



ODFJELL

Second Quarter/First Half Year Presentation

2017



CARGO LINES - 570000 PILES
MANHOLE REIN
PRESSURE TESTED 24 BARS
DATE 11 JUL 15

CARGO BOWS
PRESSURE TESTED 24 BARS
DATE 19 NOV 15
CERTIFIED STEEL
-20°C - BEV
-30°C - 100°C

VAPOUR BOWS
PRESSURE TESTED
DATE 05 NOV 15

FW
FOAM
AP
NO
SEAWATER
FRESHWATER
STEAM
DANGER
DIESEL
HEV
WART 040
SLUDGE
PROCESS OILS

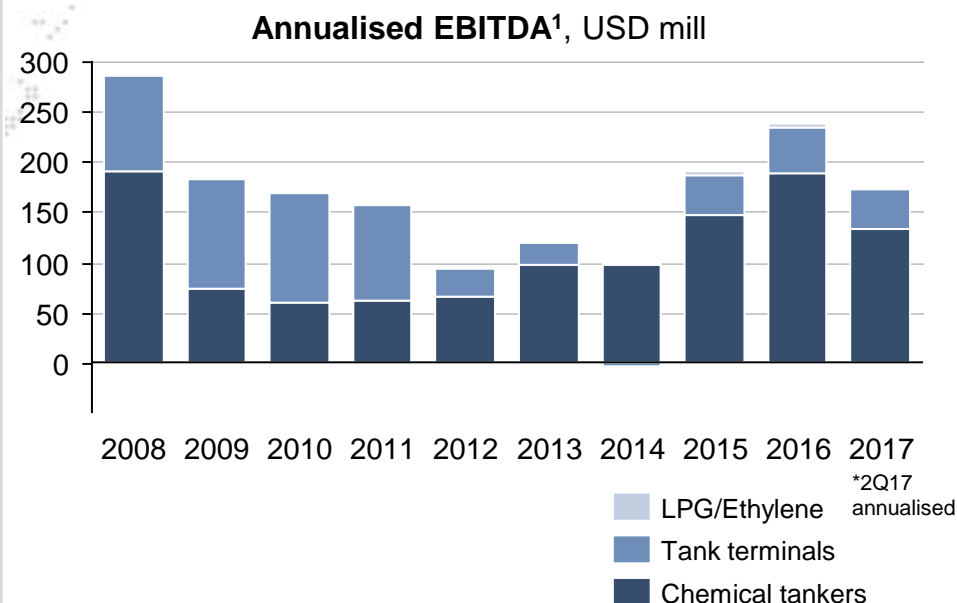
24 August 2017

Agenda

- **Highlights**
- **Financials**
- **Operational review**
- **Market update and prospects**

Highlights

- Second quarter was slightly weaker than first quarter and in line with guidance from the previous quarter
- EBITDA of USD 41 mill, compared with USD 46 mill in first quarter 2017
- Net results of –USD 5 mill compared to USD 2 mill in the previous quarter
- Odfjell chemical freight index (ODFIX) down 1.3% compared with previous quarter
- Acquisition of 5 vessels from Chemical Transportation Group (CTG) is completed
- The potential sale of our share of the terminal in Singapore has received high interest
- Final refund from cancellation of eight gas carriers was received in July
- Financing for total outstanding capital expenditure in Odfjell Tankers secured



«We are not satisfied reporting a net loss for the quarter, but our operational performance remains strong. The CTG transaction completed our current growth ambitions to ensure that Odfjell can continue to offer competitive and efficient service to our customers. We expect 2H 2017 to be in line with 1H 2017»

Kristian Mørch, CEO Odfjell SE

1. Proportional consolidation method according to actual historical ownership share

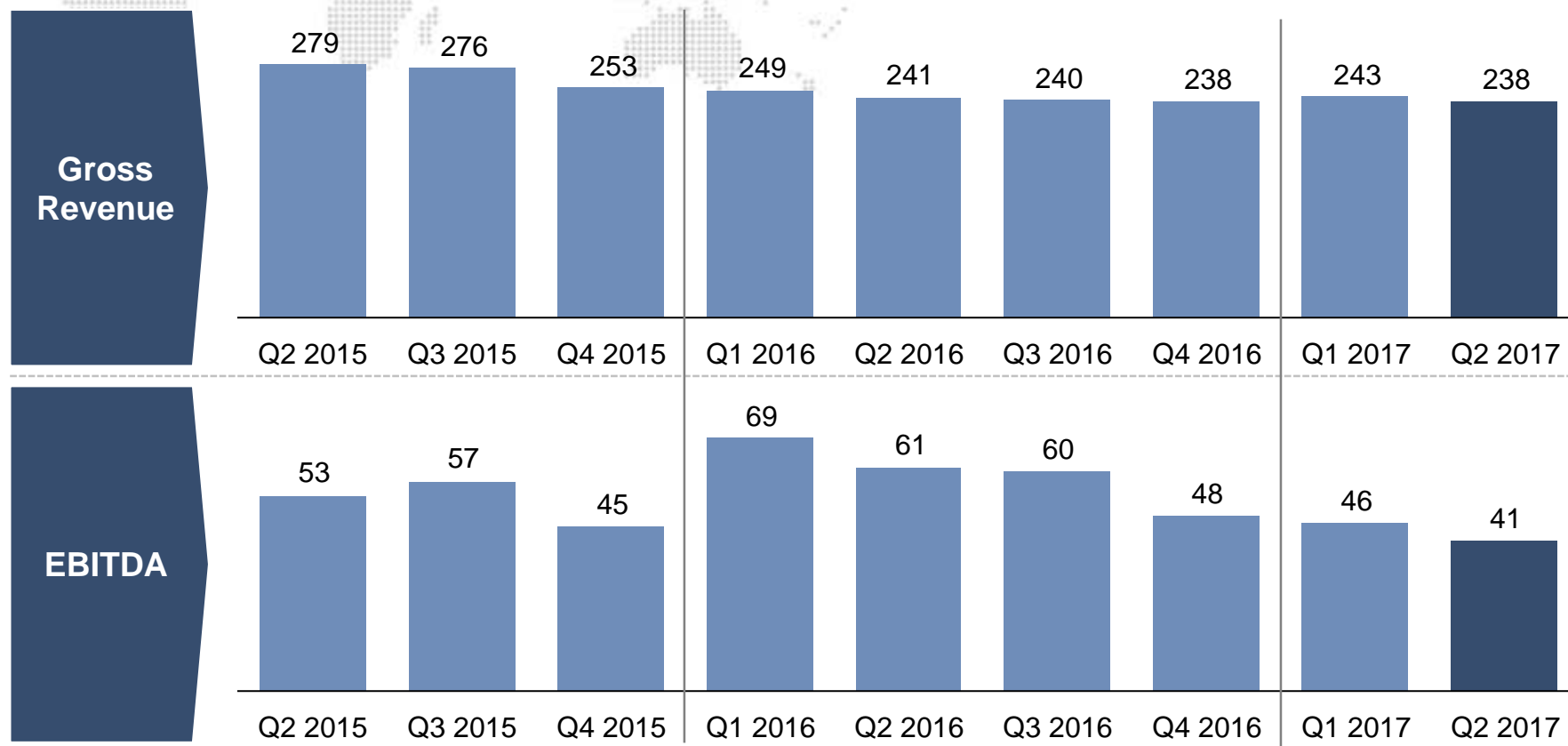
Income statement¹ - Odfjell Group

USD mill	2Q 2017	1Q 2017
Gross revenue	238	243
Voyage expenses	(79)	(82)
TC expenses	(50)	(48)
Operating expenses	(46)	(45)
General and administrative expenses	(22)	(22)
Operating result before depr. (EBITDA)	41	46
Depreciation	(27)	(29)
Impairment	-	-
Capital gain (loss) on non-current assets	(0)	0
Operating result (EBIT)	14	18
Net finance	(18)	(15)
Taxes	(1)	(1)
Net result	(5)	2

1. Proportional consolidation method

Quarterly figures¹ – Odfjell Group

Quarterly Gross Revenue and EBITDA, USD mill

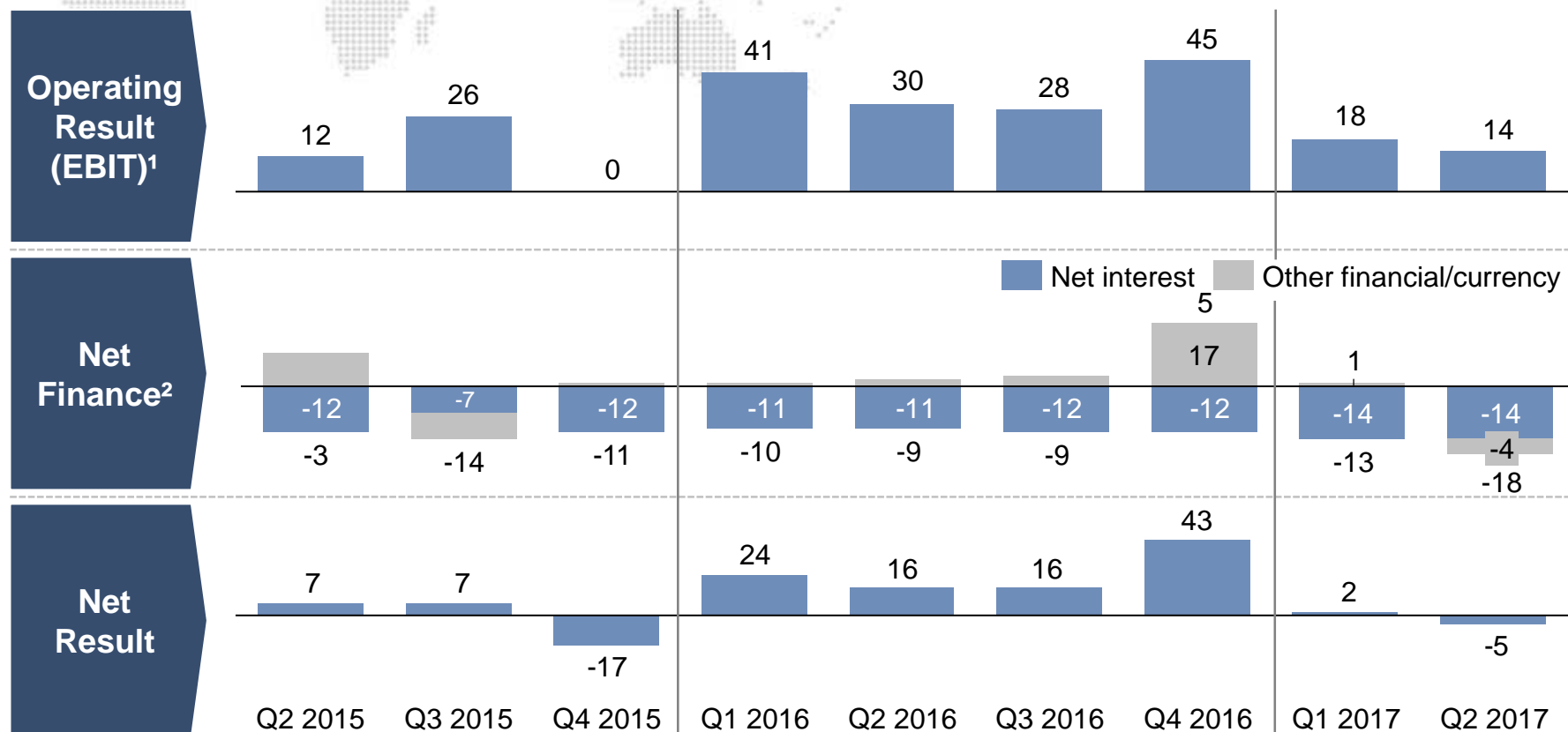


- Quarterly direction in gross revenue leads to similar drop in quarterly EBITDA
- Weaker results in Odfjell Tankers marginally offset by improved results in Odfjell Terminals

1. Proportional consolidation method

Quarterly figures¹ – Odfjell Group

Operating Result (EBIT)¹, Net Finance² and Net Result, USD mill



- Positive EBIT in ten consecutive quarters
- Net finance quarterly deviation due to repurchase of 2018 bond above par value (106.5)

1. Proportional consolidation method
2. Equity method

Income statement¹ – Chemical tankers

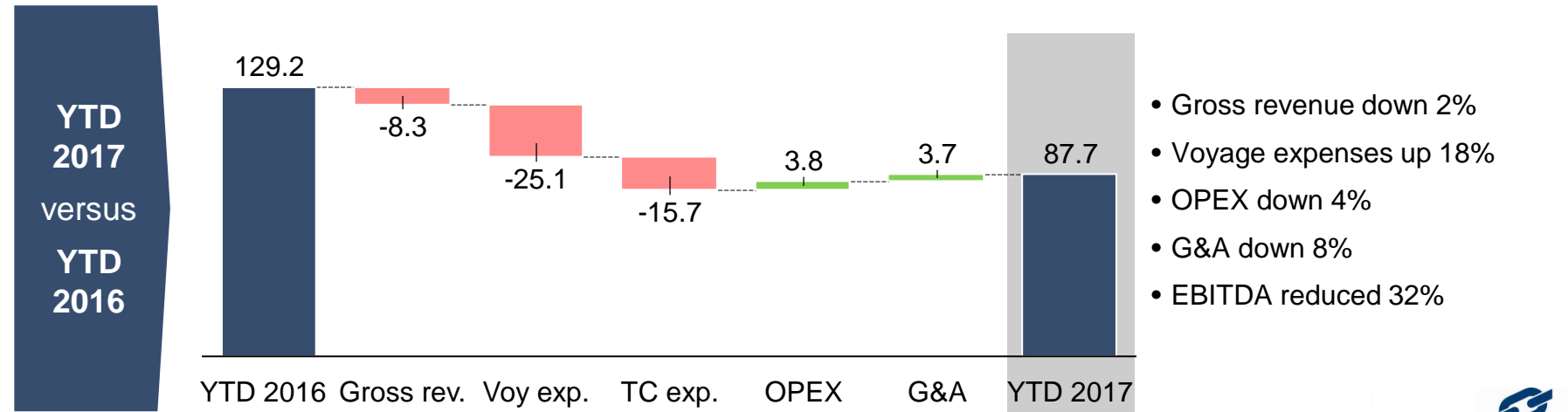
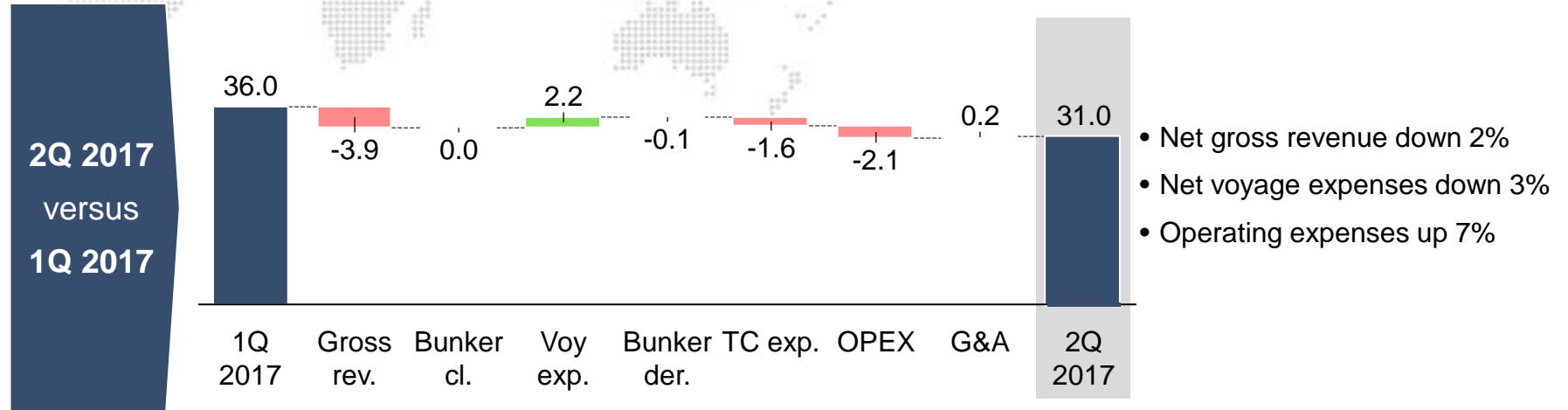
USD mill	2Q 2017	1Q 2017
Gross revenue	209	213
Voyage expenses	(79)	(81)
TC expenses	(50)	(48)
Operating expenses	(33)	(31)
General and administrative expenses ²	(17)	(17)
Operating result before depr. (EBITDA)	31	36
Depreciation	(18)	(20)
Impairment	-	-
Capital gain/loss on fixed assets	0	0
Operating result (EBIT)	13	16

Gross revenue reflecting a weaker spot market

1. Proportional consolidation method
2. Including corporate functions

EBITDA variance – Chemical tankers

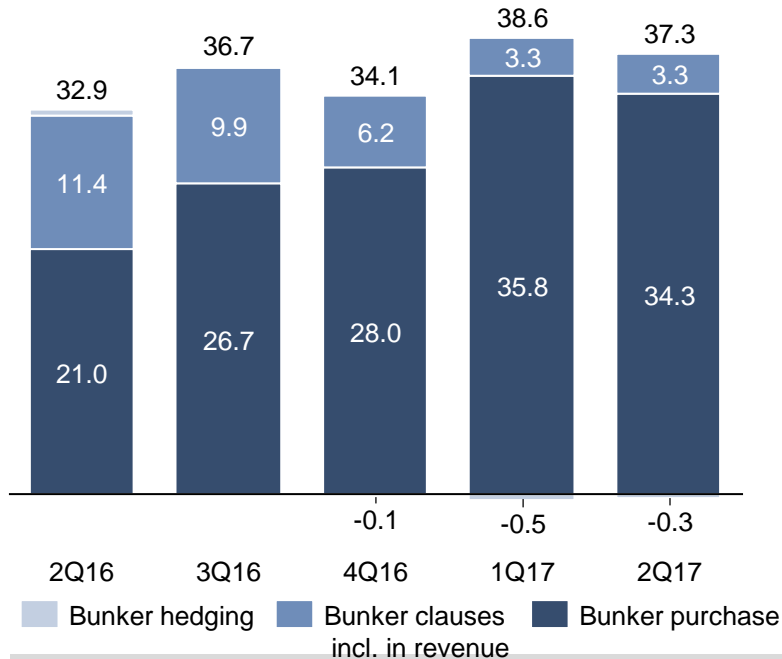
Quarterly EBITDA, USD mill



Bunker development

Quarterly net bunker cost
USD mill 2Q 2016 - 2Q 2017

Platts 3.5% FOB Rotterdam
January 2013 - July 2017



USD per metric tonne



- Net bunker cost in 2Q USD 377 per tonne before hedging vs. USD 391 in 1Q
- Bunker clauses in CoAs cover about 64% of the exposure
- 6% of 2017 exposure is hedged at USD 229 per tonne

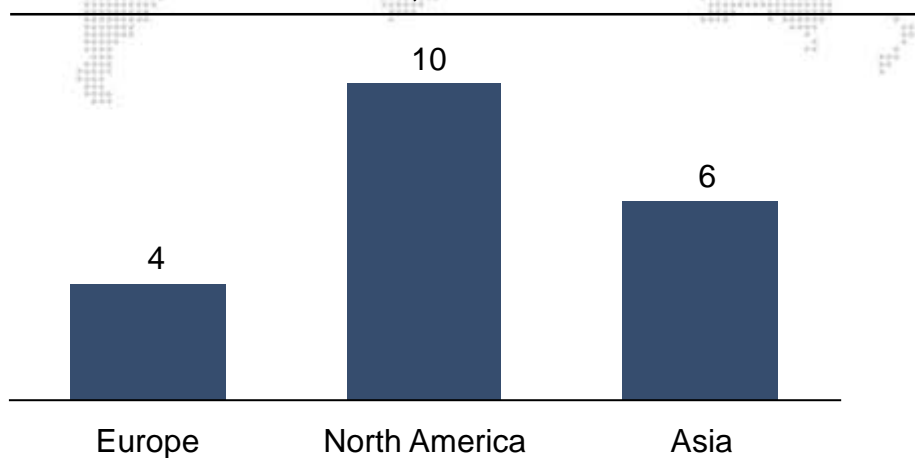
Income statement¹ – Tank terminals

USD mill	2Q 2017	1Q 2017
Gross revenue	28	28
Operating expenses	(13)	(13)
General and administrative expenses	(4)	(5)
Operating result before depr. (EBITDA)	10	9
Depreciation	(8)	(8)
Impairment	-	-
Capital gain/loss on fixed assets	(0)	-
Operating result (EBIT)	1	1

- Some negative effects from the end of the contango for middle distillates
- Lower G&A driven by non-recurring management costs in the previous quarter

EBITDA Tank terminals

EBITDA, USD mill YTD



EBITDA Tank Terminals

EBITDA Tank Terminals	2Q 2017	1Q 2017
Europe	2	1
North America	5	5
Asia	3	3
Total EBITDA	10	9



- Stable results in all areas
- Odfjell Terminals Singapore EBITDA USD 5 mill in 1H 2017 (Odfjell SE share)

Balance sheet 30.06.2017 – Odfjell Group¹

Assets, USD mill	
Ships and newbuilding contracts	1 249
Other non-current assets/receivables	23
Investment in associates and JV's	335
Total non-current assets	1 608
Cash and cash equivalent	190
Other current assets	114
Total current assets	304
Total assets	1 912

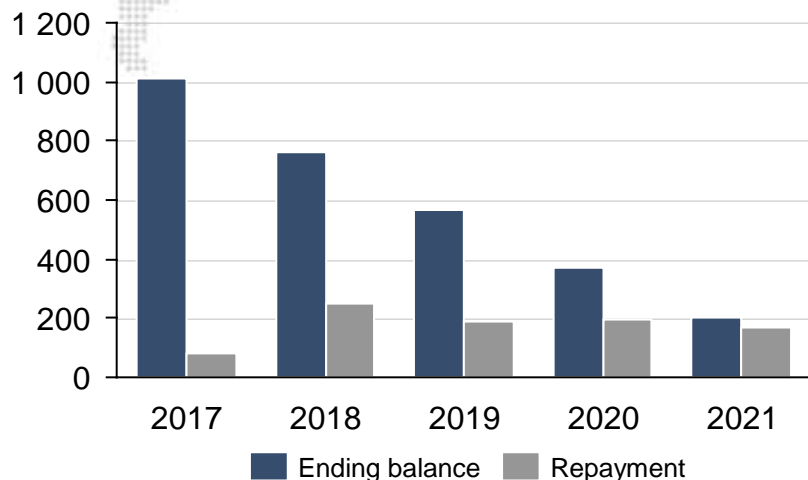
Equity and liabilities, USD mill	
Total equity	718
Non-current liabilities and derivatives	35
Non-current interest bearing debt	907
Total non-current liabilities	942
Current portion of interest bearing debt	187
Other current liabilities and derivatives	64
Total current liabilities	252
Total equity and liabilities	1 912

- Cash balance of USD 190 mill - excluding JV's cash
- Net investment in tank terminals JV's USD 320 mill
- Sale/lease back structures for two vessels at favourable terms at the end of June gave USD 28 mill in additional liquidity

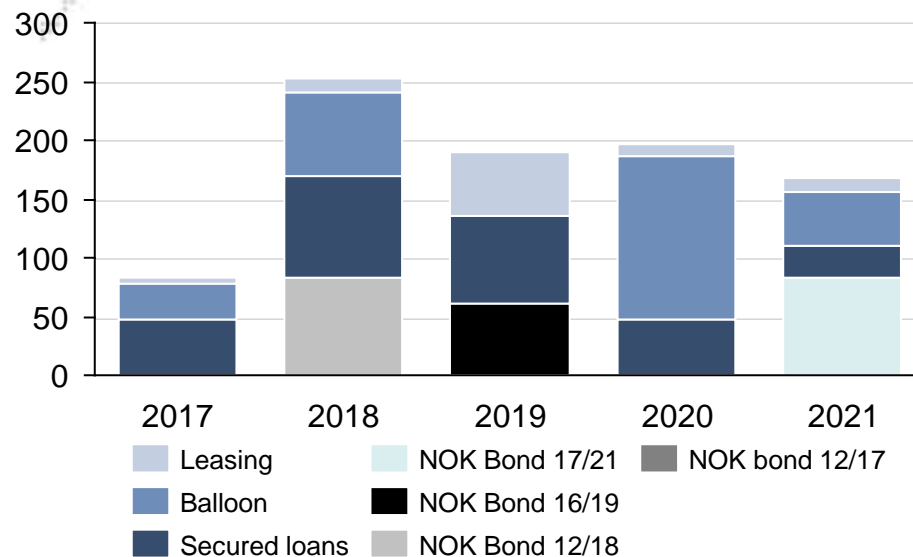
Debt development – corporate and chemical tankers

30.06.2017

Debt Portfolio, USD mill



Debt Repayments, USD mill

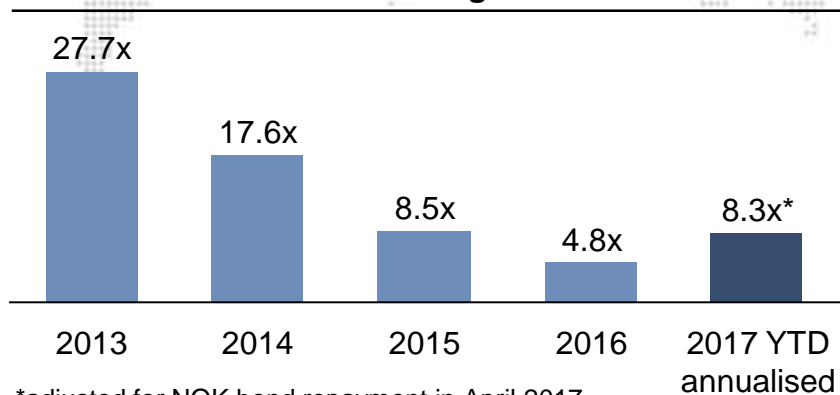


- We have secured financing of all six vessels ordered at the Hudong Yard in China
- Financing of the five vessels acquired from CTG is also in place
- NOK bond maturing in December 2018 of USD 84 mill

Financial ratios – Odfjell Group

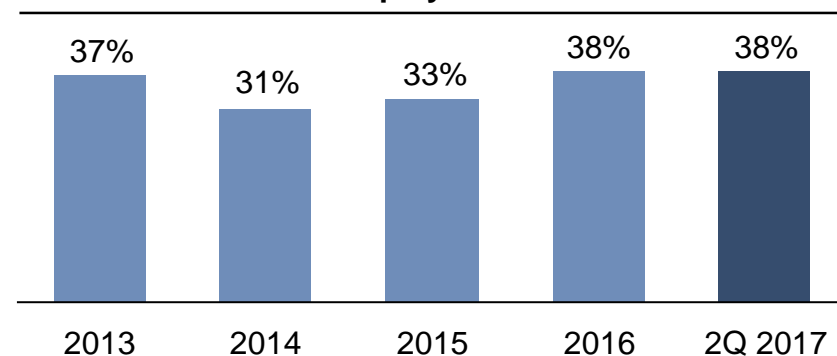
Equity method method

Gross interest bearing debt / EBITDA

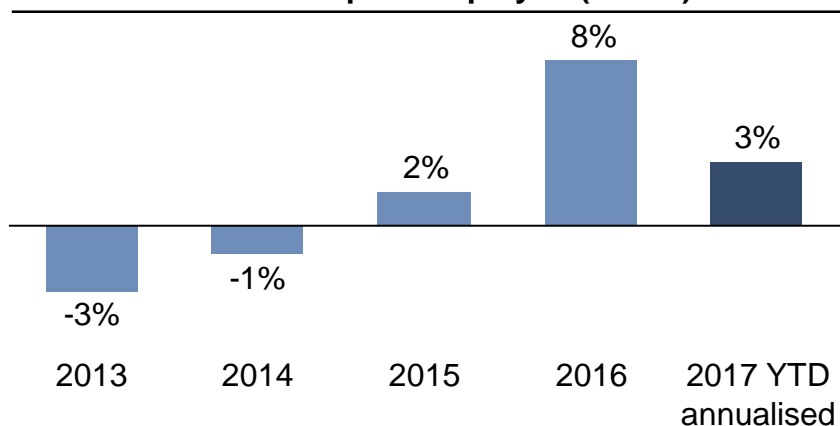


*adjusted for NOK bond repayment in April 2017

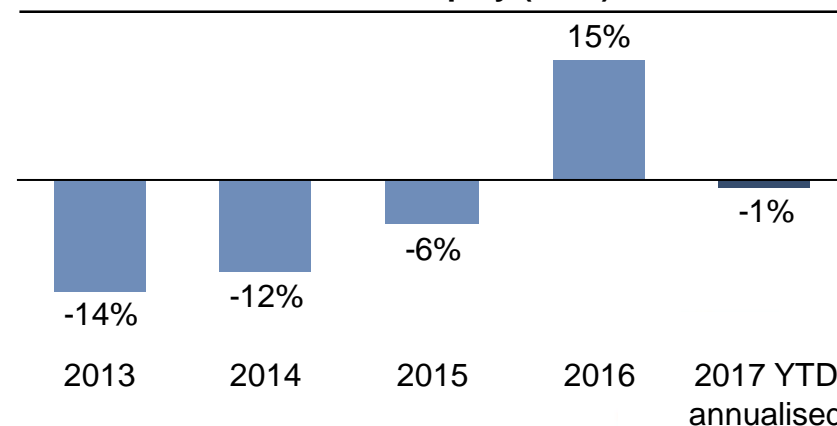
Equity ratio



Return on capital employed (ROCE)¹



Return on equity (ROE)



Note figures are by the equity method, year-end (or annualised) and not adjusted for extraordinary items such as impairments, capital gains, etc.

1. EBIT divided by end of period total equity plus net interest-bearing debt

Capital expenditure programme – 30.06.2017

USD mill	Remaining 2017	2018	2019	2020	2021
Chemical Tankers					
Newbuildings 4 x 49,000 dwt ¹	6	24	144	42	-
Newbuildings 2 x 38,000 dwt ¹	-	6	12	87	-
CTG 5 x 25,000 dwt	92	108	-	-	-
Docking	6	12	12	12	12
Other investments *	6	7	7	7	-
Total	110	157	175	148	12
Tank Terminals, 100%					
Planned capex	25	57	39	29	-

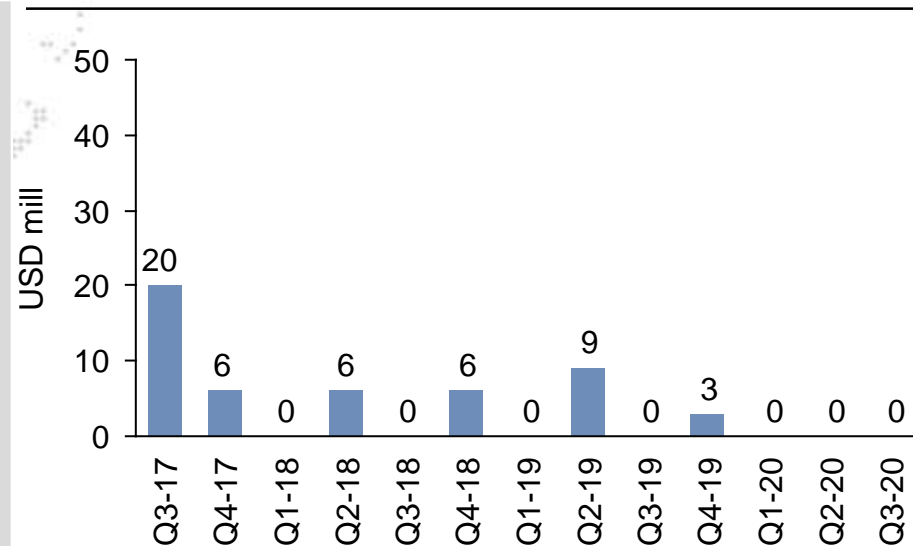
¹ Construction cost USD 60/58 mill per vessel, payment terms 3 x 10 +70, delivery June 2019 - 2020

* Includes propeller upgrade and ballast water treatment systems ¹⁵

Liquidity situation

- Our balance sheet remains robust and we have secured financing for our recent growth initiatives
- Our current fleet growth in Odfjell Tankers is almost completed. We do not want to stretch our balance sheet, but have sufficient liquidity to act if the right opportunities arises
- Financing of newbuilding programme in Odfjell Tankers is completed
- Total equity instalments on the newbuilding programme limited to USD 50 mill, of which USD 20 mill will be paid in 3Q 2017
- The remaining instalments will be funded by operational cash flow and existing cash
- Repayment of USD 25 mill bridge financing will be done in 3Q 2017

Equity instalments on newbuilding programme



Fleet development – Year-to-Date

Short-term TC:
Medium-term TC:

Up to one year
1-3 years

<i>Fleet additions</i>		<i>DWT</i>	<i>Built</i>	<i>Tanks</i>	<i>Transaction</i>
August 2017	Chem Bulldog	21 306	2010	Stainless	Short TC
June 2017	Bow Compass*	33 609	2009	Stainless	Purchase
June 2017	Bow Neon	25 000	2017	Stainless	Purchase
April 2017	Sun Triton	12 670	2017	Stainless	Long TC
March 2017	Southern Quokka	26 077	2017	Stainless	Long TC
February 2017	Stellar Orchid	12 571	2011	Stainless	Short TC
January 2017	Stellar Wisteria	12 601	2011	Stainless	Short TC
January 2017	Argent Eyebright	33 609	2009	Stainless	Short TC

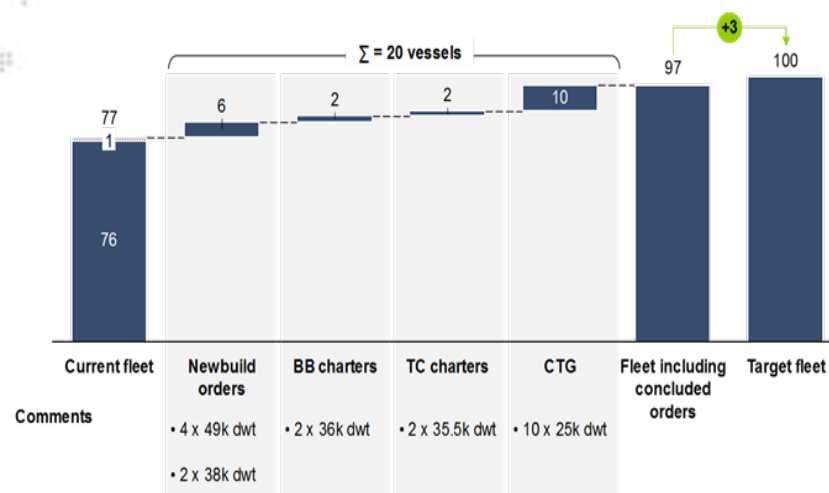
<i>Fleet disposals</i>		<i>DWT</i>	<i>Built</i>	<i>Tanks</i>	<i>Transaction</i>
May 2017	Bow Aratu	13 843	1997	Stainless	Sale
April 2017	Chembulk Sydney	14 271	2005	Stainless	Redelivered
Feb 2017	Chembulk Wellington	14 312	2004	Stainless	Redelivered

* Former Argent Eyebright

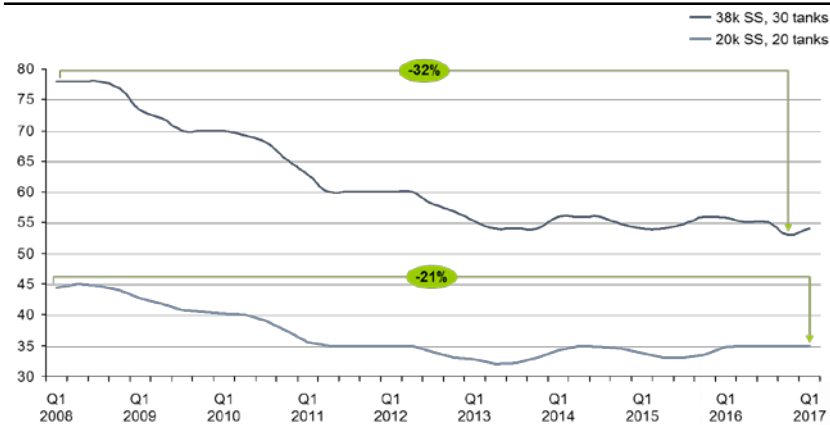
CTG transaction almost completes our growth ambitions for chemical tankers

- Growth target of operating 100 chemical tankers is almost completed
- CTG transaction to positively contribute to our returns with limited downside risk
 - Deal facts:
 - Attractive equity returns
 - Consolidates the 25k segment which is in need of more consolidation
 - Attractive financing terms secured
- Transaction was concluded at an attractive stage of the asset cycle

Projected fleet growth



SS 38k 30 tanks and 20k 20 tanks Newbuild prices



Source: Maersk Brokers

Odfjell Terminals

- **Possible Ethylene project Houston**

- We have finalised the basic engineering and have all the required permits
- We are ready to start construction as soon as we have the appropriate commitments from customers, with whom we are in continuous dialogue to finalise agreements
- If satisfactory customer commitment and financing is achieved, final investment decision can be made in 2H 2017

- **Initiated a process to explore a sale of our share in Odfjell Terminals Singapore**

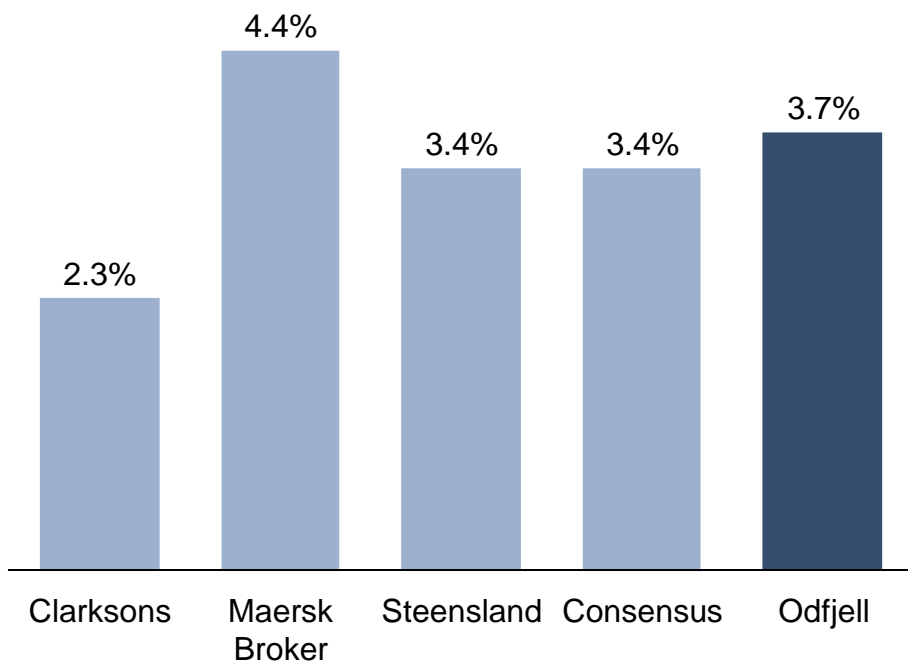
- We have received high interest from numerous potential buyers
- A potential sale would be in line with our strategy of focusing on core terminals where we have operational control
- A transaction seems likely to materialise in 2H 2017

- **Development in Rotterdam**

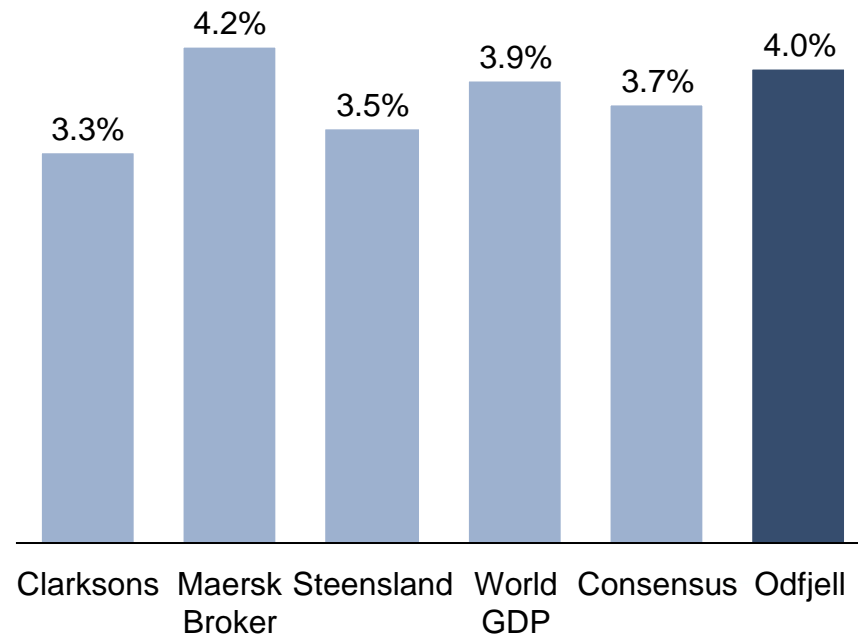
- We have secured a long-term contract for most of our PID in Rotterdam at attractive terms
- This counters a weaker development in the tank terminal market, which is negatively affected by the end of the contango for middle distillates
- The value creation programme in Rotterdam is progressing

Our overall view on market fundamentals is in line with consensus, indicating demand will outgrow supply

Supply CAGR 2017 – 2019E



Demand CAGR 2017 – 2019E

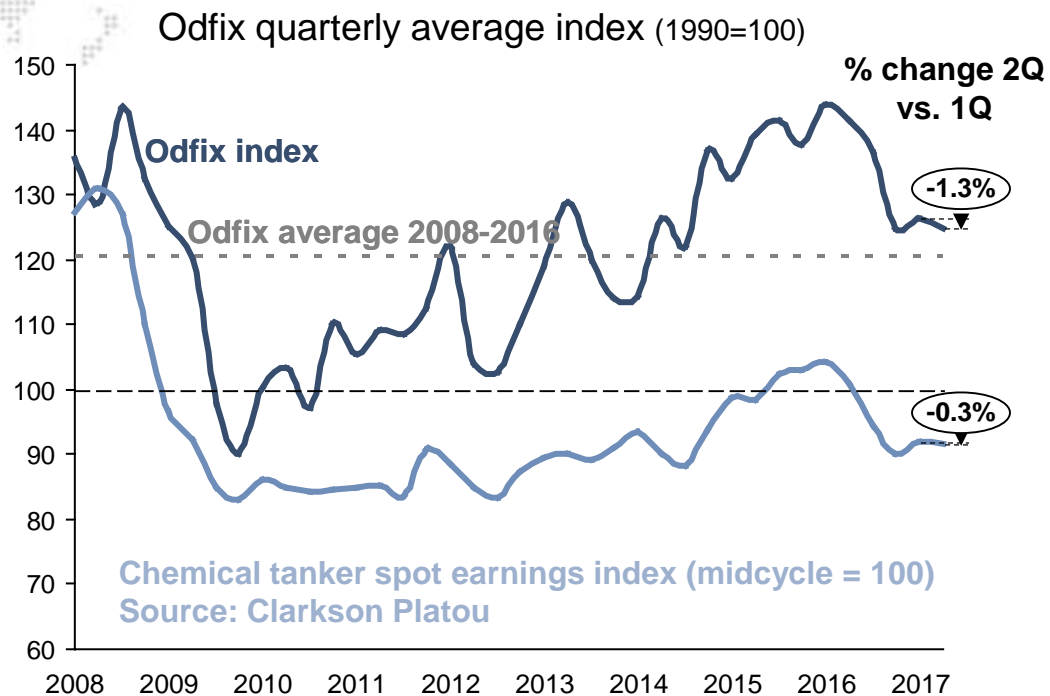


Source: Odfjell, various brokers

Note there are different definitions of core fleet between sources

Market update – Chemical tankers

- Second quarter was in line with guidance from the first quarter 2017, with a slightly weaker market
- Odfjell chemical freight index (ODFIX) down 1.3% compared with previous quarter.
- We expect 3Q17 timecharter results to be marginally lower than 2Q17



1. Odfix Index (1Q 1990 = 100)
 2. Chemical tanker spot earnings index (midcycle = 100)
 Source: Clarkson Platou

Prospects

- We reiterate our view that both chemical tankers and terminals markets will remain challenging in 2017
- Our contract portfolios in both tankers and terminals continues to soften the impact of the challenging markets
- In the medium-term, we believe the current oversupply of tonnage to gradually be absorbed
- We expect 3Q17 results to be marginally lower than 2Q17, but 2H 17 to be in line with 1H 17



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