who are interested in the operation. It still takes time to change the freight flow, but we have the time as we are still in the investment phase.

RoPax. How do your services from Ventspils to Nynäshamn and Liepaja to Travemünde perform after the start of Ukraine conflict? Have you seen a decrease in cargo traffic like other operators?

Niclas Mårtensson: I would say there is an indirect consequence on this traffic. The indirect consequence is that everything has been more expensive in the world because of the inflation. It is more costly to get bank loans and, with higher bank loans, not so many houses are built. Much of the products from the Baltic countries are concrete elements. We can see a small downturn in this market in terms of building materials for Sweden, Norway or Denmark. Coming back to the discussion of our new route to Finland, we started a route 6 weeks before the war started. I think that is also a parameter where we need to understand that we need time because of the influence on the Russian traffic flow as well. But I think we have done a very good thing with Liepaja, adding the two Visentini RoPax ships to the route. We have a much more attractive and stable product from both the timetable perspective and fleet perspective. We are happy with the volumes but there are other operators that want to come into the market by destroying the price structure. But that is life, and we can compete with other operators.

RoPax: Have you been affected much by the new TT-Line service from Klaipeda to Sweden?

Niclas Mårtensson: I am sure that DFDS



will see a direct effect but I think of course there is a consequence in the entire Baltic Sea from rotations by other operators who do not have the same frequency and who can make a difference with the prices. I think any competition is only indirect.

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RoPax: Between Germany and Sweden you have the Rostock – Trelleborg and Kiel – Gothenburg services. Could you give us a statement on how you view the increased capacity by your competitors in the Rostock range?

Niclas Mårtensson: I think it is good that operators are coming in with new ships from the sustainability perspective. I think

that’s beneficial for mother earth, some potential to breath some cleaner air. But, that is part of the game. There are competitors coming in and out and getting bigger ships. We have the same on other routes. We are very happy and stable with our ships “Mecklenburg Vorpommern” and “Skane” operating between Trelleborg and Rostock. The good thing for us is that rail traffic on the route is increasing heavily and we have a new contract with Deutsche Bahn. We have a very good and fruitful cooperation with them. We will offer this rail service as long as our customers wish to pay for it. I think the railways and ferries are super green from an environmental perspective. That’s why Deutsche Bahn is increasing the volume of rail traffic on our ships.

RoPax: The port of Kiel reported very good results for your route to Gothenburg. Will you be generating more potential there?

Niclas Mårtensson: We are happy with the development of our route between Gothenburg and Kiel. It is one of our standard routes where we have passengers and a lot of cargo for the automotive industry. The big question mark is of course how we can expand in Kiel because there are space limitations. The other

question is what happens when the fixed link between Germany and Denmark is ready. The route is then competing with a highway and fixed link all the way and that represents much tougher competition than with other ferry operators.

RoPax: Denmark now has Sweden as it's number one trade partner, with Germany pushed in to second place. Do you have more cargo on your Gothenburg-Fredrikshavn route?

Niclas Mårtensson: We are happy with the development of the Fredrikshavn – Gothenburg service. But we have super competition with Helsingborg- Helsingör and the Öresund bridge. Of course, we have a very attractive timetable and a very reliable service for our customers, so they need not go to the Öresund Bridge.

And when we look at the route between Halmstad and Grenaa. The competition there is little bit tougher. We opened the route one week before Denmark closed because of Covid. We do not yet understand how the route behaves in normal times. Some freight customers have maintained sailing to Halmstad and some moved up to Fredrikshavn. It will be interesting this summer to see how the high season will be in terms of passenger numbers.

RoPax: How is your pre booking situation for the 2023 season?

Niclas Mårtensson: The pre booking situation for Stena Line this year looks really good, even if everything is more expensive in terms of energy, food etc. People still want to go on holiday in summer. We have a very good position because, during Covid, we continued to sail and

many new customers found us. Now they are coming back and repeating their custom. We also have very good pre-bookings on all our routes on the North Sea, the Baltic and the Irish Sea.

RoPax: Could you give us an overview about your services from Continental Europe to UK after Brexit? Did volumes decrease?

Niclas Mårtensson: The year 2022 was a good year and Brexit has not affected us negatively. We have seen the new rules and regulations since the Northern Irish

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protocol and are hopeful for the future. Both Irish Sea and North Sea operations are performing very well. We have made a lot of investment there in new vessels, we have signed a long-term contract in Birkenhead of over 77 years and we will build a new port in Immingham. We have also bought a lot of new land in Holyhead

to build a new port for us there. We do not really feel that we have lost anything due to Brexit.

RoPax: Stena operates, as do some others, a direct service between France and Ireland (Cherbourg – Rosslare) to offer a smooth service for cargo operators. Now that you plan to increase capacity with the cruise ferry “Stena Vision,” do you have a higher customer demand on this route? And how will you manage the competition?

Niclas Mårtensson: We have been operating this link the longest, compared to our operators. We have been happy from day one, but we have also seen more competition and different legislations regarding Brexit. What we are doing now is adding capacity both in freight and passengers. I think we will have a fantastic product with the “Stena Vision”. I think the market will love the “Stena Vision” as much as we do here at Stena Line.

RoPax: Have you lost any traffic volume between Ireland and UK after Brexit?

Niclas Mårtensson: We lost volume both during Covid and due to Brexit. But we have seen a very positive and considerable increase in the last 18 months. We are quite happy that we have a negative trend on Fishguard – Rosslare but on Holyhead-Dublin it is very much improving day to day. We are doing quite well on Birkenhead – Belfast, but that is a domestic service and is a little bit easier to operate in the present situation. Our E-Flexers are unique, and we have had a very good response from our customers since their introduction.

RoPax: You published information some years ago regarding a plan to introduce a new electric ferry between Gothenburg and Fredrikshavn, the Stena Electra. How is the project progressing?

Niclas Mårtensson: The Stena Electra is still in the scope but I think it will be very much delayed because of the infrastructure and the supply of green or blue energy into the electrification plan. I think the Swedish, as with all other governments in the world, must invest in green infrastructure, in windmills, in cabling etc. We would be ready in two or three years to order the ferry, but it would be foolish to do so because we must then lay up this new vessel for maybe eight years until we have the electrical infrastructure here. What we have done instead is to look at our sustainability journey not in leaps and bounds but step by step. The next step we are talking about is a diesel hybrid with methanol or with batteries. The electrification is still brown technology for now, so it makes no sense to operate an electric vessel yet.

RoPax: Thank you for the conversation. •



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